



September 12, 2025

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

We would like to announce that at the Board of Directors meeting held on September 12, 2025, we resolved to implement a policy aimed at achieving management that takes into account capital costs and stock prices. For more details, please refer to the attached document "Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

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

株式会社 丹青社

(Securities Code: 9743)

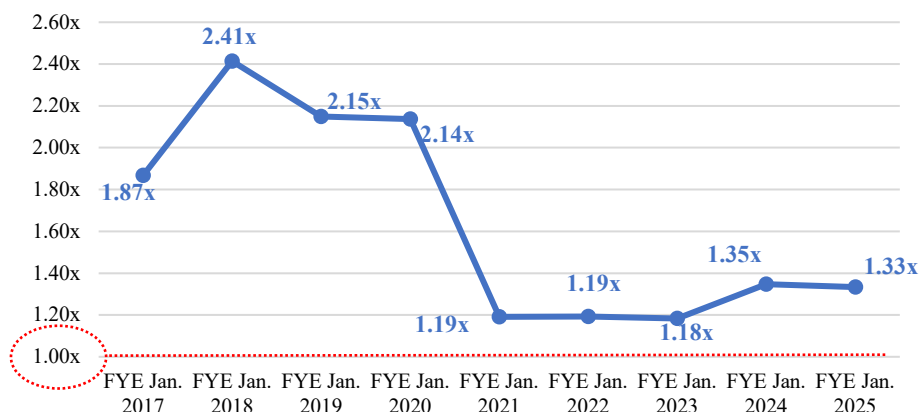
<https://www.tanseisha.co.jp/>

Current situation (PBR, stock price and ROE)

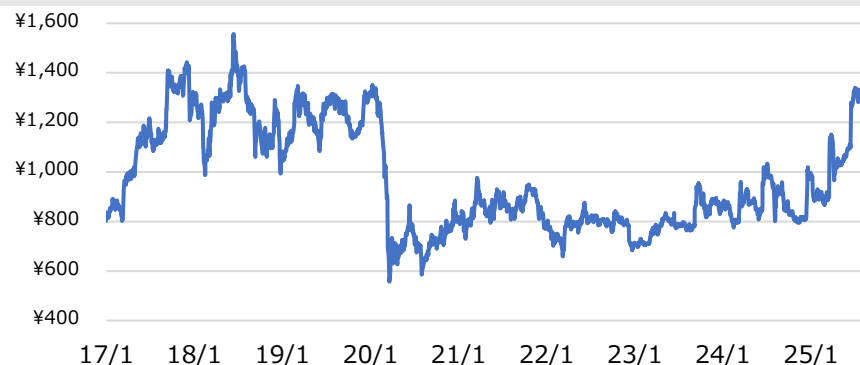
- Although the PBR temporarily declined with the drop in ROE, it turned upward with favorable earnings performance and has recently recovered to close to 2x.
- We are committed to practicing management that is conscious of cost of shareholders' equity and will continue to strive to improve ROE.

Action to implement management that is conscious of cost of capital and stock price

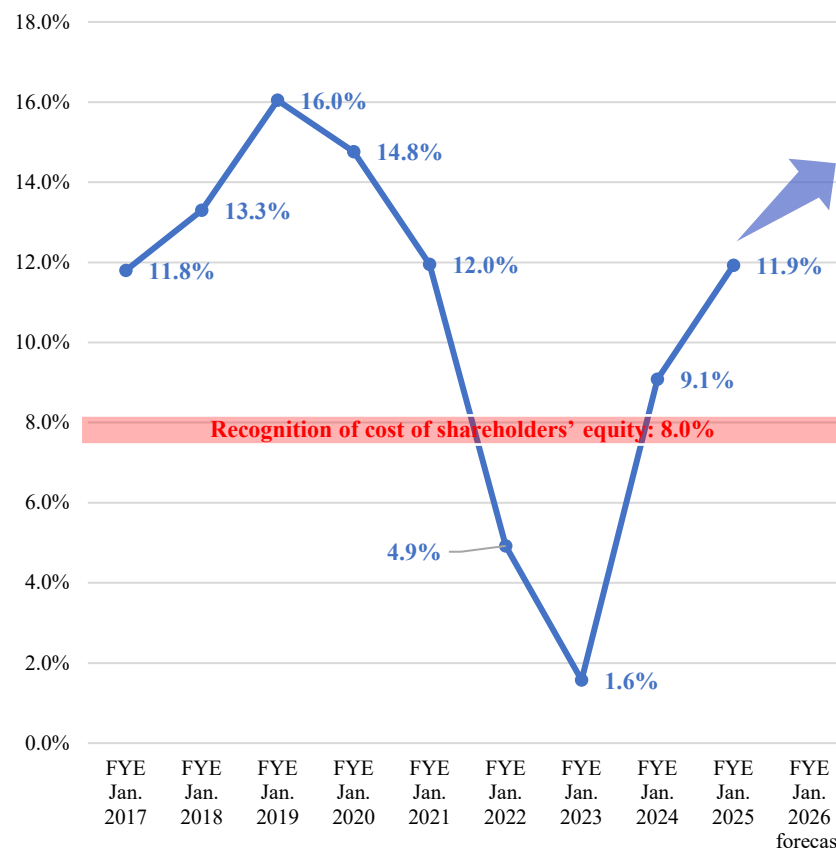
PBR



Stock price

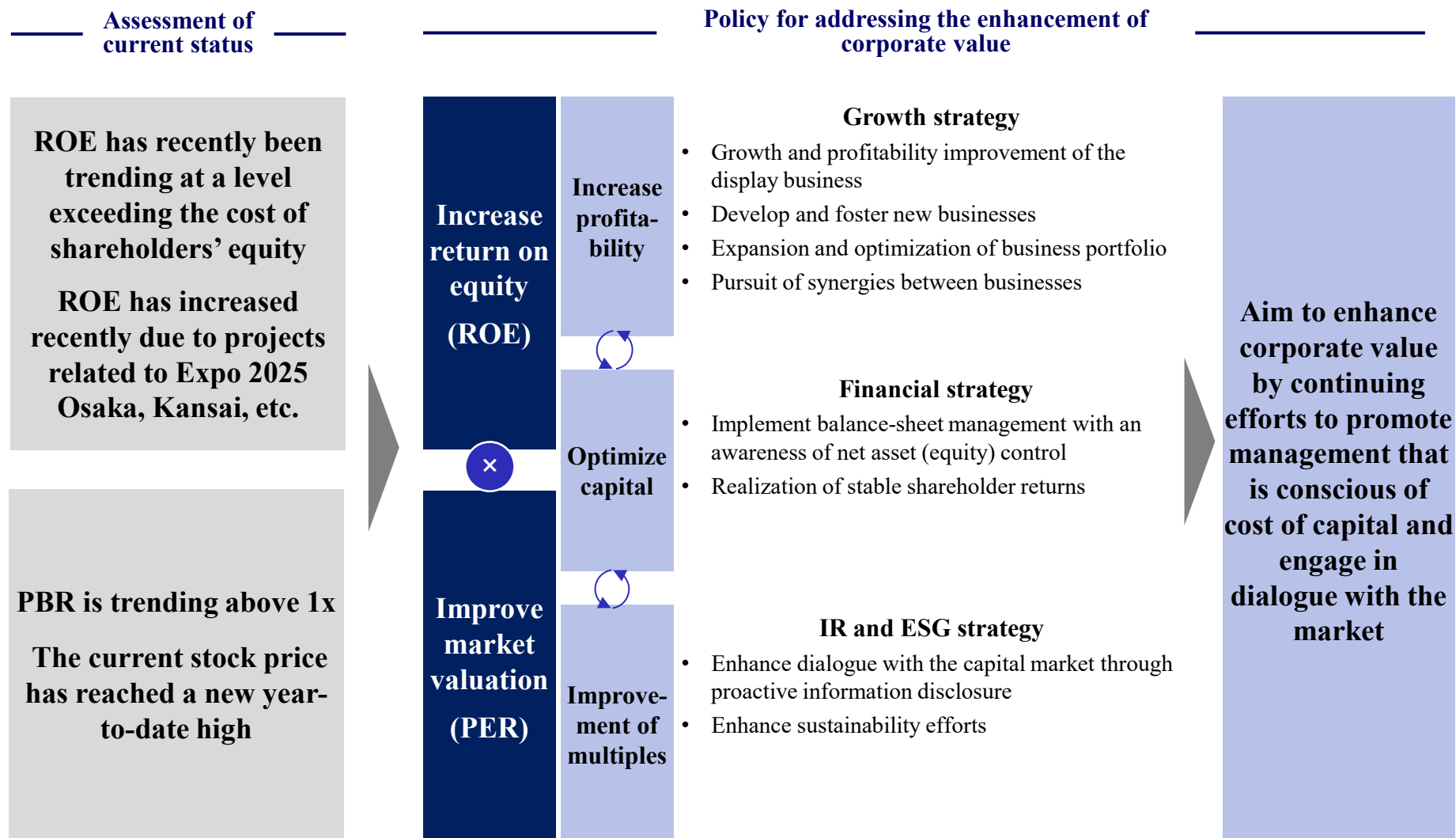


ROE



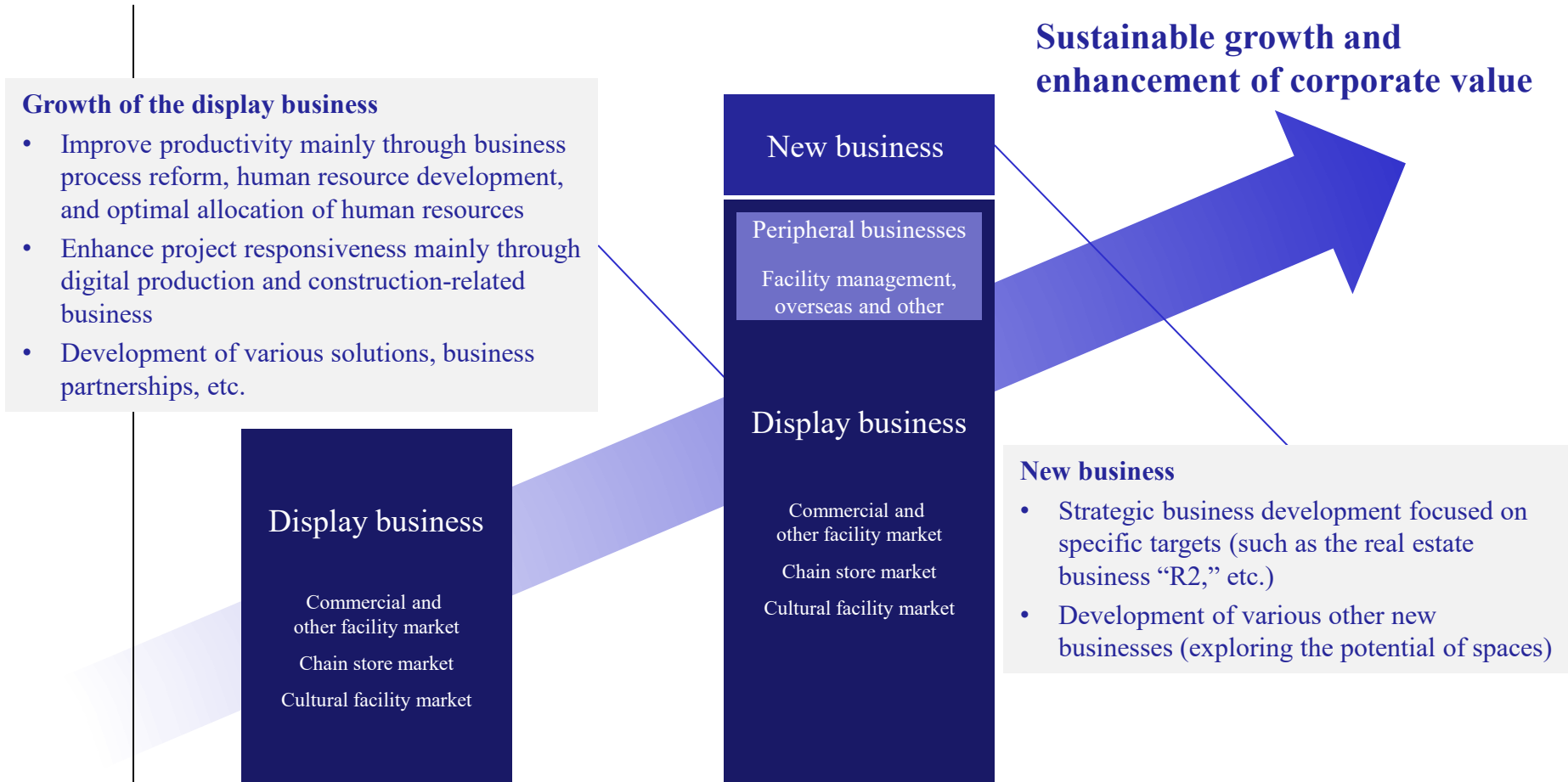
Policy for addressing the enhancement of corporate value

- We aim to enhance corporate value by implementing various measures to enhance capital profitability and improve market evaluation



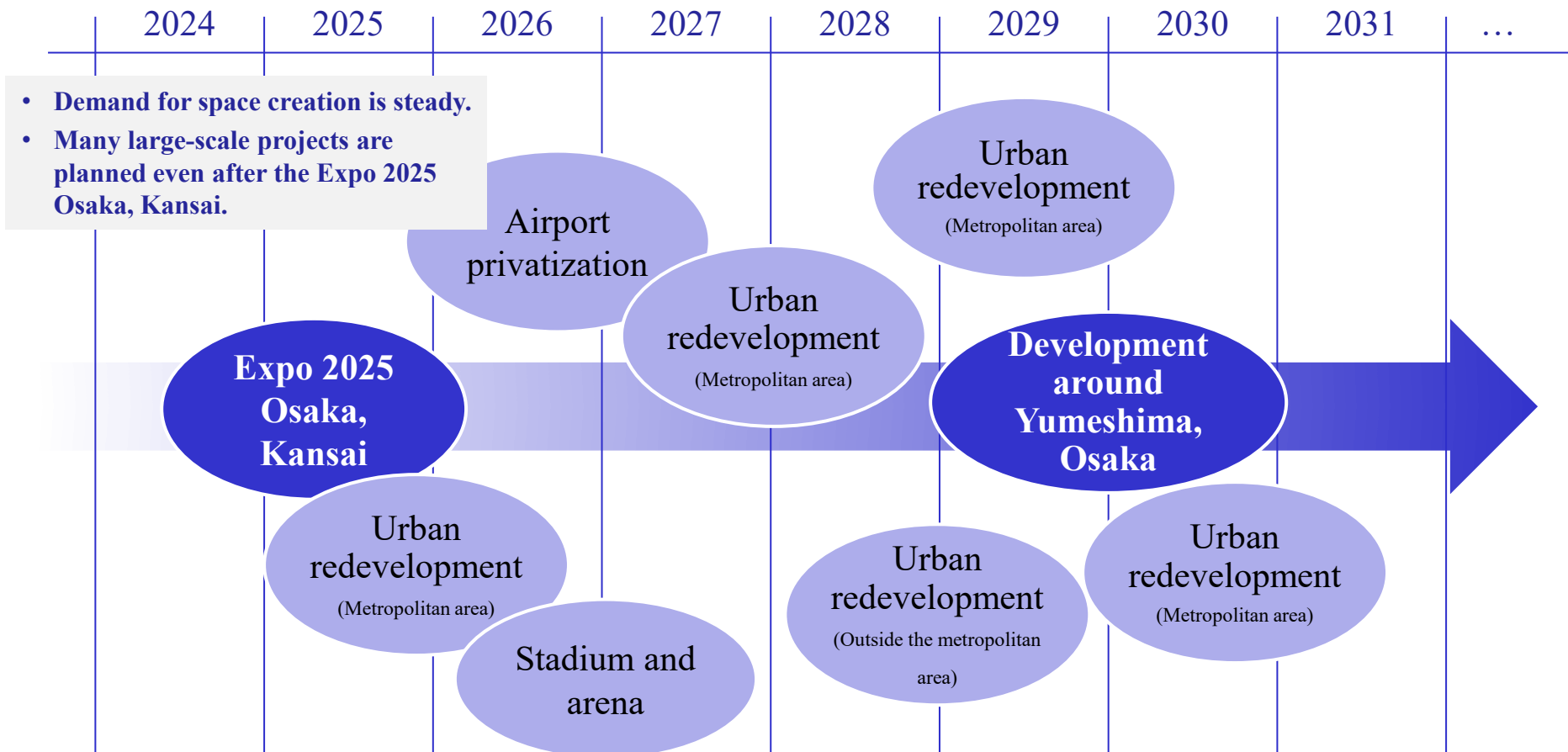
Growth and business strategies

- The display business is growing steadily amid a robust business environment.
- Through initiatives to develop and foster new businesses, we aim to achieve sustainable growth. (Enhancement of our business portfolio)
- Pursuing inter-business synergy, we aim to optimize our portfolio from a long-term perspective.



Market and business environment

- Demand for space creation is expected to remain steady, boosted by expanding inbound tourism.
- In addition to expanding investments in hotels, theme parks, sports facilities, many large-scale urban redevelopment projects are planned in the future. The Osaka Integrated Resort (IR) is scheduled to open in 2030.



Investment policy for realizing growth strategy

- We are formulating an investment plan to execute our growth strategy, with a total investment of approximately ¥10.0 billion planned during the current medium-term management plan period (from FYE Jan. 2026 to FYE Jan. 2027)
- Investment will continue in the next medium-term management plan period (plan's details under consideration)

Investment plan

Current Medium-Term Management Plan (cumulative from FYE Jan. 2026 to FYE Jan. 2027)



Next Medium-Term Management Plan (cumulative from FYE Jan. 2028 to FYE Jan. 2030)

Growth investment

Business development
and product development

Capital and business
alliances

Investment in systems

¥5.0 billion

- New business development, product development related to digital initiatives, etc.
- Capital and business alliances with companies that contribute to business and product development
- Consideration of policies for overseas expansion
- Infrastructure development for BIM* utilization, data preparation, core system replacement, etc.

Human capital investment

¥2.0 billion

- Recruitment, employee education, improvement of employee benefits, etc. toward business growth

Supply chain infrastructure development

¥3.5 billion

- Improvement of business conditions with partner companies, etc.

Growth investment

Strengthening display
business

New business
development

- New product development
- Investment in BIM
- M&A, capital and business alliance, PFI and other investments
- Develop and foster new businesses
- Venture investment
- Overseas expansion

Human capital investment

- Improvement of employee benefits
- Strengthening recruitment, education and development
- Work style reform and improvement of engagement

Infrastructure investment

- Core system replacement
- Maintenance and improvement of various information systems, equipment, etc.

* The above forecast figures are approximate.

* BIM : Abbreviation for Building Information Modeling. A method of centrally managing building information using a 3D model.

Financial strategy: Medium- to long-term target B/S image (optimal capital structure)

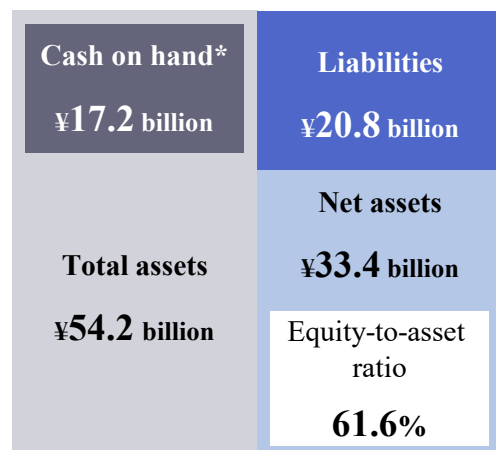
- In building an optimal capital structure, we will conduct financial management with an awareness of balancing improved capital profitability and maintaining financial soundness.
- Our policy is to control net assets (equity) through proactive shareholder returns.

Image of the target balance sheet

FYE Jan. 2027

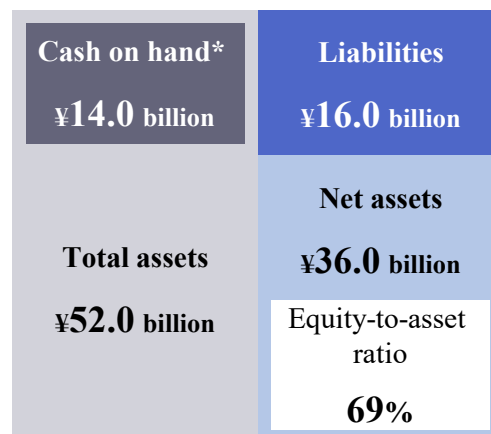
Results of FYE Jan. 2025

- There was a tendency for net assets to accumulate due to earnings growth.



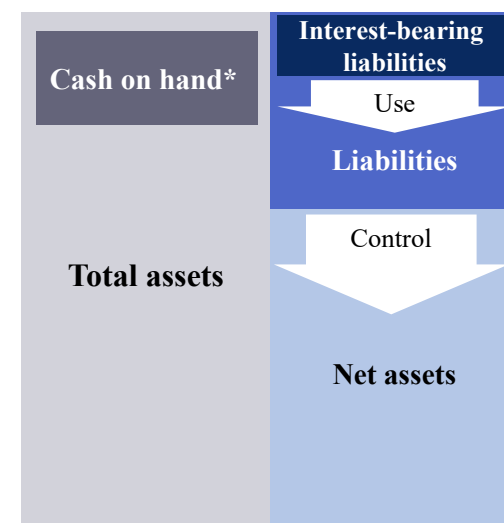
Final year of the Medium-Term Management Plan

- Cash on hand is expected to decrease due to the abolition of notes payable, thereby contributing to a leaner B/S overall. (The equity-to-asset ratio is expected to show an upward trend)
- With an awareness of improving capital efficiency, we will continue the policy of proactive shareholder returns.



Ideal B/S for medium to long term

- Policy of utilizing interest-bearing liabilities for growth investment.
- Policy of controlling net assets (equity) through proactive shareholder returns.

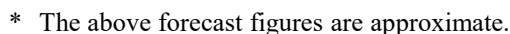


* Cash and deposits and securities

* The above forecast figures are approximate.

- ## Cash allocation

For the next medium-term management plan, we will continue to consider shareholder returns with an awareness of both investments that lead to future growth and capital efficiency



Financial strategy: Policy on shareholder returns

- We will implement proactive shareholder returns with an awareness of capital efficiency, taking into account performance trends and financial soundness

Results

Current dividend policy: payout ratio of 50% or higher

Current Medium-Term Management Plan

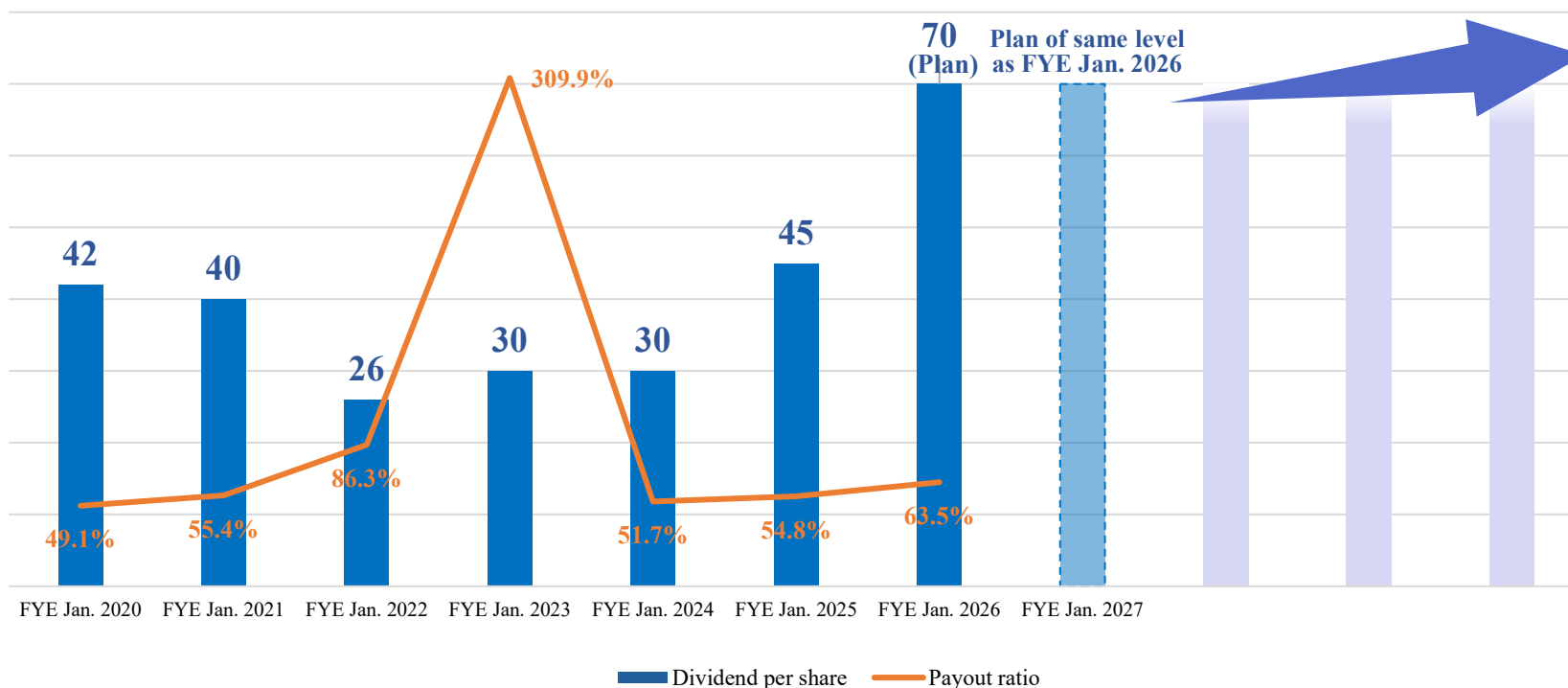
(from FYE Jan. 2026 to FYE Jan. 2027)

- Payout ratio of 50% or higher
- Plan to implement returns in FYE Jan. 2027 at the same level as FYE Jan. 2026

Next Medium-Term Management Plan

(from FYE Jan. 2028 to FYE Jan. 2030)

- Proactive provision of shareholder returns with an awareness of equity control
- Addition of DOE indicator to the dividend policy:
A minimum payout ratio of 50%, or a DOE of 8%, whichever is higher



Reference

Outline and current status of
the Medium-Term Management Plan
(FYE January 2025 – FYE January 2027)

Overview of the Medium-Term Management Plan (FYE January 2025 – FYE January 2027)

Our Purpose

Drawing the future from space, adding new colors to people and society.

Tanseisha: Vision 2046

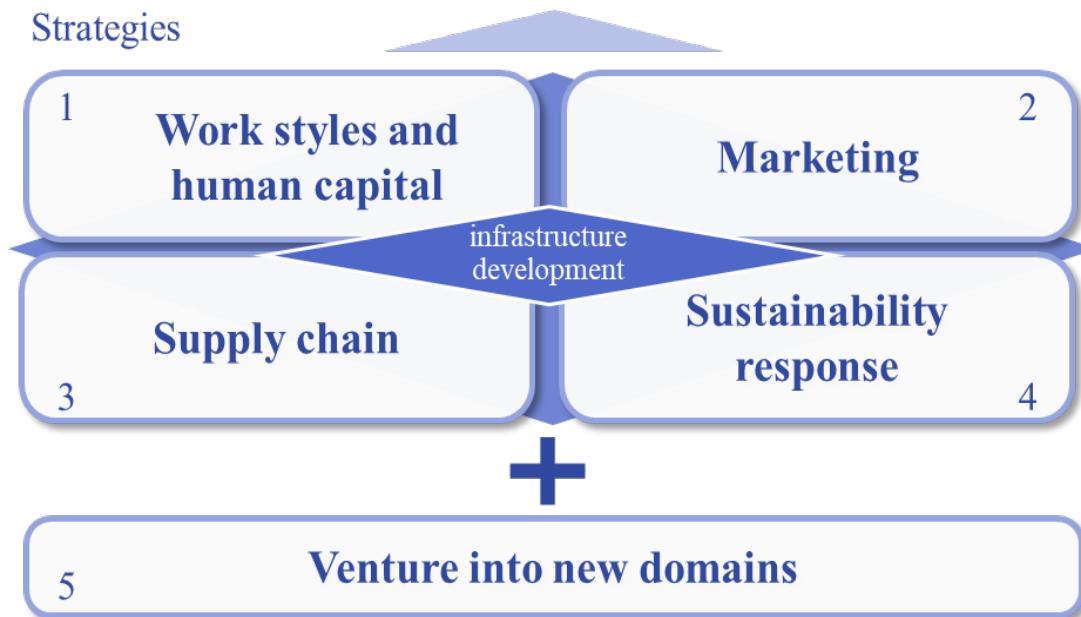
We continuously strive to be not only a group of professionals creating space for imaginations to grow, but a group of challengers to open up the possibilities of space and ourselves.

FY2024-FY2026 Medium-Term Management Plan

Goals

- (i) Lay foundation to move on to a growth trajectory
- (ii) Venture into new domains

Strategies



Financial/Non-financial targets

Revised financial targets for FYE Jan 2027*

Consolidated net sales: **¥95.0 billion**

Consolidated operating profit margin: **5.8%**

Consolidated ROE: **11.0%**

Payout ratio: **50% or higher**

FYE Jan 2026: Annual dividends of ¥70 (plan)

FYE Jan 2027: Policy to provide returns of the same level as FY2026

* Financial target is under review

Non-financial targets for FYE Jan. 2027

Pleasure of working

Establish production system

Sustainability

Climate change response

Targets of the Medium-Term Management Plan (Overall targets including non-financial targets)

Financial/ Non- financial	Vision	KPI	Progress as of FYE January 2025	Targets for FYE January 2027
Financial	<ul style="list-style-type: none"> ● Enhance management and financial base ● Enhance shareholder returns 	Consolidated net sales	¥91.8 billion	¥95.0 billion
		Consolidated operating profit margin	5.6%	5.8%
		Consolidated ROE	11.9%	11.0%
		Payout ratio	Payout ratio: 54.8%	Payout ratio of 50% or higher FYE Jan. 2026: Annual dividends of ¥70 (plan) FYE Jan. 2027: Plan to implement returns at the same level as FYE Jan. 2026
Non- financial	Pleasure of working <ul style="list-style-type: none"> ● Ensure employees work with enthusiasm, feel fulfilled, and enjoy their work ● Rectify long working hours and streamline working time 	Engagement score (comprehensive evaluation of employee awareness surveys)	△ Progress made but some issues remain	Higher evaluation than the previous year
		Number of employees meeting internal standards for working hours	△ Progress made but some issues remain	Increase from the previous year
	Establish production system <ul style="list-style-type: none"> ● Ensure production capacity to achieve growth projections in the Medium-Term Management Plan and to support future growth 	Achievement of development of new partner companies	△ Progress made but some issues remain	100%
	Sustainability <ul style="list-style-type: none"> ● Enhance the Company's overall sustainability efforts and ensure they meet the requirements of society 	EcoVadis assessment	△ Progress made but some issues remain	Obtain Silver rank
		Percentage of female managers	△ Progress made but some issues remain	15% or higher
	Climate change response <ul style="list-style-type: none"> ● Establish calculation methods for greenhouse gas (GHG) emissions and launch concrete initiatives to reduce emissions 	Scopes 1+2 GHG emissions	○ Steady progress made	40% reduction from FY2021 levels

* The final year of the MTMP is under review

<p>Strategy 1 Work style and human capital infrastructure development</p>	<p>Implement concrete and effective measures to rectify long working hours. Increase efficiency by reviewing work processes, including the use of digital technologies such as BIM.</p> <p>Strengthen investment in people and create environments that maximize the potential of human resources and drive results (DE&I initiatives, engagement enhancement measures, etc.).</p>
<p>Strategy 2 Marketing infrastructure development</p>	<p>Stay close to clients and markets, accurately identify their needs, and implement solutions that address their issues. Reorganize business divisions to ensure they are more responsive to markets.</p> <p>Develop and establish a marketing system and framework, including digital marketing, and analyze the processes and actions that give rise to high value-added and high-quality services, in order to enhance reproducibility of results as well as increase competitiveness and profitability.</p>
<p>Strategy 3 Supply chain infrastructure development</p>	<p>Develop a partner company system to secure production capacity to achieve the growth projections presented in the MTMP and to support future growth. Streamline supply chains by sector and line of business, and systematically strengthen areas that are inadequate.</p> <p>Strengthen relationships with partner companies and create a system to facilitate cooperation on common issues such as work style reforms, BIM utilization, and sustainability.</p>
<p>Strategy 4 Sustainability infrastructure development</p>	<p>Respond to rapidly growing needs of clients by strategically creating and proposing sustainability-related products (solutions).</p> <p>Enhance sustainability efforts to meet the increasingly sophisticated requirements of society. Establish calculation scopes and methods for greenhouse gas emissions to address climate change. Reduce greenhouse gas emissions with a focus on energy-saving solutions and the use of renewable energy.</p>
<p>Strategy 5 Venture into new domains</p>	<p>Build a system to develop and foster new businesses that will become the next pillars of the Company by leveraging the resources of the space creation business.</p> <p>Re-examine the current status of overseas initiatives and develop strategies and systems to achieve growth.</p>

Medium-Term Management Plan (FYE January 2025 – FYE January 2027)

- Targets for FYE January 2027: Net sales of ¥97.0 billion, operating profit of ¥5.5 billion
- Targets for net sales, operating profit margin, and ROE have been adjusted upward, while ROE is maintained at 10% or higher.
- In FYE January 2026, the Company aims to achieve record-high profits as it expects to record large-scale projects, including those related to Expo 2025 Osaka, Kansai.
- In FYE January 2027, the Company expects to record lower sales from large-scale projects. It will focus on efforts to accept orders for the period of the next medium-term management plan.

	(Millions of yen)					
	FYE January 2025 (results)		FYE January 2026 (Revised Performance Plan)		FYE January 2027 (Final year of the MTMP)	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Orders accepted	111,152		94,000		97,000	
Net sales	91,858	100.0	100,000	100.0	95,000	100.0
Gross profit	17,064	18.6	19,700	19.7	18,000	18.9
Operating profit	5,147	5.6	7,500	7.5	5,500	5.8
Ordinary profit	5,316	5.8	7,600	7.6	5,600	5.9
Profit attributable to owners of parent	3,875	4.2	5,200	5.2	3,900	4.1
EPS (Yen)	82.16		110.27		82.74	
ROE (%)	11.9		15.1		11.0	

* The final year of the MTMP is under review

* The above forecasts have been prepared based on information currently available and certain assumptions deemed to be reasonable, and include potential uncertainties.
Actual results may differ from these forecasts due to various factors in the future.

Medium-Term Management Plan by segment (FYE January 2025 – FYE January 2027)

- The Company aims to achieve higher profits by capturing recovering demand in the commercial and other facility market, while also aiming to generate stable profits in the chain store market and the cultural facility market.

		(Millions of yen)		
		FYE January 2025 (results)	FYE January 2026 (Revised Performance Plan)	FYE January 2027 (Final year of the MTMP)
	Commercial and other facility market	70,011	58,500	61,500
	Chain store market	26,944	24,000	22,000
	Cultural facility market	13,733	11,000	13,000
	Other	462	500	500
Total orders accepted		111,152	94,000	97,000
	Commercial and other facility market	54,395	69,000	62,000
	Chain store market	27,074	21,500	22,000
	Cultural facility market	9,925	9,000	10,500
	Other	462	500	500
Total net sales		91,858	100,000	95,000
	Commercial and other facility market	3,295	6,200	4,000
	Chain store market	1,829	1,000	800
	Cultural facility market	(95)	100	600
	Other	111	200	100
	Adjustments	6	—	—
Total operating profit		5,147	7,500	5,500

* The final year of the MTMP is under review

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