



April 28, 2026

To Whom It May Concern

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(Securities Code: 1942, Tokyo Stock Exchange Prime Market)
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Notice of Revision of the FY2024-FY2026 Kandenko Group Medium-Term Management Plan, and Initiatives for Managing With a Focus on Capital Costs and Stock Prices

Kandenko Co., Ltd. ("Company") has made the decision to revise the *FY2024-FY2026 Kandenko Group Medium-Term Management Plan* ("Medium-Term Management Plan"), published originally on April 28, 2025. The Company also updated the content of the disclosure titled *Initiatives for Managing With a Focus on Capital Costs and Stock Prices*, released on the same day.

1. Medium-Term Management Plan Revisions

In fiscal 2025, amid firm private-sector construction investments, the Company achieved record-high financial results that outperformed performance targets for fiscal 2026—the final year of the current Medium-Term Management Plan—ahead of schedule. Fiscal 2025 results reflected productivity improvements, optimized construction systems, and other factors that contributed to an improved profit structure.

The Company expects private-sector construction investment to remain firm, despite concerns over the situation in the Middle East and other changes in international developments, trends in energy and materials prices, and other factors. This outlook reflects anticipated demand for semiconductor plant and data center construction, planned large-scale redevelopment projects, and equipment renewal demand related to decarbonization.

In light of these circumstances, the Company resolved to revise upward the numerical targets set forth in the Medium-Term Management Plan as follows. The Company also revised certain initiatives outlined in business strategy and strategy to strengthen management foundation, demonstrating our commitment to strengthening efforts to achieve the new targets through operations and production process improvements leveraging digital transformation, increasing and retaining construction personnel, and enhancing employee engagement.

Medium-Term Management Plan	Previous Announcement (April 28, 2025)	Current Announcement
	FY2026	FY2026
Consolidated net sales	¥716.0 billion	¥780.0 billion
Consolidated operating profit	¥67.0 billion	¥90.0 billion
ROE	Over 10%	Approx. 16%
ROIC	Over 10%	Approx. 14%
Greenhouse Gas Emissions*	-18% Compared to FY2020	-32% Compared to FY2020

*Target: Scope 1, Scope 2

2. Initiatives for Managing With a Focus on Capital Costs and Stock Prices

The Company analyzed current initiatives for managing with a focus on capital costs and stock prices alongside the revisions to the Medium-Term Management Plan. In doing so, the Company strives to drive sustainable growth and enhance corporate value over the medium to long term. In addition to the upward revisions of ROE and ROIC shown in the table above, other revisions to the April 2025 announcement include an expanded reduction targets for cross-shareholdings. * Please refer to the attached materials for further details.

3. Attached Materials

- FY2024-FY2026 Kandenko Group Medium-Term Management Plan
- Initiatives for Managing With a Focus on Capital Costs and Stock Prices

Note: The above forecasts are based on information available as of the date of publication of this document. Actual results, etc., may differ from forecasts due to various factors that may arise in the future.

More change.

For a more abundant future.

FY2024-FY2026

Kandenko Group Medium-Term Management Plan

April 28, 2026

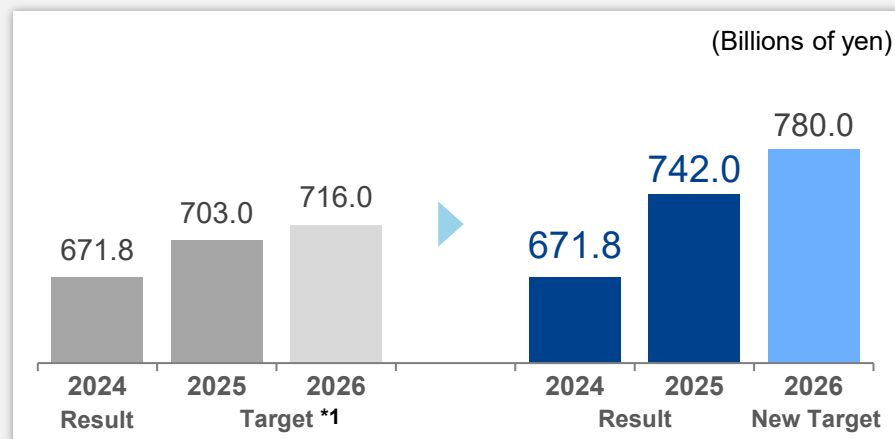


FY2024-2025 Assessment and Review

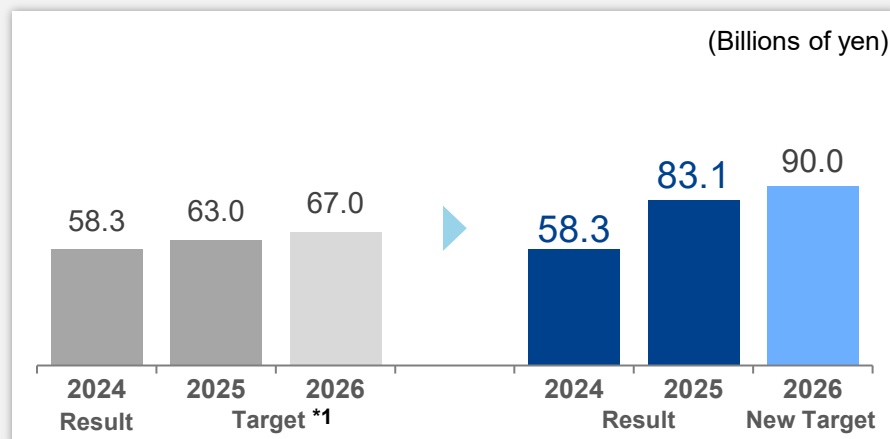
Quantitative Plan

- ✓ Revised FY2025 targets (financial results, dividends) **upward** (as of January 2026)
- ✓ Achieved FY2026 targets **ahead of schedule** → **Revised FY2026 targets**

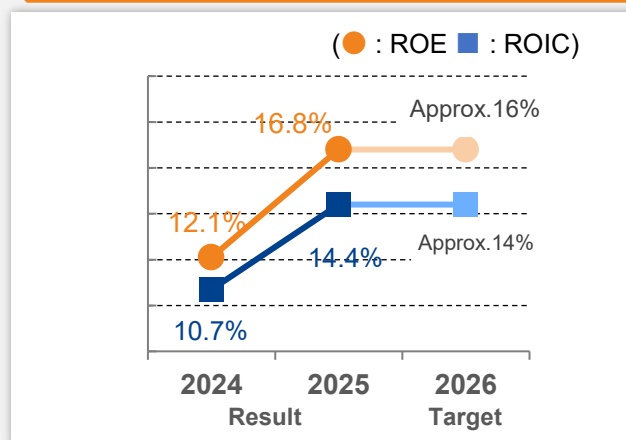
Consolidated Net Sales



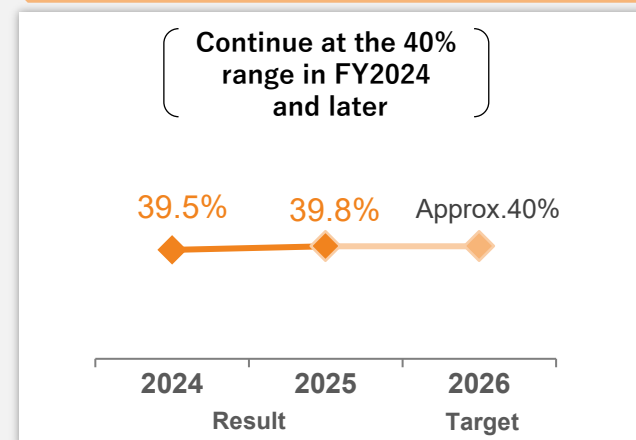
Consolidated Operating Profit



ROE and ROIC



Dividend Payout Ratio



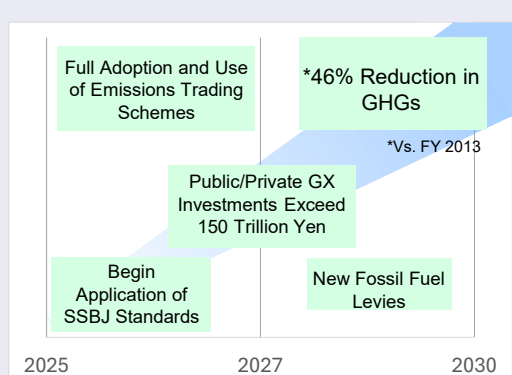
*1 Figures represent targets established in April 2025

Business Environment (Topics)



Global Environment

Accelerating demand for carbon neutrality



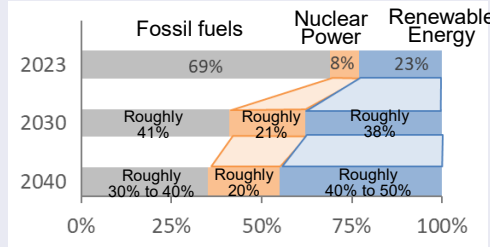
Source: Ministry of Economy, Trade and Industry, GX2040 Vision: Revised Strategy for Promoting the Transition to a Decarbonized, Growth-Oriented Economic Structure, February 2025, compiled by the Company



Energy

Positive expectations for construction demand related to nuclear power and renewable energy

Changes in Energy Supply



- Maximizing the use of decarbonized power sources is essential to meet the increased electricity demand associated with DX and GX advancements
- Restart of nuclear power plants • Reinforcement of renewable energy grid

Source: Agency for Natural Resources and Energy, Summary of the Basic Act on Energy Policy, February 2025



Innovation

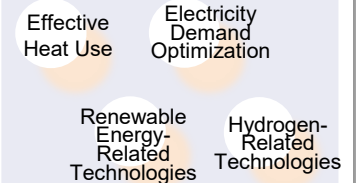
Important to understand and use state-of-the-art technology

Evolution of Battery Technology

Growing Needs
Adjustment Electricity Supply/Demand
Backup Power Supply
Wider EV Usage

- Solid-state batteries
- Develop storage battery control systems, etc.

Nat'l government identifies and pursues development of key technologies



Source: Agency for Natural Resources and Energy, Other, Energy Conservation and Non-Fossil Energy Conversion Technology Strategy 2024, May 2024.

Ensure AI reliability and social implementation

Solve Social Issues

Create Business Value

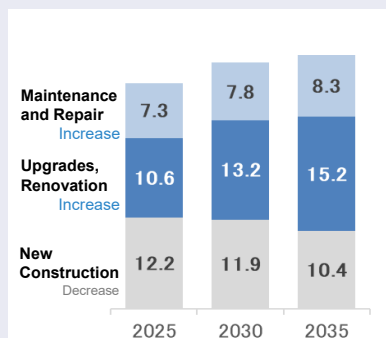
Source: Ministry of Economy, Trade and Industry, Others, AI Guidelines for Business (Ver. 1.1), March 2025



Socioeconomics

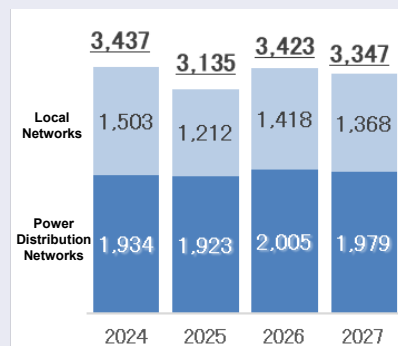
Construction demand remained strong

Outlook for Private-Sector Building Investment (Trillions of yen)



Source: Research Institute of Construction and Economy, Construction Economics Report, March 2024, compiled by the Company

TEPCO PG Capital Investment Plan (100 million yen)



Source: TEPCO PG, Revenue Cap System Business Plan, December 2022, compiled by the Company

Prices and wages are on the rise

Outlook for Consumer Prices and Wage Growth (Growth Transition Case)



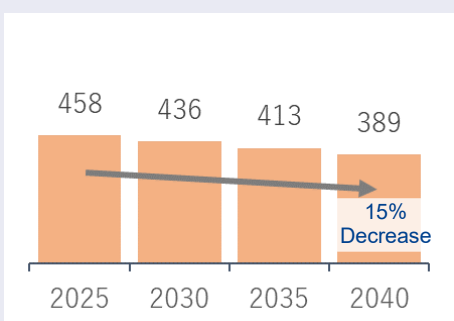
Source: Cabinet Office, Medium- and Long-Term Economic and Fiscal Estimates, Tables of Figures, August 2025, compiled by the Company



Labor Environment

Challenges in securing staff and automating tasks at job sites

Outlook for Construction Workforce (10,000 people)



Source: Japan Institute for Labour Policy and Training, Estimates of Labor Supply and Demand, August 2024, compiled by the Company

Fiscal 2024-2026 Group Medium-Term Management Direction

1

Create a more attractive company
and conduct investments more effectively

Joyful growth,
together with our employees

Human
Resources

Investment

Finances

2

Discover more opportunities
in existing businesses

**Contribute to the building and
upkeep of social infrastructure
and customer facilities**

Building
Equipment

Social
Infrastructure

Green Innovation

New

Overseas

3

Foster collaboration between building
equipment and social infrastructure and
create new businesses

Pursue green innovation

4

Pursue DX, business and production
process reforms, collaboration among
divisions and groups, etc.

**Increase productivity
and efficiency through
all means available**

DX

Production
Capacity

5

Ensure compliance, safety, and quality,
creating an abundant environment

**Build
solid relationships of trust
with stakeholders**

Compliance, Safety and Quality,
Environment

More change.
For a more abundant future.

● : Business strategy

● : Strategy to strengthen management foundation

FY2024-FY2026 Medium-Term Management Plan Overview

More change.
For a more abundant future.

FY2026 KGIs

Consolidated Net Sales

(¥716 billion)

▶ **¥780 billion**

ROE

(10%+)

▶ **Approx. 16 %**
(consolidated)

Consolidated Operating Profit

(¥67 billion)

▶ **¥90 billion**

ROIC

(10%+)

▶ **Approx. 14 %**
(consolidated)

Dividend Payout Ratio

Approx. 40 %
(consolidated)

Greenhouse Gas Emissions

(-18%)

▶ **Vs. FY2020 -32 %**
[Target: Scope 1, Scope 2]

(Figures in parentheses are targets as of April 2025)

Group Medium-Term Management Plan FY2024-FY2026 Direction

Joyful growth, together with our employees

Contribute to the building and upkeep of social infrastructure and customer facilities

Pursue green innovation

Increase productivity and efficiency through all means available

Build solid relationships of trust with stakeholders

Building
Equipment

Social
Infrastructure

Green
Innovation

New

Overseas

Business Strategy

Human
Resources

Production
Capacity

Compliance
Safety and
Quality
Environment

DX

Finances

Investment

Strategy to Strengthen
Management Foundation

Conduct Process Reforms to Discover More Opportunities in Existing Businesses

Shared (Building Equipment Division)

1 Construction reform

- Establish **back office on-site and cost-management methods**
- Strengthen prefabricated plant logistics functions**
- Build and operate **construction capacity visualization systems**

2 Sales and engineering reform

- Introduce a **plan reading system** and improve the usefulness of the **preliminary estimate system**
- Strengthen engineering functions for data centers, semiconductors, and CN**
- Build systems for **customer monitoring-based solution sales**

Indoor Electrical



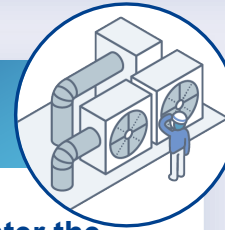
1 Discover more opportunities in existing businesses

- Win strategic orders** using AI and data
- Expand base of close and ongoing customers**
- Train on-site office and renovation sales staff

2 Expand business domains

- Deliver proposals that meet the **latest customer needs in the areas of energy creation, storage, and conservation**

HVAC and Hygiene



1 Secure long-term orders for large projects and enter the industrial HVAC sector

- Share technology, expertise, and strategies with group companies to grow financial results
- Develop qualified personnel and recruit engineers

2 Propose upgrades for heat source equipment, etc.

- Pursue alliances, etc., with companies possessing technology and skills in **heat source, industrial HVAC**
- Build a **thermal solutions** implementation system

Indoor Networking Plant



1 Transition to a stock-type business (indoor networking)

- Establish proprietary products and solutions
- Propose **IP-integrated networks** for building equipment

2 Total engineering (plant)

- Plant-related **collaboration among group companies**
- Expand into the **water treatment sector**

Protect Social Infrastructure and Create Decarbonized, Resilient Societies

Shared

(Social
Infrastructure Work)

- 1 Contribution to decarbonization**
- Conduct sales activities targeting **carbon neutral-related demand**

- 2 Respond to aging infrastructure**
- Comply credibly with **the revenue cap system**
 - Respond to social infrastructure requiring renewal**

- 3 Improve construction systems and strengthen construction capacity**
- Expand support** for partner companies and **new business development**
 - Deepening **cross-departmental collaboration** and strategic staffing assignments

Communications



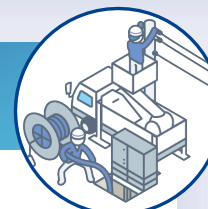
1 Restructure revenue base

- Roll out services that utilize digital technology (remote facility control maintenance services)
- Prioritize data center construction projects
- Expand contracts in public works projects

2 Improve productivity and operational efficiency

- Streamline operations** in collaboration with customers and partners
- Centralize or move routine operations to back-office tasks**
- Build an efficient construction management system

Power Distribution



1 Increase construction capacity and operate efficiently

- Strengthen group/partner construction capabilities; develop new work groups**
- Foster multiskilled **technical workers** (pillar installation skills)
- Research and development of on-site labor-saving technology (robots for power distribution work)
- Conduct on-site tests of AI-based safety management

2 Expand business domains

- Private line construction for **renewable energy; storage battery-related work**
- Construction to **replace street lights with LEDs**
- Secure proposal orders for **disaster prevention and mitigation** construction

Engineering



1 Expand our revenue base

- Wide-area power grid and other electric power transmission-related work**
- Construction work for **civil infrastructure** (water, sewer, etc.)
- Construction work for **renewable energy, storage batteries**
- Safety compliance construction** for nuclear power plants

2 Improve the efficiency of and bolster construction systems

- Hire more engineers for **civil engineering work**
- Conduct large-scale projects efficiently** (centralized management of human, material, and intellectual resources)
- Bolster **cable jointer numbers**

Develop New Businesses Focused on Energy Creation, Storage, and Conservation

New Business



1 Expand green innovation-related businesses

- Increase installations of WATTMILL®*1 and develop **decarbonization consulting** packages
- Conduct proof-of-concept tests for **next-generation O&M***2 and conduct analysis of issues toward the launch of operations
- Acquire **PPA business-** and **storage battery** business-related technologies and market **ESP business**
- Build expertise **renewable energy facility repowering** and facility inspection
- Expand business and advance technologies, expertise in **renewable energy O&M**
- Pursue M&A and alliances

2 Take on the challenge of building other businesses

- BCP solutions proposals
- Consider O&M service for small-scale data centers

Grow Existing Locations and Develop New Markets to Expand Overseas Business

Overseas Business



1 Increase construction capacity to grow earnings

- Improve **cost management and engineering skills** of local engineers
- Recruit and train local construction workers

2 Pursue localization and stronger governance in parallel

- **Strengthen governance and compliance**
- **Localize operations** toward growing overseas businesses

3 Expand business fields, domains

- Consider **expansion into Asia** and develop **new business areas** (green innovation, port infrastructure, etc.)

4 Leverage advanced construction technologies and local construction workers in Japan

- Implement **DfMA**, etc., in anticipation of rollout in Japan
- **Train local construction workers** ahead of the coming worker shortages

*1 WATTMILL®: An energy management system developed by Kandenko. Easy visualization of building energy for optimal energy utilization

*2 Next-generation O&M: Smart security for renewable energy, storage batteries, and building facilities; optimized energy supply and demand operations

Pursue Green Innovation Through Collaboration Between Building Equipment and Social Infrastructure and the Creation of New Businesses

Offer Support for Carbon Neutrality
by Providing Energy Use
Visualization

Create, Store, Save
**Decarbonization
Consulting**

Visualize Energy Use

WATTMILL®

Construction for
Energy Conservation
and Decarbonization

Construction Work

Smart Security
and Demand Control

Next-Generation O&M

**Future
Technologies**

Energy-Saving
Transformers
PoE Lighting

Renovation

Lighting, Power
Receiving and
Transforming
Optimized HVAC
Etc.

**EV
Charging
Facilities**

**Existing
GI Field**

**Renewable
Energy**

**Storage
Batteries**

**Future
Technologies**
DC Power Supply

**Future
Technologies**

Sensing
Wireless Power
Transmission

EMS

**Enter GI Field
by FY2026**

PPA

**Future
Technologies**

Heat Pumps

Renovation
Heat Energy
Sources
Industrial
HVAC, Etc.

**Solar Panel
Recycling**

Hydrogen

**Future Entry
Into GI Field**

**Next-
Generation
Nuclear
Reactors**

**CO₂
Storage**

Create Attractive Workplaces and Foster Workers Who Support Society

Recruiting

Recruit Human Resources Capable of Meeting the Demands of Society and Customers

- Recruit new graduates **regardless of academic background or course of study**
- Recruit **for job type and engineering category**
- **Diversify mid-career recruitment methods**
- Create a **recruitment brand** through social media, etc.
- **Reach out to students** through seminars, joint research, etc.

Development

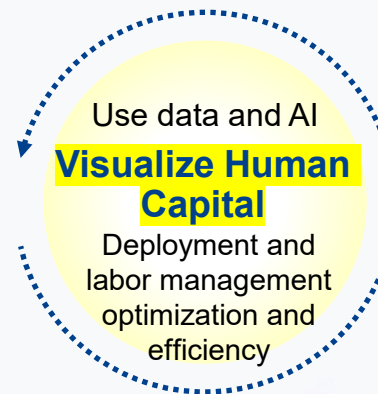
Develop Human Resources Who Possess Expertise and Organizational Skills

- Provide training **tailored to diversified recruitment**
- **Reskilling** (senior employee contribution, etc.)
- Reactivate OJT through a **supporter program**
- Review our human resources development roadmap to **develop young employees and gain important certifications as quickly as possible**
- Train human resources for **new on-site production system**

Deployment

Talent Management for Effective Development and Deployment

- **Give assignments based on aptitude, ability, etc.**
- **Diversity Equity & Inclusion** (contributions of senior employees, women, foreign nationals, etc.)
- **Personnel interchange** within the group
- **Job rotation** for skills development



Employee Engagement

**An attractive company workers want to join
A company where employees work with peace of mind**

Work Environment

- **Salary and benefit increases** based on contribution to company performance
- Widespread embrace of the K. Assertion
- Enhanced **work-life balance**
- **Health Management (well-being)**

Recruit human resources capable of implementing management strategies

Ideal Human Resources

Professionals who build and create social trust

Managers who facilitate and foster connection between people and technologies

Improve Construction Capabilities, on-Site Productivity, and Procurement Toward Stronger Productivity

Recruit Workers

Foster efficient worker allocation based on optimal cooperative ratio

- Build a **construction capability visualization system**

Provide expanded support to deepen relationships with group and partner companies

- **Find and develop** new partner companies
- **Build deeper relationships** with partner companies
- **Expand support and incentives** for growth of the group and partner companies

Enhance Productivity

Maximize On-Site Productivity

Leverage DX and robot technologies to **reduce manual on-site labor**

- Strengthen prefabricated plant **logistics functions**
- Development/Upgrade of **New On-Site Production System**
- Conduct technology development (**automation and robotization**)

Restructure On-Site Production Systems

Through Enhanced Back-Office Functions

- **Define on-site division of labor**
- Review of on-site production system through cross-divisional initiatives

Strengthen Procurement Capabilities Through Coexistence and Co-Prosperity With Business Partners

Strengthen the procurement of equipment, materials, and services by diversifying suppliers and engaging in appropriate transactions

- Practice the **Partnership Declaration**
- Develop **new business partners**
- Expand use of **overseas-made materials**
- Conduct negotiations that take full advantage of **the economies of scale**

Achieve a Corporate Transformation Through DX-Based Business and Production Process Reforms

Implement Data-Driven Management by 2030

Establish an Integrated Management Information Infrastructure

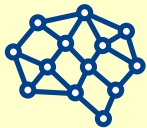
Collect and link all manner of information. The information needed, when it is needed.
Maximize the performance of management resources.

Process Reform x Labor Saving



- Outsource administrative overhead
- Define on-site division of labor
- Strengthen prefabricated plant logistics functions

AI x Efficiency and Optimization

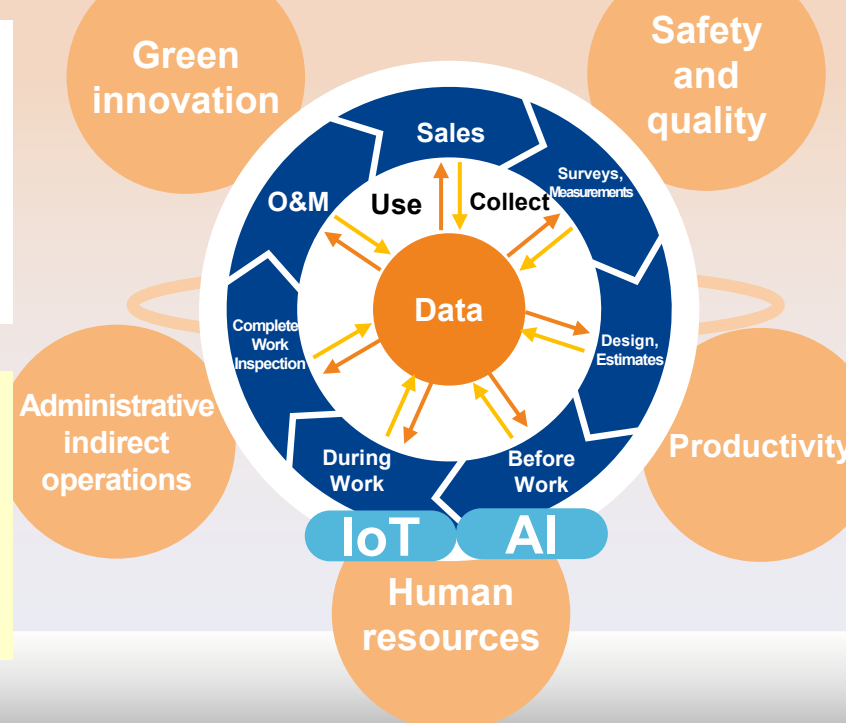


- Automate design and estimations
- Reduce safety risks
- Optimize recruitment and labor management
- Consider usage of physical AI

Develop a DX Environment



- Digitize all operations (paperless)
- Strengthen cybersecurity
- Recruit DX human resources (improve DX skills, hire specialists)
- Maintain and build a stable communications environment
- Restructure of enterprise system
- Adopt generative AI (improve productivity, enhance competitiveness)



Visualization x Advanced Decision Making



- Use on-site construction capabilities efficiently
- Collect, store, and use customer-, property-related information
- Conduct real-time analysis on management information

Advanced Technology x Profitability



- Energy management (data analysis)
- Smart security (sensing)

Conduct Effective Investments for Sustainable Growth

Approx. ¥125 Billion Total

**Business Investments** Approx. **¥55 Billion**

- Extend business areas and deepen existing businesses through **M&A and alliances**
- Launch new **Green Innovation-related businesses**
- Improve profitability of renewable energy, BCP solutions, real estate business, etc.

**Capital Investments** Approx. **¥50 Billion**

- Expand **prefabrication plant**
- Construct new business facilities offering outstanding **energy conservation**
- Provide **BCP support** for power distribution plants
- Open new offices equipped with **emergency disaster headquarters functions**
- Conduct systematic acquisition and replacement of production equipment

**IT and DX Investment** Approx. **¥15 Billion**

- Engage in **business and production process** redesign
- Restructure core systems for **data-driven management**
- Build a **data analysis system**
- Ensure business continuity (**cybersecurity** enhancements, etc.)

**R&D** Approx. **¥5 Billion**

- Develop AI-based **safety assist systems, automation and robotization technologies**
- Conduct proof-of-concept tests for **dynamic simulations for HVAC equipment**
- **Optimize electricity supply and demand; develop smart security technology**
- Acquire photovoltaic **O&M labor-saving and repowering technologies**
- Conduct technical verifications of **hydrogen-generation equipment**

*Indicated investment represents a non-consolidated cumulative total for fiscal 2024-2026.

Increase Corporate Value Through Cost of Capital- and Share Price-Conscious Management

Create an Optimal Business Portfolio

- Validate business portfolio through ROIC management by business segment
- Move fixed assets off balance sheet

Reduce Unprofitable Assets, Etc.

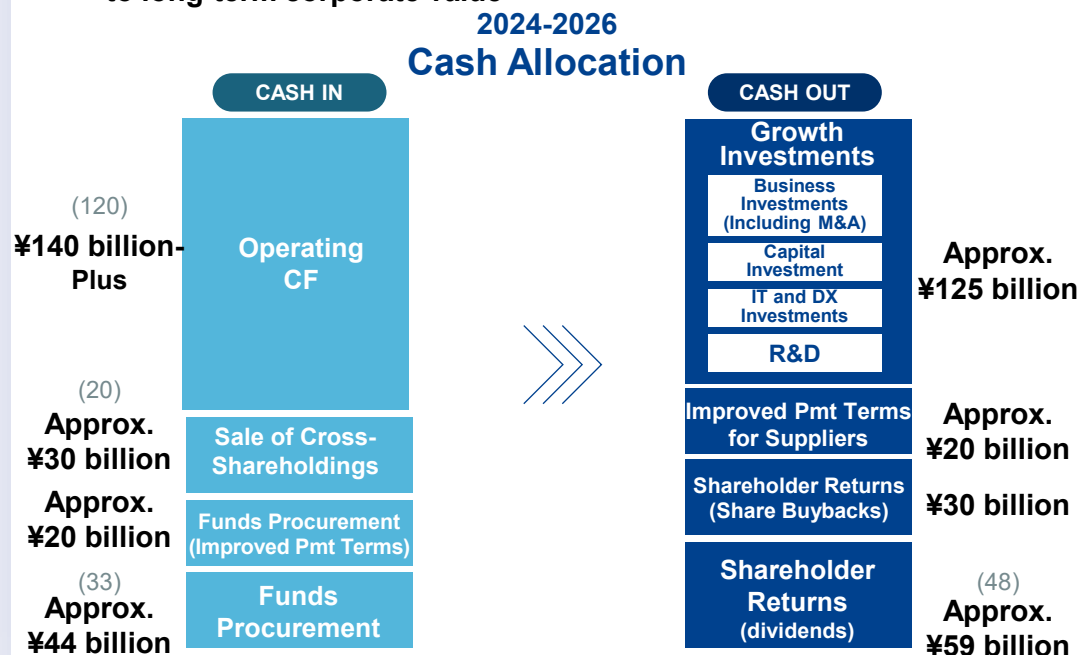
- Reduce cross-shareholdings

Secure Funds for Future Growth

- Improve CCC
- **Diversify financing**
- Expand group financing (relevant companies)

Growth Investments

- Make investments that contribute to sustainable growth and medium- to long-term corporate value



2026 Financial Targets

	2025 Results	2026 Target
ROE	16.8%	(Over 10%) Approx. 16% (consolidated)
ROIC	14.4 %	(Over 10%) Approx. 14% (consolidated)
Dividend payout ratio	39.8 %	Approx. 40% (consolidated)
Cross-shareholdings	2024 to 2026 cumulative	Approx. ¥30 Billion Reduction (¥20 billion)

(Figures in parentheses are targets as of April 2025)

To Be a Company Always Trusted by Society



Make consistent efforts to prevent, quickly identify, and correct cases of impropriety

- **Raise group-wide awareness of compliance and human rights** through education and training
- Encourage the use of consultation desks **to quickly identify and correct any cases of impropriety**



Establish and operate systems to prevent accidents

- **Dramatically strengthen measures and management systems to improve safety and quality awareness**
- Strengthen safety and quality training (hands-on, observational)
- Create a database of past cases
- Create and operate a **risk visualization system** for on-site work
- Investigate **risk avoidance methods** through the use of advanced technology
- Enhance hazard awareness activities



Pursue group-wide carbon neutrality

- Reduce **greenhouse gas emissions**
- **Conduct proof-of-concept tests of self-wheeling using surplus electricity**
- Rationalize energy use
(continue to qualify as an excellent energy conservation enterprise)
- **Electrify business vehicles** (including **PHEV** and **HV**; excluding special vehicles)

2026
Targets

Serious and
Injury Accidents

Zero

Serious
Equipment Accidents

Zero

2026
Targets

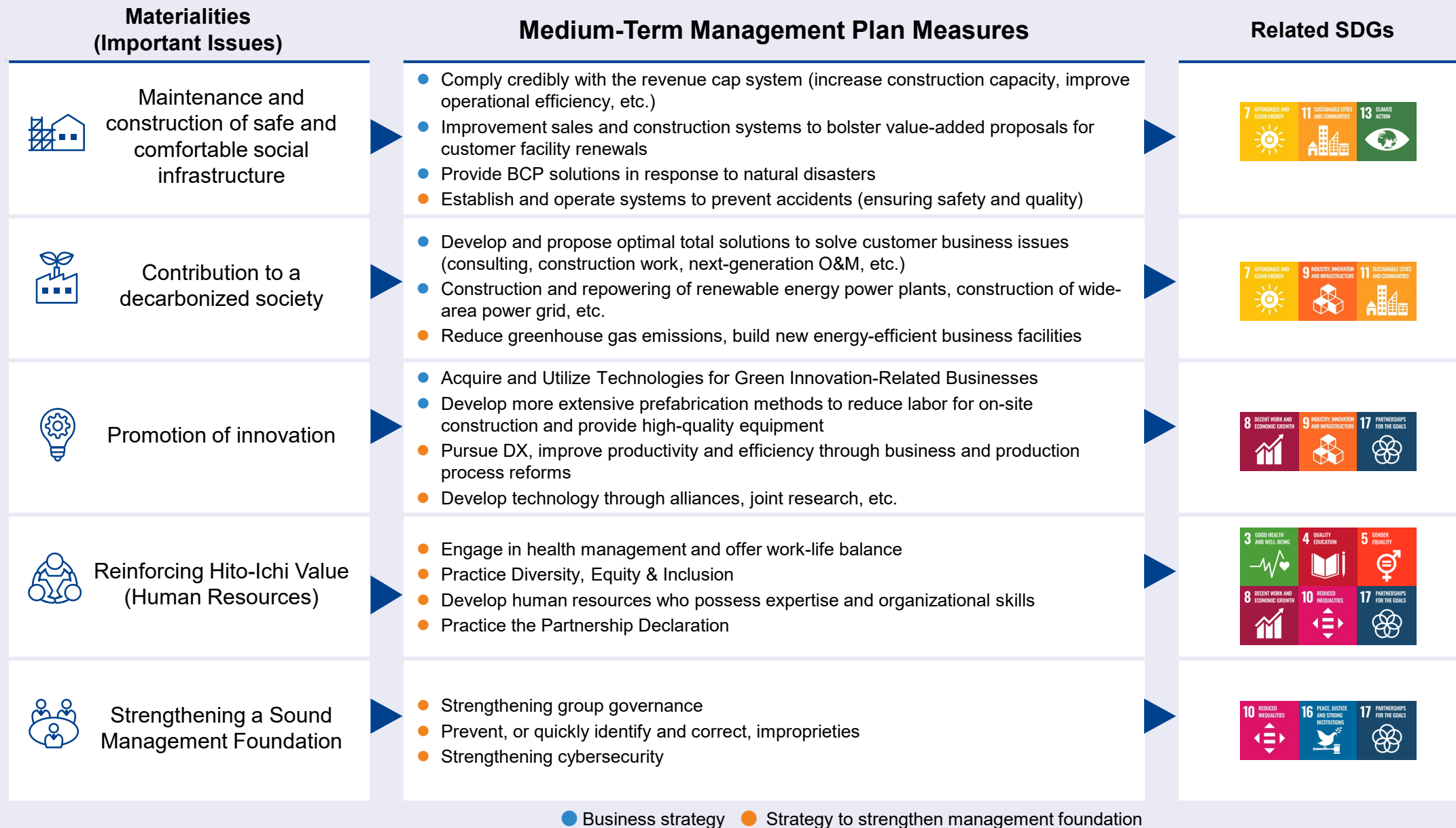
Greenhouse Gas
Emissions

- 32 %

Vs. FY2020 (-18%)
[Target: Scope 1, Scope 2]

(Figures in parentheses are targets as of April 2025)

[Reference] Relationship between Materiality and the Medium-Term Management Plan



Any forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable. Actual results may vary significantly due to various factors.

More change.

For a more abundant future.



Initiatives for Managing With a Focus on Capital Costs and Stock Prices

April 28, 2026

Kanden Co., Ltd.

Securities Code: 1942

1

Current Situation

- PBR, PER, ROE, ROIC FY2021-FY2025

P3 - 4

2

Capital Efficiency Improvement Initiatives

- FY2024-FY2026
Improving PBR Under the Medium-Term Management Plan
- Cash Allocation and Financial Targets
- Investing in Growth
- Reducing Cross-Shareholdings
- Shareholder Returns

P5 - 9

Red text: Update based on revised FY2024-FY2026 Medium-Term Management Plan

Current Situation

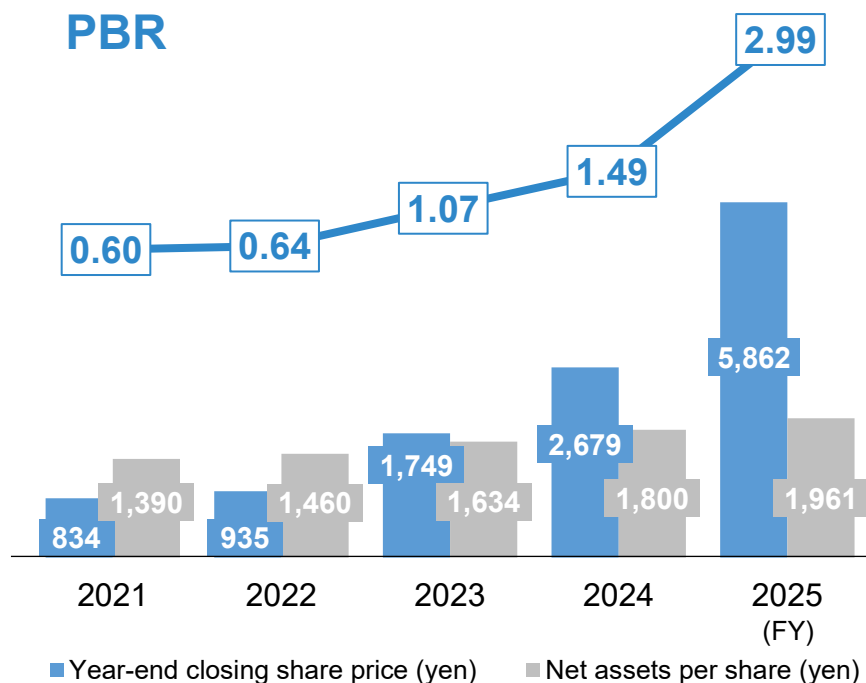
FY2021-FY2025

- PBR remained in the 0.6 times to 1 times range through fiscal 2024; amounted to roughly 3 times in fiscal 2025 due to share price increase
- PER was in the 8 times to 13 times range through fiscal 2024, amounting to roughly 18 times in fiscal 2025

PBR Price to Book Value Ratio (Times)

$\text{PBR} = \text{Year-End Closing Share Price} \div \text{Net Assets Per Share}$

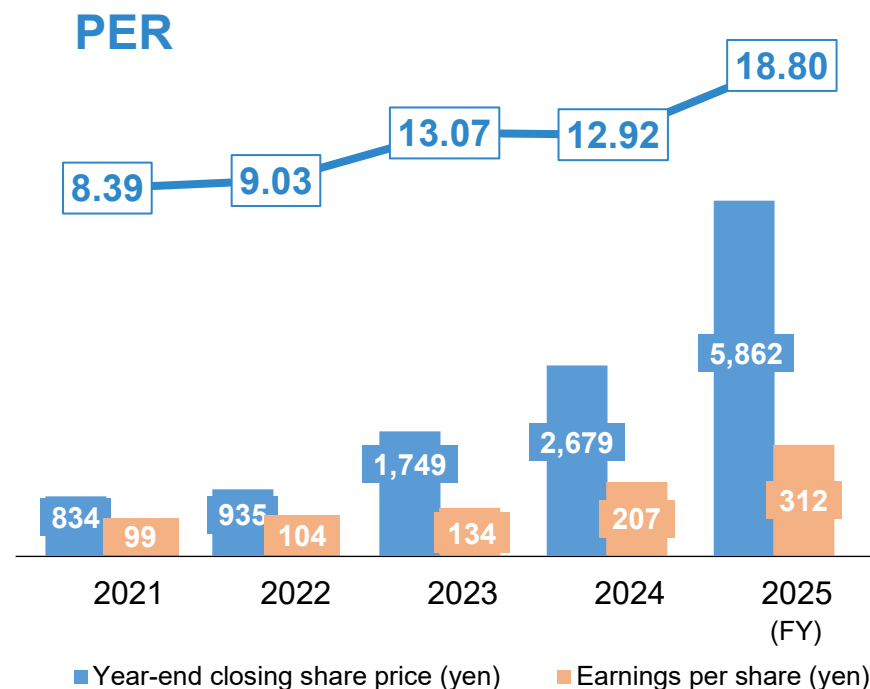
PBR



PER Price Earnings Ratio (Times)

$\text{PER} = \text{Year-End Closing Share Price} \div \text{Earnings Per Share}$

PER



Current Situation

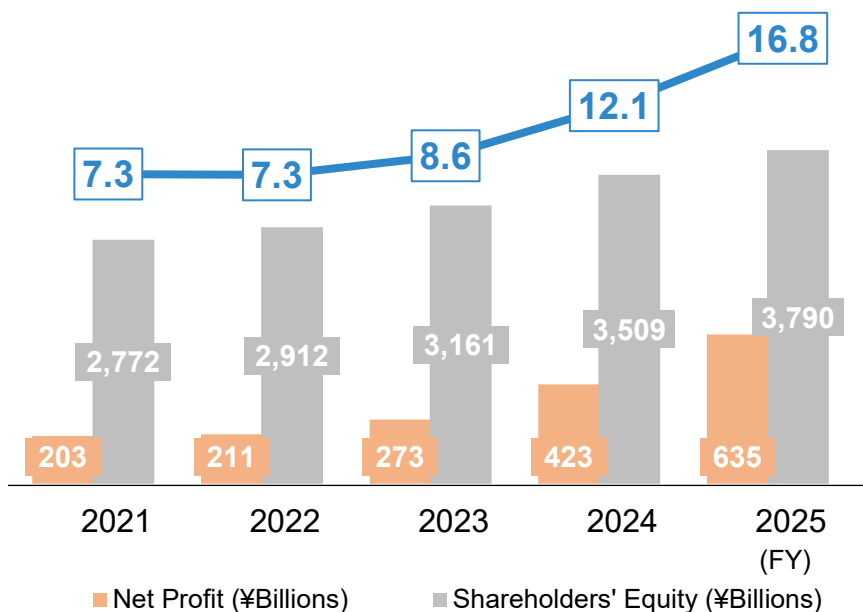
FY2021-FY2025

- ROE and ROIC improved as of the end of fiscal 2025 to the 16% and 14% range, respectively
- Our calculations indicate that ROE and ROIC are in excess of the cost of equity and WACC, respectively

ROE Return on Equity (%)

ROE = Net Income ÷ Shareholders' Equity

ROE

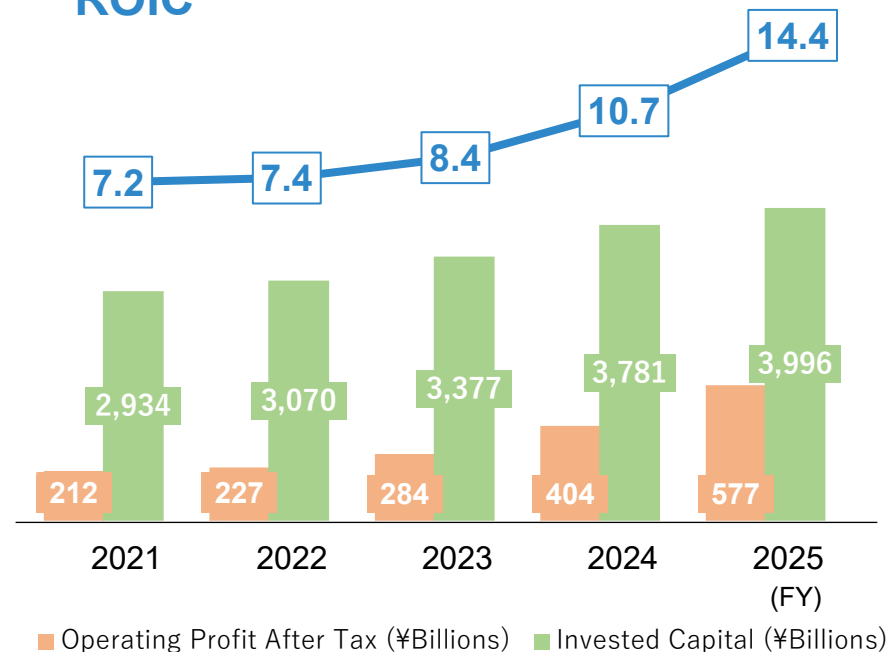


Shareholders' Equity :Avg. of Beginning and End of Period

ROIC Return on Invested Capital (%)

ROIC = Operating Profit After Tax ÷ Invested Capital

ROIC



Invested Capital = Interest-Bearing Debt + Shareholders' Equity :Avg. of Beginning and End of Period

Capital Efficiency Improvement Initiatives

- The following describes our major initiatives to improve capital efficiency

FY2024-FY2026 Medium-Term Management Plan

Generate Profits

- Business strategy x Strategy to strengthen management foundation

Create an Optimal Business Portfolio

- Validate business portfolio through ROIC management by business segment
- Off-balance non-current assets

Reduce Unprofitable Assets, Etc.

- Reduce cross-shareholdings

Secure Funds for Future Growth

- Improve CCC
- Diversify financing
- Expand group financing

Growth Investments

Approx. ¥125 Billion Over 3 Years

- Make investments that contribute to sustainable growth and medium- to long-term corporate value



Business Investments
(Including M&A)



Capital Investments



IT and DX Investments



R&D

ROE
Improvement

Expand Shareholder Returns

- Pursue stable and sustainable shareholder returns

Build Trust With Stakeholders

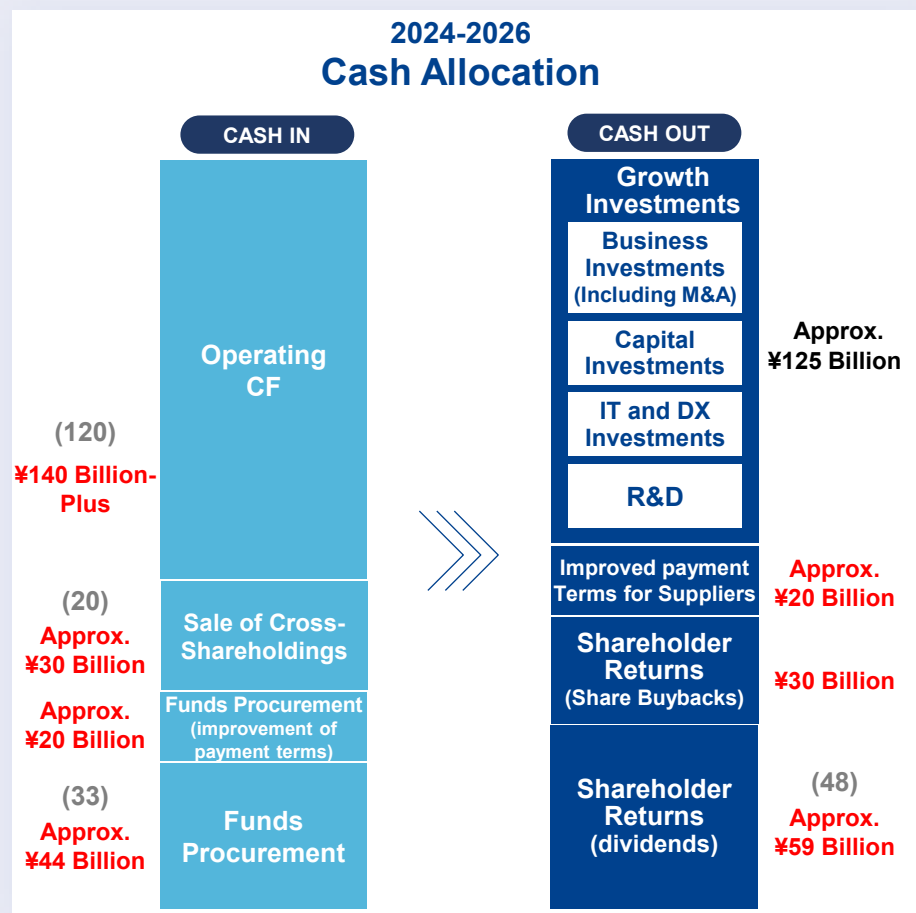
- Provide timely and appropriate information disclosure
- Engage in proactive dialogue with shareholders, investors, etc.

PER
Improvement

PBR Improvement

Capital Efficiency Improvement Initiatives

- Improve capital efficiency through business activities, sales of cross-shareholdings, and cash generated from fundraising to investments for growth
- Maintain stable returns as a basic policy for shareholder returns; actively pay dividends in line with earnings growth



2026 Financial Targets		
	2025 Results	2026 Targets
ROE	16.8%	Approx. 16% (Consolidated) (Over 10%)
ROIC	14.4%	Approx. 14% (Consolidated) (Over 10%)
Dividend Payout Ratio	39.8%	Approx. 40% (Consolidated)
Sale of Cross-Shareholdings 2024 to 2026 (Cumulative)		Approx. ¥30 Billion Reduction (¥20 Billion)

(Figures in parentheses are targets as of April 2025)

Capital Efficiency Improvement Initiatives (Investing in Growth)

- Conduct effective investments for sustainable growth

Approx. ¥125 Billion Total



Business Investments Approx. ¥55 Billion

- Extend business areas and deepen existing businesses through **M&A and alliances**
- Launch new **Green Innovation-related businesses**
- Improve profitability of renewable energy, BCP solutions, real estate business, etc.



Capital Investments Approx. ¥50 Billion

- Expand **prefabrication plant**
- Construct new business facilities offering outstanding **energy conservation**
- Provide **BCP support** for power distribution plants
- Open new offices equipped with **emergency disaster headquarters functions**
- Conduct systematic acquisition and replacement of production equipment



IT and DX Investment Approx. ¥15 Billion

- Engage in **business and production process** redesign
- Restructure core systems for **data-driven management**
- Build a **data analysis system**
- Ensure business continuity (**cybersecurity** enhancements, etc.)



R&D Expenses Approx. ¥5 Billion

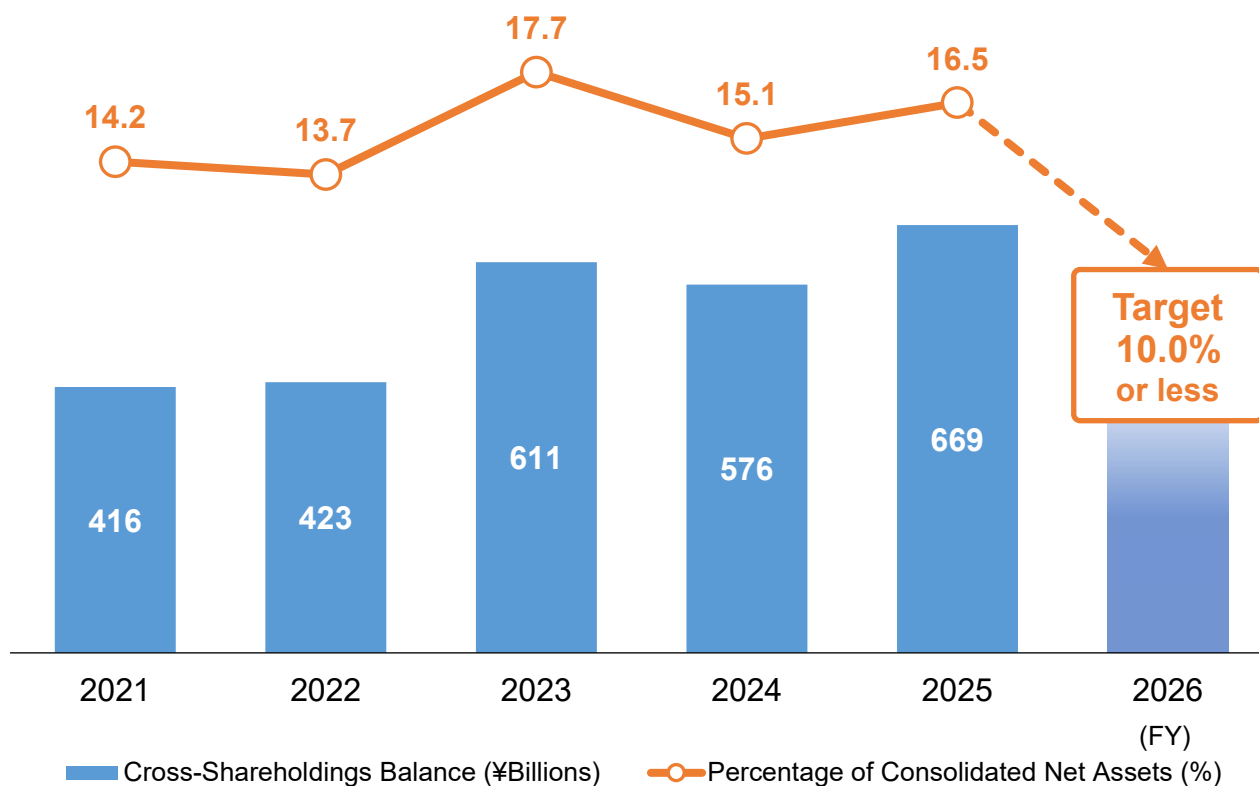
- Develop AI-based **safety assist systems, automation and robotization technologies**
- Conduct proof-of-concept tests for **dynamic simulations for HVAC equipment**
- **Optimize electricity supply and demand**; develop **smart security technology**
- Acquire photovoltaic **O&M labor-saving and repowering technologies**
- Conduct technical verifications of **hydrogen-generation equipment**

*Each investment amount represents a non-consolidated cumulative total for FY2024-FY2026

Capital Efficiency Improvement Initiatives (Reducing Cross-Shareholdings)

- Generate cash through the accelerated sale of cross-shareholdings

Cross-Shareholdings Balance and Percentage of Consolidated Net Assets



Sales Target

FY2024 to FY2026
(Cumulative)
Approx.
¥30 Billion

(¥20 Billion)

Results

FY2024	FY2025
¥6.1 billion (17 shares)	¥11.2 billion (15 shares)

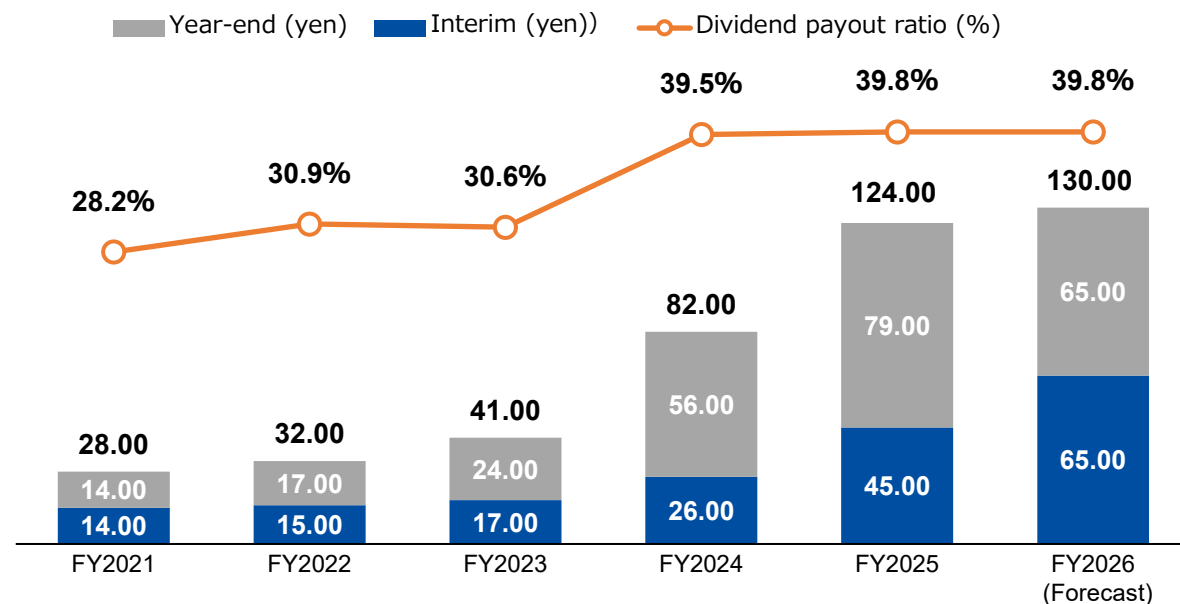
(Figures in parentheses are targets as of April 2025)

Capital Efficiency Improvement Initiatives (Shareholder Returns)

(Unit: Yen)

Dividends	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 (Forecast)
Dividend per share	28.00	32.00	41.00	82.00	124.00	130.00
Interim	14.00	15.00	17.00	26.00	45.00	65.00
Year-end	14.00	17.00	24.00	56.00	79.00	65.00
Dividend payout ratio	28.2%	30.9%	30.6%	39.5%	39.8%	39.8%

Dividends



Basic Policy on Profit Distribution

We return profits to shareholders through interim and year-end dividends each year, maintaining stable dividends while striving to return profits to shareholders at a targeted dividend payout ratio of 40%.

FY2025

**Share Buyback of
¥30 Billion**