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April 28, 2026

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Director  
(Securities code:1946; Tokyo Stock Exchange Prime  
Market / Nagoya Stock Exchange Premier Market)  
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## **Notice of Revised Numerical Targets in the Medium-term Management Plan 2027 and Action to Implement Management That is Conscious of Cost of Capital and Stock Price**

The Company would like to announce that, at the meeting of the Board of Directors held today, a resolution was passed to revise the numerical targets of the Medium-term Management Plan 2027 and to update the contents of the Measures to Realize Management Conscious of Cost of Capital and Stock Price.

### **1. Revision of Numerical Targets in the Medium-term Management Plan 2027**

Supported by strong private-sector capital investment, improved productivity through Kaizen activities as well as the promotion of DX, and the establishment of flexible construction execution structure in response to construction demand, the Group achieved the numerical targets set out in the Medium-term Management Plan 2027 (consolidated net sales, consolidated ordinary profit, and consolidated ROE) for the fiscal year ended March 2026 ahead of schedule.

With regard to the future business environment, although there are concerns about the impact of increasing global instability and rising raw material prices and labor costs, and other external factors, private-sector capital investment is expected to remain at a high level, supported by renovation demand for facilities as well as increasing demand related to the spread of AI and carbon neutrality. Based on these circumstances, the Company has decided to revise the numerical targets under the Medium-term Management Plan 2027 as shown below.

Toward the achievement of the new numerical targets, we will continue to promote strategies and measures that are in line with the basic policies of the Medium-term Management Plan 2027, aiming for further growth as well as the sustainable enhancement of corporate value.

## [ Medium-term Management Plan 2027 Numerical Targets (FY2027) ]

	(previous announcement) Before revision	<b>(This announcement) After revision</b>	(Reference) Actual results for the fiscal year ended March 2026
Consolidated net sales	¥270.0 billion	<b>¥310.0 billion</b>	¥272.4 billion
Consolidated ordinary profit	¥18.0 billion	<b>¥26.0 billion</b>	¥22.6 billion
Consolidated ROE	8.0 %	<b>10.5 %</b>	12.3 %*

\*Excluding one-time factors such as gains on the sale of cross-shareholdings, it is approximately 10%.

## 2. Action to Implement Management That is Conscious of cost of Capital and Stock Price

In conjunction with the revision of the numerical targets of the Medium-term Management Plan, we have also updated the content of the Measures to Realize Management Conscious of Cost of Capital and Stock Price. Based on recent performance and stock price trends, we have conducted an analysis and evaluation of the current situation and in addition, have summarized our policy and key initiatives for enhancing corporate value. Please refer to the attached materials for details.

### Attachments

- Medium-term Management Plan 2027 (Revised on April 28, 2026)
- Action to Implement Management that is Conscious of Cost of Capital and Stock Price



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# Medium-term Management Plan 2027

[Revised on April 28, 2026]

2023 - 2027

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## TOENEC CORPORATION



## Become an integrated equipment engineering company that continues to grow in tandem with clients, society, and people

There are many issues that should be addressed, including the transition to a carbon-neutral society, the progression of the declining birthrate and aging population, as well as responses to workstyle reforms, and the business environment surrounding the Company is continuing to change rapidly and significantly.

In an era in which the future is difficult to predict, rather than focusing solely on the current conditions, we formulated the Medium-Term Management Plan 2027 by compiling initiatives through to FY2027 under the theme of “**what kind of company we should be in order to continue growing together with our clients and society into the future.**”

In this Plan, we will not only **further enhance the capabilities of our existing businesses**, but we will also accurately ascertain social trends and customer needs and pursue our ability to provide value, and through this, we will **boldly take on challenges in the fields and markets in which growth is expected.**

In order to execute our strategies with great strength, we will work to **secure human resources, which are the driving force behind them, and promote their active participation.**

We will also continue to strive to **ensure safety and quality**, which are essential for the Company to continue as a member of society, as well as **soundness and transparency in management.**

Based on the philosophies, purpose, and management infrastructure that have been passed down to date, we will achieve sustainable growth by taking on challenges and reforms and continuing to provide solid value to clients and society.

## 1 The Group's Target Vision

- Direction the Group Aims to Pursue (Positioning of the Medium-term Management Plan 2027) ..... P4
- Philosophy ..... P5-7

## 2 Medium-term Management Plan 2027 (2023-2027)

- Recognition of the External Environment (2023-2027) ..... P9
- Basic Policies ..... P10-11
- Numerical Targets (Consolidated) ..... P12
- Three Drivers to Accelerate Growth ..... P13

## 3 Reference Materials ..... P15-19

# Direction the Group Aims to Pursue

## (Positioning of the Medium-term Management Plan 2027)

### External Environment (Medium- to Long-Term Trends)

- Declining birthrate and aging population; concentration of population into urban areas
- Transition to a carbon-neutral society ■ Expansion in the use of digital technologies ■ Aging infrastructure and buildings
- Increased frequency and severity of natural disasters ■ Revisions to various laws and regulatory systems, etc.

Incorporated

### Medium-term Management Plan 2027 (2023-2027)

#### Numerical targets (consolidated)

**Net sales** **¥310.0 billion** (¥270.0 billion)
 **Ordinary profit** **¥26.0 billion** (¥18.0 billion)
 **ROE** **10.5 %** (8.0 %)

\*Figures in parentheses: Previously disclosed figures (April 28, 2023)

#### Basic policies

- |  |   |
|--|---|
| <p><b>1</b> Taking on challenges in growing fields</p> <p><b>2</b> Deepening existing businesses</p> | <p><b>3</b> Further expanding human resource investment</p> <p><b>4</b> Strengthening management infrastructure</p> |
|--|---|

### The Group's Target Direction

#### Management Principles

- Create comfortable environments
- Develop excellent technologies
- Become a human-centric corporation

#### Zero emission goal (2) (2050)

Achieve net zero CO<sub>2</sub> emissions

2050

#### 100th anniversary (2044)

2040

#### Vision

Become an integrated equipment engineering company that continues to grow in tandem with clients, society, and people

#### Zero emission goal (1) (2030)

Reduce CO<sub>2</sub> emissions per unit of net sales by 46% or more compared with FY2013

2030

Backcasting

Ongoing Issues (PDCA)

### Medium-term Management Plan 2022 (2020-2022)

#### Subtitle

Further growth through investment in human resources

#### Numerical targets (consolidated)

**Net sales** **¥245.0 billion**
**Ordinary profit** **¥12.0 billion**
**ROE** **6.5 %**

2023

2027

Management infrastructure: Sound and fair corporate management

1. Create comfortable environments that respond to the needs of society.
2. Develop excellent technologies for the future.
3. Build a human-centric corporation of active people who think and take on challenges.

Develop our business with creation and challenge as our core and contribute to society through the creation of comfortable environments. In addition, in order to respond to the needs of society, strive to enhance our technological capabilities and in addition, pursue towards becoming a company in which our people, who are the driving force, can work with vitality.

**Create and sustain comfortable environments that bring vitality and richness to people and society under any conditions.**

**Become an integrated equipment engineering company that continues to grow in tandem with clients, society, and people**

- With clients
- With society
- With people (colleagues)

Pursue the provision of value to our clients and grow together with them through the provision of the value that is expected and needed

Through business development that makes use of our technologies, contribute to solving social issues and achieve sustainable development together with society

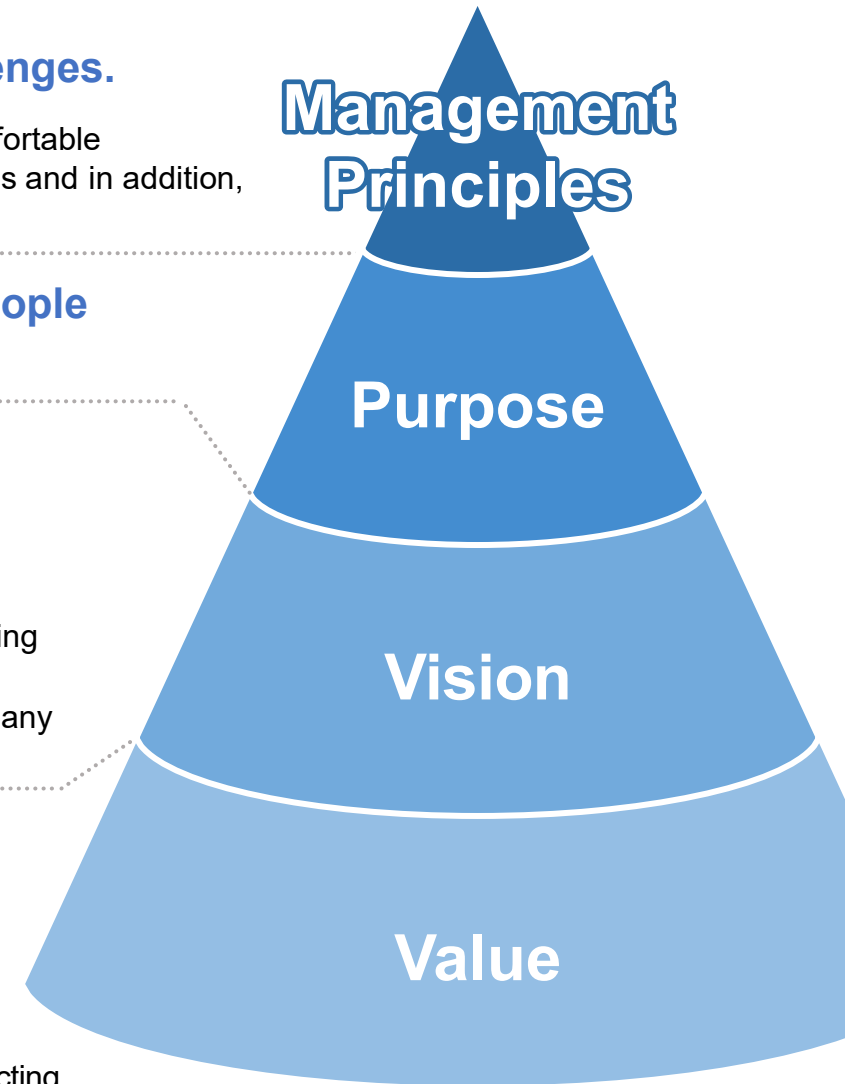
Foster a workplace in which employees can work with vitality, enabling both the Company and its employees to feel growth through a sense of pride and fulfillment in their work

**Pursuit of technology** We strive to acquire and study technology to meet the needs of our clients and society, which change with the times.

**Teamwork** By marshalling strengths with our peers, we demonstrate our collective strength.

**Passion for work** We conduct our work with passion and boldly take on challenges without fear of failure.

**Integrity** We safeguard security and quality controls and enhance trust with stakeholders by always acting with integrity (comply with law, regulations and social norms and be considerate to others).



- Expresses **TOENEC's enduring commitment to “useful services for society”** as a company that supports the foundations of day to day life
- We will continue to **create and sustain comfortable environments** that support **a vibrant society** and **enrich people's lives**.

## Create and sustain comfortable environments

| Create | Create comfortable environments not only through equipment construction but also through the energy business, etc.

| Sustain | Bear responsibility for maintaining social infrastructure as well as for the upkeep and maintenance of customer facilities

## that bring vitality and richness to people and society

Target	Vitality	Prosperity
For people	<ul style="list-style-type: none"> <li>■ Maintenance of social infrastructure (supporting day to day life)</li> <li>■ Provision of spaces that provide comfort for both mind and body</li> </ul>	<ul style="list-style-type: none"> <li>■ Improvement of quality of life through new technologies</li> </ul>
For society	<ul style="list-style-type: none"> <li>■ Development of resilient and stable infrastructure</li> <li>■ Promotion of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>■ Proposal and construction of facilities that respond to needs (supporting the development of clients and society)</li> <li>■ Implementation of environmentally conscious technology proposals</li> </ul>

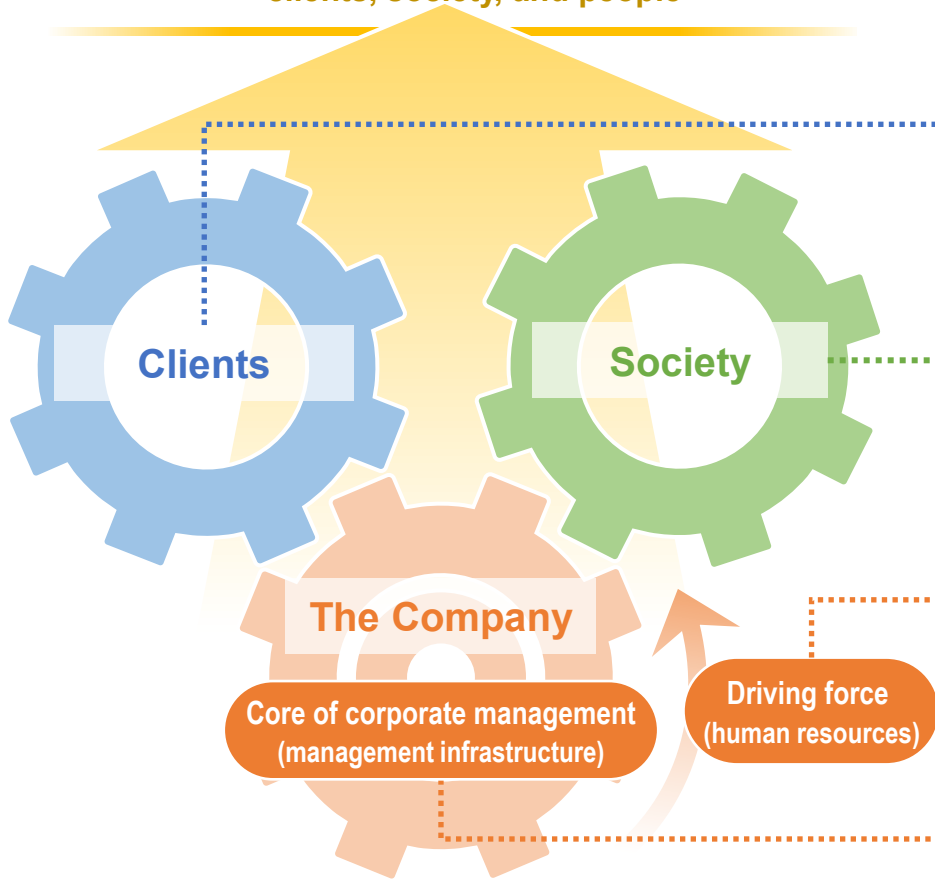
## under any conditions.

Both in normal times and in times of emergency, strive to maintain social infrastructure  
 Moving forward, continue to respond to the needs of clients and society as they change over time



- We strive to realize our future vision by practicing ESG management that creates value for all stakeholders in both our business activities and corporate management.

Become an integrated equipment engineering company that continues to grow in tandem with clients, society, and people



## Basic Stance toward the Realization of the Company's Vision

We will continue to meet the needs of our clients by pursuing useful services and enhancing our technologies and services.

We contribute to achieving a sustainable society by solving social issues.

We promote initiatives to enhance hiring, development, and use of human resources, who are the driving force and the source of the Company's growth.

We pursue sound and highly transparent corporate management adapted to the times in order to further strengthen the "relationship of trust with stakeholders," which is the foundation of our management.

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# Recognition of the External Environment (2023-2027)

- When formulating the Medium-term Management Plan 2027, we took into account the following business environment and incorporated it into the basic policies.

Business environment	<ul style="list-style-type: none"><li>■ Although the state of COVID-19 infections continues to fluctuate, <b>movements toward the normalization of economic activities</b> are being observed thanks to the easing of behavioral restrictions.</li><li>■ <b>Concerns over geopolitical risks</b>, including Russia's invasion of Ukraine and the situation in Taiwan, <b>are increasing</b>.</li><li>■ In addition to rising raw material prices and supply chain disruptions, the rapid depreciation of the yen <b>has made downside risks to the economy even more apparent, and the outlook remains uncertain</b>.</li><li>■ <b>It will be necessary to respond to the upper limit regulations on overtime work</b> that will also be applied to the construction industry from FY2024.</li><li>■ Due to the progression of a declining birthrate and aging population, as well as the retirement of skilled technicians, it is expected that <b>labor shortages and difficulties in recruitment in the construction industry will further intensify</b>.</li><li>■ In terms of means to address labor shortages and to improve productivity, <b>the use at construction sites of digital technologies (AI, IoT, BIM), as well as drones and robots, will accelerate</b>.</li><li>■ <b>Demands on companies regarding carbon neutrality and ESG management are increasing</b>, and there is a need to promote initiatives that take these into account as well as to enhance the disclosure of information.</li></ul>
Power-related construction	<ul style="list-style-type: none"><li>■ Although the new construction of distribution facilities is expected to decline due to reasons such as population decline, <b>the maintenance of distribution facilities and construction related to the undergrounding of utility lines</b> towards the strengthening of energy supply resilience <b>are expected to remain steady</b>.</li><li>■ Amidst an increasingly competitive environment, it is necessary to <b>thoroughly implement safety measures aimed at achieving zero worksite accidents, to maintain and strengthen construction quality and capabilities that are not inferior to other companies, as well as to further improve productivity</b>.</li><li>■ <b>Demand for renewable energy-related construction (such as the development of privately owned transmission lines)</b> is expected to increase.</li><li>■ In response to the increasing frequency and severity of natural disasters in conjunction with climate change, <b>the maintenance and strengthening of disaster recovery systems</b> are required.</li></ul>
General Construction	<ul style="list-style-type: none"><li>■ <b>Government measures for national resilience and investment in the maintenance and refurbishment of facilities are expected to underpin the market</b>, and construction investment is likely to remain firm for the time being.</li><li>■ <b>Capital investment in digitalization and DX-related facilities</b> by clients is expected to <b>grow across the medium to long term</b>. In addition, as companies accelerate their efforts toward carbon neutrality, <b>demand is expected to increase for ZEB initiatives as well as for proposals related to energy saving, energy creation, and energy utilization</b>.</li><li>■ <b>Demand</b> is expected <b>for the construction of base stations for the rollout of 5G as well as for facility upgrades in conjunction with their introduction</b>.</li><li>■ Within the Chubu area, while large-scale redevelopment projects are being planned in urban areas, in addition to the hosting of the Asian Games and the full-scale commencement of the Linear Chuo Shinkansen construction, there are concerns that <b>the market may shrink in certain areas</b> due to the progression of the declining birthrate and aging population, as well as the continued concentration of population in urban areas.</li><li>■ <b>In major urban areas (such as the Tokyo metropolitan area and the Kinki area)</b>, where the market size is expected to be maintained even amidst population decline, <b>competition is expected to continue to intensify in the future</b>.</li></ul>

## 1 Taking on challenges in growing fields

Strengthen business in growing fields (related to carbon neutrality, renewable energy, and DX) as well as in areas (Tokyo metropolitan area, Kinki area, and Asia, etc.). Also, work to create and develop new businesses that meet the ever-diversifying needs of our clients.

- Supporting clients' initiatives to become carbon neutral
- Strengthening of renewable energy-related businesses and construction
- Response to DX-related investment and the post-COVID environment
- Area strategy with a long-term perspective
- Further strengthening overseas business centered on Asia
- Creation and development of new businesses
- Promotion of initiatives for technological research and development that will contribute to the creation of added value as well as to business development

## 2 Deepening existing businesses

Focus on strengthening the comprehensive structure and value chain to further enhance competitiveness in the Chubu area, which is our base, and at the same time, securing technological capabilities, including business partners, to refine our core strengths as an integrated equipment engineering company, such as one-stop service, while solidifying our business foundation.

- Strengthening of the comprehensive structure for business promotion and construction
- Strengthening of the value chain of the Group as a whole
- Further enhancement of construction capabilities and technological capabilities
- Promotion of initiatives towards the improvement of efficiency and productivity
- Maintenance and enhancement of construction systems towards the establishment of a stable power supply system
- Strengthening of cost competitiveness

## 3 Further expanding human resource investment

Enhance the quality and quantity of our employees by further accelerating staff investment. In addition, promote initiatives to maximize each employee's diverse abilities.

- Securing human resources towards the realization of sustainable growth
- Further strengthening and enhancement of human resource development
- Ensuring diversity
- Creation of a workplace in which employees can work with vitality
- Promoting workstyle reforms

## 4 Strengthening management infrastructure

In addition to improving the safety and quality that should be continuously addressed, promote corporate culture reforms and measures to practice sound and fair corporate management, and strengthen trust with stakeholders, which are all the foundation of management.

- Ensuring safety and installation quality control
- Maintaining a sound and highly-transparent corporate management
- Strengthening the relationships of trust with stakeholders
- Steady implementation of initiatives to achieve zero-emission targets

# Numerical Targets (Consolidated)

- Numerical targets are set for **three financial indicators** in the Medium-term Management Plan 2027.

Indicator	Numerical targets [FY2027 consolidated]	
Net sales	<b>¥310.0 billion</b>	(¥270.0 billion)
Ordinary profit	<b>¥26.0 billion</b>	(¥18.0 billion)
ROE	<b>10.5 %</b>	(8.0 %)

\*Figures in parentheses: Previously disclosed figures (April 28, 2023)



# Three Drivers to Accelerate Growth

- By focusing on “carbon neutrality initiatives,” “promoting digitalization and DX,” and “securing and promoting the active participation of human resources,” we will accelerate the execution of the measures stated in the basic policies and aim to achieve the numerical targets published in the Medium-term Management Plan 2027.

## Drivers of Growth

Key themes that exist in a cross-sectional way when practicing the basic policies

Carbon Neutrality Initiatives

Promoting Digitalization and DX

Securing and Promoting the Active Participation of Human Resources

### Medium-term Management Plan 2027 Basic Policies

- 1 Taking on challenges in growing fields
- 2 Deepening existing businesses
- 3 Further expanding human resource investment
- 4 Strengthening of management infrastructure

### Medium-term Management Plan 2027 Numerical Targets

Consolidated net sales	<b>¥310.0 billion</b> (¥270.0 billion)
Consolidated ordinary profit	<b>¥26.0 billion</b> (¥18.0 billion)
Consolidated ROE	<b>10.5 %</b> (8.0 %)

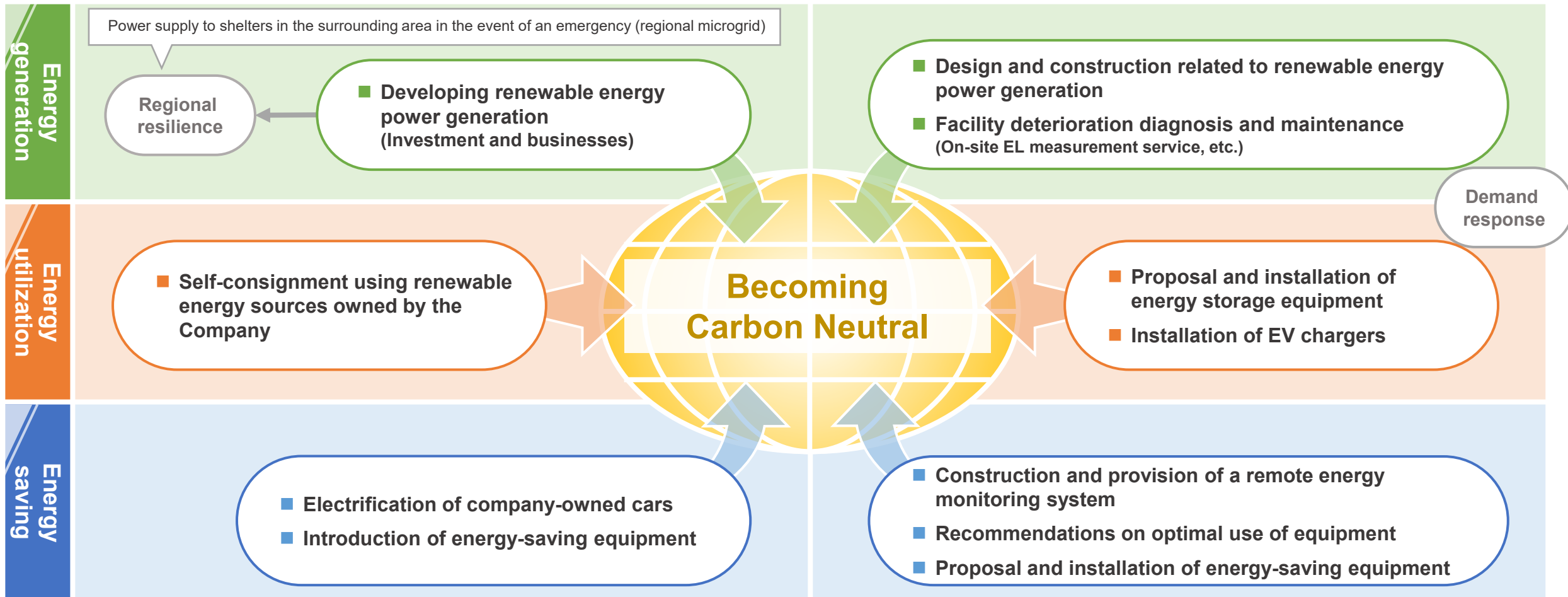
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- In order to realize a sustainable society and corporate activities, **we will steadily advance “carbon neutrality of the Company.”**
- In addition, by making use of our technologies and services, **we will support “carbon neutrality of our clients.”**

## Carbon neutrality of the Company

## Carbon neutrality of our clients



- By positioning a dedicated DX department as the driver for the entire company and **promoting the digitalization and DX of operations**, we will accelerate initiatives that address management issues. [DX of operations]
- By utilizing big data and pursuing useful services for our clients, we will aim to **transform our business and create new business models**. [DX of business]
- **Through open innovation, we will incorporate external knowledge, technologies, and know-how** so as to promote initiatives toward digitalization and DX.

## Open Innovation

Collaboration with external parties (other companies, universities, local governments, etc.)



### Internal transformation

- Transformation of business processes
- Promoting workstyle reforms
- Reform of systems aimed at improving engagement



### Transformation of construction sites

- Promotion of automation and labor saving
- Design and cost estimation utilizing BIM
- Acceleration of engineer development
- Improvement of safety and quality



### Creation of business models

- Strengthening of the value chain
- Improvement of capacity to make recommendations on optimal use of equipment

Securing and promoting staff dealing with DX

Reform of employee awareness and improvement of IT literacy

Collection of big data (remote monitoring, monitoring, field surveys, etc.) and its utilization

Strengthening of information security

DX Promotion Basic Policy and Basic Plan

# Securing and Promoting the Active Participation of Human Resources

- Through proactive recruitment, **we will secure the “quantity” of human resources that will create added value** toward medium- to long-term business expansion.
- Through the development of education and training systems, etc., **we will secure the high-quality professional human resources** that are needed by our clients and society.
- Through development, workstyle reform, and the creation of an open workplace environment, **we will realize a highly satisfying workplace in which employees can demonstrate their abilities and feel their own growth.**



**Strengthening of human resources, which form the foundation of our business and the source of our growth, in terms of both quality and quantity**

Underlying policies and concepts

- Long-term Workforce Plan
- Human Resource Development Policy
- Safety and Health Policy, Code of Conduct
- Diversity, Equity & Inclusion (respecting diversity and creating a workplace environment in which everyone can actively participate and grow together)
- Management Principles and TOENEC Group Human Resource Strategy Policy

# Area strategy with a long-term perspective

- Upon having considered external factors (demographic projections, large-scale events and redevelopment plans, etc.) as well as our management resources (human resources, business locations, brand strength, etc.), we will evaluate the importance and future potential of each area.
- Based on medium- to long-term area strategies, **we will promote strategically allocating personnel and strengthening collaboration among Group companies.**

## Chubu area

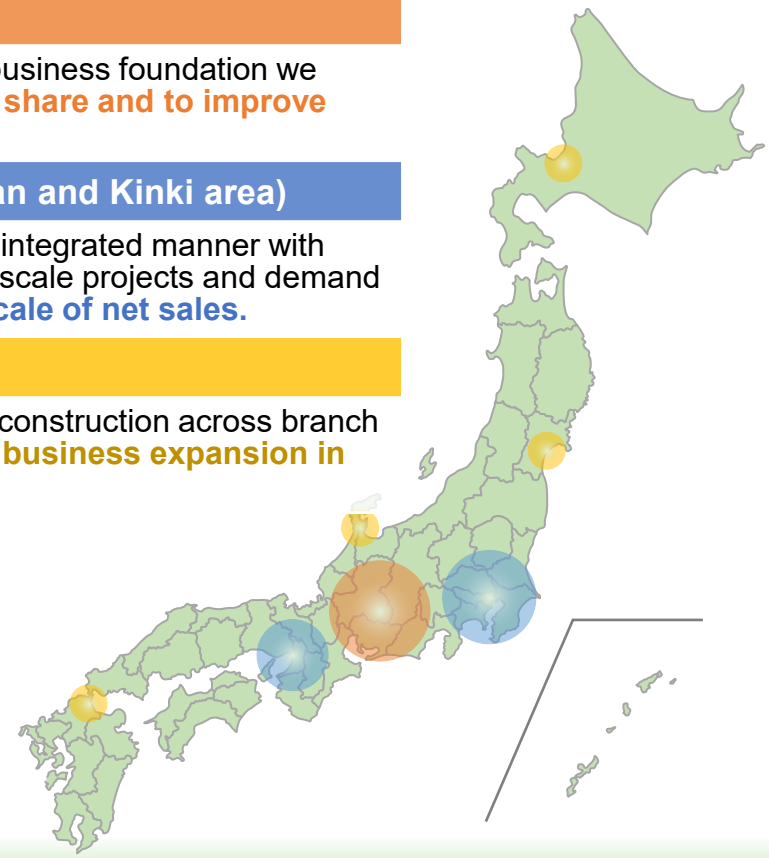
Making use of our local recognition and the business foundation we have built, we will aim to further **expand our share and to improve profitability.**

## Metropolitan areas (Tokyo metropolitan and Kinki area)

By strengthening construction systems in an integrated manner with Group companies as well as capturing large-scale projects and demand for renovations, we will aim to **expand the scale of net sales.**

## Major cities

By establishing a flexible support system for construction across branch offices located in major cities, we will pursue **business expansion in each area.**



## Overseas markets

**We will pursue business development and expansion in countries, with a focus on those in Asia, where growth is expected.** In addition to providing construction services to Japanese-affiliated clients locally, **we will also work to enter local markets in which growth is expected.**



Local partners

**Strategically allocating personnel | Strengthening of TOENEC's integrated structure**

# Our Material Issues and Key Initiatives

	Material Issues	Key Initiatives	Relevant SDGs
Environment	Becoming carbon neutral	<ul style="list-style-type: none"> <li>Investment, business, and construction related to renewable energy</li> <li>Proposal and promotion of the optimization of energy management</li> <li>Initiatives to achieve zero-emission targets</li> </ul>	
	Recycling-based society	<ul style="list-style-type: none"> <li>Thorough reduction and proper management of waste</li> <li>Promotion of the 3Rs (Reduce, Reuse, Recycle)</li> <li>Technological research and development aimed at reducing the impact on the environment (wastewater treatment, etc.)</li> </ul>	
Social	Safe and secure social infrastructure	<ul style="list-style-type: none"> <li>Electrical, air conditioning, and telecommunications infrastructure construction</li> <li>Participation in overseas ODA projects</li> </ul>	
	Regional resilience	<ul style="list-style-type: none"> <li>Disaster recovery response (power and telecommunications)</li> <li>Response to maintenance and renovation construction work</li> </ul>	
	Diversity and inclusion	<ul style="list-style-type: none"> <li>Promotion of the recruitment of experienced personnel and the employment of foreign nationals</li> <li>Promotion of the active participation of women and persons with disabilities</li> <li>Promotion of work-life balance</li> </ul>	
	Worker health and safety	<ul style="list-style-type: none"> <li>Ensuring occupational safety and health in the workplace</li> <li>Initiatives aimed at the promotion of employee health</li> </ul>	
	Opportunities for capacity building	<ul style="list-style-type: none"> <li>Strengthening of recruitment and development of human resources</li> <li>Provision of educational and workplace experience opportunities for students</li> </ul>	
	Harmony with local communities	<ul style="list-style-type: none"> <li>Implementation of social contribution activities (participation in food bank activities, community beautification activities, etc.)</li> </ul>	
Governance	A sound and highly-transparent management system	<ul style="list-style-type: none"> <li>Thorough compliance</li> <li>Strengthening of corporate governance systems</li> </ul>	
	Relationships with stakeholders	<ul style="list-style-type: none"> <li>Implementation of IR activities (dialog with investors, etc.)</li> <li>Appropriate disclosure of information and ensuring transparency</li> </ul>	

*TOENEC*



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

TOENEC CORPORATION

**Securities Code | 1946**

Tokyo Stock Exchange Prime Market  
Nagoya Stock Exchange Premier Market

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# Current Analysis | Consolidated Performance

- Against a backdrop of a favorable business environment, both net sales and profit reached record highs for the fiscal year ended March 2026.
- As all numerical targets under the Medium-term Management Plan 2027 were achieved ahead of schedule, a revision of the numerical targets was made in April 2026.

A revision of the numerical targets of the Medium-term Management Plan 2027 was implemented.  
(A resolution was passed at the Board of Directors meeting held on April 28, 2026.)

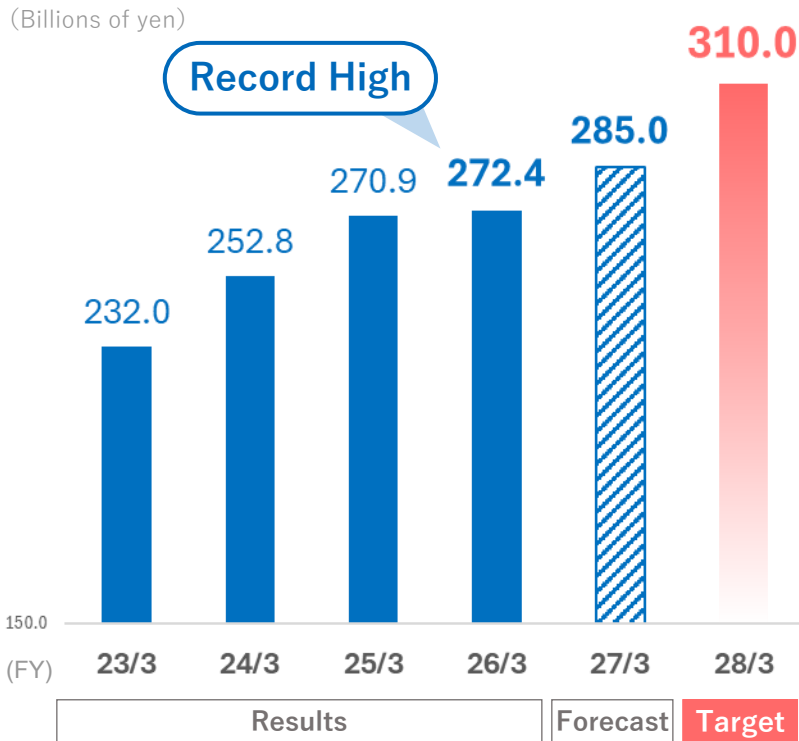
**Net sales** **¥310.0** billion (¥270.0 billion)

**Ordinary profit** **¥26.0** billion (¥18.0 billion)

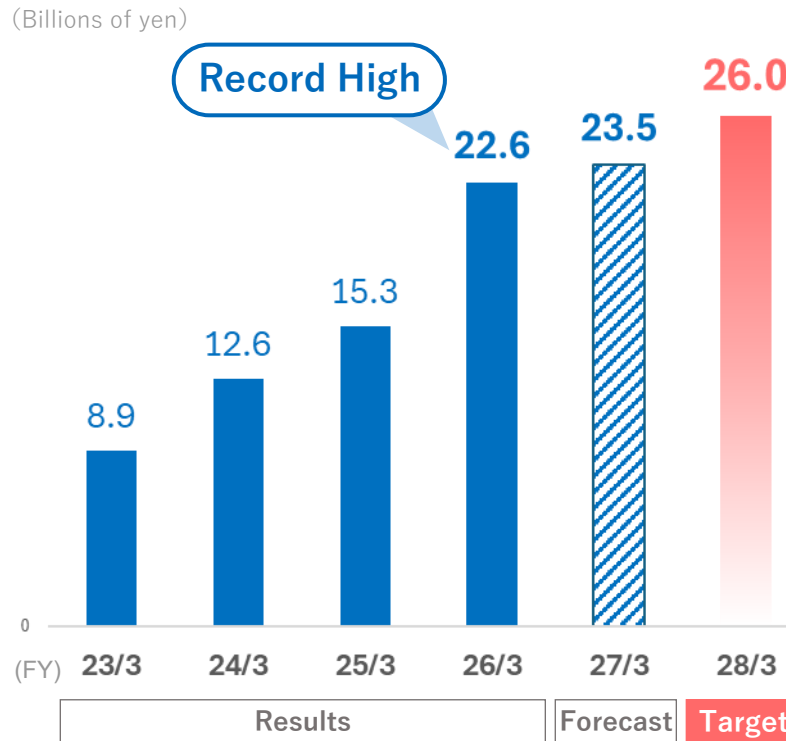
**ROE** **10.5%** (8.0%)

\*Figures in parentheses: Previously disclosed figures (April 28, 2023)

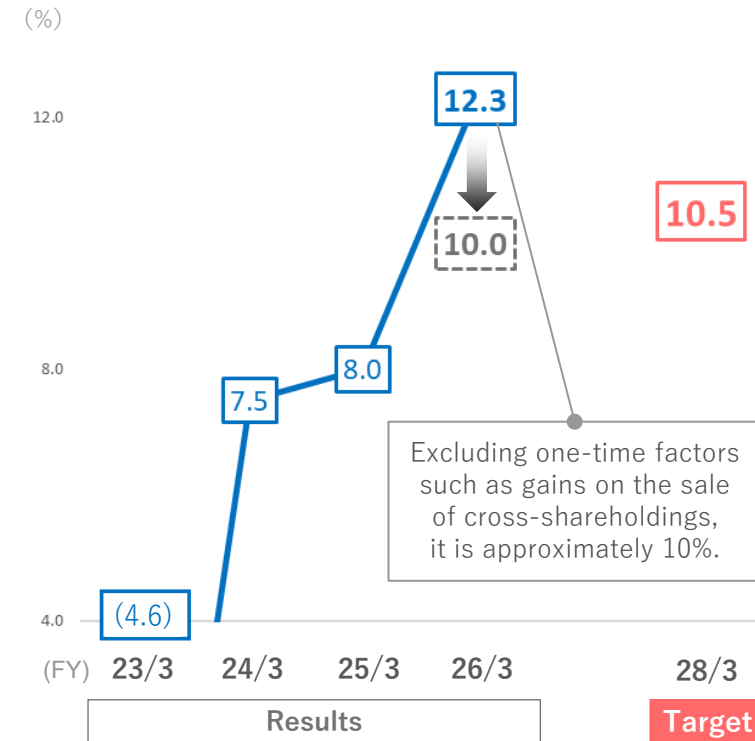
**Net sales**



**Ordinary profit**



**ROE**



# Current Analysis | PBR (Price-to-Book Ratio) and PER (Price-to-Earnings Ratio)

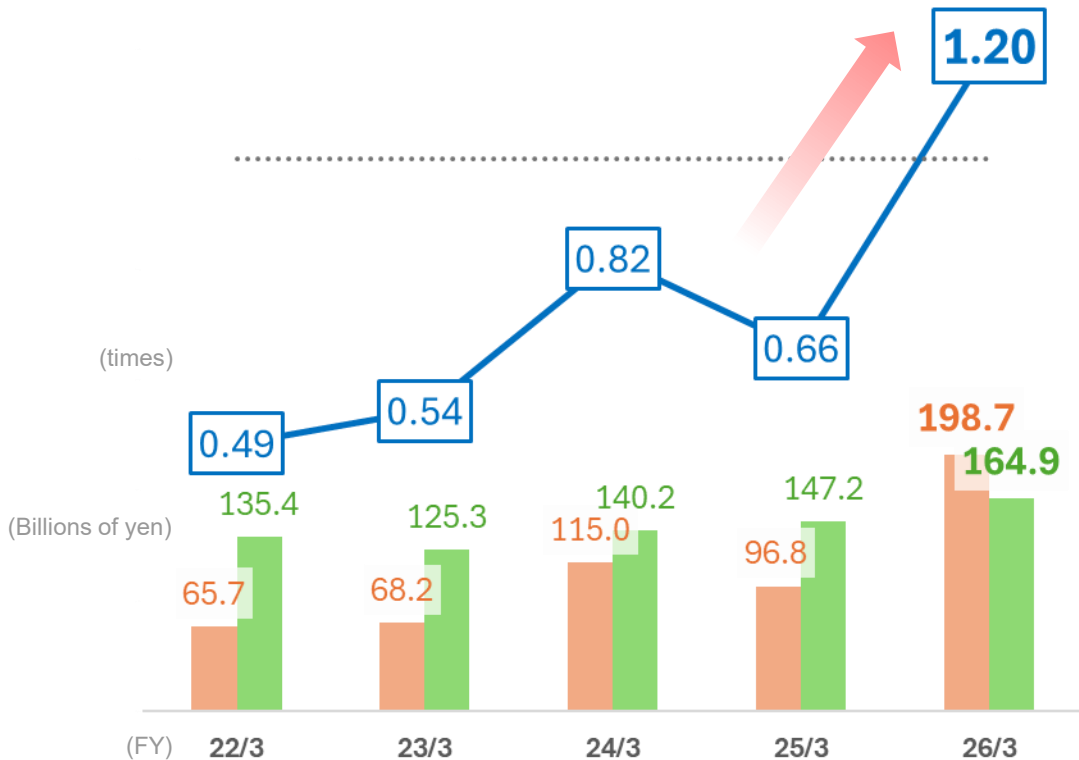


- PBR had continued to remain below 1.0x, but has now improved to a level in excess of 1.0x following an increase in the stock price.
- Although PER has similarly increased, it remains at a low level compared with the construction industry average (Prime construction sector: 17.8x<sup>\*1</sup>).

<sup>\*1</sup> Source: Japan Exchange Group, "List of Average PER and PBR by Size and Types of Industry (Consolidated/Non-consolidated)" (March 2026)

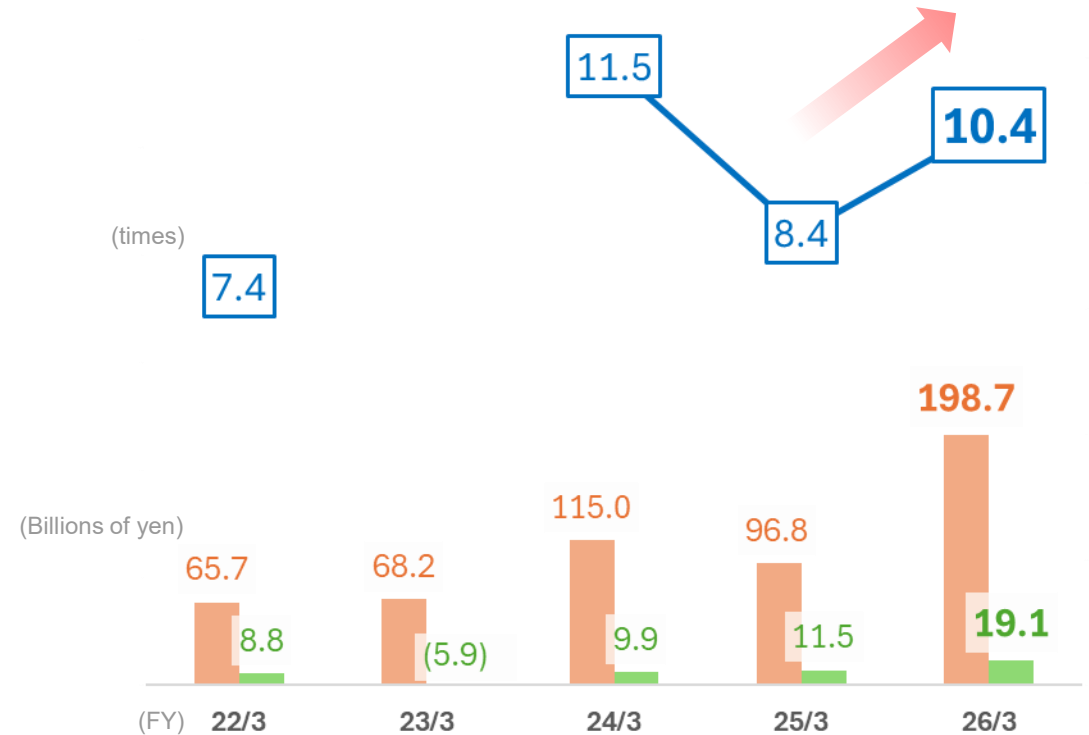
## PBR (Share price at end of term ÷ Net assets per share)

Our share price at end of term   Net assets per share  
PBR(Price-to-Book Ratio)



## PER (Share price at end of term ÷ Profit per share)

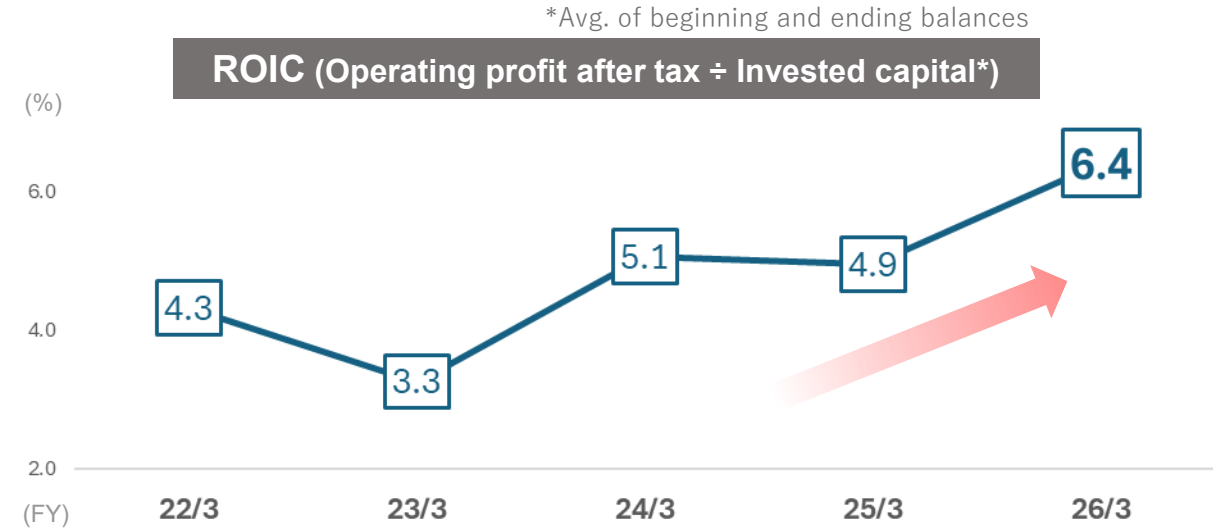
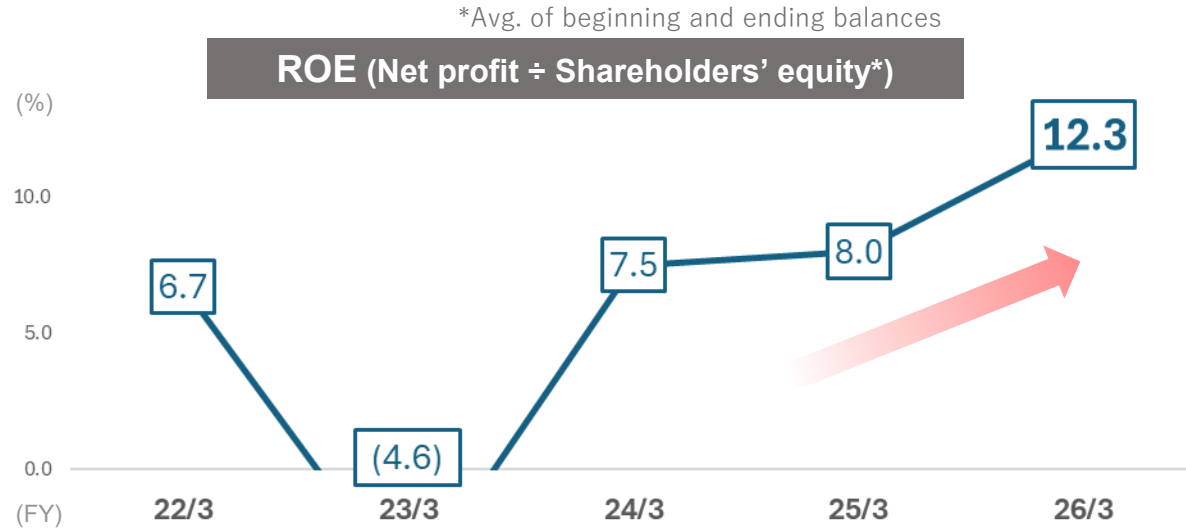
Our share price end of term   Profit per share  
PER (Price-to-Earning Ratio)<sup>\*2</sup>



<sup>\*2</sup> For the fiscal year ended March 2023, profit per share was negative (net loss), and therefore are not shown.

# Current Analysis | ROE (Return on Equity) and ROIC (Return on Invested Capital) *TOENEC*

- ROE and ROIC are on an improving trend due to improved profitability.
- Based on information as of the end of March 2026, we recognize our cost of equity at approximately 5.5% and WACC at approximately 4.3%, and ROE and ROIC exceed both levels.



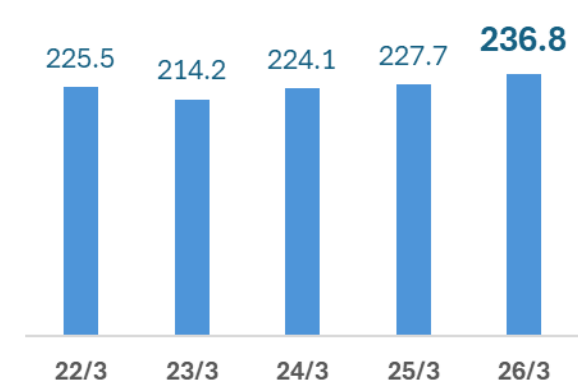
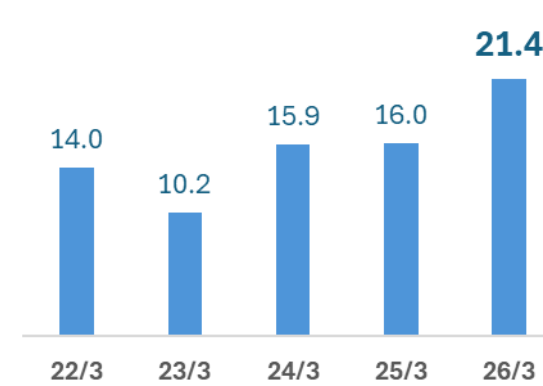
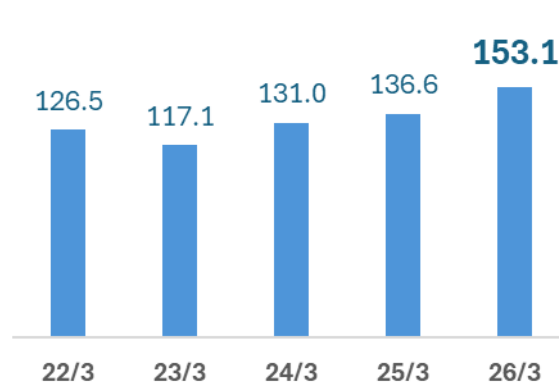
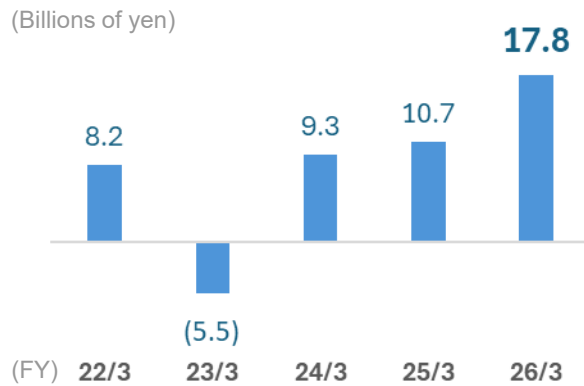
[ Net profit ]

[ Shareholders' equity ]

[ Operating profit ]

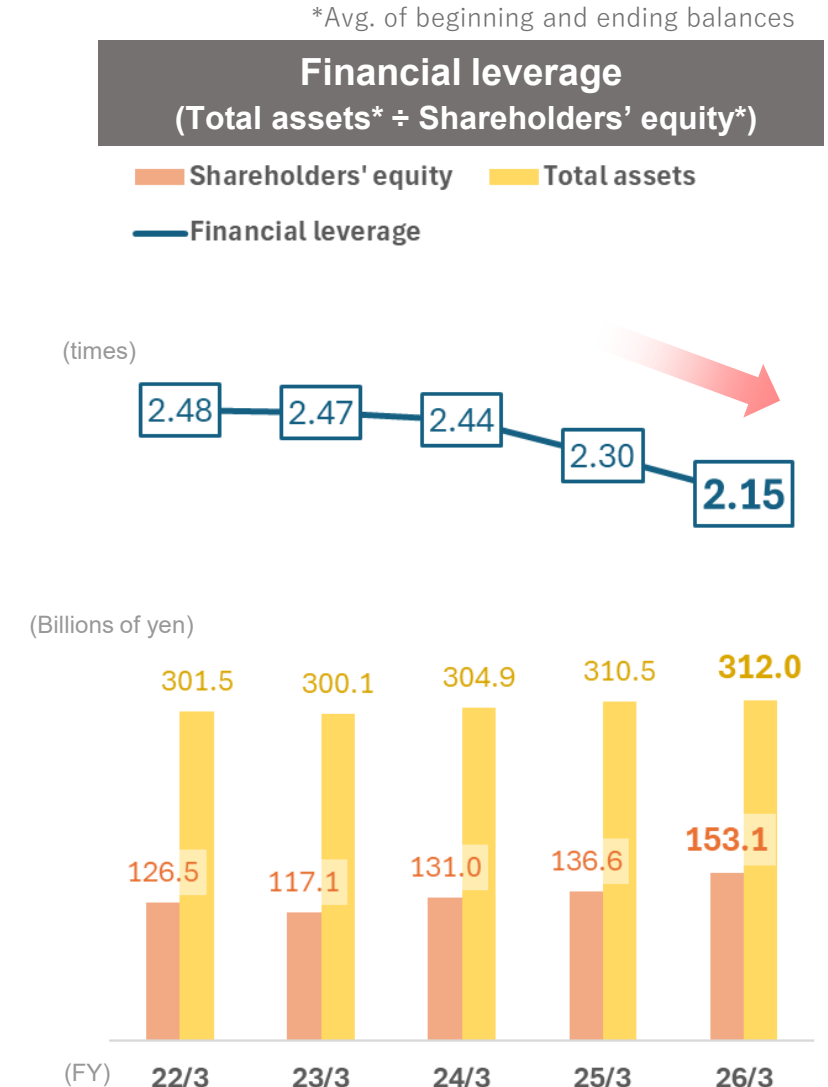
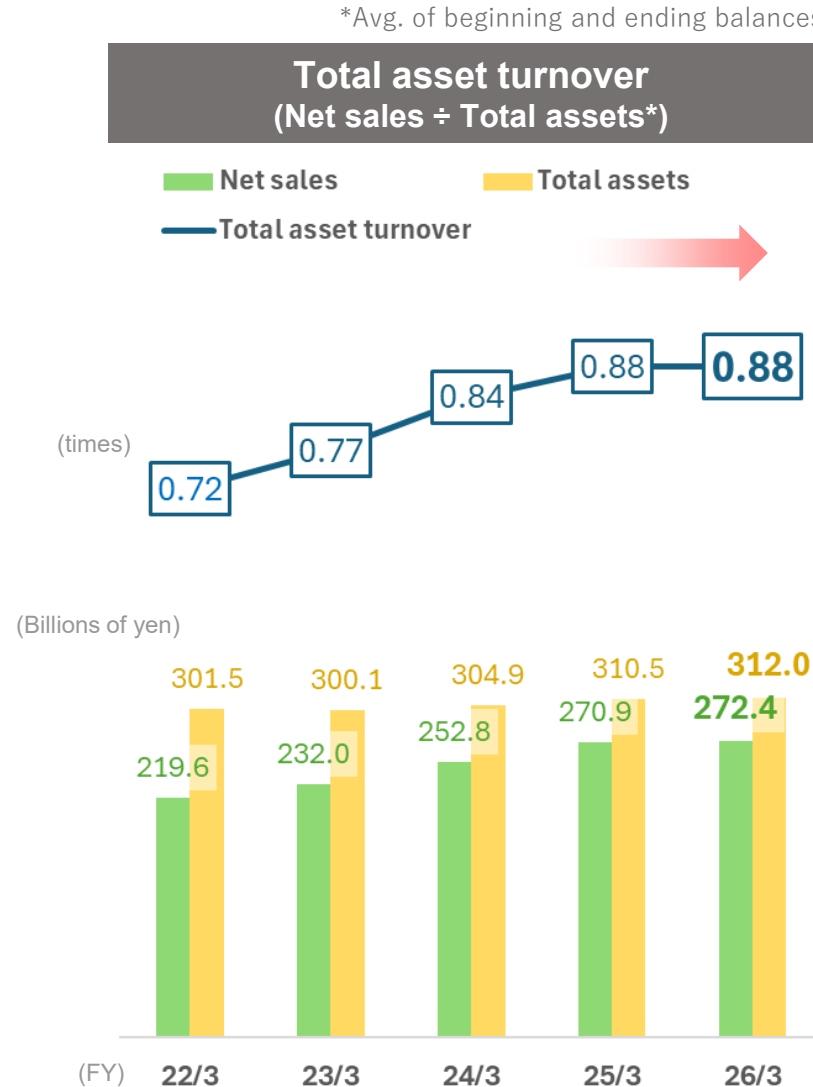
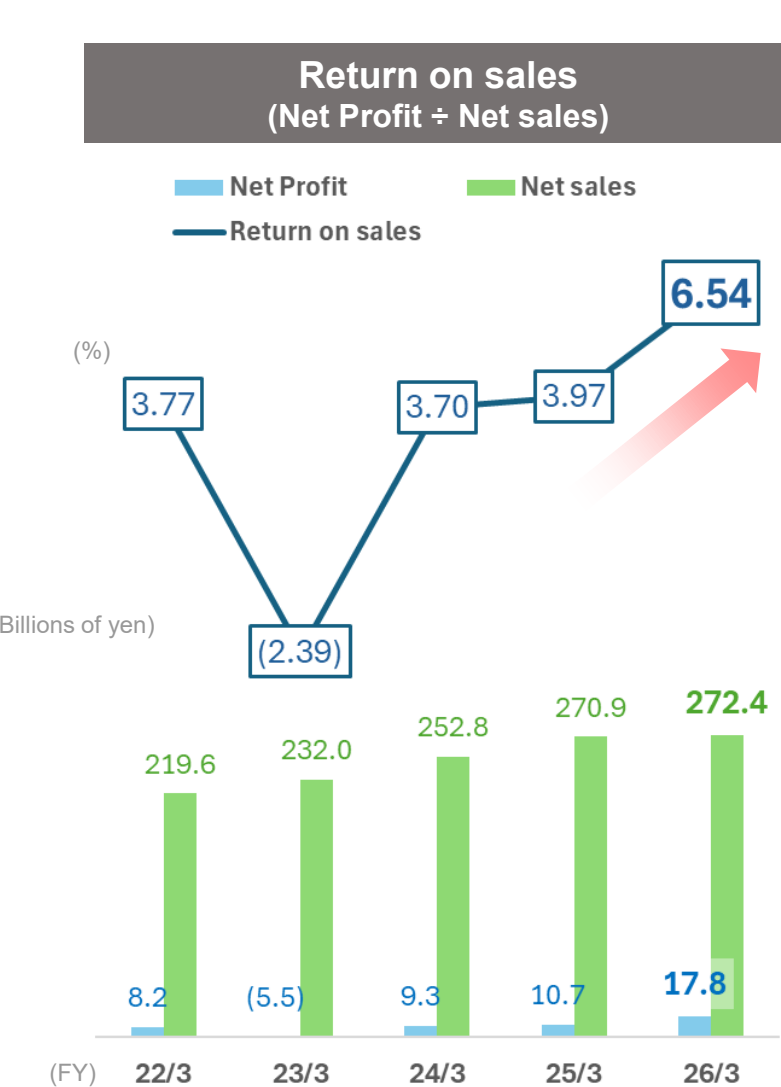
[ Invested capital\* ]

\*Interest-bearing debt + Shareholders' equity



# Current Analysis | Return on Sales, Total Asset Turnover, and Financial Leverage *TOENEC*

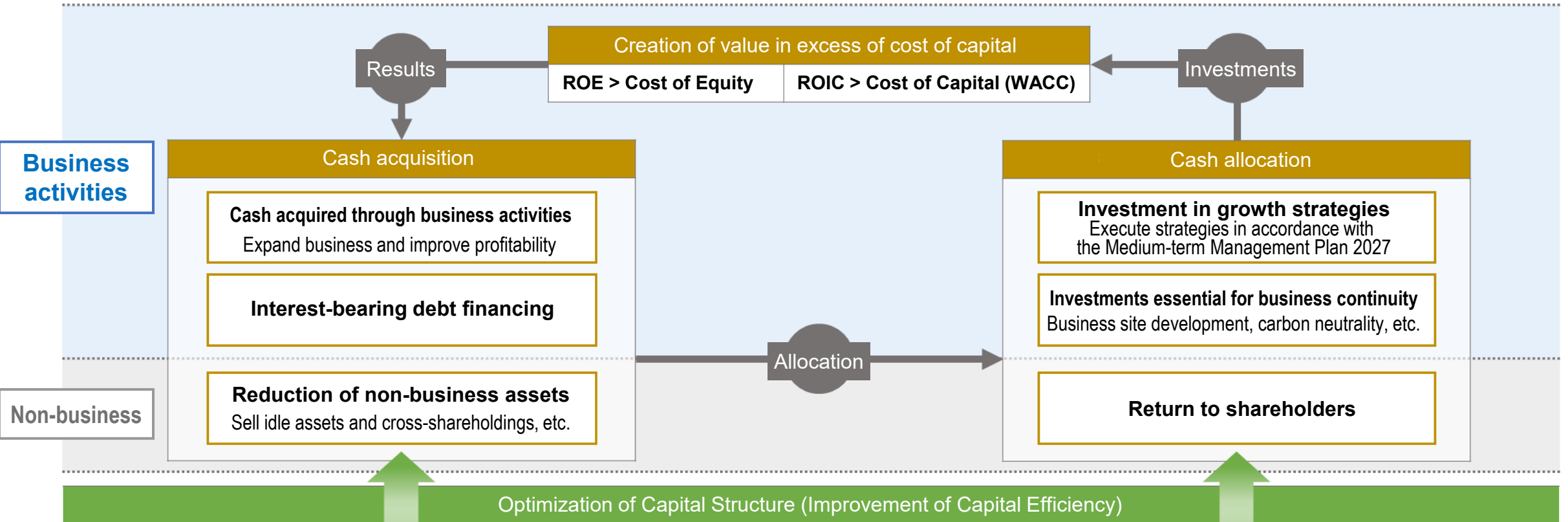
- For the fiscal year ending March 2026, the net profit margin is expected to improve, driven by better project profitability amid a favorable business environment, as well as gains from the sale of cross-shareholdings.
- Financial leverage has been declining due to an increase in equity, including retained earnings.



- While working to strengthen business activities based on the Medium-term Management Plan 2027, in capital policy we will aim to improve capital efficiency while maintaining financial soundness, and therefore will work on reducing non-operating assets and strengthening shareholder returns with awareness of the stock price.

## Premise

We will emphasize coexistence and mutual prosperity with all stakeholders and aim to realize our vision  
(Become an integrated equipment engineering company that continues to grow in tandem with customers, society, and people).



- To ensure financial soundness, maintain equity commensurate with business risks.
- Evaluate businesses from the perspective of profitability and growth potential, and select and concentrate on those businesses.
- Reduce invested capital with a low rate of application to business (non-business assets)
- Do not retain surplus funds beyond what is necessary, and return profits to shareholders with an eye on the stock price.

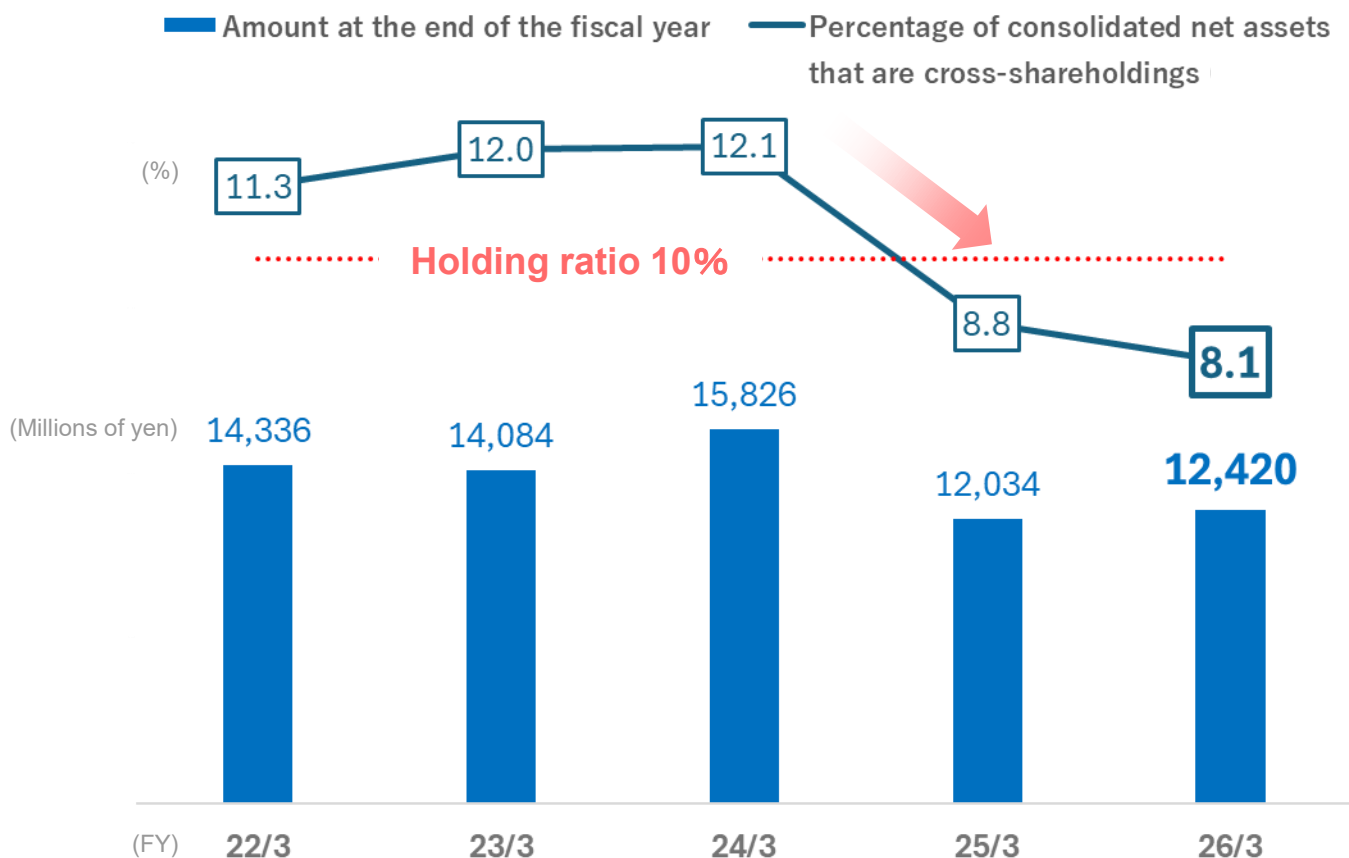
Enhancement of IR Activities

	Content of key initiatives	Results of initiatives
Investment in growth strategies	<ul style="list-style-type: none"> <li>■ Execution of growth strategies in accordance with the Medium-term Management Plan 2027                             <ul style="list-style-type: none"> <li>➢ Medium-term Management Plan 2027 (Revised on April 28, 2026) (<a href="https://www.toenec.co.jp/ir/policy/plan/index.html">https://www.toenec.co.jp/ir/policy/plan/index.html</a>)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ While promoting growth strategies such as investment in human resources and productivity improvements, a favorable business environment has also provided tailwinds; for the fiscal year ended March 2026, both net sales and profit achieved record highs.</li> <li>■ As all targets under the Medium-term Management Plan 2027 were achieved ahead of schedule, a revision of the numerical targets was made in April 2026 with a view to further growth.</li> </ul>
Optimization of capital structure	<ul style="list-style-type: none"> <li>■ Reduction of cross-shareholdings</li> </ul>	<ul style="list-style-type: none"> <li>■ Upon having established a policy to reduce cross-shareholdings, we have been steadily reducing them, and in the previous fiscal year, we sold ¥2,378 million.                             <ul style="list-style-type: none"> <li>➢ As of the end of March 2026, the ratio of such holdings to net assets is 8.1%.</li> </ul> </li> </ul>
Strengthening shareholder returns	<ul style="list-style-type: none"> <li>■ Revision of dividend policy</li> </ul>	<ul style="list-style-type: none"> <li>■ A revision of the dividend policy was performed in October 2025.</li> <li>■ From the fiscal year ending March 2024 onward, we have continued to provide dividends with a consolidated payout ratio of around 40%.                             <ul style="list-style-type: none"> <li>➢ Forecast dividend for the fiscal year ending March 2027: ¥76 annually, consolidated payout ratio 39.5%.</li> </ul> </li> </ul>
Enhancement of IR activities	<ul style="list-style-type: none"> <li>■ Promotion of constructive dialog with shareholders and investors                             <ul style="list-style-type: none"> <li>➢ We aim to achieve sustainable growth and to enhance corporate value by reflecting the insights gained through dialog in management.</li> </ul> </li> <li>■ Thorough implementation of timely and appropriate disclosure                             <ul style="list-style-type: none"> <li>➢ We reduce investor risk factors to the extent possible through risk management and timely, appropriate disclosure.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ We have been focusing on proactive dialogue and enhanced disclosure, and meetings with institutional investors have been increasing in recent years.</li> <li>■ In December 2025, we held a briefing session for individual investors (made available on-demand).</li> </ul>

# Reduction of Cross-shareholdings

- We have set a policy to reduce the holding ratio of cross-shareholdings to less than 10% of consolidated net assets, and as of the end of March 2026, the holding ratio was 8.1%.
- In the fiscal year ended March 2026, we sold ¥2,378 million of yen.

## Status of cross-shareholdings



## Results of selling cross-shareholdings

Fiscal year implemented	Number of stocks	Sales amount (Millions of yen)
Fiscal year ended March 31, 2022	1	3
Fiscal year ended March 31, 2023	5	154
Fiscal year ended March 31, 2024	10	3,029
Fiscal year ended March 31, 2025	22	2,618
<b>Fiscal year ended March 31, 2026</b>	<b>15</b>	<b>2,378</b>

**Feedback from Investors**

- From the perspective of improving capital efficiency, we would like the Company to continue reducing cross-shareholdings.

# Dividend Policy and Dividend per Share

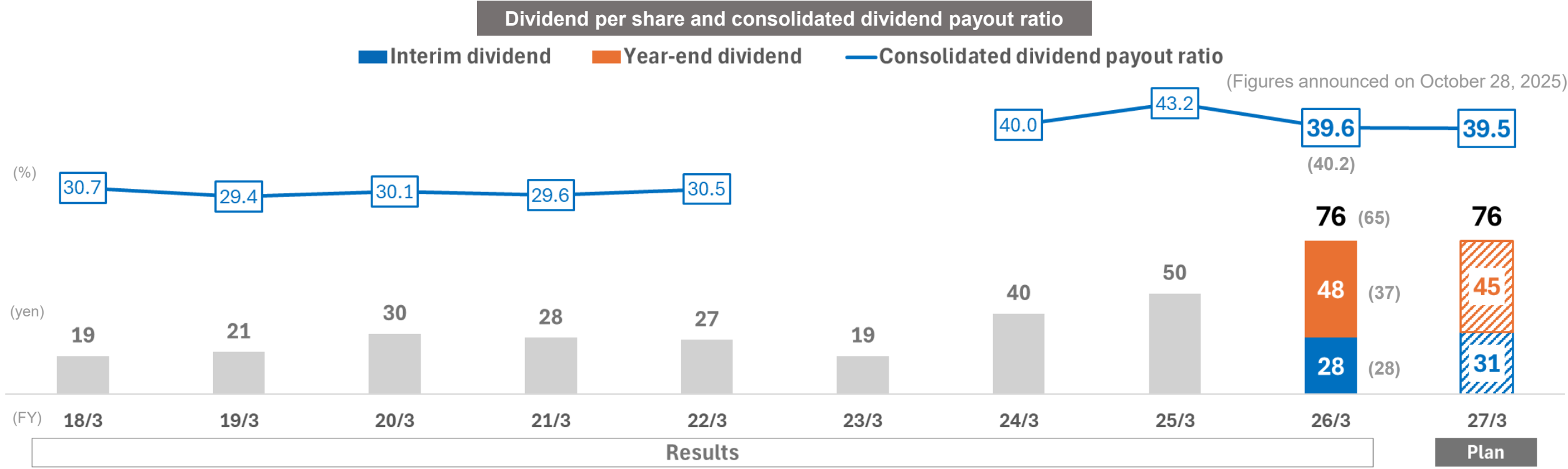
## Dividend Policy

In order to realize sustainable growth and enhance corporate value over the medium to long term, the Company positions the balanced implementation of internal reserves for investment in growth strategies and shareholder returns as an important management issue. Taking into comprehensive account improvements in capital profitability, the maintenance of financial soundness, as well as the status of free cash flow, the Company has a basic policy of **returning profits in accordance with performance, with a consolidated payout ratio of 40%** as the target.

**Revision implemented (October 28, 2025)**  
 (Before) Consolidated payout ratio of 30% or more  
 (After) Targeted consolidated payout ratio of 40%

**Feedback from Investors**

- While the Company has adopted a policy of a consolidated dividend payout ratio of 30% or more, dividends around 40% have been maintained in recent years. In order to clarify the Company's approach to dividends, we would like the Company to consider revising its dividend policy.



\*1 The Company conducted a stock split at a ratio of five shares for each common share, with an effective date of October 1, 2024, and the figures shown reflect the retroactive application of this stock split.

\*2 For the fiscal year ended March 2023, the payout ratio is not shown because profit attributable to owners of parent was negative (net loss).

# Strengthening of IR Activities

- We are working on strengthening IR activities with “proactive dialogue” and “enhancement of disclosure” and the number of meetings with institutional investors is on an upward trend.

## Proactive Dialogue

Content of activities	FY2022	FY2023	FY2024	FY2025
Supplementary briefing material	—	Full year only	Quarterly	Quarterly
Financial results briefing session	—	—	2 times Half-year / Full-year	2 times Half-year / Full-year
Integrated report	—	●	●	●
Nagoya Stock Exchange IR Expo	●	●	●	●
Number of one-on-one meetings with institutional investors	4	5	44	67
Briefings for individual investors	—	—	—	1 time December 2025 Made available on-demand

Upward trend

### Feedback from Investors

- As we are not very familiar with TOENEC, it is difficult to feel a sense of closeness.
- We would like the Company to consider holding briefings for individual investors as an opportunity to deepen understanding of the Company.

## Enhancement of Disclosure

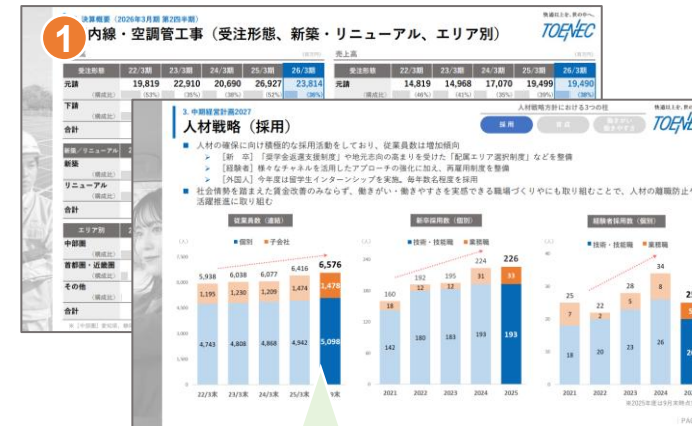
In response to feedback from investors, the following information has been added to our disclosure materials.

### ① Supplementary briefing material

- Breakdown of net sales (by order type, by area, by facility use, etc.)
- Initiatives based on human resource strategy (recruitment, development, job satisfaction and comfortable work environment)

### ② Integrated report

- Employee roundtable discussions towards promoting the active participation of diverse human resources (active participation by women)



### Feedback from Investors

- We would like the Company to disclose a breakdown of net sales to assess the progress of strategies based on the Medium-term Management Plan as well as future growth potential.
- Based on the concept that human resources are the driving force of growth, we would like the Company to provide information on its initiatives regarding recruitment and development, as well as the active participation of women.



## TOENEC's Purpose

Create and sustain comfortable environments  
that bring vitality and richness to people and society  
under any conditions.

