

Briefing on the Financial Results for FY2024 (the Fiscal Year Ended March 31, 2025)

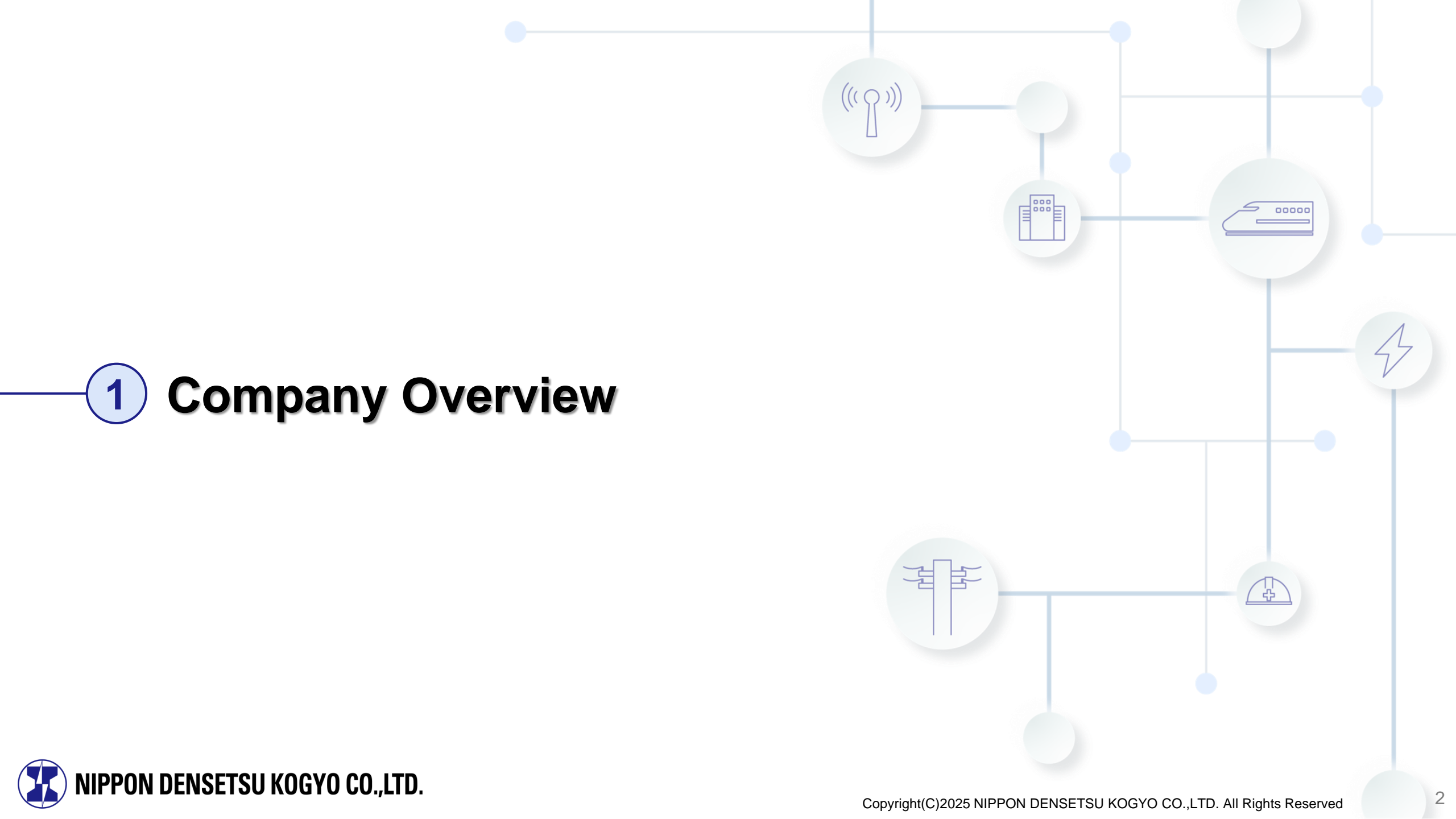
May 16, 2025



NIPPON DENSETSU KOGYO CO.,LTD.



- ① **Company Overview**
- ② **Financial Results Overview FY2024 (Consolidated)**
- ③ **Financial Results Forecast FY2025 (Consolidated)**
- ④ **Revision of NIPPON DENSETSU Three-year Management Plan 2024 and Future Efforts**
- ⑤ **Implementing Management That Is Conscious of Cost of Capital and Stock Price**



1 Company Overview





Leading company in the field of construction of electrified railway equipment (Railways)

Covers a wide range of construction, including construction of electrical facilities for buildings (Buildings), construction of information and communication systems (I&C Systems), and construction for Environmental Energy

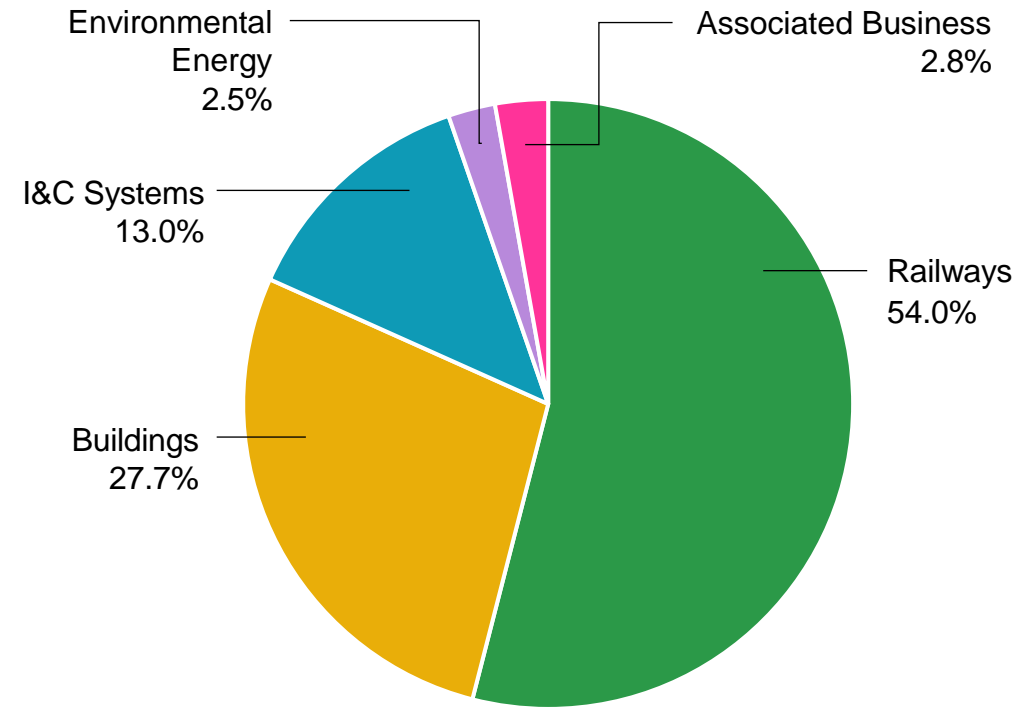
Nationwide business operations

Net sales composition by segment (¥)

(Unit: million yen)

Segment	FY2024 Net sales	Including net sales to JR East
Railways	117,160	91,451
Buildings	60,092	3,060
I&C Systems	28,156	14,032
Environmental Energy*	5,378	1,433
Associated Business*	6,134	685
Total	216,922	110,662 (51.0%)

Net sales composition by segment (%)



* Environmental Energy includes construction for renewable energy, construction of ZEB, construction for projects to improve energy efficiency, and construction for air conditioning and water supply and drainage sanitization equipment. It was previously included in Buildings (Construction of electrical facilities for buildings) but became an independent segment in FY2024.

* Associated Business includes real estate business, total building management, maintenance and inspection of electrical facilities, sale of materials, software development, and design of electrical facilities.

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Financial Results Overview of FY2024 (Consolidated)





Summary of Financial Results



Business Environment

- Public investment remained solid, and private capital investment was also on a recovery trend.
- Redevelopment of urban areas and measures to address the aging of existing infrastructure progressed.
- Capital investment increased in line with the recovery of passenger revenue at each railway company.



FY2024 Results

- Orders, net sales, operating profit, ordinary profit, and profit attributable to owners of parent all reached record highs.
- Due to strong orders, backlog carried over to the next period also reached a record high.



Dividends

- Introduced a dividend payout ratio as a metric to clarify our commitment to returning profit (aiming for 40%)
- Increase dividends to ¥90 from the previously forecasted amount of ¥64



(Figures in parentheses are ratios to net sales. Unit: million yen)

	FY2023 Results		FY2024 Forecast (A)		FY2024 Results (B)		Comparison with the forecast (B-A)	
Backlog at beginning of period	156,811		173,719		173,719		—	—%
Orders	208,036		197,100		223,718		26,618	13.5%
Net sales	194,031		205,160		216,922		11,762	5.7%
Gross profit	28,509	(14.7%)	31,540	(15.4%)	34,309	(15.8%)	2,769	8.8%
SG&A	15,060	(7.8%)	16,870	(8.2%)	16,375	(7.5%)	-494	-2.9%
Operating profit	13,448	(6.9%)	14,670	(7.2%)	17,934	(8.3%)	3,264	22.3%
Non-operating income and expenses	1,452	(0.7%)	1,160	(0.6%)	1,466	(0.7%)	306	26.4%
Ordinary profit	14,900	(7.7%)	15,830	(7.7%)	19,400	(8.9%)	3,570	22.6%
Extraordinary income and losses	540	(0.3%)	30	(0.0%)	815	(0.4%)	785	—%
Profit attributable to owners of parent	10,042	(5.2%)	10,500	(5.1%)	13,192	(6.1%)	2,692	25.6%
Backlog carried over to next period	173,719		168,883		183,075		14,192	8.4%

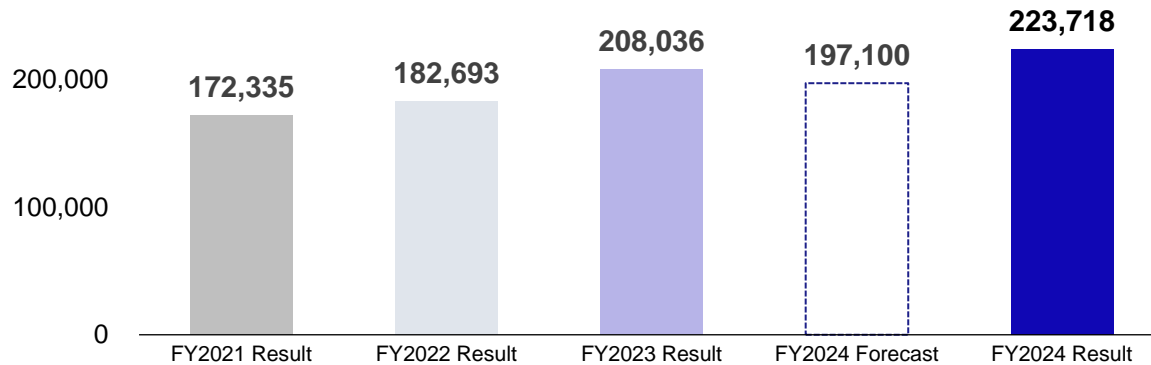


(Unit: million yen)

Orders

300,000

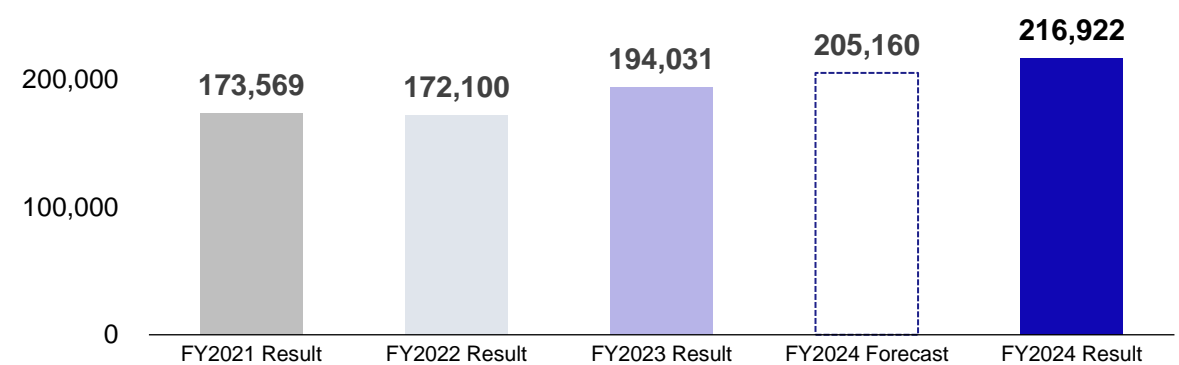
Compared to FY2023: +¥15.6 bn
Compared to Forecast: +¥26.6 bn



Sales

300,000

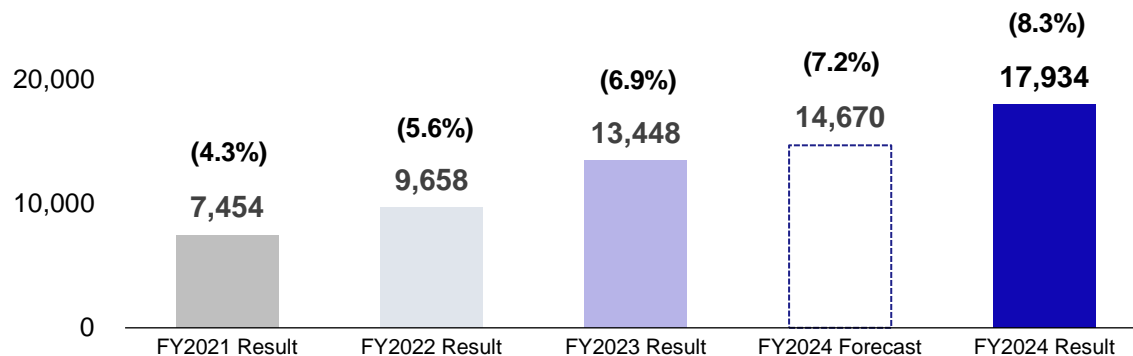
Compared to FY2023: +¥22.8 bn
Compared to Forecast: +¥11.7 bn



Operating profit

30,000 Operating profit margin (%)

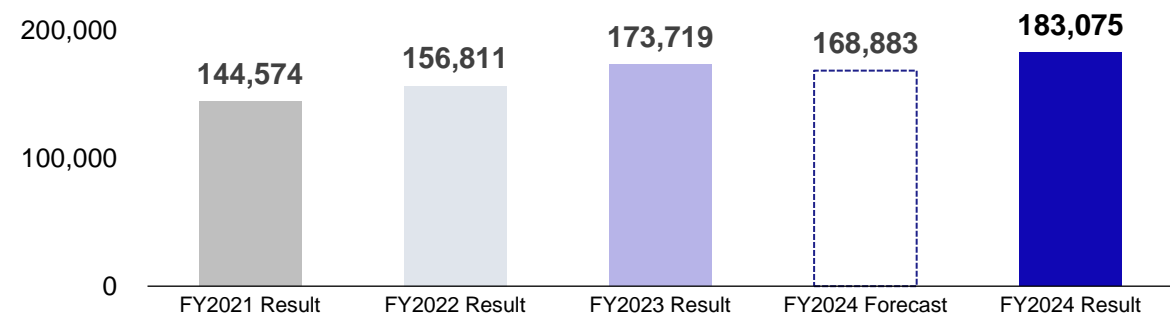
Compared to FY2023: +¥4.4 bn
Compared to Forecast: +¥3.2 bn



Backlog carried over to next period

300,000

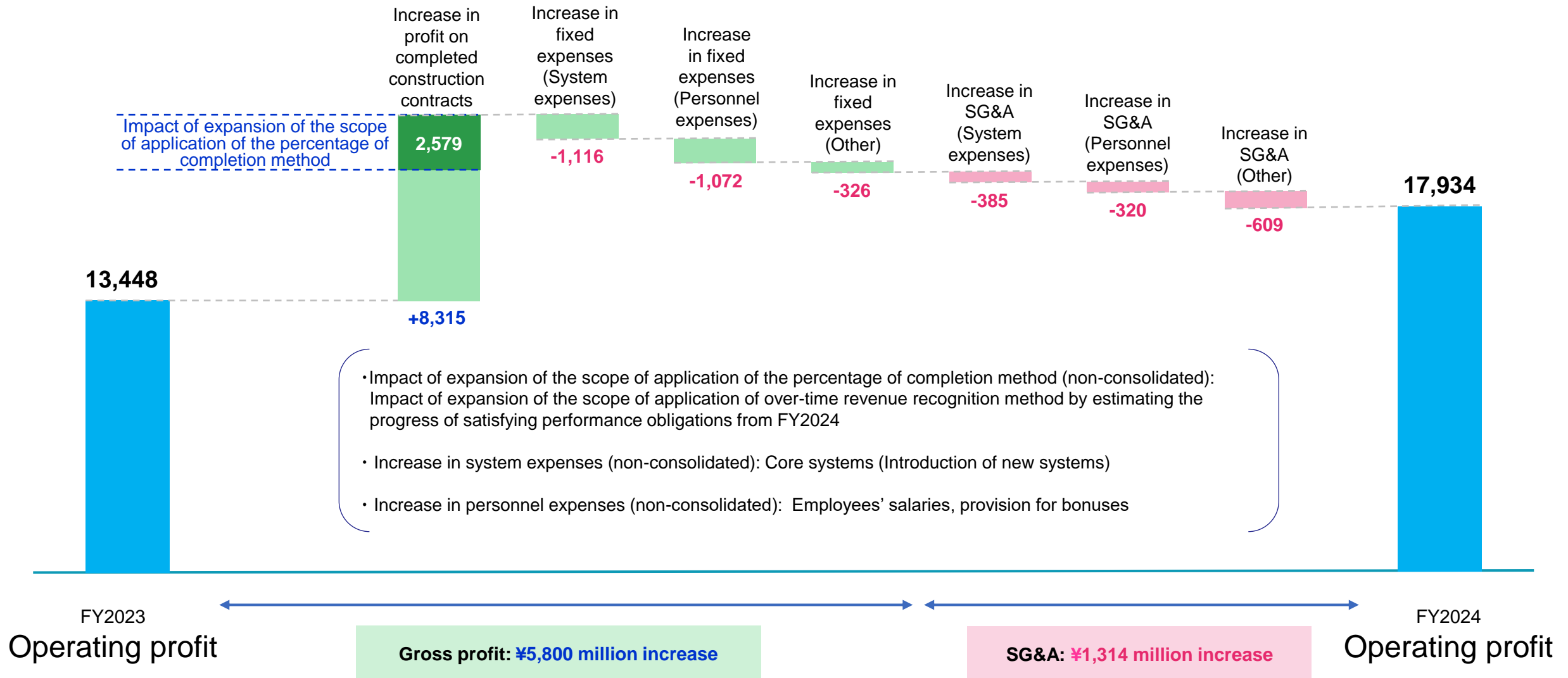
Compared to FY2023: +¥9.3 bn
Compared to Forecast: +¥14.1 bn





Factors for Changes in Operating Profit (Year on year)

(Unit: million yen)





Summary by Business Segment



Construction of Electrified Railway Equipment

- Orders from JR East that had experienced some delays increased in the second half. Orders were robust, supported in part by enhanced sales efforts targeting other private railway companies.
- Net sales significantly increased due to an increase in orders driven by the expansion of investments from JR East and steady progress in carried-over construction work.
- Operating profit also significantly increased, reflecting improving construction efficiency due to an increase in the volume of construction works and higher construction unit prices.
- Backlog carried over to the next period also increased due to strong orders.



Construction of Electrical Facilities for Buildings

- We maintained a high level of orders while continuing to take orders selectively taking into account the volume of construction work in hand and profitability.
- Net sales significantly increased, with steady progress in high-level construction work in hand.
- Operating profit also significantly increased due to the contribution of selective order taking to profitability improvement.
- Backlog carried over to the next period remained at a high level.



Summary by Business Segment



Construction of Information and Communication Systems

- Orders significantly increased due in part to a successful bid for a large-scale network project.
- Net sales also increased due in part to order growth for railway communication construction.
- Operating profit increased, led by the passing of costs for base station and network construction.
- Backlog carried over to the next period also increased significantly as orders grew.



Construction for Environmental Energy

- Orders increased due in part to large-scale construction related to a wind power plant project and a station-front redevelopment project that involves electrical, air conditioning, and sanitation work in one.
- We secured net sales on par with the previous fiscal year, exceeding our forecast, due to an increase in orders and changes in contracts for construction work in hand.
- Operating profit significantly increased in part as profitability of large-scale construction improved due to changes in contracts for construction work in hand.
- Backlog carried over to the next period also increased as orders grew.

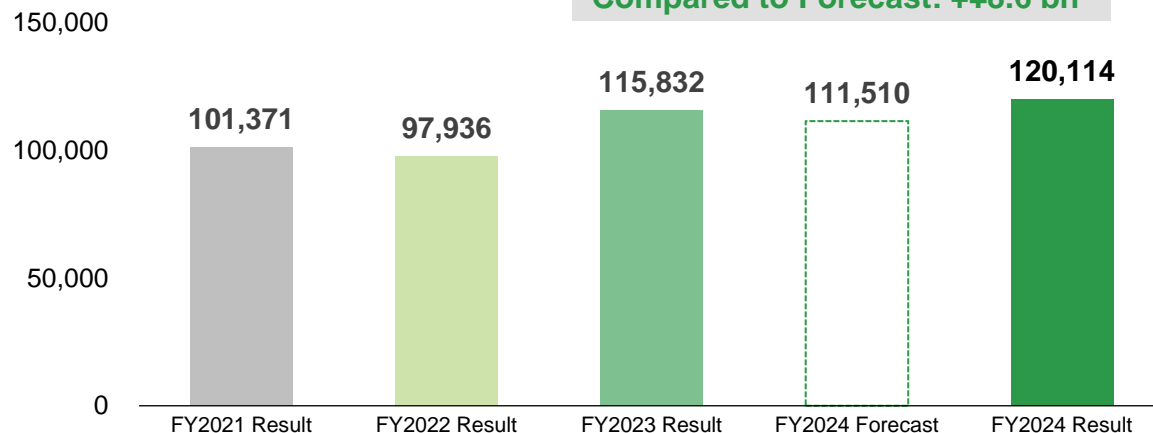
Financial Results for Construction of Electrified Railway Equipment Segment



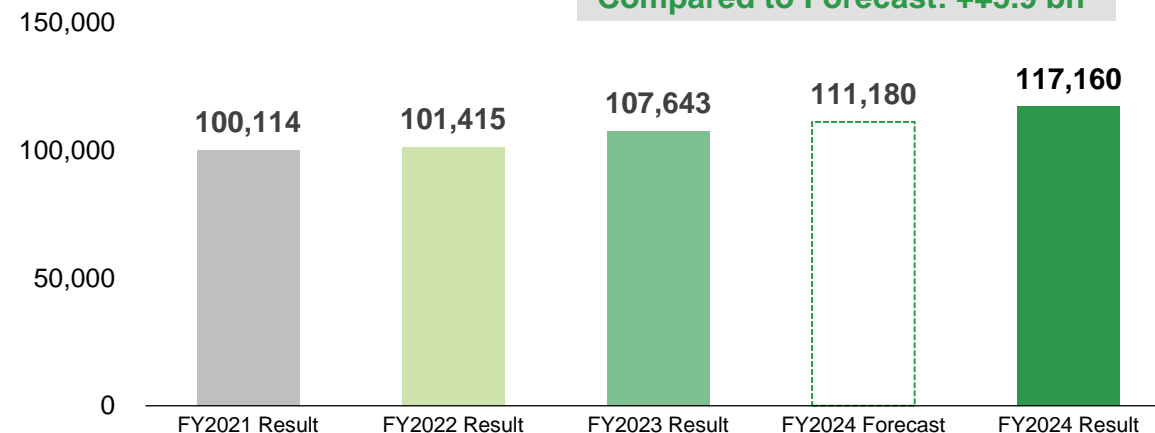
NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

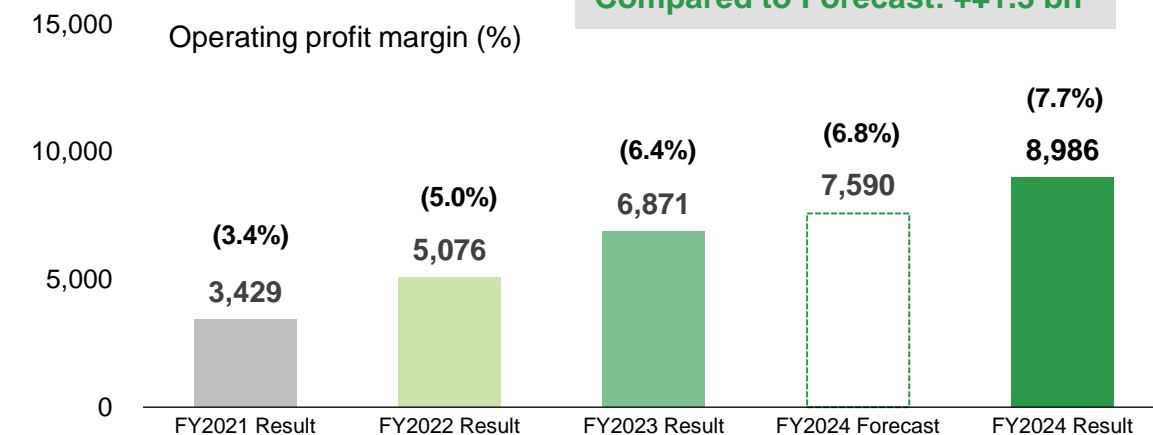
Orders



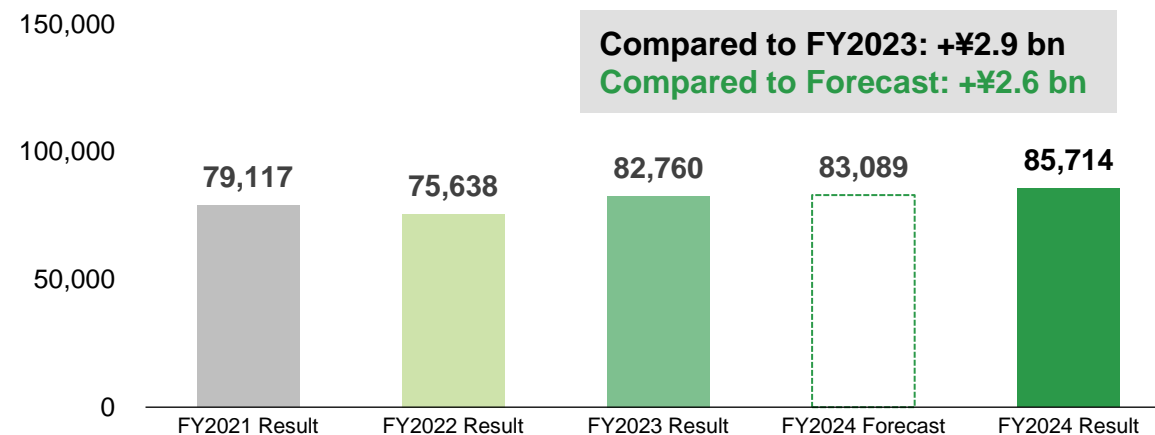
Net sales



Operating profit



Backlog carried over to next period



* We have revised segment classifications effective Q2 of FY2024. Results for FY2023 and later are based on the segment classifications after the revision.



Orders and Net Sales (Disaggregated)

(Unit: billion yen)

JR		FY2021	FY2022	FY2023	FY2024
	Orders	54.8	53.9	69.9	69.7
	Net sales	57.3	54.4	58.7	66.3

Public railway companies JRTT		FY2021	FY2022	FY2023	FY2024
	Orders	11.1	7.6	4.4	2.5
	Net sales	7.6	9.6	9.3	5.6

* JRTT stands for Japan Railway Construction, Transport and Technology Agency.

Other private railway companies		FY2021	FY2022	FY2023	FY2024
	Orders	7.3	7.5	8.4	11.4
	Net sales	6.8	7.5	8.0	9.7

Total		FY2021	FY2022	FY2023	FY2024
	Orders	73.4	69.0	82.8	83.7
	Net sales	71.8	71.6	76.1	81.6

Financial Results for Construction of Electrical Facilities for Buildings Segment



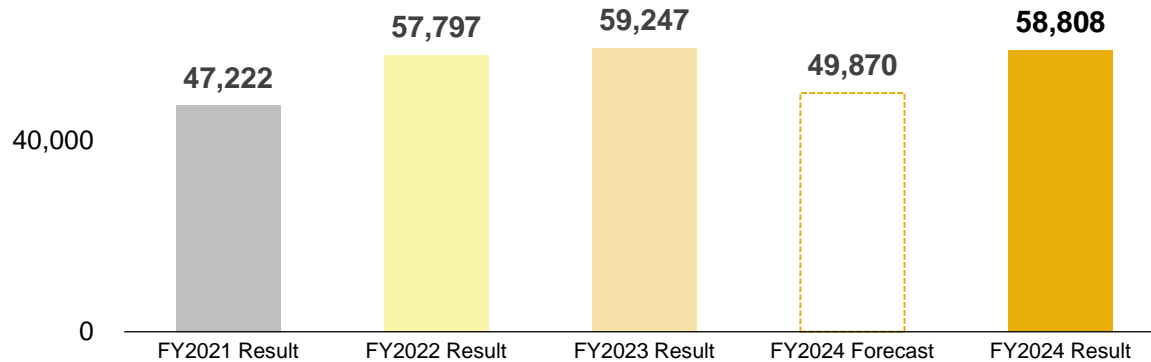
NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

Orders

80,000

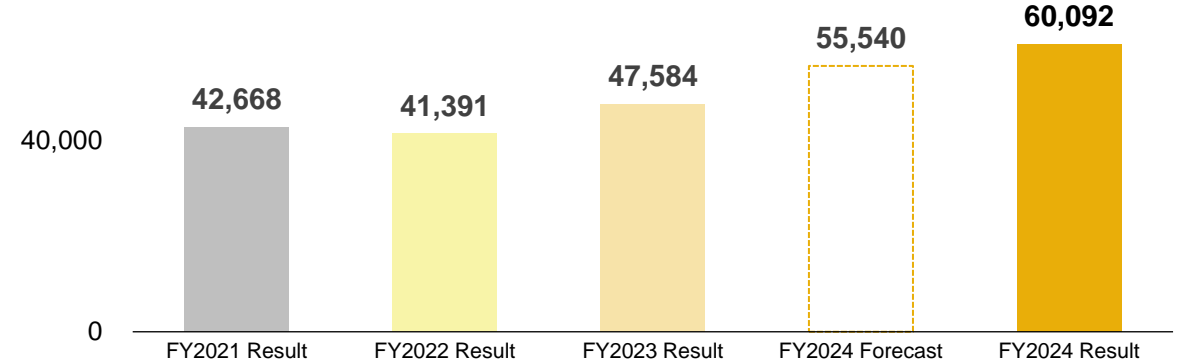
Compared to FY2023: -¥0.4 bn
Compared to Forecast: +¥8.9 bn



Net sales

80,000

Compared to FY2023: +¥12.5 bn
Compared to Forecast: +¥4.5 bn

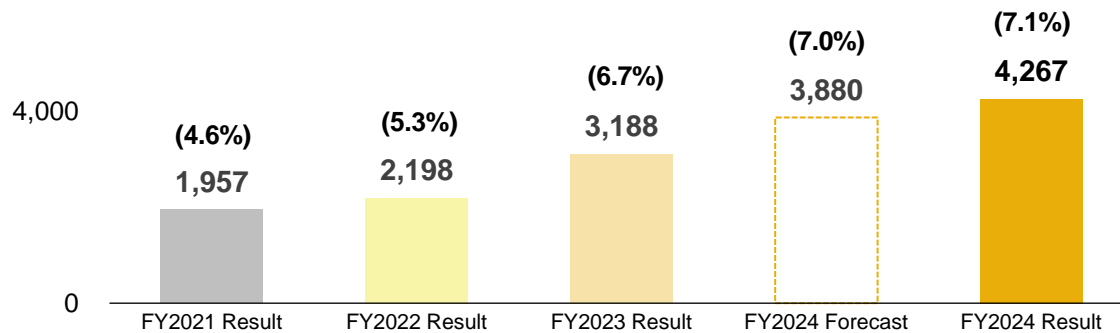


Operating profit

8,000

Operating profit margin (%)

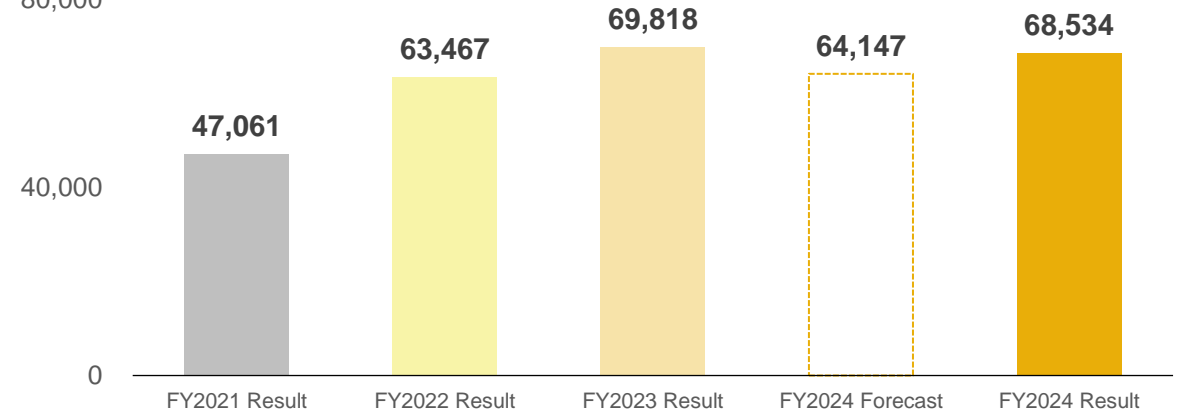
Compared to FY2023: +¥1.0 bn
Compared to Forecast: +¥0.3 bn



Backlog carried over to next period

80,000

Compared to FY2023: -¥1.2 bn
Compared to Forecast: +¥4.3 bn



* We have revised segment classifications effective Q2 of FY2024. Results for FY2023 and later are based on the segment classifications after the revision.

* Results for FY2021 and FY2022, and backlog for FY2023 include those for the construction for environmental energy segment.

Financial Results for Construction of Information and Communication Systems Segment

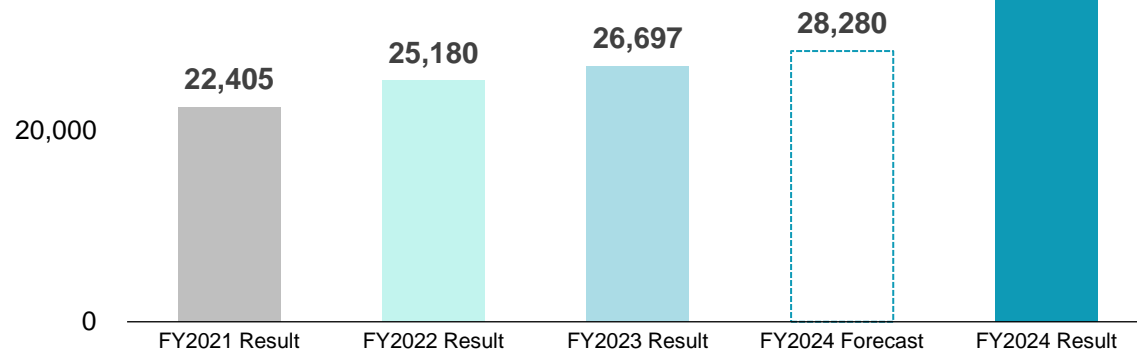


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

Orders

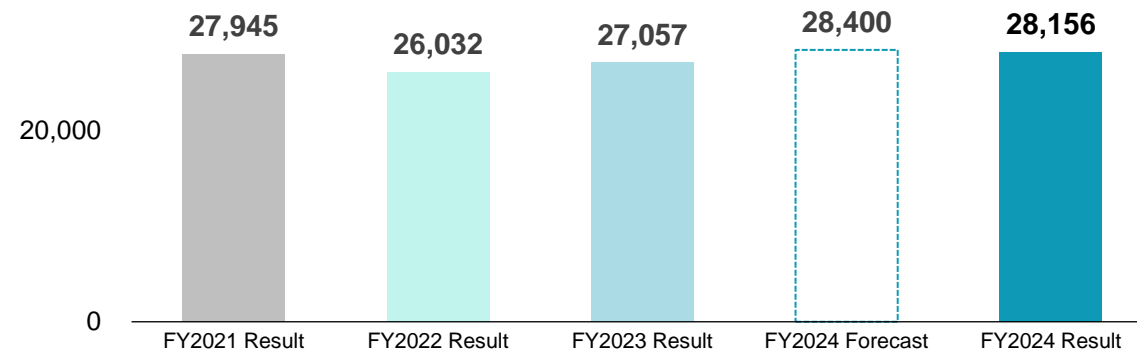
40,000



Compared to FY2023: +¥7.1 bn
Compared to Forecast: +¥5.6 bn

Net sales

40,000

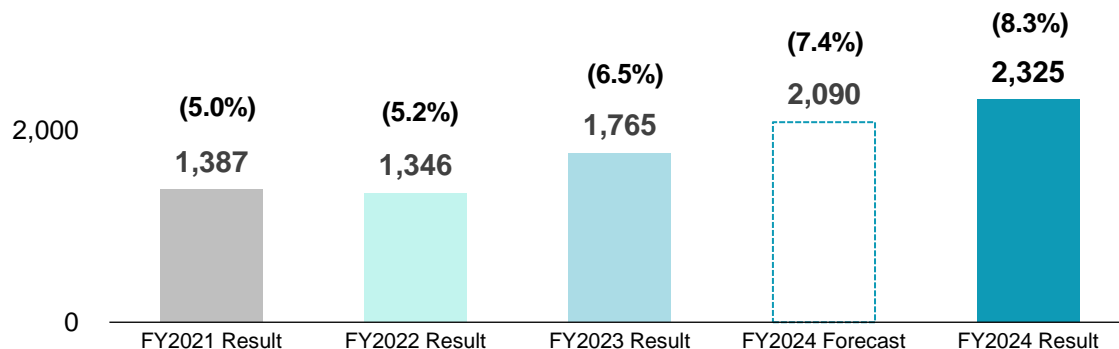


Compared to FY2023: +¥1.0 bn
Compared to Forecast: -¥0.2 bn

Operating profit

4,000

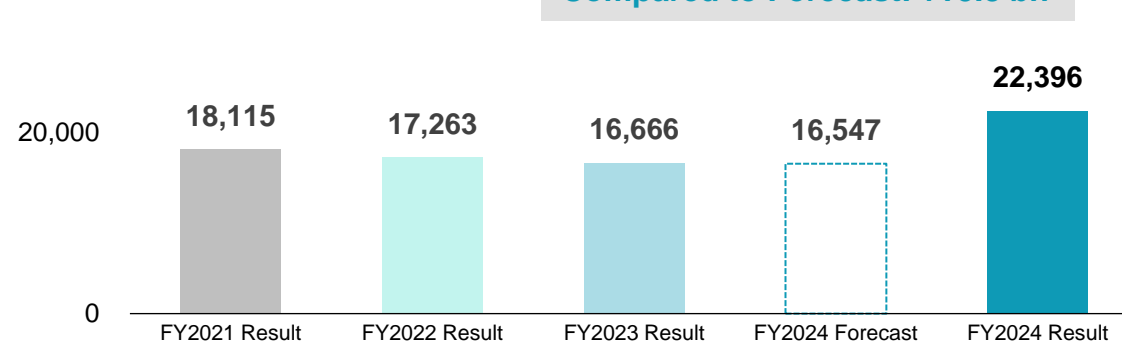
Operating profit margin (%)



Compared to FY2023: +¥0.5 bn
Compared to Forecast: +¥0.2 bn

Backlog carried over to next period

40,000



Compared to FY2023: +¥5.7 bn
Compared to Forecast: +¥5.8 bn

* We have revised segment classifications effective Q2 of FY2024. Results for FY2023 and later are based on the segment classifications after the revision.

Financial Results for Construction for Environmental Energy Segment



NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

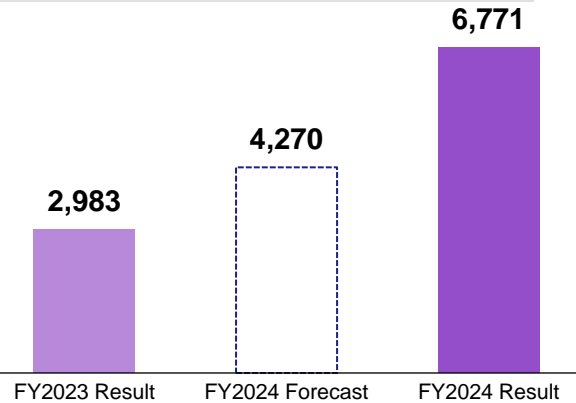
Orders

8,000

4,000

0

Compared to FY2023: +¥3.7 bn
Compared to Forecast: +¥2.5 bn



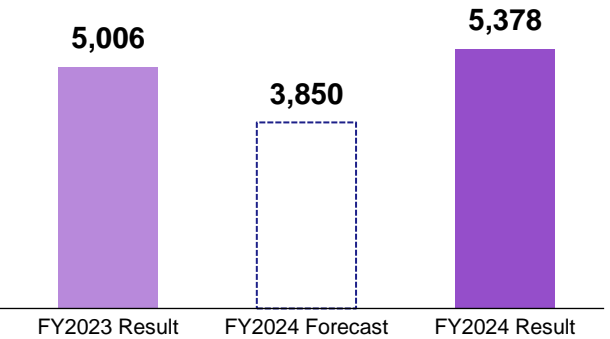
Net sales

8,000

4,000

0

Compared to FY2023: +¥0.3 bn
Compared to Forecast: +¥1.5 bn



Operating profit

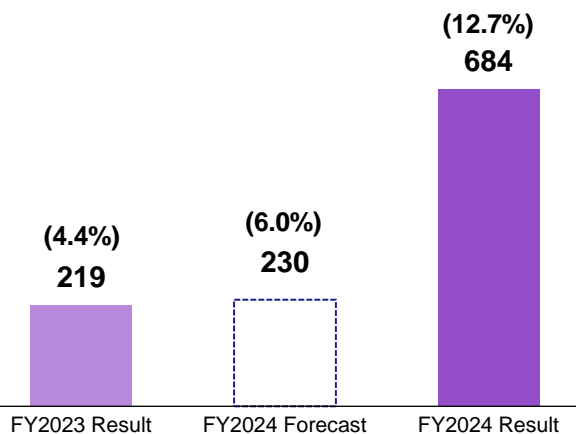
800

Operating profit margin (%)

400

0

Compared to FY2023: +¥0.4 bn
Compared to Forecast: +¥0.4 bn



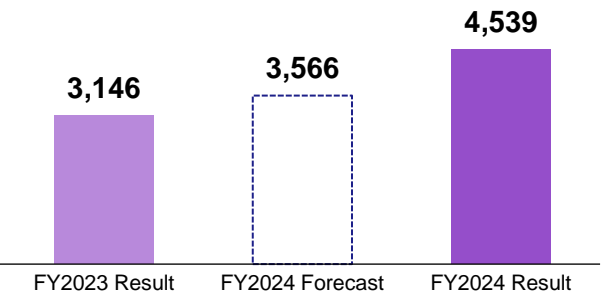
Backlog carried over to next period

8,000

4,000

0

Compared to FY2023: +¥1.3 bn
Compared to Forecast: +¥0.9 bn



* We have revised segment classifications effective Q2 of FY2024. Results for FY2023 and later are based on the segment classifications after the revision.

* Results for FY2021 and FY2022 are not presented as they are included in the results of the construction of electrical facilities for buildings segment.



(Unit: million yen)

Orders

8,000

Compared to FY2023: +¥0.8 bn

Compared to Forecast: ¥0.9 bn

4,000

0

FY2021 Result FY2022 Result FY2023 Result FY2024 Forecast FY2024 Result

1,336

1,779

3,274

3,170

4,137

Net sales

8,000

Compared to FY2023: -¥0.6 bn

Compared to Forecast: -¥0.0 bn

4,000

0

FY2021 Result FY2022 Result FY2023 Result FY2024 Forecast FY2024 Result

2,841

3,261

6,740

6,190

6,134

Operating profit

3,000

Operating profit margin (%)

Compared to FY2023: +¥0.2 bn

Compared to Forecast: +¥0.7 bn

2,000

1,000

0

FY2021 Result FY2022 Result FY2023 Result FY2024 Forecast FY2024 Result

(23.9%)

(31.8%)

(20.8%)

(14.2%)

(27.2%)

680

1,036

1,402

880

1,670

Backlog carried over to next period

3,000

Compared to FY2023: +¥0.5 bn

Compared to Forecast: +¥0.3 bn

2,000

1,000

0

FY2021 Result FY2022 Result FY2023 Result FY2024 Forecast FY2024 Result

280

443

1,327

1,534

1,890

* We have revised segment classifications effective Q2 of FY2024. Results for FY2023 and later are based on the segment classifications after the revision.



Name of the construction

FY2024

FY2025

FY2026

FY2027

FY2028

FY2029

Projects by JR



Haneda Airport Access Lines (East Yamanote Route and New Access Lines)

Works to relocate obstructions

Scheduled to start operation in FY2031 (JR East)

Wireless Train Control System (Advanced Train Administration and Communications System [ATACS])

Keihin Tohoku Line: between Kawaguchi and Omiya, Yurakucho and Kamata, Nippori and Oji, etc.
Yamanote Line :between Shinagawa and Harajuku, Shibuya and Mejiro, etc.

Seismic Reinforcement of Shinkansen's Overhead Line Mast (Replacement of Steel Pipe Mast)

Tohoku Shinkansen: between Omiya and Oyama, Fukushima and Ichinoseki, etc.

Plan to replace approx. 4,000 masts from FY2021 to 2027 and approx. 4,000 masts from FY2028 to 2033 (JR East)

Replacement of Shinkansen Overhead Contact Lines due to Aging and for Speed Enhancement

Tohoku Shinkansen: between Ueno and Omiya, and Furukawa and Morioka

Construction planned for Joetsu Shinkansen: between Omiya and Honjo-waseda (JR East)



Measures for Aging Railway Electrical Facilities (Maintenance and Renewal)

Renovation and Other Works for Various Facilities Due to Aging of Railway Electrical Facilities



New Suica Gate System (Networks and Monitoring and Maintenance)

Tokyo Metropolitan Area, Sendai Area, and Niigata Area
The system planned to be introduced gradually from the summer of FY2023 (JR East)

Construction to Improve Poor Mobile Phone Reception at TAKANAWA GATEWAY



Station-front Redevelopment Projects (Tokyo Metropolitan Area, Hokkaido, etc.)

Collecting information

Projects by other public and private railways



Renewal Work of Substation Facilities

Start Business with New Customers and in New Industries

New Line Extensions (Tokyo Metro: Extensions of Yurakucho Line and Namboku Line)

Collecting information: Scheduled to start operation in the mid-2030s

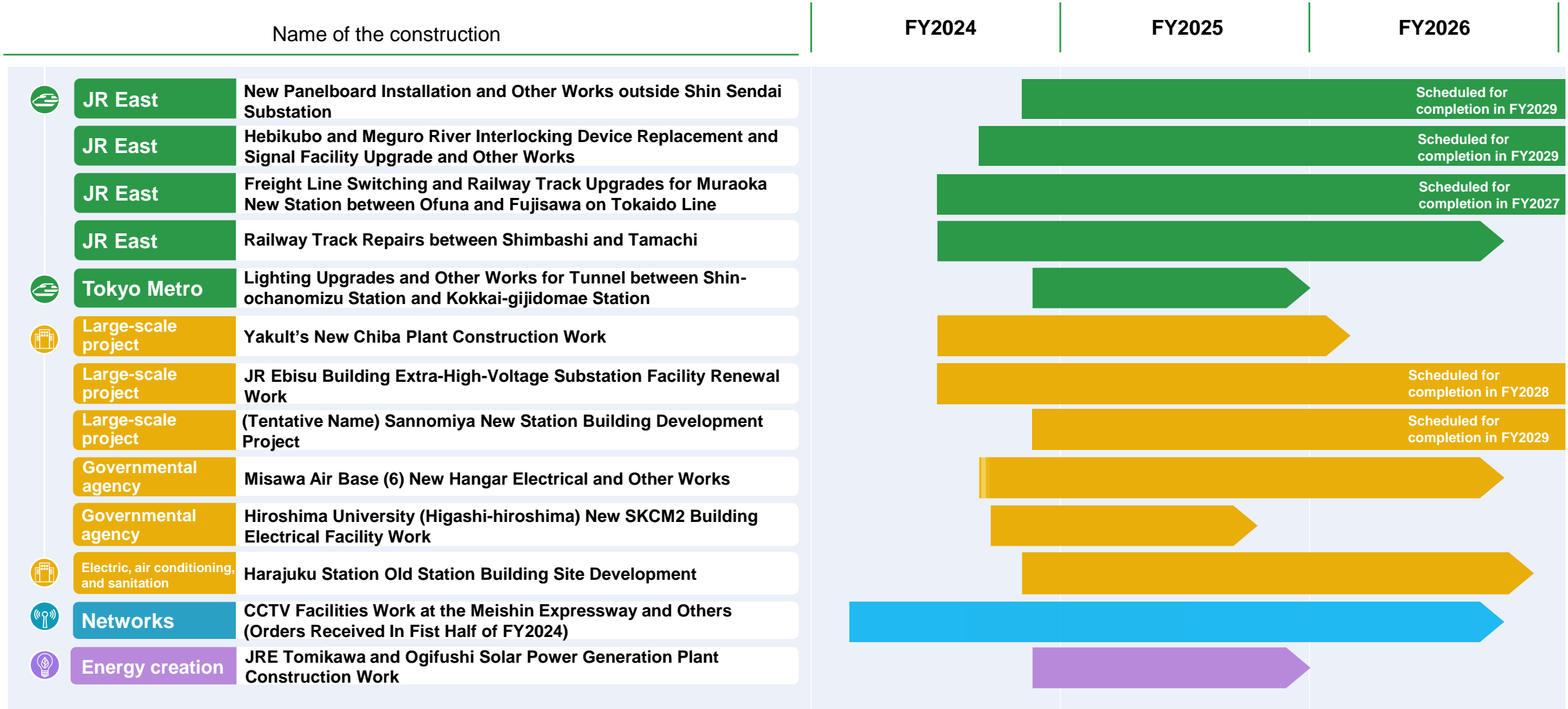
New Line Extensions (Utsunomiya LRT: Extension to the West)

Collecting information: Scheduled to start construction in or after FY2027 and start operation in the early 2030s



New Line Extensions (Hokkaido Shinkansen: Extension to Sapporo)

Collecting information: Scheduled for completion in or after FY2038





Freight Line Switching and Railway Track Upgrades for Muraoka New Station between Ofuna and Fujisawa on Tokaido Line

Photo provided by East Japan Railway Company



Harajuku Station Old Station Building Site Development (Electric, air conditioning, and sanitation)

Photo provided by East Japan Railway Company



(Tentative Name) Sannomiya New Station Building Development Project

Photo provided by West Japan Railway Company

* This is just an image and may change depending on future design and discussions with relevant authorities.



③ Financial Results Forecast FY2025 (Consolidated)





Key Points in the Financial Results Forecast

- Net sales are expected to greatly exceed the record high set in FY2024 against a backdrop of record-high backlog at the beginning of the period and orders.
- Profit attributable to owners of parent is also expected to surpass the record high set in FY2024.
 - Operating profit would actually grow, excluding a one-off profit growth factor,* due to a sharp increase in net sales.
 - Strategically-held shares would be reduced ahead of schedule and an expansion in scale is planned.

(Figures in parentheses are ratios to net sales. Unit: million yen)

	FY2024 Result		FY2025 Forecast		Year on year		FY2026 Plan	
Backlog at beginning of period	173,719		183,075		9,355	5.4%	182,069	
Orders	223,718		226,170		2,451	1.1%	234,100	
Net sales	216,922		230,480		13,557	6.2%	238,000	
Gross profit	34,309	(15.8%)	34,480	(15.0%)	170	0.5%	36,000	(15.1%)
SG&A	16,375	(7.5%)	16,820	(7.3%)	444	2.7%	17,600	(7.4%)
Operating profit	17,934	(8.3%)	17,660	(7.7%)	-274	-1.5%	18,400	(7.7%)
Non-operating income and expenses	1,466	(0.7%)	1,240	(0.5%)	-226	-15.4%	1,200	(0.5%)
Ordinary profit	19,400	(8.9%)	18,900	(8.2%)	-500	-2.6%	19,600	(8.2%)
Extraordinary income and losses	815	(0.4%)	1,900	(0.8%)	1,084	132.9%	2,300	(1.0%)
Profit attributable to owners of parent	13,192	(6.1%)	13,380	(5.8%)	187	1.4%	14,100	(5.9%)
Backlog carried over to next period	183,075		182,069		-1,006	-0.5%	180,800	

* A one-off profit growth factor is the impact of ¥2,579 million by expansion of the scope of application of over-time revenue recognition method by estimating the progress of satisfying performance obligations from FY2024. [Refer to Factors for Changes in Operating Profit on page 8.]

Achieved ¥15.3 billion planned for the final year of the medium-term management plan

Expected to achieve ¥221.5 billion planned for the final year of the medium-term management plan

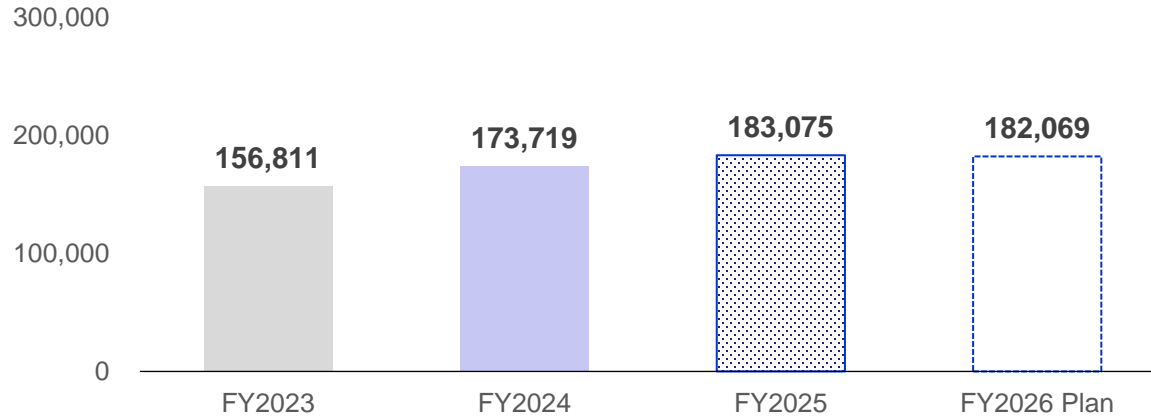
Revised since the formulation of the medium-term management plan



(Unit: million yen)

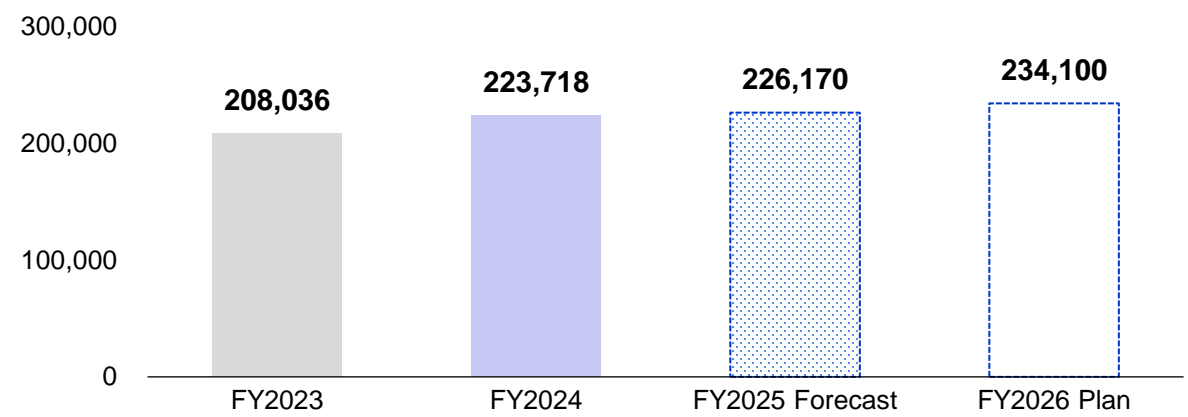
Backlog

Compared to FY2024: +¥9.3 bn



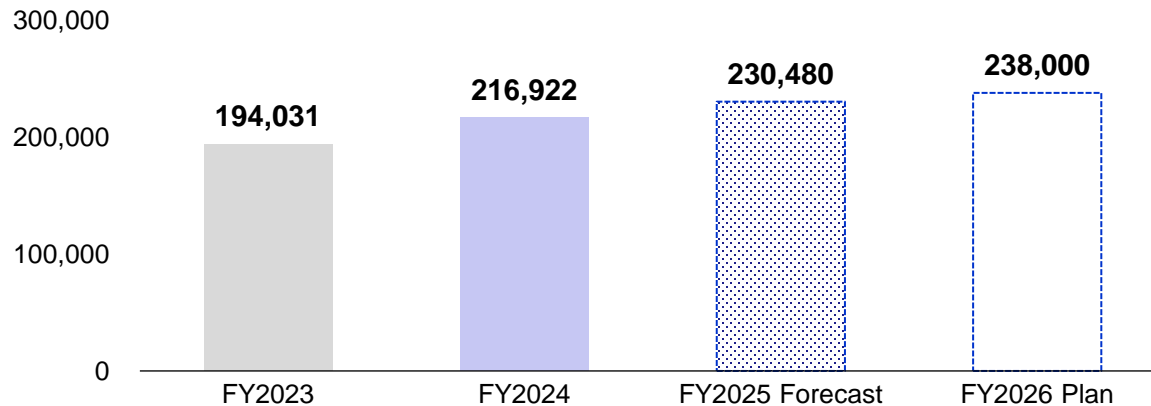
Orders

Compared to FY2024: +¥2.4 bn



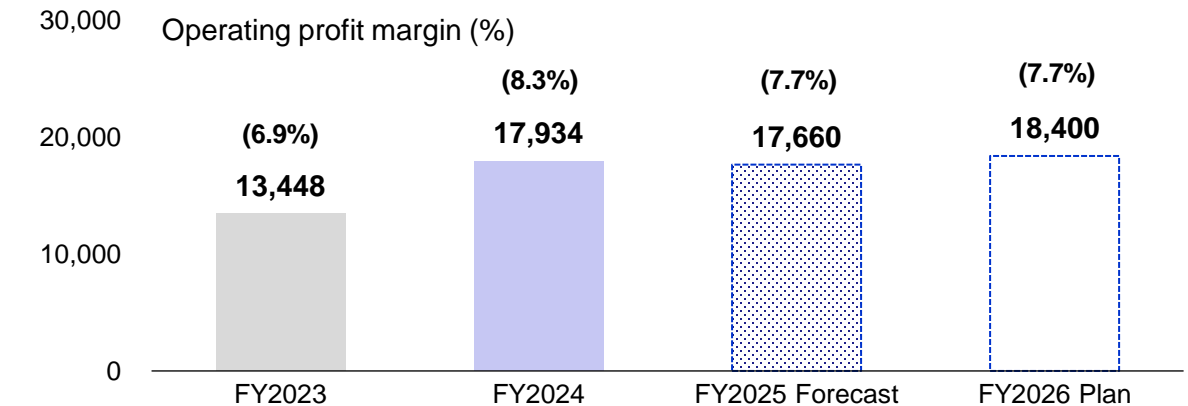
Net sales

Compared to FY2024: +¥13.5 bn



Operating profit

Compared to FY2024: -¥0.2 bn



Financial Results Forecast for Construction of Electrified Railway Equipment Segment

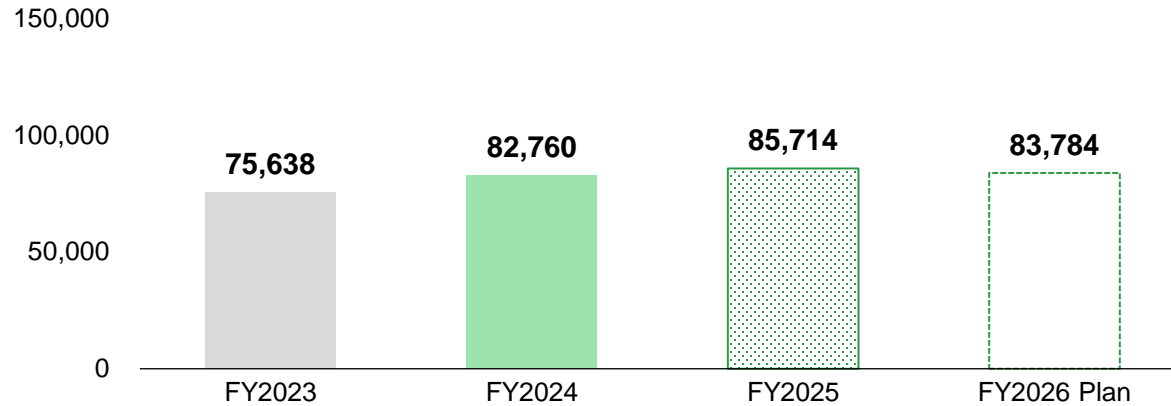


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

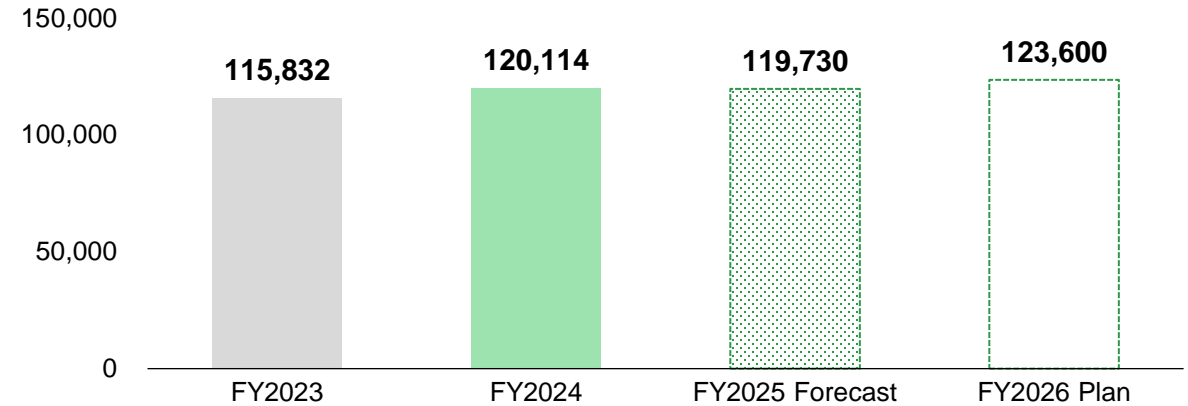
Backlog

Compared to FY2024: +¥2.9 bn



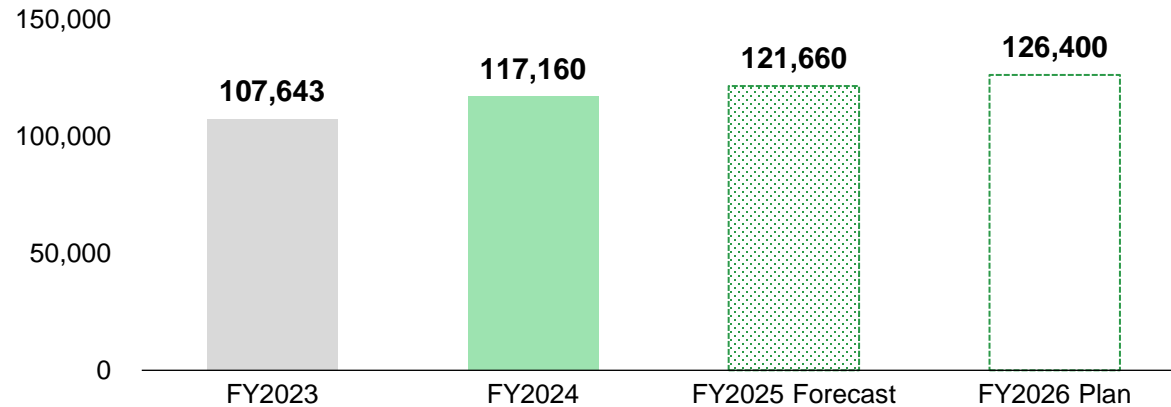
Orders

Compared to FY2024: -¥0.3 bn



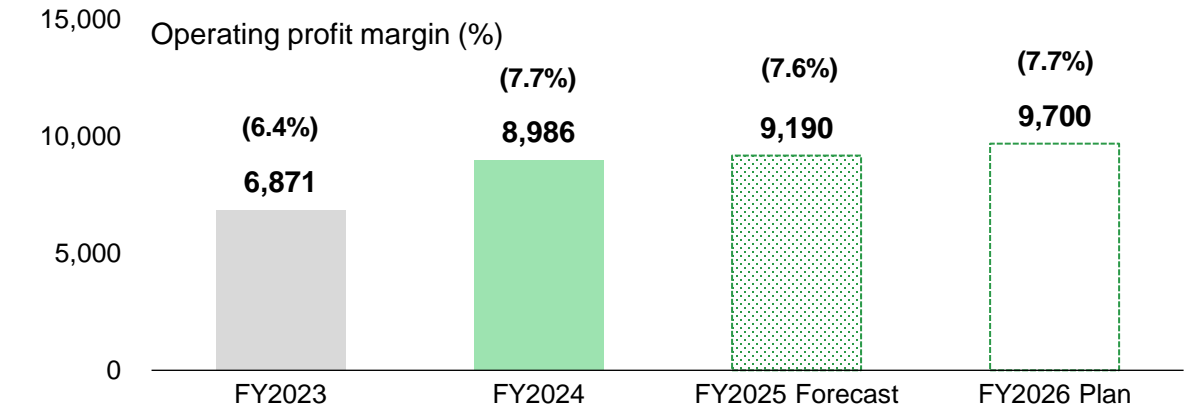
Net sales

Compared to FY2024: +¥4.4 bn



Operating profit

Compared to FY2024: +¥0.2 bn



- Efforts toward expansion of orders are steadily underway and increasingly reflected in sales and profits.
- We will request railway companies, including JR East, to raise order unit prices for improving profitability.

Financial Results Forecast for Construction of Electrical Facilities for Buildings Segment

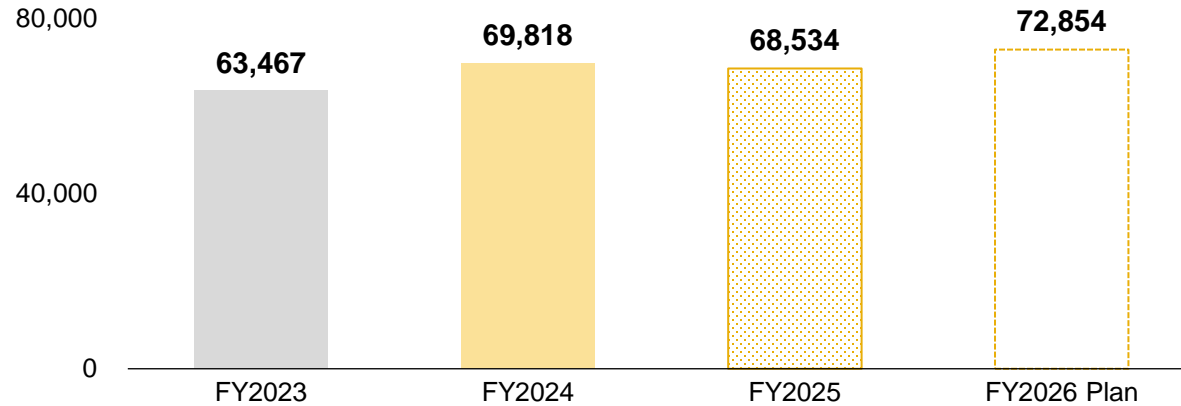


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

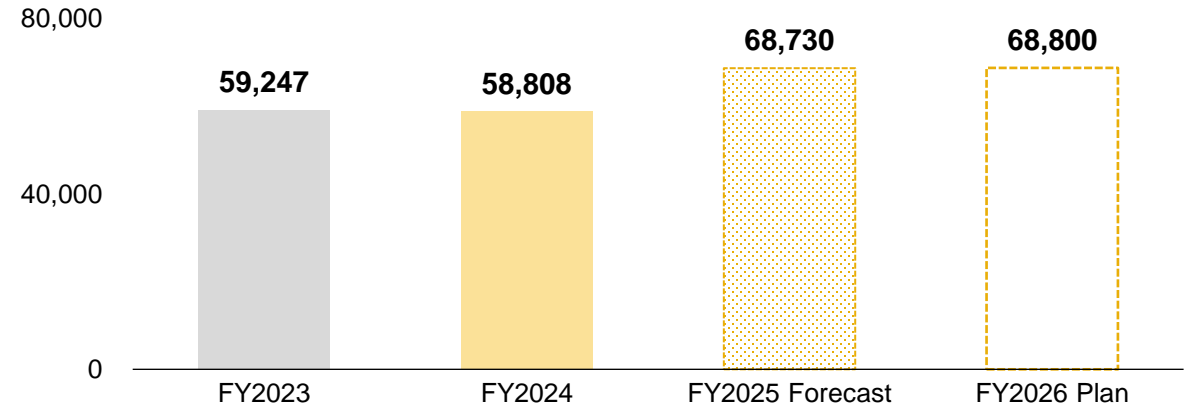
Backlog

Compared to FY2024: -¥1.2 bn



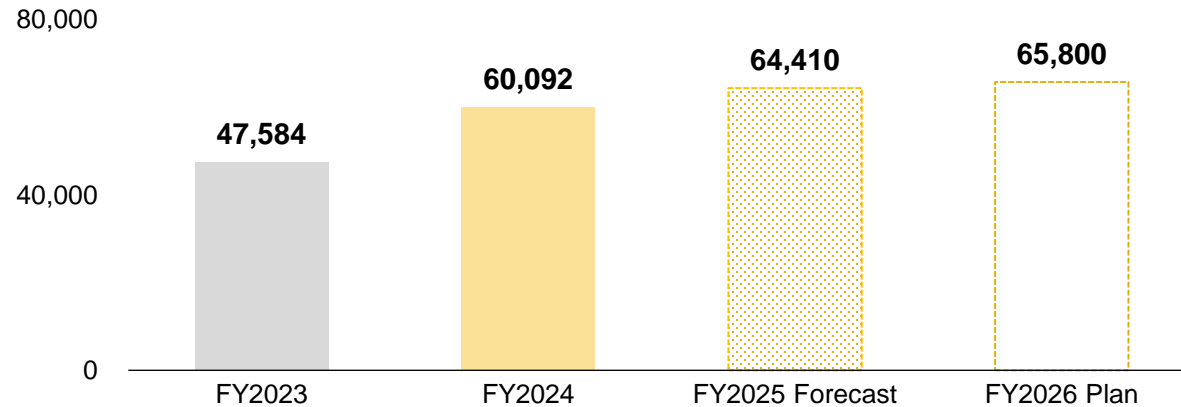
Orders

Compared to FY2024: +¥9.9 bn



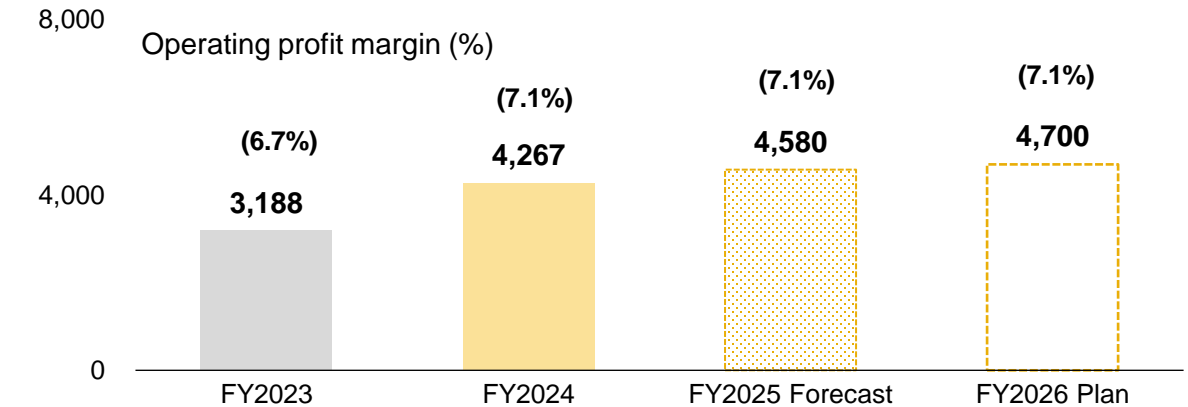
Net sales

Compared to FY2024: +¥4.3 bn



Operating profit

Compared to FY2024: +¥0.3 bn



- Construction investments in sectors, such as large-scale redevelopment around stations and data centers, would remain robust, leading to a significant increase in orders.
- Following the completion of large-scale construction, net sales would increase, and operating profit is also expected to exceed that in FY2024, which saw a one-off increase.

* Backlog for FY2023 includes that for the construction for environmental energy segment.

Financial Results Forecast for Construction of Information and Communication Systems Segment

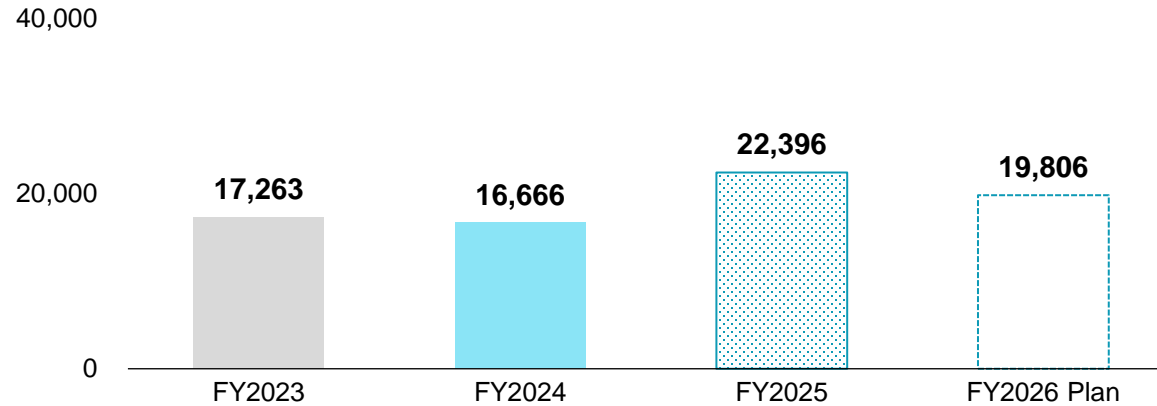


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

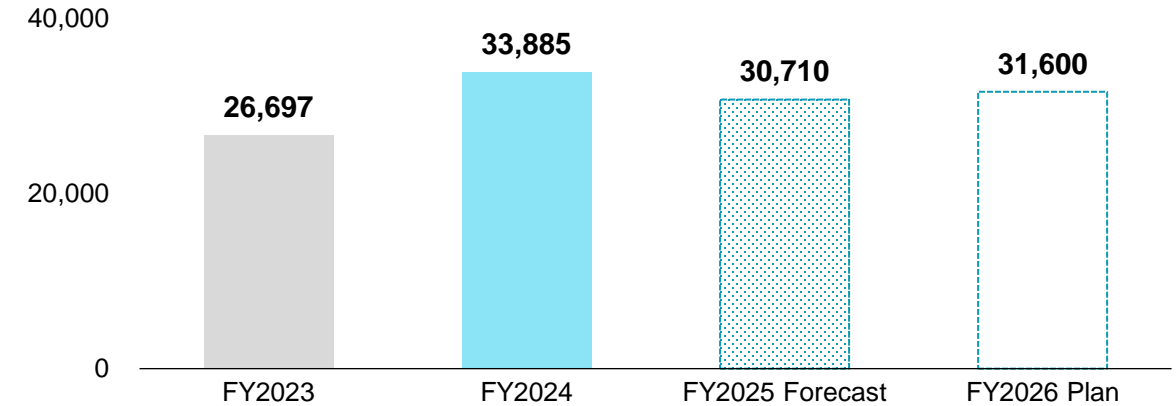
Backlog

Compared to FY2024: +¥5.7 bn



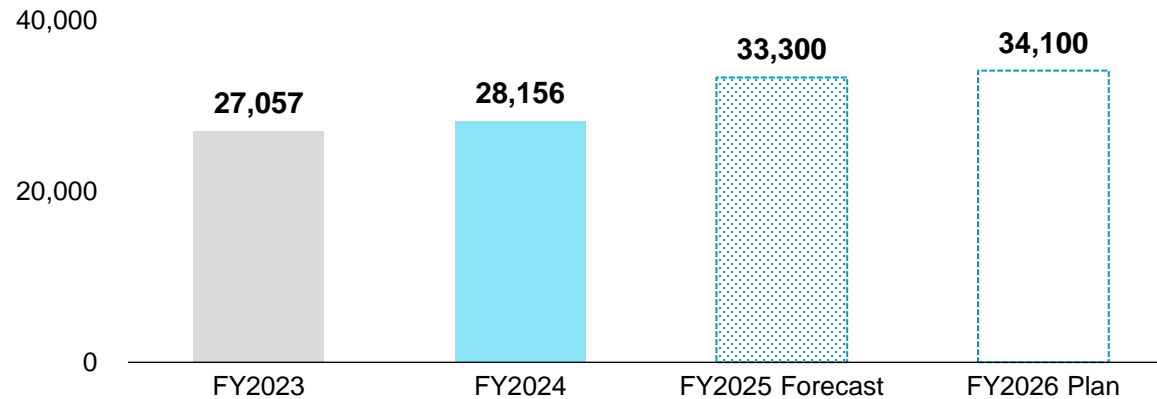
Orders

Compared to FY2024: -¥3.1 bn



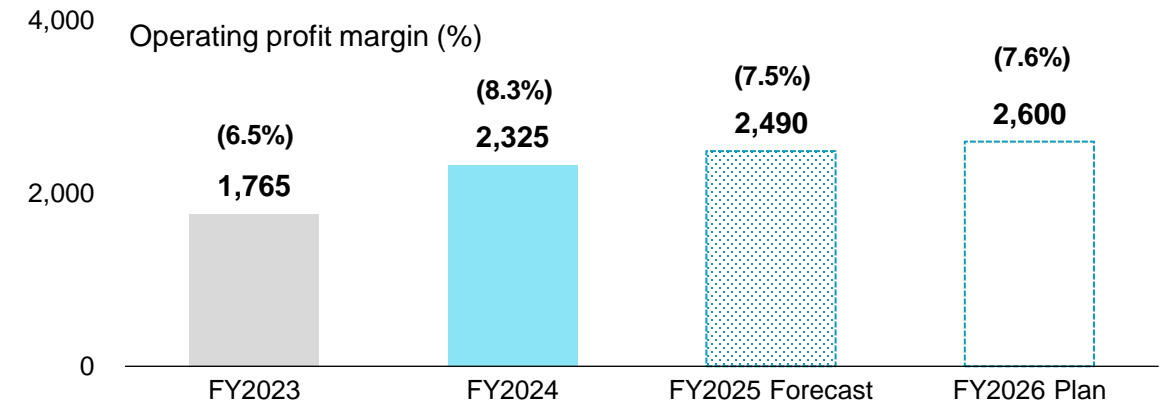
Net sales

Compared to FY2024: +¥5.1 bn



Operating profit

Compared to FY2024: +¥0.1 bn



- Orders would decrease after large-scale network construction projects.
- We expect increases in net sales and operating profit following progress in large-scale construction and an increase in railway communication construction.

Financial Results Forecast for Construction for Environmental Energy Segment

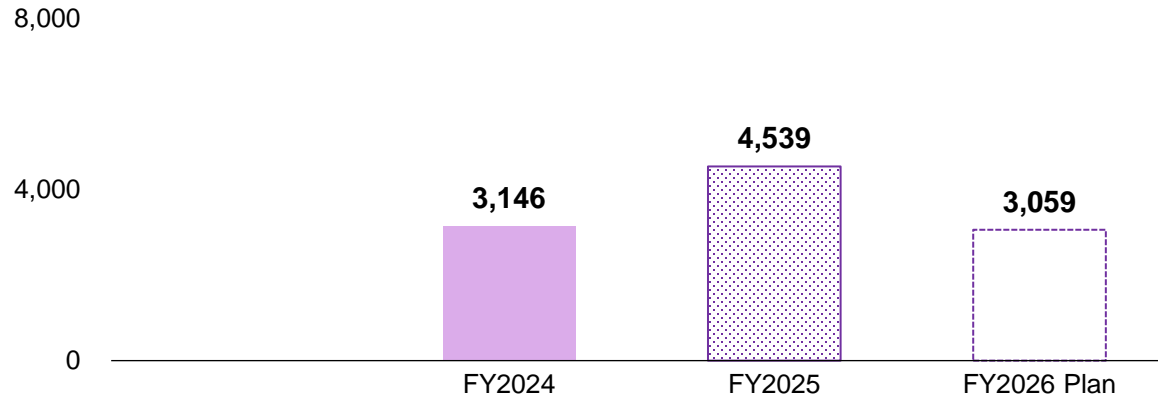


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

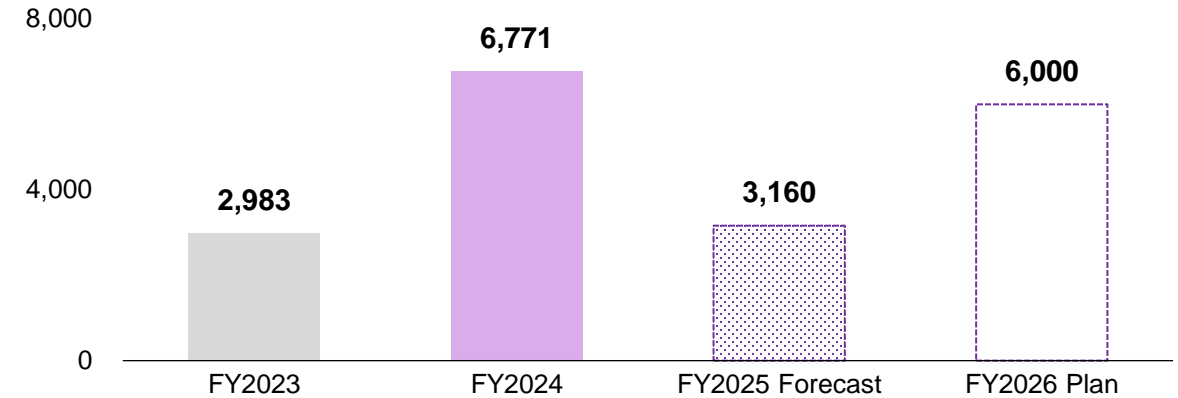
Backlog

Compared to FY2024: +¥1.3 bn



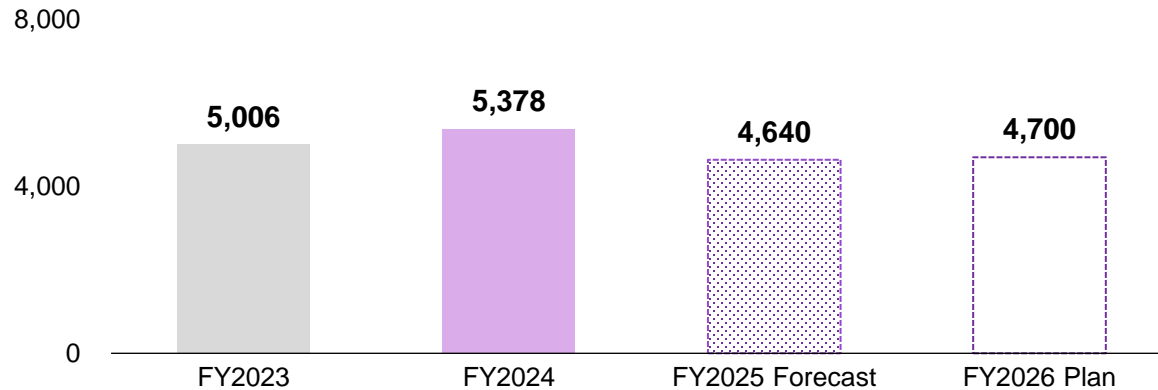
Orders

Compared to FY2024: -¥3.6 bn



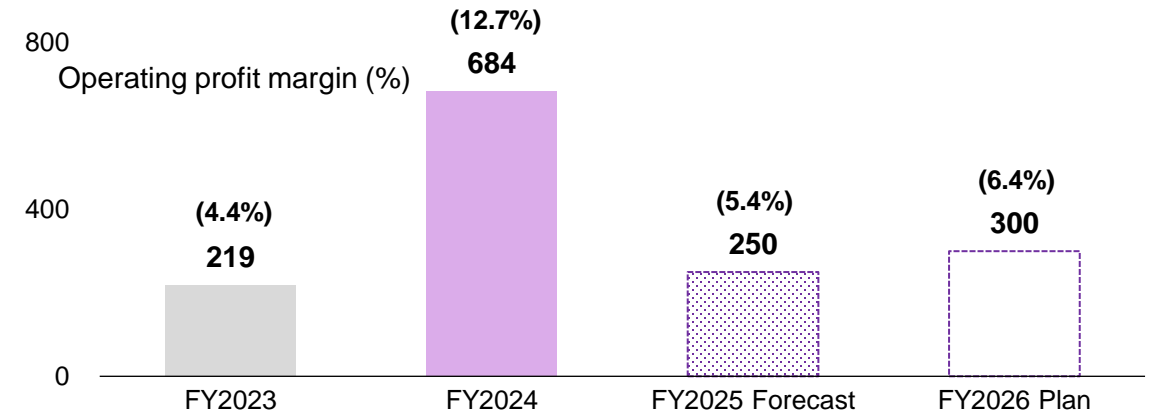
Net sales

Compared to FY2024: -¥0.7 bn



Operating profit

Compared to FY2024: -¥0.4 bn



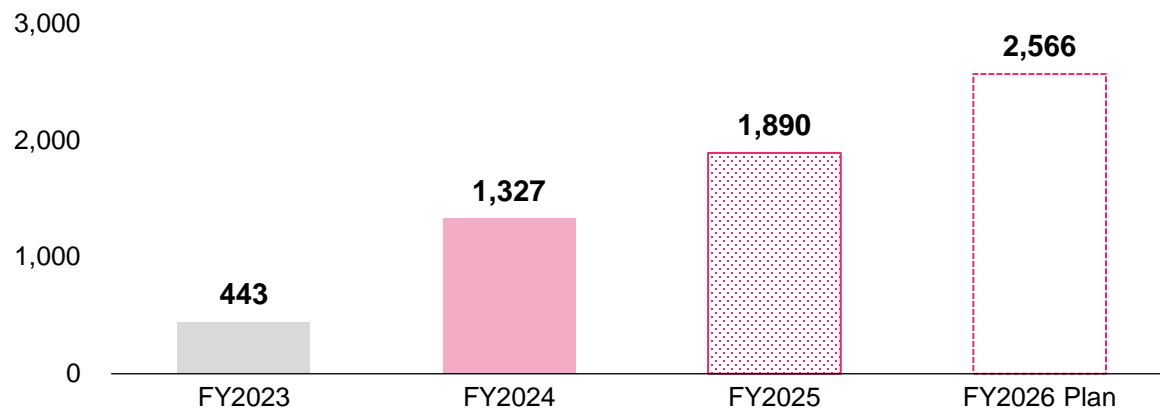
- Orders would decrease as we will focus on large-scale carried-over construction projects.
- Net sales and operating profit are expected to decline after the completion of highly profitable large-scale construction projects.



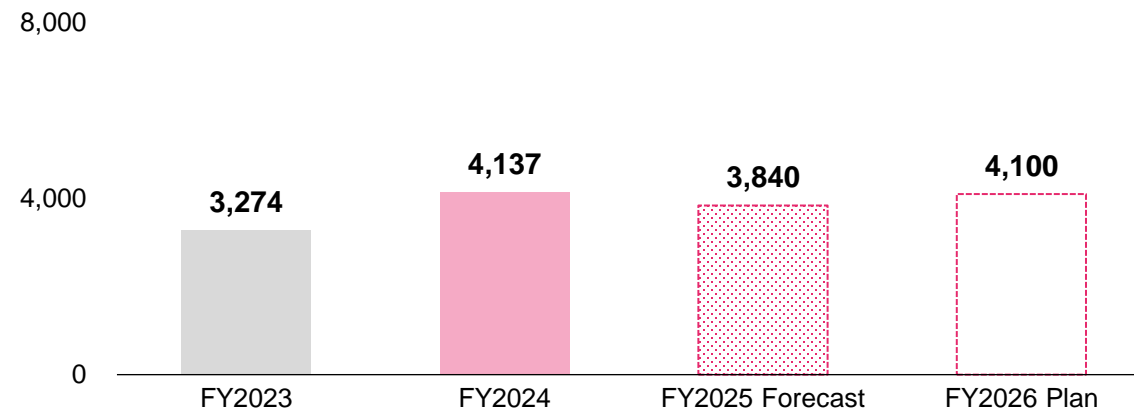
(Unit: million yen)

**Backlog**

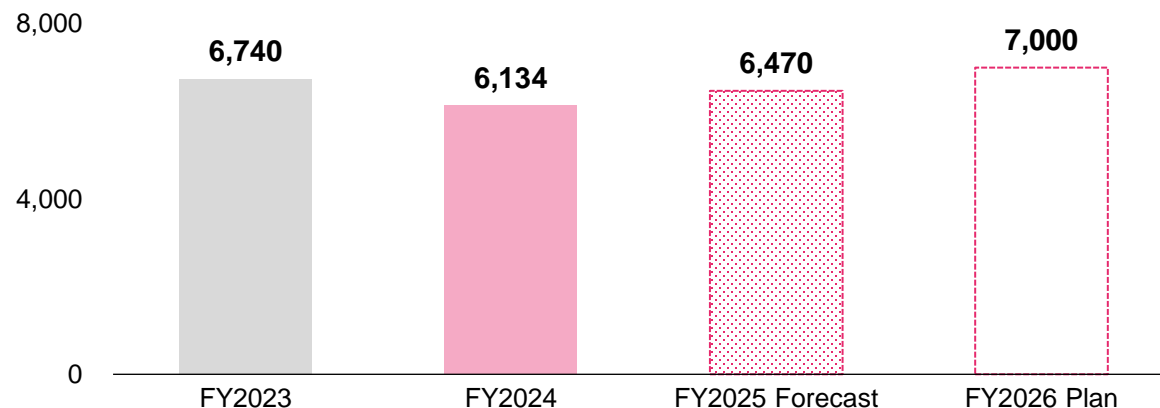
Compared to FY2024: +¥0.5 bn

**Orders**

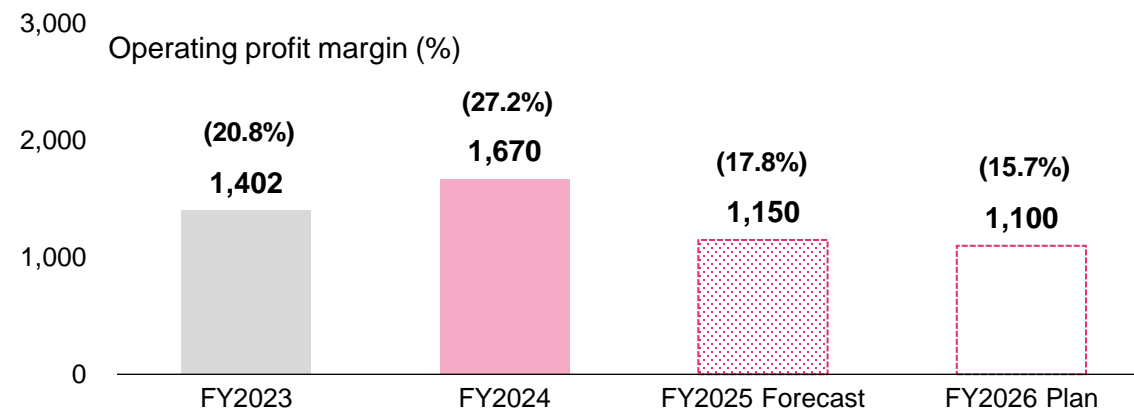
Compared to FY2024: -¥0.2 bn

**Net sales**

Compared to FY2024: +¥0.3 bn

**Operating profit**

Compared to FY2024: -¥0.5 bn

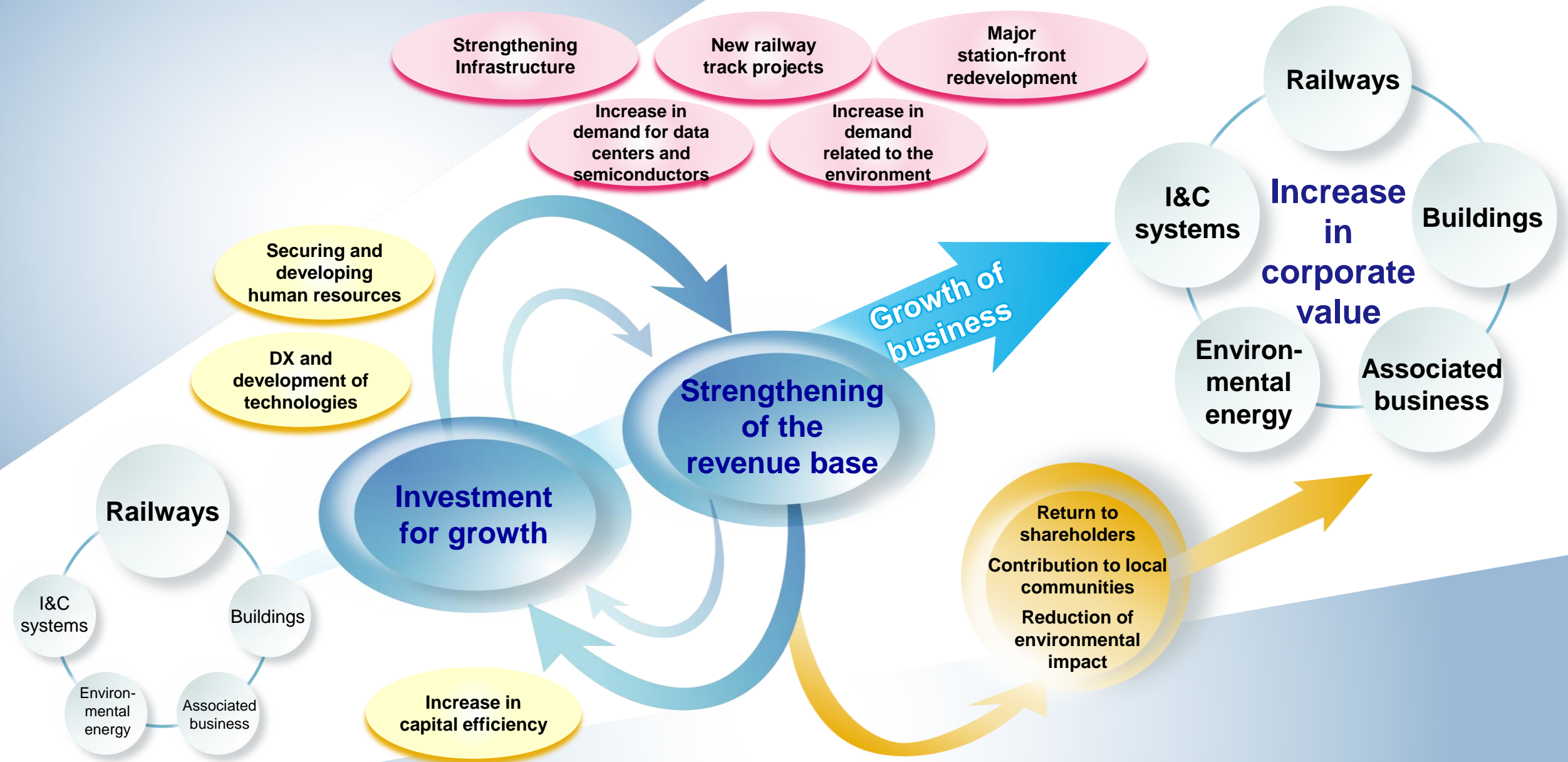


- Net sales would increase due to revenue contributions from two rental apartment buildings opened in FY2024.
- Operating profit is expected to decline due to the termination of software development by group companies.

4

Revision of NIPPON DENSETSU Three-year Management Plan 2024 and Future Efforts







Vision for FY2031 (the 90th Term)

NDK Vision90

With pride and responsibility as a leading company in the field of construction of electrified railway equipment, we aim to become a **comprehensive infrastructure facilities construction company** by expanding our business in construction segments of electrical facilities for buildings, information and communication systems, and environmental energy.



Balance the proportions of business segments

Expand construction segments of electrical facilities for buildings, information and communication systems, and environmental energy

Strengthen the revenue base by further solidifying relationships with regular customers



Secure orders from JR East and other JR companies



Increase orders from regular customers, including station buildings and schools



Secure orders from the mobile field and increase orders from the network field



Increase business with public and private railways nationwide to expand the market presence



Participate in large-scale development projects nationwide



Nationwide expansion of the infrastructure sharing business



Expand business nationwide in the fields of air conditioning and sanitation, ZEB, and energy creation



Enter new businesses (metal recycling business and local communities-related business)

Creation of New Businesses
Expansion of Business Areas



Expected to achieve one year
ahead of schedule (plan revised)

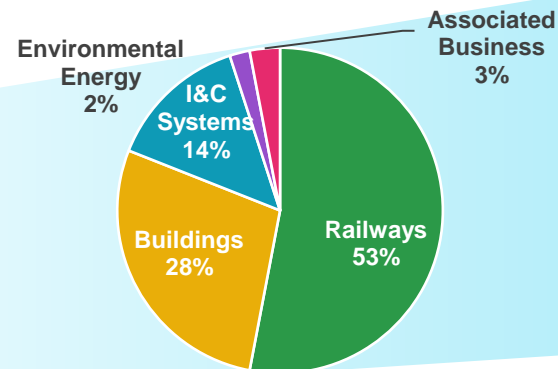
Medium-term management plan that will
provide a toehold for NDK Vision90

NIPPON DENSETSU

Three-year Management Plan 2024
FY2024–2026 (83rd to 85th terms)

FY2026

Net sales **¥238.0 bn***
Operating profit **¥18.4 bn***
ROE **8%**
Market capitalization **¥200.0 bn**



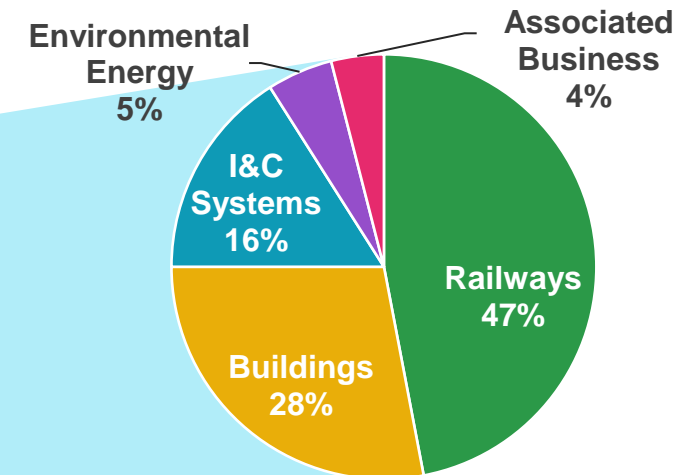
Sow the seeds for revenue expansion

* Before revision: Net sales ¥221.5 bn, Operating profit ¥15.3 bn

NDK Vision90 FY2031 (90th term)

FY2031

Net sales **¥260.0 bn**
Operating profit **¥20.0 bn**
ROE **10% or more**
Market capitalization **¥230.0 bn**

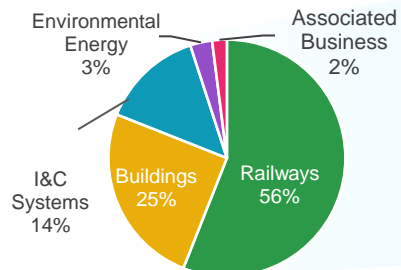


Expand the existing revenue base
and monetize new domains

NIPPON DENSETSU Three-year Management Plan 2021 FY2021–2023 (80th to 82nd terms)

FY2023

Net sales **¥194.0 bn**
Operating profit **¥13.4 bn**
ROE **5.5%**
Market capitalization **¥125.7 bn**





Construction of Electrified Railway Equipment

Strengthen the revenue base
Expand the business domain

- ▶ Increase orders from JR East and other JR companies
- ▶ Strengthen relationships with regular customers in the public and private railway sector, start business with new customers and in new industries

Assessment of the current status

- Exceed expectations for project and maintenance Construction orders due to the expansion of capital investment of JR East
Expect this environment to consist in near term
- Leverage past achievements in existing industries to expand entry into other industries in private railway construction
Increase orders with high volume of inquiries

Future efforts

- Continue to request JR East to raise order unit prices and railway companies to smooth out the timing of construction orders
- Build construction systems to further increase orders and secure human resources in partner companies

FY2024 Results (Billion yen)

Orders	Net sales	Operating profit
120.1	117.1	8.98

FY2026 Plan (after revision)

Orders	Net sales	Operating profit
123.6	126.4	9.7



Construction of Electrical Facilities for Buildings

Strengthen the revenue base
Expand the business domain

- ▶ Expand the revenue base by strengthening relationships with regular customers
- ▶ Participate in large-scale projects nationwide and enter fields that will serve as a future revenue base

Assessment of the current status

- Improve profit margins by encouraging clients' understanding of pricing and by strengthening selective order taking focusing on profitability
- Receive multiple large-scale renewal works by proposing aging equipment renewal focusing on past projects

Future efforts

- Secure orders from regular customers, etc. and ensure selective order taking
- Strategically develop new customers for strengthening the revenue base in a highly competitive environment
- Strengthen proposal-based sales for facilities diagnostics and equipment renewal focusing on past projects

FY2024 Results (Billion yen)

Orders	Net sales	Operating profit
58.8	60.0	4.26

FY2026 Plan (after revision)

Orders	Net sales	Operating profit
68.8	65.8	4.7



Construction of Information and Communication Systems

Strengthen the revenue base
Expand the business domain

- ▶ Increase orders for network and mobile construction
- ▶ Increase revenue from infrastructure sharing business and monitoring and operation services

Assessment of the current status

- Receive large-scale highway network projects valued at over ¥2.0 billion
- Expand the infrastructure sharing business to other areas in town.
- Receive orders for TAKAMATSU ORUNE (infrastructure sharing) and IR Ishikawa Railway (network) under the monitoring and operating services

Future efforts

- Focus on securing orders for large-scale network projects
- Secure orders for infrastructure sharing business and optical fiber leasing business
- Nationwide expansion of monitoring and operation services

* Infrastructure sharing business

- Infrastructure sharing (network sharing by mobile telecommunications carriers)
- Optical fiber leasing (leasing high-quality optical fiber lines along railway tracks)

FY2024 Results (Billion yen)

Orders	Net sales	Operating profit
33.8	28.1	2.32

FY2026 Plan (after revision)

Orders	Net sales	Operating profit
31.6	34.1	2.6



Construction for environmental energy

Expand the business domain

- ▶ Increase orders for new and renovated ZEBs, increase orders for construction for energy generation projects
- ▶ Strengthen toward nationwide business expansion in the fields of construction for air conditioning and sanitation

Assessment of the current status

- Expand sales with expertise in renovating our buildings into ZEB and know-how of ZEB planners
- Undertake survey and design for construction of wind power generation and grid-scale storage battery stations, as well as receive two power plant construction works
- Receive the order for combined electric, air conditioning, and sanitation work for Harajuku Station Old Station Building Site Development

Future efforts

- Increase orders for construction of wind power generation and grid-scale storage battery stations through early entry from the design stage
- Aim for increasing orders in Tohoku and Western Japan areas towards nationwide expansion of air conditioning and sanitation construction

FY2024 Results (Billion yen)

Orders	Net sales	Operating profit
6.7	5.3	0.68

FY2026 Plan (after revision)

Orders	Net sales	Operating profit
6.0	4.7	0.3



Associated
business

Expand
the business
domain

- ▶ Reduce environmental impact and contribute to local communities
- ▶ Develop new businesses and strengthen the real estate business

Assessment of the current status

- Completion of rental apartments, Lotus Ueno Ikenohata and Lotus Shizuoka
- Proceed with demolition to rebuild Lotus Shimokitazawa as the Company's first ZEH rental apartment (scheduled for completion in May 2026)

Future efforts

- Gather information on real estate investment projects and consider use of owned land for monetization (Okayama Business Office, etc.)
- Enter into the metal recycling business closely aligned with our core businesses

FY2024 Results

(Billion yen)

Orders	Net sales	Operating profit
4.1	6.1	1.67

FY2026 Plan (after revision)

Orders	Net sales	Operating profit
4.1	7.0	1.1



Secure Human Resources

Targets for FY2031: Increase the number of construction workers by 20% compared to FY2023

Number of construction workers (*)

* Construction workers refer to those directly involved in supervising construction works on-site

FY2023	FY2024	% Change
1,325	1,333	+0.6%

Expand the target for new graduates and mid-career recruitment

Assessment of the current status

Number of new graduate hires (joined the Company in April 2025)

Plan: 110 Results: 93 (compared to the previous fiscal year: ±0)

Number of mid-career hires (results for FY2024)

Plan: 20 Results: 13 (compared to the previous fiscal year: +7)

- Resulted in the hiring of 93 new graduates (among them, 11 were liberal arts students for technical positions) through initiatives, such as the active recruitment of liberal arts students for technical positions and the increased number of site tours

- Reached 13 mid-career hires (among them, three were inexperienced) by expanding mid-career recruitment methods and hiring inexperienced individuals

Future efforts

Number of new graduate hires (to be joined the Company in April 2026)

Plan: 120

Number of mid-career hires (plan for FY2025)

Plan: 26

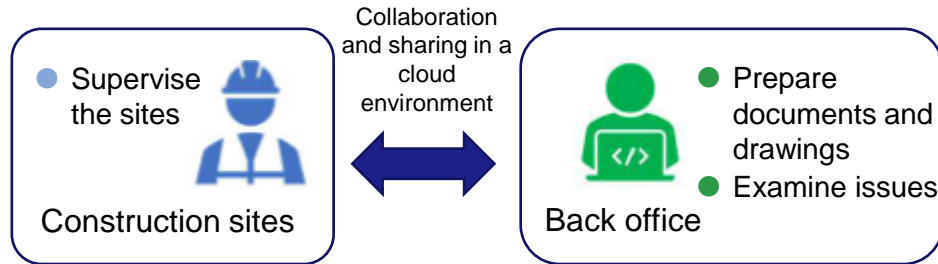
- Enhance the hiring of liberal arts students for technical positions and mid-career recruitment of inexperienced individuals
- Conduct recruitment for high school graduates
- Strengthen relationships with schools through the use of recruiters and build an applicant pool

Strengthen Construction Systems



Increase productivity through the increased efficiency of on-site operations

- Strengthen the systems to support construction sites by the back office



- ▶ Streamline and smooth out operations
- ▶ Reduce the burden on on-site operations and increase productivity



Improve construction capabilities by strengthening the systems of partner companies

- Support recruitment activities, including creating websites and hiring foreign workers
- Strengthen safety training at the practical training facilities of Chuo Gakuen



Assessment of the current status

- Well-established support from the back office, contributing to smoothing out operations for on-site personnel and increasing productivity

Net sales per construction worker increased year on year (non-consolidated)
FY2024: ¥131 million
FY2023: ¥118 million

Future efforts

- Expand operations that can be outsourced to the back office
- Expand back-office operations nationwide and implement remote support from the Tokyo area to across the country

Assessment of the current status

- Providing educational support aimed at enhancing construction capabilities of partner companies and recruitment support to secure human resources

- Providing support in recruitment of foreign nationals under the Specified Skilled Worker program for partner companies (plan to hire two at a group company in FY2025)

Future efforts

- Consider new support services tailored to meet needs of partner companies
- Newly create websites to support recruitment for partner companies (scheduled for first half of FY2025)
- Continue to support hiring foreign workers at partner companies



**FY2024–FY2031
Planned investment
for growth**

**Total
¥75.0 bn**

**FY2024 Result
Total investment
for growth
¥13.5 bn**

Human resources	<ul style="list-style-type: none"> Secure human resources through attractive performance-based remuneration Strengthen human resource development by various measures, including renewing and adding practical training facilities Improve the workplace environment
Productivity improvement	<ul style="list-style-type: none"> Develop and introduce new technologies Strengthen DX education and utilize generative AI Enhance safety and save labor through renewing construction vehicles and machinery
Business	<ul style="list-style-type: none"> Conduct M&As aimed at strengthening the construction systems and entering new businesses New businesses, such as metal recycling and infrastructure sharing Enhance support for partner companies in recruitment and business succession

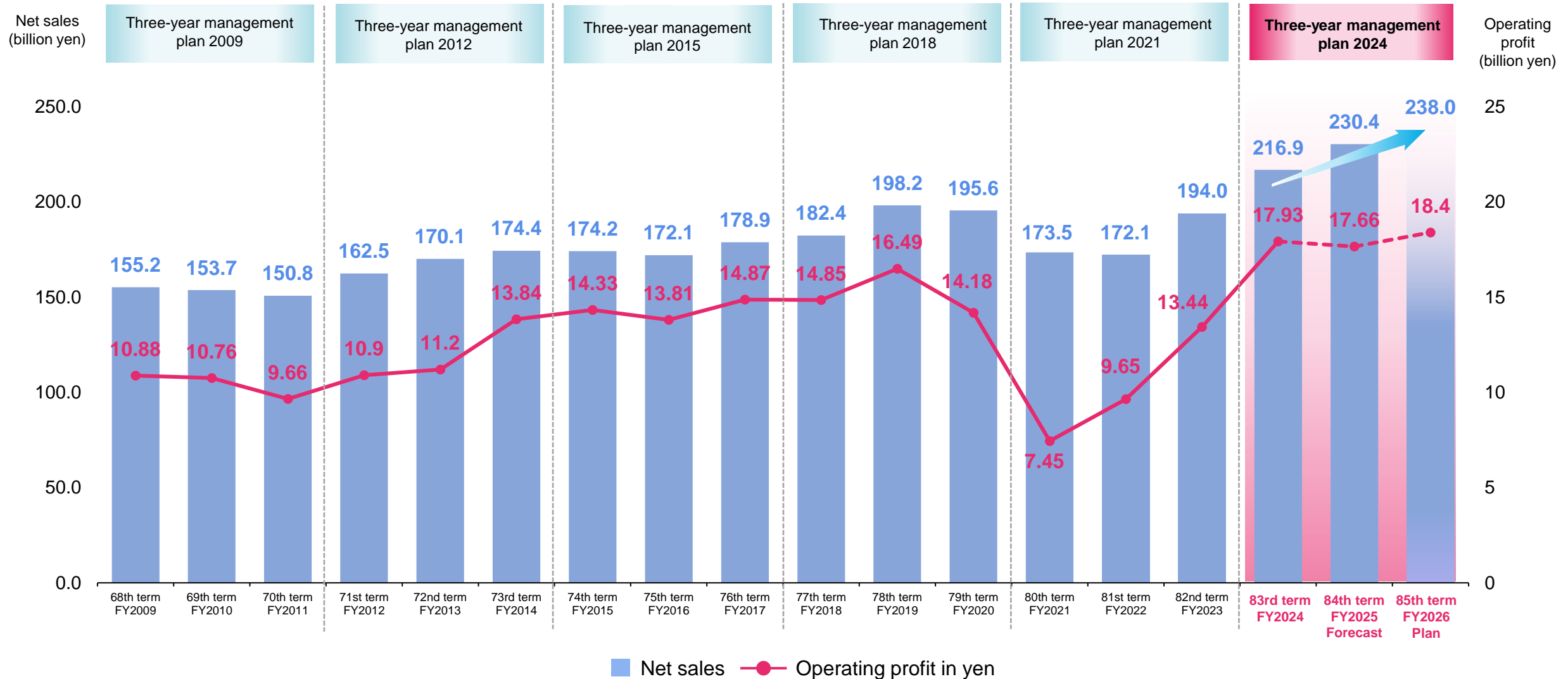
Human resources 17%
Productivity improvement 52%
Business 31%



Human resources ¥2.3 bn	<ul style="list-style-type: none"> Develop human resources, including Chuo Gakuen Improve performance-based remuneration stemming from an increase in base pay Establish facilities rooted in local environments
Productivity improvement ¥7.0 bn	<ul style="list-style-type: none"> Renew core business systems R&D of patented new methods and related technologies for railway electrification works (patent registered) Enhance safety and save labor through renewing construction vehicles and machinery
Business ¥4.2 bn	<ul style="list-style-type: none"> Provide support to partner companies in enhancing systems, including securing of human resources and business succession Construct two rental apartment buildings for income



Expand net sales and secure operating profit To grow sustainably



5

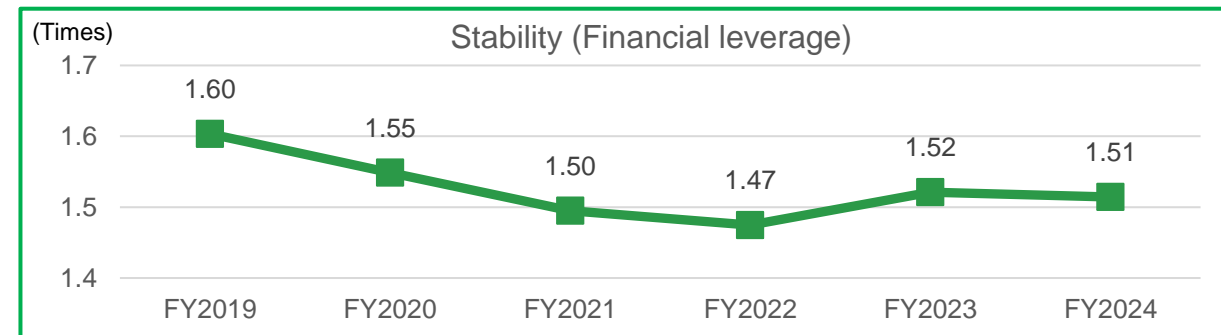
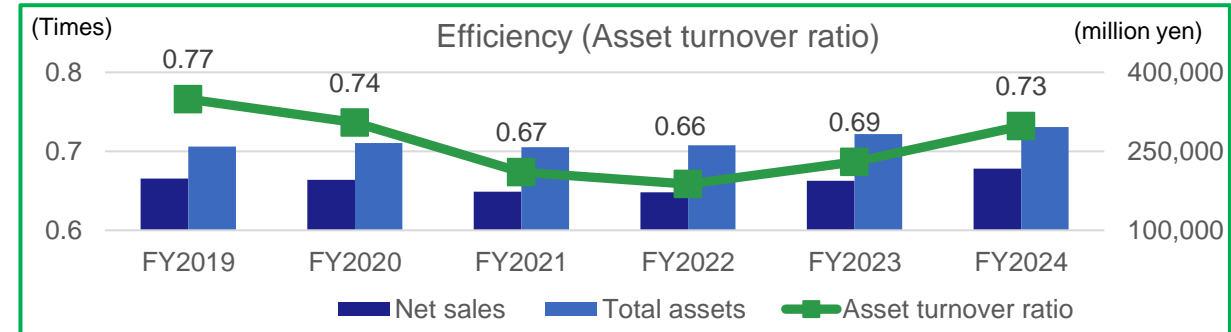
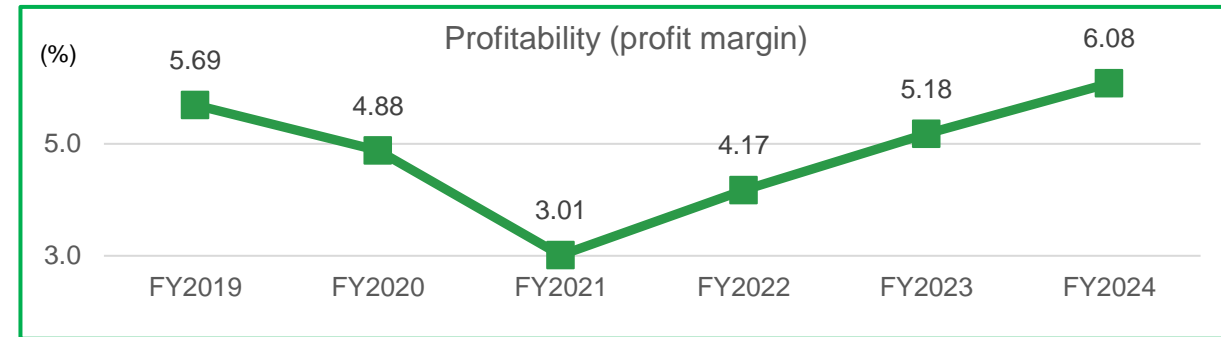
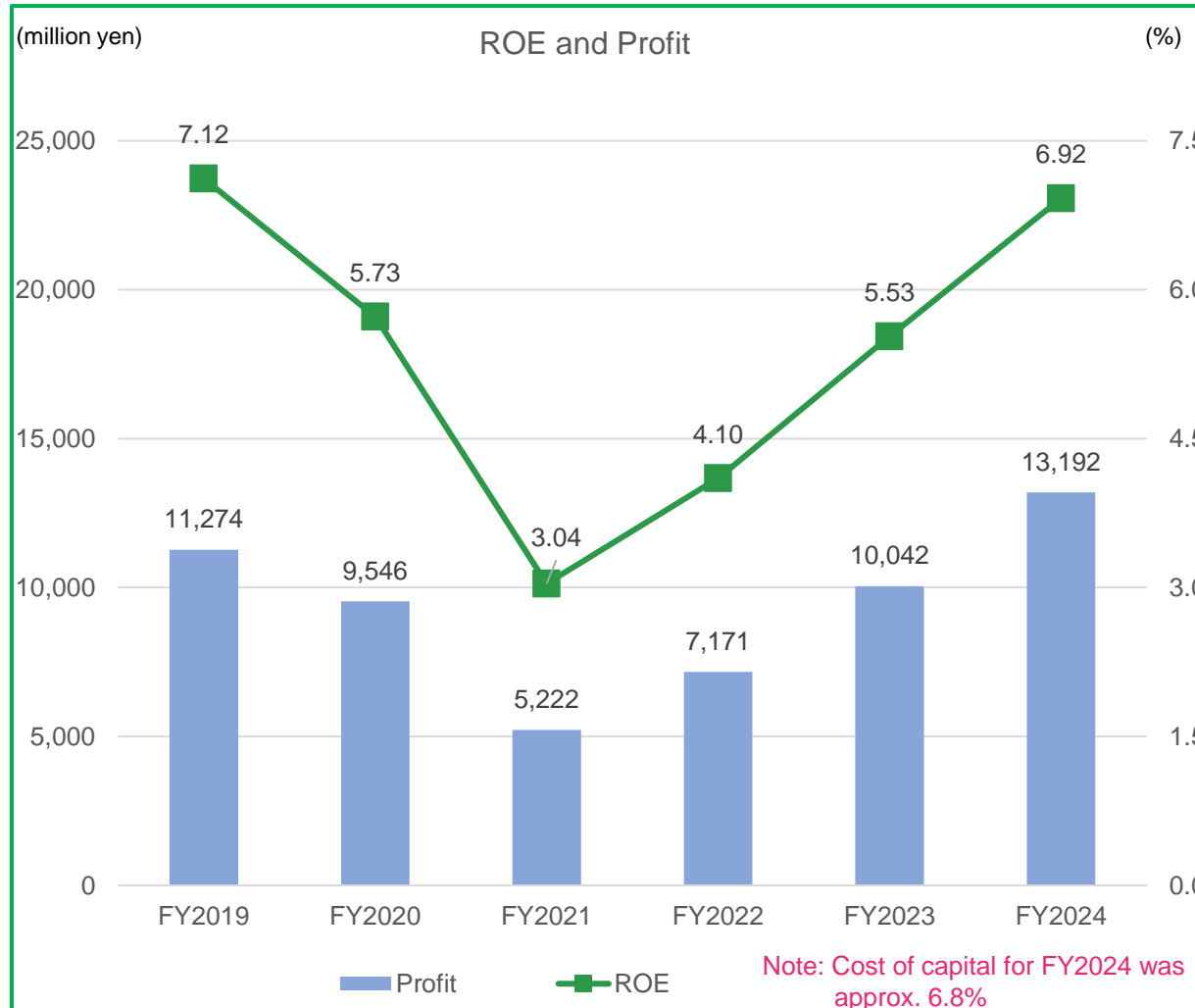
Implementing Management That is Conscious of Cost of Capital and Stock Price





Efforts toward enhancing capital efficiency

■ ROE has exceeded the estimated capital cost, reaching the pre-COVID levels, driven by improvements in profitability and efficiency along with revenue expansion and increased profits.



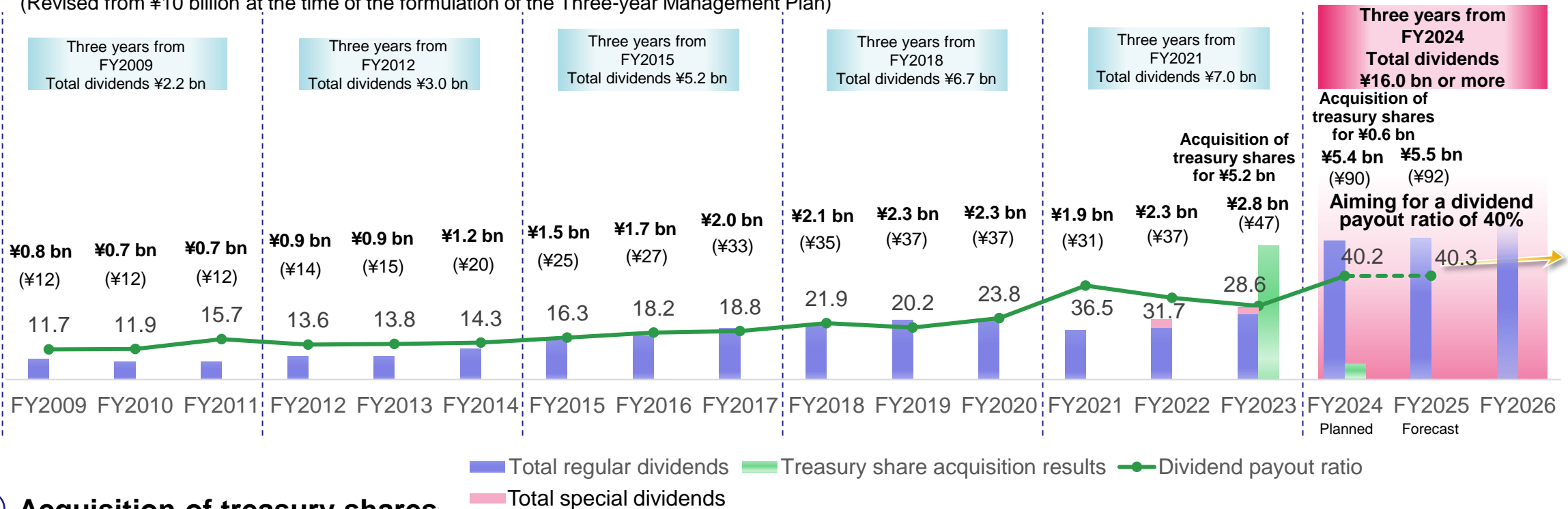


Toward Further Enhancing Capital Efficiency

Dividend policy

- We have introduced a dividend payout ratio as a new metric to clarify our commitment to returning profit (aiming for 40%).
- We expect the total amount of dividends to be ¥16.0 billion or more during the period of the Three-year Management Plan (FY2024–FY2026).

(Revised from ¥10 billion at the time of the formulation of the Three-year Management Plan)



Acquisition of treasury shares

- We have acquired treasury shares with the aim of improving capital efficiency and enhancing return to shareholders.

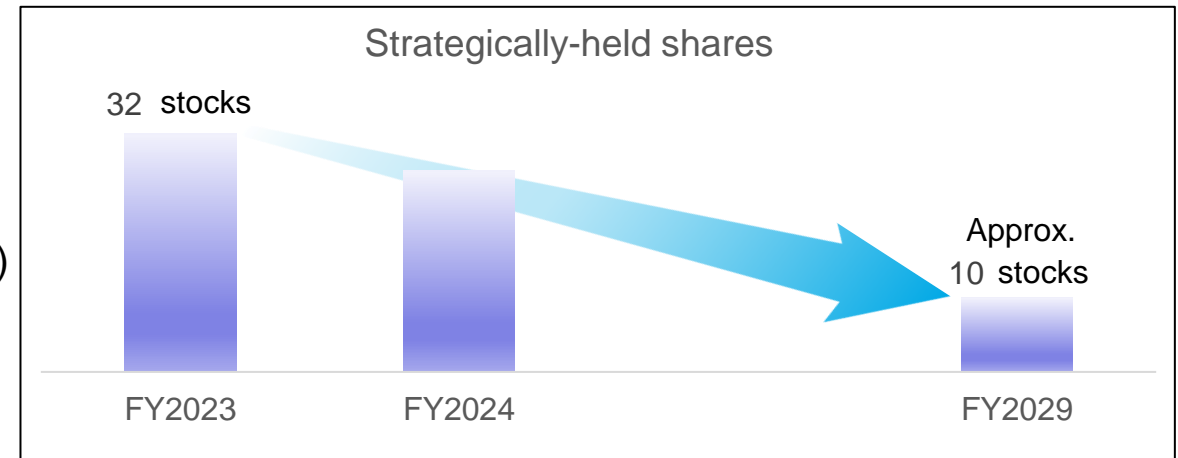
(Announced on February 12, 2025: Upper limit for share acquisition: 600,000 shares (¥1.4 billion), Ratio to total number of shares issued and outstanding (excluding treasury shares): 1.02%)

- ✓ Results of the acquisition as of FY2024: 300,000 shares (approx. ¥0.6 billion)
- We consider and implement additional acquisition of treasury shares.

Toward Further Enhancing Capital Efficiency

Reduce strategically-held shares

- Accelerate reduction of strategically-held shares and strengthen balance sheet streamlining
 - ✓ 70% reduction by FY2029 (compared to FY2023)
(Initial plan) 50% reduction by FY2031 (compared to FY2023)
- Cash generated from the sale is allocated to growth investments, shareholder returns, and other initiatives.



Toward Further Enhancing Profitability

- Based on the solid revenue base we have established, we will make growth investments in areas of human resources, productivity improvement, and business.
- We balance the proportions of business segments by capturing business opportunities in growth areas.
- We aim to strengthen our corporate structure by increasing the scales of our businesses and diversifying risks.

Strengthen the revenue base and expand business areas

- Expect to achieve the medium-term management plan ahead of schedule, thanks to abundant construction work in hand due to strong orders and improved profitability
- Increase productivity through support for construction sites by the back office and enhancement of relationships with partner companies and further improve profitability
- Enter the metal recycling business as a new business area, and expand telecommunications business (infrastructure sharing business, optical fiber leasing business)
- Conduct strategic M&As aimed at strengthening the construction systems and entering new businesses

Please note that the forecast figures presented in this document were prepared based on the information available to the Company at the time they were prepared, and actual results may differ from the forecasts in the document due to fluctuation of the levels of various risks and uncertainties and changes in economic conditions, among other factors, in future.



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