

Briefing on the Financial Results for Q2 of FY2025 (the Six Months Ended September 30, 2025)

November 14, 2025

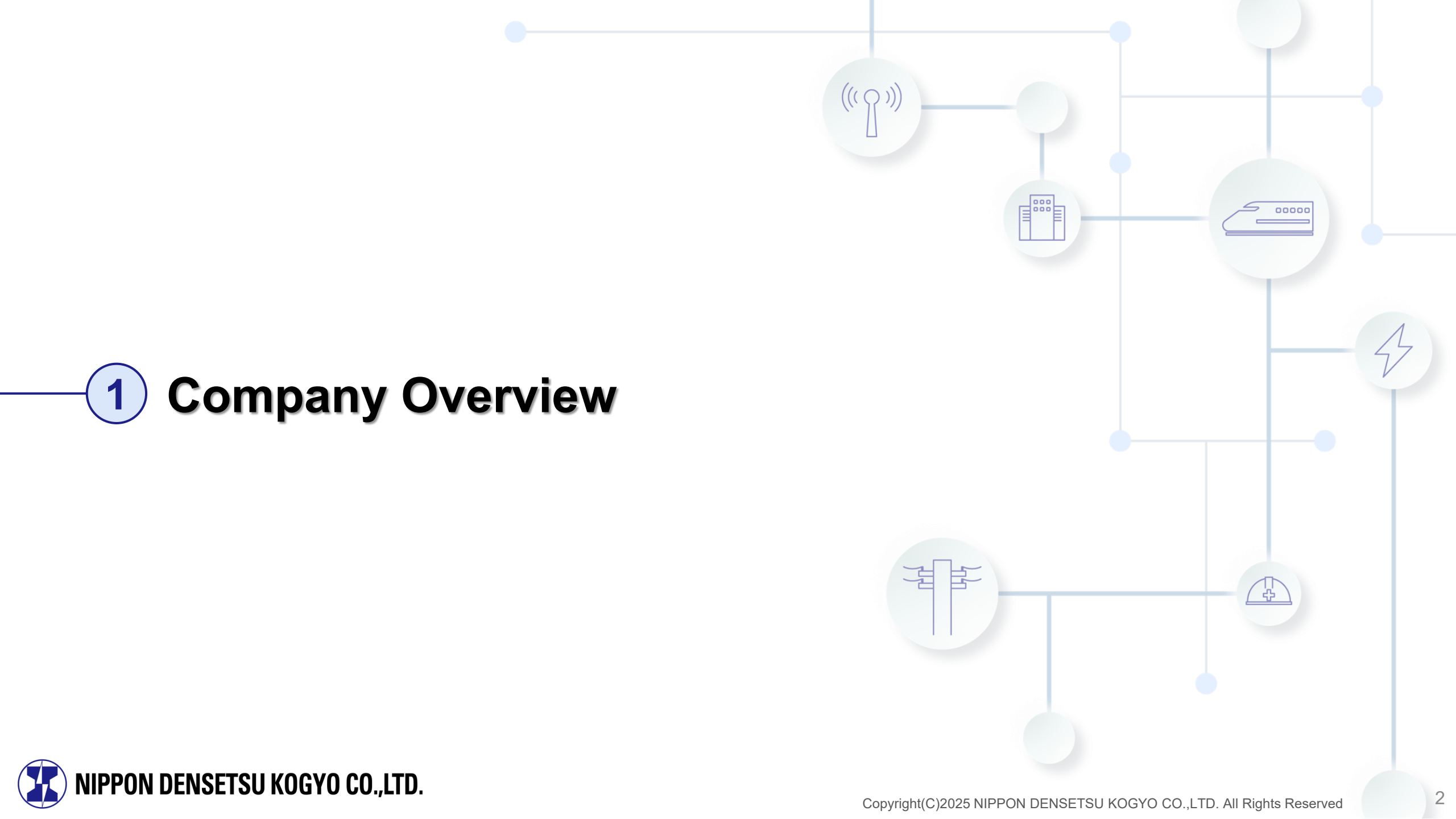
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NIPPON DENSETSU KOGYO CO.,LTD.



- 1 **Company Overview**
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- 3 **Financial Results Forecast FY2025 (Consolidated)**
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- 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

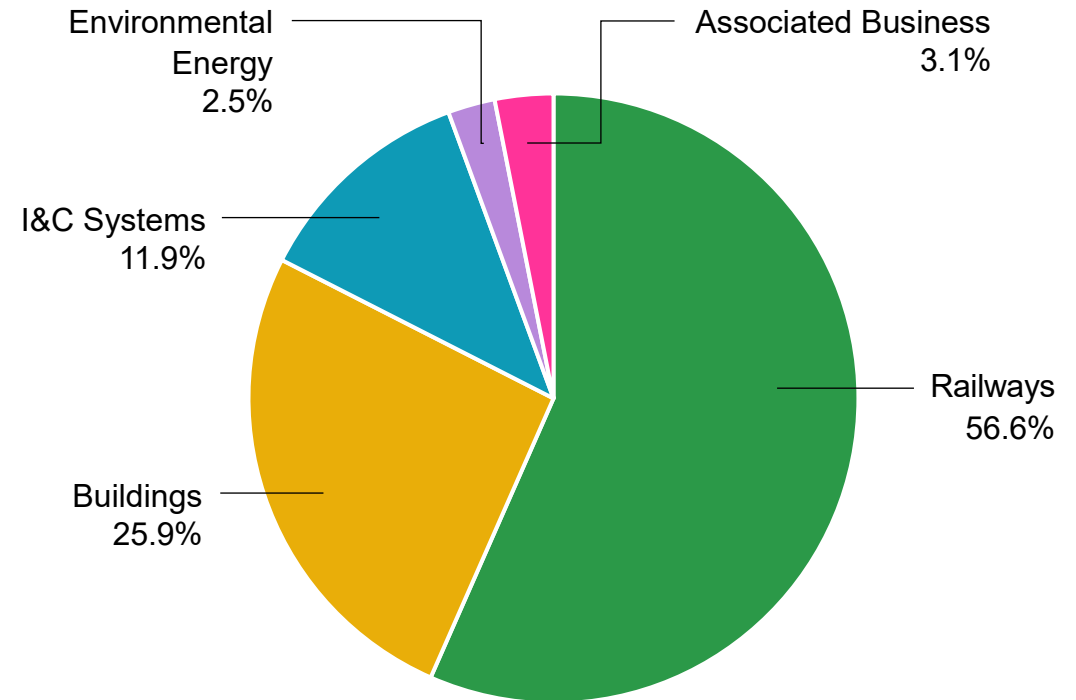
Nationwide business operations

Net sales composition by segment (¥)

(Unit: million yen)

Segment	Q2 of FY2025 Net sales	Including net sales to JR East
Railways	44,370	35,242
Buildings	20,310	198
I&C Systems	9,323	4,552
Environmental Energy*	1,991	44
Associated Business*	2,423	126
Total	78,419	40,165 (51.2%)

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 had been included in Buildings (Construction of electrical facilities for buildings) until FY2023 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.

2

Financial Results Overview Q2 of FY2025 (Consolidated)





Key Points in the Financial Results

- Capital investment by railway companies showed an increasing trend. With continued private-sector demand, including from data centers, we maintained a high level of orders.
- We posted increases in net sales and operating profit due to abundant construction work in hand.
- Reflecting the expansion of the scope of application of the percentage of completion method, net sales and operating profit increased by ¥2.8 billion and ¥1.6 billion, respectively.
- With backlog carried over to next half setting a new record high, we maintained a high level of construction work in hand.

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

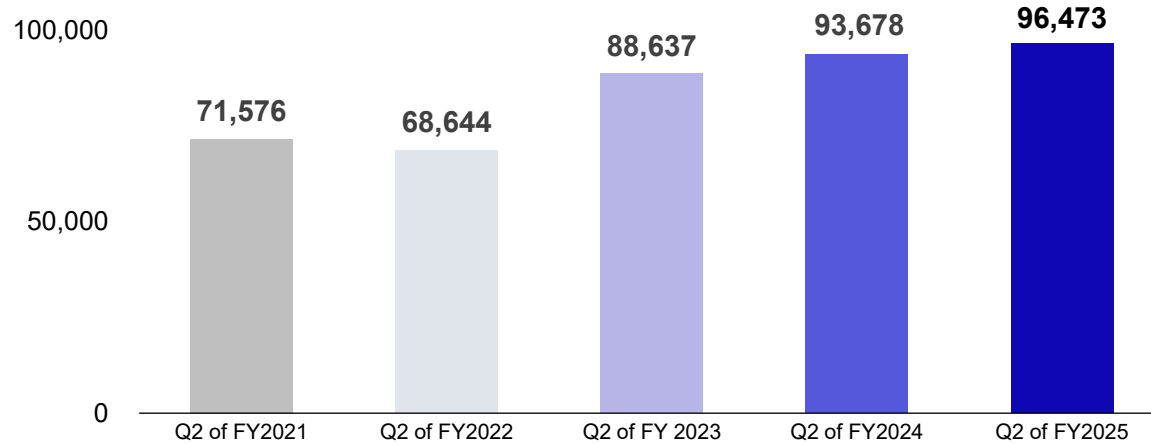
	Q2 of FY2024 Results (A)		Q2 of FY2025 Results (B)		Year-on-Year Change (B-A)	
Backlog at beginning of period	173,719		183,075		9,355	5.4%
Orders	93,678		96,473		2,795	3.0%
Net sales	75,625		78,419		2,793	3.7%
Gross profit	7,629	(10.1%)	10,405	(13.3%)	2,775	36.4%
SG&A	7,290	(9.6%)	7,683	(9.8%)	392	5.4%
Operating profit	338	(0.4%)	2,721	(3.5%)	2,382	703.0%
Non-operating income and expenses	699	(0.9%)	885	(1.1%)	186	26.7%
Ordinary profit	1,038	(1.4%)	3,607	(4.6%)	2,569	247.5%
Extraordinary income and losses	-217	(-0.3%)	676	(0.9%)	894	—%
Profit attributable to owners of parent	284	(0.4%)	2,831	(3.6%)	2,547	895.2%
Backlog carried over to next half	192,772		202,241		9,468	4.9%



(Unit: million yen)

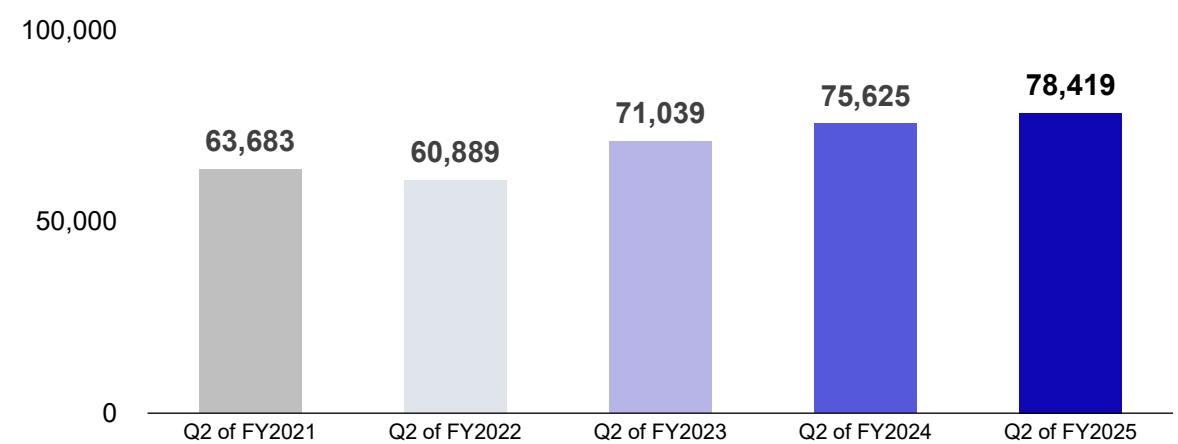
Orders

Compared to Q2 of FY2024: +¥2.7 bn



Net sales

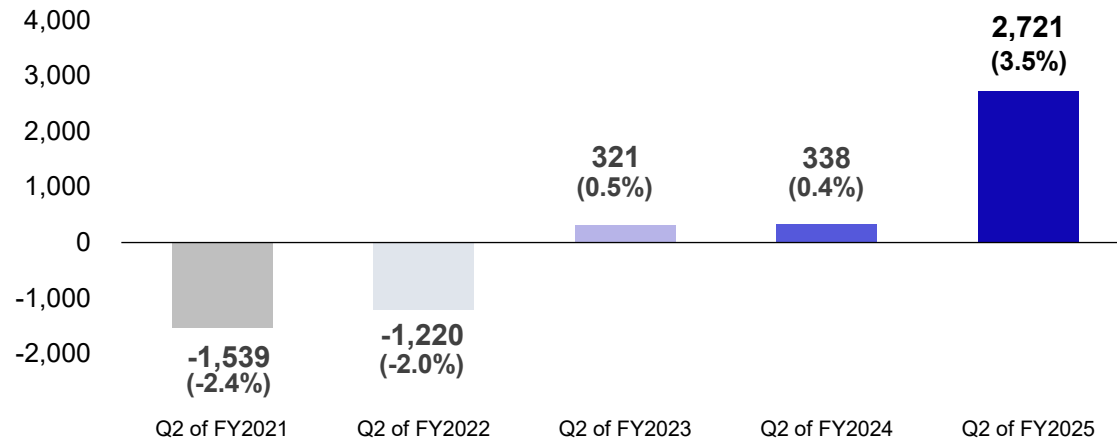
Compared to Q2 of FY2024: +¥2.7 bn



Operating profit

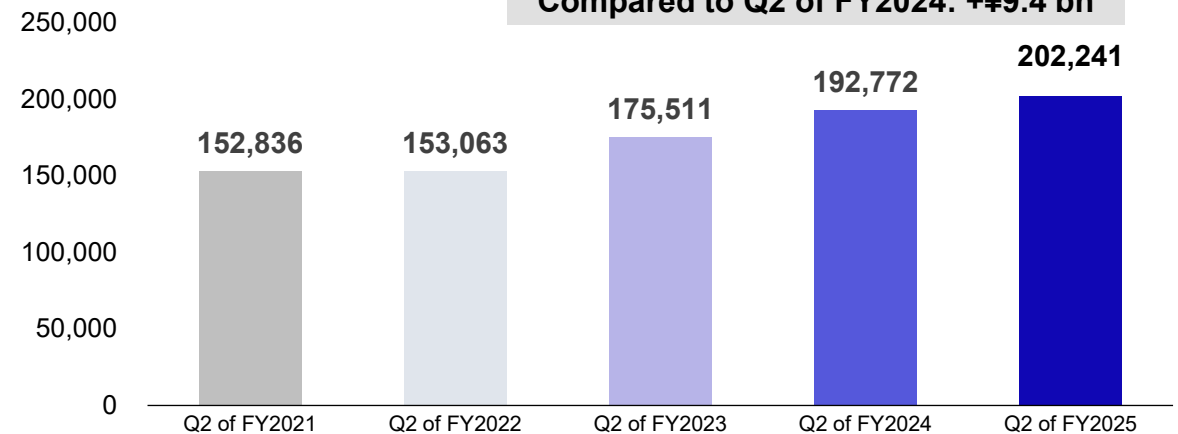
Compared to Q2 of FY2024: +¥2.3 bn

Operating profit margin (%)



Backlog carried over to next half

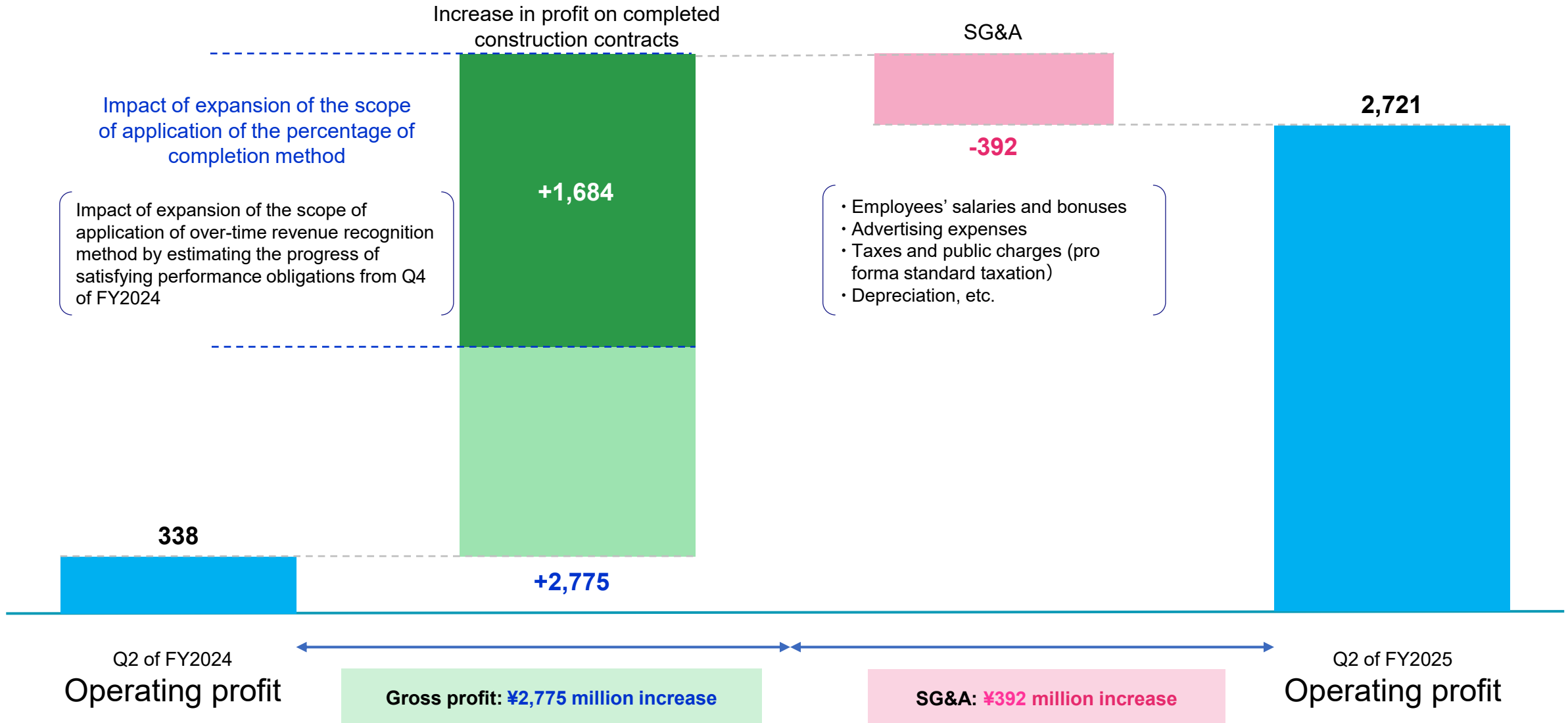
Compared to Q2 of FY2024: +¥9.4 bn





Factors for Changes in Operating Profit (Year on year)

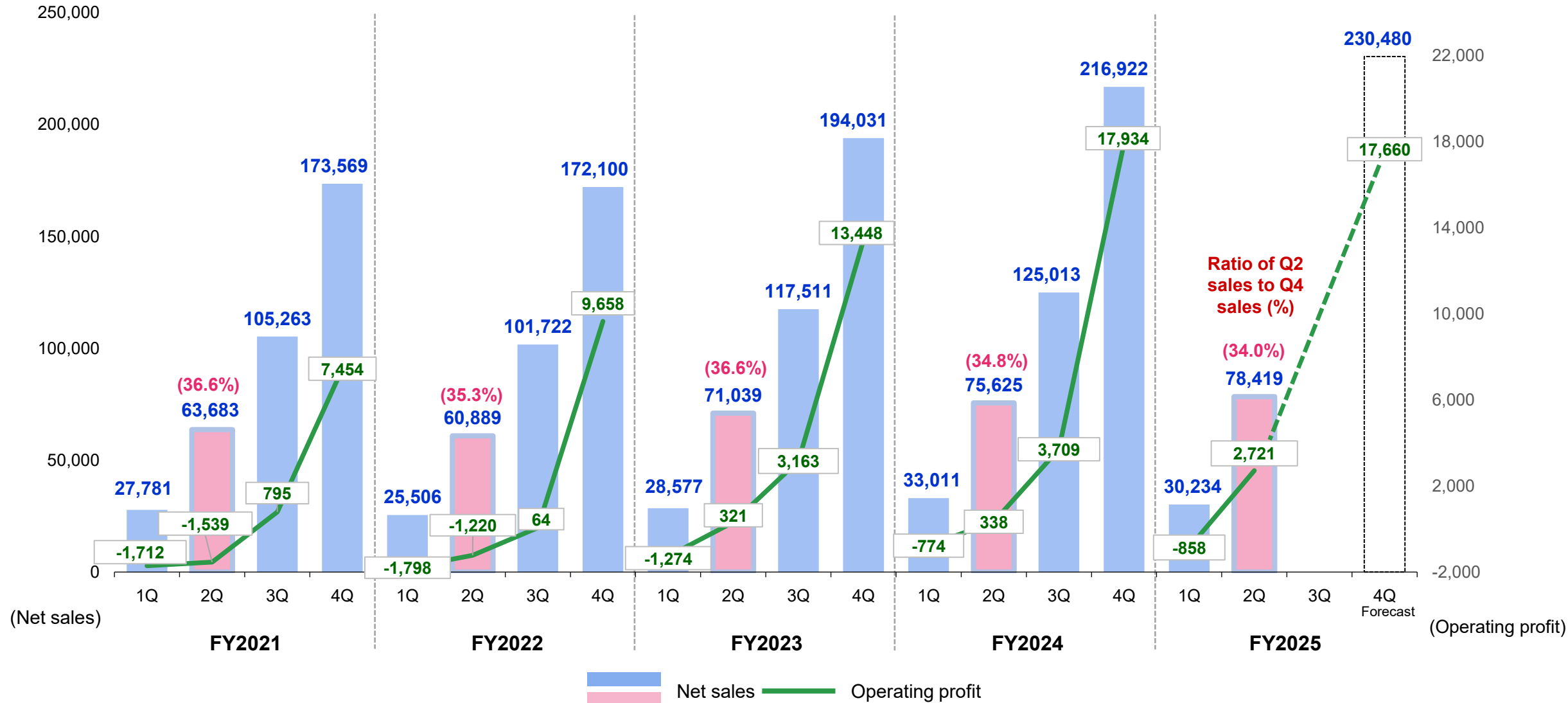
(Unit: million yen)





Trends in Quarterly Financial Results

(Unit: million yen)





Summary by Business Segment



Construction of Electrified Railway Equipment

- Orders from JR East and other JR companies remained strong.
- Orders from other private railway companies also maintained an upward trend.
- Both net sales and operating profit increased, with steady progress in construction work in hand, which was on an increasing trend.
- Operating profit margin failed to recover to the pre-COVID level, excluding the impact of expansion of the scope of application of the percentage of completion method.
- Backlog carried over to the next half continued to increase.



Construction of Electrical Facilities for Buildings

- We continued to take orders strategically, taking into account the volume of construction work in hand and profitability.
- We actively took orders in growth areas such as data centers.
- Net sales declined after the completion of large-scale construction projects in Q2 of FY2024, as well as due to delays in the progress of some large-scale construction projects.
- Operating profit increased due to the absence of unprofitable projects, which had occurred in Q2 of FY2024.
- Backlog carried over to the next half continued to increase.



Summary by Business Segment



Construction of Information and Communication Systems

- Orders decreased due to a reactionary decline following receiving an order for a large-scale network project in Q2 of FY2024.
- Both net sales and operating profit increased, with steady progress in construction work in hand along with contributions from large-scale construction.
- Backlog carried over to the next half remained at the same level as in Q2 of FY2024.



Construction for Environmental Energy

- Orders and backlog carried over to the next half decreased due to a reactionary decline following receiving an order for construction related to a large-scale wind power plant project in Q2 of FY2024.
- Although orders declined, the volume of construction work in hand remained at a high level.
- Projects received in Q2 of FY2024 advanced from the planning stage, leading to increases in both net sales and operating profit.

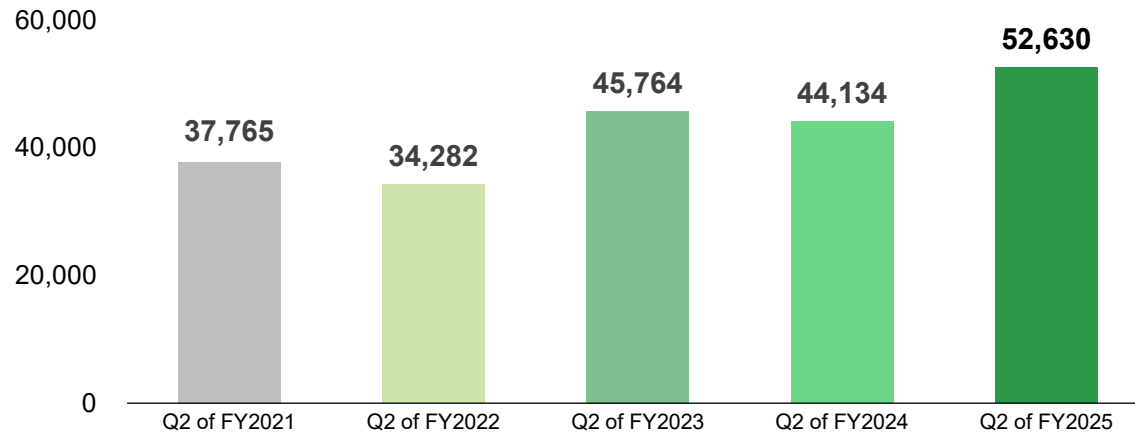
Financial Results for Construction of Electrified Railway Equipment Segment



(Unit: million yen)

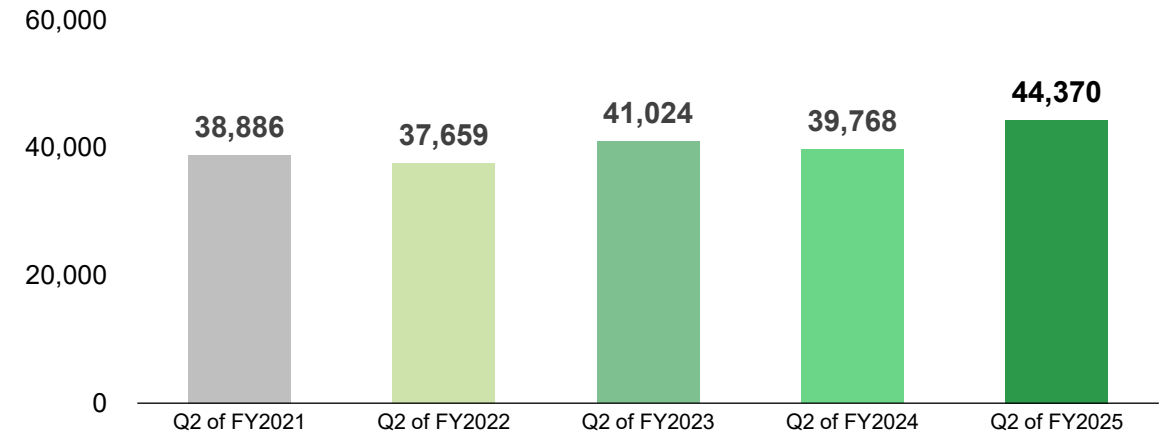
Orders

Compared to Q2 of FY2024: +¥8.4 bn



Net sales

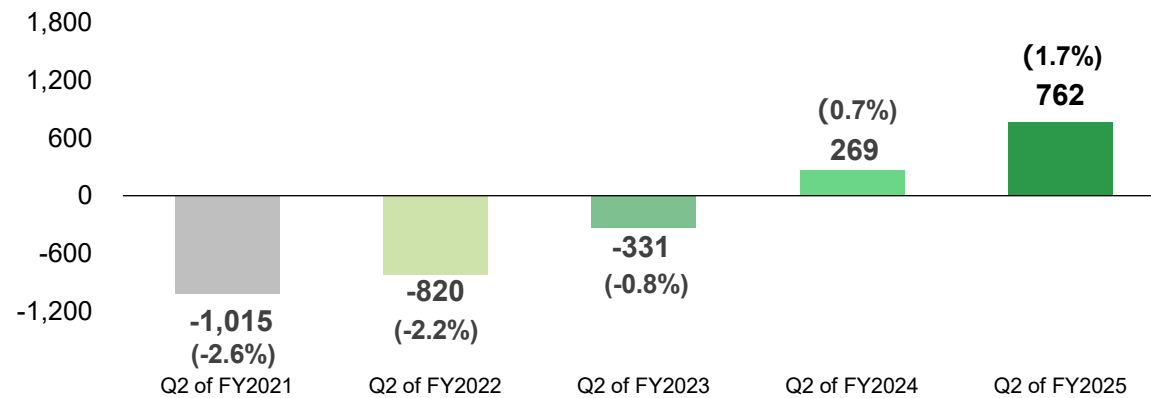
Compared to Q2 of FY2024: +¥4.6 bn



Operating profit

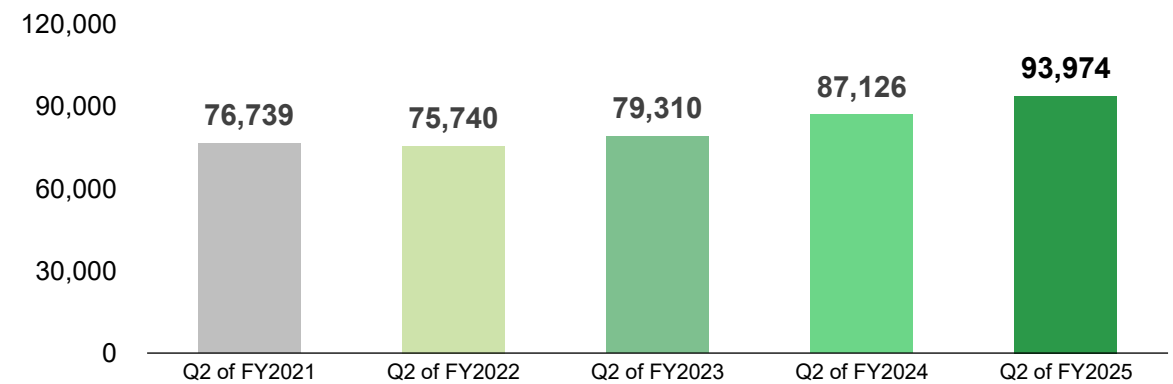
Compared to Q2 of FY2024: +¥0.4 bn

Operating profit margin (%)



Backlog carried over to next half

Compared to Q2 of FY2024: +¥6.8 bn



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



Orders and Net Sales (Disaggregated)

(Unit: billion yen)

JR		FY2022	FY2023	FY2024	FY2025
	Orders	20.7	29.2	26.4	32.7 (forecast)
		56.0	69.9	69.7	69.0
	Net sales	19.6	21.1	20.9	24.5 (forecast)
		54.4	58.7	66.3	70.3

Public railway companies JRTT		FY2022	FY2023	FY2024	FY2025
	Orders	1.4	1.0	0.4	1.7 (forecast)
		3.4	4.4	2.5	4.1
	Net sales	3.4	4.8	2.0	1.4 (forecast)
		9.6	9.3	5.6	3.7

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

Other private railway companies		FY2022	FY2023	FY2024	FY2025
	Orders	4.4	4.6	5.8	6.1 (forecast)
		8.0	8.4	11.4	10.1
	Net sales	2.7	2.6	2.5	3.6 (forecast)
		7.5	8.0	9.7	11.1

Total		FY2022	FY2023	FY2024	FY2025
	Orders	26.6	34.9	32.6	40.6 (forecast)
		67.5	82.8	83.7	83.3
	Net sales	25.8	28.6	25.5	29.6 (forecast)
		71.6	76.1	81.6	85.2

* Figures at the top: Q2 results; figures at the bottom: full-year results
(forecasts for FY2025)

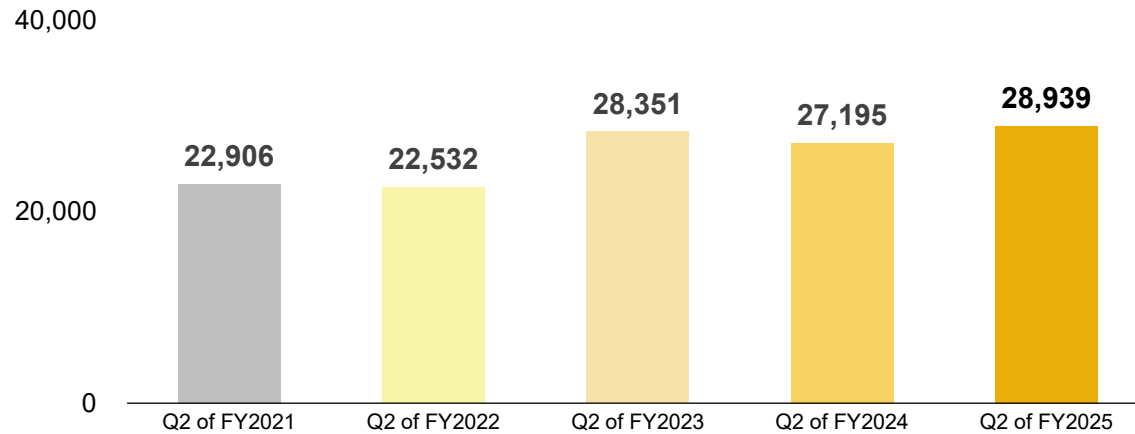
Financial Results for Construction of Electrical Facilities for Buildings Segment



(Unit: million yen)

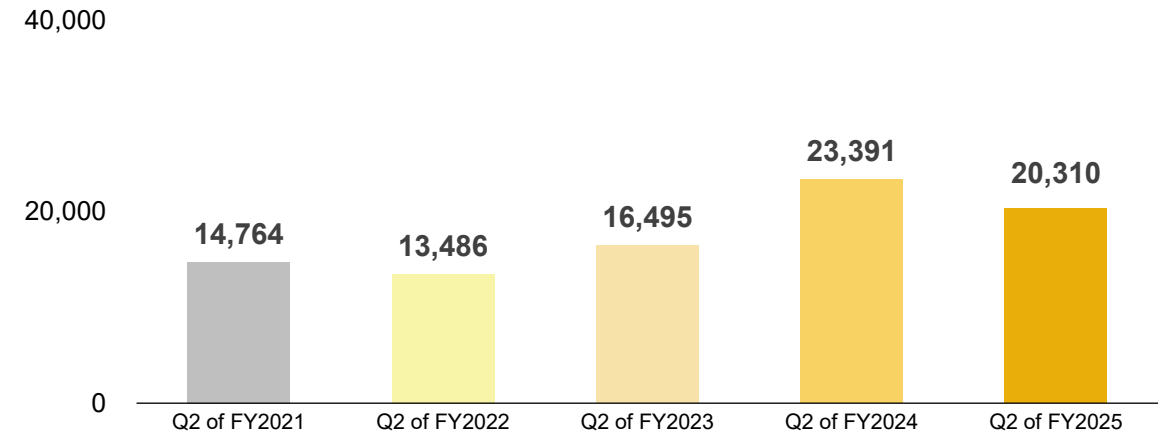
Orders

Compared to Q2 of FY2024: +¥1.7 bn



Net sales

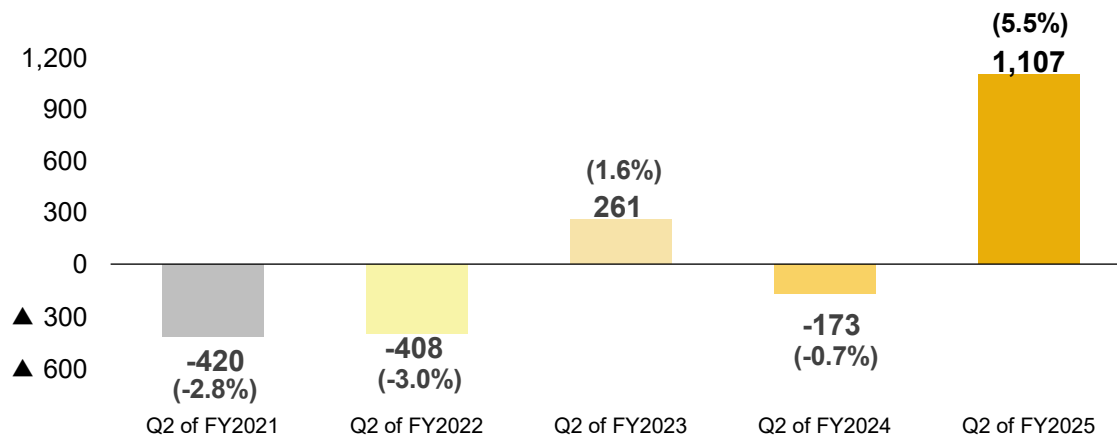
Compared to Q2 of FY2024: -¥3.0 bn



Operating profit

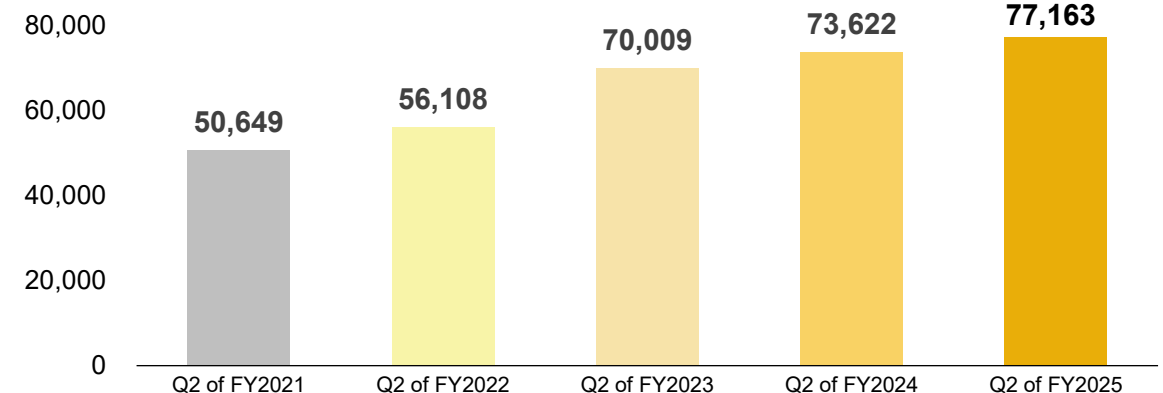
Compared to Q2 of FY2024: +¥1.2 bn

Operating profit margin (%)



Backlog carried over to next half

Compared to Q2 of FY2024: +¥3.5 bn



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

* Results for Q2 of FY2021 and FY2022, and backlog for Q2 of FY2023 include those for the construction for environmental energy segment.

Financial Results for Construction of Information and Communication Systems Segment

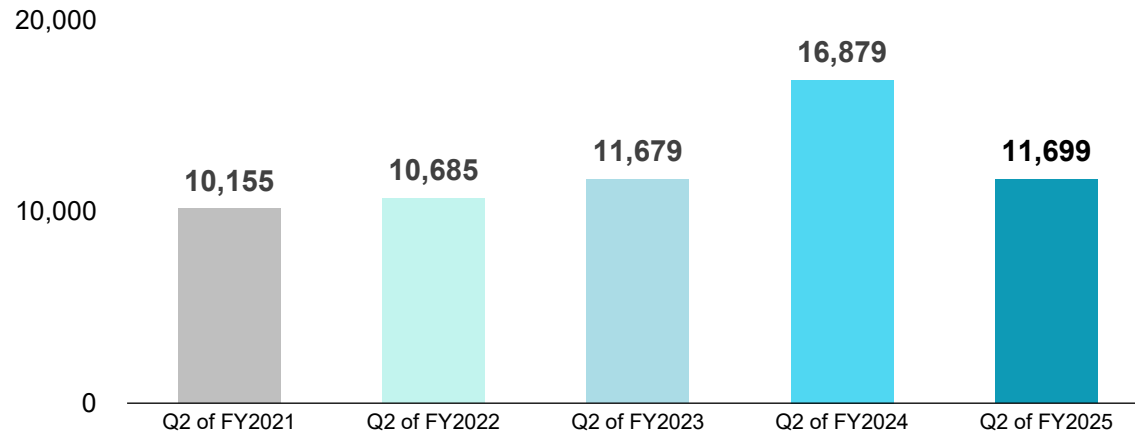


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

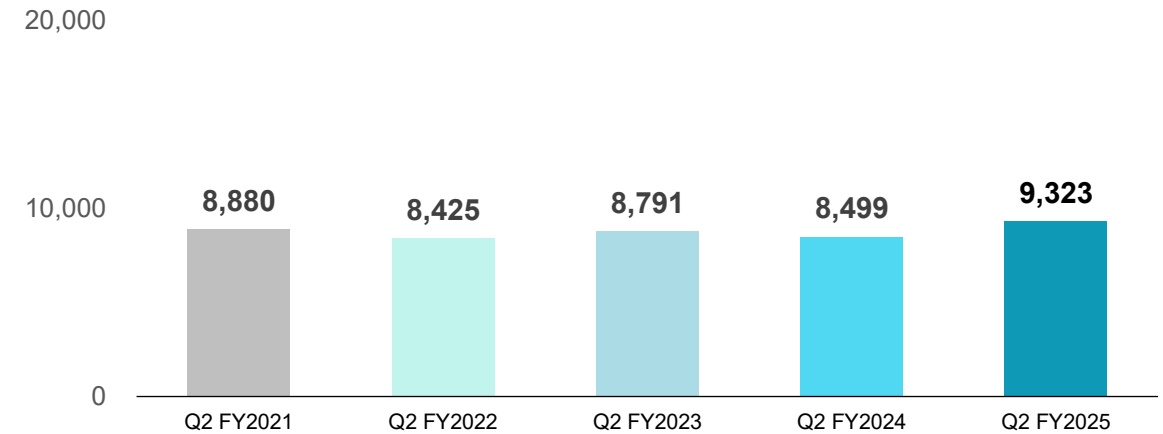
Orders

Compared to Q2 of FY2024: -¥5.1 bn



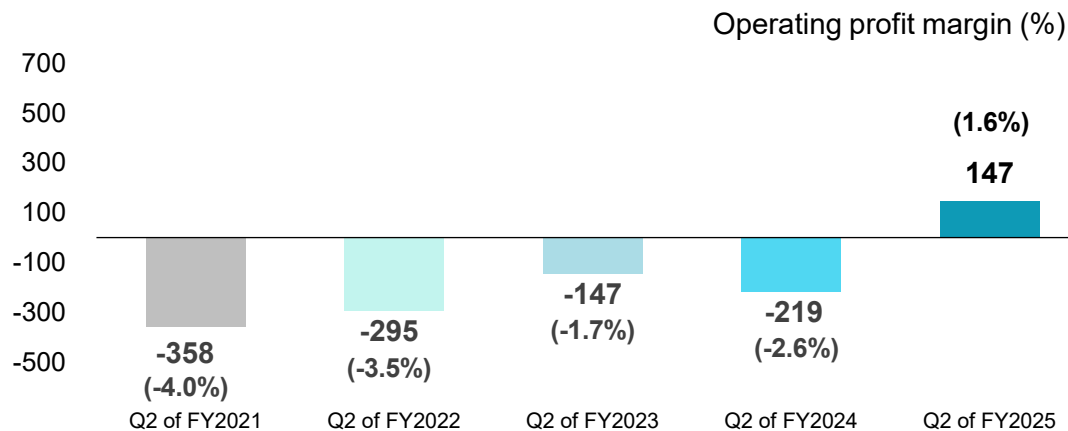
Net sales

Compared to Q2 of FY2024: +¥0.8 bn



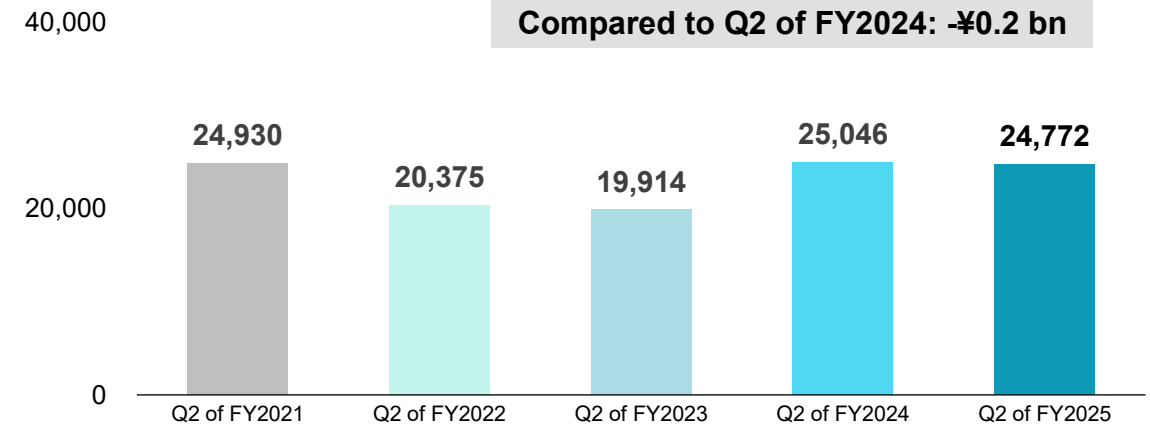
Operating profit

Compared to Q2 of FY2024: +¥0.3 bn



Backlog carried over to next half

Compared to Q2 of FY2024: -¥0.2 bn



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

Financial Results for Construction for Environmental Energy Segment

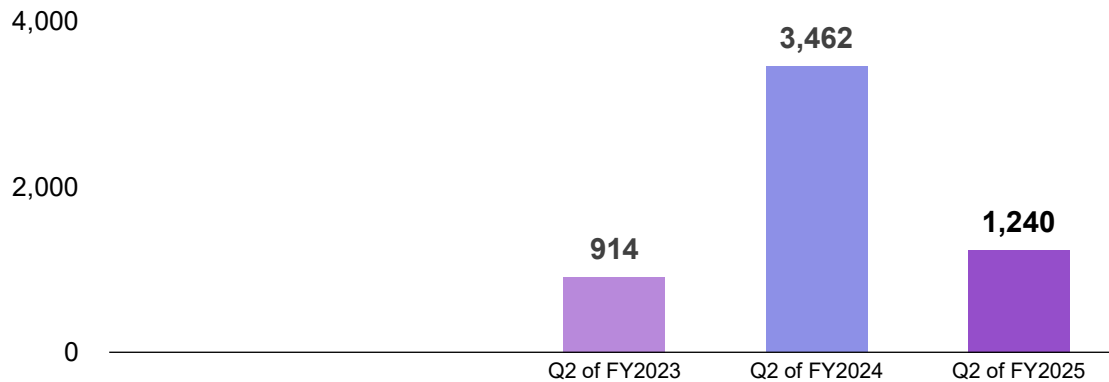


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

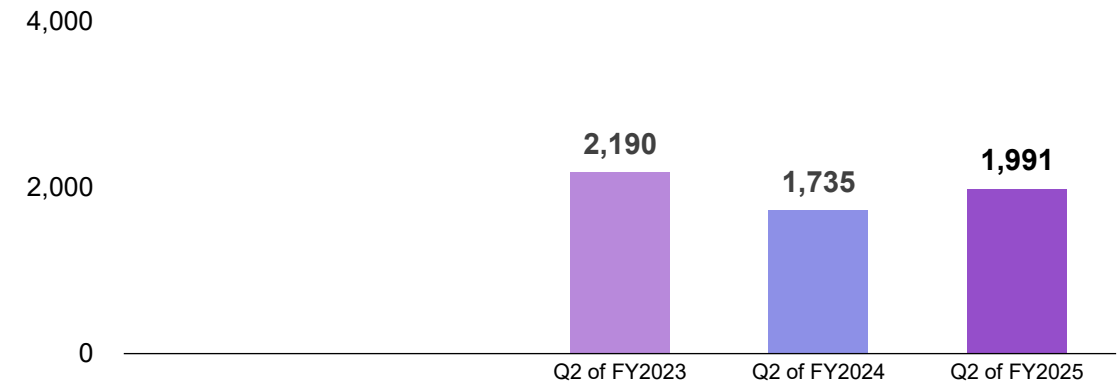
Orders

Compared to Q2 of FY2024: -¥2.2 bn



Net sales

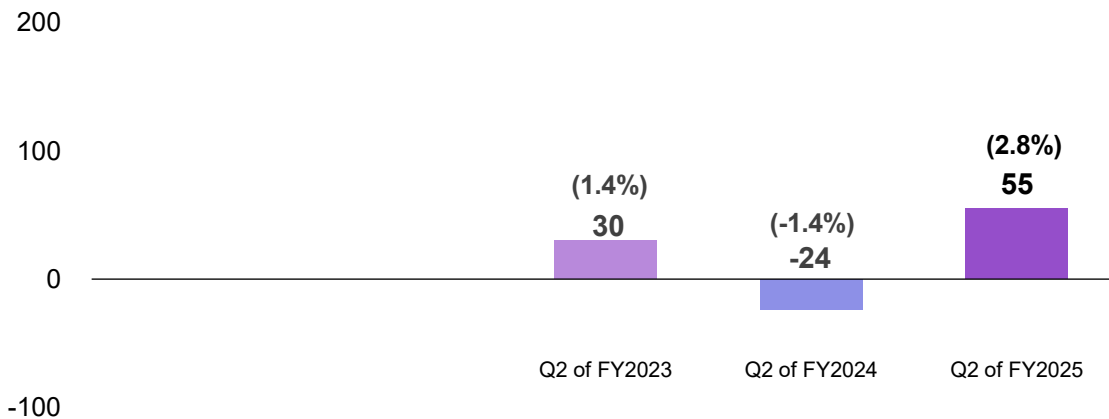
Compared to Q2 of FY2024: +¥0.2 bn



Operating profit

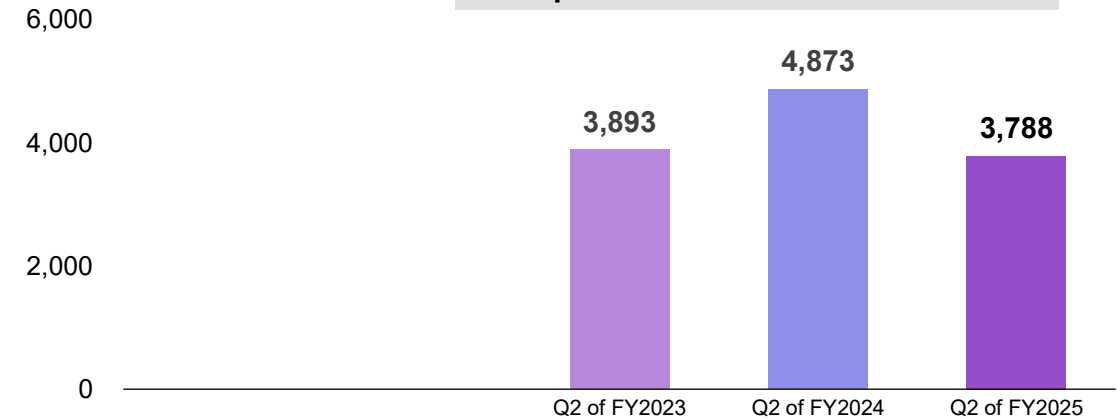
Compared to Q2 of FY2024: +¥0.0 bn

Operating profit margin (%)



Backlog carried over to next half

Compared to Q2 of FY2024: -¥1.0 bn



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

* Results for Q2 of FY2021 and FY2022 are not presented as they are included in the results of the construction of electrical facilities for buildings segment.

2 Financial Results for Associated Business Segment

* 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. Figures for real estate leasing, management, etc. are not included in Orders as they do not involve order-based production.

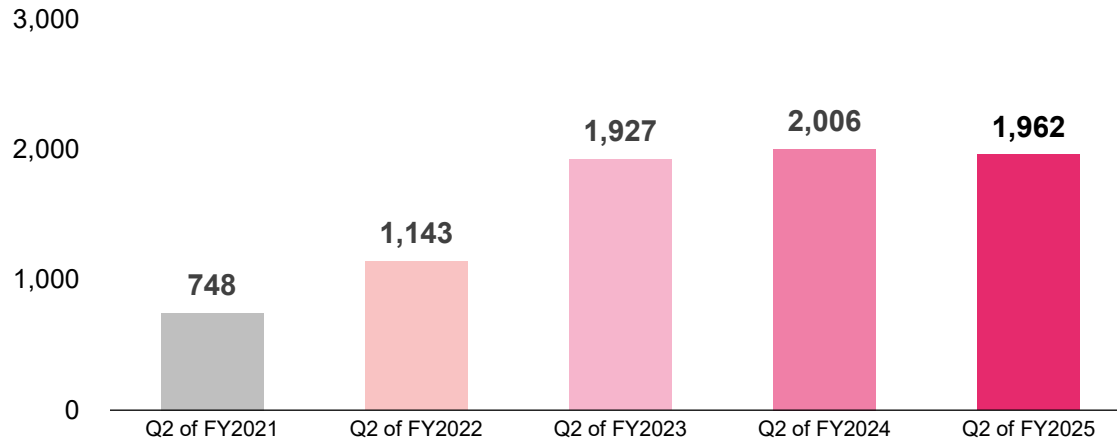


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

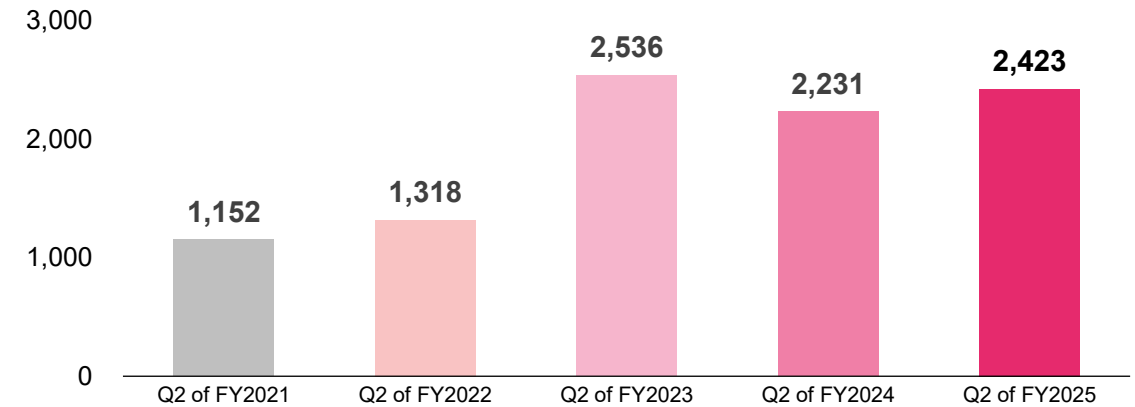
Orders

Compared to Q2 of FY2024: **¥0.0 bn**



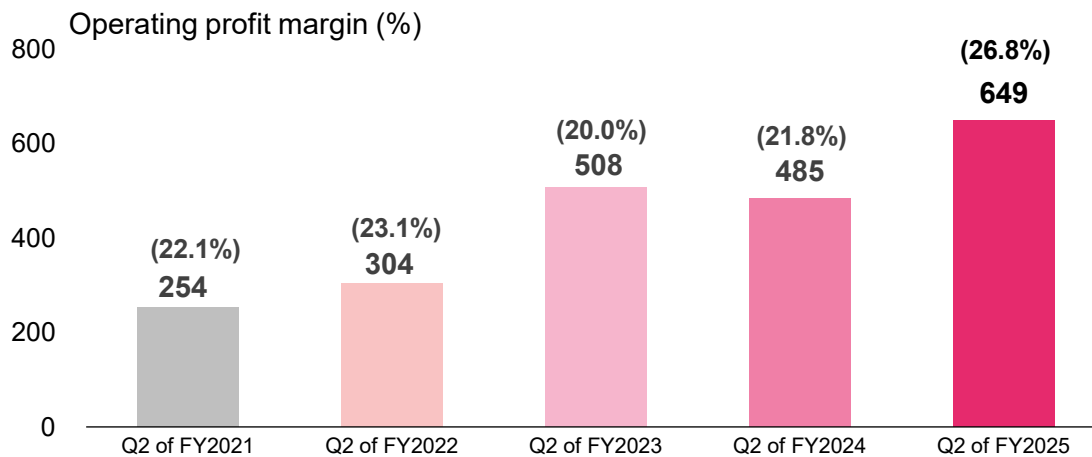
Net sales

Compared to Q2 of FY2024: **¥0.1 bn**



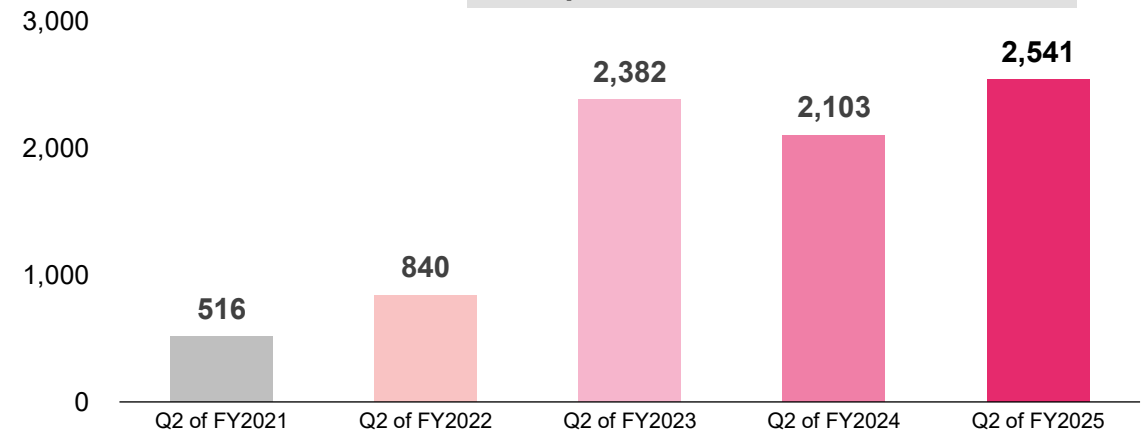
Operating profit

Compared to Q2 of FY2024: **¥0.1 bn**



Backlog carried over to next half

Compared to Q2 of FY2024: **¥0.4 bn**



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



Name of the construction		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Projects by JR	Haneda Airport Access Lines (East Yamanote Route and New Access Lines)	Works to relocate obstructions, New Electrical Facilities for Substation Facilities at Oi Wharf			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 Ueno 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 (JR East)			
	Construction to Improve Poor Mobile Phone Reception at TAKANAWA GATEWAY						
	Station-front Redevelopment Projects (Tokyo Metropolitan Area, Hokkaido)	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					



Name of the construction			FY2025	FY2026	FY2027
	JR East	Replacement of the Underground Transmission Lines between Tamagawa and Shinagawa			Scheduled for completion in FY2032
	JR East	Tsurumi Station (Train) Interlocking Device Replacement and Signal Facility Upgrade and Other Works			Scheduled for completion in FY2030
	JR East	Development of Haneda Airport Access Line and New Construction of Substation Facility at Oi Wharf, etc.			Scheduled for completion in FY2028
	JR East	Rebuilding of Seismic Support Fixtures on Tohoku Shinkansen between Ueno and Oyama			
	Transportation Bureau City of Sendai	Renewal Work of High-Voltage Distribution Line Equipment on Subway Namboku Line (between Nagamachi Station and Tomizawa Station)			
	Governmental agency	Electrical Facility Work associated with Large-scale Renewal of Senzoku Health and Welfare Center and Hozuki no ie in Taito-ku			
	Private entity	Data Center Electrical Facility Work			
	Private entity	Electrical Facility Work associated with New Construction of Hiroshima KS Building B (Tentative Name)			
	Private entity	atré KAMEIDO Substation Facility Renewal Work			
	Private entity	Renewal Work of Emergency Power Generator for Bldg. 18 at Setagaya Campus of Tokyo University of Agriculture			
	Electric, air conditioning, and sanitation	Noborito Shopping Center Renewal and Renovation Works			
	Information and communication systems	ITV Installation Work at Ikuta Campus of Meiji University (Phase I)			
	Energy creation	Installation Works of Solar Power Generation Facilities, etc., at Marugame Community Centers			



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

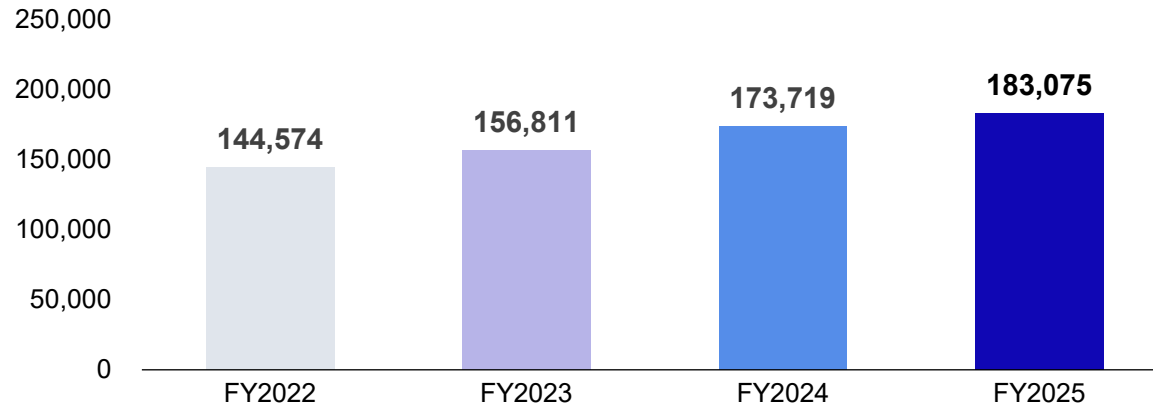
* A one-off profit growth factor is the impact of ¥2,579 million by expansion of the scope of application of over-time revenue recognition method by estimating the progress of satisfying performance obligations from FY2024.



(Unit: million yen)

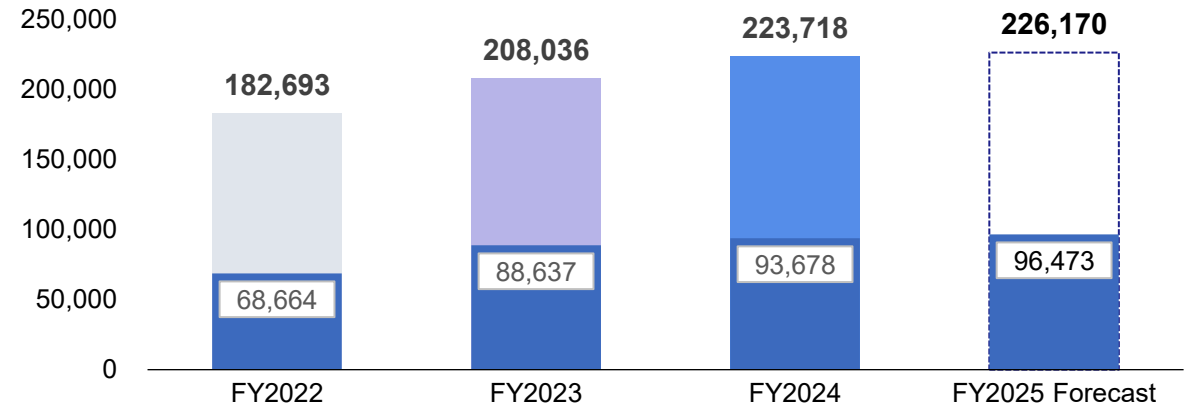
Backlog

Compared to FY2024: +¥9.3 bn



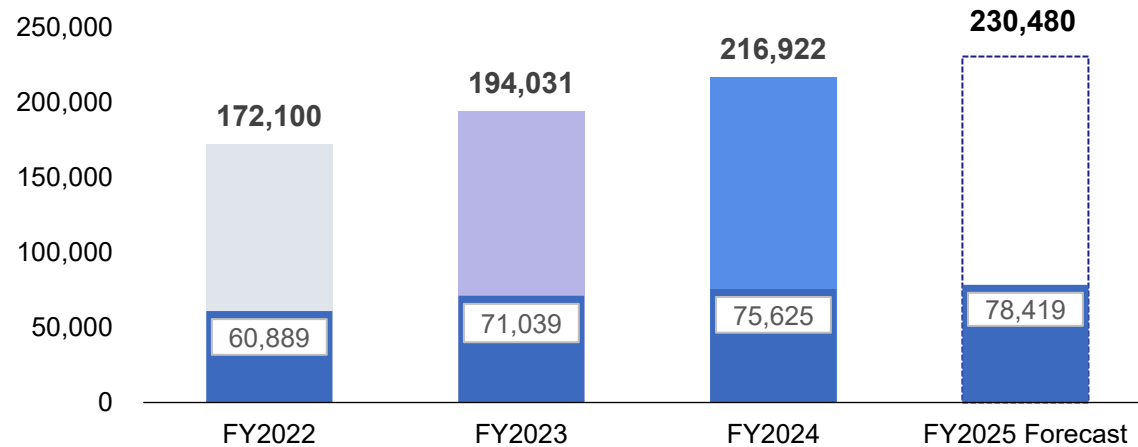
Orders

Compared to FY2024: +¥2.4 bn



Net sales

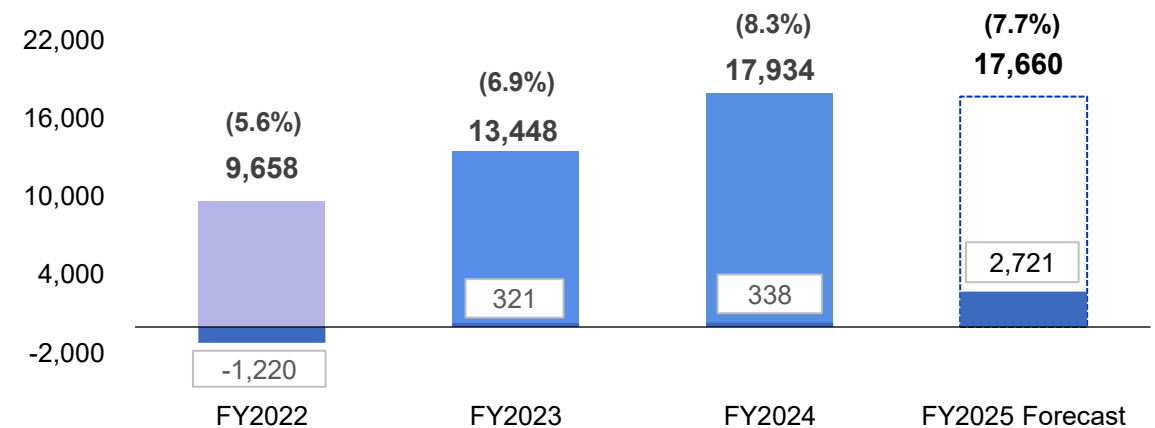
Compared to FY2024: +¥13.5 bn



Operating profit

Compared to FY2024: -¥0.2 bn

Operating profit margin (%)



* The figures in the bottom part of the graph represent results for Q2 of the respective fiscal years.

Financial Results Forecast for Construction of Electrified Railway Equipment Segment

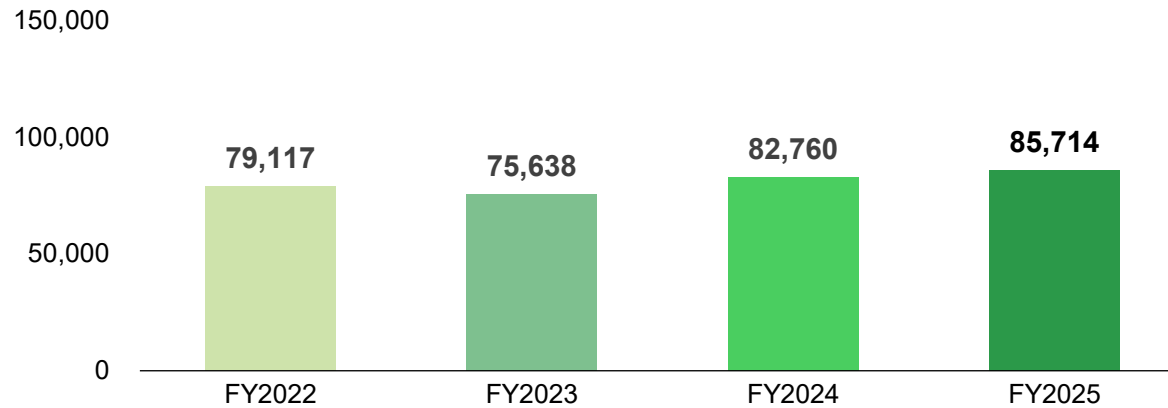


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

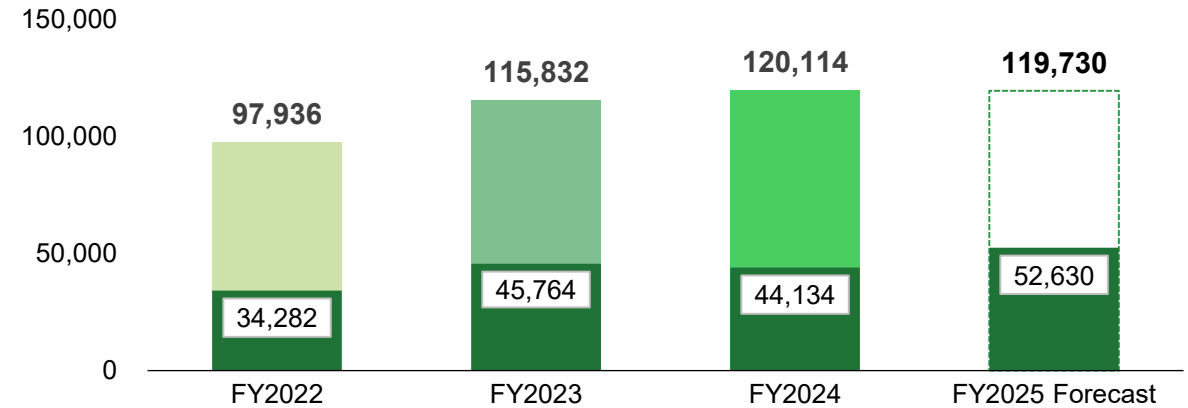
Backlog

Compared to FY2024: +¥2.9 bn



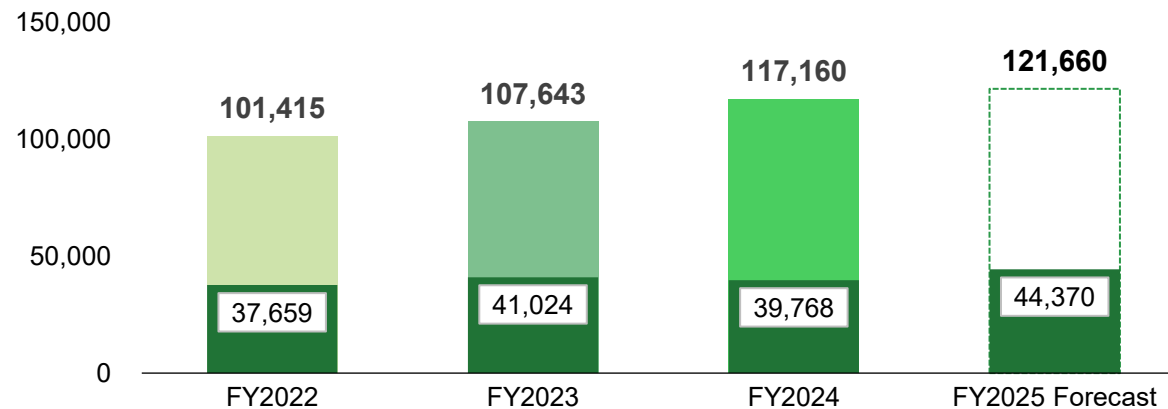
Orders

Compared to FY2024: -¥0.3 bn



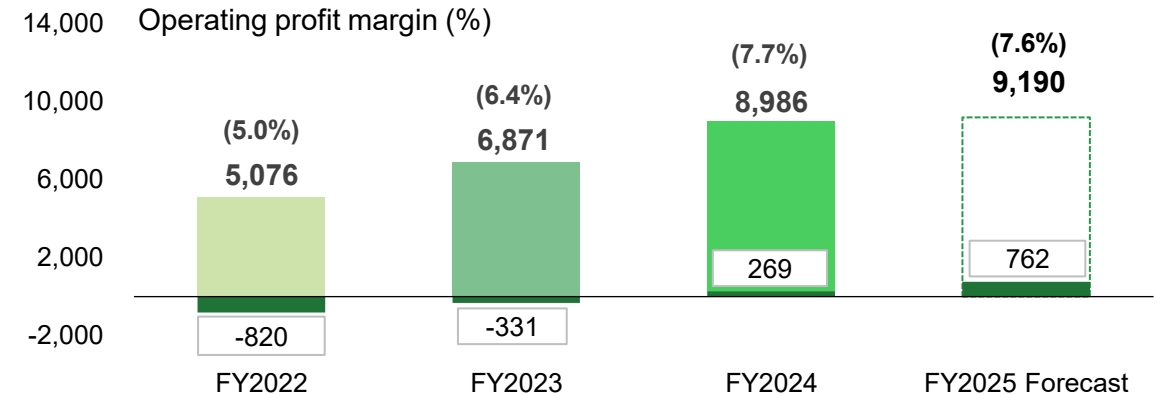
Net sales

Compared to FY2024: +¥4.4bn



Operating profit

Compared to FY2024: +¥0.2 bn



- Efforts toward expansion of orders are steadily underway and increasingly reflected in sales and profits.
- With profit margin on an improving trend, we will work to firmly secure orders, thereby ensuring net sales and profits.

* The figures in the bottom part of the graph represent results for Q2 of the respective fiscal years.

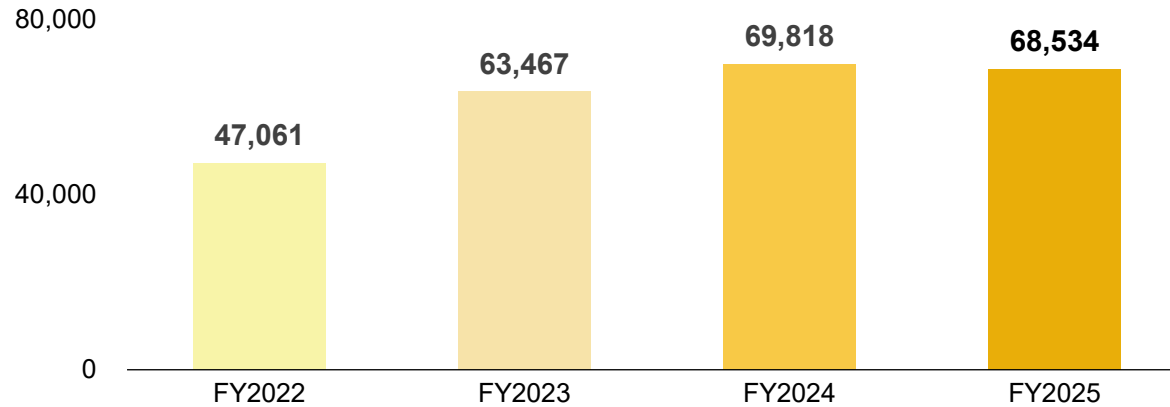
Financial Results Forecast for Construction of Electrical Facilities for Buildings Segment



(Unit: million yen)

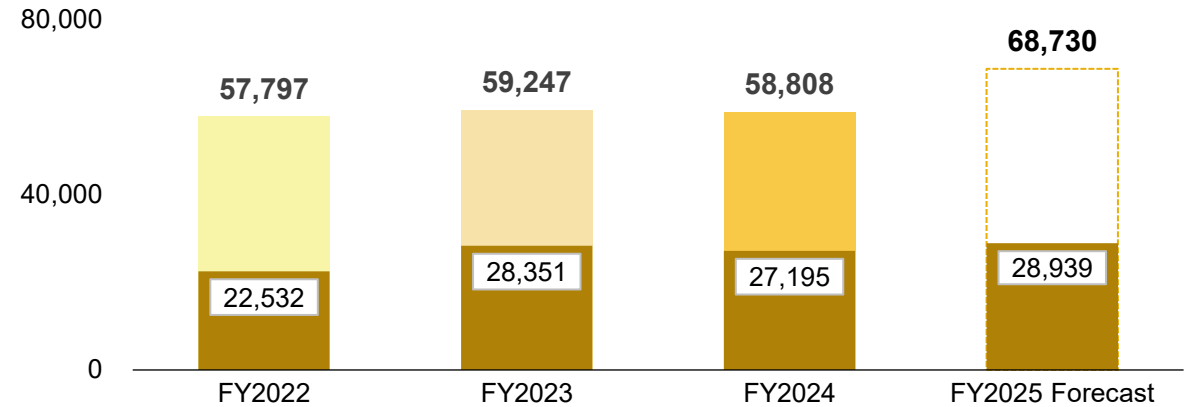
Backlog

Compared to FY2024: -¥1.2 bn



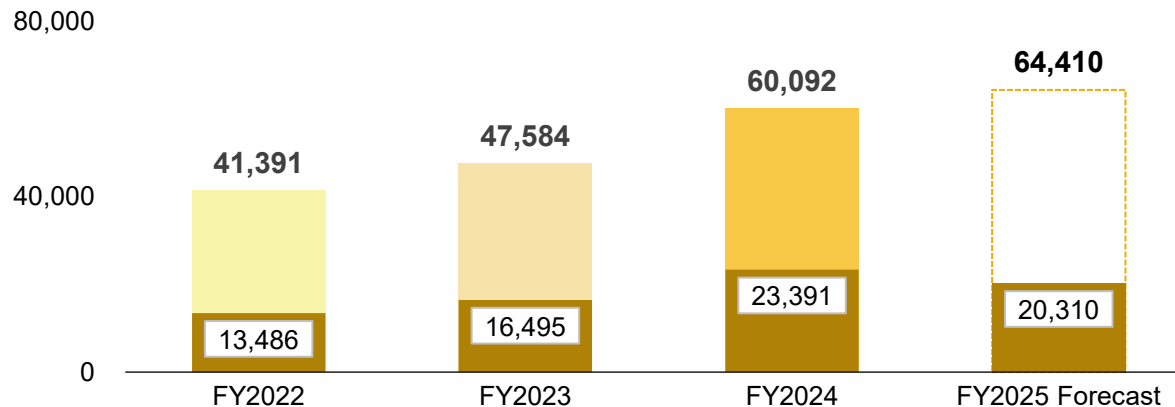
Orders

Compared to FY2024: +¥9.9 bn



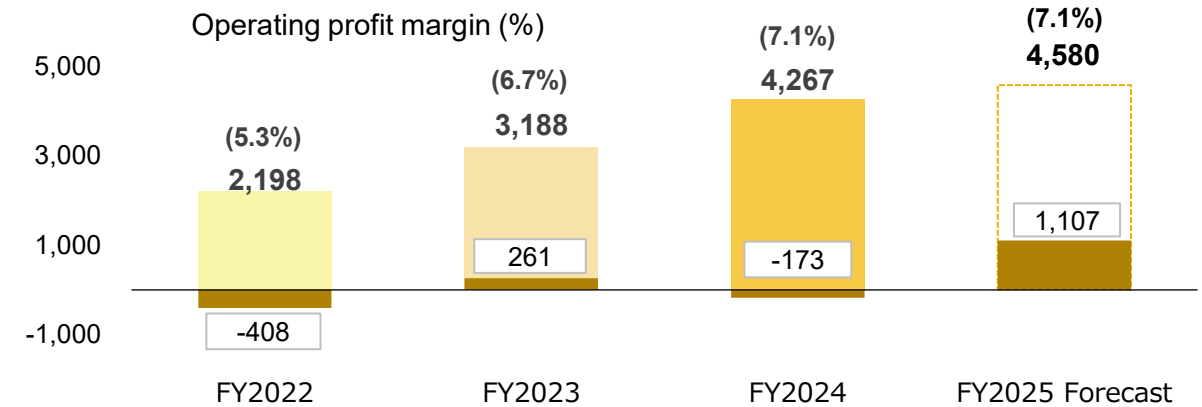
Net sales

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.

* The figures in the bottom part of the graph represent results for Q2 of the respective fiscal years.

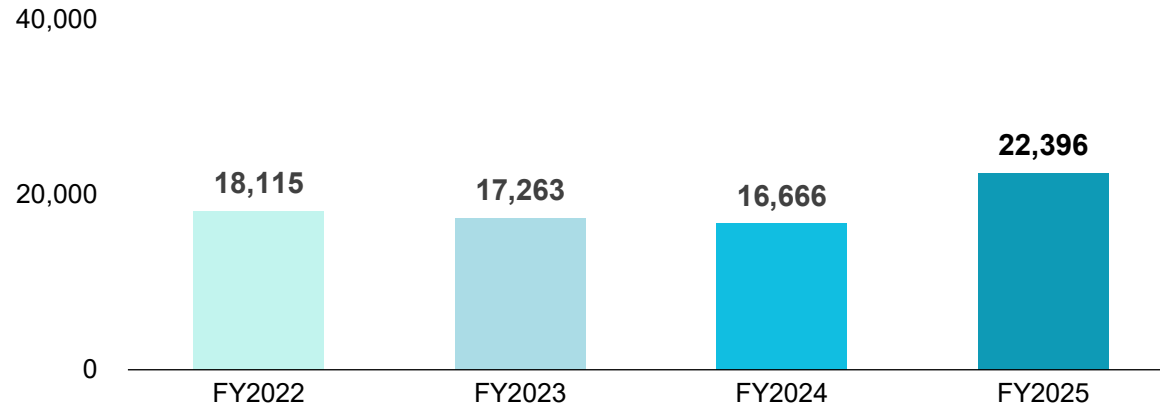
* Results for FY2022 and backlog for FY2023 include those for the construction for environmental energy segment.



(Unit: million yen)

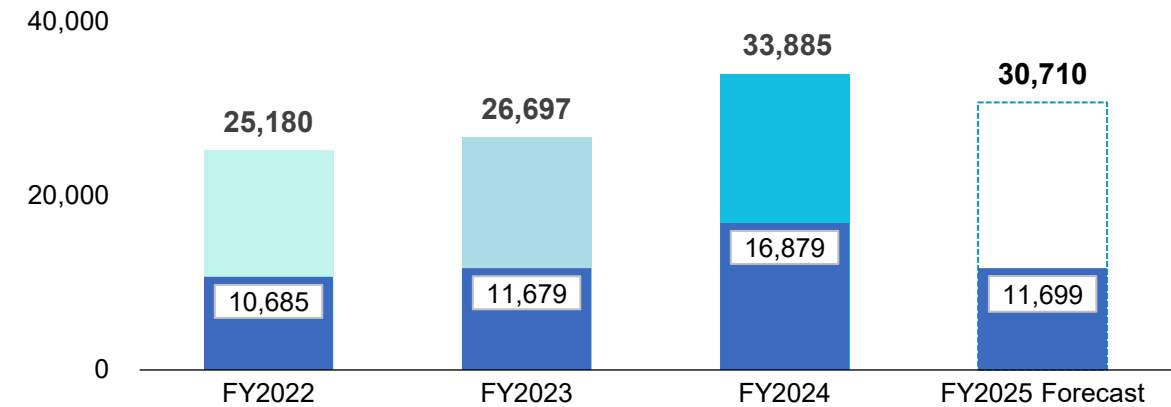
Backlog

Compared to FY2024: +¥5.7 bn



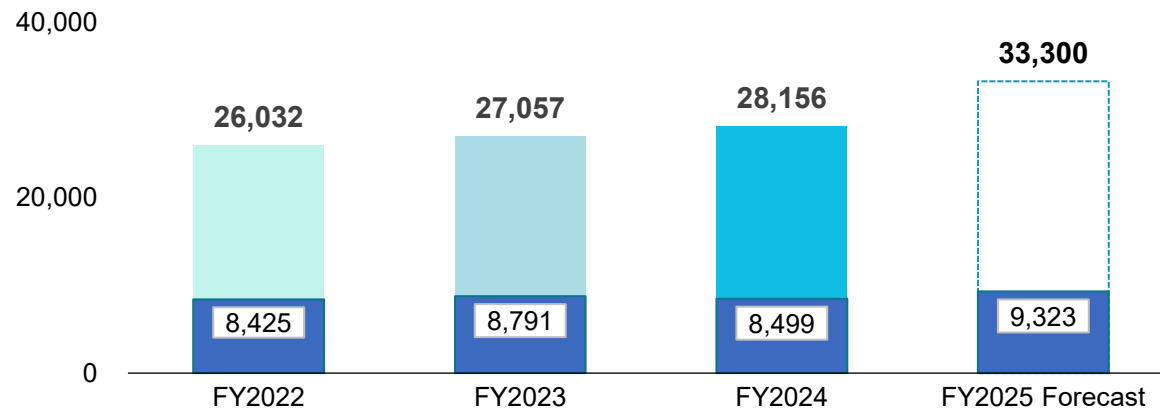
Orders

Compared to FY2024: -¥3.1 bn



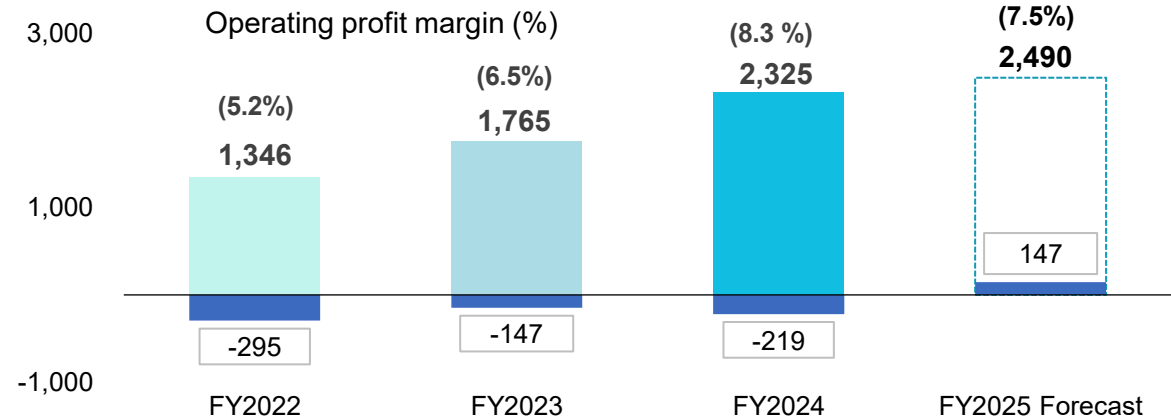
Net sales

Compared to FY2024: +¥5.1 bn



Operating profit

Compared to FY2024: +¥0.1 bn



- Orders would concentrate in the second half with the expectation of receiving large-scale network construction projects.
- We expect increases in net sales and operating profit following progress in large-scale construction work in hand and an increase in railway communication construction.

* The figures in the bottom part of the graph represent results for Q2 of the respective fiscal years.

Financial Results Forecast for Construction for Environmental Energy Segment

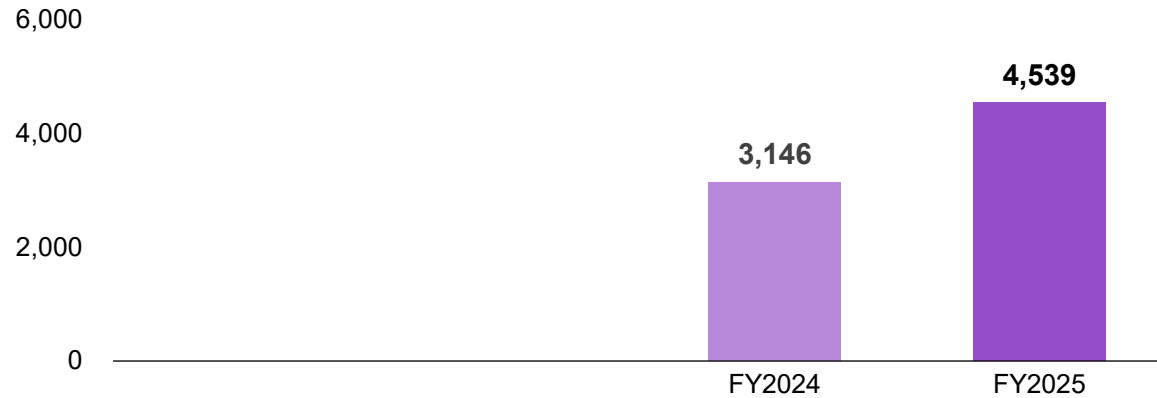


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

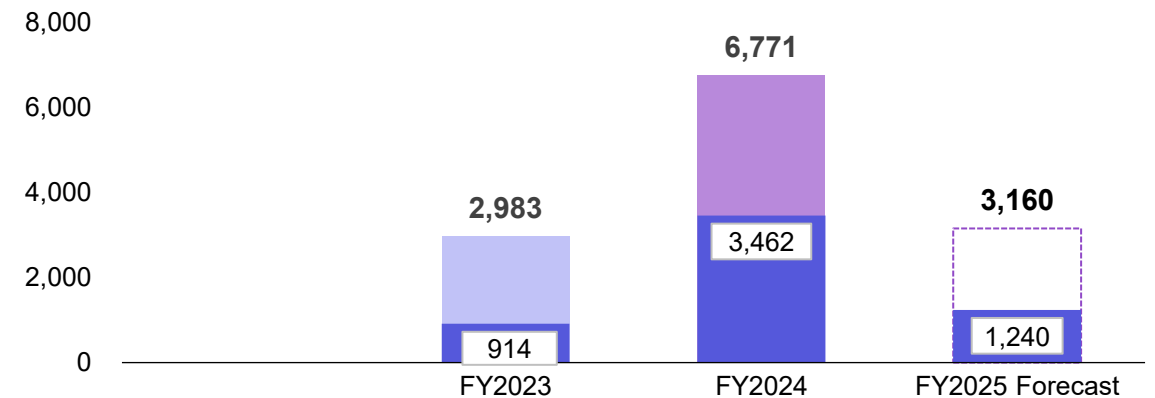
Backlog

Compared to FY2024: +¥1.3 bn



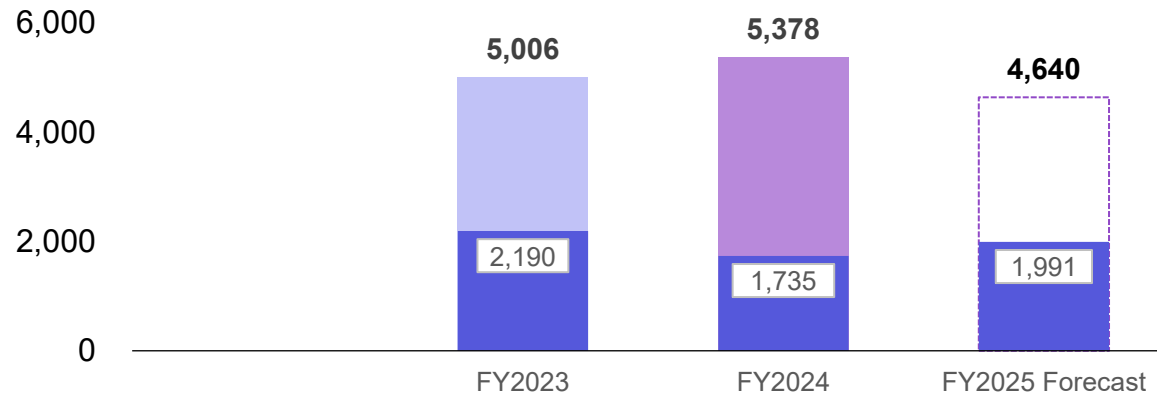
Orders

Compared to FY2024: -¥3.6 bn



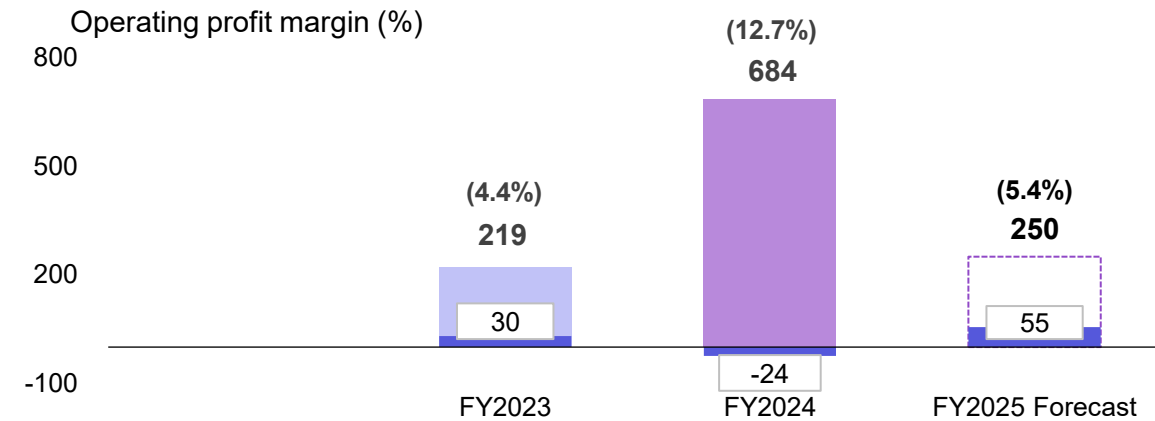
Net sales

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.
- Although net sales and operating profit are expected to decline after the completion of highly profitable large-scale construction projects, they are steadily progressing against the full-year forecast.

* The figures in the bottom part of the graph represent results for Q2 of the respective fiscal years.

* Results for FY2022 and backlog for FY2023 are not presented as they are included in those for the construction of electrical facilities for buildings segment.

Financial Results Forecast for Associated Business Segment

* 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. Figures for real estate leasing, management, etc. are not included in Orders as they do not involve order-based production.

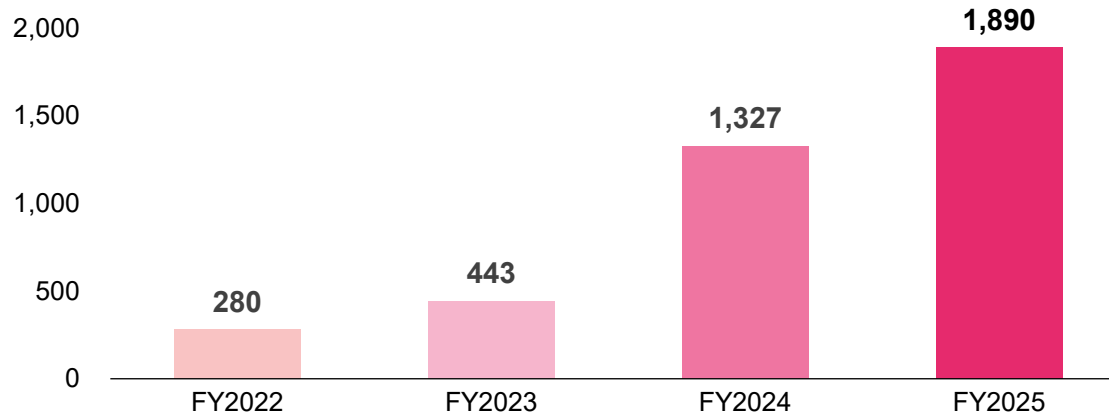


NIPPON DENSETSU KOGYO CO.,LTD.

(Unit: million yen)

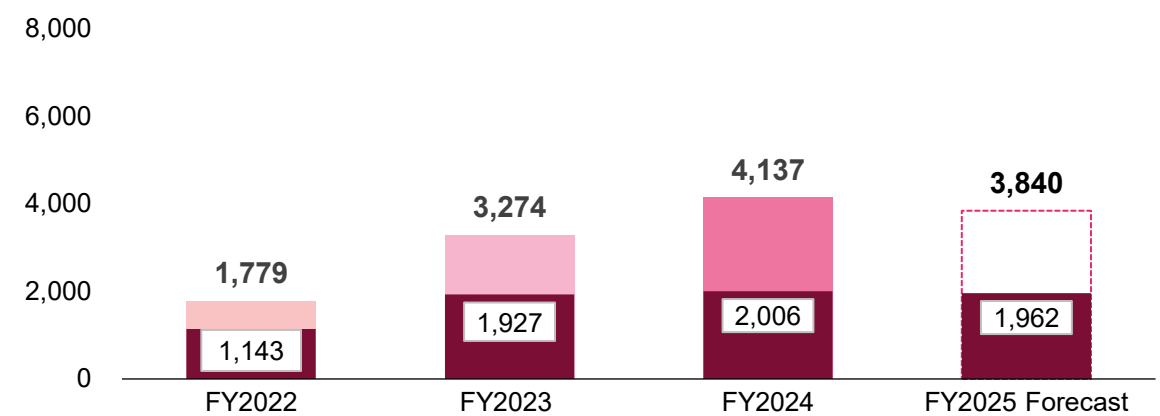
Backlog

Compared to FY2024: +¥0.5 bn



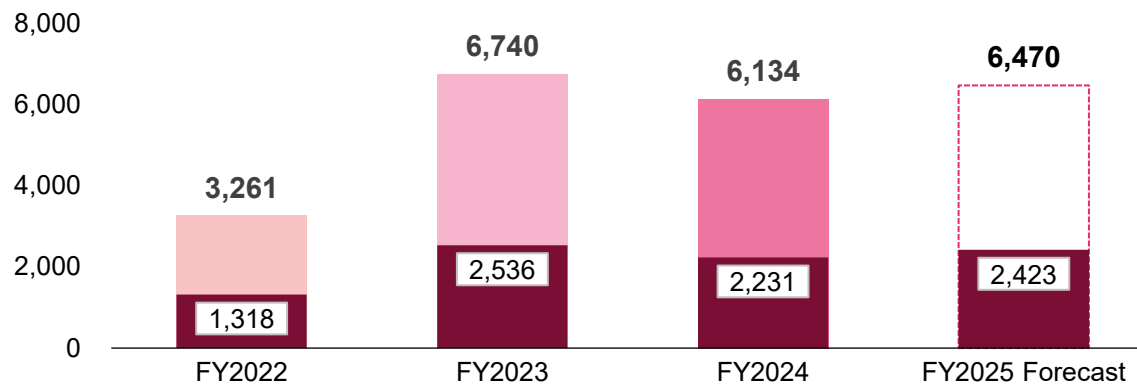
Orders

Compared to FY2024: -¥0.2 bn



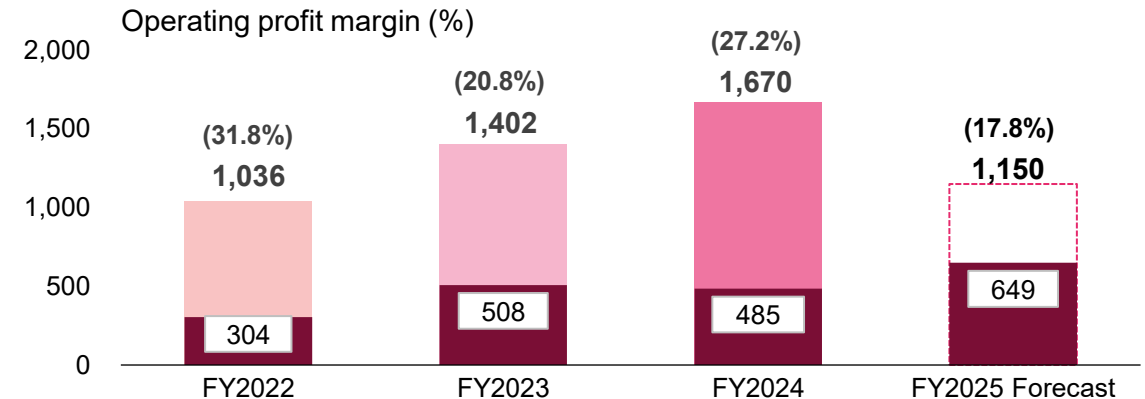
Net sales

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.

* The figures in the bottom part of the graph represent results for Q2 of the respective fiscal years.

4

NIPPON DENSETSU Three-year Management Plan 2024 (Topics)





Infrastructure sharing business

<Established a company specialized in the telecommunications business was established>

Company name: JCroc Co., Ltd.

Overview of business:

Telecommunications

Offering infrastructure sharing and other related services



- September 2023:
The Company was registered as a telecommunications carrier.
- October 2024:
Telecommunications Business Promotion Office was established in Information & Communications Headquarters to consider the business expansion.
- October 2025:
JCroc Co., Ltd., a subsidiary, was established.

Local communities related business

<Providing new NDK Nagano Building as a temporary evacuation site for local residents in case of disaster>

- Upon completion of the new NDK Nagano Building, an agreement was signed with Nakagoshō ward, Nagano City, on October 1, 2025, to use the building as a temporary evacuation site in case of disaster.
- The new office building is designed as a Zero-Energy Building (ZEB) with excellent environmental performance, combining energy-saving features and disaster prevention functions.



<Tour to provide exciting experience at Chuo Gakuen>

- A tour was held at our training facility, Chuo Gakuen, to provide local residents with an opportunity to become familiar with railways and electricity.
- We plan to hold another tour on November 30, 2025.



New businesses

<Entering metal recycling business closely aligned with our core operations>

- A preparatory committee has been established to launch a new business that collects and recycles removed materials and other items from construction sites.
- We are selecting a site and formulating a business plan, aiming to establish a corporation within FY2025.



Secure human resources

<Number of new graduate hires (to join the Company in April 2026)>

This fiscal year

Plan: 120

Offers: 121 (as of October 31, 2025)

Previous fiscal year

Plan: 110

Results: 93 (joined the Company in 2025)

<Number of mid-career hires (plan for FY2025)>

This fiscal year

Plan: 26

Results: 11 (as of October 31, 2025)

Previous fiscal year

Plan: 20

Results: 13 (for FY2024)

- Enhance the hiring of liberal arts students for technical positions and mid-career recruitment of inexperienced individuals
- Conduct recruitment for high school graduates (offers made to 6)
- Strengthen relationships with schools through the use of recruiters and build an applicant pool
- Enhance targeted recruitment advertising to reach students at priority universities and in focus regions
- Recruit foreign nationals under the Specified Skilled Worker program (two hired at a group company)



Brand video

Strengthen construction systems

<Improving construction capabilities by strengthening the systems of partner companies>

- Support recruitment activities, including creating websites
- Strengthen safety training at the practical training facilities of Chuo Gakuen
- As a new support measure to meet the needs of partner companies, “Be Together”—a website introducing partner companies was newly established on NDK’s website in July 2025.

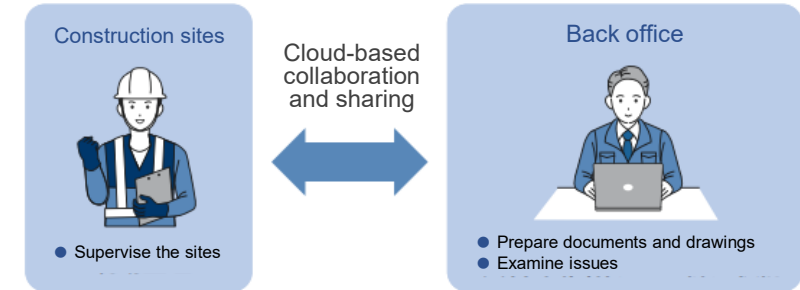




Increase productivity

<Strengthening the back office>

- Centralize the preparation of documents, drawings, and related tasks during peak business periods including construction site setup, completion, and various inspections
- Ensure consistent business quality through cloud-based collaboration and sharing, regardless of site remoteness or the experience level of a construction site manager
- Start preparing a roadmap and rolling it out nationwide



<Promoting DX>

- Establish the DX Promotion Department to initiate support for internal operation reforms
- A team formed through internal job postings is scheduled to provide on-site support at each office
- Consider methods for utilizing the internal database by piloting two generative AI platforms: Microsoft Copilot and Lightblue

<Research on the utilization of versatile robots>

- Envision utilizing quadruped robots for light transport and other tasks within railway tracks, expanding from previously studied small models to include medium-sized models
- Advance research on robotic arms aimed at applying them to overhead electrification work on railway tracks



<Enhancing technical capabilities and passing them on to successors>

- Expand presentations at NDK Technology Development and Construction Technology Results Conference to include more examples of problem-solving through innovations in construction techniques, in addition to technology development

5

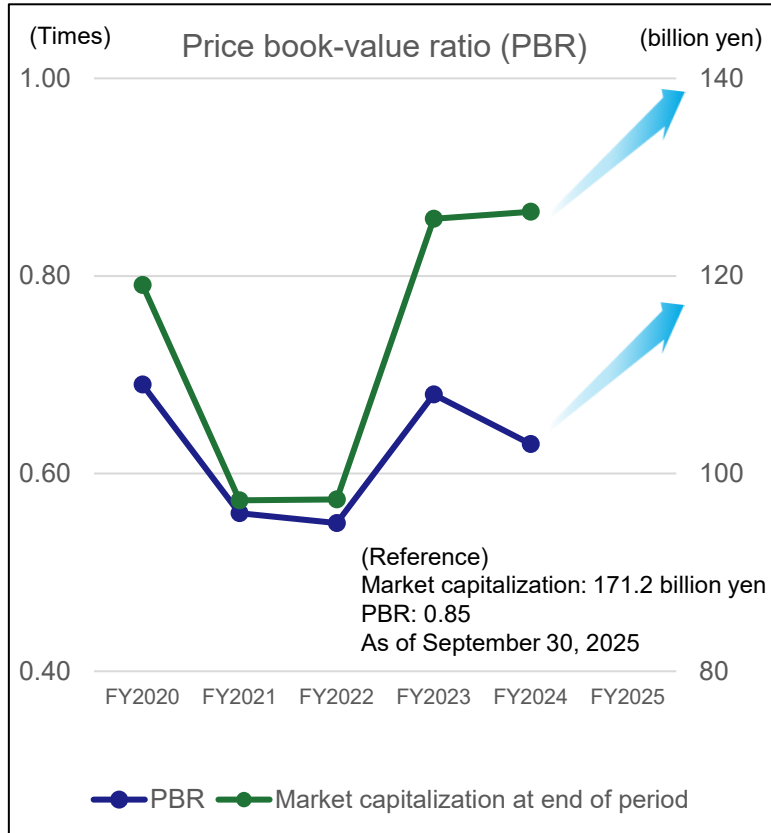
Implementing Management That Is Conscious of Cost of Capital and Stock Price



Toward further enhancing capital efficiency



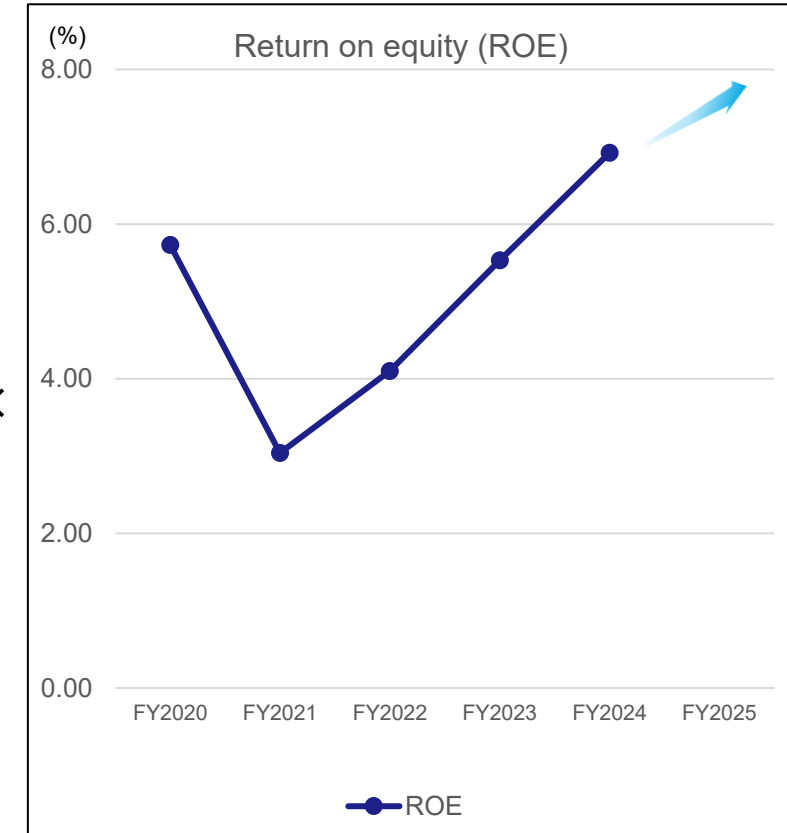
Analysis of price book-value ratio (PBR)



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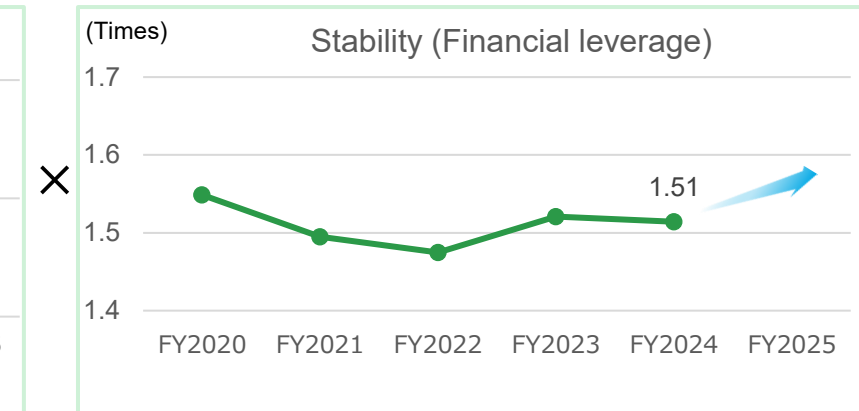
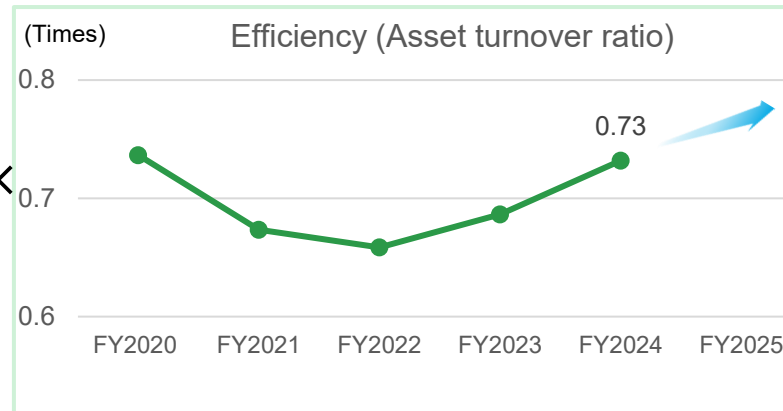
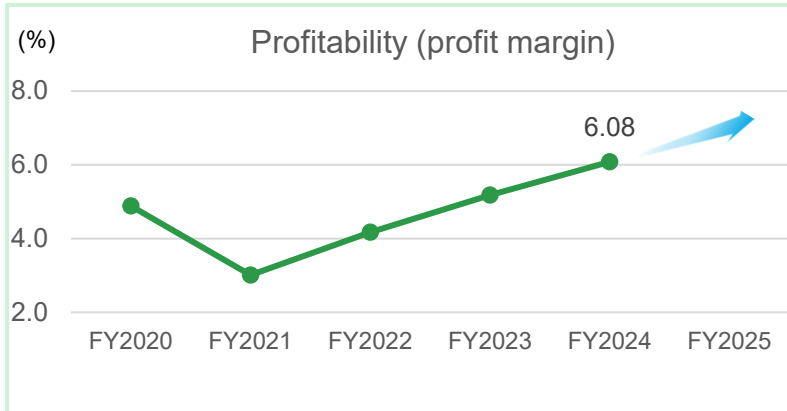
- ✓ Although the PBR has remained below 1, it has been on a recovery trend since FY2022.
- ✓ Our stock price is on an upward trend, supported not only by recent improvements in financial performance, dividend increases, and acquisitions of treasury shares, but also by the overall strength of the stock market.
- ✓ As the PER has remained below 16, the average for companies listed on the Tokyo Stock Exchange Prime Market, we recognize that our shares continue to be undervalued.



Toward further enhancing capital efficiency



Analysis of return on equity (ROE)



Analysis

- We have continued our efforts to enhance profitability under a favorable management environment.
- While profitability temporarily declined due to the COVID-19 pandemic, it is on a recovery trend.

Efforts

- ✓ Recognize that profitability is the most important indicator for improving ROE
- ✓ Actively engage in growth areas while ensuring selective order taking
- ✓ Continue growth investments and strengthen the revenue base of existing businesses
- ✓ Create new businesses and expand the scale of our business while considering M&As
- ✓ Aim to build a risk-resilient corporate structure by balancing the business portfolio across segments

Analysis

- There is an issue with the balance between total assets and business scale.
- The cash conversion cycle (CCC) tends to lengthen due to shorter payment terms and other factors.

Efforts

- ✓ Steadily reduce strategically-held shares and allocate the cash generated to growth investments and shareholder returns.
A 70% reduction compared to FY2023, aiming for 5% of total assets
- ✓ Continue to optimize the timing of redevelopment and monetization of business properties, while periodically assessing the performance of income-generating properties
- ✓ To shorten the CCC, appropriately make progress payment claims during construction, considering the progress of high-volume of construction work in hand
- ✓ Plan to determine within FY2025 whether or not to conduct the acquisition of treasury shares

Analysis

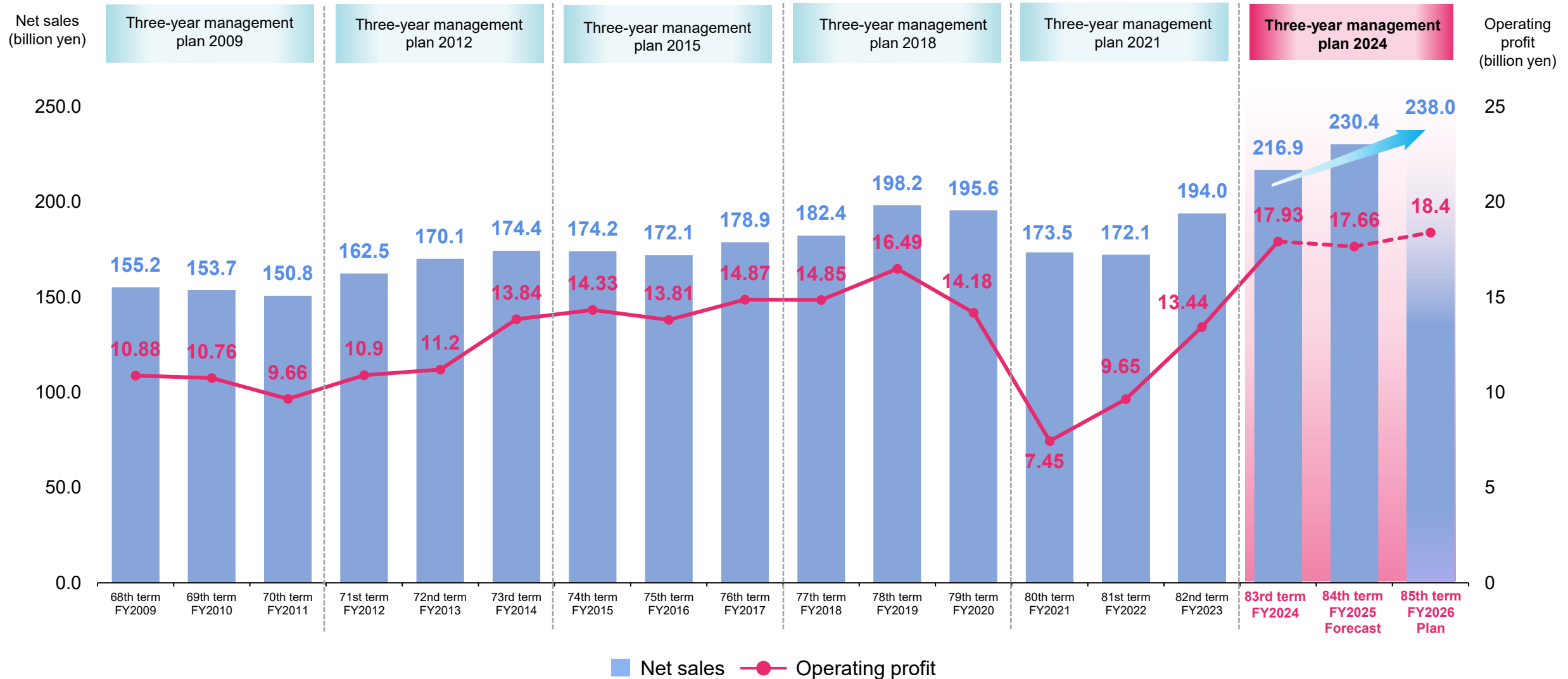
- As a company supporting infrastructure, we have strengthened internal reserves, ensuring a high level of stability.
- We are advancing shareholder return strategies, and as a result, the pace of increase in shareholders' equity has been curbed.

Efforts

- ✓ Pursue optimization of the capital structure while preserving the soundness of shareholders' equity
- ✓ Flexibly conduct growth investments and shareholder returns by utilizing accumulated shareholders' equity
- ✓ Appropriately utilize financial leverage to meet capital needs, thereby enhancing capital efficiency



Expand net sales and secure operating profit To grow sustainably



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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