Leading the Future Medium-Term Management Plan 2030

- Towards Becoming a Leading Company in Plant Demolition and Industry -

BESTERRA CO., LTD

TSE Prime (Securities Code: 1433)

Leading the Future
Medium-Term Management Plan 2030

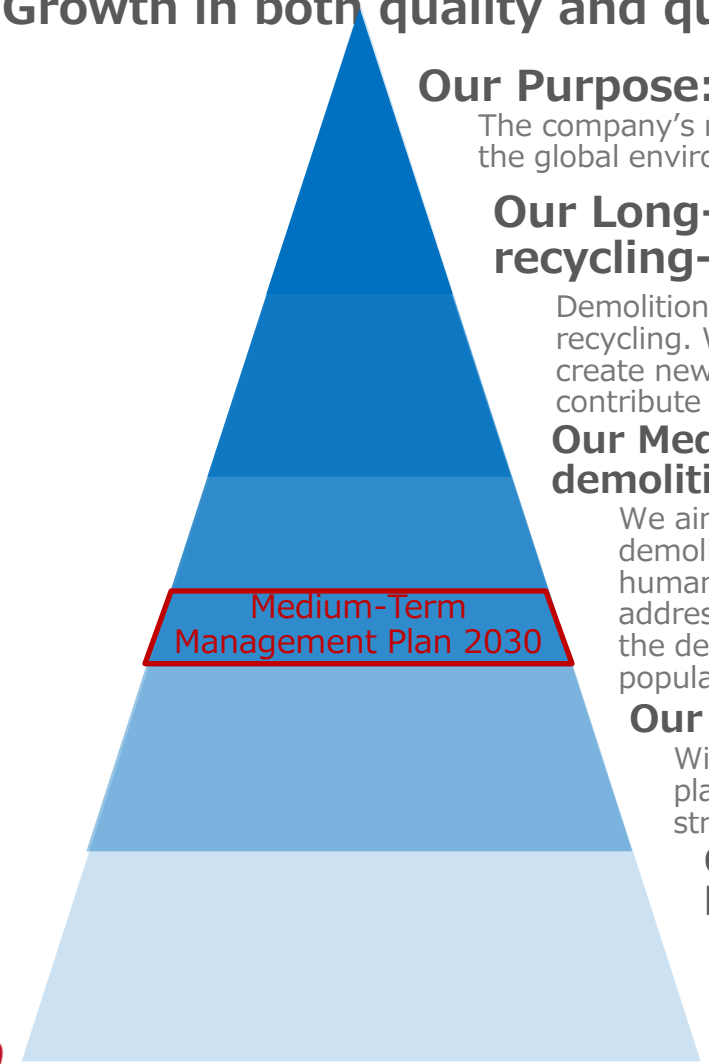
Contents

BESTERRA

Purpose
What BESTERRA is aiming for

What BESTERRA is aiming for
~ Why are we aiming for growth? ~

Precisely because of BESTERRA's unique position, we have a path to contribute to the global environment.
Growth in both quality and quantity will be essential to realize that.



Our Purpose: Contribution to the global environment

The company's raison d'etre is summed up in its corporate philosophy, "Contributing to the global environment through flexible ideas, creativity, and technical prowess."

Our Long-Term Vision: Contribution to a recycling-oriented society

Demolition is the entry point into the venous industry and the start line for recycling. We regard the materials generated by demolition as resources that create new value, and we will work with the venous industry companies to contribute to the realization of a recycling-oriented society.

Our Medium-Term Vision: Leading company in the demolition industry

We aim to become the company that provides guidelines for the demolition industry, not only in scale but also in technological capabilities, human resources and ethics. We will lead the demolition industry in addressing social issues such as aging infrastructure, carbon neutrality and the decrease in human resources in the construction industry due to population decline.

Our Opportunity: A huge market and unique strengths

With demand on the order of ¥1 trillion in a market with no prominent players, there is a huge opportunity for the company, which has unique strengths.

Our Originality: Assets cultivated by 50 years of history

Under the philosophy of "Making demolition beautiful," we have developed many innovative demolition methods and patented methods. We promote focused management and have formed a unique position as a "company that thinks about demolishing."

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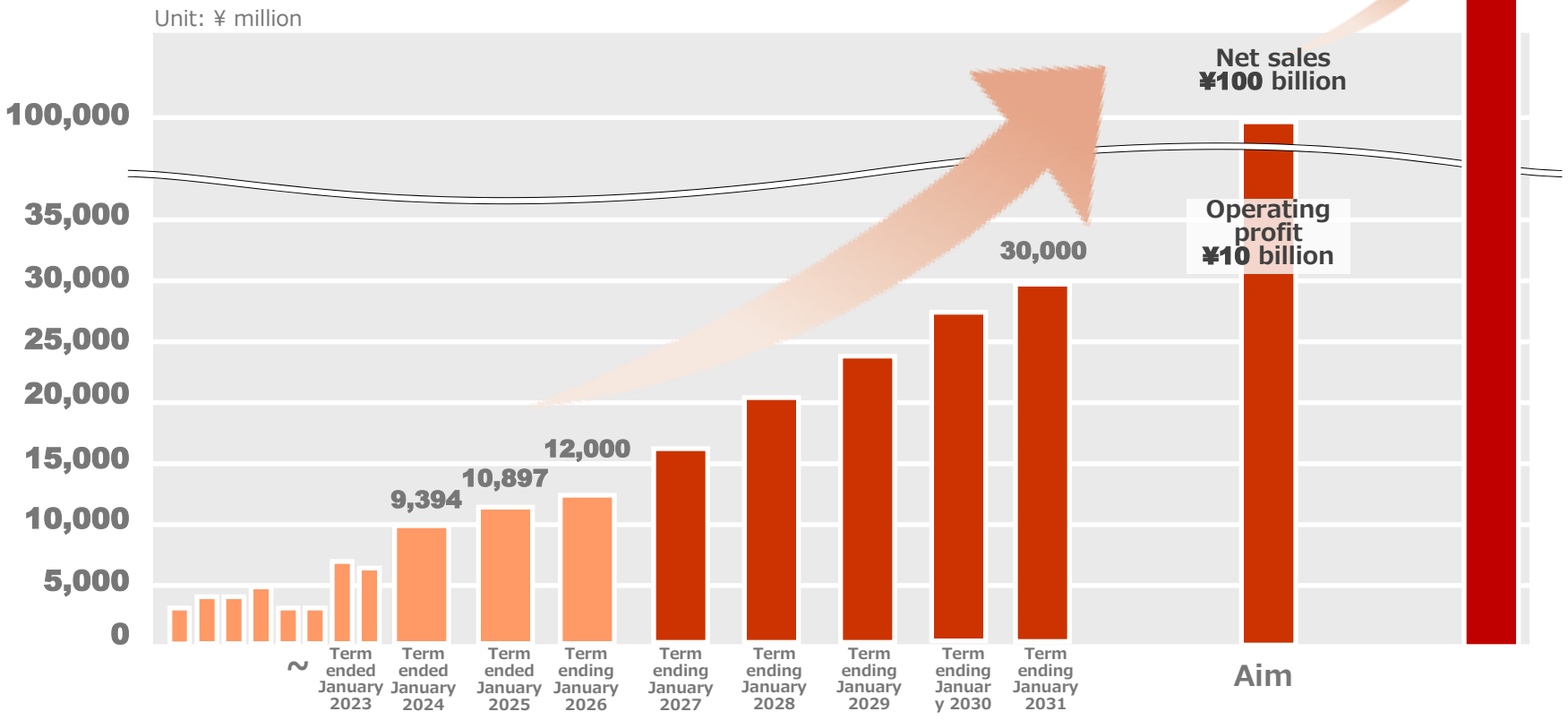
Long-Term Vision
~ Contribution to a Recycling-Oriented Society ~

We aim to achieve sales of ¥100 billion and profit of ¥10 billion as soon as possible and will contribute to a recycling-oriented society.



Foundation establishment stage	Era of change	**2nd foundation establishment stage**	Towards becoming a leading company	Contribution to a recycling-oriented society
Establishment of next-generation technologies (ICT construction, etc.)	Change course to a growth strategy	**Establishment of our foundation as the leading demolition company**	Improvement of the status of the demolition industry	Cooperation with the venous industry Global expansion Group expansion

Medium-Term Vision ~ Towards Becoming the Leading Company in the Demolition Industry ~

We aim to be a company with comprehensive strengths that provides guidelines for the demolition industry, not just in terms of corporate scale, but also in areas such as technological capabilities, human resources and ethics.

Pursuit of quality	We aim to become a company that provides guidelines for the demolition industry in all aspects, including overwhelming technological capabilities, attractive human resources, environmental impact and safety.
Pursuit of quantity	We aim to secure the No. 1 sales position and market share in the industry to establish a position as a flagship company.
Into the future	We will prepare comprehensive capabilities as a leading company in the demolition industry in terms of both quality and quantity, lead the demolition industry and contribute to a recycling-oriented society.

Review of “Decarbonization Action Plan 2025” (Current Medium-Term Plan)

Review of the Current Medium-Term Plan “Decarbonization Action Plan 2025”

- ✓ As a result of a favorable order environment and the strengthening of our organizational structure through a strong hiring of personnel, we achieved our initial sales target of ¥10 billion one year ahead of schedule.
- ✓ Although the operating profit ratio is on a recovery trend, we have not acheived the target of 10%. There is room for improvement in profitability.

Unit: ¥ million

	Term ended January 2024			Term ended January 2025			Term ending January 2026		
	Initial plan Announced March 12, 2021	Current plan Announced December 8, 2022	Results	Initial plan Announced March 12, 2021	Current plan Announced December 8, 2022	Results	Initial plan Announced March 12, 2021	Current plan Announced June 9, 2025	Expected landing
Net sales	7,800	7,800	9,394	8,900	**10,000**	**10,897**	**10,000**	**13,000**	**12,000**
Decarbonized demolition solutions	-	7,200	9,049	-	8,000	10,565	-	12,404	11,826
DX plant solutions	-	600	345	-	2,000	331	-	596	174
Operating profit	720	510	246	870	800	373	1,000	1,200	700
Operating profit rate	9.2%	6.5%	**2.6%**	9.7%	8.0%	**3.4%**	10.0%	9.2%	**5.8%**
Profit	552	400	231	650	600	409	752	950	550
ROE	11.0%	8.0%	5.5%	12.0%	10.0%	9.2%	13.0%	13.0%	11.0%

Review of the Key Strategies of "Decarbonization Action Plan 2025"

We positioned this period as a "turning point towards new growth" and focused on key strategies, with the improvement of profitability through decarbonized management and reform of corporate culture as our basic policy.

Decarbonized demolition solutions (innovation through methods)

- Development of new business partners and acquisition of prime contractor projects
- Establishment of Decarbonization Business Promotion Department
  - ↪ Promotion of initiatives for on-site decarbonization and resource recovery
- Establishment of Construction Department specializing in estimate and quote work

DX plant solutions (innovation through use of IT)

- Development of Crane Rail Inspection Robot
- Development and sales of design software

↪ **We took in only 3D measurement technology that can be used in demolition work and decided to sell or withdraw from other business.**

HR strategy (foundation for further innovation)

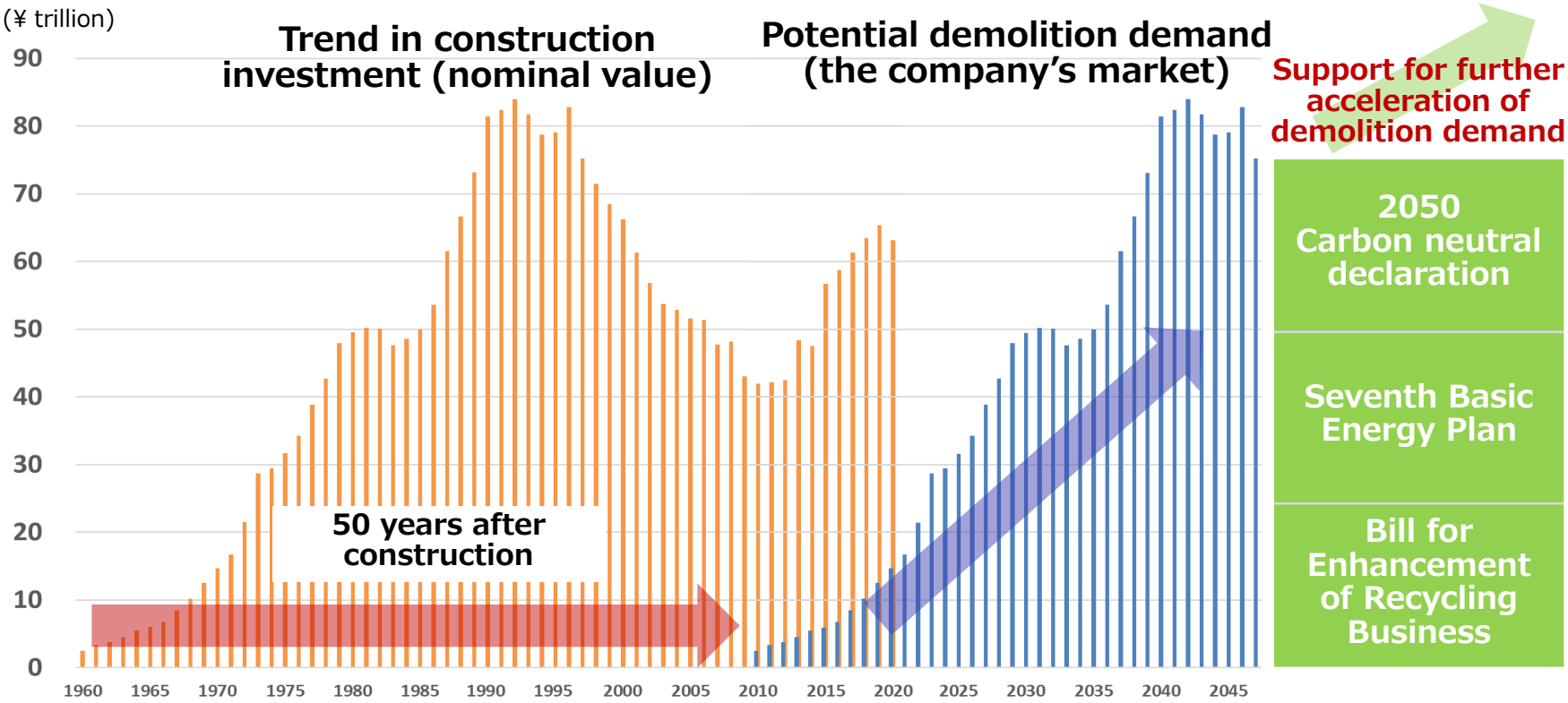
- We are maintaining HR within a sound range, with the number of site supervisors including those who have decided to hire as of September 9, 2025 at 90 (increased from 50 to 90 over 3 terms, a cumulative increase of 1.8 times) and the turnover rate at 5.2% (as of end-January, 2025).
- As for the age composition, employees aged in their 20s and 30s account for 50%, building a personnel composition that will allow sustainable business growth.
- We have formulated "pride," "co-creation" and "challenge" as our action guideline and are promoting the reform of corporate culture.
- We have strengthened HR development functions and enhanced training upon joining the company and specialist training.
- We have improved work conditions for employees by revising various systems, regulations, etc.
- We completely revamped the HR system and built mechanisms that will promote the growth of both employees and the company.

The Market Environment

Expansion of the Demolition Market

The Japanese demolition market is expected to continue expanding at an accelerating rate.

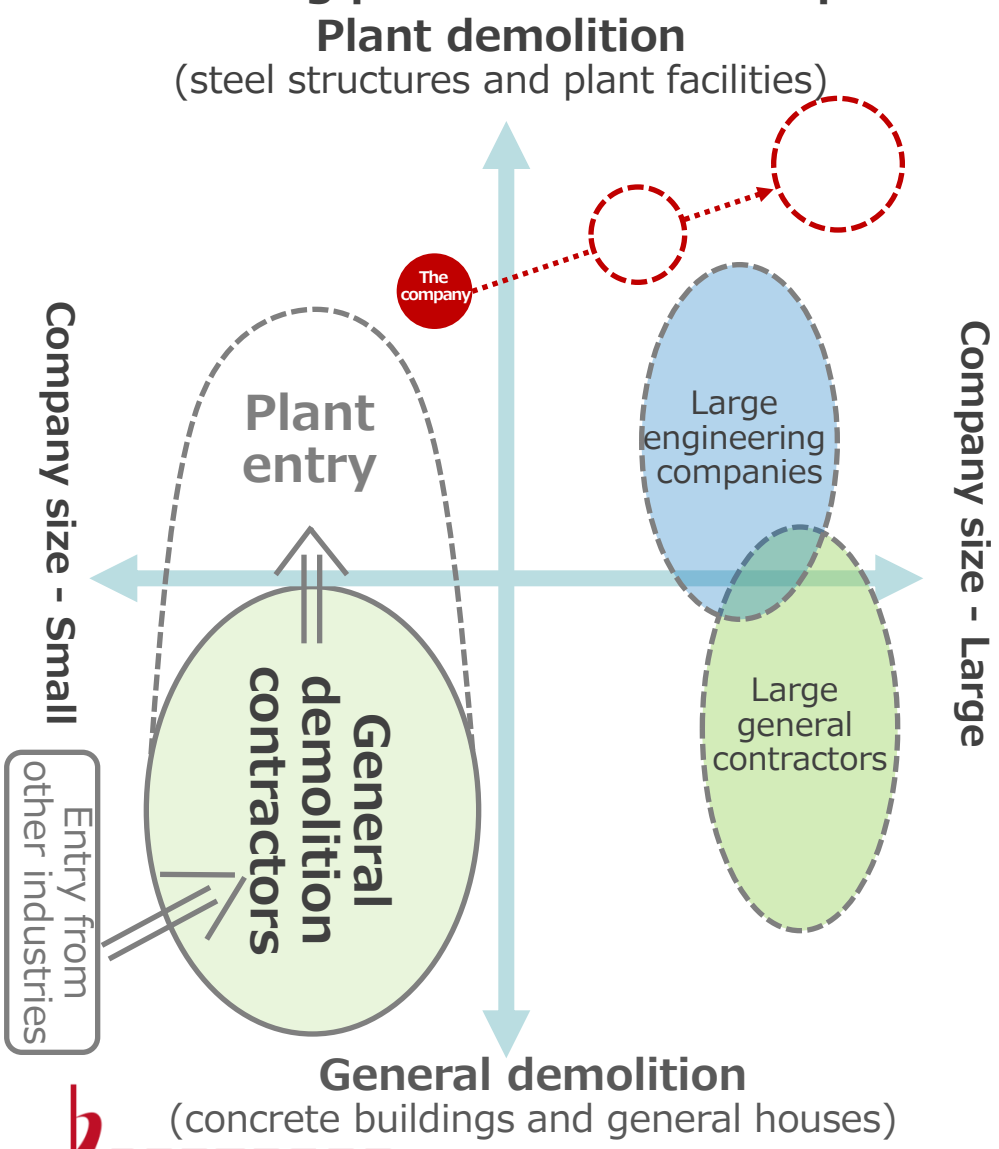
- Over the next 30 years, the percentage of facilities that are more than 50 years old will increase at an accelerating rate.
- Similarly with plants, facilities built after the high-growth period of the 1960s will deteriorate rapidly.
- Due to the switch to natural energy, demolition and renewal demand for onshore wind turbine generator system, etc. will increase.



Source: Ministry of Land, Infrastructure, Transport and Tourism "Trends in Construction Investment"

Competition in the Plant Demolition Industry

Enhancing plant demolition expertise leads to a differentiated position.



Since the construction industry license category "demolition work" was established in 2016, the number of licensed contractors has increased significantly.

Number of contractors licensed for "demolition work"
End of March 2016: 29,335
End of March 2017: 43,186
End of March 2021: 60,926
End of March 2023: about 65,800
(up 2,447 year on year)
End of March 2024: about 68,200
(up 2,387 year on year)

This number continues to grow at the pace of more than 2,000 companies each year. In the background to this is the aging of buildings built during the era of high speed economic growth and increasing demand for demolition work due to progress in measures against vacant houses.

Expertise in plant demolition

- Safety level
- Understanding of subject materials
- Understanding of manufacturing process
- Handling of heavy materials
- Preparation of work plans
- Work management

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Trends in the Plant Industry

Plant demolition market

A demolition market on the scale of ¥700 billion to ¥1 trillion yen per year is expected.

Electric power		The 7th Strategic Energy Plan announced by the Agency for Natural Resources and Energy aims to increase the share of renewable energy to 40 to 50% and suppress the share of thermal power generation to 30 to 40% by 2040. From the perspective of balancing stable energy supply and decarbonization, the policy is to introduce renewable energy with high decarbonization effects as the main power source as far as possible, and reduce the amount of thermal power generation, centered on inefficient coal-fired power plants.
Steel-making		The restructuring of facilities is called for because of changes in domestic demand and the need for environmental measures. Domestic steel demand has declined due to factors such as economic stagnation, a declining population and the development of the steel industry in Asia. In addition, research on conversion of blast furnaces to electric furnaces and hydrogen reduction steelmaking has progressed for decarbonization, and the restructuring of facilities is an urgent need.
Petroleum and petro-chemicals		Many industrial complexes were built during the era of high speed economic growth and many have been in operation for more than 50 years. Several companies are considering restructuring facilities at their ethylene plants in particular as demand and operating rates have declined. In the Chiba area, Maruzen Petrochemical and Sumitomo Chemical, and Idemitsu Kosan and Mitsui Chemicals have indicated their intention to consolidate their facilities. In the Mizushima area, Asahi Kasei and Mitsubishi Chemical are scheduled to optimize their production systems.
Wind power		There were 2,720 wind turbines in Japan at the end of 2024, most of which are onshore, but a shift to large-scale offshore wind turbines is expected in the future. In addition, a rapid increase in demolition demand is expected because the service life of onshore models is 15 to 20 years and the FIT (feed-in tariff) period is 20 years. Moreover, it is expected that a considerable number of turbines will require demolition due to damage or catastrophic failures caused by lightning strikes or typhoons.

Leading the Future
Medium-Term Management Plan 2030

The positioning of “Medium-Term Management Plan 2030”

We will establish our foundation as the leading company in the demolition industry.

Previous medium-term plan	**New medium-term plan**	Beyond next medium-term plan
Organic company growth (capturing abundant demolition needs)		
Prioritized scale expansion over profits aiming for the achievement of sales of ¥10 billion	Achievement of sales of ¥30 billion Operating profit rate of 10% or more ROE of 20% or more	Growth into a company group with sales of ¥100 billion
Discontinuous corporate growth (overseas expansion, M&A, business tie-ups, etc.)		
Diversification of business	Concentration in core business	Expansion into peripheral businesses centered on core business

Executive Summary of “Medium-Term Management Plan 2030”

Basic policy

We will pursue quantitative expansion and qualitative enhancement simultaneously and establish our foundation as **the leading company in the demolition industry**.

Term ending January 2031

Growth target

Net sales	Operating profit	ROE
¥30 billion	**¥3.3 billion**	**20% or more**
Growth of about 3 times in 5 years Towards sales of ¥30 billion	We will leverage economies of scale to establish a highly profitable structure for ¥3.3 billion (operating profit rate of 11%).	We will maximize capital efficiency and aim for an ROE of 20% or more.

Priority measures

Pursuit of **quality**

1. Strengthening of competitiveness through the development of the decarbonized demolition® methods and use of AI

We will establish an industry-leading technology brand through the development of new methods that fuse creativity and AI, and patent applications.

Pursuit of **quantity**

2. Acceleration of growth by expanding bases in areas of plant concentration

We will expand our bases into areas of plant concentration, maximize our ability to receive orders and stock earnings, and build a foundation for sustainable growth.

Preparation for the **future**

3. Exploration of overseas markets and building a foundation for future development

We will conduct research and search for cooperation in promising markets to build a foundation for overseas expansion that will drive future growth.

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Priority Measures ~ Pursuit of Quality ~

1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

Priority Measure 1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

■ Strengthening of technological capabilities and competitiveness by fusing R&D and AI

- We use AI to formalize theknowledge of plant facilities and knowhow of demolition methods obtained by specializing in dedicated plant demolition.
- By fusing formalized knowhow, the creativity of employees and AI, we are newly developing unique demolition methods.
- By combining our unique safety standards and technology with AI, we will enhance risk prediction and work management to ensure quality and safety even as our business expands.
- We will systematize the results as intellectual property, promote patent applications actively and establish a technology brand that leads the industry.

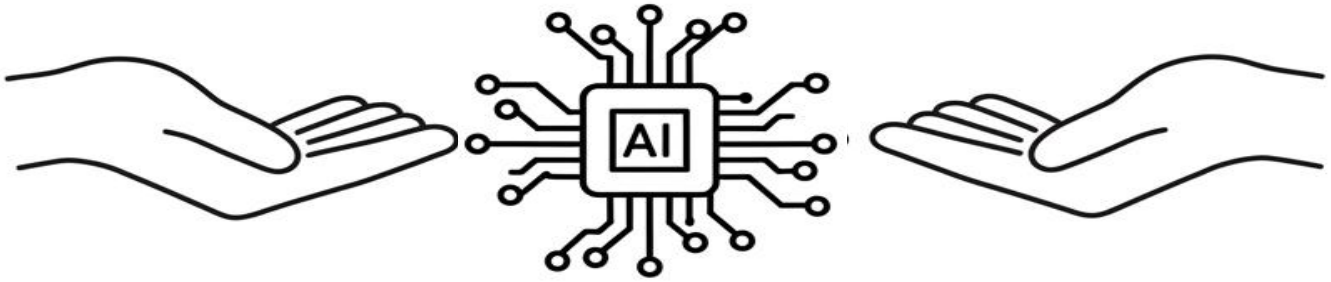
■ Strengthening of competitiveness by visualizing the added value of decarbonized demolition®

- In addition to visualizing the GHG emissions of demolition sites, the company provides environmental value to customers by proposing its unique “decarbonized demolition®” methods comprehensively.
- We maximize the resource recycling rate through AI analysis to reduce environmental impacts and strengthen our profitability and competitiveness.
- We will explore new business possibilities in collaboration with the venous industry, with decarbonized demolition® at the core for the realization of a recycling-based society.

Priority Measure 1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

We use AI to formalize the knowledge of plant facilities and knowhow of demolition methods obtained by specializing in dedicated plant demolition.

BESTERRA's knowledge and knowhow



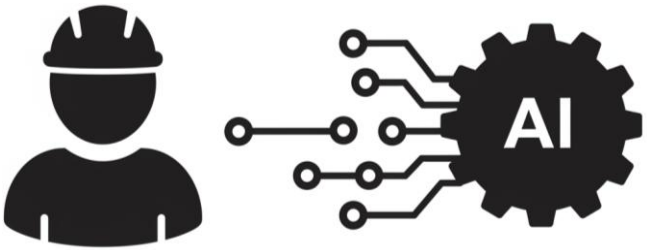
By fusing formalized knowhow, the creativity of employees and AI, we are newly developing unique demolition methods.

Technological research

Method development

Priority Measure 1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

By combining our unique safety standards and technology with AI, we will enhance risk prediction and work management to ensure quality and safety even as our business expands.

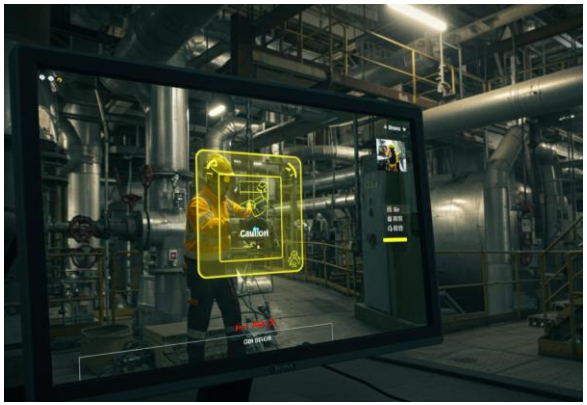


Use of data

Safety management and volume calculation

Method proposal

Detection of unsafe actions by AI camera



Personalized AI chatbot

Volume calculation by AI camera

Development themes using AI

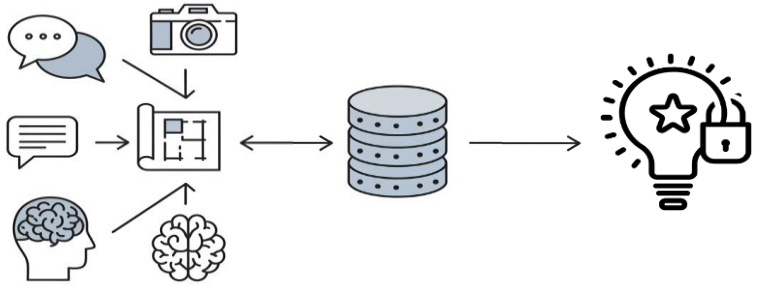
Priority Measure 1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

We will systematize the results generated as intellectual property, promote patent applications actively and establish a technology brand that-leads the industry.

Promotion of intellectual property management

We will promote patent applications actively for methods and technologies generated by technological research and method development using AI.

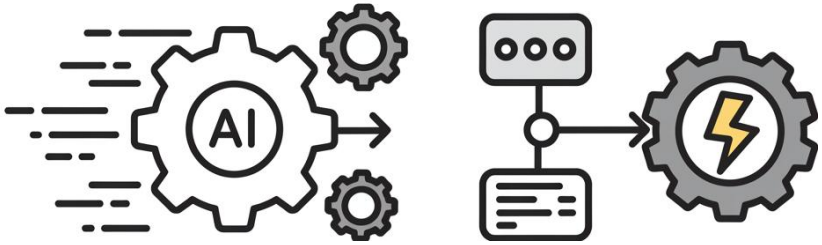
Unique methods and technologies will raise BESTERRA's competitive superiority and lead to our foundation as the industry's leading company in terms of quality.



Using AI in all work

We will improve work efficiency by using AI and lay a foundation that will realize more creative work and higher output from relationships that can only be achieved with people.

We will deploy human resources who customize AI agents and other technologies in everyday work as an "AI-embedded team," and advance AI implementation in detail and in large quantities.



Priority Measure 1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

Acquired patents

Tanks	Demolition method for large spherical storage tanks and jack mechanism used with that method
	Cutting demolition method for large spherical storage tanks
	Cutting demolition method for large storage tanks
	Demolition method for large storage tanks
	Demolition method for large storage tanks (patent for improvement of the Apple Peeling Method) *Fig.1
Boilers	Demolition method for boilers
	Demolition method for boilers and support structures *Fig.2
	Demolition method for boilers
	Demolition method for boilers
	Demolition method for H-steel support systems and buildings that use them
Chimneys	Scaffolding equipment used in demolition of chimneys and demolition method for chimneys using that equipment
	Method for toppling steel tower support-type chimney structures
	Scaffolding equipment used in demolition of collective chimneys and demolition method for collective chimneys using that equipment (international application)
Cranes	Demolition method for goliath cranes
3D	3D image display system, 3D image display device, 3D image display method, and 3D image display system for plant facilities
	Robot for patrol work and alarm system using robot for patrol work
Transformers	Demolition method for transformers, jig for transformer demolition, and cutting device used in transformer demolition (joint application with Hitachi Plant Construction, Ltd.)
Wind turbines	Method for toppling wind turbines for power generation
	Method for toppling tower structures using the foundations
	Demolition method for tower-type wind turbine generator system (3)
	Demolition method for offshore tower-type wind turbine generator system
	Method for lowering blades in demolition of tower-type wind turbine generator system

Acquired patents

Other	Demolition method and equipment for tower structures
	Method for toppling regenerative furnaces of air-heating furnaces
	Mobile group of magnetic attraction vehicles (joint application, Robot Gunryu)
	Pipe blocking method and pipe cutting method (joint application with Chugoku Electric Power Co., Inc.)
	Soil cleaning system and soil cleaning method (joint application with Chugoku Electric Power Co., Inc.)
	Method and system for demolition of cylindrical structure (joint application with Hitachi Plant Construction, Ltd.)
	Demolition method for exhaust stacks (joint application with Hitachi Plant Construction, Ltd.)
	Remote cutting method and cutting device (joint application with Hitachi Plant Construction, Ltd.)

Under application

Wind turbines	Method for toppling tower structures using their concrete foundations and base flange
Chimneys	Method for toppling 4-tower collective chimneys
Other	Method for toppling tower structures using their anchoring as a toppling axis
	Detoxification system for coating film containing PCBs

解体診處 KAITAI SHINSHO®

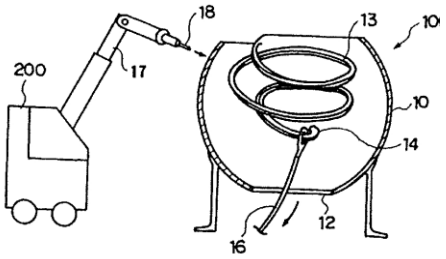


*Fig.1. Demolition method for large storage tanks (Apple Peeling Method)

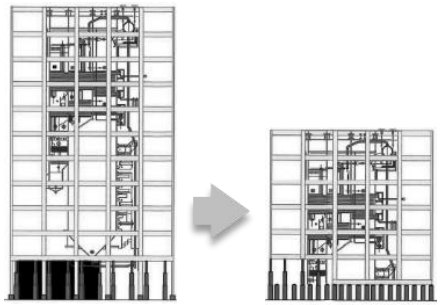


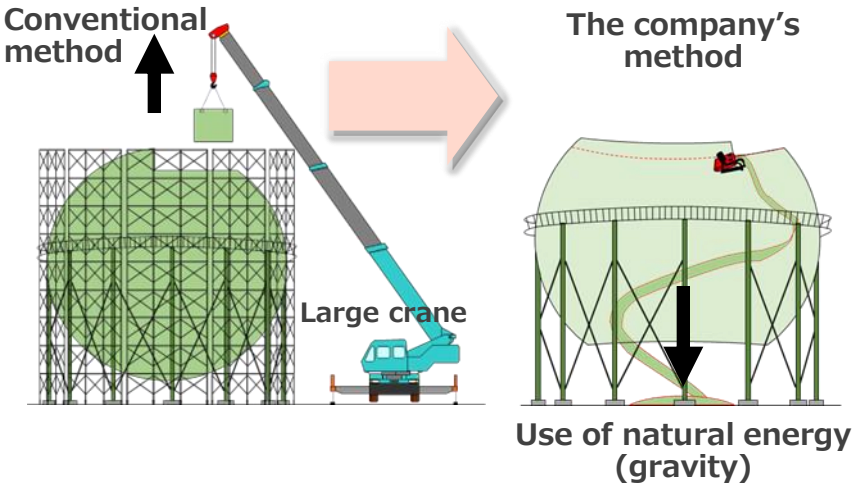
*Fig.2. Demolition method for boilers and support structures

Priority Measure 1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

Strengthening of competitiveness by visualizing GHG emissions at demolition sites and increasing the added value of decarbonized demolition®

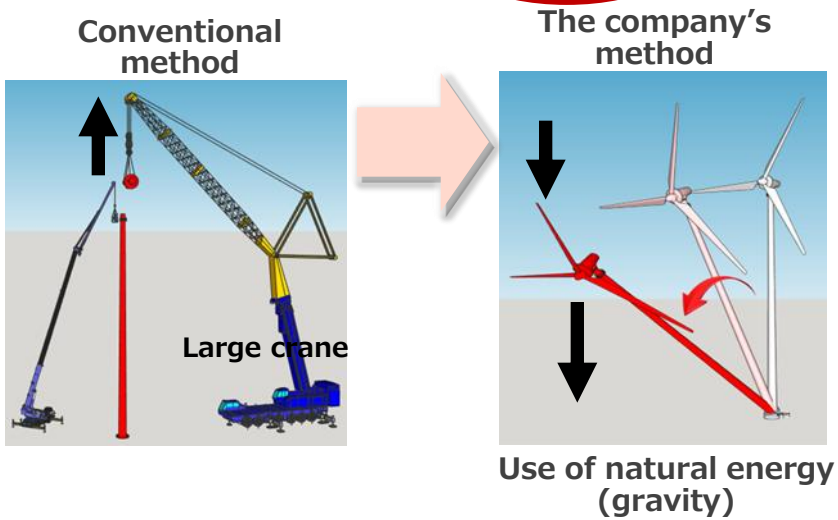
■ Apple Peeling Method

CO_2 emissions About 50% reduction



■ Toppling method

CO_2 emissions About 40% reduction



■ Fireless Method

CO_2 emissions About 80% reduction

■ Hydrogen fusing

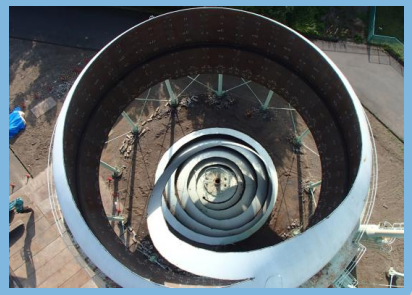
CO_2 emissions About 85% reduction

Priority Measure 1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

The company provides environmental value to customers by proposing its unique “decarbonized demolition®” method comprehensively.

Total management of plant demolition by decarbonized demolition®

Apple Peeling Method



Toppling method

Fireless Method

Hydrogen fusing

Curing sheet made of recycled plastic

Asbestos waste bags made of recycled plastic

Grounds for CO_2 emission reductions can be viewed from the QR code

Priority Measure 1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

This method uses the natural energy that is the earth's gravity and *reduces GHG emissions significantly* compared to the methods of other companies that use large heavy equipment that uses fuel.

Toppling method
(toppling in the direction of support)

BESTERRA's toppling technology

Steel structures, such as chimneys, towers and vessels, are fixed with solid concrete foundations and anchor bolts, and have a toppling axis that acts as the center of gravity. The company's toppling method is an excellent method by which the toppling axis is calculated carefully and the concrete foundation is cut so that the toppling direction can be controlled with certainty and the structure can be toppled safely in the predetermined direction.
In addition, it is possible to reduce the cost and the construction period caused by transporting and assembling large cranes, and **CO2 emissions can be reduced by up to 1/10** compared to the conventional method of demolition while lifting them using cranes.

Subjects	Toppling method patents
Steel towers and chimneys	Method for toppling steel tower support-type chimney structures
Wind turbines and towers	Method for toppling wind turbines for power generation
Other	Method for toppling regenerative furnaces of air-heating furnaces

Priority Measure 1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

We have accumulated numerous work achievements using Fireless Method which does not use fire. *GHG emissions are reduced significantly* by using a method that does not use fire.

Fireless Method

BESTERRA's fireless technology

Due to our special knowhow, we are able to cut large equipment with a thickness that exceeds common sense in the industry. In addition, w**e are also developing new cutting blades to use for this method**. Demand is high for the demolition of plants where the use of fire is limited and for the demolition of transformers containing hazardous substances (PCBs), etc., and this method can be expected to be used in the decommissioning of nuclear power plants in the future.

Large transformers

Substation facilities

Water jet method

Wire sawing method

Wire saw

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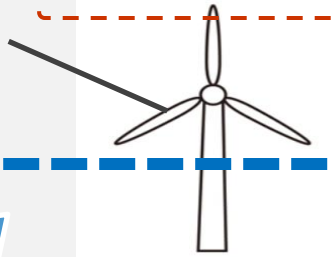
Priority Measure 1. Strengthening of Competitiveness Through the Development of the Decarbonized Demolition® Methods and Use of AI

We will maximize the resource recycling rate by AI analysis to reduce environmental impacts and strengthen profitability and competitiveness. In the past, all wind turbine blades were disposed of in a landfill as materials that were difficult to dispose of. The company is carrying out recycling under a new scheme and is recycling 100% of demolished blades.

Conventional scheme

Facility owner → Demolition company → Industrial waste (blades) → Landfill

Blades



The company's scheme

* Wind turbine blades are made of a composite material solidified with resin.
Because they are hard to burn and difficult to crush, they are normally disposed of 100% in landfill, but the company is able to recycle 100% of this waste using special technologies.

100% recycling

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Cement raw material

Blade disassembly

Disassembly and cutting

Crushing and compression

Priority Measures ~ Pursuit of Quantity ~

2. Acceleration of Growth by Expanding Bases in Areas of Plant Concentration

Priority Measure 2. Acceleration of Growth by Expanding Bases in Areas of Plant Concentration

■ Sales strategy and base expansion for the maximization of orders

- Based on market analysis that takes into account industry trends, regional characteristics and facility conditions, we will develop marketing strategies and systems.
- We will establish new sales bases centered on Osaka, Yokkaichi and other areas of plant concentration, and accelerate nationwide expansion. We will aim for the maximization of sales.
- By expanding our work bases, we will realize the coninuous acquisition of projects and the expansion of stock revenue.

■ Establishment of a base system, strengthening of management and penetration of culture

- We will optimize the organizational functions of regional bases and Head Office support functions, and strengthen organizational capacity for scale expansion through appropriate delegation of authority.
- In association with the expansion of employee numbers, we will strengthen base management and promote measures to penetrate our culture to maintain and evolve our culture, which is one of the strengths of the company.

■ Strengthening of our network of partner companies and procurement functions

- We will expand and strengthen our nationwide network of partner companies in line with expansion of sales.
- We will evolve our outsourcing strategy and procurement functions to realize improvement of competitiveness and profitability.

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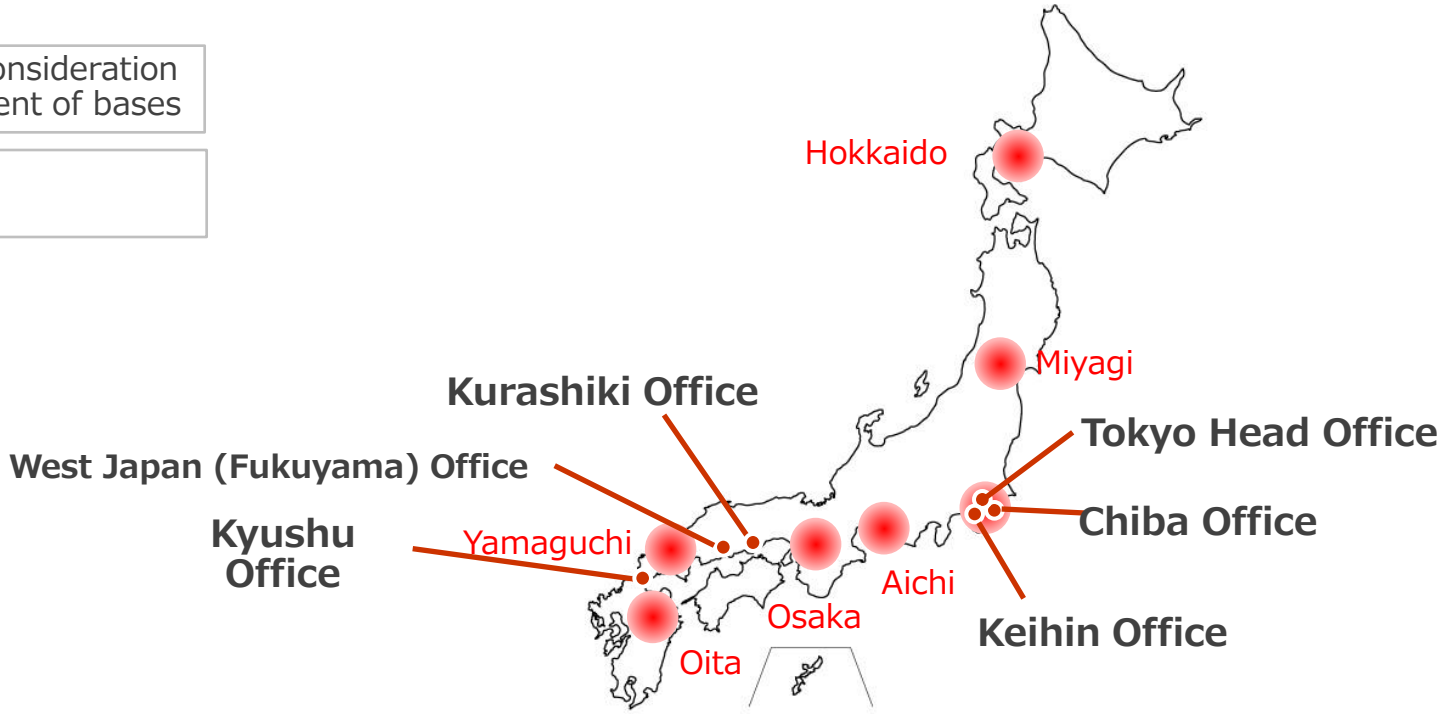
Priority Measure 2. Acceleration of Growth by Expanding Bases in Areas of Plant Concentration

Sales strategy and base expansion for the maximization of orders

Based on market analysis that takes into account industry trends, regional characteristics and facility conditions, we will develop marketing strategies and systems.

: Areas under consideration for establishment of bases

: Existing bases



We are accelerating our nationwide expansion by opening new sales bases centered on areas of plant concetration including Osaka, Nagoya and other urban areas. Aiming to maximize sales, we will realize continuous project acquisition and expansion of stock revenue through expansion of work bases.

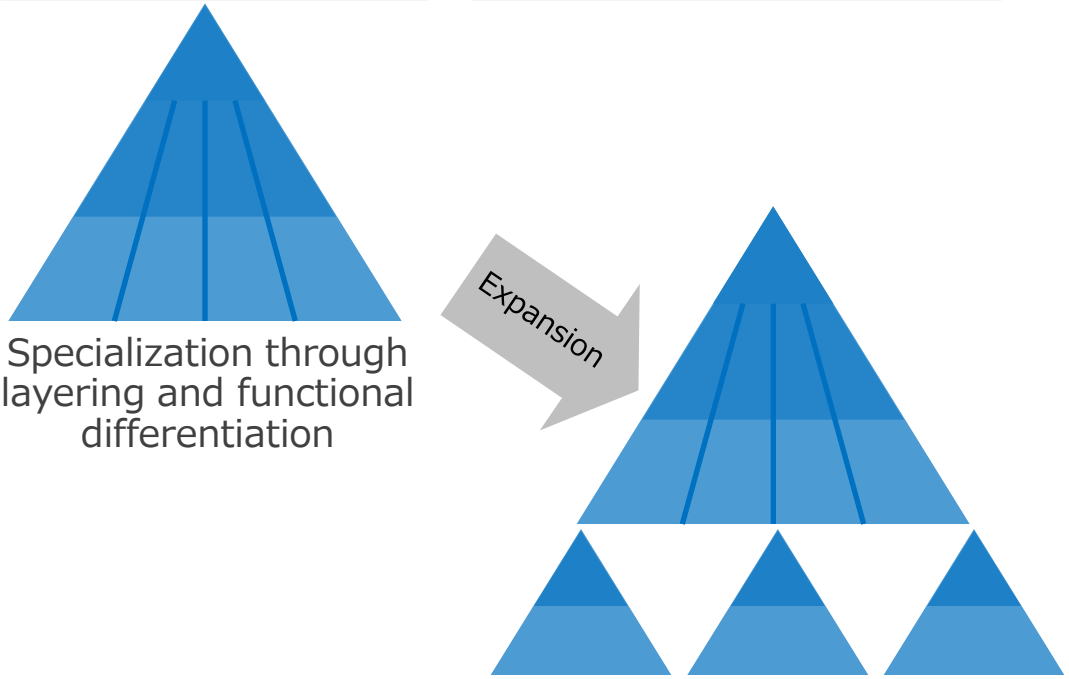
Priority Measure 2. Acceleration of Growth by Expanding Bases in Areas of Plant Concentration

Establishment of a base system, strengthening of management and penetration of culture

We will optimize the organizational functions of regional bases and Head Office support functions, strengthen organizational capacity for scale expansion through appropriate delegation of authority and promote strengthening of base management and culture penetration measures.

Previous medium-term plan

Medium-Term Management Plan 2030



Specialization through layering and functional differentiation

Expansion through establishment of bases and appropriate delegation of authority

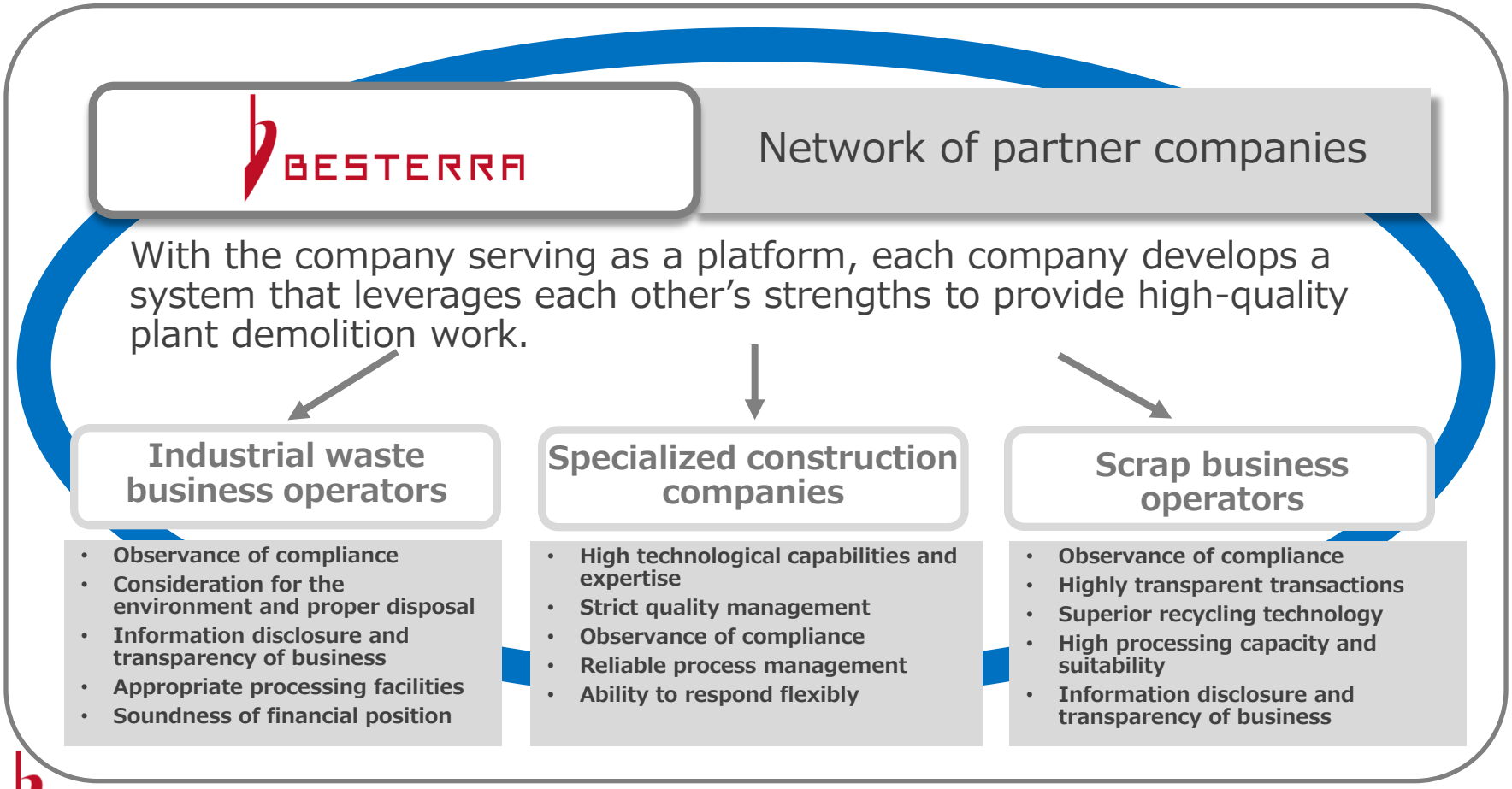
Joint training for senior management and other management positions

Sharing the code of conduct at general meetings of employees

Priority Measure 2. Acceleration of Growth by Expanding Bases in Areas of Plant Concentration

Strengthening of our network of partner companies and procurement functions

- We will expand and strengthen our nationwide network of partner companies in line with expansion of sales.
- We will evolve our outsourcing strategy and procurement functions to realize improvement of competitiveness and profitability.



Priority Measures
~ Preparation for the Future ~

3.Exploration of Overseas Markets and Building a Foundation for Future Development

Priority Measure 3. Exploration of Overseas Markets and Building a Foundation for Future Development

■ Identification of target countries and implementation of feasibility studies

- We will implement market research in promising markets such as Singapore and South Korea, and build a foundation for growth with an eye on future expansion.
- We will investigate and analyze plant demolition needs, work methods, work periods, costs and scrap distribution, and accumulate knowledge related directly to overseas business development.
- We will build relationships with local partner candidates and explore the possibility of collaboration.
- We will organize information on legal systems and the regulatory environment and prepare for business expansion, including establishment of local subsidiaries.

■ Approaches to overseas plants centered on Japanese companies

- We will implement fact-finding surveys, assess the needs of Japanese companies that have plants overseas, and lead to opportunities to receive future orders.
- We will explore the possibility of cooperation with engineering companies that handle work at overseas plants and develop new routes for receiving orders.
- We will leverage relationships with existing customers and establish a foundation for market entry with an eye on future overseas expansion.

＊ We will not record overseas sales under this plan, and will focus on exploring and building a foundation for future expansion.

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Priority Measure 3. Exploration of Overseas Markets and Building a Foundation for Future Development

Market trends in overseas demolition and the venous industries surrounding Japan

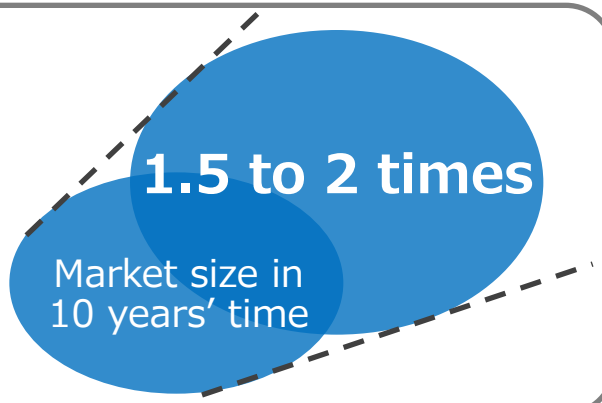
As in the domestic market, the demolition and venous industries (recycling and waste processing) market is experiencing significant changes in overseas markets surrounding Japan, and the global demolition and waste processing market is expected to expand rapidly.

Trends in overseas markets

According to multiple surveys, the global demolition market is expected to grow by 1.5 to 2 times over the next ten years.

- Aging infrastructure
- Urban redevelopment
- Strengthening of environmental regulations (appropriate waste processing)
- Changes in industrial structure (decarbonization)

The plant demolition market is also expected to grow similarly.



Characteristics of the Asia-Pacific region

Of all the demolition markets of the world, that of the Asia Pacific region is expected to expand at the fastest rate.

- High economic growth and rapid urbanization
- Large-scale infrastructure projects
- Abundant labor force and low labor costs
- Demolition and conversion of industrial facilities (strengthening of laws and regulations and energy shift)

This region has the characteristics of utilizing an abundant labor force to complete large-scale projects in a short construction period and at low cost.

Competitive landscape

As for the impact that overseas trends have on the Japanese domestic market, there are concerns that Chinese scrap companies will enter the demolition market due to the shift from blast furnaces to electric furnaces in China, the world's largest steel producer.

Intensifying competition to secure iron sources

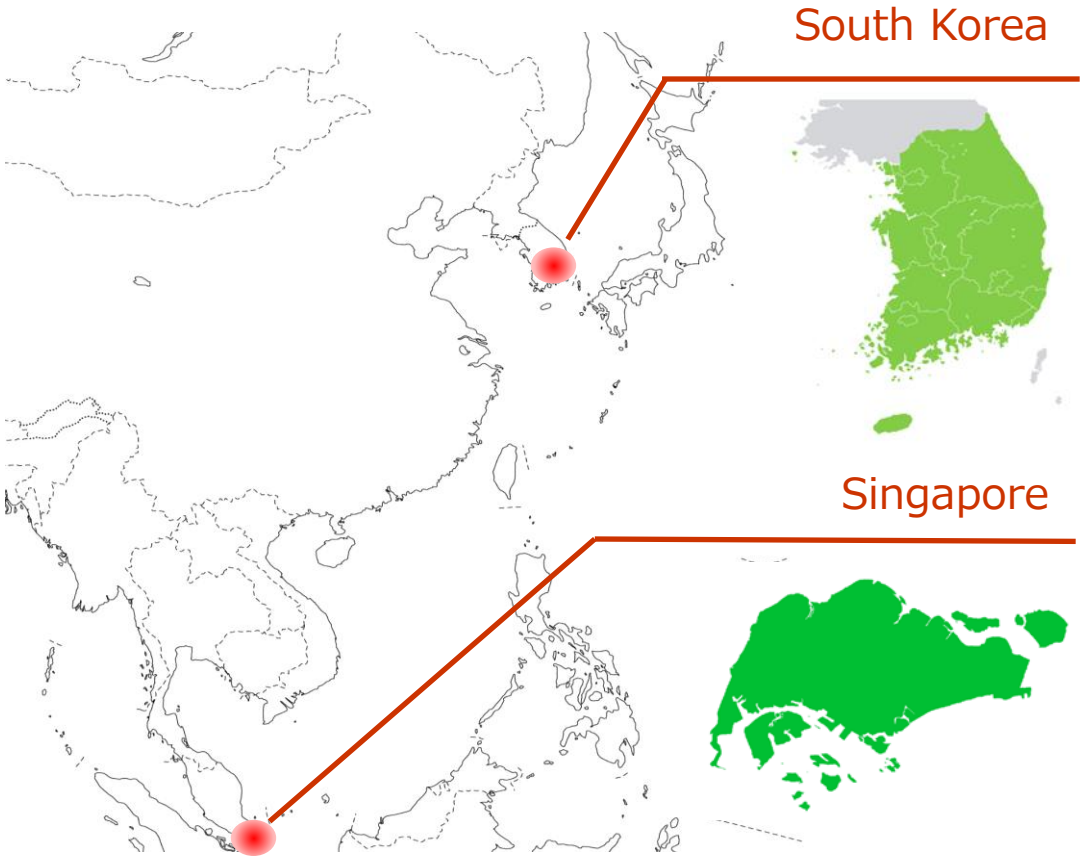
Electric furnace
Steel scrap is the main raw material

Blast furnace
Iron ore and coal are the main raw materials

Priority Measure 3. Exploration of Overseas Markets and Building a Foundation for Future Development

Implementation of feasibility studies after identifying target countries

As a foothold for overseas expansion, we will first investigate and accumulate knowledge on plant demolition needs in Singapore and South Korea, as well as demolition methods, work periods, costs and handling of valuable materials in those countries.



South Korea, which has enjoyed rapid economic development centering on the heavy and chemical industries since the late 1960s, has a large number of thermal power plants and petroleum and petrochemical plants just like Japan, and demand for plant demolition is expected to grow in the future.

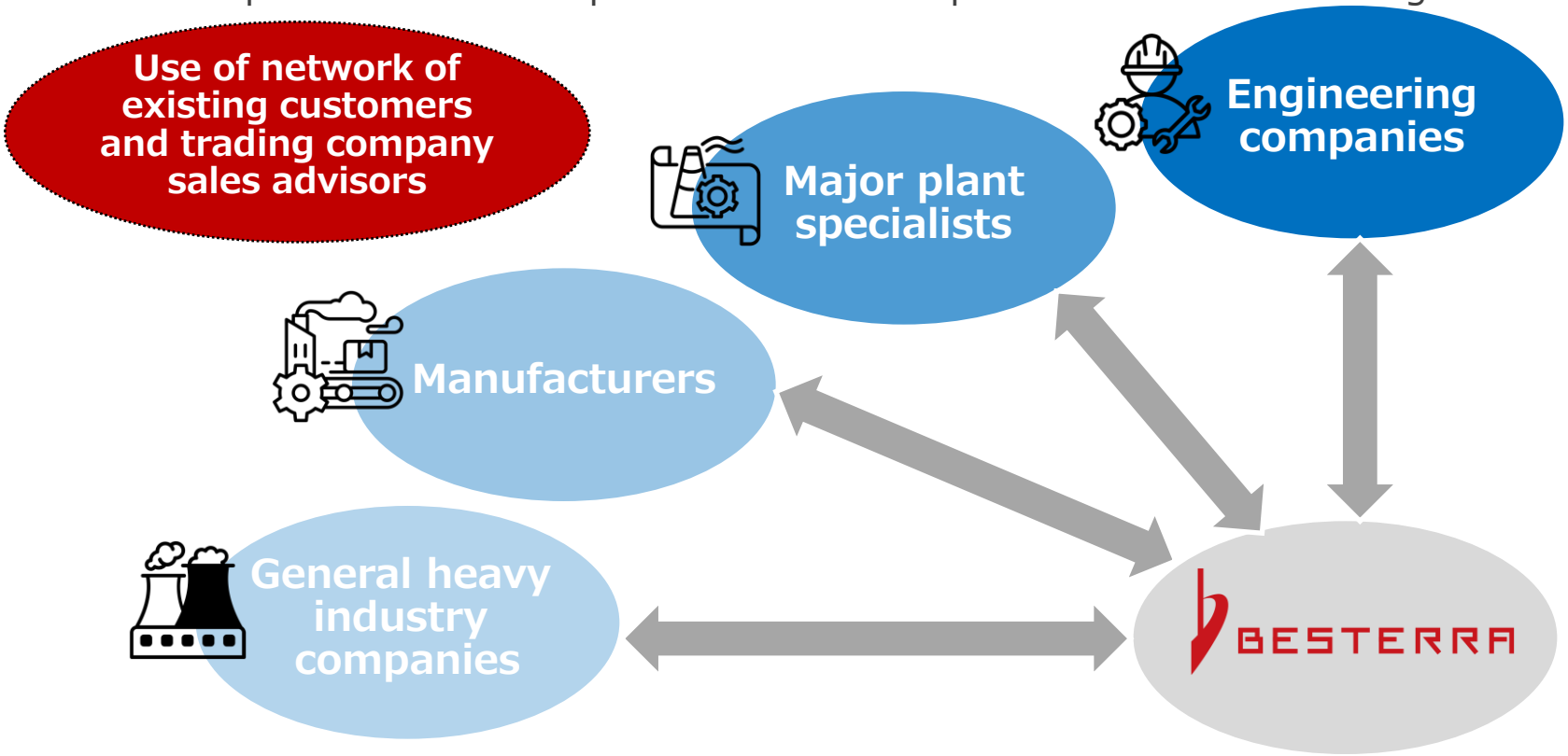
In Singapore, where Jurong Island, the place with the largest concentration of chemical and energy industries in Southeast Asia, is located, many plants are located in a small land area and expansion of demand for maintenance work and future dismantling and demolition is expected.

We will seek to build relationships and collaboration with local partner companies and advance preparations for expansion.

Priority Measure 3. Exploration of Overseas Markets and Building a Foundation for Future Development

Approaches to overseas plants of Japanese companies, including existing customers

Using our network with existing customers, we will survey actual conditions, grasp the needs of Japanese companies with overseas plants, explore opportunities to receive orders and possibilities for cooperation and develop new routes for receiving orders.



We will develop local partner companies, build a foundation of trust, and integrate Japanese and overseas plant demolition technologies.

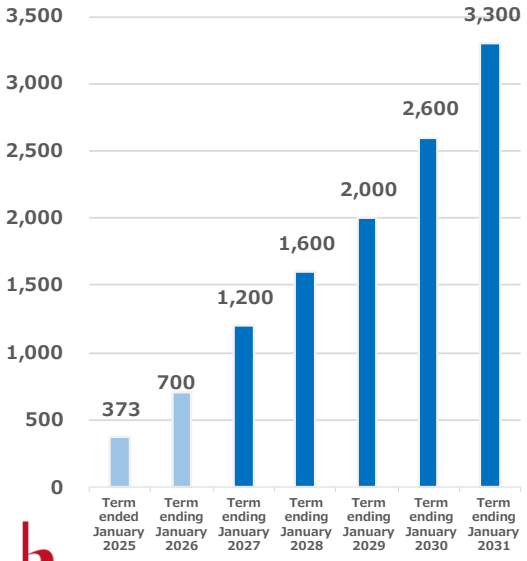
Quantitative Targets (KPI)

Quantitative Targets KPI

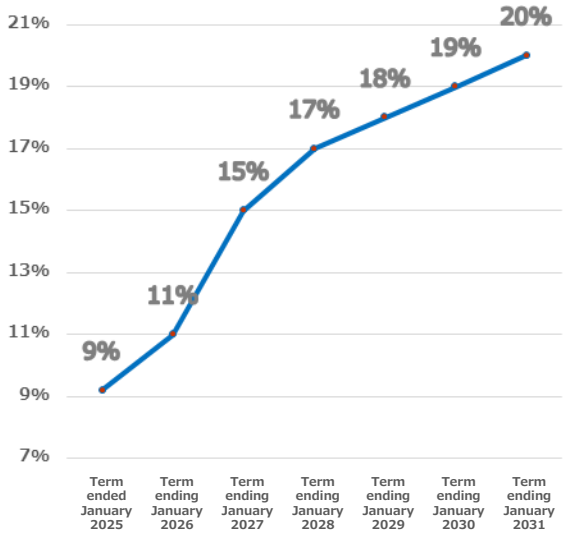
Unit: ¥ million

	Term ended January 2025 results	Term ending January 2026 forecast	Term ending January 2027 plan	Term ending January 2028 plan	Term ending January 2029 plan	Term ending January 2030 plan	Term ending January 2031 plan
Net sales	10,897	12,000	14,000	17,000	20,000	24,500	30,000
Operating profit	373	700	1,200	1,600	2,000	2,600	3,300
Operating profit rate	3.4%	5.8%	8.5%	9.4%	10.0%	10.6%	11.0%
EPS	¥46	¥61	¥86	¥114	¥144	¥187	¥238
ROE (Return on Equity)	9.2%	11.0%	15.0%	17.0%	18.0%	19.0%	20.0%
Number of site managers	77 people	92 people	105 people	126 people	145 people	172 people	205 people

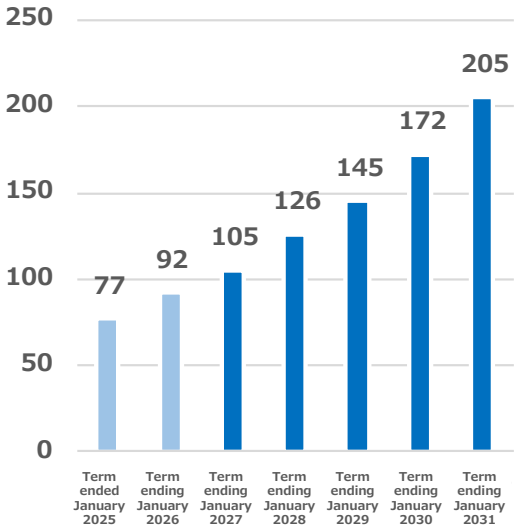
Operating profit



ROE



Number of site managers



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Trends in Indicators

Non-consolidated financial results → Consolidated Financial results → New management structure

	Term ended January 2016	Term ended January 2017	Term ended January 2018	Term ended January 2019	Term ended January 2020	Term ended January 2021	Term ended January 2022	Term ended January 2023	Term ended January 2024	Term ended January 2025	Term ending January 2026 forecast
Net sales ¥ million	3,846	4,182	4,496	4,927	3,436	3,682	5,966	5,458	9,394	10,897	12,000
Operating profit ¥ million	447	397	386	497	93	124	488	(215)	246	373	700
Operating profit rate %	11.6	9.5	8.6	10.1	2.7	3.4	8.2	-	2.6	3.4	5.8
Profit ¥ million	292	271	263	621	59	142	1,391	(64)	231	409	550
ROE %	18.4	12.8	11.7	23.8	2.3	5.6	40.6	(1.5)	5.5	9.2	11.0
PER times	24.0	67.6	65.9	18.7	163.4	96.2	7.7	-	39.2	20.8	-
PBR times	4.1	8.4	7.5	4.4	3.9	5.3	2.6	1.9	2.2	1.8	-
Term-end stock price ¥	1,030	2,220	2,089	1,407	1,191	1,668	1,269	916	1,023	964	-

✓ There was an operating loss in the term ended January 2023, in association with one-time expenses associated with the changes in management structure (payment of retirement benefits for directors).

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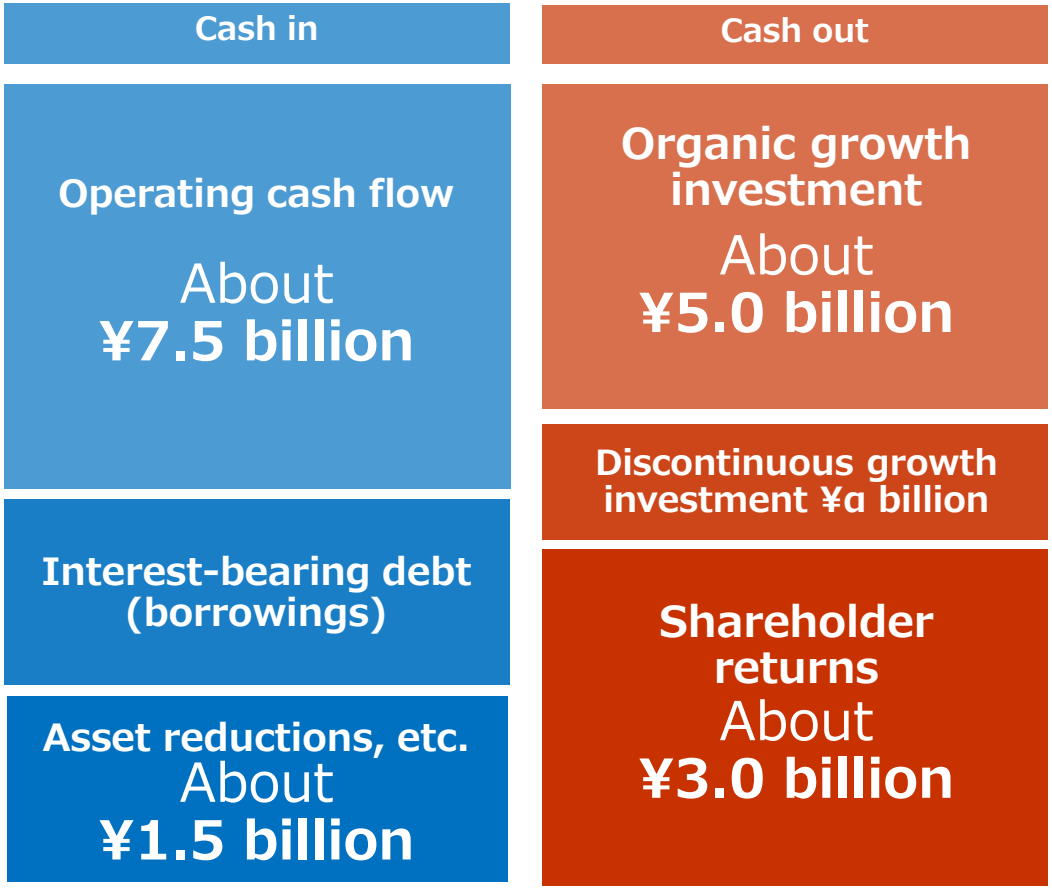
FINANCIAL STRATEGY (CASH ALLOCATION)

- We will allocate investment actively in growth and technology to maximize corporate value.
- We will improve ROE and provide stable progressive dividends to deliver attractive returns to shareholders.

Cumulative amounts for the period of the Medium-Term Management Plan (2027 - 2031)



Growth investment for corporate growth

Organic growth investment

- **Active investment for improvement of technological capabilities**

Decarbonized demolition®, demonstration experiments of patented demolition methods and conversion to internal production
Investment in AI technology development and systems

- **Nationwide coverage and expansion of offices**

Actively opening stores in Osaka, Yokkaichi and other areas where plants are concentrated

- **Investment in human capital**

Investment for the acquisition of talented human resources, improvement of education and improvement of working conditions

Discontinuous growth investment contributing to growth

Overseas expansion, M&A, business tie-ups, etc.

Provision of attractive returns to shareholders

- Progressive dividends, approximate payout ratio of 40%
- DOE of 3.5% or more

Provision of stable returns to shareholders by improving profitability (ROE of 20% or more)

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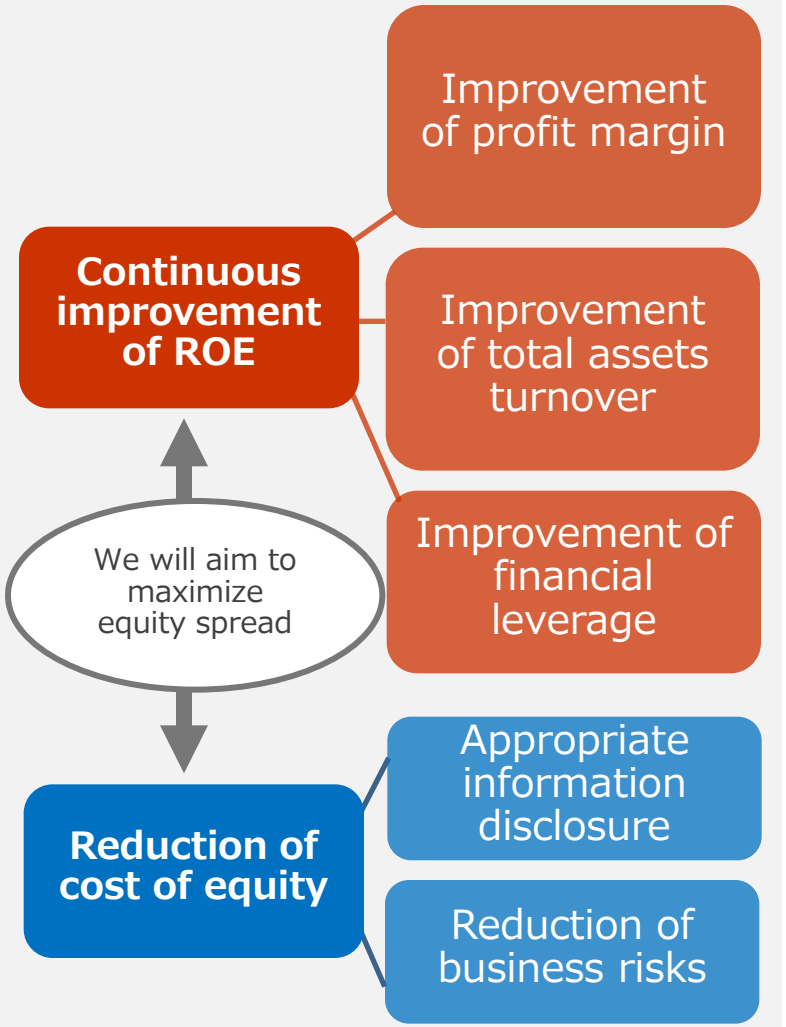
Management Conscious of Capital Cost

Promotion of “Medium-Term Management Plan 2030”



Growth strategy

- Maximization of sales by expansion of nationwide coverage and offices
- Strengthening of order receipt system by strengthening hiring of work supervisors
- Implementation of measures for improvement of profitability and withdrawal from unprofitable projects
- Optimization of costs and strengthening of procurement functions
- Maximization of value provided to customers by using AI
- Development of unique methods and specification of decarbonization rate estimates
- Research of and advances into overseas markets

Financial strategy

- Reduction of cross-shareholdings
- Use of interest-bearing debt (improvement of ROIC and ROE)
- Provision of attractive shareholder returns (improvement of DOE)

Non-financial strategy

- Promotion of sustainability management using intellectual property such as demolition technology and patents
- Strengthening of a business foundation through promotion of human capital management
- Elimination of information asymmetry through strengthening of IR activities
- Reduction of the risk of stock price fluctuations due to scandals by strengthening governance and risk management systems

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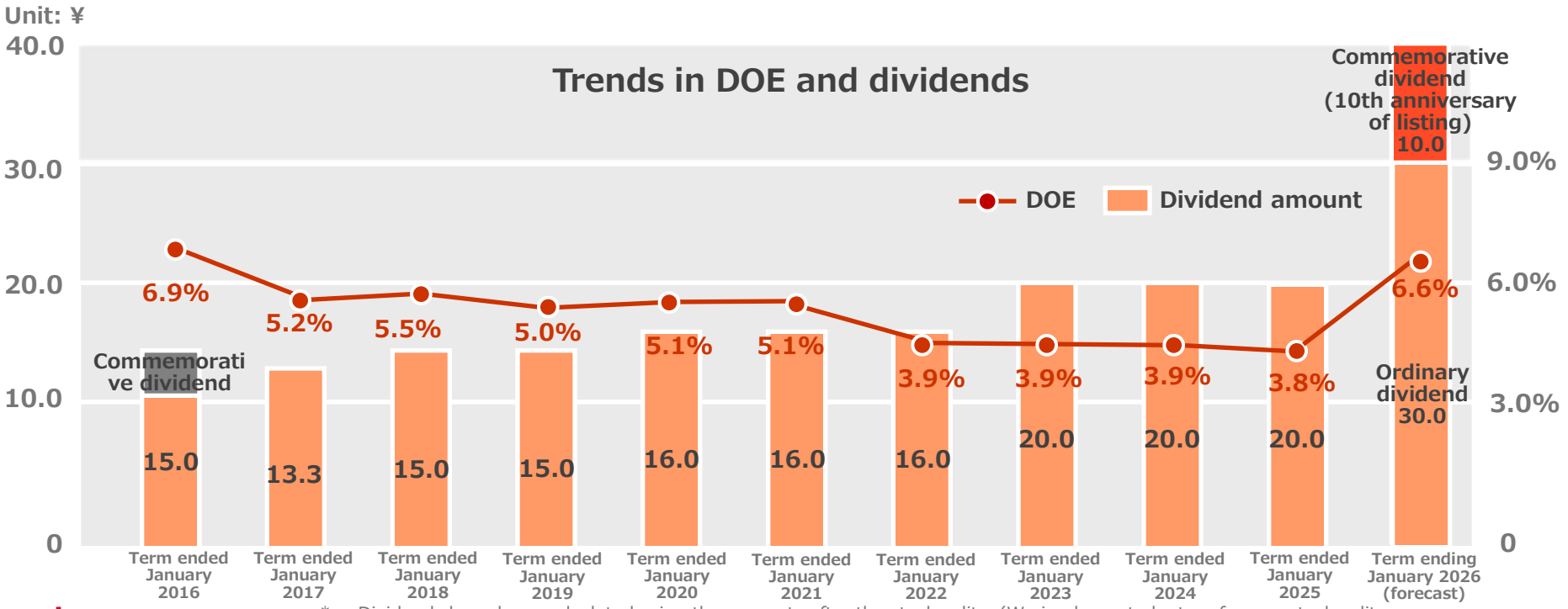
Return Policy

- We are promoting investment for growth actively and strengthening our business foundation for business growth.
- We recognize shareholder returns as an important corporate issue and base our return policy on **progressive dividends**.
- We have adopted DOE based on shareholders' equity* as a management indicator conscious of capital cost.
- We are targeting a **dividend payout ratio of 40% and DOE of 3.5% or more** (aiming for **ROE of 20% or more**)

* Excluding other components of capital (valuation difference on securities, foreign currency translation adjustments, etc.).



* Dividends have been calculated using the amounts after the stock splits. (We implemented a two-for-one stock split on February 1, 2016 and a three-for-one stock split on February 1, 2017.)

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