

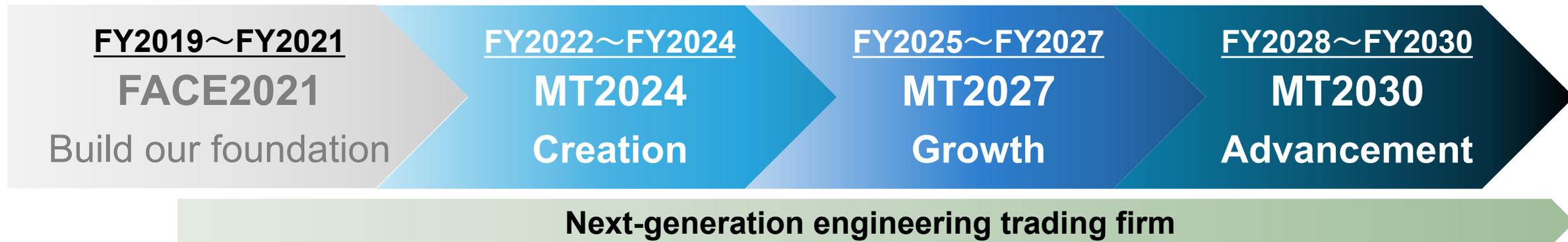
# Action to Implement Management that is Conscious of Cost of Capital and Stock Price

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November 6, 2025

# Reference: Numerical Targets (MT2027~MT2030)

Each three-year period between FY2022 and FY2030 is positioned as a period of Creation, Growth, and Advancement, and we have started mid-term business plan MT2027 (Growth phase)

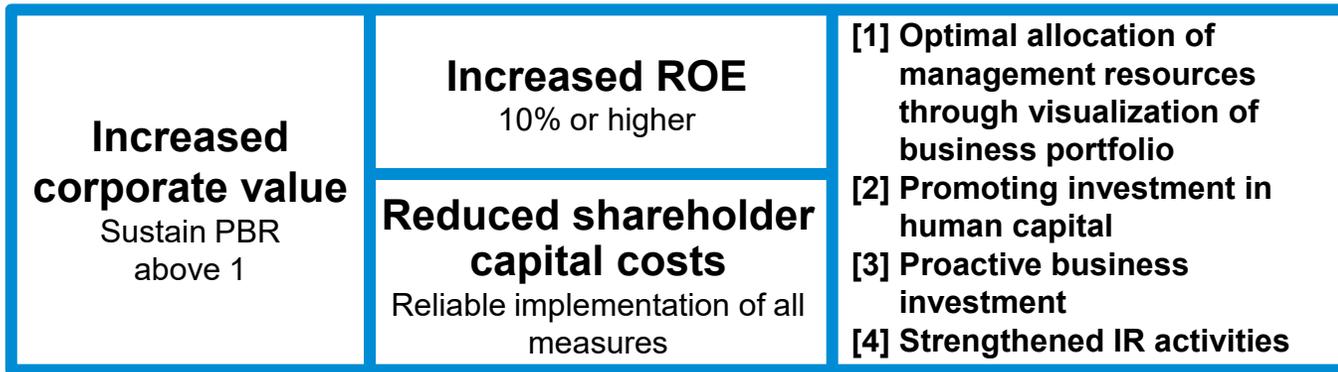


## Quantitative targets (consolidated)

	(million yen)	MT2024			MT2027	MT2030
		2023/3 Results	2024/3 Results	2025/3 Results	2028/3 Targets	2031/3 Targets
Orders received		244,296	203,986	206,348	270,000	—
Net sales		153,674	187,790	221,755	250,000	300,000
Operating income		6,717	9,090	13,103	15,000	18,000
Ordinary income		7,108	9,004	13,597	14,750	—
Profit attributable to owners of parent		6,316	7,461	8,841	10,300	—
ROE		10.3%	10.9%	11.6%	10% or higher	10% or higher

# Analysis of Current Situation

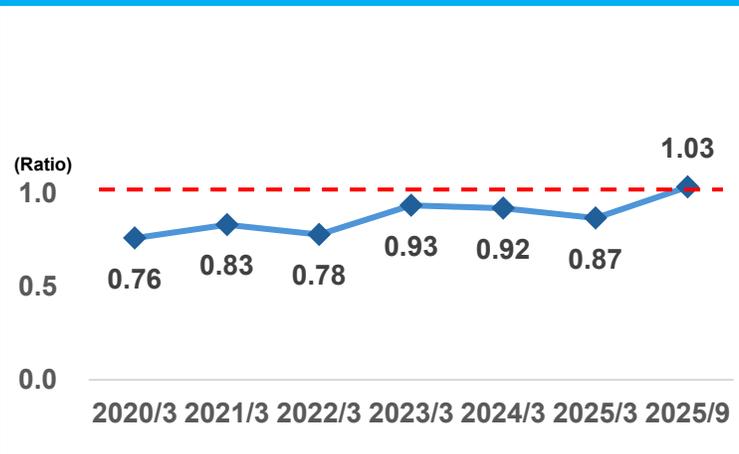
## Measures for enhancing corporate value (from presentation on March 2024 financial performance)



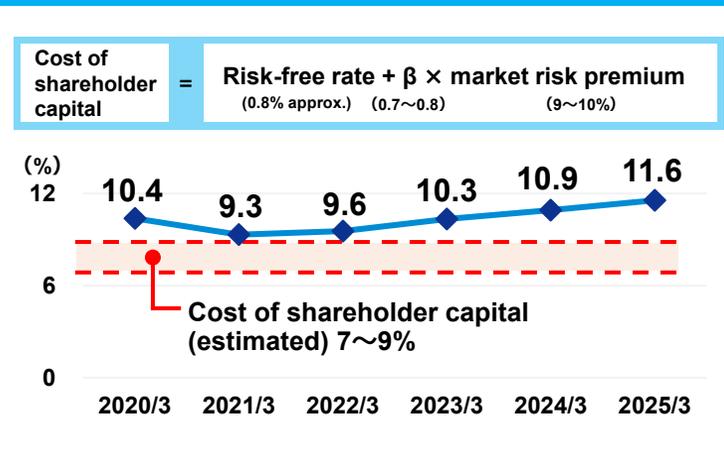
**Outcome:** Sustained ROE above our estimated cost of capital

**Challenge:** Further ROE improvement and increase of equity spread and capital efficiency  
 ⇒ to resolve PBR trend below 1 and improve PER

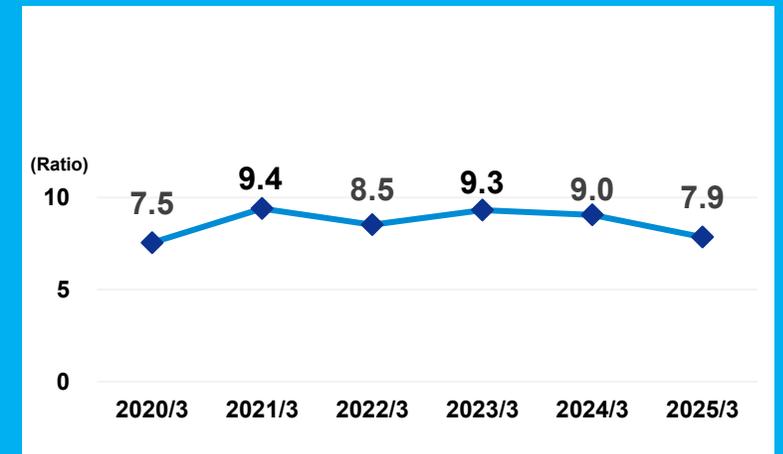
### PBR trend



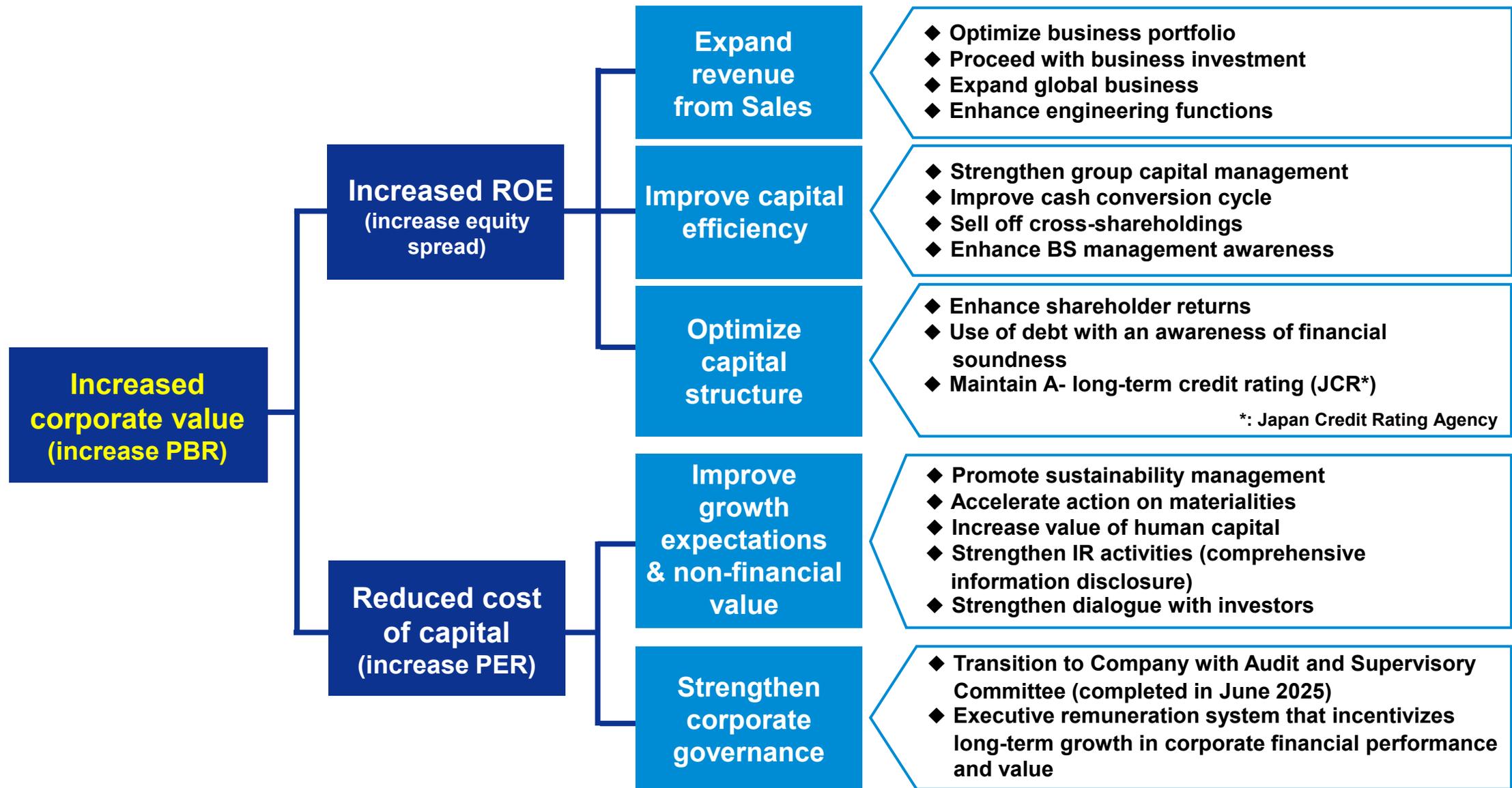
### ROE trend



### PER trend



# Overview of Actions



## ◆ Optimize business portfolio/Global business expansion

We have categorized our seven segments into priority segments and fundamental segments based on “net sales growth rate” and our “business evaluation average value” index, and we intend to maintain and develop these segments through the optimal allocation of management resources. We have also designated the Americas and India as key areas and intend to grow our operations and results by developing new businesses through cross-fertilization between business and geographical sectors.



## ◆ Proceed with business investment

We will strengthen coordination with investment projects and deploy management resources to enhance profitability with the aim of expanding and strengthening existing business and creating new businesses while also seeking to enhance corporate value by generating synergies between our operations rather than solely pursuing capital gains.

## ◆ Enhance engineering functions

We are seeking to enhance our competitiveness by strengthening our engineering functions and improving our ability to provide customers with one-stop solutions. By increasing added value by actively taking on complex, high-level projects, we also intend to achieve our profit targets by improving our operating income ratio to more than 6%.



Agreement to establish India joint venture signed in September 2025

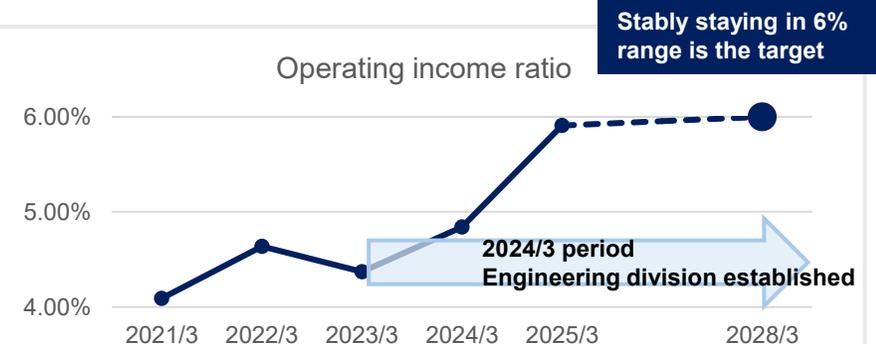
We are expanding our operations in India which is a key area and for our automotive business which is one of our priority segments.

Growth investment  
15 billion yen



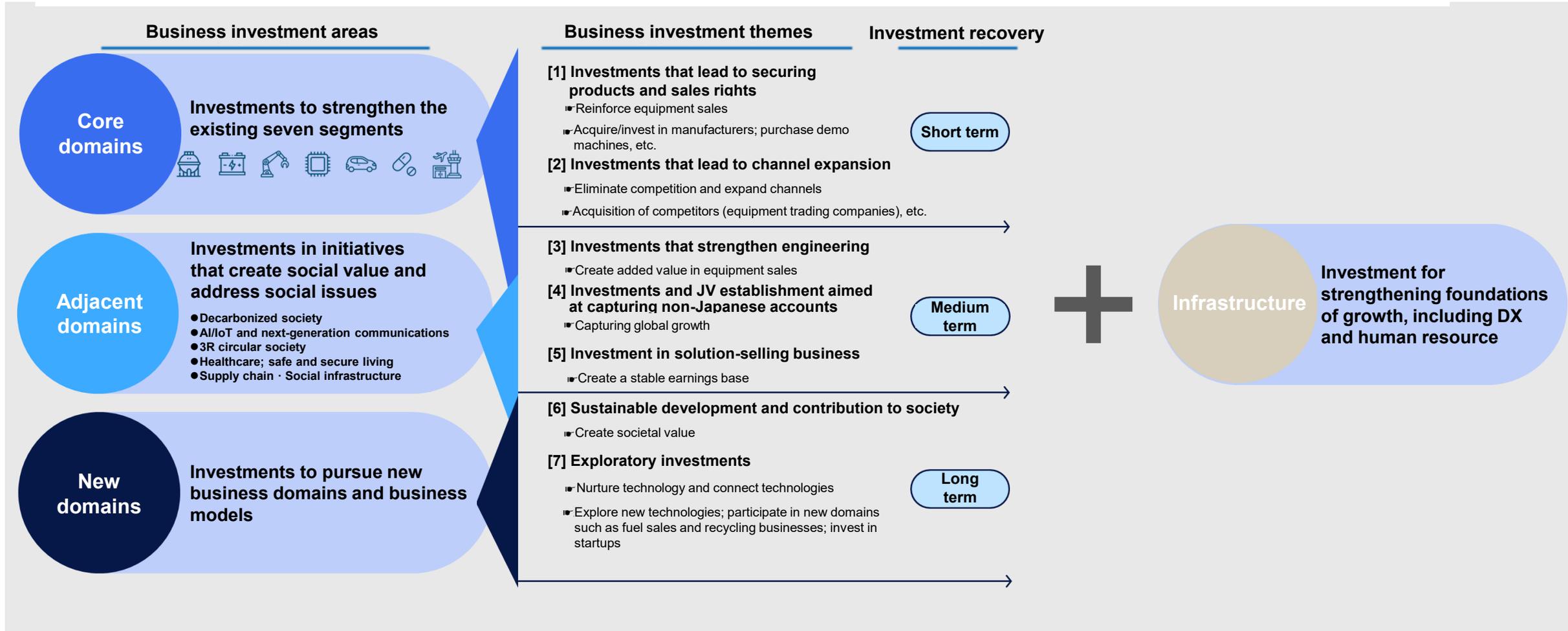
- Business investment
- Infrastructure investment in DX and human resources

M&A for Plant & Energy business:  
We acquired Wave Engineering and integrated into our group



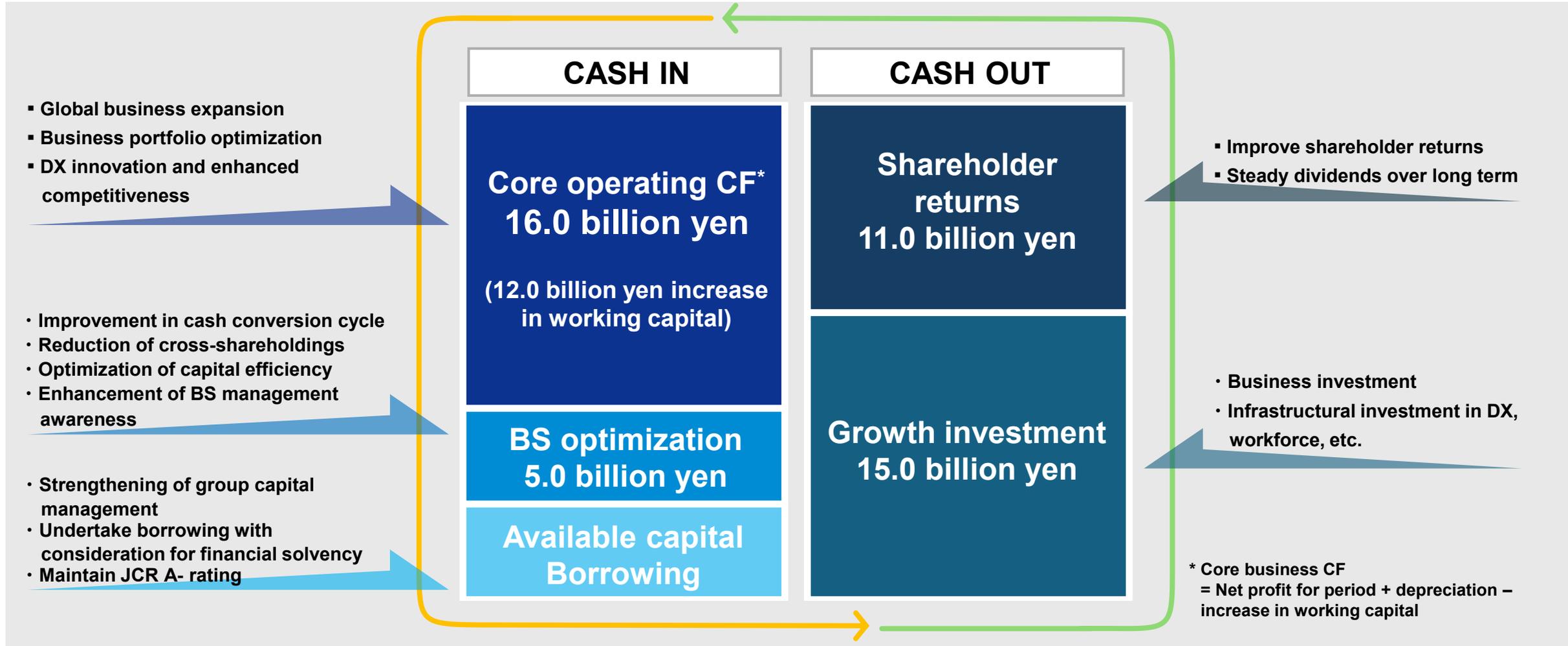
## ◆ Investment strategy

Proactive investment in three areas based on the goal of “enhancing corporate value through higher revenue” and infrastructure investment for strengthening our foundation for growth



## ◆ Cash allocation

Cash generated over the three-year period will be allocated as needed to growth investments, shareholder returns, and maintaining financial solvency

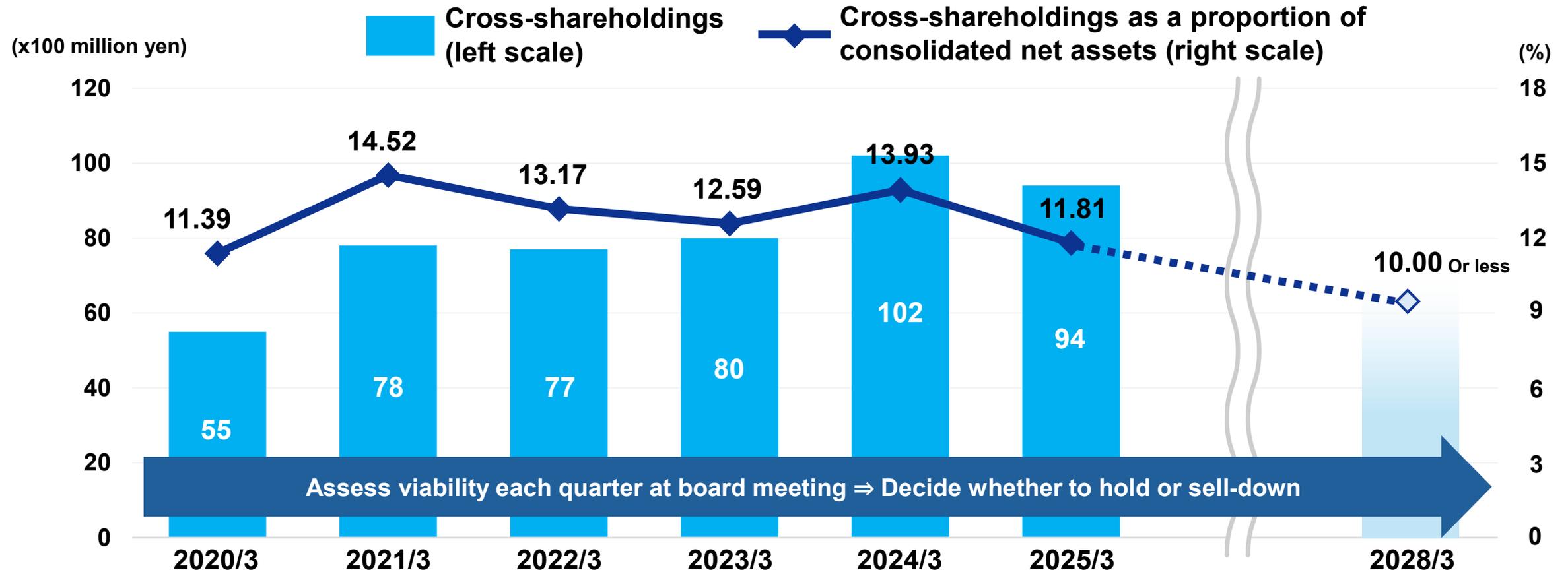


## ◆ Sell down cross-shareholdings

Plan

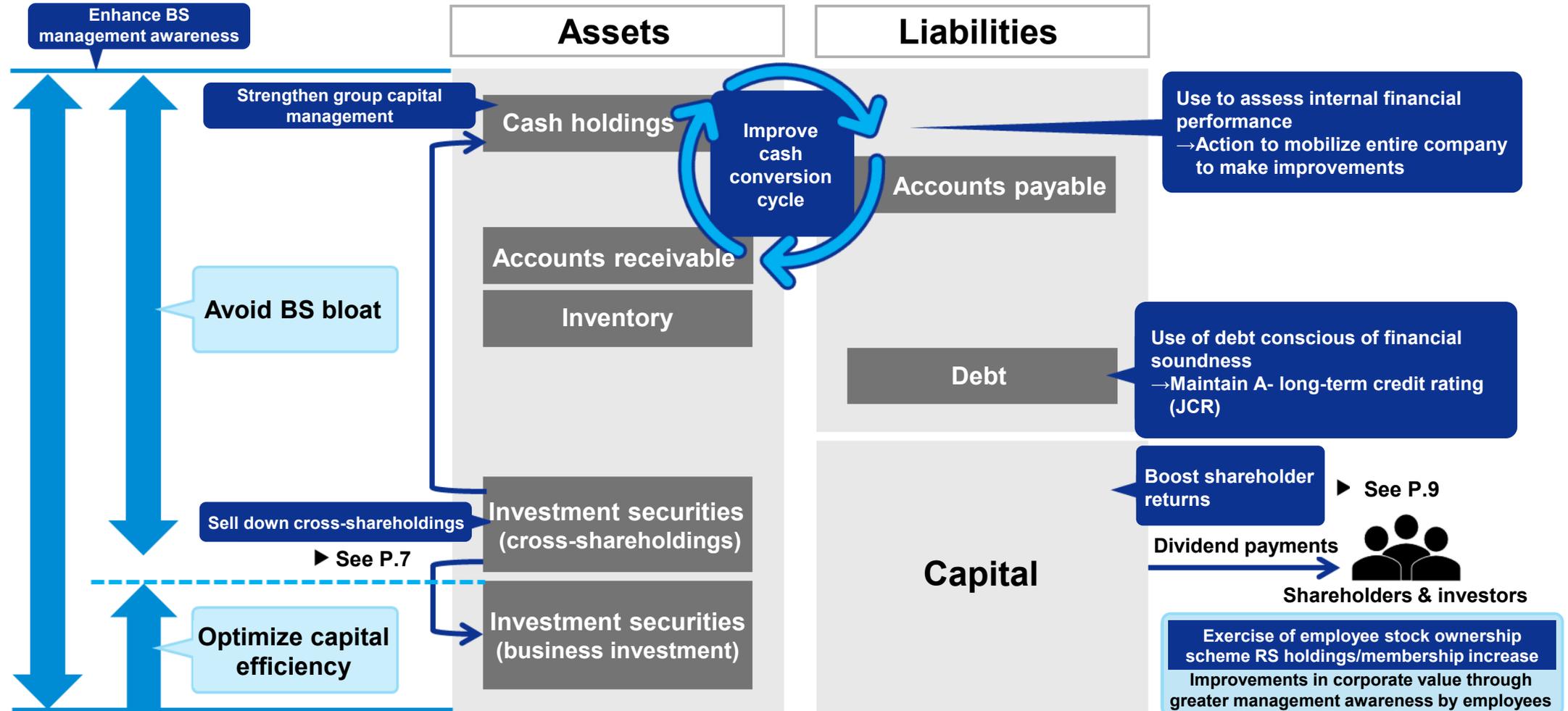
Reduce to 10% or less of consolidated net assets by March 2028 period

Allocate to growth investment or shareholder returns



### ◆ Action on BS management

Manage both maintaining financial soundness, driving business strategy and shareholder returns while strengthening ability to generate cash

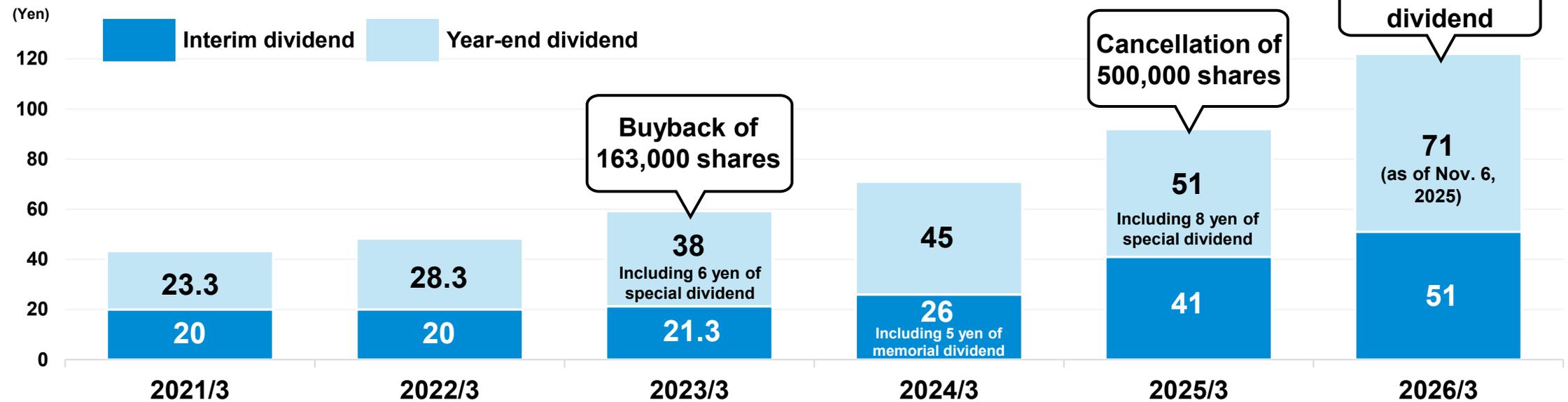


## ◆ Boost shareholder returns

## New policy

Our policy is to pay steady ongoing dividends, with the dividend per share being calculated based on a **40% consolidated dividend rate** or a **DOE of 4.0%**, whichever is higher

(Acquisition of treasury stock will be undertaken based on broad consideration of factors such as company performance and market trends)



	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3
Annual dividend	43.3 yen	48.3 yen	59.3 yen	71.0 yen	92.0 yen	122.0 yen
Dividend ratio	29.2%	28.9%	30.1%	30.2%	33.0%	40% or more
(Reference) DOE	2.7%	2.8%	3.1%	3.3%	3.8%	

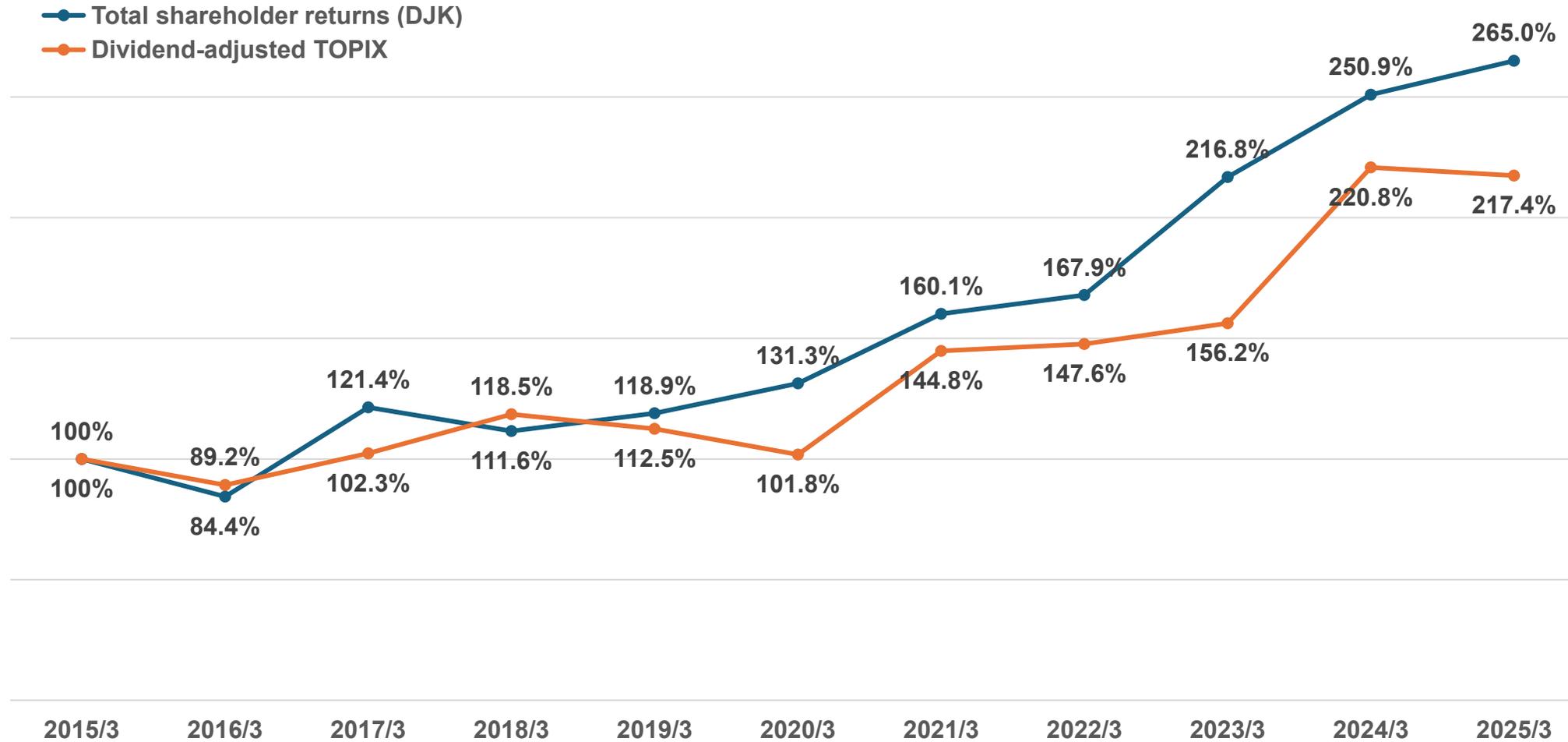
Past policy: 30% dividend rate

New policy

Note: A stock split (of three shares per ordinary share) was undertaken in October 1, 2023, with the dividend from 2021/3 to the 2024/3 interim dividend being calculated on a post-split basis.

## ◆ Trend in total shareholder returns (TSR)

Boost shareholder returns to further improve TSR



## ◆ Boost IR activities (greater information disclosure), strengthen dialogue with investors

The company president along with the other directors and executive officers engage actively in dialogue with investors and undertake IR activities that seek to maintain good two-way communications, with an emphasis on the fairness, accuracy, and continuity of management strategy, business strategy, and financial information.

### IR practices

A director is assigned to be responsible for the IR activities  
The IR committee is headed by the division in charge of IR and consists of representatives from the Accounting Division, Administration Division, and Corporate Strategy Division

### Number of IR activities (2025/3)

Presentation of financial results to institutional investors

2

Briefings for individual investors

5

Interviews with specific institutional investors and shareholders

29

- Publication of integrated report
- More extensive English reporting
- Website enhancement

### Internal feedback

The results of financial briefings, company briefings, and interviews with institutional investors are fed back to top management and to all IR committee members. Feedback is also provided to the Board of Directors to enhance corporate value.

## Key issues raised in dialogue with institutional investors



Why do you think your PBR is so low?

Although our PBR is in the vicinity of 1, we recognize that keeping it consistently above 1 will require that we increase revenue and adopt measures that improve our perceived value in the market. Meanwhile, if we are consistently to maintain a ROE of 10%, the issues we believe we need to address first relate to improving our sales income that is dependent on transitory revenue and our net profit margin for the current period.



While I understand what you are saying about your cost of shareholder capital (7 to 9%) and 10% ROE, I believe that investors would like to hear more detail about your business portfolio.

Our business portfolio is predicated on continuing to maintain and build on our existing seven segments. We continue to provide investors with an explanation of our growth strategy for each segment in our MT2027 Medium-term Business Plan.



What is the reason for the increase in operating profit?

An increase in engineering projects and our rising level of experience are behind the increase in profit. Our extensive activities extend from the sale of specific items of equipment to complex engineering-driven projects and we are striving to boost profits while ensuring that customers recognize the value we represent.



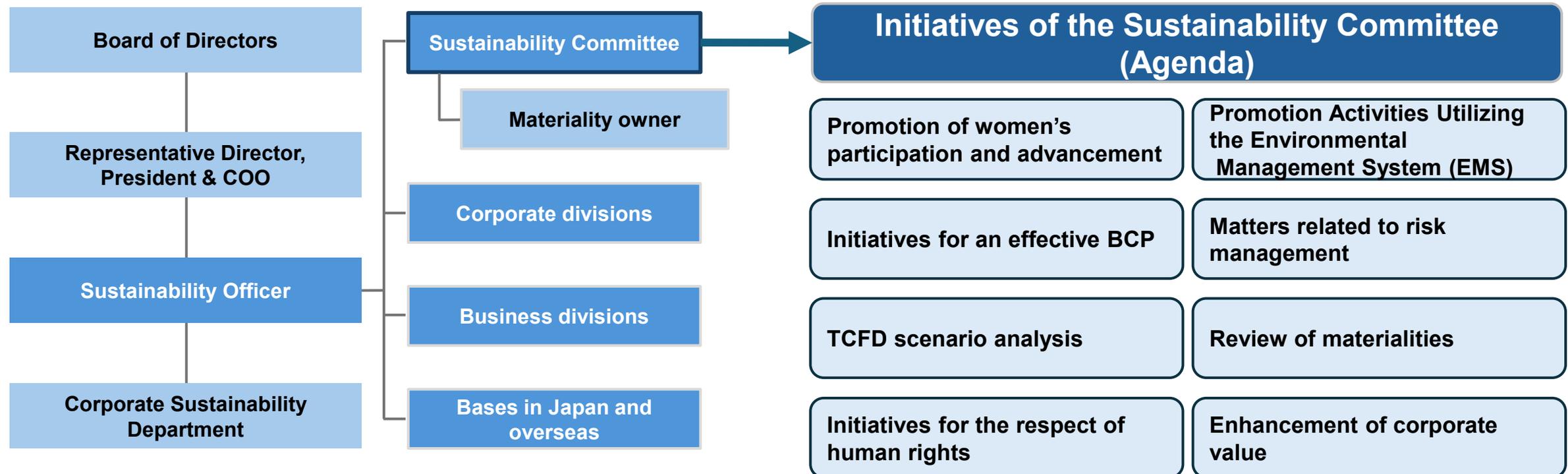
Future action prompted by dialogue

While stepping up active and constructive dialogue to get our message across to investors, we are also seeking to gain greater market trust and recognition by doing a good job of implementing our growth strategy, which is based on our business portfolio.

## ◆ Sustainability programs

### Core policy

With the aim of achieving sustainable growth, we have established a Sustainability Committee with the Representative Director, President & COO serving as Chairperson, and a Senior Executive Officer serving as Sustainability Officer, and we regularly monitor and deliberate on internal initiatives. The content of these deliberations is reported to the Board of Directors and evaluated taking into account the opinions of the Outside Directors. In addition, the Corporate Sustainability Department serves as the secretariat of the Committee, and starting in 2025, we have designated a “Materiality Owner” as the person responsible for each materiality in order to clarify accountability. Going forward, we will set goals and KPIs for each materiality and promote sustainability management.



◆ Action on material issues: Review of material issues identified in 2022



	Material Issues	Vision for V2030	Linkage with growth strategy					
			1 Aggressive investments	2 Management focus on long-term value, in addition to short-term profit	3 Contributing to various stakeholders: Customers, employees, suppliers, communities, and shareholders	4 From selling products to selling products and integrated solutions	5 Capturing global growth	6 Promotion of digital transformation
1	Fostering New Value Creation within Manufacturing Operations	Through an unwavering commitment to hands-on engagement, we uncover customer needs and deliver innovative solutions that address societal challenges.	●			●	●	
2	Maximizing Value of Solutions through Enhanced Engineering Capabilities	We advance our integration capabilities to realize our core mission of connecting people and technology and earn recognition as an indispensable partner in our customers' manufacturing operations.				●		
3	Optimizing the work environment and developing a diverse workforce	By fostering a corporate culture of diversity and inclusivity and creating a supportive work environment where all employees can thrive, we nurture individual strengths that drive our creative evolution and enhance our overall organizational strength.			●			●
4	Addressing Climate Change and Enhancing Supply Chain Resilience	We advance initiatives to address various societal issues, with climate change as our primary focus, through collaborative efforts across our entire supply chain.			●			
5	Strengthening corporate governance	Building an agile group management system, we uphold and enhance a resilient, efficient, sound, and transparent governance framework to respond to evolving business dynamics.		●	●			

Company-wide effort on issues recognized as “an issue so critical that without it we cannot achieve our V2030 growth strategy,”

## ◆ Action on human capital management

### We are investing in human capital with the goal of increasing corporate value

Enhance corporate value through profitability and growth exceeding the cost of capital

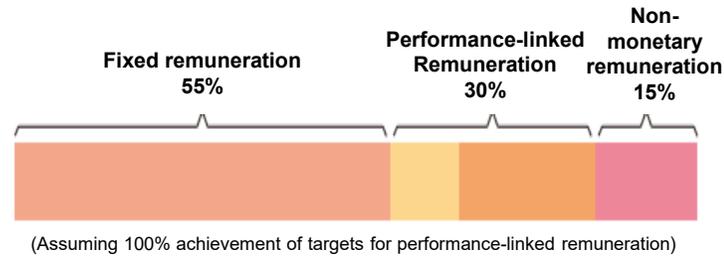
Expected Results	Personnel Investment	Specific Measures	Related Indicators	Business Strategies	Financial Impact	Capital efficiency	Corporate value
For newcomers: Learning business basics Sharing corporate philosophy and history	Implement group training for recent recruits Raise motivation to learn through fee subsidies Pay support and allowances for the acquisition of public qualifications	DIK WAY basic education Common education: Group training by level Individual education: E-Learning	Attendance rates for various group training sessions Attendance rates for E-Learning	Enhancing DjK's basic business strength	Improve net sales growth rate and gross profit margin	ROE Improvement	PBR & PER Improvement
For mid-career hires: Learning business applications Cultivating the autonomy of mid-level personnel	Implement training by positions group for mid-level personnel Raise motivation to learn through fee subsidies Pay support and allowances for the acquisition of public qualifications	Education in line with career design Common education: Group training by positions group Individual education: E-Learning	Attendance rates for various group training sessions Attendance rates for E-Learning				
Next-generation engineering trading firm → Strengthen high-level expertise	Diversify graduate and mid-career recruitment activities Enhance health and safety education for construction Pay support and allowances for the acquisition of public qualifications	Strengthen recruitment of new science and engineering graduates Education for work supervisors and construction supervisors Expand the range of technical public qualifications eligible for support	Proportion of science graduates and mid-career recruits Participation rate in various education sessions				
Diversity promotion → Intercultural understanding → Earning power in the global market	Diversify graduate and mid-career recruitment activities Revise the salary system by positions group and level	Strengthen recruitment of women and foreign personnel Promote the use of the positions group switching system	Proportion of women among core human resources Gender pay gap Proportion of foreigners among recruits	Boost employee motivation for work and growth	Increase net sales and reduce SGA expenses		
Improve employee engagement Promote employee health	Promote various workstyle reform measures Cover the expense of Group insurance premiums	Ensure an appropriate amount of overtime Promote the utilization of paid leave Employee engagement surveys	Overtime hours by division Paid leave utilization rate Results of engagement surveys				
Improve the risk management abilities of senior managers and potential senior managers Continually deepen quality management	Select promising mid-level personnel Create opportunities for personnel changes to achieve greater versatility	Experience in both business divisions and Administration & Accounting Division Create management opportunities at affiliated companies in Japan and overseas	Manage the careers of potential senior managers based on a skill matrix	Ensuring long-term value-focused management	Improve invested capital efficiency		

Reinvestment / reproduction

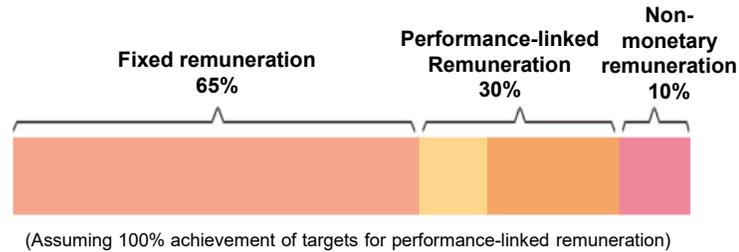
Sustained growth

## ◆ Executive remuneration system that incentivizes long-term improvement in corporate financial performance and value

Case of Member of the Board



Case of Directors (excluding Representative Director)



Monetary remuneration	Fixed remuneration	Clarify the roles and responsibility of each position and provide fixed remuneration accordingly	
	Performance-linked remuneration	Bonus A	Based on consolidated financial performance (consolidated operating income and net profit attributable to parent company shareholders)
		Bonus B	Based on indicators derived from achievement of Medium-term Business Plan and other factors
Non-monetary remuneration	Share-based remuneration	Restricted stock (RS)	

Considered by governance committee in consultation with board  
⇒ Submit to board

Board considers governance committee recommendation

Final decision

## ◆ Transition to Company with an Audit and Supervisory Committee

In addition to further bolstering corporate governance by strengthening supervision of the Board of Directors by having board members serve on the audit committee that monitors directors' performance of their duties, the goal is to achieve a sustainable improvement in corporate value by using the delegation of authority to speed up decision making and the conduct of business.

## ◆ Employee stock incentives

To give employees a greater sense of involvement in company management, and to get the entire company behind efforts to achieve the business plan and increase corporate value, an allotment of restricted shares (RS) was made to the employee stock ownership scheme in the March 2025 period.

Data, strategies, and projections contained in this documentation are based on the information available at the time of publication, and various factors could cause actual results to differ significantly from those presented. The statements herein do not guarantee the accomplishment of these targets and forecasts or future financial results.