



Medium-term Management Plan (2026-2028)

May 14, 2025



Tekka Kuba

Revisions to the Medium-term Management Plan (updated on a rolling basis)

- KONDOEC implemented a rolling update of its medium-term management plan released on May 14, 2024 and revised the consolidated performance targets in light of the delay in return on investment due to higher-than-expected investment planned or already underway.

	Million yen	2025	2026	2027
Previous	Net Sales	81,500	85,000	88,500
	Operating income	4,750	4,950	5,100
	Ordinary income	4,950	5,150	5,300
	Profit attributable to owners of parent	3,300	3,350	3,400

	Million yen	2025	2026	2027	2028
Revised	Net Sales	79,175	85,000	89,500	93,500
	Operating income	4,465	4,600	4,950	5,100
	Ordinary income	4,679	4,800	5,150	5,300
	Profit attributable to owners of parent	3,272	3,350	3,400	3,450

Break
5,000
million yen
mark

Overview of 2025

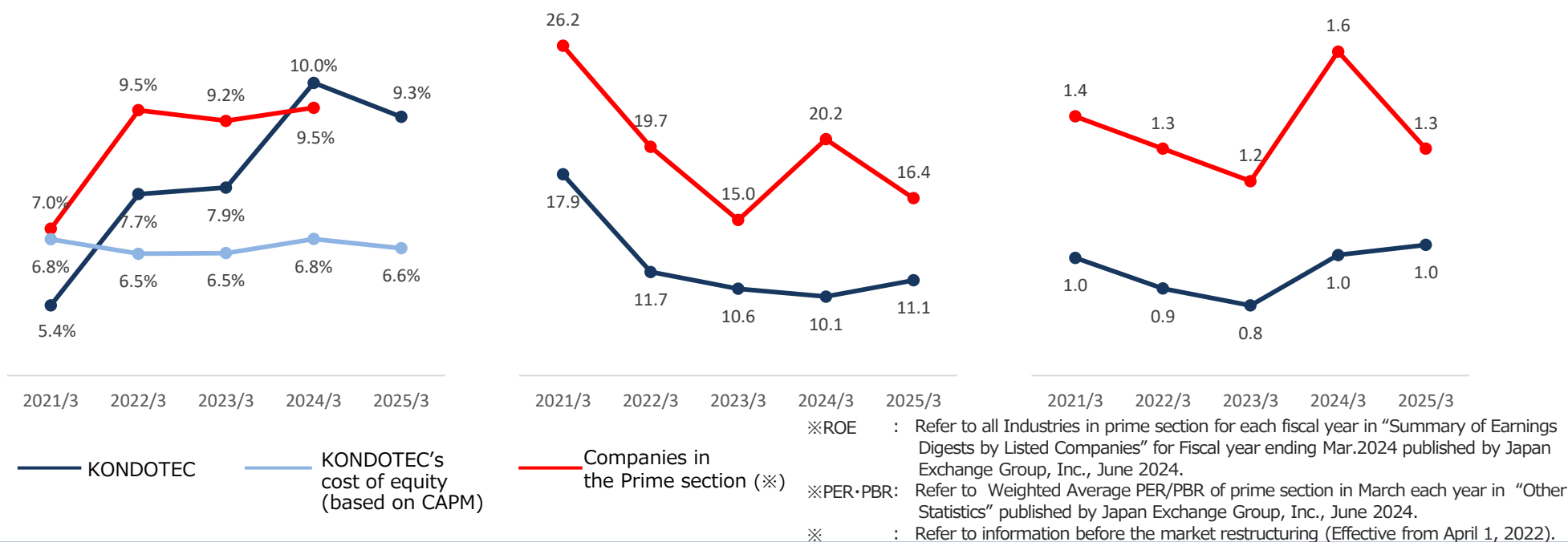
- In the Industrial Materials and Structural Steel Materials segments, sales growth could not offset the rise in expenses despite strong demand from large properties, resulting in a decline in profit.
- In the Electrical Equipment and Scaffolding Construction segments, sales and profit increased due to higher sales of lighting, electrical wiring, and air conditioning equipment and the rise in construction sales for large properties.

Million yen		2024	2025	YoY	Overview
Industrial Materials	Net Sales	37,188	37,328	+ 140	• Sales growth could not offset higher freight and packing costs and depreciation despite the robust performance of public investment and large properties, resulting in a decline in profit.
	Operating income	2,681	2,454	△ 227	
Structural Steel Materials	Net Sales	20,867	21,131	+ 263	• Sales growth could not offset higher personnel expenses, freight and packing costs, and depreciation despite the robust performance of public investment, resulting in a decline in profit.
	Operating income	1,526	1,394	△ 132	
Electrical Equipment	Net Sales	10,107	11,335	+1,227	• Sales and profit increased as sales growth, due to higher sales of lighting, electrical wiring, and air conditioning equipment, which offset the rise in personnel expenses and logistics costs.
	Operating income	322	413	+ 91	
Scaffolding Construction	Net Sales	8,709	9,380	+ 670	• Sales and profit increased as sales growth, due to increased sales for large properties and the consolidation of UEDA CONSTRUCTION CO., LTD., which offset higher personnel expenses.
	Operating income	197	248	+ 50	
Total (Consolidated)	Net Sales	76,873	79,175	+2,302	
	Operating income	4,673	4,465	△ 207	

- KONDOTEC's ROE is below the prime section average ROE which is a measure of a company's profitability and efficiency. However, excluding the temporary factor, KONDOTEC's ROE exceeds the cost of equity. It means the KONDOTEC Group generates a certain return on capital.
- KONDOTEC's PER is lower than the prime section average PER which reflects the market's expectation of future growth. It indicates that the market has lower growth expectations.

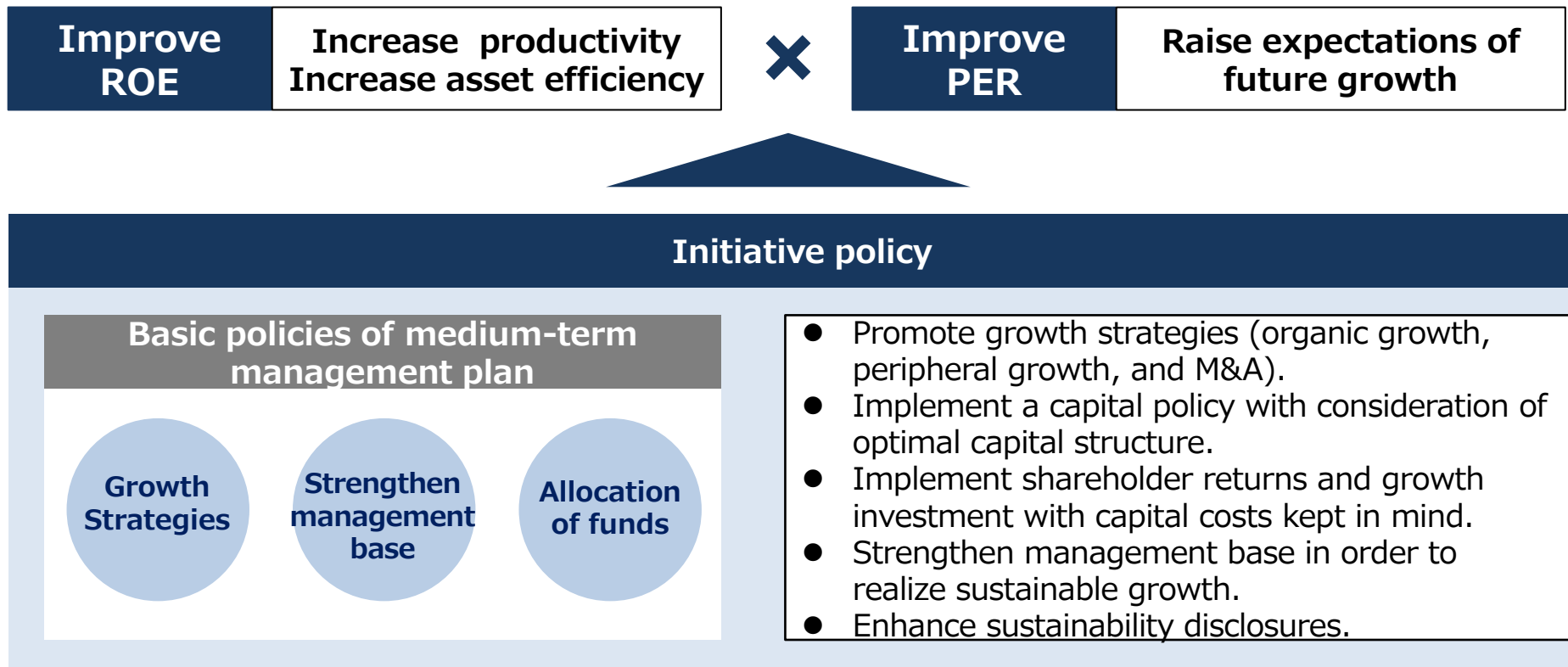
Relevant indicators

$$\text{ROE} \times \text{PER} = \text{PBR}$$



- Aim to improve ROE by increasing profitability and capital efficiency through promoting initiatives of the medium-term management plan.
- Aim to improve PER by promoting better understanding of the KONDOTEC group while promoting initiatives aimed at increasing productivity in the medium- to long-term and realizing sustainable growth.

Initiative policy



- The business environment surrounding the KONDOTEC group has changed and it has affected the KONDOTEC group in various ways.
- Need to deal with risks and opportunities accompanying the changes in the business environment to realize sustainable growth and the long-term vision.

Focus on changes in business environment

Environment/ society

- Decrease in labor force participation
- Responding to climate change
- Transition to a Sound Material-Cycle Society

Economy

- Slump in domestic demand due to the declining birth rate and aging population
- Economic growth in overseas markets

Technology

- Accelerating digital technologies
- Expanding a range of utilization of AI/robotics technologies
- Merging of real and virtual worlds



Impacts on KONDOTEC group

- Slump in the domestic market and increasing size of constructions and buildings
- Increase in the importance of overseas markets
- Increase in National Resilience and disaster prevention and mitigation projects
- Decrease in new construction and increase in maintenance/repair work
- Increase in demand related to labor-saving
- Responding to advances in digital technologies

- Aim for sustainable growth and improvement in corporate value by working to improve profitability and capital efficiency while responding to changes in the business environment.

Sustainable growth and improvement in corporate value

During 2020s
Net sales
100 billion yen

ROE **10%** or more
DOE **4.0%** or more



Growth strategy

- Organic growth
- Peripheral growth
- M&A



Reinforcement of management base

- Initiatives for SDGs
- Utilization of digital technology



Appropriate allocation of funds

- Capital investment
- Strategic investment
- Shareholder returns

- Aim to break past sales and profits records, while further enhancing shareholder returns through continued dividend increases.

Final year's target
in the Medium-term Management Plan >>>

FY2028

Net Sales

93 billion yen

Compared with FY2025 +18.1%

Operating income

5 billion yen

Compared with FY2025 +14.2%

Ordinary income

5 billion yen

Compared with FY2025 +13.3%

EBITDA

7 billion yen

Compared with FY2025 +12.5%

ROE

10 % and more

Compared with FY2025 +0.7pp

- Promote growth strategies and strengthen the management base through the appropriate allocation of funds.
- Aim to accelerate sales and profit growth to achieve consolidated sales of JPY100.0bn in the 2020s.

Consolidated target (Million yen)	2025 (Actual)	2026 (Plan)	2027 (Plan)	2028 (Plan)
Net sales	79,175	85,000	89,500	93,500
Operating income	4,465	4,600	4,950	5,100
Ordinary income	4,679	4,800	5,150	5,300
Profit attributable to owners of parent	3,272	3,350	3,400	3,450
EBITDA	6,580	6,600	7,200	7,400

The Medium-term Management Plan adopts the rolling method which responds to changes in the business environment while verifying the outcome and issues every year in an effort to realize the long-term vision.

1. Organic growth strategies

Improve a supply system of products, merchandise and services to further strengthen the existing businesses

Cultivation of new customers

- Expand into fields with potential for growing demand
- Develop distribution channels

Offer of new products and merchandise

- Develop and cultivate products and merchandise with added value in consideration of customer needs and social issues

Diversifying Sales Methods


- Increase services other than material sales such as installation works and rental sales

Expansion of operating sites


- Opening new operating sites with warehouse and yard space
- Expanding the warehouses and yard space of existing operating sites

Response to natural disasters

- Respond to demand for materials that are generally urgently required in the wake of natural disasters
- Sales of items related to disaster prevention/mitigation



Aim to expand earnings of existing businesses by developing markets with growth prospects and expanding lineup of products and merchandise.



Aim to expand earnings of existing businesses by improving customer satisfaction through expansion of sales area and improvement in supply system of products, merchandise and services.

2. Periphery-strengthening strategies

Aim to actively invest in the future to strengthen efforts in areas outside of existing businesses

Entering into overseas markets

- Expand markets in the ASEAN region
- Develop and cultivate products and merchandise for overseas markets

Entering into neighborhood

- Expand distribution channels in areas outside of its existing businesses

Utilizing digital technologies

- Increase in brand reach
- Expand the KONDOTEC group's range of services

Aim to expand business performance over the medium to long term by creating profitable businesses in the future

3. M&A Strategy

Accelerate growth through existing business growth and periphery-strengthening strategies by transforming funds into profitable businesses.

Four perspectives in pursuing M&A

- | | |
|-------------------------------------|---|
| ① Neighboring industries | Pursue M&A with companies associated with industries other than the construction industry |
| ② Deepening the business | Pursue M&A with material manufacturers |
| ③ Expansion of business area | Pursue M&A with companies that maintain overseas sites |
| ④ Amplifying sales patterns | Pursue M&A with companies that operates different sales patterns from those of KONDOTEC |

Recent M&A

- | | | |
|-----------------|------------------------------------|---------------------|
| ● February 2020 | TOKAI STEP CO., LTD. | Became a subsidiary |
| ● January 2021 | FUKOKU, Ltd. | Became a subsidiary |
| ● October 2021 | KURIYAMA ALUMINUM Co., Ltd. | Became a subsidiary |
| ● October 2024 | UEDA CONSTRUCTION CO., LTD. | Became a subsidiary |

- Proceed with initiatives aimed at strengthening the management base to promote growth strategies

E Reduction of environmental burden

Business activities paying attention to the environment

- Expand the range of environmentally friendly products and merchandise
- Initiatives to reduce greenhouse gas emissions and waste



G Reinforcement of governance

Driving sustainability into management operations

- Strengthen risk management system
- Enhance sustainability disclosures



S Promoting DE&I

Improving a diverse work environment

- Recruit diverse talent through year-round recruitment and experienced hires
- Develop the necessary skills to implement the strategies through training programs
- Improve the workplace environment in tangible and intangible aspects to increase employee engagement



DX Response to advances in digitalization

Expanding a range of utilization of digital technology

- Improve productivity by automating and consolidating tasks and processes
- Strengthen a structure that promote the utilization of digital technology

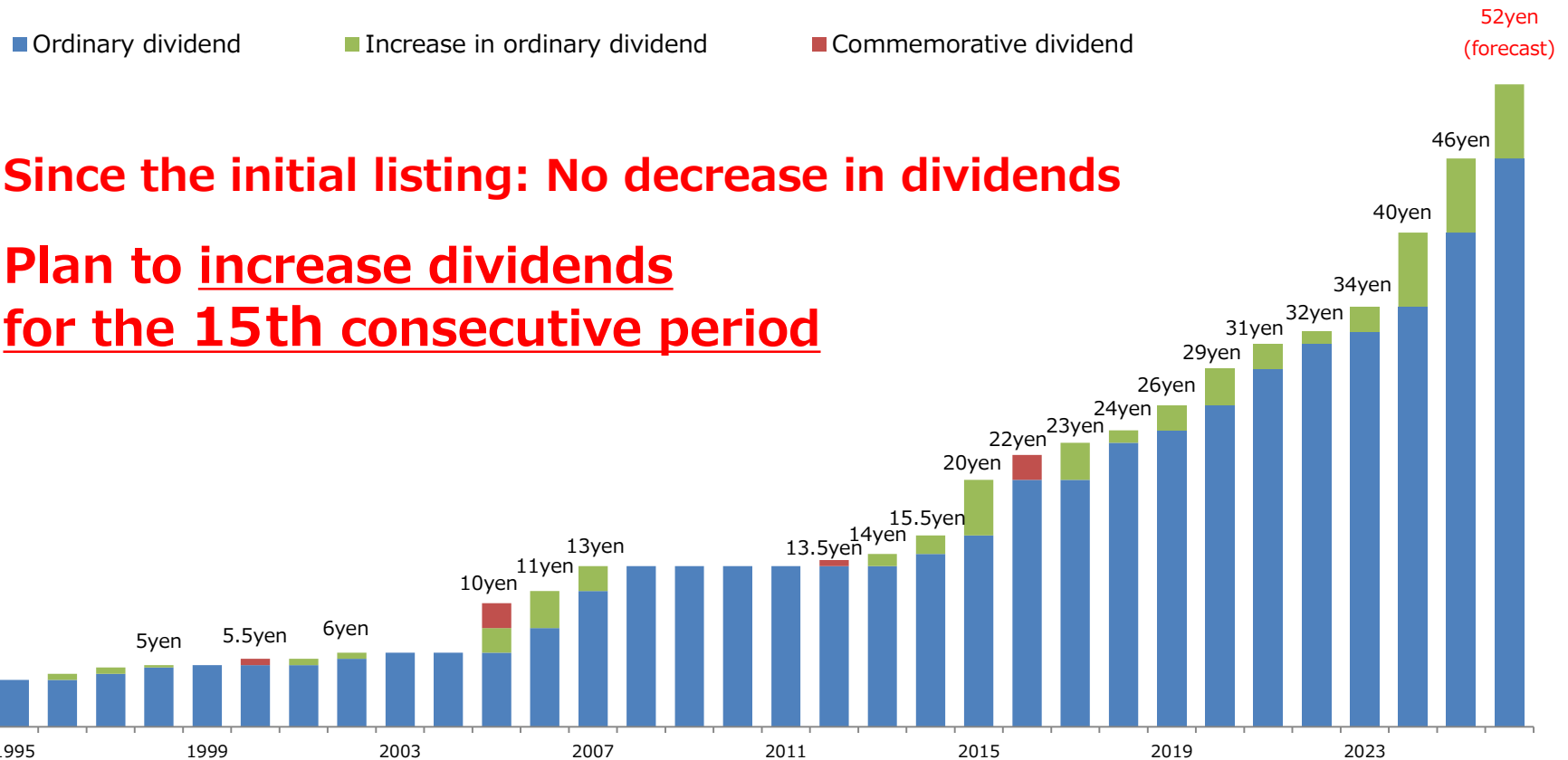


- Aim to improve profitability and capital efficiency through growth investments with conscious of capital costs and stable shareholder returns.

3-year		Detail	2028 (Plan)
Cash In	Cash Out		
Operating CF 16,000 million yen	Capital investment 10,000 million yen	Capital investment <ul style="list-style-type: none"> ● Opening new locations/ expanding, relocating, rebuilding, and operating sites ● Update and expand production facilities and scaffolding materials 	Operating income 5,100 million yen
	Strategic investment 3,000 million yen	Strategic investment <ul style="list-style-type: none"> ● Execution of M&A (take place if certain conditions are fulfilled) ● digital transformation-related investment 	EBITDA 7,400 million yen
New borrowing (as necessary)	Shareholder returns 4,500 million yen + α	Shareholder returns <ul style="list-style-type: none"> ● Dividends(continuous increase in dividends) ● Purchase of treasury stock(on a flexible basis) 	ROE 10% or more
Funds on hand 15,500 million yen	Funds on hand 12,000-15,000 million yen		

- KONDOTEC targets consolidated DOE of 4.0% or more and ROE of 10.0% or more and looks to pay shareholders ongoing increases in dividends(progressive dividend).

Transition in dividends



※Note: We executed a 2-for-1 stock split of common stock on January 1, 2012. Dividend per share have been retroactively adjusted to reflect the impact of the stock split



◆ Notes on forward-looking statements

This document contains forward-looking statements including operating forecasts and business plans.

These statements are based on information available at the time of the release.

Actual results may differ considerably from projections due to various factors and changes.

