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## Announcement Regarding the Formulation of the Medium-Term Management Plan (FY2026-2028)

Oriental Shiraishi Corporation (the “Company”) has formulated a new medium-term management plan for the three-year period from fiscal 2026 to fiscal 2028, as described below.

Our group, formed by the merger of Oriental Construction Co., Ltd., founded in 1952, and Shiraishi Corporation, founded in 1933, will celebrate its 19th anniversary in 2026. Under the management philosophy of "utilizing people and technology to always aim to be a group needed by society," we have contributed to infrastructure development as a leading company in prestressed concrete (PC) and pneumatic caisson technologies.

While our previous medium-term management plan secured a record-high order backlog, it resulted in challenges in terms of profitability due to the impact of accidents on repair and reinforcement work, delays in large-scale projects in our consolidated business, and the occurrence of the reconstruction and reinstallation of the bridge.

Based on these factors, our group positions this plan as a period of "completion of transformation and challenging new business horizons" as an approach to realizing the "Oriental Shiraishi Group's vision for 2030," aiming for sustainable growth.

### 1. Basic Policy

#### **Completing transformation and challenging new business horizons**

- Continuously create core business volume:  
Based on our unique specialized technologies, we will consistently create and acquire high value-added projects to extend the lifespan of infrastructure.
- Transforming our earnings structure:  
We will strongly promote precasting, as well as the digital transformation, automation, and remote operation of construction processes, to establish a corporate structure that achieves both high productivity and profitability.
- Expanding into new business areas:  
We will accelerate efforts to capture the demand related to domestic defense projects, expand our overseas business, broaden our business areas through M&A, and respond to the demand of maintenance and repairs of local infrastructure through public-private partnerships.

## 2. Numerical targets (2028 targets)

Beyond simply expanding our scale, we aim to achieve consolidated sales of 80 billion yen and an ROE of 8.0% or higher as soon as possible by reliably executing high-value-added work and simultaneously pursuing profitability and social contribution.

(Yen amounts are rounded down to millions, unless otherwise noted.)

Indicator	FY2025 Actual	FY2028 Target
Consolidated net sales	68,800	80,000
Gross profit margin	18.0%	19.5%
Operating profit	5,300	6,800
Profit attributable to owners of parent	3,300	4,400
ROE (Return on equity)	6.5%	8.0% or higher

## 3. Shareholder Return Policy

While maintaining the conventional target of approximately 70% for the Total Payout Ratio, we have newly established the dividend on equity (DOE) as a dividend indicator, with a target of 4.0% for the DOE in fiscal year 2028.

- DOE : 4.0%
- Total Payout Ratio : approximately 70%

## 4. Management Strategy

- Financial and Capital Strategy  
We will revise our shareholder return policy to achieve both improved capital efficiency and stable shareholder returns.
- Technology development (fostering a safety culture/promoting DX)  
We will promote the advancement of our safety and quality control system and productivity improvement by integrating our technical capabilities with the latest technologies.
- Human Resources Strategy (Developing the next generation of talent to lead our technology and human capital)  
We aim to create the strongest organization that leverages people and technology by pursuing the expansion of human capital, the development of key personnel, and improved engagement.
- Promoting environmental initiatives  
We aim to achieve our SBTi targets and maximize environmental value to expand our order opportunities.
- Strengthening corporate governance / Ensuring the sustainability of supply chains  
We aim to evolve into a robust group management system that transforms social trust into value.

# Medium-Term Management Plan

— Completion of transformation and challenging new business horizons —

FY2026 – 2028

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# 1 | Long-Term Vision

## **Oriental Shiraishi Group's Vision for 2030**

## Management Philosophy

**Utilizing people and technology to always aim to be a group needed by society**

## Vision for 2030

**A corporate group that utilizes its diverse talent and technologies to meet a wide range of needs in social infrastructure development and continues to take on challenges and move forward**

## Intentions Behind Future Vision 2030

Oriental Shiraishi Corporation (the “Company”) was formed by the merger of Oriental Construction Co., Ltd., which had built up on prestressed concrete technology since it was founded in 1952, and Shiraishi Corporation, which has established itself as the industry leader in pneumatic caisson method since its founding in 1933. In 2026, the Company will mark the 19th anniversary of the merger.

Throughout those years, we have weathered ups and downs in business performance, overcoming numerous events and challenges, to become the company that we are today. Our management philosophy was established in 2010 as part of our efforts to revitalize the company and begin anew. It represents a rearticulation of the philosophy—contributing to society with people and technology—shared and cherished by the two original companies.

Since then, the Company and the Group have devoted our full efforts not only to the construction of new bridges and foundation structures, but also to flood control measures and responses to aging infrastructure.

2030 will mark the 20th anniversary of the establishment of our management philosophy.

To address the rapid changes in social circumstances and the construction industry with a more concrete approach, in our previous medium-term management plan, we set out our Vision for 2030 and established the following three pillars.

- (1) Enhancement and strengthening of existing businesses
- (2) Expansion of business domains through new and peripheral businesses
- (3) Implementation of sustainable management

We will continue to take on bold challenges and move forward toward the realization of a sustainable society by leveraging the unique capabilities we have cultivated in our existing businesses, while fearlessly venturing into new business domains and fields.

## 2 | Review of the Previous Medium-Term Management Plan

# Review of the Previous Medium-Term Management Plan 1/2

Quantitative Targets		FY3/24 Results	FY3/25 Results	FY3/26 Results	Previous Medium-Term Targets	Review
Sustainable growth in sales Profit improvement	Net sales (Billion yen)	67.3	64.5	68.8	73.0	<ul style="list-style-type: none"> <li>In core businesses, a record-high order backlog was secured, but the target was not achieved due to factors such as delays in large caisson construction starts, delays in work progress and construction schedules due to the impact of accidents on repair and reinforcement work, and the occurrence of reconstruction and reinstallation work and delays in large-scale projects in our consolidated business</li> <li>Targets for new and peripheral businesses were largely achieved through M&amp;A and overseas business development</li> </ul>
	Operating profit (Billion yen)	6.5	5.4	5.3	6.2	
	Profit attributable to owners of parent (Billion yen)	4.6	3.7	3.3	4.5	
Laying the foundation for growth businesses	Investment (Billion yen) (accumulated)	3.2	7.7 (10.9)	5.1 (16.0)	22.0	<ul style="list-style-type: none"> <li>Established and strengthened our business foundation through renovation of PC plants, capital investment in new vessel construction, R&amp;D, including automation of caisson equipment, and M&amp;A</li> <li>Continued to promote growth and strategic investments under the current Medium-Term Management Plan</li> </ul>
	D/E ratio (times)	0.07	0.06	0.10	0.29	
Shareholder return efficiency	ROE (%)	10.1	7.4	6.5	9.0	<ul style="list-style-type: none"> <li>Failed to achieve targets due to sluggish operating profit and profit decline due to extraordinary losses</li> </ul>
	Payout ratio (%)	40.6	51.2	55.4	50	<ul style="list-style-type: none"> <li>Achieved target based on stable dividend policy, but failed to increase dividend due to a decrease in profit</li> </ul>
	Total payout ratio (%)	42.0	65.6	85.5	70	<ul style="list-style-type: none"> <li>Achieved target through share buybacks totaling more than ¥1.8 billion, based on flexible share repurchase policy</li> </ul>
	PBR (x)	1.07	0.94	0.90	1.00 or more	<ul style="list-style-type: none"> <li>Although the target was achieved at one point, it was not exceeded on a consistent basis</li> </ul>

## Management issues (1)

- Ensure profitability
- Strengthen safety measures
- Improve capital efficiency
- Continue stable shareholder return

# Review of the Previous Medium-Term Management Plan 2/2

Items	Review	
<b>Productivity improvement</b>	<ul style="list-style-type: none"> <li>Developed and implemented low-carbon concrete</li> <li>Verified automation and ultra-remote control of caisson method</li> </ul>	<ul style="list-style-type: none"> <li>Promoted precasting of concrete products</li> <li>Improved production line efficiency and enhanced capacity for large-scale projects through plant renovation</li> </ul>
<b>Capital and business alliances</b>	<ul style="list-style-type: none"> <li>Promoted external sales of precast products, bridge maintenance and management / public-private partnerships, and M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>Reduced transportation costs for precast products</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>Efficient energy generation by hybrid methane fermentation system jointly developed with University of Tsukuba</li> </ul>	<ul style="list-style-type: none"> <li>Took on challenge of reviewing CO<sub>2</sub> reduction targets with SBT certification</li> <li>Promoted participation in external initiatives and responses to ESG rating agencies</li> </ul>
<b>Human resources</b>	<ul style="list-style-type: none"> <li>Recruited diverse talent; challenges remain in the effective use of human resources database</li> <li>Increased engagement score through improvement of personnel system and working environment</li> </ul>	<ul style="list-style-type: none"> <li>Promoted succession planning; challenges remain in training/education systems to meet each generation's needs</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Promoted initiatives to improve efficiency of Board of Directors</li> <li>Strengthened commitment by implementing stock-based compensation for officers (performance-linked compensation)</li> </ul>	<ul style="list-style-type: none"> <li>Actively convened investor-relations and shareholder-relations meetings and strengthened public relations functions</li> <li>Promoted supply chain management pertaining to environment and human rights</li> </ul>



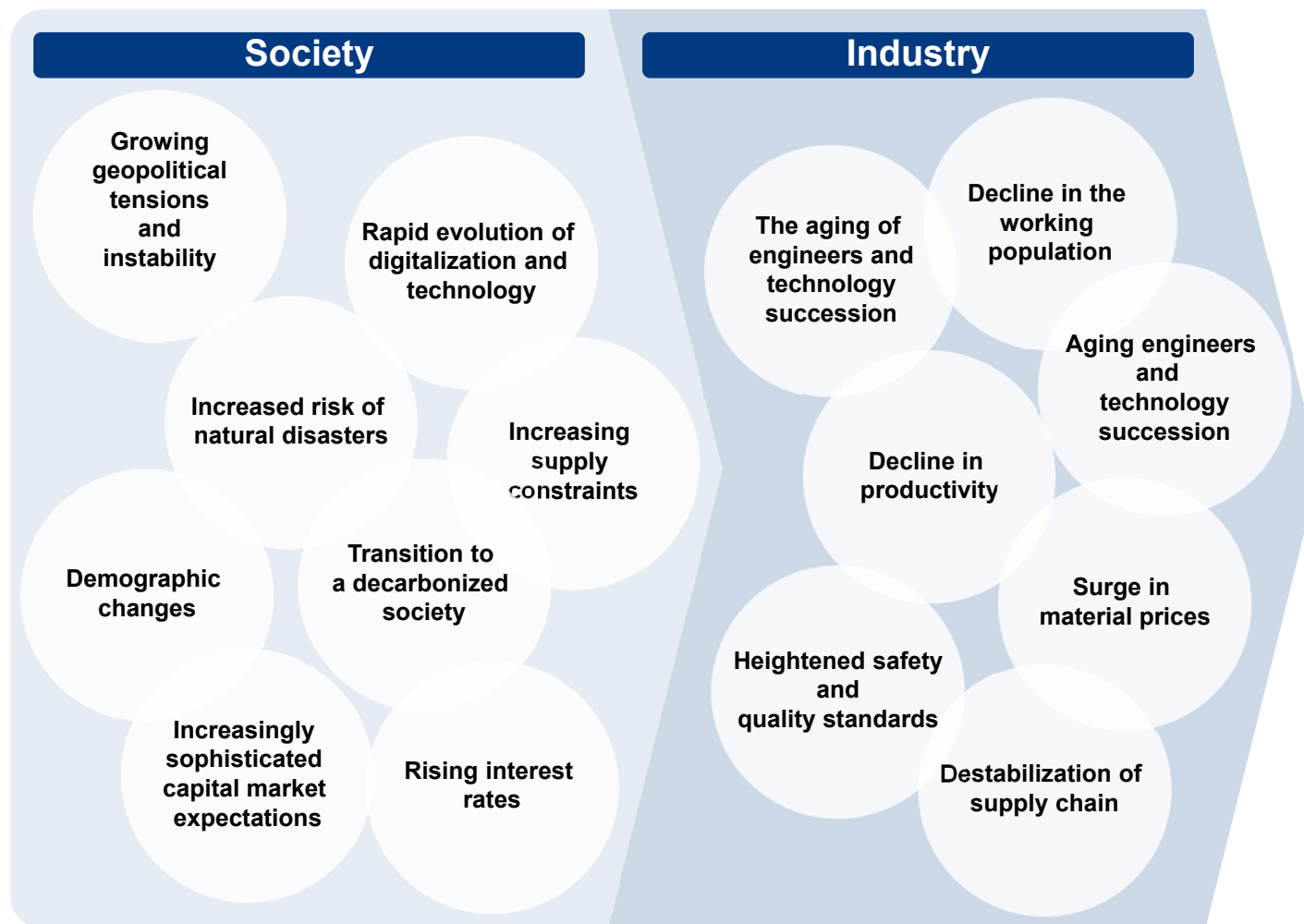
**Management issues (2)**

- Improving productivity through the Company's technologies and DX
- Strengthening cooperation with ITOCHU Corporation
- Strengthening and promoting environmental measures

- Management of a dynamic portfolio of human resources
- Building group governance and supply chain management
- Enhancement of non-financial disclosures

# 3 | Medium-Term Management Plan (FY2026 – 2028)

# Recognition of Business Environment



- ### Material issues (Materiality)
- ✓ Expand business portfolio to extend infrastructure service life
  - ✓ Advance production processes from a broad perspective encompassing all business activities
  - ✓ Contribute to the development of resilient social infrastructure
  - ✓ Foster a culture of safety
  - ✓ Develop the next generation of technology and talent
  - ✓ Ensure supply chain sustainability
  - ✓ Promote environmental measures
  - ✓ Enhance corporate governance

# Definition of Materiality

Redefined our materiality in response to changes in the external environment, and in consideration of the policy of the Medium-Term Management Plan  
Emphasized the connections and consistency between social changes, business issues, risks and opportunities, and strategies

#	Materiality	Definition
1	<b>Expand business portfolio to extend infrastructure service life</b>	Improve the safety and durability of infrastructure, strengthen the resilience of national land, and enhance the quality of infrastructure development through relationships of trust based on long-term technological competition
2	<b>Advance production processes from a broad perspective encompassing all business activities</b>	Improve productivity and safety simultaneously through labor-saving and automation, realize sustainable and attractive workstyles, and contribute to improving the industry's image through the establishment of advanced production processes
3	<b>Contribute to the development of resilient social infrastructure</b>	In addition to disaster prevention and mitigation, and environmental measures, contribute to the maintenance of safe and secure social infrastructure by providing reliability, robustness, and durability as infrastructure that protects the safety of society and the future
4	<b>Foster a culture of safety</b>	By establishing and evolving a corporate culture that places top priority on safety and quality, prevent accidents and malfunctions before they occur, provide high-quality deliverables, and enhance our reputation as society's infrastructure operator of choice
5	<b>Develop the next generation of technology and talent</b>	Establish an environment in which highly specialized engineers are continuously nurtured through technology succession and human resources development, and contribute to the formation of a social stock of skills and knowledge in the infrastructure field
6	<b>Ensure supply chain sustainability</b>	Contribute to the continuity of infrastructure supply and regional economic stability by deepening cooperative relationships with business partners and building a stable and responsible supply chain
7	<b>Promote environmental measures</b>	Ensure thorough environmental consideration throughout the entire construction process and achieve a balance between the infrastructure business and environmental conservation through CO <sub>2</sub> emissions and waste reductions
8	<b>Enhance corporate governance</b>	Enhance the trust of society and strengthen the foundations that underpin long-term sustainable corporate activities through fair and transparent business operation

# Basic Policy

## Management Philosophy

Utilizing people and technology to always aim to be a group needed by society

## Vision for 2030

A corporate group that utilizes its diverse talent and technologies to meet a wide range of needs in social infrastructure development and continues to take on challenges and move forward



## Values to be created

### Realize safe, secure, and sustainable social infrastructure

Enhance the safety and durability of aging social infrastructure and contribute to the resilience of national land and the maintenance of a secure infrastructure for people's daily lives

Achieve both safety and productivity at construction sites and realize sustainable and attractive workstyles and the evolution of the construction industry

Provide highly reliable infrastructure, including disaster prevention and mitigation and environmental measures, and support the safety and security of society in Japan and overseas into the future



## Basic Policy

**Create** core business volume sustainably

**Transform** our earnings structure

**Expand** into new domains

## Strategy

### Business

Expand business portfolio to extend infrastructure service life

Advance production processes from a broad perspective encompassing all business activities

Contribute to the development of resilient social infrastructure

### Management foundation

Foster a culture of safety

Develop the next generation of technology and talent

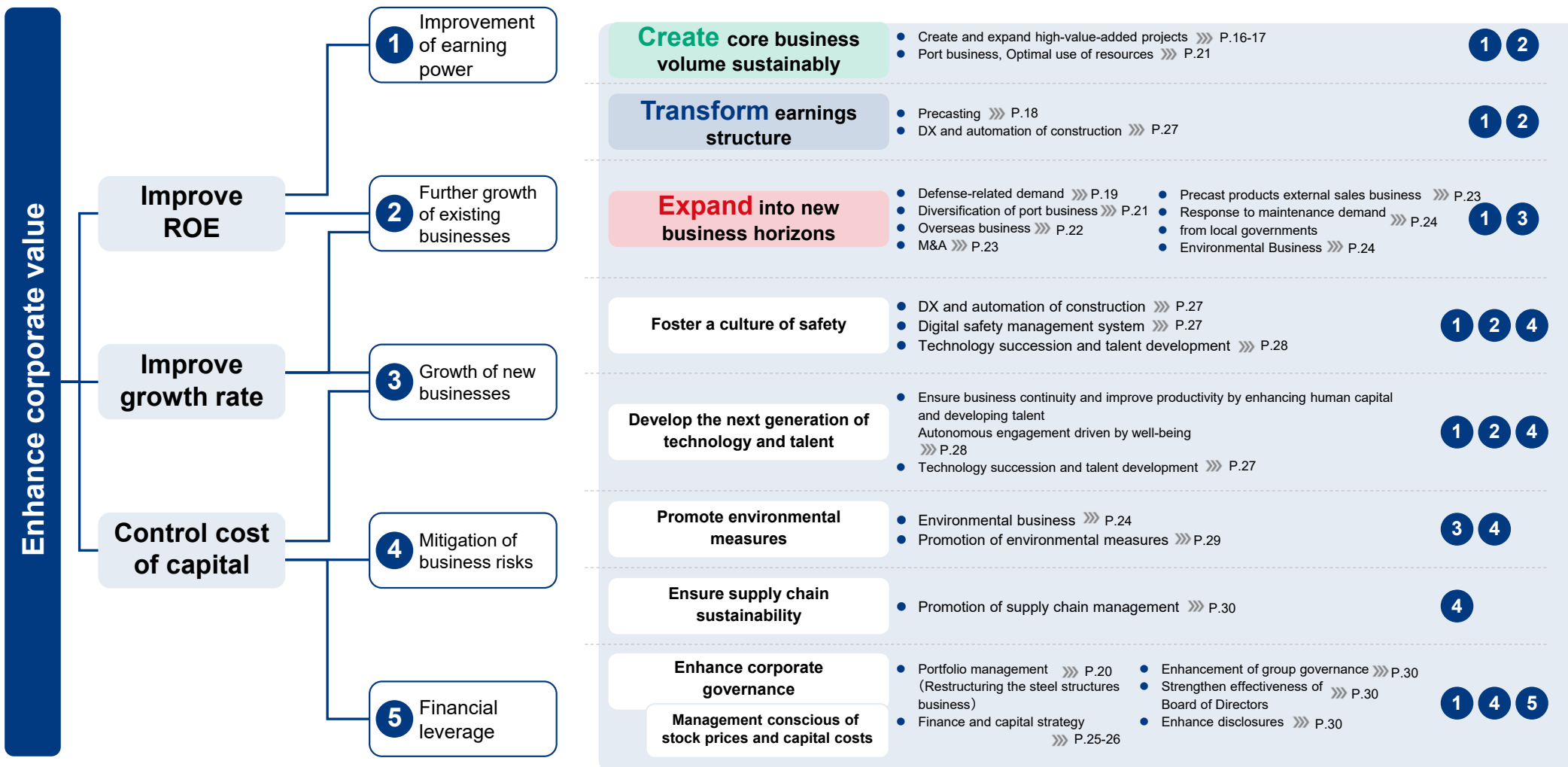
Enhance corporate governance

Promote environmental measures

Ensure supply chain sustainability

Management conscious of stock price and cost of capital

# Corporate Value Enhancement Tree



# Management Indicators

## Improve ROE

Category	Management index	FY03/26 Results	FY03/29 Target
Growth potential	Net sales (Billion yen)	68.8	80.0
	Core businesses (Billion yen)	47.0	54.0
	Consolidated businesses (Billion yen)	11.8	10.5
	New/peripheral businesses (Billion yen)	10.0	15.5
Profitability	Gross profit margin (%)	18.0	19.5
	Operating profit (Billion yen)	5.3	6.8
	Profit attributable to owners of parent (Billion yen)	3.3	4.4
Capital efficiency	ROE(%)	6.5	8% or higher

## Control capital cost

### Shareholder returns

DOE 4%

Total payout ratio Around 70%

### Financial discipline

D/E Ratio Around 0.2x

## Improve growth rate

### Investment

**¥20.0 bn**

Recurring investment ¥6.0 bn

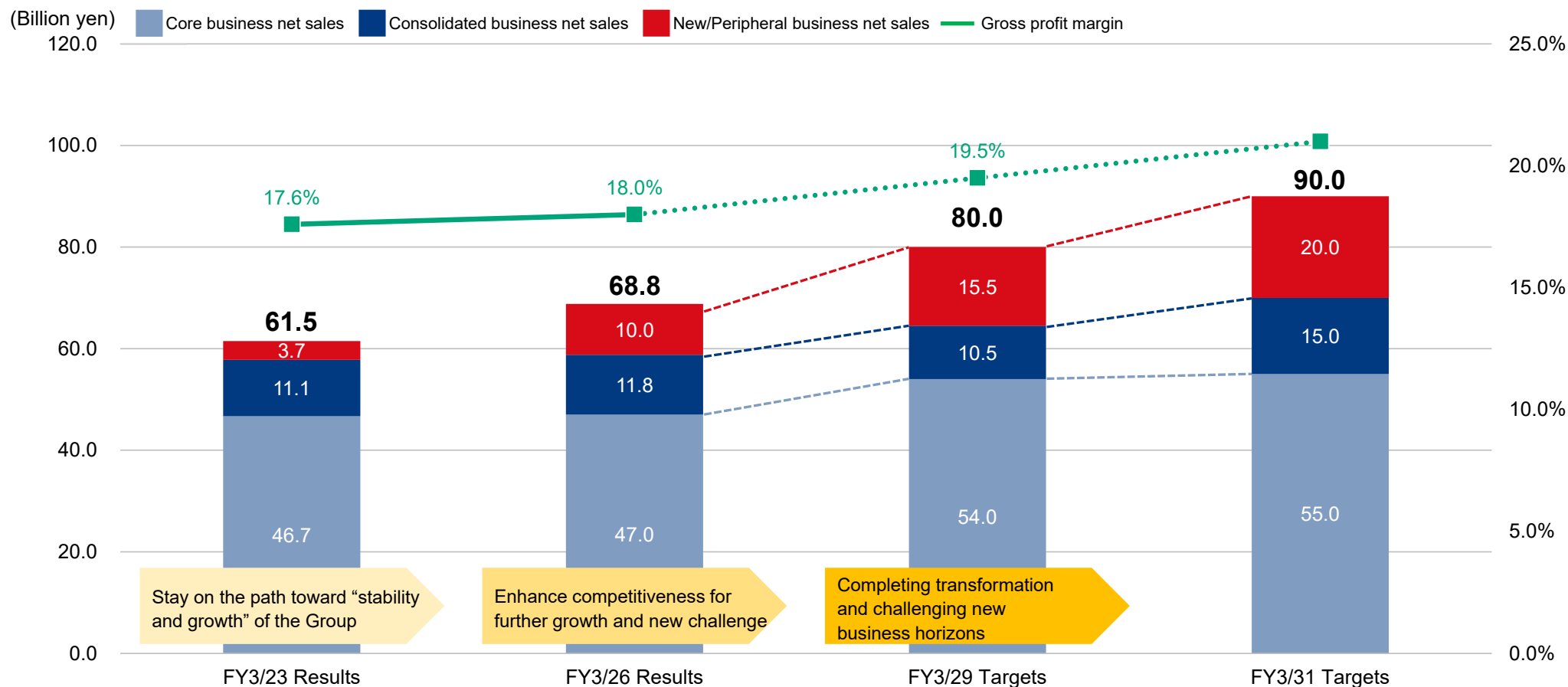
Growth investment ¥4.0 bn

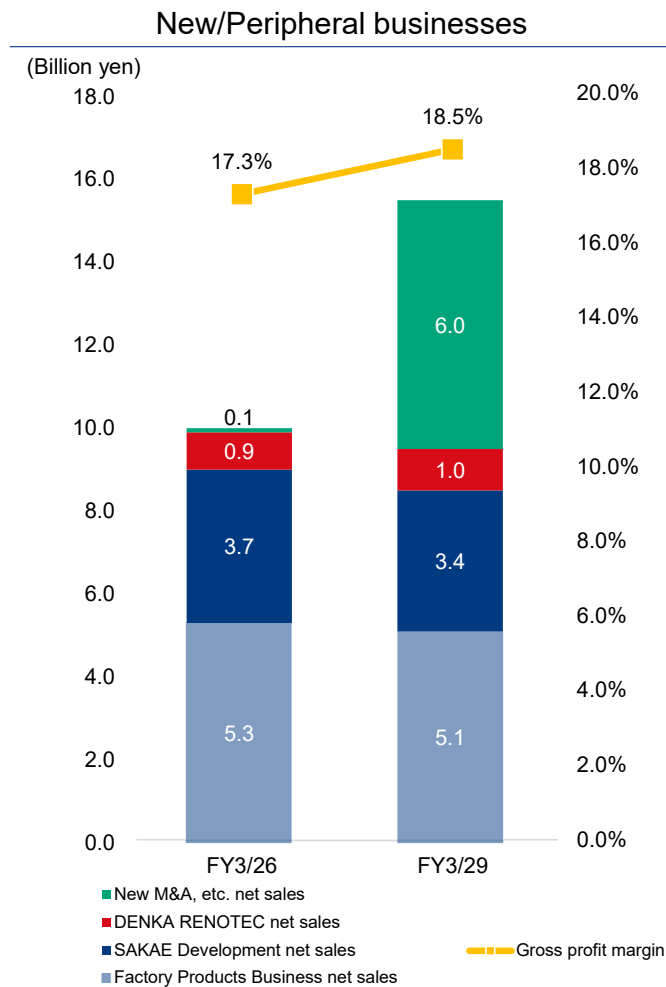
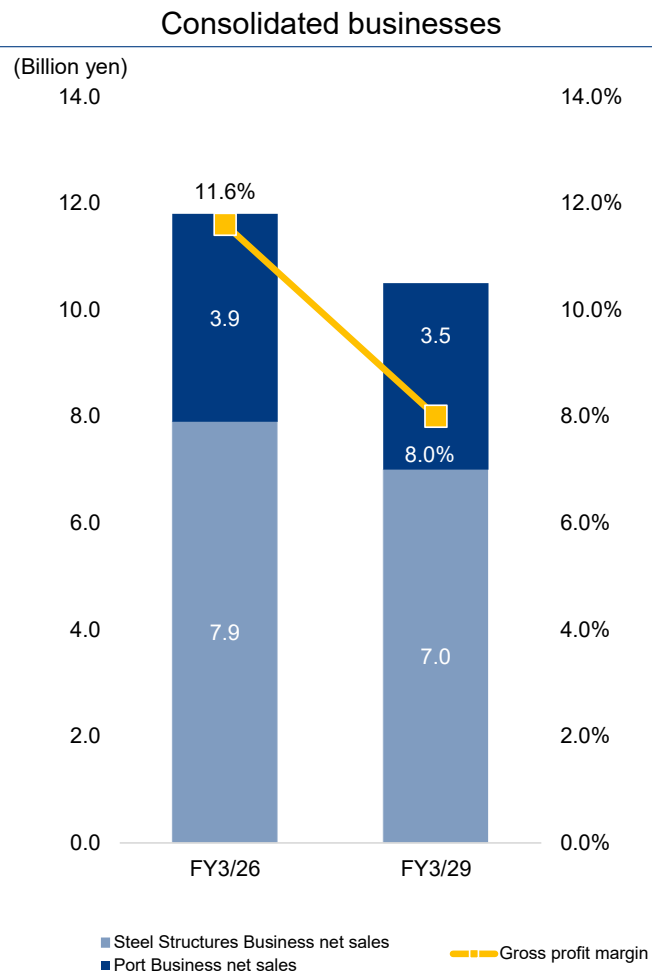
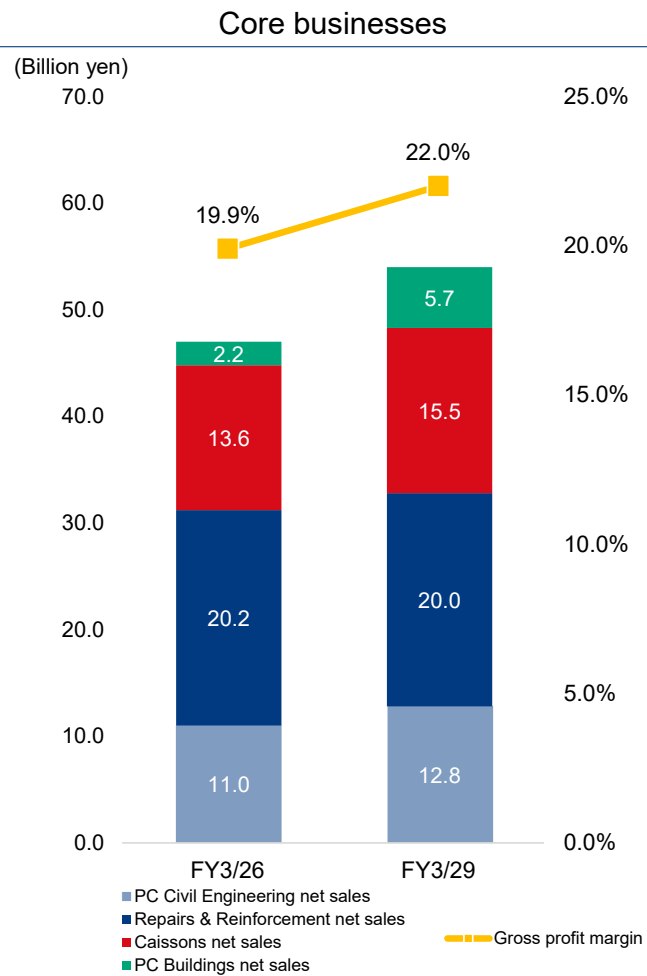
Strategic investment ¥10.0 bn

Enhance corporate value

# Approach to Achieving Long-Term Vision

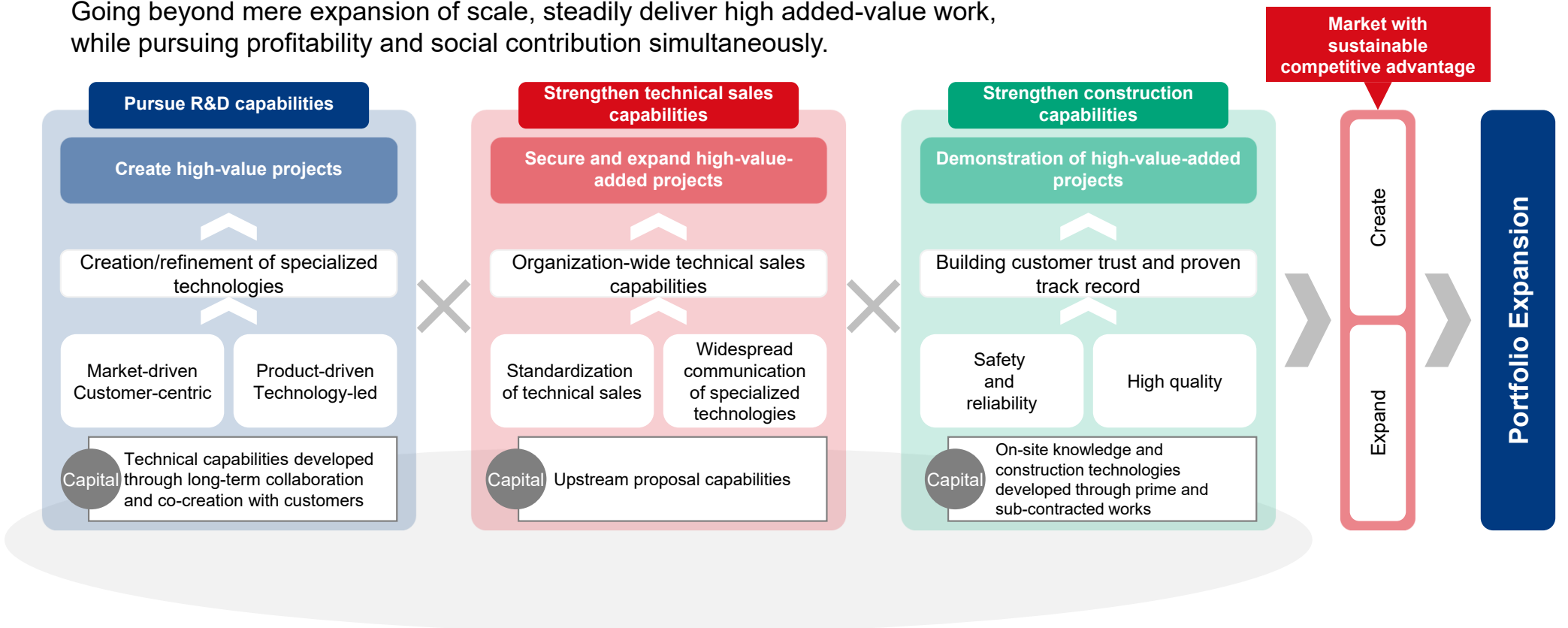
Set new targets for gross profit margin in addition to net sales





## Expansion of Portfolio for the Extension of Infrastructure Service Life

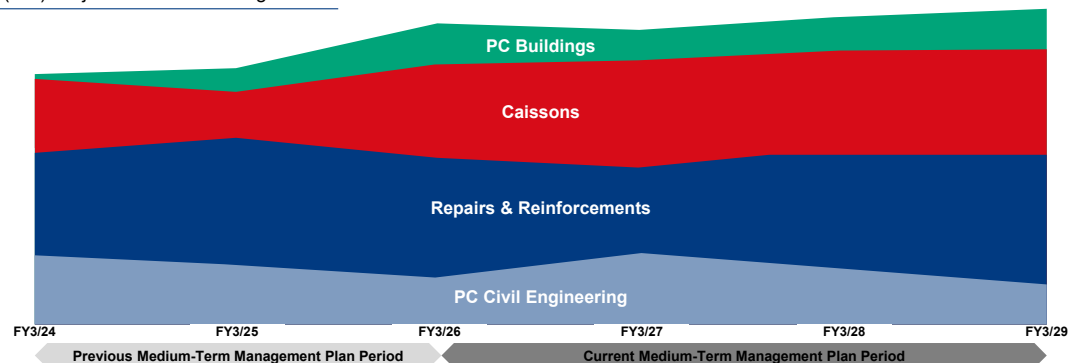
Consistently create and secure high-value-added projects to sustainably expand our portfolio, based on proprietary specialized technologies cultivated through strategic research and development  
 Going beyond mere expansion of scale, steadily deliver high added-value work, while pursuing profitability and social contribution simultaneously.



Category	Business Environment
PC Civil Engineering	<ul style="list-style-type: none"> <li>Under double network development plan, anticipate a steady volume of orders, supported by public-sector projects such as bridge replacement works commissioned by government agencies, demand for four-laning of expressways, and missing-link completion.</li> </ul>
Repairs & Reinforcements	<ul style="list-style-type: none"> <li>Despite continuation of large-scale expressway replacement projects, pace of orders has fallen compared with previous Medium-Term Management Plan period</li> <li>On the other hand, anticipate an increase in repair and reinforcement demand, as well as full-scale adoption (early phase) of “comprehensive maintenance and management services” for bridges, etc., led mainly by prefectural and municipal governments</li> </ul>
Caissons	<ul style="list-style-type: none"> <li>Anticipate robust demand for wide-area flood control measures in the Greater Tokyo Area due to climate change and other factors, as well as defense-related demand under national resilience initiatives</li> </ul>
PC Buildings	<ul style="list-style-type: none"> <li>Anticipate increase in demand for related facilities, etc. under national resilience initiatives</li> <li>Anticipate rising demand for precast concrete to improve productivity, ensure safety, and shorten construction timeframes</li> <li>Anticipate brisk demand for private-sector buildings</li> </ul>

- Optimize allocation of management resources to each segment and work to expand overall business portfolio
- Realize high added value through optimal allocation of human capital resources and hybridization of specialized technologies

(Ref) Projected Order Backlog Trend



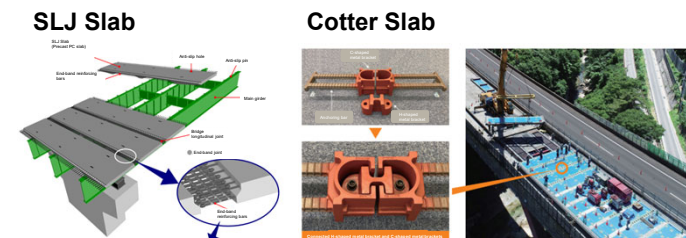
### Integration of specialized technologies

- In addition to creating and refining specialized technologies, explore integration of individual technologies for the ongoing creation of high-value projects

(Ref) Our representative specialized technologies

- PC
  - SCBR Method
  - Precast products (buildings)
- Caissons
  - Pneumatic caisson method
- Seismic Reinforcement
  - STEP Method/SSP Method

(Ref) Example of integration of our specialized technologies: Integration of precast PC and repair technologies

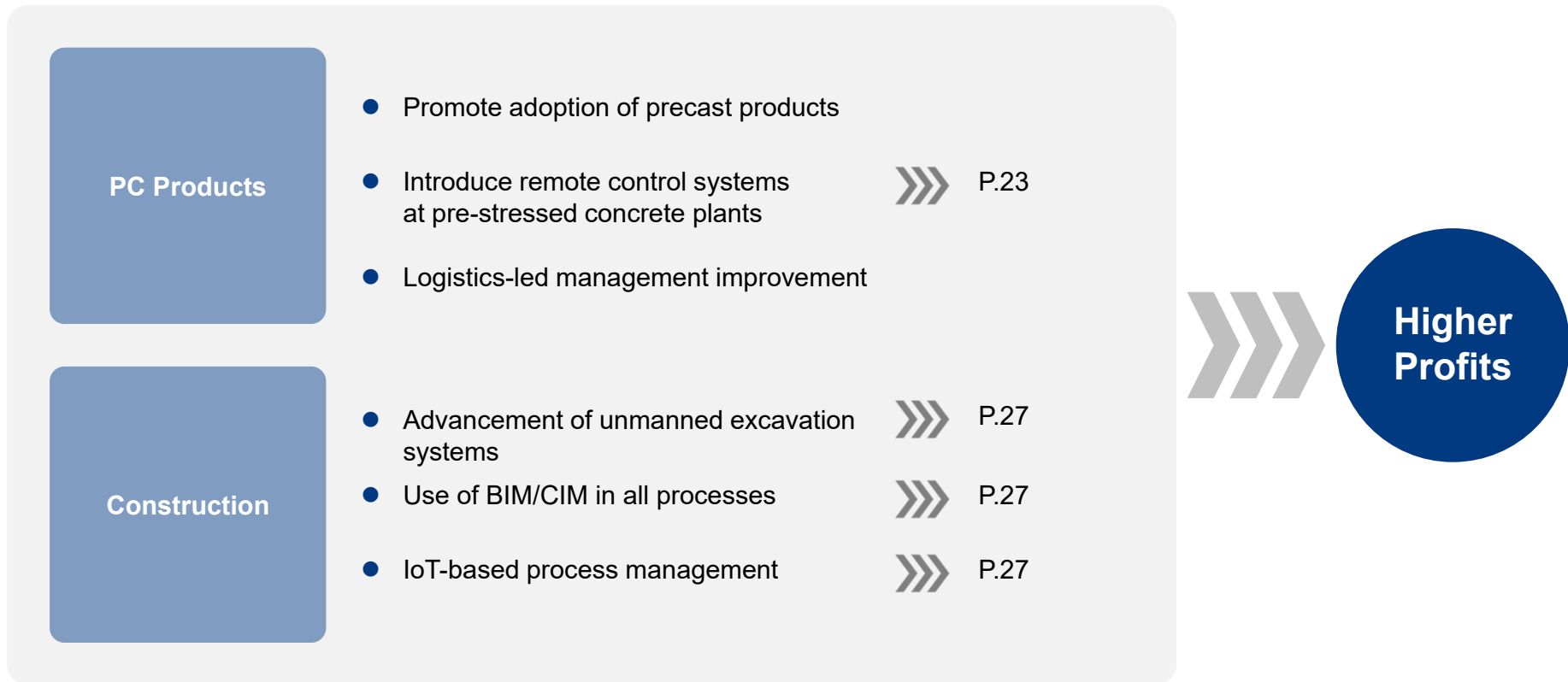




**Advancement of production processes from a broad perspective encompassing all business activities**

Transform

Promote precasting, automation, and remote operations to achieve high productivity and establish a sustainable, high-profit structure with lower fixed costs



**Contribution to the Development of Resilient Social Infrastructure**

Expand

Maximize the use of management resources based on a robust technological foundation, and expand into new domains and overseas markets

**Cater to local government maintenance demand**

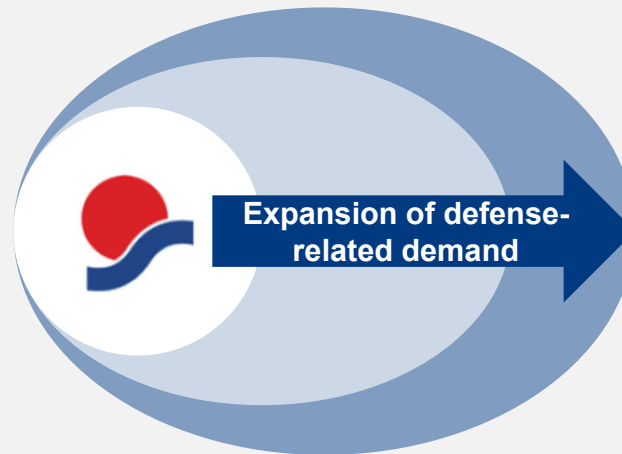
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Promote comprehensive bridge maintenance services and public-private partnership (PPP) projects, amid expectations of full-scale demand growth



**Expand capabilities for addressing defense-related demand**

Continuing from previous medium-term plan, promote adoption of precast products for defense facilities  
Also promote adoption of caissons



**Overseas business**

»» P.22

- Expand business into selected countries with consideration of risk hedging
- Restructure organization for overseas business
- Collaborate with local partners to expand overseas business leveraging our proprietary specialized technologies



## Steel Structures Business

Restructure

Secure earning capacity through completion of reconstruction and reinstallation work, and business restructuring

## Business environment

- Gradual decline in steel bridge orders
- Temporary slowdown in large-scale renewal project orders

## Issues

- Appropriate handling of reconstruction and reinstallation work
- Restructuring of business to secure work volume
- Management streamlining and strengthening of governance

## Outcomes of Previous Medium-Term Plan

- Securing revenue and profit through design change orders for ongoing projects

### Complete reconstruction and reinstallation work

- Completion of reconstruction and reinstallation works with certainty  
Coordinating closely with the client, rebuild a rigorous quality management system and fulfill our responsibility as a provider of social infrastructure
- Appropriate claims for damages  
Minimize losses for the Group and ensure proper governance

### Identify direction of business

- Improvement of overall evaluation  
Strengthen technical sales and proposal capabilities to help secure business volume
- Streamlining through strengthening of control  
Fundamentally review construction management system and work to eliminate costs and advance risk management

### Execute restructuring plan

- Key points of restructuring plan
  - Synergies between steel bridges and PC technology  
Accelerate securing of complex structural projects and work to integrate technologies
  - Expand business domains  
Strengthen collaboration with Group companies to build a stable portfolio that is not dependent on steel bridges

## Port Business

Increase operational utilization with two-vessel fleet structure and maximize synergies within the Group

### Business environment

- Delays in large-scale projects
- Long-term stability in regional order volumes
- Intensified price competition due to new pricing structure

### Issues

- Efficient utilization of new vessel
- Expansion of Group synergies

### Outcomes of Previous Medium-Term Plan

- Stable results in port business
- Entry into bridge business through Group synergies, achievement of track record

### Optimal use of resources

Create

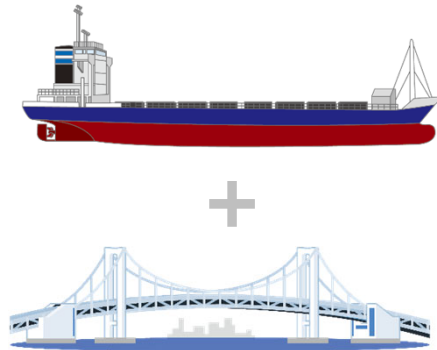
- Optimize utilization rates and personnel allocation under two-vessel fleet structure incorporating newly built vessel



### Continuous receipt of bridge superstructure orders

Expand

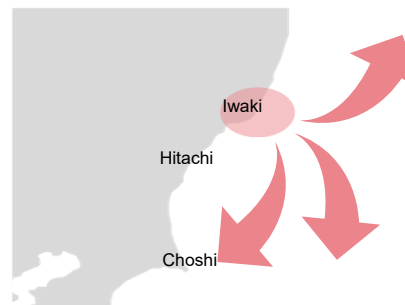
- Further establish track record in bridge construction, build into a second major segment after port business



### Expansion of business domains

Expand

- Expand beyond existing operating territories at full scale
- Actively promote collaboration with major marine contractors



### Participate in bridge maintenance and management business and PPP business

Expand

- Address local government maintenance demand through a unified Group-wide structure



## Overseas Business

Expand

Based on proprietary technologies, concentrate resources on regions and business segments with strong infrastructure demand and risks that can be minimized

### Business environment

- Strengthening of social infrastructure through national policies, promotion of Overseas Deployment Strategy 2030

### Issues

- Identification of focus regions
- Establishment of organizations and systems for development of overseas business
- Building relationships with local partners
- Establishment of local construction frameworks

### Outcomes of Previous Medium-Term Plan

- Technical and equipment support for our caisson construction methods in Indonesia
- Technical support for our specialized construction methods in the United States

- Expand business into selected countries with consideration of risk hedging
- Restructure organization for overseas business
- Collaborate with local partners to expand overseas business leveraging our proprietary specialized technologies

### Taiwan

Market potential	<ul style="list-style-type: none"> <li>● Semiconductor plants</li> <li>● Housing construction demand</li> <li>● Transport infrastructure development</li> <li>● Repair demand</li> </ul>
Focus segments	<ul style="list-style-type: none"> <li>● PC technology</li> <li>● Repairs &amp; reinforcements</li> </ul>
Project type	<ul style="list-style-type: none"> <li>● Private sector</li> </ul>

### Indonesia

Market potential	<ul style="list-style-type: none"> <li>● Water-related infrastructure development demand</li> <li>● Transport infrastructure development demand</li> <li>● Seismic reinforcement demand</li> </ul>
Focus segments	<ul style="list-style-type: none"> <li>● Caissons</li> <li>● PC technology</li> <li>● Repairs &amp; reinforcements</li> </ul>
Project type	<ul style="list-style-type: none"> <li>● ODA</li> </ul>

## M&A

Expand

Selective capital investment to generate synergies

### New

#### Approach to investment targets

- Pursue returns above our assumed WACC
- Companies expected to create synergies
- Regionally dominant companies
- Companies expected to complement promotion of new/peripheral businesses

### Existing

#### SAKAE Development

- Acquire new customers and supplement workforce shortages through business collaboration across Group companies
- Reduce fixed-cost ratio by strengthening management framework

#### DENKA RENOTEC

- Strengthen proposal-driven sales of proprietary preventive maintenance technologies to local governments
- Secure revenue and profit through utilization of existing Group specialized technologies

#### Fan Technology

- Promote adoption of ICT in construction machinery and equipment

## Factory Products External Sales Business

Expand

Secure price competitiveness through expansion of value chain.

### Business environment

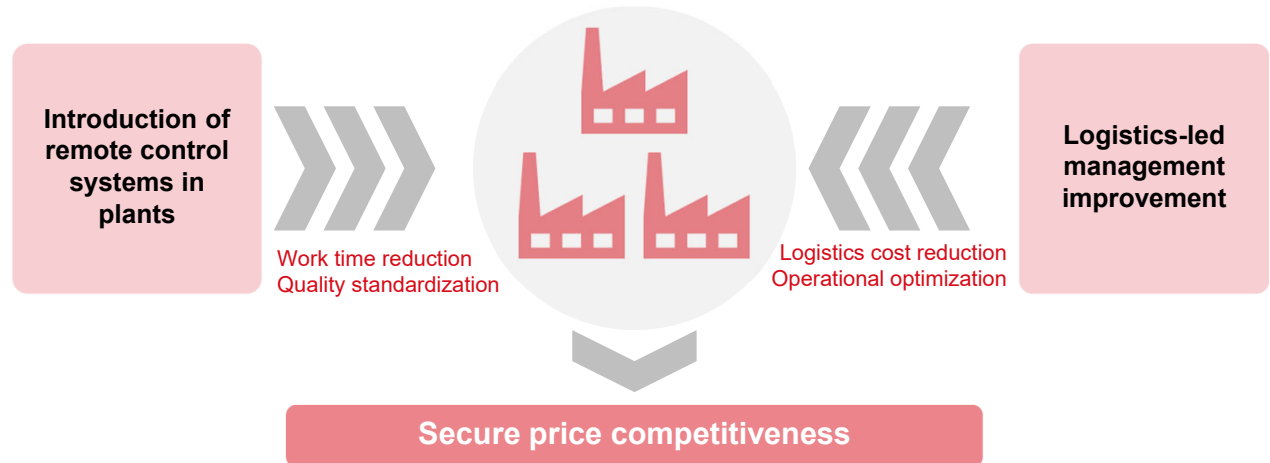
- Society calls for improvement of productivity, efficiency and safety
- Demand for minimization of impact on social activity (noise, etc.) during construction

### Outcomes of Previous Medium-term Plan

- Established external sales scheme
- Submitted quotations to major general contractors

### Issues

- Improvement of price competitiveness



## Maintenance Management Business/PPP Business

Expand

Build business foundations that anticipate next-generation needs

### Business environment

- Full-scale demand (early phase) for comprehensive maintenance and management services by local governments
- Promotion of Regional Infrastructure Group Regeneration Strategy Management

### Outcomes of Previous Medium-Term Plan

- Proposed a public-private partnership scheme for bridge maintenance, selected as model project by Ministry of Land, Infrastructure, Transport and Tourism
- Began discussions with local governments for pilot implementation

### Issues

- Building foundations for public-private partnerships

- Secure resources for implementation
- Transition from pilot implementation to full-scale deployment



## Environmental Business

Expand

Pursue profitable businesses by combining a decarbonized society with technical capabilities

### Business environment

- Transition to decarbonized society
- Acceleration of adoption of renewable energy
- Local government demand for maintenance services

### Outcomes of Previous Medium-Term Plan

- Developed aquaponics system and accumulated experimental data
- Developed hybrid methane fermentation system

### Issues

- Monetization of aquaponics system
- Practical implementation of hybrid methane fermentation system
- Overseas expansion

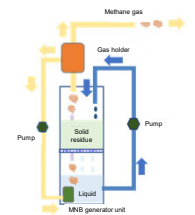
- Promotion of aquaponics business



- Promotion of practical implementation of hybrid methane fermentation system



Pilot-scale methane fermentation system



TOSS® hybrid methane fermentation system schematic

Revision of shareholder return policy to achieve both improved capital efficiency and stable shareholder returns

## Three-year cumulative cashflow

Cash Inflows		Cash Outflows	
Improve operating profit margin Reduce costs Strengthen group cash management Shorten accounts receivable collection periods Divest non-core assets Reduce invested capital	Operating cashflow ¥18.0 bn	Recurring capital investment Equipment and machinery replacement ¥6.0 bn	Resource allocation to business areas based on profitability and capital efficiency
		Growth investment R&D Human capital ¥4.0 bn	M&A-based initiatives for regional strategy development, business diversification, and PPP projects Strategic expansion in new business domains
		Strategic investment M&A Equity investments Other ¥10.0 bn	Pursuit of returns that are conscious of cost of capital (WACC)
Business assets review			
Ensure financial soundness Optimize capital structure through use of leverage	Use of interest-bearing debt	Shareholder returns Share buybacks Dividends	Capital efficiency improvement Stable dividends $ROE \times \text{Payout ratio} \rightarrow \text{Set DOE}$

## Shareholder return policy

Based on the fundamental policy of maintaining stable profit distributions, the Company will maintain its previous medium-term management plan policy of a total payout ratio of approximately 70%, introduce a new dividend on equity (DOE) metric, and thoroughly conduct management that is conscious of cost of capital while ensuring stable dividend payments unaffected by earnings performance

**[Revision of Shareholder Return Policy]**  
 Achieve both improved capital efficiency and stable shareholder returns

- **Introduce DOE of 4%**  
 Dividend payments unaffected by earnings performance
- **Maintain total payout ratio of around 70%**  
 Proactive profit returns, including share buybacks

### [Strengthening Earning Power]

Creation and expansion of high-value projects  
 Productivity improvement and expansion into new domains  
 Proactive investment strategy to strengthen earning power through technology succession, talent development, and business risk reduction

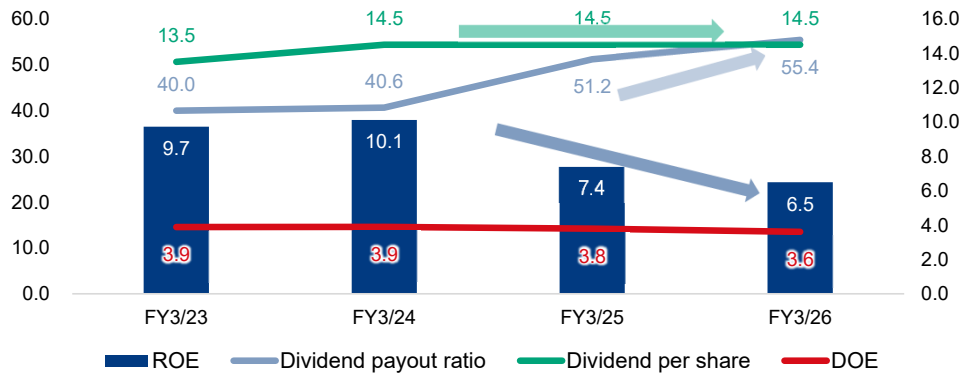
### [Reduction of Cost of Capital]

Enhance dividend stability, manage shareholder expectations, curb capital accumulation, and strive to reduce capital costs and stable share price through flexible use of debt

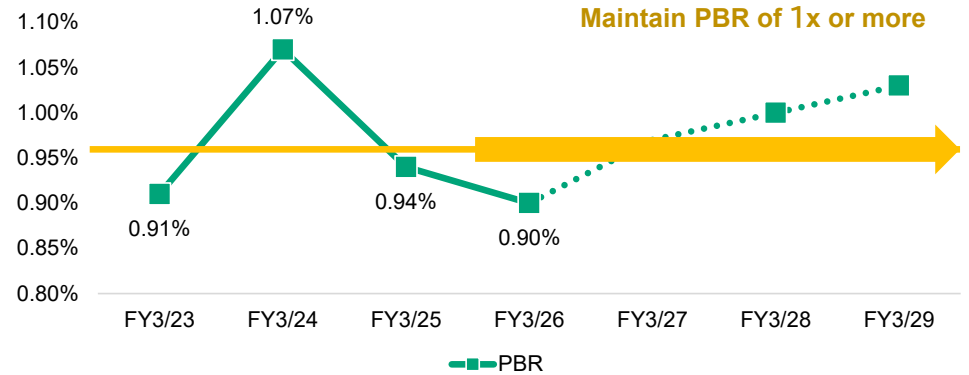
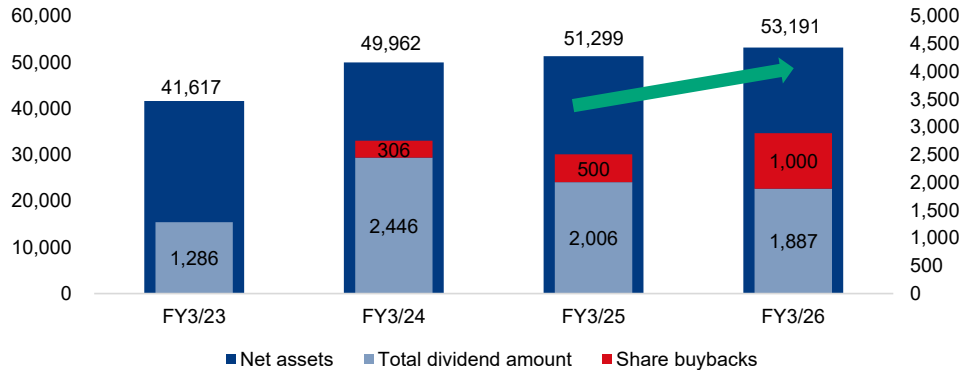
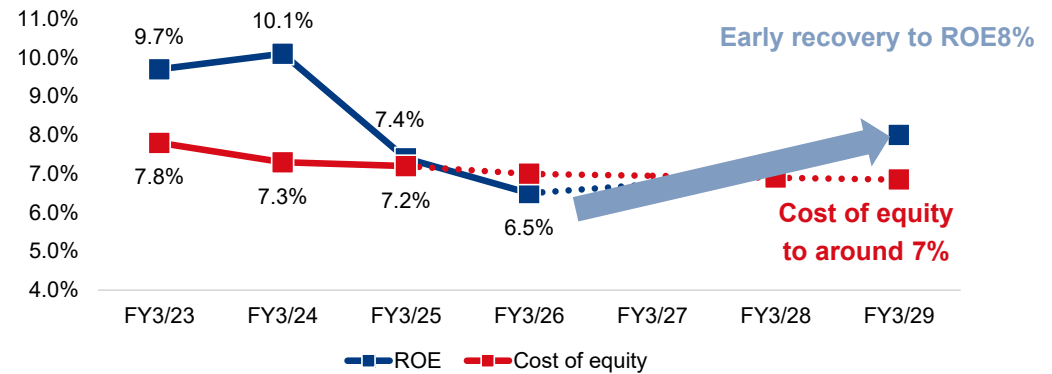
**ROE: 8% or more**  
**PBR: Over 1.0x**

Revision of shareholder return policy to achieve both improved capital efficiency and stable shareholder returns

Net assets are up, but capital efficiency is down; use DOE to improve capital efficiency



Aim for early recovery of ROE/PBR



Combine experienced workers' intuition with construction DX to achieve both zero accidents and improved productivity

## Recognition of issues

### Customer issues

- Shorten construction periods and cut costs
- Ensure high degree of construction quality
- Prevent major public disasters
- Reduce environmental burden

### Company issues

- Further advancement of proprietary technologies
- Systematization of skills transfer
- Digitization of site management
- Optimization of the supply chain

## Solutions through technological development

### DX and automation of construction

Evolve caissons and other core technologies through DX

- **Advancement of unmanned excavation system**

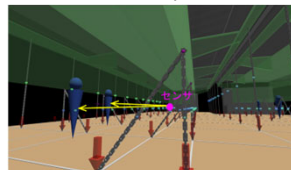
Labor reduction through remote operation and automated control of excavation work inside caissons from above ground



Caisson method unmanned excavation system

- **Use of BIM/CIM in all processes**

Efficiency improvement across entire process from design to maintenance through integration with 3D models



Suspended scaffolding safety management system utilizing IoT

- **IoT-based process management**

Visualization and real-time management of materials and equipment deliveries and concrete placement status

### Digital safety management system (Safety and quality management)

Multi-layered technological safeguards that do not rely solely on human observation

- **Hazard prediction using AI cameras**  
"Smart monitoring" that uses on-site AI cameras to detect unsafe behaviors and proximity to heavy machinery and emits warnings
- **Use of wearable devices**  
Monitors workers' vital data to prevent heat stroke and entry into restricted areas
- **Digital quality certification system**  
Automatically collects construction records (photos, measurement data) to prevent falsification and improve efficiency of inspection work

### Technology succession and talent development

Turn experienced workers' intuition into data to raise overall organizational capability

- **Knowledge sharing platform**  
Create a database of past special construction methods and troubleshooting cases for real-time referencing on site
- **Quantification of skills acquisition**  
Analyze expert workers' movements and decision-making criteria using sensors and incorporate into training curricula

Realize the strongest organization that utilizes both people and technology

## Organization

**Ensure business continuity and improve productivity by enhancing human capital and developing talent**

**Retain and secure people who will support business continuity and growth**

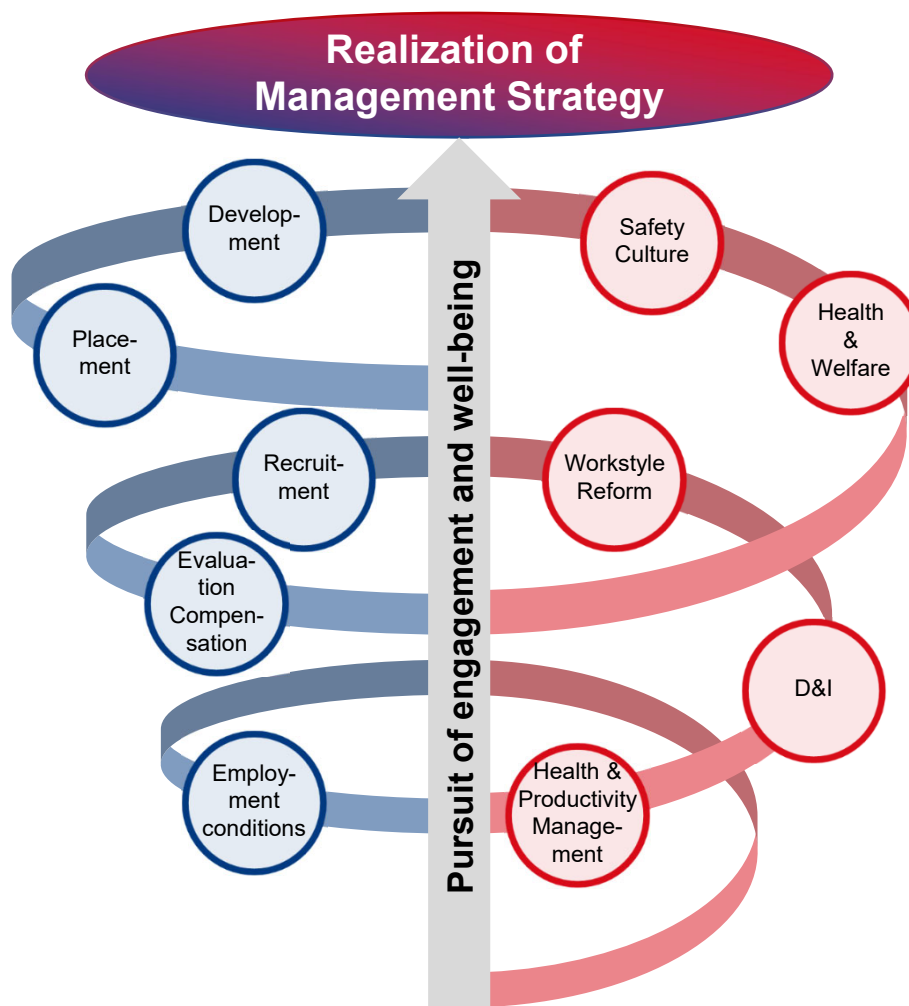
- Build systems for acceptance of diverse talent, strengthen Group's PR functions, including social media, recruitment branding

### Practice talent portfolio management

- Build dynamic portfolio linked to management strategies
- Implement cross-generational and cross-group personnel placement

**Technology succession to improve productivity and development of multiskilled workers and specialists**

- Enhance and digitize training programs and learning content, broaden job skills and deepen expertise through reskilling promotion and Group-wide support for qualification acquisition, and develop next-generation leaders



## Human Resource

**Autonomous engagement driven by well-being**

### Improvement of well-being

- Promote health & productivity management (obtain recognition as Outstanding Organization of KENKO Investment for Health)
- Expand systems that support work-life balance, including creating an environment that makes it easier to take childcare and caregiving leave

### Improvement of employment conditions, including evaluation and compensation systems

- Review compensation system to ensure fairness and alignment with evaluation system
- Clarify career paths

### Foster culture of safety

- Thoroughly embed a "safety first" mindset through education and communication and establish a safe and secure working environment across the entire Group

### KPIs

- Hiring (new graduates/mid-career): 130 over 3 years
- Engagement score: 75 points or more
- Turnover rate: 15% (maximum)
- Human capital investment: ¥700 million over 3 years

Achieve SBTi targets and maximize environmental value to expand opportunities to win orders

Validation Statement  
NEAR-TERM SCIENCE-BASED TARGETS



SBTi Services has validated that the greenhouse gas emissions reduction target(s) submitted by Oriental Shiraishi Corporation conform with the SBTi Criteria and Recommendations (Near-Term Criteria V5.2).

## Priority measures

- ① **Obtain SBTi certification: October 2025** → Change of CO<sub>2</sub> reduction target  
Reduce absolute emissions by FY2030 (vs. FY2023 baseline): 42% for Scope 1 and 2, and 25% for Scope 3
- ② **ESG-C management co-built with new Group companies** in line with business growth  
Calculate CO<sub>2</sub> emissions, communicate and plan for reduction
- ③ **Disclosures aligned with SSBJ standards** → Mandatory from FY2030  
Clarify and quantify operational and financial impact of sustainability activities  
Obtain second opinions on disclosed data
- ④ **Launch TNFD initiatives** → Reporting under ISSB standards (October 2026)  
Water security disclosure requirements: Institutional investors
- ⑤ **Increase in environmental issues in public projects (MLIT tenders)**  
Corporate evaluation score and technical proposal items under comprehensive evaluation method

### CO<sub>2</sub> reduction target (SBTi)

	FY2023 Baseline	FY2030 Target
Net sales (billions of yen)	67.38	90.00
Scope1&2 emissions (t-CO <sub>2</sub> )	17,440	10,115
Reduction rate		42%
Scope3 emissions (t-CO <sub>2</sub> )	409,433	307,074
Reduction rate		25%

## Environmental Activities Roadmap

Item		FY2026	FY2027	FY2028	
Social requirements	SBTi	Update CO <sub>2</sub> reduction target, be evaluated	From June	Update target	
	SSBJ	Financial impact evaluation of risks and opportunities	Review/update		Evaluation
		CO <sub>2</sub> emissions: Obtain third-party certification	Prepare	Obtain validation	Renew
		Establish PDCA cycle for supplier engagement	Create standards	Set KPIs Analyze	Evaluate KPIs Analyze
		Implement carbon footprint		Prepare	Calculate/present
		Implement internal carbon pricing		Prepare	Calculate/evaluate
TNFD	Establish policy, make plans		Prepare		
Company activities	Role	Refine CO <sub>2</sub> reduction targets and emissions accounting (individual departments and group companies)	Communication/education	Implement	
	Activity	Present to ISO objectives management plan (ESG items)			
	Framework	Strengthen sustainability resources			

Evolve into a resilient Group management structure that transform social trust into value

### Strengthen effectiveness of Board of Directors

Establish a diverse and highly specialized Board composition, and build a structured pipeline for the planned development of next-generation management leaders

- Update skills matrix, promote succession planning

#### Enhance major meeting bodies

- Review operation of major meeting bodies, e.g., Sustainability Committee

#### Enhance functions of outside directors

- Opportunities for dialog with stakeholders
- Opportunities for on-site visits

#### Increase officers' commitment to business performance

- Continue systems aligned with degree of achievement of ROE, TSR, and ESG targets

#### Enhance strategic deliberations in Board of Directors meetings

- Strengthen Board of Directors secretariat

### Enhance disclosures

#### Enhance non-financial disclosures

- Disclosures linked to strategies based on materiality

### Strengthen Group governance and risk management

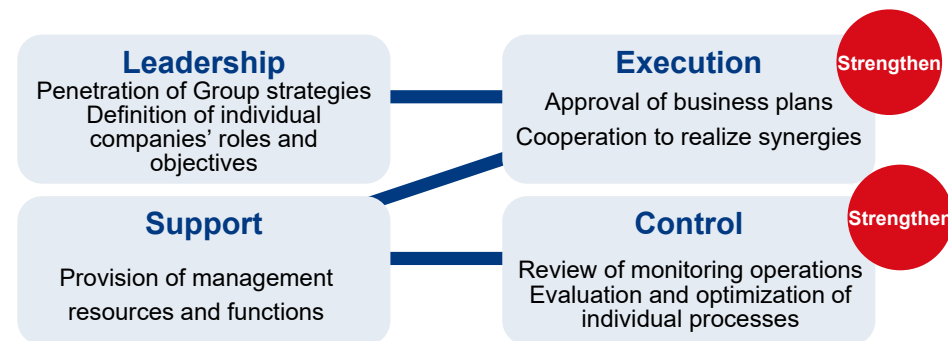
#### Review and re-design decision-making authority of individual Group companies

- Re-design rules for prior approval by parent company

#### Strengthen internal control processes

- Implement the three lines of defense across entire Group

#### Strengthen Group management structure (establish CMS, etc.)



### Promote supply chain management

#### Strengthen communication with partner companies

- Increase engagement through surveys and dialog

## Strengthen PPP Initiative Framework

- Build a PPP business foundation with bridge infrastructure maintenance as the starting point, and leverage ITOCHU Corporation's capabilities for early expansion into wider regions and multiple sectors

● **Comprehensive technical capabilities spanning from upstream to downstream, with an on-site perspective**

- Expertise in diagnosis of bridges, etc. and optimization of construction plans (asset management)
- Asset management expertise, particularly in privately owned real estate assets

● **Stable and efficient procurement and supply of goods and services supported by proven track record and distribution networks**

- Expertise in demand forecasting and bulk procurement of construction materials
- Manufacture and supply of civil engineering materials (e.g., waterstops, impermeable sheets, PC products), etc.



## Value offered by a partnership between general trading firm and major bridge general contractor

- Information**
- **DX implementation support consulting, outsourcing support (BPO)**
  - Productivity improvement expertise through design and estimation software, etc. (DX)
  - Infrastructure condition monitoring and construction site monitoring using satellite data

- Finance**
- **Business operations from medium- to long-term perspectives, using finance from financial institutions and private-sector management techniques**
  - **Financial arrangement capabilities of banks, securities firms, insurance companies, etc., and expertise in strengthening management foundations of small and medium-sized companies**

## Build centralized purchasing framework

- Gradually capture the benefits of centralized purchasing at an early stage, strengthen negotiating power with suppliers, and establish a cost-reduction framework

## Logistics-led management improvements

- Leverage the ITOCHU Group's marine transportation capabilities to reduce logistics costs and CO<sub>2</sub> emissions
- Further, realize (1) improved opportunities to win orders, (2) reduced fixed cost per project (3) higher quality through in-house production for distant outsourced projects

## Establish sustainable M&A framework

- By complementing capabilities with ITOCHU Corporation, advance continued, flexible promotion of M&As and work on early enhancement of business value through post-investment strengthening of risk control and governance