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Medium-Term Management Plan

FY2025-2027

TSE Code: 6306
Tomomi Nakayama
President and Representative Director

Introduction: Looking Back on 1st Year as President and Future Initiatives to Enhance Corporate Value

FY2025: Broadly Achieved Targets — First Year of the Medium-Term Plan Showing Signs of Growth

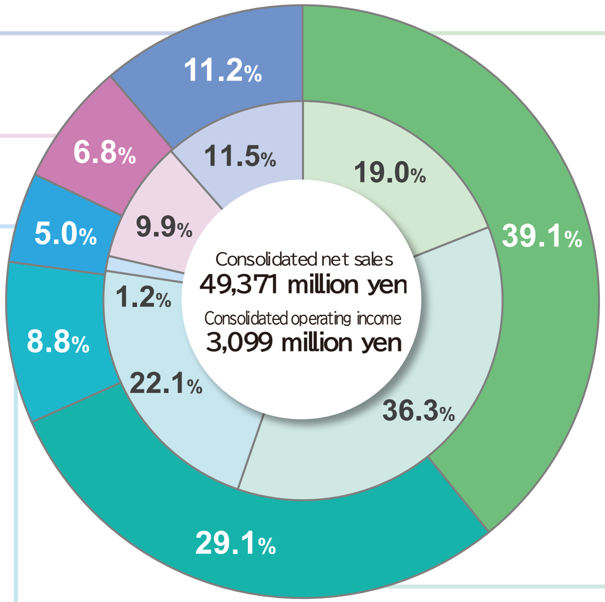
- Over the first year as President, we have actively advanced a wide range of initiatives, including strengthening our business model, reforming HR systems, promoting DX, developing young talent, establishing overseas manufacturing sites, and improving quality and manufacturing capabilities through initiatives such as the “Quality Top Patrol” and “Monozukuri Contest.”

- From the second year onward, we will further deepen these initiatives while pursuing capital allocation and balance sheet optimization. We will also work to maximize Group company performance, reorganize our portfolio based on ROIC, and strengthen communication with stakeholders and institutional investors.

- These efforts are aligned with the Medium-Term Management Plan (FY2025–FY2027), which focuses on improving quality, technology, services, and human resource performance. We will continue to demonstrate leadership to enhance corporate value, with “Enhancing Profitability” as the key theme.

Nikko Group's Business (FY2025)

Sales breakdown by business segment (FY2025)



Other Business:

Mainly manufactures and sells pipe scaffoldings, temporary aluminum staircases, floodgates, waterproof boards, etc., and engages in real estate leasing.

Operating Margin	11.5%

Contract-based Manufacturing -Related Business:

With Ube Kohki and Matsuda Kiko as its core group companies, engages in design and manufacturing of various plants and industrial machinery, and other processes such as plate working, assembly, and installation.

Operating Margin	16.3%

Crusher-Related Business:

Engages in import and sales of mobile plants, etc., and produces self-developed soil improvers. Domestic market share of mobile crushers and screens: 15.5%

Operating Margin	2.8%

Environment- and Conveyor-Related Business:

Manufactures and sells various types of recycling plants and belt conveyors.

Operating Margin	27.8%

AP (Asphalt Plant) -Related Business:

Manufactures and sells mainly asphalt plants, with domestic static share of 77.3%. Strengthens overseas expansion, focusing on Asian markets.

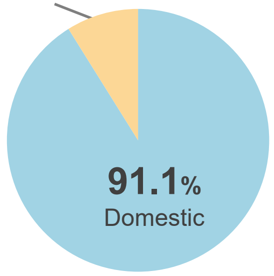
Operating Margin	5.4%

BP (Concrete Plant) -Related Business:

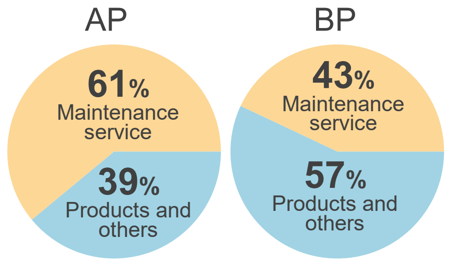
Manufactures and sells mainly concrete plants for domestic market, with domestic static market share of 33.9%.

Operating Margin	13.9%

Ratio of consolidated net sales outside Japan (%)



Ratio of net sales of maintenance services in AP and BP-related Businesses (%)



Medium-Term Management Plan (FY2025–FY2027): Positioning and FY2025 Progress

To achieve our 2030 Vision, we will unite as a group to create new value and prusue business expansion.

Medium-term Management Plan (2025-2027)

FY2021

Consolidated Net Sales 38.8 bil. yen
Operating Margin 5.3%
Market Capitalization 24.3 bil. yen
(Share Price 607 yen)

Internal Investment Phase
01/04/2022-31/03/2025

FY2024

Consolidated Net Sales **49.2** bil. yen
Operating Margin **5.6%**
Market Capitalization **27.4** bil. yen
(Share Price **686 yen**)

Strong Business Expansion Phase
01/04/2025-31/03/2028

- Launched new services and systems in Japan, and established new revenue bases in overseas markets
- Introduced new technologies and restructured production systems
- Achieved growth across group companies
- Pursued M&A and partnerships in preparation for the next medium-term plan

FY2027

Consolidated Net Sales **60.0** bil. yen
Operating Margin **8.0%**
Market Capitalization **40.0** bil. yen
(Share Price **1,000 yen**)

FY2030

Consolidated Net Sales **70.0** bil. yen
Operating Margin **10.0%**
Market Capitalization **50.0** bil. yen
(Share Price **1,250 yen**)

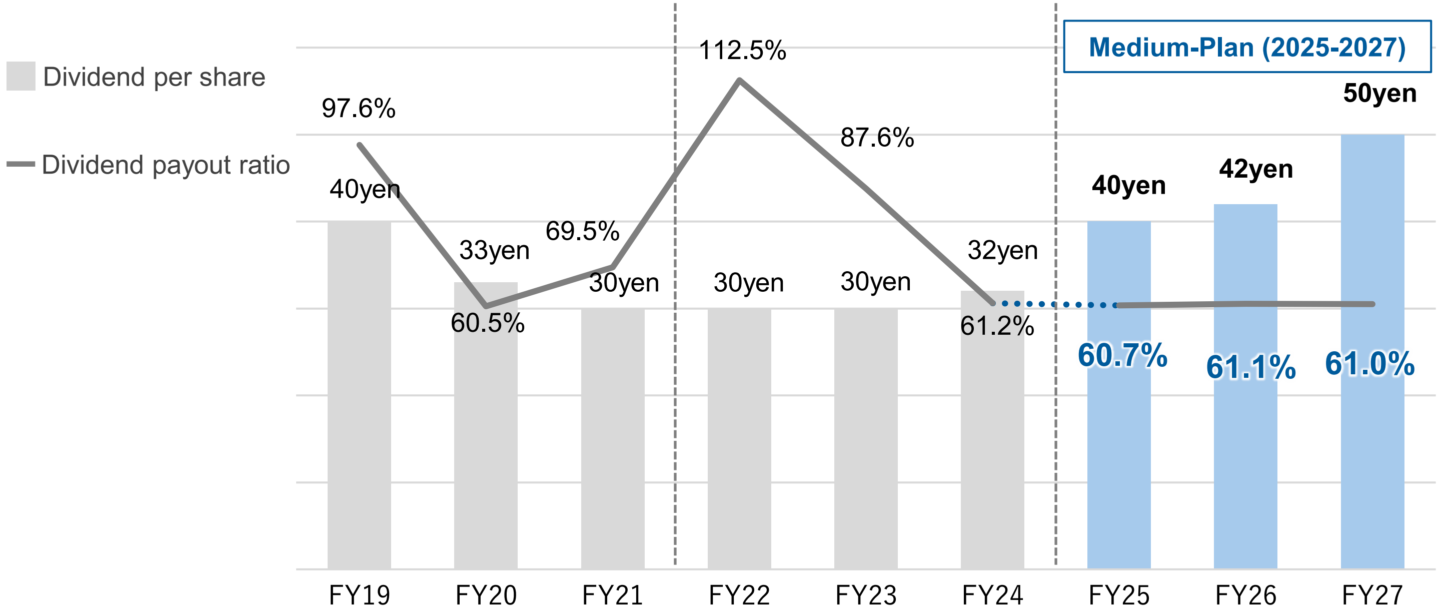
- Strong profitability in domestic business
- Establishment of a foundation in the ASEAN market
- Global production system
- Acquisition and development of next-generation technologies

Qualitative initiatives remain in progress in FY2025, with implementation targeted from FY2026.

Quantitative targets are broadly on track, with FY2026 net sales of 55.0 billion yen, operating margin of 6.9%, and market capitalization of 34.0 billion yen as of May 28.

Shareholder Return Policy: Planned Dividend of 50 yen per Share in FY2027

- Maintain a dividend payout ratio of **60% or higher**.
- Strengthen shareholder returns through flexible share buybacks, while improving capital efficiency.
- Cumulative dividends under the medium-term plan are expected to total **49 yen**, compared with **35 yen** under the previous medium-term plan.
- The initial dividend plan under the medium-term plan was **34 yen in FY2025**, **40 yen in FY2026**, and **50 yen in FY2027**. The FY2025 dividend has been increased to **40 yen**, FY2026 has been raised to **42 yen**, and FY2027 remains planned at **50 yen**.

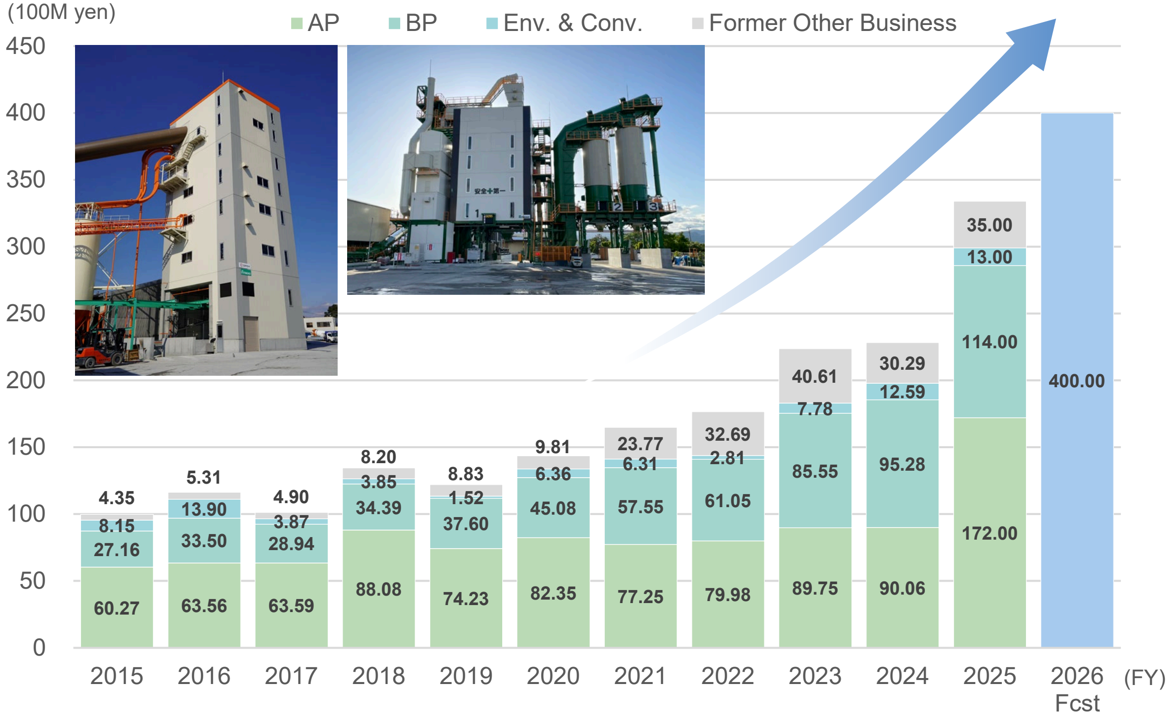


	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Dividend payout ratio guideline	Over 60%								
Share buyback	0	4.0B yen	0	0	0	0	Implement flexibly and promptly		

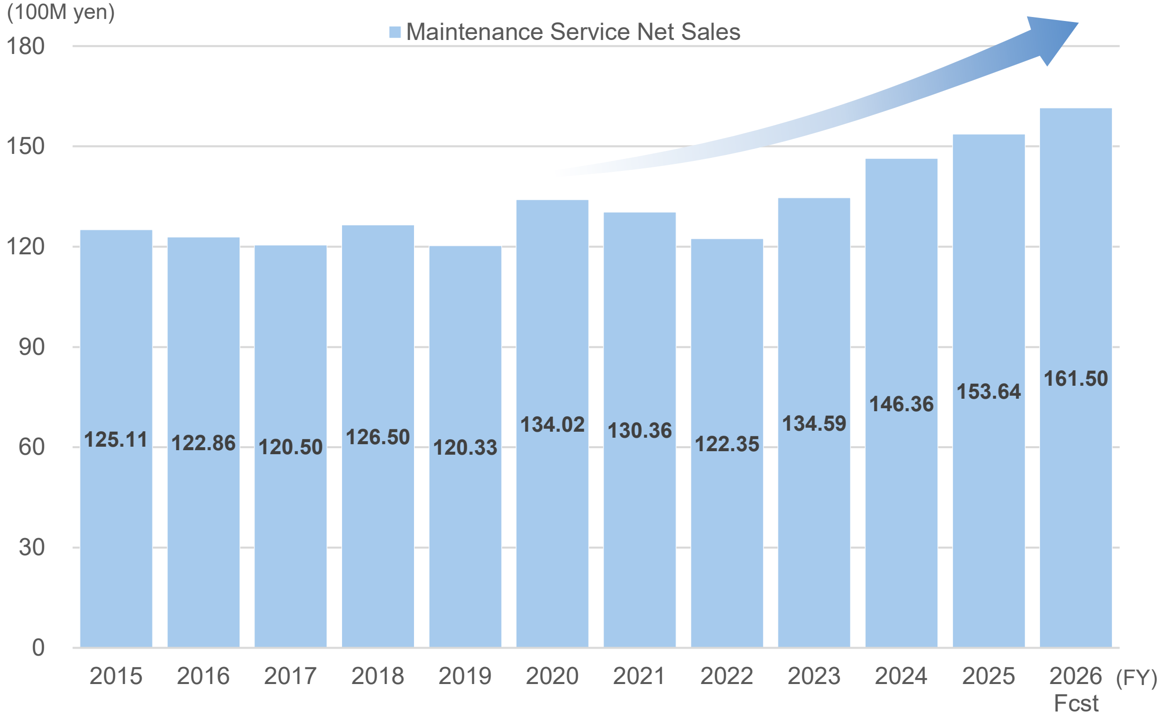
Progress in the First Year of the Medium-Term Plan and Key Takeaways Going Forward

- In the first year of the Medium-Term Management Plan (FY2025–FY2027), net sales fell short of the target, while operating profit and below exceeded the plan.
- Order backlog at the end of FY2025 reached **33.4 billion yen**, up **46% year on year**, providing strong momentum for the second year of the plan.
- The maintenance service business, one of the Company’ s strengths, contributed not only to sales growth but also significantly to profitability.

Order Backlog Trend



Net Sales of Maintenance Service Business



Note: The “Former Other Businesses” category includes the Crusher-related Business, Contract-Based Manufacturing Business, and Other business.

Six Key Pillars and FY2025 Progress under the Medium-Term Management Plan

Set six key pillars and execute strategies linked to business strategies and financial / non-financial impact in each segment.

Six Key Pillars	Strategies for Execution	Related Segments	Expected Financial / Non-Financial Impact	Progress
1. Establish a Sustainable Profit Structure	・Strengthen profitability through pricing policies and higher value-added proposals. ・Secure stable earnings by promoting and expanding the subscription-based plant maintenance business. ・Improve Group-wide cost structure through greater efficiency in manufacturing and sales.	AP, BP	Expansion of net sales; improved profitability	AP: In progress BP: On track
2. Contribution to an Environmental / Recycling Society	・Develop next-generation environmental products using AI sorting and robotic technologies. ・Advance conveyance, crushing, and sorting systems for waste resource recycling. ・Promote social implementation of environmental businesses through collaboration with local governments and private companies.	Env. & Conv., Contract-based Manufacturing	Expansion of net sales	On track
3. Accelerate Global Expansion, Mainly in ASEAN	・Strengthen asphalt plant manufacturing and sales bases in ASEAN, China, and Taiwan. ・Build product supply, technical support, and service systems suited to each country's market needs. ・Establish responsible procurement and quality standards as a global company.	AP	Expansion of net sales	In progress Acceleration needed
4. Product Evolution and Quality Improvement	・Develop products focused on automation, labor savings, and remote support. ・Improve quality by utilizing quality manuals and trouble databases. ・Provide products and services that support customer safety, security, and satisfaction.	Company-wide	Improved profitability	On track In progress
5. Improve Service Quality through Human Resource Development and Partner Collaboration	・Strengthen training programs for young talent and human resource development. ・Stabilize the supply chain through joint training and safety support with partner companies. ・Create a workplace environment that supports diverse workstyles.	Company-wide	Improved employee engagement and job satisfaction	On track In progress
6. Strengthen Management Transparency and Governance	・Advance management decisions based on ERP and other management visualization tools. ・Pursue Group-wide optimization through collaboration with Group companies. ・Build a management foundation focused on sustainability.	Company-wide	Improved sustainability	On track In progress

AP-related, BP-related, and Environment & Conveyance-related Businesses

Leverage the strengths of each business to achieve sustainable growth and enhance corporate value.

AP-Related Business

Performance Assessment

- FY2025 results cleared the medium-term operating profit plan, but FY2026 is expected to fall short of the plan.
- Domestic order intake improved by 5.0 billion yen from FY2025 results to the FY2026 forecast. Going forward, a favorable business environment is expected, driven by subsidy-related projects. Maintenance sales remain firm, with FY2025 sales exceeding the medium-term plan by 1.2 billion yen.
- Overseas business remained challenging.

Strategy Assessment

- Domestic: Maintain steady performance by leveraging mixed-fuel burner technology and the VP Series while capturing energy-saving subsidies.
- Overseas: In Thailand, inquiries are increasing as lifecycle cost proposals help counter price competition from Chinese manufacturers. In Shanghai, a Taiwan market entry plan is underway, and the earnings base remains firm. In Vietnam, inquiries are increasing through active sales activities.

Issues and Additional Measures

- Domestic: Establish next-generation products after the end of energy-saving subsidies. Also develop remote and labor-saving products.
- Overseas: Strengthen strategies to improve profitability, as maintenance demand is limited. Review long-term overseas strategy.

	FY25 Results	FY25 Forecast	FY26 Forecast	FY27 MT Plan
Net Sales	19,327	19,500	21,600	23,000
Operating Profit	1,045	1,000	1,530	2,350
Operating Margin	5.4%	5.1%	7.1%	10.2%

BP-Related Business

Performance Assessment

- FY2025 results cleared the medium-term targets for order intake, net sales, and operating profit. The business benefited from steady equipment investment and maintenance demand, and 300 million yen of concrete drying equipment projects contributed to higher sales.
- FY2026 forecast exceeds FY2025 by 700 million yen in net sales and is expected to achieve the final-year medium-term operating profit target ahead of schedule.

Strategy Assessment

- Promote plant standardization and develop measures to improve production capacity and delivery response.
- Accelerate DX strategies and implementation for labor-saving and automation, including equipment management and operational support.
- Commercialize CN-related businesses and CCU materials manufacturing equipment, while realizing visible CO_2 reduction and social implementation.

Issues and Additional Measures

- Expand maintenance opportunities and improve customer satisfaction through share acquisition and M&A.
- Ensure thorough process management through enhanced basic planning, front-loading activities, information sharing, and proper production order control to deliver manufactured products at the right time.

	FY25 Results	FY25 Forecast	FY26 Forecast	FY27 MT Plan
Net Sales	14,361	14,800	16,000	15,300
Operating Profit	2,003	1,900	2,300	2,000
Operating Margin	13.9%	12.8%	14.4%	13.1%

Env. & Conv.-Related Business

Performance Assessment

- FY2025 results exceeded the medium-term targets for both net sales and operating profit.
- Environmental products remained firm, supported by industrial waste treatment and drying equipment. The Company will continue proposing integrated systems including conveyance.
- FY2026 forecast is conservative due to fewer large projects, but operating profit is expected to remain in line with the medium-term plan.
- The Company aims to exceed the medium-term target through reliable technical proposals.

Strategy Assessment

- Assess full-line coverage from AI sorting to crushing, classification, and conveyance.
- Explore business development and M&A in Environment & Conveyance.
- Build capabilities to meet rising demand for solar panel recycling systems.

Issues and Additional Measures

- Secure production space, storage capacity, personnel, and partner companies for larger projects.
- Strengthen external partnerships to complement in-house technologies.
- Accelerate hiring, including mid-career recruitment, to support business expansion.

	FY25 Results	FY25 Forecast	FY26 Forecast	FY27 MT Plan
Net Sales	4,371	4,100	4,600	3,500
Operating Profit	1,216	850	1,040	800
Operating Margin	27.8%	20.7%	22.6%	22.9%

Crusher-related, Contract Manufacturing-related, and Other Businesses

Leverage each business's strengths to drive sustainable growth and enhance corporate value.

Crusher-Related Business

Performance Assessment

- In FY2025, Maekawa Industrial Machinery, which handles stationary crushers, remained on track despite a tough competitive environment, but did not achieve the medium-term target.
- Sales collaboration with other businesses progressed, and inquiries increased in new areas such as industrial recycling.
- Product shipments for equipment package projects and parts sales remained firm.
- In FY2026, operating profit is expected to secure the level set in the medium-term plan.

Strategy Assessment

- Strengthen proposals for environmentally friendly models, including the new MR100, and increase inquiries for recycled sand models such as **Mobix Eco**.
- Upgrade the maintenance support tool **NM-Link** to promote proactive maintenance management and business development.
- Domestic maintenance revenue is steadily increasing as deliveries expand.

Issues and Additional Measures

- Strengthen PR to acquire new customers in less price-sensitive fields, such as steel-related companies, and improve profitability.

	FY25 Results	FY25 Forecast	FY26 Forecast	FY27 MT Plan
Net Sales	2,448	3,000	2,700	4,300
Operating Profit	69	150	220	300
Operating Margin	2.8%	5.0%	8.1%	7.0%

Contract-based Manufacturing-Related Business

Performance Assessment

- The order environment remained strong, and proactive capital investment at the Second Plant supported earnings.
- Profitability improved as higher material costs were reflected in order prices.
- FY2026 forecast has been revised upward from the medium-term plan.

Strategy Assessment

Ube Kohki

- Expand contract manufacturing in a broad range of industries, including chemicals, semiconductors, water treatment, steel, and environmental recycling.
- Promote production leveling through manufacturing collaboration among the three Group companies, while improving productivity and expanding the business.

Matsuda Kiko

- Improve productivity through new equipment investment and system DX.
- Expand the business through the effects of capex and development of new customers.

Issues and Additional Measures

- Expand stable earnings by developing new customers and increasing orders from a broader range of industries.
- Strengthen sales capabilities and secure and develop talent for technology transfer and business expansion.

	FY25 Results	FY25 Forecast	FY26 Forecast	FY27 MT Plan
Net Sales	3,339	3,600	3,450	4,200
Operating Profit	543	400	490	500
Operating Margin	16.3%	11.1%	14.2%	11.9%

Other Business

Performance Assessment

- FY2025 fell short of the medium-term target, and FY2026 is also expected to remain below target.

Nikko Machinery

- Results fell short due to lower floodgate sales, loss of large water-related projects, and higher material costs. TP sales increased, and construction equipment profitability improved.

Nikko SEC

- Sales declineda due to delayed construction projects and lower utilization by rental companies. CMS orders increased, but results remained below the medium-term target.

Strategy Assessment

Nikko Machinery

- Introduce consulting services from FY2027 to develop new floodgate sales channels. Formulate and execute action plans. TP-related expansion is broadly on track.

Nikko SEC

- Develop new products based on on-site needs in cooperation with the rental division.
- Expand rationalization equipment and strengthen development capabilities.

Issues and Additional Measures

Nikko Machinery

- Hire experienced water-related personnel and develop young talent. Reorganize the floodgate design team. Review pricing to reflect higher material costs.

Nikko SEC

- Accelerate safety equipment development and start e-commerce sales.

	FY25 Results	FY25 Forecast	FY26 Forecast	FY27 MT Plan
Net Sales	5,522	6,000	6,650	9,700
Operating Profit	637	900	870	1,650
Operating Margin	11.5%	15.0%	13.1%	17.0%

Toward an Environmental and Recycling-Oriented Society

Performance Assessment

AP

- Sales of liquid biomass burners and formed asphalt equipment remained strong.
- Sales of other medium-temperature mixture-related equipment and pre-drying equipment also increased.
- FY2025 net sales progressed at 159% of the medium-term target.

Env. & Conv.-Related Business

- Demand is expanding for plastic recycling, air separation compression, and labor-saving equipment. Unit sales remained firm, and system proposal opportunities increased. Strengthening capabilities to convert system opportunities into orders.

Strategy Assessment

AP

- Continued combustion tests and technology development using next-generation fuels, as well as joint testing for medium- and low-temperature technologies.
- Related sales are expected to increase in the next medium-term plan toward FY2030.

Env. & Conv.-Related Business

- Continued development of high-precision AI sorting using image analysis technology, addressing lithium-ion battery contamination and improving recycling accuracy.
- Developing solution-oriented products, including recycling plant proposals combining crushing, conveyance, and sorting equipment, and space-saving horizontal conveyors.

Issues and Additional Measures

AP

- Decarbonization-related product sales remain strong, but fixed biomass burners have few inquiries and no sales, despite product development being completed.
- Successful examples of customer tests are needed to address challenges such as stable solid fuel supply and quality of mixture products using solid fuel.
- Enhancing research facilities is a key issue for further decarbonization-related development.

Net Sales Trend of Environmental Contribution Products	
FY25 Result	0.4B yen
FY26 Forecast	0.5B yen
FY30 Target	2.7B yen

Env. & Conv.-Related Business

- Need to accelerate technology development and respond to intensifying competition.
- Strengthen initiatives in AI/DX, maintenance services, and Group collaboration.

Accelerating Global Expansion, Mainly in ASEAN

Performance Assessment

- Overseas business remained challenging overall.
- In Taiwan, major projects slowed down, and the strategy is under review.
- In Shanghai, profitability remained firm despite a weak order environment.
- In Vietnam, orders are being generated through active sales activities.

Strategy Assessment

- In Thailand, lifecycle cost proposals are helping counter price competition from Chinese manufacturers, leading to an increase in inquiries.
- The Shanghai business is preparing to enter the Taiwan market.
- In Vietnam, inquiries are increasing through active sales efforts.

Issues and Additional Measures

- Maintenance demand is limited, making profitability improvement a key issue. Reviewing long-term strategies, including related measures.

Supplement: Current Status of AP Subsidy Use and Future Net Sales Outlook

Subsidy for Asphalt Plant Upgrade — Energy-Saving Investment & Demand Structure Support —

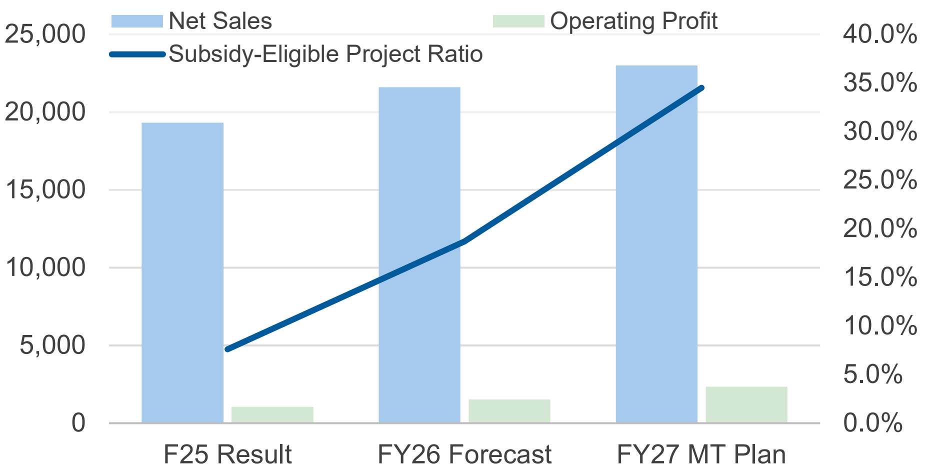
(I) Factory / Plant

		① Advanced Category	② General Category	③ SME Investment Promotion Category
Requirements	Projects Pre-Screened and Approved for Advanced Equipment / Systems • **New Asphalt Plant "Value Pack"** • **Heat-Tech System in Asphalt Plants**		Custom or High-Efficiency Equipment • Designed and manufactured to meet the business's specifications and intended use ** Can be combined with standard equipment*	
Energy-Saving Effect Requirements	◯ **Energy-Saving Rate +Non-Fossil Ratio Increase**	**Over 30%**	**Over 10%**	**Over 7%**
	◯ Energy-Saving Amt. +Non-Fossil Amount	Over 1,000kl	Over 700kl	Over 500kl
	◯ Energy Efficiency Improvement Rate	Over 15%	Over 7%	**Over 5%**
Eligible Expenses	Design / Machinery / Construction Costs			
Subsidy Rate	SME	: Within **2/3**	Within **1/2**	Within **1/2**
	Large Enterprises	: Within **1/2**	Within **1/3**	Not eligible
Maximum Subsidy Amount For Non-Fossil Fuel Applications (shown in parentheses)	**【Max】1.5B yen（2.0B yen）per fiscal year** 【Min】1M yen per fiscal year（excl. first year）		【Max】1.5B yen/FY（2.0B yen/FY） 【Min】1M yen per FY（excl. first year）	【Max】1.5B yen/FY（2.0B yen/FY） 【Min】1M yen per FY（excl. first year）

Source: Sustainable Open Innovation Initiative (SII), *FY2024 Supplementary Budget: Subsidy Program for Energy Conservation and Non-Fossil Energy Transition*

- **Subsidy-eligible net sales ratio is expected to rise significantly, mainly among local paving companies, from 7.6% in FY2025 to 34.5% in FY2027.**
- **Supported by technological advantages in carbon neutrality and energy efficiency, Nikko's industry share is expected to increase to 70–80% going forward.**

AP-Related Business Results and Subsidy-Eligible Project Ratio

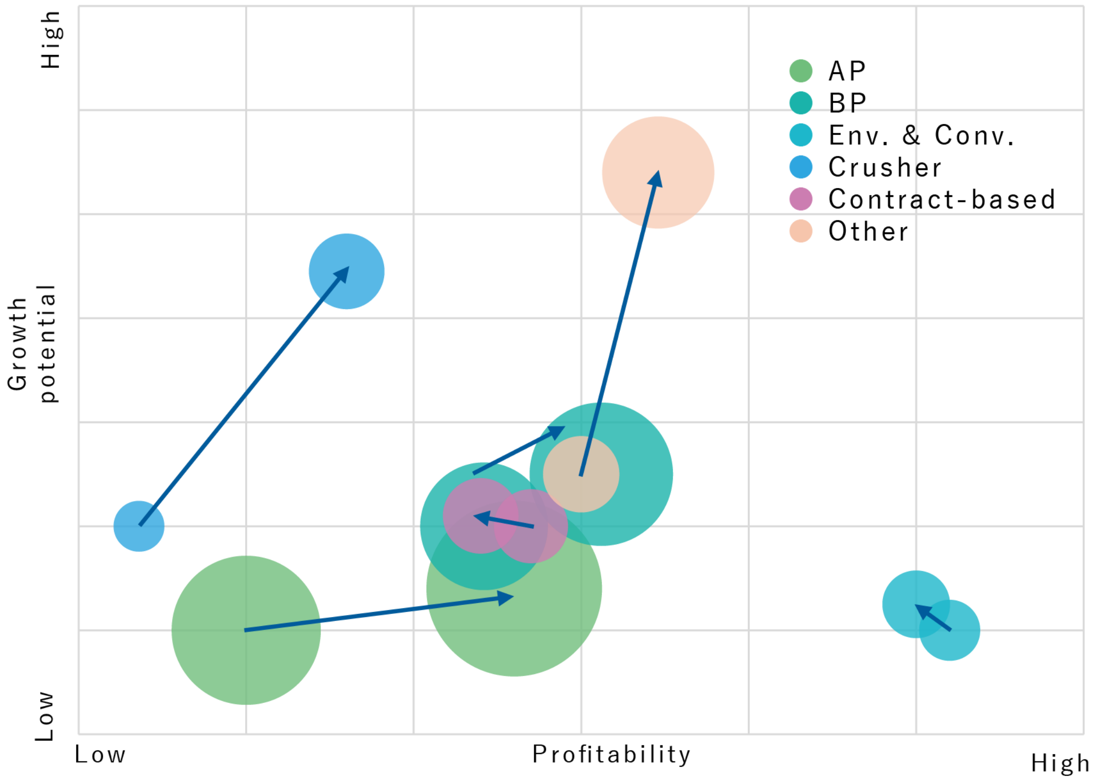


Note: Includes modification projects under subsidy approval, in addition to plant equipment.

FY2025 Progress Toward the Target Business Portfolio for 2030

- AP profitability is improving steadily, despite continued losses in the Thailand business, supported by higher product gross margin and stronger maintenance services.
- BP continues to expand its market share. The product standardization ratio has risen to approximately 20%, creating potential for outperformance.
- Overall, business portfolio reform toward 2030 is progressing well.

Target Business Portfolio for 2030



Segment-specific Issues, Goals, and Strategic Direction

Segments	Issues/ Goals	Strategic Direction
AP-Related Business	Profitability	With domestic demand expected to recover, aiming to double the operating profit margin compared to FY2024.
	Business Transformation	
BP-Related Business	Sales Growth	Enhance profitability in a continued favorable business environment
	Business Transformation	
Environment- and Conveyor-Related Business	Sales Growth / Profitability	Aim to maintain a highly profitable structure through improved operational efficiency
	Business Transformation	
Crusher-Related Business	Sales Growth	Strengthen growth strategies for top-line expansion with improved profitability
	Product Market Lateral Expansion	
Contract-Based Manufacturing Business	Sales Growth	Aim for stable growth and securing double-digit operating margins
	Product Market Lateral Expansion	
Other Business	Sales Growth	Achieve sales growth while maintaining high profitability
	Product Market Lateral Expansion	
Maintenance Service	Operation and Maintenance Services	Labor-saving services such as remote management
	Business Transformation	Operation and maintenance services
New Growth Areas	M&A	Exploring new growth areas
	Partnership	

Portfolio Management Based on Business Stage and ROIC

- **The Company operates multiple businesses with different business characteristics and stages, making it difficult to determine strategic direction based solely on absolute ROIC levels.**
- **Therefore, the business portfolio has been reorganized using business stage and direction of ROIC improvement as key axes.**
- **To reflect actual management practices, the core AP-related and BP-related businesses are treated as one unit, and the overall portfolio is managed across five business segments.**

Segment	ROIC	Business Stage	Assessment Comment
AP + BP-Related Business (Integrated Core Business)	11.2%	Core Area	Core business foundation. Large capital investment and significant room for ROIC improvement through higher profitability.
Env. & Conv.-Related Business	65.5%	High-Efficiency Area	Mature area maintaining high ROIC. Improve company-wide capital efficiency.
Crusher-Related Business	2.09%	Growth Area / Launch Phase	Significant room for sales growth in the launch phase. Largest potential for ROIC improvement.
Contract-Based Manufacturing Business	11.8%	Stable Area	Stable earnings. ROIC can be further raised through profitability and asset efficiency improvements.
Other Business	5.39%	Improvement Potential Area	ROIC below the medium-term level. Profitability and asset efficiency improvement are key themes.

Note: Segment assets used in the reportable segment information of the financial results for the fiscal year ended March 31, 2026 are used for this analysis.

B/S Strategy and FY2025 Progress

- Clarified capital allocation policy and set the target ROE at 8%, above the cost of capital, for the final year of the Medium-Term Management Plan (FY2027).
- Strategic shareholdings are planned to be reduced to 10% or less of net assets over the medium term. Cash and deposits are expected to be around 12.5 billion yen, equivalent to approximately 2.5 months of monthly sales, at the end of FY2027.
- In FY2025, equity increased versus plan due to a 9.95 billion yen increase in valuation difference on available-for-sale securities and other factors. However, ROE was 7.1%, above the first-year plan of 6%, with the cost of equity at 5.89%.

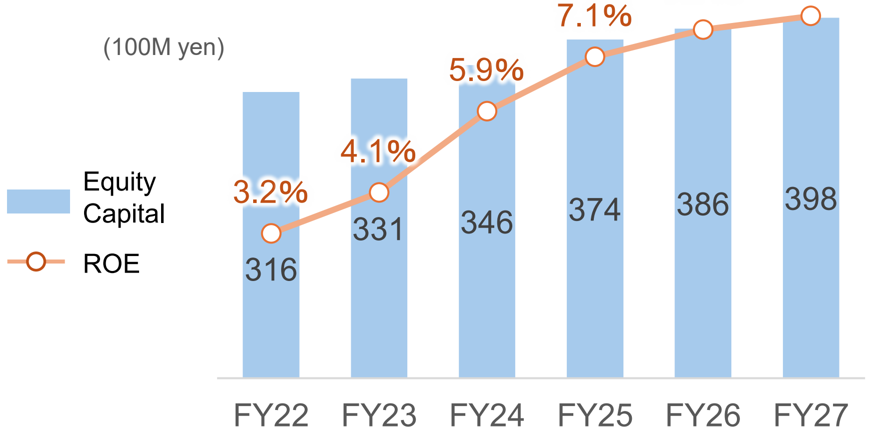
Capital Efficiency

Maintaining a Level Above the Cost of Shareholders' Equity

ROE

FY27 **8.0**%

FY25 **7.1**%



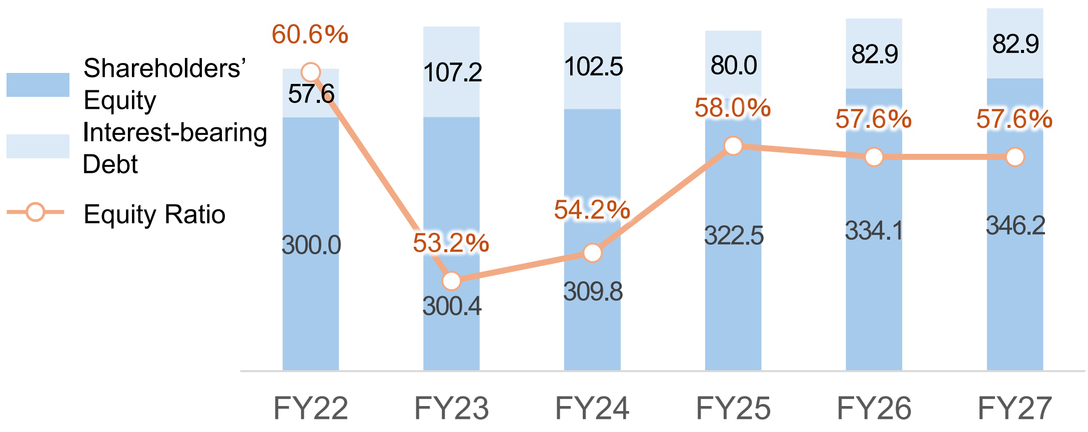
Optimal Capital Structure

Effectively utilize interest-bearing debt while maintaining financial soundness

Equity Ratio

FY27 **50**%以上

FY25 **58.0**%



FY2025 Progress in Cash Allocation

- Cumulative cash inflow under the three-year medium-term plan is expected to be approximately 16.0 billion yen. In FY2025, operating cash flow, capital investment, and shareholder returns are progressing in line with the plan.

Cumulative cash allocation for the three-year medium-term plan

FY2025	Cash In
2.6B yen Positive impact from higher profit before income taxes and contract liabilities Negative impact from inventory increase due to higher order backlog	Operating CF 8.3B yen
0.6B yen Progressing well versus plan	Sale of strategically held shares 1.2B yen
2.6B yen	Decrease in deposits 4.7B yen
-2.4B yen	Increase in depts 1.7B yen
	Total 15.9B yen

Cash Out	FY2025	Specific Initiatives under the Medium-Term Plan
Capital Investment 6.0B yen	2.0B yen Progressing as planned. Includes 520 million yen for contract manufacturing-related investments	… Focus on equipment renewal, profitability improvement, and efficiency-enhancing investments including AI utilization.
M&A 5.0B yen	0.1B yen Nikko Fujiwara Road Line Co., Ltd.	… Actively consider M&A in related fields such as horizontal and vertical expansion, while ensuring profitability.
Shareholder Returns 4.9B yen	1.3Byen Dividend payout ratio: 60%	… Continue maintaining a dividend payout ratio of 60% or higher.
Total 15.9B yen		

Closing: Strengthening Board Oversight to Enhance Corporate Value

- **Position capital allocation policy as a key management priority, with the Board overseeing the balance among investment, shareholder returns, and financial soundness.**
- **Through these oversight areas, strengthen governance to improve capital efficiency and maximize corporate value.**

Board Oversight Areas

Oversight Area	Role of the Board	Key Review Points
Review of Capital Allocation Policy	Confirm alignment with the Medium-Term Management Plan every quarter	Securing returns above the cost of capital; balance among investment, shareholder returns, and financial soundness
Review of Investment Projects	Review the appropriateness of major investments	ROIC-based suitability; strategic alignment; risk assessment
Monitoring of Cash and Leverage	Oversee maintenance of financial soundness	Appropriate level of liquidity on hand
Regular Review of Business Portfolio	Oversee strategic direction by business stage	Progress in growth, core, and high-efficiency areas; improvement in capital efficiency
Decision Process for Withdrawal / Downsizing	Oversee optimization of non-core businesses	Review from a capital efficiency perspective; appropriateness of options including divestiture
Monitoring of Capital Policy	Oversee appropriateness of shareholder return policy	Stable dividend policy, etc.