



DAI-DAN REPORT 2025-2026

DAI-DAN CO., LTD. Integrated Report 2025-2026

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The fact that
we're unnoticed is
“Proof of Comfort.”

Dai-Dan's work happens where you can't see it. We design, construct, and control air conditioning, plumbing, and electrical systems. We create spaces that are neither too hot nor too cold, quiet, clean, where both electricity and water are available as a matter of course—naturally comfortable environments. In a society where comfort is taken for granted, people become sensitive to discomfort. The fact that we go unnoticed is “Proof of Comfort.” We create “Comfort” where you can't see it. The fact that our work doesn't stand out is the source of our pride.

Strengths Supporting “Comfort”

Innovation Capabilities

Dai-Dan’s Strengths

Practical Competence

2025 Focus Point

Human Resource Development

Dai-Dan’s Human Resource Development

In the construction industry, where there are no specific products or raw materials, people are the core management resource that forms the foundation of our business. We believe that focusing even more on securing and developing human resources, while creating an environment where employees can enthusiastically engage in their work, will further enhance our value creation.

Enhancing employee engagement >>P.43

- Promotion and establishment of corporate philosophy

Providing a comfortable working environment >>P.44

- Strong promotion of workstyle reforms
- Transforming business processes through DX

Strengthening recruitment >>P.51

- Review of recruitment systems

Improving employee capabilities >>P.52

- Establishing educationally effective training programs
- Encouraging attainment of advanced qualifications

Practicing responsibility to employees >>P.80

- Health and productivity management initiatives

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In the above Contents, colors corresponding to the 6 items indicated in the guidance are used to demonstrate alignment.

Editorial Policy

Since FY2008, we have published CSR reports to inform our stakeholders primarily about our business activities and CSR initiatives. In 2014, we renamed the publication the Dai-Dan Report, incorporating financial and non-financial data into the traditional content and positioning it as an integrated corporate report.

Scope of This Report

- Target organization
The scope of this report is principally DAI-DAN CO., LTD. alone. Financial information figures shown are on a consolidated basis.
- Period
This report covers the period from April 2024 to March 2025 as a basic reference, but also includes some information from April 2025 onward.

Participation in the UN Global Compact

We are onboard with the United Nations Global Compact as a signatory and responsible corporate citizen committed to realizing a sustainable society. We fully agree with the Ten Principles in the four fundamental areas of "Human Rights," "Labor," "Environment," and "Anti-Corruption," and pursue activities to realize these values with the wholehearted commitment of our management.



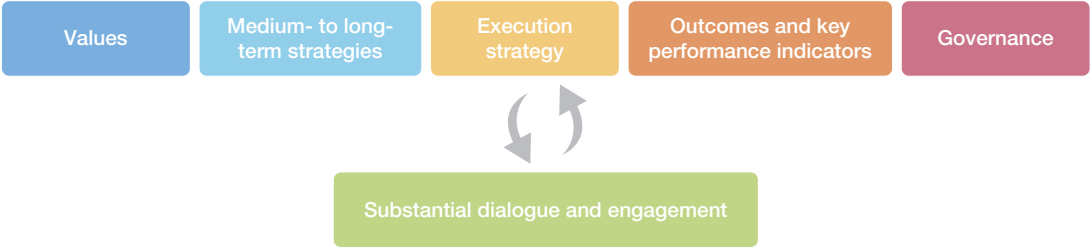
Support for TCFD Guidance

We have announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). To aid in achieving carbon neutrality, we assess climate-related risks and opportunities in our business and proactively disclose their impact.



Report Guideline References

- ISO26000
 - Ministry of the Environment Environmental Reporting Guidelines (2018)
 - GRI Sustainability Reporting Standards
 - Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation Between Companies and Investors 2.0"
- In preparing this year's "Dai-Dan Report," we have edited the content in alignment with the "Guidance for Collaborative Value Creation Between Companies and Investors 2.0" presented by the Ministry of Economy, Trade and Industry, with the aim of enhancing readers' understanding and improving the quality of mutual dialogue.



(Source) Created based on Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation Between Companies and Investors 2.0"

Now, when demand for construction is strong, is a crucial time for a leap forward—building a foundation for sustainable growth by strengthening human capital and expanding growth investment

Our company was founded in Osaka in 1903 and celebrates its 123rd anniversary this year. Starting with electrical work, and later adding air conditioning and plumbing work, we expanded our business as a building services engineering company and have grown to be one of the largest companies in the facility construction industry. Throughout this journey, we have made efforts to create value in space by flexibly adapting to changes in the times and society's needs. Continuing business for over 120 years is thanks to the support and trust of our customers, which is a source of great pride for us.

Review of Financial Results for FY2024

Achieved record profits through improved profitability at the time of order intake and increased share of industrial facility projects

In April 2024, I was appointed Representative Director and President, and have taken the helm of the company in a difficult business environment where upper limits on overtime hours are now also applied to the construction industry. Despite the tough circumstances, in the first year of our Mid-Term Management Plan Phase 2, the Refining Stage, for the FY2024, our consolidated net sales reached 262.7 billion yen and consolidated operating profit reached 23 billion yen, marking our highest sales and profits since the company was founded. This figure exceeded the targets planned for the final year FY2026 of the Refining Stage, and I am sincerely delighted by this result and deeply grateful for the efforts of our employees.

Factors behind the record-high profits include, first and foremost, robust domestic construction demand and a tight labor supply/demand balance in the construction sector, which enabled us to absorb rising labor and equipment/material costs by increasing our order unit prices. While the construction cost index rose significantly compared to the previous year, we were able to improve profitability at the order-taking stage.

Another major factor was an increased share of industrial facility projects. Industrial facility projects require advanced technology and highly precise construction to realize the required spatial environment. For example, high-performance clean room technology is essential for semiconductor manufacturing; low-dew-point environment technology for is required automotive battery manufacturing; and large-scale, high-function air conditioning technology that efficiently cools servers for data centers is indispensable. We established a

specialized department for industrial facilities 25 years ago and have focused on needs assessment and technology development, resulting in a strong advantage in this area. By building up each project one at a time, we have further refined our technology and received high evaluations from our customers. This approach to our work—continuing to create value in space by adapting to changing times—is exactly what defines our company, and our steady commitment to our core business has borne fruit in the form of record-high completed construction and profit in recent years as industrial facility demand has rapidly expanded. More industrial facility owners are turning to Dai-Dan for air conditioning, and from a management perspective, the fact that industrial facility projects—where advanced technology is required and profit can be expected—now account for just under 60% of our total orders is greatly contributing to our profitability. We believe that we have been able to build a solid business foundation in this area, which we expect will continue to expand going forward.

Growth Strategy in the Refining Stage

Strengthening practical competence is the core of our growth strategy

Next, let me speak about our company's growth strategy.

In the "Refining Stage", our management policy is to "enhance corporate value by realizing human resource development based on human resource strategy". Our company is a labor-intensive business that works on construction sites using machinery and materials sourced externally. We believe that the quality of our work and our differentiation from competitors are determined by each employee's practical competence.

On construction sites, workers from many companies and various professions gather. Within this environment, it is

Yasuhiro Yamanaka

Representative Director & President

Profile

April 1983 Entered Dai-Dan
April 2017 Corporate Officer, Manager of Sales Division, Dai-Dan
July 2017 Senior Corporate Officer, Manager of Sales Division, Dai-Dan
April 2020 Managing Corporate Officer, General Manager of East Japan Division, Representative of the Tokyo Head Office, Dai-Dan
June 2020 Director, Managing Corporate Officer, General Manager of East Japan Division, Representative of the Tokyo Head Office, Dai-Dan
April 2021 Director, Senior Managing Corporate Officer, General Manager of East Japan Division, Representative of the Tokyo Head Office, Dai-Dan
April 2024 Representative Director, President, and Corporate Officer, Dai-Dan (current position)

essential to communicate smoothly with surrounding people, anticipate future processes, and carry out work efficiently, safely, and reliably. What is required is each employee's knowledge, initiative, communication skills, decision-making ability, and imagination. We are confident that strengthening and enhancing these skills that thrive on-site—namely, practical competence—will be the driving force behind our company's growth. This is why, upon becoming President, my first priority was to focus on our human resources strategy.

Review recruitment, training, and promotion strategies to enhance human capital

Our human resources strategy rests on three pillars.

The first pillar is Strengthening Recruitment. Our employee numbers are slightly lower than those of our competitors, so to close this gap, we have been increasing our new hires for about five years. Last year, we restructured so that the Recruitment Division is now directly under the President, and I personally am leading further efforts to strengthen recruitment. Specific initiatives include raising starting salaries, introducing a student loan repayment program, strengthening school visits, selecting recruiters from among employees to support hiring, and implementing a referral hiring system that provides incentives for employee referrals leading to mid-career hires. We are proactively adopting many such measures. Our 2025 new graduate recruitment yielded promising results, and we believe our efforts to strengthen recruitment are progressing smoothly.

The second pillar is Hands-on Training. We have conducted group training for new employees for over 40 years. Through living together at the training facility for half a year after joining, employees develop basic knowledge, practical skills, and a collaborative attitude. We will continue to regularly review and update the training content in response to on-site needs and changes in the social environment. Additionally, starting this term, we are reforming training to improve employees' practical competence. We are updating training programs to be more in line with on-site and practical needs, reviewing the previous hierarchical training system—such as training for employees newly appointed as site managers, training for those handling large sites for the first time, and training to deepen understanding of industrial facilities—while ensuring the effectiveness of OJT.

The third pillar is Employee Rotation. Previously, transfers were relatively uncommon, but now, in principle, employees should be transferred between departments or divisions within their first 10 years. This rotation system aims to increase the number of acquaintances inside and outside the company for each employee and broaden their experience.

By increasing the base number of hires and steadily developing employees so they can broaden their experience

and networks, each individual will have a wider range of tools at their disposal, empowering them on-site, and as a result, strengthening the company's overall capabilities.

Thorough source management for an organization where practical competence thrives

Together with improving employees' practical competence, it is vital to create an organizational structure that enables them to fully leverage these strengths. This is why I always emphasize thorough source management.

The construction site is not only the source of our profits, but also a place where quality accidents and safety issues could occur. Each site is a “source” for us, and continuously striving for the best at this source directly translates to maximizing the company's overall profits. It is unrealistic to manage every source in detail from a high-level perspective, and managers who are distant from the sites can only make judgments based on opinions and consultations gathered from the field. What should be thoroughly implemented is a mindset where the individuals at each source manage the work of the team on-site. If individuals can keenly sense changes and creatively implement necessary improvements, this will directly enhance our organizational strength. I want to build an organization where this is embedded.

As part of creating this kind of organization, we are promoting the “ZASSOU Movement” — a name derived from the combination of “ZATSUDAN” (casual chat) and “SODAN” (consultations). Through my own experience, I have repeatedly witnessed how issues on-site can arise from trivial consideration, speculation, or hesitation, eventually escalating into major problems. To prevent accidents, eliminating small communication bottlenecks at job sites and workplaces is essential. The ZASSOU Movement aims to create an environment where casual chats naturally evolve into consultations. When employees can openly share what's on their mind without hesitation, speed and unity are fostered, enabling us to solve challenges one by one, and the organization will undoubtedly transform.

Creating a fourth business pillar through innovation capabilities

From the perspective of business development, alongside improving practical competence, it is necessary to generate new businesses through innovation capabilities.

We have long handled construction projects for healthcare and pharmaceutical facilities that require clean environments. Based on our experience in hospital projects and our network with physicians and researchers, we are moving into the area of regenerative medicine. Building on the establishment of “Cellab Tonomachi”—an open innovation hub equipped with

cutting-edge CPF (Cell Processing Facility)—in Kawasaki City in 2017, we founded the group company Cellab Healthcare Service Co., Ltd. for regenerative medicine business in 2020. This company is engaged in the development, manufacturing, and sale of the compact package-type “All-in-one CP Unit” for cell processing, as well as contract manufacturing of clinical trial products for cancer immunotherapy being researched by Kyushu University bio-venture “GAIA BioMedicine.”

Comprehensive equipment construction is a mature industry. Considering our future business portfolio, we plan to nurture our regenerative medicine business—which has great potential—as the fourth pillar, joining mechanical work, electrical work, and overseas business.

Expanding growth investment to improve construction capabilities

Based on our business performance for the FY2024, we have revised our sales and operating profit targets upward for the final year of the Refining Stage. Accordingly, we have also increased our planned growth investment from the initially planned 30 billion yen cumulative total over three years to 43 billion yen.

Among growth investments, M&A is one of the key strategies serving as a growth engine after the next Mid-Term Management Plan. We are exploring various possibilities in order to proactively enhance construction capabilities and expand markets both domestically and internationally. In particular, the acquisition of Presico in Singapore last year made a significant contribution to the growth of our overseas business. Looking ahead, we intend to proceed with acquisitions that can enhance our global competitiveness whenever opportunities arise. Additionally, as mentioned earlier regarding regenerative medicine, we will continuously consider collaboration with companies that possess superior technologies or content to establish this area as a new pillar at an early stage.

Furthermore, in order to improve construction capabilities, we are also focusing on growth investments such as DX and offsite construction for greater efficiency. As DX initiatives, we are working to streamline general operations through our proprietary generative AI “Daidan AI Chat,” and to innovate workflows by linking BIM data for HVAC and electrical systems with Autodesk through an MOU, while also providing specialized training to



increase the number of personnel who can utilize such digital tools. Additionally, to reduce working hours at construction sites, we are advancing initiatives such as pre-processing piping and equipment at our own offsite facilities, as well as providing remote support for drawing and planning creation from our Support Department. These efficiency measures are also regarded as investments in human resources in a broad sense, and we believe they should be vigorously promoted.

To Our Stakeholders

Continue to embrace change and take on challenges

Despite severe labor shortages, rising overall construction prices, and an uncertain outlook due to U.S. tariffs and other factors, now is precisely the crucial time for further growth amid rising construction demand. While aiming to enhance the quality of our workforce and improve productivity, we seek to pursue an expansion strategy and strengthen our presence in the industry. Social issues we face—such as adapting to the AI era, addressing aging infrastructure, and achieving carbon neutrality—are becoming more complex year by year. Given these circumstances, I believe that achieving sustainable growth as a company requires even greater emphasis on the quality of management rooted in sound governance. We will strive to continually enhance corporate governance with transparency and fairness and aim to remain a trusted company.

Through our daily business activities, we will continue to embrace change and take on challenges so that we can continuously deliver a value in spaces. We sincerely ask for your continued understanding and support.

Dai-Dan's 122 Years of History

As a building services engineering and installation provider, Dai-Dan has continued to use its advanced technology to add comfort and vibrancy to interior spaces where people gather. For more than a century, we have been expanding the breadth of our expertise and securing the trust of our customers. While diversifying our business activities, in recent years we have also been focusing on contributing to sustainability. Dai-Dan will continue to protect its history and traditions, while always taking on new challenges.

The company is founded in 1903 as industrial production looks set to take off	
1903	Dai-Dan's founder, Genji Sugaya, opens Sugaya Shoten in Tsuboya-cho, Kita-ku, Osaka, as a shop selling various machines, electric appliances, iron materials, etc., necessary for industrial production.
1906	The Murai Sugaya Sales Office is opened in the same district, and the company enters the heating business.
1907	With the Russo-Japanese War, Japan enters an age in which greater importance is placed on heavy industry. The resulting signs of a move toward full-scale use of electricity in the country lead the company to specialize in the electrical work business and change its trade name to Osaka Denki Shokai.
1909	Office operations are moved to Edobori Minami-dori 1-chome (site of the former head office) as the number of staff increase as the electricity and heating businesses boom.
1912	Offices are opened in Nagoya and Tokyo (upgraded to branch offices in 1921).
Osaka Danbo Shokai is launched and expanded as a building services engineering and installation provider	
1915	The business rights of Murai Sugaya Sales Office are taken over by the newly established Osaka Danbo Shokai.
1918	In line with the founder's thinking that a name that sticks in the memory is a key to success, the newly established company takes the long name Osaka Denki Shokai/Osaka Danbo Shokai.
The company responds to larger buildings and more advanced industrial facilities	
1933	Osaka Denki Shokai/Osaka Danbo Shokai Co., Ltd. is incorporated.
1962	The company motto—"Serious efforts, thought creation, cooperation and harmony, faithfulness, sincerity and gratitude"—is formulated.
1965	The corporate name is changed to Osaka Denki Danbo Co., Ltd.
1968	The Technical Division is established to introduce and accumulate cutting-edge technologies.
1973	Osaka Branch's operating division independently establishes Dai-Den Equipment Construction Co., Ltd. Between this year and 1976, nine companies become independent and establish affiliated companies.
1975	The company is listed on the Second Section of the Osaka Securities Exchange.
1976	The catchphrase "Inspired by Light, Air & Water" is born. ● Definition of core business: electricity, air conditioning, and plumbing sectors ● The origin of our "social responsibility," "sustainability," and other fundamental principles
The company expands its overseas business	
1977	The Overseas Division is established in June, and in August a representative office was set up in Singapore.
1979	The representative office in Singapore is upgraded to a branch office.
1981	The company is moved into the First Section of the Osaka Securities Exchange.
1983	The building of head office is constructed at the current place (Edobori, Nishi-ku, Osaka).



1907 Sumitomo General Head Office



1931 Bank of Japan Head Office



1964 Nippon Budokan



1974 Supreme Court



1981 Changi International Airport Passenger Terminal Building

R&D into cutting-edge equipment technologies is strengthened	
1984	Technical Research Laboratory is constructed at Miyoshimachi, Iruma-gun, Saitama Prefecture. R&D into intelligent buildings and clean rooms is promoted.
1987	The corporate name is changed to DAI-DAN CO., LTD. in April.
1993	The company is listed in the First Section of the Tokyo Stock Exchange.
2003	The company celebrates the hundredth anniversary of its founding.
The company responds to the decarbonization of society, the regenerative medicine business is promoted, and the overseas business expands	
2016	Enefice* Kyushu™ (Kyushu Branch) is constructed as a facility to demonstrate ZEB (Net Zero Energy Building) with the rebuilding of the branch office building from the perspective of BCP. * enefice™: A term coined from "Energy Conscious Office," and the brand name for Dai-Dan's ZEB-oriented buildings
2017	The open lab Cellab Tonomachi is opened in order to promote open innovation with the aim of contributing to the promotion of industrialization in the field of regenerative medicine.
2019	Enefice Shikoku™ (Shikoku Branch Office), which completely achieves ZEB certification by reducing energy usage so 100% can be met with renewable energy, is constructed.
2020	Corporate tagline of "Giving 'life' to the building" is born. In February, the subsidiary Cellab Healthcare Service Co., LTD. is established to promote the regenerative medicine business. In October, the subsidiary DAI-DAN (VIETNAM) Co., LTD. is established in Hanoi, Vietnam.
2021	In February, materiality was identified (reviewed in 2024), and the long-term vision <Stage 2030> was announced In May, enefice Hokkaido™ (Hokkaido Branch) is opened. Complete cold-weather ZEB is achieved. In September, the The local subsidiary DAI-DAN INTERNATIONAL ASIA PTE. LTD. is established in Singapore as a base for future business for Southeast Asia.
2022	In March, a subsidiary is established in Taiwan. In May, the Hokuriku Branch Office is rebuilt. Cross-Laminated Timber (CLT) is used to create a next-generation office building that fuses tradition and innovation.
2023	The corporate logo is updated to commemorate the company's 120th anniversary.
2024	In January, established "corporate philosophy" and "shared values" In March, the Niigata Branch was rebuilt on the concept of "an office that promotes a new workstyle by realizing the three Ds (decarbonize, distress, and de-routine) and resilience through DX." In April, Yasuhiro Yamanaka became President. (Shohei Kitano is appointed as Advisor, and Ichiro Fujisawa as Chairman.) In October, Singapore's Presico Engineering Pte. Ltd. becomes a consolidated subsidiary to expand overseas business.



1994 Kansai International Airport Passenger Terminal Building



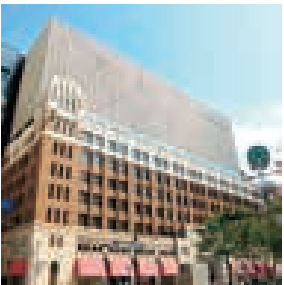
1996 Nagano Olympic Memorial Arena M-WAVE



2012 JP Tower (Marunouchi)



2017 GINZA SIX

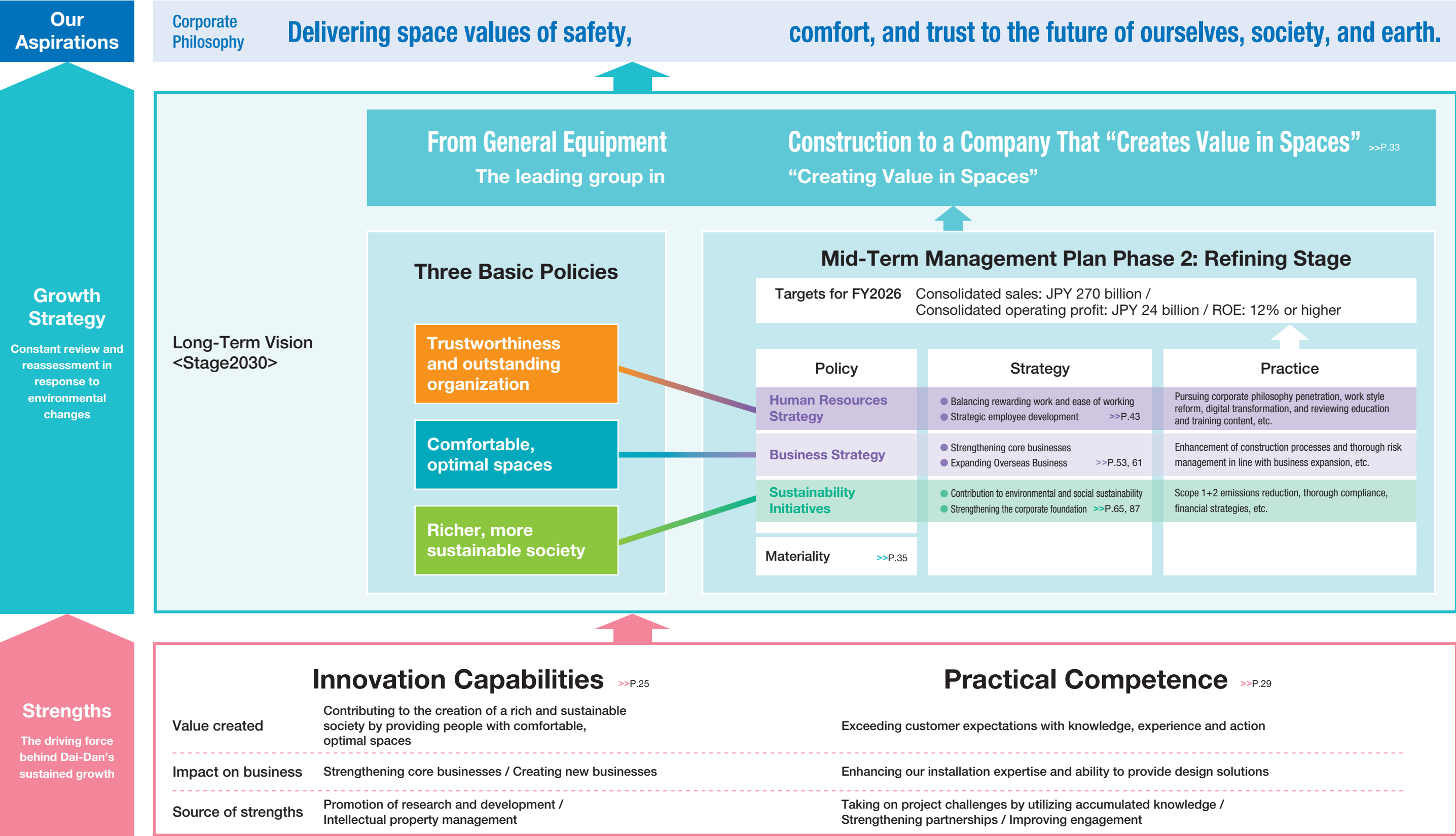


2019 Daimaru Shinsaibashi Main Store

Overview of Value Creation

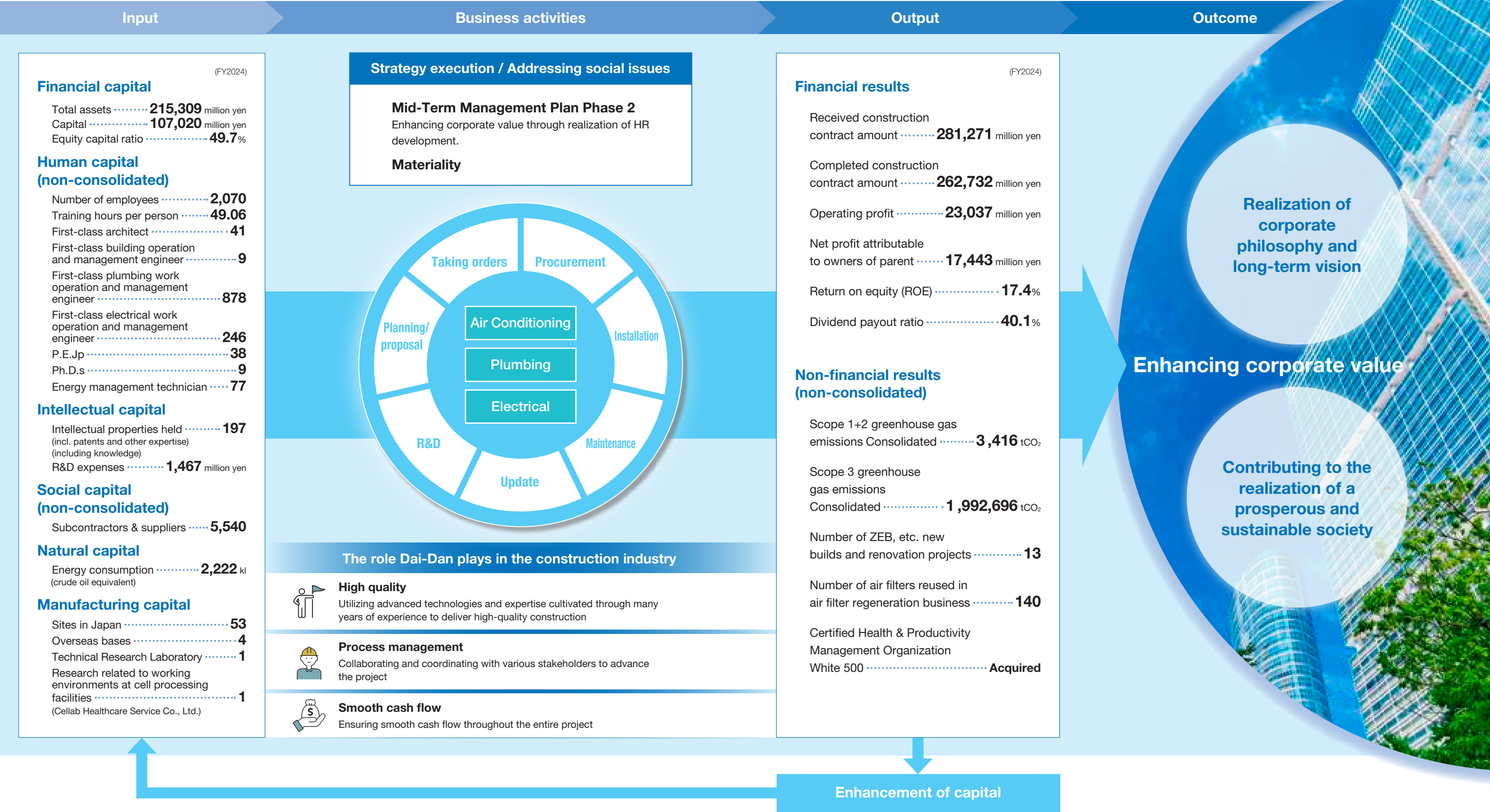
The environment surrounding our company is changing daily, and companies are required to respond quickly and flexibly to various social challenges. Therefore, the Dai-Dan Group pursues the realization of its corporate philosophy and has set the direction for the Group’s business activities through the Long-Term Vision <Stage 2030>. To achieve the ideal group vision set forth in the long-term vision, we have formulated Mid-Term Management Plan Phase 2. In

Phase 2, the three years from the March 2025 term to the March 2027 term have been positioned as the “Refining Stage” for strengthening the Group’s overall capabilities. We are committed to fully leveraging our strengths of innovation capabilities and practical competence to achieve the Mid-Term Management Plan.



The Value Creation Flow

Our group continues to take on the challenge of creating new value every day. In our business activities, we strive to achieve both growth based on the Mid-Term Management Plan Phase 2 and responses to social issues centered on materiality, so that we can continuously provide value to all stakeholders, while also aiming to realize our corporate philosophy and long-term vision.



Dai-Dan's Businesses

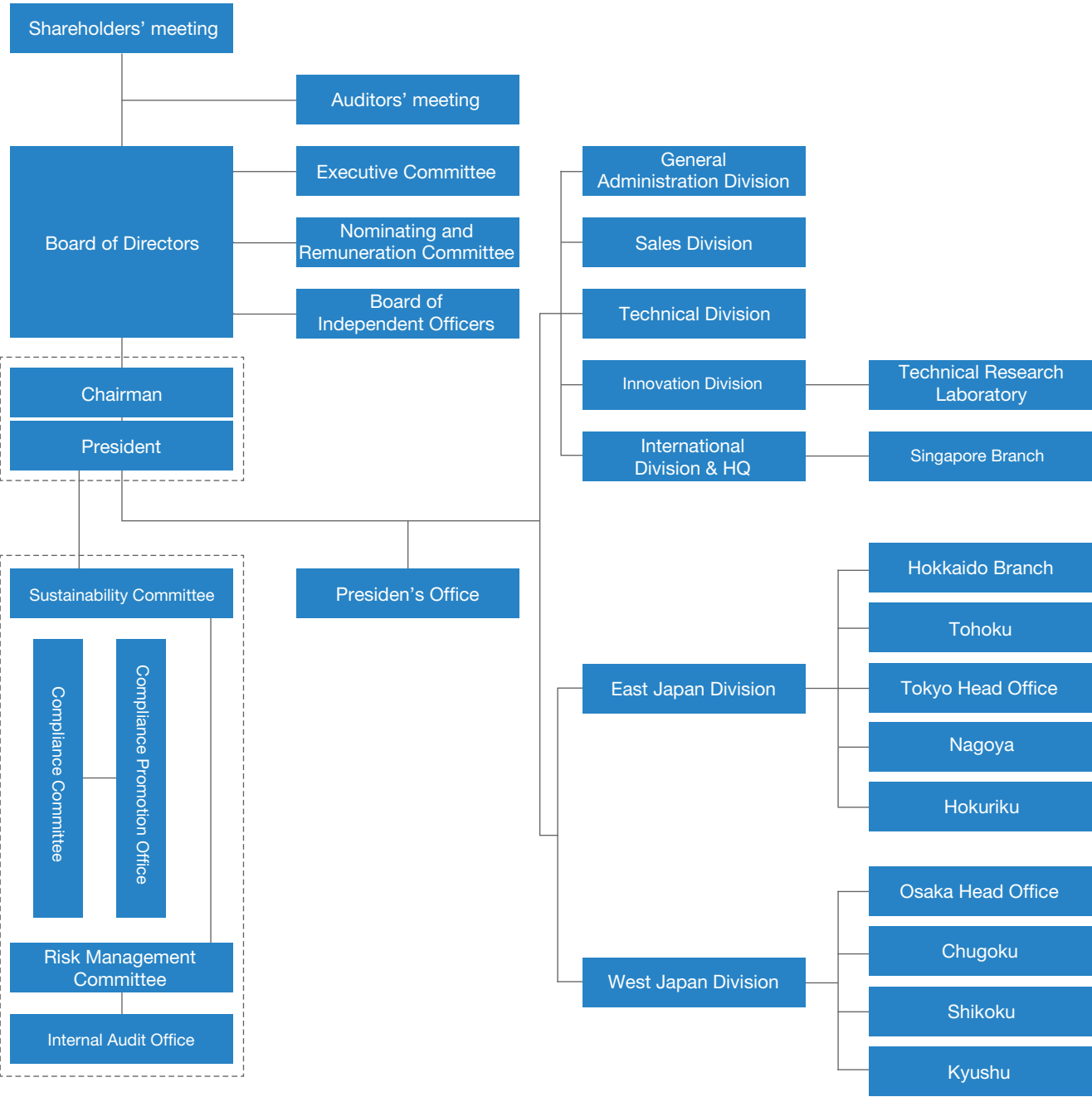
Corporate Profile

Trade name	DAI-DAN CO., LTD.
Founded	March 4, 1903
Capital fund	4,479,725,988 yen
Stock listing	Prime market of Tokyo Stock Exchange

Head office	1-9-25 Edobori, Nishi-ku, Osaka, Japan
Incorporated	October 10, 1933
Employees	2,591 employees (as of June 30, 2025) (consolidated)

* From April 1, 2024, the calculation includes contract employees and part-time workers.

► Organization Chart (as of June 30, 2025)



Our Services

Mechanical and electrical work

Dai-Dan continually provides the “value in spaces” required by the times. Relying on advanced technologies and a wealth of experience with air, water, and light, we provide proper support for our clients at each stage—from planning and design to construction.

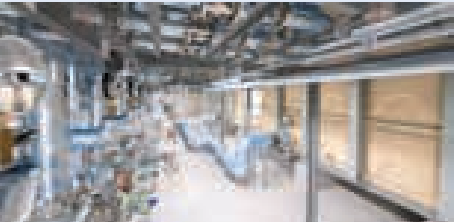
Mechanical Work

Net sales of completed construction contracts **225,200 million yen** (FY2024) Proportion of total sales **85.7%** (FY2024)

Our **air conditioning systems** support life by providing high-quality air to optimally maintain temperature, humidity, and hygiene. They vary widely in size and performance from typical AC systems for office buildings to precision models required by semiconductor manufacturing plants. For example, some large data centers that underscore today’s internet society adopt many of our technologies to introduce cold outdoor air in order to reduce air conditioning load and to effectively direct cooled air toward IT equipment. Moreover, we can tap renewable geothermal and natural wind energy as heat sources in order to efficiently manage a building’s energy balance to meet ZEB criteria. Based on our cutting-edge technologies and a wealth of experience, we offer appropriate support at every stage—through planning, design, and installation.



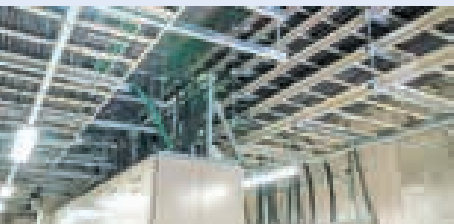
Our **plumbing** deliver high-quality water to protect our clients’ lives. Dai-Dan believes that not only supply and drainage but also utilization of rainwater and reuse of wastewater are important roles of water supply and sanitation systems, and is committed to equipment that considers the conservation of water resources. We also provide systems that deliver water safely, such as technology to prevent leakage of pipes due to corrosion and monitoring of water storage volumes during disasters as part of BCP (Business Continuity Planning) measures. Furthermore, leveraging our trusted piping technology, we also undertake design and installation of utility piping systems in a variety of factories to deliver compressed air, gas, chemicals, and other essential materials for production where needed.



Electrical Work

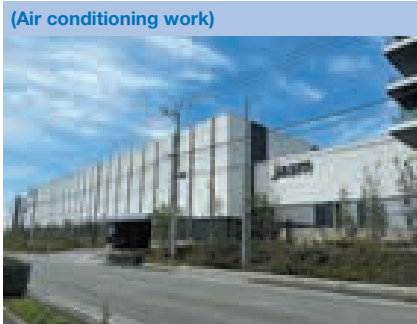
Net sales of completed construction contracts **37,532 million yen** (FY2024) Proportion of total sales **14.3%** (FY2024)

Electrical facilities illuminate beautifully with stable, high-quality light, communicate information accurately, and bring life to buildings. Electrical equipment work involves installing receiving and transforming equipment that receives electricity from outside the building, and installing switchboards that distribute it to lighting, outlets, pumps, fans, etc., connecting everything with wiring. The electrical systems are made up of a variety of installations, including high-efficiency power receiving and transforming equipment, solar power generation equipment, LED lighting systems that contribute to energy conservation, energy storage battery systems, and control systems utilizing IoT technology. These play a very important role in improving energy efficiency and achieving low carbon in buildings, as well as the effective use of renewable energy. Dai-Dan optimally combines these systems to offer a wide range of solutions, such as ZEB-compliant buildings and facilities required for BCP measures in the event of disasters.



Expansion into new fields: **Regenerative medicine business** >>P.75

Projects Completed in FY2023



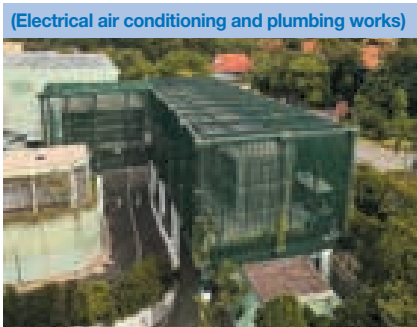
Kumamoto JASM FAB
(Kumamoto Prefecture)



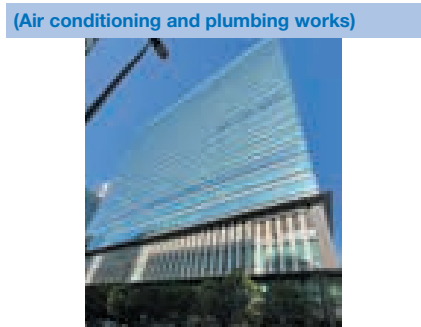
JP Tower Osaka
(Osaka Prefecture)



**Toyota Battery Co., Ltd. New Residence
Second Factory**
(Shizuoka Prefecture)



**Resorts World Sentosa 2nd District Centralized
Cooling Facilities Machinery Room**
(Singapore)



**Bunkyo Garden Gate Tower and Center
Terrace**
(Tokyo Metropolis)



CKD Corporation Hokuriku Plant
(Ishikawa Prefecture)



Nipro Corporation Odate Factory No. 7
(Akita Prefecture)



Mount Alvernia Hospital
(Singapore)



Gifu Prefectural Tajimi Hospital
(Gifu Prefecture)

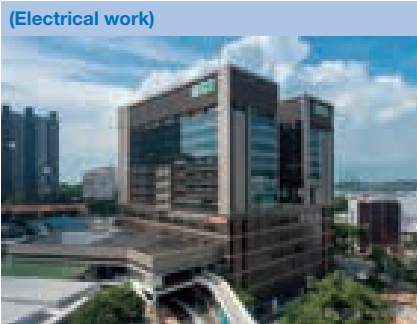


Tokyu Plaza Harajuku (Harakado)
(Tokyo Metropolis)
Photo: SS, Shingo Nakajima



Bank of Japan Kanazawa branch
(Ishikawa Prefecture)

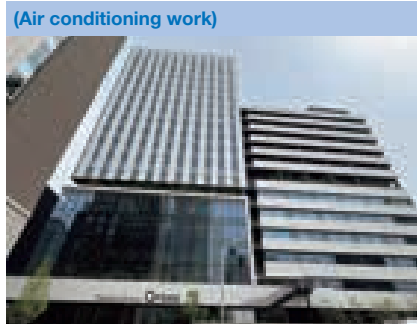
Projects Completed in FY2024



Singapore General Hospital (SGH H9A)
(Singapore)



**CHUGAI PHARAMA Manufacturing Co., LTD.
FJ3 Synthetic API Facility for Late-Stage
Development and Early-Phase Production**
(Shizuoka Prefecture)



**International Institute of Future Medicine
(Nakanoshima Qross)**
(Osaka Prefecture)



Grand Green Osaka Park Tower
(Osaka Prefecture)



G-TEKT Chubu Plant
(Gifu Prefecture)



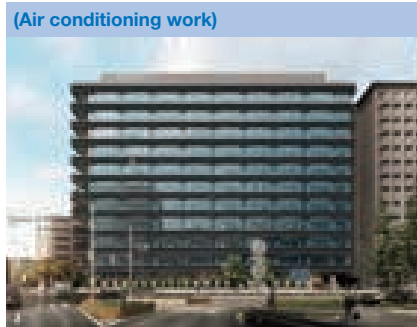
NRT12 Data Center (Implementation)
(Chiba Prefecture)



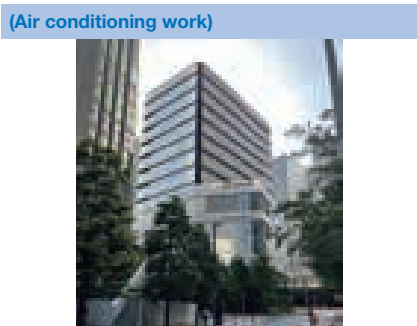
Nanto Bank Main Building
(Nara Prefecture)



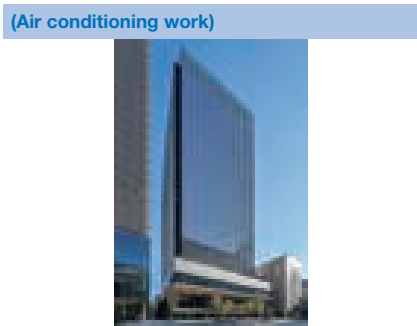
Hiroshima Soccer Stadium
(Hiroshima Prefecture)
Provided by Hiroshima City



Mizuho Nakameguro Square
(Tokyo Metropolis)



Shin Nihon Fire Prevention Hall
(Tokyo Metropolis)

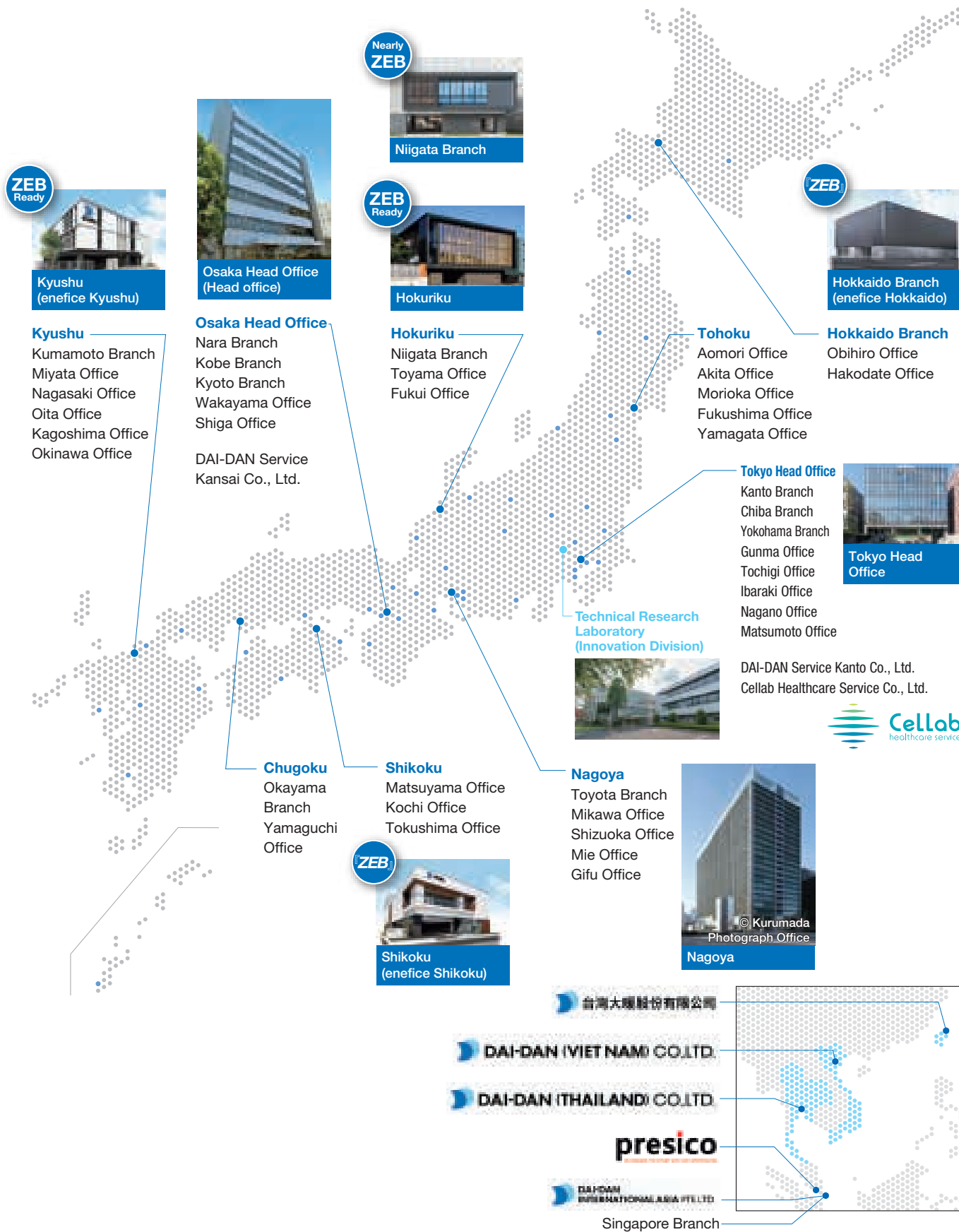


New TODA Building
(Tokyo Metropolis)
Photograph: Kawasumi-Kobayashi Kenji Photograph Office Takashi Nakamura

Business Locations and Affiliated Companies

(As of June 30, 2025)

Dai-Dan has 49 business locations nationwide (48 domestic, 1 overseas) and owns affiliated companies both in Japan and overseas.



Strengths

- >> P.23 Dai-Dan's Two Strengths
- >> P.25 Innovation Capabilities
- >> P.29 Practical Competence

Dai-Dan's Two Strengths

Innovation Capabilities

Creating New Value for the Future



Kazuhide Kanomata
Corporate Officer
Head of Innovation Division

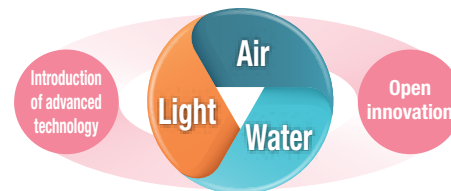
Message from Head of Innovation Division

It has been about 10 years since the term “VUCA era” (an era of uncertainty and difficulty in future prediction) was coined. Issues faced by society, such as intensified climate change due to global warming, vulnerability to new diseases such as COVID-19, and labor shortages due to population decline, are becoming increasingly diverse. On the other hand, technologies such as the expanding use of AI in various fields and IoT supporting next-generation buildings are emerging and seen as contributing to overcoming these challenges. The Innovation Division is engaged in two main activities: deepening core businesses through broad research and development and advanced design support to provide high-quality facilities to society at all times, and exploring new businesses and technological development based on deep expertise in facilities to boldly tackle social challenges.

Source of strengths

Promoting R&D

At Dai-Dan, the Innovation Division has been established to conduct research and development and provide advanced support for core businesses. With technology related to air, water, and light at its core, we promote R&D that contributes to new value in spaces adapted to changing times through the introduction of advanced technologies such as AI and co-creation activities in collaboration with external parties. These initiatives strengthen our core businesses and become core technologies that support new businesses, thereby serving as the foundation for next-generation value creation.



Intellectual property management

To maintain Dai-Dan's competitiveness, we proactively manage intellectual property. We promote aggressive and defensive intellectual property operations, such as not only disclosing intellectual assets like patents and design rights but also creating and utilizing knowledge—confidential intellectual property, including in-house know-how.

Strengthening core businesses >>P.53

Our developed products contribute to realizing energy-efficient and high-quality manufacturing environments in facilities required by society, such as pharmaceutical plants and data centers. Additionally, through advanced technical support such as airflow, noise, pipe corrosion, lighting control, we contribute to creating high-quality value in spaces in both domestic and overseas businesses.

Creating new businesses >>P.75

We are generating new businesses that go beyond the boundaries of the construction industry. As part of this, we are entering the regenerative medicine field, aiming to achieve a healthy and vibrant society. We provide new value-added manufacturing environments based on airflow control technology and a wide range of solutions based on cell manufacturing know-how.

**Contributing to the creation of a rich and sustainable society
by providing people with comfortable, optimal spaces**

Practical Competence

Completing the Final Process Through Comprehensive Strength



Futoshi Oide
Senior Corporate Officer
Head of Technical Division

Message from Head of Technical Division

Starting in April 2024, as part of the new Mid-Term Management Plan, the Technical Division has worked under the activity policy: “By sharing information and cooperating beyond the boundaries of offices, divisions, and the Technology Headquarters, we seek to improve technical capabilities and engagement, united in contributing to the overall growth of the company.” We are further strengthening efforts to improve labor environments, promote productivity through digital transformation of construction, reduce field operations and work, improve treatment and secure skilled workers, as well as contribute to a decarbonized society—all of which are issues facing the construction industry. Moreover, we support tasks for industrial facilities that require advanced expertise in addition to general facilities, striving to deliver safe, comfortable, and reliable value in spaces to our customers. In addition, we will reliably implement various measures to improve ease of working and further enhance internal engagement.

Source of strengths

Taking on project challenges by leveraging accumulated expertise

For newly awarded projects, we hold construction review meetings where not only sales and technical departments but various divisions collaborate to utilize the know-how and expertise gained from our many construction achievements. From multiple perspectives—function, quality, cost, energy efficiency—we aim to provide the customer with optimal equipment.

Strengthening partnerships

We have introduced the Meister System to secure and increase the number of outstanding site managers, who are indispensable for safe and efficient field operations and improving construction quality. We also honor as “Excellent Subcontractors” and certify especially outstanding subcontractors as “Outstanding Subcontractors” to further strengthen our partnership with them through the Meister System.

Improved engagement

Dai-Dan is working on the “SMILE Project” to correct long working hours. We are implementing measures to raise awareness of work style reforms and improve productivity. The introduction of “Wellness Site Office” is improving the on-site working environment. In addition, the promotion of DX is helping to reduce workloads. Through these activities, we are enhancing employee engagement and improving practical competence at sites.

Enhancing our installation expertise and ability to provide design solutions

We publish a “Technical Report” mainly focused on design and construction case studies to build up technical knowledge and raise the skill level of technical employees through horizontal development. Furthermore, we share company-wide the results and ideas of employees' expertise and ingenuity in day-to-day work by holding events such as technology presentations, refining proposal and technical skills with the aim of satisfying our customers.

Impact on business

Value created

**Exceeding customer expectations with knowledge,
experience and action**

Innovation Capabilities

Promoting R&D

Dai-Dan places technology for air, water, and light at its core, responding flexibly to the increasingly sophisticated and diverse needs of customers, and promotes R&D to address pressing industry issues like manpower shortages and advanced construction methods. We also engage in R&D to create new businesses that contribute to realizing a sustainable society, generating and providing value unrestricted by limitations of the construction equipment industry.

R&D Case Study 1 Addressing labor shortages and delivering high-quality construction

Improving the efficiency and quality of renovation work

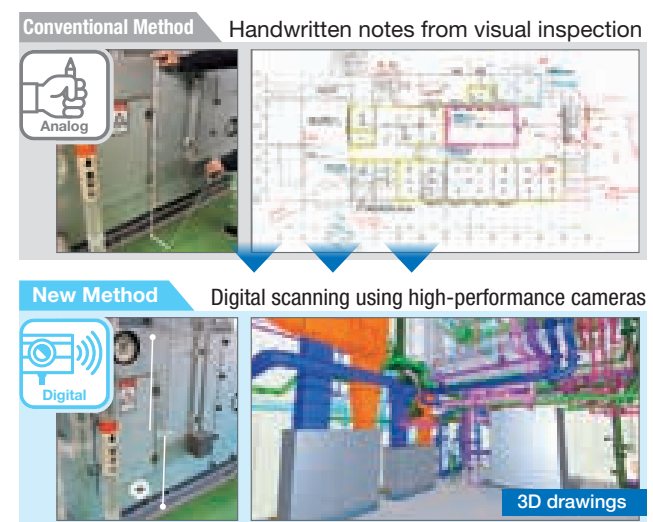
As building facilities age, renovation work is carried out. To perform renovations while making use of existing facilities, it is necessary to accurately assess the current status of installed systems. However, for various reasons, the latest information on existing equipment is often not recorded in drawings, making on-site surveys a considerable burden. To counter this, Dai-Dan has streamlined onsite survey work using digital cameras.

Compared to traditional handwritten records, digital camera measurements (scanning) allow us to obtain actual scale data. This not only reduces the workload of on-site surveys but also enables the creation of 3D models,

so employees in remote locations can share and easily understand the data.

Utilizing on-site survey technologies, we also achieve high-quality construction through 3D simulations. And by visually presenting easy-to-understand delivery plans to customers, we help stakeholders reach agreement smoothly, reducing rework and improving quality.

Going forward, we aim to further increase the efficiency of on-site surveys, building technology to extract information from scan data on equipment to monitor construction progress, thereby addressing labor shortages and delivering high-quality construction in the building industry.



3D simulation

Effects on Business	Contribution to Business	Related SDGs
Strengthening core businesses	Cost reduction effect of representative sites: 17% decrease (2024 results)	8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES

R&D Case Study 2 Initiatives toward realizing smart buildings

Aiming for optimal building operations for Earth and its people

1. The need for smart buildings

In recent years, buildings have been required to address various social issues such as labor shortages in maintenance and management, disasters, and decarbonization. It is believed that traditional building control or operations managed solely by people will become inadequate for overcoming increasingly complex challenges going forward. Therefore, “smart buildings” equipped with advanced control functions are gaining attention. In smart buildings, information from assets such as building facilities and IoT devices is managed in cyberspace, and applications use this information to perform advanced controls. This enables optimal building operations not only for individual buildings, but also for entire communities, for both the Earth and its people.

2. Application development

Dai-Dan is developing applications to provide smart buildings with advanced control functions. For example, Dai-Dan has introduced AI-powered pre-cooling and pre-heating control at its Hokuriku Branch. Recently, due to sharp temperature differences, the indoor temperature is often sub-optimal during working hours. Therefore, we use

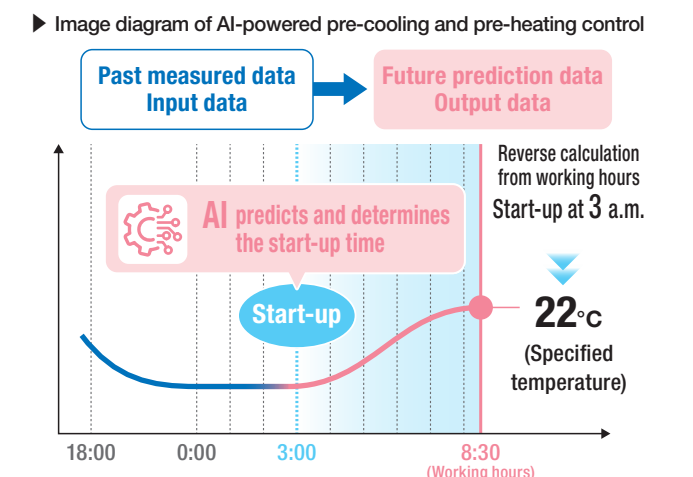
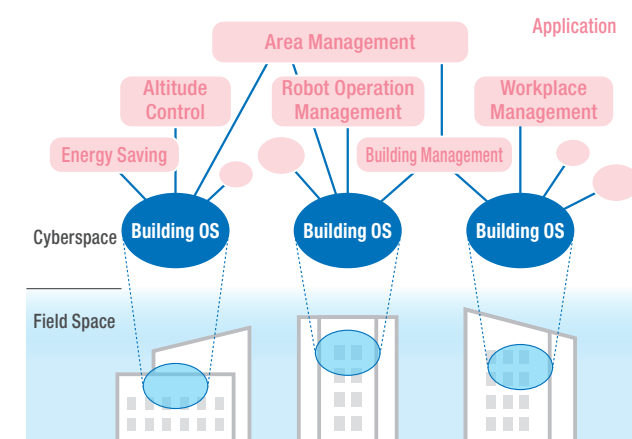
actual measurement data of recent indoor temperatures and other factors to predict the future using a learning model, and control the air conditioning start time so that the room temperature will be suitable at the start of work. This achieves an optimal environment without people having to manually adjust building operations.

3. Utilization of emulators

To optimize the control of smart buildings with diverse characteristics, it is necessary to adjust applications to each building. To that end, Dai-Dan is conducting research on emulators within the framework of the University of Tokyo’s social cooperation programs. An emulator simulates actual building equipment in cyberspace software, enabling repeated trial and error in software and supporting the development of applications with more advanced functions.

4. Future outlook

Through these initiatives, Dai-Dan will contribute to addressing labor shortages by streamlining building maintenance and management, enhancing resilience to disasters, and achieving carbon neutrality through advances in energy management and energy conservation.



Effects on Business	Contribution to Business	Related SDGs
Strengthening core businesses Creation of new businesses	2030 (Forecast)* * Assuming time frame for smart building adoption	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS

R&D Case
Study

3

Contribution to the field of regenerative medicine

Initiatives related to cell culture environments

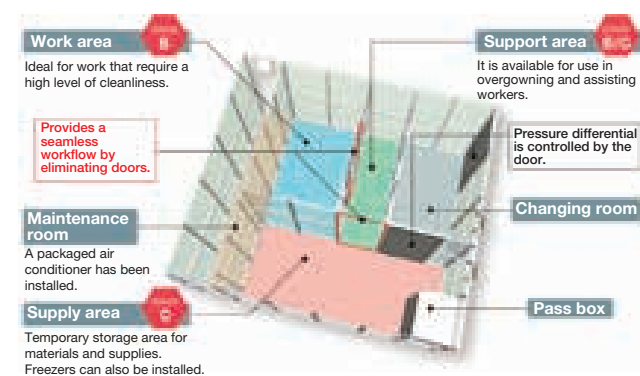
Regenerative medicine requires a clean environment for safe handling of cells. In response to demands from many doctors and researchers, Dai-Dan has developed the “All-in-one CP Unit™ (AIO),” which can be easily installed even in limited spaces. This product leverages our know-how in building clean environments and consolidates all functions necessary for cell culture facilities, from changing rooms to cell processing rooms, into a single unit. Compared to constructing a conventional clean room, it provides a clean environment that is space-saving, quick to deliver, and low-cost.

In collaboration with our research partners*, we have developed the “R-CPF (Robotic Cell Processing Facility),” a world-first system to use humanoid robots in the actual clinical field of retinal regenerative medicine. At R-CPF, aseptic conditions have been achieved in laboratory spaces essential for preparing transplant cells. Clinical studies using iPS cells cultured at R-CPF received approval from the Ministry of Health, Labour and Welfare in February 2022,

and in December of the same year it was announced that these cells had been transplanted into actual patients.

This was the world’s first transplantation of cells cultured by an open-type robot. The production of transplant cells for regenerative medicine requires aseptic culture environments and high operational reproducibility, which places a heavy burden on operators, so automation is highly desirable. Accordingly, the R-CPF system was designed by combining the versatile humanoid LabDroid Maholo—which is capable of highly accurate life science experimental operations—with the compact All-in-one CP Unit™ (AIO), demonstrating that automation of cell processing at clinical research-level cleanliness is possible. This research was published in the online edition of the scientific journal *SLAS Technology* on October 29, 2023. Dai-Dan will continue to drive R&D to contribute to the advancement of the regenerative medicine industry.

* Research partners: RIKEN, Kobe City Eye Center Hospital, VC Cell Therapy, Inc., Robotic Biology Institute, Inc.



All-in-one CP Unit



Robotic Cell Culture Processing Facility “R-CPF”

Effects on Business

Creation of New Businesses

Contribution to Business

Number of AIO installations
in the field of regenerative medicine:
11

Related SDGs

Message from the Head of
Technical Research Laboratory

Efforts toward green transformation and digital transformation, such as realizing a decarbonized society, preserving the global environment, increasing productivity in response to a declining birthrate and aging population, and work style reforms, are major challenges for providers of optimal building equipment to customers. To flexibly and timely address challenges in a rapidly changing era, Dai-Dan quickly senses market changes and user needs and promotes agile development and PoC (Proof of Concept). Through research and development, we aim to provide prompt services and value, and contribute as a company that “Creates Value in Spaces”. We will continue to create new value by providing people with comfortable, optimal spaces contributing to the creation of a rich and sustainable society.

Shoichi Nakai

Innovation Division Head of
Technical Research Laboratory

Intellectual Property Management

We are steadily building a foundation of technological strengths as assets that contribute to the building equipment industry and new businesses for exclusive use and team building, to secure business advantages.

Creation of Intellectual Property

Dai-Dan Intellectual Property Strategy 2022 is an internal strategy to promote the creation and utilization of intellectual property to enhance the value of our company-wide technological assets. In addition to patented inventions, we have established a system to voluntarily propose and accumulate useful ideas—including design and construction know-how. In FY2024, we certified two new pieces of knowledge for use on construction sites.

Dai-Dan will continue to foster a culture of innovation and creativity among all employees, while generating intellectual property.

Intellectual properties held..... **197**
(As of the end of FY2024, including knowledge)

Intangible Assets

Leasehold Rights, etc.

Intellectual Assets

Human Capital
Networks with Customers, etc.

Intellectual Property

Confidential
Intellectual Property
Valuable Ideas
(Knowledge),
Technical InformationIntellectual
Property RightsPatent Rights
Trademark
Rights, etc.

Broad Sense of Intellectual Property: Intellectual Property Rights + Confidential IP, Valuable Ideas (Knowledge), Technical Information
Paraphrased and edited based on the Ministry of Economy, Trade and Industry’s “What are Intellectual Assets and Intellectual Asset Management?” diagram
https://www.meti.go.jp/policy/intellectual_assets/teigi.html

Internal and intellectual property training

The Intellectual Property Department provides annual e-learning, newly compiled each year to reflect the latest trends, covering essential topics such as how to consult on ideas and key points regarding works of authorship, which are indispensable for both on-site engineers and R&D personnel. The e-learning participation rate increased from 75% in FY2023 to 82% in FY2024 (all technical staff). We will continue to pursue these initiatives in the future.

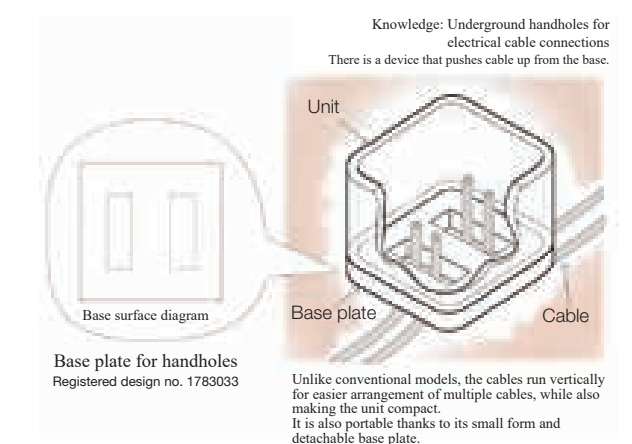
Utilization of Intellectual Property

Focusing on utilization

At Dai-Dan, we are always mindful of the utilization and protection of intellectual property in our management. For example, regarding the idea for underground handholes for electrical cable connections, in addition to knowledge, we also secured a formal design right. This allows everyone at Dai-Dan’s worksites to share the convenience while enhancing our business advantage by deterring easy imitation by other companies.

For trademarks, we have registered the brand message on the right. When used together with the House Mark*, it conveys the company’s core business image directly and delivers a message of proven achievements and trust in on-site construction to customers and the general public.

* House Mark: A mark used by a company in business activities, serving to help consumers recognize the company’s products or services.



建物の「いのち」をつくる。
Registered trademark no. 6930874

Practical Competence

Exceeding Customer Expectations with Knowledge, Experience and Action

No two building facilities we handle are the same; flexible thinking and adaptability are required depending on the building, purpose, and customer needs. We exceed customer expectations through knowledge, experience and action built up over our long history as a general equipment contractor, along with advanced design proposals and construction technology backed by those capabilities. This is the practical competence of Dai-Dan.

Installation Example 1 Singapore General Hospital (SGH H9A)

The Singapore General Hospital Emergency Medical Ward is a state-of-the-art medical facility developed to meet the growing domestic demand for healthcare in Singapore and to improve the country's national response capabilities in times of medical crisis. Under China Construction Development Co., Ltd., we were responsible for electrical and weak-current systems installation.

This facility adopts an N+1 redundant distribution system, enabling continued hospital operations thanks to emergency generators or alternative power supplies even if the normal main power supply stops. Additionally, by thoroughly managing tightening torque at terminal connections, we prevent overheating and contact failures, ensuring highly reliable equipment operation.

Building Overview

Location	1 Hospital Blvd, Singapore 168581
Purpose	Emergency care, acute care wards, offices, etc.
Scale	Total floor area: approx. 58,000 m ² 12 stories above ground, 4 stories underground
Structure	Steel structure + Reinforced Concrete structure
Completion	June 2024

Equipment Overview

Power receiving and transforming equipment	22 kV power reception, 4 lines 12 oil-filled transformers (3.4 MVA x 4 units, 3 MVA x 2 units, 2.5 MVA x 4 units, 1.5 MVA x 2 units, total 32.6 MVA), 38 high-voltage distribution panels, bus ducts 800A–5,000A (approx. 6,000 m)
Emergency power supply	UPS (500 kVA x 4 units, 400 kVA x 2 units, 250 kVA x 1 unit), emergency generators (2.75 MVA x 3 units, 2.5 MVA x 2 units, 2.0 MVA x 3 units, 1.5 MVA x 2 units; total 22.25 MVA)
Weak-current electrical equipment	Nurse call system, security, CCTV, emergency broadcasting, electric clocks, parking lot monitoring system



Seah Peng Siong
MOH Holdings Pte Ltd
Deputy Director

Customer Feedback

We requested your company to install electrical systems, including weak-current equipment (security, emergency broadcasting, electric clock systems, etc.) for this project's Emergency Medical Building. This project was particularly challenging due to surrounding hospitals being operational during construction, but the TOP (temporary occupation permit) was obtained as planned in December 2023. You also responded appropriately to corrections requested during inspections. Finally, we appreciate your timely responses to various requests from consultants and the Ministry of Health during construction.



Hu Zhong
Singapore Branch
Assistant Project Director

Staff Comments

This was the largest electrical installation project ever undertaken by our Singapore Branch, requiring procurement of massive equipment and materials as well as complex process and cost management. Despite facing a construction period extended by more than two years due to the COVID-19 pandemic and significant rises in material and equipment prices, we worked to improve efficiency through methods such as offsite unitization. These efforts were highly regarded by the client, and we are currently involved in additional electrical and other engineering works. We sincerely appreciate the cooperation of all parties involved.

Installation Example 2

CHUGAI PHARAMA Manufacturing Co., LTD. FJ3 Synthetic API Facility for Late-Stage Development and Early-Phase Production

Chugai Pharmaceutical Co., Ltd., which takes charge of production for the Chugai Pharmaceutical Group, completed the Late-stage Development and Early-Phase Clinical Manufacturing Facility (FJ3) in January 2025. We carried out air conditioning and plumbing installations under JGC JAPAN CORPORATION.

This facility follows the synthetic API manufacturing building for low- and mid-molecular pharmaceuticals (FJ2) constructed in 2022, aiming to enable manufacturing of high-pharmacological-activity mid-molecular APIs for late-phase clinical trials and initial commercial production. Each manufacturing area is a pressure-controlled cleanroom for containment, preventing entry of external contaminants and suppressing the spread of internal contaminants, while requiring an HVAC system that allows transfer between areas without negatively affecting each room's pressure environment.

Building Overview

Location	2500 Takayanagi, Fujieda City, Shizuoka Prefecture
Purpose	Pharmaceutical Plant
Scale	Building area: 2,205 m ² Total floor area: 10,489 m ² Five stories above ground
Structure	Steel structure, seismic isolation design

Equipment Overview

Air conditioning equipment	Chilled water source: NH3 screw chiller; brine source: CO ₂ refrigerant air-cooled chiller; heat source: plate-type steam heat exchanger; total outside air handling unit; direct-drive single inlet turbo fan for exhaust; exhaust gas scrubber Individual zone control using variable air volume units and room pressure control dampers
Sanitary facilities	Water storage tank + pressurized pump system, local water heating, special gases
Firefighting equipment	Foam fire extinguishing system, outdoor fire hydrant system



Eisuke Nagaike
JGC JAPAN CORPORATION
Building Environment Systems
Design Department

Customer Feedback

The FJ3 Project is the largest-ever achievement of our Life Sciences Division, having built a commercial production plant for medium-molecule pharmaceutical active ingredients with world-class containment performance for highly potent substances in Fujieda City, Shizuoka Prefecture. After completing ten months of basic design work, construction began in March 2022. Following 24 months of construction, the building was completed in March 2024, after which over six months of trial runs and qualification work were carried out, leading to a successful completion and handover in November 2024. The air conditioning systems in the pharmaceutical ingredient factory required not only the execution of a precise on-site construction plan, but also demanded high energy efficiency, advanced room pressure control and commissioning technology, and strict GMP validation. From the initial design phase through to project completion, Dai-Dan consistently demonstrated outstanding technical prowess and responded with sincerity and positivity. This project left a deeply inspiring and proud impression on all of us—one that will remain in our memories. We express our heartfelt gratitude. Thank you very much.



Yoshimasa Nakao
Nagoya
Manager of Engineering
Department 2

Staff Comments

At this site, under the leadership of JGC, pre-confirmation of interference among architectural, plant equipment, plant electrical, building equipment, and building electrical elements was shared and managed collaboratively across affiliated companies using a 3D model. The editing work was challenging, but during construction, work planning and construction management went smoothly. Although the construction period was short, the cooperation of everyone involved—including the client—enabled us to complete the project. Once again, I would like to take this opportunity to thank everyone.

Installation Example 3 Nakanoshima Qross

Nakanoshima Qross is a one-of-a-kind hub for the industrialization of future medicine, bringing together medical institutions, corporations, startups, and support organizations under one roof.

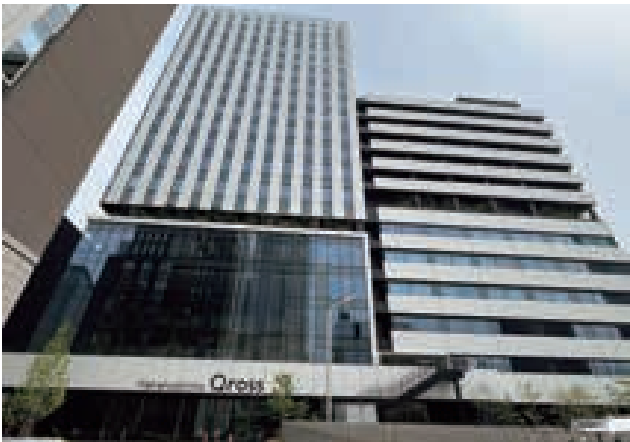
Our company performed air conditioning work across all buildings for 15 clients, including Nippon Life, Keihan Holdings, and Kanden Realty & Development.

Building Overview

Location	4-3-51 Nakanoshima, Kita-ku, Osaka City, Osaka Prefecture
Purpose	Medical and research facilities
Scale	Total floor area: 58,163 m ² 17 stories above ground
Structure	Steel structure
Completion	January 2024 (Grand opening June 2024)

Equipment Overview

Heat source facilities	Geothermal cooling, modular chillers (geothermal subplant), plate heat exchangers
Air conditioning equipment	Cooling towers, air handling units, building multi-air conditioners, fans, air conditioning ventilators, automatic control systems





Shuichi Okawa
Osaka Head Office
Deputy Manager of
Engineering Department 2

Staff Comments

To complete this project for 15 clients and six contracted companies within just ten months from the start of full-scale interior work, we prioritized onsite communication and strived to create an open work environment. Thanks to the support of clients and cooperating companies, as well as everyone involved, we were able to complete the project safely. We are deeply grateful.

Enhancing Our Installation Expertise and Ability to Provide Design Solutions

Identified at technology presentations to promote expertise and ingenuity company-wide

We held our FY2024 Case Study Presentations awards ceremony in January 2025. This event publicizes exceptional achievements and ideas that are examples of our employees' expertise and ingenuity in their day-to-day work, and that have gone through a company-wide application and demanding review process that includes examples from workers overseas. This time, out of 105 entries, a total of three awards—one President's Award and two Head of Technical Division Awards—were presented and announced at a hotel in Tokyo. In addition, five Excellence Awards and fourteen Encouragement Awards were selected and presented at each business location.

Presentations from the event are available for on-demand viewing via the company portal. By sharing outstanding results and making them accessible to all, we are helping employees grow and raising Dai-Dan's levels of technology, safety, and quality.





Keita Jozuka
Shikoku Branch
Assistant Manager of
Engineering Department

Comments from President's Award Winners

We are truly honored to have received the President's Award for the FY2024 Case Study Presentations from among many design and construction cases and improvement ideas submitted from across the country. This case is one where we leveraged our accumulated experience and technology to meet customer requirements. Additionally, while maintaining our company's quality, it has contributed to addressing major industry trends such as work style reforms and labor shortages. For relocation work of an open-type expansion tank in existing heat source equipment, the original plan required a stoppage of the heat source, but the customer requested that we relocate the tank without shutting down the plant's operation or production. As a solution, we constructed a temporary closed circuit designed to maintain constant pressure within the air conditioning piping of the open-type expansion tank, allowing us to disconnect the expansion tank circuit without stopping the heat source. Finally, as digital technology continues to evolve daily, we will continue to strive to address industry challenges through ever higher technical capabilities and innovation.

Overview of Long-Term Vision and Mid-Term Management Plan Phase 2

- >> P.33 Long-Term Vision <Stage 2030>
- >> P.35 Materiality
- >> P.37 Mid-Term Management Plan Phase 2: Refining Strategy
- >> P.39 Financial Strategy

Long-Term Vision <Stage 2030>

From General Equipment Construction to a company that “Creates Value in Spaces”

We aim to be the leading group in “Creating Value in Spaces”

What is a company that “Creates Value in Spaces”?

Since our founding, we have consistently provided the equipment necessary for spaces demanded by the times as a general equipment contractor.

A company that “Creates Value in Spaces” is one that creates spaces of true and potential value sought by society and customers, and provides satisfaction.

To contribute to the realization of a sustainable society and to continually “create” the “value” of the “spaces” that the future demands, we are expanding our business area beyond the bounds of general equipment construction and, as a company that “Creates Value in Spaces”, moving toward a new “Stage.”

Expansion of Area
for Providing
Value in Spaces

<Stage2030> Three Basic Policies

Comfortable, optimal spaces

To lead daily lives or to operate businesses requires spaces with comfortable, optimal environments.

By refining the elements of light, air, and water through our technologies, we will continue to be a corporate group that can offer new value through spaces.

Richer, more sustainable society

So that people can lead safer, healthier lives with peace of mind, a more sustainable society is called for.

Through our new technologies and advanced specialisms, we will continue to be a corporate group that can help bring about a richer, more sustainable society.

Trustworthiness and outstanding organization

For an organization to continue to provide value to society, the most important thing is to have reliable personnel.

By fostering human resources, we will raise corporate value and continue to be a corporate group that is trusted by all its stakeholders.

The leading group
in “spatial value
creation”

2030

Phase3

April 2027 — March 2030

Excellence Stage
Demonstrating overall
group capabilities

Phase2

April 2024 — March 2027

Refining Stage
Bolstering overall
group capabilities

Mid-Term Management Plan

Phase 2 Refining Stage will be positioned as
three years to strengthen the comprehensive
group capabilities

Phase1

April 2021 — March 2024

Preparation Stage
Developing foundations
in Japan and overseas

2021

Strategy of Mid-Term Management Plan Phase 2 “Refining Stage” that corresponds to the policy

- Toughening Core Business
- Expanding Overseas Business
- Contributing to Environmental and Social Sustainability
- Strengthening Corporate Foundation
- Balancing Rewarding Work and Workplace Ease / Strategic Employee Development

Materiality

Identification and Update Process

We have been continuously engaged in fulfilling our corporate social responsibility, solving social issues, and contributing to the SDGs. In 2021, we identified materiality based on two axes: “importance to our company” and “impact on stakeholders.”

Subsequently, in line with the Mid-Term Management Plan (Phase 2 “Refining Stage,” FY2024-FY2026) announced in May 2024, we reevaluated the importance of these issues through stakeholder dialogues and updated our areas of materiality.

Through initiatives aimed at addressing the identified areas of materiality, we strive to maximize the value delivered to our stakeholders.

1. Issue Selection

We identified company-specific issues by referring to the SDGs—international goals for a better and more sustainable world—and international guidelines such as the GRI Standards, ISO 26000, SASB, and others.

2. Issue Grouping and Prioritizing

We listed 16 candidate key issues and evaluated their importance based on two axes: “importance to our company” and “impact on stakeholders.”

3. Dialogue with Stakeholders

Through discussions with external stakeholders, we verified the importance of the issues identified.

Updated in conjunction with the formulation of the Mid-Term Management Plan Phase 2

4. Board of Directors Resolution

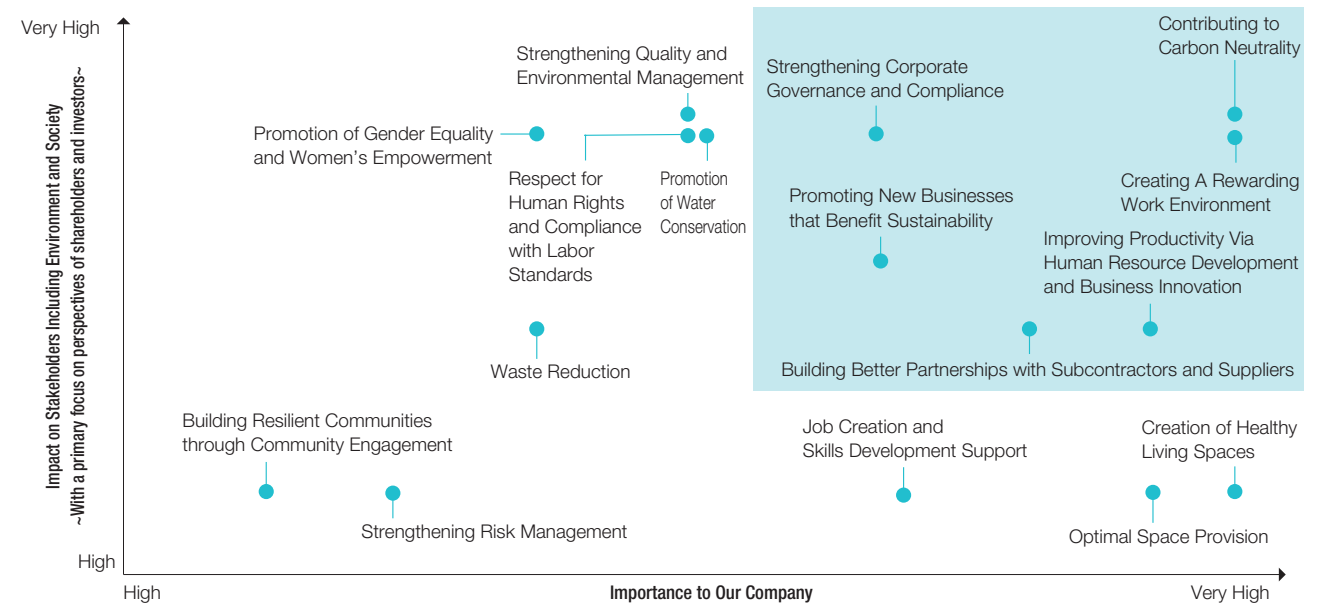
After internal discussions, taking into account alignment with our Mid-Term Management Plan and other factors, we identified six key material issues to be prioritized and organized these six important issues, and in July 2024, final approval was given at the Board of Directors meeting.

5. Updates (Dialogue with Stakeholders)

Deepen dialogue with stakeholders and update material issues, targets, and KPIs to adapt to changes in the social environment.

Implement the PDCA cycle in line with the Mid-Term Management Plan

Materiality Mapping



Material Issues and KPIs

No.	Material Issues	KPI	FY2023 performance (comparison standard)	FY2024 performance	Target	Remarks	SDGs	Related Strategies for Phase 2
1	Contributing to carbon neutrality	Reduction of greenhouse gas (GHG) emissions (Scopes 1 & 2) (Consolidated)	24.1% reduction compared to FY2019 (FY2023: 3,038 t-CO ₂) (FY2019: 4,002 t-CO ₂)	14.6% reduction compared to FY2019 (FY2024: 3,416 t-CO ₂) (FY2019: 4,002 t-CO ₂)	FY2029 (Long-term target) 49.1% reduction compared to FY2019	For the greenhouse gas reduction target for FY2029, SBTi* certification has been obtained as a science-based target.	 	Contribution to Environmental and Social Sustainability
		Reduction of Scope 3 greenhouse gas emissions (Non-consolidated, CATEGORY11)	3.7% increase compared to FY2019 (FY2023: 2,050,614 t-CO ₂) (FY2019: 1,977,386 t-CO ₂)	19.6% reduction compared to FY2019 (FY2024: 1,590,778 t-CO ₂) (FY2019: 1,977,386 t-CO ₂)	FY2029 (Long-term target) 25.0% reduction compared to FY2019			
		No. of ZEB, etc., new builds and renovation projects	27 cases (Cumulative total for FY2021–2023)	13 cases	Each year 10 cases			
		No. of Dai-Dan forest activity sessions	9 times	9 times	Cumulative total 50 times (Cumulative total for FY2024–2026)			
2	Creating a rewarding work environment	Employee engagement score	61.0	63.0	FY2026 65.1	The target value for the employee engagement score is set with reference to the average score of companies with 1,001 to 5,000 employees in the construction/real estate industry.	  	Balancing Rewarding Work and Workplace Ease
		Inclusion in the “White 500” in the Certified KENKO Investment for Health Outstanding Organizations Recognition Program	—	Yes	FY2026 Continued acquisition			
		Proportion of female workers among those in the position of chief supervisor (Deputy Manager)	22.0%	20.6%	FY2026 25.0%			
3	Improving productivity via human resource development and business innovation	Average overtime hours per engineer	434 hours	391 hours	FY2026 340 hours	Average for engineers, including those in design, development, and management roles	 	Balancing Rewarding Work and Workplace Ease
4	Promoting new businesses that benefit sustainability	No. of air filters reused in the air filter regeneration business	600 sheets (Cumulative total for FY2021–2023)	140 sheets	Cumulative total 1,000 sheets (Cumulative total for FY2024–2026)		 	Contribution to Environmental and Social Sustainability
		No. of regenerative medicine products manufactured under contract to treat intractable or rare diseases	—	2 lots	FY2026 18 lots			
		No. of devices related to regenerative medicine to treat intractable or rare diseases sold	38 units (Cumulative total for FY2021–2023)	36 units	Cumulative total 50 units (Cumulative total for FY2024–2026)			
5	Building better partnerships with subcontractors and suppliers	Retention rate for Meisters and Excellent Foremen	Meister: 76% Excellent Foremen: 52%	Meister: 91% Excellent Foremen: 59%	Each year Meister retention rate: 75% Excellent Foremen retention rate: 50%		 	Contribution to Environmental and Social Sustainability
		Response rate for questionnaires to subcontractors and suppliers	—	88%	Each year 100%	For key partner companies and suppliers		
6	Strengthening corporate governance and compliance	No. of employees dismissed for corruption or bribery, etc.	4 people	0 people	Each year 0 people	The FY2023 results refer to “improper conduct by our employees” disclosed on March 28, 2023. The recurrence prevention measures are being continuously implemented.	 	Strengthening Corporate Foundation
		Compliance training attendance rate	97.1%	94.5%	Each year 100%			
		Ratio of cross-shareholdings to consolidated net assets	30.0%	22.6%	FY2026 Less than 20%			

* SBTi (Science Based Targets initiative) is an international initiative jointly operated by CDP (Carbon Disclosure Project), an international NGO for environmental information disclosure, the United Nations Global Compact (UNGC), World Resources Institute (WRI), and World Wide Fund for Nature (WWF).

Mid-Term Management Plan Phase 2: Refining Stage

Management Policy

Enhancing corporate value through realization of HR development.

Strategy Overview - Broken down from the three basic policies of the long-term vision

In the Mid-Term Management Plan Phase 2, based on the three basic policies set forth in the Long-Term Vision <Stage 2030>, we will formulate and actively implement the strategies of the “Refining Stage.” In Phase 2, under the management policy of “realizing people development based on human resources strategy and enhancing corporate value,” we are placing particular emphasis on human resources strategies aimed at “deepening trusted people and organizations.”

Trustworthiness and outstanding organization

Human Resource Strategy

Policies in Phase 2

- Promote work style reform and realize an organizational culture that encourages employees to work proactively
- Increase the number of hires, conduct training and rotations to provide appropriate experience, and build mechanisms for employees to be more active

Phase 2 Strategy

Balancing Rewarding & Workplace Ease >> P.43

Strategic Employee Development >> P.51

Comfortable, optimal spaces

Business Strategy

Policies in Phase 2

- In Japan, we will focus on profitable orders and increase productivity by strengthening support for construction sites from offsite locations
- Overseas, we will ensure thorough risk management for large-scale projects and strengthen support and cooperation from Japan in aiming for further business expansion

Phase 2 Strategy

Reinforcement of Core Businesses >> P.53

Expanding Overseas Business >> P.61

Richer, more sustainable society

Sustainability Initiatives

Policies in Phase 2

- We will contribute to the realization of a sustainable society by reducing environmental impact through our business and fulfilling our social responsibility
- Enhance corporate governance and build a corporate foundation capable of achieving long-term increases in corporate value

Phase 2 Strategy

Contributing to Environmental and Social Sustainability >> P.65

Strengthening Corporate Foundation >> P.87



Ken Naito

Senior Corporate Officer
Manager of President's Office
and Planning Department

Message from the Manager of President's Office

The President's Office, as the organization that swiftly and thoroughly implements management evolution as desired by management both internally and externally, oversees departments including planning, HR, recruitment, labor affairs, and corporate communications. We share the expectations of stakeholders and trends in society and the economy with management daily and work toward the sustainable realization of corporate value growth.

The current management environment is in a delicate situation where growth and risks coexist. Under the long-term vision and Mid-Term Management Plan, we will support prompt and decisive management decision-making as a navigator.

We are committed to simple and candid two-way communication with all stakeholders, and we appreciate your continued support.

Business Area

In the “Refining Stage,” we are working on the following four business areas to achieve performance targets.

Mechanical Construction ...Business forming the foundation of our earnings

- Execute order activities with a focus on profitability
- Acquire building stock that will serve as a future earnings foundation
- Strengthening technical capabilities through construction projects for industrial facilities such as factories and data centers

Overseas Business ...Business driving growth

- Strengthening domestic and international sales for business expansion
- Global talent development through rotation
- Thorough risk management associated with larger-scale construction projects

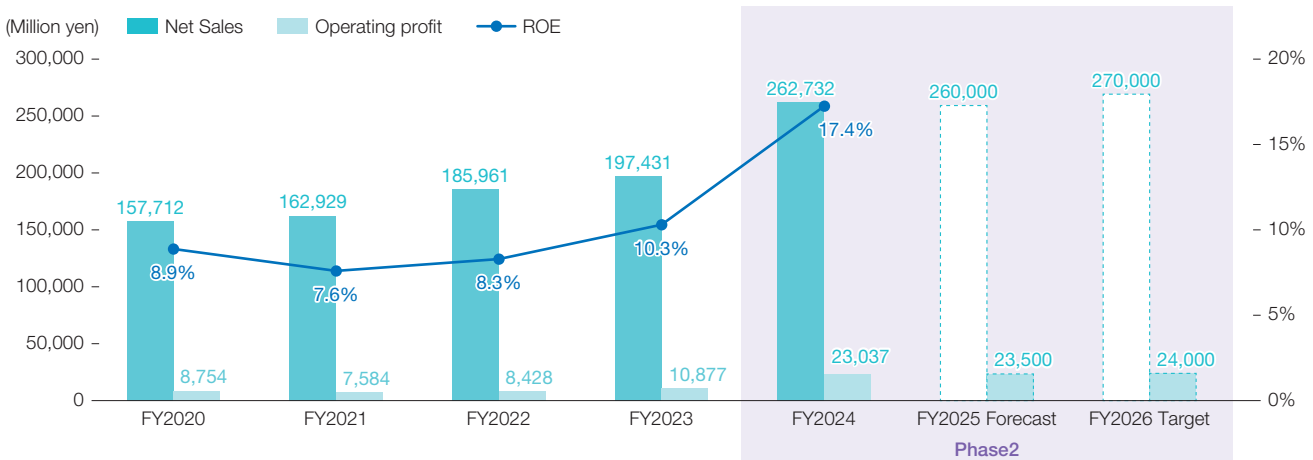
Electrical Construction ...Business undergoing transformation

- Strengthening recruitment of electrical engineers
- Flexible nationwide placement of engineers
- Increase receiving orders for large-scale electrical construction that contribute to the development of engineers

Regenerative Medicine Business ...Business aiming for new sources of revenue

- Contract manufacturing of cancer immunotherapy drugs in collaboration with pharmaceutical companies
- Contract manufacturing of new types of cells, such as those for private medical services
- Expanding contractors through business alliances

Performance Trends Up to the Refining Stage



Review of Mid-Term Management Plan Phase 2 and Target Figures

In the first year of Mid-Term Management Plan Phase 2 (FY2024), performance benefited from improved order environment, steady progress in large-scale projects, and effective Mid-Term Management Plan initiatives, achieving consolidated net sales of 262.7 billion yen, consolidated operating profit of 23.0 billion yen, and ROE of 17.4%. The results greatly exceeded the initial targets set in May 2024, which were consolidated net sales of 260.0 billion yen, consolidated operating profit of 16.0 billion yen, and ROE of 10%.

In response to these results, we comprehensively reviewed the latest order trends and uncertainties regarding domestic and overseas capital investment caused by U.S. tariff policies, and revised the performance targets and financial strategy indicators for the final year (FY2026) of the Mid-Term Management Plan.

Although there are negative factors such as overtime work restrictions and concerns over postponement or cancellation of capital investment due to U.S. tariff policies, we will raise our performance targets and aim for further business expansion, taking into account the favorable order environment and the

smooth progress of large-scale projects including semiconductor and EV battery factories. We will also strive to maintain profit margins by continuously implementing appropriate order policies and productivity improvement measures. Under these initiatives, the revised performance targets are consolidated net sales of 270.0 billion yen and consolidated operating profit of 24.0 billion yen. For ROE, we have revised the target upward from 10% to 12%, aiming to improve net profit margin this fiscal year and ensuring appropriate capital to support increased cash outflow due to business expansion.

Review of performance targets

	FY2024	FY2026	
	Results for the First Year	Initial Target	Revised Target
Consolidated net sales	262.7 billion yen	260.0 billion yen	Increase of 10 billion yen 270.0 billion yen
Consolidated operating profit	23.0 billion yen	16.0 billion yen	Increase of 8 billion yen 24.0 billion yen
ROE	17.4%	10% or higher	Increase of 2pt 12% or higher

Financial Strategy

Financial developments in FY2024

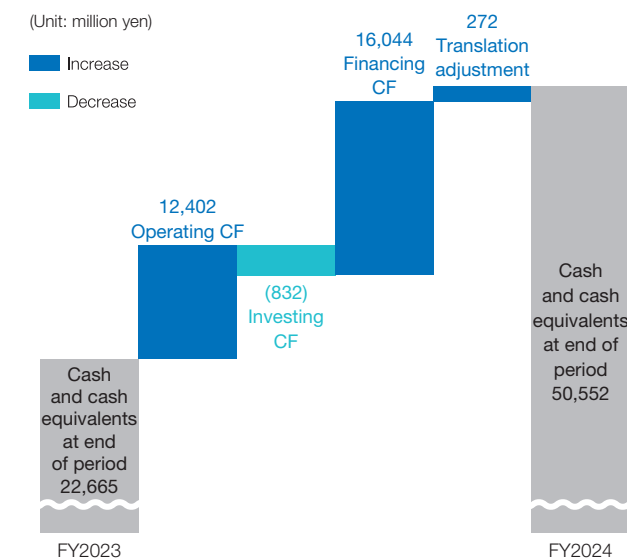
Our Group's basic financial strategy policy is to stably secure the funds necessary for business operations.

Working capital and regular capital investment funds are basically secured through funds generated from the settlement of notes receivable and electronically recorded monetary claims arising from sales cycle transactions as well as the collection of accounts receivable, with supplemental financing from financial institutions as needed. For the FY2024, we changed payment terms (switching to all-cash payments for cooperating companies with capital of 300 million yen or less), additionally acquired shares of Presico,

making it a consolidated subsidiary, and other measures to anticipate increased working capital needs due to business expansion; as a result, we borrowed 20.0 billion yen in April 2024.

The 20.0 billion yen loan was fully repaid in April 2025; however, as large-scale construction continues, there may be time lags between payment and receipt depending on individual payment conditions, so we will work to secure early collection of accounts receivable and continue utilizing flexible borrowing to stabilize cash flow.

► Breakdown of Cash Flows (Trend of Cash and Cash Equivalents at End of Period)



► Summary of Consolidated Management Indicators (Cash Flows)

(Unit: million yen)

	FY2023	FY2024	Change	Change Rate
CF from operating activities	596	12,402	11,805	—
CF from investing activities	(603)	(832)	(229)	—
CF from financing activities	(2,829)	16,044	18,874	—
Cash and cash equivalents at beginning of period	25,348	22,665	(2,682)	(10.6%)
Net increase/decrease in cash and cash equivalents	(2,682)	27,886	30,569	—
Cash and cash equivalents at end of period	22,665	50,552	27,886	123.0%

Leveraging a Robust Financial Base for Growth Investments and Shareholder Returns

In conjunction with the revision of the Mid-Term Management Plan performance targets, we have reconsidered the three financial strategy indicators—capital efficiency, growth investment, and Shareholder Returns—as well as capital allocation for the three years through the FY2026.

With the improvement in net profit margin, we have set ROE at 12% or higher to ensure adequate capital for supporting increased working capital (cash outflow) accompanying business expansion. Regarding growth investments, we currently have four business areas: mechanical construction, electrical construction, overseas business, and regenerative medicine business. Mechanical construction and electrical construction are our core businesses, and we will strengthen the technological capabilities of our field engineers through investment in human capital, and promote DX investment to respond to regulations on overtime work and progressing shortages in human resources, thereby supporting future business expansion. For our overseas business, we anticipate further growth of local subsidiaries through staff increases, overseas training, and M&A-related investments. For the regenerative medicine business, we are investing in new businesses to establish it as a new source of revenue. For shareholder returns, while maintaining a dividend payout ratio of 40% or higher and aiming to provide stable dividends, we have raised the DOE lower limit from 4.0% to 4.8%.

► Financial Strategy Indicator

	At the time of Mid-Term Management Plan announcement (May 2024)	This revision (May 2025)
Capital efficiency	ROE target 10% or higher	ROE target 12% or higher
Growth investment	Three-year cumulative total of 30 billion yen	Three-year cumulative total of 43 billion yen
Shareholder returns	Dividend Policy: Dividend payout ratio of 40% or higher and DOE 4.0%* as the lower limit *ROE 10% × dividend payout ratio 40%	Dividend Policy: Dividend payout ratio of 40% or higher and DOE 4.8%* as the lower limit *ROE 12% × dividend payout ratio 40%

For capital allocation, with increased cash generation from business activities, total cash-in over three years is set at 66 billion yen. Cash-out for growth investments will increase by 13 billion yen to 43 billion yen, and shareholder returns will increase by 9 billion yen to 23 billion yen.

We will aim for an optimal capital structure, taking into account the balance between shareholder returns and maintaining a sound financial position.

► Capital Allocation

At the time of the mid-term plan announcement (May 2024)

Cash In 3-year total: 44 billion yen	Cash Out 3-year total: 44 billion yen
Operating cash flow 38 billion yen	Growth investment* 30 billion yen
Sale of policy-owned shares 6 billion yen	Shareholder returns 14 billion yen

* Includes an increase in working capital along with larger projects.

This revision (May 2025)

Cash In 3-year total: 66 billion yen	Cash Out 3-year total: 66 billion yen
Operating cash flow 60 billion yen (+22 billion yen)	Growth investment* 43 billion yen (+13 billion yen)
Sale of policy-owned shares 6 billion yen	Shareholder returns 23 billion yen (+9 billion yen)

* Includes an increase in working capital along with larger projects.



Yoji Sasaki

Director, Senior Corporate Officer
CIO and Manager of General
Administration Division

Message from the Manager of General Administration Division

In the first year of the three-year Mid-Term Management Plan “Refining Stage” through March 2027, we exceeded performance targets and revised both performance goals and financial strategy indicators.

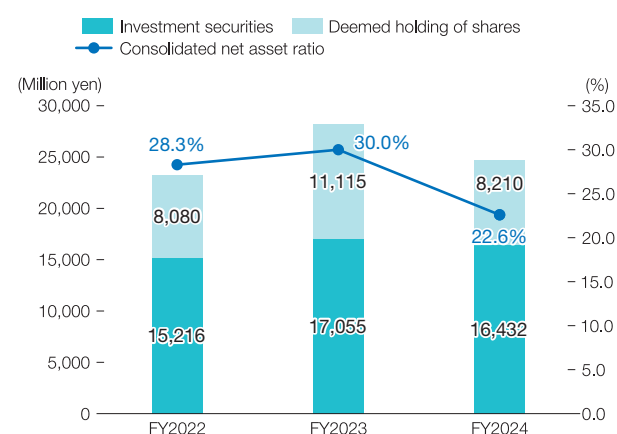
We have set three financial strategy indicators: capital efficiency, growth investment, and shareholder returns. While maintaining financial soundness amid business expansion, we aim to improve corporate value by achieving performance goals and financial strategy indicators through appropriately allocating cash obtained through business activities and the reduction of cross-shareholdings to growth investments and shareholder returns.

We sincerely appreciate your continued support as we continue to engage with our stakeholders and manage with close attention to capital costs and share price.

Reduction of Cross-shareholdings

In principle, we will not hold shares unless we judge them necessary for our sustainable growth from a policy perspective, such as maintaining and enhancing favorable business relationships. For stocks already held, we will examine their medium- to long-term economic rationality, and if we determine that there is little holding value, we will reduce them.

Our policy to reduce policy cross-shareholdings targets



a ratio of less than 20% of consolidated net assets by FY2026. In the FY2024, including deemed held shares, we sold approximately 3.8 billion yen worth, resulting in a ratio of cross-shareholdings to consolidated net assets of 22.6%. We will continue to further reduce our holdings in order to achieve our target as early as possible.

► Trends in sale of policy-owned shares

	Sale Amount (Million Yen)	Number of stocks*
FY2022	723	4
FY2023	3,303	8
FY2024	3,826	6

* Including partially sold stocks

Towards Management Conscious of Capital Costs and Share Price

Stably achieving an ROE that surpasses the cost of shareholder equity is one of our most important management priorities. ROE for the FY2024 was 17.4%, significantly exceeding the 10% target set at the time the Mid-Term Management Plan was formulated.

As for shareholder returns, the policy is to pay out dividends from the remaining amount after deducting growth investments from cash-in generated by business activities and the sale of cross-shareholdings, and the dividend policy sets the lower limit at a dividend payout ratio of 40% and DOE of 4.8%.

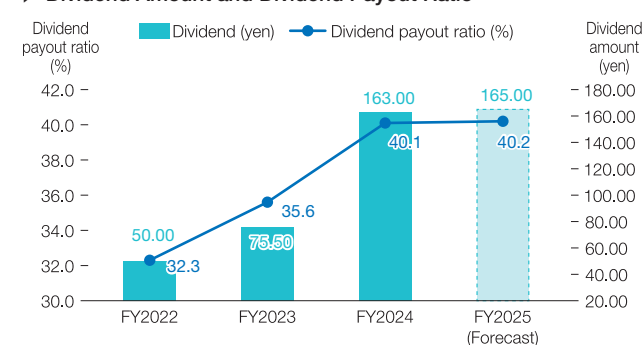
Until the FY2022, our PBR remained below 1 for consecutive years. Since low liquidity was considered a reason for our performance not being reflected in the stock price, in 2023, we implemented a capital policy—stock splits and share offerings—and enhanced dividend measures and

IR activities. As a result, PBR rose to 1.49 times in the FY2024.

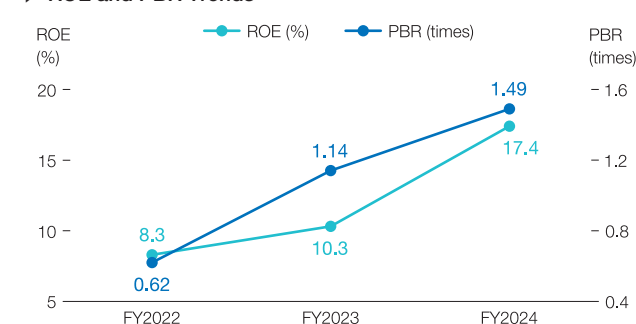
With regard to IR activities, we have held IR meetings with numerous institutional investors in Japan and overseas, participated in IR fairs for individual investors, and established forums for dialogue beyond financial results briefings to exchange opinions. Through these opportunities, we have enabled a better understanding of our business and strategies, while also gaining new insights ourselves.

The performance targets for the FY2026 are 270 billion yen in consolidated net sales and 24 billion yen in consolidated operating profit. While aiming for stable growth by maintaining the high level of profitability achieved in FY2024, we will manage with an awareness of capital efficiency and execute financial strategies accurately to realize management that is conscious of capital cost and share price.

► Dividend Amount and Dividend Payout Ratio



► ROE and PBR Trends



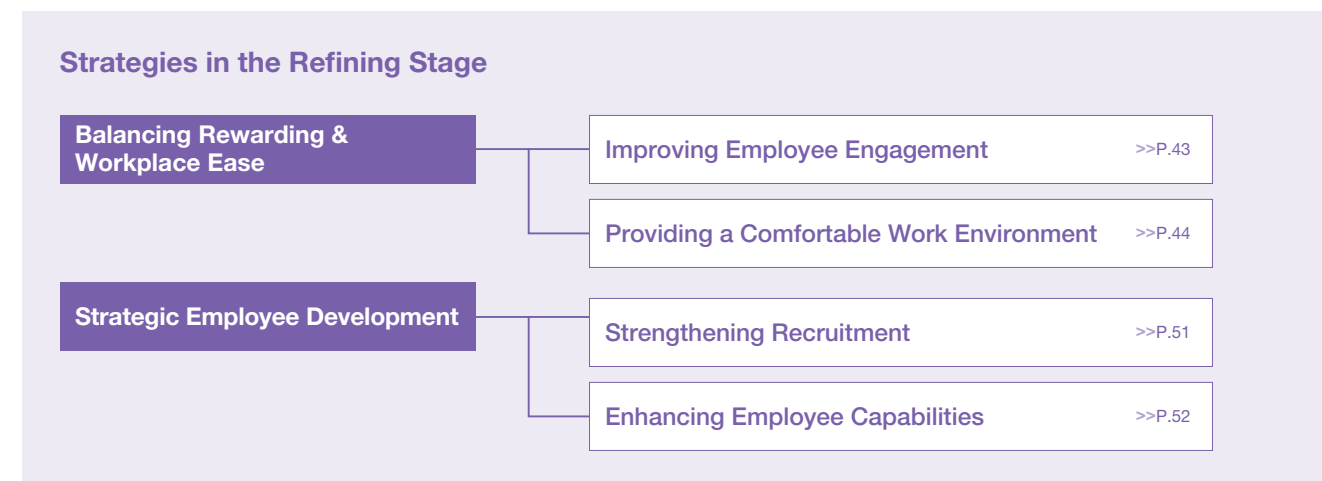
Strategies and Implementation in Phase 2

- >> P.43 Human Resource Strategy
- >> P.53 Business Strategy
 - Reinforcement of Core Businesses
- >> P.61 Business Strategy
 - Expansion of Overseas Business

Human Resource Strategy

We believe that enhancing corporate value requires improving the abilities and motivation of each employee, and are therefore especially focused on human resource strategies. To create a comfortable working environment for employees, we have implemented a variety of initiatives, including existing measures to promote women's participation, enhancements to leave systems, the "SMILE Project" aimed at correcting long working hours, the introduction of Casual Everyday, and productivity improvements through DX promotion. In addition, we continue our efforts to enhance corporate value by pursuing strategic employee development through measures such as reviewing our recruitment system to increase personnel, building highly effective training programs, and supporting the acquisition of advanced qualifications.

Strategy Deployment Map



Improving Employee Engagement

Dissemination and Establishment of Corporate Philosophy

From April 2024, Phase 2 of our Mid-Term Management Plan, the "Refining Stage," has begun. With the start of our new Mid-Term Management Plan, we have clarified our corporate philosophy to reaffirm internally and communicate externally the vision we aspire to be and the values we hold dear. Furthermore, as we strive to put our corporate philosophy into practice, we have organized the "shared values" that both the company and employees wish to cherish.

Corporate Philosophy		Delivering space values of safety, comfort, and trust to the future of ourselves, society, and the Earth.
Shared Values	Future orientation	Addressing current issues responsibly with future perspective
	Proactiveness	Growing together through ingenuity and positive challenges with professionalism
	Integrity	Accomplishing work live up to the trust with sincerity to surroundings and yourself
	Autonomy	Thinking and acting independently backed by high morals and aspirations
	Empathy	Fostering mutual understanding, building a comfortable environment for all
	Diversity	Respecting individuality and differences to create abundant value

Providing a Comfortable Work Environment

Strong Promotion of Workstyle Reform

Approach to environmental improvement

Our fundamental policy is to create a healthy and comfortable work environment where each employee can fully demonstrate their abilities, achieve work-life balance and a suitable work setting through workstyle reform, respecting employee diversity, and developing systems that offer fair employment, skill development, and advancement opportunities based on individual ability.

Employees are thriving by expressing their individuality and abilities

Our company fosters a work environment where employees can shine and leverage their unique personalities and skills with vibrancy, regardless of gender, age, nationality, or other attributes, even as society continues to diversify.

● Efforts to extend the retirement age

As part of workstyle reform, we revised our HR system and, beginning in FY2021, extended the retirement age to 65 and set continued employment up to age 70. In order to respond to revisions to the government's Act on Stabilization of Employment of Elderly Persons and Japan's low birthrates and aging society, we plan to tap into the vital asset that elderly workers present, while also securing and fostering younger employees. With the assumption of a career that extends to the age of 65, we are reviewing how we position different levels of qualifications and attendant salaries, and we are also planning to raise the standard of salaries for younger employees.

● Promotion of women's participation

As of June 1, 2018, we earned the two-star "Eruboshi" certification under the Act on Promotion of Women's Participation and Advancement in the Workplace (Women's Participation Promotion Act) for excellence in initiatives supporting active roles for women, and we have maintained this status to the present.

In April 2021, we formulated a new "Action Plan Based on the Act on the Promotion of Women's Participation and Advancement." We are implementing various initiatives to ensure work-life balance, such as creating an environment where men as well as women can take childcare leave.



Action Plan 5-year period from April 1, 2021 to March 31, 2026

Target 1	Target 2
Raise the average career length for women by 15% or more ▶ FY2024 results: 0.1% increase compared to FY2021	Raise the proportion of female managers to 1% or more ▶ FY2024 results: 3.4%



Eriko Abe
Manager of Management Section,
Technical Management
Department, Osaka Head Office

VOICE Voice of a Female Manager

I joined Dai-Dan as a general staff member and transferred to a management position in 2018. In 2022, I left my hometown in Kyushu for the first time in my life, transferred to the Internal Audit Office in Osaka, and in 2024 was appointed Manager of the Administration Section in the Technical Management Department. I had never worked in a technical management department before, so when I received inquiries from the technical department, I kept wondering, "Is this really correct?" I was continuously bewildered. Thanks to the kind (and sometimes strict) support of my team members and supervisors from other departments, I was able to begin my second year as section manager. In the future, I hope to see female managers not only in large offices but also at regional branch offices nationwide, where small teams are responsible for a wide variety of tasks. The proportion of women working in the construction industry is still much lower compared to other industries. I hope that not only women but also young employees will take a proactive approach to work rather than being passive.

Leave system

We offer our employees a variety of leave systems so that they can refresh themselves and enjoy fulfilling lives by making use of their vacation time.

This includes a structured holiday system with the five paid holidays a year mandated by the Labor Standards Act such as three additional days-off in August separate of summer break.

Moreover, persons who have been with the company for a long time are rewarded with travel coupons for their years of service, in addition to receiving allotted holidays.

As a new measure to help employees balance work and medical care, we have introduced an “outpatient leave” system, which allows employees to take leave when they need to visit medical institutions for infertility treatment, menopausal disorders, or follow-up on results from regular health checkups.

► Main leave systems (excluding statutory paid annual leave)

Type of holiday	Activities location (size)
Summer holiday	3 days in summer (July – September)
Refresh leave	7 consecutive days (annual) * For site workers, leave can be taken in single-day increments (up to a total of five days)
Long service leave	10 years of service ... 3 days 20 years of service ... 5 days 30 years of service ... 7 days 40 years of service ... 5 days
Congratulatory or condolence leave	Predetermined number of days for occasions such as weddings
Outpatient Leave NEW	6 days per year

Supporting the balance between work and home

In order to enable employees to balance work and parenting, and to create a comfortable environment for everyone to work in so that all employees can fully demonstrate their abilities, we have set three goals in our action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children and are working toward achieving them.

As a childcare service that can flexibly accommodate the diverse work styles of employees, we are implementing the joint use of “company-led daycare centers” under the Cabinet Office’s “company-led childcare business,” aimed at supporting child-rearing and helping resolve the issue of children on waiting lists.

Action Plan 5-year period from April 1, 2025 to March 31, 2030

Target 1

Increase the ratio of male employees taking childcare leave to at least 30% (Measures)

- Build a culture where it is natural for men to take leave, and proactively inform employees within the company
- Create an environment that makes it easy to return to work

Target 2

Cap overtime work per engineer at 340 hours per year. (Measures)

- Raise awareness through the company newsletter
- Conduct training on labor management for managerial staff
- Work style reform (DX promotion; moving on-site work to the office)

Target 3

Introduce work options that offer greater flexibility to the way people work (Measures)

- Expand childcare leave, nursing care leave, and reduced working hour systems

System Shortened working hours for childcare

The system that allows employees to adjust their working hours—no less than 5 hours and 45 minutes per day—to raise their children will, from FY2025, be extended to cover employees raising children up to the sixth grade of elementary school, which exceeds legal requirements.

To promote awareness and understanding of these systems, we have prepared the “Work-Childcare-Nursing Care Balance Handbook,” which supports employees in balancing work with childcare and nursing care.

System Dai-Dan GLTD System

GLTD stands for Group Long Term Disability insurance, a system that covers loss of income not compensated by paid leave or health insurance for employees who cannot work for an extended period due to illness or injury, providing benefits up to age 65. If you are absent or take leave without pay due to illness or injury, you will receive a sickness and injury allowance (up to 18 months) from the Dai-Dan Health Insurance. After these payments end, this system guarantees income until you recover from the illness or injury and are able to return to work (up to age 65).

* In cases of work disability due to mental health conditions, the benefit period (insurance payment period) is limited to a maximum of two years.

Introduction of Casual Everyday

From October 2024, we introduced “Casual Everyday.”

This initiative aims to create an attractive workplace environment by enabling each employee, regardless of their orientation or way of thinking, to work in a style that suits them, and by allowing employees to wear clothes suitable for the seasons and climate, to contribute to environmental conservation by saving energy for air conditioning and other utilities.



SMILE Project to address long working hours

Starting in FY2024, the legal cap on overtime hours under work style reform laws was also applied to the construction industry. The company-wide “SMILE Project” to address long working hours is being led by the Technical Division.

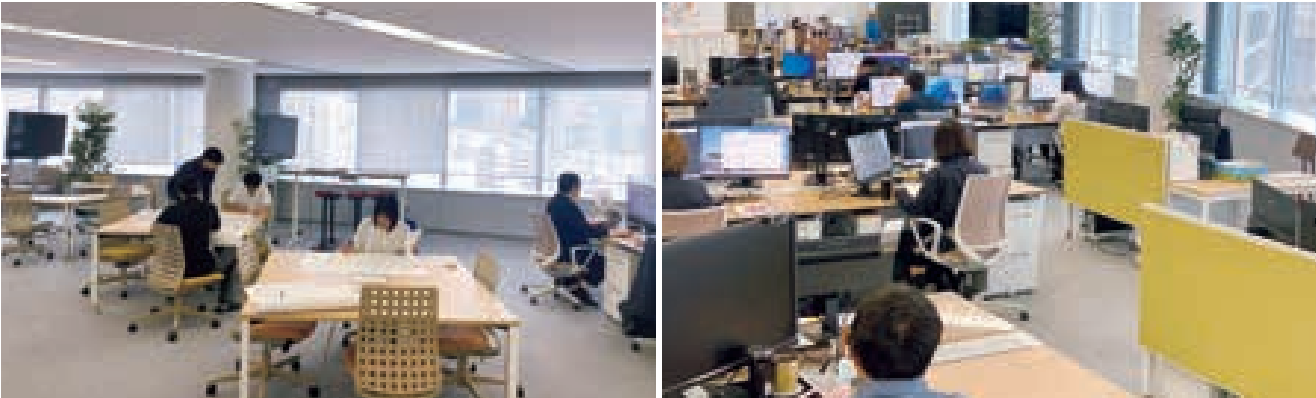
<SMILE Project: Three Pillars>

- (1) Changing awareness company-wide: Eradicating the construction industry mindsets of giving up with the mistaken belief that things cannot be changed or seeing long working hours as a given
- (2) Implementing measures to raise productivity: Imagining and implementing improvements to work processes from a zero base, or using ICT
- (3) Monitoring: Linking of targets and action plans into the sharing of results and improvements

In this project, we are rolling out specific initiatives company-wide to reduce workloads and invigorate communication, advancing the sophistication of the Support Department, and promoting DX to improve operational efficiency. From FY2024, to alleviate the workload of site site deputies, we proactively gather on-site issues and ideas for operational rationalization, further advancing the sophistication of the Support Department and promoting DX to enhance operational efficiency.

In FY2025, we will work to further establish these initiatives and promote activities to achieve eight days off every four weeks for on-site employees and reduce overtime work.

Following the relocation of the East Japan Division’s Support Department in the summer of 2024, the West Japan Division’s Support Department moved to a new office in April 2025, along with the expansion of support services and increased staff.



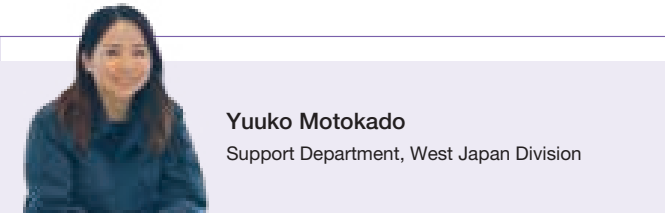
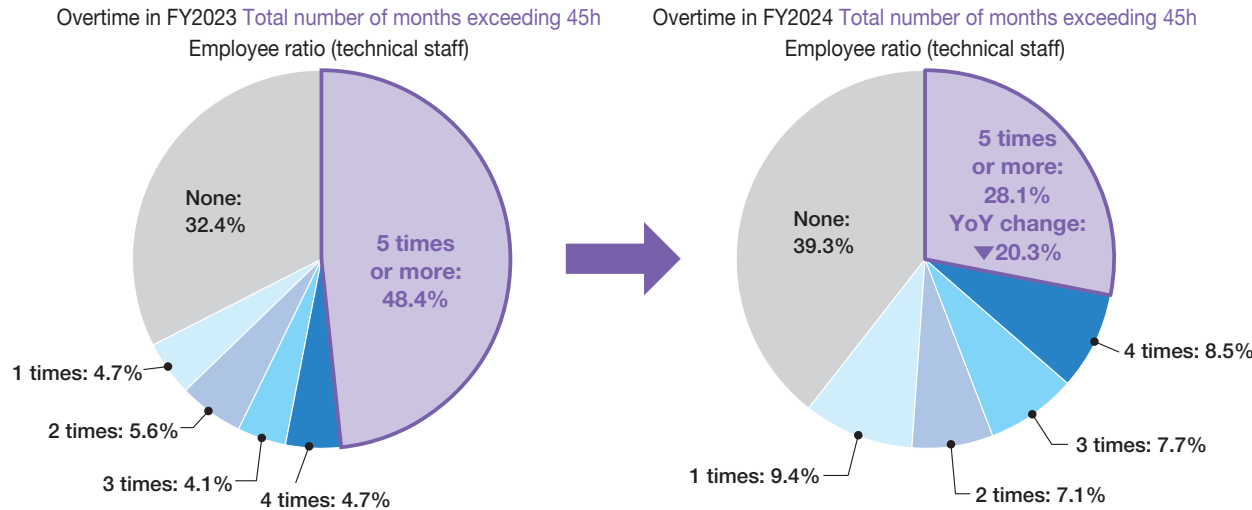
New office of the Support Department, West Japan Division

► FY2024 Main Initiatives

Activity	Implementation
Company-wide questionnaire	Survey engineers regarding the realities of days off and site closures
Thorough labor management to comply with overtime work regulations	- Implement proper labor management through the application of labor management operation rules - Detect signs of overtime in advance and take appropriate actions such as assigning additional personnel
Expansion of Support Department	- Reorgane tasks from sites to offices to reduce on-site workload - Outsource part of the on-site operations - Enhance support services
Effective use of BPO*	Start efforts to enhance on-site business response capabilities by leveraging BPO* at the East-West Division's Support Department
Awareness activities for employees	Reform employee awareness on workstyle changes through initiatives like the Try 4.8 campaign
Measures to invigorate communicatio	Verify the effectiveness of 1-on-1 meetings and other communication measures, and promote their continuous implementation
FY2024 On-Site Hearings	Conduc with 151 engineers at 32 sites across Japan
Introduction of workstyle reform initiatives towards FY2025	- Publish the "Casebook of Work Style Reform Through Field Hearings" - Introduce actual cases by featuring "Key Points for Achieving Winning Stories Through Field Hearings"

*BPO: Business Process Outsourcing

► Trend of monthly overtime working hours



Yuuko Motokado
Support Department, West Japan Division

VOICE

The Support Department of the West Japan Division has moved to a new office. From working in the new office, we have felt that communication has become more active. Specific factors include:

- (1) The space became brighter and more spacious due to more vibrant colocompared to conventional office furniturers and higher ceilings
- (2) The open meeting space allows for immediate discussions
- (3) The café space has become a place of relaxation for everyone, where people eat lunch or drink coffee and new conversations are sparked
- (4) Introducing indoor plants not only has a healing effect, but also creates opportunities for conversation through their growth and watering

The Support Department has increased staff numbers due to the strengthening of its structure. It is especially at this time of increased staf that communication has become even more important.

Initiatives for “Wellness Site Office”

In the construction industry, due to labor shortages and the diversification of business, it is more important than ever to have a work environment where each individual can perform at their best and communicate smoothly. To become a company where every employee can play an active role, we believe it is urgent to create a “comfortable work environment” that balances both rewarding work and workplace ease at the front lines of our company.

Against this background, Dai-Dan has been a pioneer in the industry by incorporating the concept of wellness* and building and verifying “Wellness Site Office”—on-site offices that pursue both functionality and comfort, and motive at employees want to come to work In FY2024, as in the previous fiscal year, we implemented wellness initiatives at various scales of on-site offices, utilizing our knowledge of Workplace Ease gained from field offices and our own buildings so far.

Moving forward, we will continue our efforts through these initiatives to further improve employee engagement and raise awareness in society of the construction industry as a more attractive field.

* Wellness: A way of life that designs a rich life based on physical, mental, and social health, and self-actualization

● Further Promotion of the “Wellness Site Office”

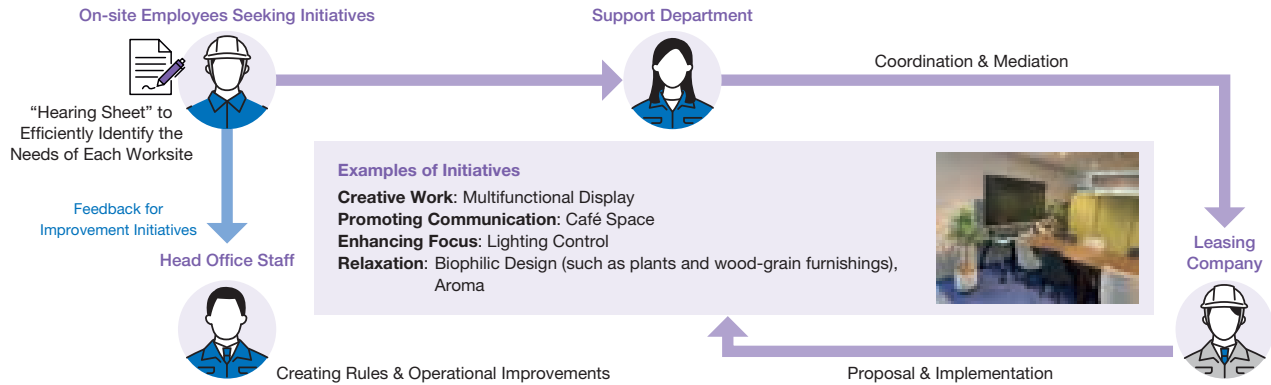
In FY2024, we strengthened schemes for efficiently extracting requirements according to the sacle and nature of the site during office construction, as well as collaboration with relevant internal departments and leasing companies. In addition, autonomous management led by field personnel and support departments has progressed in earnest, so this initiative is rapidly permeating and spreading company-wide.

In a post-implementation survey, 80% of users were satisfied with the wellness transformation, and functional elements such as displays were rated effective for “creative and efficient work,” lighting control for “increased concentration,” and biophilic design* that evokes a sense of nature for “relaxation and refreshment.”

Feedback from site personnel has included comments such as “the space has become comfortable for younger employees to work in” and “awareness of the work environment has increased,” providing opportunities for employees to reconsider their own workplace ease, work efficiency, and communication. Moreover, this initiative has been well received among customers and partner companies visiting the field offices, confirming the importance of wellness transformation and engagement improvement beyond corporate boundaries.

* Biophilic design: A design concept based on the belief that people have an innate desire to connect with nature. It is said to have effects such as alleviating stress and healing mind and body.

► Introduction of the Autonomous Operation Scheme for Wellness Site Office Construction



● Achievements of Initiatives for “Wellness Site Office”

The initiative has steadily expanded, and as of May 2025, wellness transformation has been implemented at a cumulative total of 24 large-scale field offices. Especially in large-scale sites which we are the prime contractor, about half have adopted wellness initiatives. In addition, feedback from employees working in the “Wellness Site Office” is being used to further improve the effectiveness of our initiatives.

We will continue to provide “a comfortable work environment” and “increase engagement” through cooperation beyond departmental and corporate boundaries, while aiming to revitalize and highlight the appeal of the entire construction industry.



Business Process Transformation Through DX

Improving productivity by promoting DX

The “Digital Strategy Policy and Measures” for Phase 2 of the Mid-Term M(9)nage Plan have been formulated as follows.

1. Further promote Construction DX	2. Develop and operate digital infrastructure for business resilience	3. Strengthen digital governance systems
(1) Workflow innovation using BIM (2) Improve productivity at construction sites through DX (3) Research and development for advanced ICT utilization (4) Contribute to carbon neutrality through DX	(5) Transform business processes through DX (6) Enhance operations through utilization of generative AI (7) Refor sales activities through DX	(8) Strengthen cybersecurity measures (9) Develop digital talent (10) Continuous information dissemination

Here, we introduce DX-driven business innovations and work style reforms, particularly focused on tackling “labor shortages” and “long working hours” in construction operations.

Further promotion of Construction DX

We will advance various DX efforts at every stage, including design, construction, and maintenance. At the construction stage, in addition to “building consensus with clients and designers” and “building consensus among construction participants,” we will introduce AI-assisted document creation for greater work efficiency.

	FY2024	FY2025	FY2026
(1) Workflow reform using BIM	Centralization of data via the cloud; examination of new workflows	Piloting of new workflows	Full-scale operation of new workflows
(2) Improving Productivity at Construction Sites through DX	Promotion of digitalization at construction sites, building, piloting, and operating ICT model sites		
(3) Research and development for advanced ICT utilization	On-site utilization, verification, and promotion of construction support tools such as 3D technology		
(4) Promotion of decarbonization through DX	Development of data linkage modules and systems for smart buildings		

Development of digital talent

From FY2024, we have begun digital literacy education for all employees. We will continue to focus on developing digital talent e the future.

Contents of development initiatives

- Implementation of ongoing digital literacy education
- Implementation of education for the development of core DX human resources (personnel who can utilize and leverage digital technology)
- Planning of DX training for young employees aimed at improving engagement

Utilization of cloud services for construction

By treating inform stored on cloud services for construction as the SSOT (Single Source of Truth), it is easy to manage the latest(1) versions, leading to improved productivity and quality.

Even without dedicated software, drawings can be viewed from anywhere, and collected information can be edited simultaneously by involved parties.

To further enhance effectiveness at work, we are also developing internal operating rules and creating educational content.



Utilization of ICT tools

By actively using various ICT tools linked with BIM models on tablet devices at construction sites, we are improving productivity.

At construction sites, ICT tools allow for checking drawings and 3D models, sharing information on various inspection items, managing construction progress status, and viewing equipment delivery specifications and construction manuals.

We are also working on developing essential communication environments for utilizing ICT tools at construction sites.



Design	Quotation	Procurement arrangements	Construction drawings	Logistics management	Construction management	Safety & quality	Inspection report	Maintenance & operation
Load calculation Energy-saving calculation Equipment selection application Drawing comparison application	Estimation application Drawing comparison application	Utilization of BIM information	Preparation of manuals Safety documents Drawing sharing Specification AI application	Order management Delivery management Process coordination	Information communication & sharing Progress management Drawing management Photo management Form management Minutes management	Drawing management Photo management Form management Minutes management Safety AI support Quality AI support	Inspection records Measurement records Report creation Issue records Application form preparation	Fixed-point camera utilization application Photo management Report preparation

Signed a Memorandum of Understanding (MOU) regarding strategic partnership with Autodesk

We recognize the establishment of an efficient construction system utilizing BIM data as a key issue, and will adopt Autodesk’s BIM software “Autodesk Revit” (hereinafter, Revit) and the cloud service specialized for construction work “Autodesk Construction Cloud” (hereinafter, ACC) as platforms in order to build workflows that strengthen the collaboration among HVAC, plumbing, and electrical equipment. We aim to achieve higher productivity and quality improvements by maximizing the use of BIM data through this implementation. In addition, through Autodesk, we will actively utilize knowledge and resources related to DX and BIM not only in Japan, but also worldwide.



President Nakanishi, Autodesk (left) / President Yamanaka, Dai-Dan (right)

<Main initiatives under the MOU>

1. Building workflows that strengthen the collaboration among HVAC, plumbing, and electrical equipment

By utilizing Revit and ACC, which strongly support collaboration, we will build an environment where HVAC, plumbing, and electrical equipment—including front-loading—can be comprehensively examined with a single BIM model, realizing not only efficiency but also added value enhancement.

2. Realizing data-driven project management to visualize the “now” at construction sites

Various application and ICT tool data will be consolidated with BIM data at the core, enabling accurate decision-making based on data and facilitating smooth project management.

3. Building CDE (Common Data Environment) and data platforms to strengthen data utilization and linkage

We will promote data utilization with a data platform based on ACC and enhance processes overall.

Strengthening Recruitment

Review of the Recruitment System

Organizational restructuring to strengthen recruitment

In the construction industry, the average age of workers is high, the number of younger entrants is declining, and the aging population is progressing. In light of such structural issues, we position human resource strategies as one of our most important themes as a policy for realizing our long-term vision. In the Mid-Term Management Plan Phase 2, in addition to strengthening recruitment, we are promoting mechanisms that enable younger employees to play an active role from an early stage by implementing training and rotations to help them gain experience. Through strategic employee development and review of the recruitment system, we aim

for the sustainable enhancement of corporate value. In addition, as changes in the business environment accelerate and uncertainty increases, we have consolidated and strengthened the functions of corporate planning, HR/recruitment/labor relations, and public relations/IR under the President's Office to enhance responsiveness to human capital and overall decision-making functions. In the President's Office, we are increasing the speed and ability to execute decisions through regular collaboration with the President and promptly advancing the introduction of new systems and peoplecy reviews.

Increase in number of employees through new graduate and mid-Mid-career recruitment

We have strenghtotalened our recruitment efforts both for new graduates and mid-career hires to continuously enhance our organizational foundation while responding to changes in the labor market. As a result, we have been able to secure a certain level of recruitment and steadily increase the number of employees.

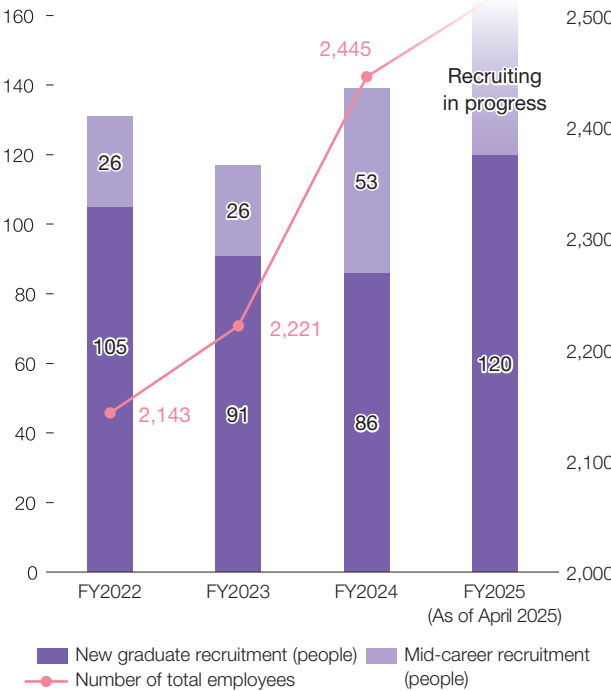
In new graduate recruitment, we introduced a recruiter system from FY2024. This initiative involves selected employees engaging in discussions and exchange with candidates to help dispel questions and concerns, thereby deepening understanding of our company and enhancing the quality of the selection experience. By narrowing the gap between the company image and the actual work style, we aim to reduce mismatches and improve retention rates.

Additionally, we are working to create a more attractive workplace for young people by expanding economic support measures such as support programs for student loan repayment and raising starting salaries. Furthermore, to continuously build relationships with universities, we have acquired naming rights to a hall at Nara Women's University and are working to establish long-term points of contact with students.

For mid-career recruitment, we have introduced new job listing media to improve recruitment efficiency and strengthen appeal to the target audience, and have developed our candidate pool. Additionally, through the use of referral recruitment and the partial relaxation of hiring conditions, we are expanding opportunities to connect with talent from diverse backgrounds. As a result of these initiatives, the number of mid-career hires doubled year-on-year.

We also pay attention to corporate social responsibility in the hiring process by establishing and communicating

►Trends in Number of New Graduate Hires / Mid-career Hires / Total Employees



original rules to prevent recruitment harassment, thereby striving to build trust with candidates and realize healthy recruitment activities.

Enhancing Employee Capabilities

Building Highly Effective Training Systems

Our training system begins with new employee training and provides a step-by-step training program to support employees' career advancement.

The new employee training program consists of general training, introductory technical training, and basic technical training, which are conducted as group training over a six-month period.

The introductory technical training provides fundamental knowledge related to our core business of equipment (HVAC, plumbing, sanitation, and electrical) construction by spending one month on understanding equipment overviews and hands-on experiences such as facility tours.

The basic technical training focuses on acquiring the specialized foundational knowledge necessary for the job over a period of five months. During the training period, in addition to lectures and drafting drawings, opportunities are provided to "observe," "touch," and "do," to help acquire knowledge and skills, improve drawing abilities—essential for engineers—and develop immediate workforce capabilities.

For certifications that can be challenged during basic technical training, such as the First-Class Plumbing Work Operation and Management Engineer (air conditioning/sanitation), Fire Protection Equipment Engineer Class 4 (electrical), and Second-Class Electrical Engineer (electrical), we conduct preparation lectures and encourage all new technical employees to pursue qualification acquisition.

After completing the group training, a six-month program is provided to help trainees understand workplace responsibilities (process, safety, work content, and drafting construction drawings), thereby completing the one-year new employee technical training program.

In addition to hierarchical training received by all employees, we offer position-based training, such as training on company-developed technology for engineers, specialized field training, and public qualification seminars, to continuously improve our engineers' skill levels. Even for other job categories (sales / administration), we make sure that basic technical knowledge is understood, so that through training and OJT focused on sales and administrative staff, employees can acquire broader perspectives, flexibility, and a wider range of skills.

Additionally, in order to address the shortage of human resources and enhance the attractiveness of our industry, we provide training not only to regular employees but also to temporary staff, with content tailored step-by-step according

Pick UP! Education for Newly Graduated Temporary Staff

We offer one month of in-person training for newly graduated temporary staff. The training curriculum is equivalent to that of full-time employees, incorporating extensive hands-on practice for more effective education. After assignment, they immediately become valuable contributors, and during training, engaging in team-based activities helps foster connections among temporary staff.

Curriculum

Acceptance start

Overview of construction equipment

Basic safety education

CAD training

Site tour

Practical training (on-site measurement, drawing modification, material ordering)

Usage of apps

Material receipt and acceptance experience

BIM training

Special training (aerial work platform)

On-site assignment



New Employee Training

to years of experience and other factors. Rather than relying solely on on-site training, we provide high-quality training on a company-wide, collaborative basis.

Encouragement for Obtaining Advanced Qualifications

We have a well-developed system for encouraging the acquisition of qualifications, with the goal of continuously improving employees' technical skills and fostering research motivation.

The company covers the costs of exam fees, external seminar fees, registration fees, and renewal seminar fees for employees pursuing certifications. In addition to awards for qualified employees, they receive monthly certification

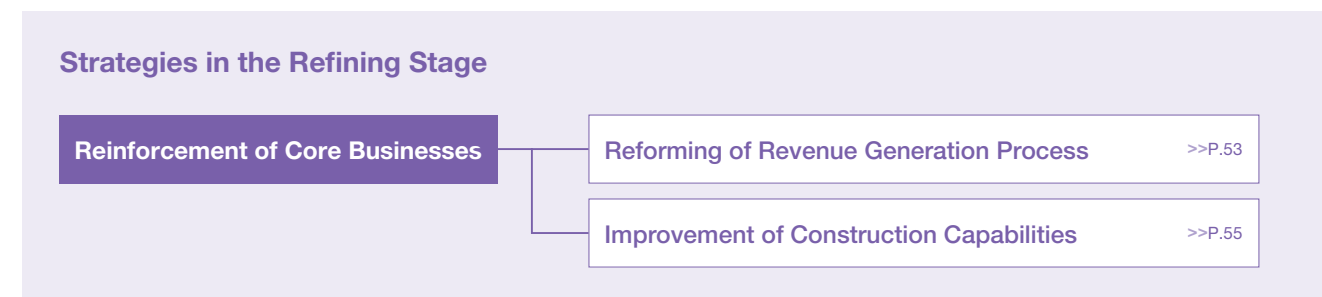
bonuses and may also receive special promotions, which help boost examinee motivation.

Particularly, we have a system in place to fully cover the costs of external seminars for employees selected each year to obtain qualifications such as "Engineer," who has advanced knowledge and applied skills in science and technology, and "First-Class Architect," which is indispensable for design and construction supervision of buildings.

Business Strategy ▶ Reinforcement of Core Businesses

The Dai-Dan Group is advancing the reinforcement of core businesses under the Mid-Term Management Plan Phase 2 “Refining Stage” of the Stage 2030, focusing on transforming the profit creation process and further enhancing construction capabilities. Through optimizing order strategies based on market trend analysis and deepening customer relationships in collaboration with affiliated companies, we will further strengthen our earnings base. In the construction phase, we aim to strengthen group-wide construction capabilities through initiatives such as promoting front-loading with the use of prefabrication and off-site unit processing facilities, enhancing construction processes with on-site support from back office, and advancing equipment technology with innovations such as the “Barrier Smart” series which controls indoor air pressure fluctuations and advanced airflow simulation analytics.

Strategy Deployment Map



Reforming of Revenue Generation Process

Stabilizing Profits Through Order Strategy

We analyze the market and formulate order plans that consider the optimal order balance. In recent years, we have expanded our order activities with a focus on securing profits, recognizing the active capital investment in industrial facility projects such as data centers and semiconductor factories.

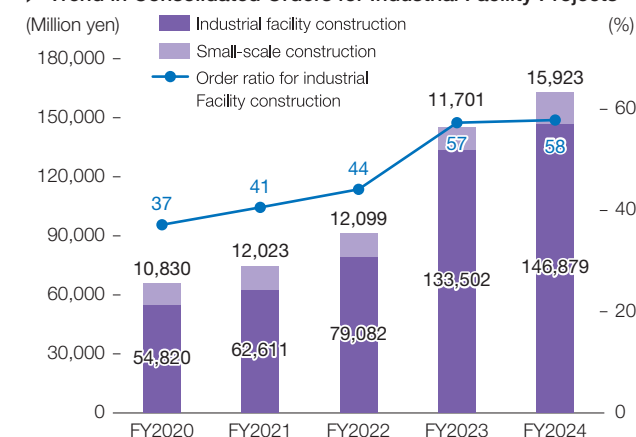
The trend of large-scale construction projects is becoming more pronounced, and we respond by flexibly organizing construction teams across the entire company. We will continue to proactively undertake large-scale projects, and

particularly prioritize large-scale industrial facility projects as important from the perspective of technological succession.

On the other hand, considering the possibility that rising construction costs may shift capital investment from new construction to renovation, we have revised our organizational structure to make optimal proposals.

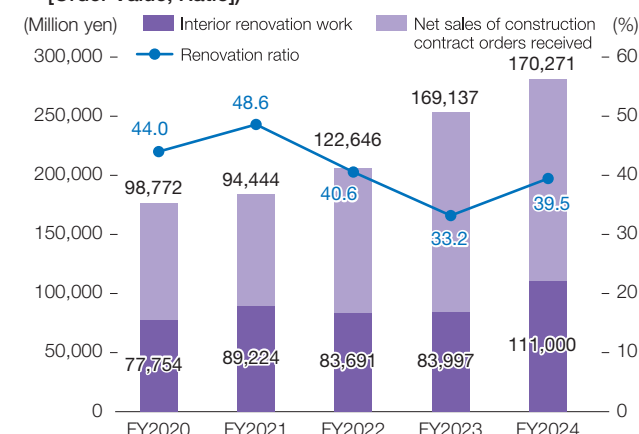
In the future, we will continue to accurately analyze the market, formulate flexible and effective order strategies, and strive to secure orders and profits.

► Trend in Consolidated Orders for Industrial Facility Projects



* We categorize factories, laboratories, data centers, and logistics facilities as “industrial facilities.”

► Consolidated Order Trends (Order Value / Renewals [Order Value, Ratio])



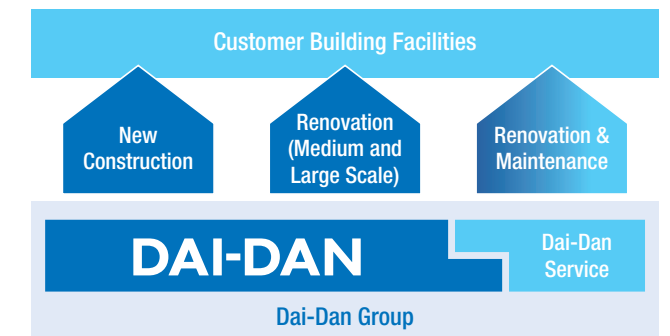
Maintaining Customer Relationships in Collaboration with Affiliated Companies

Group company initiatives

The domestic subsidiaries of the Dai-Dan Group operate in the Kanto and Kansai regions, working to maintain and further strengthen customer relationships as the Dai-Dan Group.

Dai-Dan Service, as a group member, handles renovation work and maintenance for buildings constructed by the group.

By proposing and executing renovations at appropriate times based on building lifecycle, we ensure the maintenance and restoration of original functions.



DAI-DAN Service Kanto Co., Ltd.

Dai-Dan Service Kanto is led by experienced engineers and mainly handles renovations, repairs, and maintenance for projects constructed by Dai-Dan. As a member of the group, we aim to contribute to the entire group by leveraging Dai-Dan’s technological expertise and know-how.



Established: December 1997
President: Yoichiro Arikawa
Number of employees: 19



DAI-DAN Service Kansai Co., Ltd.

Dai-Dan Service Kansai works in partnership with the Osaka Head Office and is responsible for maintenance and small-scale work on Dai-Dan construction projects in the Kansai region. Our primary business goal is to help maintain the relationship between Dai-Dan Group and its customers.



Established: April 2001
President: Hiroshi Hamada
Number of employees: 28



Improvement of Construction Capabilities

Use of Offsite Facilities for Prefabrication and Modular Processing

In the construction industry, amidst ongoing responses to serious labor shortages and work style reforms, there has been an increase in large-scale projects in recent years, further raising the required quality standards. This has led to a need for a fundamental review of construction systems and further strengthening of construction capabilities.

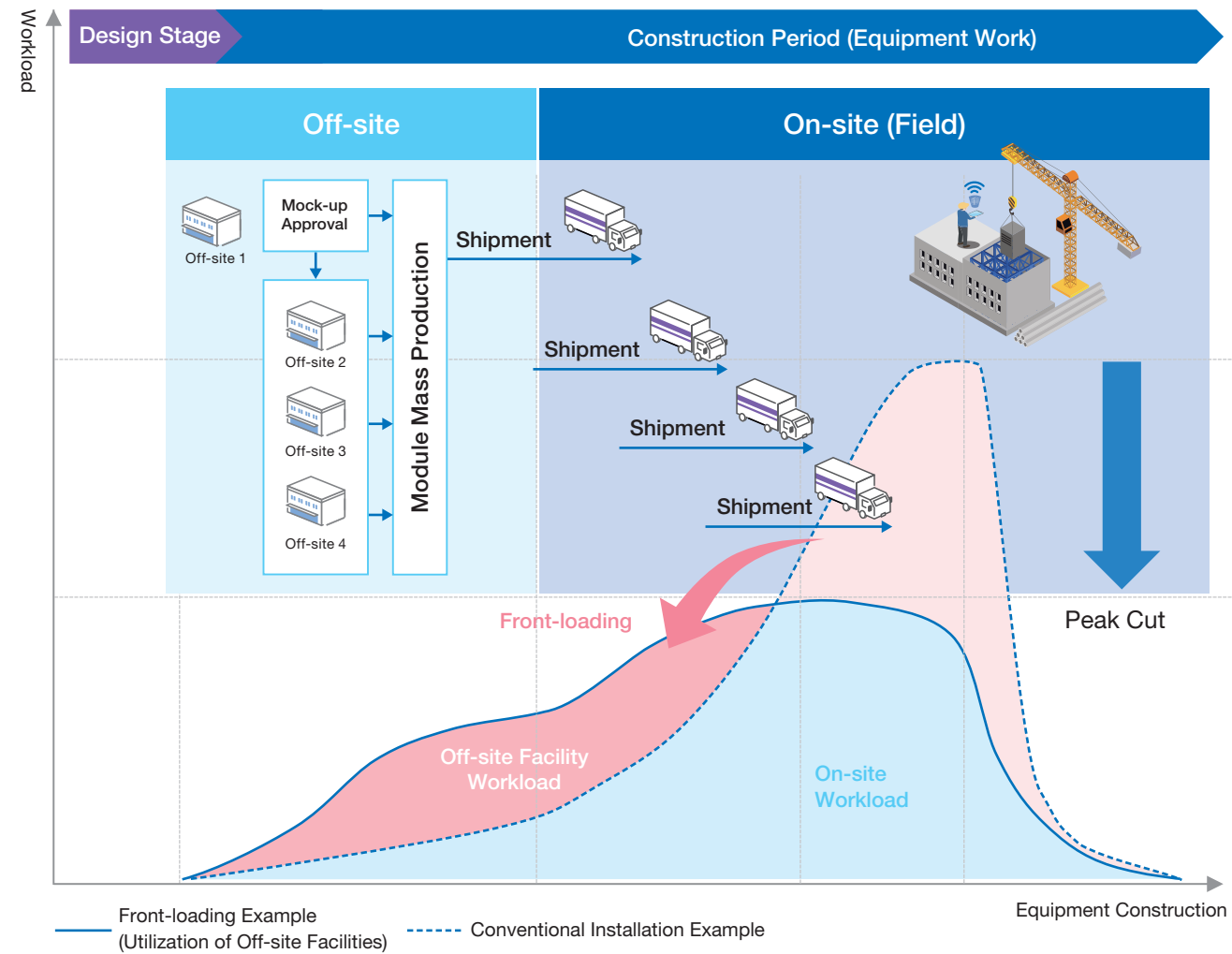
At our company, as part of Phase 2 “Refining Stage” of the Mid-Term Management Plan started in FY2024, we have set “Strengthening support from off-site to on-site” as our human resource strategy to achieve workplace ease.

To address labor shortages caused by the rapid aging of skilled workers and a decrease in new entrants, as well as reductions in on-site work due to work style reforms, we are expanding and enhancing off-site facilities for prefabrication through piping processing and modularization, aiming for labor-saving and improved productivity at construction sites.

Early approval of key equipment, piping, and frame modules enables mass production at multiple off-site facilities, significantly reducing on-site work volume and leveling site processes.

Furthermore, off-site facilities allow for a stable construction system unaffected by weather or site conditions, improving work efficiency and quality. Additionally, by distributing construction workload and implementing flexible work plans, we can secure and strengthen relationships with subcontractors, helping to build stable partnerships.

At construction site of large-scale projects off-site facilities are sometimes used as part of front-loading efforts, where full-scale mock-ups are produced early for consensus-building among building owners, designers, and contractors.



Utilization of Off-site Facilities —Piping and Frame Module Fabrication Process—



<Off-site Facility Benefits>

Customer Satisfaction	: Improved customer satisfaction through inspections, corrections, and improvements to requirements using mock-ups
Quality	: Ensures construction quality and enhanced reliability through inspection of all modules and products
Construction Period	: Improved schedules and ensures deadlines by reduced on-site work volumes
Safety	: Mitigates accident risk through significantly reduced on-site work

Efforts to Utilize the Meister Program and Strengthen Partnerships with Partner Companies

Providing assured quality through strong partnerships with subcontractors

Dai-Dan Meister Program

Since 2011, we have been conducting fair evaluations and commendations for foremen at subcontractors, aiming to secure outstanding foremen and promote safe, efficient site operations and improved quality.

Apart from recognizing “Meisters” and “Excellent Foremen,” we also support costs for obtaining certifications such as Registered Core Engineer and provide monetary awards to “Meisters” and “Excellent Foremen” working at our sites.

In July 2025, 36 individuals from 26 companies were commended for certification acquisition, and 135 “Meisters” and “Excellent Foremen” were recognized for site contributions.

Additionally, among the subcontractors, those who excel and demonstrate high contributions to our company are selected as “Excellent Subcontractors”—in FY2024, 30 companies were commended.

Meister Certification

In December 2024, 25 foremen who worked at our sites were newly selected as Excellent Foremen, and 8 individuals among them were judged to be the most outstanding and certified as Meisters.

As of April 2025, there are 55 Meister-certified individuals: 17 electric workers, 20 piping workers, 10 duct workers, 4 refrigerant piping workers, and 4 insulation workers.

Partnership Declaration

In July 2025, our company updated our Partnership Building Declaration. You can view the full declaration below.



Partnership Declaration
<https://www.daidan.co.jp/sustainability/pdf/partnership.pdf>





Hiroki Matsushima
MA Engineering LLC.

VOICE Voice of a Meister

Thank you very much for certifying me as a Dai-Dan Meister for FY2024. I would like to express my sincere appreciation to everyone involved.

I am very glad and honored that the skills and experience I have built up over the years have been recognized in this way. However, this work cannot be done alone. I believe that my colleagues and seniors at the site, as well as my family’s support, enabled me to receive this title.

I will not rest on this prestigious title; I will continue striving every day. I am determined to take responsibility and do my best to pass on skills and on-site responses to the younger generation.

Once again, I will remember my original intentions, be careful and prioritize safety, and contribute to fostering successors and improving safety and quality on site.

Continuous Initiatives for Occupational Health and Safety Aimed at Eliminating Industrial Accidents



Health and Safety Policies
<https://www.daidan.co.jp/health-and-safety/>

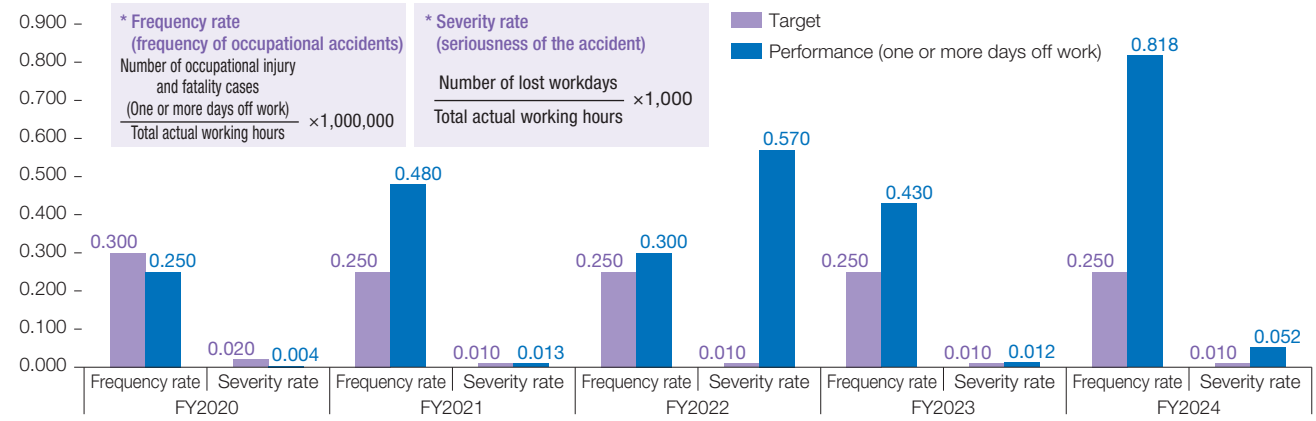
Conducting risk assessments

At all of our sites, we conduct risk assessments before starting work to identify and determine measures to reduce latent hazards in operations, and we review these measures every month according to construction progress.

Occupational health and safety management system

Our company has established a safety and health management system, including the Central Safety and Health Promotion Committee and the Site Safety and Health Promotion Committee. The Site Safety and Health Promotion Committee is organized for each location and includes representatives from both management and labor as members. The Central Safety and Health Promotion Committee, which oversees the entire company, is chaired by the Head of Technical Division under the direction of the President.

Safety performance



FY2024 evaluation

Target	Key item
(1) Three or less lost-time occupational accidents company-wide	(1) Thorough preventive-based safety management
(2) Compliance with the upper limit on overtime hours	(2) Thorough safety management of various minor construction projects
(3) Reduction of health risks	(3) Thorough orientation and new worker safety education
	(4) Thorough labor time management and promotion of measures to prevent excessive work
	(5) Practicing measures for maintaining and improving health

In FY2024, there were 72 labor accident victims (14 with lost workdays, 58 without), an increase of 15 in total and 6 more lost workday accidents compared to the previous fiscal year. By type of accidents, “caught in/between or entangled” incidents decreased, but “falls from heights” due to non-compliance with rules for portable and temporary scaffolding remained at nearly the same number as in FY2023. Analysis shows that, in addition to disasters caused by “lack of hazard awareness” among those with less than five years of experience (including site managers), many incidents were also caused by “complacency” among experienced workers with over ten years in the field. With the goal of reducing

“insufficient hazard prediction,” “non-compliance with rules,” and “carelessness,” we will thoroughly provide daily on-site safety guidance and communication with workers, and repeatedly provide instructions to prevent accidents. When examining the relationship between near-miss reports and labor accidents, it was confirmed that the submission rate of near-miss reports by victims is low. For inexperienced workers, we aim to reduce risks and accidents by promoting “near-miss (activity)” among employees and workers, utilizing past accident cases and safety/health compliance requirements.

For FY2025, we are focusing on the following points, working company-wide toward improvement.

- (1) Thorough preventive-based safety management
- (2) Full compliance with proper rules for using “temporary scaffolding and equipment”
- (3) Implementation of our company’s basic safety and health rule education during orientation and new worker training, and thorough work environment management
- (4) Strict labor time management and promotion of measures to prevent excessive work
- (5) Practicing measures for maintaining and improving health

President Patrol

On October 18, 2024, our President, Mr. Yamanaka, conducted a safety, health, and quality patrol at the “2025 Japan World Exposition Heat Supply Operations” worksite in Konohana-ku, Osaka City, confirming the construction status.

This patrol was conducted by President Yamanaka himself, who visited and instructed on-site, with the themes of “raising awareness of occupational health” and “thorough preventive-based safety management” in line with National Occupational Health Week.

In President Yamanaka’s address, he said, “Although the construction work is mostly finished, some tasks are still ongoing. You never know when or where an accident might happen, so please stay focused and make sure you complete the remaining work carefully. This is a major national project, so I ask everyone to stay vigilant and strive to finish the work accident- and incident-free. Thank you for your efforts today.” to both workers and employees.



President Yamanaka patrolling the site (second from the right)
Project name: 2025 Japan World Exposition Heat Supply Operations
Building purpose: Energy Center
Construction period: April 2023 – September 2026

Use Cases of Research and Development

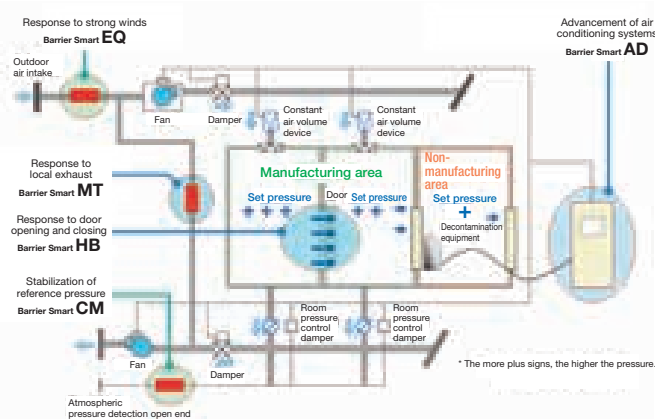
The products developed and technical expertise cultivated based on Dai-Dan’s innovation capabilities are applied to core businesses and provided to customers as advanced technologies that deliver added value.

Providing a stable clean environment

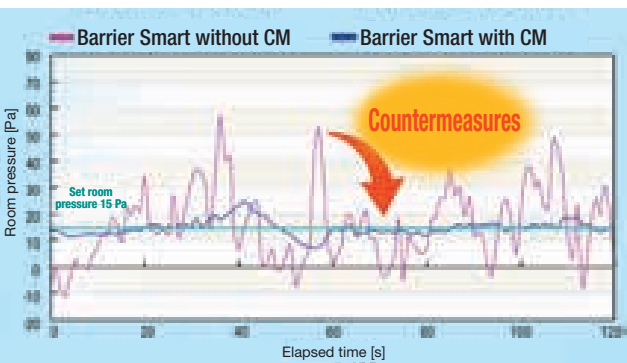
In biological clean rooms, such as those found in pharmaceutical-related facilities or biohazard research sites, room pressure must be stabilized to maintain manufacturing quality. However, room pressure can fluctuate due to opening and closing of doors, changes in air supply/exhaust volume, and outside wind pressure from typhoons and seasonal winds, potentially leading to reduced product

quality. The higher the airtightness of the room, the more difficult it is to control room pressure accurately. To address these challenges, Dai-Dan developed the “Barrier Smart™ Series” to suppress fluctuations in room pressure. With a lineup offering different functional values, we solve customers’ various room pressure fluctuation issues and provide a stable clean environment.

Overview of the Barrier Smart Series



Example of Barrier Smart CM effect



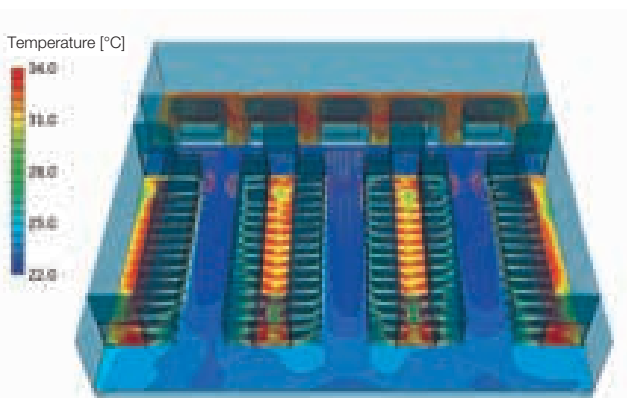
Building highly reliable data centers

With the spread of AI, the demand for building data centers is increasing more and more. One of the main challenges in data centers is high energy consumption, requiring highly energy-efficient designs. However, in such designs, room temperatures in server and electrical rooms often exceed intended levels for various reasons, so constructing reliable data centers while maintaining energy efficiency requires advanced simulation technology.

Dai-Dan uses airflow simulations to create the most effective airflow environments for each data center. By visualizing airflow speed and temperature, we make our proposals visually easy for customers to understand. We also help provide highly reliable data centers through practical competence.

Additionally, based on know-how and insights gained from our many construction achievements, we solve customer issues such as “energy-saving planning tailored to customer needs,” “corrosion of water piping,” “noise and vibration,” and “optimal lighting environments.”

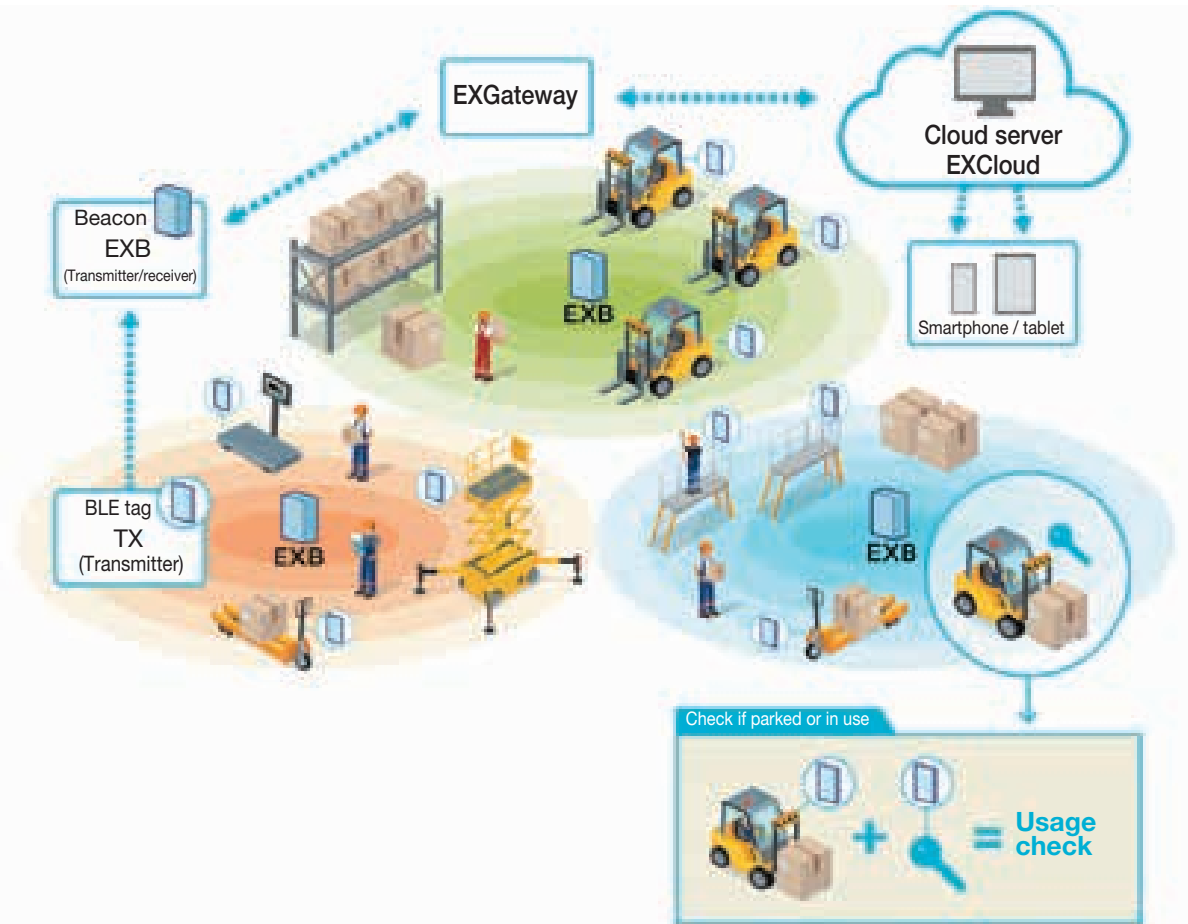
Sample image of simulation inside server room



Development of on-site temporary equipment reservation solution

As part of our DX efforts to improve operational efficiency and productivity of construction sites, we worked with WHERE Co., Ltd., a provider of IoT solutions, to develop “MonoBooker™.” This is a solution system that visualizes the location and usage status of temporary equipment—such as aerial work platforms—at construction sites, enabling reservation adjustments from anywhere, anytime. On large construction sites, confirming the location and users of temporary equipment such as aerial work platforms, as well as adjusting reservations, consumes significant time and effort.

With MonoBooker, transmitters are attached to temporary equipment, and location and usage data are managed in the cloud, enabling real-time tracking and reservations from PCs, tablets, or smartphones—anywhere, anytime. Management departments away from the site can also monitor equipment usage, analyze utilization rates, and provide advice such as to return them. In FY2024, there were 16 adoptions; one of which was utilized by another company, contributing to improved industry productivity.



Publication of Technical Reports

The Technical Report is published with the aim of enhancing the skills of technical employees by focusing on design and construction case studies, accumulating the company’s technology, and horizontally sharing expertise. In the latest issue, we detailed installation case studies related to industrial and medical facilities, and introduce characteristic or technically excellent installation projects. We also featured initiatives that won awards at the Case Study Presentations. In total there were 25 articles. In addition to traditional efforts to improve design and construction and reduce costs through creative ideas, the report provides a wide range of information to all engineers—including

case studies where advanced equipment technologies are utilized and facilities are provided with future maintenance in mind. Since it is viewed via the company portal, conveniences are considered, such as links to each report from the file’s “table of contents” and “bookmarks,” and the ability to freely zoom in and out on detailed flowcharts on PC or iPad screens.

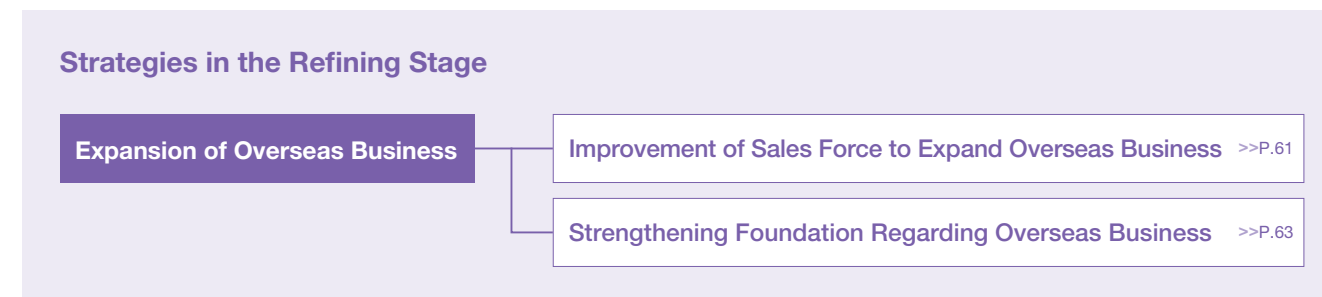


Business Strategy ▶ Expansion of Overseas Business

Dai-Dan Group's overseas business is expanding across four areas: Singapore, Thailand, Vietnam, and Taiwan. Under Phase 1 "Organizing Stage" of the Mid-Term Management Plan for the nine-year Long-Term Vision <Stage 2030> from April 2021 to March 2030, one of our business strategies was "Strengthening Overseas Business." Following this, in Phase 2 "Refining Stage" of the Mid-Term Management Plan, which started last fiscal year, "Expansion of Overseas Business" was set forth, positioning overseas business as "a business driving growth."

In Singapore, the core of our overseas business, we have additionally acquired 30.0% of the outstanding shares of Presico Engineering Pte. Ltd. (hereafter Presico), an equity-method company, in October 2024, thereby making Presico a consolidated subsidiary. We aim to further enhance corporate value by generating greater synergy while continuing to maintain Presico's managerial independence and brand strength.

Strategy Deployment Map



Improvement of Sales Force to Expand Overseas Business

In Singapore, our main overseas business area, we have a proven track record of many construction projects, including Changi International Airport, since our entry in 1977. In addition, by leveraging our human network in the country and top-level licenses in each area—HVAC, electrical, mechanical, and general facilities—we are actively pursuing orders for large-scale government-led projects.

In October 2024, by consolidating Presico, a local company with extensive private construction experience, as a subsidiary, our group as a whole is further committed to project acquisition activities in the Singapore market.

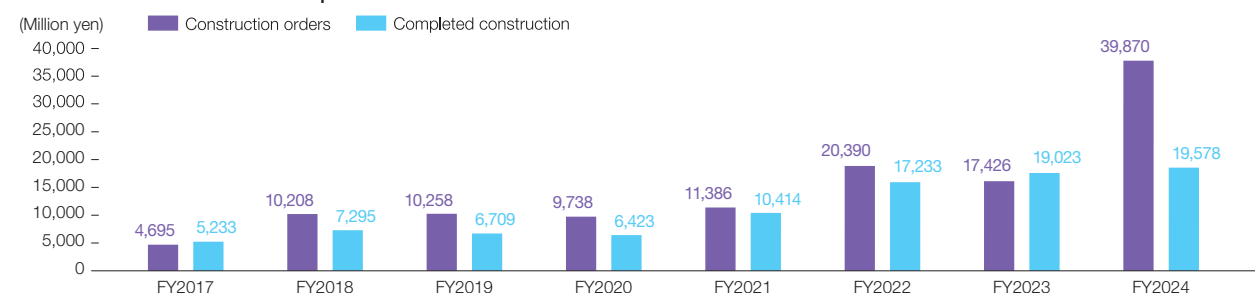
In Thailand, Vietnam, where many Japanese companies have entered, and in Taiwan, where there are many leading semiconductor manufacturers, we have appointed specialized sales staff to connect overseas bases with the domestic sales headquarters through the International

Division. By leveraging relationships cultivated with customers in Japan over many years, our group promptly identifies projects and conducts meticulous sales activities both domestically and overseas as one team.

As localization and project scale continue to increase, thorough risk management is also becoming increasingly important. Each headquarters—sales, technical, operations, etc.—works together with overseas bases to build an integrated risk management system from the sales stage through construction.

Through the rotation and training of engineers, and the proactive dispatch of Japanese employees to sites, we foster global talent in each area: sales, technical, and administration. This builds our group's capability to drive business expansion globally, without distinction between inside and outside Japan.

▶ Transition of overseas business performance



Overseas Business Organization



Overseas Offices

Singapore (Branch, local subsidiary Dai-Dan International Asia)

In Singapore, the core of Dai-Dan's Overseas business, there are three bases: the branch and fully owned local subsidiaries Dai-Dan International Asia Pte. Ltd. and Presico Engineering Pte. Ltd. (see below). Currently, at the aforementioned first two bases, we are working with a Japanese general contractor on the construction of Singapore's first high-defense-level biosafety research facility, secured in FY2024.

Also in Singapore, there are many large-scale projects planned, such as hospitals and resort facilities, and we are working to participate continuously by receiving support from Japan.



DAI-DAN INTERNATIONAL ASIA PTE. LTD.

Singapore (Presico)

Presico Engineering was established by Mr. Chong Choon Meow on 10th March 2009.

In February 2023, the Company became an equity method affiliate following the acquisition of 40% of its shares. Subsequently, an additional 30% stake was acquired, making Presico Engineering a consolidated subsidiary.

Presico Engineering boasts a strong track record across a diverse portfolio of projects, notably for the National University of Singapore, major healthcare establishments such as Mount Elizabeth Hospital, and a range of other commercial, residential, educational institutes, industrial and government developments.

In recent years, Presico Engineering has been involved in the construction of large-scale, high-power charging infrastructure for public electric buses commissioned by the Land Transport Authority (LTA), supporting Singapore's nationwide transition to electric public transportation.



presico

Thailand (Dai-Dan Thailand)

Established in 1984 and now in its 41st year, Dai-Dan Thailand has been involved in numerous new factory construction projects as an equipment construction company for Japanese factories in Thailand. Currently, our activities extend beyond new and expansion projects for factories to include diagnosis, maintenance, management, renewal of aging equipment, and installation of solar power generation systems, aiming to be "the reliable neighborhood doctor" for factories.

Additionally, Dai-Dan Thailand operates from Bangkok Head Office and has offices in Chon Buri and Lamphun provinces, providing support from three bases in Thailand.



DAI-DAN (THAILAND) CO., LTD.

Vietnam (Dai-Dan Vietnam)

Now in its fifth year, Dai-Dan Vietnam is establishing its construction system in northern, central, and southern Vietnam alike with the aim of expand its performance. As in Thailand, we focus on securing orders mainly from Japanese customers. There are many hurdles to executing construction projects in Vietnam, such as delays in approval applications, but we address these issues under the guidance of Japanese general contractors.



Taiwan (Dai-Dan Taiwan)

At Dai-Dan Taiwan, a local subsidiary established in March 2022, we are expanding the “supercritical CO₂ filter and adsorbent regeneration service” proven in Japan, in Taiwan, where some of the world’s leading semiconductor manufacturers are located.
In Taiwan, there is a strong awareness and demand for these types of environmental services, so we will work to promote them in collaboration with our partner companies.



Strengthening Foundation Regarding Overseas Business

Development of Global Employees

We believe that one of the most important factors in strengthening the foundation of overseas business is employee development on a global scale. Our company regularly conducts on-site training on a project basis.



Castem Vietnam precision mechanical factory (Vietnam)
HVAC, plumbing & sanitary, and electrical equipment work



Haruki Sato
(Training:
October 2023 -
April 2025)

Voices of Trainee

I participated in the CASTEM project in Vietnam as a trainee. It was my first overseas assignment, but with support from those around me, I was able to complete the project on schedule with zero workplace accidents. Although I faced many challenges during this training, such as differences in communication and living habits, it became a valuable experience in my career.



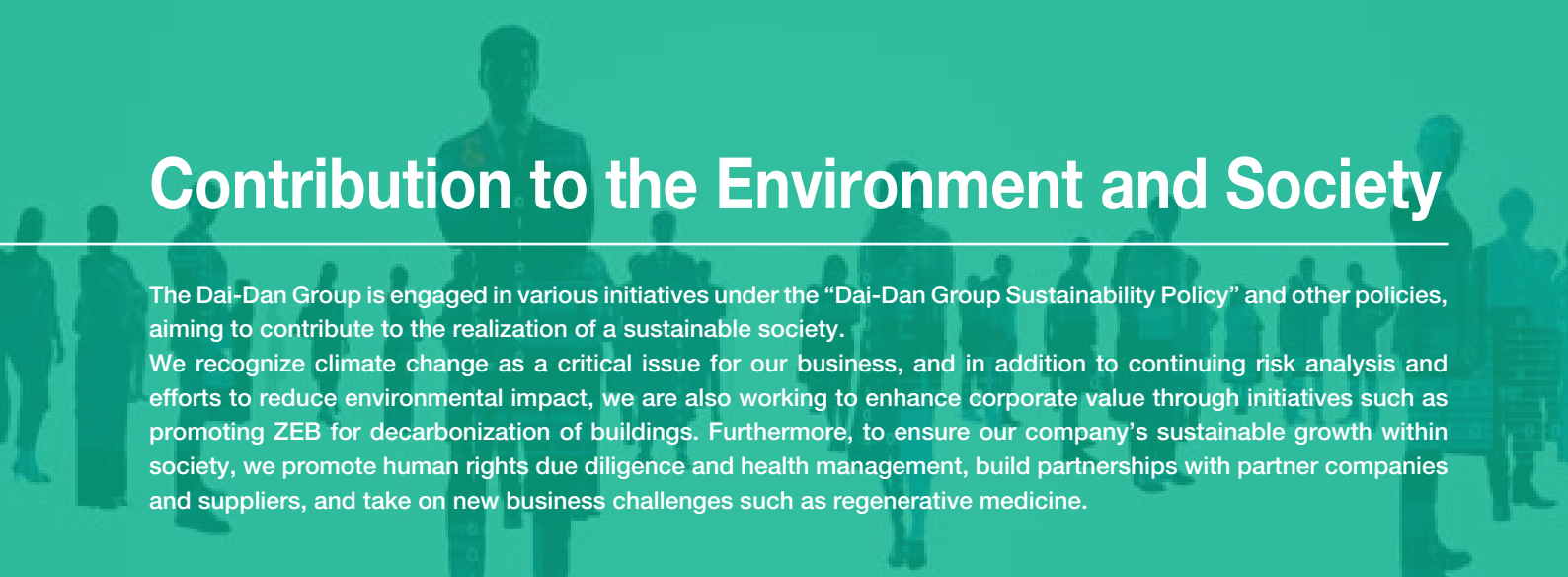
Mitsuru Takahira
Managing Corporate Officer
Manager of International Division

Message from the Manager of International Division

Our company aims to expand the scale of our overseas business every year, and with this comes increasing importance of risk management. For example, risks with a high possibility to materialize include non-payment or late payment for contracted work, bankruptcy of partner companies, and related litigation risks. Therefore, from April 2025, we have strengthened our overseas business department in Japan and established a system that can objectively identify risks. In addition, each domestic divisions regularly visits local sites to strengthen collaboration between domestic and overseas operations.
For overseas businesses, in addition to the above, there are many issues including a shortage of global employees, but we will continue to work steadily for further expansion and sound business operations.

Sustainability
Initiatives
in Phase 2

- >> P.65 Contribution to the Environment and Society
- >> P.87 Strengthening Corporate Foundation



Contribution to the Environment and Society

The Dai-Dan Group is engaged in various initiatives under the “Dai-Dan Group Sustainability Policy” and other policies, aiming to contribute to the realization of a sustainable society.

We recognize climate change as a critical issue for our business, and in addition to continuing risk analysis and efforts to reduce environmental impact, we are also working to enhance corporate value through initiatives such as promoting ZEB for decarbonization of buildings. Furthermore, to ensure our company’s sustainable growth within society, we promote human rights due diligence and health management, build partnerships with partner companies and suppliers, and take on new business challenges such as regenerative medicine.

We recognize climate change as a critical issue for our business, and in addition to continuing risk analysis and efforts to reduce environmental impact, we are also working to enhance corporate value through initiatives such as promoting ZEB for decarbonization of buildings. Furthermore, to ensure our company's sustainable growth within society, we promote human rights due diligence and health management, build partnerships with partner companies and suppliers, and take on new business challenges such as regenerative medicine.

Strategies in the Refining Stage

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graph LR; A[Contribution to Environmental and Social Sustainability] --- B[Reduction of Environmental Impact >>P.68]; A --- C[New Business Creation that Contribute to Sustainability >>P75]; A --- D[Fulfillment of Corporate Social Responsibility >>P.77];
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The diagram illustrates the contribution to environmental and social sustainability through three strategies:

- Reduction of Environmental Impact >>P.68
- New Business Creation that Contribute to Sustainability >>P75
- Fulfillment of Corporate Social Responsibility >>P.77

Dai-Dan Group Sustainability Policy

The Dai-Dan Group's management principles drive us to "deliver space values of safety, comfort, and trust to the future of ourselves, society, and Earth."

Those principles underscore the Dai-Dan Group Action Standards on which we seek the trust of our stakeholders and the business activities through which we strive to solve the problems facing society and the environment, and contribute to the realization of affluent but sustainable ways of life.

- 1 Finding and applying light, air and water technologies that protect the global and local environments while providing comfortable work and living spaces by reducing environmental loads.
- 2 Fostering a corporate culture that respects the human rights and individuality of everyone by welcoming diversity into the workplace.
- 3 Ensuring full compliance with laws, regulations and agreements by continuously improving our systems of corporate governance.
- 4 Maintaining an open dialogue with stakeholders that allows us to meet social expectations and demands, and build strong bonds of trust with all.
- 5 Sharing this policy with group subsidiaries and subcontractors so that we can promote sustainability initiatives in unison.

Yasuhiro Yamanaka

DAI-DAN CO., LTD. Representative Director and President

April 1, 2024

DAI-DAN CO., LTD. Representative Director and President
April 1, 2024

Dai-Dan Group Sustainability-Related Policy System

We formulated our policy as our fundamental approach to tackling the issue of sustainability. The Sustainability Policy is positioned as the top-level policy above individual policies for environment, society, and governance, based on our corporate philosophy and group code of conduct. With the formulation of this policy, we aim to further promote ESG management and contribute to a sustainable society. For the full text of the Sustainability Policy, please see p65.

► Policy hierarchy

Corporate Philosophy	Materiality	Basic Policy	Detailed Policies and Guidelines	* Stakeholders
↓	Contributing to carbon neutrality (E)	Quality and environmental protection policy	—	Local community
↓	Creating a rewarding work environment (S)	Human rights and labor policy	Health and safety policy	Employees, partner companies and business partners, local community
↓		Human resource management policy	Approach to environmental improvement, Declaration of Health Management	
Sustainability Policy		Basic policy on customer harassment	—	
		Basic policy on prevention of job-hunting harassment	—	
	Strengthening corporate governance and compliance (G)	Corporate governance policy	Dai-Dan Corporate Governance Guidelines	Shareholders and investors
		Disclosure policy	—	Shareholders and investors, customers, partner companies and business partners, employees, local community
		Risk management policy	—	
		Information security basic policy	—	
		Personal information protection policy	Basic policy on appropriate handling of specific personal information	
		IT & digital strategy policy	AI Ethics Policy	
	Building better partnerships with subcontractors and suppliers	Basic policy on prevention of overseas bribery	—	Partner companies and suppliers
		Procurement policy	Action guidelines for business partners	
		Multi-stakeholder Policy	Partnership Building Declaration	

* All policies and guidelines are recognized as important for all stakeholders, but especially important stakeholders are listed.

Reduction of Environmental Impact

Information Disclosure in Line with the TCFD’s Recommendations

We have set “Contributing to archive carbon neutrality” as one of our areas of materiality, and in line with the Dai-Dan Group Sustainability Policy, we are promoting efforts to reduce our environmental impact through our business activities.

In August 2021, we announced our support for the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium. The TCFD’s recommendations are split into four categories: governance, strategy, risk management, and metrics and targets.

Going forward, we will continue to further advance our analysis of the effect climate change will have on our business activities, and will disclose any pertinent related data.

► TCFD-recommended information disclosure categories

Governance	Strategy	Risk management	Metrics and targets
Organizational governance around climate-related risks and opportunities	Actual and potential impacts on an organization’s business, strategy, and financial planning around climate-related risks and opportunities	Methods by which an organization identifies, assesses, and manages climate-related risks	Indicators and goals used when assessing and managing climate-related risks and opportunities

1. Governance

As part of our efforts to make society more sustainable, we established the Sustainability Committee (chaired by the president) below the Board of Directors to devise business strategy toward ESG and sustainability and deliberate on related initiatives.

The committee, which is scheduled to meet twice or more a year, discusses our response to materiality—our business strategy, including how we react to climate change—as well as our efforts toward the risks and opportunities it throws up. The results of these discussions reported and referred to the Board of Directors; under this system, the Board of Directors provides oversight.

The person ultimately responsible for how we deal with climate change is our president, who is at the heart of our efforts to respond to climate-related risks and opportunities and to promote information disclosure based on the TCFD’s recommendations. The president also leads the Risk Management Committee, which provides overall risk management, and the two committees share information so that perspectives related to climate change are reflected in our management of risk.

2. Strategy

We recognize that climate change is an important issue for our business, and in FY2021 we identified climate-related risks and opportunities from short-term to long-term perspectives, and evaluated their potential impact. Then, in FY2022, we analyzed these, using tools such as the 1.5°C global temperature rise scenario, and have estimated the business impact of climate change and studied possible countermeasures. The table at the bottom of the page shows our awareness of major climate-related risks and opportunities, and also our countermeasures.

In the future, based on the results of our analysis of these climate-related risks and opportunities, we will reflect them in initiatives related to “Contributing to archive carbon neutrality,” one of our areas of materiality.

► Analysis process

Identifying risks and opportunities	Rating importance	Calculating impact
● Gather information on risks and opportunities in the construction industry ● Identify items that are “transition risks” or “physical risks” for our company, based on the framework of the TCFD’s recommendations	● Qualitatively evaluate identified risks and opportunities based on two factors: likelihood and impact	● Use existing climate-related scenarios, etc., to quantitatively grasp the business impact of important risks and opportunities ● Study countermeasures to those risks and opportunities that would have a particularly big impact

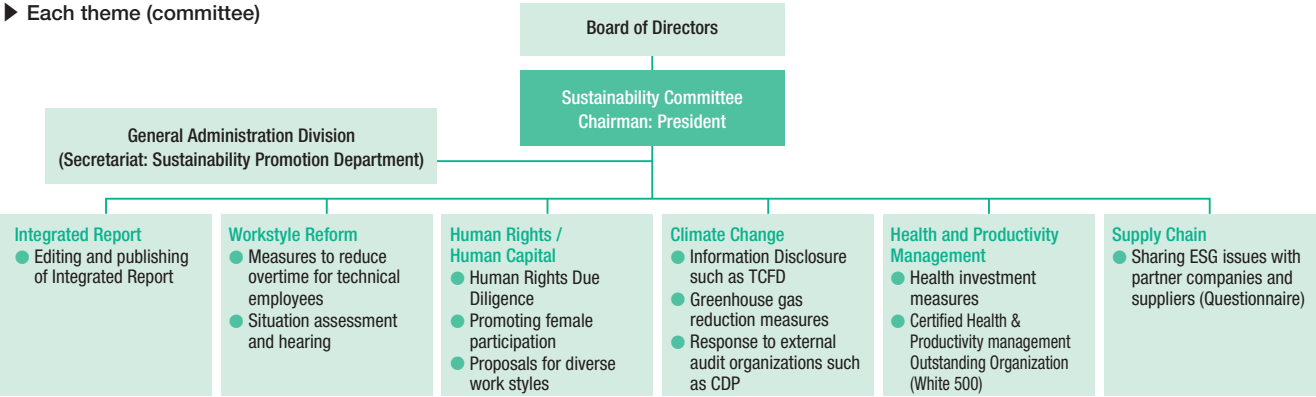
Sustainability Promotion System

With the aim of contributing to the realization of a sustainable society and enhancing corporate value, we have established the “Sustainability Committee” chaired by the President and CEO, and at the same time, set up the “Sustainability Promotion Department” as the secretariat for the committee. The Sustainability Committee, under the supervision of the Board of Directors, investigates and promotes efforts to implement the Dai-Dan Group Sustainability Policy, and as well as managing progress and deliberating measures connected to related policies or materiality, it deals mainly with the following three areas.

1. Determining responsibilities to work toward a more sustainable society and planning business strategies
2. Planning and promoting activities in three areas: CSR, the environment, and social contribution
3. Promoting information disclosure about ESG activities outside the company, as well as measures to enhance how we are perceived from outside

In addition, to address sustainability issues such as climate change and human rights, we have established “themes (committees)” under the Sustainability Committee, with designated responsible departments to promote problem-solving in practical operations.

► Each theme (committee)



● Setting scenarios

Climate change scenarios

Under scenario analysis, there are two potential future worlds: The first is a world in which global society follows the targets of the Paris Agreement and keeps average global temperature rises to within 1.5°C of pre-Industrial Revolution levels (“+1.5°C world”). The second is a world in which global society makes no changes (“+4°C world”).

For +1.5°C world analysis, we referenced the IEA WEO’s Net Zero Emissions by 2050 (NZE) scenario, the Announced Pledges Scenario (APS), and the IPCC’s RCP2.6 scenario. For the +4°C world scenario, we looked at the IEA WEO’s Stated Policies Scenario (STEPS) and the IPCC’s RCP8.5 scenario.

Scope

This analysis covers our business in Japan, the sales for which account for 90% of total sales.

Timeframe

We have set the following three timeframes—short term: within the next three years; medium term: until 2030 (the period covered by our long-term vision Stage 2030 and the SDGs target year); and long term: until 2050 (the target year for carbon neutrality). Additionally, the timeframe for future financial impacts covers analysis for FY2029.

► Climate-related risks and opportunities

Risk categories		Major risks	Timeframe	Assessment of financial impact		Countermeasures
				+1.5°C	+4°C	
Transition risks	Policy and legal	Carbon pricing	Medium to long term	Small	Small	● Switch to virtually 100% renewable energy sources ● Reducing energy usage in our own facilities, including converting our buildings to ZEB ● Promote introduction of eco-cars ● Reduce cost of business activities by promoting DX, through ICT means such as BIM, online meetings, and cloud technologies
		Tightening of new-building regulations				
	Technology	Spread of renewable energy/energy-efficient technologies	Short to long term	Large	Medium	● Promote energy-efficient equipment proposals that make use of our expertise gained from operating our own ZEBs ● Push open innovation through joint research with universities and other parties
	Market	Changes in customer behavior	Short to long term	Large	Large	● Strengthen sales planning that considers technological trends toward a carbon-free society and customer equipment investment trends
	Reputation	Changes in investor and shareholder behavior (increase in ESG investment)	Short to long term	—	—	● Bolster sustainability information sharing and dialogue through IR activities
		Changes in appraisal by customers	Short to long term	Large	Large	● Proactively share information through our website and integrated reports ● Participate proactively in initiatives aimed at achieving carbon neutrality ● Promote Dai-Dan Forests nurturing and maintenance activities

Risk categories		Major risks	Timeframe	Assessment of financial impact		Countermeasures
				+1.5°C	+4°C	
Physical risks	Acute risks	Frequency and severity of abnormal weather (typhoons, heavy rain, etc.)	Short to long term	Small	Small	● Operate a business continuity management to reduce risk ● Reinforce resilience by making our own buildings ZEBs
	Chronic risks	(Summer) Rise in average temperature	Short to long term	Small	Medium	● Introduce air-cooled clothing and implement heat stroke countermeasures ● Raise productivity and reduce working hours by promoting DX at construction sites and using robots
		Changes in rainfall patterns	Short to long term	Small	Small	● Strengthen cooperation between suppliers, subcontractors, and others in the supply chain

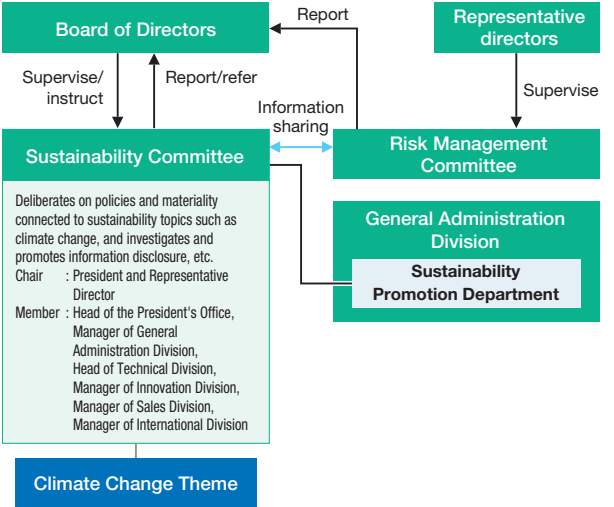
Risk categories		Major risks	Timeframe	Assessment of financial impact		Countermeasures
				+1.5°C	+4°C	
Opportunities	Resource efficiency/resilience	Expansion in demand related to low-energy buildings and smart cities resulting from the spread of energy-efficient and renewable energy technologies	Short to long term	Large	Large	● Strengthen sales for renewable energy and ZEB projects through proposals that leverage energy-saving renovation, ZEB technologies, and IoT technologies ● Promote the effective use of renewable energy and the development of technologies related to ZEBs
		Introduction and strengthening of technologies related to energy management	Short to long term	Medium	Small	● Expand solution services for energy management of buildings and building groups through the development of remote monitoring and control systems
	Products/services	Tighter measures to promote renewable energy	Short to long term	Large	Medium	● Promote the development of technologies to make effective use of renewable energy
		Changes in customer behavior	Short to long term	Large	Large	● Propose next-generation offices that achieve both ZEB, as verified through our own ZEB initiatives, and wellness
		(Summer) Rise in average temperature	Short to long term	Medium	Medium	● Strengthen proposals for projects to enhance cooling capacity

* We evaluated the impact on profit of carbon pricing (a transition risk) and physical risks, and the impact on sales of all other risks and opportunities.
· Profit impact evaluation standard: Small = ¥100 million or less; Medium = up to ¥1 billion; Large = more than ¥1 billion
· Sales impact evaluation standard: Small = ¥2 billion or less; Medium = up to ¥20 billion; Large = more than ¥20 billion

3. Risk management

With the formulation of our risk management policy, our goal is to minimize risk associated with our business, and this end is also furthered by our Risk Management Committee, who identify and evaluate major risks by making an overall judgment after considering frequency, threat level, and other factors. For climate-related risks and opportunities, the climate changedelibrate established under the Sustainability Committee takes the lead in identifying and assessing the importance of climate-related risks and the impact of risks and opportunities on our business, and reports on the progress of these efforts to the Board of Directors.

Moreover, we have created a system where climate-related risks are appropriately reflected in our risk management process via sharing the content of discussions by the Sustainability Committee with the Risk Management Committee.



4. Metrics and targets

We have selected “Contributing to archive carbon neutrality” as one of our areas of materiality, and as such we wish to appropriately assess the risks and opportunities presented by climate change. To that end, we formulated medium- and long-term quantitative targets and we are now promoting activities to achieve those.

For greenhouse gas emissions, our goal is to reduce Scope 1+2 by 49.1% compared to FY2019 by FY2029, as certified by SBTi. To date, we have undertaken initiatives such as rebuilding our company offices to ZEB standards, switching to electricity derived from virtually 100% renewable energy, and promoting the introduction of eco-cars such as hybrid vehicles. Going forward, too, we will expand solar

power generation; introduce renewable energy for office electricity; switch to plug-in hybrids, BEVs, and hydrogen-powered vehicles; and decarbonize the gas air conditioners we currently use at our Osaka Head Office.

For Scope 3, our goal is to reduce Category 11 by 25.0% compared to FY2019 by FY2029, as certified by SBTi. We are promoting reductions in Category 11 by adopting design proposals that contribute to CO₂ reduction during the building operation phase. Going forward, we will continue to reduce greenhouse gas emissions throughout the value chain through research and development for decarbonization and proactive dialogue with business partners.

► Climate Change Transition Plan

Classification	Item	Results for FY2023	Results for FY2024	Target for FY2026	To end of FY2029
Greenhouse gas emissions	Reduce greenhouse gas emissions (Scopes 1 & 2) (Consolidated)	24.1% reduction (Compared to FY2019)	14.6% reduction (Compared to FY2019)	36.6% reduction (Compared to FY2019)	49.1% reduction (Compared to FY2019)
	Reduction of Scope 3 greenhouse gas emissions (*standalone, Category 11)	3.7% increase (Compared to FY2019)	19.6% reduction (Compared to FY2019)	10.7% reduction (Compared to FY2019)	25.0% reduction (Compared to FY2019)
Investment	Solar power generation capacity	158 MWh	148 MWh	181 MWh	200 MWh
	Renewable energy use at offices	81.1%	80.4%	91.1%	100%
	Switch to plug-in hybrid vehicles, battery electric vehicles, and hydrogen vehicles (fuel cell vehicles), etc.	1.9%	2.6%	10%	20%
	Decarbonization of electricity at worksites	—	—	30% non-fossil power sources through purchase of non-fossil certificates	60% non-fossil power sources through purchase of non-fossil certificates
	Decarbonize gas air conditioners currently used at the Osaka Head Office	—	—	—	Completed switch to renewable energy
	Decarbonization-related R&D expenses	83.8 million yen	131.1 million yen	1 billion yen (cumulative total for the past three years)	2.75 billion yen (cumulative total for the past six years)
	Promotion of internal collaboration and awareness-raising for ZEB-related technical information	—	—	—	—
Business	No. of ZEB, etc., new builds and renovation projects	27 cases (cumulative total for the past three years)	13 cases	10 cases per year	10 cases per year
	Promote proposals for reducing Scope 3 Category 11 CO ₂ reduction contribution during building operation phase by adopting design proposals (operating period: 15 years)	324,464 t-CO ₂	263,174 t-CO ₂	200,000 t-CO ₂ or more	200,000 t-CO ₂ or more

► Greenhouse gas emissions by Scope

Scope/category			Emissions (t-CO ₂)						Reduction rate (%)
			FY2019 (Base Year)	FY2020	FY2021	FY2022	FY2023	FY2024	Compared to FY2019
Scope 1	Direct emissions	Direct emissions from fuel consumption by offices, worksites, and company vehicles	1,866	1,858	1,726	1,698	1,618	1,739	(6.8)
Scope 2	Indirect emissions related to energy sources	Indirect emissions from the use at offices and worksites of purchased electricity	2,136	2,338	2,009	1,203	1,420	1,677	(21.5)
Scope 1+2			4,002	4,196	3,735	2,901	3,038	3,416	(14.6)
Scope 3	Indirect emissions that do not fall into Scope 1 or 2	Emissions from other companies related to business activities	2,257,103	2,104,473	1,708,291	2,081,394	2,296,865	1,829,925	
Category	1	Purchased goods and services	249,040	200,634	190,106	231,283	213,592	208,610	
	2	Capital goods	1,103	1,982	4,082	9,796	6,332	3,258	
	3	Fuel- and energy-related activities that do not fall into Scope 1 or 2	740	781	704	568	580	673	
	4	Upstream transportation and distribution	23,979	18,905	18,587	22,651	21,047	22,287	
	5	Waste generated in operations	1,083	805	1,166	1,411	1,133	1,317	
	6	Business travel	359	191	225	312	309	291	
	7	Employee commuting	462	453	467	469	486	500	
	11	Use of sold products	1,977,386	1,878,247	1,490,628	1,812,174	2,050,614	1,590,778	(19.6)
	12	End-of-life treatment of sold products	2,951	2,477	2,325	2,730	2,773	2,211	
	Scope 1+2+3		2,261,105	2,108,669	1,712,026	2,084,295	2,299,903	1,833,341	

* Scopes 1 and 2 cover the domestic and overseas consolidated group, while Scope 3 only covers domestic standalone operations.
* Categories 8–10 and 13–15 are excluded due to no or minimal relevant activities

Efforts to Reduce the Environmental Load of Our Business Activities

We positioned “Contributing to archive carbon neutrality,” as an area of materiality (material issue), and so we are working to both reduce greenhouse gas emissions and encourage use of renewable energy.

The biggest contribution that we as a company can make to bring about a more sustainable society is to provide building systems that has little environmental load. To that end, we are actively advancing our proposal-making activities. It is also vital that we reduce the environmental load that is produced as part of our business activities and so we are making efforts to save energy and minimize

resource use at both our offices and installation locations.

We think it is important to continue our ongoing efforts to prevent fluorocarbons from escaping into the atmosphere where they cause global warming, to reduce and sort the industrial waste we generate, and to reduce our water consumption and protect water resources.

We maintain unified ISO 14001 certification at all domestic business sites, and our employees and stakeholders will further deepen their awareness of environmental conservation, including measures against global warming, and contribute to achieving the SDGs and preserving biodiversity.

► Our Environmental Management System (for unconsolidated operations in Japan) FY2024 environmental targets and results

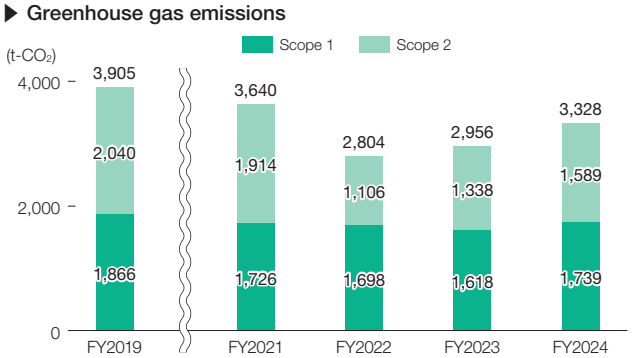
	Main target or item to be monitored	FY2023	FY2024	FY2024 Target	Judgment
Greenhouse gases	Identify and reduce Scope 1 (direct emissions) ^{*1}	1,618 t-CO ₂	1,739 t-CO ₂		—
	Identify and reduce Scope 2 (indirect emissions) ^{*2}	1,338 t-CO ₂	1,589 t-CO ₂		—
	Identify and reduce Scope 1 + 2 (intensity) Greenhouse gas emissions per million yen in net sales	15.4 kg-CO ₂ /million yen	13.8 kg-CO ₂ /million yen		—
	Reduction of greenhouse gas emissions from offices ^{*3}	370 t-CO ₂	388 t-CO ₂	370 t-CO ₂ or less	△
	Reduction of office electricity consumption ^{*3}	2,493 MWh	2,580 MWh	2,500 MWh or less	△
	(of which, amount from renewable energy ^{*3})	(2,024 MWh)	(2,075 MWh)		—
	Increase percentage of environment-friendly vehicles in company fleet	99.5%	99.7%		—
	Promoting proposals for reducing Scope 3 Category 11 ^{*4} emissions Proposed CO ₂ reduction by design proposal (operating period: 15 years)	512,254 t-CO ₂	494,903 t-CO ₂	500,000 t-CO ₂ or more	△
	Promotion of Scope 3 Category 11 ^{*4} reduction proposals CO ₂ reduction contribution by adopting design proposal (operating period: 15 years)	324,464 t-CO ₂	263,174 t-CO ₂	200,000 t-CO ₂ or more	○
Waste	Identify and reduce total discharge of industrial waste	7,592 t	10,004 t	10,000 t or less	△
	(of which, amount of waste plastics)	1,069 t	1,222 t	1,000 t or less	△
	Identify and reduce industrial waste buried as landfill	1,298 t	1,282 t		—
	Identify and reduce general waste discharged from offices	95 t	95 t		—
	Promote sorting of industrial waste Reduce proportion of waste classed as mixed waste	17.1	16.7	9% or less	△
Water resources	Identify and reduce water consumption	65,120 m ³	97,178 m ³		—
	(of which, water resources consumed by offices ^{*3})	(11,435 m ³)	(11,645 m ³)		—
	Identify and reduce water consumption (intensity) Water consumption per million yen in net sales	0.371 m ³ /million yen	0.403 m ³ /million yen		—
Other	Increase green purchasing rate	56.3%	58.0%	60% or higher	△
	Reduce consumption of copy paper by offices	40.9 t	37.1 t	40 t or less	○

*1 Scope 1: CO₂ emissions from gas, kerosene, and gasoline consumption
*2 Scope 2: CO₂ emissions from secondary energy (electricity) consumption
*3 Excluding research and development facilities
*4 Scope 3 Category 11: CO₂ emissions from operation of installed equipment

Reduction of greenhouse gas emissions

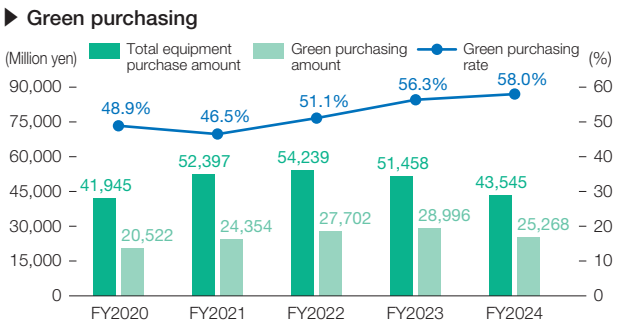
Our current active efforts include reducing the amount of energy consumed at our offices and the introduction of environmentally friendly vehicles. Since FY2021, we have switched the electricity used at 20 sites in Japan—including our head office, branch offices, and other offices—in turn to power that comes from virtually 100% renewable energy sources.

As a result, office greenhouse gas emissions were reduced by approximately 840 t-CO₂ compared to before the switch. As a result, Scope 1+2 for FY2024 was reduced by 14.8% compared to FY2019. Our company aims to reduce Scope 1+2 by 49.1% by 2030, using FY2019 as the base year.



Green purchasing

We have five key areas of green purchasing activities—low-energy and high-efficiency equipment, environmentally friendly materials, materials and equipment with extended service lives, equipment with little impact on air quality, and equipment with minimal water consumption—and we have determined that for these we should be promoting the sourcing of environmentally friendly products and services (green purchasing). We are actively making green purchasing proposals for customers and in FY2024, our green purchasing rate reached 58.0%.



Quality and environmental management system

Please see below for our quality and environmental protection policies and quality and environmental management system.

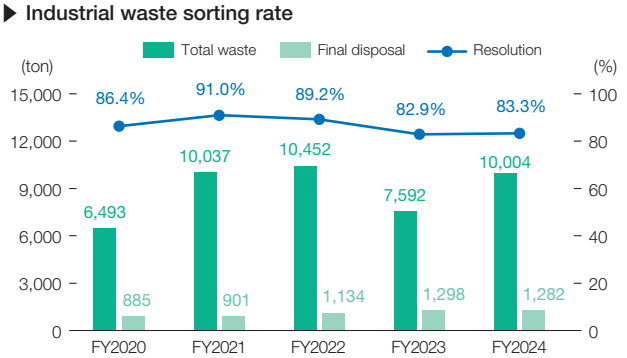


Quality and environmental protection policies and quality and environmental management system
<https://www.daidan.co.jp/sustainability/environment/quality/>

Sorting of industrial waste

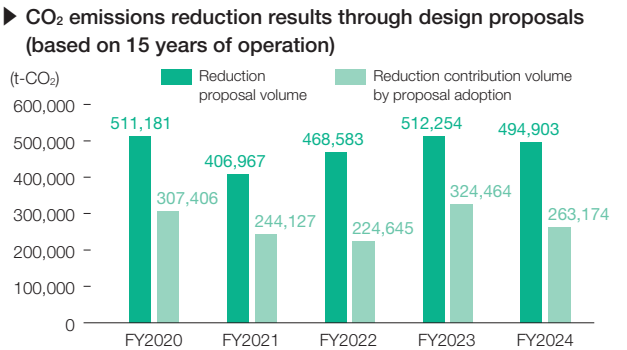
At Dai-Dan, we promote the sorting of waste at all our installation sites.

The total amount of industrial waste generated at construction sites where our company was the waste generator in FY2024 was approximately 10,004 tons, with a separation rate of 83.3%. We are also promoting waste reduction and separation in our offices. The amount of general waste from our offices in FY2024 was approximately 95 tons.



Design proposals that achieve CO₂ reductions

In the design stage, we are actively making low-energy proposals for customers and are endeavoring to reduce the amount of CO₂ produced during building operations. In FY2024, our design proposals suggested CO₂ emissions reductions of 494,903 t-CO₂, and those adopted accounted for reductions of 263,174 t-CO₂.



Efforts to protect water resources

We work to reduce the water resources we use by grasping the amount our offices consume and introducing water-saving equipment. For customers, we also actively promote proposals for more effective ways to use water resources, such as utilizing rainwater, recycling wastewater, and introducing water-saving equipment. Moreover, we encourage participation in regional environmental contribution activities, such as those to beautify or clean rivers and coastal areas.

Initiatives toward Carbon Neutrality

In recent years, decarbonization of buildings has become a major challenge in the construction industry, and the widespread adoption of ZEB (Net Zero Energy Building), which aims for zero annual energy balance, is increasingly important. In addition to initiatives like ZEB that equalize greenhouse gas emissions and absorption, it is also important to reduce greenhouse gases that cannot be fully

absorbed. We participate in projects to create blue carbon* by leveraging our proprietary technologies, contributing to the realization of a carbon-neutral society from a comprehensive perspective.

* Blue carbon: Carbon that is absorbed by marine ecosystems through photosynthesis and subsequently stored on the seabed or in the deep sea.

As a ZEB Leading Company

The government's Basic Energy Plan aims to ensure that new buildings meet ZEB energy-saving standards by 2030, and that the average stock meets these standards by 2050. Dai-Dan is promoting ZEB conversion of its own buildings and actively disseminating information as a leading owner. Leveraging the knowledge gained from our own buildings, we also provide consulting as a ZEB planner, not only for design and construction but also for planning and operation when customers pursue ZEB conversion for new construction or renovations. In 2024, we provided consulting for the ZEB conversion of the Kyoto Financial Group MUKOU Building. A portion of this building will also be used as an incubation facility for decarbonization startups, as part of Kyoto Prefecture's efforts to realize a decarbonized society.



New ZEB: ZEB Kyoto Financial Group MUKOU Building

Use: Bank, offices, etc. Scale:
Total floor area 1,616 m², 3 floors above ground
By effectively combining general-purpose technologies such as high-efficiency air conditioners, lighting control, and Low-E double glazing, and generating energy with solar power, we achieved a 100% reduction in primary energy consumption and realized ZEB.



We are registered as a "ZEB Leading Owner," the owner of advanced buildings that have achieved ZEB, and contribute to the spread of ZEB by sharing information, such as offering tours and experiences of ZEB buildings to customers.

Implementation achievements
Number of ZEB buildings owned **5** cases



We are registered as a "ZEB Planner" and provide proposals, planning, design, construction, and operational consulting for ZEB conversion to our customers.

Planning achievements
ZEB 13 cases

Initiatives to Create Blue Carbon

The total domestic catch, including aquaculture, has continued to decline, dropping to one-third of its 1984 peak. One of the factors is the significant decrease in "seaweed beds"*, which serve as habitats for marine life, and this has become a major issue. Seaweed beds not only play an important role in maintaining marine biodiversity, but also store blue carbon, making them essential from a carbon-neutral perspective. Dai-Dan is participating in the "Setouchi Nagisa Forum," an industry-academia-government initiative to conserve and restore seaweed beds in the Seto Inland Sea. Utilizing the fluid analysis technology developed through our building equipment construction business, we are working to identify optimal conditions for seaweed bed growth and restoration, contributing to a sustainable society and exploring new business opportunities.

* Seaweed beds: Areas where seaweed and seagrass grow densely. They serve as spawning grounds, feeding areas, and shelters from predators for living creatures, and are also called "cradles of the sea."



Setouchi Nagisa Forum Press Conference
(September 25, 2024)



Survey photos of seaweed bed growth conditions

New Business Creation that Contribute to Sustainability

Supporting “Drug Discovery–Manufacturing–Treatment” in Regenerative Medicine

The advancement of the medical field is essential for realizing a prosperous and sustainable society. In particular, the field of regenerative medicine is expected to provide treatments that conventional medical technologies cannot achieve. Together with our group company, Cellab Healthcare Service Co., Ltd. (hereinafter “Cellab HS”), Dai-Dan contributes to the development of the industry by supporting the front lines of “drug discovery–manufacturing–treatment” in regenerative medicine.

Cellab HS began shipping investigational drugs last year for “cancer immunotherapy for intractable rare diseases” developed by Gaia Biomedicine. The investigational drugs are manufactured at the “Cellab Tonomachi” facility (License No.: 14FZ110006), which has obtained a license

for manufacturing regenerative medicine products, and shipments are scheduled to continue in FY2025.

In response to the steady progress of this business, we have established a new cell manufacturing base, “Cellab Kawasaki,” which can flexibly accommodate small-lot production to meet high customer demand. By adopting our proprietary cell culture processing unit “All-in-One CP Unit™ (AIO)”, we have realized flexible expansion of the manufacturing environment in line with business speed. This facility is also available for rental, and we have launched a new service, “Flat AIO™,” which combines rental with “operational support” for cell manufacturing—a feature highly requested by our customers.

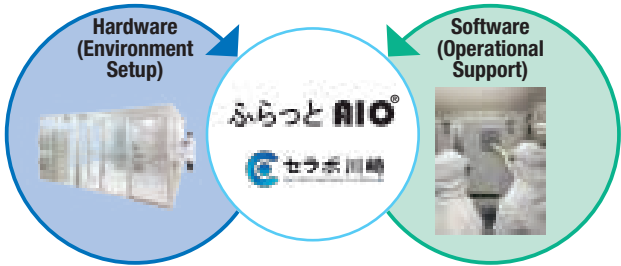
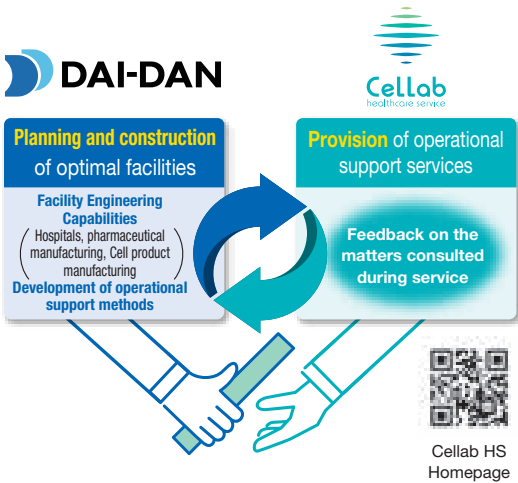
Total solutions for hardware (environmental setup) and software (operational support)

In the process of providing advanced medical care, clean environments tailored to specific uses are required not only in medical institutions but also in manufacturing and research facilities. In many cases, if facilities are constructed without a clear operational vision, deficiencies arise after operations begin, resulting in the need to continue burdensome operational management.

At Cellab HS, our construction division, which inherits Dai-Dan’s construction expertise, and our contract cell manufacturing service division work together to solve these challenges. By bringing together professionals in hardware (environmental construction) and software (operational support), we consistently propose plans that optimize the balance between facilities and operations from design through to actual operation.

At our newly established cell manufacturing base, “Cellab

Kawasaki,” we offer the clinical trial drug manufacturing support service “Flat AIO™” to venture companies and research institutions aiming to bring regenerative medicine products from research and development to market. Flat AIO™ is a service that provides solutions tailored to the customer’s situation, plans, and manufacturing stages as they move from research and development to clinical trial drug manufacturing. For example, for customers seeking comprehensive support for cell manufacturing, we offer total support for both hardware and software, from equipment rental for small-lot manufacturing environments to assistance in acquiring cell manufacturing know-how, supporting clinical trial drug manufacturing with selectable plans for each customer. As a new tool following construction and contract manufacturing, Dai-Dan provides customers with creative value.



Initiatives Utilizing Supercritical CO₂*

Supercritical CO₂ is expected to serve as a green solvent that can replace organic solvents with high environmental impact.

By utilizing this supercritical CO₂, we have developed and commercialized a cleaning and regeneration technology for organic gas air filters that previously could not be regenerated. We are also working on new applications of supercritical CO₂ technology and are actively promoting technological development that contributes to reducing the environmental burden on society.

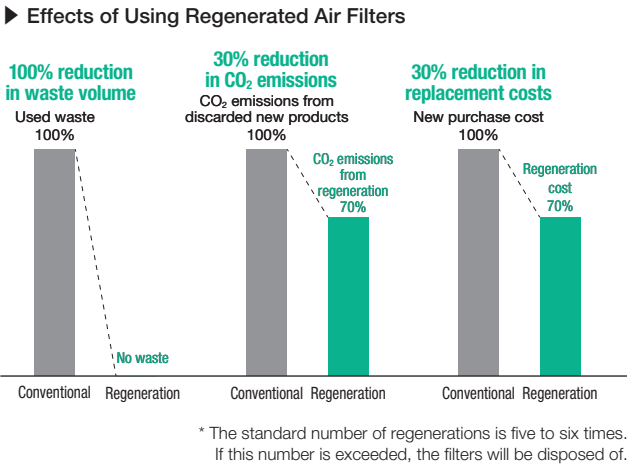
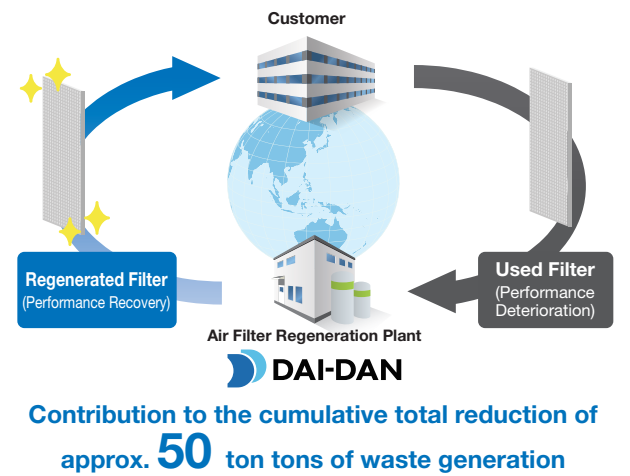
*Supercritical CO₂: CO₂ in a state where the temperature is above 31.1°C and the pressure is above 7.4 MPa (74 atm), possessing both the permeability of a gas and the solubility of a liquid.

Filter regeneration service for semiconductor factories

In semiconductor factories, large quantities of air filters are used in various manufacturing processes to clean the air, but once the filters reach the end of their lifespan, they are disposed of as waste.

At Dai-Dan, we provide a cleaning service that regenerates used air filters and returns them to customers. Regenerated

air filters can reduce replacement costs by 30% compared to manufacturing new air filters. Furthermore, since the air filters are reused, no waste is generated, and in terms of CO₂ emissions, this leads to a 30% reduction compared to manufacturing new filters.



Outlook for supercritical CO₂ technology

We commercialized our proprietary air filter regeneration technology in 2014 and possess a wealth of know-how gained from operating one of the largest supercritical CO₂ plants in Japan. We have also been broadly exploring applications in processes such as cleaning, extraction, and sterilization.

Supercritical CO₂ is a clean solvent, and due to social demands for reducing environmental impact and moving away from organic solvents, active research is being conducted on its use as an environmentally friendly solvent. Going forward, we will continue to promote new applications of this supercritical CO₂ technology to solve social issues and contribute to the environment and society.



Fulfillment of Corporate Social Responsibility

Quality Improvement Initiatives

Our vision of quality

At Dai-Dan, reasoning and a strong sense of duty tell us that providing sound quality will increase customer satisfaction and trust. Therefore, in order to provide customer-pleasing quality, we maintain ISO 9001 certification current for all of our business sites in Japan and attentively manage the quality of our services and work, starting with in-depth preliminary studies before breaking ground, reducing quality incidents during installations, and covering our steps along the way with every imaginable kind of testing. Moreover, education and training are tools we use to ensure good quality by honing the skills and acumen of our workforce and subcontractors.

Works Preview Meetings

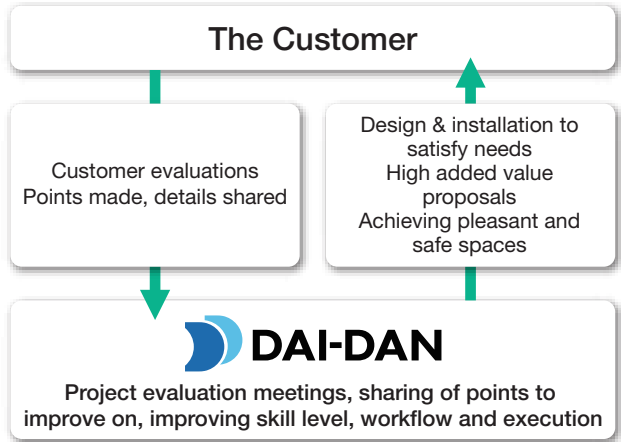
Throughout our long history we have provided building systems and services to customers in various industries with diverse building applications. In order to capitalize on our long track record of installations and our knowledge of customer systems, we hold Works Preview Meetings for each project with the attendance of the sales, engineering and other specialized departments concerned. We strive to provide high-quality systems that best serve our customers from the perspectives of functionality, quality, cost and energy efficiency.

Building Track Record System

We have been using a Building Track Record System, an internal information system, in order to make the most of our installation experiences. The Building Track Record System is used to record the details of the installation and recommendations, as well as customer requirements for each building. We enhance customer satisfaction by recommending detailed renovation options that contribute to comfortable use of a building.

Customer evaluations

Knowing what our customers think of us and our work is an important first step towards doing a better job, so we probe customer satisfaction after completing and handing over every project. More specifically, we get them to rank our technical abilities and project management performance on a scale of 4 (4 being the highest) and to explain anything that did not meet with their satisfaction and any requests they have of us. In FY2024, we collected 286 replies to our customer satisfaction surveys and earned an average overall rating of 3.67. The survey is an excellent tool for learning what customers like and do not like, and improving how we go about business, so we will continue to use it proactively alongside every opportunity of direct dialog to communicate with customers on a deeper level.



Customer satisfaction survey results

Item	4-point scale (4: Satisfied 3: Generally satisfied 2: Somewhat dissatisfied 1: Dissatisfied)		
	FY2022	FY2023	FY2024
Installer capacity	3.53	3.46	3.62
Installation management	3.54	3.46	3.59
Creativity and solution proposals	3.56	3.49	3.56
Backup capacity	3.52	3.38	3.53
Overall evaluation	3.58	3.53	3.67

Number of surveys completed: FY2022; 611/FY2023; 351/FY2024; 286

Human Rights Due Diligence Initiatives

In 2011, the United Nations Human Rights Council adopted the Guiding Principles on Business and Human Rights, and declared that companies had a responsibility to respect human rights.

As part of the guidelines, companies are asked to 1) formulate a human rights policy, 2) implement human rights due diligence, and 3) construct mechanisms to deal with adverse impacts.

In Japan as well, an action plan on “Business and Human Rights” was formulated in 2020 to promote respect for human rights in corporate activities. In response to the growing international interest in the need for companies to respect human rights, we also recognize the promotion of respect for human rights as an important issue and have started human rights due diligence to further advance our initiatives related to respect for human rights.

Three particularly important Guiding Principles on Business and Human Rights and our initiatives in these areas

UN Guiding Principles on Business and Human Rights	Our initiatives
1) Formulate human rights policy (Principle 16)	2020: Formulation of human rights and labor policies
2) Implement human rights due diligence (Principle 17)	2022: Start of human rights due diligence
3) Construct mechanisms to deal with adverse impacts (Principle 22)	2023: Establishment of separate external points of contact to respond to queries about either human rights and discrimination issues or labor issues 2024: Conducted a sustainability survey for partner companies, referencing the CSR Procurement Self-Assessment Tool

*UNGP: Abbreviation for “UN Guiding Principles on Business and Human Rights.” The numbers refer to item numbers within the UNGP.

Human rights due diligence promotion framework

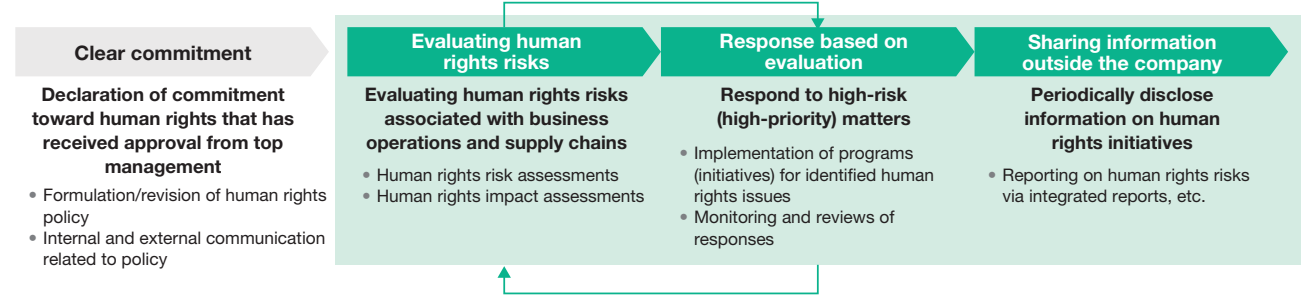
We have established the following structure to promote management that respects human rights. The work style reform theme is positioned as an important working group, consisting of members who are well-versed in our company’s key areas. Moreover, as these members also lead our activities related to human rights, they receive human rights training from outside experts to give them a

comprehensive understanding of human rights and the latest trends in the field.

Oversight	Board of Directors
Execution	Executives responsible for appropriate operations in human rights and labor
Promotion system	Sustainability Committee and, under it, the Workstyle Reform Theme

Implementing Human Rights Due Diligence

Human rights due diligence processes



Evaluating human rights risks

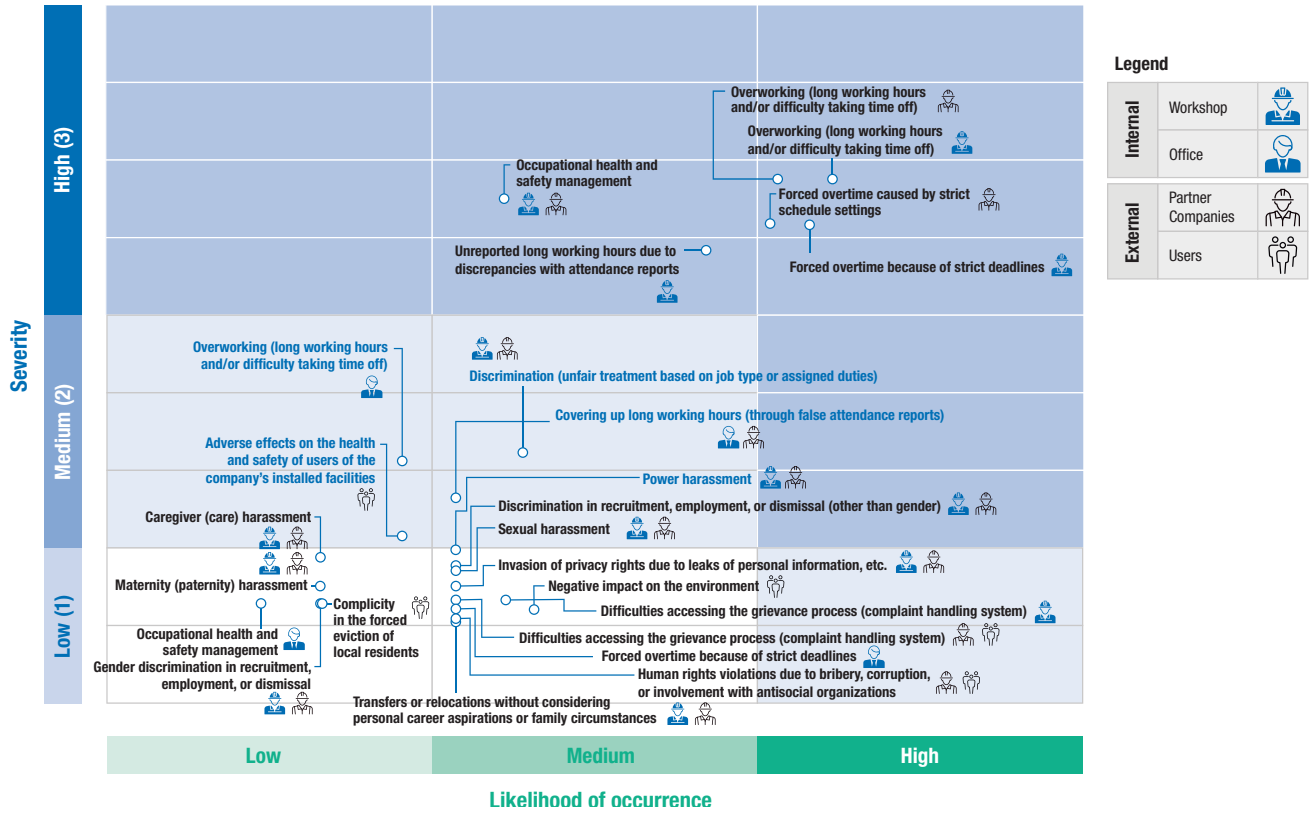
We have determined the scope of our evaluation of human rights risk assessments exhaustively refine risks based on the Guiding Principles on Business and Human Rights, and we have quantified the likelihood and severity of all conceivable human rights risks. Furthermore, we conduct human rights training for our employees, followed by a survey after the training. We also conduct surveys with partner companies to assess human rights risks within our company and across the value chain.

Scope of evaluation

Item	Scope
1. Region	Sites in Japan
2. Business scope	M&E work
3. Stakeholders	Includes Dai-Dan employees, contracted workers, and subcontractors’ employees and contracted workers

Human rights risk map

Based on quantified “likelihood” and “severity,” we created a human rights risk map and identified “occupational health and safety management” at worksites, “covering up long working hours (through false attendance reports),” “forced overtime because of strict deadlines,” and “overworking (long working hours and/or difficulty taking time off)” as particularly important human rights risks.



Initiatives for significant human rights risks

Occupational health and safety management

We have long been involved in proactive efforts to ensure occupational safety, and have formulated health and safety policies. We also disclose information on frequency rates (frequency of workplace accidents) and severity rates (the severity of accidents), and analyze the status of work-related accidents. Looking at work-related accidents for the last two or three years, the number of incidents is rising among those, including site managers, who have less than five years' experience and who are insufficiently aware of dangers. With the aim of reducing the number of incidents caused by insufficient awareness of dangers and non-compliance with rules, we will ensure sites have daily safety guidance and communication with workers. We believe that it is vitally important to repeat guidance, and our activities will reflect that.

Covering up long working hours (through false attendance reports)

As a result of revisions to the law in April 2024, there is a risk of there being a big difference between official working hours and the actual situation, due to underreporting of

overtime by employees aware of the rules on long working hours. As well as putting in place mechanisms for timely labor management, we conduct repeated training and other educational activities to teach employees about appropriate labor management. As an example of our measures to reduce overtime, we share information about positive workplace case studies, promote clever ways of reducing the need for overtime, and try to cultivate an atmosphere where it is easy to take time off.

Forced overtime because of strict deadlines

For requests from customers for a short work period, or where a facility is only closed for a set number of days, when we receive the order we give the qualification that we require worksites to be inactive two days per week. For this and other measures, we are working to strengthen our ability to negotiate with customers. As one of the top equipment companies, we continue to share information within the industry to change the external environment, and aim to be an even better business partner with technical capabilities. Within the company, we will work to further expand our recruitment of new graduates and mid-career hires.

Overworking (long working hours and/or difficulty taking time off)

For our company, correcting long working hours is an urgent issue. While we had been addressing long working hours at each business site in accordance with local laws and

regulations, we launched the “SMILE Project” to accumulate know-how for working productively on an ongoing basis, and to correct long working hours across the company by supporting each other as a team rather than as individuals.

Training on human rights and work style reform

Under the human rights and labor policies, we promote management that respects human rights, even in a diversifying social environment. As part of these efforts, we conduct training on human rights and work style reform aimed at raising awareness among management.

In FY2024, we conducted web-based training on human rights risks for all employees. After the training, we checked

understanding through a survey and worked to grasp the actual situation regarding human rights issues within the company. In addition, we hold human rights training during training for newly appointed executives and deputy managers, which is one of the hierarchical training programs, and we also regularly conduct hearings on human rights risks at construction sites.

Health and Productivity Management Initiatives

Aims and policy

Health and Productivity Management Declaration

In April 2024, the president personally announced “Dai-Dan’s Aims in Health Management” as a top message.

It sums up our firm belief that it is critical for everyone on our workforce leads a happy life and unite in contributing to the corporate growth and social development.

Guided by this train of thought, we will be seeking ways to improve the quality of life of our people and make it possible for all of them to lead healthy, happy lives, as a platform for corporate growth and contributing to a sustainable society.

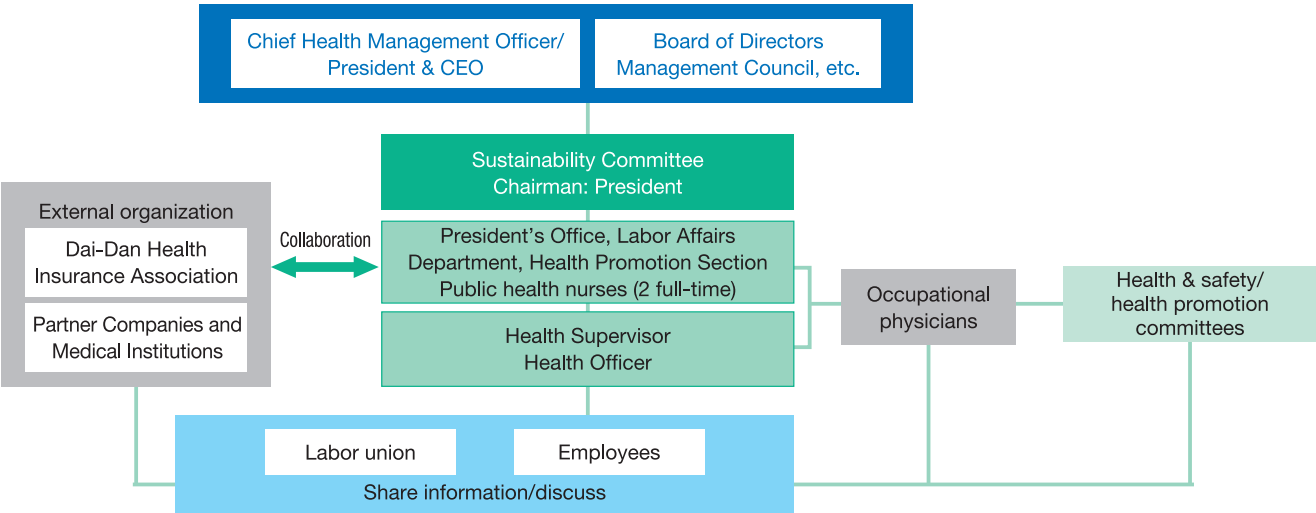
Ideal

- Raising everyone’s awareness of health**
As a company, we will constructively support efforts to maintain and improve health in order to raise health awareness and improve the health literacy of each and every employee.
- Creating healthy, motivating workplace environments (for corporate growth)**
We can expect to grow as a company by creating healthy, motivating workplace environments where work style reforms allow each and every one to balance work and life, and exhibit the best of their abilities.
- Extending one’s healthy years (as a contribution to local communities and society as a whole)**
As a company, we can and will contribute to the local communities who host our business operations and society as a whole, by supporting and training our employees and our subcontractors’ employees so that they can be healthy and active longer.

Promotion system

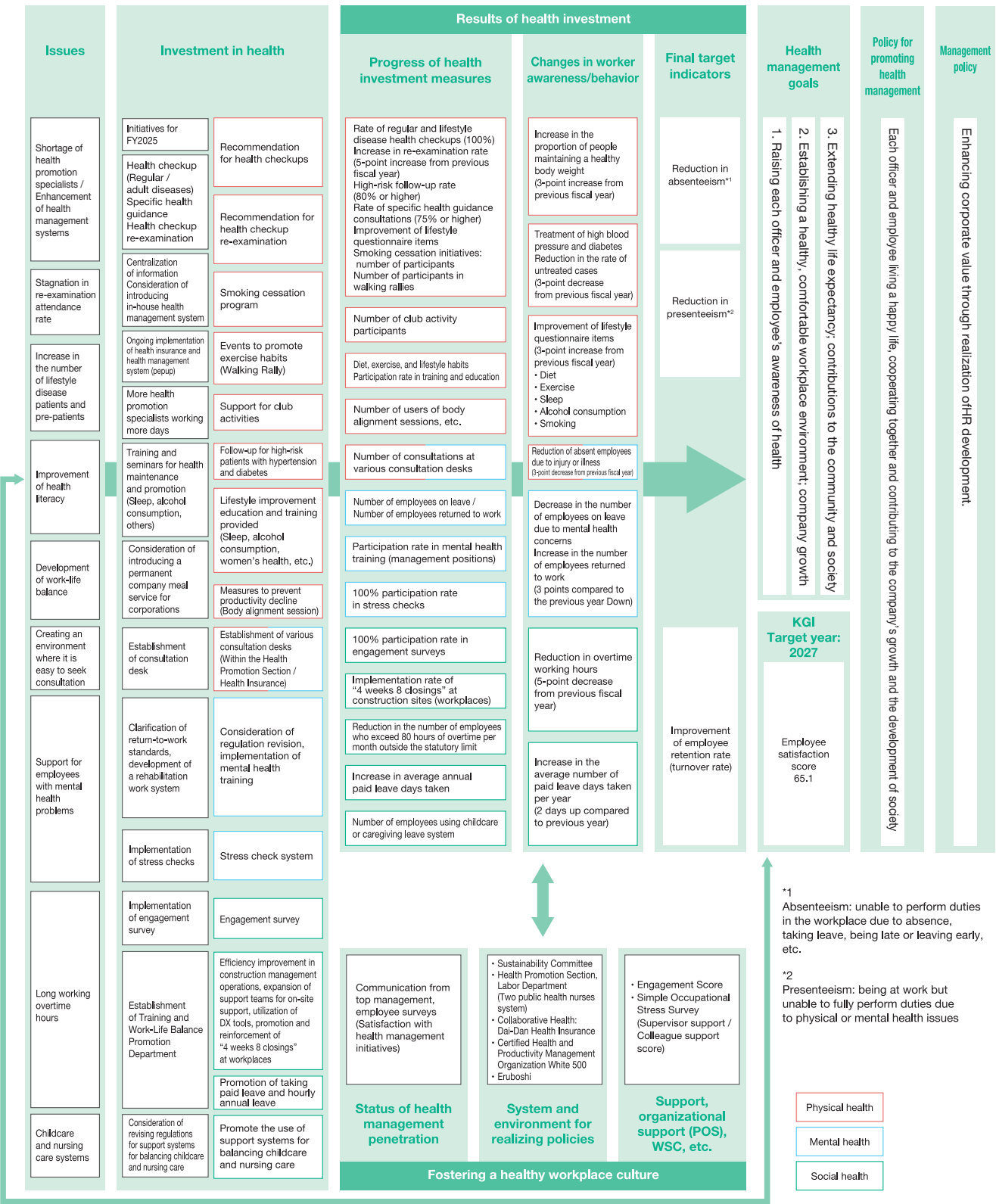
Under the Sustainability Committee chaired by the president, the Health Promotion Section of the President’s Office Labor Department promotes initiatives such as planning, implementation, verification, and internal rollout related to health and productivity management.

The results are reported and referred to the Board of Directors; under this system, the Board of Directors provides oversight.



Health issues and targets

► Dai-Dan Health and Productivity Management Strategy Map (FY2025)



Specific results and targets

		Annual Results			FY2025 Target Value	Status	Remarks	
		FY2022	FY2023	FY2024				
Progress of health investment measures	Proportion taking regular health checks		100%	100%	100%	100%	▲	
	Proportion taking detailed tests after regular checks		75.6%	92.2%	95.7%	95.0%	▲	
	Proportion taking stress checks		98.3%	98.8%	99.4%	100%	▲	
	Participation in general measures for workers	Mental health seminars	58.3%	45.0%	22.0%	80.0%	▼	
		Health information sharing system	96.6%	98.0%	96.2%	100%	▼	
		Walking rallies	20.8%	23.4%	26.5%	35.0%	▲	
	Participation rate in disease prevention measures	Rate requiring specific health guidance	20.2%	22.2%	22.5%	20.0%	▲	
		Rate of specific health guidance implemented	74.3%	65.2%	83.5%	80.0%	▲	
	Employee satisfaction score for the measures	Health information provision system (Pepup)	—	—	35.6%	75.0%	—	Employee survey rate
	Working hours	Monthly average total working hours	182 hours	184 hours	177 hours	180 hours	▼	
Leave taken	Rate of yearly paid leave taken	53.2%	58.3%	56.0%	60.0%	▼		
Changes in worker awareness/behavior	Results from collecting health check questionnaires	Rate of smokers	35.7%	34.1%	32.0%	30.0%	▼	Survey on health and productivity management standards
		Rate of employees that sufficiently exercise	21.4%	23.0%	23.3%	25.0%	▲	Survey on health and productivity management standards
		Rate of employees that take sufficient sleep	54.6%	52.6%	47.2%	55.0%	▼	Survey on health and productivity management standards
		Rate of employees that drink alcohol within acceptable amount	78.5%	77.3%	74.0%	85.0%	▼	Survey on health and productivity management standards
		Rate of employees with appropriate diet	44.8%	46.4%	49.7%	48.0%	▲	Health scoring report standards
	Management of those at high risk	Rate of employees with lifestyle diseases	22.5%	22.9%	22.2%	20.0%	▼	Those with diabetes, high blood pressure, or abnormal fat levels
		Rate of employees with deteriorating symptoms	7.8%	8.2%	8.0%	6.0%	▼	One or more of the three disorders above + complications
		Rate of employees with deteriorating daily functions	0.3%	0.2%	0.3%	0.1%	▲	As above, but with serious symptoms
	Health literacy	Rate of employees using the health information sharing system	50.7%	38.3%	39.1%	50.0%	▲	Those using the system once or more a month
Final target indicators	Health check results indicators	Rate of employees with healthy weight	57.6%	59.4%	56.9%	60.0%	▼	
		Rate of employees with medical findings	60.9%	56.9%	69.0%	53.0%	▲	
		Rate of employees with risk of high blood pressure	1.2%	1.0%	1.4%	1.0%	▲	
		Rate of employees with risk of diabetes	1.0%	0.7%	0.3%	0.5%	▼	
		Rate of employees with poorly controlled diabetes	1.8%	2.0%	2.1%	1.0%	▲	
	Job separation	Average length of service (years)	17.4 years	16.9 years	16.6 years	18.0 years	▼	
		New employee retention rate	86.4%	80.2%	92.9%	86.0%	▲	
	Temporary leave	Number of employees on leave due to mental health reasons	27 people	19 people	28 people	Less than 10 people	▲	Including long-term absences
		Number of employees on leave due to other reasons	6 people	8 people	9 people	Less than 5 people	▲	Including long-term absences
	Presenteeism	Rate of labor productivity loss	—	18.7%	18.1%	15.0%	▼	SPQ (Single-Item Presenteeism Question developed by the University of Tokyo)
	Absenteeism	Rate of employees using leave systems due to illness or injury	0.75%	0.68%	0.65%	0.5%	▼	Proportion of total employees
	Work engagement	Employee satisfaction score	—	61.0	63.0	65.1	▲	Results of the employee engagement survey
Results from collecting stress check findings	Rate of employees with high stress levels	11.6%	12.3%	12.5%	10.0%	▲		

* Individual initiative investment amount: ○ Specific health checkup and guidance project cost: 11,121 thousand yen ○ Health information provision system usage fee: 9,746 thousand yen

Inclusion in the “White 500” in the 2025 Certified KENKO Investment for Health Outstanding Organizations Recognition Program

Now, after five consecutive years of recognition, we have been certified for the first time as a “White 500” organization under the 2025 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category). We will continue activities aimed at maintaining and improving these efforts.



Main measures

As part of collaborative health initiatives, our company holds a “Walking Rally” twice a year, organized by the Dai-Dan Health Insurance Society. Every year, we also hold walking events with volunteers from each office to visit nearby spots, compile them into a MAP, and provide it to employees. Through these activities, we participate in the Japan Sports Agency’s “FUN+WALK PROJECT,” join the “Sport in Life Consortium,” and have been certified as a “Sports Yell Company 2025.”



To improve health literacy, we hold “Shoulder and Back Pain Seminars,” provide various health information during National Occupational Health Week, and distribute informational videos on nursing care. Through these activities, we raise employees’ awareness of health and strive to create a better workplace environment.

Supporting health promotion for business partners

In January 2023, we announced our Partnership Building Declaration, and in August that year, we added initiatives related to health and productivity management as one of our initiative areas. We also identified “building better partnerships with subcontractors and suppliers” as one of our material issues, and through a health and safety council and the dedicated Subcontractor Portal site, we are providing information about health and productivity management and jointly implementing health events.

Relationship with Society

Signing of the Disaster Prevention Agreement (cooperation with local communities)

Dai-Dan has, through its industrial association, signed a Disaster Prevention Agreement with local governments concerning post-disaster emergency activities. We have also entered into agreements directly with some municipalities and industry organizations, and have established a system that allows for the swift provision of post-disaster emergency assistance. We aim to assist with the swift recovery of the local community and local businesses by proactively participating in reconstruction efforts of the affected region.

Assistance through the Dai-Dan Society Activity Fund

In April 1993, as part of our social contribution activities for our 90th anniversary, the Dai-Dan Society Activity Fund was established in the Osaka Community Foundation. From returns on fund assets, we support social welfare enhancement activities especially for persons with physical disabilities, including human rights education.

Dissemination of technical information to external parties

In order to contribute to the development of Japan’s building services industry, we support the running of industry organizations and academic conferences, and we also dispatch lecturers to external organizations. In particular, our engineers are dispatched to external training centers and educational institutions across Japan as lecturers to provide classes on building service technologies.

List of executives belonging to external organizations and destinations for dispatched lecturers

Organization	Position
Air-conditioning & Plumbing Contractors Associations of Japan	Chairman
Institute of Electrical Installation Engineers of Japan	General Director
Japan Electrical Construction Association	Advisory Committee Member
Association of Japan Instrumentation Industry	Administration Council Member
Japanese Association of Building Mechanical and Electrical Engineers	General Director
Association of Building Engineering and Equipment	General Director
Japan Architecture Facilities Inspection Association	General Director
Japan Electrician Association	Vice Chair
Construction Industry Transaction Improvement Organization	General Director
Public Buildings Association	General Director
Osaka Piping Higher Training School	Part-time lecturer
Kogakuin University	Part-time lecturer
Toyo University	Part-time lecturer

* External organizations are as of June 2025; lecturer dispatch status is for April 2024 to March 2025.

Publication of the DAI-DAN Technical Current News

With the objective of publicizing our technological development and research initiatives, we publish the DAI-DAN Technical Current News every September. The publication gives comprehensive explanations of experiments, assessment methods and analysis results using charts and images. The 118th edition was published in September 2024 and donated to the National Diet Library.



Contents published in the September 2024 issue

- Fundamental investigation into vacuum sewerage systems
- Development of jigs for local nitrogen replacement to improve efficiency of refrigerant copper pipe welding
- Concept for rebuilding Niigata Branch
- Lighting equipment for a carbon-neutral era
- Study on effective use of natural ventilation
- Summary of basic ZEB plans and analysis of BELS database
- Case studies of wellness initiatives at site offices for large-scale projects
- Investigations into damper air leakage volumes
- Investigations into effects of propeller fans for ceiling cassette air conditioners
- Overview of activities to market the cloud-based monitoring and control system REMOVIS overseas, and investigations into introducing it at our Singapore Branch
- Indoor temperature predictions using neural networks
- Investigations into CFD usage using 3D building models created using photographic measurement methods
- Development of environment visualization systems
- Research related to working environments at cell processing facilities
- Investigations into airflow at inlets for air barrier booths
- Analysis of environment monitoring data at Cellab Tonomachi CPF
- Analysis into airborne particles in clean rooms during power outages

Social contribution activities

As a corporate citizen, Dai-Dan fulfills its social responsibility and works to build trust with local communities by participating in social contribution activities and supporting sports activities.

Social contribution activities

Site	Activity Overview	
Tohoku Branch	Donald McDonald House Sendai Cleaning Activity	Cleaning activities at accommodation facilities for families of patients hospitalized at Miyagi Prefectural Children’s Hospital
Hokuriku Branch	Town Beautification Partner System	Cleaning activities around the Fukui Castle Ruins
Innovation Headquarters, China Branch	Tidal flat conservation activities at Onomichi and Matsunaga Bays	Soil cultivation, juvenile clam release, and protection with nets to preserve the habitat for clams in tidal flats
Singapore Branch DAIDAN INTERNATIONAL ASIA	Charity With Love Food Goodies Bag Program 2024	Gifted bags filled with food items to 450 underprivileged households (Packed food items into bags and visited each household to deliver them by hand)
Osaka Head Office	Adopt-a-River Program	Cleaning activities on the sidewalk along Tosabori River between Higobashi and Yodoyabashi
Toyota Branch	Traffic safety standing guard activities	Traffic safety standing guard activities at Akebono-cho intersection



Donald McDonald House Sendai Cleaning Activity (Tohoku Branch)



Town Beautification Partner System (Hokuriku Branch)



Tidal flat conservation activities at Onomichi and Matsunaga Bays (Innovation Headquarters, China Branch)



Charity With Love Food Goodies Bag Program 2024 (Singapore Branch, DAIDAN INTERNATIONAL ASIA)



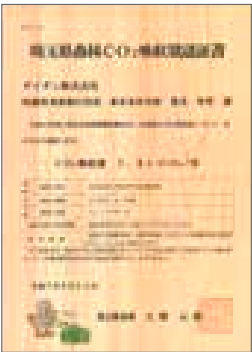
Adopt-a-River Program (Osaka Head Office)



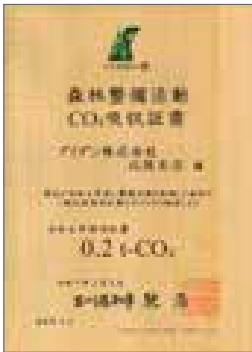
Traffic safety standing guard activities (Toyota Branch)

Dai-Dan Forest maintenance activities

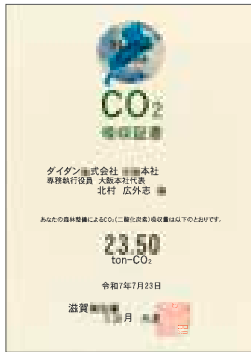
Forests absorb CO₂, support biodiversity, and lead to more abundant water resources. We therefore recognize that supporting forests is highly valuable in making society more sustainable.



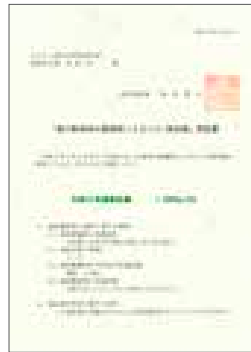
Tokyo Head Office
Saitama Forestry CO₂
absorption amount certificate



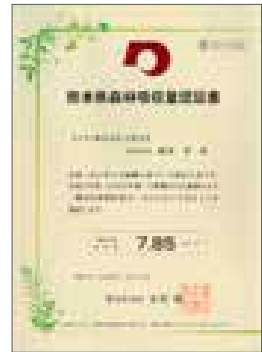
Hokuriku Branch
Forest maintenance activities
CO₂ absorption certificate



Osaka Head Office
CO₂ absorption certificate



Shikoku Branch
CO₂ absorption certificate



Kyushu Branch
Kumamoto Prefecture
absorption amount certificate

Dai-Dan Forest activities

Within Dai-Dan, nine head offices and branches have concluded agreements with different local authorities.

Site	Activities location (size)	Date	Implementation	Tree planting	CO ₂ absorption amount
Hokkaido Branch	Suigen-no-Mori, Domin-no-Mori Kamuishiri Area (1.0 ha)	Oct. 5, 2024	Tree planting activities	Tree planting of Akaezomatsu, Kashiwa, Mizunara, Yachidamo, Itayakayade, and others	—
Tohoku Branch	Miyatoko, Taiwa-cho, Kurokawa District, Miyagi Pref. (3.47 ha)	Oct. 19, 2024	Memorial tree-planting/tree-planting activities	Tree planting, branch trimming and thinning, and walkway creation	—
Tokyo Head Office	Moroyama-machi, Iruma District, Saitama Pref. (4.55 ha)	Jun. 17, 2024	Tree planting and thinning activities	Japanese cypress thinning (2 trees)	7.8 t-CO ₂ /year
Nagoya Office	Komono-cho, Mie Pref. (6.5 ha)	Nov. 9, 2024	Thinning and tree planting activities	Thinning of miscellaneous trees and planting of Yamazakura, Aodamo, Mitsubatsutsuji, etc. (20 trees)	—
Hokuriku Branch	Osaki Area, Kahoku, Ishikawa Pref. (0.52 ha)	Nov. 16, 2024	Tree planting activities	Black pine tree-planting (200 trees)	0.2 t-CO ₂ /year
Osaka Head Office	Sugitani, Konan-cho, Koka, Shiga Pref. (12.56 ha)	Nov. 23, 2024	Maintenance Activities	Felling operations and taping work to protect trees from harmful animals	—
Chugoku Branch	Yakage-cho, Oda District, Okayama Pref. (1.6 ha)	Nov. 30, 2024	Thinning and tree planting activities	Felling operations and planting of 75 Yamazakura and Irohamomiji trees	—
Shikoku Branch	Miki-cho, Kita District, Kagawa Pref. (2.85 ha)	Dec. 7, 2024	Tree planting activities	Japanese cypress tree-planting (540 trees)	1.2 t-CO ₂ /year
Kyushu Office	Yunomae-machi, Kuma District, Kumamoto Pref. (10.61 ha)	Oct. 19, 2024	Tree planting activities	“Obisugi” (variety of Japanese cedar) tree-planting (500 trees)	7.85 t-CO ₂ /year



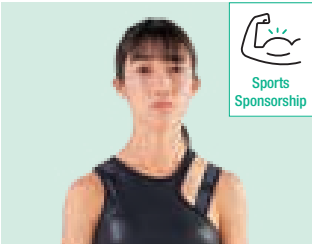
A family planting a tree



Group photo at the Dai-Dan Forest Yunomae

Sponsorship activities

We undertake a variety of initiatives to make contributions to the community as a responsible corporate citizen.



Nozomi Tanaka
Track and Field Middle/Long Distance Athlete
Individual Sponsor



J.League Machida Zelvia
Support Company



Japan Deaf Football Association
Official Partner



Para Football (General Incorporated Association)
Event Sponsorship



B.League Alvark Tokyo
Support Company



J.League Kyoto Sanga
Support Company



X.League Tainai Deers
Official Sponsor



WROJapan2024
National Silver Sponsor

Broadcast of new commercials have started

The new commercial “Prepare and Challenge,” which began airing in October 2024, features Nozomi Tanaka, a middle/long-distance track and field athlete supported by our company since 2021 (affiliated with New Balance). The commercial draws a parallel between Ms. Tanaka’s daily efforts to maintain her condition and challenge world records, and our company’s pursuit of creating spatial value





“Prepare and Challenge” version
<https://youtu.be/TxzjqXiSI08>

through the control of air, water, and electricity. At the same time, the commercial “By Your Side in Life.” also began airing. In this version, singer VK Blanka wrote an original song, “Dengon.” Because our equipment is a familiar part of everyday life, we expressed the mission of ensuring that daily life never stops.





“By Your Side in Life.” version
<https://youtu.be/MOJNrLRINLY>

Strengthening Corporate Foundation

The Dai-Dan Group, as a company with board of company auditors, has established a governance system that separates management decision-making and supervisory functions from business execution, thereby enhancing effectiveness and transparency. We will continue to strengthen corporate governance through training for directors and evaluations of the effectiveness of the Board of Directors. In addition, by thoroughly enforcing compliance based on the Dai-Dan Group Code of Conduct and strengthening risk management to minimize various risks surrounding our company, we will continue to earn the trust of our stakeholders.

Roundtable Discussion with Outside Directors

The Future of Dai-Dan to Consider Now, While Business Performance is Strong

To enhance management transparency and fairness and strengthen corporate governance, Dai-Dan has appointed four outside directors. Here, all four outside directors gathered for a roundtable discussion with President Yamanaka. What initiatives should Dai-Dan promote now that business performance is strong? We present the lively discussions from the roundtable on the ideal form of the Board of Directors, future management strategies, and prospects for strengthening governance.

Evaluation of the effectiveness of the Board of Directors

Sato: I feel that our Board of Directors is very open, allowing for frank and lively discussions. Everyone, both inside and outside the company, actively speaks up based on their position and expertise, and the chairperson facilitates the meeting to keep it lively. There is absolutely no atmosphere that makes us outside directors feel like “outsiders” or intimidated; rather, I feel that our candid opinions from an external perspective are actively sought.

Matsubara: When I first became an outside director, the internal directors hardly spoke, and meetings tended to be formalities. In the first board effectiveness evaluation

survey, someone even gave the lowest score for the item “Are discussions lively?” Compared to that time, I feel that everyone now actively exchanges opinions, and the Board discussions have become much more lively.

In terms of effectiveness, the system that allows us outside directors to observe important internal meetings such as the Executive Committee meetings online as observers seems to be working well. Based on the information obtained in such settings, we can prepare for constructive discussions at the Board meetings. Furthermore, the Meeting of Independent Directors, which consists only of outside officers, also contributes to deepening discussions by allowing in-depth exchanges of opinions on important themes



before they are brought to the Board.

Yamanaka: The outside directors always provide active opinions at the Board meetings. Moreover, their comments are never negative criticisms that act as brakes, but always constructive, making me think, “I see, that’s another way of looking at it.” I strongly feel that taking measures in response to the feedback we receive leads to faster and higher-quality management decisions. Could you also share your opinions on the challenges facing the Board of Directors?

Kosakai: If I may make a suggestion for improvement, the original role of outside directors is to check internal controls and make recommendations on medium- to long-term management strategies and policies. However, to be frank, I feel that our Board of Directors

tends to deliberate a bit too much on short-term and routine matters. Honestly, there are even cases where issues that could be left to the executive team are brought to the Board for discussion.

What I would like to propose is a “focus on strategic discussions.” Specifically, we should promote delegation of authority and leave short-term and routine decision-making to the executive side. In return, the Board of Directors should devote sufficient time to strategic themes such as medium- to long-term management policies and visions, which are the areas it should truly focus on. We outside directors each have different experiences and skill sets. In order to make the most of this diverse expertise, I believe it is urgent to create a system that enables the Board of



Directors to truly focus on strategic deliberations.

Kyutoku: From my perspective, I have a proposal regarding clarification of roles. Currently, among the matters brought directly to the Board of Directors, there are quite a few that are difficult for outside directors to fully grasp in detail. Ideally, the executive team should first thoroughly discuss and organize the issues at Executive Committee before submitting them to the Board of Directors. I am confident that this will make it easier for outside directors to participate in substantive discussions, and as a result, dramatically improve the quality of discussions at the Board as a whole.

On the progress of the Mid-Term Management Plan

Kyutoku: I feel that the current Mid-Term Management Plan is a solid and excellent plan that leverages our company’s strengths. In addition to steady growth in our core businesses, I particularly appreciate the clear commitment to new areas such as regenerative medicine and overseas expansion.

However, the success of new businesses requires a strong sense of commitment from management. Especially in uncharted fields like regenerative medicine, a strong will to continue investing patiently for at least three years is essential.

Thanks to strong performance, we have already exceeded the final-year targets of this Mid-Term Management Plan. While this is a welcome development, it also raises the fundamental question of “What is a Mid-Term Management Plan?”

Matsubara: Several years ago, we set an ambitious long-term vision of “300 billion yen in sales.” At the time, it seemed like a very high hurdle, but with the expansion of domestic construction demand, economic stimulus from monetary easing, and the depreciation of the yen, our sales have now grown to around 280 billion yen. The much greater-than-expected growth in performance is a “pleasant surprise” for management, but at the same time, it is also an opportunity to reconsider the essence of our plans.

In order to respond to rapid changes in society and the economy, I believe that today’s Mid-Term Management Plans must be flexible enough to keep various future scenarios in mind and, when necessary, make bold course corrections.

Kosakai: In addition to your comments, I would like to emphasize the importance of “fostering a sense of urgency.” Our current strong performance is certainly impressive, but both management and the front lines tend to lose their sense of urgency when things are going well. I believe that now, when things are going well, is precisely the time to stay vigilant and lay the groundwork for the future.

In particular, technological innovation—especially AI—is advancing at a tremendous pace, and could even transform the entire industry structure. Now is the time for the entire company to share a healthy sense of urgency and begin rebuilding our long-term vision with an eye toward the next five to ten years.

Yamanaka: The points you have all raised are exactly in line with the issues I am keenly aware of on a daily basis. Because our business structure depends on construction demand, we are vulnerable to market fluctuations. That is precisely why we are positioning this period of strong performance as a “period of aggressive investment,” and are determined to nurture new pillars of business and the next foundation for growth.

Regenerative medicine, overseas expansion, and the renewal of existing buildings—all of these are important investment areas that will define our company’s future. Above all, we place the highest

priority on investing in human capital—“developing people”—as the key to enhancing corporate value.

On the development and diversification of human resources

Sato: As the President mentioned, I believe it was an extremely appropriate decision to place initiatives related to human resources at the very top of the priorities in this Mid-Term Management Plan.

Structural challenges facing the construction industry—such as the outflow of young people, the image of long working hours, and the need to respond to work style reforms—remain serious issues. The industry’s overall labor shortage cannot be solved overnight, which is why it is essential to create an environment where current employees can work with greater satisfaction.

In this regard, I also highly appreciate the steady implementation of concrete measures such as systematic training programs for new employees, providing diverse work opportunities through job



Hirofumi Kyutoku
Q: What is your impression of Dai-Dan?
“Serious to the point of being earnest”
The company’s great strengths are its seriousness in always following the rules set by the company and seeing things through to the end, as well as the open and friendly relationships between management and the front lines.



Ikumi Sato
Q: What is your impression of Dai-Dan?
“Like an athletic club”
There is a strong sense of teamwork and a brightness that allows them to overcome difficulties with laughter.
This is a company with a strong sense of camaraderie, where everyone works together to create something.

rotation, and clarifying the “path to becoming a full-fledged employee.”

Going forward, in addition to these initiatives, it would be good to continue efforts to convey the appeal of manufacturing to younger generations, such as by expanding internship programs.

Kyutoku: In addition to Ms. Sato’s point, I would also like to see further progress in “diversifying human resources.” When a company specializes in a single business area, the types of personnel tend to become homogeneous. What I would like to propose is a recruitment approach similar to a “special talent entrance exam.” Rather than insisting on industry experience or engineering knowledge, we should actively recruit people with unique talents or personal appeal. Especially now, as we prepare to launch new businesses, creating an environment where people with various personalities and strengths can inspire each other should energize the entire organization.

Yamanaka: Your points go right to the heart of the human resource strategy our company is aiming to implement. We are particularly proactive in



hiring people from different industries and fields. For example, to address the shortage of electrical engineers, we have started recruiting humanities graduates by inviting them to “try working in the electrical field.” Even if someone does not have specialized engineering knowledge, we believe that by enhancing our training programs, they can become valuable contributors.

Evaluation of risk management and compliance systems

Sato: The legal violations discovered in 2023 were a painful experience for our company, but I appreciate the steady, ongoing improvements that have been made by learning from that lesson.

Given the unique business practices and complex transaction structures in the construction industry, as well as the structural challenge of worksites being physically distant from head offices, I understand that ensuring thorough compliance is a challenge. Even so, through ongoing training and various awareness



Fumio Matsubara
Q: What is your impression of Dai-Dan? “Greetings everywhere”
As you walk through the company, everyone greets you. There is a culture where the distance between management and the front lines is close, and even young employees can clearly explain the company’s policies and the situation on the ground.

activities, the importance of compliance is being repeatedly communicated. It is important to continue these efforts going forward as well.

Matsubara: Thorough risk management and compliance are the lifeline of a company. As Ms. Sato mentioned, I believe our response to past scandals was a case that demonstrated our strong crisis management capabilities. While ongoing efforts to prevent problems from occurring are a fundamental premise, equally important are the speed and transparency of our response after an issue arises.

Witnessing the management’s swift communication immediately after the scandal was uncovered, their open explanation without hiding the facts, the immediate establishment of an investigative framework, and the setting of a clear schedule—all handled quickly and accurately—made me realize that this is an organization capable of solid crisis response even in difficult times.

Kyutoku: In terms of risk management, what I pay particular attention to is the “new risks associated with new businesses.” The regenerative medicine business is an unknown field for our company and has a completely different risk profile from our traditional construction business. There may also be responsibilities and liability risks that we had not previously anticipated. While building on our existing excellent systems, it is essential to establish a specialized management structure that can address risks unique to new businesses. Precisely because it is an unknown field, thorough risk identification and countermeasures at the initial stage become crucial.

Kosakai: I rate our current internal control system as being at a very high level, even compared to several companies I have been involved with in the past. The functions of various committees, including the Sustainability Committee, our ability to respond quickly to the latest issues, and company-wide cross-functional initiatives are all excellent.

However, as the organization reaches 2,000 members and is expected to grow further, the challenge will be how to ensure these practices permeate to every corner of the organization. No matter how perfect the system is, it is meaningless unless it reaches every part of the workplace. I believe it will become even more difficult as the scale of

business expands and overseas locations increase. How to build engagement with employees, including those overseas, is also one of the challenges we face.

Yamanaka: I am quite concerned about whether the importance of risk management and compliance is truly reaching every corner of the organization. When I visit worksites, I make it a point to communicate directly with employees, and we repeatedly share information through every possible opportunity, such as sharing risk cases at the monthly national branch managers’ meetings, e-learning training, the top compliance message on April 1 each year, and speeches at the nationwide safety conventions in July. Still, I constantly ask myself whether these efforts are truly reaching every corner, and I feel that further ingenuity is needed.

Future aspirations as outside directors

Kyutoku: Our company’s performance has grown significantly in recent years, and I believe it is a very attractive company for investors. The key point is that our company possesses outstanding technological capabilities. Especially in the industrial facilities sector, we have established an overwhelming technological advantage, to the extent that clients specifically request us by name. As an outside director, I will support the company in further honing this strength and solidifying our competitive edge over other companies.

Kosakai: Dai-Dan is a company with tremendous untapped potential. In order to realize the ambitious goal of becoming a “spatial value creation company” that goes beyond the traditional boundaries of an equipment construction company, I hope everyone will abandon the mindset of simply keeping pace with competitors and instead approach their work with the determination to lead the industry. Since we already have the power to transform the industry, I will continue to support further leaps forward.

Sato: I strongly feel that the interests and requests of investors are changing at a tremendous pace with the times. I hope to quickly grasp these changes and, especially as a legal expert, contribute to the company from the perspectives of governance and compliance. As an outside director, I intend to fulfill my supervisory



Kenkichi Kosakai
Q: What is your impression of Dai-Dan?
“A trusted long-established company”
With the underlying strength backed by 122 years of history, the ability to fulfill promises, and strong communication both inside and outside the company, we have earned deep trust from our customers.

responsibilities in management and also express my opinions from the perspective of whether or not they contribute to enhancing corporate value.

Matsubara: I have witnessed and experienced numerous crises in the fields of government and finance, such as the bursting of the bubble, the collapse of general contractors, and the Lehman shock. That is why I am concerned about the risks that lurk during prosperous times.

Drawing on this experience, I will continue to provide management advice that anticipates various risk scenarios so that investors and other external stakeholders can feel secure.

Yamanaka: Today, we received extremely constructive and insightful opinions from all of our outside directors. Your comments have not only reaffirmed our company’s current strengths but also clearly highlighted the challenges we face for the future. We will never become complacent with our strong performance and will boldly carry out strategic investments with an eye on the future.

Directors and Auditors

● Attendance in FY2024 (Board of Directors... BD / Nominating and Remuneration Committee... NRC / Board of Independent Officers... BIO / Board of Auditors... BA)

Directors	Directors (excl. outside) 50%	Outside (Female) 12.5%	Outside 37.5%
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Ichiro Fujisawa

Representative Director

April 1979 Joined the Company
April 2024 Appointed as Chairman and Representative Director of the Company (current position)

● Years as Director: 16 years
● BD ...16/16 times (100%) NRC ...4/4 times (100%)

Yasuhiro Yamanaka

Representative Director

April 1983 Entered full-fledged
April 2024 Representative Director and President, of the Company (current position)

● Years as Director: 5 years
● BD ...16/16 times (100%) NRC ...4/4 times (100%)

Hisao Sasaki

Directors

April 1988 Entered full-fledged
April 2024 Director, Senior Managing Corporate Officer, Manager of East Japan Division and General Manager of Tokyo Head Office of the Company (current position)

● Years as Director: 5 years
● BD ...16/16 times (100%)

Yoji Sasaki

Directors

April 1989 Entered full-fledged
June 2025 Director, Senior Corporate Officer, CIO and Manager of General Administration Division of the Company (current position)

● Years as Director: 10 years
● BD ...16/16 times (100%) NRC ...5/5 times (100%) BIO ...16/16 times (100%)

Outside

Fumio Matsubara

Directors

April 1973 Entered the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport and Tourism)
June 2015 Appointed as Director of the Company (current position)

● Years as Director: 10 years
● BD ...16/16 times (100%) NRC ...5/5 times (100%) BIO ...16/16 times (100%)

Outside

Ikumi Sato

Directors

April 1990 Registered as Attorney
June 2021 Appointed as Director of the Company (current position)

● Years as Director: 4 years
● BD ...16/16 times (100%) NRC ...5/5 times (100%) BIO ...15/16 times (93.8%)

Outside

Kenkichi Kosakai

Directors

April 1976 Entered Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation)
June 2021 Appointed as Director of the Company (current position)

● Years as Director: 4 years
● BD ...16/16 times (100%) NRC ...5/5 times (100%) BIO ...16/16 times (100%)

Outside

Hirofumi Kyutoku

Directors

April 1978 Joined Osaka Gas Co., Ltd.
June 2024 Appointed as Director of the Company (current position)

● Years as Director: 1 years
● BD ...16/16 times (100%) NRC ...4/4 times (100%) BIO ...16/16 times (100%)

Auditor	Auditors (excl. outside) 50%	Outside 50%
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Outside

Hiroshi Matsui

Standing Auditor

April 1983 Entered the Industrial Bank of Japan, Ltd. (now Mizuho Bank, Ltd.)
June 2024 (Standing) Auditor, of the Company (current position)

● Years as Auditor: 1 year
● BD ...13/13 times (100%) BIO ...13/13 times (100%) BA ...10/10 times (100%)

Takayuki Ikeda

Standing Auditor

April 1985 Entered full-fledged
June 2024 (Standing) Auditor, of the Company (current position)

● Years as Auditor: 1 year
● BD ...13/13 times (100%) BA ...10/10 times (100%)

Kazuhiko Chikaraishi

Standing Auditor

April 1983 Entered full-fledged
June 2024 (Standing) Auditor, of the Company (current position)

● Years as Auditor: 1 year
● BD ...13/13 times (100%) BA ...10/10 times (100%)

Outside

Yasuyuki Suzuki

Auditor

April 2008 Professor, Faculty of Business Administration, Tamagawa University
June 2024 Appointed as Auditor of the Company (current position)

● Years as Auditor: 1 year
● BD ...13/13 times (100%) BIO ...13/13 times (100%) BA ...10/10 times (100%)

Skills matrices

To contribute to the realization of a sustainable society and continuously “create” the “value” of “spaces” demanded by the future, our company is expanding its business domains beyond the boundaries of comprehensive facility construction, aiming to become a “Space Value Creation” company and striving for a new “Stage.”

To achieve this, we believe it is important for directors and auditors, who are responsible for management decision-making and supervision, as well as corporate officers, who are responsible for business execution, to secure a wide range of expertise, experience, and diversity.

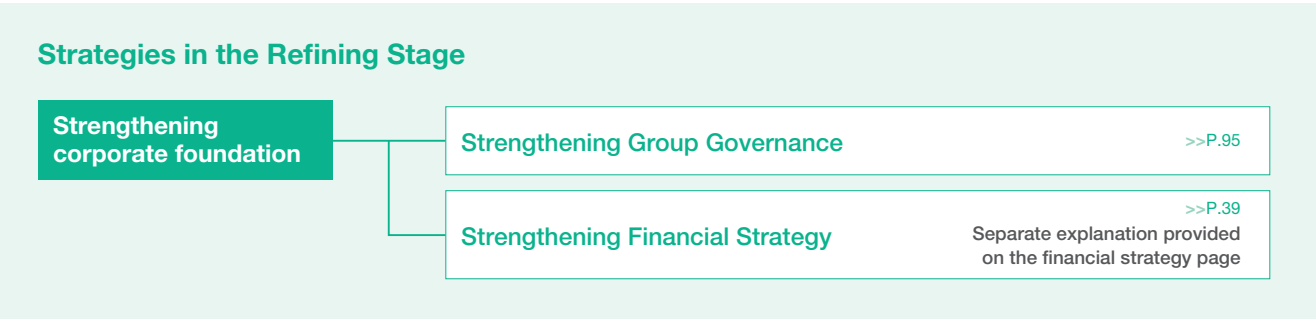
Based on this approach, our company particularly expects each director, auditor, and corporate officer to demonstrate skills and abilities utilizing their knowledge and experience in the fields listed in the table below, and will systematically work to develop the diverse skills and abilities of each officer.

Name	Position	Members of Meetings and Committees								Particular Areas of Specialty or Experience												
		Board of Directors	Board of Auditors	Executive Committee	Risk Management Committee	Compliance Committee	Sustainability Committee	Board of Independent Officers	Nominating and Remuneration Committee	Corporate Management & Strategy	Accounting & Finance	Construction Technology	Design & R&D	Risk Management & Governance	Sales & Marketing	Legal & Audit	Overseas	Knowledge of Other Industries	Human Resource Development	Sustainability	IT & DX	New Business & R&D
Ichiro Fujisawa	Chairman and Representative Director	●		●	●	●	○		●	●		●	●	●	●		●			●		
Yasuhiro Yamanaka	Representative Director and President	●		●	●	●	●		●	●		●		●	●				●	●		
Hisao Sasaki	Director and Senior Managing Corporate Officer	●		●			○			●		●	●	●	●		●		●	●	●	
Yoji Sasaki	Director and Senior Corporate Officer	●		●	●		●			●	●		●	●		●	●			●	●	●
Fumio Matsubara	Outside Director	●		○		●	○	●	●					●		●		●		●		
Ikumi Sato	Outside Director	●		○			○	●	●					●		●	●	●		●		
Kenkichi Kosakai	Outside Director	●		○			○	●	●	●	●			●		●		●		●	●	
Hirofumi Kyutoku	Outside Director	●		○			○	●	●	●			●	●	●	●	●	●		●		●
Hiroshi Matsui	Standing Auditor (outside)	●	●	○			○	●		●	●			●	●		●	●		●		
Takayuki Ikeda	Standing Auditor	●	●	○			○				●			●	●	●			●		●	
Kazuhiko Chikaraishi	Standing Auditor	●	●	○			○					●			●		●		●		●	
Yasuyuki Suzuki	Auditor (outside)	●	●	○			○	●		●				●	●			●	●	●		

● = Full Member, ○ = Observer
* This table lists the areas where each individual can demonstrate greater expertise based on their experience, and does not indicate all the knowledge each person possesses.

Expected Field	Reason for Selection
Corporate Management & Strategy	We believe that comprehensive and integrated knowledge and experience in corporate management, as well as knowledge and experience in formulating and implementing management strategies that are concretely embedded in the organization, are important for the sustainable enhancement of corporate value.
Accounting & Finance	We believe that knowledge and experience in accounting and finance are important for building growth and financial strategies that balance capital efficiency and financial soundness, as well as for achieving accurate financial reporting, which is a prerequisite for proper governance.
Construction Technology	As our main business and at the forefront of value creation, knowledge and experience in on-site construction technology are important for driving business growth and generating profits while ensuring appropriate quality.
Design & Technology Development	Knowledge and experience in design and technology development that contribute to improving construction productivity are important for enhancing profitability over the medium to long term amid labor shortages caused by a declining birthrate and aging population.
Risk Management & Governance	To prevent the loss of corporate value and achieve its sustainable improvement, we believe that knowledge and experience in comprehensive risk management and governance with stakeholder awareness are important.
Sales & Marketing	Order acquisition activities are the driving force for business expansion. In order to secure appropriate orders that match our business strategy in both quality and quantity amid a serious labor shortage, we believe that knowledge and experience in marketing and sales are important.
Legal & Audit	To appropriately respond to ever-changing laws, prevent corporate misconduct, and achieve sound business expansion and enhancement of corporate value, we believe that knowledge and experience in legal affairs and audit are important.
Overseas	While overseas business is a strategic area that will drive our future business expansion, it requires different business promotion and risk management than in Japan. Therefore, we believe that knowledge and experience based on overseas business experience are important.
Knowledge of Other Industries	As the business environment changes rapidly, in addition to knowledge and experience within the company, we believe that knowledge and experience in other industries are important for making appropriate management decisions from a multifaceted perspective.
Human Resource Development	Amid a serious labor shortage, in order to promote human capital management and enhance stable human resource capabilities in both quality and quantity, we believe that knowledge and experience in personnel, labor, and human resource development are important.
Sustainability	Efforts toward sustainability not only contribute to society but also greatly contribute to the sustainable enhancement of corporate value, so we believe that such knowledge and experience are important.
IT & DX	Promoting “DX that leverages people” and boldly and steadily improving company-wide productivity is essential, and knowledge and experience in IT and DX are important for this purpose.
New Busines & R&D	We believe that knowledge and experience for creating new businesses and new technologies are important for complementing our core business over the long term and steadily enhancing corporate value.

Strategy Deployment Map



Strengthening Group Governance

Corporate Governance

Our approach to corporate governance

As a building services engineering and installation provider, we are committed to the management principles of “Delivering space values of safety, comfort, and trust to the future of ourselves, society, and the Earth.” In justifying the trust placed in us by all stakeholders including shareholders, customers, business partners, employees, and local communities, we remain focused on continuously enhancing our corporate governance in order to maintain effective management practices.

- Our basic policy on corporate governance is as follows.
- Ensure the rights and equality of shareholders
 - To ensure transparency, fairness, speed, and decisive decision making, the Board of Directors will carry out its functions appropriately and efficiently
 - Endeavor to disclose information appropriately and hold constructive dialogues with shareholders
 - Work appropriately with stakeholders other than shareholders

Dai-Dan Corporate Governance Guidelines

We have established the Dai-Dan Corporate Governance Guidelines, a policy that systematically expresses our views concerning such matters as the protection of shareholders’ rights, running the Board of Directors, dialogue with shareholders, and issues relating to social and environmental problems and other sustainability issues. We will continue

taking measures to strengthen and improve corporate governance to make it more effective.



Dai-Dan Corporate Governance Guidelines

https://www.daidan.co.jp/sustainability/governance/pdf/corporate_governance_guideline.pdf

Our corporate governance system

The objective of Dai-Dan’s corporate governance system is to ensure appropriate and efficient management by maintaining discrete decision-making, oversight, and administrative functions, thereby enabling swift and appropriate deliberation and implementation of decisions. We adopted a corporate auditor system and effectively utilizes the following managerial structure.

director). It convenes monthly and holds special meetings as necessary. In addition to overseeing business operations, the board deliberates on important matters related to corporate management, including subjects discussed in Executive Committee meetings. Our articles of incorporation provide that the Board of Directors should consist of 12 people or fewer.

Board of Directors

The Board of Directors comprises eight directors, four of whom are outside directors (including one female outside

Board of Auditors

The Board of Auditors comprises four auditors, two of whom are outside auditors. It is headed by one of the standing

(outside) auditors who is elected by the other auditors. As a rule, the Board of Auditors meets once a month and otherwise whenever necessary. The Board of Auditors discusses and decides on important matters related to auditing such as auditing policy, audit plans and who actually conducts audits.

Nominating and Remuneration Committee

Composed of representative directors and outside directors, the underlying principle of the Nominating and Remuneration Committee is that the majority of members will be outside directors. The chair of the committee is selected from the members who are outside directors.

Reporting to the Board of Directors

The Nominating and Remuneration Committee discusses and presents on the following to the Board of Directors. These reports will involve at least half of the committee’s members.

1. Nominations for the position of representative director (selection)
2. Dismissal of representative director
3. Proposals for the position of director (appointment, non-reappointment, dismissal)
4. Formulation and revision of regulations regarding remuneration for directors and corporate officers

Advising the Board of Directors

Nominating and Remuneration Committee members will be involved in the following matters and, where necessary, advise the Board of Directors.

1. Succession planning (representative director)
2. Skills matrices
3. Validity of remuneration tables for directors and corporate officers
4. Validity of personal evaluations for executive bonuses
5. Candidates for selection as corporate officers

Board of Independent Officers

The Board of Independent Officers consists of four outside directors and two outside auditors. Its role is to exchange information and share knowledge from an independent, objective standpoint, and to evaluate the effectiveness of management, in particular the effectiveness of the Board of Directors. In verifying the effectiveness of policy-held shares, we confirm the details and ensure the perspective of the common interests of shareholders.

“Independence Criteria for Outside Officers”

In December 2015, we established the “Independence Criteria for Outside Directors,” and from June 2024, we have operated it as the “Independence Criteria for Outside Officers,” including outside auditors. For details on these criteria, please refer to the “Dai-Dan Corporate Governance Guidelines.”

Executive Committee

The Executive Committee meets once a month and additionally as needed. It is composed of directors and corporate officers appointed by the President, and deliberates thoroughly

on important matters concerning management policies, strategies, and overall management of the company and its group companies, making decisions or providing advice and consultation on decision-making, and submitting matters to the Board of Directors as necessary.

Internal audits

The internal audit system includes the establishment of an Internal Audit Office under the direct supervision of the President, independent from headquarters and business sites, which audits the accuracy of accounting and the appropriateness and efficiency of operations of the company and its group companies, and also verifies and evaluates the effectiveness of the internal control system related to financial reporting. We maintain close cooperation with the auditors and accounting auditors, sharing information mutually and striving for efficient internal audits, such as verifying the results of audits conducted by the Internal Audit Office. We also regularly exchange opinions with the internal control department at meetings and share information with the Compliance Promotion Office to conduct audits in cooperation. The results of audits are reported not only to the President but also directly to the Board of Directors and the Board of Independent Officers.

Compliance Committee>>P.100

The Compliance Committee was established to ensure compliance with laws and internal regulations, and to strengthen fair and ethical company operations with strong compliance. The committee is chaired by the chairman, and is responsible for raising awareness of compliance among executives and employees and educating them on the subject. It also makes active use of a hotline for reports of compliance or other violations, to discover and rectify issues as quickly as possible.

Compliance Promotion Office>>P.100

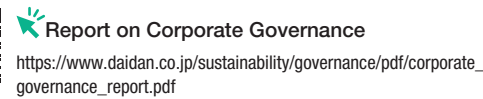
The Compliance Promotion Office comes under the direct control of the Chairman, and is independent of the headquarters and offices; it collaborates with the Compliance Committee in planning, drafting, and implementation to help ensure that our business activities comply with the Antimonopoly Act and other relevant laws and regulations. This office also collaborates with the Internal Audit Office and continues to monitor compliance activities in our offices.

Risk Management Committee>>P.103

The Risk Management Committee’s usual role is to deliberate suitable measures related to risk management and discuss the status of operations. Should a crisis occur, however, it takes action to manage the danger. The committee also makes periodic reports to the Board of Directors.

- Identifying responsibilities and business strategies aimed at making society more sustainable
- Planning and promoting CSR, environmental, and social contribution activities
- Promoting measures to improve information disclosure outside the company and external evaluations for ESG activities

2015	Established the “Dai-Dan Corporate Governance Guidelines”
2015	Appointed two outside directors for the first time
2015	Initiated evaluation of the effectiveness of the Board of Directors
2019	Established the Risk Management Committee
2021	Established the Nominating and Remuneration Committee
2022	Established the Sustainability Committee



The diagram illustrates the governance structure of the China National Petroleum Corporation, showing the relationships between various committees and departments. At the top is the **Shareholders' Meeting**, which appoints the **Auditors/Board of Auditors** and the **Directors/Board of Directors**. The **Auditors/Board of Auditors** provide an **Audit report** to the Shareholders' Meeting. The **Directors/Board of Directors** are advised by the **Board of Independent Officers** (Outside directors and outside auditors) and the **Nominating and Remuneration Committee**. The **Directors/Board of Directors** appoint, dismiss, and supervise the **Representative Directors**. The **Representative Directors** are linked to the **Directors/Corporate Officers**, **Headquarters/Branches/Offices**, and **Affiliate Companies**. The **Internal Audit Office**, **Sustainability Committee**, and **Risk Management Committee** report to the **Auditors/Board of Auditors** and collaborate with the **Representative Directors**. The **Compliance Committee** and **Compliance Promotion Office** report to the **Representative Directors**. The **Executive Committee**, which deliberates on important matters, is appointed by the **Representative Directors** and plans/drafts with the **Headquarters/Branches/Offices** and **Affiliate Companies**. The **Legal Compliance Support Committee** is at the bottom, receiving input from the **Internal Audit Office**, **Sustainability Committee**, **Risk Management Committee**, **Compliance Committee**, **Compliance Promotion Office**, and the **Affiliate Companies**. A **Hotline** is also shown reporting to the **Compliance Committee** and **Compliance Promotion Office**.

of his or her duties, commit some kind of violation or neglect his or her work, and this be found unbefitting of a director of the company, the Board of Directors will decide to dismiss the director, and will refer the matter to the Shareholders' Meeting. The Nominating and Remuneration Committee deliberates on proposals for the appointment and dismissal of the Representative Director and appointment of directors, and then reports on these to the Board of Directors.

Basic compensation 65%	Bonuses 20%	Share-based compensation 15%
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	Calculation method
Basic compensation	The basic compensation provided to directors consists of compensation in line with the individual director's position, and compensation adjusted for their executive duties. The levels of these are set by the Board of Directors, after verifying that they are appropriate based on the findings of a third-party survey, and the objective advice of the Nominating and Remuneration Committee.
Performance-linked compensation	The performance indicators used to determine performance-linked compensation, and the calculation method, use each year's achievement rate toward the targets for operating profit—a KPI—laid out in the Mid-Term Management Plan. Under the remuneration system that we have introduced, the level of individual contribution to performance and the condition of profit are other factors that are taken into account to determine the amount of performance-linked compensation. The levels of compensation and ratios are set by the Board of Directors, after verifying that they are appropriate based on the findings of a third-party survey, and the objective advice of the Nominating and Remuneration Committee.
	Bonuses The basic payout amount for bonuses is set by multiplying a standard amount, based on the individual's position, by a payout rate that is based on the degree of achievement toward the group's overall operating profit target. The payout rate differs for representative directors and other directors: For the former, the resulting amount is multiplied by a rate based on orders received, net sales, and operating profit for the whole group. For the latter, the resulting amount is multiplied by a rate based on both the group's overall performance and on individual performance for each position—the performance of the division, etc., that they are responsible for. (excl. outside directors) Share-based compensation After multiplying a share-based compensation standard amount, based on the individual's position, by a payout rate that is based on the degree of achievement toward the consolidated group's operating profit and profit attributable to owners of the parent, the resulting amount is divided by the base share price to calculate a number of points. Shares are then paid to the ratio of two shares to one point. (excl. outside directors and individuals not resident in Japan)

Position	Total compensation, etc. (million yen)	Total by type of compensation, etc. (million yen)			Number of eligible officers (persons)
		Basic compensation	Bonuses	Share-based compensation	
Directors (excl. outside)	396	197	151	47	4
Outside directors	56	56	—	—	4
Auditors (excl. outside)	37	37	—	—	4
Outside auditors	31	31	—	—	4

Position	Number of shares (shares)	Number of recipients (persons)
Directors (excluding outside directors)	10,070 shares	4

Training policy for directors

When directors or corporate officers are first appointed, they take part in training sessions given by specialists. The aim of these sessions is to give the new directors and corporate officers an understanding of their roles, duties, and responsibilities, and furnish them with a knowledge of corporate legal matters.

After their appointment, we provide directors and corporate officers with a range of seminars. These might include seminars given by outside specialists on topics such as the Antimonopoly Act, the Companies Act, or corporate governance, or seminars by outside experts to provide useful information on management or on the social and economic situation.

Taking into account demands from society, such as revisions to laws, or the desires of directors or corporate officers, we offer support by providing or introducing training opportunities that the individual requires, and support for those expenses. For independent outside directors and independent outside auditors, when they first take up their positions, we provide explanations of our management principles and management policies; an overview of our business, finances, and organization; and matters relating to corporate governance. Where necessary, we also take the new appointees on tours of our major sites, including our R&D facilities.

Audit & Supervisory Board Members participate in external seminars and networking events as needed to acquire necessary knowledge and deepen their understanding of their roles and responsibilities.

For independent outside directors and independent outside

Evaluating the effectiveness of the Board of Directors

Each year, the chair of the Board of Directors, as the person responsible, carries out an evaluation of the Board of Directors to assess its overall effectiveness.

A “Self-Evaluation Questionnaire on Board of Directors Operations” is conducted for all directors and auditors. The results are aggregated, analyzed, and issues identified by the Board of Independent Officers, which consists of outside directors and outside Audit & Supervisory Board Members. After considering improvement policies, the Board of Directors discusses the results and improvement items once a year. This time, in pursuit of a higher level of objectivity and enhanced disclosure, we utilized an external organization with the latest

auditors, when they first take up their positions, we provide explanations of our corporate philosophy and management policies; an overview of our business, finances, and organization; and matters relating to corporate governance. Where necessary, we also take the new appointees on tours of our major sites, including our R&D facilities.

Internal control system

We have developed an internal control system that focuses on the improvement of internal rules. This is intended to ensure compliance across our entire company and subsidiaries and includes the execution of tasks by directors in compliance with laws and the articles of incorporation as well as appropriate performance of all tasks. In addition, we confirm the operational status of the company’s internal control system each fiscal year and report our findings to our Board of Directors while continuing to revise and improve this system in order to improve efficiency and legal compliance.

Internal control system for financial reporting

The Internal Audit Office under the President examines and assesses the effectiveness of an internal control system for financial reporting.

The FY2024 assessment concluded that, as of the end of FY2024, our internal control system for financial reporting is effective. An independent auditor also provided a similar opinion.

and broad information on trends in this field. The results of the evaluation of the Board of Directors conducted from December 2024 to February 2025 found that the composition of the Board and the provision of non-financial information are appropriate. In addition, for important management meetings such as the Executive Committee meetings that utilize online conferencing systems, directors who are not members also participate as observers, and advance explanations of Board agenda items are provided especially for outside officers. These measures have led to enhanced and efficient operations, and it was recognized that the Board is functioning effectively overall. Future issues include “development of

FY2024 Evaluation Results and FY2025 Policy for Initiatives

Main Initiatives/Evaluations for FY2024		Issues	Policy for Initiatives in FY2025
Enhancement of Officer Training and Development	Three training sessions were held for internal directors, and for external directors, site visits and tours of new business facilities were conducted. There is room for improvement in both the frequency and content of the training sessions.	Development of Management Personnel	Based on the qualities, abilities, and experience required of top management as discussed by the Nominating and Remuneration Committee in FY2024, we will strengthen systematic initiatives to develop future top management.
		Further Enhancement of Director Training and Development	Through appropriate methods such as training sessions, site visits, and opinion exchanges, we will further enhance opportunities for training and development in response to changes in the future management environment and the latest management issues.
Improvement of Board of Directors Operations	Prior explanations of board meeting agendas were provided to external directors, and opportunities for exchanging opinions with members outside the Board were arranged for important management topics, resulting in more substantial and efficient operations. Further improvements should be made to ensure sufficient discussion time due to the increase in important agenda items.	Thorough Reorganization of Agendas and Securing Discussion Time for Important Topics	In response to the increasing number of important and new topics to be discussed, we will secure necessary discussion time by carefully selecting agenda items and thoroughly delegating authority, striving for more timely and substantial discussions and decision-making.
		Enhancing and Deepening Discussions by Providing Necessary Information on Management Strategies, etc.	By collecting and providing sufficient information on important topics such as management strategies, and establishing discussion forums outside the board as needed according to the theme, we will promote overall substantial discussions.
Strengthening Response to Shareholders and Investors	Proactive initiatives were implemented, including participation in IR fairs and strengthening the IR contact system. Similar efforts should be made for institutional investors and others.	Continued Constructive Dialogue with Shareholders	We will continue to strengthen constructive dialogue with shareholders in response to increased stock liquidity, reduction of policy holdings, the spread of NISA, and the increase in individual and foreign shareholders.

management personnel,” “enhancement of training and development for officers,” “thorough reorganization of agenda items and securing discussion time for important topics,” “enrichment and deepening of discussions through the provision of necessary information on management

strategies, etc.,” and “continuation of constructive dialogue with shareholders.” Through these efforts, we will continue to improve the effectiveness of the Board of Directors and strive for more timely and substantial discussions and decision-making on important management matters.

Compliance (Legal Compliance and Corporate Ethics)

Dai-Dan Group Action Standards

In order to ensure that everyone in the group, from management down, complies with all laws and regulations and uses good social sense in the way they behave, we have formulated the five-point Action Principles and the fourteen-point Action Standards. The Action Principles summarize the areas that are to be borne in mind during daily tasks.

Excerpt from the Dai-Dan Group Action Standards

* The “Action Standards” provide more specific guidelines based on the “Action Principles.”

Action Principles

1. Observe laws and social norms and conduct business activities in a sensible manner.
2. Participate in the building of a society that can sustain its development.
3. Respect the fundamental human rights of all.
4. Maintain a fair and transparent relationship with stakeholders.
5. Recognize our place in society and strive to contribute to the emergence of a better society.

Action Standards

1. Maintain positive relationships with customers and users
2. Ensure safety and quality
3. Ensure fair and open competition
4. Engage in ethical business transactions
5. Fairly disclose corporate information
6. Ethically manage critical information
7. Protect and respect intellectual property rights
8. Improve working conditions and work environments
9. Respect human rights and individuality
10. Address environmental issues
11. Practice proper accounting and tax payment
12. Maintain sound relationships with politicians and the government
13. Eliminate any dealings with antisocial forces
14. Avoid engaging in self-serving actions

Compliance system

(1) Compliance Committee

The Compliance Committee was established, with Dai-Dan’s Chairman as its chair, to ensure compliance with laws and internal regulations, and to strengthen fair and ethical company operations with strong compliance.

(2) Legal Compliance Support Committee

The committee is composed of external experts and provides support to the Compliance Promotion Office.

(3) Compliance Promotion Office

The office works to plan, propose, and implement measures to ensure company operations with strong compliance.

* For more details on the corporate governance system, please see P.97.

Compliance education activities

- (1) Compliance cards—which feature policies on preventing corruptions—are distributed to new employees when they enter the company, and must carry them with them on a daily basis. During their training, too, we use lectures to promote compliance with the Dai-Dan Group Action Standards.
- (2) All employees receive training in stages, and each stage of this training incorporates compliance-related training tailored to that stage, including on policies on preventing corruptions—including bribery, collusion, or embezzlement—with subcontractors or others.
- (3) We also use e-learning several times a year to teach about compliance topics such as the Antimonopoly Act and harassment.
- (4) The Legal Compliance Support Committee provides all employees with seminars that take as their theme compliance, covering policies on preventing corruption—including bribery, collusion, or embezzlement—with subcontractors or others, such as the Antimonopoly Act.
- (5) To promote compliance awareness and minimize risks, we have published a “Compliance Guidebook” as a tool to support

appropriate decision-making in daily operations and distributed it to all employees.

- (6) To understand the level of compliance awareness and reduce organizational risk, we conduct compliance awareness surveys.
- (7) As part of compliance audits, the Internal Audit Office and the Compliance Promotion Office work together to monitor compliance activities at all business sites twice a year, confirming that operations are conducted in accordance with compliance.

- (8) A compliance violation internal whistleblowing and consultation desk has been established to prevent and identify compliance violations, confirm adherence to the “Action Principles” and “Action Standards,” and regularly report operational status to the Board of Directors.



● Whistleblowing and consultation desk

We have set internal whistleblowing regulation and in accordance with those, we operate an internal whistleblowing system.

In April 2022, in order to respond to a change in requirements because of revisions to the Whistleblower Protection Act, we carried out a review and expanded the scope of whistleblowing so that it covers Dai-Dan Group executives and employees, but also temporary workers.

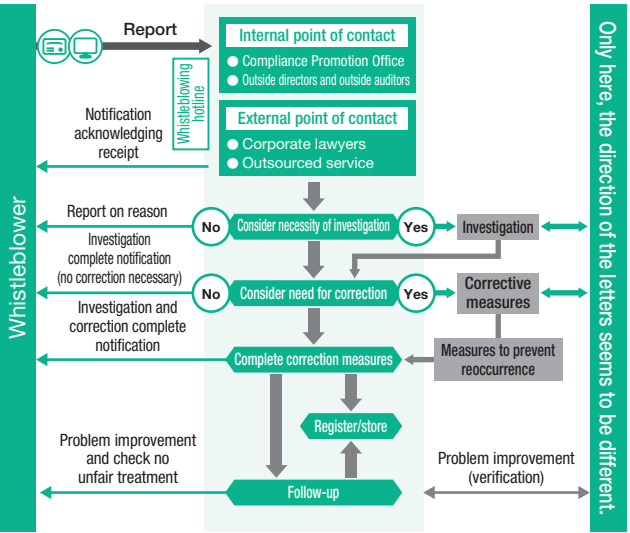
With the whistleblowing and consultation system, by putting in place a reporting route independent from the operational chain of command, our aim is to quickly identify job site problems (violations of laws or internal regulations or unethical actions) that would normally be difficult to uncover.

The internal whistleblowing hotline allows reports to be made to the Compliance Promotion Office, outside directors, and outside auditors, while the external hotline connects whistleblowers to corporate lawyers. We guarantee in our Corporate Code of Ethics that those whistleblowing or consulting for a legitimate reason will not be subjected to unfair treatment. Reports can also be submitted anonymously to ensure the privacy of the whistleblower.

In September 2023, to ensure greater neutrality, we added a hotline (for external reporting and harassment consultations) by outsourcing the service.

In all instances where reports are made, investigations and follow-ups are carried out and for cases that could cause serious damage to the group, the Compliance Committee, chaired by the chairman convenes and deliberates on necessary measures.

► Internal whistleblowing response procedure



Basic policy on customer harassment

In April 2025, we established the “Basic Policy on Customer Harassment” to promote management that respects human rights, improve the workplace environment, and maintain good relationships with customers and business partners. We are working to ensure that employees of our group do not become perpetrators or victims of harassment.

● Response to customer harassment

- We will respond resolutely and organizationally to any words or actions from customers that damage the dignity of our group employees.
- If our group employees engage in words or actions that harm customers, we will respond organizationally.
- If an incident of customer harassment occurs, we will engage in sincere discussions to seek a reasonable resolution.



Kazumasa Takeda
Corporate Officer
Manager of Compliance
Promotion Office

Message from the Manager of
Compliance Promotion Office

The Compliance Promotion Office considers the spread of compliance awareness to be the most important issue and focuses on awareness-raising activities. As part of these efforts, we conduct compliance awareness surveys and strive to implement improvement measures that reflect feedback from the field. We have also published a “Compliance Guidebook” as a guideline for daily operations. We believe this guidebook helps employees reflect on and become aware of their own actions. In addition to regular e-learning to update knowledge and common sense, we also aim to provide opportunities for employees to think and act for themselves, in other words, to foster intrinsic compliance. Through these initiatives, we will work to raise compliance awareness throughout the organization.

Risk Management

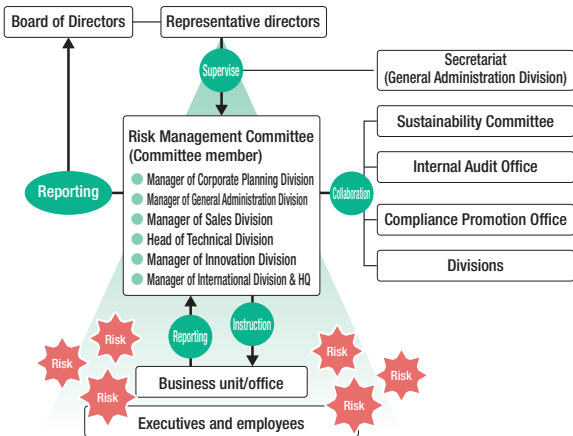
Risk management system

To ensure our company continues to provide value over the long term, we have established a risk management system to prevent risks from materializing and to minimize any risks that do arise. We have established a risk management policy and continuously implement company-wide optimal risk management. We have also added a Risk Management Committee as per our Risk Management Rules. On a regular basis, this committee discusses matters related to risk management and reports those matters to the Board of Directors.

Where a crisis does occur, we form a task force as outlined in the aforementioned rules as part of our crisis control framework to minimize damage or loss. As well as receiving reports, the Board of Directors’ role is to maintain and oversee this risk management system and monitor its effectiveness.

Additionally, in order to heighten risk perception and make our organization healthier, we periodically train all employees in risk sensitivity.

► Risk management system



Risk management policy

Today, the environment surrounding our company and stakeholders is changing rapidly every day, making the diversification and complexity of business activities unavoidable. In such an environment, we will undertake the following initiatives to continuously provide value to all stakeholders.

- Prioritizing human life and safety above all else in our risk management efforts.
- Accurately ascertaining business risks and working to prevent their occurrence.
- For those risks that do come about, responding quickly and appropriately in order to minimize their impact.

We will continuously implement a system that follows this policy, with the goal of the overall optimization of our risk management.

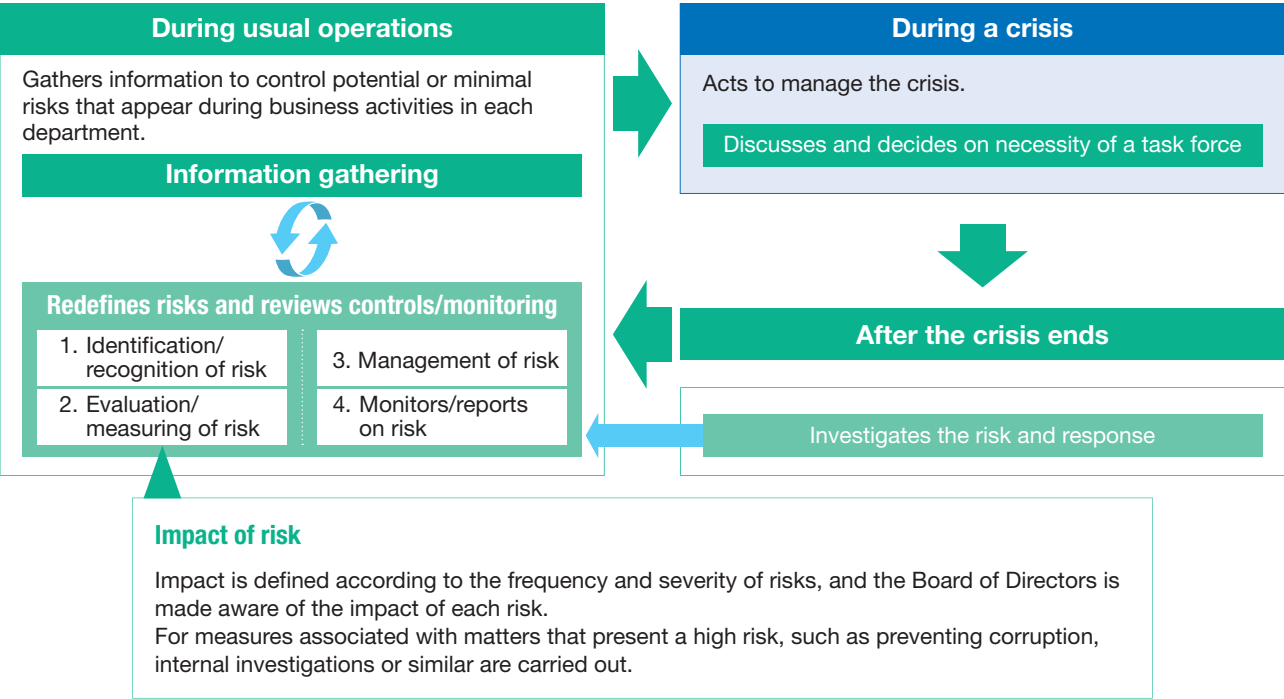
Risk Management Action Guidelines

1. We shall acknowledge that risk management is a vital part of management, and implement company-wide risk management initiatives.
2. We shall recognize potential negative impacts on corporate value improvements as risks before they can occur, and make company-wide efforts to prevent them emerging or minimize the damage if they do.
3. We shall consider the importance and impact of risks that do come about, and disclose information as appropriate.
4. Each division shall accurately recognize risks, carry out suitable reviews, and engage in risk management that reflects reality and changes in the business environment.
5. Each business unit and branch office shall form appropriate measures to ensure risk management initiatives are executed within their organizations.
6. All employees, from management down, shall act with an individual awareness and sense of responsibility toward risk management.

► Primary risks and countermeasures

Risks	Details	Countermeasures
Market Condition Risks	Decline in construction demand and worsening order environment due to economic downturn or technological innovation	Monitoring changes in the external environment and promoting business diversification
Workmanship	Labor accidents, degraded quality of installed systems, soaring prices for materials and labor, delayed delivery of materials, securing installation systems	Formulation of safety and health management plans, conducting site patrols, proper cost calculation, and cooperating with partner companies in recruitment activities
Human Resource Related	Unattained hiring plans, loss or outflow of human resources, drop in morale, etc.	Promotion of work style reform, implementation of stress checks, strengthening recruitment, and conducting engagement surveys
Overseas Risks	Losses due to overseas conditions, health damage caused by differences in health and hygiene environments, etc.	Pre-departure training for overseas assignments
Legal	Losses due to non-compliance with laws and regulations, losses due to failure to address corruption including bribery, contract violations, losses due to failure to respond to various system changes, and losses due to measures to reduce overtime work	Implementation of compliance education, establishment of internal and external whistleblowing and consultation hotlines
Operational Risks	Loss of competitiveness due to delays in technological development or poor sales, and losses due to fluctuations in asset and liability prices	Formulation of medium- to long-term R&D plans and accumulation of sales information from a company-wide perspective
Information Leaks/Cyber	Losses due to unauthorized use or external leak of information, losses due to shutdown or malfunction of information systems, etc.	Publication of the “Security Handbook,” establishment of information security guidelines for worksites, and implementation of information security education and security patrols
Asset Risks	Losses due to defects in asset management or damage to assets	Monitoring of financial assets, asset management in emergencies (such as BCP), and cooperation with lawyers
Natural Disasters	Deterioration of working environment and losses due to natural disasters such as typhoons, river flooding, and earthquakes	Formulation of business continuity management (BCM), implementation of business continuity plan (BCP) drills, and introduction of safety confirmation systems
Reputational Risks	Loss of corporate value due to failure to respond to rumors or facts	Timely and appropriate disclosure of information, establishment of a crisis management headquarters in the event of an emergency, and response to the media
Trust	Losses due to deterioration of the financial condition of credit recipients or non-performance of contract obligations, etc.	Take action to manage credit as appropriate. Seek an objective assessment from an outside institution.
Climate Change	Delayed response to climate-related government policies, regulations, or technologies, insufficient information disclosure, etc.	Identification and evaluation of risks and opportunities by the Sustainability Committee, and expansion of information disclosure in line with TCFD recommendations

Roles of the Risk Management Committee



Initiatives to strengthen information security

As we introduce increasing numbers of cloud services to our internal systems, we are putting in place cloud security services and strengthening our information security. There are also Information System User's Guidelines, available to executives and employees on the company intranet, which provide cautions regarding the use of electronic equipment in everyday work.

Information security training is conducted via e-learning, and drills are conducted on how to handle targeted e-mail attacks to increase information security awareness and prevent the occurrence of accidents such as information leaks. Moreover, for the purpose of strengthening information

security at job sites, we have revised Network Building Guidelines for Job Sites and Information Security Guidelines for Job Sites, and make sure that countermeasures are implemented in line therewith. We are also enhancing training in information security to job site personnel.

Implementation	Date
e-learning	November 2024
Drill on how to handle targeted e-mail attacks	July and November 2024

Business continuity management

We have set out our business continuity management (BCM) approach, which incorporates the PDCA cycle of repeated improvements to our business continuity plans (BCP).

As part of our education and drills, in September 2025 we carried out drills for those responsible for dealing with disasters at each site, with the aim of improving effectiveness and the ability to make judgments during emergencies.

Theorizing various situations that might come about if there were to be a real disaster, discussions were held at each site about questions posed by the drill offices, and participants checked the contents of their BCP manuals and improved their ability to respond to a disaster.



Data

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ESG Data

Environment (E) ^{*1}

Greenhouse gases

Item	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Greenhouse gas (GHG) emissions (Scopes 1 & 2)	t-CO ₂	Non-consolidated	4,104	3,640	2,804	2,956	3,328
		Consolidated	4,196	3,735	2,901	3,038	3,416
Scope 1 ^{*2}	t-CO ₂	Non-consolidated	1,858	1,726	1,698	1,618	1,739
		Consolidated	1,858	1,726	1,698	1,618	1,739
Scope 2 ^{*3}	t-CO ₂	Non-consolidated	2,247	1,914	1,106	1,338	1,589
		Consolidated	2,338	2,009	1,203	1,420	1,677
Scope 3 ^{*4}	t-CO ₂	Non-consolidated	2,104,473	1,708,291	2,081,394	2,296,865	1,829,925
		Consolidated	2,205,115	1,838,182	2,323,836	2,584,006	1,992,696
GHG emissions intensity (Scopes 1 & 2) (Emissions per million yen in net sales)	kg-CO ₂ / million yen	Non-consolidated	27.3	24.0	16.8	16.8	13.8
		Consolidated	26.6	22.9	15.6	15.4	13.0
Contribution to CO ₂ reduction during building operation phase by adopting Scope 3 Category 11 ^{*5} emissions reduction design proposals (15-year operation period)	t-CO ₂	Non-consolidated	307,406	224,127	224,640	324,464	263,174
GHG emissions from offices	t-CO ₂	Non-consolidated	1,132	941	387	370	388
Introduction of environmentally friendly vehicles such as hybrid cars	%	Non-consolidated	94.1	97.5	98.6	99.5	99.7
Number of environmentally friendly vehicles owned (plug-in hybrids, BEVs, hydrogen (fuel cells) vehicles)	Units	Non-consolidated	5	7	12	12	17
Power consumption	kWh	Consolidated	5,559,147	5,476,289	5,430,157	6,149,602	6,970,531
Of which, from renewables	kWh	Consolidated	115,045	801,988	2,611,297	2,829,545	2,935,903

Waste

Item	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Total industrial waste	ton	Non-consolidated	6,493	10,037	10,452	7,592	10,004
Final disposal	ton	Non-consolidated	885	901	1,134	1,298	1,282
Proportion of mixed waste (mixed waste volume/total waste)	%	Non-consolidated	13.6	9.0	10.8	17.1	16.7
Hazardous waste	ton	Non-consolidated	16.0	37.3	50.2	69.3	56.5
General waste from offices	ton	Non-consolidated	103	96	110	95	95

Water resources

Item	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Water consumption	m ³	Non-consolidated	58,690	63,432	83,560	65,120	97,178
Water consumption at worksites	m ³	Non-consolidated	46,403	50,691	70,946	51,994	83,673
Water consumption at offices	m ³	Non-consolidated	12,287	12,742	12,614	13,126	13,505
Wastewater at offices	m ³	Non-consolidated	12,287	12,742	12,614	13,126	13,505
Water consumption (intensity) (Consumption per million yen in net sales)	m ³ / million yen	Non-consolidated	0.390	0.419	0.502	0.371	0.403
No. of violations of water quality/consumption standards/ regulations	Cases	Non-consolidated	0	0	0	0	0

Other

Item	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Green purchasing rate for equipment used at job sites	%	Non-consolidated	48.9	46.5	51.1	56.3	58.0
Consumption of copy paper at offices ^{*6}	ton	Non-consolidated	51.7	48.4	46.7	40.9	37.1
Proportion of offices with ISO 14001 certification	%	Non-consolidated	100	100	100	100	100
Money used to pay environmental fines, etc.	Yen	Non-consolidated	0	0	0	0	0

Society (S)

*1 Non-consolidated figures exclude Singapore Branch
*2 CO₂ emissions from gas, kerosene, or gasoline consumption
*3 CO₂ emissions from secondary energy (electric power) consumption
*4 Scope 3: Greenhouse gas emissions across the entire supply chain, excluding Scope 1 and 2
*5 Scope 3 Category 11: CO₂ emissions from operating installed equipment
*6 FY2025 target: 35 tons or less for office copy paper usage
*7 Industry standard frequency and severity rates: Based on the MHLW's Survey on Industrial Accidents ("equipment installation work (1,000+ employees)")
*8 For the industry standard value (0.00) of the frequency rate for FY2024, values are rounded to the second decimal place for disclosure

Human rights, diversity, and providing workplaces

Item	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
No. of disabled employees	People	Non-consolidated	26	26	29	33	35
		Consolidated	27	27	30	34	35
Ratio of disabled employees	%	Non-consolidated	2.00	1.92	2.02	2.36	2.42
		Consolidated	2.08	2.00	2.10	2.43	2.42
Ratio of female employees	%	Non-consolidated	14.2	15.3	15.7	14.8	18.6
		Consolidated	13.8	14.9	15.1	14.8	18.1
Job turnover rate	%	Non-consolidated	2.2	3.0	3.7	2.6	2.7
		Consolidated	2.6	2.8	4.0	3.9	7.1
Human rights complaints	Cases	Non-consolidated	4	10	7	11	6
Ratio of mid-career hires	%	Non-consolidated	18	10	20	22	38
Ratio of female managers	%	Non-consolidated	0.9	0.9	1.6	2.3	3.4
Childcare leave uptake by male employees	%	Non-consolidated	12.8	11.8	20.9	26.8	33.3
Wage gap between male and female employees	%	Non-consolidated	55.2	55.2	57.2	57.7	58.1

Employee training

Item	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Total training expenses	Million yen	Non-consolidated	76	131	115	115	107
Total training hours	Hours	Non-consolidated	73,516	102,176	108,759	99,476	87,036
Training hours per person	Hours	Non-consolidated	48.02	64.75	66.11	58.97	49.06

Occupational health and safety

Item	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Frequency rate	Result	Non-consolidated	0.250	0.480	0.300	0.430	0.818
	Target	Non-consolidated	(0.300)	(0.250)	(0.250)	(0.250)	(0.250)
	Industry standard ^{*7}	Non-consolidated	(0.49)	(0.36)	(0.52)	(0.47)	0.00 ^{*8}
Severity rate	Result	Non-consolidated	0.004	0.013	0.570	0.012	0.052
	Target	Non-consolidated	(0.020)	(0.010)	(0.010)	(0.010)	(0.010)
	Industry standard ^{*7}	Non-consolidated	(0.01)	(0.04)	(0.03)	(0.00)	0.00
Deaths (regular employees)		Non-consolidated	0	0	0	0	0
Deaths (contract employees)		Non-consolidated	0	0	0	0	0

Contribution to social development

Item	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Donations to NGOs/NPOs and investment in communities	Million yen	Non-consolidated	33	9	23	49	55
Number of violations of labor standards	Cases	Non-consolidated	0	0	0	0	0
		Consolidated	0	0	0	0	0

Corporate Governance (G)

Compliance & risk management

Item	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Total political contributions	Million yen	Non-consolidated	0.4	0.6	1.4	1.2	0.08
No. of employees disciplined or fired for corruption, bribery, etc.		Non-consolidated	0	0	0	4	0
		Consolidated	0	0	0	4	0
Cost of fines/settlements related to corruption, bribery, etc.	Million yen	Non-consolidated	0	0	0	0	0
		Consolidated	0	0	0	0	0
Compliance reports	cases	Non-consolidated	4	11	11	28	16
Compliance seminars	Number of times	Non-consolidated	1	1	1	1	1
Compliance training e-learning	Number of times	Non-consolidated	2	1	4	4	5
Risk sense training	Number of times	Non-consolidated	2	1	4	4	4

Governance

Item	Unit	Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Board of Directors	No. of meetings	Non-consolidated	16	16	19	19	16
	Participation rate (%)	Non-consolidated	97	99	99	100	100
Board of Auditors	No. of meetings	Non-consolidated	17	17	13	13	13
	Participation rate (%)	Non-consolidated	100	100	100	100	100
Board of Independent Officers	No. of meetings	Non-consolidated	8	14	16	16	16
	Participation rate (%)	Non-consolidated	97	100	98	100	99
Nominating and Remuneration Committee	No. of meetings	Non-consolidated	—	2	7	10	5
	Participation rate (%)	Non-consolidated	—	100	100	100	100

Financial and Non-financial Data (Eleven-year Summary)

Financial Information (Consolidated)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
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Results (Million yen)

Net sales of construction contract orders received	131,633	143,503	144,007	147,335	158,533	170,121	176,526	183,668	206,337	253,134	281,271
Net sales of completed construction contracts	121,780	138,346	125,253	143,448	155,565	169,229	157,712	162,929	185,961	197,431	262,732
Gross profit on completed construction contracts	14,563	16,713	17,788	18,786	19,111	21,056	21,521	20,723	22,624	26,217	41,349
Selling, general and administrative expenses	10,016	10,176	11,038	11,400	11,450	11,993	12,767	13,138	14,195	15,340	18,312
Operating profit	4,547	6,537	6,750	7,385	7,661	9,063	8,754	7,584	8,428	10,877	23,037
Ordinary profit	4,857	6,770	6,939	7,674	8,057	9,282	9,262	8,095	9,288	11,918	23,479
Profit attributable to owners of parent	2,921	4,248	4,638	5,109	5,464	6,399	6,318	5,778	6,626	9,087	17,443
Capital expenditures	428	981	1,037	381	850	325	584	1,203	2,887	1,866	960
R&D expenses	461	524	663	649	647	778	754	1,076	1,174	1,286	1,467
Depreciation	339	279	426	469	451	458	484	449	489	763	1,060
Cash flows from operating activities	2,427	611	5,395	3,320	(13,541)	12,742	14,241	(11,718)	15,941	596	12,402
Cash flows from investing activities	(401)	(493)	(1,442)	(315)	(232)	(636)	(718)	(873)	(4,729)	(603)	(832)
Cash flows from financing activities	(2,344)	(894)	(925)	(1,711)	(1,317)	(3,240)	(3,487)	(3,214)	(2,218)	(2,829)	16,044
Cash and cash equivalents at end of period	24,358	23,536	26,549	27,858	12,776	21,616	31,747	16,037	25,348	22,665	50,552

Assets (Million yen)

Total assets	113,440	122,312	118,454	130,006	120,728	123,049	132,210	139,099	148,544	160,553	215,309
Net assets	53,462	54,583	58,004	64,417	66,390	67,409	74,837	77,242	82,424	93,987	109,206

Per share data

Profit (yen)	65.49	95.26	104.02	114.59	122.58	145.65	145.98	135.08	154.78	212.10	406.82
Net assets (yen)	1,193.61	1,219.16	1,296.64	1,441.03	1,485.29	1,550.86	1,745.92	1,801.56	1,920.67	2,187.86	2,495.45
Dividend (yen)	18.00	20.00	23.00	28.00	38.00	45.00	45.00	45.00	50.00	75.50	163.00
Dividend payout ratio (%)	27.8	21.3	22.1	24.4	31.0	30.9	30.8	33.3	32.3	35.6	40.1

* As of October 1, 2023, a stock split was conducted at a ratio of two shares for every common share. Figures for FY2017 to FY2023 are calculated assuming the stock split had been implemented.

Management indices

Ratio of gross profit to net sales of completed construction contracts (%)	12.0	12.1	14.2	13.1	12.3	12.4	13.6	12.7	12.2	13.3	15.7
Operating profit margin (%)	3.7	4.7	5.4	5.1	4.9	5.4	5.6	4.7	4.5	5.5	8.8
Equity capital ratio (%)	46.9	44.5	48.8	49.4	54.8	54.6	56.4	55.4	55.4	58.4	49.7
Return on equity (%)	5.9	7.9	8.3	8.4	8.4	9.6	8.9	7.6	8.3	10.3	17.4
Price-earnings ratio (PER) (times)	12.5	7.8	10.2	10.2	10.5	10.0	10.1	7.8	7.7	11.7	9.1
Price-to-book ratio (times)	0.69	0.61	0.82	0.81	0.87	0.94	0.85	0.58	0.62	1.14	1.49

Non-financial Information

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
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Employees

Consolidated employees	1,840	1,840	1,832	1,850	1,917	1,933	1,981	2,055	2,143	2,221	2,445
Of which, non-consolidated	1,751	1,758	1,743	1,756	1,805	1,823	1,867	1,906	1,958	2,007	2,070

* From the FY2024, the number of employees includes contract and part-time workers. The number of employees prior to the FY2023 is also stated based on the same criteria.

Consolidated Financial Statements

Consolidated Balance Sheets

(Unit: million yen)

	FY2023	FY2024
Assets		
Current assets		
Cash and deposits	22,696	51,761
Notes receivable, accounts receivable from completed construction contracts and other	74,901	90,747
Electronically recorded monetary claims—operating	11,499	11,267
Costs on construction contracts in progress	726	892
Other	2,366	10,849
Allowance for doubtful accounts	(99)	(192)
Total current assets	112,090	165,326
Non-current assets		
Total property, plant and equipment		
Buildings and structures	10,576	10,906
Accumulated depreciation	(4,343)	(4,802)
Buildings and structures, net	6,233	6,103
Machinery, equipment and vehicles	782	594
Accumulated depreciation	(233)	(321)
Machinery, equipment and vehicles, net	549	273
Tools, furniture and fixtures	860	915
Accumulated depreciation	(526)	(629)
Tools, furniture and fixtures, net	333	286
Land	1,280	1,280
Construction in progress	0	8
Total property, plant and equipment	8,396	7,952
Intangible assets		
Goodwill	—	1,607
Customer-related assets	—	2,675
Other	1,390	1,526
Total intangible assets	1,390	5,809
Investments and other assets		
Investment securities	21,160	17,116
Retirement benefit assets	15,997	16,996
Other	1,625	2,212
Allowance for doubtful accounts	(107)	(105)
Total investments and other assets	38,675	36,220
Total non-current assets	48,462	49,982
Total assets	160,553	215,309

(Unit: million yen)

	FY2023	FY2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	21,449	28,222
Electronically recorded obligations—operating	11,961	5,479
Short-term borrowings	2,788	22,927
Income taxes payable	3,336	5,445
Advances received on construction contracts in progress	1,531	6,937
Provision for share awards	28	104
Provision for warranties for completed construction	36	114
Provision for loss on construction contracts	696	1,218
Asset retirement obligations	99	—
Deposits received	9,894	19,673
Other	9,072	10,399
Total current liabilities	60,895	100,523
Non-current liabilities		
Long-term loans payable	369	675
Deferred tax liabilities	4,153	3,882
Retirement benefit liability	1,101	967
Long-term accounts payable - other	2	2
Other	43	49
Total non-current liabilities	5,670	5,578
Total liabilities	66,565	106,102
Net assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,837	5,349
Retained earnings	75,360	88,503
Treasury shares	(3,099)	(3,578)
Total shareholders' equity	81,577	94,754
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,754	7,443
Foreign currency translation adjustment	308	512
Remeasurements of defined benefit plans	4,114	4,309
Total accumulated other comprehensive income	12,177	12,265
Non-controlling interests	232	2,186
Total net assets	93,987	109,206
Total liabilities and net assets	160,553	215,309

Consolidated Statements of Income

(Unit: million yen)

	FY2023	FY2024
Net sales of completed construction contracts	197,431	262,732
Cost of sales of completed construction contracts	171,213	221,382
Gross profit on completed construction contracts	26,217	41,349
Selling, general and administrative expenses	15,340	18,312
Operating profit	10,877	23,037
Non-operating income		
Interest income	13	18
Dividend income	405	391
Insurance fee income	170	150
Foreign exchange gains	320	—
Share of profit of entities accounted for using equity method	146	135
Rental income from real estate	34	34
Other	89	59
Total non-operating income	1,180	789
Non-operating expenses		
Interest expenses	80	240
Guarantee commissions	16	3
Rental expenses on real estate	10	11
Foreign exchange losses	—	66
Commitment fees	17	20
Other	14	5
Total non-operating expenses	139	347
Ordinary profit	11,918	23,479
Extraordinary income		
Gain on sale of non-current assets	1	10
Gain on sale of investment securities	1,574	1,140
Reversal of allowance for doubtful accounts	1	—
Asset retirement obligation reversal gain	—	63
Total extraordinary income	1,578	1,214
Extraordinary losses		
Impairment losses	102	336
Loss on retirement of non-current assets	24	5
Loss on valuation of investment securities	100	148
Loss on step acquisitions	—	241
Total extraordinary losses	227	731
Profit before income taxes	13,268	23,963
Income taxes - current	4,668	7,372
Income taxes - deferred	(520)	(917)
Total income taxes	4,147	6,454
Profit	9,121	17,508
Profit attributable to non-controlling interests	33	64
Profit attributable to owners of parent	9,087	17,443

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	FY2023	FY2024
Profit	9,121	17,508
Other comprehensive income		
Valuation difference on available-for-sale securities	1,638	(310)
Foreign currency translation adjustment	28	479
Remeasurements of defined benefit plans	2,923	195
Share of other comprehensive income of entities accounted for using equity method	183	(183)
Total other comprehensive income	4,773	179
Comprehensive income	13,894	17,687
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,844	17,532
Comprehensive income attributable to non-controlling interests	50	155

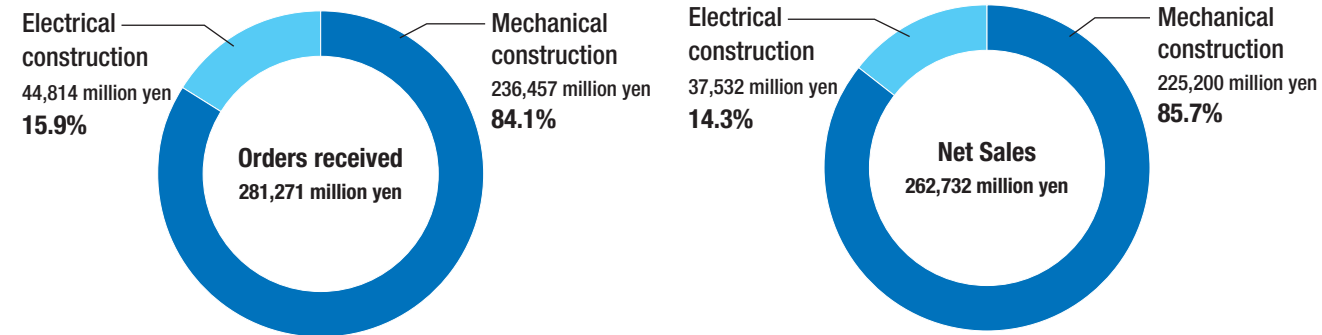
Consolidated Statements of Cash Flows

(Unit: million yen)

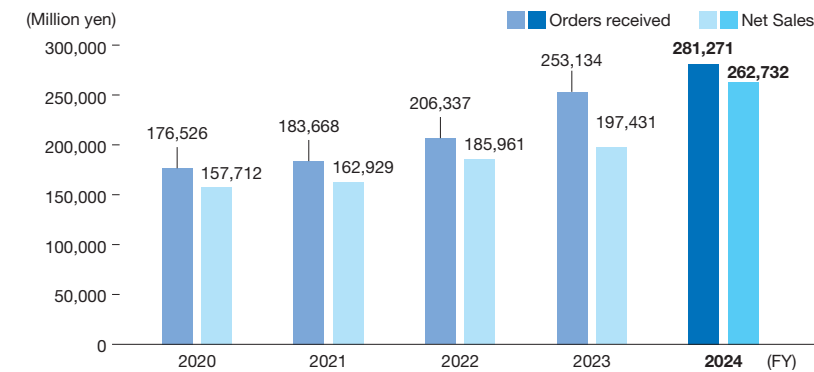
	FY2023	FY2024
Cash flows from operating activities		
Profit before income taxes	13,268	23,963
Depreciation	763	1,060
Goodwill amortization	—	36
Increase (decrease) in allowance for doubtful accounts	(62)	36
Increase (decrease) in retirement benefit liabilities	(13)	(29)
Interest and dividend income	(419)	(410)
Interest expenses	80	240
Share of loss (profit) of entities accounted for using equity method	(146)	(135)
Loss (gain) on step acquisitions	—	241
Loss (gain) on valuation of investment securities	100	148
Loss (gain) on sale of investment securities	(1,574)	(1,140)
Loss (gain) on sale of non-current assets	(1)	(10)
Loss on retirement of non-current assets	24	5
Impairment losses	102	336
Asset retirement obligation reversal gain	—	(63)
Decrease (increase) in notes and accounts receivable—trade	(7,288)	(7,976)
Decrease (increase) in costs on construction contracts in progress	(54)	(140)
Decrease (increase) in other current assets	575	(7,546)
Decrease (increase) in other non-current assets	(0)	138
Decrease (increase) in retirement benefit assets	(356)	(740)
Increase (decrease) in notes and accounts payable—trade	(1,992)	(3,308)
Increase (decrease) in advances received on construction contracts in progress	(367)	1,455
Increase (decrease) in deposits received	587	9,778
Increase (decrease) in other current liabilities	654	1,827
Increase (decrease) in other non-current liabilities	(11)	5
Subtotal	3,867	17,769
Interest and dividends received	411	403
Interest paid	(80)	(258)
Income taxes refund (paid)	(3,601)	(5,511)
Cash flows from operating activities	596	12,402
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	30	30
Payments into time deposits	(30)	(30)
Purchase of property, plant and equipment	(1,616)	(342)
Proceeds from sale of property, plant and equipment	2	10
Payments for retirement of property, plant and equipment	(10)	—
Purchase of investment securities	(203)	(7)
Proceeds from sale of investment securities	2,322	1,316
Payments of loans receivable	(0)	—
Proceeds from collection of loans receivable	10	—
Purchase of shares of subsidiaries and associates	(311)	—
Expenditure for acquisition of shares of subsidiaries involving changes in scope of consolidation	—	(1,192)
Other payments	(851)	(676)
Other proceeds	54	58
Cash flows from investing activities	(603)	(832)
Cash flows from financing activities		
Proceeds from short-term borrowings	42,200	51,800
Repayments of short-term borrowings	(42,200)	(31,836)
Proceeds from long-term borrowings	250	1,100
Repayments of long-term borrowings	(714)	(717)
Purchase of treasury shares	(0)	(725)
Proceeds from sale of treasury stock	—	724
Dividends paid	(2,364)	(4,299)
Cash flows from financing activities	(2,829)	16,044
Effect of exchange rate change on cash and cash equivalents	154	272
Net increase (decrease) in cash and cash equivalents	(2,682)	27,886
Cash and cash equivalents at beginning of period	25,348	22,665
Cash and cash equivalents at end of period	22,665	50,552

Major Financial Information

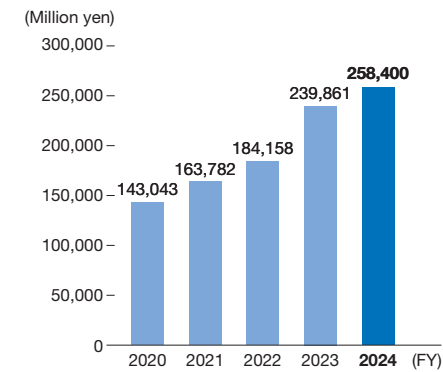
► FY2024 orders received and net sales ratios by segment



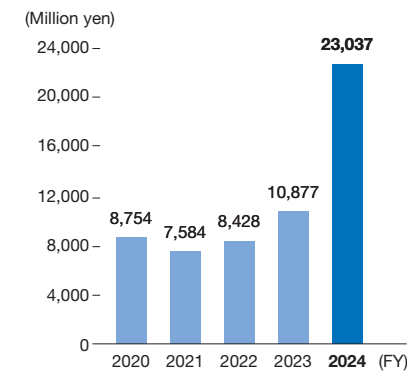
► Orders received/Net Sales



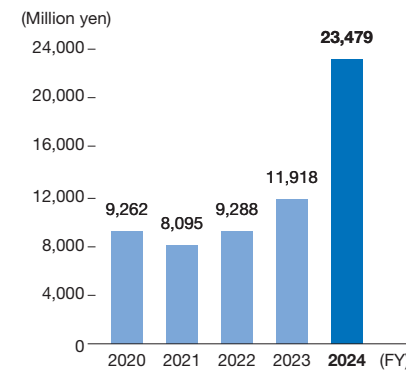
► Orders received carried forward



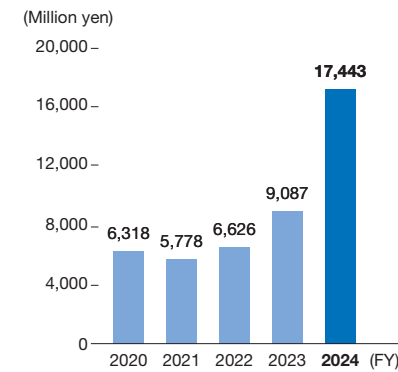
► Operating profit



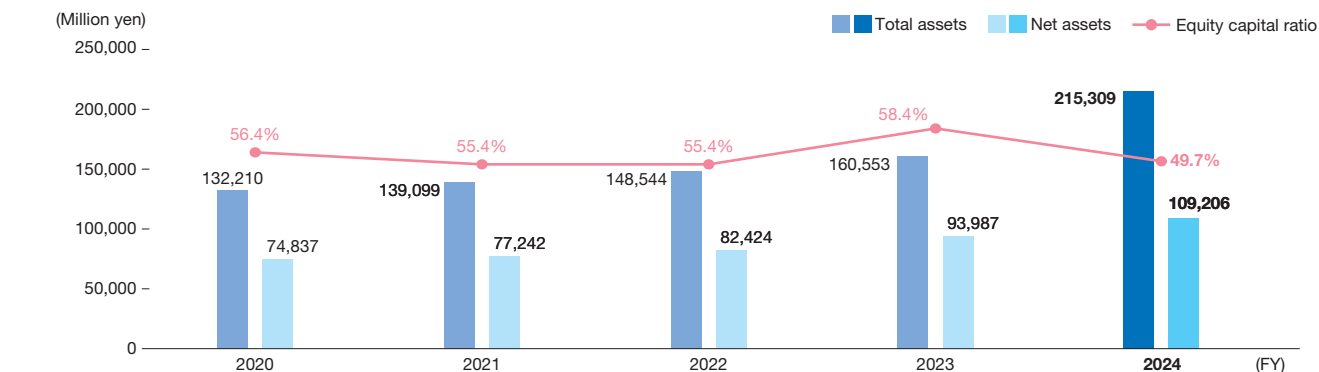
► Ordinary profit



► Profit



► Total assets/Net assets/Equity capital ratio

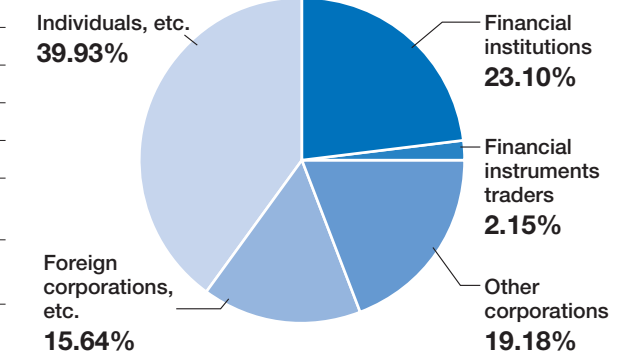


Share Information

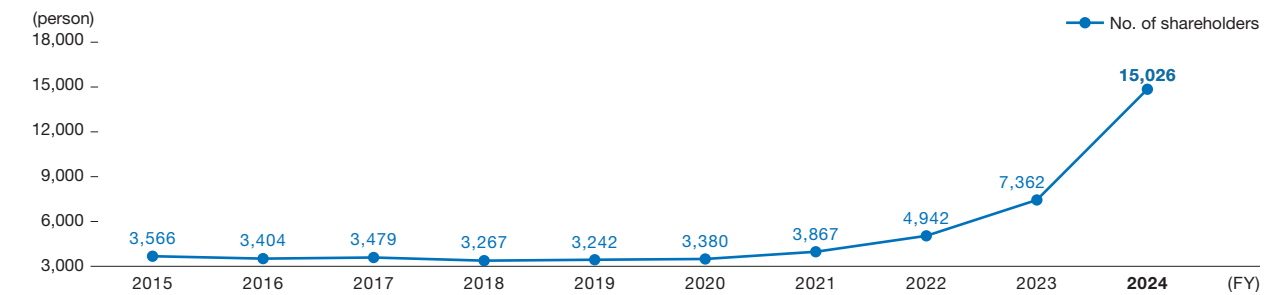
(As of March 31, 2025)

(1) Business year	April 1 to the following March 31
(2) Annual Shareholders' meetings	Late June every year
(3) Total no. of authorized shares	80,000,000
(4) Total no. of issued shares	45,963,802
(5) Share unit	100
(6) No. of shareholders	15,026 people (an increase of 7,664 from the previous fiscal year-end)
(7) Listed stock exchange	Tokyo Stock Exchange's Prime Market (Securities code: 1980)
(8) Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation

► Breakdown of share ownership



► Changes in number of shareholders

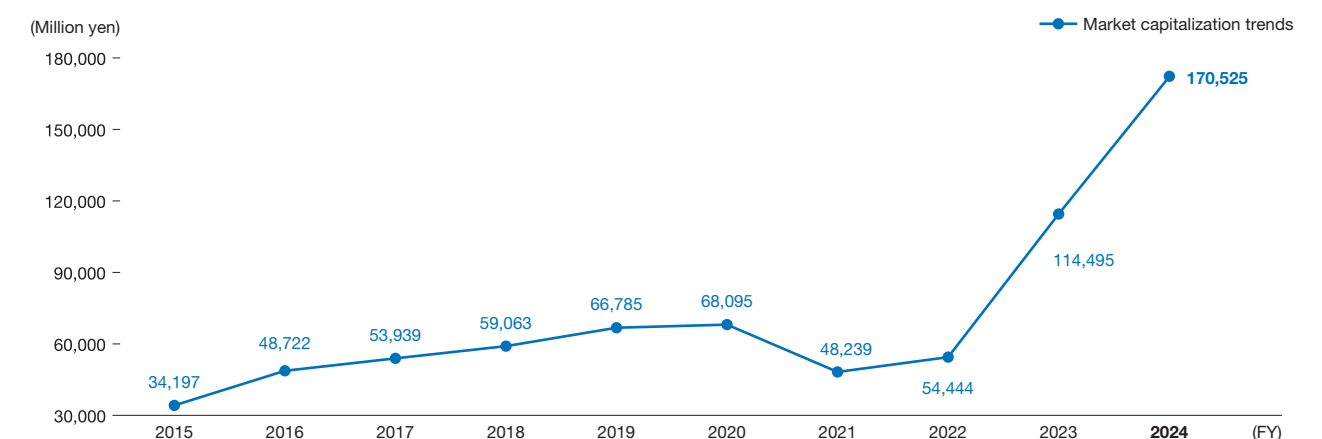


Major shareholders (ten biggest)	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,908	9.04%
Tokyo Daigen Business Stock Ownership Association	1,978	4.57%
Osaka Daigen Business Stock Ownership Association	1,589	3.67%
Custody Bank of Japan, Ltd.	1,536	3.55%
Yurakubashi Building K.K.	1,476	3.41%
Dai-Dan Employee Stock Ownership Association	1,464	3.38%
Nagoya Daigen Business Stock Ownership Association	1,219	2.82%
Sanshin Co., Ltd.	1,118	2.58%
Nippon Life Insurance Company	872	2.01%
MUFG Bank, Ltd.	827	1.91%

(Note)

- In addition to those detailed to the left, there are 325,908 shares held in the BIP Trust for Directors at The Master Trust Bank of Japan, Ltd. All of the 4,234,408 shares, including those mentioned above, are related to trust operations.
- We possess 2,751,577 treasury shares, which are omitted from this list of major shareholders. Treasury shares do not include shares held in the BIP Trust for Directors (325,908 shares).
- "Shares held" is calculated after excluding the 2,751,577 shares of treasury shares.

► Market capitalization



Third-Party Opinion

The Kinki Branch of the Japan CSR Promotion Association was established with the aim of establishing, disseminating, and promoting corporate social responsibility (CSR). At the company's request, members of the branch have provided opinions on areas such as "environment," "labor," and "corporate governance," mainly since the era of CSR reports. This opinion statement, with the cooperation of the branch's member attorneys (Satoko Toyama, Saeko Kakuishi, and Masaki Tarumi), is based on various guidance documents related to corporate activities, including the Japan Federation of Bar Associations' "Corporate Social Responsibility (CSR) Guidelines," and expresses an independent and fair evaluation and opinion on the company's "Integrated Report 2025" (hereinafter referred to as "this report"). This statement evaluates and expresses opinions on the content of this report.

For the evaluation, after confirming and reviewing the contents of this report, we requested answers to questions and disclosure of materials deemed necessary, conducted interviews with relevant departments based on those, shared the results among the responsible attorneys, exchanged opinions, and compiled this statement.

FY2024 marks the first year of President Yasuhiro Yamanaka's tenure and the first year of the Mid-Term Management Plan Phase 2 "Refining Stage." From that fiscal year to the current year, changes in the order environment, soaring prices of materials and equipment, labor shortages, and the impact of U.S. tariff policies have made it difficult to forecast the medium- to long-term outlook, but it is precisely at such times that dialogue with stakeholders becomes important. The structure of this report has changed from the past three years, but it is said to have been edited with reference to the Ministry of Economy, Trade and Industry's "Value Co-Creation Guidance 2.0," with the aim of helping readers understand the information and enhancing the quality of mutual dialogue. As a result, we believe that the company's "value creation story" can be understood more systematically and that it serves as extremely useful information for dialogue with stakeholders.

Initiatives for Environmental Conservation and Regional Contribution

In the environmental field, "Contributing to archive carbon neutrality" and "Promotion of New Businesses Contributing to a Sustainable Society" are identified as materiality. For these, your company has positioned both importance and impact as high.

First, regarding "Contributing to archive carbon neutrality," from this fiscal year, Scope 3, especially for the high-emission Category 11, specific figures have been disclosed, and after presenting reduction targets, fixed-point monitoring has begun. It is also clear that specific initiatives are being considered and implemented for each Scope and each Category. However, for this fiscal year, emissions for Scope 1+2 exceeded the previous year due to the expansion of the company's business activities. We understand that measures are being considered to balance business expansion and contribution to achieve carbon neutrality, so we look forward to future results.

Regarding the company's consulting business for ZEB, which is a focus area, the buildings for which consulting was provided have been completed, and it is said that the demonstration phase will begin going forward. Verifying the demonstration results will be beneficial when proposing ZEB planning to clients. We look forward to the company's future



Hiroshi Tanaka

Attorney
Former Vice President of the
Japan Federation of Bar Associations
Former President of the Osaka
Bar Association
Director and Kinki Branch Manager,
Japan CSR Promotion Association

activities.

Next, regarding "Promotion of New Businesses Contributing to a Sustainable Society," the number of reused air filters in the air filter regeneration business and the number of contract manufacturing cases for regenerative medicine products are both below target. However, it is understood that it takes a certain amount of time for new businesses to produce results, and especially in the field of regenerative medicine, there is synergy as the company develops the equipment and the client for contract manufacturing is the same, so the company plans to actively pursue activities to avoid results remaining at the same level. We expect proactive efforts to achieve targets in this business.

In the field of environmental and regional contribution, there are not a few companies whose activities remain superficial, focusing only on setting up frameworks and ending with abstract goals. In this regard, as mentioned above, the company is to be commended for setting specific numerical targets and engaging in effective activities. However, some of the KPIs set are currently quite high targets. We hope that the company will continue to be conscious of these targets, conduct regular oversight through the Sustainability Committee, and actively engage in initiatives.

Initiatives for Work-Life Balance and Employee Working Environment

Despite the increasingly severe labor shortage in the construction industry, led by the "2025 Problem" where many members of the baby boomer generation will become late-stage elderly, the company has managed to significantly increase the number of new graduate and career hires in FY2025, undeterred by these societal trends. From FY2024, the company has revised our recruitment system and introduced a new recruiter program, and as a result, further increases in hiring are expected in FY2026. These efforts to strengthen recruitment are highly commendable. On the other hand, increasing the number of hires is meaningless unless the talent is retained. In this regard, by establishing a robust training system, including six-month training programs for new employees and training to help them understand the duties of site managers, the company has been able to improve the retention rate of new hires. Additionally, specific initiatives to create an environment where not only women but also men can take childcare leave (such as creating a post-childcare leave treatment list), and measures to help employees balance work and parenting (such as introducing a childcare short-time work system that greatly exceeds legal requirements), are being implemented or planned, greatly contributing to employees' work-life balance. These initiatives contribute to the retention of hired talent and support employees' career development, and can be expected to have a positive effect

Initiatives for Corporate Governance and Compliance

In FY2024, the company continues to strengthen corporate governance and compliance as one of our materiality issues, setting KPIs from the perspectives of preventing corruption and bribery, thorough compliance education, and reducing policy-held shares, and are actively working on these initiatives. By setting specific goals, it is evident that these initiatives are being promoted effectively.

The company has also established corporate governance and sustainability promotion systems, and are steadily implementing management and sustainability initiatives in line with these systems, which have been highly rated by outside directors. Without resting on these achievements, in FY2024, the company conducted the effectiveness evaluation of the Board of Directors for the first time using a highly specialized external organization, and are continuously making improvements each year to further evolve our systems, which is commendable. Issues identified in the effectiveness evaluation of the Board of Directors for FY2024 include "thorough reorganization of agenda items and securing discussion time for important topics," and "enhancing and deepening discussions by providing necessary information on management strategies, etc." In addition, at the outside directors' roundtable, recommendations were made regarding the Board of Directors, such as "focusing on strategic discussions" and "clarifying the division of roles." Regarding these issues, the company plans to respond by providing information to outside officers in advance, setting

on improving the employee engagement score, which is a KPI for the materiality "Creating a rewarding work environment."

Regarding the correction of long working hours, the upper limit regulation on overtime work has been applied to the construction industry since last year, and further advancement of the "SMILE Project" is anticipated. From FY2025, the Technology Headquarters has taken the lead in implementing specific measures, and the Support Department has also been significantly expanded, with enhanced support services. As a result, not only the Technology Headquarters but the entire company has achieved a reduction in overtime work. Currently, the company is also working on internal DX initiatives such as workflow reforms using BIM, and we look forward to further efforts toward achieving the KPI of reducing overtime work per engineer to 340 hours in FY2026.

In terms of compensation, the base salary increase has continued from the previous fiscal year. The base salary increase is sufficient to absorb the impact of recent price hikes and is highly commendable. The company plans to review the wage system in the future, but the base salary increase is expected to improve employee motivation and help attract talented personnel. We look forward to continued proactive consideration of base salary increases.

up opportunities for exchanging opinions with management, and further reviewing the agenda and delegation of authority of the Board of Directors. The proactive approach to promptly addressing identified issues is admirable.

We hope that the company will continue to incorporate external insights, including those of outside officers, and maintain and further enhance a highly effective system, taking into account the management environment and stakeholder opinions.

In response to third-party opinions

We would like to express our sincere gratitude to Professor Tanaka, Professor Toyama, Professor Kakuishi, and Professor Tarumi for their valuable opinions.

Encouraged by the many positive evaluations of our new initiatives, we will continue to sincerely heed suggestions regarding ongoing issues and strive to further enhance our efforts in environment, labor, and governance.

Ken Naito

Senior Corporate Officer
General Manager of President's Office
and Planning Department