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April 24, 2026

To whom it may concern:

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## Notice Concerning Capital Policy to Enhance Shareholder Value

Rengo Co., Ltd. ("the Company") has been pursuing sustainable growth under its current Mid-Term Vision, "Vision120" (covering the fiscal years from the year ended March 31, 2026, to the year ending March 31, 2030), which was announced on May 16, 2025. To maintain financial soundness while further improving capital efficiency and strengthening shareholder returns, thereby maximizing corporate value, the Company has established the following basic policy on capital management (the "Policy").

### 1. Background of the Capital Policy Update

The Company positions profit growth exceeding its cost of capital (i.e., expansion of the equity spread) as a top management priority. In this context, the Company aims to accelerate the reduction of cross-shareholdings and non-core assets, while simultaneously strengthening investment discipline and enhancing shareholder returns. Through these initiatives, the Company seeks to achieve a price-to-book ratio (PBR) exceeding 1.0 at an early stage and to deliver sustainable improvement in shareholder value.

### 2. Key Measures under the Capital Policy

This Policy will be applied from the fiscal year ending March 31, 2027 (business year commenced April 1, 2026).

#### (1) Cash-in measures to improve capital efficiency through asset monetization:

- Reduction of cross-shareholdings

The Company will reduce cross-shareholdings whose strategic purpose has diminished, in line with Vision120, with an emphasis on lowering the ratio to net assets.

- Optimization of asset portfolio

The Company will reduce non-core assets and reallocate capital.

(2) Cash-out measures under strengthened investment discipline and improved shareholder returns:

- Selective investment allocation

The Company will make investment decisions by taking the cost of capital into account and selecting projects with a strong focus on profitability and recoverability, thereby restraining total investment and aiming to maximize free cash flow.

- Strengthening dividend policy

The Company aims to provide continuous and stable dividends, guided by a defined payout ratio and DOE as benchmarks.

- Flexible share repurchases

The Company plans share repurchases of up to 40.0 billion yen in total over the two fiscal years through the fiscal year ending March 31, 2028. With respect to the determination of the share repurchase authorization, the Board of Directors will make decisions on each occasion after considering the Company's financial condition, share price levels, and other relevant factors.

(3) Maintaining financial soundness:

- Maintenance of credit ratings

The Company will maintain sound financial indicators and a stable financial foundation.

- Shareholder returns within free cash flow

The Company will provide shareholder returns within the scope of free cash flow, while avoiding excessive increases in debt.

### 3. Next Steps

With respect to the implementation of these measures, the Company will proceed in a phased manner, subject to deliberation and resolution by the Board of Directors, while taking into account the business environment and financial conditions.

In addition, the Company will continue to provide explanations regarding capital allocation and shareholder returns based on this policy through future earnings briefings and other occasions.

# Capital Policy

A Financial Strategy Focused on the Cost of Capital and Share Price

April 24, 2026

**Rengo Co., Ltd.**  
(TSE: 3941)

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Capital Policy

## Executive Summary

# 01

**Optimizing Capital Allocation**  
Improving investment efficiency  
and ensuring financial flexibility

Generating ¥60.0bn through asset sales  
Strengthening investment discipline

# 02

**Strengthening Shareholder Returns**  
Improving stability and  
predictability of returns

Payout ratio: 40%  
DOE: minimum 3%

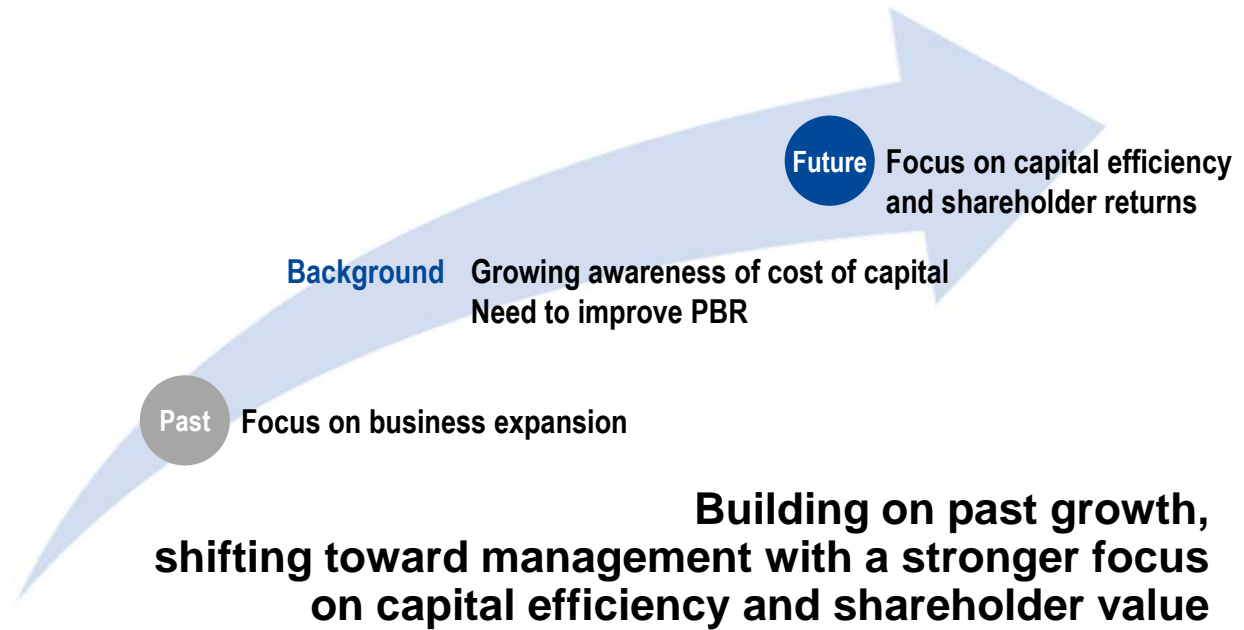
# 03

**Final Goal**  
Enhancing corporate value over  
the medium to long term

Improving ROE and PBR  
Maximizing free cash flow

- ▶ Pursuing a capital policy aimed at enhancing corporate value through improving capital efficiency and strengthening shareholder returns
- ▶ Advancing an integrated approach to capital allocation, investments and assets, and shareholder returns

## Evolving Toward Capital Efficiency and Share Price



- ▶ Promoting a shift to management focused on cost of capital and capital efficiency in response to changes in capital market evaluation criteria
- ▶ Continuing growth investments while clarifying capital allocation and shareholder returns to achieve sustainable improvement in corporate value

## Three integrated initiatives to enhance capital efficiency

**01**  
**Optimizing Capital Allocation**  
 Improving investment efficiency and ensuring financial flexibility

**1**

**Asset Monetization**

- ▶ Reducing cross-shareholdings
- ▶ Reducing non-core assets

**Generating a total of ¥60.0bn**

**2**

**Strengthening Investment Discipline**

- ▶ Considering the use of WACC and ROIC in investment decisions
- ▶ Selecting projects based on profitability and recoverability

**Shifting to growth investments that do not impair capital efficiency**

**3**

**Strengthening Shareholder Returns**

- ▶ Clarifying dividend policy (payout ratio and DOE)
- ▶ Implementing flexible share buybacks (up to ¥40.0bn, determined as needed)

**Improving value per share**

- ▶ Enhancing corporate value through capital reallocation

# Achieving both stability and alignment with growth in shareholder returns

## 02

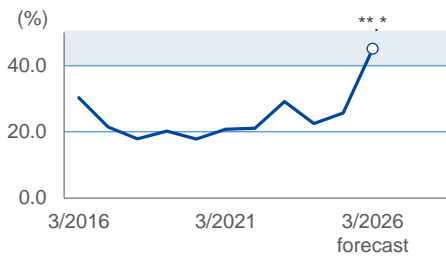
### Strengthening Shareholder Returns Improving stability and predictability of returns

#### Basic Policy

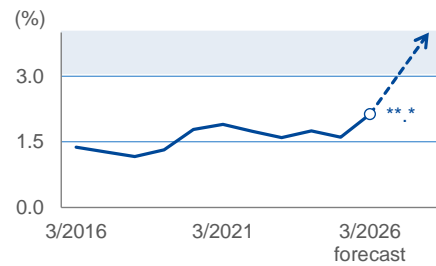
- ▶ Targeting a payout ratio of 40% and a minimum DOE of 3%, aiming to achieve both stability and alignment with growth in shareholder returns
- ▶ Considering and implementing flexible share buybacks as one option for shareholder returns, taking into account free cash flow and investment opportunities

#### Return Indicators – Guidelines

**Payout Ratio**  
Returns linked to profit growth **40%**



**DOE (Dividend on Equity)**  
Supporting stable dividends **minimum 3%**

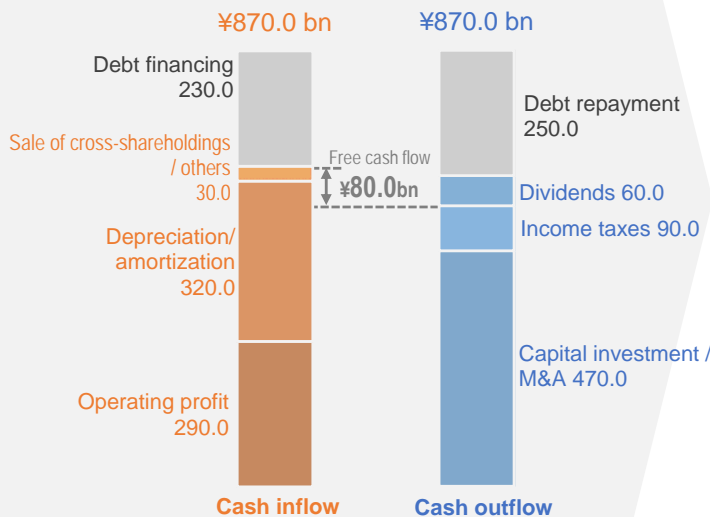


# Optimizing Cash Allocation

Five-Year Period (FY2025–FY2029)

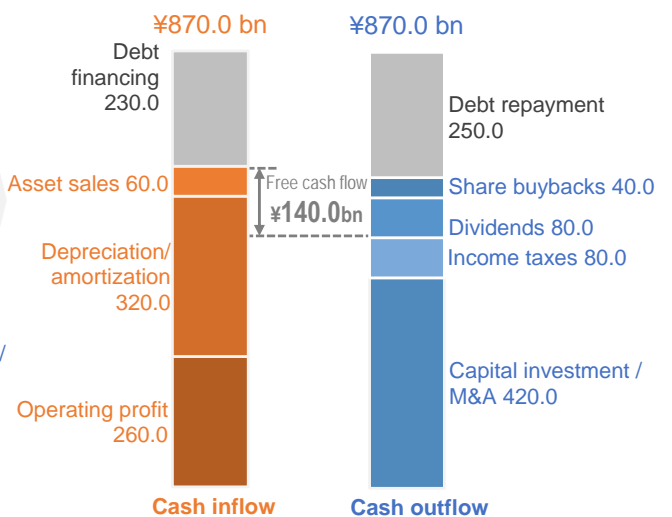
## Before

Primarily allocated to capital expenditures and M&A



## After

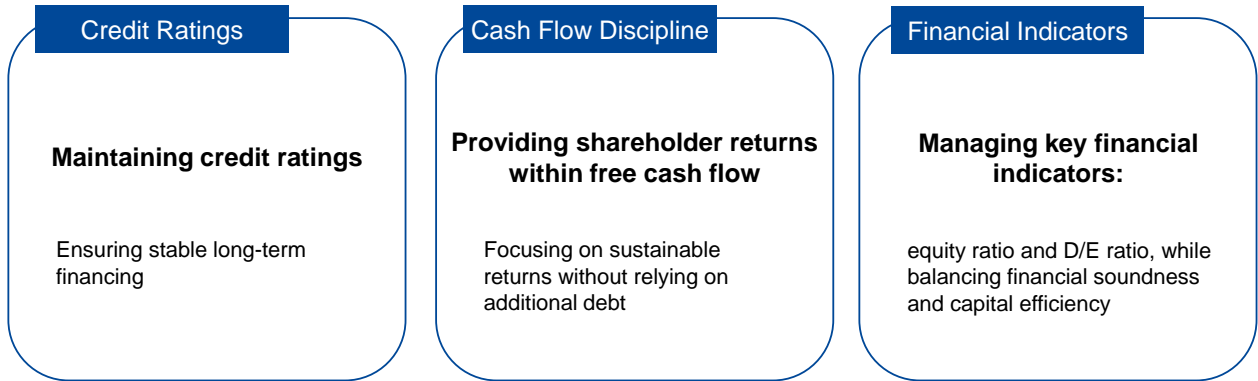
Strengthened investment discipline  
Asset sales: ¥60.0bn  
Strengthening shareholder returns



- ▶ Generating free cash flow through strengthened investment discipline and asset monetization, and reallocating it to enhance shareholder returns and capital efficiency

# Maintaining Financial Soundness

- ▶ Implementing the capital policy while maintaining financial soundness



## Achieving both sustainable growth and a stable financial foundation

# Enhancing Corporate Value

- ▶ Advancing a shift toward management focused on capital efficiency by clarifying capital allocation and shareholder return policies through this capital policy

01

Optimizing Capital Allocation

Improving investment efficiency and ensuring financial flexibility

03

Final Goal

Early recovery to a PBR above 1.0  
Improving ROE through enhanced capital efficiency  
Sustained generation of free cash flow

02

Strengthening Shareholder Returns

Improving stability and predictability of returns

Year	ROE (%)
3/2016	~4.5
3/2021	~10.0
3/2026	5.2
3/2026 forecast	~7.0

Year	PBR (x)
3/2016	~0.7
3/2021	~1.0
3/2026	0.7
3/2026 forecast	1.0

# Rengo Co., Ltd.

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