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For Immediate Release

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## Notice Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price

SHINNIHON CORPORATION (hereafter the “Company”) announces that a meeting of its Board of Directors held on February 14, 2025 made a revision to the initiative the Company announced on March 29, 2024 to implement management that is conscious of cost of capital and stock price. Details are as follows.

### 1. Analysis of present status (consolidated)

The company and its consolidated subsidiary companies (hereafter the “Group”) has been implementing management that is conscious of cost of capital and securing stable earnings in an effort to increase its return on capital. As a result, return on equity (ROE) is higher than the estimated cost of capital.

However, the price book-value ratio (PBR) is below 1 and the share price is at a low level. The Group is aware that it must continuously pursue management that is conscious of cost of capital and stock price in order to maintain the Group’s growth and achieve a medium- and long-term rise in its corporate value, ensuring that its profitability and growth potential are properly assessed by investors.

(Unit: million yen)

	FY ended March 31, 2020	FY ended March 31, 2021	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Net sales	112,542	101,785	107,092	113,725	133,517
Ordinary income	14,601	13,932	15,583	17,225	17,671
Net income attributable to owners of parent Net income (yen)	10,539	9,630	10,796	12,013	12,286
ROE (%)	15.4	12.4	12.4	12.4	11.4
PER (times)	4.6	5.4	3.9	4.6	7.8
PBR (times)	0.66	0.63	0.47	0.53	0.85
Stock price at end of period (yen)	825	883	729	936	1,635
Dividend payout ratio (%)	10.5	11.5	11.4	13.1	25.2

## 2. Policies and initiatives

In light of the analysis of its present status, the Company will carry out the initiatives described below.

### (1) Growth of business and improvement of profitability

#### (i) Construction business

The Group will step up its sales activities with a focus on planning and development to win more special orders. It will also increase efforts to acquire non-residential projects such as factories and warehouses as it seeks to receive orders in growth areas.

#### (ii) Development business

The Group will continuously improve the Group's independent manufacturing-sales integrated system, which covers land acquisition, planning, design, construction, sales in units, management and after-sales services to bolster its cost competitiveness. It will also acquire the eco-friendly Net Zero Energy House Mansion (ZEH-M) certification, introduce solar power generation systems and take other steps to increase additional value. In addition, the Company will take part in large redevelopment projects and develop facilities for the elderly to diversify its sources of revenue.

#### (iii) Human capital investment

The Group will make positive investments in human capital for attaining medium- and long-term improvement in its corporate value. Specific measures include securing competent personnel through a pay increase and constructing a worker-friendly environment, developing personnel by upgrading the training program, and enhancing its management capabilities.

#### (iv) Constant operational improvements for increasing productivity

The Group will actively implement digital transformation (DX) for streamlining operations, reduce total working hours, improve construction management methods to reduce the time and cost required and pursue other initiatives designed to increase productivity.

### (2) Shareholder returns

The Group defines a long-term return of profits to shareholders as a key management policy. It will distribute them in accordance with financial results while giving consideration to the maintenance and continuation of stable dividends. It will also further strengthen its financial standing and strive to increase retained earnings in preparation for future business expansion.

Under this basic policy, the Company will approach shareholder return with an eye to maintaining an optimal balance with investments in the real estate development business, enhancing human capital and other investments for future growth.

Consequently, the Company increased the dividends for the fiscal year ended March 31, 2024 by 26 yen per share to 53 yen per share. Accordingly, the payout ratio rose 12.1 percentage points to 25.2%.

In addition, the Company made an upward revision to the dividend forecast for the fiscal year ending March 31, 2025. For details, please refer to the Notice Concerning Revision to Dividend Forecast (Commemorative Dividend for 60th Anniversary) announced on the same date.

(3) IR activities

(i) Promotion of constructive dialogues with investors

The Company will continuously organize financial results briefings and individual meetings for institutional investors in a bid to ensure their proper evaluation of the Group's business model, profitability and growth potential.

(ii) Active disclosure of information

The Company will actively disclose its information to investors by enriching financial information and non-financial information including sustainability-related information and expanding disclosures in the English language on its website and elsewhere.