



2023  2025

Nagawa Group Medium - Term Business Plan

Sustainable Nagawa Action

November 14, 2022
NAGAWA Co.,Ltd.

Notes on Future Information

Statements made in this document with respect to Nagawa's current plans, estimates, strategies etc, These statements involve risk or uncertain factors and do not guarantee company's future performance. Such risks and uncertainties include industry and market conditions, domestic and international economic factors such as interest rates and currency exchange rates.

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Nagawa Group Medium - Term Business Plan

Current Status and Management Planning

2023  2025

Business Environment and Issues

Business environment



Issues

Measures that take advantage of the current situation

Market-in-oriented business model transformation

Establishment of a disaster - responsive business

The Nagawa Group Business Plan

In 2016, we marked the 50 th anniversary of our founding, and we are moving forward toward the next 50 years. We have formulated the Medium - Term Business Plan

"Sustainable Nagawa Action", which outlines our vision for the future for the next 100 years and defines our performance and measures to be implemented during the first three years.

Corporate
philosophy

"Be positive!"

Expanding business opportunities of movable unit house via our advanced manufacturing technologies.

Vision for the future

**Nagawa Group Vision
for the 100 years anniversary**

Medium - Term Business Plan
Sustainable Nagawa Action

**Financial goals and measures
in the Three Years from FY 2023 to 2025**

Nagawa Group Medium - Term Business Plan

Basic Policy

2023  2025

Sustainable Nagawa Action - Six Basic Policies + α



Deepening the 5R Business



By the expansion of light - weight steel construction
Establishment of a new investment style



Automation and robotization of production system



Strengthen market development in Southeast Asia (Thailand)



Development of "Professional Groups" through School Enrollment Subsidies



Expansion of core business through M&As

Creating further value by utilizing digital technologies (AI and IoT)

Pursuit of market - in

Sustainable Nagawa Action-ESG

The Nagawa Group has long maintained its corporate philosophy of creating a trusted company by customers and the local community through sincere management. This is in line with the concept of the Sustainable Development Goals (SDGs), which has been growing in recent years. We will strive for medium - and long - term growth of the Nagawa Group as well as the realization of a sustainable society as a member of society.

E

Environment

Decarbonization by Expanding Core Businesses

Deepening and Continuing Promotion of the 5R Business

S

Social

Providing emergency temporary housing solution in times of disaster

Promotion of scholarship and research aid programs

G

Governance

Maintaining independent directors over 50%

Ensuring management transparency by establishing the Nomination and Remuneration Committee

Sustainable Nagawa Action-SDGs

The Nagawa Group will contribute to the achievement of the Sustainable Development Goals (SDGs), which are set as common goals for the international community.

SUSTAINABLE DEVELOPMENT GOALS



Expansion of existing businesses

Promote the 5Rs and spread our business widely



Issues to be addressed

Accelerate overseas expansion and increase investment



For more information on specific sustainability initiatives, please visit our website.

Nagawa Group Medium - Term Business Plan

Numerical Targets

2023  2025

Sustainable Nagawa Action - Quantitative Strategy

Management Plan [FY 2025]

Sales	¥38,000 M
Operating income	¥5,500 M
Operating profit margin	15.0 %
Ordinary profit	¥5,700 M
Net income	¥4,000 M
Rental Asset Holding	115,000 Units
ROIC	8.0 %

Investment Plan [FY 2023-2025]

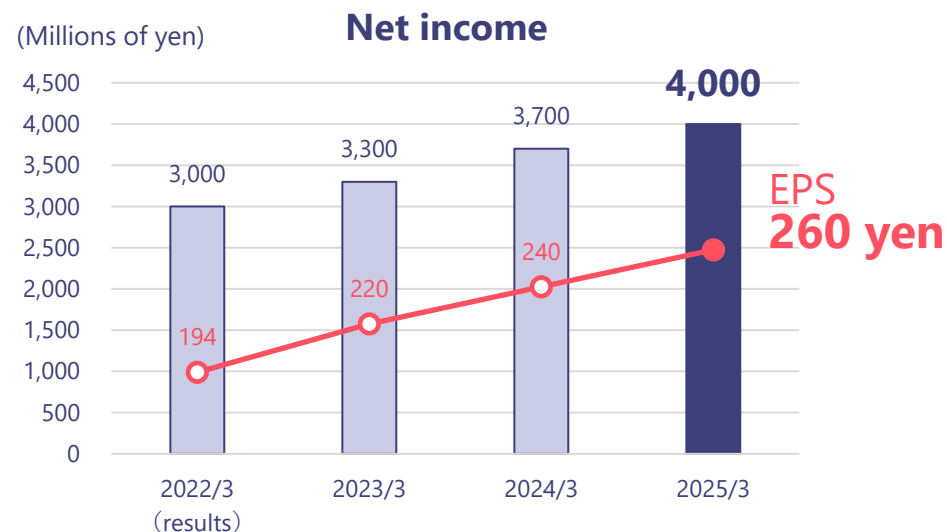
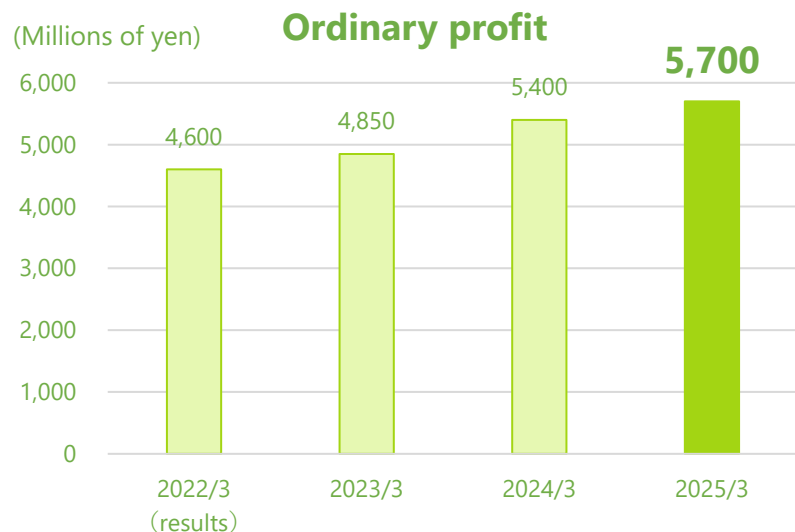
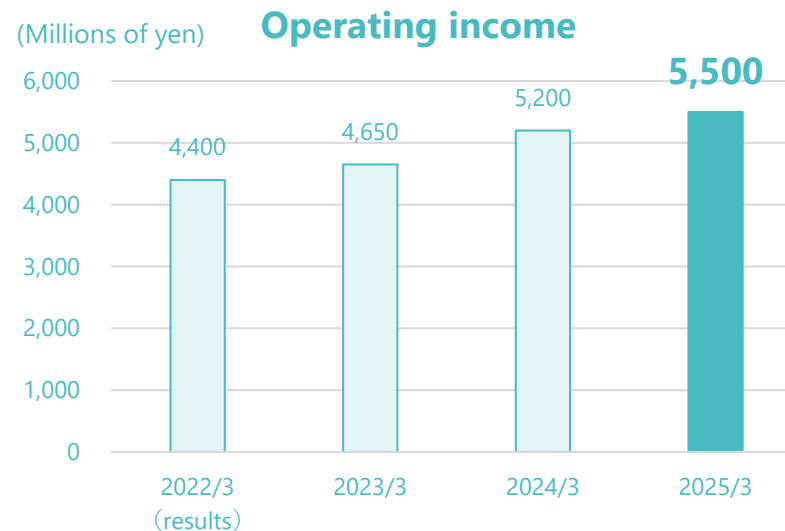
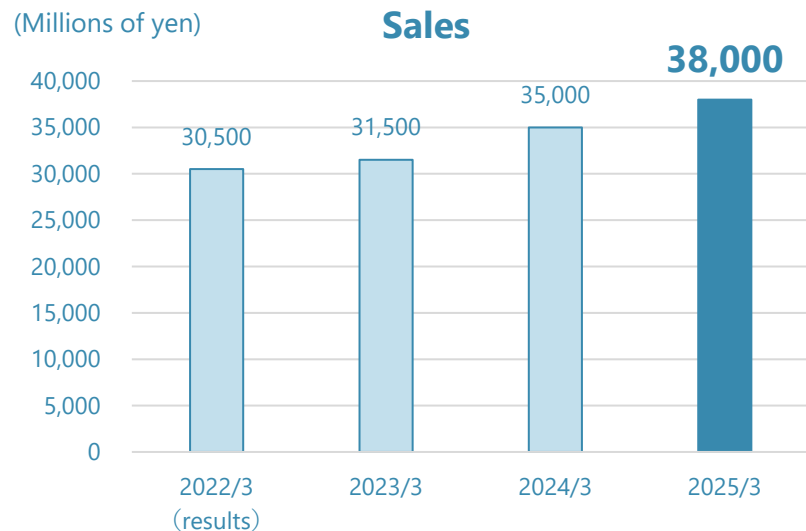
Capital investment	¥13,000 M
Research and development expenses	¥5,000 M

* Including growth and functional investment

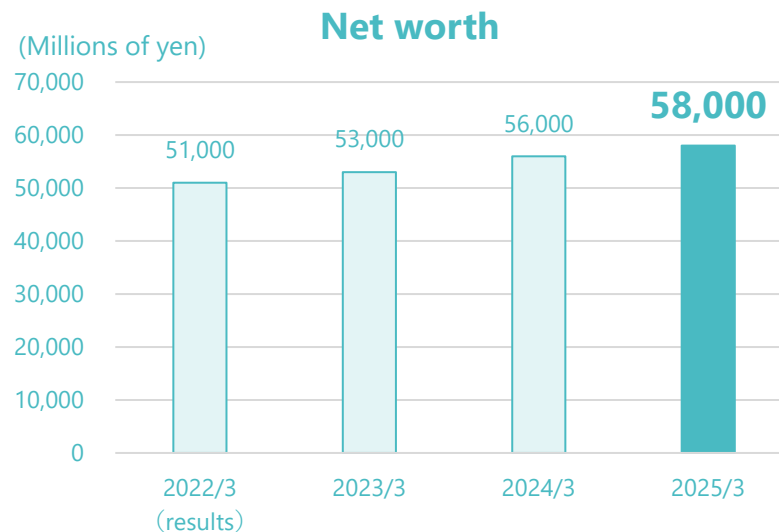
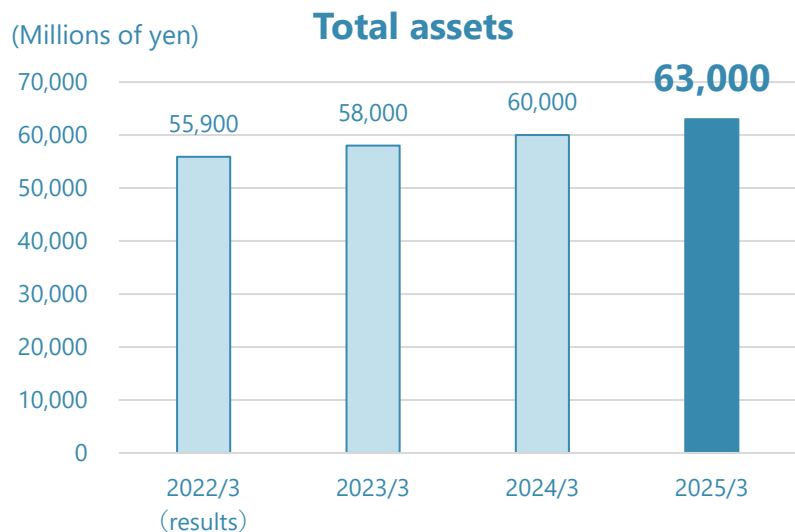
Financial indicator

Equity capital	¥58,000 M
DPR	30 %

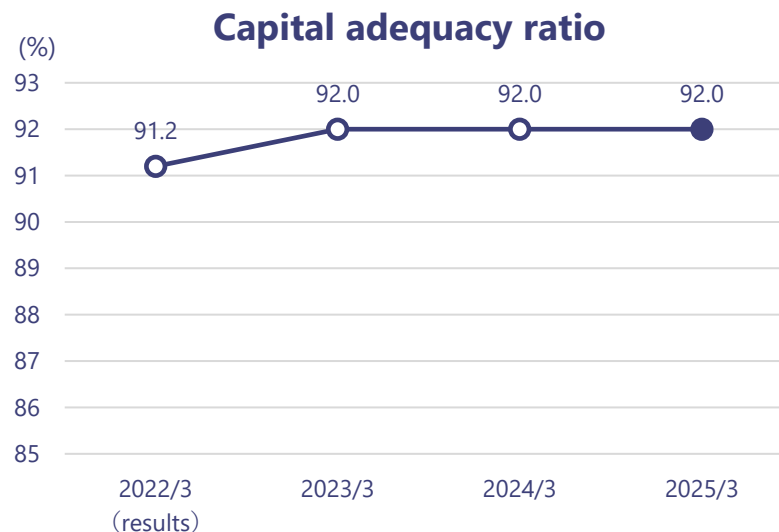
Sustainable Nagawa Action - Annual Quantitative Plan [PL]



Sustainable Nagawa Action - Annual Quantitative Plan [BS]



2023  2025
Sustainable Nagawa Action



Nagawa Group Medium - Term Business Plan

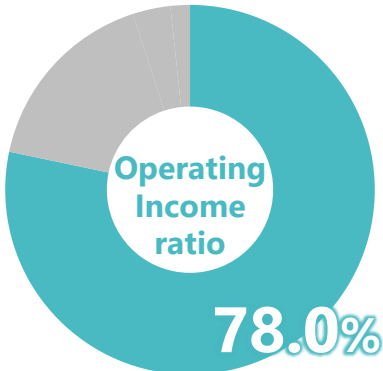
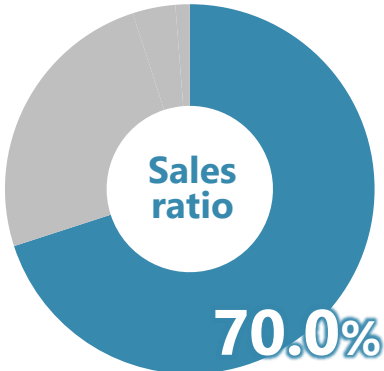
Segment Strategy


2023  2025

Unit house business


Management Plan [FY 2025]

Sales	¥2,8000	M
Operating income	¥4,600	M
Rental Asset Holding	115,000	Units




 **Deepening of 5R business (expansion of recycling - oriented business)**

Reduction of CO2 emissions

 **Automation of production system**

Establish a more stable supply system by automating production lines at the Yuki Plant

 **Accelerate opening of exhibition halls**

From 70 stores nationwide to 200 stores

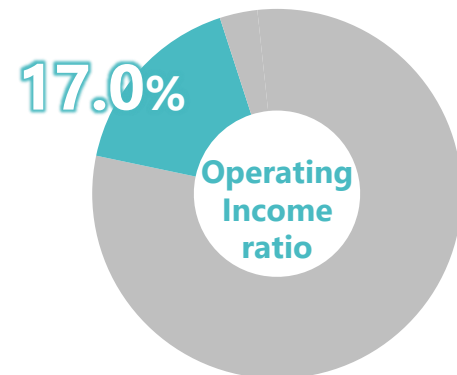
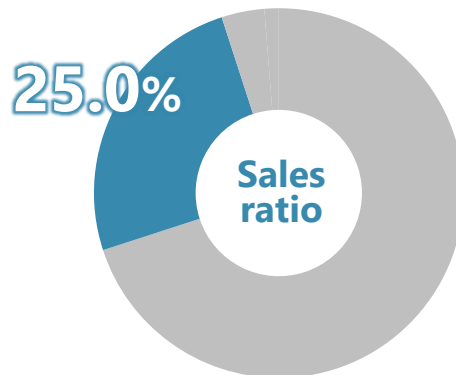
 **Strengthening disaster response capabilities**

Strengthening social contribution functions for serious natural disasters including earthquakes, and floodwater damage.

Module and system construction business


Management Plan [FY 2025]

Sales	¥8,500 M
Operating income	¥800 M
Annual orders received	¥9,000 M



 **Diffusion and expansion of lightweight steel - frame construction**


Propose a corporate investment style
(Short Delivery, Low Cost, and Short Amortization)

 **Introduction of a cumulative drawing system using VR and 3D technologies**

Saving labor and ensuring customer superiority

 **"Collaboration" for efficiency and cost reduction**

Establishment of construction cooperation systems with local constructors

 **Generating synergies through M&As**

Create more than "1 + 1" value

Construction equipment rental business

Construction equipment rental business

Management Plan [FY 2025]

Sales ¥1,500 M

Operating income ¥100 M

Overseas business

Management Plan [FY 2025]

Sales ¥500 M

Operating income ¥100 M



Maintaining market share in southern Hokkaido

Avoiding opportunity losses through market - in strategy



Capture of post pandemic rebound demand

Expansion due to potential demand + rebound demand



Deepening profitability analysis of each rental equipments

Improve Cost - Effectiveness of Capital Investment



Return to profitability and secure business stability

By improving profitability
Establishment of independent overseas business



Support for School Attendance for the Development of Engineers

Strengthening of Incentives for Obtaining Qualifications and financial assistance for education



Business expansion via M&As in overseas

Consideration of market expansion to surrounding countries



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Please refer to our HP for the financial results and other documents.

NAGAWA Co.,Ltd. IR Library

<https://group.nagawa.co.jp/ir/library.html>