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For Immediate Release

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Yokogawa Bridge Holdings Group (“the Group”)
Sixth Medium-Term Management Plan

In line with our corporate philosophy – Contribution to society and the public, and sound management – Yokogawa Bridge Holdings Corp. (“the Company”) is aiming to become a corporate group that plays a vital role in society and generates sustained growth by using human talent and technologies to build links to the future. To realize that goal, we have formulated the Sixth Medium-Term Management Plan (“the plan”), starting in FY2022 and running through FY2024. Below is a summary of the plan.

1. Review of Fifth Medium-Term Management Plan

Under the Fifth Medium-Term Management Plan (“the previous plan”), which ran from FY2019 through FY2021, net sales fell short of target, but we achieved our operating profit and earnings per share (EPS) targets in two consecutive years (FY2020 and FY2021), supported mainly by an improvement in profitability in the bridge business.

*Previous plan targets and earnings trends (underlines show achieved targets)

	Targets	FY2019	FY2020	FY2021
Net sales (billion yen)	160.0	138.1	136.0	136.9
Operating profit (billion yen)	14.0	12.8	<u>15.9</u>	<u>14.7</u>
Earnings per share (EPS) (yen per share)	230	218	<u>273</u>	<u>268</u>
Return on equity (ROE)	8% or higher	<u>10.4%</u>	<u>11.9%</u>	<u>10.6%</u>

2. Overview of new plan

The Group's management vision is to realize and sustainably expand four key elements – “Long-term protection of bridges,” “Multifaceted steel structure engineering,” “Creation of a resilient social environment and harmonious coexistence with the natural environment,” and “Construction of a robust operational foundation.” The Sixth Medium-Term Management Plan is positioned as a period to build the foundations for achieving this vision. During the three years of the plan, we aim to further strengthen two core businesses – the bridge business, which offers prospects for stable expansion in business volume, and the engineered structure system business, a key driver of growth. Also, from a longer-term perspective, we will make preparations to create new businesses and build a business base that can flexibly respond to far-reaching changes in the social landscape.

(1) Basic policies

1. Further reinforce core businesses
2. Create and develop diverse businesses
3. Establish a robust business base for the next 100 years

(2) Plan targets (FY2024)

<u>Net sales</u>	<u>¥187.0 billion</u>
<u>Operating profit</u>	<u>¥18.3 billion</u>
<u>Earnings per share</u>	<u>¥290</u>

(3) Strategy for core businesses (Bridge Business, Engineering Business [Engineered structure system business])

1. Bridge Business

We will focus on securing orders for major new bridge projects starting in the next few years, and further strengthen the bridge maintenance business to capture emerging demand for aging infrastructure repair work. In addition, we will implement digital transformation (DX) to reform work practices and improve productivity.

2. Engineering Business (Engineered structure system business)

In FY2021, the engineered structure system business steadily returned to growth, securing orders on an area basis of more than 1 million m². By leveraging ICT to push forward DX, we aim to secure annual orders and production work of more than 1.3 million m².

(4) Create diverse businesses

We will continue to secure orders and production work for tunnel segments, while also making preparations to move into new areas such as seawalls, port facility upgrades and floating wind

turbines.

(5) Promote DX

Guided by the slogan – harnessing digital tools to transform, grow and support – we will promote DX to realize the following five objectives.

- a) Reform work practices, improve productivity and deliver the new “3Ks” at worksites (kyuryo [wages], kyuka [time off] and kibo [prospects])
- b) Use digital tools to reinforce safety measures
- c) Use digital tools to preserve and utilize the skills of Yokogawa’s master engineers
- d) Use DX to support and accelerate growth in the engineered structure system business
- e) Use DX to explore new business opportunities

We will expand IT investment and actively work to cultivate digital experts, such as by establishing an in-house certification system.

(6) Capital investment

As key investment themes under the new plan, we will continue to invest in the rapidly growing engineered structure system business, expand IT investment to drive DX, and invest in decarbonization-related projects. Investment decisions will be made on an annual basis, but the plan’s three-year investment budget is ¥18.0 billion.

(7) Capital policy and shareholder returns

The basic goal of the Company’s capital policy is unchanged – to balance sound finances with capital efficiency. To ensure finances are healthy, we are targeting ROE of at least 9% as our benchmark for capital efficiency. In terms of shareholder returns, we will continue to pay stable dividends while also targeting a continued upward trend in dividends, based on an upwardly revised dividend payout ratio target of 30% or higher. We also plan to buy back a certain amount of shares, depending on conditions.

	Previous plan	New plan
ROE target	8% or higher	9% or higher
Dividend payout ratio	15% or higher	30% or higher

(8) Personnel plan

In line with business expansion, we aim to increase the Group’s headcount by around 200, from roughly 1,950 currently to about 2,150 in the plan’s final year, and utilize Groupwide human resources efficiently.

(9) Address ESG issues (initiatives to achieve carbon neutrality)

Through the construction of public infrastructure and other Group businesses, as well as initiatives to address various ESG initiatives, we will focus on tackling and resolving social issues to help create a sustainable society.

We aim to reduce the Group's Scope 1 and 2 CO₂ emissions in domestic operations by 20% in FY2024 and by 50% in FY2030 (vs. FY2020 levels), and achieve carbon neutrality in FY2050.

(10) Safety initiatives

Serious accidents are the biggest risk for the Group's business and we will continue to put the highest priority on ensuring safety at worksites. We will develop onsite installations that enhance site safety and practicality, upgrade proprietary machinery and equipment, and conduct R&D related to the use of ICT.

3. Other

More details about the new plan are due to be disclosed on the Company's website on May 20, 2022.