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Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Updated Version)

TACHIKAWA CORPORATION (the “Company”) announced “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” on August 2, 2023 and have been advancing initiatives to enhance corporate value. The Company hereby announces that, at a meeting of the Board of Directors held on February 10, 2026, it has conducted analysis of the current situation again and resolved to adopt policies and initiatives for improvement.

1. Current situation analysis

The Company recognizes its cost of capital to be approximately 5.5 to 6.0%, but ROE for the fiscal year ended December 31, 2025 remained at 5.9%, meaning it has not achieved an ROE exceeding its cost of capital. The Company achieved the target profit set in its Medium-Term Management Plan ending in fiscal 2025. However, ROE declined due to a significant increase in equity capital when we made a listed subsidiary a wholly-owned subsidiary in 2024, which reduced financial leverage. We recognize that reducing assets and optimizing capital are key challenges for improving ROE going forward.

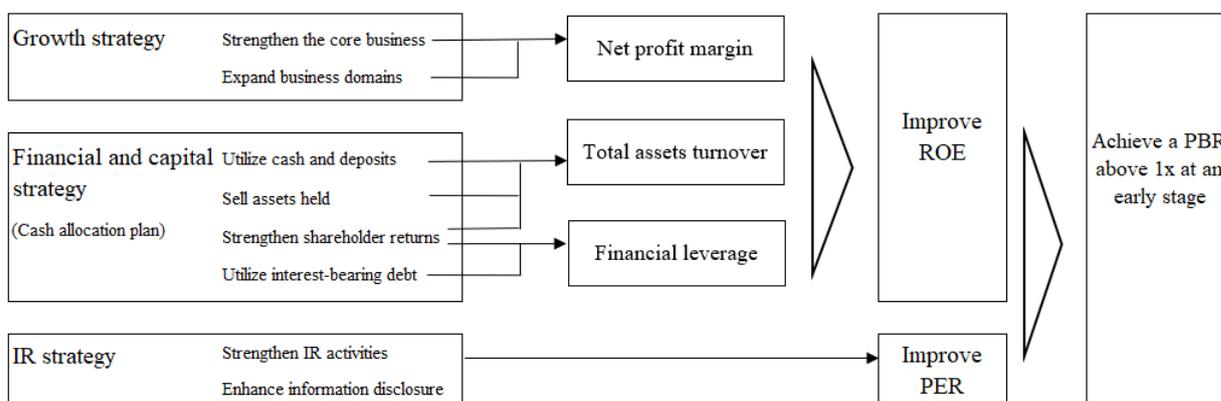
Furthermore, while strengthening shareholder returns and actively advancing IR activities led to an increase in PER and an upward trend in the stock price in fiscal 2025, PBR has continued to remain below 1x. We recognize that to achieve a PBR above 1x, it is necessary to present the Group’s future growth strategy including measures to strengthen the core business and expand business domains, and thereby raise investor expectations.

		FY2021	FY2022	FY2023	FY2024	FY2025
Net sales	Millions of yen	41,236	41,296	41,305	41,407	42,623
Ordinary profit	Millions of yen	4,663	4,005	4,327	4,376	4,629
Profit	Millions of yen	2,868	2,520	2,708	2,802	3,239
Total assets	Millions of yen	60,687	62,586	63,142	63,842	67,735
Net assets	Millions of yen	47,173	48,632	50,442	52,988	56,353
Equity-to-asset ratio	%	70.1	70.1	72.9	83.0	83.2
Net profit margin	%	7.0	6.1	6.6	6.8	7.6
Total assets turnover	Turns	0.70	0.67	0.66	0.65	0.65
Financial leverage	Times	1.44	1.43	1.40	1.28	1.20
ROE	%	7.0	5.8	6.0	5.7	5.9
Stock price (as of December 31)	Yen	1,136	1,130	1,392	1,350	1,975
PER	Times	7.7	8.7	9.7	9.1	12.3
PBR	Times	0.52	0.49	0.56	0.51	0.70

2. Policies for improvement

Based on our challenges identified in this current situation assessment, we will focus on strengthening our core business, improving asset efficiency, enhancing shareholder returns, and strengthening IR activities. By implementing management that is conscious of cost of capital and stock price, we will aim to achieve a PBR above 1x at an early stage.

Improvement targets: Achieve an ROE of 7% in the fiscal year ending December 31, 2028
Achieve a PBR above 1x during the period of Medium-Term Management Plan 2028



3. Specific initiatives

(1) Growth strategy

1) Strengthen the core business

In our mainstay Interior and Exterior Products Related Business, we will advance the introduction of differentiated products and new products centered on “safety, security, health, and the environment,” while also promoting the creation of new markets, such as for exterior fittings.

Key growth strategy

- Expand sales of dimmable fabric products, whose demand is expected to grow, and establish a production system
- Create demand through advanced development of new technologies, primarily in electric products
- Create demand by strengthening partition products
- Expand into new markets by introducing exterior fittings in response to growing energy-saving needs
- Strengthen collaborations with business partners, promote alliances
- Expand sales by demonstrating Group synergies

2) Expand business domains

Amid declining housing starts, we will expand our top line by leveraging M&A and alliances to capture renovation demand and broaden our product portfolio including residential space products and exterior fittings.

Consolidated financial targets

	Results for FY2025	Targets for FY2028
Net sales	42.62 billion yen	45.85 billion yen
Operating profit	4.41 billion yen	4.85 billion yen
Ordinary profit	4.62 billion yen	5.00 billion yen
Profit	3.23 billion yen	3.50 billion yen

For details on the Medium-Term Management Plan “TACHIKAWA Vision 2028—Creating Comfortable Living—,” please refer to the following.

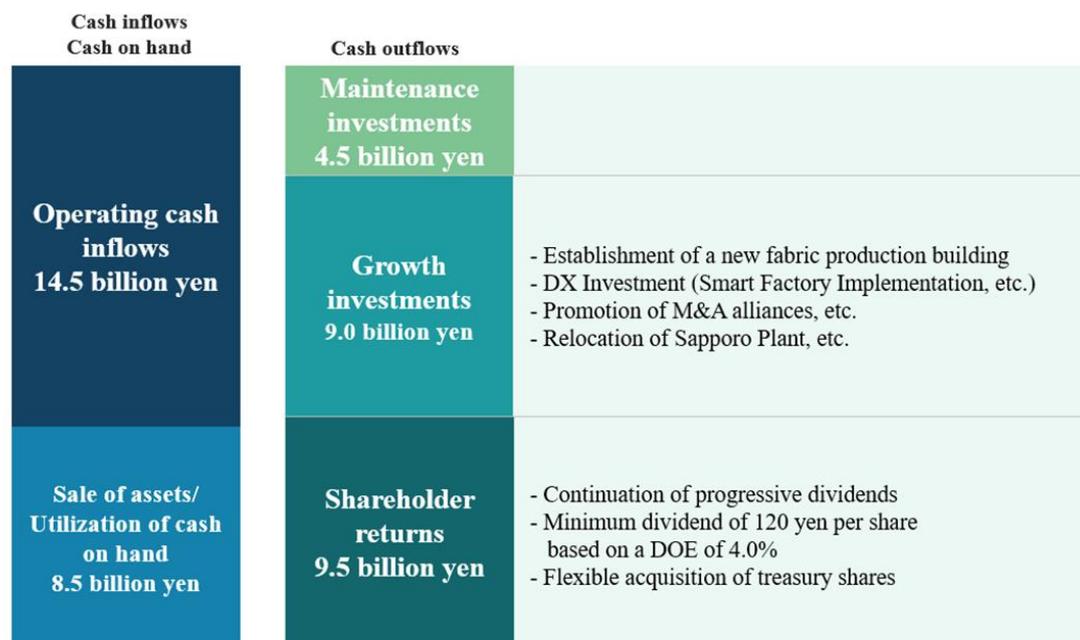
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(2) Financial and capital strategy

1) Utilize cash and deposits and interest-bearing debt

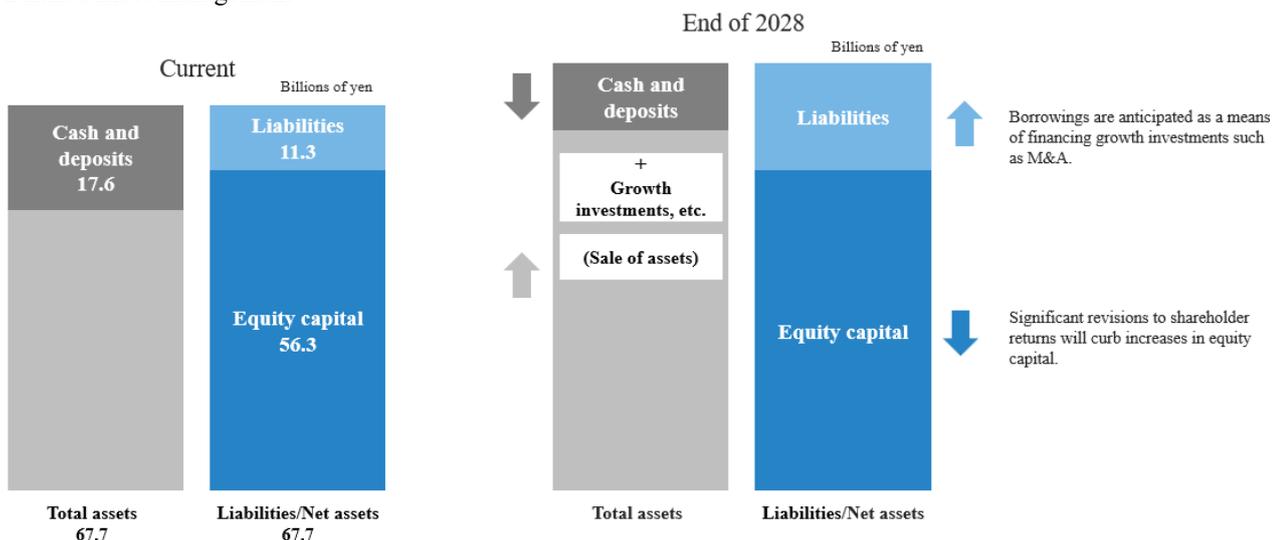
- We will appropriately manage the cash allocation outlined below and actively allocate cash and deposits generated from business activities and sale of assets toward “growth investments” and “shareholder returns.”
- When pursuing M&A that contributes to expanding our business domains as part of our growth investments, we will consider leveraging debt financing based on the scale of investment to enhance capital efficiency and thereby enhance corporate value.

Cash allocation 2026 - 2028 Plan



※ For growth investments such as M&A, consider utilizing debt financing.

Balance sheet management



2) Sell assets held

- Regarding cross-shareholdings, we held 39 stocks as of 2020, and have reduced them to 21 stocks by the end of 2025. While we regularly confirm the rationale for holding them at meetings of the Board of Directors, we will continue to engage in discussions with our investee companies and proceed with the sale of cross-shareholdings.
- While advancing capital investments for future growth, we will regularly review the operational status of equipment we currently have. For real estate that is no longer expected to be utilized as originally planned, we will consider and pursue its sale to reduce total assets.

3) Strengthen shareholder returns

- We recognize shareholder returns as a key management priority and will further enhance them to curb the increase in equity capital, which we recognize as a financial challenge.
We will continue to adhere to our progressive dividend policy. To further enhance shareholders' sense of security, our shareholder return policy outlined in the Medium-Term Management Plan 2028 will ensure that dividends are paid with a minimum DOE (dividend on equity ratio) of 4%. We will also acquire treasury shares as necessary, taking into comprehensive consideration the business environment.

(3) IR strategy

- We will expand opportunities for dialogue with shareholders and investors by regularly holding financial results briefings and company presentations for investors, as well as IR meetings with institutional investors. We will enhance the content of these communications to deepen understanding of our business activities and various initiatives. We will also sincerely listen to feedback from shareholders and investors and reflect it in our management.
- We will regularly publish integrated reports and enhance disclosures regarding our corporate philosophy and vision, including human capital investments and sustainability initiatives. This will help eliminate risk factors (uncertainties) for investors to the extent possible and contribute to reducing cost of capital.