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February 13, 2026

For Immediate Release

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Notice Concerning Update on “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” and Disclosure of “M&A Basic Policy,” etc.

We have analyzed and evaluated our current initiatives to implement management conscious of cost of capital and stock price, with the aim of achieving sustainable growth and enhancing corporate value over the medium to long term. We are pleased to announce that we have updated our policy on future initiatives for improvement.

Furthermore, in this same release, we have newly disclosed our "M&A Basic Policy" and "Cash Allocation." We encourage you to review these sections as well.

For further details, please refer to the attached document, “Action to Implement Management that is Conscious of Cost of Capital and Stock Price.”

This release is an updated version of the “New Medium-Term Management Plan OX-2026 Okabe Transformation 2026” disclosed on February 19, 2024 (updated on March 1, 2024).



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

Medium-Term Management Plan OX-2026

Okabe Co., Ltd. (Stock Code: 5959)

Update February 13, 2026

Future figures stated in financial forecasts and elsewhere in this material are forward-looking statements based on currently available information and involve risks and uncertainties. Investors are therefore asked not to make investment decisions based solely on these forecasts. Please note that actual results may differ materially from the forecasts due to various key factors. These factors that may impact actual results include economic circumstances surrounding the Company's business domains and fluctuations in foreign exchange rates against the U.S. dollar and other currencies.

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BUSINESS

Construction-related products

Diversification business

STRATEGY



VISION

Up to now, and into the future,
we are striving to be a global solutions provider that provides safety and security in the lives of people around the world by cultivating **Creativity × Connectivity × People Power** as a manufacturer of earthquake-resistant construction materials that support construction.

SDGs to prioritize

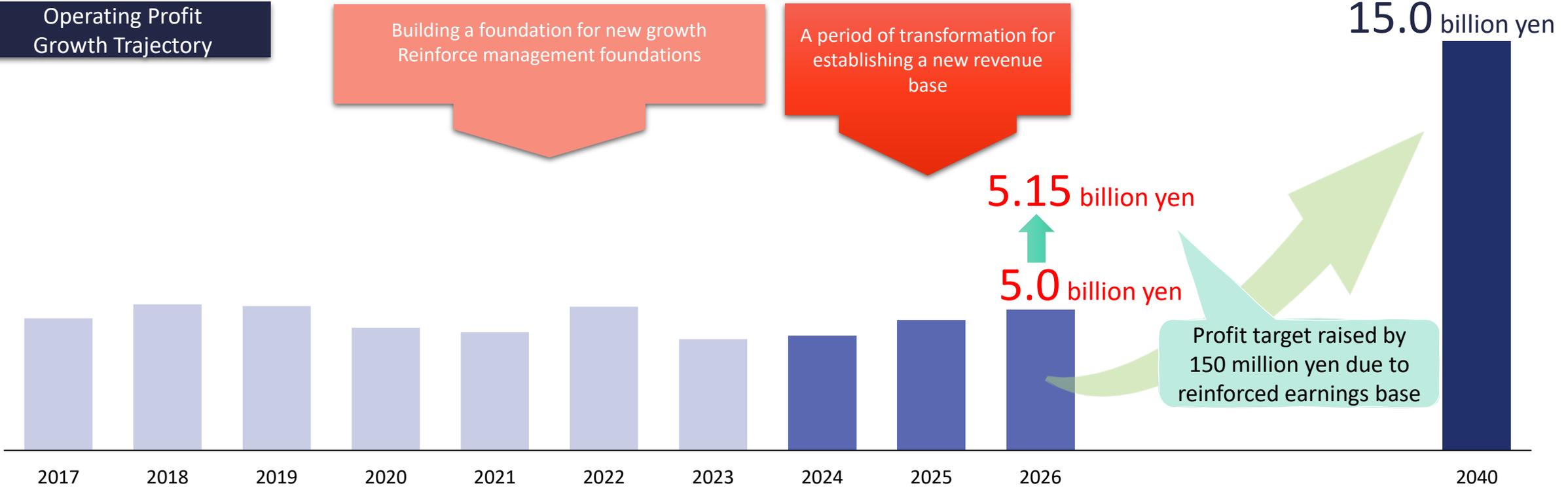


Positioning of the Medium-Term Management Plan

Towards realizing Okabe Corporate Vision 2040

Following our strategic exit from unprofitable businesses in FY2024, we achieved profitability improvements ahead of schedule. Driven by this success and the expansion of our U.S. construction-related products business, we have raised our FY2026 operating profit target to 5.15 billion yen. We remain committed to enhancing corporate value through a disciplined management approach focused on capital efficiency.

Operating Profit Growth Trajectory



NEXT100
Exciting Future

NEXT100 – PHASE2

NEXT100 – PHASE2.1

OX-2026

Okabe Corporate Vision 2040

Progress and Revision of OX-2026 Financial Targets

FY2024: Structural Reform & Profitability Recorded a net loss due to extraordinary losses from U.S. litigation, but Operating and Ordinary Profits exceeded plans. Accelerated portfolio optimization through withdrawal from unprofitable businesses.

FY2025: Resilience amid Headwinds Net sales fell short of targets due to construction delays, but profits surpassed plans driven by sales of high-value-added products.

FY2026: Commitment to Growth & Capital Efficiency: Accelerate profitability improvements with the achievement of profit targets as a prerequisite. Implement flexible capital policies to enhance capital efficiency and optimize capital structure.

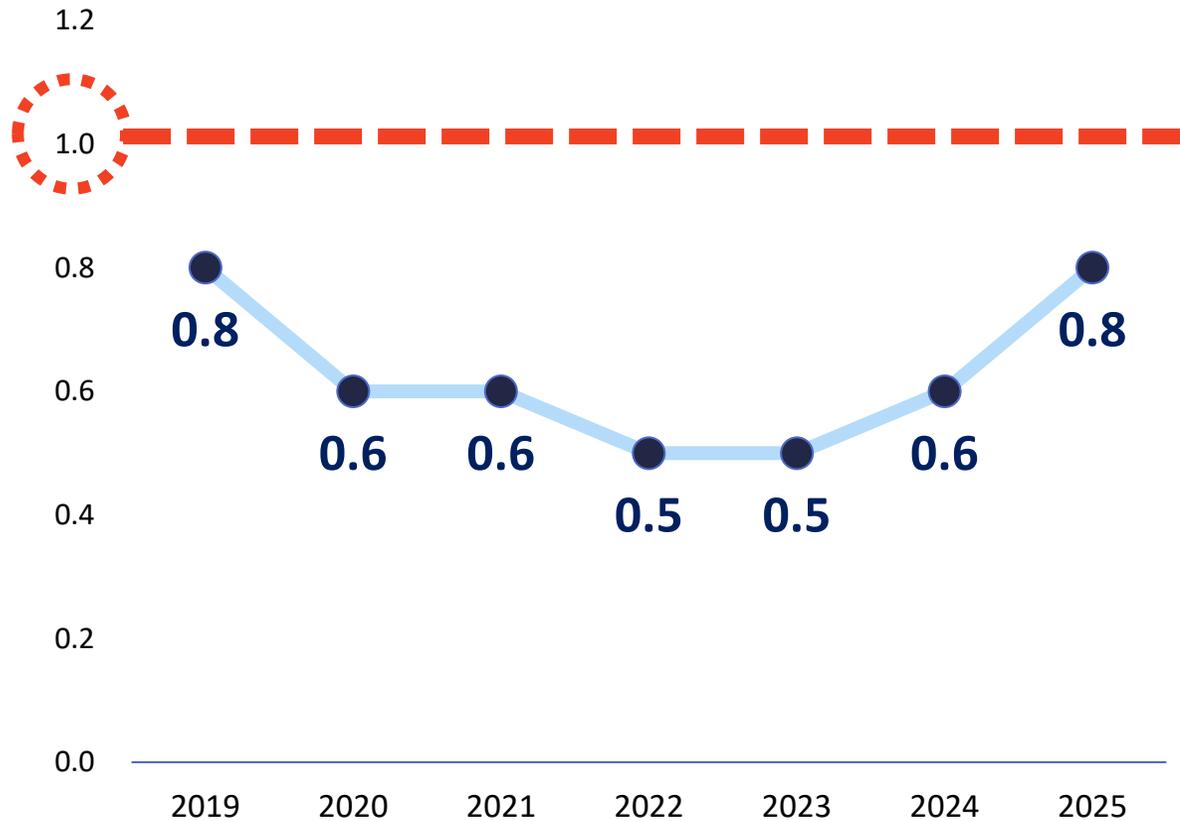
OX-2026

Financial Results & Capital Efficiency	FY2024 targets	FY2024 results	FY2025 targets	FY2025 results	FY2026 Initial Plan	FY2026 Revised Plan
	Net sales (million yen)	70,000	67,806	72,500	69,758	75,500
Operating profit (million yen)	4,100	4,194	4,700	4,762	5,000	5,150
Operating profit margin	5.9 %	6.2 %	6.5 %	6.8 %	6.6 %	7.1 %
Net Profit (million yen)	2,800	(874)	3,120	3,285	3,320	3,700
ROE	4.7 %	(1.4) %	5.2 %	5.4 %	6.0 %	over 6.0 %
Shareholder returns	FY2024 targets	FY2024 results	FY2025 plan	FY2025 results	FY2026 plan	
	Payout ratio	49.5 %	—	60.8 %	57.1 %	51.8 %
	DOE	2.2 %	2.7 %	3.2 %	3.1 %	3.1 %

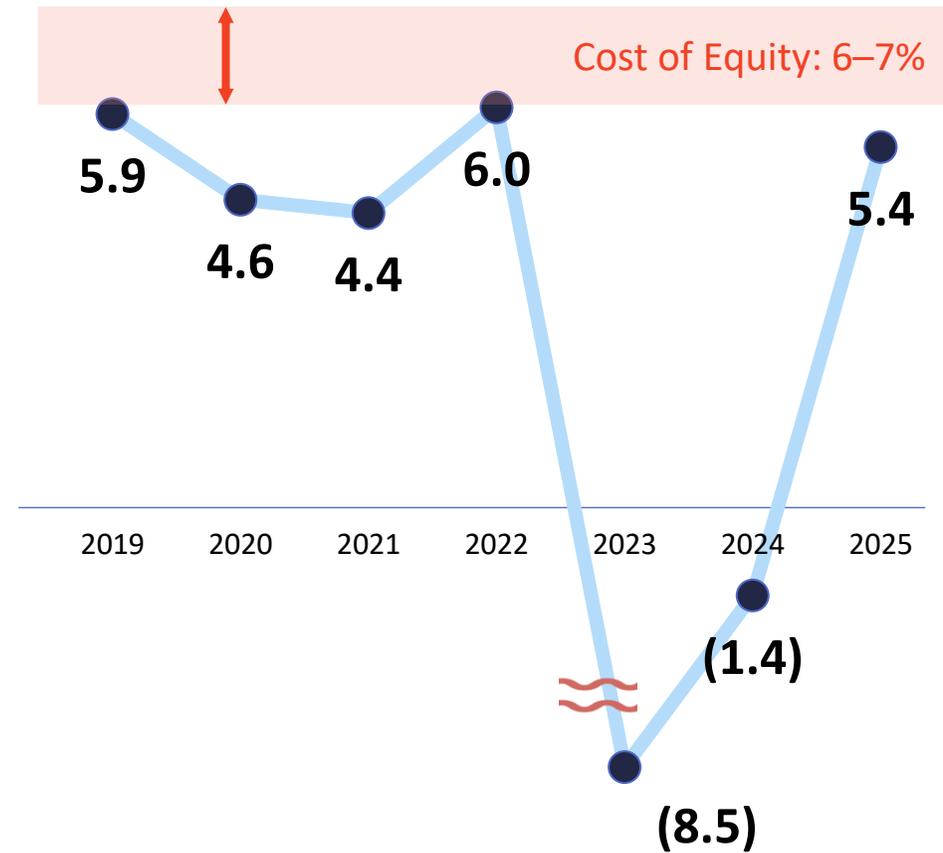
Assessment of Current Valuation (PBR & ROE)

PBR remains below 1.0x, reflecting that ROE falls short of the Cost of Equity (6–7%) expected by the market.

PBR (times)



ROE (%)

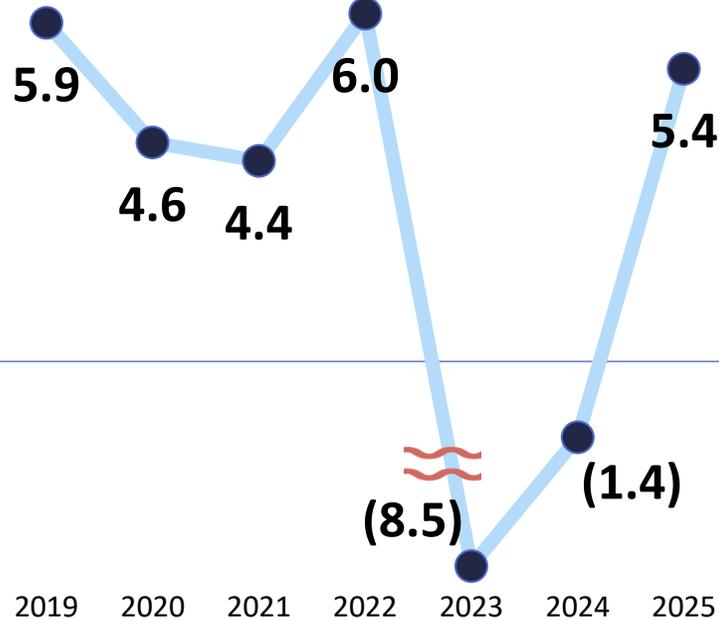


Analysis of ROE Underperformance (DuPont Analysis)

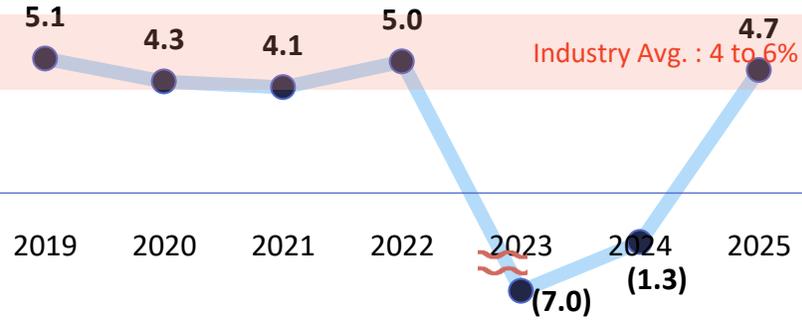
Enhance profitability and optimize the balance sheet to promptly achieve ROE exceeding the Cost of Equity.

ROE (%)

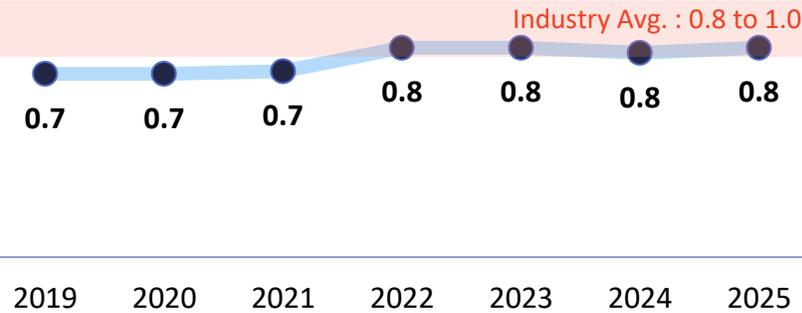
Manufacturing Industry Avg.:
Approx. 7 to 10%



Net Profit margin (%)



Total asset turnover rate



Financial leverage



Priority Level

High

Boost profitability by driving growth in existing businesses, developing new ventures, and pursuing strategic M&A.

Medium

Improve asset efficiency by optimizing the Cash Conversion Cycle (CCC), specifically reducing inventory and receivable turnover periods.

High

Optimize capital structure by utilizing debt to lower WACC, while maintaining financial discipline.

After change

The Company considers shareholder returns to be a crucial aspect of management and acknowledges the significance of capital efficiency. In principle, it aims to distribute its profit based on its business performance while maintaining its financial soundness. In addition, based on its basic policy, it seeks to achieve a stable and sustainable increase in dividend levels over the medium to long term by achieving sustainable growth.

The Company aims for a dividend payout ratio of at least 40% and a dividend on equity (DOE) target of 3% for each fiscal year.

In addition, the Company will implement a special dividend and purchase treasury shares based on comprehensive judgment, taking into consideration the stock price level, the need to implement a flexible capital policy, and the impact on its financial position, in order to improve ROE and achieve a P/B ratio of over 1x by optimizing its capital structure in conjunction with strengthening earning power.

The Company's basic policy for dividends of surplus is to pay both an interim dividend and a year-end dividend each year.

Main points of change

Payout rate: Rough target of 30% or more ⇒ **40% or more**

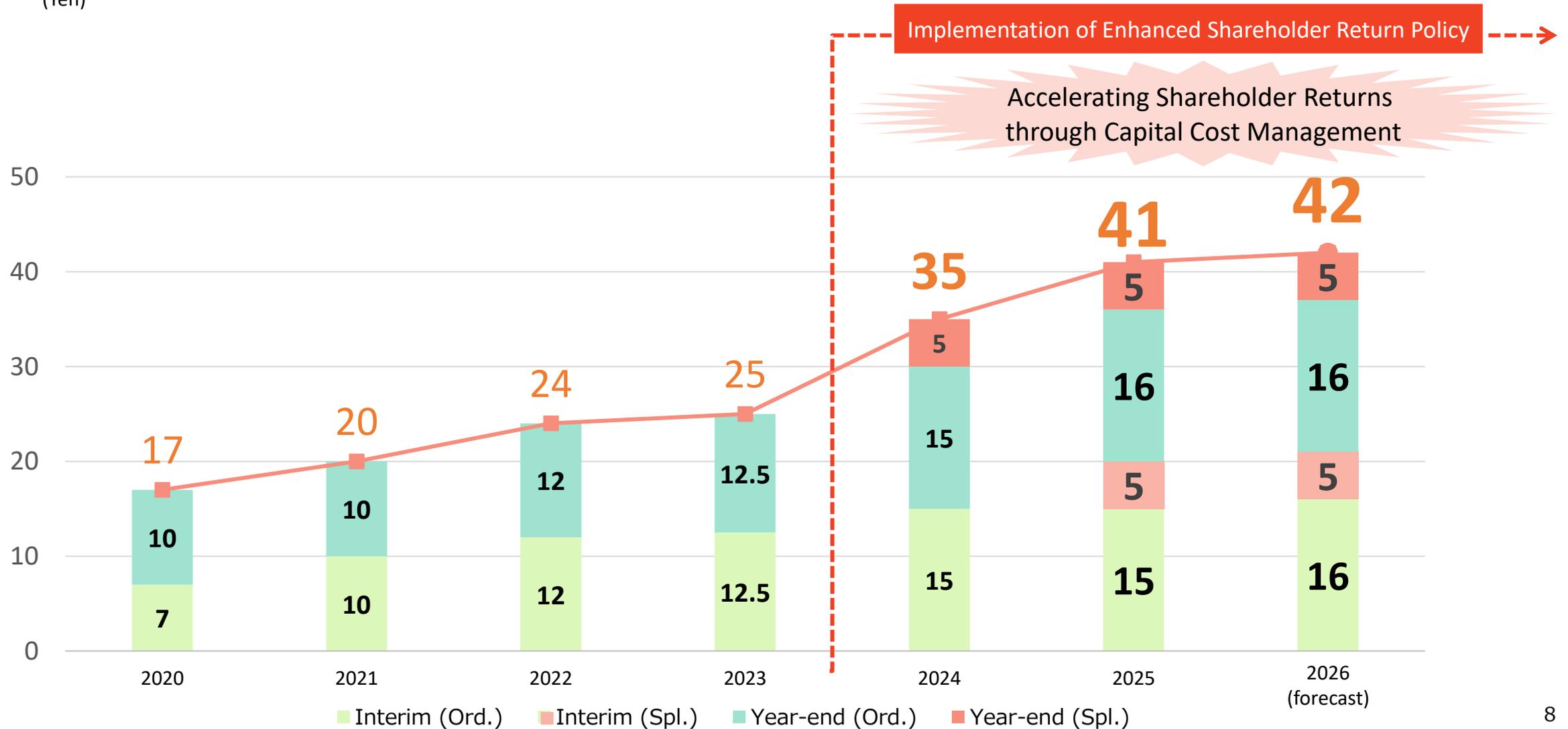
Dividends on equity (DOE): **Target of 3%**

Pay special dividend and flexibly acquire treasury shares

Enhancement of Shareholder Returns

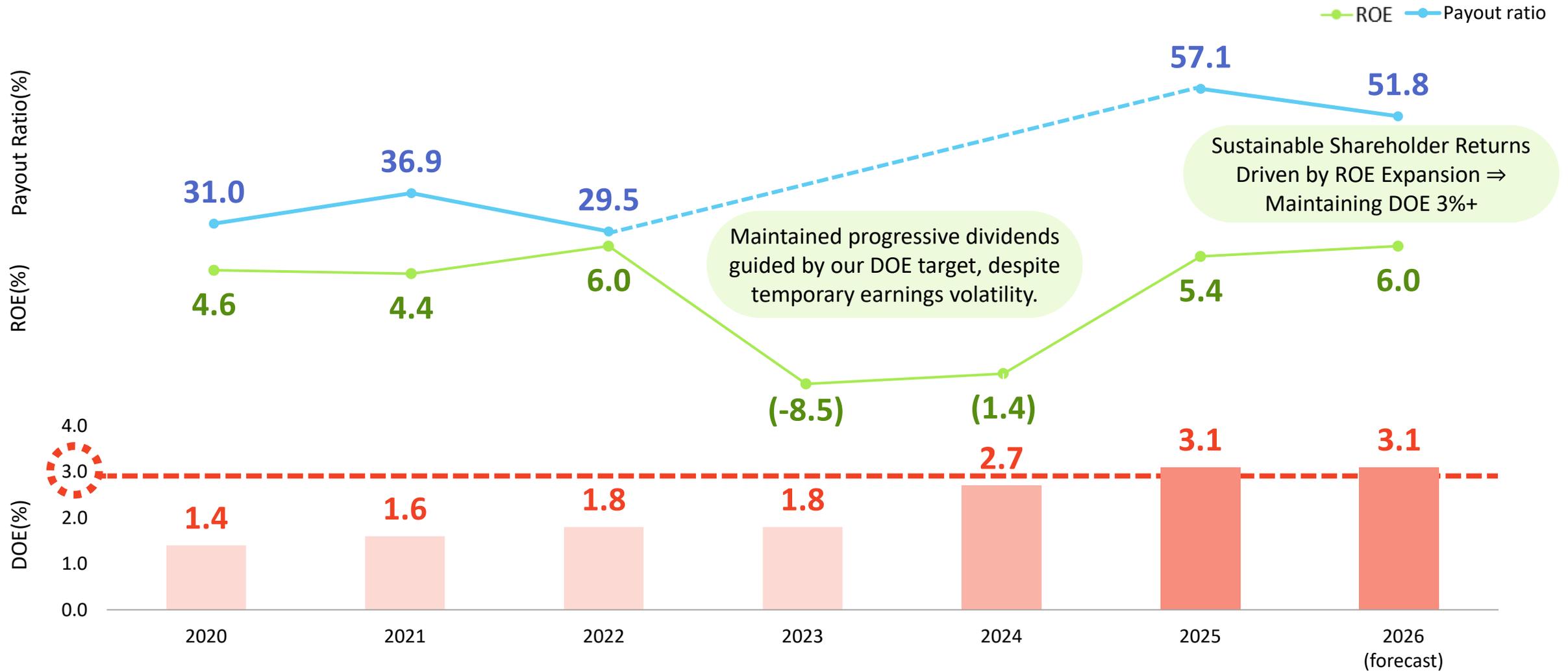
We are actively enhancing shareholder returns in alignment with our focus on capital cost management. Building on a stable foundation in FY2024, we have raised our targets for FY2025 (Payout Ratio $\geq 40\%$, DOE $\geq 3\%$) to ensure sustainable dividend growth.

(Yen)



ROE × Payout ratio = DOE

We have achieved consistent DOE growth by leveraging a flexible payout ratio, even during periods of ROE fluctuation. Moving forward, ROE recovery will be the primary driver in sustaining a DOE of 3% or higher.



Enhancing Shareholder Returns & Optimizing Capital Efficiency



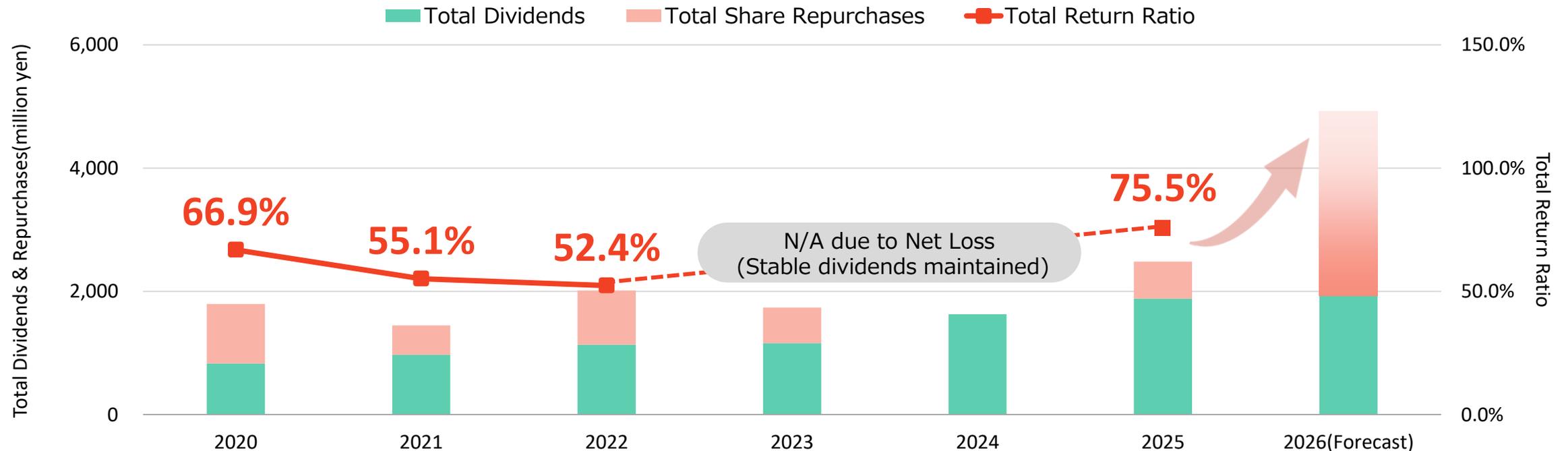
While aiming for stable growth in ordinary dividends, we use special dividends to optimize capital structure (targeting ROE improvement & PBR > 1.0x). We remain committed to enhancing returns through a focus on Total Return Ratio and flexible share repurchases.

Special Dividend Distributions

FY2024 Special dividends: 5 yen / FY2025 Special dividends: 10 yen (+5 yen)

Share Repurchases & Cancellation

FY2025 Total Shares Repurchased: **705,300** shares (**0.6** billion yen) Approx. **1.5%** of total issued shares
 Cancelled Shares: **2,000,000** shares Approx. **4.1%** of total issued shares before cancellation



We plan to allocate 21 billion yen over three years (2024–2026) to accelerate growth toward the Okabe Corporate Vision 2040. Key investment pillars include Strategic M&A, Human Capital, and initiatives for DX and Decarbonization.

Capital investment

Approx. 10 billion yen

- Modernize production facilities
- DX implementation & Decarbonization initiatives

Strategic investment M&A

Approx. 10 billion yen

- Pursue global M&A opportunities focusing on construction-related products and sustainability-driven sectors.

Human capital investment

Approx. 1 billion yen

- Raise compensation levels (by 5–7% annually)
- Enhance training and development programs

Total investments during the three-year period: **21** billion yen

M&A Basic Policy: Strategic Approach for Synergy Creation

Newly Added



In light of past experiences and market changes, we significantly revised our policy in 2025. We are now advancing a high value-added strategy focused on efficiency and synergy, driven by disciplined investment that ensures returns above the cost of capital and rapid recovery. Currently, we are prioritizing domestic deals with high integration certainty and actively seeking partners to leverage our competitive strengths.

M&A Basic Policy

Priority Measures & Synergy Effects Targeted in M&A

Strategic Focus on the Domestic Market

Concentrate resources on domestic businesses where early synergy creation is expected.

Synergy Creation as a Prerequisite

Focus strictly on deals that leverage our strengths (sales power, technology, network, etc.).

Active Search for Candidate Companies

Proactively search for optimal partners on our own initiative.

Rigorous Financial Screening & Execution

Implement financial filtering, risk identification during DD, and thorough pre-PMI examination.



[Domestic Construction Business] Accelerating Labor-saving, DX, and Technological Innovation

Incorporate robotics and SaaS technologies to solve on-site issues and shift revenue models.



[Domestic Construction Business] Expansion into New Areas like Disaster Prevention & Decarbonization

Strengthen civil engineering maintenance and eco-friendly construction materials to enhance presence in public works projects.



[Diversified Business] Developing New & Adjacent Areas into Core Businesses

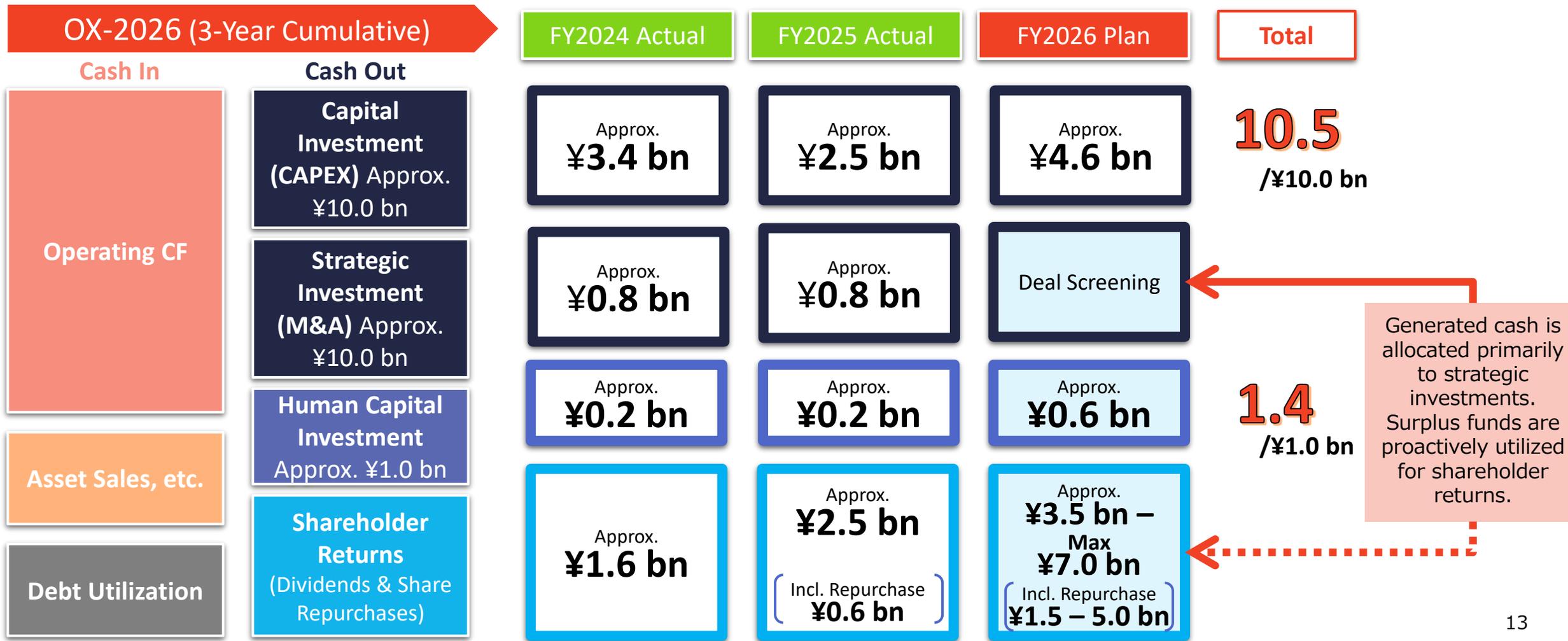
Strengthen Blue Carbon and industrial machinery sectors to nurture them into new revenue pillars.

Cash Allocation: Planning Share Repurchases of Up to ¥5.0 Billion

Newly Added



In FY2025, we rigorously screened deals based on our investment criteria. Surplus investment funds were allocated to shareholder returns rather than retained as cash. For FY2026, we plan to implement new share repurchases of up to ¥5.0 billion. As resolved today, ¥1.5 billion is scheduled to be executed via market purchase. Regarding the remaining ¥3.5 billion, we will execute optimal capital allocation by comprehensively considering strategic investment opportunities (such as M&A) and market valuation (stock price level).

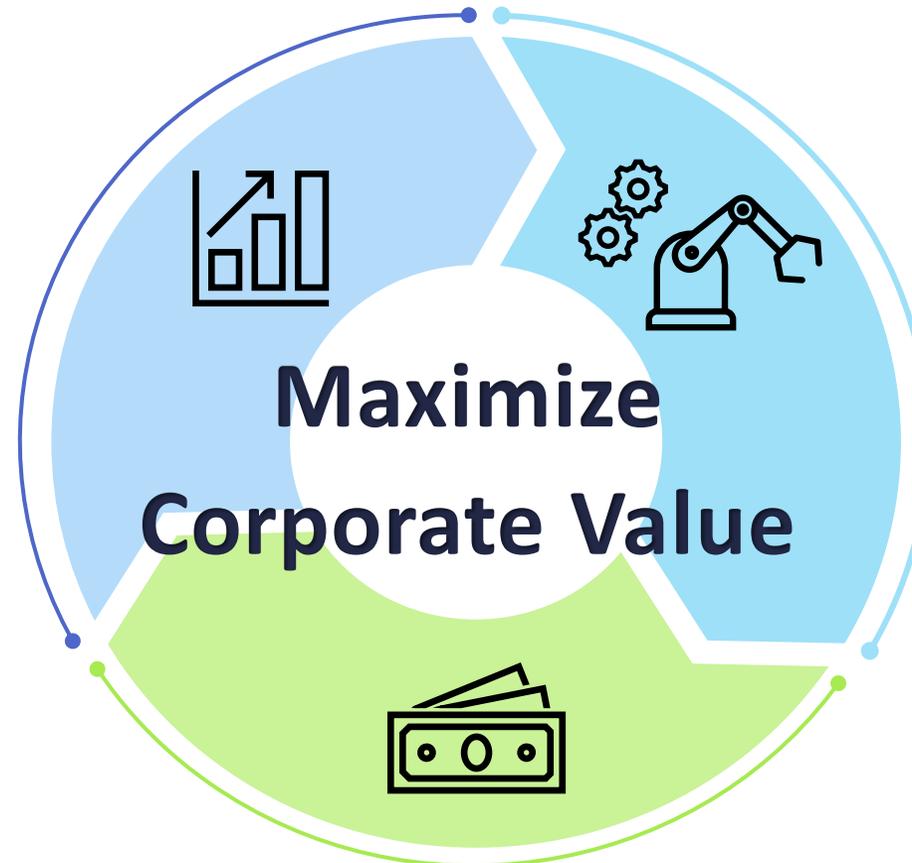


Towards Reaching 1 or More in PBR

Through sustained profit growth and improved balance sheet efficiency, we aim to achieve an ROE that exceeds the cost of equity. By implementing our three pillars, we will maximize our corporate value and achieve a P/B ratio over 1.0 achieving an appropriate market valuation.

Capital cost management and dialogue with investors

- ROE of 8% or more
- Optimization of our business portfolio
- Presentation of long-term strategy and proactive disclosure of ESG-related information



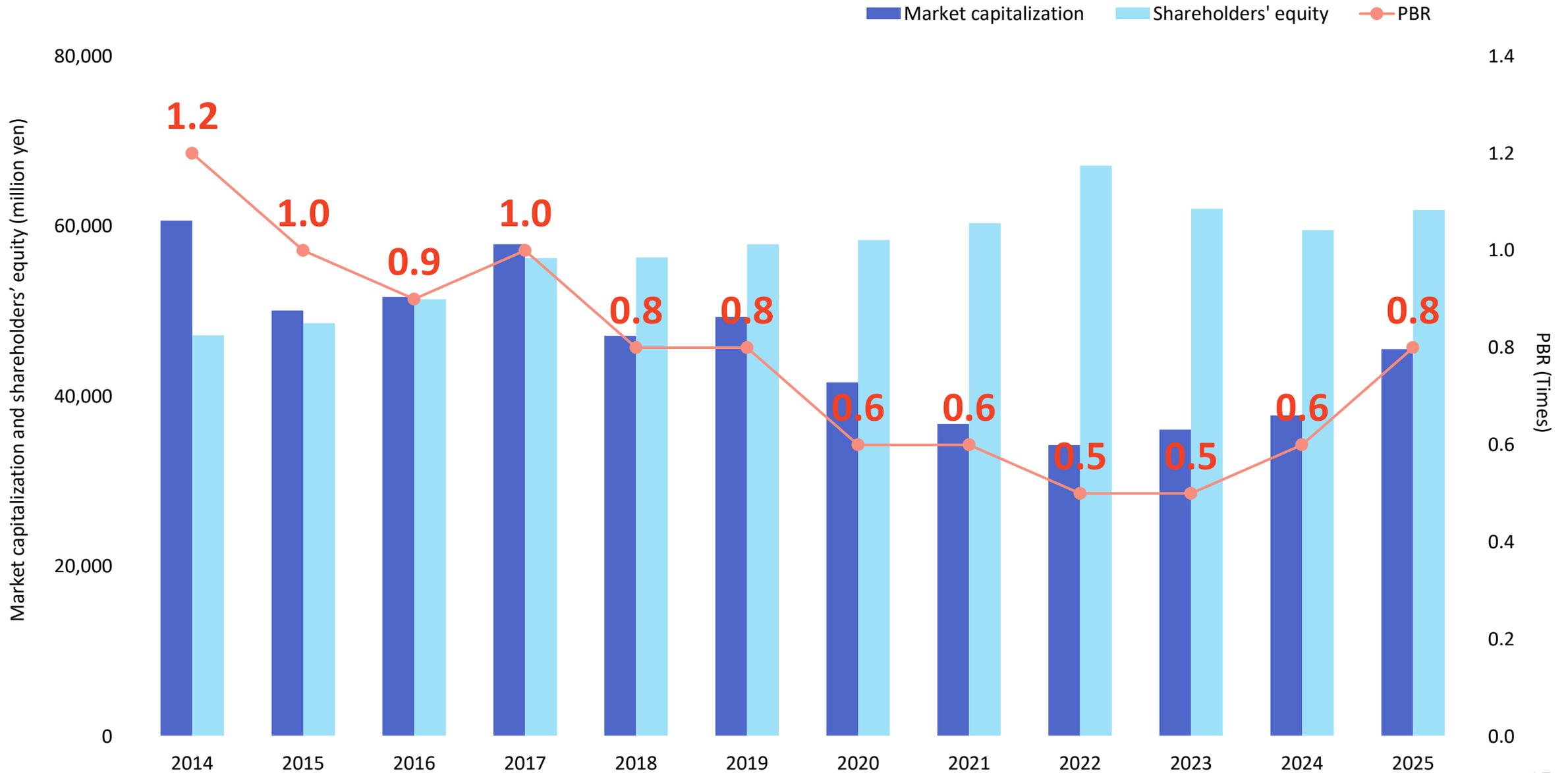
Growth strategy and investment

- Capital investment for sustainable growth
- M&A
- Strategic investment
- Human capital Investment

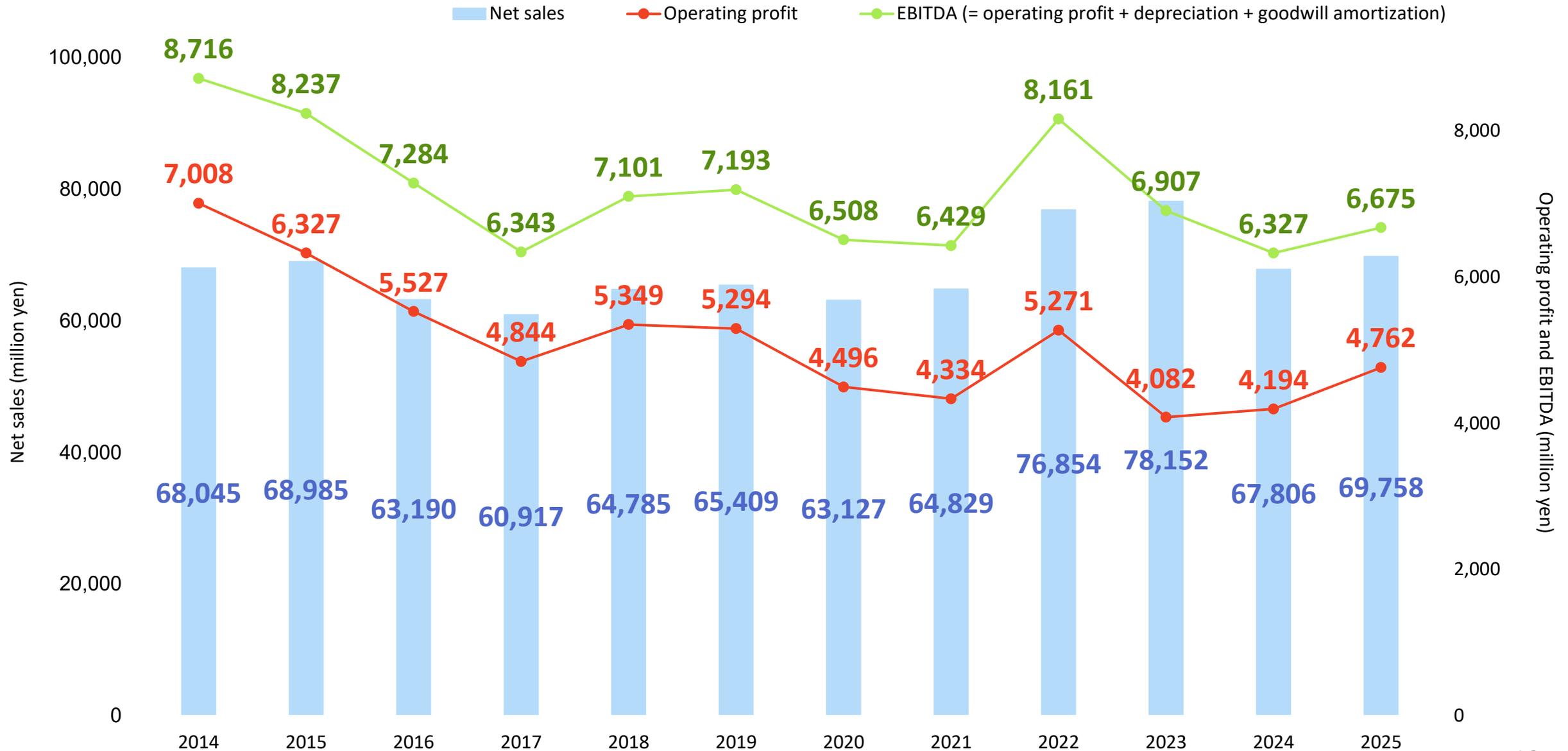
Enhanced shareholder returns

- Payout ratio of 40% or more
- DOE target of 3%
- Purchase of treasury shares

Trends in PBR, Market Capitalization and Shareholders' Equity



Trends in Net Sales, Operating Profit and EBITDA



E

Environment

- Continuously reduce greenhouse gases by, for example, developing environmentally friendly products and methods
- Reduce environmental impacts by reviewing production processes and others
- Launch a blue carbon business to step up efforts towards carbon neutrality.

S

Social

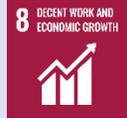
- Develop new products and methods to address intensification of earthquakes, rainfall and other disasters
- Work on diversity and inclusion and on health and productivity management to realize human capital management
- Conduct educational CSR activities and take part in regional communities for regional contribution

G

Governance

- Establish corporate governance with high effectiveness to build a structure that can swiftly respond to changes
- Continuously improve risk management across the Group, including overseas subsidiaries
- Carry out corporate activities with fairness and high transparency to practice compliance

Medium-Term Targets in Major KPIs

Materiality	Major KPIs	Unit	FY2024 results	FY2025 results	FY2026 targets	Target SDGs
1 Increasing severity of earthquakes, heavy rains, and other disasters 2 Changes in construction business environment 3 Declining population and aging society of Japan	Sales of building structural products	Million yen	20,207	20,534	22,300	
	Sales of civil engineering products	Million yen	6,892	7,387	8,000	
	Number of new products launched	Products	11	9	10 in the full year	
4 Personal relationships and human capital management	Number of universities participating in joint research	Universities	Contractual relationship: 6 Cooperative relationship: 0	Contractual relationship: 6 Cooperative relationship: 0	10	
	Ratio of female managers	%	5.8	5.5	10.0	
	Ratio of employees taking childcare leave	%	55.6	82.4	100.0	
	Number of employees with disabilities	%	2.5	2.5	2.7	
	Number of IT-related qualifications held	Qualifications	114	146	600	
	Investment in social and community contribution activities	Million yen	27	24	26	
5 Climate change and global warming 6 Achieving environmental conservation, decarbonization, and resource recycling 7 Maintenance of marine resources	CO ₂ emissions (Scope 1 and 2) total	t-CO ₂ e	7,311	Under calculation	6,174	
	CO ₂ emissions (Scope 3 Category 1 and 4) total	t-CO ₂ e	307,594	Under calculation	335,913	
	Number of seaweed seedlings shipped that will be helpful to CO ₂ absorption and fixation	Seedlings	2,988	2,918	4,000	
	Sales of Valuable Materials (Recycled Industrial Waste)	Tons	2,711	2,653	3,396	
	Number of used plastic D cones recycled	Thousand	800	102	3,000	
8 Strengthening of governance	Ratio of Outside Directors	%	46.1	50.0	1/3 or more	
	Ratio of female Directors	%	15.3	20.0	16.7	
	Ratio of Outside Directors on the Audit & Supervisory Committee	%	75.0	66.6	50 or more	

* For details about the KPIs, refer to the [Collection of Financial and Non-Financial Data](#) on the [Sustainability webpage](#) of our website.

