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To whom it may concern,

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Notice Concerning Formulation of Medium-Term Management Plan

The Company hereby announces that it formulated the medium-term management plan at the Board of Directors meeting held today. Details are as follows.

1. Title

Second Medium-Term Management Plan, Dream Action 2030

2. Covered period

From FY ending March 2027 to FY ending March 2030 (4 years)

3. Details of the Medium-Term Management Plan

(I) Vision of the Group

(II) Review of the First Medium-Term Management Plan (FY ended March 2022 to FY ended March 2026)

(III) Second Medium-Term Management Plan, Dream Action 2030

i) Corporate Policy

ii) Corporate Strategy

iii) Financial Policy/Capital Policy

iv) Channel Strategy

v) Segment Strategy

vi) From DX strategy to AX strategy

(IV) References

4. Purpose of Formulating the Medium-Term Management Plan and Why We Decided to Call It "Dream Action 2030"

We believe it is important that we share our own dream and take action toward that dream in order for the Group to overcome the status quo and grow even further. While we worked on our the First Medium-Term Management Plan, we felt in the real sense that the Company can make great things possible by sharing and moving toward that dream as one, not to mention pursuing short-term objectives. We named our new plan “Dream Action”, as we desired to create an action plan with which the employees can share their “Dream” and all other stakeholders can visualize it. .

In order to make the “Dream” come true, we firmly commit to solving various social issues through our hands-on nationwide research and investment of our various resources. We prioritize our “provision of value for our stakeholders”, and we pledge to commit as one Group to achieve our long-term vision through setting mid-term goals and implementing necessary measures, all for the realization of our “Dream”.

5. Main target values

- Net Sales: 80 billion yen
- Operating Profit (%): 5.2 billion yen (6.5%)
- ROE (Return On Equity): 8% or more
- PER (Price Earnings Ratio): 12.5 times or more
- PBR (Price Book-value Ratio): 1.0 times or more
- ROIC (Return On Invested Capital): 6.5% to 7.2%
- D/E Ratio (Debt Equity Ratio): 50%
- TSR (Total Shareholder Return): Maintain at least 112%
- Investment for growth: 30.5 billion yen

*Previously, we used Return On Assets (ROA) as one of our key performance indicators for judging the progress of achievement of the Group's management policy, management strategy, and management targets. However, in formulating the Medium-Term Management Plan, we have decided to place more importance on Return On Equity (ROE) instead, in view of the recent situation.

For details, please refer to the following content on our website.

https://www.shimajima.co.jp/ir/medium_long.html

* Disclaimer

We based our forecasts for the future in the new Mid-term Management Plan solely on the information available as of the announcement date of this document. Actual results may differ from this plan due to various factors, and this document does not mean that we can guarantee or assure that we will surely achieve the results we described therein.