Company Profile

Besterra Co., Ltd

ベステラ株式会社

TSE First Section (Securities code: 1433)

Company Overview

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Company Overview

Trade Name	BESTERRA CO., LTD A compound word of Best and *Terra* (Earth in Latin)
Business Description	Plant demolition work and other related business
Office Location	Head Office: 3-2-6 Hirano, Koto-ku, Tokyo Chiba Office: 1969-52 Yawatakaigan-doori, Ichihara-shi, Chiba JFE Chiba Worksite: 1 Kawasaki-cho, Cyu-ou-ku, Chiba West Japan Office: 3-10-27 Minamiteshiro-cho, Fukuyama-shi, Hiroshima Keihin Office: 13-10 Daimachi, Kawasaki-ku, Kawasaki-shi, Kanagawa
Established	February 20, 1974
Capital	¥417,178,100 (as of the end of January 2021)
Representative Director	Akitatsu Yoshino
Number of Employees	71 people (as of the end of January 2021)

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Business Concept

Builders cannot demolish

Builders believe that demolishing is the opposite of building. Not merely reversing the building process, we view plant demolition from an entirely new perspective. Additionally, we verified our ideas through actual demolition work and established new techniques and methods. We patented these methods.

A unique company specialized in plant demolition

We specialize in the plant demolition of steel structures. For about 40 years we have undertaken the business of plant demolition, such as steel manufacturers and power, gas, and oil plants, which demand a high level of safety.

Company History

- **Sep. 2020 – Made REVER HOLDINGS CORPORATION equity method affiliates.**
- **Sep. 2018 - Concluded a business alliance with DAI-ICHI CUTTER KOGYO K.K.**
- **Jul. 2018 - Concluded a business alliance with Hitachi Plant Construction,Ltd.**
- **Sep. 2017 - Changed market to the first section of Tokyo Stock Exchange**
- **Sep. 2015 - Listed on the Tokyo Stock Exchange: Mothers**
- **Apr. 2010 - Develops melt-cutting Robot, *Apple☆Star***
- **Jul. 2004 - Patents *Apple Peeling Method***
- **Feb. 1974 - Establishes *BESTERRA CO., LTD***

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Corporate Philosophy, Code of Conduct

Corporate Philosophy

We will contribute to the global environment with flexible thinking, creativity, and techniques utilizing these concepts.

Code of Conduct

We fulfill our professional responsibilities.

We always create new techniques. With the mottos *"Safety is the topmost priority"* and *"Faster, cheaper, and safer,"* we will provide those techniques and further comfort to customers.

Gas holders
(apple peeling method)

Thermal power plant
(apple peeling method)

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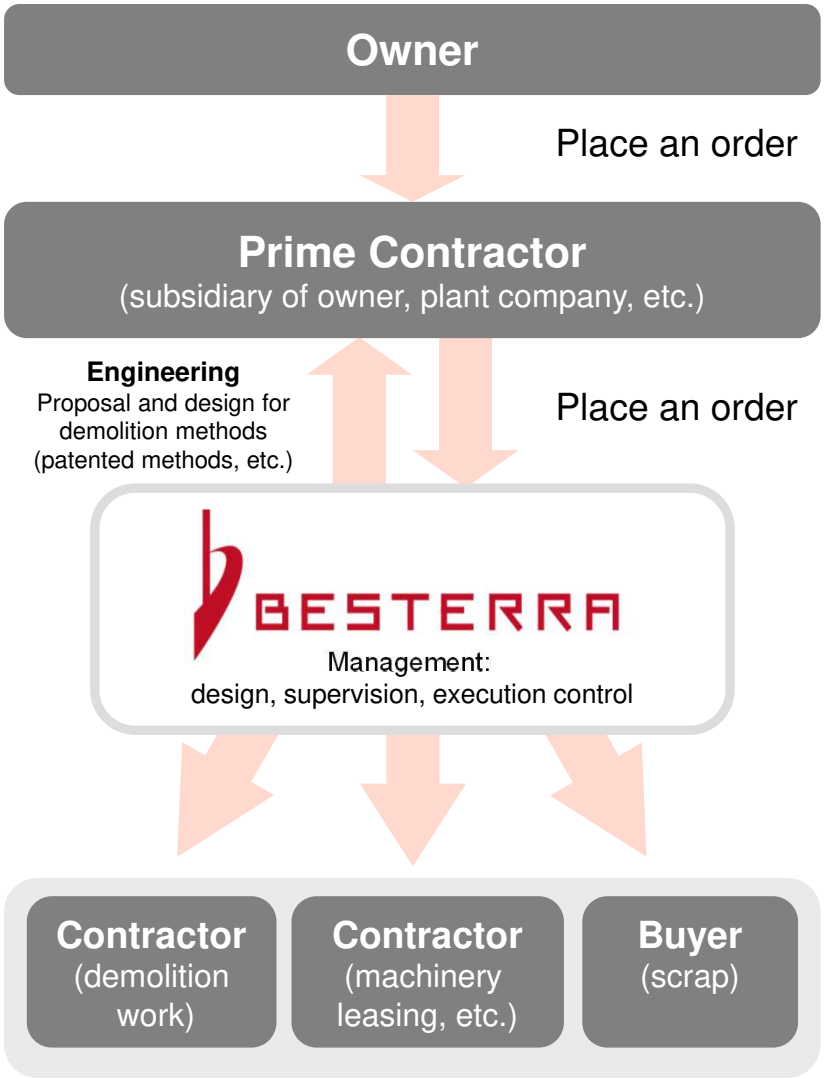
Business Model (Business system diagram)

1	Role of the core in large plant demolition: Engineering (proposal, design, plan execution) Management (supervision, control execution)
2	Contractors conduct demolition tasks and BESTERRA mainly supervises and manages worksites.
3	Our core competence is providing methods and techniques for plant demolition. **(Management by not-owning)** We do not possess heavy machinery or a workforce. →Avoiding risk of holding assets We do not buy materials or make production deals. →Avoiding risk of holding stock



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Our Strengths

1

Good customer base

We have developed a good customer base centered on engineering subsidiaries of big companies, such as steel manufactures and power, gas, and oil plants.

2

Efficient demolition management based on abundant work experience

We provide ***plant demolition total management*** based on more than 46 years of experience.

The entry barriers are high because of the work inside the plants.

3

Intellectual property, such as patented methods

A variety of techniques and know-how rooted in environmental countermeasures are explicit and implicit intellectual property strengths.

Highly important intellectual property is a good number of patented methods that no other demolition companies can match (17 granted patents, 8 pending patents).

We also have copious knowledge about recycling waste materials.

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External Environment

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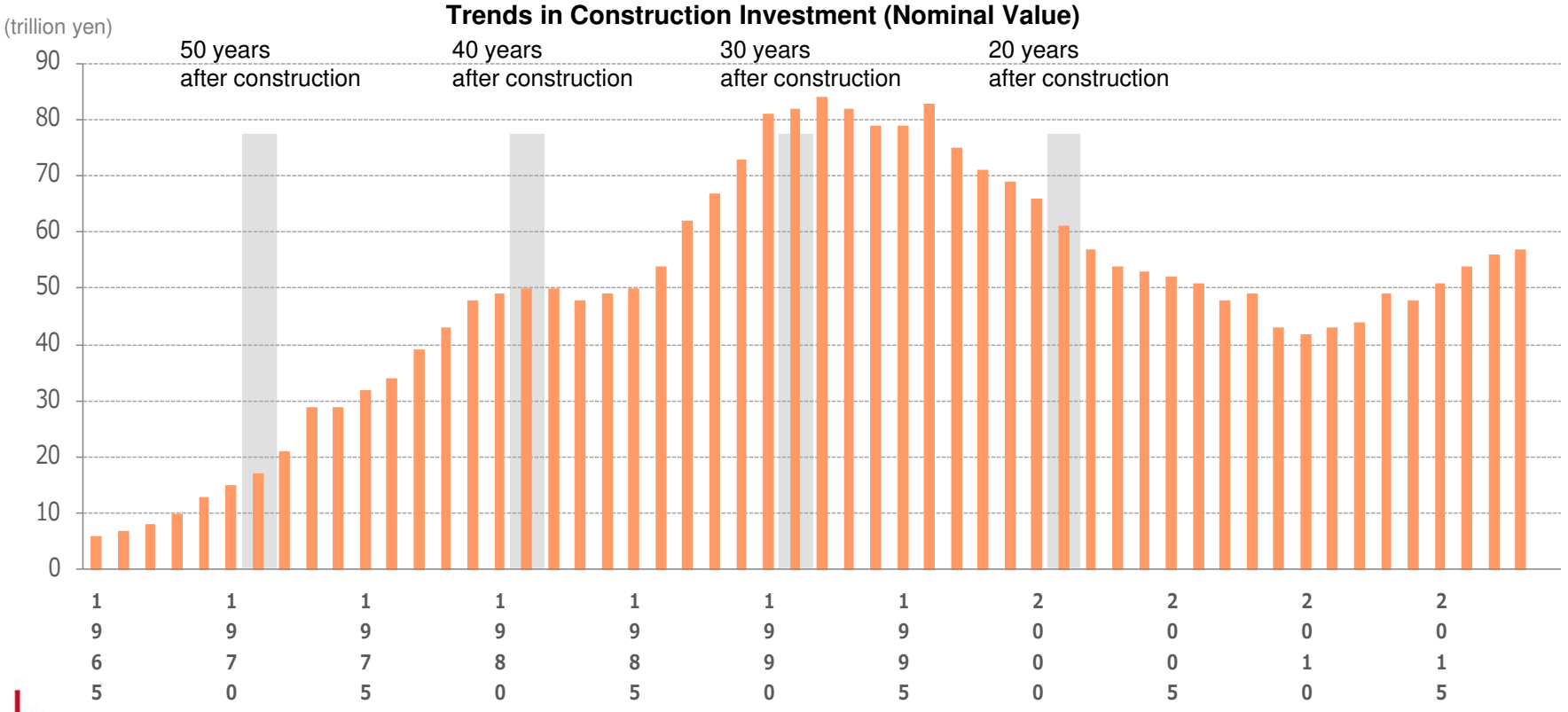
Trends in Construction Investments
(Increase in demolition and update demands)

The demolition market is expected to grow rapidly.

- The ratio of facilities more than 50 years old will increase rapidly in 30 years.
- Plants built during and after the rapid growth period of the 1960s will rapidly deteriorate.
- Restructuring will increase, such as company consolidation and overseas transfers, to enhance competitiveness.



Source: MLIT, FY2014 "Estimate of Construction Investment"

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Government Policies for the Plant Industry

The Japanese government is also promoting reorganization and restructuring of the plant industry for improving efficiency.

1	**(Measures to decommission facilities toward decarbonization)** **2050 Carbon Neutral Declaration** Japan has established a policy goal of reducing greenhouse gas emissions to effectively zero (carbon neutral), and reducing CO2 already emitted into the atmosphere in the past (beyond zero). Technological innovation will be encouraged in various industries including transportation, manufacturing and the electric power industry, and the government will provide powerful incentives to companies in terms of taxation.	**The demolition market is expected to grow, since various facilities will be demolished and replaced.**
2	**(Government energy-related policy)** **Cabinet Decision on the 5th Strategic Energy Plan** In response to the Paris Agreement, an international framework for tackling the issue of global warming, the Japanese government has prepared the 5th Strategic Energy Plan; and is aiming to achieve its energy mix level goals by 2030. Based on the 3E+S principles (energy self-sufficiency rate, costs, greenhouse gas emissions and safety), the government is implementing a comprehensive review of power generation facilities.	**Our market is expected to grow, since there will be numerous power plant decommissioning and demolition projects.**

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Trends in the Plant Industry (Power, steel manufacturing)

Power

Market size

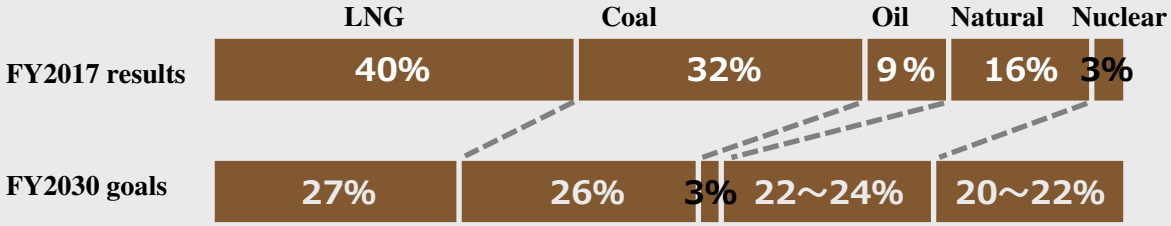
About 13 trillion yen
(according to our estimates)

Comprehensive review and overhaul with a view to achieving the government's ideal energy mix is a key issue.

Thermal : 90% of low-efficiency thermal plants to be eliminated by 2030

Nuclear : 4 of 60 plants currently in operation, 24 to be decommissioned

Natural : The government is encouraging introduction of natural energy, but age-induced deterioration of early plants is progressing



Source: ANRE Annual Report on Energy

Steel manufacturing

Market size

About 2 trillion yen
(according to our estimates)

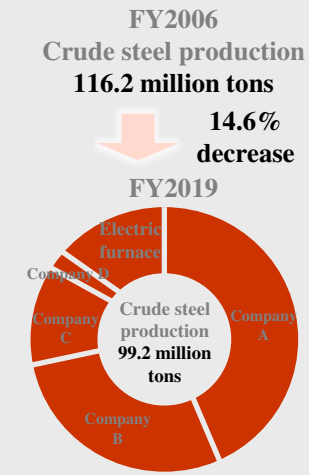
Corporate restructuring is taking place and age-related deterioration of facilities is progressing. Improvement and/or removal of redundant facilities is needed.

JFE Steel (Kawasaki Steel x NKK)

- Keihin ironmaking, steelmaking and hot-rolling processes to be halted by FY2023

Nippon Steel (NSSMC x Nisshin Steel)

- Steelmaking organization to be consolidated and reorganized, with a network of 6 steelworks; operation of 5 blast furnaces to be halted (Kure 2, Wakayama 1, Kokura 1, Kashima 1)



Source: IR reports of each company

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Trends in the Plant Industry (Oil/petrochemicals, others)

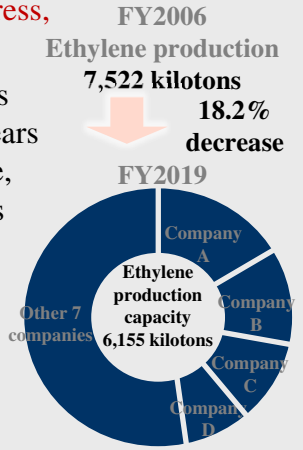
Oil/petrochemicals

Market size

About 8 trillion yen
(according to our estimates)

Many complexes were constructed during Japan's period of high economic growth. Increasing sophistication and reorganization of facilities is in progress, from the perspective of international competitiveness.

Deterioration of facilities: As of 2022, over half of ethylene plants (consisting of 14 complexes) have been in operation for over 50 years
Shale gas revolution: US is producing ethylene from cheap ethane, while in Japan the mainstream approach is to use naphtha, which is subject to major price fluctuations
International competitiveness: Middle eastern investment in chemical industry is increasing, Chinese plant construction and production scale is also increasing
Industrial reorganization: JXTG HD (absorbed TonenGeneral Sekiyu), Idemitsu Kosan (merged with Showa Shell Sekiyu)



Source: METI Survey 2019

Other manufacturing

Market size

About 20 trillion yen
+ α (according to our estimates)

Various manufacturing industries are expected to dismantle and replace their facilities as a result of streamlining of business operations taking place due to the technological evolution referred to as the Fourth Industrial Revolution, and changes in domestic supply and demand.

AI & ICT: Alleviating personnel shortages through plant automation and the introduction of robots

5G: The manufacturing industry has the highest level of interest in 5G. Implementation of 5G will increase business process efficiency and create new added value

EV: Scrapping of internal combustion engines in favor of electric vehicles, establishment of automated driving technologies

Measures against infectious diseases: Remote technologies, shift toward unmanned operations through remote operation

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Medium-Term Management Plan 2025
(FY2022/1–FY2026/1)

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Efforts Towards Achieving the Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs)

Corporate philosophy: We will contribute to the global environment with flexible thinking, creativity, and techniques utilizing these concepts.

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The Roles We Fulfill (Contributing to the Global Environment)

- Contribution to the global environment toward achieving Sustainable Development Goals (SDGs)
- Realizing BEST TERRA (“Best Earth”)

Earth

- Creating a high-level recycling society
- Responding to measures for decommissioning nuclear plants
- Responding to the age-induced deterioration of social capital

Japan

- Shifting to scale business (coordination between arterial and venous industry)
- Reorganization and consolidation of venous industry
- Provision of innovative demolition techniques

Acceptance of ESG investments

Industry

- Enhancing collaboration with environmental businesses
  - Demolition / disassembly
  - Recycling
  - Industrial waste disposal

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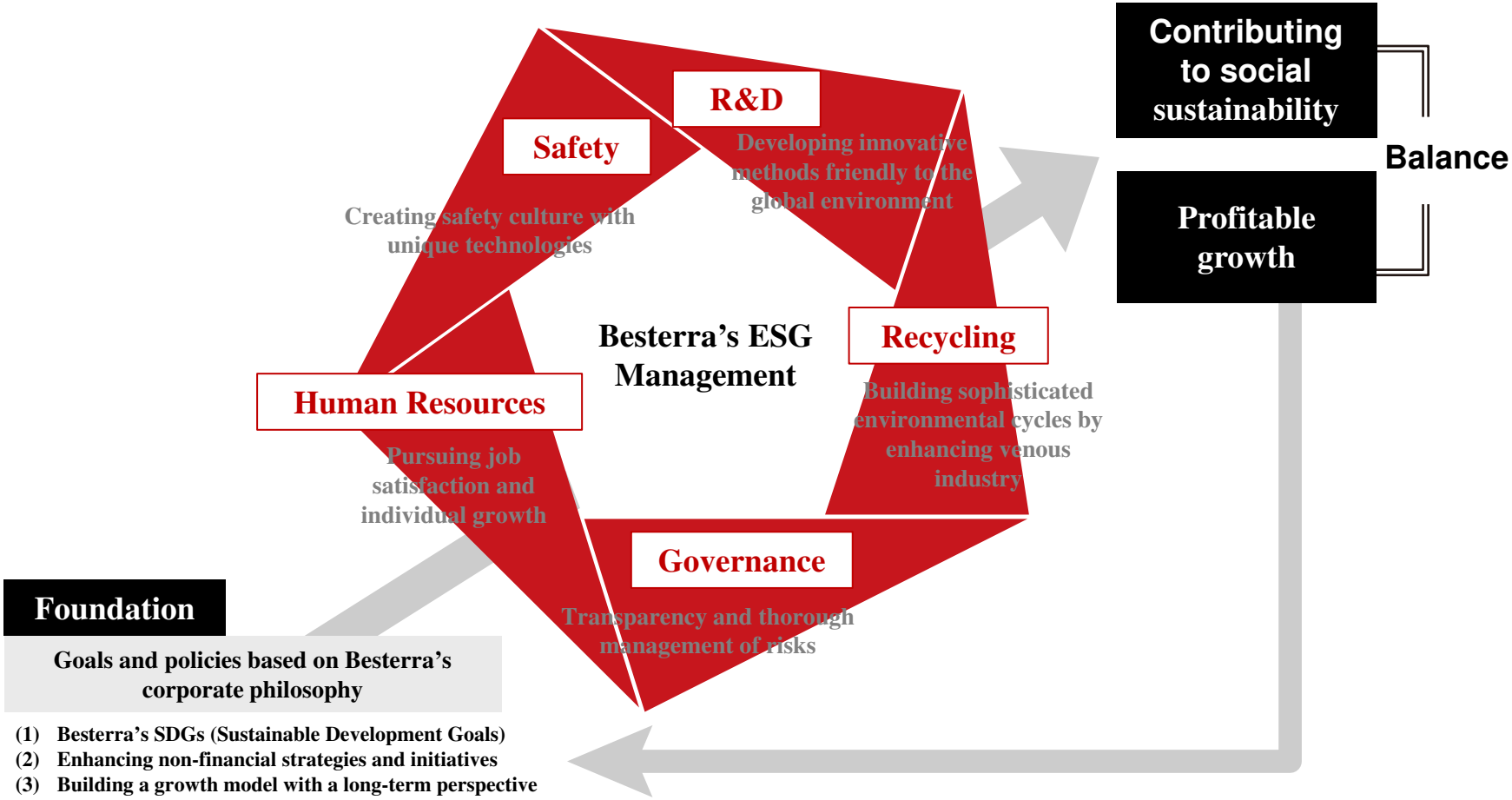
Besterra's Approach to ESG Management

(Business Model for Achieving a Competitive Advantage)

Corporate philosophy We will contribute to the global environment with flexible thinking, creativity, and techniques utilizing these concepts.



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Besterra's SDGs (17 Goals for Creating a Sustainable Society)

1

Contributing to the global environment through provision of innovative demolition techniques

(1) We provide innovative demolition techniques for deteriorating social infrastructure.

(2) We contribute to the global environment by providing safe and reliable demolition techniques toward the creation of a low-carbon society.

(3) We provide sophisticated demolition techniques as demolition professionals, utilizing 3D technologies.

2

Developing workplace environments that offer worker satisfaction

(1) We aim to be a company where each employee can feel proud that there is a worthwhile future.

(2) We seek to improve and enhance our working environments with fairness and respect for diversity.

(3) We are developing equal-opportunity educational environments where employees can make maximum effective use of their abilities.

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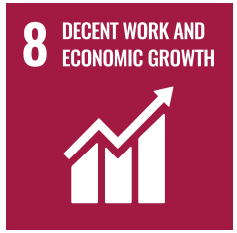
Besterra's SDGs (17 Goals for Creating a Sustainable Society)



3-1

Contributing to building a sustainable society by creating a sophisticated recycling-based society

(1) We provide technologies for appropriately disposing of hazardous / pollutant waste and rendering them harmless.

(2) We aim to increase productivity to a high level by building high added-value recycling businesses.

(3) We contribute to the development of regional environments for the future through harmonious coexistence with local communities.

3-2

Building partnerships for building a sustainable (sophisticated recycling-based) society

(1) We aim to build future-oriented partnerships with high-level goals, transcending all manner of boundaries.

(2) We aim to build fair and just partnerships between companies.

(3) We aim to achieve goals through the provision of new technologies, knowledge and insights to the sophisticated recycling society.

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1. Technology Patent Strategy (Table of Patented Methods)

We propose demolition methods with competitive patents and put them into practical use.

Granted patents	
Tank	Method for cutting and disassembling a large storage tank
	Method for disassembling a large storage tank
	Method for disassembling a large storage tank (improvement patent on apple peeling method) *Fig.1
Boiler	Method for disassembling a boiler
	Method for disassembling a boiler and a support structure*Fig. 2
	Method for disassembling a boiler
	Method for disassembling a boiler
	Method for disassembling an H-steel support system and a building using the system
Stack	Method for disassembling a cylindrical structure, and equipment
	Method for pushing down a steel tower supported stack structure
	Aggregate stack demolishing scaffold apparatus and method for demolishing aggregate stack using the apparatus (international application)
Crane	Method for disassembling a goliath crane
3D	Three-dimensional image display system, three-dimensional image display device, three-dimensional image display method and three-dimensional image display system of plant facility
	Working robot and alarm system using the working robot
Wind turbine	Method for taking down wind turbines

Granted patents	
Others	Method for pushing down a regenerative furnace of air heating furnace
	Multiple mobile robots for magnetic adsorption vehicle (Robot Gunryu)

Pending patents	
Wind turbines	Method for taking down tower structures utilizing their foundations (international patent application)
	Demolition methods for tower-type wind generation facilities (3 patents)
	Demolition method for offshore tower-type wind generation facilities
Power transformers	Demolition methods, jig and cutting equipment for demolishing power transformers (joint patent application in association with Hitachi Plant Construction, Ltd.)
Others	Method for blocking and cutting plumbing (Joint application with Chugoku Electric Power)
	System and method for Soil remediation (Joint application with Chugoku Electric Power)

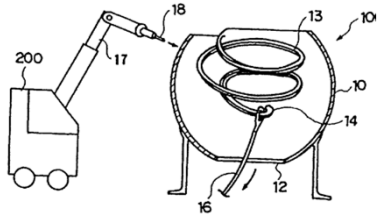

*Fig.1

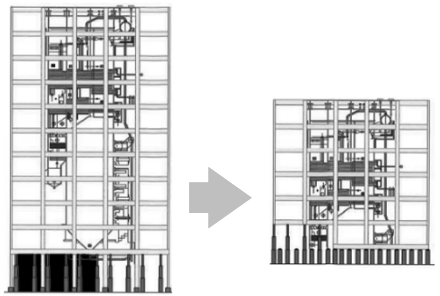

*Fig. 2

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1. Technology Patent Strategy (Apple Peeling Method)

Excellent in terms of project length, cost and safety and offers a high-level competitive advantage

The apple peeling method is a method used in dismantling gas holders, oil tanks and other spherical tanks. The container is cut in a spiral shape from the center of the outer ceiling, as if peeling the skin of an apple.

Aerial view

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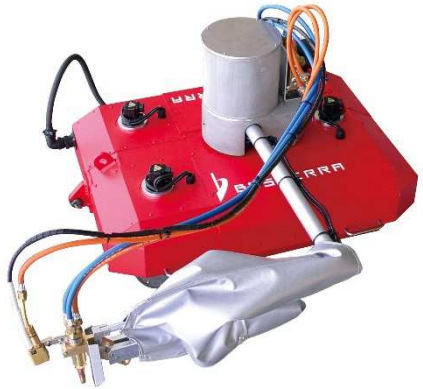
1. Technology Patent Strategy (Robot Method)

By utilizing the *Apple☆Star* robot at various demolition sites, we are seeking to improve safety with unmanned demolition.



Apple☆Star

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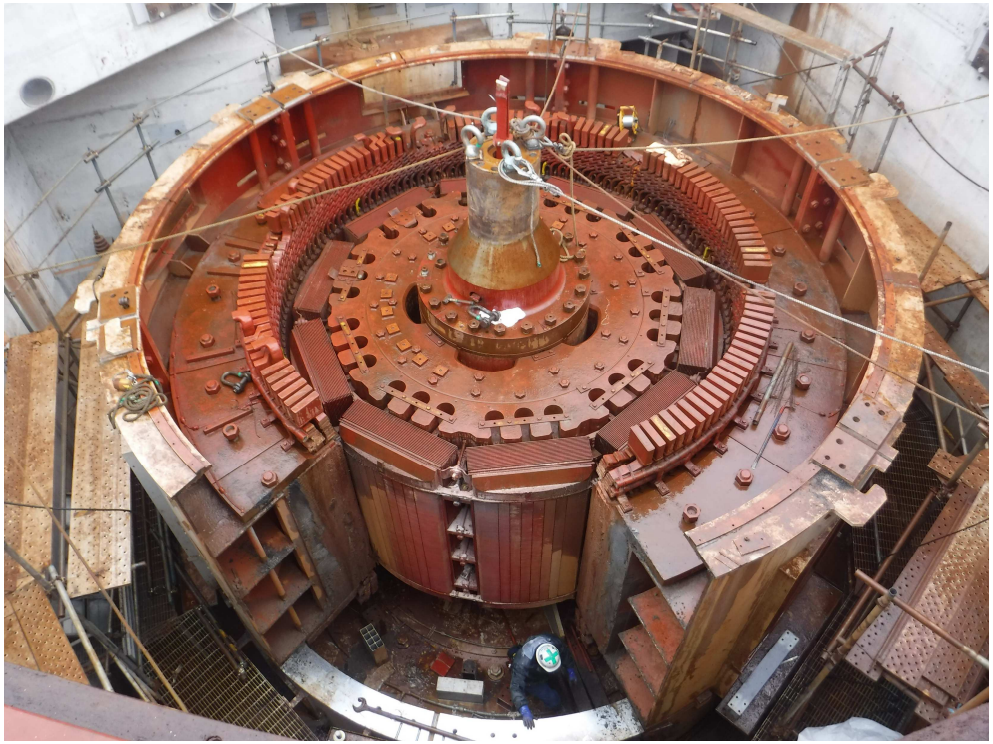
1. Technology Patent Strategy (Environment-related Methods)

(1) Flameless Methods

We have an extensive track record of work performed using our flameless methods, which do not make use of any naked flames.



Large-scale electrical machinery

Large-scale power transformers

We dismantle and dispose of power transformers and other equipment containing hazardous substances (PCBs) using flameless methods. Our specialist know-how enables us to cut up large-scale equipment of thicknesses that go beyond the realms of common industry wisdom. We also engage in the development of new cutting blades employed in this method.

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1. Technology Patent Strategy (Environment-related Methods)

(2) Soil Improvement Methods

Because various plant facilities handle hazardous substances, soil contamination is a key issue. Besterra carries out demolition work in compliance with revisions to relevant laws and ordinances.

(Revisions to the Soil Contamination Countermeasures Act)

Until March 2019:		As of April 2019:
Soil surveys were required when making changes to the form or nature of land areas of 3,000m^2 or greater	**Revised**	Soil surveys are required when making changes to the form or nature of land areas of 900m^2 or greater

<Land requiring notifications and surveys>

(1) Land where soil surveys are obligated in relation to termination of use of specified facilities that use hazardous substances

(2) Land of factories and places of business where specified facilities that use hazardous substances are installed

Expanding markets in fields relating to plant demolition

*Soil contamination is contamination or pollution of solid by hazardous substances (including heavy metals, volatile organic compounds, chemical agents and oil). Owners of land where factories, etc., that have terminated their use of specified facilities that use hazardous substances are obligated to allow a specified organization to conduct soil surveys and render any soil contamination harmless.

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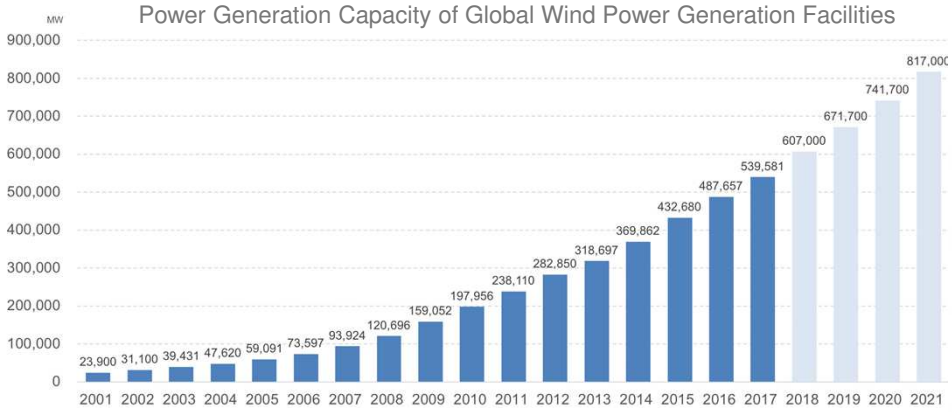
1. Technology Patent Strategy
(Wind Power Facility Demolition Methods)

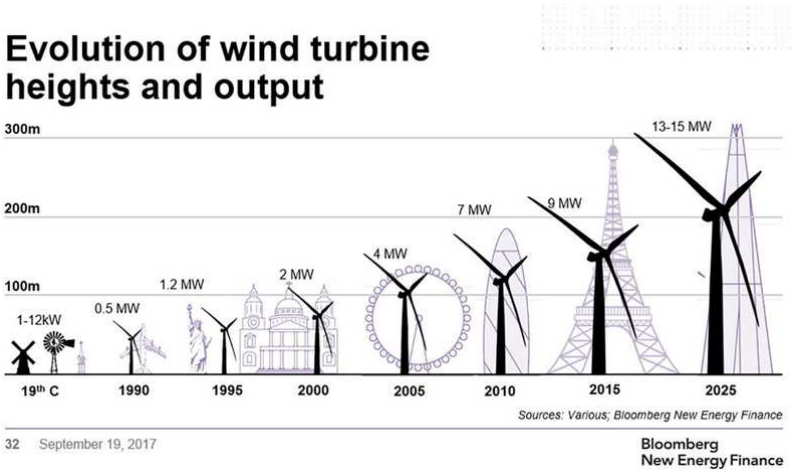
The number of wind turbines for power generation is growing by around 20% annually worldwide. At the same time, demand for demolition services is anticipated due to older turbines reaching their use-by date or becoming economically obsolete.

Power Generation Capacity of Global Wind Power Generation Facilities

- Capacity of wind power generation facilities has increased at an average annual growth rate of over 20% since 2001. We also predict that capacity will continue to grow at a rate of around 13% (bottom left figure).
- Wind power generation facilities are becoming larger with higher performance year-by-year, and power generation capacity is increasing significantly (bottom right figure). In particular, the introduction of offshore wind turbines that are much larger than conventional land-based turbines is progressing.
- At the same time, the useful service life for wind turbines is around 15 to 20 years, and the use limit of power generation wind turbines installed in the early days of wind energy is approaching. It is assumed that a considerable number of turbines will need to be dismantled due to damage or catastrophic failure as a result of lightning strikes, typhoons and other such hazards.



Source: GWEC (Global Wind Energy Council) annual report and Neural Inc. website



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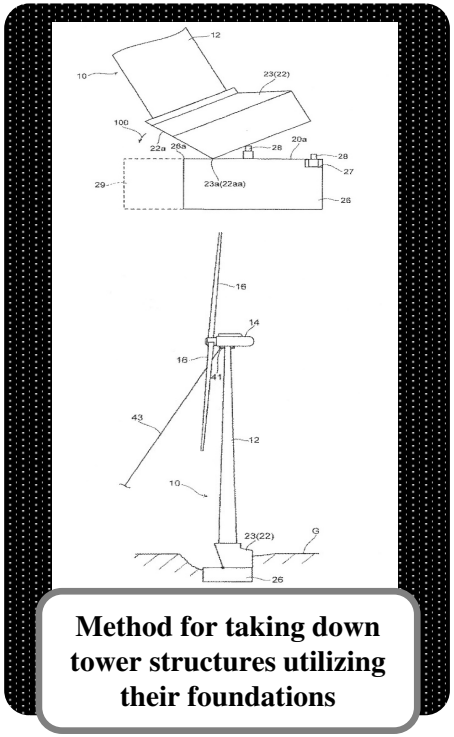
1. Technology Patent Strategy
(Wind Power Facility Demolition Methods)

To meet the increasing demand for demolition of wind power generation facilities, we have filed patents for new demolition methods (ahead of other companies), and will also be considering other new construction methods.



Method for taking down tower structures utilizing their foundations

Matryoshka (Russian doll) method

- In addition to a total of six patents (one already acquired and five pending), we are also in the process of devising several new construction methods.
- A specialized department—the Technology Development Office—is responsible for the development of patented methods, and has established a system to devise methods based on ideas from actual worksites.

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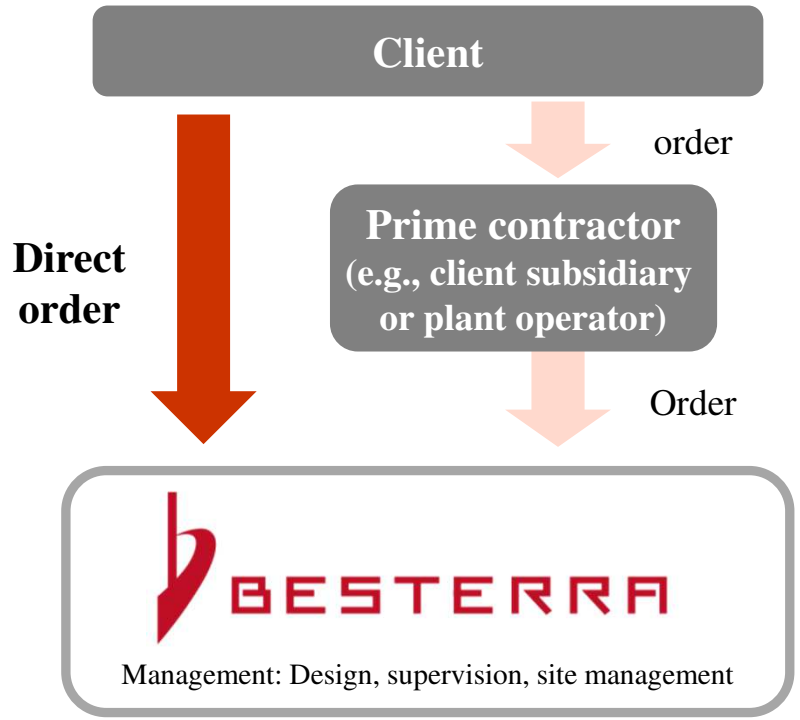
2. Sales Strategy (Expanding Orders of Prime Contractor Jobs)

We aim to improve profit margin by increasing direct orders and increasing our percentage of prime contractor jobs and public works projects. In addition to bolstering our sales activities, we will also increase our numbers of qualified personnel.

Organizational Structure to Increase Prime Contractor Jobs

Our percentage of orders received from the original client as the prime contractor is currently increasing. Since we are in a position to propose project plans based on customer construction / project plans, we have insights into the organizational structure required for prime contractor jobs. In order to further enhance this structure, we will push ahead with our qualification acquisition system, increase our numbers of sales support personnel, and implement personnel system reforms.



Qualification support scheme

Monthly qualification allowance: ¥40,000

Supervisory engineering qualification holders
(civil engineering, architecture, plumbing, steel structure, painting/coating)

Eligible qualifications
- **First-class operation and management engineer (civil engineering / architectural / construction machinery)**
- **Engineer (construction / mechanical)**

Monthly qualification allowance: ¥20,000

Supervisory engineering qualification holders
(civil engineering, architecture, plumbing, steel structure, painting/coating)

Eligible qualifications
- **First-class operation and management engineer (plumbing)**
- **First-class architect**

*In addition to the above, ¥5,000 monthly allowance will also be paid to second-class qualification holders. Besterra will bear the full cost of employees obtaining these qualifications (including textbooks and examination fees, etc.)

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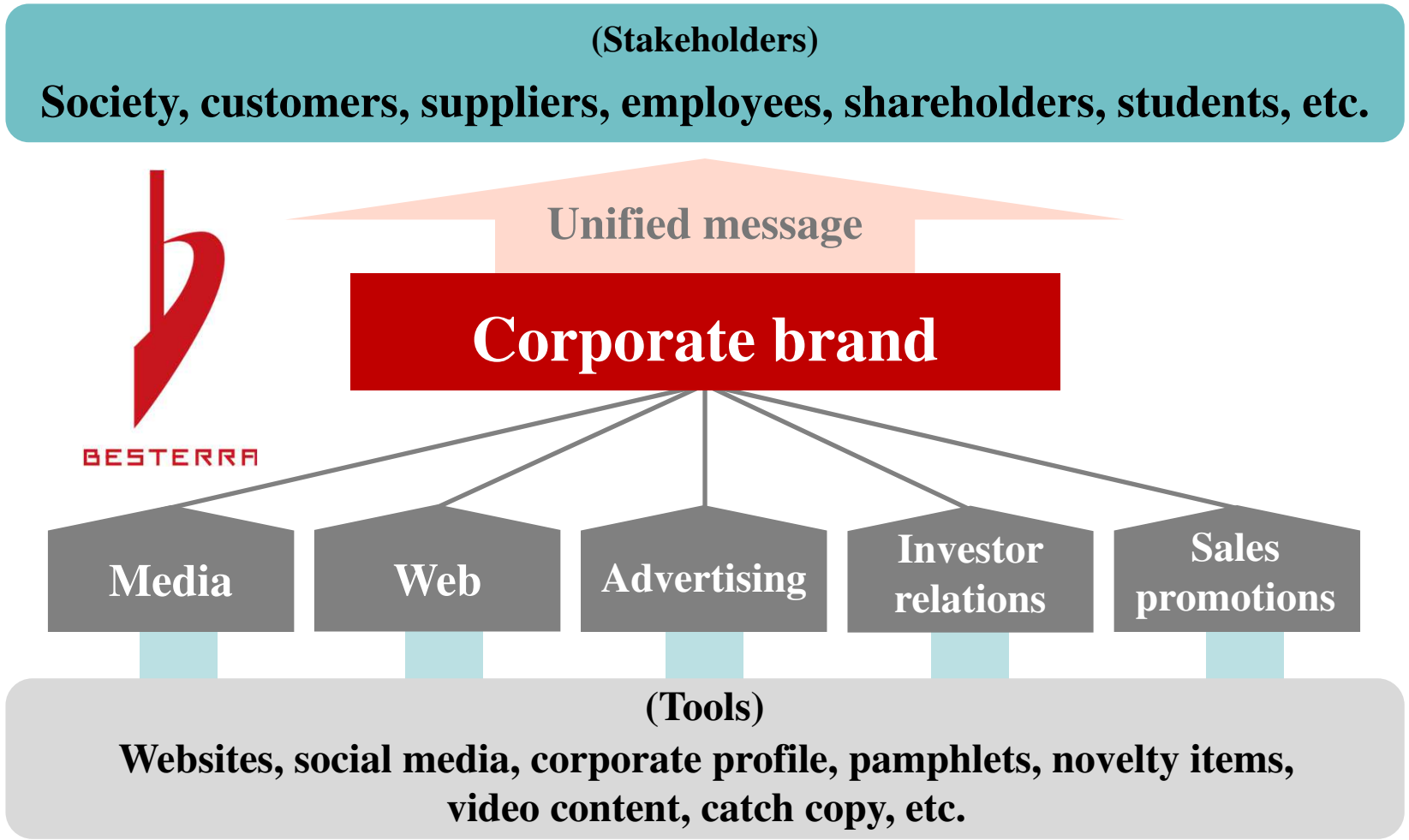
2. Sales Strategy (Enhancing Corporate Branding)

In order to increase our corporate value (brand power), we will seek to improve and enhance our advertising tools and implement effective corporate branding through various forms of media.



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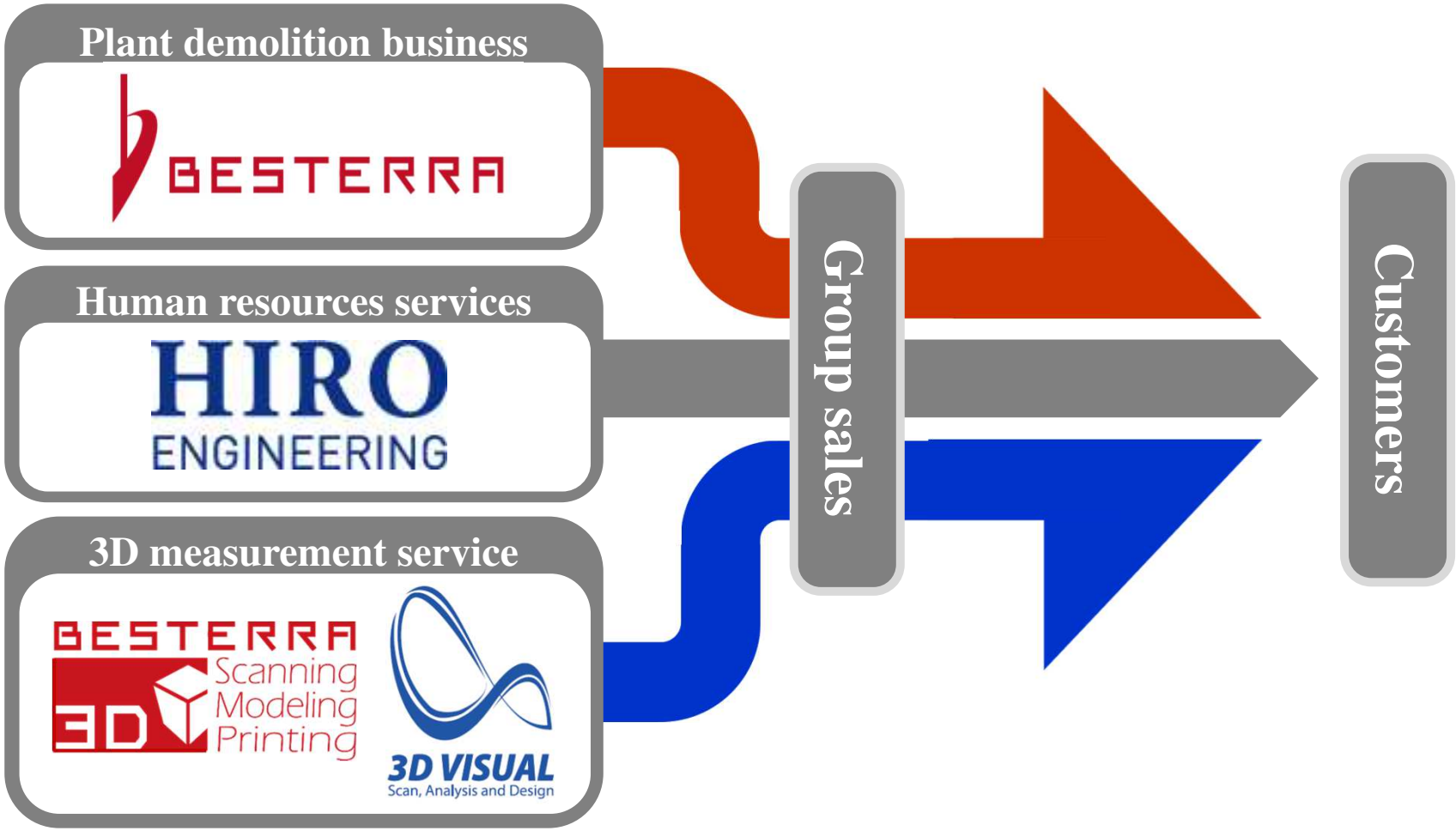
2. Sales Strategy (Strengthening Collaborations with Group Companies)

We will pursue business synergies by strengthening coordination and collaboration between group members and providing our services as group sales operations.



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2. Sales Strategy (Strengthening Collaborations with Partners)

株式会社 日立プラントコンストラクション

- Nuclear power facilities (decommissioning, repair etc.) sales / site management / demolition and construction work, etc.
- Demolition work using large-scale bandsaws and other work equipment
- Radiation management

*A business alliance with Hitachi Plant Construction was announced on July 6, 2018.

Decommissioning-related business

BESTERRA

Plant demolition technology platform

Besterra acts as a platform, creating a system for decommissioning-related business by driving partnerships utilizing the mutual advantages of each company.

第一カッター興業株式会社

- Provides diamond and water jet demolition process technologies
- High-quality of work

Other alliance partners

(Affiliate company)

REVER

- Major material recycling business operator (venous)
- Industrial waste disposal

*Business alliances with Dai-Ichi Cutter Kogyo and Rever Holdings were announced on September 7, 2018 and September 3, 2019, respectively.

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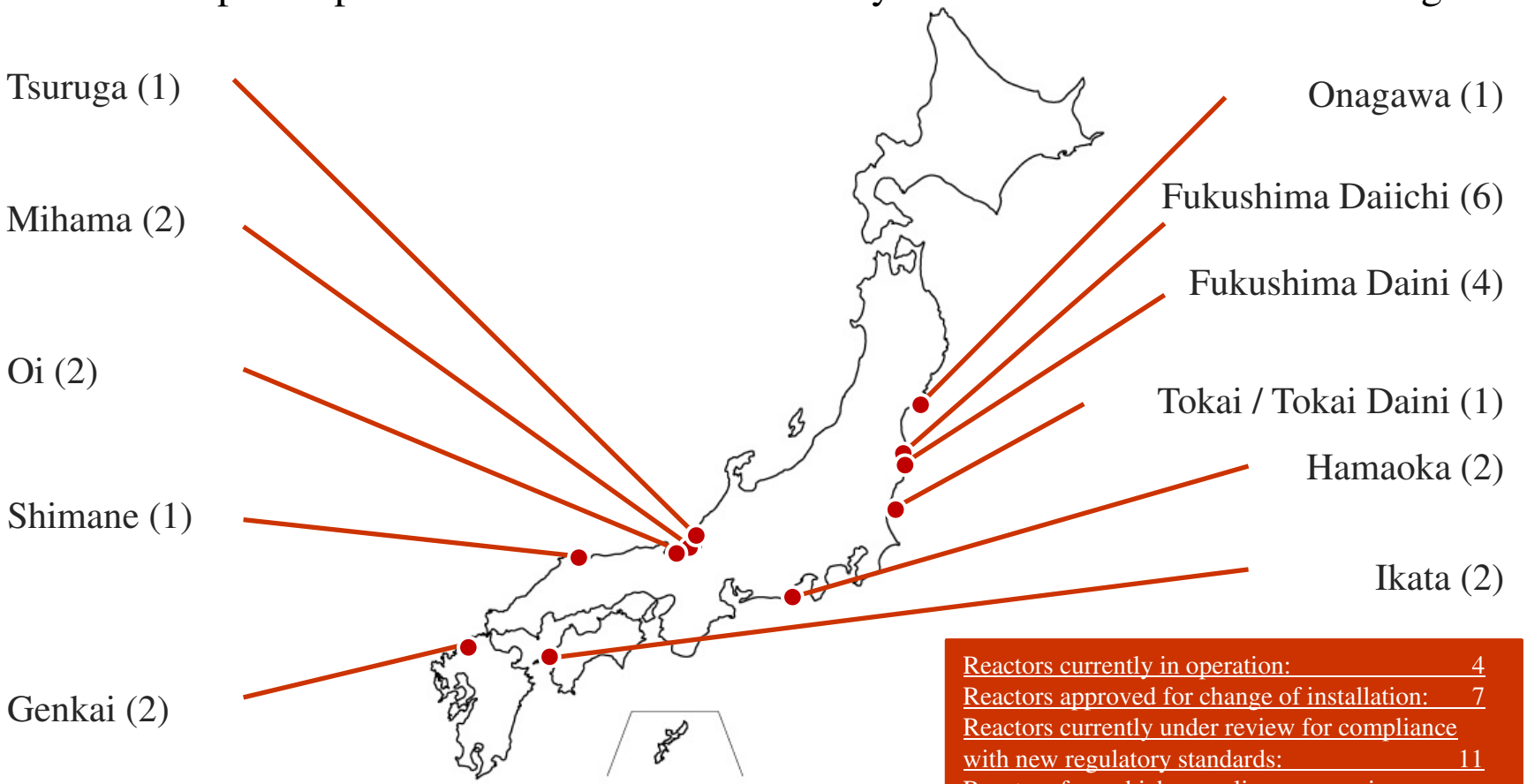
2. Reference Material: Background to Nuclear Plant Decommissioning

Japan has a total of 60 nuclear reactors (at 19 plant locations), of which the decommissioning of 24 has already been decided. As reviews of compliance with new regulatory standards continues, we predict that the nuclear plant decommissioning business will grow in the future.

Nuclear power plants where reactors are already scheduled for decommissioning



Reactors currently in operation:	4
Reactors approved for change of installation:	7
Reactors currently under review for compliance with new regulatory standards:	11
Reactors fow which compliance screening applications have not yet been filed:	9

Source: ANRE “Current state of Nuclear Plants in Japan”

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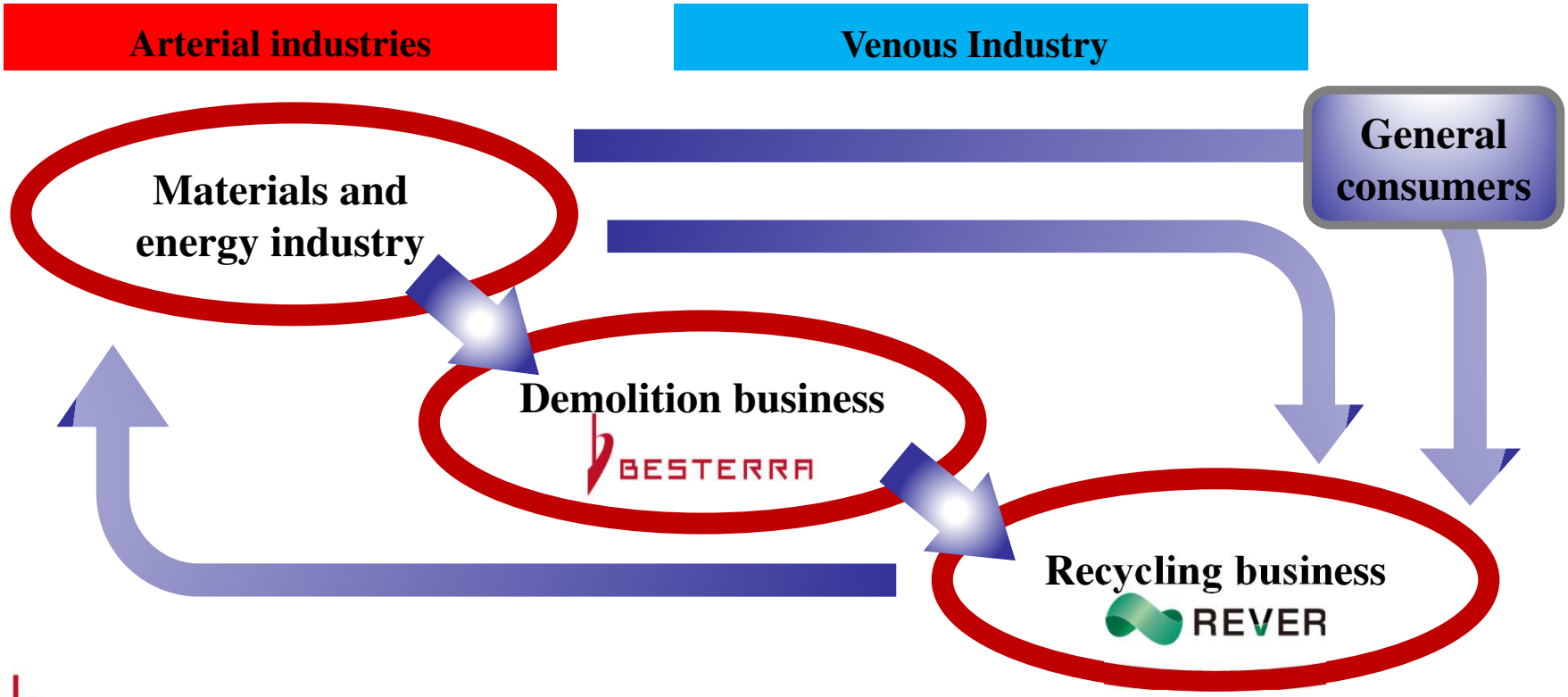
2. Sales Strategy (Strengthening Collaborations with Rever HD)

Purpose

Fulfilling a role as a touchpoint between arterial and venous industries

Besterra's main business is demolition work, which is located between the arterial industries (electric power, steelmaking, petrochemicals, etc.) and the venous industries (scrap, industrial waste, etc.), while the Rever Holdings Group handles mainly intermediate treatment for venous industries (scrap, industrial waste, etc.). Moving forward, both companies will play a key role in linking and integrating arterial and venous industries—including responding to the age-induced deterioration of social infrastructure, for which market demand is expected to grow—and establish a new positioning that is indispensable in the sophisticated recycling-based society of the future.



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2. Sales Strategy (Improving and Enhancing Locations)

In order to increase stock orders (continuous orders from customers for fixed assignment work on the same premises, apple-peel method demolition, PCB disposal work etc.) we are considering establishing new business locations in industrial zones in areas such as Kyushu and Kashima.

Net sales for work completed by business location (FY2021/1)

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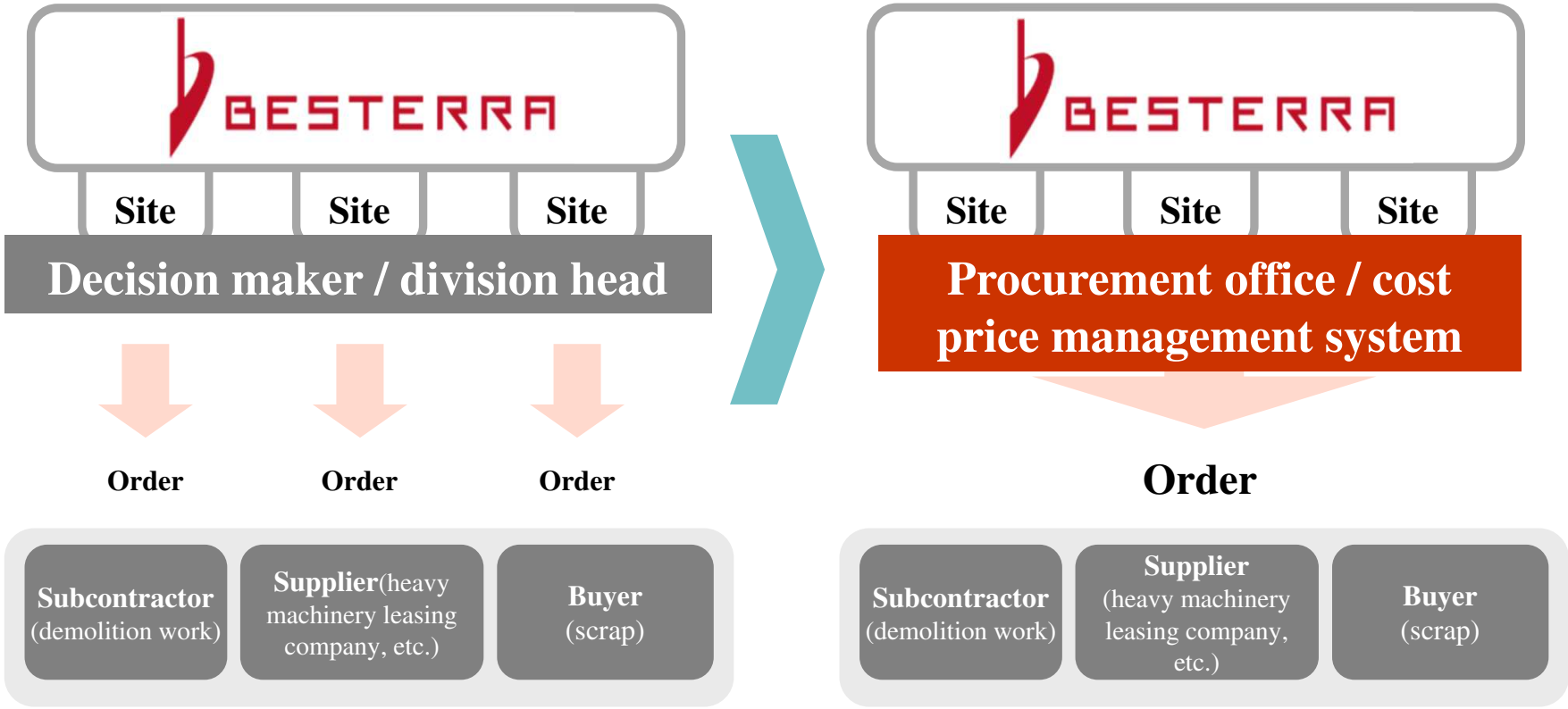
3. Enhancement of Work Site Management Structure

(Enhancement of Procurement System)

In the past, in order to manage with agility and flexibility, we outsourced work for each site to external partners (subcontractors, etc.). With the increase in the company's size, we will enhance this system to optimize procurement costs by outsourcing work in bulk.



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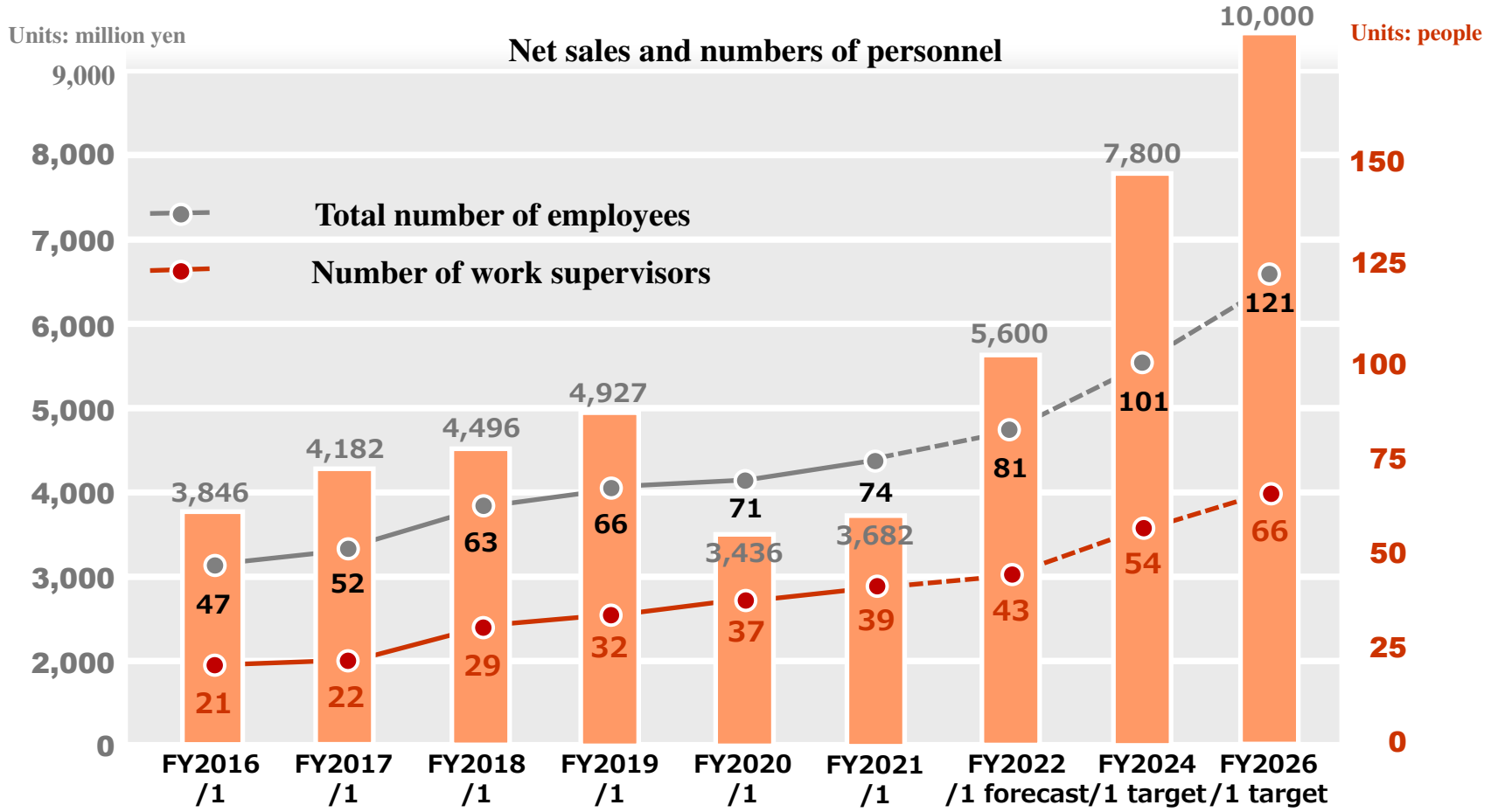
3. Enhancement of Work Site Management Structure
(Personnel Planning)

Besterra is specialized toward demolition work site management and must therefore assign foremen (site supervisors) to all work sites. Increasing numbers of work supervisors is essential to achieving sustainable growth. Moving forward, we will work together as a company as we engage in recruitment activities to achieve our personnel plans.



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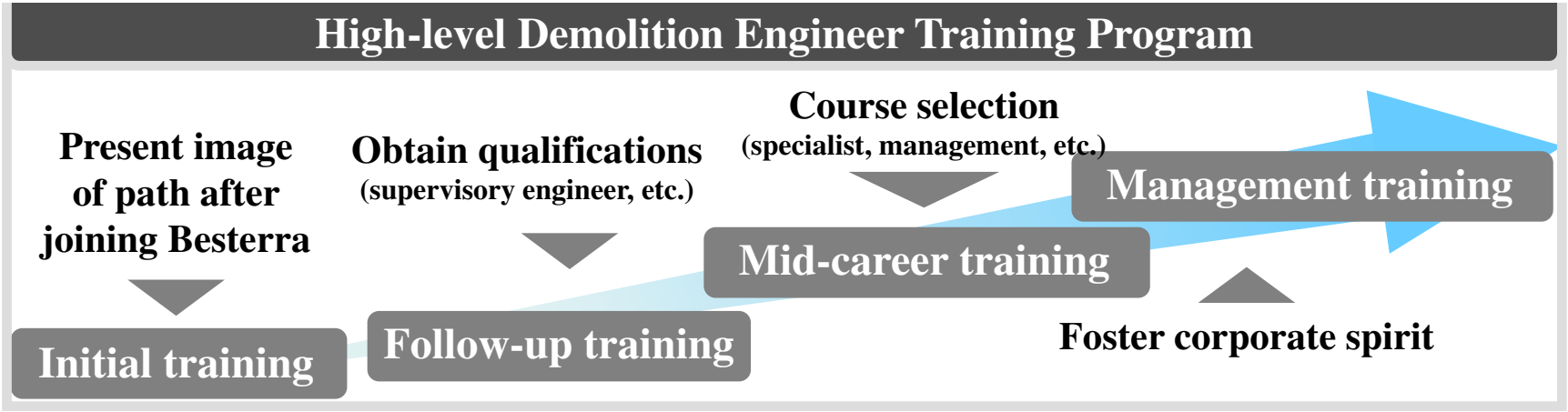
3. Enhancement of Work Site Management Structure
(Building a Human Resources Development System)

In order to respond to chronic personnel shortages, we will implement the following strategies to increase the number of personnel who form the foundation for our growth and seek to enable them to make an immediate contribution.

Establishing a program to train high-level demolition engineers

We will implement a training program as a system to pass on skills from experienced engineers to inexperienced engineers. Additionally, as a training program for construction supervision personnel, we will also formulate and operate a personnel system that emphasizes individual workstyles by introducing construction specialist courses and management courses; and expand and enhance our system for encouraging employees to obtain qualifications.



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3. Enhancement of Work Site Management Structure
(Strengthening Collaborations with Partner Companies)

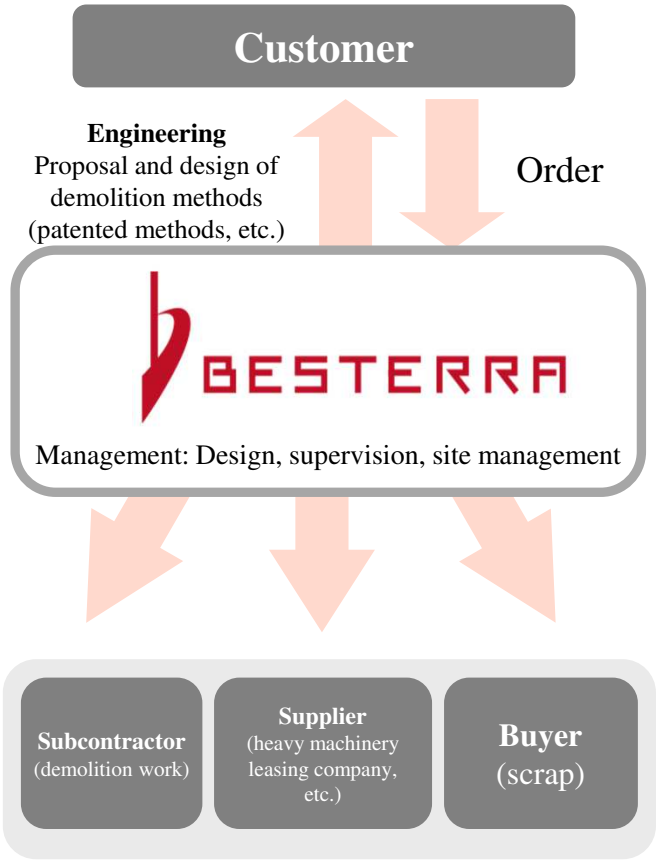
Actual demolition work is carried out by our partner companies as subcontractors, while we mainly supervise and manage work being carried out on site. Our partners are a group of engineers who form the foundation for our demolition work. We will strive to improve the quality of our work by strengthening collaboration and coordination with our partners.

Overview of partner companies

- We engage in transactions with hundreds of partner companies annually, the breakdown of which is segmented into companies that perform actual work; leasing and rental companies for heavy machinery and equipment (suppliers); and scrap and industrial waste disposal companies.
- Among our partners nationwide, there are roughly 30 core companies which possess technologies essential to our work; and to which we also subcontract work in the case of distant work sites.

Collaboration structure

- Our demolition work plans optimize the demolition process and enable high profit margins. In addition, our payment terms specify a period of around 35 days, while customer payment terms allow for around 105 days, so we consider undertaking our contracted work to be beneficial in terms of financing.



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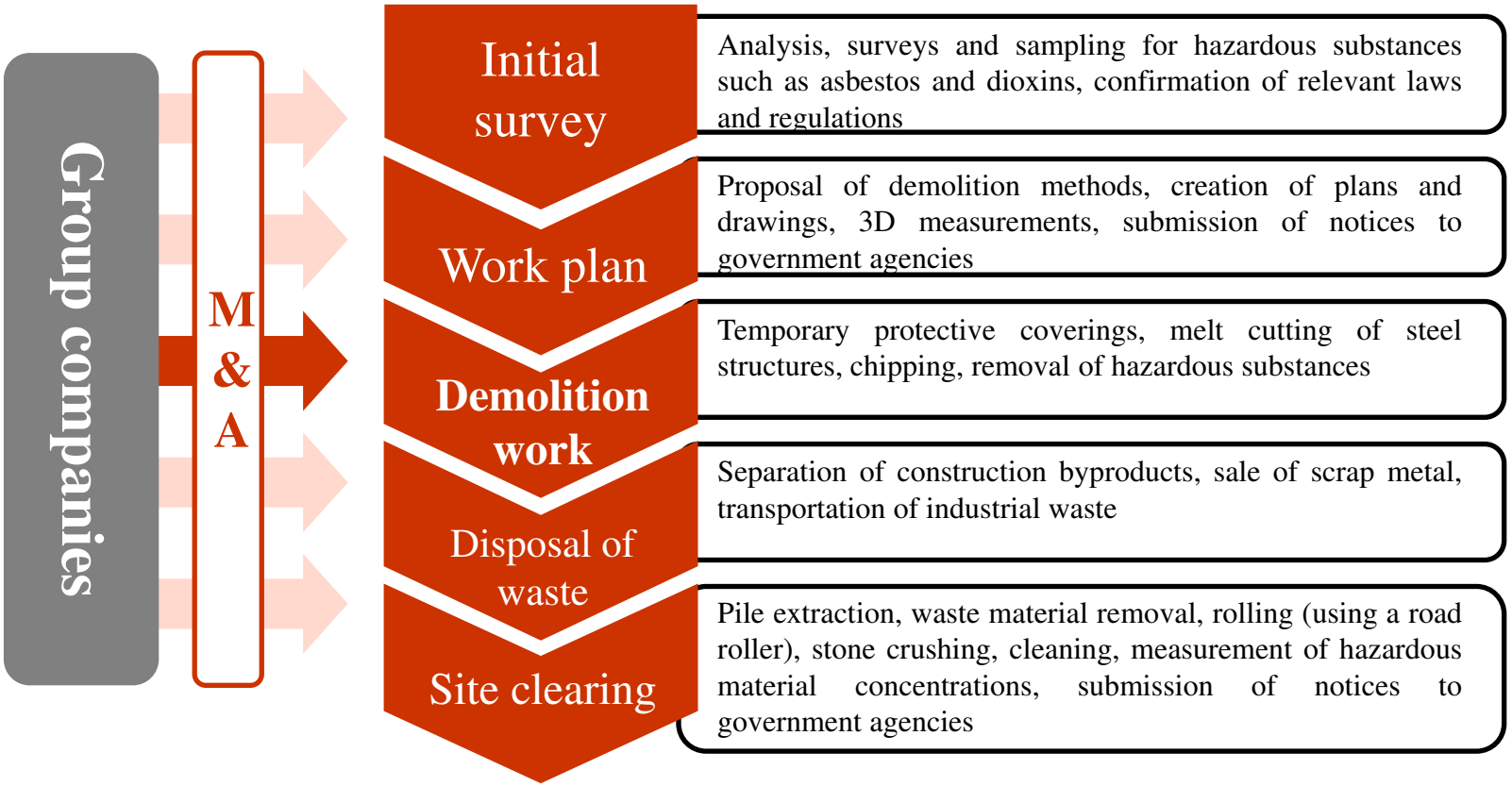
3. Enhancement of Work Site Management Structure

(Internalizing Key Technologies through M&A, etc.)

We will seek to internalize sophisticated technologies by calling for companies that possess those technologies that are fundamental to our demolition work to join our Group through mergers and acquisitions, etc.

Flow of work



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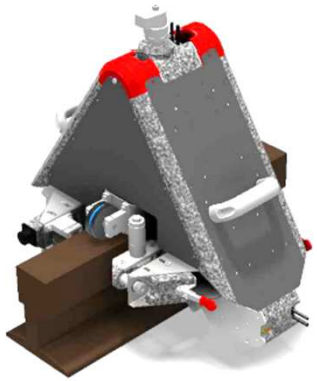
4. Digital Transformation / DX

(Crane Rail Inspection Robot, Transforming Inspection Methods)

To efficiently perform periodic inspections of overhead cranes installed in plants and factory facilities—used for transporting heavy objects and parts—we jointly (in association with iXs Co., Ltd.) developed a robot that performs inspections by running independently on crane rails.



Inspection robot concept image
(*design application planned)

Importance of crane rail inspections

Market size

Around 30 billion yen
(according to our estimates)

Overhead crane rails distort due to aging, etc. If left untreated, they can lead to serious accidents. For this reason, the Safety Regulations for Cranes, etc., under the Industrial Safety and Health Act obligate companies that install cranes to conduct autonomous inspections on an annual and monthly basis.

Advantages of introducing robots

Inspection robot	• Low risk of employees being involved in accidents • Accurate and precise data can be obtained at all times • Inspections are performed in a short space of time, and can be conducted during free / available time
Conventional inspection methods	• Employees must climb to the ceiling, posing a risk of accidents • Visual checks conducted with the naked eyes lead to unevenness • Factory operation must be halted, leading to lost opportunities

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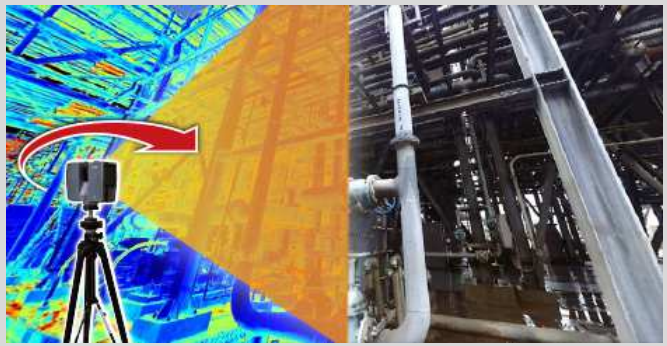
4. Digital Transformation / DX

(Transforming Design and On-site Work)

By converting paper-based data from the time of construction (more than 30 years ago) into state-of-the-art 3D data, we offer demolition work with fully visualized processes.

1. 3D design / point group data conversion

3D measurement

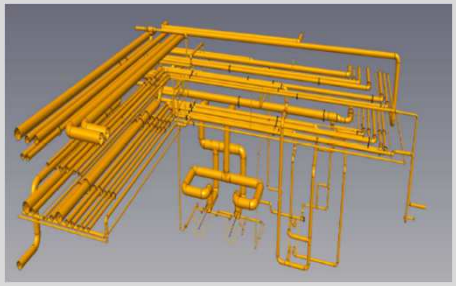


On-site 3D laser measurements and point group data is prepared.

Point group conversion

Point group data from multiple locations is combined and converted into easy-to-use data through noise removal.

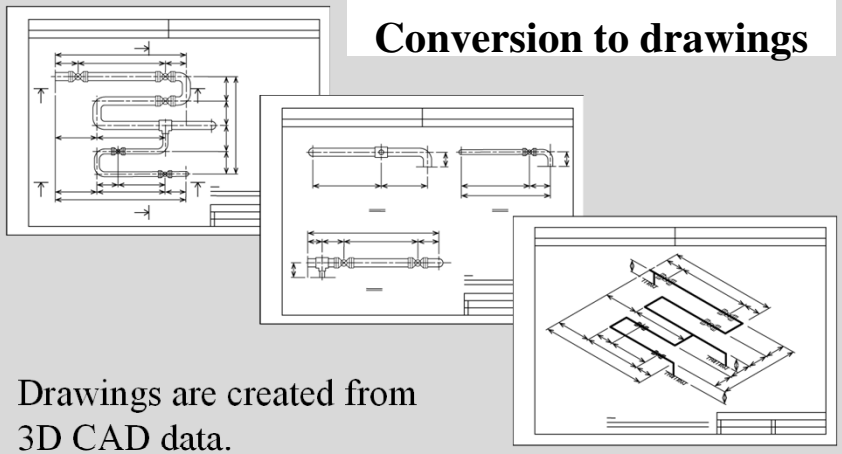
2. Modeling / drawing creation



Modeling

3D models are created from point group data, using point group software and 3D CAD.

Conversion to drawings



Drawings are created from 3D CAD data.

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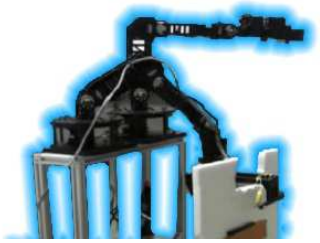
4. Digital Transformation / DX (Enhancing Efficiency of Construction Sites through Collaboration Between People and Robots)

We aim to introduce collaborative work between humans and robots to construction sites by combining 3D measurement and demolition technologies with robot control technology.

3D VISUAL
Scan, Analysis and Design

Work plan preparation

3D data measurement and data preparation



Work performed by robots and ICT-driven heavy machinery

Demolition / remote operation (attachment)

Decontamination, gas cutting, chipping (of concrete, etc.) , vacuuming, conveyance

Real-time 3D data feedback

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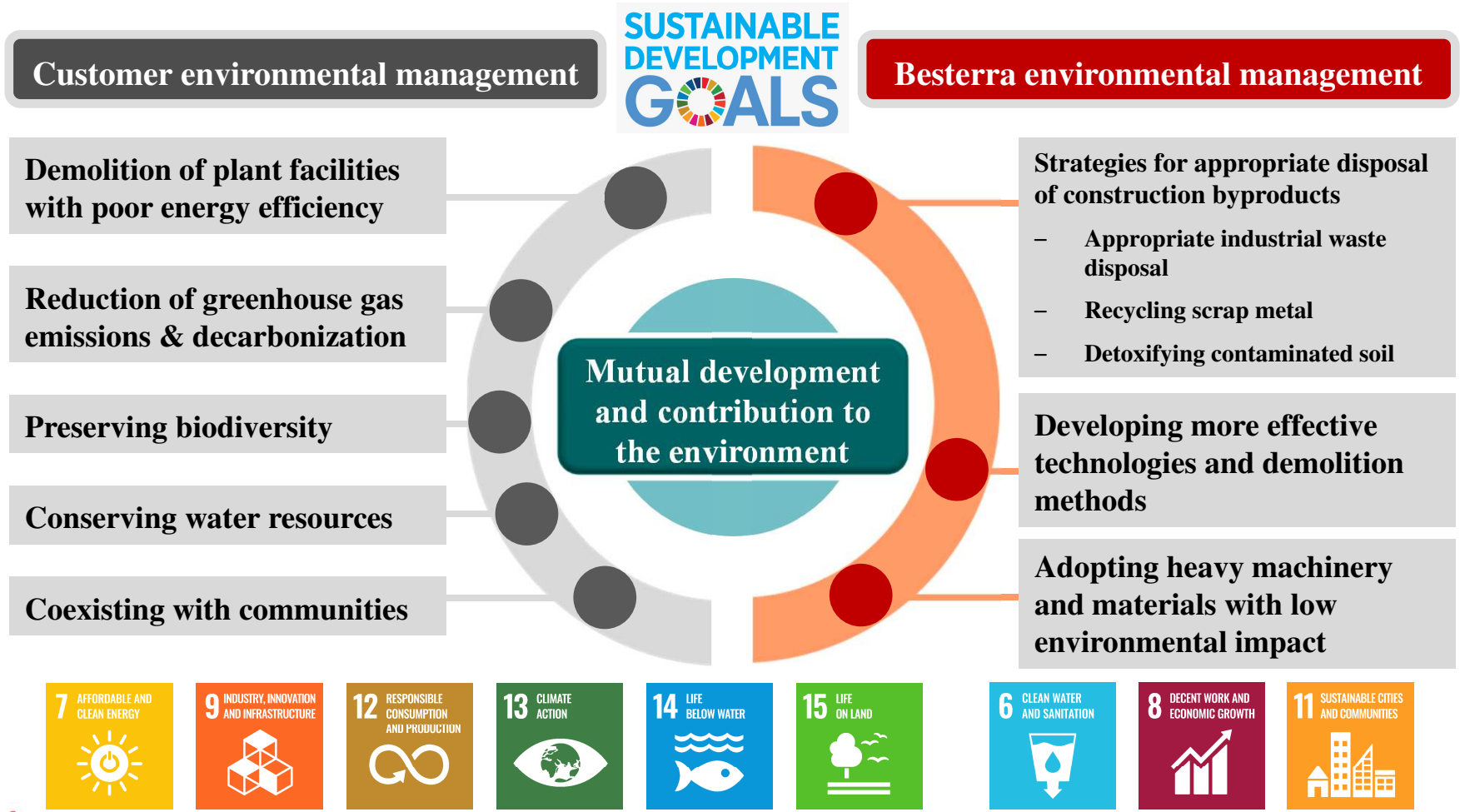
5. Management Strategy (Environment)

In addition to achieving environmental management, we will continue to contribute to our customers' environmental management by providing demolition technologies for the reorganization of plant facilities with high environmental impact.



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5. Management Strategy (Workstyle Reform and Creating Mechanisms that Offer Reassurance for Workers)

We have introduced various schemes for creating a working environment where employees can work long-term, with peace of mind. Moving forward we will continue to improve our employee retention rate and make use of these systems for recruitment activities.

First-rate income compensation insurance (by Japanese standards)

Income compensation insurance

Insurance that compensates for decreases in income when employees are unable to work for an extended period due to illness or injury. **The company pays the full amount of insurance contributions**. Employees are compensated up to 50% of their monthly remuneration **until retirement age (age 60)**.

Retirement benefits scheme

Retirement benefits

We have established a retirement plan so that employees can work long until retirement age.

We will maintain the scheme to enable employees to live fulfilling lives after retirement.

Generous subsidiaries for employee shareholders

Employee shareholders association

We have established an employee shareholders association in which employees hold their own shares through a reserve fund method.

The incentives (subsidies for purchasing shares in the company) that members are granted by the company are subsidized at 15% of the reserve amount to promote employees to build assets.

Special paid leave

Saved annual paid leave

The typical maximum number of days of paid leave that can be saved under the Labor Standards Act is 40 days. This scheme enables us to save up to 80 days of paid leave in case employees need time off to recuperate from illness or injury.

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5. Management Strategy (Governance)

We will continue to strengthen our corporate governance system in order to create a system that balances profitable growth for Besterra with the realization of a sustainable society.

Supervision system

- Our Board of Directors maintains a structure that enables it to deepen the level of actual discussions
- We will continue to further separate supervisory and executive functions.
- We will be considering the introduction of various committees to enhance supervisory functions.

Risk management

- We will aim to resolve problems resulting from environmental changes that cannot be addressed solely by on-site action through combined power of on-site and senior management personnel.
- We have established a PDCA activity cycle and are engaged in risk analysis, countermeasures against key risks, and crisis management using this cycle.

Proactive dialogs with investors

- We will continue to drive improvements in governance through accurate and appropriate disclosure of information to all shareholders and encouraging dialogue.
- The introduction of the new Institutional Investor TIP (“K-TIP”) fundraising method will enable companies and institutional investors to share the same perspective (see next page for details).

Compliance

- In order to raise the level of compliance awareness, we will introduce E-Learning and other tools to provide more employees with opportunities to learn about issues such as fraud and harassment.
- We have also established a reception desk (contact point) where employees can consult and report without hesitation.

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5. Fundraising Through Share Options

Purpose of Fundraising

Secure growth capital and strengthen financial base toward achieving the goals of the Medium-Term Management Plan announced on March 12, 2021

- Share options (stock acquisition rights) are assigned to investment trusts operated by the Hayate Group—an institutional investor that creates and operates investment trusts—in order to raise funds.
- The investment trust to which the share options are assigned is the **first investment trust in Japan** that has advocated direct funding for companies ("true direct financing") from the stages of its establishment. **Besterra was the first company** to be assigned to the fund.
- Although exercising stock acquisition rights will dilute shares, due to the issue of 1.36 million new shares, the introduction of the **Kikan-Tohshika (Institutional Investor) Target Issue Program ("K-TIP")**—developed by the Hayate Group—will enable us to raise funds according to the rise in share prices. In comparison with a public offering, this method will enable us to raise funds in an agile and efficient way. Compared with simple MS warrants, dilution will be limited and the amount of funds raised will be maximized.

We will aim to accelerate M&A and growth investments and further increase corporate value through "true direct financing" whereby companies receive direct funding from institutional investors.

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5. Purpose of Fundraising

Besterra is pushing ahead with its own style of ESG management aimed at building a sophisticated recycling-based society, with a view to creating a more sustainable society (achieving the SDGs). We plan to allocate the funds raised to the following items in order to achieve this.

M&A investments in four areas that offer a high degree of synergy with plant demolition technologies

1 Areas relating to decommissioning of facilities with a view to decarbonization	2 Areas relating to demolition of outdated wind power generation facilities
3 Areas relating to digital technologies for pursing value in 3D business	4 Specialized work fields for the purpose of developing more sophisticated demolition technologies
Other: Increasing numbers of sales and recruitment personnel, etc., and expanding and enhancing locations to support expansion of business scale	

Enhancing financial base

In preparation for the risk of a decline in financial flexibility, such as due to a decline in current assets on hand or an increase in borrowings, we will expand our equity capital and strengthen our financial base for business growth

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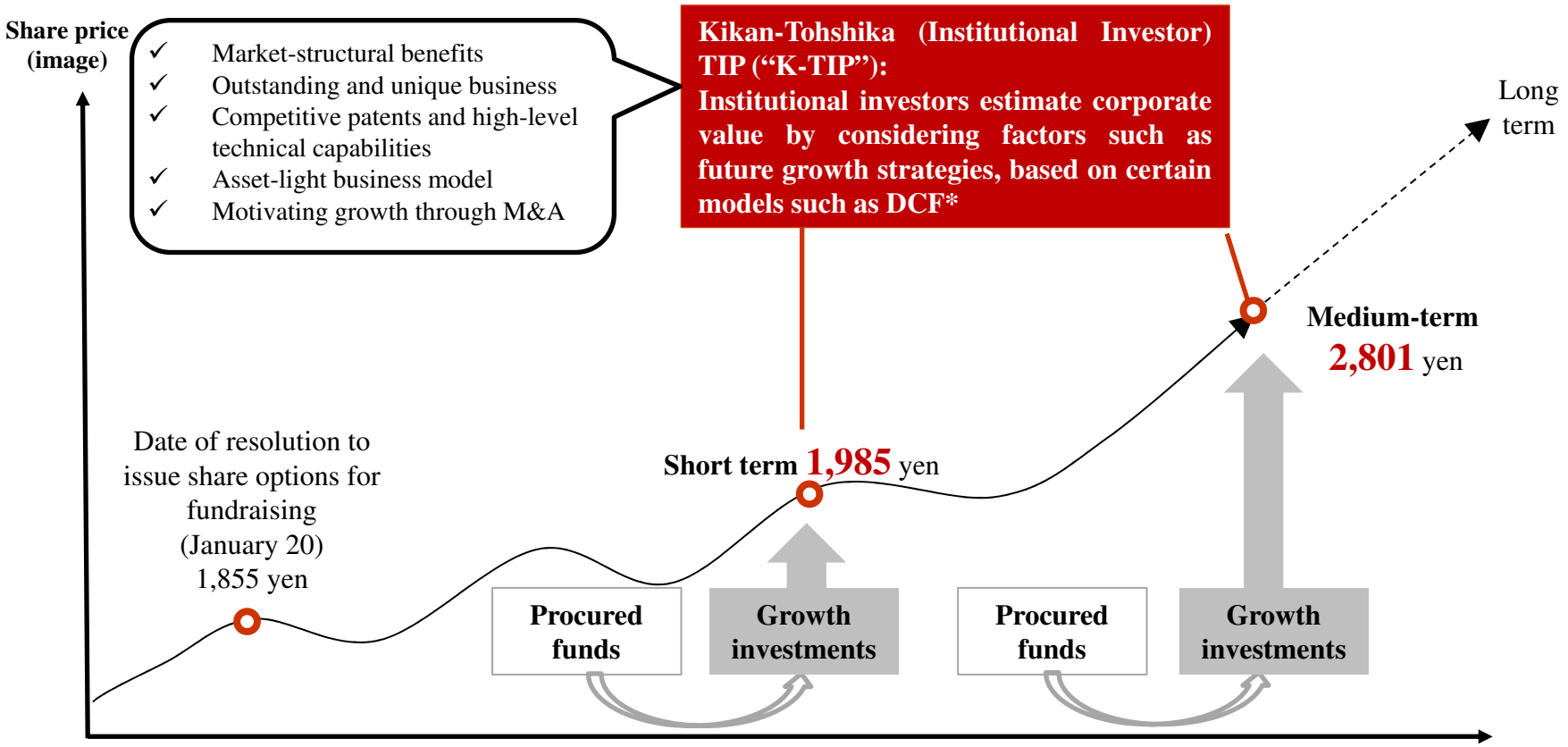
5. Further Expansion of Corporate Value through Fundraising

The Hayate Group—an institutional investor—estimates the company's corporate value, with the aim of discontinuous growth through fundraising. The company and its investors will aim to grow from the same perspective.



*Partial excerpt from briefing materials on fundraising for achieving the goals of the Medium-term Management Plan, dated January 20, 2021
*The figure above is for illustrative purposes only and does not predict or guarantee actual trends in share prices.

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Medium-Term Management Plan Numerical Targets

Units: million yen

	Year 1 FY2022/1	Year 3 FY2024/1	Year 5 FY2026/1
Net sales	5,600	7,800	10,000
Operating profit	450	720	1,000
Ordinary profit	518	794	1,072
Profit attributable to owners of parent	360	552	752
Operating profit margin (ratio of operating profit to net sales)	7.9%	9.2%	10.0%
Return on equity (ROE)	12.3%	12.5%	13.0%
Earnings per share (EPS)	43円	67円	91円

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Profit Allocation Policy, Shareholder Return Policy

- Resource allocation policy against net income (guide)

  (1) *Investment for future growth*

  (2) *Internal reserve for strengthening business foundation*

  (3) *40% of profit is returned to shareholders (dividend)*

Growth investments	**Human resources recruitment & education / training costs)** **Technology development (method & robot development)** **Systems investments (3D systems, BIM, CIM)** **Strategic business investments (M&A costs)**	**Rational allocation**

- Strategies

■ Shareholder benefits

QUO card (¥1,000 value) gifted to shareholders who own one unit (100 shares)

QUO card (¥2,000 value) gifted to shareholders who own three units (300 shares)

■ Share splits

A 1:2 share split was carried out on February 1, 2016

A 1:3 share split was carried out on February 1, 2017

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Besterra's Long-Term Vision

Japanese market leader in plant demolition

Proposer of plant demolition technologies to the world

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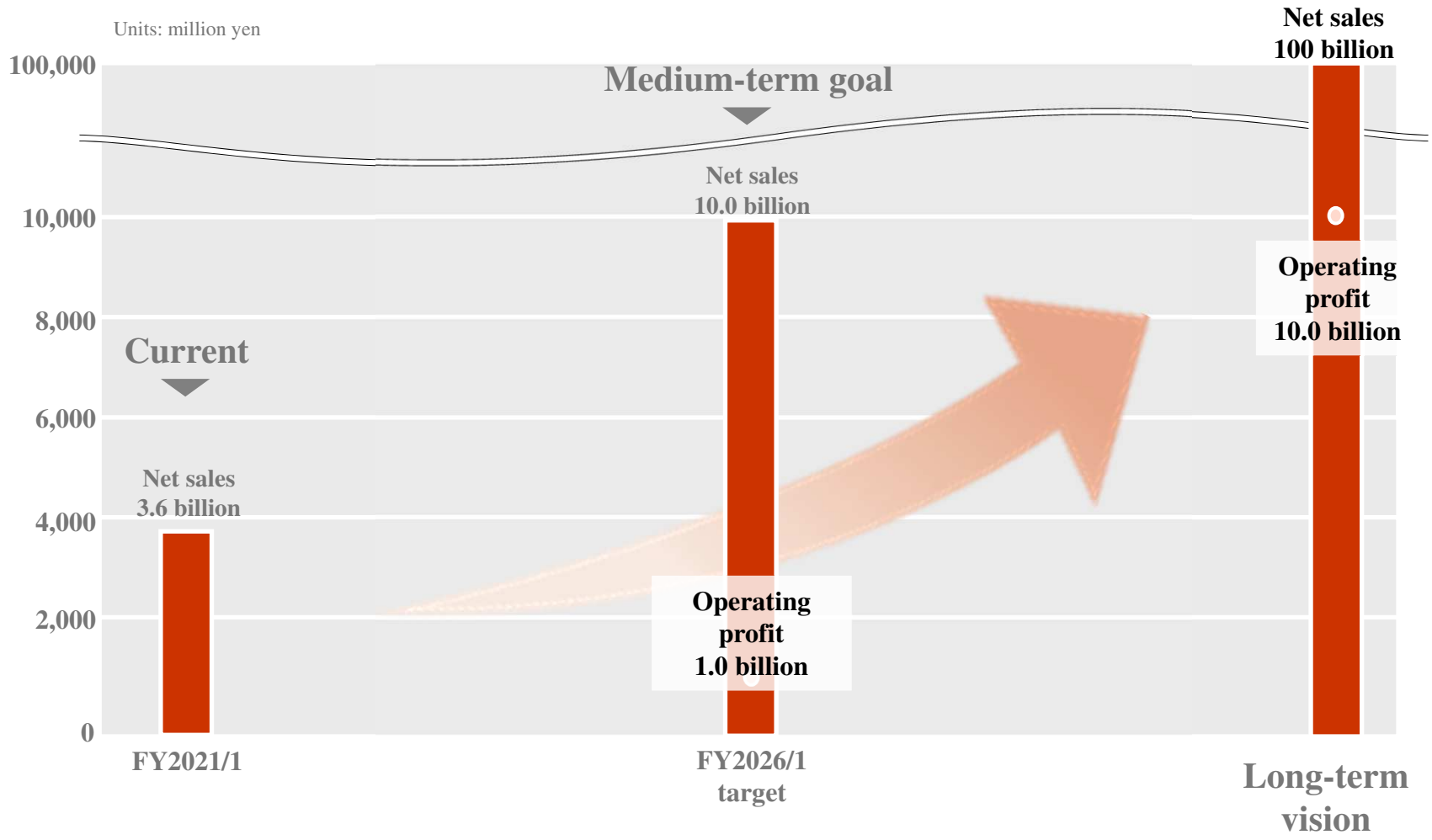
Besterra's Long-Term Vision

We aim to provide innovative technologies to the plant demolition industry and achieve sales of 100 billion yen.
*Operating profit margin will improve due to expansion of business scale, but 10% is our benchmark for further growth investment.



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