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To shareholders,

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Notice of Status of Progress Based on the Plan for Compliance with Continued Listing Criteria for the Tokyo Stock Exchange Prime Market

BESTERRA CO., LTD (the “Company”) submitted a plan for compliance with continued listing criteria for the Tokyo Stock Exchange Prime Market (the “Plan”) on November 15, 2021. Afterward, the Company disclosed the status of progress as of the end of January 2022 on April 27, 2022, as of the end of January 2023 on April 27, 2023, and as of the end of January 2024 on April 25, 2024. The Company has prepared and herein announces the following report on the status of the progress of the Plan as of January 31, 2025.

1. Trend of the Company’s status of compliance with continued listing criteria and a plan period

The Company’s status of progress of compliance with continued listing criteria for the Tokyo Stock Exchange Prime Market as of January 31, 2025, is stated as below. The Company has failed to meet only the criterion for “Market capitalization of tradable shares” out of those for the status of compliance. Taking a variety of measures concerning “Market capitalization of tradable shares” as in the table below until the end of the fiscal year ending January 2026, based on the Plan, the Company will endeavor to fulfill compliance with continued listing criteria for the Prime Market.

		Number of shareholders (Person)	Number of tradable shares (Unit)	Market capitalization of tradable shares (Billions of yen)	Ratio of tradable shares (%)	Average daily trading value (Billions of yen)
The Company’s status of compliance and its trend	As of June 30, 2021 *1	6,137	46,109	7.55	55.1	0.07
	As of January 31, 2022 *1	9,770	52,101	6.85	59.5	0.07 *2
	As of January 31, 2023 *1	6,595	57,838	5.54	64.3	0.05 *2
	As of January 31, 2024 *1	7,222	56,204	5.85	62.5	0.08 *2
	As of January 31, 2025 *1	7,261	58,339	5.80	64.8	0.07 *2
Continued listing criteria		800	20,000	10.00	35.0	0.02
Status of compliance and the plan period stated in the initial plan		In compliance	In compliance	End of January 2026	In compliance	In compliance

- *1 The number of shareholders, the number of tradable shares, the market capitalization of tradable shares and the ratio of tradable shares as well as the average daily trading value as of June 30, 2021, were calculated based on the status of distribution, etc. of the Company's share certificates, etc., of which the Tokyo Stock Exchange (the "TSE") had knowledge as of the record date.
- *2 The average daily trading value is calculated by the Company. The method is to multiply trading volumes during the periods as of January 31, 2022 (from February 1, 2021 to January 31, 2022), as of January 31, 2023 (from February 1, 2022 to January 31, 2023), as of January 31, 2024 (from February 1, 2023 to January 31, 2024) and as of January 31, 2025 (from February 1, 2024 to January 31, 2025) by the closing prices to compute trading values and divide the values by the number of trading days.

2. Status of implementing measures for compliance with continued listing criteria and their evaluation

(As of January 31, 2025)

In recognition that the "market capitalization of tradable shares," which is calculated by multiplying the "number of tradable shares" by the "share price," has failed to reach the criterion that the Prime Market requires while the Company has ensured a certain number of shareholders, the number of tradable shares, etc., the Company has concluded that in order to increase the "number of tradable shares" and the "share price" as principle factors, it is essential to advance a variety of measures ceaselessly for enhancing its corporate value.

Regarding the number of tradable shares, the number reached 58,339 units as of January 31, 2025, an increase of 12,230 units from those as of June 30, 2021. With the number of tradable shares continuing to be above the continued listing criterion, the Company will keep considering various measures to ensure appropriate tradable units.

Regarding share prices, the Company has formulated "Action Plan for Decarbonization 2025," which clarifies its further contribution to a decarbonized society, in the medium-term management plan, whereby the Company will expand business step by step to achieve sales of 13 billion yen and an operating income of 1.2 billion yen through measures such as development of eco-friendly engineering methods, promotion of a sales strategy that is intended to capture more prime-contractor projects, and the ensuring of a construction personnel system. Additionally, the Company changed the policy for shareholder returns for the purpose of further enriching shareholder returns and ensuring the long-term and stable holding of shares of the Company in June 2024. Based on the change, the Company has adopted the new indicator of a DOE of at least 3.5% with shareholders' equity (excluding OCI) as the standard, in addition to the current payout ratio of 40% or more. As a result, the Company has made it the basic policy to continuously pay progressive dividends.

For details of the status of implementation and evaluation, please refer to "Presentation Material on Consolidated Financial Results for the Year Ended January 31, 2025" released on March 12, 2025

(<https://ssl4.eir-parts.net/doc/1433/tdnet/2579882/00.pdf>).

Despite the above efforts that the Company has made, the share price has fallen short of the level in which the market capitalization of tradable shares satisfies the continued listing criterion as of January 31, 2025. The Company will push forward with the initiative of "Action Plan for Decarbonization 2025" steadfastly, thereby enhancing its corporate value (share price).

3. Details of future challenges and initiatives

Going forward, the Company will continue to steadily expand its business in order to achieve the earnings target of Action Plan for Decarbonization 2025” for three years with the fiscal year ending January 2026 as the final year. Based on the main pillars of “Decarbonized demolition solutions,” “DX plant solutions” and “Human resources strategy,” the Company aims to maximize sales by aggressively capturing orders, centered on prime-contractor projects in the plant dismantling market, which is projected to expand rapidly in the future; maximize construction profit by strengthening a calculation method that leverages AI and other cutting-edge technologies; and enhance safety by developing new demolition methods, etc., and installation capacity. Simultaneously, the Company strives to enhance its corporate value by proactively recruiting personnel that become the source of corporate growth and actively promoting education whereby the Company aims to fulfill continued listing criteria by the end of the plan period.

The following are challenges for each component and initiatives to drive.

(1) Improvement of EPS

In the fiscal year ended January 2025, although the Company posted significant increases in sales and income in the plant dismantling business against the background of ample construction demand, sales and income at each stage failed to reach the planned values mainly due to the poor trend of group companies’ earnings.

On the other hand, for the consolidated earnings forecast for the fiscal year ending January 2026, which is the final year of the medium-term management plan, the Company has set as targets sales of 13 billion yen, an operating income of 1.2 billion yen and a net income attributable to owners of the parent company of 0.9 billion yen, with which the Company plans a significant income increase from the previous year. The Company aims to achieve an EPS (Earnings Per Share) of 101.00 yen by thoroughly monitoring the income and loss of group companies and coming up with ideas of initiatives, including the selection and concentration of management resources, and business reorganization, in addition to an increase in income by the growth of the plant dismantling business, which remains on an upward trend.

Specific numbers of Action Plan for Decarbonization 2025

(Unit: Millions of yen)

	Net sales	Operating income	Net income attributable to owners of the parent company	Return on equity (%)	Basic earnings per share (yen)
Fiscal year ended January 2024 (Results)	9,394	246	231	5.5%	26.08 yen
Fiscal year ended January 2025(Results)	10,897	373	409	9.2%	46.25 yen
Fiscal year ending January 2026	13,000	1,200	900	13.0%	101.00 yen

(2) Enhancement of PER

The Company aims to improve the valuation of its shares by promoting the recognition and understanding of investors through enriching IR materials and tirelessly continuing to hold financial results briefings, information meetings with individual investors and IR meetings with institutional investors. In addition, the Company will announce the next medium-term management plan as soon as possible to raise expectations for its growth potential in order to improve PER.

(3) Increase in the number of tradable shares

The ratio of tradable shares rose approximately 10% from 55.1% as of the changed record date to 64.8% as of January 31, 2025. Moreover, as described in “Notice of the Result of Converting TERRA-ESHINO CO., LTD. to Subsidiary through Partial Share Exchange (Simplified Partial Share Exchange) and Changes in Largest Shareholder as Major Shareholder and Major Shareholders,” released on April 15, 2025, shares of the Company were transferred from the asset management company of the founding family, which limits liquidity, to individuals of the founding family, by which the Company has prepared a system that can make it possible to improve stock liquidity promptly.

To realize sustainable development goals (SDGs), based on Corporate Philosophy “Contributing to the global environment through flexible ideas, creativity and technical prowess,” the Company endeavors not only to balance contribution to social sustainability and growth with profit as a leading company in the plant dismantling industry, but also to raise the transparency of corporate management and further reinforce corporate governance by measures such as establishing an organizational system that can flexibly respond to change in the corporate management environment, strengthening a risk management system and thoroughly practicing compliance.