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May 13, 2025

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Listing: TSE Prime
Securities code: 1720
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Notice regarding the rolling of the "Long-term Management Plan 'To zero, from zero.'"

The Tokyu Construction Group formulated the company vision "VISION2030" in March 2021 and announced the long-term strategy "Long-term Management Plan 'To zero, from zero.'" in May of the same year to achieve it.

This plan introduces a management cycle consisting of a 10-year long-term management plan and a 1-year short-term strategy. While keeping long-term goals in mind, we flexibly roll the 1-year short-term strategy and the three-year milestones according to environmental changes and the progress of strategies, aiming for the steady execution of strategies and the achievement of VISION2030.

Based on this, the directors' meeting held today resolved to roll the plan as follows, which we will announce.

1. Overview of the "Long-term Management Plan 'To zero, from zero.'"

For FY2024, the gross profit for completed construction work increased due to the acquisition of additional change orders and improved profitability in domestic construction projects, as well as the increased gross profit from the real estate business, primarily driven by the sale of real estate for sale, resulting in outcomes exceeding assumptions at the beginning of the period. Domestic construction investment remains robust, and a favorable business environment is anticipated to continue. In this environment, by focusing on ensuring safety and quality of construction and continuously improving productivity, we aim for higher revenue efficiency. Additionally, by further expanding investments in human capital and strategically strengthening human resources, we aim to secure growth through to the final plan year, FY2030.

Based on these perspectives, we will roll out the plan as follows.

（１） Revision of materiality (priority issues) as well as risks and opportunities

Prior to the announcement of the long-term management plan in May 2021, we recognized future external environments, as well as these risks and opportunities, and identified the materiality (priority issues) of our group from two perspectives: the viewpoints of stakeholders (such as customers, partner companies, employees and their families, shareholders and investors, society, etc.) and the impact on enhancing corporate value.

Considering changes in the business environment, we review materiality (priority issues) and risks and opportunities annually. The main changes for fiscal year 2025 are as follows:

・The domestic construction investment forecast through fiscal year 2030 has been revised from a gradual decline trend to an expectation of moderate increase. Given the anticipation of ongoing supply capacity shortages, we have added "improving profitability based on changes in supply-demand balance" as an opportunity under "structural changes in the construction industry."

・The perspective of "human investment" is revised from Ｄ＆Ｉ to ＤＥ＆Ｉ, incorporating the concept of equity, ensuring fair opportunities for all individuals.

*Additionally, certain expressions have been revised.

Materiality	Recognition of Risks and Opportunities as of FY2025	
	Risks	Opportunities
Climate change	・ Increased costs due to carbon taxes and other emissions regulations ・ Lost orders due to delays in the development and introduction of technologies to reduce environmental impact ・ Increased costs due to soaring energy prices and the adoption of low-emissions materials ・ Damage recovery costs due to major disasters, costs to rectify. construction period delays	・ Expanding demand for low-emissions buildings（ＺＥＢ and wood buildings) for decarbonized societies ・ Increase in renewable energy business opportunities due to energy policy ・ Increased orders for construction work related to useful-life extensions of structures in accordance with the Infrastructure Life Extension Plan ・ Increased orders for disaster prevention-related projects under the Basic Plan for National Resilience

Materiality	Recognition of Risks and Opportunities as of FY2025	
	Risks	Opportunities
Structural changes in the construction industry	・ Stagnant innovation in response to external environmental changes such as population declines, aging infrastructure, and accelerating digital technology ・ Decrease in the number of engineers due to declining birthrate and aging population, intensifying competition inside and outside the industry to secure human resources, etc.; reduction of working hours due to laws and regulations. ・ Loss of public trust and economic loss due to inadequate succession of skills and techniques that contribute to ensuring the safety and quality of engineers. ・ Soaring material prices, unstable procurement, and a decrease in the number of skilled workers ・ Loss orders due to delays in ＥＳＧ response, including the supply chain, and lack of information disclosure	・ Transformed construction production systems through digital technologies ・ Advancements in solutions through open innovation ・ Stronger need for buildings and structures to have a smaller environmental footprint. ・ Improvement in profitability considering changes in supply-demand balance
Strategic businesses	・ Shortage of human resources capable of innovation in new business domains ・ Failure of management to foster ongoing innovation. ・ Lack of appropriate investment risk management ・ Instability in international affairs	・ More opportunities to add value to the upstream and downstream value chain through ＤＸ ・ Greater need to resolve social issues and environmental problems in the construction market and peripheral fields. ・ Quicker economic development in emerging markets following the ＣＯＶＩＤ－１９ pandemic

Materiality	Recognition of Risks and Opportunities as of FY2025	
	Risks	Opportunities
Town planning	・ Delay in responding to the development of smart buildings, smart cities, etc. ・ Delayed response to changing demands for buildings due to the diversification of lifestyles and work styles.	・ Progress in redevelopment and urban development around Shibuya and further expansion of the area ・ Use of expertise acquired through urban development. construction projects along the Tokyu train lines, including Shibuya. ・ Expansion of smart city and compact city concepts
Human capital	・ Delays in adopting systems and response to diversity (gender, national origin, skills, etc.) ・ Delay in securing and developing talent equipped with skills to adapt to digital evolution. ・ Stagnation or decline in employee engagement due to insufficient response to human rights, diversity equity and inclusion, mental and physical wellness, etc.	・ Increased opportunities to take on diverse challenges, including environmental issues, emerging social issues, ＤＸ, and new business domains ・ Opportunities to leverage the activities of millennials and Gen Ｚ (digital natives) ・ Recruitment and activity of diverse human resources (gender, national origin, skills, etc.)
Corporate governance	・ Failure to train next-generation managers (core human resources) ・ Loss of public trust due to compliance violations, etc. ・ Leakage of confidential information and dysfunction of systems within the Company due to cyberattacks, etc. ・ Rising fundraising costs due to higher interest rates	・ Increased transparency in decision-making ・ Appropriate response to change, establishment of a stable foundation for growth

（２） Revision of ＫＰＩs in the Long-term Management Plan

Based on the above review of materiality as well as risks and opportunities, the ＫＰＩs in the long-term management plan are as follows.

Management indicators		FY2024 Results	FY 2025	FY 2027	FY 2030
Revenue nature	Operating profit (loss)	8.8 billion yen	9.5 billion yen	At least 11.0 billion yen	At least 22.0 billion yen
	Operating profit margin	3.0%	2.8%	At least 3.0%	At least 5.0%
Efficiency	ＲＯＩＣ（※１）	5.4%	–	–	At least 7.0%
	ＲＯＥ	6.6%	7.1%	At least 8.0%	At least 10.0
Soundness	Debt-to-equity Ratio	0.26mes	0.5 times or less		
	Capital adequacy Ratio	37.1%	Approx. 40%		Approx. 45%
Non-finance	Employee engagement（※２）	ＢＢ	Ａ	Ａ	ＡＡＡ
	ＧＨＧ emissions Scope1・2（※３）	–	26.2% reduction	34.9% reduction	47.9% reduction
	ＧＨＧ emissions Scope3（※３）	–	17.5% reduction	22.5% reduction	30.0% reduction

※１ Regarding ROIC, we are currently working on revenue recovery and aim for a medium- to long-term target level of 7.0% or higher in fiscal year 2030.

※２ Engagement rating using Motivation Cloud from Link and Motivation Inc. Respondents consisted of Group employees, including subsidiary employees. Ratings are divided into 11 stages, and our FY2022 score of BB falls in fifth after ＡＡＡ，ＡＡ，Ａ, and ＢＢＢ.

※３ The GHG emission reduction targets based on FY2018 are set in line with the 1.5° C standard for ＳＢＴ certification (reference: SBTi Corporate Near-Term criteria ver5.2). As for the actual results for FY2024, they are scheduled to be disclosed after obtaining third-party assurance (scheduled for July 2025).

（３） Revision of Investment Plans

Achieving sustainable growth, we have increased our investment in "sources of our competitive advantages (human resources ×　ＤＸ)" to 61.0 billion yen to strengthen investment in human capital. Additionally, alongside technology development investments aimed at strengthening competitiveness in core businesses, we are promoting investments in renewable energy-related businesses that contribute to one of our three value propositions: Decarbonization.

Through these efforts, we set the necessary investment scale for achieving our 2030 targets at 183 billion yen.

<table>
<tr><th colspan="2">Investment</th><th>Investment amount</th><th>Main investment</th></tr>
<tr><td colspan="2">Total investment amount for FY2021~FY2030</td><td>183 billion yen</td><td></td></tr>
<tr><td rowspan="2">Business strategy investment based on three value propositions</td><td>Core business</td><td rowspan="2">122 billion yen</td><td>Investment in Domestic Civil Engineering, Building, and Building Renewal Businesses
➢ Investment in Technology Development
➢ Investment in Production System Innovation and ＤＸ Promotion
➢ Ｍ＆Ａ Investment</td></tr>
<tr><td>Strategic business</td><td>Investment in International, Real Estate, and New Businesses
➢ Ｍ＆Ａ Investment for International Business Expansion
➢ Acquisition of Real Estate Emphasizing Synergy with Core Businesses
➢ Investment in Incubation of New Businesses
➢ Investment in Renewable Energy-related Businesses
➢ Investment in Concession/ＰＰＰ Businesses
➢ Investment in Venture Companies and Venture Funds, etc.</td></tr>
<tr><td colspan="2">Investment in the source of competitive advantage (Human Resources ×　ＤＸ)</td><td>61 billion yen</td><td>Reform of the personnel system and investment in human resource development
Development of the environment and system infrastructure for company-wide ＤＸ promotion</td></tr>
</table>

（４） Shareholder Returns Policy

Our company recognizes the importance of capital efficiency and prioritizes stable and continuous shareholder returns that are less affected by short-term profit volatility. Our basic policy, which remains unchanged, is to implement dividends targeting a balance in mid- to long-term performance goals, with ＲＯＥ exceeding 10% and a dividend payout ratio above 40%, aiming for an equity dividends rate（ＤＯＥ）of at least 4.0%. Additionally, we will consider the Acquisition of own shares in a timely manner.

※equity dividends rate (DOE) = individual dividends per common stock related to the base date
in the current fiscal year / consolidated equity per share (average at the beginning and end of the period) ×100

(Reference) Announced on May 12, 2021, "Long-term Management Plan 'To zero, from zero."
https://www.tokyu-cnst.co.jp/en/company/strategy/pdf/strategy.pdf