

Building the future on new foundations

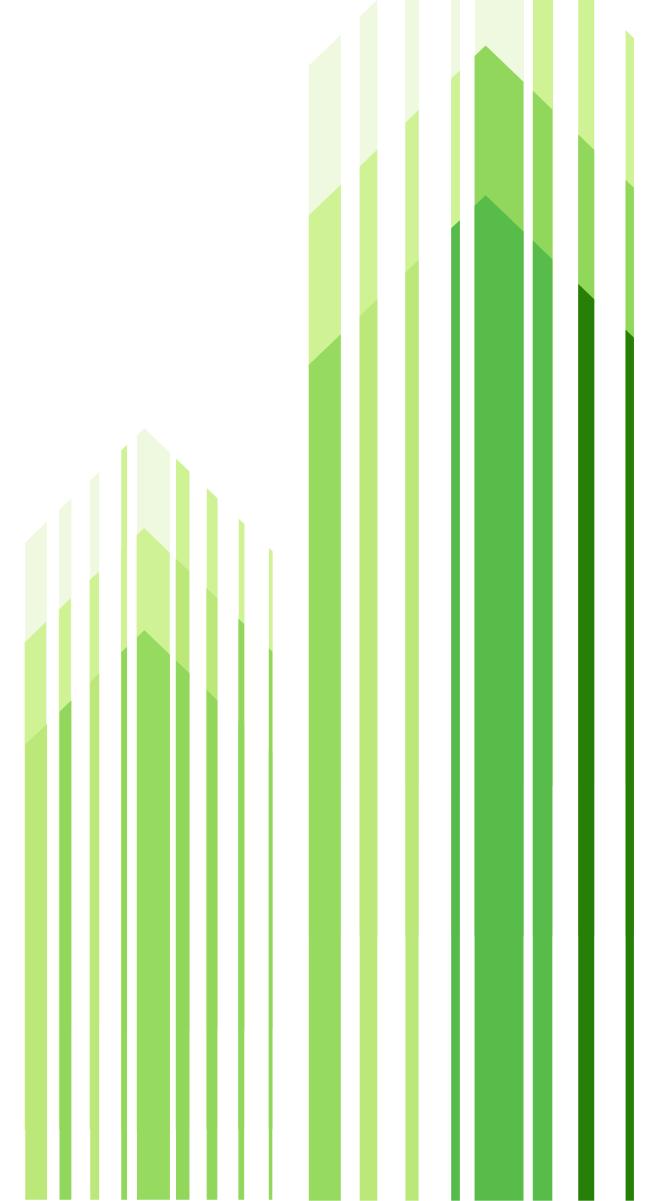


TOKYU CONSTRUCTION

TSE : 1720

FY03/2025 Financial Results Briefing

May 20, 2025



— Key points to communicate today

- The results for FY03/2025 exceeded the beginning of period profit forecasts, mainly due to improved profitability in the domestic construction business. ROE was 6.6%. To aim for even higher profitability, we will continue to thoroughly ensure safety and quality in construction and improve productivity.
- To achieve medium- to long-term growth, expand human capital investment.
- The redevelopment project around Shibuya Station, which Tokyu Group is focusing on the most, is entering its second phase. Leveraging our strengths, we aim to enhance the area's value and improve our group's corporate value.

Overview of FY03/2025 Financial Results

FY03/2025 Financial Results Briefing

FY03/2025 Financial Highlights

External environment

- Demand remained strong, the industry's backlog of construction volume reached high levels, and the competitive environment improved.
- The prices of materials and equipment have remained high, while the increase in labor costs was within the expected range.

Orders (non-consolidate)

381.0
billion yen

YoY
+36.9%
vs plan
+25.4%

- Order volume reached a record high. The building construction business steadily secured projects in key focus areas and saw significant growth. Profitability at the time of order improved.
- Secured a large contract for overseas civil engineering work by Japanese ODA.

Net Sales

293.1
billion yen

YoY
+2.6%
vs plan
-5.4%

- In building construction, non-consolidated remained unchanged YoY, with an increase in renewals.
- Civil engineering declined overseas, but increased domestically, resulting in an overall increase.
- Sales revenue for the real estate business increased due to the sale of owned properties.

Operating profit

8.8
billion yen

YoY
+8.4%
vs plan
+76.8%

- Gross profit increased by 2.6 billion yen due to improved profit margins in building construction and civil engineering.
- SG&A increased by 1.9 billion yen due to factors such as increased human capital investment.

Profit (loss) attributable to owners of parent

6.6
billion yen

YoY
-8.7%
vs plan
+50.7%

- Although operating profit increased, due to the occurrence of foreign exchange loss and the increase in tax expenses, profit declined.

Dividend per share

38
yen

YoY
+1yen
vs plan
±0yen

- Based on a dividend policy targeting a DOE of 4.0% or more, the annual dividends per share are 38 yen (with an interim dividend of 19 yen and a year-end dividend of 19 yen).

FY03/2025 Financial Results

Net sales exceeded the previous year's performance due to steady progress in ongoing construction projects, increased revenue from construction renewal projects, and real estate business.

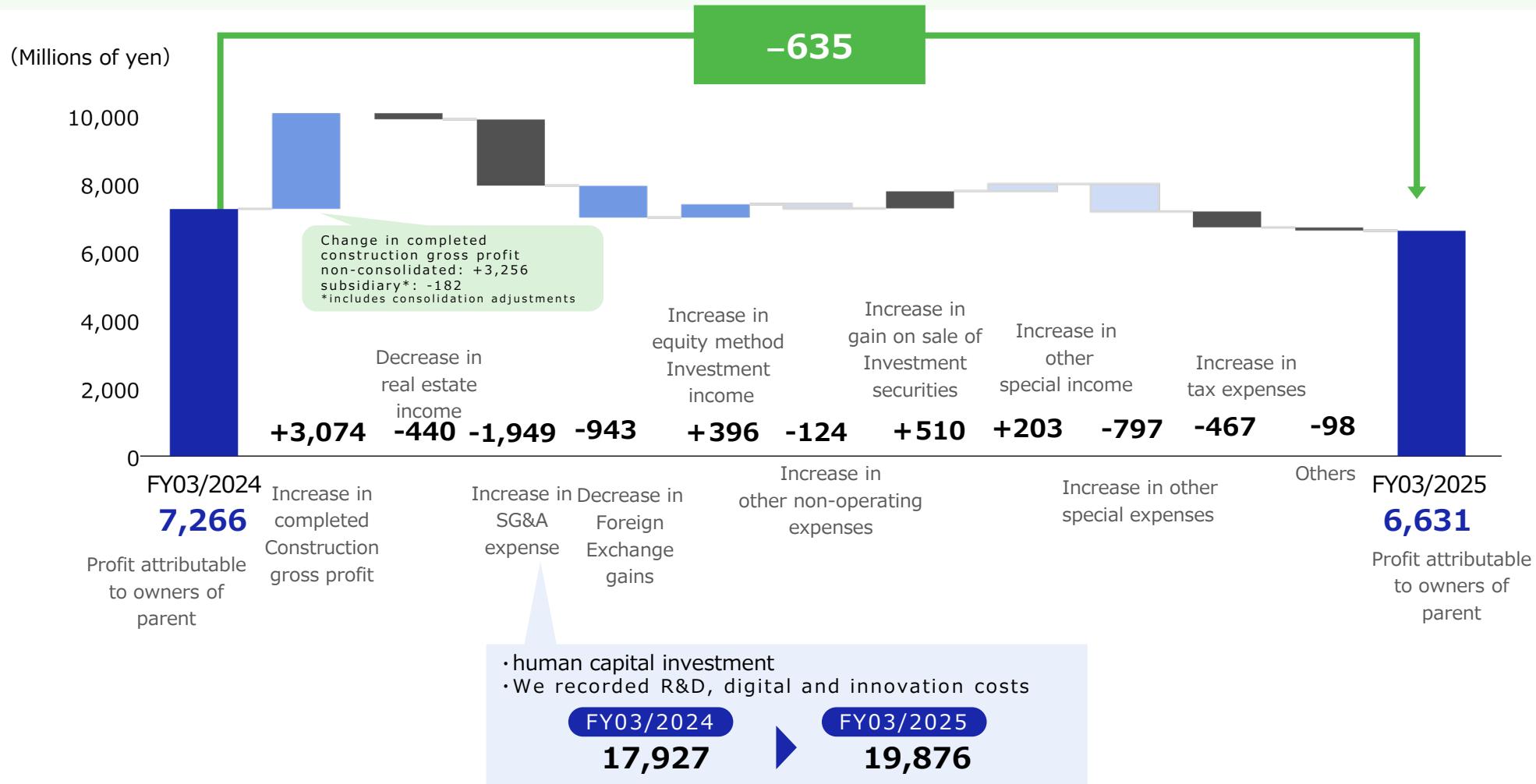
Although SG&A increased, operating profit increased due to the growth in gross profit.

(Millions of yen)	Consolidated				Non-consolidated				YoY※		
	FY03/2024		FY03/2025		YoY※	FY03/2024		FY03/2025			
Completed construction sales	Building construction	215,591	75.4%	219,684	74.9%	+4,093 +1.9%	192,909	74.1%	191,764	72.7%	(1,145) (0.6%)
	Civil engineering	66,897	23.5	68,486	23.4	+1,589 +2.4%	66,299	25.4	68,116	25.8	+1,817 +2.7%
	total	282,488	98.9	288,170	98.3	+5,682 +2.0%	259,208	99.5	259,880	98.5	+672 +0.3%
Real estate sales		3,192	1.1	4,968	1.7	+1,775 +55.6%	1,417	0.5	4,064	1.5	+2,647 +186.8%
Net Sales		285,681	100.0	293,139	100.0	+7,457 +2.6%	260,626	100.0	263,945	100.0	+3,319 +1.3%
Completed construction gross profit	Building construction	—	—%	—	—%	—	13,795	7.2%	15,532	8.1%	+1,737 +12.6%
	Civil engineering	—	—	—	—	—	6,238	9.4	7,757	11.4	+1,519 +24.4%
	total	23,402	8.3	26,476	9.2	+3,074 +13.1%	20,034	7.7	23,290	9.0	+3,256 +16.3%
Real estate gross profit		2,680	84.0	2,239	45.1	(440) (16.4%)	2,428	171.3	1,871	46.0	(556) (22.9%)
Gross Profit		26,082	9.1	28,716	9.8	+2,633 +10.1%	22,462	8.6	25,162	9.5	+2,699 +12.0%
SG&A		17,927	6.3	19,876	6.8	+1,949 +10.9%	16,709	6.4	18,391	7.0	+1,681 +10.1%
Operating Profit		8,155	2.9	8,839	3.0	+684 +8.4%	5,752	2.2	6,770	2.6	+1,018 +17.7%
Ordinary Profit		9,736	3.4	9,701	3.3	(34) (0.4%)	6,996	2.7	6,911	2.6	(84) (1.2%)
Profit (loss) attributable to owners of parent		7,266	2.5	6,631	2.3	(635) (8.7%)	5,147	2.0	3,896	1.5	(1,250) (24.3%)

The upper row indicates the amount of increase or decrease, while the lower row shows the growth rate.

Factors Affecting Net Income

Although completed construction gross profit increased, net income decreased due to factors such as the increase in SG&A and foreign exchange loss.

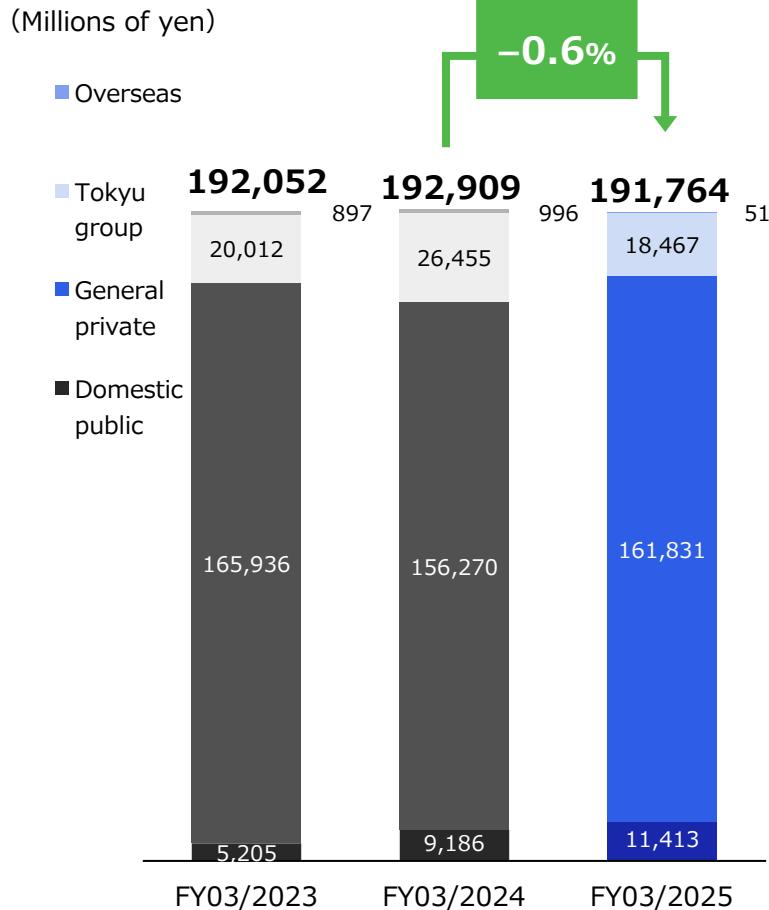


Non-Consolidated / Building construction (Completed construction sales・Completed construction gross profit)

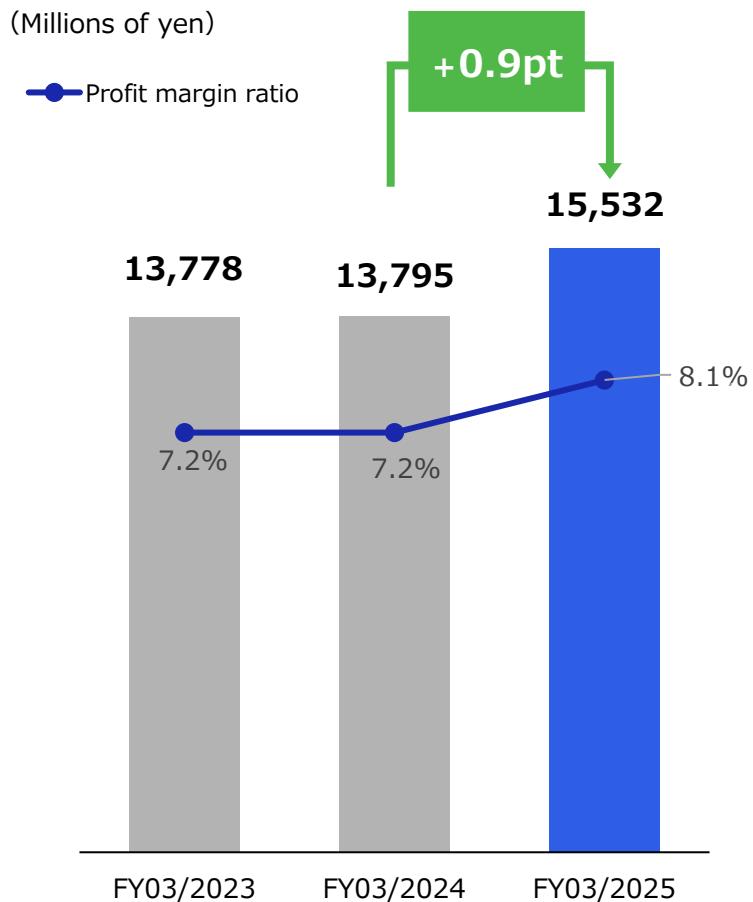


Completed construction sales continued to progress smoothly for ongoing projects from the previous term. Completed construction gross profit increased from the previous term due to a favorable order environment and the acquisition of additional change orders.

Completed construction sales



Gross profit



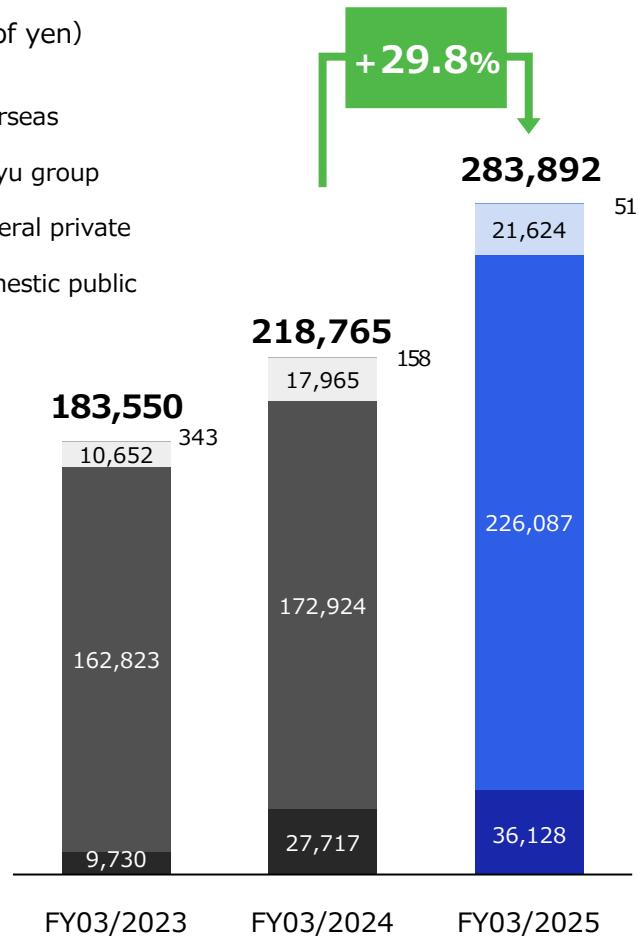
Non-Consolidated / Building construction (Orders)

The order volume significantly increased, supported by a favorable order environment, such as steadily securing target projects in key focus areas. In the general private sector, several large-scale projects were received, including the redevelopment of the former Tokyu Department Store main building site ((Tentative name) Shibuya Upper West Project main construction work).

Orders

(Millions of yen)

- Overseas
- Tokyu group
- General private
- Domestic public



Main orders

Ordered by	Name of construction	Place of construction
Ministry of Land, Infrastructure, Transport and Tourism	Construction work including extension of the exhibition facility at the Kyoto International Conference Center	Kyoto prefecture
Minamikyusyu City	Construction work of the new Minami Kyushu City hall	Kagoshima prefecture
Mitsui Fudosan Co., Ltd.	New construction for Mitsui Fudosan Logistics Park Iruma I (tentative name)	Saitama prefecture
East Japan Railway Company	Development of the site of the former Harajuku Station building	Tokyo
Sekisui Medical Co., Ltd.	Construction work of the new main building at the Sekisui Medical Drug Development Solutions Center (new construction)	Ibaraki prefecture
Toyo Tire Corporation	TOYO TIRE Corporation Sendai Plant Refining Building 2026 Extension Construction	Miyagi prefecture
Shibuya Nishi Kaihatsu SPC	(Tentative name) Shibuya Upper West Project main construction	Tokyo
JR East Logistics Co.,Ltd	Ichikawa Futamata Logistics Warehouse New Construction Project	Chiba prefecture
CHUTOEN GENERAL MEDICAL CENTER	FY2024 to FY2026 debt burden project: Construction and improvement of hospitals by the CHUTOEN GENERAL MEDICAL CENTER, Phase 1 construction of hospital development (building).	Shizuoka prefecture
Rikkyo Educational Corporation	(Tentative name) Rikkyo University New Research Building Construction	Tokyo
TOKYU Railways	Nagatsuta Vehicle Plant Improvement Project (Construction Work Part 3: New Construction of Building A and Building B, etc.)	Kanagawa prefecture

Non-Consolidated / Civil engineering (Completed construction sales・Completed construction gross profit)

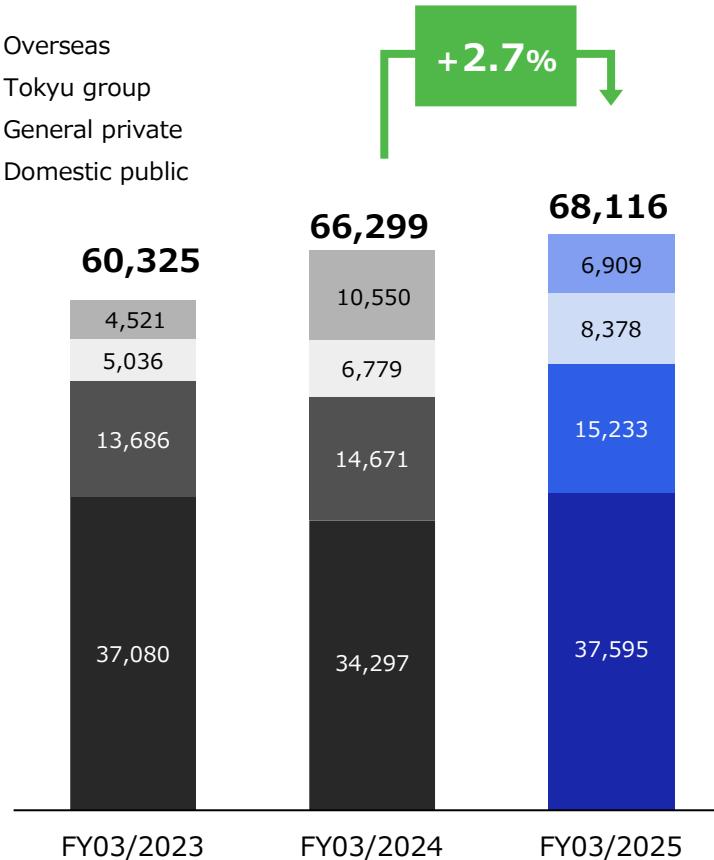


Completed construction sales exceeded the previous term due to steady progress in on-hand projects. Completed construction gross profit increased, driven by the growth in completed construction volume and improved profitability of domestic projects.

Completed construction sales

(Millions of yen)

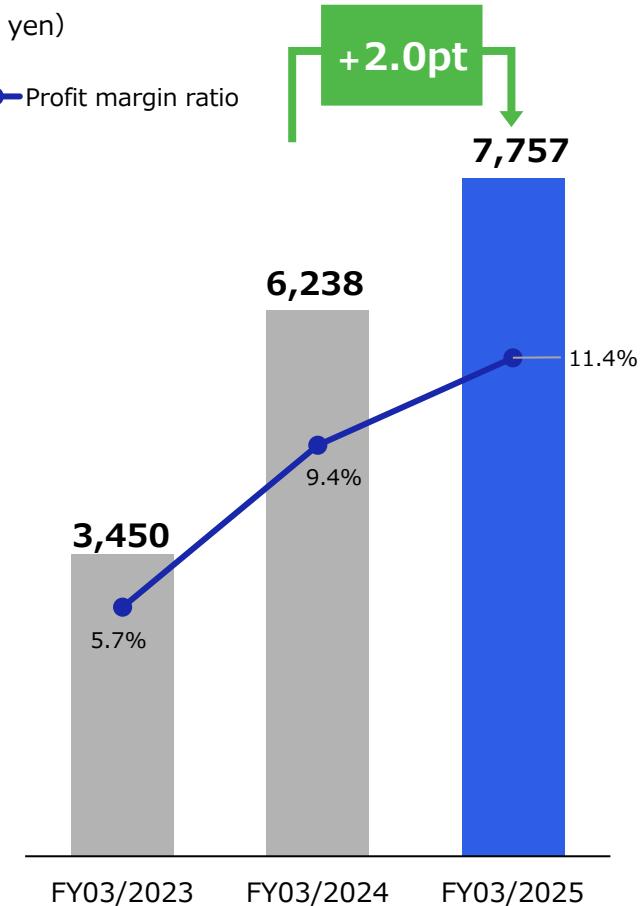
- Overseas
- Tokyu group
- General private
- Domestic public



Gross profit

(Millions of yen)

- Profit margin ratio



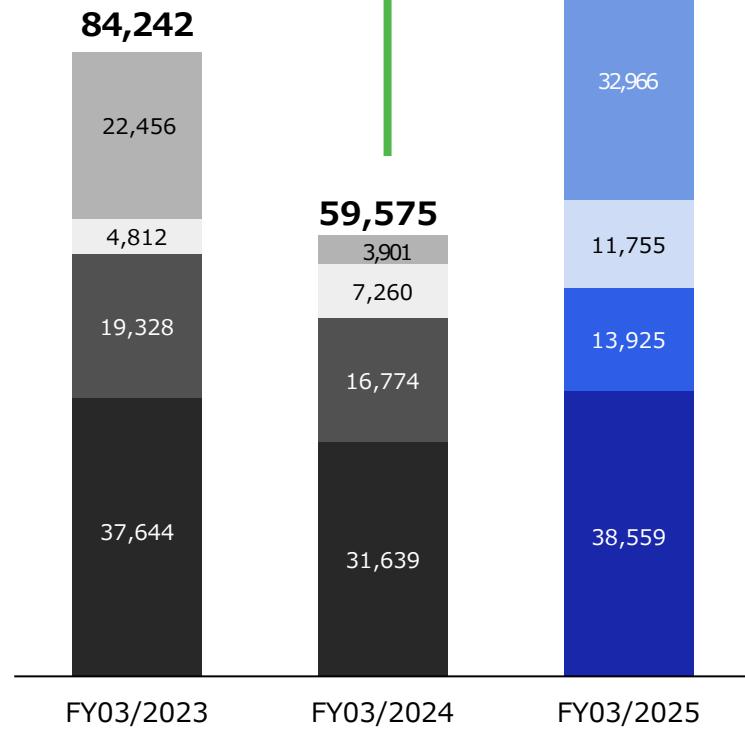
Non-Consolidated / Civil engineering (Orders)

Domestically, amidst solid demand such as measures for national resilience, we steadily secured orders for public works such as water supply and sewerage, tunnel construction, and disaster recovery projects. In the Tokyu Group and the private sector, railway construction recovered, and we acquired large overseas ODA projects, leading to a significant increase in order volume.

Orders

(Millions of yen)

- Overseas
- Tokyu group
- General private
- Domestic public



Main orders

Ordered by	Name of construction	Place of construction
Ministry of Land, Infrastructure, Transport and Tourism	Construction of the Kuma-ohashi Bridge substructure (P1 and P2) for disaster restoration on the Kakui-Ichibun Line of the prefectoral road	Kumamoto Prefecture
Ministry of Land, Infrastructure, Transport and Tourism	R6 Nouetsu Road Anamizu Road Restoration Construction Part 1	Ishikawa Prefecture
Ministry of Agriculture, Forestry and Fisheries	Expansion work of the Kakihara Adjustment Pond in the Yoshino River North Bank Phase II Agricultural Water Utilization Project	Tokushima Prefecture
Tokyo Metropolitan Government	Shibaura Water Reclamation Center Main Pump Building Construction Phase 7 Project	Tokyo
Setagaya Ward, Tokyo	Bridge substructure construction work (Secondary arterial road No. 216, Bridge No. 4) [from 5-10, Okura to 3-3, Okura, extending to the surrounding areas]	Tokyo
TEPCO Power Grid, Incorporated	New pipeline construction in the vicinity of Ishikawa-cho 2-chome	Tokyo
Keikyu Corporation	[Anamori-inari Station inbound platform widening construction work] Civil engineering and building construction	Tokyo
TOKYU Railways	Toyoko Line Tsurumi River Bridge renovation and related construction work (civil engineering)	Kanagawa Prefecture
Tokyu Corporation	Tokyu Department Store Toyoko Branch West and South Building Demolition Work Part 3	Tokyo
Ministry of Road Transport and Bridges, People's Republic of Bangladesh	Matabari Port Access Road Construction (Central Section) CW-3b and (East Section) CW-3c	Cox's Bazar

— Consolidated Balance Sheets

The equity ratio was at 37.0%, decrease of 0.8 percentage points compared with March 31, 2024. D/E ratio was 0.26 times due to a decrease in borrowings.

(Millions of yen)	As of March 31, 2024	As of March 31, 2025	YoY	Increase/decrease factors
Current assets	206,541	216,723	+10,182	<ul style="list-style-type: none"> • Cash and deposits
Non-current assets	23,938	24,863	+924	<ul style="list-style-type: none"> • Investment securities
Investments and other assets	34,045	32,728	(1,317)	<ul style="list-style-type: none"> • Notes payable, accounts payable for construction contracts and other
Total assets	264,525	274,315	+9,790	<ul style="list-style-type: none"> • Electronic recorded obligations – operating
Liabilities	137,388	147,299	+9,911	<ul style="list-style-type: none"> • Short-term borrowings
Non-current liabilities	26,347	24,348	(1,999)	<ul style="list-style-type: none"> • Advances received on construction contracts in progress
Total net assets	100,789	102,667	+1,877	<ul style="list-style-type: none"> • Provision for warranties for completed construction
Total liabilities and net assets	264,525	274,315	+9,790	<ul style="list-style-type: none"> • Provision for loss on construction contracts
Equity ratio(%)	37.8	37.1	(0.7pt)	<ul style="list-style-type: none"> • Deposits received
Interest-bearing debt	54,728	26,711	(28,016)	<ul style="list-style-type: none"> • Long-term borrowings
D/E ratio (times)	0.54	0.26		<ul style="list-style-type: none"> • Provision for loss on real estate business and other
Net Cash	(22,605)	12,954	+35,559	<ul style="list-style-type: none"> • Total net assets

— Consolidated Statements of Cash Flows

Free cash flow turned positive due to the increase in cash flows from operating activities.

(Millions of yen)	FY03/2024	FY03/2025	FY03/2025 remarks
Cash flows from operating activities	−54,023	40,719	Cash increased due to notes receivable, accounts receivable from completed construction contracts and other, and increase in accounts payable.
Cash flows from investing activities	−1,399	−1,595	Cash decreased due to expenditures for the acquisition of tangible fixed assets and intangible fixed assets.
Free cash flow	−55,422	39,124	—
Cash flows from financing activities	28,523	−31,878	Cash decreased due to the repayment of short-term borrowings and other factors.
Net increase (decrease) in cash and cash equivalents	−26,771	7,723	—
Cash and cash equivalents at beginning of period	58,714	31,942	—
Cash and cash equivalents at end of period	31,942	39,666	—

Results of rebuilding our earning capacity

FY03/2025 Financial Results Briefing

Rebuilding of our earning capacity (Problem-solving skills)

Simultaneously addressing the acquisition and development of human resources, which will be a source of future competitive advantage, while defining policies for each strategic item and rebuilding earning capacity. Strengthen problem-solving skills and continually meet customer expectations.

Points of strategy

Background and Policy

Results

Safety/ quality

In the construction industry, safety and quality accidents frequently occur. Our company also needs to review its framework, systems, and organizational culture due to past quality issues. We aim to enhance employee awareness to prevent accidents and prevent lost profits due to human errors, including those by partner companies.

Sales force

With major companies leading the way, the backlog of construction projects is increasing, and even among semi-major and smaller general contractors, there are cases of avoiding orders due to issues with construction resources. In this context, we aim to improve profits through a focus on key areas, a thorough evaluation based on profitability, strengthening proposal capabilities, and integrated efforts in both sales and operations.

Productivity/ labor force

Large projects with low profitability affect profit amounts. Therefore, we will enhance support systems at headquarters and branches to reduce the workload of work sites, and improve productivity and efficiency through continuous improvements in the construction production system to improve profits.

Construction Renewal

The construction renewal market continues to expand, focusing on efforts to determine projects and improve profits by concentrating on large-scale renewal projects.

Human resources investment

Investment in human resources significantly lags behind industry peers, requiring prompt action. Therefore, we aim to strengthen future competitiveness with human resources as a pillar to enhance corporate value.

- **No occurrence of safety or quality incidents leading to significant lost profits.**
- Enhanced awareness of safety compliance and quality assurance.

→P12

- **Improvement in profitability at order receipt.**
- Expansion of orders in focus areas and projects leveraging strengths.
- Increase in inquiries from new customers.

→P6, 8, 14, 32

- Achieving work-style reform through the collaboration of headquarters and branches and labor-saving construction methods.
- Securing construction resources through employee engagement and strengthening collaboration with partner companies.

→P33, 34

- In fields where we can capitalize on our strengths, we have been to expand the acquisition of projects with a strong focus on construction efficiency and profitability upon order intake.

→P18

- Addressing the acquisition and development of human resources that will become sources of our competitive advantages in the future.
- Promote the strengthening of human resources capabilities through the expansion of human capital investment.

→P29, 35

Efforts to Prevent Recurrence of Quality Problems, Improve Construction Quality, and Restore Trust

Regarding the past quality problems, we have reviewed the structure, system and organizational culture to prevent their recurrence thoroughly.

Continuing to have zero serious quality accidents. Sharing awareness through dialogue between management and all employees.

Overview of the quality problems

In fiscal year 2021, the 3 points below were discovered

1

Defects in the tips of foundation piles and the falsification of data during station improvement work

2

Temporary structures left in civil engineering works in past fiscal years

3

Defects in building work in past fiscal years

The response

2021

- July 26 Defects in the tips of foundation piles in construction work (① Official announcement)
- November 8 Revision of results forecast (① - ③ Recording of losses and expenses)
- November 18 Defects in the tips of foundation piles in construction work (① Follow-up report)

2022

- May 19 Disclosure of initiatives for the prevention of reoccurrence

Subsequently

- ▶ Continuation of measures for the prevention of reoccurrence
- ▶ Deepening of reform of the organizational culture

Investigation of the cause and prevention of reoccurrence

Cause

- Lack of awareness and management of special construction conditions
- Dilution of quality awareness and sense of ethics
- Gaps in intergenerational communication in the field
- Lack of on-site support by Head Office and branches

Prevention of reoccurrence

Improvement of construction quality management system (Civil Engineering)

Information sharing & Improvement of training programs for worksite engineers

Accountability clarification

Reforming corporate culture

- New establishment of the quality control division of Head Office
- Building of a human and technical support system for the field
- Introduction of preliminary reporting by e-mail of accidents and problems directly linked to management
- Expansion of the internal reporting system
- Review of construction management education and training programs
- Voluntary return of remuneration by Directors and Executive Officers
- Of remuneration for directors, the portion of variable compensation, which is linked to short-term performance, has not been paid to them in FY03/2023
- Compliance education for all officers and employees
- Launch of measures that make communications more frequent and effective

Full-year Forecast for FY03/2026

FY03/2025 Financial Results Briefing

FY03/2026 Financial Forecast Highlights

Net sales increased due to the progress of large-scale projects ordered in previous years. Although SG&A is increasing due to human resources and DX investment, operating profit is increasing due to the increase in gross profit.

External environment

- Domestic construction investment is expected to remain steady. We are closely monitoring the impact of U.S. tariff policies on the Japanese economy.
- Prices for materials and equipment remained high. Going forward, there are concerns about price increases due to a labor shortage ahead of a busy season for the entire industry.

Orders (non-consolidate)

304.0
billion yen

YoY
-20.2%

- In building construction, we continue to make order decisions considering profitability and the status of construction resources. Civil engineering decreased due to a reactionary decline from large overseas projects in the previous year.

Net Sales

338.0
billion yen

YoY
+15.3%

- Building construction is expected to increase due to progress in large projects such as redevelopment, logistics facilities, and public office works that were ordered in previous years.
- Civil engineering is expected to increase due to the progress of domestic construction.

Operating profit

9.5
billion yen

YoY
+7.5%

- Although SG&A is increasing due to human resources and DX investment, operating profit is increasing due to the increase in gross profit.

Profit (loss) attributable to owners of parent

7.3
billion yen

YoY
+10.1%

- Due to the increase in operating income and the decrease in tax expenses, an increase in profit is expected.

Non-Consolidated Order Forecast

In building construction, we will continue to focus on acquiring orders with an emphasis on construction capacity and profitability, ensuring that key projects are secured.

In civil engineering, due to the decline following large overseas projects from the previous term, we aim to gain orders primarily focusing on domestic public projects.

(Millions of yen)	FY03/2025 Results	FY03/2026 Forecast	Rate of Change	YoY
Domestic public	36,128	24,000	(33.6%)	(12,128)
Domestic private	247,711	216,000	(12.8%)	(31,711)
General private	226,087	136,000	(39.8%)	(90,087)
Tokyu Group	21,624	80,000	270.0%	58,375
Overseas	51	—	(100.0%)	(51)
Building construction	283,892	240,000	(15.5%)	(43,892)
Domestic public	38,559	40,500	5.0%	1,940
Domestic private	25,680	22,500	(12.4%)	(3,180)
General private	13,925	9,900	(28.9%)	(4,025)
Tokyu Group	11,755	12,600	7.2%	844
Overseas	32,966	1,000	(97.0%)	(31,966)
Civil engineering	97,206	64,000	(34.2%)	(33,206)
Total	381,098	304,000	(20.2%)	(77,098)

FY03/2026 Financial Results Forecast

Net sales are expected to reach a record high due to progress in large-scale construction projects, particularly in building construction.

An increase in net sales is projected to lead to higher operating profit.

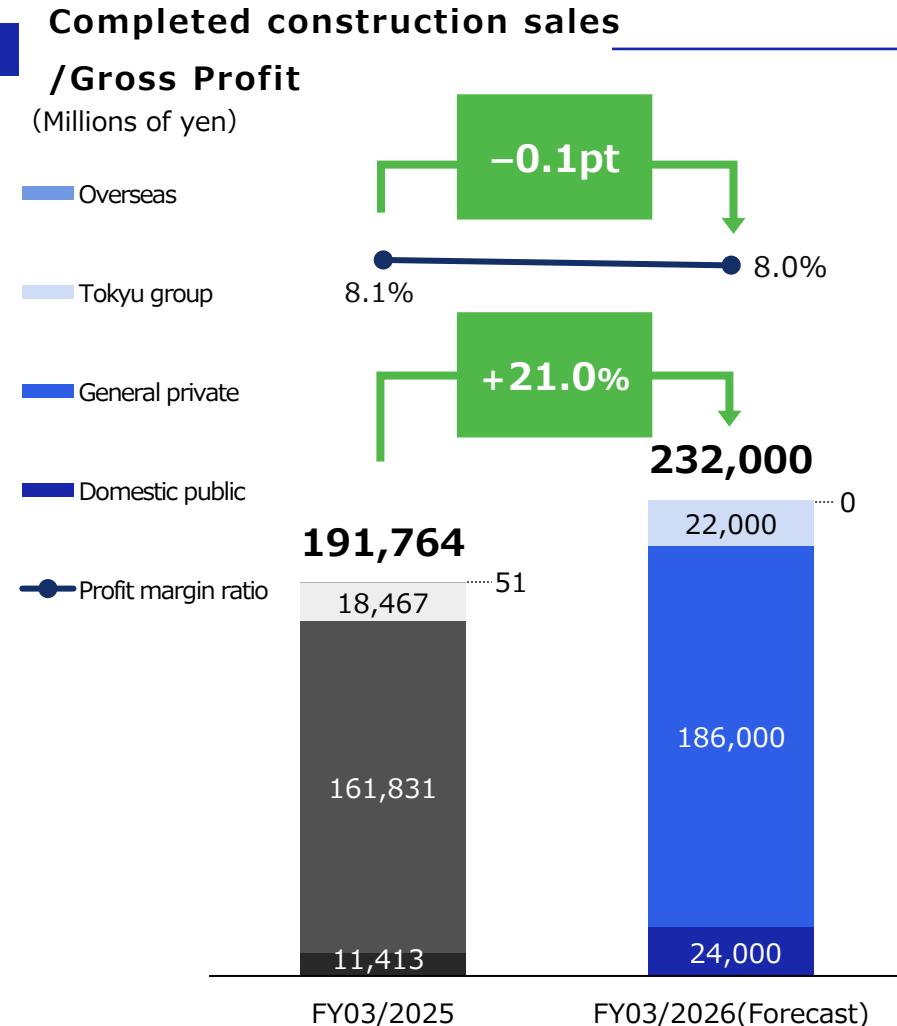
(Millions of yen)	Consolidated				YoY※	Non-consolidated				YoY※
	FY03/2025 Results	FY03/2026 Forecast		FY03/2025 Results		FY03/2026 Forecast				
Completed construction sales	Building construction	219,684	74.9%	—	— %	—	191,764	72.7%	232,000	75.1% + 40,235 + 21.0%
	Civil engineering	68,486	23.4	—	—	—	68,116	25.8	71,000	23.0 + 2,883 + 4.2%
	total	288,170	98.3	331,000	97.9	+42,829 +14.9%	259,880	98.5	303,000	98.1 + 43,119 + 16.6%
Real estate sales		4,968	1.7	7,000	2.1	+2,031 +40.9%	4,064	1.5	6,000	1.9 + 1,935 + 47.6%
Net Sales		293,139	100	338,000	100	+44,860 +15.3%	263,945	100	309,000	100 + 45,054 + 17.1%
Completed construction gross profit	Building construction	—	— %	—	— %	—	15,532	8.1 %	18,600	8.0 % + 3,067 + 19.7%
	Civil engineering	—	—	—	—	—	7,757	11.4	7,000	9.9 (757) (9.8%)
	total	26,476	9.2	29,000	8.8	+2,523 +9.5%	23,290	9.0	25,600	8.4 + 2,309 + 9.9%
Real estate gross profit		2,239	45.1	1,100	15.7	(1,139) (50.9%)	1,871	46.0	1,000	16.7 (871) (46.6%)
Gross Profit		28,716	9.8	30,100	8.9	+1,383 +4.8%	25,162	9.5	26,600	8.6 + 1,437 + 5.7%
SG&A		19,876	6.8	20,600	6.1	+723 +3.6%	18,391	7.0	19,200	6.2 + 808 + 4.4%
Operating Profit		8,839	3.0	9,500	2.8	+660 +7.5%	6,770	2.6	7,400	2.4 + 629 + 9.3%
Ordinary Profit		9,701	3.3	10,000	3.0	+307 +3.1%	6,911	2.6	7,200	2.3 + 288 + 4.2%
Profit (loss) attributable to owners of parent		6,631	2.3	7,300	2.2	+676 +10.1%	3,896	1.5	5,600	1.8 + 1,703 + 43.7%

The upper row indicates the amount of increase or decrease, while the lower row shows the growth rate.

Non-consolidated Financial Results Forecast/ Building construction



Completed construction sales are expected to increase significantly as large-scale projects in hand progress. Due to the impact of low-profit projects ordered in past years and expected labor cost increases, the profit margin is anticipated to be similar to the previous term. We will strive to prevent lost profits and improve productivity by strengthening support from branches to work sites and utilizing digital tools.



Construction work carried forward

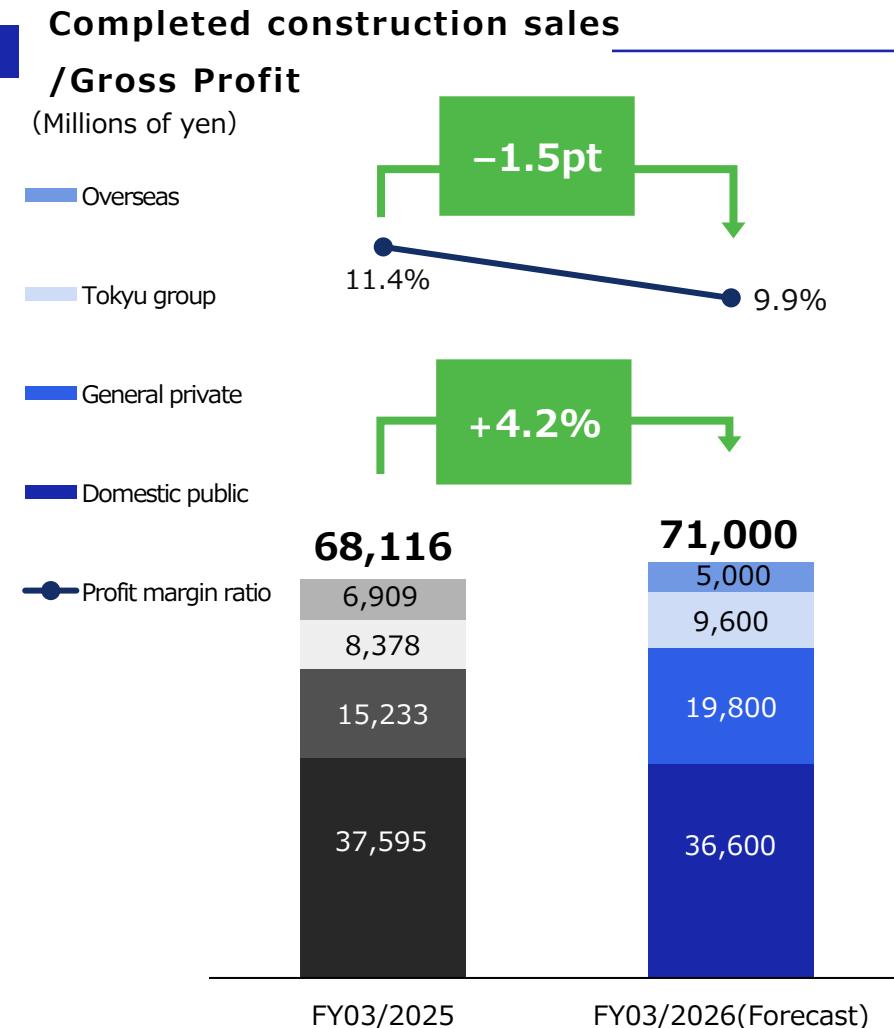
(Millions of yen)

	FY03/2025	FY03/2026 Forecast
Amount brought forward	289,782	381,911
Orders	283,892	240,000
Completed construction sales	191,764	232,000
Amount carried forward	381,911	389,911

Non-consolidated Financial Results Forecast／Civil engineering



In progress construction projects ordered in previous years domestically are expected to advance, leading to an increase in completed construction sales. We aim to achieve further improvement in profit margins by securing additional design changes.



Construction work carried forward

(Millions of yen)

	FY03/2025	FY03/2026 Forecast
Amount brought forward	107,597	136,686
Orders	97,206	64,000
Completed construction sales	68,116	71,000
Amount carried forward	136,686	129,686

Construction Renewal

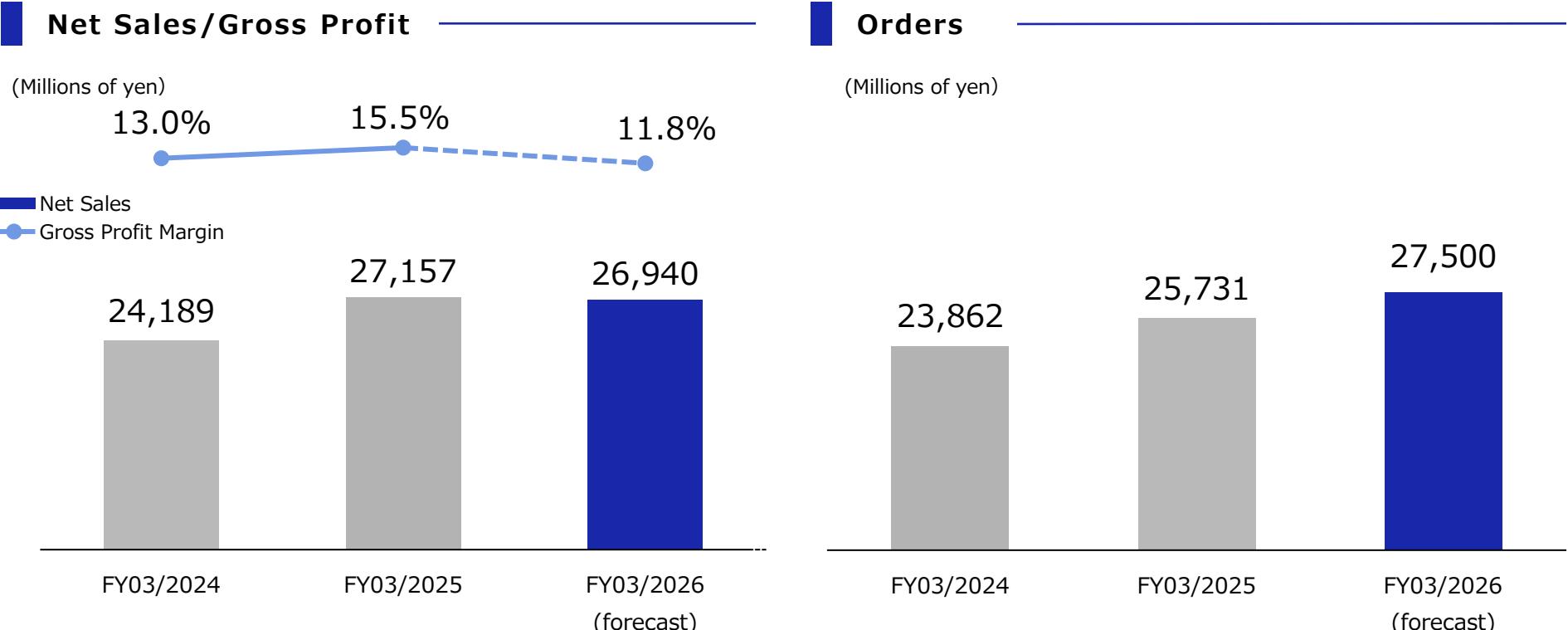
For FY03/2025, the focus on high-productivity projects has been successful amid strong renewal demand. For FY03/2026, we anticipate an increase in order volume and net sales, supported by a favorable order environment.

External environment

- Investment enthusiasm remains active, particularly for inbound-related properties.

Future policy

- Amidst steady demand, we are promoting strategic order-taking activities with a focus on productivity and profit levels.



※ Each of the numbers for the construction renewal business is a simple sum of numbers from Tokyu Renewal Co., Ltd. and Token Industry Co., Ltd., subsidiaries engaged in the business, and no elimination was taken into account.

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International

Place ODA projects as a core business.

Strive to expand the business area to both upstream and downstream of the value chain by participating in TOD*1.

Business Strengths

- The expertise and technology cultivated through urban development along the Tokyu Line and railway and road construction both domestically and internationally.
- As a Japanese general contractor, it possesses high technological capabilities and quality control skills.

External environment

- Increasing infrastructure development needs in Southeast and South Asia
- Increased uncertainties due to order competition from the growth of Asian construction companies, political changes, FX rates, and tariff risks

Future policy

- Expansion of orders for ODA projects, entry into non-ODA businesses**
- Focusing on TOD in collaboration with partner companies in various countries.**
- Strengthen the foundation for growth by implementing personnel and organizational strategies**

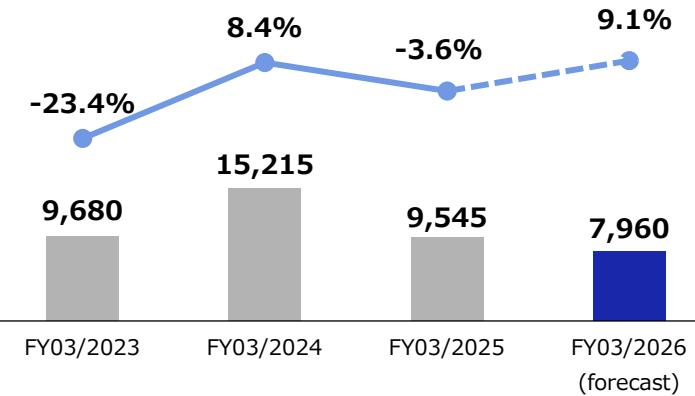
*1 Abbreviation of "Transit Oriented Development." Urban development aimed at a society based on public transportation that does not rely on cars.

*2 Each of the numbers for Overseas is a simple sum of numbers from overseas subsidiaries and from non-consolidated overseas business of the Company, and no elimination was taken into account. (Overseas subsidiaries : TokyuConstructionIndonesia, GoldenTokyuConstruction, IndochineGroup, TokyuPacificConstruction)

Net Sales/Gross Profit *2

(Millions of yen)

Net Sales
Gross Profit Margin



Summary of financial results

- For FY 03/2025, the progress on standing projects was below expectations, resulting in a decrease in net sales. The profit margin deteriorated from the previous year due to factors such as the provision for losses at overseas subsidiaries.
- In FY03/2026, we anticipate an improvement in profit margins due to the resolution of factors that worsened the loss in the previous term, and we will proceed with preparations to start large-scale ODA projects ordered in past years.

Real estate

Targeting environment-conscious customers, provide environmentally friendly properties with added value, such as leasing, development, and renewal of old properties by leveraging synergy with construction business. Increase capital efficiency through cyclical real estate business using rental income and property sales.

Business Strengths

- Coordination with companies in the Tokyu Group, targeting primarily small to medium-sized properties.
- Promote real estate development and real estate value-add by maximizing synergy with a comprehensive construction company.
- Enhance value through the use of energy-saving technologies, extending the lifespan of real estate, and providing safe and secure spaces.

External environment

- Progression of building deterioration
- Expansion of environmental real estate needs
- Concern over increased business costs due to rising procurement and construction costs

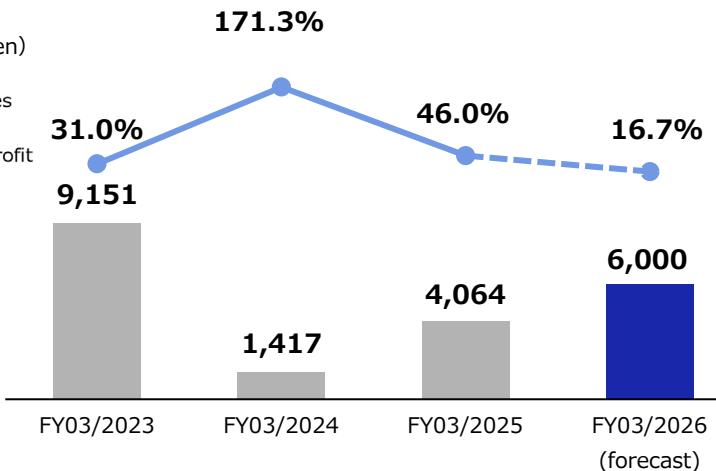
Future policy

- **Use the strength of a general contractor in increasing our value by promoting environmentally friendly properties and introducing our TG Brand**
- **Continue to acquire new profitable properties and replace assets in the Tokyo metropolitan area where we are strong, to promote cyclical business**

Net Sales/Gross Profit [※]

(Millions of yen)

Net Sales
Gross Profit Margin



Summary of financial results

- In FY03/2025, in addition to leasing income and the sale of some held properties resulting in increased revenue, the reversal amount of loss provisions for the real estate business decreased, leading to a decline in profit margin.
- For FY 03/2026, in addition to steady leasing income, property sale gains are expected. Acquisitions of properties outside the Tokyo metropolitan area will diversify the locations of held properties.

※ Numbers for the real estate business are the values of the sales and gross profit of the real estate business on the Company's non-consolidated statement of income.

Growth of strategic business

Promote efforts in strategic businesses (international, real estate, new businesses) steadily, based on synergies with domestic construction business and the three core values of our strategy: "Decarbonization," "Zero waste," and "Disaster prevention."

[International] Received order for construction work on Matarbari Port access road

In the People's Republic of Bangladesh, our JV has received an order to newly construct elevated bridges and embankment roads connecting the soon-to-open Matarbari Port and National Highway No. 1, funded by Japanese ODA, for approximately 72.0 billion yen. This is the third construction project for our company in the country.



Construction Extension
Central section 6,400m
East section 9,121m
Construction period: 42 months
(expected completion in 2029)



Matarbari Port Access Road Construction Work

[New businesses] Promotion of Renewable Energy Power Business

In pursuit of achieving a decarbonization society, we are developing both on-site and off-site solar PPA businesses. In the on-site PPA business, our company installs and operates solar power generation facilities within customer premises as a power generator, supplying the generated renewable energy electricity to the customers. On the other hand, the off-site PPA business involves our company installing solar power generation facilities in locations separate from the customer's power usage sites, supplying renewable energy electricity to customer facilities through the power distribution network. To stabilize domestic power supply and demand and effectively utilize renewable energy, in July 2024, we have commenced the operation of an energy storage facility (grid storage battery) at our own factory in Sagamihara City, Kanagawa Prefecture.



Sagamihara Storage Battery Facility

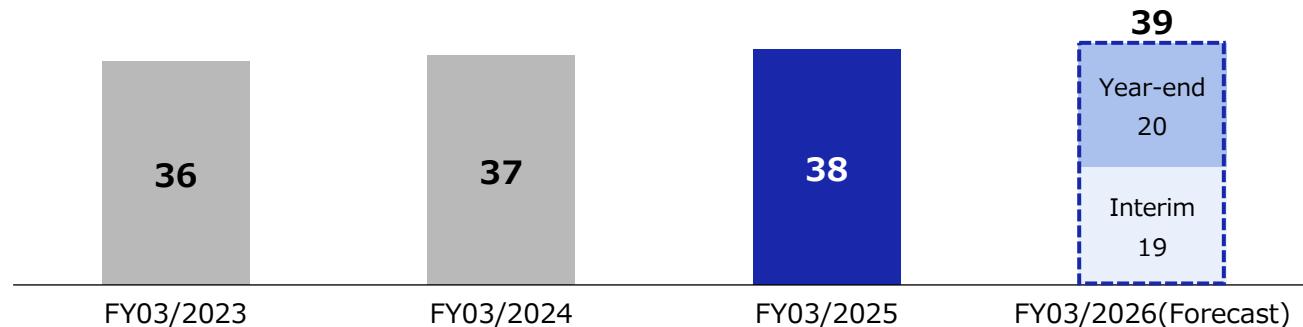
Shareholder returns

The Long-term Management Plan announced in May 2021 set the basic dividend policy as DOE of 4.0% or higher.

Year-end dividend per share will be 38 yen for FY03/2025, up 1 yen, and 39 yen for FY03/2026.

Dividend per share

(yen)

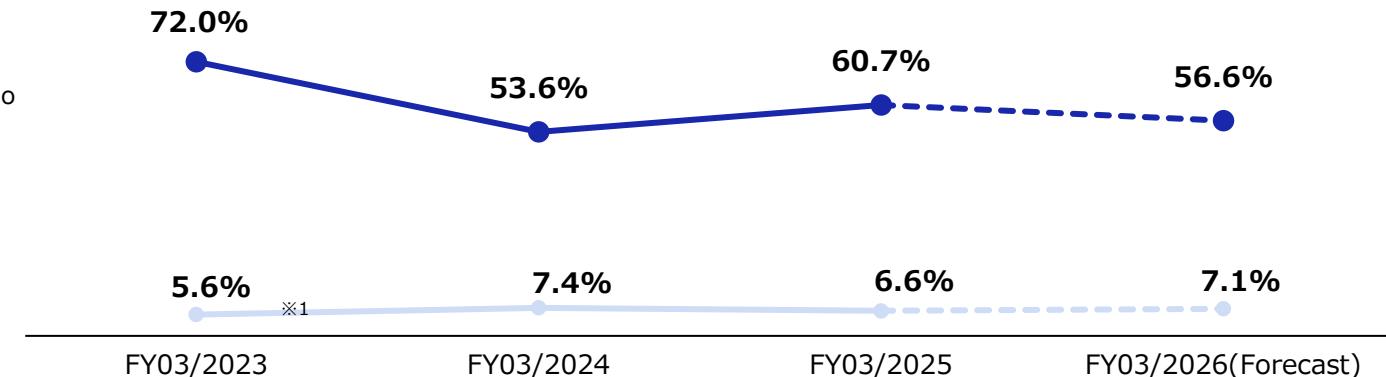


[Reference] ROE and payout ratio

(yen)

ROE
Payout ratio

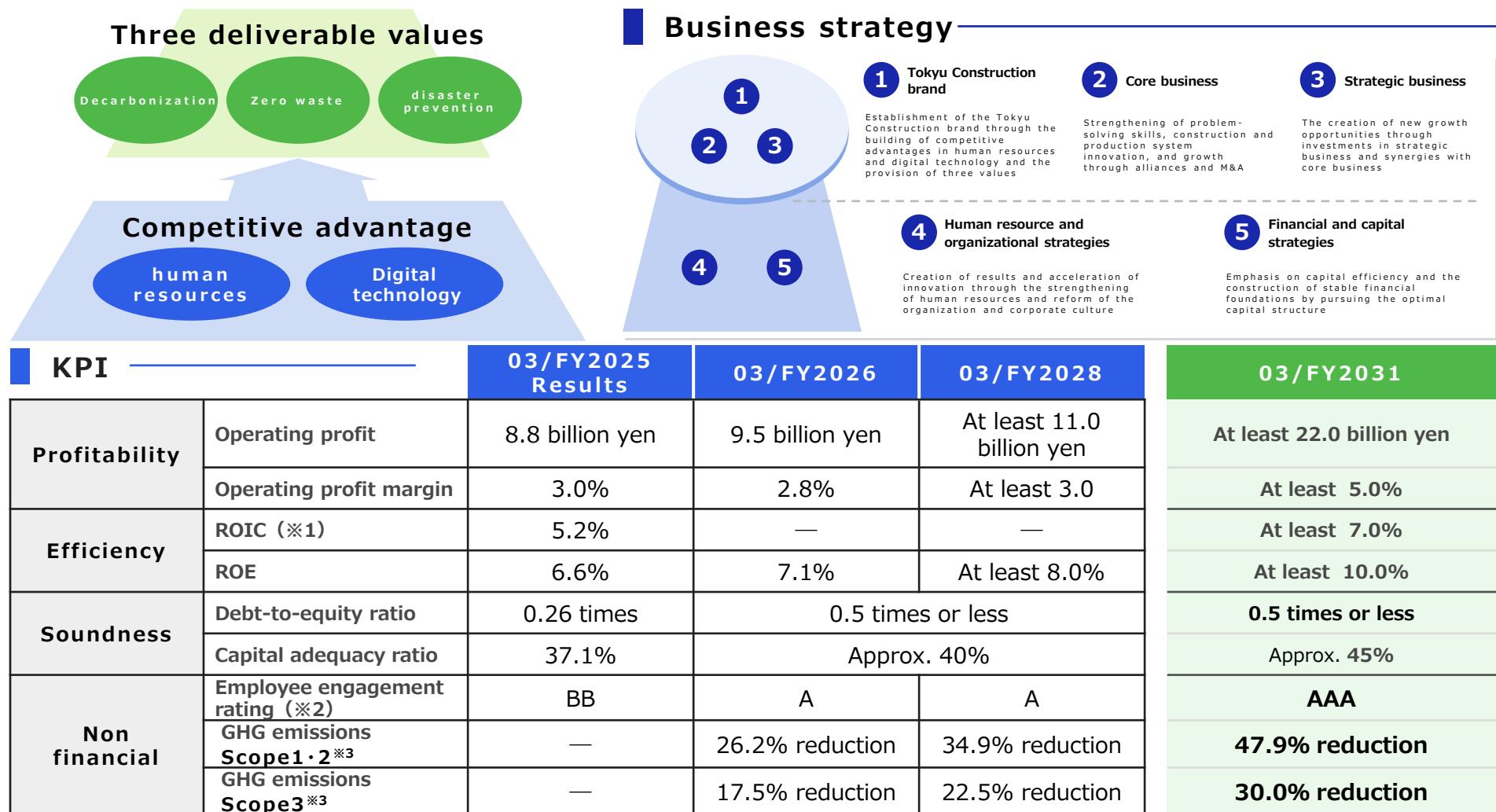
A "DOE of at least 4.0%" is set in the basic policy of paying dividends, as a balance between the medium to long-term results targets of an ROE of at least 10% and a consolidated payout ratio of at least 40%.



Long-Term Management Plan “To zero, from zero.” (Rolling the plan in May 2025)



We aim to enhance corporate value sustainably by setting three deliverable values as strategic pillars and positioning human resources and digital as sources of our competitive advantages.



※1 The ROIC of 7.0% or higher is set as a medium- to longer-term target for FY03/2031.

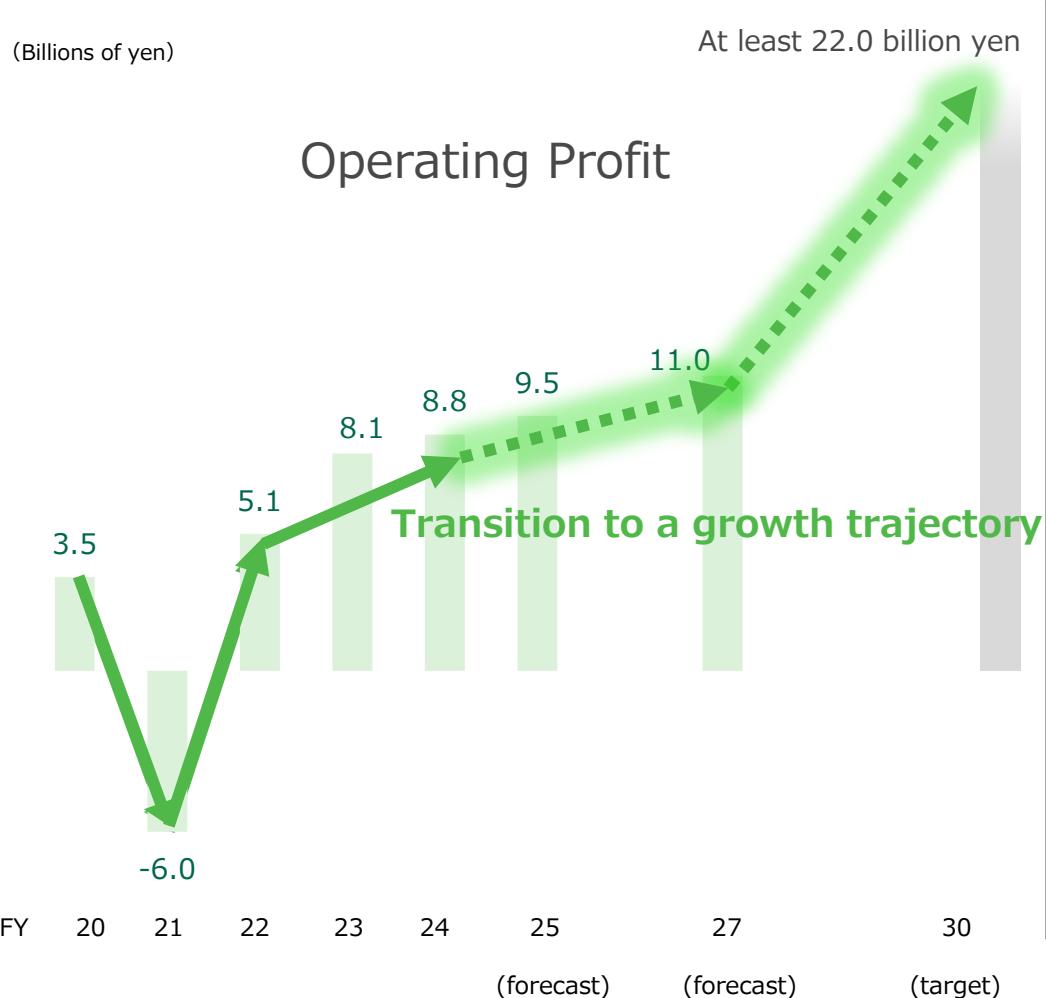
※2 Engagement rating using Link and Motivation Inc.'s "Motivation Cloud." Subjects are employees of the Group as a whole, including subsidiaries. Rating is divided into a total of 11 stages, and the current "BB" is the fifth rating from the top after "AAA," "AA," "A" and "BBB."

※3 The baseline is the emissions in FY03/2019. The GHG emission reduction target is set based on the 1.5°C criteria under the SBT certification (refer to: SBTi Corporate Near-Term criteria ver5.2). Additionally, the FY2024 results are scheduled to be disclosed after obtaining third-party assurance (expected in July 2025).

— Initiatives for medium- to long-term growth

By thoroughly ensuring construction safety and quality and continuously working to improve productivity, we aim for higher revenue potential.

We will further expand human capital investment and strategically strengthen our human resources capabilities to secure growth by FY2030.



■ Rolling Long-Term Management Plan in May 2025

Revise the forecast for domestic construction investment through FY2030 from the previous gradual decline trend to an expectation of a certain increase.

Considering the possibility of continued supply shortages, be mindful of "improving profitability in light of changes in supply-demand balance."



- Aim for higher revenue by continuously working on strict safety and quality of construction, and improving productivity.

- Further expand investment in human capital and strategically strengthen human resources to ensure growth through the final plan year, FY2030.

Efforts towards realizing management with awareness of the cost of capital and stock price

FY03/2025 Financial Results Briefing

Recognition of cost of shareholders' equity and profitability

The cost of shareholders' equity based on CAPM is recognized as 6-7%.

Promote improvement measures from short-term and medium-to-long-term perspectives, aiming for an ROE of 10% or more in FY2030, which is a KPI of the long-term management plan.

■ Cost of shareholders' equity (estimated by CAPM)

*Cost of shareholders' equity =

① risk-free rate + ② β (beta) \times ③ market risk premium

Yield on
investments with
essentially no risk
(investments in
safe assets)

**① risk-free
rate**

About
0.8%

The target
company's risk
(compared to the
overall stock
market risk)

② β (beta)

0.8

The overall risk of
the stock market
(compared to
investments in
safe assets).

**③ market
risk
premium**

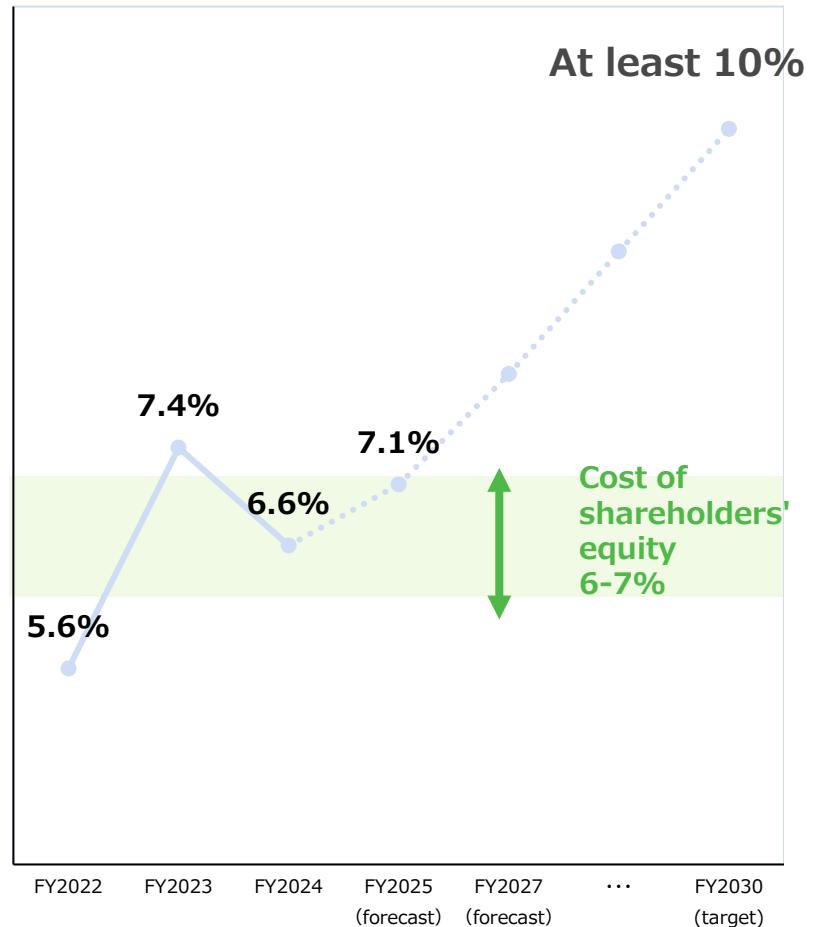
About
6.5%

= **Cost of shareholders' equity**

6%~7%

- risk-free rate : 10-year government bond yield (2-year average, daily)
- β (beta) : Levered β Weekly 5 years
- market risk premium : Japan Securities Research Institute model 6.0-6.9%

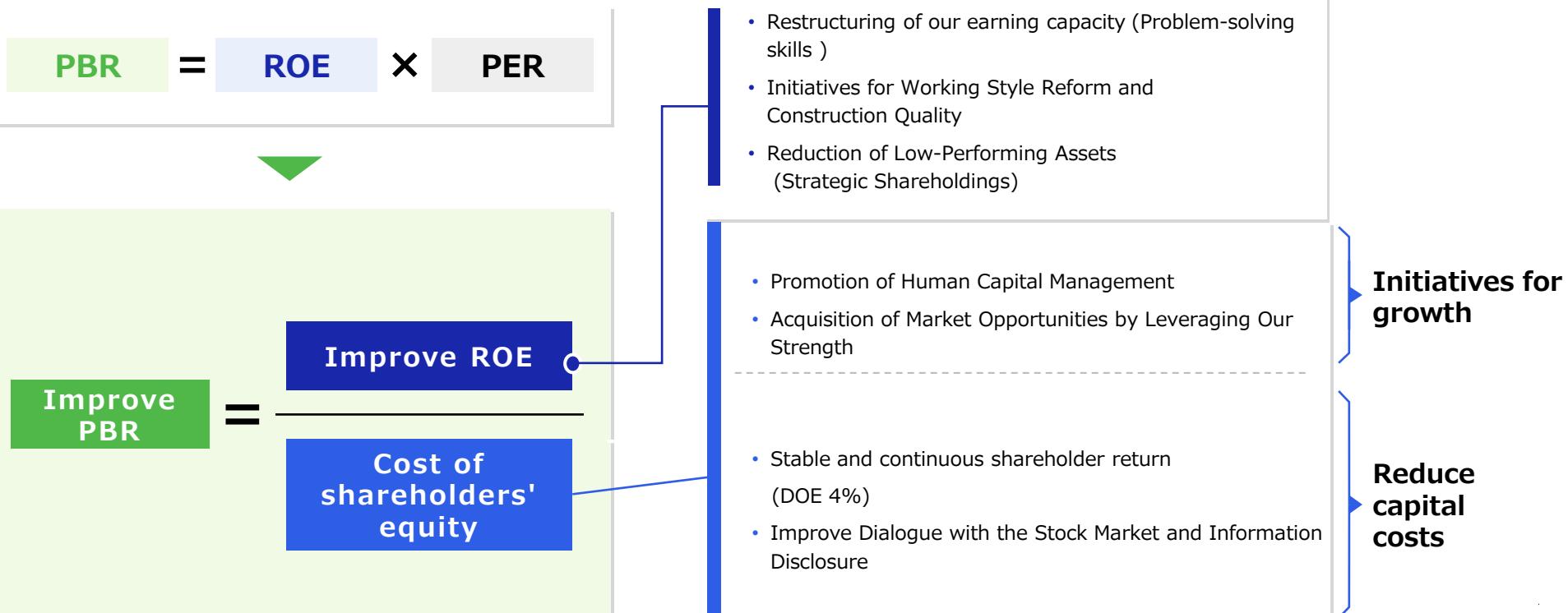
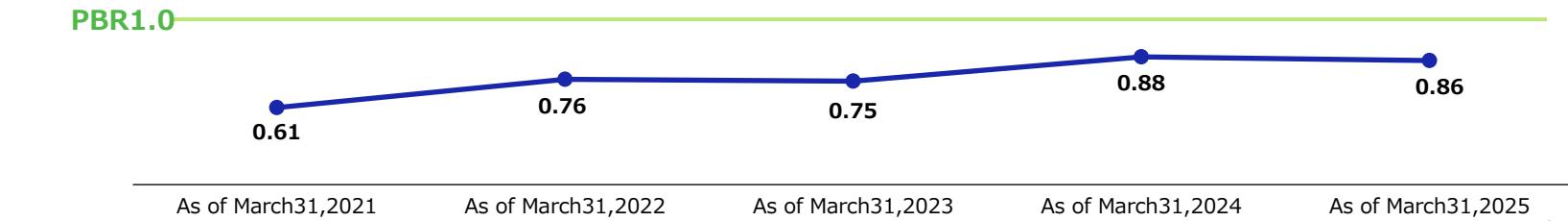
■ ROE trends



Recognition and improvement of current situation from a PBR perspective

We take the current situation of PBR below 1 very seriously, and we will focus on improving ROE and reducing the cost of capital through growth initiatives, such as managing human capital and leveraging our strengths to capture market opportunities.

PBR trend

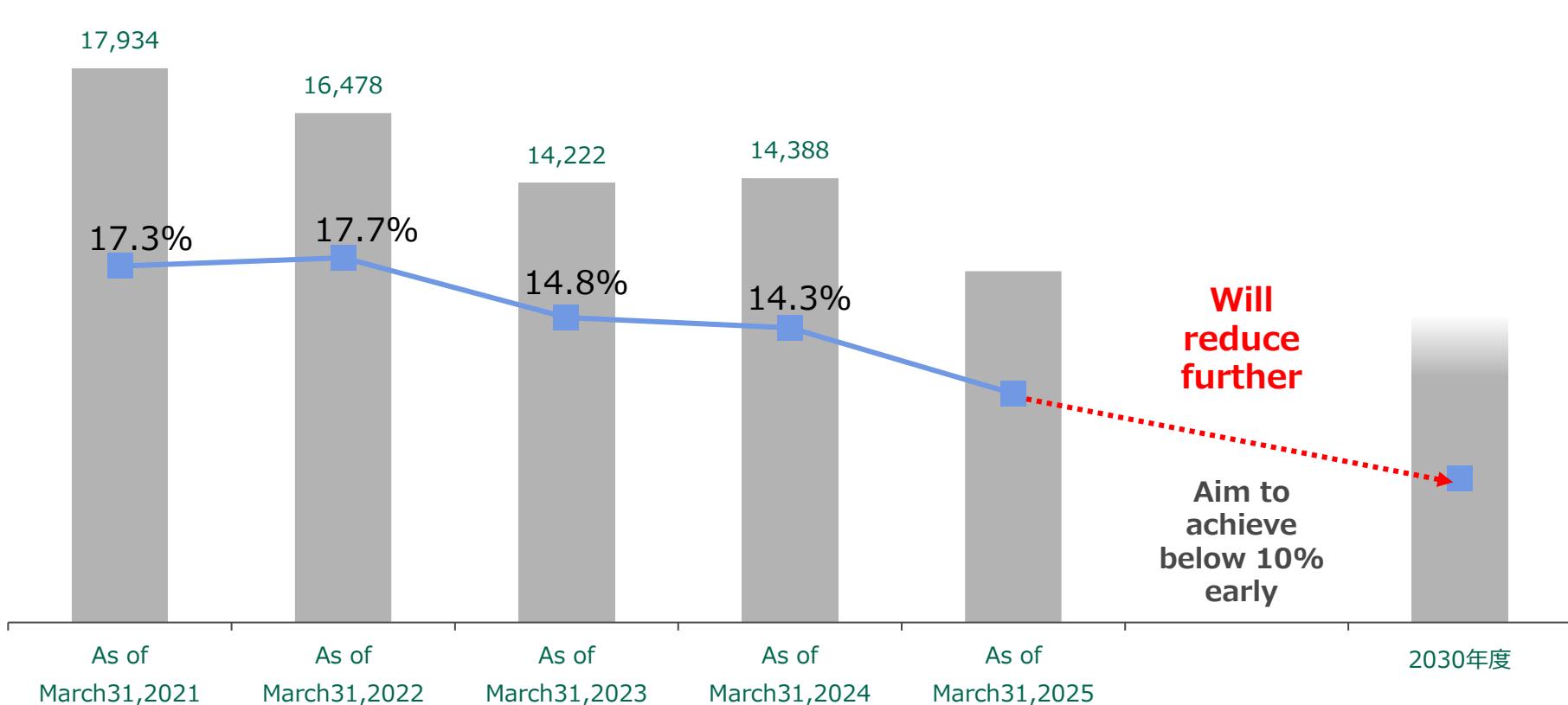


Reduction of Low-Performing Assets (Strategic Shareholdings)

We will determine the appropriateness of holding based on capital efficiency and strategic significance (such as business synergy and securing stable revenue). Some assets were sold in FY24 based on the reduction policy. We will continue to make efforts to reduce them.

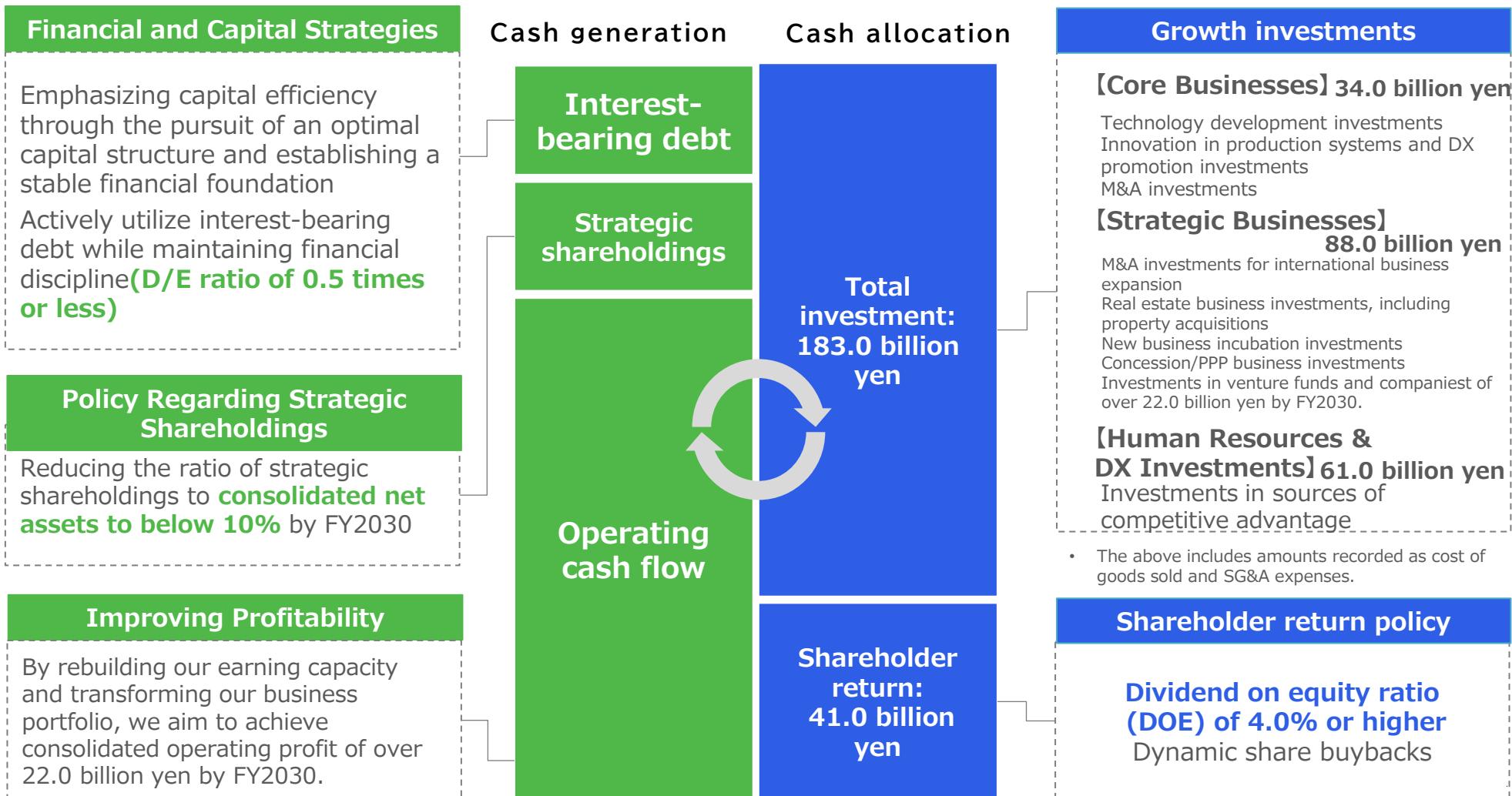
(Millions of yen/%)

Recorded BS Amount Ratio to Consolidated Net Asset



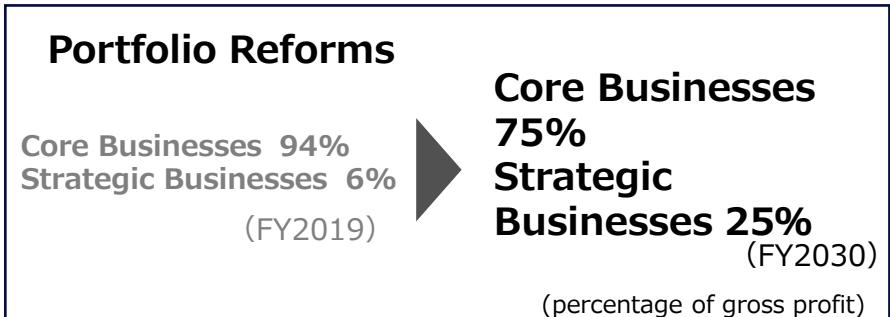
Cash Allocation(FY2021 to FY2030)

We will invest 183.0 billion yen by FY03/2031 as part of a growth investment to reform our business portfolio. Operating cash flows and proceeds from the sale of strategic shareholdings will be allocated to fund growth investments and maintain stable dividends, targeting a DOE of at least 4.0%.



Reforming Business Portfolio and Expanding Human Resource Investment

To achieve synergy with the construction business and secure stable revenue, we will grow our strategic businesses and transform the business portfolio for FY2030 to a 75% core business and 25% strategic business ratio, expanding investment in human capital, which is a source of our competitive advantages.



Investment in sources of competitive advantage (human resources, DX)

Review the human resource portfolio, including skills shift and recruitment

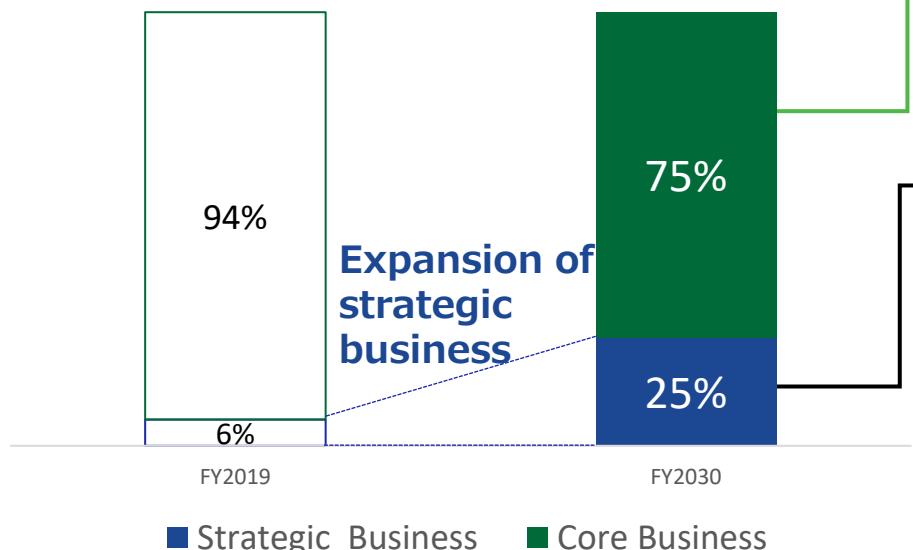
Rolling Plan in May 2023

10 billion yen ➡ **Rolling Plan in May 2025**

61 billion yen

(Total investment amount for FY2021-FY2030)

Business Portfolio



Core Businesses (Domestic Building Construction/ Domestic Civil Engineering/Construction Renewal)



Develop digital professionals who can deal with transformations to the construction production system
Digitalize the customer contact point throughout life cycle
Build and operate BIM/CIM-driven data platform

Strategic Businesses (International Business/Real Estate Business/New Businesses)



Hire experts and develop professionals
Foster innovative corporate culture

Common (recruitment, training, and reskilling)



HR system reform, treatment improvement, and personnel development investment
Establish system infrastructure and environment that promote company-wide DX

Urban development along the Tokyu line and in Shibuya: Progress and strengths

As a member of the Tokyu Group, we have developed a consumer-oriented mindset with a strong focus on the community and users while being involved in urban development for a long time. We will leverage world-class performance, technology, and expertise in railway and station area development to capture new market opportunities.

The Progress of Urban Development

1959-1995

Establish Business Foundation and Develop

As a member of the Tokyu Group, the Company played a role in the development of Tama Garden City (town planning including railway construction and residential land development), built its business foundation by working on a number of difficult construction projects, and expanded its business from throughout Japan to overseas. The Company then grew into the one of the leading semi-major general contractors in the second half of the 1980s.

Block #4

Area from Nagasuta to Chō-rinkan, which runs through the three cities of Yokohama, Machida, and Yamato



1996-2010

Challenge During Economic Downturn

Despite facing an unprecedented business crisis due to the bursting of the bubble economy, the Company completed numerous difficult construction projects that would become city landmarks. We have refined our technologies and built up trust with customers.



Q FRONT



SHIBUYA MARK CITY



CERULEAN TOWER Bldg.

2011-2020

Evolving Urban Development Know-how

The Company has advanced its technologies in response to changes in the business environment and market needs. We evolve those in various regions and use them to create new value for sustainable cities demanded by the times.



SHIBUYA STREAM



SHIBUYA SCRABBLE SQUARE

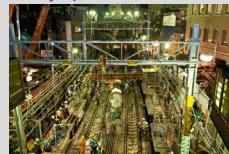


Minami-machida Grandberry Park

Cultivated strengths

Technology that keeps urban functions running

Construction technology that has been cultivated through solving customer challenges, including railway construction and advanced techniques from the world's leading people flow in Shibuya, to maintain urban functionality.



In the Tokyu Toyoko Line Shibuya Station to Daikanyama Station underground project (2013), approximately 1,200 construction personnel completed the work in about three and a half hours after the last train of the day, seamlessly converting the above-ground tracks to underground overnight, providing users with an unchanged daily routine the following morning.

Expertise cultivated over many years

The accumulated track record of construction work has been passed down as expertise within the company.



Shibuya Scramble Square (2019) overcame challenges not only related to the high level of difficulty in the construction technology of the approximately 230-meter skyscraper directly above Shibuya Station but also in coordinating with other intricately intertwined redevelopment projects, managing pedestrian passages running through the building under construction, and addressing issues such as highways and ground and underground railways in the surrounding area, completing the construction over approximately five years.

Teamwork beyond departmental boundaries

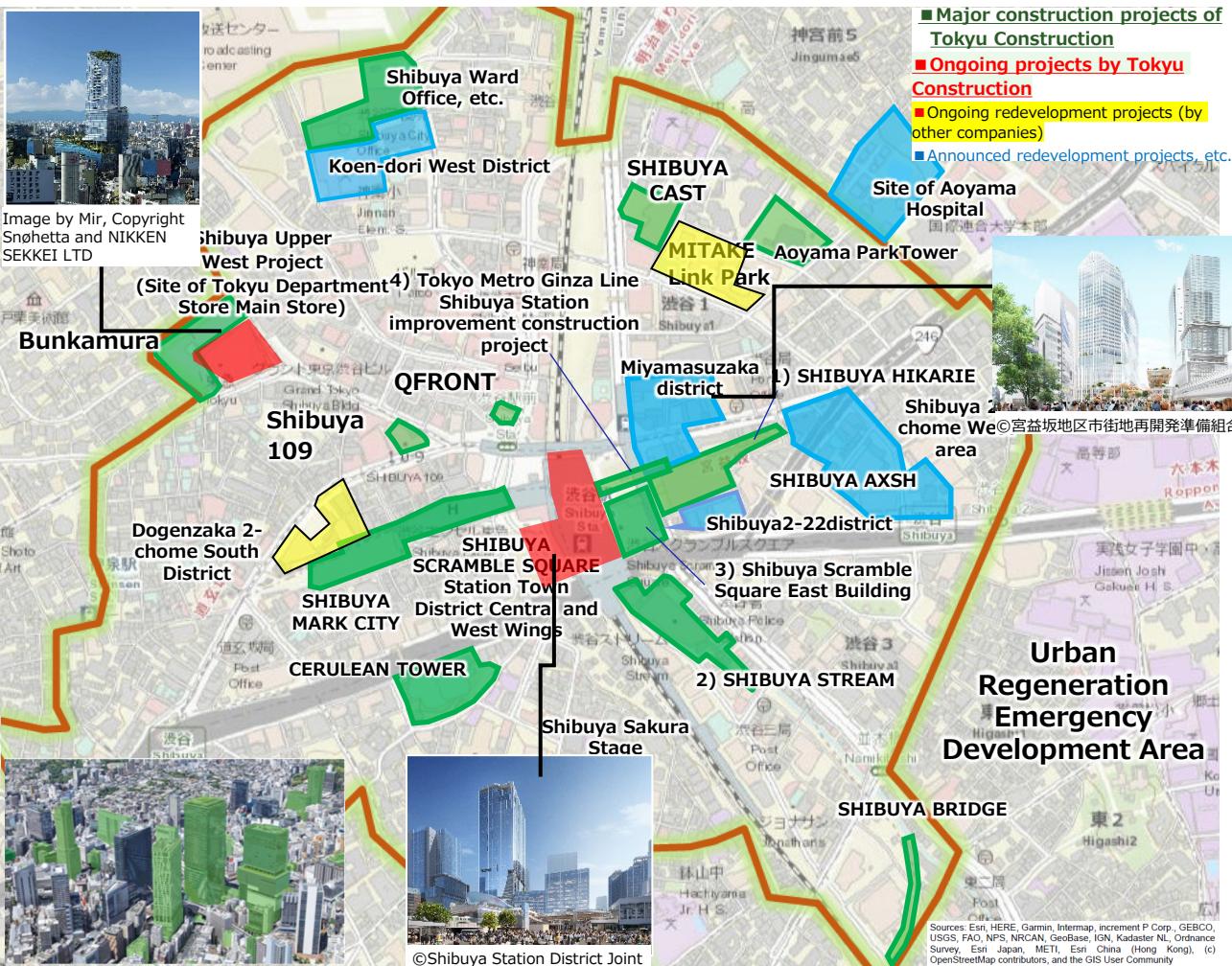
In addition to teamwork at the construction site, the collaboration between civil engineering and building construction across projects will facilitate smooth project advancement and enhance the overall value of the city.

The history of urban development along the Tokyu line and other areas has been supported by the collaboration of civil engineering and building construction, and by our shared value of being "consumer-oriented" (considering the entire "community" from the perspective of customers and residents rather than just a single building), balancing the complex interests involved in construction projects.

Acquisition of Market Opportunities by Leveraging Our Strength Urban Development in Shibuya“Future potential”

We have executed difficult construction projects in Shibuya, leveraging our technology, expertise and teamwork.

Shibuya has huge future potential with numerous redevelopment projects planned.



The buildings and infrastructure highlighted in the aerial photos are our construction projects. The map was created by the Company based on published data. .

Acquisition of Market Opportunities by Leveraging Our Strength Urban Development in Shibuya: "Towards the Second Phase"



Utilizing our unique track record, technology, expertise, and teamwork, we aim to enhance the value of Shibuya and our corporate value in preparation for the opening of station functions and urban infrastructure facilities.

Shibuya Scramble Square Phase II (Central Building and West Building) construction start

Following the opening of Shibuya Scramble Square Phase I (East Wing) in 2019, construction on Shibuya Scramble Square Phase II (Central Building and West Building) will begin in May 2025, leveraging our strengths to advance the challenging construction project.



<View from the scramble crossing>



<View from the direction of the Miyamasuzaka intersection>

Business owner	Tokyu Corporation, East Japan Railway Company, Tokyo Metro Co., Ltd.
Usage	Stores, parking lots, etc.
Gross floor area	Approximately 95,000m ² (Reference: total upon completion approximately 276,000m ²)
Number of floors	Central Building: 10 floors above ground, 2 floors underground (approximately 61m tall) West Building: 13 floors above ground, 4 floors underground (approximately 76m tall)
Completion	Scheduled for FY2031
Contractor	TOKYU CONSTRUCTION CO., LTD.

Shibuya Upper West Project groundbreaking

In the former site of the Tokyu Department Store main store, the "Shibuya Upper West Project," set to become a new landmark in Shibuya, will commence construction in January 2025. Our company is participating as a member of the construction joint venture (JV).



Exterior image (Image by Mir, Copyright Snøhetta and NIKKEN SEKKEI LTD)

Business owner	Tokyu Corporation, L Catterton Real Estate, Tokyu Department Store Co., Ltd.
Usage	Retail, hotel, residence, museum, etc.
Gross floor area	Approximately 119,000 square meters (including Bunkamura)
Number of floors	New construction: 34 floors above ground, 4 floors underground (height of 155.7 meters) Bunkamura: 7 floors above ground, 2 floors underground
Completion	Scheduled for FY2029
Contractor	Obayashi, Tokyu, Seibu Construction joint venture

【Appendix】

FY03/2025 Financial Results Briefing

Initiatives for Working Style Reform and Productivity Improvement

Realize a more productive and satisfactory working style, taking the overtime work cap restriction as an opportunity for change. Continue to improve our construction technology and know-how, while utilizing digital skills to improve productivity, in cooperation with other partner companies.

Purpose of initiative



Change from "support" to "sharing"



Eliminate lost profits through thorough awareness of quality, safety and security



Utilization of digital technology and human resource development with a view to the medium to long term

Measures to be taken

Focus on productivity improvement and core business activities

- Focus on core operations by work site engineers
 - Support from head office departments
 - Use of dispatch and outsourcing
- Introduction and expansion of ICT tools and labor-saving methods
- Strengthening and support for quality management systems
 - Turn a local office into a satellite office
 - Introduction of shift work and flexible working hours
- Construction plans based on the premise of closing work sites for a total of eight days of every four weeks
 - Construction plans based on the premise of closing work sites for a total of eight days of every four weeks



Creating with cooperating companies

- Strengthening cooperation with cooperative associations
- Holding events to present good practices and improvement cases at the work site (held every year)
- Support for human rights education
- Support for hiring of cooperating companies
- The recruitment support site "TQ-BUDDY" for partner companies was newly established.

Realize a more productive and satisfactory working style



► In April 2025, a "Support and Development Center" was established in the Building Construction Business Division.

Improving implementation ratio of closing work sites for a total of eight days out of every four weeks

※1 closing work sites for a total of eight days out of every four weeks: A system to secure eight days off in four weeks (a five-day week)

※2 TQ-BUDDY: A job information site operated by a professional construction partner company released in 2023 with which the Company has business. Job seekers can directly apply for jobs at each partner company.

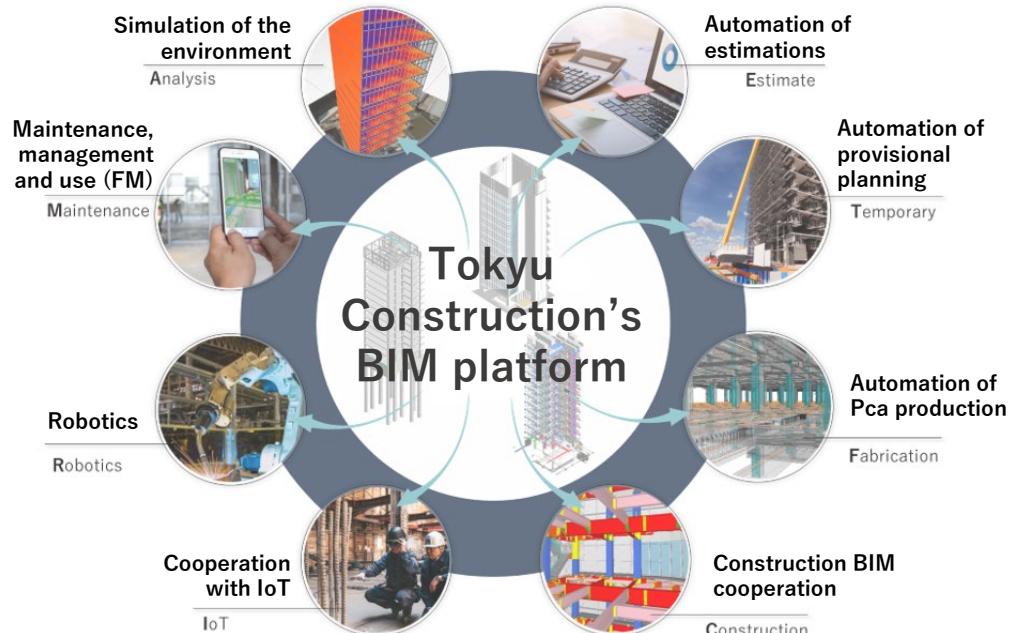
Copyright(C) Tokyu Construction. All rights reserved.

Transformation to BIM-Driven Construction and Production Systems

We are accelerating construction production system reform centered on BIM/CIM to provide solutions to a labor shortage and working time cap, etc.

We strengthen training to improve the digital literacy of employees and promote collaboration with partner companies.

[Building Construction] In view of digital twin*1, we have accumulated a track record of introducing a labor-saving and efficient system driven by digital technology centered on BIM, in cooperation with partner companies.



*1: A digital twin of a building is a virtual version of the building.

*2: Under the PCa (precast concrete) method, concrete products are made at factories in advance before delivered to and used at construction sites. The use of the method helps heighten productivity and reduce waste materials compared with the popular method under which concrete structures are cast on site.

[Civil Engineering] Generated a 50% process reduction effect with PPCa box culvert using 4D simulation

Winner of the Excellence Award of the Ministry of Land, Infrastructure, Transport and Tourism's Infrastructure DX Award



The construction of the underpass around Shibuya Station on R2 National Route 246

[Common] Improvement of employees' digital literacy

Number of qualified employees (people)

IT passport holders

521/2,494

(As of the end of March 2025)

Promotion of Human Capital Management (Instilling Philosophy and Vision)

Vision Dialogue throughout the year, an opportunity for management and a small number of employees to communicate online (all employees are eligible)

By sharing the Philosophy, Vision, and Long-term Management Plan with employees and highlighting them to them, encourage them to take action voluntarily.

What is Vision Dialogue?

- Online dialogue where one management officer and five employees communicate (all employees are eligible)
- Facilitated by corporate and executive officers including the President (held 2 to 3 times a month)
- Randomly chosen employees of various departments, ages, and job types, etc.
- Everyone attends the dialogue on a level footing (no lecturer, no audience)

Background to initiatives

- The whole company needs to understand and accept the plan regarding difficulties and change, including VISION 2030, and the Long-term Management Plan to realize it
- Management repeatedly conveys the Company's vision to employees to create a cycle of understanding, agreement, and voluntary action

Implementation status

FY2021 (1st phase)

FY2022 (2nd phase)

FY2023 (3rd phase)

FY2024 (4th phase)

Theme

First step is to spread the new Vision and have people learn it

Participation status

- 2,436 (participation ratio: 93%)
- 511 times

Evaluation

- Vision is abstract and measures lack concreteness
- Restoration of confidence affected by quality accident

Issues to be improved

- Revise the discussion themes to be more concrete for more active dialogue**

Behavioral change necessary to realize vision and transformation

- 2,447 (participation ratio: 90%)
- 571 times

- Insufficient relative strength and concern about future
- Proceedings of dialogue vary between facilitators

- Prior discussion to foster a common view among all the management officers
- Executives publish their opinions and thoughts in the company newsletter

Moving experience (rediscover job satisfaction, pride, and vision)

- 2,371 (participation ratio: 90%)
- 495 times

- Increased concern about working style reform
- Positively evaluated dialogue with psychological safety

- Will take up a forward-looking and positive subject
- Strengthen the direction of employees and the Company

Dream (Deepen the mission "Realize dreams for each individual")

- 2,328 (participation ratio: 86%)
- 499 times

- The renewed recognition of the meaning of working with "dreams" as a starting point was positively evaluated.

To be continued into the future

Improve Dialogue with the Stock Market and Information Disclosure

We strive to reduce any asymmetric information between the Company and investors through constructive dialogue with shareholders and investors, and active disclosure.

We report opinions received through IR activities to management and outside directors to improve corporate value.

Major activity

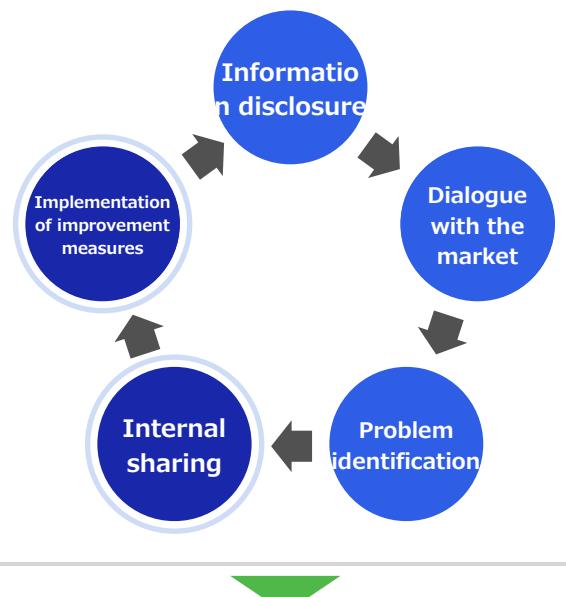
	1Q	2Q	3Q	4Q
Information disclosure	<ul style="list-style-type: none"> Financial results reference material Financial results briefing session 	<ul style="list-style-type: none"> Financial results reference material Publication of integrated report 	<ul style="list-style-type: none"> Financial results reference material Q2 financial results briefing session 	<ul style="list-style-type: none"> Financial results reference material
Dialogue				

Quarterly actions
Report IR activity results, and opinions of shareholders and investors, and share information with related internal divisions

Activity done all year round (as needed)
Active distribution of news releases and enhancement of corporate website
Deal with inquiries and questionnaires

Activity done all year round (as needed)
Individual IR interviews, surveys of related (internal) divisions and on-site visits

Reflect management in PDCA cycle



Promote mutual understanding and make us more trustworthy for the stock market through IR activities

Acquisition of Market Opportunities by Leveraging Our Strength

Three values, Digital Technology

Enhance our presence in the three strategically important areas where we provide value: decarbonization, zero waste, and disaster prevention and mitigation.

To rebuild our business through digital technology, we are developing new construction methods, collaborating with other companies, and promoting awareness within the Company.

Example of acquisition of market opportunities

[Decarbonization] Developing concrete that can reduce CO2 and simplify construction.

Our company and Tokyo University of Science have jointly developed a concrete called "High-producrete" (trademark pending) that can reduce CO2 emissions and streamline the construction process. "High-producrete" is based on the concept of "reducing CO2 emissions by replacing a large portion of Portland cement with resource recycling materials (by-products, recycled materials, etc.) as admixtures, and enhancing liquidity compared to slump-managed concrete to achieve more rational and labor-saving construction." Our company plans to apply "High-producrete" to sites within this fiscal year.



The quality of the constructed wall components

Left: Conventional concrete
Right: High-producrete

[Disaster prevention] Utilization of tunnel inspection systems

Our company, together with Techno Consultant Co., Ltd., has established the "Tunnel Inspection Method Study Group" (hereinafter referred to as the "Study Group") based in Oita City, Oita Prefecture. Oita Prefecture, where this Study Group is based, has the highest number of road tunnels among prefectures, and efforts related to extending the longevity of Oita Prefecture's infrastructure and the utilization of new technologies are considered model cases for infrastructure maintenance in Japan. As part of our efforts toward "disaster prevention," one of the values we provide to customers, we will strive to socially implement the tunnel inspection system "iTOREL."



Image capturing and tapping inspection by tunnel inspection system

Three values



Main measures

Acquisition of revenue opportunities

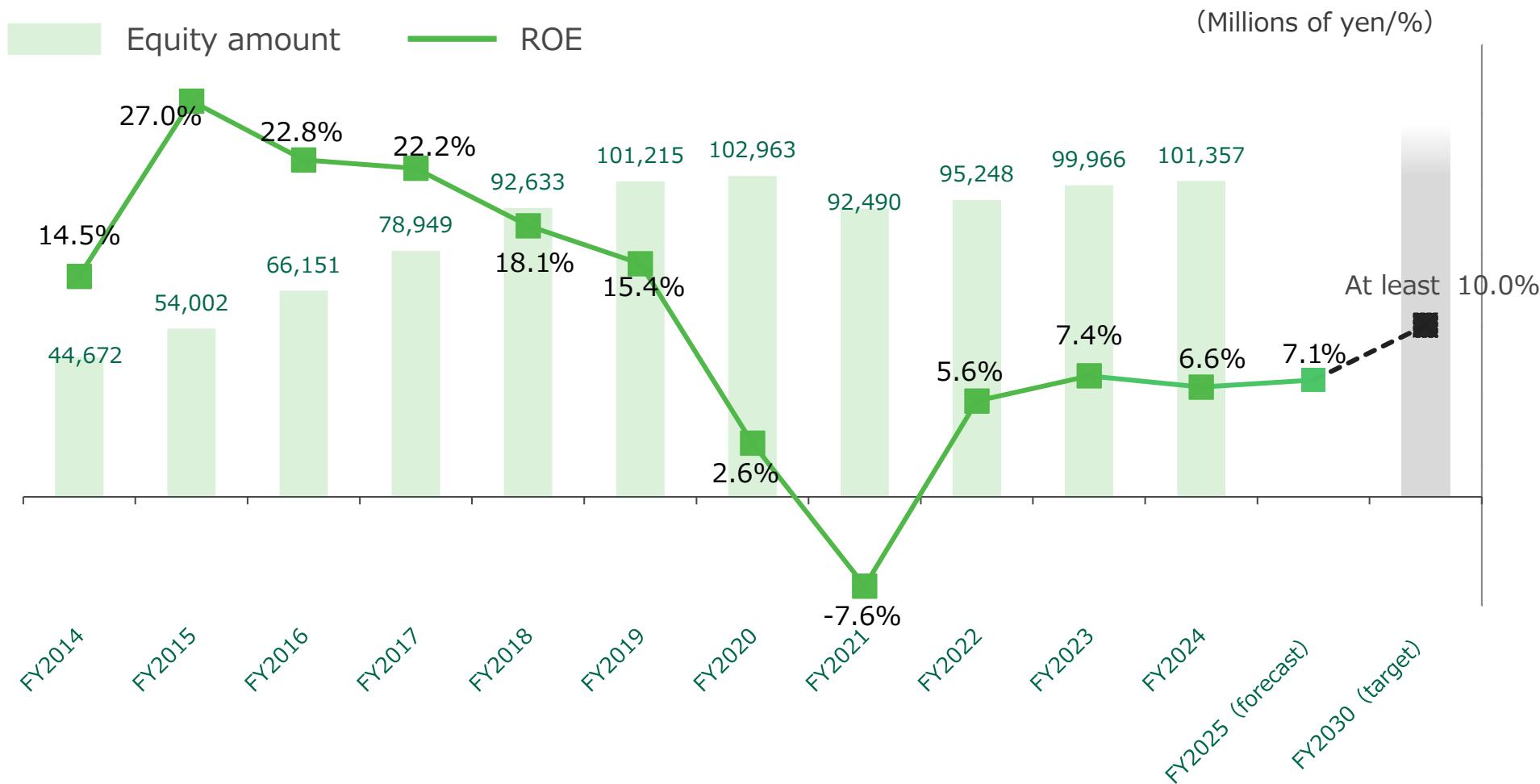
- Entry into renewable energy-related business
- Promotion of wooden construction projects
- Development and operation of decarbonization-related technology
- Extension of the service life of buildings and disaster prevention/mitigation through the use of building health diagnosis technology and torrential rain damage forecasting technology
- Contribution to infrastructure longevity through infrastructure asset management
- Creation of a disaster simulation tool through the use of digital twins

Responding to climate change

- Conversion of all electricity used in our business activities to renewable energy
- Conversion of heavy machinery and dump truck fuel to non-fossil fuel
- Decarbonization of construction materials
- Reduction of final disposal of waste plastics and other wastes
- Promotion of recycled material use
- Development and operation of waste recycling technology

Performance trends

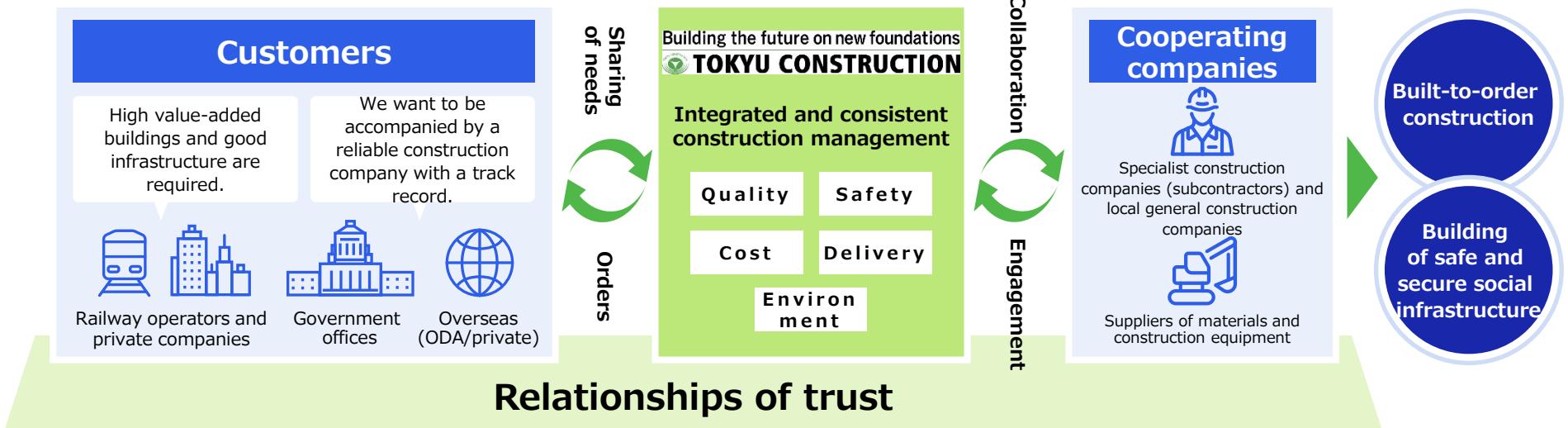
Since the Company split in 2003, we have steadily built up the equity amount, reaching a level of 100 billion yen. ROE has been on a downward trend since FY2015. We aim to achieve over 10% by FY2030, the final year of the long-term management plan.



Business model and business overview

Undertake custom-order construction projects commissioned by public offices and private companies, completing them in collaboration with numerous specialized construction companies. Oversee and manage the construction process over a long term, ensuring safety, quality, cost, schedule, and environmental aspects, and deliver results that satisfy clients.

Business development based on strong relationships of trust



Business overview



Building the future on new foundations



TOKYU CONSTRUCTION

[Inquiries]

Nishida/Morita/Hashimoto
Corporate Planning Department, Corporate Strategy Division
TEL: +81-3-5466-5008
URL: webmaster@tokyu-cnst.co.jp

Notes

Forward-looking statements such as forecasts of the company's results contained in this document are based on information available as of the date of publication and assumptions made as of the date of publication regarding uncertain factors that may affect future results.

Except as otherwise provided for by law, the company shall bear no obligation to update these future predictions. Actual results may differ from future predictions due to various factors.