

Building the future on new foundations



**TOKYU CONSTRUCTION**

TSE : 1720

FY03/2026

# The First Half Financial Results Briefing

November 20, 2025

# — Key points to communicate today



- **Improvement in profitability of the domestic construction business and upward revision of the earnings forecast**

Due to the improvement in profitability of the domestic construction business, gross profit in First Half FY03/2026 exceeded the initial expectations, leading to an upward revision of the full-year earnings forecast.

- **Efforts to Enhance Area Value in Shibuya**

In the redevelopment project around Shibuya Station, which the Tokyu Group focuses on the most, construction has begun on Shibuya Scramble Square Phase II (Central Building and West Building). By leveraging our construction achievements in the complex urban structure of Shibuya, we aim to enhance the area's value and further strengthen our competitive advantage as an urban general contractor strong in railway and station area developments.

- **Strengthening investment in human capital**

Promote transformation of the business portfolio through strengthening human capital investment. Aim to enhance sustainable corporate value by practicing the management philosophy of "Maximize the potential of our human resources."

**FY03/2026**

# **The First Half Results and Full-year Forecast**

The First Half FY03/2026 Financial Results Briefing

# — First Half FY03/2026 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)

**155.9**  
billion yen

YoY  
**+28.8%**  
Progress  
**51.3%**

- In building construction, we received the order for Shibuya Scramble Square Phase II construction work. Promoting order-taking activities focused on profitability, we are steadily securing planned projects in both public and private sectors, further improving profitability at the time of order receipt.
- Civil engineering received orders for railway construction steadily.

### Net Sales

**150.0**  
billion yen

YoY  
**+26.5%**  
Progress  
**44.8%**

- Building construction increased due to progress in large-scale private projects ordered in previous years.
- Civil engineering saw an overall increase with a significant rise in domestic public projects.
- Real estate increased due to the sale of owned properties..

### Operating profit

**5.1**  
billion yen

YoY  
**—**  
Progress  
**44.4%**

- Gross profit increased by 5.9 billion yen compared to the previous term due to improved profit margins in both building construction and civil engineering.
- SG&A increased by 0.7 billion yen due to factors such as increased human capital investment.

### Profit (loss) attributable to owners of parent

**4.1**  
billion yen

YoY  
**—**  
Progress  
**45.1%**

- Due to the increase in operating profit, there is a growth in earnings.
- Gain on sales of Strategic Shareholdings is about 300 million yen.

### Interim dividend per share

**19**  
yen

YoY  
**±0yen**

- Based on a dividend policy targeting a DOE of 4.0% or more, the annual dividends per share are 39 yen (with an interim dividend of 19 yen and a year-end dividend of 20 yen).

# — First Half FY03/2026 Financial Results

Net sales increased due to progress in large-scale private building construction projects and public civil engineering projects for non-consolidated construction orders.

The profitability of the ongoing construction projects improved due to the acquisition of additional work and design changes in building construction and civil engineering, resulting in increased profits.

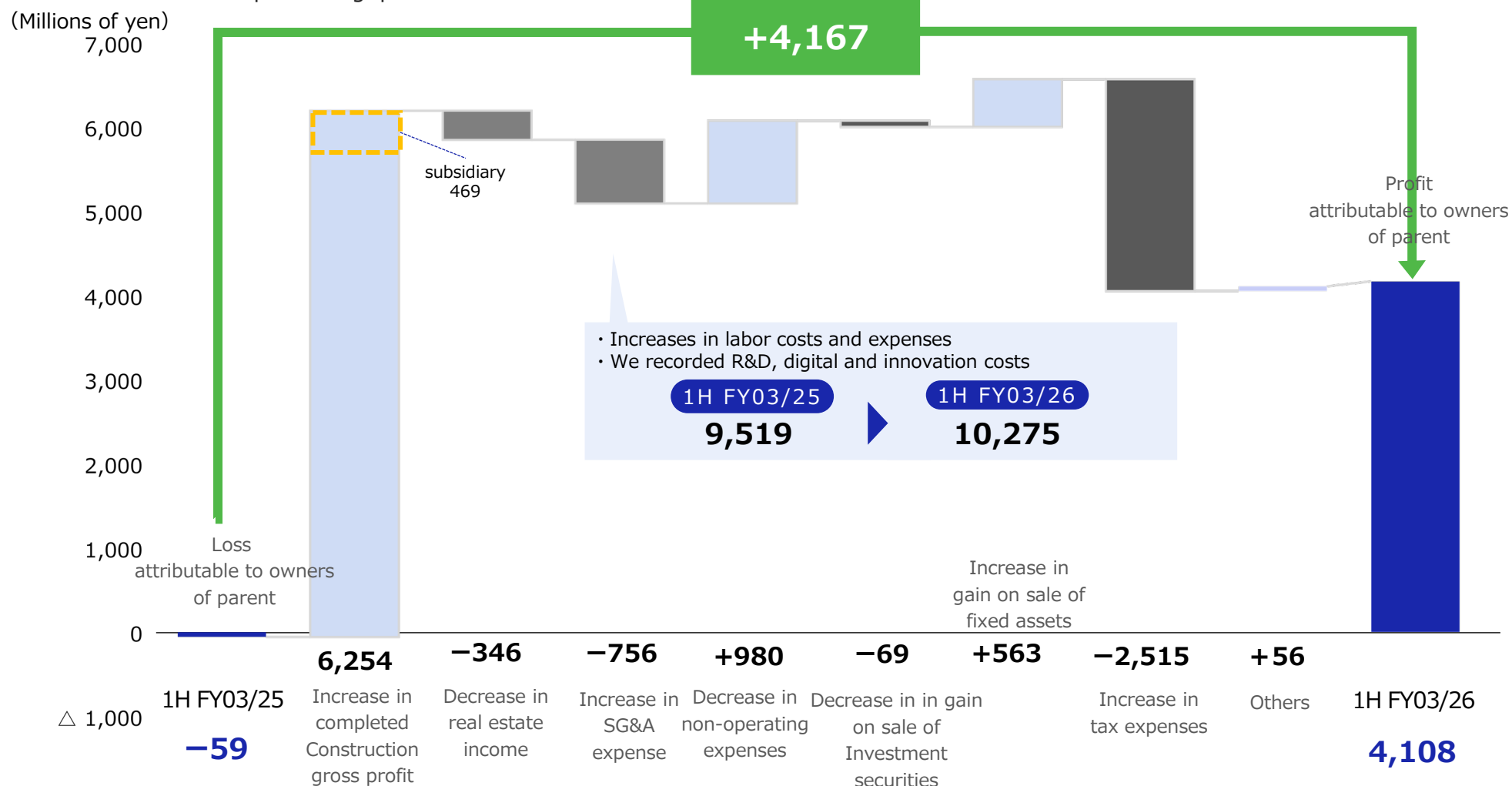
(Millions of yen)		Consolidated					Non-consolidated				
		1H FY03/2025		1H FY03/2026		YoY *	1H FY03/2025		1H FY03/2026		YoY *
Completed construction sales	Building construction	91,660	77.3%	115,825	77.2%	+24,165 +26.4%	81,411	75.6%	107,485	76.0%	+26,073 +32.0%
	Civil engineering	25,977	21.9	32,181	21.4	+6,204 +23.9%	25,625	23.8	32,181	22.7	+6,555 +25.6%
	total	117,637	99.2	148,007	98.6	+30,369 +25.8%	107,037	99.3	139,666	98.7	+32,629 +30.5%
Real estate sales		988	0.8	2,066	1.4	+1,077 +109.0%	711	0.7	1,809	1.3	+1,097 154.2%
Net Sales		118,626	100	150,073	100	+31,447 +26.5%	107,749	100	141,475	100	+33,726 +31.3%
Completed construction gross profit	Building construction	—	%	—	%	—	5,389	6.6%	9,849	9.2%	+4,460 82.8%
	Civil engineering	—	—	—	—	—	2,039	8.0	3,983	12.4	+1,943 +95.3%
	total	8,711	7.4	14,966	10.1	+6,254 +71.8%	7,428	6.9	13,832	9.9	+6,404 +86.2%
Real estate gross profit		802	81.2	456	22.1	(346) (43.1%)	736	103.4	444	24.6	(291) (39.6%)
Gross Profit		9,514	8.0	15,422	10.3	+5,908 +62.1%	8,164	7.6	14,277	10.1	+6,112 %74.9%
SG&A		9,519	8.0	10,275	6.8	+756 +7.9%	8,640	8.0	9,488	6.7	+848 +9.8%
Operating Profit		(5)	—	5,146	3.4	+5,151 —	(475)	—	4,788	3.4	+5,264 —
Ordinary Profit		(630)	—	5,560	3.7	+6,191 —	(952)	—	5,339	3.8	6,291 —
Profit (loss) attributable to owners of parent		(59)	—	4,108	2.7	+4,167 —	(409)	—	4,067	2.9	+4,477 —

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

# Factors Affecting Net Income

Due to the improvement in the profitability of ongoing construction projects, the completed construction gross profit increased significantly, and non-operating expenses such as foreign exchange loss decreased.

Although SG&A increased due to continuous investment in human capital, it was absorbed by the increase in operating profit.



# — FY03/2026 Financial Forecast Highlights

Order volume is progressing as planned.

Operating profit showed improved profitability in both building construction and civil engineering, leading to an upward revision from the beginning of period plan of 9.5 billion yen. Ensure the consistent implementation of the "rebuilding our earning capacity" initiative that we have been working on since the year before last, aiming for further profit improvement.

<b>Orders</b> (non-consolidate)	<b>304.0</b> billion yen	YoY <b>−20.2%</b> vs previous forecast —	<ul style="list-style-type: none"> <li>In building construction, continue making order decisions considering profitability and construction resource status. In civil engineering, domestic public decreased, while domestic general private increased. Overall, there is no change from the beginning of period plan.</li> </ul>
<b>Net Sales</b>	<b>335.0</b> billion yen	YoY <b>+14.3%</b> vs previous forecast <b>−0.9 %</b>	<ul style="list-style-type: none"> <li>Building construction is progressing on schedule for large projects such as redevelopment, logistics facilities, and public works that were ordered in previous years.</li> <li>Civil engineering is reduced by 3.0 billion yen compared to the beginning of period forecast, mainly due to delays in the progress of some projects at overseas subsidiaries.</li> </ul>
<b>Operating profit</b>	<b>11.6</b> billion yen	YoY <b>+31.2%</b> vs previous forecast <b>+22.1%</b>	<ul style="list-style-type: none"> <li>The completed construction gross profit increased by 2.1 billion yen from the beginning of the period plan of 9.5 billion yen due to improved profitability in large-scale building construction projects and additional design change acquisitions for domestic civil engineering projects.</li> </ul>
<b>Profit (loss) attributable to owners of parent</b>	<b>9.1</b> billion yen	YoY <b>+37.2%</b> vs previous forecast <b>+24.7%</b>	<ul style="list-style-type: none"> <li>Due to the increase in operating profit, there is a growth in earnings.</li> </ul>
<b>Dividend per share</b>	<b>39</b> yen	YoY <b>+1yen</b>	<ul style="list-style-type: none"> <li>The dividend per share is expected to be 39 yen, an increase of 1 yen per share, based on the dividend policy of a DOE of at least 4.0%.</li> </ul>

# — FY03/2026 Financial Results Forecast

Net sales increased due to progress in large-scale projects primarily in building construction, and there was an increase in profit due to improved profitability of the ongoing projects in both building construction and civil engineering. (On November 7, 2025, an upward revision of the full-year earnings forecast)

(Millions of yen)		Consolidated					Non-consolidated				
		FY03/2025 Results		FY03/2026 Forecast(revised)		YoY *	FY03/2025 Results		FY03/2026 Forecast(revised)		YoY *
Completed construction sales	Building construction	219,684	74.9%	—	—	—	191,764	72.7%	233,000	75.4%	+41,235 +21.5%
	Civil engineering	68,486	23.4	—	—	—	68,116	25.8	70,000	22.7	+1,883 +2.8%
	total	288,170	98.3	328,000	97.9	+39,829 +13.8%	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	335,000	100	+41,860 +14.3%	263,945	—	309,000	100	+45,054 +17.1%
Completed construction gross profit	Building construction	—	—%	—	—%	—	15,532	8.1%	20,200	8.7%	+4,667 +30.0%
	Civil engineering	—	—	—	—	—	7,757	11.4	7,600	10.9	(157) (2.0%)
	total	26,476	9.2	31,600	9.8	+5,123 +19.3%	23,290	9.0	27,800	9.2	+4,509 +19.4%
Real estate gross profit		2,239	45.1	1,100	15.7	(1,139) (50.9%)	1,871	46.0	1,100	18.3	(771) (41.2%)
Gross Profit		28,716	9.8	32,700	9.8	+3,983 +13.8%	25,162	9.5	28,900	9.4	+3,737 +14.9%
SG&A		19,876	6.8	21,100	6.3	+1,223 +6.2%	18,391	7.0	19,700	6.4	+1,308 +7.1%
Operating Profit		8,839	3.0	11,600	3.5	+2,760 +31.2%	6,770	2.6	9,200	3.0	+2,429 +35.9%
Ordinary Profit		9,701	3.3	12,400	3.7	+2,698 +27.8%	6,911	2.6	9,700	3.1	+2,788 +40.3%
Profit (loss) attributable to owners of parent		6,631	2.3	9,100	2.7	+2,468 +37.2%	3,896	1.5	7,200	2.3	+3,303 +84.8%

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

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



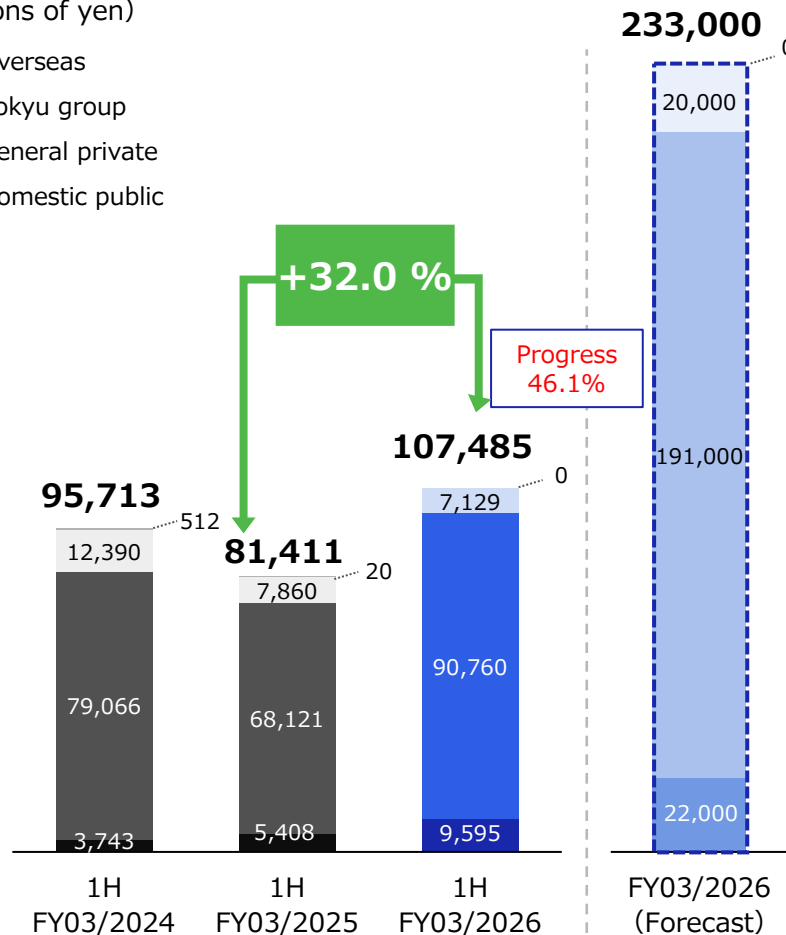
For 1H of FY03/2026, completed construction sales increased due to the progress of large private projects ordered in previous years. For the full year, it is expected to progress as planned from the beginning of the period.

For 1H of FY03/2026, the completed construction gross profit margin improved by 2.6 points YoY due to additional design changes, and for the full year, it is expected to be 8.7%.

## Completed construction sales

(Millions of yen)

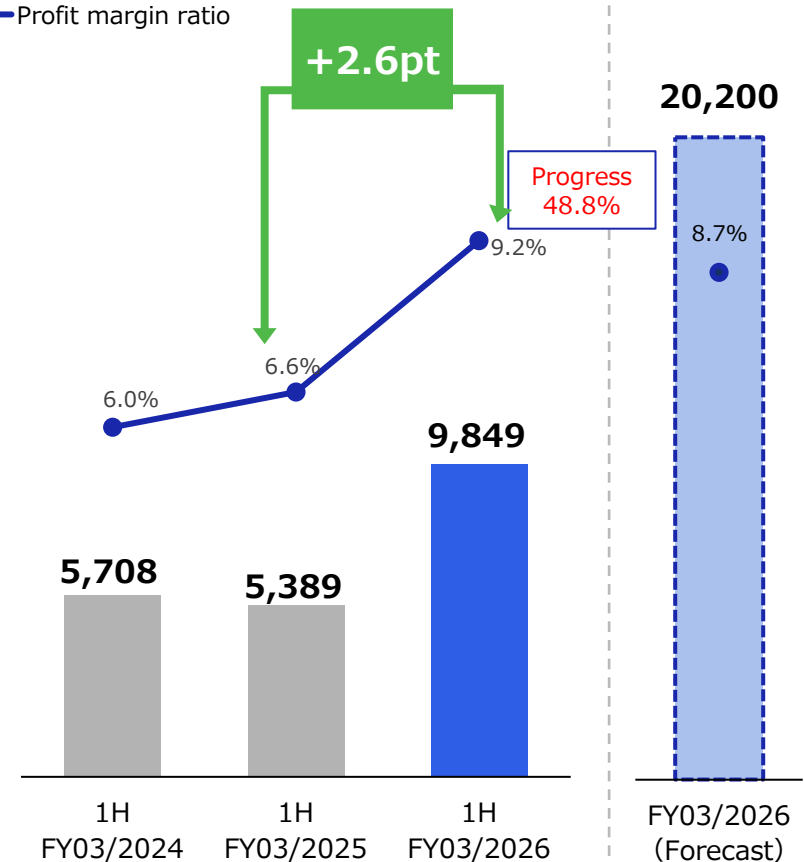
- Overseas
- Tokyu group
- General private
- Domestic public



## Gross profit

(Millions of yen)

● Profit margin ratio



# — Non-Consolidated / Building construction (Orders)

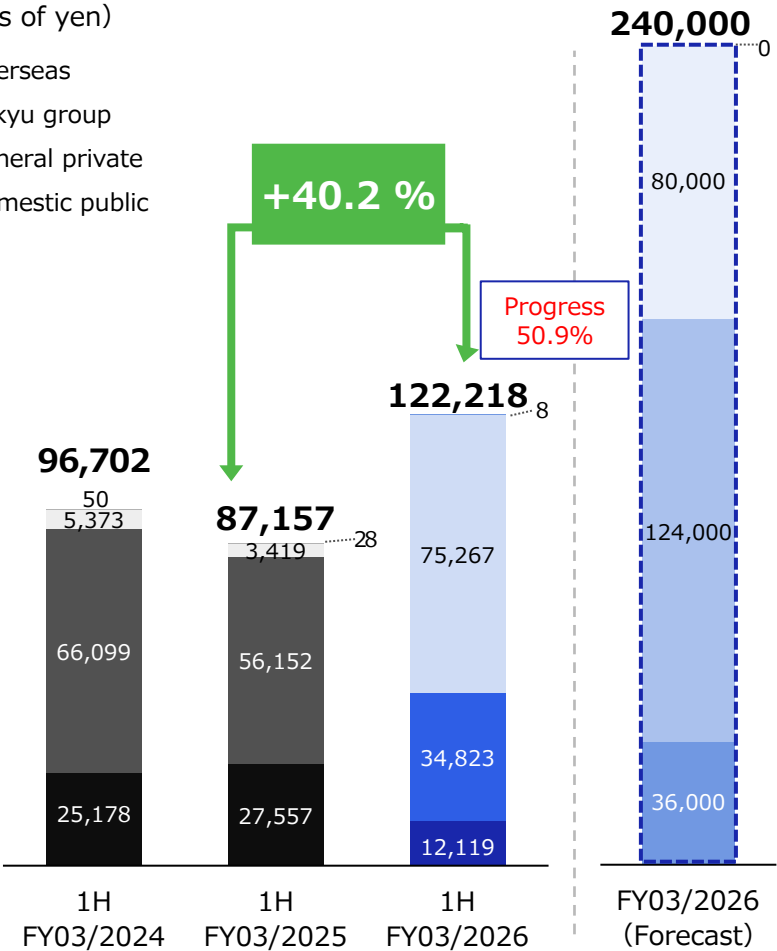
For 1H of FY03/2026, orders proceeded as planned, with Tokyu Group securing the contract for Shibuya Scramble Square Phase II construction.

Amid strong demand, we steadily secured key projects and forecast 240 billion yen for the full year. We aim to further improve profitability at the time of order receipt.

## Orders

(Millions of yen)

- Overseas
- Tokyu group
- General private
- Domestic public



## Main orders

Ordered by	Name of construction	Place of construction
Shibuya Ward, Tokyo	Hiroo Junior High School Complex (provisional name) building construction work	Tokyo
Keikyu Corporation	[Kanagawa-Shinmachi Station and Current Offices Long-Term Maintenance Plan] Building Construction Work (Part 4) Construction of New Seaside Building Wing	kanagawa prefecture
Mitsubishi Estate Residence Co., Ltd.	Setagaya-ku Okusawa 5-chome New Construction Project	Tokyo
SoftBank Corp.	Data Hall Building construction work	Hokkaido Prefecture
Kanagawa University	Kanagawa University Yokohama Campus Building No. 13 (Gymnasium) Renovation Work	kanagawa prefecture
Sekisui Chemical Co., Ltd.	Sekisui Chemical Musashi Plant P Company New Office Building construction work	Saitama prefecture
Tokyu Corp., East Japan Railway Company, Tokyo Metro Co., Ltd.	Shibuya Station District West Building and Central Building Upper Floors (Interior and Equipment) New Construction Work (Shibuya Scramble Square Phase II)	Tokyo

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



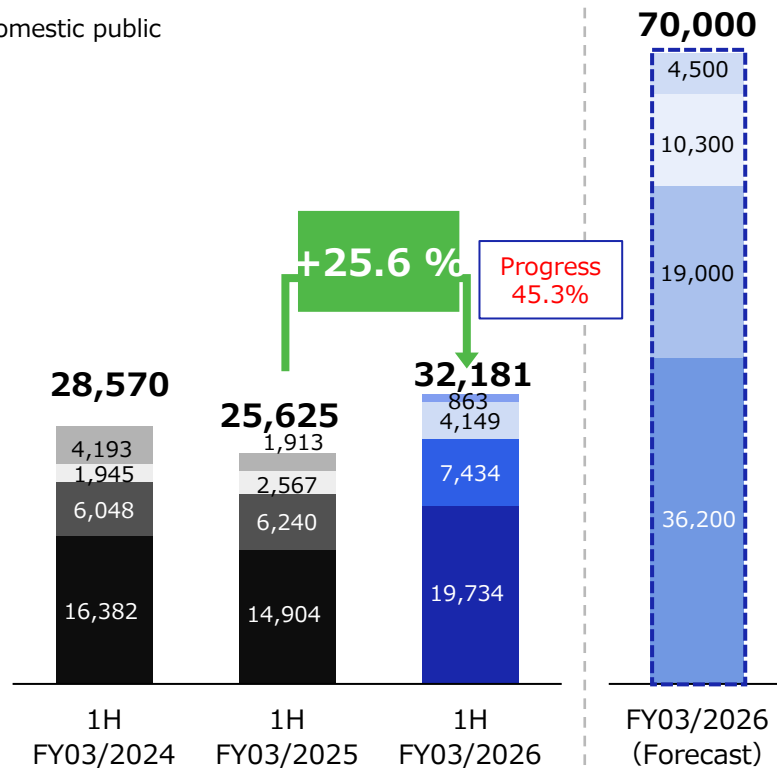
For 1H of FY03/2026 completed construction sales saw a significant increase in domestic public projects, and for the full year, sales are projected to be 70.0 billion yen due to the progress of on-hand projects.

The gross profit margin for 1H of FY03/2026 completed construction is 12.4% due to the acquisition of additional design change projects. For the full year, it is expected to be 10.9% due to the impact of low-profit projects.

## Completed construction sales

(Millions of yen)

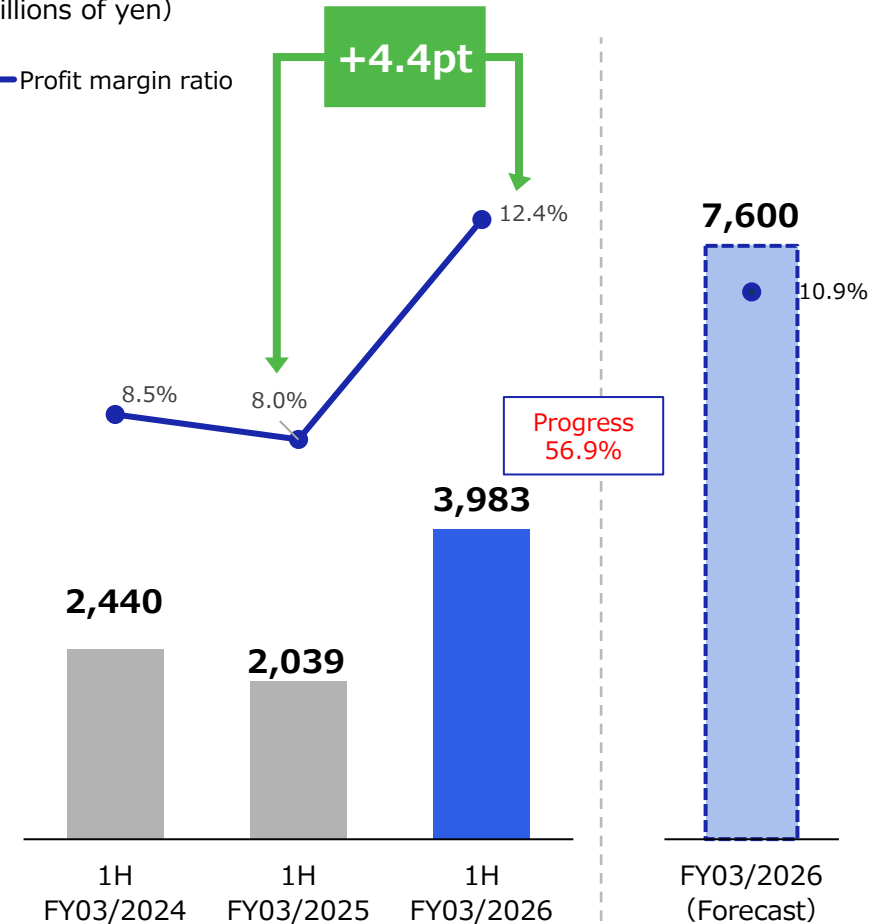
- Overseas
- Tokyu group
- General private
- Domestic public



## Gross profit

(Millions of yen)

- Profit margin ratio



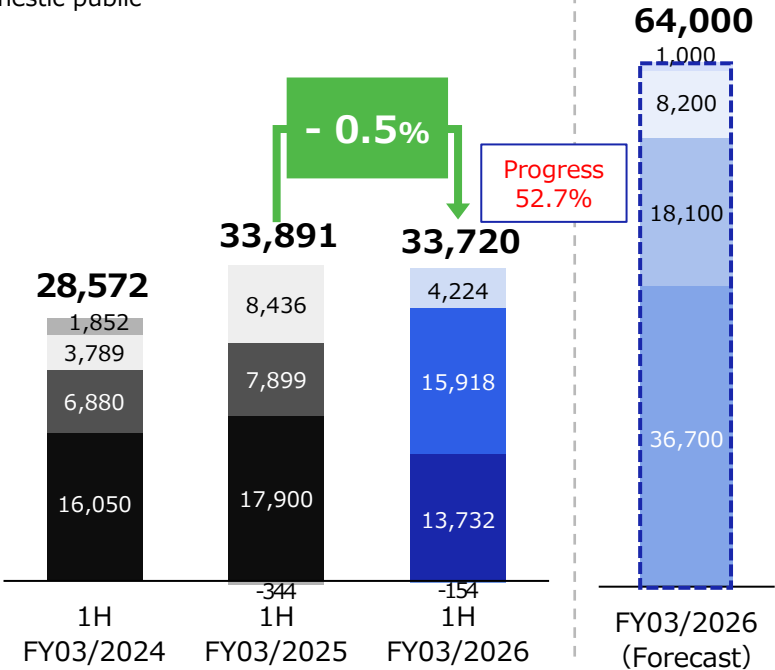
# — Non-Consolidated / Civil engineering (Orders)

Railway construction is increasing, and in connection with development along railway lines, we have received a civil engineering contract in front of Saginuma Station.  
 By accumulating orders for targeted public projects, we forecast 64.0 billion yen for the full year.

## Orders

(Millions of yen)

- Overseas
- Tokyu group
- General private
- Domestic public



## Main orders

Ordered by	Name of construction	Place of construction
Yokohama City	Sewer Improvement Work for the Daimon Stormwater Main Line in the Western Treatment Area	kanagawa prefecture
Saginuma Station Front District Urban Redevelopment Association	Development construction for public facilities, etc. (Part 1) associated with the first type of urban redevelopment project in the Saginuma Station front area	kanagawa prefecture
Tokyo Metro Co., Ltd.	Ginza Line Shibuya Station West Exit Section 2 Civil Engineering Construction	Tokyo
TEPCO Power Grid, Inc.	Pipeline relocation work near Momura, Inagi City, and one other project	Tokyo
TOKYU Railways	Den-en-toshi Line Miyazaki Bridge Pier Sidewalk Renovation and Other Works (civil engineering works)	kanagawa prefecture

## — Non-Consolidated Order Forecast

The public sector in building construction and the private sector in civil engineering are exceeding the assumptions made at the beginning of the period.  
Considering the construction resources, there are no changes from the beginning of period plan overall.

(Millions of yen)	FY03/2025	FY03/2026		YoY	Vs Previous Forecast
	Results	Previous Forecast	Revised Forecast		
Domestic public	36,128	24,000	<b>36,000</b>	(128)	+12,000
Domestic private	247,711	216,000	<b>204,000</b>	(43,711)	(12,000)
General private	226,087	136,000	<b>124,000</b>	(102,087)	(12,000)
Tokyu Group	21,624	80,000	<b>80,000</b>	+58,375	0
Overseas	51	—	—	(51)	—
<b>Building construction</b>	<b>283,892</b>	240,000	<b>240,000</b>	<b>(43,892)</b>	0
Domestic public	38,559	40,500	<b>36,700</b>	(1,859)	(3,800)
Domestic private	25,680	22,500	<b>26,300</b>	+619	+3,800
General private	13,925	9,900	<b>18,100</b>	+4,174	+8,200
Tokyu Group	11,755	12,600	<b>8,200</b>	(3,555)	(4,400)
Overseas	32,966	1,000	<b>1,000</b>	(31,966)	0
<b>Civil engineering</b>	<b>97,206</b>	64,000	<b>64,000</b>	<b>(33,206)</b>	0
<b>Total</b>	<b>381,098</b>	<b>304,000</b>	<b>304,000</b>	<b>(77,098)</b>	0

# Construction Renewal

For 1H of FY03/2026, the results showed lower revenue due to fewer short-term projects than anticipated, leading to a profit decline.

The demand for construction renewal is firm, and efforts are being made to secure orders for highly productive projects.

## 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.

### Net Sales/Gross Profit

### Orders

(Millions of yen)

(Millions of yen)

■ Net Sales  
● Gross Profit Margin

13.0%      15.5%      13.6%

24,189

27,157

26,206

1H Results  
9,187

FY03/2024

FY03/2025

FY03/2026  
(forecast)

23,862

25,731

27,366

1H Results  
10,056

FY03/2024

FY03/2025

FY03/2026  
(forecast)

※ 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.

# — International

We focus our business on construction projects related to official development assistance (ODA) in Southeast and South Asia, particularly in our area of expertise, transportation infrastructure. Strive to expand the business area to both upstream and downstream of the value chain by participating in TOD\*1.

## Future policy

- The expertise and technology we cultivated through urban development along the Tokyu Line, and railway/road construction work in Japan and overseas

## External environment

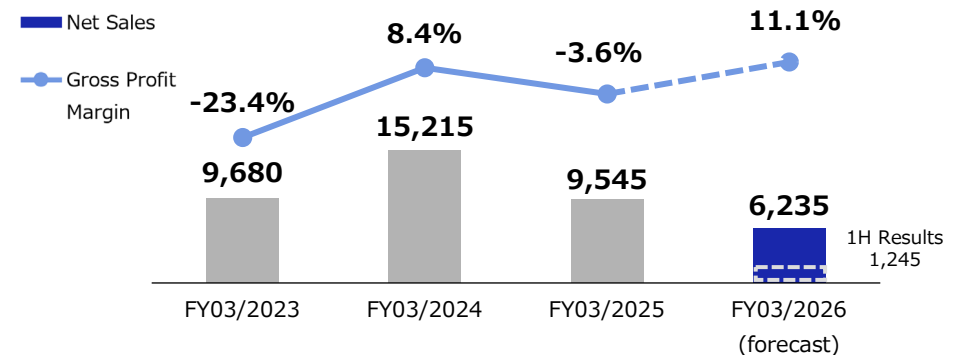
- Needs for infrastructure development in Southeast and South Asia will increase.
- Intensifying market competition with growing local general contractors
- Rising uncertainty, including the risk of political upheaval and rising prices

## Future policy

- **Expand and maintain ODA projects, Expand and maintain ODA projects, and enter non-ODA projects**
- **Focus on TOD urban planning, etc. in cooperation with overseas partner companies**
- **Strengthen the foundation for growth by implementing personnel and organizational strategies**

## Net Sales/Gross Profit \*2

(Millions of yen)



## Overview of The 1H financial results

- Net sales in the first half were 1.2 billion yen.
- Net sales fell approximately 1.7 billion yen short of the beginning of period plan due to delays in the progress of some projects at the overseas subsidiary.
- The absence of impacts such as provisioning for losses at overseas subsidiaries in the previous fiscal year led to an improvement in the gross profit margin.
- Prepare to commence large-scale ODA construction projects ordered in the previous fiscal year.

\*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)

# — 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.

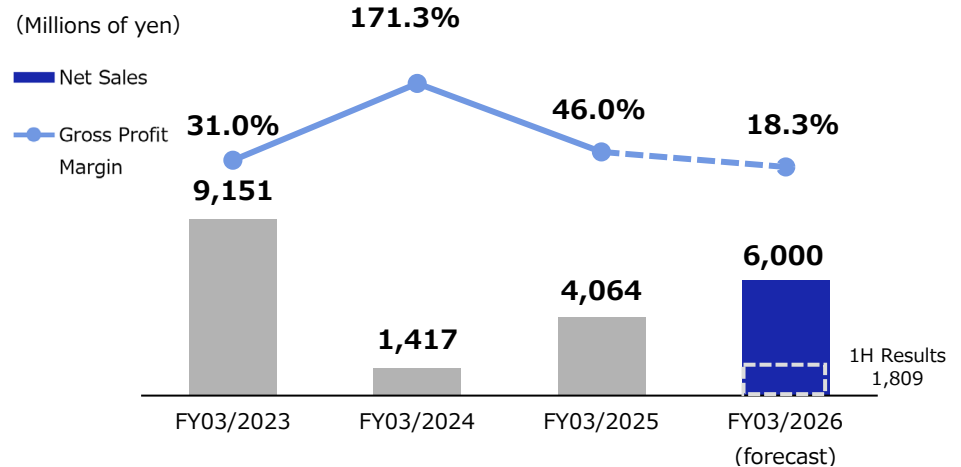
## External environment

- 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 \*



## Overview of The 1H financial results

- Net sales in the first half were 1.8 billion yen.
- The full-year forecast is expected to be 6.0 billion yen, anticipating the sale of some owned properties.
- Acquired new properties such as residences and office buildings as of 1H of FY03/2026.

\* 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.

# — Consolidated Balance Sheets

The equity ratio was at 39.3%, increase of 2.2 percentage points compared with March 31, 2025.  
D/E ratio was 0.22 times due to a decrease in borrowings.

(Millions of yen)	As of March 31, 2025	As of September 30, 2025	YoY
<b>Current assets</b>	<b>216,723</b>	<b>203,273</b>	<b>(13,450)</b>
<b>Non-current assets</b>	<b>24,863</b>	<b>26,823</b>	<b>1,959</b>
<b>Investments and other assets</b>	<b>32,728</b>	<b>32,193</b>	<b>(534)</b>
<b>Total assets</b>	<b>274,315</b>	<b>262,290</b>	<b>(12,025)</b>
<b>Liabilities</b>	<b>147,299</b>	<b>142,596</b>	<b>(4,703)</b>
<b>Non-current liabilities</b>	<b>24,348</b>	<b>15,478</b>	<b>(8,869)</b>
<b>Total net assets</b>	<b>102,667</b>	<b>104,214</b>	<b>1,547</b>
<b>Total liabilities and net assets</b>	<b>274,315</b>	<b>262,290</b>	<b>(12,025)</b>
<b>Equity ratio(%)</b>	<b>37.1</b>	<b>39.3</b>	<b>+2.2pt</b>
<b>Interest-bearing debt</b>	<b>26,711</b>	<b>22,608</b>	<b>(4,103)</b>
<b>D/E ratio (times)</b>	<b>0.26</b>	<b>0.22</b>	<b>(0.04)</b>
<b>Net Cash</b>	<b>12,954</b>	<b>17,150</b>	<b>+4,195</b>

## Increase/decrease factors

### – Current assets

- Cash and deposits +92
- Notes receivable, accounts receivable from completed construction contracts and other –19,164
- Real estate for sales +5,562

### – Non-current assets

- Investment securities –485

### – Liabilities

- Notes payable, accounts payable for construction contracts and other –12,098
- Advances received on construction contracts in progress +2,695
- Electronically recorded obligations – operating +518
- Deposits received +1,763
- Provision for loss on construction contracts –946
- Short-term borrowings +6,000

### – Non-current liabilities

- Long-term borrowings –10,103

### – Total net assets

- Retained earnings +2,088
- Total accumulated other comprehensive income –721

# — Consolidated Statements of Cash Flows

The ending balance of cash and cash equivalents maintained the same level as the same period of the previous year, despite cash outflows due to the acquisition of fixed assets and the repayment of short-term borrowings, thanks to a decrease in accounts receivable.

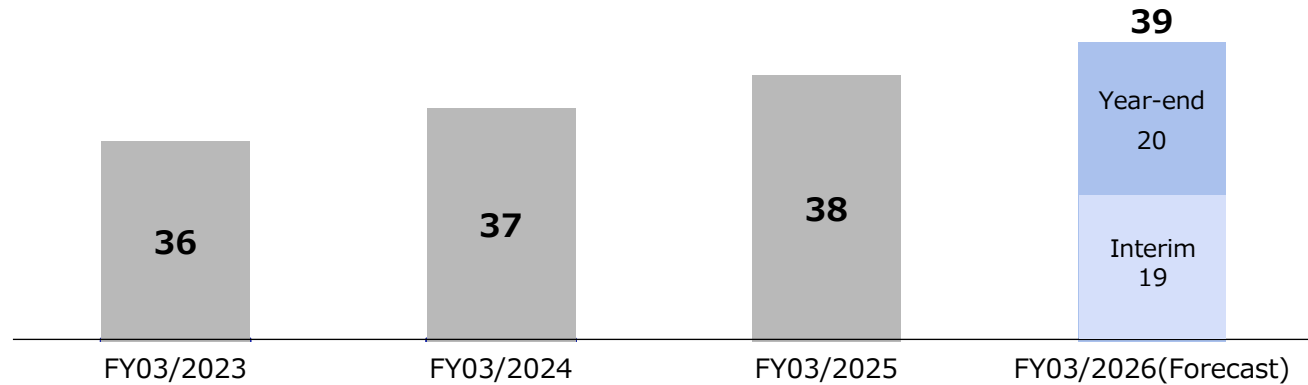
(Millions of yen)	1H FY03/2025	1H FY03/2026	1H FY03/2026 remarks
Cash flows from operating activities	<b>15,984</b>	<b>8,185</b>	Increase in funds due to a decrease in accounts receivable and an increase in notes receivable, accounts receivable from completed construction contracts, and other receivables.
Cash flows from investing activities	<b>(402)</b>	<b>(2,208)</b>	Despite the income from the sale of tangible and intangible fixed assets, there was a decrease in funds due to expenditures such as the acquisition of tangible and intangible fixed assets.
Free cash flow	<b>15,581</b>	<b>5,977</b>	—
Cash flows from financing activities	<b>(14,744)</b>	<b>(6,059)</b>	Due to factors such as the decrease in short-term borrowings and dividend payments, there was a reduction in funds.
Net increase (decrease) in cash and cash equivalents	<b>862</b>	<b>92</b>	—
Cash and cash equivalents at beginning of period	<b>31,942</b>	<b>39,666</b>	—
Cash and cash equivalents at end of period	<b>32,805</b>	<b>39,758</b>	—

# — Shareholder returns

The annual dividends are planned to be 39 yen per share, continuing the basic policy of an equity dividends yield (DOE) of 4.0% or more, recognizing the importance of capital efficiency and emphasizing stable and continuous profit returns to shareholders.

## ■ Dividend per share

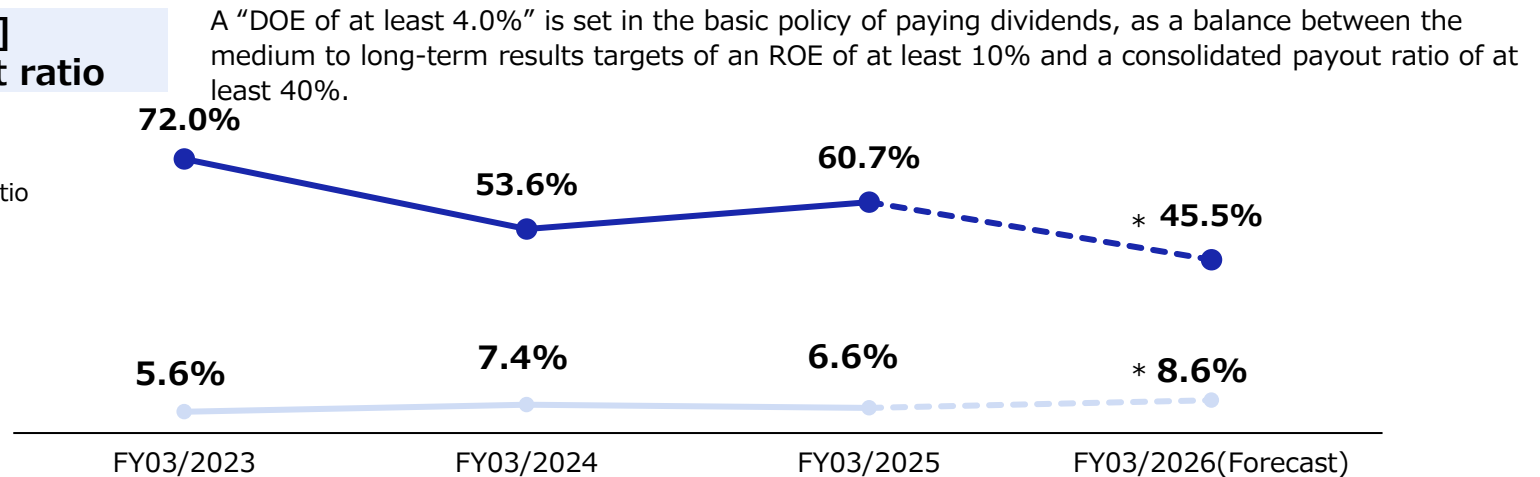
(yen)



### [Reference] ROE and payout ratio

(%)

— ROE  
— Payout ratio



\* Figures reflecting the revision of the earnings forecast disclosed on November 7, 2025.

Copyright(C) Tokyu Construction. All rights reserved.

# Rebuilding of our earning capacity (Problem-solving skills)



Due to the quality incident in 2021, the first year of the long-term management plan resulted in an operating deficit. We are committed to quickly restoring performance. Since FY2023, we have focused on restructuring our earning capacity through five key strategies.

## Points of strategy

## Background and Policy

## Results

### Safety/ quality

There have been many safety and quality incidents in the construction industry. Even within Tokyu Construction, past quality incidents highlight the need for review of our systems, organizations, and organizational culture.

We work to improve employees' accident prevention awareness and eliminate lost earnings due to human errors caused by Tokyu Construction and our partner companies.

- Improved awareness of safety compliance and quality assurance

➔ P19

### Sales force

Backlogs are increasing, particularly among major contractors, and even mid-tier and smaller general contractors are sometimes forced to forgo projects due to constraints in construction resources.

In this environment, we are working to enhance profitability by rigorously prioritizing focus areas and profitability in decision-making, strengthening our offerings, and promoting integrated initiatives between sales and construction operations.

- Improved profitability at order receipt

- Increased orders in focus areas and for projects where we can demonstrate our strengths
- Increased number of inquiries from new customers

### Productivity/ labor force

Low profit margins in large-scale projects impact earnings. Therefore, we are enhancing support from Head Office and branches to reduce the operational burden on worksites, and continuously improving our construction production systems to raise productivity and efficiency, thereby securing supply capacity and improving profitability

- Implemented workstyle reforms through coordination with Head Office and branches, and labor-saving construction methods
- Secured construction resources by leveraging ICT tools and stronger partnerships with collaborating firms

### Construction Renewal

The renewal market continues to expand. We aim to improve profitability through decision-making that prioritizes key projects and by focusing on large-scale renewal projects.

- Expanded order intake in fields where we can leverage our strengths, with a strong focus on construction efficiency and profitability at order receipt

### Human resources investment

Our investment in human capital has fallen far behind industry competitors, making urgent action necessary. Accordingly, we are working to improve our competitiveness by making human resources a central pillar of our strategy, thereby increasing corporate value.

- Better compensation to a level competitive with others in the industry

- Hiring and training individuals with no experience in building construction as "para-engineers"
- Enhanced digital capabilities through initiatives such as IT Passport certification programs

➔ P26

# 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.

Establishing a Culture Reform Awareness Center, strengthening initiatives towards genuine organizational culture reform, and solidifying trust from customers.

## Overview of the quality problems

In FY2021, in addition to substandard pile tips and data falsification in station improvement work, defects such as the retention of temporary structures and building construction defects were identified.

## 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)     | <ul style="list-style-type: none"> <li>• New establishment of the quality control division of Head Office</li> <li>• Building of a human and technical support system for the field</li> </ul>   |
| Information sharing & Improvement of training programs for worksite engineers | <ul style="list-style-type: none"> <li>• Introduction of preliminary reporting by e-mail of accidents and problems directly linked to management</li> <li>• Expansion of the internal reporting system</li> <li>• Review of construction management education and training programs</li> </ul> |
| Accountability clarification  | <ul style="list-style-type: none"> <li>• Voluntary return of remuneration by Directors and Executive Officers</li> <li>• 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</li> </ul>     |
| Reforming corporate culture   | <ul style="list-style-type: none"> <li>• Compliance education for all officers and employees</li> <li>• Launch of measures that make communications more frequent and effective</li> </ul>   |

## ■ Establishment of Culture Reform Awareness Center

In October 2025, to thoroughly prevent recurrence, a Culture Reform Awareness Center was opened at the headquarters with the aim of having all employees learn from past lessons and encouraging individual behavioral change.

Moving forward, as part of education for all employees, they will engage in genuine culture reform through group training.



Permanent Exhibition Room of the Cultural Reform Awareness Center

# **Initiatives for medium- to long-term growth**

The First Half FY03/2026 Financial Results Briefing

# Acquisition of Market Opportunities by Leveraging Our Strength

## Progress of urban development around Shibuya Station

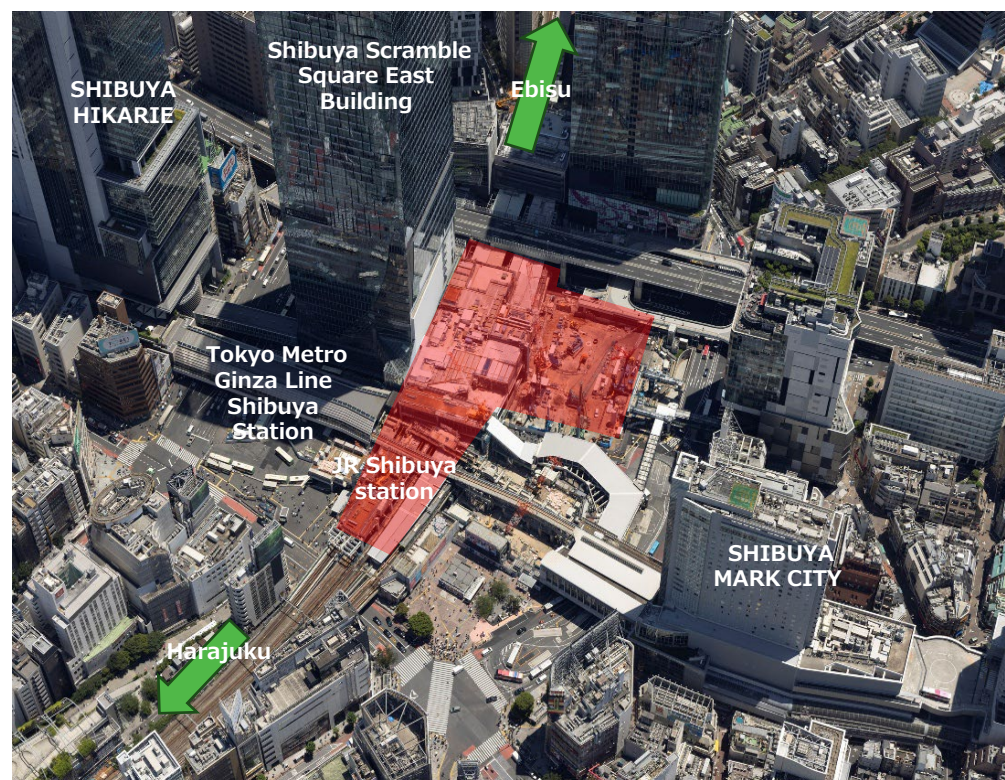
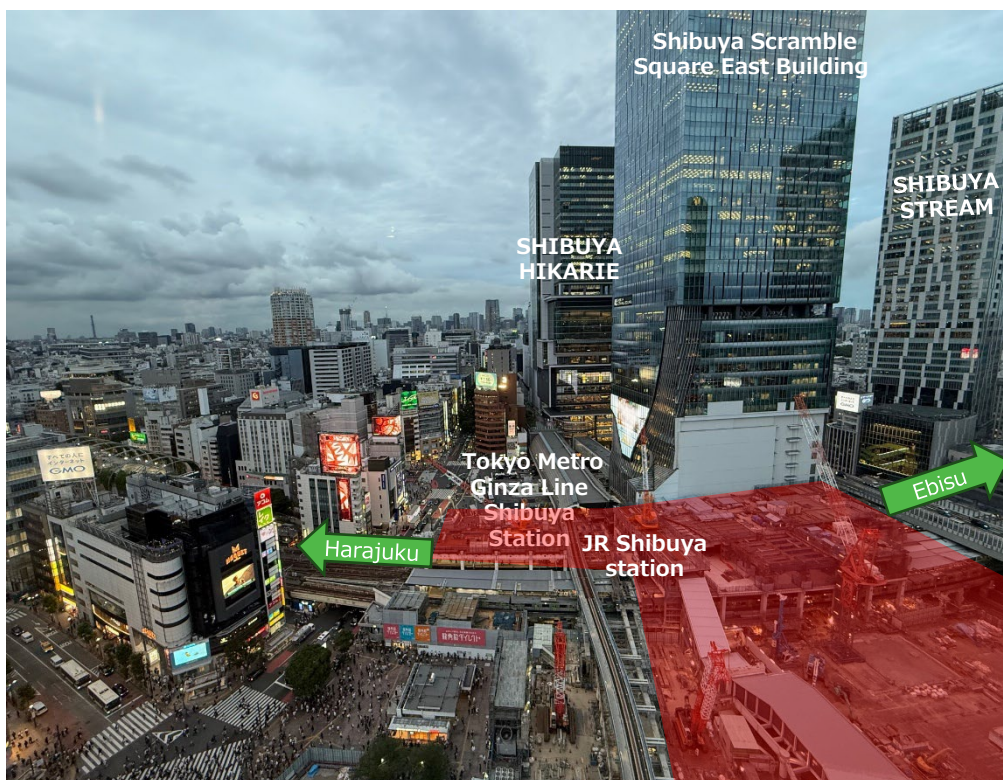


Construction for Shibuya Scramble Square Phase II (Central Building and West Building) commenced in May 2025. Construction directly above the terminal station requires constant careful consideration for railway facilities and pedestrians.

We will leverage our strength in "Technology that keeps urban functions running" to provide an unchanged daily experience to those visiting Shibuya during the construction period.

## The situation around Shibuya Station

(As of October 2025)



The red frame indicates the construction site for the Shibuya Scramble Square Phase II (Central Building and West Building), with construction starting in May 2025.

# Acquisition of Market Opportunities by Leveraging Our Strength Strengthening the brand of urban general contractors



Participate in large redevelopment plans such as "Shibuya Scramble Square Phase II" and "Shibuya Upper West Project."  
Achieve medium-term stable revenue and gain insights and expertise through projects for acquiring new business opportunities and fostering human resources growth.  
Strengthen brand power as an "urban general contractor" strong in railway and station area development.

**Our company's advantages in realizing the Shibuya area redevelopment project**

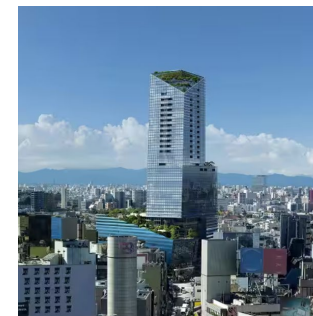
- ✓ Technology that keeps urban functions running
- ✓ Expertise cultivated over many years
- ✓ Teamwork beyond departmental boundaries



<View from the scramble crossing>



<View from the direction of the Miyamasuzaka intersection>



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

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

Business owner	Tokyu Corporation, East Japan Railway Company, Tokyo Metro Co., Ltd.
Usage	Stores, parking lots, etc.
Gross floor area	Approximately 95,000m <sup>2</sup> (Reference: total upon completion approximately 276,000m <sup>2</sup> )
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.

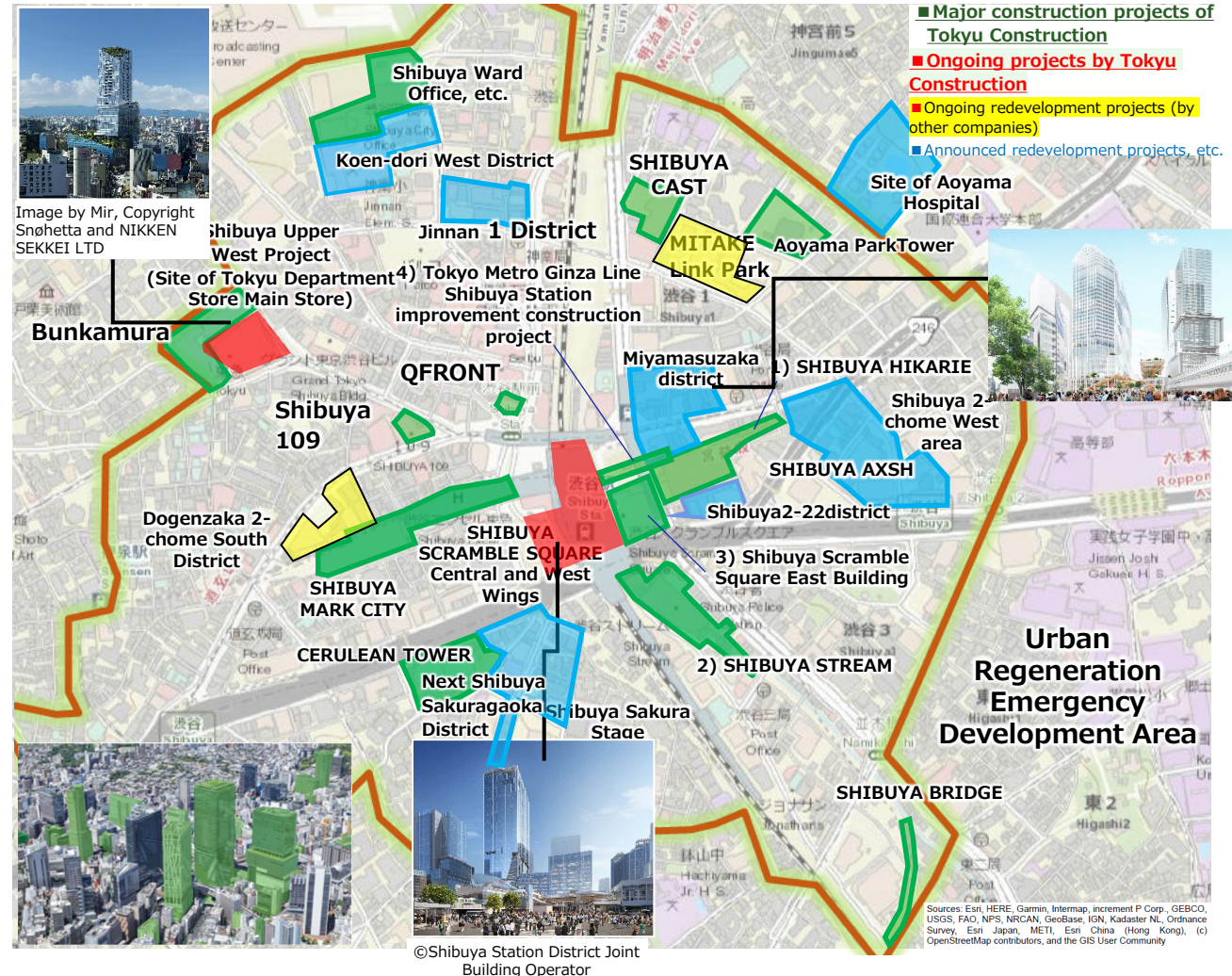
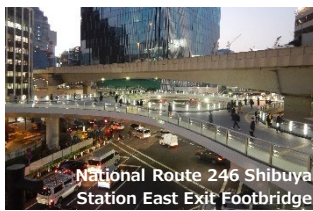
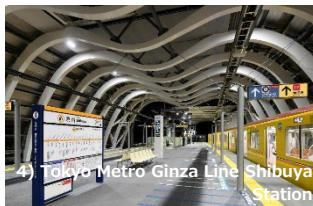
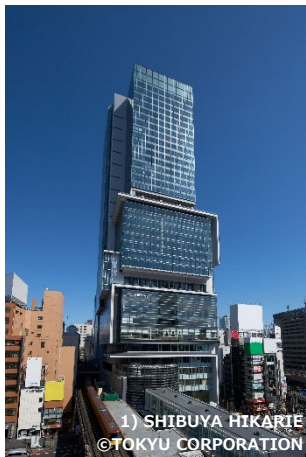
## Shibuya Upper West Project groundbreaking

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

# — 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.

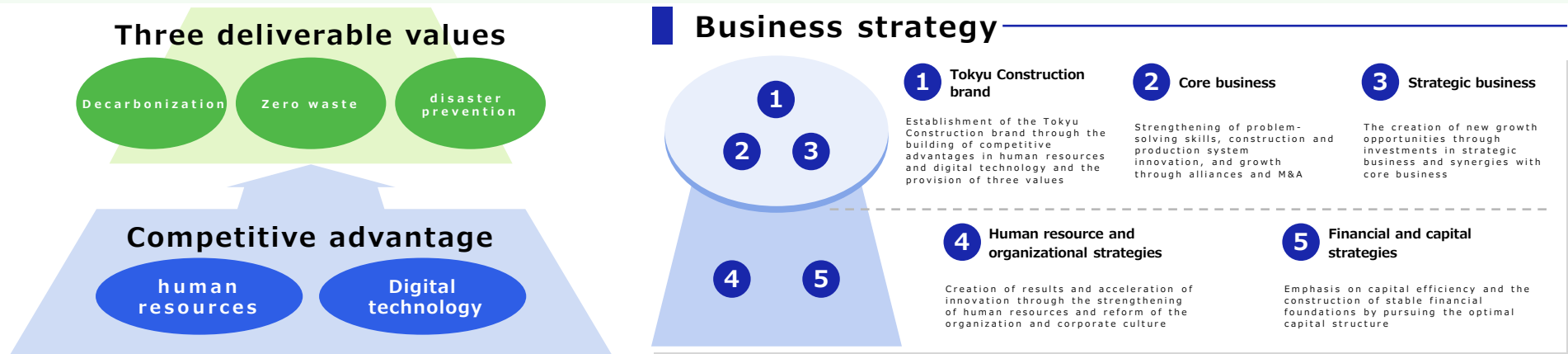


The buildings and infrastructure highlighted in the aerial photos are our construction projects. The map was created by the Company based on published data. ©Copyright(C) Tokyu Construction. All rights reserved.

# 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.



KPI		03/FY2025 Results	03/FY2026		03/FY2028	03/FY2031
			Previous Forecast	Revised Forecast		
Profitability	Operating profit	8.8 billion yen	9.5 billion yen	11.6 billion yen	At least 11.0 billion yen	At least 22.0 billion yen
	Operating profit margin	3.0%	2.8%	3.5%	At least 3.0	At least 5.0%
Efficiency	ROIC (*1)	5.2%	—	—	—	At least 7.0%
	ROE	6.6%	7.1%	8.6%	At least 8.0%	At least 10.0%
Soundness	Debt-to-equity ratio	0.26 times	0.5 times or less			0.5 times or less
	Capital adequacy ratio	37.1%	Approx. 40%			Approx. 45%
Non financial	Employee engagement rating (*2)	BB	A	A	A	AAA
	GHG emissions Scope1・2 *3	—	26.2% reduction	26.2% reduction	34.9% reduction	47.9% reduction
	GHG emissions Scope3 *3	—	17.5% reduction	17.5% reduction	22.5% reduction	30.0% reduction

\*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).

Copyright(C) Tokyu Construction. All rights reserved.

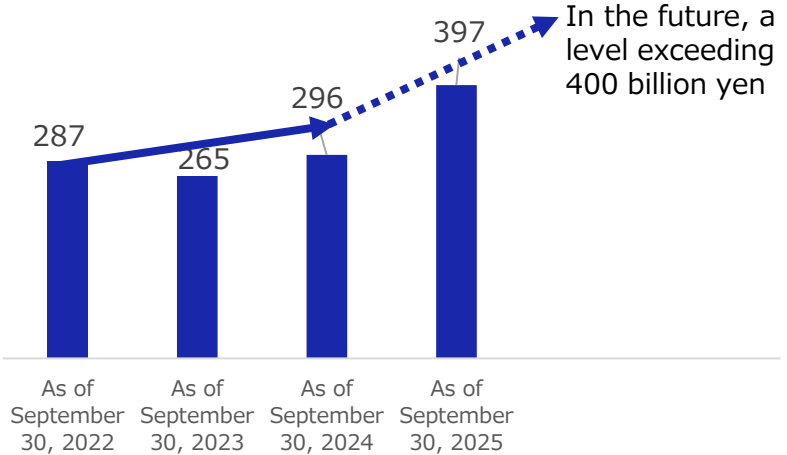
# Initiatives for medium- to long-term growth

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.

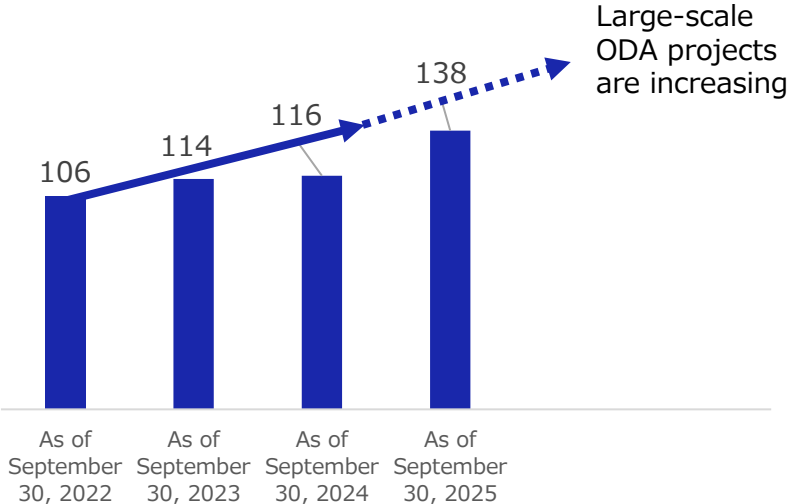
(billion yen)

## Construction work carried forward

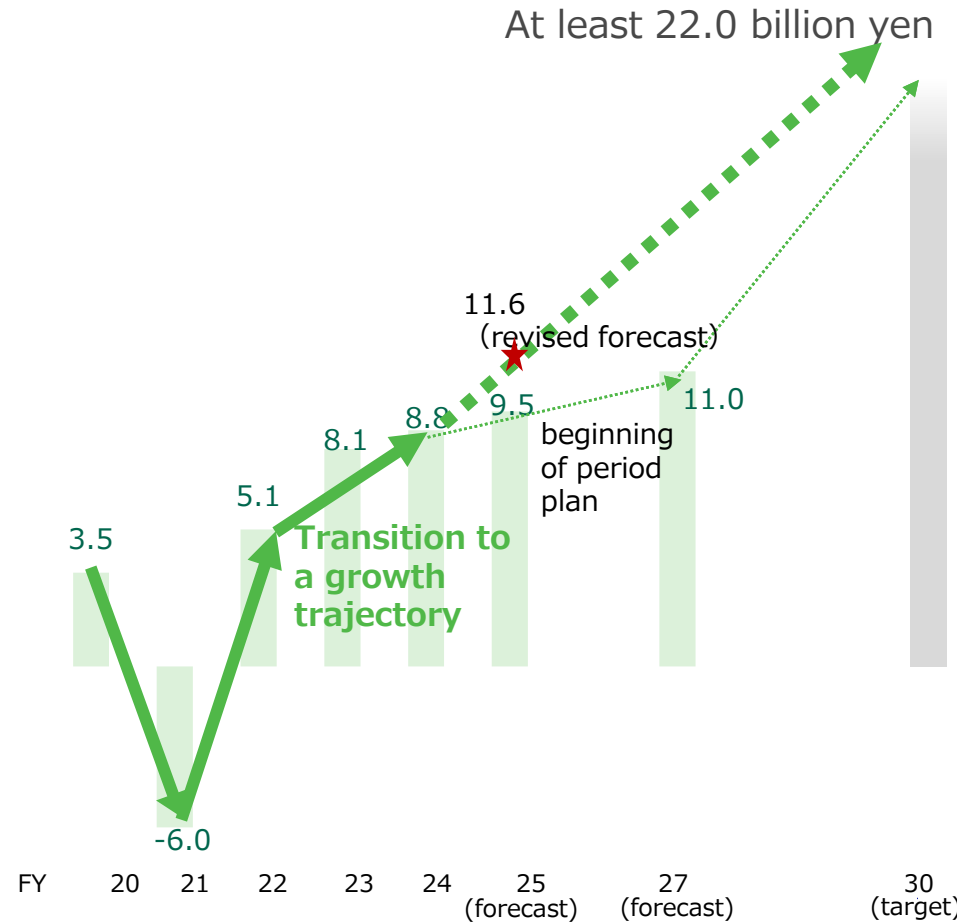
Building construction



Civil engineering



## Operating Profit

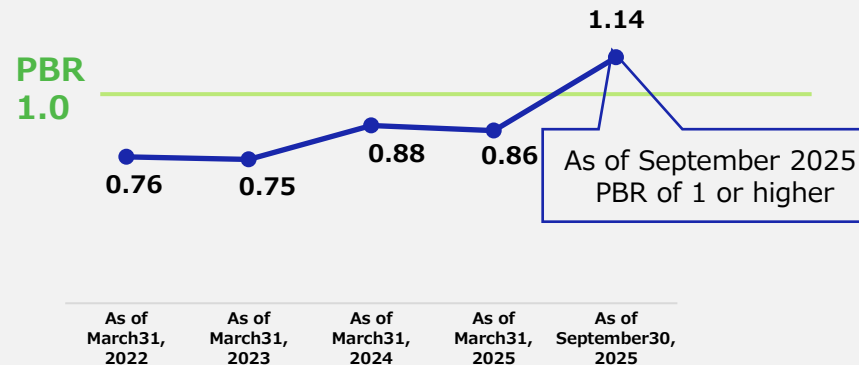


# Recognition and improvement of current situation from a PBR perspective



We recognize the current PBR level as an issue, and we aim to maintain a PBR of 1 or more and further improve it by promoting ROIC management. We seek to continually create added value exceeding the cost of capital and aim to maximize the equity spread.

## PBR trend



## The penetration of ROIC management



Videos explaining ROIC and ROIC trees distributed to all employees

## Measures for improving PBR

$$\text{PBR} = \text{ROE} \times \text{PER}$$

Improve PBR

Improve ROE

Cost of shareholders' equity

- Restructuring of our earning capacity (Problem-solving skills)
- Initiatives for Working Style Reform and Construction Quality
- Reduction of Low-Performing Assets (Strategic Shareholdings)

- Promotion of Human Capital Management
- Acquisition of Market Opportunities by Leveraging Our Strength
- Stable and continuous shareholder return (DOE 4%)
- Improve Dialogue with the Stock Market and Information Disclosure

Initiatives for growth

Reduce capital costs

# — Promotion of human capital management

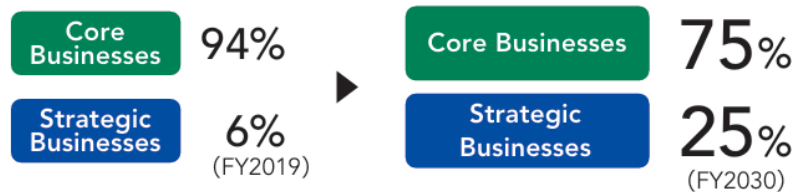
Expand human capital investment from 10.0 billion yen to 61.0 billion yen to drive the transformation of the business portfolio.

Implement the management philosophy of "Maximize the potential of our human resources" to aim for the sustainable enhancement of corporate value.

## ■ Transformation of the business portfolio through the expansion of human capital investment

### Portfolio Reforms

(Proportion of gross profit)



### Investment in Sources of Competitive Advantage (Human Resources & Digital Technology)

Review our human resource portfolio, including skill shift and recruitment

Rolling Plan in  
May 2023  
10.0 billion yen

Rolling Plan in May 2025

**61.0** billion yen  
(Total investment for FY2021–FY2030)

## ■ Human resources strategy and engagement enhancement

### Enhancing Productivity and Developing Engineers



Building Construction Business, we established a Support and Development Center within the Building Construction Division in FY2025. This center supports practical tasks such as producing drawings, as well as taking and organizing construction record photographs, enabling worksite engineers to focus on their core responsibilities. Additionally, the center will hire individuals with no prior construction experience as "para-engineers," training them to become our construction engineers of the future.

### Continuous implementation of Vision Dialogue

As a way of getting employees understand VISION2030, which was created in 2021, and the Long-Term Management Plan aimed at achieving this vision, we are continuously conducting "Vision Dialogue" sessions, in which management serves as facilitators for small-group dialogues.

- One-hour online dialogues between one member of management and five employees. Conducted throughout the year for all employees
- Facilitators are directors and executive officers, including the president (conducted twice monthly)
- Participating employees are randomly chosen from different departments, ages, job types, etc.

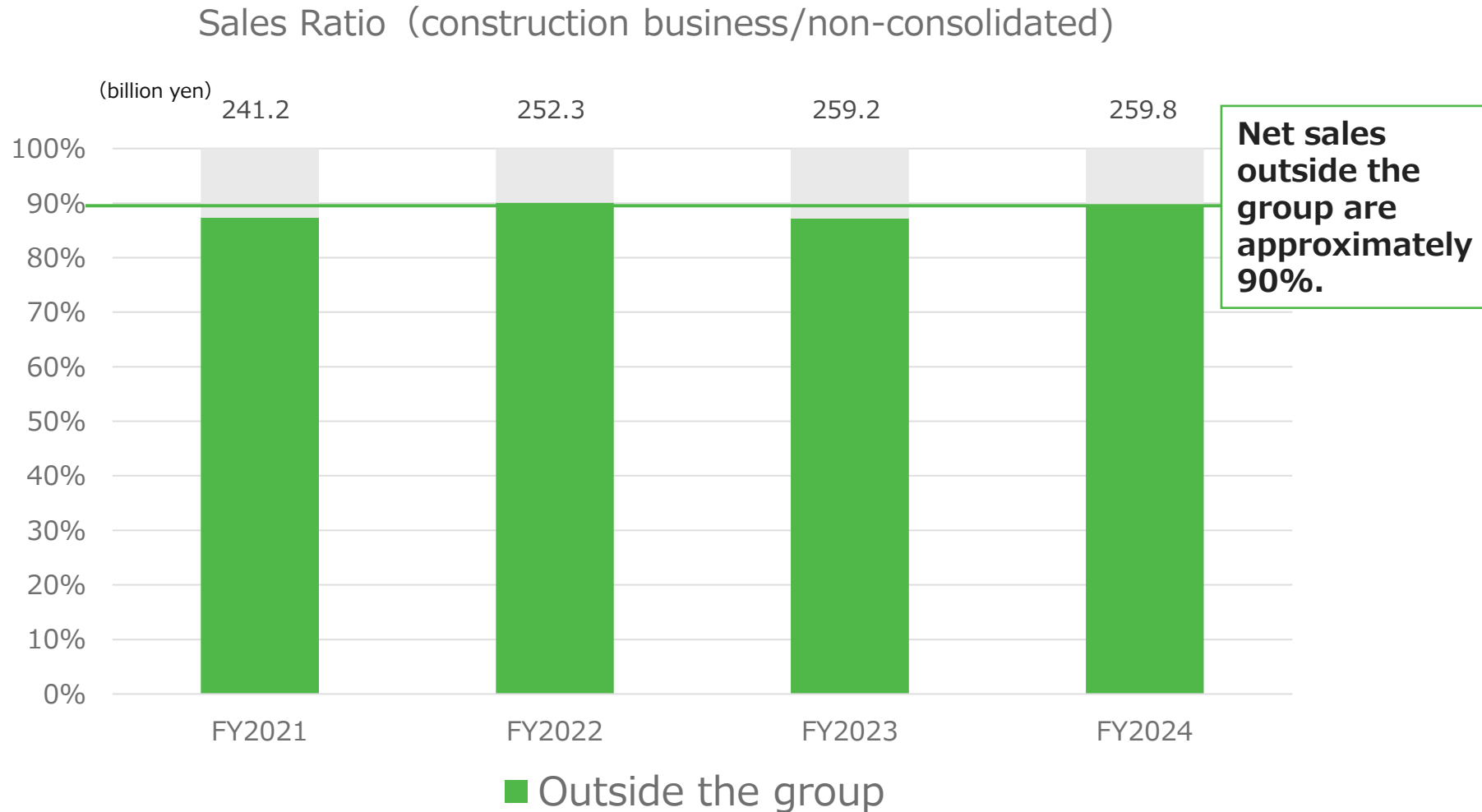


# **【Appendix】**

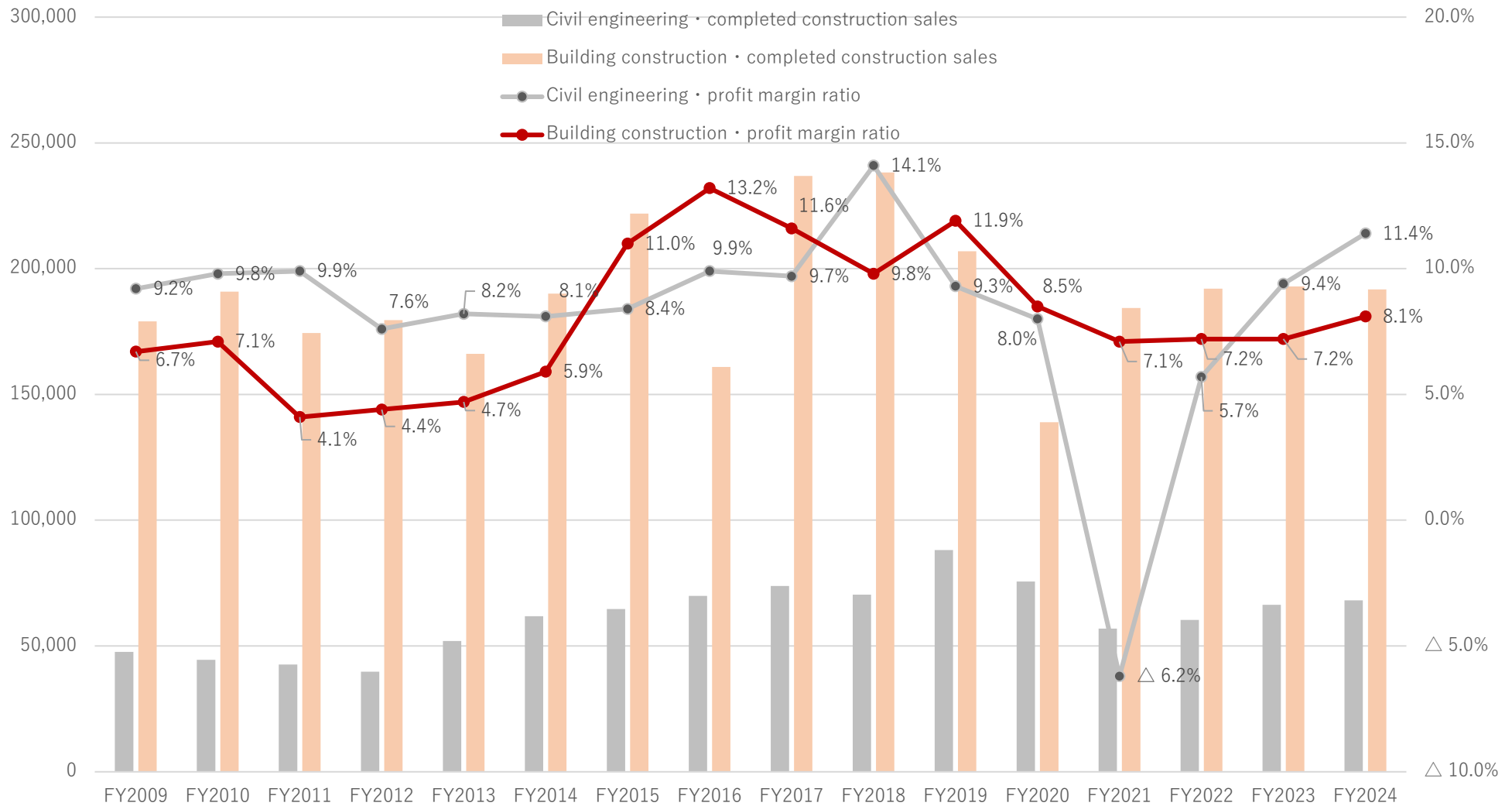
The First Half FY03/2026 Financial Results Briefing

## — Robust business foundation

While promoting value creation through synergy pursuit with the Tokyu Group, including urban development in Shibuya, approximately 90% of net sales are derived from transactions with a diverse range of external clients, building a robust business foundation that does not overly rely on the group.



# — Performance trends(Non-consolidated)



# — Forecast(Previous/Revised)



		Consolidated					Non-consolidated				
(Millions of yen)		FY03/2026 Prebious Forecast		FY03/2026 Revised Forecast		Change	FY03/2026 Prebious Forecast		FY03/2026 Revised Forecast		Change
Completed construction sales	Building construction	—	%	—	%	—	232,000	75.1%	233,000	75.4%	+1,000 +0.4%
	Civil engineering	—	—	—		—	71,000	23.0	70,000	22.7	(1,000) (1.4%)
	total	331,000	97.9	328,000	97.9	(3,000) (0.9%)	303,000	98.1	303,000	98.1	—
Real estate sales		7,000	2.1	7,000	2.1	—	6,000	1.9	6,000	1.9	+1,935 +47.6%
Net Sales		338,000	100	335,000	100	(3,000) (0.9%)	309,000	100	309,000	100	—
Completed construction gross profit	Building construction	—	—	—		—	18,600	8.0	20,200	8.7	+1,600 +8.6%
	Civil engineering	—	—	—		—	7,000	9.9	7,600	10.9	+600 +8.6%
	total	29,000	8.8	31,600	9.8	+2,600 +9.0%	25,600	8.4	27,800	9.2	+2,200 +8.6%
Real estate gross profit		1,100	15.7	1,100	15.7	—	1,000	16.7	1,100	18.3	+100 +10.0%
Gross Profit		30,100	8.9	32,700	9.8	+2,600 +8.6%	26,600	8.6	28,900	9.4	+2,300 +8.6%
SG&A		20,600	6.1	21,100	6.3	+500 +2.4%	19,200	6.2	19,700	6.4	+500 +2.6%
Operating Profit		9,500	2.8	11,600	3.5	+2,100 +22.1%	7,400	2.4	9,200	3.0	+1,800 +24.3%
Ordinary Profit		10,000	3.0	12,400	3.7	+2,400 +24.0%	7,200	2.3	9,700	3.1	+2,500 +34.7%
Profit (loss) attributable to owners of parent		7,300	2.2	9,100	2.7	+1,800 +24.7%	5,600	1.8	7,200	2.5	+1,600 +28.6%

# — Orders (Non-Consolidated / Classified by ordering party)



Division (Millions of yen)		Second Quarter			Y o Y		Full-year Forecast
		FY03/2024	FY03/2025	FY03/2026	Difference	Rate(%)	
Building construction	Domestic public	25,178	27,557	12,119	( 15,437)	(56.0%)	36,000
	Domestic private	71,473	59,572	110,091	50,519	84.8%	204,000
	General private	66,099	56,152	34,823	(21,328)	(38.0%)	124,000
	Tokyu Group	5,373	3,419	75,267	71,847	—	80,000
	Overseas	50	28	8	(20)	(71.1%)	—
		96,702	87,157	122,218	35,061	40.2%	240,000
Civil engineering	Domestic public	16,050	17,900	13,732	(4,167)	(23.3%)	36,700
	Domestic private	10,670	16,335	20,143	3,807	23.3%	26,300
	General private	6,880	7,899	15,918	8,019	101.5%	18,100
	Tokyu Group	3,789	8,436	4,224	(4,211)	(49.9%)	8,200
	Overseas	1,852	(344)	(154)	190	—	1,000
		28,572	33,891	33,720	(170)	(0.5%)	64,000
Total	Domestic public	41,228	45,457	25,851	(19,605)	(43.1%)	72,700
	Domestic private	82,143	75,908	130,234	54,326	71.6%	230,300
	General private	72,980	64,051	50,742	(13,309)	(20.8%)	142,100
	Tokyu Group	9,163	11,856	79,492	67,635	570.5%	88,200
	Overseas	1,902	(316)	(146)	170	(53.7%)	1,000
		125,275	121,048	155,939	34,890	28.8%	304,000

\* The reason why the symbol is minus is because there was a change in the contract before the previous period.

# — Orders (Non-Consolidated / Classified by use)



(Millions of yen) Division		Second Quarter			Y o Y	
		FY03/2024	FY03/2025	FY03/2026	Difference	Rate(%)
Building construction	Office / Government office	2,460	9,241	8,861	(380)	(4.1%)
	Accommodation	3,077	2,362	3,088	725	30.7%
	Retail shop	1,092	3,826	70,712	66,885	—
	Factory / Power plant	20,009	2,194	2,719	525	24.0%
	Logistic facility	28,363	15,971	1,001	(14,969)	(93.7%)
	Condominium	19,048	22,584	7,403	(15,180)	(67.2%)
	Cultural / Educational facility	15,783	5,588	16,298	10,709	191.6%
	Medical / Welfare	524	25	468	443	—
	Amusement	3	100	1,136	1,035	—
	Others	6,338	25,262	10,528	(14,734)	(58.3%)
		96,702	87,157	122,218	35,061	40.2%
Civil engineering	Soil / River conservation	687	11	902	891	—
	Railways	8,041	10,199	17,781	7,582	74.3%
	Water supply / Sewer	5,742	10,524	4,856	(5,668)	(53.9%)
	Site formation	1,164	28	78	49	172.1%
	Port / Airport	—	—	—	—	—
	Road	8,468	7,727	7,291	(436)	(5.6%)
	Electric cable	1,579	1,835	2,151	315	17.2%
	Others	2,890	3,563	658	(2,905)	(81.5%)
		28,572	33,891	33,720	(170)	(0.5%)
Total		125,275	121,048	155,939	34,890	28.8%

# Recognition of cost of shareholders' equity and profitability



The cost of shareholders' equity based on CAPM is recognized as 6-7%. (Calculated at the beginning of FY2025) It is recognized that a higher expected revenue rate is being demanded from investors. 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) × 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).

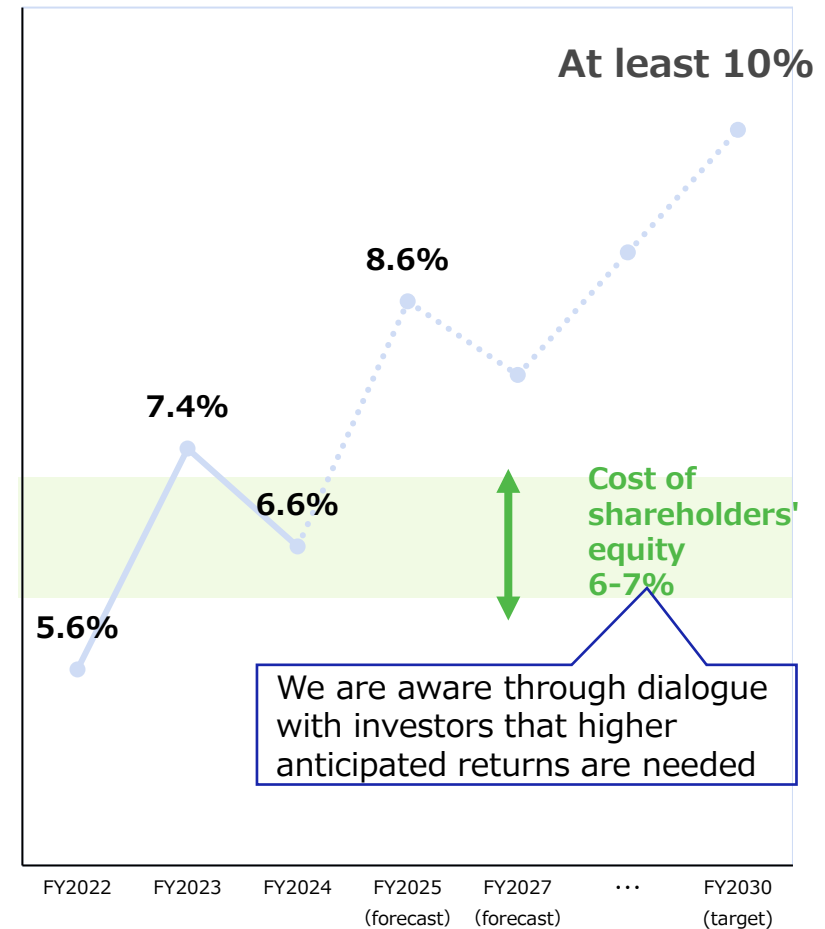
③ market risk premium

About 6.5%

= **Cost of shareholders' equity** 6%~7%

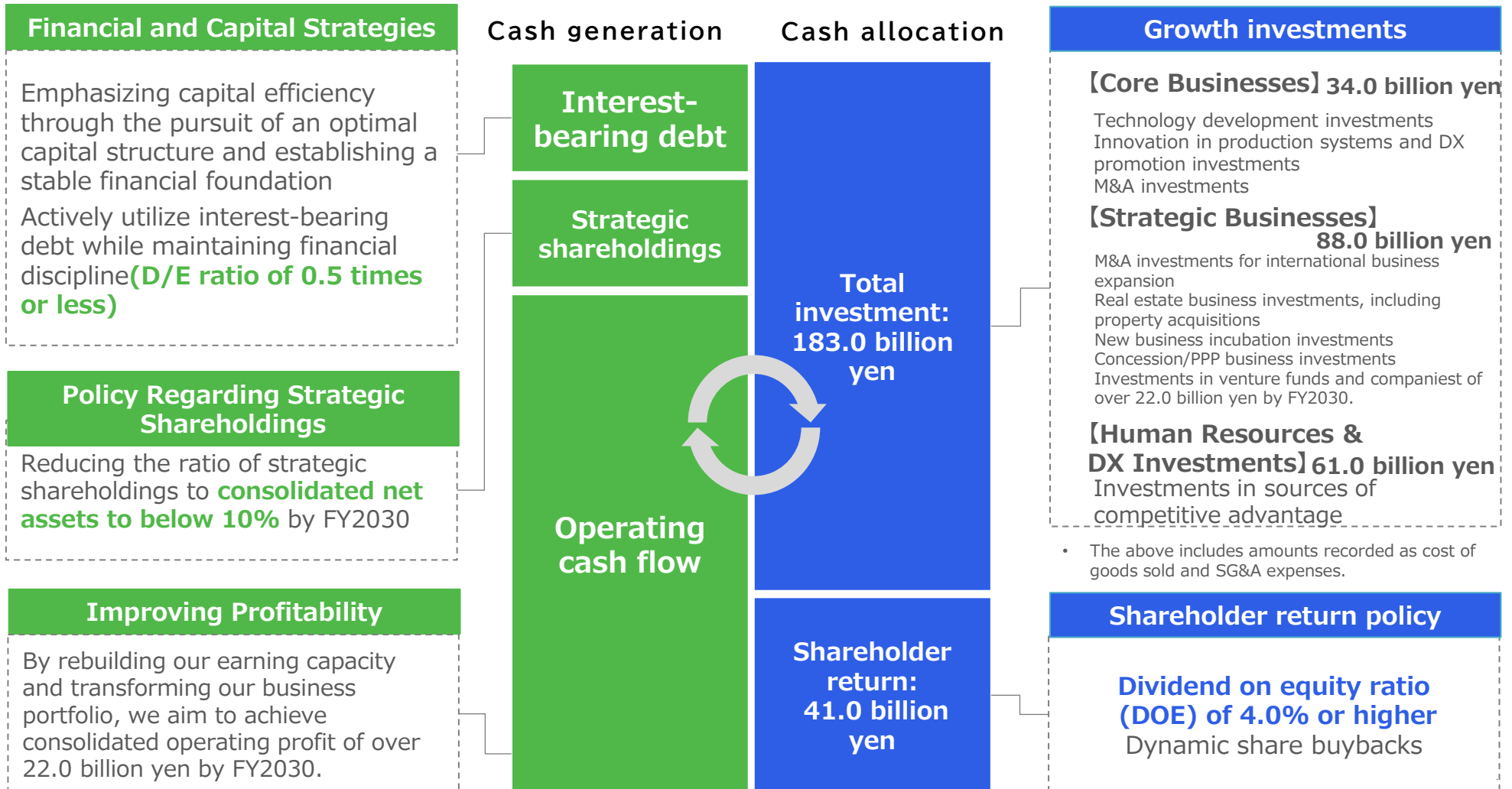
- risk-free rate : 10-year government bond yield (2-year average, daily)
- β (beta) : Levered β Weekly 5 years
- market risk premium : Japan Securities Research Institute model 6.0-6.9%

## ROE trends



# — Cash Allocation(FY2021 to FY2030)

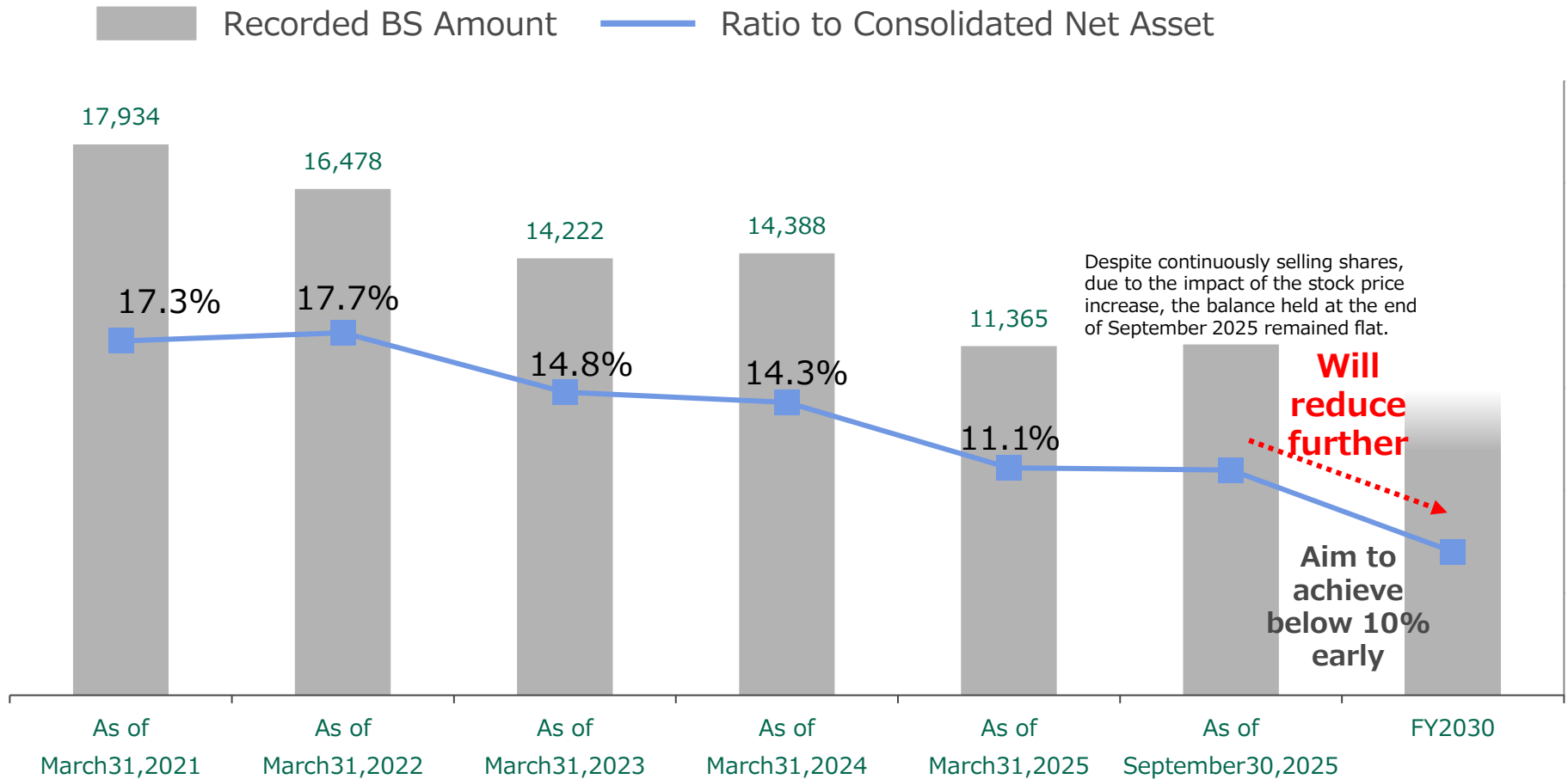
We will invest 183.0 billion yen by FY03/2031 as part of a growth investment to reform our business portfolio. Operating cash flows and proceeds from the sale of strategic shareholdings will be allocated to fund growth investments and maintain stable dividends, targeting a DOE of at least 4.0%.



# 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 1H FY03/26 based on the reduction policy. We will continue to make efforts to reduce them.

(Millions of yen/%)



# 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.

Portfolio Reforms

Core Businesses 94%

Strategic Businesses 6%

(FY2019)

Core Businesses 75%

Strategic Businesses 25%

(FY2030)

(percentage of gross profit)

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

94%

6%

75%

25%

Expansion of strategic business

FY2019

FY2030

Strategic Business

Core Business

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

Copyright(C) Tokyu Construction. All rights reserved.

35

# 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
  - Remote operation, automated technologies
- 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

### 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
- The recruitment support site “TQ-BUDDY \* 2” for partner companies was newly established.



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

Realize a more productive and satisfactory working style



\* 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.

# 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 Round	FY2022 2nd Round	FY2023 3rd Round	FY2024 4th Round	FY2025 5th Round
Theme	Newly created vision	Behavioral changes required for transformation and achieving the vision	"Excitement" (word from our vision)	"Dreams" (word from our purpose)	What individual growth requires
Concept	Create opportunities for understanding and instilling the vision	Think about concrete actions and make them personally relevant	Recognize job satisfaction and pride through past inspiring experiences	Reaffirm the meaning of work through the dreams you had when joining the Company and your current dreams	Share what is required for growth to boost the quality of personal action
Participation	<ul style="list-style-type: none"> <li>• 2,436 participants (participation rate: 93%)</li> <li>• 511 sessions</li> </ul>	<ul style="list-style-type: none"> <li>• 2,436 participants (90%)</li> <li>• 571 sessions</li> </ul>	<ul style="list-style-type: none"> <li>• 2,371 participants (90%)</li> <li>• 495 sessions</li> </ul>	<ul style="list-style-type: none"> <li>• 2,328 participants (86%)</li> <li>• 499 sessions</li> </ul>	(From June)
Evaluations	<ul style="list-style-type: none"> <li>• It was valuable to engage in direct dialogue with management</li> <li>• The vision is abstract, making concrete measures difficult to understand</li> </ul>	<ul style="list-style-type: none"> <li>• Gained insights from diverse opinions</li> <li>• Inconsistencies in how facilitators ran dialogues</li> </ul>	<ul style="list-style-type: none"> <li>• A forum for safe dialogue</li> <li>• Dialogues have become routine, with low understanding of intent</li> </ul>	<ul style="list-style-type: none"> <li>• A valuable opportunity to engage in dialogue with people from other departments</li> <li>• A chance to reaffirm the self, including during preparations</li> </ul>	<b>To be continued permanently</b> <b>(Make dialogue part of our culture)</b>
Improvements	Revise to make themes concrete	Conduct preparatory workshops to ensure management is on the same page	Publish management career history, thoughts, and ideas in the Company newsletter	Clarify the intent of learning and transformation through the dialogues	

## Acquisition of Market Opportunities by Leveraging Our Strength

# 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

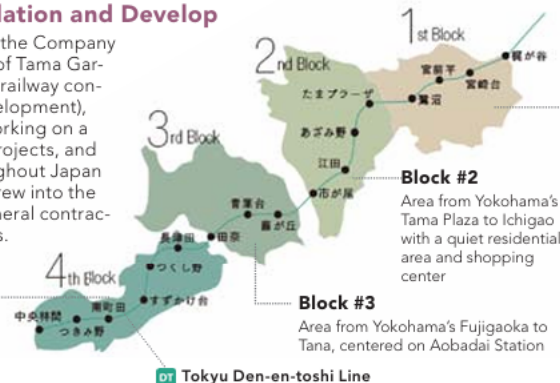
1959-1995

### 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 Nagatsuta to Chūō-rinkan, which runs through the three cities of Yokohama, Machida, and Yamato



DT Tokyu Den-en-toshi Line

#### Block #1

Area from Kawasaki's Kajigaya to Saginuma, the start of the Tama Gardens City development

2011-2020

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.

### 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.



Q FRONT



SHIBUYA MARK CITY



CERULEAN TOWER Bldg.



SHIBUYA STREAM



SHIBUYA SCRAMBLE 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 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

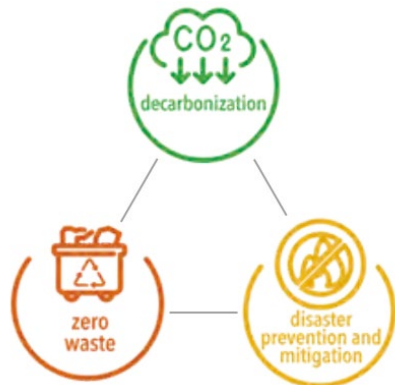
### [Disaster prevention] Utilization of tunnel inspection systems

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

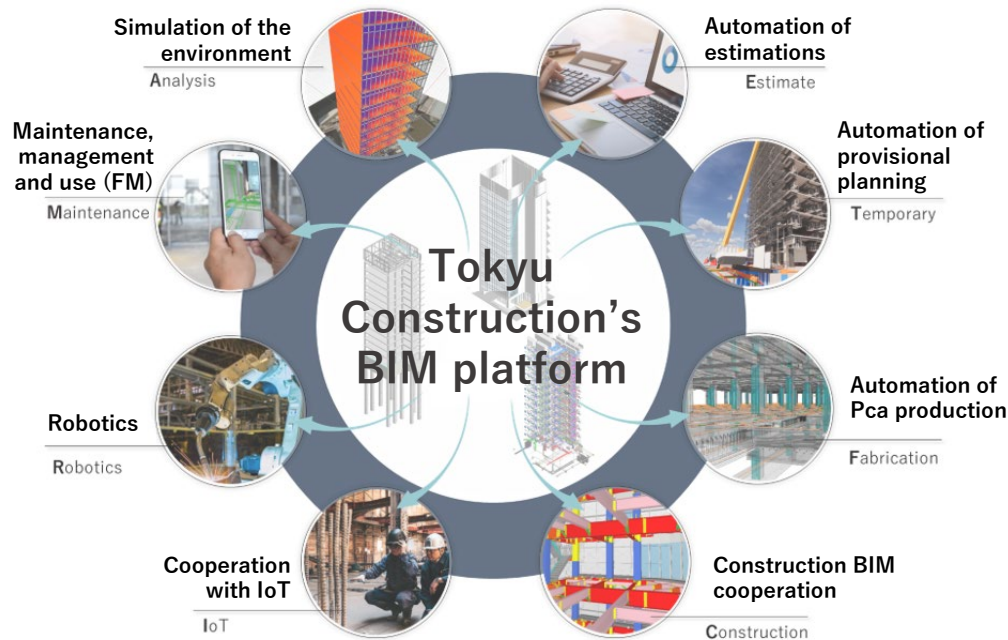
- Conversion of all electricity used in our business activities to renewable energy
- Conversion of heavy machinery and dump truck fuel to non-fossil fuel
- Decarbonization of construction materials
- Reduction of final disposal of waste plastics and other wastes
- Promotion of recycled material use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

# 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

<https://www.tokyu-cnst.co.jp/topics/2575.html>



VR with game engine and 4D simulation

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)

# Improve Dialogue with the Stock Market and Information Disclosure

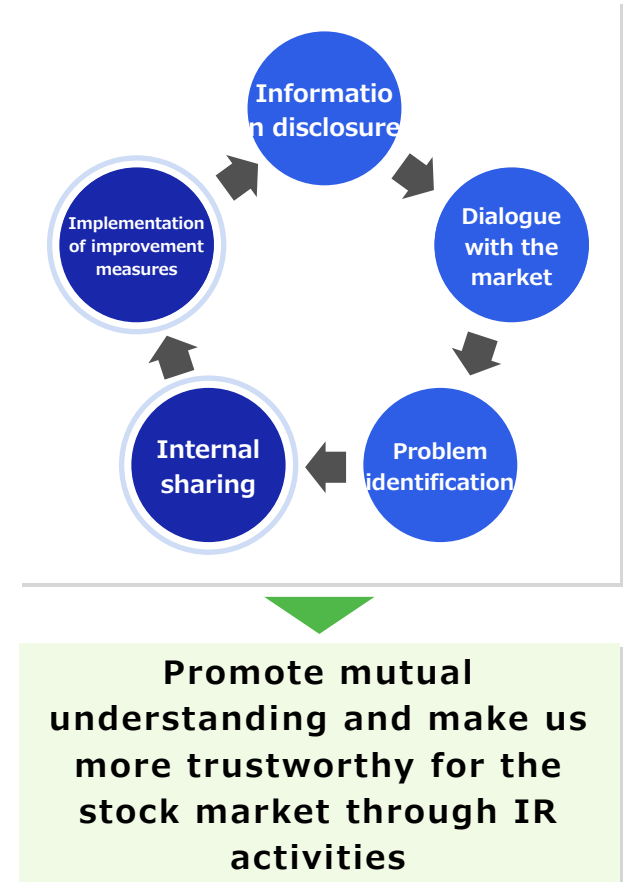
We strive to reduce any asymmetric information between the Company and investors through constructive dialogue with shareholders and investors, and active disclosure.

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"> <li>Financial results reference material</li> <li>Financial results briefing session</li> </ul>	<ul style="list-style-type: none"> <li>Financial results reference material</li> <li>Publication of integrated report</li> </ul>	<ul style="list-style-type: none"> <li>Financial results reference material</li> <li>Q2 financial results briefing session</li> </ul>	<ul style="list-style-type: none"> <li>Financial results reference material</li> </ul>
	<b>Quarterly actions</b> Report IR activity results, and opinions of shareholders and investors, and share information with related internal divisions			
	<b>Activity done all year round (as needed)</b> Active distribution of news releases and enhancement of corporate website Deal with inquiries and questionnaires			
Dialogue	<ul style="list-style-type: none"> <li>Business briefing session</li> <li>Financial result briefing for employees</li> </ul>	<ul style="list-style-type: none"> <li>Business briefing session</li> </ul>	<ul style="list-style-type: none"> <li>Business briefing session</li> <li>Financial result briefing for employees</li> </ul>	<ul style="list-style-type: none"> <li>Field tour</li> <li>Constructive dialogue with shareholders and institutional investors</li> </ul>
	<b>Activity done all year round (as needed)</b> Individual IR interviews, surveys of related (internal) divisions and on-site visits			

## Reflect management in PDCA cycle

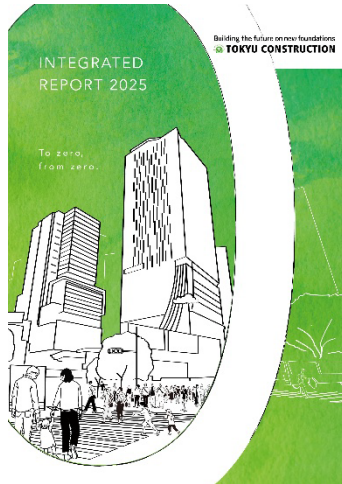


# — Introduction to the Integrated Report



We published "Integrated Report 2025," which illustrates our group's story of enhancing corporate value.

<https://www.tokyu-cnst.co.jp/en/ir/report/>



Main points	Initiatives to Enhance Corporate Value
A clear commitment to capital efficiency management	We disclosed the cost of shareholders' equity, positioned ROIC as the most important management indicator, and expressed a strong commitment to achieving and maintaining a PBR above 1. We are popularizing the ROIC tree among all employees to strengthen awareness of capital efficiency at the field level.
Unique strengths and growth story cultivated in Shibuya	The "Technology that keeps urban functions running・expertise・teamwork" cultivated through challenging construction projects in Shibuya is emphasized as the source of our competitive advantage. It indicates a future outlook where this is leveraged for the expansion of strategic businesses, including overseas TOD (Transit-Oriented Development), thereby enhancing the likelihood of growth.
Large-scale investments in the sources of our competitive advantages (human resources × digital)	In the rolling long-term management plan, we aim for sustainable growth by significantly increasing the total investment in human capital and DX over ten years from the initial 10 billion yen to 61 billion yen. This supports the transformation of the human resources portfolio aimed at strategic business expansion (25% in FY2030).

## [FOCUS] Interview with Professor Yumiko Miwa Transforming Our Business for Future Growth"

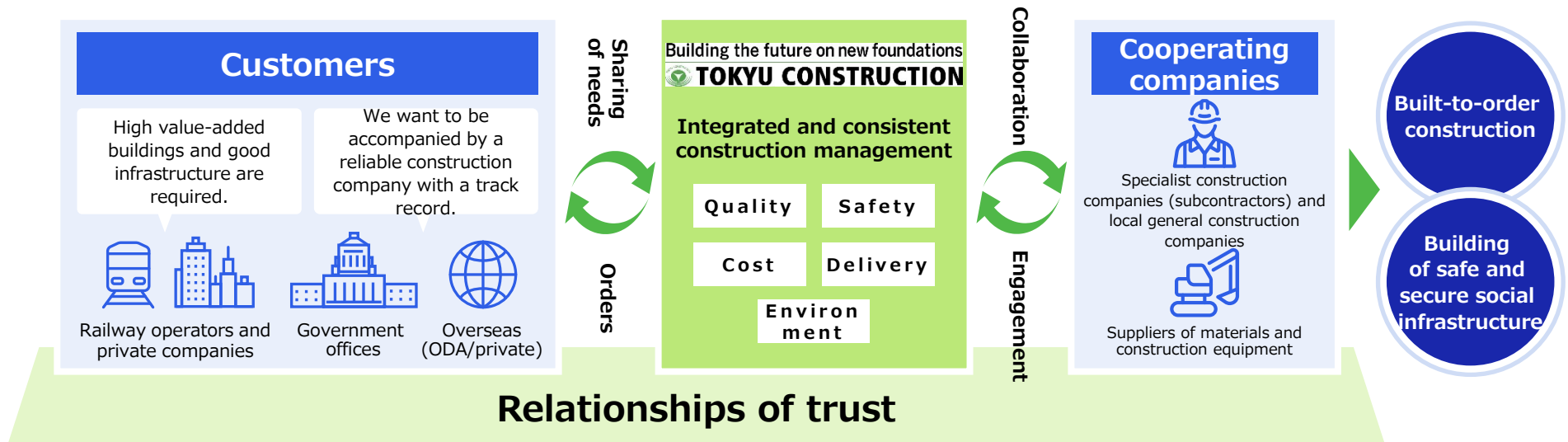
An interview with Professor Yumiko Miwa of Meiji University, an expert well-versed in the capital market, is featured in this edition. You can confirm our strong commitment to improving our PBR and sustainable growth, as well as our challenge towards transformation and the likelihood of growth from an objective perspective.



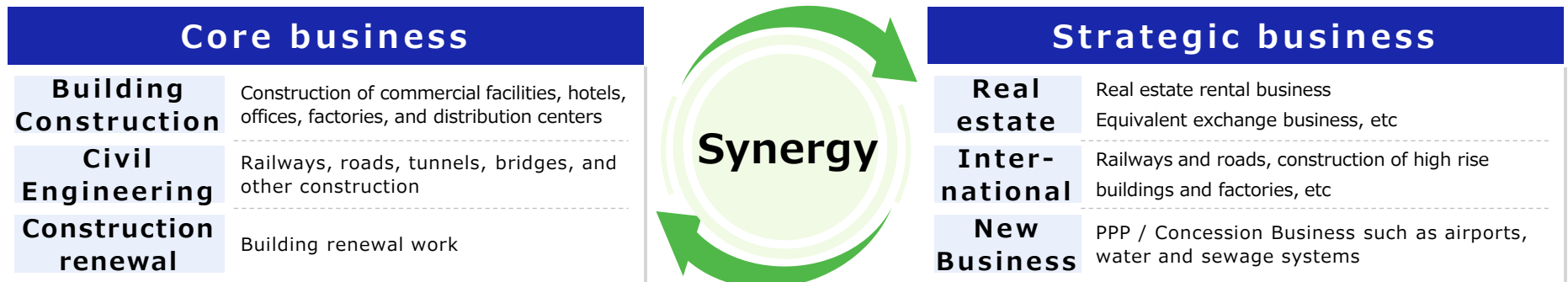
# — Business model and business overview

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](mailto: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.