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May 8, 2026

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Listing: TSE Prime
Securities code: 1720
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Notice Regarding the Rolling Update of the Long-term Management Plan "To zero, from zero."

The Tokyu Construction Group formulated the corporate vision, "VISION2030" in March 2021 and announced the long-term strategy "Long-term Management Plan 'To zero, from zero.'" in May of the same year to achieve it.
This plan introduces a management cycle consisting of a 10-year long-term management plan and a 1-year short-term strategy. While keeping long-term goals in mind, we flexibly update the 1-year short-term strategy and the three-year milestones according to environmental changes and the progress of strategies, aiming for the steady execution of strategies and the achievement of VISION2030.
Against this backdrop, in the "Notice regarding the Rolling of the Long-Term Management Plan 'To zero, from zero.'" dated May 10, 2023, we announced that "profit levels for the immediate three-year period were expected to fall short of the initial plan due to the intensification of the competitive environment and cost increases arising from the global situation." In response to this situation, the Tokyu Construction Group designated the three-year period from fiscal year 2023 as a phase of " Restructuring of Our Earning Capacity," with the aim of returning to a growth trajectory toward achieving VISION2030 and has been implementing various measures accordingly.
Based on the foregoing, at the Board of Directors meeting held today, we resolved to update the plan as described below, based on our initiatives to date and the results achieved, and hereby announce the following. Please note that the potential impact of the recent geopolitical volatility in the Middle East has not been incorporated into the Plan, as a reliable assessment is currently unfeasible.

１． Summary of " Restructuring of Our Earning Capacity "

The Tokyu Construction Group designated the three-year period from fiscal year 2023 as a phase of " Restructuring of Our Earning Capacity " and has been implementing various measures with Safety/quality, Sales force, Productivity/labor force, Building renewal, and Human capital investment as Strategic focus areas. As a result, in addition to the steady progress of these measures, supported by a favorable business environment, we have achieved a return to a growth trajectory toward the achievement of VISION2030.

（1） Measures and Outcomes of " Restructuring of Our Earning Capacity "

The main measures and outcomes for each strategic focus area are as follows.

Strategic focus areas	Measures and Outcomes	
Safety/quality	Measures	(Building) Strengthening safety and quality awareness among employees and partner companies through stricter enforcement of construction procedure verification. (Civil Engineering) Enhancing the safety and quality management system through the sophistication of construction planning utilizing ICT technologies and integrated efforts between the head office and branch offices.
	Outcomes	Reduction of lost profits through the review of safety and quality management methods and systems.
Sales force	Measures	(Building) Early identification of strategically prioritized projects and careful explanation to clients with clear rationale based on official price indices and other public materials in response to price increases. (Civil Engineering) Identification of target projects leveraging past track records and qualifications held.
	Outcomes	Improved profitability at the time of order acquisition through the expansion of orders in focus areas and projects where the Tokyu Construction Group can leverage its strengths.
Productivity/ labor force	Measures	Promotion of DX (BIM/CIM, etc.) and adoption of labor-saving construction methods. Securing construction resources through strengthened relationships via partner company councils.
	Outcomes	Progress in strengthening the construction system through improved productivity and stable securing of construction resources.
Building renewal	Measures	Efficient utilization of human resources through a focus on large-scale renovation projects primarily in the Greater Tokyo area.
	Outcomes	Realization of optimized construction systems and improved profitability.

Strategic focus areas	Measures and Outcomes	
Human capital investment	Measures	Strengthening talent acquisition and retention through prompt improvement of compensation including base salary increases, and review of human resource development plans in response to digital utilization and other needs.
	Outcomes	Realization of compensation improvements to a level not lagging behind peer companies. Progress in the advancement of digital skills through the acquisition of IT Passport qualifications and other certifications.

（２） Trends in KPIs Related to Profitability under the Plan during the " Restructuring of Our Earning Capacity " Phase

As a result of " Restructuring of Our Earning Capacity," the KPIs related to profitability have achieved a return to a growth trajectory.

Management indicator	FY2023		FY2024		FY2025	
	Plan (※1)	Results	Plan (※1)	Results	Plan (※1)	Results
Operating profit (loss)	At least 13.0 billion yen	8.2 billion yen	At least 9.0 billion yen	8.8 billion yen	At least 11.0 billion yen	16.3 billion yen
Operating profit margin	At least 4.0%	2.9%	At least 2.6%	3.0%	At least 3.0%	4.8%

※1 The long-term management plan for FY2023 was announced on May 12, 2021; for FY2024 on May 12, 2022; and for FY2025 on May 10,2023.

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

Notwithstanding the persistent downside risks arising from the situation in the Middle East, domestic construction investment is projected to remain resilient, and a favorable business environment is expected to prevail. The Tokyu Construction Group will aim for higher profitability by participating in large-scale redevelopment projects in the active Shibuya area and by continuing to focus on the strategic focus areas for Restructuring of Our Earning Capacity.

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

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

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

Considering changes in the business environment, we review materiality (priority issues) and risks and opportunities annually. Changes from FY2025 onwards are underlined in the table below.

The main change is the addition of "creation of added value through the development of technologies to reduce environmental impact and infrastructure maintenance and management technologies" as an opportunity under "Structural Changes in the Construction Industry." This reflects the accelerating need for decarbonization in the construction sector and the increasingly serious risk of aging infrastructure, which we have reaffirmed as a business opportunity.

Additionally, supplementary items have been added to "Strategic Businesses" from the perspective of comprehensiveness, and certain expressions have been revised.

Materiality	Recognition of Risks and Opportunities at FY2030 as of FY2026	
	Risks	Opportunities
Climate Change	・Increased costs due to carbon taxes and other emissions regulations ・Increased costs <u>associated</u> with energy procurement and low-emissions materials ・Lost orders due to delays in the development and introduction of technologies to reduce environmental impact ・Damage recovery costs due to major disasters, costs to rectify construction period delays ・<u>Inadequate response to natural capital and biodiversity</u>	・Expanding demand for low-emissions buildings (ZEB and wood buildings) for decarbonized societies ・Increase in renewable energy business opportunities due to energy policy ・Increased orders for construction work related to useful-life extensions of structures in accordance with the Infrastructure Life Extension Plan ・Increased orders for disaster prevention-related projects under the Basic Plan for National Resilience

Materiality	Recognition of Risks and Opportunities at FY2030 as of FY2026	
	Risks	Opportunities
Structural changes in the construction industry	・Stagnant innovation in response to external environmental changes such as population declines, aging infrastructure, and accelerating digital technology ・**Shortage of supply capacity due to intensifying competition to secure engineers and a decline in the number of skilled workers** ・Loss of public trust and economic loss due to inadequate succession of skills and techniques that contribute to ensuring the safety and quality of engineers ・Soaring material prices, unstable procurement, and a decrease in the number of skilled workers ・Lost orders due to delays in ESG initiatives, including across the supply chain, and inadequate information disclosure	・Transformed construction production systems through digital technologies ・Advancements in solutions through open innovation ・Stronger need for buildings and structures to have a smaller environmental footprint ・Improvement in profitability considering changes in supply-demand balance ・**Creation of added value through the development of technologies to reduce environmental impact and infrastructure maintenance and management technologies**
Strategic businesses	・Shortage of human resources capable of innovation in new business domains ・Failure of management to foster ongoing innovation ・Lack of appropriate investment risk management ・**Reduction in Southeast Asian ODA**, Instability in international affairs, and **soaring material and labor costs** ・**Stagnation of new real estate development projects due to soaring land prices and construction costs** ・**Tightening of regulations on renewable energy project development**	・More opportunities to add value to the upstream and downstream value chain through DX ・Greater need to resolve social issues and environmental problems in the construction market and peripheral fields ・Quicker economic development in emerging markets following the COVID-19 pandemic ・**Advancement of urbanization and growing infrastructure demand in Southeast and South Asia** ・**Increased opportunities to acquire aging real estate assets** ・**Diversification of renewable energy revenue opportunities**

Materiality	Recognition of Risks and Opportunities at FY2030 as of FY2026	
	Risks	Opportunities
Town planning	・Delay in responding to the development of smart buildings, smart cities, etc. ・Delayed response to changing demands for buildings due to the diversification of lifestyles and work styles.	・Progress in redevelopment and urban development around Shibuya and further expansion of the area ・Use of expertise acquired through urban development construction projects along the Tokyu train lines, including Shibuya ・Expansion of smart city and compact city concepts
Human capital	・Delays in adopting systems and response to diversity (gender, national origin, values, etc.) ・Delay in securing and developing talent equipped with skills to adapt to digital evolution. ・Stagnation or decline in employee engagement due to insufficient response to human rights, diversity equity and inclusion, mental and physical wellness, etc.	・Increased opportunities to take on diverse challenges, including environmental issues, emerging social issues, DX, and new business domains ・Opportunities to leverage the activities of millennials and Gen Z (digital natives) ・Recruitment and activity of diverse human resources (gender, national origin, values, etc.)
Corporate governance	・Failure to train next-generation managers (core human resources) ・Loss of public trust due to compliance violations, etc. ・Leakage of confidential information and dysfunction of systems within the Company due to cyberattacks, etc. ・Rising fundraising costs due to higher interest rates	・Increased transparency in decision-making ・Appropriate response to change, establishment of a sustainable foundation for growth

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

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

<table>
<tr><th colspan="2">Management indicators</th><th>FY2025
Results</th><th>FY 2026</th><th>FY 2028</th><th>FY 2030</th></tr>
<tr><td rowspan="2">Revenue nature</td><td>Operating profit (loss)</td><td>16.3 billion yen</td><td>16.5 billion yen</td><td>At least
20.0 billion yen</td><td>At least
22.0 billion yen</td></tr>
<tr><td>Operating profit margin</td><td>4.8%</td><td>5.0%</td><td colspan="2">At least 5.0%</td></tr>
<tr><td rowspan="2">Efficiency</td><td>ROIC
（※２）</td><td>9.2%</td><td>－</td><td>－</td><td>At least 7.0%</td></tr>
<tr><td>ROE</td><td>12.6%</td><td>9.7%</td><td colspan="2">At least 10.0%</td></tr>
<tr><td rowspan="2">Soundness</td><td>Debt-to-equity Ratio</td><td>0.32 times</td><td colspan="3">0.5 times or less</td></tr>
<tr><td>Capital adequacy Ratio</td><td>35.9%</td><td colspan="2">Approx. 40%</td><td>Approx. 45%</td></tr>
<tr><td rowspan="3">Non-finance</td><td>Employee engagement（※３）</td><td>ＢＢＢ</td><td>Ａ</td><td>ＡＡ</td><td>ＡＡＡ</td></tr>
<tr><td>GHG emissions Scope1・２（※４）</td><td>－</td><td>30.6% reduction</td><td>39.2% reduction</td><td>47.9% reduction</td></tr>
<tr><td>GHG emissions Scope3（※４）</td><td>－</td><td>20.0% reduction</td><td>25.0% reduction</td><td>30.0% reduction</td></tr>
</table>

※２　We target a ROIC of 7.0% or higher in fiscal year 2030.

※３　Engagement rating using Motivation Cloud from Link and Motivation Inc. The scope covers all Group employees, including those of subsidiaries. Ratings are divided into 11 stages, and our FY2025 score of "BBB" falls in the fourth-highest stage, after "AAA," "AA," and "A."

※４　Figures are based on fiscal year 2018. GHG emission reduction targets are set in line with the 1.5° C standard for SBT certification (reference: SBTi Corporate Near-Term Criteria ver5.2). The FY2025 actual figures are scheduled to be disclosed after obtaining third-party assurance (scheduled for July 2026).

(３) Revision of Investment Plans

Achieving sustainable growth, we have increased our investment in "sources of our competitive advantages (human resources ×DX)" to 74.0 billion yen to strengthen investment in human capital. Additionally, we will continue to advance technology development investment aimed at strengthening competitiveness, and promote investment in renewable energy-related businesses, which contribute to Decarbonization — one of our three value propositions.

Through these efforts, we set the necessary investment scale for achieving our 2030 targets at 187 billion yen.

<table>
<tr><th colspan="2">Investment</th><th>Investment amount</th><th>Main investment</th></tr>
<tr><td colspan="2">Total investment amount for FY2021~FY2030</td><td>187 billion yen</td><td></td></tr>
<tr><td rowspan="2">Business strategy investment based on three value propositions</td><td>Core business</td><td rowspan="2">113 billion yen</td><td>Investment in Domestic Civil Engineering, Building, and Building Renewal Businesses
➢ Investment in Technology Development
➢ Investment in Production System Innovation and DX Promotion
➢ M&A Investment</td></tr>
<tr><td>Strategic business</td><td>Investment in International, Real Estate, and New Businesses
➢ M&A Investment for International Business Expansion
➢ Acquisition of Real Estate Emphasizing Synergy with Core Businesses
➢ Investment in Incubation of New Businesses
➢ Investment in Renewable Energy-related Businesses
➢ Investment in Concession/PPP Businesses
➢ Investment in Venture Companies and Venture Funds, etc.</td></tr>
<tr><td colspan="2">Investment in the source of competitive advantage (Human Resources × DX)</td><td>74 billion yen</td><td>Reform of the personnel system and investment in human resource development
Development of the environment and system infrastructure for company-wide DX promotion</td></tr>
</table>

(4) Shareholder Returns Policy

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

*DOE (dividends on equity) = dividends per share with a record date in the current fiscal year ÷ consolidated equity per share (average of beginning and end of period) × 100

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

Announced on May 13, 2025, Notice regarding the rolling of the "Long-term Management Plan 'To zero, from zero.'"
https://ssl4.eir-parts.net/doc/1720/tdnet/2612317/00.pdf