

Building the future on new foundations



TOKYU CONSTRUCTION

FY03/2024

The First Half Financial Results Briefing

November 16, 2023

FY03/2024

Overview of First Half FY03/2024 Financial Results

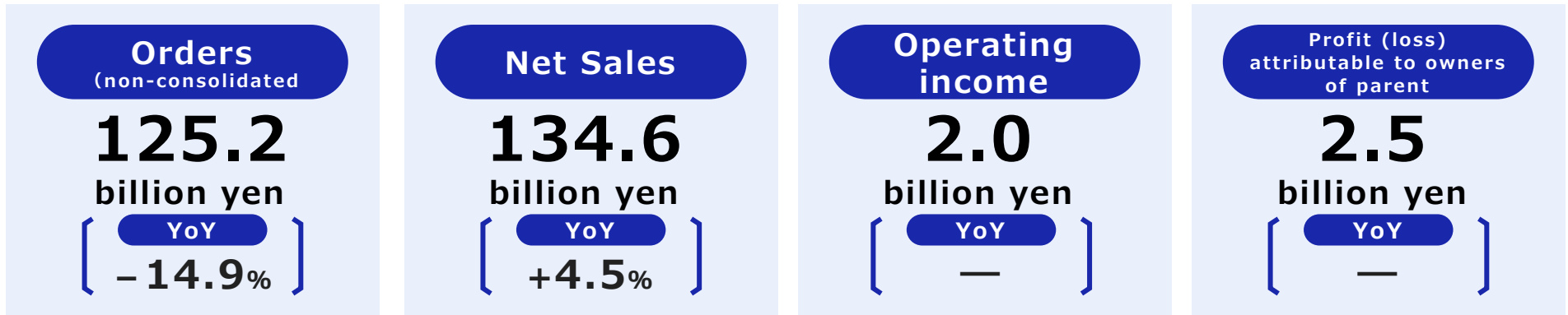
The First Half FY03/2024 Financial Results Briefing

First Half FY03/2024 Financial Highlights

Orders fell due to a reactionary decrease from large-scale construction orders in the same period of the previous year, but the firm demand was steadily taken in and the business progressed as planned.

Net sales increased due to steady progress in carryover construction projects at the beginning of the period, and profit increased due to the recovery in the performance of subsidiaries. Mostly as expected at the beginning of the period.

The Company revised its full-year forecasts upward due to the improved profitability of some individual construction projects and lower exit costs for long-term development projects.



External environment

- Demand remained steady. The industry's carryover construction volume has risen to a high level, and the competitive environment has been improving.
- 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.

Building construction

- The gross profit margin of completed construction decreased in the second quarter due to a higher percentage of unprofitable construction projects. The level of about 6.9% at the beginning of the period is expected for the full year.

Civil engineering

- Profit increased as the gross profit margin of completed construction increased due to the improvement in profitability of some construction projects. Full-year gross profit was revised up.

International

- The gross profit margin of completed construction increased due to the improvement in profitability of some civil works. There was an improvement in business performance of subsidiaries after a temporary deterioration in the same period of the previous year.

Real estate

- Gross profit from the real estate business, etc. increased due to a review of costs associated with the withdrawal from long-term development projects recorded in previous years. Full-year gross profit was revised up.

Consolidated Financial Results

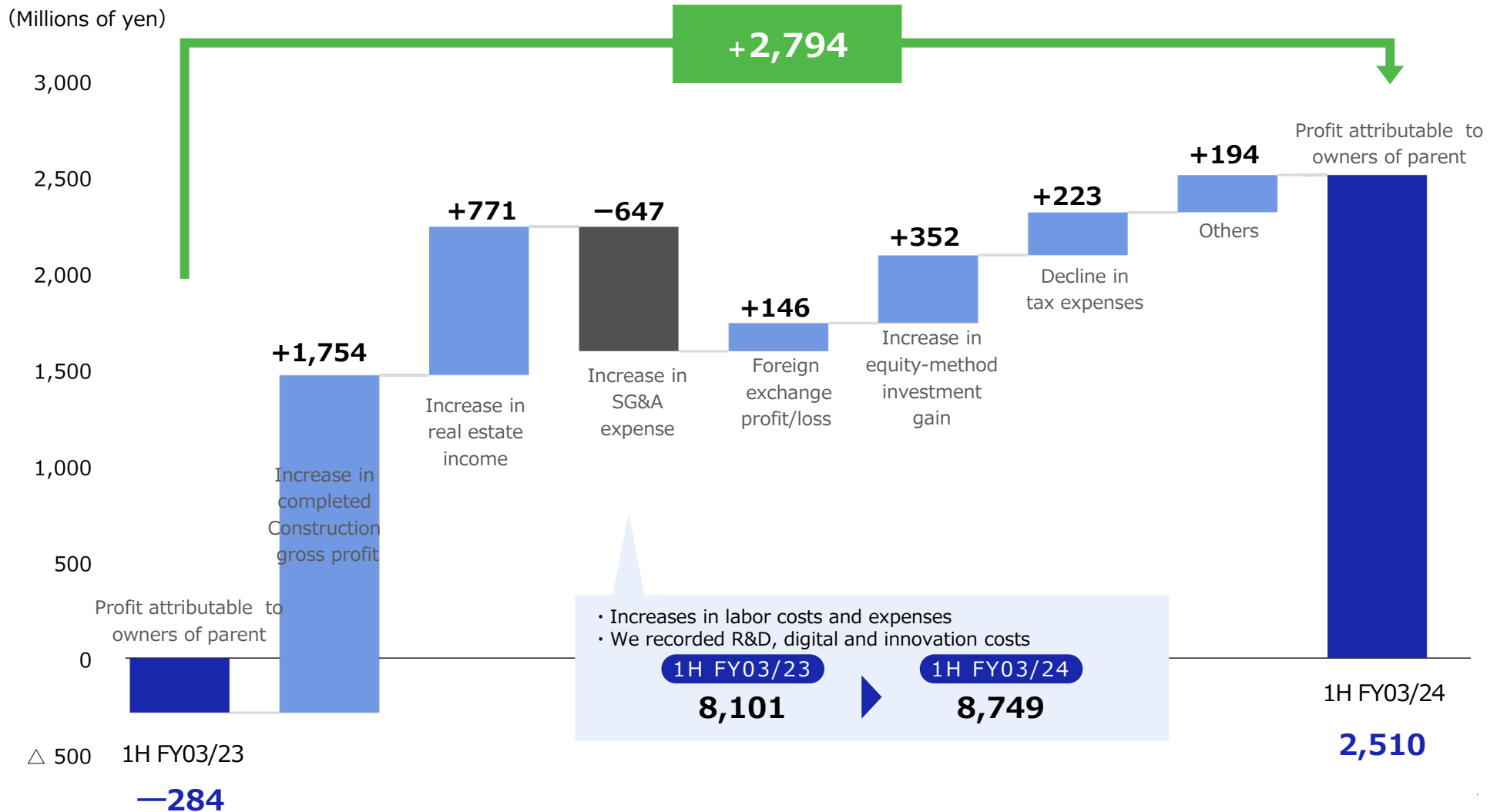
Net sales increased due to the contribution of an increase in completed construction sales of the Company's non-consolidated businesses.

The interim dividend per share is 18 yen.

(Millions of yen)	1H FY03/2023	Ratio	1H FY03/2024	Ratio	YoY
Orders(non-consolidated)	147,145	—	125,275	—	(14.9%) (21,870)
Net Sales	128,842	—	134,682	—	+4.5% +5,840
Gross profit	8,267	6.4%	10,793	8.0%	+30.5% +2,525
Selling, general and administrative expenses	8,101	6.3%	8,749	6.5%	+8.0% +647
Operating income	166	0.1%	2,043	1.5%	— +1,877
Ordinary income	294	0.2%	2,843	2.1%	+867.0% +2,549
Profit (loss) attributable to owners of parent	(284)	(0.2%)	2,510	1.9%	— +2,794
Interim dividend per share	18yen	—	18yen	—	—

Factors Affecting Net Income

The gross profit margin of completed construction increased, as there was an improvement in business performance of subsidiaries after a temporary deterioration in the same period of the previous year.
 Gross profit from the real estate business, etc. increased due to a review of costs associated with the withdrawal from long-term development projects.



Non-consolidated Financial Results

Completed construction sales increased due to the steady progress in carryover construction projects at the beginning of the period for both building construction and civil engineering.

Operating income was higher year on year, despite an increase in selling, general and administrative expenses.

(Millions of yen)	1H FY03/2023	1H FY03/2024		Rate of Change	YoY
	Results	Results	Ratio		
Net Sales	117,868	124,952	100%	+6.0%	+7,083
Completed construction sales	117,012	124,284	—	+6.2%	+7,271
Building construction	89,570	95,713	76.6%	+6.9%	+6,143
Civil engineering	27,442	28,570	22.9%	+4.1%	+1,127
Real estate sales	856	667	0.5%	(22.0%)	(188)
Gross profit	8,772	9,392	(Profit rate) 7.5%	+7.1%	+619
Completed construction gross profit	8,380	8,149	6.6%	(2.8%)	(231)
Building construction	6,694	5,708	6.0%	(14.7%)	(986)
Civil engineering	1,685	2,440	8.5%	+44.8%	+754
Real estate gross profit	391	1,242	186.1%	+217.1%	+851
Selling, general and administrative expenses	7,536	8,069	6.5%	+7.1%	+532
Operating income	1,235	1,322	1.1%	+7.0%	+86
Ordinary income	1,678	2,020	1.6%	+20.4%	+341
Net income	(204)	1,779	1.4%	—	+1,983

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



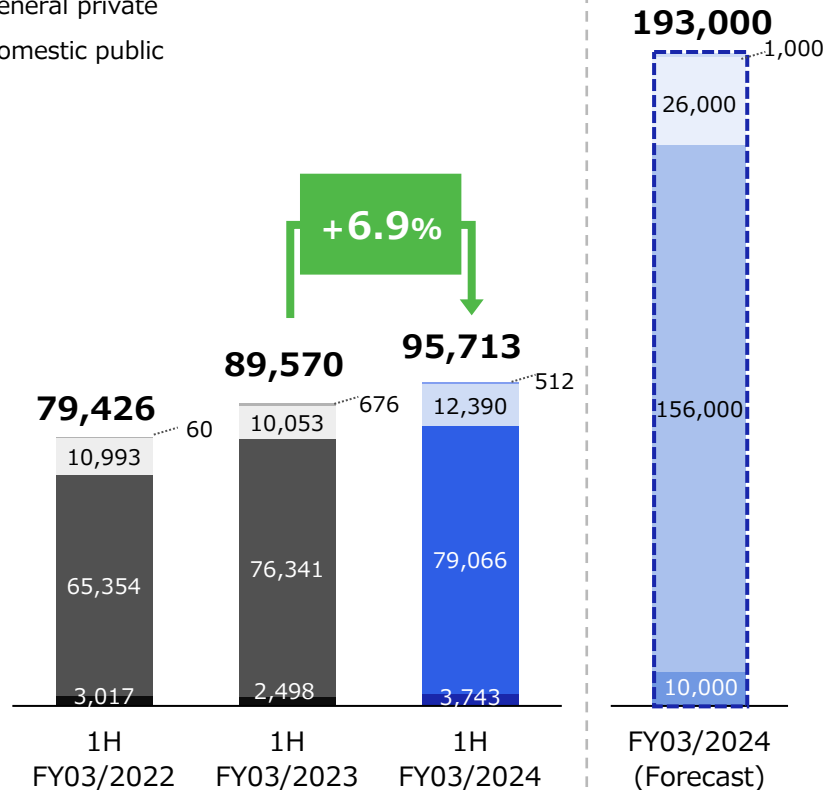
Completed construction sales increased due to the steady progress centered on carryover of large construction projects at the beginning of the period.

The gross profit margin of completed construction is estimated to be 6.9% for the full year, a decrease year on year.

Completed construction sales

(Millions of yen)

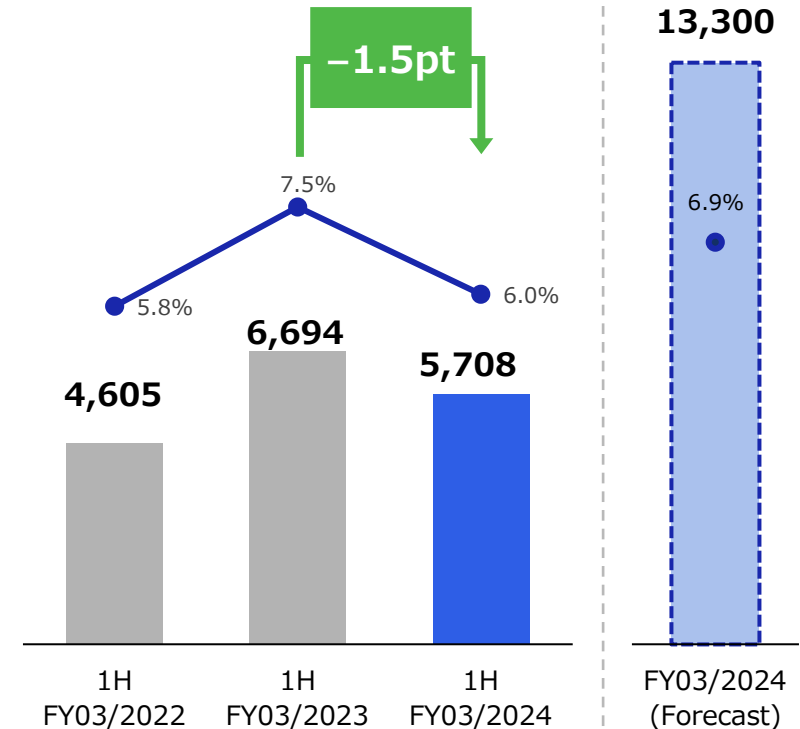
- Overseas
- Tokyu group
- General private
- Domestic public



Gross profit

(Millions of yen)

- Profit margin ratio



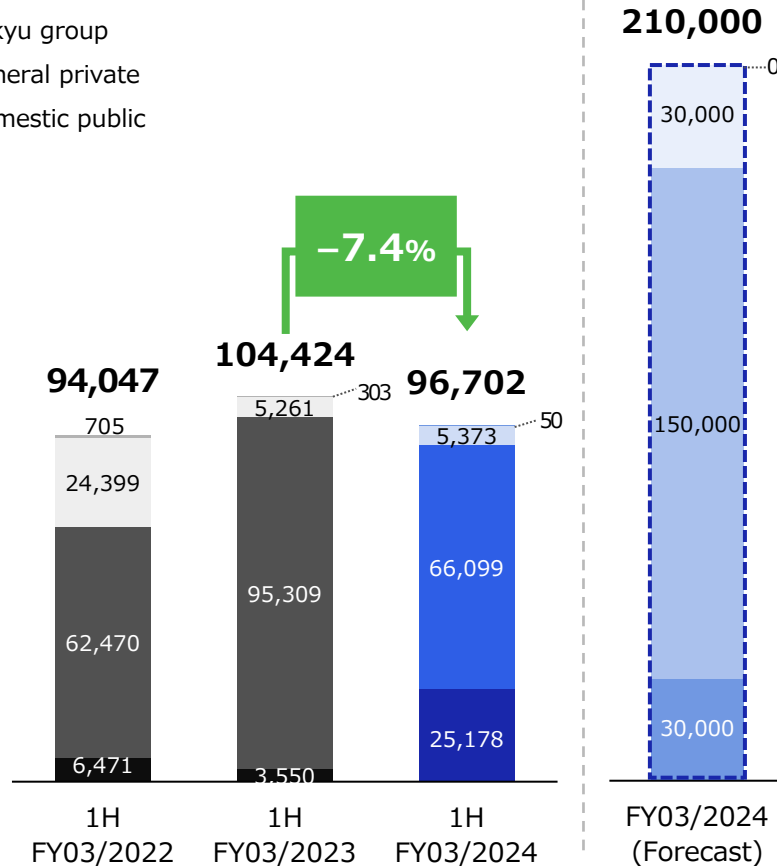
— Non-Consolidated / Building construction (Orders)

Domestic public projects increased due to the orders received for multiple construction projects including large-scale ones, despite a reactionary decline in orders for large-scale private sector construction projects in the same period of the previous year. We will steadily capture solid demand to meet the full-year target of 210 billion yen.

Orders

(Millions of yen)

- Overseas
- Tokyu group
- General private
- Domestic public



Main orders

Ordered by	Name of construction	Place of construction
Tokyo Institute of Technology	Construction work for a new school building and other constructions of Tokyo Tech High School of Science and Technology (Ookayama)	Tokyo
Clean Authority of TOKYO	Construction work for the development of a central breakwater non-combustible and bulky waste disposal facility	Tokyo
Fukushima Prefecture	Construction work of architecture for a new training building of the integrated school of Shirakawa Jitsugyo High School and Hanawa Technical High School	Fukushima Prefecture
Mitsubishi Estate Residence Co., Ltd./ SOTSU CORPORATION/ Chitose Corporation	New construction under the project for Azabu-Nagasaka-cho, Minato Ward	Tokyo
Japan Association for the 2025 World Exposition	2025 World Exposition Facility Development Project PW Southeast Construction District (construction work)	Osaka prefecture
ITOEN, LTD.	Construction work for the new construction of the second Kobe plant of ITOEN, LTD. (tentative name)	Hyogo Prefecture
TOKYU CORPORATION/ TOKYU LAND CORPORATION	Construction work for new construction project of Kamata 5-chome, Ota Ward (tentative name)	Tokyo

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



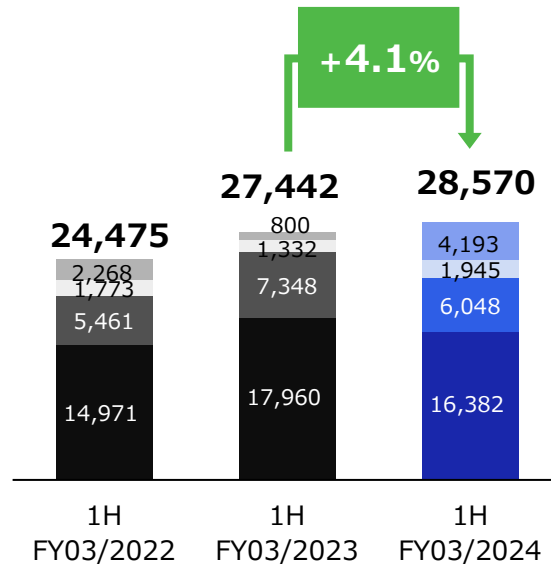
Completed construction sales increased due to the steady progress in carryover construction projects at the beginning of the period. Things went according to plan.

We upwardly revised our full-year forecast as the gross profit margin of completed construction increased due to the initiatives to improve profitability.

Completed construction sales

(Millions of yen)

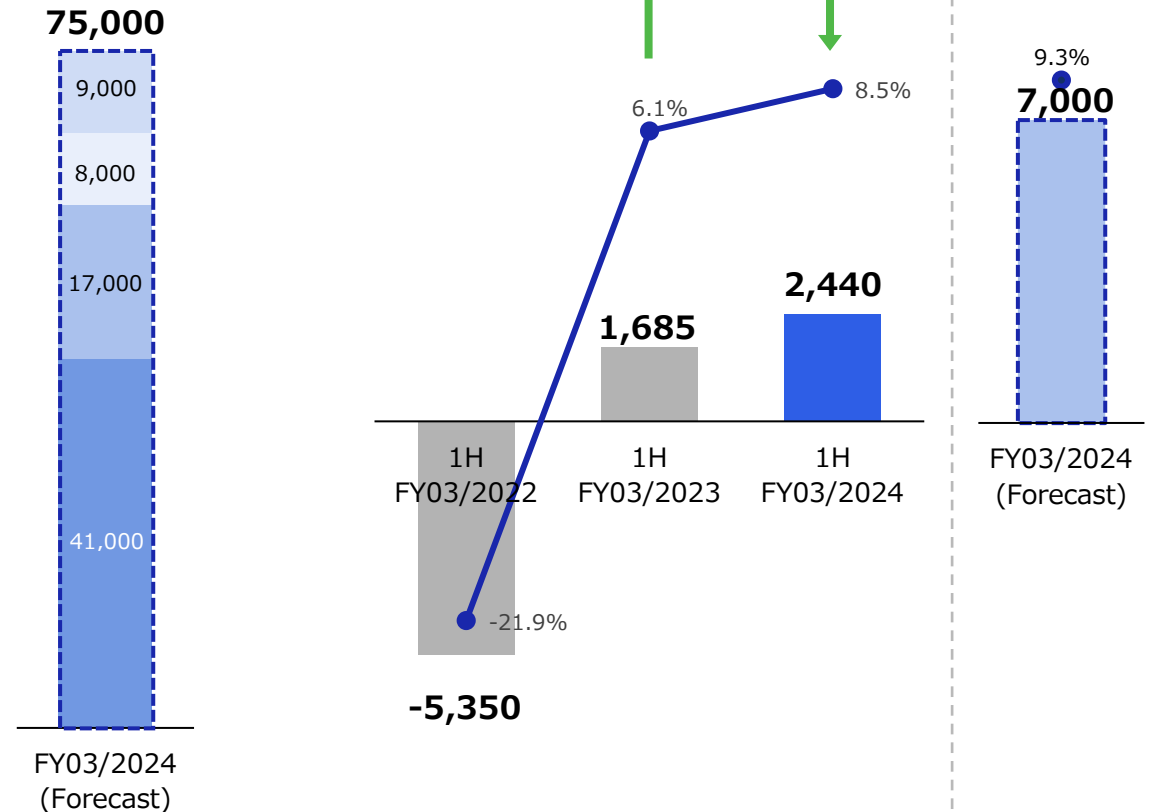
- Overseas
- Tokyu group
- General private
- Domestic public



Gross profit

(Millions of yen)

● Profit margin ratio



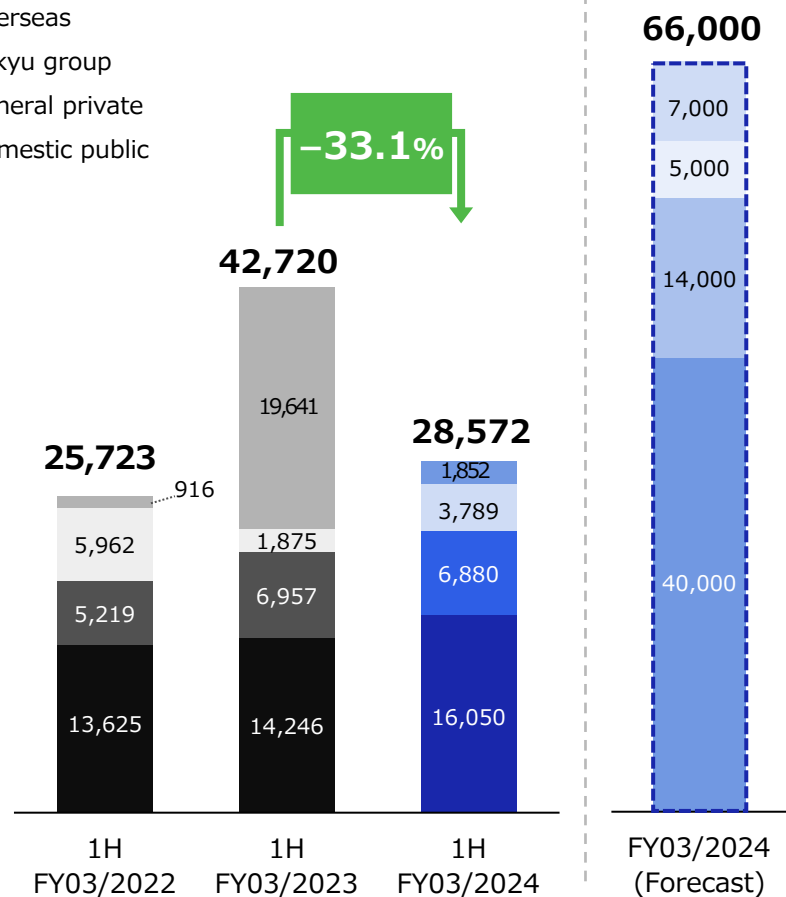
— Non-Consolidated / Civil engineering (Orders)

Although orders decreased due to a reactionary decrease from large overseas construction projects in the same period of the previous year, those for all of public, private and Tokyu Group projects were strong in Japan.

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	FY2023 construction work for Kidani Tunnel on the Akitsu Bypass	Hiroshima Prefecture
Tokyo	Karabori River upstream rainwater trunk line construction work	Tokyo
Uedadentetsu Co., Ltd.	Chikuma River bridge reinforcement construction work (P3 Bridge Piers)	Nagano Prefecture
Harmony TMK	(Tentative name) Construction work for residential land and road development under the development project (Parcel 10a-B) in 5 banchi-5 Hanazono, Kutchan-cho and others	Hokkaido Prefecture
TOKYU Corporation, TOKYU Railways	Construction work to reinforce the retaining walls between Yoga Station and Futakotamagawa Station on the Den-en-toshi Line (civil engineering work)	Tokyo

Consolidated Balance Sheets

The equity ratio was at 40.2%, increase of 2.0 percentage points compared with March 31, 2022. D/E ratio was 0.48 times due to an increase in borrowings.

(Millions of yen)	As of March 31, 2023	As of September 30, 2023	YoY	Increase/decrease factors
Current assets	187,892	178,645	(9,247)	– Current assets
Non-current assets	28,700	28,540	(160)	<ul style="list-style-type: none"> • Cash and deposits –26,722 • Notes receivable, accounts receivable from completed construction contracts and other +19,330
Investments and other assets	32,571	32,764	+193	
Total assets	249,164	239,950	(9,213)	– Liabilities
Liabilities	144,743	125,968	(18,774)	<ul style="list-style-type: none"> • Notes payable, accounts payable for construction contracts and other –11,243 • Advances received on construction contracts in progress –8,329 • Electronically recorded obligations – operating –5,372 • Deposits received –2,950 • Provision for loss on construction contracts –2,406 • Short-term borrowings +15,240
Non-current liabilities	8,400	16,816	+8,415	
Total net assets	96,020	97,165	+1,145	– Non-current liabilities
Total liabilities and net assets	249,164	239,950	(9,213)	<ul style="list-style-type: none"> • Long-term borrowings +9,809
Equity ratio(%)	38.2	40.2	+2.0pt	– Total net assets
Interest-bearing debt	21,970	47,019	+25,049	<ul style="list-style-type: none"> • Retained earnings +597 • Total accumulated other comprehensive income +351
D/E ratio (times)	0.23	0.48	+0.25	
Net Cash	36,743	(15,028)	(51,772)	

Consolidated Statements of Cash Flows

Operating cash flow was negative due to the advanced payment of construction charges.

(Millions of yen)	1H FY03/2023	1H FY03/2024	1H FY03/2024 remarks
Cash flows from operating activities	8,977	(49,852)	Cash decreased due to an increase in trade receivables and a decrease in trade payables, etc.
Cash flows from investing activities	5	(333)	Cash decreased due to the payment for the acquisition of property, plant and equipment, intangible assets, etc.
Free cash flow	8,983	(50,185)	—
Cash flows from financing activities	(651)	23,256	Cash increased due to an increase in short-term borrowings, income from long-term borrowings, etc.
Net increase (decrease) in cash and cash equivalents	8,581	(26,722)	—
Cash and cash equivalents at beginning of period	38,648	58,714	—
Cash and cash equivalents at end of period	47,229	31,991	—

Full-year Forecast for FY03/2024

The First Half FY03/2024 Financial Results Briefing

Consolidated Financial Results Forecast

Orders are expected to achieve the initial plan on the back of strong demand.

The Company revised its full-year forecasts upward due to individual factors in the second quarter.

We will increase investment in human resources to improve corporate value.

(Millions of yen)	FY03/2023 Results	Ratio	FY03/2024			YoY	Difference compared to previous Forecast
			Previous	Revised	Ratio		
Orders(non-consolidated)	267,792	—	276,000	276,000	—	+3.1% +8,207	—
Net Sales	288,867	—	307,000	299,000	—	+3.5% +10,132	(2.6%) (8,000)
Gross profit	21,879	7.6%	23,300	25,200	8.4%	+15.2% +3,320	+8.2% +1,900
Selling, general and administrative expenses	16,771	5.8%	18,000	19,000	6.4%	+13.3% +2,228	+5.6% +1,000
Operating income	5,107	1.8%	5,300	6,200	2.1%	+21.4% +1,092	+17.0% +900
Ordinary income	5,020	1.7%	6,200	7,600	2.5%	+51.4% +2,579	+22.6% +1,400
Profit (loss) attributable to owners of parent	5,245	1.8%	4,000	5,700	1.9%	+8.7% +454	+42.5% +1,700
Dividend per share	36yen	—	36yen	36yen	—	—	—

Non-consolidated Financial Results Forecast

Completed construction sales will increase from the previous fiscal year due to the steady progress in carryover construction projects at the beginning of the period.

Net sales will decrease 6 billion yen from the beginning-of-period forecast due to delays in receiving orders for new building construction projects.

Full-year forecasts are revised upward due to improved profits in civil engineering and real estate in the second quarter.

(Millions of yen)	FY03/2023 Results	FY03/2024			YoY	Difference compared to previous Forecast
		Previous	Revised	Ratio		
Net Sales	261,529	275,000	269,000	100%	+7,470	(6,000)
Completed construction sales	252,377	274,000	268,000	—	+15,622	(6,000)
Building construction	192,052	196,000	193,000	71.7%	+947	(3,000)
Civil engineering	60,325	78,000	75,000	27.9%	+14,674	(3,000)
Real estate sales	9,151	1,000	1,000	0.4%	(8,151)	—
Gross profit	20,063	20,100	21,800	(Profit rate) 8.1%	+1,736	+1,700
Completed construction gross profit	17,229	19,600	20,300	7.6%	+3,070	+700
Building construction	13,778	13,700	13,300	6.9%	(478)	(400)
Civil engineering	3,450	5,900	7,000	9.3%	+3,549	+1,100
Real estate gross profit	2,833	500	1,500	150.0%	(1,333)	+1,000
Selling, general and administrative expenses	15,665	16,800	17,700	6.6%	+2,034	+900
Operating income	4,398	3,300	4,100	1.5%	(298)	+800
Ordinary income	4,426	3,500	5,100	1.9%	+673	+1,600
Net income	3,825	2,300	3,700	1.4%	(125)	+1,400

— Non-Consolidated Order Forecast

In building construction, we will aim to achieve a level of orders in excess of 200 billion yen by securing the target projects. In civil engineering, there will be a reactionary decrease from the previous fiscal year's large overseas projects, but we will aim to acquire orders centered on domestic government projects.

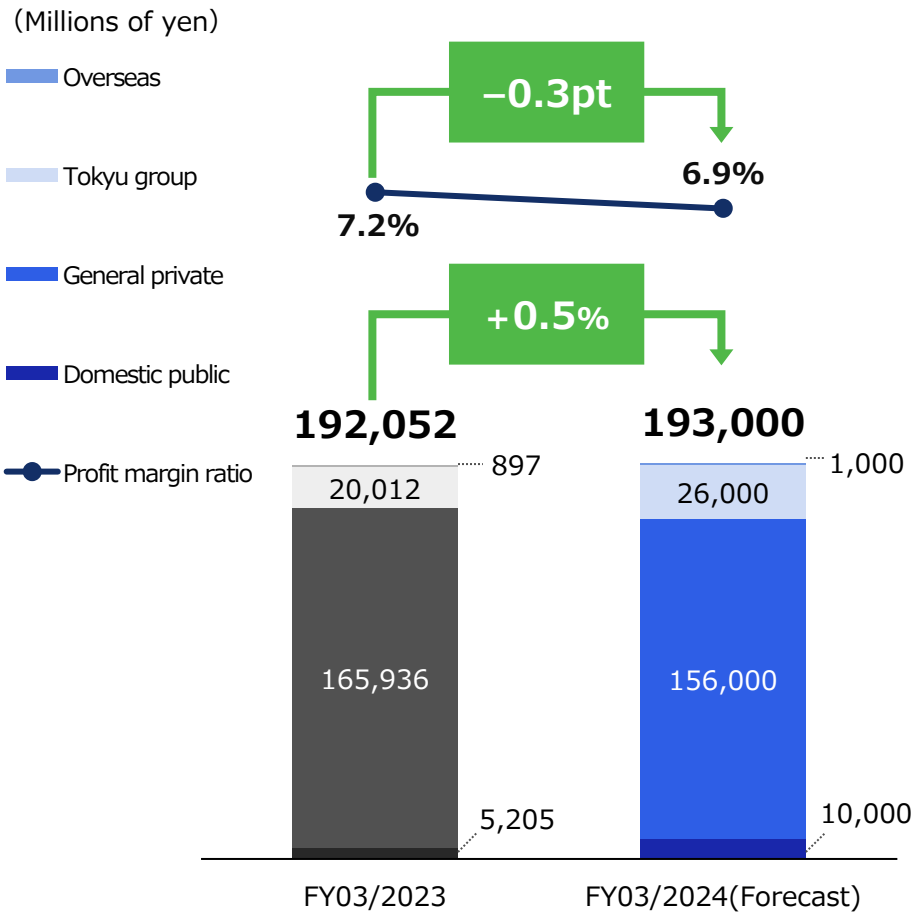
(Millions of yen)	FY03/2023 Results	FY03/2024		YoY	Difference compared to previous Forecast
		Previous	Revised		
Domestic public	9,730	21,000	30,000	+20,269	+9,000
Domestic private	173,476	189,000	180,000	+6,523	(9,000)
General private	162,823	159,000	150,000	(12,823)	(9,000)
Tokyu Group	10,652	30,000	30,000	+19,347	—
Overseas	343	—	—	(343)	—
Building construction	183,550	210,000	210,000	+26,449	—
Domestic public	37,644	40,000	40,000	+2,355	—
Domestic private	24,141	19,000	19,000	(5,141)	—
General private	19,328	14,000	14,000	(5,328)	—
Tokyu Group	4,812	5,000	5,000	+187	—
Overseas	22,456	7,000	7,000	(15,456)	—
Civil engineering	84,242	66,000	66,000	(18,242)	—
Total	267,792	276,000	276,000	8,207	—

Non-consolidated Financial Results Forecast / Building construction



There will be good progress in works carried over at the beginning of the fiscal year. We will work to further improve profits while closely monitoring labor shortages and trends in equipment and material costs.

Completed construction sales /Gross Profit



Construction work carried forward

(Millions of yen)

	FY03/2023	FY03/2024 Forecast
Amount brought forward	272,428	263,926
Orders	183,550	210,000
Completed construction sales	192,052	193,000
Amount carried forward	263,926	280,926

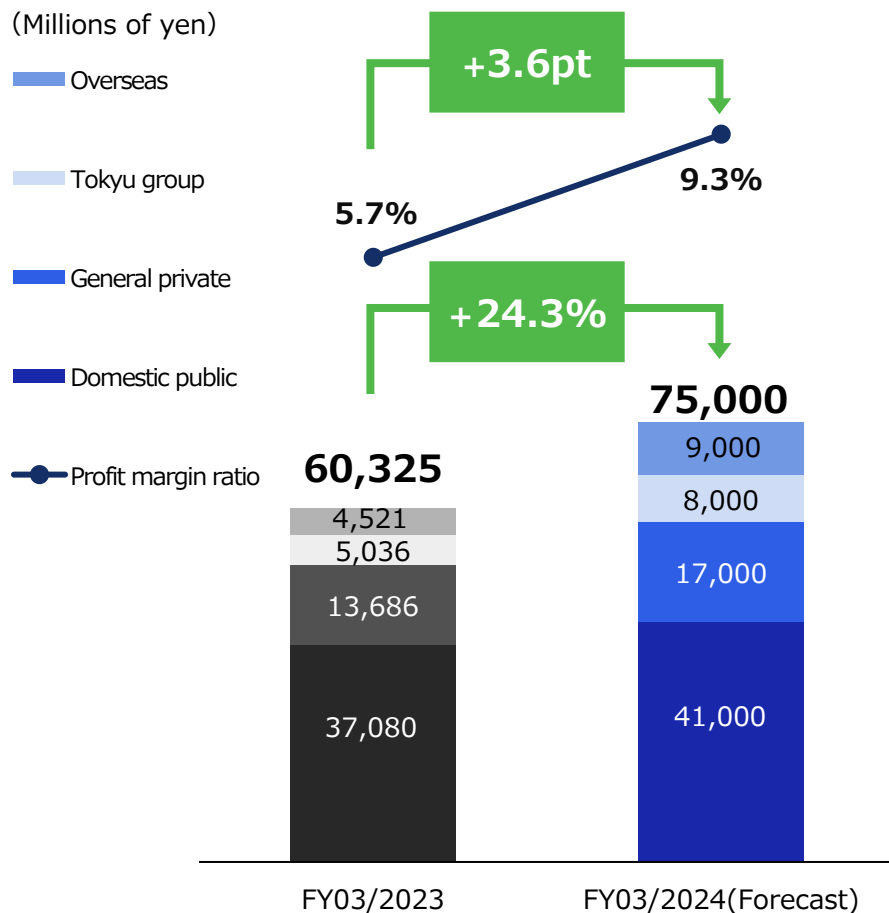
Non-consolidated Financial Results Forecast / Civil engineering



Large-scale construction carried over from past fiscal years will progress and completed construction sales will increase.

In addition to improving the profitability of some construction projects, we will increase profit margins by acquiring additional construction projects and through originality and ingenuity at the site going forward.

Completed construction sales /Gross Profit



Construction work carried forward

(Millions of yen)

	FY03/2023	FY03/2024 Forecast
Amount brought forward	90,404	114,321
Orders	84,242	66,000
Completed construction sales	60,325	75,000
Amount carried forward	114,321	105,321

Forecast / Construction Renewal

The number of business inquiries will tend to increase, and both net sales and orders will recover to pre-COVID-19 levels.

External environment

- Desire for investment is strong, due partly to the recovery of inbound arrivals and a reaction to the suppression of investment during the COVID-19 pandemic.

Future policy

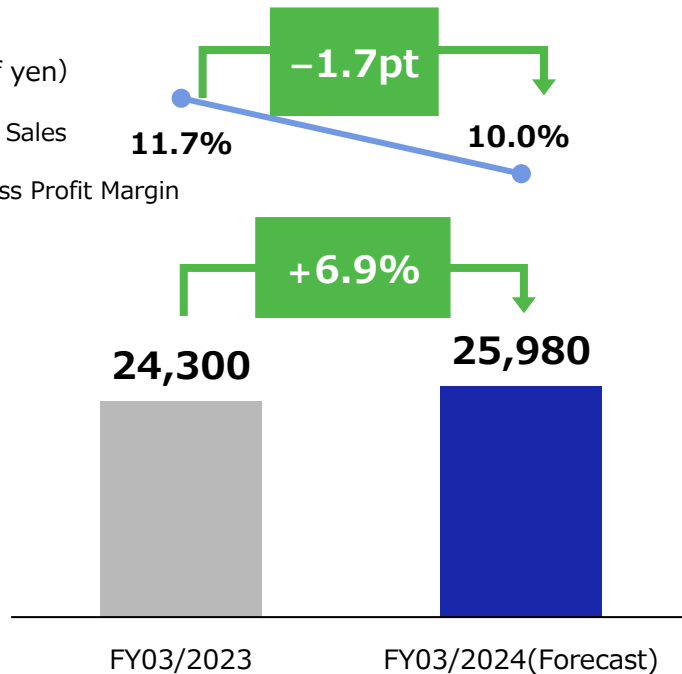
- We will aim for certain orders for targeted projects and to improve profitability.

Net Sales/Gross Profit

(Millions of yen)

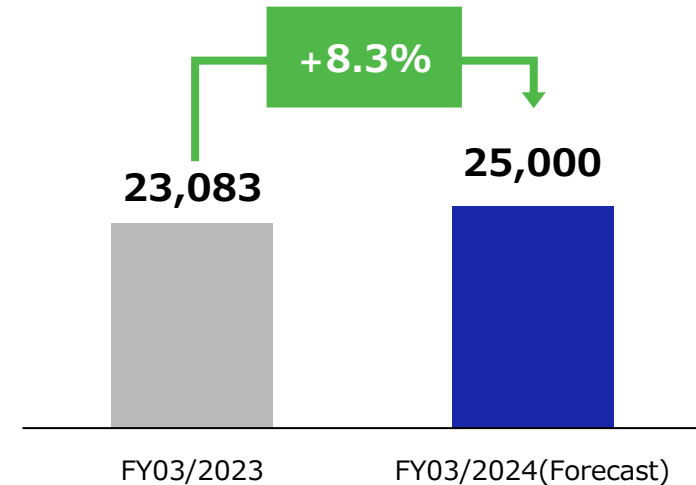
■ Net Sales

● Gross Profit Margin



Orders

(Millions of yen)



※ 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

Business performance of subsidiaries will improve after a temporary deterioration in the previous fiscal year. The improvement in profitability of some civil engineering works will contribute to exceeding the initial forecast of profit.

External environment

- Needs for infrastructure development in Southeast and South Asia will increase.

Future policy

- Using our track record in railway and road-related business in Japan as a strength, we will work on transportation infrastructure-related ODA projects centered on Southeast and South Asia.
- We will focus on TOD-type*1 community development in collaboration with partner companies in various countries.

Real estate

The real estate rental business, which provides environmental value, will make steady progress. Gross profit will increase due to cost review of long-term development projects we withdrew from.

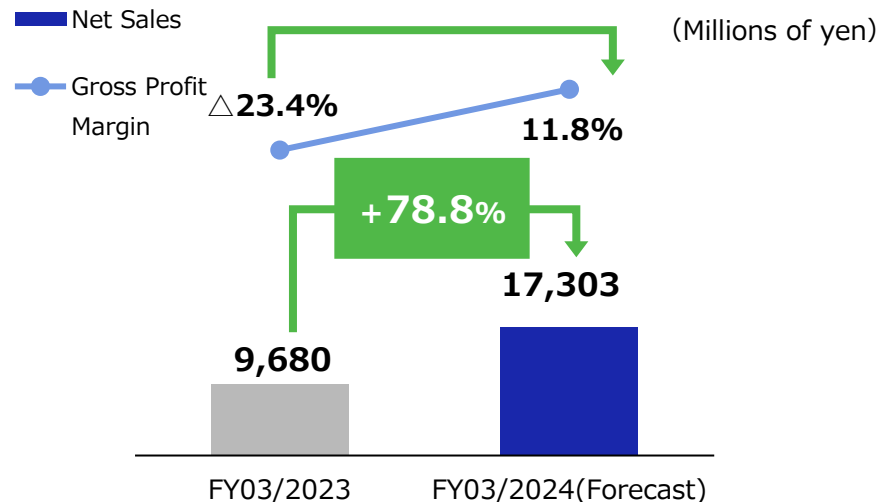
External environment

- Environmental real estate needs will expand.

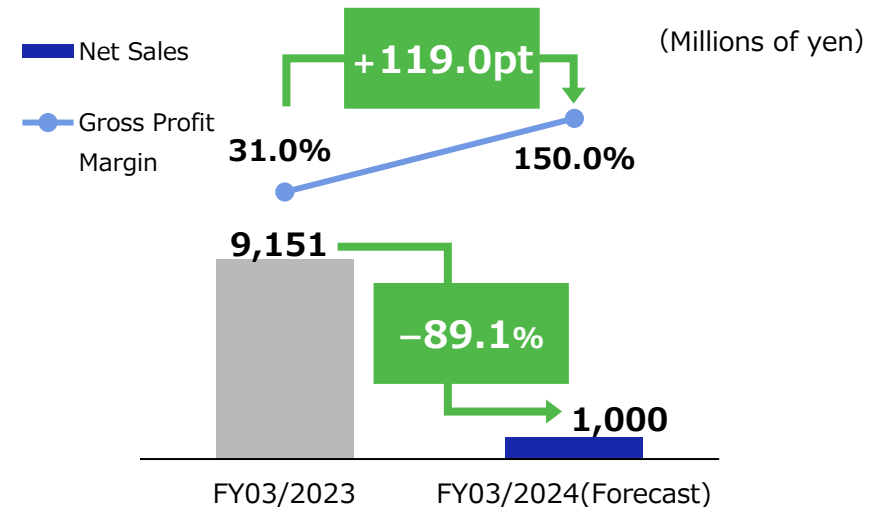
Future policy

- We will use our strengths in general construction to promote environmental real estate initiatives and in-house "TQ" branding to increase value.
- We will continuously promote the replacement of assets in the Tokyo metropolitan area, where we have our strengths.

Net Sales/Gross Profit^{※2}



Net Sales/Gross Profit^{※3}



*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)

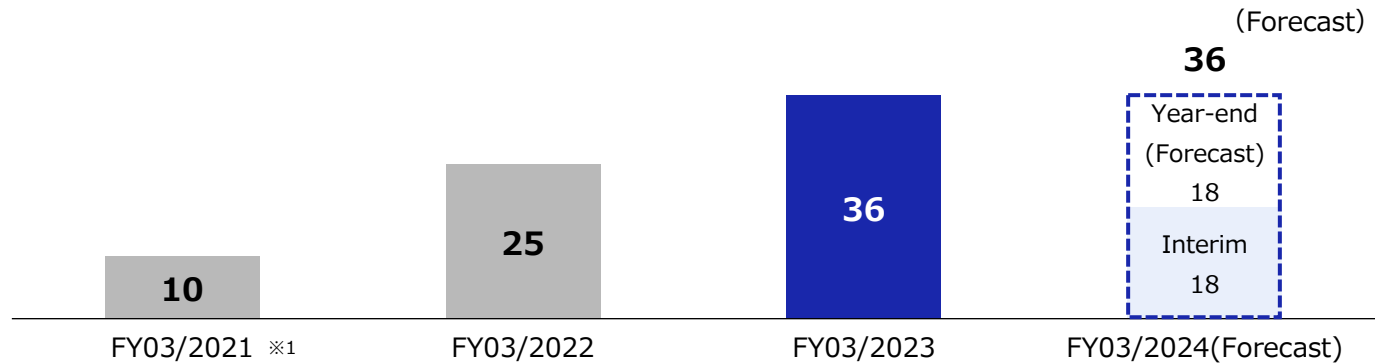
※3 Numbers for the real estate business are the values of the sales and gross profit of the real estate business on the Company's non-consolidated statement of income.

Shareholder returns

We plan to pay an annual dividend of 36 yen per share. While recognizing the importance of capital efficiency, we will continue our basic policy of paying dividends with a dividend on equity ratio (DOE) of at least 4.0%, emphasizing stable and continuous profit returns to shareholders.

Dividend per share

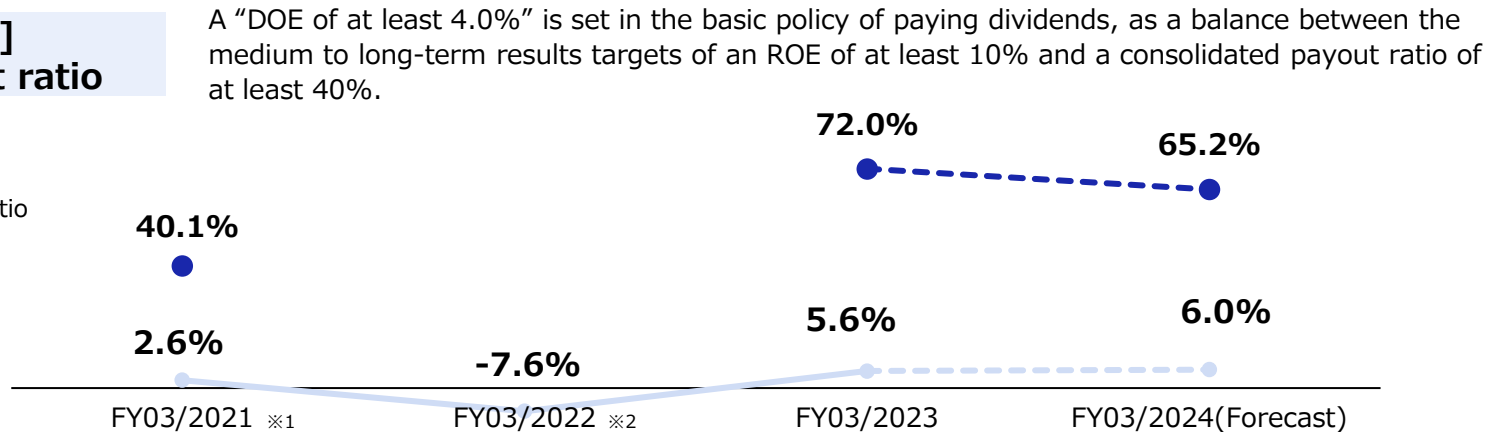
(yen)



[Reference] ROE and payout ratio

(yen)

— ROE
 — Payout ratio



※ 1 Total number of shares of treasury stock for FY03/2021: 1,965,100 shares (total value of acquisition: 999,976,175 yen)

※ 2 Dividend payout ratio for the FY03/2022 is not shown due to the net loss for the year.

Our Strength : Town Planning

~The Technology, Expertise, and Teamwork That Keep Urban Functions Running~

The First Half FY03/2024 Financial Results Briefing

— Strengths of Tokyu Construction Group

Since its founding, the Company has accumulated know-how and human resource capabilities by continuing to take on the challenge of community development conscious of consumers. By deepening and fusing these using digital technology, we have established unique “technology, know-how, and teamwork that keep urban functions running.”

Strengths of the Tokyu Construction Group

Strengths of Tokyu Construction Group

Tokyu Construction's Starting point, Postwar reconstruction of the capital



Courtesy of Tokyu Corporation

Tokyu Corporation established the Temporary Postwar Reconstruction Committee two weeks after the end of World War II. Tokyu Construction Industry Co., Ltd., the predecessor of TOKYU CONSTRUCTION CO., LTD., was established based on the reconstruction plan for the capital, Tokyo. Because of this history, Tokyu Construction's mission is to resolve social issues.

Tokyu's founder
Keita Goto

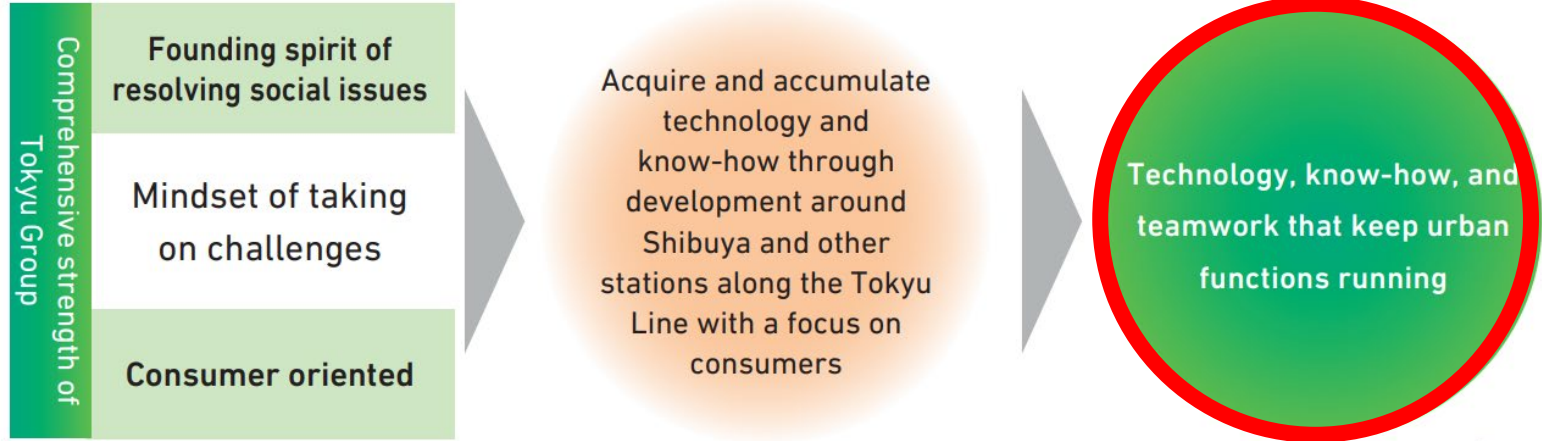
Tokyu Spirit, the Founding Spirit Expounded by the First President Noboru Goto



Courtesy of Tokyu Corporation

If business seems 100% safe to anybody, Tokyu does not need to do it. The business spirit that we have built up over a long time is not so relaxed, but rather a brave way of doing things, carrying a torch ahead of all others.

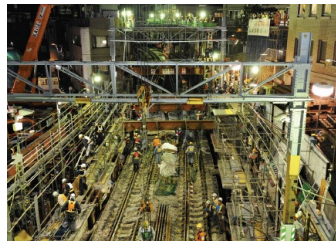
The first president of Tokyu Construction
Noboru Goto



past

present

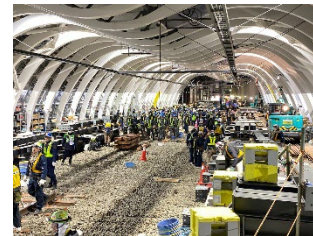
Tokyu Toyoko Line Shibuya Station to Daikanyama Station track switchover



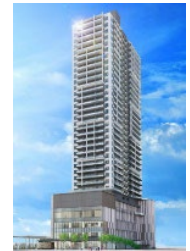
Redevelopment of the area around Shibuya Station



Tokyo Metro Ginza Line Shibuya Station railway track diversion project



Type 1 urban redevelopment project in the Itabashi Station Itabashi-guchi area



— Achievements in Urban Development

By taking advantage of our strength in construction around stations and near railroads, we have become involved with various projects in Japan and overseas.

We will further hone our strengths--the technology, expertise, and teamwork that keep urban functions running--through experience gained in difficult construction projects.

Participation in redevelopment by leveraging our strengths in construction around stations and near railroads

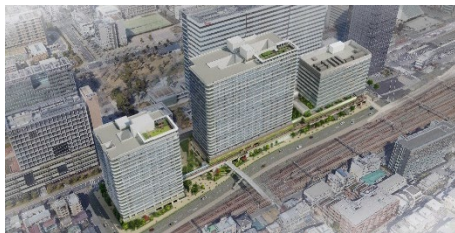
High levels of technology and construction know-how are required for the construction work around the station and near the railway, which is not allowed to have any affect on the railway business line in operation.



Shin-Tsunashima Station Area Type 1 Urban Redevelopment Project



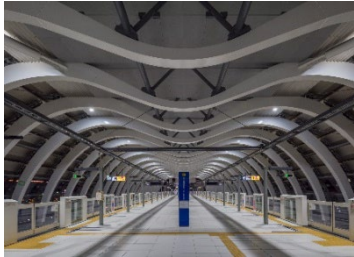
Itabashi Station Itabashi Exit Area Type 1 Urban Redevelopment Project (JR Itabashi Station)



Kakoicho East District Type 1 Urban Redevelopment Project (JR and Tokyo Metro Nakano Station)

Railroad improvement construction projects without affecting users' daily lives

Having completed various overnight construction projects to convert aboveground tracks to underground, such as the tracks between Tokyu Toyoko Line Shibuya and Daikanyama Station (2013), we are enhancing our railroad construction capabilities by adding the latest technology to our strengths in railroad construction we have developed to the date.



Tokyo Metro Ginza Line Shibuya Station improvement work (a new station building offered for use in 2019)



We were highly praised to have completed construction work under severe conditions and within a limited time using BIM/CIM and VR technologies, and were awarded the 2019 i-Construction Grand Prize of the Ministry of Land, Infrastructure, Transport and Tourism and the 3rd Civil Engineering Prize at the Japan Federation of Construction Contractors Awards.

Application of our experience in domestic construction to assist in the economic development of Asian countries

We are contributing to the development of social infrastructure in Southeast and South Asia through ODA by leveraging our achievements in railway-related construction works, etc. in Japan.



Construction of Mass Rapid Transit, Jakarta



Metropolitan Manila Subway Project (Phase 1) CP104 Construction Area



Dhaka Mass Rapid Transit Development Project (LINE-1)

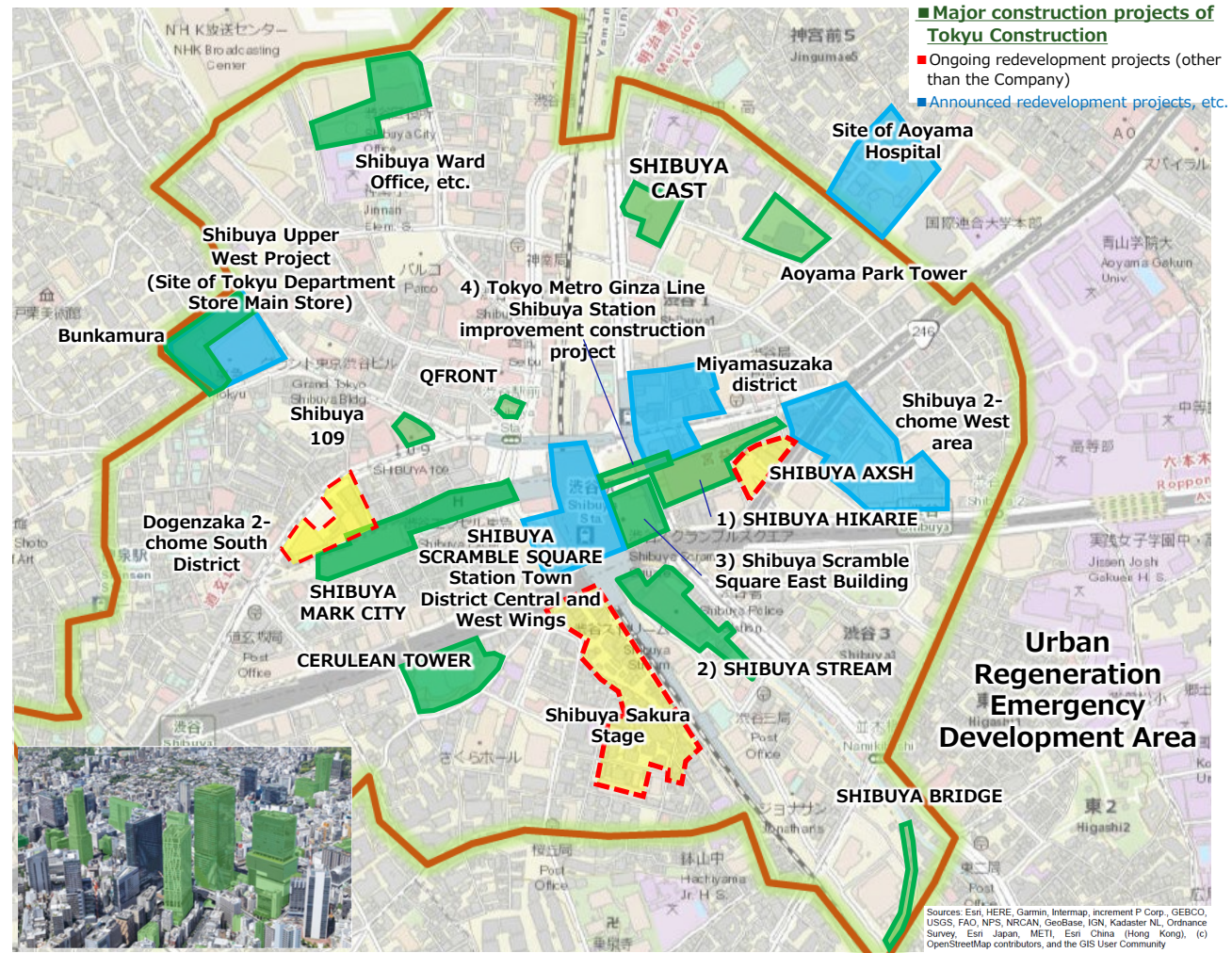
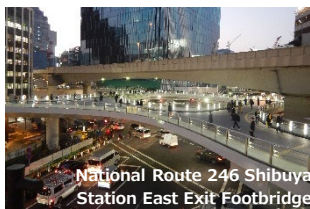
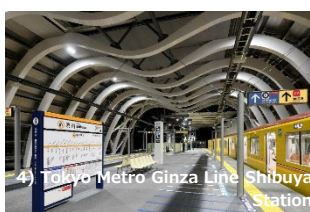


Construction of a depot for railcars in Dhaka

— Urban Development in Shibuya

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.

— Commitment to Problem-Solving Skills (QCDSE*)

The entire Company is working together to implement the impending “Overtime Work Cap Regulations” to take effect in April 2024. Strengthening problem-solving skills for the medium to long term, including utilization of digital technology, human resource development, and collaboration with cooperating companies.

※QCDSE: An acronym for quality, cost, delivery, safety, and environment, the five elements that form the basis of construction management.

Measures for Overtime Work Cap Regulations

- 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
- Improvement in employee awareness of flexible workstyles
- Construction plans based on the premise of closing work sites for a total of eight days out of every four weeks

Continuous improvement

Percentage of closing work sites for a total of eight days out of every four weeks

Ratio of employees complying with overtime work cap regulations

- ✓ 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

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

- TQ-BUDDY, a job site for subcontractors, in cooperation with our organization of cooperating companies in construction work.



<https://www.tokyu-cnst.co.jp/co-creation/>

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	Prevention of reoccurrence
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • New establishment of the quality control division of Head Office • Building of a human and technical support system for the field
	<ul style="list-style-type: none"> • 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
	<ul style="list-style-type: none"> • 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
	<ul style="list-style-type: none"> • Compliance education for all officers and employees • Launch of measures that make communications more frequent and effective

Progress of Long-Term Management Plan

The First Half FY03/2024 Financial Results Briefing

TOPICS Decarbonization

We have newly entered the power storage facility business in order to achieve both adaptation and contribution to a decarbonized society and profit generation.

We will continue to take various initiatives to reduce GHG emissions in our construction and production processes.

Main investments

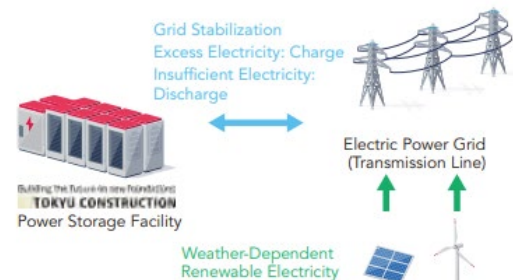
Storage Depot Scheduled for FY2024 Launch

We are working to stabilize the supply and demand of electric power in Japan and to make effective use of renewable energy. Current efforts include the launch of an energy storage facility (grid storage batteries) business at our own plant in Sagamihara City, Kanagawa Prefecture. By connecting large-scale storage batteries directly to the power grid, the facility will absorb surplus power from renewable energy sources, provide supply and demand balancing, and discharge power when power supply and demand are tight in various power markets. The project is scheduled to begin the installation of large-scale storage batteries in January 2024 and begin operation in April 2024.

■ Sagamihara Plant



■ Role of Storage Depot



Trial of Hydrogen Fuel Cell Generators to Supply Power at Shibuya Construction Site

The successful trial evaluated reductions of noise and carbon dioxide (CO₂) emissions achieved by using hydrogen fuel cell generators instead of conventional gasoline generators. Tokyu Construction will promote the feasibility and benefits of using hydrogen fuel cell power generators at construction sites to reduce environmental impacts.

■ Hydrogen fuel cell generator in use as power source



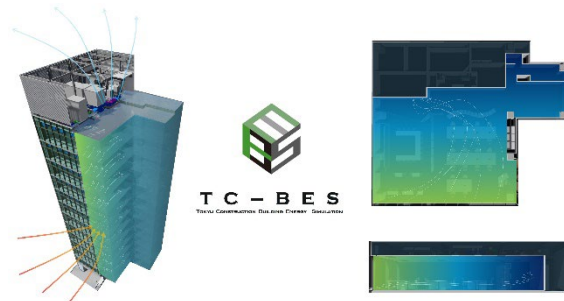
TOPICS Initiatives to utilize digital technology

We will utilize BIM/CIM to improve the efficiency and sophistication of construction and production and management systems, promote the development of DX human resources for transformation, and expand the potential for community development.

Main investments

Transformation of construction and production systems by utilizing BIM

The transformation of construction and production systems, including the value chain, is progressing with a view to digitizing cities. Against this backdrop, the Company has developed and started operating an energy simulation tool "Tokyo Construction - Building Energy Simulator (TC-BES)" for buildings. Through the use of BIM, we conduct various case studies in a short period of time at the initial stage of design, examine ZEB, and make optimal proposals. In addition, we have developed BIM solutions for earth retaining, underground construction, and ground temporary planning, and are promoting DX with digital twins that are integrated from the planning stage to application at the actual site.



TC-BES, a primary energy simulation tool for building construction

Promotion of initiatives to reduce environmental impact using BIM as a platform

We have jointly developed the collaboration method between the BIM model and the computational fluid dynamics simulator with the research group of Prof. Nobuyoshi Yabuki of the Graduate School of Engineering, Osaka University. By incorporating this method into the Building OS*, we aim to achieve indoor environmental control, which has been difficult in the past. This includes estimating the temperature and humidity in areas where sensors are not installed, and predicting the state of the thermal environment after 30 minutes to control air conditioning by looking ahead.

*Building OS

A building operating system jointly developed by the Company and Graduate School of Engineering, Osaka University in April 2023. Building OS is a digital platform that helps improve the environmental value and productivity of buildings by utilizing data such as room temperature and CO₂ concentration read by sensors to enable comfortable and energy-saving automatic adjustment of air conditioning and lighting and control of robots working in buildings.

Promotion of DX human resource development More than 250 people passing IT Passport exams

As part of our efforts to develop DX human resources, we have been recommending that employees of the entire Company take the "IT Passport Examination" conducted by the Information-technology Promotion Agency (IPA) since FY2022. At the end of September 2023, more than 250 applicants had passed the examination.

This exam is recommended throughout the Company because it provides comprehensive knowledge in a wide range of fields, including general management and management knowledge, in addition to IT knowledge. Aiming to have a cumulative total of 500 people pass the exam by the end of FY2023, we have established a support system for active learning to help employees tackle challenges by providing e-learning that all employees can take, analyzing and sharing exam information, and subsidizing exam costs for those who have passed exams, etc.

TOPICS Initiatives for Public-Private Partnerships (PPP) , Innovation



We promote public-private partnership projects and venture investments to create new businesses and pursue growth opportunities.

We continue to hold “Vision Dialogue” and “MOON SHOT CONTEST” to encourage behavior change to “Challenge and Change.”

Main investments

PPP

Todoroki Ryokuchi Redevelopment Project Public- Private Partnership (PPP)

In April 2023, we became part of the Kawasaki City Todoroki Ryokuchi redevelopment project. The project will be managed by Kawasaki Todoroki Park Corporation, which was established by nine companies, including Tokyu Corporation and our Company. The plan is to redevelop the stadium, arena, and other facilities in the area, maintaining and managing the entire green space for 30 years through March 2053. We will contribute to the community and society through the town planning expertise we gained through our past construction work and PFI projects.



Artist's conception of the Todoroki Ryokuchi after redevelopment (courtesy of Kawasaki Todoroki Park Corporation)

Innovation

Investment of Branch Technology, a 3D printer manufacturer and seller of buildings

Branch Technology is a venture company that manufactures and sells facades, monuments, and other structures of various designs using its proprietary technology that enables them to 3D print lattice structures of any design. Branch Technology has already delivered several structures, including commercial facilities, which were built according to building codes in the United States. Through investment in Branch Technology, our Company will accumulate expertise in 3D printer construction to increase productivity at construction sites and accelerate initiatives to achieve some of the core goals of the long-term management plan, including "decarbonization" and "zero waste."



Branch
TECHNOLOGY

Innovation

Promotion of behavioral change to “Challenge and Change” through management leadership

In order to be able to think and act autonomously in an uncertain business environment, we continue to hold “Vision Dialogue” for people to think about the future of the Company through dialogue with the management and “MOON SHOT CONTEST,” a contest for new business ideas.

We encourage behavioral changes to “Challenge and Change.”

Participation and Frequency		Topic
1st Round FY2021	2,436 employees (93%) Total of 511 times	Opportunity to understand and share our new vision.
2nd Round FY2022	2,447 employees (90%) Total of 571 times	Actions needed for change
3rd Round FY2023	In progress	Reaffirm VISION2030; excitement (satisfaction and pride in one's work)

Vision Dialogues



MOON SHOT CONTEST

— Long-Term Management Plan “To zero, from zero.”

We promote a long-term management plan with FY2030 as the target year. We will further work to strengthen our problem-solving skills (overhaul of QCDSE and sales capabilities and the restructuring of our earning power) to return to a growth trajectory.



KPI

		03/FY2023 Results	03/FY2024 Revised Forecast	03/FY2026	03/FY2031
Profitability	Operating profit	5.1 billion yen	6.2 billion yen	At least 11.0 billion yen	At least 22.0 billion yen
	Operating profit margin	1.8%	2.1%	At least 3.0%	At least 5.0%
Efficiency	ROIC (※1)	3.0%	—	—	At least 7.0%
	ROE	5.6%	6.0%	At least 7.0%	At least 10.0%
Soundness	Debt-to-equity ratio	0.23times	0.5 times or less		0.5 times or less
	Capital adequacy ratio	38.2%	About 40%		About 45%
Non financial	Employee engagement rating (※2)	BB	A	A	AAA
	GHG emissions (※3)	—	12.5% reduction	17.5% 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. We are scheduled to get a third-party certification to heighten the data credibility on GHG emissions and are planning to disclose the data for FY03/2023 around July 2023..

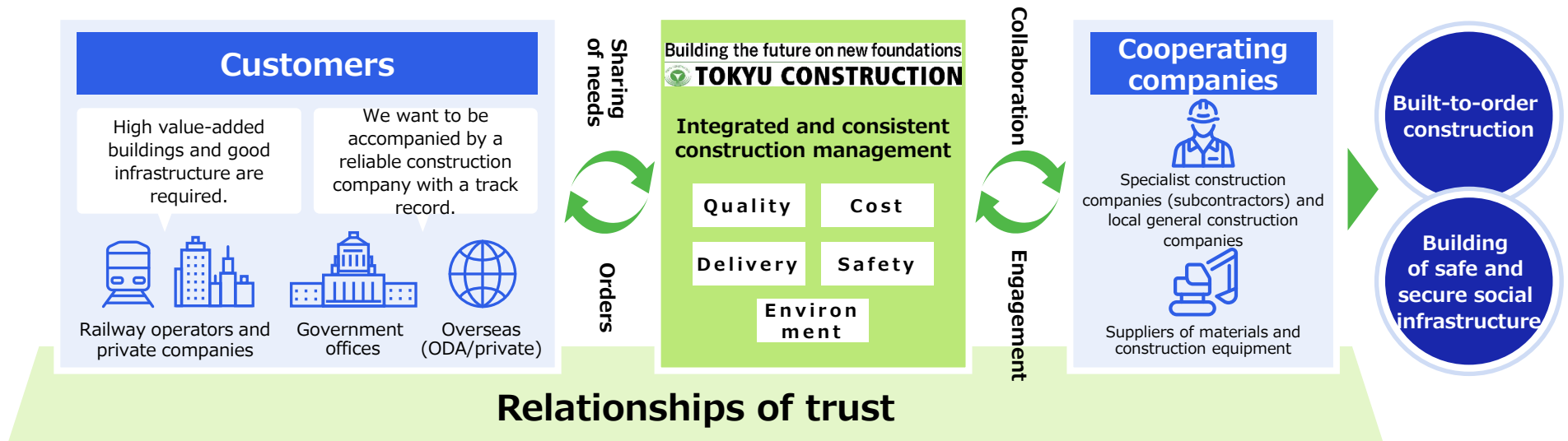
【Appendix】

The First Half FY03/2024 Financial Results Briefing

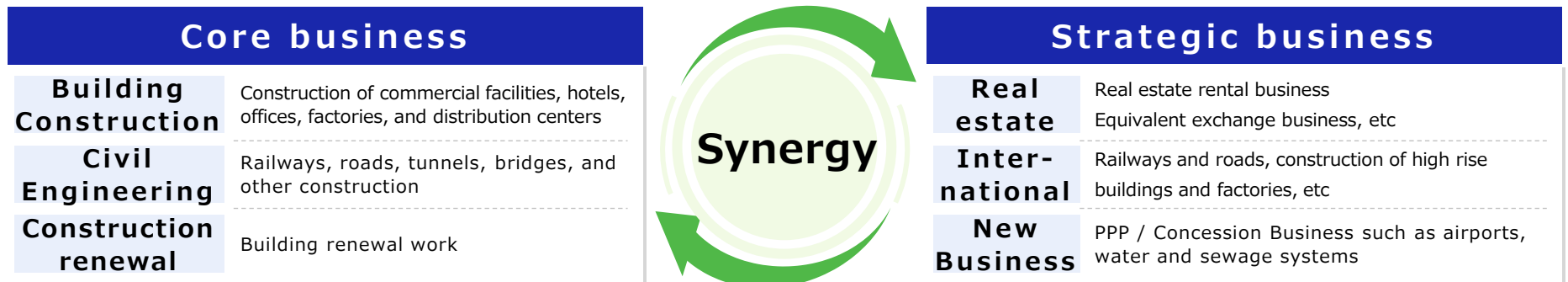
Business model and business overview

We take on construction work en masse from government agencies and private companies, and manage construction work efficiently in cooperation with numerous suppliers. We realize the maximization of added value by implementing integrated construction management of everything from quality and costs to safety and the environment.

Business development based on strong relationships of trust



Business overview



TOPICS External Evaluations

Our initiatives for climate change, diversity and inclusion, and investor relations earned high evaluation.

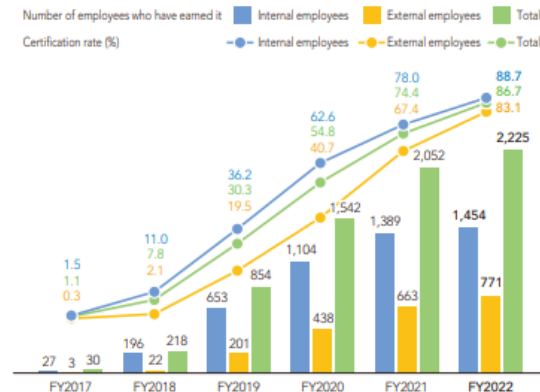
Main investments

Climate Change

Winner of eco Test Award Grand Prize

We won the top prize at the “eco Test Award 2023” sponsored by the Tokyo Chamber of Commerce and Industry. Our goal is to have all employees become Eco-People (those who have passed the eco certification test) by FY2026. As of FY2022, we had achieved a passing rate of 86.7%. In addition, we were highly appreciated for our initiatives for renewable energy and for developing and operating our own tool for calculating CO₂ emissions from building materials, which make up the majority of Scope 3, by an accumulation method.

Number of Employees who have Earned Eco Certification (Cumulative)



Diversity and Inclusion

Winner of the highest gold level in “PRIDE Index 2023” for two consecutive years

For the second year in a row, we have been awarded the highest gold award in the “PRIDE Index,” a measure of workplace sexual minority (LGBTQ+) initiatives developed by a voluntary organization “work with Pride,” indicating that we have achieved all five of the accreditation criteria. The PRIDE Index is Japan’s first evaluation index of LGBTQ+ initiatives in the workplace. Our long-term management plan aims to “deepen existing knowledge” in its core domestic construction business and “search for new knowledge” in new fields. In order to practice these, it is essential to create a work environment in which diverse human resources can play an active role. We are promoting “diversity and inclusion” initiatives to foster a workplace culture that leverages diverse values.



IR

Winner of 2023 IR Award “Most Liked!” IR Award

We were awarded the “Most Liked!” IR Award” in the “2023 IR Award” sponsored by the Japan Investor Relations Association. This is our second award after the one in 2021. This year’s “Most Liked!” IR Award” was selected under the theme of “IR Department’s initiatives for staff development and their power boost,” and 21 companies were selected from 199 applicants. We received a lot of empathy, as our financial results briefing for employees not only helped to strengthen investor relations but also led to proactive employee behavior.



Building the future on new foundations



TOKYU CONSTRUCTION

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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.