Building the future on new foundations

TOKYU CONSTRUCTION

FY03/2025

The First Half Financial Results Briefing

November 19, 2024

FY03/2025

The First Half Results and Full-year Forecast

The First Half FY03/2025 Financial Results Briefing

First Half FY03/2025 Financial Highlights

The results for the first half were in line with the plan established at the beginning of the period.
Orders progressed as planned, since the firm demand was steadily taken in. Profitability at the time of order receipt improved.
Net sales declined compared with the same period of the previous fiscal year, when many construction projects reached their peak. Operating profit decreased due to an increase in selling, general, and administrative expenses associated with human resource investment.

External environment

- **Demand remained steady. The industry's carryover construction volume rose to a high level, and the competitive environment improved.**
- **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.**

		YoY	Progress	
Orders (non-consolidated)	**121.0 billion yen**	-3.4%	39.8%	• Building construction steadily received orders for scheduled projects and is progressing as planned. • Civil engineering remained steady in both domestic public and private sectors. • Domestic building construction and overseas civil engineering are expected to receive orders for large-scale projects in the second half.
Net Sales	**118.6 billion yen**	-11.9%	38.3%	• Building construction saw a reactionary decrease, as multiple construction projects, such as large-scale redevelopment and housing, peaked during the same period of the previous year. • The working style reform and labor shortage had no impact on construction progress.
Operating profit	**-0.0 billion yen**	—	—	• Profit decreased by 2.0 billion yen due to a decline in completed construction sales in building construction, reduced profitability in certain individual civil engineering works, and higher selling, general, and administrative expenses associated with human resource investment. • The profit margin for both building construction and civil engineering projects on hand has been improving.
Profit (loss) attributable to owners of parent	**-0.0 billion yen**	—	—	• Profit decreased by 2.5 billion yen due to a decline in operating profit, driven by lower gross profit from completed construction, higher selling, general, and administrative expenses, as well as foreign exchange losses.

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Consolidated Financial Results

Consolidated financial results saw a fall in revenue and profit due to a decrease in completed construction sales and an increase in selling, general, and administrative expenses. The profit margin of construction projects on hand has been improving.
The interim dividend per share for the first half FY03/2025 is 19 yen.

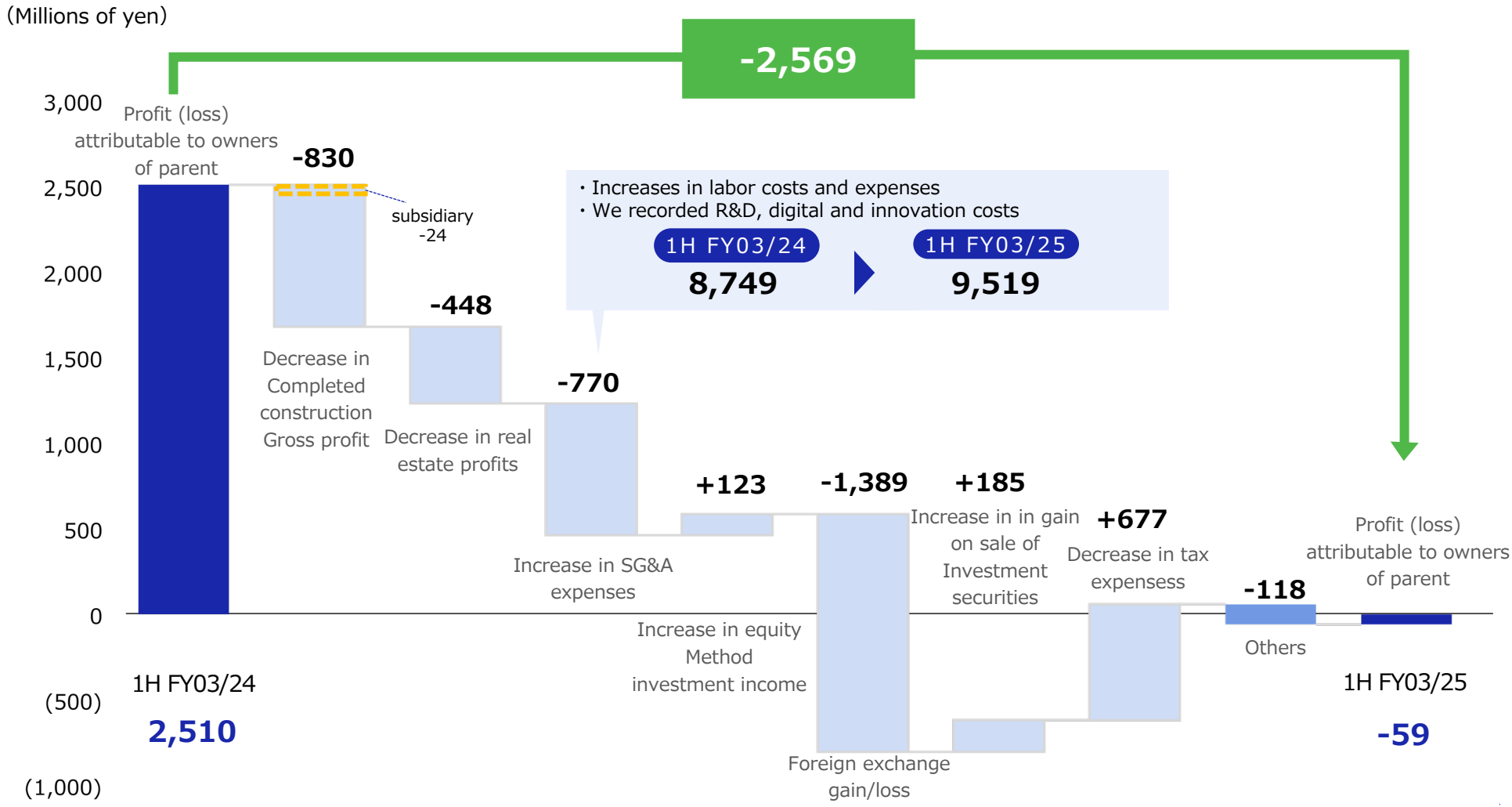
(Millions of yen)

	1H FY03/2024	Ratio	1H FY03/2025	Ratio	YoY	progress (Forecast vs. full-year target)
Orders(non-consolidated)	125,275	—	**121,048**	—	(3.4%) (4,226)	39.8%
Net Sales	134,682	—	**118,626**	—	(11.9%) (16,056)	38.3%
Gross profit	10,793	8.0%	**9,514**	**8.0%**	(11.8%) (1,278)	39.4%
Selling, general and administrative expenses	8,749	6.5%	**9,519**	**8.0%**	+8.8% +770	49.8%
Operating profit	2,043	1.5%	**(5)**	—	— (2,049)	—
Ordinary profit	2,843	2.1%	**(630)**	—	— (3,474)	—
Profit (loss) attributable to owners of parent	2,510	1.9%	**(59)**	—	— (2,569)	—
Interim dividend per share	18yen	—	**19**yen	—	+1yen	—

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Factors Affecting Net Income

Completed construction gross profit declined due to a decrease in completed construction sales.
Profit fell due to lower gross profit from the real estate business, etc., higher selling, general, and administrative expenses associated with human resource investment, as well as foreign exchange losses.



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FY03/2025 Financial Forecast Highlights

Both orders and net sales progressed as planned in the first half.
We will steadily implement the “Restructuring of our earning capacity” measure, which we have been working on since last year, to meet our profit targets.

Orders(non-consolidated)	304.0 billion yen	YoY 9.2%	• Orders in both building construction and civil engineering will increase from the previous fiscal year on the back of strong demand.
Net Sales	310.0 billion yen	YoY 8.5%	• Building construction and civil engineering projects on hand will progress steadily.
Operating profit	5.0 billion yen	YoY -38.7%	• Operating profit will decrease from the previous fiscal year, due to higher selling, general, and administrative expenses associated with human resource investment, in addition to a certain amount of remaining construction orders received in a severe competitive environment and construction projects impacted by rising prices.
Profit (loss) attributable to owners of parent	4.4 billion yen	YoY -39.4%	• Despite a year-on-year decline in operating profit, we will steadily reduce strategic shareholdings.
Dividend per share	38yen	YOY +1yen	• The dividend per share is expected to be 38 yen, an increase of 1 yen per share, based on the dividend policy of a DOE of at least 4.0%.

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Consolidated Financial Results Forecast

Net sales are expected to exceed 300.0 billion yen, due to steady progress in both building construction and civil engineering projects on hand.
We will maintain the basic policy of a dividend on equity ratio (DOE) of at least 4.0% as our shareholder return policy.
The dividends per share will increase by 1 yen year on year.

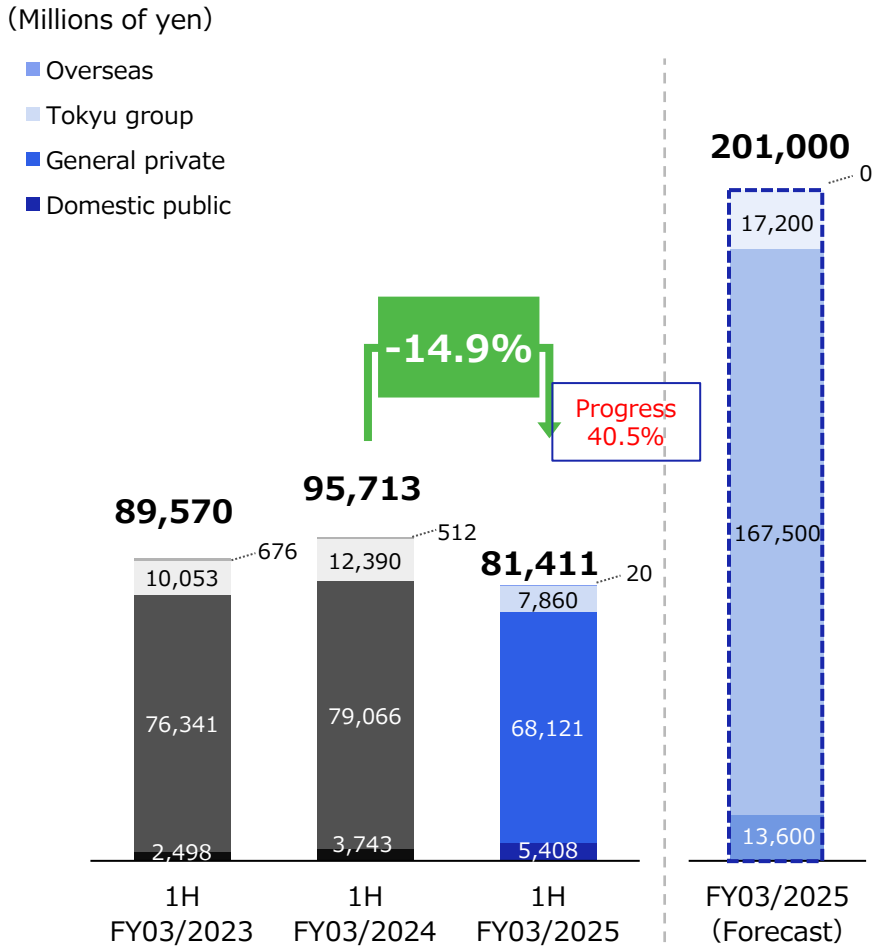
(Millions of yen)	FY03/2024 Results	Ratio	FY03/2025 Forecast	FY03/2025 Ratio	YoY
Orders (non-consolidated)	278,341	—	304,000	—	+9.2% +25,658
Net Sales	285,681	—	310,000	—	+8.5% +24,318
Gross profit	26,082	9.1%	24,100	**7.8%**	(7.6%) (1,982)
Selling, general and administrative expenses	17,927	6.3%	19,100	**6.2%**	+6.5% +1,172
Operating profit	8,155	2.9%	5,000	**1.6%**	(38.7%) (3,155)
Ordinary profit	9,736	3.4%	5,800	**1.9%**	(40.4%) (3,936)
Profit (loss) attributable to owners of parent	7,266	2.5%	4,400	**1.4%**	(39.4%) (2,866)
Dividend per share	37yen	—	38yen	—	+1yen

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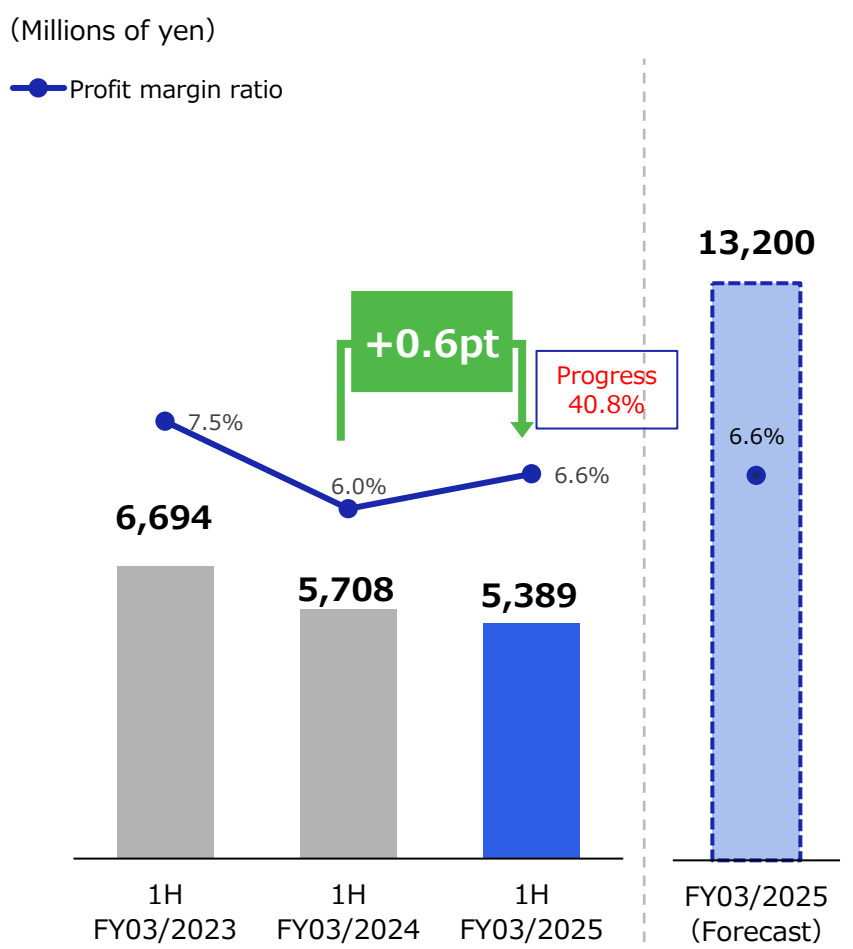
Non-Consolidated ／ Building construction（Completed construction sales･Completed construction gross profit)

Completed construction sales in the first half decreased compared with the same period of the previous fiscal year, when there were many construction projects at their peak. The full-year outlook is unchanged due to steady progress in construction projects on hand.
The gross profit margin of completed construction in the first half improved year on year, despite the ongoing impact of low-profitability construction orders received in previous years. The gross profit margin of completed construction is estimated to be 6.6% for the full year.

Completed construction sales



Gross profit



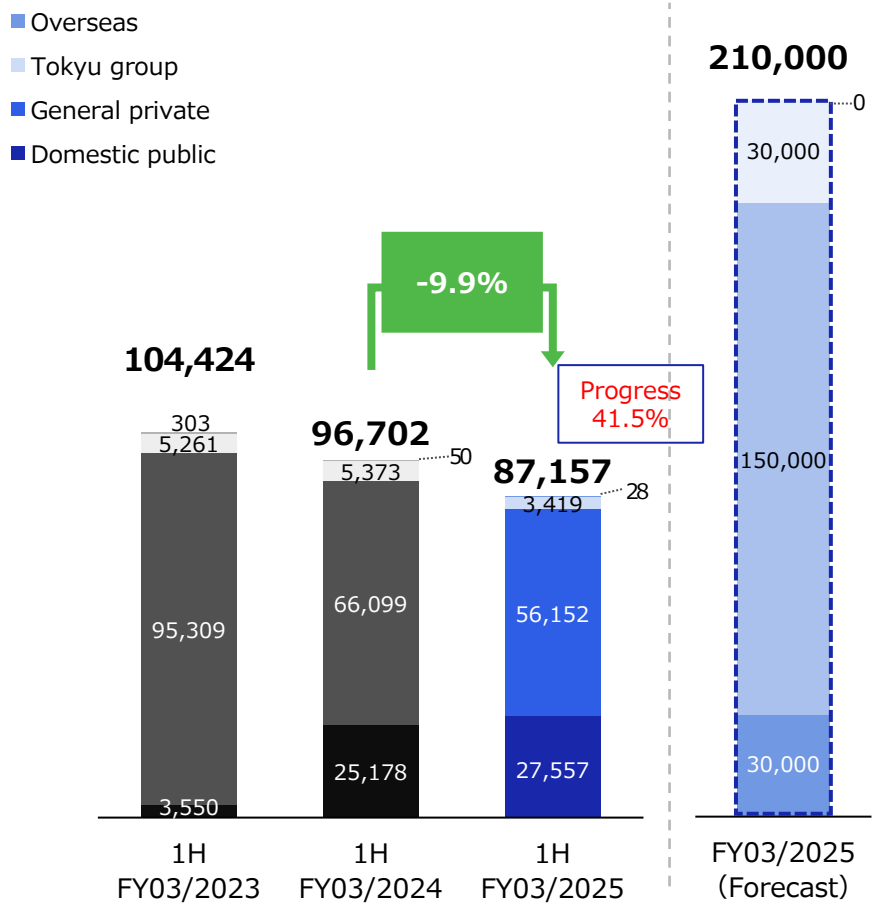
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Non-Consolidated ／ Building construction（Orders）

The results for the first half were on track. Amid strong demand, we will secure orders for our focus projects with an expected total of 210.0 billion yen for the full year.
We aim to further improve profitability at the time of order receipt.

Orders

(Millions of yen)



Main orders

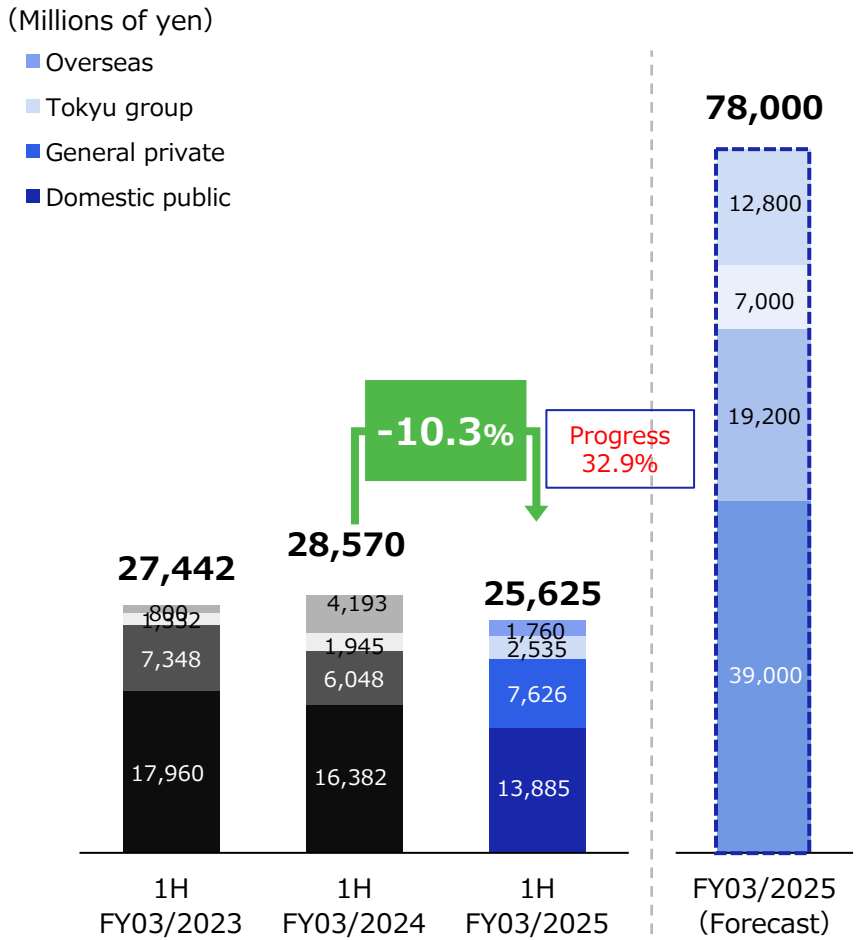
Ordered by	Name of construction	Place of construction
Ministry of Land, Infrastructure, Transport and Tourism	Construction work including extension of the exhibition facility at the Kyoto International Conference Center	Kyoto prefecture
Ministry of Land, Infrastructure, Transport and Tourism	FY2024 Construction of the courthouse for the Numazu Branch of the Shizuoka District and Family Court	Shizuoka prefecture
Minamikyusyu City	Construction work of the new Minami Kyushu City hall	Kagoshima prefecture
Mitsui Fudosan Co., Ltd.	New construction for Mitsui Fudosan Logistics Park Iruma I (tentative name)	Saitama prefecture
East Japan Railway Company	Development of the site of the former Harajuku Station building	Tokyo
Sekisui Medical Co., Ltd.	Construction work of the new main building at the Sekisui Medical Drug Development Solutions Center (new construction)	ibaraki prefecture
Delica Wave Co., Ltd.	Delica Wave Shonan Factory Extension Project (tentative name)	kanagawa prefecture

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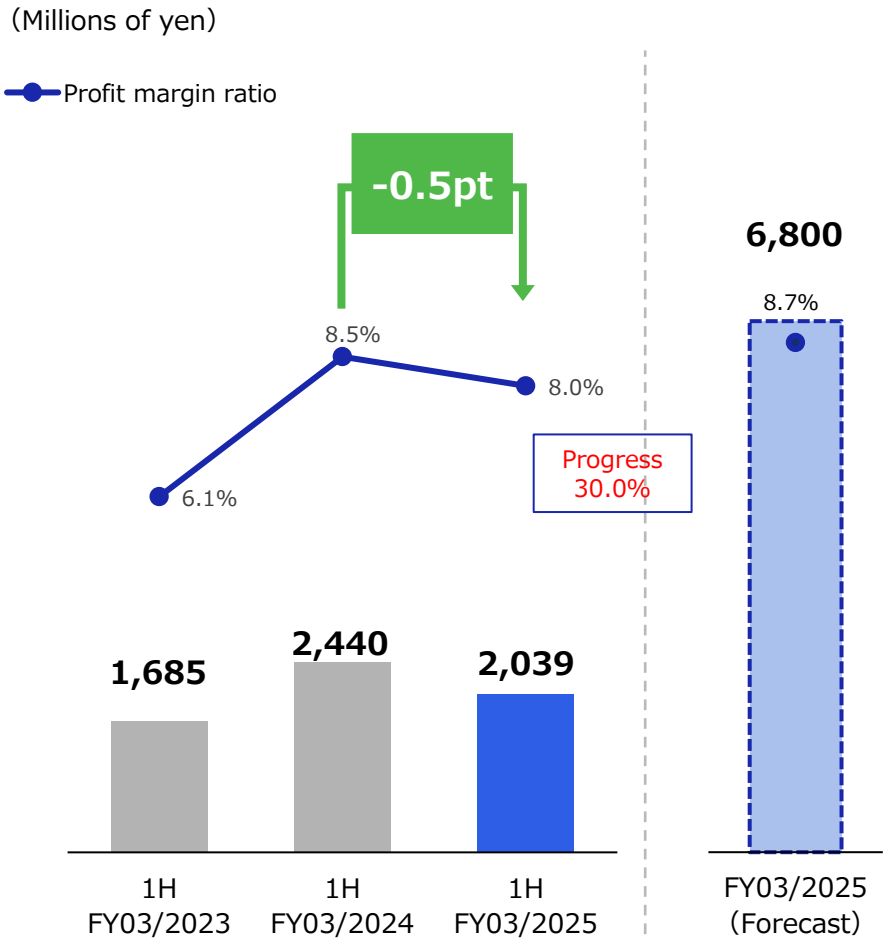
Non-Consolidated ／ Civil engineering （Completed construction sales･Completed construction gross profit)

Completed construction sales in overseas projects decreased year on year in the first half. Based on the progress of construction projects on hand, we anticipate full-year sales of 78.0 billion yen.
The gross profit margin of completed construction in the first half was 8.0%. We expect to achieve our full-year forecast by securing additional design-change construction projects.

Completed construction sales



Gross profit

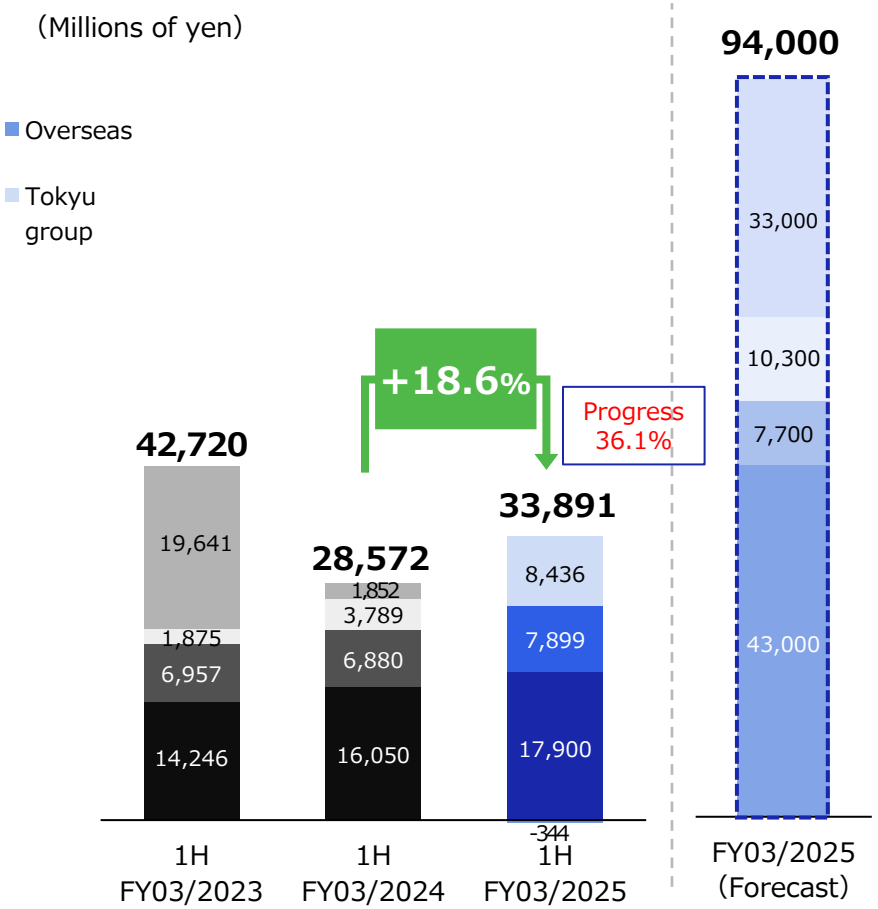


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Non-Consolidated ／ Civil engineering (Orders)

The number of Tokyu Group projects, primarily focused in Shibuya, increased. We steadily received orders, mainly for tunnel construction from the Ministry of Land, Infrastructure, Transport and Tourism.
We plan to receive orders for large-scale overseas ODA projects, with expected orders totaling 94.0 billion yen.

Orders



Main orders

Ordered by	Name of construction	Place of construction
Ministry of Land, Infrastructure, Transport and Tourism	Construction of the Kuma-ohashi Bridge substructure (P1 and P2) for disaster restoration on the Kakui-Ichibu Line of the prefectural road	Kumamoto Prefecture
Setagaya Ward, Tokyo	Bridge substructure construction work (Secondary arterial road No. 216, Bridge No. 4) [from 5-10, Okura to 3-3, Okura, extending to the surrounding areas]	Tokyo
TEPCO Power Grid, Incorporated	New pipeline construction in the vicinity of Ishikawa-cho 2-chome	Tokyo
Keikyu Corporation	[Anamori-inari Station inbound platform widening construction work] Civil engineering and building construction	Tokyo
TOKYU Railways	Toyoko Line Tsurumi River Bridge renovation and related construction work (civil engineering)	Kanagawa Prefecture

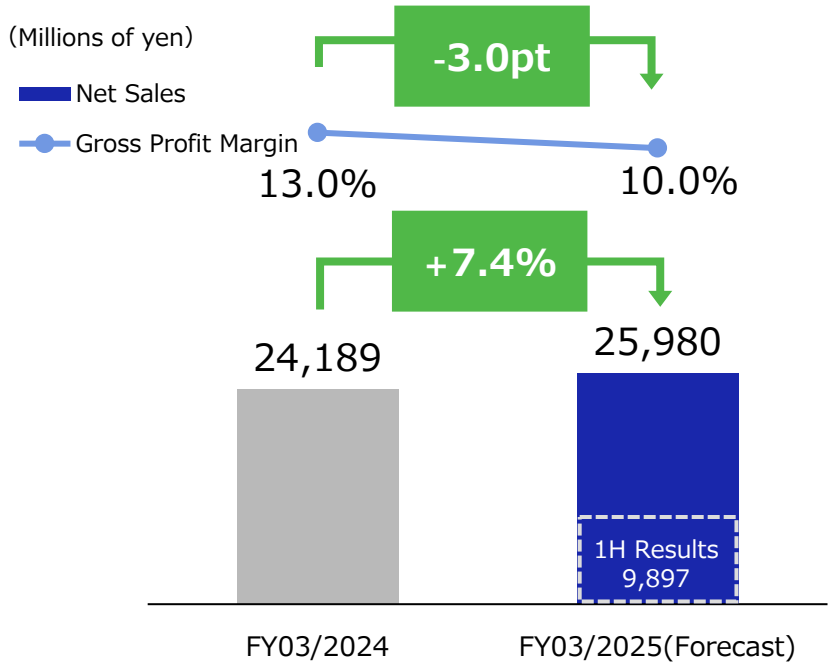
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Construction Renewal

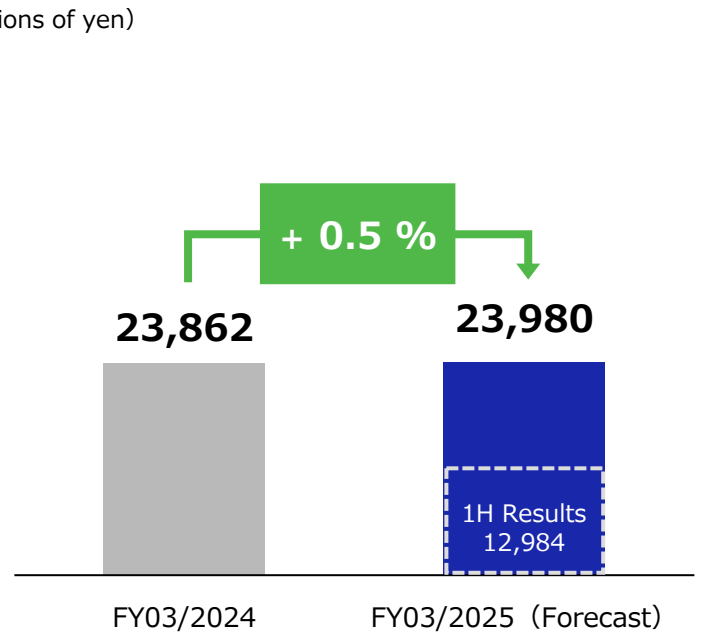
In a favorable market environment, performance remained steady, targeting schools, commercial facilities, and hotels.
The results for the first half include net sales of 9.8 billion yen and a gross profit margin of 12.5%.

External environment	• **The RN market continues to expand, with capital investment in commercial and accommodation facilities remaining firm.**
Future policy	• **We aim to further improve profitability by focusing on target areas.**

Net Sales/Gross Profit



Orders



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

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International

Prioritize both ODA projects and private sector construction as essential initiatives for this business. Strive to expand the business area to both upstream and downstream of the value chain by participating in TOD*1.

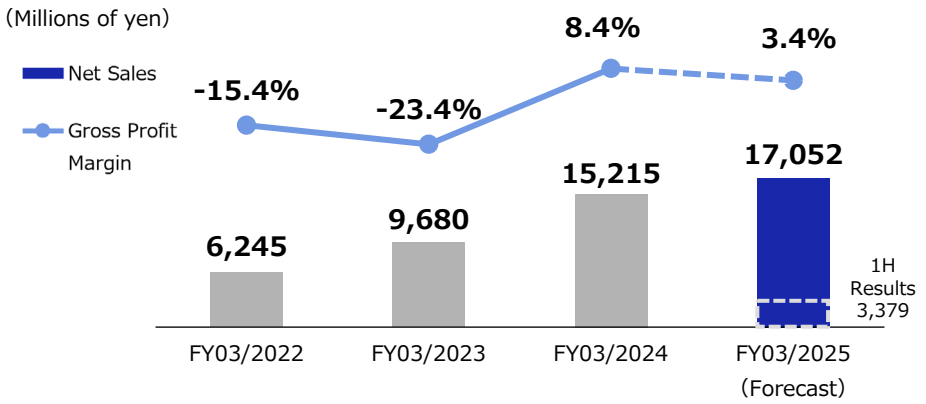
Future policy

- Know-how 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

Net Sales/Gross Profit ※



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**

Overview of The 1H financial results

- Net sales in the first half were 3.3 billion yen.
- The trend was below the initial plan due to delays in the progress of certain construction projects. We anticipate stronger progress in the second half.
- We will work to secure large-scale ODA projects expected in the second half.

*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)

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Real estate

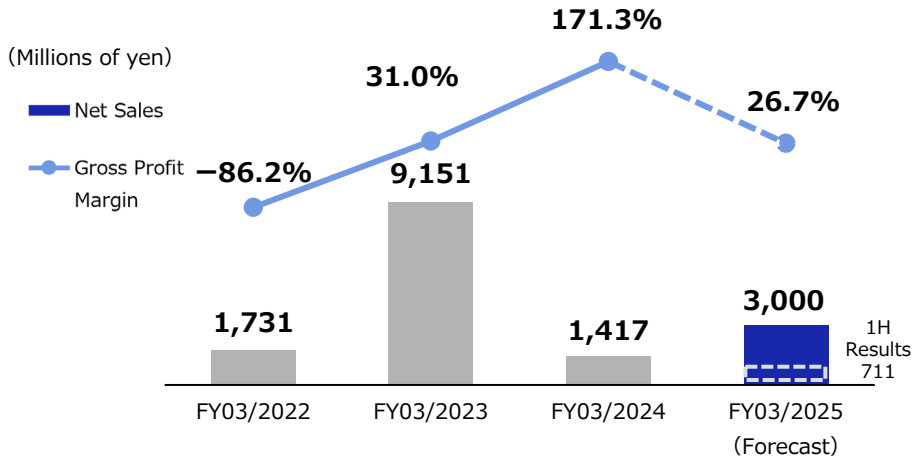
Targeting environment-conscious customers, provide environmentally friendly properties with added value, such as leasing, development, and renewal of old properties by leveraging synergy with construction business. Increase capital efficiency through cyclical real estate business using rental income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

Future policy	• Mainly targeted are small- and medium-sized properties in front of the Tokyu Line and other stations in cooperation with Tokyu Group companies, and in Tokyo's five central wards • Promote real estate development and adding value to properties through making maximum use of synergy as a general construction company • Provision of added value, including the use of renewable energy, promotion of lifespan extension of properties, and provision of safe and secure space
External environment	• The progressing aging of buildings • Despite concerns about the impact of monetary tightening and rising construction costs on the real estate market, investors remain motivated to invest.

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 0.7 billion yen.
- The full-year sales forecast is 3.0 billion yen, mainly due to the sale of some of the properties held.
- The gross profit was higher due to the reversal of provision for losses on real estate business and other associated with the withdrawal from the development business, which had been recorded in the past, in addition to lease revenue from properties held.

※ 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.

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Consolidated Balance Sheets

The equity ratio was at 40.2%, increase of 2.4 percentage points compared with March 31, 2024.
D/E ratio was 0.43 times due to a decrease in borrowings.

(Millions of yen)	As of March 31, 2024	As of September 30, 2024	YoY
Current assets	206,541	183,986	(22,554)
Non-current assets	23,938	24,496	557
Investments and other assets	34,045	31,921	(2,124)
Total assets	264,525	240,404	(24,121)
Liabilities	137,388	116,632	(20,755)
Non-current liabilities	26,347	26,257	(89)
Total net assets	100,789	97,513	(3,275)
Total liabilities and net assets	264,525	240,404	(24,121)
Equity ratio(%)	37.8	40.2	+2.4pt
Interest-bearing debt	54,728	41,899	(12,828)
D/E ratio (times)	0.54	0.43	(0.11)
Net Cash	(22,605)	(9,094)	+13,511

Increase/decrease factors

– Assets

- Cash and deposits +682
- Notes receivable, accounts receivable from completed construction contracts and other −28,883
- Investment securities −2,433

– Liabilities

- Notes payable, accounts payable for construction contracts and other −7,158
- Advances received on construction contracts in +6,119
- Electronically recorded obligations – operating −2,581
- Income taxes payable +105
- Provision for loss on construction contracts −648
- Short-term borrowings −14,127

– Non-current liabilities

- Long-term borrowings +1,298

– Total net assets

- Retained earnings −2,078
- Total accumulated other comprehensive income −1,410

Consolidated Statements of Cash Flows

Cash was up year on year due to a decrease in trade receivables.

(Millions of yen)	1H FY03/2024	1H FY03/2025	1H FY03/2025 remarks
Cash flows from operating activities	(49,852)	15,984	Cash grew due to a decrease in trade receivables and an increase in advances received on construction contracts in progress, etc.
Cash flows from investing activities	(333)	(402)	Cash fell due to payment for the acquisition of property, plant and equipment, intangible assets, etc., despite an increase in gain on sale of investment securities.
Free cash flow	(50,185)	15,581	—
Cash flows from financing activities	23,256	(14,744)	Cash was down due to a decrease in short-term borrowings and dividend payments, etc.
Net increase (decrease) in cash and cash equivalents	(26,722)	862	—
Cash and cash equivalents at beginning of period	58,714	31,942	—
Cash and cash equivalents at end of period	31,991	32,805	—

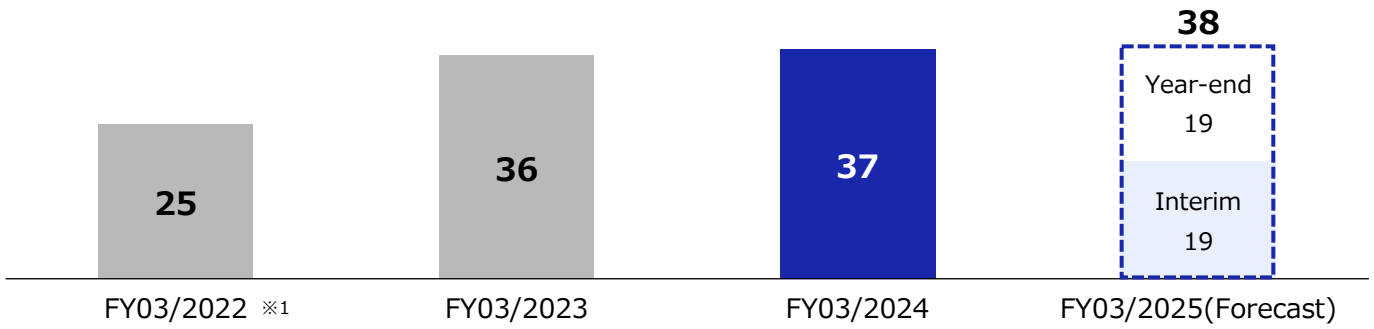
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Shareholder returns

We plan to pay an annual dividend of 38 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.

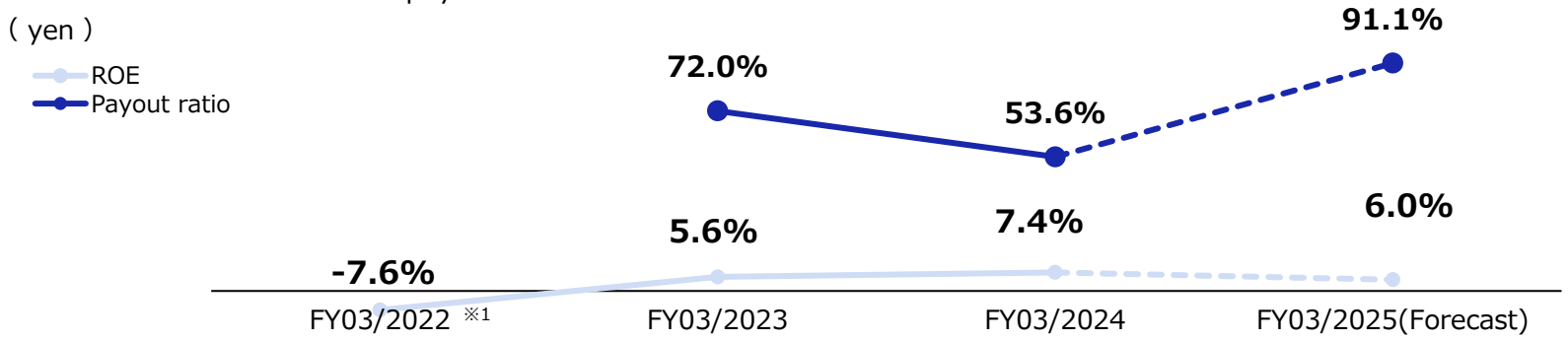
Dividend per share

(Yen)



[Reference] ROE and payout ratio

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



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

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Progress in Efforts to Realize Management That Is Conscious of Capital Costs and Stock Prices

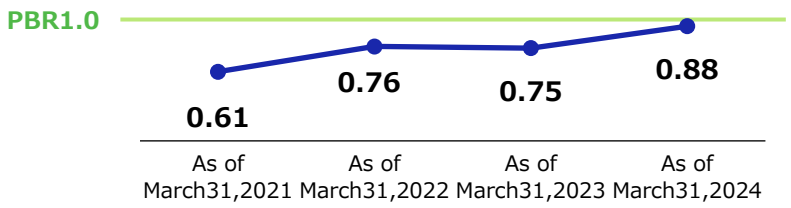
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Measures for the recognition and improvement of current situation from a PBR perspective

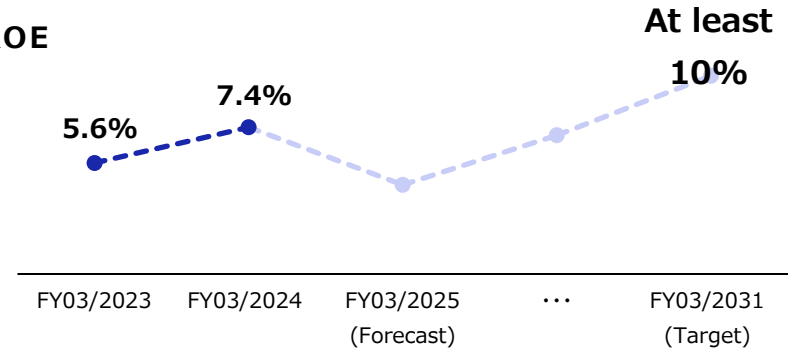
Promote capital-efficiency-conscious management to improve the current PBR which has fallen below 1.0.
We have focused on measures to improve ROE and reduce capital costs through efforts to restructure our earning capacity and promote growth.

Current status of the Company

PBR



ROE



Measures for improving PBR

PBR = ROE × PER

Improve PBR = Improve ROE / Reduce capital costs

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

Initiatives for growth

- Promotion of Human Capital Management
- Acquisition of Market Opportunities by Leveraging Our Strength

Reduce capital costs

- Stable and continuous shareholder return (DOE 4%)
- Use green loans to respond to climate change
- Improve Dialogue with the Stock Market and Information Disclosure

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Restructuring of our earning capacity “Enhancement of the sales capability”

We have steadily advanced the restructuring of our earning capacity.
Enhancing the sales capability produced strong results, leading to steady growth in orders.
Profitability at the time of order receipt also improved.

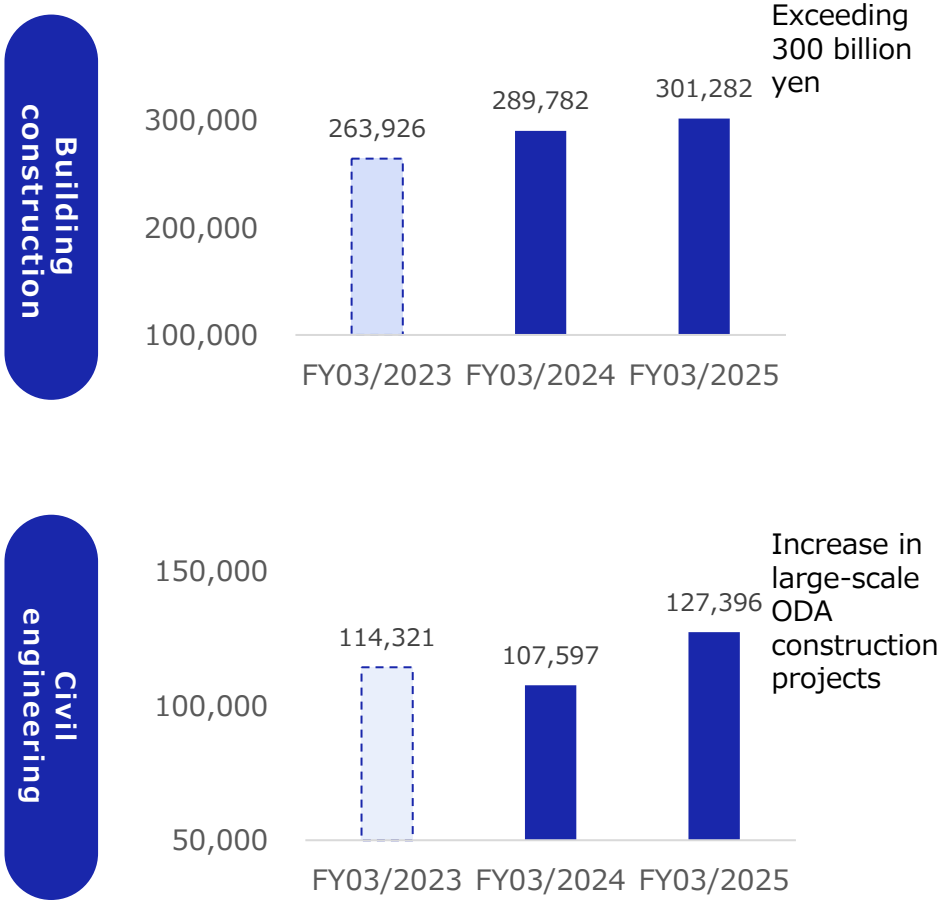
Points of strategy

Safety/ quality	Improve employees’ accident prevention awareness, eliminate lost earnings due to human errors caused by the Company and partner companies
Sales force	**Ensure we judge the adequacy of a project, taking into account the focus area and profitability Efforts made by management and construction workers as one**
Productivity/ labor force	Improve the support system of headquarters and branches to reduce operational burden of worksites Raise productivity and efficiency by improving the construction and production system continuously
Construction Renewal	Judge the adequacy of focus projects in a growing market, and focus on large-scale renewal projects
Human resources investment	Improve employee treatment that is inferior to that of competitors

Construction work carried forward

(Forecast figures for the end of FY03/2025)

(Millions of yen)

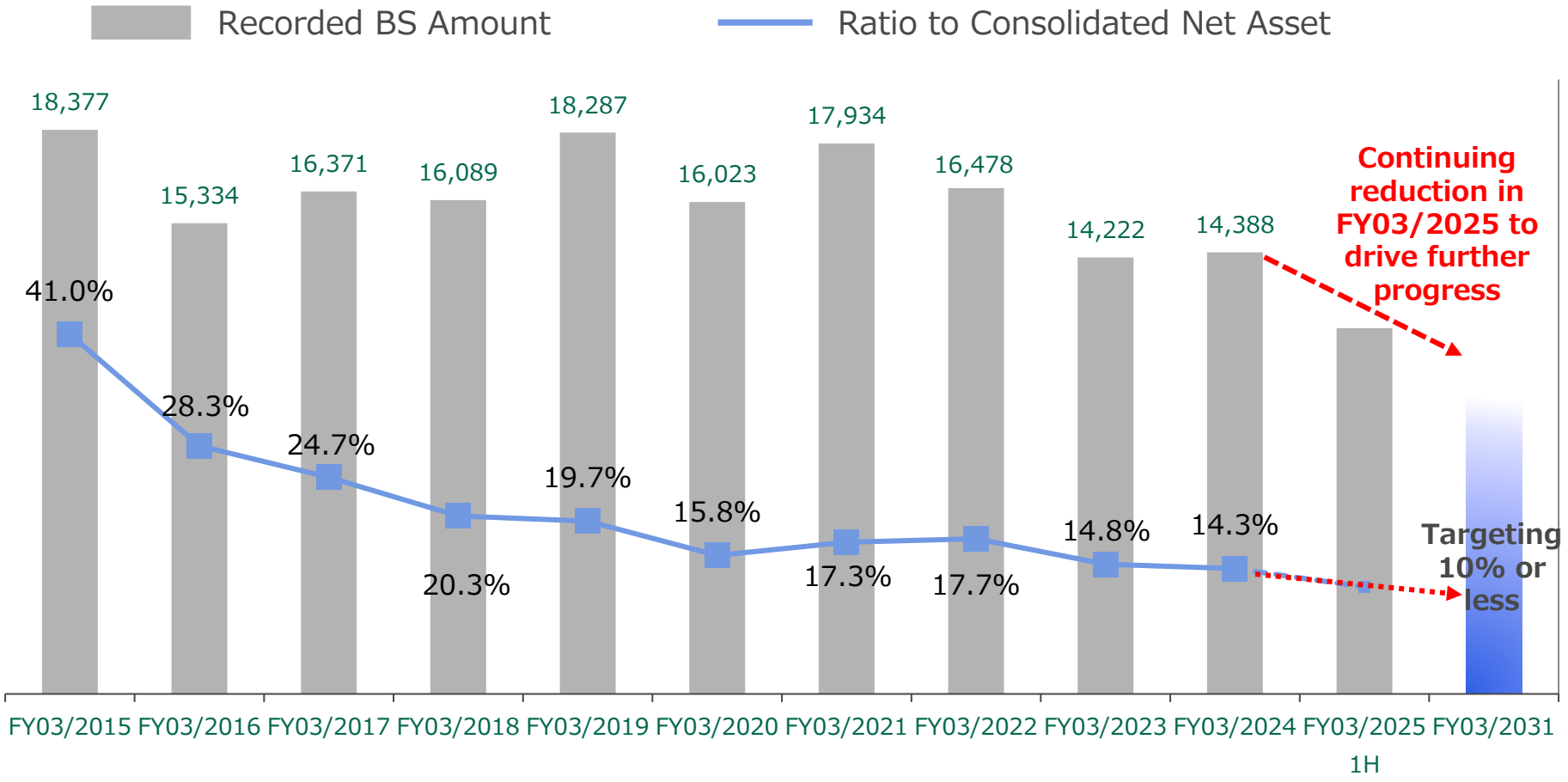


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Reduction of Low-Performing Assets (Strategic Shareholdings)

We judge the appropriateness of holdings based on capital efficiency and strategic significance (as to business synergy and securing stable profit, etc.).
In accordance with our reduction policy, we made additional partial sales in the first half of FY03/2025.
Going forward, we will maintain our efforts to reduce strategic shareholdings.

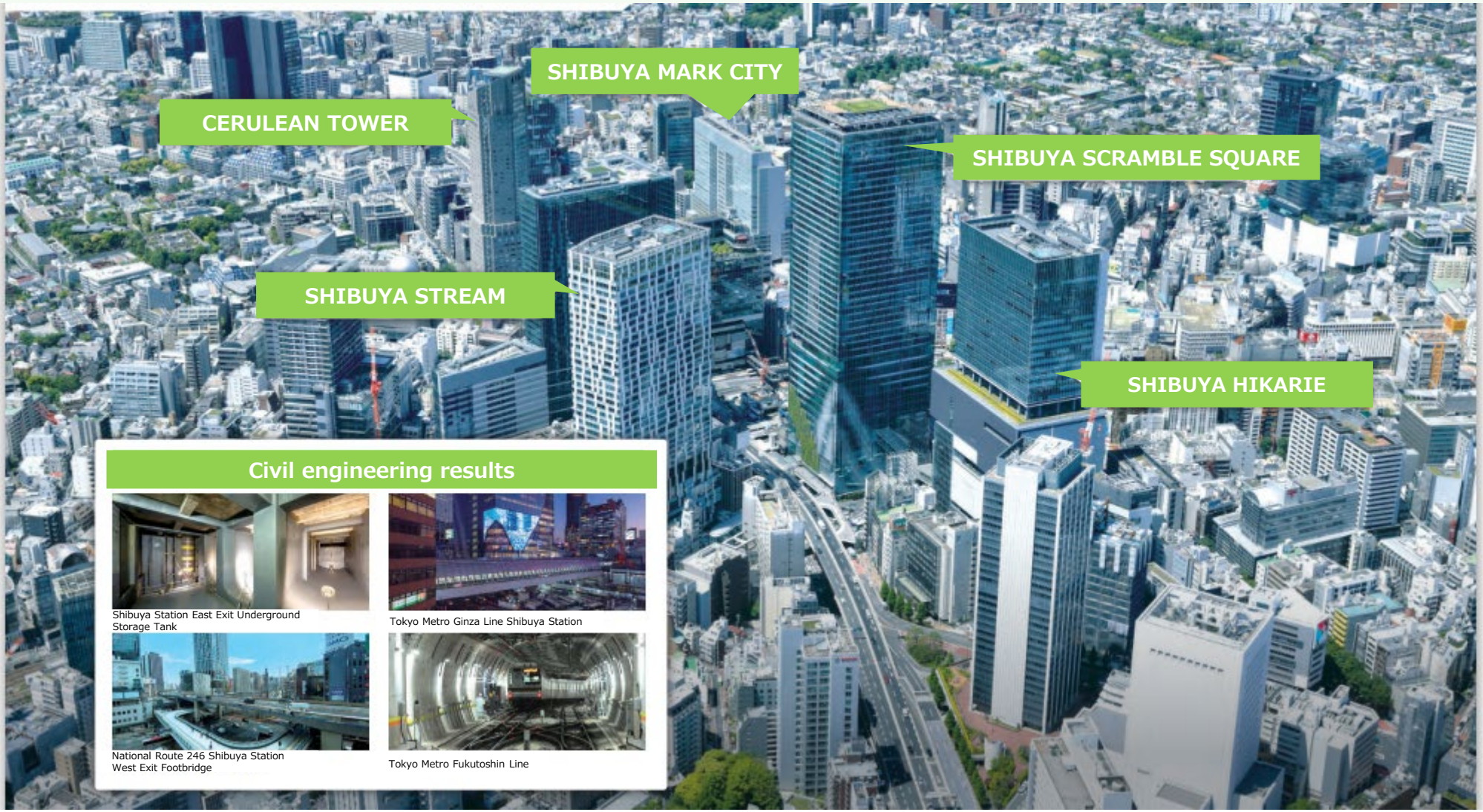
(Millions of yen/%)



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Acquisition of Market Opportunities by Leveraging Our Strength Urban Development in Shibuya“Numerous Achievements”

We have completed numerous construction projects, including Shibuya Scramble Square.



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Acquisition of Market Opportunities by Leveraging Our Strength Urban Development in Shibuya“Three Strengths”

Utilizing our three strengths, “technology, expertise and teamwork,” we have contributed to town planning in Shibuya, an area known for its challenging construction projects.

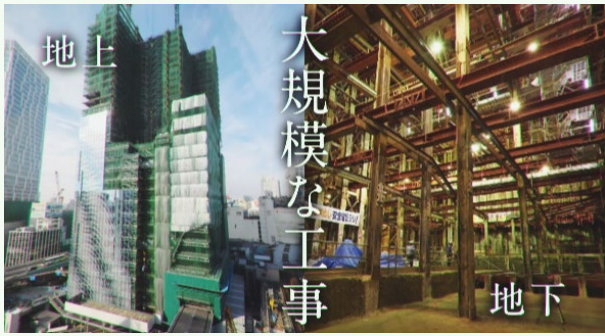
Facing Shibuya’s unique town planning challenges,

we utilize
our strengths,

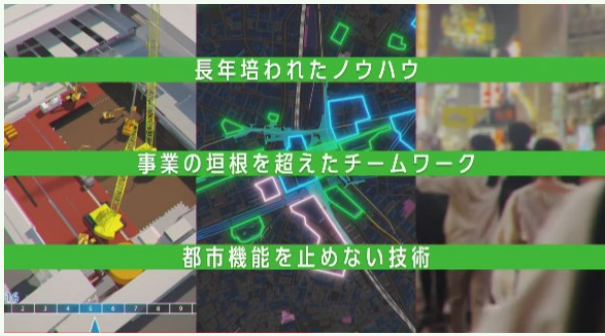
“the technology that keeps urban functions running,” “the expertise developed over many years,” and “the teamwork that bridges business boundaries,”

to contribute to the ward’s town planning.









Click here to watch

https://www.youtube.com/watch?v=sMTMVZBAUuU

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

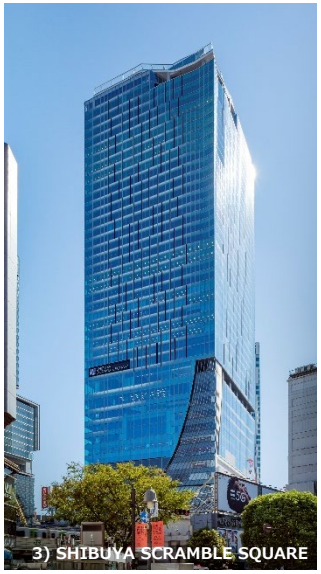
We have executed difficult construction projects in Shibuya, leveraging our technology, expertise and teamwork.

Shibuya has huge future potential with numerous redevelopment projects planned.

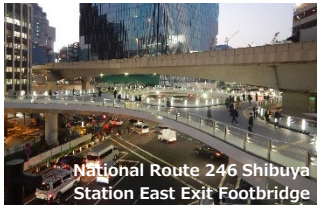


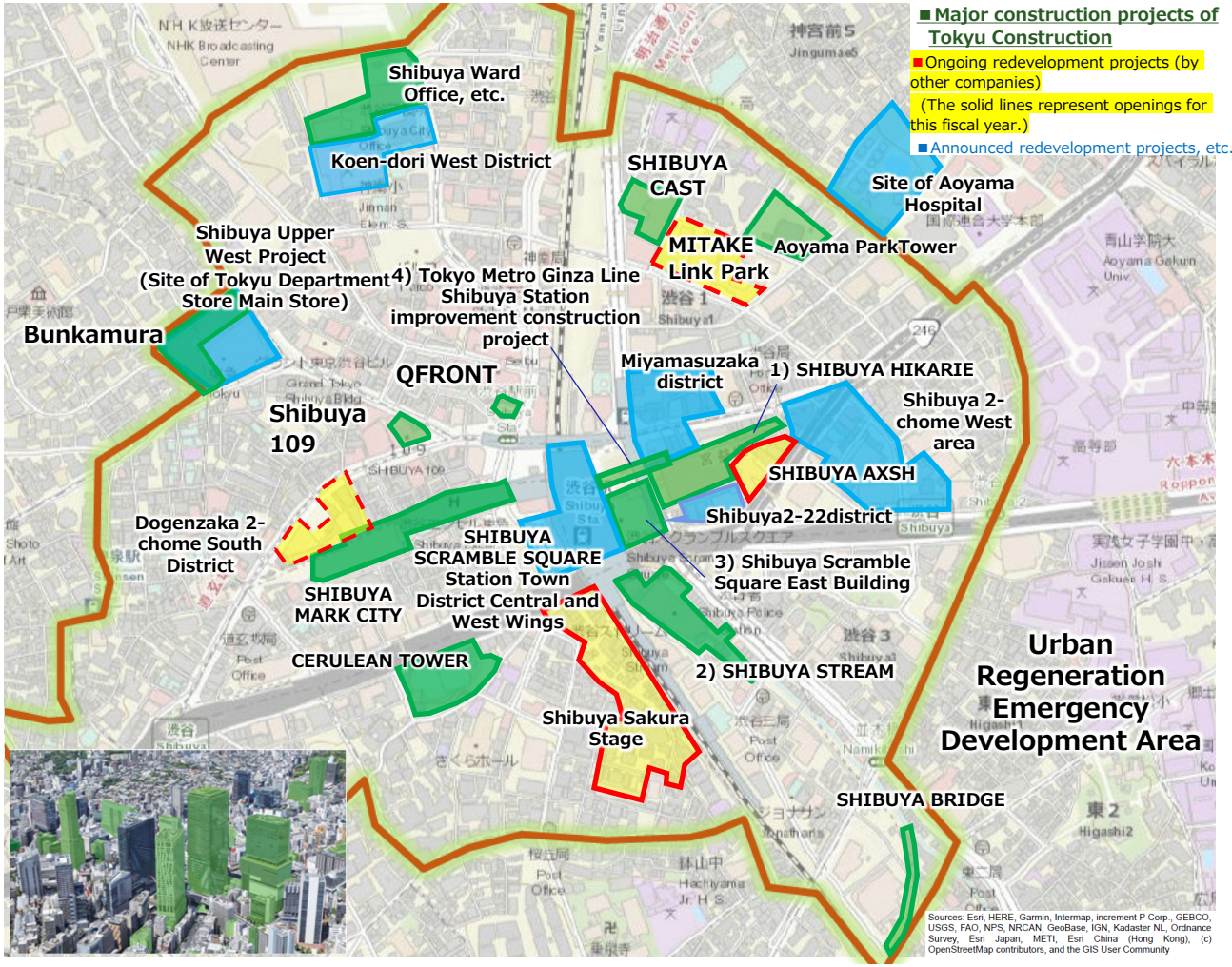












The buildings and infrastructure highlighted in the aerial photos are our construction projects. The map was created by the Company based on published data. 。

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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

- The full-scale operation of the Sagamihara Power Storage Facility commenced in July 2024.
- The absorption of surplus power from renewable energy sources, the provision of supply and demand balancing, and power discharge during tight supply and demand conditions are facilitated in various power markets. This contributes to stabilizing the supply and demand of electricity and making effective use of surplus power.



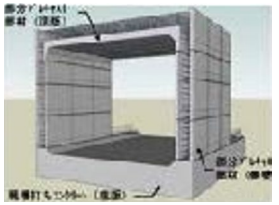
Sagamihara Power Storage Facility Opening Ceremony

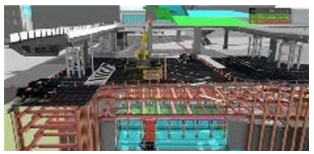
- In June 2024, we installed 20 portable wooden building Moctas cubes, developed in-house, at the multipurpose square of Noto Airport to accommodate people aiding reconstruction efforts after the Noto Peninsula Earthquake.
- The Wajima lacquerware workshop, damaged by the disaster, was rebuilt as a temporary workshop using Moctas cubes.


Moctas cubes transported to the site by truck


Construction in Progress

- We received the Japan Society of Civil Engineers (JSCE) Technology Development Award for the “Development of PPCa Box Culvert Construction Method.”
- Using VR (virtual reality) and 4D simulation that incorporates a time axis in a 3D model resulted in a 50% process reduction compared with cast-in-place concrete.


box culvert


VR with game engine and 4D simulation

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

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Reforming Business Portfolio and Expanding Human Resource Investment

Reallocate FY2030 business portfolio to 75% for the Core Business and 25% for the strategic business. Expand human resource investment to accelerate the revision of personnel portfolio including shifting the skills and recruitment.

Portfolio Reforms

Core Businesses 94%
Strategic Businesses 6%

(FY2019)

Core Businesses 75%
Strategic Businesses 25%

(FY2030)

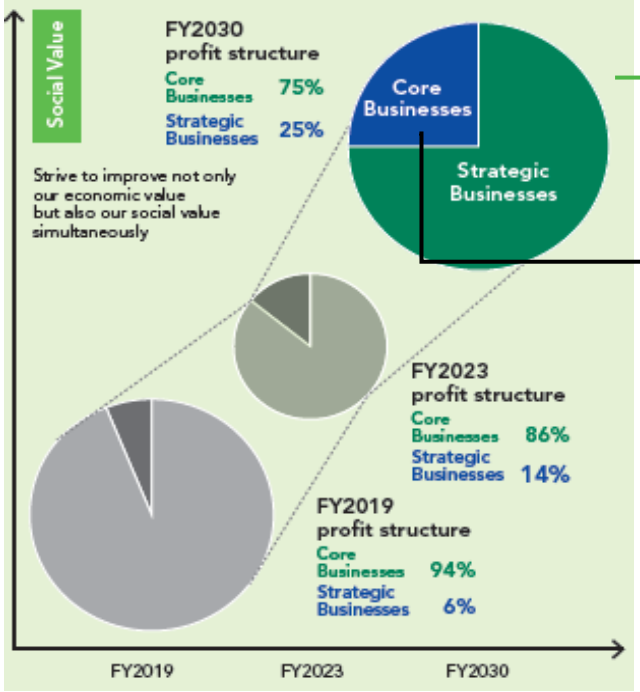
Investment in sources of competitive advantage (human resources, DX)

Review the human resource portfolio, including skills shift and recruitment

(Total investment between FY2021 and FY2030)

Rolling Plan in May 2023
10 billion yen

Rolling Plan in May 2024
38billion yen



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

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Cash Allocation (Plan for FY2024–FY2030: Revised as of May 2024)

We will invest 122.0 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%.

Financial and Capital Strategies

Emphasizing capital efficiency through the pursuit of an optimal capital structure and establishing a stable financial foundation

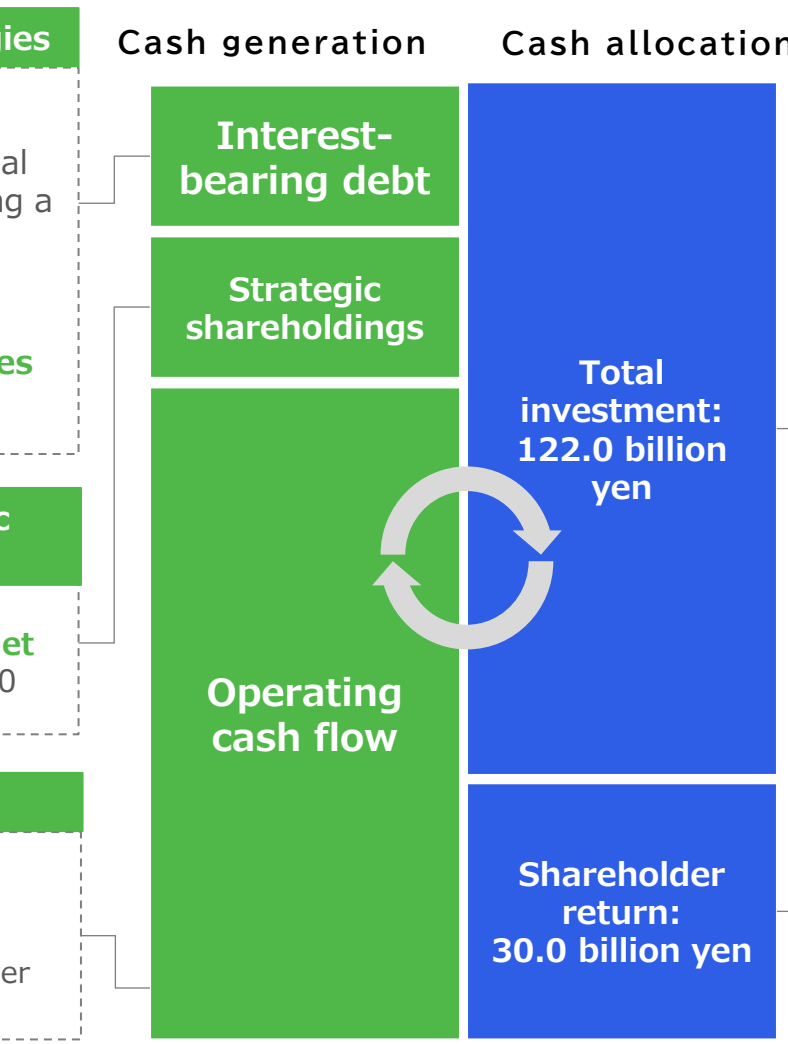
Actively utilize interest-bearing debt while maintaining financial discipline**(D/E ratio of 0.5 times or less)**

Policy Regarding Strategic Shareholdings

Reducing the ratio of strategic shareholdings to **consolidated net assets to below 10%** by FY2030

Improving Profitability

By rebuilding our earning capacity and transforming our business portfolio, we aim to achieve consolidated operating profit of over 22.0 billion yen by FY2030.



Growth investments

【Core Businesses】21.5 billion yen

Technology development investments
Innovation in production systems and DX promotion investments
M&A investments

【Strategic Businesses】65.5 billion yen

M&A investments for international business expansion
Real estate business investments, including property acquisitions
New business incubation investments
Concession/PPP business investments
Investments in venture funds and companiest of over 22.0 billion yen by FY2030.

【Human Resources & DX Investments】35.0 billion yen

Investments in sources of competitive advantage

- The above includes amounts recorded as cost of goods sold and SG&A expenses.

Shareholder return policy

Dividend on equity ratio (DOE) of 4.0% or higher
Dynamic share buybacks

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Long-Term Management Plan “To zero, from zero.” (Rolling the plan in May 2024)

Introduced a management cycle with a ten-year long-term plan and a one-year short-term strategy. With a long-term target, implement rolling plan flexibly.
Respond to severe changes in business environment and strengthen human resource investment for sustainable growth.

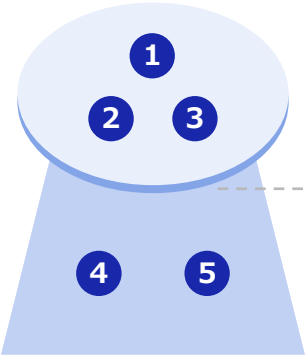
Three deliverable values



Competitive advantage



Business strategy



1 Tokyu Construction brand

Establishment of the Tokyu Construction brand through the building of competitive advantages in human resources and digital technology and the provision of three values

2 Core business

Strengthening of problem-solving skills, construction and production system innovation, and growth through alliances and M&A

3 Strategic business

The creation of new growth opportunities through investments in strategic business and synergies with core business

4 Human resource and organizational strategies

Creation of results and acceleration of innovation through the strengthening of human resources and reform of the organization and corporate culture

5 Financial and capital strategies

Emphasis on capital efficiency and the construction of stable financial foundations by pursuing the optimal capital structure

KPI

		03/FY2024 Results	03/FY2025	03/FY2027	03/FY2031
Profitability	Operating profit	8.1 billion yen	5.0 billion yen	At least 9.0 billion yen	**At least 22.0 billion yen**
	Operating profit margin	2.9%	1.6%	At least 2.8%	**At least 5.0%**
Efficiency	ROIC（※1）	5.5%	—	—	**At least 7.0%**
	ROE	7.4%	4.5%	At least 7.0%	**At least 10.0%**
Soundness	Debt-to-equity ratio	0.54times	0.5 times or less		**0.5 times or less**
	Capital adequacy ratio	37.8%	About 40%		**About 45%**
Non financial	Employee engagement rating（※2）	BB	A	A	**AAA**
	GHG emissions（※3）	40.4% reduction	16.2% reduction	23.5% reduction	**30.0% reduction**

※1 We are working to restore profitability and have set a medium- to long-term target level of 7.0% for ROIC by FY2030.
※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 Based on FY2018. However, target values for GHG emissions for FY2024 and after are based on the 1.5°C standard in the SBT Standards and Guidance: Second Edition.

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【Appendix】

The First Half FY03/2025 Financial Results Briefing

Non-consolidated Financial Results

(Millions of yen)	1H FY03/2024 Results	1H FY03/2025 Forecast	1H FY03/2025 Ratio	Rate of Change	YoY
Net Sales	**124,952**	**107,749**	**100%**	**(13.8%)**	**(17,202)**
Completed construction sales	124,284	107,037	99.3%	(13.9%)	(17,246)
Building construction	95,713	81,411	75.5%	(14.9%)	(14,302)
Civil engineering	28,570	25,625	23.8%	(10.3%)	(2,944)
Real estate sales	667	711	0.7%	+6.6%	+43
Gross profit	**9,392**	**8,164**	(Profit rate) **7.6%**	**(13.1%)**	**(1,227)**
Completed construction gross profit	8,149	7,428	6.9%	(8.8%)	(720)
Building construction	5,708	5,389	6.6%	(5.6%)	(319)
Civil engineering	2,440	2,039	8.0%	(16.4%)	(401)
Real estate gross profit	1,242	736	103.4%	(40.8%)	(506)
Selling, general and administrative expenses	**8,069**	**8,640**	**8.0%**	**+7.1%**	**+570**
Operating profit	**1,322**	**(475)**	**—**	**—**	**(1,798)**
Ordinary profit	**2,020**	**(952)**	**—**	**—**	**(2,972)**
Net income	**1,779**	**(409)**	**—**	**—**	**(2,188)**

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Non-consolidated Financial Results Forecast

(Millions of yen)

	FY03/2024 Results	FY03/2025 Forecast	FY03/2025 Ratio	Rate of Change	YoY
Net Sales	**260,626**	**282,000**	**100%**	**+8.2%**	**+21,373**
Completed construction sales	259,208	279,000	98.9%	+7.6%	+19,791
Building construction	192,909	201,000	71.3%	+4.2%	+8,090
Civil engineering	66,299	78,000	27.7%	+17.6%	+11,700
Real estate sales	1,417	3,000	1.1%	+111.7%	+1,582
Gross profit	**22,462**	**20,800**	(Profit rate) **7.4%**	**(7.4%)**	**(1,662)**
Completed construction gross profit	20,034	20,000	7.2%	(0.2%)	(34)
Building construction	13,795	13,200	6.6%	(4.3%)	(595)
Civil engineering	6,238	6,800	8.7%	+9.0%	+561
Real estate gross profit	2,428	800	26.7%	(67.1%)	(1,628)
Selling, general and administrative expenses	**16,709**	**17,800**	**6.3%**	**+6.5%**	**+1,090**
Operating profit	**5,752**	**3,000**	**1.1%**	**(47.8%)**	**(2,752)**
Ordinary profit	**6,996**	**3,600**	**1.3%**	**(48.5%)**	**(3,396)**
Net income	**5,147**	**2,900**	**1.0%**	**(43.7%)**	**(2,247)**

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Non-Consolidated Order Forecast

(Millions of yen)

	FY03/2024 Results	FY03/2025 Forecast	Rate of Change	YoY
Domestic public	27,717	30,000	+8.2%	+2,282
Domestic private	190,890	180,000	(5.7%)	(10,890)
General private	172,924	150,000	(13.3%)	(22,924)
Tokyu Group	17,965	30,000	+67.0%	+12,034
Overseas	158	—	(100.0%)	(158)
Building construction	**218,765**	**210,000**	**(4.0%)**	**(8,765)**
Domestic public	31,639	43,000	+35.9%	+11,360
Domestic private	24,034	18,000	(25.1%)	(6,034)
General private	16,774	7,700	(54.1%)	(9,074)
Tokyu Group	7,260	10,300	+41.9%	+3,039
Overseas	3,901	33,000	+745.8%	+29,098
Civil engineering	**59,575**	**94,000**	**+57.8%**	**+34,424**
Total	**278,341**	**304,000**	**+9.2%**	**+25,658**

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

Regarding the past quality problems, we have reviewed the structure, system and organizational culture to prevent their recurrence thoroughly.
Continuing to have zero serious quality accidents. Sharing awareness through dialogue between management and all employees.

Overview of the quality problems

In fiscal year 2021, the 3 points below were discovered

1. Defects in the tips of foundation piles and the falsification of data during station improvement work
2. Temporary structures left in civil engineering works in past fiscal years
3. Defects in building work in past fiscal years

The response

2021

July 26 Defects in the tips of foundation piles in construction work (1 Official announcement)

November 8 Revision of results forecast (1 - 3 Recording of losses and expenses)

November 18 Defects in the tips of foundation piles in construction work (1 Follow-up report)

2022

May 19 Disclosure of initiatives for the prevention of reoccurrence

Subsequently

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

Investigation of the cause and prevention of reoccurrence

Cause

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

Prevention of reoccurrence

Improvement of construction quality management system (Civil Engineering)

- New establishment of the quality control division of Head Office
- Building of a human and technical support system for the field

Information sharing & Improvement of training programs for worksite engineers

- 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

Accountability clarification

- 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

Reforming corporate culture

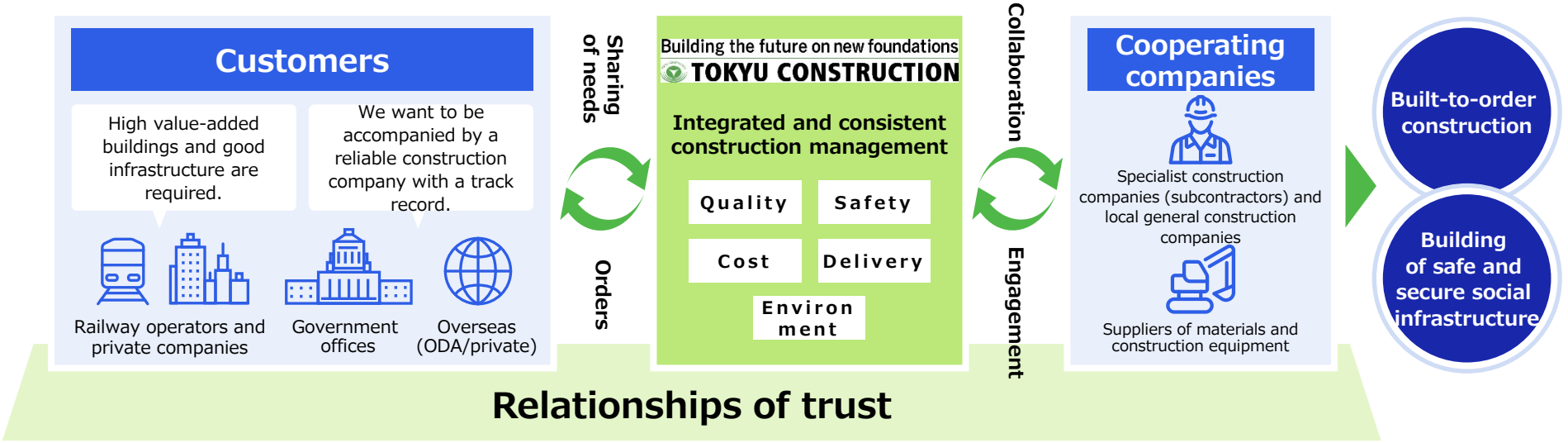
- Compliance education for all officers and employees
- Launch of measures that make communications more frequent and effective

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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

Core business

Building Construction	Construction of commercial facilities, hotels, offices, factories, and distribution centers
Civil Engineering	Railways, roads, tunnels, bridges, and other construction
Construction renewal	Building renewal work

Synergy

Strategic business

Real estate	Real estate rental business Equivalent exchange business, etc
Inter-national	Railways and roads, construction of high rise buildings and factories, etc
New Business	PPP / Concession Business such as airports, water and sewage systems

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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.