

Building the future on new foundations

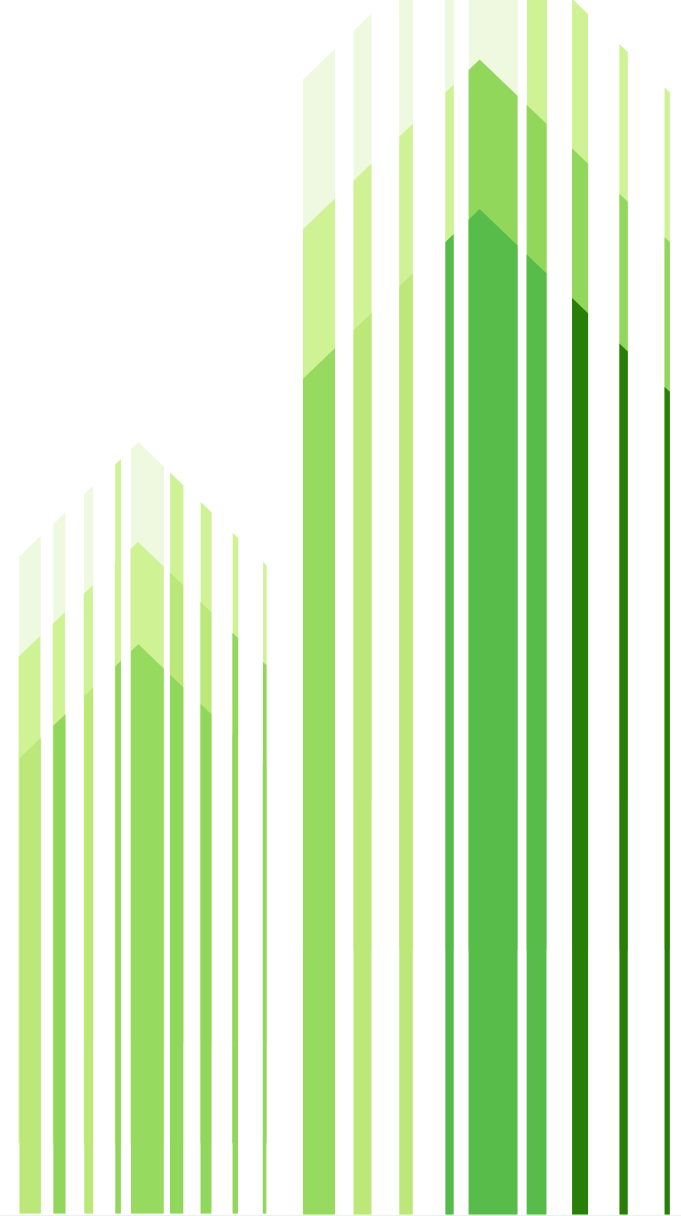
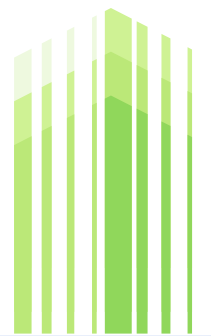


TOKYU CONSTRUCTION

FY03/2023

Financial Results Briefing

May 18, 2023

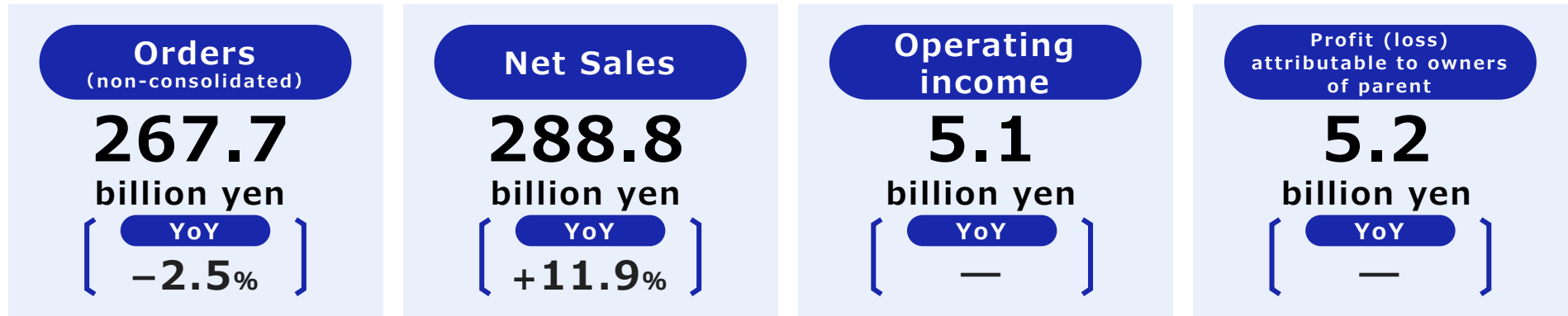


Overview of FY03/2023 Financial Results

FY03/2023 Financial Results Briefing

— FY03/2023 Financial Highlights

Net sales increased due to the progress of large-scale construction projects, etc., ordered in past fiscal years. Profits increased as factors causing the deterioration of profit/loss resulting from quality problems of FY03/2022 were resolved.



External environment

- In addition to government construction investment trending steadily, construction investment increased overall with private construction investment also showing signs of recovery due to a growing desire for capital investment.
- Prices for equipment and materials kept rising, and competitive environment remained severe.

Building construction

- We were impacted by rising prices, but maintained profit levels through originality and ingenuity at work sites.

Civil engineering

- Profits increased as factors causing the deterioration of profit/loss resulting from quality problems of FY03/2022 were resolved.

International

- Gross profit was negative due to factors such as the deterioration in profitability of some construction projects and the recording of a provision for construction losses.

Real estate

- Gross profit from real estate business, etc., increased in association with real estate sales.

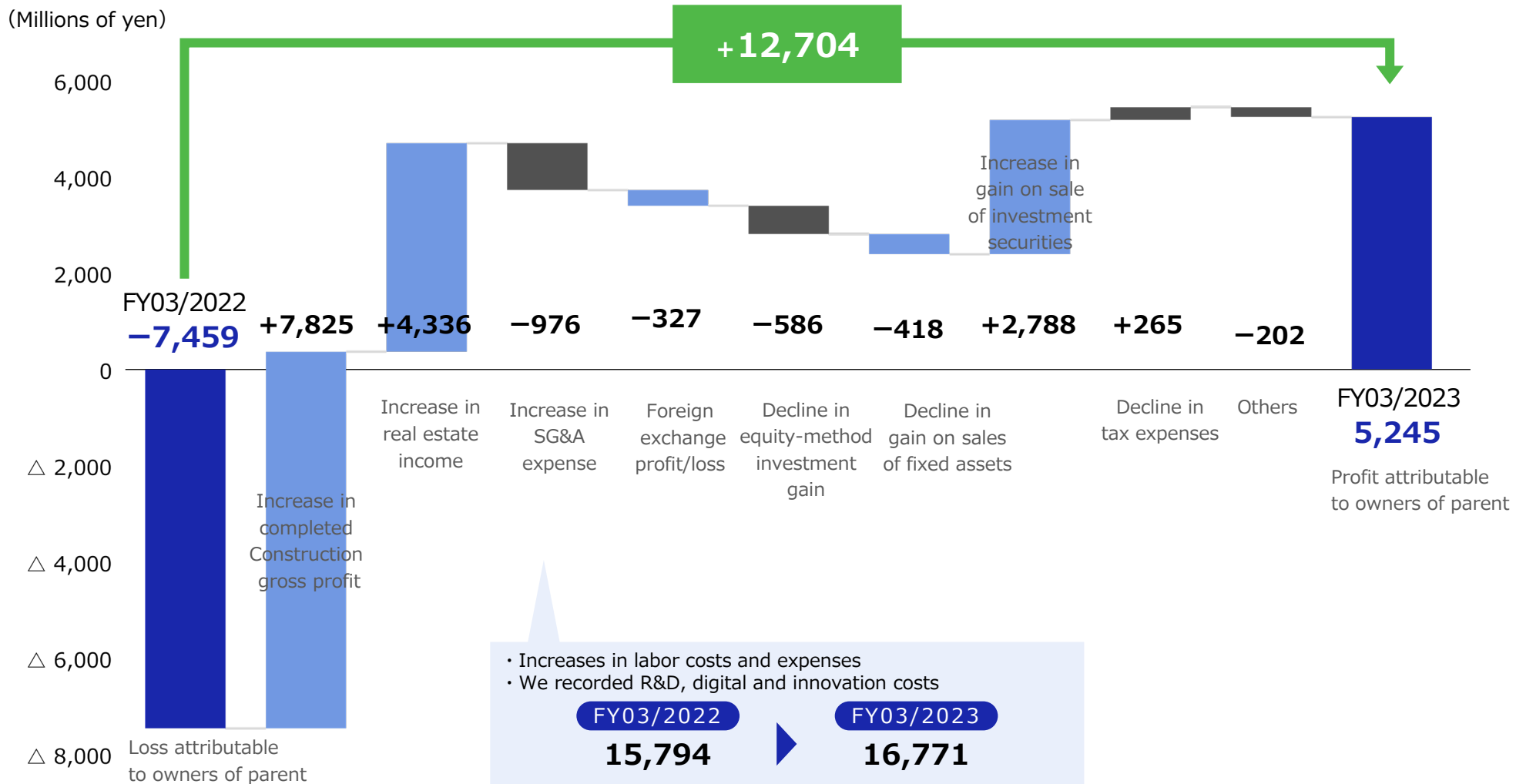
— Consolidated Financial Results

In addition to the steady progress of net sales, net income improved significantly due to the disappearance of factors causing the deterioration of profit/loss resulting from quality problems. Dividends increased by 11 yen to 36 yen.

(Millions of yen)	FY03/22	Ratio	FY03/23	Ratio	YoY
Orders(non-consolidated)	274,663	—	267,792	—	(2.5%) (6,870)
Net Sales	258,083	—	288,867	—	+11.9% +30,784
Gross profit	9,716	3.8%	21,879	7.6%	+125.2% +12,162
Selling, general and administrative expenses	15,794	6.1%	16,771	5.8%	+6.2% +976
Operating income	(6,078)	(2.4%)	5,107	1.8%	— +11,186
Ordinary income	(5,132)	(2.0%)	5,020	1.7%	— +10,153
Profit (loss) attributable to owners of parent	(7,459)	(2.9%)	5,245	1.8%	— +12,704
Dividend per share	25yen	—	36yen	—	+ 11yen

Factors Affecting Net Income

Net income increased due to completed construction gross profit, increased gross profit from real estate business, gains on sales of investment securities, etc.



— Non-consolidated Financial Results

Completed construction sales increased due to the steady progress of projects. Completed construction gross profit increased as factors that caused the deterioration of profit/loss in the previous fiscal year in civil engineering business were resolved. Gross profit from real estate business, etc., increased in association with real estate sales.

(Millions of yen)	FY03/2022	FY03/2023		Rate of Change	YoY
	Results	Results	Ratio		
Net Sales	243,025	261,529	100%	+7.6%	+18,503
Completed construction sales	241,294	252,377	—	+4.6%	+11,083
Building construction	184,407	192,052	73.4%	+4.1%	+7,644
Civil engineering	56,886	60,325	23.1%	+6.0%	+3,438
Real estate sales	1,731	9,151	3.5%	+428.5%	+7,419
Gross profit	8,108	20,063	(Profit rate) 7.7%	+147.4%	+11,954
Completed construction gross profit	9,601	17,229	6.8%	+79.4%	+7,627
Building construction	13,132	13,778	7.2%	+4.9%	+646
Civil engineering	(3,530)	3,450	5.7%	—	+6,981
Real estate gross profit	(1,492)	2,833	31.0%	—	+4,326
Selling, general and administrative expenses	14,984	15,665	6.0%	+4.5%	+681
Operating income	(6,875)	4,398	1.7%	—	+11,273
Ordinary income	(6,314)	4,426	1.7%	—	+10,740
Net income	(7,494)	3,825	1.5%	—	+11,320

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

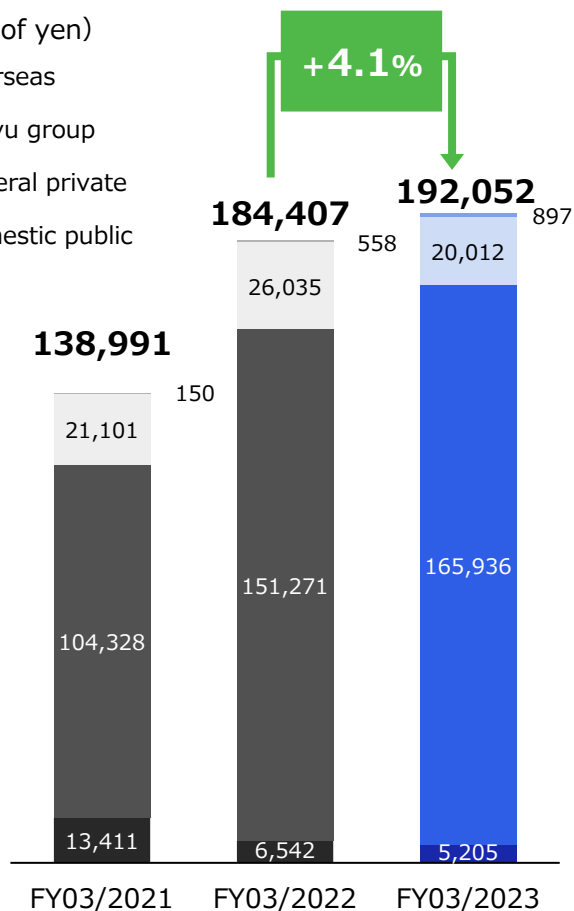


Completed construction sales increased due to the steady progress of projects, including large-scale construction. Gross profit was impacted by price increases, but increased because completed construction sales increased.

Completed construction sales

(Millions of yen)

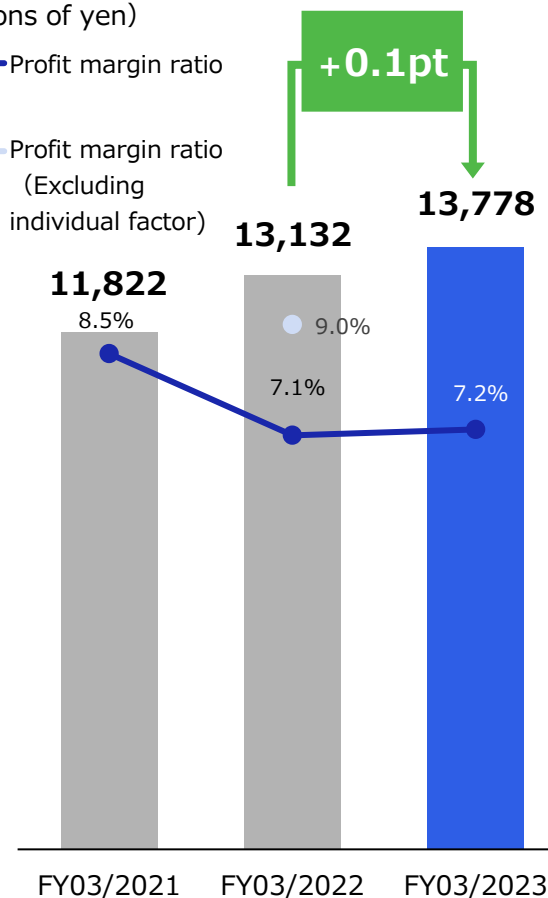
- Overseas
- Tokyu group
- General private
- Domestic public



Gross profit

(Millions of yen)

- Profit margin ratio
- Profit margin ratio (Excluding individual factor)



— Non-Consolidated / Building construction (Orders)

Although we accumulated orders, mainly for large projects, orders decreased due to the lag of some projects, etc.

Orders

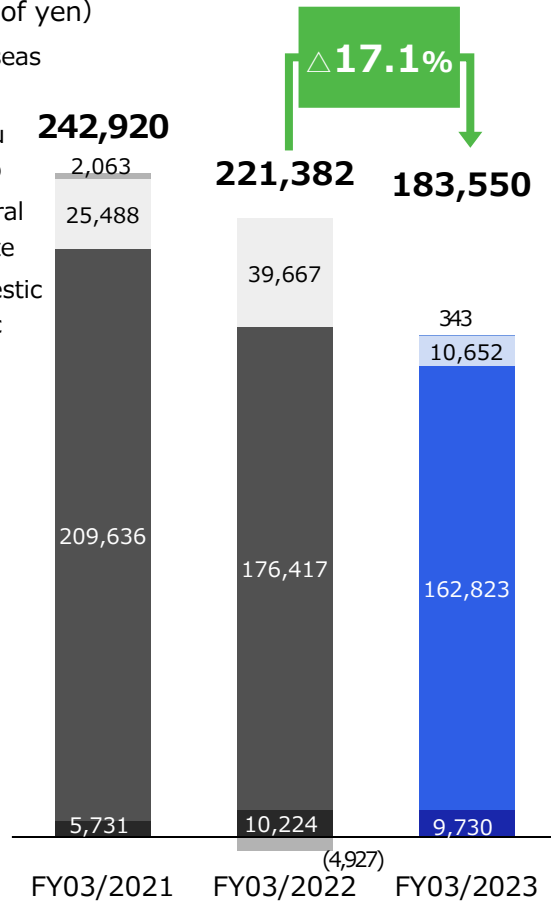
(Millions of yen)

■ Overseas

■ Tokyu group

■ General private

■ Domestic public



Main orders

Ordered by	Name of construction	Place of construction
Urban Redevelopment Association for the East Area of Kakoi-Cho	Facility and building construction, type 1 urban redevelopment project in the east area of Kakoi-cho	Tokyo
Maruha Nichiro Corporation	Expansion construction of Kawasaki No. 1 Logistics Center (tentative name), Maruha Nichiro Corporation	Kanagawa Prefecture
TOHTO CO-OP	New construction of Soka Cool Set Center, TOHTO CO-OP	Saitama Prefecture
NTT Urban Development Corporation	New construction of Nihonbashi 2-Chome, Chuo-ku (tentative name)	Tokyo
Supreme Court	Construction work of Architecture for a new courthouse of Tsu District Court, Tsu Family Court and Tsu Summary Court	Mie Prefecture
Ministry of Land, Infrastructure, Transport and Tourism	Construction work of the Koishikawa National government building (22) (tentative name)	Tokyo
Kyushu Railway Company	New construction of Ureshino hot spring accommodation facilities (tentative name)	Saga Prefecture
Aoyama Gakuin	Aoyama Gakuin Kindergarten rebuilding project	Tokyo
TOKYU CORPORATION	Renewal construction of Komazawa-daigaku Station on the Den-en-toshi Line (Building Works No. 4)	Tokyo

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



Completed construction sales increased due to projects progressing steadily, centered on government construction. In addition to the increase in completed construction sales, gross profit improved significantly because factors causing the deterioration of profit/loss due to quality problems disappeared.

Completed construction sales

(Millions of yen)

■ Overseas

■ Tokyu group

■ General private

■ Domestic public

75,569

8,606

8,397

14,545

44,019

FY03/2021

56,886

4,349

4,517

14,196

33,822

FY03/2022

60,325

4,521

5,036

13,686

37,080

FY03/2023

+6.0%

Gross profit

(Millions of yen)

● Profit margin ratio

● Profit margin ratio (Excluding individual factor)

6,031

8.0%

FY03/2021

+11.9pt

8.1%

(3,530)

(6.2%)

FY03/2022

3,450

5.7%

FY03/2023

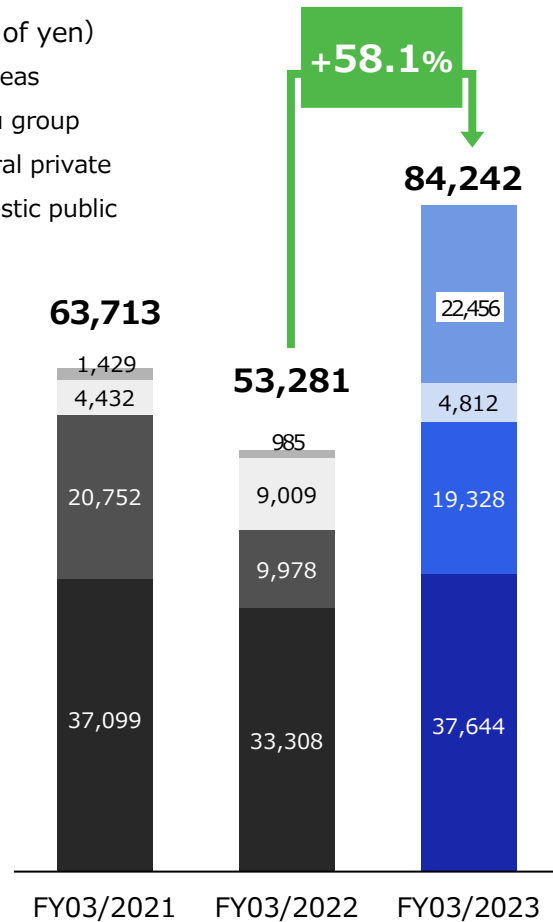
— Non-Consolidated / Civil engineering (Orders)

Orders increased significantly due to the acquisition of overseas ODA projects (such as subway construction in the Philippines) using our track record and know-how in railway construction. and orders for domestic tunnel construction.

Orders

(Millions of yen)

- Overseas
- Tokyu group
- General private
- Domestic public



Main orders

Ordered by	Name of construction	Place of construction
Department of Transportation, Republic of the Philippines	Metro Manila Subway Project (Phase 1) Contract Package 104, Republic of the Philippines	Manila
Dhaka Mass Transit Company Limited	Dhaka MRT Line 1 Contract Package 01	Dhaka
Ministry of Land, Infrastructure, Transport and Tourism	Construction work of the tunnel of No. 1 in Arida Kainan Road	Wakayama Prefecture
Ministry of Land, Infrastructure, Transport and Tourism	Construction work of the new Mt. Tozuka tunnel of No. 57 in Kumamoto, Ministry of Land, Infrastructure, Transport and Tourism	Kumamoto Prefecture
Kanagawa Prefecture	Improvement construction of Sawai River spillway tunnel of phase No. 204	Kanagawa Prefecture
Tokyo	Phase III sludge transportation pipe work between Ochiai Water Reclamation Center and Miyagi Water Reclamation Center	Tokyo
Tokyo	Construction of Sumida River trunk manhole	Tokyo
TOKYU CORPORATION	Reinforcement construction of integrated structure with Metropolitan Expressway Route 3 and Tokyu Den-en-toshi Line (Civil Works No. 4)	Tokyo

— Consolidated Balance Sheets

The equity ratio was at 38.2%, a drop of 0.7 percentage points compared with March 31, 2022. D/E ratio was at 0.23 times, almost flat year on year.

(Millions of yen)	As of March 31, 2022	As of March 31, 2023	YoY
Current assets	173,963	187,892	+13,928
Non-current assets	31,065	28,700	(2,365)
Investments and other assets	32,782	32,571	(210)
Total assets	237,811	249,164	+11,352
Liabilities	115,004	144,743	+29,738
Non-current liabilities	29,742	8,400	(21,341)
Total net assets	93,064	96,020	+2,956
Total liabilities and net assets	237,811	249,164	+11,352
Equity ratio(%)	38.9	38.2	(0.7pt)
Interest-bearing debt	22,431	21,970	(460)
D/E ratio (times)	0.24	0.23	(0.01)

■ Increase/decrease factors

– Current assets

- Cash and deposits +20,066
- Real estate for sale –3,780

– Non-current assets

- Total property, plant and equipment –2,455

– Liabilities

- Short-term borrowings +19,986
- Electronically recorded obligations - operating +7,043
- Provision for loss on construction contracts +1,564
- Provision for warranties for completed construction +1,377

– Non-current liabilities

- Long-term borrowings –20,446

– Total net assets

- Retained earnings +2,802
- Total accumulated other comprehensive income –311

— Consolidated Statements of Cash Flows

Free cash flow is ¥22.7 billion as cash flows from operating activities increased due to a decrease in trade payables, etc.

(Millions of yen)	Year ended March 31, 2022	Year ended March 31, 2023	FY03/2023 remarks
Cash flows from operating activities	12,201	20,392	Cash increased due to a decrease in notes and accounts receivable, etc.
Cash flows from investing activities	(476)	2,398	Cash increased due to proceeds from sales of investment securities, etc.
Free cash flow	11,725	22,790	—
Cash flows from financing activities	(7,531)	(2,762)	Cash decreased due to the payment of dividends and repayment of long-term borrowings, etc.
Net increase (decrease) in cash and cash equivalents	4,474	20,066	—
Cash and cash equivalents at beginning of period	34,173	38,648	—
Cash and cash equivalents at end of period	38,648	58,714	—

Full-year Forecast for FY03/2024

FY03/2023 Financial Results Briefing

— Consolidated Financial Results Forecast

Orders and net sales will progress steadily. Although selling, general and administrative expenses will increase due to growth investments, etc., operating income is expected to increase by 3.8%.

We anticipate a dividend of 36 yen.

(Millions of yen)	FY03/2023		FY03/2024 (Forecast)		YoY
		Ratio		Ratio	
Orders(non-consolidated)	267,792	—	276,000	—	+3.1% +8,207
Net Sales	288,867	—	307,000	—	+6.3% +18,132
Gross profit	21,879	7.6%	23,300	7.6%	+6.5% +1,420
Selling, general and administrative expenses	16,771	5.8%	18,000	5.9%	+7.3% 1,228
Operating income	5,107	1.8%	5,300	1.7%	+3.8% +192
Ordinary income	5,020	1.7%	6,200	2.0%	+23.5% +1,179
Profit (loss) attributable to owners of parent	5,245	1.8%	4,000	1.3%	(23.7%) (1,245)
Dividend per share	36円	—	36円	—	—

— Non-consolidated Financial Results Forecast

Completed construction sales increased due to the steady progress of projects. Profit in civil engineering will increase as profit margins improve. Revenue and profits in real estate business will decrease because there are no plans for real estate sales this fiscal year.

(Millions of yen)	FY03/2023	FY03/2024		Rate of Change	YoY
	Results	Forecast	Ratio		
Net Sales	261,529	275,000	100%	+5.2%	+13,470
Completed construction sales	252,377	274,000	—	+8.6%	+21,622
Building construction	192,052	196,000	71.3%	+2.1%	+3,947
Civil engineering	60,325	78,000	28.4%	+29.3%	+17,674
Real estate sales	9,151	1,000	0.3%	(89.1%)	(8,151)
Gross profit	20,063	20,100	(Profit rate) 7.3%	+0.2%	+36
Completed construction gross profit	17,229	19,600	7.2%	+13.8%	+2,370
Building construction	13,778	13,700	7.0%	(0.6%)	(78)
Civil engineering	3,450	5,900	7.6%	+71.0%	+2,449
Real estate gross profit	2,833	500	50.0%	(82.4%)	(2,333)
Selling, general and administrative expenses	15,665	16,800	6.1%	+7.2%	+1,134
Operating income	4,398	3,300	1.2%	(25.0%)	(1,098)
Ordinary income	4,426	3,500	1.3%	(20.9%)	(926)
Net income	3,825	2,300	0.8%	(39.9%)	(1,525)

— Non-Consolidated Order Forecast

In building construction, we will aim to achieve a level of orders in excess of 200 billion yen by focusing on receiving certain orders for projects undertaken and projects where we can secure appropriate profits. 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 Forecast	Rate of Change	YoY
Domestic public	9,730	21,000	+115.8%	+11,269
Domestic private	173,476	189,000	8.9%	+15,523
General private	162,823	159,000	(2.3%)	(3,823)
Tokyu Group	10,652	30,000	+181.6%	+19,347
Overseas	343	—	(100.0%)	(343)
Building construction	183,550	210,000	+14.4%	+26,449
Domestic public	37,644	40,000	+6.3%	+2,355
Domestic private	24,141	19,000	(21.3%)	(5,141)
General private	19,328	14,000	(27.6%)	(5,328)
Tokyu Group	4,812	5,000	+3.9%	+187
Overseas	22,456	7,000	(68.8%)	(15,456)
Civil engineering	84,242	66,000	(21.7%)	(18,242)
Total	267,792	276,000	3.1%	8,207

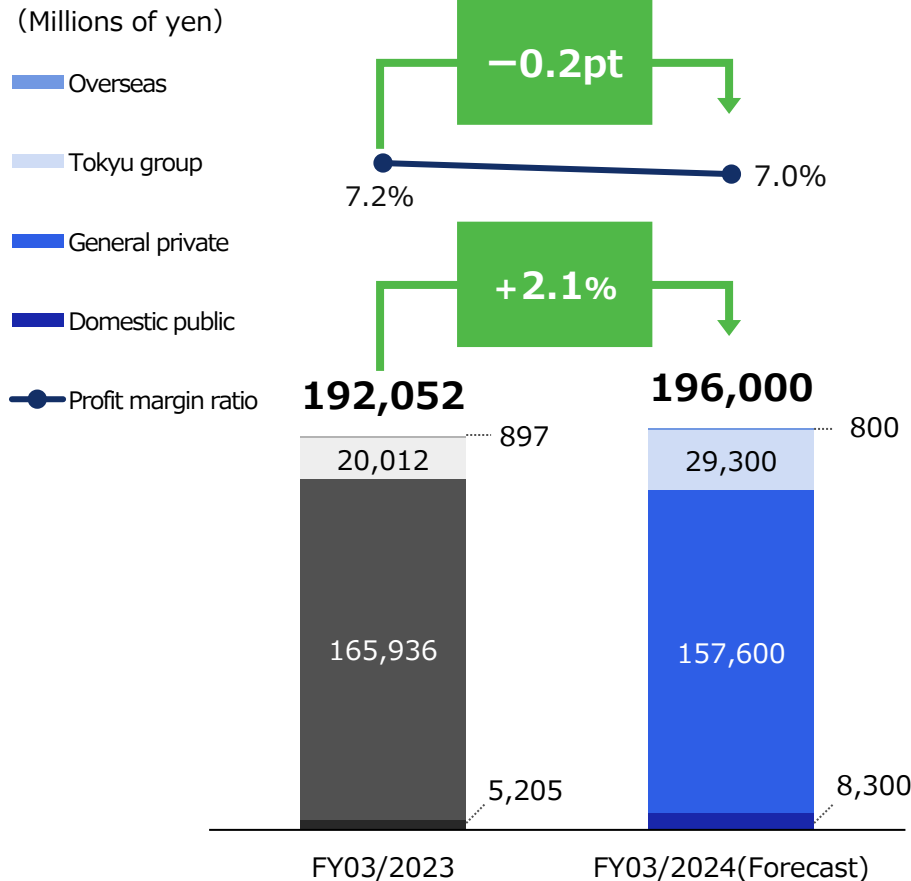
Non-consolidated Financial Results Forecast/ Building construction



Completed construction sales will increase slightly with the expected progress of works carried over at the beginning of the fiscal year. The gross profit margin of completed construction will be flat partly due to rising prices.

Completed construction sales /Gross Profit

Construction work carried forward



	FY03/2023	FY03/2024 Forecast
Amount brought forward	272,428	263,926
Orders	183,550	210,000
Completed construction sales	192,052	196,000
Amount carried forward	263,926	277,926

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 the increase in completed construction sales, we expect increased profits by increasing profit margins through the originality and ingenuity of continuous construction management.

Completed construction sales /Gross Profit

(Millions of yen)

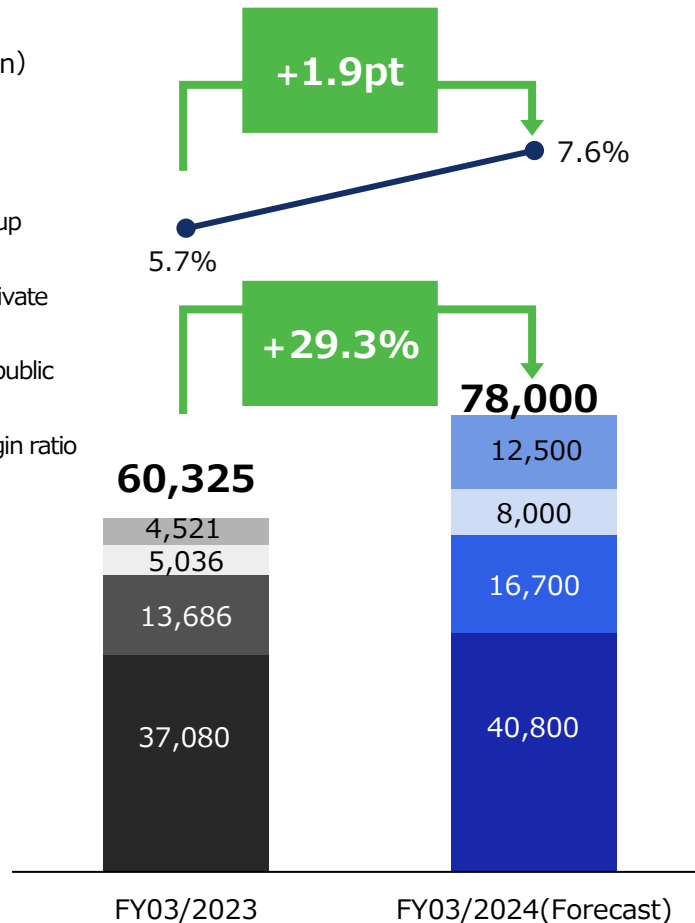
Overseas

Tokyu group

General private

Domestic public

Profit margin ratio



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	78,000
Amount carried forward	114,321	102,321

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.

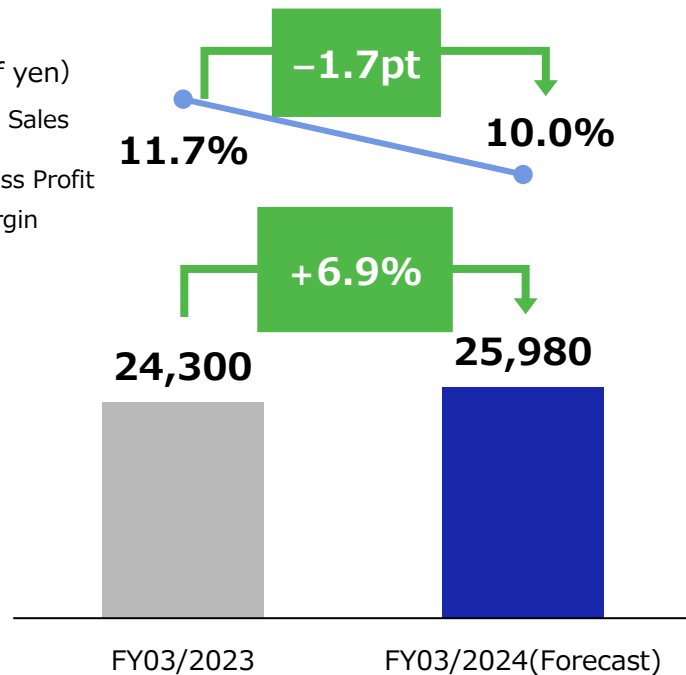
Future policy

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

Net Sales/Gross Profit

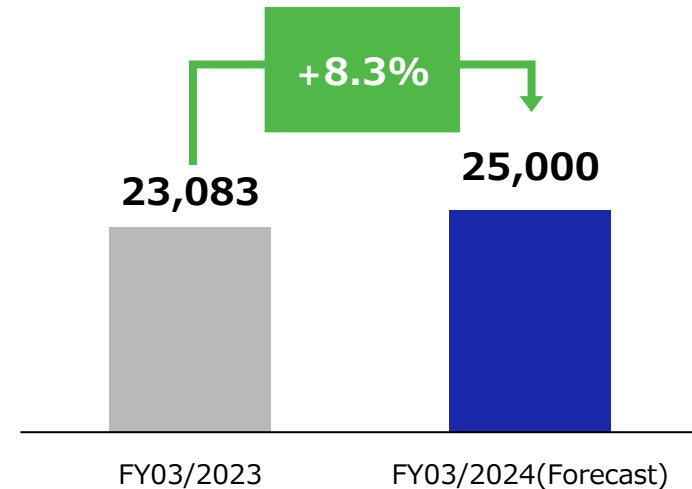
(Millions of yen)

■ 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

Revenue and profits will increase on the back of progress in construction on large-scale projects ordered in the previous fiscal year.

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

We will work on the acquisition of new income-yielding properties using the profits from sales in the previous fiscal year. We will promote cyclical real estate business by adding value to environmental real estate.

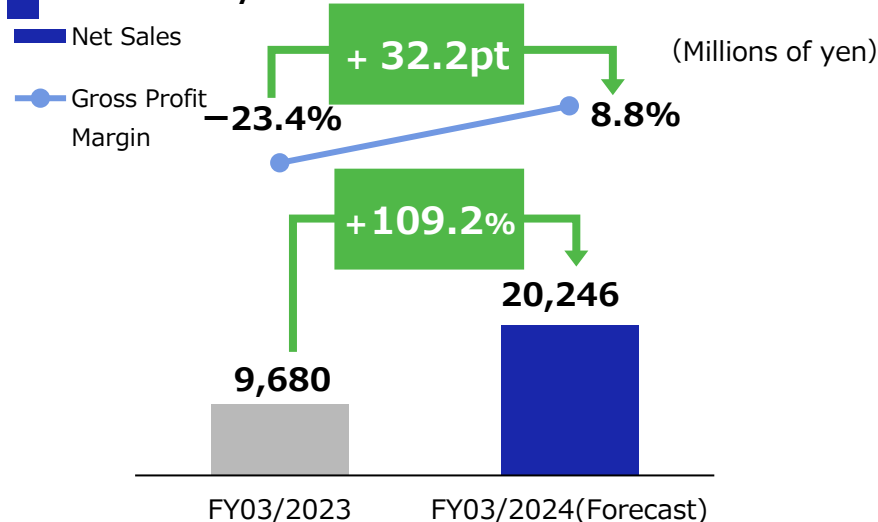
External environment

- Environmental real estate needs will expand.

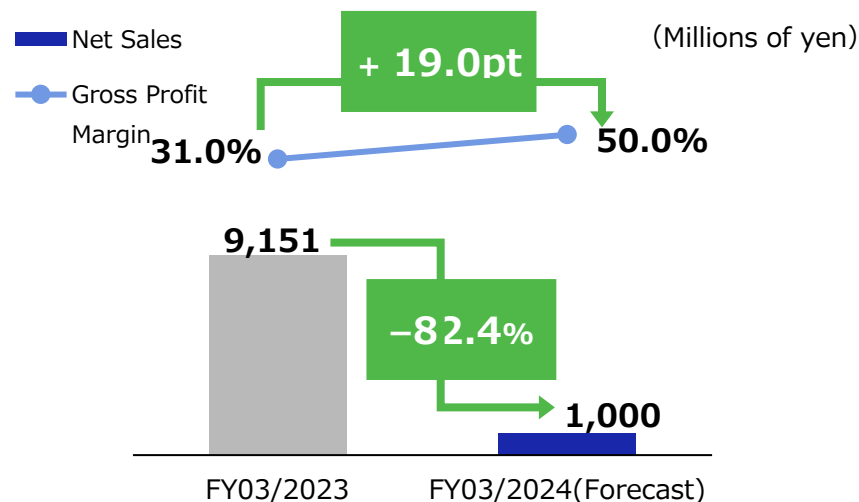
Future policy

- 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)

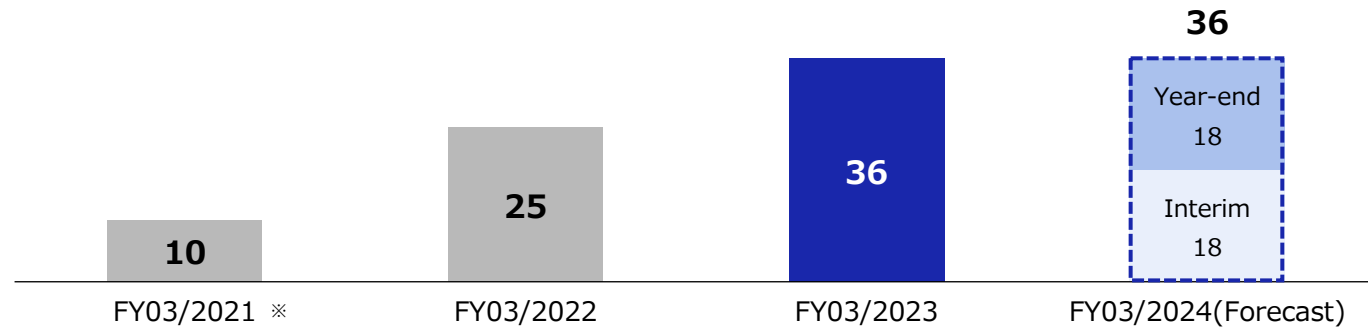
※³ Numbers for the real estate business are the values of the sales and gross profit of the real estate business on the Company's non-consolidated statement of income.

— 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

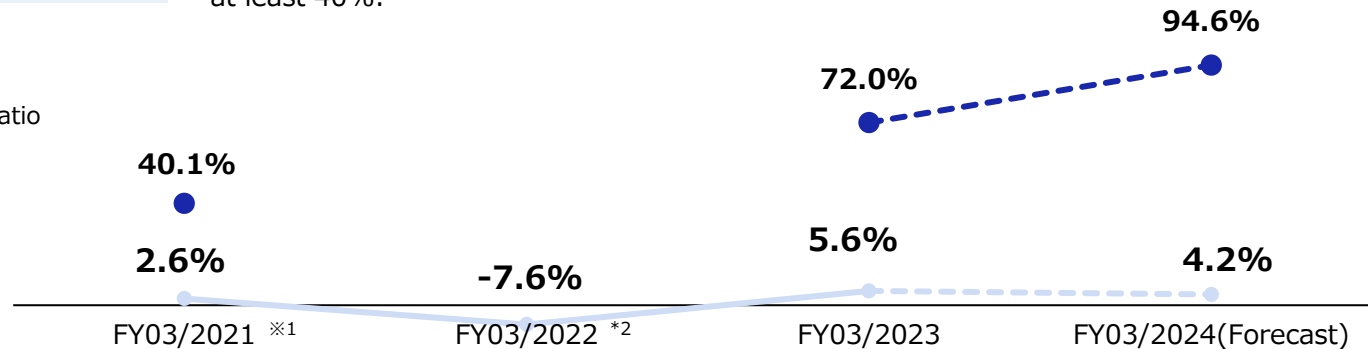
(yen)



[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.

Progress of Long-Term Management Plan

FY03/2023 Financial Results Briefing

— Material issues

The starting point of the long-term management plan is the material issues identified from two axes: importance to stakeholders; and the impact on the Company's corporate value. We will pursue both the resolution of social issues and sustainable growth.

Climate change

In association with the government's policies and regulations for the realization of a decarbonized society, higher taxes, higher raw materials costs and the intensification of competition in the development of related technologies are expected. There will be increased business opportunities due to the reduction of the environmental impact of buildings, renewable energy business, natural disaster countermeasures and increased demand for longer infrastructure life.

Town planning

The timely provision of value is required for the diversification of building needs in association with changing lifestyle and workstyle values. Using unique know-how cultivated in areas along the Shibuya and Tokyu Line, we will contribute to the development of high-value-added, novel community building, including smart and compact cities.

Structural changes in the construction industry

Decreases in engineers and skilled workers, labor shortages at construction sites caused by work hour regulations, and a lack of technology transmission are concerns. The structure of the industry has changed significantly due to the soaring prices of materials and equipment, shortages of goods, and human rights risks in supply chains, etc. The transformation to business models using digital technology and open innovation is accelerating.

Human capital

Increased investment costs in the securing of "human resources," which are sources of competitive advantage, training and reskilling, respect for human rights and health management, and the risk of their non-realization.

We will promote the creation of an environment and the fostering of an organizational culture within which diverse human resources, including young people, can perform and take on challenges, and increase the engagement of employees, which will increase corporate value.

Strategic business

In addition to advanced risk management under uncertain international circumstances, it is essential to secure and develop human resources and foster an organizational culture, which create innovation. We will realize business growth by capturing new value-providing opportunities through DX, areas surrounding construction, and the development of overseas emerging countries.

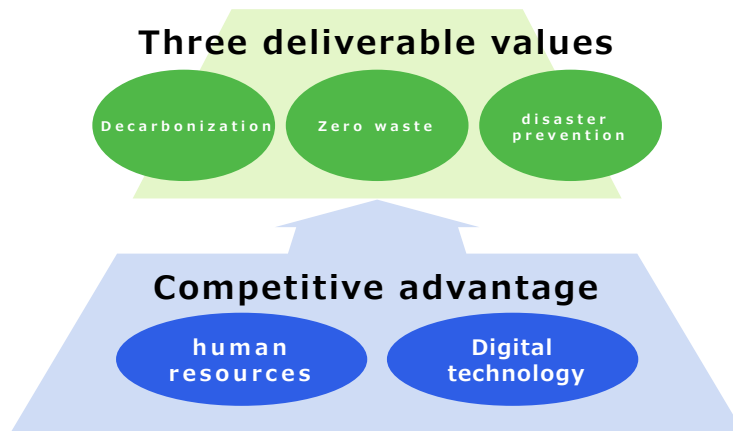
Corporate Governance

Lack of development of our next management candidates (core personnel), and the lack of thorough risk management and compliance are major management risks. We will improve the transparency of decision-making and our adaptability to change by strengthening the governance structure, and establish the foundations for stable growth.

※ We review risks and opportunities every year based on changes in the business environment, and we have recently reconsidered "diversity and inclusion" as the broader concept of "human capital," while placing greater emphasis on the decrease in engineers and the reduction of working hours. Apart from that, some notation has been revised.

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

Based on changes in the business environment, we will further promote the strengthening of problem-solving skills, namely the overhaul of QCDSE and sales capabilities, and the restructuring of our earning power, and aim to return to a growth trajectory. The KPIs for fiscal year 2030 are unchanged.



KPI

		03/FY2023 Results	03/FY2024	03/FY2026
Profitability	Operating profit	5.1 billion yen	5.3 billion yen	At least 11.0 billion yen
	Operating profit margin	1.8%	1.7%	At least 3.0%
Efficiency	ROIC (※1)	3.0%	—	—
	ROE	5.6%	4.2%	At least 7.0%
Soundness	Debt-to-equity ratio	0.23times	0.5 times or less	
	Capital adequacy ratio	38.2%	About 40%	
Non financial	Employee engagement rating (※2)	BB	A	A
	GHG emissions (※3)	—	12.5% reduction	17.5% reduction

03/FY2031
At least 22.0 billion yen
At least 5.0%
At least 7.0%
At least 10.0%
0.5 times or less
About 45%
AAA
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..

TOPICS Decarbonization

By responding through business to climate change, which is listed in the material issues, we will aim to contribute to the resolution of global issues and acquire business growth and profits.

Examples

General release of approximate ZEB and energy-saving simulation tools

We will release a tool that allows anybody to calculate environmental impact reduction effects and required costs with simple information entries, and provide opportunities for customers to work on Net Zero Energy Building (ZEB) initiatives.

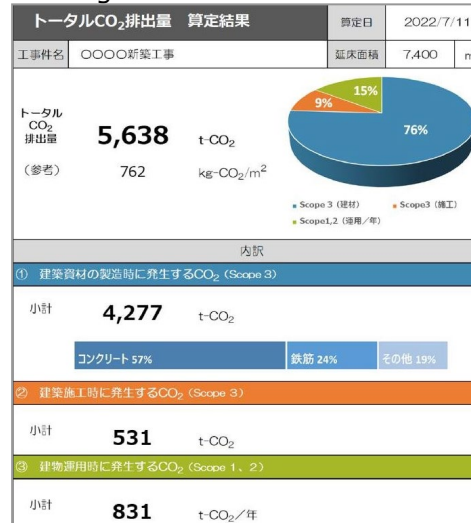
Simulation results screen

		省エネ基準準ビル	省エネビル	ZEB Ready
イメージ図				
一次エネルギー消費量 [kg/㎡]	事務所	7,015	5,257	2,054
	ホテル	10,380	7,627	3,994
	合計	17,395	12,884	6,048
省エネ基準消費量 [kg/㎡]	事務所	97.50	97.60	97.60
	ホテル	97.50	97.60	97.60
	合計	195.20	195.20	195.20
CO ₂ 排出量 [t-CO ₂ /㎡]	事務所	342.47	256.64	100.30
	ホテル	596.08	437.97	229.38
	合計	938.55	694.61	329.67
エネルギーコスト [円/㎡]	事務所	2,307,492	2,830,079	4,815,516
	ホテル	2,161,526	2,651,544	4,546,505
	合計	4,469,418	5,481,623	9,362,022
ランニングコスト [円/年]	事務所	17,787	13,367	5,189
	ホテル	25,033	18,434	9,726
	合計	42,820	31,801	14,915

Calculation of all CO₂ emissions related to buildings

We will provide CO₂ emissions related to buildings (by Scope) to customers summarized on one sheet. We will respond to needs for decarbonization in building construction and the grasping of emissions throughout the supply chain.

Image of calculation results



Significant reduction of CO₂ emissions using low-carbon concrete

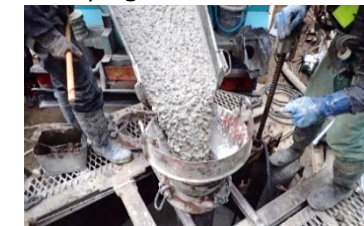
We reduced CO₂ emissions by 46.5% using "CELBIC" low-carbon concrete in the new construction of the Ginza 5-chome Project (building name: CURA GINZA). This was one of the best results in the domestic industry in terms of the rate of reduction derived from concrete materials.

CURA GINZA (External appearance)



(Photo©Eaton Real Estate Co.Ltd)

Laying of CELBIC



— TOPICS Digital technology

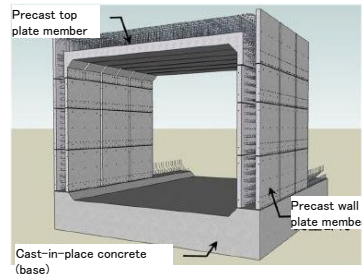
We will realize the transformation of our construction and production systems, and the creation of new value provision opportunities through the strengthening of digital technology, the source of competitive advantage in the long-term management plan.

Topics

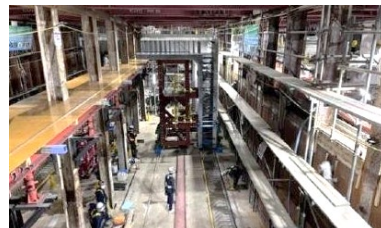
Acquisition of advanced construction technology and technology review certification First application of PPCa (Partial PreCast) box culvert*

This is a construction method for large box culverts in which the side walls and top plate were partially replaced with precast members. This was applied to underpass construction around Shibuya Station on R2 Route 246 to realize the minimization of lane restrictions and smooth construction in narrow spaces

■ Overview of a PPCa box culvert



■ Construction study meeting using VR ■ Construction site after material input



We received the 3rd Civil Engineering Prize at the Japan Federation of Construction Contractors awards.

Together with Tokyo Metro Co., Ltd., the Company received the award in recognition of its work in the relocation of Shibuya Station on the Ginza Line, which was completed within a limited time while continuing railway operations using BIM/CIM and VR technology.

■ 3D model prepared during planning



■ Awards ceremony (November 2022)



※“PPCa box culvert” is a registered trademark of Asahi Concrete Works Co., Ltd., and Tokyu Construction Co., Ltd. (registered trademark No. 6453626).

— TOPICS Initiatives for open innovation

We are investing positively in domestic and overseas venture companies that contribute to the expansion of the provision of three values and the source of competitive advantage, which are established in the long-term management plan. We pursue growth opportunities by strengthening problem-solving skills and creating new businesses that demonstrate synergies.

Main investments

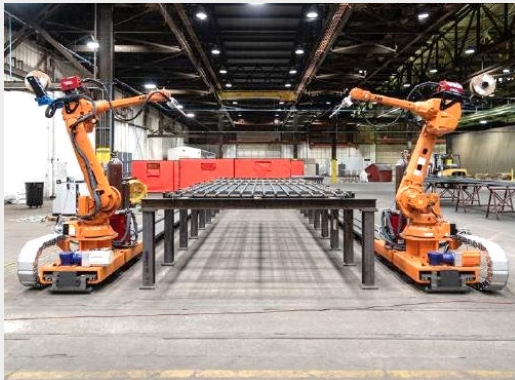
Automatic rebar assembly

Toggle Robotics

Automation of rebar assembly using robots and software. This technology enables the automatic generation of rebar assembly diagrams, as well as automatic welding, assembly and quality confirmation, contributing to greater work efficiency and labor savings at construction sites.

ToggleRobotics™

(Head office: New York)



Development of AR solutions

Cellid, Inc.

The Company developed advanced hardware technology and visual SLAM software (application) internally that realizes light, high-performance AR glasses. This is contributing to construction DX with AR solutions.



(Head office: Tokyo)

Maintenance and management technology for solar power generation facilities

GIRASOL ENERGY INC.

The Company has developed an AI/IoT platform that maintains and manages solar power generation facilities panel-by-panel using original power line communication technology. By monitoring the state of operation of power generation facilities from a remote location on the cloud, it is possible to realize greater system efficiency and the maximization of power generation.



(Head office: Tokyo)

Provision of green power solutions

Clean Energy Connect, Inc.

The Company has developed and owns small and medium-sized solar power plants, administers green power, and develops "off-site corporate PPA" services that provide long-term, stable power and environmental value to companies.



(Head office: Tokyo)

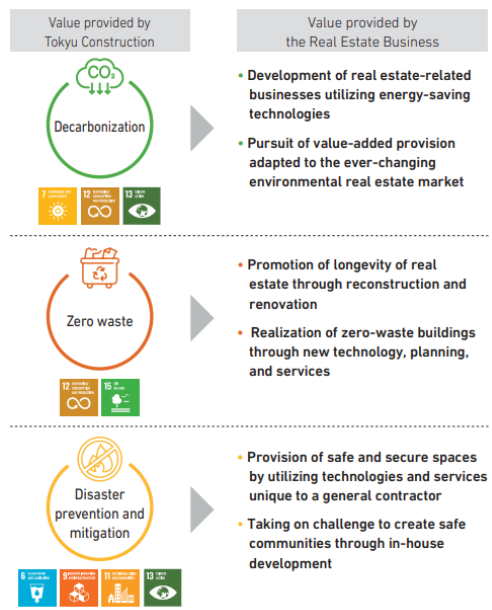
— TOPICS Real estate business

We are targeting a customer base that is highly sensitive to and interested in the environmental area, centered on medium and small-sized properties in the five central wards of Tokyo and along the Tokyu Line, where we have our strengths.

We are expanding real estate business through real estate development and real estate value-added business that makes maximum use of the synergies of a general construction company.

We promote liquidity and cyclical real estate business while increasing added value and securing stable earnings.

The barriers in the construction and real estate value chain will disappear due to the expansion of BIM in building business so we will aim for the provision of value throughout the supply chain, not just building.



3 pillars

1: "TQ," an environmentally-friendly brand

We launched our own "TQ" rental brand in 2022. We are promoting the acquisition, development and certification of environmentally friendly properties.

2: Renovation business

We renovate existing properties such as old buildings to regenerate them as high-value-added properties.

3: Real estate rental and development business

We acquire and manage income-producing properties. Investment and development with a view to future community development in Shibuya, etc. We also have many achievements in joint ventures.

Topics

The "TQ" rental real estate brand

We launched the "TQ" rental real estate brand and will use the characteristics of a general construction company to develop a rental real estate brand that provides (1) comfort, functionality and design; (2) peace of mind and trust; and (3) environmental friendliness under the concept of "TOP QUALITY: Innovations in every space."

- The Company started a plan for the first "TQ" rental condominium (developed internally) in Kyoto.

We will aim to acquire ZEH-M Oriented, an environmental certification, and 5-star BELS certification.



- Property acquired in the Shibuya area. We added value to an office building with a high degree of freedom by renovating a building more than 30 years old. "TQ Yoyogi Park (tentative name)"

— TOPICS Strengthening international business



Using the strengths we have cultivated in domestic railway construction and community development along the Tokyu Line, we will work on railway and transportation infrastructure and TOD (Transit Oriented Development) through ODA, centered on Southeast and South Asia. We have received orders for ODA construction projects in various countries to expand business.

Bangladesh

We received the order for the first subway construction in the country

We received an order for the construction of the Dhaka MRT Line 1, the first subway line in Bangladesh, through ODA. This will contribute to economic and social development and improvement of the urban environment by alleviating chronic traffic congestion and reducing air pollution.

■ Contract signing ceremony (November 2022)



■ Image of completion



Philippines

We received the order for the first subway construction in the country

We received an order worth about 43 billion yen* for construction of the first subway in the Philippines as an infrastructure project. This will contribute to the handling of transportation demand, the alleviation of traffic congestion, and climate change measures.

* Converted to yen and including reserve funds

■ Contract signing ceremony (May 2022)



Indonesia

We received an order to rebuild a bridge

We received an order to rebuild the Palu 4 Bridges, which collapsed due to a major earthquake in September 2018. This will contribute to the restoration of logistics and the toughening of the road network.

■ Contract signing ceremony (July 2022)



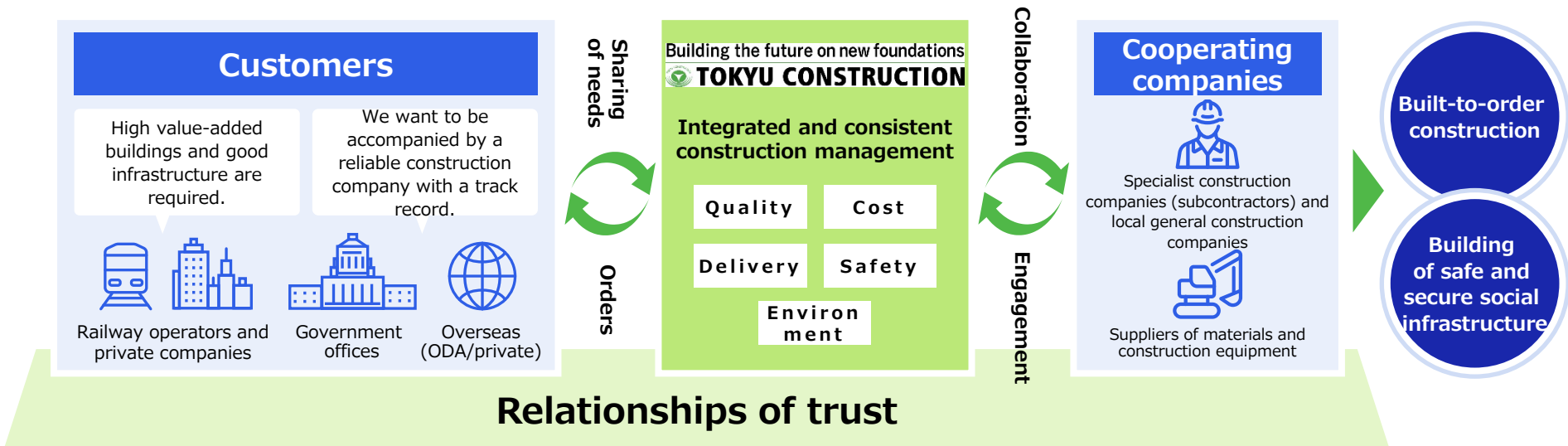
Strengths and Business model

FY03/2023 Financial Results Briefing

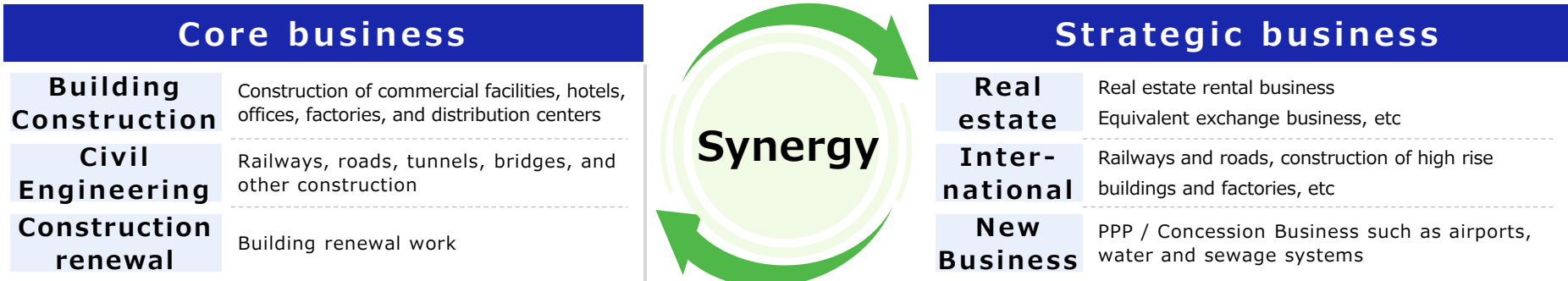
Business model and business overview

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



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



In response to quality problems, we investigated the causes and prevented any reoccurrence thoroughly. Recognizing that systemic and cultural issues existed in the foundations of these problems, the Company as a whole has been working together to reform its organizational culture and improve the quality of construction.

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

— 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

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

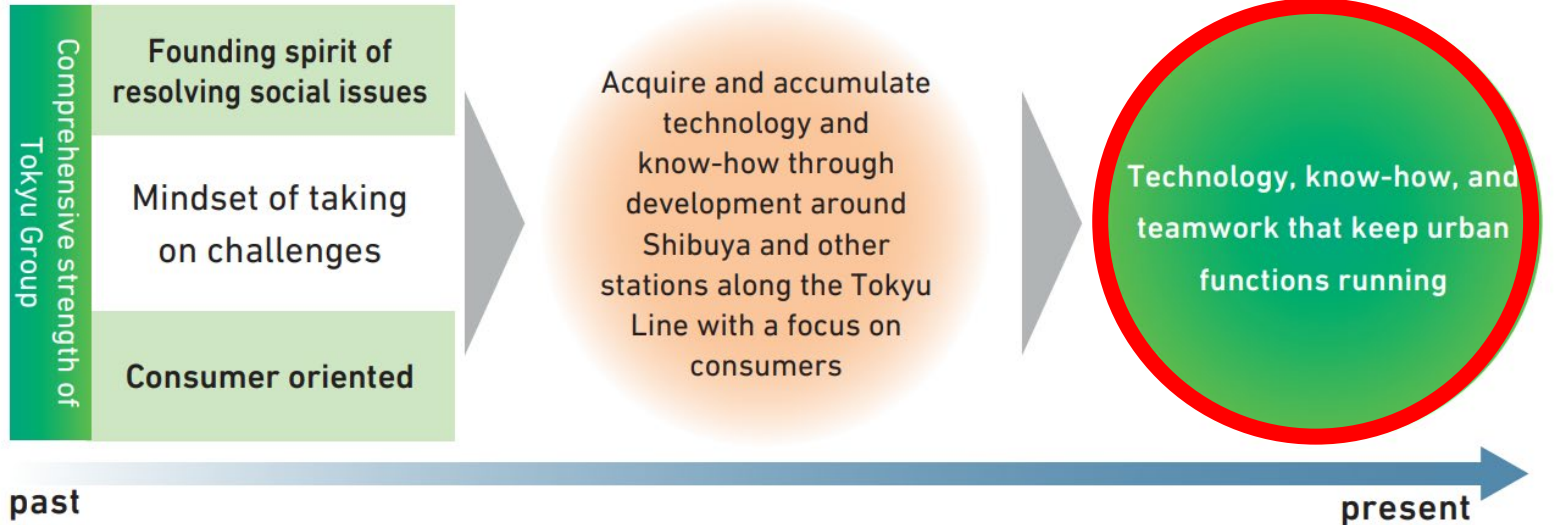
Tokyu Spirit, the Founding Spirit Expounded by the First President Noboru Goto



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.

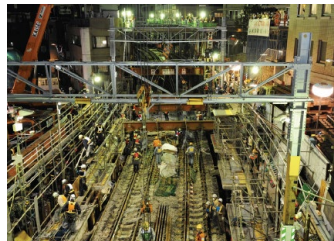
The first president of Tokyu Construction
Noboru Goto



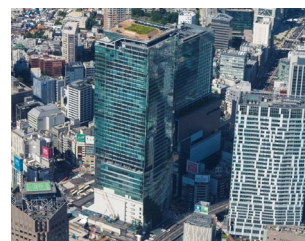
past

present

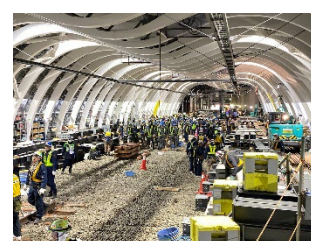
Tokyu Toyoko Line Shibuya Station to Daikanyama Station track switchover



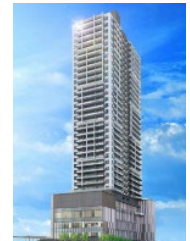
Redevelopment of the area around Shibuya Station



Tokyo Metro Ginza Line Shibuya Station railway track diversion project



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



Building the future on new foundations



TOKYU CONSTRUCTION

[Inquiries]

Nishida/Morita

Corporate Planning Department, Corporate Strategy Division

TEL: +81-3-5466-5008

URL: webmaster@tokyu-cnst.co.jp

Notes

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

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