

May 14, 2026

Medium-Term Management Plan 2028

“Toward a Company We Can Be Proud Of” - Challenge toward a Sustainable Future Society -
<Purpose-based updates>

TSE Prime Market Securities Code:1815

Disclaimer Regarding the Appropriate Use of Financial Forecasts

Forward-looking statements such as financial forecasts contained in this material are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and are not intended as a commitment by the Company to achieve them. Actual results, etc., may differ significantly due to various factors.



President and Representative Director

今井政人
Masahito Imai

Since FY2024, the TEKKEN Group has been promoting “Medium-Term Management Plan 2028: ‘Toward a Company We Can Be Proud Of’ – Challenge toward a Sustainable Future Society –” and has advanced management reform. Two years have passed since the formulation of the Medium-Term Management Plan 2028, and steady results are emerging, including progress in each business exceeding initial expectations and profit targets being achieved ahead of schedule. Based on this progress, we have updated the Medium-Term Management Plan 2028 in order to make this momentum even more certain and connect it to the next stage of growth.

To remain a company that continues to provide value even amid significant changes in the business environment surrounding its core businesses, the Company has defined “**Keeping Cities Moving Forward**” as its purpose. This is not a slogan indicating a future vision, but rather a concept that will serve as a basis for supporting decision-making going forward. In addition, we have organized the form that the Company aims to achieve in 2044 as its “**100th Anniversary Dream.**” Under the strategy of continuing to renew “cities” as a company that solves social issues, we have clarified the future vision that the Company aims to achieve from six perspectives: social value, customer value, technological evolution, human resource development, organizational culture, and sustainable growth.

In this update, with this purpose and the 100th Anniversary Dream as the foundation, we reviewed the numerical plan and measures for the three years from FY2026 to FY2028. Based on progress in business performance, we reviewed net sales, profits, ROE, and shareholder return policy, while also further clarifying our financial strategy. In addition, after reviewing the market environment, we updated our business portfolio and organized our future investment plan.

This update is the first step toward putting the long-term strategy for realizing our purpose into concrete action as a management plan. The TEKKEN Group will continue to evolve as a company that supports cities and nurtures the future.

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UPDATE NEW



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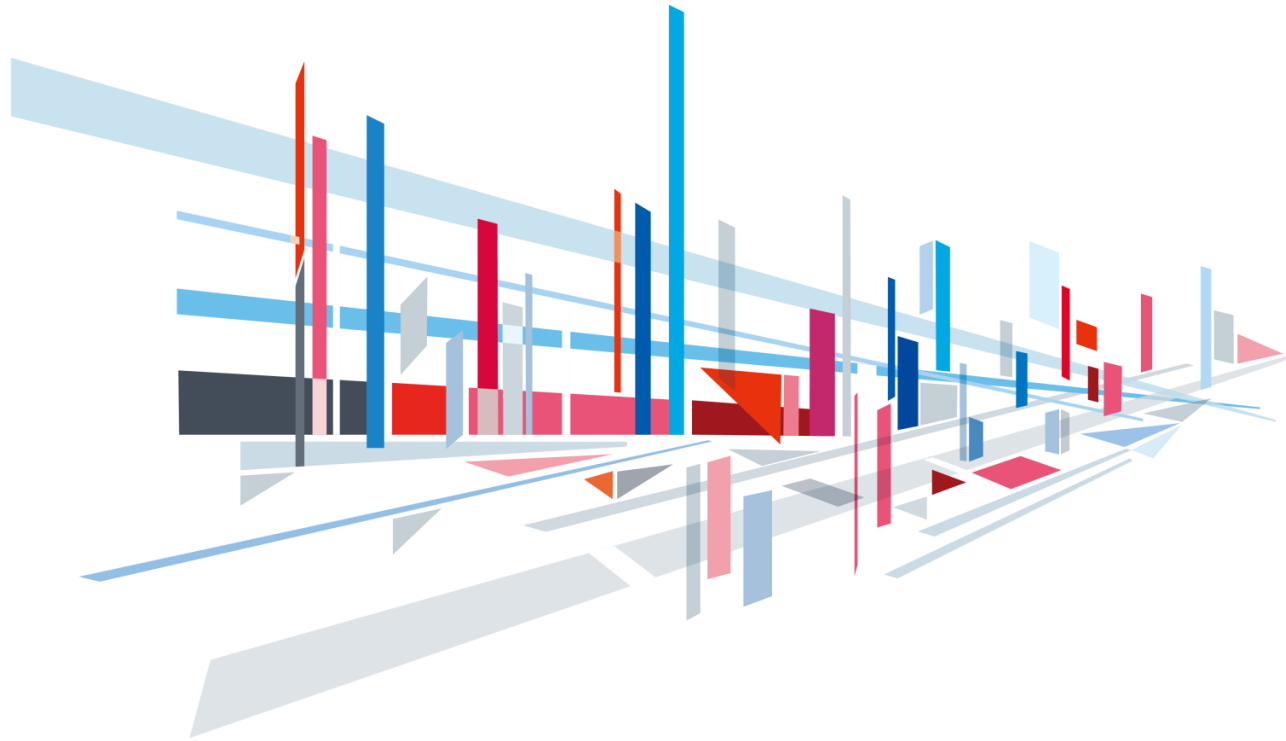


Chapter 01

Purpose

<Vision Aimed for by the TEKKEN Group>





Keeping Cities Moving Forward

We have built with our own hands and continued to protect both the “foundations that support people’s lives,” such as railways and roads, water and energy, and the “spaces where people gather and spend time,” such as stations, station buildings, residences, and public facilities. So that people’s daily lives will never come to a standstill.

While supporting the “ordinary” of cities with the <trust and technology> we have accumulated, we continue to evolve with an eye to 50 years, 100 years, and even the future beyond.

Protecting everyone’s “safety and peace of mind” and nurturing the “future” of cities. That is who we are, **TEKKEN CORPORATION.**

Key Visual

The horizontal lines represent “the foundations that support cities,” and the vertical lines represent “spaces where people gather.” By overlaying the signs of people’s daily lives and the power to grow, the visual expresses cities that continue to move and **TEKKEN CORPORATION’s** will to support their evolution.



Purpose Universal reason for being

Keeping Cities Moving Forward

Mission Value provided to society

Continuing to renew “cities” as a company that solves social issues

The 100th Anniversary Dream Vision aimed for the 100th anniversary of the founding

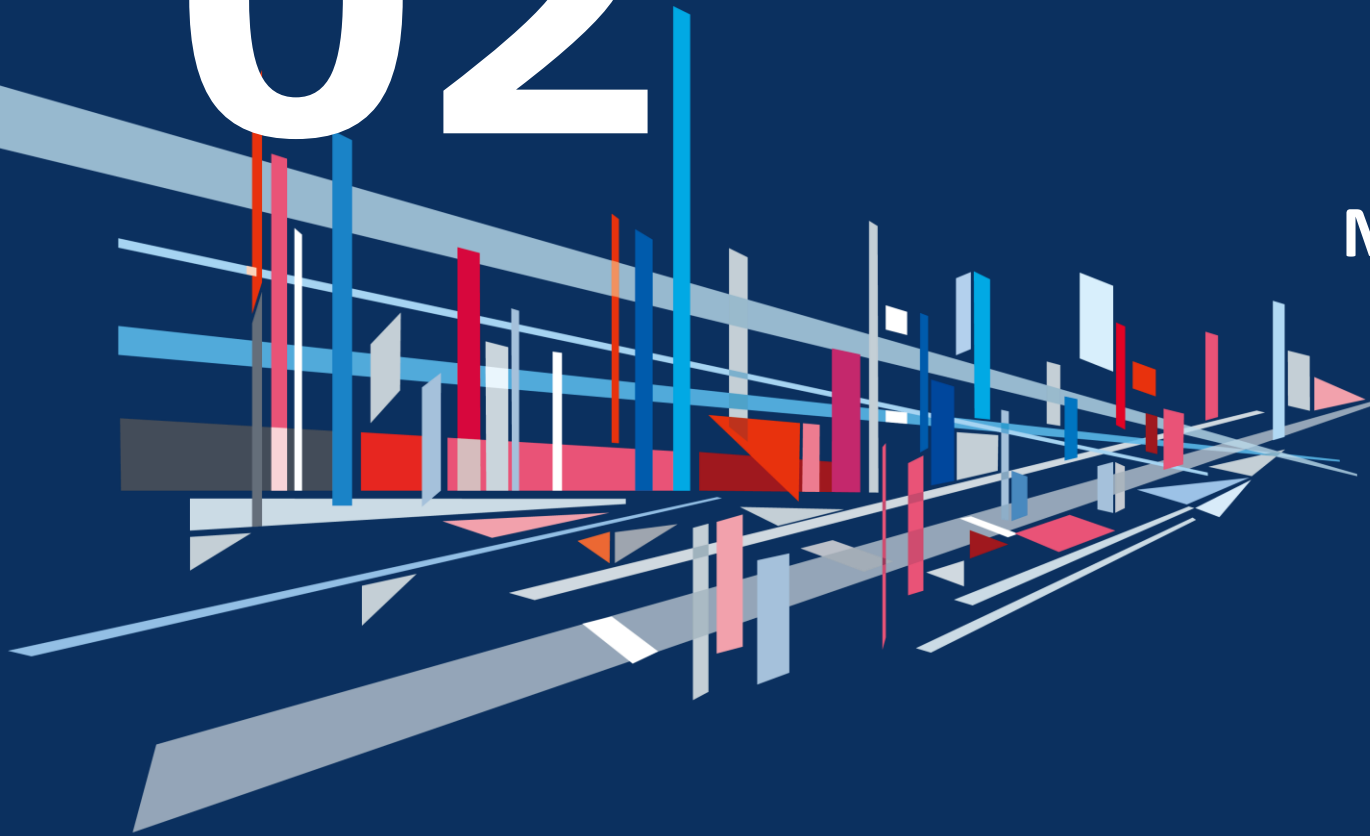
<p>Social Value Protect the daily lives of cities and envision prosperity</p> <p>We consider the ideal form of the “foundations that support people’s lives,” such as railways and roads, water and energy, and update them while keeping them moving. We address social issues such as the aging of infrastructure and climate change so that the daily lives of people and cities will not be interrupted, and so that cities will continue to be vibrant and prosperous.</p>	<p>HR Development Developing broad-ranging engineers</p> <p>We will evolve the Construction Technology General Center into the “TEKKEN Academy.” By systematizing the technologies and safety and quality standards we have cultivated to date and deploying them to employees, partner companies, and the industry, we will broadly develop human resources and raise the productivity and trust of the construction industry as a whole.</p>
<p>Customer Value Becoming an existence that exceeds expectations, with trust as the foundation</p> <p>We will continue to be trusted by customers through the trust and technology we have accumulated. We will evolve into a company that not only solves issues but also creates value that exceeds expectations through proposals that look ahead to the future.</p>	<p>Organizational Culture Toward an organization that welcomes challenges, shares concepts, and advances collaboration</p> <p>With seriousness and sincerity as the axis, diverse human resources equipped with the ability to conceptualize, propose, and implement will gather. Everyone will welcome each individual’s challenge and create a chain of further challenges.</p>
<p>Technological evolution Comprehensive capabilities to update cities while keeping them moving</p> <p>We will expand the “technology to update without stopping” that we have cultivated mainly in railway construction to a wide range of construction fields. Furthermore, by integrating not only construction, but also inspection and diagnosis, planning, and operational support after completion, while also linking these efforts to the reduction of environmental impact, we will evolve into technologies that reliably support social infrastructure while protecting the ordinary everyday life.</p>	<p>Sustainable Growth Expanding business domains and enhancing earning power</p> <p>We will enhance the earning power of our core businesses and expand the foundation for growth by broadening our business domains. We will connect the profits we generate to investment in human resources, technologies, and value creation, and realize sustainable growth while enhancing corporate value.</p>

Our company aims to contribute to the prosperity of society by creating safe and high-quality social infrastructure that satisfies customers, based on trust and technology, while also growing sustainably and becoming a rewarding company that employees can be proud of to their families

Trust and Technology

Chapter 02

Overview of the Medium-Term Management Plan 2028 Update



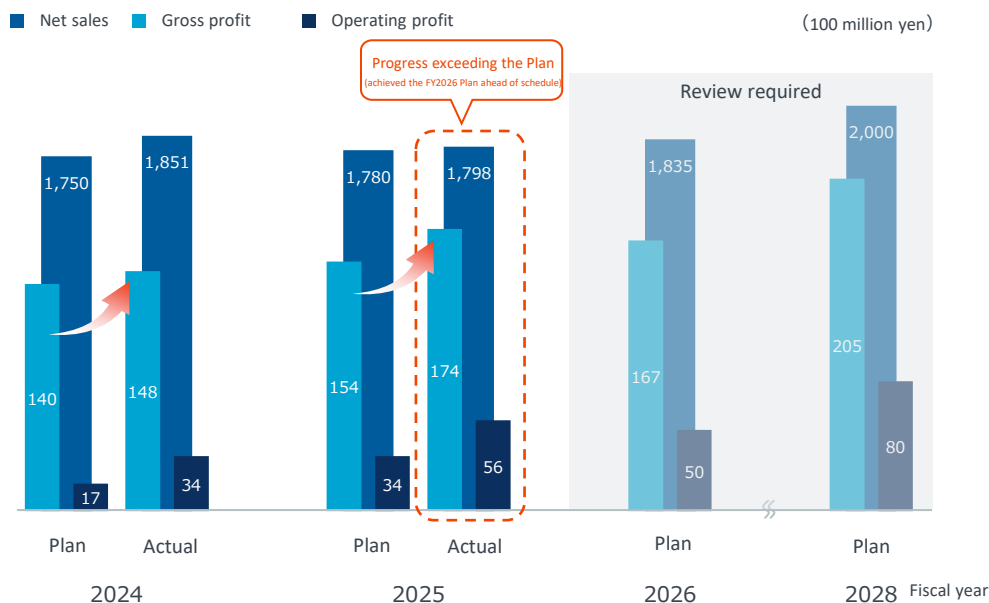
Interim review of the Medium-Term Management Plan 2028

NEW

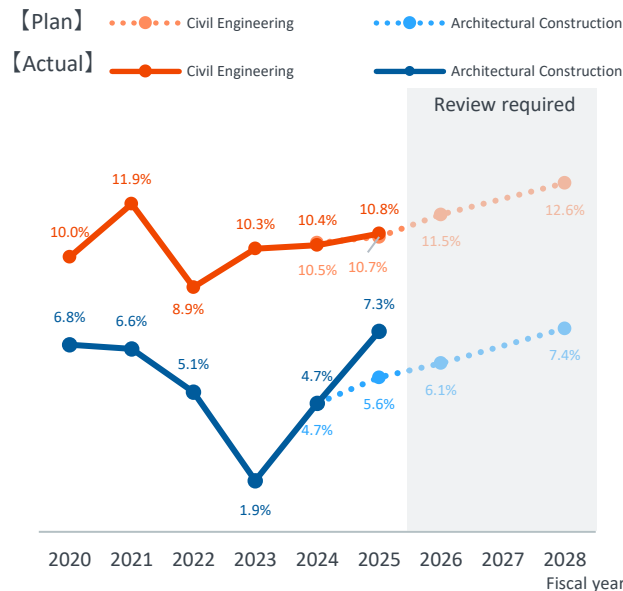


- Upon reviewing the Plan at the end of FY2025, the second year of the Medium-Term Management Plan 2028, **the earning power of each business was progressing at a pace exceeding initial assumptions**, and profit targets were achieved **one year ahead of schedule**
- In addition to the upward business environment, **the background to this includes the thorough implementation of selective order acquisition with an emphasis on profit margins at the time of order acquisition, the promotion of productivity improvement measures, and the expansion of on-site support operations by specialized organizations**. We recognize that earning power is steadily improving across the organization as a whole
- In addition to the above, and taking into account factors such as the rise in the cost of shareholders' equity, we determined that it was necessary to review the numerical targets

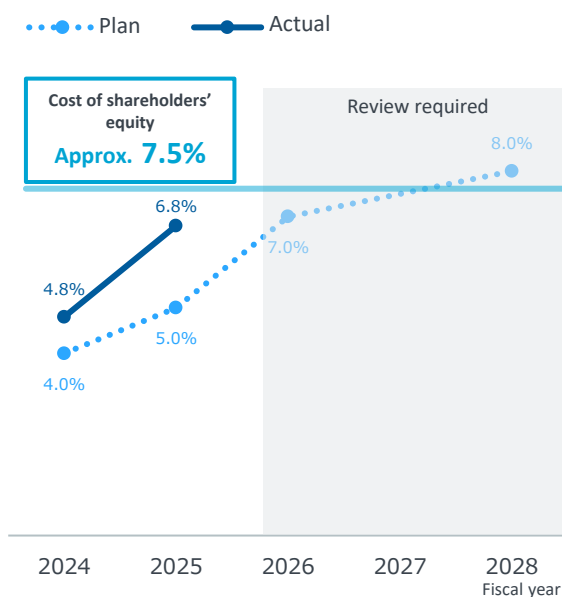
Net sales and profit



Gross profit margin of the Civil Engineering and Architectural Construction Segments



ROE



Direction of the update | Purpose-based updates

NEW



Medium-Term Management Plan 2028 Toward a Company We Can Be Proud Of
-Challenge toward a sustainable future society-

<Purpose-based updates>

Purpose
Keeping Cities Moving Forward

Basic policies

- Recovery/strengthening of **productivity and profit creation capability**
- **Active investment** in growth areas
- Further enhancement of **human capital** and promotion of ESG
- Transformation to a management conscious of **capital efficiency**

Details of the update

- Formulated the Purpose and “100th Anniversary Dream” and clarified the vision aimed for
- Updated to **higher numerical targets**
- Organized **the investment plan**
- Changed to a **more stable and enhanced** shareholder return policy

Civil Engineering Business

- Terminal stations
- Bridges
- Railway viaducts
- Water and sewage systems etc.
- Tunnels

Architectural Construction Business

- Station buildings
- Defense facilities
- Housing
- Schools etc.
- Warehouses

Real Estate and New Businesses

- Development
- Small-scale hydroelectric power generation
- Leasing
- Strawberry-picking tourist farms etc.



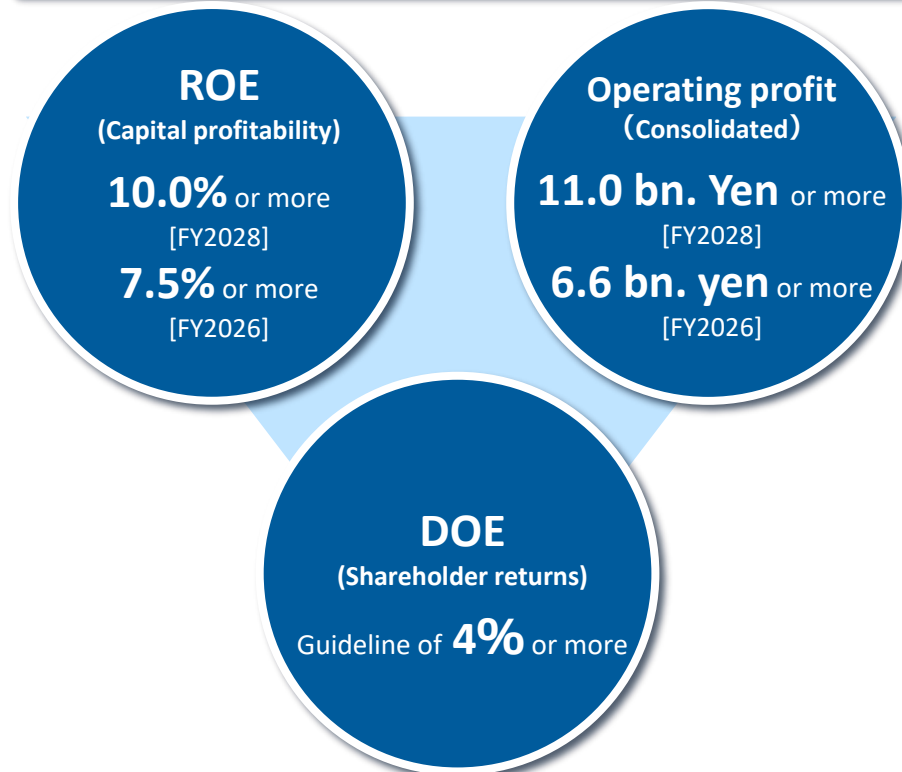
Direction of the update | Financial and non-financial KPIs

UPDATE



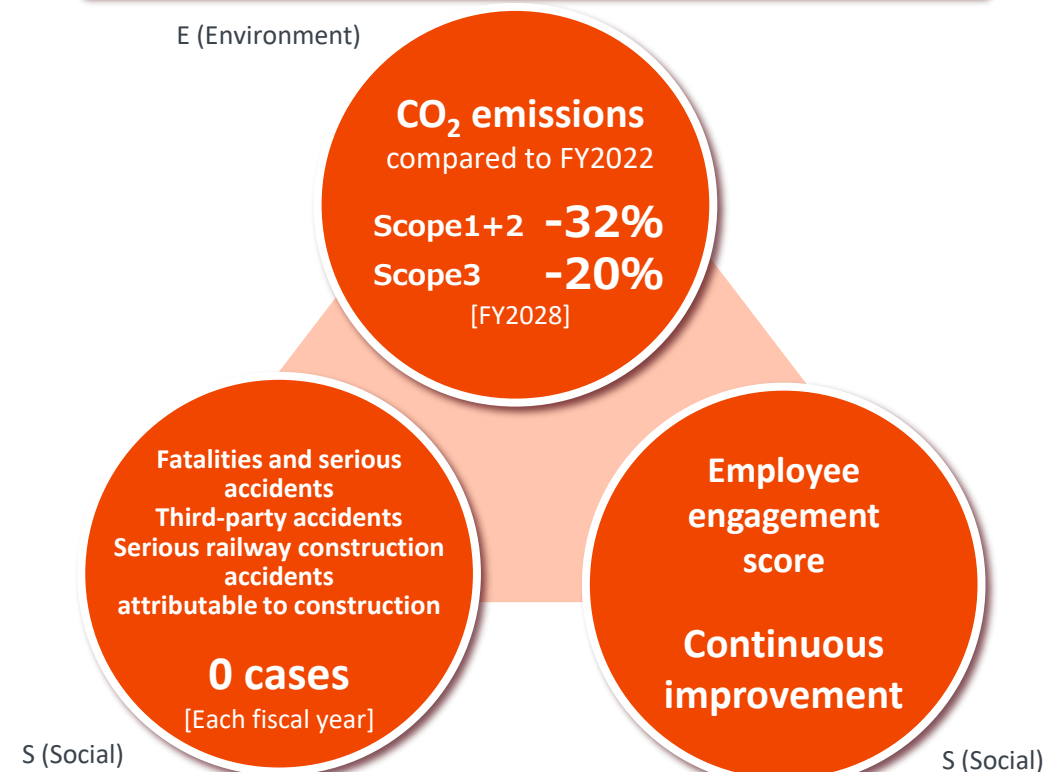
- We will further strengthen the earning power of each segment, including Civil Engineering, Architectural Construction, and Real Estate, etc., and aim for **ROE of 10% or higher** in FY2028 (previous target: 8.0%).
- For shareholder returns, beginning with dividends for FY2026, we will use **DOE of 4% or higher** as a guideline and provide more stable and continuous shareholder returns.
(The dividend policy through FY2025 was a dividend payout ratio of around 50% and progressive dividends.)
- For non-financial KPIs, we will continue initiatives toward achieving targets from the perspectives of the environment, safety, and human resources.

Financial KPIs (Updated)



ROE [%] = (Profit attributable to owners of parent) ÷ (Equity capital)
DOE [%] = (Total dividends) ÷ (Equity capital)

Non-Financial KPIs (Unchanged)



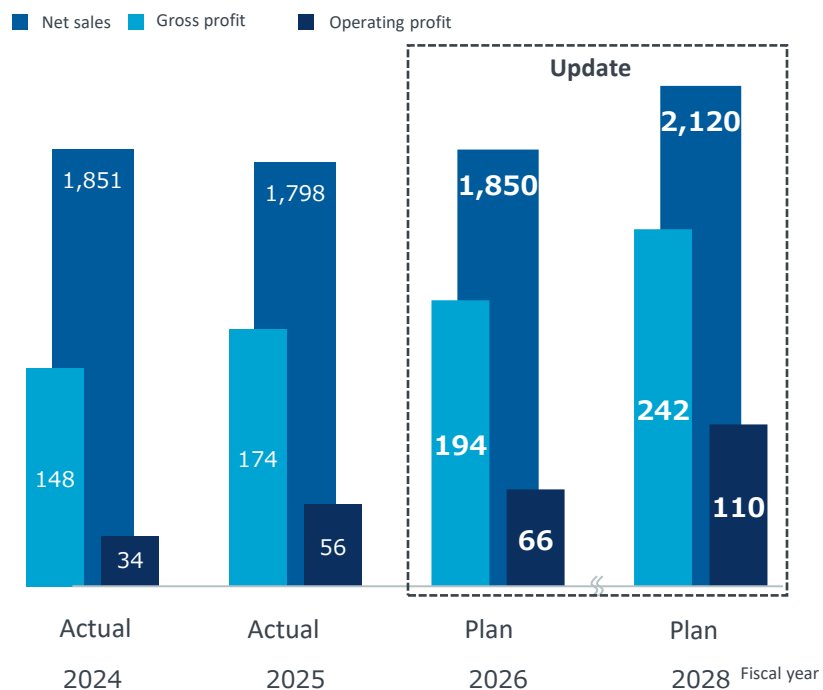
Direction of the update | Key KPIs

NEW

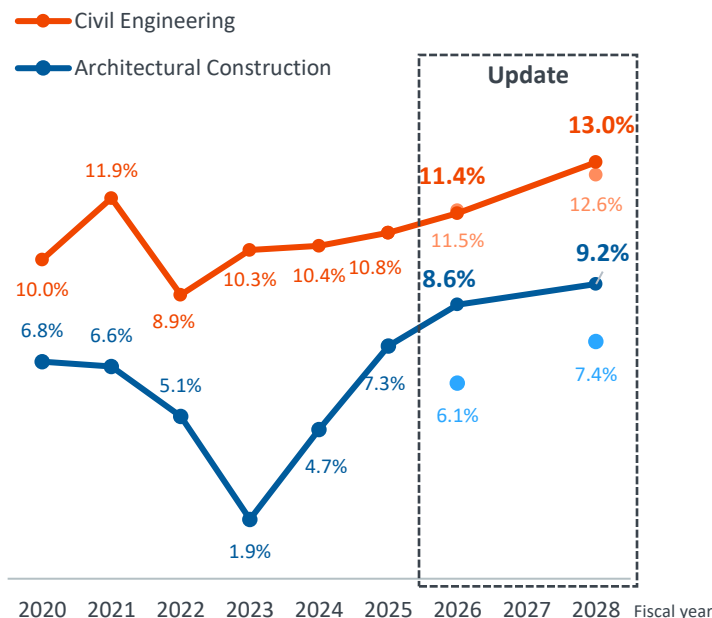


- We will aim to further improve the profitability of our core businesses while steadily expanding net sales
- With the rising cost of shareholders' equity in mind, we will aim to achieve ROE exceeding that cost at an early stage and steadily expand our equity spread

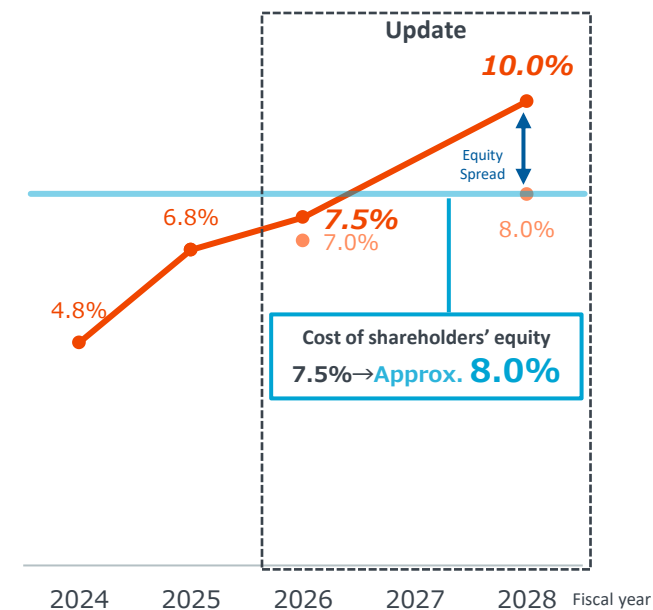
Net sales and profit



Gross profit margin of the Civil Engineering and Architectural Construction Segments



ROE (Return on Equity)



Direction of the update | Key KPIs

UPDATE



	FY2023 Results	FY2024 Results	FY2025 Results	FY2026 Plan	FY2028 Plan
Net sales	183.5bn yen	185.1bn yen	179.8bn yen	183.5bn yen	200.0bn yen
Civil Engineering	91.9bn yen	89.0bn yen	91.1bn yen	87.0bn yen	95.0bn yen
Architectural Construction	87.9bn yen	90.8bn yen	83.2bn yen	90.0bn yen	95.0bn yen
Real Estate and New Businesses, etc.	3.6bn yen	5.2bn yen	5.4bn yen	6.5bn yen	10.0bn yen
Gross profit	11.9bn yen	14.8bn yen	17.4bn yen	16.7bn yen	20.5bn yen
Civil Engineering	9.4bn yen	9.2bn yen	9.8bn yen	10.0bn yen	12.0bn yen
Architectural Construction	1.6bn yen	4.2bn yen	6.1bn yen	5.5bn yen	7.0bn yen
Real Estate and New Businesses, etc.	0.8bn yen	1.3bn yen	1.5bn yen	1.2bn yen	1.5bn yen
Operating profit	0.9bn yen	3.4bn yen	5.6bn yen	5.0bn yen or more	8.0bn yen or more
Equity ratio	34.0%	31.0%	30.6%	30% or more	
D/E ratio	0.48x	0.80x	0.96x	Up to 0.8x	
ROE	6.2%	4.8%	6.8%	7.0% or more	8.0% or more
Shareholder return	Dividend payout ratio : 35.4%	50.3%	47.1%	Dividend payout ratio: Approx. 50%	



Update

	FY2026 Plan	FY2028 Plan	Difference (FY2028)
Net sales	185.0bn yen	212.0bn yen	+12.0bn yen
Civil Engineering	93.8bn yen	100.0bn yen	+50
Architectural Construction	82.8bn yen	100.0bn yen	+50
Real Estate and New Businesses, etc.	8.4bn yen	12.0bn yen	+20
Gross profit	19.4bn yen	24.2bn yen	+37bn yen
Civil Engineering	10.7bn yen	13.0bn yen	+10
Architectural Construction	7.1bn yen	9.2bn yen	+22
Real Estate and New Businesses, etc.	1.6bn yen	2.0bn yen	+5
Operating profit	6.6bn yen or more	11.0bn yen or more	+30bn yen
Equity ratio	30% or more		No change
D/E ratio	Up to 0.8x		
ROE	7.5% of more	10.0% or more	+2.0pt
Shareholder return	DOE : guideline of 4% or more		Change in shareholder return policy

Chapter 03

Growth Strategy ① Business Strategy

- As a Top Runner in Railway Construction, we will use our extensive track record in construction, high technological capabilities, and a large number of specialized engineers to reliably capture demand for new line construction, station improvement, and other projects being advanced nationwide by JR, private railway companies, etc., and strongly lead the development of next-generation railway infrastructure.

Railway (Civil Engineering, Architectural Construction)

• New line construction

Demand for large-scale new line construction, such as the Haneda Airport Access Line, Linear Chuo Shinkansen, and Hokkaido Shinkansen, will continue until the first half of the 2030s.

• Station improvement

Demand is expected to continue, mainly for terminal stations in the Tokyo metropolitan area, Kansai area, and core regional cities.

• Seismic reinforcement and platform doors

We will seek to participate in “large-scale Shinkansen renovation” projects to advance going forward against the backdrop of aging structures, and to continuously capture demand for platform doors.

• Grade separation

Projects for continuous grade separation and individual grade separation, aimed at eliminating railroad crossings and other purposes, are moving toward implementation in various regions nationwide.

• Large-scale railway-related facilities

Renewal work is accelerating as rolling stock depots and power plants age.



Replacement of the Yatsuyama Bridge between Shinagawa and Kita-Shinagawa on the Keikyū Main Line, spanning 10 JR lines



Equipment renewal work at JR East Shinano-gawa Power Station (Senju Power Station)

Future order environment

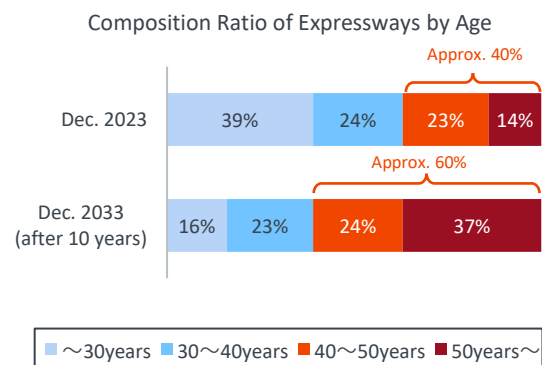
	'25	'30	'35onward
New line construction	Haneda Airport Access Line Linear Chuo Shinkansen (Shinagawa–Nagoya section) Extension of Hokkaido Shinkansen to Sapporo		
Station improvement	Large-scale terminal improvements (Tokyo metropolitan area, Kansai area, core regional cities)		
Seismic reinforcement / Platform doors	Platform doors / Seismic reinforcement	Large-scale Shinkansen renovation	
Grade separation	Continuous grade separation and individual grade separation nationwide		
Large-scale railway-related facilities	Renewal of rolling stock depots and power plants		

We recognize that, as a strategic partner in the projects being advanced by the JR East Group, we are involved from the concept stage through technical cooperation, cost reduction proposals, and other means, and that continuous project opportunities can be expected

- Renewal investment is expected to continue, mainly in expressways and water and sewage systems
- We will demonstrate our competitive advantages in these fields, leveraging our technological capabilities cultivated through construction near railways and other strengths

Roads

- The road field is shifting from an era of new route construction to a mature market in which maintenance, renewal, and repair play the central role, and renewal and repair investment led by NEXCO is expected to continue over the medium to long term
- Business expenses for renewal and repair projects on expressways by the three NEXCO companies have consistently increased since the start of the projects in 2015, and approximately 980.0 billion yen in FY2025 is **the largest scale to date**
- **Based on the “technology to update without stopping” cultivated in railway construction, the Company also has a competitive advantage in the road field, and can demonstrate its strengths particularly in construction under restrictive conditions, such as grade separations and locations adjacent to railways**

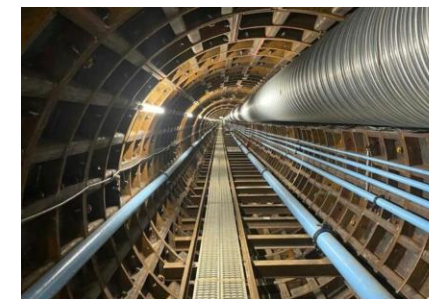
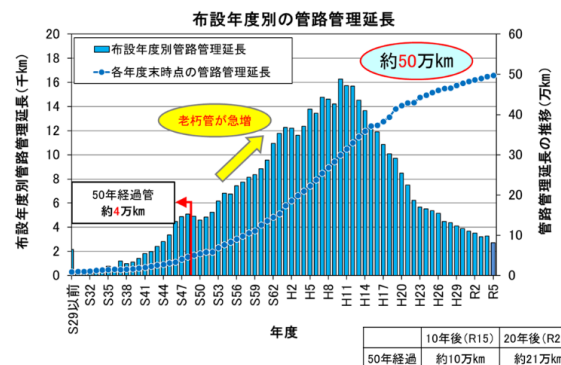


Example of construction at an intersection between a railway and a road

(Source) Regarding the Renewal Plan for East, Central, and West Nippon Expressways (January 16, 2024)

Water and sewage systems

- Against the backdrop of aging sewage facilities and the expansion of damage from heavy rain, demand for renewal and capacity enhancement is expected to expand going forward
- Renewal, duplexing, and strengthening of backup functions for water and sewage systems are positioned as top-priority measures, and active public investment is expected to continue for the next 10 to 30 years
- The Company has an **extensive track record in construction**, mainly for projects ordered by the Tokyo Metropolitan Government, and **will seek to capture expanding demand by utilizing the know-how it has accumulated**



Example of the construction of a shield tunnel for water distribution pipes

(Source) Ministry of Land, Infrastructure, Transport and Tourism, “Maintenance and Management of Sewage Systems”

- Demand for production facilities (warehouses and factories) and hotels is expected to remain solid against the backdrop of logistics expansion and inbound demand
- In addition, investment is expected to expand to strengthen the resilience of the Ministry of Defense facilities

Production Facilities, Hotels, etc.

- In the warehouse field, the need for the advancement and redevelopment of logistics bases is increasing against the backdrop of the expansion of the e-commerce market and responses to the “2024 problem in logistics”
- In addition, demand for new factories is expanding against the backdrop of investment in growth fields such as semiconductors and the restructuring of supply chains
- Hotel demand is expected to expand, mainly in urban areas and areas with high tourism demand, due to inbound demand and the progress of tourism-oriented nation policies



Example of the construction of a logistics facility

The Company's order track record
(Most recent five years)

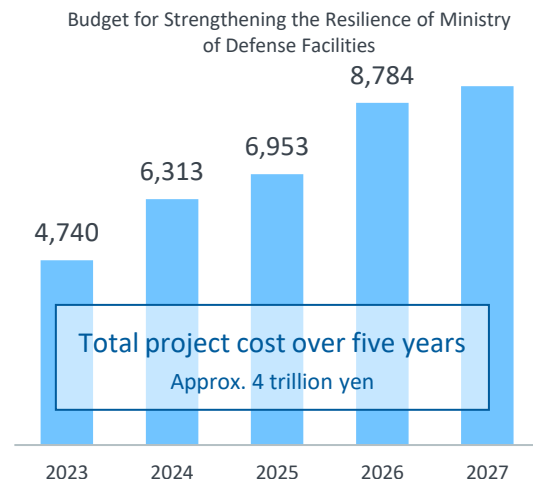
Production facilities, Hotels

Approx. **40** projects

Approx. **90.0** billion yen

Government Buildings

- Of the 23,000 buildings at Ministry of Defense facilities, approximately 40% were built under former seismic standards, and the aging of facilities is progressing.
- In addition, against the backdrop of national initiatives to strengthen defense capabilities, the budget for strengthening facility resilience is expected to continue expanding
- The Company has an **extensive track record in construction nationwide**, mainly in the development of barracks, government buildings, and other facilities, and will continue to seek to expand orders by leveraging as **strengths its technological capabilities and construction systems that can respond to requirements specific to defense facilities**



The Company's order track record
(Most recent five years)

Facilities affiliated with the
Ministry of Defense

20 projects

Approx. **30.0** billion yen

Business portfolio

UPDATE



- We will reconstruct our portfolio toward achieving net sales of 212.0 billion yen in FY2028 (an increase of 12.0 billion yen from the previous target of 200.0 billion yen)
- We will set focus areas not simply from the perspective of expanding net sales, but from the perspective of maximizing profits

212.0 billionn yen

Consolidated net sales (2023 Actual)
183.5 billion yen

Real Estate and New Businesses
3.5 billion yen

Architectural Construction	Housing	31.0bn yen
	Warehouses / Factories Hotels / Offices, etc.	26.0bn yen
	Government buildings	5.0bn yen
	Railway	26.0bn yen
88.0 bn yen		
Civil Engineering	Railway	40.0bn yen
	Road-related	24.0bn yen
	Water and sewage systems Public-sector related, etc.*	28.0bn yen
92.0 bn yen		

Update +12.0bn yen

Upside Factors

- Thorough review of the low-productivity structure
- Review of focus areas and selective order acquisition in Architectural Construction
- Collaboration with JR East Group in each segment
- Investment in the real estate business

Focus Areas

Real Estate and New Businesses		12.0 billion yen	
Housing	15.0bn yen	Architectural Construction	100.0 bn yen
Warehouses / Factories Hotels / Offices, etc.	48.0bn yen		
Government buildings	15.0bn yen		
Railway	22.0bn yen		
72.0bn yen		Civil Engineering	100.0 bn yen
Railway	50.0bn yen		
Road-related	22.0bn yen		
Water and sewage systems Public-sector related, etc.*	28.0bn yen		

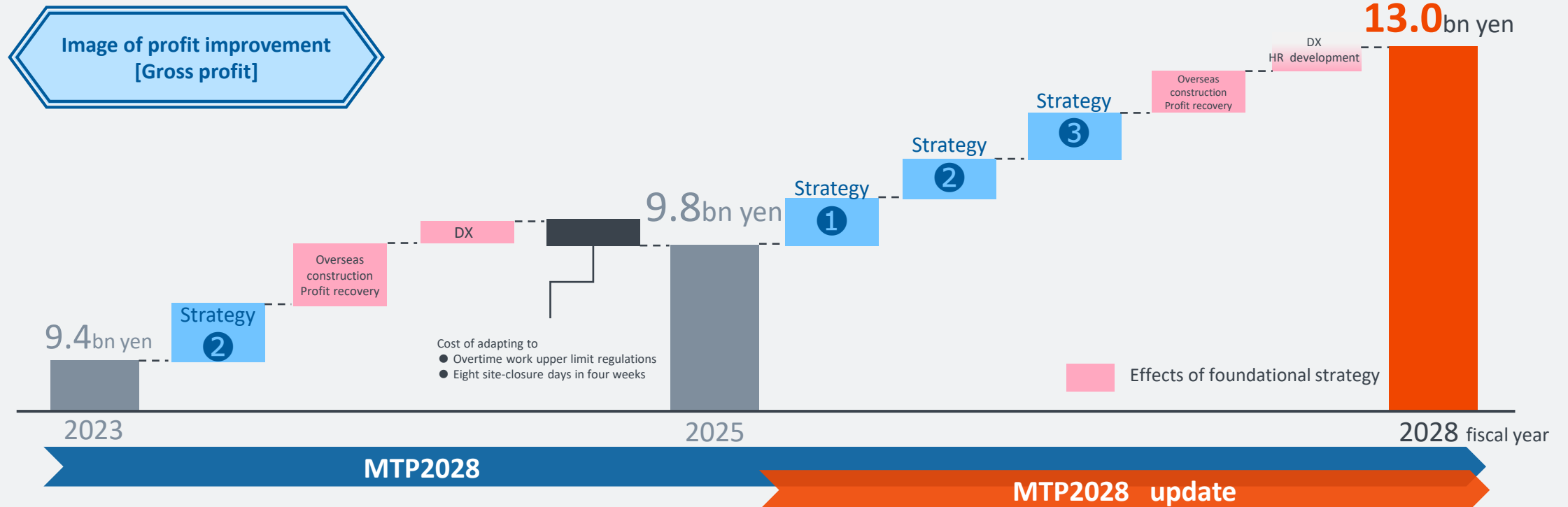
*Construction work ordered by the Japan Railway Construction, Transport and Technology Agency, such as construction of Shinkansen lines under development, is classified as "Public-sector related."

Priority growth strategies

- Strategy ① Deepen the railway and road fields** by leveraging the Company's strengths.
- Strategy ② Review the way work is performed** to improve productivity and **strengthen organizational initiatives.**
- Strategy ③ Expand orders in new fields and strengthen competitiveness in order acquisition,** with technology development as the foundation.

Numerical targets

	2023	2025	2026	2028 fiscal year
Net sales	91.9bn yen	91.1bn yen	93.8bn yen	100.0bn yen
Gross profit <small>[Gross profit margin]</small>	9.4bn yen <small>[10.3%]</small>	9.8bn yen <small>[10.8%]</small>	10.7bn yen <small>[11.4%]</small>	13.0bn yen <small>[13.0%]</small>



Strategy ① Deepening of the railway field

- As a Top Runner in Railway Construction, **we further refine our technologies**



Haneda Airport Access Line

Shinagawa Station North Exit Plaza

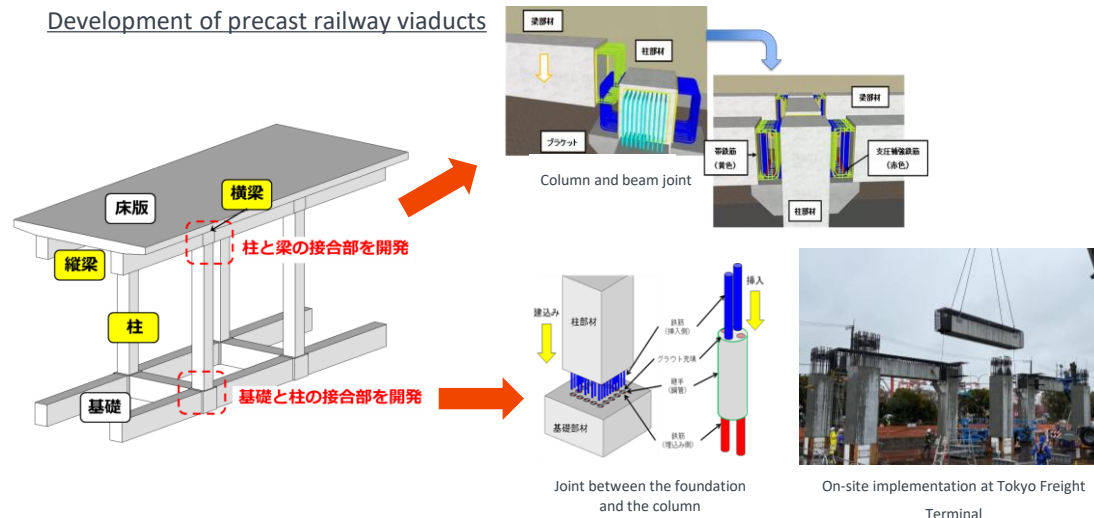
Yatsuyama Bridge

Needs of clients

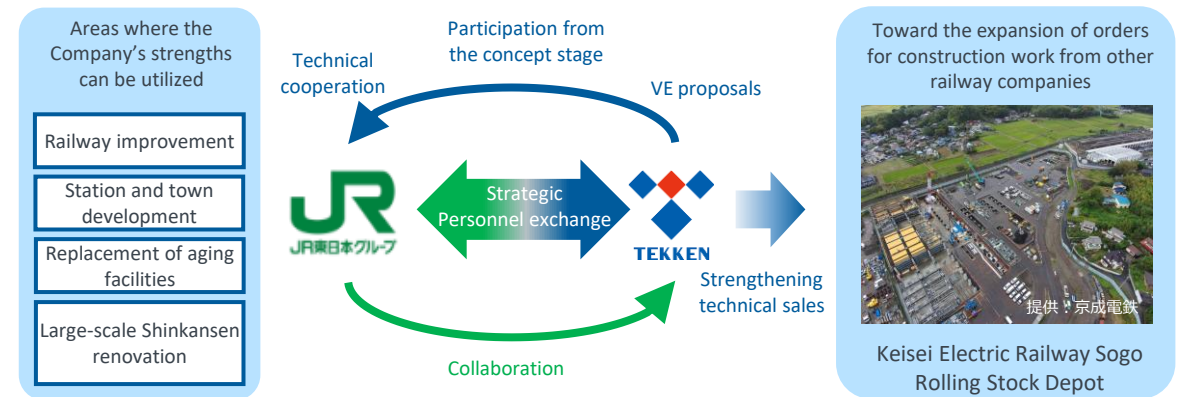
- Ensuring safety near operating railway lines
- Construction under narrow site conditions
- Shortening construction periods and short-duration nighttime construction
- Improving construction efficiency
- Participation from the concept stage of projects

- Technology development starts **with client needs**

Development of precast railway viaducts



- Expand synergies** by strengthening collaboration with JR East Group



Strategy ① Deepening of the Road Field

- Aim to expand market share in a field that will become a **strength following railways**

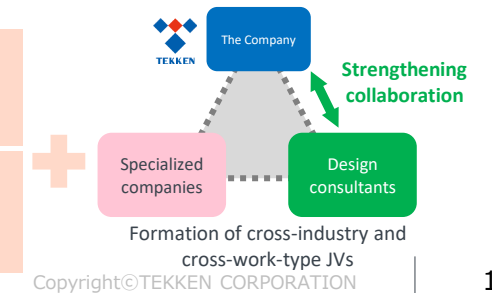
Needs of clients

- > Increase in large-scale renewal and repair projects, and seismic reinforcement projects
- > Design-build methods require advanced technical proposals

<Technology development with competitive advantages>

Large-scale renewal Repair work	> Development of slab joint structures that contribute to shortening construction periods
Tunnel construction	> Construction of an integrated system that contributes to improving safety/productivity

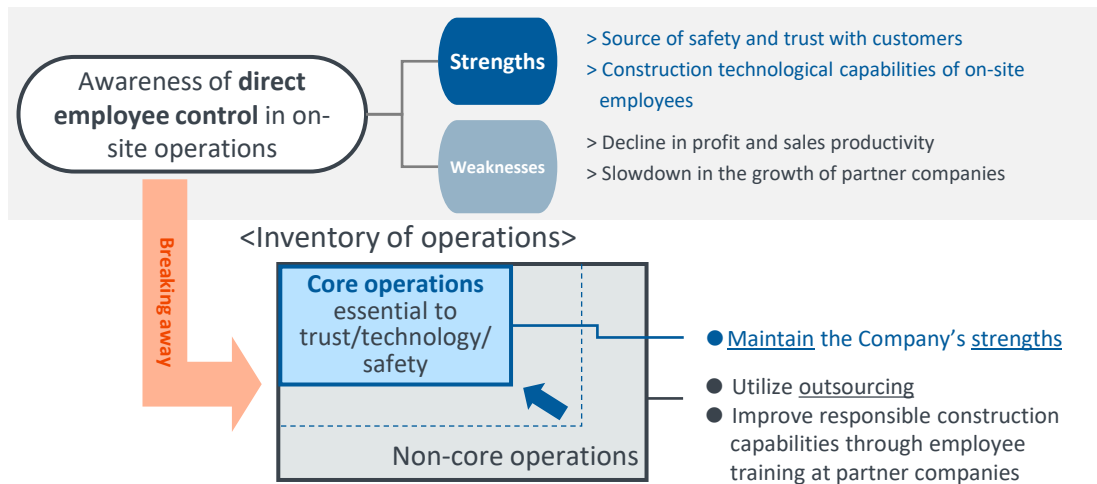
<Expansion of order opportunities>



Strategy 2 Review of work methods / Strengthening of organizational initiatives

i Measures to improve productivity in on-site operations

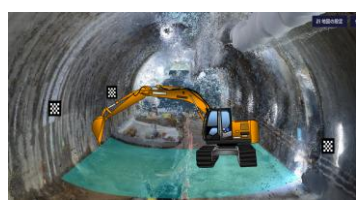
Initiatives for structural reform to classify on-site operations in order to improve productivity toward work style reform and corporate growth



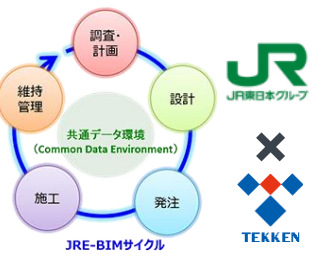
ii Active utilization/establishment of ICT technologies



Automatic management of earth volume through ICT earthwork

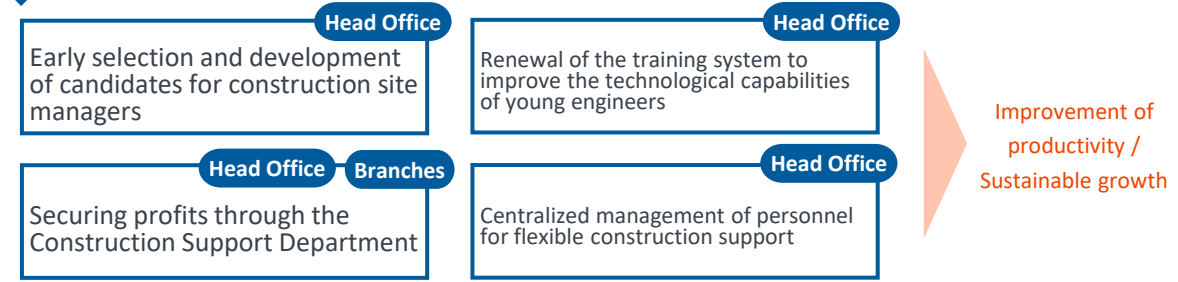


ICT construction guidance system



Project management in collaboration with clients

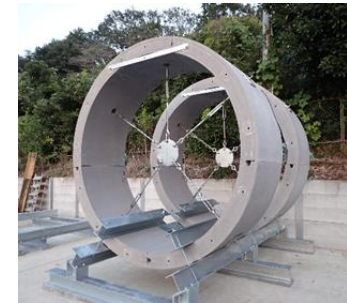
iii Strengthening the backup system for next-generation employees with an eye to five to ten years from now



Strategy 3 Expansion of orders in new fields and strengthening of competitiveness in order acquisition

● Initiatives addressing social needs and national land resilience

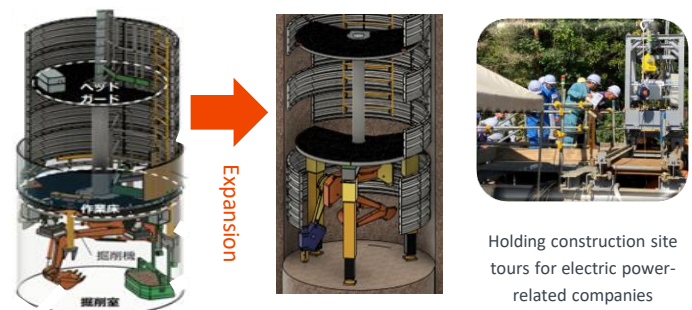
Development of segments made with the environmentally friendly concrete "CEMENON®."



Expansion into sewage construction
<Approximately 15 times higher acid resistance than ordinary cement>

Development of a mechanized deep foundation construction method

For soft ground (for railway construction) For hard ground (for electric power construction)



Full-scale introduction into power transmission tower foundation work
<Applying electric power construction technologies and supporting hard ground>

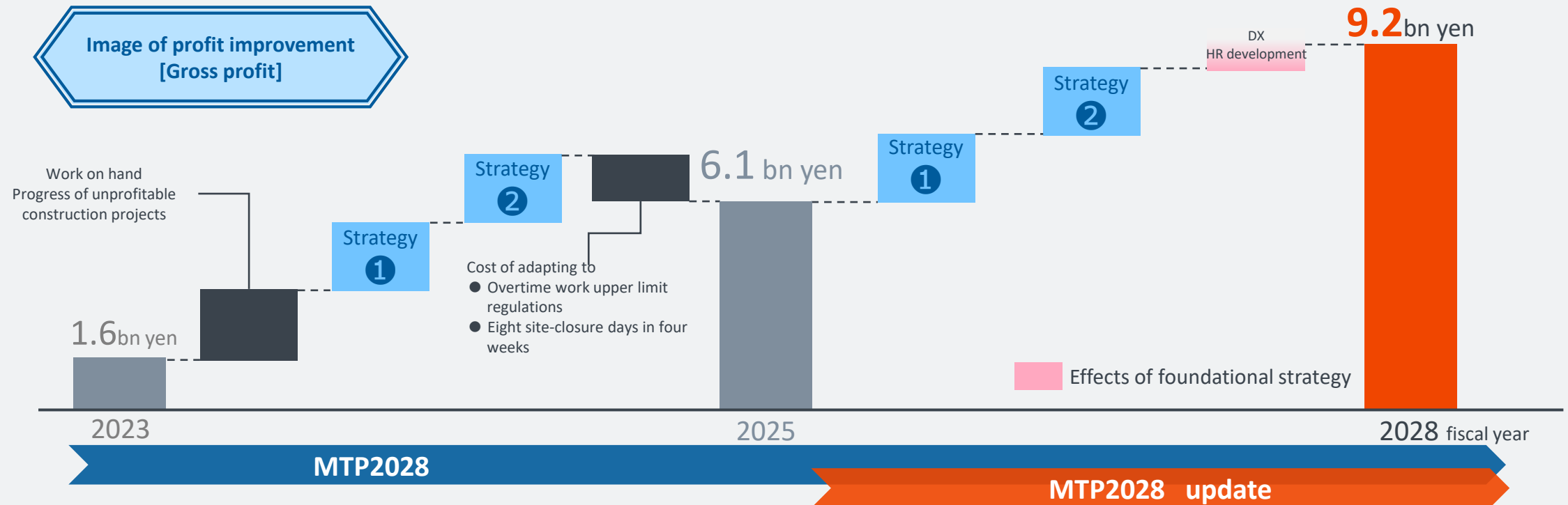
Holding construction site tours for electric power-related companies

Priority growth strategies

- Strategy ①** Evolve the thorough implementation of selective order acquisition with awareness of the business portfolio optimal for “sustainable growth”
- Strategy ②** Evolve the organization's functionalization and foster awareness to improve sales/profit productivity

Numerical targets

	2023	2025	2026	2028 fiscal year
Net sales	87.9bn yen	83.2bn yen	82.8bn yen	100.0bn yen
Gross profit <small>[Gross profit margin]</small>	1.6bn yen <small>[1.9%]</small>	6.1bn yen <small>[7.3%]</small>	7.1bn yen <small>[8.6%]</small>	9.2bn yen <small>[9.2%]</small>

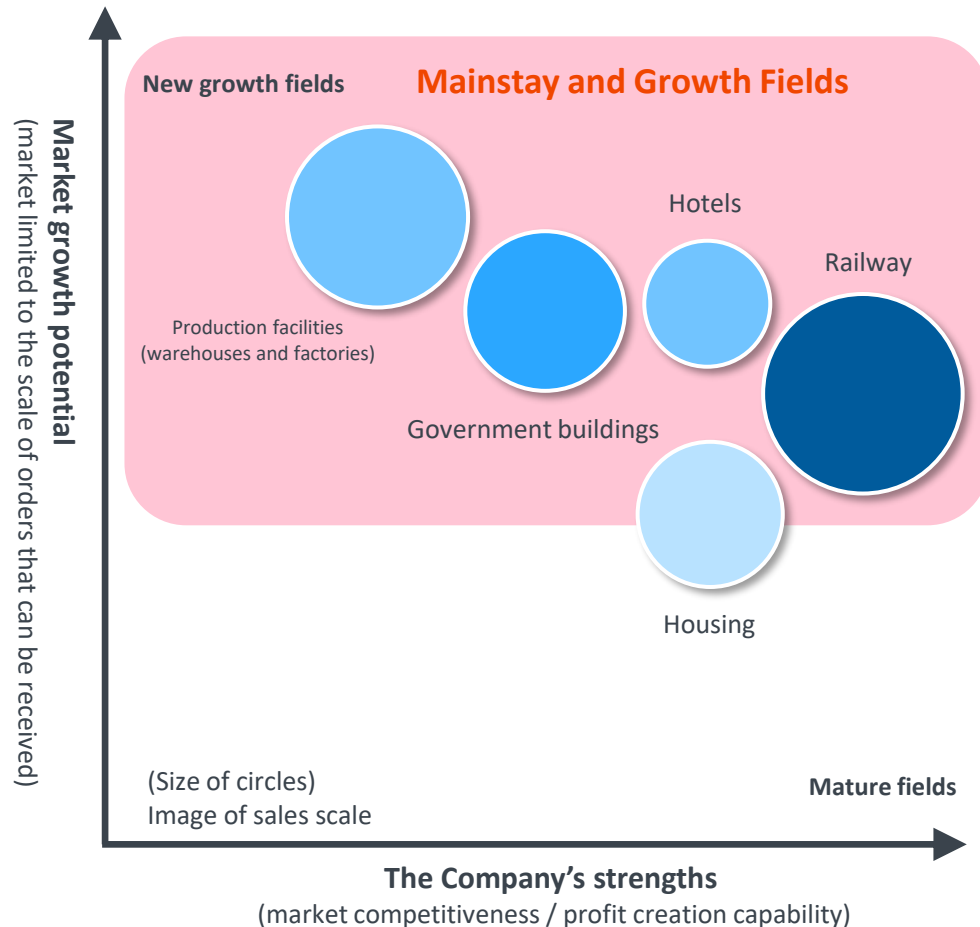






Architectural Construction Business | Priority growth strategies

UPDATE



Strategy ① Building the business portfolio optimal for “Sustainable Growth”

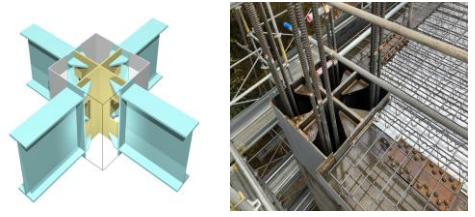


Railway	<p>Establish the position of Top Runner in Railways</p> <ul style="list-style-type: none"> > Strengthening collaboration with JR East Group > Further focus on and strengthening of large-scale renewal projects for rolling stock depots > Refinement of strengths in terminal station and station-area projects 	 <p>Rolling stock depots</p>
Government buildings	<p>Build and execute strengths in fields with high social demand</p> <ul style="list-style-type: none"> > Expansion of orders through facility renewal, such as strengthening the resilience of defense facilities > Smooth execution of large-scale facility renewal projects 	 <p>Troop barracks</p>
Production facilities Hotels Other	<p>Further advancement into growth markets with accumulated technologies</p> <ul style="list-style-type: none"> > Expansion of orders for production facilities by utilizing proprietary technologies, procurement capabilities, etc. > Strategic sales development targeting inbound demand 	 <p>Logistics warehouses</p>
Housing	<p>Utilize the construction track record and know-how accumulated since founding</p> <ul style="list-style-type: none"> > Continuous initiatives for super high-rise housing and redevelopment projects > Securing stable sales and profits through selection that leverages strengths 	 <p>Super high-rise housing</p>

Strategy ② Functionalization of the organization and fostering of awareness toward improving sales/profit productivity

i Profit improvement through further development of cost management Further functionalization of the organization and fostering of employee awareness

- Establishment of governance
 - > Evolution of order review toward sustainable growth ((steady response to a changing society))
 - > Continuation of selective order acquisition with awareness of the business portfolio balance
 - > Securing profits through initiatives for integrated cost management from before order acquisition through completion
- Strengthening of “earning power”
 - > Timely guidance by the headquarters organization toward securing design change orders
 - > Timely involvement of the Head Office organization in developing partner companies, expanding items subject to centralized purchasing, etc.
- Improvement of planning capabilities and technological capabilities
 - > Strengthening of the business strategy planning function through analysis of accumulated data
 - > Coordination with the technology development department, with awareness of the medium- to long-term business portfolio



Realization of large-span structures through technological development of joint structures

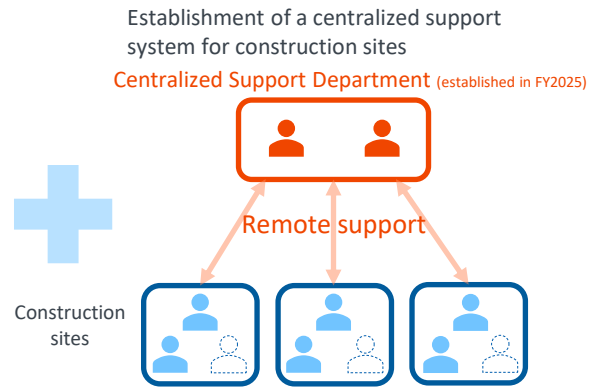
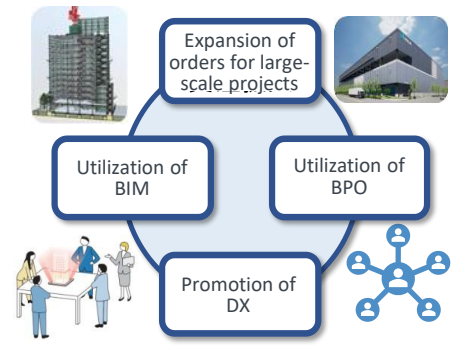


Smart logistics warehouse

ii Expansion and functionalization of on-site support operations by the Centralized Support Department 20% improvement in sales productivity efficiency (compared with FY2023)

- Accelerate operational efficiency toward achieving diverse work styles and productivity improvement

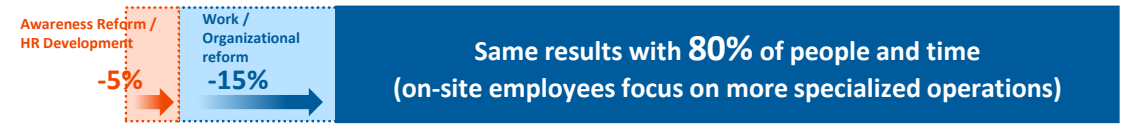
[Work / organizational reform]



[Awareness reform / Human resource development]

- Further transformation of awareness that is not bound by conventional ways of working (executives and employees)
- Early appointment of young construction site managers and fostering of competitive awareness
- Efficient development of young employees through assignment to the Support Department (accumulation of work experience)

< Image of efficiency improvement in on-site operations >



Real estate business

- Accelerate investment in real estate businesses with high affinity to the Company's business, while reviewing real estate holdings and improving asset efficiency

Participation in development projects

Promotion of a cyclical business

Development areas	> The Tokyo metropolitan area, where substantial demand is expected > Regional urban areas where the Company has branches
Building uses	> Rental housing, senior facilities, hotels, etc., for which the Company has an extensive construction track record (including value-add)

Assessment of the leasing business

Assessment of real estate holdings to improve capital efficiency

Real estate holdings

Possible to improve profitability

Difficult to improve profitability

> Acquisition of income-producing properties through asset replacement
 > Sale and disposal

Turnover of assets

Equity investment


> Establish a special-purpose company with partners and support planning through development projects.
 > Reduce risk in development projects and enjoy development profits in proportion to the investment ratio

Numerical targets


	2023	2025	2026	2028 fiscal year
Net sales	3.6bn yen	5.4bn yen	8.8bn yen	12.0bn yen
Gross profit <small>[Gross profit margin]</small>	0.8bn yen <small>[23.7%]</small>	1.5bn yen <small>[28.2%]</small>	1.6bn yen <small>[19.0%]</small>	2.0bn yen <small>[16.7%]</small>

New businesses


- Aim to achieve both economic value and social value toward the promotion of sustainability management



Agricultural business (strawberry farm)



Small-scale hydroelectric power generation business



Fast-growing paulownia cultivation business

Regional revitalization

Reduction of CO₂ emissions

Building earnings pillars

Investment decision

Basic

+

Comprehensive consideration

$IRR \geq 4 \sim 5\%$
(Internal rate of return) (With reference to WACC)

NOI yield

Business profit margin

Chapter 04

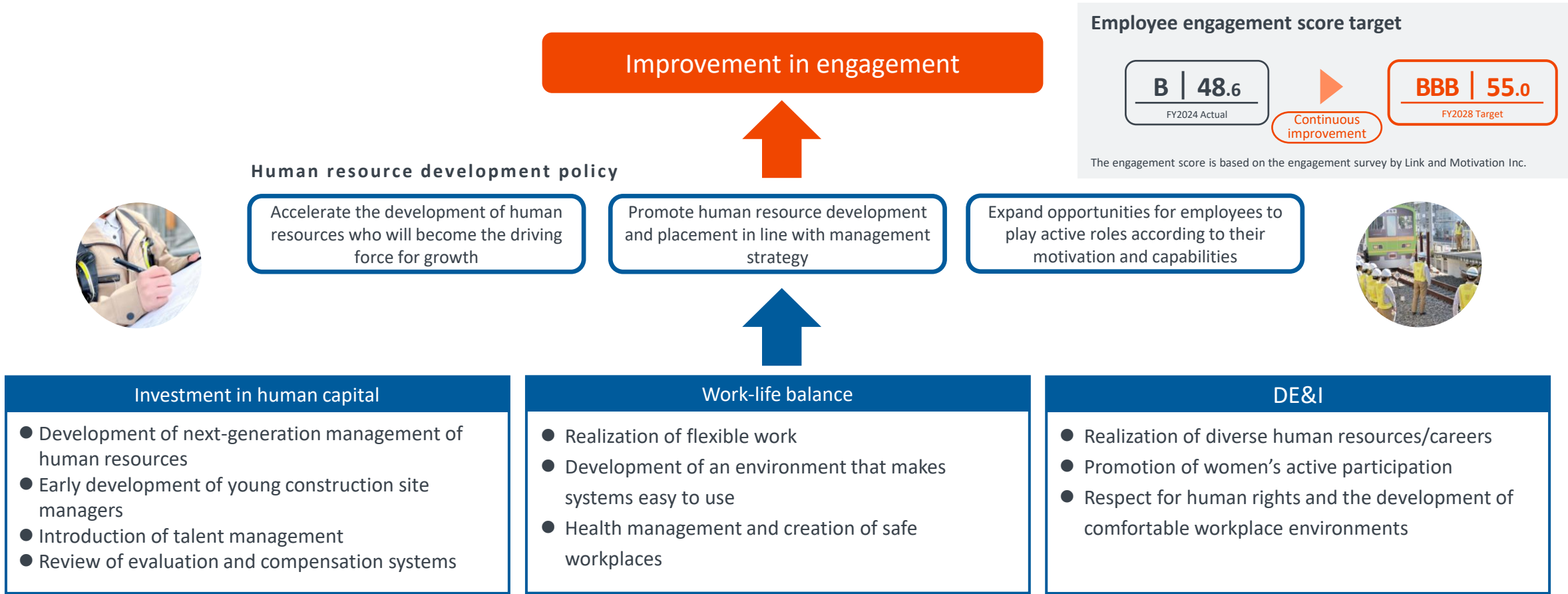
Growth Strategy ② Foundational Strategy

Human capital policy

UPDATE

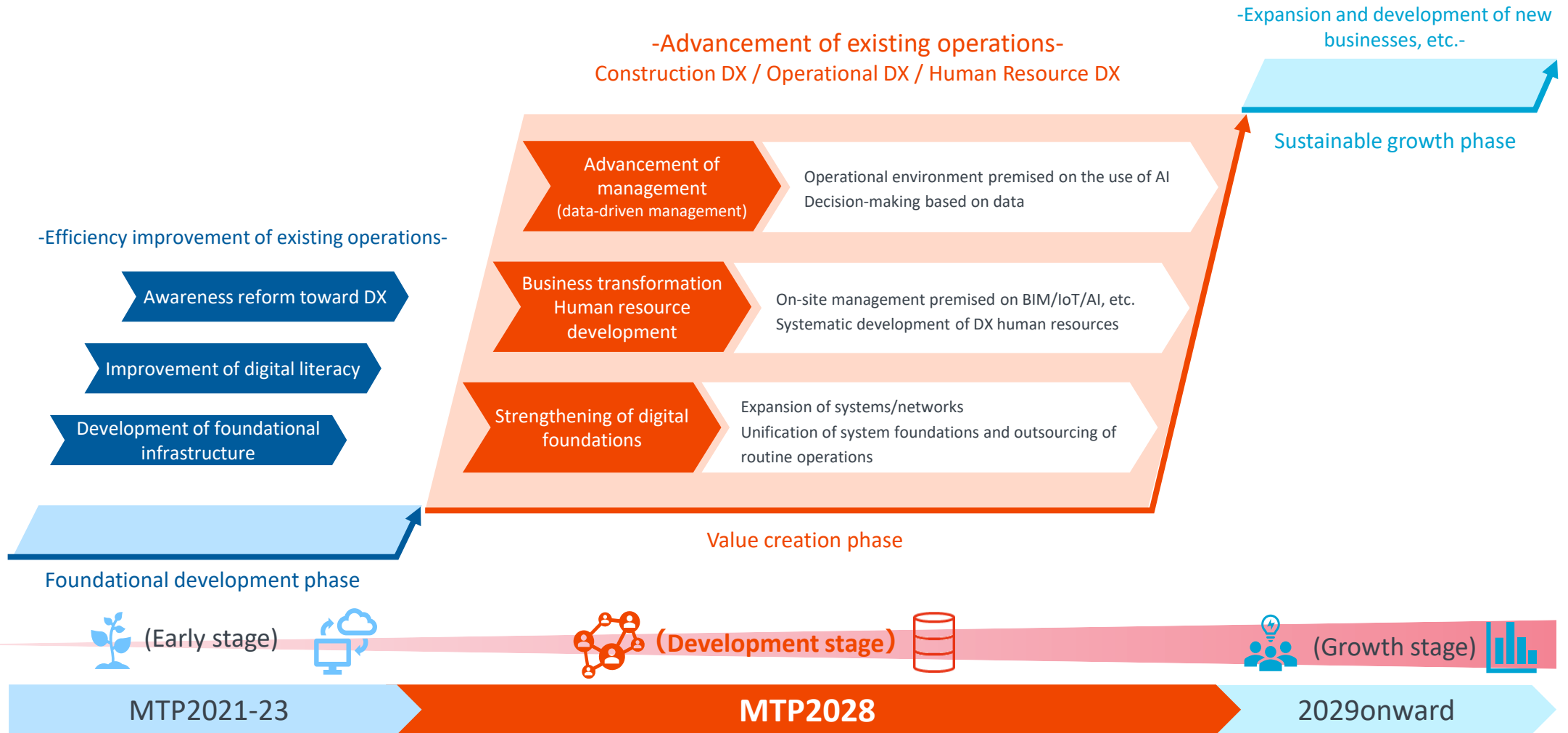


- We will strengthen investment in human resources, enhance engagement through the growth and active participation of each employee, and convert those results into competitiveness, thereby linking them to productivity improvement and the strengthening of sustainable earning power



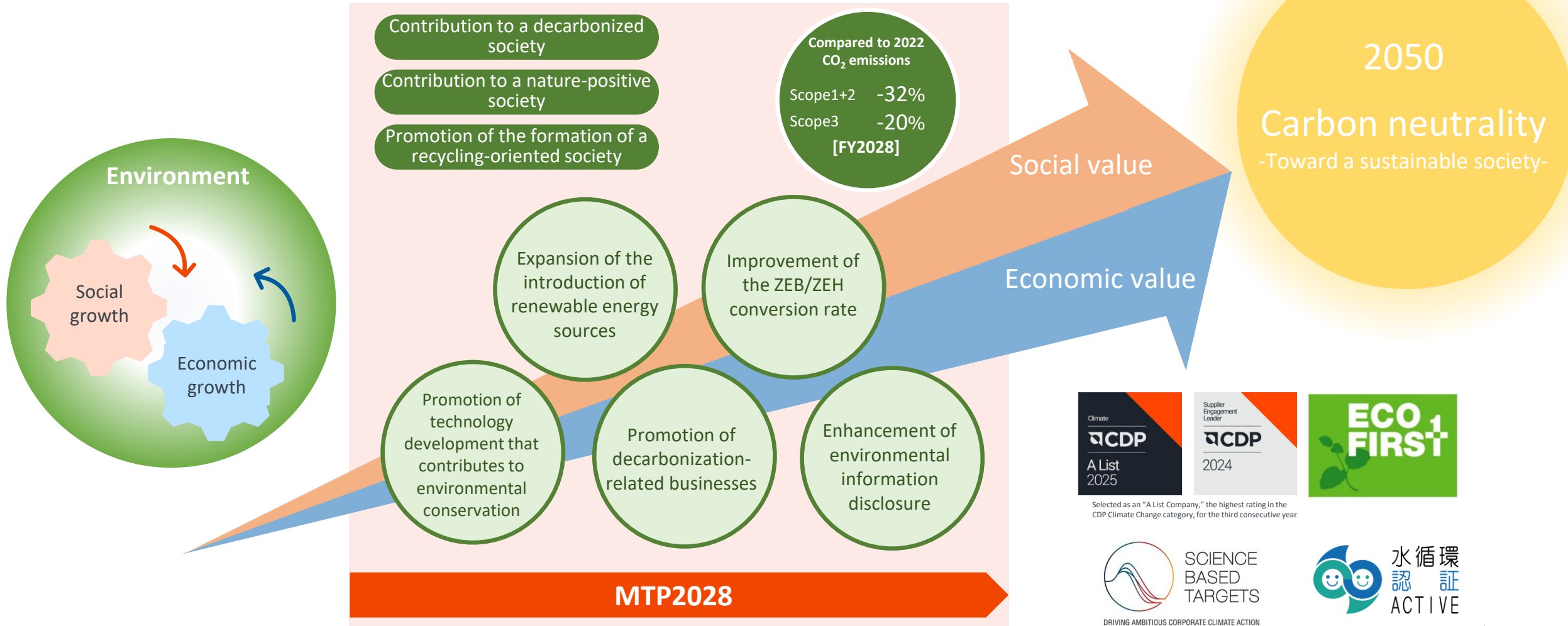
DX strategy

- Enhance digital maturity and create new value



Environmental strategy

- Toward realizing carbon neutrality in 2050, aim to achieve both social value and economic value





- Strengthen governance toward the realization of the Medium-Term Management Plan 2028 and sustainable growth

Improvement of the effectiveness of the Board of Directors

- Practice of the PDCA cycle toward strengthening the supervisory function and improving effectiveness
 - > Conduct effectiveness evaluations of the Board of Directors through questionnaires, confirm initiatives for issues / identify further issues
 - > Conduct regular monitoring of management issues
- Revitalization of discussions at the Board of Directors
 - > Regularly hold Management Issues Meetings attended only by outside directors

Human capital management

- Initiatives toward revision of the Corporate Governance Code
 - > Position human capital as the foundation for enhancing corporate value, and promote the active participation of diverse human resources, including technology succession and the securing and development of specialized human resources
 - > Enhance disclosure, including human capital KPIs and the supervisory structure by the Board of Directors, and deepen constructive dialogue with the market

Strengthening of execution bodies

- Realization of swift management decisions through delegation of authority
 - > Review of authority according to importance
 - > Utilization of specialized committees for the purpose of strengthening management and execution functions
 - > Separate the “Risk Management Committee,” which conducts risk control, and the “Crisis Management Committee”



Operating under the above structure from April 2026

- Strengthening of the internal control system
 - > Review of the issue-sharing structure through organizational strengthening

Strengthening of Compliance / Risk Management / BCP

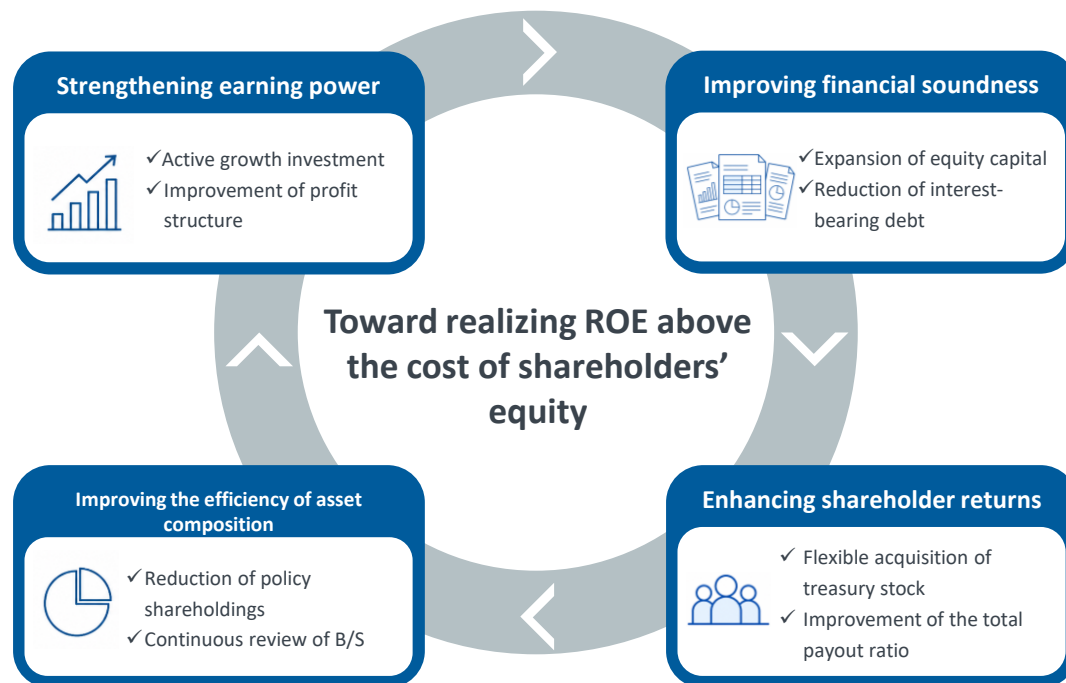
- Thorough compliance with laws and regulations
 - > Strengthen employee education toward reliable compliance with relevant laws and regulations, such as the Construction Business Act and the Industrial Safety and Health Act
- Monitoring of risks and early response in the event of abnormalities
 - > Thoroughly monitor business risks, information risks, employment and human resources risks, etc., and respond early when they materialize

Chapter 05

Capital Policy and Shareholder Return Policy

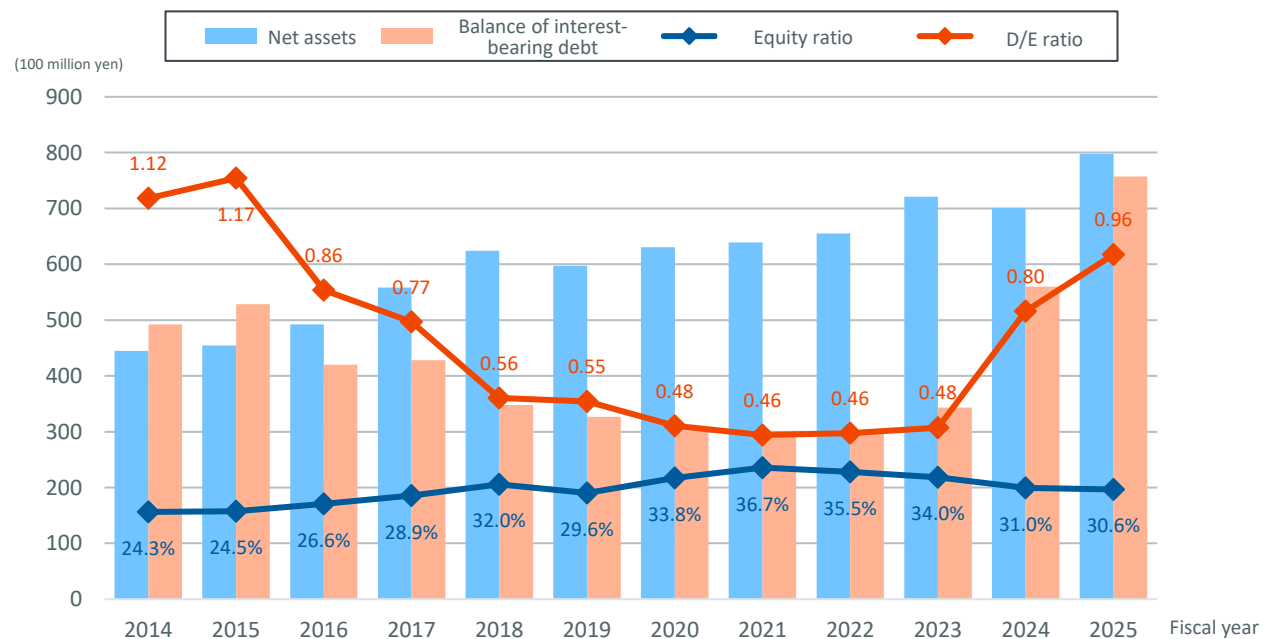


- With “strengthening earning power,” “improving financial soundness,” “enhancing shareholder returns,” and “improving the efficiency of asset composition” in mind, we will realize medium- to long-term enhancement of corporate value and ROE above the cost of shareholders’ equity
- In addition to our previous profit-focused management, we will promote optimization of management resource allocation, including assets, capital, and returns



- Although the equity ratio exceeds 30% and **financial stability has been secured to a certain extent**, we aim for a level of 35% to 40% over the long term
- Due to individual factors such as “delays in collection of construction payments for certain construction projects” and “review of payment terms for partner companies (shortening of the payment cycle and transition to full cash payment),” the balance of interest-bearing debt has increased, and the D/E ratio has temporarily risen
- We recognize that the rise in the level of interest-bearing debt is a major management issue. While continuing disciplined growth investment, **we aim to improve the D/E ratio to 0.8 times or less during the period of the Medium-Term Management Plan 2028 and to a level of around 0.5 times over the long term**

Equity ratio and D/E ratio



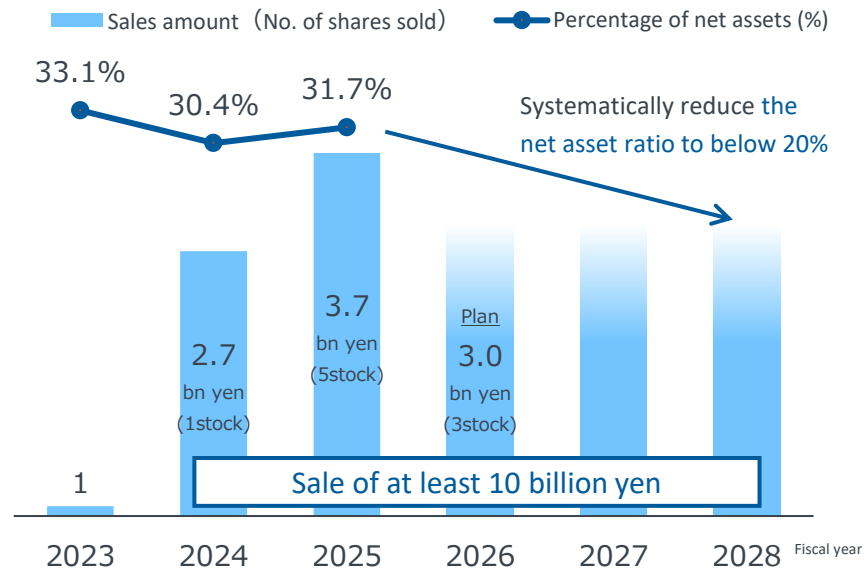
Initiatives to reduce interest-bearing debt

- Shorten the CCC (cash conversion cycle) and optimize working capital by accelerating the collection of construction payments and utilizing advance payments, interim payments, and partial payments
- Fully consider the construction payment collection cycle from the order acquisition stage of construction projects
- Respond to investments such as real estate with discipline after sufficient discussion by the Board of Directors

- For policy shareholdings, based on the cost of capital and funding conditions, we will hold only the shares necessary for business operations, and steadily sell the others based on the plan
- We will select assets held based on consistency with business strategy and profitability, and actively promote the liquidation of non-core assets and allocate the funds to growth investment and shareholder returns

Reduction of policy shareholdings

Reduction policy	<ul style="list-style-type: none"> ● Sell at least 10.0 billion yen (five-year cumulative total) ● Reduce to less than 20% of net assets in FY2028*
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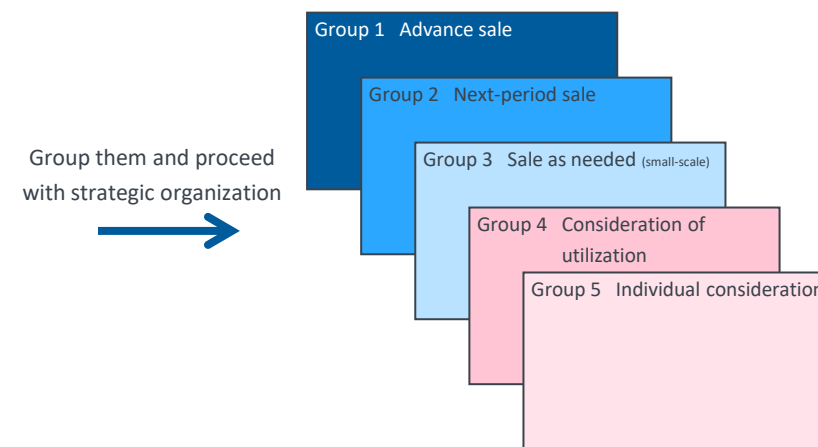


*Based on discussions with investee companies, we have proceeded with sales in line with the initial plan. However, in light of the upward revision in the valuation amount of shares, we will review the sale plan (revising the FY2026 target to the FY2028 target). While responding flexibly to market fluctuations, we will steadily advance the reduction and work to improve capital efficiency.

Sale of assets held

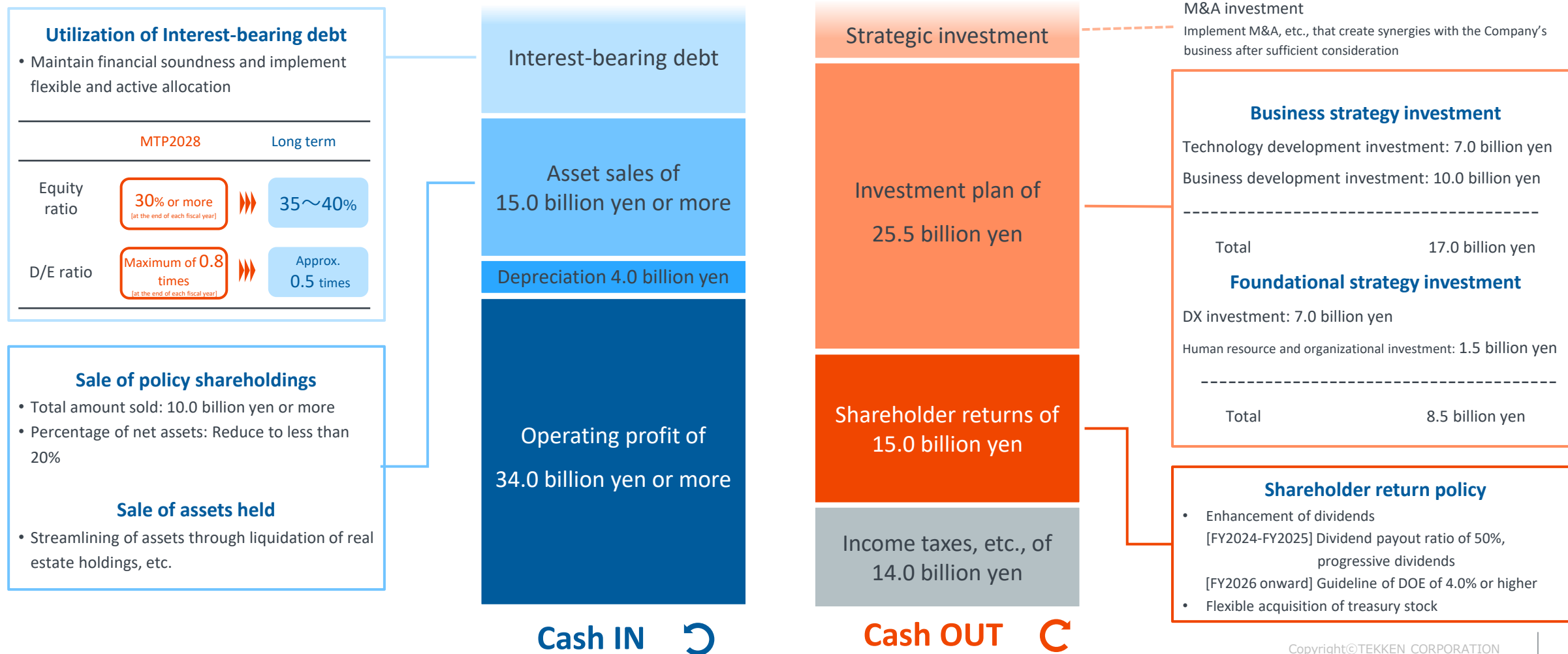
- Until now, we have held assets with an emphasis on the stability of the business foundation, but going forward, we will shift to management that places greater emphasis on capital efficiency
- As part of this, we will take inventory of assets held and select them based on consistency with business strategy and profitability
- Funds obtained through the sale of non-core assets will be reallocated to investment in growth fields and shareholder returns, thereby realizing an improvement in asset efficiency

- Purpose of sale
- Evaluation of properties
- Financial impact
- Impact on business
- Sale scheme
- ...



Cash allocation

(FY2024-FY2028 five-year cumulative amount)



Investment Plan

NEW



- In line with the “100th Anniversary Dream,” we will accelerate business strategy investment and foundational strategy investment
- In business strategy investment, we will refine the “technology to update infrastructure without stopping it,” which is an area of strength for the Company, and will also focus on research into technologies for diagnosing and forecasting the aging of infrastructure, etc., toward future expansion of business domains
- In foundational strategy investment, we will accelerate investment toward expanding human capital investment, including strengthening recruitment and improving engagement, and maximizing the value of the Construction Technology General Center

Investment plan 25.5 billion yen (FY2024-FY2028 five-year cumulative amount)

Business strategy investment	17.0 billion yen	Foundational strategy investment	8.5 billion yen
Technology Development Investment	7.0 billion yen	DX Investment	7.0 billion yen
<p>Renewal technologies</p> <ul style="list-style-type: none"> • Strengthen investment in technologies that respond to demand for maintenance and renewal of social infrastructure, and enhance competitive advantages 		<p>Construction DX</p> <ul style="list-style-type: none"> • Improve on-site productivity and safety through on-site management, etc., premised on BIM/IoT/AI, etc. 	
<p>Diagnosis and forecasting technologies</p> <ul style="list-style-type: none"> • Begin initiatives toward a technological foundation that covers inspection and diagnosis, planning and construction, and operational support after completion 		<p>Operational DX</p> <ul style="list-style-type: none"> • Promote efficiency improvement and advancement of operations through core systems, sales support systems, data utilization, use of generative AI, etc. 	
<p>Safety, quality, and environment</p> <ul style="list-style-type: none"> • Prevention of occupational injuries and accidents, and measures to prevent recurrence of quality problem • Environmentally friendly fuels, ZEB/ZEH, technologies for reducing environmental impact, etc. 		<p>Human Resource DX</p> <ul style="list-style-type: none"> • Improvement of digital literacy • Systematically promote the development of DX promotion human resources, project promotion human resources, and IT human resources 	
Business Development Investment	10.0 billion yen	Human Resource and Organizational Investment	1.5 billion yen
<p>Real estate</p> <ul style="list-style-type: none"> • Investment in “cyclical real estate business” with high affinity to the Company’s business 		<p>Development of specialized human resources</p> <ul style="list-style-type: none"> • “TEKKEN Academy” concept 	
<p>New businesses</p> <ul style="list-style-type: none"> • Invest in agricultural business, small-scale hydroelectric power generation business, etc., toward the promotion of sustainability management 		<p>Active participation of diverse human resources</p> <ul style="list-style-type: none"> • Promote the enhancement of systems and development of the environment toward realizing diverse human resources and careers 	
		<p>Fostering a culture of challenge and collaboration</p> <ul style="list-style-type: none"> • Through mechanisms that encourage proactive career design, systems that support autonomous learning, and reviews of evaluation and promotion systems, an organizational culture that encourages challenges 	



- Implement technology development that further evolves the “technology to update without stopping” cultivated mainly in railway construction in both the civil engineering and architectural construction fields, and expand it to a wide range of construction fields
- Going forward, we will continue to systematize the technologies refined in the railway field, simultaneously overcome construction constraints and improve safety and productivity, and link these efforts to the expansion of construction fields and improvement of sustainable competitiveness and earning power

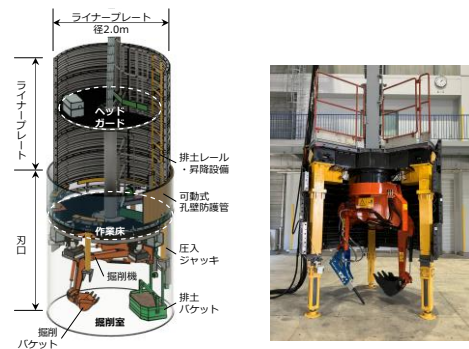
Precast viaducts



Technology that will become a “game changer” for railway infrastructure

Developed joint structures for “foundation-column” and “column-beam,” which had been issues in expanding the application of the precast method for railway viaducts. The precast method is planned to be applied in many projects and can contribute to **substantial shortening of construction periods and labor saving** in railway construction. Going forward, by expanding the scope of application and advancing technologies, we will improve construction efficiency under restrictive conditions and link this to strengthening competitiveness in the railway field.

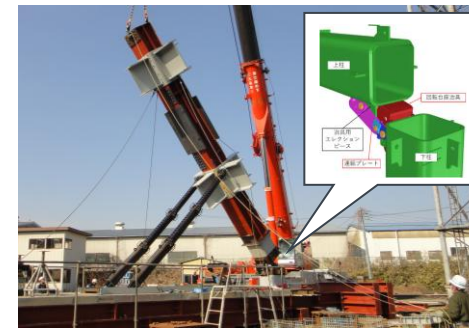
Mechanization of pile construction



Narrow-site construction technologies cultivated in railways have been applied to the electric power field

Based on pile construction technologies cultivated in narrow railway construction sites such as station premises and under platforms, the “Shinso-MaN W Method” was developed, which can also support hard ground and mountainous areas. Even under conditions where bringing in large machinery is difficult and manual construction would otherwise be unavoidable, the method enables mechanical construction and can contribute to **labor saving, improved safety, and shortening of construction periods**. Going forward, we will deepen collaboration with electric power companies, advancing the development of wide-area power transmission networks, and fully launch practical applications to power transmission tower foundation work.

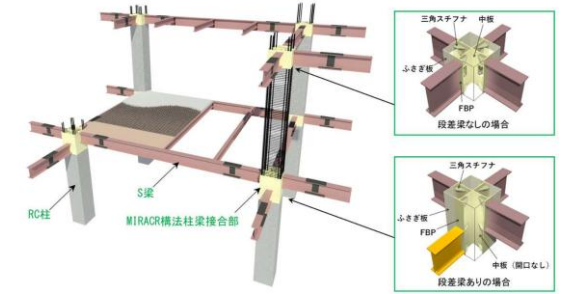
Steel frame erection above railway tracks



Achieving both safety and construction efficiency under construction constraints

Developed “Column Keeper”, which connects existing columns and new upper columns and erects them using a rotating mechanism, in the construction of buildings above railway tracks. Previously, construction of buildings above railway tracks was carried out at night when trains were not operating from the perspective of safety. With this method, construction becomes possible even during daytime train operating hours while ensuring safety, contributing to **improved safety and improved construction efficiency**. Going forward, we will continue to expand the scope of application and make improvements, linking these efforts to strengthening competitiveness in the railway field.

Design and construction technologies for warehouses, factories, etc.



Large-space composite structure that realizes short construction periods and low cost

Against the backdrop of rising steel prices, the use of composite construction methods with reinforced concrete columns and steel beams is expanding. The “MIRACR (Miracle) Method” developed by the Company combines the advantages of each structure in the right place and can realize large-space buildings with little vibration in a **short construction period and at low cost**. We will seek to apply it to various buildings such as large-scale logistics facilities, commercial facilities, data centers, and production facilities.

- Deepen consideration toward realizing the TEKKEN Academy Concept, which broadly develops engineers and continues to support railway infrastructure

TEKKEN Academy Concept

Initiatives to date

At the Construction Technology General Center, technical and safety education has been conducted for employees, partner companies, industry-related parties, etc.

Training center development results (FY2025)

Category	Overview	Number of Participants
Internal education and training	Training on the basics of manufacturing and level-up training for railway construction workers	Approx. 1,300 people
External training	Hands-on training and safety training for railway infrastructure-related personnel, etc.	Approx. 700 people
External tours, etc. (experience programs)	Programs for students, companies, etc., to deepen understanding of the significance and social role of railway construction	Approx. 500 people

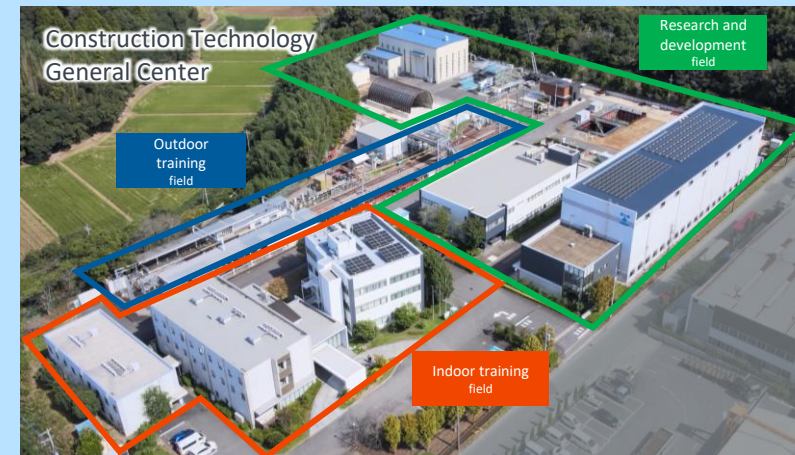


Future initiatives: Promotion of the "TEKKEN Academy" concept

With the Construction Technology General Center as the core base



- ✓ During the period of the MTP 2028: Promote internal discussions to determine the direction of the concept
- ✓ Gradually strengthen the development of educational content and external deployment



Investment plan | DX investment

NEW



- In order to enhance DX into a source of competitiveness, we will develop a DX human resource development framework and continuously develop human resources, from the improvement of digital literacy among all employees to practical human resources and DX promotion human resources
- We will invest in the development of foundations that increase the reproducibility of on-site capabilities through the Advanced AI Promotion Group's aggregation of knowledge and key points of judgment, and active trial of new technologies such as AI agents

DX Phase		Investment Details, etc.
Foundation building ~ Efficiency improvement of existing operations ~	2021	Establishment of Head Office, DX Promotion Office
	2022	Formation of branch DX Promotion Groups
	2023	Lifting of ban on use of generative AI (formulation of usage guidelines), development of DX human resource development framework
	2024	Company-wide deployment of the Company's dedicated generative AI "TEKKEN AI-Chat" / introduction of on-site support foundation using IoT
	2025	Implementation of safety rules and construction know-how in "TEKKEN AI-Chat" and strengthening of on-site judgment support functions
	2026~	Advance use of AI and strengthen decision-making support for on-site and operational activities (newly established Advanced AI Promotion Group)
Value creation ~ Advancement of existing operations ~ (Medium-Term Management Plan 2028)		<ul style="list-style-type: none"> • AI use cases across departments and aggregation of veteran know-how • Organization of applicable and expandable areas • Conversion of knowledge into organizational assets • Trial of advanced initiatives such as AI agents • Development of foundations that increase reproducibility
Sustainable growth	2029~	Use of data and AI becomes established throughout the Company, realizing advancement of management decisions and on-site operations

Shareholder return policy

UPDATE

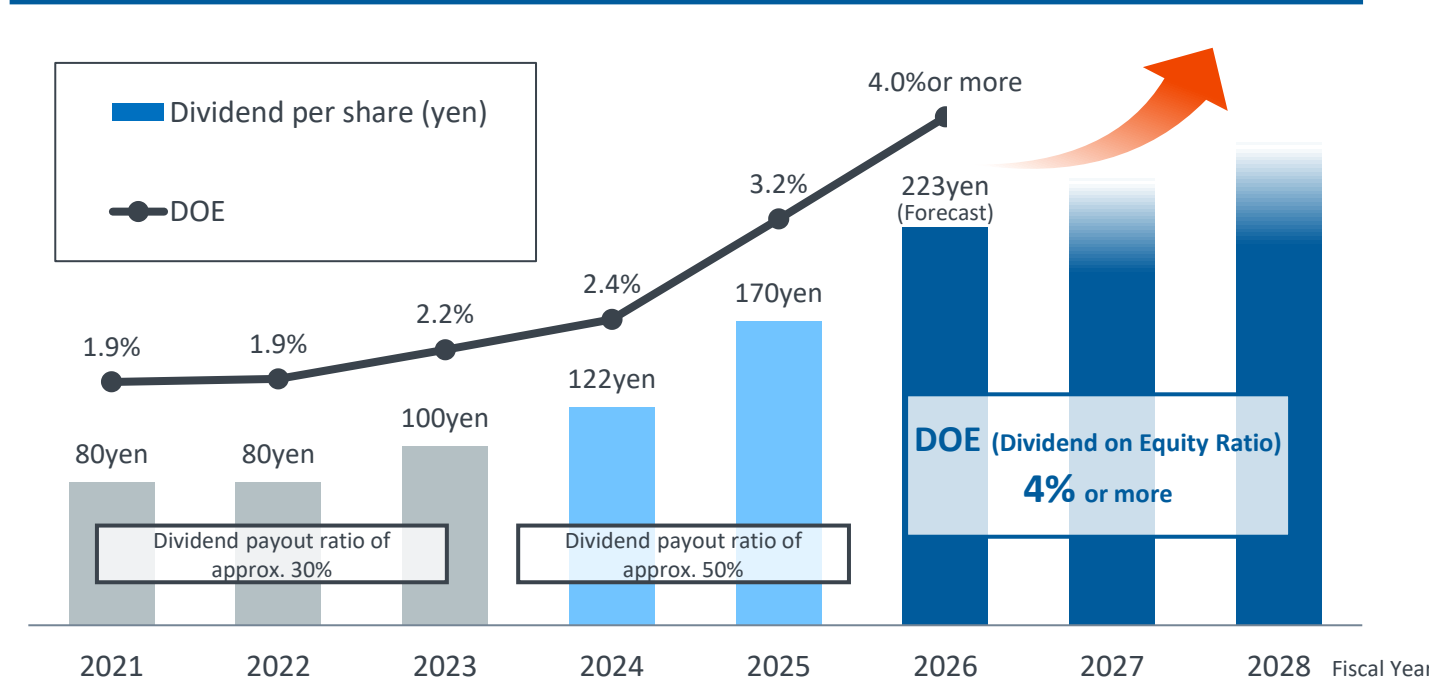


- Before the update, enhanced shareholder returns were implemented through a “dividend payout ratio of 50%” and “progressive dividends”
- We will update the financial strategy going forward and **introduce DOE (dividend on equity ratio)** beginning with dividends for FY2026 in order to realize both further stable dividends and growth investment



DOE (dividend on equity ratio) (%) = Total dividends ÷ Equity capital × 100

Trends in dividend amount and DOE



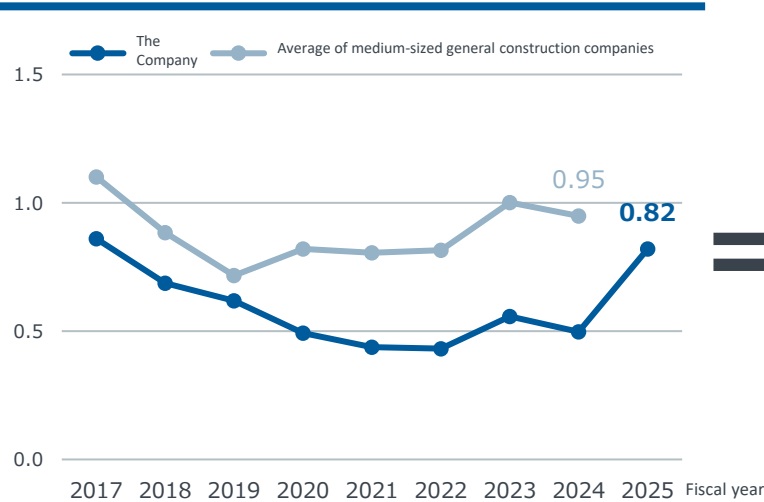
Chapter 06

Response toward Realizing Management
Conscious of Cost of Capital and Share Price

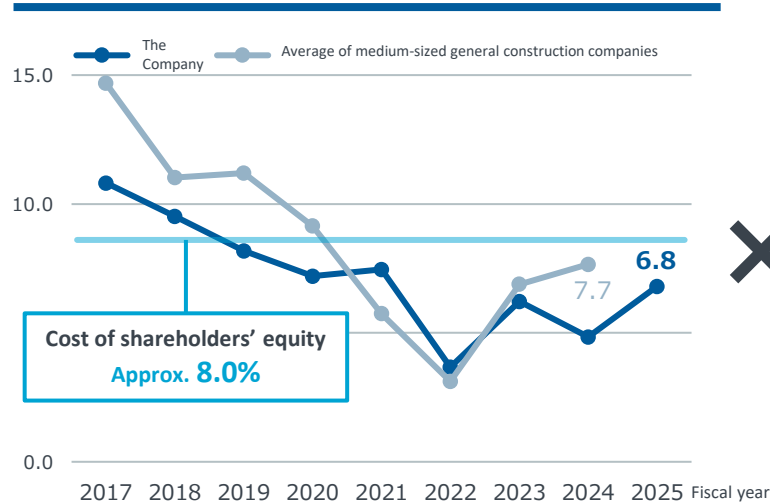


- Although PBR has steadily improved through initiatives to improve earning power and capital efficiency, it still remains below 1.0x
- Due to the rise in government bond yields, we recognize that the Company's cost of shareholders' equity has risen to around 8.0%, and we will aim to achieve ROE above the cost of shareholders' equity at an early stage and steadily expand the gap
- PER has remained low compared with peer companies over the long term, and it is necessary to specifically present measures that lead to growth expectations and enhance dialogue with investors and others

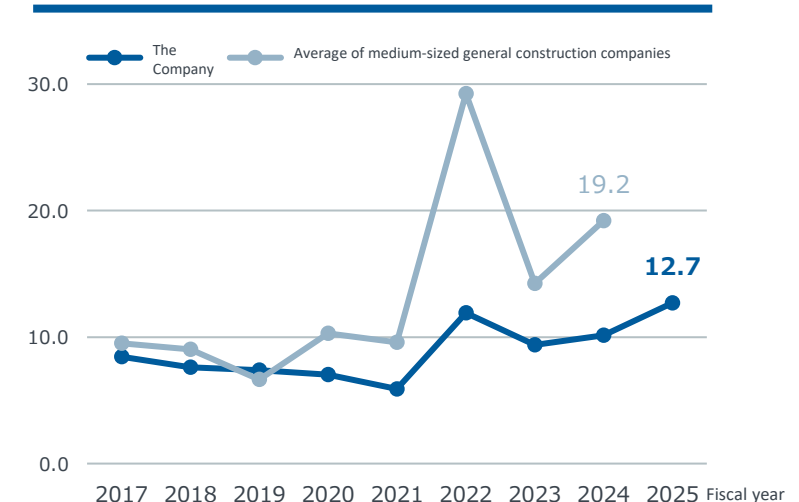
PBR (Price Book-value Ratio)



ROE (Return on Equity)



PER (Price Earnings Ratio)



Current recognition of the cost of shareholders' equity UPDATE

$$\begin{array}{l}
 \text{Cost of shareholders' equity} = \text{Risk-free rate} + \beta \text{ value} \times \text{Market risk premium} \\
 \text{10-Year JGB Yield} \quad \quad \quad 1.0 \quad \quad \quad 6.0\% \\
 = \text{Approx. 8.0\%} \\
 \text{(FY2025: approx. 7.5\%)}
 \end{array}$$

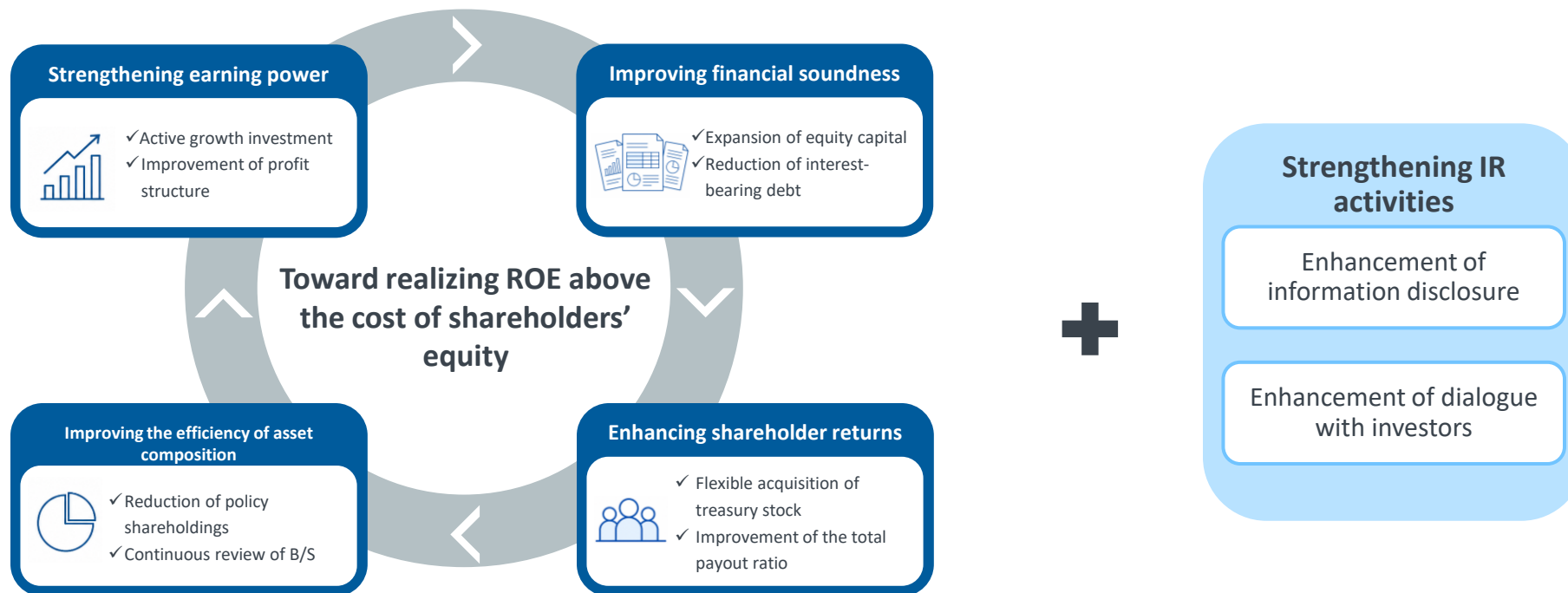
We will review our approach to the cost of shareholders' equity as needed, based on investor opinions

Approach to improving ROE

UPDATE



- To improve ROE, we will steadily strengthen earnings power, improve asset efficiency, and enhance shareholder returns
- In addition, we will further strengthen IR activities, including enhancing information disclosure and dialogue with investors, and aim to improve recognition of the Company and reduce the cost of shareholders' equity

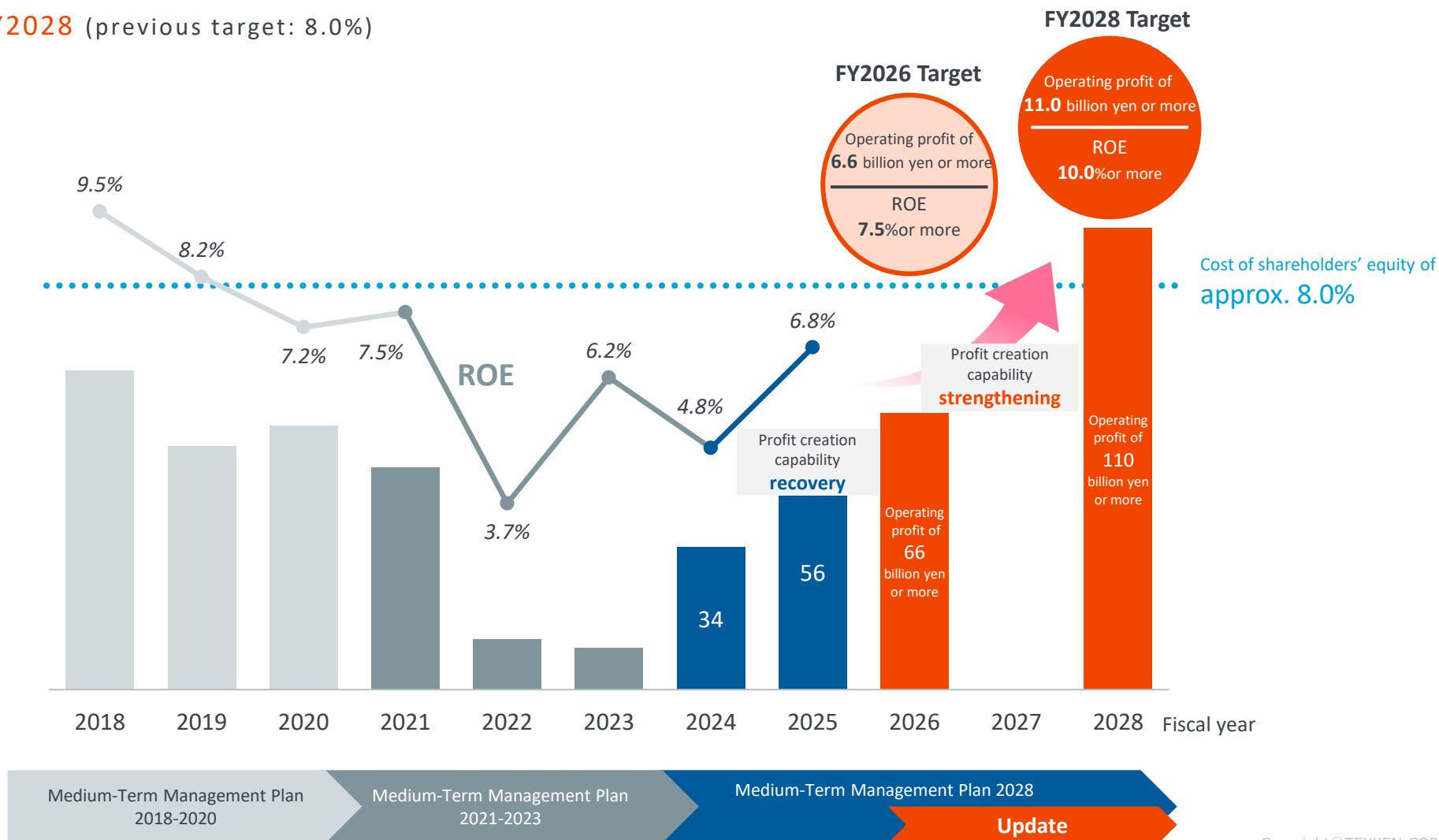


Raising the base of profit creation capability and strengthening awareness of capital efficiency

UPDATE

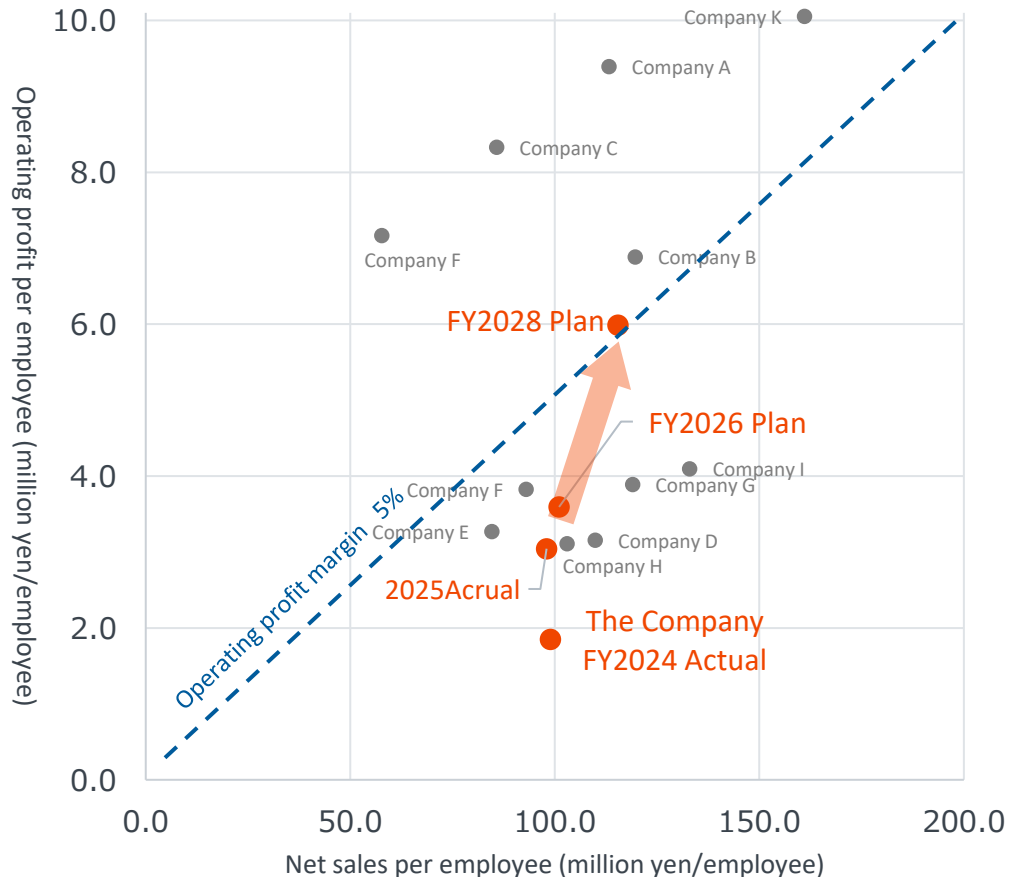


- We will further strengthen the earning power of each segment, including Civil Engineering, Architectural Construction, and Real Estate, etc., and aim for **ROE of 7.5% or more in FY2026** (previous target: 7.0%) and **ROE of 10% or more in FY2028** (previous target: 8.0%)



Peer comparison of productivity

Although there is a gap compared with peer companies, **productivity is steadily improving**



Data for medium-sized general construction companies extracted; peer company data are for FY2024

Current recognition and analysis of issues compared with peer companies

OUTPUT

- The average profit margin at completion is around 2% lower

INPUT

- Low-profit orders prioritizing securing order volume
- Imbalance between personnel and work on hand / new order volume
- Labor costs, outsourcing costs, and personnel expense ratios are high compared with peer companies

etc.

Measures toward profit and productivity improvement

- **Stricter order review**
 - Improvement of average profit margin at the time of order acquisition
 - Securing stable profits through selective order acquisition
- **Review of directly controlled employee operations by classifying on-site operations**
 - Active utilization of outsourced employees and BPO, establishment of a centralized on-site support system
- **Strengthening profit acquisition through design changes, etc.**
 - Establishment of a support system for securing design change orders
 - Implementation of employee education (mindset reform, improvement of story-building capability, timeliness)

Dialogue with shareholders and investors

UPDATE

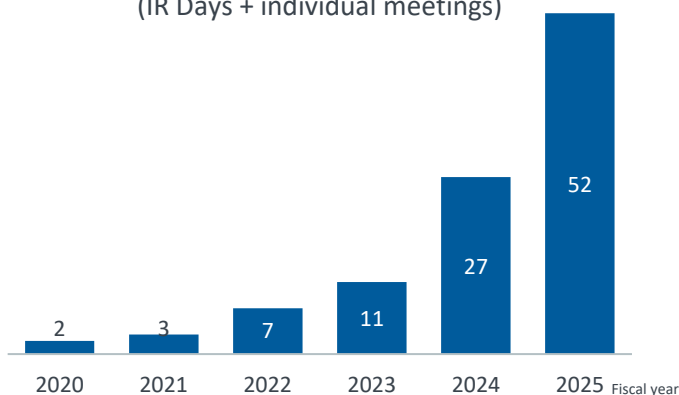


- We will strengthen IR and SR, enhance information disclosure and dialogue with investors so that we can receive appropriate evaluation from the stock market
- We will reflect the expectations and concerns expressed by shareholders and investors in management improvements and the enhancement of disclosure materials, including IR materials.

IR activity results

- ✓ IR briefings 2times (held at the time of 2Q and 4Q financial results announcements)
- ✓ IR Days (1on1 meeting) 6times
- ✓ Individual meeting (1on1 meeting) 46times
- ✓ IR briefing for individual investors 1time (held on March 24, 2026)
- ✓ Facility tour for institutional investors 1time (held at the Company's "Construction Technology General Center")

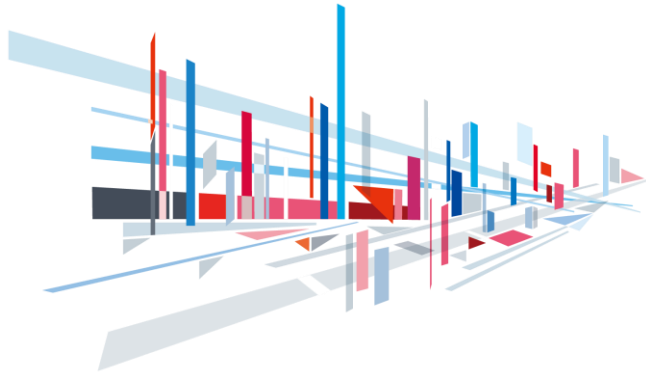
Trend in individual meetings with institutional investors (IR Days + individual meetings)



Status of implementation of facility tours for institutional investors

Feedback to management through dialogue

- ✓ Implementation of initiatives to increase confidence in profitability and growth
- ✓ Setting and fulfillment of targets based on the expectations of shareholders and investors
- ✓ Identification of purpose from management philosophy and corporate activity guidelines
- ✓ Review of the executive compensation system in line with the Medium-Term Management Plan
- ✓ Implementation of measures to deepen understanding among shareholders and investors (improving recognition, holding facility tours, holding briefings for individual investors, etc.)
- ✓ Implementation of measures conscious of responding to changes in TOPIX selection criteria (elimination of cross-shareholdings in listed stocks, acquisition of individual investors, etc.)
- ✓ Consideration of measures to improve trading liquidity toward enhancement of shareholder value



The horizontal lines in the key visual represent “the foundations that support cities,” and the vertical lines represent “spaces where people gather.”

By overlaying the signs of people’s daily lives and the power to grow, the visual expresses cities that continue to move and TEKKEN CORPORATION’s will to support their evolution.



The motifs of the logo mark are the “T” in the Company’s name and “structures.” The three squares at the top represent, from left, “the future,” “people and love,” and “the universe.” The large square at the bottom represents “the earth,” the red color represents “determination and passion,” and the blue color represents “creativity.” The mark embodies TEKKEN’s desire to create environments rich in humanity.

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