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1. Results for the Fiscal Year Ended March 31, 2023

Net sales increased by 3,500 million yen (up 24%) from the previous fiscal year to 18,317 million yen

- For civil engineering piling work, the increase was due to large-scale projects such as the Ichinowatari Viaduct, which is the first phase of the elevated section of the extension project for the Hokkaido Shinkansen, and projects related to infrastructure in Kansai.
- For ground improvement work, there was a large amount of construction of large-scale factories in conjunction with an increase in private capital investment.

Operating profit increased by 186 million yen (up 40%) from the previous fiscal year to 653 million yen

- Gross profit increased by 409 million yen from the previous fiscal year due to increased revenue and to the impact of delays in construction of large-scale projects due to record-breaking cold weather being less than expected.
- Selling, general and administrative expenses increased by 222 million yen from the previous fiscal year, mainly due to increases in personnel expenses.

Outline of financial results

- Revenue increased due to major contributions from civil engineering piling work such as the Ichinowatari Viaduct for the Hokkaido Shinkansen and projects related to infrastructure in Kansai, as well as due to large-scale factories in conjunction with an increase in private capital investment. Profit increased due to increase in revenue, and due to the impact of delays in construction of large-scale projects due to record-breaking cold weather being less than expected.
- Both orders received and order backlog increased due to large-scale orders received for civil engineering piling work and ground improvement work.

	2022/2 Actual	2023/3 Plan	2022/2 Actual	Change from Actua	n 2022/3 al	Change from Plan	2023/3
		(Announced on May 13, 2022)		Change	Change (%)	Change	Rate of achieveme
Net sales	14,817	17,500	18,317	3,500	23.6%	817	104.7%
Operating profit	466	450	653	186	40.0%	203	145.1%
Ordinary profit	516	500	694	178	34.6%	194	138.9%
Profit attributable to owners of parent	357	310	482	125	34.9%	172	155.7%
EPS (Earnings per share)	53.42 yen	46.34 yen	73.29 yen	19.87 yen	37.2%	26.95 yen	158.2%
ROE (Return on equity)	3.0%	2.6%	4.0%	1.0pt	-	1.4pt	-
Orders received	15,215	-	18,123	2,907	19.1%	-	-
Order backlog	5,531	-	5,789	258	4.7%	-	-
Net assets (Equity ratio)	12,300 (67.4%)	12,400 (69.7%)	12,467 (64.4%)	167	1.4%	67	100.5%
Total assets	17,681	17,800	18,770	1,089	6.2%	970	105.5%

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Major completed projects and order backlog

Construction work of backlog order 1

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Name of construction work	Construction method (Construction site)	Date of completion
Construction of Cell 8, Ono Plant of IBIDEN CO., LTD.	Ground improvement (Ono Town, Gifu Prefecture)	March 2023
chinowatari Viaduct, etc., of Hokkaido Shinkansen	Civil engineering piling (Hokuto City, Hokkaido)	March 2023
Construction of a building due to the transfer of the zumi plant of SUBARU CORPORATION	Ground improvement (Oizumi Town, Gunma Prefecture)	July 2022

Name of construction work	Construction method (Construction site)	Scheduled completion date (As of May 12, 2023)	
Shin-Meishin Expressway Joyo construction	Civil engineering piling (Joyo City, Kyoto Prefecture)	May 2024	
Construction of No. 1 UTY, Ono Plant of IBIDEN CO., LTD.	Ground improvement (Ono Town, Gifu Prefecture)	April 2023	
Ken-O Expressway Inashiki construction	Civil engineering piling (Inashiki City, Ibaraki Prefecture)	July 2023	

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Construction business

In Japan, the Company, Tenox Giken Co., Ltd. and Hiroshimagumi Co., Ltd. and Ohmishima Bussan Co., Ltd. are engaged in construction projects specializing in foundation work.

TENOX ASIA COMPANY LIMITED is engaged in overseas business.

General civil engineering consulting business

Integrated Geotechnology Institute Limited^(*) conducts design, analysis, and experimental operation, etc., as a thinktank regarding the ground improvement and reinforcement area. The institute also provides railway consultation service in collaboration with Railway Technical Research Institute.

* Main qualified persons included in 33 employees

Doctor of Engineering (1), Professional Engineer (comprehensive engineering supervisory category) (1), Professional Engineers (soil quality and foundation) (2), Professional Engineer (railway) (1), Associate Professional Engineers (9), First Class Civil Engineering Works Execution Managing Engineers(5), Surveyors (2)

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Other businesses

The Company engages in the real estate leasing business, etc.

By segment

- ✓ In the construction business, revenue increased mainly due to piling work for expressways, railway viaducts, etc., and to ground improvement work for private factories. Profit increased due to increase revenue, and due to the impact of delays in construction of large-scale projects due to record-breaking cold weather being less than expected.
- ✓ Sales and profit of the general civil engineering consulting business increased mainly due to increases in design and calculation work.
- In other businesses, the Company newly built a special elderly nursing home in Kawasaki City in the fiscal year ended March 2019, which we started leasing in the fiscal year ended March 2020.

		FY endeo 201	l Mar. 9	FY endec 202	l Mar. 0	FY endeo 202	d Mar. 1	FY endeo 202	l Mar. 2	FY ende 202	d Mar. 23	Change fr ended Ma	om FY r. 2022
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Change	Change (%)
	Net sales	20,285	97.6%	17,963	96.7%	15,337	96.4%	14,428	97.4%	17,864	97.5%	3,436	23.8%
Construction business	Segment profit (Profit margin)	867 (4.3%)	91.0%	1,055 (5.9%)	92.6%	262 (1.7%)	85.1%	492 (3.4%)	105.6%	631 (3.5%)	96.7%	138	28.1%
General civil	Net sales	489	2.4%	598	3.2%	546	3.4%	365	2.5%	430	2.3%	64	17.6%
engineering consulting business	Segment profit (Profit margin)	98 (20.1%)	10.3%	78 (13.2%)	6.9%	41 (7.7%)	13.6%	-33 (-9.0%)	-7.1%	14 (3.4%)	2.3%	47	-
	Net sales	0	0.0%	21	0.1%	23	0.2%	23	0.1%	23	0.1%	0	-0.1%
Other businesses	Segment profit (Profit margin)	-12	-1.3%	5 (25.1%)	0.5%	4 (17.6%)	1.3%	6 (29.3%)	1.5%	6 (29.4%)	1.0%	0	-0.0%
	Net sales	20,774	100.0%	18,583	100.0%	15,906	100.0%	14,817	100.0%	18,317	100.0%	3,500	23.6%
Total	Segment profit (Profit margin)	953 (4.6%)	100.0%	1,139 (6.1%)	100.0%	308 (1.9%)	100.0%	466 (3.1%)	100.0%	653 (3.6%)	100.0%	186	40.0%

Factors affecting changes in net sales

- ✓ For civil engineering piling work, the increase was due to large-scale projects such as the Ichinowatari Viaduct, which is the first phase of the elevated section of the extension project for the Hokkaido Shinkansen, and projects related to infrastructure in Kansai. For ground improvement work, there was a large amount of construction of large-scale factories in conjunction with an increase in private capital investment.
- For construction piling work, the competitiveness of the TN-X Method, our main construction method, declined due to the rise in steel prices.
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Factors affecting changes in operating profit

- ✓ Profit increased due to increased revenue, to the impact of delays in construction of large-scale projects due to record-breaking cold weather in civil engineering piling work being less than expected, and to increased profitability achieved through special measures in ground improvement work for large-scale projects with difficult ground conditions.
- For selling, general and administrative expenses, personnel expenses increased mainly due to efforts to provide a base of support for our employees' livelihoods.



Factors affecting changes in cash flows

- ✓ Operating C/F resulted in an increase in cash due to profit before income taxes, an increase in trade payables, and depreciation, despite a decrease in cash mainly due to an increase in trade receivables, etc.
- Investment C/F decreased due mainly to a purchase of property, plant and equipment related to construction machines, and payments into long-term time deposits.
- ✓ Financial C/F resulted in a decrease in cash, due mainly to payment of dividends and purchase of treasury shares.



2. Earnings Forecast for the Fiscal Year Ending March 31, 2024

Earnings forecast

- ✓ We expect net sales to increase by 15.7% due to continued healthy demand for projects related to Kansai infrastructure and the start of main work for the extension project for the Hokkaido Shinkansen in the civil engineering business, and to continued construction of large-scale factories from the previous fiscal year in the construction business.
- We are forecasting higher profits from the previous fiscal year, despite continued concern regarding the impact of rising prices of construction materials, fuel, etc.

		2022/3	2023/3	2024/3	Change from 2023/3 Actual	
	Actual Actu		Actual	Forecast	Change	Change (%)
SS	Domestic construction business	14,300	17,860	20,500	2,639	14.8%
et sale	Overseas construction business	150	27	200	172	636.2%
Z	Civil engineering consulting, etc., business	365	430	500	69	16.3%
	Total	14,817	18,317	21,200	2,882	15.7%
	Operating profit	466	653	810	156	24.0%
	Ordinary profit	516	694	840	145	20.9%
Profit	attributable to owners of parent	357	482	560	77	16.0%

(millions of yen)

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3. Progress of Medium-term Management Plan (from FY 2021 to FY 2023)

Long-term vision and Medium-term Management Plan

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Long-term vision (our future goals)

Create new value and markets by aggressively implementing technological innovation to address variable social needs

Be a provider of "peace of mind" and "safety" through engaging in foundation construction, aiming to become a sustainable company to enable all stakeholders to live in prosperity

Medium-term Management Plan

Will formulate a strategy in view of rapidly the changing management environment, placing the current Medium-term Management Plan in Phase 2 toward the achievement of the long-term vision

Management philosophy

Respect for people Technological orientation Active consistency Long-term vision (Our future goals)

Medium-term Management Plan (From FY 2021 to FY 2023)

> Management philosophy

Flexibly respond to changes in construction demand and VUCA^(*), in pursuit of high added value to build a foundation for the next 50 years



(* VUCA: The acronym VUCA refers to the fact that the business world is Volatile, Uncertain, Complex, and Ambiguous.)

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Three basic strategies

Sales and

construction strategy

Contribute to enhancing national

resilience through our construction

technology

Establish supply chain that

covers design proposal to

Contribute to improving

social infrastructure in

developing countries

construction

Provide solutions based on three basic strategies to challenges, changes in the management environment, and needs that were inherited from the previous Medium-term Management Plan



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Establish reliability that ensures security of society



Three basic strategies (1)

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နိုလ်နှိ Developmental strategy

Important points ··· In progress Results



Materiality	Action plan	Progress	Efforts introduced on
	Increase strength of improved ground, establish construction method	Currently under verification	
	Establish a construction method with low environmental burden	Began development of the industry's first small motorized pile driver Held on-site construction tests/indoor tests \rightarrow Conducting review for sales development	P.25 P.44,45
	Develop equipment for excavation of hard ground	Currently under testing	
(1) Creation of new technologies	Develop construction method for middle support capability piling method	Currently holding discussions with evaluation institutions and testing models	P.42
	Propose compact technology for maintenance market	Currently holding discussions, etc., with joint development partners	
	Others	Currently working to acquire official certification for TENO Q-be method	P.42
Contributo to onbonoing	Propose design/construction technology for liquefaction countermeasure work	Completed join research with The University of Tokyo $ ightarrow$ Establishing design method	
(2) resilience of foundation	Introduce an improved construction method for urban redevelopment	Currently verifying application of construction method to a site where existing piles are pulled up	P.45
inirastructure	Propose national resilience measures, disaster mitigation, and prevention	Strengthening design proposals in response to demand for construction of water treatment facilities \rightarrow Accept orders for actual projects	P.43
	Standardize visualization of quality "VCCS"	Currently working to achieve the target of 80% penetration rate for Tenocolumn this fiscal year	
Utilization/introduction of ICT	Visualize construction quality (planning, management, evaluation)	Developing a construction management system for pile work \rightarrow Begin operation at the Hokkaido Shinkansen construction site Development of a Tenocolumn co-rotating monitoring system \rightarrow Begin operation at the worksite	
(3) technology	Use AI systems to pass down techniques (construction technology/safety management/human resource cultivation)		
	Improve productivity by introducing automation equipment		
Durana ka ina da tian a Cidara	Conduct joint research with railway research institutes and universities (new railway structure foundation, liquefaction countermeasures work)	Presented academic papers on the results of joint research with the Railway Technical Research Institute, The University of Tokyo, and Chuo University	
(4) through industry-academia	Participate in academic societies and conferences (fundamental structures field)	Architectural Institute of Japan, Japanese Technical Association for Steel Pipe Piles and Sheet Piles, Alliance for construction of building foundations, etc.	
partnersnips	Fuse with different types of foundation construction method technologies (propose foundation structure specifications according to usage)	Started development	
 Further enhance functions of "Strategic Planning Office" Strategic Planning Office Strategic Pl		Currently under review	

Three basic strategies (2)

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+- Sales and construction strategy

Important points ··· In progress Results



	Materiality	Action plan	Progress	Efforts introduced on
		Extension of Hokkaido Shinkansen	Sale of one project completed \rightarrow Forecasted orders and sales for FY 2023	P.43
(1)	Railway development project	Linear Chuo Shinkansen	Project delayed by 3 years \rightarrow Preparing to conduct excavation confirmation test on ultra-hard ground	
		Construction of viaducts for private railways	Not adopted	
		Shin-Meishin Expressway/Wangan Expressway western extension	Sale of 10 projects completed $ ightarrow$ Forecasted orders and sales for FY 2023	P.43
(2)	Kansai infrastructure resilience project	Extension of Osaka Monorail	Sale of three projects completed $ ightarrow$ Forecasted orders and sales for FY 2023	P.43
		Projects related to access for Expo 2025 Osaka	Sale of four projects completed $ ightarrow$ Forecasted orders and sales for FY 2023	P.43
(3)	Proposal of smart design for e- commerce related structures	Design proposals for high-bearing capacity, high-strength columns for LMT logistics facilities, data centers, etc.	Rapid drop in competitiveness due to soaring steel prices	
		Deployment of shallow-layer and mid-layer improvement method	Currently working to acquire official certification for TENO Q-be method	P.42
(4)	Expansion of color area	Expansion of concrete pile business	Hold proposal activities in cooperation with NIPPON HUME CORPORATION	P.42
(4)		Possible application to work in which existing piles are pulled up	Initiated by a working group and currently under review	P.45
		Others	Strengthen design proposals for water treatment facilities $ ightarrow$ Accept orders for actual projects	
		Proposal of designs for medium- and low-rise structures	Substantial decrease in number of new projects due to decreased investment by Japanese corporations	
(5)	Use "TCCS" to accelerate ground improvement work (Vietnam)	Proposal for suppression of subsidence in soft ground layers	Despite an increase in the number of inquiries, struggling due to competition with local companies	
		Expansion of sales areas with a focus on ground characteristics (expansion of business area to north-central area)	Travel restrictions due to COVID-19 have been eased and business has resumed	
		Strengthening of sales strategy with domestic Vietnamese pile manufacturers	Currently under review with local pile manufacturers	
(6)	Expansion of concrete pile business (Vietnam)	Promotion of overseas business promotion with capital alliance partners in domestic business		
		Exporting of pile construction technology		
(7)	Further expansion into Southeast	Surveying of new markets to follow Vietnam	Stopped market surveys in Myanmar following the coup d'état in February 2021	
(7) Asia	Asia	Holding of ground improvement technology seminars for design engineers at candidate sites		

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Three basic strategies (3)

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Important points ··· In progress Results



	Materiality	Action plan	Progress	Efforts introduced on
Building an environmentally		Reduce CO2 emissions	Began development of the industry's first small motorized pile driver Currently using GTL fuel for pile drivers for first time in Japan and investigating the rate of reduction, including other alternative fuels to diesel	P.25 P.44
(1)	friendly society	Reduce surplus soil discharged from construction	Currently considering the use of materials to control the discharge of surplus soil	
		Reuse industrial by-products as construction materials	Currently increasing the number of construction projects that combine industrial by- products for ground restoration after pulling out piles	P.45
(2)	Preparing for intensified disasters	Contribute to establishing national redundancy	Currently thoroughly implementing projects for expressways and railways	P.43
(3)	Improving technology and quality	Standardize visualization of quality "VCCS"	Currently working to achieve the target of 80% penetration rate for Tenocolumn this fiscal year	
(4)	Enhancing occupational health and safety	Strengthen safety and health activities	Creating rules and manuals for preventing the recurrence of accidents and disasters \rightarrow Expand to cooperative associations	
(5)	Securing and developing human resources	Realizing a work environment with high job satisfaction	Currently executing a project with the goal of completing renewal of the human resource system by the end of FY 2023 Promotion of post-natal paternity leave A project to introduce a new core system is underway Working to improve remote working environment Promoting use of mental health services, prohibiting smoking inside the company	P.47,48
		Promoting diversity	Appointing a female Director, hiring foreign employees	P.46
		Enhancing activities of the Compliance Committee	Periodically holding committee meetings	
(6)	Health of management	Ensuring thorough execution of activities by the Information Security Committee	Periodically holding committee meetings	
		Preparation of risk management structure	Established the Risk Management Committee and periodically holding meetings Creating BCP manual → Hold training	P.49

Numerical management targets (from FY 2021 to FY 2023)

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Progress of investment plan

Investment plan: 3,500 million yen (3 years)

- ✓ Equipment will be purchased mainly to increase construction capacity and improve construction quality control.
- ✓ Development will mainly be conducted in the form of joint research with railway research institutes and universities, as well as test construction for developing new technology.
- ✓ In FY2023, we plan to purchase multiple large construction machines, expand research and development, introduce a new core system, etc.



Br	Breakdown of investments		FY 2022	FY 2023	Total
Equipment	Related to construction machinery	213	287		501
Development	Related to R&D and experimental construction Related to introduction of ICT technology	116	105		222
Business	Investment in overseas business M&A	4	20		25
Education	Expenses for human resource development, education, and training	5	5		10
Environmental improvement	Creation of a comfortable working environment Employee health maintenance	30	56		86
Environmentally- friendly activities	Preparation for achieving carbon neutral	5	0		6
	376	475		851	

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Progress of shareholder return policy

- ✓ Taking into account the medium-term outlook, we aim to achieve a stable dividend payout ratio of around 30% on a consolidated basis.
- ✓ Implement flexible purchase of treasury shares



*Total payout ratio = (total amount of dividend + total amount of treasury shares purchased) ÷profit attributable to owners of parent, Dividend payout ratio = dividend per share ÷net income per share

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4. Aiming to Be a Sustainable Company (Contribute to a Sustainable Society)

- (1) Response to climate
- (2) Contribute to improving social infrastructure through engaging in foundation construction
- (3) Personnel capital
- (4) Efforts to improve corporate value

Response to climate

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Began development of foundation construction industry's first motorized small pile driver

- ✓ In April 2023, the Company entered into a joint development agreement with NIPPON SHARYO, LTD. for motorization of a small pile driver and began development.
- ✓ By changing the conventional diesel engine drive system to an electric motor drive system and using a commercial power supply, our development will eliminate the diesel exhaust gas associated with foundation work. At the same time, we aim to enable construction with net zero CO2 emissions by utilizing green power.
- ✓ In FY2023, we will complete a prototype of a small pile driver and build a construction system with components such as a power supply.
- ✓ In FY2024, we will test our development through actual construction and spread the development.



G E: Build an environmentally friendly society = Reduce CO2 emissions

Create new technology = Establish a construction method with low environmental burden







Contribute to improving social infrastructure through engaging in foundation construction TEN

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TENOX's business activities themselves are the SDGs

\sim Supporting a sustainable society and the global environment through foundation construction \sim

Main construction during the past 10 years	Construction site	Category	Construction method	Year of completion
Construction work for the fisheries intermediate wholesale building, etc., of the New Toyosu Market (provisional name) (Phase 2)	Koto Ward, Tokyo	Logistics facilities	Construction piling	2014
Construction for the Shin-Tomei Expressway Isehara Viaduct and other two bridges (substructure)	Isehara City, Kanagawa Prefecture	Expressway	Civil engineering piling	2016
Construction for the Shin-Tomei Expressway Atsugi No. 4 Viaduct (substructure)	Atsugi City, Kanagawa Prefecture	Expressway	Civil engineering piling	2017
Extension of Tokyo International Exhibition Center (28)	Koto Ward, Tokyo	Cultural facilitie	Construction piling	2017
Civil engineering for floodgate on Katsushi-river, a Class B river	Kamaishi City, Iwate Prefecture	Tsunami seawall function	Civil engineering piling	2018
Construction of Mei-Nikan Expressway Nagoya West Junction C Ramp Bridge and seven other bridges (substructure)	Nagoya City, Aichi Prefecture	Expressway	Civil engineering piling	2019
Construction of soil cement piles for steel pipes for the Fukui Bridge, etc., of the Hokuriku Shinkansen	Fukui City, Fukui Prefecture	Railway	Civil engineering piling	2019
Maintenance of Tokyo Rail Gate EAST	Shinagawa Ward, Tokyo	Logistics facilities	Construction piling	2021
Construction of power generation facilities for Goi Thermal Power Station	Ichihara City, Chiba Prefecture	Power plant	Ground improvement	2022
Construction of Cell 8, Ono Plant of IBIDEN CO., LTD.	Ono Town, Gifu Prefecture	Factory	Ground improvement	2023

In addition to the chronic labor shortage and aging of engineers, in order to respond to the construction industry's upper limit on overtime work that will be implemented in April 2024, we must increase the number of employees, with a focus on young employees in their 30s and below who will lead the next generation, and pass on our technology.

Change in number of employees



(Included Tenox Kyushu Corporation as an equity method affiliate company in FY2015)

Turnover rate

	FY 2020	FY 2021	FY 2022
TENOX	4.6%	6.7%	6.5%
Whole construction industry	9.5%	9.3%	-

✓ Strengthen recruitment activities by utilizing how our turnover rate is even lower than the construction industry's turnover rate (*9.3% in 2021), which is at a low level among all industries.

Age of employees as of FY 2022



- ✓ Promoting the active participation of women (Ratio of female employees in FY 2022: 12.5%)
- ✓ Hiring of foreign laborers
- \checkmark Health management
- Promotion of post-natal paternity leave

*Published by the Ministry of Health, Labour and Welfare

Efforts to improve corporate value

Stock price trend (from April 2013 to May 2023)



Efforts to improve corporate value

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Increase in corporate value = Increase in PBR = Expansion of equity spread (ROE - equity cost)

Increasing ROE is an essential prerequisite for increasing PBR

ROE target for the current Medium-term \Rightarrow Management Plan (FY 2023)

<u>8%</u>

Forecasted ROE for FY 2023 results <u>4.6%</u>



Re-challenging the target of ROE 8% during the period of the next Medium-term Management Plan

Measures for increasing ROE

(1) Increase profit by achieving the qualitative targets of the Medium-term Management Plan

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- (2) Expand investment in growth fields that will generate future cash
- (3) Measures for stable return to shareholders
- (4) Further enhancement of IR activities

4. Reference Material

Company profile

We provide "safety" and "peace of mind" by engaging in foundation work to all people who use various structures around us, including houses, commercial facilities, hospitals, warehouses, factories, railways, and roads.



Company profile



Company name	TENOX CORPORATION		
Location of head office	5-25-11 Shiba, Minato-ku, Tokyo		
Foundation	July 8, 1970		
Paid-in capital	1,710,900,000 yen		
Representative	Masayuki Sato, President and Representative Director		
Business activities	 Sale of concrete piles and steel pipe piles and contracting for pile driving construction Contracting for ground improvement construction 		
Number of employees	319 (On a consolidated basis as of March 31, 2023)		
Business sites and group companies	Domestic sites: 11 Group companies: Four in Japan, one abroad		
Listing	TSE Standard		

Business segment : Construction business

Engages in construction business specializing in foundation work, making intensive effort to reduce environmental burden



Characterized by having two categories of different construction methods

Business segment: Construction business - Introduction of major technology -

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Gantetsu Pile Method (Piling)

A construction method jointly developed with NIPPON STEEL CORPORATION and Kubota Corporation. The method has a wide range of applications in the civil engineering field, including road bridges, railway bridges, and drainage facilities.





TN-X Method (Piling)

A construction method applied to the construction of large bulbs on the end of large-diameter steel pipe piles, jointly developed with NIPPON STEEL CORPORATION. Allows to support large-sized buildings, such as logistics warehouses, hotels and condominiums, with a small number of piles.





Tenocolumn Method (Ground Improvement)

Patented in 1984. A pioneering foundation construction method that led to wide recognition of a ground improvement method for buildings, and having been adopted for about 40,000 projects.



ATTcolumn Method (Piling)

A hybrid piling method incorporating ground improvement (columns) and vaned steel pipes, jointly developed with ASAHI KASEI CONSTRUCTION MATERIALS CORPORATION. This method is valued because it allows for application to small construction sites and narrow passages.

Business model and characteristics

Realized a high-quality through a consistent system from design to construction



Earnings trend

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(net sales, ordinary profit, ordinary profit ratio, and ROE)

- Included Tenox Kyushu Corporation, a former consolidated subsidiary company, as an equity method affiliate company in the fiscal year ended March 2016. Excluded the company from equity method affiliates in the fiscal year ended March 2017.
- Ordinary profit for the fiscal year ended March 2016 was 1,900 million yen, contributed by a positive trend toward Japan's economic recovery, as well as large-scale road projects including Shin-Tomei Expressway, Mei-Nikan Expressway and Tokai-Kanjo Expressway, and East Japan Earthquake reconstruction-related construction.
- In the fiscal year ended March 31, 2021, sales and profit declined significantly due to reactionary backlash after the end of the "Extension Project of the Hokuriku Shinkansen" and competition due to the uncertain outlook for construction demand caused by COVID-19



Breakdown of net sales (reference on page 9)

- ✓ For civil engineering piling work in the fiscal year ended March 31, 2023, net sales were due to large-scale projects such as the Ichinowatari Viaduct, which is the first phase of the elevated section of the extension project for the Hokkaido Shinkansen, and projects related to infrastructure in Kansai. For ground improvement work, there was a large amount of construction of large-scale factories in conjunction with an increase in private capital investment.
- Uue to the adoption the "Accounting Standard for Revenue Recognition" in the fiscal year ended March 2022, net sales of goods and others decreased significantly.
- ✓ In the fiscal year ended March 2023, overseas sales fell sharply due to the impact of a lockdown in Vietnam.

(millions of yen)

		FY ended Mar. 2021		FY ended Mar. 2022		FY ended Mar. 2023		Change from FY ended Mar. 2022	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Change	Change (%)
Net sales	Civil engineering piling work	4,071	25.6%	4,753	32.1%	7,816	42.7%	3,063	64.4%
	Construction piling work	2,606	16.4%	2,038	13.8%	1,867	10.2%	-171	-8.4%
	Ground improvement work	6,371	40.1%	6,729	45.4%	7,467	40.8%	737	11.0%
	Goods and others	2,221	14.0%	756	5.1%	686	3.7%	-69	-9.2%
	Overseas	67	0.4%	150	1.0%	27	0.1%	-123	-81.9%
	Civil engineering consulting	546	3.4%	365	2.5%	430	2.3%	64	17.6%
	Real estate	23	0.1%	23	0.2%	23	0.1%	0	-0.1%
	Total	15,906	100.0%	14,817	100.0%	18,317	100.0%	3,500	23.6%
Gross profit (Gross profit margin)		2,090 (13.1%)		2,355 (15.9%)		2,764 (15.1%)		409	17.4%

Trends in dividends and dividend payout ratio

- TENOX CORPORATION
- The dividend payout ratio has been set at 30% as a guide since the previous Medium-term Management Plan that started in the fiscal year ended March 2019.
- ✓ The dividend for the fiscal year ended March 2021 includes a commemorative dividend of 10 yen for the Company's 50th anniversary. The dividend forecast for the fiscal year ended March 2022 includes a commemorative dividend of 5 yen for the 30th anniversary of the Company's listing.



Trends in investments

✓ Made strategic investments for future growth by leveraging cash on hand and treasury shares, and issuing corporate bonds and borrowing funds when necessary



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(1) Expansion of sales area Towards realization of a one-stop service

✓ Shallow-mixing processing method, "TENO Q-be"

- Sales started from May 2020. To date, ten projects have been ordered, and construction is being carried out in sequence.
- A task force was established in January 2022 to accelerate efforts for full scale entry into the business.
- Currently, TENO Q-be construction management equipment is in production with a view to **acquiring official certification in FY2023**. We will boost sales expansion by leveraging a "shallow-mixing processing method with guaranteed quality."









TENOX CORPORATION

Method

TENOX CORPORATION

(2) <u>Contribute to enhancing national resilience and</u> <u>redundancy^(*) projects</u>

- ✓ Received order of "Ichinowatari Viaduct, etc., of Hokkaido Shinkansen" the first phase construction for the elevated section of the extension project for the Hokkaido Shinkansen, started construction in August 2022 and completed in March 2023
- Accepted orders of foundation work for the Kansai Infrastructure Resilience Project, including the "West-side Extension of Osaka Wangan Expressway", "Shin-Meishin Expressway", and "Extension of the Osaka Monorail", and currently carrying out construction in sequence
- ✓ Received an order for foundation construction of "Matsuhama stormwater pumping station flood control reservoir" (Kita-ku, Niigata Prefecture), started construction from October 2022 and completed in March 2023.

* Redundancy

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Developmental

strategy

Sales and

construction

strategy

ESG strategy

An English word meaning "redundancy" and "surplus." In national land planning, the word indicates a system in which transportation networks and lifeline facilities are multiplexed in advance and spare means are put in place in order to prevent disruption of some sections and destruction of some facilities to develop into a malfunction of the entire function in the event of failure due to natural disasters, etc.

< From the official website of the Ministry of Land, Infrastructure, Transport and Tourism >/

Contribute to redundancy projects

- Contribute to enhancing resilience of foundation ground
- = Propose national resilience measures, disaster mitigation, and prevention
- S: Prepare for severe disasters
- = Contribute to establishing national redundancy



Experimental construction of soil cement piles for steel pipes for the Hokkaido Shinkansen





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New Technology Information System (Ministry of Land, Infrastructure, Transport and Tourism)

(3) First case in the foundation construction industry Start introducing GTL fuel at construction sites

- ✓ GTL (Gas to Liquid) fuel is a clean fuel alternative to petroleum-based diesel oil. In addition to cutting carbon dioxide (CO2) emissions during combustion by approximately 8.5%, GTL is colorless and odorless, and produces little soot when burned, reducing air pollutants such as sulfur oxides (SOx) and nitrogen oxides (NOx).
- ✓ Since November 2021, we have used GTL fuel at nine construction sites, converting approximately 3% of the diesel used by the whole Company. We will verify the fuel's efficiency and characteristics, aiming to expand its use.
- \checkmark First case in the foundation construction industry.













[Diesel oil] [GTL fuel]

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(4) Possible application of construction technology to a site where existing piles are pulled up

- ✓ When demolishing an existing building, inappropriate backfilling treatment of pile holes after pulling up existing piles that have supported the building may adversely affect the quality assurance of new piles, possibly resulting in bending holes and the collapse of hole walls.
- Sy removing piles and implementing backfilling treatment at the same time, we seek to establish a soil improvement technology that can prevent loosening of the surrounding ground, and restore and stabilize the ground intensity to the level of the original ground.
- ✓ As a method to secure the intensity of the original ground, the use of materials using industrial by-products is

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Developmental strategy

ESG strategy



- Contribute to enhancing resilience of foundation ground
 - = Introduce an improved construction method for urban redevelopment Create new technology
 - = Establish a construction method with low environmental burden
 - E: Build an environmentally friendly society
 - = Reuse industrial by-products as construction materials

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CUNSUMPTION AND PRODUCTION

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(5) Diversity & Inclusion

✓ On June 29, 2022, the Company appointed its **first female Outside Director** Ratio of female officers 12.5% (one out of eight)

Ratio of female officers across 3,795 listed companies in FY2021 was 9.0% Among them, the ratio of female officers for the construction industry was 7.6%

From "FY2021 Survey on Ratio of Female Corporate Officers" by TOKYO SHOKO RESEARCH, LTD.

✓ In October 2022, the Company **appointed a Vietnamese** employee as the site manager (*lead engineer) for the Ken-O Expressway for the first time

* A Japanese national gualification (Civil engineering works execution managing engineer) is necessary for the lead engineers required for public works

(Reference)

In fiscal 2021, the gualifying rate for second-class civil engineering works execution managing engineers was 40.8% (secondary examination), from the Ministry of Land, Infrastructure, Transport and Tourism website









: Securing and developing human resources = promoting diversity



New appointment Miki Suzuki

Career summary Apr. 1999 Registered as an attorney-at-law Joined KOHWA SOHGOH LAW OFFICES Apr. 2004 Partner (current position)

- Apr. 2008 Member, Bidding and Contract Optimization Investigation Committee, Ministry of Justice (current position)
- Apr. 2010 Part-time Lecturer, Keio University Law School (current position)
- Oct. 2016 Part-time Judge, The Tokyo Family Court
- Feb. 2017 Outside Auditor, Towa House Co., Ltd.
- June 2021 Outside Director (Audit and Supervisory Committee Member), Restar Holdings Corporation (current position)



TENOX CORPORATION

(6) Enhance healthcare-oriented management ⇒ Wellbeing management

✓ Implemented measures to support each employee both mentally and physically

- Implemented measures to prevent heatstroke of site workers (supplied air-conditioning clothes, etc.)
- Enhanced medical examinations by adding more examination items, encouraged all employees to take medical examinations, and those aged 35 and older to take tumor marker and abdominal ultrasonography examinations
- Conducted stress checking, established an intranet-based external counseling desk, held a mental health line care session with managerial personnel
- Held a seminar to encourage smoking cessation, subsidized those who have participated in quit-smok programs in hospitals, paid non-smoking compensations etc.
- ✓ As a result of our efforts, we were certified as a "2023 Certified Health & Productivity Management Outstanding Organization" by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi in March 2023.

ESG strated

- ✓ Promotion of post-natal paternity leave, implemented from October 1, 2022
- ✓ Will continue implementing more health-conscious measures, such as reducing low working hours and revising the human resource system









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(7) <u>Establish work environment with high job</u> <u>satisfaction</u>

- ✓ Renovated the offices of the Tokyo Equipment Center and Tenox Giken Co., Ltd. (completed in October 2021) for the purpose of promoting communication and improving operational efficiency and expanded Osaka Sales Office (completed in March 2023)
- ✓ Installed web conferencing monitors in all meeting rooms at the head office to improve the convenience of web-based and paperless meetings (in May 2021), and wireless LAN (in March 2022)
- ✓ A project to introduce a new core system to improve productivity is underway
- ✓ A project to renew the human resource system during FY2023 is underway



New Office of Osaka Sales Office



New Office of Tenox Giken Co., Ltd.







(8) Establishment of the Risk Management Committee

- ✓ On September 20, 2022, we established the Risk Management Committee, chaired by the President and Representative Director
- ✓ The Risk Management Committee ascertains various risks facing the Company and supports responses to them to strengthen the risk management structure

<Role of the Risk Management Committee>

- (1) Oversee the status of risk management for the whole Company (risk identification, ascertainment, analysis, assessment, and response)
- (2) Formulate policy on risk for the whole Group

ESG strategy

(3) Aim to build and operate effective and sustainable organizations that can respond appropriately when risks are discovered



Risk management structure

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The forward-looking statements including earnings forecasts provided in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable by the Company, and it is not the intention of the Company to undertake to realize these statements. Actual results may differ significantly due to various factors.

Thank you for reading the material.