

# Second Quarter Financial Results Briefing for the Fiscal Year Ended March 31, 2024

November 28, 2023

**TENOX CORPORATION**

**STANDARD**  
TOKYO

Securities Code: 1905



1. Results for the Six Months Ended September 30, 2023
2. Earnings Forecast for the Fiscal Year Ending March 31, 2024
3. Progress of Medium-term Management Plan  
(from FY 2021 to FY 2023)
4. Aiming to Be a Sustainable Company  
(Contribute to a Sustainable Society)
5. Reference Material

# **1. Results for the Six Months Ended September 30, 2023**

Net sales increased by 1,217 million yen (up 14%) year on year to 9,729 million yen

- For civil engineering piling work, continuing from the previous fiscal year, the increase was due to large-scale projects such as the extension project for the Hokkaido Shinkansen and projects related to infrastructure in Kansai.
- For ground improvement work, the increase was due to large-scale projects such as factories and logistics facilities.

Operating profit decreased by 19 million yen (down 8%) year on year to 215 million yen

- Primarily in the ground improvement work, in addition to the increase in revenue, multiple construction machines were placed on-site in large projects, improving construction efficiency. This pushed up the profit margin, resulting in gross profit increasing by 108 million yen year on year.
- Selling, general and administrative expenses increased by 127 million yen year on year, mainly due to an increase in personnel expenses resulting from adding staff.

# Outline of financial results

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- ✓ Revenue increased due to the contributions from civil engineering piling work such as for the extension project for the Hokkaido Shinkansen and projects related to infrastructure in Kansai, as well as the contributions from the ground improvement work of large-scale factories and logistics facilities. Profit declined due to an increase in selling, general and administrative expenses that exceeded the year-on-year increase in gross profit.
- ✓ Both orders received and order backlog increased due to large-scale orders received for civil engineering piling work for the extension project for the Hokkaido Shinkansen, as well as for ground improvement work.

(millions of yen)

	2022/9 Actual	2024/3 Plan (Announced on May 12, 2023)	2023/9 Actual	Change from 2022/9 Actual		Change from 2024/3 plan	
				Change	Change (%)	Change	Change (%)
Net sales	8,511	21,200	<b>9,729</b>	1,217	14.3%	-11,470	45.9%
Operating profit	234	810	<b>215</b>	-19	-8.2%	-594	26.6%
Ordinary profit	265	840	<b>247</b>	-17	-6.7%	-592	29.4%
Profit attributable to owners of parent	207	560	<b>195</b>	-12	-5.8%	-364	35.0%

EPS (Earnings per share)	31.32yen	85.76yen	<b>29.95yen</b>	-1.37yen	-4.4%	-55.81yen	34.9%
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Orders received	9,394	-	<b>16,387</b>	6,992	74.4%	-	-
Order backlog	6,515	-	<b>12,505</b>	5,989	91.9%	-	-

Net assets (Equity ratio)	*1. 12,467 (64.4%)	12,800 (67.4%)	<b>12,553 (65.2%)</b>	*2. 86	0.7%	-246	98.1%
Total assets	*1. 18,770	19,000	<b>18,697</b>	*2. -73	-0.4%	-302	98.4%

\*1. 2023/3 Actual

\*2. Change from 2023/3 Actual

### 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<sup>(\*)</sup> 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 32 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 (7), First Class Civil Engineering Works Execution Managing Engineers (5), Surveyors (2)

### Other businesses

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

# By segment

## TENOX CORPORATION

- ✓ In the construction business, revenue increased mainly due to piling work for expressways, railway viaducts, etc., and to ground improvement work for factories and logistics facilities. Profit increased due to increased revenue, and due to significant profit improvements primarily in ground improvement work.
- ✓ Sales and profit of the general civil engineering consulting business declined because there were more projects currently in progress than in other years, and sales were carried over to the second half of the fiscal year.
- ✓ In other businesses, the Company newly built a special elderly nursing home in Kawasaki City, which we started leasing in the fiscal year ended March 2020.

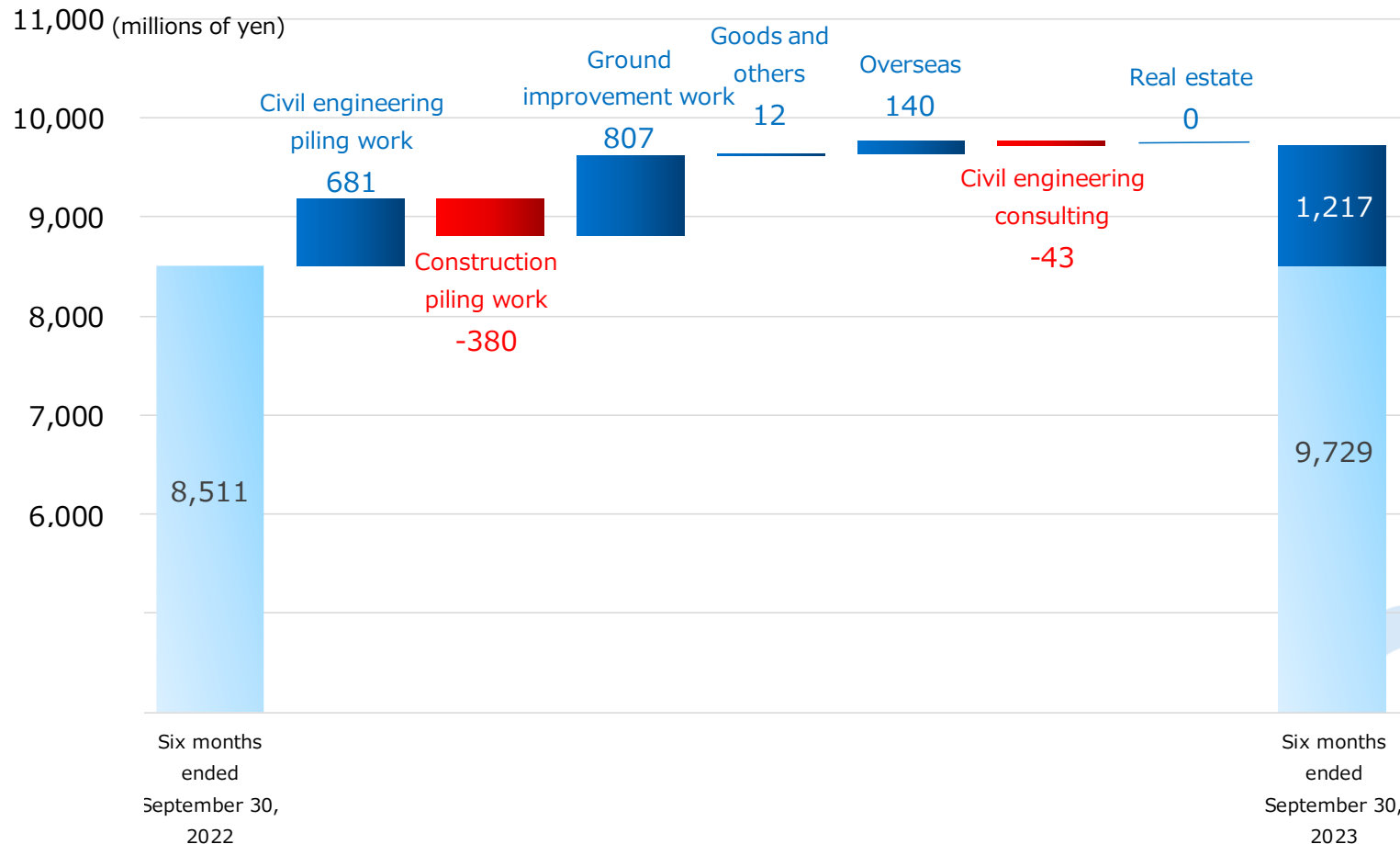
(millions of yen)

		Six months ended September 30, 2019		Six months ended September 30, 2020		Six months ended September 30, 2021		Six months ended September 30, 2022		Six months ended September 30, 2023		Change from 2022 Actual	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Change	Change (%)
Construction business	Net sales	8,765	98.6%	7,094	98.4%	6,720	98.3%	8,410	98.8%	9,671	99.4%	1,261	15.0%
	Segment profit (Profit margin)	633 (7.2%)	105.9%	41 (0.6%)	245.8%	93 (1.4%)	192.3%	279 (3.3%)	118.9%	291 (3.0%)	135.2%	12	4.4%
General civil engineering consulting business	Net sales	116	1.3%	98	1.4%	104	1.5%	88	1.0%	44	0.5%	-43	-49.2%
	Segment profit (Profit margin)	-38 -	-6.4%	-26 -	-156.2%	-49 -	-101.5%	-48 -	-20.8%	-80 -	-37.3%	-31	-
Other businesses	Net sales	11	0.1%	13	0.2%	13	0.2%	13	0.2%	13	0.1%	0	0.1%
	Segment profit (Profit margin)	3 (25.9%)	0.5%	1 (12.9%)	10.4%	4 (33.0%)	9.2%	4 (33.3%)	1.9%	4 (33.6%)	2.1%	0	1.1%
Total	Net sales	8,893	100.0%	7,205	100.0%	6,838	100.0%	8,511	100.0%	9,729	100.0%	1,217	14.3%
	Segment profit (Profit margin)	597 (6.7%)	100.0%	16 (0.2%)	100.0%	48 (0.7%)	100.0%	234 (2.8%)	100.0%	215 (2.2%)	100.0%	-19	-8.2%

# Factors affecting changes in net sales

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- ✓ For civil engineering piling work, continuing from the previous fiscal year, the increase was due to large-scale projects such as the extension project for the Hokkaido Shinkansen and projects related to infrastructure in Kansai. For ground improvement work, the increase was due to large-scale projects such as factories and logistics facilities. Overseas business, which was affected by the COVID-19 pandemic for a prolonged period of time, has finally returned to normal, and sales of large-scale projects contributed to an increase in net sales.
- ✓ For construction piling work, the competitiveness of the TN-X Method, our main construction method, declined due to the rise in steel prices.

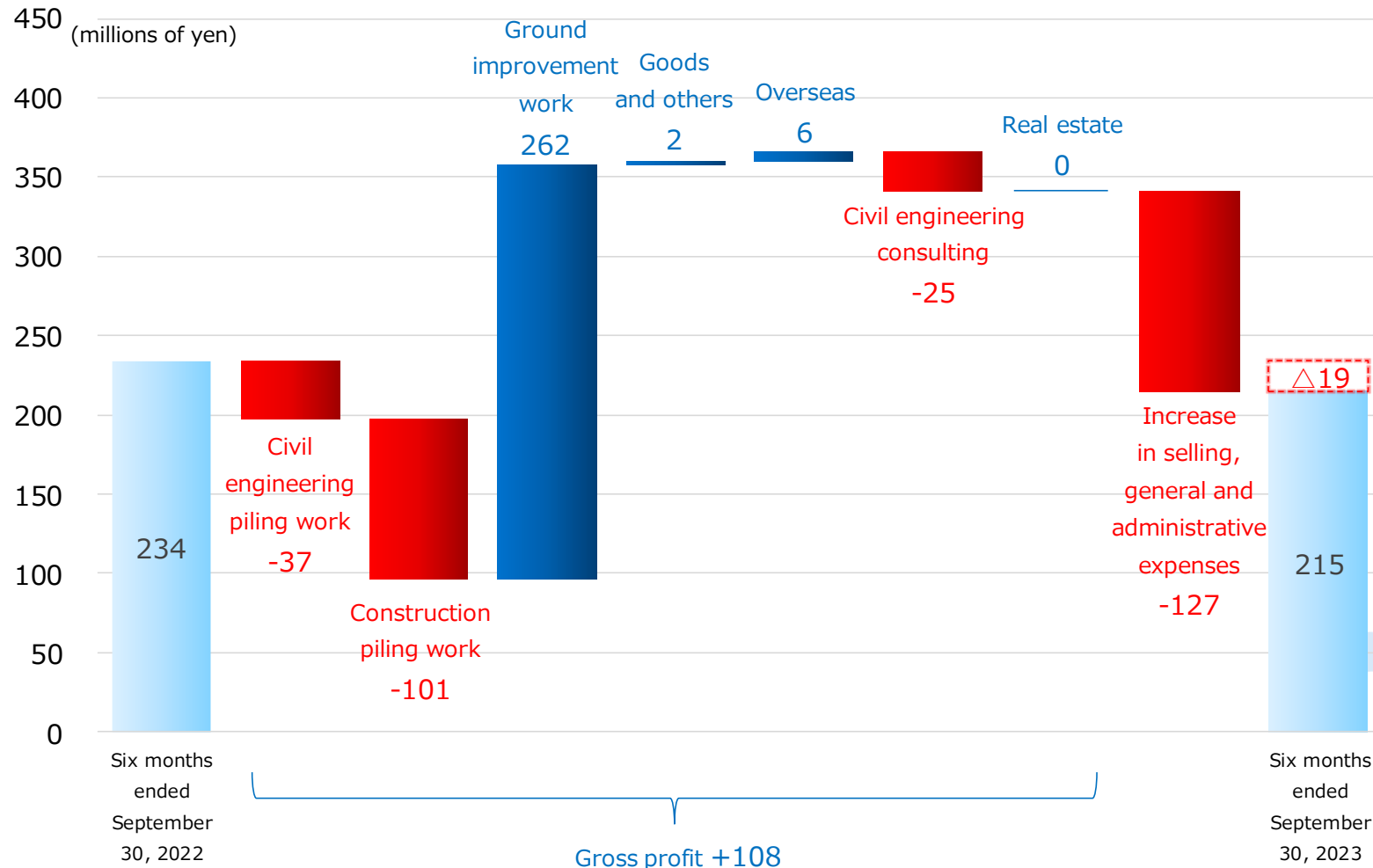




# Factors affecting changes in operating profit

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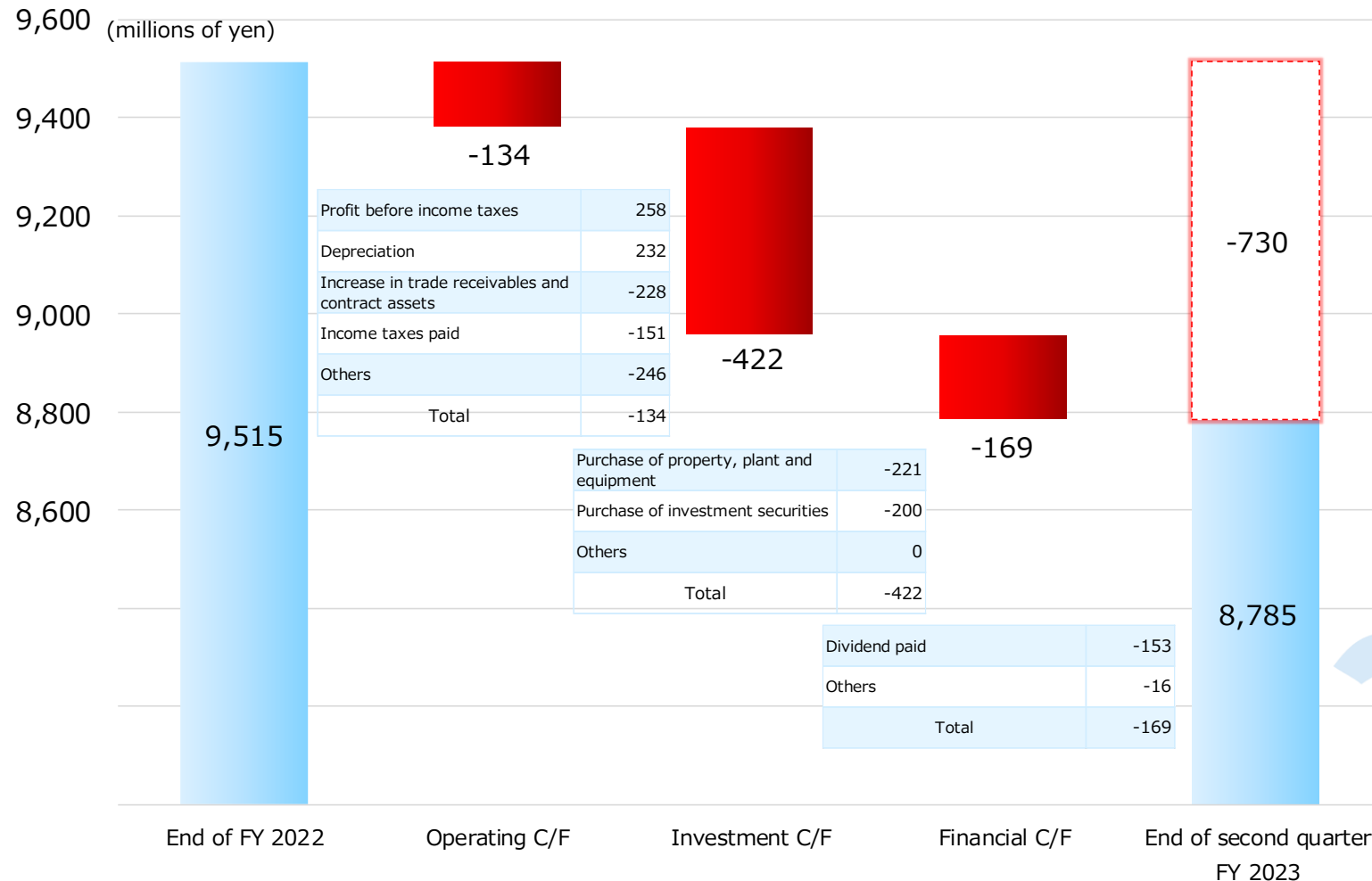
- ✓ Although profit from civil engineering piling work, construction piling work, and other work fell, multiple construction machines were placed on-site in large-scale projects for ground improvement work, improving construction efficiency. This pushed up the profit margin and resulted in an increase in gross profit.
- ✓ Operating profit declined due to an increase in selling, general and administrative expenses by a greater amount than the increase in gross profit, mainly due to an increase in personnel expenses resulting from adding staff.



# Factors affecting changes in cash flows

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- ✓ Operating C/F resulted in a decrease in cash due to an increase in trade receivables, etc., despite an increase in cash mainly due to profit before income taxes and depreciation.
- ✓ Investment C/F decreased due mainly to a purchase of property, plant and equipment related to construction machines, and a purchase of investment securities.
- ✓ Financial C/F resulted in a decrease in cash, due mainly to payment of dividends.



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

- ✓ 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 and logistics facilities 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.
- ✓ There is no change to the consolidated forecast announced on May 12, 2023.

(millions of yen)

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

### **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

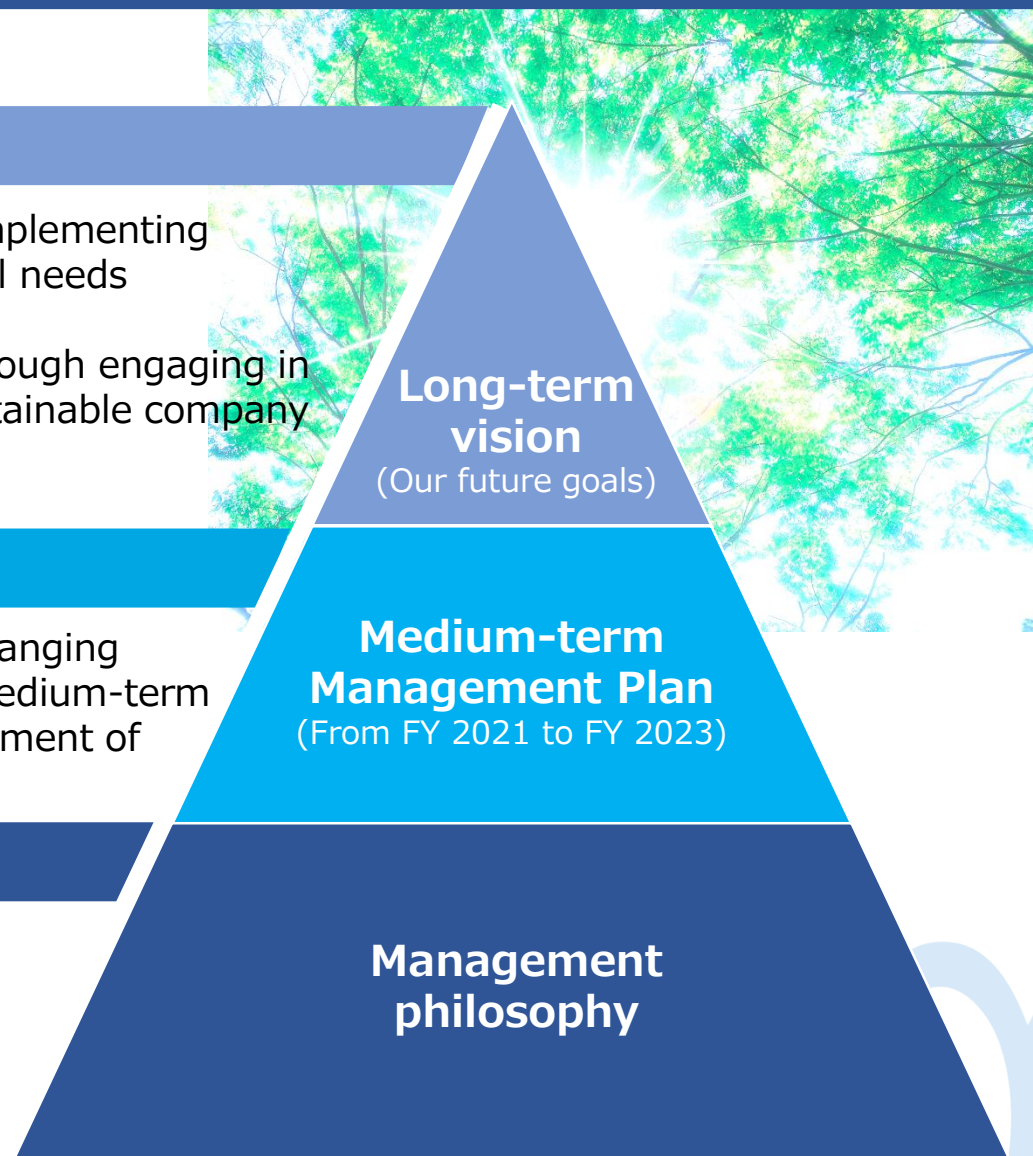
Be a provider of “peace of mind” and “safety” through engaging in foundation construction, aiming to become a sustainable company to enable all stakeholders to live in prosperity

## 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

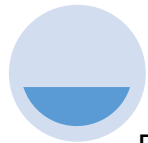
Respect for people  
Technological orientation  
Active consistency



# Position and slogans of the Medium-term Management Plan

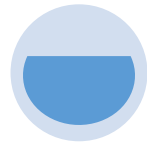
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**Flexibly respond** to changes in construction demand and VUCA<sup>(\*)</sup>, in pursuit of high added value to build a foundation for the next 50 years



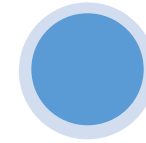
## Phase1

From FY 2018 to FY 2020



## Phase2

From FY 2021 to FY 2023



## Phase3

From FY 2024

Build a foundation  
for the achievement  
of the long-term  
vision

Slogans of the Medium-term Management  
Plan

**Enterprising spirit**  
Create high added value to address  
social needs

Enhance  
sustainability  
management

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

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





# Three basic strategies (1)

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## Developmental strategy

Important points ... In progress



Results



Materiality	Action plan	Progress	Efforts introduced on
(1) Creation of new technologies	Increase strength of improved ground, establish construction method	Currently under verification	
	<b>Establish a construction method with low environmental burden</b>	<b>Currently developing the industry's first small motorized pile driver</b> <b>Held on-site construction tests/indoor tests → Conducting review for sales development</b>	<b>P.24</b> <b>P.42,43</b>
	Develop equipment for excavation of hard ground	Currently under testing	
	<b>Develop construction method for middle support capability piling method</b>	<b>Currently holding discussions with evaluation institutions and testing models</b>	<b>P.40</b>
	Propose compact technology for maintenance market	Currently holding discussions, etc., with joint development partners	
	Others	<b>Currently working to acquire official certification for TENO Q-be method</b>	<b>P.40</b>
(2) Contribute to enhancing resilience of foundation infrastructure	Propose design/construction technology for liquefaction countermeasure work	Completed join research with The University of Tokyo → Establishing design method	
	<b>Introduce an improved construction method for urban redevelopment</b>	<b>Currently verifying application of construction method to a site where existing piles are pulled up</b>	<b>P.43</b>
	<b>Propose national resilience measures, disaster mitigation, and prevention</b>	<b>Strengthening design proposals in response to demand for construction of water treatment facilities → Accept orders for actual projects</b>	<b>P.41</b>
(3) Utilization/introduction of ICT technology	Standardize visualization of quality "VCCS"	Currently working to achieve the target of 80% penetration rate for Tenocolumn this fiscal year	
	Visualize construction quality (planning, management, evaluation)	Developing a construction management system for pile work → Begin operation at the Hokkaido Shinkansen construction site Development of a Tenocolumn co-rotating monitoring system → Begin operation at the worksite	
	Use AI systems to pass down techniques (construction technology/safety management/human resource cultivation)		
	Improve productivity by introducing automation equipment		
(4) Promote incubation of ideas through industry-academia partnerships	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	
	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.	
	Fuse with different types of foundation construction method technologies (propose foundation structure specifications according to usage)	Started development	
(5) Further enhance functions of "Strategic Planning Office"	Strengthen development strategy with the technology think tank Integrated Geotechnology Institute Limited Promote the creation of synergy in fundamental areas of civil engineering	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
(1) <b>Railway development project</b>	<b>Extension of Hokkaido Shinkansen</b>	<b>Sale of one project completed; orders received for four projects in FY 2023, construction currently underway</b> 	<b>P.41</b>
	Linear Chuo Shinkansen	Project delayed by 3 years → Preparing to conduct excavation confirmation test on ultra-hard ground	
	Construction of viaducts for private railways	Not adopted	
(2) <b>Kansai infrastructure resilience project</b>	<b>Shin-Meishin Expressway/Wangan Expressway western extension</b>	<b>Sale of 10 projects completed; forecasted orders and sales for FY 2023</b> 	<b>P.41</b>
	<b>Extension of Osaka Monorail</b>	<b>Sale of four projects completed; construction currently underway on two projects</b> 	<b>P.41</b>
	<b>Projects related to access for Expo 2025 Osaka</b>	<b>Sale of five projects completed; forecasted orders and sales for FY 2023</b> 	<b>P.41</b>
(3) <b>Proposal of smart design for e-commerce related structures</b>	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	
(4) <b>Expansion of sales area</b>	<b>Deployment of shallow-layer and mid-layer improvement method</b>	<b>Currently working to acquire official certification for TENO Q-be method</b> 	<b>P.40</b>
	<b>Expansion of concrete pile business</b>	<b>Hold proposal activities in cooperation with NIPPON HUME CORPORATION</b> 	<b>P.40</b>
	<b>Possible application to work in which existing piles are pulled up</b>	<b>Launched a working group and currently under review</b> 	<b>P.43</b>
	<b>Others</b>	Strengthen design proposals for water treatment facilities → Accept orders for actual projects	
(5) <b>Use "TCCS" to accelerate ground improvement work (Vietnam)</b>	<b>Proposal of designs for medium- and low-rise structures</b>	<b>In addition to Japanese client projects, received orders for new projects by leveraging our local connections</b> 	<b>P.44</b>
	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	
(6) <b>Expansion of concrete pile business (Vietnam)</b>	Strengthening of sales strategy with domestic Vietnamese pile manufacturers	Currently under review with local pile manufacturers	
	Promotion of overseas business promotion with capital alliance partners in domestic business		
	Exporting of pile construction technology		
(7) <b>Further expansion into Southeast Asia</b>	Surveying of new markets to follow Vietnam	Stopped market surveys in Myanmar following the coup d'état in February 2021	
	Holding of ground improvement technology seminars for design engineers at candidate sites		

# Three basic strategies (3)

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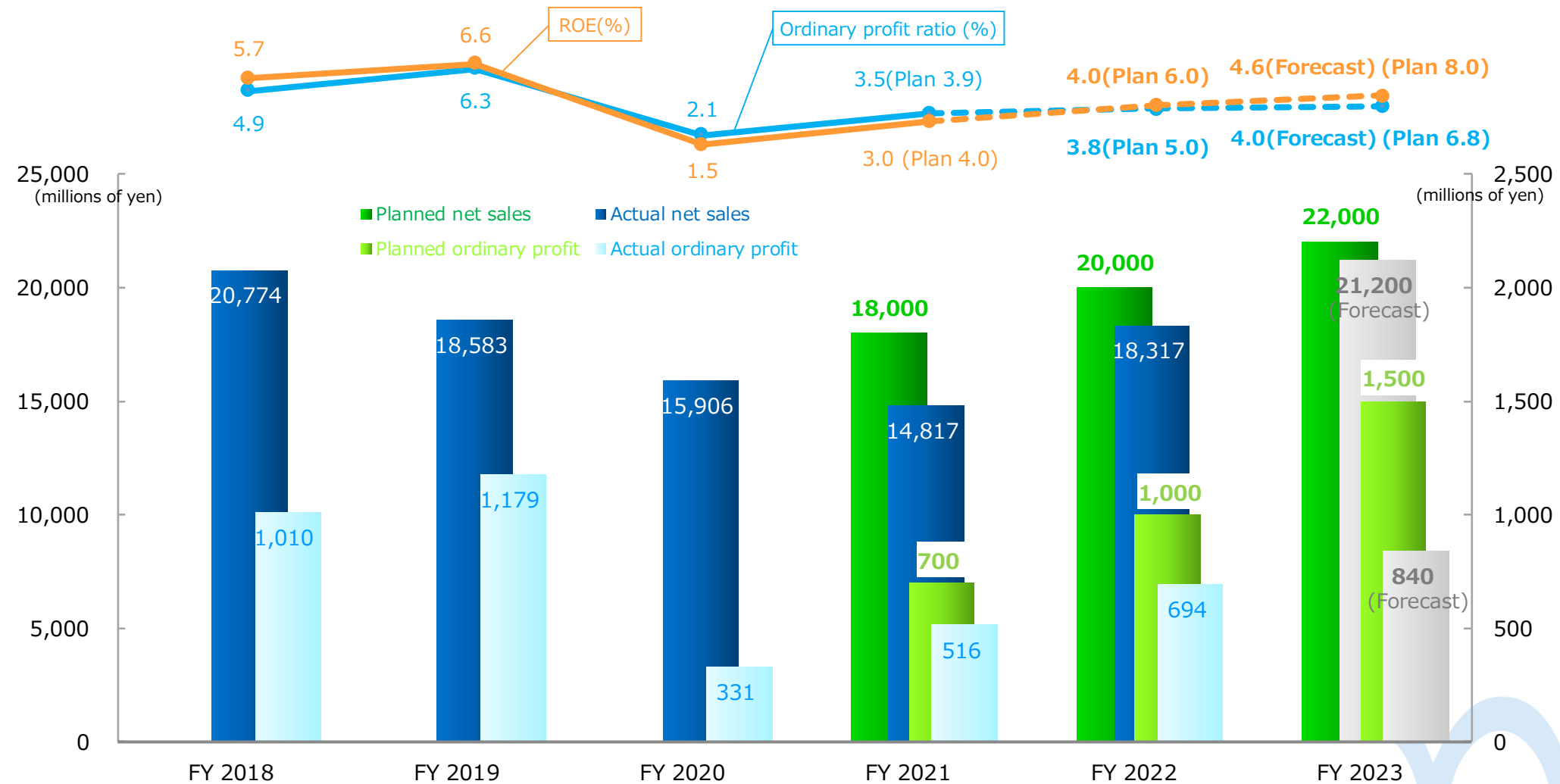


Important points ... In progress  Results 

Materiality	Action plan	Progress	Efforts introduced on
(1) <b>Building an environmentally friendly society</b>	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.24 P.42
	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 accumulating the number of construction projects that combine industrial by-products for ground restoration after pulling out piles 	P.43
(2) <b>Preparing for intensified disasters</b>	Contribute to establishing national redundancy	Currently thoroughly implementing projects for expressways and railways 	P.41
(3) <b>Improving technology and quality</b>	Standardize visualization of quality "VCCS"	Currently working to achieve the target of 80% penetration rate for Tenocolumn this fiscal year	
(4) <b>Enhancing occupational health and safety</b>	Strengthen safety and health activities	Creating rules and manuals for preventing the recurrence of accidents and disasters → Expand to cooperative associations	
(5) <b>Securing and developing human resources</b>	Realizing a work environment with high job satisfaction	<b>Certified as a "2023 Certified Health &amp; Productivity Management Outstanding Organization"</b> Promoting use of mental health services, prohibiting smoking inside the company Working to improve remote working environment Currently executing a project with the goal of completing renewal of the human resource system by the end of FY 2023 <b>Promoting post-natal paternity leave</b> A project to introduce a new core system is underway 	P.46,47
	Promoting diversity	Appointing a female Director, hiring foreign employees 	P.45
(6) <b>Health of management</b>	Enhancing activities of the Compliance Committee	Periodically holding committee meetings	
	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.48

# Numerical management targets (from FY 2021 to FY 2023)

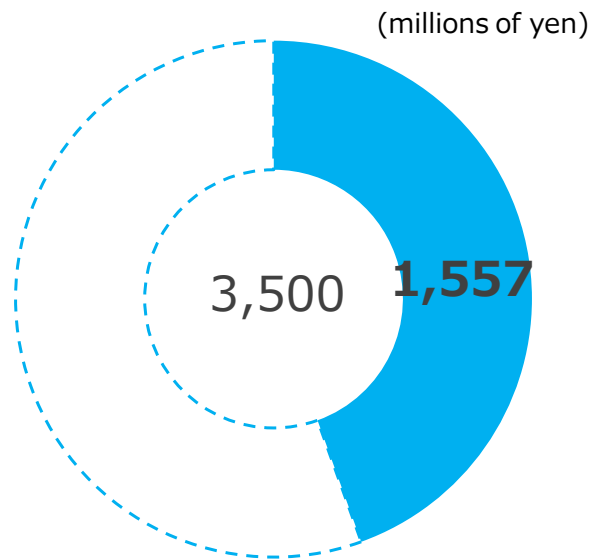
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(Breakdown of sales)		FY 2021		FY 2022		FY 2023	
		[Plan]	[Actual]	[Plan]	[Actual]	[Plan]	[Forecast]
Domestic construction business		17,100	14,300	19,000	17,860	20,800	20,500
Overseas construction business		400	150	500	27	600	200
Civil engineering consulting business		500	365	500	430	600	500

## 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, although investment in equipment and development is expected to surpass that of the past two years, we do not expect to reach 3,500 million yen due to a lack of progress in our green investment, overseas business investment, and other investment, and also due to delays in the project to introduce a new core system.



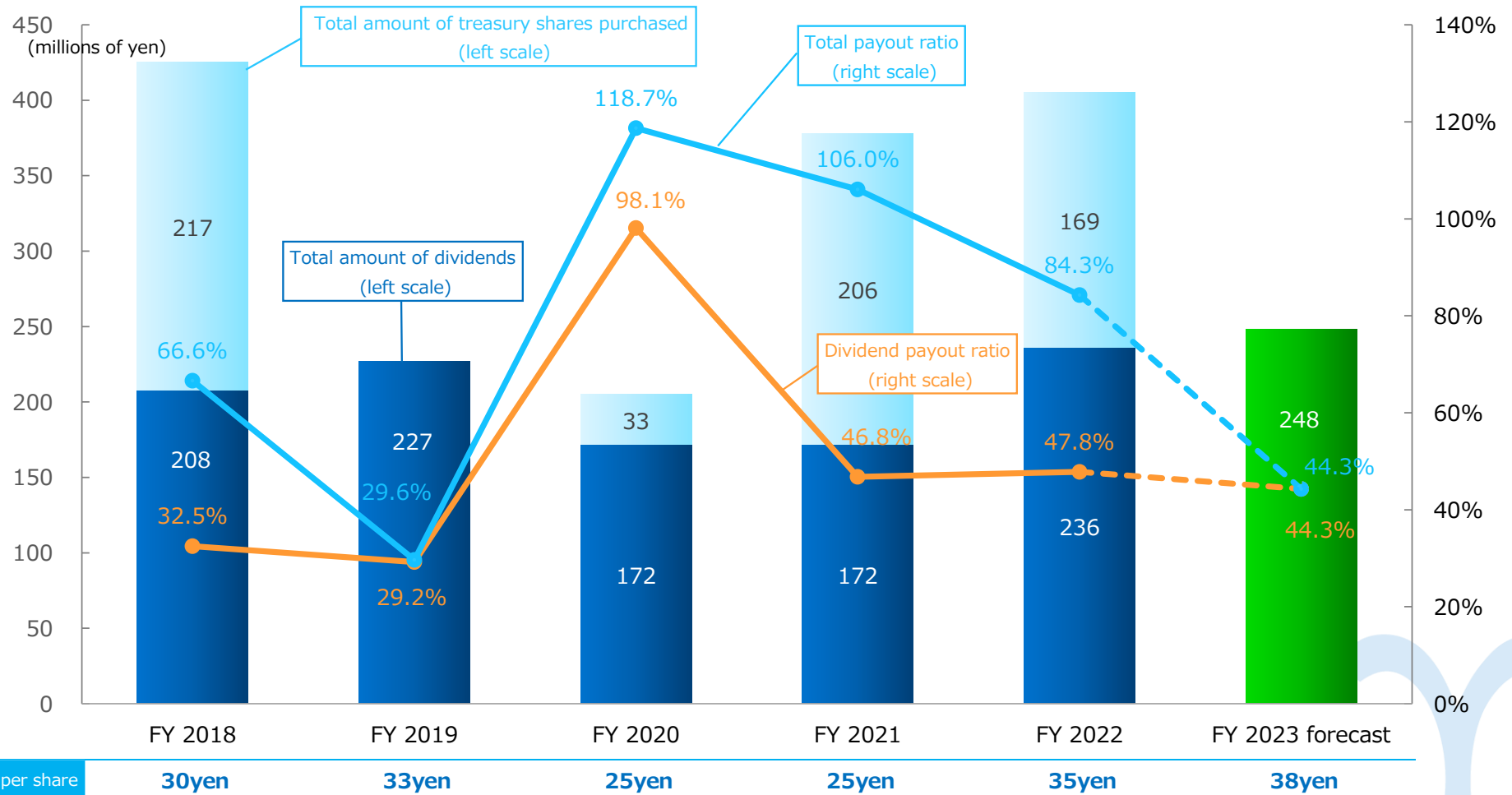
(millions of yen)

Breakdown of investments		FY 2021	FY 2022	Second quarter FY 2023	計
Equipment	Related to construction machinery	213	287	438	939
Development	Related to R&D and experimental construction	116	105	51	273
	Related to introduction of ICT technology				
Business	Investment in overseas business M&A etc.	4	20	200	225
Education	Expenses for human resource development, education, and training	5	5	4	14
Environmental improvement	Creation of a comfortable working environment Employee health maintenance	30	56	11	97
Environmentally-friendly activities	Preparation for achieving carbon neutral	5	0	0	6
計		376	475	706	1,557

# Progress of shareholder return policy

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- ✓ 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

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

- (1) Response to climate
- (2) Personnel capital
- (3) Efforts to improve corporate value

## 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.**
- ✓ We have completed a prototype of a small pile driver, and will build a construction system with components such as a power supply by the end of FY2023.
- ✓ In FY2024, we will test our development through actual construction and spread the development.



Small pile driver



E: Build an environmentally friendly society = Reduce CO2 emissions

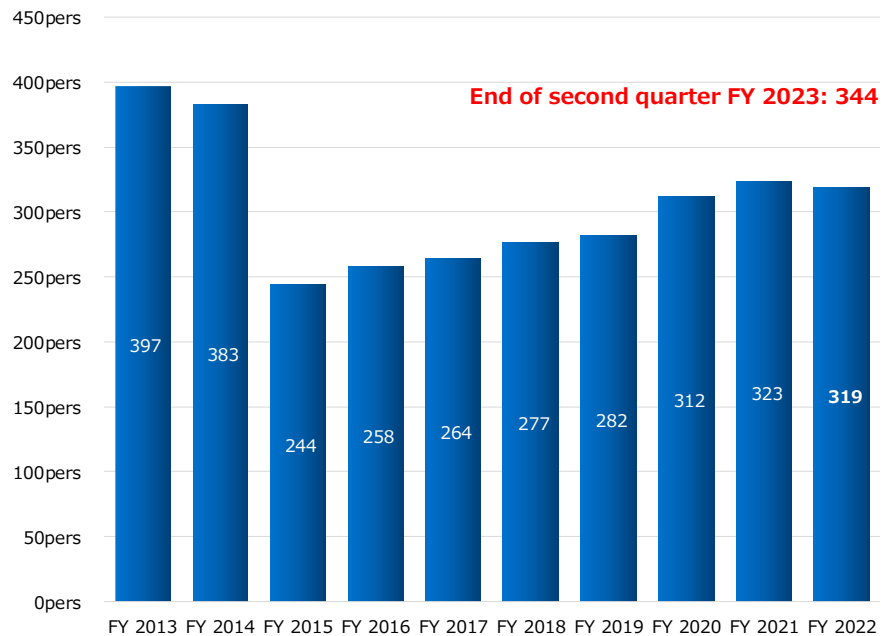
Create new technology = Establish a construction method with low environmental burden





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%	10.5%

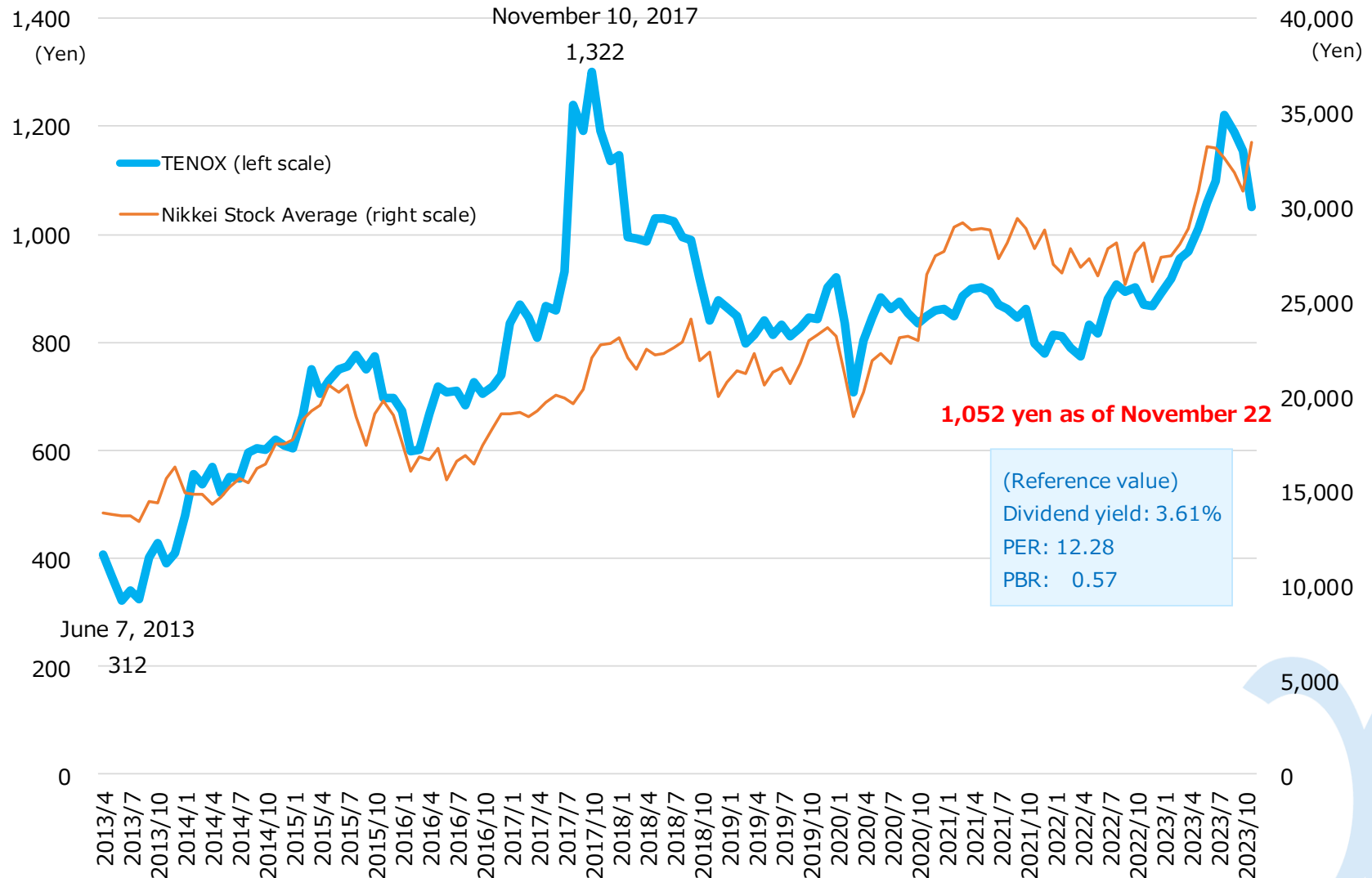
- ✓ Strengthen recruitment activities by utilizing how our turnover rate is even lower than the construction industry's turnover rate (\*10.5% in FY 2022), which is at a low level among all industries. \*Published by the Ministry of Health, Labour and Welfare

## 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
- ✓ Health management
- ✓ Promotion of post-natal paternity leave

### Stock price trend (from April 2013 to November 2023)



# Efforts to improve corporate value

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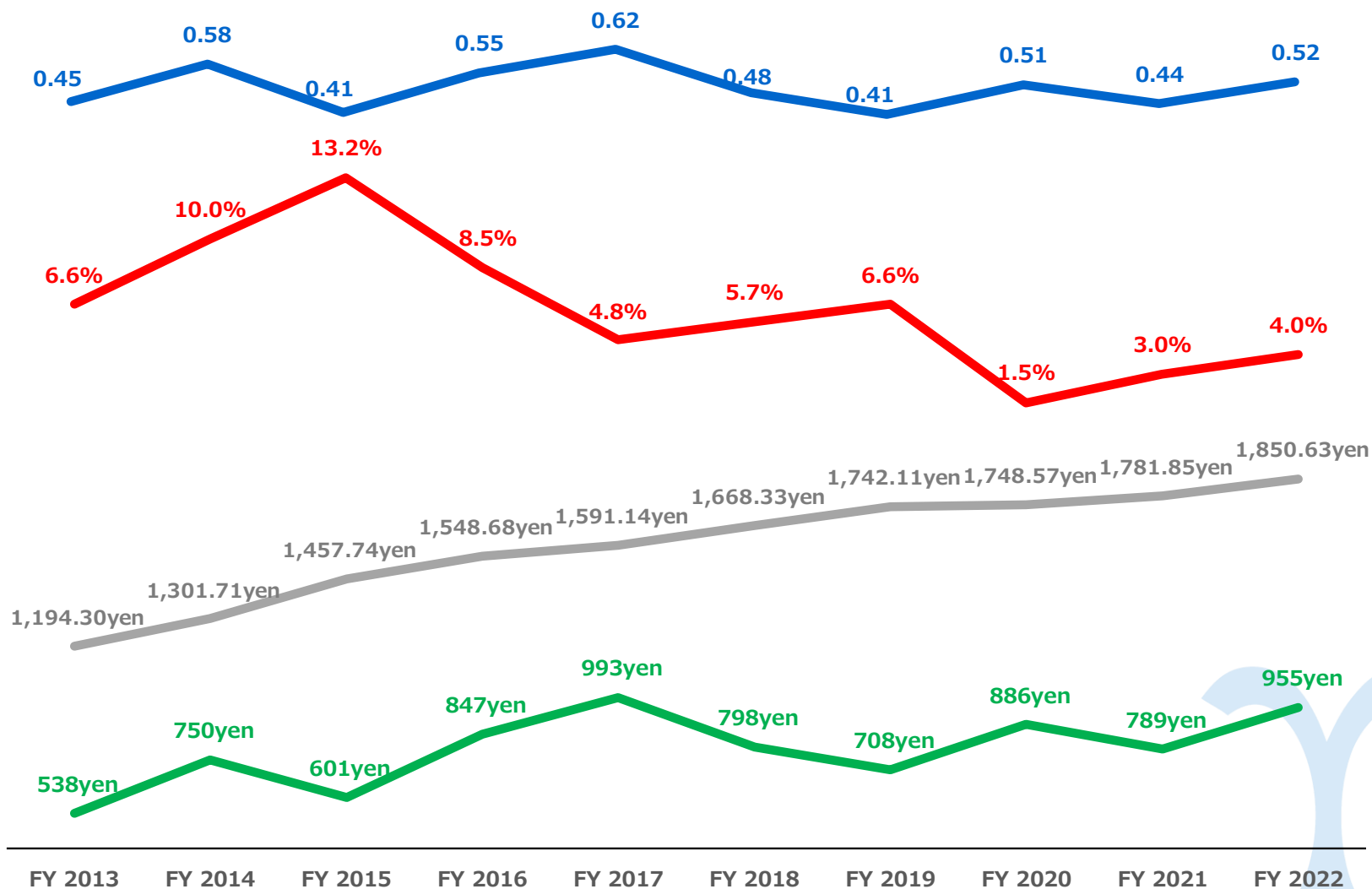
Current status

PBR

ROE

BPS

Year-end  
Stock price



**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 Management Plan (FY 2023)	⇒	Forecasted ROE for FY 2023 results
<u>8%</u>		<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

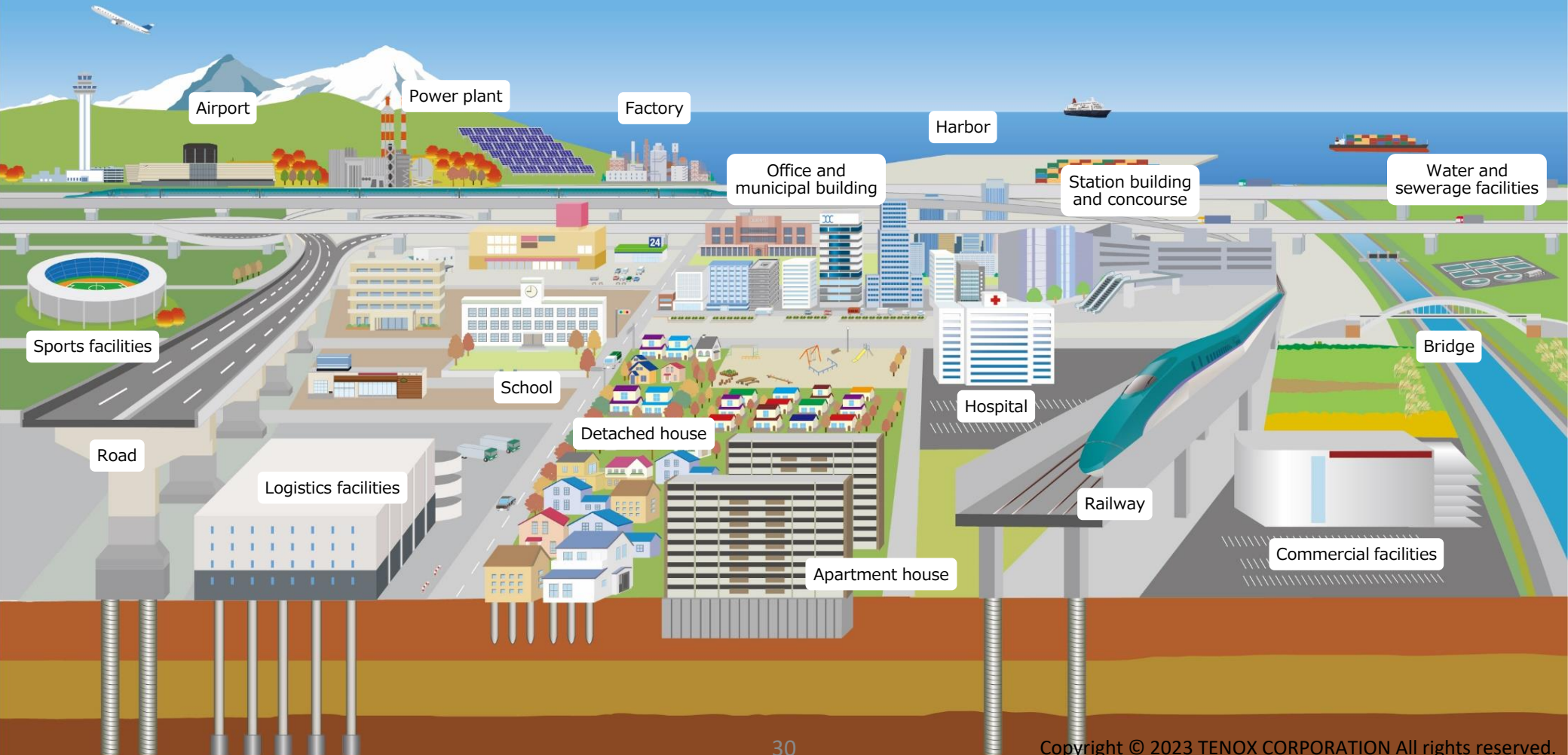
- (1) Increase profit
- (2) Expand investment in growth fields that will generate future cash
- (3) Effectively utilize assets
- (4) Measures for stable return to shareholders

## 4. Reference Material

# Company profile

TENOX CORPORATION

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.



Example of construction work



Construction of a new factory for an electronic component manufacturer  
(Ono Town, Gifu Prefecture)  
(performed between December 2022 and March 2023 using the Tenocolumn method)

Company name	<b>TENOX CORPORATION</b>
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	<ul style="list-style-type: none"> <li>• Sale of concrete piles and steel pipe piles and contracting for pile driving construction</li> <li>• Contracting for ground improvement construction</li> </ul>
Number of employees	344 (On a consolidated basis as of September 30, 2023)
Business sites and group companies	Domestic sites: 11 Group companies: Four in Japan, one abroad
Listing	TSE Standard (Securities code: 1905)



**50th Anniversary**

テノックスの底チカラ

50th Anniversary  
Commemorative Logo



# Business segment : Construction business

TENOX CORPORATION

## Piling method



Method used when the support layer is more than 10 meters underground

## Ground improvement method



Method used when the support layer is at a depth of roughly one to ten meters by mixing soil conditioner material with the existing soil to create harder ground

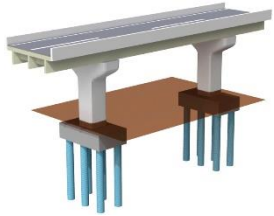
Foundation work encompasses a wide range of building and civil engineering structure sizes, from detached houses to high-rise buildings and bridges. There are therefore also diverse foundation construction companies, from small and medium-sized enterprises to major corporations. Among these, we are characterized by having two categories of different construction methods.



# Business segment: Construction business

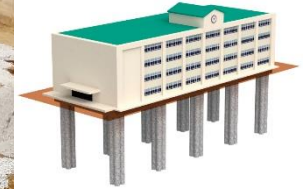
## - Introduction of major technology -

TENOX CORPORATION



### 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.



### 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.



### TN-X Method (Piling)

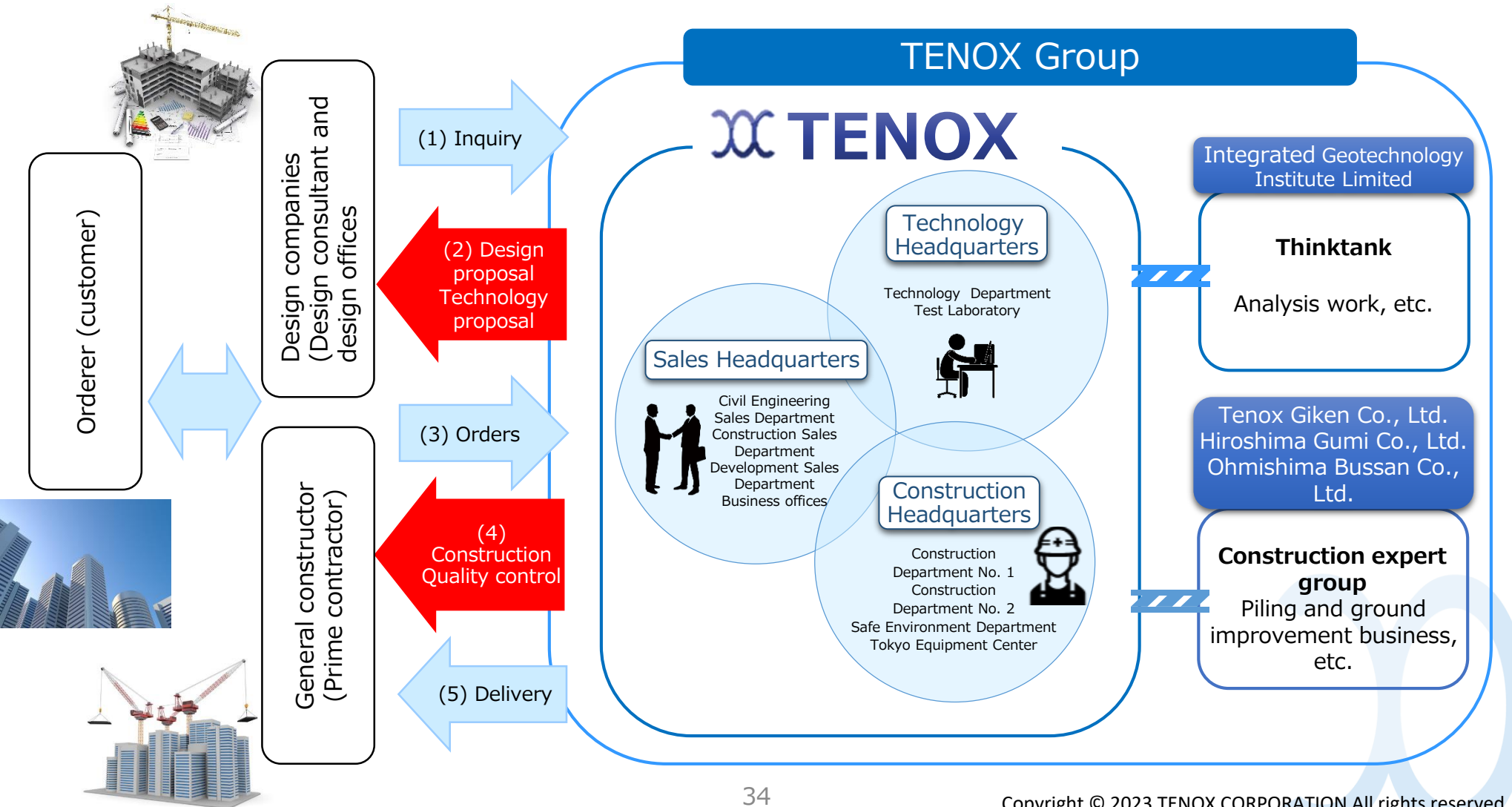
A construction method applied to the construction of large bulbs on the end of large-diameter steel pipe piles, jointly developed with NIPPON STEEL CORPORATION. Allows to support large-sized buildings, such as logistics warehouses, hotels and condominiums, with a small number of piles.



### 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.

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

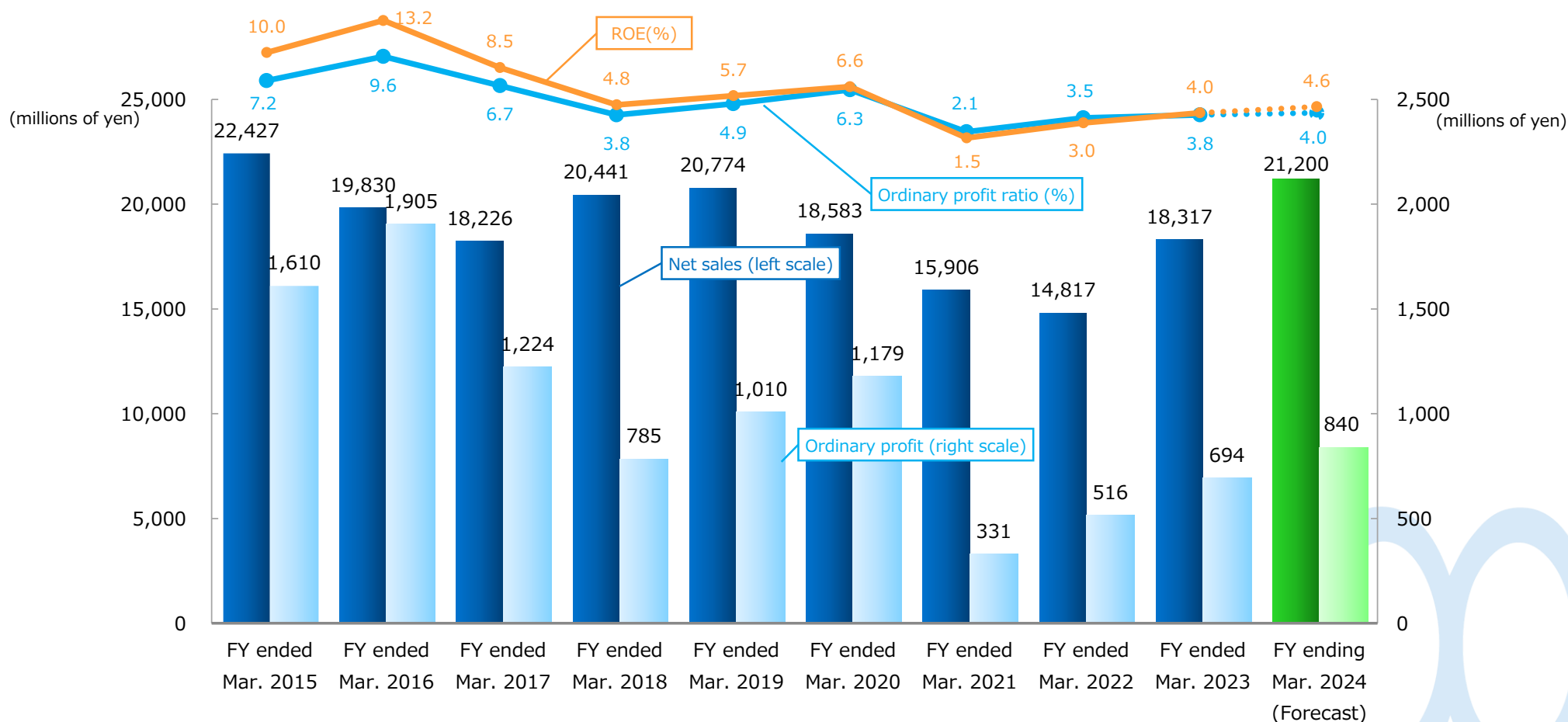


# Earnings trend

TENOX CORPORATION

(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 8)

TENOX CORPORATION

- ✓ For civil engineering piling work in the six months ended September 30, 2023, the increase was due to large-scale projects such as the extension project for the Hokkaido Shinkansen and projects related to infrastructure in Kansai. For ground improvement work, the increase was due to large-scale projects such as factories and logistics facilities.
- ✓ For construction piling work in the six months ended September 30, 2023, the competitiveness of the TN-X Method, our main construction method, declined due to the rise in steel prices.
- ✓ In the six months ended September 30, 2023, overseas business, which was affected by the COVID-19 pandemic for a prolonged period of time, has finally returned to normal, and sales of large-scale projects contributed to an increase in net sales.

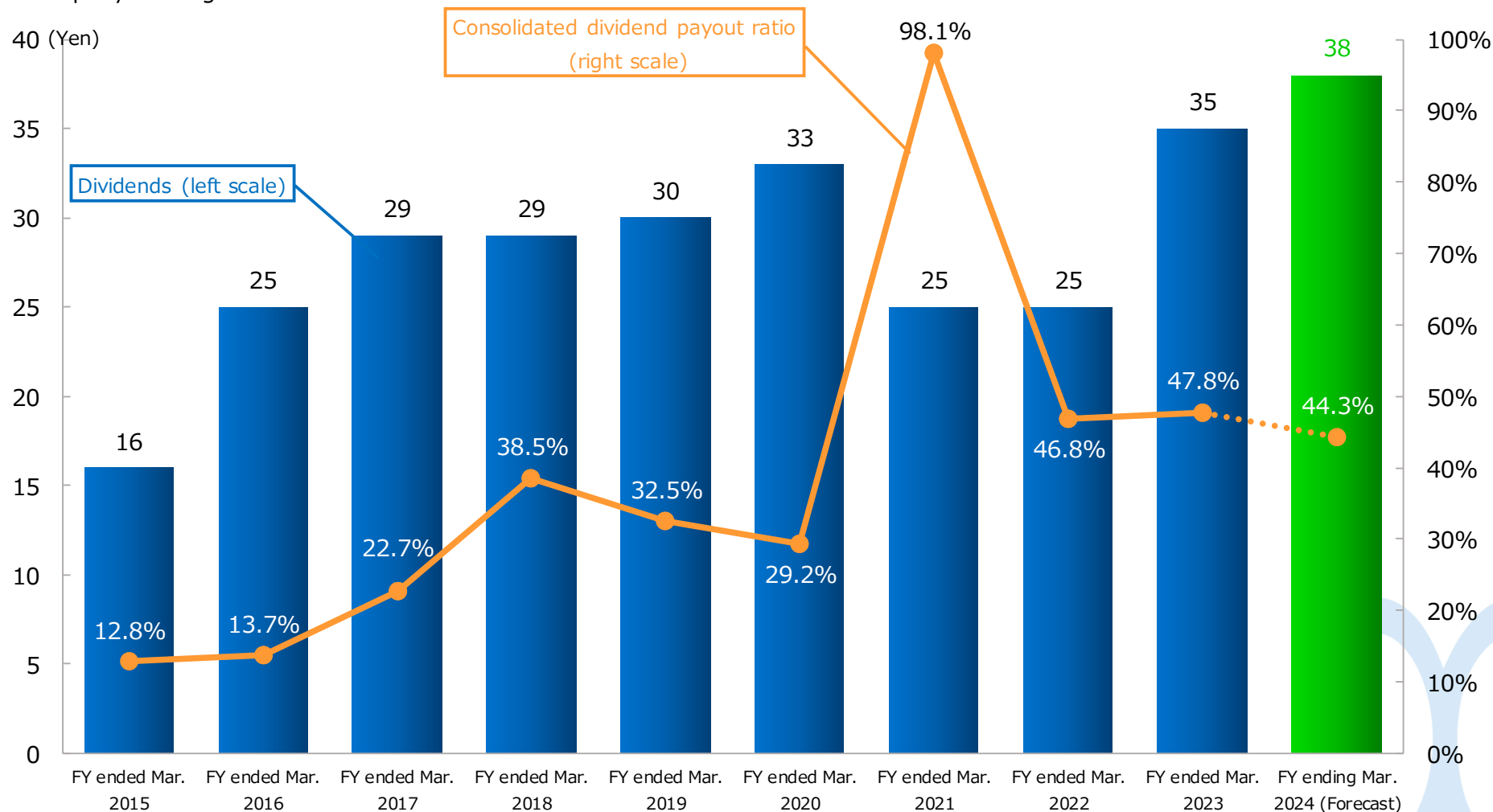
(millions of yen)

		Six months ended September 30, 2021		Six months ended September 30, 2022		Six months ended September 30, 2023		Change from 2022 Actual	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Change	Change (%)
Net sales	Civil engineering piling work	1,600	23.4%	3,460	40.7%	<b>4,142</b>	<b>42.6%</b>	681	19.7%
	Construction piling work	897	13.1%	835	9.8%	<b>455</b>	<b>4.7%</b>	-380	-45.5%
	Ground improvement work	3,727	54.5%	3,744	44.0%	<b>4,551</b>	<b>46.8%</b>	807	21.6%
	Goods and others	380	5.6%	354	4.2%	<b>366</b>	<b>3.8%</b>	12	3.5%
	Overseas	114	1.7%	14	0.2%	<b>154</b>	<b>1.6%</b>	140	963.2%
	Civil engineering consulting	104	1.5%	88	1.0%	<b>44</b>	<b>0.5%</b>	-43	-49.2%
	Real estate	13	0.2%	13	0.1%	<b>13</b>	<b>0.1%</b>	0	0.1%
Total		6,838	100.0%	8,511	100.0%	<b>9,729</b>	<b>100.0%</b>	1,217	14.3%
Gross profit (Gross profit margin)		995 (14.6%)		1,253 (14.7%)		<b>1,362</b> <b>(14.0%)</b>		108	8.6%

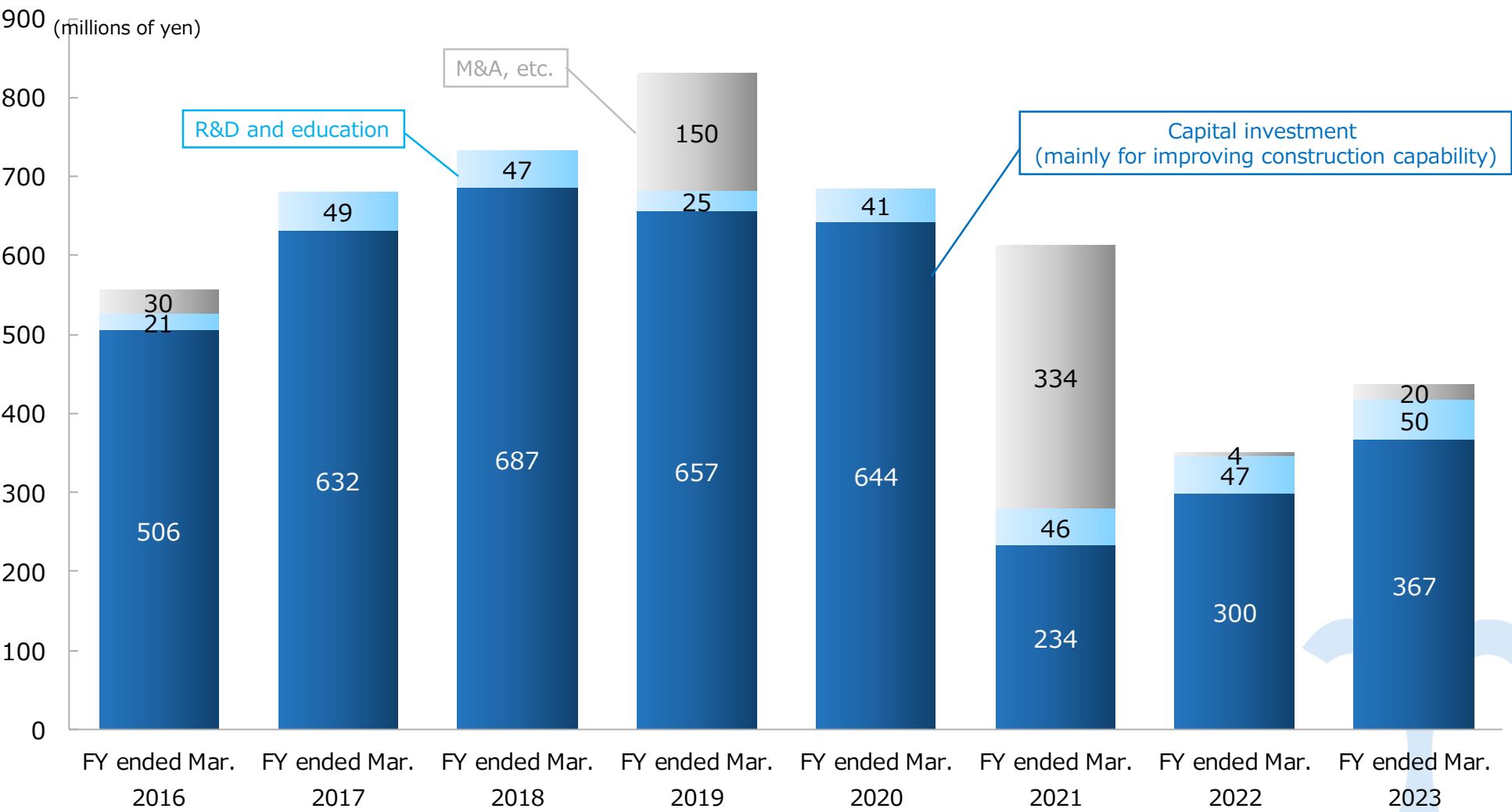
# Trends in dividends and dividend payout ratio

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.



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





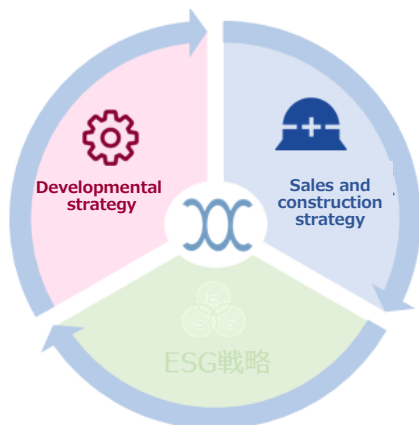
## (1) Expansion of sales area

### ➔ Towards realization of a one-stop service

- ✓ Shallow-mixing processing method, **“TENO Q-be”**
  - Sales started from May 2020. To date, 11 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.”
- ✓ Started **development of high support capability piling method for concrete piles**, aiming to gain orders for large-scale structures such as logistics centers and data centers



Construction method combining TENO Q-be and the Tenocolumn Method



Deployment of shallow-layer and mid-layer improvement method  
Expansion of concrete pile business



Creation of new technologies

SUSTAINABLE DEVELOPMENT GOALS



## (2) Contribute to enhancing national resilience and redundancy(\*) projects

- ✓ Completed “Ichinowatari Viaduct, etc., of Hokkaido Shinkansen” the first phase construction for **the elevated section of the extension project for the Hokkaido Shinkansen**, in March 2023, and currently carrying out construction at four construction areas
- ✓ 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

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



Kutchan Station Viaduct of Hokkaido Shinkansen



Osaka Monorail supporting pillar construction project (Kuwazai Shinmachi construction area)

SUSTAINABLE DEVELOPMENT GOALS





## (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 17 construction sites, converting approximately 3% of the diesel used by the whole Company.
- ✓ **First case in the foundation construction industry.**



[Diesel oil]

[GTL fuel]



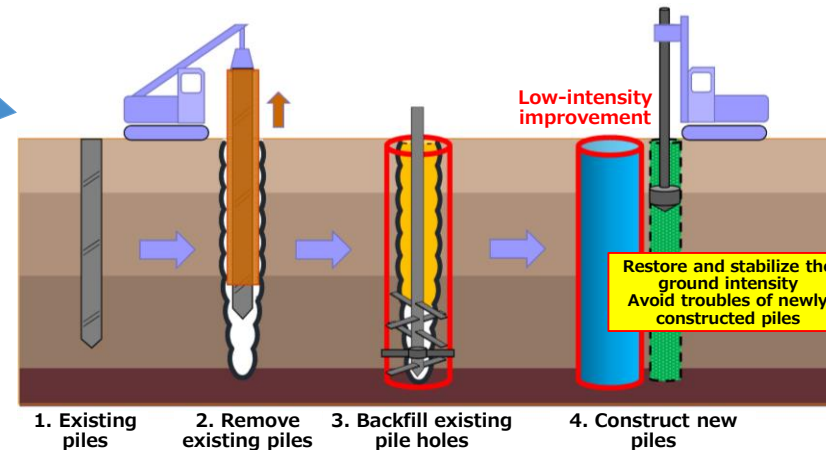
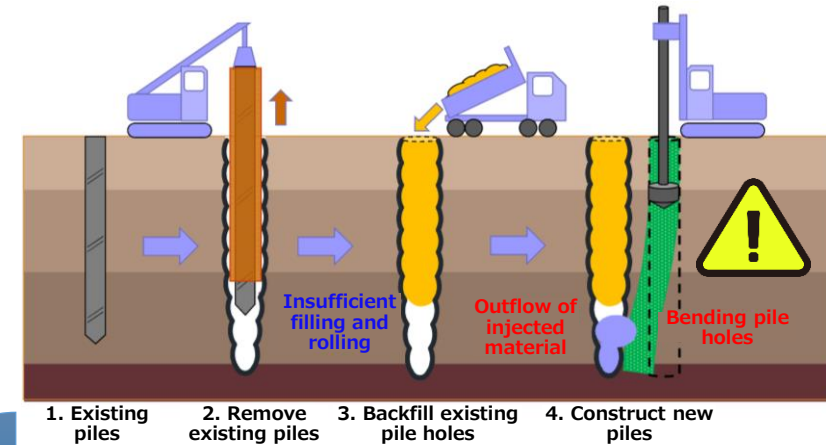
E: Build an environmentally friendly society= Reduce CO2 emissions

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



## (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.
- ✓ By 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



< Construction for ground improvement >



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

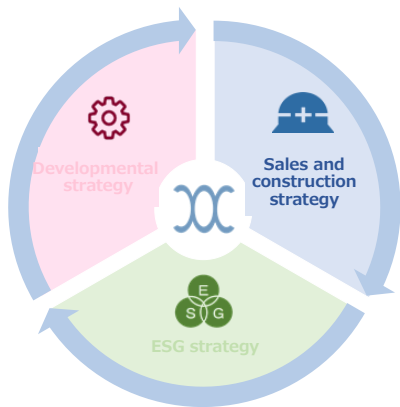
SUSTAINABLE DEVELOPMENT GOALS



## (5) Order received for a large-scale project overseas (Vietnam)

- ✓ In addition to orders from Japanese general contractors, **we have also received our first order for a large-scale project(\*) from a non-Japanese client** by leveraging our local connections
- ✓ Received order for a large-scale factory project from Japanese general contractor
- ✓ Continuing our sales efforts to secure orders for the next fiscal year and beyond

\* Construction on the Kim Long Motors project



Design proposal for low- and medium-rise structure (Vietnam)

SUSTAINABLE DEVELOPMENT GOALS



## (6) 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 qualification (Civil engineering works execution managing engineer) is necessary for the lead engineers required for public works  
(Reference)

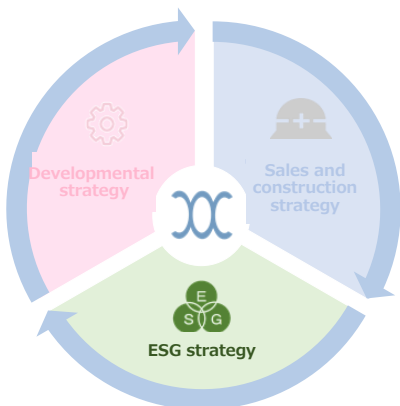
In fiscal 2021, the qualifying rate for second-class civil engineering works execution managing engineers was 40.8% (secondary examination), from the Ministry of Land, Infrastructure, Transport and Tourism website

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)



S : Securing and developing human resources = promoting diversity

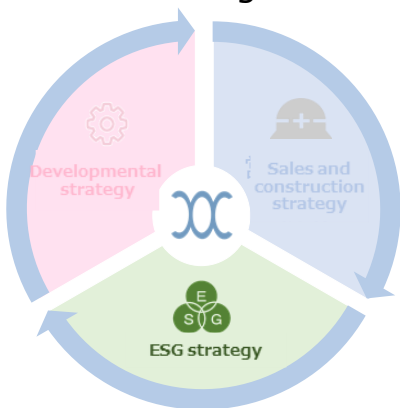
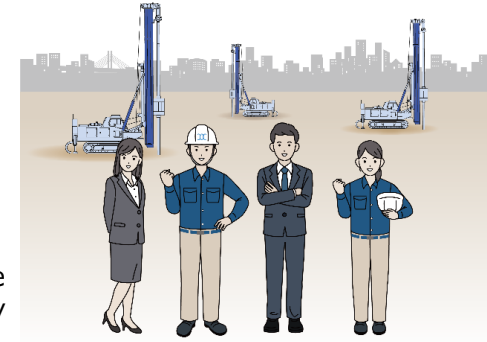
SUSTAINABLE  
DEVELOPMENT GOALS





## (7) 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.
- ✓ **Promotion of post-natal paternity leave**, implemented from October 1, 2022
- ✓ Will continue implementing more health-conscious measures, such as reducing long working hours and revising the human resource system



S: Securing and developing human resources  
= Realizing a work environment with high job satisfaction

SUSTAINABLE DEVELOPMENT GOALS



## (8) Establish work environment with high job satisfaction

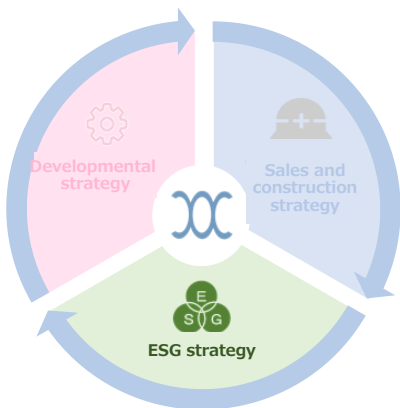
- ✓ Renovated the offices of the Tokyo Equipment Center and Tenox Giken Co., Ltd. (completed in October 2021) for the purpose of promoting communication and improving operational efficiency and expanded Osaka Sales Office (completed in March 2023)
- ✓ Installed web conferencing monitors in all meeting rooms at the head office to improve the convenience of web-based and paperless meetings (in May 2021), and wireless LAN (in March 2022), and purchased 86-inch interactive whiteboard (in October 2023)
- ✓ 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.



S: Securing and developing human resources  
= Realizing a work environment with high job satisfaction

SUSTAINABLE DEVELOPMENT GOALS



## (9) 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

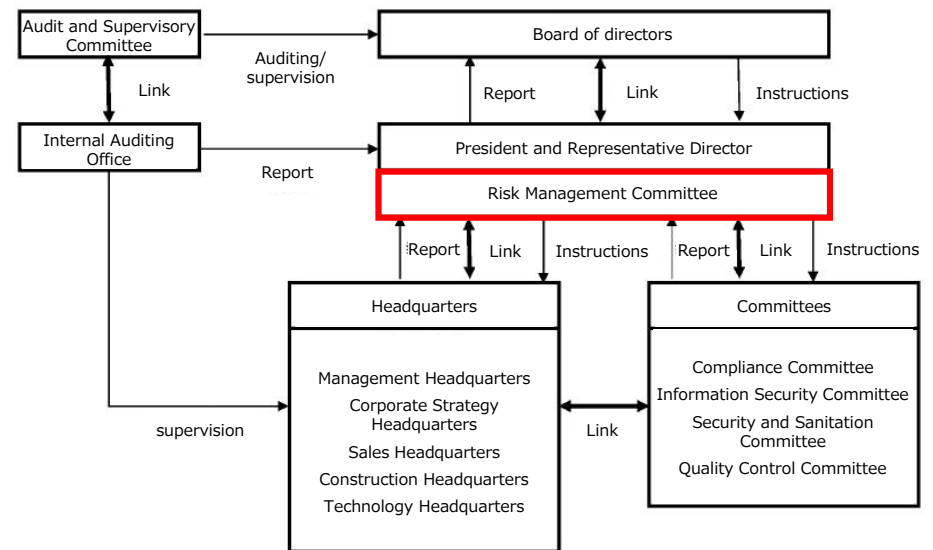
### <Role of the Risk Management Committee>

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



G : Health of management = preparation of risk management structure

Risk management structure



**SUSTAINABLE DEVELOPMENT GOALS**



## IR Inquiries

- ❑ IR Contact Budget and IR Group, Corporate Planning Department
- ❑ E-mail [ir@tenox.co.jp](mailto:ir@tenox.co.jp)
- ❑ URL [https://www.tenox.co.jp/contact/contact\\_ir/](https://www.tenox.co.jp/contact/contact_ir/)
- ❑ Corporate website <https://www.tenox.co.jp/>

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.**