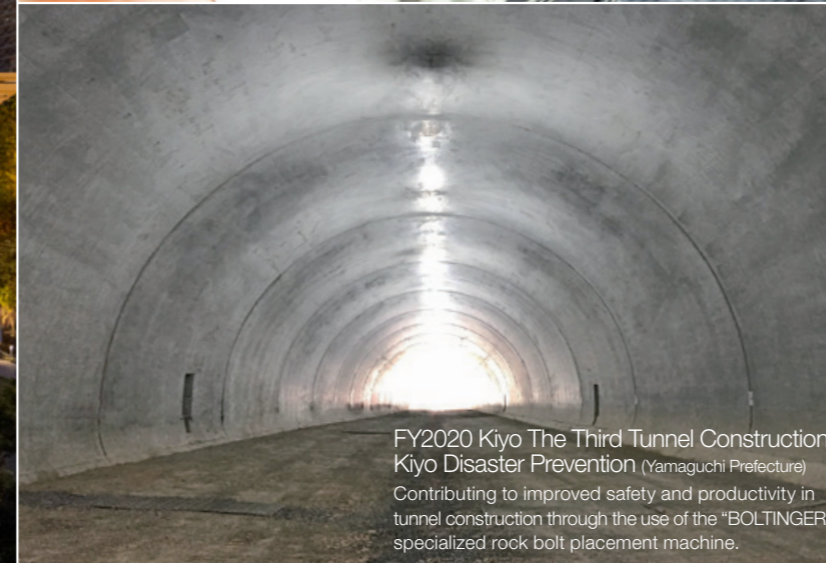




Tokyo International University Ikebukuro Campus
A new "stage-shaped" campus nestled within a park, providing a dynamic environment for students.



FY2020 Kiyo The Third Tunnel Construction
Kiyo Disaster Prevention (Yamaguchi Prefecture)
Contributing to improved safety and productivity in tunnel construction through the use of the "BOLTINGER" specialized rock bolt placement machine.



Tokushima Tsuda Biomass Power Plant
Construction of a biomass power plant fueled by palm kernel shells (PKS) and wood pellets derived from abundant forest resources.



Tokyo Tatemono Mitsutera Building
A new type of complex where a temple's main hall and a hotel coexist, realized through two building relocation projects.

Part 2

Value Creation at Taisei Corporation

"The Works to Create Landmarks," Looking Ahead

Solving client and social issues through the Taisei Group's value creation and business initiatives—this is what we mean by "The Works to Create Landmarks," Looking Ahead." We will explain the process of creating value for sustainable growth, our source of competitiveness, and the plan to achieve the medium- to long-term growth strategy outlined in [TAISEI VISION 2030].

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Taisei Group's Value Creation Process

By creating high-quality social infrastructure through our business activities, we contribute to solving the challenges faced by our clients and society. In doing so, we aim to create a cycle of enhancing both corporate and social value, and ultimately achieve sustainable growth in harmony with society.

External Environment

- IX** (Innovation): ● Decrease in the workforce due to the declining birthrate and aging population
- SX** (Sustainability): ● Advancement of digitalization
- DX** (Digitalization): ● Emergence of geopolitical risks and rising prices
- Increased pressure for consolidation in the construction industry
- Transition to a sustainable society

[P.44](#)

Input

(Figures are for FY2023)

Human Capital	
Number of employees (Consolidated)	16,285 persons
First-class architects (Non-consolidated)	2,516 persons
First-class civil engineering works execution managing engineers (Non-consolidated)	1,918 persons
Financial Capital	
Total assets	¥2,583.6 billion
Equity	¥929.3 billion
Equity ratio	36.0%
Intellectual Capital	
Technology development investment	¥70 billion
Number of patent applications	282 cases
Social Capital	
Number of Soyukai members	627 companies
Number of Safety, Health and Environment Cooperation Association members	7,774
Manufacturing Capital	
Number of branches	16 branches
Number of permanent overseas offices	9 offices
Capital investment	¥121.6 billion
Natural Capital	
Main fossil fuel consumption	78,200 kL
Electric power consumption	159 million kWh
Water consumption	2.103 million m ³



Output

Construction Development Engineering

[P.55](#) Medium- to Long-Term Business Strategy

Numerical Targets for FY2024

Group net income ¥65 billion
ROE 6.9 %
Dividend payout ratio 36.6 %

Net sales ¥1,990 billion

- Group Engineering: 2.5%
- Group Overseas Construction: 4.5%
- Group Real Estate Development: 6.5%
- Group Domestic Civil Engineering: 26.6%
- Group Domestic Building Construction: 59.7%
- Other: 0.2%

Gross profit ¥206 billion

- Group Engineering: 1.9%
- Group Overseas Construction: 1.8%
- Group Real Estate Development: 10.8%
- Group Domestic Civil Engineering: 46.1%
- Group Domestic Building Construction: 38.4%
- Other: 1.0%

Energy Environment

[P.77](#) Environment and Energy

Outputs as a Burden (FY2023)

- Scope 1+2 CO₂ Emissions: 283,000 t-CO₂
- Construction byproduct emissions: 2,806,000 tons
- Water discharge: 4,021,000 m³

"The Works to Create Landmarks," Looking Ahead

Outcome

Medium- to Long-Term Vision [TAISEI VISION 2030]

A pioneering corporate group "contributing to the development of a resilient society where people can live affluent and cultural lives"

The Ever-Evolving CDE³(Cubed) COMPANY [P.21](#)

Numerical Outlook (Profit-Oriented)

Group net income Approx. ¥150 billion
ROE Approx. 10%
Estimated Group sales Approx. ¥2.5 trillion

Returns to Stakeholder

Clients, Suppliers, and Society

Returns through CDE³, resolving issues, and new value creation

Shareholders

Dividend payout ratio: 25-30%

Employees

- Creation of an attractive working environment that enables diverse employees to leverage their skills to the maximum possible extent
- Expansion of human capital investment
- Physical, mental, and social health and feeling of happiness (well-being), and realization of diverse career paths

TAISEI Green Target 2050 - 2030 Targets - [P.77](#)

Materiality as the Foundation for Value Creation [P.27](#)

- Integrity and pride in manufacturing: Safety, Quality, and Technology
- Fair corporate activities that support trust: Compliance and Governance

Materiality to Be Addressed Through Business [P.27](#)

- Co-creation of new value to realize affluent lives
- Realization of a sustainable, environmentally friendly society
- Realization of a society and workplace environment where everyone can work lively

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Our Source of Competitiveness

The Taisei Group's competitive advantage lies in its ability to solve the challenges faced by clients and society at every stage of the construction value chain. This capability is rooted in our strengths in human capital, technology, and finance—assets we have cultivated over more than 150 years while contributing to society by creating social infrastructure that supports people's daily lives. Guided by the [TAISEI VISION 2030] Achievement Plan, we will continue to hone these strengths and contribute to the development of a resilient society where people can live affluent and cultural lives.

Competitiveness of the Taisei Group

The ability to solve challenges for clients and society across all phases of the construction value chain.

Construction Value Chain	Planning and Development	Design and Engineering	Construction	Operations & Management (O&M)	Renewal and Demolition
Client Challenges	Improving asset value Efficient asset management	Planning facilities that contribute to value creation and productivity improvement Addressing environmental issues, such as reducing CO ₂ emissions	Construction at the appropriate cost and feasible work schedules Environmentally and socially responsible construction	Enhancing employee well-being Strengthening business continuity	Enhancing building value Environmentally and socially responsible demolition
Social Challenges	Solving urban problems Eliminating regional disparities	Developing high-quality social infrastructure Improving disaster response capabilities	Ensuring safety and quality Addressing workforce shortages due to the declining birthrate and aging population	Efficient management of social infrastructure Effective utilization of existing facilities through conversion, etc.	Extending the lifespan of social infrastructure
Taisei Group's Solutions	Solving by CDE³ (cubed)		› P.55 Medium- to Long-term Business Strategy › P.77 Environment and Energy		O&M Business › P.66
	Regional Collaboration Strategy		› P.65		
	New Business Generation		› P.68		
	Building a New Foundation for		Growth Through M&A › P.68		

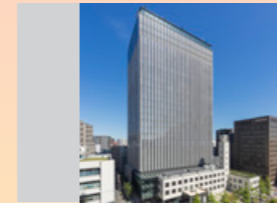
(Note: The challenges listed are examples.)



Yokohama BUNTAI



Chugai Pharma Manufacturing Co., Ltd. UK4: Bio-API Manufacturing Building UK4



Kawasaki City New Office Tower Construction Project



©RENOVA, Inc. Tokushima Tsuda Biomass Power Plant



Mitsui Shopping Park LaLaport TAICHUNG (tentative name) Project

Sources of the Taisei Group's

Human Capital



› P.91 Human Capital

Human capital is the Taisei Group's greatest management asset, and the vitality of our employees is the engine that drives the enhancement of corporate value. To create an environment where diverse talent can fully express their individuality and strengths, we are addressing challenges through the use of engagement surveys. By fostering an environment where employees can take pride in the company and their work, and perform high-quality work with enthusiasm, we aim to realize our social contribution through our business activities.

Efforts to Reach New Heights

- To enhance human capital management to achieve [TAISEI VISION 2030]
- To implementing measures to improve engagement

Finance



› P.51 Financial Policy

In finance, our top priority has been to strengthen our financial position, which was impacted by the economic crisis triggered by the collapse of Lehman Brothers and other factors. Since FY2013, we have maintained a substantively debt-free management to solidify our financial base. Moving forward, we will continue to optimize our capital structure and, in line with our fund allocation policy, balance shareholder returns with strategic investments. We will proactively invest to capture growth opportunities and generate returns.

Efforts to Reach New Heights

- To continuously securing an ROE of approximately 10% and pursuing optimal capital structure
- To implement investments based on established investment criteria and fund allocation policies

Competitiveness Cultivated over 150 Years

Technology



› P.95 Technology

The Taisei Group's extensive range of technologies and know-how—developed over more than 150 years in areas such as construction production processes, operations and maintenance, and addressing environmental issues like carbon neutrality—constitutes the sources of our competitive advantage.

Looking ahead, we plan to invest ¥125 billion in technology development and digital transformation (DX) over the three years leading up to 2026. We will continue to innovate and implement technologies that further differentiate us, while continuously refining our expertise.

Efforts to Reach New Heights

- Establishing the Taisei Group Next-Generation Technology Research Institute as a zero-carbon building
- To promote open innovation



Taisei Advanced Center of Technology at the Core of Technology Development and Innovation

(Established as the Technical Research Department in 1958)

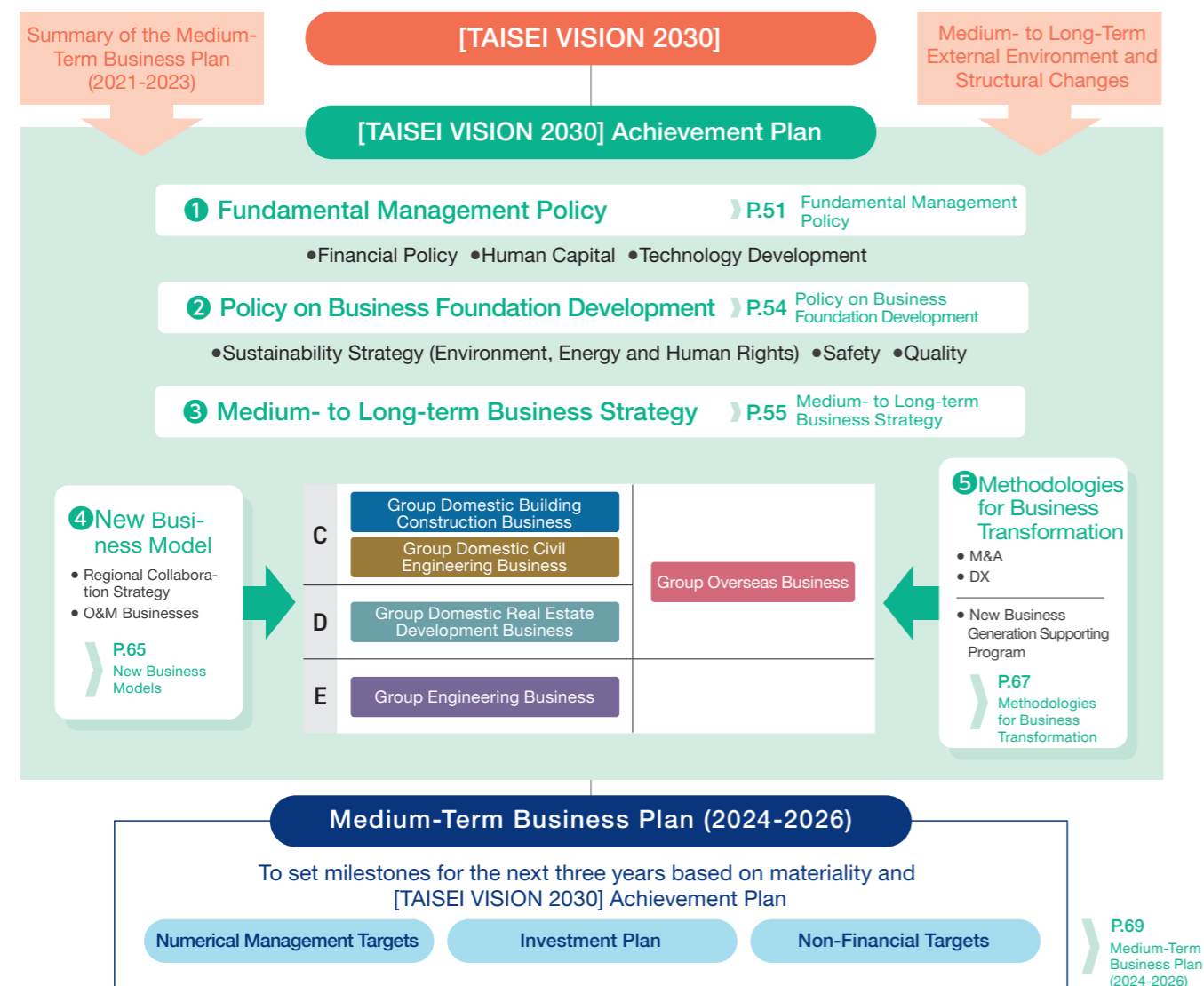
The Taisei Advanced Center of Technology houses 13 laboratories where 267 employees conduct cutting-edge research in fields such as building construction, civil engineering, the environment, energy, structures, materials, geotechnics, disaster prevention, hydraulics, biology, chemistry, plants, acoustics, electromagnetics, robotics, IoT, AI, and ICT.

› P.51 Fundamental Management Policy (Financial Policy, Human Capital, and Technology Development)

[TAISEI VISION 2030] Achievement Plan

With 2030 on the horizon, and in preparation for the launch of the Medium-Term Business Plan (2024-2026), which marks the second phase of [TAISEI VISION 2030], we have compiled the key challenges and measures to be addressed over the next seven years into the [TAISEI VISION 2030] Achievement Plan. All executives and employees will work together to advance these initiatives in order to achieve “profit growth” and continue contributing to society.

Overview of [TAISEI VISION 2030] Achievement Plan



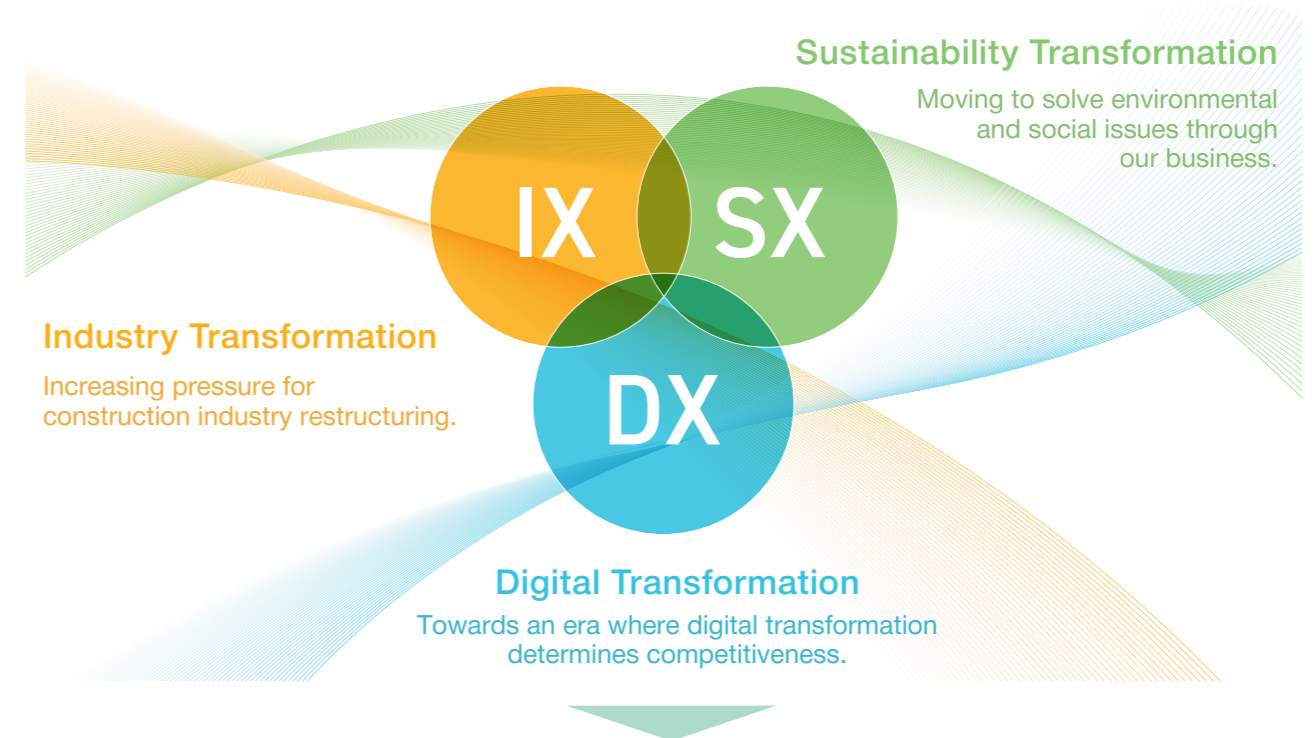
The plan is composed of several key components: the “Fundamental Management Policy,” a strategy to further enhance the Group’s strengths in human capital, technology, and finance; the “Policy on Business Foundation Development,” which focuses on sustainability, safety, and quality, the cornerstones of our business foundation; the “Medium- to Long-Term Business Strategy,” tailored for each business segment; the “New Business Model,” aimed at developing related services that build upon our construction expertise; and the “Methodologies for Business Transformation,” essential for executing the Medium- to Long-Term Business Strategy.

For the Medium-Term Business Plan (2024-2026), we have outlined measures for the immediate next three years and established milestones to be reached by the end of this period, based on our materiality and the [TAISEI VISION 2030] Achievement Plan.

Medium- to Long-Term Changes in the External Environment and Structure

When we formulated [TAISEI VISION 2030] in 2021, we identified three key transformations (referred to as the “Three Xs”) as part of our medium- to long-term external environmental recognition. These guided our efforts during the first phase of the Medium-Term Business Plan (2021-2023) to achieve our goals:

- COVID-19 as a Catalyst: The pandemic brought to the forefront challenges that had previously been latent or left unaddressed, accelerating their emergence.
- The Three Xs Emerging from COVID-19: These challenges, identified as the **Three Xs (IX, SX, DX)**, are becoming increasingly intertwined and, spurred by the pandemic, are propelling a significant wave of transformation.



Three years after the launch of [TAISEI VISION 2030], while the demand for construction investment remains strong, the supply-demand gap is expected to widen due to constraints on supply capacity. We recognize that the Three Xs are accelerating, becoming more complex and sophisticated, making it even more critical to respond appropriately.

Outlook for Construction Demand On the demand side, there has been a strong appetite for investment, mainly due to the post-COVID-19 economic recovery, while on the supply side, it will remain flat due to a steady decline in the number of workers, although productivity will improve.

The gap between supply and demand will continue to widen, putting sustained upward pressure on construction costs.

Summary of External Environment and Structural Changes

- IX Industry Transformation** Increasing pressure for construction industry restructuring. As a major general contractor, we will focus on the healthy development of construction industry through industry restructuring.
- SX Sustainability Transformation** Moving to solve environmental and social issues through our business. We will keep up with international frameworks and the latest trends, update measures, and disclose them appropriately.
- DX Digital Transformation** Towards an era where digital transformation determines competitiveness. It is necessary for us to establish a cross-functional promotion system, to accelerate the pace of transformation, and to secure digital talents.

In addition, the construction industry as a whole faces a number of challenges, including the emergence of geopolitical risks, the persistently high prices of construction materials driven by the rapid depreciation of the yen, a shortage of workers and rising labor costs due to the declining birthrate and aging population, and the introduction of legal upper limit on overtime working hours, which was also applied to the construction industry in April 2024. We believe that these factors will continue to create a difficult business environment for the entire construction industry.

Summary of the Medium-Term Business Plan (2021-2023)

Both net sales and profits fell short of our management targets. Contributing factors included a decline in construction prices due to intensified competition, a sharp rise in construction material costs, delays in establishing a production system aligned with business volume, and the impact of several large, low-margin construction projects. However, even amidst these challenging circumstances, we believe we have successfully laid the groundwork for the future through strategic initiatives such as expanding our business domains and strengths through M&A, advancing technologies to achieve carbon neutrality, and acquiring renewable energy sources.

(Billion of yen)

	FY2023 (Medium-Term Business Plan Targets)	FY2021 Results	FY2022 Results	FY2023 Results
Group net sales	2,000.0	1,543.2	1,642.7	1,765.0
Group gross profit	245.0	187.7	147.7	127.4
Group operating income	140.0	96.0	54.7	26.4
Group net income	100.0	71.4	47.1	40.2
ROE	Approx. 10%	8.4%	5.6%	4.6%
Dividend payout ratio	Approx. 25%	37.0%	53.9%	60.3%
Net interest-bearing debt	Maintaining state of substantive debt-free management.	-274.8	-214.3	-58.5

Current Business Status and Vision for What We Should Aim for in 2030

Based on the [TAISEI VISION 2030] Achievement Plan, formulated in light of the medium- to long-term external environment and structural changes and the outcomes of the Medium-Term Business Plan (2021-2023), we will steadily implement medium- to long-term business strategies for our five business segments, build new business models, and leverage M&A to drive business transformation. Through these efforts, we aim to achieve consistent profit growth.

Current Business Status and Vision for What We Should Aim for in 2030

Upper row: Net sales Lower row: Gross profit

			FY2023 Results	What We Should Aim for in FY2030
Construction	Group Domestic Building Construction Business	Building projects for offices, commercial facilities, factories, schools, hospitals, etc.	¥1,009.1 billion ¥-10.7 billion	To enhance values of client and society by drawing up a growth strategy that meets society's changing needs and providing building construction-related services backed up by our technology.
	Group Domestic Civil Engineering Business	Construction of tunnels, bridges, dams, railways, highways, etc.	¥484.3 billion ¥93.0 billion	To contribute to solving environmental and social issues as a leader in infrastructure development by leveraging our advanced technological capabilities and the Group's comprehensive capabilities.
Development	Group Domestic Real Estate Development Business	Redevelopment projects, PPP/PFI, property management, in-house development, condominium sales, etc.	¥129.7 billion ¥31.3 billion	To contribute to high value-added community development by making the most of our "development know-how" and "technical capabilities" as a general contractor.
	Group Overseas Business	Overseas construction, civil engineering, and development projects.	¥85.1 billion ¥7.0 billion	To contribute to the economic and social development of the countries in which we operate by establishing high-quality infrastructure, while growing by utilizing the technical know-how we have cultivated through domestic business operations.
Engineering	Group Engineering Business	Engineering of production and development facilities in the pharmaceutical and logistics fields and engineering of production facilities, etc.	¥50.5 billion ¥4.8 billion	While incorporating the latest technologies in manufacturing facilities, To provide clients with a consistent service system from planning, design, and construction to maintenance and management of production facilities by our design & build capabilities in building construction and civil engineering as a general contractor.
	Other		¥6.3 billion ¥2.0 billion	
Total			¥1,765 billion ¥127.4 billion	

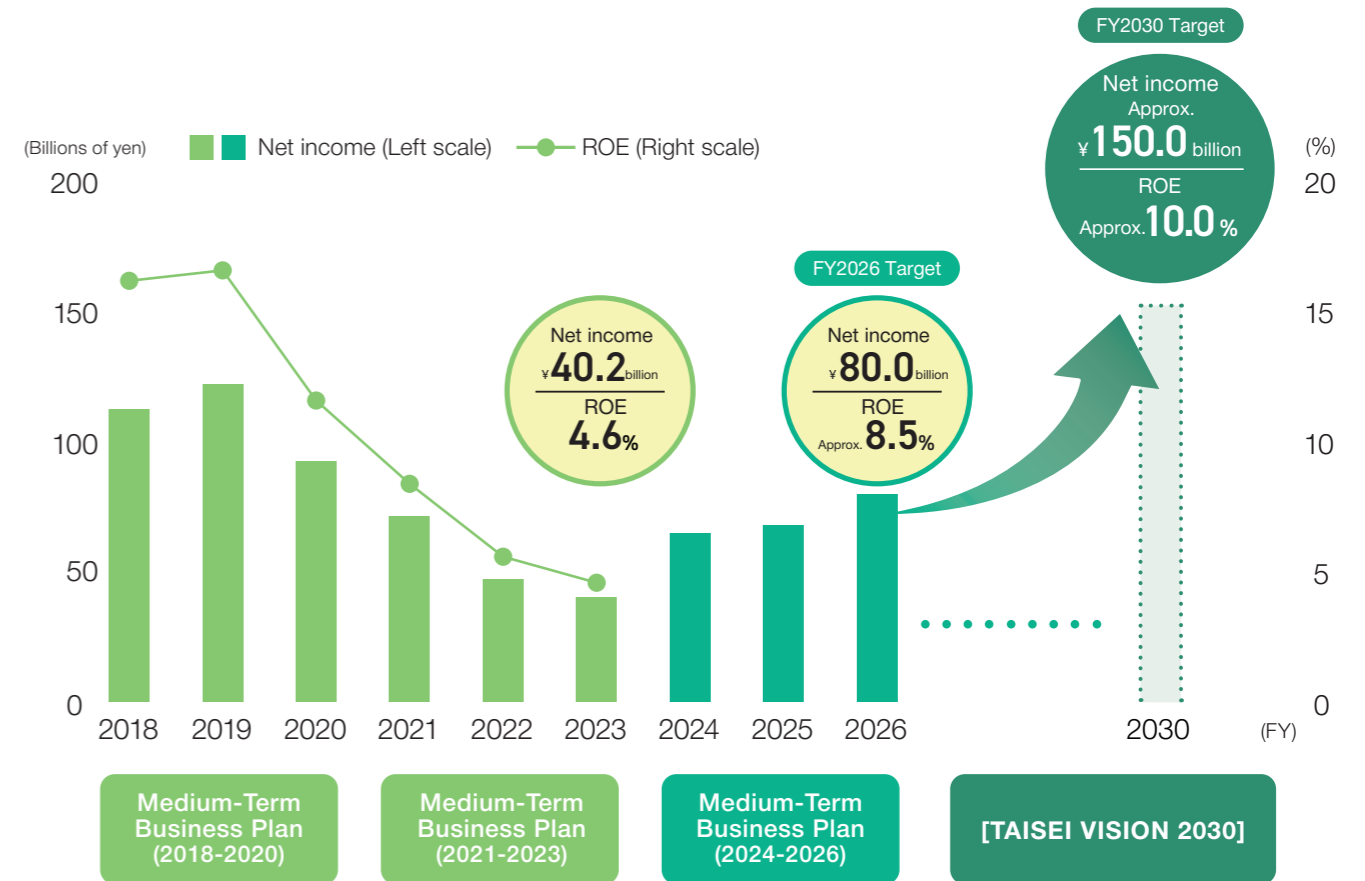
P.55 Medium-to Long-term Business Strategy

Initiatives for Business Domain Expansion and Transformation

- New Business Model
- Regional Collaboration strategy, O&M businesses **P.65**
- Methodologies for Business Transformation
- DX, M&A, New Business Generation Supporting Program **P.67**

Image of the Achievement of the Targets

We realize improvement in profit level by steadily implementing medium- to long-term business strategies for each segment, as well as by creating new business model and transforming businesses utilizing DX and M&A.



To return to growth by restructuring the profit structure of the Group domestic building construction business, overcoming the Year 2024 Problem, and expanding human capital investment.

To ensure the successful implementation of the [TAISEI VISION 2030] Achievement Plan

(Reference) Net sales: Approximately ¥1.95 trillion in FY2026, approximately ¥2.5 trillion in FY2030

Note: The sale of cross-shareholdings not decided to sell and M&A are not included in numerical targets for FY2026. In addition, we, Taisei Group, aim to reduce our cross-shareholdings to less than 20% of our consolidated net assets by the end of FY2026, and if we reduce them in line with the targets, we expect to achieve ROE of approx. 10%.

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Message from the Chief Financial Officer

To achieve [TAISEI VISION 2030], we will drive growth investments in accordance with our financial policies and enhance corporate value over the medium-to-long-term.

Representative Director,
Executive Vice President
Chief of Business Administration Division;
In Charge of New Business Planning
Masahiko OKADA



Financial Policies Under the [TAISEI VISION 2030] Achievement Plan

With FY2030, the target year for achieving the Taisei Group's medium- to long-term vision [TAISEI VISION 2030], now approaching, we recently announced the [TAISEI VISION 2030] Achievement Plan (hereinafter referred to as the "Achievement Plan"), which outlines the priority issues and measures for the next seven years. Our financial policy, which is a core component of our fundamental management policy, has the following two main characteristics:

- A shift from substantive debt-free management to the pursuit of returns through growth investment with the utilization of external financing; and
- To clarify actions to realize management that is conscious of cost of capital and stock price, in conjunction with the formulation of our financial policy.

Further details regarding our "financial policy" and "actions to realize management that is conscious of cost of capital and stock price" are provided below.

1. Review of the Previous Medium-Term Business Plan, Recognition of the Current Situation, and Countermeasures
Reviewing the Medium-Term Business Plan (2021-2023) as the first phase of [TAISEI VISION 2030] (hereinafter referred to

as the "Previous Medium-Term Plan"), we were unable to achieve our numerical management targets for both net sales and profit. The reasons for this shortfall have been elaborated upon by the President in the Message from the President.

P.14 Message from the President

On the other hand, the Group domestic civil engineering and real estate development businesses achieved their profit targets outlined in the Previous Medium-Term Plan. Development investments also progressed steadily, primarily through the acquisition of domestic projects. Additionally, we completed two M&A transactions, addressing a long-standing challenge. By this M&A, we could complement weaker sectors of the Group and expanded our business fields, by PS Construction Co., Ltd.'s expertise in slab replacement of bridges and highway, and Satohide Corporation's expertise in high-end residences and traditional wooden buildings.

To achieve [TAISEI VISION 2030], we recognize that the rebuilding of the Group domestic building construction business is an urgent issue. As a key countermeasure, we have articulated "to restructure the profit structure through appropriate receiving an order and performance of the works" for

this business segment, in the top priority measure on the Medium-Term Management Plan (2024-2026), which outlines the targets and measures for the next three years within the Achievement Plan. Based on this measure, we are promoting various initiatives, including expanding the system of the performance of the works, enhancing productivity, investing management resources in the advantageous fields, and passing the price of construction materials on to the contract prices based on the outline of the revision of the Construction Business Act, which aims to prevent labor costs from being reduced due to the price escalation of construction materials.

2. Financial Policy

For our financial policy aiming to develop foundations that contribute to enhancing the Group's corporate value, 1. on the premise of maintaining financial discipline (maintaining credit rating), 2. ensuring smooth execution of the construction business, 3. while balancing with the shareholder returns (distribution of profits to shareholders), and 4. for securing growth investment preferentially portfolio, we have established the following guidelines:

- ① Continued Assurance of ROE of Approx. 10% and Pursuit of the Optimal Capital Structure
 - (i) Measures to boost ROE:
 - ① Pursuit of the optimal capital structure
 - ② Asset compression / replacement
 - ③ Strengthening the profit structure
 - (ii) Shareholder Returns
- ② Implementation of Investments Based on Investment Criteria and Fund Allocation Policies

We have recognized that streamlining our financial policy has laid a solid foundation for prioritizing growth investment while balancing with shareholder returns.

Although the Group has historically aimed for substantive debt-free management, we have now shifted our policy towards utilizing external financing within the bounds of maintaining financial discipline to implement growth investment and generate returns. This shift represents a significant change in our approach. While "profit" remains the Group's most crucial numerical management targets, we are also committed to providing steady shareholder returns and continuously securing ROE of approx. 10%.

① Continued Assurance of ROE of Approx. 10% and Pursuit of the Optimal Capital Structure
Towards Enhancement ROE—Strengthening the Profit Structure as a Priority

To continuously assure ROE of approx. 10%, we will implement financial measures such as compression and replacement of assets and maintaining a net debt-to-equity ratio of approx. 0.4 times to maintain our credit rating. However, the most crucial initiative lies in enhancing profitability, with the primary focus on ensuring the smooth execution of our core construction business. We will strive to maintain and improve profit levels in the Group domestic civil engineering business, expand renewal, engineering and the Group domestic real estate development business, which are our strengths. In addition, we will concentrate on restructuring the profit structure of the Group domestic building construction business, which is an urgent issue, and strive to improve the profitability of our core business. Simultaneously, we will mainly invest in

environmental technologies, remote and AI technologies for future growth, and aim to achieve medium- to long-term innovation in the construction industry and generate profits in both construction and peripheral businesses through their social implementation.

Furthermore, we emphasize investment in human capital, which is the source of our competitiveness. By enhancing our human capital development and training systems, we will create an environment of the Company that enables employees to leverage their skills to the maximum possible extent and to maintain a sense of pride in their work within the Group. To accomplish this, we need to change the structure of the Company by implementing structural reforms in our human capital system in addition to the ongoing corporate culture reform throughout the Company. As outlined in the "Human Capital" section of the Achievement Plan, we will swiftly implement the necessary measures and review the allocation, evaluation, remuneration of employees, and other related matters. We believe these efforts will lead to improved employees' engagement and well-being, and a realization of diverse career paths, which will in turn contribute to the Group's profitability.

Asset Compression / Replacement—Advancement of the Reduction Target of Cross-Shareholdings

We maintain cross-shareholdings to establish and strengthen long-term, stable relationships of mutual cooperation with important business partners and enhance our competitiveness and profitability. However, we have a policy to timely and appropriately sell cross-shareholdings which, as the result of verification by the Board, are not considered to be economically reasonable in the medium to long run to maintain them. In May 2023, we publicly announced the targets to reduce the amount of cross-shareholdings so that the amount would be less than 30% of our consolidated net assets by the end of FY2026, and less than 20% of those by the end of FY2030. However, in order to further accelerate the efforts, in December of the same year, we revised our initial target and advanced the targeted schedule earlier by four years so that the amount of cross-shareholdings will be less than 20% of consolidated net assets by the end of FY2026.

As of the end of FY2023, the total amount of cross-shareholdings which are "sold" and "not sold but agreed to be sold" was ¥146.8 billion against the reduction target of ¥195.5 billion, representing a progress rate of 75%. We will continue to engage in swift discussions with the owners to achieve our targets. (See Table 2)

Table 2 Reduction Target of Cross-Shareholdings (Initial/Advanced)

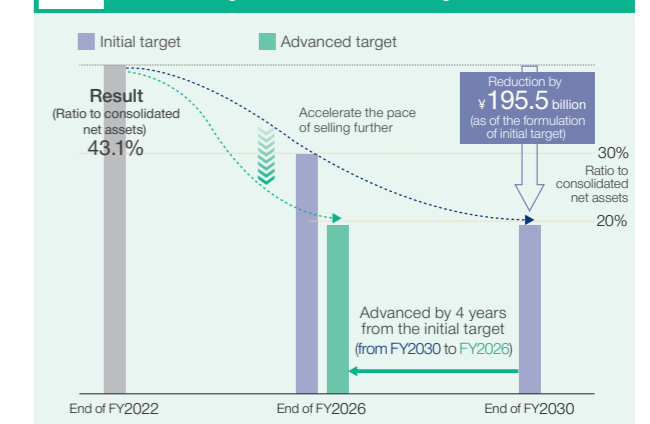
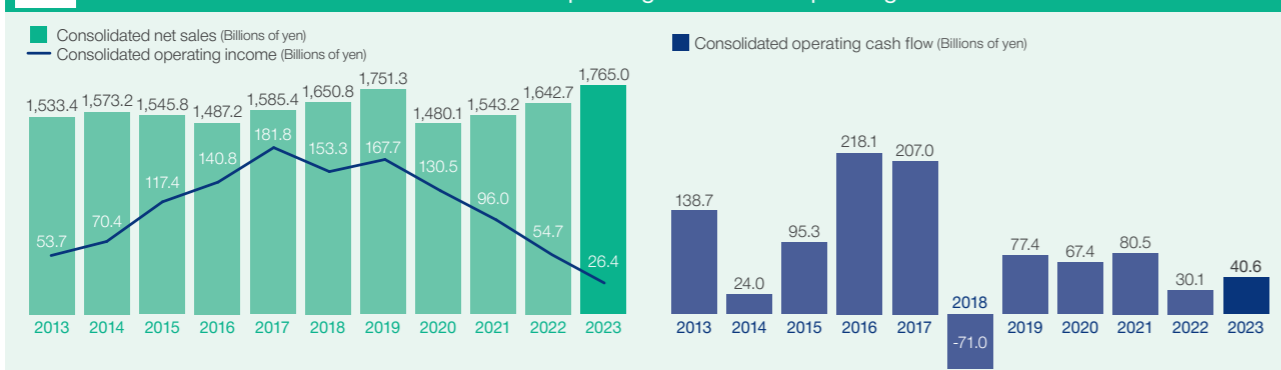


Table 1 Transitions of Net Sales / Operating Income and Operating Cash Flow



**Shareholder Return Policy—
To Maintain Long-Term Stable Dividends**

With regard to shareholder returns, we will maintain a dividend payout ratio of approx. 30%, based on our established policy of “long-term and stable dividends,” while maintaining financial discipline and securing growth investment preferentially.

Additionally, we will flexibly acquire treasury share up to a maximum of 100% of the total return ratio without setting an absolute acquisition amount in the event that surplus funds are generated after implementing “growth investment” and “dividend.” We will continuously acquire treasury share, which is positioned not only as a measure for shareholder returns but also as a capital policy aimed at “reducing the number of issued shares,” which remains our key management issue. (See Table 3)

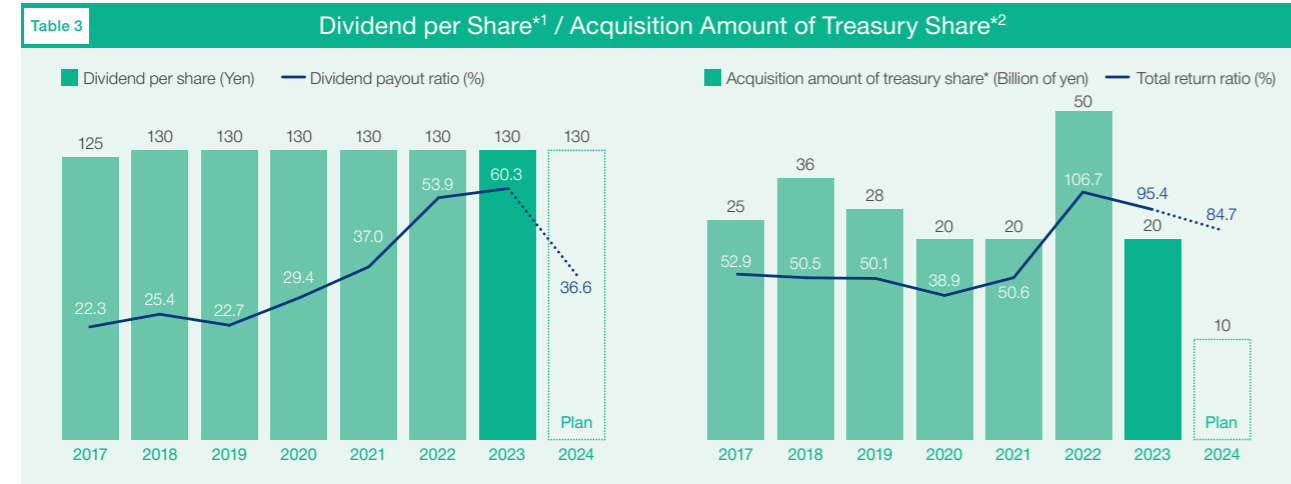
② Implementation of Growth Investment Based on Investment Criteria and Fund Allocation Policies

As our cash allocation policy, we clarified the prioritization of allocating cash generated from business activities and asset sales to “investments,” “shareholder returns,” and “internal reserve funds.” On the premise of maintaining financial discipline, we will prioritize growth investments while ensuring the smooth execution of the construction business and balancing with the distribution of profits to shareholders.

With regard to investment criteria, we set hurdle rates for each individual project according to business characteristics and judge whether or not we make growth and business investments.

With regard to M&A, we will continue to pursue opportunities flexibly, without being constrained by investment portfolio, in order to not only address the Group’s technical and sales weaknesses but also further develop its strengths.

In addition to the “horizontal integration aiming at industry restructuring” carried out in the previous fiscal year, we will transform our business portfolio through M&A aimed at “to realize vertical integration to secure appropriate workforce and labor-saving,” “to realize value chain integration aiming to provide new value,” and “to develop overseas business aiming at business expansion.” (See Table 4)



*1 The dividends per share for FY2017 has been adjusted to reflect the consolidation of shares conducted on October 1, 2017, where five shares of the Company’s stock were consolidated into one share.
*2 The listed total return ratio corresponds to the profit of the previous fiscal year.

Action to Realize Management That Is Conscious of Cost of Capital and Stock Price

To achieve [TAISEI VISION 2030], we will strengthen our “action to realize management that is conscious of the cost of capital and stock price,” as requested by the Tokyo Stock Exchange. Specifically, we will focus on measures to enhance return on equity (ROE) and price earnings ratio (PER), to enhance price book-value Ratio (PBR).

The main factor for the current sluggish ROE is a decline in profitability in the Group domestic building construction business, which is our main business. Therefore, as mentioned above, we are pursuing the restructuring of the profit structure of this business as the top priority measure in our Medium-Term Business Plan (2024-2026). From the medium-to long-term perspective, we aim to achieve a gross profit ratio of 10% or more in the Group domestic building construction business in order to continuously secure ROE of approx. 10% after FY2030. Also, we will continue to implement a shareholder return policy based on our strategic intent (dividend policy).

To enhance PER, it is important to politely disclose to the investors the maintenance of financial discipline, specific policies for the implementation of growth investment, and the progress of the Achievement Plan. We will strive to win their confidence in the feasibility of our growth strategy through sincere dialogue with stakeholders, including increasing opportunities for investor relations (IR) and shareholder relations (SR) activities.

**Medium-Term Business Plan (2024-2026)
—Initiatives for the Next Three Years**

The Medium-Term Business Plan (2024-2026) serves as the milestone for the next three years, on the Achievement Plan, primarily focusing on achieving specific numerical management targets. We have set targets of ¥120 billion in Group operating income, ¥80 billion in Group net income, and an ROE of approx. 8.5%. If the reduction of cross-shareholdings progresses properly, we expect to achieve an ROE of 10%.

With regard to the investment, we plan to invest ¥350 billion, surpassing the ¥250 billion in the previous Medium-Term Plan. While concentrating on DX investment, investment in development project, and investment in renewable energy, we will establish the growth path by accelerating the development of decarbonization-related technologies, such as offshore wind power generation, and increasing human capital investment to strengthen the profit structure.

Towards Enhancing Our Financial Foundation and Capital Efficiency

The Group has prioritized the repayment of interest-bearing debt and the increase in retained earnings, in the aim to improve and strengthen its financial position that suffered significantly due to dealing with the negative legacy of the bubble economy period, the global economic crisis triggered by the collapse of Lehman Brothers in FY2008, and other factors. As an outcome of these efforts, we have maintained a substantively debt-free status since FY2013, and we have recognized that this marks a certain degree of attainment in milestone, with an indication of enrichment of financial foundation. (See Table 5)

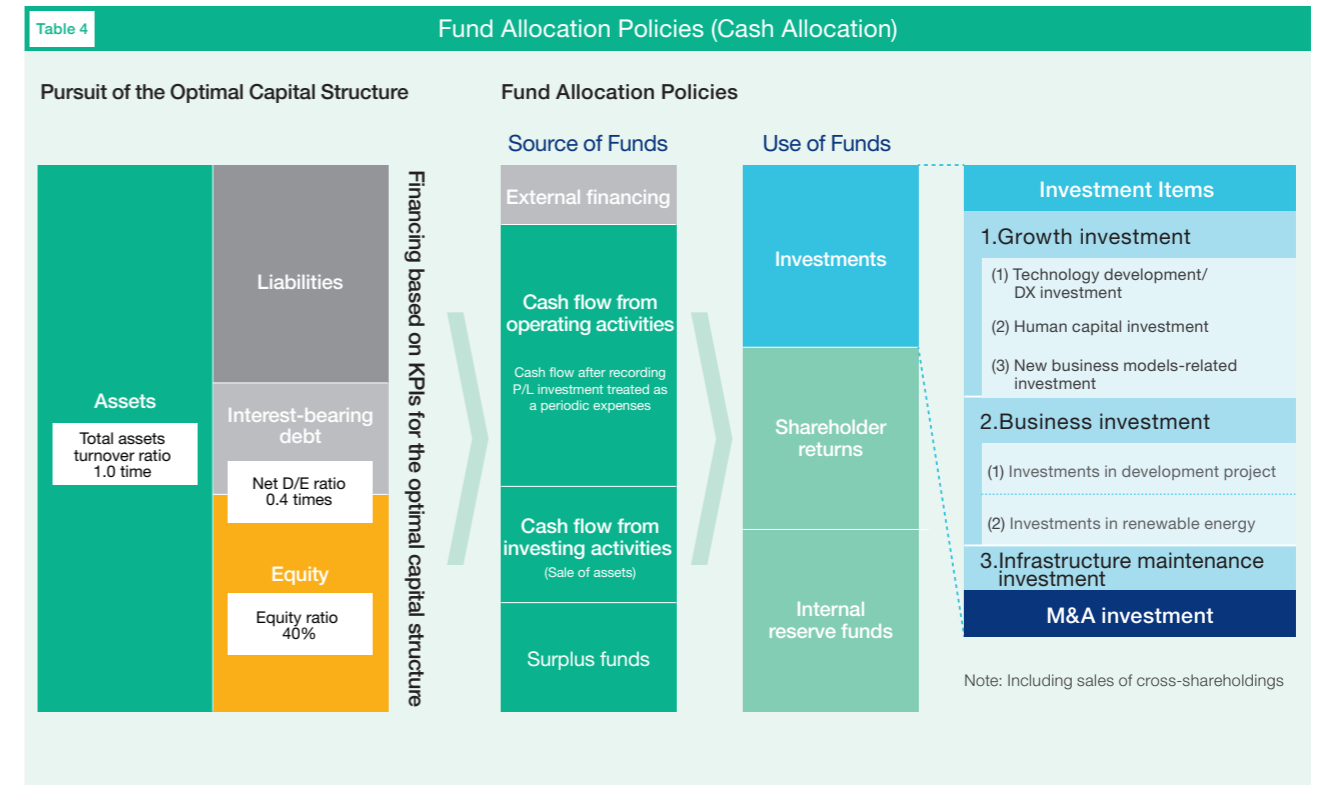
Moving forward, we will implement “to develop foundations that contribute to enhancing the Group’s corporate value” by our financial policy, promote the optimization of capital structure and growth investment, and pursue further expansion of the equity spread (ROE minus cost of shareholder’s equity).

To achieve our medium- to long-term vision [TAISEI VISION 2030], we will appropriately allocate funds generated through our business activities, aim for sustainable and stable corporate management, enhance corporate value over the medium-to-long-term, and thereby respond to the expectations of our stakeholders.



Table 5 Balance Sheets

(Billions of yen)		(Billions of yen)	
Cash and time deposits	150.1	Cash and time deposits	434.7
Other assets	1,521.4	Other assets	2,148.9
Interest-bearing debt	571.5	Interest-bearing debt	376.3
Other liabilities	815.3	Other liabilities	1,246.3
Equity	255.3 (Retained earnings 61.2)	Equity	929.3 (Retained earnings 558.7)
Non-controlling interests	29.4	Non-controlling interests	31.7
Total assets	¥1,671.5 billion	Total assets	¥2,583.6 billion
As of March 31, 2009		As of March 31, 2024	



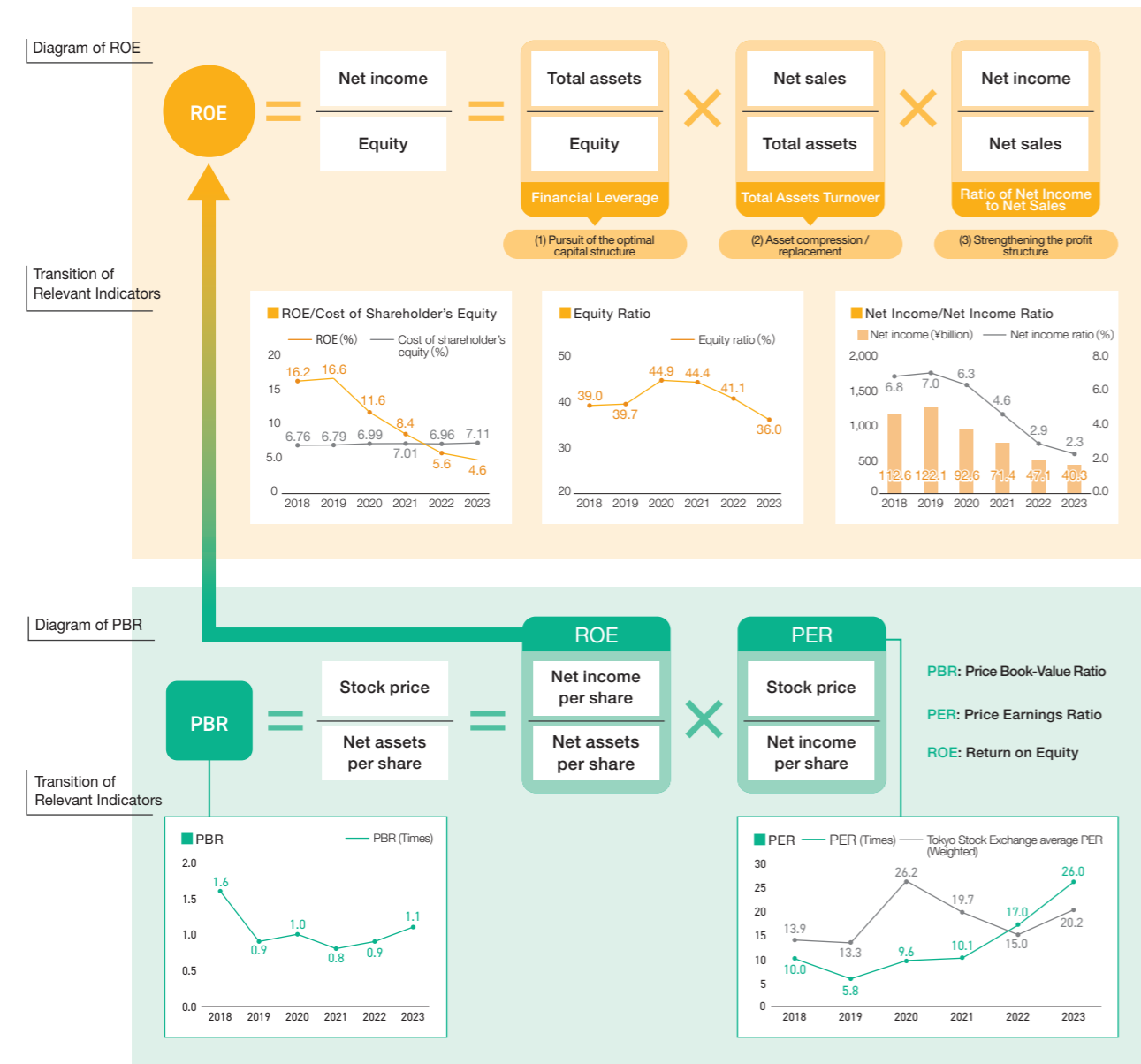
① Fundamental Management Policy

To effectively implement the [TAISEI VISION 2030] Achievement Plan as we move towards FY2030, we have established “Financial Policy,” “Human Capital,” and “Technology Development” as our Fundamental Management Policy. This involves the optimal allocation of the Group’s management resources—human and working capital, and products. We will steadily execute measures based on these policies to achieve profit growth.

(1) Financial Policy

Recognition of Cost of Shareholder’s Equity and PBR/ROE

The Company recognizes the current status of the Group’s cost of shareholder’s equity, ROE, and PBR as follows. To improve PBR, we will implement the measures outlined below.



Purpose and Policy

In order to continuously achieve the ROE target of approximately 10% by FY2030, we have established KPIs for pursuing an optimal capital structure (the ratio of equity capital to external funding), reducing or replacing assets, and strengthening our earnings structure. We will execute growth investments, which are the source of returns, based on investment standards and fund allocation policies.

While the Group had been aiming for substantively debt-free management, we have shifted our policy to utilize interest-bearing debt within the bounds of maintaining financial discipline, in order to make growth investments and earn returns. We will actively pursue investment opportunities without missing out on growth potential.

Purpose	To Develop Foundations That Contribute to Enhancing the Group’s Corporate Value	Policy
1 We, on the premise of maintaining financial discipline (maintaining our credit rating);	Continued assurance of ROE of approx. 10% and pursuit of the optimal capital structure	Implementation of growth investment based on investment criteria and fund allocation policies
2 Ensure smooth execution of the construction business;		
3 While balancing with the shareholder returns (distribution of profits to shareholders); and	Implementation of growth investment based on investment criteria and fund allocation policies	Implementation of growth investment based on investment criteria and fund allocation policies
4 Secure growth investment preferentially portfolio.		

1. Continued Assurance of ROE of Approx. 10% and Pursuit of the Optimal Capital Structure

(i) KPIs to boost ROE: To earn large profits with small-case B/S

① Pursuit of the optimal capital structure	② Asset compression / replacement	③ Strengthening the profit structure	ROE: 10% or more
Financial leverage 2.5 times	Total assets turnover 1 time	Ratio of net income to net sales 5%	ROE: 10% or more
① Pursuit of the optimal capital structure	<ul style="list-style-type: none"> To adhere to a net debt to equity ratio that allows the rating to be maintained (Approx. 0.4 times) To maintain equity ratio of approx. 40% (financial leverage of 2.5 times) 		
② Asset compression / replacement	<ul style="list-style-type: none"> Total asset turnover: 1.0 time or more Sale of cross-shareholdings (Reduce to less than 20% of consolidated net assets by the end of FY2026) To limit the risk asset balance to a certain ratio of consolidated shareholders' equity through comprehensive risk management 		
③ Strengthening the profit structure	<ul style="list-style-type: none"> Ratio of net income to net sales: 5% or more 		

(ii) Shareholder returns

- Dividend payout ratio: To maintain approx. 30%, assuming long-term and stable dividends
- To acquire treasury share up to a total return ratio of 100% in the event that surplus funds are generated after implementing “growth investment” and “shareholder dividends”

2. Implementation of Investments Based on Investment Criteria and Fund Allocation Policies

Fund Allocation Policies	Policy
	•To judge the individual investment decisions based on investment criteria (to set hurdle rates according to business characteristics)
	•To finance based on KPI to pursue the optimal capital structure
	•To review the priorities and allocation ratios as necessary in response to changing conditions
	•To treat the excess over the minimum cash and cash equivalents balance during the current fiscal year period among “internal reserve funds” is treated as surplus funds, and allocate to “investments” and / or “shareholder returns” as necessary.

P.50 Fund Allocation Policies (Cash Allocation)

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

In conjunction with establishing the [TAISEI VISION 2030] Achievement Plan, we have also set forth “action to implement management that is conscious of cost of capital and stock price.” Based on our current understanding of the situation, we will implement the following measures to improve ROE and PER, thereby enhancing PBR.

Measures to Enhance PBR

Measure 1 **Enhancement of ROE** To secure stable profits in the Group domestic building construction business

- ▶ The primary reason for the low ROE (4.6%) was the decline in profit margins in our domestic building construction business, one of our core segments. This was due to delays in developing a production system to match business expansion under the previous Medium-Term Business Plan, difficulties in passing on increased construction material costs, and the strategic acceptance of several large-scale projects in a highly competitive environment.
- ▶ Rebuilding the profitability of the Group’s domestic building construction business is our top priority. We will continue the initiatives started in the final year of the previous Medium-Term Business Plan as key measures in the Medium-Term Business Plan (2024-2026).

<Priority Measures>
To restructure the profit structure through appropriate receiving an order and performance of the works

- To expand the system for the performance of the works by grasping appropriate production capacity and to enhance productivity by reviewing the human resource training system
- To invest management resources in the advantageous fields
- To pass the price of construction materials on to the contract prices based on the outline of the revision of the Construction Business Act

- ▶ Over the medium-to-long-term, we aim to achieve a gross profit ratio of 10% or more in the Group domestic building construction business in order to ensure a sustained ROE of approx. 10% from FY2030 onward.

Measure 2 **Enhancement of ROE** To continue to implement shareholder return policy based on strategic intent

- ▶ We will promote financial policy that are aligned with our strategic intent.

Measure 3 **Enhancement of PER** To disclose our specific policies on financial discipline and growth investments as part of our financial policy

- ▶ The Group has prioritized “strengthening our financial position,” which had been weakened in previous years, and has pursued a “substantively debt-free management” approach, successfully achieving it.
- ▶ Moving forward, we will pursue an optimal capital structure while maintaining our credit ratings and will promote the measures based on the following policies:

Funding Policy

- To adhere to a net D/E ratio of 0.4 times
- To maintain an equity ratio of approx. 40% (financial leverage of 2.5 times)

Shareholder Returns

- Dividend payout ratio: To maintain approx. 30% assuming long-term, stable dividends
- To acquire treasury share up to a total return ratio of 100% in the event that surplus funds are generated after implementing “growth investment” and “shareholder dividends”

Asset Compression/Replacement

- Total asset turnover: 1.0 time or more
- Sale of cross-shareholdings (Reduce to less than 20% of consolidated net assets by the end of FY2026)
- To limit the risk asset balance to a certain ratio of consolidated shareholders’ equity through comprehensive risk management

Investments

- If the source of funds for allocation is less than the required investment amount, we will allocate from internal reserve funds.
- If funding is still insufficient, we will consider external financing.

Shareholder Returns

- From the perspective of the stable dividends, we will pay dividends even if they exceed the amount based on the distribution rate.
- If the source of dividends is less than the targeted returns, we will allocate from internal reserve funds.

Measure 4 **Enhancement of PER** To disclose the progress of “[TAISEI VISION 2030] Achievement Plan” and have sincere dialogue

- ▶ We will disclose progress on non-financial measures, such as sustainability strategies, alongside KPIs achieved through medium- and long-term business strategies and business transformations, including DX. In addition, through sincere dialogue with stakeholders, we will win their confidence for the feasibility of our growth strategy.

(2) Human Capital

We have positioned human resources as “capital,” recognizing that our people are the source of our competitive strength. We aim to develop a personnel system that fosters both a comfortable and fulfilling work environment, with the goal of improving employee engagement and providing diverse career paths.

Fundamental Policy We recognize that human capital is a source of competitiveness and swiftly implement the necessary measures.

- To create an environment in which employees can realize their full potential to enhance their engagement
- To expand human capital investment to support the Group’s sustainable growth
- Physical, mental, and social health and feeling of happiness (well-being), and realization of diverse career paths

For details of our efforts to achieve [TAISEI VISION 2030], please refer to Part 3 “Sustainability: Human Capital.” **P.91**

(3) Technology Development

In our approach to technology development, we have identified four key focus areas: social and environmental issues, strengthening social infrastructure, regional revitalization, and new frontier business. We are committed to differentiating our technology and innovating our production processes. Additionally, we aim to contribute to new business ventures and build a foundation for sustainable business creation.

Fundamental Policy We have identified four technological areas to be addressed: social and environmental issues, strengthening social infrastructure, regional revitalization, and new frontier business.

- To leverage our strengths of environmental and social infrastructure enhancement technologies such as ZEB and T-eConcrete®, pursue technological expertise required by the society for major general contractors, and differentiating ourselves from other competitors by brushing up such expertise
- To enhance the productivity and innovate production process by utilizing technologies such as generative AI, automation, and remote control in order to resolve the urgent issues of a shortage of workers

For details of our efforts to achieve [TAISEI VISION 2030], please refer to Part 3 “Sustainability: Technology.” **P.95**

② Policy on Business Foundation Development

In the [TAISEI VISION 2030] Achievement Plan, we outlined initiatives related to cross-cutting themes under the Policy on Business Foundation Development. To fulfill our corporate responsibilities regarding human rights, we have newly established a “Sustainability Management Strategy (Human Rights)” and have added “Quality” in response to recent inappropriate events. We will steadily implement measures based on these policies to build an even stronger business foundation.

Fundamental Policies

Sustainability Management Strategy
(Environment and Energy) **P.77**

We achieve the Environmental Policy and the TAISEI Green Target 2050 (TGT2050).
① For each employee to proactively participates in TSA* activities in order to achieve the TGT2050
② Continued implementation of environmental due diligence

* TSA:TAISEI Sustainable Action®, an eco-impact reduction endeavor for all employees of the Group to collectively participate in to realize our environmental targets

Sustainability Management Strategy
(Human Rights) **P.87**

We respect human rights of each employee involved in the Group’s business.

Safety **P.99**

We aim to maintain zero fatal accidents, zero serious accidents, and zero environmental accidents.

Quality **P.100**

We uphold proper quality control, aim to eliminate all defects attributable to quality mismanagement and improve customer satisfaction.

③ Medium- to Long-Term Business Strategy

Group Domestic Building Construction Business

Major Group Companies in Charge

- TAISEI U-LEC Co., LTD.
- TAISEI SETSUBI CO., LTD.
- TAISEI HOUSING CORPORATION
- SATOHIDE CORPORATION
- PS Construction Co., Ltd.

What We Should Aim for in 2030

By drawing up a growth strategy that meets society's changing needs and providing building construction-related services backed up by our technology, we will enhance values of client and society:

To provide environmental technology and smart digital technology and develop our business in the stock market

Member of the Board, Managing Executive Officer
Chief of Architecture & Engineering Division (Integrated);
Chief of Building Construction Division

Mayuki YAMAURA



The building construction business is the core business of the Group. Under the previous Medium-Term Business Plan, we focused on expanding worksite support systems, broadening business areas through M&A, enhancing various educational programs, and revising our quality control system. However, due to intensified competition and rising prices, we were unable to meet our profit targets. Additionally, efforts to restore trust lost due to the incident regarding our failure to satisfy steel erection accuracy requirements and the incident regarding our delay of construction schedule are still ongoing. The implementation of the legal upper limit on overtime working hours has also made it increasingly important to allocate personnel according to business volume and improve productivity, making it urgent to rebuild our system.

Looking ahead, to achieve the goals of the new Medium-Term Business Plan, we will thoroughly prioritize profitability. To this end, we will enhance employee engagement, improve profitability, and strengthen our performance of the works by accurately assessing production capacity, allocating management resources to key areas, reforming business processes, and actively investing in human capital. These efforts will ultimately lead to increased productivity and a recovery in business performance.

We will face the challenges ahead head-on, accelerate our transformation efforts, and work with strong determination to achieve the goals of [TAISEI VISION 2030].

Recognition of the Current Situation

Risks	Opportunities	Strengths
<ul style="list-style-type: none"> Intensifying competition of new construction orders in the domestic construction market Medium- to long-term decline in the construction market Soaring construction material prices due to the weak yen and rising energy costs Shortage of skilled construction workers due to the declining birthrate, aging population, and shrinking workforce Impact on construction capacity and rising labor costs due to the implementation of legal upper limit on overtime working hours Decline in construction capacity caused by climate change and natural disasters 	<ul style="list-style-type: none"> Growing demand for environment-related technologies Strong demand for private construction driven by the robust performance of domestic companies Reshoring of manufacturing by domestic companies in response to heightened geopolitical risks Room for expansion into growth and subordinate fields to increase market share in the construction sector Opportunities to expand learning environments to enhance on-site capabilities and productivity Improved productivity, reduced workload, and consistent quality through construction mechanization and prefabrication, and digitalization 	<ul style="list-style-type: none"> Advanced initiatives and track record in carbon neutrality, such as ZEB Proposals for renewal work and other services to a vast base of existing clients Proposal capabilities that meet client needs and integrated technical expertise Utilization of M&A and other strategies to expand business domain Employee development through initiatives like the Rebar Frame Academy and on-demand training programs Leveraging technology development capabilities for construction mechanization and business digitalization Enhancement of precast technology through the Group's acquisition of PS Construction Co., Ltd.

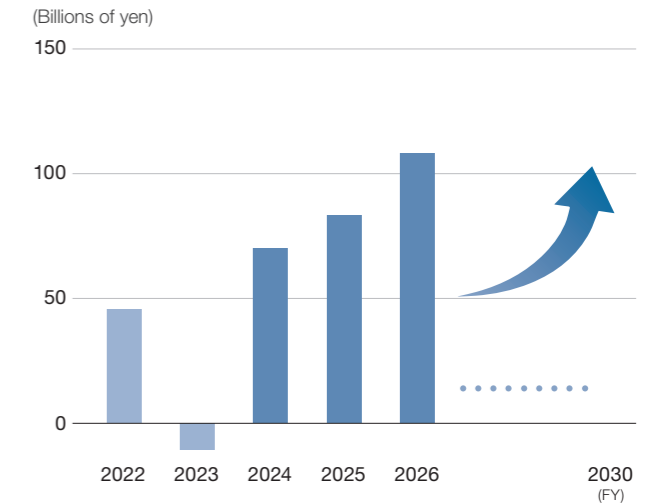
Awareness of Key Fields

Fields	Scenarios and Action Policies
Semiconductor	Developing a system to effectively manage projects for existing clients as the domestic market is expanding significantly, driven by government strategy.
Pharmaceuticals	Focusing on engineering-related projects in collaboration with the Engineering Division, which possesses extensive expertise as renovation of existing facilities is on the rise.
Data Center	To leverage both internal and external resources to address the need for specialized skills as the market is expanding.
Condominium	Demand for super high-rise condominiums in redeveloped areas remains strong. Specializing in high-rise condominium within redevelopment projects near stations in central Tokyo and major regional cities.
Renewal	To attract and retain clients through proposal-based sales and O&M business in order to capitalize on the growing market for renewal ZEB/BCP.

Results of the Previous Medium-Term Business Plan (FY2023)

- Expanded the support system of the Digital Product Center and the Construction Sitework Promotion Center established at the Division, enhancing the division of labor and efficiency in worksite operations.
- Established the Quality Control Division to strengthen the verification and guidance of quality control processes for projects under construction.
- Through M&A, integrated SATOHIDE CORPORATION, known for its expertise in wood construction, and PS Mitsubishi Co., Ltd. (present: PS Construction Co., Ltd.), recognized for its achievements in precast concrete, into the Group.
- Following the establishment of the Rebar Frame Academy, launched the Steel Frame Academy. Additionally, developed an on-demand education environment via the in-house intranet to enhance technical training for employees.
- Promoted the digitalization of worksites by installing remote cameras and establishing Wi-Fi environments.

Outlook for Gross Profit



Scenario to Realize What We Should Aim For

Selection of focused fields	<ul style="list-style-type: none"> To shift our mind-set to order-receiving activities on the premise of soaring prices of the materials and focus on business fields with high potential (semiconductor factories, etc.) To allocate our resources to renewal and engineering related projects as well as urban redevelopment related construction, both of which are our strengths. To expand proposal-based sales through environmental technology and the building lifecycle.
To expand the system for the performance of the works including design services, improve profitability, and pursue the Group synergy	<ul style="list-style-type: none"> To realize proper workloads and personnel assignment, and prevent quality and construction process problems To enhance the procurement capacity by acquiring new suppliers and establish a new overseas procurement network To enhance collaboration within the Group companies, such as recruiting and deployment of environment-related technologies by utilizing our brand strengths

TOPICS



Tokyo International Air Terminal, Terminal 1 North Satellite Facility Construction Project with Wood-Steel Hybrid Structure Begins

This project is an expansion of the airport, anticipating future growth in air travel demand and enhanced passenger convenience. By using 1,800m³ of domestic lumber for structural timber and adopting various environmental technologies, we aim to reduce carbon dioxide emissions during construction and minimize energy consumption of the building once in service. We are committed to constructing an advanced airport that is both environmentally friendly and people-friendly.



Palcon with Kengo KUMA Concrete Homes Enter New Realms of Beauty and Strength

"Palcon" is a robust, wall-structured reinforced concrete building that demonstrates exceptional strength against earthquakes, fires, and other disasters. In 2023, we collaborated with Kengo KUMA, one of Japan's most renowned architects, to develop the "MOKUCON," which integrates Palcon technology with the natural warmth and gentleness of wood.

③ Medium- to Long-Term Business Strategy

Group Domestic Civil Engineering Business

Major Group Companies in Charge

Taisei Rotec Corporation
SEIWA RENEWAL WORKS CO., LTD.
J-FAST Co., Ltd.

PS Construction Co., LTD.

What We Should Aim for in 2030

We will contribute to solving environmental and social issues as the leader in infrastructure development by leveraging our advanced technological capabilities and the Group's comprehensive capabilities:

Expansion of business fields in national resilience, carbon neutrality, infrastructure renewal, etc.

Member of the Board,
Senior Managing Executive Officer
Chief of Civil Engineering Division

Kenji SHIRAKAWA



In the civil engineering business, under the previous Medium-Term Business Plan, we made steady progress in establishing a solid business foundation and achieved our numerical targets for both net sales and profits. We also leveraged our advanced technology and comprehensive capabilities to secure numerous large-scale, high-difficulty projects. Furthermore, to expand our business domains, we steadily advanced the development of differentiated technologies in growth areas such as offshore wind power and highway renewal, as well as participation in the energy and carbon-neutral (CN) sectors. Additionally, we made P.S. Mitsubishi Co., Ltd. (present: PS Construction Co., Ltd.) a consolidated subsidiary.

In the [TAISEI VISION 2030] Achievement Plan, given the expected expansion of our business domain in areas such as national resilience, CN, and infrastructure renewal, we have set the goal of "to contribute to the solving environmental and social issues as the leader in infrastructure development by leveraging our advanced technological capabilities and the Group's comprehensive capabilities." We will fully leverage the Group's strengths—such as brand power based on our extensive construction experience, technological development capabilities, and design and construction skills that meet diverse needs. Additionally, we will promote the development of labor-saving technologies and the utilization of generative AI to establish an appropriate order intake and production system. As a core business in [TAISEI VISION 2030], the Domestic Civil Engineering Division aims for further growth built upon a solid business foundation.

Awareness of Key Fields

Fields	Scenarios and Action Policies
Dams and Rivers	To focus particularly on underground river shield construction, an area where we have abundant experience, for dams and underground river facilities, which are in high demand and multiple large-scale projects are expected to emerge.
Defense and Port Airports	To concentrate on defense-related construction projects, which are expected to have continuous budget allocations, as well as large-scale projects such as the Narita International Airport and Chubu Centrair International Airport expansion plans.
Roads	To focus on the renewal project sector, which is expected to have semi-permanent demand, including underground highway construction, large-scale renovations, and floor slab replacements.
Railway	To focus on new large-scale projects, such as advanced station utilization and grade separations, where a certain level of market demand is anticipated.
Energy and CN	To become a frontrunner in floating offshore wind power by accumulating technological development, demonstration, and project experience.

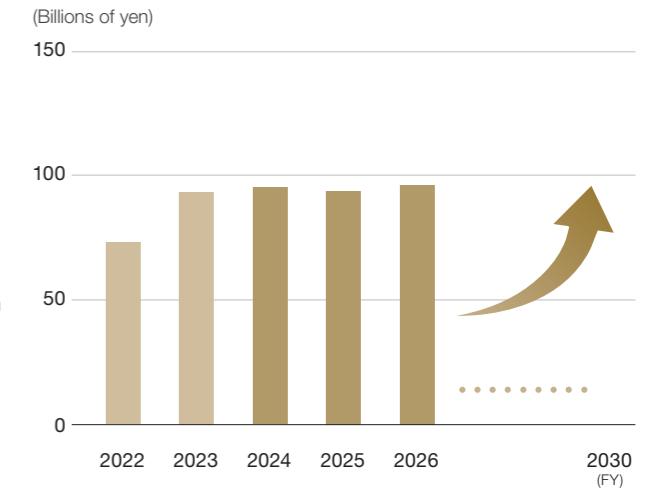
Recognition of the Current Situation

Risks	Opportunities	Strengths
<ul style="list-style-type: none"> Intensified competition of new construction orders in the domestic civil engineering market Soaring construction material prices due to geopolitical risks Shortage of skilled construction workers due to the declining birthrate, aging population, and shrinking workforce Impact on construction capacity and rising labor costs due to the implementation of legal upper limit on overtime working hours 	<ul style="list-style-type: none"> Growing demand for environment-related technologies in the pursuit of a decarbonized, recycled-oriented, and nature co-existing society Strong demand supported by national resilience initiatives Expansion of the renewal market due to aging infrastructure Increased need for dams and underground river facilities (shields) in response to the intensification of heavy rain disasters Participation in major national projects, including airport-related developments 	<ul style="list-style-type: none"> Recognition and trust built on extensive experience Competitive advantage in proposal-making and advanced technological capabilities High-quality construction management capabilities, including safety and quality control Support system for worksites by the head office's technical department Industry-leading construction capabilities

Results of the Previous Medium-Term Business Plan (FY2023)

- Improving Order Competitiveness**
Secured orders for large-scale construction projects (related to defense, and Nihonbashi) that leveraged our technological and comprehensive capabilities; Enhanced organizational and cost estimation capabilities in key areas such as dam projects; Established a new division for technical proposals and cost estimation support at the Group companies.
- Promoting Initiatives in Fields with High Potential**
Advanced technology development related to floating offshore wind power generation; Developed a floor slab replacement machine; Commenced construction of the Taisei Group next-generation technology research institute and the "next-generation pavement experimental runway" by Taisei Rotec Corporation.
- Expansion of Business Domains and M&A**
Secured a civil engineering contract at the JERA Hekinan Thermal Power Station, which is undergoing an ammonia co-firing demonstration test; Expanded our highway renewal business by making P.S. Mitsubishi Co., Ltd. (present: PS Construction Co., Ltd.) a consolidated subsidiary.

Outlook for Gross Profit



Scenario to Realize What We Should Aim For

System for receiving an order and the performance of the works	<ul style="list-style-type: none"> To increase employment of new graduates and career hires, develop training system, and arrange proper working environment for active participation of senior employees To initiate systematic training for employees particularly designated for highway renewal projects, and establish support teams to reduce work burden at worksite To promote technological development of dam-related works and improve accuracy of estimation To develop labor-saving technologies (remote control of heavy machinery, automated and autonomous) and enhance productivity through the use of generative AI
Carbon neutrality- related (offshore wind power, nuclear power, CCS)	<ul style="list-style-type: none"> To promote technology development for offshore wind power through acquisition of its technology license, participate in its experimental projects, and establish base sites To promote technology marketing in relation to nuclear power plants To utilize external business capital to acquire technology and know-how for new business fields
Group companies	<ul style="list-style-type: none"> To continue human capital support for design change negotiations by accumulating knowledge at the newly established tender sections To secure appropriate personnel through the improvement in remuneration and group-wide recruiting activities To promote M&A in the fields of paving and renewal, where business synergies are expected

TOPICS

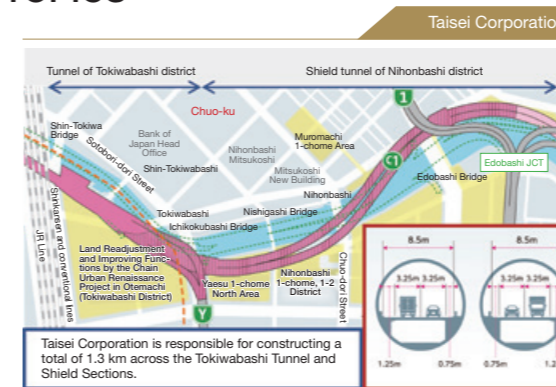


Image courtesy of Metropolitan Expressway Company Limited.

Underground Construction in the Nihonbashi District of the Metropolitan Expressway

As part of this project, we were awarded contracts for the construction works for tunnel of Tokiwabashi district and shield tunnel of Nihonbashi district. This work requires advanced technology to construct tunnels beneath rivers and in areas where subways and other infrastructure are densely concentrated. Under the concept of "Bringing Back the Blue Sky to the Nihonbashi River," we are aiming for early completion.



SEIWA RENEWAL WORKS' Efforts to Solve Environmental and Social Issues

In addition to civil engineering foundation work, SEIWA RENEWAL WORKS CO., LTD. is actively engaged in post-construction seismic reinforcement, soil purification, and turbid water treatment to address environmental and social issues. The company is also working towards packaging photovoltaic power generation and large-capacity storage batteries for use at construction sites in mountainous areas or disaster-stricken regions where power supply is difficult.

③ Medium- to Long-Term Business Strategy

Group Domestic Real Estate Development Business

Major Group Companies in Charge | Taisei-Yuraku Real Estate Co., Ltd.

What We Should Aim for in 2030

We will contribute to high value-added urban development by making the most of our “development know-how” and “technological capabilities” as a general contractor:

To build a sustainable and progressive group real estate development business structure and pursue maximum group synergy

Managing Executive Officer
Chief of Urban Development Division;
In charge of International Development Business

Takashi YAMAZAKI



In the previous Medium-Term Business Plan, the real estate development business achieved its numerical targets as the office and condominium segments progressed as planned under stable real estate market conditions. Regarding our real estate portfolio, we focused on building a stable earnings base for the Group's real estate development business by balancing flow business activities, such as property sales, with stock business activities, like leased office space that generates continuous income. This was achieved through a strategic combination of areas, uses, and other factors, leading to certain successes, such as the accumulation of assets and the expansion of investment opportunities.

To achieve [TAISEI VISION 2030], we will strive to utilize the know-how we have cultivated through securing construction orders into our projects of development investments. Additionally, we will implement high-value-added urban development by leveraging the technical capabilities of our general contractor operations to differentiate ourselves from competitors. Specifically, we plan to expand investment opportunities by targeting large-scale development and redevelopment projects, using the client base and construction orders of general contractors as a starting point. Additionally, we will work to differentiate ourselves by incorporating our advanced technologies into in-house development projects and condominium product development.

Furthermore, in June 2024, we entered into a capital and business alliance with Heiwa Real Estate Co., Ltd. Through this alliance, both companies will work to enhance mutual corporate value by building a medium- to long-term cooperative relationship and leveraging the strengths of their respective business foundations and know-how.

Recognition of the Current Situation

Risks	Opportunities	Strengths
<ul style="list-style-type: none"> Changes in the real estate market due to sudden economic fluctuations, rising interest rates, etc. Fluctuations in vacancy and occupancy rates and rent due to shifts in the supply-demand balance Rising project costs due to soaring prices of construction materials and resources 	<ul style="list-style-type: none"> Growing demand for new urban development to address social and environmental issues Increase in large-scale development and redevelopment projects requiring advanced know-how Rise in projects that require the technical involvement of general contractors from the initial stages 	<ul style="list-style-type: none"> Strong capabilities and extensive track record in large-scale development, urban redevelopment, and securitization projects Broad client base as a general contractor and advanced technological expertise in design, construction, engineering, and decarbonization Strong capabilities and extensive experience in the condominium business (both sales and leasing) Comprehensive ability to coordinate within the Group, from upstream business proposals to design and construction, to downstream maintenance and operation Management capabilities to lead joint ventures and consortiums

Awareness of Key Fields

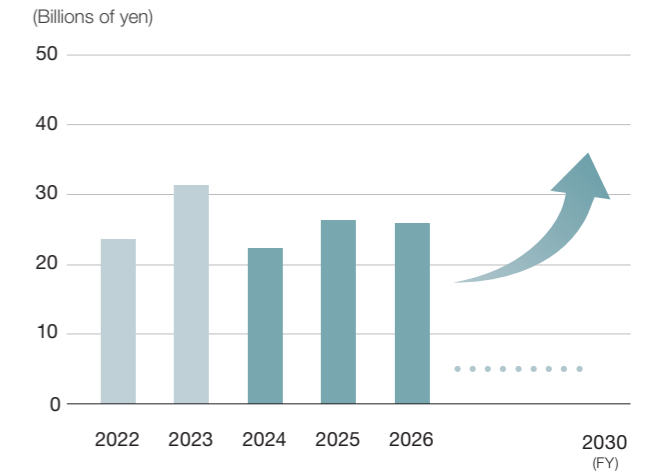
Fields	Scenarios and Action Policies
Office	To identify opportunities in major cities and prime locations where market fluctuations are relatively small and transactions can be conducted through private negotiations.
Hotel	To strengthen collaboration with operators for highly specialized assets as profitability has improved significantly, particularly in the Tokyo and Kansai regions, as inbound demand recovers.
Logistics	To promote logistics projects by carefully selecting target areas and considering the balance between personnel and costs as the market is expanding due to the growth of e-commerce and the challenges associated with the 2024 problem. Rents have remained stable in areas such as the Tokyo Bay Area.
Condominium	To develop “high-value-added products” that leverage our technical capabilities as a general contractor, such as energy-efficient solutions, to appeal to clients as the market is expected to remain strong for the time being. Sales strategies will be adjusted in response to interest rate and economic trends.

Results of the Previous Medium-Term Business Plan (FY2023)

- Invested in prime, high-quality properties in Japan, such as the Aoyama Building and Otemachi Nomura Bldg., to build a target portfolio.
- Generated profits through a revolving business model with a focus on capital efficiency.
- Opened the Centara Grand Hotel Osaka*, a development project promoted by the Company and funded through investment in a special purpose company (SPC) established jointly with another firm.
- Initiated new development projects in sectors such as logistics warehouses and data centers.
- Launched the operation of the Taisei Corporation Private REIT, Inc. a private placement REIT.
- Started a PFI project that integrates redevelopment and management under the Todoroki Green Space Redevelopment, Operation, Etc. Project.

*The first hotel in Japan by Sentara Hotels & Resorts (headquartered in Bangkok, Thailand)

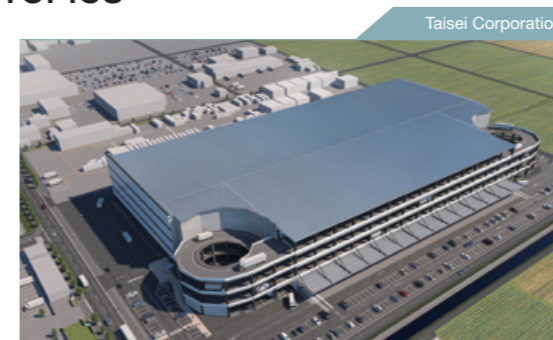
Outlook for Gross Profit



Scenario to Realize What We Should Aim For

Maximization of profits by leveraging development know-how	<ul style="list-style-type: none"> To create investment opportunities in the real estate development business by targeting large-scale development projects and redevelopment projects, while leveraging our real estate development capabilities To pursue profit opportunities by promoting collaboration and sharing know-how among the Group and our company's departments (domestic and overseas real estate development, Taisei-Yuraku Real Estate Co.,Ltd., Group, Heiwa Real Estate Co., Ltd. and others) To recruit and train human capital in an integrated manner, both domestic and overseas real estate development business, and assign them in accordance with the required competence and each employee's capability
To create business utilizing our technological capabilities as a general contractor	<ul style="list-style-type: none"> To differentiate ourselves from other competitors through our technological capabilities by developing products for our own real estate development projects that adopt our advanced technologies (carbon neutral, greening, smart buildings, resilience, etc.) To create investment opportunities for the real estate development business by utilizing particular buildings, on which our technologies are adopted, as our showrooms To reflect operational know-how in our project planning in collaboration with our Design Division and Engineering Division, etc., to develop new business fields (hotels, logistics, and data centers)

TOPICS



Initiatives in New Development Fields: Tosu Logistics Facility
Main Use: Logistics warehouse
Location: Tosu City, Saga Prefecture

This project involves the construction and leasing of multi-tenant warehouses on land owned by a logistics company, undertaken by a special purpose company (SPC) in which Taisei Corporation and other investors participate. This logistics warehouse, completed in July 2024, exemplifies an “All-Taisei” approach, encompassing all stages from land acquisition to operation.



Environmentally Friendly Condominium Development: Terrace Komagome East
Main Use: Residential apartments
Location: Kita-ku, Tokyo

This is Taisei-Yuraku Real Estate Co., Ltd.'s second new rental condominium development project to achieve ZEH-M Oriented certification. It is a collaborative Group project constructed by TAISEI U-LEC Co., LTD. By enhancing the building's thermal insulation performance to ZEH standards and incorporating high-efficiency residential equipment, energy consumption has been reduced by 27% compared to standard levels. The project has been recognized for its energy-saving features and diverse floor plans that cater to various lifestyles.

③ Medium- to Long-Term Business Strategy

Group Overseas Business

What We Should Aim for in 2030

While growing by utilizing the technical know-how we have cultivated through domestic business operations, we will contribute to the economic and social development of the countries in which we operate by establishing high-quality infrastructure:

To promote localization in overseas growing markets, differentiate ourselves from other competitors with our high technological capabilities, and create an attractive business structure

Managing Executive Officer
Chief of International Operations Headquarters

Tatsuya SUGAWARA



In the previous Medium-Term Business Plan, the overseas business aimed to secure stable business volumes in key countries and transition to a profit structure centered around local subsidiaries.

However, establishing a stable business base through localization and the establishment of local offices is still a work in progress. We need to continue implementing measures to enhance price competitiveness and strengthen construction capacity. To address this, we reorganized the construction and real estate development businesses under a unified structure in April 2024. We expect that the synergies between construction and real estate development will lead to expanded business opportunities and the establishment of a stable earnings base.

To achieve [TAISEI VISION 2030], we will leverage the Group's strengths, including our track record in airport and shield tunnel construction, advanced technological capabilities, and excellence in quality, process, and safety management. Additionally, we will focus on securing and developing human capital and fostering collaboration with alliance partners.

The overseas business is an attractive endeavor that can contribute to the development of nations by building local infrastructure and improving quality of life. It holds great potential to create significant value as a key pillar of the Group's future operations. By sharing this vision with our employees, we are committed to taking on the challenge of leaping into the next era.

Awareness of Key Fields

Fields	Scenarios and Action Policies	Focus Areas
Overseas building construction	<ul style="list-style-type: none"> To promote thorough localization and delegation of authority, while leveraging development know-how to build a strong foundation for the growth of local subsidiaries and operations. To carefully identify and respond to targeted opportunities for international bidding projects, such as those under Official Development Assistance (ODA). 	Vietnam, Indonesia, Thailand, the Philippines, Taiwan, India
Overseas civil engineering	<ul style="list-style-type: none"> To focus on rigorous risk management for local government and ODA projects, ensuring secure earnings. 	Singapore, the Philippines, Bangladesh
Overseas real estate development	<ul style="list-style-type: none"> To strengthen business structures and focus on securing development profits in collaboration with local construction subsidiaries. 	U.S.A., Taiwan, Vietnam, Indonesia
Beyond construction and development	<ul style="list-style-type: none"> To participate in energy and infrastructure projects (such as concession businesses) on a pilot basis to acquire business know-how and explore future development opportunities. 	-

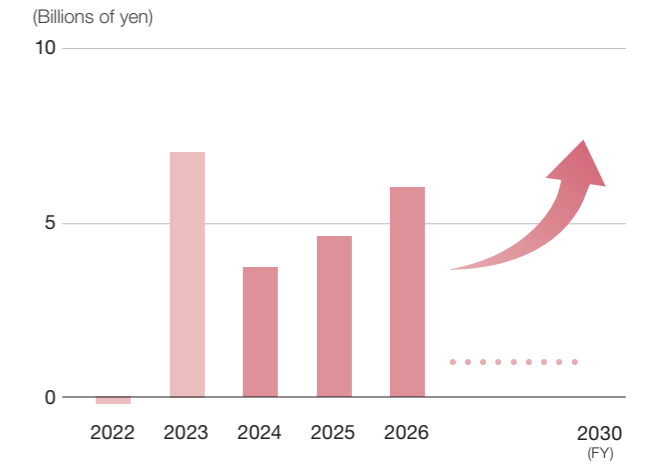
Recognition of the Current Situation

Risks	Opportunities	Strengths
<ul style="list-style-type: none"> Financial collapse and security risks in countries where operations are conducted Contractual risks arising from systems, laws, and business practices only in the countries of operation Geopolitical risks Risk of price spikes Foreign exchange risks 	<ul style="list-style-type: none"> Sustainable growth of the global construction and real estate markets Acceleration of global sustainability initiatives Increasing importance of technology assessment in emerging markets 	<ul style="list-style-type: none"> High level of trust from specific clients in focus areas Strong collaborative relationships with competitive alliance partners and Japanese developers Comprehensive design and construction capabilities utilizing technological know-how cultivated in Japan

Results of the Previous Medium-Term Business Plan (FY2023)

- Secured human capital to strengthen sales and construction capabilities, including mid-career hires and new graduates through international recruitment channels.
- Received an order for the construction of an office building from the local subsidiary of a Japanese real estate company in Mumbai, India, a key focus area where initiatives have already begun.
- Reorganized the existing International Branch, International Sales Division, and Urban Development Division's International Development Department into the newly established the International Operations Headquarters, with the primary goals of expanding business opportunities and establishing a stable profit base.

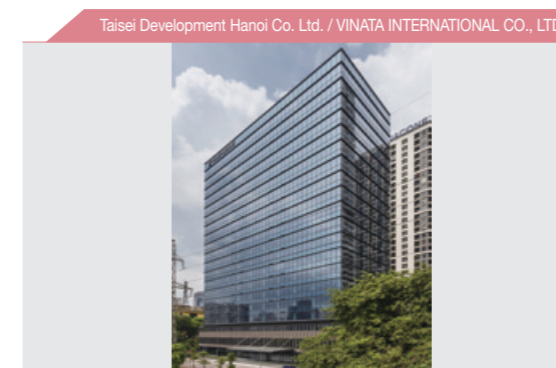
Outlook for Gross Profit



Scenario to Realize What We Should Aim For

Organization	<ul style="list-style-type: none"> To combine the functions of the branch (construction works and corporate function), marketing and sales, and real estate development and reorganize them as the International Operations Headquarters, develop synergies by combining the construction business and the real estate development business into a single profit center, and expand business opportunities and build a stable profit base
Building Construction	<ul style="list-style-type: none"> In prioritized areas, to increase the number of the potential clients and projects by promoting the transfer of authority to overseas subsidiaries, train local human capital, and make minor investment in local construction companies
Civil Engineering	<ul style="list-style-type: none"> Mainly in three prioritized areas, to focus on projects in which we have advantages by enhancing our marketing and sales, estimation, and construction capabilities utilizing our alliance partners
Real Estate Development	<ul style="list-style-type: none"> To train employees designated for overseas projects and enhance business information on real estate development collaborating with local partners as well as utilizing the network of local engineers and local subsidiaries
Energy and Infrastructure	<ul style="list-style-type: none"> To participate in infrastructure-related PPP and concession business as a trial project to acquire new sources of profit, and acquire business operation know-how

TOPICS



Providing a Japanese-Quality Workplace at Taisei Square Hanoi in Vietnam

This project in Hanoi, Vietnam, is a flagship endeavor for our overseas real estate development business, where the Taisei Group independently handled the entire process from development and design to construction and management of a large office building. Completed in May 2024, the building exemplifies the provision of a "Japanese-quality workplace."



Construction of a Green Multi Solar® Demonstration Building in Thailand in Cooperation with KANEKA CORPORATION

Amidst growing interest in various CO₂ reduction methods, our subsidiary TAISEI (THAILAND) CO., LTD., in collaboration with KANEKA CORPORATION, constructed a demonstration building showcasing the jointly developed Green Multi Solar®, a glass-integrated power generation system. Located on the premises of the National Science and Technology Development Agency of Thailand, the building aims to effectively utilize building walls for power generation.

③ Medium- to Long-Term Business Strategy

Group Engineering Business

Major Group Companies in Charge | Network Alliance Corporation

What We Should Aim for in 2030

While incorporating the latest technologies in manufacturing facilities, we will contribute to solving clients' issues by providing a consistent service system from planning, design, and construction to maintenance and management of production facilities by leveraging our advanced engineering capabilities as well as our design & build capabilities:

To assign human capital into marketing and sales and design departments, secure production capabilities through the collaboration with the third parties, and establish engineering-oriented projects

Managing Executive Officer
Chief of Engineering Division

Shinichiro TAKAHAMA



The engineering business, with its competitive advantage gained by pioneering efforts in pharmaceutical manufacturing facilities ahead of other general contractors, is a key area of focus for achieving [TAISEI VISION 2030].

In the previous Medium-Term Business Plan, despite intensifying competition for receiving orders and the impact of sharp price increases, we successfully captured investments in the pharmaceutical field through the "Subsidy for the Project of Developing Biopharmaceutical Manufacturing Sites to Strengthen Vaccine Production" during the COVID-19 pandemic. Additionally, in the promising semiconductor field, we expanded our business domain to include semiconductor raw materials and material factories, laying the foundation for future market growth.

To achieve [TAISEI VISION 2030], we have set the goal of becoming an "engineering group with a deep understanding of manufacturing processes and a high level of expertise in plant operations." By fully leveraging the technological capabilities we have cultivated through extensive experience, and by providing consistent, high-value-added engineering services across the entire lifecycle of production facilities—from planning to maintenance—we aim not only to secure orders for complete manufacturing facilities, including buildings, but also to achieve our goals and establish ourselves as a new pillar of the Group.

Awareness of Key Fields

Fields	Scenarios and Action Policies
Pharmaceuticals	To focus on biopharmaceuticals (vaccines, antibody drugs, etc.), where continued investment in manufacturing facilities is expected, and on conventional pharmaceuticals like antibiotics, which are anticipated to return to domestic production in Japan due to the COVID-19 pandemic.
Semiconductor	To focus on a broad range of areas, including semiconductor raw materials and related materials as the market is expected to experience rapid growth driven by the advancement of DX (Digital Transformation) technology, presenting a promising opportunity to leverage our existing technologies.
Food	To prioritize labor-saving and automation technologies, as investments in these areas are expected to address the critical issue of securing a labor force, amid the challenges posed by high raw material prices.
Logistics	To concentrate on warehouses with attached factories, which offer competitive advantages with the anticipated expansion of investment in high-performance logistics facilities driven by the growth of e-commerce.

Recognition of the Current Situation

Risks	Opportunities	Strengths
<ul style="list-style-type: none"> The risk of losing competitive advantage in securing orders if we are unable to continually acquire and maintain cutting-edge, differentiated technologies. Rising construction material prices and procurement challenges. Challenges in securing skilled personnel. 	<ul style="list-style-type: none"> Diversification of client needs aimed at addressing social and environmental challenges. Ongoing demand for capital expenditures in dynamic, growth-oriented markets. Reshoring of manufacturing to domestic locations in response to increasing geopolitical risks. 	<ul style="list-style-type: none"> High level of expertise in manufacturing processes and engineering capabilities, honed through extensive experience. Comprehensive design and construction capabilities that ensure optimal integration from building design to production processes. A consistent project management system led by project leaders (PLs) with in-depth knowledge of manufacturing facilities.

Results of the Previous Medium-Term Business Plan (FY2023)

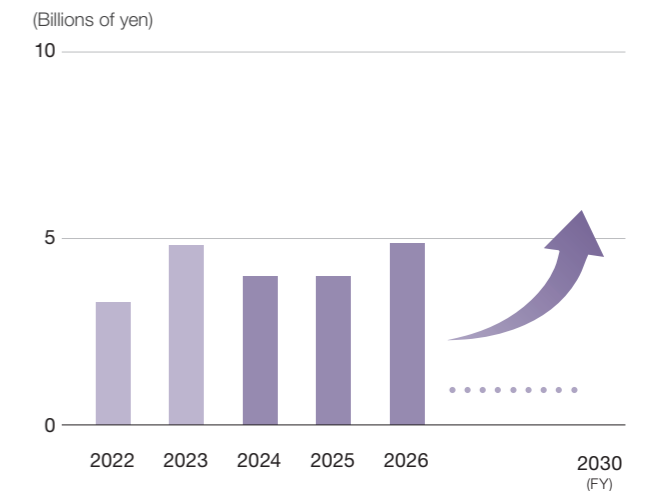
Business Activities in Key Fields

- Pharmaceuticals:** Secured a wide range of orders by thoroughly proposing differentiated technologies, including winning projects for the development of biopharmaceutical manufacturing bases aimed at strengthening vaccine production systems.
- Semiconductor:** Expanded orders and sales for semiconductor manufacturing equipment and materials production plants.
- Food:** Completed the latest factory focused on promoting automation and labor-saving technologies, contributing to increased productivity for clients.
- Logistics:** Steadily secured orders for logistics facilities associated with manufacturing plants.

Establishment of a Framework for Expanding Business Domains

- Steadily expanded collaboration systems, including alliances with design firms, construction companies, and engineering firms.

Outlook for Gross Profit



Scenario to Realize What We Should Aim For

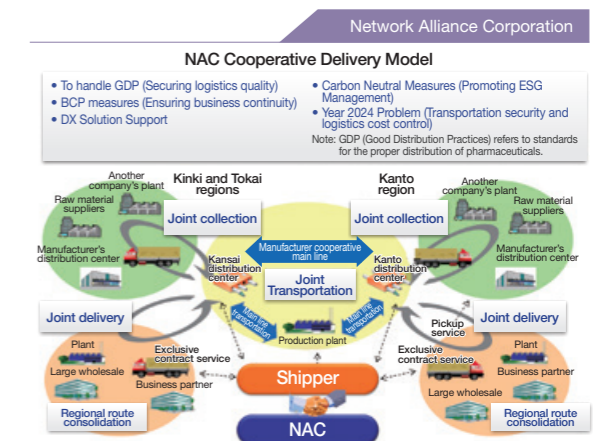
To secure competitiveness	<ul style="list-style-type: none"> To enhance our market share in the pharmaceuticals field and acquire a capability of proposals differentiating ourselves from other competitors, such as our advanced technologies essential to the expansion of our business field in the semiconductor industry, through the collaborations with third parties including alliances Regarding food-related fields, to concentrate on feasibility studies and consulting services, as well as automating and labor-saving projects Regarding logistics facilities fields, to concentrate on warehouse projects furnished with production facilities in the manufacturing industry
System and costs for the performance of the works	<ul style="list-style-type: none"> To secure internal operation resources through systematic recruitment and training as well as flexible staff assignment To enhance our productivity by concentrating on planning works while utilizing alliance partners for construction works To establish an internal support system for procurement, estimation, quality control, safety management, construction schedule management, and others

TOPICS



Projects for the Development of Biopharmaceutical Manufacturing Bases Aimed at Strengthening Vaccine Production Systems

We are constructing one of Japan's largest vaccine manufacturing bases. Leveraging our engineering expertise, we are working to build manufacturing facilities for both antibody drugs (during normal times) and recombinant subunit vaccines (during emergencies).



Providing Joint Logistics Services for Pharmaceuticals

Network Alliance Corporation is utilizing DX to address various challenges in pharmaceutical logistics, including stricter logistics quality control, overtime restrictions, and the establishment of sustainable regional logistics networks.

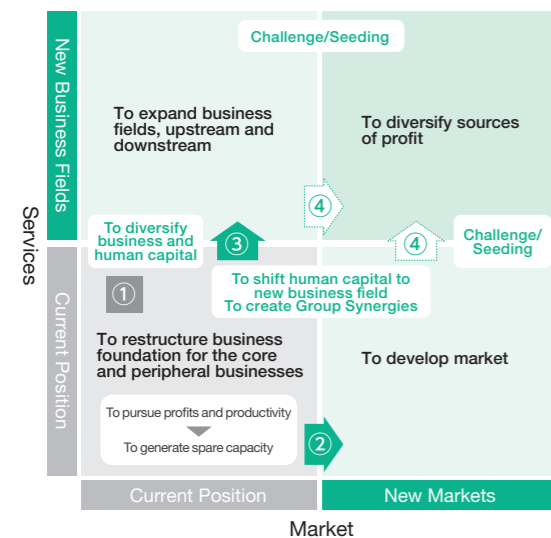
④ New Business Models

To achieve [TAISEI VISION 2030], we will work to stabilize our earnings base through business diversification. This will be accomplished by restructuring existing businesses in line with the following strategies, investing resources in construction-related businesses, and providing a variety of construction-related services. We aim to become a resilient company capable of responding to any changes in the external environment and meeting the expectations and demands of our clients and society.

Outlook for Our Business Model in [TAISEI VISION 2030]

Fundamental Policy — We will restructure the business foundation as suitable for the core business by rebuilding our domestic building construction business, and then aim to stabilize the profit base by diversifying our business through investing resources onto business related to building construction business and providing the various construction-related services.

[Outlook]



[Scenario]

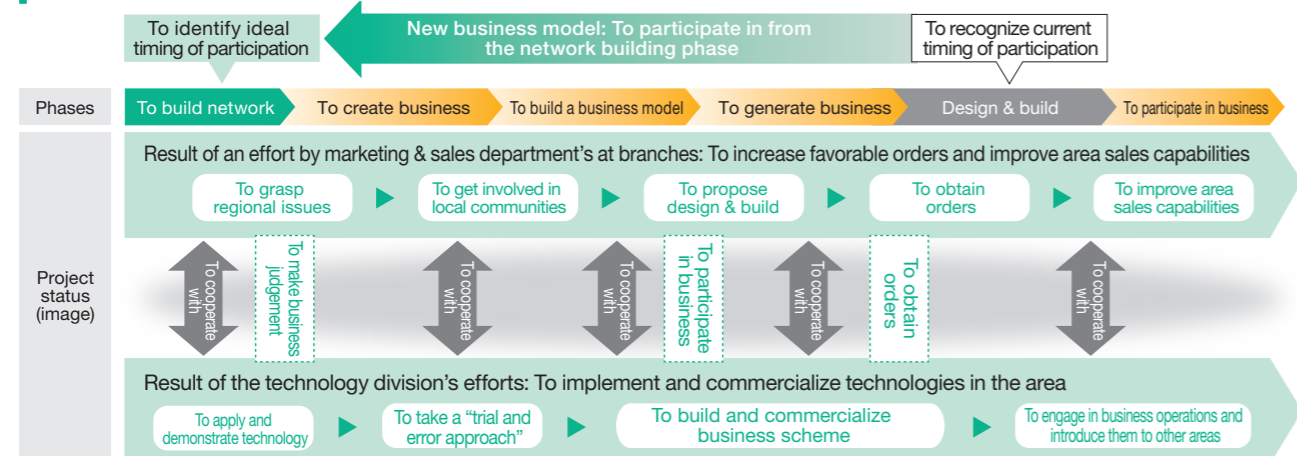
- ① To restructure the business foundation for the core and peripheral businesses [To rebuild existing businesses]**
 - To spare rooms for assignment of personnel and working hours through introduction of back-office operations and reviewing the site office management process
 - As a leading company in the environmental field, to initiate **decarbonization of buildings**, promote the use of **digital technologies**, and increase our profitability
- ② To develop business market [Expansion/shift of targeted market]**
 - To increase number of employees in and shift human capital to renewal and engineering fields where we have our advantage
 - To develop new markets for our core and peripheral businesses by effectively utilizing our proprietary technologies and facilities
- ③ To expand business fields upstream/downstream [Diversification of services we provide]**
 - Upstream: To take part in an energy or infrastructure business as provider by leveraging our comprehensive capabilities
 - Downstream: To acquire the capability to comprehensively undertake O&M* business by utilizing energy management services and IoT technologies, and further enhance our business portfolio
- ④ To diversify sources of profit [To challenge to enhance our business fields]**
 - To commercialize proprietary technologies and employees' ideas in a form different from the construction business
 - To utilize various external business resources through alliance partners and other means, and boldly cultivate future technology seeds

(1) Regional Collaboration Strategy

As one of our initiatives in new markets, we have formulated a regional collaboration strategy. We will strive to create new business opportunities by acting as a "problem-solving partner" for local governments and other entities, rather than simply participating from the design and construction stages as we have in the past.

Fundamental Policy — We will seize the increasing expectations of local governments and local companies toward major general contractors as "problem-solving partners," enhance our advantage in receiving orders by creating new marketing & sales process derived from resolving local issues solutions and aim to establish the new business.

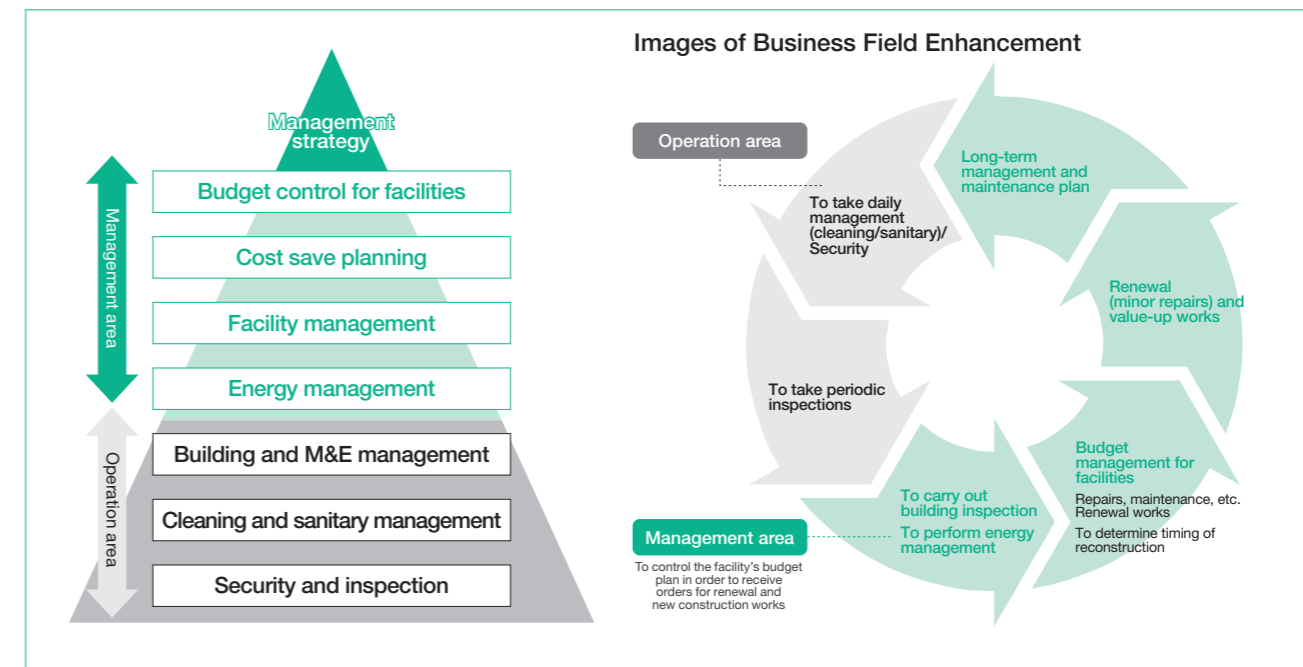
Aims and Images of Regional Collaboration



(2) O&M Business

We will fully enter the operations & maintenance (O&M) business as a new service field. We will expand beyond the conventional operations domain (building and facility management, cleaning and sanitation management, security and inspection) into the management domain (facility-related budget management, preparation of cost reduction plans, facility management and operation, energy management, etc.) and high-performance facilities such as factories. By comprehensively undertaking facility management operations outside of our clients' core businesses, we will build long-term relationships with them.

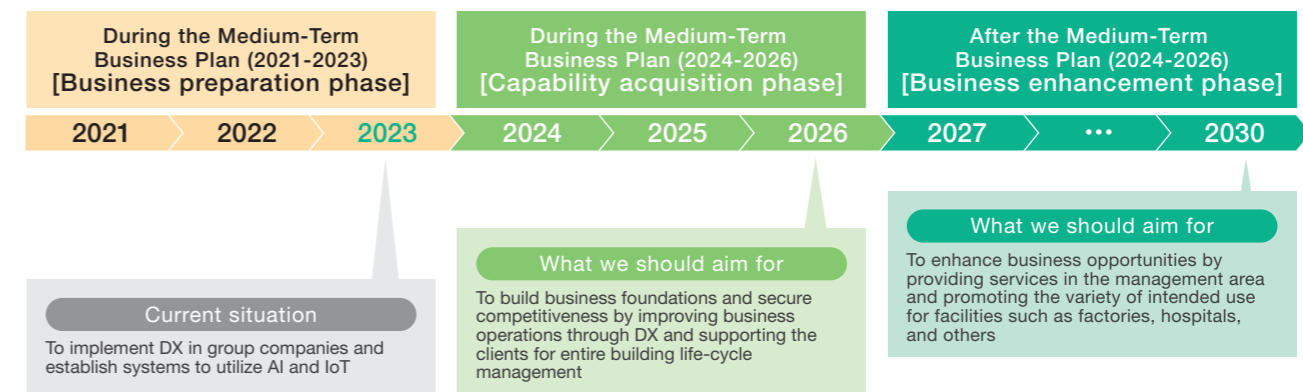
Fundamental Policy — We will enhance the O&M business by engaging ourselves not only in the operation area as the existing business but also in the management area, and undertaking comprehensive facility management operations which fall outside of clients' core businesses.



Purpose to Engage in O&M Business from the Viewpoint of Our Core Business

- To build long-term business relationship with clients and maintain competitive advantages.
- To receive orders for new building and renewal works by concentrating our resources onto O&M business and engaging ourselves in the investment planning phase.

Road Map



Introduction
Message from the President
Changing Taisei Corporation
Value Creation at Taisei Corporation
Sustainability
Governance
Data Section

⑤ Methodologies for Business Transformation

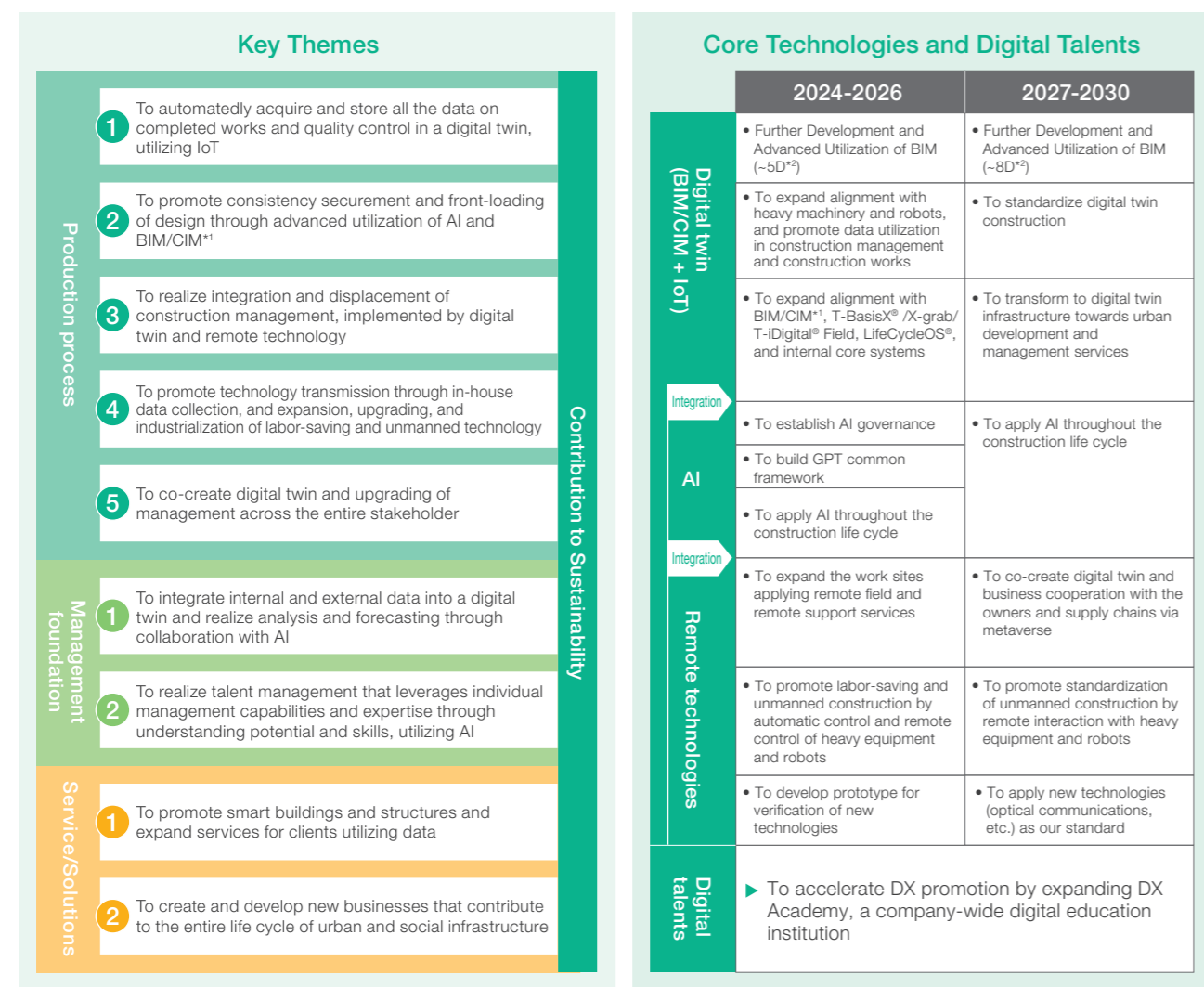
To advance our medium- and long-term strategy, the [TAISEI VISION 2030] Achievement Plan, we have organized our approaches to DX, M&A, and New Business Generation Supporting Program into our “Methodologies for Business Transformation.” These methodologies will support our efforts to achieve our goals, leading to sustainable growth and increased corporate value.

(1) DX

Regarding the promotion of DX, “Digital Twin,” “AI,” and “Remote Technology” will be our core technologies for FY2030. The entire company will steadily implement steps toward their advanced utilization. To develop digital talent, we are expanding the “DX Academy,” a company-wide digital education institution, and focusing on securing and developing human capital.

*A system that utilizes digital technologies such as BIM and IoT to replicate physical spaces in a virtual environment, integrating the real and digital worlds in real time. This allows for simulations of experiments, completion forecasts, and future projections that would be difficult to perform in the real world.

Fundamental Policy — We will enhance corporate value of the Group through swiftly utilizing information (digital technology and data).



*1 Building/Construction Information Modeling, Management. This involves implementing a building database where attribute data such as cost, finishes, and management information is added to a 3D digital model of the building created on a computer from the investigation, planning, and design stages. This database is then utilized and enriched with information throughout the subsequent construction and maintenance stages. By sharing this information among all stakeholders involved in the project, we aim to improve efficiency and sophistication for both clients and contractors across the entire construction production and management system.

*2 4D: Construction process management, 5D: Cost management, 6D: Sustainability, 7D: Maintenance management, 8D: Safety management

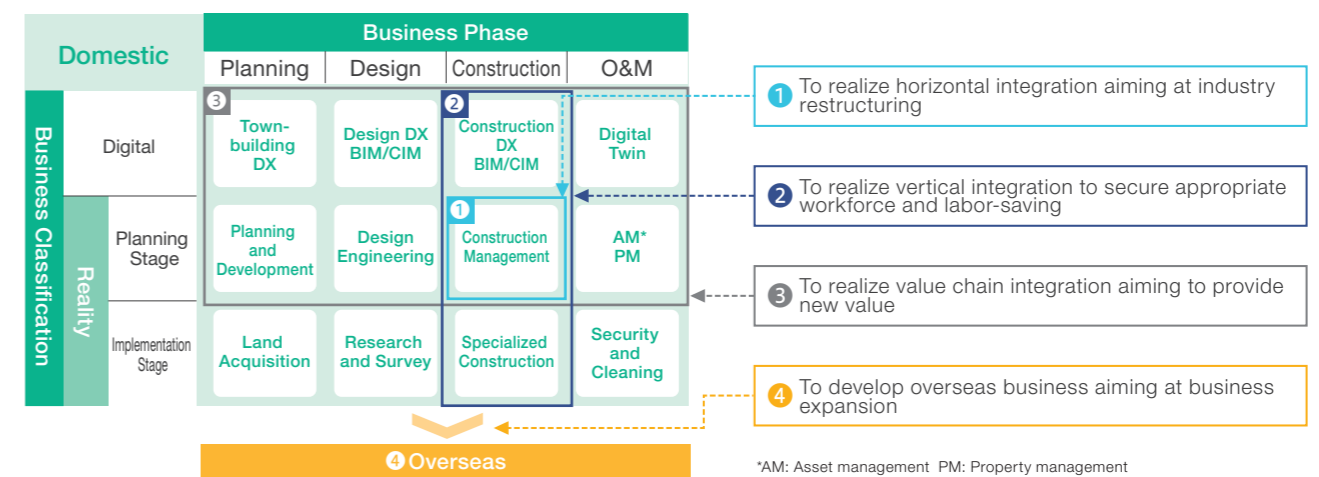
For details of our efforts to achieve [TAISEI VISION 2030], please refer to Part 3 “Sustainability: DX.”

(2) M&A

In addition to the “horizontal integration aiming at industry restructuring” implemented during the previous Medium-Term Business Plan, we will continue to reform our business structure by considering “vertical integration targeting to secure appropriate workforce and labor-savings,” “integration of value chain aimed at new value creation,” and “overseas business development aiming at business expansion.”

Fundamental Policy — We will focus more than ever on the healthy development of construction industry through industry restructuring ((1) Horizontal integration aimed at industry restructuring). Also, we will build a new growth foundation specifying the following targets: (2) vertical integration targeting to secure appropriate workforce and labor-saving; (3) integration of value chain aimed at new value creation; and (4) overseas business development aiming at business expansion.

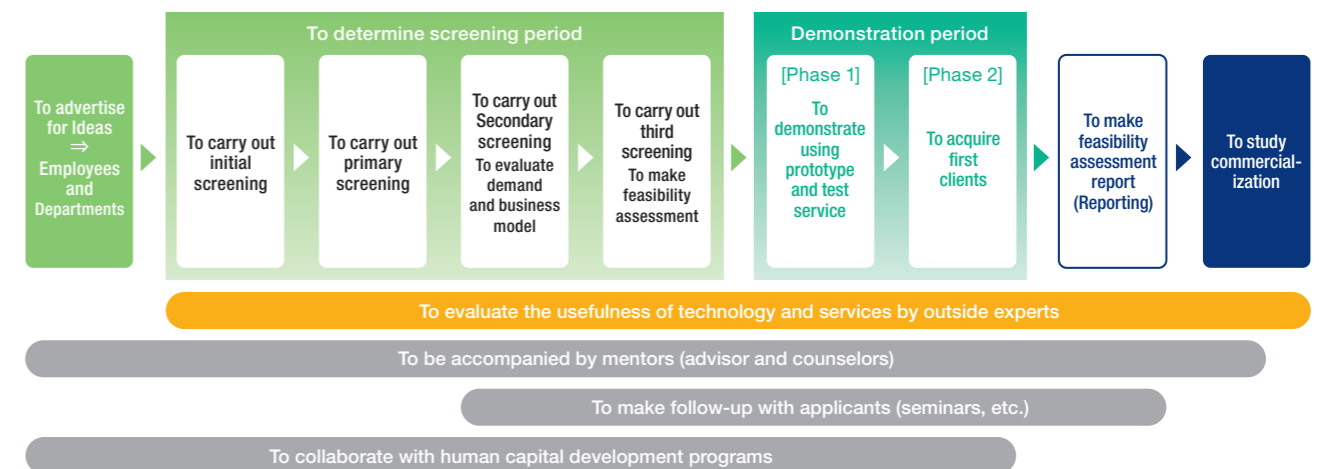
M&A Consideration Areas



(3) New Business Generation Supporting Program

We have launched initiatives to support new businesses that embody the Taisei Spirit through bold and innovative proposals. Through institutional support, we foster a culture of challenge, aiming to develop human capital who can strengthen our management foundation, diversify our business, and establish new pillars for future growth.

Fundamental Policy — We will create new pillars for future new business by developing human capital capable to strengthen the management foundation, creating new trends for corporate culture reform, and expanding profit opportunities through business diversification.



⑥ Medium-Term Business Plan (2024-2026)

Based on the summary of the Medium-Term Business Plan (2021-2023) and medium- to long-term changes in the external environment and structure, we have established the Medium-Term Business Plan (2024-2026) as the targets and measures for the next three years, serving as a milestone in the [TAISEI VISION 2030] Achievement Plan to realize what we should aim for. We have clearly emphasized the importance of profit growth, while positioning net sales as a reference value.

Numerical Targets for FY2026

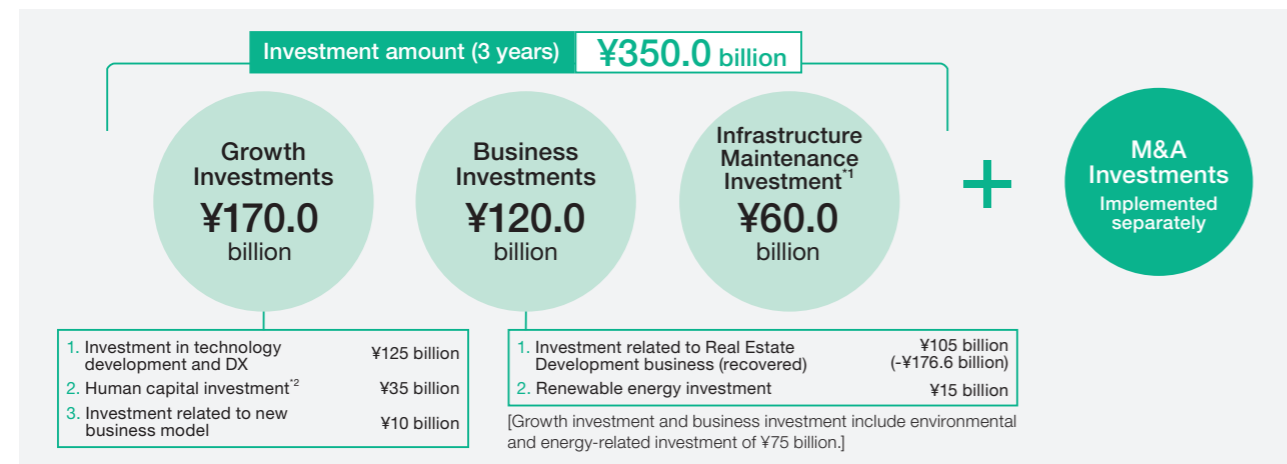


(Reference) Net sales: Approximately ¥1.95 trillion

The FY2026 numerical targets do not include the sale of cross-shareholdings or M&A activities that have not yet been decided. The Group aims to reduce cross-shareholdings to less than 20% of consolidated net assets by the end of FY2026, and we believe that we can achieve an ROE of around 10% if we meet this target. The funds acquired through the sale of cross-shareholdings will be allocated in accordance with our financial policy.

Investment Plan

We plan to invest ¥350 billion, exceeding the ¥250 billion investment in the previous Medium-Term Business Plan. In addition to continuing our focus on investments in DX, real estate development-related businesses, and renewable energy, we will accelerate technology development related to decarbonization, such as offshore wind power, and increase investment in human capital.



¹ Infrastructure maintenance investment: maintenance and operation costs of existing systems, equipment, etc. (information infrastructure investment); and maintenance and management costs of existing facilities, etc. (general capital investment)
² Human Capital: costs associated with the revision of human resources systems (including welfare benefits), personnel costs that will increase following the policy transitions (in comparison with FY2023) due to improvements in remuneration, etc., and training and development costs, etc.

[TAISEI VISION 2030] Achievement Plan / Medium-Term Business Plan (2024-2026)

Main Implementation Measures during the Period of the Medium-Term Business Plan (2024-2026)

▶ Among [TAISEI VISION 2030] Achievement Plan, those to achieve results within the period of the Medium-Term Business Plan (2024-2026)

- Group Domestic Building Construction Business**
 - To restructure the profit structure through appropriate receiving an order and performance of the works
 - To expand the system for the performance of the works by grasping appropriate production capacity and improve productivity by reviewing the training system for the employees
 - To invest management resources in the advantageous fields
 - To pass the price of construction materials on to the contract prices based on the outline of the revision of the Construction Business Act
- Group Overseas Business**
 - To establish integrated construction and development business structure
 - To implement thorough localization for future business expansion
 - To utilize development know-how and expand construction business through organizational restructuring
 - To invest management resources in fields other than construction business (PPP*, concessions, etc.)

*Public-Private Partnership. A framework where the government and the private sector collaborate to deliver public services.
- Human Capital**
 - Expansion of human capital
 - To implement human resources system reform
 - To conduct recruitment based on image of the human capital required in each department, considering DE&I, and human capital development plan
 - To swiftly implement human resources system reform
 - To comply with restrictions on maximum overtime hours under the Labor Standards Act starting in FY2024

Building a New Foundation for Growth Through M&A

SATOHIDE CORPORATION <https://www.satohide.co.jp/>



SunnyHills at Minami-Aoyama



Naritasan Shinshoji Temple Yakushido Hall

SATOHIDE CORPORATION engages in the construction of high-quality residences and buildings, leveraging its advanced technology to handle projects ranging from luxury homes and traditional structures such as shrines and temples to innovative designer condominiums and office buildings. SATOHIDE CORPORATION joined the Group in November 2023.

SATOHIDE is a general contractor specializing in high-end housing, the works of renowned architects, and religious buildings like temples and shrines. The company will celebrate its 100th anniversary in 2029. Named after its founder, Hidezo SATO, the company operates under the motto "We will do our utmost to serve our clients," with all executives and employees dedicated to upholding the highest standards of quality. A distinctive aspect of our business is the employment and training of carpenters to pass down traditional wooden craftsmanship. We also focus on securing design, construction, and renovation projects, providing detailed and comprehensive responses to our clients' construction needs. With our integration into the Taisei Group, we aim to further streamline management, maximize synergies, and grow into a company that significantly contributes to the Group's development.

Representative Director, President and CEO
SATOHIDE CORPORATION
Tadao MURANO



PS Construction <https://www.psc.co.jp/>



Koshiki Bridge



National Theater Okinawa
(Primary contractor: Taisei Corporation; PS Construction Co., Ltd. was responsible for PCa production)

PS Construction Co., Ltd. (renamed on July 1, 2024) boasts advanced technologies in the fields of prestressed concrete (PC) and precast concrete (PCa), as well as in highway renewal. The company joined the Group in December 2023.

PS Construction is a "PC general contractor" engaged in civil engineering and building construction projects, and has been a leader in Japan's PC technology since constructing the country's first PC bridge in 1952. Our management philosophy is centered on continuously challenging new technologies, with active developments primarily in PC technologies. We operate seven plants across Japan dedicated to manufacturing PCa components, ensuring a robust nationwide supply system. Moving forward, we will continue to refine the strengths of the PS Construction Group, aiming to contribute significantly to the Taisei Group's growth as a company with a strong market presence.

Representative Director,
President and Chief Executive Officer
PS Construction Co., Ltd.
Takuya MORI



Capital and Business Alliance with Heiwa Real Estate Co., Ltd.

In June 2024, we entered into a capital and business alliance agreement with Heiwa Real Estate Co., Ltd., making it an equity-method affiliate. By leveraging our development expertise with the high-quality real estate owned by Heiwa Real Estate nationwide, we aim to create new investment opportunities in development projects and enhance mutual corporate value.