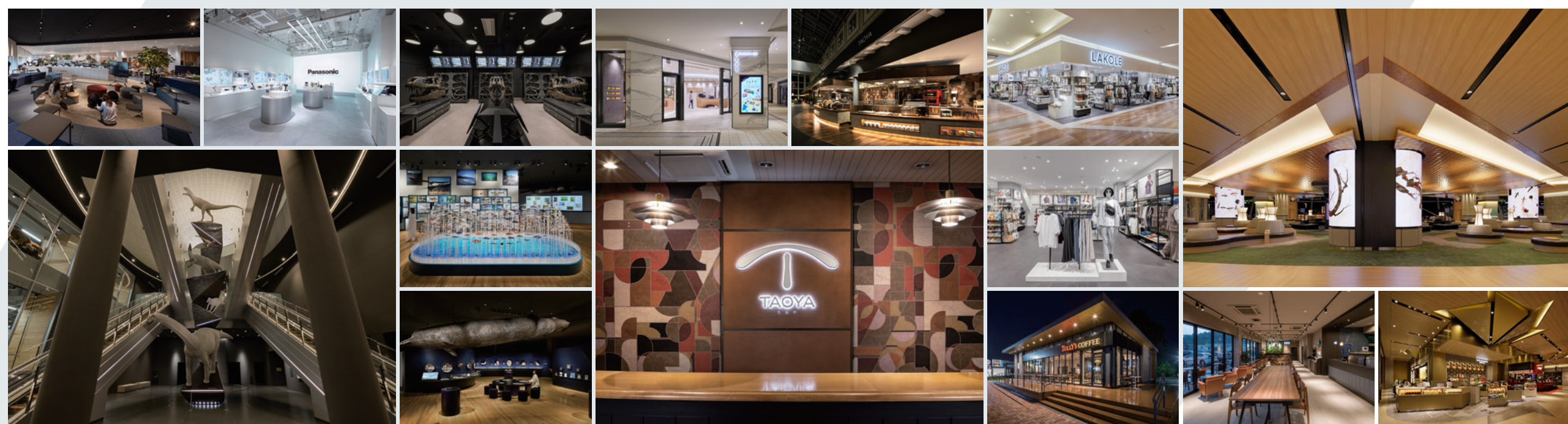


TANSEISHA Co., Ltd.

Shinagawa Season Terrace 19F,
1-2-70 Konan, Minato-ku, Tokyo 108-8220, Japan
Tel +81-3-6455-8100

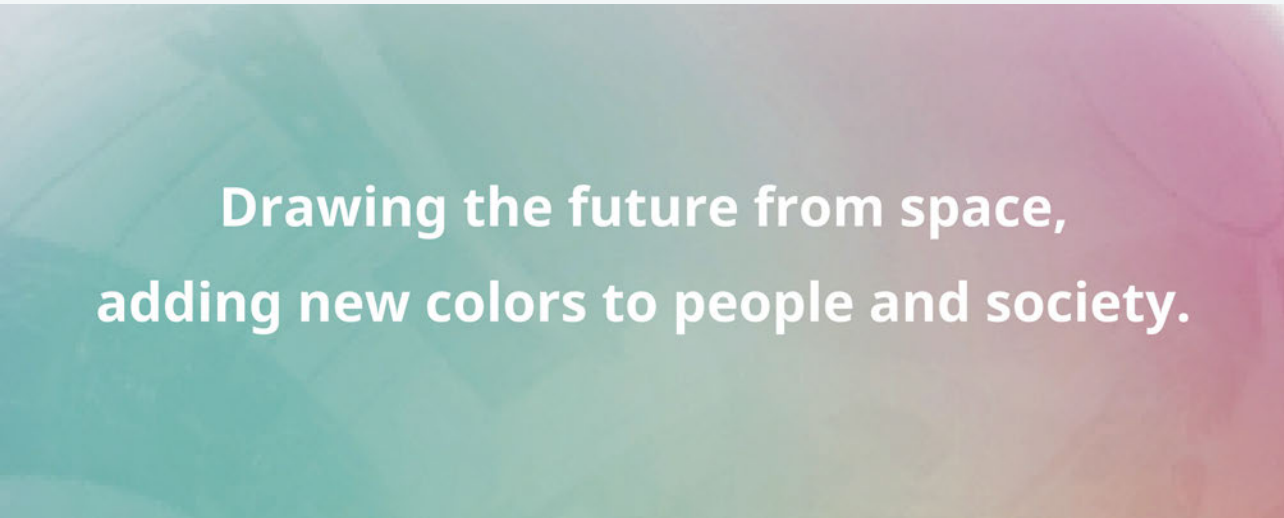
Disclaimer regarding forward-looking statements

The forward-looking statements contained in this integrated report are based on estimates made in light of information available at the time of publication. These forward-looking statements are subject to both known and unknown risks and uncertainties. Please be aware that actual results may differ significantly due to changes in various factors.
Furthermore, under no circumstances does the Company guarantee any of the results of the forecasts presented in this integrated report.



Drawing the future from space,
adding new colors to people and society.

Management reimagined the Group’s philosophy and formulated “Tanseisha: Vision 2046” in preparation for the Company’s 100th anniversary.



Backdrop to new philosophy and Vision 2046

Tanseisha finds itself in a business environment characterized by dramatic change occurring at an unprecedented pace. Against this backdrop, management formulated “Our Purpose” and “Our Values” as the Group philosophy in February 2024 to demonstrate and implement a staunchly consistent management policy to withstand evolving conditions in the short term. In preparation for the Company’s 100th anniversary in 2046, management formulated “Tanseisha: Vision 2046,” which clarifies a concept for the future that sees Tanseisha as a company essential to society over the long term.

Begun in-house in 2022, the effort to articulate a new philosophy and vision was led by a project team of young employees who repeatedly met to discuss the characteristics that make Tanseisha exceptional and the image the Company wants to portray in 2046. The team collected an extensive range of comments from employees of various ages, people in different job categories and external stakeholders, then engaged in discussions. As a result, the new philosophy and vision reflect the thoughts, expectations and aspirations treasured not only by management but also by employees.

The Value: Creating space for imaginations to grow

- 2 Commercial Space Business Unit
- 3 Experience Space Business Unit
- 4 Cultural & Communication Space Business Unit
- 5 Kansai Branch (Osaka)
- 6 Sources of Value Creation + Business Domains
- 8 Three Unique Strengths Underpinning Foundation of Value Creation
- 10 Path of Value Creation
- 12 Process for Value Creation

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Our Purpose

Drawing the future from space, adding new colors to people and society.

Our philosophy of space creation—
It is to give form to something that does not yet exist in the world. And to create experiences to grow imaginations, delivered by the space.

Joy, surprise, comfort, and inspiration.
To color the lives of people gathering in the space, with rich emotion. And to brighten society with the rich colors of “Red and Blue (= Tansei).”

We have been, and will be continuing to challenge ourselves to create space for imaginations to grow, by harnessing our colorful personalities.

Our Values

Facing people
We are sincere in our commitment to the wishes of our associates and stakeholders who are connected through the space.

Putting our hearts and souls into our work
We engage in each project with sincerity, with professional pride and skill.

Challenging beyond the present
We keep on challenging while growing and transforming ourselves with flexible thinking and creativity.

Combining colorful personalities
Sparkling creativity, advanced skill—We respect each other’s personality, and unite our hearts into one.

Enjoying our work
We enjoy all our work and challenges.

Tanseisha: Vision 2046

We continuously strive to be not only a group of professionals creating space for imaginations to grow, but a group of challengers to open up the possibilities of space and ourselves.

Foundation for Value Creation

- 30 Sustainability
- 32 Respect People
- 34 Message from Manager Responsible for Human Resources
- 35 Co-Exist with the Environment
- 36 Contribute to Regional and Social Development
- 37 Promote Innovation
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- 50 Consolidated Financial and Non-Financial Highlights for the Past 10 Years
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Editorial policy
TANSEISHA Co., Ltd. publishes an integrated report that summarizes financial and non-financial information with the aim of providing shareholders, investors and all other stakeholders with a better understanding of the Group’s medium- to long-term value creation. For detailed information not included in this integrated report, please visit our website (<https://www.tanseisha.co.jp/en/>).

Period of the report
February 1, 2023 through January 31, 2024 (with some information from February 2024 and afterward)

Commercial Space Business Unit

We create commercial spaces that are comfortable and filled with smiles—spaces that are never boring—while meeting customer needs.

Teams in the Store Engineering Business Unit and the Commercial Space Business Unit that focused on commercial spaces operated separately until fiscal 2023 but have since joined forces to facilitate coordinated responses to both the specialty store market and the market for large complexes and deepen efforts to address issues important to customers.

HASEGAWA Takahiro
Executive Officer,
General Manager,
Commercial Space Business Unit



With operations hinging on commercial space creation, this business unit engages with customers in a broad range of sectors to create commercial spaces, including various types of retail stores, restaurants, department stores, shopping centers and transportation-related hubs such as station buildings, airports and highway rest areas. Our role is to introduce resources from across the Tanseisha Group into projects for customers operating in multifaceted business areas and thereby tap into evolving market needs.

Target markets

1 Speciality store market

Various types of retail stores, including apparel and other specialty items, as well as restaurants and other shops

2 Market for large complexes

Department stores, shopping centers and transportation-related hubs such as station buildings, airports and highway rest areas

3 Maintenance market

Maintenance and repair business



A maruchika

Business owner: MITSUBISHI ESTATE CO., LTD.
Scope of work: Basic Planning, Leasing, Design, Layout, Interior Design Supervision, Production, Construction, Logo Design
Photographer: PIPS

B LAKOLE TRESSA Yokohama

Business owner: Adastria Co., Ltd.
Scope of work: Design, Layout
Photographer: PHOTO CRAFT

C Tully's Coffee Misora Town Kakegawa

Business owner: Tully's Coffee Japan Co., Ltd.
Scope of work: Design, Layout, Production, Construction
Photographer: Setsuo Hirosaki, Vista JAPAN



Experience Space Business Unit

We create spaces that maximize experience value for end users.

The business structure that prevailed until fiscal 2023 was reshaped to fine-tune operations for better market focus and boost the accuracy of responses to customer needs. Invigorated through this restructuring, we will pursue improved experience value for end users.

NAGAOKA Kenji
Executive Officer,
General Manager,
Experience Space Business Unit



The focus of this business unit is on theme parks, sports facilities, hotels and other types of accommodation, bridal and funeral facilities, medical, welfare and nursing care facilities and offices. Our role is to consolidate Tanseisha's response in growth areas and further expand customer interest.

Target markets

1 Amusement market

Theme parks, sports facilities and other leisure facilities

2 Hospitality market

Hotels and other types of accommodation, bridal and funeral facilities, and medical, welfare and nursing care facilities

3 Office market

Offices



D TAQYA Nikkikirifuri

Business owner: Ooedo Onsen Monogatari Hotels & Resorts Co., Ltd.
Scope of work: Facility Concept Planning, Design, Layout, Production, Construction
Photographer: Kenichi Suzuki

E Offices at Yamaya Communications, Inc. headquarters

Business owner: Yamaya Communications, Inc.
Scope of work: Research and Analysis, Facility Concept Planning, Design, Layout, Production, Construction, Video Production
Photographer: Toshihisa Ishii



Cultural & Communication Space Business Unit

We have combined teams for the cultural facilities market and the business space market to create a synergistic effect.

Teams in the Cultural Space Business Unit and the Communication Space Business Unit that focused on business spaces operated separately until fiscal 2023 but have since been consolidated. Under this new structure, we aim to maintain sales volume and realize stable growth in the cultural facilities market by leveraging competitive excellence, while achieving sustainable growth in the business space market by proposing added value.

TSURUOKA Makoto

Executive Officer,
General Manager,
Cultural & Communication Space
Business Unit



This business unit focuses primarily on projects at museums, art galleries, memorial halls, experience-based learning facilities, visitor centers, showrooms and corporate museums, and expositions and events. Our role is to improve brand power and expand market presence in the cultural facilities market and the business space market.

Target markets

1 Cultural facilities market

Including museums, art galleries, memorial halls, experience-based learning facilities and visitor centers

2 Business space market

Showrooms and corporate museums, expositions and events and other promotion activities

Kansai Branch (Osaka)

We serve all markets throughout the Kansai area, capitalizing on high growth potential, and develop business by cultivating the markets from a regional perspective.

As the host area, Kansai is sure to enjoy an economic boost from next year's Expo 2025, Osaka, Kansai. The Kansai branch will work with customers in a wide range of business areas to solve issues related to venues, such as large complexes and specialty stores that attract crowds, hotels and public spaces exuding a rich hospitality vibe, corporate museums and showrooms communicating a wealth of information, museums that satisfy visitors' intellectual curiosity and children's experience-based facilities. By enhancing the experience value of spaces, we will create vibrant environments for individuals and society as a whole and contribute to the region.

OIWA Norifumi

Executive Officer,
Branch Manager,
Kansai Branch (Osaka)



The Kansai branch brings together human resources with the ability to respond to all aspects of the commercial and other facility business, chain store business and cultural facility business to solve a wide range of issues faced by customers in the Kansai area. Our role is to serve all markets throughout the Kansai area, capitalizing on high growth potential, and cultivate the markets from a regional perspective.

Provided value

1 Ability to respond to diversifying needs

We increase business-specific expertise using production and creative capabilities attuned to a wide range of businesses and combine skills and know-how accumulated in each business to improve our ability to provide value that meets diversifying needs.

2 Community-based, issue-solving capabilities

With intimate knowledge of the region and a thorough understanding of end users, we can identify changes in the business environment and evolving needs from a medium- to long-term perspective. By increasing the value of spaces in line with customers' business objectives, we contribute comprehensively to the solutions our customers seek, including issues related to the operation of spaces.

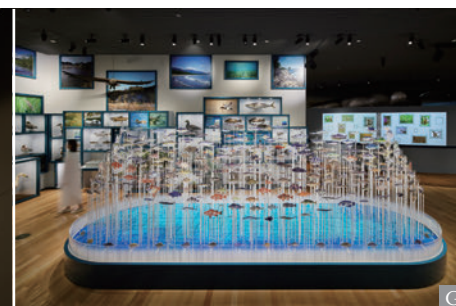
3 Technical capabilities applicable to wide range of business areas

We draw on extensive technical and production capabilities to address needs across a wide range of business venues, from commercial spaces to cultural spaces, and create spaces that exude a sense of high quality. In addition, we use digital technology to create attractive spaces and provide new value through reliable technical capabilities.



F Fukui Prefectural Dinosaur Museum (Annex)

Business owner: Fukui Prefecture
Scope of work: Display Design, Layout, Display Production, Construction
Display design, layout
primary contractor: KISHO KUROKAWA architect & associates
Photographer: Nacása & Partners Inc.



G Rikuzentakata City Museum

Business owner: Rikuzentakata-City
Scope of work: Facility Concept Planning, Display Planning, Design, Layout, Production, Construction, Project Management
Photographer: Masato Kawano, Nacása & Partners Inc.



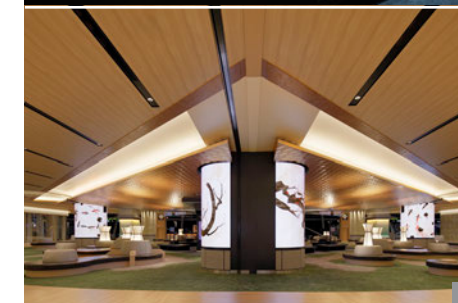
H Panasonic Beauty OMOTESANDO

Business owner: Panasonic Corporation
Scope of work: Display Planning, Design, Layout, Production, Construction, Project Management
Photographer: Rino Kojima



I Kyoto City Central Wholesale Market Fisheries Market Visitor Area

Business owner: Kyoto City
Scope of work: Display Planning, Design, Layout, Production, Construction
Photographer: Hiroshi Matsuki



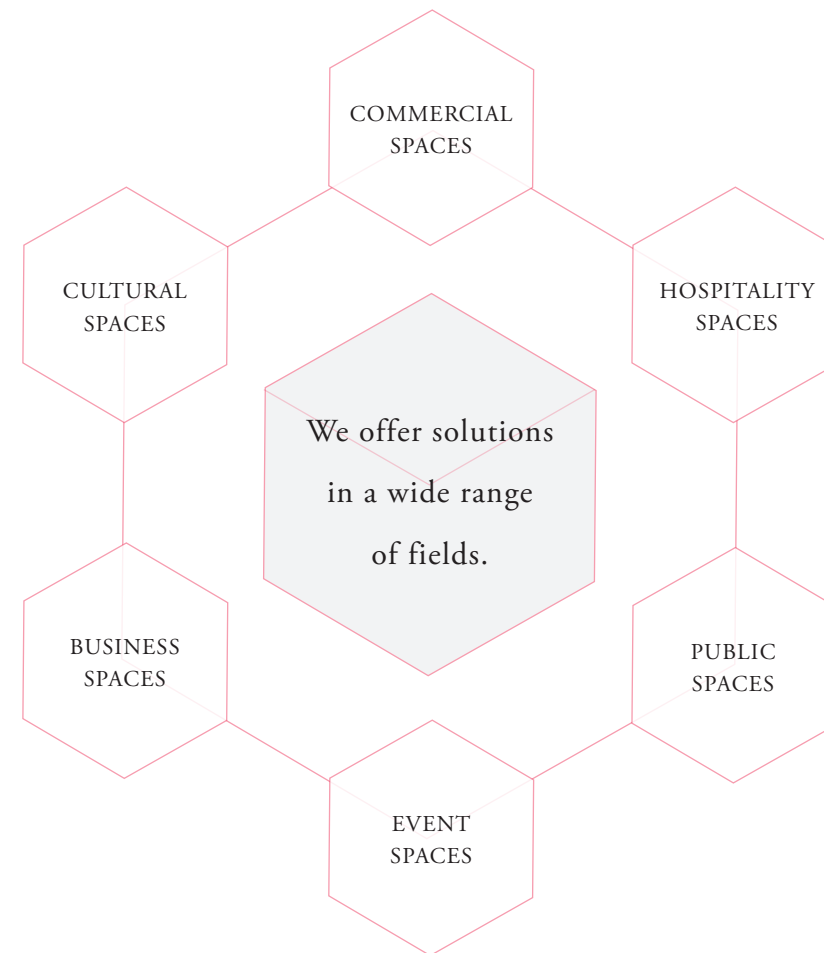
J Kansai International Airport (KIX) Terminal 1 New International Departure Area

Business owner: Kansai Airports
Scope of work: Facility Concept Planning, Merchandising Planning, Design, Layout, Production, Construction, Video Production, Interior Design Supervision
Photographer: Daisuke Shima, adhoc; Kai Takahashi, mapo.

Sources of Value Creation + Business Domains

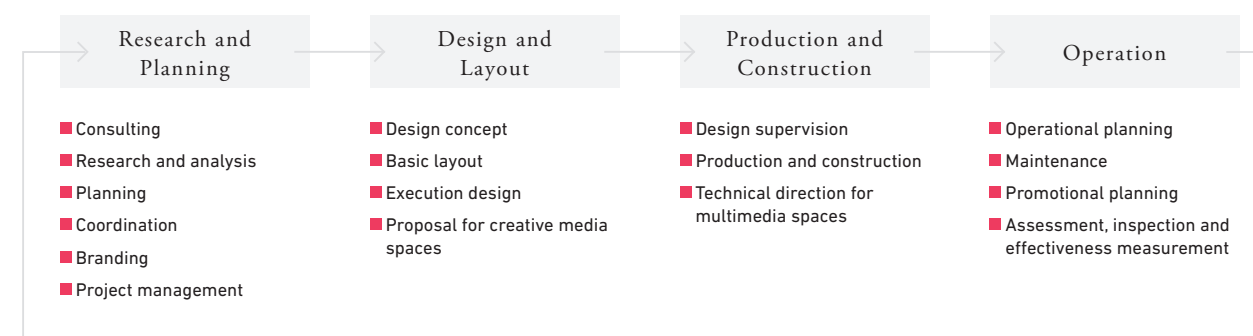
The value that Tanseisha provides is the capability

Business segments



Tanseisha offers total-support solutions.

Tanseisha helps its customers find solutions to issues and generates new value by combining various elements through professional expertise in creating spaces, an extensive network and free thinking.



of solving issues by creating spaces.

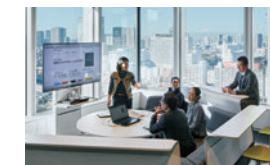
Tanseisha's strengths

1 A comprehensive display design company

Tanseisha's greatest advantage is the capability to expand our business to accommodate facilities in any sector. We support our customers as a business partner, offering solutions that draw from the spatial design expertise we have gained across a wide range of fields. We provide comprehensive support, covering the entire process of spatial design.

2 Excellent talent and technical capabilities to support spatial design

Creativity is the engine behind our spatial design. Tanseisha has about 500 production staff members, including about 300 planners and designers, as well as first-class architects and first-class construction management engineers.



3 A robust production base and supplier network

Providing a one-stop service enabling us to execute projects tailored to customer needs requires a strong and well-developed production base. Tanseisha has a network of approximately 1,000 continuing client companies, including 245 partner companies.

Supplier network	
Continuing client companies	About 1,000
Partner companies	About 250

4 Competitive excellence and top-level share

Having started out as an interior decorator for department stores, Tanseisha has expanded the scope of its business for about eight decades. In the chain store business, which we commercialized ahead of other companies, we have used our position as a pioneer to establish a competitive advantage. Also, in the cultural facility business, we have a specialized think tank and boast top-level market share.

Display industry fundamentals

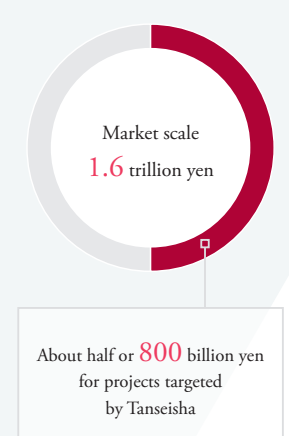
What is a display?

A display is a means of communication that uses space as a medium. The word derives from the Latin verb *dispicare*, which means to open up something that has been folded and, by extension, presentation and exhibition. A display is a means of directly communicating a message to people over time and through a specific space. As a medium for conveying information, a display is unique, facilitating encounters between the communicator and the audience in the exhibition space, where they can enter into direct, interactive communication.

Definition of the display industry

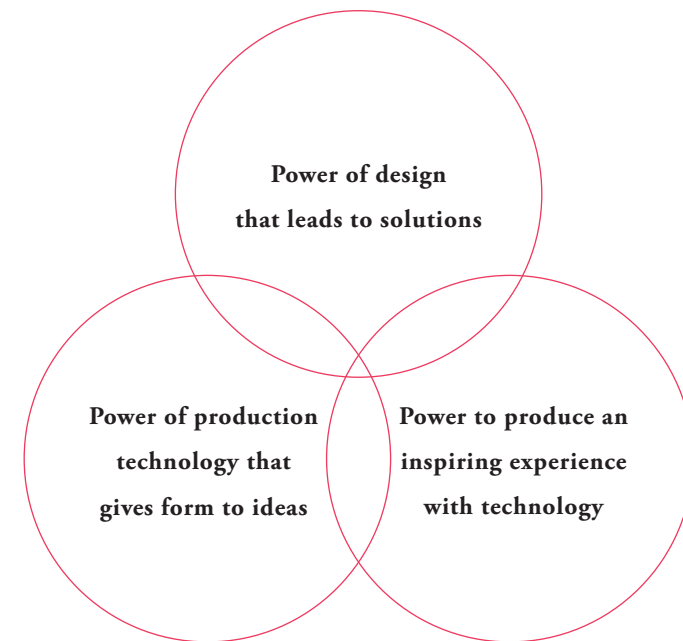
The display business is an all-encompassing business that creates welcoming spaces and environments, typically for purposes such as marketing, educating or raising awareness. It focuses not only on producing displays of objects or constructions but also on providing spaces for people to interact and communicate. An important role of the display business is to design and produce displays that enrich people's lives and culture as a whole. We aim to help improve people's lives by enabling meaningful communication and experiences at exhibition venues, commercial facilities, cultural facilities and events.

Target projects in the display industry



Three Unique Strengths Underpinning Foundation of Value Creation

As spatial design professionals, Tanseisha links extensive know-how with high-level technical capabilities, professional ability and comprehensive strength to create an array of spaces. The power of design that leads to solutions, the power of production technology that gives form to ideas and the power to produce an inspiring experience with technology—each strength enhances value creation capabilities, and in combination, the multiplied effect supports spatial creation built on professional ability and comprehensive strength.



National presence, from Hokkaido to Okinawa

About **1,400** people/ **11** locations

Designers and planners: About **300**

Production staff: About **500**

Engineers with national certification
who are among industry's top class

Number of people with certification: **429**

First-class architects: **61**

First-class construction
management engineers: **236**

Building a robust production base
with partner companies

Continuing client companies: About **1,000**

Partner companies: About **250**

* As of January 31, 2024

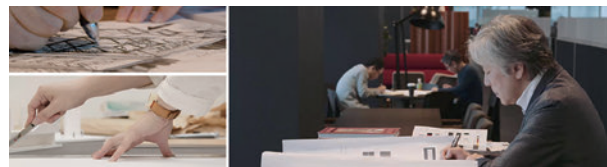
Above-noted numbers of people are totals for the Group, but number of people with certification is for Tanseisha only.

Power of design that leads to solutions

Design Center

Design Center is a platform that consolidates the innovation of creators across all spatial creation realms, including commercial, public and cultural spaces.

Customer needs are identified through close ties with the sales division that facilitate flexible formation of creative teams, who complement planners and designers from different spatial creation realms, Design Center generates new concepts and ideas from borderless application of creative resources to maximize provided value. In addition, through Design Center, we seek to build a structure under which people constantly grow and develop. Design Center allows engineers to polish their skills and pass knowledge on to others, which translates into improved creativity.



Creators across diverse business areas work together, demonstrating originality unique in the comprehensive display design business. Through repeated dialogue with customers to assess needs, our creators pinpoint issues, even latent factors, and generate designs that turn customer concepts and society's needs into spaces for imaginations to grow.

Power of production technology that gives form to ideas

Technical Center

At the Technical Center, which brings together specialists in safety management, regulations, structures and equipment, staff members conduct checks prior to physical creation of a space, based on know-how accumulated in more than 6,000 projects annually. The Technical Center is essential to Tanseisha's efforts to reinforce its production structure through tie-ups with partner companies while using digital tools to facilitate smooth and speedy progress at project sites.

In addition, the Technical Center leads efforts to improve overall layout and construction quality, constantly implements training for engineers, including efforts to promote the use of building information modeling (BIM)*, and supports engineers in their determination to acquire and upgrade specialist skills. We emphasize the development of engineers who can address market needs in changing times.

* A technology that starts

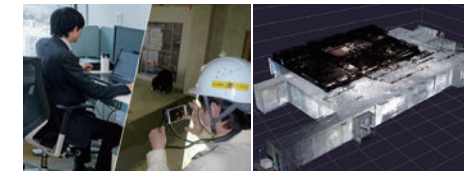
with a computer-produced 3D model, adds in material and component specifications, functions, finishing and other physical details as well as management information and other attribute data, to facilitate use of information and achieve greater efficiency in service delivery at all stages, from design and construction to maintenance and management



Efforts to enhance efficiency and boost quality using digital tools

Taking a robust approach to introducing new technologies, we utilize surveys on technology trends and relationships with partner companies to improve on-site efficiency and quality using digital tools. Specifically, we

promote smooth on-site progress on projects through such means as executing online site tours by webcam and verifying construction status with point cloud data gathered by 3D laser scanners.



Power to produce an inspiring experience with technology

CMI Headquarters

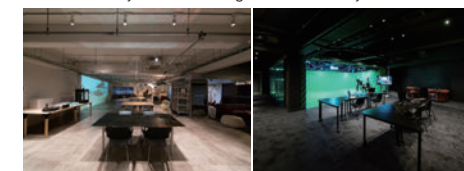
The CMI (Cross Media Innovation) Headquarters is a team of professionals who focus on approaches to maximize and optimize spatial experience value.

The team provides planning and total direction on exhibitions, experiences and spatial production incorporating high-level ICT and presentation technology, and realizes spatial media design that enriches communication with visitors by planning and producing CI/VI design—corporate identity and visual identity design—as well as signage content and VR/MR content—virtual reality and mixed reality content. In addition, the CMI Headquarters looks beyond video, sound and lighting in spatial creation, emphasizing interactive digital technology, models and molding, mechanics and structure building, sensing and other control technology and incorporating diverse presentation techniques into spaces.



Konan Lab "Mk_3" ("Mark three")

Konan Lab "Mk_3"—pronounced "Mark three"—is a co-creation platform for exploring the possibilities of space and technology and for creating new value. This platform enables companies and creators with leading-edge technologies and content, particularly in the field of ICT but also in such areas as VR (virtual reality) and AR (augmented reality), interactive technology, and video and sound technologies, to engage in research, demonstration and collaborative pursuits that apply spatial production technologies.



Concepts developed jointly with customer input are realized through technical capabilities backed by know-how and experience. In addition to suggestions on new materials and construction methods from the first stage of design work, based on four core criteria essential to production—safety, process, quality and budget—we undertake verification and supervision from a production perspective to turn ideas into tangible form.



At Tanseisha, we see space as media—but one-of-a-kind media where communication flows. We combine innovative ideas and technologies that enrich the moment, such as ICT and presentation technology, with venue-producing technology and accumulated know-how to deliver an inspiring experience for imaginations to grow.

Path of Value Creation

1940s–1960s

The Beginning: Established Display Industry

1946
WATANABE Masaji founded display and decorative design business in Yanaka Shimizu-cho, Shitaya-ku, Tokyo

Tanseisha opened Kenpoten, the first department store event of the post-World War II era, inside Mitsukoshi Department Store in Nihonbashi

1949
Sanko Co., Ltd., official surviving company, was established, later taking name Nikki Co., Ltd.

1956
First overseas construction project for Japan Products Exhibition, held in Beijing and Shanghai, China

1959
Reorganized and reestablished as Tanseisha Co., Ltd. (in effect, surviving company)

1960
Put in charge of exhibit “National Treasures of Japan” and since then an officially designated contractor for Tokyo National Museum

1962
Put in charge of planning, constructing and operating Japan Railways Fair, which celebrated 90th anniversary of opening of train service in Japan

1966
Registered as general contractor (Tokyo Governor’s Registration)

1967
Established Tanseisha Kosakusho Co., Ltd. (now, Tansei TDC Co., Ltd.)

1970s–1990s

Period of Rapid Growth: Challenge

1970
Received the most contracts—53 pavilions—among industry peers at Osaka Expo, driving significant expansion in net sales, to ¥3 billion

Set up Scientific Molding Lab, focused energy into construction and displays for exhibitions at museums, art museums and archival records museums

1973
In 50th-anniversary year, topped net sales of ¥5 billion for first time

1975
Registered as first-class architect office (Tokyo Governor’s Registration)

1978
Constructed a company building at Ueno, Taito-ku, Tokyo and relocated the headquarters

1979
Launched Production Center under combined structure reintegrating design and production management divisions

Net sales exceeded ¥10 billion

1980
Created independent Planning Center to focus on long-term work, looking two to three years ahead

1983
Became first company in display industry to register stock over the counter

and Pursuit of Creativity

1984
Established Tansei Information Institute Co., Ltd. (now, Tansei Institute Co., Ltd.) to strategically promote shift toward better use of information

Opened Central Technology Center in Mitsukaido, Ibaraki Prefecture, and pushed forward on improvement in design, production and construction technology, and development of new technologies and new products

1985
Became first company ever to win triple crown of Minister of International Trade and Industry Award, Display Design Grand Prize and Asahi Shimbun Prize at Tsukuba Expo

1987
Listed on Second Section of Tokyo Stock Exchange

1989
Unveiled corporate slogan: “Tanseisha is design and technology”

1990
Established design institute as part of efforts to reinforce level of design and technical expertise

1995
Defined basic concepts—customer priority, fundamental priority, action priority, on-site priority and core business priority—to underpin management direction in 38th business year and set up 21st-Century Vision Statement Committee

1997
Established Tansei Display Co., Ltd.

1999
Established Tansei Integrated Design Studio (IDS) as a new design company

2000s

Second Beginning: Road to the Future

2000
Listed on First Section of Tokyo Stock Exchange

2001
Obtained ISO 14001 environmental management system certification

2002
Strengthened Group’s overall revenue structure and specialized capabilities through expansion, including addition of Game Co., Ltd. (now, JDN Inc.) as a consolidated subsidiary, and pursued entry into new fields of business

2003
Eyeing China as a new market, established Tansei Creative Design Co., Ltd., in Shanghai

2005
Established Beijing Tansei Co., Ltd.

2006
Opened Tansei Europe Representative Office in Paris, France, to help Japanese companies operating in Europe expedite local promotional activities and function as a Japan-Europe information hub

Obtained permission to use PrivacyMark

2011
Unveiled new management vision: “Professionals who create spaces for imaginations to grow”

2015
Relocated head office to Konan, Minato-ku, Tokyo

2016
Transitioned to company with an audit and supervisory committee

2022
Transitioned to Prime Market, new market segment of Tokyo Stock Exchange

2024
Formulated “Our Purpose” and “Our Values” as the Group philosophy



Yokohama Red Brick Warehouse Warehouse No. 2 (2002)



Osaka Kita Yard Knowledge Capital Trial 2009 (2009)



Nagasaki Prefectural Archaeological Center - IKI CITY IKIKOKU MUSEUM (2010)



Yurakucho Blood Donation Room (2011)



Kabukiza Gallery “Elegance of Kabuki SPRING” (2013)



New headquarters in Shinagawa Creative Meets and Mobile Museum (2015)

Notable Events in Japan and Overseas

1946
Promulgation of the Constitution of Japan

1951
First NHK Kohaku Utagassen (Red & White Year-end Song Festival) at year-end

1953
Nippon TV began first full-scale commercial broadcasting

1962
Population of Tokyo exceeded 10 million people, the first city of this size in the world

1964
Tokyo hosted the 18th Olympic Summer Games

1972
Tokaido Shinkansen (bullet train) commenced operation

1968
GNP eclipsed that of West Germany, becoming second largest in the world

1969
Apollo 11 successfully landed on the moon

1970
Japan World Exposition (Osaka Expo) held

1972
Okinawa was returned to Japan, and Okinawa Prefecture was formally established

1975
Sapporo hosted the 11th Olympic Winter Games

1973
First oil shock

1977
Okinawa International Ocean Exposition (Okinawa Ocean Expo) held

1979
Second oil shock

1982
Tohoku Shinkansen and Joetsu Shinkansen commenced operation

1985
International Science and Technology Exposition (Tsukuba Expo) held

1988
Seikan Tunnel—world’s longest—opened

1989
Berlin Wall came down

1993
Japan professional soccer league J.League debuted

1998
Nagano hosted the 18th Olympic Winter Games

2002
Soccer World Cup held at sites in South Korea and Japan

2003
Digital terrestrial television broadcasting started in Japan

2005
The 2005 World Exposition, Aichi, Japan (EXPO 2005 AICHI JAPAN) held

2010
Expo 2010 Shanghai China

2012
TOKYO SKYTREE completed

2021
Tokyo hosted the 32nd Olympic Summer Games

Process for Value Creation

Tanseisha has always focused on creating spaces that meet the needs of the times. As spatial design professionals, we deliver creative ideas backed by reliable technology that brings spaces to life. We will continue to contribute to the enrichment of society and people's lives by creating space for imaginations to grow.

Opportunities

- Rapid advances in digitalization
- Increase in urban redevelopment projects
- Changes to office environments due to work-style reforms
- Regional development and revitalization
- Growing demand from public-private partnerships (PPPs) and private-finance initiatives (PFIs)
- Heightened interest in reducing the environmental impact

Group Philosophy

Our Purpose

Drawing the future from space, adding new colors to people and society.

Our Values

Facing people
Putting our hearts and souls into our work
Challenging beyond the present
Combining colorful personalities
Enjoying our work

Risks

- Reductions in capital expenditure
- Declining birthrate and aging population
- Disasters, climate change
- Cancellation, postponement or voluntary curbing of events due to pandemics, etc.

Allocation of Management Resources

Position as a comprehensive display design company

Our outstanding comprehensive strength and professional ability enable us to expand our business to accommodate facilities in any sector.

Excellent talent and technical capabilities

We have a strong team of creative people—the engine behind our spatial design.

- Planners and designers: approx. 300
- Production staff: approx. 500

Note: Figure includes 61 first-class architects and 236 first-class construction management engineers.

Robust production base

We have a robust and extensive production base with approximately 1,000 client companies and approximately 250 partner companies.

Overwhelming competitive advantage

We have built up unique competitive advantages with our chain store business—a pioneer in the business, with a leading market share in its field.

industry—and our cultural facility

Medium-Term Management Plan (Fiscal 2024–Fiscal 2026)

Strategies and measures

Goals

- 1 Lay foundation to move on to a growth trajectory
- 2 Venture into new domains

Strategies

1. Work styles and human capital

2. Marketing

3. Supply chain

4. Sustainability response

5. Venture into new domains

Strategy 1

Develop work-style and human capital infrastructure

- Make efforts to correct issue of long working hours
- Invest in people

Strategy 2

Develop marketing infrastructure

- Build and improve marketing system and framework
- Develop high-value-added, high-quality services

Strategy 3

Develop supply chain infrastructure

- Establish partner-company system to ensure production capacity that can support medium- to long-term growth
- Establish structure that facilitates joint efforts with partner companies on common issues such as work-style reform, BIM utilization and sustainability

Strategy 4

Establish sustainability response structure

- Create sustainability-related products
- Set parameters and method for calculating greenhouse gas emissions and work to reduce associated emissions

Strategy 5

Establish structure to facilitate entry into new domains

- Apply resources from businesses involved in creating spaces to build framework for cultivating businesses that will become new pillars of operation

Investments to establish corporate structure primed for growth

- 1 In business and product development
- 2 In human capital
- 3 Related to opportunities
- 4 In systems
- 5 Related to development of supply chain infrastructure

such as capital and business alliances

Financial targets

Consolidated net sales ¥86.0 billion

Consolidated operating income ratio 5.2%

Consolidated ROE 8.8%

Consolidated dividend payout ratio 50% or more

Non-financial targets

- Employees are motivated, enjoy their work and enthusiastically fulfill their responsibilities
- Resolve issue of long working hours and achieve optimization of working hours
- Ensure production capacity that supports growth targets under medium-term management plan and beyond
- Implement wide range of sustainability initiatives to meet needs of society
- Confirm method for calculating greenhouse gas emissions and initiate concrete reduction efforts

Tanseisha: Vision 2046

We continuously strive to be not only a group of professionals creating space for imaginations to grow, but a group of challengers to open up the possibilities of space and ourselves.

Looking Back on Previous Medium-Term Management Plan and Overview of New Medium-Term Management Plan

Looking Back on Previous Medium-Term Management Plan (Fiscal 2021–Fiscal 2023)

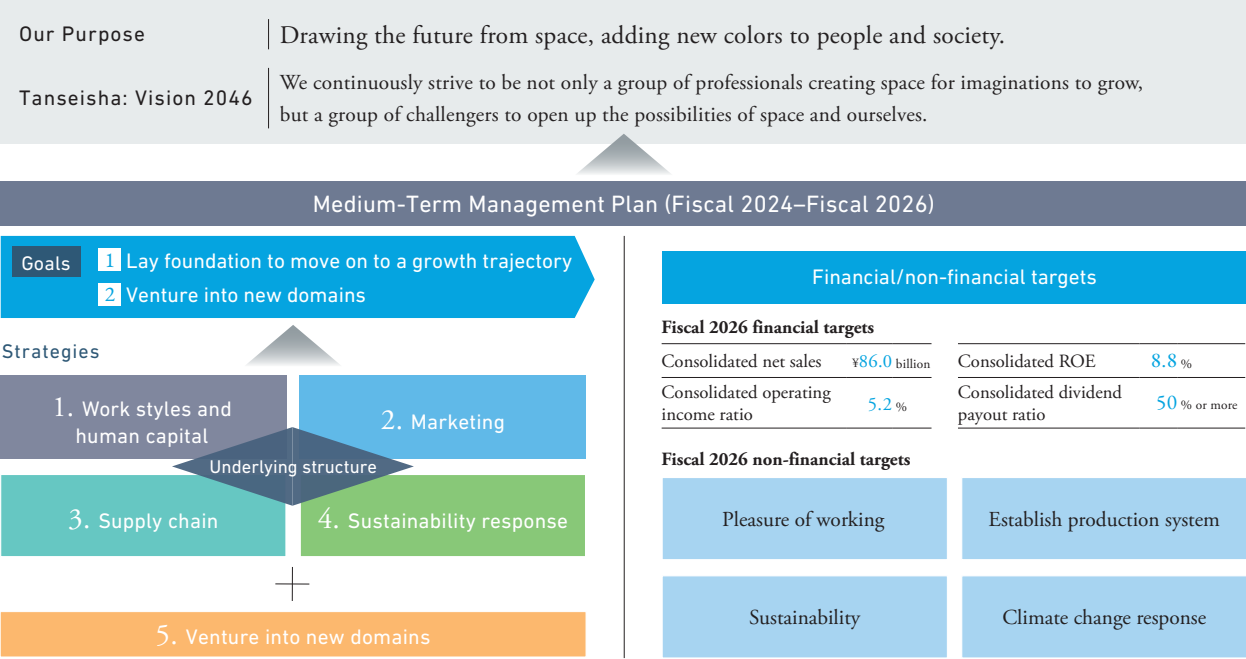
Efforts to recover from damage to business performance caused by the pandemic were successful to a certain degree. In addition, Tanseisha applied measures hinging on the use of digital technology, with progress seen in evolution and reform. Meanwhile, the Company still faces major challenges in improving the work environment, including efforts to correct the issue of long working hours. Management also recognizes that developing a more organized marketing structure is vital to enhanced competitiveness and profitability.

Looking Back on Previous Medium-Term Management Plan (overall, including non-financial targets)

ESG	Desired state	KPI	Targets	FY2023 results
S	■ Our employees work energetically. They do not feel exhausted, instead derive satisfaction and enjoyment from their work.	Results of employee awareness survey	Exceed previous survey results	✕ Failed to exceed previous survey results
		Reduction of total working hours	No employee exceeding total specified internal working hours	✕ Some people exceeded limit every month
		Percentage of women newly appointed to management positions	50% or more	✕ Failed to reach 50%
	■ Our organization has increasing diversity, with the right mind-set and communication for the inclusion firmly in place.	Percentage of managers attending diversity training	100%	○ Achieved 100%
		Results of customer evaluation survey	Exceed previous survey results every year	○ Maintained high level
		Creation of solutions for regional development	Generate ¥3.0 billion from business creation	○ About ¥3.0 billion
E	■ We are continuously improving and developing initiatives to reduce the environmental impact.	Maintain EMS (environmental management system) certification	Achieve activity goals	○ Achieved target
G	■ Enhanced business management and financial base ■ Increased shareholder returns	Consolidated net sales	¥76.0 billion	○ ¥81.2 billion
		Consolidated operating income ratio	3.9%	○ 4.8%
		ROE	7.0%	○ 9.1%
		Dividend payout ratio	50% or more	○ 51.7%

Overview of New Medium-Term Management Plan (Fiscal 2024–Fiscal 2026)

The new medium-term management plan sets the direction for laying foundation to move on to a growth trajectory, venture into new domains and accelerate steps to create a framework comprising four building blocks: work styles and human capital, marketing, supply chain and sustainability response.



Financial/Non-Financial Targets in New Medium-Term Management Plan

Financial/non-financial	Desired status	KPI	FY2026 target
Financial	■ Reinforced management foundation and financial foundation ■ Enriched shareholder returns	Consolidated net sales	¥86.0 billion
		Consolidated operating income ratio	5.2%
		Consolidated ROE	8.8%
		Consolidated dividend payout ratio	50% or more
Non-financial	■ Employees are motivated, enjoy their work and enthusiastically fulfill their responsibilities ■ Resolve issue of long working hours and achieve optimization of working hours ■ Ensure production capacity that supports growth targets under medium-term management plan and beyond ■ Implement wide range of sustainability initiatives to meet needs of society ■ Confirm method for calculating greenhouse gas emissions and initiate concrete reduction efforts	Engagement score (Overall evaluation through employee awareness survey)	Higher than last year's level
		Number of employees complying with specified internal working hours	Increase over last year's level
		New developments achieved by partner companies	100%
		Evaluation by EcoVadis (French provider of sustainability assessments)	Obtain silver medal
		Percentage of female managers	15% or more
		Amount of Scope 1 and 2 greenhouse gas emissions	Down 40% over fiscal 2021 level

New Medium-Term Management Plan Strategies

Strategy 1 Develop work-style and human capital infrastructure	■ Make efforts to correct issue of long working hours ■ Invest in people
Strategy 2 Develop marketing infrastructure	■ Build and improve marketing system and framework ■ Develop high-value-added, high-quality services
Strategy 3 Develop supply chain infrastructure	■ Establish partner-company system to ensure production capacity that can support medium- to long-term growth ■ Establish structure that facilitates joint efforts with partner companies on common issues such as work-style reform, BIM utilization and sustainability
Strategy 4 Establish sustainability response structure	■ Create sustainability-related products ■ Set parameters and method for calculating greenhouse gas emissions and work to reduce associated emissions
Strategy 5 Establish structure to facilitate entry into new domains	■ Apply resources from businesses involved in creating spaces to build framework for cultivating businesses that will become new pillars of operation

Investments to establish corporate structure primed for growth

Investment options	Remarks
1 In business and product development	Includes new business development and product development related to digital strategy
2 In human capital	Includes employee education and improved benefits
3 Related to opportunities such as capital and business alliances	Includes capital and business alliances with companies that contribute to 1 above
4 In systems	Includes infrastructure development for BIM utilization, data preparation and core system replacement
5 Related to development of supply chain infrastructure	Includes improving business conditions with partner companies

Message from the President



We will continue to expand the possibilities of space with reliable solutions underpinned by experience and with ideas that challenge existing concepts.

KOBAYASHI Osamu

President and Chief Executive Officer

Days of trial and error during first year as President

A year has passed since I took on the role of President but the days have flown by. I had been involved in management as a Director before becoming President but this is, of course, my first time at the corporate helm, leading Tanseisha forward. The journey to date has been one of continuous trial and error. At the same time, as fiscal 2023, ended January 31, 2024, was the final year of our previous medium-term management plan and thus a make-or-break year to successfully conclude key strategies, I sincerely applied myself to the task at hand, conscious of the importance that achieving goals would have in determining the Company's next direction.

Society seemed to be finally escaping the consequences of the COVID-19 pandemic, which had restricted personal and corporate movement and activities since 2020, and the social environment seemed to be returning to normal in 2023, albeit, a new normal. Demand picked up, with a rapid increase in the number of inquiries from customers for new projects. Under normal

circumstances, this situation could have been a full-steam-ahead opportunity for us. However, like other companies, Tanseisha had to grapple with labor shortages. Taking on all requests while hamstrung by limited staffing would have been a major challenge and rather reckless from a business perspective. Instead, we approached the situation carefully, acutely aware of the need to proceed at a sensible and controlled pace. When I was making a decision, I was always mindful of the fact that Tanseisha executes projects as a partner, striving to create spaces that meet each customer's requirements and provide a sense of accomplishment for the employees involved. Such satisfaction ultimately underpins profitability.

Achievements during previous medium-term management plan and issues still requiring attention

As a single year and as the last year of the previous medium-term management plan, fiscal 2023 produced some successes. Of note were results booked from highly profitable projects in

the fourth quarter, which contributed significantly to sales and profit margins.

The three years of the previous medium-term management plan were characterized by an incredibly challenging business environment. The spread of COVID-19 had a particularly burdensome impact, and while Tanseisha had won orders for some projects in 2020 before the pandemic hit, the initial declaration of a state of emergency meant on-site operations were suspended and sales activities were restricted, impairing results in 2021 and beyond. Also, since even in normal times, the display industry tends to feel the effect of economic and market events six months to a year later, the lag effect from additional pandemic measures in 2021 put extreme pressure on Tanseisha's results in 2022, which inevitably affected sales and income in fiscal 2022. Although we began to see signs of recovery in project inquiries in the second half of 2022, we also faced an increasingly competitive business environment, prompting management to revise medium-term management plan targets.

Against an already challenging backdrop, we identified issues

requiring attention and continued to make improvements, ultimately revising the financial targets we set for fiscal 2023. But we are still operating under abnormal circumstances, including material shortages and logistics delays resulting from the situation in Ukraine. Ours is an industry very susceptible to economic swings. We must always be alert to approaches that will help us build a stable business foundation.

Regarding non-financial targets, we were able to achieve KPIs for E (environmental) and G (governance) but fell short on human resources-related items under S (social), including the results of the employee awareness survey, the reduction of total working hours and the percentage of women newly appointed to management positions. Improving the work environment is a priority issue that we emphasized as we developed the new medium-term management plan.

Tanseisha conducts most of its business domestically and is thus less vulnerable to currency fluctuations from a seller's perspective, but procurement activities have been affected. In addition, our costs are rising as manufacturers

are passing on to customers the effect of skyrocketing energy and material prices and increasing commodity prices, that is, our suppliers are charging us more than before. Higher labor costs only worsen the situation, and like other companies, Tanseisha is constantly reviewing wages. Given this backdrop, our next challenge will be to encourage customers to understand our cost position to enable us to raise our own prices while still securing new orders.

Goals under new medium-term management plan

Tanseisha embarked on a new medium-term management plan in fiscal 2024, which began February 1, 2024. The new plan assumes the economy will recover at a generally moderate pace and demand will remain brisk, fueled by such favorable factors as an upturn in inbound tourism. However, we also have to acknowledge potential risks, including a deterioration in consumer sentiment reflecting persistently high prices as well as a worsening labor shortage, slowing overseas economies and heightened international tensions.

In this environment, we will lay foundation to move on to a growth trajectory and confidently venture into new domains. To build the necessary business foundation, we will maintain steady progress on marketing, supply chain and sustainability initiatives while promoting new work styles and investing in human capital. Tanseisha's business hinges on the creation of spaces driven by the capabilities of our employees. I remain firmly convinced that respecting and prioritizing human resources will always be essential to our corporate future.

On the topic of working hours, the Japanese government will enforce a new upper limit on overtime work, starting with the fiscal year beginning April 1, 2024. Because Tanseisha's fiscal year begins in February, the fiscal year ending January 31, 2025, will not be affected. However, as the industry as a whole is already preparing to comply with the new rules, we will be required to take steps in line with peer companies. Overtime work is not necessarily something we can control on our own, since schedules and deadlines may mean employees have to work longer hours to complete a job on time. Therefore, we are keen to build relationships with partner companies, external brain trusts and customers that will promote a united approach to solving issues.

A non-financial KPI that we did not reach in the previous

medium-term management plan was the metric associated with the active participation of women in the workplace, and we have set a target of at least 15% for the percentage of female managers under the new medium-term management plan. Currently, women in their 20s represent quite a high percentage of the employee base at Tanseisha. We expect the number of female employees to increase since women make up the majority of new hires in some years. Going forward, we will establish a framework conducive to active participation of women in management positions. We expect to see more women promoted to management positions every year.

That said, since women's careers are easily impacted by different life stages, Tanseisha must maintain maternity and childcare leave programs that support female employees and enable them to return to work with peace of mind and enjoy an active career at any life stage. We have a relatively large number of women in sales and design positions, but some women choose not to work in sales upon returning from maternity leave or childcare leave because they feel the job is too demanding. However, the careers they have built should be respected. I feel it is important to support women so that they can return to the same position they had before taking leave and continue to play an active role in the Company. I also feel that Tanseisha must improve programs for male employees so they too can take childcare leave and carry a share of family responsibilities.

Regarding the environment, I believe Tanseisha must raise environmental awareness to new heights. Maintaining EMS certification is a stated KPI, but efforts must go beyond certification to include, as part of our business activities, developing a framework that contributes to a circular society. Some projects have already progressed to the verification stage. We hope to turn ideas into proposals and make them into new pillars of business.

In April 2023, Tanseisha introduced an executive officer system, which created a structure whereby Directors function in a supervisory capacity and Executive Officers are responsible for carrying out operations and checking results. In fiscal 2024, we have gone a step further, redeploying staff in some head office divisions. Three previously existing structures—the Corporate Planning Headquarters, the Human Resources and General Affairs Headquarters and the General Management Headquarters—were recently consolidated into two structures: the Corporate Planning Headquarters, which brings together the

corporate planning division, human resources and related divisions, and the General Management Headquarters, which combines business management, accounting and related divisions. Both headquarters have been assigned an executive officer. This redeployment of staff under a revitalized structure was driven by the need to accelerate implementation of various measures and expedite business-related decisions. In addition, by linking management strategy with human resources strategy, we will reinforce efforts to manage human capital more effectively. The new structure reflects these goals. Going forward, I believe we must encourage every individual within the organization to support these aims.

Formulate new Group philosophy that mirrors vision for the future

In February 2024, we reformed the Group's philosophy by including "Our Purpose" and "Our Values" and formulated "Tanseisha: Vision 2046" in preparation for our 100th anniversary.

The effort to articulate a new philosophy and vision began in-house in 2022, led by a project team of young and mid-career employees on whose shoulders our corporate future rests. The team collected opinions through questionnaires and workshops targeting employees of various ages in different positions, gathered an extensive range of comments from external stakeholders and then engaged in discussions. The results were considered by the Board of Directors to formulate the new

philosophy and vision.

The concept of "creating space for imaginations to grow" has always been part of our management vision and corporate statement. It infuses efforts to do work that is appealing on a sensory level, enabling people to feel inspired, happy and relaxed in the spaces we create. This sentiment has not changed. It is also true that the scope of our business is no longer limited to physical space. The pandemic put a spotlight on virtual experiences, with digital technology being the determining factor in turning more and more space-creating possibilities into reality. The expanding potential of digital technology in space creation has reinforced my belief that Tanseisha needs to devise innovative proposals that incorporate these kinds of new experiences.

Given this situation, I was keen to pursue discussions about the kind of company we want to be, the kind of work we want to do and the image we want to portray in 2046, when we celebrate our 100th anniversary. We tapped into data that included various economic predictions and environmental analyses to form a more concrete picture of what Tanseisha might look like in 2046. What became clear in this process was that the spaces we create carry significance beyond the narrow confines of interior design. What is important is to give shape to promising customer ideas and to integrate aspects of the digital realm, especially websites and e-commerce, and then to use space to generate individual experiences and emotions. Heated discussions ensued, with many

Over the next three years, we will lay foundation to move on to a growth trajectory and confidently venture into new domains.





I hope that Tanseisha will continue to consider
different approaches beyond facility exhibitions
that provide new experiences.

participants saying that “creating space” was not a broad enough expression to cover the extended significance of what we do or, rather, what we will do. I think the discussions also fostered a deeper awareness of the need for Tanseisha to be a comfortable and rewarding place to work.

“Our Purpose,” “Our Values” and “Tanseisha: Vision 2046,” formulated through this process, appear to have permeated the Company. That said, it will take some time for employees to see past the corporate request to embrace revised concepts and truly internalize and apply the underlying concepts instinctively as they go about their daily activities. Personal purpose, while unique to each individual, intersects with the Group’s philosophy, providing the basis for us to craft a vision for the future. With this in mind, I hope we can continue to actively deepen communication within the Tanseisha family.

New challenges in each business

In the new medium-term management plan, we have set targets for each segment, based on the premise of seeking stable profit growth while considering the business sentiment.

In the commercial and other facility business, we expect demand to increase in all sectors, but our focus will be on demonstrating the potential benefits of our expertise in projects related to redevelopment activity in the Tokyo metropolitan area and other major urban centers. Plans are currently underway in locations along the Yamanote Line, mainly in the Shinagawa district of Tokyo, and in the Umeda district of Osaka. Moving

further south to Fukuoka, we aim to improve urban functions. In addition, the post-pandemic return of workers to offices has prompted plans to create new office environments with significant floor space. But the way offices are set up and operate will likely be vastly different in the future. I am not talking just about extending communal and working space. We will be called upon to design spaces conducive to communication, where people come together and create something. That is why we have to utilize accumulated expertise and the ability to respond quickly and accurately to market needs to present appealing proposals, which will translate into enhanced market share. Furthermore, the hospitality sector, especially hotels, which are benefitting from a brisk uptick in inbound tourism and domestic travel, medical facilities, and the entertainment sector, particularly theme parks, could turn into key growth markets for Tanseisha in the future. We will strive to expand our presence in these sectors through various approaches. New amusement markets, such as e-sports, are also expanding thanks to the advance of digital technology. We see potential in establishing a presence in this market by working with content-owning customers to propose new spaces using intellectual property.

In line with proactive moves such as these, we reviewed our corporate structure. We aim to strengthen our ability to respond to customer needs by reorganizing the Commercial Space Business Unit and the Communication Space Business Unit according to market, with the Commercial Space Business Unit handling commercial business and the Experience Space Business Unit

dealing with the hospitality sector and the office and entertainment markets.

In the chain store business, we are seeing a tendency among operators to open more stores and earmark more funds for capital investment. Demand for maintenance is also rising. We will actively work to maximize opportunities to secure new customers and new projects. At the same time, we are pleased to have built long-standing relationships with existing customers that have allowed Tanseisha to become well acquainted with individual customer needs and learn about their business plans at an early stage to optimize proposals. A downside, however, is that we may have to work under business plans in progress on the customer side, which shackle us to possibly unfavorable terms. Because labor and material costs are continuing to soar, I think it is time for Tanseisha to have a serious discussion with customers about prices.

In the cultural facility business, demand is steady for renovations and remodeling at museums and elsewhere, while demand for work at public facilities, including projects operated by public-private partnerships, will probably remain flat or increase slightly. Given promising factors such as an increase in inbound visitors to Japan, destinations around the country will undoubtedly need to build new facilities and renovate aging ones to capture tourist attention. Consequently, we will strive to expand orders by applying the exhibition know-how cultivated over many years to achieve stable growth. In addition, efforts to promote public-private partnership/private-finance-initiative (PPP/PFI) projects in recent years have fueled an increase in the number of projects that require not only design and construction but also management and operation. In May 2024, Tanseisha was selected by the Ministry of Land, Infrastructure, Transport and Tourism as a 2024 PPP Agreement Partner in the individual consultation partner category to promote and raise awareness of PPP/PFI. We had not been selected as a partner before, and I am eager for Tanseisha to utilize this newfound status to contribute to the development of regions and communities through consultation services on PPP/PFI with local government officials and local companies.

In September 2022, we launched a new business—THE TOKYO PASS, an inbound service planned and operated as a project involving Tanseisha and three other companies. THE TOKYO PASS is an excursion pass for admission to cultural facilities in Tokyo. With online advance payment and a dedicated app, the service offers cashless and touchless features that allow users to enter a facility safely and smoothly. I hope that Tanseisha will continue to

consider different approaches beyond facility exhibitions that provide new experiences.

The next phase of business expansion requires Tanseisha to capture a larger share of the market in western Japan. Toward this end, we are reinforcing the authority of the Kansai branch. Previously, the branch was positioned as a local office for each business, but from fiscal 2023, the branch became an independent business unit. We strengthened management at the branch and established a structure that hinges on an omnidirectional approach for extending proposals and services to area customers. The Kansai initiative will, I hope, kick-start the formation of a structure allowing easy access to all that Tanseisha has to offer and supporting operations in other regions as well.

We will always create space for imaginations to grow

The 1970 Japan World Exposition in Osaka was a turning point not only in the growth and development of Tanseisha, through its involvement in the interior design and exhibits of pavilions, but for the entire display industry in Japan as well. Therefore, the industry is taking a united and forward-looking approach toward a repeat of such opportunities for Expo 2025 Osaka, Kansai. Tanseisha expects work at this event to generate our highest volume of sales for any expo to date and will move steadily forward on preparations before it begins. More than just a major national event, an expo is an opportunity to reveal new technologies to the world and for our work to catch the eye of potential future customers. I see this expo as a place to shape a legacy for the future and am eager for Tanseisha to take on this challenge.

Our track record is underpinned by relationships with a diverse range of stakeholders. I hope that customers, shareholders and investors, of course, as well as anyone else with an interest in Tanseisha, will become an admirer of the Company and a corporate fan of our endeavors. To this end, I am committed to leading Tanseisha in the untiring pursuit of creating space for imaginations to grow. You can look forward to greater things from us, as we too are expecting the same.

August 2024

KOBAYASHI Osamu
President and Chief Executive Officer

Message from the Chief Financial Officer



TSUKUI Tetsuo
Director

We will leverage measures to improve added value while constantly striving to improve profitability.

Ultimately achieved financial targets in the previous medium-term management plan thanks to recovery in demand and improvement in profitability

Fiscal 2023, ended January 31, 2024, brought real signs of recovery in demand, which had slumped during the pandemic. Customers adopted a more positive outlook, and it seemed as if the floodgates of demand suddenly opened, releasing a wave of inquiries. In addition, the soaring cost of materials and a widespread trend among Japanese companies to agree to union requests and boost base pay set the stage for Tanseisha to gradually pass on higher costs to customers, which translated into improved profitability for the Company.

Also of note, the fourth quarter saw a concentration of large and highly profitable projects, leading to exceptionally high profit margins. The gross profit margin had hovered between 16% and 17% through the third quarter but jumped to 21.2% in the fourth quarter. Costs associated with marketing activities were up,

paralleling the positive change in order activity. Costs related to human resources also expanded, reflecting higher base pay and increased recruitment, but we achieved higher profit nonetheless.

The previous medium-term management plan prioritized a return to our prepandemic performance level, a goal we finally drew near to in the final year of the plan. Initially, however, we wanted to achieve this objective much faster, and the fact that we were unable to do so gives us pause for thought.

If the past three years of challenging conditions had any positive consequence amid the many negatives, it was that the pandemic tested our abilities and, ultimately, we emerged stronger, with better capabilities for the future. We reinforced digital marketing and applied new methods of connecting with customers to better understand their situations, identify issues as quickly as possible and provide workable solutions. In addition, we wanted to generate about 25% of sales from projects incorporating digital technology into spaces, and we were successful in acquiring highly profitable projects. Not all efforts

yielded the desired results, but I believe the resourcefulness that we learned when we had to struggle through difficulties is an ability that pays dividends down the road.

Steady achievement of the new medium-term management plan targets

We expect demand to keep growing, particularly for tourism-related structures and spaces in response to predictions of a sustained increase in the number of inbound tourists, as well as preparations for Expo 2025 Osaka, Kansai and urban redevelopment projects across the nation. Given promising demand conditions, we have set targets of ¥86 billion in consolidated net sales, a consolidated operating income ratio of 5.2% and consolidated ROE of 8.8% for the final year of the new medium-term management plan.

Some investors have commented that these targets seem flat. That is undoubtedly a natural conclusion, given the robust demand forecast. However, our emphasis is more on improved profitability than sales growth. Since continuously increasing costs could put pressure on future results, we must stay the course and implement measures that underpin higher gross profit margin and operating income. We will constantly leverage approaches to enhance added value, including initiatives to boost operating efficiency by introducing and utilizing BIM, a carryover measure from the previous medium-term management plan, and further integrate digital technology into the spaces we create.

Regarding human capital, we were already thinking about recruitment when COVID emerged, but pressure on sales during the pandemic made it difficult to significantly increase Tanseisha's number of employees. As the hiring environment in Japan is unlikely to improve, we are keen to implement the hiring strategy laid out in the new medium-term management plan as soon as possible. The need for labor is acute in other industries as well, and the hiring market is certain to remain as tight as ever. As a result, I believe it is vital that we accurately convey the appeal of our business and the work Tanseisha does. Also, more of the future spaces we create will feature digital technology, and we might not be able to handle all these projects with in-house talent alone. We will have to tap into skilled external sources, forming alliances with experienced individuals and companies to augment our response capacity. We will also have to step up proposal-making efforts to encourage customers to embrace digital technology.

With forward-looking perspective, determine direction of investments to strengthen business

Tanseisha currently has more than ¥13 billion in cash. We will keep about ¥10 billion as working capital, with the remaining ¥3 billion earmarked for investment. Business management is currently discussing target areas for investment. We remain steadfast in our commitment to invest in human resources, as I mentioned above, but beyond that, our plans are undecided. I believe it is important to use funds to improve payment terms for partner companies, which would help sharpen our competitive edge within the industry as a whole. We also have to consider M&A as part of our investment strategy but recognize that such investments require us to identify areas that will contribute to operations while emphasizing flexible decision-making on which opportunities to pursue.

We will adhere to a shareholder return policy that calls for a dividend payout ratio of 50%. During the previous medium-term management plan, the ratio sometimes far exceeded this target, as management, hoping for a recovery to prepandemic levels, opted for a stable dividend. Going forward, we will maintain the 50% target while ensuring sufficient internal reserves for investment.

Over the next three years, we will strive to make certain that results produced by emphasizing improved profitability are reflected in ROE. I am confident that we can build a stronger workplace and demonstrate the power to achieve ROE of 10% during the current medium-term management plan.

Through the inconveniences and restrictions accompanying the pandemic, many people came to realize the value of venues different from their everyday environments, spaces that touch and inspire those who visit them. Such feelings are essential to human life. I am proud of what Tanseisha accomplishes in spatial creation.

Shareholders and investors seem to share this view. I think their expectations for Tanseisha are revealed in the questions, opinions and comments voiced during opportunities for dialogue between Tanseisha and stakeholders. Of course, there is a connection with shareholders and investors through the stock price and shareholder returns, but all members of the Tanseisha team, myself included, hope that stakeholders remain loyal to the Company and that the Company continues to fulfill an essential role for stakeholders and society as a whole. As always, we appreciate the support extended to us.

Overview of Business (Fiscal 2023)

Commercial and Other Facility Business

Business description

Interior design (design and construction) of all commercial facilities (excluding those related to the chain store business)

Main facilities

Department stores, large shopping centers, various kinds of specialty stores, restaurants, event and sales promotion facilities, amusement facilities, offices, hotels, other public facilities, etc.

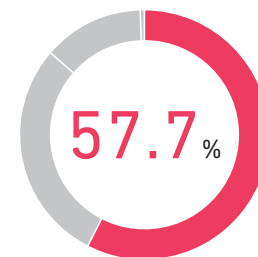
Consolidated net sales

¥46,823 million

Consolidated operating income

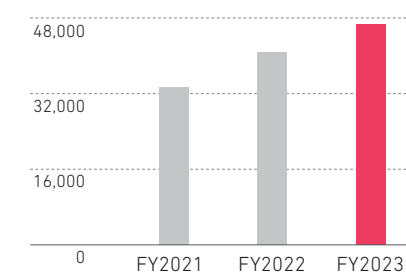
¥2,341 million

Net sales composition ratio



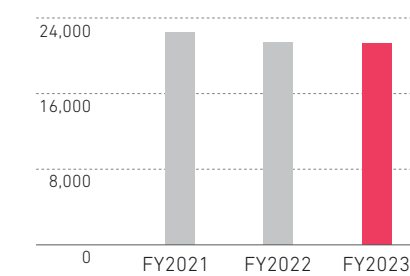
Orders accepted

(Millions of yen)



Order backlog

(Millions of yen)



maruchika

Chain Store Business

Business description

Interior design (design and construction) of chain store facilities

Main facilities

Chain-type restaurants, apparel stores, convenience stores, etc.

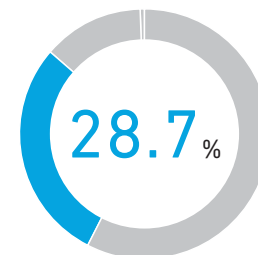
Consolidated net sales

¥23,282 million

Consolidated operating income

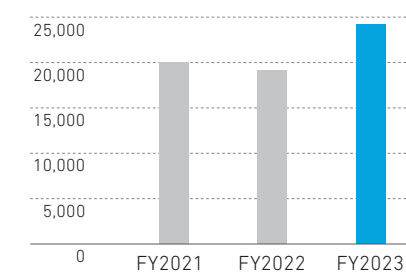
¥1,125 million

Net sales composition ratio



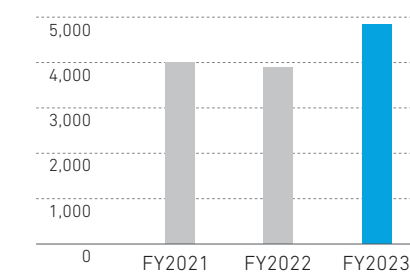
Orders accepted

(Millions of yen)



Order backlog

(Millions of yen)



Tully's Coffee Misora Town Kakegawa

Cultural Facility Business

Business description

Interior design (design and construction) of museums, art galleries, corporate museums, etc.

Main facilities

Museums, art galleries, corporate museums, etc.

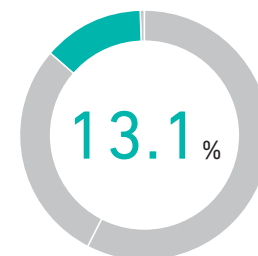
Consolidated net sales

¥10,672 million

Consolidated operating income

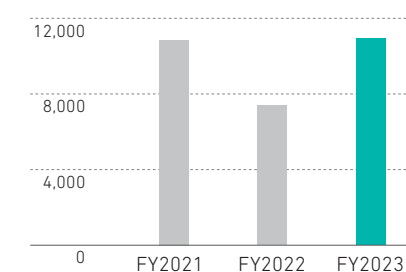
¥293 million

Net sales composition ratio



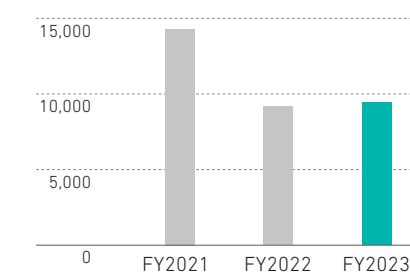
Orders accepted

(Millions of yen)



Order backlog

(Millions of yen)



Fukui Prefectural Dinosaur Museum (Annex)

Other

Business description

Administrative services, online information services

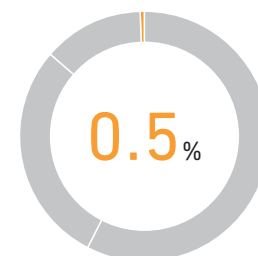
Consolidated net sales

¥422 million

Consolidated operating income

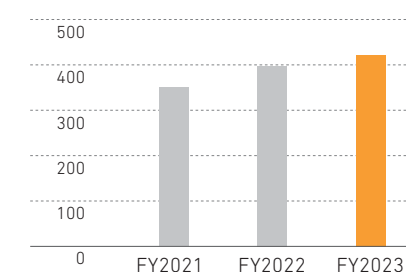
¥114 million

Net sales composition ratio



Orders accepted

(Millions of yen)



Commercial and Other Facility Business

We aim to more quickly differentiate ourselves from competitors and add value using new digital experiences and value creation.

Strengths

- The ability to create solutions that combine space with the full range of media and techniques
- Creating communication media that engage the five senses

Risks and opportunities

- Mainly curbs on capital investment, paralleling impact of skyrocketing costs for energy and raw materials
- Creating needs for spaces that integrate real and digital technologies through rapid advances in digitalization
- Increase in demand for redevelopment projects in the Tokyo metropolitan area and other cities
- Growth in demand in the Kansai area from Expo 2025, Osaka, Kansai integrated resort (IR) plans, etc.

Key measures of the medium-term management plan

- Combining real and digital elements to create customer experiences
- Using big data on spatial design to create new value
- Aggressive use of digital technology to differentiate ourselves from competitors and add value

Market conditions and business performance in fiscal 2023

Segment sales and income were up year on year, as a recovery in demand fueled an increase in new renovation projects, including operations inside large stores, mainly department stores, shopping centers and speciality store buildings, as well as amusement facilities, hotels, station buildings and airport-based facilities.

As a result, segment sales reached ¥46,823 million (up 29.5% year on year), while segment income was ¥2,341 million (up 1,803.3% year on year).

Initiatives going forward

All sectors should see wider demand for products and services. However, the promise of business opportunities is accompanied by risks, including curbs on capital investment, paralleling the impact of skyrocketing costs for energy and raw materials. Tanseisha must track market conditions while pursuing wider business activities.

Going forward, redevelopment projects in the Tokyo metropolitan area and other cities are likely to open up, along with broader demand outside the Tokyo metropolitan area, especially in the Kansai area, related to Expo 2025 Osaka, Kansai and integrated resort (IR) plans, etc.

In addition, various office space plans with work-style reform in mind as well as investment plans for entertainment facilities are beginning to move forward, and expectations are high that these activities will fuel demand. Hereafter, the commercial and other facility business will strive to capitalize on heightened interest in innovative spatial creation across various sectors to capture orders and increase market share.

In fiscal 2024, the commercial and other facility business is expected to achieve segment sales of ¥48.2 billion and segment income of ¥2.4 billion.

Chain Store Business

We aim to expand market share in western Japan, focusing on strengthening relationships with existing customers.

Strengths

- Planning ability tailored to business needs and highly creative spatial design
- Competitive advantage as a pioneer in the industry, having launched our business ahead of our competitors

Risks and opportunities

- Cancellation of/changes to store-opening plans, paralleling impact of skyrocketing costs for energy and raw materials
- With some exceptions, an improved demand environment and an increase in renovation projects
- Acceleration of e-commerce; expansion of the store maintenance and facility support markets

Key measures of the medium-term management plan

- Expand market share of existing customers and develop new customers
- Strengthen relationships with existing customers and improve productivity to expand market share in western Japan
- Target growth in the maintenance sector, where demand is expected to increase; develop new customers

Market conditions and business performance in fiscal 2023

Segment sales and income rose year on year, primarily due to an increase in new renovation projects, especially in the restaurant sector and other specialty store sector, thanks to a recovery in demand.

Consequently, segment sales were ¥23,282 million (up 27.4% year on year), and segment income was ¥1,125 million (up 234.7% year on year).

Initiatives going forward

In the restaurant sector, interest in capital investment varied by business type due to the impact of skyrocketing costs for energy and raw materials. Nevertheless, investment is charting upward. Investment is also on the rise at large grocery, daily goods, sports and outdoor goods stores. The maintenance sector is seeing growth in demand for maintenance and facility support in the digital domain.

We will work to expand our share of existing customers and develop new customers. Particularly in western Japan, we plan to strengthen relationships with existing customers to boost market share and also increase productivity. In addition, we will work to expand the maintenance sector, where demand is expected to increase, and develop new customers.

For fiscal 2024, we forecast segment sales of ¥23.8 billion and segment income of ¥1.2 billion in the chain store business.

Cultural Facility Business

We will strive to increase orders in public-private partnership projects,
in pursuit of regional development and revitalization.

Strengths

- Full support from protection of cultural assets to improvement of cultural resource value including planning, design, construction and operation
- Hold top-level market share, backed by a specialized think tank

Risks and opportunities

- Changes/delays in plans, paralleling impact of skyrocketing costs for energy and raw materials
- Increasing needs relating to regional development and revitalization

Key measures of the medium-term management plan

- Target increase in orders with focus on projects relating to regional development and public-private partnerships
- Stabilize and grow the cultural exhibition business by utilizing the exhibition experience we have cultivated over many years

Market conditions and business performance in fiscal 2023

Segment sales and income improved year on year, largely due to the booking of highly profitable projects in the fourth quarter.

As a result, segment sales were ¥10,672 million (up 13.4% year on year), and segment income was ¥293 million (up 314.0% year on year).

Initiatives going forward

In the business environment, we see continued growth in the need for the design and construction of exhibition space to achieve regional development and revitalization. Although the operational productions that we handle are limited, we have an increasing number of active initiatives for public-private partnership projects.

Considering this situation, we intend to expand orders with a focus on projects relating to regional development and public-private partnerships. In addition, we will leverage the exhibition expertise we have accumulated over the years to ensure the stable growth of our cultural exhibition business.

For fiscal 2024, we forecast segment sales of ¥10.5 billion and segment income of ¥300 million in the cultural facility business.

Initiatives for further growth

Enhancing value with BIM

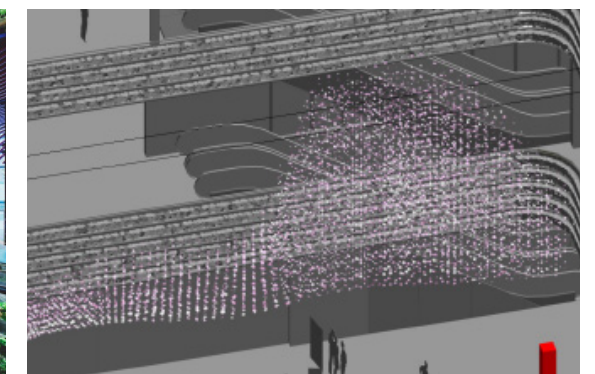
Building information modeling (BIM) is a system that starts with a computer-generated 3D model, adds in attribute data such as information on the specifications, performance and perfection of materials and components, and management material to create spatial information models. This enables various kinds of information to be used in all processes, from design and construction to maintenance and management, dramatically increasing operational efficiency.

Tanseisha has established the BIM Promotion Committee, a companywide cross-sectional body dedicated to actively promoting the use of BIM. Since BIM was introduced in 2016, it has been used in the planning and proposal of a wide variety of projects, as well as in design and layout, production and construction, and maintenance. In 2022, BIM software was distributed to nearly 600 employees in charge of design and production, underpinning efforts to encourage use of BIM companywide. In 2023, we began configuring the “Tansei BIM Platform.” As the basis for our own BIM system, it establishes rules and operating processes to support use of BIM perfectly aligned with our pursuits, facilitating the creativity that leads to a better environment, society and economy.

The first benefit gained through the introduction of BIM at Tanseisha is smooth communication. The process of creating 3D models and moving right on to design allows Tanseisha to provide customers with easy-to-understand visual concepts. In addition, a project team using BIM can assemble key layout and construction information at the design stage, including how many pieces of furniture are needed, how many fixtures and how many building materials are required, and acquire data on the floor area and the volume of a space, to obtain accurate information in short order and make appropriate decisions. Furthermore, design techniques that fully use programming such as generative design and computational design based on this kind of digital data help project teams realize innovative designs. BIM is also useful at the construction stage, enabling digital collaboration by linking to on-site management tools using point cloud data capture and 360° cameras. Accessing all this data via the cloud makes possible seamless information sharing.

BIM is therefore not merely a tool but also a next-generation spatial design and construction workflow that utilizes digital data to create additional data. Data thus created offers even wider application potential for the future.

YANMAR HANASAKA SQUARE



Looking toward realization of a sustainable society,
Tanseisha will strive to fulfill its social responsibility based on “Our Purpose.”

Our Purpose

Drawing the future from space,

adding new colors to people and society.

Materiality issues



Respect people

We will respect human rights, respect diversity and pursue human happiness. We will provide spaces and experiences that allow imaginations to grow for diverse user groups, creating a corporate culture where diverse employees respect one another and reciprocally harness the power of unique perspectives, insights and know-how, shaping an environment where every person can grow and thrive.



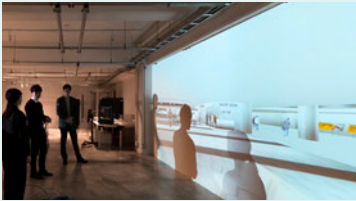
Co-exist with the environment

We will contribute to realizing a decarbonized society in harmony with nature and based on the concept of a circular economy by tackling head-on environmental issues such as global warming, loss of biodiversity and resource depletion, and address these issues in all corporate activities.



Contribute to regional and social development

We will contribute to developing local communities and society at large by encouraging productive exchanges between people, revitalizing industry and economic activity, and creating, communicating and preserving a diverse and rich culture for future generations.



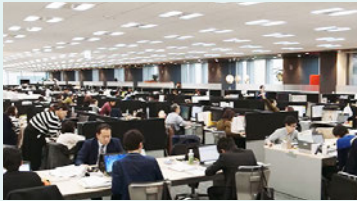
Promote innovation

We will respond to social changes and technological advances and continue to learn while actively engaging in various types of R&D and verification tests. We will always welcome the challenge of creating new value by developing new services and businesses.



Build a responsible supply chain

We will build a foundation for value creation, including quality and safety, by expanding our network and fostering relationships of trust with partner companies. We will address sustainability issues such as the environment and human rights throughout our supply chain.



Enhance corporate governance

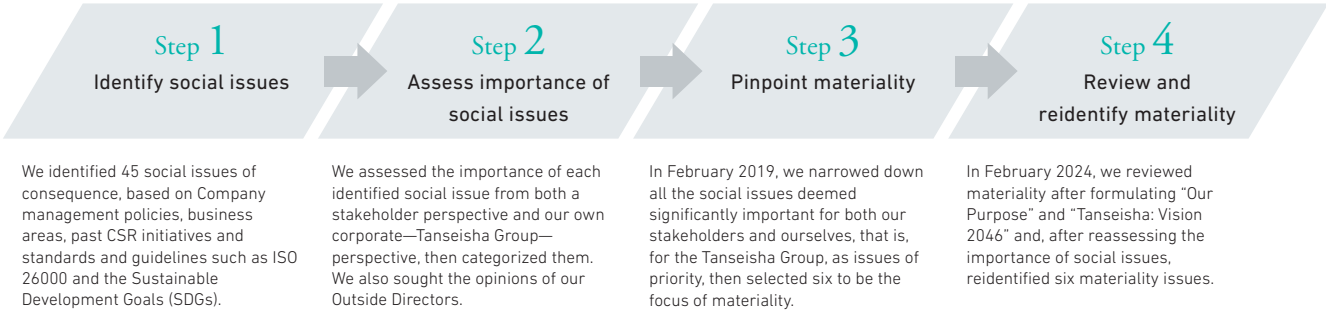
We will adapt to changes in society, always pursue the highest levels of corporate governance and strive to ensure its improvement. We will confirm transparency and fairness in decision-making and maintain high ethical standards as a company widely trusted by society.

Solving social issues and realizing a sustainable society through corporate activities

Materiality identification and review process

We reviewed and reidentified materiality issues in light of the content in “Our Purpose” and “Tanseisha: Vision 2046,” which were recently formulated. In reviewing materiality, the Sustainability Committee, which is chaired by the President, considered the latest social developments and redefined

materiality, with an emphasis on people and the environment, including responses to climate change. We will use “Our Purpose” as a base to further enhance initiatives to realize a sustainable society.



Sustainability Committee

Tanseisha maintains a Sustainability Committee chaired by the President. The committee formulates and examines key sustainability policies and regularly reviews sustainability

activities, working to enhance sustainability initiatives in each business unit and business area.

Initiatives for SDGs

Using materiality issues in sustainability initiatives, we have set priority targets for SDGs and are promoting efforts to achieve these targets.

Materiality issues	Our main initiatives and direction	Target SDGs	Related pages
Respect people	<div><div></div>In our core business of creating spaces, we are involved in the planning and design of venues that provide information and raise awareness on various themes.</div> <div><div></div>We provide continuous educational opportunities for employees and support their growth.</div> <div><div></div>We place importance on the education and enlightenment of workers and foster culture to promote understanding and acceptance of diversity, as well as the talents of our employees.</div>	<div>4</div> <div>Quality</div> <div>People</div>	32-34
	<div><div></div>In addition to hiring diverse talented people, including women, the elderly and people with disabilities, we make efforts to enhance the motivation and diversity of our employees.</div>	<div>8</div> <div>Decent work and fair wages</div> <div>People</div>	32-33
	<div><div></div>We create safe and secure spaces.</div> <div><div></div>We practice creating inclusive spaces with consideration of users rich in diversity, including people with disabilities and the elderly (practice of universal design).</div>	<div>11</div> <div>Sustainable cities and communities</div> <div>People</div>	32
Co-exist with the environment	<div><div></div>We contribute to the realization of a circular economy by promoting the reduction, reuse and recycling of waste.</div> <div><div></div>We thoroughly manage waste such as chemical substances.</div>	<div>12</div> <div>Responsible consumption and production</div> <div>Environment</div>	35
	<div><div></div>We practice environmentally friendly design.</div> <div><div></div>We reduce greenhouse gas emissions associated with business activities with measures such as energy-saving initiatives.</div>	<div>13</div> <div>Climate action</div> <div>Environment</div>	35
Contribute to regional and social development	<div><div></div>We contribute to the improvement of economic productivity and the creation of added value such as customer problem-solving practices through spatial creation and the instilling of liveliness.</div> <div><div></div>We contribute to the development and promotion of the appeal of local regions (regional development) and sustainable tourism through space creation projects.</div>	<div>8</div> <div>Decent work and fair wages</div> <div>People</div>	36
	<div><div></div>We help preserve history, culture and nature for future generations through spatial creation projects.</div>	<div>11</div> <div>Sustainable cities and communities</div> <div>People</div>	36
Promote innovation	<div><div></div>We pursue innovation by engaging in various types of research, including the utilization of technology, and creating added value.</div>	<div>9</div> <div>Industry, innovation and infrastructure</div> <div>People</div>	37
Build a responsible supply chain	<div><div></div>*Since a wide range of sustainability topics across the entire supply chain fall under this materiality issue, all SDG targets listed above apply here.</div>	All SDG targets listed above	38

Respect People

We will respect human rights, respect diversity and pursue human happiness. We will provide spaces and experiences that allow imaginations to grow for diverse user groups, while creating a corporate culture where diverse employees respect one another and reciprocally harness the power of unique perspectives, insights and know-how, shaping an environment where every person can grow and thrive.

Initiatives to create safe, secure spaces

Employee training to improve technical expertise

To enhance the quality of our services and the technical capabilities of our production staff, we offer specialized skills training related to laws and regulations as well as safety and construction, along with production-oriented seminars that heighten awareness of safety and quality control at the planning stage and during on-site project execution. For designers and planners, we provide technical training that helps mitigate problems and risks that might occur at the design stage, complemented by quarterly technical seminars to reinforce the engineering capabilities of designers. In addition, as part of new employee training, we offer education programs on various topics, including laws and regulations, prohibited matters and special management matters, and technical topics, such as those for electrical and mechanical equipment, and help young employees gain technical expertise through access to construction advice and on-site guidance related to their projects.

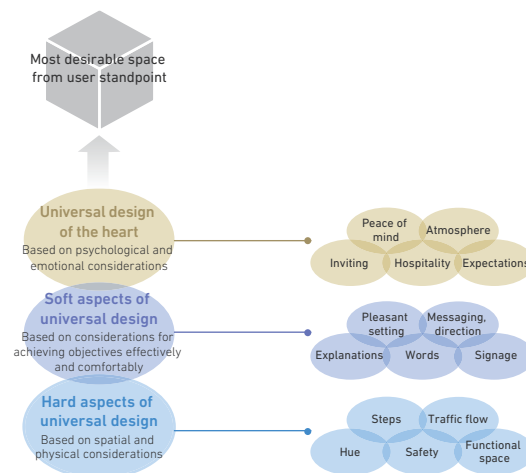
Efforts to create spaces with enhanced safety and quality features

Before work begins, we confirm construction and safety plans and go over key quality and safety control priorities as well as measures to comply with prohibited matters and special management matters. We also hold construction technology study meetings aimed at preventing complaints and problems and eliminating work-related disasters and accidents, thereby ensuring that construction progresses smoothly. We strive to ensure quality by pinpointing potential issues and problems in the creation of spaces and by confirming legal requirements, architectural structure and construction methods. In addition, the Safety and Health Committee meets monthly to analyze and share information on customer complaints that require maintenance or repair, with committee insights helping prevent any recurrence. The committee gathers information on ways to improve technical quality and also coordinates, instructs and guides relevant divisions in implementing improvements. Other tasks of the

committee include regularly reviewing the safety handbook and developing activities such as training programs for General Managers, project site foremen and safety and health managers.

Promoting universal design

Tanseisha promotes the creation of universal design spaces that are comfortable and accessible to diverse user groups, including older people, children and people with disabilities as well as visitors to Japan. In putting universal design into practice, we focus on three components: hard, soft and heart. We believe that only the combination of these three components enables us to create the most desirable space for a wide range of user groups. We are eager to collect and utilize universal design-related information and know-how to the best advantage.



Cultivating culture of diversity and inclusion

Implementing diversity training

Tanseisha has offered diversity training programs for executives and employees since 2017. From 2021 through 2023, we provided training specifically for managers, who play an important role in human resources development and supervision. These programs not only deepen understanding of diversity but also foster a corporate culture that embraces diversity and different work styles as participants learn and gain new insights about work and approaches to work.



Diversity communication (dialogue with people with disabilities)

Promoting women's participation in workplace

We prepared an action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace and use various

measures to create numerous opportunities for female employees. We set a target for the percentage of female managers, provide career training and encourage female employees, as well as male employees, to take advantage of childcare leave. In 2023, we received two stars under Eruboshi Certification as a company with an excellent record of initiatives promoting participation and career advancement of women in the workplace.



Helping hearing-impaired employees thrive

To create a more welcoming work environment for employees with disabilities, we introduced UD Talk®, a communication support and conversation app, and we utilize other modes of communication, including hiring sign language interpreters. In addition, we share methods and procedures for ensuring information security on our in-house portal site, provide consultation services and hold in-house meetings in sign language to facilitate the exchange of ideas between hearing-impaired employees and other employees.

Human resources development

Supporting career development

We support the career development of employees by providing rank-specific and job-specific education and training programs in-house and through external organizations and also conduct career interviews with employees to guide them on a path toward careers as managers and specialists. In addition, we maintain a qualification support program that covers some of the costs employees incur obtaining job-required qualifications, such as those for architect and construction management engineer, as we are eager to develop human resources with highly specialized skills.

Training for new employees (Human Resources Development Project)

Since 2005, Tanseisha has run the Human Resources Development Project, an original, hands-on training program for new employees. The

program comprises introductory training and business how-to content, which help new employees learn about the Company and acquire the basic knowledge needed to conduct business, as well as a product creation component, where new employees practice their skills on an actual project. Through production involvement, they experience various challenges and gain a solid understanding of the characteristics that define the job they will do, preparing them for work in the position they will be assigned later.



New employees create products alongside frontline designers and masters of a trade while forming consensus, build relationships with stakeholders and learn how to manage quality, costs and delivery.

Promoting work-life balance

Supporting diverse work styles

Tanseisha set up the Family-Friendly Promotion Committee and continues to implement initiatives that give employees the option to choose from a variety of work styles that help them balance work and family life. We offer a remote work system to all employees, a shift work structure that allows employees to change their starting time each day and an option with shorter working hours that is not dependent on childcare or nursing care needs. In addition, we offer sick leave and other types of leave, including fertility treatment leave, and take a flexible approach on how employees do their work.

Childcare and nursing care support

Tanseisha has enhanced structures to increase the rate of employees taking childcare leave, offers employees with young children the option of reduced working hours and encourages employees to take annual paid leave. We also partner with corporate-led nursery schools. These efforts earned us the Next Generation Certification Mark, nicknamed Kurumin, in 2007. Other support initiatives include help desks that extend advice on childcare and nursing care issues and seminars on caring for older people.



Health care and welfare initiatives

In addition to regular health checkups and stress checks based on the Occupational Safety and Health Act, we provide comprehensive health examinations, medical examinations to prevent illnesses specific to women, influenza vaccinations, interviews with industrial physicians and online counseling. We also offer Group Long-Term Disability Income Compensation Insurance and Group Medical Insurance as employee benefits to protect the lives of employees and their families in the event of an unforeseen work-related injury.

Tanseisha personnel data

Percentage of female managers* (as of January 31, 2024) *Section manager and above, excluding Director	9.4%
Monthly average for overtime work* (fiscal 2023) *Including legal working hours on holidays Excluding managers and supervisors	31 hours, 10 minutes
Annual paid leave (average) (January 1, 2023 through December 31, 2023)	12.0 days
Percentage of employees with disabilities (as of January 31, 2024)	2.2%
Percentage of mid-career hires (fiscal 2023)	63%

Respect People
Message from Manager Responsible for Human Resources

We will remedy the issue of long working hours
and strive to improve employee engagement.

NOMURA Eiji
Executive Officer,
General Manager of Corporate Planning Headquarters



Human capital is essential for achieving goals of new medium-term management plan

In our new medium-term management plan, we highlight the importance of adding value to existing businesses and strengthening the foundations of fledgling businesses, including overseas operations. To these ends, we will offer the training needed to develop human resources who can provide added value exceeding customer expectations and who can embrace new challenges from a business perspective, as well as top-level executives with the ability to steer Tanseisha toward its stated vision for the future. We will also consider mechanisms to sustain the motivation of senior personnel as they approach retirement age in the next 10 years and help them acquire new capabilities through reskilling programs that will enable them to remain an active and sizable part of the workforce and mentor junior colleagues.

"Pleasure of working," a non-financial target under the new medium-term management plan, is an extremely important and by no means simple theme. Viewing the elimination of long working hours as an urgent issue, we will do all we can to ensure that no one is forced into a work-style that leads to health problems. Only when we remedy this issue will we be able to move forward with true work-style reform. Since the content of Tanseisha's business is interesting and rewarding, I think that if working reasonable hours becomes the norm instead of the exception, the workplace will surely become more comfortable and employees will be more motivated. This will translate into greater employee engagement.

Looking to the future, we will improve systems and structures

Recruitment based on staffing plans is progressing smoothly. However, at present, our focus is on filling vacancies in each division. We have to move quickly to build up our human resources portfolio, determining the type of people needed to achieve management goals and applying this information to the hiring process. We also want to clarify skills requirements and utilize these skills requirements for recruitment, training and placement of employees.

On the topic of training, Tanseisha has earned praise from inside

and outside the Company for the Human Resources Development Project, which is part of training for new employees. At the same time, we have received comments that reveal a considerable difference between the image that new employees had in mind about the work they would do and the actual work performed after assignment. As a result, we need to look into more realistic training. For on-the-job training, we will continue to review the issue of inconsistencies in training methods caused by circumstances in the division after assignment and the projects that staff members responsible for training handle.

Regarding female managers, Tanseisha has traditionally seen a high ratio of women in the design division and in general staff assignments, where the retention ratio is also high. Consequently, the Company has marked steady progress in promoting women to management positions in these areas. Meanwhile, sales or production positions are mostly filled by young people, and we recognize the urgent need to foster an environment where female employees can also enjoy a long career in sales or production.

Leveraging strengths of human resources to drive corporate growth

"Work at Tanseisha is interesting." "The people at Tanseisha are good people." "Tanseisha employees are not only strong individuals but demonstrate great teamwork skills as well." We welcome such comments from inside as well as outside our corporate walls. They underpin a solid reputation that is a corporate strength, and we intend to add even more luster to this reputation. To remain a group of professionals, we have to develop strong individuals and provide diverse and challenging job opportunities. If everyone at Tanseisha sees the Company as an enjoyable, appealing career destination, such favorable reports will inevitably entice more people to seek employment here, promoting employee growth.

These are, it is said, uncertain times. Amid this uncertainty, it is all the more important for Tanseisha to be able to shape the future, act with a purpose and, above all else, create conditions for employees to enjoy their work. I want to encourage the development of human resources who can link these aspects of Tanseisha's DNA to a bright tomorrow. Toward this end, I will take the lead and demonstrate this process through my own actions.

Co-Exist with the Environment

Tanseisha implements responses in all corporate activities to directly address environmental issues such as global warming, loss of biodiversity and resource depletion, thereby contributing to the realization of a decarbonized society in harmony with nature and based on the concept of a circular economy.

Promoting environmentally friendly design

In our space development business, we endeavor to reduce the amount of resources and energy consumed and the amount of waste generated, while emphasizing the creation of environment- and people-friendly spaces. We achieve these goals through six specific principles of environmentally friendly design.

Healthy design	Providing healthy interior environments	Universal design	Friendly design for everyone
3R design	Strict control of waste and effective use of resources	Safe design	Preventing accidents and trouble
Energy-saving design	Selecting equipment with energy efficiency	Design for preserving cultural properties	Ensuring that important cultural assets endure for future generations

Environmental activities at our office

Tanseisha supports the government's "Cool Biz" and "Warm Biz" programs, through which we conserve energy by adjusting temperature settings and by encouraging workers to dress casually. Other measures to limit electricity consumption include reducing the use of lights after work hours, centralizing our servers at highly power-efficient data centers and setting office equipment to energy-saving mode. In addition, the head office, Kansai branch, Nagoya branch and Kyoto office use electricity generated from renewable energy sources.

We have also set up a central area for general access to and management of stationery, documents, envelopes and other office-use items, seek to reduce the amount of paper used in office administration processes and strive to limit office waste while emphasizing the separation of waste for recycling, as appropriate.

Meanwhile, initiatives to reduce waste from worksites include asking recycling specialists to collect furniture and fixtures when we renovate or remodel our offices, and recycling personal equipment used on-site, such as workwear, helmets and safety harnesses. We also support the aims of the Ministry of the Environment's "Fun to Share" project.

Greenhouse gas emissions and associated non-financial targets

Tanseisha set non-financial targets related to climate change in the medium-term management plan running from fiscal 2024 through fiscal 2026. We are working toward a goal of reducing Scope 1 and 2 greenhouse gas emissions 40%, compared with the level recorded in fiscal 2021 (and limited to the scope of the calculation for fiscal 2021).

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2023 (reference)
Scope1 and 2	367	292	317	2,444
Scope 3	256,896	258,279	332,547	338,047
Total	257,263	258,571	332,864	340,492
Scope 1 and 2 reduction rate	—	20%	14%	—

Notes:
• The calculation periods are February 2021 through January 2022 for fiscal 2021, February 2022 through January 2023 for fiscal 2022 and February 2023 through January 2024 for fiscal 2023.
• This table covers the display business of Tanseisha Co., Ltd. only and does not include facility management or other businesses in the calculation.
• The data for fiscal 2023 (reference) is based on a broader range of calculation criteria, effective from this fiscal year. Scope 1 and 2 apply to Tanseisha Co., Ltd., as well as its domestic subsidiaries, while Scope 3 is limited to all business operations (including facility management and other businesses) of Tanseisha only.
• Scope 2 emissions are calculated using market standards.
• Data for fiscal 2022 differs from figures stated in the securities report for fiscal 2023 due to newly identified energy sources classified under Scope 3 Category 3.

Environmental considerations in spatial creation

Reducing industrial waste

For industrial waste management, we follow practices based on environmental laws and regulations and draft plans for each construction project. We have taken a robust approach in adopting measures effective for controlling the output of industrial waste, including the application of factory-produced components (precut method), adherence to the 3Rs, reduction of surplus materials and packaging, adoption of economical sizes and reduction of mixed waste. Once construction is complete, we record the details of various measures, their effectiveness, the type and amount of waste generated, and the status of compliance with laws and regulations. Acquired insights are reflected in subsequent construction plans to better manage and continuously improve efforts to reduce industrial waste. Supporting these activities, the Safety and Health Committee meets once a month to confirm the submission of relevant documents and their processing status and to issue guidance to ensure proper disposal of industrial waste. Meanwhile, the Industrial Waste Management Committee confirms industrial waste management policy and the status of waste separation rates and provides guidance to help keep results in line with policy standards.

Measures to prevent health problems from sick building syndrome

As a measure against sick building syndrome, we follow environmentally friendly design practices and prepare construction plans (analyzed by construction review committees), encourage cooperation among departments in selecting certified materials and monitor the use of certified materials at construction sites through an on-site management photo registry.

Environmental certification

- Environmental Management System; ISO 14001 certification
- Forest Stewardship Council® (FSC®) Chain of Custody Certification (Headquarters) (FSC®-C179924)
- Obtained AAA rating in fiscal 2019 under program run by the Tokyo Metropolitan Government to evaluate and publicize efforts by specified tenant businesses in taking measures to prevent global warming

Contribute to Regional and Social Development

Tanseisha will contribute to the development of local communities and society at large by encouraging productive exchanges between people, revitalizing industry and the economy, and creating, communicating and preserving a diverse and rich culture.

Contribute to local communities and society at large through the creation of spaces



Chuo City Chuo Historical Museum

Project summary

This new historical museum occupies part of Honnomori-Chuo, a multipurpose facility centered on a library. All the museum's visuals, evoking images of the spines of books, use easy-to-understand illustrations to graphically present the history of Chuo-ku, a district of Tokyo. The walls have been designed to look like a bookshelf, with video screens and items from the collection placed on the shelves, so to speak, giving visitors an immersive experience into the historical and cultural charm of Chuo-ku. In addition, bar-shaped pieces that represent books can be transformed into letters and symbols and thus function as signs as well. A unified design has been applied throughout the museum.

Business owner: Chuo City

Scope of work: Display Planning, Design, Layout, Production, Construction, Video Production

Photographer: Taira Kurihara

Contribute to regional development

Initiatives in regional renaissance

Seeking to solve local issues, Tanseisha creates spaces that contribute to regional revitalization. In addition, led by the Regional Revitalization Office, we take a multifaceted approach to pinpoint issues affecting local communities and engage with them as a partner from the concept stage through to operation of a space. These created spaces help write the story of the community's vibrant new future.

Participating in LINKED CITY

Tanseisha is a participating member of the LINKED CITY Consortium, a corporate group that aims to revitalize local communities through the power of DX. We are part of a cooperative effort to provide one-stop solutions for kick-starting realization of a plan advocated by the Cabinet Office and the Digital Agency whereby companies cultivate core human resources in rural areas and establish satellite offices in these regions. We will be responsible for total coordination—design and production—of next-generation satellite office space creation.

Regional contribution through art

Tanseisha operates B-OWND, a platform combining technologies such as the Internet and blockchain and spaces to support the creative activities of artists. Through this online marketplace, which highlights Japanese artwork and crafts produced by traditional methods and facilitates their sales, we bring improved value to spaces using artists' networks and technology and promote regional sustainability through art.

Regional contribution through facility management

Tanseisha is entrusted with and promotes facility management projects for operations such as museums, resource centers, tourist facilities, disaster prevention training centers and children's facilities across Japan through designated managers, management outsourcing and private finance initiatives (PFI). Every facility is deeply connected to the local community and actively engages in opportunities to inspire and motivate local residents, including elementary school children on field trips. We contribute to employment and development of local talent and also strive to revitalize the entire area by showcasing culture, the arts, tourism and industry through diverse independent and directly operated projects.

Contribute to social development

Participation/cooperation in area management activities in Shinagawa

We participate in area management activities in the Shinagawa district, including cooperation and sponsorship of local events around our own neighborhood—Shinagawa Season Terrace—where our head office is located. Also, since 2021, we have provided training for teachers at the request of Konan Elementary School, which is in our area.

Conveying information through Internet Museum

Tanseisha operates Internet Museum, Japan's largest museum information site, under the "Life with Museum" concept. This site

provides facility details as well as information about programs such as planned exhibitions and events. Offering a wide variety of content, including original reporting and curator recruitment information, the site has gained a loyal following among museum enthusiasts in Japan.

Sending lecturers to educational sites, making presentations at seminars

We send employees to many lecture halls, universities, vocational schools and other educational sites to give talks mainly on spatial design and display design. We also help promote industry, culture and academia through seminars and articles prepared with in-house resources and know-how.

Promote Innovation

In response to social changes and technological advances, Tanseisha will continue to learn while actively engaging in various types of R&D and demonstration experiments. In addition, we will always welcome the challenge of creating new value by developing new services and businesses.

Develop and promote new businesses

Operating THE TOKYO PASS service for inbound visitors

In collaboration with the Tokyo Metropolitan Foundation for History and Culture, Tokyo Convention & Visitors Bureau and JTB Corp., Tanseisha operates THE TOKYO PASS—Culture, a service directed at inbound visitors that makes cultural tourism in Tokyo a more delightful and enriching experience. THE TOKYO PASS—Culture functions as an excursion pass for admission to 48 (as of the end of January 2024) public and private cultural facilities in Tokyo, including history museums, art museums, landscaped gardens, zoos, aquariums and botanical gardens, and can be purchased as a set with "Tokyo Subway Ticket" for unlimited rides on all Tokyo subway lines.

Promoting R2 to revitalize building stock

We are promoting R2*, which extends the service life of old, small and medium-sized buildings in the Tokyo urban core. Following a policy that avoids the conventional scrap-and-build approach in favor of existing stock utilization, we give old buildings a seismic retrofit, proper finishing and updated facilities to turn these properties into sustainable offices with the same or better functionality as those in new-build structures. Through R2, we aim to reduce the carbon footprint of buildings and help address climate change.

*Refers to "real estate" and "revitalization"

Initiatives with digital applications

Creating a virtual space

Drawing on the experience and knowledge gained creating physical spaces in various sectors, we are working to produce new venues that promote communication through the creation of spaces that incorporate characteristics of the real world as well as those from the virtual world, including digital twins.



The virtual-reality showroom space "Virtual Creative Meets," built using the head office as a model, allows users to experience a virtual metaverse.

Promoting use of BIM

The BIM Design Office, at the Design Center, takes the lead in BIM activities. We intend to strengthen the BIM platform and establish optimal workflows for display industry workers to realize spatial creation with high value to society, contributing to sustainability with BIM and using data to provide new design services.

Promote corporate partnerships, alliances and research

Joint efforts with Pixie Dust Technologies

Improving provided value through DX promotion

Tanseisha formed a business alliance with Pixie Dust Technologies, Inc., (PXDT) to improve provided value by promoting spatial DX. The focus is on FAC+, which we jointly developed and are utilizing in collaboration with PXDT. This service addresses issues faced by business operators and ultimately enhances the experience value for end users of a space by acquiring and visualizing various spatial data through webcams and sensors. It combines quantitative data with the planning, design and layout details of spatial creation that were previously based on sensibility and personal taste.

Joint efforts with SANSUI-SHA

Upcycling old wood

Tanseisha formed a business alliance with SANSUI-SHA Co. Ltd., whose core business is to upcycle old wood* and old houses as its contribution to creating a sustainable society.

Advanced design and construction techniques are essential for Tanseisha to be successful in taking a robust approach to proposals that incorporate high-quality old wood into various spaces. That is why we have chosen to work with SANSUI-SHA to verify methods and technologies that will promote wider use of old wood. We will formulate proposals featuring methods and technologies to encourage acceptance of old wood in diverse applications, including hotels, specialty shops, large-scale complexes, cultural facilities and stations. We aim to promote the creation of spaces that take advantage of the charm inherent in old wood and also be environmentally conscious.

* SANSUI-SHA defines old wood as timber pillars, beams, girders and planks that remain after old homes built pre-World War II and thus more than 80 years old are demolished. In-house specialists in antique wood check to ensure that the wood is free of insect damage, has no signs of water leaks, has been stored in good condition and has guaranteed traceability with a confirmed date when the house was built, its location and the source of the wood used in the construction.

The terms "furuki" and "koboku," written in kanji, and "KOBOKU," written with English letters, are registered trademarks of SANSUI-SHA.

Tie-up with NIPPON SHUPPAN HANBAI

Developing sustainable, new bookstore model

Tanseisha worked as a development partner for Hontasu Tameike Tameike-Sanno Metropia Store, a completely unmanned bookstore run by NIPPON SHUPPAN HANBAI INC.

Our goal was to create a brand experience that is smart, easy to use and warm, despite the unmanned aspect, by leveraging our track record of creating physical spaces and building a journey that centers on the customer and seamlessly connects the physical world with the digital realm. Also, by implementing various field experiments based on measurements of spatial flow, we will aim to produce a more comfortable, satisfying brand-specific spatial experience and build a sustainable, new bookstore model.



Photographer: PIPS

Build a Responsible Supply Chain

We have established a foundation for value creation, including quality and safety, by expanding our network and fostering relationships of trust with partner companies. We will address sustainability issues such as the environment and human rights throughout our supply chain.

Procurement policy

Guided by the corporate purpose represented by the slogan “drawing the future from space, adding new colors to people and society,” Tanseisha builds strong bonds of trust with business partners as a responsible partner and engages in procurement activities in line with Company policy.

- 1 Compliance with laws and regulations
- 2 Fair and equitable transactions
- 3 Maintenance and improvement of health and safety
- 4 Ensuring quality and safety
- 5 Respect for human rights
- 6 Consideration for the environment
- 7 Protection of intellectual property rights
- 8 Information management and security
- 9 Contributions to a sustainable society

Supporting Partnership Building Declaration

Tanseisha supports the spirit of the Partnership Building Declaration, put forward by the Cabinet Office, the Small and Medium Enterprise Agency, and with that declaration has affirmed that we seek co-existence and prosperity in our entire supply chain and increased mutual added value through new alliances.

Corporate cooperation

We have organized the Seiwakai Safety and Health Cooperation Group (Seiwakai), which brings together our partner companies in construction projects, to engage in activities related to safety and health and quality improvement. The Disaster Prevention Council, a venue for Group discussions on eradicating the recurrence of accidents, convenes twice a year for participants to learn about awareness of danger. In addition, we are involved in disaster prevention meetings at all work sites and announce the causes of any accidents that occur and measures taken to prevent a recurrence.

We are committed to qualification training, have established a system that enables not only our production staff but also technical partners and partner companies to take courses, and provide a wide range of learning opportunities that lead to enhanced safety and quality.

Enhancing production base

Through our partnership system and other approaches, we reinforce our network of partner companies that support space

creation and build strong bonds of trust, underpinning efforts to enhance our production base and achieve sustainable business growth. In addition, we seek to improve the efficiency of on-site management tools by introducing and using DX, while promoting new skills acquisition to fuel BIM data sharing with partner companies and boost productivity.

Safety, quality and environmental efforts

Safe construction, high quality and environmental considerations are the fundamentals of all Company practices. We have established various policies and priorities when working together with Tanseisha Group companies and partner companies across a vast spectrum of Company activities.

Safety:	Basic policy —We make prevention the basis of safety and aim for zero disasters and accidents. Priority items for disaster and accident prevention —The prevention of fires, disasters affecting third parties, crashes and accidental falls at work sites, prevention of vehicular accidents and loading/unloading accidents
Environment:	Environmental policy —Reduction of greenhouse gas emissions, environmentally friendly design, reduction of industrial waste, consideration for facility users, compliance
Quality:	Compliance with prohibitions and special management matters

Education and improvement to enhance safety and improve quality

In preparation for National Safety Week every July, we organize the Tanseisha Safety Convention in June with participation by Group companies and partner companies. The convention features special lectures by in-house and outside speakers as well as opportunities for employees to share safety management experiences from construction sites and thereby improve and heighten safety awareness at work sites.

In other activities, we seek to enhance safety and improve project quality and technical capabilities through vigilance and education on safety and quality control at production seminars. We also offer various training opportunities and information to raise safety awareness among employees and at partner companies.

Promoting safety and health and quality control activities

The Safety and Health Committee meets monthly to share information on safety and health activities and promote safety management and quality control initiatives aimed at eliminating accidents and disasters at construction sites. Important management items and points requiring special attention are posted at each work site to ensure that everyone who needs to know is aware of the content.

Initiatives to reduce industrial waste

The Industrial Waste Management Committee meets twice a year to see if the amount of industrial waste disposed of is decreasing and also to check on the rate of waste separation. The committee confirms the amount of industrial waste disposed of and the status of waste separation by subcontractors, carefully scrutinizes the selection of subcontractors who dispose of industrial waste and holds work-site inspections. In addition, with partner companies, we roll out initiatives to raise the separation rate of waste generated at each work site and run educational and awareness programs related to the disposal of industrial waste.

Enhance Corporate Governance

We will adapt to changes in society, constantly pursuing the best corporate governance and continuously working to ensure its improvement. Details are presented on page 42.

Sustainability TOPICS

Newly established Marketing & Sustainability Division

To respond to the increasingly sophisticated needs of society, Tanseisha established the Marketing & Sustainability Division in February 2024 as a new section dedicated to providing practical sustainability support to all customers.

Sustainability-related initiatives driven by each business division to date as well as associated track records will be consolidated from a companywide perspective and developed into strategic solutions under the Tanseisha banner. The Marketing & Sustainability

Division will also work closely with customers to provide various kinds of sustainability-related advice and suggest suitable measures to address sustainability issues.

In addition, the Marketing & Sustainability Division will make maximum use of Tanseisha’s cross-sectional corporate structure to conduct detailed discussions with customers across all markets that flexibly address individual requests, then together consider the kind of facility best suited to customer needs and explore sustainable strategies and solutions.

I worked in sales until the previous fiscal year. Now I am drawing on accumulated experience to put sustainable, customer-oriented measures into practice in various markets. Naturally, my division coordinates with each business division and headquarters but given our companywide, cross-sectional function, we also engage in joint activities with the Corporate Planning Headquarters to address issues and measures that Tanseisha needs to pursue.

KISO Yumiko
General Manager, Marketing & Sustainability Division



Activity introduction

Sustainability Solution Awards

Tanseisha hosts the Sustainability Solution Awards, an in-house recognition program showcasing projects that contribute to sustainability. We create opportunities for the teams behind winning submissions to provide details about their efforts and share the information in-house, which in turn kindles and then raises awareness about sustainability among all employees.



The awards ceremony is made available companywide online. In this photo, KOBAYASHI Osamu, Tanseisha President and CEO, in his capacity as chairperson of the judging panel, presents an award to a project representative.

Fiscal 2023 Sustainability Solution Awards

Initiatives and projects featuring elements that contribute to sustainability were judged on criteria including “innovative, novel and original qualities,” “capacity to be reproduced, future potential and horizontal scalability” and “making a significant contribution to the environment and society.” The awards include one grand prize (Best Solution Award), 10 runners-up and one Special Jury Award, presented to the employee involved in the most submitted projects.

The Best Solution Award was presented to a project that addressed the need for an environmentally friendly, sustainable store layout under a new approach to multistore expansion. The project incorporated sustainable materials for in-store signage and in counters, paint, wallpaper, flooring and other components of interior décor. The project also included 11 wide-ranging solutions, including installation of solar power generation equipment and power consumption visualization technology, to create an environmentally friendly space. The successful application of these solutions earned high praise in the country where the store is located.

Total number of submissions: 51
Total number of applicants: 202

Conversation with Outside Directors



Tanseisha's four Outside Directors looked back on fiscal 2023 and talked about the purpose newly formulated as Group philosophy and revised materiality.

In the wake of the pandemic, a year of accomplishments under a new structure

ITAYA: In fiscal 2023, society was finally emerging from the consequences of the COVID-19 pandemic and the economy truly began to recover, which painted a favorable backdrop for Tanseisha to achieve good business results. Crowds gathered again, reenergizing society, and I was struck again by the huge impact that a bustling society has on Tanseisha's business. At the same time, projects are becoming bigger, more complex and more sophisticated. While this scenario presents new opportunities for Tanseisha, it also requires enhanced management and heightened capabilities to execute projects.

YOSHII: I think the accounting standard for revenue recognition, which Tanseisha adopted as of fiscal 2022, has had a positive impact on project management. In the past, there was a sense that projects just needed to be in the black at the end of the fiscal year, but now, given the need for accuracy across all project management processes, project managers must continuously review operating budgets, predict future situations

and make changes as necessary. Accuracy has improved in the two years since the accounting standard was introduced, but Tanseisha should apply a trial-and-error approach to raise accuracy still higher.

MAKIHARA: A big topic in fiscal 2023 was the new management structure under President Kobayashi. The introduction of an executive officer system has streamlined the Board of Directors and clarified responsibilities, while creating an atmosphere conducive to lively discussion. This will lead to effective and speedy decision-making.

YOSHII: In the past, some aspects of the Board of Directors and the Management Meeting were vague, but under the new structure, respective roles and issues for discussion are clear.

ITAYA: Executive officers are employees but their positions require them to have a management perspective. They are expected to help Tanseisha deepen its talent pool and develop people with the potential to become Directors one day.

HOSAKA: From now on, I will be fully involved as an Outside Director. I want to approach my role as a member of the Audit and Supervisory Committee with a clear understanding of what risks Tanseisha's businesses have, where those risks are and what systems are in place to mitigate them. I will balance my experience as an outside lawyer and a thorough understanding of the Company to provide pertinent advice.

Purpose and materiality demonstrating commitment to working with society

HOSAKA: Before I was asked to become an Outside Director, I did not know much about Tanseisha. However, once I became familiar with the Company's extensive involvement in construction, including commercial facilities, art museums and medical facilities that I regularly visit, I began to see Tanseisha as a company aware of the importance of connecting people with people, connecting people with places and working to make these relationships possible. Tanseisha goes beyond creating space, achieving designs and features that extend beyond the physical confines of a space. I believe the corporate culture is reflected in these broader qualities of the spaces that Tanseisha creates.

ITAYA: "Drawing the future from space, adding new colors to people and society" is the corporate purpose that Tanseisha announced in February 2024. The phrase neatly encapsulates the Company's desire to expand business by exploring various possibilities for space and to be a contributing member of society, not just a profit-making entity. It bundles everything together really well.

YOSHII: Our Purpose, which was formulated through repeated discussions involving employees, clearly indicates the objective that guides Tanseisha in creating spaces and the direction that the Company wants to take. I hope that each and every employee fully embraces Our Purpose and puts the underlying message into practice by providing services rich in new value.

MAKIHARA: No matter how impressive or finely worded a phrase may be, if employees do not understand it and do not identify with the underlying concept, it will be just empty words. Since Our Purpose was carefully crafted by employees themselves rather than being a top-down statement that employees are required to put into practice, it will probably foster a deeper sense of unity.

HOSAKA: Our Purpose sends a message that Tanseisha is committed to creating value for the future of people and society, which makes me look forward to the future. Materiality issues were reviewed, paralleling the formulation of Our Purpose, with an emphasis on building a responsible supply chain and enhancing corporate governance. Amid numerous recent corporate scandals in the news in Japan, I feel it is important for Tanseisha to showcase its credibility and capabilities in developing safe and secure product offerings based on a strong corporate foundation underpinned by trust.

MAKIHARA: Looking at the order of materiality issues, I see that respect people, co-existence with the environment and contributions to regional and social development have been prioritized. This too is a reflection of the corporate attitude. Tanseisha is clearly not focusing solely on its own development but is also recognizing a responsibility to all of society and demonstrating a desire to contribute as a good corporate citizen.

YOSHII: The pandemic greatly changed people's perception of value. To create something truly valuable, it is important for Tanseisha to co-create with various stakeholders through dialogue. I feel this sentiment is reflected in the Company's choice of materiality issues.

ITAYA: Regarding co-existence with the environment, I believe that the global trend toward carbon neutrality could influence Tanseisha's business much more than before. Building things and destroying things are essential for business. Still, I believe Tanseisha can also demonstrate an ability to contribute to a carbon-neutral world by using inherent know-how showcased in proposals highlighting construction techniques that reduce the environmental impact and utilizing our expertise in displays featuring digital technology.

Work-style reform and investment in human resources lay foundation for future growth

YOSHII: Business improvements, including wider use of systems and measures to enhance efficiency, will be needed for a timely and ongoing review of operating budgets under the new accounting standard for revenue recognition. The labor shortage is intensifying throughout society, epitomized by the so-called 2024 issue of driver shortages in the logistics industry. Tanseisha will have to deal with the challenge of increasing opportunities to boost profits while minimizing the profit-squeezing impact of shrinking workforces. One solution is to be more selective in the projects taken on, in other words, to realize the importance of making the right project choices.

HOSAKA: From a law perspective, which is my area of expertise, and also as a female Outside Director, I would like Tanseisha to pay more attention to issues pertaining to sustainable work styles, including working hours and steps to boost the percentage of female managers. I intend to deepen communication within the Company and listen to individual voices to gather ideas for creating a more comfortable work environment.

MAKIHARA: A broad perspective is also needed to capitalize on new opportunities. That perspective will increasingly require committed investment in the future, including a pursuit of knowledge beyond domestic borders, access to examples of success overseas and discussions with engineers invited from abroad.

ITAYA: No matter how pervasive the Internet and digital technology become, the need for spaces where people can gather and enjoy real-life experiences will only continue to grow. In an expanding market, Tanseisha must be proactive because being passive will ultimately allow opportunities to slip by. Going forward, I urge people to grasp major trends and be ready to cultivate new areas of expertise. I hope employees as well as Directors will go beyond the work at hand to understand the needs of a wider world and take the lead in executing responses.

Basic approach

- We always pursue the best corporate governance and work continuously to ensure its improvement.
- We believe that the keys to corporate governance are to ensure transparency and fairness in decision-making, to make full and effective use of our management resources and to increase the vitality of management through swift and accurate decision-making, in order to achieve sustainable growth and long-term enhancement of our corporate value. We will work to enhance our corporate governance, in accordance with the following basic approaches.
- We will respect the rights of our shareholders and ensure their equality.
 - We will consider the interests of stakeholders and cooperate with them appropriately.
 - We will appropriately disclose corporate information and ensure transparency.
 - We will establish a system of self-discipline to ensure the effectiveness of the Board of Directors’ function of supervising business execution.
 - We will engage in constructive dialogue with shareholders who have investment policies that are consistent with the interests of shareholders over the medium to long term.

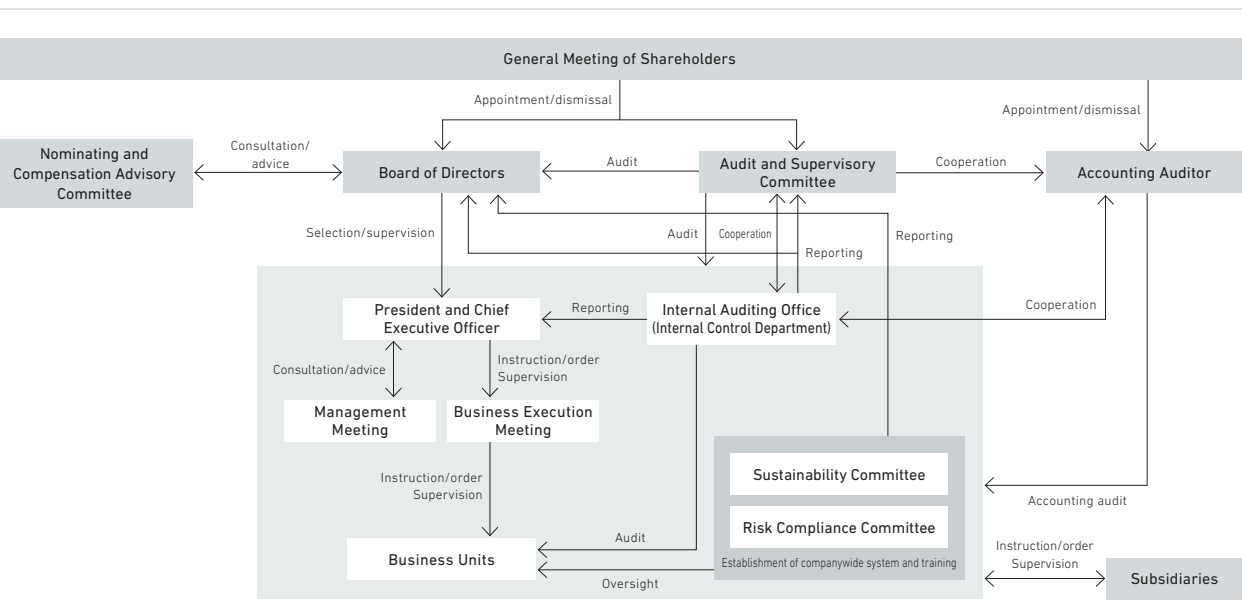
Outline of the corporate governance system

Main items	Details
Organizational structure	A company with an audit and supervisory committee
Number / term of Directors (excluding Directors who are Audit and Supervisory Committee Members)	6 persons / 1 year
Number / term of Directors who are Audit and Supervisory Committee Members	4 persons / 2 years
Number of Outside Directors	4 persons
Voluntary committee	Nominating and Compensation Advisory Committee
Number of Outside Directors designated Independent Officers	4 persons
Accounting auditor	Deloitte Touche Tohmatsu

Initiatives to strengthen corporate governance

2006	Decided the basic policy on the development of an internal control system
	Transitioned to a company with an audit and supervisory committee
2016	Established the basic policy on corporate governance Reviewed the basic policy on the development of an internal control system
2019	Introduced a performance-linked stock compensation plan for Directors (excluding Directors who are Audit and Supervisory Committee Members)
2020	Abolished takeover defense measures
2021	Established the policy for determining the compensation, etc., of Directors
2023	Introduced an executive officer system

Corporate governance system diagram (As of April 25, 2024)



Board of Directors

The Board of Directors of the Company, which is chaired by the Chairman of the Board, consists of six internal Directors (one of whom is an Audit and Supervisory Committee Member) and four Outside Directors (three of whom are Audit and Supervisory Committee Members), and meets once a month as a rule. In fiscal 2023, internal Directors well versed in the Group’s businesses and Outside Directors with broad insight and specialized knowledge made swift and accurate decisions as members of the Board of Directors. Main agenda items included the formulation of a long-term vision and the medium-term management plan, the monitoring of management policies and strategies, risk management, organizational changes, important personnel matters and feedback on IR activities.

Meanwhile, the President and Chief Executive Officer oversees the Company’s business operations as the person chiefly responsible for business execution, on the basis of management policies determined by the Board of Directors.

Some Directors are also in charge of business execution, and information on the status of their business execution is shared, as appropriate, at the Business Execution Meeting. On the other hand, to obtain appropriate opinions and advice on management from an objective standpoint, we have appointed four Outside Directors to enhance the transparency and objectivity of management.

who is a Full-Time Audit and Supervisory Committee Member attends other important meetings, expresses opinions and collaborates with the internal audit department to enhance the effectiveness and efficiency of audits.

Nominating and Compensation Advisory Committee

To strengthen the independence, objectivity and accountability of the functions of the Board of Directors related to the nomination and compensation of Directors, the Company has established a voluntary Nominating and Compensation Advisory Committee as an advisory body to the Board of Directors. The Nominating and Compensation Advisory Committee is chaired by a Full-Time Audit and Supervisory Committee Member and consists of five Directors, including one internal Director and four Outside Directors.

The Nominating and Compensation Advisory Committee, which performs the functions of both a nominating committee and a compensation committee, examines matters related to the appointment and dismissal of Directors, as well as policies related to the compensation of Directors and details of individual compensation, and submits its opinions and advice to the Board of Directors.

Evaluations of the effectiveness of the Board of Directors

Every year, the Company requests a third-party evaluation of the effectiveness of the Board of Directors. For fiscal 2023, we confirmed that the Company’s Board of Directors is generally effective in terms of the following: composition and operation; management and business strategies; corporate ethics and risk management; performance monitoring and management evaluation and compensation; dialogue and collaboration with shareholders and other stakeholders; and reflections on the fiscal year.

Reasons for appointment and activities of Outside Directors

Name	Reasons for appointment	Activities
YOSHII Kiyonobu	Mr. YOSHII Kiyonobu has experience as a representative of a consulting group, as well as professional knowledge of finance and accounting, and is qualified as a certified public accountant and certified tax accountant. The Company has appointed him in the expectation that he will exercise his auditing function from an objective standpoint.	Board of Directors: Attended 16 of 16 meetings (Took office in April 2020)
ITAYA Toshimasa	Mr. ITAYA Toshimasa has abundant experience and broad insight into corporate management as chairman of Property Data Bank, Inc., and also has expertise in digital utilization, which the Company is promoting. The Company has appointed him in the expectation that he will provide management advice and contribute to the improvement of the supervisory function of the Company’s management from an objective standpoint.	Board of Directors: Attended 16 of 16 meetings (Took office in April 2021)
MAKIHARA Kotaro	Mr. MAKIHARA Kotaro has a wide range of experience in the public administration field and is qualified as a certified tax accountant. The Company has appointed him in the expectation that he will exercise his auditing function from an objective standpoint, using his deep insight into finance and accounting.	Board of Directors: Attended 16 of 16 meetings (Took office in April 2022)
HOSAKA Rie	Ms. HOSAKA Rie is qualified as an attorney-at-law. The Company has appointed her in the expectation that she will exercise her auditing function from an objective standpoint, based on her high level of insight into corporate legal affairs (especially in the intellectual property and IT technology business fields).	Board of Directors: — (Took office in April 2024)

Planning for the succession of the CEO and other executives

Although we do not currently have a specific plan for the succession of the CEO and other executives, we recognize that succession planning is an important issue for improving corporate value. We conduct our own in-house education and external training every year to develop the next generation of managers on the basis of Our Purpose and management strategy. The status of implementation is reported to the Board of Directors regularly.

Executive compensation

Basic policy

The Company pays compensation to Directors in an amount commensurate with their performance, after taking into consideration the levels at other companies and other factors, with the primary aim of motivating Directors to improve the performance of the Group and increase corporate value.

The compensation of Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) consists of fixed compensation and variable compensation (short-term incentive (bonus) and medium- to long-term incentive (stock-based compensation)), as they are responsible for improving business performance each fiscal year and increasing corporate value over the medium to long term.

Outside Directors and Directors who are Audit and Supervisory Committee Members are paid fixed compensation only, due to their independence from business execution.

Policy for determining individual compensation, etc.

The amount of fixed compensation paid to each Director (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) is determined by the Board of Directors on the basis of the position of each Director (expected roles and responsibilities), after it takes into consideration the levels at other companies and other factors, the opinions and advice of the Nominating and Compensation Advisory Committee, whose majority is composed of independent Outside Directors, and the

opinions of the Audit and Supervisory Committee, if any.

In addition, a representation allowance, a Chairman of the Board of Directors' allowance, etc., are added based on the fixed compensation.

The amount of fixed compensation paid to each Outside Director (excluding Directors who are Audit and Supervisory Committee Members) is determined by the Board of Directors based on the expected roles and responsibilities, after it takes into consideration the levels at other companies and other factors, the opinions and advice of the Nominating and Compensation Advisory Committee, whose majority is composed of independent Outside Directors, and the opinions of the Audit and Supervisory Committee, if any.

The total amount of fixed compensation paid to Directors who are Audit and Supervisory Committee Members is determined within the limit determined at the General Meeting of Shareholders, after the Company's business performance and earnings status are taken into consideration. The allocation of the total amount of compensation to each Director who is an Audit and Supervisory Committee Member is calculated in accordance with his or her respective duties and determined through discussions among the Directors who are Audit and Supervisory Committee Members.

Following the internal audit plan formulated at the beginning of each fiscal year, the Auditing Office performs audits on the execution of business activities and evaluates the development and operation of internal controls pertaining to financial reporting from an independent standpoint. To ensure the effectiveness of internal audits, the Auditing Office regularly reports on its activities, including audit results, not only directly to the President but also to the Board of Directors and the Audit and Supervisory Committee.

In addition, the Auditing Office strives to conduct efficient internal audits by sharing information and exchanging opinions with the Audit and Supervisory Committee and the accounting auditor, and working closely with them.

Directors who are Audit and Supervisory Committee Members attend Board of Directors meetings to monitor the execution of duties by Directors and also conduct audits based on audit reports from the accounting auditor and the internal audit department. In addition, they aim to improve the effectiveness and efficiency of audits by working closely with the Auditing Office and the accounting auditor, through such measures as the mutual exchange of information and opinions, whenever necessary. Furthermore, the Director who is a Full-Time Audit and Supervisory Committee Member, given his full-time position, strives to proactively gather information and conduct efficient audits by attending important sessions such as the Management Meeting, inspecting important documents for approval among other materials and receiving updates such as status reports from each department and Group company.

Internal control system

The Company adopted a resolution on the basic policy regarding the development of an internal control system at the Board of Directors meeting held on May 12, 2006. The basic policy regarding the development of an internal control system was reviewed at the Board of Directors meeting held on April 26, 2016 (and partially revised as of December 1, 2022).

Compliance

The system to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation will be in accordance with the Basic Compliance Regulations. Under the ultimate authority and responsibility of the Representative Director, the Director in charge of the general management departments is responsible for managing and executing the Groupwide compliance program. In addition, education and training related to compliance are conducted regularly to raise the Directors' and employees' awareness of legal compliance, etc., and to enhance corporate ethics.

Internal audits and audits by the Audit and Supervisory Committee

The Company has established the Auditing Office (consisting of four members as of April 25, 2024) as an internal audit department under the direct control of the President.

Information disclosure

To ensure timely and appropriate information disclosure for the entire Group, we have established internal regulations (Group Insider Trading Prevention Regulations), and in accordance with these regulations, we have appointed a person in charge of information handling (executive in charge) and established a department in charge of information handling.

The person in charge of information handling determines whether reported information falls under the category of corporate information requiring disclosure under the Timely Disclosure Rules, after consulting with the department in charge of information handling. If such information falls under the category of corporate information requiring disclosure, the person in charge of information handling or the department in charge of information handling under the direction and order of the person in charge of information handling will disclose the information without delay. If it is difficult to determine whether timely disclosure is required, the Tokyo Stock Exchange is consulted in advance, to ensure that no terms of disclosure are omitted. Applicable information is posted on the Company's website immediately after disclosure.

Composition of executive compensation

	Basic compensation		Performance-linked compensation	
	Fixed compensation	Short-term incentive (bonus)	Medium- to long-term incentive (stock-based compensation)	
Recipients	Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members), Outside Directors and Directors who are Audit and Supervisory Committee Members	Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)	Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)	
Form of compensation	Cash	Cash	Stock and cash	
Evaluation indicator	—	Consolidated orders accepted, consolidated operating income, consolidated operating income ratio and net income	Linked to management indicators stressed in the medium-term management plan (fluctuates in a range from 0% to 200%, depending on the achievement of targets)	
Method of provision	Payment in cash in monthly installments	Payment in cash after the General Meeting of Shareholders	Shares corresponding to the number of points acquired during the target period and the converted cash equivalent of Company shares	

Total amount of compensation, etc., by executive category, total amount by type of compensation, etc., and number of executives in each category

Executive category	Total amount of compensation, etc.	Total amount by type of compensation, etc.					Number of executives in category
		Fixed compensation	Performance-linked compensation		Retirement benefits	Of the left, non-financial compensation, etc.	
		Basic compensation	Bonus	Stock-based compensation			
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	250	159	51	39	–	39	9 persons
Outside Directors (excluding Audit and Supervisory Committee Members)	7	7	–	–	–	–	1 person
Directors (Audit and Supervisory Committee Members, excluding Outside Directors)	19	19	–	–	–	–	2 persons
Outside Directors (Audit and Supervisory Committee Members)	23	23	–	–	–	–	3 persons

Notes: 1. Directors who concurrently serve as employees do not receive employee salaries.
2. Stock-based compensation represents the amount recorded as expense during fiscal 2023.

Board of Directors (As of April 25, 2024)



TAKAHASHI Takashi
Chairman of the Board

Number of Board of Directors meetings attended:
16/16

Apr. 1974 Joined the Company
Jun. 1999 Executive Officer and Senior Manager of First Public Space Dept. of Production Div.
Apr. 2010 Director, Executive Officer and General Manager of Production Div. of Commercial Space Div.
Feb. 2013 Director in charge of Design and Production in general, and Quality, Technology, Safety and Business Partners
Feb. 2015 Managing Director in charge of Design and Production in general
Feb. 2016 Executive Vice President
Apr. 2017 President and Chief Executive Officer
Apr. 2023 Chairman and Chief Executive Officer
Apr. 2024 Chairman of the Board (current position)



KOBAYASHI Osamu
President and Chief Executive Officer

Number of Board of Directors meetings attended:
16/16

Apr. 1984 Joined the Company
Apr. 2006 General Manager of IMC Business Unit 1 of Sales Headquarters
Feb. 2008 General Manager of IMC Business Div.
Feb. 2011 Deputy General Manager of CS Business Unit
Feb. 2015 General Manager of CS Business Unit
Apr. 2016 Director and General Manager of CS Business Unit, in charge of Commercial and Other Facility Business
Feb. 2017 Director in charge of Commercial and Other Facility Business
Feb. 2019 Managing Director in charge of Commercial and Other Facility Business
Feb. 2021 Managing Director in charge of Sales Operations and Commercial and Other Facility Business
Feb. 2022 Senior Managing Director in charge of Sales Operations and Commercial and Other Facility Business
Apr. 2023 President and Chief Executive Officer (current position)



MORINAGA Tomoo
Director

Number of Board of Directors meetings attended:
16/16

Apr. 1986 Joined the Company
Apr. 2006 General Manager of Production Div. 1
Feb. 2008 Deputy General Manager of IMC Business Div.
Feb. 2013 Deputy General Manager of CS Business Unit
Feb. 2017 General Manager of Safety/Technology Promotion Center
Apr. 2017 Director and General Manager of Safety/Technology Promotion Center, in charge of Production
Feb. 2018 Director and General Manager of Technical Center, in charge of Production
Apr. 2023 Director in charge of Design and Production (current position)



FUKAYA Toru
Director

Number of Board of Directors meetings attended:
13/13 (Took office in April 2023)

Apr. 1989 Joined the Company
Apr. 2006 Senior Manager of Sales Dept. 2 of Commercial Space Div. 1
Feb. 2012 General Manager of Sales Dept. 2 of CS Business Unit
Feb. 2015 Deputy General Manager of CS Business Unit
Feb. 2017 General Manager of Commercial Space Business Unit
Feb. 2023 Senior Councilor of Commercial Space Business Unit
Apr. 2023 Director in charge of Sales Operations and Marketing (current position)



TSUKUI Tetsuo
Director

Number of Board of Directors meetings attended:
13/13 (Took office in April 2023)

Apr. 1989 Joined the Company
Feb. 2014 Senior Manager of Business Promotion Dept. of Business Management Div.
Feb. 2020 General Manager of Corporate Planning Div.
Feb. 2023 Senior Councilor of Corporate Planning Div.
Apr. 2023 Director in charge of General Management (current position)



ITAYA Toshimasa [Outside]
Outside Director [Independent]

Number of Board of Directors meetings attended:
16/16

Apr. 1989 Joined SHIMIZU CORPORATION
Oct. 2000 Established Property Data Bank, Inc. and assumed presidency
Apr. 2021 Outside Director of the Company (current position)
Apr. 2022 Chairman of the Board, Property Data Bank, Inc. (current position)
Apr. 2023 Visiting Professor, Graduate School of Creative Science and Engineering, Waseda University (current position)



TODAKA Hisayuki

Director
(Full-Time Audit and
Supervisory Committee Member)

Number of Board of Directors meetings attended:
16/16

Apr. 1981 Joined the Company
Apr. 1999 Senior Manager of Corporate Planning Dept. of Corporate Planning Office
Feb. 2008 General Manager of Corporate Planning Div.
Feb. 2014 General Manager of General Management Div.
Apr. 2015 Director in charge of Corporate Planning, General Management, Business Management and Groups in general
Feb. 2017 Managing Director in charge of Corporate Planning, General Management and Groups in general
Apr. 2023 Director (Full-Time Audit and Supervisory Committee Member) (current position)



YOSHII Kiyonobu [Outside]
Outside Director [Independent]
(Audit and Supervisory Committee Member)

Number of Board of Directors meetings attended:
16/16

Feb. 1990 Joined Natsume Audit Corporation
Apr. 1995 Registered as certified public accountant
Jul. 2002 Established accounting firm
Mar. 2004 Managing Partner of NTS Sogo Tax Corporation (former Akasakamitsuke Sogo Tax Corporation) (current position)
Feb. 2008 Managing Partner of Iris Audit Corporation (current position)
Sep. 2016 Representative of NTS Sogo Consulting Group (current position)
Apr. 2020 Outside Director of the Company (Audit and Supervisory Committee Member) (current position)



MAKIHARA Kotaro [Outside]
Outside Director [Independent]
(Audit and Supervisory Committee Member)

Number of Board of Directors meetings attended:
16/16

Apr. 1986 Joined National Tax Agency
Jul. 1993 District Director of Ichinoseki Tax Office of Sendai Regional Taxation Bureau
Jul. 2007 Deputy Commissioner (Large Enterprise Examination and Criminal Investigation) of Kanazawa Regional Taxation Bureau
Jul. 2012 Assistant Regional Commissioner of Management and Co-ordination Department of Fukuoka Regional Taxation Bureau
Jul. 2014 Director (Public Relations) of Commissioner's Secretariat of National Tax Agency
Apr. 2017 Qualified as certified tax accountant
Jul. 2019 Regional Commissioner of Hiroshima Regional Taxation Bureau
Jul. 2020 Deputy Commissioner of Collection Dept. of National Tax Agency
Apr. 2022 Outside Director of the Company (Audit and Supervisory Committee Member) (current position)
Jun. 2022 Senior Executive Director of Tokyo Federation of Corporate Associations (current position)
Jun. 2022 Senior Executive Director of Tohren Specified Retirement Allowance Mutual Aid Association (current position)



HOSAKA Rie [Outside]
Outside Director [Independent]
(Audit and Supervisory Committee Member)

Number of Board of Directors meetings attended:
— (Took office in April 2024)

Sep. 2006 Passed the National Bar Examination
Dec. 2007 Completed judicial training courses at Legal Training and Research Institute of the Supreme Court of Japan
Jan. 2008 Joined City-Yuwa Partners (current position)
Sep. 2022 Outside Director of T-NET JAPAN Co., Ltd. (current position)
Apr. 2024 Outside Director of the Company (Audit and Supervisory Committee Member) (current position)

Expected roles as members of the Board of Directors

Position	Name	Corporate management	Finance and accounting	Human resources development	Risk management and compliance	Social environment and safety	Digital advanced technology	Sales	Creative design	Quality and technical production	Audit and supervision
Chairman of the Board	TAKAHASHI Takashi	○			○						
President and Chief Executive Officer	KOBAYASHI Osamu	○		○	○			○			
Director	MORINAGA Tomoo	○				○	○		○	○	
Director	FUKAYA Toru	○						○			
Director	TSUKUI Tetsuo	○	○	○	○	○	○				
Outside Director	ITAYA Toshimasa	○					○				○
Full-Time Audit and Supervisory Committee Member	TODAKA Hisayuki		○		○						○
Audit and Supervisory Committee Member (Outside Director)	YOSHII Kiyonobu		○		○						○
Audit and Supervisory Committee Member (Outside Director)	MAKIHARA Kotaro		○		○						○
Audit and Supervisory Committee Member (Outside Director)	HOSAKA Rie				○						○

Compliance and Risk Management

We have established a Risk Compliance Committee in accordance with the Tanseisha Group Standards of Practice and the Basic Compliance Regulations. Together with the Director in charge, the committee is working to raise ongoing awareness by conducting activities such as training.

Compliance training

Tanseisha has established the Tanseisha Group Standards of Practice to ensure compliance with laws and regulations, uphold social standards and complete our services with sound judgment and responsibility. In addition, in light of the importance of compliance, we provide ongoing education and training on compliance. Specifically, we conduct annual e-learning compliance training for all executives and employees of the Tanseisha Group to ensure that they are aware of compliance.

Compliance hotline (Internal reporting window)

The Tanseisha Group has established a reporting and consultation window based on the Whistleblower Protection Act. The window is outsourced to outside lawyers and is open not only to employees but also to business partners of Group companies, allowing them to report misconduct, such as a violation of laws and regulations that has occurred or may occur in connection with the business practices of Group companies. By establishing an internal reporting system, we strive to prevent and detect legal violations early, and take prompt and appropriate action for any legal violation.

Establishment of harassment consultation

In accordance with our Anti-Harassment Regulations, we have established an external harassment consultation desk to offer consultations and receive complaints from employees about harassment.

Information security measures

Tanseisha works continuously to improve information security, including strengthening the security of client computers with remote work as the premise. In addition, the IT Service Management Committee assesses security risks and issues a decision prior to the implementation of initiatives such as large-scale system installations.

Regarding personal information, we have set up the Personal Information Protection Management Systems (PMS) Committee to promote initiatives for protecting personal information using a PDCA cycle, including management reviews, mainly through committee activities. In addition, we have obtained PrivacyMark, which proves that personal information is appropriately

protected, in accordance with management systems to safeguard personal information.

Initiatives for business continuity plan (BCP)

We have formulated a business continuity plan (BCP) that originated from our Basic Policy on Business Continuity that aims to ensure safety and quickly restore business operations in an emergency impacting business continuity such as a natural disaster, accident, incident or pandemic. We have prepared a BCP manual that sets forth procedures for establishing a disaster response headquarters, led by the President, with which we will decide on and communicate our policies in any disaster. We are preparing for emergencies by stocking emergency supplies, regularly participating in and conducting disaster drills at each business location, conducting initial response drills and pursuing other measures. We have also introduced a safety confirmation system and are verifying and reviewing its operation through drills for activities such as confirming the safety of employees, their families and each location, cooperation between locations and checks of any damage at project sites.

Refusal to do business with antisocial forces

In line with the basic policy of establishing an internal control system, Tanseisha refuses to have any connection with antisocial forces. In addition, we resolutely reject any unjust demands from antisocial forces. The General Affairs Department, as the corresponding department, takes legal action, both civil and criminal, while seeking guidance from our legal counsel and the police, as necessary. Furthermore, we raise the awareness of all employees by holding regular in-house seminars on how to deal with antisocial forces.

Initiatives for protecting intellectual property rights

In addition to conducting educational programs to acquire knowledge on intellectual property, we actively engage in initiatives to protect intellectual property rights by such measures as holding online seminars on the revised Design Act.

Status of risk management system

The Company has established a Risk Compliance Committee, which includes the relevant Directors, to oversee the status of risk

management conducted by each department and to carry out necessary evaluations and verifications and convey instructions. The committee takes the initiative in identifying risks, assessing them and setting priority countermeasures for the entire Company and all its business areas. It is also responsible for overall education and awareness, as well as for directing responses to major risk events when they occur. Important decisions and the operational status of these risk management activities are reported to the Board of Directors periodically and as needed.

Business and other risks

The Group constantly identifies, evaluates and analyzes circumstances and takes measures against events that could significantly affect its operating results or financial position or that

could impede the smooth operation and growth of its business.

These business risks are identified primarily by the Risk Compliance Committee, which oversees and promotes risk management activities based on the Regulations on Management of Risk of Loss, and are assessed by criteria such as the likelihood of an occurrence of a risk event and the degree of impact of such an event. On the basis of the assessment results, we identify risks that management should specifically keep in mind, determine risk measures whose implementation is particularly important from an overall perspective and monitor the implementation status of these measures.

Any important choices, decisions, etc., made in identifying risks, assessing them and determining the countermeasures stated above are reported to the Board of Directors and linked to management judgment and decision-making.

1 Uncertainty risks

The Group's business consists of meeting the diverse requests of customers and users through spatial design and providing solutions to their problems. Due to these characteristics, the Group's business is subject to economic trends and changes in the needs and demands of the market and society, which could significantly affect operating results and the realization of corporate value.

2 Safety and security damage risks

The business of the Group focuses on spaces, the most familiar environments that surround users and occasionally interact with them. The safety and security of users and other concerned parties are paramount and cannot be compromised. The ability to maintain safety not only in the space the Group has created but also during the creation of that space could significantly affect the credibility and trust of the Group and the smooth execution of its business.

3 Fairness and legal compliance risks

In conducting its business, the Group is subject to various laws and regulations. As a sensible company group that fulfills its social responsibility, it is required not only to comply with such laws and regulations but also to conduct fair corporate activities in conformity with various social standards. Any occurrence of events that runs contrary to such compliance could significantly affect the Group's credibility, its social reputation and the smooth continuation of its business.

4 Information-handling risks

The Group's business is to provide solutions to customers' problems. As such, it receives various types of information, including confidential information, from its customers for use in its work. The Group also holds a wide range of other important information, including business partner information, personal information and technical information. Failure to handle this information properly could significantly affect the credibility and trust of the Group and the smooth execution of its business.

5 Personnel risks

The Group's business is the provision of intangible software services in the form of solutions through spatial design. Much of the value it provides depends on the personal skills of its employees. People are the assets from which value creation and profit generation originate. As such, the condition and performance of the Group's personnel significantly affect the smooth promotion and growth of the business.

6 Disaster and epidemic risks

The occurrence of unavoidable crises such as a large-scale natural disaster or an epidemic could have a significant and compounding impact on the stability and continuity of the Group's business, including repercussions for each of the above risks and their manifestation.

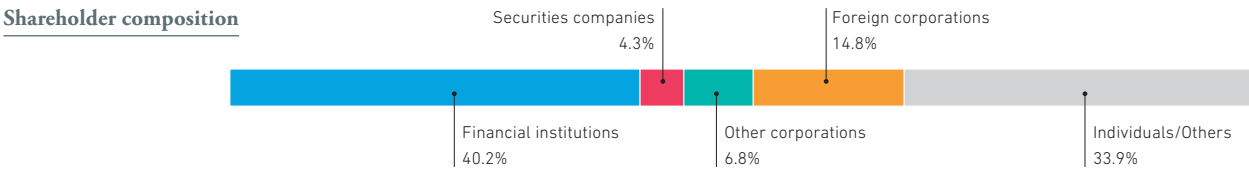
Consolidated Financial and Non-Financial Highlights for the Past 10 Years

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Financial results (millions of yen)										
Net sales	63,373	67,612	70,781	75,156	82,677	81,678	69,225	62,714	64,221	81,200
Gross profit	10,765	11,916	12,337	13,364	14,163	15,406	14,133	11,582	10,710	14,522
Selling, general & administrative expenses	8,015	8,697	8,407	8,777	9,138	9,729	9,084	9,557	10,093	10,639
Operating income	2,749	3,218	3,929	4,587	5,025	5,677	5,049	2,024	616	3,883
Net income	3,936	4,379	2,626	3,221	4,206	4,074	3,437	1,434	459	2,771
Orders accepted	72,510	67,139	72,883	80,490	83,173	85,639	64,615	64,589	67,600	82,329
Total assets	36,506	41,550	41,205	43,968	43,622	46,761	42,557	45,244	41,858	50,651
Net assets	17,488	21,422	23,110	25,510	26,922	28,276	29,248	29,059	29,414	31,626
Depreciation and amortization	263	468	318	301	218	185	266	171	169	166
Free cash flow	1,626	9,163	5,275	263	4,929	(500)	6,209	(171)	735	2,402
Financial indicators (%)										
Gross profit margin	17.0	17.6	17.4	17.8	17.1	18.9	20.4	18.5	16.7	17.9
Operating income ratio	4.3	4.8	5.6	6.1	6.1	7.0	7.3	3.2	1.0	4.8
Net income ratio	6.2	6.5	3.7	4.3	5.1	5.0	5.0	2.3	0.7	3.4
SG&A ratio	12.6	12.9	11.9	11.7	11.1	11.9	13.1	15.2	15.7	13.1
ROA (ordinary income to total assets ratio)	8.7	8.5	9.9	11.1	11.9	13.0	11.8	5.0	1.8	8.6
ROE (net income to equity ratio)	24.9	22.5	11.8	13.3	16.0	14.8	12.0	4.9	1.6	9.1
Equity ratio	47.9	51.6	56.1	58.0	61.7	60.5	68.7	64.2	70.3	62.4
Dividend payout ratio	14.7	16.8	40.3	53.8	43.4	49.1	55.4	86.3	309.9	51.7
Per share data* (yen)										
Net income	81.81	91.03	54.58	66.96	87.63	85.53	72.19	30.13	9.68	58.06
Net assets	363.46	445.28	480.37	530.28	562.70	594.83	613.53	613.11	617.96	661.00
Annual dividend	12.00	18.00	22.00	36.00	38.00	42.00	40.00	26.00	30.00	30.00
Non-financial data (persons)										
Number of employees	Male	937	931	941	976	980	976	1,048	1,042	1,047
	Female	181	177	190	258	293	320	362	362	387
	Total	1,118	1,108	1,131	1,157	1,234	1,273	1,296	1,404	1,434

* The Company conducted a 1.5-for-1 share split of common stock effective August 1, 2015. Net assets per share and net income per share are calculated based on the assumption that the share split was carried out at the beginning of the fiscal year ended January 31, 2015. Furthermore, the annual dividend per share for the fiscal year ended January 31, 2016 is the sum of ¥8 per share of the interim dividend paid before the share split and ¥10 per share of the year-end dividend paid after the share split.

<u>Company name</u>	TANSEISHA Co., Ltd.																										
<u>Founded</u>	October 1946																										
<u>Established</u>	October 14, 1949 Incorporated: December 25, 1959 (Reestablished under the current effective name)																										
<u>Capital</u>	¥4,026 million (as of January 31, 2024)																										
<u>Number of employees</u>	Consolidated: 1,434 Non-consolidated: 1,071																										
<u>Description of business</u>	Research, planning, design, layout, production, construction and operation of commercial, hospitality, public, event, business and cultural spaces																										
<u>Head office address</u>	Shinagawa Season Terrace 19F, 1-2-70 Konan, Minato-ku, Tokyo 108-8220, Japan Tel +81-3-6455-8100																										
<u>Major group companies</u>	<table><tr><th>Name</th><th>Capital or equity capital</th><th>Main businesses</th></tr><tr><td>Tansei TDC Co., Ltd.</td><td>¥100 million</td><td>Building, carpentry and interior-finishing work</td></tr><tr><td>Tansei Display Co., Ltd.</td><td>¥50 million</td><td>Display design business</td></tr><tr><td>Tansei Business Co., Ltd.</td><td>¥40 million</td><td>Extensive services business including sale and rental of office supplies and equipment, insurance agency and factoring transactions</td></tr><tr><td>Tansei Institute Co., Ltd.</td><td>¥50 million</td><td>Information collection, research and study of cultural facilities</td></tr><tr><td>JDN Inc.</td><td>¥20 million</td><td>Information-provision services utilizing websites, advertisement sales and contest planning and operation</td></tr><tr><td>Tansei Humanet Co., Ltd.</td><td>¥70 million</td><td>Worker-dispatching business, fee-charging employment placement business and education business mainly for the construction industry</td></tr><tr><td>Tansei Creative Design Co., Ltd. (Shanghai, P.R. China)</td><td>US\$2,170 thousand</td><td>Design and consulting related to commercial facilities, exhibition facilities and promotion facilities</td></tr></table>			Name	Capital or equity capital	Main businesses	Tansei TDC Co., Ltd.	¥100 million	Building, carpentry and interior-finishing work	Tansei Display Co., Ltd.	¥50 million	Display design business	Tansei Business Co., Ltd.	¥40 million	Extensive services business including sale and rental of office supplies and equipment, insurance agency and factoring transactions	Tansei Institute Co., Ltd.	¥50 million	Information collection, research and study of cultural facilities	JDN Inc.	¥20 million	Information-provision services utilizing websites, advertisement sales and contest planning and operation	Tansei Humanet Co., Ltd.	¥70 million	Worker-dispatching business, fee-charging employment placement business and education business mainly for the construction industry	Tansei Creative Design Co., Ltd. (Shanghai, P.R. China)	US\$2,170 thousand	Design and consulting related to commercial facilities, exhibition facilities and promotion facilities
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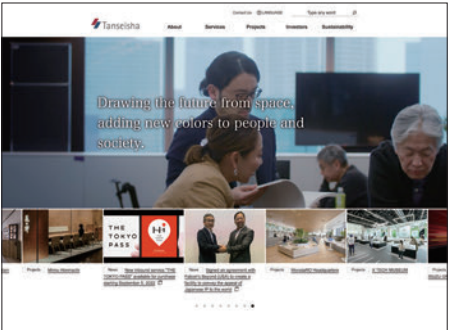
Stock data	Total number of shares authorized to be issued	187,200,000
	Total number of shares issued	48,424,071
	Number of shareholders	13,770
	Stock exchange listing	The Prime Market of the Tokyo Stock Exchange
	Securities code	9743
	Shareholder registry administrator/account management institution of special accounts	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo



Names of shareholders	Number of shares (thousands of shares)	Percentage of shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	6,037	12.55
Custody Bank of Japan, Ltd. (Trust account)	2,677	5.57
Tanseisha's Client Stock Ownership	2,431	5.05
The Dai-ichi Life Insurance Company, Limited	1,907	3.96
Tanseisha's Employee Stock Ownership	1,526	3.17
Sumitomo Mitsui Banking Corporation	1,500	3.12
MUFG Bank, Ltd.	1,482	3.08
Nippon Life Insurance Company	1,446	3.01
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	1,411	2.93
GOVERNMENT OF NORWAY	1,152	2.40

Note: Percentages of shareholdings are calculated by excluding 318,021 shares of treasury stock. Treasury stock (318,021 shares) does not include the Company's shares (259,380 shares) held by the Executive Compensation BIP Trust.

Tanseisha's websites



https://www.tanseisha.co.jp/en

Financial Data									
	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenue (million yen)	48,424	48,424	48,424	48,424	48,424	48,424	48,424	48,424	48,424
Operating income (million yen)	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Net income (million yen)	484	484	484	484	484	484	484	484	484
EPS (yen)	115.2	115.2	115.2	115.2	115.2	115.2	115.2	115.2	115.2
Dividend (yen)	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4	48.4
Dividend yield (%)	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
ROE (%)	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Debt-to-equity ratio	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Operating margin (%)	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Net profit margin (%)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Dividend payout ratio (%)	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Capital adequacy ratio (%)	100	100	100	100	100	100	100	100	100

https://www.tanseisha.co.jp/en/ir/financial