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Tanseisha

80th
ANNIVERSARY

TANSEISHA Co., Ltd.

Integrated Report 2026

80th ANNIVERSARY

The Thoughts Behind the Logo and Our Future Developments

The logo represents our 80 years of history, and the diverse "layering of individuality" of each of us, inspired by one of the Tanseisha Group's values of "Combining colorful personalities." The slogan "Layering Colors" also expresses our determination to continue challenging ourselves to create spaces that move people's hearts, with the same unchanging attitude, and to paint a future filled with color together with all our stakeholders.
In order to deliver the message to as many stakeholders as possible, designs based on the 80th anniversary logo will be deployed on a variety of tools, including business cards, corporate advertisements, and motion logos.

Tanseisha celebrates its 80th anniversary

The 80 years so far

Our company was founded in October 1946 when our founder, Masaji Watanabe, started out by working on interior decorations for department stores. The company made great strides after achieving success in creating the pavilion for the 1970 World Expo (Osaka). Over the 80 years since our founding, we have continued to hone our technology and creativity, expanding into the field of Comprehensive display business. While expanding our business domains, we have steadily accumulated management expertise in research, planning, design, construction, supervision, and related business activities. In addition to enhancing our problem-solving and implementation capabilities in space creation, we have built up strong and long-term relationships of trust with our stakeholders.

Toward our 100th anniversary

As our vision for the 100th anniversary, we have set Tanseisha Group: 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."

To realize this Vision, by leveraging the experience, expertise, and management resources we have accumulated up to now, in addition to growing our existing businesses, we will boldly take on the challenge of new domains such as new businesses and overseas businesses, expand our own potential, maximize the value we offer to society, and therefore we will deliver color to an even greater number of our stakeholders.

We will continue to take on the challenge of creating new values and contribute to the realization of an affluent and sustainable society.

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.

Our Purpose

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

We, Tanseisha Group, are professionals in creating space for imaginations to grow.
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.

The Tanseisha Group has declared its Purpose, which clarifies our corporate significance and our five "Values" that are guidelines for daily conduct based on that Purpose. Based on this philosophy, Tanseisha Group: Vision 2046, which looks ahead to our 100th anniversary, shows the path we must take to remain indispensable to society over the long term.
By defining and executing concrete goals and strategies for making this Vision 2046 a reality, we will aim for the enhancement of corporate value and the realization of a sustainable society.

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Editorial Policy and Key Messages

The Tanseisha Group undertakes business activities to realize its Purpose of "Drawing the future from space, adding new colors to people and society." To provide readers with a better understanding of our Group, this report presents the Group's long-term vision and the business strategies, financial strategies, and sustainability initiatives that we are pursuing to achieve that goal. In particular, as this year marks our 80th anniversary, with just 20 years remaining until "Tanseisha Group: Vision 2046", this report puts special emphasis on the business strategies for showing our long-term "earning power" and the governance structure that enables those strategies. By communicating our value creation story with integrated thinking through this report, we hope to promote communication with shareholders, investors, and other stakeholders and to strive toward the improvement of quality.

Information Disclosure Framework

Period of the report

February 1, 2025 through January 31, 2026
(with some information from February 2026 and afterward)

Disclaimer regarding forward-looking statements

The performance forecasts and other forward-looking statements contained in this integrated report are based on estimates made in light of information available at the time of publication and certain assumptions deemed to be reasonable, and include inherent uncertainties. For this reason, please be aware that actual results may differ from forecast figures due to various future factors.

Referenced Frameworks

Guidance for Collaborative Value Creation 2.0, Ministry of Economy, Trade and Industry
INTERNATIONAL <IR> FRAMEWORK, International Financial Reporting Standards (IFRS) Foundation
GRI Sustainability Reporting Standards
Environmental Reporting Guidelines 2018, Ministry of the Environment

Management Resources

The Tanseisha Group views the collective strengths and abundant achievements in spatial creation that we have cultivated in many different fields, as well as an abundance of talent to support technical capabilities, a robust production base, and a stable financial foundation as key management resources. By making the most of these resources in our business operations, we aim to resolve our six materiality issues P.17 , including respect for humanity, and to achieve further corporate growth. Through such value creation, we will maximize our social impact to establish a competitive advantage and realize sustainable enhancement of corporate value.

Collective strengths and abundant achievements in spatial design

Over **6,000** projects a year

Operate across a wide range of fields and industries

Offer end-to-end support for spatial creation

Through our integrated involvement in all spatial design processes, from research and planning to design, layout, production, construction, and operation, the Group has established an advantageous position as a leading company in the comprehensive display design business. Today, there are only two companies in Japan that cater to such a broad range of business domains. Working on over 6,000 projects a year in a wide range of fields, we have accumulated a wealth of experience and expertise year by year, while further elevating our specialist strengths and technical capabilities. We combine our comprehensive strengths with proven specialist strengths and technical capabilities to create and maximize the value of spatial creation.

Financial foundation

Consolidated net sales
¥**107.2** billion

Consolidated operating income ratio
7.8%

Consolidated ROE
16.9%

Cash flow
¥**17.5** billion

*Fiscal 2026 results

End-of-fiscal-year balance of cash and cash equivalents

We are working to improve capital efficiency with the goals of sound business continuity, continued improvement of profitability, and ROE of 10% or more, building a stable financial foundation and generating steady cash flow. As the foundation for developing new solutions and creating new businesses, our abundant cash flow greatly supports the growth of our business and the creation of value for stakeholders. Moving forward, we will maintain a healthy financial foundation and strive to maximize cash flow to fund growth investment and profit returns, ensuring sustainable growth.

Abundance of talent to support technical capabilities

Tanseisha Group employees
1,579

Planners and designers
325

Production staff
556

Number of people with national certification
566

* As of January 31, 2026

(Includes 69 first-class architects and 285 first-class construction management engineers)

Our creators and production staff, as "professionals in spatial creation," possess a wealth of expertise and creative ability, driving the generation of rich ideas and the realization of those ideas. With one of the industry's highest numbers of nationally certified professionals, the Group has an advantageous position for both the quantity and quality of its engineers. Expert staff who have deep knowledge in fields such as safety management, laws and regulations, structural systems, and equipment, work closely with these engineers, providing them with support. In addition, as a comprehensive display company, one of our key strengths lies in fostering collaboration and co-creation across our diverse business domains. Viewing our employees' diverse individuality and creativity as our most important asset, we also focus efforts on recruiting, developing, and optimally allocating talent to ensure their growth and long-term success.

Robust production base

Tanseisha
10 locations across Japan

Suppliers
1,000 or more

Partner companies
Approx. **250**

Ongoing suppliers
Approx. **650**

* Figure for suppliers is for the entire Group, excluding certain Group companies in different industries

To meet the needs of all kinds of markets and customers throughout Japan and embody "spaces that allow imaginations to grow," cooperation with diverse, highly experienced suppliers and partner companies is essential. The value the Group delivers is supported by our network of suppliers and strong relationships with them in diverse areas, including production and construction. It is crucial that we strengthen that network and relationships. Building a sustainable supply chain will create a flexible, robust production structure capable of adapting to various environmental changes. By working together with our suppliers in quality and safety management, sustainability responses, and other matters, we will offer value to our stakeholders over the medium to long term.

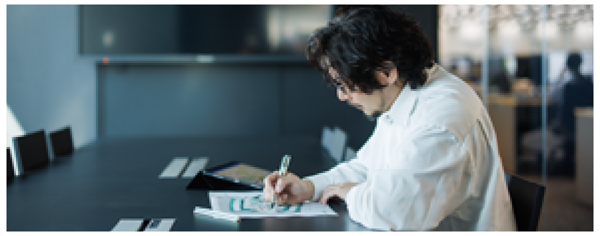
Three Strengths

Strength 1
The power of design to solve problems

Strength 2
The power of production technology to materialize thoughts and ideas

Strength 3
The power to create emotional experiences with technology

1 The power of design to solve problems



Our highly knowledgeable design teams that specialize in various spatial fields allow us to deliver high-quality solutions. We enhance our specialist strengths by accurately grasping market trends and customer needs, and continuously building up our skills and expertise. At the same time, we leverage our distinctive strengths as a comprehensive display design business by utilizing our talent, expertise, and ideas in a borderless manner across different fields. Teams formed flexibly to meet the needs of the project collaborate to innovate, leading to the maximization of provided value through new concepts and ideas. Viewing our creative talent as the engine behind our spatial creation, we aspire to be an organization whose people are constantly growing. We engage systematically in honing skills and transferring expertise and enhancing creativity, with the Design Center playing a central role, in our ongoing efforts to develop and evolve talent with rich individuality and outstanding specialization.

Design Center

The Design Center brings together diverse creators with rich sensibilities, ideas, and insights, uniting their creativity as one. It works closely with the sales division to identify the needs of customers and society and strives to solve business issues with the power of design.

2 The power of production technology to materialize ideas

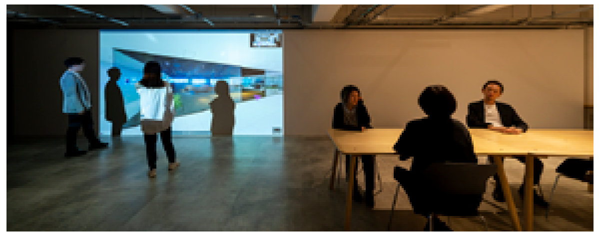
Designers work closely with clients to develop plans, which are interpreted based on the four pillars of safety, process, quality and budget. We bring these plans to life with the knowledge, skills, and production technology accumulated in over 6,000 projects a year. We offer a one-stop service to execute projects tailored to customer needs. To support this, we have built a solid production base that covers the whole of Japan through our network of more than 1,000 suppliers and our 566-strong force of nationally certified engineers, which is one of the largest in the industry. We also focus efforts on improving overall layout and construction quality, promoting the use of BIM* and the latest technologies, constantly implementing training for engineers and supporting engineers in improving their specialist skills. In this way, we emphasize the development of engineers who can meet changing market needs.

* BIM (Building Information Modeling): A technology that enables the efficient use of information and streamlines operations across all phases from design and construction to maintenance management by adding attribute data such as material and component specifications, functions, finishing and other physical details, as well as management information to 3D models created on a computer.

Value Production Headquarters

We support safe and high-quality project execution with staff specializing in fields such as safety management, legal and regulatory issues, structural systems, and equipment. We also improve our employees' skills and build our external network to strengthen our production systems across the entire supply chain and maximize the spatial design value that we provide.

3 The power to create emotional experiences with technology



Combining our many years of space creation insights with the latest technologies, we plan and direct exhibitions, experiences, and spatial production incorporating ICT and presentation technology. By optimizing them to suit the customer's needs, we provide total direction that maximizes the value of the space. To elevate the value of spaces and experiences even further, we constantly update information about the latest ICT and presentation technologies, including VR (virtual reality) and AR (augmented reality) and actively put those technologies to use. We have also built up a network of creators, manufacturers, and partner companies that own cutting-edge technologies in areas such as video and sound, and we are engaged in R&D activities in a wide range of fields connected to space. By blending space—the media of experience—with diverse digital technologies, we create exciting experiences that allow imaginations to grow.

Cross Media Innovation (CMI) Headquarters

The CMI Headquarters uses combinations of technologies and ideas, diverse individuality and specializations, and a variety of presentation techniques to incorporate exciting experiences into spaces. It also engages in the research and development of new solutions to explore the possibilities of spaces and experiences.

Process for Value Creation

Through our business of creating valuable spaces, we sincerely address environmental and social challenges to sustainably enhance corporate value and contribute to the realization of a vibrant and sustainable society.

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

Management Resources → Addressing materiality issues through business activities → Output (Benefits for us) → Future Vision → Outcome (Benefits for society)

Management Resources

- Collective strengths and abundant achievements in spatial design
- Abundance of talent to support technical capabilities
- Robust production base
- Financial foundation

Strength 1
The power of design to solve problems

Strength 2
The power of production technology to materialize thoughts and ideas

Strength 3
The power to create emotional experiences with technology

Addressing materiality issues through business activities

Our Values

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

Tanseisha's Businesses

Commercial and Other Facility Business

Chain Store Business

Cultural Facility Business

Other

- Respect for humanity
- Coexistence with the environment
- Contribution to regional and social development
- Promotion of innovation
- Development of a responsible supply chain
- Enhancement of corporate governance

Output (Benefits for us)

Financial targets

(Fiscal 2026)

Consolidated net sales	¥107 billion
Consolidated operating income ratio	7.5%
Consolidated ROE	14.7%
Dividend payout ratio	50% or more

Non-financial targets

(Fiscal 2026)

Engagement score	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%
EcoVadis rating	Silver medal
Percentage of female managers	15% or more
Amount of Scope 1 and 2 greenhouse gas emissions	Reduce by 40% (compared with 2021)

Future Vision

Tanseisha Group: 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.

Outcome (Benefits for society)

Social value

For people

Through the creation of spaces that connect people, we will deliver unprecedented experiential value and add color to the lives of people with rich emotion.

For the environment

We will transform the spatial creation into a sustainable process and contribute to decarbonization, co-existence with nature, and realization of a circular economy.

For society

We will encourage meaningful connections between people and contribute to the development of local communities, and society at large by creating, communicating and preserving diverse and rich culture.

Economic value

Enhancement of sustainability of corporate value

We will generate a cycle of economic value and environmental/social value and continue to enhance corporate value for our diverse stakeholders.

Revitalization of industry and economic activity

As "professionals in spatial design," we will address challenges and contribute to the success of our customers' business.

Path of Value Creation

Building on our solid expertise since our founding, we aim to achieve further growth

The role of the Tanseisha Group is to enrich various spaces, creating places where people connect with one another, with products, and with information. Since our founding, we have dedicated ourselves to "creating space for imaginations to grow." As professionals in spatial design, we will continue to refine and sharpen our creativity and technical expertise while leveraging the experience and know-how gained through numerous space creation projects to pursue the creation of new value.

1940s–1960s

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

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

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

1970s–1990s

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

Established the Scientific Molding Lab, focusing on construction and displays for exhibitions at museums, art museums, and archival records museums

1983 Undertook the Kurume Station East Exit redevelopment project (Fukuoka Prefecture) from planning through to construction, marking full-scale entry into the urban development business

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

2000s

2000 Listed on the First Section of the Tokyo Stock Exchange

2001 Obtained ISO 14001 environmental management system certification

2005 Worked on multiple pavilions at Expo 2005 Aichi, Japan

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

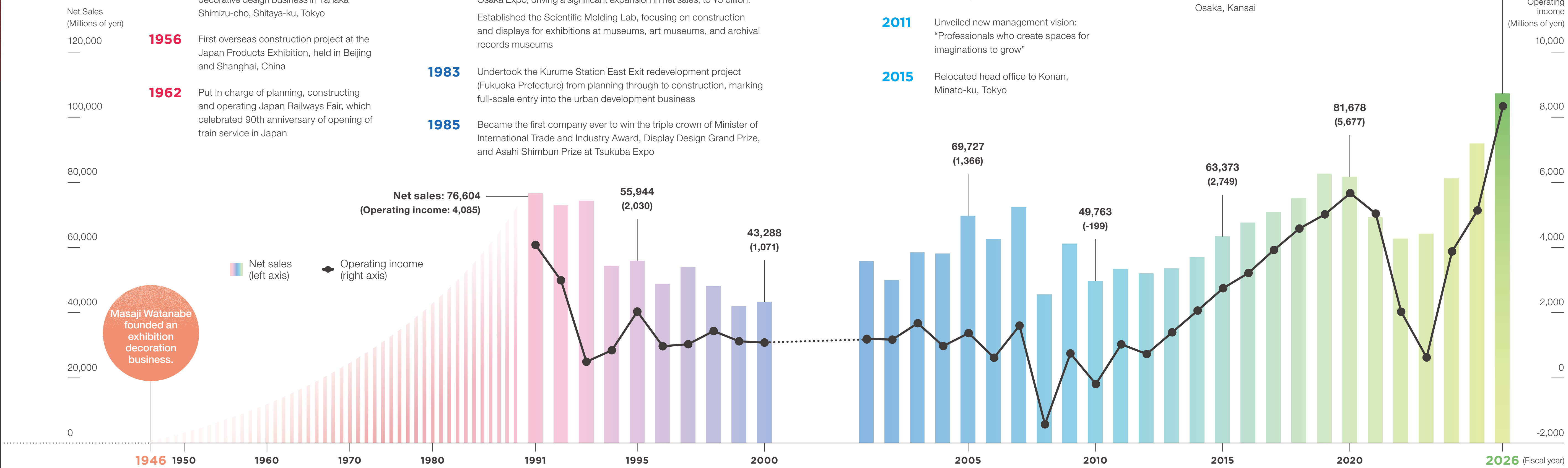
2015 Relocated head office to Konan, Minato-ku, Tokyo

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

2024 Formulated Our Purpose and Our Values as the Group philosophy

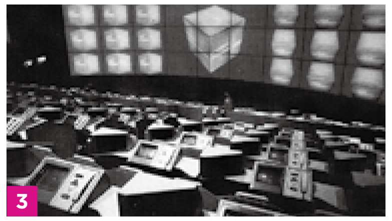
2025 Worked on multiple pavilions at Expo 2025 Osaka, Kansai

Net sales
¥107.2 billion
Operating income
¥8.3 billion



New challenges in expositions and overseas construction projects

Tanseisha started its business in 1946 working on the interior decoration of a department store. Initially, it was a company exclusively for department stores, handling planning, design, and construction. Later, however, when our planning capabilities were recognized, we expanded our business into the museum exhibitions. In 1956, the Company undertook its first overseas construction project at the Japan Products Exhibition, held in Beijing and Shanghai. At the Osaka Expo in 1970, it secured contracts for 53 pavilions, the most among its industry peers, establishing its leading position in the industry. In the 1980s, with the completion of large-scale commercial facilities in various locations in Japan, it actively took on the challenges of new technologies and space design projects, expanding its business into the commercial sector. Later, in 1987, following the announcement of the concept of social interaction space, Tanseisha refined its design and technical expertise in alignment with that concept and pursued the possibilities of the display domain.



1 Australia Pavilion at Expo '70 (1970) 2 British Columbia Pavilion at Expo '70 (1970)
3 NEC C&C Pavilion at Tsukuba Expo '85 (1985)

Human- and environment-centered design leading to today's sustainable design

In our own concept of "environmentally conscious design," the Tanseisha Group articulated five design principles, namely "health-conscious design," "3R (waste reduction, recycling, and reuse) design," "energy-saving design," "universal design," and "safe design." Under these principles, we actively promoted the realization of spaces that people can use safely and with peace of mind, as well as consideration of the environment. In 2025, we developed Sustainable Design Guidelines that outline the Group's approach to promote "sustainable design," a design methodology for realizing a sustainable society. The Group is working to address social issues through the creation of diverse spaces.

We also identified three materiality issues that connect directly to spatial design and linked them to eight themes for engaging in sustainable design: "universal design," "safe design," "wellness design," "reduction of CO_2 emissions," "consideration for the regional environment," "circular design," "regional design," and "preservation and use of cultural properties."

1 Hokkaido Toyako Summit, Environmental Showcase | Project owner | Ministry of Foreign Affairs of Japan | Scope of work | Planning, Design, Layout | Photography | Kenjiro Hayashi

2 Morisia Tsudanuma (at the time of its renewal in 2008) | Project owner | Nomura Real Estate Asset Management Co., Ltd. | Scope of work | Design, Layout | Photography | Ryota Atarashi

Tanseisha Group: 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.

Doing what we can with spatial creation for a changing society.

Providing changing markets and customers with solutions that allow imaginations to grow.

We will continue to evolve to achieve these aims.

Sustainability

We will address environmental and social issues, including climate change, and approach their solutions with sincerity. By transforming the spatial creation process into something sustainable and creating valuable spaces, we will contribute to the realization of a sustainable society that abounds in color.

Enhancing our foundations

By actively incorporating cutting-edge technologies and new values, and by constantly honing our core problem-solving capabilities, we will achieve greater heights as professionals in the "creation of spaces for imaginations to grow."

People-centered organization and work styles

By encouraging our diverse team to work and create together, we will grow into a more flexible and highly innovative group. And by ensuring a diversity of work styles and respecting the way of life and happiness of each person, we will enhance our creativity as a group composed of strong individuals.

Borderless

We will run our business seamlessly, transcending all kinds of boundaries—between Japan and other countries, between cities and regions, between the physical and the virtual—to co-create unprecedented experience value with clients and partners all over the world. Furthermore, through spatial design, we will enhance the appeal of the valuable culture, nature, and technologies of Japan's different regions and communicate them to the world.

Venture into new domains

Unconfined by conventional frameworks, we will face the complex, diverse issues of the market and our clients, expanding our business into new fields and business models. Our aim is to be the best partner in providing spatial solutions for "imaginations to grow."

Creating spaces with people in mind

In a future society that calls for a reconnection with a richness of emotions and humanity, we will continue to pursue our own potential to create even more inspiring spaces that connect people.

Special Feature

Future-Oriented Value Creation Projects

TOYOTA ARENA TOKYO "HOSPITALITY AREA"

As Japan's premier entertainment complex, TOYOTA ARENA TOKYO is built around the concept of "embracing possibility," with the themes of sports, mobility, and sustainability at its core.

In this project, we focused on embodying our future vision of "providing changing markets and customers with solutions that allow imaginations to grow." To do so, we were involved in the spatial design of multiple areas, with the aim of advancing a new culture of sports spectating in Japan.

In the Hospitality Area, which delivers an unprecedented, premium viewing experience, we carefully designed the space to ensure it offers exceptional added value—not only for the 30 annual home games but also for other events and business use. By incorporating a design based on the excitement of sports and entertainment, sophisticated premium quality, and the distinctive character of Tokyo, we created a highly satisfying hospitality experience throughout the entire facility.




Building owner: TOYOTA FUDOSAN CO., LTD Operator: TOYOTA ALVARK TOKYO Scope of work: Area Concept Planning, Art Exhibit Planning, Signage Design, Design, Layout, Production, Construction, Project Management

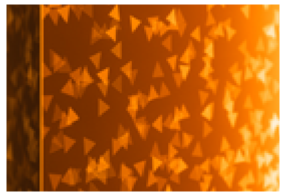
Initiatives at the facility and the new value created together with our customers

TOYOTA ARENA TOKYO was built to be a novel hub for sports and a wide range of entertainment in Tokyo, where a diverse array of colors blend together to form a unique culture. Little pieces of Tokyo have been scattered around each area to create distinctive spaces that have their own individual character. By defining the value for arena guests based on their different motivations as "the desire to watch and appreciate sporting events and performances" and "the desire to socialize and connect with others," we created distinctive spatial experiences for each area.

In addition, by weaving the project's original icon, "A for Beginning," as the visual identity throughout the entire area, we harmonized the diverse colors used in the individual areas to create a cohesive identity for the HOSPITALITY AREA.

We view this project—which successfully fostered a sense of unity to elevate fan excitement and created high-value hospitality environments for business and conventions—as an important milestone that expands our spatial design possibilities.

We will continue to forge ahead with the creation of spaces that align with our materiality issues of "Contribute to regional and social development" and "Promotion of innovation."



Triangular graphic inspired by "A for Beginning"

About this Project (Our Website)
https://www.tanseisha.co.jp/en/works/detail/toyota-arena-tokyo-hospitality-area

President and
Chief Executive Officer
KOBAYASHI Osamu

CEO Message

Looking ahead to the 100th anniversary, we will take a new first step toward the next 20 years.

Where we are now on our 80th anniversary

In 2026, Tanseisha celebrates the milestone of its 80th anniversary. Having overcome numerous economic and social upheavals and periods of stagnation, such as the collapse of Japan's economic bubble, the 2008 global financial crisis, the Great East Japan Earthquake, and more recently, the pandemic, we achieved record-high results in this milestone year. Net sales reached ¥107.2 billion (up 16.7% year on year), operating income was ¥8.3 billion (up 62.4% year on year), and ROE reached 16.9%. I would like to thank all of our stakeholders for their support and hard work. Furthermore, we have set the annual dividend for the fiscal year ending January 31, 2027 at ¥80 per share, including a commemorative dividend.

These ten years since our 70th anniversary, when we relocated our head office to Shinagawa, have been a period of continuously asking ourselves how we as a company should respond to a changing society. Net sales, which at one stage slumped to the ¥60 billion mark due to the pandemic, have steadily risen to ¥80 billion, ¥90 billion, and now to above the ¥100 billion mark. In my view, this journey is the result of every one of our employees continuing to address spatial design seriously and exploring and delivering new value, such as creating spaces through DX technologies. It is these cumulative efforts that have allowed us to reach that milestone of ¥100 billion in net sales. In 2024, in preparation for the 100th anniversary, we formulated Our Purpose, Our Values, and Tanseisha Group: Vision 2046. Bringing together our creators, project managers, and others with such diverse talents and personalities is no easy task. It is for this very reason that we have regularly conducted workshops and town hall meetings involving all employees to instill the Purpose, Values, and Vision throughout the Group, so that we can all move together toward the same goal. As a result, I have seen the perspective and mindset of our employees become gradually more aligned, steadily strengthening the cohesion of our organization. I believe that this sense of unity has played a significant part in the results of the previous fiscal year. In addition, through regular engagement with investors, I have come to recognize the strong interest among capital market participants in Tanseisha's post-Expo growth story. To meet these expectations, we will now present our roadmap for medium- to long-term growth and our directions for the transformation of our business structure.

Our next challenges: Building on the success of the Expo project

Tanseisha participated in the creation of many pavilions and facilities at Expo 2025 Osaka, Kansai in 2025, with the scale of that work climbing to around ¥20 billion. This is 2.5 times the scale of our involvement in the Aichi Expo (around ¥8 billion) in 2005. Beyond the sheer scale, Expo 2025 Osaka, Kansai came to have significant importance to us reaching far beyond the scope of a mere large-scale contract. Working on highly sophisticated spatial production that combined physical installations with cutting-edge digital technologies gave us a strong sense of confidence in our approach to next-generation spatial design. In addition, while many overseas pavilions faced construction delays and completion postponements, we were rigorous in our management of processes and profits. This allowed us to secure revenue while successfully completing all our contracts in time for the Expo's opening. These experiences have further enhanced our core strength in digital execution and taken our ability to manage and execute large-scale projects to a new level. Moreover, establishing strong networks with new customers, including energy- and infrastructure-related companies, has been another major outcome, paving the way for our next business opportunities.

Following the successful completion of the Expo project, we are now leveraging these experiences to advance our ongoing efforts to secure new large-scale projects. One of these efforts is the strengthening of hospitality-related contracts such as hotels, in an industry being driven by robust inbound tourism demand. Starting with large-scale hotel developments in the Shinagawa/Takanawa area, we have multiple, extra-large projects in the pipeline that will take us up to 2030 and beyond. We are also actively expanding orders in the urban redevelopment and office markets, which are expanding nationwide. They include redevelopment projects along the Yamanote Line in the Tokyo Metropolitan Area, as well as in regional cities such as Fukuoka and Sapporo. Further, we are steadily progressing preparations for our full-scale participation in the Osaka Integrated Resort (IR) Project, which we have positioned as a core pillar of our next growth phase. As a part of these preparations, we have set up a dedicated team based in Kansai.

We will ensure that this success of the Expo project does not remain merely a past achievement, but serves as a powerful driver for the next stage of our business. We will make this the first step of our 81st year, on our way to our 100th anniversary.

Progress of the Medium-Term Management Plan and the further development of management foundation

Our current Medium-Term Management Plan (Fiscal 2024 to 2026) has progressed well to date, benefiting from a favorable external environment. At the same time, to challenge ourselves to achieve further growth rather than becoming complacent with this external environment, we revised our targets for the final year of the plan to ROE of 14.7% and an operating income ratio of 7.5%, concurrent with the previous year's financial results announcement in March 2025. Even under these circumstances, in fiscal 2025, thanks to a stronger-than-expected recovery in inbound tourism demand, earnings contributions from Expo-related projects, and our success in capturing robust demand, we were able to achieve those higher targets one year ahead of schedule.

On the other hand, we anticipate a slight year-on-year fall in profit in fiscal 2026 due to the absence of those earnings contributions from Expo and other large-scale projects. Although this is an expected development given the order cycle for large-scale projects, we have positioned fiscal 2026 as a year for building up our order pipeline ahead of the next Medium-Term Management Plan and are stepping up our efforts to that end.

To steadily capture brisk demand and translate it into sustainable growth, it is essential that we further advance our underlying structure as set out in the Medium-Term Management Plan. In particular, we will accelerate our efforts toward the priority strategies in the plan that are directly linked to our materiality issues, namely, "Develop work-style and human capital infrastructure," "Establish sustainability response structure," and "Venture into new domains."

"Develop work-style and human capital infrastructure" is the highest priority of our growth strategy. Our competitive advantage in space creation ultimately comes down to our people. Frontline-led recruitment tailored to each job function, structured training curricula for every career level, and an organizational culture that fosters professionals capable of communicating directly and effectively with clients and partner companies—the accumulation of this intangible human capital is the source of our competitive advantage. On the other hand, in a labor-intensive business model, there is a limit to how far we can continue to increase our workforce in proportion with the expansion of our business scale. In that respect, we are undertaking a review of our conventional operational processes and promoting productivity improvements with the use of data and AI. In the design and production domain, we are considering options across the entire supply chain, including our partner companies, such as promoting the use of Building Information Modeling (BIM). By reallocating the time freed up through technology-driven efficiency gains to more creative work, we will transform into an organization that delivers a higher dimension of both quantity and quality.

"Establish sustainability response structure" is a key strategy linked to our materiality issues. Today, incorporating sustainability compliance into project specifications has become a baseline requirement for all spatial design projects. The key to winning contracts lies in how well we can outperform our competitors in effectively incorporating a circular economy perspective, the use of sustainable materials, and the visualization of CO_2 emissions into our proposals. We view these initiatives not merely as a response to societal expectations, but as sources of added value integrated with our design and planning capabilities, directly contributing to the competitive advantage that enables us to remain the partner of choice. As concrete action toward this goal, we are working with material manufacturers from the procurement stage to develop systems across the entire supply chain that will allow us to propose interior materials with a lower environmental impact. For "Venture into new domains," which is also a key perspective for sustainable growth related to one of our materiality issues, "Promotion of innovation," we are taking on a variety of challenges. In an industry-academia collaboration with Ritsumeikan University's new College of Arts and Design established in 2026, we are advancing joint research into new solutions that integrate digital presentation and space design. We have also started trials designed to commercialize research-stage seeds, by matching them with customer needs through co-creation with companies from other industries and leading-edge technology firms. Such integration with external knowledge will further enhance our proposal capabilities, and also help us to expand our own domains.

The next Medium-Term Management Plan and beyond
—Leveraging our strengths for new domain expansion

For Tanseisha to evolve further as we approach the 100th anniversary of our founding, we must embrace new challenges that go beyond our existing frameworks. Building on the strengths honed in our core business of spatial creation, we will forge ahead into new markets. In addition to transforming our order mix along its current trajectory, through discussions on the next Medium-Term Management Plan, we intend to give concrete shape to the question of how we can deliver value in new domains. Our awareness of this issue stems from structural problems within our industry. Unlike the construction industry, the display industry does not have a pyramid structure with giant general contractors at its apex. Rather, it is an almost completely fragmented market, with not even a single company holding a 10% share. In this market, we cannot expect to achieve significant growth simply by competing for slices of the existing market pie. For this very reason, we aim to establish Tanseisha's own distinctive growth trajectory by stepping out into new value-creation domains adjacent to our industry, based on the strengths that we possess.

One example of this new value-creation domain is the "R2 (Real-estate Revitalization)" business. This adjacent domain allows us to take direct advantage of our design capabilities by acquiring small and medium-sized buildings in the Tokyo area and creating value through a cycle of renovation, value enhancement, and divestment. We have already acquired nine such properties in total, gaining a real sense of tangible progress in this business as one aligned with the development of a circular economy.

Also, in the PPP/PFI (public-private partnership) domain, we are already laying the groundwork, anticipating a future shift in which these schemes will become the mainstream approach for public facility development. Specifically, leveraging Tansei Institute's expertise, we are working to position ourselves so that we can participate in such projects from the upstream stages as the lead company in consortiums. Further, because the operational know-how we have accumulated through designated management contracts will be a major weapon in PPP/PFI participation, we envisage going beyond conventional construction contracts to integrate our business into the comprehensive framework of these projects to build a new earnings base.

Regarding this expansion into adjacent domains, in addition to organic growth, we are also considering a more inorganic approach, including M&As and capital alliances with companies that align with our Purpose and that will increase the added value of spatial creation.

This expansion into adjacent domains is a key initiative in our efforts to move away from a predominantly contractor-based business structure and transform into a corporate structure capable of consistently securing profits. We are currently holding in-depth discussions to ensure that this direction is firmly reflected in the next Medium-Term Management Plan. At the same time, we will further optimize the structure of our six Group companies to maximize Group-wide synergies. By uniting the Group's collective strengths, we will create new values.

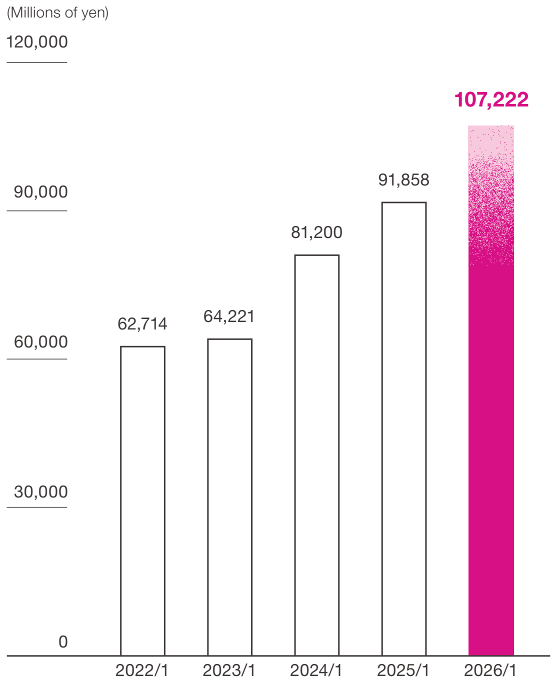
The next leap forward articulated in Tanseisha Group: Vision 2046

The ¥107.2 billion in net sales recorded in fiscal 2025 is merely a stepping stone on our journey toward our 100th anniversary. Going forward, we aim to sustain the momentum that led to the recent steady growth from ¥80 billion to ¥90 billion to ¥100 billion, and continue on the same trajectory.

Naturally, achieving this goal requires the transformation of our business structure that I mentioned earlier. Leveraging our strengths for new domain expansion, thereby increasing our business pillars and transforming into a highly profitable business model is, I believe, my greatest mission as president of Tanseisha. To realize this, I will personally take the lead in bold initiatives, including the fundamental review of the state of each of our Group companies and the transformation into an organizational structure that creates synergies across the entire Group.

Remaining constantly aware of the tremendous impact that supply chain disruptions resulting from geopolitical risks and soaring prices of resources will have on our clients' businesses, it is also the responsibility of executive management to monitor changes in the world around us and not neglect preparations for a shift into our next growth domains. Viewing this milestone of our 80th anniversary as a new starting line, we consider it Tanseisha's mission to avoid complacency and to keep changing and growing. Based on our Purpose, "Drawing the future from space, adding new colors to people and society," our entire organization will forge powerfully ahead toward the realization of Tanseisha Group: Vision 2046.

Net sales



Materiality

To achieve both sustainable enhancement of corporate value and solutions to social issues, Tanseisha has identified materiality (materiality issues) and is promoting various initiatives through our business activities. To ensure the steady advancement of those initiatives, we have set new targets and KPIs. Through qualitative and quantitative progress management, we will respond swiftly to changes in the social environment and strengthen our management foundation.

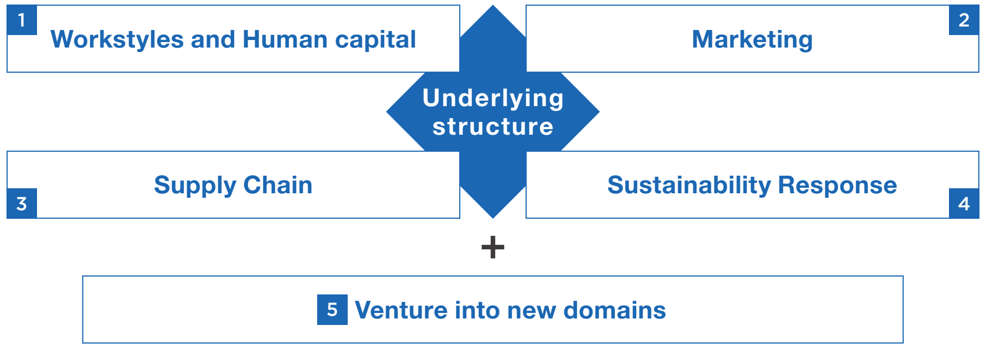
Strategies in the Medium-Term Management Plan: Workstyles and human capital / Marketing / Supply chain / Sustainability response / Venture into new domains

	Materiality	Relationship with strategies in the Medium-Term Management Plan	Main initiatives	Details of initiatives	KPIs for Fiscal 2026	Targets for Fiscal 2026	Initiatives in Fiscal 2025
Business promotion	01 Respect for humanity		▮ Initiatives for respecting human rights ▮ Human resources development and career development ▮ Promotion of work-style reform ▮ Cultivation of DE&I culture ▮ Efforts to create spaces with enhanced safety and quality features ▮ Promoting universal design, etc.	▮ Offering spaces and experiences for diverse users' "imaginations to grow"	Initiatives for information dissemination and public awareness facilities	Implementation of initiatives	Advancing our track record, including Taito Ward's Shitamachi Museum / Aoyama Gakuin Museum / Expo 2025 Osaka, Kansai: International Red Cross and Red Crescent Movement Pavilion / Expo 2025 Osaka, Kansai: GAS PAVILION OBAKE WONDERLAND, etc.
					Sustainable Design: proposal and implementation of safe design and wellness design	Monitoring of planning and implementation	Formulation of "Sustainable Design Guidelines" Conducting training for penetration of the Guidelines
					Sustainable Design: proposal and implementation of universal design	Monitoring of planning and implementation	Formulation of "Sustainable Design Guidelines" Conducting training for penetration of the Guidelines
				▮ Creating an organizational culture in which diverse employees acknowledge each other and leverage each other's perspectives, knowledge, and expertise	Conducting diversity training	Once per year (number of participants)	Once per year (106 participants)
					Percentage of female managers	15%	11%
					Engagement score	Higher than last year's level	53.9 pt (up 4.3 pt year on year)
				▮ Creating an environment where every individual can grow and flourish	Formulation of company-wide education program	Formulation of company-wide education program	Review of company-wide education program
					Establishment of professional education	Development of professional education system for designers and production staffs	Review of professional education system
					Career interviews	Implementation rate: 100%	Implementation rate: 93.5%
					Medical checkups for employees	Implementation rate: 100%	Implementation rate: 99.7%
					Annual paid leave taken	100%	Mandatory requirement to take five days of paid leave per year: 100% taken (utilization rate of granted paid leave: 57.1%)
					Number of fatal workplace accidents	0	0
					Number of employees complying with specified internal working hours	Increase over last year's level	Monthly monitoring to confirm the upward trend
	02 Coexistence with the environment		▮ Implementing Environmental Management System ▮ Promoting environmentally friendly design ▮ Reducing industrial waste ▮ Initiatives for resource circulation ▮ Acquisition of Forest Stewardship Council® Chain of Custody (FSC®-CoC) Certification ▮ Initiatives to reduce CO_2 emissions in the office, etc.	▮ Addressing environmental issues such as global warming, loss of biodiversity, and depletion of resources	Environmental education	Once per year	Once (sustainability training)
					Initiatives to increase recycling rates	Formulation of roadmap	Improvement of on-site industrial waste sorting rate (67.2%/Target 70% *m^3)
					Implementation of waste reduction	Implementation of waste reduction initiatives	Preliminary study on reducing industrial waste generation (91.5%)
					Serious environmental accidents	0 per year	0
				▮ Contributing to decarbonization, co-existence with nature, and realization of a circular economy	Sustainable Design: proposal and implementation of reduction of CO_2 emissions, consideration of global environment and circular design)	Monitoring of planning and implementation	Formulation of "Sustainable Design Guidelines" Conducting training for penetration of the Guidelines
					Reduction of Scope 1 and 2 greenhouse gas emissions	40% reduction compared with the base year (2021) level	Reduction rate: 59.1%
					Reduction of Scope 3 greenhouse gas emissions	Implementation of reduction initiatives	Expansion of the scope of CO_2 emissions calculations to the entire Group and all businesses
	03 Contribution to regional and social development		▮ Initiatives in regional renaissance ▮ Regional contribution through facility management ▮ Participation in area management activities ▮ Reconstruction support activities ▮ Sending lecturers, making presentations at seminars ▮ Participation in activities of various industry groups, etc.	▮ Encouraging meaningful connections between people ▮ Revitalizing industry and economic activity, and creating, communicating and preserving diverse and rich cultures	Sustainable Design: proposal and implementation of regional design	Monitoring of planning and implementation	Formulation of "Sustainable Design Guidelines" Conducting training for penetration of the Guidelines
					Sustainable Design: proposal and implementation of use and preservation of cultural properties	Monitoring of planning and implementation	Formulation of "Sustainable Design Guidelines" Conducting training for penetration of the Guidelines
Underlying structure	04 Promotion of innovation		▮ Management of the platform for artworks ▮ Project to revitalize building stock ▮ Initiatives to strengthen ICT and presentation technologies ▮ Creating a virtual space ▮ Development of digital tools ▮ Promoting use of BIM, etc.	▮ Continuously learning in response to social changes and the evolution of technology ▮ Actively engaging in various kinds of research and development and demonstration testing ▮ Taking on the challenge of creating new value through the development of new services and businesses	Promotion of R&D activities that will contribute to innovations in spatial experiences	Ongoing promotion of activities	Development of new solutions for real-world spaces and information spaces
					Implementation of an industry-academia collaborative project	Implementation of new technologies, etc. into projects	VisualTiles® project implementation FAC+ project implementation
					Development of young personnel who will contribute to innovations in spatial experiences	Execution of voluntary, practice-based projects led by young personnel	"Ultra Culture Festival" (Attendees: 505; *including in Kansai and inside and outside the company)
					Creation of projects that incorporate advanced knowledge and technologies	Creation of projects	Launch of a co-creation project to upcycle small-diameter timber into high-value-added building materials Launch of the "COCOSTAT" spatial data analysis service
	05 Development of a responsible supply chain		▮ Promotion of sustainable procurement ▮ Health and Safety Committee meetings ▮ Education to enhance safety and improve quality ▮ Cooperation with suppliers ▮ Maintenance and repair initiatives ▮ Enhancing production base, etc.	▮ Expanding networks with suppliers and partner companies and building relationships of trust to create the foundation of value creation, including quality and safety ▮ Addressing sustainability issues such as the environment and human rights across the entire supply chain	New developments achieved by suppliers	100%	Monitoring suppliers' capacity and availability
					Training for suppliers	Production: Twice per year; Design: Once per year	Conducting training to promote sustainable procurement guidelines (once)
					Awards for suppliers	Once per year	Conducted by departments for production suppliers
	06 Enhancement of corporate governance		▮ Dialogue with stakeholders ▮ Initiatives for business continuity plan (BCP) ▮ Conducting compliance training and implementing anti-harassment measures ▮ Implementing information security measures ▮ Initiatives for protecting intellectual property rights ▮ Establishment of internal reporting hotline, etc.	▮ Adapting to changes in society, pursuing the highest standards of corporate governance constantly, and working continuously to ensure its improvement ▮ Ensuring transparency and fairness of decision-making ▮ Maintaining high ethical standards as a company and continuing to be a company that has the broad trust of society	Third-party evaluation of effectiveness of the Board of Directors	Once per year	Once
					Dialogue with shareholders	80 or more IR meetings per year	114 IR meetings per year
					Compliance training	Once per year	Once
					Development and enhancement of internal reporting hotline	Introduction of an engagement and remedy platform	Consideration of introducing a new external reporting hotline
					Strengthening information disclosure	Establishment of sustainability information disclosure in line with international standards	Gathering information for disclosure

Medium-Term Management Plan

To achieve the targets of the current Medium-Term Management Plan for the realization of Vision 2046, we have established and are advancing five strategies based on the two policies of "lay the foundation to move on to a growth trajectory" and "venture into new domains." For "laying the foundation," we will address problems and issues in the four areas of Work Styles and Human Capital, Marketing, Supply Chain, and Sustainability Responses with the aim of building a robust foundation for the future. For "venturing into new domains," we will advance initiatives that drive growth by expanding the possibilities of spatial design.

Five Strategies in the Medium-Term Management Plan



Status of achievement of Medium-Term Management Plan

Supported by a favorable market environment, we successfully captured robust demand, resulting in record-high financial performance in fiscal 2025 and the achievement of the financial targets of the Medium-Term Management Plan for the second consecutive year. Reflecting the current business environment and aiming for further growth, we have upwardly revised all of the numerical targets for the final year of the plan. While closely monitoring downside risks, such as rising costs, we will work toward achieving these targets.

We are also making steady progress in our initiatives to achieve our non-financial targets. Engagement score increased over the previous year, and progress is being made in the optimization of working hours. We are steadily building relationships with potential partners. In sustainability-related targets, our EcoVadis score improved over the previous year, bringing us to bronze-medal rank, and the percentage of female managers also increased to 11.0%. Greenhouse gas emissions were down 59.1% from the base year, and we achieved our target for the Medium-Term Management Plan a year ahead of schedule. Going forward, we will further accelerate these initiatives in order to achieve all our targets.

	Desired status	KPI	FY2026 target	FY2025 results
Financial	Enhancement of management and financial foundations; Enhancement of shareholder returns	Consolidated net sales	¥107.0 billion	¥107.2 billion
		Consolidated operating income ratio	7.5%	7.8%
		Consolidated ROE	14.7%	16.9%
		Consolidated dividend payout ratio	50.0% or more	56.7%
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 a wide range of sustainability initiatives to meet the 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	Steady progress
		Number of employees complying with specified internal working hours	Increase over last year's level	Steady progress
		New developments achieved by partner companies	100%	Progress made but issues remain
		EcoVadis rating	Obtain silver medal	Rating improved since last evaluation
		Percentage of female managers	15% or more	Steady progress
		Amount of Scope 1 and 2 greenhouse gas emissions	Down 40% over fiscal 2021 level	Down 59.1% (Target achieved one year ahead of schedule)

Outcomes and challenges at end of second year of Medium-Term Management Plan

Status of achievement of segment targets

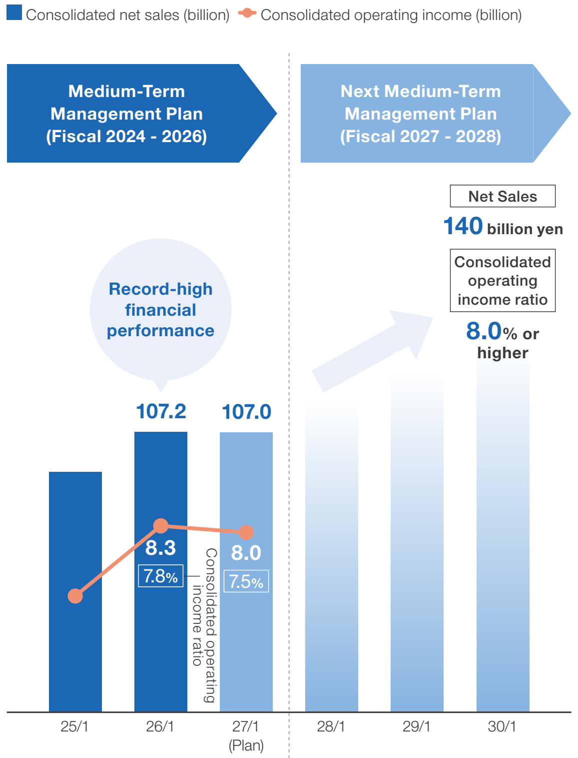
In the Commercial and Other Facility Business, segment net sales and profit significantly exceeded those of the previous fiscal year, due to major contributions from new and renovation projects, including hotels, entertainment facilities, and projects related to Expo 2025 Osaka, Kansai. The Chain Store Business performed strongly in new and renovation projects, mainly in the restaurant sector and other specialty store sectors, despite a year-on-year decline in large flagship store projects. In addition, we improved profit through ongoing initiatives, such as securing high-margin orders and enhancing productivity. In the Cultural Facility Business, challenges remained on both the net sales and profit fronts due to a decline in orders accepted in prior years and the impact of slower-than-expected progress of construction projects in the fiscal year under review. In segments other than the display design industry, including administrative services, demand recovered from the previous year, and both net sales and profit exceeded the previous year.

Segment targets	Net sales (Millions of yen)		Operating income ratio (%)	
	FY2026 target	FY2025 results	FY2026 target	FY2025 results
Commercial and Other Facility Business	70,500	**72,154**	8.4	**9.4**
Chain Store Business	24,000	**25,619**	7.1	**7.7**
Cultural Facility Business	12,000	**8,929**	2.5	**-6.9**
Other	500	**519**	20.0	**33.6**
Total	107,000	**107,222**	7.5	**7.8**

Initiative goals for final year of Medium-Term Management Plan and preparations for the next plan

In fiscal 2026, the final year of the current Medium-Term Management Plan, we are particularly focusing our efforts on "Develop work style and human capital infrastructure" in anticipation of growth in the next Medium-Term Management Plan. Specifically, alongside accelerating work style reform and streamlining conventional business process, we will strengthen collaboration across organizational and occupational boundaries and pursue productivity improvements. We will also proceed with the reorganization of our employee education framework to enhance the capabilities of every employee.

In terms of the future business environment, despite downside risks such as cost increases, we expect demand for spatial creation to remain strong, due mainly to expansion of inbound tourism and urban redevelopment. Based on this, our next Medium-Term Management Plan will focus on profitable growth, aiming for consolidated net sales of 140.0 billion yen, a consolidated operating income ratio of 8.0% or higher, and an ROE of 15% or higher for the fiscal year ending January 2030. In our core business of display design, we will continue to aim for steady growth by improving productivity through work style reform and human resources development, developing and delivering a range of high-value-added solutions, and creating and nurturing new businesses. Additionally, to enhance long-term corporate value, we will optimize our business portfolio and actively invest in new domains—such as the R2 business and our overseas business, which share synergies with our core business—to pursue the potential of spaces.



Five Strategies (Medium-Term Management Plan)

1 Develop work style and human capital infrastructure

Strategy Overview

We are working to develop an environment that will support sustainable growth by positioning “develop work style and human capital infrastructure” as one of our top priority strategies. To address long working hours and further improve productivity, we will review our conventional operations and pursue more efficient work practices. Alongside conducting initiatives such as revising our personnel systems, reorganizing our education frameworks, and fostering a culture of DE&I, we will also continue to work on the improvement of employee engagement. We will continue to invest in human resources and develop the work environment to maximize the potential of each employee and link their capabilities to achieving our goals, with the aim of sustainably enhancing our corporate value.

Logo design to visually express our unique concept of wellbeing

Initiatives

To address long working hours, progress has been made in providing feedback on working-hours analysis results, sharing examples of wellbeing-oriented work styles, communicating relevant information, and considering cross-departmental initiatives. The number of workers complying with the general provisions of the New Article 36 Agreement (Labor-Management Agreement relating to Overtime Work and Work on Days Off) has increased from the previous year, marking an improvement in the long working hours situation. We held in-house workshops and events, attended by all employees, to foster the internal penetration of Our Purpose. These various initiatives led to a significant improvement in our engagement score. Furthermore, to encourage behavior aligned with Our Values, we revised relevant rules and adopted new personnel evaluation guidelines in the form of the Guidelines for the Practice of Our Values.

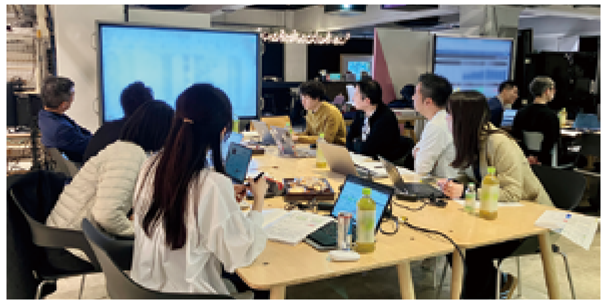
Issues and response policies for the following fiscal year and beyond

Although steady progress has been made in optimizing working hours, long hours remain an issue in certain areas, and work style reform is still a work in progress. Going forward, executing swifter and more effective measures will be essential. We will strengthen our initiatives to increase productivity with the aim of further growth. Specifically, we will focus on measures such as reviewing conventional work practices, promoting data and AI utilization, and reorganizing our educational frameworks to elevate individual employee capabilities. Through these measures, we aim to accelerate work style reform and reduce long working hours.

2 Develop marketing infrastructure

Strategy Overview

We strive to enhance our competitiveness and profitability by building frameworks and mechanisms for accurately identifying the needs of customers and the market and implementing solutions to issues. As well as increasing our knowledge of each market through the optimal organization of our divisions, we will build the foundations for the development and provision of optimal solutions after clarifying the processes and actions required to create high-value, high-quality services. We will also develop and establish structures and systems, including digital marketing, in our efforts to enhance and deepen our marketing activities, and aim for the further growth of our core business.



Experience-based workshops (market-based subcommittee activity)

Initiatives

We are enhancing collaboration and information sharing between the marketing and sales divisions by focusing on pre-sale acquisition of prospective customers. Specifically, by building a cross-organizational framework, we actively engage in market-based subcommittees to drive initiatives spanning from market analysis to formulation and execution. We have also increased the overall win rate by enhancing our training programs and sharing marketing best practices and successful initiatives in individual divisions more deeply. Furthermore, as a solution to meet customers’ needs, we are making steady progress in developing new products for the growth of our core business through the acquisition of WELL certification (v2).

Issues and response policies for the following fiscal year and beyond

While strengthening collaboration between the marketing and sales divisions has led to deeper approaches to individual markets, issues remain in areas such as collaborative processes and data use. Going forward, we will establish and implement a division of roles and cooperative mechanisms between the two divisions to further enhance the quality and efficiency of sales activities. We will also consider processes for the creation of higher added value and quality services and enhance our response capabilities to expand both the scope and value of orders secured. Furthermore, we will work to develop various solutions and strengthen our competitiveness with the aim of the further growth of our business.

3 Develop supply chain infrastructure

Strategy Overview

On both design and production fronts, we will further expand our supplier and partner company structures and secure the production capacity to support medium- to long-term growth. In addition to analyzing our supply chain from multiple perspectives and systematically developing and reinforcing any deficiencies, we are also working on the review of development goals and methods to suit the market environment and on the organization of data. We will establish a structure to facilitate joint efforts between the Tanseisha Group and its suppliers to address common issues, thereby enhancing supply chain sustainability.

Internal education and training for design and production staff

Initiatives

To strengthen our production capacity, we are assessing the development targets of our suppliers and partner companies as well as conducting data analysis. Through questionnaire surveys of suppliers and partners and analysis of internal data, we expanded our available information and deepened our understanding of the current production framework. Concurrently with these efforts, we are enhancing our in-house staff development, including training for design and production staff, to deepen our collaboration with suppliers and partners. Furthermore, steady progress is being made in initiatives to strengthen our production base. These include developing and implementing design workflows aimed at ensuring appropriate design quality, and hosting seminars and training sessions to promote the use of BIM and AI.

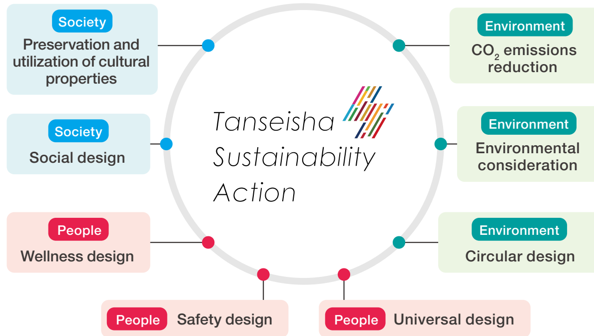
Issues and response policies for the following fiscal year and beyond

We have conducted various education programs to deepen our understanding of current circumstances and foster greater collaboration to boost production capacity. However, issues have become apparent in terms of the refinement and implementation of development plans. In particular, we will review the plans and processes for placing orders with partnership companies and organize data related to design partners. While further strengthening our relationships with suppliers and design partners, we will secure production capacity and build frameworks to support growth under the Medium-Term Management Plan and beyond. In doing so, we will establish a robust production base to underpin further growth.

4 Establish sustainability response structure

Strategy Overview

Through the development of activity policies and expansion of information disclosures related to sustainability, we will enhance and strengthen our sustainability responses to satisfy society’s demands, presenting our policies as a company both internally and externally. To increase our ability to respond to the needs of customers and society, we will refine our original solutions to practice and embody sustainability. Regarding responses to climate change, we will establish methods for calculating greenhouse gas emissions and work to reduce actual emissions. In addition to the establishment of internal systems to achieve this, we will continue to engage in activities to increase the sustainability of our entire supply chain.



Sustainability initiatives categorized into themes

Initiatives

We developed a range of policies, including the formulation of a Well-Being Management Policy and the review of the Tanseisha Group Environmental Policy. We are also encouraging practices that align with the Sustainable Design Guidelines through continuous implementation and training. On the business front, in addition to presenting in-house awards for outstanding sustainability initiatives, we strengthened our information-sharing and proposal activities, which led to a steady increase in orders for sustainability-related projects. Furthermore, through the surveys and seminars targeting suppliers, we are steadily addressing issues across the entire supply chain.

Issues and response policies for the following fiscal year and beyond

Some sustainability-related policies, programs, and mechanisms are still a work in progress, and issues also remain with the firm establishment and implementation of sustainable design. We will continue to establish various policies and implement initiatives based on them. We will also further strengthen the development of sustainability-related solutions and promote Proposals by the individual business divisions. In addition, we will work to reduce greenhouse gas emissions and enhance information disclosures to advance sustainability responses across the entire supply chain, thereby contributing to the realization of a sustainable society.

5 Venture into new domains

Strategy Overview

To realize expansion into new business domains (into new fields and business models), one of the strategies articulated in Tanseisha Group: Vision 2046, we will formulate a policy for new businesses that will become our next "pillar" and establish frameworks for developing and nurturing them. While utilizing the resources of the space creation business, we will embrace the challenge of expanding into new business domains, targeting all processes from the development of spaces to their management. We will also re-examine our overseas business and develop strategies and structures for growth. By positioning these initiatives as key investments in growth, we will execute investments in their development and establishment.

Scene from in-house business ideas contest

Initiatives

We have developed policies, frameworks, and processes for the steady development and nurturing of new businesses. In addition to the establishment of new internal frameworks for business development, we held an in-house business ideas contest aimed at the creation of new businesses and the reinforcement of talent. With the aim of speedy business development by leveraging external resources, we began making limited-partner equity investments in venture capital funds. We are examining and organizing the status and growth outlook for new businesses already underway. Regarding our overseas business, we have updated our policies and plans and are working to expand and strengthen our business alliance.

Issues and response policies for the following fiscal year and beyond

In new business development, the consistent development of strong promotion frameworks and mechanisms is essential. Going forward, we will advance initiatives to maximize the use of our internal knowledge and diverse talent, while establishing highly effective mechanisms that ensure that venture investments lead to tangible outcomes. To grow our overseas business, we recognize that developing a framework of local partner companies in overseas markets is a challenge. And we are exploring the establishment of business alliances and cooperative arrangements. Through these continuous investments in business growth and the expansion and optimization of our portfolio, we will realize sustainable growth and the long-term enhancement of corporate value.

Embodying our business expansion at one of the world's largest art fairs

From May to November 2026, B-OWND, our platform for works of art and craft, is hosting a large-scale special exhibition at Personal Structures 2026, an official satellite event of La Biennale di Venezia, a global festival of art held in Venice. Blending diverse genres—such as traditional Japanese craft and manga—with our spatial design capabilities, this exhibition goes beyond simple appreciation of artworks to create "experiential value" that strikes a chord. On the world's most prestigious stage, we are handling overall curation and space production, communicating new values to the world. Additionally, through this challenge, we will broadly promote our innovativeness and brand value.

Exhibition at Personal Structures, an official satellite event of La Biennale di Venezia 2026 (Exhibition Room 1 conceptual image)

Exhibition Room 7

TOPIC
Development and delivery of new solutions

We are advancing the development of optimal solutions to meet the increasingly sophisticated and diverse needs of customers.

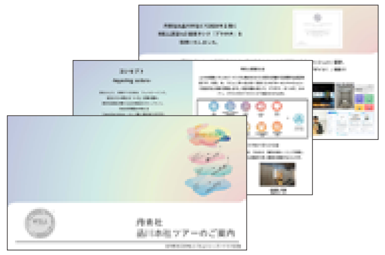
In recent years, amid the growing importance of human capital management and wellbeing, the need to develop environments in which diverse personnel can fully demonstrate their abilities is also increasing. To meet this need, we have implemented solutions that blend spatial design and technology in our Shinagawa head office as a model case. This initiative achieved the highest-level WELL (v2) Platinum Certification*1. In a first for Japan*2, we received additional points in the Neuro-inclusion (multisensory design)*3 category. Through these in-house practices, we are accumulating unique knowledge and expertise in areas such as spatial design that uses graphics and lighting to adjust stimuli and spatial data analysis using infrared sensors.

Going forward, we will leverage these insights to deliver total solutions—from strategy and planning to operational improvements—to our customers. By supporting customers' office environment development, we will contribute to the sustainable enhancement of value and the realization of a society where everybody can shine.

*1 Obtained in Version 2 of the WELL Building Standard™, an international rating system for buildings that focuses on people's health and wellbeing.
*2 Based on track record of projects for which Panasonic Electric Works Co., Ltd. provided WELL Certification consulting services (as of April 8, 2026, the date of announcement).
*3 An approach that respects differences in individuals' brains and neurological development and functioning (neurodiversity) as unique characteristics and seeks to create a society in which people can take advantage of those differences as they work together.

Tanseisha Head Office relaxation room (high-stimulation, non-working space)

Brainstorming room



Guide materials for Tanseisha Shinagawa head office tour

TOPIC
Progress of infrastructure development to underpin sustainable growth and external evaluation

The Tanseisha Group is enhancing underlying structure and disclosures for the realization of a sustainable society, with the Sustainability Committee playing a central role.

In addition to our endorsement of the UN Global Compact, we have established various policies, including a Human Rights Policy and Sustainable Procurement Policy, and are pursuing activities to increase their effectiveness. We are also deepening our climate change response initiatives, including the expansion of disclosures based on the Task force on Climate-Related Financial Disclosures (TCFD) Recommendations and the calculation of greenhouse gas emissions across the entire consolidated group.

This series of initiatives has been recognized with Tanseisha's selection as a constituent of the global ESG investment indices, FTSE JPX Blossom Japan Index and FTSE JPX Blossom Japan Sector Relative Index (as of June 30, 2026).

By working to solve environmental and social issues with sincerity through our business activities, based on the Tanseisha Group Sustainability Policy, we will strive to achieve the sustainable enhancement of corporate value and contribute to the realization of a sustainable society that abounds in color.

FTSE JPX Blossom Japan Index

FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that Tanseisha has met the requirements for inclusion in the FTSE JPX Blossom Japan Index as a result of a third-party assessment and has been selected as a constituent of the Index. The FTSE JPX Blossom Japan Index was created by global index provider, FTSE Russell. It was designed to measure the performance of Japanese companies undertaking specified Environmental, Social, and Governance (ESG) responses. The FTSE JPX Blossom Japan Index is used extensively for the formulation and evaluation of sustainable investment funds and other financial products.

FTSE JPX Blossom Japan Sector Relative Index

FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that Tanseisha has met the requirements for inclusion in the FTSE JPX Blossom Japan Sector Relative Index as a result of a third-party assessment and has been selected as a constituent of the Index. The FTSE JPX Blossom Japan Sector Relative Index is used extensively for the formulation and evaluation of sustainable investment funds and other financial products.

CHRO Message

Investment in our people leads to Tanseisha's "earning power."

To pass on the culture that is our strength, we will work to codify knowledge and institutionalize systems, paving the way for the next stage of growth.

Director NOMURA Eiji

The source of Tanseisha's "earning power" found in investment in human resources

At Tanseisha, there is a deep-rooted culture of "valuing people" and "having empathy and thoughtfulness for one another" that has been cultivated over many years. Until now, this culture of valuing these thoughtful human relationships has underpinned our competitive advantage. However, to ensure that this outstanding culture does not become a temporary phenomenon, but rather serves as a driving force for sustainable growth, I believe it is essential to codify our knowledge so that it can be passed on to the next generation. It is with this belief in mind that we will proceed with personnel reforms.

What reaffirmed that belief was the entrance ceremony for our new employees at Toyota Arena in April this year. At this ceremony, we also held the presentation of the President's Award. Our younger employees took the stage and spoke passionately about their unwavering resolve to "always be at our clients' side" even during difficult projects. They also shared experiences of how, on large-scale projects with tight deadlines, our employees spontaneously reached out across departmental boundaries to support one another. I believe these stories, based on actual experiences, brought a sense of reality and resonated with our new recruits, who were about to start working at Tanseisha. I view this enthusiasm on the front line and the spirit of mutual assistance as our unwavering strengths, as well as our corporate culture that has been passed down over the years. How we carry these forward is a critical issue that significantly impacts our Company's reason for existence and future competitive advantage. This was a symbolic moment that made me realize we need to move our human resources strategy into a new phase.

Under the long-standing culture of "valuing people," our most recent employee engagement score has improved from the previous year. Our overall employee turnover rate is less than 3%, while turnover among employees within the first three years of employment is virtually zero. These outcomes truly reflect our corporate culture. They stem from our efforts not only to eliminate hiring mismatches, but also to create an environment that allows employees who join the Company to settle in and grow. In the area of recruitment, we actively involve frontline employees in the hiring process. Ultimately, our competitive advantage in the business of space creation comes down to our people. Building on the corporate culture we have cultivated over the years, we must transform tacit knowledge into explicit knowledge in order to pass on our legacy and ensure the sustainable expansion of our business.

Initiatives under the current Medium-Term Management Plan

Transformation of personnel functions and outcomes

In the current Medium-Term Management Plan, we have outlined "work style and human capital" as one of our five strategies and have been promoting the institutionalization of various systems. First, to strengthen our implementation structure, we established the Human Resources Design Center this fiscal year and reorganized the Human Resources Department and Wellbeing Department, which had previously been part of the Corporate Planning Center, under its umbrella. This organizational restructuring is intended to align the design of human resources development, which involves continuously updating and implementing systems and mechanisms such as recruitment, education, and evaluation, with the design of organizational development based on our wellbeing-oriented management policy aimed at enhancing employee engagement and workplace happiness. By intentionally involving veteran employees with experience in various business divisions in human resources planning, we are able to address issues that arise on the front line with a hypothesis-driven approach. In addition to the conventional administration and management of systems, we are now deliberately designing "the relationship between people and the organization," as well as "corporate culture," and elevating individual measures to organization-wide initiatives.

In this process of system institutionalization, another critical issue is to visualize the skills of our people. We have introduced a talent management system and, after defining the skill requirements for each job category, we are in the process of registering all employees' skills and experience. This has enabled us to organize the skills and capabilities of our people, which were previously understood intuitively, into a talent portfolio. In addition to the business plan for the next Medium-Term Management Plan, after clarifying the gaps between the type of human resources we seek from a long-term perspective and our current situation, we will then apply those insights to recruitment, training, and workforce allocation. In addition, we have launched an evaluation system aligned with our values (guidelines for conduct) for all job categories and all employees, and a system is now in place to ensure the employees who embody our values are fairly evaluated.

Regarding our work-style reform initiatives, which serve as the foundation of the Company's growth, we will shift the focus of our efforts from the correction of long working hours by reducing overtime to improving productivity through the review of operational processes. We are already working on the deconstruction and redesign of those operational processes, with a focus on production staff, and we will further develop and deepen these initiatives in the next Medium-Term Management Plan.

Toward the next Medium-Term Management Plan

"Human resources who can create something from nothing" and passing on our culture

I believe that the most important themes for our next Medium-Term Management Plan (fiscal 2027 to fiscal 2029) will be the establishment of a mechanism for developing "human resources who can create something from nothing." In order for our company to continue delivering value through spatial design, it is crucial that we think for ourselves, create new businesses and value, and propose them to customers. While it is a fundamental premise that we maintain a passion for manufacturing, we want to develop human resources who can leverage the problem-solving skills and perspectives gained on the front line, and elevate those skills to a higher dimension of business creation by considering "how we can generate new revenue and value."

One of the key mechanisms for developing such human resources is the accumulation of diverse experiences through strategic job assignments and personnel development.

By viewing the Company from diverse perspectives, we can rediscover our strengths and potential, and this builds the foundation for thinking that leads to new ideas and the seeds of new businesses. In other words, experience gained in a different environment leads to proposals based on a broader perspective.

In addition, in the next Medium-Term Management Plan, we are considering establishing a system through which the Company supports employees' self-directed learning. We plan to actively invest in areas such as graduate school enrollment and studies in design management, after assessing whether the individual's aspirations align with our business strategy. While keeping co-creation initiatives with our collaboration partner, Ritsumeikan University's College of Arts and Design, in mind, we will nurture an environment that encourages employees to shape their own careers.

Diversity of skills and experience and our responsibility toward the industry as a whole

Our medium- and long-term challenge for expanding the business into a new business model and offering space solutions that allow "imaginations to grow" is to ensure the diversity of skills and experience in our organization. Over the past one or two years, we have strengthened our mid-career recruitment of people in their thirties to fifties (particularly for designers and production staff). Our aim is for them to make immediate contributions, while also bringing diversity and new perspectives to the Company through the ideas and values that they have cultivated in different careers. To integrate the knowledge they bring from different backgrounds with our Purpose and Values at a high level, we are continuing to implement communication initiatives such as workshops across all our locations, and I am personally taking the lead in establishing an environment for fostering synergies. The question is how to integrate diverse knowledge with our corporate culture. I will continue to visit the front line in person and hold regular discussions with current and former members about the future, to proactively cultivate the foundation for creating new businesses that will generate new revenue through spatial design.

To conclude, I would like to touch on initiatives that go beyond individual companies. Even though designers and production staff are highly specialized professionals involved in all aspects of spaces, I feel that their social standing is not yet sufficiently recognized. Their role goes beyond the mere design and planning of new spaces. In response to the growing need to make better use of existing spaces, we must define and realize concepts by incorporating not only functionality but also sustainability perspectives. I believe that achieving these goals requires an even higher degree of expertise and execution ability, and this value should be duly recognized. The industry-wide improvement of the status of these occupations will help us maintain and strengthen the human resources foundation for Tanseisha's own sustainable growth. To this end, I believe that actively participating in industry-wide efforts to resolve the issue of long working hours and improve working conditions, and helping create an industry where more people want to choose this career, will ultimately reinforce the promotion of the Company's strategies.

Investment in human resources leads to enhanced creativity and strengthened capabilities of individual employees, and as a result, directly contributes to the evolution of our business model and the continued creation of new businesses. A group of human resources who are highly engaged and possess a strong culture of mutual consideration is the source of Tanseisha's "earning power." As CHRO, I will strongly lead this investment in our people and work hard for the sustainable enhancement of corporate value by codifying knowledge and institutionalizing systems.

MATERIALITY 01

Respect for Humanity

We respect human rights and diversity and pursue human happiness. We will provide spaces and experiences for imaginations to grow, create an environment where diverse employees can work actively, and foster an organizational culture that recognizes and harnesses diversity.

Basic approach

Viewing “spatial design” as the “creation of experiences and opportunities,” Tanseisha aims to help imaginations to grow and bring richness to society. This approach is linked to our materiality issue of “Respect for Humanity” and connects to our definition of creating even more inspiration with spaces that connect people. To realize this kind of spatial design, Tanseisha views its employees as “a group of talented individuals that abounds in color.” We place importance on the emotional state of each individual to support their growth and improve their engagement.

Enhancing our efforts toward our employees will enable us to create better spaces and contribute more to society.

1 Offering spaces and experiences for diverse users’ “imaginations to grow”

Proposals for safe design, wellness design, and universal design

Tanseisha promotes spatial design that emphasizes respect for humanity based on our Sustainable Design Guidelines. In universal design, we emphasize hard (tangible), soft (intangible), and heart (imagination) aspects, and aim for spatial design that supports diverse users, including the development and implementation of multilingual apps. We are also working to foster awareness within the company through ongoing sharing of information on our intranet and other means. In safety design and wellness design, we have established project management and information sharing frameworks through “construction technology study meetings” prior to starting work and the monthly “Safety and Health Committee.” We conduct a variety of educational programs, such as technical education for new employees and on-site instruction targeting junior employees. In this way, the entire company is working together to realize safe and secure spaces. Through these activities, we deliver accessible spaces that maximize diverse people’s wellbeing.

2 Creating an organizational culture in which diverse employees acknowledge each other and leverage each other’s perspectives, knowledge, and expertise

Improvement of employee engagement

We are working to create an environment where employees can find fulfillment in their work and to strengthen company-wide communication. In addition to organizing events such as KIDS DAYS, where our employees’ families are invited to tour the office, we also hold workshops involving all employees to promote Our “Purposes” and Our “Values” formulated in 2024, as well as present awards to employees who practice and embody Our Values. In the 2025 engagement survey, the company-wide DI* score was 53.9, an improvement from the 49.6 recorded in 2024. These initiatives have deepened mutual understanding among employees, leading to an organizational culture where employees act independently while helping one another, as well as increased motivation.

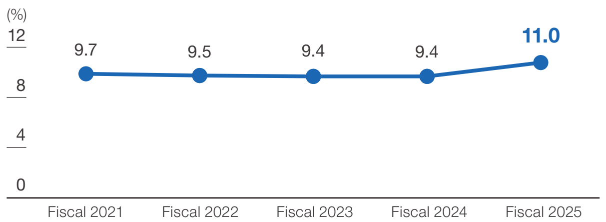
*DI (diffusion index) is calculated by subtracting the percentage of negative responses from the percentage of positive responses for each survey question.

Rate of childcare leave taken (men and women)	Engagement score (company-wide average DI)
96.8%	53.9

Promotion of DE&I

We are striving to foster an organizational culture in which diverse people can leverage their individual strengths. We are advancing a variety of measures, including raising awareness through “diversity training” targeting all executives and employees, promoting active participation of senior employees, and implementing initiatives to achieve the Medium-Term Management Target of “percentage of female managers of 15% or more.” We have also introduced a communication app for employees with hearing impairments and hold in-house social events that are conducted in sign language. We will further deepen understanding of diversity and promote the establishment of an environment where our people acknowledge one another and can fully demonstrate their abilities.

Changes in percentage of female managers (non-consolidated) Target 15% or more



3 Creating an environment where every individual can grow and flourish

Career development support

Under the philosophy that “work nurtures people,” we are advancing human resources development through OJT and diverse practical experiences. In addition to visualizing all employees’ skills and the improvement of specialized skills through rank- and job-specific education and training, we encourage employees’ self-directed career development through career development training, interviews, and support for obtaining professional qualifications. We have established a support framework in which our in-house qualified career consultants meet regularly with junior employees and new hires. Thanks to these measures, our employee turnover rate has remained at a low level of 2-3%.

Percentage of career interviews held	Training hours per employee
93.5%	50.7 hours

Promotion of well-being management

Viewing our employees’ health and safety as the foundation of creativity, we are promoting work-style reforms led by the Well-being Promotion Department established in February 2025. We offer flexible working through initiatives such as the full flex system. During the current period, we also undertook a project to renew our workwear based on feedback from frontline employees. The new uniforms, which combine functionality and design, were introduced in March 2026 and help to realize the well-being management that enables everyone to work in good health.

Human rights management (human rights due diligence)

Based on the “Tanseisha Group Human Rights Policy,” we began conducting human rights due diligence in 2025 to identify, prevent, and correct risks to human rights posed by the Group’s business activities. We conducted an analysis and impact assessment of all business operations, including the value chain, based on the two axes of “severity” and “probability of occurrence” and formulated a human rights risk map. As a result, we have identified harassment, excessive working hours, and occupational health and safety as particularly material issues, and we are working on prevention and mitigation measures.

Details of our initiatives are presented on our website.
https://www.tanseisha.co.jp/sustainability/s/social

Step 1 Identifying (human rights risks)

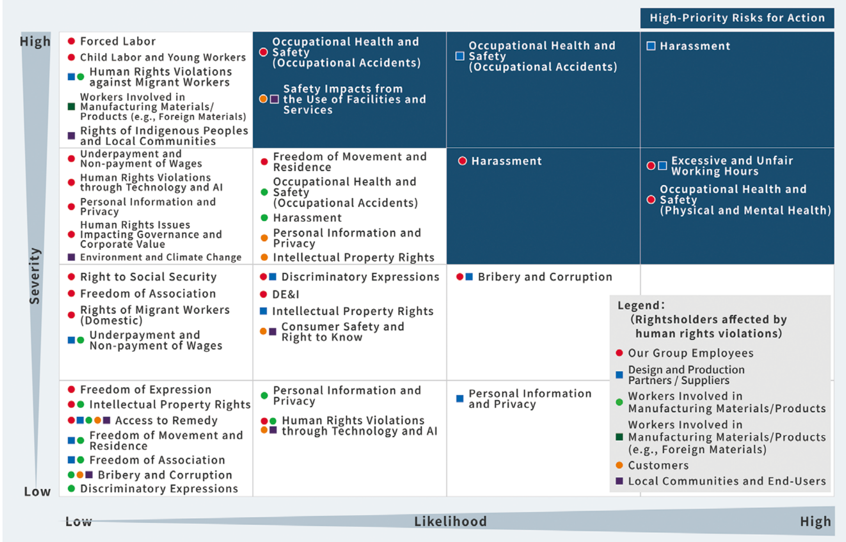
Map out the entire value chain across all our businesses and identify human rights risk areas based on international standards and industry-specific issues

Step 2 Assessing (impacts)

Based on internal interviews and supplier surveys, analyze each risk from the dual aspects of “severity” and “probability of occurrence” to assess the degree of materiality

Step 3 (Risk) Mapping

Create a human rights risk map using the two assessed aspects. Visualize material risks, prioritize specific corrective actions, and disclose the results



Severity: The seriousness or gravity of adverse impacts on human rights, the scope of those impacts, and their irremediability (difficulty of remediation)
Probability of occurrence: The likelihood (frequency and possibility) that potential or actual human rights risks will occur.

Identified High-Priority Risks for Action	Harassment	Excessive and Unfair Working Hours	Occupational Health and Safety (Physical and Mental Health)	Occupational Health and Safety (Occupational Accidents)	Safety Impacts from the Use of Facilities and Services
Major countermeasures	Operation of various consultation hotlines and company-wide training	Visualization of working hours and introduction of flexible work-style schemes	Establishment of a health promotion department, and implementation of regular health checkups and care	Monthly Health and Safety Committee meetings and coordination with suppliers	Adherence to and education on sustainable design and quality policies

Introduction
Tanseisha's Value Creation
Future Vision
Management Strategy
Financial Strategy
Strategies by Business
Corporate Governance
Financial and Non-Financial Highlights

MATERIALITY 02

Coexistence with the Environment

We contribute to the realization of a low-carbon, nature-friendly, and recycling economy, by confronting environmental issues such as global warming, loss of biodiversity, and resource depletion, and by addressing these issues through our entire corporate activities.

Basic approach

The Tanseisha Group positions coexistence with the environment as a key management issue. In February 2026, we revised the Tanseisha Group Environmental Policy. To further advance environmental conservation and reduction of environmental impact, we are focusing our efforts on the pursuit of sustainability, climate change responses, the promotion of a circular economy, preservation of natural capital, and prevention of pollution, as well as the strengthening of environmental governance and disclosure of information. By actively adopting sustainable procurement and sustainable design in collaboration with internal and external stakeholders, we deliver sustainable design and construction. In doing so, we will contribute to coexistence with nature and the realization of a sustainable society that abounds in color.

1 Addressing environmental issues such as global warming, loss of biodiversity, and resources depletion

Upcycling and recycling of waste products

For the realization of a circular economy, we are developing recycled products by collecting end-of-use workwear and recycling it into new resources. As part of this initiative, we produced "workwear desk partitions."We are also embodying the circulation of resources by using upcycled building materials for the walls of trade show booths and for fixtures at our own locations. In 2025, we newly obtained a secondhand dealer license and built a scheme for the purchase and reuse of unwanted fixtures and furniture generated during customer store and hotel renovations. We will promote the circulation of resources across our entire spatial design value chain.

Workwear desk partition

Use of environmentally friendly materials

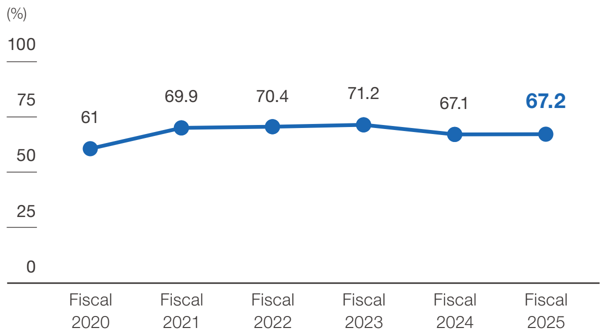
From the perspective of circulation of resources through circular design, we are promoting the introduction of environmentally friendly materials in spatial design. As well as promoting the use of FSC®-certified timber* and a shift to wooden interior materials, we also adopted upcycled building materials made with eggshells and coffee grounds for the expansion of our Kansai branch. These initiatives in our own spaces also serve as opportunities for pilot testing and external communication. Using the knowledge and expertise thus gained, we will enhance our proposal capabilities to customers and contribute to the realization of a carbon-free society and the reduction of our environmental impact through the use of sustainable materials.

*TANSEISHA Co., Ltd. FSC License No." FSC® C179924 (Shinagawa Head Office)

Initiatives to reduce industrial waste

In addition to drawing up management plans for each construction project based on environmental laws and regulations, we are working on the adoption of precut materials, promotion of 3R, adoption of economical dimensions, and the curbing of industrial waste generation. With the objective of increasing the waste separation rate through the reduction of mixed industrial waste, the Industrial Waste Countermeasures Committee (meets twice a year) and the Safety and Health Committee (meets monthly) provide thorough guidance on the confirmation of and initiatives for proper disposal and separation rates. We will formulate a new roadmap for increasing our recycling rates and promote the further circulation of resources in spatial design.

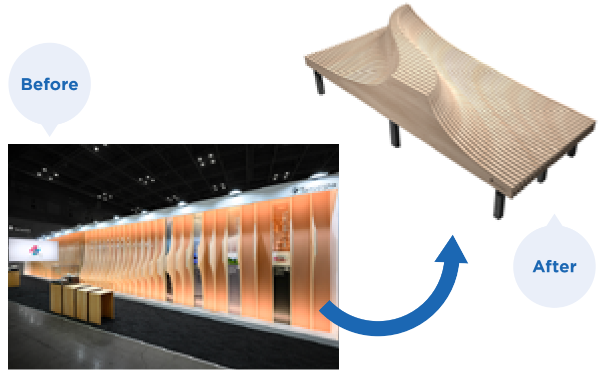
Company-wide average waste separation rates



2 Contribute to the realization of decarbonization, co-existence with nature, and a circular economy

Development of sustainable products and use of sustainable materials

With the aim of sustainable use of resources, we are participating in a co-creation project to upcycle traditionally underutilized small-diameter timber into high-value-added building materials. Trade show installations made with the sustainable building material "NOITA," developed through this project, were repurposed into benches after the show (upcycled design). Discarded Mino ware ceramics sold at lifestyle goods stores have also been upcycled as material for plaster art. They are now available for use in store fit-outs all over Japan. Furthermore, through the use of initiatives such as sustainable material lists, we are encouraging the widespread use of sustainable materials.



Initiatives to achieve reduction targets and state of progress

Tanseisha has set non-financial targets related to climate change in the Medium-Term Management Plan. In fiscal 2026, we are pursuing initiatives to reduce Scope 1 and 2 greenhouse gas emissions by 40% compared with the level recorded in fiscal 2021 (limited to the scope of the calculation for fiscal 2021). Also, since fiscal 2023, we have expanded the scope of calculations to include the entire Tanseisha Group. In addition to the shift to renewable energy for office electricity and the use of non-fossil certificates, the entire Group is working together to reduce CO_2 emissions across our business activities.

Initiatives to achieve CO_2 emissions reduction targets and evaluation of progress

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Scope 1 and 2 (t-CO_2)	367	293	312	354	150
Scope 3 (t-CO_2)	256,896	258,279	318,039	314,481	349,261
Total (t-CO_2)	257,263	258,572	318,351	314,836	349,411
Scope 1 and 2 reduction rates	-	20.1%	15.0%	3.4%	59.1%

(Notes) 1. This table covers the display business of Tanseisha only and does not include facility management or other businesses in the calculation.
2. Scope 2 emissions are calculated using the market-based method.
3. Among the data for fiscal 2024, Scope 2 figures have been updated using the latest emissions factor provided by the heating supply operator for the Company's head office. For Scope 3, certain emissions intensity factors and calculation methodologies have been revised to comply with the accounting requirements defined by the Science Based Targets initiative (SBTi).
4. Data for fiscal 2024 and fiscal 2025 have been adjusted to eliminate double counting resulting from internal transactions.

Measures to prevent health problems from sick building syndrome

To deliver safe and comfortable spaces, we promote "safe design" and enforce rigorous management of chemical substances in the creation of spaces. The design and production functions coordinate through sustainable design and construction review committees. We select certified, environmentally friendly materials that are the most appropriate. We also define mandatory management requirements and ensure strict control of the use of certified materials—such as logging photographic records—at construction sites. In this way, we strive to prevent health risks for facility users and environmental pollution.

Environmental activities at our office

To reduce our environmental impact, we promote using renewable-energy electricity, consolidating servers in data centers, and improving the efficient operation of lighting and air conditioning systems. With the aim of effective resource use in our offices, we consolidate supplies, thoroughly separate waste, and recycle supplies used at worksites. In particular, through the advancement of paperless operations, office paper consumption in fiscal 2024 was reduced significantly compared to the previous fiscal year. Going forward, we will continue our multifaceted environmental initiatives by leveraging building infrastructure such as wastewater heat utilization and greywater reuse.

TCFD

Based on the TCFD-recommended disclosure framework, we disclose information in line with the four disclosure items of "governance", "risk management", "strategies", and "metrics and targets."

Governance

Tanseisha implements sustainability initiatives in line with the Tanseisha Group Sustainability Policy. To respond to sustainability-related issues, including climate change, we have established a Sustainability Committee chaired by the President and Chief Executive Officer, which formulates key sustainability-related matters, monitors the status of initiatives, and promotes responses to issues. The content and status of the committee's deliberations are reported regularly to the Board of Directors, and key policies are first considered by the committee before being presented to the Board for deliberation and resolution. Under this committee, we have also established a subcommittee dedicated to environmental responses, including climate change responses, where we promote concrete measures.

Strategies

Viewing rising temperatures resulting from climate change and the consequent social changes and disaster risks as key issues, we are actively responding to these risks. As part of these efforts, we conducted scenario analyses to identify the short-term, medium-term, and long-term "risks" and "opportunities" related to climate change. Specifically, our deliberations are focused on the 1.5˚C and 4˚C scenarios. This approach is based on the international goal of limiting the average global temperature rise to within 1.5˚C above pre-industrial levels, as indicated in the Sixth Assessment Report of the IPCC and COP.

Also, referring to the future projection reports published by the government and international organizations, we considered the transition risks and physical risks accompanying climate change, and the opportunities that will arise when responding to the mitigation of and adaptation to climate change.

Risk management

We regularly identify, evaluate, and analyze the circumstances and take measures against climate-related events that could significantly affect our operating results or financial position or that could impede the smooth operation and growth of our business. The Risk Compliance Committee (chair: President and Chief Executive Officer), which oversees and promotes company-wide risk management activities, identifies business risks, including climate change risks, based on the "Regulations on Management of Risk of Loss", and evaluates the likelihood and degree of impact of such an event. From the identified risks, the Committee clarifies ones that management should prioritize and the measures to be implemented, while monitoring the implementation status of those measures. We have adopted a structure whereby 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.

Metrics and targets

Tanseisha has set non-financial targets related to climate change in the Medium-Term Management Plan. Specifically, we have adopted a target of reducing Scope 1 and 2 greenhouse gas emissions by 40% compared with the level recorded in fiscal 2021 (February 2021 through January 2022.) As reference, Scope 1 and 2 greenhouse gas emissions in fiscal 2021 totaled 367 t-CO_2.

Risks and opportunities

Category	Risks
Policy & Legal	Emergence of new regulations and social obligations
Markets	Shifts in social trends and business needs toward low-carbon society
	Soaring prices for procurement of external resources, rising costs
Reputation	Decline in reputation and trust due to insufficient efforts to reduce environmental impact, e.g., curbing greenhouse gas emissions, energy conservation
Acute Physical	Increasing severity of floods and storms, extreme weather events
Chronic Physical	Decline in resources due to normalization of temperature rises
	Deterioration of working conditions due to normalization of temperature rises

Category	Opportunities
Resource Efficiency	Improved efficiency of materials transportation (including use of locally produced materials, etc.)
Products and Services	Changes and expansion of facility demand due to promotion of sustainability responses
	Use/development of materials, products, and services with low carbon emission
Markets	Entry into new markets
Resilience	Creation of new businesses that apply resources from the spatial design business

Details are presented on our website.
https://www.tanseisha.co.jp/sustainability/e/climate-change

Contribution to Regional and Social Development

We contribute to regional and social development by encouraging rich interaction among people through space creation, stimulating industrial and economic activities, and creating / communicating / passing on diverse and rich culture.

Basic approach

Spaces where people gather and interact expand the potential of regional economies and play a role in the preservation of the rich culture nurtured in that region for the next generation. We have established new Sustainable Design Guidelines. Grounded in a deep understanding of the region's characteristics, history, resources, and challenges, we resolve regional issues through spatial design and make effective use of resources. We are also focusing on initiatives to pass on the pride of local communities to the future by achieving both the preservation and the use of cultural properties. Leveraging our capabilities in research, planning, and implementation, as well as expertise that we have cultivated to generate vitality alongside the local communities, we will contribute to the advancement of sustainable local communities and society.

1 Promoting rich interactions among people

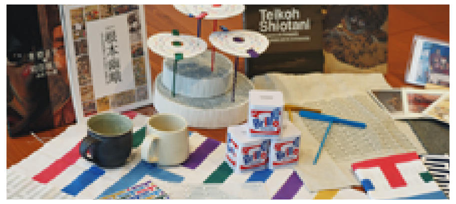
We are working to revitalize local communities through initiatives led by our Regional Revitalization Support Office, which examines regional issues from multiple perspectives and provides support from the early planning stages of projects through participation in operations, as well as through initiatives and space creation that contribute to regional revitalization. Along with participating in events in the Shinagawa-Konan area, where our head office is located, to deepen our connections with the local community, we provide assistance to diverse people, such as participating in the Noto Reclaimed Wood Rescue Project, which involved rescuing and reusing materials from houses that were damaged in the 2024 Noto Peninsula Earthquake. Further, we have been involved in a demonstration trial of "Disaster Prevention PODs," which serve as a community hub providing shared storage facilities in normal times and provide emergency electricity and other functions at times of disaster. This is one example of our contributions to the enhancement of local value and the creation of a sustainable local community.

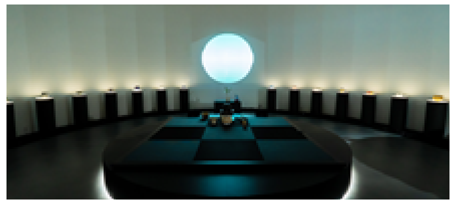

Disaster Prevention POD


Activity in Noto

2 To stimulate industrial and economic activity, and to create, disseminate, and pass on diverse and rich cultures.

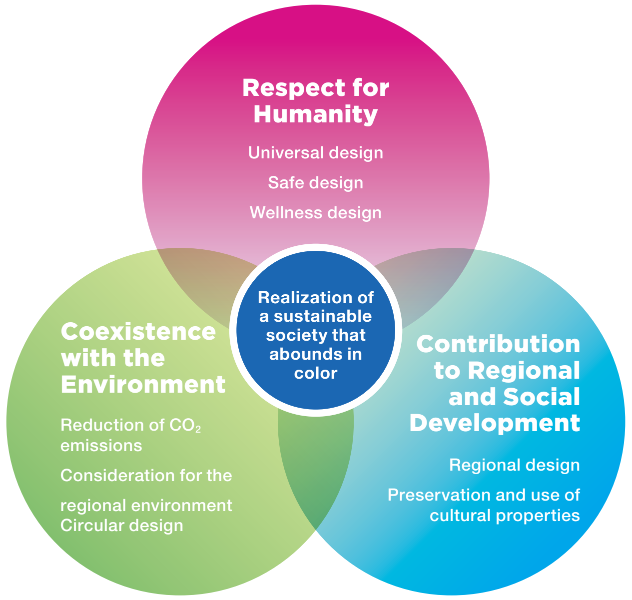
With the aim of revitalizing industry and preserving diverse and rich cultures, we are working on solutions to local issues through the preservation and use of cultural properties and through spaces. At Tottori Prefectural Museum of Art that opened in 2025, we participated in a PFI project that, in a first in Japan for a new museum, handled the entire project from development of facilities to operation, maintenance, and administration. During the five years of preparations for the opening, we drove some initiatives to build a fan base and increase interest in collaboration with the region. Now, following its opening, through special exhibitions and operation of the regional collaborative museum shop, we have planted deep roots in the community and continue to conduct activities to connect the appeal of Tottori to the future. Furthermore, with the aim of achieving both the advancement of diverse culture and economic benefits, we are focusing efforts on initiatives that transcend the boundaries of spatial design, such as support for artists through our art and craft platform, "B-OWND," and "THE TOKYO PASS," a cultural tourism pass offered to overseas visitors to Japan.


Tottori Prefectural Museum of Art original goods


"B-OWND" exhibition space at the Expo 2025 Osaka, Kansai

Special Feature

Realizing a Sustainable Society Through Business



The sustainable design we aspire to

Interpreting the three material issues of "Respect for humanity", "Co-exist with the environment", and "Contribute to regional and social development" from a spatial design perspective, in May 2025, we formulated "the Sustainable Design Guidelines" as a guide for the practice of these materiality issues that elevates them to concrete methods. Based on these guidelines, designers work with internal and external stakeholders to advance initiatives along eight themes, including "universal design" and "reduction of CO_2 emissions."Our aim is the realization of a sustainable society that abounds in color through spatial design across the entire project lifecycle from design to dismantling.

"TODAtte?" project that incorporates sustainable design

TODA CREATIVE LAB "TODAtte?"

Client TODA CORPORATION

Services Provided Consulting, facility concept planning, exhibit planning, design, layout, production, construction, video production, interior fit-out supervision, operations consulting, AR content production

At "TODA CREATIVE LAB "TODAtte?," a museum inside the new company building of TODA CORPORATION, we incorporated numerous state-of-the-art solutions that are considerate of people, the environment, and society, such as the use of locally produced materials and upcycled building materials and the adoption of inclusive design. In doing so, we have provided an opportunity for visitors to think about solutions to social and consumer issues, while deepening their understanding of the TODA Group and the construction industry. This project won the Grand Prix in the 2025 Sustainability Solutions Awards, which recognize outstanding examples of sustainability within Tanseisha, and it also received multiple external design awards. Leveraging the achievements and experience gained through steady efforts of this kind, we will continue to evolve our sustainable design approach to spatial design to help build a more prosperous future.

Photography Taichi Misonoo

Project overview	Open innovation-style museum plaza that solves issues together with society and consumers
Challenge	To simultaneously promote understanding of the TODA Group and the construction industry and provide a space that offers an opening for the resolution of customers' issues
Solution	Through an integrated approach that combines audiovisual production with immersive exhibition experiences, realized clear theme setting and narrative building that encourage intuitive understanding
Key sustainable design points	Recycling of textiles from end-of-life workwear, use of recycled wood materials, and other proactive use of recycled materials

MATERIALITY 04

Promotion of Innovation

We will respond to social changes and technological advances, constantly learn, and proactively engage in various research and development and demonstration experiments. We will continue to take on the challenge of creating new value through the development of new services and businesses.

Basic approach

Through various kinds of R&D and demonstration testing, we are actively embracing the challenge of honing our expertise and creativity in spatial design to create unprecedented value. The promotion of innovation through co-creation with diverse partners will greatly expand the possibilities of spaces and lead directly to the creation of innovative experience value. Under the strategy of "Expanding into new domains" in our Medium-Term Management Plan, we are working to build a framework for developing and nurturing new businesses that will become next-generation pillars.Going forward, with a continuous learning mindset, we will drive businesses that are not confined by existing frameworks and provide spatial solutions that exceed society's and customers' expectations.

1 Respond to social changes and technological advances, and continue to learn

To accelerate DX based on BIM, and create spatial value that responds to social changes, we are building a "learning" framework by developing specialized talent and working closely with suppliers. In addition to adopting cutting-edge technologies such as automated design, XR, and point cloud scanning, we are enhancing our proprietary BIM platform to transform the entire process from planning to construction in the pursuit of sustained evolution.

Example TANSEI BIM PARTY 2025

We held "TANSEI BIM PARTY 2025", aiming to further popularize BIM. This event provided an opportunity to actually "see, hear, and feel" through exhibits and presentations by interior BIM-related companies, panel discussions, and other activities.

2 Actively engage in various research and development and demonstration experiments

We are actively advancing original research and development using leading-edge technologies and new materials, as well as conducting demonstration trials for their real-world implementation. By developing prototypes with the use of AI, XR, robotics, and similar technologies, we are pursuing solutions that will help enhance the convenience and appeal of spaces. Through internal and external open innovation, we are accelerating the practical implementation of new spatial experiences.

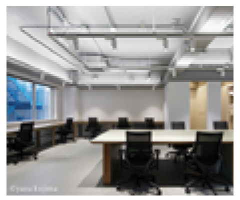
Example "Ultra Culture Festival 2025" event for the announcement of outcomes in space X technology research

Led by junior employees, we hold "Ultra Culture Festivals" on a continuous basis to announce research outcomes. Through proof-of-concept trials of production and products using AI and other technologies, we confirm visitors' responses directly, allowing us to accumulate knowledge and insights for the future provision of services and practical implementation.

3 We will take on the challenge of creating new value through the development of new services and businesses.

Leveraging our accumulated resources in spatial design, we are embarking on the expansion of domains beyond the frameworks of our existing businesses. We are strengthening the frameworks to continuously create and nurture new businesses that drive next-generation growth. By developing innovative services that address social needs, we are working to simultaneously solve issues through business and create new value, while building the pillars for sustainable businesses for the future.

Example R2 (Real-estate Revitalization)



We are advancing projects to maximize the value of existing buildings. By renovating older buildings into "S-Cube" set-up offices and other facilities and shifting from scrap-and-build to stock use, we are achieving both environmental benefits and enhanced asset value.

MATERIALITY 05

Development of a responsible supply chain

By expanding our networks with suppliers and partner companies and building relationships of trust, we will create the foundation of value creation, including quality and safety, and address sustainability issues such as the environment and human rights across the entire supply chain.

Basic approach

"Establish production systems" is one of the non-financial targets of our Medium-term Management Plan. Based on strong relationships of trust with suppliers that support spatial design, we are striving to ensure the production capacity essential to medium- to long-term growth. We will strengthen our networks through the implementation of our partnership program and other initiatives and work together to resolve industry-wide challenges such as work-style reform, the use of BIM, and sustainability. We will also work to expand our production base through collaboration with suppliers and aim to achieve both solutions to social issues and sustainable business growth.

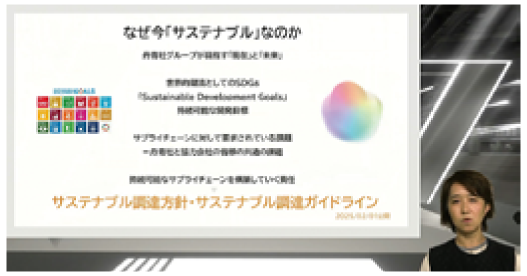
1 Expanding networks with suppliers and partner companies and building relationships of trust to create the foundation of value creation, including quality and safety

Through "Seiwakai," an organization of our suppliers that support over 6,000 projects a year, we are promoting the enhancement of technological capabilities and the labor environment, through initiatives such as education on the enhancement of safety and quality, BIM training, and the expansion of non-statutory workers' compensation coverage. Based on the "Partnership Building Declaration," we strive for fair transactions, including the appropriate pass-through of increases in labor expenses and costs and the thorough implementation of cash payments. On the other hand, the serious labor shortages, reduction of environmental impact, and work-style reform responses are issues to be resolved together with our suppliers. Going forward, we will engage in thorough discussions to establish compensation that includes appropriate profit, to help improve working conditions at our suppliers. We will also strive to curb orders with short deadlines and last-minute specification changes without proper cost allocation. At the same time, we will strengthen support for the formulation of business continuity plans (BCPs) throughout the entire supply chain, advice on the introduction of remote work, and preferential procurement from environmentally responsible companies. We will also engage with "Tier N+1" suppliers beyond our multi-layered supplier structure to reinforce the foundation for mutual growth and prosperity, including the elimination of unreasonable cost reduction demands.

Fiscal 2025 initiatives targeting suppliers	Number of participating companies
Communication of "Request for Fair and Equitable Transactions"	1,252
Safety Convention	199
Sustainable procurement policy and guidelines education	504
Sustainable design guidelines education	233
Briefings on sustainable procurement policy	93

TOPIC

Strengthening of collaboration with suppliers



Centered on "Seiwakai," an organization with our suppliers, we are deepening collaborations for the enhancement of safety and quality. At the "Tanseisha Safety Convention" held annually in June, we share case studies on safety management and conduct sustainability education. In terms of practical skills as well, we provide special education programs to partner companies on seven tasks that have a particularly high risk of accidents, in our efforts to raise the level of technical capabilities. Through joint patrols on project sites and group discussions in the disaster prevention council, we work to thoroughly investigate the causes of accidents and promote greater awareness of potential hazards. This contributes to risk reduction on construction sites and the delivery of high-quality spaces. We also encourage suppliers to undertake initiatives in line with the Sustainable Procurement Guidelines with the aim of building a robust, highly reliable production base.

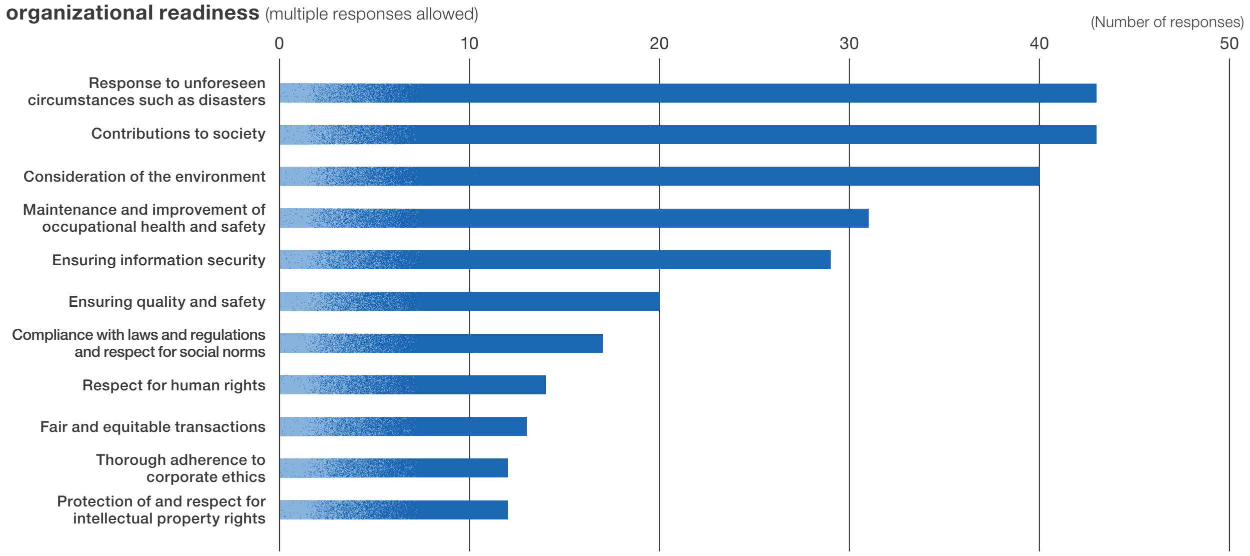
2 Addressing sustainability issues such as the environment and respect for human rights across the entire supply chain

In February 2025, we established the "Sustainable Procurement Policy and Guidelines" to outline our basic approach to sustainable procurement. As a first step to spread this policy throughout the entire supply chain, we conducted a "value chain mapping" exercise based on factors such as company size and transaction volume, targeting approximately 5,000 suppliers with which we have done business over the past three years. We are working to establish a foundation for visualizing a full picture of our supply chain and consider appropriate approaches according to the degree of impact on our business. Going forward, we will share this policy and the guidelines with the entire supply chain, including suppliers and their counterparties (Tier N+1), and strive to pursue "responsible procurement" that achieves both solutions to social issues and business growth based on strong relationships of trust.

Risk assessment based on a survey of suppliers

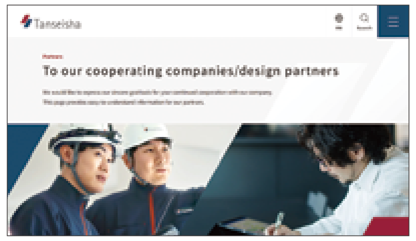
To coincide with the "Tanseisha Safety Convention" held in June 2025, we conducted a sustainability survey targeting 193 major suppliers. Endorsement (including partial endorsement) of the Sustainable Procurement Policy reached 91%, and we learned that as many as 92% of suppliers are advancing initiatives to contribute to sustainability. On the other hand, the survey also highlighted concerns about the systems and measures (or initiatives) related to certain items in the "Sustainable Procurement Guidelines" particularly "responses to unforeseen circumstances such as disasters" and "contributions to society" (22% each), and "consideration of the environment" (21%). Although awareness of safety and quality aspects is high, differences were observed among individual companies in their awareness and the degree of maturity of their initiatives regarding a broad range of sustainability issues, including social and environmental issues. We have adopted these results as risk indicators and are using them to identify those areas where priority awareness-raising and support will be needed in future.

Items identified as having insufficient initiatives or concerns regarding organizational readiness (multiple responses allowed)



Future action for reduction of risks

In light of the risks identified through the survey, we launched an introductory education initiative by distributing the "Explanatory Video on Sustainable Procurement and Design Guidelines." In fiscal 2025, the completion rates among 1,084 suppliers and 390 temporary and outsourced personnel were 39.6% and 51.4%, respectively. We will work to increase those completion rates by improving the content of the video, etc. With respect to our top priority suppliers that have a significant impact on our business, we conduct safety and environmental audits through site visits and provide individual remedial support. Leveraging the newly established dedicated site for suppliers, we will expand our partnership-style support through education and engagement, and by deepening our co-creation relationships, strive to build a sustainable production base.



CFO Message

We will leverage our strengths to expand orders and present a clear, concrete roadmap for the next stage of growth.

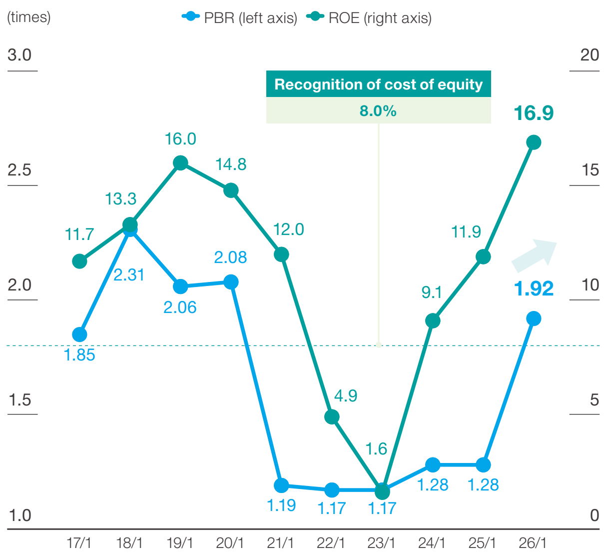
Director
TSUKUI Tetsuo

Outlook for this fiscal year after achieving our best results ever

In fiscal 2025, along with net sales from Expo 2025 Osaka, Kansai-related projects, the entire company's performance was strongly supported by entertainment facility projects, such as hotels and theme parks, driven by inbound tourism demand. With respect to projects related to the Expo, from the order acceptance stage, we strategically scrutinized the projects from the dual perspective of profitability and schedule management to avoid additional costs and other issues. This approach contributed to the achievement of high profit margins. As a result, consolidated net sales amounted to ¥107.2 billion (up 16.7% year on year) and consolidated operating income was ¥8.3 billion (up 62.4%), with both figures hitting record highs. The operating income ratio of 7.8% and consolidated ROE of 16.9% were also well above our initial projections.

This fiscal year (fiscal 2026), we expect operating income to fall slightly short of the level of fiscal 2025, due to a reactionary decline in demand related to the Expo, which coincided with a temporary lull in the completion of large-scale projects. However, this is an expected development in the business cycle, and with inbound tourism-related investment remaining strong, we still expect to be able to secure consolidated net sales of ¥107.0 billion. Given our business model, profit recognition accelerates as projects near completion. Consequently, a steady build-up of orders received this fiscal year will lead directly to better performance in the next fiscal year and beyond. Therefore, we have positioned achieving our record-high target of ¥115.0 billion in orders as our top priority for delivering strong financial results next fiscal year and beyond.

PBR/ROE



Gap with market evaluation
For the elimination of price-to-earnings ratio (PER) discount

In our latest results, ROE remains above 10%, exceeding our estimated cost of equity (approximately 8%). Dividend yield is also above the market average. We have actively returned capital to shareholders. However, our PER and price-to-book ratio (PBR) are lower than those of our industry peers. We view this situation, in which our growth potential and earnings structure are not yet fully recognized by shareholders and investors, as a serious management challenge.

We recognize that in the uncertain post-pandemic business environment, we have not adequately presented a medium- to long-term growth scenario that meets the expectations of shareholders and investors.

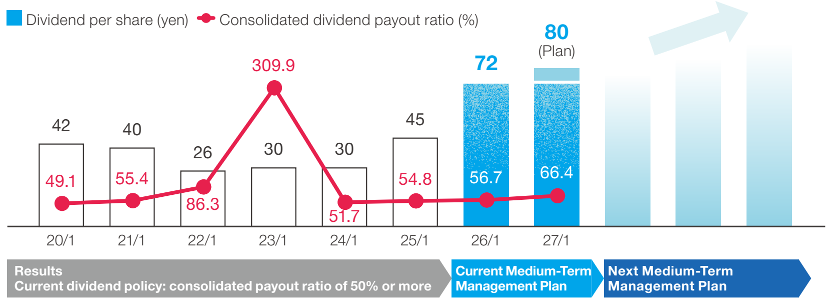
To address this, in the next Medium-Term Management Plan—to be announced at the end of this fiscal year—we will articulate our roadmap for growth looking toward around 2030, when the Osaka integrated resort (IR) project will contribute to net sales in earnest. We have already announced financial targets for fiscal 2029 of ¥140 billion in net sales and an operating income ratio of 8.0% or more. Discussions are also ongoing at the Management Meeting and at the Board of Directors on a concrete action plan for achieving these targets based on our strengths, namely our specialization and comprehensive capabilities in spatial design.

Evolution of shareholder returns policy

Enhanced earnings predictability and stable dividends

In light of requests from shareholders and investors for greater predictability of dividends, we intend to add dividend-on-equity (DOE) to our dividend policy metrics in the next Medium-Term Management Plan. Specifically, we will set a minimum of the higher of a 50% consolidated dividend payout ratio or DOE of 8%. This will enable us to maintain stable dividend levels that are not excessively swayed by fluctuations in single-year performance.

We have consistently held a dividend payout ratio target of 50% or more. Despite the challenging environment of the pandemic, we did not resort to cutting dividends, maintaining returns at the highest level possible. Under this basic policy, we will deepen our dialogue with shareholders and investors throughout the next Medium-Term Management Plan and beyond, to ensure that they recognize Tanseisha as a reliable investment.



Current Medium-Term Management Plan (Fiscal 2025—2026)
- Consolidated dividend payout ratio of 50% or more
- In fiscal 2026, plan to pay a commemorative dividend for the 80th anniversary, in addition to a similar level of return as the previous fiscal year

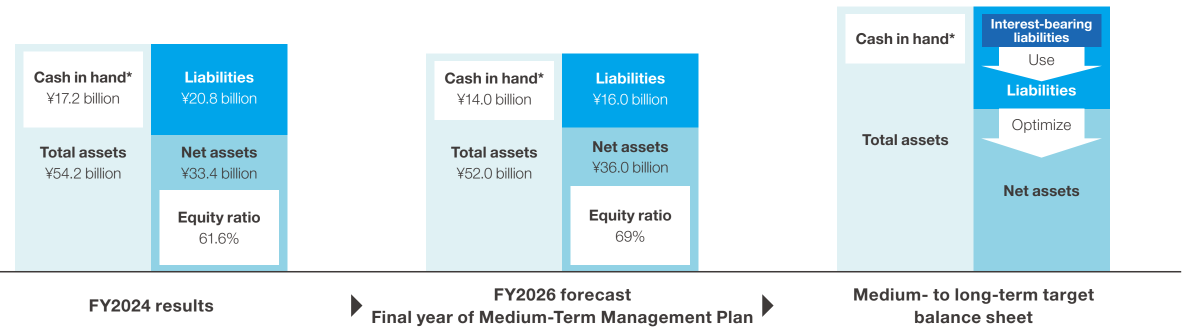
Next Medium-Term Management Plan (Fiscal 2027—2029)
- Plan to implement proactive shareholder returns while maintaining balance sheet discipline
- In the next Medium-Term Management Plan, add dividend-on-equity (DOE) to dividend policy metrics and set a minimum of the higher of a 50% consolidated dividend payout ratio or DOE of 8%

Capital allocation policy

Balance between growth investment and financial discipline

At the end of fiscal 2025, cash and deposits amounted to approximately ¥17.0 billion. However, given the nature of the construction business, where payments are made before sales are recorded, we need to hold around ¥12.0 billion in working capital at all times. Positioning the remaining approximately ¥5.0 billion as flexible investment funds, we intend to allocate these funds to growth domains, such as new business development, product development related to digital initiatives, and capital and business alliances with other companies. We will continue this investment policy in the next Medium-Term Management Plan. While net assets are currently accumulating due to our recent strong financial performance, our medium- to long-term objective is to maintain an equity ratio of approximately 50–60%. We will pursue disciplined yet flexible balance sheet management by optimizing the mix of growth investments with options including proactive shareholder returns and the strategic use of interest-bearing liabilities.

Target balance sheet structure



- Net assets continue to build on the back of strong business performance

- Cash in hand is expected to fall due to elimination of notes payable, contributing to the overall streamlining of the balance sheet (equity ratio is expected to increase)
- With an increasing equity ratio in mind, plan to continue proactive shareholder returns

- Plan to use interest-bearing liabilities for growth investments
- Plan to optimize net assets through proactive shareholder returns

* Cash and cash equivalents
(Note) Forecasts for fiscal 2026 are estimates.

When assessing growth investments, we use a 10% IRR as our benchmark. Rather than relying solely on a single financial metric for mechanical decision-making, we make comprehensive judgments based on alignment with our core business of display design, sustainability, and feasibility. With respect to new businesses and capital alliances, we avoid acquiring industry peers purely for scale expansion. Instead, we prioritize collaborations that enhance our added value and profitability. In terms of overseas business, applying the lessons learned from our past exit from China, we are considering initiatives to deliver our unique strengths in a manner that will be less affected by economic fluctuations. In these investment assessment processes, the Board of Directors, including the Outside Directors, conducts thorough reviews from multiple perspectives. We will continue to consider the balance between alignment with our business and investment returns.

We have positioned this fiscal year as a year for steadily accumulating orders in the lead-up to the next Medium-Term Management Plan period. Building a firm foundation for receiving orders will lead to the creation of future sales and profits. We encourage our shareholders and investors to pay close attention to "orders accepted" as the most important metric for measuring our growth. We will continue to report on our steady progress toward growth through dialogue with shareholders.

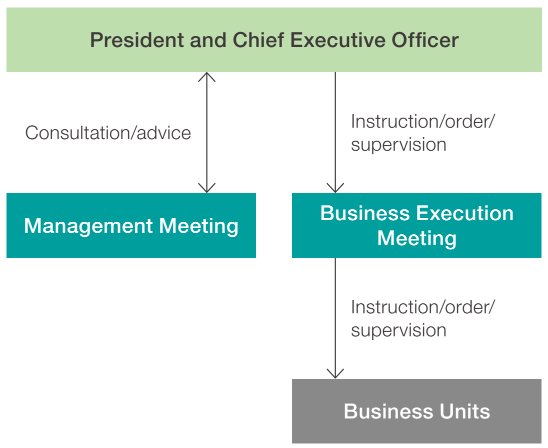
Management Execution Framework

Basic approach to management execution framework

To enable agile business execution, Tanseisha has established a Management Meeting and a Business Execution Meeting, both chaired by the CEO. The Management Meeting deliberates on important management matters, including those to be presented to the Board of Directors. Executive Officers also attend as observers, and the Meeting serves as a development opportunity to enhance their management perspectives through discussions. In the Business Execution Meeting, Directors responsible for business execution and Executive Officers share updates on the progress of business goals, strategies, and initiatives, and review execution-related issues and their countermeasures. Decisions are communicated to the respective divisions through the relevant Executive Officers.

These two bodies have distinct roles. Whereas the Management Meeting supports transparent, fair, and prompt decision-making, the Business Execution Meeting monitors the appropriate execution of measures based on those decisions and manages their progress.

Management Execution Framework



Overview of Management Meeting and Business Execution Meeting

	Management Meeting	Business Execution Meeting
Meeting frequency	Twice a month	Once a month
Roles	Deliberation on important management matters, etc.	Confirmation of status of business execution, direction of countermeasures
Participants	President (Chair), internal Directors, heads of relevant departments, and other personnel designated by the Chair	President (Chair), internal Directors, Executive Officers, heads of relevant departments, and other personnel designated by the Chair
Observers	Executive Officers	-

Status of major discussions in Management Meeting

In fiscal 2025, the Management Meeting deliberated mainly on the following matters considered to be important for the management of Tanseisha and the Group.

1 Management policy and strategy

- Medium-term management policy and commitments
- Management that is conscious of the cost of capital and stock price, human capital management, and sustainability responses
- Business alliances and investments
- Analysis of management environment, etc.

2 Management plans and business promotion

- Medium-term or single-year management plans (non-consolidated and consolidated), business performance, and financial results
- Important business strategies and measures
- Organizational restructuring and senior personnel matters, etc.

3 Governance and risk management

- Directors and Executive Officers structure
- Implementation of internal control system, risk management and response
- Adoption/revision of important internal systems, labor-management relations, etc.

Commercial and Other Facility Business

Business Description

Interior design (design and construction) for all commercial facilities (excluding those related to the Chain Store Business)

Main facilities

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

Strengths

- **Solution capability that combines space with various media and techniques**
- **Creation of communication media that engage the five senses**

Consolidated net sales

¥72,154 million

Medium-Term Management Plan FY2026 Target

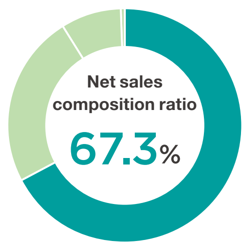
¥70,500 million

Consolidated operating income

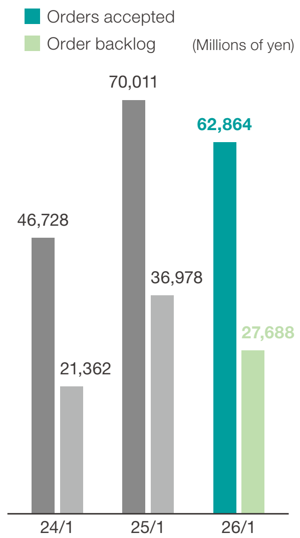
¥6,808 million

Medium-Term Management Plan FY2026 Target

¥5,900 million



Orders accepted and order backlog



Evaluation of fiscal 2025 results, main approaches and implementation details for Medium-Term Management Plan targets

Along with first-quarter net sales from Expo 2025 Osaka, Kansai-related projects, strong performances in new and renovation projects for hotel and entertainment facilities backed by inbound tourism demand led to substantial increases over fiscal 2024 for both net sales and segment profit.

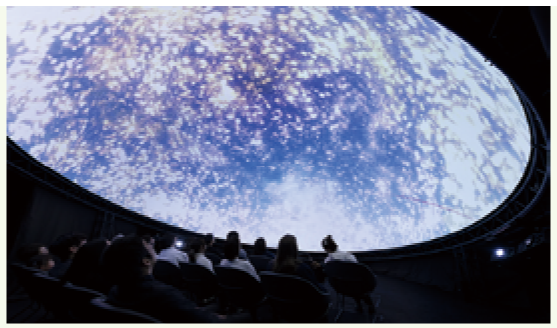
Given that demand continues to trend at record-high levels, primarily due to inbound tourism, we expect net sales for fiscal 2026, the final year of the Medium-Term Management Plan, to be around the same level as fiscal 2025. On the other hand, with the reactionary decline from the high earnings of the Expo-related projects, segment profit is expected to fall below that of fiscal 2025.

Opportunities, risks, and future business outlook

The environment surrounding the Commercial and Other Facilities Business remains favorable, driven by strong investment in entertainment facilities, such as hotels and theme parks, and investment in IP content-related facilities. Demand for new and renovation projects for offices and exhibition- and event-related demand are increasing. At the same time, soaring construction costs and other headwinds have raised concerns regarding potential project delays, cancellations, or scale-backs.

Going forward, we are steadily capturing diverse office-related demand associated with work-style reforms. This is in addition to urban redevelopment projects across various cities and large-scale developments, including integrated resort (IR) plans and new or renovation projects for sports facilities such as stadiums and arenas. We also continue to invest in entertainment facilities, etc., aiming to increase orders and expand our share of this market.

Project Achievements



Osaka-Kansai Expo International Red Cross and Red Crescent Movement Pavilion

Client Japanese Red Cross Society Services Provided Design, Layout, Production, Construction, Video Production, management, advertising planning and production, Website Creation, SNS campaign implementation (Tanseisha/CLIPS) virtual expo pavilion content production, Website Creation (Tanseisha/One to Ten) Photography ©Masato Kono (Nacasa and Partners) Videography and Production Montage Inc.

Sapporo Prince Hotel

Services Provided Design, Layout, Production, Construction

Photography Suzuki Kenichi Photography Studio

Chain Store Business

Business Description

Interior design (design and construction) of chain store facilities

Main facilities

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

Strengths

- **Planning capabilities to support business demand and a high degree of creativity in the spatial design**
- **Competitive advantage as a pioneer in the industry, having launched our business ahead of our competitors**

Consolidated net sales

¥25,619 million

Medium-Term Management Plan FY2026 Target

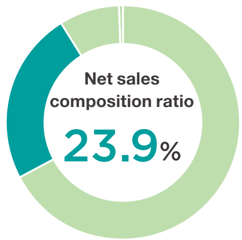
¥24,000 million

Consolidated operating income

¥1,984 million

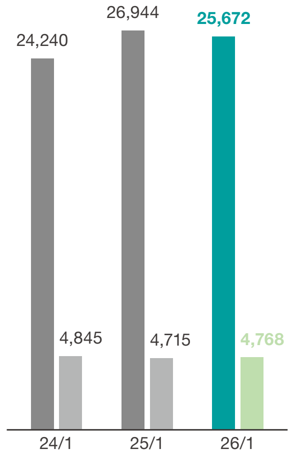
Medium-Term Management Plan FY2026 Target

¥1,700 million



Orders accepted and order backlog

Orders accepted
Order backlog
(Millions of yen)



Evaluation of fiscal 2025 results, main approaches and implementation details for Medium-Term Management Plan targets

Despite strong performance in new and renovation projects, primarily in the restaurant and other specialty store sectors, net sales fell below that of fiscal 2024, due mainly to a decline in large flagship store projects. At the same time, in a favorable market environment, profitability improved, and segment profit exceeded that of fiscal 2024.

Although this favorable market environment is expected to continue in fiscal 2026, the final year of the Medium-Term Management Plan, we forecast a slight decline in large-scale projects. Consequently, net sales and segment profit are expected to fall below fiscal 2025 level.

Opportunities, risks, and future business outlook

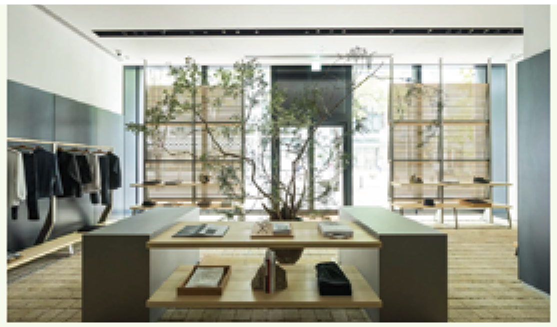
In the environment surrounding the Chain Store Business, store openings and capital investments are on the rise, particularly in the restaurant sector, and demand is increasing. Demand for maintenance services has also expanded. On the other hand, if price increases continue, it could pose a risk of cooling consumer spending and declining capital investment.

Going forward, proactive investment is expected in the restaurant sector, as well as large-scale stores including large groceries, daily goods, sports and outdoor goods stores. Demand in the maintenance sector is also expected to grow, particularly for maintenance and facility support in the digital domain. While continuing to expand market share among existing customers and develop new customers, we will focus on expansion and new customer development in the high-potential maintenance sector.

Project Achievements

Royal Host Itabashi

Client: Royal Food Service Co., Ltd.
Services Provided: Design, Layout, Production, Construction
Photography: Level9 Inc.



Goldwin Marunouchi

Client: Goldwin Inc.
Services Provided: (Production, Construction) TANSEISHA Co., Ltd./ (Design, Layout) New Material Research Laboratory Co., Ltd.
Photography: Masatomo Moriyama

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.

Strengths

- **Full support ranging from the protection of cultural assets to the enhancement of cultural resource value, including planning, design, construction, and operation**
- **Hold top-level market share in the industry, backed by a specialized think tank and the accumulation of expertise on exhibition and storage**

Consolidated net sales

¥8,929 million

Medium-Term Management Plan FY2026 Target

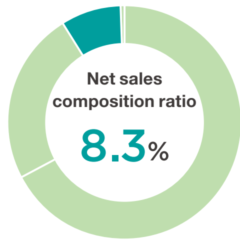
¥12,000 million

Consolidated operating income

¥-616 million

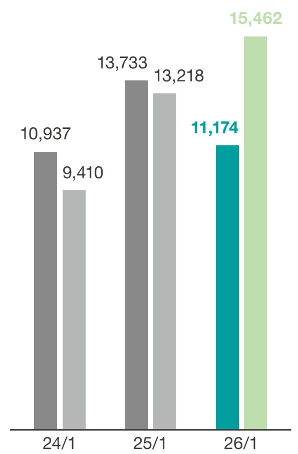
Medium-Term Management Plan FY2026 Target

¥300 million



Orders accepted and order backlog

Orders accepted
Order backlog
(Millions of yen)



Evaluation of fiscal 2025 results, main approaches and implementation details for Medium-Term Management Plan targets

Net sales decreased compared with fiscal 2024, reflecting the lagged impact of low orders received during the COVID-19 pandemic, as well as a decline in orders accepted from previous fiscal years and construction progress falling short of expectations. Segment profit also declined compared to fiscal 2024, as the lower net sales were insufficient to absorb the fixed costs burden.

Meanwhile, in fiscal 2026, the final year of the Medium-Term Management Plan, projects secured during this period of order stagnation will have been recorded by the previous fiscal year, and their impact is expected to have run its course. Consequently, both net sales and segment profit are expected to exceed the levels of fiscal 2025. Segment profit is projected to improve significantly, returning to profitability after two consecutive fiscal years of losses.

Opportunities, risks, and future business outlook

In the environment surrounding the Cultural Facility Business, renovation demand continues to be strong, and planning activity for national-level facilities is also gaining momentum. Furthermore, while demand for new and renovation projects at public museums and similar facilities declined temporarily during the pandemic, it is now recovering. In particular, projects utilizing public-private partnership (PPP) and private finance initiative (PFI) frameworks are on the rise. At the same time, soaring construction costs and other headwinds have raised concerns regarding potential project delays, cancellations, or scale-backs.

We expect continued growth in demand for regional renaissance and revitalization in the design and construction of exhibition spaces. Additionally, although our track record is limited at this stage, we expect a steady increase in initiatives in the public-private partnership domain related to operational production. In light of this situation, as well as securing projects related to regional renaissance and public-private partnerships, leveraging the exhibition expertise we have cultivated over many years, we will demonstrate our competitiveness and maintain our industry-leading market share.

Project Achievements

Aoyama Gakuin Museum

Client: Aoyama Gakuin School Corporation
Services Provided: Display Planning, Design, Layout, Production, Construction
Photography: Level9 Inc.

Ashio Copper Mine Museum

Client: General Incorporated Association Furukawa Ichibee Memorial Center
Services Provided: Display Planning, Design, Layout, Production, Construction, Video Production
Photography: Tomotake Ito

Meeting of Outside Directors

*From left

Outside Director
[Audit and Supervisory Committee Member]
MAKIHARA Kotaro
Senior Executive Director of Tokyo Federation of Corporate Associations
Senior Executive Director of Tohoren Specified Retirement Allowance Mutual Aid Association

Outside Director
[Audit and Supervisory Committee Member]
HOSAKA Rie
Attorney-at-law, City-Yuwa Partners
Outside Director of T-NET JAPAN Co., Ltd.

Outside Director
ITAYA Toshimasa
Chairman of the Board, Property Data Bank, Inc.
Visiting Professor in the Graduate School, Waseda Research Institute for Science and Engineering

Outside Director
[Audit and Supervisory Committee Member]
TAKEUCHI Ruriko
Partner, Sugiyama Accounting Firm
Outside Corporate Auditor, LogProstyle Inc.
Outside Corporate Auditor, TSUNAGU GROUP HOLDINGS Inc.

Toward the 100th anniversary, supporting the further demonstration of our “earning power”

Looking back on fiscal 2025, we asked our four Outside Directors to talk about how corporate governance should support the demonstration of our “earning power.”

As Outside Directors, how do you evaluate the performance of the executive team, including President Kobayashi?

Makihara My sense is that, despite the growing uncertainty in social circumstances and the market environment, Tanseisha's “earning power” is steadily increasing. This is supported by its success in winning projects that require its characteristic sophisticated spatial design and by the management and execution capabilities demonstrated in large-scale projects like the Expo 2025 Osaka, Kansai. In particular, gross profit margin has improved for three consecutive fiscal years since the fiscal year ended January 2023, reaching 20.0% in the fiscal year ended January 2026, and a solid earnings base is becoming firmly established. During my recent visit to the Osaka office, I noticed a variety of ingenious initiatives designed to maximize employees' creativity and enhance the value for customers, such as a workplace that encourages cross-departmental interaction. I highly evaluate the executive team's passion and ability to link investment in human capital to productivity and profitability. I oversee these initiatives from the perspective of ensuring that they become enduring efforts, rather than one-off measures.

Hosaka We had the tailwinds of special Expo demand last fiscal year. However, my impression is that, even beyond this, the Company has been steadily accumulating highly profitable, large-scale orders. This is supported by its distinctive design and technical capabilities, including space production that combines primary digital technologies and creativity. I believe this is clear evidence that, under President Kobayashi's leadership, the Company has not become complacent about market conditions, but has instead created a virtuous cycle of setting ambitious goals, steadily winning projects, and earning clients' satisfaction that leads to the next opportunity.

Itaya The value of spaces where people gather and share experiences is being reappraised, and I feel that Tanseisha's position has improved significantly. The management team is steadily incorporating these needs into its business performance. I believe that successfully delivering highly sophisticated spatial production that combines physical structures with cutting-edge digital technologies in Expo, a project attracting global attention, is highly significant in establishing Tanseisha's position in this field. Also, going forward, it will need to respond to a variety of spatial construction demands such as expanding urban redevelopment projects, integrated resorts (IR), and renovations of existing buildings, to both further strengthen profitability and leverage its strengths to venture into new domains. At the same time, I have suggested to the executive team that they should carefully address pressing management issues, such as responding to labor shortages, strengthening the production structure, and utilizing digital technologies and AI.

Takeuchi Having newly assumed the role of Outside Director, I have been participating in Board of Directors meetings since this fiscal year, and my impression is that the management team is steadily delivering results by taking measures with a strong awareness of financial targets such as net sales and profit margins. Based on my knowledge and insights as a CPA and certified public tax accountant as well as my experience in building the governance framework of an operating company, I aim to contribute to the Board's effectiveness and transparency from the perspective of further enhancing “earning power.”

Could you share your views on building medium- to long-term strategies with “Tanseisha Group: Vision 2046” in mind, and on how the Board of Directors should engage so that the executive side does not become overly short-term oriented?

Hosaka I believe that securing human resources, passing on technologies and skills, and improving productivity will be major themes for medium- to long-term strategies. At the Board of Directors meetings, our discussions extend beyond investment in talent recruitment and development—the very source of Tanseisha's competitive advantage in space creation—to encompass the development and accumulation of technologies and expertise, as well as initiatives to strengthen the business portfolio, including by enhancing the added value of commercial facility projects and developing new businesses.

Makihara I participate in Board of Directors meetings with an awareness of giving consideration over a long timeframe to corporate value and directions to take, and of the question of how to reflect the voices of investors and other stakeholders in management. In particular, I feel that discussions based on the content of investor relations activities have become more active year by year.

Itaya Most recently, I see a growing need to deepen our discussions on AI. In our discussions, we need to delve deeper into such questions as how and where AI can be utilized and its potential impact on the Company.

What kind of discussions do you have about management that is conscious of cost of capital and share price?

Makihara Each Director recognizes that management that is conscious of cost of capital and share price is our fundamental responsibility as a Prime Market-listed company. In fact, the Board of Directors holds robust discussions while aligning our perspective on the capital markets, based on direct feedback from our dialogue with institutional investors. We are also taking further steps to ensure transparent communication with shareholders and investors. This includes the disclosure last year of our approach to “management that is conscious of cost of capital and share price,” in which we articulated our investment policy to achieve our growth strategy and our envisioned balance sheet based on an optimal capital structure.

Takeuchi While achieving a high ROE and dividend yield on the one hand, I recognize that PER, which is an indicator of market expectations, could be raised a little higher. To bridge this gap, it is essential to both provide clear explanations of the balance between growth investments and shareholder returns and enhance dialogue with capital markets to further increase Tanseisha's inherent value and market recognition.

Itaya To continue growing in the lead-up to the 100th anniversary, it is important to re-examine the state of our value creation and explain that value to the capital markets. Tanseisha is not merely a decorative contractor. Rather, we are a space production business that incorporates many aspects, from the operation of facilities to real estate revitalization. Effectively communicating our distinctive value and growth potential to the market and raising their expectations will ultimately result in improvement of PER. Last year, we revised our performance forecasts upward twice. While our prudent approach is one of our strengths, we cannot expect the share price to improve unless we set relatively ambitious targets from the start and demonstrate to the equity market our company-wide willingness to take on those challenges. At the Board of Directors meetings, we have discussed the need to report insights from one-on-one dialogues with investors back to the Board, ensuring the Board can more proactively articulate our value based on market expectations.

What kind of discussions have you had regarding the development of next-generation management (succession planning)?

Itaya The Nominating and Compensation Advisory Committee's discussions have evolved significantly from its previous focus on the approval or rejection of individual candidates into comprehensive planning discussions, including overall frameworks for the development of mid-career and next-generation talent, the establishment of a talent pool, and selection processes. In recent years, my impression is that, instead of merely filling in positions on the organizational chart, the Board is engaging in lively discussions from the perspective of how to build mechanisms for continuously producing leaders who embody Our Purpose and Our Values as a succession plan.

To further enhance the “earning power,” how will you approach communication with the executive side and the frontlines going forward?

Itaya As an Outside Director, I value opportunities to visit sites personally and hear from clients themselves. I actually visited Kansai Airport, Hawks Stadium, the Expo pavilions, and other sites to ask for their direct feedback. What impressed me most during those visits was that Tanseisha's strength lies not only in giving tangible form to clients' spatial design requirements, but also in making proactive proposals that anticipate the growth of the clients' business. In light of clients' evaluations, how will we enhance Tanseisha's distinctive added value in the future? On this question, I will continue to have proactive discussions with the management team about strengthening medium- to long-term “earning power.”

Hosaka To achieve medium- to long-term enhancement of corporate value, building relationships and an environment that will enable lively discussions beyond the boundaries of oversight and execution is essential. Through discussions in the Board of Directors, I aim to contribute to the realization of effective governance that deeply shares and addresses frontline realities and issues and supports sustainable growth.

Takeuchi While outside directors in general often must provide oversight based on limited information, Tanseisha's Board of Directors is extremely open. And it feels easy to communicate as an Outside Director.
Taking advantage of this favorable relationship, I aim to contribute to the enhancement of the Board of Directors' effectiveness by providing appropriate advice and oversight from an objective, independent standpoint.

Makihara As an Audit and Supervisory Committee Member, I recognize that one of my key roles is to identify latent risks through discussions with the auditors of affiliated companies. While maintaining an appropriate level of tension with the management team, my goal is to serve not merely as a check on management, but to engage in day-to-day discussions as a constructive partner, sharing a common goal of the Company's further growth.

MAKIHARA Kotaro Possesses deep insights into the organization cultivated from his four years serving as an Audit and Supervisory Committee Member. Leverages his expert knowledge in risk management to support constructive “offensive governance.”

HOSAKA Rie Attorney. Provides recommendations for the medium- to long-term enhancement of corporate value from the perspective of diversity promotion, as well as from her extensive expertise in the law and compliance.

ITAYA Toshimasa Member of the Nominating and Compensation Advisory Committee. Based on his deep understanding of the space production business, leads the redefinition of brand strategy and strategies for the company-wide use of DX.

TAKEUCHI Ruriko CPA and certified practicing tax accountant. Leverages her experience in building governance frameworks in operating companies and her global perspective to oversee management from both financial and non-financial aspects.

Board of Directors (As of April 23, 2026)

Number of Board of Directors meetings attended: 15/15
Number of shares owned: 50,370
Years in office: 10 years

KOBAYASHI Osamu
President and Chief Executive Officer

Mr. KOBAYASHI Osamu has been engaged in sales operations since joining the Company and assumed the position of Director after serving as division general manager in the promotional area. After his appointment as a Director, he expanded his overall management knowledge and assumed the position of Representative Director and President in 2023. Leveraging his own experience, he is working for the advancement of the business.

Number of Board of Directors meetings attended: 15/15
Number of shares owned: 21,071
Years in office: 9 years

MORINAGA Tomoo
Director

Mr. MORINAGA Tomoo has been engaged in production operations since joining the Company and assumed the position of Director after serving as division general manager in that area. Since his appointment as a Director, he has expanded his overall management knowledge and is working to strengthen production systems (design and production), improve quality (design, production, and construction) and productivity.

Number of Board of Directors meetings attended: 15/15
Number of shares owned: 6,198
Years in office: 3 years

FUKAYA Toru
Director

Mr. FUKAYA Toru has been engaged in sales operations since joining the Company and assumed the position of Director after serving as division general manager in that area. Since his appointment as a Director, he has expanded his overall management knowledge and is working to strengthen sales and marketing activities.

Number of Board of Directors meetings attended: 15/15
Number of shares owned: 6,853
Years in office: 3 years

TSUKUI Tetsuo
Director

Mr. TSUKUI Tetsuo has been engaged in information systems and business administration operations since joining the Company and assumed the position of Director after serving as division general manager in that area. Since his appointment as a Director, he has expanded his overall management knowledge and is working on the planning and execution of financial strategies to enhance corporate value and improve operational processes using digital technologies.

Number of Board of Directors meetings attended: 13/13
Number of shares owned: 4,966
Years in office: 1 year

NOMURA Eiji
Director

Mr. NOMURA Eiji has been engaged in sales and personnel operations since joining the Company and assumed the position of Director after serving as business unit general manager and in other positions. Since his appointment as a Director, he has expanded his overall management knowledge and is working on the planning and execution of management strategies for the enhancement of business performance and on the realization of human capital management.

Independent Outside
N&CA: 4/4
Number of Board of Directors meetings attended: 14/15
Number of shares owned: 0
Years in office: 5 years

ITAYA Toshimasa
Outside Director

Mr. ITAYA Toshimasa has abundant experience and broad insight into corporate management as Representative Director of Property Data Bank, Inc., and has expertise in digital utilization, which the Company is promoting. Leveraging this experience and insights, he is working to provide management advice and to strengthen the supervisory function of the Board of Directors.

N&CA: 10/10
Number of Board of Directors meetings attended: 13/13
Number of shares owned: 6,115
Years in office: 1 year

SUGANO Atsuo
Director (Full-Time Audit and Supervisory Committee Member)

Mr. SUGANO Atsuo has been engaged in the Group's purchasing operations in the production division since joining the Company. After serving as general manager of the business administration division, he assumed the position of general manager overseeing presentation technology using digital technologies. He has abundant experience and broad insight into purchasing and business administration operations. While leveraging his experience in building internal control system processes, he is participating in management as a Director who is an Audit and Supervisory Committee Member and is working to strengthen the Company's corporate governance.

Independent Outside
N&CA: 4/4 Audit: 13/13
Number of Board of Directors meetings attended: 15/15
Number of shares owned: 4,847
Years in office: 4 years

MAKIHARA Kotaro
Outside Director (Audit and Supervisory Committee Member)

Mr. MAKIHARA Kotaro has a wide range of experience in the public administration field, is qualified as a certified tax accountant, and has deep insight into finance and accounting. In addition, since his appointment as an Outside Director who is an Audit and Supervisory Committee Member, he has been leveraging his own experience and insight to help strengthen the supervisory and auditing functions of the Company's management and its corporate governance.

Independent Outside
N&CA: 4/4 Audit: 13/13
Number of Board of Directors meetings attended: 15/15
Number of shares owned: -
Years in office: 2 years

HOSAKA Rie
Outside Director (Audit and Supervisory Committee Member)

As an attorney-at-law, Ms. HOSAKA Rie has a high level of insight and experience in corporate legal affairs (especially in the intellectual property and IT business fields). She participates in management as an Outside Director who is an Audit and Supervisory Committee Member and is helping to enhance the supervisory and auditing functions of the Company's management and to strengthen its corporate governance.

Independent Outside New
N&CA: - Audit: -
Number of Board of Directors meetings attended: -
Number of shares owned: -
Years in office: -

TAKEUCHI Ruriko
Outside Director (Audit and Supervisory Committee Member)

Ms. TAKEUCHI Ruriko has a wide range of experience as an outside audit and supervisory board member at other companies, is qualified as a certified tax accountant and CPA, and has a deep insight into finance and accounting. She participates in management as an Outside Director who is an Audit and Supervisory Committee Member and is helping to enhance the supervisory and auditing functions of the Company's management and to strengthen its corporate governance.

N&CA: Number of Nominating and Compensation Advisory Committee meetings attended
Audit: Number of Audit and Supervisory Committee meetings attended

* Please refer to the Notice of Ordinary General Meeting of Shareholders for career summaries of each officer.

Expected roles as members of the Board of Directors

	KOBAYASHI Osamu	MORINAGA Tomoo	FUKAYA Toru	TSUKUI Tetsuo	NOMURA Eiji	ITAYA Toshimasa	SUGANO Atsuo	MAKIHARA Kotaro	HOSAKA Rie	TAKEUCHI Ruriko
Corporate management	●	●	●	●	●	●				
Finance/Accounting				●			●	●		●
Human resources development					●					
Risk management and compliance	●			●			●	●	●	●
Social, environment, and safety		●			●					
Digital/Advanced technology		●		●		●				
Sales	●		●							
Creative and design		●								
Quality/Technical/Production		●								
Audit and supervision						●	●	●	●	●

Corporate Governance

Basic approach

We are committed to always pursuing the highest standards of corporate governance and working continuously to ensure its improvement.

To achieve sustainable growth and long-term enhancement of our corporate value, we believe that the keys to corporate governance are ensuring transparency and fairness in decision-making and making full and effective use of our management resources to increase the vitality of management through swift and accurate decision-making. 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 engage 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' supervisory function over business execution.
- We will engage in constructive dialogue with shareholders who have investment policies aligned with the medium- to long-term interests of our shareholders.

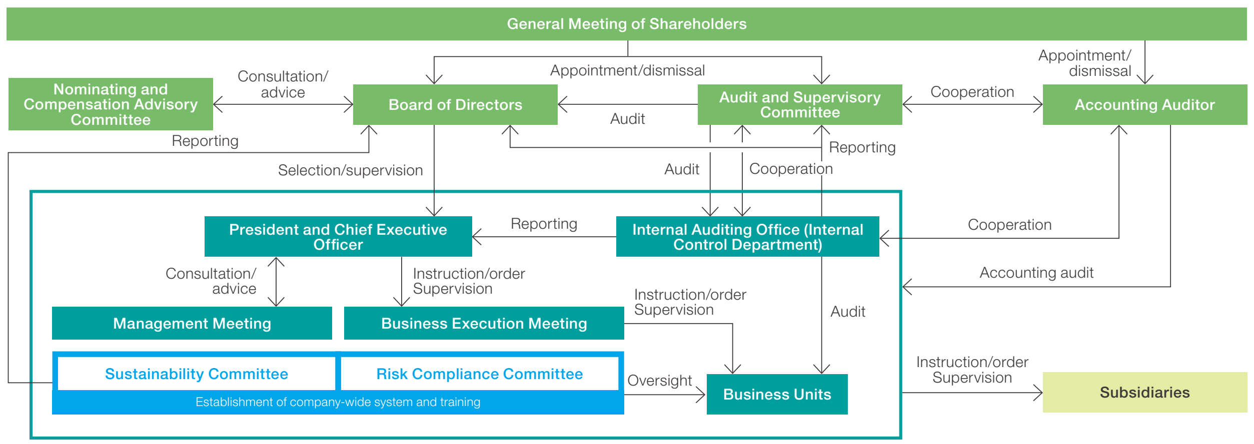
Our progress toward strengthening corporate governance

	Corporate governance structure	Compensation system
2006	Decided the basic policy on the development of an internal control system	
2016	Transitioned to a company with an audit and supervisory committee Established the basic policy on corporate governance Reviewed the basic policy on the development of an internal control system	
2019		Introduced a performance-based stock compensation plan for Directors* *Excluding Directors and Outside 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	

Approach to Composition of Board of Directors

We believe that in order to ensure constructive and effective discussion in the Board of Directors, it is appropriate to operate the Board with no more than 15 members (including up to 5 Directors who are Audit and Supervisory Committee Members). Efforts are made to ensure an appropriate balance by appointing individuals who are knowledgeable about the Company's business areas and individuals with experience as directors at other companies. For directors who serve as Audit and Supervisory Committee Members, we strive to maintain a well-balanced composition by appointing professionals with expertise in fields essential for supervision of management, such as attorneys, certified public accountants, and certified public tax accountants.

Corporate Governance Structure Diagram (As of April 23, 2026)



Board of Directors

The Board of Directors is chaired by the President and 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. Internal Directors well-versed in the Group's businesses and Outside Directors with broad insight and specialized knowledge enable swift and accurate decision-making as members of the Board of Directors. The President and Chief Executive Officer oversees the Company's business operations as the Chief Executive Officer, based on the 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.

Number of meetings/ attendance rates in fiscal 2025	15 meetings/99.3%
Main agenda items/ details of reports and resolutions	- Composition and operation of the Board of Directors - Management and business strategies - Corporate ethics and risk management - Monitoring of business performance and evaluation/compensation of management team - Dialogue and cooperation with shareholders, etc., review

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.

Number of members/Chair	5 (4 Outside Directors, 1 internal Director)/Full-Time Audit and Supervisory Committee Member
Number of meetings/ attendance rates in fiscal 2025	4 meetings/100%
Main agenda items/details of reports	- Level of fixed compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members) - Appropriateness of method for calculating bonuses for Directors (excluding Directors who are Audit and Supervisory Committee Members), appropriateness of the level of total amount of bonuses and the evaluation of the basis for individual bonus amounts allocated, and appropriateness of individual amounts allocated - Appropriateness of evaluation indicators related to the performance-based co-efficient used in the stock-based compensation plan, and of the targets for those evaluation indicators - Exchange of opinions about succession planning, etc.

Audit and Supervisory Committee

The Company has an Audit and Supervisory Committee, chaired by a Full-Time Audit and Supervisory Committee Member, which consists of four Directors, including one internal Director and three Outside Directors, and meets once a month as a rule.

Number of meetings/ attendance rates in fiscal 2025	14 meetings/100%
Key audit items	1 Compliance with laws and regulations 2 Prevention of individual risks 3 Status of development and implementation of internal control system

Evaluations of the effectiveness of the Board of Directors

Method of evaluation

To enhance the transparency and objectivity of management, and to strengthen the Company's corporate competitiveness, the Company is promoting initiatives for the improvement of the effectiveness of the Board of Directors.As one such initiative, once a year, the Company conducts an evaluation of the effectiveness of the Board of Directors by a third-party organization.

Methodology	Survey conducted by a third-party organization
Evaluation items	- Composition and operation of the Board of Directors - Management and business strategies - Corporate ethics and risk management - Monitoring of business performance and evaluation/compensation of management team - Dialogue and cooperation with shareholders, etc.
Survey period	January 2026

Improvements regarding issues from the previous fiscal year

Information provision	Efforts are being made to share information from the Management Meeting, etc., but the timely provision of briefing materials of Board of Directors meetings remains an issue.
Management Strategy	Regarding initiatives to realize management with a focus on the cost of capital and share price, efforts were made to disclose the details and enhance discussions. However, due to a significant gap in evaluations among different stakeholder groups, some issues remain to be discussed.
Succession planning	As the succession planning framework has been established, its proper implementation going forward remains an issue.
Effectiveness of internal reporting system	The reliability, etc., of the internal reporting system has improved partly due to the effectiveness of training programs and other initiatives.
Human capital and human resources strategies	Improved following the progress of the measures in the Medium-Term Management Plan

Areas of progress

Relationship between management team and Outside Directors	A culture has been fostered within the Board of Directors, including Outside Directors, that allows for constructive exchanges of opinions and lively discussions where each director can leverage their expertise.
Percentage of independent Outside Directors	As four of the ten Directors are independent Outside Directors, the composition of the Board is appropriate, resulting in an open organization.

Future issues

Composition and operation of the Board of Directors	Even earlier provision of briefing materials for Board of Directors meetings (ongoing issue) Executive training, composition of the Board of Directors based on diversity and skills, etc.
Management and business strategies	Monitoring of strategies, effective use of management resources with a focus on the cost of capital
Monitoring of business performance and evaluation/compensation of management team	Proceed with the concrete development of succession plans (ongoing issue)

Executive Compensation / Succession Planning and Reduction of Strategic Shareholdings

Executive compensation

Basic policy

The Company pays compensation to Directors in an amount commensurate with their performance, after taking the levels at other companies and other factors into consideration, 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 based on the position of each individual (expected roles and responsibilities), after it takes the levels at other companies and other factors into consideration, 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 their expected roles and responsibilities, after it takes the levels at other companies and other factors into consideration, 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.

Compensation of executive compensation (excluding Audit and Supervisory Committee Members and Outside Directors)

	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

Category	Total amount of compensation, etc. (millions of yen)	Total amount by type of compensation, etc. (millions of yen)					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)	257	131	66	59	-	59	6
Outside Directors (excluding Audit and Supervisory Committee Members)	7	7	-	-	-	-	1
Directors [Audit and Supervisory Committee Members] (excluding Outside Directors)	20	20	-	-	-	-	2
Outside Directors [Audit and Supervisory Committee Members]	23	23	-	-	-	-	3

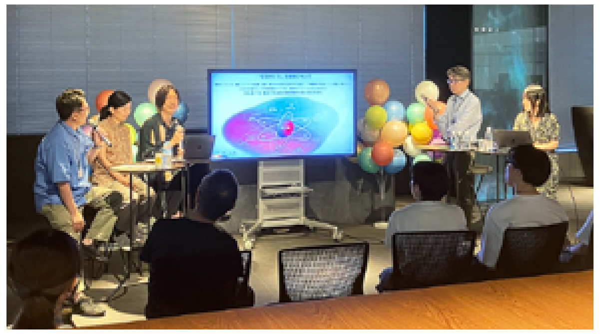
Notes: Stock-based compensation represents the amount recorded as expense during fiscal 2025.

Succession Planning and Reduction of Strategic Shareholdings

Succession planning initiatives

We recognize that succession planning is an important issue for enhancement of our corporate value. We conduct our own in-house education and external training every year to develop the next generation of managers based on Our Purpose and management strategy. The status of implementation is regularly reported to the Board of Directors.

Additionally, Nominating and Compensation Advisory Committee regularly exchanges opinions about successor planning.



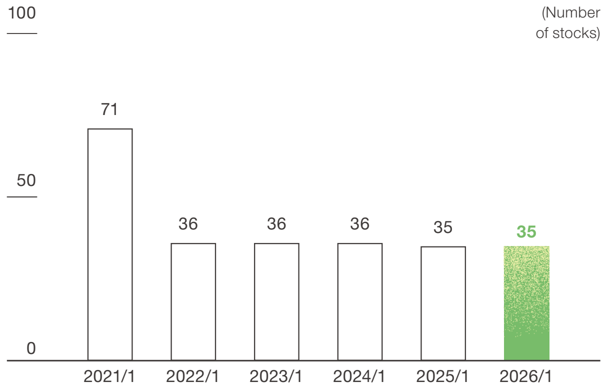
Initiatives to reduce strategic shareholdings

The Company has cross-shareholdings for strategic purposes with the objective of maintaining and strengthening its trading relationships. Every year, the Board of Directors conducts a verification and value-at-risk analysis of the medium- to long-term economic reasonableness of the Company's major cross-shareholdings and determines whether to continue holding those shares. We aim to reduce those cross-shareholdings that are deemed as a result to have limited significance for continued holding.

In addition, when exercising voting rights associated with cross-shareholdings, we take into comprehensive account not only whether the proposal aligns with the Company's holding policy, but also whether it will assist the efficient and sound development of the issuing company and whether the enhancement of corporate value can be expected.

For this reason, to avoid making one-size-fits-all decisions, we do not have a single standard criterion.

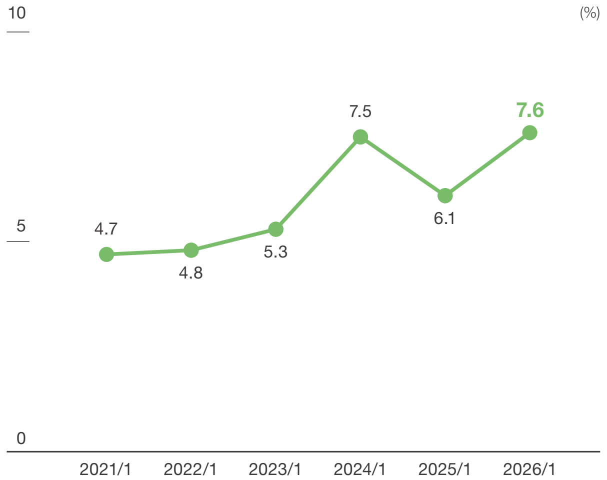
Status of Strategic Shareholdings



Total Amount Recognized on Balance Sheet (millions of yen)

2021/1	2022/1	2023/1	2024/1	2025/1	2026/1
1,471	1,511	1,552	2,371	2,022	2,833

Changes in Proportion of Strategic Shareholdings Relative to Net Assets



Internal Control / Risk Management

Internal control

Basic policy

The Company has established and implemented an internal control system under the "basic policy regarding the development of an internal control system" that was resolved at the Board of Directors meeting held on May 12, 2006 and later reviewed at the Board of Directors meeting held on April 26, 2016. The details of the Company's 11 basic internal control system policies are described in the Corporate Governance Report.

Corporate Governance Report
https://www.tanseisha.co.jp/resource/cg_250424.pdf

Audit system and status

The Company has established the Auditing Office as an internal audit department under the direct control of the President. 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, exchanging opinions, and working closely with the Audit and Supervisory Committee and the accounting auditor.

Directors who are Audit and Supervisory Committee Members attend Board of Directors meetings to monitor the execution of duties by Directors, and they also conduct audits based on audit reports from the accounting auditor and the internal audit department. 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.

Risk management

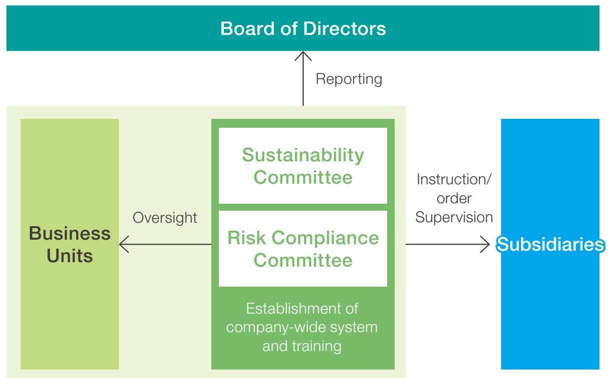
Basic policy

Under its "basic policy on risk management," the Group constantly identifies, evaluates and analyzes risks that could significantly affect its operating results or financial position or that could impede the smooth operation and growth of its business, and builds systems for minimizing those risks and enabling swift responses to them.

Risk management system

Business risks are identified once a year, primarily by the Risk Compliance Committee, which is chaired by CEO, based on the Regulations on Management of Risk of Loss. They are then assessed by criteria such as the likelihood of an occurrence of a risk event and the degree of impact of such an event. 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. Business units and subsidiaries execute compliance programs in collaboration with other Group companies, including conducting Group-wide education and training, based on the policies decided by the Risk Compliance Committee. In addition, based on the assessment results, the Committee identifies risks that management should specifically keep in mind, determines risk measures to implement, and monitors the implementation status of these measures. The identification and assessment of such risks, results of monitoring, and any important choices and decisions, etc., related to countermeasures are reported to the Board of Directors on a regular basis. We have established a system that enables the Company to consult with legal counsel to obtain advice and guidance if any legal problems arise at any stage of risk management.

Risk management system



Risk management

Main risks and countermeasures

Risks	Details	Countermeasures
Uncertainty risks	The Group's business is based on meeting the diverse requests of customers and users through "spatial design" and solving their problems. For this reason, economic trends and changes in the needs and demands of the market and society could significantly affect operating results and corporate value. The occurrence of unforeseen events such as large-scale disasters or epidemics also poses a risk to the continuity of our business.	In response to risks stemming from uncertainties in the business environment and conditions, we adapt flexibly to changes in the environment to avoid the loss of opportunities, while also continuing to take on challenges that will enhance the value offered by the Group by proactively transforming ourselves in line with demand and society's expectations.
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. Such spaces must never be allowed to damage the safety and security of users and other stakeholders. Ensuring safety not only in the spaces the Group has created but also during the creation of those spaces significantly affects the credibility and trust of the Group and the smooth execution of its business.	The Group pursues the creation of safe and secure spaces through initiatives at each stage, from design to production and construction. This policy is incorporated into the "environmental policy" and "procurement policy." In addition to building awareness and education about this policy, we promote a variety of activities that also involve our partner companies and business partners.
Fairness and legal compliance risks	Various laws and regulations are applicable to the execution of business. As a sensible company group that fulfills its social responsibility, the Group is conscious that it must not only comply with such laws and regulations but also conduct fair corporate activities in conformity with various social standards. We believe that any occurrence of events that runs contrary to compliance could significantly affect the Group's credibility and social reputation and the smooth continuation of its business.	▪ Stipulating compliance with laws and regulations, upholding of social standards and conduct of business activities with sound judgment and responsibility in the Tanseisha Group Standards of Practice, "environmental policy", and "procurement policy", we are promoting compliance-oriented management across the entire Group. ▪ Positioning the Basic Compliance Regulations as the code of conduct for all Group employees, we provide ongoing education and training on compliance to foster awareness. ▪ To secure personnel with official qualifications, which is one of the legal requirements of our business, we encourage employees to obtain qualifications through a qualification support scheme, to help prevent instances of non-compliance.
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.	▪ Stipulating the prevention of accidents and appropriate disclosure to external parties through strict management of information in the Tanseisha Group Standards of Practice and "procurement policy", the Group promotes thorough awareness and conducts education accordingly. ▪ Confidential information, primarily personal information, is managed appropriately and thoroughly using a personal information protection management system that has obtained the PrivacyMark, thus preventing the materialization of risks. ▪ In information security measures, in addition to establishing internal rules and implementing organizational, personnel, and physical measures, the Group implements measures such as employee awareness-raising, vulnerability testing, and risk transfer through insurance.
Sustainability-related risks	With regard to risks from a sustainability perspective such as the global environment and social issues, the matters that companies are expected to address are becoming increasingly diverse and stringent, including the need to demonstrate responsible corporate behavior. We recognize that, as more new regulations and social obligations emerge, the Group's failure to respond promptly and appropriately to them could lead to the deterioration of its credibility and trust as a company, or losses of opportunity and profit.	▪ We have identified six materiality issues in sustainability initiatives and are promoting efforts to respond to these issues across all our business activities. ▪ Viewing rising temperatures resulting from climate change and the resulting social changes and disaster risks as key issues, we are actively responding to these risks.

TOPICS

Establishment of Tanseisha Group Safety and Health Policy and Tanseisha Group Quality Policy

As part of our development of underlying structure related to sustainability, we established the Tanseisha Group Safety and Health Policy and the Tanseisha Group Quality Policy.

Tanseisha Group Safety and Health Policy

1. Compliance with laws, regulations, and rules
2. Operation of the safety and health management system
3. Improving the workplace and work environment
4. Prevention of industrial accidents
5. Promoting voluntary safety and health activities

Tanseisha Group Quality Policy

1. Meeting customer needs
2. Compliance with laws and regulations
3. Ensuring safety and security
4. Contribution to the environment and society
5. Quality control system operation
6. Quality improvement initiatives
7. Human resources development and supply chain collaboration

BCP

Initiatives for business continuity plan (BCP)

We have formulated a business continuity plan (BCP) under the following policy that aims to ensure safety and quickly restore business operations in any emergencies that impact business continuity, including natural disasters such as earthquake, tsunami, storm, and volcanic eruption, as well as fire, accident or incident, terrorist attack, or pandemic.

Basic policy on business continuity

1. Give first priority to ensuring the safety of life for all people
2. Cooperate with the local community to ensure safety
3. Restore business operations at an early stage

We have prepared a BCP manual that sets forth procedures for establishing a disaster response headquarters, led by the President, enabling us to decide on and communicate our policies during crises. We keep a full stock of emergency supplies and regularly distribute them to employees regardless of their expiration dates, to raise awareness and train employees on how to respond in the event of a disaster. We are preparing for emergencies by conducting e-learning on disaster prevention, regularly participating in and conducting disaster drills at each business location, conducting initial response drills, and pursuing other measures.

Further, in order to share information across the entire Tanseisha Group, we have also introduced a BCP safety confirmation system and are verifying the manuals and reviewing their implementation through drills for activities such as confirming the safety of employees and their families, coordinating between locations, and checking damage at operation sites.

Initiatives for improvement of compliance

Basic policy

In addition to complying with laws and regulations, the Group respects social standards and endorses and respects international standards to realize a sustainable society. Guided by the Tanseisha Group Standards of Practice, which outlines the expected conduct for all Tanseisha Group officers and employees, we conduct corporate activities with a strong sense of ethics, sound judgment, and responsibility.

Training and education

In light of the importance of compliance, the Group conducts annual e-learning compliance training for all Tanseisha Group officers and employees as well as training for managers. We also hold compliance seminars for all part-time officers of subsidiaries (head office senior managers) to thoroughly raise awareness of compliance.

Program Name, etc.	Targets	Details
Compliance training	All officers and employees	Basics of compliance Risk management perspectives, codes of conduct, relevant regulations Provide information about examples of misconduct and scandals to raise awareness About the internal reporting system
New manager training	For new managers	Roles of managers

Compliance hotline (Internal reporting hotline)

The Group has established a reporting and consultation hotline based on the Whistleblower Protection Act. The hotline is outsourced to outside lawyers and is open not only to employees but also to business partners of Group companies, allowing them to report any actual or potential misconduct, such as a violation of laws and regulations, within the Group's operations. By establishing an internal reporting system, we strive to prevent and detect legal violations at an early stage, and to take prompt and appropriate action for any legal violation.

We have established and implemented internal rules to protect the confidentiality of whistleblowers and ensure that they are not subjected to disadvantageous treatment from any Tanseisha Group company as a result of their reports.

Dialogue with Stakeholders

Basic policy for dialogue with shareholders and investors

In addition to appointing a director in charge of investor relations (IR), the Company has established a department responsible for IR and responds to requests for dialogue with shareholders to a reasonable extent.

The Company has established the following policies for the promotion of constructive dialogue with shareholders.

1 Designation of responsible director

To ensure constructive dialogue with shareholders, a director in charge of IR will be designated (currently the director responsible for management administration) to oversee the matters described in 2 to 5 below.

2 Methods of coordination with internal divisions to assist dialogue

The director in charge of IR oversees departments related to IR activities, holds meetings about once a week with each division, and strives for information sharing and inter-division coordination.

3 Initiatives related to the enhancement of methods of dialogue other than individual interviews

At least, financial results presentations will be held twice a year and presentations for individual investors once a year.

4 Methods for feeding back opinions and other information obtained through dialogue with shareholders

The director in charge of IR will regularly compile the opinions and other information obtained through dialogue with shareholders and feed them back to senior management at the meetings of the Board of Directors and Management Meeting.

5 Methods concerning management of insider information during dialogue

When engaging in dialogue with shareholders, the company will comply with relevant legislation and strictly manage undisclosed material information in accordance with internal rules to prevent insider trading.

Main dialogues conducted in fiscal 2025

Activity	Number of meetings held	Main company representatives	Other
Financial Results Presentations	2	President and Chief Executive Officer (CEO) Director in charge of IR (CFO)	Held over live streaming
IR meetings	114	Director in charge of IR (CFO) IR team members	Mainly active Japanese and overseas institutional investors
Presentations for individual investors	1	President and Chief Executive Officer (CEO) Director in charge of IR (CFO)	

Main dialogue topics and contents in fiscal 2025

Dialogue topics	Main questions
Business performance	What is the market demand for projects other than Expo 2025 Osaka, Kansai? What is the background of earnings improvement?
Medium-Term Management Plan	Why are net sales and profit forecast to decrease slightly in the final year? What kinds of projects do you expect during the next Medium-Term Management Plan period?
Shareholder returns	What is your stance on potential share buybacks? Will there be a decrease in dividend the year after the commemorative dividend was issued?
Current issues	Have you been able to pass sharp rises in personnel expenses and raw materials prices through to clients? How have you been impacted by the growing tensions in the Middle East?

Status of feedback to Board of Directors about dialogue with shareholders and investors

We discussed short- and medium-term results projections, dividend policy, and other topics during IR meetings. Shareholder feedback and questions were reported quarterly to the Board of Directors and incorporated into our management plans.

Financial Information

	2017/1	2018/1	2019/1	2020/1	2021/1	2022/1	2023/1	2024/1	2025/1	2026/1
Financial results (millions of yen)										
Net sales	70,781	75,156	82,677	81,678	69,225	62,714	64,221	81,200	91,858	**107,222**
Gross profit	12,337	13,364	14,163	15,406	14,133	11,582	10,710	14,522	17,064	**21,407**
Selling, general & administrative expenses	8,407	8,777	9,138	9,729	9,084	9,557	10,093	10,639	11,917	**13,049**
Operating income	3,929	4,587	5,025	5,677	5,049	2,024	616	3,883	5,147	**8,358**
Net income	2,626	3,221	4,206	4,074	3,437	1,434	459	2,771	3,875	**5,993**
Orders accepted	72,883	80,490	83,173	85,639	64,615	64,589	67,600	82,329	111,152	**100,230**
Total assets	41,205	43,968	43,622	46,761	42,557	45,244	41,858	50,651	54,195	**55,725**
Net assets	23,110	25,510	26,922	28,276	29,248	29,059	29,414	31,626	33,370	**37,665**
Depreciation and amortization	318	301	218	185	266	171	169	166	184	**194**
Free cash flow	5,275	263	4,929	-500	6,209	-171	735	2,402	1,963	**3,938**
Cash flows from operating activities	5,755	790	4,811	-906	6,150	-994	1,810	2,781	1,018	**3,743**
Cash flows from investing activities	-479	-526	118	405	59	823	-1,075	-379	944	**-194**
Cash flows from financing activities	-1,905	-2,099	-2,346	-2,543	-2,118	-1,449	-1,364	-1,469	-1,464	**-3,161**
End-of-fiscal-year balance of cash and cash equivalents	16,196	14,384	16,940	13,894	17,986	16,356	15,739	16,694	17,204	**17,589**
Financial indicators (%)										
Gross profit margin	17.4	17.8	17.1	18.9	20.4	18.5	16.7	17.9	18.6	**20.0**
Operating income ratio	5.6	6.1	6.1	7.0	7.3	3.2	1.0	4.8	5.6	**7.8**
Net income ratio	3.7	4.3	5.1	5.0	5.0	2.3	0.7	3.4	4.2	**5.6**
SG&A ratio	11.9	11.7	11.1	11.9	13.1	15.2	15.7	13.1	13.0	**12.2**
ROA (return on assets)	9.9	11.1	11.9	13.0	11.8	5.0	1.8	8.6	10.1	**15.2**
ROE (return on equity)	11.8	13.3	16.0	14.8	12.0	4.9	1.6	9.1	11.9	**16.9**
Equity ratio	56.1	58.0	61.7	60.5	68.7	64.2	70.3	62.4	61.6	**67.6**
Dividend payout ratio	40.3	53.8	43.4	49.1	55.4	86.3	309.9	51.7	54.8	**56.7**
Per share data* (yen)										
Net income (EPS)	54.58	66.96	87.63	85.53	72.19	30.13	9.68	58.06	82.16	**126.92**
Net assets	480.37	530.28	562.70	594.83	613.53	613.11	617.96	661.00	708.00	**796.00**
Annual dividend	22.00	36.00	38.00	42.00	40.00	26.00	30.00	30.00	45.00	**72.00**
Segment data (millions of yen)										
Commercial and Other Facility Business										
Orders accepted	43,418	50,692	49,678	51,622	34,612	33,398	40,730	46,728	70,011	**62,864**
Net sales	43,214	44,202	49,870	49,880	40,016	32,547	36,144	46,823	54,395	**72,154**
Operating income	1,970	2,539	2,648	4,017	3,629	982	123	2,341	3,295	**6,808**
Chain Store Business										
Orders accepted	17,011	20,000	20,643	23,217	18,330	19,982	19,069	24,240	26,944	**25,672**
Net sales	16,264	19,516	21,234	21,501	19,598	19,726	18,269	23,282	27,074	**25,619**
Operating income	956	1,145	1,484	1,234	939	582	336	1,125	1,829	**1,984**
Cultural Facility Business										
Orders accepted	11,843	9,151	12,164	10,359	11,311	10,858	7,402	10,937	13,733	**11,174**
Net sales	10,691	10,792	10,884	9,855	9,250	10,089	9,409	10,672	9,925	**8,929**
Operating income	811	694	641	237	388	384	70	293	-95	**-616**

Non-financial Information

Non-financial data

	2022/1	2023/1	2024/1	2025/1	2026/1
Number of new graduates hired (potential hiring)	24	17	25	21	**39**
Number of experienced hires (mid-career hiring)	19	23	42	47	**74**
Average length of service (years)	15.8	16.2	16.1	15.7	**15.1**
Turnover rate (%)	3.0	3.1	3.7	3.4	**2.8**
Turnover rate (excluding employees rehired after retirement) (%)	-	-	-	-	**2.0**
Average age	43.1	43.5	43.5	43.3	**42.9**
Gender wage gap (%)	-	-	73.9	75.7	**76.5**
Regular employees	-	-	75.0	77.1	**78.2**
Part-time and fixed-term employees	-	-	60.0	63.0	**62.2**
Rate of childcare leave taken (%)	-	-	56.4	60.0	**96.8**
Male	-	-	34.8	50.0	**94.4**
Female	100	100	100	100	**100**
Post-childbirth return-to-work rate (%)	100	100	100	100	**100**
Employee union membership rate*1 (%)	-	-	79.4	74.6	**76.4**
Number of lost-time injury cases*2 (including suppliers)	-	6	5	2	**2**
Number of lost-time injury cases*2 (excluding suppliers)	-	0	1	0	**0**
Number of fatal workplace accidents	0	0	0	0	**0**
Number of work-related injuries and illnesses*3	-	-	-	-	**2**
Of which, injuries	-	-	-	-	**2**
Of which, illnesses and health disorders	-	-	-	-	**0**
Anti-harassment training participation rate (%)	-	-	90.0	93.8	**90.0**
Engagement score (company-wide DI score)	-	51.0	-	49.6	**53.9**

*1 The Company has adopted a union shop system, under which 100% of employees covered by a labor agreement are union members. *2 Number of cases reported to the Labor Standards Inspection Office (involving 4 or more days of work absence) *3 Number of injuries and illnesses recognized as workers' compensation claims

External initiatives endorsed

The United Nations Global Compact (UNGC) is the world's largest sustainability initiative, bringing together the United Nations and businesses to build a sound and sustainable global society.

Tanseisha endorses the ten principles of the UNGC in the four areas of "human rights", "labor", "environment", and "anti-corruption." We aim to realize a sustainable society by addressing social issues through our business activities.

WE SUPPORT

External evaluation

Award of EcoVadis Bronze Medal

Based on a comparison with companies across all industries worldwide that underwent a sustainability assessment by EcoVadis, a France-based provider of sustainability and supply chain assessments, during the previous 12 months, Tanseisha was awarded the Bronze Medal in 2025, placing it among the top 35% of assessed companies.

EcoVadis conducts third-party assessments based on four themes: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. It uses the overall scores and the individual theme scores to recognize assessed companies with "Platinum" (top 1%), "Gold" (top 5%), "Silver" (top 15%), or "Bronze" (top 35%) medals.

BRONZE | Top 35%
ecovadis
Sustainability Rating
DEC 2025

Awards page
https://recognition.ecovadis.com/hIIoVIiDq0SkHOkVXe9txQ

	2022/1	2023/1	2024/1	2025/1	2026/1	2026/1 (Reference)
Environment						
Environment-related accidents						
Fines for violations of environmental laws and regulations (yen)	0	0	0	0	**0**	
Waste-related						
Total waste emissions (t)	10,865.4	9,015.8	15,078.3	18,503.6	**21,532.3**	
Total waste emissions at company facilities	34.6	30.7	50.2	47.3	**78.2**	
Total waste emissions at construction sites	10,830.8	8,985.1	15,028.1	18,456.3	**21,454.1**	
Separated waste	9,334.1	7,697.3	13,002.9	15,794.7	**18,170.0**	
Mixed waste	1,496.7	1,287.9	2,025.2	2,661.5	**3,284.1**	
Changes in greenhouse gas emissions ($t\text{-}CO_2$) (Notes)						
Scope1,2	367	293	312	354	**150**	**362**
Scope3	256,896	258,279	318,039	314,481	**349,261**	**399,916**
Total	257,263	258,572	318,351	314,836	**349,411**	**400,278**
Scope 1 and 2 reduction rates	-	20.2	15.0	3.4	**59.1**	**-**
Society						
Rate of paid leave taken (%)	53.1	66.3	67.0	62.4	**57.1**	
Governance						
Number of dialogues with shareholders	66	57	74	108	**114**	
Compliance training participation rate (consolidated) (%)	84.9	89.5	87.4	87.2	**95.1**	
Number of corruption-related penalties (cases)	0	0	0	0	**0**	
Percentage of outside directors (%)	33.3	33.3	40.0	40.0	**40.0**	

Scope of Reporting: TANSEISHA Co., Ltd. only
Calculation period for each fiscal year: From February 1 of the current year through January 31 of the following year (*except where otherwise noted)

(Notes) 1. This table covers the display business of Tanseisha only and does not include facility management or other businesses in the calculation.
2. Scope 2 emissions are calculated using the market-based method.
3. Among the data for fiscal 2024, Scope 2 figures have been updated using the latest emissions factor provided by the heating supply operator for the Company's head office. For Scope 3, certain emissions intensity factors and calculation methodologies have been revised to comply with the accounting requirements defined by the Science Based Targets initiative (SBTi).
4. Data for fiscal 2024 and fiscal 2025 have been adjusted to eliminate double counting resulting from internal transactions. In light of consistency with the financial control criteria, Scope 1 and 2 emissions from the facility management business were excluded as being outside the scope of control.
5. Data for fiscal 2025 (reference) has been calculated by expanding the scope of calculations to all businesses of Tanseisha and its consolidated subsidiaries included in the reporting boundary, in accordance with financial control criteria under the GHG Protocol.

External evaluation

Selection for ESG investment indices, FTSE JPX Blossom Japan Index and FTSE JPX Blossom Japan Sector Relative Index

Tanseisha has been selected as a constituent stock of the global ESG investment indices, FTSE JPX Blossom Japan Index and FTSE JPX Blossom Japan Sector Relative Index.

FTSE JPX Blossom Japan Index

FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that Tanseisha has met the requirements for inclusion in the FTSE JPX Blossom Japan Index as a result of a third-party assessment and has been selected as a constituent of the Index. The FTSE JPX Blossom Japan Index was created by global index provider, FTSE Russell. It was designed to measure the performance of Japanese companies undertaking specified Environmental, Social, and Governance (ESG) responses. The FTSE JPX Blossom Japan Index is used extensively for the formulation and evaluation of sustainable investment funds and other financial products.

FTSE JPX Blossom Japan Sector Relative Index

FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that Tanseisha has met the requirements for inclusion in the FTSE JPX Blossom Japan Sector Relative Index as a result of a third-party assessment and has been selected as a constituent of the Index. The FTSE JPX Blossom Japan Sector Relative Index is used extensively for the formulation and evaluation of sustainable investment funds and other financial products.

Corporate Information / Stock Information (As of January 31, 2026)

Corporate Information

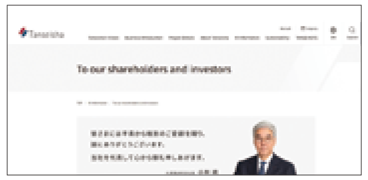
Company name	TANSEISHA Co., Ltd.
Founded	October 1946
Established	October 14, 1949/Incorporated: December 25, 1959 (Reestablished under the current effective name)
Capital	¥4,026,750,657 (as of January 31, 2026)
Number of employees	Consolidated: 1,579 Non-consolidated: 1,184
Description of business	Research, planning, design, layout, production, construction, and operation of commercial, hospitality, public, event, business, and cultural spaces
Head office address	Shinagawa Season Terrace 19F, 1-2-70 Konan, Minato-ku, Tokyo 108-8220, Japan Tel +81-3-6455-8100 (switchboard)

Major group companies

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

Tanseisha's websites

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



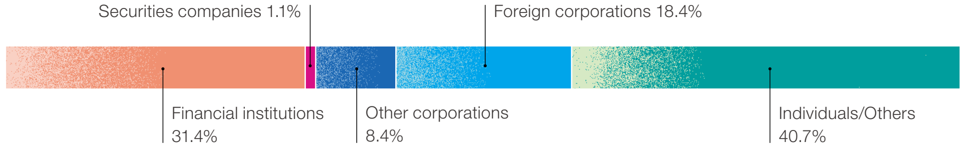
https://www.tanseisha.co.jp/en/ir/investors

Stock Information

Stock data

Total number of shares authorized to be issued	187,200,000
Total number of shares issued	48,424,071
Number of shareholders	27,381
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

Shareholder composition

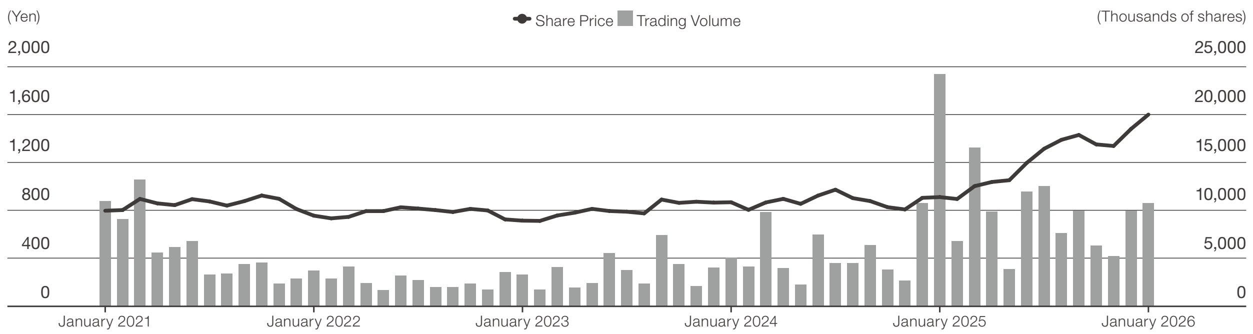


Major shareholders

Names of shareholders	Number of shares	Percentage of shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	6,167,300	12.73
Custody Bank of Japan, Ltd. (Trust account)	2,442,700	5.04
Tanseisha's Client Stock Ownership	2,304,260	4.75
Daiichi Life insurance Co., Ltd.	1,907,100	3.93
Tanseisha's Employee Stock Ownership	1,593,546	3.29
Nippon Life Insurance Company	1,446,493	2.98
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	1,045,700	2.15
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	986,646	2.03
J.P.MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SETT ACCT	838,894	1.73
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	834,200	1.72

Percentages of shareholdings are calculated by excluding 318,491 shares of treasury stock. Treasury stock (318,491 shares) does not include the Company's shares held by the Executive Compensation BIP Trust or Employee Stock Ownership Trust.

Share Price and Trading Volume



	2022/1	2023/1	2024/1	2025/1	2026/1
End-of-fiscal-year share price (yen)	716	720	845	904	**1529**
Highest share price	994	894	962	1068	**1671**
Lowest share price	692	655	703	772	**859**
Trading Volume (shares)	65,825,100	32,388,600	45,289,600	84,805,700	**111,672,400**