

COMPANY RESEARCH AND ANALYSIS REPORT

TENOX CORPORATION

1905

Tokyo Stock Exchange Standard Market

24-Aug.-2026

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<https://www.fisco.co.jp>

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Summary

In FY3/26, secured higher profit through improved profitability despite the Hokkaido Shinkansen extension project peaking out

1. Specializes in foundation construction and boasts technological capabilities and reliability that rank among Japan's best. Also operates overseas business and consulting business

TENOX CORPORATION <1905> (hereafter, also "the Company") operates a construction business specializing in foundation construction. Given that foundation construction transfers the loads of detached houses, condominiums, factories, road and railway bridges, and other structures to the subsurface ground out of sight and gives them secure support, confidence in the construction work is a key prerequisite. In recent years, growing disaster-preparedness awareness in response to severe natural disasters that include major earthquakes, large typhoons, and torrential rains has also led to foundation construction being the subject of greater attention. A pioneer in foundation construction, the Company has developed TENOCOLUMN Method, which has achieved broad penetration in the industry for mid/low-rise buildings, and GANTETSU PILE Method, which is used in civil engineering projects that include expressways and Shinkansen lines. These are examples of how it boasts technological capabilities and reliability that rank among Japan's best. The majority of the Company's net sales come from such domestic foundation construction, and it also operates an overseas construction business and general civil engineering and construction consulting business.

2. Leverages an advantage in the Company's "ability to fold in," which makes it easier for technical proposals to be reflected in designs, in addition to its lineup of construction methods

The Company's extensive lineup of construction methods gives it an advantage. It has long been adept in steel pipe piling work and deep soil improvement construction. In recent years, it has added CP-X Method, which uses precast concrete piles, and TENOCUBE Method for shallow soil improvement to its lineup, further enhancing its ability to handle diverse ground conditions. The Company's strengths also include a construction management system that enables real-time monitoring of construction progress, as well as high construction capability and quality supported by skilled construction workers and various equipment at its subsidiaries, and an integrated framework spans from the proposal of construction methods to project execution. As foundation construction is the most important process for a structure, the Company is able to establish direct relationships with design companies and others from the planning and ordering stages. As a result, its technical proposals are often reflected in designs, and opportunities to receive orders from general contractors also appear to be increasing. The Company refers to this strength as its "ability to fold in," which represents a key advantage of its business model.

Summary

3. Achieved double-digit growth in operating profit through efficiency improvements and other measures despite the Hokkaido Shinkansen extension project peaking out

In FY3/26, net sales decreased 11.1% year on year (YoY) to ¥21,093mn, while operating profit increased 15.6% to ¥1,289mn, resulting in double-digit profit growth despite lower sales. On the sales side, large-scale soil improvement construction increased. The main factor was that large-scale piling work for the Hokkaido Shinkansen extension project peaked out. It can be said that this was a fiscal year in which the focus of net sales shifted from large-scale civil engineering projects to the construction business, which generates stable earnings. On the operating profit side, although SG&A expenses, including personnel expenses, increased due to increase in headcount and base pay raises, improved construction efficiency, optimization of contract terms through sales efforts, and, in addition, a temporary boost to profitability from special contracts for construction-only work that required no material procurement all contributed to the increase in operating profit. Profit margin improved significantly, and gross profit margin in particular improved substantially even on a normalized basis excluding temporary factors, reaching a record high.

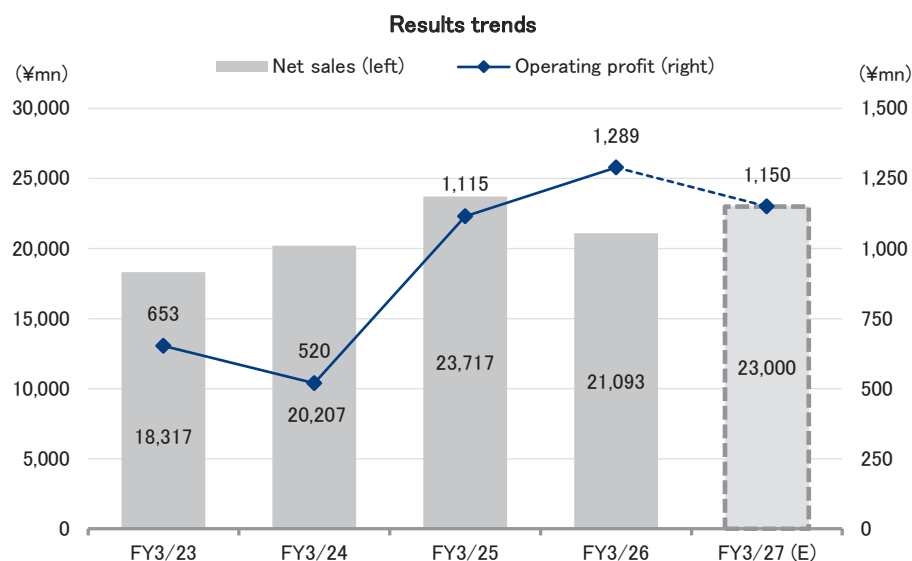
4. Incorporates the housing market as a growth area through its key strategy although operating profit is forecast to decline

For FY3/27 forecasts, the Company expects net sales of ¥23,000mn, up 9.0% YoY, and operating profit of ¥1,150mn, down 10.8%. Although orders for the highly anticipated Linear Chuo Shinkansen Project are expected to be delayed, net sales are projected to increase by nearly double digits, driven by the domestic construction business. Operating profit is forecast to decline, as no special contracts such as construction-only work are assumed, and the forecast factors in the burden of growth investments, including increases in personnel expenses and depreciation, as well as headquarters relocation-related costs. As a result of key strategies under the Medium-term Management Plan, in January 2026, the Company entered into a capital and business alliance with Japan Home Shield Corporation, making it an equity-method affiliate, and launched Greater TENOX, which creates value including peripheral business areas of the Group. As a result, the housing market, which is nearly the same size as the non-housing market, has become a new growth area, and preparations are now in place for a full-scale move into foundation construction for housing.

Key Points

- Operates construction business specializing in foundation construction; also has strengths in its extensive lineup of construction methods and “ability to fold in”
- In FY3/26, secured higher profit through improved profitability despite the Hokkaido Shinkansen extension project peaking out
- For FY3/27, profit is forecast to decline due to upfront investments, but key strategies in the Medium-term Management Plan will yield results through the capital and business alliance

Summary



Source: Prepared by FISCO from the Company's financial results

Company profile

Handles various forms of foundation construction with extensive lineup of construction methods and construction technologies

1. Company profile

The Company engages in a construction business specializing in foundation construction, the sale of construction materials, and general civil engineering and construction consulting business in Japan. Overseas, its subsidiary engages in the construction business. In the core construction business, the Company undertakes foundation construction such as piling work and soil improvement construction to support mid/low-rise building structures, including detached houses, condominiums, factories, and data centers, as well as civil engineering structures such as road and railway bridges, embankments, and water and sewage facilities. Few companies possess expertise in both piling work and soil improvement construction. This extensive lineup of construction methods, paired with the construction capability to handle various forms of subsurface ground, constitutes a major strength of the Company. Additionally, as a pioneer that has remained a dedicated specialist in this industry, the Company has leveraged its experience and expertise cultivated over many years to develop TENOCOLUMN Method for mid/low-rise buildings in-house, which has seen wide industry penetration; GANTETSU PILE Method, which is used in civil engineering construction for expressways and railways; and construction management systems that elevate construction quality. This illustrates the top-tier construction technologies in Japan that are at the disposal of the Company, which enjoys a high level of trust through its "TENOX brand."

Actively promoting business and operational expansion

2. History

The Company was established in 1970 by founder Zenjiro Yasuda and began sales and construction of concrete piles as an agent for Asahi Chemical Industry Co., Ltd. (now Asahi Kasei Corporation <3407>). In 1977, the Company obtained a patent for the construction method of precast piles (inner excavation method), and in 1984, it obtained a patent for TENOCOLUMN Method, which continues to be used today in soil improvement construction across Japan. Backed by these construction technologies, the Company expanded its sales network nationwide from the late 1980s up through 1990. In 1991, the Company performed the over-the-counter registration of shares with the Japan Securities Dealers Association, after which it entered a phase of business expansion. In 1995, it developed GANTETSU PILE Method and acquired the associated technology review and certification, and also developed ATT Column Method, TN-X Method, PURE PILE Method, and other construction methods. Additionally, in 1995, the Company added Yamamotogumi K.K. to the group and renamed it Tenox Giken Co., Ltd. In 1997, it established Integrated Geotechnology Institute Limited. Furthermore, in 2015, the Company established TENOX ASIA COMPANY LIMITED in Ho Chi Minh City, Vietnam. In 2018, it acquired technical certification (TCCS) for TENOCOLUMN Method in Vietnam, and commenced overseas operations on a full scale. From 2020 onward, with the aim of incorporating new technologies and improving construction capacity, the Company accelerated its M&A and alliance strategy by making Hiroshimagumi Co., Ltd. and OHMISHIMA BUSSAN CO.,LTD. subsidiaries in Japan and forming alliances with Nippon Hume <5262> and Nippon Concrete Industries <5269>. In December 2025, it also entered into a capital and business alliance with Japan Home Shield, which conducts geotechnical investigations for detached houses and other services (equity stake: 30.0%). Overseas as well, in July 2024, it acquired a construction business in Vietnam from Tenox Kyushu Corporation, and is considering further M&A to expand its business scale.

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Company profile

History

Year and month	Main events
July 1970	Established TENOX CORPORATION in Minato Ward, Tokyo. Started sales and construction of concrete piles as an agent of Asahi Chemical Industry Co., Ltd. (currently Asahi Kasei Corporation)
October 1976	Entered into a basic contract as a dealer of Asahi Kasei Construction Materials Corporation
February 1977	Obtained a patent for the construction method of precast piles (inner excavation method)
March 1980	Partnered with Shin-Nippon Seitetsu Co., Ltd. (currently Nippon Steel Corporation) for research and development of vibration-low and noise-low pile foundation methods using steel pipe piles and steel pipe sheet piles
May 1980	Acquired certification from the Minister of Construction for CMJ Method that was jointly researched and developed with Asahi Kasei Construction Materials Corporation
October 1983	Formed a research and development partnership with Sumitomo Cement Co., Ltd. (currently Sumitomo Osaka Cement Co., Ltd.) to use the soft ground hardening material in a low-rise building foundation method utilizing TENOCOLUMN Method (deep mixing method)
March 1984	Obtained a patent for TENOCOLUMN Method
May 1985	Acquired certification from the Minister of Construction for TN Method that was jointly researched and developed together with Shin-Nippon Seitetsu Co., Ltd.
Late 1980s–1990	Promoted nationwide expansion of the sales network
June 1991	Partnered with Saga University for research and development of a lightweight soil method
November 1991	Performed over-the-counter registration of shares with Japan Securities Dealers Association
February 1993	Acquired certification from the Minister of Construction for super-large diameter piles in CMJ Method
March 1995	Acquired technology review and certification for GANTETSU PILE Method through the General Civil Engineering Method/Technology Review and Certification Project operated by the Japan Institute of Country-ology and Engineering
October 1998	Acquired certification from the Minister of Construction for GANTETSU PILE Method in regards to allowable bearing capacity as foundation pile Acquired technology review and certification for TENOCOLUMN Method through the Advanced Construction Engineering Method/Technology Review and Certification Project operated by the Advanced Construction Technology Center
July 2002	Acquired certification from the Minister of Land, Infrastructure, Transport and Tourism for ATT Column Method
July 2003	Acquired additional certification from the Minister of Land, Infrastructure, Transport and Tourism for increasing the diameter of ATT Column Method
December 2004	Canceled over-the-counter registration with the Japan Securities Dealers Association and listed shares on the JASDAQ Securities Exchange
June 2005	Acquired certification from the Minister of Land, Infrastructure, Transport and Tourism for TN-X Method
February 2010	Acquired construction technology performance certification for PURE PILE Method
February 2012	Acquired construction technology performance certification for PURE PILE Method II
September 2015	Established TENOX ASIA COMPANY LIMITED in Ho Chi Minh City, Vietnam
August 2018	Acquired technical certification for TENOCOLUMN Method in Vietnam
October 2020	Acquired and transformed into subsidiaries Hiroshimagumi Co., Ltd., and Kametake Sangyo Co., Ltd., in order to enter the pile removal business and fulfill other purposes
December 2020	Formed a business and capital partnership with Nippon Hume Corporation to strengthen concrete pile construction technology
January 2021	Formed a business and capital partnership with Nippon Concrete Industries Co., Ltd to strengthen cooperation in ESG management and the foundation construction field
April 2022	Acquired OHMISHIMA BUSSAN CO.,LTD., and transformed it into a subsidiary in order to reinforce construction system and sales capabilities in the Shizuoka region (non-equity-method non-consolidated subsidiary) Listed on the Standard Market of the Tokyo Stock Exchange
July 2024	TENOX ASIA COMPANY LIMITED acquired the construction business of TENOX KYUSYU VIET NAM CO., LTD, a Vietnamese subsidiary of Tenox Kyushu Corporation
January 2025	Developed CP-X Method (prefabricated concrete piles: high bearing capacity, inner excavation, expanded foot protection method) that can significantly reduce excavated soil
February 2025	Developed TENOCUBE Method, a shallow mixing method that achieves high quality through construction management equivalent to the deep mixing method
December 2025	Entered into a capital and business alliance with Japan Home Shield Corporation for the purpose of developing and deploying highly earthquake-resistant foundation construction methods for detached houses, as well as mutually utilizing ground data and sales base

Source: Prepared by FISCO from the Company's website

Foundation construction that safely supports structures

3. What is foundation construction?

Foundation construction is the work of transferring the loads of building and civil engineering structures to the subsurface ground out of sight to give those structures secure support. It is generally preferable to build structures directly on stable ground. When constructing buildings on soft ground, it is necessary to support them on the hard ground (bearing layer) beneath the soft ground, and creating foundation (foundation construction) appropriate to the ground and building conditions is required. Japan is prone to earthquakes, and most of its population is concentrated on plains on downstream of rivers where soil and sand have accumulated, and thus foundation construction is regarded as particularly important. Foundation construction can be mainly divided into shallow foundations, which are used when the bearing layer is a shallow ground, and pile foundations, which are used when the bearing layer is a deep ground. There are also various construction methods depending on ground conditions, including floating foundations on soft ground and foundations combined with liquefaction countermeasures.

Shallow foundations take on the following forms depending on the depth of the bearing layers: the method of constructing the foundation directly on the ground when the bearing layers have a very shallow depth of within 1m (or the building is very light), shallow soil improvement when the bearing layers are somewhat shallow at around 1–3m deep, and deep soil improvement when the bearing layers are somewhat deep at around 3–20m deep. Both shallow soil improvement and deep soil improvement are construction methods that involve hardening the in-situ soil by mixing in improvers and other materials, and they are used not only for foundation construction but also for shoring and liquefaction countermeasures. Pile foundations are a construction method generally used when the bearing layers lie deeper than 20m. Piles can be classified based on how they provide support to buildings, with end-bearing piles supporting loads by making the pile tips reach hard bearing layers and friction piles supporting loads through friction force between the pile surface and the subsurface ground. Piles can also be divided into precast piles, which are manufactured at factories and characterized by their uniformity and ease of installation, and cast-in-place piles, which are manufactured on construction sites and amenable to adjustments to their diameter and other parameters. Cast-in-place piles are largely used for high-rise buildings and other heavy structures and in special ground conditions where it is difficult to install precast piles. Precast piles can also be classified by material into steel pipe piles, which have high toughness (the flexibility to withstand major earthquakes) and are easy to fabricate, and concrete piles, which provide high bearing capacity due to the ultra-high-strength concrete. There are also hybrid composite piles that combine the advantages of cement and steel pipes.

Foundation construction is intended for buildings and civil engineering structures of all sizes built on various ground conditions, from detached houses to high-rise buildings and bridges. For that reason, the parties that perform foundation construction are diverse, ranging from individuals to SMEs and large corporations. Moreover, in foundation construction, because underground conditions cannot be visually confirmed, confidence in the construction work is a key prerequisite. In recent years, growing disaster-preparedness awareness in response to severe natural disasters that include major earthquakes, large typhoons, and torrential rains has also led to foundation construction being the subject of greater attention. In that industry, there are only a handful of companies that possess both piling work and soil improvement construction methods and can handle nearly all foundation construction, from shallow to great depths, other than that involving cast-in-place piles. This is a major strength of the Company. Another distinctive feature as a foundation construction company is that it enhances construction quality through the development of construction management systems and other initiatives.

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Business overview

Active in developing new construction methods and entering the housing market

1. Business description

The Company's core business is the construction business centered on foundation construction, and among these, its specialties are steel pipe piling work used in bridges and deep soil improvement construction using columnar soil improvement for structures such as mid/low-rise buildings, which account for the majority of net sales. The structures targeted by the Company are mid/low-rise building structures such as detached houses, condominiums, schools, hospitals, commercial facilities, logistics facilities, factories, and data centers, and civil engineering structures such as road and railway bridges, embankments, water and sewage facilities, earth-retaining structures, retaining walls, and steel towers. The purpose of the construction is not only to support structures but also to provide seismic reinforcement, suppress liquefaction, reduce environmental impact, and prevent landslides. To respond to these various ground conditions, structures, and the diverse needs of clients, the Company has made full use of many construction methods and construction expertise to provide reliable and optimal foundation construction. In recent years, in line with the demands of the times, it has further broadened its lineup by developing new methods such as CP-X Method and TENOCUBE Method.

Its domestic affiliates include Tenox Giken, Hiroshimagumi, and OHMISHIMA BUSSAN, which operate construction businesses specializing in foundation construction, and they also provide the Company with construction support, including the dispatch of teams of skilled workers and the rental of various types of equipment. In overseas business, TENOX ASIA operates a construction business in Vietnam. The majority of net sales are accounted for by these construction businesses. In addition, there is a general civil engineering and construction consulting business, in which Integrated Geotechnology Institute Limited conducts core design, analysis, and testing operations, and the Company also operates other businesses such as a real estate leasing business in Kawasaki City. Furthermore, more recently, it has also entered the housing market through its capital and business alliance with Japan Home Shield. The Company's main construction methods are described in detail below.

(1) Pile methods

a) GANTETSU PILE Method

It is a pile foundation construction method jointly researched and developed with Nippon Steel <5401> and Kubota <6326>. In this composite pile method, cement milk* is injected into the ground and mixed to form a hardened body (soil cement column), and a steel pipe pile with protrusions on the outer surface is press-fitted into the center. Its features include the ability to support structures with fewer piles thanks to the high vertical and shaft bearing capacities of the soil cement columns, achieve high horizontal bearing capacity through the high toughness of the steel pipes, and reduce the generation of construction soil waste, which has become a social issue, by making effective use of the ground to form hardened bodies. For these reasons, it can curb construction costs and shorten construction periods, and is widely used across the civil engineering field in road and railway bridges, water and sewage facilities, and so forth.

* A mixture of cement and water with a milky consistency

b) TN-X Method

It is a steel pipe pile method jointly developed with Nippon Steel. The method achieves high bearing capacity by using a hydraulic expansion/contraction drilling head to form expanded foot protections at the tips of steel pipe piles. Its features include the ability to support large structures with fewer piles due to the foot protections at the tips of the piles providing high end-bearing capacity, strong resistance to major earthquakes due to the high toughness of the steel pipe piles, reduced construction soil waste compared to cast-in-place piles and pre-boring pile methods due to the use of an inner excavation method, the capability to install large-diameter steel pipe piles to depths of 70m (construction length), and advanced quality control enabled by the real-time monitoring of drilling depth and speed, cement milk injection amount, expansion/contraction blade diameter, and other items. The method is used in important building structures requiring high pile-bearing capacity, including government buildings, hospitals, and airport facilities, as well as large logistics facilities and data centers.

c) ATT Column Method

It is a pile foundation construction method jointly researched and developed with Asahi Kasei Construction Materials Corporation. The method is used where the bearing layer depth is relatively shallow. Its defining feature is how, as a hybrid pile method in which a steel pipe pile with blades is embedded in a soil cement column (columnar soil improvement), it creates a synergy between the soil cement column and the steel pipe pile with blades to yield considerable circumferential friction force and high toughness, which in turn promises high horizontal bearing capacity even on soft ground. Other features include the ability to reduce construction soil waste by applying TENOCOLUMN Method (described later) and the ability to carry out construction in narrow spaces. In addition to being widely used as a foundation for mid/low-rise buildings and for outframe-type seismic retrofitting, the method can also be used at cramped sites and in narrow access routes, including pedestrian-bridge abutment foundations. Moreover, it is compatible with floating foundations that are not founded on clearly defined bearing layers, making the method highly regarded.

d) CP-X Method

This is a precast concrete pile: high bearing capacity, inner excavation, expanded foot protection method developed jointly with Nippon Hume in 2025 by utilizing the construction technology of TN-X Method. The inner excavation construction method is superior to the pre-boring pile method in both dramatic reductions in the generation of construction soil waste, which has turned into a social issue, and in construction efficiency. It also boasts overwhelmingly higher load-bearing capacity than competitors' inner excavation methods for precast concrete piles. Another feature is that, in addition to steel pipe piles (TN-X Method), it can also deliver superior cost efficiency (material costs and construction costs) for high bearing-capacity piles, including precast concrete piles. For this reason, the Company is broadening its target markets to include data centers and logistics facilities, where demand is surging. The first project started on May 8, 2026, at a site in Urayasu City, Chiba Prefecture, and the Company has continued active sales efforts targeting design companies and general contractors, including package proposals combining foundation piles using CP-X Method with liquefaction countermeasure methods, as well as comparative proposals with TN-X Method.

Business overview

TN-X Method
(expanded foot CP-X Method
protection at the tip of steel pipe pile)



(test construction)



Source: The Company's results briefing materials

(2) Soil improvement methods

a) TENOCOLUMN Method

This pioneering method helped establish recognition of the soil improvement as a foundation construction method for buildings. The Company obtained its own patent related to the method in 1984. Soil cement columns are constructed by injecting a cement-based solidifying agent (solidifying material liquid) made into a slurry* into the ground and mechanically stirring and mixing it. Its features include the ability to construct columns with uniform strength for any soil quality, an extensive lineup of column diameters and construction equipment that allows alignment with construction specifications and site conditions, a real-time construction management system that enables shorter construction periods and lower costs, and environmental friendliness characterized by low vibration and noise and no groundwater contamination or secondary pollution. The method is used not only for the foundations of various types of building structures that include detached houses, condominiums, commercial facilities, mid/low-rise buildings, and factories, but also for a wide range of applications, including measures against liquefaction and circular slip. During major earthquakes that include the Great Hanshin-Awaji Earthquake, the Great East Japan Earthquake, and the Kumamoto Earthquake, structures that adopted TENOCOLUMN Method for their foundations suffered no damage. Consequently, confidence in the method was reaffirmed, and it currently boasts over 42,000 cumulative construction projects to date.

| * A mixture of cement and water with a milky consistency |

b) TENOCUBE Method

This is a slurry-type shallow mixing soil improvement method developed in-house in 2025. Combining it with TENOCOLUMN Method for deep layers, one of the Company's strengths, has made it possible to handle a wider variety of soil improvement projects than before. Of course, it can also be used independently. Moreover, compared with the powder method, it generates no airborne dust, can substantially reduce surplus soil mixed with cement (industrial waste), and enables visualization of progress through a proprietary construction management system, thereby achieving high reliability on a level comparable to TENOCOLUMN Method. In general, even at the same site, the depth of the bearing layers often differs, and having both methods increases the number of projects that can be handled, thereby improving convenience for design companies and general contractors. In recent years, against the backdrop of debris flow disasters caused by the illegal embankment of construction soil waste in Atami City, Shizuoka Prefecture and environmental issues, both methods have been attracting increasing attention.

Business overview

**TENOCOLUMN Method
(under construction)**



**TENOCUBE Method
(under construction)**



Source: The Company's results briefing materials

Strengths include an extensive lineup and the “ability to fold in”

2. Key strengths and business model

The Company's greatest strength lies in its extensive lineup of construction methods developed in-house as described above. The Company's construction capability, which includes safe, reliable work progress through subsidiaries' skilled construction teams and various forms of equipment, is another key strength. In addition, it is actively promoting the expansion of business domains and the strengthening of construction capability, such as expanding its sales base and value chain, and reinforcing precast concrete piling work, and also promoting development of new technologies and the housing market domain. Another strength of the Company is the high construction quality maintained by systems, including: VCCS, a construction management system that enables the real-time verification of construction progress on mobile devices and the like; and an accelerated curing system that predicts strength after 28 days at one day of material age in TENOCOLUMN Method. The system that enables real-time verification of construction progress has been adopted for TENOCOLUMN, TN-X, GANTETSU PILE, and TENOCUBE, and the policy is to utilize it to improve the accuracy of construction planning and site management by linking it with the new core system. By further refining these strengths, the Company intends to respond to the risk of a future contraction in the scale of the construction market due to population decline and other factors.

Incidentally, the construction of buildings and civil engineering structures is typically carried out by general contractors, who oversee subcontractors. While business operators with involvement in foundation construction also receive orders from general contractors, because foundation construction is the first and most important process, inquiries for technical proposals often come directly from design companies (design consultants and design offices) before orders are placed by general contractors. Afterwards, based on the drawings prepared by the design company, the client (owner) places an order with the general contractor, which then in turn places an order with the Company as a specialist firm. Upon completion of the work, the Company hands over the completed work to the general contractor. In this way, the Company operates as a subcontractor to general contractors in the commercial flow, but from a value-chain perspective, it is consistently involved from design through construction and handover. Moreover, within this value chain, the Company can approach design companies early to demonstrate the appeal of its technologies and propose construction methods. Consequently, the Company's technical proposals are frequently incorporated into designs, which seems to be translating into increased opportunities for it to receive orders from general contractors. The Company calls this its “ability to fold in,” and it constitutes a major strength of the Company's business model.

TENOX CORPORATION

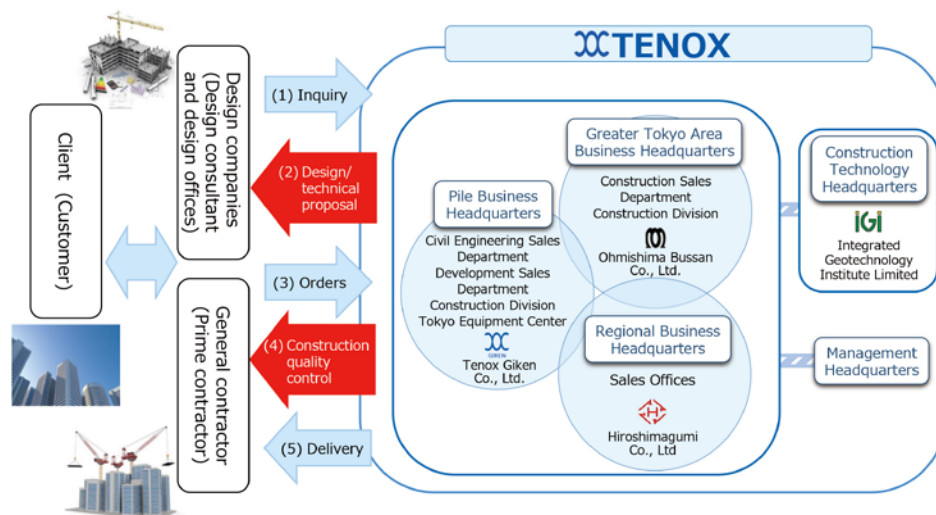
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Business overview

Business model



Source: The Company's results briefing materials

Results trends

Posted double-digit profit growth, despite the Hokkaido Shinkansen extension project peaking out

1. Results trends for FY3/26

In FY3/26, net sales were ¥21,093mn, down 11.1% YoY, operating profit was ¥1,289mn, up 15.6%, ordinary profit was ¥1,331mn, up 14.4%, and profit attributable to owners of parent was ¥939mn, up 25.4%. Compared with the initial forecast, net sales fell short by ¥2,406mn, while operating profit exceeded the forecast by ¥389mn. As this was a fiscal year in which the focus of net sales shifted from large-scale civil engineering projects to the construction business with stable earnings, net sales may look weak, but orders received remained at a high level and gross profit margin was also at a record-high level, indicating that the actual results were very solid.

FY3/26 results

	FY3/25		FY3/26		YoY
	Results	Vs. net sales	Results	Vs. net sales	
Net sales	23,717	-	21,093	-	-11.1%
Gross profit	3,623	15.3%	3,999	19.0%	10.4%
SG&A expenses	2,507	10.6%	2,709	12.8%	8.1%
Operating profit	1,115	4.7%	1,289	6.1%	15.6%
Ordinary profit	1,164	4.9%	1,331	6.3%	14.4%
Profit attributable to owners of parent	749	3.2%	939	4.5%	25.4%

Source: Prepared by FISCO from the Company's financial results and supplementary materials to the Company's financial results

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Results trends

The Japanese economy followed a moderate recovery trend, with stock prices rising against the backdrop of an improved income environment, an increase in inbound foreign visitors, and expectations for proactive fiscal policy under the new administration. On the other hand, the economic outlook in Japan and overseas remained uncertain due to continued inflation, US trade policy, and crude oil issues caused by the worsening situation in Iran. In the construction industry, although there were both positive and negative factors, such as a decline in factory floor area for the start of construction and an expansion in the scale of the data center market, both public and private investment increased moderately, and overall construction demand remained firm. At the same time, in addition to persistently high construction material prices, structural issues continued to remain, including the aging of on-site workers, labor shortages, and caps on overtime work.

Under these circumstances, the Company promoted key strategies in line with the Medium-term Management Plan. As a result, although large-scale soil improvement construction increased, net sales declined because large-scale piling work for the Hokkaido Shinkansen extension project decreased. (By FY3/26, 95% of construction on the Hokkaido Shinkansen extension project had been completed.) Backlog also declined significantly from the FY3/24 peak, when the order of the Hokkaido Shinkansen extension project was received, but backlog excluding the Hokkaido Shinkansen extension project remained stable. On the profit side, although labor costs increased overall, improved construction efficiency, optimization of contract terms through sales efforts, and a temporary boost to profitability from special contracts for construction-only work requiring no material procurement improved gross profit margin 3.7 percentage points (pp) YoY, and even on a normalized basis excluding temporary factors, it improved 2.8pp to a record high. Although SG&A expenses increased due to higher personnel expenses from base pay raises and increased depreciation associated with the operation of the new core system, the improvement in gross profit margin absorbed the higher costs, resulting in double-digit growth in operating profit.

Compared with the initial forecast, the shortfall in net sales was due to some sales from the Hokkaido Shinkansen extension project being pushed back to FY3/27 and orders for the highly anticipated CP-X Method being delayed to FY3/27 because design took longer than expected. Meanwhile, the upside in operating profit was due to improved project profitability through more precise cost control and price pass-through for higher costs, as well as part of the due diligence expenses related to an acquisition being capitalized.

FY3/26 results by segment

Net sales	FY3/25		FY3/26		
	Results	Composition ratio	Results	Composition ratio	YoY
Construction business	23,169	97.7%	20,477	97.1%	-11.6%
Domestic civil engineering business	12,229	51.6%	8,607	40.8%	-29.6%
Domestic construction business	9,987	42.1%	10,815	51.3%	8.3%
Overseas business	951	4.0%	1,054	5.0%	10.9%
General civil engineering and construction consulting business	524	2.2%	592	2.8%	12.9%
Other businesses	23	0.1%	23	0.1%	-0.0%
Operating profit	FY3/25		FY3/26		
	Results	Profit margin	Results	Profit margin	YoY
Construction business	1,103	4.8%	1,267	6.2%	14.8%
Domestic civil engineering business	866	7.1%	612	7.1%	-29.3%
Domestic construction business	232	2.3%	645	6.0%	177.5%
Overseas business	4	0.5%	9	0.9%	88.6%
General civil engineering and construction consulting business	4	0.9%	14	2.4%	204.1%
Other businesses	7	30.3%	7	34.3%	13.3%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Results trends

By segment, in the construction business, although large-scale soil improvement construction for factories and logistics facilities increased, net sales came to ¥20,477mn (down 11.6% YoY) because large-scale piling work for the Hokkaido Shinkansen extension project decreased. Meanwhile, although labor costs rose overall, project profitability improved due to optimization of contract terms and higher construction efficiency, and segment profit came to ¥1,267mn (up 14.8%).

Of this, the domestic civil engineering business posted lower sales and lower profit. The decline in sales was mainly due to the Hokkaido Shinkansen extension project peaking out, resulting in a 62.2% decrease in sales YoY. Excluding the Hokkaido Shinkansen extension project, while piling work declined across the industry, the adoption rate of construction methods proposed through the Company's "ability to fold in" increased, and as public budgets shifted from roads to water and sewage facilities and other areas, adoption of the Company's highly earthquake-resistant GANTETSU PILE Method increased, resulting in an 11.9% increase in sales. The domestic construction business posted higher sales and a substantial increase in profit. The main reason was that, following the end of the COVID-19 pandemic, appetite for capital investment strengthened, and sales from soil improvement construction for large factories, logistics facilities, and data centers, areas in which the Company excels, increased 24.7%. Excluding soil improvement, sales decreased 29.3% because adoption of TN-X Method, which carries a high value per project, temporarily declined and orders for the promising new CP-X Method were pushed back to FY3/27. The overseas business posted higher sales and a substantial increase in profit. This was due to continued orders for large-scale soil improvement construction such as automobile factories amid favorable economic conditions in Vietnam, as well as the contribution from the construction business acquired from Tenox Kyushu in July 2024.

In the general civil engineering and construction consulting business, as railway-related design and calculation work recovered from the COVID-19 pandemic and profitability improved due to a change in the sales mix, net sales came to ¥592mn (up 12.9% YoY) and segment profit to ¥14mn (up 204.1%). In the India high-speed railway project, the Company is undertaking design work for reinforced soil structures. Other businesses posted net sales of ¥23mn (down slightly) and segment profit of ¥7mn (up 13.3%), supported by stable real estate leasing income.

Capital and business alliance with Japan Home Shield

2. Capital and business alliance

In December 2025, the Company entered into a capital and business alliance with Japan Home Shield. Japan Home Shield is a company that conducts geotechnical investigations and provides ground warranties for major house makers and others in the housing market, which is said to be similar in scale to the non-housing market, and with a 25% share, it boasts one of the top positions in the industry. For FY2/25, net sales were ¥11,576mn and operating profit was ¥336mn. Due to the impact of tax-effect accounting, a net loss attributable to owners of parent of ¥151mn was recorded, but EBITDA remained at a healthy level. The Company plans to record its share of Japan Home Shield's earnings under the equity method from FY3/27.

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Results trends

Major synergies are expected from this business alliance. For example, in foundation construction for detached houses, where technical capabilities are generally said to be weak, not only can Japan Home Shield further increase its share in investigations and warranties by capturing demand from house makers facing issues related to the environment, earthquake resistance, and liquefaction, but the Company itself can also make a full-scale entry into foundation construction in the housing market. In addition, synergies are expected in areas such as the mutual use of data and sales base and applications to overseas business, and the policy is to capture earnings from such synergies in addition to equity-method profit. In particular, through the mutual use of data, the Company aims to build a database that far surpasses competitors by combining Japan Home Shield's 2.4 million geotechnical investigation records, which increase by 100,000 each year, with the Company's detailed construction records covering more than 40,000 cases. Furthermore, by applying geotechnical analysis technology, AI technology, and BIM/CIM technology* to this vast amount of data, the Company plans to develop a foundation construction solution platform capable of responding to customer needs quickly and with high accuracy.

| * Technology for managing projects in the construction and civil engineering fields using three-dimensional digital data. |

Strong domestic construction, but profit forecast to decline due to upfront investments

3. FY3/27 forecasts

For FY3/27 forecasts, the Company expects net sales of ¥23,000mn, up 9.0% YoY, operating profit of ¥1,150mn, down 10.8%, ordinary profit of ¥1,300mn, down 2.4%, and profit attributable to owners of parent of ¥1,000mn, up 6.5%.

FY3/27 forecasts

	FY3/26		FY3/27		YoY
	Results	Vs. net sales	Forecasts	Vs. net sales	
Net sales	21,093	-	23,000	-	9.0%
Operating profit	1,289	6.1%	1,150	5.0%	-10.8%
Ordinary profit	1,331	6.3%	1,300	5.7%	-2.4%
Profit attributable to owners of parent	939	4.5%	1,000	4.3%	6.5%

Source: Prepared by FISCO from the Company's financial results

Although Japan's economy is expected to continue recovering moderately, it is also exposed to downside risks such as surging raw material and energy prices caused by crude oil issues related to the worsening situation in Iran, and the outlook is projected to remain uncertain. In the construction industry, public works are expected to remain firm due to disaster prevention, mitigation, and national resilience measures, while private investment is also expected to remain solid against the backdrop of improved corporate earnings. However, the environment surrounding the industry is expected to become even more severe, with concerns over postponements and reviews of investment plans due to soaring crude oil and construction material prices and labor shortages, as well as chronic shortages of on-site workers.

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Results trends

Under these circumstances, although orders for the anticipated Linear Chuo Shinkansen Project are now expected to be delayed, the Company plans to continue promoting key strategies in line with the Medium-term Management Plan. As a result, net sales are expected to increase by nearly double digits, driven by the domestic construction business. However, operating profit is expected to decline due to the burden of investments for future growth, including increases in personnel expenses and depreciation associated with the operation of the new core system, as well as the occurrence of headquarters relocation-related expenses. For Japan Home Shield, a small amount of equity-method profit is assumed, but no earnings from synergies are projected. Regarding the situation in the Middle East, the policy is to respond to rising crude oil and construction material prices through price pass-through. As for crude oil procurement, the Company has confirmed as of May 2026 that stable supply is possible for six months. Even so, because there is a possibility that construction projects could disappear due to the Middle East situation, the Company has prepared cash and deposits equivalent to four months of net sales at the beginning of the fiscal year, amounting to ¥7.8bn, as a precaution.

FY3/27 forecasts by segment

Net sales	FY3/26		FY3/27		YoY
	Results	Composition ratio	Forecasts	Composition ratio	
Construction business	20,477	97.1%	22,275	96.8%	8.8%
Domestic civil engineering business	8,607	40.8%	6,750	29.3%	-21.6%
Domestic construction business	10,815	51.3%	13,525	58.8%	25.1%
Overseas business	1,054	5.0%	2,000	8.7%	89.6%
General civil engineering and construction consulting business	592	2.8%	700	3.0%	18.1%
Other businesses	23	0.1%	24	0.1%	7.1%

Operating profit	FY3/26		FY3/27		YoY
	Results	Profit margin	Forecasts	Profit margin	
Construction business	1,268	6.2%	1,101	4.9%	-13.1%
Domestic civil engineering business	612	7.1%	140	2.1%	-77.1%
Domestic construction business	646	6.0%	881	6.5%	36.3%
Overseas business	9	0.9%	80	4.0%	764.9%
General civil engineering and construction consulting business	14	2.4%	40	5.7%	179.8%
Other businesses	7	34.3%	8	33.3%	22.5%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

By segment, in the core construction business, the Company expects net sales of ¥22,275mn (up 8.8% YoY) and segment profit of ¥1,101mn (down 13.1%). Of this, the domestic civil engineering business is forecast to post a substantial decline in both sales and profit due to the Hokkaido Shinkansen extension project peaking out and delays in orders for the Linear Chuo Shinkansen. The domestic construction business is expected to post double-digit growth in both sales and profit, as soil improvement remains strong, adoption of TN-X Method for data centers is expected to recover amid strong investment appetite, and use of the new CP-X and TENOCUBE methods is also expected to increase. The overseas business is forecast to post a substantial increase in both sales and profit, as monetization is progressing rapidly due to the continuation of large-scale projects such as automobile factories and an increase in projects for Japanese-affiliated factories. Meanwhile, the acquisition of a concrete pile manufacturing plant that had been under way in Vietnam was canceled. The cancellation was caused by the materialization of risks in business acquisitions in Vietnam, and regarding the strengthening of the value chain, the policy is to continue working on it from a medium-term perspective, focusing on acquisitions of companies with lower risk.

Medium-term Management Plan

Deploying five key strategies under the Medium-term Management Plan

1. Medium-term Management Plan

In 2018, the Company formulated a long-term vision outlining its future goals. Under its Management Philosophy of “respect for people, technological orientation, and active consistency,” the Company is actively committed to technological innovation aligned with society’s long-term, evolving needs to create new value and markets. It aims to be a provider of “peace of mind” and “safety” through engaging in foundation construction, enabling all stakeholders to live in prosperity, and to achieve sustainable management with the goal of becoming a 100-year company. To realize this long-term vision, to date the Company has formulated Medium-term Management Plans and achieved a certain level of results. However, it also has to address labor shortages, workstyle reforms, and other changes in the labor environment, as well as social changes that include surging prices, supply uncertainty, and the accelerated shift toward an environmentally conscious society. Additionally, with the Tokyo Stock Exchange (TSE) calling for companies to enhance corporate value, there is also a need to pursue capital-efficient management.

To this end, in its Medium-term Management Plan (from FY3/25 to FY3/27), which constitutes Phase 3 of its long-term vision, under the slogan “A New Step toward the Future” and based on the business results achieved under previous medium-term management plans, the Company will roll out five key strategies: Business Segment Strategy, which expands stock in the medium term through the “ability to fold in,” Development Strategy, which promotes long-term growth through continued development of new technologies; Environmental and Digital Strategy, which aims to enhance environmental added value and address labor shortages through DX; Strengthening the Management Foundation for sustainable growth through investment in human capital and stronger risk management systems; and Promotion of Capital Efficiency Management, which seeks to achieve ROE exceeding the cost of shareholders’ equity. Moreover, to complement its businesses and various strategies, the Company has adopted a policy of pursuing M&A even more actively. Based on the above, the Company has set FY3/27 targets of net sales of ¥27.0bn, ordinary profit of ¥1.5bn, and ROE of 8%. Also, based on the TSE request for “management that is conscious of cost of capital and stock price,” the Company aims to improve profitability, strengthen management that is conscious of cost of capital, and achieve ROE exceeding cost of shareholders’ equity.

Greater TENOX launched

2. Progress under the Medium-term Management Plan

One major achievement in FY3/26, the second year of the Medium-term Management Plan, was the launch of Greater TENOX. Through the capital and business alliance with Japan Home Shield, the Company will incorporate the housing market as a new growth area, mutually utilize the management resources held by both companies, including personnel, technology, know-how, and equipment, and aim to create synergies as Greater TENOX at an early stage. Growth that could not be achieved independently is expected, including the full-scale rollout of foundation construction in the housing market. In addition, the general civil engineering and construction consulting business and the Vietnam business have also become larger contributors to earnings. In this way, the Company appears to have established a growth pattern in which it strengthens foundation construction and broadens its business domains by promoting growth at subsidiaries and affiliates through M&A and business alliances, while maintaining stable growth in its existing foundation construction business as the core.

Medium-term Management Plan

As for other progress, the first CP-X Method project among development products started in May 2026 in Urayasu City, Chiba Prefecture. Meanwhile, TENOCUBE had already been used in five projects in the previous fiscal year because combined proposals with the core TENOCOLUMN Method proved successful, expanding orders in areas that could not previously be addressed. In decarbonization, in addition to conventional initiatives for Scope 1 (fuel), 2 (electricity), and 3 (other), and the start of expanded sales of the environmentally friendly new CP-X and TENOCUBE methods, a new initiative will switch part of the diesel fuel scheduled for use in FY3/27 (85kL) to HVO fuel, a plant-derived diesel alternative fuel (planned reduction of 220t-CO₂ at a cost burden of ¥40mn). In overseas business, although the acquisition of the concrete pile manufacturing plant was abandoned, orders for large-scale projects expanded rapidly as Vietnam's economy recovered more strongly and the construction system was strengthened. In human capital, the Company strengthened training and the use of AI in operations, and also plans to advance reform of the working environment through the headquarters relocation scheduled for August 2026. In promotion of capital efficiency management, the Company continues to increase dividends beyond its target of DOE 2% or higher.

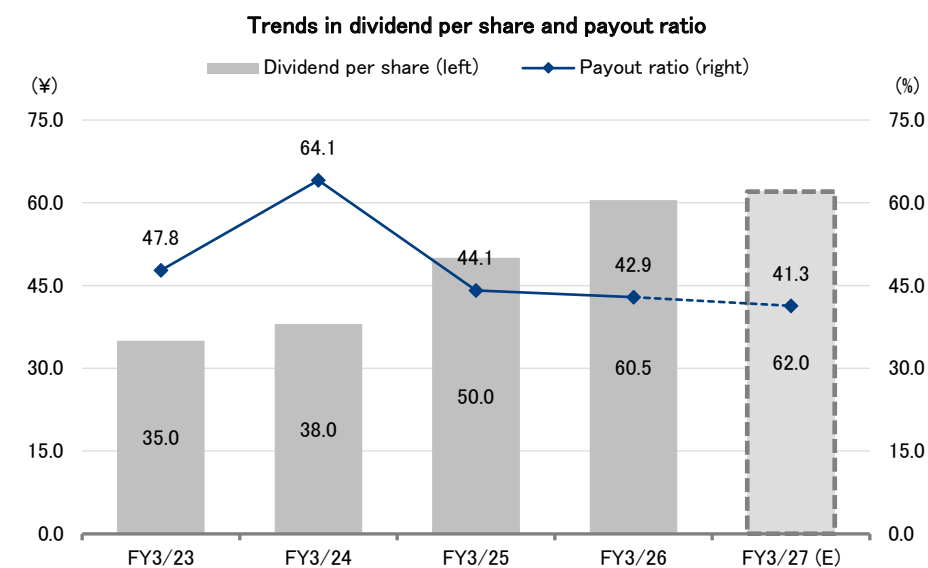
Although the Medium-term Management Plan is progressing smoothly in this way, the FY3/27 forecast, which is the final fiscal year of the plan, is expected to fall short of the targets for both net sales and ordinary profit. As for net sales, this is due to ¥2.0bn being postponed because of delays in orders for the Linear Chuo Shinkansen Project and ¥2.0bn remaining unrealized because of the delayed launch of CP-X Method. As a result, ordinary profit is also forecast to fall short of the target, but because gross profit margin is improving and equity-method profit also appears likely to be captured, profit for the fiscal year is expected to land roughly in line with the internal target. As for ROE, the Company is aiming to achieve the target by improving profitability, realizing investment synergies at an early stage, and also considering additional dividends. As described above, the Company has begun to show evolution toward Greater TENOX, and progress on its key strategies can be said to be very favorable. Meanwhile, the Linear Chuo Shinkansen Project is currently expected to begin receiving orders sequentially from FY3/27 and peak in FY3/29 to FY3/30, raising expectations for the next Medium-term Management Plan.

■ Shareholder return policy

DOE achieved 3.0%, exceeding the target of 2.0% or higher

Since its establishment, the Company has sought to improve business performance and strengthen its financial position as fundamental management priorities, while positioning shareholder returns as one of its key priorities. Accordingly, the Company's policy is to determine stable dividends after taking into account its results and financial position as well as its outlook over the medium term. Under this dividend policy, and as it advances capital-efficient management under its Medium-term Management Plan, the Company intends to meet shareholders' expectations by actively paying dividends targeting a DOE of 2.0% or higher, continuing to increase dividends as its net assets accumulate, and executing flexible share buybacks. As a result, the annual dividend per share for FY3/26 was set at ¥60.5 (interim dividend of ¥26.0 and year-end dividend of ¥34.5), and DOE reached 3.0%, exceeding the target of 2.0% or higher. For FY3/27, ¥62.0 is planned (interim dividend of ¥31.0 and year-end dividend of ¥31.0).

Shareholder return policy



Source: Prepared by FISCO from the Company's financial results

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