

CORPORATE REPORT 2020



Financial and Non-Financial Highlights

Key performance indicators

	Millions of yen					Thousands of U.S. dollars (Note)
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019
Consolidated						
Net sales Graph	¥ 492,621	¥ 422,722	¥ 429,026	¥ 510,436	¥ 518,683	\$ 4,766,001
Operating income Graph	21,629	24,998	30,463	34,518	35,243	323,836
Ordinary income (loss)	23,723	27,197	33,037	37,493	38,272	351,672
Profit (loss) for the year attributable to owners of the parent Graph	20,039	42,091	25,455	25,595	25,845	237,487
Comprehensive income (loss)	(3,381)	52,073	29,652	26,066	10,456	96,082
Total net assets Graph	177,417	226,895	249,394	269,193	273,496	2,513,057
Total assets Graph	548,711	536,582	558,312	667,722	634,557	5,830,723
Per share of common stock (in yen and U.S. dollars):						
Net assets	569.92	729.35	803.43	868.13	883.35	8.116
Profit (loss) for the year attributable to owners of the parent	65.25	137.07	82.71	83.49	84.30	0.774
Cash dividends applicable to the year	10.00	15.00	20.00	20.00	26.00	0.238
Net cash provided by (used in) operating activities	(8,863)	58,874	19,331	(28,384)	77,271	710,016
Net cash provided by (used in) investing activities	(6,099)	(9,797)	(7,812)	(24,475)	(21,762)	(199,969)
Net cash provided by (used in) financing activities	11,148	(12,608)	(2,015)	49,047	(26,685)	(245,201)
Cash and cash equivalents at end of period	54,650	90,986	100,526	96,564	125,418	1,152,427
Non-Consolidated						
Orders received Graph	420,769	478,587	449,522	549,233	480,475	4,414,914

Note: The rate of ¥108.83-US\$1.00, the foreign exchange rate on March 31, 2020, has been used for translation.

Data on social and environmental aspects (non-consolidated)	Units	FY2015	FY2016	FY2017	FY2018	FY2019
Number of employees (consolidated)	(Persons)	4,742	4,872	4,994	5,296	5,463
Number of employees	(Persons)	3,823	3,968	4,016	4,078	4,132
Men/Women	(Persons)	3,364/459	3,447/521	3,479/537	3,510/568	3,537/595
Average age	(Years)	45.0	44.4	44.4	44.3	44.3
Average years of continuous employment	(Years)	20.2	19.5	19.4	19.1	19.0
Labor productivity* ¹ Graph	(10,000 yen)	1,455	1,545	1,656	1,711	1,707
Serious incident frequency rate* ²	(Frequency)	0.56	0.53	0.48	0.40	0.77
Figures in () represent the total accident frequency rate* ³ Graph		(5.07)	(5.28)	(3.93)	(3.30)	(4.29)
Number of occupational accidents resulting in four or more days' absence from work	(Accidents)	20	16	14	13	25
Figures in parentheses () indicate number of accidents involving fatalities		(1)	(2)	(0)	(0)	(1)
CO ₂ emissions (workplace)* ⁴ Graph	(t-CO ₂)	74,510	69,688	70,260	72,767	74,542
CO ₂ emissions (office)* ⁴	(t-CO ₂)	3,330	3,647	3,517	2,794	2,404
SCOPE 1* ⁵	(t-CO ₂)	52,336	44,051	51,132	50,926	52,798
SCOPE 2* ⁴ * ⁶	(t-CO ₂)	25,504	29,284	22,645	24,635	24,147
SCOPE 3* ⁷	(t-CO ₂)	10,597,058	7,208,503	8,149,306	6,897,759	7,678,706
CO ₂ emissions basic unit (workplace)* ⁴ Graph	(t-CO ₂ /100 million yen)	16.4	17.0	16.5	14.3	14.9
Total amount of construction waste generated Graph	(10,000 t)	66.6	79.2	99.4	72.1	69.1
Percentage of construction waste disposed of as landfill Graph	(%)	5.0	4.6	2.6	8.4	4.7
Ratio of renewable energy electricity usage (RE ratio)	(%)	-	-	-	-	5.1

*1 Labor productivity = Amount of added value (operating income + total personnel expenses) ÷ number of employees (average for the period, including temporary employees, etc.)

*2 Serious incident frequency rate = occupational accidents (resulting in injuries requiring 4 or more days leave including fatal casualties) ÷ total working hours (million hours)

*3 Total accident frequency rate = total occupational accidents (including minor occupational injuries requiring no more than 1 day of leave including business owners and sole traders) ÷ total working hours (million hours)

*4 CO₂ emissions: SCOPE 2 is calculated using a market-based approach (using adjusted emissions factors for each electricity retailer and different emissions factors for each item). The web version contains figures for Location-based (using national average factors).

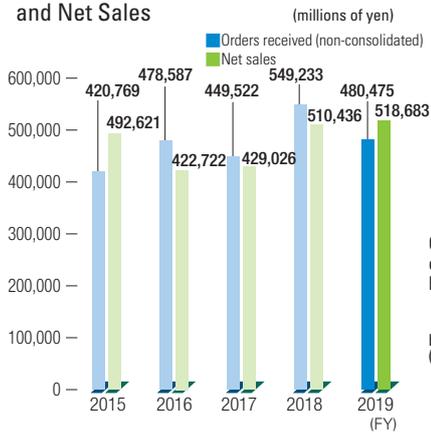
*5 Scope 1: Greenhouse gases that are direct emissions resulting from corporate activity.

*6 Scope 2: Greenhouse gases that are indirect emissions resulting from energy use for corporate activity.

*7 Scope 3: Greenhouse gases that are indirect emissions excluding Scope 1 and Scope 2. The web version contains figures for each category.

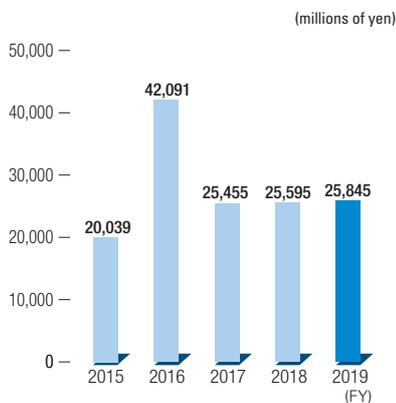
Up to fiscal 2013, categories 2, 3, 5, 6, 7, and 11 were calculated, but from fiscal 2014, categories 1, 4, and 12 were added to the calculation. From fiscal 2015, category 13 was added to the calculation.

Orders Received (Non-consolidated) and Net Sales



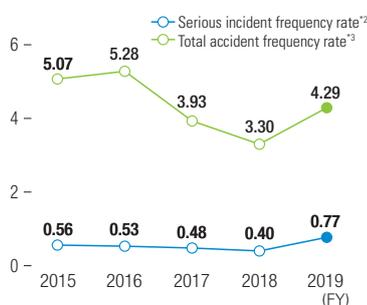
The construction business has seen a downward trend in orders received in both the public and private sectors. In domestic building construction and domestic civil engineering construction businesses, orders were down by 17.5% and 3.6%, respectively, from the previous fiscal year. Total orders received (non-consolidated), including investment development business, fell by 12.5% to 480.4 billion yen. Although domestic building construction sales remained roughly on a par with the previous period, slipping only 0.1%, consolidated net sales were up 1.6% to 518.6 billion yen. These increases are largely attributed to growths in the investment and development business.

Net Profit Attributable to Owners of the Parent



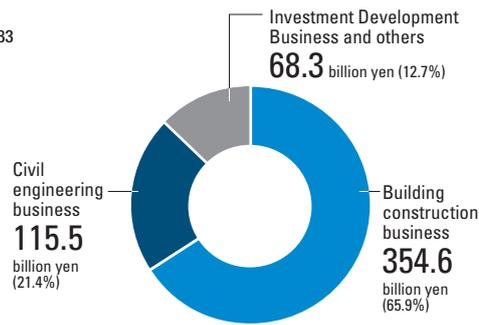
Despite losses including loss on the disposal of fixed assets, gains on the sale of investment securities yielded an extraordinary profit of 0.6 billion yen. Annual net profit attributable to owners of the parent increased 1.0% year-on-year to 25.8 billion yen, despite an increase of 12.9 billion yen in corporate taxes and other expenses.

Occupational Accident Frequency (Non-consolidated)



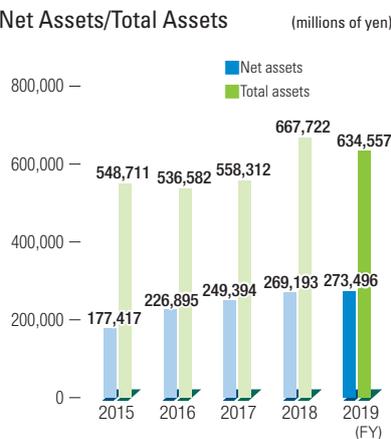
The serious incident frequency rate² in fiscal 2019 worsened from fiscal 2018 with a rate of 0.77 (per one million work hours). A fatal accident also occurred for the first time in three fiscal years. Total accident frequency rate³ calculated by dividing the total hours worked by the number of workers on site during the reporting period, increased to a rate of 4.29. To achieve our fiscal 2020 targets (serious incident frequency rate of 0.30 or less, and total accident frequency rate of 2.8 or less), we will be promoting "front loading work environment improvement" in all business activities. Our key aim is to leverage ICT to become "No. 1 company for safety" and enhance the overall attractiveness of the construction industry.

Net Sales by Business Segment and as Percentages of Net Sales



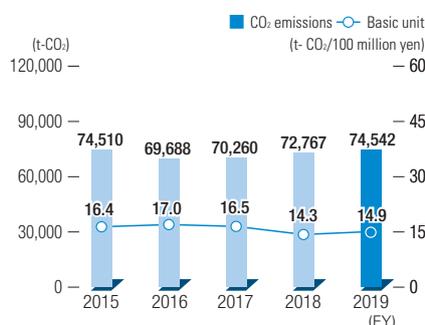
Sales have continued to remain focused in the building construction business segment. While no major shifts in sales to other segments are anticipated, we are focusing on strengthening our investment and development businesses as a part of our medium- to long-term business strategy. *Figures in the above graph do not include consolidated eliminations.

Net Assets/Total Assets



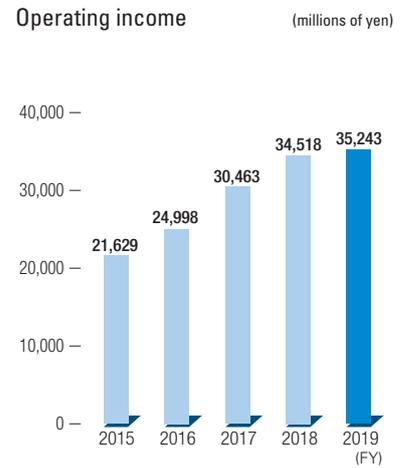
Factors, including the recording of net income, led to a 1.6% increase in 2019 fiscal-year-end net assets to 273.4 billion yen, and resulting in a capital ratio of 42.7%. Although short-term loans payable increased by 15.0 billion yen, total assets decreased by 5.0% to 634.5 billion yen, mainly due to declines in commercial paper of 50.0 billion yen and notes, accounts payable for construction contracts and other of 13.9 billion yen.

CO₂ Emissions/Basic Unit (Non-consolidated: workplace)



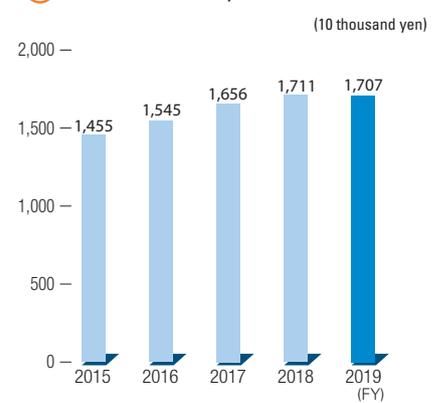
Both CO₂ emissions and CO₂ emission basic units increased in fiscal 2019. The increase in completions in the civil engineering department, which has higher CO₂ emission basic units than the building construction division, led to an overall increase in CO₂ emissions at the worksites. In January 2019, our company joined the RE100 Initiative, and began full-scale activities to reduce CO₂ emissions by leveraging renewable energies at our worksites. In fiscal 2020, we will work to reduce CO₂ emissions by further promoting the use of renewable energy for electricity in addition to the current use of bio-diesel fuels (BDF) and diesel fuel optimizers.

Operating income



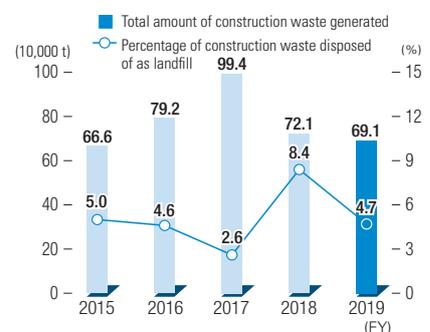
Operating income increased 2.1% to 35.2 billion yen in spite of a 7.7% year-on-year increase in selling, general and administrative expenses. Attributable factors include increases in gross profit, mainly in the investment and development business.

Labor Productivity (Non-consolidated)



Although stagnated, labor productivity reached 17.07 million yen, exceeding the target of 15.00 million yen set in Medium-Term Management Plan 2019. In fiscal 2020, we anticipate declines in net sales in the domestic building construction sector and a fall in the profit margin on completed construction projects. Labor productivity is projected at 15.00 million yen.

Total Amount of Construction Waste Generated/Percentage of Construction Waste Disposed of as Landfill (Non-consolidated)

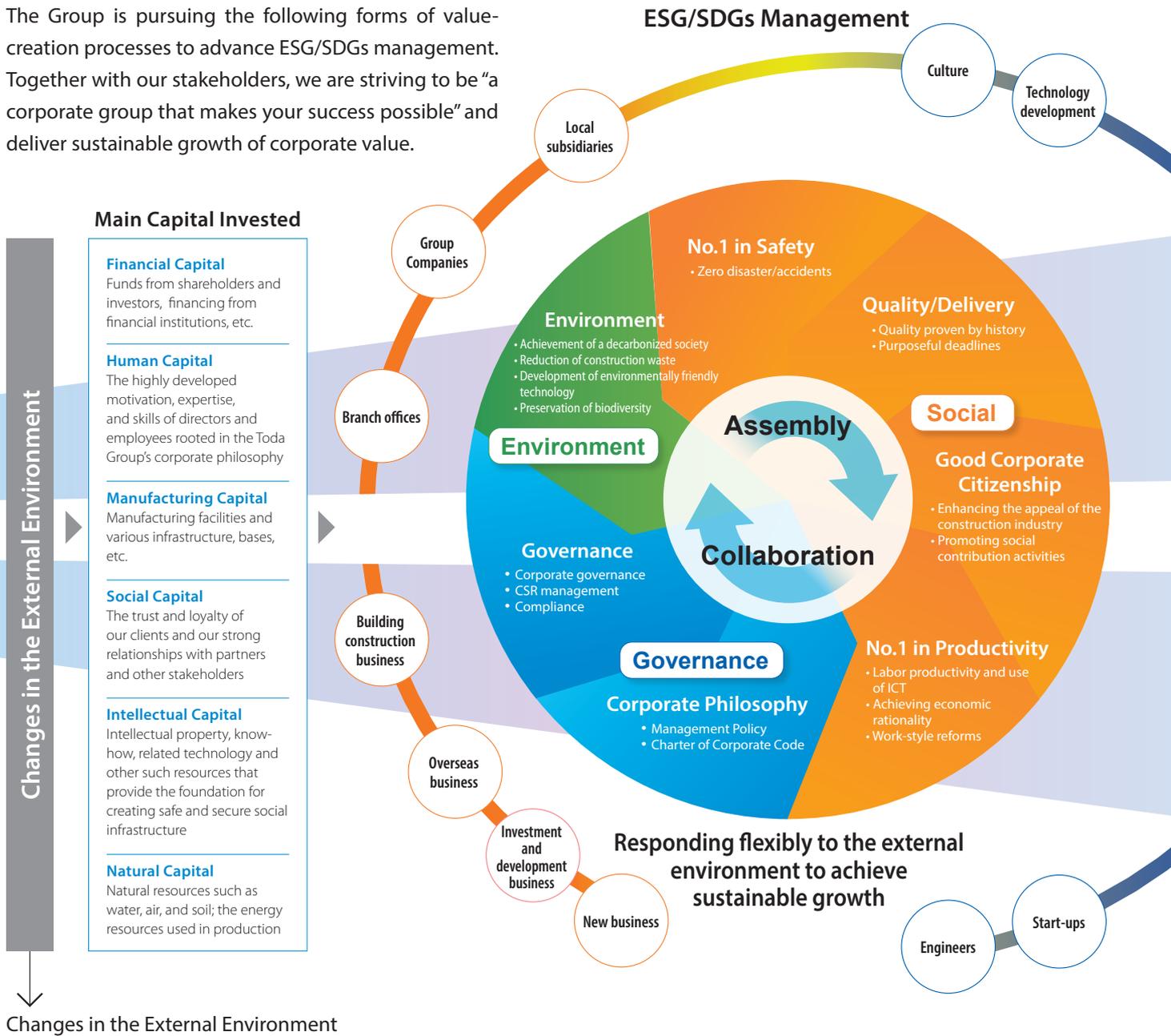


In fiscal 2019, there was a small decrease in waste generated compared to the previous fiscal year and a large decrease in the amount of waste disposed of as landfill. The decrease in emissions was due to a decrease in construction sludge generated by civil engineering projects.

A different calculation method applied from fiscal 2018 showed the actual state of affairs and was a major factor enabling the decrease in the amount of waste disposed of as landfill. While the amount of waste generated is substantially affected by the scale and types of construction carried out in each fiscal year, we are striving to maintain our current standards and limit future waste as well as to further reduce the amount of waste disposed of as landfill through more thorough sorting.

The Value Creation Process

The Group is pursuing the following forms of value-creation processes to advance ESG/SDGs management. Together with our stakeholders, we are striving to be “a corporate group that makes your success possible” and deliver sustainable growth of corporate value.



Age of accelerating VUCA*³

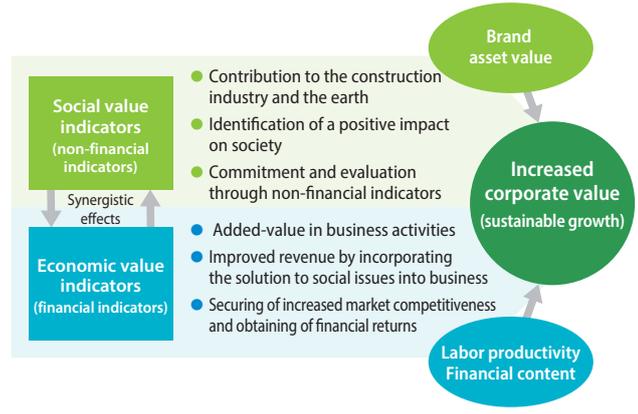
- Society:** Population, environmental, and urban issues
- Industry:** Digital disruption, X-tech, ESG management
- Technology:** Development of telecommunications, cutting-edge, and digital technologies

Impact of the novel coronavirus disease (COVID-19) on performance and business models

Anticipated paradigm shift for business activities and business models in the medium- to long-term

Demands for increased management that prioritizes both environmental and financial value

Change to indicators of corporate value



*3 Volatility, uncertainty, complexity, ambiguity

*1 Originally refers to retention of value and evolution through the continuous maintenance and updating of buildings and urban areas.

*2 SDGs (Sustainable Development Goals): a set of seventeen goals incorporated into the 2030 Agenda for Sustainable Development that world leaders adopted at the historic UN Sustainable Development Summit in September 2015.



Aims

Aiming at the continuous evolution of business activities*1 and enhancement of corporate value through high added-value competitiveness.

- Resilient -

- Globalization
- Branding
- Promoting Innovation
- Building Brand Value as an Asset



Efforts toward SDGs*2

Implementation of Global Vision

The requisite qualities and value of the Toda Group

A corporate group that makes your success possible

For the satisfaction of our clients

We will build strong, reliable partnerships with our clients by delivering precise technical expertise and comprehensive human resources.

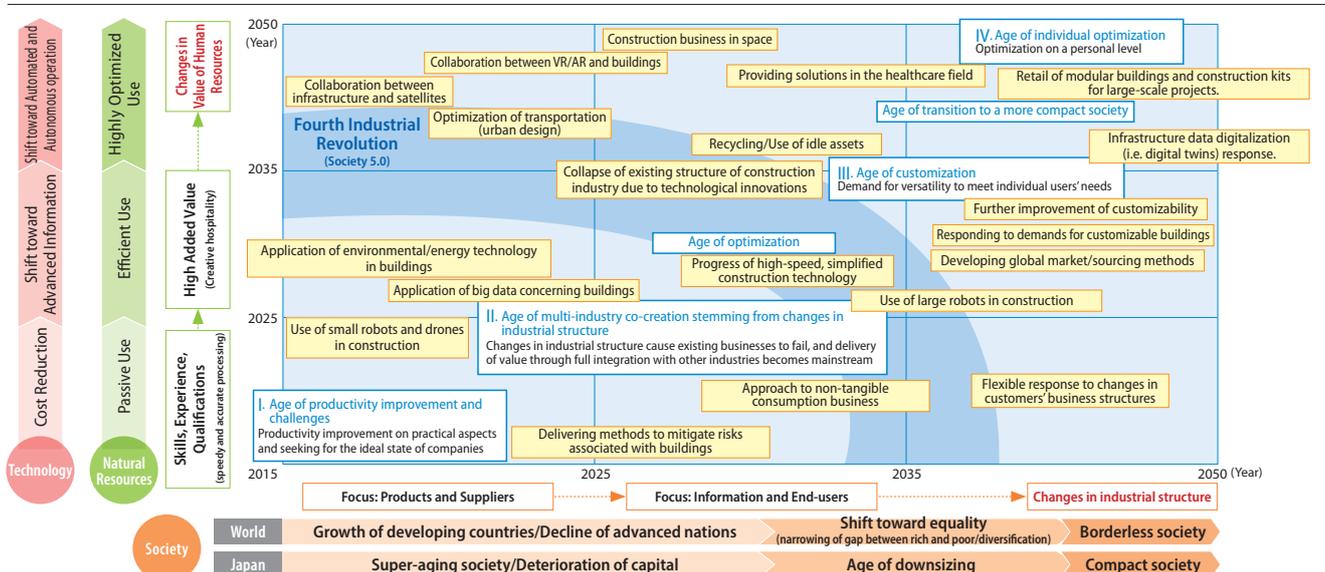
For work we can be proud of

All of us at TODA work together to create a successful environment that allows us to bring passion and a strong sense of responsibility to each project we undertake.

For future generations and our planet

We will create an environment-friendly society that is both safe and secure by aggressively tackling challenges posed by changing times and social circumstances.

Toda Corporation's Vision of Society up until 2050 (based on Next Future Map 5.1*)



* Toda Corporation will continue to revise the Next Future Map to increase the efficacy of our efforts.

Message from Management



Aiming at the continuous evolution of business activities and enhancement of corporate value through high added-value competitiveness.

President and Representative Director

Imai Masanori

The Toda Group's Vision

Our Global Vision is shared throughout the Group, and it enhances the Group's value and contributes to the sustainable development of society through continuous evolution.

First of all, I would like to respectfully express my condolences and best wishes to those who have lost their lives due to the novel coronavirus (COVID-19), to their families, and to those who are currently ill or are experiencing difficulty due to the pandemic. I would also like to express my gratitude and respect to those in the medical field who are committed to the treatment and prevention of infections all over the world.

In recent years, as social issues necessitating global cooperation to reach solutions increase, the international community is required, more than ever, to work together to resolve issues and realize a sustainable society. Under such circumstances, the spread of the novel coronavirus infection (COVID-19), which arose at the end of 2019, still has an immeasurable impact on the economic activities and lifestyles of people around the world. Furthermore, torrential

rains and typhoons caused by climate change are becoming more severe. We, in the construction industry, recognize the greater responsibilities that our industry has in preventing and mitigating disasters and restoring of aging infrastructure.

The Toda Group has been working in cooperation with stakeholders toward the resolution of issues connected with the construction industry, including environmental conservation, social infrastructure maintenance, and responding to concerns about future construction labor shortages. Contributing to social advancement has been the core of our existence, identity and corporate activities since Toda Corporation was first founded in 1881. 100 years on, our stance remains unchanged.

The Toda Construction Group's Global Vision, "A corporate group that makes your success possible," states our vision to

be a company that creates pleasure for customers, employees, partner companies, and society as a whole. And, to turn this pleasure into confidence and pride in one's pursuits. What we pursue is not only the growth of the Group, but also the

prosperity of our stakeholders as a whole. By sharing the vision with the entire Group and realizing continuous evolution, we build the value of the Group's existence and contribute to the sustainable development of society.

Overview of Fiscal 2019 and Outlook for Fiscal 2020

We achieved our Medium-Term Management Plan 2019 performance targets in a solid market environment.

Overview of Fiscal 2019

In fiscal 2019, the Japanese economy continued to show signs of a moderate recovery in regard to employment and income. The economy, however, has been deteriorating rapidly due to the spread of the novel coronavirus (COVID-19) since the beginning of 2019, and we must pay careful attention to the risk of an economic downturn in the future. In the construction industry, while investment in construction remains steady, the impact of the spread of the novel coronavirus (COVID-19) on business activities is slowly becoming more apparent.

In these circumstances, the Group's consolidated net sales amounted to 518.6 billion yen (year-on-year increase of 1.6%). In terms of profits, gross profit amounted to 70.3 billion yen (year-on-year increase of 4.8%). These trends are large attributable to an increase in net sales from the investment and development business.

Meanwhile, selling expenses and general and administrative expenses rose to 35.1 billion yen, (year-on-year increase of 7.7%), due to increases in human resources expenses, while operating income rose to 35.2 billion yen (year-on-year increase of 2.1%), and ordinary income rose to 38.2 billion yen (year-on-year increase of 2.1%). While losses including the abandonment of noncurrent assets were incurred, gains in sales of investment securities saw an annual net profit, attributable to owners of the parent, of 25.8 billion yen (year-on-year increase of 1.0%).

Outlook for Fiscal 2020

We expect the situation to remain extremely difficult in the future, due to the impact of the spreading novel coronavirus (COVID-19). In the construction industry, while public works investments centering on infrastructure development are

expected to continue, private capital investment is projected to shrink as a result of uncertainties about the future. Concerns regarding the profitability of construction projects have risen from amounting labor pressures due to changing circumstances in the employment sector, material supply delays due to disruptions of supply chain functions, and the impact of measures introduced to counter the spread of COVID-19.

Taking into account these circumstances, the Toda Group projects that results for fiscal 2020 will amount to consolidated sales of 497.0 billion yen (year-on-year decrease of 4.2%), operating income of 26.0 billion yen (year-on-year decrease of 26.2%), ordinary income of 28.5 billion yen (year-on-year decrease of 25.5%), and an annual net profit attributable to owners of the parent of 19.0 billion yen (year-on-year decrease of 26.5%).

● Outline by Business Segment P.11-12

Achievement of Performance Targets under the Previous Medium-term Management Plan

Unit: billion yen	FY2018	FY2019		
		Medium-term targets (devised May 2017)	Performance	Vs FY2019
Consolidated net sales	510.4	500.0	518.6	1.6%
Operating income	34.5	25.0	35.2	2.1%
Ordinary income	37.4	—	38.2	2.1%
Net profit for the year attributable to owners of the parent	25.5	—	25.8	1.0%
Construction orders received (non-consolidated)	539.8	—	467.6	(13.4%)

Medium-Term Management Plan 2024

Pursuing resilience in the face of adversity. The Toda Group aims to continuously evolve business activities and enhance corporate value through high added-value competition.

Formulation of Medium-Term Management Plan 2024

The Medium-Term Management Plan 2019, ending in fiscal 2019, was devised a growth strategy based on back-casting

from a future envisioned by Toda Group. The future start-point was envisioned in accordance with predictions of society in 2050 (about 30 years from now) developed using

Message from Management

the Next Future Map, and a vision of the value that the Toda Group will provide to the future society. The plan was positioned as the second phase toward achieving the Toda Group Global Vision with a focus on shifting resources and adding new value to create a revenue base for sustainable growth.

While called the era of VUCA (volatility, uncertainty, complexity, and ambiguity), these conditions are becoming increasingly severe. The business environment surrounding the Group is changing rapidly, and the future outlook is becoming even less predictable. In particular, the impact of the current spread of COVID-19 is expected to cause a paradigm shift in business models from a medium- to long-term perspective, in addition to its effects on business performance. Furthermore, management levels are required to emphasize social value (ESG and SDGs) and economic value by proactively working to resolve social issues arising from climate change, resource shortages, and demographic changes.

In addition, further productivity improvement is required to respond to the decline in resources associated with the construction of the New TODA Building (headquarters building; tentative name), which will be one of our future business foundations for the coming five years.

To meet demands for new value in an environment gripped by such extreme volatility, we must fortify the construction business with technological capabilities, and continue to push forward into new fields. Building a new revenue base is essential to leverage business activities and achieve sustainable growth. The Toda Group will devise a new Medium-Term Management Plan 2024 and continue to innovate and transform in response to existing circumstances to achieve sustainable growth.

● Value Creation Process P.3-4

Our Future Direction

As stated above, the plan is positioned as a transformation phase to build a new revenue for achieving the Toda Group

Global Vision. The direction we aim for is “continuous evolution of business activities and enhancement of corporate value through high added-value competitiveness - Resilient -” We have set forth four key phrases connected to initiatives for pursuing this vision.

The first key phrase “globalization” refers to the establishing of global organizations and management structures, and the fostering and strengthening of talent. With predictions for further contractions in the Japanese market placing greater importance on international markets said to expand, we must orientate ourselves to better respond to globalization trends. We will develop environmental infrastructure, systems, and talent that can be utilized anywhere, expand the attitudes of all Toda Group employees to a global scale, and become a truly global Toda.

The second key phrase “branding”, refers to reforming individuals and organizations with a focus on securing positive feedback from stakeholders. We hope to close the gap between stakeholder expectations and the value provided by the group through branding.

The third key phrase “promoting innovation” refers to value creation that exceeds expectations and offers added appeal and novelty.

Finally, the fourth key phrase “building brand value as an asset” refers to aims to promote differentiation by creating and increasing intangible assets and ESG value and increasing corporate value through proactive transmission of information. Corporate value is determined by not only tangible assets, but also by intangible assets including ESG value. In short, we believe that we can increase corporate value by providing social value that contributes to the solution of social issues, while pursuing economic value such as operating income and labor productivity. Furthermore, we believe that representing the corporate economic and social value that the Group aims to achieve with various indicators, will effectively lead to added-value in corporate activities, strengthening competitiveness in the market, and obtaining financial returns.

Basic Awareness and Target Directions

- The accelerating age of VUCA (unpredictable outlook)
The impact of the novel coronavirus disease (COVID-19) on business results/models
- Importance placed on social value (ESG and SDGs) and economic value
- Construction of the New Toda Building (headquarters building; tentative name)

“Transformation phase” for building a new revenue base

Continuous evolution of business activities and enhancement of corporate value through high added-value competitiveness
- Resilient -

Globalization

- Establishment of global organizations and management structures, and fostering and strengthening of talent.

Branding

- Acting with awareness of stakeholders and receiving feedback
- Achieving transformation of individuals and organizations

Promoting Innovation

- Enhancing value creation that exceeds expectations and offers added appeal and novelty

Building Brand Value as an Asset

- Promoting differentiation by creating and increasing intangible assets and ESG value
- Increasing corporate value through proactive transmission of information

Increase Corporate Value through the Resolution of Social Issues



Non-financial Indicators (Quantifiable indicators of brand value as an asset)

	Quantitative evaluation indicators	FY2024 targets
Environment (E)	CO ₂ emission reduction rate (compared to FY2019)	A 10% reduction or more
Society (S)	Total accident frequency rate*	1.00 or lower
	Work sites: Implementation rate of 8-days off per 4-week work cycle	100%
	Construction career advancement registration rate	100%
	Employees' average total actual working hours	1,900 hours or less
Governance (G)	Proportion of Outside Directors and Outside Corporate Auditors	50% or more
	Proportion of non-Japanese employees (non-consolidated)	1.5% or more
	Risk assessment implementation rate*	100%
	Serious violations of laws and regulations	0 cases

* Total accident frequency rate = total occupational accidents (including minor occupational injuries requiring no more than 1 day of leave including business owners and sole traders) ÷ total working hours (million hours)

* Risk assessment implementation rate: Implementation and execution status of quantitative and qualitative assessments of investment projects (projects approved by the Board Meeting), and exit strategies implemented by the Investment Committee

In this age of accelerating VUCA, the Group aims to achieve ongoing evolution of business activities and increased corporate value by providing solutions that exceed the expectations of stakeholders based on the four key phrases; "globalization", "branding", "promoting innovation" and "building brand value as an asset".

Fiscal 2024 Group Performance Targets

In terms of specific group performance targets in Medium-Term Management Plan 2024, we are aiming at consolidated net sales of approximately 600 billion yen, operating income of 42 billion yen or more (operating margin of 7.0% or more), return on equity (ROE) of 8.0% or more, and labor productivity (non-consolidated) of 17.5 million yen or more in fiscal 2024. Our investment plan is for total investment of 160.0 billion yen over the period with aggressive growth strategy investments in the investment and development sector, new fields, and technology and ICT fields.

With regard to shareholder returns, we are giving comprehensive consideration to dividend on equity (DOE) and payout ratio to generate stable and ongoing returns on shareholder investments.

[Fiscal 2024 Group Performance Targets]

Net sales and Profit by Business

	FY2019 results	FY2020 forecast	FY2024 targets	
Consolidated net sales	518.6	497.0	600.0	
Building construction business	354.6	322.0	380.0	
Civil engineering business	115.5	125.0	140.0	
Strategic Businesses	Investment and development + new fields	24.7	23.0	45.0
	Group companies	43.6	41.5	48.5
Consolidated elimination	(19.9)	(14.5)	(13.5)	
Operating income	35.2	26.0	42.0	
Operating margin	6.8%	5.2%	7.0%	
ROE (return on equity)	9.6%	7.1%	8.0%	
Labor Productivity (non-consolidated, unit: 10 thousand yen)	1,707	1,500	1,750	

* This medium-term management plan includes foreign income in each business segment as a result of structural reforms

* New fields include energy-related business and other new businesses.

* Labor productivity = Amount of added-value (operating income + total human resource expenses) ÷ number of employees (average for the period, including temporary employees, etc.)

Shareholder Returns

	FY2019 results	FY2020 forecast	FY2024 targets
DOE (Dividends on equity ratio)	3.0%	2.3%	Approximately 2.0%
Dividend payout ratio	30.8%	32.3%	Approximately 30.0%

* We are giving comprehensive consideration to DOE (dividend on equity) and payout ratio, to generate stable and ongoing returns on shareholder investments.

* DOE (dividend on equity) = total dividends ÷ equity

Investment Plan

Field	Investment policy	Total period of the plan (FY2020 – FY2024)
Investment development	Generation of new revenue by leveraging smart technologies	130.0
New fields	Solving global social issues and expanding business demand	25.0
Technology and ICT	Promoting high added-value and a revolution in safety and productivity	5.0
Total		160.0

Message from Management

Medium-Term Management Plan 2024 Business Policy

We are conducting management that values social value (ESG and SDGs) as well as economic value, based on our three business policies.

No. 1 in Safety and Productivity

In the midst of concerns about the lack of successors in the construction industry, efforts to ensure safety and improve productivity are paramount to achieving sustainable growth for the Group. While some successes were made with the various measures implemented, we must intensify reforms to production systems and work processes and new technology development. Specifically, we plan to conduct more comprehensive advanced verification of front loading at the design and planning stage, in addition to implementing measures which leverage mechanized construction, new technologies and ICT applications, behavioral analysis, and visualization. We are further working to improve safety and productivity through pursuits in safety education based on knowledge of subconscious mind (hazard prediction, brain science, behavioral psychology, etc.).

At the end of December 2019, with the reconstruction of the headquarter building, we decentralized and temporary relocated our organizations and functions which were previously situated in the headquarters. We are taking this opportunity to transform our work styles to maximize productivity and creativity. In an effort to advance ABW* practices that effectively exploit ICTs we introduced hot-desking and mobile PCs based flexible work styles and created workplaces, such as offices and meeting rooms, that promote communication. ICTs will be further optimized at worksites, to ensure safety and improve productivity. We are also working to introduce a more favorable 8-days off per every 4-week work cycle to create a more attractive workplace environment and alleviate concerns about future lack of successors in the construction industry.

* ABW (activity-based working): A work style where the work location is selected according to the work content.

● Financial and Non-Financial Highlights P.1-2

Provision of High Added-Value

In an age of upheaval, corporations must evolve and play a role in the resolution of various social issues. From this perspective, the Group considers the creation of differentiated value in focus areas as an essential prerequisite for corporations to achieve sustainable growth.

The building construction business has been accelerating efforts to exploit ICT application and BIMs that integrate all stages from planning to construction and maintenance management on the worksite. To achieve this, we strengthened systems for advancing front loading and established conducive environment for using BIM on the worksite. From here on, we will further promote initiatives, concentrating on fields such as hospitals, schools, high added-value offices, redevelopments, and logistics facilities to strengthen our competitiveness to realize a high added-value business.

In the civil engineering business, we have been expanding

our systematic construction support framework, as well as implementing measures to improve productivity. These measures include, installing ICT systems for verifying labor-saving and unmanned work in tunnel construction. We continue to actively adopt new technologies at our worksites, while systematically progressing our abundant construction works in our hand.

In the construction business, we are identifying changes towards digital transformation; a social transformation brought about by the progress of digitalization, and are working to create new business models with the use of BIM/CIM and i-Construction. We are also improving construction capabilities and profitability on a company-wide basis, through the development of a systems for expanding overseas construction projects.

In the strategic businesses, we are globalizing and diversifying our businesses and earnings base in multiple directions through focused investments in the investment and development sector, new fields, and Group companies. The New Toda Building (headquarters building; tentative name) is designed with a focus on smart office creation and the provision of new value (BaaS: building as a service) through this approach.

Create Differentiated Value in Focus Areas

Focus Area	
Building construction business	<ul style="list-style-type: none"> Hospitals, schools, high added-value offices, redevelopments, logistics facilities
Civil engineering business	<ul style="list-style-type: none"> Tunnels, shields, renewable energy, lot development, large-scale infrastructure

Strategic Businesses

Business	Key Initiatives
Investment development	<ul style="list-style-type: none"> Acquire real estate for development and effectively use held assets Strengthen the leasing business through portfolio management Promote smart offices at the New Toda Building
New fields	<ul style="list-style-type: none"> Participate in development projects in North America and Southeast Asia, etc. Commercialize floating offshore wind power generation and wind farms Invest in renewable energy projects and 6th-sector industrialization agricultural projects* Establish new revenue streams through data utilization (sales and use)
Group companies	<ul style="list-style-type: none"> Demonstrate the comprehensive capabilities of the Group throughout the construction life cycle Acquire special technologies through M&A etc.

* 6th-sector industrialization refers to a combined initiative comprised of primary agricultural industries, secondary manufacturing industries and third-sector industries involved in retail of products and services. The aim is to produce new added-value using local resources.

Practicing ESG/SDGs Management to Enhance Corporate Value

In the coming age, we will be faced with a multitude of social issues and it will become even more important to implement initiatives to solve them. Only companies that emphasize increasing stakeholder value will be accepted by society and capable of seizing business opportunities. The Group is conducting ESG management with this in mind and promoting initiatives that include contributing to the achievement of SDGs.

With regard to the environment, we are implementing problem-solving activities aimed at decarbonization, resource recycling, environmental conservation, and regional revitalization. In response to the global move towards a decarbonized society triggered by the Paris Agreement, in May 2019 we expressed our support for the TCFD recommendations. We are also analyzing scenarios on risks and opportunities related to climate change as well as strengthening our strategic utilization and response to information disclosure.

● Response to Climate Change Associated Risks and Opportunities P.25-26

With regard to society, we plan to strengthen our organizational capabilities by nurturing and securing diverse and talented human resources, while promoting the development of the working environment and work style reforms. In response to concerns surrounding the lack of successors in construction engineering, we are contributing to the development of the construction industry as a whole through our Career Advancement Support Center Toda



which provides supports in registering for subsidy programs and grants offered by Toda Mirai Foundation and the Construction Career Advancement System.

Concerning governance, we plan to strengthen risk management (environment, natural disasters, investment, compliance, etc.) and leverage the knowledge obtained from it to promote technological development, products and services. One example is the development and dissemination of the “Yure Kanchi” earthquake monitoring system which immediately identifies the seismic intensity and the amount of damage to a building in occurrence of an earthquake. We also established a new Environmental Energy Project Promotion Committee to strengthen the environmental energy sector. Each department works together to enhance the environmental energy business and strengthen initiatives to resolve social issues.

Response to the Novel Coronavirus Infection (COVID-19)

We are implementing strict prevention measures against COVID-19 and working to minimize any impact on business continuity and performance.

In response to the current spread of the novel coronavirus infection (COVID-19), our first step was to establish a company-wide response framework at the Disaster Response Headquarters. We further established the Novel Coronavirus Response Committee as a permanent entity to prepare for prolonged measures and new lifestyles taking hold. The Group is promoting measures to prevent the infection of our

employees, our partners, and their employees, alongside measures to stop the spread of infection in accordance with policies of national and local governments, and related institutions. We are committed to minimizing the impact on our business continuity and performance by adhering to internal and external infection control measures.

Becoming a Corporate Group that Enables Your Success

We work to improve our technology and service. We aspire towards a “Valuable Toda Corporation” by proposing continuous evolution through longstanding customer loyalty and trust, and the provision of solutions that exceed their expectations.

As social issues become more diverse and complex, the future will be an era where the value of companies' existence will be determined by what value they can provide to society. In these uncertain times, we continue to stand firm and to promote Group management based on our corporate philosophy framework, our Global Vision, and our Medium-Term Management Plan 2024.

The Group continues to strive to improve its technologies and services, promote globalization and brand establishment, create a continuous evolution through long-standing trust with our stakeholders, propose solutions that exceed their expectations, and aspire to realize a “Valuable Toda Corporation”.

General Overview by Business

Business Climate

Fiscal 2019 Results

Building Construction Business



In the building construction business, both public investments and investments in private sector facilities such as manufacturing sector, accommodation facilities, and office buildings are expected to decline as a result of uncertainties arising from the impact of the novel coronavirus (COVID-19).

Meanwhile, in response to concerns about labor crunches and the promotion of work-style reforms, which must be addressed by the industry-wide basis, Toda Corporation is working to improve productivity and working environment.

Furthermore, the scaling up and uneven regional distribution of construction work continue to increase, impacting not only our business performance, but also our completion rate of construction work, amplifying the importance of securing a stable framework for construction.

Results

For fiscal 2019, net sales declined slightly to 354.6 billion yen (year-on-year decrease of 3.8%) and operating income fell to 18.9 billion yen (year-on-year decrease of 22.2%) due to a 0.5-point decrease in the construction-to-completion ratio (non-consolidated) to 12.0%.

And, orders received (non-consolidated) declined to 315.3 billion yen (year-on-year decrease of 17.9%) due mainly to a decrease in private construction.

Civil Engineering Business



In the civil engineering business, orders in both the public and private sectors have remained firm due to increases in orders for large-scale construction projects, such as expressways and the Linear Chuo Shinkansen, and works related to infrastructure restoration, disaster prevention and mitigation, national resilience, and renewable energy facilities. However, as it will most certainly be a long time before the coronavirus crisis end, we must take measures to mitigate the economic slowdown and shrinking of the private-sector, as well as the reduction in orders for future public works.

In addition, the industry is facing a major challenge in dealing with labor shortages. Toda Corporation is actively working to improve productivity using ICT and AI, implement work style reforms to achieve a 8-days off per 4-week work cycle, and better the working environment at our worksites and offices.

Results

Net sales for fiscal 2019 remained firm at 115.5 billion yen (year-on-year increase of 13.3%) while operating income rose to 10.4 billion yen (year-on-year increase of 55.2%) due to an increased construction-to-completion ratio (non-consolidated) of 15.2% (year-on-year increase of 1.4-points).

Orders received (non-consolidated) decreased slightly to 152.2 billion yen (year-on-year 2.2% decrease) but remained firm.

Strategic Businesses



Our strategic businesses are exploiting a diverse revenue base.

The investment and development business remains uncertain due to the impact of novel coronavirus (COVID-19). However, we will continue to invest mainly in logistics facilities and residential properties, where demand is strong and a quick recovery is expected, as well as in long-term development projects. We are further striving to expand and stabilize earnings by working to secure and optimize the management of prime assets.

In new fields, we are striving to quickly realize the full-scale commercialization of floating offshore wind power generation, and in addition to real estate investment, we will engage in the overseas development of our renewable energy projects.

In our Group businesses in Japan, we will continue to expand and diversify our businesses to strengthen the Group's management foundation.

Results

In fiscal 2019, net sales amounted to 68.3 billion yen (year-on-year increase of 20.7%) and operating income was 6.2 billion yen (year-on-year increase of 51.2%) due mainly to increases in net sales and gross profit in the investment and development business.

The breakdown of the results indicates that the investment and development and new business fields accounted for 24.7 billion yen and the Group's other businesses accounted for 43.6 billion yen of the total net sales. The breakdown for total operating income was 4.0 billion yen and 2.2 billion yen, respectively.

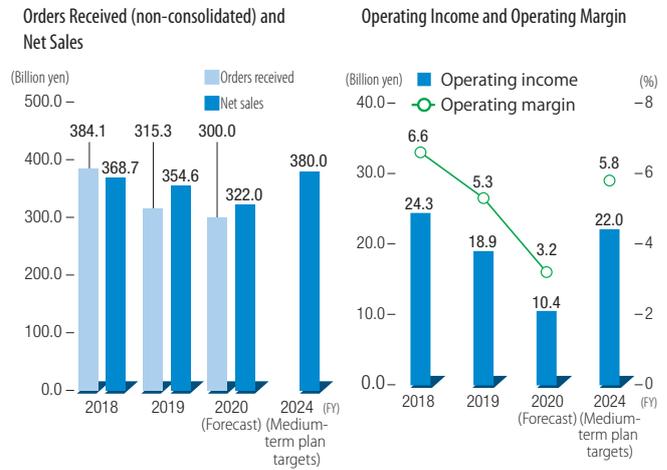
Prospects for Fiscal 2020

Prospects

With regard to the fiscal 2020 results outlook, the Group expecting some performance set-backs in the building construction department due to the completion of profitable large-scale construction projects, the in-house construction of the new headquarters building, and concerns about the impact of the novel coronavirus (COVID-19).

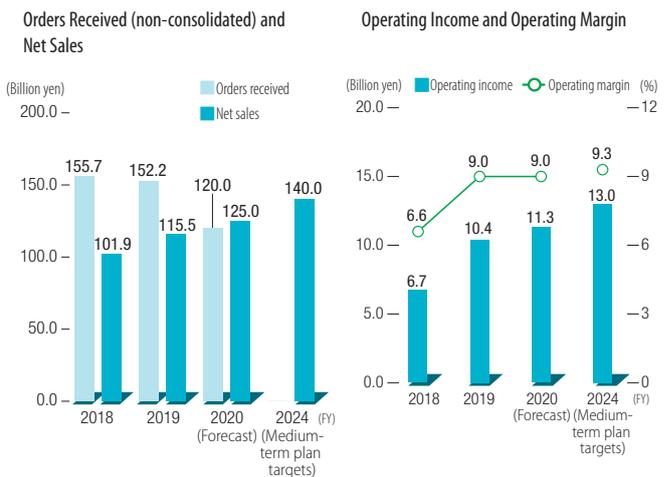
Thus, we are planning for a decrease in net sales to 322.0 billion yen (year-on-year decrease of 9.2%), construction-to-completion ratio (non-consolidated) of 10.6% (year-on-year decrease of 1.4 points), and operating income of 10.4 billion yen (year-on-year decrease of 44.5%). We are further planning for a fall in orders received (non-consolidated) to 300.0 billion yen (year-on-year decrease of 4.9%).

Orders Received and Net Sales/Operating Income and Operating Margin



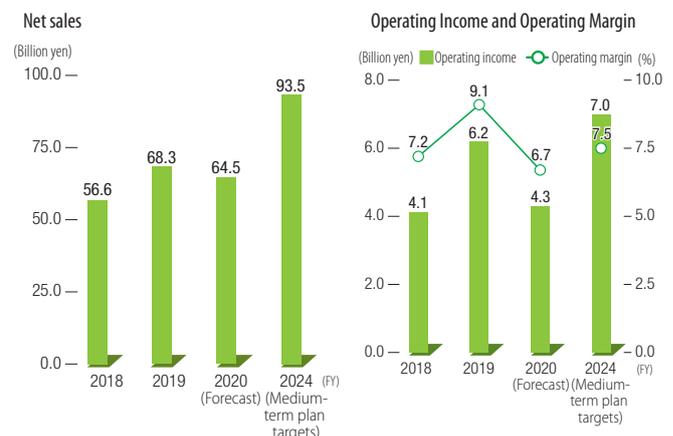
Prospects

Despite similar concerns about the impact of the novel coronavirus (COVID-19) in fiscal 2020, we are planning for growth in operating income to 11.3 billion yen (year-on-year 8.7% increase). This anticipated growth is based on projections for an increase in net sales to 125.0 billion yen (year-on-year increase of 8.2%), and a year-on-year increase of 0.4 points resulting in an operating margin for completed construction (non-consolidated) of 15.6%. We are planning for an orders received (non-consolidated) total of 120.0 billion yen (year-on-year decrease of 21.2%), taking into account contractions anticipated to maintain an able construction framework to accommodate the ample amount of work in hand.



Prospects

For fiscal 2020, our plan calls for net sales of 64.5 billion yen (year-on-year decrease of 5.6%) and operating income of 4.3 billion yen (year-on-year decrease of 30.6%), in conditions where the impact of the novel coronavirus (COVID-19) is unclear as described above. A breakdown of our plan sets forth net sales figures comprising of 23.0 billion yen for investment development and new business fields, and 41.5 billion yen for Group businesses. And, operating income figures comprises of 2.7 billion yen and 1.6 billion yen for the respective categories.



Note: Consolidated figures do not include eliminated inter-company transactions. Consolidated figures for fiscal 2018 and the first half of fiscal 2019 are roughly calculated for reference only. Fiscal 2020 results forecasts take into account the currently foreseeable impact of the spread of the novel coronavirus disease (COVID-19).

Building Construction Business

Advancing the “realization of the customer experience.”
As the main pillar throughout 140 years of operation,
the building construction business is leveraging brand
asset value and evolving by taking on new horizons.

MIYAZAKI Hiroyuki

Representative Director
Senior Executive Officer
Group General Manager, Building Construction Group

Medium- to Long-Term Strategy

For the market from fiscal 2020 onwards, economic trends are unpredictable due to the impact of the novel coronavirus on the economy. Despite these conditions, markets such as logistics facilities and data centers, for which demand is increasing, are expected to expand at a faster pace than before, as the new lifestyles take hold, leading to an expansion of the Internet. Although economic activity has slowed down, we will continue to focus on these markets in the short term.

On the other hand, in the medium- to long-term, we are expecting demands for renovations and extensions of facilities which we have traditionally been strong in. These include buildings and hospitals that have implemented preventative and control measures against infections for safe-use. We will conduct aggressive sales activities such as proactive sales proposals in these markets.

Since customer needs are expected to change further as the market environment changes, it is crucial that we maximize the customer experience* through buildings. In order to “realize the customer experience,” it is important to listen to our customers’ needs and integrate these needs with our architectural knowledge to forge closer relations. For this reason, we introduced a system assigning each sales division of the Headquarters Construction Group on an industry-specific basis. In addition, the Engineering Unit, a highly technically specialized solutions unit, will be incorporated into the Construction Department to promote expanded sales.

We are aggressively promoting initiatives to improve productivity in response to reduced resources due to the headquarters building reconstruction works that commenced

in fiscal 2019. The key to improving productivity and responding to customer needs is to transform the status quo. We will further promote our digital strategy, to accommodate moves toward smarter factories, logistics, hospitals, and office buildings alongside ICT utilization at construction sites, and accelerated integration of BIM initiatives in all stages from design to construction and maintenance management. To ensure continual and sustained improvements in productivity, we are optimizing the functions for business management resources through internal collaboration between the headquarters and branch offices, and between divisions.

Throughout the last 140 years, since our founding, we have been working together with our customers to build up our brand value on the building construction business: the pillar of Toda Corporation. In order to be the customer’s choice, we will continue to challenge the status quo and raise our brand asset value to a new stage by implementing the following four measures to achieve continuous evolution.

* Experiential value that stimulates individual senses of satisfaction and happiness by drawing out the latent needs of customers which they may not be aware of.

Major Initiatives

1. Create new customer value through innovation
2. Achieve the highest level of technology and sustained improvement in safety and productivity
3. Develop and secure diverse and varied human resources to strengthen our business foundation
4. Promote ESG and SDGs management, and enhance brand value

Main Results in Fiscal 2019



The Kitasato Institute Shirokane Campus
(provisional name)
Construction of School of Pharmacy
Building and New Kitasato Main Building
Ordered by: The Kitasato Institute



Kyobashi 1-Chome East
Side, Nagasaka Sangyo
(provisional name)
Construction of New
Kyobashi Building
Ordered by: Nagasaka Sangyo
Co., Ltd.



Tsuyama Chuo Hospital New Ward Extension
Ordered by: General Incorporated Foundation, Tsuyama Jifukai

Civil Engineering Business

The future lies with the people and organizations who pursue transformation.
Pursuing new civil engineering through value creation and building brand asset value.

FUJITA Ken

Representative Director
Senior Executive Officer
Group General Manager, Civil Engineering Group

Medium- to Long-Term Strategy

With regard to the civil engineering business, we expect the environment for orders to remain steady in the short-term due to the renovation of aging highways and other infrastructure, national resilience policy, and investment in the renewable energy market. In the long term, however, we anticipate a decline in domestic demand. As we had predicted, the impact of the novel coronavirus (COVID-19) on the economy will lead to unavoidable declines in the public and private sectors, even if only temporarily.

In order to achieve sustainable growth over the medium- to long-term, we must stand forward as the company of choice for our customers. To achieve this, we aim to take on the challenges in fields that offer future prospects and enhance our value proposition through the promotion of strategic technological sales. Specifically, we will continue to pursue large-scale and complex projects, as well as various business activities including renewable energy such as offshore wind power generation, infrastructure regeneration, regional revitalization, and overseas expansion. We would like to contribute to the society of today and tomorrow through technological development and aggressive investments that will effectuate market differentiation. Overseas, we will also improve implementing a framework for expanding construction work to amplify our construction capacity and profitability in the industry.

At the same time, we will build new business models which actively incorporates changing circumstances and modes of living into our business activities to cope with expected accelerations in declining birthrates and aging population in Japan; the new “normal” world that has emerged in association with the novel coronavirus (COVID-19); ever-advancing AI/ICT

technologies; and efforts to accelerate globalization. In order to achieve this, we must ensure that ESG management and goal 17 of the SDGs: “partnership for the goals,” penetrate to every corner of the organization at the same time as developing human resources from a broader perspective not limited by the old framework.

While we have a trade-off between our mission in infrastructure and our work reforms due to the specific traits of the civil engineering industry, we are striving to find a viable solution as a company.

This fiscal year, the Civil Engineering Group is focusing on the following four measures based on our medium- to long-term strategy under the common slogan, “the future lies with the people and organizations who pursue transformation.”

Major Initiatives

1. Create new customer value through innovation
2. Achieve the highest level of technology and sustained improvement in safety and productivity
3. Develop and secure diverse and varied human resources to strengthen our business foundation
4. Promote ESG and SDGs management, and enhance brand value

Main Results in Fiscal 2019



Kyushu Shinkansen (West Kyushu), one location outside Takeo Tunnel.

Ordered by: Incorporated Administrative Agency, Japan Railway Construction, Transport and Technology Agency



Post-disaster reconstruction work in rivers surrounding the Tsuya River (Part 4)

Ordered by: Miyagi Prefecture



FY2016 National Highway 23, Gamagori Bypass Toyosawa Road Construction

Ordered by: Chubu Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism

Strategic Businesses



Taking business diversification and globalization to new heights and taking on new challenges to increase expand on gains and provide new value to society.

UEKUSA Hiroshi

Director
Executive Officer
Manager, Promotion Office for Strategic Business

Medium- to Long-Term Strategy

In the building construction industry, demand is expected to slump in the future. We aim to create new business opportunities by creating differentiated value to achieve sustained growth despite these challenging conditions. In response, our office is working with Group companies to diversify and strengthen our management foundation and develop businesses in the five fields, shown on the right, with a focus on creating new value and resolving social issues. In particular, with regard to ESG management and SDGs, one of our major goals is to promote businesses that contribute to regional revitalization and the creation of a decentralized society.

Over the next three years from fiscal 2020 onwards, we plan to make major investments, including the full-scale rebuilding of our headquarters building, and launch a floating offshore wind power generation project off the coast of Goto City in Nagasaki prefecture, Japan. On the other hand, while facing the impacts of the novel coronavirus (COVID-19), we plan to continue investing in revenue-producing and development properties to stabilize our management base as we have until now.

However, in order to reduce the overall cash flow burden on Toda Corporation and allocate investments with consideration to our portfolio, we plan to build up new quality assets through the replacement of our holdings (acquiring new projects with the cash gained from the sale of our asset holdings).

Furthermore, in order to provide new value to society, we are engaging in more types of renewable energy businesses with the aim of achieving RE100, alongside expanding our overseas business deployment in the real estate and energy businesses

to further accelerate globalization. We also intend to engage in new fields and new businesses, alongside actively pursue mergers and acquisitions that generate synergistic effects in order to expand the scope of operations and revenue base of each Group company. Through these measures, we intend to create differentiated value and play a role in improving the Toda Corporation brand. We will be implementing the following four measures to further challenge ourselves.

Promotion Office for Strategic Business

Investment and Development Business	● Deployment of the investment and development business with a focus on the real estate business
Floating Offshore Wind Power Generation Project	● Deployment of floating offshore wind power generation project
Renewable Energy Business	● Deployment renewable energy businesses such as solar, hydroelectric, and geothermal power
New Business Fields	● Overseas business deployment ● Developing and managing new businesses through collaboration with customers and other industries
Group Businesses	● Integration of Group companies

Major Initiatives

1. Create new customer value through innovation
2. Achieve the highest level of technology and sustained improvement in safety and productivity
3. Develop and secure diverse and varied human resources to strengthen our business foundation
4. Promote ESG and SDGs management, and enhance brand value

Main Results in Fiscal 2019



Sold to Suzuken Kanagawa Logistics Center



Toda Building Shinsaibashi (renovation completed)



Minamisuna Project – completion of the company dormitory



Acquired from Hotel Riverte Kyoto Kamogawa (Towa Kanko Kaihatsu Co., Ltd.)

Research and Development



Reaping new possibilities for Toda Corporation in response to the changing times and society while striving to provide customers with valuable technology that opens up a new era.

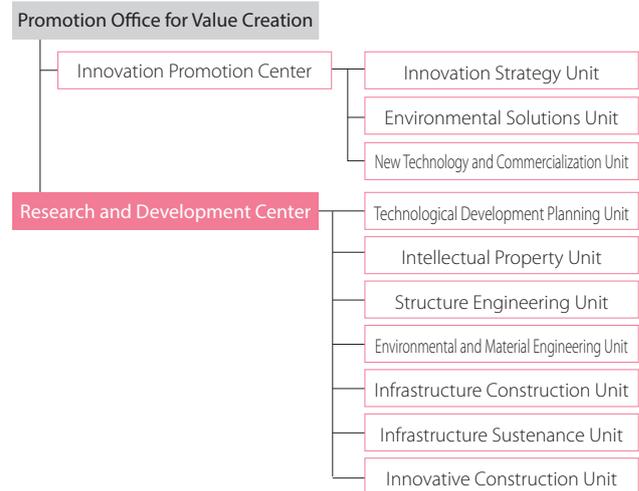
TODA Morimichi Director
Senior Executive Officer
Manager, Promotion Office for Value Creation

Research and Development System

At Toda Corporation, in seeking to exceed the expectations of society and our customers by producing creative value, in January 2014, we established the Promotion Office for Value Creation. The Research and Development Center is responsible for the materialization of this goal. The center's activities include research and development cognizant of changes in social structure with the aim of creating value for customers and a desirable global environment, technological development to streamline production systems and develop new businesses in cutting-edge technological fields. In the Construction Reform Unit, we are developing various technologies to improve the safety, efficiency and working environment of construction in collaboration with the current work division. We are further striving to apply the results of our research to the construction of our new headquarters building. Furthermore, the Innovation Promotion Center, newly established in March 2020, is primarily engaged in commercialization of internally developed innovations, "value", to provide new value to customers and society at large. In addition to collaborating with construction sites and various divisions within the company, we are also actively promoting technological exchange, joint research and open innovation with

public research institutes, universities, other companies in the same industry, and venture businesses. Our aim is to conduct research and development in a variety of fields.

Organizational Structure (as of May 1, 2020)



Technology Research and Development Trends and Medium- to Long-Term Strategies

The Company's Research and Development Division promoting technological research and development with particular attention on the key goals of the Mid-term Business Plan 2024 which indicate the promotion of high added-value and revolutionization of safety and productivity.

One of the goals is to achieve ZEB* in response to the growing social interest in the environment, energy conservation and CO₂ reduction. We have been using the Environmental Technology Demonstration Building at the Tsukuba Research and Development Center to develop and verify various technologies. And, in fiscal 2020, we will renovate the building into a carbon-negative building to promote the establishment of more advanced environmental technologies.

In the medical and welfare services field, where we have an advantage, we are conducting integrated research with the Medical and Welfare Division and the Design Division at headquarters to develop optimized medical spaces, equipment, and technologies to counter new types of infectious diseases. We are also concentrating on the development of mechanization

and automation technologies, alongside ICT-based production management rationalization technologies to improve productivity and respond to the labor shortages from recent aging of skilled construction workers. Furthermore, the Structural and Construction Experimental Building, completed in November 2019, will be used to develop social infrastructure and structural technologies to improve safety and security technologies to minimize damage caused by frequent earthquakes and typhoons.



Carbon-negative building (Scheduled to be completed in March 2021)

* Zero energy building: Buildings designed based on the concept of reducing the energy used in buildings to as close to zero as possible.



TOPICS

Kelani Tissa Junction (Sri Lanka)

Overseas Building Construction Business



NITAHARA Kazuyoshi

Overseas Branch
General Manager

The key to the future is human resource development

Securing and developing global human resources who can handle all aspects of overseas operation is an immediate priority. Solving problems and yielding results by pulling together organizations of diverse languages, religions, customs, and values are essential management skills for human resources in overseas branch offices. Of these, the multi-nationalization of human resources is a pivotal factor, and it is up to global human resources to meet these needs. We have been focusing on fostering such talent by continuously inviting foreign trainees to Japan for six months of training in Japanese followed by one year of hands-on training.

Furthermore, at the same time as employing foreign staff as engineers at sites in Japan with the aim of creating a formidable workforce, we are also rotating staff between Japan and overseas on an as-needed basis in order to accelerate real globalism.

Market Conditions

It is undeniable that the outlook for our overseas strategy is uncertain due to the impact of the novel coronavirus (COVID-19), which is currently raging around the world.

We believe that it is necessary to take action in anticipation of a new “normal” era, while paying careful attention to how the global spread of infection will affect the overseas strategy of our major client companies operating overseas, outside of Japan.

Aiming at Providing New Value

Amid changing environments outside of Japan and the subsequent uncertainties that follow, we are aiming to train workers who can tackle issues from a macro perspective and proceed with investigations into new business strategies without being distracted by the issues immediately at hand. We will pursue avenues to improve organizational capacity and, ultimately contribute to the globalization of our customers.

In addition to progressing efforts to implement BIM leveraged front-loading and build an able foundation for productivity improvements, we plan to challenge forward into a new phase of business in cooperation with the Promotion Office for Strategic Business in charge of promoting investment projects. At the same time, we are striving to establish a new revenue base by improving our capacity to handle large-scale projects as part of the ODA projects and will expand our highly successful tunnel business within Japan and overseas.

Contributing to transport infrastructure that supports the Sri Lankan economy:

The Kelani River new bridge construction project

In Sri Lanka, against a backdrop of strong economic growth, a marked increase in the number of registered motor vehicles has rapidly intensified traffic congestion, especially during commuting hours in the mornings and evenings. In Colombo city, in particular, traffic is concentrated on three bridges over the Kelani River that flows north of the city for access from the city to the northeast. The Kelani River Bridge is a key point where four main roads; the national A01 highway leading to Kandy, the second-largest city in Sri Lanka; Route A03 leading to the international airport; Port Access Road; and a road that runs through the city of Colombo converge, causing chronic traffic congestion.

In the Kelani River new bridge construction project, Toda will contribute to a project for the dispersal of traffic in the area of the Kelani River and the alleviating of chronic traffic congestion by constructing new bridges and elevated access roads, etc., adding approximately 2.4 km to existing roads.



Orugodawatta Interchange



Ingurukade Interchange

Main Results in Fiscal 2019



Construction of the Central Market in Sasandra (Côte d'Ivoire)

Ordered by: Republic of Côte d'Ivoire

An integrated construction project comprising of a total of 62 buildings at the docks and market with a total floor area of 8,479 m². The project was implemented to improve the efficiency of landing and distributing fish and enhance the quality of fisheries products.



YCDC Bago River Crossing (Myanmar)

Ordered by: Yangon City Development Committee (YCDC)

A construction project to lay a 900-meter-long conduit across the river using a jacking method to supply clean water to the Thilawa Industrial Park that was developed in cooperation with Japan and Myanmar.



Stanley No. 2 Factory Extension (Vietnam)

Ordered by: Vietnam Stanley Electric Co., Ltd. (completed by Toda Vietnam Co., Ltd.)

A construction project to extend a two-story (above ground) steel-framed production facility with a total floor area of 22,900 m² in Hanoi, Vietnam.



Construction of a new warehouse in Yusen Logistics Co., Ltd. (Thailand)

Ordered by: Yusen Logistics (Thailand) (completed by Thai Toda Corporation Ltd.)

A construction project to build a two-story (above ground) reinforced concrete logistics facility with a total floor area of 26,498m² in the Samut Prakan province, Thailand.



Extension of Hospital São Camilo (Brazil)

Ordered by: Hospital São Camilo (completed by Construtora Toda do Brasil S.A.)

A construction project to extend a nine-story (above ground) and five-story (below ground), reinforced concrete medical facility with a total floor area of 11,843 m² in the state of São Paulo, Brazil.



Extension of the INPE Space Development Research Laboratory (Brazil)

Ordered by: The National Institute for Space Research (Brazil) (completed by Construtora Toda do Brasil S.A.)

A construction project to extend a three-story (above ground) precast concrete research facility with a total floor area of 5,512 m² in the state of São Paulo, Brazil.

ESG Management

The Group is promoting ESG management to realize our Global Vision:

“A corporate group that makes your success possible.”

At Toda Corporation, we are committed to solving social issues through our core businesses and are contributing to creating a safe, secure, comfortable, and sustainable society.

The Toda Group’s ESG Management

On a solid corporate governance foundation we, at Toda Group, are promoting environmental and social initiatives through our diverse business activities. As part of this effort, actively addressing various targets connected to solving social issues, such as CO₂ emission reduction and defining the targets that require focused attention with creating opportunities for an open assessment of their achievements, we aim to constantly improve ESG management.

We aim to achieve a steady medium to long-term growth and contribute to the sustainable development of society, customers, and the Group, through such measures.

Contributing to the sustainable development of society, customers, and the Group



Comment from the Corporate Officer in Charge of CSR

The current global spread of the novel coronavirus (COVID-19) is likely to completely change our lifestyles, greatly impacting our values and social norms. With the prospect of long-term coexistence with the novel coronavirus (COVID-19), we must carefully observe from a corporate management perspective how SDGs and ESG management trends will be affected.

The current pandemic has raised a range of issues, and society as a whole, including our companies, are urged to take steps to resolve them. While the original goal of ESG management was to realize sustainability in corporate growth and our society, the current crisis will most certainly amplify the need for companies to pursue more ESG-focused corporate management practices and operations. Furthermore, we are entering an era where solving social issues is at the forefront. And companies must step-up more than ever and develop solution-centered businesses on a global scale.

We, the Group will ensure that we not only continue with business activities implemented to date but also address arising social issues while discovering new working styles and new values to further enhance ESG management practices.

In particular, with regard to environmental conservation, we are making various efforts to shift to renewable energies such as our floating offshore wind power generation business. In the building construction business, which is our primary source of business, we will continue to embrace the challenge of RE100 by declaring 100% renewable energy use in super-high buildings. And, in terms of society and governance, we are further enhancing initiatives to increase productivity through the use of IT and ICT, and contributing to the attractiveness of the construction industry by improving the work environment.

To grow further in the coming future, we remain committed to the challenge of being “A corporate group that makes your success possible” without missing the elements of ESG (Environment, Society and Governance).



OTOMO Toshihiro
Director
Executive Officer
General Manager, Administrative Division
Corporate Officer in Charge of CSR and Public Relations

The Toda Group's SDGs Initiatives

The SDGs adopted at the UN Summit in 2015 are universal goals that set out issues to be tackled by the international society during the 15 years from 2016 to 2030.

The Toda Group's management policies, strategies, and business activities are deeply linked to each of the SDGs, and there are many areas where we can contribute to solving the issues we face. To better understand arising challenges and opportunities, we identified local issues and whole value chains of the countries where we are developing our business. With these in mind, we then defined and organized ways in which the SDGs-related initiatives connect into our business activities.

The Group is contributing to the achievement of SDGs through all of its business activities to minimize negative impacts by our business activities. At the same time, we also believe it is necessary to provide new value through our businesses in order to contribute further to the achievement of SDGs. By clearly defining highly relevant business areas, the Group will leverage its existing tangible and intangible assets and strengths to provide solutions for wide range of social issues.

Relationship between SDGs and Toda Group's Strategy and Business Activities



Managing of ESG/SDGs to Improve Corporate Value

Under the Medium-Term Management Plan 2024, we set out specific goals and are developing our business activities in order to implement ESG/SDG management to improve corporate value. (Refer to p.8 on non-financial goals)

Priority Initiatives for Implementing ESG Management

ESG	ESG Issues (priority items)	SDGs
Environment (E)	<ul style="list-style-type: none"> Promotion of EMS Reduction of construction by-products and general waste Thorough risk management of hazardous substances Limiting greenhouse gas emissions Measures for biodiversity Promotion of green procurement Promotion and deployment of research and development projects on environmental technologies Promotion of environmental matters requiring consideration 	
Social (S)	<ul style="list-style-type: none"> Quality control Safety and security initiatives (technology and solutions) Pursuit of customer satisfaction 	
	<ul style="list-style-type: none"> HR initiatives Health and safety management Collaboration with subcontractors 	
	<ul style="list-style-type: none"> Contribution to the local communities IR/PR activities 	
Governance (G)	<ul style="list-style-type: none"> Corporate governance/internal control Risk management Compliance 	

Governance

Corporate Governance

We are aware that continuously improving corporate value through proactive corporate governance*1 initiatives is a major management issue. In response, we are putting management organizations and systems in place and implementing the necessary measures, with an eye to establish a framework for the effective execution and supervision of business activities alongside ensuring the transparent and healthy management practices and strengthening compliance.

*1 Systems to regulate corporate management.

Formulation of Basic Policy for Corporate Governance

Achieving sustainable improvement of corporate value requires the establishment of a robust corporate governance foundation and the realization of a more logical and efficient environment for management. In August 2015, with resolution of the Board of Directors, we enacted the Basic Policy for Corporate Governance that sets forth our basic conceptual approach to corporate governance and provides a framework and set of guidelines for business operations.

Fortifying the Functions of the Board of Directors and Business Execution

The company has adopted an executive officer system, which separates management decision-making by directors from business execution by executive officers. This system clarifies the scope of roles and responsibilities and fortifies the functions of each process.

The Board of Directors consists of 12 directors (as of June 25, 2020), and meets once a month, as a rule, to resolve on important management matters and oversee the execution status of corporate business. Starting in fiscal 2020, we appointed four directors of the board, including one additional outside director, to further strengthen the transparency, objectivity of decisions, and accountability of the Board of Directors. In addition, self-evaluations completed by executive directors in each period are analyzed and verified to determine their effectiveness for improvements. It is stipulated that the Personnel and Compensation Advisory Committee, chaired by an

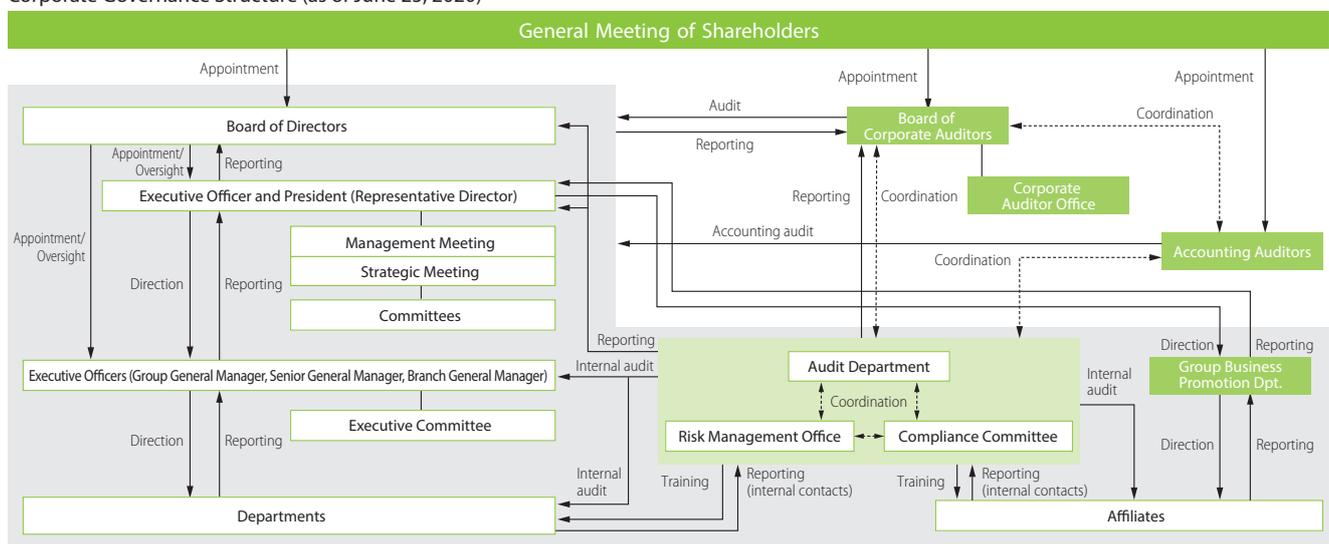
outside director, reviews and reports any important personnel matters of the Board of Directors, executive divisions, and remuneration of officers and other executives to the Board of Directors.

The executive officers execute our business activities in accordance with basic management policy decided by the Board of Directors. We, at Toda Corporation, also hold regular board meetings, meetings of the Strategy Committee and Executive Committee to deliberate on important matters of management and business execution, and make their findings known. These bodies also assign the person in charge and determine the scope of their responsibilities and execution of procedures, in accordance with regulations on labor management, organizational responsibilities and levels of authority, managerial authority, and formal approval procedures.

Evaluation of Effectiveness of the Board of Directors

An analysis and assessment of the effectiveness of the Board of Directors in fiscal 2019 was conducted at the Board of Directors meeting held on June 19, 2020 in accordance with the Basic Policy for Corporate Governance. A list of statements and questions presented at meetings of the Board of Directors was distributed as a resource, and an analysis and assessment of the awareness of directors (using self-evaluations of executive directors), as well as the roles, distributed materials, and management methods of the Board of Directors was conducted. The results confirmed that the Board of Directors was effective in general.

Corporate Governance Structure (as of June 25, 2020)



Status of Response to Issues

The three main points that were raised in the process of assessing the effectiveness of the Board of Directors in fiscal 2018 are as follows.

1. Ensure more diversity in the composition of the Board of Directors
2. Full consideration of board materials
3. Promote digitalization of proceedings

The general content of each of these points and the status of measures to address them for fiscal 2019 are as follows.

The first point raised has not been sufficiently satisfied in regard to gender and nationality, even though diversity of background, knowledge, and area of specialty have been achieved through an increase in the number of outside directors. In an effort to resolve these issues, in fiscal 2019, we conducted numerous discussions concerning matters such as the composition of the Board of Directors and the selection of candidates for the Board of Directors. At the Toda Corporation 97th annual general meeting of shareholders held on June 25, 2020, we secured wider gender diversity, which has been a long-standing issue for the Group, by electing one female outside director. At the same time, the election of a female outside auditor was also approved, meaning that there are currently two female independent board members in Toda Corporation.

The second point raised concerned redundant materials and insufficient prior consideration for some agenda items. Measures taken in fiscal 2019, led to some improvements in materials and documents by instilling this ideas within the Board of Directors. Meanwhile, with regard to insufficient prior consideration and information, we will continue with our efforts.

With regard to the third point raised, we are seeking to amend our traditional method of managing and conducting meetings, which has been conducted solely on paper until now, and demand that meetings be conducted digitally to improve the speed and convenience of materials provision and data storage. As part of our measures for fiscal 2019, while introduction of a paperless meeting system had repeatedly been an item on our agenda, with the relocation of our headquarters building to improve working environment in December 2019, we were finally able to introduce a system for digitalization and paper-less meetings.

Future Issues to be Addressed

Issues raised in the process of assessing the effectiveness of the Board of Directors in fiscal 2019, included the lack of adequate consideration of diversity, insufficient advance provision of information, and the need to diversify how the meetings are held. Firstly, with regard to the consideration of diversity, while we have achieved gender diversity this fiscal year, further efforts are required to achieve the target of 50% or more outside directors

and officers as set out in the Medium-Term Management Plan. Secondly, with regard to insufficient advance provision of information, as agenda items introduced at meetings of the Board of Directors in the age of VUCA will likely include a large volume of new content, we must thoroughly provide information in advance. Finally, with regard to diversification of how meetings are held, we must consider flexible measures as we may no longer be able to hold Board of Directors meeting in a single location in the future, particularly given recent measures to mitigate the novel coronavirus (COVID-19) crisis. We will continue working to resolve issues in order to further improve the effectiveness of the Board of Directors in the future.

Personnel and Compensation Advisory Committee

The personnel and compensation advisory committee comprises three outside directors and two internal directors. The committee fulfills the role of examining officer HR matters and remuneration, evaluating the successor training plan for candidates for important positions from the executive officer and company president, and reporting to the Board of Directors as necessary.

Appointment of Outside Directors and Status of Their Activities

With regard to the appointment of outside directors, Toda Corporation has stipulated an appointment policy in the Basic Policy for Corporate Governance, as well formulating Standards for the Independence of the Board of Outside Directors, which particularly values independence.

Enhancement of Auditing Systems

We have adopted a system of corporate auditors, under which five auditors (of which four are outside auditors), attend meetings of the Board of Directors, and audit the status of the directors' execution of their duties by visiting the current business divisions.

We also maintain the effectiveness of our audits by arranging opportunities to share management information with the representative directors and the accounting auditors on a regular basis and to attend various corporate meetings.

The Corporate Auditor Office is a division that supports corporate auditors in their duties. Our rules call for personnel and organizational changes in this office to be determined in advance by the Board of Corporate Auditors, or in accordance with advice sought from auditors designated by the Board of Corporate Auditors. This arrangement preserves the independence of auditors from the directors and executive divisions.

(Refer to "Board of Directors, Corporate Auditors, and Managing Officers" on p.27.)

Corporate Governance

Enhancement of Internal Controls

In March 2014, Toda Corporation established a Risk Management Office to enhance risk awareness, reform of corporate culture, and upgrade to a more advanced management practices on a company-wide basis. Through this office, we are promoting the reorganization of internal control and crisis management systems. We have also established an Audit Office as an internal audit unit that conducts regular audits of the status of operations in the various internal departments and divisions. Audit results are reported to the Board of Directors and the president and the Board of Corporate Auditors to ensure mutual coordination and regular exchange of opinions between accounting and internal auditors. Internal audits of Group companies are also conducted as needed, in accordance with the management rules of the companies concerned.

In March 2006, a corporate resolution was passed regarding basic policies on creating internal control systems as provided in the Companies Act, and we have taken measures accordingly to further strengthen our management foundation. We also worked in fiscal 2010 to develop and improve our Group companies, including local affiliates in other countries. In May 2015, we revised the above basic policies and took steps to enhance the internal controls of the Toda Group as a whole.

Compensation for Directors and Executive Officers

Compensation for directors and executive officers and related matters are decided according to the Remuneration Standard of Officers and Other Executives, after a review by the Personnel and Compensation Advisory Committee, which is chaired by an outside director.

Compensation for directors comprises of basic fixed compensation, as performances-linked to financial and share-based compensation. These are decided according to various factors including the responsibilities and roles of each position. Outside directors and auditors who are in positions that are independent of business execution, are paid only basic fixed financial compensation as variable compensation such as performance-linked is not deemed appropriate.

Compensation System	
Compensation for board members	= Basic compensation (fixed compensation) + Bonus (performance-linked compensation) + Share-based compensation (performance-linked compensation)

Total Compensation for Directors and Corporate Auditors (Fiscal 2019)

Board Member Category	Total Amount of Compensation
Directors (10 people)	361 million yen (of which, three outside directors, 36 million yen)
Corporate auditors (6 people)	63 million yen (of which, four outside auditors, 25 million yen)

Note: The figures above include 12 million yen recorded as expenses for performance-linked share-based compensation to directors (excluding outside directors).

Incentives (Performance-Linked Share-Based Compensation)

With regard to performance-linked compensation board members, in addition to bonuses, in fiscal 2016, we introduced a performance-linked share-based compensation system for directors and executive officers in order to improve performance over the medium- to long-term, increase corporate value, and raise management awareness of the importance of shareholders.

In fiscal 2019, we introduced new non-financial linked factors which are used to calculate the number of Toda Corporation shares granted to executives as compensation, in addition to factors linked to performance in attaining targets for consolidated net sales, consolidated operating income, and consolidated net profit. These non-financial linked factors are based on the degree of improvement in CO₂ emissions over the previous fiscal year's results, for the purpose of further promoting initiatives aimed at creating a sustainable society such as environmental conservation.

1 Individual Points

Points are allocated to board members each fiscal year, with shares allocated according to the cumulative number of individual points. (1 point = 1 share)

Share-based Compensation				
Individual points	=	Basic points	× Performance-linked factors	× Non-financial-linked factors
Refer to the following ② through to ④ for definitions				

2 Basic Points

Basic points are determined for each individual board member's position. Refer to the table below for fiscal 2019.

Position	Basic Points
Chairman	5,178
President	4,708
Vice-president	3,766
Senior executive	3,295
Executive	2,824
Corporate officer	2,354

[Calculation Method]
 (Base amount per role^{*1}) / (Unit price of the Trust's acquisition of the Company's shares ^{*2})
 (Rounding down the decimal point)

*1

Position	Base Compensation (thousand yen)
Chairman	2,750
President	2,500
Vice-president	2,000
Senior executive	1,750
Executive	1,500
Executive officer	1,250

*2 Directors compensation BIP trust and share allocation ESOP trust

3 Performance-linked Factors

The performance-linked factors used to calculate individual points are defined according to the degree of attainment of the targets for consolidated net sales, consolidated operating income, and consolidated net profit for the fiscal year under review as follows.

$$\begin{aligned} \text{Performance-linked factors} = & (\text{Consolidated net sales factor} \times 0.25) \\ & + (\text{Consolidated operating income factor} \times 0.5) \\ & + (\text{Consolidated net profit factor} \times 0.25) \\ & (\text{Decimals are rounded down to the second decimal place}) \end{aligned}$$

Factors for consolidated net sales, consolidated operating income, and consolidated net profit are calculated based on the following.

Percentage of consolidated net sales, consolidated operating income, and consolidated net profit attained for the fiscal year under review	Factors for consolidated net sales, consolidated operating income, and consolidated net profit
120% or more	1.5
110% or more but less than 120%	1.2
100% or more but less than 110%	1.0
90% or more but less than 100%	0.75
80% or more but less than 90%	0.5
Less than 80%	0.0

4 Non-financial-linked Factors

The non-financial-linked factors used to calculate individual points are defined according to the rate of change in CO₂ emissions*³ over the previous fiscal year as follows.

Rate of Change over the Previous Fiscal Year* ⁴	Non-financial-linked Factors
-2% or less	1.05
More than -2% but 0% or less	1.00
More than 0% but 2% or less	0.95
Over 2%	0.90

*3 CO₂ emissions are the total of scope 1 and scope 2. (Refer to p.1 for the definitions of scope 1 and scope 2)

*4 Rate of change over the previous fiscal year (%) = (CO₂ emissions in the fiscal year under review ÷ CO₂ emissions in the previous fiscal year of the business year under review - 1) x 100

Thoroughly Enforce Compliance

Through the leadership of the Compliance Committee chaired by the president we have developed the Toda Group Corporate Code of Conduct and other related regulations, established and operated a reporting and consultation service (corporate ethics hotline*⁵), and are currently implementing educational awareness activities (e-learning training, various group training, etc.).

To objectively confirm the effects of compliance measures and activities for further improvement, the committee conducted a compliance awareness survey of all group companies. The survey aims to clarify the views of all the affiliates and partner companies and discern their degree of understanding.

*5 In order to further improve the system, we added a corporate ethics hotline for all Group officers, directors and employees in November 2018 (outsourced to an outside private hotline operator).

Promoting Constructive Dialogue with Shareholders

Toda is pursuing more robust systems and initiatives to promote constructive dialogue with our shareholders, as set forth under our recently enacted basic policies on shareholder relations. All opinions and questions from shareholders and investors obtained through IR activities, which are deemed conducive to the Company's management, are given to the Board of Directors and senior management at regular meetings.

We have announced our acceptance of the Japanese version of the Stewardship Code*⁶ and intend to actively engage in dialogue with our institutional investors, who are seeking to realize our long-term, sustainable growth.

*6 Regulations (code) regarding pre-requisite qualities, skills and track record for institutional investors. It was applied prior to the corporate governance code. "Steward" refers to a steward or administrator of property.

IR Activities Result

	FY2019
Results briefings	Twice
Corporate briefings (for individual investors)	Once
Individual meetings, etc,	70 times

Response to Climate Change Associated Risks and Opportunities

Information Disclosure based on TCFD*1 Recommendation

At Toda, we are fortifying our corporate resilience to face identified material and transitional risks associated with climate change. In addition to such risks, we are also making strategic and systematic efforts to identify and pursue new business opportunities.

In May 2019, we announced our support of TCFD and began actively disclosing financial information relating to climate change based on TCFD recommendations. We also analyzed risks and opportunities associated with climate change according to the new policies scenario (4°C scenario)*2 and the B2DS (less than 2°C scenario)*3 to realize a society that limits the average global temperature increases to 1.5°C.

This scenario analysis led to the creation of a new governance structure for identifying, evaluating, and managing climate change associated risks and opportunities faced by Toda. We will continue to review these risks and opportunities to ensure that they remain reflected in our management and financial strategies and disclosed in relevant statements.

*1 Financial Stability Board (FSB) task force on the disclosure of climate-related financial information.
 *2 Transition scenario expressed by the International Energy Agency (IEA). The scenario provides view of how the worlds will look by the year 2100, if average temperature increases are limited to 2.6°C - 4°C. The outlook is bleak and unfavorable.
 *3 Beyond 2°C Scenario (B2DC) transition scenario expressed by the International Energy Agency (IEA). In this scenario, average temperature increases by 2100 are limited to 1.75°C, resulting in a more desirable world.

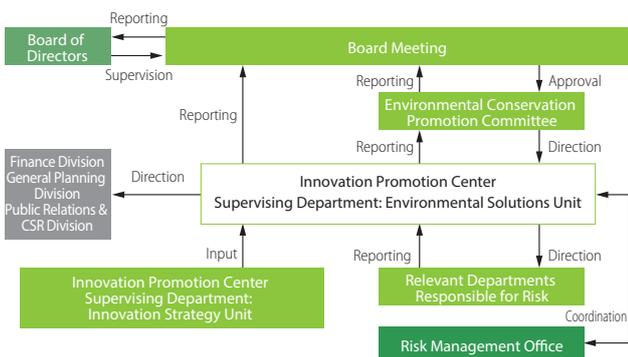
Governance/Risk Management

The Climate Change Risk Management Regulations stipulates systems for identifying, evaluating, and managing risks and opportunities associated with climate change. The Environmental Solutions Unit of the Innovation Promotion Center, which is the principal department responsible for climate change-related

Climate Change Risk Management Structure



Climate Change Opportunity Management Structure



matters, identifies and evaluates risk in conjunction with the company-wide Risk Management Office. Matters concerning material risks are determined at the board meeting after deliberations by the meeting advisory committee: Environmental Conservation Promotion Committee. In this case, the Board of Directors acts as a supervisory body for these matters.

Strategy

We identified risks and opportunities associated with climate change and assessed the related financial impacts based on scenario analysis conducted from short-, medium- (2030), and long-term (2050) perspectives. Risks identified as having a large impact on Toda Corporation includes risks of reduced work efficiency at construction sites due to increased temperatures and risks of disaster incurred damages to owned real estate due to the intensification of abnormal weather events. Opportunities identified include floating offshore wind power and other renewable energy generation projects. The scenario analysis also highlighted the businesses benefits of pursuing the society envisioned in B2DS scenario (less than 2°C) or even the more ambitious “less than 1.5°C” scenario.

(For details, refer to Financial Impact Evaluation of 2030 on the next page)

Indicators and Targets

We, Toda Corporation, pledged our commitment to the Eco-First Program of the Japanese Minister of the Environment and have adopted CO₂ emission reduction targets (scope 1 and scope 2) of the SBT*4 established in August 2017. In terms of scope 3 SBT (category 11: Use of sold products), we set a target of 55% reduction in CO₂ emissions per floor area (square meters) of buildings handed over by Toda to clients by 2050 and are working to promote zero-energy buildings (ZEB). We also signed up for the RE100 initiative in January 2019, and are advanced initiatives to shift our power supply for business activities to renewable electricity, achieving a 100% replacement rate.

(Refer to p.1 for FY2019 results)

*4 Science Based Targets (reduction targets that align with scientific knowledge)

Target Values

	Year	Relevant to	2030	2040	2050
Eco-First Program commitments	1990	Scope 1 and scope 2	-70%	—	-80%
	2010	Scope 1 and scope 2	-35%	—	-57%
SBT	2010	Scope 3 (category 11)	—	—	-55%
	—	Ratio of renewable energy usage	—	50%	100%



Scenario Analysis Results

Outline of Forecast Future Societies

B2DS scenario (less than 2°C)

- Increased need for renewable electricity and added orders for renewable energy power plant construction
- While ZEB construction has expanded, leading to boosts in sales, competition for orders has also intensified due to accumulations in ZEB technological capabilities and design/construction experience
- Increased material and fuel procurement costs due to a higher carbon tax

New policies scenario (scenario of 4°C)

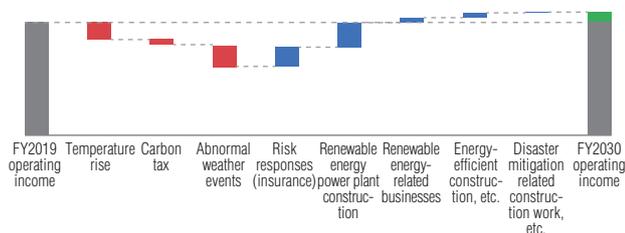
- The construction business will witness prolonged construction periods and reduced profit margins due to lower building efficiency in summer
- Increased material risk in the real estate business as abnormal weather events intensify
- Increased orders for work to prevent/mitigate disasters due to emerging material risks and increased demand for response measures

Financial Impact Evaluation of 2030

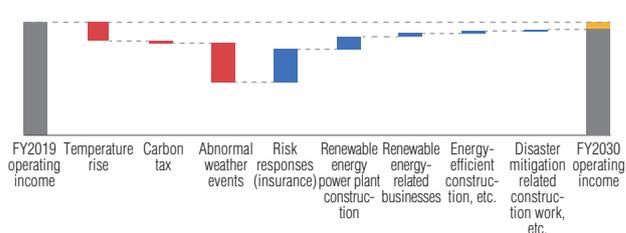
Our assessment of impacts on operating income indicates rises in operating income fiscal 2030 due to B2DS scenario predicted profit increases in renewable energy-related businesses. The analysis of results further indicates that operating income will surge higher in 2050.

The new policies scenario predicts that operating income will decrease from its current levels. However, we aim to ensure more operating income than the current levels through additional measures to improve work efficiency under higher temperatures on construction site and to gain more shares on specific business opportunities.

Assessment of impact on operating income (2030 B2DS scenario)



Assessment of impact on operating income (2030 new policies scenario)



Major Climate-Associated Risks, Opportunities, and Responses

We are investigating and implementing responses to identified risks and opportunities.

Responses to Risks and Opportunities

		Major Items	Examination of Risks and Opportunities	Responses to Risks and Opportunities	
Risks	Material	Chronic	Temperature rise	<ul style="list-style-type: none"> ◦ Decreased work efficiency due to increased temperatures and increase in costs required for countermeasures ◦ Changes to the labor law system 	<ul style="list-style-type: none"> ◦ Promotion of construction labor conservation and automation
		Urgent	Intensification of abnormal weather events	<ul style="list-style-type: none"> ◦ Fragmentation of supply chains ◦ Disasters affecting owned real estate 	<ul style="list-style-type: none"> ◦ Acquisition of precise weather information ◦ Hazard risk assessment for insurance and owned real estate
	Transitional	New regulations	Carbon price	<ul style="list-style-type: none"> ◦ Increased material and fuel procurement costs due to higher carbon pricing 	<ul style="list-style-type: none"> ◦ Promotion of procurement of low-carbon products ◦ Promotion of low-carbon construction through TO-MINICA
Opportunities	Market	Renewable energy power plant construction	<ul style="list-style-type: none"> ◦ Increased demand for construction of floating offshore wind power generation plants ◦ Increased demand for construction of renewable energy power plant 	<ul style="list-style-type: none"> ◦ Development of technology in floating offshore wind power generation construction ◦ Concentration of resources in renewable energy power plant construction 	
	Products and services	Renewable energy business	<ul style="list-style-type: none"> ◦ Increased business opportunities from electricity sales, etc. ◦ Increased renewable energy power plant O&M needs 	<ul style="list-style-type: none"> ◦ Acquisition of specialist human resources ◦ Proactive planning for the renewable energy business 	
	Market	Power-saving construction	<ul style="list-style-type: none"> ◦ Increased sales from the proliferation of ZEB construction 	<ul style="list-style-type: none"> ◦ Promotion of ZEB technology development and accumulation of experience in ZEB construction 	
	Market	Disaster countermeasure construction	<ul style="list-style-type: none"> ◦ Increased demand for work to prevent/mitigate disasters due to intensifying abnormal weather events 	<ul style="list-style-type: none"> ◦ Concentration of resources in work to prevent/mitigate disasters 	

Board of Directors, Corporate Auditors, and Officers

(as of October 1, 2020)

Directors



IMAI Masanori

President and Representative Director
Chief Executive Officer
Manager, Human Capital Strategy Office



KIKUTANI Yushi

Representative Director
Senior Executive Officer
Group General Manager, Administrative Group



MIYAZAKI Hiroyuki

Representative Director
Senior Executive Officer
Group General Manager, Building Construction Group



FUJITA Ken

Representative Director
Senior Executive Officer
Group General Manager, Civil Engineering Group



TODA Morimichi

Director
Senior Executive Officer
Manager, Promotion Office for Value Creation



OTOMO Toshihiro

Director
Executive Officer
General Manager, Administrative Division
Manager, Risk Management Office



UEKUSA Hiroshi

Director
Executive Officer
Manager, the Promotion Office for Strategic Business



OTANI Seisuke

Director
Executive Officer
Administrative Group



SHIMOMURA Setsuhiro

Outside Director



AMIYA Shunsuke

Outside Director



ITAMI Toshihiko

Outside Director



ARAKANE Kumi

Outside Director

Corporate Auditors

Independent Officers



OUCHI Atsushi

Standing Corporate Auditor



MOMOI Shunji

Outside Corporate Auditor



MARUYAMA Keiichiro

Outside Corporate Auditor



SATO Fumio

Outside Corporate Auditor



NISHIYAMA Junko

Outside Corporate Auditor

Officers

Chief Executive Officer	IMAI Masanori									
Senior Executive Officer	KIKUTANI Yushi	MIYAZAKI Hiroyuki	FUJITA Ken	TODA Morimichi						
Executive Officer	OTOMO Toshihiro	UEKUSA Hiroshi	OTANI Seisuke	YAMADA Hiroyuki	NAGATA Shinichi	FUKASHIRO Takao	TOKUHISA Mitsuhiro	MIYAKE Masato	ICHIHARA Takashi	
	MIYACHI Atsuo	ASANO Hitoshi	MASUDA Yoshiaki	KAMIO Tetsuya	TATENO Takanobu					
Corporate Officers	WAKABAYASHI Hidemi	YAMAZAKI Toshihiro	NAGAI Mutsuhiro	YOSHIOKA Kouichiro	NAITO Yoshio	MACHIDA Yoshinori	NAGASHIMA Ushio	SONEHARA Tsutomu	KOUNO Toshiyuki	
	YAMADA Masatoshi	SIRAISHI Kazuhisa	KIMURA Yukihiro	UKEGAWA Makoto	SHIMA Yoshirou	NAKAI Tomomi	KUDOU Masato			

Consolidated Balance Sheets

Toda Corporation and consolidated Subsidiaries - As of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
ASSETS			
Current assets:			
Cash and deposits (Notes 10 and 12)	¥ 97,450	¥ 106,453	\$ 978,161
Notes and accounts receivable - trade (Note 6.7), 12)	225,685	163,440	1,501,800
Short-term investment securities (Notes 6.4), 12 and 13)	-	20,064	184,370
Real estate for sale (Notes 6.10))	9,162	10,052	92,367
Costs on uncompleted construction contracts (Note 6.9))	16,719	16,488	151,511
Other inventories	2,029	3,949	36,288
Other	15,336	17,502	160,825
Allowance for doubtful accounts	(1,548)	(1,110)	(10,205)
Total current assets	364,835	336,841	3,095,120
Noncurrent assets:			
Property, plant and equipment: (Notes 6.1), 2) and 18)			
Buildings and structures, net (Notes 19)	18,953	29,046	266,900
Machinery, vehicles, tools, furniture and fixtures, net	2,807	3,209	29,494
Land (Notes 6.8), 10) and 19)	82,199	83,920	771,112
Lease assets, net	52	138	1,269
Construction in progress	5,420	7,959	73,139
Total property, plant and equipment	109,434	124,274	1,141,916
Intangible assets			
Goodwill	589	519	4,775
Other (Notes 6.2))	7,373	7,976	73,290
Total intangible assets	7,962	8,495	78,065
Investments and other assets:			
Investment securities (Notes 6.3), 4), 12 and 13)	178,643	157,659	1,448,674
Long-term loans receivable (Notes 6.4) and 12)	434	782	7,194
Net defined benefit assets (Note 15)	1,930	1,223	11,241
Deferred tax assets (Note 16)	582	731	6,725
Other	4,132	4,635	42,592
Allowance for doubtful accounts	(234)	(87)	(808)
Total investments and other assets	185,489	164,945	1,515,620
Total noncurrent assets	302,886	297,715	2,735,603
Total assets	¥ 667,722	¥ 634,557	\$ 5,830,723

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
LIABILITIES			
Current liabilities:			
Notes and accounts payable - trade (Note 12)	¥ 119,264	¥ 105,305	\$ 967,610
Short-term loans payable (Note 12)	29,451	44,499	408,890
Commercial papers-liabilities (Note 12)	50,000	-	-
Current portion of bonds payable (Note 12)	-	5,000	45,943
Income taxes payable (Note 12)	9,882	7,374	67,760
Advances received on uncompleted construction contracts	30,059	30,022	275,867
Provision for bonuses	6,596	6,409	58,899
Provision for warranties for completed construction	4,390	4,410	40,524
Provision for loss on construction contracts (Note 6.9))	3,601	3,200	29,411
Deposits received	26,355	28,618	262,963
Other	14,227	18,229	167,504
Total current liabilities	293,829	253,070	2,325,375
Noncurrent liabilities:			
Bonds payable (Note 12)	25,000	30,100	276,578
Long-term loans payable (Note 12)	27,573	32,201	295,888
Deferred tax liabilities (Note 16)	18,424	11,833	108,734
Deferred tax liabilities for land revaluation (Note 16)	7,235	6,791	62,400
Provision for directors' retirement benefits	180	207	1,904
Provision for stock payments for directors	172	188	1,731
Provision for loss on liquidation of subsidiaries and affiliates	42	36	337
Net defined benefit liability (Note 15)	21,446	21,263	195,387
Asset retirement obligations (Note 18)	1,183	1,712	15,731
Other	3,441	3,656	33,597
Total noncurrent liabilities	104,699	107,991	992,290
Total liabilities	398,529	361,061	3,317,665
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	23,001	211,353
Capital surplus	25,743	26,259	241,288
Retained earnings	155,875	176,564	1,622,390
Treasury stock	(9,438)	(9,392)	(86,305)
Total shareholders' equity	195,182	216,433	1,988,726
Accumulated other comprehensive income (Note 8)			
Valuation difference on available-for-sale securities	67,330	51,954	477,390
Deferred gains on hedges	28	(13)	(122)
Revaluation reserve for land (Note 6.8))	5,592	4,584	42,122
Foreign currency translation adjustments	(955)	(805)	(7,398)
Remeasurements of defined benefit plans	(1,021)	(1,292)	(11,874)
Total accumulated other comprehensive income	70,974	54,427	500,117
Non-controlling interests	3,035	2,635	24,213
Total net assets	269,193	273,496	2,513,057
Total liabilities and net assets	¥ 667,722	¥ 634,557	\$ 5,830,723

Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries - For the years of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Net sales:			
Net sales of construction contracts	¥ 494,826	¥ 498,509	\$ 4,580,623
Net sales of investment development business and other	15,610	20,174	185,378
Total net sales	510,436	518,683	4,766,001
Cost of sales:			
Cost of sales of construction contracts (Notes 7.1))	431,931	435,039	3,997,426
Cost of sales of investment development business and other (Notes 7.2))	11,395	13,300	122,215
Total cost of sales	443,327	448,340	4,119,642
Gross profit:			
Gross profit on construction contracts	62,895	63,469	583,196
Gross profit on investment development business and other	4,214	6,874	63,162
Total gross profit	67,109	70,343	646,359
Selling, general and administrative expenses (Notes 7.3) and 4))	32,591	35,100	322,523
Operating income	34,518	35,243	323,836
Non-operating income:			
Interest income	171	212	1,954
Dividend income	3,126	3,562	32,731
Dividend income of insurance	238	238	2,195
Other	493	829	7,623
Total non-operating income	4,030	4,843	44,504
Non-operating expenses:			
Interest expenses	779	1,016	9,338
Commission fee	172	457	4,201
Other	104	340	3,128
Total non-operating expenses	1,055	1,813	16,668
Ordinary income	37,493	38,272	351,672
Extraordinary income:			
Gain on sales of noncurrent assets (Note 7.5))	25	30	276
Gain on sales of investment securities (Note 13)	3,060	1,247	11,463
Settlement received	-	1,174	10,787
Other	38	6	61
Total extraordinary income	3,124	2,458	22,588
Extraordinary loss:			
Loss on abandonment of noncurrent assets (Note 7.6))	503	1,141	10,485
Impairment loss (Note 7.7))	1,658	299	2,750
Loss on valuation of investment securities (Note 13)	12	234	2,150
Other	102	111	1,020
Total extraordinary losses	2,276	1,785	16,408
Profit before income taxes and non-controlling interests	38,341	38,945	357,852
Income taxes-current	11,762	13,384	122,986
Income taxes-deferred	784	(398)	(3,657)
Total income taxes (Note 16)	12,546	12,986	119,329
Profit for the year	25,794	25,958	238,523
Profit for the year attributable to non-controlling interests	199	112	1,035
Profit for the year attributable to owners of the parent (Note 22)	¥ 25,595	¥ 25,845	\$ 237,487

Consolidated Statements of Comprehensive Income

Toda Corporation and Consolidated Subsidiaries - For the years of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Profit for the year	¥ 25,794	¥ 25,958	\$ 238,523
Other comprehensive income (Note 8)			
Valuation difference on available-for-sale securities	360	(15,377)	(141,294)
Deferred gains or losses on hedges	31	(41)	(382)
Foreign currency translation adjustment	(348)	187	1,725
Remeasurements of defined benefit plans	227	(270)	(2,488)
Total other comprehensive income	272	(15,501)	(142,440)
Comprehensive income	26,066	10,456	96,082
Comprehensive income attributable to			
Owners of the parent	25,881	10,307	94,707
Non-controlling interests	¥ 185	¥ 149	\$ 1,374

Consolidated Statements of Changes in Net Assets

Toda Corporation and consolidated subsidiaries - For the years ended March 31, 2019 and 2020

Millions of Yen													
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2018	¥23,001	¥25,681	¥136,336	¥(9,437)	¥175,582	¥66,969	¥(3)	¥5,676	¥(658)	¥(1,249)	¥70,734	¥3,078	¥249,394
Changes during period													
Dividends from surplus	-	-	(6,140)	-	(6,140)	-	-	-	-	-	-	-	(6,140)
Profit for the year attributable to owners of the parent	-	-	25,595	-	25,595	-	-	-	-	-	-	-	25,595
Disposal of treasury stock	-	-	-	5	5	-	-	-	-	-	-	-	5
Purchase of treasury stock	-	-	-	(5)	(5)	-	-	-	-	-	-	-	(5)
Transfer of loss on disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity transactions with non-controlling interests	-	64	-	-	64	-	-	-	-	-	-	-	64
Change in parent's ownership interests arising from capital increase of consolidated subsidiary	-	(2)	-	-	(2)	-	-	-	-	-	-	-	(2)
Reversal of revaluation reserve for land	-	-	84	-	84	-	-	-	-	-	-	-	84
Net changes of items other than shareholders' equity	-	-	-	-	-	361	31	(84)	(296)	227	240	(42)	197
Total changes of items during the period	-	(62)	19,538	(0)	19,600	361	31	(84)	(296)	227	240	(42)	19,798
Balance at March 31, 2019	¥23,001	¥25,743	¥155,875	¥(9,438)	¥195,182	¥67,330	¥28	¥5,592	¥(955)	¥(1,021)	¥70,974	¥3,035	¥269,193
Changes during period													
Dividends from surplus	-	-	(6,140)	-	(6,140)	-	-	-	-	-	-	-	(6,140)
Profit for the year attributable to owners of the parent	-	-	25,845	-	25,845	-	-	-	-	-	-	-	25,845
Disposal of treasury stock	-	(24)	-	267	243	-	-	-	-	-	-	-	243
Purchase of treasury stock	-	-	-	(222)	(222)	-	-	-	-	-	-	-	(222)
Transfer of loss on disposal of treasury stock	-	24	(24)	-	-	-	-	-	-	-	-	-	-
Equity transactions with non-controlling interests	-	515	-	-	515	-	-	-	-	-	-	-	515
Change in parent's ownership interests arising from capital increase of consolidated subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation reserve for land	-	-	1,008	-	1,008	-	-	-	-	-	-	-	1,008
Net changes of items other than shareholders' equity	-	-	-	-	-	(15,376)	(41)	(1,008)	150	(270)	(16,547)	(400)	(16,947)
Total changes of items during the period	-	515	20,688	45	21,250	(15,376)	(41)	(1,008)	150	(270)	(16,547)	(400)	4,303
Balance at March 31, 2020	¥23,001	¥26,259	¥176,564	¥(9,392)	¥216,433	¥51,954	¥(13)	¥4,584	¥(805)	¥(1,292)	¥54,427	¥2,635	¥273,496

Thousands of U.S. dollars													
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2019	\$211,353	\$236,551	\$1,432,286	\$(86,726)	\$1,793,465	\$618,679	\$260	\$51,387	\$(8,778)	\$(9,385)	\$652,162	\$27,890	\$2,473,518
Changes during period													
Dividends from surplus	-	-	(56,423)	-	(56,423)	-	-	-	-	-	-	-	(56,423)
Profit for the year attributable to owners of the parent	-	-	237,487	-	237,487	-	-	-	-	-	-	-	237,487
Disposal of treasury stock	-	(225)	-	2,461	2,235	-	-	-	-	-	-	-	2,235
Purchase of treasury stock	-	-	-	(2,041)	(2,041)	-	-	-	-	-	-	-	(2,041)
Transfer of loss on disposal of treasury stock	-	225	(225)	-	-	-	-	-	-	-	-	-	-
Equity transactions with non-controlling interests	-	4,737	-	-	4,737	-	-	-	-	-	-	-	4,737
Change in parent's ownership interests arising from capital increase of consolidated subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation reserve for land	-	-	9,265	-	9,265	-	-	-	-	-	-	-	9,265
Net changes of items other than shareholders' equity	-	-	-	-	-	(141,288)	(382)	(9,265)	1,380	(2,488)	(152,045)	(3,677)	(155,722)
Total changes of items during the period	-	4,737	190,103	420	195,261	(141,288)	(382)	(9,265)	1,380	(2,488)	(152,045)	(3,677)	39,538
Balance at March 31, 2020	\$211,353	\$241,288	\$1,622,390	\$(86,305)	\$1,988,726	\$477,390	\$(122)	\$42,122	\$(7,398)	\$(11,874)	\$500,117	\$24,213	\$2,513,057

Consolidated Statements of Cash Flows

Toda Corporation and consolidated subsidiaries - For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Net cash provided by (used in) operating activities:			
Profit before income taxes and non-controlling interests	¥ 38,341	¥ 38,945	\$ 357,852
Depreciation and amortization	2,178	2,994	27,516
Impairment loss	1,658	299	2,750
Amortization of goodwill	169	171	1,574
Increase (decrease) in allowance for doubtful accounts	459	(584)	(5,369)
Increase (decrease) in net defined benefit liability	(212)	(76)	(704)
Increase (decrease) in net defined benefit asset	(296)	190	1,753
Increase (decrease) in other provision	2,467	(545)	(5,013)
Loss on valuation of investment securities	12	234	2,150
Loss (gain) on sales of investment securities	(3,059)	(1,207)	(11,098)
Loss (gain) on sales of property, plant and equipment	(25)	(30)	(276)
Loss on abandonment of noncurrent assets	503	1,141	10,485
Interest and dividend income	(3,298)	(3,774)	(34,685)
Settlement received	-	(1,174)	(10,787)
Interest expenses	779	1,016	9,338
Decrease in notes and accounts receivable-trade	(90,392)	62,325	572,687
Decrease (increase) in costs on uncompleted construction contracts	617	338	3,112
Decrease in real estate for sale	160	1,496	13,752
Increase (decrease) in other current assets	1,352	(4,206)	(38,648)
Increase (decrease) in notes and accounts payable-trade	25,753	(10,457)	(96,089)
Increase (decrease) in advances received on uncompleted construction contracts	(3,577)	(145)	(1,337)
Increase (decrease) in other current liabilities	934	1,844	16,946
Other, net	183	323	2,970
Subtotal	(25,288)	89,118	818,881
Interest and dividend income received	3,304	3,777	34,711
Settlement package received	-	1,174	10,787
Interest expenses paid	(775)	(1,012)	(9,304)
Income taxes paid	(5,624)	(15,786)	(145,059)
Net cash provided by (used in) operating activities	(28,384)	77,271	710,016
Net cash provided by (used in) investing activities:			
Payments into time deposits	(886)	(90)	(835)
Proceeds from withdrawal of time deposits	63	-	-
Proceeds from sales and redemption of securities	400	-	-
Purchase of property, plant and equipment	(22,588)	(19,023)	(174,804)
Proceeds from sales of property, plant and equipment	25	348	3,206
Payments from retirement of property, plant and equipment	(418)	(573)	(5,267)
Purchase of intangible assets	(883)	(1,309)	(12,034)
Proceeds from subsidy income	2,911	13	122
Purchase of investment securities	(7,326)	(5,239)	(48,143)
Proceeds from sales and redemption of investment securities	7,052	4,980	45,764
Payments of loans receivable	(4)	(410)	(3,775)
Collection of loans receivable	61	62	575
Payments for lease and guarantee deposits	(594)	(484)	(4,453)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,141)	(103)	(950)
Other, net	(145)	68	627
Net cash provided by (used in) investing activities	(24,475)	(21,762)	(199,969)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	1,520	15,187	139,547
Decrease in commercial paper	50,000	(50,000)	(459,432)
Proceeds from long-term loans payable	4,890	11,246	103,335
Repayments of long-term loans payable	(6,161)	(6,822)	(62,685)
Proceeds from issuance of bonds	5,000	10,100	92,805
Cash dividends paid	(6,140)	(6,140)	(56,423)
Cash dividends paid to non-controlling interests	(3)	(3)	(30)
Payments for acquisition of shares of subsidiaries not affecting the scope of consolidation	-	(201)	(1,855)
Purchase of treasury stock	(5)	(1)	(12)
Other, net	(50)	(49)	(452)
Net cash provided by (used in) financing activities	49,047	(26,685)	(245,201)
Effect of exchange rate change on cash and cash equivalents	(150)	31	288
Net increase (decrease) in cash and cash equivalents	(3,962)	28,854	265,132
Cash and cash equivalents at the beginning of current period	100,526	96,564	887,294
Cash and cash equivalents at the end of current period (Note 10)	96,564	125,418	1,152,427

The Value Creation Story

Strategy for Value Creation

ESG Initiatives

Financial Section

Notes to Consolidated Financial Statements

Toda Corporation and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements presented herein of Toda Corporation (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan.

These consolidated financial statements incorporate certain modifications in format so as to make the financial statements more meaningful to readers outside Japan.

These modifications have no effect on total assets, net sales, retained earnings or profit for the year.

2. Summary of Significant Accounting Policies

1) Scope of consolidation

The accompanying consolidated financial statements include the accounts of Toda Corporation and 26 subsidiaries, namely Toda Road Co., Ltd., Toda Bldg. Partners Co., Ltd., Chiyoda Kenkou Co., Ltd., Toda Staff Service Co., Ltd., APEC Engineering Co., Ltd., Toda Finance Co., Ltd., Towa Kanko Kaihatsu Co., Ltd., Goto Floating Wind Power LLC., Offshore Wind Farm Construction Co., Ltd., Nisshin Life Co., Ltd., Sato kogyo Co., Ltd., Toda America, Inc., Construtora Toda do Brasil S/A, Thai Toda Corporation Ltd., Toda Vietnam Co., Ltd., PT Toda Group Indonesia and other 10 companies.

Other subsidiaries were not consolidated, as they were not significant in terms of the effect on total assets, net sales, profit for the year or retained earnings of the consolidated financial statements.

2) Application of the equity method

All non-consolidated subsidiaries and affiliates were not accounted for using the equity method, as these companies were not significant in terms of the effect on profit for the year or retained earnings of the consolidated financial statements.

3) Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, Toda America, Inc., Construtora Toda do Brasil S/A, Thai Toda Corporation Ltd., Toda Vietnam Co., PT Toda Group Indonesia., TOBIC Company Ltd., Toda Investment Brazil Ltd. and other 3 companies close their fiscal year on December 31 each year.

In preparing the consolidated financial statements, the Company used financial statements as of December 31 of all these subsidiaries.

However, adjustments necessary for the purpose of consolidation have been made for fiscal year-end.

The fiscal year-end of all other consolidated subsidiaries is the same as the consolidated fiscal year-end.

4) Standards and evaluation methods for important assets

(a) Short term investment securities and investment securities

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Available-for-sale securities

• Securities with a fair value:

Stated at fair value, determined by the market price at the consolidated fiscal year-end date (the difference between the book value and the fair value is recorded as a component of net assets, while the cost of securities sold is computed using the moving-average method)

• Securities with no fair value:

Stated at cost, determined by the moving-average method

(b) Derivatives

Stated at fair value.

(c) Inventories

Costs on uncompleted construction contracts

Stated at cost, determined by the specific identification cost method

Real estate for sale

Stated at cost, determined by the specific identification cost method (The book value on the consolidated balance sheets is presented after write-down for decline in profitability.)

(U.S. Dollar Amounts)

The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to nearest million.

The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥108.83 = US\$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2020, and have been then rounded down to the nearest thousand. This translation should not be construed as a representation that the yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate.

(d) Other inventories

Raw materials and supplies

Stated at cost, determined by the weighted average method (The book value on the consolidated balance sheets is presented after write-down for decline in profitability.)

Costs on real estate business

Stated at cost, determined by the specific identification cost method (The book value on the consolidated balance sheets is presented after write-down for decline in profitability.)

5) Methods of depreciation and amortization of depreciable assets

(a) Property, plant and equipment (excluding lease assets)

The declining-balance method is primarily used. However, the straight-line method is used for buildings (excluding building fixtures) acquired on and after April 1, 1998 and building fixtures and other structures acquired on and after April 1, 2016.

Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.

(b) Intangible fixed assets (excluding lease assets)

The straight-line method is used.

Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.

However, the amortization of software used by the companies is computed using the straight-line method based on the estimated useful life.

(c) Lease assets

Leased assets under finance leases other than those that are deemed to transfer ownership to lessees

Depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

6) Allowances and provisions

(a) Allowance for doubtful accounts

The allowance for doubtful trade receivables and loans has been provided based on historic loss experience for general accounts and also includes the aggregate amount of the estimated loss for the accounts for which concern actually exists for collectability.

(b) Provision for bonuses

This is provided for the payment of bonuses for employees, based on expected payment amount.

(c) Provision for warranties for completed construction

To cover expenses for defects claimed concerning completed work, this is provided based on the estimated amount of compensation in the future for the work completed during the consolidated fiscal year.

(d) Provision for loss on construction contracts

The provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the fiscal year-end which will be probably incurred and which can be reasonably estimated.

(e) Provision for directors' retirement benefits

To prepare for the payment of retirement benefits for executive officers and subsidiaries' directors, the provision is provided at the amount to be paid according to internal regulations if they had retired at the consolidated fiscal year-end.

- (f) Provision for loss on liquidation of subsidiaries and affiliates
The provision for loss on liquidation of subsidiaries and affiliates is provided at the estimated amount for a possible future loss arising from liquidation.
- (g) Provision for stock payments for directors
The provision for stock payments for directors is provided for stock award debt based on predetermined regulations for awarding stock, which is prepared for future awards of the Company shares to its directors and executive officers.

7) Accounting Policies of retirement benefits

The provision for retirement benefits for employees is calculated based on estimated amounts of retirement benefit obligations and pension assets as of the consolidated fiscal year-end.

Regarding lump-sum severance indemnity plan for the consolidated subsidiaries, the amount is calculated based on simplified method (method to assume required payment amount based on voluntary termination of employment on the closing date as retirement benefit obligations).

The estimated amount of retirement benefit is allocated to periods of service based on the benefit formula.

Actuarial differences are amortized commencing the following year after the difference is recognized primarily by the straight-line method over a period of five years.

8) Recognition of net sales from construction contracts and related costs

The Companies apply the percentage of completion method to those contracts in which the percentage of completion at the consolidated fiscal year-end can be reliably estimated, and other contracts are recorded under the completed contract method.

9) Translation of foreign currency assets and liabilities

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the consolidated fiscal year-end.

The resulting gains and losses are included in net income or loss for the consolidated fiscal year.

Assets and liabilities accounts of foreign consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end.

Income and expense accounts of foreign consolidated subsidiaries are translated into Japanese yen at the average annual exchange rate.

The resulting translation adjustments are included in foreign currency translation adjustment and minority interests in the net assets of the consolidated balance sheets.

3. Accounting Standards Issued but Not Yet Adopted

- *Accounting Standard for Revenue Recognition (ASBJ Statement No.29 issued on March 31, 2020)*
- *Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30 issued on March 31, 2020)*

1) Overview

It is a comprehensive accounting standard for revenue recognition.

Revenue is recognized by applying the following five steps.

Step 1: Identify the contract with the customer

Step 2: Identify the contractual performance obligation

Step 3: Arrive at value of the transaction

Step 4: Allocate value of the transaction to the contractual performance obligation

Step 5: Recognize revenue when satisfying performance obligation or satisfying

- *Revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No.24 issued on March 31, 2020)*

1) Overview

It stipulates that the accounting principles adopted and the outline of procedures shall be disclosed when the provisions of related accounting standards are not clear.

- *Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No.31 issued on March 31, 2020)*

1) Overview

It stipulates that information that users of financial statements can understand shall be disclosed when there is an accounting estimate of the amount recorded in the financial statements for the current fiscal year and

4. Change in presentation methods

(Consolidated Balance Sheets)

"Accounts payable to joint venture" included in "Other" of "Current liabilities" in the fiscal year ended March 31, 2019 is included in "Notes and accounts payable-trade" because of more appropriate presentation according to the actual situation from the fiscal year ended March 31, 2020.

To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2019 have been reclassified.

As a result, "Notes and accounts payable-trade" of "Current liabilities" for consolidated balance sheets ¥115,318 million (US\$1,059,623 thousand) have been reclassified into ¥119,264 million (US\$1,095,878 thousand).

"Other" of "Current liabilities" for consolidated balance sheets ¥18,172 million (US\$166,985 thousand) have been reclassified into ¥14,227 million (US\$130,730 thousand).

(Consolidated Statements of Income)

"Loss on valuation of investment securities" included in "Other" of "Extraordinary loss" in the fiscal year ended March 31, 2019 is accounted for as a separate item in the fiscal year ended March 31, 2020 because it exceeds more than 10% of total non-operating expenses.

10) Hedge Accounting

The Companies apply hedge accounting as follows:

- (a) Method of hedge accounting adopted
Deferral hedge accounting

If the interest rate swap contracts are used as hedge and meet certain hedging criteria, net amounts to be paid or received under the interest rate swap contracts are added to or deducted from the interest or liabilities for which the swap contract were executed ("special treatment").

- (b) Measure and objects

1. Measures: Forward foreign exchange contracts

Objects: Transactions to be paid in foreign currencies in cases of overseas construction of work and overseas procurement of materials

2. Measures: Interest rate swap

Objects: Borrowings

- (c) Hedging principles:

Based on internal regulations which stipulate the execution authority regarding on derivative transactions and those for transaction limits, the Companies utilize hedges to minimize the risk of currency exchange rate and interest rate fluctuations associated with the hedge objects.

- (d) Evaluation method of effectiveness of hedging:

During the period from the time when the hedging first started until the consolidated fiscal year-end, the Companies have been assessing the hedge effectiveness primarily by comparing, in terms of variation amounts, (1)cumulative cash flow changes or exchange rate changes of the hedge objects and (2)cumulative cash flow changes or exchange rate changes of the hedge measures.

However, the evaluation of hedge effectiveness is omitted for interest swaps as they meet certain hedging criteria for the special treatment.

11) Goodwill

Goodwill is amortized by the straight-line method over a period of 10 years. However, goodwill that is immaterial is charged to expense in the period.

12) Cash and cash equivalents

For the consolidated statements of cash flows, cash and cash equivalents are defined as cash on hand, deposits that can be withdrawn at any time and highly liquid short-term investments with a maturity date within three months after acquisition.

2) Planned date of adoption

From the beginning of the fiscal year ending March 31, 2022.

3) Effect of adoption of the guidance

The effect is under assessment at the time of preparation of the accompanying consolidated financial statements.

2) Planned date of adoption

From the end of the fiscal year ending March 31, 2021.

there is a risk that it will have a significant impact on the financial statements for the next fiscal year.

2) Planned date of adoption

From the end of the fiscal year ending March 31, 2021.

To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2019 have been reclassified.

As a result, "Other" of "Extraordinary loss" for consolidated statement of income ¥114 million (US\$1,054 thousand) have been reclassified into "Loss on valuation of investment securities" ¥12 million (US\$113 thousand) and into "Other" ¥102 million (US\$941 thousand).

(Consolidated Statements of Cash Flows)

"Payments from retirement of property, plant and equipment" included in "Other, net" of "Net cash provided by (used in) investing activities" in the fiscal year ended March 31, 2019 is described separately because of increase in materiality from the fiscal year ended March 31, 2020.

To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2019 have been reclassified.

As a result, "Other, net" of "Net cash provided by (used in) investing activities" for consolidated statements of cash flows ¥564 million (US\$5,182 thousand) have been reclassified into "Payments from retirement of property, plant and equipment" ¥418 million (US\$3,848 thousand) and into "Other, net" ¥145 million (US\$1,333 thousand).

5. Additional Information

(Performance-linked stock compensation plan for directors and executive officers)

1) Transaction summary

At the Board of Directors held on May 13, 2016 and the Company's 93th annual general meeting of shareholders held on June 29, 2016, matters concerning introduction of a performance-linked stock compensation plan for its directors and executive officers (the "Directors") was resolved. The plan is with the goal of increasing management consciousness to further enhancing the corporate value, performance over the medium-to-long-term and shareholders emphasis. The plan is incentive for the Directors. The Company's shares are acquired through the Board Incentive Plan Trust ("BIP Trust") and the Employee Stock Ownership Plan Trust ("ESOP Trust") and awarded to the Directors in accordance with achievement degree of performance targets.

2) The Company's own stock in the Trust

The Company's own stock in the Trust is recorded in treasury stock under net assets based on the value in the Trust (excluding ancillary expenses). The book value and the number of these treasury stocks in the Trust as of March 31, 2019 were ¥163 million and 336,210 shares (BIP Trust), ¥50 million and 104,000 shares (ESOP Trust). The book value and the number of these treasury stocks in the Trust as of March 31, 2020 were ¥329 million (\$3,030 thousand) and 647,016 shares (BIP Trust), ¥82 million (\$761 thousand) and 164,378 shares (ESOP Trust).

(Accounting estimates associated with the spread of COVID-19)

Regarding the impact of the spread of COVID-19 diseases, because the group has continued its business activities after implementing thorough infection prevention measures, and at the present time it is maintaining the same level as in normal times, therefore, in the current fiscal year accounting estimates are made under the assumption that the impact on business continuity and business performance will be limited. Depending on the spread of COVID-19 and its impact on the economy, it may have a significant impact on the consolidated financial statements after the next fiscal year.

6. Notes to Consolidated Balance Sheets

As of March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
1) Accumulated depreciation of property, plant and equipment	¥ 38,379	¥ 31,640	\$ 290,735
2) Advanced depreciation:			
Buildings and structures	33	40	374
Machinery, vehicles, tools, furniture and fixtures	3,861	3,865	35,516
Construction in progress	915	915	8,412
Intangible assets	6	8	78
Total	¥ 4,816	¥ 4,830	\$ 44,382
3) Investments in Non-consolidated subsidiaries and affiliates included in investment securities	¥ 3,312	¥ 2,346	\$ 21,560
4) Pledged assets and Secured debt			
① Pledged assets and Secured debt are as follows:			
Buildings	¥ -	¥ 11	\$ 109
Land	-	29	269
Total	¥ -	¥ 41	\$ 378
Liabilities secured thereby			
Short-term loans payable	¥ -	¥ 18	\$ 168
Long-term loans payable	-	46	431
Total	¥ -	¥ 65	\$ 599
② Assets pledged as collateral:			
Short-term investment securities	¥ -	¥ 64	\$ 597
Investment securities	549	485	4,459
Long-term loans receivable	310	659	6,061
Total	¥ 860	¥ 1,209	\$ 11,117
5) Contingent liabilities (guarantee liabilities)	¥ 219	¥ 202	\$ 1,856
6) Loan commitment agreement:			
Maximum limit under the agreement	¥ 30,000	¥ 30,000	\$ 275,659
Loan balance outstanding	-	-	-
Difference (unused portion)	¥ 30,000	¥ 30,000	\$ 275,659
7) Matured notes			
As March 31, 2019 was a bank holiday, notes included matured notes.			
The matured notes were as follows:			
Notes receivable-trade	¥ 334	¥ -	\$ -
Electronically recorded monetary claims	5	-	-
Notes payable	30	-	-
Electronically recorded obligations	0	-	-

8) Land revaluation

Based on the Land Revaluation Law, the Company has revaluated land held for business use and has recorded any discrepancies in the consolidated balance sheets as revaluation reserve for land.

9) Provision for loss on construction contracts included in costs on uncompleted construction contracts

As of March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Costs on uncompleted construction contracts	¥ 906	¥ 246	\$ 2,264

10) Change in holding purpose of assets

The following real estate held for sale was reclassified as noncurrent assets due to change in holding purpose.

As of March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Buildings	¥ 310	¥ 600	\$ 5,513
Land	1,720	1,788	16,433

The following noncurrent assets were reclassified as real estate held for sale due to change in holding purpose.

As of March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Buildings and structures	¥ 179	¥ -	\$ -
Land	200	-	-

7. Notes to Consolidated Statements of Income

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
1) Provision for loss on construction contracts included in costs of sales	¥ 3,544	¥ 458	\$ 4,210
2) Valuation loss on inventories included in costs of sales	¥ 16	¥ 67	\$ 618
3) Principal components of selling, general and administrative expenses:			
Employees' salaries and allowances	¥ 11,554	¥ 12,278	\$ 112,820
Provision for bonuses	4,489	4,672	42,933
Retirement benefit expenses	860	990	9,100
Provision (reversal) of allowance for doubtful accounts	497	(255)	(2,349)
4) Research and development expenditures included in selling, general and administrative expenses and construction costs	¥ 1,679	¥ 2,180	\$ 20,034
5) Gain on sales of noncurrent assets:			
Buildings and structures	¥ -	¥ 9	\$ 86
Other	25	20	189
Total	¥ 25	¥ 30	\$ 276
6) Loss on abandonment of noncurrent assets:			
Buildings and structures	¥ 52	¥ 100	\$ 926
Other	2	94	868
Dismantlement cost	448	945	8,690
Total	¥ 503	¥ 1,141	\$ 10,485

7) Impairment loss on fixed assets

The group puts its assets for business purposes, primarily into main office and branch office. And other assets are put each properties. Impairment loss on fixed assets was as follows.

For the fiscal year ended March 31, 2019

Location	Purpose	Type	Impairment loss (Millions of Yen)
Whole company	Assets for businesses (Our company)	Intangible fixed assets	¥ 1,503
Oshima District, Yamaguchi Pref, Japan	Assets for businesses (Subsidiary)	Building, Structure and other fixed assets	¥ 154

The recoverable value is mainly value in use.

In the case of our company, value in use of intangible fixed assets is measured as zero, because the company could not foresee the start of using software due to the interruption in software development. In the case of Towa Kanko Kaihatsu Co., Ltd (subsidiary), Value in use is measured as the sum of anticipated future cash flows discounted at a rate of 6.0% for the year ended March 31, 2019. (The sum of anticipated future cash flows are expected to be caused by continued use and disposal after use.)

For the fiscal year ended March 31, 2020

Location	Purpose	Type	Impairment loss (Millions of Yen)	(Thousands of U.S. dollars)
Kasuya District, Fukuoka Pref, Japan and others	Assets for businesses (Our company)	Building, Structure and Land	¥ 299	\$ 2,750

The recoverable value is computed as follows.

Assets decided to be abolished is zero, and assets with reduced profitability is the net sale value.

The net sale value is computed by withholding the cost of disposal from the sale value.

8. Notes to Consolidated Statements of Comprehensive Income

Reclassification and tax effect of comprehensive income for the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Valuation difference on available-for-sale securities:			
Accrual	¥ 3,539	¥ (20,834)	\$(191,441)
Reclassification	(3,058)	(1,206)	(11,090)
Before adjust tax effect	480	(22,041)	(202,531)
Tax effect	(119)	6,664	61,237
Valuation difference on available-for-sale securities	¥ 360	¥ (15,377)	\$(141,294)
Deferred gains (losses) on hedges:			
Accrual	¥ 51	¥ (99)	\$ (917)
Reclassification	(1)	39	367
Before adjust tax effect	49	(59)	(550)
Tax effect	(17)	18	167
Deferred gains (losses) on hedges	¥ 31	¥ (41)	\$ (382)
Foreign currency translation adjustments:			
Accrual	¥ (348)	¥ 187	\$ 1,725

Remeasurements of defined benefit plans:			
Accrual	¥ (118)	¥ (1,010)	\$ (9,286)
Reclassification	447	620	5,700
Before adjust tax effect	328	(390)	(3,585)
Tax effect	(100)	119	1,097
Remeasurements of defined benefit plans	227	(270)	(2,488)
Total of other comprehensive income	¥ 272	¥ (15,501)	\$(142,440)

9. Notes to Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2019	Class of shares	Number of shares			
		April 1, 2018	Increase	Decrease	March 31, 2019
Issued stock	Common stock	322,656,796	-	-	322,656,796
Treasury stock	Common stock	16,074,979	6,462	10,756	16,070,685

For the fiscal year ended March 31, 2020	Class of shares	Number of shares			
		April 1, 2019	Increase	Decrease	March 31, 2020
Issued stock	Common stock	322,656,796	-	-	322,656,796
Treasury stock	Common stock	16,070,685	2,069	44,616	16,028,138

For the fiscal year ended March 31, 2019	Class of shares	Number of shares			
		Total Dividends	Dividends per share	Record date	Effective date
June 28, 2018 Resolution by Annual General Meeting of Shareholders	Common stock	¥6,140million	¥20.00	March 31, 2018	June 29, 2018
June 27, 2019 Resolution by Annual General Meeting of Shareholders	Common stock	¥6,140million	¥20.00	March 31, 2019	June 28, 2019

For the fiscal year ended March 31, 2020	Class of shares	Number of shares			
		Total Dividends	Dividends per share	Record date	Effective date
June 27, 2019 Resolution by Annual General Meeting of Shareholders	Common stock	¥6,140million (\$56,423thousand)	¥20.00	March 31, 2019	June 28, 2019
June 25, 2020 Resolution by Annual General Meeting of Shareholders	Common stock	¥7,993million (\$73,448thousand)	¥26.00	March 31, 2020	June 26, 2020

10. Notes to Consolidated Statements of Cash Flows

Reconciliation between cash and deposits on the consolidated balance sheets and cash and cash equivalents at the fiscal year-end:	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Cash and deposits of the consolidated balance sheets	¥ 97,450	¥ 106,453	\$ 978,161
(Less) time deposits with maturities of more than three months	(886)	(1,034)	(9,507)
Short-Term investment securities	-	20,000	183,772
Cash and cash equivalents of the consolidated statements of cash flows	¥ 96,564	¥ 125,418	\$1,152,427

Major assets acquired and liabilities assumed of the companies which newly became consolidated subsidiaries through acquisitions during the year ended March 31, 2019 Information about assets acquired, liabilities assumed, acquisition cost and payment for purchase as of the date of consolidation is as follows.

	Millions of yen
	2019
Current assets	¥ 8,976
Fixed assets	2,345
Goodwill	100
Current liabilities	(7,686)
Non-current liabilities	(296)
Acquisition cost of shares	¥ 3,438
Cash and cash equivalents	(1,296)
Payment for purchase	¥ 2,141

Major assets acquired and liabilities assumed of the companies which newly became consolidated subsidiaries through acquisitions during the year ended March 31, 2020
Information about assets acquired, liabilities assumed, acquisition cost and payment for purchase as of the date of consolidation is as follows,

	Millions of yen		Thousands of U.S. dollars	
	2020		2020	
Current assets	¥	465	\$	4,277
Fixed assets		128		1,181
Goodwill		102		937
Current liabilities		(280)		(2,577)
Non-current liabilities		(98)		(909)
Acquisition cost of shares	¥	316	\$	2,909
Cash and cash equivalents		(213)		(1,958)
Payment for purchase	¥	103	\$	950

11. Lease Transactions

As of March 31	Millions of yen		Thousands of U.S. dollars	
	2019	2020	2020	
Future minimum lease payments under non-cancelable operating leases:				
Due within one year	¥ 79	¥ 720	\$ 6,618	
Due after one year	138	1,881	17,288	
Total	¥ 217	¥ 2,601	\$ 23,907	
Future minimum lease income under non-cancelable operating leases:				
Due within one year	¥ 2,001	¥ 2,317	\$ 21,298	
Due after one year	7,170	5,701	52,388	
Total	¥ 9,172	¥ 8,019	\$ 73,686	

12. Fair value of Financial Instrument

As of March 31, 2019	Millions of yen		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 97,450	¥ 97,450	¥ -
(2) Notes and accounts receivable - trade	225,685	225,670	(14)
(3) Short-term investment securities, investment securities (Note 1)	164,922	165,115	193
(4) Long-term loans receivable	434	472	37
Assets total	¥ 488,492	¥ 488,709	¥ 216
(1) Notes and accounts payable - trade	¥ 119,264	¥ 119,264	¥ -
(2) Short-term loans payable	79,451	79,451	-
(3) Income taxes payable	9,882	9,882	-
(4) Bonds payable	25,000	25,117	117
(5) Long-term loans payable	27,573	27,713	139
Liabilities total	¥ 261,171	¥ 261,428	¥ 256
Derivative transactions (Note 2)	¥ 49	¥ 49	-

Note: 1. The fair value of unlisted stocks is considered to be extremely difficult to calculate, as there are no market prices and no valuations of future cash flow. Therefore, these stocks are not included in "Short-term investment securities and investment securities."

2. Net receivables/payables arising from derivatives are shown. Items that are net payables are shown in parenthesis.

Unlisted stocks

As of March 31, 2019 (stated at book value)	Millions of yen
Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for by the equity method:	
Stocks of subsidiaries	¥ 75
Stocks of affiliated companies	234
Investments in Limited Liability Company	412
Subsidiaries preferred equity securities	1,055
Affiliated companies preferred equity securities	1,200
Investments in silent partnerships	334
Other investment securities	
Unlisted stocks	¥ 5,428
Unlisted preferred equity securities	140
Trust beneficiary right	1,848
Others	2,991

As of March 31, 2020	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and deposits	¥ 106,453	¥ 106,453	¥ -	\$ 978,161	\$ 978,161	\$ -
(2) Notes and accounts receivable - trade	163,440			1,501,800		
Allowance for doubtful accounts (Note 1)	(106)			(975)		
	163,334	163,277	(57)	1,500,825	1,500,299	(526)
(3) Short-term investment securities, investment securities (Note 2)	164,090	164,095	4	1,507,765	1,507,811	45
(4) Long-term loans receivable	782	817	34	7,194	7,513	318
Assets total	¥ 434,661	¥ 434,643	¥ (17)	\$ 3,993,946	\$ 3,993,785	\$ (161)
(1) Notes and accounts payable - trade	¥ 105,305	¥ 105,305	¥ -	\$ 967,610	\$ 967,610	\$ -
(2) Short-term loans payable	44,499	44,499	-	408,890	408,890	-
(3) Current portion of bonds payable	5,000	5,005	5	45,943	45,993	50
(4) Income taxes payable	7,374	7,374	-	67,760	67,760	-
(5) Bonds payable	30,100	29,979	(121)	276,578	275,466	(1,111)
(6) Long-term loans payable	32,201	32,289	87	295,888	296,695	806
Liabilities total	¥ 224,480	¥ 224,452	¥ (27)	\$ 2,062,671	\$ 2,062,416	\$ (254)
Derivative transactions (Note 3)	¥ (16)	¥ (16)	¥ -	\$ (151)	\$ (151)	\$ -

Note: 1. Accounts receivable-trade is deducted from allowance for doubtful accounts.

2. The fair value of unlisted stocks is considered to be extremely difficult to calculate, as there are no market prices and no valuations of future cash flow. Therefore, these stocks are not included in "Short-term investment securities and investment securities."

3. Net receivables/payables arising from derivatives are shown. Items that are net payables are shown in parenthesis.

Unlisted stocks

As of March 31, 2020(stated at book value)	Millions of yen	Thousands of U.S. dollars
Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for by the equity method:		
Stocks of subsidiaries	¥ 74	\$ 680
Stocks of affiliated companies	334	3,077
Investments in Limited Liability Company	376	3,462
Subsidiaries preferred equity securities	50	459
Affiliated companies preferred equity securities	1,200	11,026
Investments in silent partnerships	310	2,853
Other investment securities		
Unlisted stocks	¥ 5,431	\$ 49,903
Unlisted preferred equity securities	140	1,287
Trust beneficiary right	1,040	9,562
Others	4,675	42,964

13. Marketable Securities and Investment Securities

Held-to-maturity debt securities:

As of March 31, 2019	Millions of yen		
	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥ 2,234	¥ 2,463	¥ 229
Securities with a fair value that does not exceed the book value	900	863	(36)
Total	¥ 3,134	¥ 3,327	¥ 193

Available-for-sale securities with a fair value:

As of March 31, 2019	Millions of yen		
	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:			
Stocks	¥ 147,192	¥ 50,219	¥ 96,973
Bonds	221	200	21
Others	7,417	6,967	449
Subtotal	154,831	57,387	97,444
Securities with a book value that does not exceed the acquisition cost:			
Stocks	6,606	7,307	(700)
Bonds	-	-	-
Others	349	360	(10)
Subtotal	6,956	7,667	(710)
Total	¥ 161,788	¥ 65,054	¥ 96,733

Note: We chose not to describe the detail in the report due to its immateriality.

For the fiscal year ended March 31, 2019	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥ 6,321	¥ 3,060	1

Held-to-maturity debt securities:

As of March 31, 2020	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥ 2,203	¥ 2,367	¥ 163	\$ 20,251	\$ 21,756	\$ 1,504
Securities with a fair value that does not exceed the book value	1,721	1,562	(158)	15,818	14,359	(1,459)
Total	¥ 3,925	¥ 3,930	¥ 4	\$ 36,070	\$ 36,116	\$ 45

Available-for-sale securities with a fair value:

As of March 31, 2020	Millions of yen			Thousands of U.S. dollars		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:						
Stocks	¥ 120,379	¥ 43,277	¥ 77,102	\$ 1,106,126	\$ 397,660	\$ 708,466
Bonds	219	200	19	2,012	1,837	174
Others	8,844	8,151	693	81,272	74,901	6,371
Subtotal	129,443	51,628	77,814	1,189,411	474,399	715,012
Securities with a book value that does not exceed the acquisition cost:						
Stocks	10,242	13,519	(3,276)	94,118	124,222	(30,104)
Bonds	114	115	(0)	1,048	1,056	(8)
Others	20,363	20,400	(36)	187,116	187,456	(339)
Subtotal	30,720	34,035	(3,314)	282,283	312,735	(30,452)
Total	¥ 160,164	¥ 85,663	¥ 74,500	\$ 1,471,694	\$ 787,135	\$ 684,559

Note: The Companies recognized losses on write-down of ¥234 million (US\$2,150 thousand) for securities (¥234 million (US\$2,150 thousand) for available-for-sale securities)

Write-down losses are recognized in each of following cases.

Case of securities with a fair value

- Fair value of fiscal year end and quarter settlement day in a row decline more than 30% compared to book value in succession.
- Fair value declined more than 50% compared to book value.

Case of securities without a fair value

- Net worth of equivalent of Equity declines more than 50% compared to acquisition cost.

For the fiscal year ended March 31, 2020	Millions of yen			Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥ 3,907	¥ 1,247	¥ 39	\$ 35,902	\$ 11,463	\$ 365

14. Derivative Transactions

For the year ended March 31, 2019

Derivative transactions to which the hedge accounting method is not applied:
None

Derivative transactions to which the hedge accounting method is applied:

(1) Currency-related transactions

Method of processing	Measures	Objects	Millions of yen		
			Contract amount	more than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts				
	Buy EUR	Forecasted purchasing transaction	¥ 1,770	¥ 784	¥ (30)
	Buy USD	Forecasted purchasing transaction	¥ 961	¥ 769	¥ 37
Total			¥ 2,732	¥ 1,553	¥ 6

Estimated fair value was calculated based on price information provided by the counterparty financial institution.

(2) Interest-related transactions

Method of processing	Measures	Objects	Millions of yen		
			Contract amount	more than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Payment fixed, Receive floating	Long-term loans payable	¥ 8,430	¥ 6,720	*

(*) The fair value of interest rate swaps that qualify for special treatment is included in long-term loans payable.

For the year ended March 31, 2020

Derivative transactions to which the hedge accounting method is not applied:

None

Derivative transactions to which the hedge accounting method is applied:

(1) *Currency-related transactions*

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts							
	Buy EUR	Forecasted purchasing transaction	¥ 816	¥ -	¥ (38)	\$ 7,502	\$ -	\$(353)
	Buy USD	Forecasted purchasing transaction	¥ 798	¥ -	¥ 21	\$ 7,338	\$ -	\$ 201
Total			¥ 1,615	¥ -	¥ (16)	\$ 14,840	\$ -	\$(151)

Estimated fair value was calculated based on price information provided by the counterparty financial institution.

(2) *Interest-related transactions*

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Payment fixed, Receive floating	Long-term loans payable	¥ 6,720	¥ 5,300	*	\$ 61,747	\$ 48,699	*

(*) The fair value of interest rate swaps that qualify for special treatment is included in long-term loans payable.

15. Retirement Benefits

The Company had a defined benefit plan that consists of a defined benefit pension plan and a lump-sum benefit plan.

Some of the foreign consolidated subsidiaries have defined contribution plans. And the other consolidated subsidiaries have lump-sum benefit plans.

The schedule of the defined benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Balance at the beginning of the fiscal year	¥ 42,970	¥ 42,591	\$ 391,356
Service cost	2,027	2,188	20,112
Interest cost	83	82	754
Actuarial gain and loss	114	661	6,082
Benefit paid	(2,911)	(2,776)	(25,509)
other	307	2	23
Balance at the end of the fiscal year	¥ 42,591	¥ 42,750	\$ 392,821

The schedule of the pension assets

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Balance at the beginning of the fiscal year	¥ 22,582	¥ 23,075	\$ 212,033
Expected return on pension assets	270	273	2,510
Actuarial gain and loss	(4)	(348)	(3,203)
Contributions by the employer	1,126	855	7,861
Benefit paid	(1,241)	(1,145)	(10,524)
other	342	-	-
Balance at the end of the fiscal year	¥ 23,075	¥ 22,710	\$ 208,676

The reconciliation of the defined benefit obligations and pension assets to the liabilities and assets on retirement benefits recognized in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Retirement benefit obligation of funded plan	¥ 21,145	¥ 21,486	\$ 197,434
Pension assets	(23,075)	(22,710)	(208,676)
	(1,930)	(1,223)	(11,241)
Retirement benefit obligation of unfunded plan	21,446	21,263	195,387
Net amount of liabilities and assets recognized in consolidated balance sheet	19,515	20,040	184,145
Net defined benefit liability	21,446	21,263	195,387
Net defined benefit asset	(1,930)	(1,223)	(11,241)
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ 19,515	¥ 20,040	\$ 184,145

The breakdown of items in retirement benefit costs	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Service cost	¥ 2,027	¥ 2,188	\$ 20,112
Interest cost	83	82	754
Expected return on pension assets	(270)	(273)	(2,510)
Amortization of actuarial differences	447	620	5,700
Retirement benefit costs	¥ 2,287	¥ 2,618	\$ 24,057
Remeasurements of defined benefit plans			
	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Actuarial gain and loss	¥ 328	¥ 390	\$ 3,585
Total	¥ 328	¥ 390	\$ 3,585
Unrecognized remeasurements of defined benefit plans			
	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Unrecognized actuarial (gain) loss	¥ 1,471	¥ 1,862	\$ 17,110
Total	¥ 1,471	¥ 1,862	\$ 17,110
The breakdown of pension assets by major category			
	2019	2020	
Bonds	24%	25%	
Equities	8%	6%	
General account	62%	62%	
other	6%	7%	
Total	100%	100%	
The items of actuarial assumptions			
	2019	2020	
Discount rate	0.20%	0.20%	
Expected long-term return on pension assets	1.20%	1.20%	
Expected rate of salary raise	5.60%	5.60%	

16. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2019 and 2020 are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Deferred tax assets:			
Real estate for sale	¥ 128	¥ 160	\$ 1,472
Buildings, structures and land	1,178	1,357	12,470
Investment securities	361	382	3,519
Allowance for doubtful receivables	483	364	3,353
Provision for bonuses	2,026	1,996	18,349
Provision for loss on construction contracts	1,082	984	9,047
Net defined benefit liability	6,552	6,531	60,012
Tax loss carryforwards	281	519	4,775
Other	4,205	4,065	37,354
Subtotal	16,300	16,363	150,354
Less: valuation allowance	(3,237)	(3,437)	(31,584)
Deferred tax assets	¥ 13,062	¥ 12,925	\$ 118,770
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(29,327)	(22,694)	(208,527)
Net defined benefit asset	(576)	(375)	(3,452)
Other	(1,000)	(957)	(8,799)
Deferred tax liabilities	(30,904)	(24,027)	(220,778)
Net deferred tax assets (liabilities)	¥ (17,841)	¥ (11,101)	\$ (102,008)

In addition to the above, the Companies recognized deferred tax liabilities of ¥7,235million and ¥6,791million (US\$62,400 thousand) related to revaluation reserve for land at March 31, 2019 and 2020, respectively.

Reconciliation between the statutory tax rate and the effective tax rate	2019	2020
Statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	1.1%	2.3%
Non-taxable income	(1.3%)	(0.7%)
Inhabitant taxes (per capita levy)	0.5%	0.5%
Valuation allowance	0.7%	0.5%
Other	1.1%	0.1%
Effective tax rate	32.7%	33.3%

17. Business Combinations

Business combination through acquisition

(1) Outline of the business combination

- 1) Name and business of the acquired company
Name of the acquired company: Misawa Environmental Technology Co., Ltd.
Business: Drilling construction, Pipe work, etc.
- 2) Principal reason for business combination
Misawa Environmental Technology Co., Ltd. is a pioneer in the use of geothermal energy, and has the strength to develop an integrated system from ground survey to design and construction, so we can aim to expand our business through new initiatives in collaboration with our group.
By expanding the sales channels of geothermal energy use, we will contribute to the ESG management and SDGs initiatives promoted by our group.
- 3) Date of the business combination
March 31, 2020
- 4) Legal form of business combination
Acquisition of shares by cash
- 5) Name after the business combination
There is no change
- 6) Ratio of voting rights acquired
100%
- 7) Principal basis for determination of the acquiring company
For Toda Corporation's subsidiary Apec Engineering Co., Ltd. to acquire the shares for cash.

(2) Period of the operating results of the acquired company included in the accompanying consolidated financial statements

The operating results of the acquired business are not included in the accompanying consolidated financial statements. This is because the deemed acquisition date is March 31, 2020 and only the balance sheet as of that date was consolidated.

(3) Acquisition cost of the acquired company and details of the type of consideration

		Millions of yen	Thousands of U.S. dollars
Consideration for acquisition	Cash and deposits	¥ 316	\$ 2,909
Acquisition cost		316	2,909

(4) Major acquisition-related costs and nature

Advisory fee and other: ¥49 million (US\$450 thousand)

(5) Amount of goodwill generated, reason for generation of goodwill, method of amortization and amortization period

- 1) Amount of goodwill
¥102 million (US\$937 thousand)
- 2) Reason for generation of goodwill
Acquisition cost exceeded net amount of assets acquired and liabilities assumed.
The excess amount has been recorded as goodwill.
- 3) Method of amortization and amortization period
goodwill is charged to expense in the period since it is immaterial

(6) Amount of assets acquired and liabilities assumed as of the date of business combination and major breakdown

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 465	\$ 4,277
Non-current assets	128	1,181
Total assets	¥ 594	\$ 5,459
Current liabilities	¥ 280	\$ 2,577
Non-current liabilities	98	909
Total liabilities	¥ 379	\$ 3,487

(7) Estimated amount of the effect on the consolidated statement of income for the current fiscal year assuming that the business combination was completed at the beginning of the fiscal year, and the calculation method.

Since the estimated amount of the effect on the consolidated statement of income for the current fiscal year is immaterial, details are omitted.

Business Combination under Common Control

(1) Outline of the business combination

- 1) Company name and business description of combined company
Company name: Toda Road Co., Ltd
Business: Road paving work, Civil engineering work, etc.
- 2) Date of the business combination
December 20, 2019
- 3) Legal form of business combination
additional acquisition of stock from non-controlling shareholders
- 4) Name after the business combination
There is no change
- 5) Principal basis for determination of business combination
For the purpose of strengthening governance for group management.

(2) Overview of accounting treatment applied

The transaction was treated as "Transaction with non-controlling shareholders" which falls under the category of "common control transactions, etc." set forth in "Accounting Standard for Business Combinations" and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestures".

(3) Matters to be disclosed when additionally acquiring shares of subsidiaries

Details on acquisition cost of acquired company and consideration for acquisition by type.

		Millions of yen	Thousands of U.S. dollars
Consideration for acquisition	Cash and deposits	¥ 30	\$ 284
Acquisition cost	(accounts payable)	30	284

(4) Matters related to change in ownership interests held by the Company due to transactions with non-controlling shareholders.

- 1) Main reason for change in capital surplus
Additional acquisition of share in a subsidiary
- 2) Increase in capital surplus due to transaction with non-controlling shareholders.
¥515 million (US\$4,739 thousand)

18. Asset Retirement Obligations

The asset retirement obligations in financial statement

We chose not to describe the detail in the report due to its immateriality.

19. Investment and Rental Properties

As of March 31, 2019	Millions of yen	
	Book Value	Fair Value
Real estate for rent	¥ 79,333	¥ 154,583

As of March 31, 2020	Millions of yen		Thousands of U.S. dollars	
	Book Value	Fair Value	Book Value	Fair Value
Real estate for rent	¥ 95,193	¥ 185,830	\$ 874,701	\$ 1,707,530

20. Segment Information

For the year ended March 31, 2019	Millions of yen							Total	Adjustments	Consolidated
	Reporting segments									
	Domestic Building Construction	Domestic Civil Engineering	Investment Development	Domestic Group Companies	New business fields	Overseas business				
Net sales:										
Customers	¥ 355,045	¥ 98,993	¥ 9,786	¥ 28,615	¥ 212	¥ 17,782	¥ 510,436	¥ -	¥ 510,436	
Inter-segment	5,113	1,323	974	16,469	-	-	23,880	(23,880)	-	
Total	360,158	100,316	10,761	45,085	212	17,782	534,316	(23,880)	510,436	
Segment profit (loss)	¥ 25,457	¥ 11,210	¥ 1,871	¥ 1,578	¥ (883)	¥ (4,025)	¥ 35,209	¥ (690)	¥ 34,518	
Depreciation and amortization	¥ 756	¥ 194	¥ 795	¥ 176	¥ 36	¥ 219	¥ 2,178	¥ -	¥ 2,178	
Amortization of goodwill	¥ -	¥ -	¥ 69	¥ 100	¥ -	¥ -	¥ 169	¥ -	¥ 169	
Impairment loss on fixed assets	¥ -	¥ -	¥ -	¥ 154	¥ -	¥ -	¥ 154	¥ 1,503	¥ 1,658	

For the year ended March 31, 2020	Millions of yen							Total	Adjustments	Consolidated
	Reporting segments									
	Domestic Building Construction	Domestic Civil Engineering	Investment Development	Domestic Group Companies	New business fields	Overseas business				
Net sales:										
Customers	¥ 341,104	¥ 112,259	¥ 13,546	¥ 33,131	¥ 345	¥ 18,295	¥ 518,683	¥ -	¥ 518,683	
Inter-segment	7,593	1,609	883	19,131	0	42	29,261	(29,261)	-	
Total	348,697	113,869	14,430	52,263	346	18,338	547,945	(29,261)	518,683	
Segment profit (loss)	¥ 20,808	¥ 10,636	¥ 3,963	¥ 2,014	¥ (1,164)	¥ (21)	¥ 36,237	¥ (994)	¥ 35,243	
Depreciation and amortization	¥ 1,125	¥ 305	¥ 917	¥ 185	¥ 155	¥ 304	¥ 2,994	¥ -	¥ 2,994	
Amortization of goodwill	¥ -	¥ -	¥ 69	¥ 102	¥ -	¥ -	¥ 171	¥ -	¥ 171	
Impairment loss on fixed assets	¥ -	¥ -	¥ 245	¥ -	¥ -	¥ -	¥ 245	¥ 54	¥ 299	

Thousands of U.S. dollars

For the year ended March 31, 2020	Reporting segments						Total	Adjustments	Consolidated
	Domestic Building Construction	Domestic Civil Engineering	Investment Development	Domestic Group Companies	New business fields	Overseas business			
Net sales:									
Customers	\$ 3,134,285	\$ 1,031,516	\$ 124,474	\$ 304,433	\$ 3,178	\$ 168,113	\$ 4,766,001	\$ -	\$ 4,766,001
Inter-segment	69,774	14,793	8,119	175,792	7	388	268,876	(268,876)	-
Total	3,204,060	1,046,310	132,594	480,226	3,185	168,502	5,034,878	(268,876)	4,766,001
Segment profit (loss)	\$ 191,204	\$ 97,734	\$ 36,416	\$ 18,513	\$ (10,701)	\$ (194)	\$ 332,972	\$ (9,136)	\$ 323,836
Depreciation and amortization	\$ 10,343	\$ 2,804	\$ 8,433	\$ 1,704	\$ 1,427	\$ 2,802	\$ 27,516	\$ -	\$ 27,516
Amortization of goodwill	\$ -	\$ -	\$ 636	\$ 937	\$ -	\$ -	\$ 1,574	\$ -	\$ 1,574
Impairment loss on fixed assets	\$ -	\$ -	\$ 2,253	\$ -	\$ -	\$ -	\$ 2,253	\$ 497	\$ 2,750

Notes: 1. Adjustments of segment profit (loss) is negative ¥690million and negative ¥994million (US\$9,136 thousand) elimination of intersegment transactions.

2. Segment profit (loss) is adjusted in accordance with operating income as recorded in the consolidated statements of income.

3. Impairment loss on fixed assets that don't belong to the reporting segments are ¥1,503million and ¥54million (US\$497 thousand), and are described in the adjustments.

The Companies operate in the following 6 reporting segments:

Domestic Building ConstructionDomestically our company's research, planning, design, management and execution of building construction work, and architectural and comprehensive engineering and consulting related thereto

Domestic Civil EngineeringDomestically our company's research, planning, design, management and execution of civil engineering work, such as tunnel construction, and architectural and comprehensive engineering and consulting related thereto

Investment DevelopmentSelf-development, resale and rent of real estate

Domestic Group CompaniesBusiness carried out by domestic consolidated subsidiaries (building construction, civil engineering, real estate mainly for building management, hotel business, worker dispatching mainly for the group companies and financing and leasing)

New business fieldsBusiness of Power generation, Power sale, Agricultural diversification and other new business

Overseas businessExecution of building construction contracts, civil engineering construction contracts and real estate business outside Japan

21. Related Party Transactions

Related party transactions between the Corporation and related parties

Directors and principal shareholders (only individual shareholders), etc., of the Corporation

For the year ended March 31, 2019

None

For the year ended March 31, 2020

None

22. Per share information

As of March 31	Yen		U.S. dollars
	2019	2020	2020
Net assets per share of common stock	¥ 868.13	¥ 883.35	\$ 8.116
Profit for the year per share of common stock	83.49	84.30	0.774
Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Basis for calculation of net assets per share:			
Total net assets	¥ 269,193	¥ 273,496	\$ 2,513,057
Amount attributable to items other than common stock	3,035	2,635	24,213
Net assets attributable to common stock	¥ 266,157	¥ 270,860	\$ 2,488,844
Number of shares of common stock outstanding at fiscal year-end	306,586,111 shares	306,628,658 shares	
Basis for calculation of profit for the year per share:			
Profit for the year attributable to owners of the parent	¥ 25,595	¥ 25,845	\$ 237,487
Profit for the year attributable to owners of the parent attributable to common stock	¥ 25,595	¥ 25,845	\$ 237,487
Average number of shares of common stock outstanding during the fiscal year	306,582,822 shares	306,609,879 shares	

Independent Auditor's Report

Toda Corporation and Consolidated Subsidiaries

Independent Auditor's Report

The Board of Directors
Toda Corporation

Opinion

We have audited the consolidated financial statements of Toda Corporation and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Seinan Audit Corporation

July 9, 2020
Minato-ku, Tokyo, Japan

Unconsolidated Balance Sheets

Toda Corporation - As of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
ASSETS			
Current assets:			
Cash and deposits	¥ 78,048	¥ 82,538	\$ 758,413
Notes receivable - trade	4,592	1,378	12,664
Electronically recorded monetary claims - operating	231	1,674	15,384
Accounts receivable from completed construction contracts	208,060	148,604	1,365,471
Short-term investment securities	-	20,064	184,370
Real estate for sale	8,270	9,873	90,727
Costs on uncompleted construction contracts	13,994	13,592	124,893
Costs on real estate business	1,121	3,012	27,684
Raw materials and supplies	516	531	4,881
Accounts receivable - other	977	1,413	12,986
Advanced paid	11,353	13,117	120,532
Other	1,579	2,086	19,172
Allowance for doubtful accounts	(1,653)	(1,057)	(9,712)
Total current assets	327,093	296,830	2,727,467
Noncurrent assets:			
Property, plant and equipment			
Buildings	36,313	39,215	360,332
Accumulated depreciation	(22,726)	(16,676)	(153,235)
Buildings, net	13,587	22,538	207,097
Structures	1,677	1,824	16,765
Accumulated depreciation	(1,344)	(1,321)	(12,141)
Structures, net	333	503	4,623
Machinery and equipment	6,282	5,941	54,597
Accumulated depreciation	(6,098)	(5,136)	(47,195)
Machinery and equipment, net	183	805	7,402
Vehicles	101	85	787
Accumulated depreciation	(88)	(78)	(718)
Vehicles, net	12	7	69
Tools, furniture and fixtures	2,268	1,858	17,079
Accumulated depreciation	(1,560)	(1,336)	(12,276)
Tools, furniture and fixtures, net	707	522	4,803
Land	75,255	73,863	678,701
Lease assets	284	306	2,817
Accumulated depreciation	(232)	(234)	(2,151)
Lease assets, net	52	72	665
Construction in progress	4,368	6,244	57,375
Total property, plant and equipment	94,500	104,557	960,739

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Intangible assets			
Leasehold right	5,124	5,123	47,081
Software	1,425	2,071	19,037
Other	822	749	6,887
Total intangible assets	7,371	7,945	73,006
Investments and other assets:			
Investment securities	170,262	149,484	1,373,556
Stocks of subsidiaries and affiliates	18,783	24,653	226,531
Investments in other securities of subsidiaries and affiliates	3,001	1,937	17,801
Investments in capital	1	2	20
Long-term loans receivable	3	3	28
Long-term loans receivable from employees	6	10	97
Long-term loans receivable from subsidiaries and affiliates	420	1,963	18,039
Claims provable in bankruptcy, claims provable in rehabilitation and other	0	0	3
Long-term prepaid expenses	232	423	3,892
Long-term non-operating accounts receivable	0	-	-
Prepaid pension cost	2,652	2,470	22,696
Other	2,824	2,814	25,861
Allowance for doubtful accounts	(234)	(95)	(874)
Total investments and other assets	197,955	183,667	1,687,654
Total noncurrent assets	299,827	296,169	2,721,400
Total assets	¥ 626,920	¥ 593,000	\$ 5,448,867

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
LIABILITIES			
Current liabilities:			
Notes payable - trade	¥ 2,449	¥ 1,644	\$ 15,107
Electronically recorded obligations - operating	23,814	22,870	210,151
Accounts payable for construction contracts	87,590	73,799	678,117
Short-term loans payable	23,586	40,516	372,289
Commercial paper	50,000	-	-
Current portion of bonds payable	-	5,000	45,943
Lease obligations	21	21	201
Accounts payable - other	2,215	2,460	22,606
Income taxes payable	9,289	6,293	57,833
Advances received on uncompleted construction contracts	26,124	26,585	244,283
Deposits received	24,184	26,756	245,855
Provision for bonuses	6,105	5,850	53,753
Provision for warranties for completed construction	4,288	4,247	39,025
Provision for loss on construction contracts	3,526	3,051	28,041
Deposits received from employees	8,713	9,426	86,616
Other	1,763	5,485	50,400
Total current liabilities	273,672	234,009	2,150,228
Noncurrent liabilities:			
Bonds payable	25,000	30,000	275,659
Long-term loans payable	27,573	32,054	294,538
Lease obligations	27	54	498
Deferred tax liabilities	18,227	11,876	109,132
Deferred tax liabilities for land revaluation	7,235	6,791	62,400
Provision for retirement benefits	19,917	19,838	182,284
Provision for directors' retirement benefits	124	125	1,152
Provision for stock payments for directors	172	188	1,731
Provision for loss on business of subsidiaries and affiliates	163	250	2,300
Asset retirement obligations	236	446	4,104
Other	2,400	2,517	23,129
Total noncurrent liabilities	101,078	104,142	956,931
Total liabilities	374,750	338,152	3,107,159
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	23,001	211,353
Capital surplus			
Legal capital surplus	25,573	25,573	234,982
Total capital surplus	25,573	25,573	234,982
Retained earnings			
Legal retained earnings	5,750	5,750	52,838
Other retained earnings			
Reserve for construction	50,000	50,000	459,432
General reserve	56,774	71,774	659,512
Retained earnings brought forward	27,596	31,610	290,456
Total retained earnings	140,121	159,135	1,462,239
Treasury stock	(9,438)	(9,392)	(86,305)
Total shareholders' equity	179,257	198,317	1,822,269
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	67,289	51,957	477,421
Deferred gains on hedges	29	(11)	(105)
Revaluation reserve for land	5,592	4,584	42,122
Total valuation and translation adjustments	72,912	56,530	519,438
Total net assets	252,170	254,848	2,341,708
Total liabilities and net assets	¥ 626,920	¥ 593,000	\$ 5,448,867

Unconsolidated Statements of Income

Toda Corporation s - For the years of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Net sales:			
Net sales of construction contracts	¥ 458,657	¥ 458,550	\$ 4,213,457
Net sales of investment development business and other	9,427	12,865	118,218
Total net sales	468,084	471,416	4,331,675
Cost of sales:			
Cost of sales of construction contracts	399,925	399,938	3,674,888
Cost of sales of investment development business and other	6,951	7,995	73,468
Total cost of sales	406,876	407,933	3,748,357
Gross profit:			
Gross profit on construction contracts	58,731	58,612	538,569
Gross profit on investment development business and other	2,476	4,870	44,749
Total gross profit	61,208	63,482	583,318
Selling, general and administrative expenses			
Directors' compensations	404	406	3,739
Provision for share allocation to directors	57	38	355
Employees' salaries and allowances	10,104	10,515	96,625
Provision for bonuses	4,367	4,508	41,426
Provision for directors' retirement benefits	50	47	438
Retirement benefit expenses	807	923	8,486
Legal welfare expenses	1,503	1,612	14,816
Welfare expenses	755	681	6,260
Repair and maintenance	225	407	3,744
Stationery expenses	1,891	2,059	18,921
Correspondence and transportation expenses	1,062	1,089	10,007
Power utilities expenses	109	120	1,110
Research study expenses	1,211	1,683	15,465
Advertising expenses	248	330	3,032
Provision of allowance for doubtful accounts	499	(251)	(2,309)
Entertainment expenses	615	798	7,333
Contribution	85	172	1,586
Rents	1,401	1,821	16,737
Depreciation	242	420	3,867
Taxes and dues	1,655	1,698	15,608
Insurance expenses	29	34	318
Miscellaneous expenses	1,663	1,791	16,462
Total selling, general and administrative expenses	28,992	30,911	284,033
Operating income	32,215	32,571	299,284
Non-operating income:			
Interest income	23	44	409
Interest on securities	0	0	0
Dividend income	3,106	3,528	32,421
Dividend income of insurance	238	238	2,195
Miscellaneous income	451	682	6,271
Total non-operating income	3,820	4,494	41,297
Non-operating expenses:			
Interest expenses	667	927	8,523
Interest on bonds	88	108	993
Commission fee	171	456	4,198
Miscellaneous expenses	78	310	2,849
Total non-operating expenses	1,006	1,802	16,566
Ordinary income	35,029	35,262	324,016
Extraordinary income:			
Gain on sales of noncurrent assets	25	11	110
Gain on sales of investment securities	3,060	1,246	11,452
Settlement received	-	1,174	10,787
Other	59	4	43
Total extraordinary income	3,146	2,437	22,393

Extraordinary loss:			
Loss on abandonment of noncurrent assets	503	1,133	10,412
Impairment loss	1,503	299	2,750
Loss on valuation of investment securities	11	232	2,139
Loss on valuation of stocks of subsidiaries and affiliates	82	76	698
Provision for loss on business of subsidiaries and affiliates	157	87	800
Other	99	104	960
Total extraordinary losses	2,358	1,933	17,762
Profit before income taxes and non-controlling interests	35,817	35,766	328,647
Income taxes-current	10,571	11,762	108,081
Income taxes-deferred	841	(166)	(1,532)
Total income taxes	11,412	11,595	106,549
Profit for the year	¥ 24,405	¥ 24,170	\$ 222,098

Unconsolidated Statements of Changes in Net Assets

Toda Corporation - For the years ended March 31, 2019 and 2020

	Millions of Yen															
	Shareholders' equity								Valuation and translation adjustments					Total net assets		
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land		Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings								
				Reserve for construction	General reserve	Retained earnings brought forward										
Balance at March 31, 2018	23,001	25,573	-	25,573	5,750	35,000	56,774	24,247	121,772	(9,437)	160,909	66,926	(3)	5,676	72,599	233,508
Changes during period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision of general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision of reserve for construction	-	-	-	-	15,000	-	(15,000)	-	-	-	-	-	-	-	-	-
Dividends from surplus	-	-	-	-	-	-	-	(6,140)	(6,140)	-	(6,140)	-	-	-	-	(6,140)
Profit for the year	-	-	-	-	-	-	-	24,405	24,405	-	24,405	-	-	-	-	24,405
Disposal of treasury stock	-	-	-	-	-	-	-	-	-	5	5	-	-	-	-	5
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(5)	(5)	-	-	-	-	(5)
Transfer of loss on disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	84	84	-	84	-	-	-	-	84
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	363	33	(84)	312	312
Total changes of items during the period	-	-	-	-	15,000	-	3,348	18,348	(0)	18,348	363	33	(84)	312	18,661	
Balance at March 31, 2019	23,001	25,573	-	25,573	5,750	50,000	56,774	27,596	140,121	(9,438)	179,257	67,289	29	5,592	72,912	252,170
Changes during period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision of general reserve	-	-	-	-	-	-	15,000	(15,000)	-	-	-	-	-	-	-	-
Provision of reserve for construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends from surplus	-	-	-	-	-	-	-	(6,140)	(6,140)	-	(6,140)	-	-	-	-	(6,140)
Profit for the year	-	-	-	-	-	-	-	24,170	24,170	-	24,170	-	-	-	-	24,170
Disposal of treasury stock	-	-	(24)	(24)	-	-	-	-	-	267	243	-	-	-	-	243
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(222)	(222)	-	-	-	-	(222)
Transfer of loss on disposal of treasury stock	-	-	24	24	-	-	-	(24)	(24)	-	-	-	-	-	-	-
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	1,008	1,008	-	1,008	-	-	-	-	1,008
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	(15,332)	(41)	(1,008)	(16,381)	(16,381)	
Total changes of items during the period	-	-	-	-	-	15,000	4,014	19,014	45	19,059	(15,332)	(41)	(1,008)	(16,381)	2,678	
Balance at March 31, 2020	23,001	25,573	-	25,573	5,750	50,000	71,774	31,610	159,135	(9,392)	198,317	51,957	(11)	4,584	56,530	254,848

Thousands of U.S. dollars

	Shareholders' equity										Valuation and translation adjustments			Total net assets			
	Capital stock	Capital surplus			Retained earnings						Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities		Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings								
						Reserve for construction	General reserve	Retained earnings brought forward									
Balance at March 31, 2019	211,353	234,982	-	234,982	52,838	459,432	521,682	253,571	1,287,524	(86,726)	1,647,134	618,302	274	51,387	669,965	2,317,100	
Changes during period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision of general reserve	-	-	-	-	-	-	137,829	(137,829)	-	-	-	-	-	-	-	-	
Provision of reserve for construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends from surplus	-	-	-	-	-	-	-	(56,423)	(56,423)	-	(56,423)	-	-	-	-	(56,423)	
Profit for the year	-	-	-	-	-	-	-	222,098	222,098	-	222,098	-	-	-	-	222,098	
Disposal of treasury stock	-	-	(225)	(225)	-	-	-	-	-	2,461	2,235	-	-	-	-	2,235	
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(2,041)	(2,041)	-	-	-	-	(2,041)	
Transfer of loss on disposal of treasury stock	-	-	225	225	-	-	-	(225)	(225)	-	-	-	-	-	-	-	
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	9,265	9,265	-	9,265	-	-	-	-	9,265	
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	(140,881)	(380)	(9,265)	(150,526)	(150,526)		
Total changes of items during the period	-	-	-	-	-	-	137,829	36,884	174,714	420	175,134	(140,881)	(380)	(9,265)	(150,526)	24,608	
Balance at March 31, 2020	211,353	234,982	-	234,982	52,838	459,432	659,512	290,456	1,462,239	(86,305)	1,822,269	477,421	(105)	42,122	519,438	2,341,708	

Corporate Information

Company overview

(As of March 31, 2020)

Company Name	TODA CORPORATION
Company Headquarters	8-5 Hatchobori 2-Chome, Chuo-ku, Tokyo 104-0032, Japan
Founded	January 5, 1881
Capital Stock	¥23.0 billion
Number of employees	5,463 (Consolidated) 4,132 (Non-consolidated)
Areas of business	<ol style="list-style-type: none"> 1. Research, planning, design, management, and execution associated with all aspects of architectural and civil engineering together with related comprehensive engineering and consulting 2. Research, planning, design, management, and execution associated with local development, urban development and other comprehensive engineering and consulting 3. Real estate sale and purchase, rental, intermediary services, management, and appraisal 4. Power generation and related business for renewable energy, etc.

History

1881	Foundation: Toda-kata Construction was founded by Rihei Toda, who became its first president.
1908	Company changes its name from Toda-kata to Toda-gumi.
1910	Toda participates in the building of facilities for the Anglo-Japanese Fair in London.
1914	Company participates in the construction of facilities for the Taisho Exhibition held in Tokyo. Company participates in the construction of facilities for the Panama-Pacific Exhibition held in San Francisco.
1936	Incorporation: Company is reorganized as Toda-Gumi Co., Ltd.
1963	Company changes its name to the Toda Corporation.
1969	The company's stock is listed on the Tokyo Stock Exchange.
1970	Company builds nine pavilions, including the Swiss pavilion, for Expo '70 in Osaka.
1972	Construtora Toda do Brasil S.A. and Toda America, Inc. are established.
1988	Company participates in the construction of the Pacific Convention Plaza Yokohama, Japan's first building project involving foreign contractors (completed in 1991). Thai Toda Corporation Ltd. is established.
1994	Toda announces its Global Environment Charter.
1995	Toda becomes Japan's first general contractor to acquire ISO 9001 certification.
1999	Toda acquires ISO 14001 certification.
2000	Toda becomes Japan's first company to achieve zero emissions at construction sites.
2003	Toda announces its Charter of Corporate behavior.
2009	Toda Vietnam Co., Ltd. is established.
2010	Toda is certified as an "Eco-First" company. Company celebrates the 100th anniversary of the start of overseas operations.
2012	Toda acquires ISO 27001 certification. Southeast Asia Regional Office is established.
2013	Jakarta Representative Office is established.
2015	The Toda Group Global Vision is unveiled. Yangon Branch Office is established.
2016	Toda is included on the CDP's Climate A List.
2017	Toda's CO ₂ reduction targets receive SBT approval (first for the Japanese construction industry)
2018	Toda is included on the CDP's Climate A List. Toda is included on the CDP's Climate A List.
2019	Toda joined the RE100 initiative. Toda has expressed its support for TCFD proposal. PT Toda Group Indonesia is established. Tobic Co.,Ltd. is established.
2020	Toda Investimento do Brasil Ltda is established.



8-5 Hatchobori 2-Chome, Chuo-ku, Tokyo 104-0032, Japan

Phone: +81-3-3535-2235

Main overseas affiliated companies

CONSTRUTORA TODA DO BRASIL S.A.

Rua Manuel da Nobrega, 1280-3º Andar. São Paulo, Brasil

Phone: +55-11-3886-5844

THAI TODA CORPORATION LTD.

199 Column Tower 20th Floor, Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand

Phone: +66-2-261-6544 Fax: +66-2-261-6545

TODA VIETNAM CO., LTD.

10th Floor, Star Building, 33ter-33bis Mac Dinh Chi Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam

Phone: +84-28-6291-4127 Fax: +84-28-6291-4126

TOBIC CO., LTD.

KOVA Center 3F (SAIGON PEARL),92G-92H Nguyen Huu Canh St.,Ward 22, Binh Thanh Dist.,Ho Chi Minh City, Vietnam

Phone: +84-28-3823-9326

TODA AMERICA, INC.

600 Townsend Street, Suite 115W, San Francisco, CA 94103, U.S.A.

PT.TODA GROUP INDONESIA

Generali Tower 22nd Floor Jl. HR Rasuna Said, Kav. C-22 Jakarta 12940, Indonesia

Phone: +62-21-2941-9570

TODA INVESTIMENTO DO BRASIL LTDA

Rua Pamplona145, Cond Praça Pamplona conj. 1715-1716 Jardim Paulista, São Paulo, SP, Brasil CEP01405-900

Phone: +55-11-3287-2800

Cover photograph

Tokyo College of Music Naka-Meguro • Daikan-yama Campus

(Tokyo, Japan)



Our CO₂ emission reduction targets were certified as science-based targets (SBT).

In October 2016, we became a member of Japan-CLP. Going forward, we will continue to actively work to realize a sustainable society.

This product is made of FSC®-certified and other controlled material.

Only environmentally-friendly, zero-VOC (Volatile organic compounds) inks were used in the printing of this report.

The CO₂ emitted during manufacturing processes is offset by investments in actions that reduce such emissions.