

# Annual Report 2020



For the fiscal year ended March 31, 2020

# CORPORATE PROFILE & CONTENTS

TOA Corporation is one of the largest Japanese multinational construction and engineering companies. Founded in 1908 to enter into the business of developing vast diversified port facilities and adjacent industrial lands by dredging and reclaiming work in Tokyo Bay, TOA has been in the forefront of coastal and maritime construction and engineering for more than 100 years.

As the postwar Japanese economy rapidly grew, TOA expanded its business fields into on-land infrastructure works, architectural works, and international operations. To meet the growing demands of modern society, TOA also develops the highest level of technologies and expertise for environmental sustainability, life cycle management of social assets, disaster prevention.

On March 31, 2020, TOA established its headquarters in Tokyo, under which thirteen domestic branches, nine offshore offices, ten consolidated subsidiaries, six non-consolidated subsidiaries, and eighteen affiliate companies have been actively involved in construction and other related businesses.

## Corporate Philosophy and Management Policies

### Corporate Philosophy

Toa Corporation strives for prosperity with advanced technologies and fulfills its social responsibilities through sound management.

### Three (3) Management Policies

- 1) To enhance competitiveness by strategic management
- 2) To maintain everlasting trust through reliable construction works
- 3) To strive constantly to improve individual ability and contribute to organizational goals

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# FINANCIAL HIGHLIGHTS

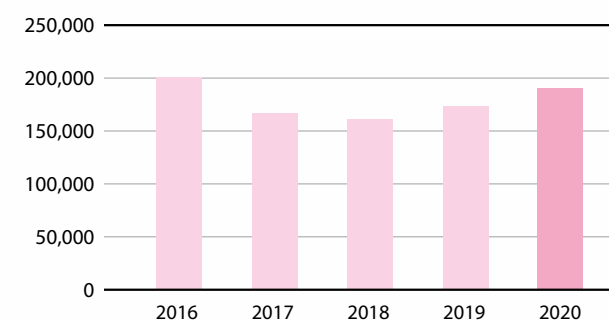
## TOA CORPORATION and its consolidated subsidiaries

Years ended March 31,	Millions of Japanese Yen					Thousands of U.S. Dollars (Note)
	2016	2017	2018	2019	2020	2020
	<b>Consolidated</b>					
<b>For the year:</b>						
Net sales	¥ 200,282	¥ 167,200	¥ 161,045	¥ 173,692	¥ 190,278	\$ 1,761,940
Profit (loss) before income taxes	8,732	▲10,018	2,557	4,273	7,575	70,145
Profit (loss) attributable to owners of parent	6,038	▲7,438	1,750	3,072	5,007	46,364
<b>At year-end:</b>						
Total assets	196,491	183,735	190,276	202,514	202,657	1,876,460
Net assets	71,143	64,958	67,747	68,845	69,166	640,425
Property, plant and equipment-net	29,483	27,651	26,673	28,049	29,405	272,274
<b>Per share of common stock:</b>						
	Yen					U.S. Dollars
Net income (loss)	¥ 28.89	¥▲355.86	¥ 83.74	¥ 147.00	¥ 244.65	\$ 2.265
Cash dividends	4.00	—	20.0	30.0	50.0	0.460
Net assets	338.16	3,082.45	3,214.86	3,263.98	3,492.34	32.336

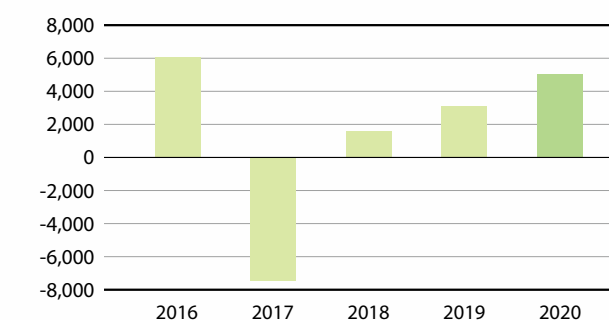
Note: The amount in U.S. dollars was converted at the rate of ¥108=US\$1, the effective rate at March 31, 2020.

The Company completed a reverse stock split of its common stock, at ratio of 1 share for 10 shares on October 1, 2016.

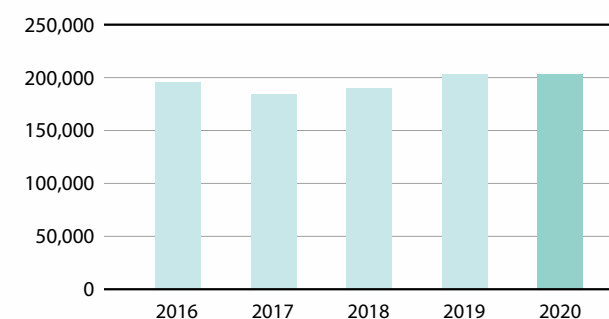
**Net sales** (Unit: Millions of Yen)



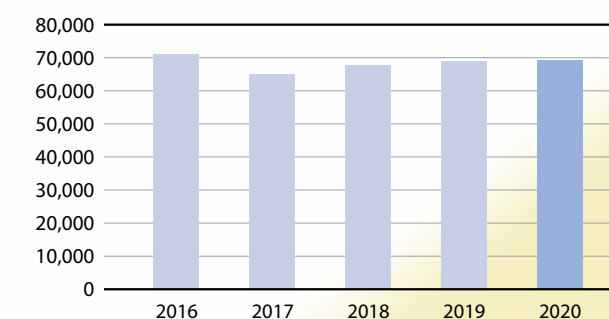
**Net income** (Unit: Millions of Yen)



**Total assets** (Unit: Millions of Yen)



**Net assets** (Unit: Millions of Yen)



# MESSAGE FROM THE PRESIDENT

## Summary of Business Performance of the Fiscal Year

For the fiscal year just ended on March 31, 2020, while the Japanese economy suffered a slowdown of its economic growth due to the deterioration in the relationship between China and the United States, and the impact of the spread of COVID-19 infection, public investment showed solid improvement in the domestic construction industry, primarily in such areas as disaster prevention and damage reduction, as well as maintenance and renewal of facilities

to cope with aging social infrastructure. And private investment showed steady improvement too, backed by increased corporate earnings and reform of the tax system. Furthermore, the overseas construction industry also achieved steady growth, primarily in newly emerging countries.

Amidst this environment, Toa Corporation Group, which comprises Toa Corporation and its consolidated

subsidiaries, has been carrying forward various measures based on its Mid-Term Business Plan (from FY2017 to FY2019), under the basic principle of “Change for Recovery of Trust, Growth Starting from Building a Foundation that Utilizes the Most of Technology and Quality,” and achieving its management goals, with the aim of becoming a company capable of sustainable growth that is able to respond to the expectations and trust of its customers and society.

The consolidated results achieved by Toa Corporation Group for the fiscal year just ended were an increase in net sales of 9.5% over the previous consolidated fiscal year to ¥190,278 million, an increase in operating income of 99.9% over the previous consolidated fiscal year to ¥7,957 million, an increase in ordinary income of 92.8% over the previous consolidated fiscal year to ¥7,604 million, and net income attributed to shareholders of the parent company was ¥5,007 million, a 63.0% increase over the previous consolidated fiscal year.

## Performance of Each Segment of the Toa Corporation Group

### (Domestic Civil Engineering Business)

The main business is in the field of marine civil engineering, with efforts continuously focused on building infrastructure and social capital, such as ports, railways, and roads. For the consolidated fiscal year just ended, steady work on construction projects that were already ordered resulted in an increase in net sales of 8.0% over the previous consolidated fiscal year to ¥101,454 million. The segment profit (operating income) increased 37.9% over the previous consolidated fiscal year to ¥7,172 million due to the increase in net sales and improvement of the profitability of construction.

Compared with the previous fiscal year, when there were a number of large-scale on-land construction projects, non-consolidated orders for the Company decreased ¥23,635 million to ¥88,969 million.

### (Domestic Architectural Building Business)

Efforts are being made to expand the amount of orders received from the projects through negotiations, planning

and proposal projects, and based design built projects. For the consolidated fiscal year just ended, net sales decreased 4.8% from the previous consolidated fiscal year to ¥49,439 million, due to delays in the start of construction of some projects. However, as a result of efforts to improve profitability at the time of the order as well as productivity, the segment profit (operating income) increased 27.5% over the previous consolidated fiscal year to ¥2,605 million.

Non-consolidated orders for the Company improved steadily on the whole, increasing by ¥419 million compared with the previous fiscal year to ¥52,736 million.

### (Overseas Business)

While marine civil engineering projects primarily in Southeast Asia are the principal business, efforts are being made to broaden the regions to advance into and the fields of construction work. Although there was a delay in the start of construction of some projects, work moved forward on construction projects that were already ordered, resulting in an

increase of 48.3% in net sales to ¥29,012 million for the consolidated fiscal year just ended over the previous consolidated fiscal year. With regard to profits, because there were some unprofitable projects and the budgets of some construction projects that had been temporarily postponed were reexamined due to the effects of COVID-19, the segment profit (operating income) was ¥248 million (the previous consolidated fiscal year saw a segment loss of ¥1,056 million).

As a result of efforts to broaden the regions to advance into and the fields of construction work, non-consolidated orders for the Company increased ¥15,412 million over the previous fiscal year to ¥65,940 million.

### (Others)

For the consolidated fiscal year just ended, net sales increased 25.9% over the previous consolidated fiscal year to ¥10,372 million, and the segment profit (operating income) increased 69.8% over the previous consolidated fiscal year to ¥1,832 million.



President and Chief Executive Officer

M. Akizama

### Summary of Financial Conditions of the Fiscal Year Just Ended

Total assets at the end of the consolidated fiscal year just ended increased ¥142 million compared with the end of the previous consolidated fiscal year to ¥202,657 million. The increase was due primarily to an increase in cash and bank deposits, and a decrease in advances paid, such as notes receivable and accounts receivable for completed construction work, and investment securities.

Liabilities decreased ¥177 million compared with the end of the previous consolidated fiscal year to ¥133,491 million. This was due primarily to an increase in convertible bonds with

stock acquisition rights, and a decrease in electronically recorded obligations, notes payable, accounts payable for construction work, and other items.

Net assets increased ¥320 million compared with the end of the previous consolidated fiscal year to ¥69,166 million. Moreover, the shareholders equity ratio increased 0.1 percentage points compared with the end of the previous consolidated fiscal year to 33.8%.

On December 13, 2019, funds totaling ¥7,000 million were procured through the issuance of a “yen-denominated convertible bond with stock acquisition

rights with a maturity date of 2024.” Approximately ¥5,000 million has been allocated as construction funds (including the amount prepaid by drawing down cash on hand) for a self-elevating platform (SEP) that will be used in the construction of an offshore wind power generation facility, and approximately ¥2,000 million has been allocated to the repurchase of the Company’s own shares.

In the future, not only will funds be allocated for investment in areas where growth is expected, but efforts will also be made to improve investment efficiency and enhance return to shareholders.

### Summary of Cash Flows of the Fiscal Year Just Ended

For the consolidated fiscal year just ended, cash flow from operating activities showed an increase of ¥11,496 million in cash (the previous consolidated fiscal year saw a decrease of ¥2,347 million in cash) due to the decrease in trade receivables and other factors. Cash flows from investing activities showed a decrease

of ¥2,851 million in cash (the previous consolidated fiscal year saw a decrease of ¥1,496 million in cash) due to acquisitions of property, plant, and equipment, etc. Cash flows from financial activities showed an increase of ¥3,373 million in cash (the previous consolidated fiscal year saw a decrease of ¥1,042 million in cash) due to

the issuance of corporate bonds and other activities. As a result of such activities, the balance of cash and cash equivalents at the end of the consolidated fiscal year just ended increased ¥11,946 million compared with the end of the previous consolidated fiscal year to ¥43,746 million.

### Fundamental Management Policy Regarding Distribution of Profits and Dividends for the Fiscal Year Just Needed

With regard to dividends, it is the fundamental policy to return profits based on the results of the Company’s performance, while putting priority on continuously providing stable dividends. Moreover, efforts are being made to increase internal reserves in order to realize the financial standing for a stable

management base.

The cash dividends for the fiscal year just ended, which are based on the abovementioned policies, and also comprehensively take into consideration the Company’s performance for the fiscal year just ended, the financial conditions, and other factors, will be ¥10 higher than

initially anticipated and are expected to be ¥50. A resolution regarding the increase in dividends was brought up at the 130th Ordinary General Meeting of Shareholders held on June 26, 2020, where a decision was formally made and the process undertaken to carry out the decision.

### Issues That Should be Addressed

In the short-term, while constant public investment is expected, primarily in the areas of disaster prevention and damage reduction and for countermeasures to deal with aging infrastructure, there is a risk that the domestic construction market will shrink due to the effects of long-term population decline. In addition, it is believed that it will be necessary to deal with the fields of i-Construction and AI, where rapid development is anticipated, and cutting-edge technologies, such as automated construction, as well as engage in aggressive investments aimed at improving productivity and safety. Furthermore, to realize a sustainable society, there are calls for Toa Corporation Group, too, to carry forward ESG Management and make even greater contributions to SDGs

Amidst these conditions, Toa Corporation Group put forth its Long-Term Vision 2030 to “Build a prosperous society and connect people with the entire world for a better future,” to describe what the Company

should be 10 years from now. Based on its Corporate Philosophy, the Company will endeavor to be a company that supports society through its foundation of high-level technology and human resources, contributes to the establishment of social infrastructure that will connect people with the entire world, and meets the expectations of the stakeholders, to build a better future.

In order to realize the Long-Term Vision, the Company formulated the Mid-Term Management Plan (FY2020 to FY2022), which advocates changes in the business structure as its basic principle.

Specifically, the Company will

- Make advances to existing businesses by accelerating growth in competitive business domains
- Accelerate expansion of business domains through diversification aimed at continuous expansion of business
- Strengthen management base by strengthening the execution structure

that supports the business strategies, and improving productivity

The executives of Toa Corporation Group will share and steadily implement the abovementioned measures and endeavor to resolve management issues.

Moreover, the planned figures for FY2022, which is the final year of the Mid-Term Management Plan, are indicated below.

#### Fiscal year ending March 31, 2023

	Consolidated	Non-consolidated
	Numerical goals	Numerical goals
Net sales	¥234,000 million	¥226,000 million
Operating income	¥10,200 million	¥9,200 million
Net income	¥6,500 million	¥6,000 million

\* Consolidated net income is net income attributable to owners of the parent company

President and Chief Executive Officer  
Masaki Akiyama

# MARINE CIVIL ENGINEERING

## ■ Tokyo International Airport (Haneda Airport) (Tokyo, Japan)

Haneda Airport started in 1931 as a small nationally run airfield with a single 300-meter runway. Subsequent extensions were continuously carried out to keep pace with the continually increasing demand of the airport. To respond to this growth, Toa Corporation, too, moved forward with its state-of-the-art civil engineering technologies. A new artificial island was completed at the Haneda Airport site and put to use for the 4th runway (2,500m). The construction was carried out in cooperation with multiple construction companies under a variety of difficult conditions, including using a hybrid pier/reclamation construction, a structure rarely used anywhere in the world, short construction periods, and quick execution under restrictions by airlines.

Toa Corporation's technologies were applied to nearly every part of the construction of the artificial island,

including improving the weak foundation soil and producing landfill material by hardening dredged soil. Furthermore, the company dedicated itself to ensuring quality by grasping the ever-changing

movements of the foundation in real-time through meticulous management of work execution that was reflected in subsequent processes.



## ■ Minami-Honmoku Container Terminal (Yokohama, Japan)

The Minami-Honmoku Pier is located at the Port of Yokohama, which is one of the ports in Keihin Port, a designated strategic international container port. With the aim of strengthening its international competitiveness, work is currently underway to make improvements to the facilities at the Minami-Honmoku Pier to transform it into an international container terminal capable of large-scale container ships to come alongside the quay. Columns measuring 32 meters high with a diameter of 24.5 meters constructed of steel sheet structure cellular were employed in the work to construct the earthquake-resistant quay's foundation. The quay will, in the future, have a façade that is sunk to a depth of 18 meters. Toa Corporation was involved in the project and successfully completed MC-3 phase and MC-4 phase(2007-2019).



## ■ Chubu Centrair International Airport (Aichi, Japan)

Chubu Centrair International Airport, inaugurated on February 7, 2005, is a first class airport with a 3,500m runway. It is designed to be the main international gateway to the Chubu (central) region of Japan. In order to be 24-hour operational, the airport is located in Ise Bay, 1.1km offshore of Tokoname City, Aichi Prefecture, to prevent disturbing local communities with airplane noise. Throughout the construction of the 470ha

artificial island, which commenced in November 2001, "Plug Magic" and "COS-NET," two of TOA's advanced technologies, played critical roles in building the 12km-long enclosing seawalls and reclaiming 56,000,000m<sup>3</sup> of soil and earth in an economical, timely, safe, and environmentally-friendly manner. "Plug Magic" recycled the soft clayey material coming from dredging operations of navigational channels in Ise Bay into

construction material suitable for reclamation, and saved 8,630,000m<sup>3</sup> of soil from having to be transported from on-land sources in the vicinity. "COS-NET" was adopted by contractors involved in the projects as a common system to monitor and control working vessels, and ensure their smooth and safe navigation around the working area.



TOA's "Plug Magic" dredging method was adopted in order to maximize the recycling of dredged soft materials

## ■ Great East Japan Earthquake Disaster Recovery

The Great East Japan Earthquake that struck on March 11, 2011, caused devastating damage to the area inland from the coast, although the coastal disaster prevention forest along the coast of Miyagi Prefecture was effective to a certain degree, achieving such results as reducing damage from the subsequent tsunami. With the aim of realizing the early regeneration of the coastal disaster prevention forest through restoration of the damaged seawall and the land where subsidence had occurred, TOA took part in construction work on the embankment foundation and the restoration of the seawall.

TOA is involved in disaster recovery construction work on a large number of

projects related to not only the Great East Japan Earthquake, but also for earthquake

damage, and wind and flood damage throughout the country.



# MARINE CIVIL ENGINEERING

## The Port Vila Lapetasi International Multi-Purpose Wharf Development Project (Vanuatu)

Construction work has been completed on the Port Vila Lapetasi International Multi-Purpose Wharf Development Project on Efate Island, where the capital city of the South Pacific nation of the Republic of Vanuatu is located. This nation is made up of an archipelago of more than 80 islands stretching north to south. Many of the islands are experiencing a growing number of tourists who come to enjoy natural surroundings untouched by humans, which contributes to the nation's economic growth.

In order to handle the recent rapid increase in the volume of cargo that has resulted from this growth, a development project to improve the facility to be an international multi-purpose wharf was carried out. In this project, a new quay, with a length of 200 meters and made to a depth of 12.3 meters below sea level to handle mainly container ships, was constructed at a location 500 meters east of the current harbor, which had been shared by both cargo ships and cruise ships.



## Jebel Ali Container Terminal in Design and Construction (United Arab Emirates)

A new container terminal has been completed in Dubai of United Arab Emirates in March 2015. For this construction project, an existing general cargo berth was redesigned and renovated as a state-of-the-art container terminal.

Jebel Ali Port is the largest marine terminal in the Middle East and also has the largest man-made harbor in the world. With the completion of the new container terminal, Port Jebel Ali has become able to handle 19 million TEU containers a year.

This project involves renovating the

existing 1,860-meter berth at the Jebel Ali Free Zone Area (JAFZA), which is located in the United Arab Emirates and operated by DP World. Improvements were made to the existing berth (the quay has a depth of 11 meters) by constructing a container berth (1,860 meters) with a depth of 18 meters.

The work calls for the design and construction of container terminal including a 75-ha container yard behind the berth, building and Mechanical, Electrical and Plumbing (MEP) works.



## Construction Work on Phase III of Container Terminal at Pasir Panjang Terminal (Singapore)

Singapore is one of the largest container handlers in the world. And the volume is increasing day by day. In order to alleviate congestion at the terminal in Singapore, and as part of an effort to increase the volume of containers to be handled, fifteen new berths were built at Pasir Panjang Container Terminal, without disrupting the operation of the terminal. Toa Corporation built 12 of the 15 berths

that were built, as well as a container yard having an area of approximately 160 ha. On the west side of this terminal, TOA has also built 14 berths and a container yard covering an area of 140 ha, all of which are currently in operation.



## Newly Completed Project

### Lomé Fishing Port Improvement Project

The Lomé Fishing Port Improvement Project was completed in the Republic of Togo.

This facility was constructed in a country with a population of approximately eight million people, making it possible for fresh fish and shellfish to be supplied to more than 800,000 people, most of whom live in the city of Lomé. In addition to the breakwater, idling quay, and other structures, facilities needed at a fishing port, such as a sorting area, wholesaling area, ice-making machine, and an administration office building equipped with toilets and other facilities, were constructed with the assistance of Grant Aid from the Japanese government. It is believed that this facility will become a base for supporting the diet of as many of the nation's people as possible.



- **Client** Ministry of Agriculture, Livestock and Fisheries of the Republic of Togo
- **Construction period** March 2017 to July 2019
- **Project outline** Outer port facilities (Breakwater, Seawall, Side closing dyke, End protection dyke)  
Mooring facilities (Landing quay, Idling quay, Slipway, Control dyke)  
Maneuvering basin (Wave dissipating slipway, Port entrance wavebreaker, etc.)  
On-land facilities (Fish handling facility, Wholesaler's area, Administration office, Public toilets, Electrical room, Elevated water tank, Guard room, Garbage collection depot, etc.)  
Equipment (Ice-making machine, Equipment for fish handling/wholesaling, Equipment for inspection room)
- **Site of construction** Lomé City, Republic of Togo

### Namibe Port Rehabilitation Project

The Namibe Port Rehabilitation Project was completed in the Republic of Angola.

This project was carried out with the assistance of Grant Aid from the Japanese government, and involved repair and maintenance work on the port facilities at Namibe Bay, which had suffered substantial deterioration. The work included restoration work on the quays, paving the yard, and installation of water supply facilities.

The construction work improved the efficiency and safety of various types of work being carried out in the port, such as increasing the volume of cargo handled, shortening the container handling cycle (loading and unloading work), and reducing the number of accidents when vessels are berthing, enabling this project to contribute to the development of the entire country.



- **Client** Ministry of Transport of the Republic of Angola
- **Construction period** March 2018 to May 2019
- **Project outline** Restoration work on quays  
Work to pave apron and container yard  
Work to improve roadbed for refrigerated containers  
Work to install water supply facilities
- **Site of construction** Namibe Province, the Republic of Angola

# ON-LAND CIVIL ENGINEERING

## Land Development Work for Fujitrans Corporation Logistics Center (Aichi, Japan)

Land development work ordered by Fujitrans Corporation for the Fujitrans Corporation Logistics Center has been completed in the village of Tobishima in Ama-gun, Aichi Prefecture.

The area where the work was carried out is located at Nagoya Port, which handles the largest volume of cargo in Japan. Improvements are being carried out to make the Logistics Center a major

distribution base. The ground formation work involved the creation of a vast site of land of approximately 200,000m<sup>2</sup> that was raised about one meter higher than the surroundings as a countermeasure against tsunami. At present, a portion of the site has started to be put to use as a container yard, with plans calling for the construction of a new distribution warehouse to integrate distribution

functions.



## Construction of Bridge Pier on National Route 45 across Kesennuma Bay in Matsuzaki District (Miyagi, Japan)

The work has been completed in the city of Kesennuma in the Matsuzaki District of Miyagi Prefecture.

As a leading project for recovery from the Great East Japan Earthquake. Along the Sanriku Coast in the Tohoku region, repair work is being carried out at a rapid pace on the Sanriku Coast Expressway (Reconstruction Road), a 359 km stretch of a road specifically for use by automobiles that connects the three prefectures of Miyagi, Iwate, and Aomori.

Plans call for the construction of a bridge across Kesennuma Bay, which forms the

main part of the Kesennuma road section of the Sanriku Coast Expressway. The bridge will have a length of 1,344 meters and cross over the Okawa River in the city of Kesennuma in Miyagi Prefecture and Kesennuma Bay. Upon completion, the span of the bridge, which is approximately half the length of the bridge (680 meters), will be the largest for a cable-stayed bridge in the Tohoku region. The JV of which the Company is the main partner for this construction work undertook the building of the piers for this bridge across Kesennuma Bay. The completion of this

bridge across Kesennuma Bay will shorten the routes traveled, and it is also expected to contribute greatly to tourism in the Sanriku region.



## Earthquake Resistance Work on Shibakawa Floodgate (H25) (Saitama, Japan)

The land that spreads out in the downstream part of the Arakawa River is an area that is below sea level, and should the Arakawa River overflow and breach its banks due to flooding or other reasons, it is anticipated that the area would suffer devastating damage. The Shibakawa Floodgate, which is double-sluice gate type floodgate located at the confluence of the Arakawa River and the Shibakawa River along the left bank of the Arakawa River about 19.7 km from its mouth, was

installed for the purpose of preventing floodwater from the Arakawa River flowing back into the Shibakawa River. An earthquake resistance project is underway to enable the floodgate to function even if an earthquake occurs directly underneath Tokyo, in addition to its function to reduce damage from flooding.

Toa Corporation executed earthquake resistance construction work on the right side of the floodgate as viewed in the photograph. The Company is carrying

out construction work on left side of the floodgate, too, under a separate work contract.



## Rehabilitation of Sewage Drainage System(Tokyo, Japan)

The sewerage network in downtown Tokyo, was constructed nearly one century ago. The Tokyo Metropolitan Government started a project to rehabilitate the sewage drainage network through reconstruction and refurbishment. TOA was awarded a contract to reconstruct the drainage system for surface runoff in Chiyoda ward. Against the construction

site of narrow streets with heavy traffic and a dense concentration of buildings, TOA's highly-qualified engineers dealt with various difficulties and utilized the shield tunnel method to complete the drainage system, which measured 2,058m in length with an inner diameter of 2,200mm, on schedule without any accidents.



## Newly Completed Project

### Ohkusano Tunnel (and One Other Section) for Kyushu Shinkansen (West Kyushu)

Construction work on the Ohkusano Tunnel, one other section, and miscellaneous work for the Kyushu Shinkansen (West Kyushu) was completed in Saga Prefecture.

This project involved construction work on a part of the Kyushu Shinkansen's West Kyushu route, which runs for approximately 143 kilometers connecting the city of Nagasaki (Nagasaki Station) and the city of Fukuoka (Hakata Station), provisionally scheduled to be opened for use in FY2022. Toa Corporation carried out construction work on the tunnel and open segments totaling 2,142 meters between the cities of Takeo and Ureshino in Saga Prefecture.

The opening of this route will shorten the travel time between Hakata and Nagasaki by almost 30 minutes, and it is anticipated that visitors from the neighboring areas will help revitalize the region through tourism and business.



■ **Client** Kyushu Shinkansen Line Construction Bureau, Japan Railway Construction, Transport and Technology Agency

■ **Construction period** March 2013 to October 2019

■ **Project outline** Tunnel  
Buffer work  
Abutment  
Bridge piers  
GRS bridge  
Rigid-frame viaduct  
RC beams  
Earth cutting and filling

■ **Site of construction** Takeo City and Ureshino City, Saga Prefecture

### Substructure Construction on Kaseibashi Bridge (P3, P4) Bridge Pier Construction Project

The Substructure Construction on Kaseibashi Bridge (P3, P4) Bridge Pier Construction Project was completed in Wakayama Prefecture.

This construction work is a part of a development project for the Kaseibashi Bridge (length: 473 m, width: 6.8 m), which is scheduled to open for use in 2024. Of the two bridge abutments and seven bridge piers that make up the structure of this bridge, two of the bridge piers were built by Toa Corporation using the pneumatic caisson method.

The bridge in current use (on the right in the photo) connects the city center and fills an important role for more than 2,500 inhabitants in the surrounding areas who use the bridge during the daytime. However, because the width of the current bridge is narrow and deterioration is quite advanced, construction work is moving forward to replace it with a new bridge



and ensure the city residents can cross safely.

■ **Client** Wakayama City, Wakayama Prefecture

■ **Construction period** June 2018 to July 2019

■ **Project outline** Bridge understructure construction (P3, P4)  
Concrete work on foundation  
Concrete work on bridge piers  
Pneumatic caisson foundation

■ **Site of construction** Wakayama City, Wakayama Prefecture

# ARCHITECTURAL BUILDING WORKS

## Project for Upgrade of Wharf for Domestic Transport (Tonga)

Construction work has been completed on the Project for Upgrade of Wharf for Domestic Transport in the Kingdom of Tonga. Nuku'alofa Port, where this project was carried out, had no wharfs dedicated to large domestic inter-island ships, so ships had to share berths with large international cargo ships, causing congested conditions. To resolve this problem, the construction work for this project was carried out through Grant Aid assistance from the Japanese government, with the aim of separating international and domestic cargo by turning a different wharf that had been used for small ships into a dedicated domestic wharf that

was capable of also docking large ships, in addition to improving passenger and harbor safety. Furthermore, the new terminal building that was constructed through this project was designed to be environmentally friendly, with electric power being generated by solar panels mounted on the roof, and rain on the roof being collected in underground pits and reused for such purposes as flushing toilets. Earthquakes frequently occur in the Kingdom of Tonga, and in consideration of tsunamis generated by earthquakes, the terminal building has been equipped to serve as a tsunami countermeasure by

functioning as a wave dissipating seawall and an evacuation facility.



## Thai Binh Thermal Power Plant Project (Vietnam)

Civil engineering and construction work has been completed on the Thai Binh Thermal Power Plant in Thai Binh Province in the Socialist Republic of Vietnam. As the site of this construction work is on an estuary, the ground is made up of soft soil. Before construction work of the plant itself could begin, it was necessary to first carry out ground improvement work (execution of work), which was accomplished by the Company based on the long years of knowledge

and experience it had accumulated in improving soft ground in that area. Following the ground improvement work, work on the main structures comprising a building for the turbine and the foundation for the boiler (construction work), an offshore pier (design and construction) as well as appurtenant facilities were carried out. This power plant is expected to contribute greatly to solving the shortage of electric power that is plaguing Vietnam, a country

enjoying phenomenal economic growth.



## Cool Japan CLK Vietnam New Cold Storage Warehouse (Vietnam)

This construction work is the first stage of the Asia Cold Chain business (cold storage logistics), which is financed and carried forward by Cool Japan Fund. This project establishes the first full-scale cold storage warehouse in Vietnam, with the purpose of expanding distribution of high quality Japanese foodstuff throughout Southeast Asia.



## Urban Redevelopment Project (Niigata, Japan)

Construction work on the Category 1 Urban Redevelopment Project in the West Area of Otedori, Omotemachi in Niigata prefecture was completed. The building was designed using colors that took into consideration the surrounding city blocks, and incorporated streetscapes reminiscent of a castle town and designs of buildings from long ago. The structure is a multipurpose building that houses such facilities as a social welfare center, a private pay nursing home, condominiums, a private preparatory school, and a dental clinic, and serves as a social services base that supports the daily life of the inhabitants of the city.



## Newly Completed Project

### Bali Culture Hall Construction Project

The Bali Culture Hall Construction Project was completed in Bali Province in the Republic of Indonesia. This was the first project ever ordered by the government of a local region in the Republic of Indonesia to have a foreign company participate in the construction work. Toa Corporation was responsible for all aspects of the building construction, including construction of a multipurpose theater facility with three floors above ground and one floor below ground, as well as building utilities, stage mechanisms, lighting, and acoustics on the same site occupied by the local government's office building. The Bali Culture Hall has become a new symbol of the revitalization of this region.



- **Client** Ministry of Public Works, Spatial Planning Section of Badung District, Bali Province
- **Construction period** December 2017 to August 2019
- **Project outline** Building use: Theater  
Structure and size: Theater-RC structure; Roof-Steel structure;  
Three floors above ground: One floor below ground
- **Site of construction** Bali Province, Republic of Indonesia

### New Construction Work for Toyo Suisan Ishikari Distribution Center

New construction work on the Toyo Suisan Ishikari Distribution Center (provisional name) was completed in Hokkaido. A state-of-the-art cold storage warehouse with a storage capacity of approximately 44,000 tons was constructed at Ishikari Bay New Port, which has among the largest concentration of cold storage warehouses in Hokkaido. In the construction of this warehouse, the RCS construction method, a construction method that was jointly developed by Toa Corporation, was adopted. This hybrid structure construction method involved the use of RC components, which have a high degree of compressive strength, for the columns, and the use of S components, which have superior bend and shearing strength and are also lightweight, for the beams, making it possible to achieve large spans and large open spaces. To date, Toa Corporation has undertaken the construction of a number of cold storage warehouses, both in Japan as well

as overseas, and it is a field where the Company has great expertise.



- **Client** Toyo Suisan Kaisha, Ltd.
- **Construction period** February 1, 2019 to April 2020
- **Project outline** Building use: Cold storage warehouse  
Structure and size: RCS structure (hybrid structure construction method using RC-columns and S-beams); Four floors above ground  
Building area: 10,296.30 m<sup>2</sup>  
Total floor space: 27,899.04 m<sup>2</sup>
- **Site of construction** Otaru City, Hokkaido



# RESEARCH & DEVELOPMENT

From Yokohama Tsurumi to everywhere in Japan, to all the world, and to the future



## Developing “Technologies with a Vision for the Future”

We believe that the mission of TOA CORPORATION is to respond to the needs of society, which change with the times, and contribute continuously and appropriately to society as a construction company. In order to promote contributions to society, TOA Research and Development Center truly shoulders the responsibility of being “the foundation of TOA’s technology.”

The demands made of a construction company will change due to dramatic shifts in the consciousness of the people and in society.

“Protect people’s livelihoods from natural disasters”  
 “Reduce the burden on the environment, and live in harmony with nature”  
 “Maintain and renew the facilities in service and utilize them for a

long time”  
 To create a sustainable society, it is essential to respond to a wide variety of needs, including coexisting in harmony with nature, and prevention and reduction of damage from natural disasters, as well as safety and security. We are fully prepared to respond to those needs.

We will effectively activate the research and development capabilities, know-how, and skills we have accumulated from the past to today, and thoroughly grasp the ever-changing needs to determine the direction our research and development will take.

Going forward, in order to perfect “technologies with a vision for the future,” TOA Research and Development Center will continue its efforts in research and development of the technologies that will form the fundamentals of its those technologies.

## Large-Scale Wave Flume, Small-Scale Wave Flume

The large-scale wave flume, equipped with a wave generator and current generator, is capable of generating various types of waves and flows. Furthermore, various types of tsunami having the desired wave profiles can be generated by using either the wave generator, the current generator, or a tsunami generator independently, as well as by coordinating the various systems together. This large-scale wave flume makes it possible to carry out large-scale experiments in about 1/20 scale. It

can be used in the development of technologies for port and harbor structures, marine and coastal structures, floating structures, ships, coastal erosion, tsunami disaster prevention works, and other structures. The small-scale wave flume, which is set up at the same premises, is used to conduct basic experiments and preliminary experiments in about 1/100 scale. The system is very easy to use, making it possible to conduct experiments speedily.



Tsunami generator

## Deep Water Basin

This is a huge water basin, which is installed in the basement, with the capability of reproducing on a large scale various working conditions that are encountered underwater. In this water basin, it is possible to conduct various types of construction experiments underwater, and carry out work experiments using underwater construction robots or other equipment. Together we can observe the condition of the experiment from the 1st floor, and also from underwater through an observation window provided in the basement.



## Large-Scale Soil Container

The large soil container makes it possible to conduct large-scale experiments similar to in-situ tests, controlling the experimental condition on model ground accurately. We can apply a pile load test to observe bearing capacity and pile friction. In addition, we can conduct pilot tests on soil improvement work by chemical grouting and cement mixing, etc.



## Large-Scale Loading Test Equipment

This is the equipment for performing loading tests of full-scale structural members such as columns, slabs, beams, as well as the joints of beam-columns, etc. By utilizing a vertical jack in combination with a horizontal jack and/or a reaction frame, biaxial loading tests in the vertical and the horizontal directions can be performed.



## Severe Environment Reproducing Chamber

This is the chamber for reproducing various environments with extremely high or low temperatures, extremely high or low humidity. It is possible to mix concrete and conduct various quality of tests of concrete, as well as to produce test specimens in the reproduced harsh environments, because of the spacious work area in the chamber. In addition, the durability test can be performed by exposing test specimens in harsh environments for an extended period. Therefore it is possible to conduct advanced researches and developments of materials and construction methods taking into consideration the local and harsh environment of the construction site such as freezing warehouses or foreign countries’ climate.



## One-Dimensional Shaking Table Test Equipment

With this equipment, it is possible to conduct basic experiments in a gravitational field (1G gravitational field) related to liquefaction and deformation of foundation material and soil structure caused by seismic vibration. This equipment can be applied to the development of ground improvement methods and foundation materials. The specifications of this equipment give it the capability to reproduce the maximum acceleration (approx. 1.8G) similar to the acceleration in the harbor area during the 2011 off the Pacific coast of Tohoku Earthquake. One to its small size, a large number of experiments can be conducted in a short period of time.



## Fatigue Testing Machine

This testing machine is equipped with vertically-oriented high-speed actuators. This is the machine for performing bending test and fatigue test of structural members under static or dynamic load condition. By setting a hydraulic jack separately in the horizontal direction, biaxial loading can be performed.



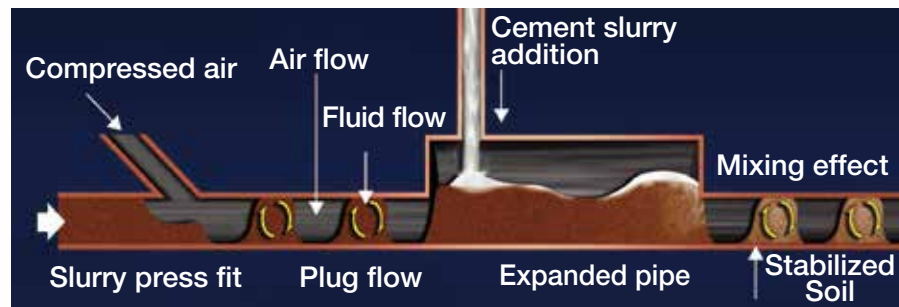
# RESEARCH & DEVELOPMENT

## TOA's Proprietary Technologies

### Plug Magic Method

Since recently a securing disposal space for dredged soil becomes difficult in Japan, in order to utilize the soft dredged soils as a filling material for a reclamation project, TOA developed an advanced soil improvement method such as PLUG MAGIC Method, which is a type of the Pneumatic Flow Mixing Method classified in admixture stabilization techniques. Dredged soft clayey soil is mixed with injected cement slurry in the pneumatic pipeline by means of turbulent effect due to plug flow generated by compressed air during the transportation to the reclamation site without using mixer. This method has the advantages such as recycle of dredged soils and gain of relatively large strength in a short period without additional ground improvement work. Also this has the advantage over the conventional

method in large-scale and rapid construction so that the operating cost could be economical. The produced stabilized soil is used for not only filling material for land reclamation but also backfilling material behind of sea revetment for the purpose of reduction of earth pressure to attempt to minimize marine structures and countermeasures against liquefaction.



### Decom

DECOM (Deep Cement Continuous Cement Deep Mixing System) is a one of cement deep mixing method, in which soft soil ground is stabilized in situ condition with binder. While cement type of binder premixed with water is injected to the ground, mixing blades of working vessel are rotated to mix the ground soil with the slurry to create stabilized soil column with required strength. DECOM has advantages such as availability of shortening construction period as a result of gain of the large strength in a short period for the improved ground admixed with binder, ensuring required strength of stabilized soil by means of binder type and its

amount depending on soil properties, and practically negligible compression and deformation of the stabilized body. DECOM has been applied to foundation ground of breakwater, sea revetment, pier and so on in order to prevent from slip failure, reduce settlement, and improve bearing capacity, while it has been applied for countermeasures against liquefaction. In addition, it is applied for environmental countermeasures such as treatment of contaminated ground and seepage shutoff for prevention against outflow of hazardous material.



# TOA CORPORATION "CODE OF CONDUCT"

After reflection upon the misconduct related to the execution of soil improvement work and other issues, and to prevent the lessons that were learned from being forgotten, TOA CORPORATION has revised the "TOA CORPORATION CODE OF CONDUCT." Going forward, we shall thoroughly instill this conduct

in all executives and employees, and carrying forward our business activities with this as the foundation, we shall engage in efforts to realize our corporate philosophy of "developing the company's business with high-level technology and fulfilling our social responsibilities through sound management."

## Article 1 Carry out fair and sincere corporate activities

- 1. Observe Laws and Regulations, and carry out fair and sincere corporate activities**  
We shall observe Laws and Regulations as well as the spirit of Laws and Regulations without exception, refrain from putting priority on our own reasons or circumstances, and follow social decency, in carrying out fair and sincere corporate activities.
- 2. Fair competition and proper transactions**  
We shall promote fair and transparent free competition, and proper transactions.
- 3. Shut off any relationships with anti-social**

- forces**  
We shall shut off any and all relationships with anti-social forces that pose a threat to the order and safety of society.
- 4. Protect intellectual property**  
We shall respect the intellectual property rights of others, and properly manage and protect information, including personal information, utilized in the course of conducting business activities.
  - 5. Ensure proper disclosure of corporate information and the transparency of**

- management**  
We shall endeavor to ensure the transparency of management as an "Open Company" through the disclosure of corporate information in the proper manner and at the right time.
- 6. Maintain proper relationships with political and government bodies**  
With regard to our relationship with political and government bodies, we shall observe all relevant Laws and Regulations, and maintain a transparent and proper relationship.

## Article 2 Execution of social responsibilities

- 1. Provide high-quality construction and services**  
We shall thoroughly implement measures, including the reliable sharing of information, to prevent the recurrence of misconduct related to the execution of work, and provide high-quality construction and services, by scrupulously executing work, in order to prove worthy of the client's trust.
- 2. Improve construction technologies**

- We shall endeavor to develop technologies and improve technologies in order to respond to the various needs of the client. Moreover, we shall, without fail, conduct inspections and other actions on technologies provided to the client, in order to prove worthy of trust.
- 3. Make every possible effort to prevent disasters to the public**  
We shall never forget the lessons learned from the incident of the disaster to the public, and

- every possible effort shall be made to prevent disasters to the public.
- 4. Response to natural disasters**  
When a natural disaster strikes, we shall promptly and systematically carry out disaster response actions, such as rescue of inhabitants of the devastated area and secure their safety, and emergency repairs on disaster-stricken structures.

## Article 3 Respect for humans

- 1. Realize a good working environment and enrichment for workers**  
We shall respect "people," who are the pillar of our corporate activities, and endeavor to establish a good working environment that is rewarding and that they can take pride in, and realize enrichment for the working people.
- 2. Strengthen and enhance measures for occupational safety and health**  
We shall promote strengthening and enhancing our occupational safety and health

- measures in order to prevent work-related accidents and work-related illnesses, and ensure the safety and good health of people involved in construction work.
- 3. Prohibit discrimination and unfair treatment**  
We shall prohibit any form of discrimination and unfair treatment of employees with regard to hiring and how they are dealt with, because of nationality, gender, beliefs, or other reasons.

- 4. Human resources development**  
We shall nurture employees who are capable of taking action by becoming aware of on their own and thinking for themselves about what action needs to be taken, by not only raising the capabilities of each individual through education and training and self-enlightenment, but also by promoting a climate that enhances dialog with superiors and subordinates.

## Article 4 Coexistence with society

- 1. Carry out widespread communication**  
We shall enhance communications with our stakeholders, including stockholders, clients, and business partners, and promote mutual understanding with regard to corporate activities, with the aim of becoming a trusted "Open Company."
- 2. Promote CSR activities**  
We shall always have an awareness that we are a company involved in improving social infrastructure, and endeavor as a "good

- corporate citizen" to make contributions to society.
- 3. Efforts to preserve the environment and other initiatives**  
We shall endeavor to coexist with the environment in all areas of corporate activities, and proactively carry out efforts in the preservation of the environment, renewable energy, and saving energy, in response to demands from society.
  - 4. Be in harmony with and contribute to the**

- international community**  
In the international community, it goes without saying that we shall observe international rules as well as local Laws and Regulations, and respect the culture and customs of local communities, and promote business activities that contribute to their development.

# CONSOLIDATED BALANCE SHEET

TOA CORPORATION and its consolidated subsidiaries  
As of March 31, 2020 and 2019

ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>Current assets:</b>			
Cash and bank deposits (Note 11)	¥ 43,767	¥ 31,820	\$ 405,252
Notes and accounts receivable, trade (Notes 5 and 11)	83,275	89,145	771,072
Allowance for doubtful accounts	(319)	(317)	(2,956)
Real estate for sale	2,116	2,571	19,600
Cost on construction contracts in progress and other (Note 5)	7,310	6,912	67,686
Advanced money (Note 11)	12,068	15,417	111,745
Other current assets (Note 5)	5,372	6,910	49,742
Total current assets	153,591	152,459	1,422,143
<b>Property, plant and equipment:</b>			
Land (Note 5)	18,683	18,652	172,995
Buildings and structures	14,954	15,049	138,471
Machinery, vehicles and equipment	19,571	20,053	181,221
Leased assets	298	656	2,764
Construction in progress	3,678	1,412	34,062
Total property, plant and equipment	57,187	55,825	529,515
Less accumulated depreciation	(27,782)	(27,776)	(257,240)
Property, plant and equipment—net	29,405	28,049	272,274
<b>Intangible fixed assets:</b>	990	867	9,170
<b>Investments and other assets:</b>			
Investments in securities (Notes 5, 11 and 12)	10,642	12,415	98,539
Long-term loans (Note 5)	149	285	1,385
Deferred tax assets (Notes 4 and 15)	6,674	7,180	61,799
Other (Note 5)	1,757	1,817	16,272
Allowance for doubtful accounts	(553)	(559)	(5,125)
Total investments and other assets	18,670	21,138	172,871
<b>Total assets</b>	<b>¥ 202,657</b>	<b>¥ 202,514</b>	<b>\$ 1,876,460</b>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>Current liabilities:</b>			
Short-term borrowings (Notes 5 and 11)	¥ 14,736	¥ 13,997	\$ 136,448
Notes and accounts payable, trade (Notes 5 and 11)	34,796	40,090	322,191
Electronically recorded obligations, operating (Note 11)	11,894	19,324	110,133
Accrued income taxes	1,051	507	9,738
Advances received on construction contracts in progress	10,105	10,067	93,566
Reserve for indemnity on completed contracts	586	571	5,428
Reserve for loss on construction works (Note 5)	2,630	1,306	24,351
Deposits received (Note 11)	21,161	15,450	195,937
Reserve for loss on construction defects	1,500	4,741	13,889
Other current liabilities (Notes 5 and 11)	6,237	6,245	57,756
Total current liabilities	104,699	112,302	969,443
<b>Long-term liabilities:</b>			
Convertible bonds with share options	7,000	—	64,814
Long-term debt (Notes 5 and 11)	12,734	14,254	117,912
Liability for retirement benefits (Note 14)	5,351	3,246	49,548
Deferred tax liabilities on revaluation of land (Notes 5 and 15)	2,320	2,321	21,486
Provision for board benefit trust (Note 4)	36	—	339
Other long-term liabilities (Note 11)	1,348	1,544	12,488
Total long-term liabilities	28,791	21,366	266,590
Total liabilities	133,491	133,669	1,236,034
<b>Net assets (Note 8):</b>			
<b>Shareholders' equity:</b>			
Common stock,			
Authorized—60,000,000 shares			
Issued—22,494,629 shares at March 31, 2020 and 2019	18,976	18,976	175,709
Capital surplus	18,121	18,115	167,793
Retained earnings	31,773	27,390	294,195
Treasury stock, at cost 1,594 thousand shares and 1,594 thousand shares at March 31, 2020 and 2019, respectively	(4,066)	(2,059)	(37,648)
Total shareholders' equity	64,805	62,423	600,050
<b>Accumulated other comprehensive income:</b>			
Net unrealized gains (losses) on securities (Note 12)	2,571	3,334	23,811
Net deferred gains (losses) on hedges (Notes 11 and 13)	(27)	(36)	(252)
Revaluation reserve for land (Note 5)	3,659	3,661	33,887
Retirement benefits liability adjustments (Note 14)	(2,547)	(1,166)	(23,587)
Total accumulated other comprehensive income	3,656	5,793	33,859
<b>Non-controlling interests</b>	703	628	6,516
Total net assets	69,166	68,845	640,425
<b>Commitments and contingent liabilities (Note 5):</b>			
Total liabilities and net assets	¥ 202,657	¥ 202,514	\$ 1,876,460

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF INCOME

TOA CORPORATION and its consolidated subsidiaries  
For the years ended March 31, 2020 and 2019

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>Net sales</b> (Note 6)	¥ 190,278	¥ 173,692	\$ 1,761,840
<b>Cost of sales</b> (Note 6)	170,863	159,087	1,582,070
Gross profit	19,415	14,604	179,769
<b>Selling, general and administrative expenses</b> (Note 6)	11,458	10,624	106,092
Operating income	7,957	3,980	73,676
<b>Other income (expenses):</b>			
Interest and dividend income	346	381	3,204
Interest expense	(294)	(312)	(2,726)
Exchange loss	(298)	—	(2,762)
Provision for doubtful accounts, non-trade	4	(16)	43
Loss on impairment of fixed assets (Note 6)	(2)	(74)	(20)
Gain on sale of fixed assets (Note 6)	28	109	262
Gain on sale of investment in securities (Note 3)	197	412	1,824
Gain on redemption of golf club membership	84	—	780
Guarantee fee	(79)	(85)	(740)
Loss on sale of fixed assets (Note 6)	(0)	(28)	(5)
Loss on disposal of fixed assets (Note 6)	(58)	(72)	(542)
Loss on sale of investment in securities	(72)	—	(672)
Loss on valuation of investment in securities (Note 3)	(198)	0	(1,835)
Other, net (Note 3)	(36)	(18)	(342)
	(381)	293	(3,531)
<b>Profit before income taxes</b>	7,575	4,273	70,145
<b>Income taxes</b> (Note 15):			
Current	944	377	8,748
Deferred	1,548	750	14,337
	2,493	1,128	23,086
<b>Profit</b>	5,082	3,145	47,058
<b>Profit attributable to:</b>			
Non-controlling interests	¥ 74	¥ 73	\$ 693
Owners of parent	¥ 5,007	¥ 3,072	\$ 46,364

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TOA CORPORATION and its consolidated subsidiaries  
For the years ended March 31, 2020 and 2019

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>Profit</b>	¥ 5,082	¥ 3,145	\$ 47,058
<b>Other comprehensive income:</b>			
Net unrealized gains on securities	(762)	(1,300)	(7,060)
Net deferred gains on hedges	8	(18)	83
Retirement benefits liability adjustments (Note 14)	(1,381)	(309)	(12,787)
Total other comprehensive income (Note 7)	(2,134)	(1,628)	(19,764)
<b>Comprehensive income</b>	¥ 2,947	¥ 1,517	\$ 27,294
<b>Total comprehensive income attributable to</b> (Note 7):			
Owners of parent	¥ 2,872	¥ 1,444	\$ 26,600
Non-controlling interests	¥ 74	¥ 73	\$ 693

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

TOA CORPORATION and its consolidated subsidiaries  
For the years ended March 31, 2020 and 2019

	Millions of Japanese Yen									
	Shareholders' equity				Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities (Note 12)	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note 5)	Retirement benefits liability adjustments (Note 14)		
<b>Balance at March 31, 2018</b>	¥ 18,976	¥ 18,115	¥24,791	¥ (2,058)	¥ 4,634	¥ (17)	¥ 3,606	¥ (857)	¥ 555	¥ 67,747
Cash dividends			(418)							(418)
Profit attributable to owners of parent for the period			3,072							3,072
Acquisition of treasury stock				(1)						(1)
Reversal of revaluation reserve for land			(54)							(54)
Net changes in items other than shareholders' equity					(1,300)	(18)	54	(309)	73	(1,500)
<b>Balance at March 31, 2019</b>	¥ 18,976	¥ 18,115	¥27,390	¥ (2,059)	¥ 3,334	¥ (36)	¥ 3,661	¥ (1,166)	¥ 628	¥ 68,845
Cash dividends			(626)							(626)
Profit attributable to owners of parent for the period			5,007							5,007
Acquisition of treasury stock				(2,130)						(2,130)
Sale of treasury stock		6		123						129
Reversal of revaluation reserve for land			1							1
Net changes in items other than shareholders' equity					(762)	8	(1)	(1,381)	74	(2,061)
<b>Balance at March 31, 2020</b>	¥ 18,976	¥ 18,121	¥31,773	¥ (4,066)	¥ 2,571	¥ (27)	¥ 3,659	¥ (2,547)	¥ 703	¥ 69,166

The accompanying notes are an integral part of these financial statements.

	Thousands of U.S. Dollars (Note 1)									
	Shareholders' equity				Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities (Note 12)	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note 5)	Retirement benefits liability adjustments (Note 14)		
<b>Balance at March 31, 2019</b>	\$175,709	\$167,734	\$253,620	\$ (19,069)	\$ 30,872	\$ (335)	\$ 33,903	\$ (10,800)	\$ 5,822	\$637,456
Cash dividends			(5,805)							(5,805)
Profit attributable to owners of parent for the period			46,364							46,364
Acquisition of treasury stock				(19,722)						(19,722)
Sale of treasury stock		59		1,143						1,203
Reversal of revaluation reserve for land			15							15
Net changes in items other than shareholders' equity					(7,060)	83	(15)	(12,787)	693	(19,086)
<b>Balance at March 31, 2020</b>	\$175,709	\$167,793	\$294,195	\$ (37,648)	\$ 23,811	\$ (252)	\$ 33,887	\$ (23,587)	\$ 6,516	\$640,425

The accompanying notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries  
For the years ended March 31, 2020 and 2019

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 7,575	¥ 4,273	\$ 70,145
Adjustments to reconcile income before income taxes and Non-controlling interests to net cash (used in) provided by operating activities:			
Depreciation and amortization	1,560	1,786	14,451
Loss on impairment of fixed assets	2	74	20
Exchange (gain) loss, net	85	(44)	789
(Gain) loss on sale or disposal of fixed assets and intangible assets	(10)	(45)	(93)
(Gain) loss on sale of investment in securities (Note 3)	(124)	(412)	(1,152)
Increase (decrease) in liability for retirement benefits	(450)	(356)	(4,173)
Increase (decrease) in allowance for doubtful accounts	(4)	13	(45)
Increase (decrease) in provision for loss on construction defects	(3,241)	(6,035)	(30,010)
Changes in:			
Notes and accounts receivable, trade	5,869	(9,800)	54,345
Real estate for sale	454	416	4,205
Cost on construction contracts in progress and other	(397)	(446)	(3,679)
Notes and accounts payable, trade	(12,723)	11,514	(117,806)
Advances received on construction contracts in progress	37	1,513	347
Advanced money (Note 3)	3,348	(7,892)	31,005
Deposits received (Note 3)	5,710	1,431	52,876
Other, net (Note 3)	4,241	1,829	39,271
Sub-total	11,933	(2,179)	110,497
Interest and dividend income received	346	381	3,205
Interest paid	(290)	(310)	(2,692)
Income taxes paid	(492)	(239)	(4,559)
Net cash (used in) provided by operating activities	11,496	(2,347)	106,450
<b>Cash flows from investing activities:</b>			
Payments for acquisition of investment in securities	(114)	(126)	(1,060)
Proceeds from sale of investment in securities	559	830	5,184
Payments for acquisition of property, plant and equipment	(3,407)	(2,072)	(31,552)
Proceeds from sale of property, plant and equipment	352	338	3,265
Other, net	(241)	(466)	(2,236)
Net cash (used in) provided by investing activities	(2,851)	(1,496)	(26,399)
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings	(122)	242	(1,137)
Proceeds from long-term debt	4,580	4,790	42,407
Repayment of long-term debt	(5,238)	(5,412)	(48,508)
Net increase (decrease) in redemption of bonds	7,000	—	64,814
Acquisition of treasury stock	(2,130)	(1)	(19,722)
Sale of treasury stock	129	—	1,203
Cash dividends paid	(624)	(418)	(5,782)
Other, net	(220)	(243)	(2,041)
Net cash (used in) provided by financing activities	3,373	(1,042)	31,232
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(71)	34	(664)
<b>Net increase (decrease) in cash and cash equivalents</b>	11,946	(4,852)	110,620
<b>Cash and cash equivalents at beginning of year</b>	31,799	36,652	294,443
<b>Cash and cash equivalents at end of year (Note 9)</b>	¥ 43,746	¥ 31,799	\$ 405,063

The accompanying notes are an integral part of these financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

## 1. Significant Items that Form the Basis of Preparing Consolidated Financial Statements:

The accompanying consolidated financial statements of TOA CORPORATION (the "Company") and its consolidated subsidiaries (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain reclassifications and rearrangements were made for the convenience of readers outside of Japan.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been rounded down to the nearest million Japanese yen.

### I. Basis of consolidation

The Company has 16 majority-owned subsidiaries as of March 31, 2020. The consolidated financial statements for the year ended March 31, 2020 include the accounts of the Company and 10 majority-owned subsidiaries. Principal consolidated subsidiaries were TOA Agency Co., Ltd., Shinko Corporation, TOA Kikai Gogyo Co., Ltd. Consolidated subsidiaries have the same financial period as the Company that ends on March 31.

TOA Estate Co., Ltd, which was a consolidated subsidiary, was excluded from the scope of consolidation due to an absorption-type merger with another consolidated subsidiary, Tsurumi Rinko Co., Ltd, which is the surviving company, on April 1, 2019.

Tsurumi Rinko Co., Ltd. changed its name to TOA Real Estate Corporation effective from April 1, 2019.

Other 6 subsidiaries are not consolidated as they are at small scale and not significant in terms of total assets, net sales, retained earnings or net income in aggregate.

Investments in unconsolidated subsidiaries (Human Affair Co., Ltd. and others) and affiliates (Sengeniyama Developing Co., Ltd. and others) are excluded from application of the equity method as they are not significant in terms of net income or retained earnings in aggregate.

### II. Basis of accounting treatment

#### (1) Basis of valuation for significant assets

##### a) Securities

Securities held by the Companies are classified into two categories;

Held-to-maturity debt securities are carried at amortized cost.

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are included directly in the net assets and cost of securities sold is computed by the moving average method.

Other securities for which market quotations are unavailable are stated at moving average cost method.

##### b) Derivatives

With changes in fair value included in net income or loss for the period in which they arise, derivatives are stated at fair value.

##### c) Inventories

Cost on construction contracts in progress, PFI projects and real estate for sale are stated at

specific cost method for each contract. Materials and supplies are stated at moving average cost method.

However, in the case that net selling value falls below the acquisition cost at the end of the period, inventories except for cost on construction contracts in progress are carried at the net selling value on the balance sheet, regarded as decreased profitability of assets.

#### (2) Depreciation for property, plant and equipment and other

Except for leased assets, depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives. However, depreciation of buildings which the Companies acquired on or after April 1, 1998, and facilities attached to buildings and other non-building structures acquired on or after April 1, 2016 are computed on a straight-line basis over the estimated period. Useful lives and residual value are in conformity with the provisions of the Corporation Tax Law of Japan.

As for intangible fixed assets excluding leased assets and long-term prepaid expenses, amortization is computed by the straight-line method and the useful lives are in conformity with the provisions of the Corporation Tax Law of Japan.

As for leased assets related to finance lease, other than those which are deemed to transfer ownership of the leased assets to the lessee, depreciation is principally computed by the straight-line method over the useful lives equivalent to lease term and residual value is equal to zero.

#### (3) Reserve and allowance

##### a) Allowance for doubtful accounts

Allowance for general receivables are established in amounts considered to be appropriate based upon credit loss experience. For specific receivables such as doubtful accounts, allowance for these are established in amounts considered to be uncollectible based upon an evaluation of possibility of collection in each outstanding receivable.

##### b) Reserve for indemnity on completed contracts

Reserve for indemnity on completed contracts is provided for the future defect expenses based upon the estimated indemnity amount for net sales for the year.

##### c) Reserve for loss on construction works

Reserve for loss on construction works is provided for the amount equivalent to cover future loss by evaluating individual construction form which loss is assumed and estimated.

##### d) Reserve for loss on construction defects

Reserve for loss on construction defects is provided for the amount equivalent to cover future defect expenses based upon the estimated repair costs for construction defects for soil investment projects.

##### e) Provision for board benefit trust

Provision for board benefit trust is provided for the amount equivalent to cover future benefit obligations for members of the Board of Directors and the Executive Officers in accordance with the regulations of the board benefit trust.

#### (4) Retirement benefits

Liabilities for retirement benefits has been provided on an accrual basis as of the balance sheet date based

on an estimate of the projected benefit obligation and the employees' pension plan assets.

To calculate projected benefit obligation, the benefit formula method is used to allocate expected retirement benefit payments to the each period through current fiscal year-end.

Actuarial gain or loss is amortized by the straight-line method over a defined period (13 years), not exceeding the average remaining service period of the employees from the next fiscal year after the incurrence.

Certain consolidated subsidiaries apply the simplified method which assumes retirement benefit obligation to be equal to the benefits payable assuming voluntary retirement of all employees at fiscal year-end.

#### (5) Recognition of contract revenue and cost

The Companies adopt the percentage-of-completion method for revenue recognition for the construction-type contracts where the outcome of the construction activities by the end of this year can be reliably estimated.

Completion method is adopted otherwise. The percentage of completion is measured by the ratio of the costs incurred to the estimated total costs for each contract.

#### (6) Deferred assets

Bond issuance costs are expensed in full when incurred.

#### (7) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as a component of net assets and included in net income or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

For interest rate swaps, if certain hedging criteria are met, interest rate swaps are not recognized at their fair values but an alternative (short-cut) method under Japanese accounting standards is applied by which the amounts received or paid for such interest swap arrangements are recognized as interest over the life of each of the arrangements.

The derivatives designated as hedging instruments by the Companies are principally interest swaps and forward exchange contracts. The related hedged items are bank loans, foreign currency monetary liabilities and forecasted transactions.

The Companies have a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of interest rate fluctuation and foreign exchange fluctuation. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Companies evaluate effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

#### (8) Scope of cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows and composed of cash on hand, bank deposits which are able to be withdrawn on demand and short-term investment with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

#### (9) Consumption taxes

Transactions subject to consumption taxes are

recorded at amounts exclusive of consumption taxes.

#### (10) U.S. Dollar amounts

The dollar amounts included in the financial statements and notes thereto represent the arithmetical results of translating yen to dollars at rate of ¥108=US\$1, the approximated rate of exchange prevailing on March 31, 2020. The inclusion of such dollar amounts is solely for the convenience of readers outside of Japan and is not intended to imply that yen and assets and liabilities originating in Yen have been or could be readily converted, realized or settled in dollars at this or any other rates.

Amounts less than one thousand have been rounded down to the nearest thousand dollars.

#### 2. Issued but not yet adopted accounting standard and others

Accounting Standard and Implementation Guidance on Revenue Recognition.

On March 31, 2020, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30).

#### (1) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

#### (2) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

#### (3) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

#### Accounting Standard for Fair Value Measurement and Related Implementation Guidance

On July 4, 2019, the ASBJ issued "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30), and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31), along with related updates to "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9), and "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

#### (1) Overview

The ASBJ has developed an "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter collectively, the "Fair Value Measurement Standard"), which provide guidance for fair value measurement in order to improve comparability with internationally recognized accounting standards. The Fair Value Measurement Standard is applied with respect to the

fair value of the following items;

- Financial instruments defined in "Accounting Standard for Financial Instruments"
- Inventories held for trading purposes defined in "Accounting Standard for Measurement of Inventories"

#### (2) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

#### (3) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

#### Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections

On March 31, 2020, the ASBJ issued the revised "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24).

#### (1) Overview

This accounting standard has been released to provide an outline of the applicable accounting principles and procedures in cases where directly relevant accounting standards are not available.

#### (2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

#### Accounting Standard for Disclosure of Accounting Estimates

On March 31, 2020, the ASBJ issued the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31).

#### (1) Overview

This accounting standard has been released to provide guidance on disclosure of information that deepens the understanding of users of the financial statements about estimates that embody a risk of a significant impact on the financial statements of the following accounting period.

#### (2) Scheduled date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

#### 3. Changes in Presentation

The Companies have changed the presentation of items in the consolidated statement of income as follows:

Loss on valuation of investment in securities included in Other, net of Other income (expenses) in the consolidated statement of income is presented separately from the fiscal year ended March 31, 2020. To reflect this change in presentation, the Companies reclassified this item in the consolidated financial statements.

Consequently, the amount of ¥(19) million shown Other, net of Other income (expenses) in the consolidated statement of income for the previous fiscal year was reclassified as Loss on valuation of investment in securities in the amount of ¥0 and

Other, net in the amount of ¥(18) million.

The Companies have changed the presentation of items in the consolidated statement of cash flows as follows:

Advanced money and Deposits received included in Other, net of cash flows from operating activities in the consolidated statement of cash flows for the previous fiscal year are presented separately from the fiscal year ended March 31, 2020. To reflect this change in presentation, the Companies reclassified these items in the consolidated financial statements.

Consequently, the amount of ¥(4,631) million shown Other, net of cash flows from operating activities in the consolidated statement of cash flows for the previous fiscal year was reclassified as Advanced money in the amount of ¥(7,892) million, Deposits received in the amount of ¥1,431 million and Other, net in the amount of ¥1,829 million.

#### 4. Additional information

Performance-linked stock compensation plan for directors and executive officers

#### (1) Transaction summary

The Company approved a resolution at the 129th Annual General Meeting of Shareholders held on June 27, 2019 to introduce the Board Benefit Trust (the "BBT"), a performance-linked stock compensation plan for its directors and executive officers (the Directors). The BBT plan clarifies how the Company's performance and its stock value influence the Directors' compensation, which enables the Directors to share with stockholders the benefits from the improvement of the Company's performance and corporate value over the medium to long-term period.

The Shares are acquired through the trust funded by the Company and established based on the BBT (the "Trust"). Under the BBT plan, Directors are granted shares in the Company and the amount of cash equivalent to the market price of the Company's shares (the "Shares") through the Trust in accordance with the Director's Stock Compensation Rules stipulated by the Company.

In principle, the Directors are to receive the such compensation upon their retirement from the position.

#### (2) The Company's own stock in the Trust

Since the BBT plan was introduced in the second quarter of the fiscal year ended March 31, 2020, Trust & Custody Services Bank, Ltd has acquired 100,200 shares of the Company.

The Company's outstanding shares in the Trust are included in treasury stock under net assets based on the book value in the Trust. The book value of such treasury stock was ¥129 million (US\$1,203 thousand), and the number of shares was 100,200 as of March 31, 2020.

#### (Impact of COVID-19 on Accounting Estimates)

Because of the worldwide spread of COVID-19, the Companies in Japan and also overseas have partially been affected. The Companies expect that the impact for spread of COVID-19 will remain until around the summer of 2020; therefore, the Companies make their accounting estimates regarding the determination of the realizability of deferred tax assets, impairment of fixed assets, and total construction costs based on this assumption.

However, there are many uncertainties in this assumption, and if the pandemic does not subside and the effect is prolonged, it may affect the financial position and operating results of the Companies in the fiscal year ending March 31, 2021 and/or following years.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

## 5. Notes to Consolidated Balance Sheet

### I. Cost on construction contracts in progress and other

Cost on construction contracts in progress and other as of March 31, 2020 and 2019 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Cost on construction contracts in progress	¥5,646	¥5,422	\$52,283
PFI projects	773	958	7,157
Other inventories	890	531	8,245
Cost on construction contracts in progress and other	¥7,310	¥6,912	\$67,686

### II. Reserve for loss on construction works

Cost on construction contracts in progress and reserve account in relation to the construction works, which loss is assumed, are represented in current assets and liabilities, respectively without setoff.

Among cost on construction contracts in progress, the aggregate amounts corresponding to reserve for loss on construction works as of March 31, 2020 and 2019 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
	¥192	¥335	\$1,785

### III. Investments in securities

Among investments in securities, the aggregate amounts corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2020 and 2019 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Investments in affiliates	¥303	¥222	\$2,808

### IV. Revaluation of land

In accordance with the "Act on Revaluation of Land" (Act No.34 promulgated on March 31, 1998) and the "Act on Partial Revision of the Act on Revaluation of Land" (Act No.19 promulgated on March 31, 2001), the Company revalued its land held for the business purpose and accounted for the amount equivalent to tax related to this differences on revaluation as "deferred tax liabilities on revaluation of land" in liabilities and accounted for the amount that tax amount were deducted from the differences on revaluation as "revaluation reserve for land" in net assets.

Furthermore, reviewing a collectability of "deferred tax assets for land revaluation" individually, among the amount equivalent to tax related to the differences on revaluation of land, the amount that were difficult to anticipate collectability were reduced from "revaluation reserve for land".

#### Revalued method

The Company revalued its land held for business purposes based on the value appraised by an appraiser, as regulated by Article No.2-4 of the "Enforcement Ordinance of the Law Concerning Land Revaluation (Article No.119 issued on March 31, 1998) with certain necessary adjustments.

Revalued date March 31, 2002

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Differences of the land after revaluation exceeded its fair value	¥3,802	¥3,980	\$35,204

### V. Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities as of March 31, 2020 and 2019 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Assets pledged as collateral:			
Current assets			
Other current assets	¥19	¥28	\$184
Investment and other assets			
Investment in securities	2,301	2,040	21,307
Long-term loans	147	167	1,368
Total	¥2,468	¥2,236	\$22,860

As of March 31, 2020, the assets listed above are pledged as collateral to secure contingent liabilities amounting to ¥1,768 million (US\$16,378 thousand) and liabilities based on the loan agreements with credit line between 12 PFI companies and financial institutions.

As of March 31, 2019, secured liabilities were in the amount of ¥1,746 million and liabilities were for 12 PFI companies.

### VI. Securities lent

Among investments in securities, securities lent to financial institution under the security lending agreement at March 31, 2020 and 2019 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
	¥164	¥162	\$1,525

### VII. Commitments and contingent liabilities

(a) The Companies are contingently liable for the following as of March 31, 2020 and 2019:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Employees (Loan guarantee to bank)	¥13	¥15	\$126
National Federation of Promotion for Fishing Ports and Villages	44	65	412
Fisheries Cooperative Association (Loan guarantee)			
MORIMOTO CO., LTD (Deposit Money Guarantee)	325	989	3,016
Others	5	14	46
Total	¥389	¥1,084	\$3,602

### VIII. Short-term borrowings

The Company had commitment lines for efficient financing from 7 banks at March 31, 2020 and 2019 as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Total amount of contracts of commitment lines	¥20,000	¥20,000	\$185,185
Outstanding borrowings	—	—	—
Balance	¥20,000	¥20,000	\$185,185

### IX. Non-recourse debt

The following non-recourse debts are included in current portion of long-term debt and long-term debt with PFI business pledged as collateral. The amount of non-recourse debts as of March 31, 2020 and 2019 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Non-recourse debt included in current portion of long-term debt	¥542	¥545	\$5,025
Non-recourse debt included in long-term debt	658	1,201	6,096
Total	¥1,201	¥1,746	\$11,121

The amount of PFI assets pledged as collateral for non-recourse debt as of March 31, 2020 and 2019 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
	¥3,583	¥4,008	\$33,183

### X. Notes receivable and notes payables

March 31, 2019 was a holiday for financial institutions in Japan, and therefore the following notes receivable and payable maturing on that date were included in the balance sheet and were settled on the next business day.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Notes receivable	—	¥174	—
Notes payable	—	117	—

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

## 6. Notes to Consolidated Statement of Income

### I. Net sales

The amounts of contract revenue which are accounted for by the percentage-of-completion method were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2020	2019	2020
¥172,431	¥159,781	\$1,596,586

### II. Loss on valuation of inventory

The ending inventory was the carrying value after writing down due to the decreased profitability. Among the cost of sales, the aggregate amounts corresponding to loss on valuation of inventory were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2020	2019	2020
¥212	¥152	\$1,967

### III. Reserve for loss on construction works

Among the cost of sales, the aggregate amount corresponding to reserve for loss on construction works were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2020	2019	2020
¥1,968	¥877	\$18,222

### IV. Selling, general and administrative expenses

The significant items of selling, general and administrative expenses were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Salaries to employees	¥4,804	¥4,567	\$44,487
Expenses for retirement benefits for employees	332	253	3,080
Research expenses	982	939	9,093
Provision for doubtful accounts, trade	(0)	0	(1)

### V. Research and development expenses

Among the general and administrative expenses and the cost on contract, the aggregate amounts corresponding to research and development expenses were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2020	2019	2020
¥1,058	¥1,013	\$9,803

### VI. Gain on sale of fixed assets

The breakdown of the gain on sale of fixed assets was as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Land	22	42	206
Building and structures	4	2	40
Vessels	1	21	13
Others	¥0	¥43	\$1
Total	¥28	¥109	\$262

### VII. Loss on sale of fixed assets

The breakdown of the loss on disposition of fixed assets was as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Land	¥0	¥16	\$4
Building and structures	0	3	1
Others	—	9	—
Total	¥0	¥28	\$5

### VIII. Loss on disposal of fixed assets

The breakdown of the loss on retirement of fixed assets was as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Buildings and structures	¥56	¥66	\$518
Others	2	6	24
Total	¥58	¥72	\$542

### IX. Impairment of fixed assets

For the year ended March 31, 2020, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Idle properties	Land	Kanagawa Pref and other	2

The construction business assets were grouped by each branch unit, the real estate leasing assets and the idle properties were grouped individually.

The carrying amount of the relevant assets was written down to the recoverable value due to the drop in fair value and ¥2 million (US\$20 thousand) was accounted for as loss on impairment of fixed assets, which consisted of ¥2 million (US\$20 thousand) for Land.

Meanwhile, the recoverable value of the relevant assets was based on the anticipated net sale value. Furthermore, the anticipated net sale value of land whose carrying amount was significant was based on the appraisal value by the licensed real-estate appraiser.

For the year ended March 31, 2019, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Idle properties	Land and building	Singapore and others	5

The construction business assets were grouped by each branch unit, the real estate leasing assets and the idle properties were grouped individually.

The carrying amount of the relevant assets was written down to the recoverable value due to the drop in fair value and ¥74 million was accounted for as loss on impairment of fixed assets, which consisted of ¥26 million for Land, ¥48 million for Buildings.

Meanwhile, the recoverable value of the relevant assets was based on the anticipated net sale value. Furthermore, the anticipated net sale value of land whose carrying amount was significant was based on the appraisal value by the licensed real-estate appraiser.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

## 7. Notes to Consolidated Statement of Comprehensive Income

Reclassifications adjustments and tax effects in relation to the other comprehensive income were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unrealized gains (losses) on securities:			
Amount arising during the year	(¥1,197)	(¥1,460)	(\$11,085)
Amount of reclassification adjustments	73	(412)	683
Amount before tax effect	(1,123)	(1,872)	(10,402)
Tax effect	360	572	3,341
Unrealized gains (losses) on securities	(762)	(1,300)	(7,060)
Deferred gains (losses) on hedges:			
Amount arising during the year	12	(26)	120
Amount of reclassification adjustments	—	—	—
Amount before tax effect	12	(26)	120
Tax effect	(3)	8	(36)
Deferred gains (losses) on hedges	8	(18)	83
Revaluation reserve for land:			
Tax effect	—	—	—
Revaluation reserve for land	—	—	—
Retirement benefits liability adjustments:			
Amount arising during the year	(2,555)	(712)	(23,663)
Amount of reclassification adjustments	565	266	5,232
Amount before tax effect	(1,990)	(445)	(18,430)
Tax effect	609	136	5,643
Retirement benefits liability adjustments	(1,381)	(309)	(12,787)
Total other comprehensive income	(¥2,134)	(¥1,628)	(\$19,764)

## 8. Notes to Consolidated Statement of Changes in Net Assets

### I. Type and number of shares

For the year ended March 31, 2020

Type of shares	Number of shares at beginning of year			Thousands of shares
		Increase	Decrease	Number of shares at end of year
Issued stock				
Common stock	22,494	—	—	22,494
Treasury stock				
Common stock	1,594	1,396	100	2,891

Notes: 1. The number of common shares of treasury stock includes 100 thousand shares acquired by the BBT.

2. The principal reasons for the increase and decrease in treasury stock were as follows:

Increase due to acquisition of common stock under BBT	100 thousand shares
Increase due to acquisition of treasury stock under the board resolution on Nov 27, 2019	1,296
Increase due to purchase of odd lot shares	0
Decrease due to disposition of treasury stock by third party allotment resulting from the introduction of the BBT	100

For the year ended March 31, 2019

Type of shares	Number of shares at beginning of year			Thousands of shares
		Increase	Decrease	Number of shares at end of year
Issued stock				
Common stock	22,494	—	—	22,494
Treasury stock				
Common stock	1,594	0	—	1,594

Notes: The principal details for increase and decrease in treasury stock were as follows:

Increase due to purchase of odd stock	0 thousand shares
---------------------------------------	-------------------

## II. Dividend payment

For the year ended March 31, 2019

Resolution	Type of share	Dividend resource	Millions of Japanese Yen		Record date	Effective date
			Total amount of dividends	Cash dividends per share (Yen)		
Annual Shareholders' Meeting held on June 27, 2019	Common stock	Retained earnings	¥637	¥30	March 31, 2019	June 28, 2019

## III. Among dividends whose record date belong in the current fiscal year, dividends which become effective in the following fiscal year was as follows:

For the year ended March 31, 2020

Resolution	Type of share	Dividend resource	Millions of Japanese Yen		Thousands of U.S. Dollars		Record date	Effective date
			Total amount of dividends	Cash dividends per share (Yen)	Total amount of dividends	Cash dividends per share (Dollars)		
Annual Shareholders' Meeting held on June 26, 2020	Common stock	Retained earnings	¥1,002	¥50	\$9,284	\$0.46	March 31, 2020	June 29, 2020

Notes: Total amount of dividends (¥1,002 million) based on the resolution adopted at the Ordinary General Shareholder's Meeting on Jun 26, 2020 is also included in the dividend payment of ¥5 million for the shares acquired by the BBT.

## IV. Stock acquisition rights

For the year ended March 31, 2020

Company name	Description	Type of Share	Beginning of year	Number of shares to be issued (Thousands of shares)			Balance at end of year
				Increase	Decrease	End of year	
Issuing Company	Stock acquisition rights, yen-denominated convertible corporate bonds with stock acquisition rights maturing in 2024 Issue date : December 13, 2019	Common stock	—	3,719	—	3,719	See Note

Notes: Convertible corporate bonds with stock acquisition rights are accounted for based on the lump-sum reporting method.

## 9. Notes to Consolidated Statement of Cash Flows

Cash and cash equivalents consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Cash and bank deposits	¥43,767	¥31,820	\$405,252
Time deposits due over three months	(20)	(20)	(189)
Cash and cash equivalents	¥43,746	¥31,799	\$405,063

## 10. Leases

### Operating lease

The scheduled maturities of future operating lease payments, including an interest portion on such lease contracts as of March 31, 2020 and 2019, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Due within one year	¥153	¥143	\$1,420
Due over one year	181	276	1,680
Total	¥334	¥419	\$3,101

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

## 11. Financial Instruments

### I. Summary of financial instruments

#### a) Policy for financial instruments

The Companies limit its fund management to low-risk financial instruments, such as bank deposits in a short period and have a policy to raise low-interest funds through bank borrowings flexibly. The Companies utilize derivatives in order to reduce the risk of fluctuation in interest rates and foreign exchange rates for debts and credits in foreign currencies. The Companies, furthermore, utilize the hedging instruments for the purpose of stabilizing the cost on contracts and do not enter into derivatives for speculative purpose.

#### b) Contents of financial instruments, related risk and risk management

Notes and accounts receivable which categorized into operating receivables are exposed to credit risk of customers.

These risks are reviewed at entering into a contract and the concerned counterparts are managed by the administration headquarters in each case.

Investments in securities are exposed to fluctuation risks of market price.

Those securities are mainly shares of other companies with which the Company has business relationships and the Company monitors the monthly fair value.

Among the debt, short-term borrowings are principally applicable to funds for business activities and long-term debt (maturities are within five years in principle) are funds for capital investments. Long-term debt with variable interest rates are exposed to the risk of interest rate fluctuation. The Company utilizes derivatives which are the interest swaps in each contracts in order to avoid fluctuation risk of interest expenses and stabilize interest cost.

In addition, the Company utilizes foreign currency exchange contracts to hedge foreign currency exposure of certain transactions related to construction work denominated in foreign currencies.

Conducting of derivative transactions is managed by gaining approval by directors and derivatives provided by the highly-rated financial institutions are utilized in order to avoid credit risk.

#### c) Supplemental explanation for fair value of financial instruments

Notional amounts of derivatives are not indicative of the actual market risk involved in derivative transactions.

### II. Fair value of financial instruments

As of March 31, 2020, carrying amount, fair value and unrealized gain (loss) are as follows:

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Cash and bank deposits	¥43,767	¥43,767	¥—	\$405,252	\$405,252	\$—
Notes and accounts receivable, trade	83,275	83,275	—	771,072	771,072	—
Advanced money	12,068	12,068	—	111,745	111,745	—
Investments in securities						
Other securities	8,781	8,781	—	81,311	81,311	—
Total assets	147,893	147,893	—	1,369,381	1,369,381	—
Notes and accounts payable, trade	34,796	34,796	—	322,191	322,191	—
Electronically recorded obligations, operating	11,894	11,894	—	110,133	110,133	—
Short-term borrowings	8,636	8,636	—	79,962	79,962	—
Deposits received	21,161	21,161	—	195,937	195,937	—
Convertible bonds with stock acquisition rights	7,000	7,206	206	64,814	66,725	1,910
Long-term debt (*1)	18,834	18,901	66	174,397	175,014	616
Total liabilities	102,323	102,596	272	947,438	949,966	2,527
Derivative transactions (*2)	(¥39)	(¥39)	¥—	\$363.0	\$363.0	\$—

(\*1) Current portion of long-term debt of ¥6,100 million (US\$56,485 thousand) is included in long-term debt and carrying amount and fair value are represented.

(\*2) The assets and liabilities are reported as net amount.

As of March 31, 2019, carrying amount, fair value and unrealized gain (loss) are as follows:

	Carrying amount	Fair value	Unrealized gain (loss)
	Millions of Japanese Yen		
Cash and bank deposits	¥31,820	¥31,820	¥—
Notes and accounts receivable, trade	89,145	89,145	—
Advanced money	15,417	15,417	—
Investments in securities			
Other securities	10,561	10,561	—
Total assets	146,943	146,943	—
Notes and accounts payable, trade	40,090	40,090	—
Electronically recorded obligations, operating	19,324	19,324	—
Short-term borrowings	8,758	8,758	—
Deposits received	15,450	15,450	—
Long-term debt (*1)	19,493	19,604	110
Total liabilities	103,117	103,228	110
Derivative transactions (*2)	(¥52)	(¥52)	¥—

(\*1) Current portion of long-term debt of ¥5,238 million is included in long-term debts and carrying amount and fair value are represented.

(\*2) The assets and liabilities are reported as net amount.

#### a) Computation of fair value for financial instruments, investment in securities and derivative transactions

##### Assets

Cash and bank deposits, and advanced money in other current assets

Those accounts are carrying value, since those are settled in a short period and their fair value is equivalent to carrying amount approximately.

Notes and accounts receivable, trade

The most of its account are carrying value, since those are settled in a short period and their fair value is equivalent to carrying amount approximately.

Investments in securities

Fair value of investments in securities is based on market price at Stock Exchange or asking price from correspondent financial institutions.

Liabilities

Notes and accounts payable, trade, electronically recorded obligations, operating, short-term borrowings, and deposits received in other current liabilities.

Those accounts are carrying value, since those are settled in a short period and their fair value is equivalent to carrying amount approximately.

Convertible bonds with stock acquisition rights

The fair value of convertible bonds with stock acquisition rights is calculated using prices provided by counterparty financial institutions.

Long-term debt

For the fair value of long-term debt by variable interest rates, the market rate is almost equal to the book price because it reflects the interest rates in a short time.

Fair value of long-term debt by fixed rate is based on the present value of the total of principal and interest discounted by the interest rate to be applied, provided that the equivalent loans are newly entered into.

In addition, long-term debt by some variable interest rates is subject to the special treatment of interest rate swaps. The total amount of the principal that is being treated as a combination of interest rate swaps is calculated by discounting the interest rate to be applied, provided that the equivalent loans are newly entered into.

Derivative Transactions

Please refer to Note 12, Derivative Transactions, of the notes the consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## b) Financial instruments for which it is extremely difficult to determine fair value

Unlisted stocks are not included in Investments in securities, since those have no market price and it is extremely difficult to determine fair value.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unlisted stocks	¥1,860	¥1,853	\$17,227

## c) Projected redemption

The projected redemption of monetary claims as of March 31, 2020 was as follows:

	Within one year	Over one year within five years	Over five years within ten years	Over ten years	Within one year	Over one year within five years	Over five years within ten years	Over ten years
	Millions of Japanese Yen				Thousands of U.S. Dollars			
Cash and bank deposits	¥43,767	¥—	¥—	¥—	\$405,252	\$—	\$—	\$—
Notes and accounts receivable, trade	77,172	6,095	8	—	714,558	56,436	77	—
Investments in securities								
Other securities with maturities (Government bonds)	—	42	—	—	—	397	—	—
Total	¥120,939	¥6,138	¥8	¥—	\$1,119,810	\$56,833	\$77	\$—

The projected redemption of monetary claims as of March 31, 2019 was as follows:

	Within one year	Over one year within five years	Over five years within ten years	Over ten years
	Millions of Japanese Yen			
Cash and bank deposits	¥31,820	¥—	¥—	¥—
Notes and accounts receivable, trade	83,307	5,822	14	—
Investments in securities				
Other securities with maturities (Government bonds)	—	43	—	—
Total	¥115,127	¥5,866	¥14	¥—

## d) The projected repayment of short-term borrowings, long-term debt and lease obligation as of March 31, 2020 was as follows:

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
	Millions of Japanese Yen					
Short-term borrowings	¥8,636	¥—	¥—	¥—	¥—	¥—
Long-term debt	6,100	5,797	3,545	2,304	1,080	7
Lease obligation	71	65	28	25	2	—
Total	¥14,808	¥5,862	¥3,574	¥2,329	¥1,082	¥7

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
	Thousands of U.S. Dollars					
Short-term borrowings	\$79,962	\$—	\$—	\$—	\$—	\$—
Long-term debt	56,485	53,677	32,826	21,333	10,001	73
Lease obligation	665	605	266	239	22	0
Total	\$137,113	\$54,282	\$33,093	\$21,572	\$10,024	\$73

The projected repayment of short-term borrowings, long-term debt and lease obligation as of March 31, 2019 was as follows:

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
	Millions of Japanese Yen					
Short-term borrowings	¥8,758	¥—	¥—	¥—	¥—	¥—
Long-term debt	5,238	5,965	4,673	2,421	1,180	14
Lease obligation	151	148	117	4	3	—
Total	¥14,149	¥6,114	¥4,791	¥2,426	¥1,183	¥14

## 12. Securities

### (1) The following is certain information related to the aggregate acquisition costs, carrying amount and fair value of securities.

At March 31, 2020

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)
Other securities whose fair value amount exceeds their acquisition cost						
Stock	¥3,271	¥6,949	¥3,677	\$30,288	\$64,343	\$34,055
Government bond	41	42	1	380	397	16
Sub total	3,312	6,992	3,679	30,669	64,741	34,072
Other securities whose fair value does not exceed their acquisition cost						
Stock	2,013	1,789	(223)	18,642	16,569	(2,072)
Government bond	—	—	—	—	—	—
Sub total	2,013	1,789	(223)	18,642	16,569	(2,072)
Total	¥5,325	¥8,781	¥3,456	\$49,311	\$81,311	\$32,000

At March 31, 2019

	Millions of Japanese Yen		
	Acquisition cost	Fair value (Carrying value)	Unrealized gain (loss)
Other securities whose fair value exceeds its acquisition cost			
Stock	¥4,989	¥9,903	¥4,913
Government bond	40	43	2
Sub total	5,030	9,946	4,916
Other securities whose fair value does not exceed their acquisition cost			
Stock	827	614	(213)
Government bond	—	—	—
Sub total	827	614	(213)
Total	5,858	¥10,561	¥4,703

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## (2) Other securities sold during the financial years ended March 31, 2020 and 2019 were as follows:

At March 31, 2020

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Sales proceeds	Gain on sales	Loss on sales	Sales proceeds	Gain on sales	Loss on sales
Stock	¥487	¥197	¥72	\$4,510	\$1,824	\$672
Other	—	—	—	—	—	—
<b>Total</b>	<b>¥487</b>	<b>¥197</b>	<b>¥72</b>	<b>\$4,510</b>	<b>\$1,824</b>	<b>\$672</b>

At March 31, 2019

	Millions of Japanese Yen		
	Sales proceeds	Gain on sales	Loss on sales
Stock	¥831	¥412	—
Other	—	—	—
<b>Total</b>	<b>¥831</b>	<b>¥412</b>	<b>¥—</b>

## 13. Derivative Transactions

Derivative transactions for the year ended March 31, 2020 were classified into:

### a) Hedge accounting unapplied

Not applicable

### b) Hedge accounting applied

Notional amounts and fair value conditioned on contracts based on each hedge accounting method are as follows:

#### (1) Currency related derivatives

Hedge accounting method	Types of derivative	Hedged item	Millions of Japanese Yen			Thousands of U.S. Dollars		
			Notional amount	Maturing over one year	Fair value	Notional amount	Maturing over one year	Fair value
Accounting in principle	Forward foreign exchange contracts Buying U.S. Dollars	Accounts payable	¥756	¥238	¥8 (*)	\$7,001	\$2,208	\$82 (*)

(\*) Fair value is calculated based on prices provided by counterparty financial institution.

#### (2) Interest rate related derivatives

Hedge accounting method	Types of derivative	Hedged item	Millions of Japanese Yen			Thousands of U.S. Dollars		
			Notional amount	Maturing over one year	Fair value	Notional amount	Maturing over one year	Fair value
Accounting in principle	Interest rate swaps Pay/fixed and receive/ floating	Long-term debt	¥4,428	¥3,393	(¥48) (*)	\$41,004	\$31,416	(\$447) (*)
Short-cut	Interest rate swaps Pay/fixed and receive/ floating	Long-term debt	¥914	¥83	(*)	\$8,467	\$775	(*)

(\*) Fair value is calculated based on prices provided by counterparty financial institutions.

(\*) Fair value based on the short-cut method is included in fair value of these long-term debt, since the derivative transactions are accounted for together with the hedged long-term debt collectively.

Derivative transactions for the year ended March 31, 2019 were classified into:

### a) Hedge accounting unapplied

Not applicable

### b) Hedge accounting applied

Notional amounts and fair value conditioned on contracts based on each hedge accounting method are as follows:

#### (1) Currency related derivatives

Hedge accounting method	Types of derivative	Hedged item	Millions of Japanese Yen		
			Notional amount	Maturing over one year	Fair value
Accounting in principle	Forward foreign exchange contracts Buying U.S. Dollars	Accounts payable	¥1,354	¥756	(¥7) (*)

(\*) Fair value is calculated based on prices provided by counterparty financial institutions.

## (2) Interest rate related derivatives

Hedge accounting method	Types of derivative	Hedged item	Millions of Japanese Yen		
			Notional amount	Maturing over one year	Fair value
Accounting in principle	Interest rate swaps Pay/fixed and receive/ floating	Long-term debt	¥3,806	¥3,078	(¥44) (*)
Short-cut	Interest rate swaps Pay/fixed and receive/ floating	Long-term debt	¥2,263	¥888	(*)

(\*) Fair value is calculated based on the price provided by counterparty financial institutions.

(\*) Fair value based on the short-cut method is included in fair value of these long-term debt, since the derivative transactions are treated with the hedged long-term debts collectively.

## 14. Reserve for Retirement Benefits and Pension Plan

The Company and some of its consolidated subsidiaries have the funded/unfunded defined benefit retirement plans.

The Company has the funded defined benefit plan, the cash balance plan and sets up the retirement benefit trust.

Some consolidated subsidiaries have the unfunded retirement lump sum plans.

Furthermore, additional severance payment covering substantially all employees.

### (1) The changes in the retirement benefit obligation during the years ended March 31, 2020 and 2019 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Retirement benefit obligation balance at the beginning of the year	¥21,135	¥21,485	\$195,698
Service cost	781	771	7,238
Interest cost	78	92	724
Actuarial gain	158	104	1,471
Retirement benefit paid	(1,081)	(1,317)	(10,011)
<b>Retirement benefit obligation balance at the end of the year</b>	<b>¥21,073</b>	<b>¥21,135</b>	<b>\$195,122</b>

### (2) The changes in plan assets during the years ended March 31, 2020 and 2019 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Plan assets balance at the beginning of the year	¥17,889	¥18,595	\$165,640
Expected return on plan assets	233	224	2,157
Actuarial gain (loss)	(2,396)	(608)	(22,191)
Contributions by the Company	1,077	947	9,973
Retirement benefits paid	(1,080)	(1,269)	(10,005)
<b>Plan assets balance at the end of the year</b>	<b>¥15,721</b>	<b>¥17,889</b>	<b>\$145,573</b>

### (3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2020 and 2019 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Funded retirement benefit obligation	¥20,596	¥20,721	\$190,711
Plan assets at fair value	(15,721)	(17,889)	(145,573)
	4,874	2,832	45,137
Unfunded retirement benefit obligation	476	413	4,410
Net liability for retirement benefits in the balance sheet	5,351	3,246	49,548
	5,351	3,246	49,548
Liability for retirement benefits	5,351	3,246	49,548
Net liability for retirement benefits in the balance sheet	¥5,351	¥3,246	\$49,548

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(4)The components of retirement benefit expense for the years ended March 31, 2020 and 2019 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Service cost	¥781	¥771	\$7,238
Interest cost	78	92	724
Expected return on plan assets	(233)	(224)	(2,157)
Amortization of actuarial loss	565	266	5,232
Other	11	11	104
Retirement benefit expense	¥1,203	¥917	\$11,143

Notes:

1. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.
2. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end are included in "Service cost."

(5)Unrecognized actuarial gain (loss) included in other comprehensive income (before tax effect) for the years ended March 31, 2020 and 2019 is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Actuarial gain (loss)	(¥1,990)	(¥445)	(\$18,430)

(6)Unrecognized actuarial gain (loss) included in accumulated other comprehensive income (before tax effect) as of March 31, 2020 and 2019 is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unrecognized actuarial gain (loss)	¥3,671	¥1,681	\$33,997

(7)The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2020 and 2019 is as follows:

	2020	2019
	Stocks	34%
Bonds	30%	28%
General account assets	19%	17%
Other	17%	18%
Total	100%	100%

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

(8)The assumptions used in accounting for the above plans as of March 31, 2020 and 2019 were as follows:

	(Weighted average)	
	2020	2019
Discount rate	0.4%	0.4%
Expected rate of return on plan assets	2.0%	2.0%
Expected rate of future salary increase	2.4%~7.2%	2.5%~7.1%

## 15.Tax Effect Accounting

1.The significant components of deferred tax assets and liabilities at March 31, 2020 and 2019 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
<b>Deferred tax assets:</b>			
Net liability for retirement benefits	¥2,467	¥1,949	\$22,850
Loss carried forward	2,358	2,801	21,834
Reserve for loss on construction works	805	400	7,461
Accrued bonus to employees	820	616	7,600
Unrealized losses on securities	—	—	—
Loss on valuation of utility rights	233	258	2,159
Loss on valuation of investment in securities	142	170	1,319
Loss on impairment of fixed assets	252	324	2,338
Loss on construction defects	459	1,451	4,252
Others	1,389	1,957	12,867
Total gross deferred tax assets	¥8,929	¥9,930	\$82,684
Valuation allowance for tax loss carried forward	(¥242)	(¥223)	(2,242)
Valuation allowance for deductible temporary differences	(¥970)	(¥1,077)	(8,990)
Total valuation allowance	(¥1,213)	(¥1,300)	(11,233)
Total deferred tax assets	¥7,716	¥8,629	71,450
<b>Deferred tax liabilities:</b>			
Revaluation reserve for land	(¥545)	(¥545)	(5,055)
Unrealized gains on securities	(1,007)	(1,368)	(9,332)
Other	(58)	(151)	(544)
Total deferred tax liabilities	(1,612)	(2,066)	(\$14,932)
<b>Net deferred tax assets</b>	<b>¥6,103</b>	<b>¥6,563</b>	<b>\$56,518</b>

(Note) A breakdown of tax loss carried forward and valuation allowance by expiry date as of March 3, 2020 is as follows:

At March 31, 2020

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
	Millions of Japanese Yen						
Tax loss carried forward (*1)	¥5	¥25	¥—	¥—	¥—	¥2,327	¥2,358
Valuation allowance	(4)	(21)	—	—	—	(216)	(242)
Deferred tax assets	0	3	—	—	—	2,111	2,115 (*2)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
	Thousands of U.S. Dollars						
Tax loss carried forward (*1)	\$50	\$233	\$—	\$—	\$—	\$21,550	\$21,834
Valuation allowance	(42)	(198)	—	—	—	(2,002)	(2,242)
Deferred tax assets	7	35	—	—	—	19,548	19,591 (*2)

(\*1) The amount is determined by multiplying the corresponding loss carried forward by effective statutory tax rate.

(\*2) Deferred tax assets of ¥2,115 million (US\$19,591 thousand) for the tax loss carried forward of ¥2,358 million (US\$21,834 thousand) (the amount is determined by multiplying the corresponding effective statutory tax rate) were recorded.

Deferred tax assets of ¥2,115 million (US\$19,591 thousand) mainly consist of the balance of tax loss carried forward of ¥2,100 million (the amount is determined by multiplying the corresponding effective statutory tax rate).

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The tax loss carried forward within deferred tax assets was mainly due to the reversal of a portion of the ¥14,100 million (US\$130,555 thousand) provision for loss on construction defects recorded in the fiscal year ended March 31, 2017.

The Companies consider that it is likely the tax loss carried forward will be realized based on estimates of future taxable income; therefore, a related valuation allowance has not been recognized.

2. A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2020 and 2019, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2020	2019
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	2.5	4.6
Non-taxable income	(0.4)	(0.8)
Per capita levy of inhabitant taxes	1.5	2.7
Change in valuation allowance	(1.3)	(8.7)
Other-net	0.1	(1.9)
Actual effective tax rates	32.9%	26.4%

## 16. Business Combination

Transaction under Common Control

Based on the board resolution on November 22, 2018, Tsurumi Rinko Co., Ltd. and Toa Estate Co., Ltd., which were wholly-owned subsidiaries of the Company, were merged. Information on this combination is as follows.

1. Outline of transaction

(1) Name and business description of combined company

(Surviving company in absorption-type merger)

Name Tsurumi Rinko Co., Ltd

Business description Real estate purchase and sale, brokerage, management and leasing

(Dissolving company in absorption-type merger)

Name Toa Estate Co., Ltd

Business description Real estate purchase and sale, brokerage, management and leasing

(2) Date of business combination

April 1, 2019

(3) Legal form of the business combination

Absorption-type merger. Tsurumi Rinko Co., Ltd. is the surviving company. Toa Estate Co., Ltd. is the dissolving company.

(4) Company name after the combination

Toa Real Estate Corporation

(5) Matters regarding the outline of other transaction

The purpose of the business combination is as follows:

- To enhance for rationalization and efficiency improvement of business through the merger of subsidiaries operating the real estate business.
- To contribute continuously to TOA group management by creating the new system of real estate business strategy, specific plans and actions including the parent company.

Tsurumi Rinko Co., Ltd. changed its name into TOA Real Estate Corporation effective from April 1, 2019. In addition, since this is a merger with a wholly owned subsidiary, there will be no issuance of new shares or other provision of compensation.

2. Outline of accounting treatment

The merger was treated as a transaction under common control based on the "Accounting Standard for Business Combination" and "Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures".

## 17. Asset Retirement Obligations

Because the amounts of asset retirement obligations are immaterial, the Companies have omitted a disclosure in the Notes to Consolidated Financial Statements for the years ended March 31, 2020 and 2019.

## 18. Investment and Rental Property

Because the amounts of investment and rental property are immaterial, the Companies have omitted a disclosure in the Notes to Consolidated Financial Statements for the year ended March 31, 2020 and 2019.

## 19. Information on Reportable Segments

### I. Outline of the reportable segments

The reportable segments of the Companies are components for which discrete financial information is available and prepared for the regular review, so that the board of directors can make decisions on the distribution of management resources and evaluate the operating performance. The Company comprises "Civil Engineering General Headquarters" and "Building Construction General Headquarters", which control domestic construction businesses, and "International Division" for overseas businesses. Those Headquarters and International Division develop strategies comprehensively in each line of business and expand business activities.

Accordingly, the Company's businesses consist of segments classified by products and services based on the headquarters. The reportable segments are composed of "Domestic Civil Engineering Businesses", "Domestic Architectural Businesses", "Overseas Businesses" and principal activities in each segment are the following:

- Domestic Civil Engineering Businesses: domestic civil engineering contracts, contracts related to design and others
- Domestic Architectural Building Businesses: domestic architectural contracts, contracts related to design and others
- Overseas Businesses: general overseas contracts

### II. Computation for the amount of net sales, profits or losses and other items in each reportable segment

The accounting policies of the reportable segments are substantially equivalent to the description in Significant Respects for the Basis of Preparing Consolidated Financial Statements. Intersegment net sales and transfers are based on the current market price. Meanwhile, assets are not allocated to the business segments.

### III. Information on net sales, profits or losses and other items in the reportable segments

For the year ended March 31, 2020

Millions of Japanese Yen								
	Reportable Segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total				
Net sales:								
External customers	¥101,454	¥49,439	¥29,012	¥179,906	¥10,372	¥190,278	¥ —	¥190,278
Inter-segment	—	66	—	66	28,987	29,053	(29,053)	—
Total	¥101,454	¥49,505	¥29,012	¥179,972	¥39,360	¥219,332	(¥29,053)	¥190,278
Segment profits or losses	7,172	2,605	248	10,026	1,832	11,859	(3,902)	7,957
Other items								
Depreciation and amortization	¥412	¥0	¥270	¥683	¥473	¥1,156	¥404	¥1,560

For the year ended March 31, 2020

Thousands of U.S. Dollars								
	Reportable Segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total				
Net sales:								
External customers	\$939,393	\$457,771	\$268,632	\$1,665,796	\$96,043	\$1,761,840	\$ —	\$1,761,840
Inter-segment	—	614	—	614	268,402	269,017	(269,017)	—
Total	\$939,393	\$458,385	\$268,632	\$1,666,411	\$364,446	\$2,030,857	(\$269,017)	\$1,761,840
Segment profits or losses	66,415	24,122	2,302	92,840	16,966	109,806	(36,129)	73,676
Other items								
Depreciation and amortization	\$3,816	\$6	\$2,503	\$6,326	\$4,383	\$10,710	\$3,740	\$14,451

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

Notes :

- "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.
- Adjustment of the segment profits amounting to ¥(3,902) million (US\$(36,129) thousand) is inclusive of inter-segment elimination amounting to ¥40 million (US\$371 thousand) and Selling, General and Administrative Expenses amounting to ¥(3,942) million (US\$(36,501) thousand) which are not attributed to any reportable segments.
- Segment profits or losses are adjusted to the operating income in the consolidated statements of income.
- Assets are not described due to no allocation to the business segments.

For the year ended March 31, 2019

Millions of Japanese Yen								
	Reportable Segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total				
Net sales:								
External customers	¥93,980	¥51,907	¥19,564	¥165,452	¥8,239	¥173,692	¥ —	¥173,692
Inter-segment	—	72	—	72	31,108	31,181	(31,181)	—
Total	¥93,980	¥51,980	¥19,564	¥165,525	¥39,348	¥204,873	(¥31,181)	¥173,692
Segment profits or losses	5,203	2,042	(1,056)	6,189	1,079	7,268	(3,288)	3,980
Other items								
Depreciation and amortization	¥616	¥0	¥448	¥1,065	¥389	¥1,455	¥331	¥1,786

Notes :

- "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.
- Adjustment of the segment profits amounting to ¥(3,288) million is inclusive of inter-segment elimination amounting to ¥265 million and Selling, General and Administrative Expenses amounting to ¥(3,554) million which are not attributed to any reportable segments.
- Segment profits or losses are adjusted to the operating income in the consolidated statements of income.
- Assets are not described due to no allocation to the business segments.

## 20.Related Information

### I .Information on products and services

Description is excluded since the similar information is disclosed in the segment information.

### II .Geographical information

1) Net sales

For the year ended March 31, 2020

	Millions of Japanese Yen	Thousands of U.S. Dollars
	2020	2020
Japan	¥161,284	\$1,493,376
South East Asia	19,590	181,389
Other	9,404	87,074
Total	¥190,278	\$1,761,840

For the year ended March 31, 2019

	Millions of Japanese Yen
	2019
Japan	¥154,140
South East Asia	12,639
Other	6,912
Total	¥173,692

Note) Net sales are based on the customers' location and categorized into the countries or areas.

2) Tangible fixed assets

Description is excluded since the amounts of the tangible fixed assets in Japan exceed 90% of those amounts in the consolidated balance sheets.

### III .Information on principal customers

For the year ended March 31, 2020

Name of Customer	Related segments	Net sales	
		Millions of Japanese Yen 2020	Thousands of U.S. Dollars 2020
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses,others	¥33,509	\$310,277

For the year ended March 31, 2019

Name of Customer	Related segments	Net sales
		Millions of Japanese Yen 2019
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses,others	¥32,025

### IV .Information on the loss on impairment of fixed assets in each reportable segment

The losses on impairment of fixed assets were not allocated to the reportable segments of the Companies. Description of the amounts and contents is excluded since the similar information is disclosed in the notes related to the consolidated statements of income for the years ended March 31, 2020 and 2019.

### V .Information on amortization and the unamortized balance of goodwill in each reportable segment

Amortization was not applicable for the years ended March 31, 2020 and 2019.

### VI .Information on gain on negative goodwill in each reportable segment

The Companies did not allocate the gain on negative goodwill to the reportable segments.

The gain was not applicable for the years ended March 31, 2020 and 2019.

## 21.Per Share Data

	Japanese Yen		U.S. Dollars
	2020	2019	2020
Net assets	¥3,492.34	¥3,263.98	\$32.336
Net income	244.65	147.00	2.265
Diluted net income	230.68	—	2.135

Note 1 Diluted net income per share was not disclosed because there were no dilutive shares for the year ended March 31, 2019.

Note) The basic information for calculation of per share data was as follows:

1.Per share data on net assets

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Net assets	¥69,166	¥68,845	\$640,425
Net assets amount for common stock	68,462	68,216	633,909
Significant breakdown of differences			
Non-controlling interests	¥703	¥628	\$6,516

	Thousands of shares	
	2020	2019
Numbers of issued shares of common stock	22,494	22,494
Numbers of shares of treasury stock	2,891	1,594
Numbers of shares of common stock which were used for calculation for per share data on net assets	19,603	20,899

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

## 2.Per share data on net income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2019	2020
Profit attributable to owners of parent	¥5,007	¥3,072	\$46,364
Profit attributable to owners of parent not attributable to common stockholders	—	—	—
Profit attributable to owners of parent for common stock	¥5,007	¥3,072	\$46,364

	Thousands of Shares	
	2020	2019
Average number of shares of common stock	20,467	20,900

	Thousands of Shares	
	2020	2019
Increase in the number of common stock	1,239	—

## 22.Significant Subsequent Events

Not applicable

## Supplementary Information

### Details on convertible corporate bonds with stock acquisition rights

Company name	Description	Issue date	Millions of Japanese Yen		Interest Rate	Collateral	Redemption due date
			Beginning balance (Millions of Japanese Yen)	Closing Balance (Millions of Japanese Yen)			
Toa Corporation	Yen-denominated convertible corporate bonds with stock acquisition rights maturing in 2024	December 13, 2019	—	7,000	—	Unsecured	December 13, 2024
Total			—	7,000			

Notes :

1.Details of convertible corporate bonds with stock acquisition rights are as follows.

Type of stock	: Common
Issue price of stock acquisition rights	: Free of charge
Exercise price	: ¥1,882Yen
Total exercise price	: ¥7,000 million Yen ( US\$64,814 thousand)
Total issue price of stock acquisition rights upon exercise	: -
Grant ratio of stock acquisition rights	: 100%
Exercise period of stock acquisition rights	: From December 27, 2019 to November 29, 2024

In case there is the request of the exercise of the stock acquisition rights, the Company treats such exercise as the payment by the bondholder of the full amount required to be paid upon exercise of the stock acquisition rights, in lieu of the full redemption of the convertible bond.

2.Details of the bond redemption schedule over five years subsequent to the closing date are as follows.

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Millions of Japanese Yen					¥7,000
Thousands of US dollars					\$64,814

## Details of borrowings

	Millions of Japanese Yen		Thousands of U.S. Dollars		Average rates	Repayment deadline
	Beginning balance	Closing Balance	Beginning balance	Closing Balance	%	
Short-term borrowings	¥8,758	¥8,636	\$81,099	\$79,962	0.70%	
Current portion of Long-term debt	4,693	5,557	43,461	51,460	1.15%	
Current portion of Non-recourse debt	545	542	5,047	5,025	1.74%	
Current portion of lease obligations	151	71	1,401	665	—	
Long-term debt (excluding current portion)	13,053	12,076	120,868	111,815	1.12%	from 2021 to 2025
Non-recourse debt (excluding current portion)	1,201	658	11,121	6,096	2.10%	from 2021 to 2026
Lease obligation (excluding current portion)	274	122	2,541	1,134	—	from 2021 to 2025
Other debt	—	—	—	—	—	
Total	¥28,678	¥27,665	\$265,542	\$256,160		

Notes :

1.The "average rates" are balanced by the weighted average.

The average rates of lease obligations are not listed because interest is included in the lease obligation in the consolidated balance sheets.

2.The amount scheduled to be repaid of long-term debt, non-recourse debt and lease obligations (excluding current portions) within 5 years after the consolidated closing date were as follows:

	Millions of Japanese Yen				Thousands of U.S. Dollars			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term debt	¥5,207	¥3,496	¥2,298	¥1,074	\$48,214	\$32,378	\$21,277	\$9,944
Non-recourse debt	455	183	6	6	4,215	1,695	55	57
Lease obligations	65	28	25	2	605	266	239	22

### Table for asset retirement obligation

The indication omitted due to the beginning balance and closing balance of asset retirement obligation were less than or equal to hundredth part of the beginning balance and closing balance of liabilities and net assets.



## Independent Auditor's Report

The Board of Directors  
TOA CORPORATION.

### Opinion

We have audited the accompanying consolidated financial statements of TOA CORPORATION and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management, the Audit and Supervisory Committee 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 such internal control as management determines is necessary to enable the preparation of 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with accounting principles generally accepted in Japan.
- 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 the Audit and Supervisory Committee 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 the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Our firm and its designated engagement partners 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.

### Convenience Translation


The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

June 26, 2020

*Kazuo Fukumoto* 

Kazuo Fukumoto  
Designated Engagement Partner  
Certified Public Accountant

*Masahiro Okumi* 

Masahiro Okumi  
Designated Engagement Partner  
Certified Public Accountant

## Quarterly Financial Information

For the fiscal year ended March 31, 2020

Cumulative period	Millions of Japanese Yen				Thousands of U.S. Dollars			
	First quarter	Second quarter	Third quarter	Consolidated accounting period	First quarter	Second quarter	Third quarter	Consolidated accounting period
Net sales	¥38,624	¥83,876	¥133,710	¥190,278	\$357,634	\$776,638	\$1,238,063	\$1,761,840
Profit before income taxes or quarterly profit before income taxes	974	3,201	6,284	7,575	9,022	29,642	58,187	70,145
Profit attributable to owners of parent or quarterly profit attributable to owners of parent	¥546	¥2,002	¥4,019	¥5,007	\$5,063	\$18,537	\$37,215	\$46,364

Cumulative period	Japanese Yen				U.S. Dollars			
	First quarter	Second quarter	Third quarter	Consolidated accounting period	First quarter	Second quarter	Third quarter	Consolidated accounting period
Per share data on profit or per share data on quarterly profit	¥26.16	¥95.79	¥193.65	¥244.65	\$0.242	\$0.886	\$1.793	\$2.265

Accounting period	Japanese Yen				U.S. Dollars			
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Per share data on quarterly profit (loss)	¥26.16	¥69.63	¥98.55	¥50.41	\$0.242	\$0.644	\$0.912	\$0.466

## Board of Directors

(As of July 1, 2020)

President and Representative Director

Masaki Akiyama

Representative Directors

Masato Ikeda

Shigetoshi Kurosu

Directors

Yoshinobu Fukushima

Takayuki Baba

Yoshika Hirose

Kenichi Ogata

Directors-Audit & Supervisory Committee Members

Nobuyuki Ogawa

Independent Directors • Audit & Supervisory Committee Members

Masahiko Okamura

Kosei Watanabe

Michi Handa

## Executive Officers

(As of July 1, 2020)

President and Chief Executive Officer (CEO)

Masaki Akiyama

Executive Vice President

Masato Ikeda

Shigetoshi Kurosu

Senior Executive Officers

Motonobu Sugimoto

Seiichi Yamaguchi

Yoshinobu Fukushima

Seigo Suzuki

Managing Executive Officers

Masato Horisawa

Takayuki Baba

Yoshika Hirose

Yuko Shirakawa

Masato Honda

Executive Officers

Masaki Uematsu

Toshio Aono

Ryohei Goto

Kenichi Ogata

Kazuhiko Takase

Shinichi Yamashita

Takashi Sato

Isao Kaneko

Naruyuki Umakoshi

Satoshi Kaneda

Takuya Takeichi

Satoshi Kawamori

Katsuhisa Kimura

## Investor Information

(As of July 1, 2020)

Head Office

TOA CORPORATION  
3-7-1, Nishi-shinjuku, Shinjuku-ku,  
Tokyo, 163-1031 Japan  
TEL : +81-3-6757-3800  
FAX : +81-3-6757-3830  
<https://www.toa-const.co.jp/eng/>

Date of Incorporation

January 1920

Paid-In Capital

¥18,976 million (As of March 31, 2020)

Authorized Shares

60,000,000

Outstanding Shares

22,494,629 shares in 2020 (As of March 31, 2020)

Number of Shareholders

8,208 (As of March 31, 2020)

Number of Employees

1,486 (As of March 31, 2020)

General Meeting

The General Meeting of Shareholders was held on June 26, 2020

Stock Listing

Tokyo Stock Exchange, 1st Section  
Sapporo Securities Exchanges

Transfer Agent

Mizuho Trust & Banking Co., Ltd.  
2-1, Yaesu 1 chome, Chuo-ku,  
Tokyo, 103-8670, Japan

Auditor

Ernst & Young ShinNihon LLC  
Tokyo Midtown Hibiya, Hibiya Mitsui Tower,  
1-1-2, Yurakucho, chiyoda-ku,  
Tokyo, 100-0006 Japan

## Domestic Branches

(As of July 1, 2020)

Hokkaido Branch

4-1-4, Kita3-jo Nishi, Chuo-ku, Sapporo  
Hokkaido, 060-0003 Japan  
TEL : +81-11-231-5166

Tohoku Branch

2-8-13, Chuo, Aoba-ku, Sendai  
Miyagi, 980-0021 Japan  
TEL : +81-22-262-5432

Chiba Branch

1-12-3, Chuo-minato, Chuo-ku,  
Chiba, 260-0024 Japan  
TEL : +81-43-242-2621

Tokyo Branch

4-1-6, Nihonbashi Muromachi, Chuo-ku,  
Tokyo, 103-0022 Japan  
TEL : +81-3-6214-1300

Yokohama Branch

1-15, Otamachi, Naka-ku, Yokohama  
Kanagawa, 231-8983 Japan  
TEL : +81-45-664-1331

Hokuriku Branch

1-17-1, Tenjin, Chuo-ku, Niigata,  
950-0917 Japan  
TEL : +81-25-241-2030

Nagoya Branch

3-4-6, Nishiki, Naka-ku, Nagoya Aichi,  
460-0003 Japan  
TEL : +81-52-957-6911

Osaka Branch

1-4-12, Utsubohonmachi, Nishi-ku, Osaka,  
550-0004 Japan  
TEL : +81-6-6443-3061

Chugoku Branch

2-23, Tatemachi, Naka-ku Hiroshima,  
730-0032 Japan  
TEL : +81-82-247-1131

Shikoku Branch

4-9, Marunouchi, Takamatsu Kagawa,  
760-0033 Japan  
TEL : +81-87-851-8313

Kyushu Branch

1-6-16, Hakataekimae, Hakata-ku  
Fukuoka, 812-0011 Japan  
TEL : +81-92-472-3712

East Japan Architecture Branch

3-7-1, Nishi-Shinjuku, Shinjuku-ku Tokyo,  
163-1031 Japan  
TEL : +81-3-6758-2601

West Japan Architecture Branch

1-4-12, Utsubohonmachi, Nishi-ku, Osaka,  
550-0004 Japan  
TEL : +81-6-7175-9565  
FAX : +81-6-6447-7706

## Overseas Network

Head Office and Overseas Offices

HEAD OFFICE (International General Headquarters)

Shinjuku Park Tower 31F  
3-7-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo,  
163-1031 JAPAN  
TEL : +81-3-6367-0801  
FAX : +81-3-6367-0809

SINGAPORE

Singapore Office  
2 Venture Drive, Vision Exchange #19-01/08  
SINGAPORE 608526  
TEL : +65-6775-5044  
FAX : +65-6775-3542

INDONESIA

Indonesia Office  
L'AVENUE Office Building, Unit F,  
28th Floor, Jl. Raya Pasar Minggu Kav.  
16, Pancoran, Jakarta 12780,  
INDONESIA  
TEL: +62-21-8066-7181

VIETNAM

Hanoi Office  
3rd Floor, Sky City Building,  
88 Lang Ha Street, Lang Ha Ward,  
Dong Da District, Hanoi  
VIETNAM  
TEL: +84-24-3826-2606  
FAX: +84-24-3826-2628

VIETNAM

Ho Chi Minh Office  
2nd Floor, VIPD Building,  
4 Nguyen Thi Minh Khai Street  
Dakao Ward, District 1, Ho Chi Minh City  
VIETNAM  
TEL: +84-28-3820-1722  
FAX: +84-28-3820-1724

BANGLADESH

Bangladesh Office  
Concord Colosseum 7th Floor, 156,  
Kemal Ataturk Avenue, Banani,  
Dhaka-1213,  
BANGLADESH  
TEL: +880-1311001887

SRI LANKA

Sri Lanka Office  
No.182/2, Hulftsdorp Street, Colombo 12,  
SRI LANKA  
TEL : +94-11-2321633

FAX : +94-11-4617783

UNITED ARAB EMIRATES

Dubai Office  
Unit 215, Sultan Business Center,  
Oud Metha Dubai,  
UNITED ARAB EMIRATES

KUWAIT

Kuwait Office  
PO Box 22220 Safat, 13083  
KUWAIT

MOZAMBIQUE

Mozambique Office  
Avenida 24 de Julho, nr 129, 5° andar  
direito, Cidade de Maputo,  
MOZAMBIQUE

Overseas Subsidiaries and Affiliates

TOA(M) SDN. BHD.

Suite 3.21, 3rd Floor, The Ampwalk, 218,  
Jalan Ampang, 50450 Kuala Lumpur,  
MALAYSIA  
TEL : +60-3-2161-5909  
FAX : +60-3-2161-5908

TOA (LUX) S.A.

4 Rue Henri Schnadt L-2530,  
LUXEMBOURG  
TEL : +352-403727  
FAX : +352-403723

SIAM TOA CORPORATION LTD.

2 Jasmine Building, 12th Floor,  
Soi Prasarnmitr (Sukhumvit 23),  
Sukhumvit Road, North Klongtoey,  
Wattana, Bangkok 10110,  
THAILAND

TOA (PHILS.), INC.

26F, U2607, One San Miguel Avenue  
Condominium, No. 1 San Miguel Avenue  
cor. Shaw Boulevard, Ortigas Center, Pasig  
City, 1605,  
PHILIPPINES  
TEL : +63-2-7-718-3068  
FAX : +63-2-7-718-3071



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Address : 3-7-1, Nishi-shinjuku, Shinjuku-ku, Tokyo, 163-1031 Japan