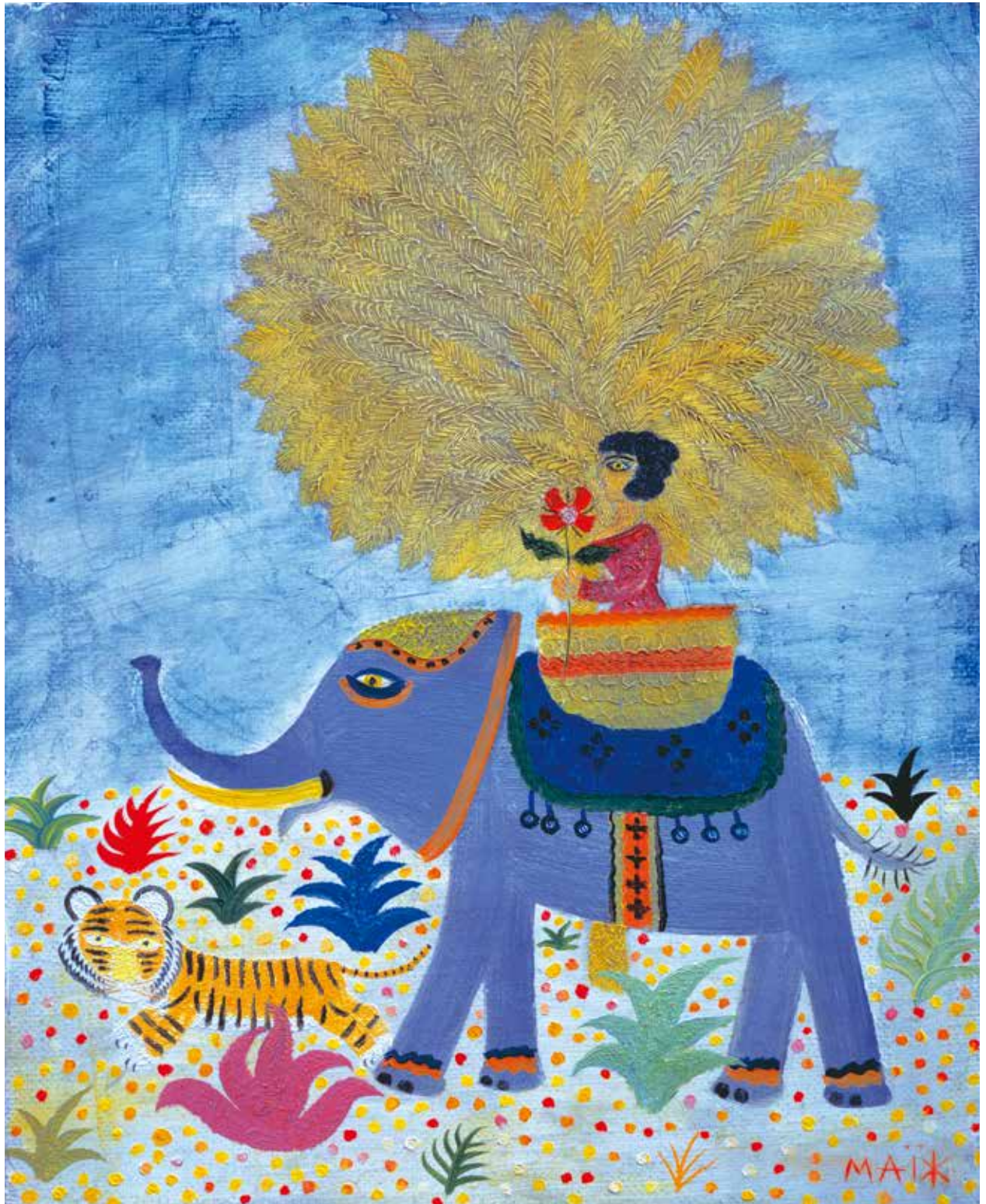


Annual Report 2021

For the fiscal year ended March 31, 2021



CORPORATE PROFILE

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, 2021, TOA established its headquarters in Tokyo, under which thirteen domestic branches, nine offshore offices, ten consolidated subsidiaries, six non-consolidated subsidiaries, and twenty one 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

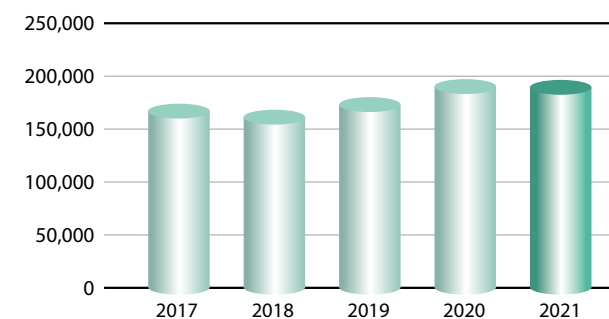
Years ended March 31,	Millions of Japanese Yen					Thousands of U.S. Dollars (Note)
	2017	2018	2019	2020	2021	2021
	Consolidated					
For the year:						
Net sales	¥ 167,200	¥ 161,045	¥ 173,692	¥ 190,278	¥ 189,712	\$ 1,724,655
Profit (loss) before income taxes	▲10,018	2,557	4,273	7,575	10,177	92,525
Profit (loss) attributable to owners of parent	▲7,438	1,750	3,072	5,007	6,859	62,359
At year-end:						
Total assets	183,735	190,276	202,514	202,657	204,200	1,856,369
Net assets	64,958	67,747	68,845	69,166	76,175	692,502
Property, plant and equipment-net	27,651	26,673	28,049	29,405	34,745	315,868

Per share of common stock:

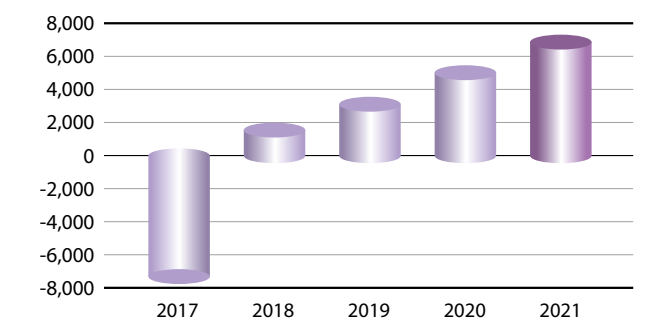
	Yen					U.S. Dollars
Net income (loss)	¥▲355.86	¥ 83.74	¥ 147.00	¥ 244.65	¥ 350.63	\$ 3.187
Cash dividends	—	20.0	30.0	50.0	80.0	0.72
Net assets	3,082.45	3,214.86	3,263.98	3,492.34	3,946.12	35.873

Note: The amount in U.S. dollars was converted at the rate of ¥110=US\$1, the effective rate at March 31, 2021.
The Company completed a reverse stock split of its common stock, at ratio of 1 share for 10 shares on October 1, 2016.

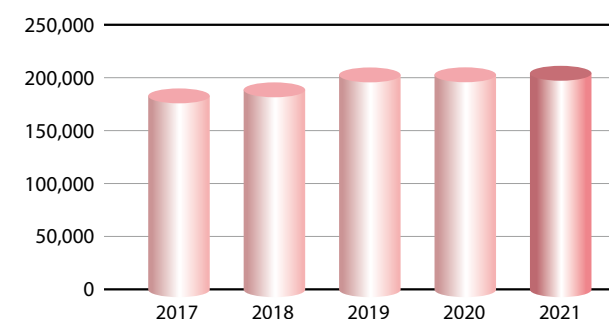
Net sales (Unit: Millions of Yen)



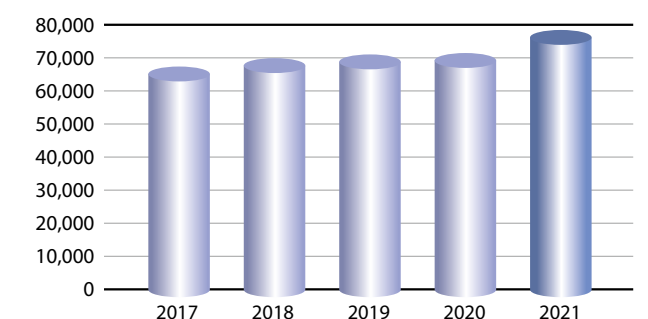
Net income (Unit: Millions of Yen)



Total assets (Unit: Millions of Yen)



Net assets (Unit: Millions of Yen)



MESSAGE FROM THE PRESIDENT

Conditions were harsh in the Japanese economy for the fiscal year just ended on March 31, 2021, due in part to the prolonged stagnation of economic activities because of the resurgence of the spread of infection from the COVID-19 virus.

In the construction industry, although investments in construction by the private sector declined due to the sluggishness of the Japanese economy, public investments remained strong, and looking to the future, we have high expectations that investments will be steady, because the Cabinet finalized the Five-Year Response Plan for Acceleration of Disaster Prevention, Disaster Mitigation, and Building National Resilience.

For the Toa Corporation Group, domestic construction was not significantly affected by the COVID-19 virus, with construction work steadily going forward. Overseas, on the other hand, it was unavoidable that construction in some countries had to be suspended because the government of those countries imposed controls, such as lockdowns forbidding people from going outside and restrictions limiting foreigners from

entering or leaving the country. However, since June of last year, work has resumed in an orderly manner on construction projects that had been suspended, with work getting underway on nearly all projects in the second half of the fiscal year.

Under these circumstances, the Toa Corporation Group is steadfastly carrying forward the Mid-Term Management Plan (FY2020 to FY2022), which advocates changes in its business structure as its basic principle, and will continuously strive for continual change and growth.

With regard to the consolidated results achieved by the Toa Corporation Group for the consolidated fiscal year just ended, net sales decreased 0.3% from the previous consolidated fiscal year to ¥189,712 million; operating income increased 9.5% over the previous consolidated fiscal year to ¥8,714 million; ordinary income increased 21.6% over the previous consolidated fiscal year to ¥9,247 million; and net income attributed to the shareholders of the parent company increased 37.0% over the previous consolidated fiscal year to ¥6,859 million.

Performance of Each Segment

(Domestic Civil Engineering Business)
The main business is in the field of marine civil engineering, with efforts continuously focused on building infrastructure and social overhead capital, such as ports, railways, and roads. As there were few non-consolidated orders received that counted as significant net sales compared with the previous consolidated fiscal year, net sales for the consolidated fiscal year just ended decreased 6.0% from the previous consolidated fiscal year to ¥95,385 million.

Although improvements were seen in some unprofitable projects, because of such factors as a decrease in net sales, the segment profit (operating income) decreased 1.0% from the previous consolidated fiscal year to ¥7,100 million.

As a result of efforts that were focused not only on the field of marine civil engineering, but also on targeting various expressway companies to expand the amount of orders received for road construction work, non-consolidated orders received by the Company increased ¥38,847 million to ¥127, 816 million.

(Domestic Construction Business)
Efforts are being made to expand

of the Toa Corporation Group

the amount of orders received from negotiation contract projects, planned and proposed work projects, and designed and executed work projects. The growth in net sales from large-scale projects in such fields as distribution and housing resulted in net sales for the consolidated fiscal year just ended increasing 15.3% over the previous consolidated fiscal year to ¥57,024 million. The segment profit (operating income) increased 37.7% over the previous consolidated fiscal year to ¥3,586 million due to improvement in profitability of construction work.

Non-consolidated orders received by the Company improved steadily as a whole, increasing ¥5,268 million over the previous fiscal year to ¥58,004 million.

(Overseas Business)
Marine civil engineering and other construction work is being carried out in the Middle East and Africa and other areas primarily in Southeast Asia. The Company's

overseas business was affected in some countries by the suspension of construction work because of the effects of the COVID-19 virus, resulting in net sales for the consolidated fiscal year just ended decreasing 7.6% from the previous consolidated fiscal year to ¥26,812 million. Due to the decrease in net sales and the worsening of the profit and loss balance of some unprofitable projects, the segment loss (operating loss) was ¥495

million (the segment profit for the previous consolidated fiscal year was ¥248 million). Non-consolidated orders received by the Company decreased ¥3,015 million from the previous fiscal year to ¥62,925 million.

(Others)
Net sales for the consolidated fiscal year just ended increased 1.1% over the previous consolidated fiscal year to ¥10,490 million, and the segment profit (operating income) increased 8.6% over the previous consolidated fiscal year to ¥1,989 million.



President and Chief Executive Officer

M. Akiyama

MESSAGE FROM THE PRESIDENT

Summary of Financial Conditions of the Fiscal Year Just Ended

Total assets at the end of the consolidated fiscal year just ended increased ¥1,542 million compared with the end of the previous consolidated fiscal year to ¥204,200 million. The increase was due primarily to an increase in advances paid, such as notes receivable and accounts receivable for completed construction work, although there was a decrease in cash and bank

deposits.

Liabilities decreased ¥5,466 million compared with the end of the previous consolidated fiscal year to ¥128,025 million. This was due primarily to a decrease in short-term borrowings, while there was an increase in advances received on uncompleted construction works. Net assets increased ¥7,009 million compared with the end of the

previous consolidated fiscal year to ¥76,175 million due primarily to an increase in retained earnings by including net income attributable to owners of the parent company. Moreover, the shareholders' equity ratio increased 3.1 percentage points compared with the end of the previous consolidated fiscal year to 36.9%.

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 ¥1,471 million in cash (the previous consolidated fiscal year saw an increase of ¥11,496 million in cash). Cash flow from investing activities showed a decrease of ¥4,731 million in cash (the previous consolidated

fiscal year saw a decrease of ¥2,851 million in cash) due to acquisitions of property, plant, and equipment, etc. Cash flows from financial activities showed a decrease of ¥8,254 million (the previous consolidated fiscal year saw an increase of ¥3,373 million in cash) due to repayment of short-term

borrowings, etc. As a result of such activities, the balance of cash and cash equivalents at the end of the consolidated fiscal year just ended decreased ¥11,436 million compared with the end of the previous consolidated fiscal year to ¥32,310 million.

Outlook for the Future

In the domestic construction market, it is anticipated that government investment in construction will be increased in order to carry out concentrated measures, with the aim of maintaining the functions of key infrastructure and other facilities. Furthermore, with regard to investments in domestic construction by the private sector,

while it will be necessary to consider a review of investments because of the impact caused by the COVID-19 virus, it is expected that going forward vigorous investments will continue in some fields, such as distribution facilities, which is an area where the Company has significant expertise. In the overseas construction market,

while there are concerns about the effects of the COVID-19 virus, steadfast efforts will continue to be carried forward to develop social infrastructure, primarily in emerging countries. Shown below are the current forecasts of the Company's performance.

Fiscal year ending March 31, 2022

	Consolidated		Non-consolidated	
	Forecast	Percentage change compared with the previous fiscal year	Forecast	Percentage change compared with the previous fiscal year
Amount of orders received	—	—	¥191,000 million	- 23.2%
Net sales	¥223,000 million	17.5%	¥215,000 million	19.0%
Operating income	¥9,000 million	3.3%	¥8,400 million	15.2%
Ordinary income	¥8,700 million	- 5.9%	¥8,100 million	3.7%
Net income	¥6,000 million	- 12.5%	¥5,600 million	- 8.2%

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

(Ref.) The numerical goals for the fiscal year ending March 31, 2023 indicated in the Mid-Term Management Plan (from FY2020 to FY2022)

Fiscal year ending March 31, 2023

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

Fundamental Management Policy Regarding Distribution of Profits and Dividends for the Fiscal Year Just Ended and Next Fiscal Year

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, in the Mid-Term Management Plan (from FY2020 to FY2022), a payout ratio (non-consolidated) of 20% to 30% is aimed at as an indicator for shareholder return.

At the time the dividend for the fiscal year just ended was announced on March 22, 2021, the cash dividend for shareholders was

to be ¥70 per share. However, as disclosed in the "Notice Regarding Dividends for Retained Earnings (increase of dividends)" issued on May 14, 2021, there would be an additional ¥10 cash dividend for shareholders, bringing the total to ¥80 per share. A resolution regarding this increase in dividends was brought up at the 131st Ordinary General Meeting of Shareholders held on June 29, 2021, where a decision was formally made.

Therefore, the cash dividend for shareholders for the next fiscal year are expected to be ¥80 per share.

With regard to the consolidated fiscal year just ended, the spread of infection from COVID-19 did not result in the suspension of construction work at domestic worksites, and nearly all the construction work that had been temporarily suspended at worksites overseas has resumed. While some aspects of the recovery from the COVID-19 crisis are still unclear, I believe it is possible to achieve the planned figures for FY2022, which is the final year of the Mid-Term Management Plan, and going forward, we will continue to strive steadily towards realizing them.

President and Chief Executive Officer
Masaki Akiyama

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 56,000,000m³ 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 8,630,000m³ 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.



Namibe Port Rehabilitation Project (Angola)



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.

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

Construction Work on the Foundations of Offshore Stanchions as a Part of the Construction of the Yokohama Ropeway

Construction work has been completed on the foundations of offshore stanchions as a part of the construction of the Yokohama Ropeway.

Toa Corporation carried out the construction of three offshore stanchions for the YOKOHAMA AIR CABIN, the first urban-type circular ropeway in Japan, which began operations on April 22, 2021, connecting Sakuragicho Station with Unga Park in the city of Yokohama. In addition to the requirement that the offshore stanchions had to stand at a maximum height of approximately 40 meters, it was necessary for the stanchions to be designed to be earthquake resistant and withstand a major earthquake in order to ensure the safety of



nearly main roads and other structures.

- **Client** Senyo Kogyo Co., Ltd.
- **Construction period** October 2019 to December 2020
- **Project outline** Driving of steel pipe piles: 12 piles
Frame construction work: 3 units
Electric anticorrosion work: 1 set
- **Site of construction** Yokohama City, Kanagawa Prefecture

Lach Huyen Port Infrastructure Construction Project



- **Client** Ministry of Transport (Maritime Project Management Unit), Socialist Republic of Vietnam
- **Construction period** July 2015 to October 2019
- **Project outline** Breakwater(Outer Revetment B)
Construction work on sand control dyke, light beacons along sand control dyke
- **Site of construction** Hai Phong City, Cat Hai Province, Vietnam

The objective of the Lach Huyen Port Infrastructure Construction Project is to provide additional cargo capacity in the northern part of Vietnam. The construction work under Package 10 of the Project involved building Outer Revetment B, a sand control dyke, the installation of light beacons, and other ancillary works.

Outer Revetment B, which has a total length of 2,480 meters, was constructed to serve as a seawall to protect the reclamation area against the effects of extremely powerful waves by providing concrete block protection. Along the same alignment of Outer Revetment B, a sand control dyke with a total length of 7,600 meter was constructed to prevent or reduce possible shoaling or sedimentation of sand in the water area that provides access to the channel. In addition, the installation of six (6) light beacons provides navigational aids for marine transportation.

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.



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 200,000m² 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-slucice 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

Road Improvement Work on National Route 45 in Sakanoshita District

Road improvement work has been completed on National Route 45 in Sakanoshita District in Iwate Prefecture.

The construction work was carried forward as a leading project for the restoration of areas that suffered earthquake-related damage by accelerating the recovery from the Great East Japan Earthquake and making the road network solid and capable of withstanding natural disasters. The improvement work is expected to enable relief supplies to more readily gain access to transportation hubs, as well as enhance delivery capabilities to emergency medical facilities. Furthermore, the use of ICT construction technologies for all of the construction processes of this work, including surveys, measurements, design, construction, and inspection resulted in raising

productivity through greater precision and efficiency in the construction work. This led to a shortening of the construction

period.

To date, Toa Corporation has undertaken a large number of recovery construction projects.



- **Client** Tohoku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism
- **Construction period** January 2018 to November 2020
- **Project outline** Excavation work: 340,000m³
Embankment fill: 300,000m³
Construction work of one set each of slopes, ground improvement, and retaining wall; as well as construction work on seven drains; and construction work on one set of drainage structure
- **Site of construction** Kunohe-gun, Iwate Prefecture

Bali Culture Hall Construction Project (Indonesia)



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.

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.



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

New Building Construction of New Cruise Ship Terminal Facility (30) in No. 13 District



- Client Tokyo Metropolitan Government
- Construction period June 2018 to June 2020
- Project outline Use of buildings: Cruise ship terminal facility
Structure and scale: Steel-frame building; four floors above ground
Total floor space: 19,114.52m²
- Site of construction Koto-ku, Tokyo

New building construction work has been completed on the new cruise ship terminal facility (30) in No. 13 district. The construction work involved the building of a cruise ship terminal facility that would be capable of receiving the world's largest cruise ships and to serve as Tokyo's new gateway to the sea. The facility was constructed on top of artificial ground built offshore using the jacket method, which is very unusual for a large-scale facility in Japan. As we also took part in the jacket construction of the artificial ground, this was an integrated civil engineering and construction work project.

Yokohama Mirai HRD and Yokohama Mirai Satellite

Construction work has been completed on the Yokohama Mirai HRD and Yokohama Mirai Satellite in Kanagawa Prefecture.

The construction work involved building a refrigerated warehouse and a training facility. The warehouse was built employing the RCS construction method (which Toa Corporation developed jointly with others), a method that makes large spans and large spaces possible by using RC (reinforced concrete) materials with high compressive strength for columns and steel frame materials with high bending and shearing strength, as well as being lightweight, for beams.

As Toa Corporation has built numerous refrigerated warehouses in Japan as well as outside Japan, this field is a specialty of the Company.



- Client Yokohama Reito Co., Ltd.
- Construction period July 2019 to April 2020
- Project outline Use of buildings: Refrigerated warehouse and training facility
Structure and scale: Refrigerated warehouse-RCS structure with two floors above ground
Office building-Steel structure with three floors above ground
Waste material storage space-Steel structure with one floor above ground
Total floor space: 6,074.11m²
- Site of construction Yokohama City, Kanagawa Prefecture

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 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.

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.

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.

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.

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

Operations

TOA's Proprietary Technologies

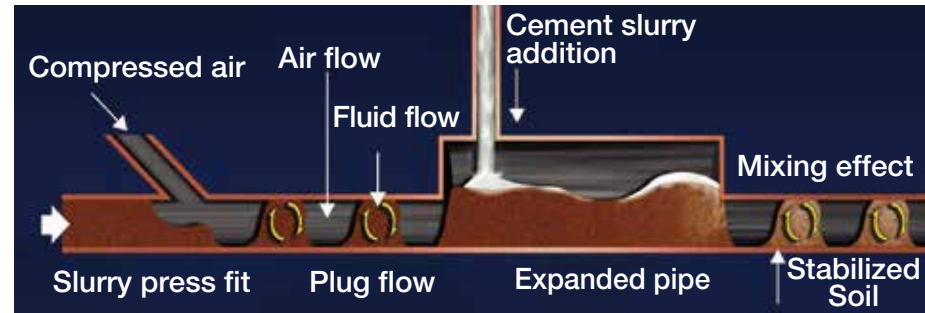
Plug Magic Method

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 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.

Enacted June 2006
Revised April 2018

CONSOLIDATED BALANCE SHEET

TOA CORPORATION and its consolidated subsidiaries
As of 31 March 2020 and 2021

ASSETS	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2020	31 March 2021	31 March 2021
Current assets:			
Cash and bank deposits (Note 12)	¥ 43,767	¥ 32,331	\$ 293,919
Notes and accounts receivable, trade (Note 12)	83,275	87,702	797,295
Cost on construction contracts in progress and other (Note 6)	7,310	5,197	47,248
Real estate for sale	2,116	1,843	16,755
Advanced money (Note 12)	12,068	15,285	138,960
Other current assets (Note 6)	5,372	9,535	86,690
Allowance for doubtful accounts	(319)	(275)	(2,508)
Total current assets	153,591	151,619	1,378,362
Fixed assets:			
Property, plant and equipment:			
Buildings and structures	14,954	15,454	140,492
Machinery, vehicles and equipment	19,571	20,039	182,175
Land (Note 6)	18,683	19,050	173,190
Leased assets	298	2,627	23,889
Construction in progress	3,678	6,197	56,340
Less accumulated depreciation	(27,782)	(28,624)	(260,220)
Total property, plant and equipment-net	29,405	34,745	315,868
Intangible assets:	990	1,050	9,545
Investments and other assets:			
Investments in securities (Notes 6, 12 and 13)	10,642	11,324	102,948
Long-term loans receivable (Note 6)	149	131	1,197
Deferred tax assets (Note 16)	6,674	4,238	38,532
Other	1,757	1,637	14,887
Allowance for doubtful accounts	(553)	(546)	(4,972)
Total investments and other assets	18,670	16,785	152,593
Total fixed assets	49,066	52,580	478,007
Total assets	¥ 202,657	¥ 204,200	\$ 1,856,369

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

LIABILITIES	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2020	31 March 2021	31 March 2021
Current liabilities:			
Notes and accounts payable, trade (Note 12)	¥ 34,796	¥ 32,005	\$ 290,960
Electronically recorded obligations, operating (Note 12)	11,894	11,929	108,445
Short-term borrowings (Notes 6 and 12)	14,736	9,865	89,682
Accrued income taxes	1,051	2,226	20,239
Advances received on construction contracts in progress	10,105	13,176	119,782
Deposits received (Note 12)	21,161	23,546	214,056
Reserve for indemnity on completed contracts	586	941	8,560
Reserve for loss on construction works (Note 6)	2,630	1,705	15,507
Reserve for loss on construction defects	1,500	192	1,749
Other current liabilities	6,237	5,325	48,417
Total current liabilities	104,699	100,914	917,403
Long-term liabilities:			
Convertible bonds with share options (Note 12)	7,000	6,990	63,545
Long-term debt (Notes 6 and 12)	12,734	11,885	108,049
Deferred tax liabilities on revaluation of land (Notes 6 and 16)	2,320	2,320	21,095
Liability for retirement benefits (Note 15)	5,351	2,504	22,771
Provision for board benefit trust (Note 5)	36	72	661
Other long-term liabilities (Note 12)	1,348	3,337	30,340
Total long-term liabilities	28,791	27,111	246,464
Total liabilities	133,491	128,025	1,163,867
Net assets:			
Shareholders' equity:			
Common stock	18,976	18,976	172,515
Capital surplus	18,121	18,124	164,766
Retained earnings	31,773	37,647	342,249
Treasury stock	(4,066)	(5,247)	(47,707)
Total shareholders' equity	64,805	69,500	631,823
Accumulated other comprehensive income:			
Net unrealized gains (losses) on securities (Note 13)	2,571	2,700	24,547
Net deferred gains (losses) on hedges (Notes 12 and 14)	(27)	(8)	(77)
Revaluation reserve for land (Note 6)	3,659	3,659	33,271
Retirement benefits liability adjustments (Note 15)	(2,547)	(405)	(3,687)
Total accumulated other comprehensive income	3,656	5,945	54,054
Non-controlling interests	703	728	6,624
Total net assets	69,166	76,175	692,502
Total liabilities and net assets	¥ 202,657	¥ 204,200	\$ 1,856,369

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

CONSOLIDATED STATEMENT OF INCOME

TOA CORPORATION and its consolidated subsidiaries
For the year ended 31 March 2020 and 2021

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2020	31 March 2021	31 March 2021
Net sales (Note 7)	¥ 190,278	¥ 189,712	\$ 1,724,655
Cost of sales (Note 7)	170,863	169,983	1,545,302
Gross profit	19,415	19,728	179,353
Selling, general and administrative expenses (Note 7)	11,458	11,013	100,126
Operating income	7,957	8,714	79,226
Non-operating income:			
Interest income	57	21	197
Dividend income	289	340	3,094
Gain on insurance claims (Note 3)	8	521	4,741
Other (Note 3)	29	122	1,111
Total non-operating income	384	1,005	9,145
Non-operating expenses:			
Interest expense	294	228	2,076
Guarantee fee	79	162	1,478
Provision for doubtful accounts, non-trade	(4)	(49)	(450)
Commission fee (Note 3)	43	128	1,170
Other (Note 3)	324	3	32
Total non-operating expenses	737	473	4,306
Ordinary profit	7,604	9,247	84,065
Extraordinary income:			
Gain on sale of fixed assets (Note 7)	28	0	8
Gain on sale of investment in securities	197	1,448	13,169
Other	113	—	—
Total extraordinary income	338	1,449	13,177
Extraordinary losses:			
Loss on sale of fixed assets (Note 7)	0	7	72
Loss on disposal of fixed assets (Note 7)	58	227	2,068
Loss on sale of investment in securities	72	24	225
Loss on impairment of fixed assets (Note 7)	2	239	2,180
Other	232	18	170
Total extraordinary losses	366	518	4,717
Profit before income taxes	7,575	10,177	92,525
Income taxes:			
Current	944	1,994	18,127
Deferred	1,548	1,299	11,811
Total income taxes	2,493	3,293	29,939
Profit	5,082	6,884	62,585
Profit attributable to:			
Non-controlling interests	¥ 74	¥ 24	\$ 226
Owners of parent	¥ 5,007	¥ 6,859	\$ 62,359

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TOA CORPORATION and its consolidated subsidiaries
For the year ended 31 March 2020 and 2021

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2020	31 March 2021	31 March 2021
Profit	¥ 5,082	¥ 6,884	\$ 62,585
Other comprehensive income:			
Net unrealized gains (losses) on securities	(762)	128	1,168
Net deferred gains (losses) on hedges	8	18	170
Retirement benefits liability adjustments (Note 15)	(1,381)	2,141	19,471
Total other comprehensive income (Note 8)	(2,134)	2,289	20,810
Comprehensive income	¥ 2,947	¥ 9,173	\$ 83,396
Total comprehensive income attributable to: (Note 8)			
Owners of parent	¥ 2,872	¥ 9,148	\$ 83,169
Non-controlling interests	¥ 74	¥ 24	\$ 226

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 year ended 31 March 2020 and 2021

	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 13)	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note 6)	Retirement benefits liability adjustments (Note 15)		
Balance at March 31, 2019	¥ 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)
Balance at March 31, 2020	¥ 18,976	¥ 18,121	¥31,773	¥ (4,066)	¥ 2,571	¥ (27)	¥ 3,659	¥ (2,547)	¥ 703	¥ 69,166
Cash dividends			(985)							(985)
Profit attributable to owners of parent for the period			6,859							6,859
Acquisition of treasury stock				(1,194)						(1,194)
Sale of treasury stock				5						5
Reversal of revaluation reserve for land										—
Conversion of convertible bond		2		7						10
Net changes in items other than shareholders' equity					128	18	—	2,141	24	2,314
Balance at March 31, 2021	¥ 18,976	¥ 18,124	¥37,647	¥ (5,247)	¥ 2,700	¥ (8)	¥ 3,659	¥ (405)	¥ 728	¥ 76,175

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 13)	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note 6)	Retirement benefits liability adjustments (Note 15)		
Balance at March 31, 2020	\$172,515	\$164,742	\$288,846	\$ (36,964)	\$ 23,378	\$ (247)	\$ 33,271	\$ (23,158)	\$ 6,398	\$628,781
Cash dividends			(8,956)							(8,956)
Profit attributable to owners of parent for the period			62,359							62,359
Acquisition of treasury stock				(10,856)						(10,856)
Sale of treasury stock				45						45
Reversal of revaluation reserve for land										0
Conversion of convertible bond		23		66						90
Net changes in items other than shareholders' equity					1,168	170	0	19,471	226	21,037
Balance at March 31, 2021	\$172,515	\$164,766	\$342,249	\$ (47,709)	\$ 24,547	\$ (77)	\$ 33,271	\$ (3,687)	\$ 6,624	\$692,502

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

CONSOLIDATED STATEMENT OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
For the year ended 31 March 2020 and 2021

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2020	31 March 2021	31 March 2021
Cash flows from operating activities:			
Profit before income taxes	¥ 7,575	¥ 10,177	\$ 92,525
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	1,635	14,871
Loss on impairment of fixed assets	2	239	2,180
Increase (decrease) in allowance for doubtful accounts	(4)	(49)	(453)
Increase (decrease) in liability for retirement benefits	(450)	(694)	(6,316)
Increase (decrease) in provision for loss on construction defects	(3,241)	(1,307)	(11,887)
Interest and dividend income	(346)	(362)	(3,291)
Interest expenses	294	228	2,076
Exchange (gain) loss, net	85	(94)	(862)
(Gain) loss on valuation of marketable securities and investment in securities	198	10	90
(Gain) loss on sale of investment in securities	(124)	(1,423)	(12,943)
(Gain) loss on sale of fixed assets and intangible assets	(27)	7	64
(Gain) loss on disposal of fixed assets and intangible assets	17	212	1,931
Decrease (increase) in notes and accounts receivable, trade	5,869	(4,426)	(40,242)
Decrease (increase) in cost on construction contracts in progress and other	(397)	2,112	19,207
Decrease (increase) in real estate for sale	454	273	2,488
Decrease (increase) in advanced money	3,348	(3,217)	(29,246)
Increase (decrease) in notes and accounts payable, trade	(12,723)	(2,756)	(25,058)
Increase (decrease) in advances received on construction contracts in progress	37	3,070	27,917
Increase (decrease) in deposits received	5,710	2,384	21,681
Other, net	4,094	(3,827)	(34,792)
Sub-total	11,933	2,193	19,940
Interest and dividend income received	346	362	3,293
Interest paid	(290)	(229)	(2,085)
Income taxes paid	(492)	(854)	(7,766)
Net cash (used in) provided by operating activities	11,496	1,471	13,381
Cash flows from investing activities:			
Payments for acquisition of property, plant and equipment	(3,407)	(5,684)	(51,679)
Proceeds from sale of property, plant and equipment	352	70	644
Payments for acquisition of intangible assets	(390)	(274)	(2,495)
Payments for acquisition of investment in securities	(114)	(1,080)	(9,824)
Proceeds from sale of investment in securities	559	2,133	19,392
Payments of loans receivable	(338)	(261)	(2,376)
Collection of loans receivable	468	342	3,111
Other, net	18	24	219
Net cash (used in) provided by investing activities	(2,851)	(4,731)	(43,009)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(122)	(4,520)	(41,090)
Proceeds from long-term debt	4,580	4,900	44,545
Repayment of long-term debt	(5,238)	(6,100)	(55,458)
Net increase (decrease) in redemption of bonds	7,000	—	—
Sale of treasury stock	129	—	—
Acquisition of treasury stock	(2,130)	(1,194)	(10,856)
Cash dividends paid	(624)	(981)	(8,922)
Other, net	(220)	(358)	(3,261)
Net cash (used in) provided by financing activities	3,373	(8,254)	(75,043)
Effect of exchange rate changes on cash and cash equivalents	(71)	77	706
Net increase (decrease) in cash and cash equivalents	11,946	(11,436)	(103,964)
Cash and cash equivalents at beginning of year	31,799	43,746	397,698
Cash and cash equivalents at end of year	¥ 43,746	¥ 32,310	\$ 293,733

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, 2021. The consolidated financial statements for the year ended March 31, 2021 include the accounts of the Company and 10 majority-owned subsidiaries. Principal consolidated subsidiaries were TOA Agency Co., Ltd., Shinko Corporation, TOA Kikai Kogyo Co., Ltd. Consolidated subsidiaries have the same financial period as the Company that ends on March 31.

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 (12 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) Other important items for the preparation of consolidated financial statements

1) Accounting principles and procedures adopted when the relevant accounting standards are not clearly defined.

Accounting methods used for joint ventures (JV) in construction projects.

The Companies recognize assets, liabilities, income and expenses mainly in proportion to the percentage of investment by the JV members.

(Additional information)

The Companies apply the "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24, March 31, 2020) from the fiscal year ended March 31, 2021.

2) 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 ¥110=US\$1, the approximated rate of exchange prevailing on March 31, 2021. 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.

Significant accounting estimates

1 Percentage-of-completion method

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

The amounts of contract revenue accounted for by the percentage-of-completion method
¥172,265 million (US\$1,566,046 thousand)

(2) Information on the nature of significant accounting estimates for identified items

The Companies apply the percentage-of-completion method (the construction-cost-percentage method for estimating the degree of completion) to construction contracts whose outcome at the end of the current fiscal year is deemed certain. The percentage of completion based on the percentage-of-completion method is calculated by making a reliable estimate of total construction revenue and total construction cost for each construction project, and multiplying the percentage of construction cost incurred up to the end of the fiscal year by the total construction revenue calculated as of the end of the fiscal year. Estimates of the total cost of construction are made using an implementation budget, and the assumptions used includes/ various factors such as unit prices of construction materials, unit prices of labor, and the number of man-hours.

Since these key assumptions are subject to estimation uncertainty, changes in key assumptions due to future changes in economic conditions may result in an increase or decrease in the amount of work completed in the following fiscal year.

2 Impairment loss on fixed assets

(1) Amount recorded in the consolidated financial statements for the current fiscal year
Impairment loss
¥239 million (US\$2,180 thousand)

(2) Information on significant accounting estimates for identified items

The Companies recognizes impairment losses when the total amount of undiscounted future cash flows from an asset or asset group is less than its carrying amount, after grouping business assets by business location while rental assets and idle assets are grouped individually.

Assets or asset groups for which it has been determined that an impairment loss should be recognized are written down to their recoverable amount, and the amount of the reduction is presented as an impairment loss. The recoverable amount is the higher of the net selling price or the value in use of the asset or asset group. Future cash flows are calculated based on major assumptions such as future estimates of the amount of contract awards and the amount of construction value and the construction profit ratio.

Since these major assumptions are subject to estimation uncertainty, if the major assumptions change due to future changes in economic conditions or the Companies' business environment, it may be necessary to record additional impairment losses in the following fiscal year.

3 Recoverability of deferred tax assets

(1) Amounts recognized in the consolidated financial statements for the year ended March 31, 2021.
Deferred tax assets
¥4,238 million (US\$38,532 thousand)

(2) Information on significant accounting estimates for identified items

The Companies recognize deferred tax assets for net operating loss carryforwards and deductible temporary differences when the Companies believe that future taxable income will be sufficient to utilize the carryforwards and deductible temporary differences.

In determining the recoverability, the Companies estimate future taxable income based on major assumptions such as the expected amount of contract awards and the amount of construction work performed and the profit ratio on construction work and calculate the recoverable amount through the scheduling of loss carryforwards and deductible temporary differences.

Since these major assumptions are subject to estimation uncertainty, if the major assumptions change due to future changes in economic conditions or the Companies' business environment, it may be necessary to reverse the deferred tax assets in the following fiscal year.

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.

3. Changes in Presentation

Adoption of Accounting Standard for Disclosure of Accounting Estimates.

The Companies have adopted the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) in preparing the consolidated financial statements for the year ended March 31, 2021, and notes regarding significant accounting estimates are included in the consolidated financial statements.

However, in the notes, comparative information for the previous fiscal year is not included in accordance with the transitional treatment prescribed in the proviso of paragraph 11 of this accounting standard.

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

The items that had been presented as "Other income (expenses)" in the consolidated statements of income until the fiscal year ended March 31, 2020 are presented separately as "Non-operating income", "Non-operating expenses", "Extraordinary income" and "Extraordinary loss" from the fiscal year ended March 31, 2021.

Gain on insurance claims included in Other, net of Other income (expenses) in the consolidated statement of income is presented separately from the fiscal year ended March 31, 2021. To reflect this change in presentation, the Companies reclassified this item in the consolidated financial statements.

Consequently, the amount of ¥(36) million shown as Other, net of Other income (expenses) in the consolidated statement of income for the previous fiscal year was reclassified as Gain on insurance claims in the amount of ¥8 and Other of ¥29 million in Non-operating income.

Commission fee included in Other, net of Other income (expenses) in the consolidated statement of income is presented separately from the fiscal year ended March 31, 2021. In addition, Exchange loss, presented separately in the previous year, is included in Other in Non-operating loss in the current year. To reflect this change in presentation, the Companies reclassified this item in the consolidated financial statements.

Consequently, the amount of ¥(298) million shown as Exchange loss and the amounts of ¥(36) million shown Other, net of Other income (expenses) in the consolidated statement of income for the previous fiscal year were reclassified as Commission fee in the amount of ¥43 and Other of ¥324 million in Non-operating income.

Gain on redemption of golf club membership, presented separately in the previous year, is included in Other in Extraordinary income in the current year. To reflect this change in presentation, the Companies reclassified this item in the consolidated financial

statements. Consequently, the amount of ¥84 million shown Gain on redemption of golf club membership of ¥(36) million shown Other, net of Other income (expenses) in the consolidated statement of income for the previous fiscal year was reclassified as Other in the amount of ¥113 in Extraordinary income.

Loss on valuation of investment in securities, presented separately in the previous year, is included in Other in Extraordinary loss in the current year. To reflect this change in presentation, the Companies reclassified this item in the consolidated financial statements.

Consequently, the amount of ¥(198) million shown Loss on valuation of investment in securities of ¥(36) million shown Other, net of Other income (expenses) in the consolidated statement of income for the previous fiscal year was reclassified as Other in the amount of ¥232 in Extraordinary loss.

4. Changes in accounting estimates

Change in the number of years for accounting treatment of retirement benefits

Previously, the Company had amortized the cost of retirement benefits over 13 years, which is a certain number of years within the average remaining years of service of employees, but as the average remaining years of service has fallen below this number, the Company has changed the number of years over which costs are amortized to 12 years from the fiscal year ended March 31, 2021.

The effect of this change on profit or loss for the current fiscal year was immaterial.

5. 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

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 ¥124 million (US\$1,135 thousand), and the number of shares was 96,300 as of March 31, 2021.

(Impact of the spread of COVID-19 on Accounting Estimates)

As a result of the global spread of COVID-19, the Companies have been affected by the suspension of construction work on some overseas projects. Almost all of the interrupted works have been resumed, and assuming that these works can be continued, the Companies have made accounting estimates for the recoverability of deferred tax assets, the determination of impairment of fixed assets, and the total cost of construction works.

However, since it is difficult to predict the impact of the spread of COVID-19 and the timing of its convergence, the Companies' financial position and operating results in the future may differ from these estimates and assumptions.

(Acquisition of treasury stock)

By resolution of the Board of Directors meeting held on February 22, 2021, the Company acquired 698,600 shares of treasury stock by May 31, 2021, in accordance with the provisions of Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act.

Consequently, treasury stock increased by ¥1,696 million (US\$15,425 thousand).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

6. 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 2021 consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Cost on construction contracts in progress	¥5,646	¥3,817	\$34,701
PFI projects	773	619	5,633
Other inventories	890	760	6,913
Cost on construction contracts in progress and other	¥7,310	¥5,197	\$47,248

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 2021 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
	¥192	¥563	\$5,123

III. Investments in securities

Among investments in securities, the aggregate amounts corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2020 and 2021 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Investments in affiliates	¥303	¥339	\$3,088

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	2021	2021
Differences of the land after revaluation exceeded its fair value	¥3,802	¥3,618	\$32,895

V. Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities as of March 31, 2020 and 2021 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Assets pledged as collateral:			
Current assets			
Other current assets	¥19	¥17	\$159
Investment and other assets			
Investment in securities	2,301	2,327	21,160
Long-term loans	147	130	1,189
Total	¥2,468	¥2,476	\$22,510

As of March 31, 2021, the assets listed above are pledged as collateral to secure contingent liabilities amounting to ¥1,959 million (US\$17,817 thousand) and liabilities based on the loan agreements with credit line between 12 PFI companies and financial institutions.

As of March 31, 2020, secured liabilities were in the amount of ¥1,768 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 2021 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
	¥164	¥195	\$1,779

VII. Commitments and contingent liabilities

(a) The Companies are contingently liable for the following as of March 31, 2020 and 2021:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Employees (Loan guarantee to bank)	¥13	¥14	\$131
National Federation of Promotion for Fishing Ports and Villages	44	33	303
Fisheries Cooperative Association (Loan guarantee)			
MORIMOTO CO., LTD (Deposit Money Guarantee)	325	155	1,417
Others	5	—	—
Total	¥389	¥203	\$1,852

VIII. Short-term borrowings

The Company had commitment lines for efficient financing from 7 banks at March 31, 2020 and 2021 as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Total amount of contracts of commitment lines	¥20,000	¥25,000	\$227,272
Outstanding borrowings	—	—	—
Balance	¥20,000	¥25,000	\$227,272

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 2021 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Non-recourse debt included in current portion of long-term debt	¥542	¥455	\$4,138
Non-recourse debt included in long-term debt	658	203	1,846
Total	¥1,201	¥658	\$5,985

The amount of PFI assets pledged as collateral for non-recourse debt as of March 31, 2020 and 2021 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
	¥3,583	¥3,074	\$27,950

7. 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	2021	2021
	¥172,431	¥172,265	\$1,566,046

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	2021	2021
	¥212	¥14	\$131

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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	2021	2021	
¥1,968	¥767	\$6,980	

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	2021	2021	
Salaries to employees	¥4,804	¥4,564	\$41,492	
Expenses for retirement benefits for employees	332	496	4,509	
Research expenses	982	911	8,285	
Provision for doubtful accounts, trade	(0)	(0)	(2)	

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	2021	2021	
¥1,058	¥1,225	\$11,139	

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	2021	2021	
Land	¥22	¥0	\$6	
Building and structures	4	—	—	
Vessels	1	0	0	
Others	0	0	0	
Total	¥28	¥0	\$8	

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	2021	2021	
Land	¥0	¥6	\$58	
Building and structures	0	1	14	
Others	—	0	0	
Total	¥0	¥7	\$72	

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	2021	2021	
Machinery, vehicles and equipment	¥2	¥203	\$1,847	
Buildings and structures	56	16	153	
Others	—	7	67	
Total	¥58	¥227	\$2,068	

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, 2021, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Business assets	Buildings and structures	Kanagawa Pref	1

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

Some business assets in Kanagawa Prefecture are no longer expected to be used in the future due to the decision to partially demolish buildings and structures in the current fiscal year, and the book value has been reduced to the recoverable amount. An impairment loss of ¥239 million (US\$2,180 thousand) has been recorded.

8.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	2021	2021	
Unrealized gains (losses) on securities:				
Amount arising during the year	(¥1,197)	¥1,641	\$14,924	
Amount of reclassification adjustments	73	(1,420)	(12,910)	
Amount before tax effect	(1,123)	221	2,014	
Tax effect	360	(93)	(845)	
Unrealized gains (losses) on securities	(762)	128	1,168	
Deferred gains (losses) on hedges:				
Amount arising during the year	12	27	245	
Amount of reclassification adjustments	—	—	—	
Amount before tax effect	12	27	245	
Tax effect	(3)	(8)	(75)	
Deferred gains (losses) on hedges	8	18	170	
Revaluation reserve for land:				
Tax effect	—	—	—	
Revaluation reserve for land	—	—	—	
Retirement benefits liability adjustments:				
Amount arising during the year	(2,555)	1,831	16,645	
Amount of reclassification adjustments	565	1,256	11,418	
Amount before tax effect	(1,990)	3,087	28,064	
Tax effect	609	(945)	(8,593)	
Retirement benefits liability adjustments	(1,381)	2,141	19,471	
Total other comprehensive income	(¥2,134)	¥2,289	\$20,810	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

9. Notes to Consolidated Statement of Changes in Net Assets

I. Type and number of shares

For the year ended March 31, 2020

				Thousands of shares
Type of shares	Number of shares at beginning of year	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, 2021

				Thousands of shares
Type of shares	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Issued stock				
Common stock	22,494	—	—	22,494
Treasury stock				
Common stock	2,891	493	9	3,375

Notes: 1. The number of common shares of treasury stock includes 96 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 treasury stock under the board resolution on Feb 22, 2021	493 thousand shares
Increase due to purchase of odd lot shares	0
Decrease due to the issuance of treasury stock with exercising of stock acquisition rights of yen-denominated convertible corporate bonds with stock acquisition rights maturing in 2021	5
Decrease due to the BBT benefits	3

II. Dividend payment

For the year ended March 31, 2020

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 26, 2020	Common stock	Retained earnings	¥1,002	¥50	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.

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, 2021

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 29, 2021	Common stock	Retained earnings	¥1,537	¥80	\$13,974	\$0.72	March 31, 2021	June 30, 2021

Notes: Total amount of dividends (¥1,537 million) based on the resolution adopted at the Ordinary General Shareholder's Meeting on Jun 29, 2021 is also included in the dividend payment of ¥7 million for the shares acquired by the BBT.

IV. Stock acquisition rights

For the year ended March 31, 2021

Number of shares to be issued (Thousands of shares)

Company name	Description	Type of Share	Beginning of year	Increase	Decrease	End of year	Balance at 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	22	5	3,736	See Note

Notes: 1. Convertible corporate bonds with stock acquisition rights are accounted for based on the lump-sum reporting method.

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

Increase due to adjustment of conversion price	22 thousand shares
Decrease due to the issuance of treasury stock with exercising of stock acquisition rights of yen-denominated convertible corporate bonds with stock acquisition rights maturing in 2021	5

10. Notes to Consolidated Statement of Cash Flows

Cash and cash equivalents consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Cash and bank deposits	¥43,767	¥32,331	\$293,919
Time deposits due over three months	(20)	(20)	(185)
Cash and cash equivalents	¥43,746	¥32,310	\$293,733

11. 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 2021, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Due within one year	¥153	¥140	\$1,278
Due over one year	181	68	619
Total	¥334	¥208	\$1,898

12. 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

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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:

	Carrying amount	Fair value	Unrealized gain (loss)
	Millions of Japanese Yen		
Cash and bank deposits	¥43,767	¥43,767	¥—
Notes and accounts receivable, trade	83,275	83,275	—
Advanced money	12,068	12,068	—
Investments in securities			
Other securities	8,781	8,781	—
Total assets	147,893	147,893	—
Notes and accounts payable, trade	34,796	34,796	—
Electronically recorded obligations, operating	11,894	11,894	—
Short-term borrowings	8,636	8,636	—
Deposits received	21,161	21,161	—
Convertible bonds with stock acquisition rights	7,000	7,206	206
Long-term debt (*1)	18,834	18,901	66
Total liabilities	102,323	102,596	272
Derivative transactions (*2)	(¥39)	(¥39)	¥—

(*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, 2021, carrying amount, fair value and unrealized gain (loss) are as follows:

	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
	Millions of Japanese Yen			Thousands of U.S. Dollars		
Cash and bank deposits	¥32,331	¥32,331	¥—	\$293,919	\$293,919	\$—
Notes and accounts receivable, trade	87,702	87,702	—	797,295	797,295	—
Advanced money	15,285	15,285	—	138,960	138,960	—
Investments in securities						
Other securities	9,486	9,486	—	86,242	86,242	—
Total assets	144,805	144,805	—	1,316,417	1,316,417	—
Notes and accounts payable, trade	32,005	32,005	—	290,960	290,960	—
Electronically recorded obligations, operating	11,929	11,929	—	108,445	108,445	—
Short-term borrowings	4,116	4,116	—	37,418	37,418	—
Deposits received	23,546	23,546	—	214,056	214,056	—
Convertible bonds with stock acquisition rights	6,990	9,284	2,294	63,545	84,405	20,860
Long-term debt (*1)	17,634	17,699	64	160,314	160,902	588
Total liabilities	96,221	98,580	2,359	874,741	896,189	21,448
Derivative transactions (*2)	(¥12)	(¥12)	¥—	(\$111)	(\$111)	\$—

(*1) Current portion of long-term debt of ¥5,749 million (US\$52,264 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.

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 13, Derivative Transactions, of the notes the consolidated financial statements.

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	2021	2021
Unlisted stocks	¥1,860	¥1,837	\$16,706

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
	Millions of Japanese Yen			
Cash and bank deposits	¥43,767	¥—	¥—	¥—
Notes and accounts receivable, trade	77,172	6,095	8	—
Investments in securities				
Other securities with maturities (Government bonds)	—	42	—	—
Total	¥120,939	¥6,138	¥8	¥—

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The projected redemption of monetary claims as of March 31, 2021 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	¥32,331	¥—	¥—	¥—	\$293,919	\$—	\$—	\$—
Notes and accounts receivable, trade	87,532	168	1	—	795,751	1,528	15	—
Investments in securities								
Other securities with maturities (Government bonds)	—	42	—	—	—	389	—	—
Total	¥119,863	¥211	¥1	¥—	\$1,089,671	\$1,918	\$15	\$—

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

The projected repayment of short-term borrowings, long-term debt and lease obligation as of March 31, 2021 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	¥4,116	¥—	¥—	¥—	¥—	¥—
Long-term debt	5,749	4,884	3,508	2,284	1,207	1
Lease obligation	534	497	494	470	183	352
Total	¥10,399	¥5,381	¥4,002	¥2,754	¥1,391	¥353

	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	\$37,418	\$—	\$—	\$—	\$—	\$—
Long-term debt	52,264	44,036	31,892	20,766	10,976	14
Lease obligation	4,856	4,518	4,491	4,279	1,670	3,201
Total	\$94,538	\$48,555	\$36,383	\$25,045	\$12,646	\$3,215

13. 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		
	Fair value (Carrying value)	Acquisition cost	Unrealized gain (loss)
Other securities whose fair value amount exceeds their acquisition cost			
Stock	¥6,949	¥3,271	¥3,677
Government bond	42	41	1
Sub total	6,992	3,312	3,679
Other securities whose fair value does not exceed their acquisition cost			
Stock	1,789	2,013	(223)
Government bond	—	—	—
Sub total	1,789	2,013	(223)
Total	¥8,781	¥5,325	¥3,456

At March 31, 2021

	Millions of Japanese Yen			Thousands of U.S. Dollars		
	Fair value (Carrying value)	Acquisition cost	Unrealized gain (loss)	Fair value (Carrying value)	Acquisition cost	Unrealized gain (loss)
Other securities whose fair value exceeds its acquisition cost						
Stock	¥9,080	¥5,236	¥3,844	\$82,553	\$47,603	\$34,950
Government bond	42	41	1	389	379	10
Sub total	9,123	5,278	3,845	82,943	47,983	34,960
Other securities whose fair value does not exceed their acquisition cost						
Stock	362	407	(44)	3,298	3,703	(404)
Government bond	—	—	—	—	—	—
Sub total	362	407	(44)	3,298	3,703	(404)
Total	¥9,486	¥5,685	¥3,801	\$86,242	\$51,686	\$34,556

(2) Other securities sold during the years ended March 31, 2020 and 2021 were as follows:

At March 31, 2020

	Millions of Japanese Yen		
	Sales proceeds	Gain on sales	Loss on sales
Stock	¥487	¥197	¥72
Other	—	—	—
Total	¥487	¥197	¥72

At March 31, 2021

	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	¥2,107	¥1,425	¥5	\$19,160	\$12,959	\$49
Other	—	—	—	—	—	—
Total	¥2,107	¥1,425	¥5	\$19,160	\$12,959	\$49

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14. 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

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

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

(2) Interest rate related derivatives

Millions of Japanese Yen					
Hedge accounting method	Types of derivative	Hedged item	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) (*1)
Short-cut	Interest rate swaps Pay/fixed and receive/ floating	Long-term debt	¥914	¥83	(¥2) (*2)

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

(*2) 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, 2021 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

Millions of Japanese Yen						Thousands of U.S. Dollars		
Hedge accounting method	Types of derivative	Hedged item	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	¥238	—	(¥14) (*)	\$2,168	—	\$129 (*)

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

(2) Interest rate related derivatives

Millions of Japanese Yen						Thousands of U.S. Dollars		
Hedge accounting method	Types of derivative	Hedged item	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	¥3,393	¥2,021	(¥26) (*1)	\$30,845	\$18,377	(\$239) (*1)
Short-cut	Interest rate swaps Pay/fixed and receive/ floating	Long-term debt	¥83	—	(¥2) (*2)	\$760	—	(¥2) (*2)

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

(*2) 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.

15. 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 2021 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Retirement benefit obligation balance at the beginning of the year	¥21,135	¥21,073	\$191,574
Service cost	781	811	7,377
Interest cost	78	78	709
Actuarial gain	158	(272)	(2,476)
Retirement benefit paid	(1,081)	(1,236)	(11,236)
Past service costs	—	514	4,673
Retirement benefit obligation balance at the end of the year	¥21,073	¥20,968	\$190,621

(2) The changes in plan assets during the years ended March 31, 2020 and 2021 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Plan assets balance at the beginning of the year	¥17,889	¥15,721	\$142,927
Expected return on plan assets	233	240	2,186
Actuarial gain (loss)	(2,396)	2,072	18,842
Contributions by the Company	1,077	1,641	14,924
Retirement benefits paid	(1,080)	(1,213)	(11,031)
Plan assets balance at the end of the year	¥15,721	¥18,463	\$167,849

(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 2021 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Funded retirement benefit obligation	¥20,596	¥20,473	\$186,118
Plan assets at fair value	(15,721)	(18,463)	(167,849)
	4,874	2,009	18,269
Unfunded retirement benefit obligation	476	495	4,502
Net liability for retirement benefits in the balance sheet	5,351	2,504	22,771
	5,351	2,504	22,771
Liability for retirement benefits	5,351	2,504	22,771
Net liability for retirement benefits in the balance sheet	¥5,351	¥2,504	\$22,771

(4) The components of retirement benefit expense for the years ended March 31, 2020 and 2021 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Service cost	¥781	¥811	\$7,377
Interest cost	78	78	709
Expected return on plan assets	(233)	(240)	(2,186)
Amortization of actuarial loss	565	939	8,542
Past service costs	—	316	2,876
Other	11	5	51
Retirement benefit expense	¥1,203	¥1,910	\$17,370

(5) Unrecognized actuarial gain (loss) included in other comprehensive income (before tax effect) for the years ended March 31, 2020 and 2021 is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Past service costs	—	(¥197)	(\$1,797)
Actuarial gain (loss)	(1,990)	3,284	29,862
Total	(¥1,990)	¥3,087	\$28,064

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(6) Unrecognized actuarial gain (loss) included in accumulated other comprehensive income (before tax effect) as of March 31, 2020 and 2021 is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Unrecognized past service costs	—	¥197	\$1,797
Unrecognized actuarial gain (loss)	3,671	386	3,517
Total	¥3,671	¥584	\$5,315

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2020 and 2021 is as follows:

	2020	2021
Stocks	34%	39%
Bonds	30%	27%
General account assets	19%	16%
Other	17%	17%
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 2021 were as follows:

	(Weighted average)	
	2020	2021
Discount rate	0.4%	0.5%
Expected rate of return on plan assets	2.0%	2.0%
Expected rate of future salary increase	2.4%~7.2%	2.2%~7.1%

16. Tax Effect Accounting

1. The significant components of deferred tax assets and liabilities at March 31, 2020 and 2021 were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Deferred Tax Assets:			
Net liability for retirement benefits	¥2,467	¥1,615	\$14,683
Loss carried forward	2,358	1,120	10,188
Reserve for loss on construction works	805	522	4,749
Accrued bonus to employees	820	801	7,286
Loss on valuation of utility rights	233	232	2,110
Loss on valuation of investment in securities	142	135	1,229
Loss on impairment of fixed assets	252	317	2,885
Loss on construction defects	459	58	535
Others	1,389	1,940	17,642
Total gross deferred tax assets	¥8,929	¥6,744	\$61,312
Valuation allowance for tax loss carried forward	(¥242)	(¥251)	(2,287)
Valuation allowance for deductible temporary differences	(¥970)	(¥929)	(8,453)
Total valuation allowance	(¥1,213)	(¥1,181)	(10,740)
Total deferred tax assets	¥7,716	¥5,562	50,571
Deferred Tax Liabilities:			
Unrealized gains on securities	(¥1,007)	(¥1,100)	(10,008)
Revaluation reserve for land	(545)	(548)	(4,983)
Other	(58)	(279)	(2,538)
Total deferred tax liabilities	(1,612)	(1,928)	(\$17,530)
Net deferred tax assets	¥6,103	¥3,634	\$33,041

(Note) A breakdown of tax loss carried forward and valuation allowance by expiry date as of March 31, 2021 is as follows:

At March 31, 2021

	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)	¥16	¥—	¥—	¥—	¥26	¥1,077	¥1,120
Valuation allowance	(9)	—	—	—	(25)	(216)	(251)
Deferred tax assets	6	—	—	—	0	861	869 (*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)	\$152	\$—	\$—	\$—	\$241	\$9,794	\$10,188
Valuation allowance	(89)	—	—	—	(233)	(1,964)	(2,287)
Deferred tax assets	62	—	—	—	7	7,830	7,901 (*2)

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

(*2) Deferred tax assets of ¥869 million (US\$7,901 thousand) for the tax loss carried forward of ¥1,120 million (US\$10,188 thousand) (the amount is determined by multiplying the corresponding effective statutory tax rate) were recorded.

Deferred tax assets of ¥869 million (US\$7,901 thousand) mainly consist of the balance of tax loss carried forward of ¥849 million (the amount is determined by multiplying the corresponding effective statutory tax rate).

The tax loss carried forward within deferred tax assets was mainly due to the reversal of a portion of the ¥14,100 million (US\$128,181 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 2021, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2020	2021
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	2.5	1.0
Non-taxable income	(0.4)	(0.3)
Per capita levy of inhabitant taxes	1.5	1.1
Change in valuation allowance	(1.3)	(0.3)
Other-net	0.1	0.3
Actual effective tax rates	32.9%	32.4%

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 2021.

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 2021.

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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:

- 1) Domestic Civil Engineering Businesses: domestic civil engineering contracts, contracts related to design and others
- 2) Domestic Architectural Building Businesses: domestic architectural contracts, contracts related to design and others
- 3) 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

Notes :

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

For the year ended March 31, 2021

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	¥95,385	¥57,024	¥26,812	¥179,221	¥10,490	¥189,712	¥ —	¥189,712
Inter-segment	100	84	—	184	28,803	28,987	(28,987)	—
Total	¥95,485	¥57,108	¥26,812	¥179,405	¥39,293	¥218,699	(¥28,987)	¥189,712
Segment profits or losses	7,100	3,586	(495)	10,192	1,989	12,181	(3,466)	8,714
Other items								
Depreciation and amortization	¥509	¥0	¥319	¥828	¥454	¥1,283	¥352	¥1,635

For the year ended March 31, 2021

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	\$867,137	\$518,405	\$243,746	\$1,629,289	\$95,365	\$1,724,655	\$ —	\$1,724,655
Inter-segment	909	764	—	1,673	261,850	263,524	(263,524)	—
Total	\$868,046	\$519,169	\$243,746	\$1,630,963	\$357,216	\$1,988,179	(\$263,524)	\$1,724,655
Segment profits or losses	64,550	32,608	(4,501)	92,656	18,084	110,741	(31,515)	79,226
Other items								
Depreciation and amortization	\$4,627	\$7	\$2,900	\$7,535	\$4,134	\$11,670	\$3,201	\$14,871

Notes :

1. "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.
2. Adjustment of the segment profits amounting to ¥(3,466) million (US\$(31,515) thousand) is inclusive of inter-segment elimination amounting to ¥(7) million (US\$(66) thousand) and Selling, General and Administrative Expenses amounting to ¥(3,459) million (US\$(31,448) thousand) which are not attributed to any reportable segments.
3. Segment profits or losses are adjusted to the operating income in the consolidated statements of income.
4. 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	
2020	
Japan	¥161,284
Other	28,994
Total	¥190,278

For the year ended March 31, 2021

	Millions of Japanese Yen	Thousands of U.S. Dollars
	2021	2021
Japan	¥162,903	\$1,480,937
Other	26,808	243,717
Total	¥189,712	\$1,724,655

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

(Changes in presentation)

Net sales in South East Asia was presented separately in the previous fiscal year, however, it is included in Other from the fiscal year ended March 31, 2021. To reflect this change in presentation, the Company reclassified this item in the geographical information for the previous fiscal year. Consequently, the amount of ¥19,590 million shown as South East Asia in the consolidated statement of income for the previous fiscal year was reclassified as Other.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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	
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses,others	¥33,509	

For the year ended March 31, 2021

Name of Customer	Related segments	Net sales	
		Millions of Japanese Yen 2021	Thousands of U.S. Dollars 2021
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses,others	¥30,687	\$278,979

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 2021.

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 2021.

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 2021.

21.Per Share Data

	Japanese Yen		U.S. Dollars
	2020	2021	2021
Net assets	¥3,492.34	¥3,946.12	\$35.873
Net income	244.65	350.63	3.187
Diluted net income	230.68	294.34	2.675

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	2021	2021
Net assets	¥69,166	¥76,175	\$692,502
Net assets amount for common stock	68,462	75,446	685,878
Significant breakdown of differences			
Non-controlling interests	¥703	¥728	\$6,624

	Thousands of shares	
	2020	2021
Numbers of issued shares of common stock	22,494	22,494
Numbers of shares of treasury stock	2,891	3,375
Numbers of shares of common stock which were used for calculation for per share data on net assets	19,603	19,119

2.Per share data on net income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2020	2021	2021
Profit attributable to owners of parent	¥5,007	¥6,859	\$62,359
Profit attributable to owners of parent not attributable to common stockholders	—	—	—
Profit attributable to owners of parent for common stock	¥5,007	¥6,859	\$62,359

	Thousands of Shares	
	2020	2021
Average number of shares of common stock	20,467	19,563

	Thousands of Shares	
	2020	2021
Increase in the number of common stock	1,239	3,741

22.Significant Subsequent Events

Not applicable

Supplementary Information

Details on convertible corporate bonds with stock acquisition rights

Company name	Descripton	Issue date	Beginning balance (Millions of Japanese Yen)	Closing Balance (Millions of Japanese Yen)	Interest Rate	Collateral	Redemption due date
Toa Corporation	Yen-denominated convertible corporate bonds with stock acquisition rights maturing in 2024	December 13, 2019	7,000	6,990	—	Unsecured	December 13, 2024
Total			7,000	6,990			

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	: ¥1,870.8 Yen
Total exercise price	: ¥7,000 million Yen
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					¥6,990
Thousands of US dollars					\$63,545

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries



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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	¥8,636	¥4,116	\$78,509	\$37,418	0.67%	
Current portion of Long-term debt	5,557	5,293	50,524	48,125	1.12	
Current portion of Non-recourse debt	542	455	4,933	4,139	1.98	
Current portion of lease obligations	71	534	653	4,856	—	
Long-term debt (excluding current portion)	12,076	11,682	109,782	106,202	1.07	from 2022 to 2026
Non-recourse debt (excluding current portion)	658	203	5,985	1,846	2.35	from 2022 to 2026
Lease obligation (excluding current portion)	122	1,997	1,113	18,161	—	from 2022 to 2026
Other debt	—	—	—	—	—	
Total	¥27,665	¥24,282	\$251,502	\$220,749		

Notes :

- 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.
- 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	¥4,701	¥3,502	¥2,278	¥1,201	\$42,736	\$31,837	\$20,710	\$10,919
Non-recourse debt	183	6	6	6	1,664	54	56	57
Lease obligations	497	494	470	183	4,518	4,491	4,279	1,670

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, 2021, 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, 2021, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Use of the percentage-of-completion method to record net sales for construction contracts	
Description of Key Audit Matter	Auditor's response
Toa Corporation Group is engaged in the construction business and other businesses related to construction. As described in "(5) Recognition of contract revenue and cost" under "II. Basis of accounting treatment" in "1. Significant Items that Form the Basis of Preparing Consolidated Financial Statements" in recording net sales and cost of sales of completed construction work for orders	We mainly performed the following audit procedures in evaluating the reasonableness of estimates of total construction costs when applying the percentage-of-completion method. (1) Evaluation of internal controls We evaluated the design and operating effectiveness of the following internal controls relating to estimates of total

received under construction contracts, the Company and its consolidated subsidiaries apply the percentage-of-completion method for the portion of work for which completion by the end of the fiscal year ended March 31, 2021 is deemed to be certain (the cost-to-cost method is used in estimating progress toward completion of construction), and apply the completed contract method for all other construction contracts.

Revenue for which the percentage-of-completion method is applied is measured by reasonably estimating total construction revenue, total construction costs, and progress toward completion of construction as of the closing date based on substantive transaction units agreed upon between counterparties

As described in “1 Percentage-of-completion method” in “Significant accounting estimates,” for the fiscal year ended March 31, 2021, the Company and its consolidated subsidiaries recorded net sales for completed construction work of 172,265 million yen based on the percentage-of-completion method, accounting for 90.8% of total consolidated net sales. Total construction costs, which serve as the basis for revenue recognition under the percentage-of-completion method, are estimated using the operating budget for each construction contract and, when estimates of total construction costs are revised according to changes in the construction environment after construction begins, percentage-of-completion is calculated based on the latest revised budget following such revision of estimates.

Operating budgets are individual in nature since specifications and construction periods differ by construction contract, and estimates of total costs for such operating budgets are calculated based not only on objective figures and indicators such as quotations provided by vendors, but also on subjective determinations by management made in light of the Company's past construction experience and specialized construction

construction costs.

- Controls to ensure reliability by requiring that operating budgets on which estimates of total construction costs are based are prepared in a timely manner by construction managers and approved by decision makers in accordance with decision-making standards
- Controls to ensure that each of the elements of total construction costs are calculated based on detailed aggregations for which appropriate unit prices and quantities were used, and that the necessary expenses arising throughout the construction period are appropriately calculated

- Controls to ensure that estimates of total construction costs are appropriately revised in a timely manner by requiring that construction managers prepare monthly construction management reports and revise operating budgets as necessary based on an understanding of the actual costs that have arisen, the progress of construction work, and other changes in the construction environment, and requiring that managers in construction departments monitor whether revised budgets have been prepared to reflect changes in circumstances after construction begins within estimates of total construction costs

(2) Evaluation of the significant assumptions underlying estimates of total construction costs

In order to evaluate the significant assumptions underlying estimates of total construction costs based on operating budgets and revised budgets formulated for each construction contract, we identified construction work for which uncertainty associated with estimates of total construction costs has a material impact on financial reporting in consideration of the existence of changes in construction contract amounts, profit (loss) on construction, and the construction environment, and performed the following audit procedures.

knowledge. Further, given that construction work generally spans long periods of time, there may be fluctuations in construction material prices and labor prices and changes in the construction period, construction method, or scope of work, thus affecting significant assumptions underlying estimates of total construction costs such as material expenses, outsourcing expenses, and overhead. Accordingly, it is necessary in such cases to modify initial operating budgets according to changes in the construction environment after construction begins and the status of discussions with counterparties. However, since it is difficult to accurately predict such circumstances, estimates are subject to uncertainty.

Based on the above, we have determined that estimates of total construction costs, which are an assumption underlying the measurement of progress related to revenue recognition for construction contracts, are of particular significance for the fiscal year ended March 31, 2021 and, accordingly, that this is a key audit matter.

- We obtained monthly construction management reports and considered whether the types of work making up construction projects are consistent with overviews of projects, whether there are any irregularities in the percentage of progress for each type of work, and whether there are any unreasonable declines in costs.
- We analyzed changes in indicators such as profit margin for each quarter, inquired about the factors causing fluctuations that were above a certain threshold, and considered the impact of events causing fluctuations on the significant assumptions and whether such fluctuations were reflected in the latest revised budgets as of the end of the fiscal year ended March 31, 2021.
- We inspected construction sites or made inquiries of construction managers about the status of construction work, and then considered whether the actual status of construction is consistent with work schedules and progress percentages. Additionally, with regards to cases where construction managers considered whether revisions to operating budgets were necessary and determined that operating budgets needed to be revised, we made inquiries of construction managers about the details thereof and whether such revisions were reflected in total construction costs.
- We evaluated the process for estimating total construction costs by comparing initial operating budgets with the latest revised budgets or finalized amounts and considering the details of any differences.
- Regarding items sampled from itemized breakdowns of total construction costs in operating budgets and revised budgets, we compared such items to source documents such as quotations and considered whether such items are consistent with information such as contract periods and workforce plans.

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, 2021 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 29, 2021

福本 子人 

Kazuo Fukumoto
Designated Engagement Partner
Certified Public Accountant

奥見 正浩 

Masahiro Okumi
Designated Engagement Partner
Certified Public Accountant

Quarterly Financial Information

For the fiscal year ended March 31, 2021

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	¥37,289	¥82,639	¥132,909	¥189,712	\$338,994	\$751,268	\$1,208,267	\$1,724,655
Profit before income taxes or quarterly profit before income taxes	1,332	3,764	6,795	10,177	12,027	34,219	61,777	92,525
Profit attributable to owners of parent or quarterly profit attributable to owners of parent	¥862	¥2,443	¥4,460	¥6,859	\$7,844	\$22,213	\$40,546	\$62,359

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	¥44.02	¥124.63	¥227.48	¥350.63	\$0.400	\$1.113	\$2.068	\$3.187

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)	¥44.02	¥80.61	¥102.85	¥123.46	\$0.400	\$0.732	\$0.935	\$1.122

Board of Directors

(As of July 1, 2021)

President and Representative Director

Masaki Akiyama

Representative Directors

Masato Ikeda

Shigetoshi Kurosu

Directors

Yoshinobu Fukushima

Takayuki Baba

Yoshika Hirose

Kenichi Ogata

Independent Director

Shiro Kuniya

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, 2021)

President and Chief Executive Officer (CEO)

Masaki Akiyama

Executive Vice President

Masato Ikeda

Shigetoshi Kurosu

Senior Executive Officers

Seiichi Yamaguchi

Yoshinobu Fukushima

Seigo Suzuki

Tooru Koike

Managing Executive Officers

Takayuki Baba

Yoshika Hirose

Yuko Shirakawa

Masato Honda

Kazuhiko Takase

Naruyuki Umakoshi

Isao Takahashi

Satoshi Iyama

Takahide Maruyama

Executive Officers

Masaki Uematsu

Toshio Aono

Ryohei Goto

Kenichi Ogata

Shinichi Yamashita

Isao Kaneko

Satoshi Kaneda

Takuya Takeichi

Satoshi Kawamori

Katsuhisa Kimura

Masato Nakamichi

Kazuyoshi Mugita

Katsushi Honda

Masanobu Kinoshita

Takeshi Hayakawa

Investor Information

(As of July 1, 2021)

Head Office

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Date of Incorporation

January 1920

Paid-In Capital

¥18,976 million (As of March 31, 2021)

Authorized Shares

60,000,000

Outstanding Shares

22,494,629 shares in 2021 (As of March 31, 2021)

Number of Shareholders

7,768 (As of March 31, 2021)

Number of Employees

1,525 (As of March 31, 2021)

General Meeting

The General Meeting of Shareholders was held on June 29, 2021

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,
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Domestic Branches

(As of July 1, 2021)

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Shikoku Branch

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Overseas Network

Head Office and Overseas Offices

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