

CONSOLIDATED BALANCE SHEET

TOA CORPORATION and its consolidated subsidiaries
As of 31 March 2023 and 2024

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2023	31 March 2024	31 March 2024
ASSETS			
Current assets:			
Cash and bank deposits (Note 12)	¥ 28,289	¥ 57,063	\$ 377,903
Notes and accounts receivable, trade (Note 6 and 12)	127,884	131,994	874,133
Cost on construction contracts in progress and other (Note 6)	4,427	6,091	40,341
Real estate for sale	1,315	1,269	8,405
Advanced money	7,935	11,865	78,577
Other current assets (Note 6)	5,731	5,763	38,166
Allowance for doubtful accounts	(9)	(9)	(60)
Total current assets	175,573	214,037	1,417,466
Fixed assets:			
Property, plant and equipment:			
Buildings and structures	15,758	15,474	102,483
Machinery, vehicles and equipment	22,326	30,433	201,547
Land (Note 6)	18,767	18,414	121,948
Leased assets	2,472	2,529	16,753
Construction in progress	6,682	761	5,043
Less accumulated depreciation	(30,404)	(32,727)	(216,735)
Total property, plant and equipment-net	35,602	34,887	231,040
Intangible assets:	808	700	4,641
Investments and other assets:			
Investments in securities (Notes 6, 12 and 13)	10,456	14,037	92,965
Long-term loans receivable (Note 6)	101	90	598
Asset for retirement benefit	1,404	6,114	40,492
Deferred tax assets (Note 16)	2,002	2,107	13,959
Other	1,510	2,226	14,745
Allowance for doubtful accounts	(530)	(1,266)	(8,384)
Total investments and other assets	14,944	23,310	154,376
Total fixed assets	51,355	58,898	390,059
Total assets	¥ 226,928	¥ 272,936	\$ 1,807,525

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

CONSOLIDATED BALANCE SHEET

TOA CORPORATION and its consolidated subsidiaries
As of 31 March 2023 and 2024

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2023	31 March 2024	31 March 2024
LIABILITIES			
Current liabilities:			
Notes and accounts payable, trade	¥ 37,250	¥ 44,566	\$ 295,145
Electronically recorded obligations, operating	7,616	10,456	69,250
Short-term borrowings (Notes 6)	30,708	29,896	197,991
Commercial papers	6,000	8,000	52,980
Accrued income taxes	1,620	7,255	48,051
Advances received on construction contracts in progress	10,650	22,719	150,462
Deposits received	20,917	28,248	187,078
Reserve for indemnity on completed contracts	894	912	6,043
Reserve for loss on construction works (Note 6)	1,321	2,214	14,662
Reserve for director's bonuses	28	79	524
Other current liabilities	5,242	6,925	45,863
Total current liabilities	122,249	161,276	1,068,053
Long-term liabilities:			
Long-term debt (Notes 6 and 12)	10,335	9,806	64,944
Deferred tax liabilities on revaluation of land (Notes 6 and 16)	2,232	2,144	14,205
Liability for retirement benefits (Note 15)	596	583	3,861
Provision for board benefit trust	111	277	1,840
Provision for employee stock ownership plan trust	-	527	3,492
Other long-term liabilities	2,041	1,619	10,727
Total long-term liabilities	15,317	14,959	99,071
Total liabilities	137,567	176,235	1,167,124
Net assets:			
Shareholders' equity:			
Common stock	18,976	18,976	125,673
Capital surplus	18,965	19,270	127,620
Retained earnings	46,602	55,294	366,188
Treasury stock	(2,225)	(9,146)	(60,570)
Total shareholders' equity	82,319	84,395	558,912
Accumulated other comprehensive income:			
Net unrealized gains (losses) on securities (Note 13)	2,048	4,636	30,703
Net deferred gains (losses) on hedges (Notes 14)	(3)	1	11
Revaluation reserve for land (Note 6)	3,460	3,277	21,705
Foreign Currency Translation Adjustment	-	(30)	(204)
Retirement benefits liability adjustments (Note 15)	804	3,354	22,214
Total accumulated other comprehensive income	6,310	11,239	74,430
Non-controlling interests	731	1,065	7,057
Total net assets	89,361	96,700	640,400
Total liabilities and net assets	¥ 226,928	¥ 272,936	\$ 1,807,525

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

CONSOLIDATED STATEMENT OF INCOME

TOA CORPORATION and its consolidated subsidiaries
As of 31 March 2023 and 2024

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2023	31 March 2024	31 March 2024
Net sales	¥ 213,569	¥ 283,852	\$ 1,879,819
Cost of sales	195,539	253,418	1,678,270
Gross profit	18,030	30,433	201,548
Selling, general and administrative expenses (Note 7)	11,475	13,202	87,434
Operating income	6,555	17,231	114,114
Non-operating income:			
Interest income	23	51	342
Dividend income	329	320	2,119
Exchange gain	134	444	2,944
Other	81	44	292
Total non-operating income	569	860	5,699
Non-operating expenses:			
Interest expense	303	355	2,351
Guarantee fee	138	202	1,339
Provision for doubtful accounts, non-trade (Note 4)	0	735	4,868
Commission fee	59	158	1,050
Other (Note 4)	8	9	65
Total non-operating expenses	510	1,461	9,675
Ordinary profit	6,614	16,630	110,137
Extraordinary income:			
Gain on sale of fixed assets (Note 7)	36	75	497
Gain on sale of investment in securities	489	149	987
Subsidy income	14	15	104
Other	0	-	0
Total extraordinary income	541	239	1,589
Extraordinary losses:			
Loss on sale of fixed assets (Note 7)	0	5	34
Loss on disposal of fixed assets (Note 7)	5	20	138
Loss on reduction of noncurrent assets	14	15	104
Loss on impairment of fixed assets (Note 7)	3	552	3,661
Other (Note 4)	13	3	22
Total extraordinary losses	36	598	3,961
Profit before income taxes	7,119	16,272	107,765
Income taxes:			
Current	1,537	8,106	53,682
Deferred	670	(2,440)	(16,161)
Total income taxes	2,207	5,665	37,520
Profit	4,912	10,606	70,244
Profit attributable to:			
Non-controlling interests	¥ 77	¥ 89	\$ 593
Owners of parent	¥ 4,835	¥ 10,517	\$ 69,651

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TOA CORPORATION and its consolidated subsidiaries
As of 31 March 2023 and 2024

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)	
	31 March 2023	31 March 2024	31 March 2024	
Profit	¥ 4,912	¥ 10,606	\$ 70,244	
Other comprehensive income:				
Net unrealized gains (losses) on securities	(186)	2,587	17,135	
Net deferred gains (losses) on hedges	(9)	5	33	
Foreign Currency Translation Adjustment	-	(46)	(304)	
Retirement benefits liability adjustments (Note 15)	714	2,550	16,887	
Total other comprehensive income (Note 8)	519	5,096	33,751	
Comprehensive income	¥ 5,431	¥ 15,703	\$ 103,996	
Total comprehensive income attributable to: (Note 8)				
Owners of parent	¥ 5,354	¥ 15,629	\$ 103,503	
Non-controlling interests	¥ 77	¥ 74	\$ 492	

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

TOA CORPORATION and its consolidated subsidiaries
As of 31 March 2023 and 2024

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	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note5)	Foreign currency translation adjustment	Retirement benefits liability adjustments (Note14)		
Balance at March 31, 2022	¥18,976	¥19,042	¥43,543	(¥1,524)	¥2,235	¥5	¥3,659	-	¥89	¥697	¥86,725
Cash dividends			(1,994)								(1,994)
Profit attributable to owners of parent for the period			4,835								4,835
Acquisition of treasury stock				(3,042)							(3,042)
Sale of treasury stock		152		1,063							1,216
Revaluation reserve for land			199								199
Conversion of convertible bond		(228)		1,278							1,050
Change in scope of consolidation		(1)	19								18
Net changes in items other than shareholders' equity					(186)	(9)	(199)	-	714	34	353
Balance at March 31, 2023	¥18,976	¥18,965	¥46,602	(¥2,225)	¥2,048	(¥3)	¥3,460	¥-	¥804	¥731	¥89,361
Cash dividends			(2,008)								(2,008)
Profit attributable to owners of parent for the period			10,517								10,517
Acquisition of treasury stock				(7,469)							(7,469)
Sale of treasury stock		305		549							854
Revaluation reserve for land			182								182
Conversion of convertible bond											-
Change in scope of consolidation											-
Net changes in items other than shareholders' equity					2,587	5	(182)	(30)	2,550	334	5,262
Balance at March 31, 2024	¥18,976	¥19,270	¥55,294	(¥9,146)	¥4,636	¥1	¥3,277	(¥30)	¥3,354	¥1,065	¥96,700

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

TOA CORPORATION and its consolidated subsidiaries
As of 31 March 2023 and 2024

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	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note5)	Foreign currency translation adjustment	Retirement benefits liability adjustments (Note14)		
Balance at March 31, 2023	\$125,673	\$125,598	\$308,627	(\$14,737)	\$13,567	(\$21)	\$22,916		\$5,326	\$4,845	\$591,796
Cash dividends			(13,301)								(13,301)
Profit attributable to owners of parent for the period			69,651								69,651
Acquisition of treasury stock				(49,469)							(49,469)
Sale of treasury stock		2,022		3,636							5,659
Revaluation reserve for land			1,210								1,210
Conversion of convertible bond											-
Change in scope of consolidation											-
Net changes in items other than shareholders' equity					17,135	33	(1,210)	(204)	16,887	2,212	34,854
Balance at March 31, 2024	\$125,673	\$127,620	\$366,188	(\$60,570)	\$30,703	\$11	\$21,705	(\$204)	\$22,214	\$7,057	\$640,400

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

CONSOLIDATED STATEMENT OF CASH FLOWS

TOA CORPORATION and its consolidated subsidiaries
As of 31 March 2023 and 2024

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2023	31 March 2024	31 March 2024
Cash flows from operating activities:			
Profit before income taxes	¥ 7,119	¥ 16,272	\$ 107,765
Adjustments to reconcile income before income taxes and Non-controlling interests to net cash (used in) provided by operating activities:			
Depreciation and amortization	2,712	3,328	22,040
Loss on impairment of fixed assets	3	552	3,661
Increase (decrease) in allowance for doubtful accounts	(6)	735	4,868
Increase (decrease) in liability for retirement benefits	(1,032)	(1,064)	(7,047)
Interest and dividend income	(353)	(371)	(2,462)
Interest expenses	303	355	2,351
Exchange (gain) loss, net	(56)	(518)	(3,434)
Increase (decrease) in consumption tax payable	(2,990)	545	3,614
(Gain) loss on sale of investment in securities	(489)	(149)	(987)
(Gain) loss on sale of fixed assets and intangible assets	(36)	(69)	(462)
(Gain) loss on disposal of fixed assets and intangible assets	11	33	220
Decrease (increase) in notes and accounts receivable, trade	(16,074)	(4,110)	(27,218)
Decrease (increase) in cost on construction contracts in progress and other	(829)	(1,664)	(11,023)
Decrease (increase) in real estate for sale	243	46	306
Decrease (increase) in advanced money	276	(3,930)	(26,027)
Increase (decrease) in notes and accounts payable, trade	2,367	10,156	67,264
Increase (decrease) in advances received on construction contracts in progress	(5,135)	12,069	79,930
Increase (decrease) in deposits received	2,661	7,331	48,553
Other, net	(1,041)	2,308	15,290
Sub-total	(12,344)	41,857	277,203
Interest and dividend income received	351	372	2,466
Interest paid	(300)	(355)	(2,351)
Income taxes paid	(1,654)	(2,524)	(16,718)
Net cash (used in) provided by operating activities	(13,947)	39,350	260,600
Cash flows from investing activities:			
Payments for acquisition of property, plant and equipment	(3,398)	(2,844)	(18,839)
Proceeds from sale of property, plant and equipment	517	126	835
Payments for acquisition of intangible assets	(145)	(233)	(1,544)
Payments for acquisition of investment in securities	(350)	(42)	(283)
Proceeds from sale of investment in securities	784	353	2,339
Payments of loans receivable	(1)	(6)	(42)
Collection of loans receivable	15	16	106
Other, net	(0)	(7)	(52)
Net cash (used in) provided by investing activities	(2,578)	(2,639)	(17,480)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	12,221	(606)	(4,014)
Net increase (decrease) in commercial papers	6,000	2,000	13,245
Proceeds from long-term debt	3,960	3,750	24,834
Repayment of long-term debt	(4,958)	(4,561)	(30,210)
Sale of treasury stock	1,193	837	5,547
Acquisition of treasury stock	(3,042)	(7,469)	(49,469)
Cash dividends paid	(1,964)	(2,004)	(13,273)
Proceeds from share issuance to non-controlling shareholders	-	259	1,719
Payment of dividends to non-controlling interests	(21)	-	-
Other, net	(665)	(698)	(4,628)
Net cash (used in) provided by financing activities	12,723	(8,493)	(56,249)
Effect of exchange rate changes on cash and cash equivalents	63	548	3,630
Net increase (decrease) in cash and cash equivalents	(3,738)	28,765	190,500
Cash and cash equivalents at beginning of year	32,017	28,278	187,276
Cash and cash equivalents at end of year	¥ 28,278	¥ 57,044	\$ 377,776

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, 2024. The consolidated financial statements for the year ended March 31, 2024, include the accounts of the Company and 10 majority-owned subsidiaries. Principal consolidated subsidiaries were TOA Agency Co., Ltd., Shinko Kensetsu Co., Ltd., and TOA Kikai Kogyo Co., Ltd.

With regard to changes in the scope of consolidated subsidiaries during the current fiscal year, PT TOA TUNAS JAYA INDONESIA has been established and included in the scope of consolidation.

Consolidated subsidiaries have the same financial period as the Company that ends on March 31, except for PT TOA TUNAS JAYA INDONESIA, whose financial period ends on December 31. To prepare the consolidated financial statements, the financial statements of that company as of its financial year end are used. Regarding significant transactions that occur during the period therefrom to the consolidated closing date, necessary adjustments are made for the consolidated financial statements.

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 (Kazusamagokoro Services Co., Ltd. and others) and affiliates (Sengenyama 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 three categories;

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

Other non-marketable securities other than shares, etc. 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 non-marketable shares, etc. 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 expenses required based on the liability for non-conformity of contracts related to completed construction 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 bonuses for board of directors

Reserve for bonuses for board of directors is provided for the amount estimated to be paid to the members of the Board of Directors and the Executive Officers.

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.

f) Provision for employee stock ownership plan trust

Provision for employee stock ownership plan trust is provided for the amount equivalent to cover future benefit obligations for employees in accordance with the regulations of the employee 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 (11 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 significant revenue and expenses

The Companies are primarily engaged in construction work in three segments: Domestic civil engineering businesses, domestic building businesses, and overseas construction businesses.

The revenue from each contract is recognized by estimating the fulfillment of the performance obligations over a certain period of time. The progress in the fulfillment of the performance obligations is estimated by the ratio of the costs incurred to the estimated total costs for each contract. However, the cost recovery method is applied where the progress cannot be estimated but the costs incurred are expected to be recovered. For the contracts completed within a short period of time, the revenue is recognized when the performance obligations are fully satisfied.

(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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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.

(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 ¥151=US\$1, the approximated rate of exchange prevailing on March 31, 2024. The inclusion of such dollar amounts is solely for the convenience of readers outside of Japan and is not intended to imply that yen and assets and liabilities originating in Yen have been or could be readily converted, realized or settled in dollars at this or any other rates.

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

2. Significant accounting estimates

I. Accounting Standard for Revenue Recognition

- (1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

The amount of contract revenue accounted for by estimating the progress in the fulfillment of the performance obligation over a certain period of time:

Previous Fiscal Year

¥200,581 million

Current Fiscal Year

¥270,881 million (US\$1,793,920 thousand)

- (2) Information on significant accounting estimates for identified items

Revenue arising from contracts that are deemed to transfer control over the goods or services to the customer over a certain period of time is recognized by measuring the progress in the fulfillment of the performance obligations (input method based on the costs incurred is used to estimate the progress). The amount of contract revenue accounted for by this method is calculated by making a reliable estimate of total contract revenue and total construction cost for each contract, and multiplying the estimated total contract revenue by the ratio of the construction cost incurred up to the end of the fiscal year to the estimated total construction cost. Estimates of the total construction cost of are made using an implementation budget, and the assumptions used include various factors such as unit prices of construction materials, unit prices of labor, and the number of man-hours. For the estimation of the uncontracted part of the total contract revenue, an amount deemed to be the most probable is used.

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

II. Impairment loss on fixed assets

- (1) Amount recorded in the consolidated financial statements for the current fiscal year

Impairment loss

Previous Fiscal Year

¥3 million

Current Fiscal Year

¥552 million (US\$3,661 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.

III. Recoverability of deferred tax assets

- (1) Amounts recognized in the consolidated financial statements for the year ended March 31, 2024.

Deferred tax assets

Previous Fiscal Year

¥2,002 million

Current Fiscal Year

¥2,107 million (US\$13,959 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.

3. Accounting Standards, etc. not yet Adopted

- * Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)
- * Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- * Guidance for Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, October 28, 2022)

I. Overview

These standards stipulate the classification of corporate tax, etc., imposed on other comprehensive incomes as well as the accounting of the effect of tax on sales of the stocks of subsidiaries, etc.

II. Scheduled date of adoption

The standards are expected to be adopted from the beginning of the year ending March 2025.

III. Impact of adoption

The amount of financial impact due to the

adoption of the accounting standards and implementation guidance on the consolidated financial statements is currently being evaluated.

4. Changes in Presentation

The Company has changed the presentation of items in the consolidated statement of income as follows:

- I. "Provision of allowance for doubtful accounts," which was included in "Other" under "Non-operating expenses" in the consolidated statement of income for the previous fiscal year, is presented separately in the consolidated statement of income for the current fiscal year because the amount exceeds one-tenth of the total amount of non-operating expenses.

Consequently, the ¥9 million presented in "Other" under "Non-operating expenses" in the consolidated statement of income for the previous fiscal year has been reclassified as "Provision of allowance for doubtful accounts" of ¥0 million and ¥8 million.

- II. "Loss on valuation of shares of subsidiaries," which was presented separately under "Extraordinary losses" in the consolidated statement of income for the previous fiscal year, was not recognized in the current fiscal year. To reflect this change in the presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

Consequently, the ¥10 million presented in "Loss on valuation of shares of subsidiaries" and ¥3 million presented in "Other" under "Extraordinary losses" in the consolidated statement of income for the previous fiscal year have been reclassified as "Other" of ¥13 million.

5. Additional information

(J-ESOP for the Company's employees)

I. Overview of transactions

At a meeting of the board of directors held on February 8, 2023, it was resolved to implement a stock ownership plan (J-ESOP) (hereinafter "the Plan"), an incentive plan that calls for providing stocks of the Company to the employees in order to raise their incentive and morale towards improvement of stock price and performance by increasing the link between stock price and performance of the Company and treatment of the employees, and having them share economic effects with shareholders.

The Plan is a trust-type scheme that uses the ESOP (Employee Stock Ownership Plan) of the United States as a reference. It is a system under which the Company's employees who satisfy specified requirements are provided with the Company's stocks based on the stock ownership regulations that the Company has established beforehand.

The Company gives points to employees based on their respective working status and other conditions, such as years of service, and, when they obtained the right to receive benefits under specified conditions, gives them shares of the Company's stocks corresponding to the relevant points given. Stocks to be provided to the employees, including those to be provided in the future, shall be acquired by money allocated to the trust beforehand and separately managed as a trust asset.

II. The Company's stocks remaining in trust

The Company's stocks remaining in trust are accounted for as treasury stocks in "Net assets" by the carrying amount in trust (excluding the amount

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of incidental expenses). The carrying amount of the relevant treasury stocks and the number of shares are ¥768 million (310,000 shares) in the consolidated statement of income for the previous fiscal year and ¥1,582 million (468,600 shares) in the consolidated statement of income for the current fiscal year.

(Misconduct by employees of a consolidated subsidiary)

In the latter part of August 2023, suspicion of misconduct by employees of Shinko Kensetsu Co., Ltd. (hereinafter "the concerned company"), which is one of the Company's consolidated subsidiaries, came to light during a tax investigation by Tokyo Regional Tax Bureau. In response to this, an internal investigation committee headed by a lawyer from outside the Company was established on September 5, 2023, to carry out an investigation. The final investigation report (hereinafter "Final Report"), dated December 31, 2023, has been received.

The misconduct involved the following.

It was found that employees of the concerned company conspired with business operators who were subcontractors of the concerned company to pay them for fictitious work and/or padded construction costs, and then took back a part of the paid amount and embezzled it. The amount of unlawful payment resulting from this misconduct was found to total ¥785 million. As the impact of this incident on performance in each relevant financial period was on a small scale and not significant in terms of operating income, ordinary income, net income before income taxes, and net income attributed to owners of the parent, no correction has been made to the consolidated financial statements of the past.

With regard to the impact amount on the consolidated financial statements for the fiscal year ended March 31, 2024, the excessive cost of sales of ¥719 million is reversed, and claim for restitution is recorded. Further, as the possibility of collection of the receivables is uncertain, an allowance for doubtful receivables of ¥740 million is established, which is the balance excluding the amount that has already been recovered, and provision of allowance for doubtful receivables is accounted for in non-operating expenses. Consequently, operating income increased by ¥719 million, while ordinary income decreased by ¥21 million. Net income attributed to owners of the parent decreased by ¥425 million through appropriation of ¥403 million for corporate tax, etc. for the past fiscal years.

Accepting with sincerity the proposals in the Final Report, the Company is further strengthening its internal control system and compliance system. In addition, all of the officers and employees of the TOA Corporation Group are coming together as one to make efforts to implement concrete measures for preventing any recurrence of such incidents. Furthermore, it has been confirmed that the status of implementation of recurrence prevention measures has been reported to the Company's board of directors.

1 Items implemented in the fiscal year ended in March 2024

- * Restructured the compliance system of the TOA Corporation Group
- a) Sent out messages from the president
Sent out messages related to efforts to promote recurrence prevention measures to all management members in the Group
- b) Compliance training for executives
The chair of the internal investigation committee conducted compliance training

for the board members, executive officers, branch managers, and presidents of consolidated subsidiaries.

c) Monitoring by ESG Committee

The Company's Corporate Planning Department began monitoring the status of implementation of recurrence prevention measures at the concerned company.

* Promoted knowledge and understanding of this matter

a) An overview of this matter, details of the recurrence prevention measures, and the importance of the awareness of compliance that managerial members are required to have were explained to the board members, executive officers, branch managers, and presidents of consolidated subsidiaries.

b) An overview of this matter, details of the recurrence prevention measures, and the importance of an awareness of compliance that managerial members are required to have were explained to the executives of branches and project managers throughout Japan.

* Reinstilled the TOA Corporation Group Code of Conduct

a) Implemented e-learning programs to promote the contents and explanations of the TOA Corporation Group Code of Conduct to all management members of TOA Corporation Group

* Made preparations for effective internal audits, etc.

a) Put in place J-SOX and conducted evaluations at the concerned company. Reviewed audits that makes use of data, focusing on similar misconduct

* Implemented recurrence prevention measures at the concerned company

a) Sent out messages from top management
Sent out messages from the president of the concerned company to all management members of the concerned company about efforts to promote recurrence prevention measures

b) Promoted knowledge and understanding of this matter

An overview of this matter, details of the recurrence prevention measures, and the importance of an awareness of compliance that managerial members are required to have were explained to all management members of the concerned company. Conducted exchange of opinions between the president and all management members of the concerned company. Implemented compliance training, conducted by outside instructors, to all management members

c) Reorganized the system for checking budget management and flow of ordering

Implemented the reorganized system for budget management and flow of ordering (budget management and management of orders after inspection, based on the integration system of the organization that is the source of the order; reviewing standards for involving the head office and branches when drawing up budgets and estimates; sharing construction work information throughout the company through the cloud, etc.)

d) Established an organizational structure and rules for changing personnel to prevent misconduct

Established rules that include requirements

for taking into consideration certain experiences with job reassignment when making appointments for executive positions at the head office or branches

e) Compliance training for business partners

Carried out study sessions for members of the Partners Association of the concerned to raise awareness of compliance and reinforce the presence of a reporting function

f) Established an effective reporting system

Established a contact point for in-house consultation and carried out activities to facilitate the use of the reporting function

2 Items scheduled to be carried out from April 2024

* Restructure the compliance system of the TOA Corporation Group

a) Monitoring by ESG Committee

Plans call for monitoring to continue, and a report will be made to ESG Committee in November 2024, the result of which will be shared with the board of directors

b) Strengthen the system of governance of subsidiaries

The Company's Corporate Planning Department will be involved in the board of directors of each subsidiary to improve the effectiveness of the board of directors.

c) Train management members of subsidiaries with the Company taking the lead

Conduct "Accounting & Tax Workshops" that include TOA Corporation Group companies. Have the presidents and other executives of the Company's subsidiaries take part in the Company's ESG presentations. Implement the Company's e-learning programs on compliance throughout the Group

* Compliance training for business partners

In the training sessions for members of the Partners Association of all sales offices, disseminate information once again containing a summary of this matter, as well as how to handle such incidents in order to eradicate misconduct, and reinforce knowledge of the contact point for reporting, etc.

* Implementation of recurrence prevention measures at the concerned company

a) Conduct training sessions for construction cost administrators that include appropriate methods of construction cost management.

b) Establish organizational structure and rules for reassigning personnel to prevent misconduct

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6. Notes to Consolidated Balance Sheet

I. Among notes and accounts receivable, trade, the aggregate amounts of credits and contract assets arising from the contracts with customers are as follows.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Notes	¥293	¥2,060	\$13,644
Electronically recorded monetary claims	1,119	1,620	10,730
Accounts receivable, trade	59,980	59,094	391,353
Contract assets	66,475	69,190	458,217

II. Among advances received on construction contracts in progress, the amount of contract liabilities is shown in "Note 19. Revenue Recognition, c (1) Balances of contract assets and contract liabilities."

III. Cost on construction contracts in progress and other

Cost on construction contracts in progress and other as of March 31, 2023 and 2024, consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Cost on construction contracts in progress	¥2,815	¥4,452	\$29,484
PFI projects	238	63	423
Other inventories	1,372	1,575	10,433
Cost on construction contracts in progress and other	¥4,427	¥6,091	\$40,341

IV. 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, 2023 and 2024, are as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2023	2024	2024
¥109	¥182	\$1,209

V. Investments in securities

Among investments in securities, the aggregate amounts corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2023 and 2024, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Investments in affiliates	¥405	¥417	\$2,761

VI. 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
	2023	2024	2024
Differences of the land after revaluation exceeded its fair value	¥3,484	¥3,158	\$20,919

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VII.Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities as of March 31, 2023 and 2024, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Assets pledged as collateral:			
Current assets			
Other current assets	¥15	¥15	\$105
Investment and other assets			
Investment in securities	2,118	3,346	22,164
Long-term loans	100	85	565
Total	¥2,234	¥3,448	\$22,834

As of March 31, 2024, the assets listed above are pledged as collateral to secure contingent liabilities amounting to ¥2,392 million (US\$15,846 thousand) and liabilities based on the loan agreements with credit line between PFI companies and financial institutions.

As of March 31, 2023, secured liabilities were in the amount of ¥2,205 million and liabilities were for PFI companies.

VIII.Because of government subsidies, etc. that were received, the reduction entry amount indicated below was deducted from the acquisition cost of property, plant and equipment.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Buildings and structures	¥14	¥15	\$104

IX.Securities lent

Among investments in securities, securities lent to a financial institution under the security lending agreement at March 31, 2023 and 2024, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
	¥163	¥235	\$1,561

X.Commitments and contingent liabilities

(a)The Companies are contingently liable for the following as of March 31, 2023 and 2024:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Employees (Loan guarantee to bank)	¥12	¥11	\$77
National Federation of Promotion for Fishing Ports and Villages	11	-	-
Fisheries Cooperative Association (Loan guarantee)			
Total	¥23	¥11	\$77

XI.Short-term borrowings

The Company had commitment lines for efficient financing from 7 banks at March 31, 2023 and 2024, as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Total amount of contracts of commitment lines	¥25,000	¥25,000	\$165,562
Outstanding borrowings	-	-	-
Balance	¥25,000	¥25,000	\$165,562

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XII. 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, 2023 and 2024, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Non-recourse debt included in current portion of long-term debt	¥6	¥6	\$40
Non-recourse debt included in long-term debt	14	7	52
Total	¥20	¥14	\$93

The amount of PFI assets pledged as collateral for non-recourse debt as of March 31, 2023 and 2024, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
	¥181	¥178	\$1,179

XIII. Notes receivable and notes payable

March 31, 2024 was a holiday for financial institutions in Japan, and therefore the following notes receivable and payable maturing on that date were included in the consolidated balance sheet and were settled on the next business day.

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Notes receivable	-	¥26	\$175
Notes payable	-	¥700	\$4,640

7. Notes to Consolidated Statement of Income

I. Revenue from contracts with customers

Revenue from contracts with customers and revenue from other sources in net sales are not presented separately.

The amount of revenue from contracts with customers is shown in "Note 19. Revenue Recognition, a) Disaggregation of revenue arising from contracts with customers."

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
	2023	2024	2024
	¥14	¥19	\$127

III. Reserve for loss on construction works

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
	¥867	¥1,935	\$12,814

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
	2023	2023	2024
Salaries to employees	¥4,722	¥5,449	\$36,089
Expenses for retirement benefits for employees	138	346	2,291
Research expenses	1,006	1,070	7,089
Provision for doubtful accounts, trade	¥(0)	¥0	\$0

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V. Research and development expenses

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

Millions of Japanese Yen		Thousands of U.S. Dollars
2023	2024	2024
¥1,209	¥1,298	\$8,598

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
	2023	2024	2024
Land and Building	¥36	¥72	\$479
Others	0	2	18
Total	¥36	¥75	\$497

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
	2023	2024	2024
Land	-	¥3	\$25
Building	-	0	0
Others	0	1	8
Total	¥0	¥5	\$34

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
	2023	2024	2024
Buildings and structures	¥4	¥18	\$119
Machinery, vehicles and tools, furniture and fixtures	0	2	15
Others	0	0	3
Total	¥5	¥20	\$138

IX. Impairment of fixed assets

For the year ended March 31, 2023, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Idle properties	Land	Hokkaido	1

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 a decline in fair value and ¥3 million (US\$23 thousand) was accounted for as loss on impairment of fixed assets, which consisted of ¥3 million (US\$23 thousand) for Land.

Meanwhile, the recoverable amount of the relevant assets was based on the expected net sale value, and the appraisal amount was based on the amount for inheritance tax and fixed property tax purposes based on the street value.

For the year ended March 31, 2024, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of groups
Idle properties	Land	Miyagi	1
Assets for business use	Buildings, structures, land, etc.	Tokyo and one other	1

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

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The carrying amount of the relevant assets was written down to the recoverable value due to a decline in fair value and ¥172 million (US\$1,139 thousand) was accounted for as loss on impairment of fixed assets, which consisted of ¥172 million (US\$1,139 thousand) for Land.

Meanwhile, the recoverable amount of the relevant assets was based on the expected net sale value, and the appraisal amount was based on the amount for inheritance tax and fixed property tax purposes based on the street value.

As it was decided to dismantle building, structures, etc. in the year ended March 31, 2024, making a part of the assets for business use in Tokyo and one other location unlikely to be usable in the future, the carrying amount of the relevant assets was written down to the recoverable value, and ¥380 million was accounted for as loss on impairment of fixed assets.

Furthermore, the net sale value is mainly used for calculation of the recoverable amount of the relevant assets. The net sale value for the relevant assets whose carrying amount is important is calculated based on the real estate value appraised by a real estate appraiser.

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
	2023	2024	2024
Unrealized gains (losses) on securities:			
Amount arising during the year	¥232	¥3,891	\$25,773
Amount of reclassification adjustments	(489)	(149)	(987)
Amount before tax effect	(257)	3,742	24,785
Tax effect	71	(1,155)	(7,650)
Unrealized gains (losses) on securities	(186)	2,587	17,135
Deferred gains (losses) on hedges:			
Amount arising during the year	(41)	(158)	(1,051)
Amount of reclassification adjustments	28	166	1,100
Amount before tax effect	(13)	7	48
Tax effect	4	(2)	(14)
Deferred gains (losses) on hedges	(9)	5	33
Foreign Currency Translation Adjustment			
Amount arising during the year	-	(46)	(304)
Retirement benefits liability adjustments:			
Amount arising during the year	1,114	3,659	24,236
Amount of reclassification adjustments	(85)	15	104
Amount before tax effect	1,029	3,675	24,340
Tax effect	(315)	(1,125)	(7,453)
Retirement benefits liability adjustments	714	2,550	16,887
Total other comprehensive income	¥519	¥5,096	\$33,751

9. Notes to Consolidated Statement of Changes in Net Assets

I. Type and number of shares

For the year ended March 31, 2023

	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	658	1,148	1,078	728

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Notes:1. The number of common shares of treasury stock includes 549 thousand shares acquired by the BBT and J-ESOP.

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 February 8, 2022	543
Increase due to acquisition of treasury stock under the board resolution on February 8, 2023	127
Increase of shares for (BBT) and (J-ESOP) stock benefit trusts	477
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 2024	583
Decrease due to the BBT benefits	17
Decrease of shares for (BBT) and (J-ESOP) stock benefit trusts	477

For the year ended March 31, 2024

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	728	2,117	171	2,674

Notes:1. The number of common shares of treasury stock includes 697 thousand shares acquired by the BBT and J-ESOP.

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 February 8, 2023	1,957
Increase due to acquisition of (J-ESOP) stock benefit trusts under the board resolution on February 28, 2024	160
Increase due to purchase of odd lot shares	0
Decrease of shares for (BBT) and (J-ESOP) stock benefit trusts	11
Decrease due to disposal of treasury stock under the board resolution on February 28, 2024	160

3. At a meeting of the board of directors held on February 8, 2024, the Company decided, in accordance with stipulations in Article 178 of the Companies Act, to dispose of treasury stock; however, as of the year ended March 31, 2024, the disposal process was not completed for the stock indicated below.

Carrying amount (million yen)	¥1,664
Type of shares	Common stock
Number of shares	500,000

4. The Company conducted a stock split on April 1, 2024, at a ratio of 4 shares for 1 share, with the abovementioned items being based on the number of shares prior to the split.

II.Dividend payment

For the year ended March 31, 2024

Millions of Japanese Yen						
Resolution	Type of share	Dividend resource	Total amount of dividends	Cash dividends per share (Yen)	Record date	Effective date
Annual Shareholders'						
Meeting held on June 29, 2023	Common stock	Retained earnings	¥2,008	¥90	March 31, 2023	June 30, 2023

Notes:Total amount of dividends based on the resolution adopted at the Ordinary General Shareholder's Meeting on June 29, 2023, is included in the dividend payment of ¥49 million for the shares acquired by the BBT and J-ESOP stock benefit trusts.

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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, 2024

			Millions of Japanese Yen		Thousands of U.S. Dollars			
Resolution	Type of share	Dividend resource	Total amount of dividends	Cash dividends per share (Yen)	Total amount of dividends	Cash dividends per share (Dollars)	Record date	Effective date
Annual Shareholders'								
Meeting held on June 27,2024	Common stock	Retained earnings	¥3,282	¥160	\$21,741	\$1.05	March 31, 2024	June 28, 2024

Notes: 1. Total amount of dividends (¥3,282 million) based on the resolution adopted at the Ordinary General Shareholder's Meeting on June 27, 2024, is inclusive of the dividend payment of ¥111 million for the shares acquired by the BBT and J-ESOP stock benefit trusts.

2. The Company conducted a stock split on April 1, 2024, at a ratio of 4 shares for 1 share, but with regard to dividends paid out on March 31, 2024, which is the record date, the monetary amount indicated is based on the number of shares prior to the stock split.

III. Stock acquisition rights

For the year ended March 31, 2023

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	571	11	583	-	-

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	11 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 2024	583

10. Notes to Consolidated Statement of Cash Flows

Cash and cash equivalents consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Cash and bank deposits	¥28,289	¥57,063	\$377,903
Time deposits due over three months	(10)	(19)	(127)
Cash and cash equivalents	¥28,278	¥57,044	\$377,776

11. Leases

Operating lease

The scheduled maturities of future operating lease payments, including an interest portion on such lease contracts as of March 31, 2023 and 2024, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Due within one year	¥92	¥89	\$595
Due over one year	152	98	649
Total	¥244	¥188	\$1,245

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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 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, 2023, carrying amount, fair value and unrealized gain (loss) are as follows:

	Carrying amount	Fair value	Unrealized gain (loss)
	Millions of Japanese Yen		
Investments in securities			
Other securities	¥8,553	¥8,553	¥-
Total assets	8,553	8,553	-
Long-term debt (*3)	14,897	14,911	14
Total liabilities	14,897	14,911	14
Derivative transactions (*4)	(¥4)	(¥4)	¥-

(*1) Cash and bank deposits are not shown because they are cash, and their carrying amounts approximate fair value because of the short maturity of these instruments. Notes and accounts receivable, trade, advanced money, notes and accounts payable, trade, electronically recorded obligations, operating short-term borrowings, commercial papers, and deposits received are not shown because their carrying amounts approximate fair value because of the short maturity of these instruments.

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

	Millions of Japanese Yen
	2023
Unlisted stocks	¥1,903

(*3) Current portion of long-term debt of ¥4,561 million (US\$34,229 thousand) is included in long-term debt and carrying amount and fair value are represented.

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

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As of March 31, 2024, 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		
Investments in securities						
Other securities	¥12,122	¥12,122	¥-	\$80,283	\$80,283	\$-
Total assets	12,122	12,122	-	80,283	80,283	-
Long-term debt (*3)	14,085	14,079	(6)	93,280	93,239	(40)
Total liabilities	14,085	14,079	(6)	93,280	93,239	(40)
Derivative transactions (*4)	¥2	¥2	¥-	\$17	\$17	\$-

(*1) Cash and bank deposits are not shown because they are cash, and their carrying amounts approximate fair value because of the short maturity of these instruments. Notes and accounts receivable, trade, advanced money, notes and accounts payable, trade, electronically recorded obligations, operating short-term borrowings, commercial papers, and deposits received are not shown because their carrying amounts approximate fair value because of the short maturity of these instruments.

(*2) 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
	2024	2024
Unlisted stocks	¥1,915	\$12,682

(*3) Current portion of long-term debt of ¥4,278 million (US\$28,336 thousand) is included in long-term debt and carrying amount and fair value are represented.

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

a) Projected redemption

The projected redemption of monetary claims as of March 31, 2023, 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	28,289	¥-	¥-	¥-
Notes and accounts receivable, trade	127,869	14	-	-
Total	¥156,158	¥14	¥-	¥-

The projected redemption of monetary claims as of March 31, 2024, 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	¥57,063	¥-	¥-	¥-	\$377,903	\$-	\$-	\$-
Notes and accounts receivable, trade	131,985	8	-	-	874,077	55	-	-
Total	¥189,049	¥8	¥-	¥-	\$1,251,981	\$55	\$-	\$-

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b) The projected repayment of short-term borrowings, long-term debt and lease obligation as of March 31, 2023, 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	¥26,146	¥-	¥-	¥-	¥-	¥-
Long-term debt	4,561	4,240	3,163	1,957	974	-
Lease obligation	503	481	192	188	171	0
Total	¥31,212	¥4,721	¥3,355	¥2,146	¥1,146	¥0

The projected repayment of short-term borrowings, long-term debt and lease obligation as of March 31, 2024, 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	¥25,618	¥-	¥-	¥-	¥-	¥-
Long-term debt	4,278	4,095	2,890	1,906	914	-
Lease obligation	498	210	206	178	7	-
Total	¥30,394	¥4,305	¥3,097	¥2,085	¥921	¥-

	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	\$169,655	\$-	\$-	\$-	\$-	\$-
Long-term debt	28,336	27,123	19,141	12,626	6,053	-
Lease obligation	3,298	1,393	1,369	1,184	50	-
Total	\$201,290	\$28,516	\$20,510	\$13,810	\$6,103	\$-

III. Classification of fair value of financial instruments

Fair value of financial instruments is classified into 3 levels in accordance with the observability and importance of the inputs related to fair value measurement.

Level 1 of fair value: Measured at fair value using unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 of fair value: Measured at fair value using the directly or indirectly observable inputs except level 1

Level 3 of fair value: Measured at fair value using significant but unobservable inputs

In case several inputs are used that significantly affect the fair value measurement are used, the priority on fair value measurement classifies the fair value in the lowest level

a) Financial instruments with fair value recorded in the consolidated balance sheet

As of March 31, 2023

	Millions of Japanese Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment in securities				
Other securities	¥8,553	¥-	¥-	¥8,553
Total assets	¥8,553	¥-	¥-	¥8,553
Derivatives				
Currency	¥-	(¥2)	¥-	(¥2)
Interest rate	-	(2)	-	(2)
Total liabilities	¥-	(¥4)	¥-	(¥4)

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As of March 31, 2024

Millions of Japanese Yen				
Fair Value				
	Level 1	Level 2	Level 3	Total
Investment in securities				
Other securities	¥12,122	¥-	¥-	¥12,122
Total assets	¥12,122	¥-	¥-	¥12,122
Derivatives				
Currency	¥-	¥2	¥-	¥2
Total liabilities	¥-	¥2	¥-	¥2

Thousands of U.S. Dollars				
Fair Value				
	Level 1	Level 2	Level 3	Total
Investment in securities				
Other securities	\$80,283	\$-	\$-	\$80,283
Total assets	\$80,283	\$-	\$-	\$80,283
Derivatives				
Currency	\$-	\$17	\$-	\$17
Total liabilities	\$-	\$17	\$-	\$17

b) Financial instruments with fair value recorded in the consolidated balance sheet except the above a)

As of March 31, 2023

Millions of Japanese Yen				
Fair Value				
	Level 1	Level 2	Level 3	Total
Long-term debt	¥-	¥14,911	¥-	¥14,911
Total liabilities	¥-	¥14,911	¥-	¥14,911

As of March 31, 2024

Millions of Japanese Yen				
Fair Value				
	Level 1	Level 2	Level 3	Total
Long-term debt	¥-	¥14,079	¥-	¥14,079
Total liabilities	¥-	¥14,079	¥-	¥14,079

Thousands of U.S. Dollars				
Fair Value				
	Level 1	Level 2	Level 3	Total
Long-term debt	\$-	\$93,239	\$-	\$93,239
Total liabilities	\$-	\$93,239	\$-	\$93,239

(Note) Valuation method using fair value for financial instruments and explanation on inputs related to fair value for financial instruments

Assets

Investment in securities

The fair value of listed stocks classified as level 1 is evaluated using market prices because these are traded in an active market.

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Liabilities

Long-term debt

The fair value of long-term debt with variable interest rates classified as level 2 is evaluated based on the book value because it reflects market interest rates within a short period of time, and it approximates fair value.

The fair value of long-term debt with fixed interest rates classified as level 2 is measured using the present value discounted by the interest rate estimated to be applied for new similar borrowings.

Derivatives

The fair value of derivatives classified as level 2 is evaluated based on prices provided by counterparty financial institutions.

13. Securities

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

At March 31, 2023

	Millions of Japanese Yen		
	Fair value (Carrying value)	Acquisition cost	Unrealized gain (loss)
Other securities whose fair value amount exceeds their acquisition cost			
Stock	¥6,984	¥3,915	¥3,069
Sub total	6,984	3,915	3,069
Other securities whose fair value does not exceed their acquisition cost			
Stock	1,568	1,754	(186)
Sub total	1,568	1,754	(186)
Total	¥8,553	¥5,670	¥2,883

At March 31, 2024

	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	¥11,699	¥5,052	¥6,646	\$77,481	\$33,462	\$44,018
Sub total	11,699	5,052	6,646	77,481	33,462	44,018
Other securities whose fair value does not exceed their acquisition cost						
Stock	¥423	444	(21)	2,801	2,941	(140)
Sub total	423	444	(21)	2,801	2,941	(140)
Total	¥12,122	¥5,497	¥6,625	\$80,283	\$36,404	\$43,878

(2) Other securities sold during the years ended March 31, 2023 and 2024, were as follows:

At March 31, 2023

	Millions of Japanese Yen		
	Sales proceeds	Gain on sales	Loss on sales
Stock	¥741	¥489	-
Total	¥741	¥489	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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At March 31, 2024

	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	¥354	¥149	-	\$2,350	\$987	-
Total	¥354	¥149	-	\$2,350	\$987	-

(3) Impairment loss on securities of ¥10 million (¥10 million of stocks of subsidiaries) was recognized for the previous fiscal year.

14. Derivative Transactions

Derivative transactions for the year ended March 31, 2023, were classified into:

a) Hedge accounting applied

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

(1) Currency related derivatives

Hedge accounting method	Types of derivative	Hedged item	Notional amount	Millions of Japanese Yen	
				Maturing over one year	Fair value
Accounting in principle	Forward foreign exchange contracts Buying U.S. Dollars	Accounts payable	¥1,289	-	(¥2)

(2) Interest rate related derivatives

Hedge accounting method	Types of derivative	Hedged item	Notional amount	Millions of Japanese Yen	
				Maturing over one year	Fair value
Accounting in principle	Interest rate swaps Pay/fixed and receive/ floating	Long-term debt	¥675	¥337	(¥2)

Derivative transactions for the year ended March 31, 2024, were classified into:

a) Hedge accounting applied

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

(1) Currency related derivatives

Hedge accounting method	Types of derivative	Hedged item	Notional amount	Millions of Japanese Yen		Thousands of U.S. Dollars		
				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	¥37	-	¥2	\$245	-	\$17

(2) Interest rate related derivatives

Not applicable

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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15. Reserve for Retirement Benefits and Pension Plan

The Company and some of its consolidated subsidiaries have the funded/unfunded defined benefit retirement plans and defined contribution 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 and the Smaller Enterprise Retirement Allowance Mutual Aid System. Furthermore, additional severance payment covering substantially all employees.

(1) The changes in the retirement benefit obligation during the years ended March 31, 2023 and 2024, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Retirement benefit obligation balance at the beginning of the year	¥20,390	¥19,209	\$127,214
Service cost	766	729	4,831
Interest cost	126	201	1,337
Actuarial gain	(774)	325	2,154
Retirement benefit paid	(1,298)	(1,207)	(7,999)
Retirement benefit obligation balance at the end of the year	¥19,209	¥19,258	\$127,537

(2) The changes in plan assets during the years ended March 31, 2023 and 2024, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Plan assets balance at the beginning of the year	¥19,050	¥20,016	\$132,561
Expected return on plan assets	284	294	1,953
Actuarial gain (loss)	340	3,984	26,390
Contributions by the Company	1,613	1,623	10,754
Retirement benefits paid	(1,271)	(1,131)	(7,490)
Plan assets balance at the end of the year	¥20,016	¥24,789	\$164,168

(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, 2023 and 2024, for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Funded retirement benefit obligation	¥18,612	¥18,675	\$123,675
Plan assets at fair value	(20,016)	(24,789)	(164,168)
	(1,404)	(6,114)	(40,492)
Unfunded retirement benefit obligation	596	583	3,861
Net liability and asset for retirement benefits in the balance sheet	(807)	(5,531)	(36,630)
Liability for retirement benefits	596	583	3,861
Asset for retirement benefits	(1,404)	(6,114)	(40,492)
Net liability and asset for retirement benefits in the balance sheet	(¥807)	(¥5,531)	(\$36,630)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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- (4) The components of retirement benefit expense for the years ended March 31, 2023 and 2024, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Service cost	¥766	¥729	\$4,831
Interest cost	126	201	1,337
Expected return on plan assets	(284)	(294)	(1,953)
Amortization of actuarial loss	(124)	(23)	(157)
Past service costs	39	39	261
Other	1	6	40
Retirement benefit expense	¥524	¥658	\$4,360

Notes: 1. Service cost does not include the amounts contributed by employees with respect to welfare pension fund plans.

2. Retirement benefit expenses for consolidated subsidiaries adopting the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end are included in "Service cost."

- (5) Unrecognized actuarial gain (loss) included in other comprehensive income (before tax effect) for the years ended March 31, 2023 and 2024, is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Past service costs	¥39	¥39	\$261
Actuarial gain (loss)	990	3,635	24,078
Total	¥1,029	¥3,675	\$24,340

- (6) Unrecognized actuarial gain (loss) included in accumulated other comprehensive income (before tax effect) as of March 31, 2023 and 2024, is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Unrecognized past service costs	¥118	¥79	\$523
Unrecognized actuarial gain (loss)	(1,277)	(4,913)	(\$32,542)
Total	(¥1,159)	(¥4,834)	(\$32,018)

- (7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2023 and 2024, is as follows:

	2023	2024
Stocks	37%	45%
Bonds	29%	26%
General account assets	16%	13%
Other	18%	16%
Total	100%	100%

The retirement benefit trust, which was set up by the Company for the corporate pension plan, accounted for 26% of the total plan for the year ended March 31, 2023, and 35% for the year ended March 31, 2024.

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, 2023 and 2024, were as follows:

	(Weighted average)	
	2023	2024
Discount rate	1.1%	0.9%
Expected rate of return on plan assets	2.0%	2.0%
Expected rate of future salary increase	2.0%~7.5%	2.2%~7.8%

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(9) Retirement Lump Sum Plans

Some consolidated subsidiaries have required contributions of ¥2 million for the year ended March 31, 2023, and ¥2 million for the year ended March 31, 2024, for retirement lump sum plans, such as the Smaller Enterprise Retirement Allowance Mutual Aid System.

16. Tax Effect Accounting

1. The significant components of deferred tax assets and liabilities at March 31, 2023 and 2024, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Deferred Tax Assets:			
Net liability for retirement benefits	¥695	¥196	\$1,304
Loss carried forward	214	179	1,189
Reserve for loss on construction works	404	677	4,489
Accrued bonus to employees	788	1,138	7,536
Loss on valuation of utility rights	229	225	1,496
Loss on valuation of investment in securities	119	119	791
Loss on impairment of fixed assets	269	381	2,529
Foreign tax credit	-	1,423	9,423
Others	1,231	1,843	12,211
Total gross deferred tax assets	¥3,953	¥6,186	\$40,971
Valuation allowance for tax loss carried forward	(199)	(162)	(1,076)
Valuation allowance for deductible temporary differences	(766)	(1,077)	(7,138)
Total valuation allowance	(¥965)	(¥1,240)	(\$8,214)
Total deferred tax assets	¥2,987	¥4,946	\$32,756
Deferred Tax Liabilities:			
Unrealized gains on securities	(834)	(1,989)	(13,176)
Assets for retirement benefits	-	(667)	(4,418)
Revaluation reserve for land	(548)	(548)	(3,632)
Other	(221)	(287)	(1,902)
Total deferred tax liabilities	(¥1,604)	(¥3,492)	(\$23,130)
Net deferred tax assets	¥1,383	¥1,453	\$9,626

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

At March 31, 2023

	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)	¥-	¥-	¥-	¥26	¥-	¥187	¥214
Valuation allowance	-	-	-	(18)	-	(181)	(199)
Deferred tax assets	-	-	-	8	-	6	14 (*2)

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

(*2) Deferred tax assets of ¥14 million for the tax loss carried forward of ¥ 214 million (the amount is determined by multiplying the corresponding effective statutory tax rate) were recorded.

Deferred tax assets of ¥14 million mainly consist of the balance of tax loss carried forward of ¥ 214 million (the amount is determined by multiplying the corresponding effective statutory tax rate).

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.

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At March 31, 2024

	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)	¥-	¥-	¥7	¥-	¥116	¥55	¥179
Valuation allowance	-	-	-	-	(112)	(50)	(162)
Deferred tax assets	-	-	7	-	3	5	16 (*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)	\$-	\$-	\$52	\$-	\$769	\$367	\$1,188
Valuation allowance	-	-	-	-	(745)	(331)	(1,076)
Deferred tax assets	-	-	52	-	23	36	112 (*2)

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

(*2) Deferred tax assets of ¥16 million (US\$112 thousand) for the tax loss carried forward of ¥179 million (US\$1,188 thousand) (the amount is determined by multiplying the corresponding effective statutory tax rate) were recorded.

Deferred tax assets of ¥16 million (US\$112 thousand) mainly consist of the balance of tax loss carried forward of ¥179 million (the amount is determined by multiplying the corresponding effective statutory tax rate).

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, 2023 and 2024, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2023	2024
Normal effective statutory tax rate	-	30.6%
Expenses not deductible for income tax purposes	-	1.4%
Non-taxable income	-	(0.2%)
Per capita levy of inhabitant taxes	-	0.7%
Change in valuation allowance	-	1.7%
Other-net	-	0.6%
Actual effective tax rates	-	34.8%

(Note) As the difference between the effective statutory tax rate and the actual effective tax rate is less than 5% of the effective statutory tax rate, a reconciliation has been omitted for the previous fiscal year.

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, 2023 and 2024.

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 years ended March 31, 2023 and 2024.

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19. Revenue recognition

a) Disaggregation of revenue arising from contracts with customers

For the year ended March 31, 2023

Millions of Japanese Yen						
	Reportable Segments				Others (Note 1)	Total
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total		
Domestic government	¥78,125	¥9,406	¥-	¥87,531	¥4,639	¥92,171
Domestic private	24,168	43,721	-	67,889	6,237	74,127
Overseas	-	-	46,538	46,538	-	46,538
Revenue from contracts with customers	102,293	53,128	46,538	201,959	10,876	212,836
Other revenue	-	-	-	-	733	733
Net sales: External customers	¥102,293	¥53,128	¥46,538	¥201,959	¥11,610	¥213,569

For the year ended March 31, 2024

Millions of Japanese Yen						
	Reportable Segments				Others (Note 1)	Total
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total		
Domestic government	¥110,034	¥11,138	¥-	¥121,173	¥3,817	¥124,990
Domestic private	27,520	72,865	-	100,385	9,197	109,583
Overseas	-	-	48,464	48,464	-	48,464
Revenue from contracts with customers	137,555	84,003	48,464	270,023	13,015	283,038
Other revenue	0	-	37	37	776	814
Net sales: External customers	¥137,555	¥84,003	¥48,501	270,060	¥13,792	¥283,852

For the year ended March 31, 2024

Thousands of U.S. Dollars						
	Reportable Segments				Others (Note 1)	Total
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total		
Domestic government	\$728,708	\$73,765	\$-	\$802,474	\$25,279	\$827,753
Domestic private	182,255	482,550	-	664,805	60,913	725,719
Overseas	-	-	320,954	320,954	-	320,954
Revenue from contracts with customers	910,964	556,315	320,954	1,788,234	86,193	1,874,427
Other revenue	0	-	247	247	5,144	5,391
Net sales: External customers	\$910,964	\$556,315	\$321,201	\$1,788,481	\$91,337	\$1,879,819

(Note) "Other" is excluded from the reportable segments and inclusive Real Estate Business, Manufacture / Sale / Repairing of construction machineries.

b) Basic information to understand the revenue from contracts with customers

Basic information to understand the revenue from contracts with customers is shown in "II. Basis of accounting treatment,

(5) Recognition of significant revenue and expenses."

The transaction price of construction contracts is the contract amount of the construction contract. Additional or variable contract amounts are shown in the amended construction contracts. In case additional or variable contract amounts are not agreed or fixed, the reasonably estimated amounts are included in the aggregate construction revenue.

Contract payments are usually paid incrementally or in accordance with construction progress in a construction period and do not contain a significant financing component.

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c) The relationship between satisfaction of performance obligation based on contracts with customers and the cashflow of the contract and information on future (from the next fiscal year) revenue amount and timing from the contracts with customers, recognized as follows:

For the year ended March 31, 2023

(1) Balances of contract assets and contract liabilities

	Millions of Japanese Yen		Thousands of U.S. Dollars	
	Beginning Balance	Ending Balance	Beginning Balance	Ending Balance
Receivables from contracts with customers	¥49,701	¥59,980	\$329,149	\$397,223
Contract assets	58,995	66,475	390,696	440,237
Contract liabilities	¥15,715	¥10,586	\$104,075	\$70,112

(Note) The balance of receivables from contracts with customers and electronically recorded monetary claims are not included in the amount of note receivables, trade.

Payment conditons in the construction business are different for each contract. Thus, they may not correspond with satisfaction of performance obligations, however, payments are usually made throughout the construction period, or in accordance with satisfaction of performance obligations.

The contract assets corresponding to performance obligations satisfied as of the end of fiscal year, but these represent the amounts of claims for which the due date has not yet been established, and increase with revenue recognition. Contract assets are transferred to receivables, trade from contracts with customers when the claims are submitted to the customers. In addition, the amount of contract assets will fluctuate in accordance with the revision of estimated aggregate construction revenue or aggregate construction cost.

Receivables from contracts with the customers and the contract assets are shown in "Notes and accounts receivable, trade" and "Contract assets." and-contract liabilities is also shown in "Advances received on construction contracts in progress" on the consolidated balance sheets.

Regarding the amount of revenue recognition in the current fiscal year, the contract liability amount is ¥15,008 million.

Furthermore, revenue recognition from satisfaction (or partial satisfaction) of performance obligations in prior periods is ¥442 million.

(2) Transaction price allocated to remaining performance obligations

The aggregate amount of transaction prices allocated to remaining performance obligations and the estimated period of revenue recognition are as follows.

	Millions of Japanese Yen	Thousands of U.S. Dollars
	2023	2023
Domestic civil business	¥172,362	\$1,141,472
Domestic building business	84,014	556,387
Overseas business	137,314	909,369
Others	7,852	\$52,005
Total	¥401,544	\$2,659,234

(Note) "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.

For the above transaction prices allocated to remaining performance obligations, the amounts are mainly the construction contracts satisfied performance obligations over one year. From the end of current fiscal year, the remaining performance obligations of each reportable segment are going to be satisfied within the following periods, and recognized as revenue.

Domestic civil business	Within 3years
Domestic building business	Within 2 years
Overseas business	Within 2 years
Others	Within 2 years

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TOA CORPORATION and its consolidated subsidiaries

For the year ended March 31, 2024

(1) Balances of contract assets and contract liabilities

	Millions of Japanese Yen		Thousands of U.S. Dollars	
	Beginning Balance	Ending Balance	Beginning Balance	Ending Balance
Receivables from contracts with customers	¥59,980	¥59,094	\$397,223	\$391,353
Contract assets	66,475	69,190	440,237	458,217
Contract liabilities	¥10,586	¥22,641	\$70,112	\$149,942

(Note) The balance of receivables from contracts with customers is not included in the amount of note receivables, trade.

Payment conditons in the construction business are different for each contract. Thus, they may not correspond with satisfaction of performance obligations, however, payments are usually made throughout the construction period, or in accordance with satisfaction of performance obligations.

The contract assets corresponding to performance obligations satisfied as of the end of fiscal year, but these represent the amounts of claims for which the due date has not yet been established, and increase with revenue recognition. Contract assets are transferred to receivables, trade from contracts with customers when the claims are submitted to the customers. In addition, the amount of contract assets will fluctuate in accordance with the revision of estimated aggregate construction revenue or aggregate construction cost.

Receivables from contracts with the customers and the contract assets are shown in "Notes and accounts receivable, trade" and "Contract assets." and-contract liabilities is also shown in "Advances received on construction contracts in progress" on the consolidated balance sheets.

Regarding the amount of revenue recognition in the current fiscal year, the contract liability amount is ¥10,269 million.

Furthermore, revenue recognition from satisfaction (or partial satisfaction) of performance obligations in prior periods is ¥263 million.

(2) Transaction price allocated to remaining performance obligations

The aggregate amount of transaction prices allocated to remaining performance obligations and the estimated period of revenue recognition are as follows.

	Millions of Japanese Yen	Thousands of U.S. Dollars
	2024	2024
Domestic civil business	¥191,837	\$1,270,448
Domestic building business	119,101	788,752
Overseas business	165,325	1,094,868
Others	4,202	27,829
Total	¥480,466	\$3,181,899

(Note) "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.

For the above transaction prices allocated to remaining performance obligations, the amounts are mainly the construction contracts satisfied performance obligations over one year. From the end of current fiscal year, the remaining performance obligations of each reportable segment are going to be satisfied within the following periods, and recognized as revenue.

Domestic civil business	Within 3years
Domestic building business	Within 1 year
Overseas business	Within 2years
Others	Within 1 year

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

20.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, 2023

Millions of Japanese Yen								
	Reportable Segments							
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
External customers	¥102,293	¥53,128	¥46,538	¥201,959	¥11,610	¥213,569	¥-	¥213,569
Inter-segment	-	78	-	78	10,942	11,021	(11,021)	-
Total	¥102,293	¥53,206	¥46,538	¥202,037	¥22,552	¥224,590	(¥11,021)	¥213,569
Segment profits or losses	6,983	(337)	2,243	8,888	1,307	10,196	(3,640)	6,555
Other items								
Depreciation and amortization	¥1,152	¥0	¥820	¥1,973	¥309	¥2,283	¥429	¥2,712

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 or losses amounting to ¥(3,640) million is inclusive of inter-segment elimination amounting to ¥52 million and Selling, General and Administrative Expenses amounting to ¥(3,693) 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, 2024

Millions of Japanese Yen								
	Reportable Segments							
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
External customers	¥137,555	¥84,003	¥48,501	¥270,060	¥13,792	¥283,852	¥ -	¥283,852
Inter-segment	-	61	-	61	14,122	14,184	(14,184)	-
Total	¥137,555	¥84,065	¥48,501	¥270,122	¥27,914	¥298,036	(¥14,184)	¥283,852
Segment profits	13,251	4,505	1,255	19,012	3,117	22,130	(4,899)	17,231
Other items								
Depreciation and amortization	¥1,442	¥0	¥1,080	¥2,523	¥339	¥2,862	¥465	¥3,328

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For the year ended March 31, 2024

Thousands of U.S. Dollars								
	Reportable Segments							
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
External customers	\$910,964	\$556,315	\$321,201	\$1,788,481	\$91,337	\$1,879,819	\$ -	\$1,879,819
Inter-segment	-	407	-	407	93,526	93,934	(93,934)	-
Total	\$910,964	\$556,723	\$321,201	\$1,788,889	\$184,864	\$1,973,753	(\$93,934)	\$1,879,819
Segment profits	87,760	29,835	8,313	125,910	20,648	146,558	(32,444)	114,114
Other items								
Depreciation and amortization	\$9,553	\$4	\$7,153	\$16,711	\$2,247	\$18,958	\$3,082	\$22,040

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 ¥(4,899) million (US\$(32,444) thousand) is inclusive of inter-segment elimination amounting to ¥(75) million (US\$501 thousand) and Selling, General and Administrative Expenses amounting to ¥(4,823) million (US\$(31,942) thousand) which are not attributed to any reportable segments.

3. Segment profits 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.

21.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, 2023

	Millions of Japanese Yen
	2023
Japan	¥167,031
Other	46,538
Total	¥213,569

For the year ended March 31, 2024

	Millions of Japanese Yen	Thousands of U.S. Dollars
	2024	2024
Japan	¥235,351	\$1,558,617
Other	48,501	321,201
Total	¥283,852	\$1,879,819

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

2) Tangible fixed assets

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

III.Information on principal customers

For the year ended March 31, 2023

Name of Customer	Related segments	Net sales
		Millions of Japanese Yen
		2023
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, others	¥36,497

For the year ended March 31, 2024

Name of Customer	Related segments	Net sales	
		Millions of Japanese Yen	Thousands of U.S. Dollars
		2024	2024
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, others	¥63,154	\$418,240

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, 2023 and 2024.

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

Amortization was not applicable for the years ended March 31, 2023 and 2024.

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, 2023 and 2024.

22.Per Share Data

	Japanese Yen		U.S. Dollars
	2023	2024	2024
Net assets	¥1,017.96	¥1,206.27	\$7.988
Net income	¥56.14	¥127.73	\$0.845

(Notes) 1. Diluted net income per share is not presented for this consolidated fiscal year since the Company has no outstanding dilutive shares.

2. The Company conducted a stock split on April 1, 2024, at a ratio of 4 shares for 1 common share. The net assets and net income were calculated based on the assumption that the stock split would be made at the start of the fiscal year ended March 31, 2023.

3. The basic information for calculation of per share data was as follows:

1.Per share data on net income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Profit attributable to owners of parent	¥4,835	¥10,517	\$69,651
Profit attributable to owners of parent not attributable to common stockholders	-	-	-
Profit attributable to owners of parent for common stock	¥4,835	¥10,517	\$69,651

	Thousands of shares	
	2023	2024
Average number of shares of common stock	86,127	82,339

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

To calculate net income per share, the stock acquired by the BBT and J-ESOP stock benefit trusts (961 thousand shares and 2,219 thousand shares in the previous fiscal year and the current fiscal year, respectively) is included in treasury stock, which is deducted when calculating the average number of shares during the fiscal period. Furthermore, the number of treasury stock deducted when calculating the average number of shares during the fiscal period is 3,850 thousand shares for the previous fiscal year and 7,639 thousand shares for the current fiscal year.

2.Per share data on net assets

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2023	2024	2024
Net assets	¥89,361	¥96,700	\$640,400
Net assets amount for common stock	88,629	95,634	633,343
Significant breakdown of differences			
Non-controlling interests	¥731	¥1,065	\$7,057

	Thousands of Shares	
	2023	2024
Numbers of issued shares of common stock	89,978	89,978
Numbers of shares of treasury stock	2,912	10,696
Numbers of shares of common stock which were used for calculation for per share data on net assets	87,065	79,281

To calculate net assets per share, the stock acquired by the BBT and J-ESOP stock benefit trusts (2,199 thousand shares and 2,791 thousand shares in the previous fiscal year and the current fiscal year, respectively) is included in treasury stock that is deducted from the total number of issued shares at the end of the fiscal period. Furthermore, the number of treasury stock deducted from the total number of issued shares at the end of the fiscal period is 2,912 thousand shares for the previous fiscal year and 10,696 thousand shares for the current fiscal year.

23.Significant Subsequent Events

(Stock split and changes in a portion of the Articles of Incorporation due to the stock split)

The Company decided at a meeting of the board of directors held on February 8, 2024, on a stock split and to change a portion of the Articles of Incorporation due to the stock split, and implemented the following.

I.Purpose of the stock split

The purpose of the stock split is to reduce the monetary amount per investment unit, and thereby raise the liquidity of the stock, and expand the investor base.

II.Summary of stock split

(1) Method of split

On the record date of March 31, 2024 (Sunday), (in actuality, March 29, 2024 (Friday)), a stock split of 4 shares for 1 share of common stock held by the shareholders registered as of or entered on the last shareholders registry as of the same day.

(2) Increase in number of shares due to split

1.Total number of issued shares before split	22,494,629
2.Increase in number of shares due to split	67,483,887
3.Total number of issued shares after split	89,978,516
4.Total number of authorized shares after split	240,000,000

(3) Schedule

1. Date of announcement of record date	March 15, 2024 (Friday)
2. Record date	March 31, 2024 (Sunday)
3. Effective date	April 1, 2024 (Monday)

(4) Impact of information per share

Impact of information per share is shown in Note 22 "Per Share Data"

TOA CORPORATION and its consolidated subsidiaries

(1) Reason for changes to the Articles of Incorporation

(2) Contents of changes to the Articles of Incorporation

(Changed portions are underlined)

(3) Schedule of changes to the Articles of Incorporation

(1) Amount of capital

(2) Dividends

(Cancellation of treasury stock)

The Company decided at a meeting of the board of directors held on February 8, 2024, on the cancellation of treasury stock in accordance with stipulations in Article 178 of the Companies Act, and implemented the following.

* The Company conducted a stock split (with a 1-for-4 split ratio) effective April 1, 2024, with the number of shares cancelled amounting to 2,000,000 shares.

(Reference)

Total number of issued shares after cancellation	21,994,629
Treasury stock after cancellation	2,174,246

* Calculation based on the number of treasury stock as of March 31, 2024 (in the case that the impact of the stock split is not taken into consideration).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

Supplementary Information

Details of corporate bond

No relevant items

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	¥26,146	¥25,618	\$173,154	\$169,655	0.67	
Current portion of Long-term debt	4,555	4,272	30,170	28,295	1.08	
Current portion of Non-recourse debt	6	6	39	40	2.18	
Current portion of lease obligations	503	498	3,337	3,298	-	
Long-term debt (excluding current portion)	10,321	9,798	68,352	64,891	1.26	from 2025 to 2029
Non-recourse debt (excluding current portion)	14	7	93	52	2.18	from 2025 to 2026
Lease obligation (excluding current portion)	1,034	603	6,854	3,997	-	from 2025 to 2029
Other debt: commercial paper (scheduled to be repaid within one year)	6,000	8,000	39,735	52,980	0.24	
Total	¥48,582	¥48,805	\$321,737	\$323,211		

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

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

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

	Millions of Japanese Yen				Thousands of U.S. Dollars			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term debt	¥4,089	¥2,888	¥1,906	¥914	\$27,081	\$19,130	\$12,626	\$6,053
Non-recourse debt	6	1	-	-	41	10	-	-
Lease obligations	210	206	178	7	1,393	1,369	1,184	50

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

The Audit of the Consolidated Financial Statements

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, 2024, 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, 2024, 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.

Recognition of revenue as performance obligations are satisfied over time in 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 significant revenue and expenses" under "II. Basis of accounting	We mainly performed the following audit procedures in evaluating the reasonableness of estimates of total construction costs for revenue recognized as performance obligations are satisfied over time.

treatment” in “1. Significant Items that Form the Basis of Preparing Consolidated Financial Statements,” TOA CORPORATION (the “Company”) and its consolidated subsidiaries mainly use the method of recognizing revenue as performance obligations are satisfied over time (cost-based input method is applied for estimates of progress towards satisfaction of the performance obligation) for construction that is deemed to satisfy performance obligations for the portion of work completed up to the end of the fiscal year ended March 31, 2024 in recording net sales and cost of sales for completed construction work related to construction contracts.

As described in “1 Accounting Standard for Revenue Recognition” under “2. Significant accounting estimates,” net sales for completed construction work of 270,881 million yen were recorded using the method of recognizing revenue as performance obligations are satisfied over time, accounting for 95.4% of net sales in the amount of 283,852 million yen for the fiscal year ended March 31, 2024.

Revenue recognized using the method of recognizing revenue as performance obligations are satisfied over time is measured based on the progress towards the satisfaction of the performance obligation, and such progress is determined based on the ratio of actual incurred costs up to the end of the fiscal year to total construction costs. Total construction costs 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, progress towards satisfaction of a performance obligation is calculated based on the latest revised budget following such revision of estimates.

Operating budgets on which estimates of total construction costs are based are individual in nature since specifications, construction periods, and other considerations differ by construction contract, and are

(1) Evaluation of internal controls

We evaluated the design and operation of the following internal controls relating to estimates of total 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 designated in accordance with decision-making standards
- Controls to ensure that each of the elements of total construction costs is 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 management of profit (loss) on construction and timely and appropriate revisions of estimates of total construction costs are carried out 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 reasonableness of estimates of total construction costs

In order to evaluate the reasonableness of total construction costs, 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.

<p>formulated based not only on objective figures and indicators such as quotations provided by counterparties, but also on subjective determinations based on factors such as past construction experience and specialized construction knowledge of construction managers. In formulating the aforementioned budgets, estimates are made based on certain assumptions, including changes in construction material and labor prices. If these assumptions change, it is necessary to revise total construction costs according to changes in the construction environment after construction begins and the status of discussions with counterparties. However, given that construction work generally spans long periods of time, it is difficult to accurately predict such changes and, therefore, estimates are subject to uncertainty.</p> <p>Based on the above, we have determined that estimates of total construction costs, which are an assumption underlying the measurement of progress towards satisfaction of a performance obligation related to revenue recognition for construction contracts, are of particular significance for the fiscal year ended March 31, 2024 and, accordingly, that this is a key audit matter.</p>	<ul style="list-style-type: none"> • 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 were 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, 2024. • 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 was consistent with work schedules and progress percentages. Additionally, with regard 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. • Regarding significant assumptions included in total construction costs in operating budgets or the latest revised budgets, we reconciled these items to documents such as quotations from subcontractors and considered whether the items were consistent with contract periods, workforce plans, and other information. • 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.
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Other Information

Other information comprises the information included in disclosure document that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

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 consolidated 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 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.

Fee-related Information

The fees for the audits of the financial statements of TOA CORPORATION and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 92 million yen and 21 million yen, respectively.



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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 9, 2024

/s/ 原 秀敬

Hidenori Hara
Designated Engagement Partner
Certified Public Accountant

/s/ 結城 洋治

Yoji Yuki
Designated Engagement Partner
Certified Public Accountant