

CONSOLIDATED BALANCE SHEET

TOA CORPORATION and its consolidated subsidiaries
As of 31 March 2024 and 2025

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2024	31 March 2025	31 March 2025
ASSETS			
Current assets:			
Cash and bank deposits (Note 12)	¥ 57,063	¥ 41,605	\$ 279,233
Notes and accounts receivable, trade (Note 6 and 12)	131,994	172,487	1,157,631
Cost on construction contracts in progress and other (Note 6)	6,091	5,612	37,664
Real estate for sale	1,269	2,277	15,286
Advanced money	11,865	14,306	96,015
Other current assets (Note 6)	5,763	6,344	42,581
Allowance for doubtful accounts	(9)	(9)	(62)
Total current assets	214,037	242,624	1,628,351
Fixed assets:			
Property, plant and equipment:			
Buildings and structures	15,474	14,927	100,185
Machinery, vehicles and equipment	30,433	31,050	208,392
Land (Note 6)	18,414	18,073	121,296
Leased assets	2,529	1,259	8,451
Construction in progress	761	496	3,335
Less accumulated depreciation	(32,727)	(33,093)	(222,101)
Total property, plant and equipment-net	34,887	32,714	219,559
Intangible assets:	700	794	5,333
Investments and other assets:			
Investments in securities (Notes 6, 12 and 13)	14,037	13,822	92,766
Long-term loans receivable (Note 6)	90	75	509
Asset for retirement benefit	6,114	5,179	34,762
Deferred tax assets (Note 16)	2,107	2,612	17,535
Other	2,226	2,365	15,873
Allowance for doubtful accounts	(1,266)	(1,250)	(8,390)
Total investments and other assets	23,310	22,805	153,056
Total fixed assets	58,898	56,314	377,950
Total assets	¥ 272,936	¥ 298,939	\$ 2,006,302

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

CONSOLIDATED BALANCE SHEET

TOA CORPORATION and its consolidated subsidiaries
As of 31 March 2024 and 2025

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2024	31 March 2025	31 March 2025
LIABILITIES			
Current liabilities:			
Notes and accounts payable, trade	¥ 44,566	¥ 44,937	\$ 301,592
Electronically recorded obligations, operating	10,456	14,628	98,174
Short-term borrowings (Notes 6)	29,896	29,510	198,057
Commercial papers	8,000	6,000	40,268
Accrued income taxes	7,255	5,727	38,441
Advances received on construction contracts in progress	22,719	18,099	121,475
Deposits received	28,248	39,297	263,741
Reserve for indemnity on completed contracts	912	921	6,186
Reserve for loss on construction works (Note 6)	2,214	3,214	21,573
Reserve for director's bonuses	79	85	576
Other current liabilities	6,925	8,085	54,264
Total current liabilities	161,276	170,508	1,144,352
Long-term liabilities:			
Corporate bonds	-	5,000	33,557
Long-term debt (Notes 6 and 12)	9,806	9,960	66,851
Deferred tax liabilities on revaluation of land (Notes 6 and 16)	2,144	2,208	14,818
Liability for retirement benefits (Note 15)	583	629	4,225
Provision for board benefit trust	277	404	2,717
Provision for employee stock ownership plan trust	527	814	5,466
Other long-term liabilities	1,619	1,538	10,328
Total long-term liabilities	14,959	20,556	137,964
Total liabilities	176,235	191,065	1,282,316
Net assets:			
Shareholders' equity:			
Common stock	18,976	18,976	127,360
Capital surplus	19,270	17,699	118,787
Retained earnings	55,294	66,912	449,078
Treasury stock	(9,146)	(7,541)	(50,614)
Total shareholders' equity	84,395	96,047	644,610
Accumulated other comprehensive income:			
Net unrealized gains (losses) on securities (Note 13)	4,636	4,886	32,797
Net deferred gains (losses) on hedges (Notes 14)	1	1	7
Revaluation reserve for land (Note 6)	3,277	3,222	21,625
Foreign Currency Translation Adjustment	(30)	1	11
Retirement benefits liability adjustments (Note 15)	3,354	2,387	16,025
Total accumulated other comprehensive income	11,239	10,499	70,466
Non-controlling interests	1,065	1,327	8,907
Total net assets	96,700	107,873	723,985
Commitments and contingent liabilities:			
Total liabilities and net assets	¥ 272,936	¥ 298,939	\$ 2,006,302

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 2024 and 2025

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2024	31 March 2025	31 March 2025
Net sales	¥ 283,852	¥ 330,472	\$ 2,217,935
Cost of sales	253,418	295,500	1,983,227
Gross profit	30,433	34,971	234,707
Selling, general and administrative expenses (Note 7)	13,202	14,349	96,305
Operating income	17,231	20,621	138,402
Non-operating income:			
Interest income	51	74	501
Dividend income	320	379	2,545
Exchange gain	444	-	-
Other	44	61	414
Total non-operating income	860	515	3,461
Non-operating expenses:			
Interest expense	355	464	3,116
Guarantee fee	202	178	1,196
Provision for doubtful accounts, non-trade	735	-	-
Exchange loss	-	299	2,010
Commission fee	158	52	355
Other	9	68	461
Total non-operating expenses	1,461	1,063	7,140
Ordinary profit	16,630	20,073	134,724
Extraordinary income:			
Gain on sale of fixed assets (Note 7)	75	30	206
Gain on sale of investment in securities	149	1,112	7,465
Subsidy income	15	7	47
Other	-	7	52
Total extraordinary income	239	1,158	7,772
Extraordinary losses:			
Loss on sale of fixed assets (Note 7)	5	0	0
Loss on disposal of fixed assets (Note 7)	20	145	974
Loss on reduction of noncurrent assets	15	7	47
Loss on impairment of fixed assets (Note 7)	552	78	529
Other	3	7	48
Total extraordinary losses	598	238	1,599
Profit before income taxes	16,272	20,993	140,896
Income taxes:			
Current	8,106	6,207	41,661
Deferred	(2,440)	(368)	(2,472)
Total income taxes	5,665	5,839	39,189
Profit	10,606	15,154	101,707
Profit attributable to:			
Non-controlling interests	¥ 89	¥ 245	\$ 1,647
Owners of parent	¥ 10,517	¥ 14,908	\$ 100,060

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 2024 and 2025

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)	
	31 March 2024	31 March 2025	31 March 2025	
Profit	¥ 10,606	¥ 15,154	\$ 101,707	
Other comprehensive income:				
Net unrealized gains (losses) on securities	2,587	250	1,681	
Net deferred gains (losses) on hedges	5	(0)	(4)	
Revaluation reserve for land	-	(63)	(423)	
Foreign Currency Translation Adjustment	(46)	48	325	
Retirement benefits liability adjustments (Note 15)	2,550	(966)	(6,486)	
Total other comprehensive income (Note 8)	5,096	(731)	(4,907)	
Comprehensive income	¥ 15,703	¥ 14,423	\$ 96,799	
Total comprehensive income attributable to: (Note 8)				
Owners of parent	¥ 15,629	¥ 14,161	\$ 95,045	
Non-controlling interests	¥ 74	¥ 261	\$ 1,754	

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 2024 and 2025

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 (Note 6)	Foreign currency translation adjustment	Retirement benefits liability adjustments (Note 15)		
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
Cancellation of treasury stock											-
Revaluation reserve for land			182								182
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
Cash dividends			(3,282)								(3,282)
Profit attributable to owners of parent for the period			14,908								14,908
Acquisition of treasury stock				(242)							(242)
Sale of treasury stock		92		183							275
Cancellation of treasury stock		(1,664)		1,664							-
Revaluation reserve for land			(7)								(7)
Net changes in items other than shareholders' equity					250	(0)	(55)	32	(966)	261	(478)
Balance at March 31, 2025	¥18,976	¥17,699	¥66,912	(¥7,541)	¥4,886	¥1	¥3,222	¥1	¥2,387	¥1,327	¥107,873

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 2024 and 2025

Thousands of U.S. Dollars (Note 1)

	Shareholders' equity				Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities	Net deferred gains (losses) on hedges	Revaluation reserve for land (Note 6)	Foreign currency translation adjustment	Retirement benefits liability adjustments (Note 15)		
Balance at March 31, 2024	\$127,360	\$129,333	\$371,103	(\$61,383)	\$31,115	\$12	\$21,996	(\$206)	\$22,512	\$7,152	\$648,996
Cash dividends			(22,033)								(22,033)
Profit attributable to owners of parent for the period			100,060								100,060
Acquisition of treasury stock				(1,629)							(1,629)
Sale of treasury stock		620		1,230							1,851
Cancellation of treasury stock		(11,167)		11,167							-
Revaluation reserve for land			(51)								(51)
Net changes in items other than shareholders' equity					1,681	(4)	(371)	218	(6,486)	1,754	(3,208)
Balance at March 31, 2025	\$127,360	\$118,787	\$449,078	(\$50,614)	\$32,797	\$7	\$21,625	\$11	\$16,025	\$8,907	\$723,985

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 2024 and 2025

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	31 March 2024	31 March 2025	31 March 2025
Cash flows from operating activities:			
Profit before income taxes	¥ 16,272	¥ 20,993	\$ 140,896
Adjustments to reconcile income before income taxes and Non-controlling interests to net cash (used in) provided by operating activities:			
Depreciation and amortization	3,328	3,270	21,950
Loss on impairment of fixed assets	552	78	529
Decrease (Increase) in allowance for doubtful accounts	735	(15)	(106)
Increase (decrease) in liability for retirement benefits	(1,064)	31	212
Decrease (increase) in allowance for director's corporate stock benefits	179	143	963
Decrease (increase) in allowance for employee's corporate stock benefits	530	304	2,041
Interest and dividend income	(371)	(454)	(3,047)
Interest expenses	355	465	3,126
Exchange gain (loss), net	(518)	92	622
Increase (decrease) in consumption tax payable	545	1,096	7,362
Loss (gain) on sale of investment in securities	(149)	(1,112)	(7,465)
Gain (loss) on sale of fixed assets and intangible assets	(69)	(30)	(205)
Gain (loss) on disposal of fixed assets and intangible assets	33	118	795
Decrease (increase) in notes and accounts receivable, trade	(4,110)	(40,492)	(271,764)
Increase (decrease) in cost on construction contracts in progress and other	(1,664)	481	3,234
Decrease (increase) in real estate for sale	46	(625)	(4,197)
Increase (decrease) in advanced money	(3,930)	(2,441)	(16,383)
Decrease (increase) in notes and accounts payable, trade	10,156	4,541	30,480
Decrease (increase) in advances received on construction contracts in progress	12,069	(4,619)	(31,006)
Increase (decrease) in deposits received	7,331	11,048	74,151
Other, net	1,598	669	4,493
Sub-total	41,857	(6,454)	(43,316)
Interest and dividend income received	372	452	3,035
Interest paid	(355)	(481)	(3,233)
Income taxes paid	(2,524)	(7,771)	(52,160)
Net cash (used in) provided by operating activities	39,350	(14,255)	(95,675)
Cash flows from investing activities:			
Payments for acquisition of property, plant and equipment	(2,844)	(1,544)	(10,365)
Proceeds from sale of property, plant and equipment	126	216	1,454
Payments for retirement of property, plant and equipment	-	(146)	(986)
Payments for acquisition of intangible assets	(233)	(259)	(1,740)
Payments for acquisition of investment in securities	(42)	(42)	(282)
Proceeds from sale of investment in securities	353	1,846	12,394
Payments of loans receivable	(6)	(4)	(26)
Collection of loans receivable	16	30	202
Other, net	(7)	(2)	(19)
Net cash (used in) provided by investing activities	(2,639)	93	629
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(606)	(253)	(1,697)
Net decrease (increase) in commercial papers	2,000	(2,000)	(13,422)
Proceeds from long-term debt	3,750	4,295	28,825
Repayment of long-term debt	(4,561)	(4,278)	(28,716)
Proceeds from issuance of bonds	-	5,000	33,557
Sale of treasury stock	837	242	1,624
Acquisition of treasury stock	(7,469)	(242)	(1,629)
Cash dividends paid	(2,004)	(3,261)	(21,889)
Proceeds from share issuance to non-controlling shareholders	259	-	-
Other, net	(698)	(751)	(5,043)
Net cash (used in) provided by financing activities	(8,493)	(1,250)	(8,392)
Effect of exchange rate changes on cash and cash equivalents	548	(48)	(323)
Net decrease (increase) in cash and cash equivalents	28,765	(15,460)	(103,761)
Cash and cash equivalents at beginning of year	28,278	57,044	382,846
Cash and cash equivalents at end of year	¥ 57,044	¥ 41,583	\$ 279,084

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 14 majority-owned subsidiaries as of March 31, 2025. The consolidated financial statements for the year ended March 31, 2025, 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.

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 4 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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.

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 ¥149=US\$1, the approximated rate of exchange prevailing on March 31, 2025. 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, 2025

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

¥270,881 million

Current Fiscal Year

¥317,226 million (\$2,129,035 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 |
| ¥552 million |
| Current Fiscal Year |
| ¥78 million (\$529 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, 2025.
- | |
|------------------------------------|
| Deferred tax assets |
| Previous Fiscal Year |
| ¥2,107 million |
| Current Fiscal Year |
| ¥2,612 million (\$17,535 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. Changes in Accounting Policies

(Adoption of Accounting Standard for Current Income Taxes, etc.)

Accounting Standard for Current Income Taxes (ASBJ) Statement No. 27, October 28, 2022, hereinafter referred to as "2022 Revised Accounting Standard") and other relevant standards have been adopted effective from the beginning of the fiscal year ended March 31, 2025. Regarding revisions to the accounting classification of corporate tax, etc., (taxation on other comprehensive income), the transitional treatment stipulated in Article 20-3 of the 2022 Revised Accounting Standard, and the transitional treatment stipulated in Article 65-2 (2) of Revised Implementation Guidance for Tax Effect Accounting (ASBJ Statement No. 28, October 28, 2022, hereinafter referred to as "2022 Revised Implementation Guidance"), are applied. These changes in accounting policies did not affect the consolidated financial statements.

Regarding the revision related to review of treatment of the consolidated financial statements in a case where tax for gain or loss resulting from the sale of shares of a consolidated subsidiary is deferred, the 2022 Revised Implementation Guidance has been applied since the beginning of this consolidated fiscal year. Furthermore, no financial impact is caused by the changes of accounting standards on the consolidated financial statements.

4. Accounting Standards, etc., not yet adopted

* Accounting Standard for Lease Transactions (ASBJ Statement No. 34, September 13, 2024)

* Implementation Guidance for Accounting Standard for Lease Transactions (ASBJ Statement No. 33, September 13, 2024), as well as other related revisions of Accounting Standard, Implementation Guidelines for Accounting Standard, Practical Response Reports and Transfer Guidelines

I. Overview

Consistent with international accounting standards, these standards stipulate how to handle the calculation, etc., of assets and liabilities regarding all leases of lessees.

II. Scheduled date of adoption

Adoption is scheduled to start from the beginning of the year ending March 2028.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

III. Impact of adoption of the relevant Accounting Standard, etc.

The impact on the consolidated financial statements due to the adoption of the Accounting Standard is currently being evaluated.

5.Changes in Presentation

(Related to Consolidated cash flow statement)

The Company has changed the presentation of items in the statement of cash flows as follows: "Increase/decrease (decrease shown inside parentheses) in Provision for board benefit trust" and "Increase/decrease (decrease shown inside parentheses) in Provision for employee stock ownership plan trust," which were categorized in "Other" under "Cash flow from operating activities" in the consolidated statement of cash flows for the previous fiscal year, are presented separately in the consolidated statement of cash flows for the current fiscal year due to their increased materiality.

Consequently, the ¥2,308 million presented in "Other" under "Cash flow from operating activities" in the consolidated statement of cash flows for the previous fiscal year has been reclassified as "Increase/decrease (decrease shown inside parentheses) in provision for board benefit trust" of ¥179 million and "Increase/decrease (decrease shown inside parentheses) in provision for employee stock ownership plan trust" of ¥530 million and "Other" of ¥1,598 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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
	2024	2025	2025
Notes	¥2,060	¥64	\$432
Electronically recorded monetary claims	1,620	408	2,744
Accounts receivable, trade	59,094	64,432	432,435
Contract assets	69,190	107,580	722,015

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, 2024 and 2025, consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Cost on construction contracts in progress	¥4,452	¥4,605	\$30,908
PFI projects	63	19	130
Other inventories	1,575	987	6,625
Cost on construction contracts in progress and other	¥6,091	¥5,612	\$37,664

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, 2024 and 2025, are as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2024	2025	2025
¥182	¥648	\$4,349

V. Investments in securities

Among investments in securities, the aggregate amounts corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2024 and 2025 are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Investments in affiliates	¥417	¥393	\$2,639

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
	2024	2025	2025
Differences of the land after revaluation exceeded its fair value	¥3,158	¥2,529	\$16,978

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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VII.Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities as of March 31, 2024 and 2025, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
Assets pledged as collateral:	2024	2025	2025
Current assets			
Other current assets	¥15	¥13	\$92
Investment and other assets			
Investment in securities	3,346	3,218	21,601
Long-term loans	85	71	482
Total	¥3,448	¥3,304	\$22,177

As of March 31, 2025, the assets listed above are pledged as collateral to secure contingent liabilities amounting to ¥2,475 million (US\$16,611 thousand) and liabilities based on the loan agreements with credit line between PFI companies and financial institutions.

As of March 31, 2024, secured liabilities were in the amount of ¥2,392 million and liabilities were for PFI companies.

In addition, Assets eliminated consolidated as of March 31, 2024 and 2025, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
Assets pledged as collateral:	2024	2025	2025
Current assets			
Other current assets	¥3	¥3	\$20
Investment and other assets			
Investment in securities	20	20	134
Long-term loans	3	0	5
Total	¥26	¥23	\$159

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
	2024	2025	2025
Buildings and structures	¥15	¥6	\$43

IX.Securities lent

Among investments in securities, securities lent to a financial institution under the security lending agreement at March 31, 2024 and 2025, were as follows:

Millions of Japanese Yen		Thousands of U.S. Dollars
2024	2025	2025
¥235	¥215	\$1,446

X.Commitments and contingent liabilities

The Companies are contingently liable for the following as of March 31, 2024 and 2025:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Employees (Loan guarantee to bank)	¥11	¥5	\$39
MORIMOTO Co., Ltd. (Deposit and the other guarantees)		341	2,293
Total	¥11	¥347	\$2,332

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XI.Short-term borrowings

The Company had commitment lines for efficient financing from 7 banks at March 31, 2024 and 2025, as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Total amount of contracts of commitment lines	¥25,000	¥25,000	\$167,785
Outstanding borrowings	-	-	-
Balance	¥25,000	¥25,000	\$167,785

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, 2024 and 2025, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Non-recourse debt included in current portion of long-term debt	¥6	¥6	\$42
Non-recourse debt included in long-term debt	7	1	10
Total	¥14	¥7	\$53

The amount of PFI assets pledged as collateral for non-recourse debt as of March 31, 2024 and 2025, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Cash and bank deposits	¥126	¥124	\$835
Other	51	45	307
Total	¥178	¥170	\$1,142

XIII.Notes receivable and notes payables

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
	2024	2025	2025
Notes receivable	¥26	-	-
Notes payable	¥700	-	-

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
2024	2025	2025
¥19	¥32	\$216

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
2024	2025	2025
¥1,935	¥2,003	\$13,445

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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
	2024	2025	2025
Salaries to employees	¥5,449	¥6,051	\$40,615
Expenses for retirement benefits for employees	346	150	1,010
Research expenses	1,070	1,242	8,338
Provision for doubtful accounts, trade	¥0	¥0	\$1

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
2024	2025	2025
¥1,298	¥1,414	\$9,492

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
	2024	2025	2025
Land and Building	¥72	¥30	\$202
Others	2	0	3
Total	¥75	¥30	\$206

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
	2024	2025	2025
Land	¥3	¥0	\$0
Building	0	-	-
Others	1	-	-
Total	¥5	¥0	\$0

VIII. Loss on disposal of fixed assets

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

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Buildings and structures	¥18	¥131	\$884
Machinery, vehicles and tools, furniture and fixtures	2	8	53
Others	0	5	35
Total	¥20	¥145	\$974

IX. Impairment of fixed assets

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

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

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The construction business assets were grouped by each branch unit, while 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 ¥172 million was accounted for as loss on impairment of fixed assets, which consisted of ¥172 million 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 buildings, 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.

For the year ended March 31, 2025, the Companies recognized losses on impairment of the following assets:

Use	Type of assets	Location
Idle properties	Land	Chiba and one other
Assets for business use	Equipment	Tokyo and one other

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

With respect to idle assets, due to a decline in fair value, the carrying amount was reduced to the recoverable amount.

As a result, an impairment loss of ¥7 million (US\$47 thousand) was recognized.

Regarding the assets for business use, the intended use was reviewed during the current fiscal year, and the carrying amount was reduced to the recoverable amount. Consequently, an impairment loss of ¥71 million (US\$481 thousand) was recognized.

The recoverable amounts of these assets were primarily determined based on net sale value. For assets with material book values, the net sale value was calculated based on real estate appraisal values provided by certified real estate appraisers.

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
	2024	2025	2025
Unrealized gains (losses) on securities:			
Amount arising during the year	¥3,891	¥1,584	\$10,633
Amount of reclassification adjustments	(149)	(1,078)	(7,237)
Corporate tax and amount before tax effect	3,742	505	3,395
Corporate tax and tax effect	(1,155)	(255)	(1,713)
Unrealized gains (losses) on securities	2,587	250	1,681
Deferred gains (losses) on hedges:			
Amount arising during the year	(158)	(3)	(22)
Amount of reclassification adjustments	166	2	15
Corporate tax and amount before tax effect	7	(1)	(6)
Corporate tax and tax effect	(2)	0	2
Deferred gains (losses) on hedges	5	(0)	(4)
Unrealized gains (losses) on reevaluation for land:			
Corporate tax and tax effect	-	(63)	(423)
Foreign Currency Translation Adjustment			
Amount arising during the year	(46)	48	325
Retirement benefits liability adjustments:			
Amount arising during the year	3,659	(949)	(6,372)
Amount of reclassification adjustments	15	(398)	(2,673)
Corporate tax and amount before tax effect	3,675	(1,347)	(9,045)
Corporate tax and tax effect	(1,125)	381	2,559
Retirement benefits liability adjustments	2,550	(966)	(6,486)
Total other comprehensive income	¥5,096	(¥731)	(\$4,907)

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9. Notes to Consolidated Statement of Changes in Net Assets

I. Type and number of shares

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. 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.

For the year ended March 31, 2025

				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	67,483	2,000	87,978
Treasury stock				
Common stock	2,674	8,203	2,251	8,626

Details of reason for changes

Major breakdown of the increase in the number of common stock is as follows:

Increase due to stock split approved by the board resolution on February 8, 2024	67,483
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Major breakdown of the decrease in the number of common stock is as follows:

Decrease due to treasury stock cancellation approved by the board resolution on February 8, 2024	2,000
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Notes: 1. The number of common shares of treasury stock at beginning of year includes 697 thousand shares acquired by the BBT and J-ESOP.

2. The number of common shares of treasury stock at the end of the year includes 2,900 thousand shares acquired by the BBT and J-ESOP.

3. 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, 2024	8,022
Increase due to purchase of odd lot shares	0
Increase due to acquisition of (J-ESOP) stock benefit trusts under the board resolution on February 28, 2025	180
Decrease of shares for (BBT) and (J-ESOP) stock benefit trusts	71
Decrease due to disposal of treasury stock under the board resolution on February 8, 2024	2,000
Decrease due to cancellation of treasury stock under the board resolution on February 25, 2025	180

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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 27, 2024	Common stock	Retained earnings	¥3,282	¥160	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.

For the year ended March 31, 2025

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, 2025	Common stock	Retained earnings	¥6,251	¥76	\$41,954	\$0.51	March 31, 2025	June 30, 2025

Notes:1. Total amount of dividends ¥6,251 million (US\$41,954 thousand) based on the resolution adopted at the Ordinary General Shareholder's Meeting on June 27, 2025, is inclusive of the dividend payment of ¥220 million for the shares acquired by the BBT and J-ESOP stock benefit trusts.

10.Notes to Consolidated Statement of Cash Flows

Cash and cash equivalents consisted of:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Cash and bank deposits	¥57,063	¥41,605	\$279,233
Time deposits due over three months	(19)	(22)	(148)
Cash and cash equivalents	¥57,044	¥41,583	\$279,084

11.Leases

Operating lease

The scheduled maturities of future operating lease payments, including an interest portion on such lease contracts as of March 31, 2024 and 2025, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Due within one year	¥89	¥74	\$499
Due over one year	98	72	486
Total	¥188	¥146	\$986

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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 and corporate bonds 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 and corporate bonds, short-term borrowings are principally applicable to funds for business activities and long-term debt (maturities are within five years in principle) and corporate bonds 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, 2024, 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	¥12,122	¥12,122	¥-
Total assets	12,122	12,122	-
Long-term debt (*3)	14,085	14,079	(6)
Total liabilities	14,085	14,079	(6)
Derivative transactions (*4)	¥2	¥2	¥-

(*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
	2024
Unlisted stocks	¥1,915

(*3) Current portion of long-term debt of ¥4,278 million 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, 2025, 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	¥11,947	¥11,947	¥-	\$80,184	\$80,184	\$-
Total assets	11,947	11,947	-	80,184	80,184	-
Corporate bonds	5,000	4,993	(6)	33,557	33,513	(43)
Long-term debt (*3)	14,101	13,974	(126)	94,641	93,789	(851)
Total liabilities	19,101	18,968	(133)	128,198	127,302	(895)
Derivative transactions (*4)	¥1	¥1	¥-	\$10	\$10	\$-

(*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
	2025	2025
Unlisted stocks	¥1,874	\$12,582

(*3) Current portion of long-term debt of ¥4,140 million (US\$27,789 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, 2024, 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	¥57,063	¥-	¥-	¥-
Notes and accounts receivable, trade	131,985	8	-	-
Total	¥189,049	¥8	¥-	¥-

The projected redemption of monetary claims as of March 31, 2025, 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	¥41,605	¥-	¥-	¥-	\$279,233	\$-	\$-	\$-
Notes and accounts receivable, trade	172,485	1	-	-	1,157,620	11	-	-
Total	¥214,091	¥1	¥-	¥-	\$1,436,853	\$11	\$-	\$-

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b) 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	¥-

The projected repayment of short-term borrowings, corporate bonds, long-term debt and lease obligation as of March 31, 2025, 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	¥25,370	¥-	¥-	¥-	¥-	¥-
Corporate bonds	-	-	-	-	5,000	-
Long-term debt	4,140	3,959	2,975	1,983	1,042	-
Lease obligation	207	204	176	8	1	1
Total	¥29,718	¥4,163	¥3,152	¥1,991	¥6,043	¥1

	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	\$170,268	\$-	\$-	\$-	\$-	\$-
Corporate bonds	-	-	-	-	33,557	-
Long-term debt	27,789	26,574	19,971	13,311	6,994	-
Lease obligation	1,395	1,371	1,187	55	8	6
Total	\$199,453	\$27,945	\$21,158	\$13,366	\$40,560	\$6

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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

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 derivative transactions	¥-	¥2	¥-	¥2

As of March 31, 2025

	Millions of Japanese Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment in securities				
Other securities	¥11,947	¥-	¥-	¥11,947
Total assets	¥11,947	¥-	¥-	¥11,947
Derivatives				
Currency	¥-	¥1	¥-	¥1
Total derivative transactions	¥-	¥1	¥-	¥1

	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment in securities				
Other securities	\$80,184	\$-	\$-	\$80,184
Total assets	\$80,184	\$-	\$-	\$80,184
Derivatives				
Currency	\$-	\$10	\$-	\$10
Total derivative transactions	\$-	\$10	\$-	\$10

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

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

As of March 31, 2025

	Millions of Japanese Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Corporate bonds	¥-	¥4,993	¥-	¥4,993
Long-term debt	-	13,974	-	13,974
Total liabilities	¥-	¥18,968	¥-	¥18,968

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TOA CORPORATION and its consolidated subsidiaries

	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$-	\$33,513	\$-	\$33,513
Long-term debt	-	93,789	-	93,789
Total liabilities	\$-	\$127,303	\$-	\$127,303

(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.

Liabilities

Corporate bonds

The fair value of the corporate bonds issued by the Company is based on market prices and is classified as Level 2 fair value because the bonds are not traded in an active market.

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, 2024

	Millions of Japanese Yen		
	Fair value (Carrying value)	Acquisition cost	Unrealized gain (loss)
Other securities whose fair value amount exceeds their acquisition cost			
Stock	¥11,699	¥5,052	¥6,646
Sub total	11,699	5,052	6,646
Other securities whose fair value does not exceed their acquisition cost			
Stock	423	444	(21)
Sub total	423	444	(21)
Total	¥12,122	¥5,497	¥6,625

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TOA CORPORATION and its consolidated subsidiaries

At March 31, 2025

	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	¥11,056	¥3,754	¥7,301	\$74,203	\$25,197	\$49,005
Sub total	11,056	3,754	7,301	74,203	25,197	49,005
Other securities whose fair value does not exceed their acquisition cost						
Stock	891	1,061	(170)	5,981	7,123	(1,142)
Sub total	891	1,061	(170)	5,981	7,123	(1,142)
Total	¥11,947	¥4,815	¥7,131	\$80,184	\$32,321	\$47,863

(2) Other securities sold during the years ended March 31, 2024 and 2025, were as follows:

At March 31, 2024

	Millions of Japanese Yen		
	Sales proceeds	Gain on sales	Loss on sales
Stock	¥354	¥149	¥-
Total	¥354	¥149	¥-

At March 31, 2025

	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	¥1,851	¥1,112	¥-	\$12,427	\$7,465	\$-
Total	¥1,851	¥1,112	¥-	\$12,427	\$7,465	\$-

14. Derivative Transactions

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

Millions of Japanese Yen					
Hedge accounting method	Types of derivative	Hedged item	Notional amount	Maturing over one year	Fair value
Accounting in principle	Forward foreign exchange contracts Buying U.S. Dollars	Accounts payable	¥37	¥-	¥2

(2) Interest rate related derivatives

Not applicable

Derivative transactions for the year ended March 31, 2025, were classified into:

a) Hedge accounting applied

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

(1) Currency related derivatives

Hedge accounting method	Types of derivative	Hedged item	Millions of Japanese Yen			Thousands of U.S. Dollars		
			Notional amount	Maturing over one year	Fair value	Notional amount	Maturing over one year	Fair value
Accounting in principle	Forward foreign exchange contracts Buying U.S. Dollars	Accounts payable	¥17	¥-	¥1	\$118	\$-	\$10

(2) Interest rate related derivatives

Not applicable

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 of the 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, 2024 and 2025, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Retirement benefit obligation balance at the beginning of the year	¥19,209	¥19,258	\$129,249
Service cost	729	777	5,216
Interest cost	201	172	1,160
Actuarial gain	325	(911)	(6,117)
Retirement benefit paid	(1,207)	(1,316)	(8,838)
Retirement benefit obligation balance at the end of the year	¥19,258	¥17,979	\$120,669

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."

(2) The changes in plan assets during the years ended March 31, 2024 and 2025, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Plan assets balance at the beginning of the year	¥20,016	¥24,789	\$166,371
Expected return on plan assets	294	321	2,159
Actuarial gain (loss)	3,984	(1,861)	(12,490)
Contributions by the Company	1,623	547	3,677
Retirement benefits paid	(1,131)	(1,268)	(8,511)
Plan assets balance at the end of the year	¥24,786	¥22,529	\$151,206

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(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, 2024 and 2025, for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Funded retirement benefit obligation	¥18,675	¥17,350	\$116,444
Plan assets at fair value	(24,789)	(22,529)	(151,206)
	(6,114)	(5,179)	(34,762)
Unfunded retirement benefit obligation	583	629	4,225
Net liability and asset for retirement benefits in the balance sheet	(5,531)	(4,549)	(30,536)
Liability for retirement benefits	583	629	4,225
Asset for retirement benefits	(6,114)	(5,179)	(34,762)
Net liability and asset for retirement benefits in the balance sheet	(¥5,531)	(¥4,549)	(\$30,536)

(4) The components of retirement benefit expense for the years ended March 31, 2024 and 2025, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Service cost	¥729	¥777	\$5,216
Interest cost	201	172	1,160
Expected return on plan assets	(294)	(321)	(2,159)
Amortization of actuarial loss	(23)	(437)	(2,938)
Past service costs	39	39	265
Other	6	4	32
Retirement benefit expense	¥658	¥234	\$1,576

(5) Unrecognized actuarial gain (loss) included in other comprehensive income (corporate tax and before tax effect) for the years ended March 31, 2024 and 2025, is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Past service costs	¥39	¥39	\$265
Actuarial gain (loss)	3,635	(1,387)	(9,311)
Total	¥3,675	(¥1,347)	(\$9,045)

(6) Unrecognized actuarial gain (loss) included in accumulated other comprehensive income (corporate tax and before tax effect) as of March 31, 2024 and 2025, is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Unrecognized past service costs	¥79	¥39	\$265
Unrecognized actuarial gain (loss)	(4,913)	(3,526)	(23,667)
Total	(¥4,834)	(¥3,486)	(\$23,402)

(7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2024 and 2025, is as follows:

	2024	2025
Stocks	45%	37%
Bonds	26%	31%
General account assets	13%	14%
Other	16%	18%
Total	100%	100%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The retirement benefit trust, which was set up by the Company for the corporate pension plan, accounted for 35% of the total plan for the year ended March 31, 2024, and 27% for the year ended March 31, 2025.

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, 2024 and 2025, were as follows:

	(Weighted average)	
	2024	2025
Discount rate	0.9%	1.7%
Expected rate of return on plan assets	2.0%	2.0%
Expected rate of future salary increase	2.2%~7.8%	2.4%~7.8%

(9) Retirement Lump Sum Plans

Some consolidated subsidiaries have required contributions of ¥2 million for the year ended March 31, 2024, and ¥2 million for the year ended March 31, 2025, 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, 2024 and 2025, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Deferred Tax Assets:			
Net liability for retirement benefits	¥196	¥216	\$1,455
Loss carried forward	179	215	1,447
Reserve for loss on construction works	677	990	6,645
Accrued bonus to employees	1,138	1,298	8,714
Loss on valuation of utility rights	225	235	1,581
Loss on valuation of investment in securities	119	45	307
Loss on impairment of fixed assets	381	243	1,634
Foreign tax credit	1,423	1,395	9,365
Others	1,843	1,803	12,103
Total gross deferred tax assets	¥6,186	¥6,445	\$43,255
Valuation allowance for tax loss carried forward	(162)	(134)	(905)
Valuation allowance for deductible temporary differences	(1,077)	(944)	(6,339)
Total valuation allowance	(¥1,240)	(¥1,079)	(\$7,244)
Total deferred tax assets	¥4,946	¥5,365	\$36,010
Deferred Tax Liabilities:			
Unrealized gains on securities	(1,989)	(2,244)	(15,066)
Assets for retirement benefits	(667)	(345)	(2,321)
Revaluation reserve for land	(548)	(571)	(3,832)
Other	(287)	(255)	(1,715)
Total deferred tax liabilities	(¥3,492)	(¥3,417)	(\$22,935)
Net deferred tax assets	¥1,453	¥1,948	\$13,075

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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)

(*1) The tax loss carried forward is stated at the amount multiplied by the statutory effective tax rate.

(*2) The deferred tax asset of ¥16 million has been recognized for a tax loss carried forward of ¥179 million (calculated using the statutory effective tax rate). This deferred tax asset of ¥16 million corresponds to a portion of the tax loss carried forward of ¥179 million (calculated using the statutory effective tax rate) at a consolidated subsidiary, and no valuation allowance has been recorded for the portion deemed recoverable based on expected future taxable income.

At March 31, 2025

	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)	¥-	¥-	¥-	¥105	¥34	¥75	¥215
Valuation allowance	-	-	-	(84)	(34)	(15)	(134)
Deferred tax assets	¥-	¥-	¥-	¥20	¥-	¥60	¥80 (*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)	\$-	\$-	\$-	\$706	\$233	\$507	\$1,447
Valuation allowance	-	-	-	(570)	(233)	(101)	(905)
Deferred tax assets	\$-	\$-	\$-	\$136	\$-	\$405	\$542 (*2)

(*1) The tax loss carried forward is stated at the amount multiplied by the statutory effective tax rate.

(*2) The deferred tax asset of ¥80 million (US\$542 thousand) has been recognized for a tax loss carried forward of ¥215 million (US\$1,447 thousand) (calculated using the statutory effective tax rate). This deferred tax asset of ¥80 million (US\$542 thousand) corresponds to a portion of the tax loss carried forward of ¥215 million (US\$1,447 thousand) (calculated using the statutory effective tax rate) at a consolidated subsidiary, and no valuation allowance has been recorded for the portion deemed recoverable based on expected future taxable income.

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2. A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2024 and 2025, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2024	2025
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	1.4%	1.1%
Non-taxable income	(0.2%)	(0.2%)
Per capita levy of inhabitant taxes	0.7%	0.6%
Change in valuation allowance	1.7%	(0.8%)
Tax credits for research and development expenses	(0.3%)	(0.3%)
Tax credits for salary increase	-	(1.6%)
Write-down of tax rate change for deferred tax assets	-	(0.2%)
Other-net	0.9%	(1.5%)
Actual effective tax rates	34.8%	27.8%

3. Revision of deferred tax assets and deferred tax liabilities due to changes in income tax rate

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted by the Japanese National Diet on March 31, 2025, and the “Defense Special Corporation Tax” will be imposed from fiscal years beginning on or after April 1, 2026.

Therefore, the effective statutory tax rate has been changed from 30.6% to 31.5% for deferred tax assets and deferred tax liabilities related to temporary differences that are expected to be eliminated in the fiscal years beginning on April 1, 2026, and thereafter.

As a result, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) decreased ¥74 million(US\$500 thousand), valuation difference on available-for-sale securities decreased ¥62 million(US\$421 thousand), accumulated retirement benefits adjustment decreased ¥43 million(US\$292 thousand), and income taxes-deferred decreased ¥31 million(US\$212 thousand) as of and for the fiscal year ended March 31, 2025.

Deferred tax liabilities on land revaluation increased by ¥63 million(US\$423 thousand) and land revaluation difference decreased by the same amount.

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, 2024 and 2025.

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, 2024 and 2025.

19.Revenue recognition

- a) Disaggregation of revenue arising from contracts with customers

For the year ended March 31, 2024

	Reportable Segments					Millions of Japanese Yen
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total	Others (Note)	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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended March 31, 2025

Millions of Japanese Yen						
	Reportable Segments					
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total	Others (Note)	Total
Domestic government	¥116,074	¥11,378	¥-	¥127,452	¥3,789	¥131,242
Domestic private	25,021	98,987	-	124,009	8,673	132,683
Overseas	-	-	65,737	65,737	-	65,737
Revenue from contracts with customers	141,096	110,365	65,737	317,199	12,463	329,662
Other revenue	0	-	-	0	808	809
Net sales: External customers	¥141,096	¥110,365	¥65,737	¥317,200	¥13,272	¥330,472

For the year ended March 31, 2025

Thousands of U.S. Dollars						
	Reportable Segments					
	Domestic Civil Engineering	Domestic Architectural Building	Overseas	Total	Others (Note)	Total
Domestic government	\$779,022	\$76,364	\$-	\$855,386	\$25,432	\$880,819
Domestic private	167,931	664,345	-	832,277	58,212	890,490
Overseas	-	-	441,193	441,193	-	441,193
Revenue from contracts with customers	946,954	740,710	441,193	2,128,857	83,645	2,212,503
Other revenue	3	-	-	3	5,429	5,432
Net sales: External customers	\$946,957	\$740,710	\$441,193	\$2,128,861	\$89,075	\$2,217,935

(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.

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, 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	\$402,554	\$396,607
Contract assets	66,475	69,190	446,146	464,367
Contract liabilities	¥10,586	¥22,641	\$71,053	\$151,954

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

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Payment conditions 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	\$1,287,501
Domestic building business	119,101	799,339
Overseas business	165,325	1,109,564
Others	4,202	28,203
Total	¥480,466	\$3,224,609

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

For the year ended March 31, 2025

(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	¥59,094	¥64,432	\$396,607	\$432,435
Contract assets	69,190	107,580	464,367	722,015
Contract liabilities	¥22,641	¥18,022	\$151,954	\$120,953

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

Payment conditions 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 ¥21,627 million (US\$145,153 thousand). Furthermore, revenue recognition from satisfaction (or partial satisfaction) of performance obligations in prior periods is ¥450 million (US\$3,025 thousand).

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(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
	2025	2025
Domestic civil business	¥192,605	\$1,292,656
Domestic building business	101,070	678,324
Overseas business	219,135	1,470,710
Others	2,035	13,660
Total	¥514,847	\$3,455,352

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

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 "Civil Engineering Sales and Managing General Headquarters," which control domestic civil engineering businesses, "Building Construction General Headquarters" and "Building Construction Sales and Managing General Headquarters," which control domestic construction businesses, and "International General Headquarters" for overseas businesses. Those Headquarters 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, business operated by consolidated subsidiary PT TOA TUNAS JAYA INDONESIA

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

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

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 ¥(4,899) million is inclusive of inter-segment elimination amounting to ¥(75) million and Selling, General and Administrative Expenses amounting to ¥(4,823) 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, 2025

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	¥141,096	¥110,365	¥65,737	¥317,200	¥13,272	¥330,472	¥-	¥330,472
Inter-segment	-	62	-	62	9,090	9,153	(9,153)	-
Total	¥141,096	¥110,428	¥65,737	¥317,263	¥22,363	¥339,626	(¥9,153)	¥330,472
Segment profits	13,186	6,421	4,230	23,838	2,115	25,953	(5,331)	20,621
Other items								
Depreciation and amortization	¥1,773	¥1	¥734	¥2,509	¥394	¥2,903	¥366	¥3,270

For the year ended March 31, 2025

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	\$946,957	\$740,710	\$441,193	\$2,128,861	\$89,074	\$2,217,935	\$-	\$2,217,935
Inter-segment	-	421	-	421	61,012	61,434	(61,434)	-
Total	\$946,957	\$741,132	\$441,193	\$2,129,282	\$150,087	\$2,279,370	(\$61,434)	\$2,217,935
Segment profits	88,497	43,098	28,393	159,989	14,198	174,187	(35,784)	138,402
Other items								
Depreciation and amortization	\$11,899	\$9	\$4,929	\$16,839	\$2,648	\$19,487	\$2,459	\$21,947

Notes:1. "Other" is excluded from the reportable segments and inclusive of Real Estate Business, Manufacture / Sale / Repairing of construction machineries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

2. Adjustment of the segment profits amounting to ¥(5,331) million (US\$(35,784) thousand) is inclusive of inter-segment elimination amounting to ¥(59) million (US\$402 thousand) and Selling, General and Administrative Expenses amounting to ¥(5,271) million (US\$(35,382) 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, 2024

	Millions of Japanese Yen
	2024
Japan	¥235,351
Southeast Asia	27,602
Other	20,898
Total	¥283,852

For the year ended March 31, 2025

	Millions of Japanese Yen	Thousands of U.S. Dollars
	2025	2025
Japan	¥264,734	\$1,776,744
Southeast Asia	41,798	280,523
Other	23,939	160,669
Total	¥330,472	\$2,217,937

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

(Changes in presentation)

Because net sales in Southeast Asia, which were presented in the "Other" category in the previous fiscal year, have increased and grown in importance, they are presented as a separate segment starting from the current fiscal year. To reflect this change in presentation, the Company reclassified this item in "II. Geographical information 1) Net sales" above in the previous fiscal year.

Consequently, the amount of ¥48,501 million shown as "Other" in the consolidated statement of income for the previous fiscal year was reclassified as "South East Asia" of ¥27,602 million and "Other" of ¥20,898 million.

2) Tangible fixed assets

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

III.Information on principal customers

For the year ended March 31, 2024

Name of Customer	Related segments	Net sales
		Millions of Japanese Yen
		2024
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, others	¥63,154

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

For the year ended March 31, 2025

Name of Customer	Related segments	Net sales	
		Millions of Japanese Yen	Thousands of U.S. Dollars
		2025	2025
Japanese Ministry of Land, Infrastructure, Transport and Tourism	Domestic Civil Engineering Businesses, others	¥70,586	\$473,738

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, 2024 and 2025.

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

Amortization was not applicable for the years ended March 31, 2024 and 2025.

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, 2024 and 2025.

22.Per Share Data

	Japanese Yen		U.S. Dollars
	2024	2025	2025
Net assets	¥1,206.27	¥1,342.70	\$9.011
Net income	¥127.73	¥187.94	\$1.261

(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, 2024.

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
	2024	2025	2025
Profit attributable to owners of parent	¥10,517	¥14,908	\$100,060
Profit attributable to owners of parent not attributable to common stockholders	-	-	-
Profit attributable to owners of parent for common stock	¥10,517	¥14,908	\$100,060

	Thousands of shares	
	2024	2025
Average number of shares of common stock	82,339	79,329

To calculate net income per share, the stock acquired by the BBT and J-ESOP stock benefit trusts (2,219 thousand shares and 2,758 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 7,639 thousand shares for the previous fiscal year and 8,648 thousand shares for the current fiscal year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

2.Per share data on net assets

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2024	2025	2025
Net assets	¥96,700	¥107,873	\$723,985
Net assets amount for common stock	95,634	106,546	715,077
Significant breakdown of differences			
Non-controlling interests	¥1,065	¥1,327	\$8,907

	Thousands of Shares	
	2024	2025
Numbers of issued shares of common stock	89,978	87,978
Numbers of shares of treasury stock	10,696	8,626
Numbers of shares of common stock which were used for calculation for per share data on net assets	79,281	79,352

To calculate net assets per share, the stock acquired by the BBT and J-ESOP stock benefit trusts (2,791 thousand shares and 2,900 thousand shares respectively 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 10,696 thousand shares for the previous fiscal year and 8,626 thousand shares for the current fiscal year.

23.Significant Subsequent Events

The Company decided at a meeting of the board of directors held on May 13, 2025, to acquire treasury stock in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act, and implemented the following.

I.Purpose of the stock acquisition

The purpose of the stock acquisition is to enhance shareholder returns and improve capital gains efficiency.

II.Summary of stock acquisition

(1) Type of acquisition shares	Common shares of the Company
(2) Number of shares to be acquired	4,200,000 shares (Maximum limit) (Ratio to total number of shares issued (excluding treasury stock) 5.29%)
(3) Total amount of acquisition shares	¥4,000 million (US\$ 26,845 thousand) (Maximum limit)
(4) Acquisition period	From May 23, 2025, to November 30, 2025

Supplementary Information

Details of corporate bond

Company	Brand	Issue Date	Millions of Japanese Yen		Thousands of U.S. Dollars		Interest rate	Collateral	Maturity Date
			Beginning balance	Closing balance	Beginning balance	Closing balance	%		
TOA CORPORATION	1st Unsecured Bond (with limited inter-bond pari passu clause) (Sustainability Linked Bond)	March 6, 2025	-	¥5,000	-	\$33,557	1.70	Unsecured	March 6, 2030
Total	-	-	-	¥5,000	-	\$33,557	-	-	-

Notes:1.Total amount of scheduled redemptions per year within 5 years after the consolidated balance sheet date

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOA CORPORATION and its consolidated subsidiaries

Millions of Japanese Yen				
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
-	-	-	-	¥5,000

Thousands of U.S. Dollars				
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
-	-	-	-	\$33,557

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	¥25,618	¥25,370	\$171,932	\$170,268	1.27	
Current portion of Long-term debt	4,272	4,134	28,675	27,746	1.19	
Current portion of Non-recourse debt	6	6	41	42	2.18	
Current portion of lease obligations	498	207	3,348	1,395	-	
Long-term debt (excluding current portion)	9,798	9,959	65,762	66,841	1.53	from 2026 to 2030
Non-recourse debt (excluding current portion)	7	1	53	10	2.18	2026
Lease obligation (excluding current portion)	603	391	4,050	2,629	-	from 2026 to 2030
Other debt: commercial paper (scheduled to be repaid within one year)	8,000	6,000	53,691	40,268	0.68	
Total	¥48,805	¥46,071	\$327,555	\$309,203		

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	¥3,957	¥2,975	¥1,983	¥1,042	\$26,563	\$19,971	\$13,311	\$6,994
Non-recourse debt	1	-	-	-	10	-	-	-
Lease obligations	¥204	¥176	¥8	¥1	\$1,371	\$1,187	\$55	\$8

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, 2025, 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, 2025, 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	We mainly performed the following audit procedures in evaluating the reasonableness of estimates of total construction costs for

<p>expenses” under “II. Basis of accounting 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, 2025 in recording net sales and cost of sales for completed construction work related to construction contracts.</p> <p>As described in “1 Accounting Standard for Revenue Recognition” under “2. Significant accounting estimates,” net sales for completed construction work of 317,226 million yen were recorded using the method of recognizing revenue as performance obligations are satisfied over time, accounting for 96.0% of net sales in the amount of 330,472 million yen for the fiscal year ended March 31, 2025.</p> <p>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.</p> <p>Operating budgets on which estimates of total construction costs are based are individual in nature since specifications,</p>	<p>revenue recognized as performance obligations are satisfied over time.</p> <p>(1) Evaluation of internal controls</p> <p>We evaluated the design and operation of the following internal controls relating to estimates of total construction costs.</p> <ul style="list-style-type: none"> • 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 <p>(2) Evaluation of the reasonableness of estimates of total construction costs</p> <p>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</p>
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<p>construction periods, and other considerations differ by construction contract, and are 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, 2025 and, accordingly, that this is a key audit matter.</p>	<p>construction, and the construction environment, and performed the following audit procedures.</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, 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, 2025. • 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.
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	<ul style="list-style-type: none"> • 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 documents that contain 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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, 2025 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, 2025 are 66 million yen and 9 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 8, 2025