

Medium-term Management Plan

(FY2023 - FY2025)

Specific Action Plan Towards Our Long-Term Vision <TOA 2030>

Create Value, Build the Future



March 15, 2023

1. Review of the Long-Term Vision and Summary of the Previous Medium-term Management Plan

- 1-1. Diagram of Corporate Philosophy
- 1-2. Review of the Long-Term Vision (1)
- 1-2. Review of the Long-Term Vision (2)
- 1-3. Summary of the Previous Medium-term Management Plan
- 1-4. Detailed Summary of the Previous Medium-term Management Plan

2. What the Medium-term Management Plan Aims to Achieve

- 2-1. Financial Figures in the Medium-term Management Plan
- 2-2. Financial Figures and Capital Policy in the Medium-term Management Plan
- 2-3. Medium-term Management Plan: Deepening of ESG Management
- 2-4. Strengthening Cross-divisional Cooperation
- 2-5. Diversity & Inclusion
- 2-6. Reflecting the Voices of Employees and Social Needs (1)
- 2-6. Reflecting the Voices of Employees and Social Needs (2)
- 2-7. Strengthening R&D Capabilities
- 2-8. Initiatives of the Safety, Environment, and Quality General Headquarters

3. Basic Policies and Business Strategies

- 3-1. Basic Policies
- 3-2. Business Strategies – Make Advances in Existing Businesses
- 3-3. Business Strategies – Accelerate Expansion of Business Domains
- 3-4. Business Strategies – Strengthen Management Base
- 3-5. Business Strategies – Investment Plan
- 3-6. Technology Development Leading to Growth Strategy
- 3-7. Promoting Carbon Neutrality
- 3-8. Promoting Digital Transformation
- 3-9. Promoting Offshore Wind Power

1

Review of the Long-Term Vision and Summary of the Previous Medium-term Management Plan

1-1. Diagram of Corporate Philosophy

Corporate Philosophy

Three (3) Management Policy
Five (5) Main Principles

Timeless and universal standards of value

Corporate Philosophy

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

Five(5)Main Principles

Courses of action (Five frames of mind)

1. Be an expert in your assigned work
2. Do not miss an essential point and proper timing of your task
3. Be ever mindful of untiring effort for improvement
4. Have your own opinion and show it
5. Discuss in all aspects, and be responsible to carry out the decision

Three (3) Management Policy

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

10 years later <TOA2030>

New standards of value that meet the needs of the times

Build a prosperous society and connect all the people over the world for the better future.

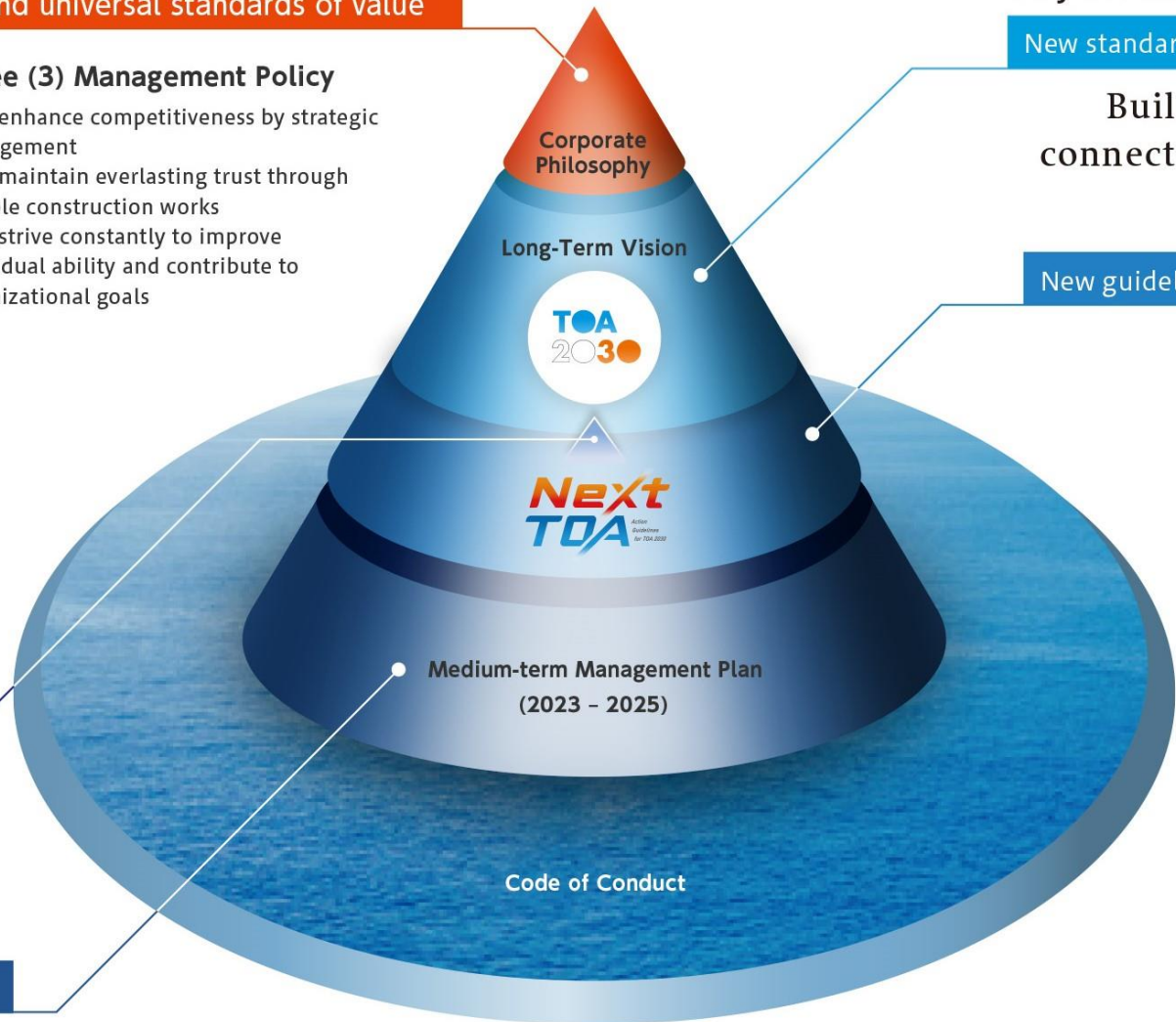
New guidelines for action towards the long-term vision

Corporate Message

**Create Value,
Build the Future**

Execution plan to realize long-term vision

See Page 11. ▶



Flexibility

Respond to changes in the world and continue to have flexibility that is not bound by the past



Quick & Speed

Respond timely to the trends and make quick decisions and actions



High Aspiration

Find what you want to be and act with the ambition to realize it



Challenge

Continue to challenge every day to make tomorrow better than now



Build a prosperous society and connect all the people
over the world for the better future.

TOA Corporation is a company with a history stretching back more than 110 years. We develop and improve social infrastructure, mainly in coastal areas, inheriting the spirit of “social good” from our founder Soichiro Asano. We will continue to fulfill our social responsibilities by demonstrating our expertise both at sea and on land. Examples include development of advanced ports into carbon-neutral ports, renewal of existing facilities, and development of hazard-resistant urban infrastructure.

»» Create TOA's Three Social Values

E Reducing Environmental Impact for a Sustainable Natural Environment

Contribute to the prevention of global warming and the protection of the biological environment through construction and our proprietary technologies

S Supporting "Safe and Security" through Advanced Technologies

Contributing to the development of highly sustainable infrastructure, disaster prevention, and a comfortable urban environment through construction technology

S Continuing to Be a Company Trusted by Society and Employees

Fulfill our social responsibilities by becoming a company trusted by society and where our employees can work with confidence through a strong governance



The Future We Create

Blue · Green

Blue ocean, Blue sky, and Green town

Resilience · Smart

Developing Safe, Secure Towns, and Comfortable Urban Environments

Well-being · Social-Responsibility

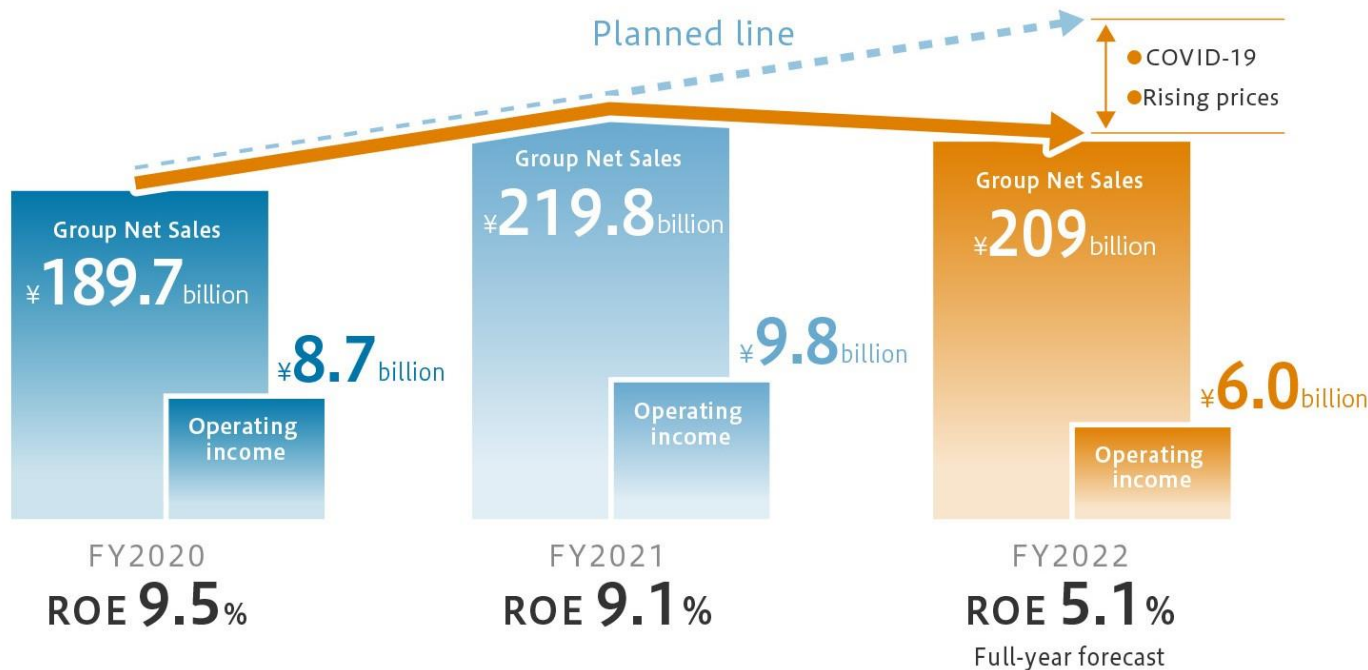
To Be a Company Trusted by Society and Loved by Employees

1-3. Summary of the Previous Medium-term Management Plan

Medium-term Management Plan FY2020 - FY2022

Changes in business structure in order to realize the long-term vision

Make advances in Existing Businesses, Accelerate Expansion of the Business Domain, Strengthen the Management Base



Putting ESG Management into practice

Summary

Make Advances in Existing Businesses

- Expansion of port facilities for the Ministry of Defense and the US forces
- Increase in scale of construction projects and promoting technological development
- Expansion of overseas orders, mainly ODA projects

Accelerate Expansion of Business Domain

- Participation in large-scale onshore construction projects, mainly in the Tokyo metro area
- Expansion of construction business in the medical domain and PFI projects
- Expansion of business in Bangladesh and Africa
- Construction and completion of SEP vessel

Strengthen Management Base

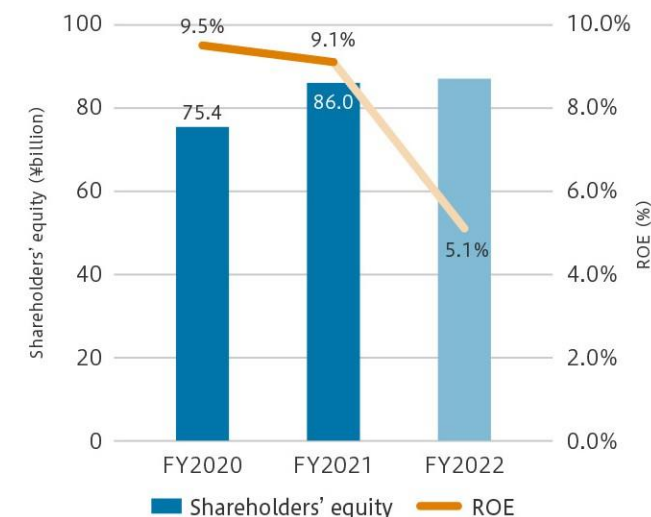
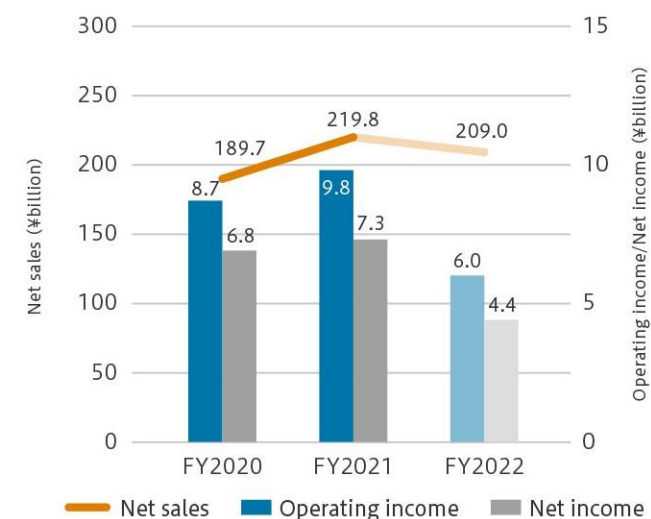
- Launch of the Management Planning General Headquarters (ESG/DX/CN Promotion Department)
- Improvement of training for all directors and young employees
- Implementation of third-party board effectiveness assessments
- Collection and spread of good work-style reform practices throughout the company
- Increase in recruitment of new graduates and mid-career employees

1-4. Detailed Summary of the Previous Medium-term Management Plan

Consolidated	Previous Medium-term Management Plan		[Unit:¥billion]		
	Annual target for the final year	Financial KPIs	FY2020 Actual	FY2021 Actual	FY2022 Forecast
Net sales	234.0	[Non-Consolidated]	189.7	219.8	209.0
Operating income	10.2	■ ROE 8% or more	8.7	9.8	6.0
Net income	6.5	■ Dividend ratio 20~30%	6.8	7.3	4.4
		ROE	9.5%	9.1%	5.1%
	[Consolidated]	Dividend ratio	22.8%	23.5%	44.0%

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

*The FY2022 year-end dividend is planned to be ¥90 per share, the same as the previous year.



2

Our Goals in the Medium-term Management Plan

2-1. Financial Figures in the Medium-term Management Plan

»» Create an organization and develop human resources to drive business expansion toward achieving our long-term vision “*build a prosperous society and connect all the people over the world for the better future.*”



2-2. Financial Figures and Capital Policy in the Medium-term Management Plan

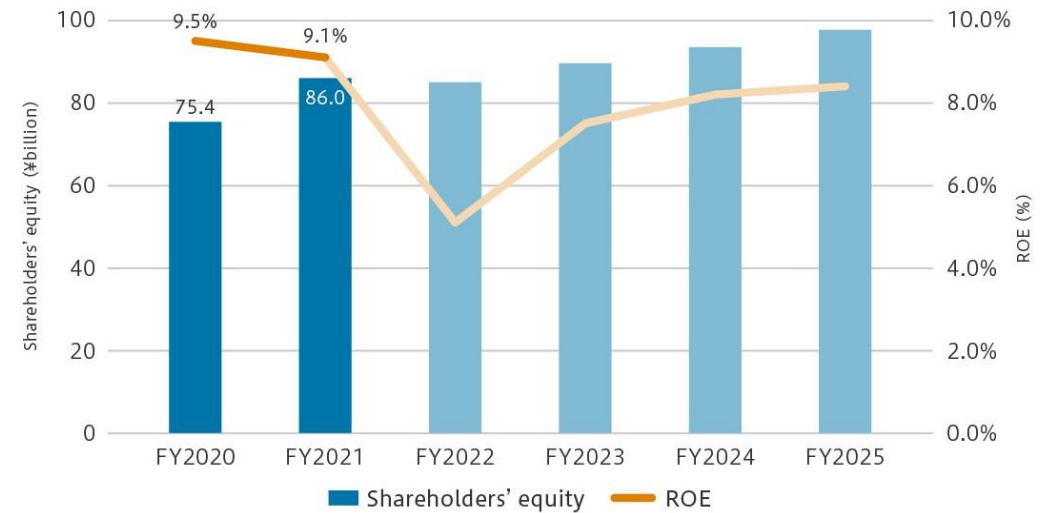
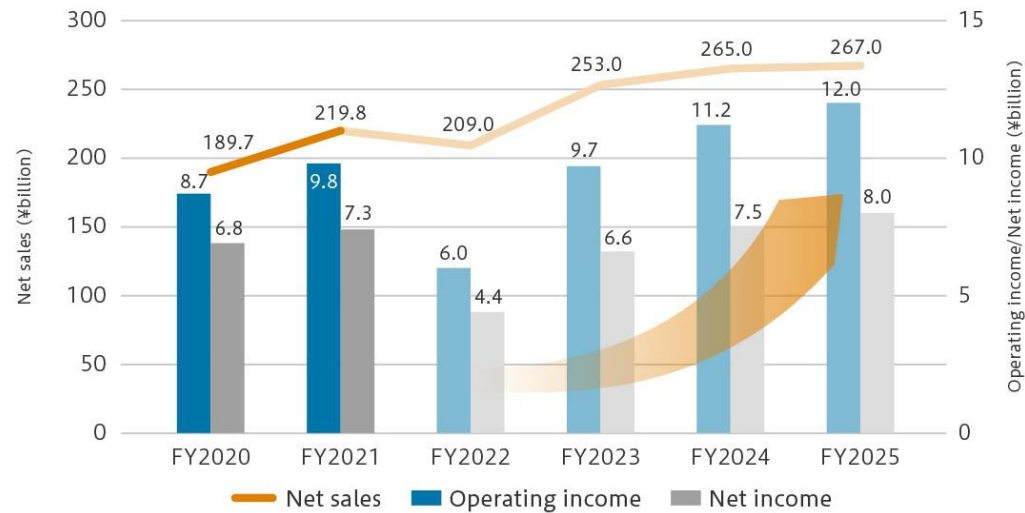
Financial figures

[Unit:¥billion]

Consolidated	Medium-term Management Plan (2023-2025)			Financial KPI
	FY2023	FY2024	FY2025	
Net sales	253.0	265.0	267.0	ROE No less than 8% in the medium to long term Dividend ratio 30% or more
Domestic Civil Engineering	127.0	123.0	124.0	
Domestic Building Construction	70.0	71.0	72.0	
Overseas	45.0	59.0	59.0	
Others	11.0	12.0	12.0	
Operating income	9.7	11.2	12.0	
Net income	6.6	7.5	8.0	

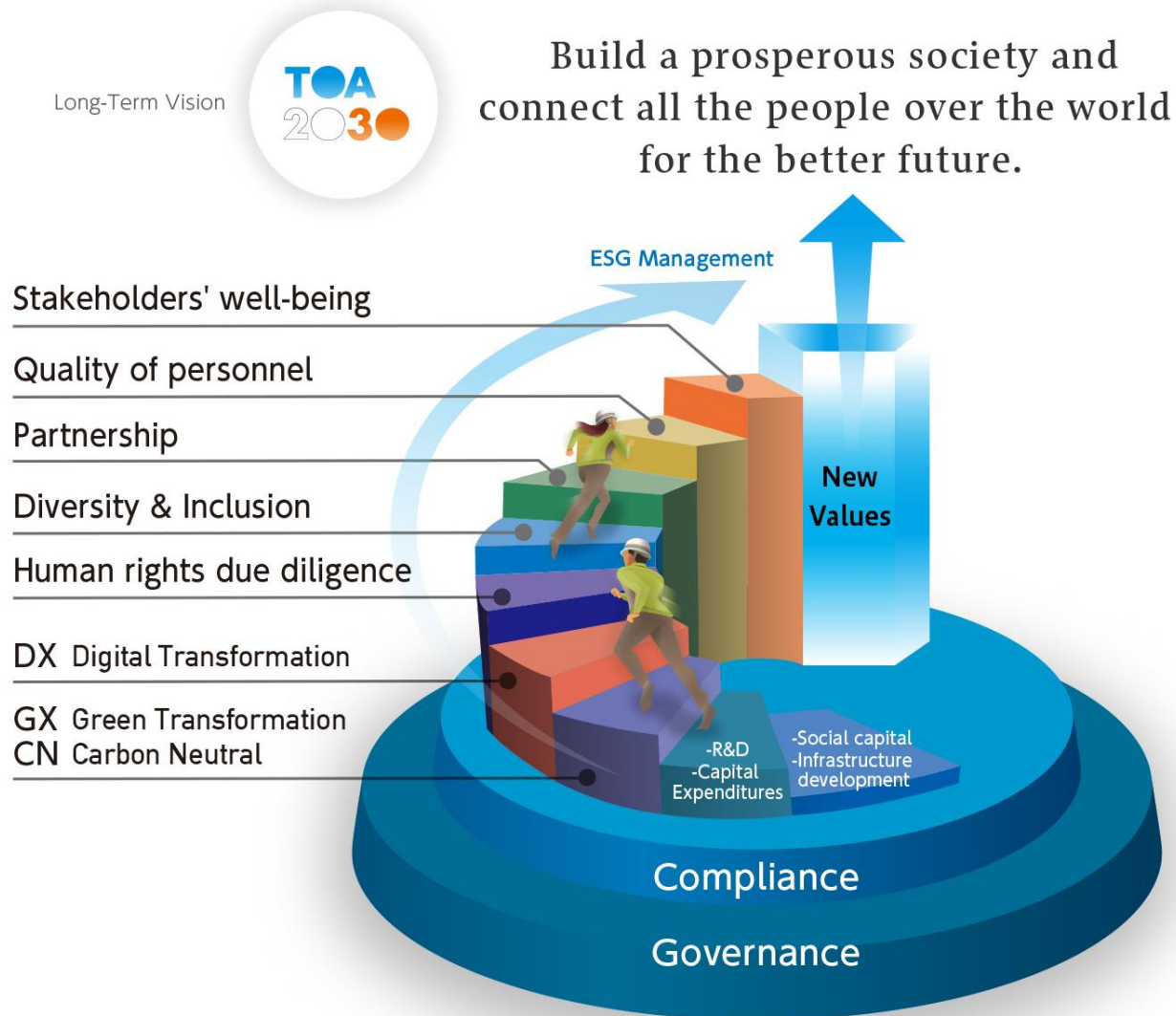
Capital policy

- Maintain an ROE of no less than 8% (consolidated), aiming to increase capital productivity.
- Produce stable and adequate returns to shareholders by paying dividends at a payout ratio of no less than 30% (consolidated), while proactively acquiring treasury shares.
- Continue working to build a more stable financial foundation, maintain and improve the credit rating, and so on.
- Reduce cross-shareholdings to within 10% of net assets during this Medium-term Management period.



2-3. Medium-term Management Plan: Strengthening of ESG Management

Basic Policies Integrate strategies for business and human resources to realize the Long-Term Vision

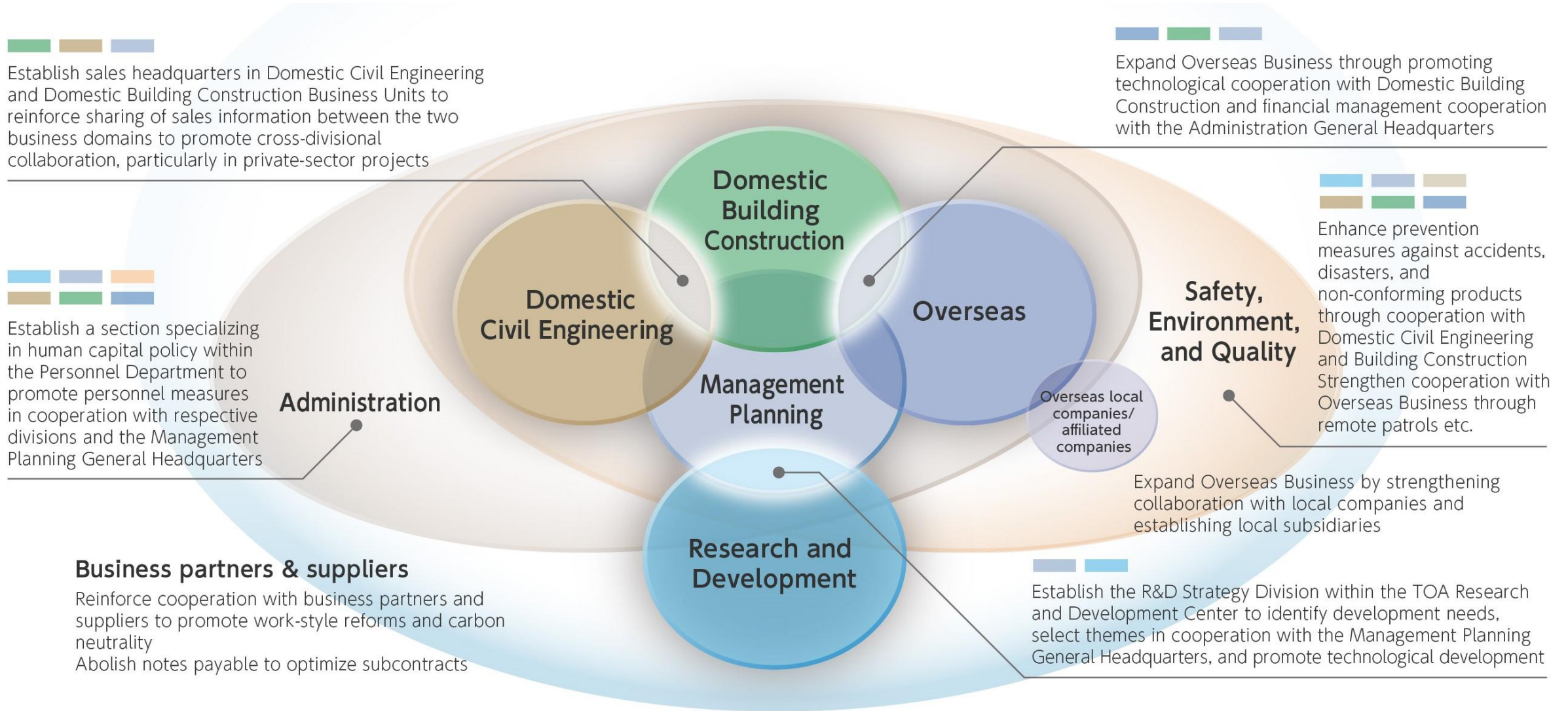


As the social standards of value change rapidly, organizations and human resources are needed to respond without delay. Based on our advanced governance system and compliance spirit, we will contribute to society through social capital improvement by focusing on the respective values of the environment, human rights, and partnership, and by further strengthening our ESG management to enhance the well-being of our employees and all other stakeholders.

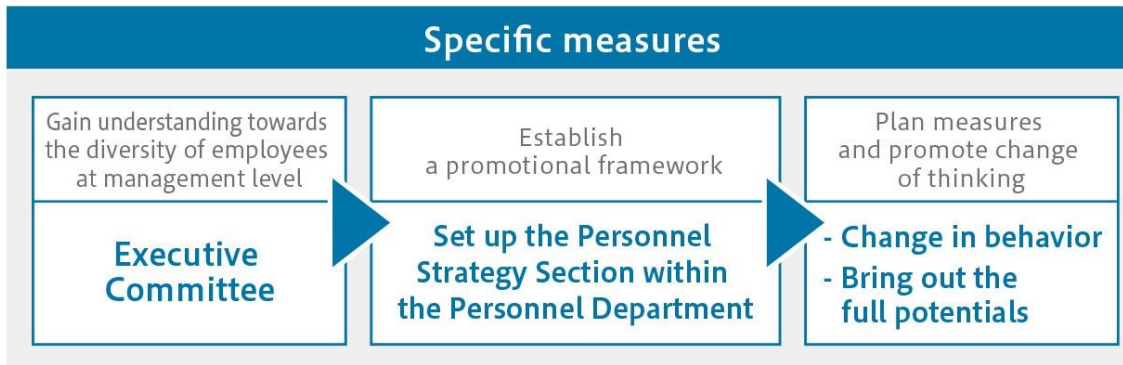
Medium-term Management Plan
enables organizational and human resource development toward this objective

2-4. Strengthening Cross-divisional Collaboration

»» Increase profitability through collaboration among our business domains, affiliated companies, and business partners



»» Create a corporate culture that embraces diversity so that each and every employee can fully demonstrate his or her abilities



- Set up the Personnel Strategy Section within the Administration General Headquarters to realize Diversity & Inclusion by establishing specific measures and promoting changes in awareness.
- Prevent and reduce human rights risks throughout the supply chain in cooperation with business partners both inside and outside Japan.
- Implement the curriculum required to recruit and develop human resources under the responsibility of each operating unit.

*Related ESG-KPI (Rate of increase in FY2030 compared to FY2020)

Female career-track employees (100% or more)	44	▶▶▶	100
Foreign employees (100% or more)	18	▶▶▶	40

2-6. Reflecting the Voices of Employees and Social Needs (1)

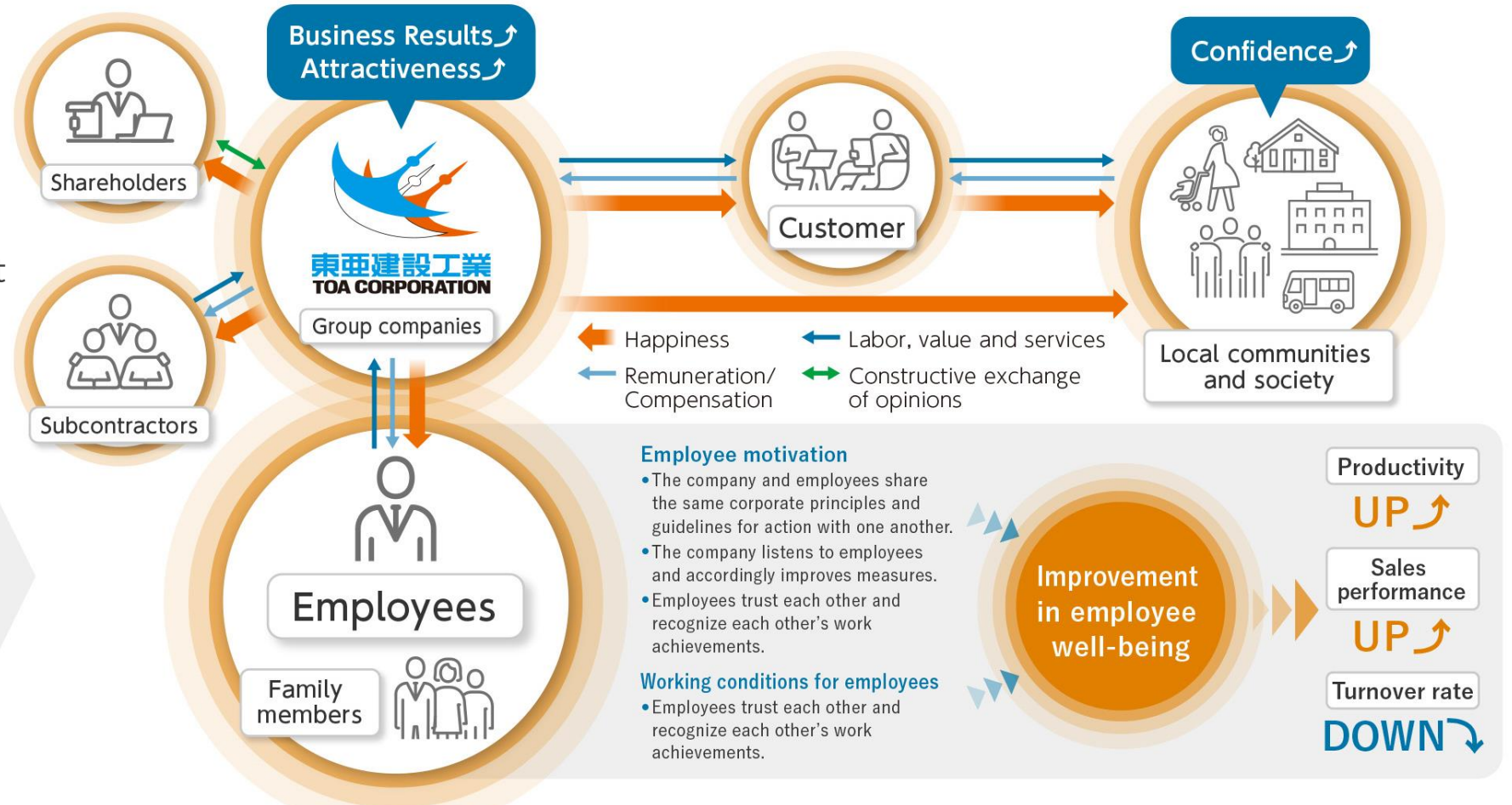
» Create an open organization through the Employee Proposal System, which encourages employees to voluntarily communicate and implement ideas.

- Enrich employee benefits and education, and improve operations to further promote work-style reforms
- Carry out activities that focus on the well-being of employees to reform the corporate culture in ways that entice people to join it

Examples of proposals made in FY2021

Subcommittee for the future of construction created by TOA Towards a company that attracts people

Aim to become a company that attracts people by conducting activities to increase the well-being of all stakeholders



*Conduct a "well-being survey" to analyze the correlation between employees and their workplaces in terms of well-being, to visualize well-being and reflect the feedback in measures.

2-6. Reflecting the Voices of Employees and Social Needs (2)

»» Promote development of necessary technologies reflecting social needs and ESG-oriented technologies, etc.

- Work with startup companies to create global warming prevention measures, biological environmental protection, CO₂ capture and fixation technologies, and biodiversity
 - Work on seabed resource (rare-earth elements) development and protection from sea-level rises
- Examples of proposals made in FY2021

TOA's subcommittee
for the future of construction

TOA's vision for a renewable energy-based smart city

Turning our company-owned facilities into a renewable energy-based smart city – The goal is to contribute to the development of new community infrastructure by taking advantage of our construction technology in cooperation with other companies in the community. (Total site area: 32,000 m²)



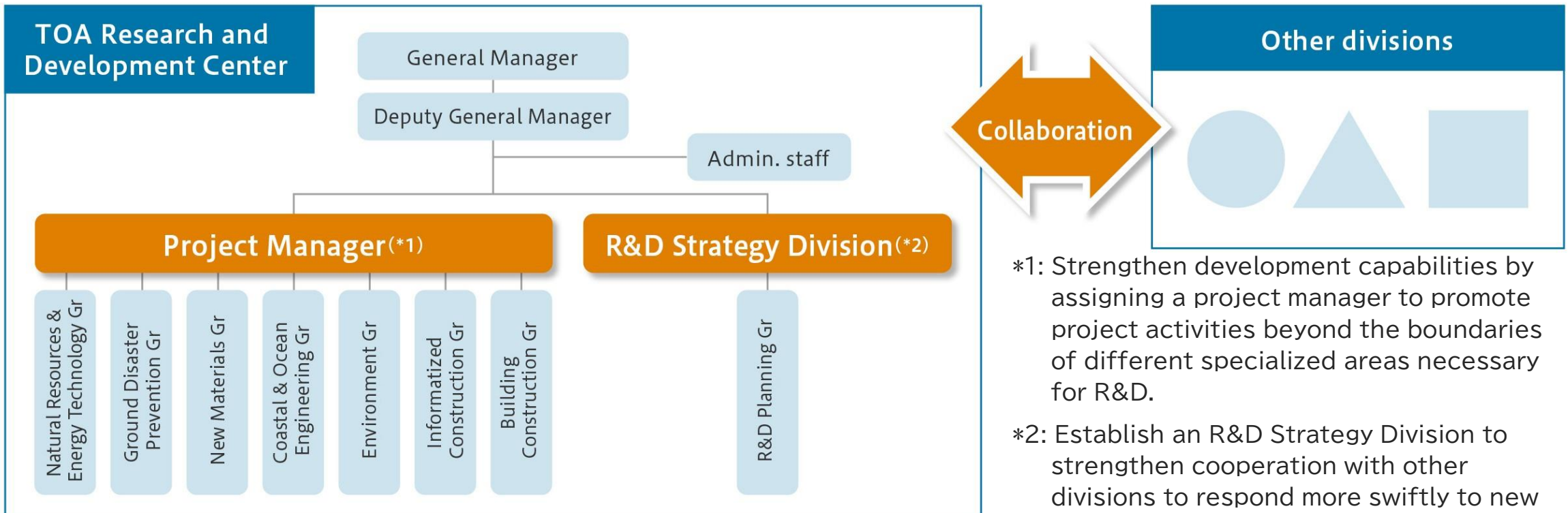
» Strengthen R&D capabilities through newly established R&D Strategy Division and specialized teams in collaboration with relevant groups and divisions

Development themes that reflect social needs, the voices of employees or are necessary for implementing projects led by branch offices

Selected through collaboration between the TOA Research and Development Center and Management Planning General Headquarters

Strategic meetings

Development instructions



*1: Strengthen development capabilities by assigning a project manager to promote project activities beyond the boundaries of different specialized areas necessary for R&D.

*2: Establish an R&D Strategy Division to strengthen cooperation with other divisions to respond more swiftly to new social needs.

》》》 Further improve construction quality with Safety First

Safety



- ① Target an accident frequency rate of 0.7 or less * Overseas project: 0.2 or less
- ② Conduct remote workplace patrols of overseas sites from the head office
- ③ Identify challenges through patrols jointly implemented by the Civil Engineering and Building Construction divisions, and accordingly reinforce measures to eliminate accidents
- ④ Improve the capacity of safety education staff through providing them with training by inviting external instructors, and enhance safety education at business partners

Environment



- ① Aim for zero environmental accidents
- ② Provide environmental education at all levels to develop human resources for environmental compliance
- ③ Aim to achieve a construction waste final disposal rate of less than 3% towards achieving zero-emission construction sites
- ④ Check the management status of construction works at high environmental risk, not only on-site but also remotely using wearable cameras

Quality

- ① Occurrence of non-conforming products

[Domestic Civil Engineering/
Building Construction]



- No more than 5 cases/year each
[Overseas] No more than 4 cases/year
- ② Continue with verification through MS internal audits to spiral up the management system
 - ③ To increase the effectiveness of the management system, implement internal auditor training programs to enhance MS internal audits and provide MS training as part of training programs hosted by respective divisions
 - ④ Enhance quality auditing to prevent fraud and strengthen instructions for quality assurance

3

Basic Policies and Business Strategies

3-1. Basic Policies of the Medium-term Management Plan

»» Along with advancing existing business, accelerate the expansion of business domains and further strengthen the management base in order to realize our long-term vision.

Long-Term Vision



Build a prosperous society and connect all the people over the world for the better future.

Build Industrial Base

Realize a Sustainable Society

Nurture Diverse Human Resources

Basic Policies

Integrate business strategy and human resource strategy to realize the Long-Term Vision

Business strategy towards the Long-Term Vision

Make advances in Existing Businesses

Maximize our organizational capabilities through improving of cross-divisional cooperation

- Establish sales headquarters in Domestic Civil Engineering and Domestic Building Construction to improve the sharing of sales information between the two business domains and expand the customer base
- Carry out cross-divisional R&D activities to enhance areas of strength

Accelerate Expansion of the Business Domain

Dare to try new business models, including new projects

- Expand the port facilities of the Ministry of Defense and the US forces, contributing to greater national resilience
- Focus on the fields of “offices” and “medical welfare”
- Diversify types of construction overseas and establish overseas affiliated companies

Strengthen the Management Base

Build a cycle that sustainably improves corporate value through employees with high levels of well-being

- Create workplaces where employees can work with peace of mind and high motivation
- Promote diversity by establishing a Personnel Strategy Section
- Grant each operating division greater authority to recruit and develop human resources

》》 Maximize our organizational capabilities through improving cross-divisional collaboration

Domestic Civil Engineering



- ① Integrate medium- to long-term business information from both inside and outside Japan, and promote strategic utilization of work vessels
- ② Boost the capability to deal with ECI contracts and develop plans and proposals in order to perform even better in port business, our area of strength
- ③ Lift our ability to inherit technical expertise and deal with risks through TFT activities, in addition to cross-divisional cooperation

Domestic Building Construction



- ① Refine areas of strength (storage and logistics, housing, welfare, and PFI) and continue to maintain blue-chip customers
- ② Establish sales headquarters to take advantage of customer information in Civil Engineering, the strength of which lies in coastal areas, to work effectively on factories, etc.
- ③ Seek to improve productivity by utilizing BIM as a platform in the DX Production Design Section

Overseas



- ① Promote further diversification of construction types in areas where we can demonstrate our strengths, by expanding not only ODA but also other projects
- ② Seek business partnerships with local construction companies, and focus on prioritized countries for Building construction business
- ③ Further upgrade organizational capabilities by expanding opportunities for national staff

》》 Aggressively challenge new business models, including new projects

Domestic Civil Engineering



- ① Increase the amount of business with the Ministry of Defense and the US forces through strengthening cooperation with other general headquarters
- ② Proactively become involved in efforts to enhance national resilience, as well as the maintenance and renewal of dilapidated port infrastructure, with the aim of protecting people's lives and society from ever intensifying natural disasters
- ③ Enhance the inheritance of on-land engineering technology through constant acceptance of orders

Domestic Building Construction



- ① Focus on the fields of “offices” and “medical welfare”
- ② Work on provincial city redevelopment and PPP/PFI projects through cooperation between Civil Engineering and Building Construction
- ③ Establish an environmental project office to carry out deliberations on promoting carbon neutrality

Overseas



- ① Establish overseas affiliates to expand local capital engineering and building construction projects
- ② Make bold attempts at PPP and design-and-built projects and use of buyer's credits

» Establish a cycle that sustainably improves corporate value through employees with high levels of well-being

Administration General Headquarters



Recruit and develop diverse human resources based on our Basic Policy on Human Resource Development

- 1 Realize diversity and inclusion by building a corporate culture and work environment receptive to diverse values
- 2 Systematically recruit and develop professional human resources
- 3 Provide long-term support to human resources throughout their life cycles

Take various measure to solve both qualitative and quantitative issues in human capital management

- Appoint young project managers with a view to the personnel structure's future
- Accelerate human resource development
- Clearly define the roles of individual senior employees and revise how the roles are treated
- Better consider the aspirations and aptitudes of individuals when allocating and developing human resources, such as through flexible job rotations
- Seek to correct disparities in working conditions by providing more career opportunities to female employees, such as through localized employment of career-track employees
- Give each operating division greater authority to recruit employees through certain recruitment channels, and provide incentives to encourage acquisition of qualifications

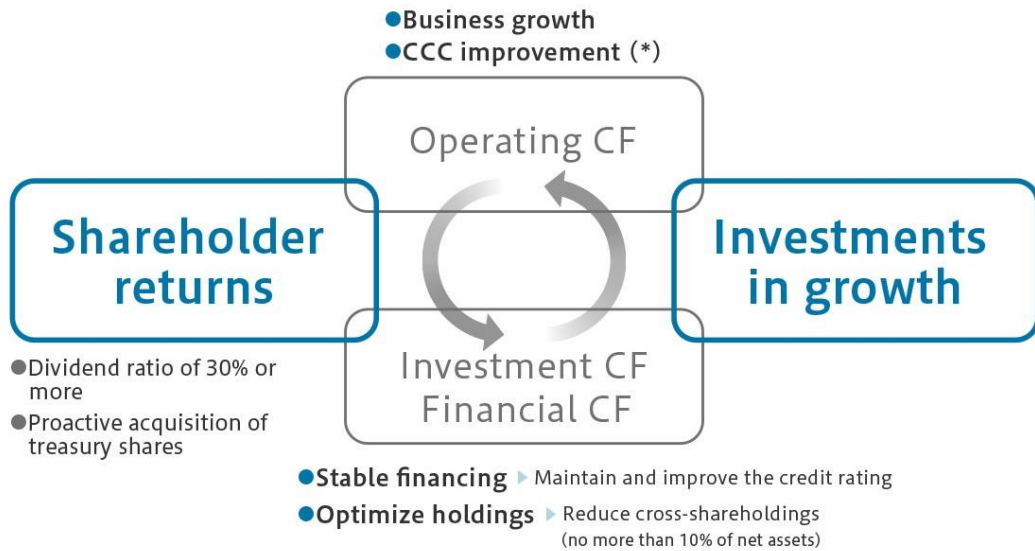
Management Planning General Headquarters



- 1 ESG: Catch up on ESG issues through communication with investors and various other stakeholders, and develop measures accordingly
- 2 DX: Promote digital transformation throughout the company to improve productivity and achieve work-style reforms
- 3 CN: Accelerate efforts in all of the company's departments towards a "carbon-neutral society"
- 4 Encourage all directors and employees to contribute to society through providing safe and high-quality social capital based on an advanced governance system and a spirit of compliance

»» Aim for further growth through investment strategy and realize good returns to shareholders

Investment amount
Approximately
¥20 billion

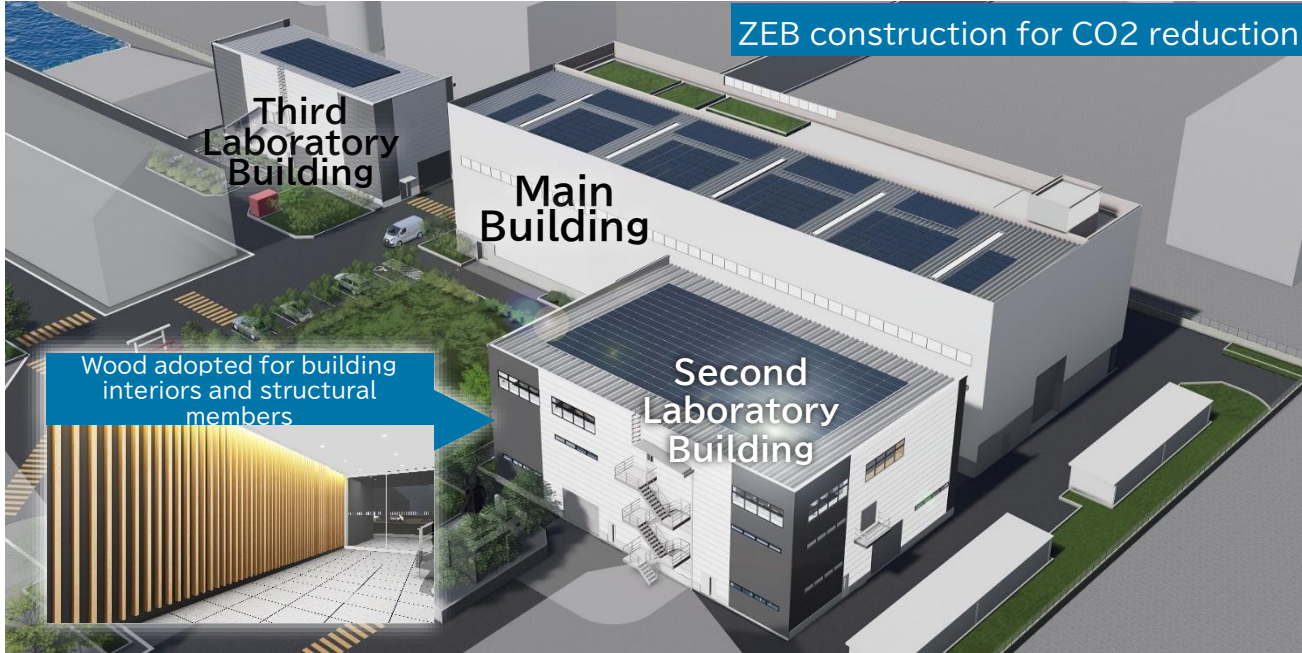


*CCC: Cash conversion cycle A financial indicator that measures how many days it takes a company to collect cash after purchase (receivables conversion period - payables conversion period)

<p>Technology development</p>	<ul style="list-style-type: none"> ● Technological development leading to growth strategy ● New project investments proposed by employees 	<p>About ¥4 billion</p>
<p>Expand business domains</p>	<ul style="list-style-type: none"> ● Explore M&A with companies we can achieve with, with the goal of expanding logistics business ● Increase international competitiveness (M&A of local companies, PPP and improvement of the quality of foreign employees) ● Deal effectively with domestic PPP projects (e.g. water treatment facility projects) through cooperation between Civil Engineering and Building Construction 	<p>About ¥5 billion</p>
<p>Human resource development</p>	<ul style="list-style-type: none"> ● Accelerate human capital management (enhance promotional and recruitment activities to provide more career opportunities for female employees and raise salaries) ● Realize diversity and inclusion (develop human resources according to the aptitudes and abilities of individual employees) ● Promote ESG, DX, and carbon neutrality, and provide related education 	<p>About ¥3 billion</p>
<p>Capital investment, etc.</p>	<ul style="list-style-type: none"> ● Invest in facilities for work vessels, contributing to greater competitiveness ● Own properties that produce stable profits over long periods of time 	<p>About ¥8 billion</p>

3-6. Technology Development Leading to Growth Strategy

Accelerate innovation through completion of the TOA Research and Development Center Phase II Project

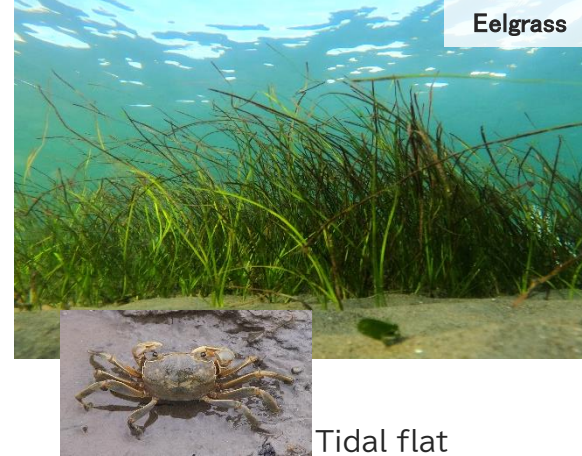


4 Measures against climate change and high waves/high tides



Pier struck and damaged by a vessel drifting in a typhoon

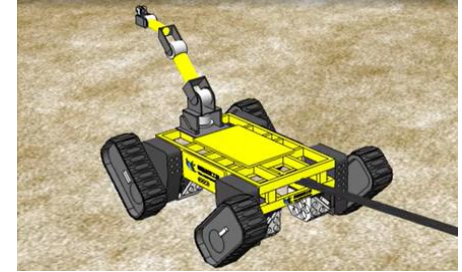
1 Conservation, revitalization, and creation of marine environments contributing to blue carbon



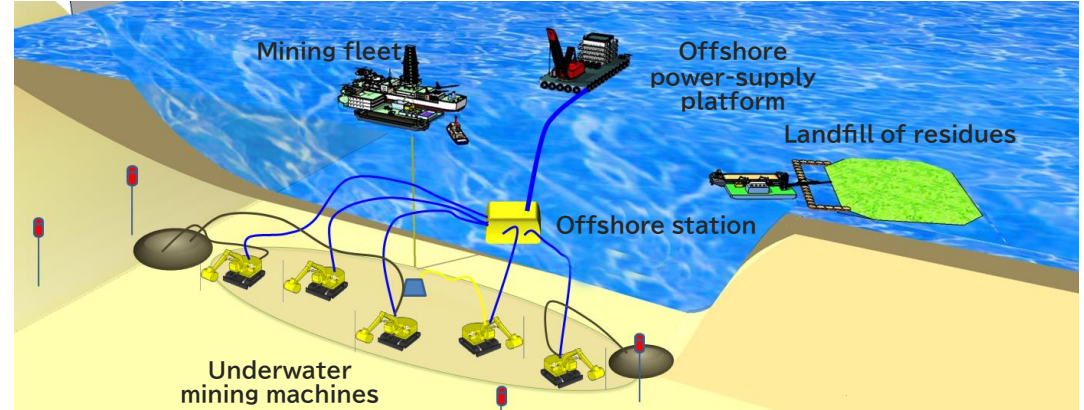
2 Precast Technology (labor-



3 Automatization of (underwater) robots/construction machines

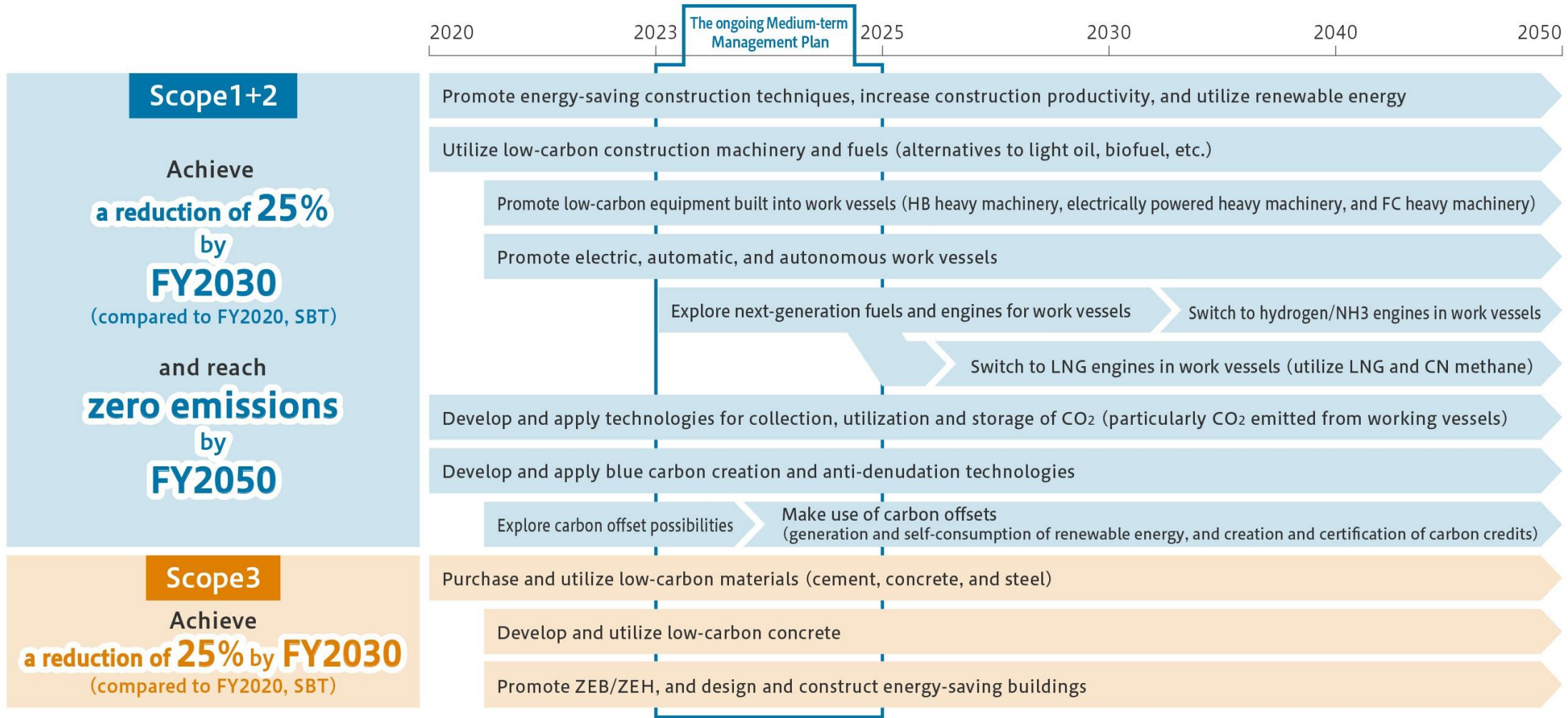


5 Marine resource development technology (rare-earth elements, methane hydrate, cobalt-



3-7. Promoting Carbon Neutrality (Roadmap)

》》 Reach zero greenhouse gas emissions (Scope 1+2) by FY2050



*Proactively promote renewable energy businesses, such as offshore wind power and geothermal power generation.

*Invest aggressively in R&D projects aimed at reducing emissions from business activities (Scope 1+2), with a view to renewing the SBT to 1.5°C next time.

»» Promote Digital Transformation (DX) through improving digital literacy



The ongoing Medium-term Management Plan

Work Sites
All on-site staff members will use an "on-site management system" daily at all work sites.

Head Office
Strengthen cooperation with each department and provide support to help all employees improve their digital literacy.

Branch Office
Provide support to improve digital literacy on site through assigning dedicated staff members.

Management
Analyze acquired data according to management indicators, develop management strategies, translate them into specific measures, and implement them.



Diverse work-styles
Promote free hybrid work-styles, and increase efficiency through automatization etc.

Use of BIM/CIM
Use of front loading effectively

Use of the Metaverse
Make it possible to work free from the constraints of distance or location

Use of data
Implement data-driven management and data-based operations

Promote DX to develop highly skilled human resources and bring about a general improvement in basic skills, leading to increased productivity and new work-styles, to make the company a contributor to society

3-9. Promoting Offshore Wind Power

»» Diversify businesses by taking advantage of the SEP vessel and promote R&D on floating offshore wind turbines

Basic policies

- Diversify businesses by taking advantage of the SEP vessel (with a crane capacity of 1,250 t) jointly built with Obayashi Corporation to enter the bottom-fixed offshore wind farm construction business, which is expected experience short- to medium-term demand, and work to win contracts in port areas and promotion zones.
- Promote continued R&D cooperation with consortium member companies in the bottom-fixed offshore wind farm construction business, which is expected experience short- to medium-term demand, by making use of the Low-cost Offshore Wind Power Generation Project. This is a Green Innovation Fund project run by the New Energy and Industrial Technology Development Organization (NEDO).



Semi-submersible floating structure
(Courtesy of the Japan Marine United Corporation)

Specific measures

- Proactively collect information from respective involved parties and reflect it in technical deliberations and business operations.
- Carry out necessary discussions about securing various work vessels and auxiliary applications of the SEP vessel (soil surveying, jacket foundation construction, maintenance work, etc.) in cooperation with companies in and outside Japan to promote a diverse array of business operations.
- Develop human resources through specialized discussions on technological and construction work, based on appropriate personnel planning, and establish solid technical capabilities without delay.
- Establish efficient floating structure construction technology through R&D activities using the NEDO funding project, and explore functional improvements to the SEP vessel.



SEP vessel (completed in April 2023)



For inquiries, contact:

Management Planning Department, Management
Planning General Headquarters TOA CORPORATION

TEL:03-6757-3821