

# Medium-term Management Plan <2026-2028>

**Growth of Human Resources and Businesses That Respond to Societal Demands**

**March 16, 2026**

*Create Value. Build the Future*



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# I. Medium- to Long-term Vision

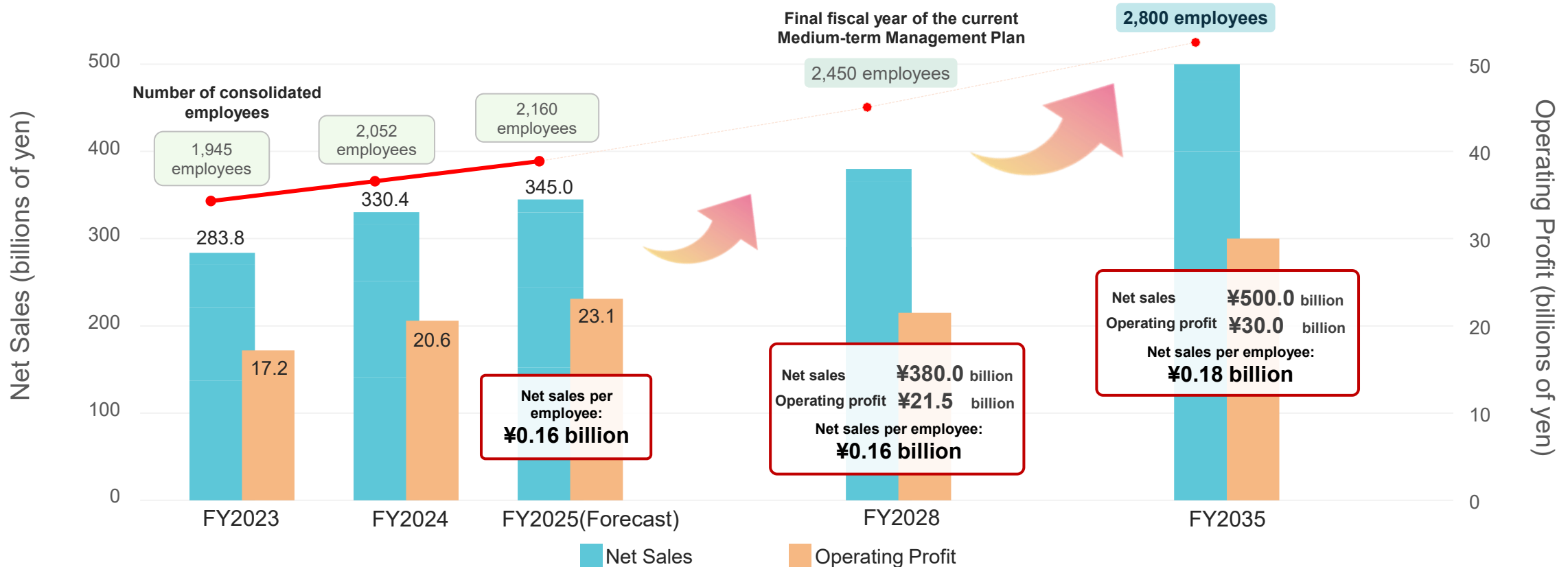
I-1. Basic Policy

I-2. Financial Figures and Personnel Plan (FY2028/FY2035)



## Growth of Human Resources and Businesses That Respond to Societal Demands

- ✓ To meet societal needs such as infrastructure development and defense, we will steadily expand our business scale while improving productivity and developing and securing human resources, aiming to achieve **net sales of ¥500 billion and operating profit of ¥30 billion by FY2035**.
- ✓ We will contribute to society by constructing high-quality social infrastructure and remain closely connected to local communities and attentive to our customers. By strengthening on-site support systems, we will ensure thorough safety and quality management.



# I-1. Basic Policy (2) Integration of Business and Sustainability Strategies

- ✓ By **integrating our business and sustainability strategies**, we address each materiality (material issues) theme. We will not only turn changes in the external environment into opportunities for business expansion but also work to prevent and mitigate risks while **continuing to grow sustainably together with society**.

Medium-term Management Plan <2026-2028>  
 Growth of Human Resources and Businesses That Respond to Societal Demands

Our Vision for 2035:



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

Creating new value and achieving growth together with our stakeholders

External Environment

Anticipating Opportunities and Risks

**Human Resources/Working Style**  
 Labor shortage  
 Diversification of values

**Social/Economic Environment**  
 Security concerns  
 Aging infrastructure  
 Disaster prevention, mitigation, and response  
 Rising interest rates and exchange rate fluctuations

**Natural Environment**  
 Climate change  
 Loss of biodiversity  
 Resource and energy challenges

**Construction Industry**  
 Rising prices of materials and fuel  
 Aging workforce  
 Lack of technical skill succession

**Domestic Civil Engineering Business**

**Domestic Building Construction Business**

**Overseas Business**

**Business Strategy × Sustainability Strategy**

**Human Resources Strategy**

**DX Strategy**    **Ensuring Safety and Quality**  
**Carbon Neutrality**

**Strengthening Supply Chain Management**

**Strengthening Risk Management**

Materiality

Reduce environmental impact and foster environmental value

Value creation through technological innovation and DX

Safe and reliable manufacturing to protect people and society

Co-creation and growth with diverse stakeholders

Sound governance and compliance

## I-2. Financial Figures and Personnel Plan (FY2028 / FY2025)

While favorable market conditions are expected to continue, we will respond flexibly to changes in the business environment.

- [Domestic Civil Engineering] Public investment, including defense-related budgets and national resilience initiatives, is expected to remain robust. In the medium to long term, large-scale projects are expected not only in ports and airports but also in carbon neutrality and energy-related fields.
- [Domestic Building Construction] Rising interest rates and exchange rate fluctuations may suppress private investment, and the building construction business unit also needs to increase the proportion of stable social and public infrastructure projects over the long term.
- [Overseas] While there is some long-term uncertainty regarding ODA, we will maintain our strengths in stable regions with abundant projects, such as Singapore.

Human resource acquisition and productivity improvement

- ✓ We will place greater emphasis on human resource acquisition, aiming for 2,800 employees on a consolidated basis (approximately 30% increase compared with FY2025).
- ✓ We will improve productivity not only by accelerating the development of young employees but also by further promoting DX (Digital Transformation).

### Financial Figures and Personnel Plan

(Unit: people, billions of yen)

Consolidated	Previous Medium-term Management Plan Period			Medium-term Management Plan's Final Year: FY2028	FY2035
	FY2023	FY2024	FY2025 (forecast)		
<b>Number of employees</b>	<b>1,945</b>	<b>2,052</b>	<b>2,160</b>	<b>2,450</b>	<b>2,800</b>
<b>Net sales</b>	<b>283.8</b>	<b>330.4</b>	<b>345.0</b>	<b>380.0</b>	<b>500.0</b>
Domestic Civil Engineering	137.5	141.0	152.0	160.0	200.0
Domestic Building Construction	84.0	110.4	92.0	130.0	200.0
Overseas	48.5	65.7	86.0	75.0	80.0
Consolidated subsidiaries, etc.	13.7	13.2	15.0	15.0	20.0
<b>Operating profit</b>	<b>17.2</b>	<b>20.6</b>	<b>23.1</b>	<b>21.5</b>	<b>30.0</b>
<b>Profit</b>	<b>10.5</b>	<b>14.9</b>	<b>17.8</b>	<b>14.0</b>	<b>20.0</b>

\*Profit: Profit attributable to owners of parent

## **II. Summary of the Previous Medium-term Management Plan and Transition to the Medium-term Management Plan <2026–2028>**

II-1. Performance and Financial KPIs

II-2. External and Internal Environment



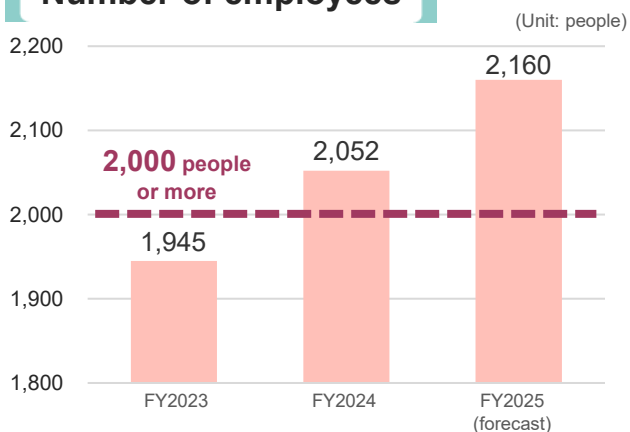
# II-1. Summary of the Previous Medium-term Management Plan: Performance and Financial KPIs

✓ We have steadily captured business opportunities arising from the significant increase in defense-related budgets, the expansion of large-scale logistics warehouses, and major overseas projects such as those in Singapore, to achieve net sales and profits that have significantly exceeded the plan. Progress was also made in human resource acquisition with the number of employees exceeding the target by a wide margin.

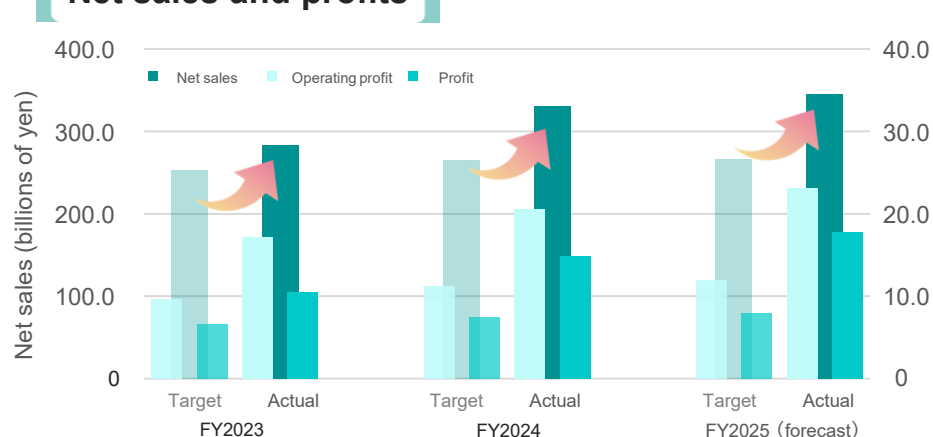
Consolidated	Target			Vision for FY2030
	FY2023	FY2024	FY2025	
<b>Number of employees</b>	Final FY: <b>2,000</b> people			<b>2,210</b> people
<b>Net sales</b>	¥ <b>253.0</b> billion	¥ <b>265.0</b> billion	¥ <b>267.0</b> billion	Approximately ¥ <b>280.0</b> billion
<b>Operating profit</b>	¥ <b>9.7</b> billion	¥ <b>11.2</b> billion	¥ <b>12.0</b> billion	¥ <b>13.5</b> billion
<b>Profit</b>	¥ <b>6.6</b> billion	¥ <b>7.5</b> billion	¥ <b>8.0</b> billion	
<b>ROE</b>	8% or higher over the medium to long term			Maintain 8% or higher
<b>Dividend payout ratio</b>	30% or higher	40% or higher		
<b>Total return ratio</b> <small>(Three-year cumulative total for FY2023-FY2025)</small>	Around <b>70%</b>			

Actual		
FY2023	FY2024	FY2025 (forecast)
<b>1,945</b> people	<b>2,052</b> people	<b>2,160</b> people
¥ <b>283.8</b> billion	¥ <b>330.4</b> billion	¥ <b>345.0</b> billion
¥ <b>17.2</b> billion	¥ <b>20.6</b> billion	¥ <b>23.1</b> billion
¥ <b>10.5</b> billion	¥ <b>14.9</b> billion	¥ <b>17.8</b> billion
<b>11.4%</b>	<b>14.7%</b>	Approx. <b>16%</b>
<b>31.3%</b>	<b>40.4%</b>	<b>40% or higher</b>
Around <b>65%</b>		

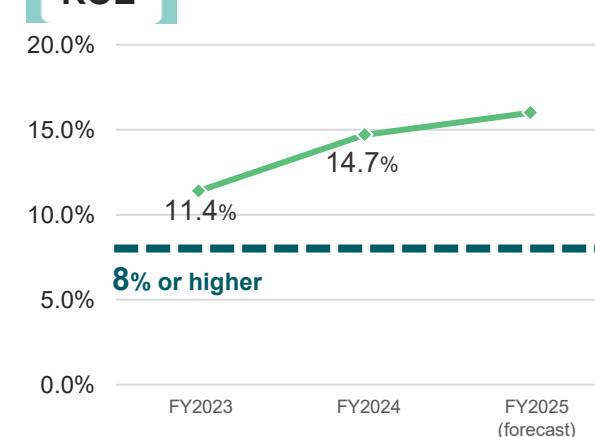
**Number of employees**



**Net sales and profits**



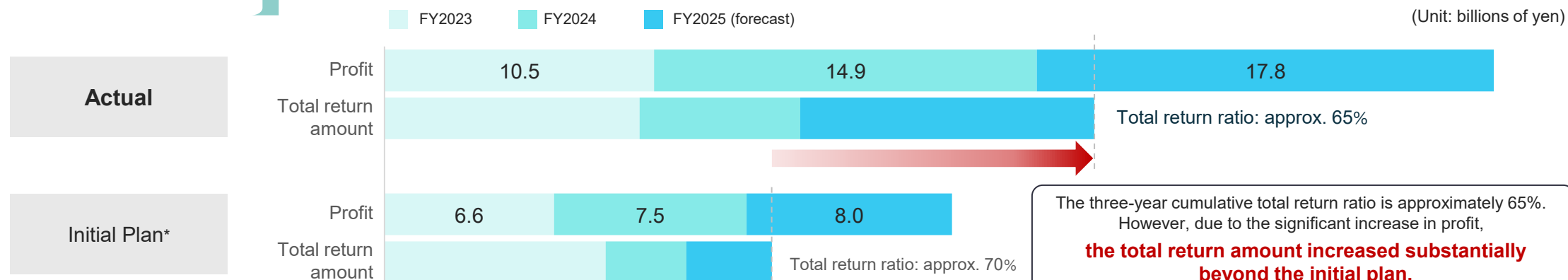
**ROE**



# II-1. Summary of the Previous Medium-term Management Plan: Performance and Financial KPIs

- ✓ As profits exceeded the planned level, total shareholder returns significantly exceeded the initial plan.
- ✓ While investments aimed at expanding business areas fell short of the plan, greater emphasis was placed on investments contributing to the acceleration of human capital management, resulting in growth investments exceeding the initial plan.

## Shareholder Returns



\*The initial plan was disclosed on May 12, 2023, in the "Action Plan to Improve Price-to-Book Ratio."

The three-year cumulative total return ratio is approximately 65%.  
 However, due to the significant increase in profit,  
**the total return amount increased substantially beyond the initial plan.**  
 (Total return amount = Total dividend payments + Amount spent on share buybacks)

## Investment Actual

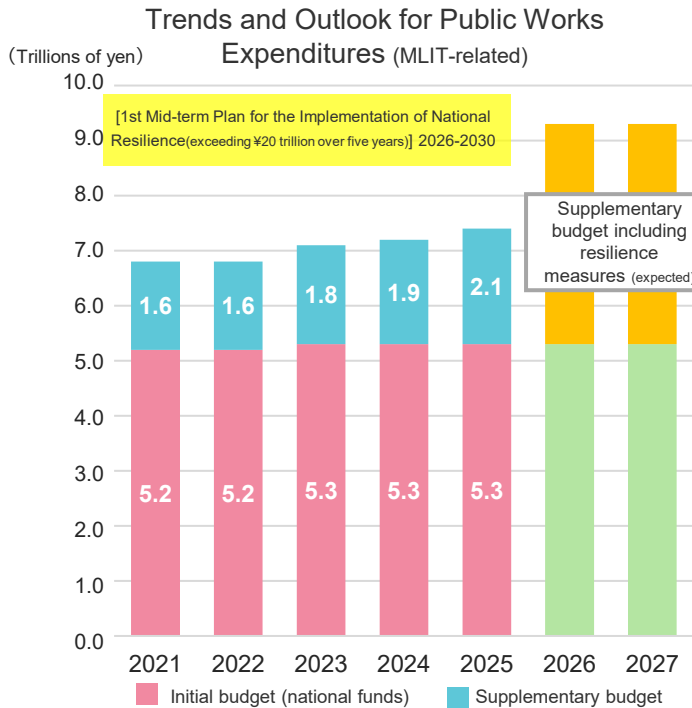
Investment Plan	Initial Planned Amount (3-year cumulative total)	Revision on May 13, 2025	Investment Actual (forecast)
Technology development	¥4.0 billion	¥4.0 billion	¥4.1 billion
Business area expansion	¥5.0 billion	¥10.0 billion	¥1.7 billion
Human resource development	¥3.0 billion	¥7.0 billion	¥7.2 billion
Capital investment	¥8.0 billion	¥9.0 billion	¥8.8 billion
<b>Total</b>	Approx. ¥20.0 billion	¥30.0 billion	¥21.8 billion

<b>Technology development</b>	<ul style="list-style-type: none"> <li>Strengthening R&amp;D capabilities and developing technologies to support growth strategies</li> </ul>
<b>Business area expansion</b>	<ul style="list-style-type: none"> <li>Establishment of a local subsidiary in Indonesia</li> <li>Launch of the Renewable Energy Smart City concept (ongoing)</li> <li>Expansion into the real estate development business</li> </ul>
<b>Human resource development</b>	<ul style="list-style-type: none"> <li>Promotion of women's advancement</li> <li>Strengthening recruitment activities and improving compensation</li> <li>Enhancement of education and training</li> </ul>
<b>Capital investment</b>	<ul style="list-style-type: none"> <li>Modification and construction of work vessels (under construction)</li> <li>Introduction of software</li> </ul>

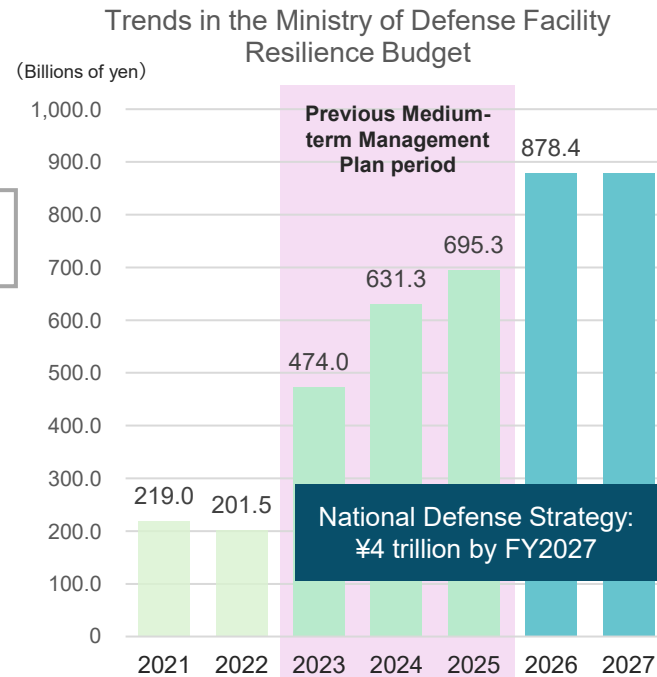
# II-2. External and Internal Environment

- ✓ Government budgets remain strong, supported by the further promotion of disaster prevention and mitigation and initiatives to build up national resilience, as well as a significant increase in defense budgets related to facility resilience.
- Private investment is also robust, driven by facility upgrades and infrastructure reorganization in coastal areas, as well as the expansion of carbon neutrality and energy-related projects.
- ✓ The private construction sector is also expanding rapidly in response to growing demand for large multi-tenant warehouses. In Singapore, we have also secured numerous large-scale port infrastructure development projects.
- ✓ These market conditions are expected to continue over the medium term.

## [Domestic Civil Engineering]



## [ Domestic Civil Engineering/ Domestic Building Construction ]



## [Domestic Building Construction]

Large-scale building construction projects exceeding ¥10.0 billion secured

FY2020-FY2022

**0** projects

⇒ FY2023-FY2025

**5** projects

Average contract value: **¥19.8 billion**

## [Overseas]



- ◇ Continuation of budgets for disaster prevention and mitigation and initiatives to build up national resilience
- ◇ “Budget scale exceeding ¥20 trillion over five years starting FY2026”

Estimated from “Outline of Budget Decisions” and “Outline of the MLIT-Related Supplementary Budget.” issued by Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

- ◇ The Ministry of Defense Facility Reinforcement Budget has increased significantly since FY2023.

Estimated from documents issued by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT): FY2021 and FY2022: “Japan’s Defense and Budget”; FY2023 onward: “Progress and Budget in Fundamental Reinforcement of Defense Capabilities”.

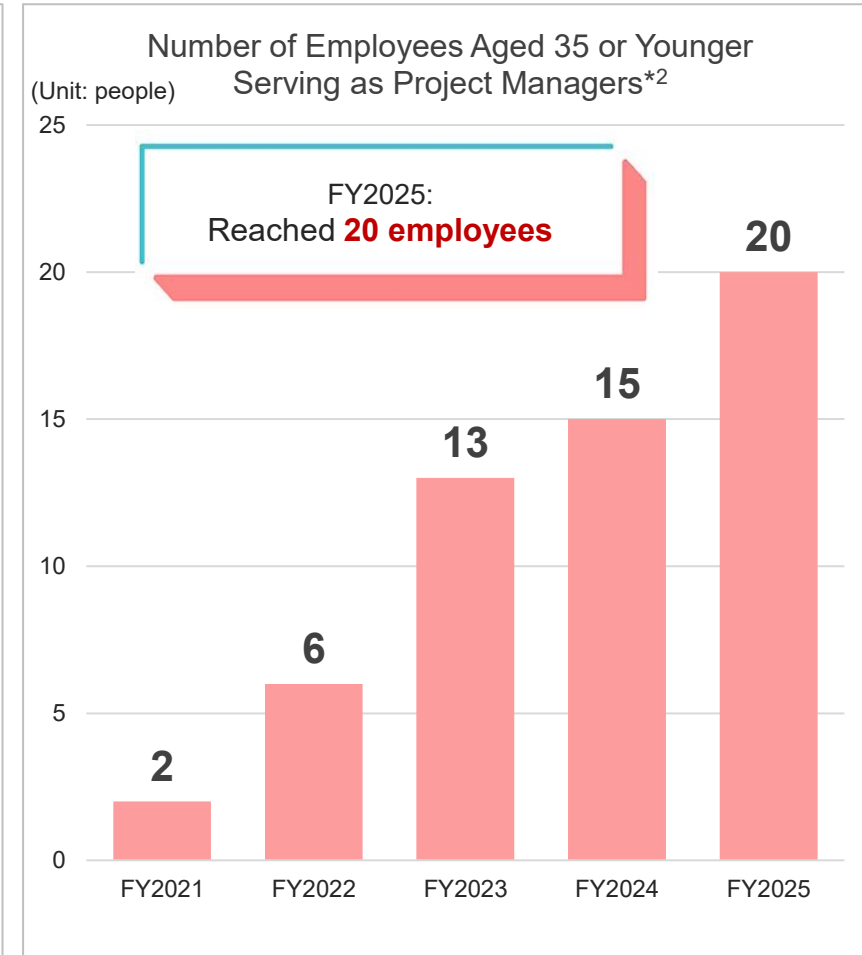
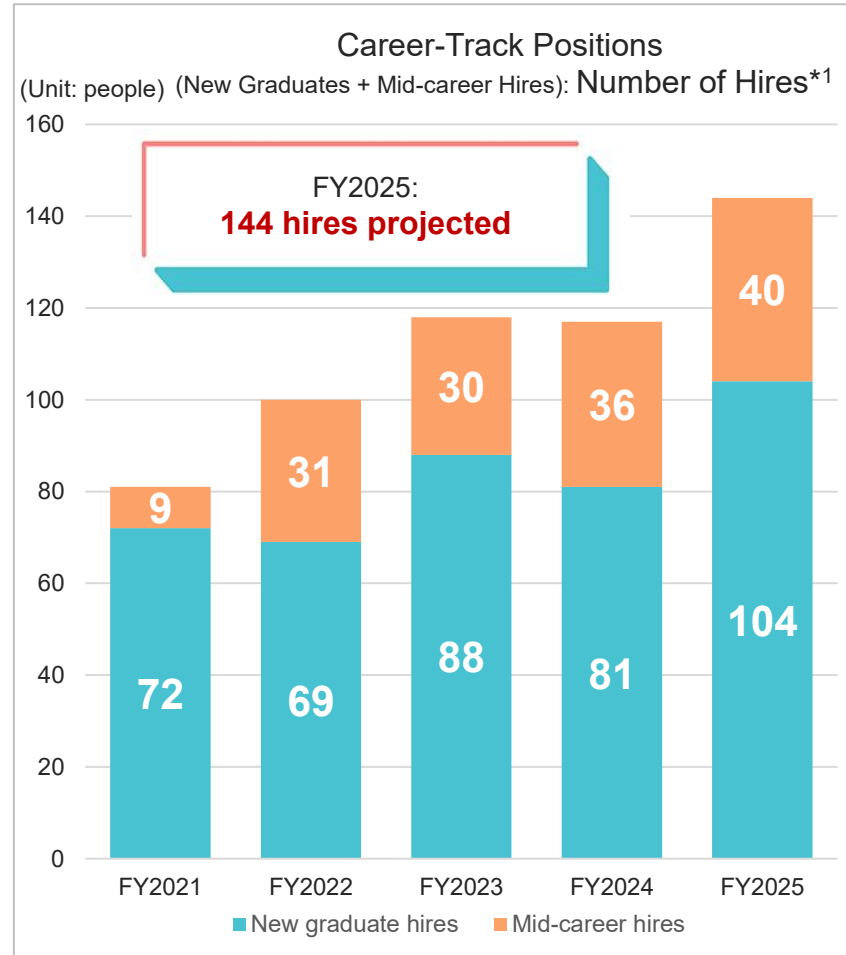
- ◇ By securing multiple high-productivity, large-scale projects exceeding ¥10 billion, Domestic Building Construction’s net sales increased significantly from ¥53.1 billion in FY2022 to an average of ¥95.4 billion for FY2023–2025.

- ◇ Numerous large-scale port infrastructure development projects were secured in Singapore, where we have a base, during FY2023–2025.

# II-2. External and Internal Environment

✓ The initial plan had set a target of 2,000 consolidated employees by the end of FY2025; however, we substantially exceeded this target, reaching 2,160 employees. In addition, we have made steady progress in accelerating the development of younger employees, with 20 employees aged 35 or younger serving as project managers in FY2025 (as of the end of January 2026).

## Key Factors Attracting New Hires to TOA CORPORATION



\*1 Counts only career-track hires. FY2025 mid-career hires represent the latest estimate.

\*2 Total number of employees Aged 35 or younger served as project managers in each FY. Counted as of the end of each month (no double counting). FY2025 figures were counted during April to January.

# III. Overview of the Medium-term Management Plan <2026–2028>

III-1. Strategies by Business Unit

III-2. Financial Strategy

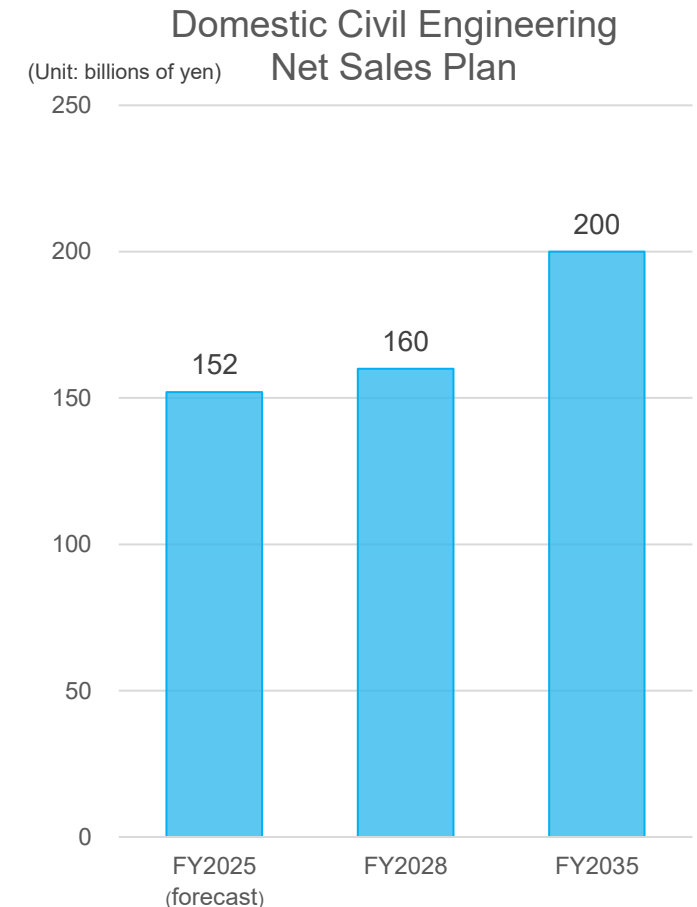
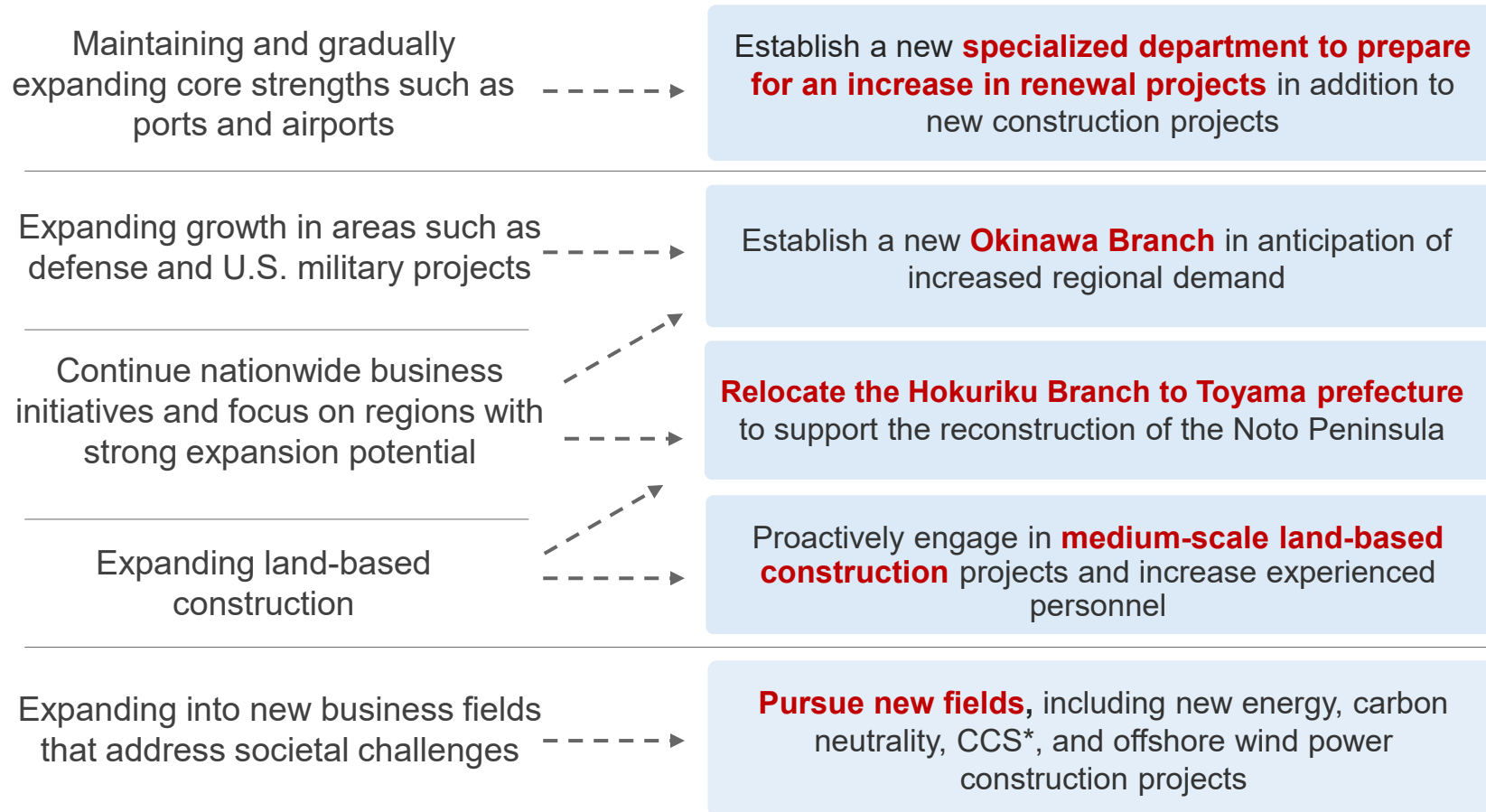
III-3. Sustainability Strategy



### III-1. Strategies by Business Unit (1) Domestic Civil Engineering: Business Strategy

- ✓ While firmly maintaining and gradually expanding our core strengths, such as ports and airports, we will further expand in areas such as defense and U.S. military projects and land-based construction. At the same time, we will expand into new business fields that address societal challenges, including carbon neutrality, CCS\*, and offshore wind power, with the goal of achieving sales of ¥200 billion in FY2035.

#### Business Strategy and Key Initiatives to Achieve ¥200 Billion in Net Sales by FY2035



\* CCS (Carbon Capture and Storage): Projects that involve the separation and capture of carbon dioxide emitted from thermal power plants and factories, followed by its injection and storage deep underground.

# III-1. Strategies by Business Unit (1) Domestic Civil Engineering: Human Resources Strategy/Productivity Improvement Measures

- ✓ To increase the number of project managers needed for expanding our business scale, we will focus on the early development of young employees.
- ✓ We will establish and strengthen systems to support less experienced employees, thereby increasing the number of personnel possessing the experience and skills required for projects of expanding scale.
- ✓ We will promote site operations reform through DX(Digital Transformation) to achieve productivity improvements.

## Human Resources Strategy and Key Initiatives During the Current Medium-term Management Plan Period

01	Development of young project managers Development of field personnel	(1) <b>Rebuild and strengthen training programs and manage employee skills and reskilling</b> to accelerate the development of field personnel (2) <b>Expand project scale for younger employees in a phased manner</b> to enhance the on-site management capabilities of future project managers
02	Increasing personnel with land-based construction experience	(1) Foster land-based construction experience among employees in their 30s and 40s from an early stage, <b>for example, by incorporating land-based construction assignments into job rotation programs</b>
03	Expansion of site support	(1) Establish <b>a system in which experienced construction managers provide cross-branch support</b> to oversee and develop less experienced young project managers (2) Strengthen not only frontline departments <b>but also departments that provide site support indirectly</b>
04	Securing electromechanical staff and work vessel crew	(1) <b>Collaborate with the group companies that operate company-owned vessels</b> , which represent one of our core strengths, <b>to secure personnel capable of operating these vessels and crew members</b>

## On-site Transformation Through DX

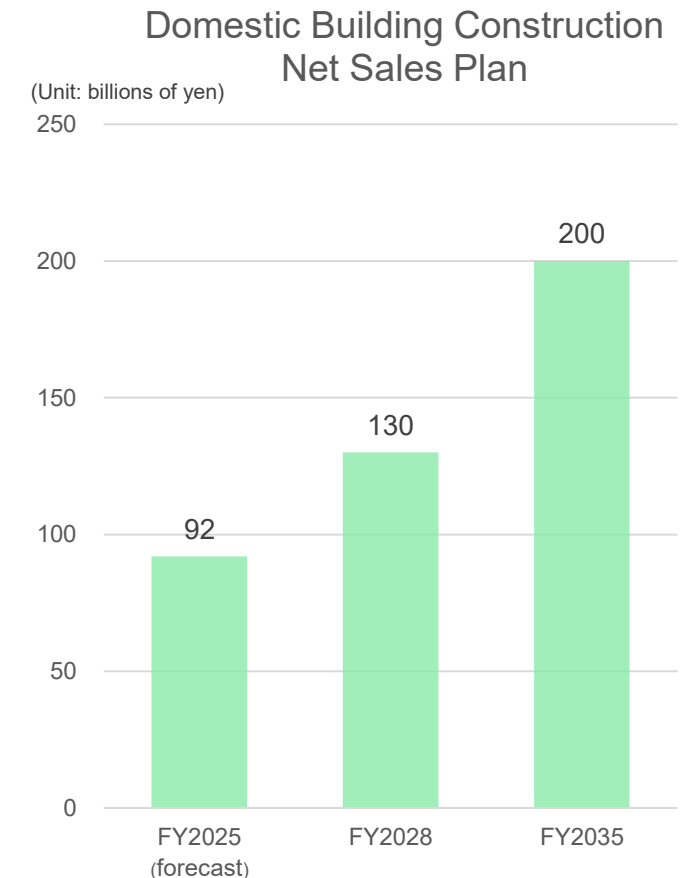
01	Labor-saving initiatives in major construction type categories and advance safety management and the standardization of construction through the use of AI (led by the Digital Transformation Technology Support Department)	(1) Promote <b>the adoption of AI, automation, autonomous operations, and robotics</b> (2) Promote <b>the use of 3D data on-site</b> , including the application of BIM/CIM (3) Establish mechanisms <b>to reliably transfer the extensive knowledge of veteran employees to younger staff</b> (4) Advance <b>the automation of routine work</b> through the use of AI and RPA* tools
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### III-1. Strategies by Business Unit (2) Domestic Building Construction: Business Strategy

- ✓ We will further deepen and enhance our expertise in refrigerated warehouses and our other core strengths to establish a clear competitive advantage, while restructuring the sales organization for each social public infrastructure sector to secure stable orders.
- ✓ We will develop new customers in collaboration with the domestic civil engineering business unit.
- ✓ To expand our business domains, we will strengthen our initiatives in business development, renovation, and building management in collaboration with group companies.

#### Business Strategy and Key Initiatives to Achieve ¥200 Billion in Net Sales by FY2035

<p>Strengthening company-wide capabilities and technical expertise transfer in the refrigerated warehouses field</p>	<p>Establish a new <b>“Refrigerated Warehouse Technical Support Section”</b> to promote further differentiation and ensure the transfer of knowledge through the development of young talent</p>
<p>Restructuring the sales organization for the social public infrastructure departments</p>	<p>Consolidate the social public infrastructure departments and establish a new <b>Social and Public Business Development Department</b>; secure stable orders in the public works project, PFI/PPP*, and medical and welfare sectors</p> <p><small>*Private Finance Initiative/ Public Private Partnership</small></p>
<p>Developing new customers through strengthened collaboration between civil engineering and building construction divisions</p>	<p>Expand <b>integrated civil engineering and building construction division branch offices in the east Japan area; target companies and properties in coastal areas</b> where we have competitive strengths, with civil engineering and building construction divisions working in close collaboration</p>
<p>Expanding into business development, renovation, and building management fields through internal and external collaboration within the Group</p>	<p>Work with group companies on <b>real estate development and renovation projects</b>; expand into <b>building management services</b> through collaboration with external parties</p>



# III-1. Strategies by Business Unit (2) Domestic Building Construction: Human Resources Strategy/Productivity Improvement Measures

- ✓ We will establish a new Building Construction Human Resources Strategy Department to secure and develop human resources who support business expansion. At the same time, we will promote operational reforms, including DX initiatives, to create new models for site operations and strive to enhance productivity.

## Human Resources Strategy and Key Initiatives During the Current Medium-term Management Plan Period

01	Establishment of a new Building Construction Human Resources Strategy Department	(1) Establish a new <b>Building Construction Human Resources Strategy Department</b> to lead overall human resources strategy
02	Securing and supplementing mid-level personnel (ages 35–59) as the core of site operations	(1) Secure mid-level personnel responsible for the core of site operations by <b>hiring experienced professionals</b> ; supplement this core workforce through <b>the active utilization of senior employees and the development of younger employees</b>
03	Securing direct and indirect personnel	(1) Secure direct personnel through <b>enhanced recruitment activities and reviews of compensation for retention</b> (2) Steadily implement the transition from direct to indirect personnel from a long-term perspective
04	Retraining and quality/technical knowledge transfer	(1) <b>Strengthen on-site OJT</b> through the enhanced training and retraining of project managers and supervisors (2) Consider <b>experiential training curricula</b> and organize technical documentation for refrigerated warehouses, school meal centers, apartment buildings, and other facilities to deliver <b>education that facilitates technical expertise transfer</b>

## Operational Reforms to Create New Models for Site Operations

01	DX-driven operational efficiency	(1) Establish a new <b>BIM Design Section</b> within the design unit to further advance design BIM (2) Establish a new <b>DX Promotion Section</b> within the building construction department to drive operational efficiency improvements
02	Strengthening on-site operations support	(1) Establish a new <b>Building Construction Support Department</b> to further promote <b>construction BIM and initiatives aimed at reducing on-site operations</b>
03	Streamlining construction processes	(1) Pilot <b>factory production, precast construction, and standardization</b> initiatives to improve the efficiency of construction management operations

- ✓ Leveraging our traditional strengths in the civil engineering field, we will clearly define our focus regions and steadily expand our presence in the building construction field.
- ✓ We will build a robust business foundation capable of flexibly responding to changes in the external environment and regulatory trends, thereby achieving both stable growth in overseas business and a strengthened risk management framework.

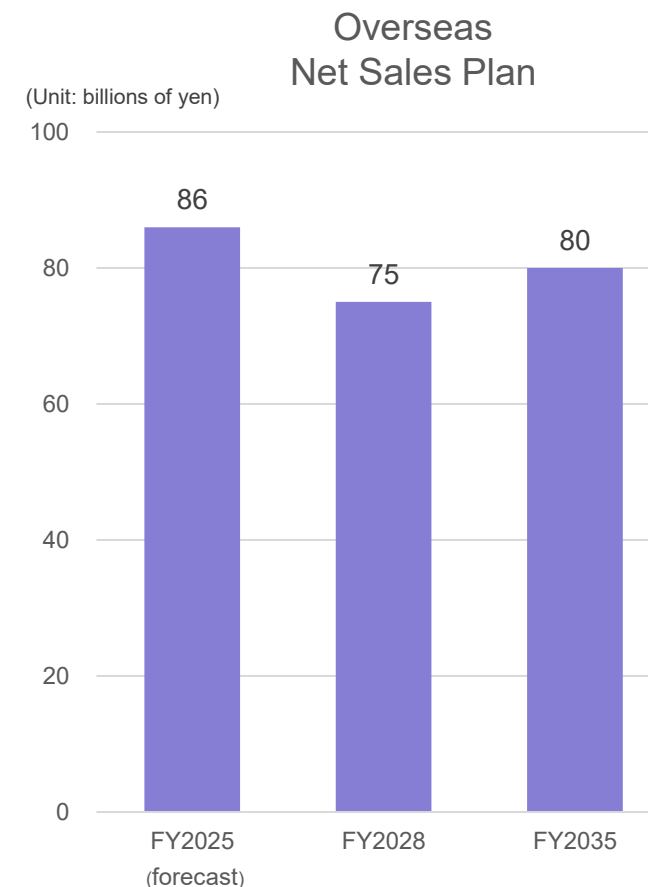
## Business Strategy and Key Initiatives

Civil Engineering

With our design-build expertise and our proven track record in large-scale projects in **Singapore** and other locations, we will continue to secure projects on an ongoing basis. At the same time, we will take on diverse projects across both the public and private sectors to enhance the balance of our project portfolio.

Building Construction

By clearly defining our focus regions and strengthening collaboration with local capital and partners, we will pursue **steady business expansion centered on our local subsidiaries.**



# III-1. Strategies by Business Unit (3) Overseas: Human Resources Strategy/ Productivity Improvement Measures

- ✓ We will establish a new Human Resources Development Section within the International General Headquarters to build a sustainable human resource foundation through a dual-track approach for Japanese and global talent (foreign national employees).
- ✓ At the same time, we will improve productivity by promoting DX through information sharing with domestic business units.

## Human Resources Strategy and Key Initiatives

01	Establishment of a new human resources strategy unit	(1) Establish a new <b>Human Resources Development Section</b> within the International General Headquarters to lead the overall human resources strategy
02	Securing sufficient hiring numbers	(1) <b>Diversify recruitment sources</b> for both Japanese and global talent
03	Development of Japanese employees	(1) Systematically recruit young employees with global aspirations, <b>assign them to overseas positions early in their careers, and cultivate them as future core talent</b>
04	Development of global talent	(1) Continue to leverage <b>the contributions of global talent</b> in their late 20s to 30s, who form a significant part of the workforce that supports day-to-day operations, while exploring measures to foster their advancement into future management roles

## DX Promotion

01	Productivity improvement through cross-functional DX	(1) Establish a new <b>DX Promotion Department</b> within the International General Headquarters to oversee and drive DX initiatives across the entire overseas business (2) Cover overseas operations spanning sales, estimates, procurement, and accounting; review person-dependent tasks and fragmented processes to advance <b>the integrated standardization and visualization of workflows</b> , and at the same time, promote <b>the use of data related to construction, costs, progress, and contracts</b> at overseas project sites to drive DX that connects project sites with headquarters (3) With an eye toward <b>the utilization of AI and BPO*</b> , accelerate decision-making, enhance risk management and internal controls, and achieve both <b>sustainable growth and strengthened governance in overseas operations</b> , while responding to the increasing scale and complexity of overseas projects and diverse national regulations
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\*BPO (Business Process Outsourcing): A system for outsourcing part of business processes to external providers.

# III-1. Strategies by Business Unit (4) Human Resource Strategy (Corporate Management General Headquarters)

- ✓ The Corporate Management General Headquarters promotes company-wide human resource strategies while serving as a bridge to the human resource strategy departments of each business unit and supports development and career path design tailored to each generation, from junior to senior employees across all business units.
- ✓ Through the realization of management that values and incorporates individual voices, we aim to enhance employee engagement and increase corporate value.

## Corporate Management General Headquarters/Human Resource Strategy Departments

- ◇ Formulate and plan company-wide human resource strategies that align with management’s strategy
- ◇ Design organizational structures and training programs that enable the execution of the corporate philosophy
- ◇ Partner with business units in developing human resource strategies and organizational structures

### Implementation of corporate philosophy and code of conduct

- ◎ Foster a corporate culture that embodies our identity and “benefiting society”
- ◎ Promote understanding and adherence to the Employee Code of Conduct

### Happiness (Employee engagement)

- ◎ Continuously conduct employee happiness surveys and measure the effect of employee happiness improvement initiatives and provide feedback
- ◎ Promote health & productivity management

### Human resource acquisition

- ◎ Support the recruitment strategies of each business department and strengthen unified, company-wide recruitment activities
- ◎ Build systems to realize each business department’s human resource portfolio and strategic objectives

### DE&I

- ◎ Promote the active participation of diverse human resources, including women, foreign nationals, and persons with disabilities
- ◎ Design systems that enable flexible working styles
- ◎ Review career paths and compensation frameworks for senior employees

### Building development programs and utilization of human resource data

- ◎ Rebuild training frameworks and systems
- ◎ Establish a foundation for the utilization of human resource data
- ◎ Support the development of reskilling systems
- ◎ Develop and disclose succession plans

Provide consultation and proposals related to human resource strategy

Collect and organize internal information

## Business Units

- ◇ Formulate human resource strategies and recruitment plans aligned with business strategy
- ◇ Develop junior and senior employees

Domestic Civil Engineering

Domestic Building Construction

Overseas

DX

# III-1. Strategies by Business Unit (5) DX Strategy

- ✓ We have promoted labor-saving initiatives through RPA\* and other measures and will further accelerate system implementation while sharing best practices internally.
- ✓ We will structure databases (DB) so that AI can utilize knowledge accumulated from prior experience, while also promoting the use of data that contributes to management decision-making.

\*RPA (Robotic Process Automation): technology that automates routine PC-based tasks

## Examples of Operational Reforms

### Field operations:

#### Example of a 4-hour reduction in monthly work time

Preparation of safety and health activity reports

Previously: 15 hours per month across 15 sites using paper logs

↓  
**After RPA implementation:** Processing for 15 sites consolidated, workload 11 hours per month

### Branch Office General Affairs Section:

#### Example of a 7-hour reduction in monthly work time

Verification of invoices received from temporary staffing agencies

Previously: 7 hours per month for visual inspection and manual data entry

↓  
**After RPA implementation:** Workload reduced to zero hours



Security System



Cloud-Based Data  
Integration Platform  
Cloud Storage

## Leveraging prior knowledge with AI

## Utilizing productivity and operational data for management

Tasks that can be handled by systems, such as routine operational tasks or work that does not require human judgment, will be performed by systems (algorithms, AI, etc.).

Personnel  
Affairs

Accounting

Construction  
Database

Execution

Bidding

Design

Sales

Technology  
Development

# III-1. Strategies by Business Unit (5) DX Strategy

- ✓ Accelerate reform by establishing decentralized DX support and promotion frameworks at each headquarters and branch office through the use of digital technologies, while enhancing company-wide digital literacy.

## Establishment of Decentralized Support and Promotion Frameworks

### Deploy DX promotion personnel and ICT Concierges\*

- (1) During the current Medium-term Management Plan period, ICT Concierges will be assigned to each headquarters and branch office to strengthen support for general employees. In addition, **DX promotion personnel** will be assigned to enable collaboration between the DX Strategy Department and each headquarters/branch office in advancing DX initiatives. These measures will **create an environment in which general employees can more easily promote operational reform through digital tools.**
- (2) **The DX Strategy Department will** not only formulate DX strategy but also **collect best practices from each branch office, roll them out across the company, and accelerate operational reform.**

\*ICT Concierge: A role specializing in ICT-related support for general employees.

## Enhancing Company-Wide Digital Literacy

### Support for employees with low digital literacy

- (1) **Provide training and other support to employees with low digital literacy** to raise the overall baseline.
- (2) Assign "**DX promotion personnel**" with strong digital mindsets to each business unit and branch office to drive DX initiatives.

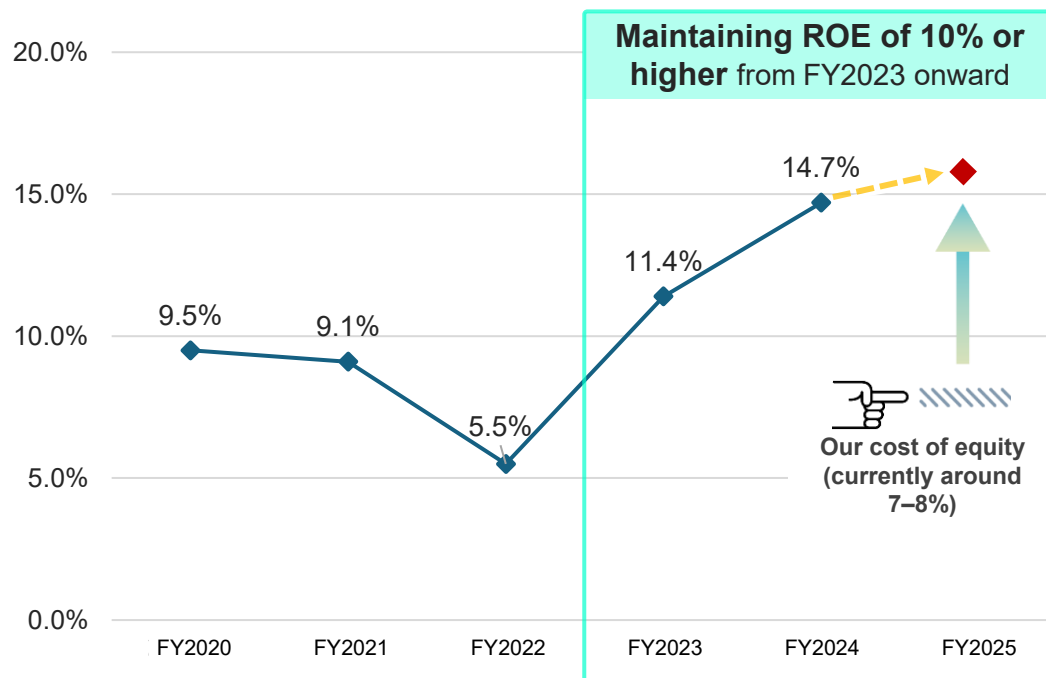


## Action to Implement Management that is Conscious of Cost of Capital and Stock Price

■ Current assessment

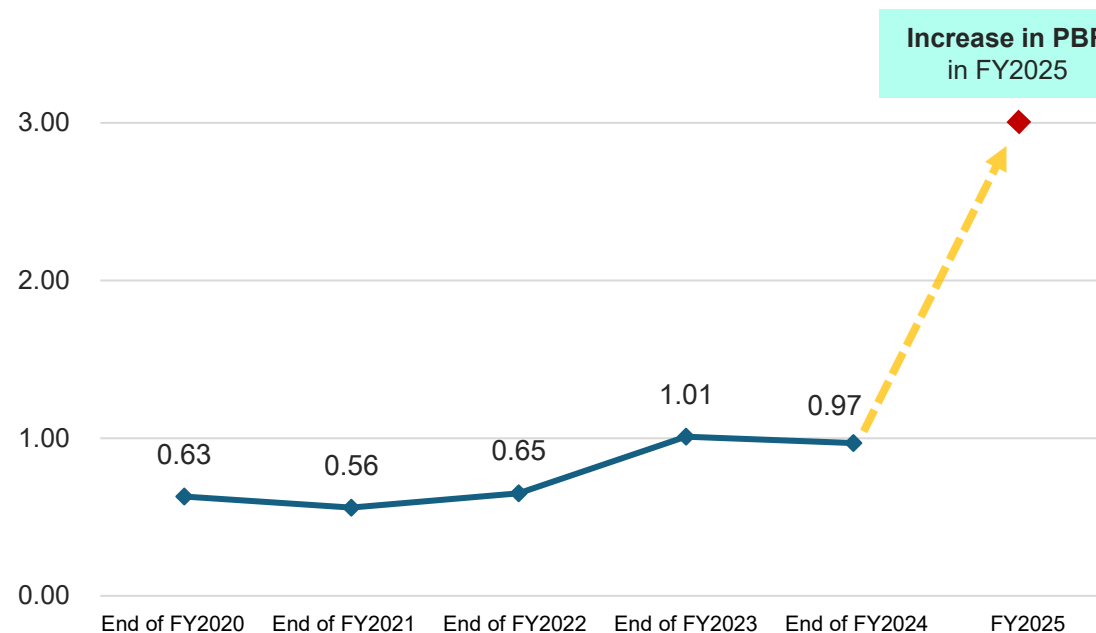
- ✓ PBR remained below 1x until FY2024. However, through sustained profit growth and continued dialogue with the market to improve PBR, **it rose to approximately 3x during FY2025.**
- ✓ Amid the sharp rise in government bond yields, we recognize that **our cost of equity (currently around 7–8%) is increasing.** To ensure ROE consistently exceeds the cost of equity, we aim to **sustain ROE of 10% or higher.**

### ROE Trend



\*FY2020–FY2024: Actual figures at fiscal year-end. FY2025: Estimated based on full-year forecast.

### PBR Trend



\*FY2025 based on the closing price as of February 12, 2026.

## III-2. Financial Strategy (2) Key Financial KPIs

- ✓ To ensure ROE consistently exceeds the cost of equity, we aim to **sustain ROE of 10% or higher**.
- ✓ We will further enhance corporate value by positioning capital efficiency improvement as a key management priority and will also consider the utilization of **ROIC as a medium-term management indicator**.
- ✓ We will maintain a **dividend payout ratio of 40% or higher** to ensure stable dividends and provide enhanced shareholder returns as profits increase.
- ✓ To build a stable financial foundation and maintain or improve our credit ratings, we will target an **equity ratio of approximately 35%** and maintain an optimal capital structure with a **D/E ratio of 0.7 or lower** as a benchmark, while actively pursuing business investments that contribute to future growth.
- ✓ During the current Medium-term Management Plan period, we will reduce **cross-shareholdings (excluding deemed holdings) to less than 10% of net assets**.

### Key Financial Targets

(Unit: billions of yen)

	FY2025 (Forecast)	Financial KPIs for FY2028		FY2035 Performance Targets		
<b>Net sales</b>	<b>345.0</b>	<b>380.0</b>		<b>Net sales</b>	<b>500.0</b>	
Domestic Civil Engineering	152.0	160.0	<b>ROE</b>	<b>10% or higher</b>	Domestic Civil Engineering	200.0
Domestic Building Construction	92.0	130.0	<b>Dividend payout ratio</b>	<b>40% or higher</b>	Domestic Building Construction	200.0
Overseas	86.0	75.0	<b>Equity ratio</b>	<b>Approximately 35%</b>	Overseas	80.0
Consolidated subsidiaries, etc.	15.0	15.0			Consolidated subsidiaries, etc.	20.0
<b>Operating profit</b>	<b>23.1</b>	<b>21.5</b>	<b>D/E ratio</b>	<b>0.7 or lower (benchmark)</b>	<b>Operating profit</b>	<b>30.0</b>
<b>Profit*</b>	<b>17.8</b>	<b>14.0</b>			<b>Profit</b>	<b>20.0</b>

\* Profit refers to profit attributable to owners of the parent.

# III-2. Financial Strategy (3) Cash Allocation

- ✓ **The total investment** under the current Medium-term Management Plan will be expanded to **¥50.0 billion**. (M&A investments will be treated separately.)
- ✓ Cash inflows will primarily be sourced from operating profit. In addition to **optimizing held assets** through measures such as reducing cross-shareholdings and effectively utilizing idle land, we will **secure stable financing channels** while maintaining a sound capital structure.
- ✓ Profits that exceeded initial projections during the previous Medium-term Management Plan period will also be used as a funding source and allocated in a balanced manner between shareholder returns and the investment plan.

## Medium-term Management Plan Period (FY2026–FY2028, Three-Year Cumulative)

- Optimization of Held Assets**
  - ✓ Reduction of cross-shareholdings (below 10% of net assets)
  - ✓ Effective utilization of idle land, etc.
- Stable Financing**
  - ✓ Maintain and improve credit ratings
  - ✓ Strengthen the supply chain. Although the trade payable turnover ratio is expected to decline, we will improve capital efficiency by enhancing the trade receivable turnover ratio.

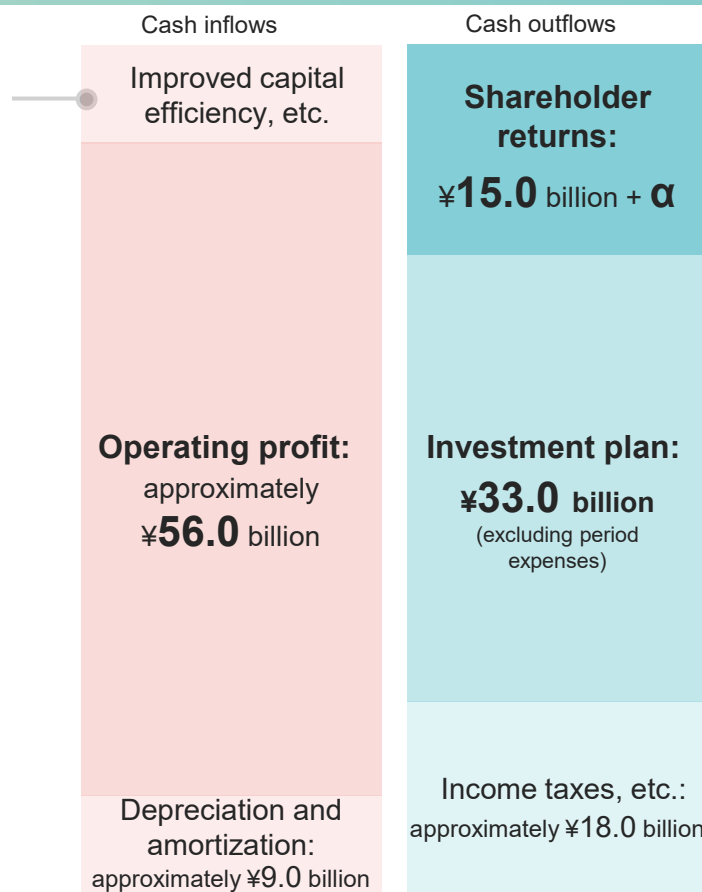


**Compared with the Initial Plan for the Previous Medium-term Management Plan Period (Three-Year Cumulative)**

(+) Operating profit: increase of approximately **¥28.0 billion**

(-) Income taxes, etc.: increase of approximately **¥7.0 billion**

\*FY2025 includes projected figures.  
 \*Depreciation and amortization: no significant deviation from initial projections



### Return to Shareholders

- ✓ We will maintain a dividend payout ratio of 40% or higher to ensure stable dividends and provide enhanced shareholder returns when profits increase.
- ✓ Share buybacks will be implemented flexibly as part of shareholder returns, taking into account future business conditions and financial position.

### Investment Plan

<b>Strengthening Management Foundation</b>	<b>¥25.0 billion</b>
Human capital investment *1	¥8.0 billion
Capital expenditures (infrastructure maintenance and functional enhancement)	¥17.0 billion
<b>Growth Investment</b>	<b>¥25.0 billion</b>
Real estate development	¥10.0 billion
DX-related investment	¥5.0 billion
Technology R&D	¥5.0 billion
Sustainability strategy investment, etc.	¥5.0 billion
<b>Total</b>	<b>¥50.0 billion + M&amp;A (separate)</b>
Of which, period expenses *2	¥17.0 billion
<b>Total (excluding period expenses)</b>	<b>¥33.0 billion</b>

\*1 Includes increases in personnel costs due to improved compensation and increased personnel (compared with the final year of the previous Medium-term Management Plan), as well as increases in recruitment-related expenses and training costs (compared with the final year of the previous Medium-term Management Plan).  
 \*2 Expenses already reflected in operating cash flow, such as SG&A expenses.

## III-2. Financial Strategy (4) Investment Plan

- ✓ We will strengthen our management foundation by enhancing competitiveness through human capital investment, organizational restructuring, and investment in our strengths, such as work vessels. At the same time, in addition to real estate development investments, we will actively pursue growth investments that support our sustainability strategy, including initiatives in DX and carbon neutrality.
- ✓ M&A investments will be implemented separately from the investment plan. Each opportunity will be subject to rigorous risk-return analysis and thorough deliberation by the executive committee and the board of directors before execution.

**Total Investment Plan: ¥50.0 billion** (cumulative over three years)

\*Includes period expenses of ¥17.0 billion

### Management Foundation Strengthening: ¥25.0 billion

#### ■ Human Capital Investment and Organizational Reform: ¥8.0 billion

Accelerating human capital management (strengthening recruitment, human resource development, enhancing senior employee compensation, DE&I, happiness, and health management)

Organizational reforms to realize each strategy (reorganization of building construction branches and establishment of the Okinawa Branch)

#### ■ Capital Investment: ¥17.0 billion

Strengthening competitiveness by leveraging our strengths

Smart office transformation of the new head office building (improving operational efficiency and promoting active communication)

### Growth Investments: ¥25.0 billion

#### ■ Real Estate Development: ¥10.0 billion

Promoting development businesses in collaboration with TOA REATEC Co., Ltd.

#### ■ DX-Related Investments: ¥5.0 billion

Implementing the DX roadmap and developing digital human resources

#### ■ Technology Research and Development: ¥5.0 billion

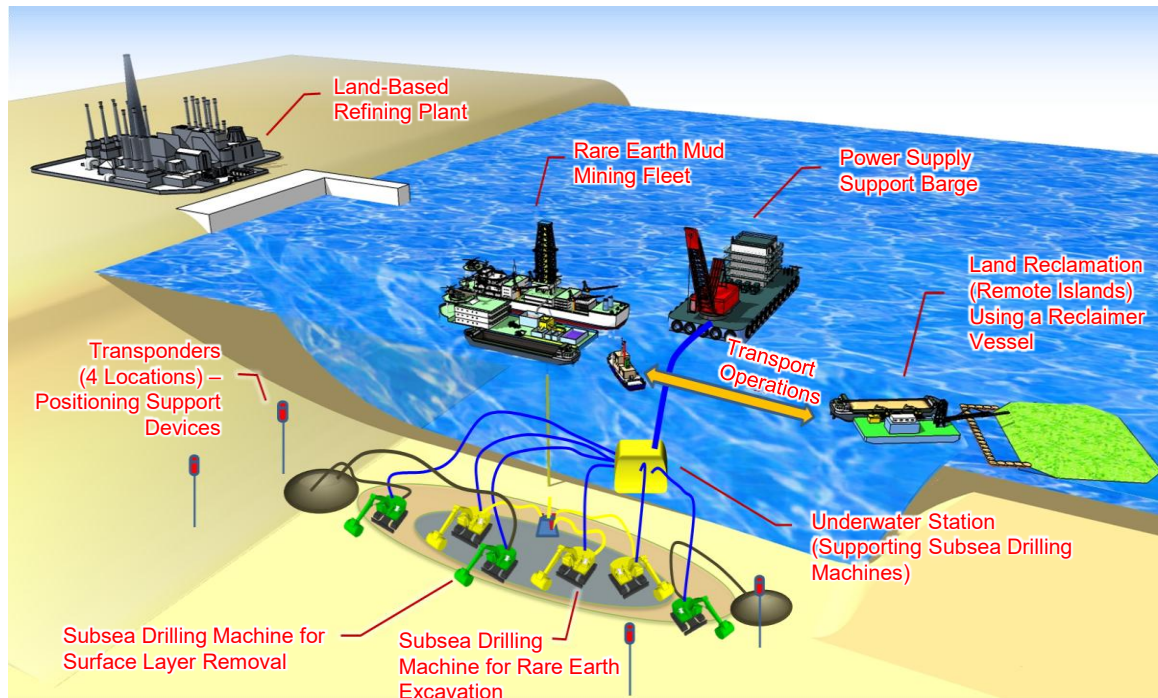
#### ■ Sustainability Strategy Investments, etc.: ¥5.0 billion

Advancing the carbon neutrality (CN) roadmap through cross-industry collaboration (biofuel business, carbon credit generation, seagrass bed creation projects, etc.)

- ✓ The Resources and Energy Group within the Technology Research & Development Center (TRDC) is engaged in research and development aimed at **seabed resource development, including rare earth mud.**

## Seabed Resource Development (Rare Earth Mud)

Rare earth and battery metals exist within Japan's Exclusive Economic Zone (EEZ). These materials are essential for achieving carbon neutrality and realizing a prosperous future society. We aim to contribute to their stable supply with our technical expertise. To date, we have provided technical cooperation through projects such as the Strategic Innovation Promotion Program (SIP), which contributes to advances in technological development. We will continue to promote cross-industry collaborative research and develop the necessary technologies.



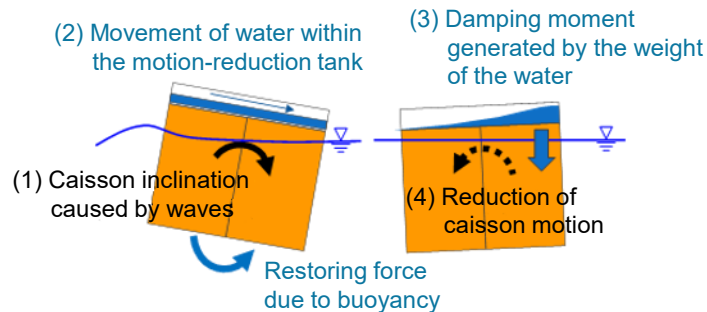
✓ We are also engaged in research and development aimed at **improving productivity**, including initiatives related to construction DX.



Floating caisson

### Floating Caisson Motion Reduction Technology

We have developed a technology to reduce motion during the floating, towing, and installation of caissons used in the construction of breakwaters and similar structures. This technology requires no external power source and mitigates motion through the movement of water inside a "motion-reduction tank." Its effectiveness has been verified through its application in the Fushiki-Toyama Port Quay Construction Project, where it contributed to safer navigation. Depending on the number of caissons and site conditions, the technology is also expected to **shorten construction periods and reduce costs**.



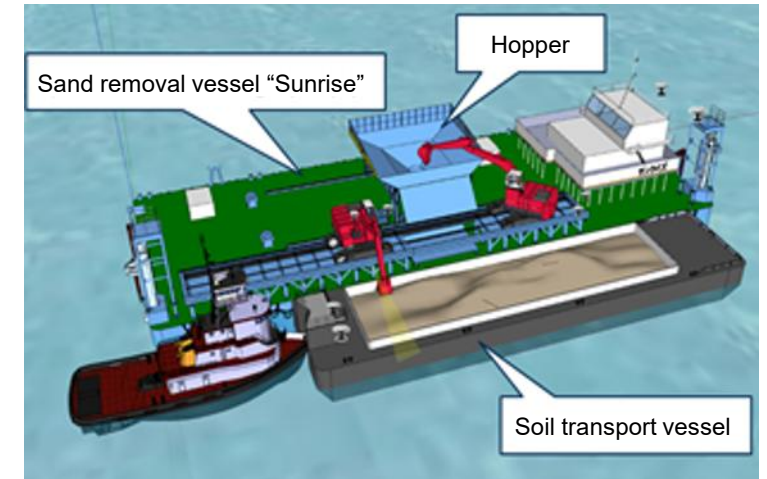
### Rationalized Precast Pier Construction Method

To contribute to **labor savings, shorter construction schedules, and improved safety** in the superstructure construction of marine pile-supported structures such as piers, we are developing a rationalized precast construction method. The "SFI Joint Method" technology employs a steel insert joint system to connect piles and superstructures, enabling the installation of precast superstructure blocks regardless of steel pipe pile driving tolerances.



Top photo: Dolphin of a private company based in Aomori Prefecture

Bottom photo: Dolphin of a private company based in Okayama Prefecture



### Remote-Controlled and Autonomous Operation System for Work Vessels

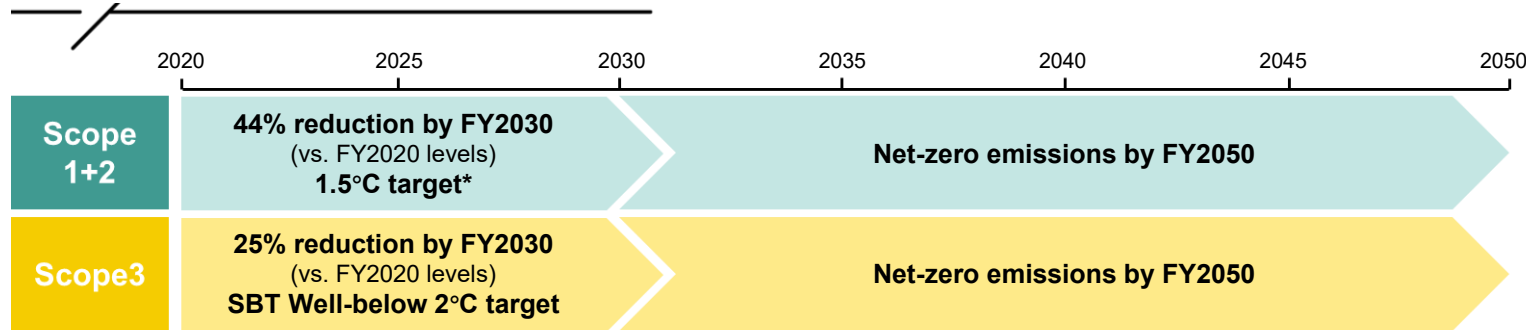
We conducted Japan's first trial introduction of a remote-controlled and autonomous operation system for backhoes mounted on sand-spreading vessels for highly challenging marine civil engineering construction. The system enables remote operation by switching between two backhoes and has demonstrated automated loading of excavated soil into hoppers. As a result, the number of operators has been reduced by one, enabling **efficient construction that does not depend on operator skill level**. We will continue verification with a view toward full automation in the future.



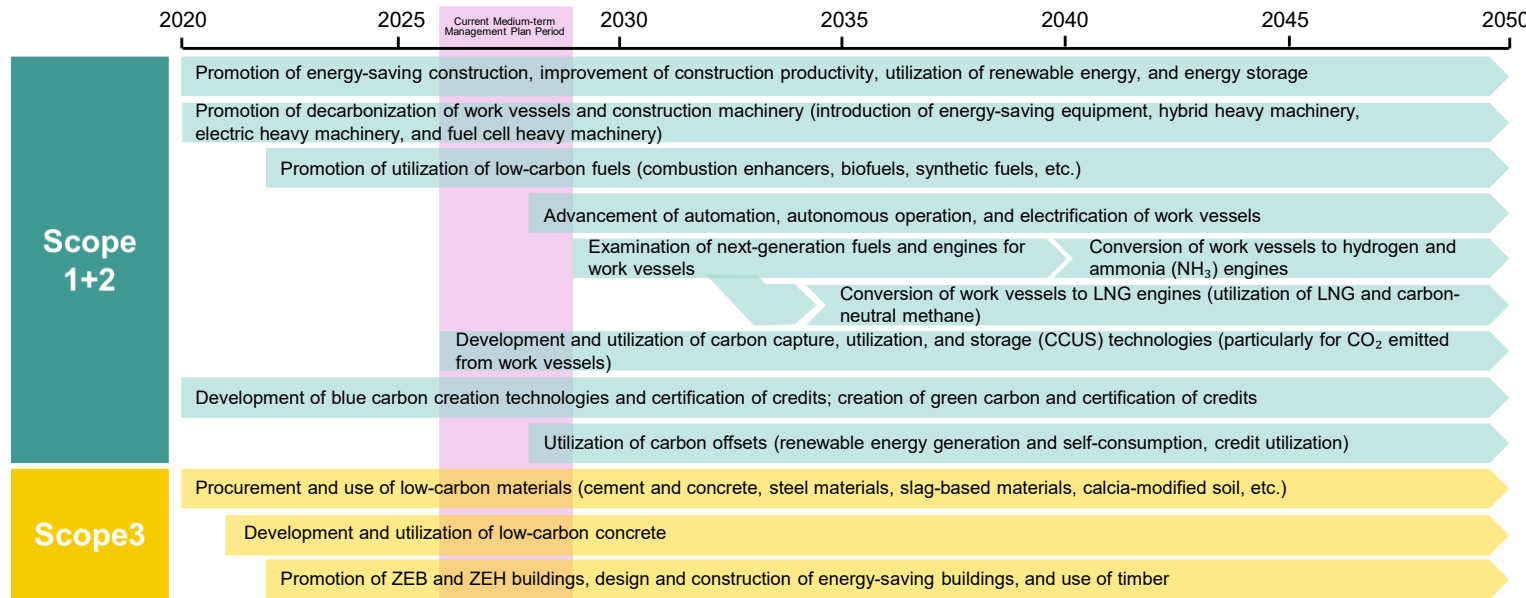
# III-3. Sustainability Strategy (1) Carbon Neutrality

- ✓ We have revised our Scope 1 and 2 GHG emissions reduction target to align with the 1.5°C pathway, aiming for a 44% reduction by FY2030 compared to FY2020 levels. In addition, we have newly established a net-zero target for Scope 3 emissions by FY2050 and will further accelerate our decarbonization initiatives.


## Carbon Neutrality Roadmap



\* Target revised to align with the 1.5°C pathway effective FY2026 (SBT validation update pending; SBT Well-below 2°C target applicable through FY2025)



\* Results displayed through 2025  
 Prepared in March 2026

 Key points of the roadmap revision

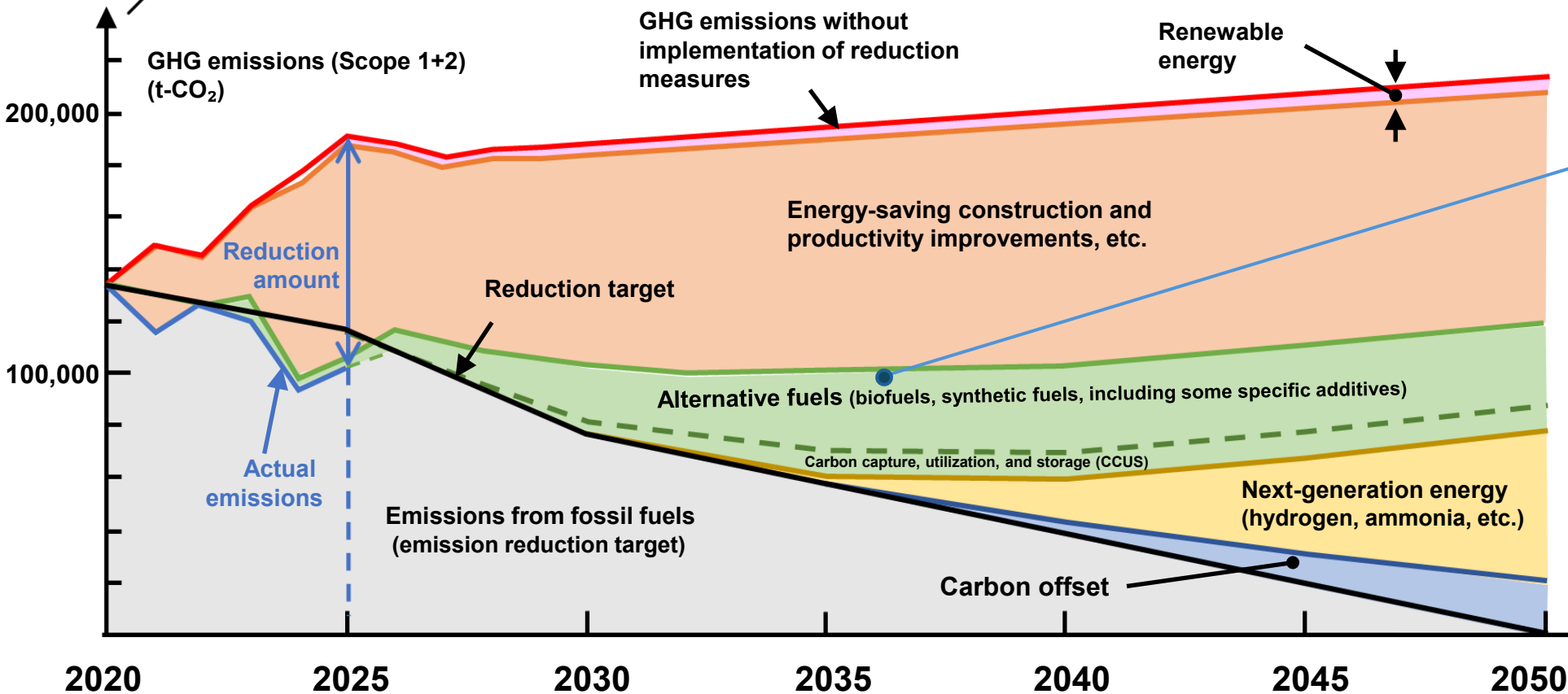
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- Scope 1+2:  
**Revised the 2030 target (short-term target) to align with the 1.5°C pathway (44% reduction compared to FY2020 levels)**
  
- Scope 3:  
**Newly established a net-zero target (net-zero emissions) for 2050 target (long-term target)**

# III-3. Sustainability Strategy (1) Carbon Neutrality

- ✓ We have also revised our transition plan to achieve the roadmap. As a company with strengths in marine civil engineering, reducing GHG emissions generated by work vessels is essential.
- ✓ We are conducting comparative verification on the introduction of biofuels using company-owned work vessels. To achieve our plan, we will continue to further promote the decarbonization of port infrastructure development.

## Outlook for Our Group's Transition Plan (Scope 1 and 2) in the Current Medium-term Management Plan



**We conducted comparative verification between conventional fuel and bio-blended fuel using our company-owned pump dredgers.**

Going forward, we will further accelerate the decarbonization of port infrastructure development, including through the introduction of biofuels to other work vessels.

\* Revised to align with the 1.5°C pathway from FY2026 (44% reduction by FY2030 compared to FY2020 levels)  
 \* Actual emissions for FY2025 are projected figures. (Well-below 2°C target applicable through FY2025)  
 Revised March 2026

- ✓ We will strengthen on-site support for safety and quality by locating construction support bases closer to construction sites. At the same time, we will leverage digital technologies, including AI, to utilize past disaster and incident information for preventive purposes, thereby ensuring safety and quality.

## Bringing Support Bases Closer to Construction Sites to Reinforce Safety and Quality

01	<b>Relocation of the Hokuriku Branch to Toyama</b>	(1) Relocate the Hokuriku Branch to Toyama while also taking into account the need to facilitate on-site support for Noto earthquake reconstruction projects
02	<b>Establishment of a new Okinawa Branch</b>	(1) Establish a new base in the Okinawa area, where future growth in business volume is anticipated, in order to strengthen on-site support for safety and quality
03	<b>Establishment of an integrated civil engineering and building construction division structure in the east Japan area</b>	(1) Designate Hokkaido, Tohoku, Hokuriku, and Nagoya as integrated civil engineering and building construction branches to enhance on-site support for safety and quality, particularly in the building construction field where future business expansion is expected

## Knowledge Transfer Through Digital Utilization

Use **AI** to extract similar cases from a database of **past disasters and incidents** to support preventive measures.



- ✓ We will support the training within partner companies, strengthen communication to build trust, and foster a mindset of shared growth in which both TOA CORPORATION and our partner companies can grow together.
- ✓ We will also support initiatives related to human rights and occupational safety and health and strive to further strengthen trust by taking measures such as accelerating payment terms.

## Initiatives to Strengthen Collaboration with Partner Companies

Domestic Building  
Construction  
Business Unit

- Establishment of a **collaborative organization with partner companies**

- (1) Build long-term partnerships with partner companies
- (2) Jointly invest in engineer development
- (3) Collaborate in recruitment activities
- (4) Promote technical exchange and the sharing of know-how

Domestic Civil  
Engineering  
Business Unit

- Development and implementation of **training programs for partner company employees**

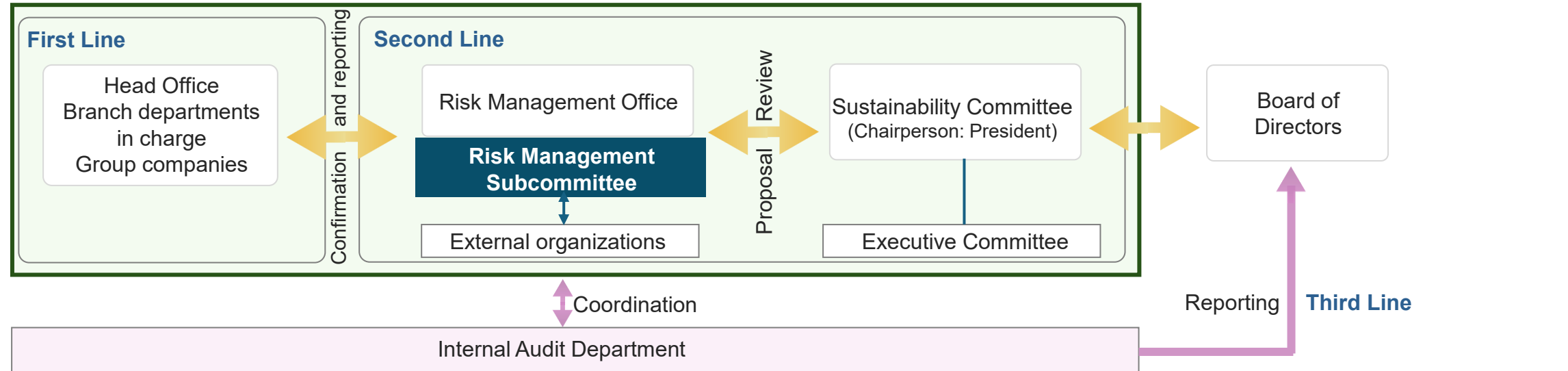
- (1) Deepen interaction between employees to cultivate a shared awareness that both partner company employees and our employees are growing together

Corporate  
Management  
General  
Headquarters

- Support partner companies by providing them with **surveys and training programs related to human rights and occupational safety and health**
- Consider **further accelerating payment terms**

# III-3. Sustainability Strategy (4) Risk Management

- ✓ Our Group has established a three-lines-of-defense risk management framework. Under this structure, the newly established Risk Management Subcommittee compiles a draft list of company-wide material risks to be deliberated by the Sustainability Committee, which is composed of the members of senior management.
- ✓ The Subcommittee will also collaborate with external organizations to strengthen responses to emerging risks.



## Plan Do Check Action

	Plan	Do	Check	Action
<b>Formulation of risk management rules</b>	Risk assessment	Implementation of countermeasures	Monitoring	Improvement and reporting
<b>System development</b>	<ul style="list-style-type: none"> <li>◆ The Sustainability Committee reviews and determines the company-wide material risk list based on audit and monitoring results and risk information.</li> <li>◆ The First Line formulates implementation plans for countermeasures based on the company-wide material risk list.</li> </ul>	<ul style="list-style-type: none"> <li>◆ The First Line is responsible for day-to-day risk management.</li> <li>◆ The Second Line supports the First Line's risk control activities.</li> </ul>	<ul style="list-style-type: none"> <li>◆ The Second Line conducts continuous monitoring, while the Third Line performs periodic independent audits.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Based on audit and monitoring results and guidance from the Second Line, the First Line corrects and improves risk management and business processes.</li> </ul>

### III-3. Sustainability Strategy (5) Non-Financial KPIs

Materiality	KPIs	FY2026 targets	FY2028 targets
Reduce environmental impact and foster environmental value	Reduction rate of greenhouse gas emissions (Scope 1 and 2; compared with FY2020)	18.8%	31.4%
	Number of R&D projects contributing to decarbonization, resource circulation, and biodiversity	10 cases or more	
Value creation through technological innovation and DX	Number of R&D projects contributing to disaster prevention and mitigation and enhancing productivity	12 cases or more	
	Personnel capable of low-code development	80 persons or more	30% or more of all employees
	Development of DX promotion personnel	40 persons or more	60 persons or more
Safe and reliable manufacturing to protect people and society	Number of major quality nonconformance cases	0 cases	0 cases
	Customer satisfaction rating (government agencies, private sector)	80 points or more, B or above	80 points or more, B or above
	Number of serious accidents	0 cases	0 cases
Co-creation and growth with diverse stakeholders	Number of Individual IR and SR Meetings Held	120 meetings or more	150 meetings or more
	Number of new graduate career-track hires (plan achievement rate)	120 persons or more (100%)	120 persons or more (100%)
	Percentage of women in career-track hiring	15% or more	18% or more
	Employee engagement indicators	3.8 or more	3.8 or more
	Response rate of the survey on social-issue initiatives among partner companies	70% or more	72% or more
Sound governance and compliance	Number of serious information security incidents	0 cases	0 cases
	Number of serious violations of laws and regulations	0 cases	0 cases

Employee engagement indicators: The average score based on five-level ratings of eight items, including workplace environment, job content, interpersonal relationships, and growth opportunities, with a maximum score of 5 points.

*Create Value, Build the Future*



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Please be advised that future results may differ from the planned figures in this document due to change in the business environment and other factors.