

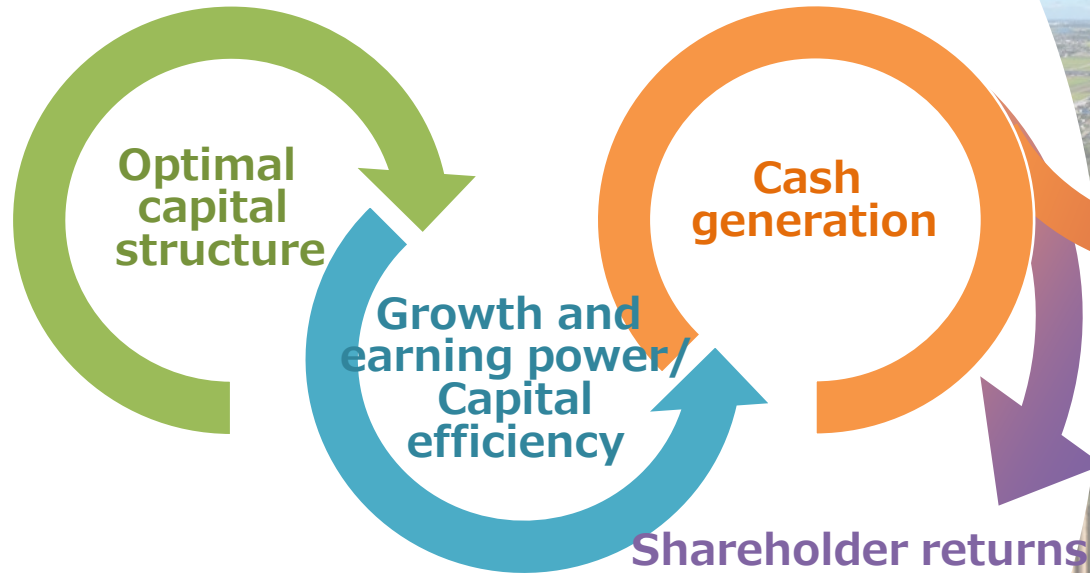


Progress of Action to Implement Management that is Conscious of Cost of Capital and Stock Price

July 31, 2025

TODA CORPORATION

Medium-to long-term growth
strategy contributes to increasing
stakeholder value



Investors

**Further growth investments
toward enhancing
corporate value**



■ Progress of Initiatives for Improving PBR

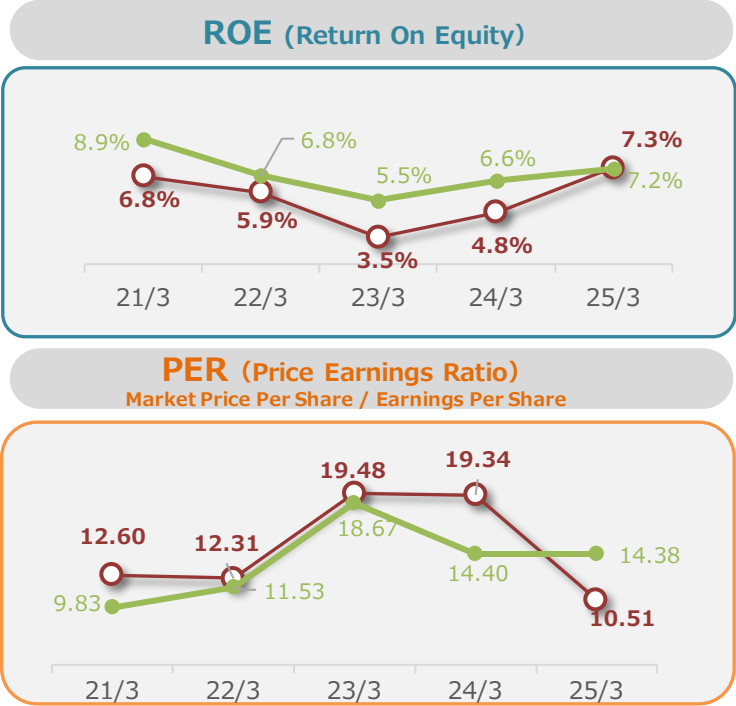
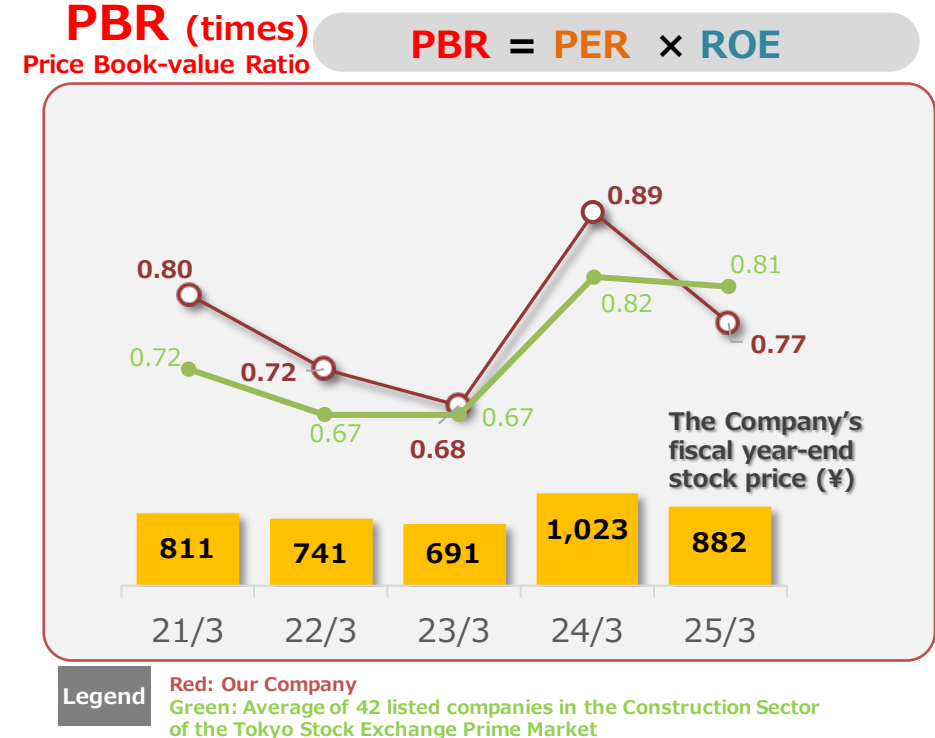
Improvement Policy
November 2023

- ❑ Ensuring profitability in the construction business
- ❑ Asset replacement and sale of cross-shareholdings
- ❑ Enhancing shareholder returns and strengthening IR activities

Progress Status
as of
March 2025

Regarding ROE, although we fell short of our target of 8.0% or higher, it improved by 3 percentage points from the previous fiscal year to reach 7.3%, driven by an increase in net income. While EPS showed improvement, the overall decline in the stock market at the end of March 2025 led to a year-on-year decrease in PER by approximately 9 percentage points, resulting in a PER of 10.51%. Consequently, PBR stood at 0.77 time.

We recognize that a key priority in our efforts to achieve a PBR of 1.0 or higher is to enhance ROE and ROIC by continuing to pursue profit-driven growth that exceeds our cost of capital, while optimizing our capital structure.



Achievement of the Medium-Term Management Plan 2024 – Rolling Plan

¥ bil

| Trends in Key Metrics | FY2021 FY2022 FY2023 FY2024 | | | | | FY2024 Medium-Term Management Plan Targets |
|-----------------------|-----------------------------------|-----------|-----------|-----------|-----------|---|
| | Consolidated Net Sales | 501.5 | 547.2 | 522.4 | 586.6 | Approx. 600.0 |
| | Net Income | 18.6 | 11.0 | 16.1 | 25.1 | 26.0 or more |
| | Operating Income Margin (%) | 4.9% | 2.6% | 3.4% | 4.5% | 5.5% or higher |
| | Net Income Margin (%) | 3.7% | 2.0% | 3.1% | 4.3% | — |
| | ROE (%) | 5.9% | 3.5% | 4.8% | 7.3% | 8% or higher |
| | (Non-consolidated) | | | | | |
| | Order Volume | 473.0 | 445.5 | 523.4 | 645.5 | — |
| | Net Sales | 451.7 | 465.4 | 423.1 | 475.3 | — |
| | Labor Productivity | 14.58 mil | 11.71 mil | 12.84 mil | 14.93 mil | 15.00 mil |

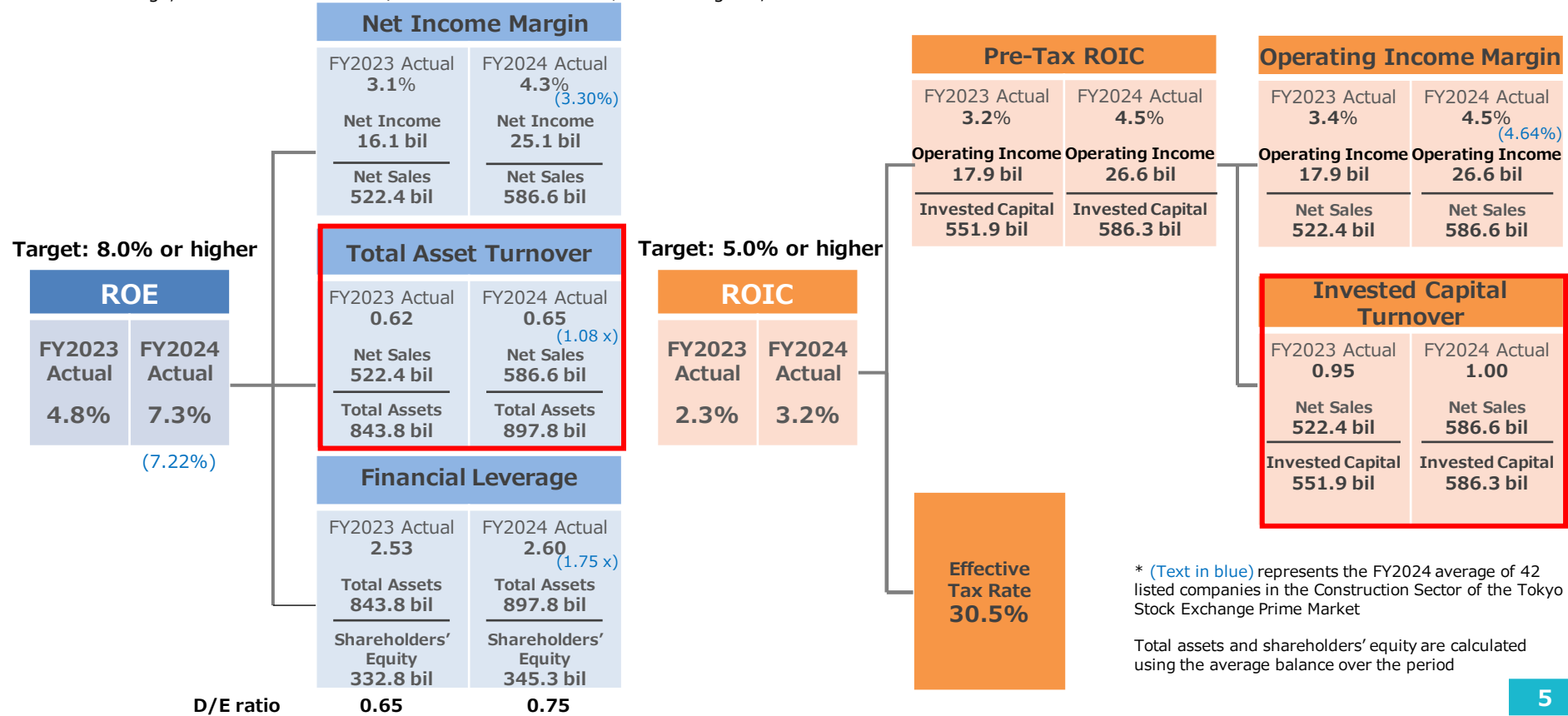
| Performance Trends by Segment | Segment | | FY2022 | FY2023 | FY2024 |
|-------------------------------|-------------------------------------|----------------|--------|--------|--------|
| | Architectural Construction | Net sales | 320.6 | 287.9 | 311.6 |
| | | Segment Income | (-1.4) | 6.5 | 16.8 |
| | Civil Engineering | Net sales | 125.9 | 112.5 | 117.1 |
| | | Segment Income | 11.0 | 7.5 | 7.5 |
| | Domestic Investment and Development | Net sales | 19.5 | 22.4 | 46.3 |
| | | Segment Income | 3.3 | 3.9 | 4.7 |
| | Domestic Group Companies | Net sales | 42.4 | 49.5 | 53.5 |
| | | Segment Income | 1.9 | 1.9 | 3.1 |
| | Overseas Group Companies | Net sales | 37.8 | 48.6 | 57.1 |
| | | Segment Income | 1.9 | 1.4 | 1.1 |
| | Environment & Energy | Net sales | 1.5 | 1.3 | 0.9 |
| | | Segment Income | 0.04 | (0.4) | (0.1) |

Assessment

- Although the KPIs set in our Medium-Term Management Plan for the fiscal years ending March 2023 to March 2025 were not fully achieved, earnings showed a recovery trend across all segments.
- Key factors contributing to the recovery in earnings include an improved order environment in the construction business that allowed for absorption of price increases, as well as steady progress in the domestic investment and development business and the operations of both domestic and overseas Group companies.
- The ratio of selling, general, and administrative (SG&A) expense to sales remains elevated at approximately 8.5%, driven by rising labor costs and increased research and development expenditures. This continues to be a key factor in suppressing operating income margin.
- Although there are ample order opportunities, our ability to respond effectively has been constrained by a shortage of engineering staff and labor.

■ Improvement Status of ROE and ROIC and Key Challenges

As part of our efforts to enhance the PBR, we pursued business operations in FY 2024 with targets of achieving ROE of at least 8.0% and a ROIC of at least 5.0%. In that fiscal year, ROE reached 7.3%, exceeding the average of 42 listed companies in the Construction Sector of the Tokyo Stock Exchange Prime Market, though falling short of our target. ROIC was 3.2%, also below target. These shortfalls were primarily due to **low total asset turnover** and **low invested capital turnover**. Although financial leverage exceeded the sector average, we adhered to our disciplined internal benchmark, maintaining a D/E ratio below 0.8x.





Future Initiatives

Pursuit of “Earning Power and Growth”

[FY2024 Actual Results → FY2027 Targets]

Target: 10.0% or higher

| ROE | |
|---------------|---------------|
| FY2024 Actual | FY2027 Target |
| 7.3% | 10.0% |

| Net Income Margin | |
|------------------------|------------------------|
| FY2024 Actual 4.3% | FY2027 Target 4.4% |
| Net Income 25.1 bil | Net Income 35.0 bil |
| Net Sales 586.6 bil | Net Sales 800.0 bil |

| Total Asset Turnover | |
|---------------------------|---------------------------|
| FY2024 Actual 0.65 | FY2027 Target 0.80 |
| Net Sales 586.6 bil | Net Sales 800.0 bil |
| Total Assets 997.8 bil | Total Assets 997.2 bil |

| Financial Leverage | |
|-----------------------------------|-----------------------------------|
| FY2024 Actual 2.60 | FY2027 Target 2.85 |
| Total Assets 997.8 bil | Total Assets 997.2 bil |
| Shareholders' Equity 345.3 bil | Shareholders' Equity 349.5 bil |

| ROIC | |
|---------------|----------------|
| FY2024 Actual | FY2027 Target |
| 3.2% | 5.0% or higher |

| Pre-Tax ROIC | |
|-------------------------------|-------------------------------|
| FY2024 Actual 4.5% | FY2027 Target 7.2% |
| Operating Income 26.6 bil | Operating Income 43.5 bil |
| Invested Capital 586.3 bil | Invested Capital 603.5 bil |

| |
|-----------------------------|
| Effective tax rate 34.6% |
| (FY2024 Actual 30.5%) |

| Operating Income Margin | |
|------------------------------|------------------------------|
| FY2024 Actual 4.5% | FY2027 Target 5.4% |
| Operating Income 26.6 bil | Operating Income 43.5 bil |
| Net Sales 586.6 bil | Net Sales 800.0 bil |

| Invested Capital Turnover | |
|-------------------------------|-------------------------------|
| FY2024 Actual 1.00 | FY2027 Target 1.33 |
| Net Sales 586.6 bil | Net Sales 800.0 bil |
| Invested Capital 586.3 bil | Invested Capital 603.5 bil |

* Total assets and shareholders' equity are calculated using the average balance over the period

Pursuit of “Earning Power and Growth”

□ Initiatives under the Medium-Term Management Plan 2027

Strengthening the operational foundation in the construction business

- Improving productivity, technical expertise, and organizational resilience
- Establishing automation and labor-saving technologies
- Advancing technology development through technology serialization and digital utilization
- Optimizing human capital resources, (employees and partner companies)

Key focus areas

Architectural Construction

Hospitals, educational institutions, and other uses

Civil Engineering

Renewable energy-related facilities, overseas civil engineering infrastructure projects

Growth investment

Construction business
¥46.0 bil

Real estate development
¥123.0 bil
(net basis ¥27.0 bil)

Domestic and overseas Group companies

Environment and energy
¥22.0 bil
(net basis ¥18.0 bil)

Real estate development

Improving capital efficiency and driving real estate development growth through a circular investment model

- Growth investment in newly developed properties
- Harvesting gains and enhancing ancillary income through private REIT utilization
- Expanding and collaborating across business segments using accumulated operator expertise

Environment and energy

- Development of spar-type floating structures and construction technologies for large wind turbines
- Investment in onshore wind power in Brazil and biomass energy

Domestic and overseas Group companies

Group synergy and M&As of construction-related businesses

| Medium-Term Management Plan 2027 | ¥ bil |
|----------------------------------|-----------|
| FY2025 Forecasts | |
| Consolidated Net Sales | 640.0 |
| Net Income | 21.0 |
| Operating Income Margin (%) | 3.8% |
| Net Income Margin (%) | 3.3% |
| ROE (%) | — |
| (Non-consolidated) | |
| Order Volume | 511.0 |
| Net Sales | 499.0 |
| Labor Productivity | 14.58 mil |



| ¥ bil |
|----------------|
| FY2027 Targets |
| Approx. 800.0 |
| 35.0 or more |
| 5.4% |
| 4.4% |
| 10% or higher |
| — |
| — |
| 17.50 mil |

Future Initiatives

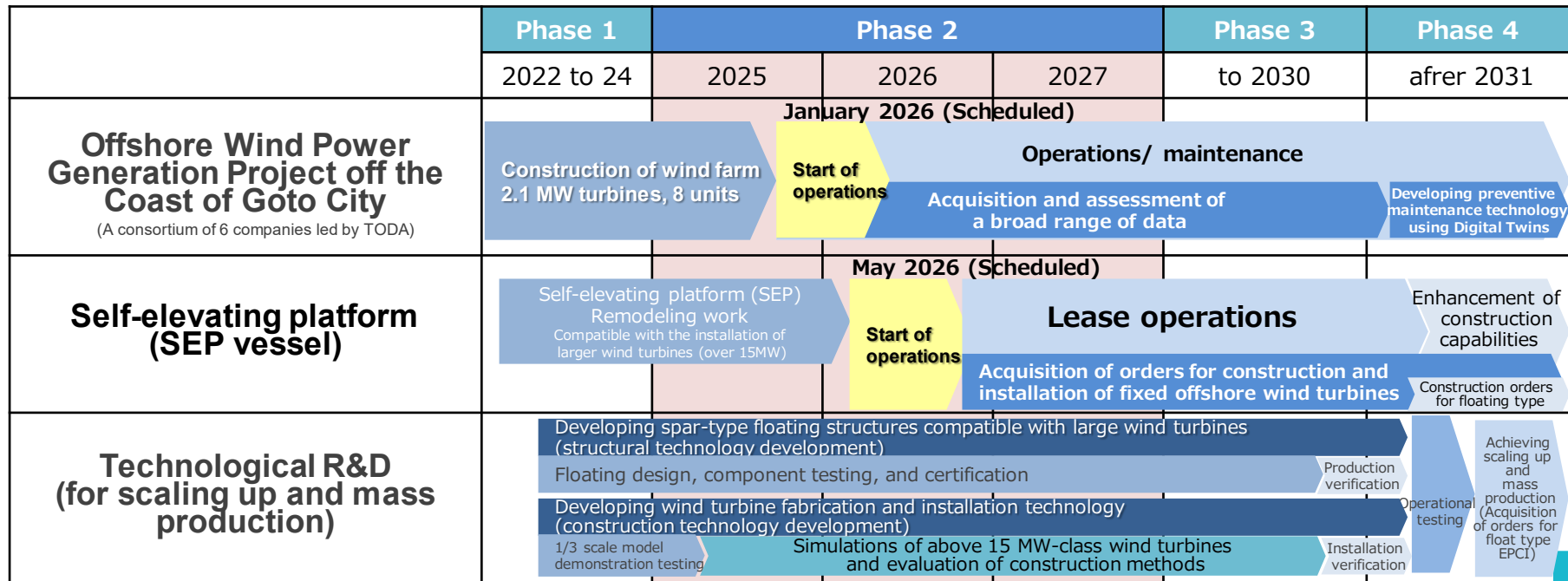
| | Architectural Construction | Civil Engineering | Domestic investment and development | Domestic Group companies | Overseas Group companies | Environment and energy |
|----------------|----------------------------|-------------------|-------------------------------------|--------------------------|--------------------------|------------------------|
| Net sales | 430.0 | 150.0 | 50.0 | 80.0 | 90.0 | 7.0 |
| Segment income | 22.0 | 9.0 | 6.0 | 3.5 | 3.5 | 0.5 |

- In the construction business, we will strengthen frontline operations (improved compensation, personnel realignment, and the hiring of engineers) in light of the current order environment. At the same time, we will promote digital transformation (DX) to boost productivity and quality at construction sites, while building a flexible framework for efficient order management. In addition, we aim to scale up operations by securing contracts for fixed-bottom offshore wind power construction using the SEP vessel, scheduled to begin service in May 2026.
- In strategic businesses, we will leverage the expertise developed in the construction business to advance strategic initiatives (such as agricultural sixth-sector industrialization). Through this approach, we aim to create a virtuous cycle of synergies that will also lead to increased order opportunities in the construction business. Furthermore, we will proceed with the sale of owned properties while expanding our real estate management operations.
- In the businesses of our domestic and overseas Group companies, we are exploring M&A opportunities that can generate synergies both among existing entities and with our construction business.

Pursuit of “Earning Power and Growth”

❑ Environment and Energy Business (Floating offshore wind power generation business roadmap)

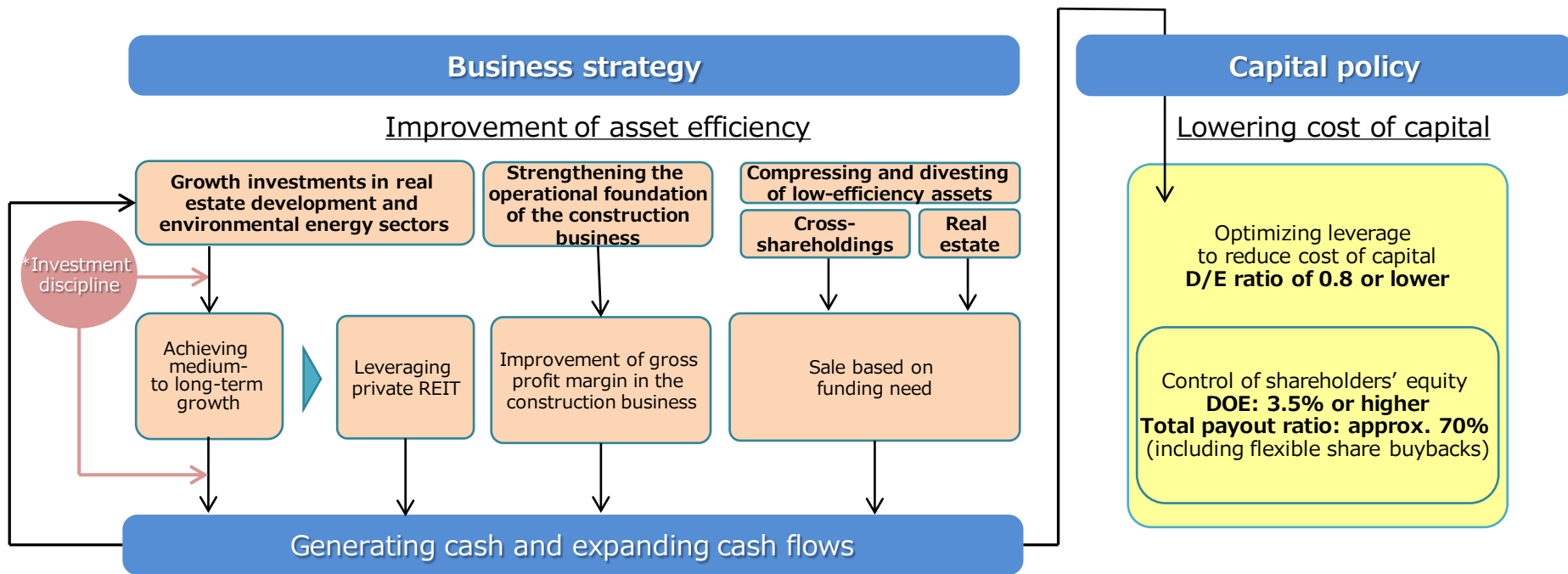
- Regarding the offshore wind power business, research and development on floating offshore wind technology has been carried out as part of the project located off the coast of Goto City. This initiative (2.1 MW × 8 units) is scheduled to commence operations in January 2026, marking a new phase of expertise accumulation as an operator. Looking ahead, the project will shift into a research and development phase focused on establishing large-scale, mass-production technology for hybrid spar-type floating structures, in preparation for commercialization.
- Six companies have jointly purchased and own a Self-Elevating Platform (SEP) vessel, which is essential for the construction of both floating and bottom-fixed offshore wind power projects. The vessel is currently undergoing modifications and is scheduled to begin operation after May 2026. Its utilization is expected to contribute to enhancing the profitability of the offshore wind power construction contracting business.



Improvement of capital efficiency (turnover) and optimal capital structure

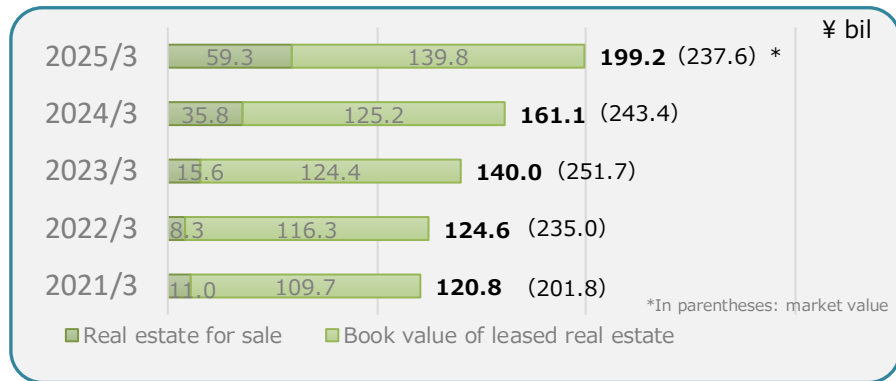
Our BS Management

We pursue growth investments, early monetization to achieve sustainable growth, and optimization of management resources to enhance capital efficiency and generate cash. The generated cash is allocated in line with investment and financial discipline, and any surplus capital is appropriately returned.

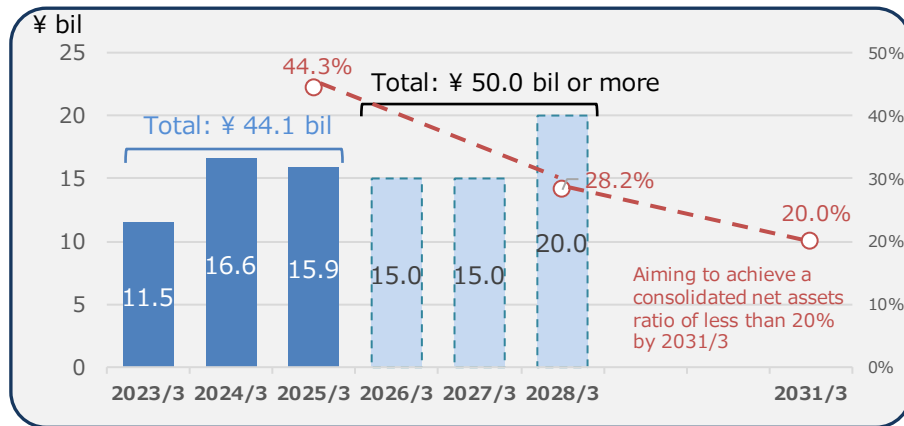


Improvement of capital efficiency (turnover) and optimal capital structure

■ Yearly Trends in Owned Real Estate



■ Sale of cross-shareholdings



Assessment of the present situation

Real estate

During the Medium-Term Management Plan period from FY 2022 to 2023, a total book value of ¥51.6 bil was sold. Meanwhile, due to the purchase of new investment projects and the completion of the new TODA BUILDING in the fiscal year ended March 2025, the book value increased by ¥38.1 bil compared to the previous year.

Cross-shareholdings

During the Medium-Term Management Plan period from FY 2022 to 2024, we exceeded our planned sales target of over ¥30 bil, achieving ¥44.1 bil in total. The proceeds were proactively utilized to drive growth investments and enhance shareholder returns.

Future initiatives

Real estate

For owned real estate, we are working on building “a circular investment model” through a private REIT, scheduled to begin operations in July 2025, as a business framework for stable revenue generation from growth investments. Properties that align with the private REIT portfolio will be sold sequentially, aiming to improve capital efficiency.

Cross-shareholdings

The proceeds from cross-shareholdings will be strategically allocated to strengthening the operational foundation in the construction business, supporting M&A activities, offshore wind power projects, and human capital investment. Taking financial conditions into account, sales will be executed at appropriate timings, aiming to reduce the cross-shareholding ratio to below 20% relative to consolidated net assets by the fiscal year ending March 2031.

Improvement of capital efficiency (turnover) and optimal capital structure

Cash Allocation

Medium-Term Management Plan FY 2022–2024 Targets ¥277.1 bil

| Cash generation | Cash allocation |
|---|--|
| Interest-bearing debt ¥86.2 bil (D/E ratio of 0.8 or lower) | Income taxes ¥22.9 bil |
| Sale of cross-shareholdings ¥30.0 bil | Investment plan ¥229.1 bil |
| Sale of assets held ¥72.8 bil | Shareholder returns ¥25.0 bil (Dividends/share buybacks) |
| * Operating income after adjustment ¥88.0 bil | |

Medium-Term Management Plan FY 2022–2024 Actual ¥327.6 bil

| | |
|--|----------------------------------|
| Interest-bearing debt ¥142.2 bil (D/E ratio of 0.8 or lower) | Income taxes ¥37.7 bil |
| Sale of cross-shareholdings ¥44.2 bil | Investment plan ¥253.3 bil |
| Sale of assets held ¥64.1 bil | Shareholder returns ¥36.6 bil |
| * Operating income after adjustment ¥77.0 bil | |

Consolidated balance sheet for FY 2024 ¥923.5 bil (¥761.1 bil)

| | |
|--|--|
| Current assets ¥458.3 bil (Current assets ¥386.5 bil) | Current liabilities ¥330.3 bil (Current liabilities ¥299.1 bil) |
| Fixed assets ¥465.1 bil (Fixed assets ¥374.6 bil) | Fixed liabilities ¥240.0 bil (Fixed liabilities ¥143.0 bil) |
| | Net assets ¥353.1 bil (Net assets ¥319.0 bil) |

(Numbers in blue) represent the figures for FY2021

Medium-Term Management Plan FY 2025–2027

| Flexible financing | Strategic investment allocation |
|---|---|
| Utilize interest-bearing debt | Investment plan ¥200.0 bil |
| Sale of cross-shareholdings ¥50 bil or more | Strengthening business foundation ¥46.0 bil |
| Sale of assets held ¥100.0 bil | Real estate development ¥123.0 bil |
| | Environment and energy ¥22.0 bil |
| | Other investments ¥9.0 bil |
| * Operating income after adjustment ¥150.0 bil | Shareholder returns |
| | Income taxes |

- M&A investments will be executed independently of the investment plan
- D/E ratio of 0.8 or lower
- Real estate development investment (net basis): ¥27.0 billion
- Environmental & energy investment (net basis): ¥18.0 billion
- Shareholder return policy

| | |
|---------------------------------|----------------|
| DOE (Dividends on equity ratio) | 3.5% or higher |
| Total payout ratio | Approx. 70% |

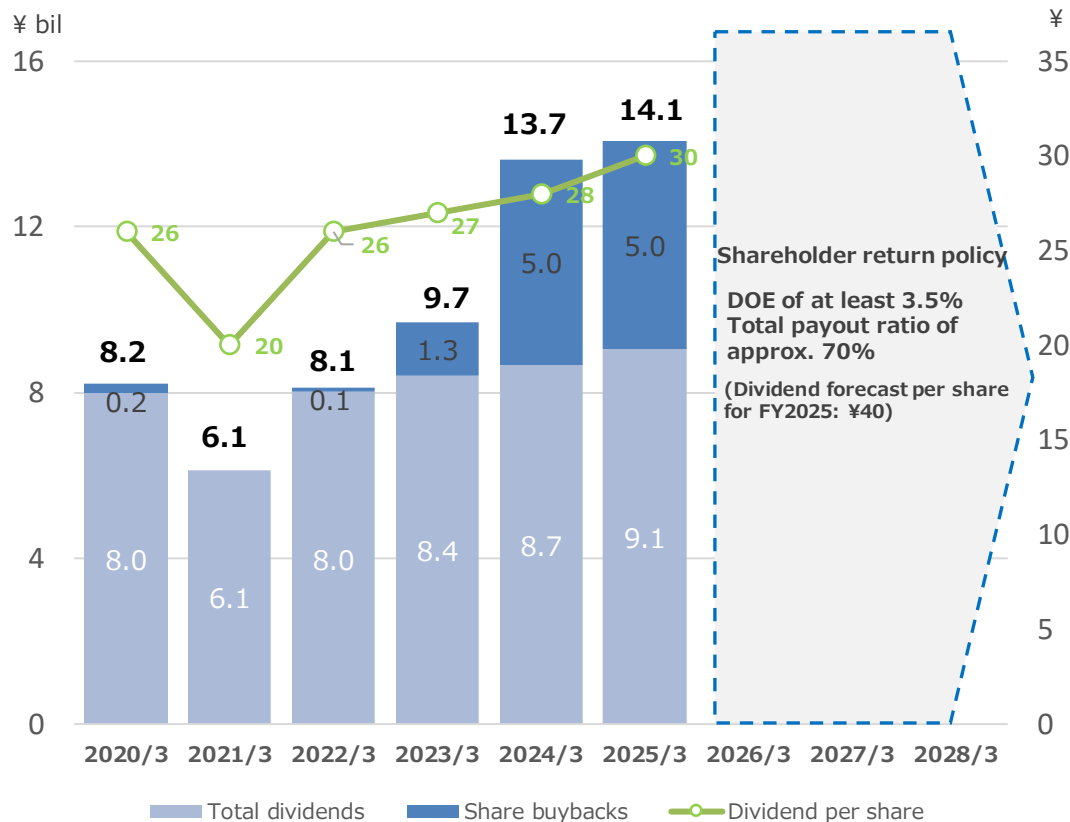
* Operating income after adjustment = Operating income - gross profit from real estate for sale + depreciation + business foundation investments (expense portion)

Current status and future initiatives

- Based on the expected cash allocation in the previous Medium-Term Management Plan (FY2022–FY2024), the shortfall in operating income after adjustment was covered through asset compression and interest-bearing debt. As a result, growth investments and shareholder returns exceeded the initial plan. Consequently, total assets on the consolidated balance sheet for FY2024 increased by ¥162.4 bil compared to FY2021, reaching ¥923.5 bil. Furthermore, the D/E ratio rose from 0.57 in FY2021 to 0.75 in FY2024, maintaining financial discipline while shifting toward a balance sheet structure that emphasizes leverage and capital efficiency.
- During the new Medium-Term Management Plan period (FY2025–FY2027), we will maintain financial discipline with a target D/E ratio of 0.8, while focusing on net investment for growth. Instead of significantly increasing total assets, we will enhance capital efficiency through a circular investment model. Furthermore, surplus funds will be appropriately returned, contributing to the sustainable enhancement of corporate value.

Shareholder return

■ Shareholder return trends (total dividend payments and share buybacks)



Current status

- In managing shareholders' equity, surplus funds were returned to shareholders in line with a policy of maintaining a DOE of at least 2.5% and a total payout ratio of 40% or more during the Medium-Term Management Plan period from FY2022 to FY2024. Notably, in FY2023 and FY2024, share buybacks totaling approximately ¥10 bil were executed, while stable dividends were sustained with a gradual increase.

Key challenges

- Regarding shareholder returns, dividends and share buybacks will be considered with a DOE benchmark of 3.5%, targeting a total payout ratio of approximately 70%.
- Share buybacks will be conducted flexibly, taking into account factors such as current-period income, stock price, and the purpose of acquisition.
- For repurchased shares, options including cancellation or disposal will be considered.

Engagement with stakeholders

| IR activities for FY2024 | Number of meetings held | Our attendees |
|---|-------------------------|---|
| Financial results briefing (for analysts and institutional investors) | 2 | President, Group General Manager - Corporate Administration Group |
| One-on-one meetings with Japanese institutional investors | 16 | Executive officer in charge of Planning & IR Division, IR staff |
| One-on-one meetings with overseas institutional investors | 44 | Executive officer in charge of Planning & IR Division, IR staff |
| One-on-one financial results update meetings with securities analysts | 16 | Executive officer in charge of Planning & IR Division, IR staff |
| Investor seminar for retail investors | 1 for 215 participants | Group General Manager - Corporate Administration Group |
| Site visit for analysts and institutional investors | 1 for 11 participants | Group General Manager - Corporate Administration Group, Executive officer, IR staff |
| Execution of a shareholder survey | 1 | Planning & IR Division |

Key engagement topics addressed

| | | |
|--------------------------------|--|---|
| Capital Policy | Status of negotiations for the sale of cross-shareholdings and the use of proceeds from the sale | |
| | Key metrics and rationale for determining the shareholder return policy | |
| | Progress toward achieving the ROE target | |
| Construction Business | | <ul style="list-style-type: none"> • Business environment including order intake, costs, and other operational factors • Progress on enhancing gross margins in architectural construction and civil engineering projects • Approach to differentiation from competitors |
| Priority Management Businesses | TODA BUILDING | Outlook for revenue, profit contributions, and current leasing status |
| | Overseas Business | Advancement of overseas subsidiary projects and efficiency of assets in global operations |
| | Environment & Energy Business | Status of the environmental and energy business, and the profitability of floating offshore wind power |



Insights gained from engagements have been incorporated into the strategic initiatives of the new Medium-Term Management Plan

- ❑ The policy, schedule, and use of proceeds from the sale of cross-shareholdings were included in the new Medium-Term Management Plan and Business Report.
- ❑ With a focus on reducing the cost of capital through appropriate leverage and optimizing shareholders' equity, relevant indicators such as DOE and the total payout ratio were revised.

* English-language disclosure was conducted concurrently for the disclosed information.



**TODA
CORPORATION**