

CORPORATE REPORT 2021



Financial and Non-Financial Highlights

Key performance indicators

	Millions of yen					Thousands of U.S. dollars (Note)
Consolidated	FY2016	FY2017	FY2018	FY2019	FY2020	FY2020
Net sales Graph	422,722	429,026	510,436	518,683	507,134	4,580,746
Operating income (loss) Graph	24,998	30,463	34,518	35,243	27,697	250,178
Ordinary income (loss)	27,197	33,037	37,493	38,272	30,363	274,262
Profit (loss) for the year attributable to owners of the parent Graph	42,091	25,455	25,595	25,845	19,735	178,266
Comprehensive income (loss)	52,073	29,652	26,066	10,456	47,028	424,792
Total net assets Graph	226,895	249,394	269,193	273,496	312,533	2,822,993
Total assets Graph	536,582	558,312	667,722	634,557	735,789	6,646,094
Per share of common stock (in yen and U.S. dollars):						
Net assets	729.35	803.43	868.13	883.35	1,011.02	9.132
Profit (loss) for the year attributable to owners of the parent	137.07	82.71	83.49	84.30	64.36	0.581
Cash dividends applicable to the year	15.00	20.00	20.00	26.00	20.00	0.180
Net cash provided by (used in) operating activities	58,874	19,331	(28,384)	77,271	(21,139)	(190,946)
Net cash provided by (used in) investing activities	(9,797)	(7,812)	(24,475)	(21,762)	(30,852)	(278,676)
Net cash provided by (used in) financing activities	(12,608)	(2,015)	49,047	(26,685)	31,279	282,535
Cash and cash equivalents at end of period	90,986	100,526	96,564	125,418	103,727	936,931
Non-Consolidated						
Orders received Graph	478,587	449,522	549,233	480,475	428,916	3,874,232

Note: The rate of ¥110.71=US\$1.00, the foreign exchange rate on March 31, 2021, has been used for translation.

Data on social aspects (non-consolidated)	Units	2016	2017	2018	2019	FY 2020
Number of employees (consolidated)	(Persons)	4,872	4,994	5,296	5,463	5,568
Number of employees	(Persons)	3,968	4,016	4,078	4,132	4,160
Male/Female	(Persons)	3,447/521	3,479/537	3,510/568	3,537/595	3,544/616
Average age	(age)	44.4	44.4	44.3	44.3	44.5
Average years of service	(Years)	19.5	19.4	19.1	19.0	19.1
Labor productivity ¹ Graph	(10 thousand yen)	1,545	1,656	1,711	1,707	1,528
Serious incident frequency rate ² Figures in parentheses () indicate the total accident frequency rate ³ Graph	(Frequency)	0.53 (5.28)	0.48 (3.93)	0.40 (3.30)	0.77 (4.29)	0.51 (3.60)
Number of occupational accidents resulting in four or more days' absence from work Figures in parentheses () indicate the number of occupational accidents involving fatalities	(Accidents)	16 (2)	14 (0)	13 (0)	25 (1)	17 (0)

Data on environmental aspects (consolidated)	Units	2016	2017	2018	2019	FY 2020
CO ₂ emissions (construction sites) ⁴ Graph	(t-CO ₂)	69,688	70,260	72,767	74,542	76,405
CO ₂ emissions (offices) ⁴	(t-CO ₂)	3,647	3,517	2,794	2,404	2,355
SCOPE 1	(t-CO ₂)	44,051	51,132	50,926	52,798	59,510
SCOPE 2	(t-CO ₂)	29,284	22,645	24,635	24,147	19,251
SCOPE 3 ⁵	(t-CO ₂ e)	7,208,503	8,149,306	6,897,759	7,678,706	5,210,867
CO ₂ emissions basic units (construction sites) ⁴ Graph	(t-CO ₂ /100 million yen)	17.0	16.5	14.3	14.9	15.8
Total amount of construction waste generated Graph (non-consolidated)	(10 thousand t)	79.2	99.4	72.1	69.1	85.1
Ratio of construction waste disposed of as landfill Graph (non-consolidated)	(%)	4.6	2.6	8.4	4.7	3.9
Ratio of renewable energy electricity usage (RE ratio)	(%)	-	-	-	5.1	27.8

Third-party assurance We have undergone third-party assurance of our environmental data by Sustainability Accounting Co., Ltd. in accordance with International Standards on Assurance Engagements ISAE3000 and ISAE3410. Scope of consolidation for environmental data: Toda Corporation and 13 of its consolidated subsidiaries, including overseas subsidiaries. SCOPE3 is consolidated only for categories 3, 6, 7, and 11.

¹ Labor productivity = Amount of added value (operating income + total personnel expenses) ÷ number of employees (average for the period, including temporary employees, etc.)

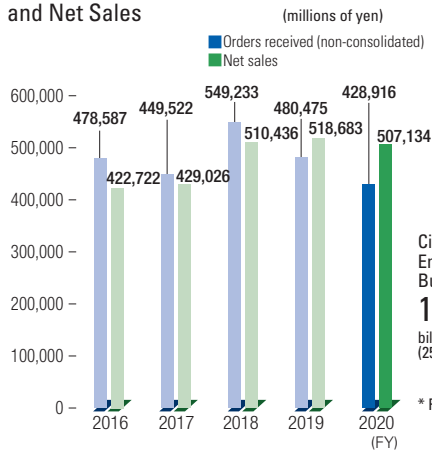
² Serious incident frequency rate = occupational accidents (resulting in injuries requiring 4 or more days leave including fatal casualties) ÷ total working hours (million hours)

³ Total accident frequency rate = total occupational accidents (including minor occupational injuries requiring no more than 1 day of leave including business owners and sole traders) ÷ total working hours (million hours)

⁴ CO₂ emissions: Indicates sum of SCOPE 1 and SCOPE 2. SCOPE 2 is calculated on a market-based approach (using adjusted emissions factors for each electricity retailer and different emissions factors for each item). The location-based (using national average coefficients) figures posted on website.

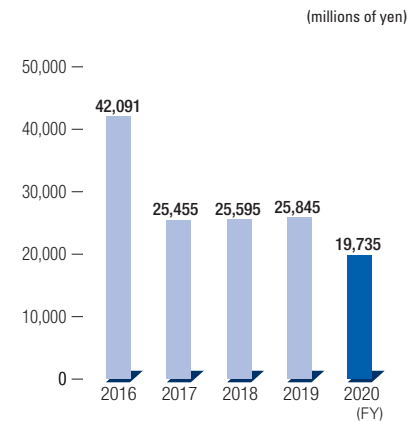
⁵ SCOPE3: Indicates sum of categories 1,2,3,4,5,6,7,11,12, and 13. The figures for each category are published on our website.

Orders Received (Non-consolidated) and Net Sales



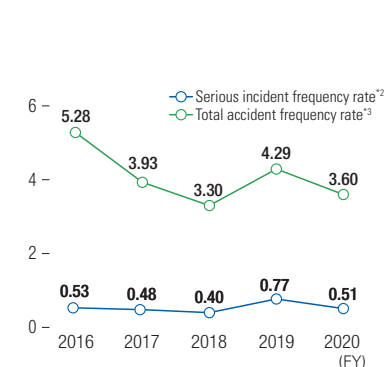
Orders received (non-consolidated) decreased by 11.1% from the previous fiscal year in the building construction business and by 11.2% in the civil engineering business, totaling an overall decrease of 10.7% to 428.9 billion yen. This was a result of a decrease in private sector construction work, despite an increase in public sector construction work. In terms of consolidated net sales, there was a 9.5% decrease in the building construction business and a 16.5% increase in the civil engineering business, producing an overall decrease of 2.2% to 507.1 billion yen.

Net Profit Attributable to Owners of the Parent



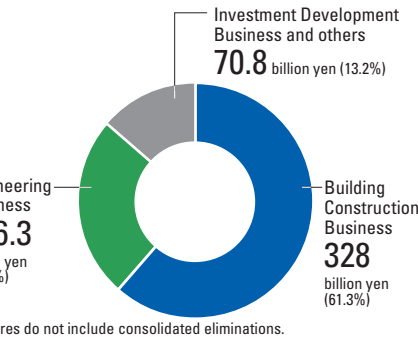
Non-operating income and expenses totaled 2.6 billion yen due to interest income and dividend income from investment securities, etc. Ordinary income and expenses decreased by 20.7% year-on-year to 30.3 billion yen. Despite losses on the disposal of fixed assets, etc., dividend income from investment securities was also recorded, producing an extraordinary loss of 900 million yen. As a result, annual net profit attributable to owners of the parent fell 23.6% year-on-year to 19.7 billion yen.

Occupational Accident Frequency (Non-consolidated)



In fiscal 2020, we worked to achieve a serious incident frequency rate² of 0.30 or less, a total accident frequency rate³ of 2.8 or less, and zero fatal accidents. As a result, we achieved a serious incident frequency rate of 0.51, a total accident frequency rate of 3.60, and zero fatal accidents. In fiscal 2021, we will pursue the same goals and promote "front-loading of improvements to the work environment" in all our business activities to achieve these goals and become the No. 1 company for safety.

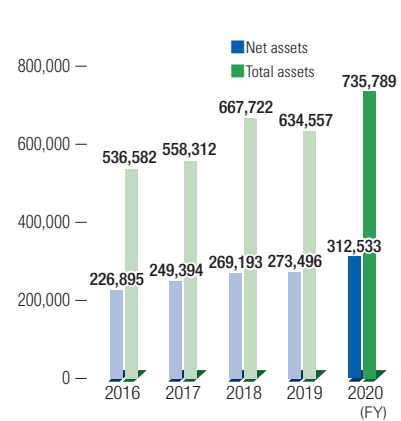
Net Sales by Business Segment and as Percentages of Net Sales



* Figures do not include consolidated eliminations.

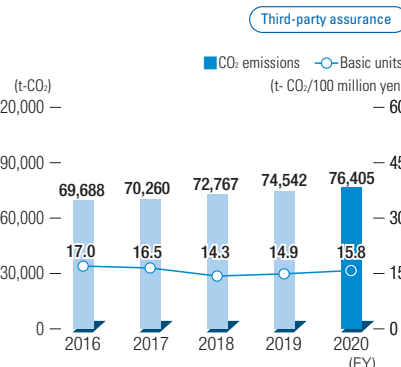
Sales by segment have conventionally been focused on the construction business. While no major shifts in sales to other segments are anticipated, we are focusing on strengthening our investment and development businesses as a part of our medium- to long-term business strategy.

Net Assets/Total Assets



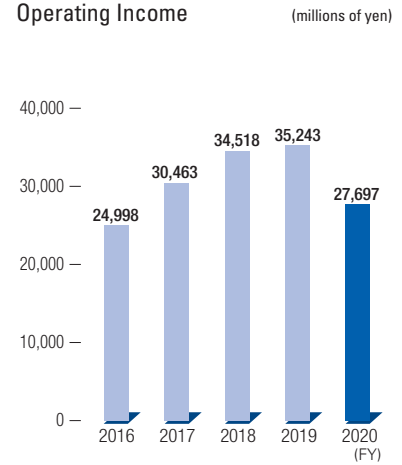
Factors, including the recording of net income, led to a 14.3% increase in 2020 fiscal-year-end net assets to 312.5 billion yen, and resulted in a capital ratio of 42.1%. Total assets increased by 16% to 735.7 billion yen, due to factors such as an increase of 45.9 billion yen in notes receivable, accounts receivable from completed construction contracts and other, as well as an increase of 42.6 billion yen in investment securities. This was the reason for the 11.4 billion yen decrease in cash and deposits.

CO₂ Emissions/Basic Units (Consolidated: construction sites)



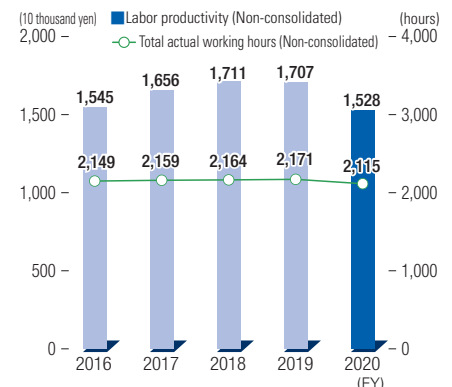
In fiscal 2020, the use of environmentally friendly fuels (BDF, K-S1, GTL), renewable electricity, etc. resulted in a reduction of approximately 7,500 tons of CO₂ emissions. However, overall, both CO₂ emissions and CO₂ emission basic units increased slightly due to an increase in the amount of work completed in the civil engineering department. Large-scale tunnel and land development works are scheduled to be carried out in fiscal 2021, so it is essential to continue implementing measures to reduce CO₂ emissions. Approximately 60% of our total CO₂ emissions come from the diesel oil used at our construction sites. From fiscal 2021, we plan to set a target for the amount of environmentally friendly fuels used and update our emission reduction target from 2.0°C compliance to 1.5°C compliance by the end of the fiscal year, thereby working to further reduce the CO₂ emissions produced by our worksites.

Operating Income



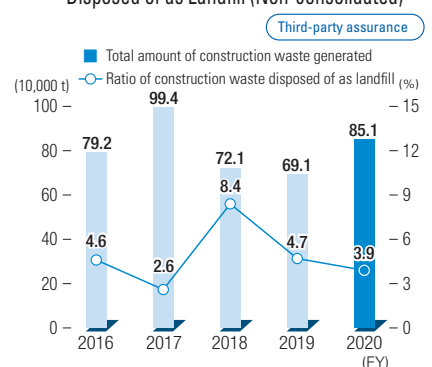
Gross profit decreased by 7.8% year-on-year, mainly due to a decrease in the number of profitable projects in domestic construction. Meanwhile, with selling, general and administrative expenses increasing by 6.0% for reasons such as increased human resources expenses, operating income decreased by 21.4% from the previous fiscal year to 27.6 billion yen.

Labor Productivity (Non-consolidated) / Total Actual Working Hours (Non-Consolidated)



Labor productivity for fiscal 2020 was 15.28 million yen, mainly due to a decrease in net sales and profit margin on completed construction projects in the domestic building construction sector. For fiscal 2021 is projected to be over 13.75 million yen due to full-scale construction getting underway on an in-house project, the construction of the New TODA Building (headquarters building; tentative name). In recent years, the total number of actual working hours has remained between 2,100 and 2,200 hours per year, but we are working to reduce this figure toward the target of 1,900 hours per year by fiscal 2024, as set out in our medium-term management plan. This will be accomplished by streamlining operations, introducing a flextime system without core hours, and the systematic granting of paid leave.

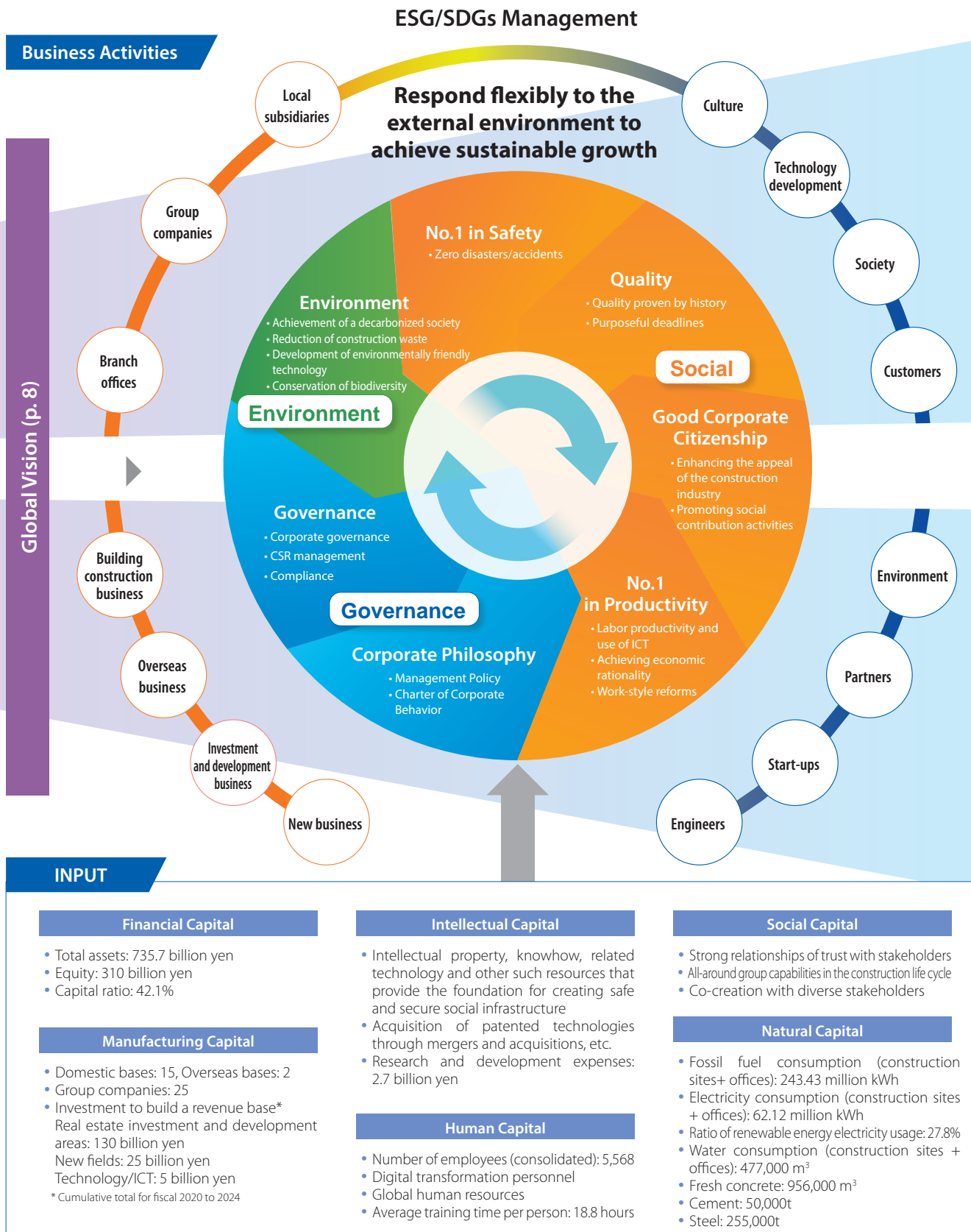
Total Amount of Construction Waste Generated/Ratio of Construction Waste Disposed of as Landfill (Non-consolidated)



Compared to the previous year, fiscal 2020 saw an increase in the amount of waste generated, but a reduction in the percentage of waste construction disposed of as landfill. The main reason for the increase in waste generated was the construction sludge produced during large-scale tunnel construction, while the reduction in the percentage of waste disposed of as landfill was largely due to our efforts to recycle this sludge. Waste disposal results are greatly affected by the type of construction work and the volume and scale of the work. In all construction projects, we will continue our efforts to reduce the amount of waste generated by implementing waste reduction measures, adopting construction methods that reduce the waste produced, pursuing the "3 Rs," and more. At the same time, we will implement waste sorting to maintain the landfill disposal rate at its current level, thereby contributing to the realization of a circular economy.

The Value Creation Process

The Group is pursuing the following forms of value creation processes to advance ESG/SDGs*¹ management. Together with our stakeholders, we are striving to be “a corporate group that realizes ‘joys’ ” and deliver sustainable growth of corporate value.



Direction to aim for

Continuous evolution of business activities and enhancement of corporate value through high added-value competition.

- Resilient -

Globalization

Branding

Promoting Innovation

Building Brand Value Assets



Contributing toward SDGs

OUTPUT

Practicing management that prioritizes both social and financial value

Social value indicators (non-financial indicators)

- Contribution to the construction industry and global environment
- Identification of positive impacts on society
- Commitment and evaluation through non-financial indicators

Fiscal 2020 performance

- CO₂ emission reduction rate (compared to FY2019): up 2.4%
- Total accident frequency rate: 3.60
- Construction sites: Implementation rate of 8-days off per 4-week work cycle: 38.8%
- Construction career advancement registration rate: 58.2%
- Employees' average total actual working hours: 2,115 hours
- Proportion of Outside Directors and Outside Corporate Auditors: 47.1%
- Proportion of non-Japanese employees (non-consolidated): 0.6%
- Risk assessment implementation rate: 100%
- Serious violations of laws and regulations: 0

Synergistic Effects

Economic value indicators (financial indicators)

- Added value to business activities
- Improved revenue by incorporating solutions to social issues into our business
- Securing increased market competitiveness and financial returns

Fiscal 2020 performance

- Consolidated net sales: 507.1 billion yen
- Operating income: 27.6 billion yen
- Operating margin: 5.5%
- ROE (return on equity) : 6.8%
- Labor Productivity (non-consolidated): 15.28 million yen

OUTCOMES

Increasing corporate value

Value created and effects on capital

Financial capital

- Creation of long-term shareholder value
 - DOE (dividend on equity ratio): **2.1%**
 - Dividend payout ratio: **31.1%**

Manufacturing capital

- Provision of advanced construction products
- Environmentally friendly business to support a carbon-free economy
- Safe and productive construction sites

Intellectual capital

- Enhanced systems for promoting innovation
- Improvement of technological development capabilities that contribute to creating a carbon-free and recycling-oriented society
- Increase in innovative assets and information technology assets
- Improvement of economic competitiveness of construction expertise, etc.

Human capital

- Establishment of world-class organization and management systems
- Development and production of human resources with a variety of specialized knowledge and expertise
- Improvement of job satisfaction

Social capital

- Improving customer satisfaction
- Stronger relationships of trust with stakeholders
- Building the Toda Group brand
- Improving appeal of the construction industry
- Building a resilient social infrastructure

Natural capital

- Reduction of environmental impacts such as greenhouse gas emissions and construction waste
- Conservation of biodiversity

●: External impacts
○: Internal impacts

Capitalizing on value created

*1 SDGs (Sustainable Development Goals): seventeen goals incorporated into the Agenda for Sustainable Development that world leaders adopted at the UN Sustainable Development Summit in September 2015.
*2 To maintain the value of buildings and urban areas by evolving through continuous maintenance and updating.

Message from Management

Toward our upcoming 150th anniversary, we will continue our exhaustive pursuit of corporate value for the next generation.

**President and Representative Director
Otani Seisuke**



On Becoming President

I believe that taking on the management of the Group at this time is the greatest contribution I can make to the company, and I reaffirm my determination to fulfill this important responsibility.

In April 2021, I was appointed President and Representative Director of Toda Corporation, and alongside Chairman Imai, I will take the helm of the Toda Group. I believe that taking on the management of the Group at this time is the greatest contribution I can make to the company, and I reaffirm my determination to fulfill this important responsibility.

The growth in construction investment, which had remained strong, has finally begun to falter, and the medium- to long-term effects of the COVID-19 pandemic are still impossible to quantify.

However, the arrival of a slow domestic economy brought about by a declining population has been foreseen for some time, and for several years, the Toda Group has been planning and implementing “productivity improvements in construction” alongside the “expansion and development of business areas.” Now that our management structure has been bolstered by a new chairman and president, we are determined to take these efforts as a basis for riding out the rough seas.

The Toda Group’s corporate value can be summed up in a

single phrase: a total construction company that paves the way toward the future and addresses social issues. Toward our upcoming 150th anniversary, we will continue our exhaustive pursuit of becoming a total construction company for the future.

The Toda Group’s Vision for Its 150th Anniversary

In July 2021, we drew up our “Future Vision CX150.” As a gatekeeper of value, we aim to bring about a society of collaborative creation.

July 2021 marked the 140th anniversary of Toda Corporation’s founding. As our aspiration for the kind of company we want to be in 2031, which will be our 150th anniversary, we have drawn up “Future Vision CX150 (Corporate Transformation toward TODA Group 150th).”

As society and people’s sense of values change, as will the roles that companies are expected to play. With this in mind, the Toda Group will, as a gatekeeper of value,¹ continue working towards a society of collaborative creation.

In formulating our vision, we discussed what kind of society the Toda Group foresees and what kind of social role we should play in that society. This is because in order to increase our corporate value over the long term, we must provide not

only economic value, such as operating income and labor productivity, but also social value, such as contributing to the resolution of social issues.

Changes in the Value Provision Process Due to Changes in Social Trends and Values

In recent years, as social issues necessitating global cooperation to reach solutions have become more prevalent, the international community is required more than ever to work together to solve these issues and realize a sustainable society. It is under these circumstances that the COVID-19 pandemic, which arose at the end of 2019, continues to have an immeasurable impact on the economic activities and lifestyles of people around the world. Furthermore, torrential rains and typhoons caused by climate change are becoming more severe. As a result, we in the construction industry bear an even greater responsibility for preventing and mitigating disasters and restoring aging infrastructure.

On top of the COVID-19 pandemic, meanwhile, socioeconomic changes such as increased industrial productivity, the advancement of digital technology, and globalization are having a significant impact on people's values and the way cities and communities operate. For example, (1) new economic changes brought about by internet platforms such as the sharing economy and the gig economy², (2) the proliferation of new working styles such as workcations³ and telework, and (3) the spread of the concept of diversity are leading to increased variety in people's values and the decentralization and multipolarization of communities. In addition, the decentralization of cities is expected to increase as a measure to combat Japan's declining number of children, aging population, and to promote regional revitalization.

These new challenges and changes in society will also affect the process through which companies deliver value. As the exponential progress of digital technology makes it possible to ascertain people's personal needs, companies will be required to collaborate across boundaries in order to meet an increasingly diverse set of demands. I believe that our society will change from one that pursues the abundance of goods to a networked society centered on consumers. This means that consumers stand at the center of the network of value provision, and that

the ease of obtaining information increases the importance of gatekeepers who control information and value.

The Value Toda Group will Provide in the Future

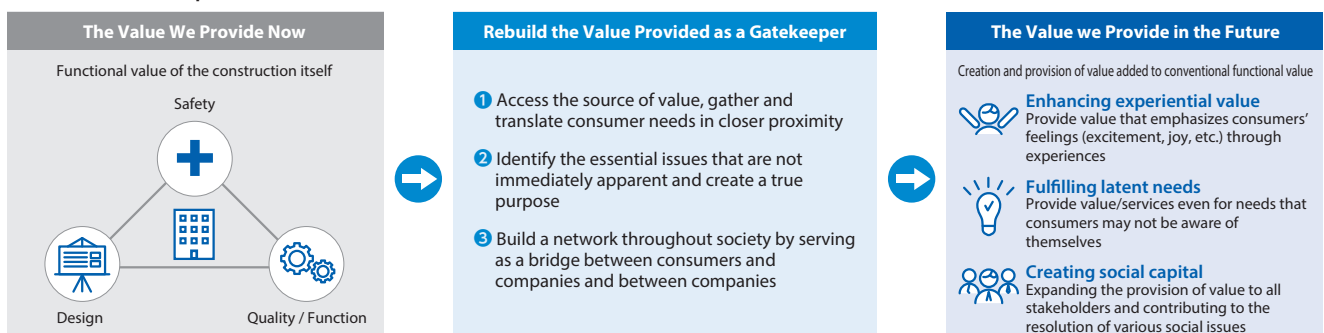
As gatekeepers who control information and value become increasingly important, we may ask "What kind of social role should the Toda Group play?" We believe that our group has the potential and adaptability to become a leading gatekeeper of value, standing between consumers and companies. Specifically, we are confident that we have (1) the ability to stay close to clients and understand their needs, (2) the ability to respond flexibly to diversifying needs and fulfill them, and (3) the willingness and management skills to take on the challenge of new businesses that can lead the creation of new value by achieving aggregation⁴ that transcends the boundaries of industries and companies.

In light of these changes, we would like to be the gatekeeper of value, rebuilding the value we have provided in the past and creating the value that we will provide in the future. This will create a virtuous cycle in which people cooperate and collaborate to create new value, resulting in a society with a sense of happiness and sustainability, in other words, a society of collaborative creation. In order to achieve such a society, the Group will create and provide not just traditional "functional value," but also "enhanced experiential value," "fulfillment of latent needs," and "creation of social capital."⁵

Realizing Our Vision

It is clear what we need to do in order to realize our 150th anniversary vision (the value we will provide in the future). As we construction companies do on a regular basis, we will simply create a process chart by back-casting from the vision we are aiming for and do what we need to do now. Therefore, we will put in place management strategies such as company-wide optimization, digital transformation strategy, financial strategy, and human resources strategy as a direction to solve social issues that need to be addressed such as climate change, demographic change, and digitalization. Then, taking these management strategies as a basis, we will steadily carry out our daily activities to achieve our vision for the 150th anniversary.

The Value Toda Group will Provide in the Future



*1 A gatekeeper is an entity that comes between the demand side and the supply side to solve social and customer issues, creating new value by delivering novel combinations.
 *2 A market in which short-term labor is provided through online platforms, etc., as opposed to a traditional way of working in which people are employed by a company and work for long periods of time.
 *3 A term coined by combining the words "work" and "vacation." This is one style of telework, in which someone works while traveling, or works at a resort and enjoys a vacation in between periods of work.
 *4 Collaboration with other industries and companies in order to provide value through expansion and integration beyond existing domains.
 *5 A concept that explains the importance of mechanisms that underpin the relationships and ties between people in society and local communities.

Message from Management

Current Understandings and Issues

We will achieve sustainable growth by constantly changing and transforming ourselves.

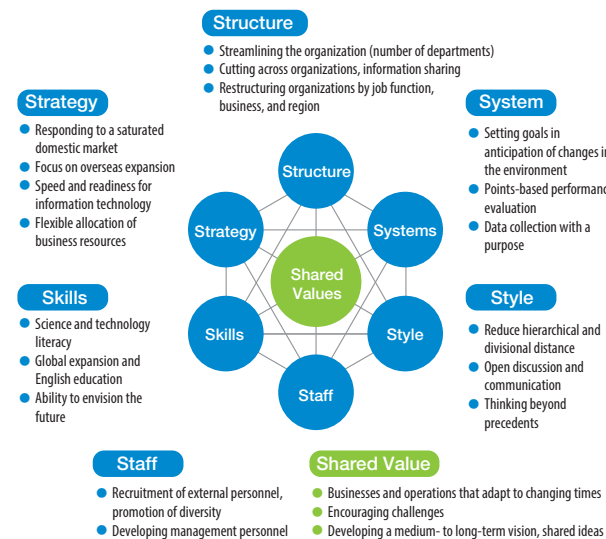
As mentioned above, the business environment facing the Toda Group is changing rapidly, and the future is becoming even more unpredictable. Under such circumstances, it is essential for sustainable growth that we not only use advanced technology to excel in construction, but also continue to push forward into new fields, thereby achieving the revitalization and continuous evolution of our business and the creation of a new revenue base. This will then allow us to meet demands for new value.

With this in mind, the Group is steadily implementing the Medium-Term Management Plan 2024, which began in 2020. Specifically, we aim to continuously evolve our business activities and enhance our corporate value by proposing solutions that exceed the expectations of our stakeholders, based on the four keywords of globalization, branding, promoting innovation, and building brand value as an asset.

Corporate value is assessed not only in terms of tangible assets, but also in terms of intangible assets such as ESG value. In short, we believe that we can increase our corporate value by providing not just economic value, such as operating income and labor productivity¹, but also social value that contributes to addressing society's problems. Furthermore, we believe that representing the corporate economic and social value that the Group aims to achieve with various indicators will add value to our corporate activities, strengthen our competitiveness in the market, and generate financial returns.

However, there is still a large gap between the group's current results and its performance targets under the Medium-Term Management Plan 2024. For example, the operating margin for fiscal 2020 was 5.5%, 1.5 percentage points lower than the target of 7%, and the CO₂ emission reduction rate is 2.4% higher (compared to fiscal 2019), 12.4 percentage points away from the target of at least -10%.

Understanding of the Issues



The issues that we have identified in order to achieve the goals of the Medium-Term Management Plan 2024 can be summarized from the seven perspectives given below. Toda Group will work to address these issues and establish a direction to follow for achieving the goals of the Medium-Term Management Plan. To this end, we will constantly change and transform ourselves to achieve sustainable growth.

Value Creation Process, pp.3-4

Initiatives for Sustainable Growth

We are practicing ESG/SDGs management to enhance our corporate value.

Enhancing Stakeholder Value

The Toda Group's corporate value can be summed up in a single phrase: a total construction company that paves the way toward the future and addresses social issues. However, this is not to say that the development of the Group's corporate value can be achieved by us alone. On the contrary, we are supported by many stakeholders, including our customers, business partners, local communities, shareholders, and group employees, and we recognize that improving our corporate value means improving our value for our stakeholders. Accordingly, our business policy will pursue value chosen by our customers, job satisfaction for our employees, and partnerships with our business associates, while practicing ESG/SDGs management and pursuing sustainable growth in corporate value.

ESG Management, pp. 19-20

Business Innovation through Digital Transformation

We expect the power of digital to lead to increased differentiation in terms of added value for customers at the operations stage, as well as in the planning and consulting stages that use that data. In this context, we aim to create new services and products through collaboration between the manufacturing cycle and the facility operation cycle. At the planning stage, the data we collect is used to simulate better proposals, and at the design stage, all elements are examined and resolved through IPD²-style project management to build BIM/CIM models. Taking these models as a basis, the construction phase will utilize the latest technology, such as automated construction, to build high-quality structures in the shortest possible time. In the operation phase, digital twins³ will be used to acquire real-time data on construction, which will be deployed for customer services such as repair, maintenance, and energy management.

Establishing a Sustainability Promotion Framework

In 2021, we established the Sustainability Committee and the Sustainability Strategy Committee to integrate, manage, and promote our sustainability-related activities. The Sustainability Strategy Committee, which I chair, develops basic policies on sustainability and plans for intangible assets and ESG value,

while the Sustainability Committee, consisting of the Chairman of the Board and outside directors, supervises and guides the committee. The Sustainability Strategy Committee has four subsidiary committees (Benefits, Environmental Energy, Social Activities, and Governance), and we will work together as a company to promote these initiatives.

In terms of the environment, we will conduct problem-solving activities aimed at decarbonization, resource recycling, environmental conservation, and regional revitalization. In accordance with the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations, we are currently conducting scenario analysis of climate change-related risks and opportunities and proactively disclosing this information. In the future, we will incorporate this information more fully into our corporate strategy and strengthen our systems for responding to and managing the climate-related material risks identified. After determining the measures and departments to deal with these risks, we will integrate them into our company-wide risk management activities. The opportunities, meanwhile, will be pursued and developed as businesses in cooperation with the relevant departments.

- ESG Management: Building systems to Promote Sustainability, p. 20
- Response to Climate Change-Associated Risks and Opportunities, pp. 25-26

Maximizing the Value of Human Resources through Reforms for Job Satisfaction, etc.

In order for the company to achieve sustainable growth in an era of uncertainty and rapid change, we are pursuing productivity improvements and reforms aimed at job satisfaction.

To improve productivity, we will continue to develop a comfortable work environment. By reducing working hours and making effective use of the time gained, we hope to achieve an effective work-life balance, allowing employees to spend more time with their families and improve their own knowledge and skills.

In addition, we aim to shift from partial to total optimization in order to achieve even higher productivity. Specifically, we will properly manage business resources (people, materials, and money) and allocate them appropriately between the head office and branch offices so as not to pursue only profits for divisions. We will also review branch performance evaluations and redevelop the evaluation and compensation systems in order to optimize inter-departmental and overall business processes. This will allow us to pursue total optimization and build a system that encourages a sense of fairness, achievement, and solidarity.

In this way, by striving for both job comfort and satisfaction, we will achieve high morale and high performance among our employees. In addition, we will promote human resource development, diversity, and globalization initiatives to maximize the value of our human resources.



The Toda Group Global Vision

By sharing our global vision and pursuing continuous evolution, we will contribute to the sustainable development of society.

The Toda Group Global Vision, “a corporate group that realizes ‘joys’,” expresses our wish to be a company that creates joy for customers, employees, partner companies, and society, turning this joy into confidence and pride, and improving in our pursuits. What we strive for is not only the growth of the Group, but also the prosperity of our stakeholders. By sharing this vision with the entire group and achieving continuous evolution, we will enhance the value of the Group's presence and contribute to the sustainable development of society.

The Toda Group Global Vision A corporate group that realizes “joys”

For the satisfaction of our customers

We will build strong, reliable partnerships with our customers by delivering precise technical expertise and comprehensive human resources.

For work we can be proud of

We will create the workplace that allows every individual to bring passion and a strong sense of responsibility to each project we undertake.

For future generations and our planet

We will create an environment-friendly society that is both safe and secure by aggressively tackling challenges posed by changing times and social circumstances.

*1 Labor productivity = Amount of added-value (operating income + total human resource expenses) ÷ number of employees (average for the period, including temporary employees, etc.)

*2 Integrated project delivery is a form of project implementation in which, using BIM and other tools to form a common understanding, the parties involved in a construction project collaborate from the initial stages, share the final objective, and make optimal decisions in collaboration.

*3 A solution for optimizing design, operations, and other processes by simulating models in virtual space using real-time data from actual facilities, etc.

Progress of Medium-Term Management Plan 2024

Achieving the Medium-Term Management Plan 2024

Amidst further uncertainty in the environment facing companies and society, the Medium-Term Management Plan 2024, which was drawn up by the Toda Group in the previous fiscal year and covers the five-year period from fiscal 2020 to fiscal 2024, aims to deliver management that emphasizes social value (ESG/SDGs) and economic value by, for example, proactively working to solve social issues associated with climate change, resource shortages, and demographic changes.

In addition, this five-year period is the “transformation phase” for building a new revenue base, including the construction of the New TODA Building (headquarters building; tentative name). Through continuous reform and ongoing transformation, we will achieve sustainable growth for the Group.

In terms of the progress of the Medium-Term Management Plan, the outbreak of COVID-19 has had a substantial impact. In fiscal 2020, the first year of the plan, the Group's performance showed a decline in both sales and profits compared to the

previous year. Although public works investment, mainly for infrastructure development, is expected in the future, we anticipate that uncertainty about the future of private-sector capital investment may lead to the risk of a delayed recovery.

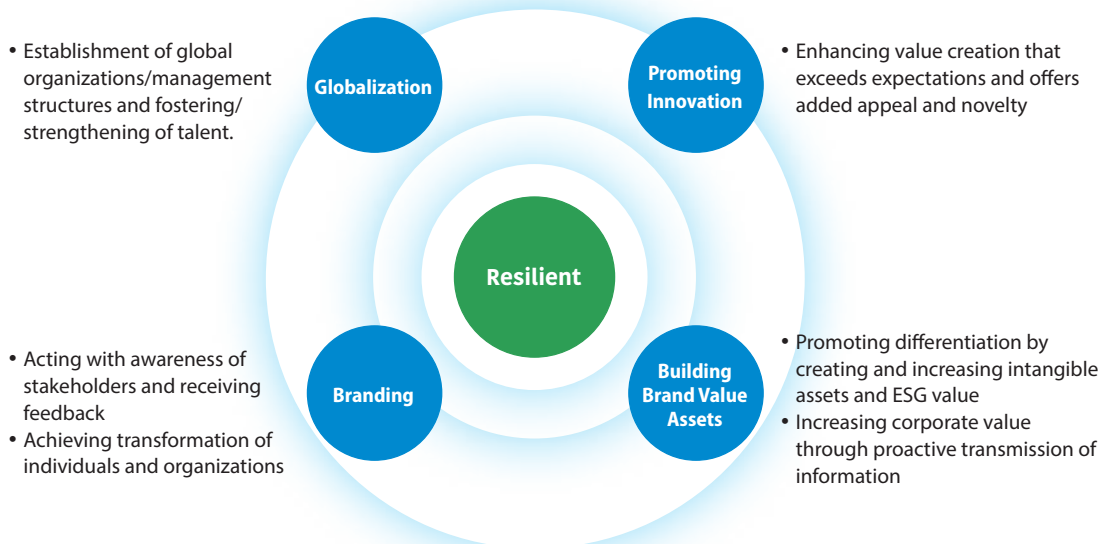
Under such circumstances, we believe it is important to build a medium- to long-term business foundation by taking on new challenges in new fields, while at the same time solving social issues and mastering and reinforcing our core construction business.

Specifically, alongside schemes within our business activities to solve various issues set forth in the SDGs, such as measures to combat climate change, we will conduct initiatives such as productivity improvement through the pursuit of company-wide optimization (strengthening collaboration among organizations), business innovation through digital transformation, and reforms to achieve job satisfaction. In doing so, we will continue to evolve our business activities and enhance our corporate value through “high added-value competitiveness.”

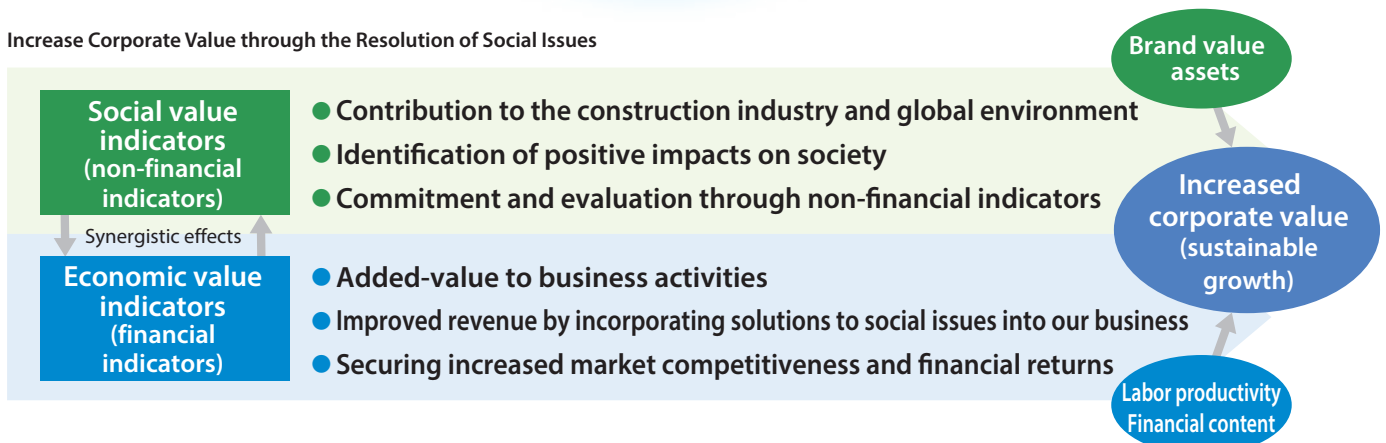
Direction to aim for

Continuous evolution of business activities*1 and enhancement of corporate value through high added-value competition.

- Resilient -



Increase Corporate Value through the Resolution of Social Issues



Group Performance Targets

For fiscal 2024, the Toda Group is aiming for consolidated net sales of 600 billion yen, operating income of 42 billion yen, and an operating margin of 7.0% with a return on equity (ROE) of 8.0% and labor productivity² of 17.5 million yen. In fiscal 2020, although net sales and operating income both increased in the civil engineering business, overall net sales and operating income both saw a year-on-year decline (net sales down 2.2% and operating income down 21.4%). This was mainly due to a decrease in net sales in the building construction business and the significant impact of a decrease in the number of profitable construction projects.

With regard to shareholder returns, we give comprehensive consideration to DOE (dividend on equity ratio)³ and the payout

ratio. In fiscal 2020, we are providing continuous and stable shareholder returns with DOE (dividend on equity ratio) of 2.1% and a payout ratio of 31.1%.

Our investment plan is 160 billion yen for the total period of the plan, and in fiscal 2020 we invested a total of 31.9 billion yen in the areas of investment and development, new fields, and technology/ICT.

➤ Financial and Non-Financial Highlights, pp. 1-2

➤ General Overview by Business, pp. 11-12

Net sales and Profit by Business

(Billion yen)

	FY2020 results	FY2021 forecast	FY2024 targets
Consolidated net sales	507.1	515.0	600.0
Building construction business	328.0	313.0	380.0
Civil engineering business	136.3	140.0	140.0
Strategic Businesses			
Investment and development + new fields	15.0	24.0	45.0
Group companies	55.8	43.5	48.5
Consolidated elimination	(28.0)	(5.5)	(13.5)
Operating income	27.6	23.6	42.0
Operating margin	5.5%	4.6%	7.0%
ROE (return on equity)	6.8%	5.8%	8.0%
Labor productivity (non-consolidated, unit: 10 thousand yen)	1,528	1,375 and above	1,750 and above

Shareholder Returns

	FY2020 results	FY2021 forecast	FY2024 indicators
DOE (Dividend on equity ratio)	2.1%	2.1%	above 2.0%
Dividend payout ratio	31.1%	36.3%	above 30.0%

Investment Plan

(Billion yen)

	Investment policy	FY 2020 performance	FY 2021 plan	Total period of the plan (FY2020 – FY2024)
Investment development	Generation of new revenue by leveraging smart technologies	12.5	26.5	130.0
New fields	Solving global social issues and expanding business demand	17.2	12.0	25.0
Technology/ICT	Promoting high added-value and a revolution in safety and productivity	2.1	4.0	5.0
Total		31.9	42.5	160.0

Practicing ESG/SDGs Management to Enhance Corporate Value

As we are facing a mountain of social issues, the Group believes it is important to work on solutions, and our group is implementing ESG management and promoting initiatives that include helping to achieve the SDGs.

In the area of the environment, we are implementing problem-solving corporate activities aimed at decarbonization, resource recycling, environmental conservation, and regional revitalization. In addition, in support of the recommendations of the TCFD, we are conducting measures such as scenario analysis on the risks and opportunities associated with climate change, as well as their strategic application and the disclosure of information. In the area of society, we will strengthen our organizational capabilities by developing and securing a diverse range of human resources, enhancing the working environment, and promoting “job satisfaction” reform. In the area of governance, we will strengthen risk management (environment, natural disasters, investment, compliance, etc.) and draw on

the findings obtained from this to promote technological development, products, and services.

Non-Financial Indicators (Quantifiable Indicators of Brand Value Assets)

	Quantitative evaluation indicators	FY2019 performance	FY 2020 performance	FY2024 targets
Environment (E)	CO ₂ emission reduction rate (compared to FY2019)	—	+2.4%	-10% or more ^{*4}
Society (S)	Total accident frequency rate ^{*5}	4.29	3.60	1.00 or lower
	Construction sites: Implementation rate of 8-days off per 4-week work cycle	33.4%	38.8%	100%
	Construction career advancement registration rate	24.8%	58.2%	100%
Governance (G)	Employees' average total actual working hours	2,171 hours	2,115 hours	1,900 hours or less
	Proportion of Outside Directors and Outside Corporate Auditors	40.0%	47.1%	50% or more
	Proportion of non-Japanese employees (non-consolidated)	0.6%	0.6%	1.5% or more
	Risk assessment implementation rate ^{*6}	100%	100%	100%
	Serious violations of laws and regulations	0 cases	0 cases	0 cases

*1 To maintain the value of buildings and urban areas by evolving through continuous maintenance and updating.

*2 Labor productivity = Amount of added value (operating income + total human resource expenses) ÷ number of employees (average for the period, including temporary employees, etc.)

*3 DOE (dividend on equity) = total dividends ÷ equity

*4 For CO₂ emission reduction targets, we set science-based targets (SBTs) consistent with the 2°C target of the Paris Agreement, receiving certification as a “Science-based Targets (SBT) Initiative” in 2017.

*5 Total accident frequency rate = total occupational accidents (including minor occupational injuries requiring no more than 1 day of leave including business owners and sole traders) ÷ total working hours (million hours)

*6 Risk assessment implementation rate: Implementation and execution status of quantitative and qualitative assessments of investment projects (projects approved by the Board Meeting), and exit strategies implemented by the Investment Committee

General Overview by Business

Building Construction Business

Business Climate

Competition for orders in the building construction business has become increasingly fierce in recent years, and the impact of COVID-19 has led to a reluctance to make capital investment, making price competition even more intense. In addition, there are concerns about the soaring cost of materials such as steel rods and frames, but we are also actively working to address the issue of work-style reforms, something that has long been an issue for the industry. These include wage increases and a work cycle with eight days off every four weeks.

Although it seems likely that the COVID-19 crisis will lead to the cancellation or postponement of plans for private sector investment in areas such as manufacturing, accommodation facilities, and office buildings, it is possible that the economy will recover more quickly in the second half of the year onward as the vaccination program progresses. Moreover, as the economic gap between regions widens and construction projects become larger and larger, it is becoming more important to ensure a stable framework for construction.

We will work to respond to these rapid changes in the social environment and pursue digital strategies such as BIM in order to improve productivity.

Results for Fiscal 2020 and Prospects for Fiscal 2021

Results Net sales for fiscal 2020 declined to 328 billion yen (year-on-year decrease of 9.5%). Meanwhile, the construction-to-completion profit margin (non-consolidated) stood at 9.9% (year-on-year decrease of 2.1%), leading to a fall in operating income to 9.1 billion yen (year-on-year decrease of 54.1%).

Orders received (non-consolidated) stood at 280.4 billion yen (year-on-year decrease of 11.1%), due mainly to a decline in private-sector construction.

Prospects In terms of the Group's expectations for fiscal 2021, due to the completion of profitable large-scale construction projects, the in-house construction of the new headquarters building, and concerns about the impact of COVID-19, we are planning for net sales of 313 billion yen (year-on-year decrease of 4.5%), the construction-to-completion profit margin (non-consolidated) of 9.3% (year-on-year decrease of 0.5%), and operating income of 6.5 billion yen (year-on-year decrease of 29.0%). However, we are also planning for a rise in orders received (non-consolidated) to 320 billion yen (year-on-year increase of 14.1%).

Civil Engineering Business

Business Climate

In the civil engineering business, orders from both the public and private sectors have remained steady due to an increase in renewable energy facilities, in addition to large-scale construction projects such as expressways, the Linear Chuo Shinkansen, and projects related to infrastructure restoration, disaster prevention and mitigation, and national resilience.

However, given that it will be some time before the COVID-19 crisis comes to an end, we must take measures to prepare for effects such as an economic slowdown and a contraction of private investment, as well as the future decline in orders for public work stemming from long-term population decline.

In addition, the industry is facing a major challenge in dealing with labor shortages. Toda Corporation is actively working to improve productivity using ICT and AI, implement work style reforms to achieve an 8-days off per 4-week work cycle, improve the working environment at our construction sites and offices, and take in foreign employees.

Results for Fiscal 2020 and Prospects for Fiscal 2021

Results Net sales for fiscal 2020 remained strong at 136.3 billion yen (year-on-year increase of 16.5%). Meanwhile, the construction-to-completion profit margin (non-consolidated) stood at 15.9% (year-on-year increase of 0.7%), leading to a rise in operating income to 14.1 billion yen (year-on-year increase of 32.5%).

Orders received (non-consolidated) stood at 135.1 billion yen (year-on-year decrease of 11.2%), due mainly to a decline in private-sector construction.

Prospects Amid ongoing concerns regarding COVID-19 in fiscal 2021, we are planning for a fall in operating income to 12.7 billion yen (year-on-year decrease of 9.9%), with an increase in net sales to 140 billion yen (year-on-year increase of 2.6%), and a decline in the construction-to-completion profit margin (non-consolidated) of 15.0% (year-on-year decrease of 0.9%).

The projected amount for orders received (non-consolidated) is 125 billion yen (year-on-year decrease of 7.5%).

Strategic Business

Business Climate

Although the investment and development business remains uncertain due to the impact of COVID-19, there is a strong appetite for investment among domestic and overseas investors. However, the short supply of prime assets and continued low-yield transactions make for a challenging acquisition environment.

In terms of new fields, offshore wind is expected to play a leading role in renewable energy. The seas around Japan are deep, with excellent potential for floating offshore wind power generation, and we are committed to pioneering full-scale commercialization.

With our industry competitors seeking to improve their consolidated performance by diversifying their business, we will also pursue various ways to diversify and globalize the Group's businesses, thereby improving consolidated performance both in Japan and overseas.

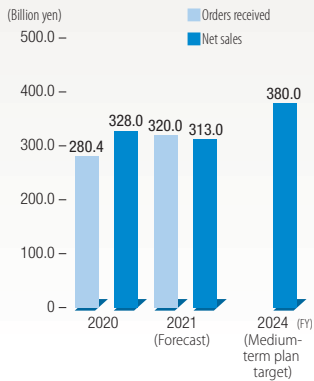
Results for Fiscal 2020 and Prospects for Fiscal 2021

Results In fiscal 2020, despite increased sales in domestic group company businesses, net sales were 70.8 billion yen and operating income was 5.4 billion yen, mainly due to upfront investments in new business fields. The breakdown of the results indicates that the investment and development and new business fields accounted for 15 billion yen and the Group's other domestic businesses accounted for 55.8 billion yen of the total net sales. The breakdown for total operating income was 3.1 billion yen and 2.2 billion yen, respectively.

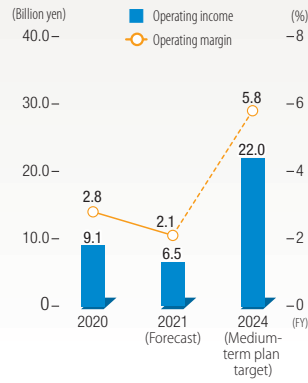
Prospects With the situation regarding COVID-19 remaining uncertain, in fiscal 2021 we are planning for net sales of 67.5 billion yen and operating income of 4.4 billion yen. A breakdown of our plan sets forth net sales figures of 24 billion yen for investment development and new business fields, and 43.5 billion yen for Group businesses. For operating income, these figures are 2.6 billion yen and 1.8 billion yen respectively.

Orders Received and Net Sales / Operating Income and Operating Margin

Orders Received (non-consolidated) and Net Sales



Operating Income and Operating Margin

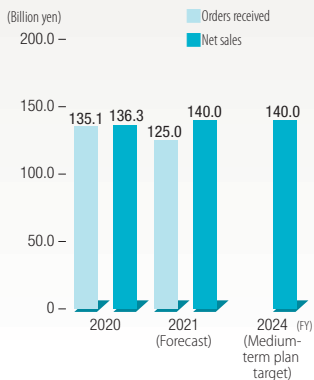


Major Achievements in Fiscal 2020

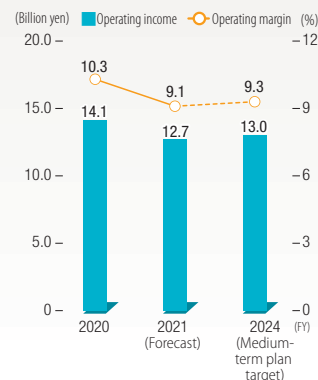


Orders Received and Net Sales / Operating Income and Operating Margin

Orders Received (non-consolidated) and Net Sales



Operating Income and Operating Margin

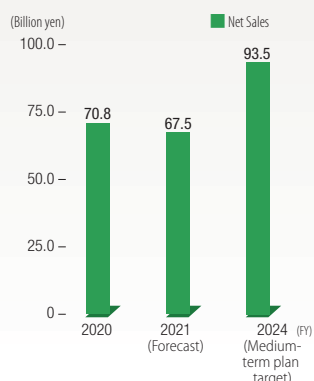


Major Achievements in Fiscal 2020

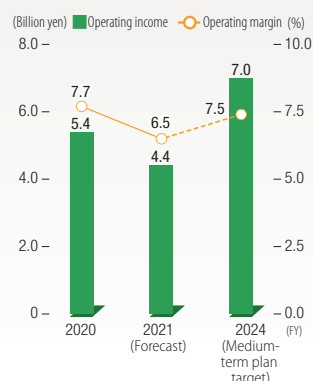


Net Sales / Operating Income and Operating Margin

Net Sales



Operating Income and Operating Margin



* Consolidated figures do not include eliminated inter-company transactions.

Major Achievements in Fiscal 2020





Business Strategy

Building Construction Business

We will impress our customers by implementing wide-ranging and thorough optimization across the company and providing value that exceeds their needs and expectations.

Miyazaki Hiroyuki

Representative Director and Senior Executive Officer
Group General Manager, Building Construction Group

Situation Assessment

Opportunities	Building Construction Business Strengths
<ul style="list-style-type: none"> Improved productivity through the use of ICT Increased demand for logistics facilities and data centers Increased demand for renovation and reconstruction of schools and hospitals Increased demand for smarter factories, logistics, hospitals, and office buildings Rising expectations for ZEB^{*1} Buildings 	<ul style="list-style-type: none"> Construction expertise and technology for hospitals, schools, office buildings, factories, and logistics facilities Cost competitiveness and solution provision enabled by cooperation among branches and departments IPD^{*2}-based project execution system centered on BIM Strong relationships of trust with partner companies
Risks	Countermeasures against Risks
<ul style="list-style-type: none"> Tight labor conditions Decreased work efficiency and increased countermeasure costs due to rising temperatures 	<ul style="list-style-type: none"> Labor-saving, mechanization, and automation of construction

*1 Zero Energy Buildings: the concept of reducing the energy used in buildings to as close to zero as possible.

*2 IPD (Integrated Project Delivery) is a method of project management in which the parties involved in a construction project, such as the client, designer, and contractor, collaborate across processes, and BIM/CIM plays an important role.

Medium- to Long-Term Strategy

The economic impact of COVID-19 is expected to maintain its chilling effect on the overall market in fiscal 2021 and beyond. On the other hand, with the increased prevalence of the “new lifestyle” and the increase in data volume provided by 5G, we expect to see increased demand in the markets for logistics centers, data centers, and similar facilities. We expect demand for the renovation and reconstruction of facilities such as schools and hospitals, in which we have traditionally excelled, to continue over the medium to long term. This will include buildings that can be used with peace of mind by taking measures against infectious diseases and hospitals that can prevent hospital-acquired infections. These are our priority markets, and we will conduct aggressive sales activities, including proactive proposal-based sales. In addition, we will focus on developing businesses that are beneficial to our customers through application of our Toda ESP^{*3} and EMS^{*4} businesses, as well as through our activities as an energy manager and ZEB planner.

In addition, work on the reconstruction of our headquarters building, which started in fiscal 2019, will reach a peak between 2022 and 2024. In order to cope with the resulting decrease in resources, we will further promote efforts to improve the efficiency and productivity of our organization.

Since customer needs are expected to change further as the market environment changes, it is crucial that we use our buildings to maximize the “customer experience.”^{*5} Delivering a “customer experience” involves forging closer relations by listening to their needs, and integrating these needs with our expertise in architecture. For this reason, we have been placing ongoing emphasis on the effective functioning of our business resources by using digital strategies to strengthen collaboration between headquarters and branch offices, between divisions, and also with group companies such as TOBIC (BIM etc., Vietnam).

In March 2021, we launched the Digital Strategy Preparation

Committee, which aims to establish a competitive advantage by using digital technologies, including BIM, to transform various services and achieve breakthroughs in work processes. Specifically, we plan to streamline these processes by introducing a BIM system that converts building information into data, from the upstream design stage to the construction stage and facility operation stage, so that all departments can share and refer to the data and tasks that were previously performed by each department. In the future, by making it possible to interface BIM models with various types of data, we will not only automate construction, but also build a company-wide system for optimal project management and enhance our ability to produce designs and proposals. In addition to this, we are also working to further improve productivity and save labor in construction, such as by redeveloping the Narita Factory to promote the use of precast concrete for building structures and components.

The building construction business, which has been the mainstay of our company over the 140 years since its founding, has worked together with our customers to build up our brand value. Going forward, we will work to challenge the status quo and inspire our customers by providing value that exceeds their needs and expectations. This will include an emphasis on improving the brand value of our design and construction, while taking every possible measure to streamline the company irrespective of existing frameworks.

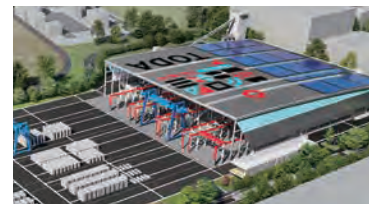


Illustration of the Narita Factory

*3 ESP: Energy Service Provider

*4 EMS: Energy Management System

*5 This refers not only to physical value, but also experiential value that draws out underlying needs that customers themselves may not be aware of, stimulating feelings of happiness and satisfaction in each individual.



Civil Engineering Business

Re-examining the corporate value of the civil engineering sector and coming up with answers.

One step at a time, we aim to be an organization that, through our efforts to reach higher, realizes “joys”.

Fujita Ken

Representative Director and Senior Executive Officer
Group General Manager, Civil Engineering Group

Situation Assessment

Opportunities	Civil Engineering Business Strengths
<ul style="list-style-type: none"> Expansion of the green infrastructure market Increasing interest in environmental conservation and ecosystem maintenance Promotion of disaster prevention, disaster mitigation, and national resilience Essential renewal work to maintain social capital stock 	<ul style="list-style-type: none"> Technical skills in construction of mountain tunnels Wide range of capabilities developed through the construction of many renewable energy power plants Expertise cultivated through many disaster recovery and reconstruction projects, such as those for the Great East Japan Earthquake Cooperation and collaboration with all kinds of internal and external organizations Skills and expertise relating to the conservation and regeneration of biodiversity
Risks	Countermeasures against Risks
<ul style="list-style-type: none"> Intensifying competition due to a decline in construction investment Increases in material and fuel procurement costs due to higher carbon prices Safety and length of construction work due to earthquakes, abnormal weather, etc. 	<ul style="list-style-type: none"> Expansion of overseas civil engineering business through acquisition and training of specialized personnel Technical research and development and collaboration with heavy machinery manufacturers aimed at significantly reducing emissions from heavy machinery and dump trucks Nationwide development of workplace disaster countermeasures and thorough risk consultation when agreeing contracts

Medium- to Long-Term Strategy

With regard to the civil engineering business, we expect the environment for orders to remain steady in the short-term due to the renovation of aging highways and other infrastructure, national resilience policy, and investment in the renewable energy market. Although construction investment is expected to decrease due to the effects of the COVID-19 pandemic, which has lasted for over a year, the provision of public works and public services through public-private partnerships will inevitably increase in the future as a means of advancing disaster prevention, disaster mitigation, and national resilience measures.

This is especially relevant for the renewable energy sector, where demand for solar power, wind power, and other related facilities is expected to increase rapidly in response to the government’s declaration on carbon neutrality. At present, wind power is mainly generated on land, but it is inevitable that offshore wind power, which has great potential, will play a leading role in renewable energy in the future. As such, we anticipate that the time will come for us to demonstrate the technological capabilities we have cultivated over many years.

In light of these circumstances, we will work to achieve sustainable growth over the medium to long term. To do so, we will work to stand out as the company of choice for our customers by improving our value proposition through strategic technical sales and taking on large-scale and complex construction projects. Specifically, we will further bolster our core business through activities including participation in state projects and expansion into unexplored fields. In addition, we will work to establish new sources of revenue and contribute to regional revitalization by pursuing our priority areas in the renewable energy business. These include floating offshore wind power generation, where we hold an advantage, as well as land development, infrastructure regeneration, and concession businesses (public-private partnerships). Overseas, we will work towards faster globalization by acquiring and training specialized personnel, as well as striving to improve

our problem-solving capabilities and profitability.

In order to achieve these goals, we must build our brand value as an asset by both enhancing our capabilities in terms of organization and human resources, and also by proactively investing in intangible assets such as technological expertise.

In the area of technology development, we will collaborate internally and externally to focus on developing and expanding new construction methods and techniques that meet the needs of society and our customers, while also working to apply, improve, and monetize them. Specifically, we will promote the development, expansion, and implementation of fundamental technologies such as mechanization, automation and unmanned systems, putting them to actual use while building frameworks to facilitate their evolution. In addition, by creating mutual corporate value through cooperation and collaboration with group companies and subcontractors, we will work to strengthen our core business and expand our business domain. Furthermore, we will continue to take on the challenge of developing innovative new technologies by actively collaborating with other industries in Japan and overseas, with an eye on important future issues such as digitalization, industrialization, unmanned operations, and the environment.

In the area of organization and human resources, we will work to reinforce the foundation of our business by developing and securing a diverse range of personnel, including foreign engineers. We will also strive to improve job satisfaction and productivity. This will involve measures such as stepping up the reform of working practices in the field, which is a pressing issue, establishing a working environment that compares favorably to that of head office and branches (internal workers), and developing a new employee training system.

Our slogan for this fiscal year is “re-examining the corporate value of the civil engineering sector and coming up with answers.” On this basis, we will strive to become the No.1 in civil engineering by reexamining the corporate value of our civil engineering department, supplementing and expanding our resources, and pursuing value that will please our customers and make us their company of choice.



Strategic Business

Continuing to enhance corporate value and accelerate growth by demonstrating the ability to respond to change from a global perspective.

Uekusa Hiroshi

Director and Executive Officer
Senior General Manager, Strategic Business Promotion Office

Situation Assessment

Opportunities	Strategic Business Strengths
<ul style="list-style-type: none"> Expectations for renewable energy and offshore wind power to achieve the government's targets of virtually zero greenhouse gas emissions by 2050 and a 46% reduction from fiscal 2013 levels by fiscal 2030 Active involvement in overseas business, and acquisition of new business opportunities overseas through our partnership with TATA Indonesia Contributions to ESG and the SDGs through the Office's projects Expectations for regional revitalization, including "sixth-sector" agricultural industrialization projects 	<ul style="list-style-type: none"> Leading technology and expertise in the floating offshore wind power generation project, which has great potential for the seas around Japan Securing quality development projects through collaboration with the land readjustment business, which boasts among the best track records in the industry Horizontal expansion into new areas through the establishment of "sixth-sector" agricultural industrialization projects Real estate development and property selection from the unique perspective of a construction company
Risks	Countermeasures against risks
<ul style="list-style-type: none"> Sluggish real estate markets in Japan and overseas Decline in market value of held assets, deteriorating profitability, exchange rate fluctuations, and rising interest rates for financing Asset degradation due to changing lifestyles in a post-COVID society Rapid changes in political and economic conditions and tightening of regulations in countries invested in Governance in relation to domestic mergers and acquisitions and alliances with overseas companies Hazard risks for owned real estate, etc. due to abnormal weather and earthquakes 	<ul style="list-style-type: none"> Conduct risk research and analysis using the Investment Advisory Council, external experts, consultants, etc. Diversify our portfolio by investing in a variety of assets with different risk-return profiles Secure quality assets and achieve investment returns through medium- to long-term development projects Improve safety and productivity by sharing and exploiting business data acquired by head office and group companies Maintain and improve governance of domestic and overseas group companies

Medium- to Long-Term Strategy

The global and diversified business development that our office has been working on has entered a new stage, and is now making tangible moves. On the other hand, the COVID-19 crisis has made the external environment highly uncertain, revealing a variety of social problems on a global scale. We see these changes in society and the business environment as opportunities for new growth, and we will address them quickly and flexibly from a global perspective. In addition, we will work to build a prosperous future by mobilizing the collective strength of the Toda Group to achieve diversity, contributions to society, and the production of environmental value.

To this end, our office is conducting business development in the six fields listed on the right, adopting a global perspective and taking ESG and SDGs management as its central focus.

Under the three-year investment plan starting in fiscal 2021, we are continuing to make major investments, including the construction of the New Toda Building (headquarters building; provisional name) and the floating offshore wind power generation project. The new Toda Building aims to provide new value, such as smart offices that facilitate digital transformation, by identifying the kind of buildings and offices that will be required in the post-COVID society. With regard to the renewable energy market, the carbon-neutral policy announced in December 2020, which aims to achieve "virtually zero greenhouse gas emissions by 2050," is anticipated to stimulate investment. Floating offshore wind power generation, in which we are an industry leader, shows particular promise for the future, and we can expect strong promotion by the government. As such, we will redouble our efforts in the renewable energy business, focusing on the full-scale commercialization of floating offshore wind power generation, aiming to contribute to a decarbonized society and the growth of local economies, including ripple effects on our supply chain.

In addition, we will pursue faster development of our overseas businesses in real estate investment and energy, promoting globalization and diversification of our revenue base. We will also develop deeper partnerships among domestic group companies and make use of M&As to expand the scope of our operations and stabilize our business foundation, thereby helping to improve consolidated performance.

Furthermore, in anticipation of expanded investment, we will make investments that take into account the company's overall cash flow. Specifically, we will strive to expand and stabilize earnings by accurately identifying the rapidly-changing demands of the market, consistently increasing the value of assets, flexibly replacing assets, and building up new quality assets through optimal use of capital. We will also make investments that take into account the profits of the entire group, such as receiving orders for construction work and synergistic effects for affiliated companies.

In addition, the Group will share the values of its workers, allowing each individual to continue striving and creating as they express their individuality, uniting our efforts toward a singular goal. In order to achieve a safe, secure, and efficient society, we will identify what we can do now and what we will do for the future, steadily putting these into action to improve our corporate value and brand.

Strategic Business Promotion Office

Domestic Investment and Development Business Division	• Domestic expansion of investment and development businesses with a focus on real estate
Overseas Investment and Development Business Division	• Overseas expansion of investment businesses with a focus on real estate, development, and new fields
Floating Offshore Wind Power Generation Business Division	• Development of the floating offshore wind power generation project
Renewable Energy Commercialization Division	• Development of renewable energy businesses (solar and onshore wind) other than floating offshore wind • Development of businesses related to hydrogen, storage batteries, etc.
New Business Project Promotion Division	• Development of new businesses through collaboration with customers and other industries
Group Business Promotion Division	• Integration of domestic group companies (engaged in various businesses such as building management, temporary worker placement, hotels, etc.), partnership support, M&As

➤ See back cover for the status of main overseas affiliated companies.



Research and Development

We aim to expand the “new possibilities” of the Toda Group by conducting research and development in anticipation of social changes and to provide our customers with “valuable technologies” that will open up a new era.

Toda Morimichi

Director and Senior Executive Officer
Senior General Manager, Value Creation Promotion Office

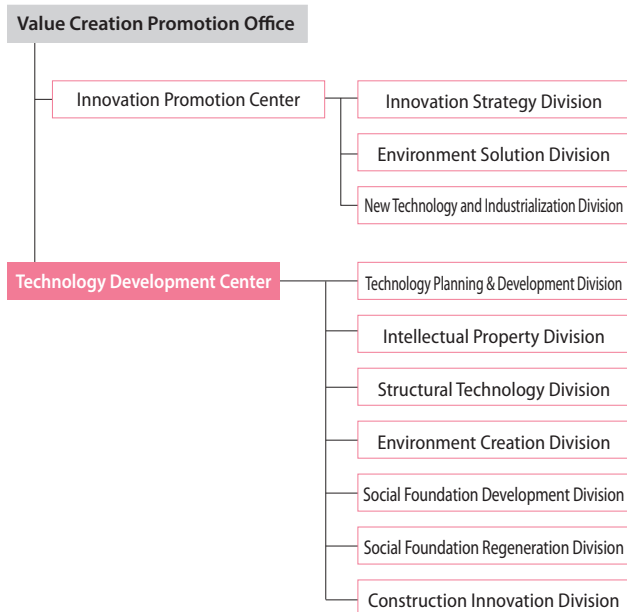
Research and Development System

In seeking to exceed the expectations of society and of our customers by producing creative value, we established the Value Creation Promotion Office in January 2014.

The Technology Development Center, as a department for realizing these goals, carries out research and development aimed at creating customer value and a desirable global environment while anticipating changes in the social structure, technological development to streamline production systems, and the development of new businesses in cutting-edge technological fields, etc. Especially, the Construction Innovation Division works with our operations divisions to develop a range of technologies, such as robotics, ICT, and AI, to improve the safety, efficiency, and working environment of construction. We hope to bring the fruits of this work to bear on the construction of the new TODA Building.

Furthermore, the Innovation Promotion Center, newly established in March 2020, is primarily engaged in research and development to provide new value to customers and society at large through the commercialization of the “value” developed internally. In addition to collaborating with construction sites and various divisions within the company, we are also actively promoting technological exchange, joint research, and open innovation with public research institutes, universities, other companies in the same industry, as well as with venture businesses via CVC activities. Our aim is to conduct research and development in a variety of methods and fields.

Organizational Structure (as of May 1, 2021)



Technology Research and Development Trends and Medium- to Long-Term Strategies

The Company’s Research and Development Division determines our technical research and development strategy and conducts development, paying particular attention to evolving our business activities and enhancing our corporate value through

“high added-value competitiveness,” which is the key goal of the Medium-Term Management Plan 2024.

For one thing, we are stepping up research and development related to the environment, energy conservation, and CO₂ reduction, which are of increasing interest as we work toward the realization of a carbon-free society. Thus far, we have been developing and verifying various environmental and energy-saving technologies using the “Environmental Technology Demonstration Building” at the Tsukuba Research and Development Center, and in fiscal 2021, we will renovate the building into the “Green Office Building,” which aims to be carbon-negative^{*1}, and develop even more advanced environmentally friendly technologies.

In the “medical and welfare services” field, which is one of our strengths, we are conducting integrated research with the Medical Welfare Division and the Design Divisions at headquarters to develop optimized medical spaces, equipment, and technologies to counter new types of infectious diseases. We are also focusing on the development of mechanized and automated technologies and ICT-based technologies for streamlining production management in order to “improve productivity” and “address the recent labor shortage caused by the aging of skilled construction workers.”

Furthermore, we will use the large-scale “Structural and Experimental Building” to develop social infrastructure and structural techniques to improve “safety and security” technologies aimed at preventing the damage caused by frequent earthquakes and typhoons in recent years.



Green Office Building (completed May 2021)

*1 Carbon-negative: An approach in which, in the life cycle of a facility, the CO₂ reduction effect produced is greater than the amount of CO₂ emissions generated, resulting in a negative balance.

Efforts to Achieve Differentiated Value and Make Technology More Visible to Customers

We are increasing our investment in research and development for the future in order to stabilize earnings and achieve differentiated value. In fiscal 2021, we plan to invest 2.32 billion yen in research and development on a non-consolidated basis (2.65 billion yen on a consolidated basis).

We are also engaged in open innovation and cross-industry collaboration to capitalize on technological resources and ideas from outside the company, and in fiscal 2020, we began operating a corporate venture capital (CVC) program. Collaboration with venture companies is expected to speed up our research and development and produce innovative and differentiated value on an unprecedented level.

In addition, the Tsukuba Research and Development Center is developing facilities such as the aforementioned “Green Office Building” as a base for research and development, and we are planning to link it with the new headquarters building scheduled for completion in fiscal 2024. In order to allow more customers to experience and develop a deeper understanding of our technologies, we are actively working to make our technologies more visible and attractive.



SUS BKK headquarters and factory (Thailand)

TOPICS

Overseas Construction Business



Nitahara Kazuyoshi International Branch General Manager

Human Resource Development: The Key to the Future

Human resource development is essential for meeting the various challenges presenting themselves in this era of rapid change, and to become more competitive internationally, we must develop global personnel who can adapt to diversification and ICT.

We believe that the evolution of technology, especially the internet, will reduce travel times and diversify the way we communicate, thereby speeding up the process of globalization and further increasing the movement of people, goods, and money across borders.

Solving problems and delivering results by pulling together organizations of diverse languages, religions, customs, and values are essential management skills for employees in International Branch offices. We believe that it is global personnel who will meet these expectations. We will not only provide language training for Japanese employees and rotate them between Japan and overseas as required, but also speed up our pursuit of true globalism by promoting mobility for global personnel. This will include training foreign national staff to improve their capabilities as engineers on construction site in Japan and abroad.

Market Conditions

Since last year, the COVID-19 pandemic has continued to engulf the globe. This had a major impact on our overseas strategy, and the outlook for the future is becoming ever more uncertain. We will continue to monitor the situation closely, determining our strategy for the future as we work to ensure the safety of our employees and promote positive innovations.

On the other hand, with the rise of new business concepts such as the SDGs and the march of digital transformation, the world's industrial structure is about to reach a turning point, and we see great potential in these new businesses.

While reinforcing the business of our current overseas sites, we will aim to develop markets in new countries and regions, firmly committing ourselves to the diversifying global market while drawing on the expertise we have built up over many years.

Pioneering a New Phase

In the midst of a volatile overseas business environment arising from factors such as the COVID-19 pandemic, it has become essential to have new business strategies.

For example, we are working to implement BIM leveraged front-loading and build an able foundation for productivity improvements. We will also work with the Strategic Business Promotion Office, which conducts investment business, to explore new phases overseas and improve our capacity to handle large-scale projects. This will focus on our tunnel business, where we have a substantial track record domestically, and the large-scale building projects in which we excel. Furthermore, we will develop a new revenue base by setting up business schemes in new areas such as renewable energy and water projects.

Strategic Business: Project Introduction

The Challenge of Creating a New Axis for Overseas Development: A Capital and Business Alliance with a Leading General Contractor in Indonesia

In August 2020, Toda entered into a capital and business alliance with PT Tatamulia Nusantara Indah (“TATA”), a major construction company in the Republic of Indonesia, and subscribed to a third-party allocation of new shares that it conducted. One of our business policies is to globalize and diversify our earnings base. As such, we are promoting investment development and investment in new fields and group companies. Through this capital and business alliance, we will secure a solid business base in a country with high growth potential, stepping up the expansion of our business there by having the two companies take advantage of each other’s business resources and expertise and creating synergies between our building construction and real estate businesses.



Signing of the alliance by both companies

Launch of Onshore Wind Power Generation Business in Brazil: Establishing Local Subsidiaries to Sell Renewable Energy

In August 2020, we established two new local subsidiaries* in the Federative Republic of Brazil, Toda Investimentos do Brasil and Toda Energia do Brasil, launching an onshore wind power generation and sales business with an output of 27.72 MW in the northeastern part of the country (Areia Branca, Rio Grande do Norte). Construtora TODA do Brasil, which is now approaching its 49th anniversary, will take advantage of its sales network to supply green electricity to Japanese and other companies in Brazil. Drawing on our expertise in the renewable energy business in Japan, we also will conduct our investment activities in Brazil without being limited to any particular business area.

* Toda Investimentos do Brasil Ltda. is a wholly owned subsidiary of Toda Corporation, and Toda Energia do Brasil Ltda. is a wholly owned subsidiary of Toda Investimentos do Brasil Ltda.



Our wind generation power plant in Rio Grande do Norte, Brazil

Overseas Construction Business: Project Introduction

Working with Local Staff to Deliver High-Quality Buildings: The Forefront of Globalization: SUS BKK Headquarters and Factory

This is a new construction project for the headquarters and factory of System Upgrade Solution BKK Co., Ltd., a local subsidiary of SUS Corporation in Thailand. Thai Toda Corporation designed and constructed the building based on a basic plan by a Japanese design office.

Electrically-operated vertical aluminum louvers, supplied by the client, are arranged all around the exterior of the building, harmonizing with the curtain wall in front and producing an eye-catching headquarters and factory within the industrial park.

Amid the worldwide COVID-19 pandemic, there were

difficulties procuring materials and labor, but alongside the local staff, we were able to complete the construction within the scheduled time frame without any problems or accidents, aiming for “quality equal to or better than that of Japan.” During the handover, the client gave their thanks for “a wonderful building that only Thai Toda Corporation could have produced.” This gave all of our staff confidence and pride in the project.

Through the wonderful experience of sharing the “joys” of construction with our clients and all our staff, we aim to also build the Toda brand overseas.

Project Summary

Location	Chonburi Province, Thailand
Ordered by	System Upgrade Solution BKK Co., Ltd.
Built by	Thai Toda Corporation
Work Schedule	December 16, 2019 - May 31, 2021
Project Summary	Project Summary: Reinforced concrete structure, 4 floors above ground, total floor area 7,887m ²



Construction conditions



The finished building

ESG Management

The Group is promoting ESG management to realize our Global Vision: A corporate group that realizes “joys.” Our group is committed to solving social issues through our core business and are contributing to creating a safe, secure, comfortable, and sustainable society.

The Toda Group’s ESG Management

On a solid corporate governance foundation, the Group is promoting environmental and social initiatives through its diverse business activities. As part of this effort, actively addressing various goals that lead to solving social issues such as CO₂ emission reduction and defining the targets that require focused attention with creating opportunities for an open assessment of their achievements, we aim to constantly improve ESG management. With these kinds of specific measures, we aim to achieve steady medium- to long-term growth and contribute to the sustainable development of society, customers, and the Group.

Contributing to the sustainable development of society, customers, and the Group



Action! ESG
The Group’s unique logo to encourage the entire Group to participate in ESG initiatives

Comments from the Corporate Officer in Charge of CSR

The COVID-19 pandemic that began last year has caused economic and social turmoil and stagnation around the world, but Japan has experience in overcoming major economic and social crises, such as the collapse of the bubble economy and the Great East Japan Earthquake, and I expect that this will spur innovation to create new value.

In addition, with the advent of the "new normal" era, I believe that the cycle of companies working to solve new social issues and society recognizing their efforts will grow even stronger as a new perspective on values in the post-COVID era.

In October 2020, the Japanese government declared its intention for the country to become carbon neutral by 2050 and announced that it will undertake this as a growth strategy for the domestic economy. As a result, perspectives such as “sustainable corporate growth” and “contribution to social sustainability” are now perceived as essential for corporate management. In this year, which marks the 140th anniversary of our company’s founding, we will inherit our passion for building, which has been the foundation of our construction business since the time of our founding, and further expand our efforts to realize a carbon-free society through new business areas, especially renewable energy such as the floating offshore wind power generation business, and the RE100 challenge, which aims for 100% of the electricity used at our construction sites to be generated from renewable sources.

Going forward, the Group will continue to face the social issues of the “new normal” era, placing the perspectives of ESG and the SDGs at the center of its management strategy. Moreover, we will aim to enhance our corporate value by continuing to practice sustainable growth with an eye to reforming our business model.



Otomo Toshihiro
Director
Executive Officer
Corporate Officer in Charge of CSR and Public Relations

Priority Initiatives for Implementing ESG and SDGs Management

As the sustainability of companies and society as a whole is called into question, the Group has established priority activities to promote ESG and SDGs management and has also set specific targets in the Medium-Term Management Plan 2024. The SDGs, which set out issues that international society should address by 2030, are closely linked to the Group's management policies, strategies, and business activities, and there are many areas where we can contribute to solving them. We are working to ascertain and lay out the relationship between the SDGs and our business activities, taking into consideration the issues in each country where we operate as well as in the value chain as a whole.

The Group, by leveraging the tangible and intangible assets and strengths it has cultivated over the years, will enhance its corporate value and help provide solutions for a wide range of social issues through all of its corporate activities.

Relationship between the Toda group's strategies and business activities and the SDGs



Priority Initiatives for Implementing ESG Management

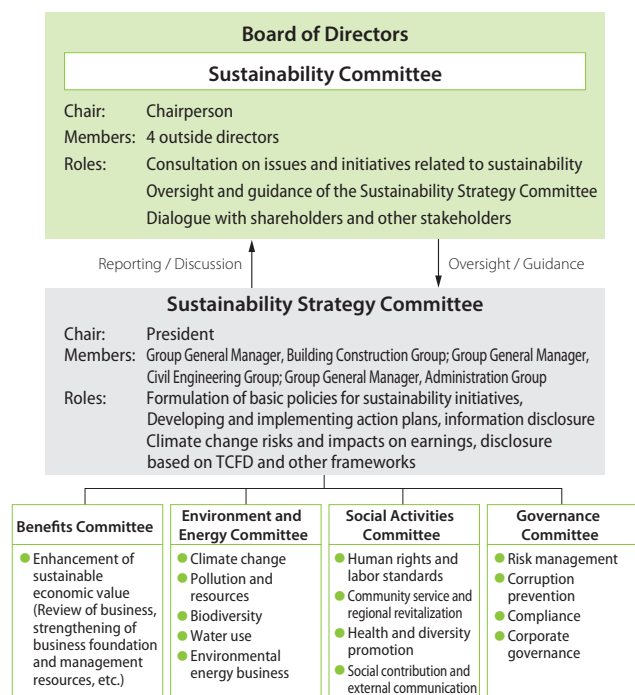
ESG	ESG Issues (priority activity items)	SDGs
Environment (E)	<ul style="list-style-type: none"> Promotion of EMS Reduction of construction by-products and general waste Thorough risk management of hazardous substances Limiting greenhouse gas emissions Measures for biodiversity Promotion of green procurement Promotion and deployment of research and development projects on environmental technologies Promotion of environmental matters requiring considerations 	
Social (S)	<ul style="list-style-type: none"> Quality control Safety and security initiatives (technology and solutions) Pursuit of customer satisfaction HR initiatives Health and safety management Collaboration with subcontractors 	
	<ul style="list-style-type: none"> Contribution to the local communities IR/PR activities 	
Governance (G)	<ul style="list-style-type: none"> Corporate governance/Internal control Risk management Compliance 	

Building Systems to Promote Sustainability

As the environment in which companies operate undergoes major changes, the Group is building an organizational structure for integrated management and promotion of sustainability-related activities in order to further speed up and develop the ESG and SDGs management that it has been pursuing so far. A new system will be established to incorporate the perspective of sustainability into corporate management and to address, on a company-wide, cross-sectional basis, those issues that have been difficult to deal with under the conventional vertically divided divisions and organizational structure.

As part of this effort, we have established the Sustainability Committee, which oversees and guides the executive body as a supervisory body, and the Sustainability Strategy Committee, which among other duties, formulates basic policies on sustainability as an executive body. We have also established sub-committees for "Benefits," "Environment and Energy," "Social Activities," and "Governance" to carry out our activities. In addition to the practices of ESG and SDGs management, such as discussion under this new framework of increasingly important climate change-related issues, assuming a 1.5°C target, we will work together as a company to pursue sustainable economic value (benefits) and enhance corporate value in a synergistic manner.

Sustainability Promotion System Diagram



Corporate Governance

We are aware that continuously improving corporate value through proactive corporate governance initiatives is a major management issue. In response, we are putting management organizations and systems in place and implementing the necessary measures, with an eye to establish a framework for the effective execution and supervision of business activities alongside ensuring the transparent and healthy management practices and strengthening compliance.

Formulation of Basic Policy for Corporate Governance

Achieving sustainable improvement of corporate value requires the establishment of a robust corporate governance foundation and the realization of a more logical and efficient environment for management. In August 2015, with resolution of the Board of Directors, we enacted the Basic Policy for Corporate Governance that sets forth our basic concept of corporate governance and provides a framework and set of guidelines for business operations.

Fortifying the Functions of the Board of Directors and Business Execution

The company has adopted an executive officer system, which separates management decision-making by directors from business execution by executive officers. This system clarifies the scope of roles and responsibilities and fortifies each function.

The Board of Directors consists of 12 directors (as of June 29, 2021) and meets once a month, as a rule, to resolve important management matters and oversee the execution status of corporate business. Since fiscal 2020, we have appointed four outside directors to further strengthen the transparency, objective validity, and accountability of the Board of Directors. In addition, the Personnel and Compensation Committee,

chaired by an outside director, is responsible for examining any important personnel matters of the Board of Directors and executive divisions, and remuneration of officers and other executives, as well as submitting reports to the Board of Directors.

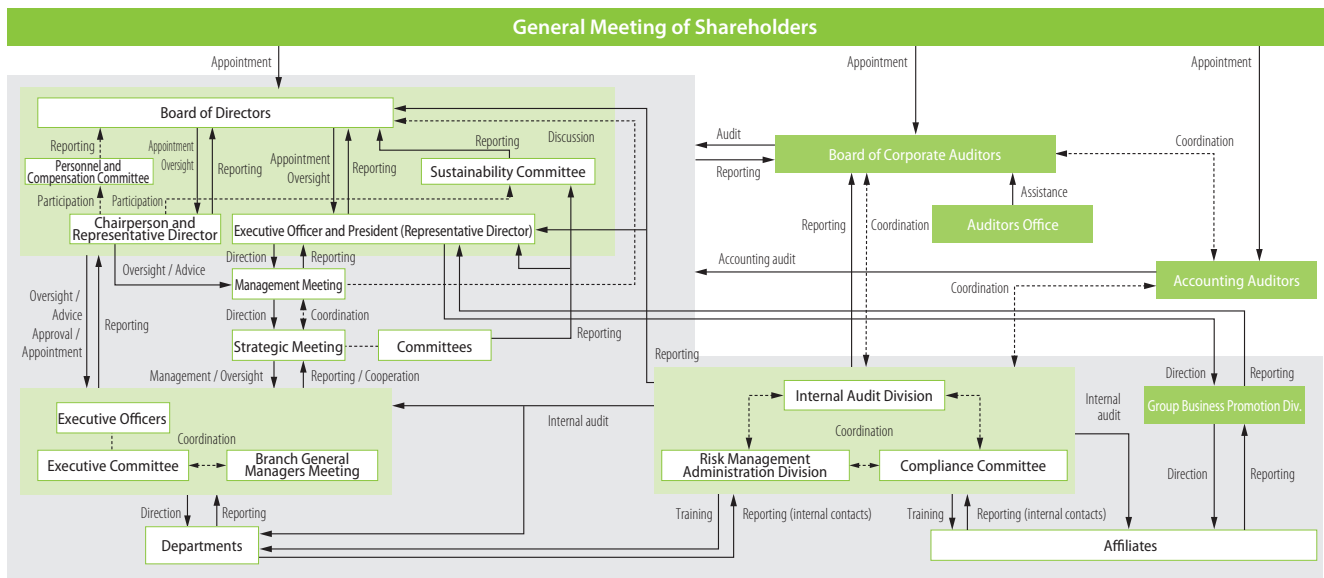
Evaluation of Effectiveness of the Board of Directors

In accordance with the Basic Policy for Corporate Governance, we have conducted an annual analysis and evaluation of the effectiveness of the Board of Directors based on directors' self-assessments. In evaluating the effectiveness of the Board of Directors in fiscal 2020, as well as seeking an evaluation by a third-party organization to perform verification neutrally and objectively, we reviewed how the evaluation is conducted. In the past, the self-assessments of executive directors were discussed at Board of Directors' meetings, but this fiscal year, in addition to the advance questionnaire, interviews with each director and evaluations from outside directors and the corporate auditors were also incorporated.

The results of the third-party analysis and evaluation confirmed that, in general, the effectiveness of the Board of Directors has been maintained. Going forward, we will continue to incorporate third-party evaluations as appropriate.

The Basic Policy for Corporate Governance and the Standards for the Independence of the Board of Outside Directors are published on the Toda website (Japanese).

Corporate Governance Structure (as of August 31, 2021)



Status of Response to Issues

The three main points that were raised in the process of assessing the effectiveness of the Board of Directors in fiscal 2019 are as follows.

1. Ensure more diversity in the composition of the Board of Directors
2. Insufficient advance provision of board meeting materials
3. Diversification of ways of holding Board of Directors meetings

The general content of each of these points and the status of measures to address them for fiscal 2020 are as follows.

With regard to the first issue, it was pointed out that efforts regarding the number of outside directors were insufficient. At the start of fiscal 2020, the proportion of outside directors was 40% (6/15), but now it is 47.1% (8/17). In the Medium-Term Management Plan, we have set a target of 50% or more outside directors. By increasing the proportion of outside directors, we will aim to secure further diversity on the Board.

The second issue was the lack of materials provided in advance for some agenda items. In an age of VUCA, the agenda for Board of Directors meetings is likely to include many new items, which will require more advance information and thorough deliberation than in the past. In fiscal 2020, the timing of the provision of materials was slightly sped up as the provision of materials switched from paper to electronic data, but there have also been requests for improvements in how materials are delivered. We will continue to work on providing materials in an appropriate manner to promote more dynamic discussions at Board of Directors meetings.

The third issue is the method of holding Board of Directors meetings, which in principle, used to be held with all attendees in one place. Taking into consideration such factors as measures against COVID-19, in fiscal 2020, we are holding Board of Directors meetings while utilizing a web conference system as necessary.

Future Issues to Be Addressed

In the effectiveness evaluation, “proportion and number of outside directors” was one of the items for which the self-evaluation by executive directors was not favorable. In addition, items which the outside directors evaluated less favorably included “sufficient discussion of important agenda items,” “confirmation of the progress and formulation of the Medium-Term Management Plan,” and “supervision of candidates for the next generation of management.” The corporate auditors generally gave higher evaluations than the directors on all items.

As a result of the evaluation by the third-party evaluation organization, which also took into account self-assessments, the following four points were identified as having room for improvement.

1. Review of governance structure
2. Review of board meeting agendas
3. Expansion of discussion on growth strategies
4. Improvement of appointment functions

In response to the results of the third-party evaluation, the following items will be considered for future initiatives.

- Discussion on the ideal form of the Board of Directors and study of institutional design
- Consideration of the size and composition of the Board of Directors
- Clarification of important agenda items to be submitted to the Board of Directors and revision of the criteria for submission
- Establishment of standards for appointment of outside directors
- Efforts to monitor, etc. the development of the next generation of management human resources

We will continue our efforts to resolve issues in order to further improve the effectiveness of the Board of Directors.

Formulation of Board Chairing Policy

As part of our efforts to improve the effectiveness of the Board of Directors, the Chairperson of the Board formulated a policy for chairing the Board of Directors for fiscal 2021 and presented it at the Board of Directors meeting immediately following the Ordinary General Meeting of Shareholders.

Basic Awareness	The role of the Board of Directors is to enhance the value of the Group and to build value-creating assets for sustainable growth. To this end, it will ① Present social issues and their impacts ② Supervise the direction, activity, and execution of business resource investment ③ Provide guidance on medium- to long-term strategy
Priority Agenda	Issues to be discussed at board meetings throughout the year: ① Medium- to long-term issues ② Human resource strategy ③ Technology strategy ④ Intellectual property strategy ⑤ Financial strategy ⑥ Sustainability ⑦ Supply chains ⑧ Shareholder relations ⑨ Capital, labor, happiness, etc.

Personnel and Compensation Committee

The personnel and compensation committee comprises four outside directors and one internal director. The committee fulfills the role of examining officer appointment and remuneration, evaluating the successor training plan for candidates for important positions from the president, and reporting to the Board of Directors as necessary.

Sustainability Committee

The Sustainability Committee, consisting of four outside directors and one internal director, is responsible for discussing issues and initiatives related to sustainability, overseeing, and guiding the performance of the Sustainability Strategy Committee, and engaging in dialogue with shareholders and other stakeholders.

Appointment of Outside Directors and Status of Their Activities

With regard to the appointment of outside directors, Toda Corporation has stipulated an appointment policy in the Basic Policy for Corporate Governance, as well formulating Standards for the Independence of the Outside Directors, which particularly values independence.

Enhancement of Auditing Systems

We have adopted a system of corporate auditors, under which five auditors (of which four are outside auditors) attend meetings of the Board of Directors and audit the status of the directors' execution of their duties by visiting the current business divisions. We also maintain the effectiveness of our audits by arranging opportunities to share management information with the representative directors and the accounting auditors on a regular basis and to attend various corporate meetings.

The Auditors Office is a division that supports corporate auditors in their duties. Our rules call for personnel and organizational changes in this office to be determined in advance by the Board of Corporate Auditors or in accordance with advice sought from auditors designated by the Board of Corporate Auditors. This arrangement preserves the independence of staff of the Auditors Office from the directors and executive divisions.

(Refer to "Board of Directors, Corporate Auditors, and Officers" on p.27.)

Enhancement of Internal Controls

In March 2014, Toda Corporation established a Risk Management Administration Division to enhance risk awareness, reform corporate culture, and upgrade to more advanced management practices on a company-wide basis. Through this office, we are promoting the reorganization of internal control and crisis management systems. We have also established an Internal Audit Division as an internal audit unit that conducts regular audits of the status of operations in the various internal departments and divisions. Audit results are reported to the Board of Directors and the president and the Board of Corporate Auditors to ensure mutual coordination and regular exchange of opinions between accounting and internal auditors. Internal audits of Group companies are also conducted as needed, in accordance with the management rules of the companies concerned.

In March 2006, a corporate resolution was passed regarding basic policies on creating internal control systems as provided in the Companies Act, and we have taken measures accordingly to further strengthen our management foundation. We also worked in fiscal 2010 to develop and improve internal control system in our Group companies, including local affiliates in other countries. In May 2015, we revised the above basic policies and took steps to enhance the internal controls of the Toda Group as a whole.

Compensation for Directors and Executive Officers

Compensation for directors and executive officers is determined by the Board of Directors after review by the Personnel and Compensation Committee, chaired by an outside director, in accordance with the Remuneration Standards of Officers and Other Executives.

Compensation for directors comprises basic fixed compensation, performances-linked bonuses and performance-linked share-based compensation. These are decided according to various factors, including the responsibilities and roles of each position. Outside directors and auditors who are in positions that are independent of business execution are paid only basic fixed financial compensation as variable compensation such as performance-linked compensation is not deemed appropriate.

Compensation System

Compensation for board members =	Basic compensation (fixed compensation)	+	Bonus (performance-linked compensation)	+	Share-based compensation (performance-linked compensation)
Ratio =	1	:	0.4	:	0.1 ^{*1}

*1 Bonuses are based on actual payment in fiscal 2020, while share-based compensation is a ratio based on the assumption that the performance-linked factors and non-financial-linked factors are both 1.0.

Total Compensation for Directors and Corporate Auditors (Fiscal 2020)

Board Member Category	Total Amount of Compensation
Directors (12 people)	383 million yen (of which, four outside directors, 45 million yen)
Corporate auditors (7 people)	66 million yen (of which, five outside auditors, 42 million yen)

Note: The figures above include 14 million yen recorded as expenses for performance-linked, share-based compensation to directors (excluding outside directors).

Incentives (Performance-Linked, Share-Based Compensation)

With regard to performance-linked compensation board members, in addition to bonuses, in fiscal 2016, we introduced a performance-linked, share-based compensation system for directors and executive officers in order to improve performance over the medium to long term, increase corporate value, and raise management awareness of the importance of shareholders.

In fiscal 2019, we introduced new non-financial linked factors which are used to calculate the number of Toda Corporation shares granted to executives as compensation, in addition to factors linked to performance in attaining targets for consolidated net sales, consolidated operating income, and consolidated net profit. These non-financial linked factors are based on the degree of improvement in CO₂ emissions over the previous fiscal year's results, for the purpose of further promoting initiatives aimed at creating a sustainable society such as environmental conservation.

① Individual Points

Points are allocated to board members each fiscal year, with shares allocated according to the cumulative number of individual points. (1 point = 1 share)

Share-based Compensation

$$\text{Individual points} = \text{Basic points} \times \text{Performance-linked factors} \times \text{Non-financial-linked factors}$$

Refer to the following ② through to ④ for definitions

② Basic Points

The following table sets out the basic points for each officer's position.

Position	Basic Points
Chairperson	5,178
President	4,708
Vice president	3,766
Senior executive	3,295
Executive	2,824
Corporate officer	2,354

[Calculation Method]

(Base amount per role^{*2}) / (Unit price of the Trust's acquisition of the Company's shares^{*3})
(Rounding down the decimal point)

Position	Base Compensation (thousand yen)
Chairperson	2,750
President	2,500
Vice president	2,000
Senior executive	1,750
Executive	1,500
Corporate officer	1,250

*3 Directors compensation BIP trust and share allocation ESOP trust

③ Performance-linked Factors

The performance-linked factors used to calculate individual points are defined according to the degree of attainment of the targets for consolidated net sales, consolidated operating income, and consolidated net profit for the fiscal year under review as follows.

$$\begin{aligned} \text{Performance-linked factors} = & (\text{Consolidated net sales factor} \times 0.25) \\ & + (\text{Consolidated operating income factor} \times 0.5) \\ & + (\text{Consolidated net profit factor} \times 0.25) \end{aligned}$$

(rounded down to the third decimal place)

Factors for consolidated net sales, consolidated operating income, and consolidated net profit are calculated based on the following.

Percentage of Consolidated Net Sales, Consolidated Operating Income, and Consolidated Net Profit Attained for the Fiscal Year under Review	Factors for Consolidated Net Sales, Consolidated Operating Income, and Consolidated Net Profit
120% or more	1.5
110% or more but less than 120%	1.2
100% or more but less than 110%	1.0
90% or more but less than 100%	0.75
80% or more but less than 90%	0.5
Less than 80%	0.0

④ Non-Financial-linked Factors

The non-financial-linked factors used to calculate individual points are defined according to the rate of change in CO₂ emissions^{*4} over the previous fiscal year as follows.

Rate of Change over the Previous Fiscal Year ^{*5}	Non-financial-linked Factors
-2% or less	1.05
More than -2% but 0% or less	1.00
More than 0% but 2% or less	0.95
Over 2%	0.90

*4 CO₂ emissions are the total of Scope 1 and Scope 2.

*5 Rate of change over the previous fiscal year (%) = (CO₂ emissions in the fiscal year under review ÷ CO₂ emissions in the previous fiscal year of the business year under review - 1) x 100

Thoroughly Enforce Compliance

Through the leadership of the Compliance Committee chaired by the president, we have developed the Toda Group Corporate Code of Conduct and other related regulations, established and operated a reporting and consultation service (corporate ethics hotline^{*6}), and are currently implementing educational awareness activities (e-learning training, various group training, etc.).

To objectively confirm the effects of compliance measures and activities for further improvement, the committee conducted a compliance awareness survey of all group companies. The survey aims to clarify the views of all the affiliates and partner companies and discern their degree of understanding.

*6 In order to further improve the system, we added a corporate ethics hotline for all Group officers, directors, and employees in November 2018 (outsourced to an outside private hotline operator).

Promoting Constructive Dialogue with Shareholders

Toda is pursuing more robust systems and initiatives to promote constructive dialogue with our shareholders, as set forth under our recently enacted basic policies on shareholder relations. All opinions and questions from shareholders and investors obtained through IR activities, which are deemed conducive to the Company's management, are given to the Board of Directors and senior management at regular meetings.

We intend to actively engage in dialogue with the institutional investors, who have announced our acceptance of the Japanese version of the Stewardship Code^{*7} and are seeking to realize our long-term, sustainable growth.

*7 Regulations (code) regarding pre-requisite qualities, skills, and track record for institutional investors. It was applied prior to the corporate governance code. "Steward" refers to a steward or administrator of property.

IR Activities Result

	FY2020
Results briefings	1
Corporate briefings (for individual investors)	None
Individual meetings, etc.	25

Response to Climate Change-Associated Risks and Opportunities

Information Disclosure based on TCFD^{*1} Recommendations

We will enhance our corporate resilience by properly identifying and addressing the physical and transition risks associated with climate change, while identifying business opportunities that need to be addressed and dealing with them in a planned and strategic manner.

In May 2019, we announced our support of TCFD and began actively disclosing financial information relating to climate change based on TCFD recommendations. In order to achieve a society where the average temperature rise is limited to 1.5°C, we analyzed the risks and opportunities associated with climate change using a 4°C scenario (public policy scenario^{*2}, etc.) and a scenario of under 2°C (SDS scenario^{*3}, etc.), integrating the results into our business and financial plans.

Governance/Risk Management

We have established a system for identifying, evaluating, and managing risks and opportunities associated with climate change in our Climate Change Risk Management Regulations. The Environment Solution Division of the Innovation Promotion Center, which is the principal department responsible for climate change-related matters, identifies and evaluates risk in conjunction with the Risk Management Administration Division, which is responsible for company-wide risk management. We evaluate climate change-related risks and opportunities in terms of strategic impact^{*4} and financial impact^{*5}. The importance (priority) of climate change-related risks and opportunities is determined based on the aforementioned two levels of impact. After deliberation by the Environmental Conservation Promotion Committee, an advisory body to the Management Committee, the Management Committee decides on material risks, and the Board of Directors acts as a supervisory body^{*6}. The determined material risk is integrated into the Company's management strategy, etc., in collaboration with the Risk Management

Division, Financial Division, Corporate Planning Division, and Public Relations Division.

^{*1} Financial Stability Board (FSB) task force on the disclosure of climate-related financial information.
^{*2} Transition scenario expressed by the International Energy Agency (IEA). An undesirable world, with scenarios that limit the increase in average temperature to 2.6-4°C by 2100.
^{*3} Transition scenario presented by the International Energy Agency (IEA). An ideal outlook, in a scenario where the increase in average temperature is limited to less than 1.8°C.
^{*4} Evaluates risks and opportunities based on their impact (in addition to a five-point scale, also evaluates the impact on stakeholders) and likelihood of occurrence (four-point scale).
^{*5} Evaluated based on the thresholds of the amounts set in "Income, Expenses, Assets and Liabilities, and Others" in the Risks and Opportunities section.
^{*6} Systems and processes for managing risks and opportunities caused by climate change will be changed to a system with the Sustainability Strategy Committee as the decision-making body (see page 20).

Strategy

We identify, analyze, and assess climate change-related risks and opportunities on a short-term (3 years or less), medium-term (3-10 years), and long-term (10 years or more) timescale.

Through scenario analysis conducted from short-term, medium-term (2030), and long-term (2050) perspectives, we have identified our risks and opportunities related to climate change and assessed their financial impact. In terms of risks, the items with the greatest impact on our company were "decreased work efficiency at construction sites due to increased temperatures" and "risk of damage to owned real estate due to the intensification of abnormal weather events," while the opportunities identified were "floating offshore wind power projects" and other "renewable energy generation projects." Based on the results of the scenario analysis, we have confirmed that aiming for a society of "less than 2°C" or "1.5°C" under the SDS scenario will be beneficial for our business. Our approach to these risks and opportunities has been appropriately integrated into our financial planning.

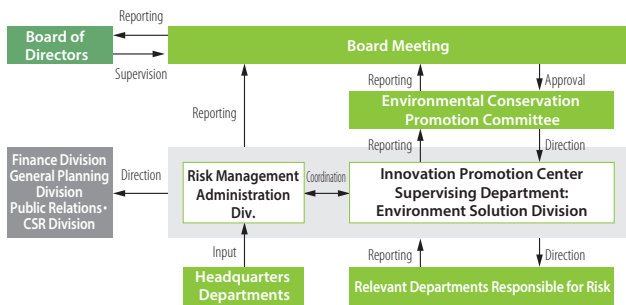
(See "Financial Impact Evaluation for 2030" on page 26 for details.)

Indicators and Targets

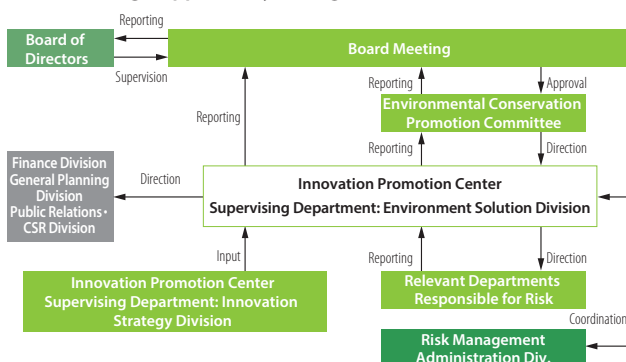
We, Toda Corporation, have pledged our commitment to the Japanese Minister of the Environment's Eco-First Program and have adopted CO₂ emission reduction targets (scope 1 and scope 2) under the SBT^{*7} established in August 2017^{*8}. In terms of scope 3 SBT (category 11: Use of sold products), we have set a target of 55% reduction in CO₂ emissions per floor area (square meters) of buildings delivered by us to clients by 2050 and are working to promote zero-energy buildings (ZEB). We also signed up for the RE100 initiative in January 2019 and are pursuing initiatives aimed at achieving 100% renewable electricity for the power used in our business activities.

^{*7} Science Based Targets (reduction targets that align with scientific knowledge)
^{*8} We link the degree of improvement in terms of CO₂ emissions over the previous year to executive compensation.
 See "Corporate Governance" (Non-Financial-Linked Factors) on page 24.

Climate Change Risk Management Structure



Climate Change Opportunity Management Structure



Target Values

	Year	Relevant to	Fiscal 2020 performance	2030	2040	2050
Eco-First Program commitment	1990	Scope 1 and scope 2	-59%	-70%	—	-80%
SBT*	2010	Scope 1 and scope 2	-13.3%	-35%	—	-57%
	2010	Scope 3 (category 11)	-2.9%	—	—	-55%
RE100	—	Ratio of renewable energy electricity usage	27.8%	—	50%	100%

* The SBT is currently based on the 2°C target, but will be updated to the 1.5°C target by the end of fiscal 2021.



RE100

Scenario Analysis Results

Outline of Forecast Future Societies

Under 2°C Scenario (SDS scenario, etc.)

- Increased need for renewable electricity and added orders for renewable energy power plant construction
- While ZEB construction has expanded, leading to boosts in sales, competition for orders has also intensified due to accumulations in ZEB technological capabilities and design/construction experience
- Increased material and fuel procurement costs due to a higher carbon tax

4°C Scenario (published policy scenarios, etc.)

- In the building construction business, construction periods are prolonged due to decreased work efficiency during the summer, resulting in lower profit margins and increased health risks for workers.
- Increased material risk in the real estate business as abnormal weather events intensify
- Increased orders for work to prevent/mitigate disasters due to emerging material risks and increased demand for response measures

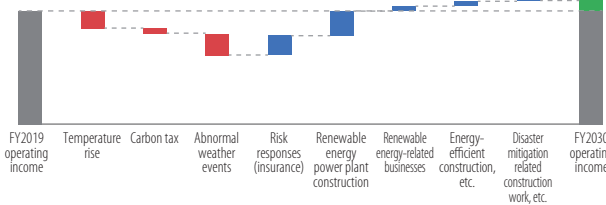
Financial Impact Evaluation for 2030

Our assessment of impacts on operating income indicates rises in operating income fiscal 2030 due to less than 2°C scenario predicted profit increases in renewable energy-related businesses. The results of the scenario analysis also show that the increase in operating income will be even greater in 2050.

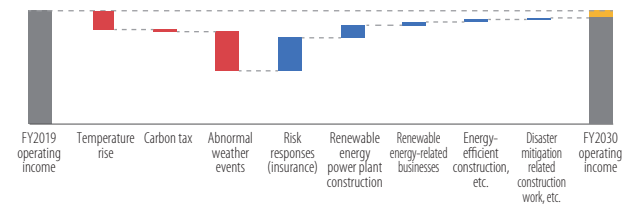
The 4°C scenario results in our operating income being lower

than the current level. However, we aim to secure operating income above the current level by taking additional measures to address the reduced efficiency of construction work due to rising temperatures, and by increasing our market share in the business areas of opportunity we have identified. The results of the scenario analysis have been integrated into our strategy.

Assessment of impact on operating income (2030 less than 2°C scenario)



Assessment of impact on operating income (2030 4°C scenario)



Climate-related Material Risks and Response Measures

We are working on measures to address the material risks we have identified.

Risk / Opportunity Category		Major Items	Time Axis	Examination of Risks and Opportunities	Responses to Risks and Opportunities	
Risks	Material	Chronic	Temperature rise	Medium/Long	<ul style="list-style-type: none"> ● Decreased work efficiency due to increased temperatures and increase in costs required for countermeasures ● Changes to the labor law system 	<ul style="list-style-type: none"> ● Promotion of construction labor conservation and automation
		Urgent	Intensification of abnormal weather events	Short/Medium/Long	<ul style="list-style-type: none"> ● Fragmentation of supply chains ● Disasters affecting owned real estate 	<ul style="list-style-type: none"> ● Acquisition of precise weather information ● Hazard risk assessment for insurance and owned real estate
	Transitional	New regulations	Carbon price	Medium/Long	<ul style="list-style-type: none"> ● Increased material and fuel procurement costs due to higher carbon pricing 	<ul style="list-style-type: none"> ● Promotion of procurement of low-carbon products ● Promotion of low-carbon construction through TO-MINICA
Opportunities	Market	Renewable energy power plant construction	Short/Medium/Long	<ul style="list-style-type: none"> ● Increased demand for construction of floating offshore wind power generation plants ● Increased demand for construction of renewable energy power plant 	<ul style="list-style-type: none"> ● Development of technology in floating offshore wind power generation construction ● Concentration of resources in renewable energy power plant construction 	
	Products and services	Renewable energy business	Short/Medium/Long	<ul style="list-style-type: none"> ● Increased business opportunities from electricity sales, etc. 	<ul style="list-style-type: none"> ● Proactive participation in renewable energy business 	
	Products and services	Power-saving construction	Short/Medium/Long	<ul style="list-style-type: none"> ● Increased sales from the proliferation of ZEB construction 	<ul style="list-style-type: none"> ● Promotion of ZEB technology development and accumulation of experience in ZEB construction 	
	Market	Disaster countermeasure construction	Medium/Long	<ul style="list-style-type: none"> ● Increased demand for work to prevent/mitigate disasters due to intensifying abnormal weather events 	<ul style="list-style-type: none"> ● Concentration of resources on construction work for disaster prevention and mitigation 	
	Market	Renovation work	Medium/Long	<ul style="list-style-type: none"> ● Increase in renovation work 	<ul style="list-style-type: none"> ● Consideration of focusing resources on renovation work 	



The English version is abridged, so for details, please refer to the Japanese version of the Corporate Report 2021, pp. 56 -58 (https://www.toda.co.jp/csr/report/pdf/toda_corporate_report2021.pdf) and the TCFD-based scenario analysis page on the company website (<https://www.toda.co.jp/csr/environment/scenario.html>).

Board of Directors, Corporate Auditors, and Officers (as of July 1, 2021)

Directors









* Attendance at Board of Directors meetings* shows results for fiscal 2020

 <p>Imai Masanori Chairperson and Representative Director</p> <p>• Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Otani Seisuke President and Representative Director Chief Executive Officer General Manager, Human Resources Strategy Division</p> <p>• Attendance at Board of Directors meetings: 100% (13 out of 13 meetings)</p>	 <p>Kikutani Yushi Representative Director Senior Executive Officer Group General Manager, Administration Group</p> <p>• Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Miyazaki Hiroyuki Representative Director Senior Executive Officer Group General Manager, Building Construction Group</p> <p>• Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Fujita Ken Representative Director Senior Executive Officer Group General Manager, Civil Engineering Group</p> <p>• Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Toda Morimichi Director Senior Executive Officer Senior General Manager, Value Creation Promotion Office</p> <p>• Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>
 <p>Otomo Toshihiro Director and Executive Officer Senior General Manager, Management Administration Division General Manager, General Affairs Division General Manager, Risk Management Administration Division</p> <p>• Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Uekusa Hiroshi Director Executive Officer Senior General Manager, Strategic Business Promotion Office</p> <p>• Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Shimomura Setsuhiro Outside Director </p> <p>• Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Amiya Shunsuke Outside Director </p> <p>• Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Itami Toshihiko Outside Director </p> <p>• Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Arakane Kumi Outside Director </p> <p>• Attendance at Board of Directors meetings: 92% (12 out of 13 meetings)</p>

 Independent Officers

Corporate Auditors

* Attendance at Board of Corporate Auditors meetings* shows results for fiscal 2020.

 <p>Ouchi Atsushi Standing Corporate Auditor</p> <p>• Attendance at Board of Corporate Auditors meetings: 100% (18 out of 18 meetings)</p>	 <p>Momoi Shunji Standing Outside Corporate Auditor </p> <p>• Attendance at Board of Corporate Auditors meetings: 100% (18 out of 18 meetings)</p>	 <p>Maruyama Keiichiro Outside Corporate Auditor </p> <p>• Attendance at Board of Corporate Auditors meetings: 100% (18 out of 18 meetings)</p>	 <p>Sato Fumio Outside Corporate Auditor </p> <p>• Attendance at Board of Corporate Auditors meetings: 100% (13 out of 13 meetings)</p>	 <p>Nishiyama Junko Outside Corporate Auditor </p> <p>• Attendance at Board of Corporate Auditors meetings: 100% (13 out of 13 meetings)</p>
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Corporate Officers

Chief Executive Officer	Otani Seisuke						
Senior Executive Officers	Kikutani Yushi	Miyazaki Hiroyuki	Fujita Ken	Toda Morimichi			
Executive Officers	Otomo Toshihiro	Uekusa Hiroshi	Nagata Shinichi	Fukashiro Takao	Miyake Masato	Ichihara Takashi	Miyachi Atsuo
	Asano Hitoshi	Kamio Tetsuya	Tateno Takanobu	Kouno Toshiyuki	Nakabayashi Masaaki	Nakayama Satoru	
Corporate Officers	Yamazaki Toshihiro	Nagai Mutsuhiro	Yoshioka Kouichiro	Machida Yoshinori	Nagashima Ushio	Sonehara Tsutomu	Yamada Masatoshi
	Shiraishi Kazutaka	Kimura Sachihiko	Uekawa Makoto	Shima Yoshirou	Nakai Tomomi	Kudou Masato	Oi Kiyoshi
	Sakuma Akio	Sugawara Chiaki	Sugahara Shuuichi	Nakahara Masaki			

Consolidated Balance Sheets

Toda Corporation and consolidated Subsidiaries - As of March 31, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
ASSETS			
Current assets:			
Cash and deposits (Notes 11 and 13)	¥ 106,453	¥ 95,037	\$ 858,432
Notes and accounts receivable - trade (Note 13)	163,440	209,347	1,890,950
Short-term investment securities (Notes 7.4), 13 and 14)	20,064	10,100	91,229
Real estate for sale (Notes 7.9))	10,052	11,080	100,085
Costs on uncompleted construction contracts (Note 7.8))	16,488	11,010	99,450
Other inventories	3,949	8,031	72,547
Other	17,502	29,788	269,071
Allowance for doubtful accounts	(1,110)	(1,248)	(11,277)
Total current assets	336,841	373,147	3,370,491
Noncurrent assets:			
Property, plant and equipment: (Notes 7.1), 18 and 19)			
Buildings and structures, net (Notes 7.2) and 9))	29,046	40,552	366,295
Machinery, vehicles, tools, furniture and fixtures, net (Notes 7.2))	3,209	6,119	55,272
Land (Notes 7.7) and 9))	83,920	86,493	781,260
Lease assets, net	138	83	753
Construction in progress (Notes 7.2))	7,959	11,622	104,983
Total property, plant and equipment	124,274	144,871	1,308,565
Intangible assets:			
Goodwill	519	608	5,498
Other (Notes 7.2))	7,976	8,876	80,174
Total intangible assets	8,495	9,484	85,672
Investments and other assets:			
Investment securities (Notes 7.3), 4) , 13 and 14)	157,659	200,290	1,809,147
Long-term loans receivable (Notes 7.4) and 13)	782	842	7,607
Net defined benefit assets (Note 16)	1,223	1,966	17,759
Deferred tax assets (Note 17)	731	637	5,755
Other	4,635	4,744	42,853
Allowance for doubtful accounts	(87)	(194)	(1,758)
Total investments and other assets	164,945	208,285	1,881,365
Total noncurrent assets	297,715	362,642	3,275,603
Total assets	¥ 634,557	¥ 735,789	\$ 6,646,094

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
LIABILITIES			
Current liabilities:			
Notes and accounts payable - trade (Note 13)	¥ 105,305	¥ 114,000	\$ 1,029,718
Short-term loans payable (Note 13)	44,499	48,297	436,250
Commercial papers-liabilities (Note 13)	-	20,000	180,652
Current portion of bonds payable (Note 13)	5,000	-	-
Income taxes payable (Note 13)	7,374	8,525	77,009
Advances received on uncompleted construction contracts	30,022	27,779	250,919
Provision for bonuses	6,409	6,957	62,840
Provision for warranties for completed construction	4,410	3,641	32,895
Provision for loss on construction contracts (Note 7.8))	3,200	2,753	24,870
Deposits received	28,618	32,717	295,522
Other	18,229	17,009	153,640
Total current liabilities	253,070	281,681	2,544,321
Noncurrent liabilities:			
Bonds payable (Note 13)	30,100	50,100	452,533
Long-term loans payable (Note 13)	32,201	32,643	294,857
Deferred tax liabilities (Note 17)	11,833	24,496	221,265
Deferred tax liabilities for land revaluation (Note 17)	6,791	6,389	57,716
Provision for directors' retirement benefits	207	205	1,857
Provision for stock payments for directors	188	236	2,139
Provision for loss on liquidation of subsidiaries and affiliates	36	28	255
Net defined benefit liability (Note 16)	21,263	21,470	193,933
Asset retirement obligations (Note 18)	1,712	1,999	18,056
Other	3,656	4,003	36,163
Total noncurrent liabilities	107,991	141,573	1,278,779
Total liabilities	361,061	423,255	3,823,101
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	23,001	207,764
Capital surplus	26,259	26,259	237,188
Retained earnings	176,564	189,217	1,709,124
Treasury stock	(9,392)	(9,388)	(84,800)
Total shareholders' equity	216,433	229,089	2,069,276
Accumulated other comprehensive income (Note 9)			
Valuation difference on available-for-sale securities	51,954	79,474	717,864
Deferred gains on hedges	(13)	108	977
Revaluation reserve for land (Note 7.7))	4,584	3,674	33,187
Foreign currency translation adjustments	(805)	(2,174)	(19,640)
Remeasurements of defined benefit plans	(1,292)	(153)	(1,390)
Total accumulated other comprehensive income	54,427	80,928	730,998
Non-controlling interests	2,635	2,515	22,717
Total net assets	273,496	312,533	2,822,993
Total liabilities and net assets	¥ 634,557	¥ 735,789	\$ 6,646,094

Consolidated Statements of Income

Toda Corporation and Consolidated Subsidiaries - For the years of March 31, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Net sales:			
Net sales of construction contracts	¥ 498,509	¥ 487,994	\$ 4,407,859
Net sales of investment development business and other	20,174	19,140	172,886
Total net sales	518,683	507,134	4,580,746
Cost of sales:			
Cost of sales of construction contracts (Notes 8.1))	435,039	430,693	3,890,286
Cost of sales of investment development business and other (Notes 8.2) and 4))	13,300	11,553	104,356
Total cost of sales	448,340	442,246	3,994,643
Gross profit:			
Gross profit on construction contracts	63,469	57,300	517,572
Gross profit on investment development business and other	6,874	7,586	68,530
Total gross profit	70,343	64,887	586,102
Selling, general and administrative expenses (Notes 8.3) and 4))	35,100	37,190	335,924
Operating income	35,243	27,697	250,178
Non-operating income:			
Interest income	212	220	1,992
Dividend income	3,562	3,129	28,264
Share of profit of entities accounted for using equity method	-	31	287
Dividend income of insurance	238	257	2,321
Other	829	872	7,883
Total non-operating income	4,843	4,511	40,749
Non-operating expenses:			
Interest expenses	1,016	965	8,723
Commission fee	457	518	4,682
Other	340	360	3,260
Total non-operating expenses	1,813	1,845	16,665
Ordinary income	38,272	30,363	274,262
Extraordinary income:			
Gain on sales of noncurrent assets (Note 8.5))	30	35	316
Gain on sales of investment securities (Note 14)	1,247	2,637	23,820
Settlement received	1,174	-	-
Other	6	105	951
Total extraordinary income	2,458	2,777	25,089
Extraordinary loss:			
Loss on abandonment of noncurrent assets (Note 8.6))	1,141	1,593	14,391
Impairment loss (Note 8.7))	299	1,021	9,228
Loss on sales of investment securities (Note 14)	39	424	3,838
Loss on valuation of investment securities (Note 14)	234	481	4,347
Other	71	243	2,198
Total extraordinary losses	1,785	3,764	34,005
Profit before income taxes and non-controlling interests	38,945	29,376	265,346
Income taxes-current	13,384	10,112	91,345
Income taxes-deferred	(398)	(420)	(3,797)
Total income taxes (Note 17)	12,986	9,692	87,547
Profit for the year	25,958	19,684	177,798
Profit (loss) attributable to non-controlling interests	112	(51)	(467)
Profit for the year attributable to owners of the parent (Note 22)	¥ 25,845	¥ 19,735	\$ 178,266

Consolidated Statements of Comprehensive Income

Toda Corporation and Consolidated Subsidiaries - For the years of March 31, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Profit for the year	¥ 25,958	¥ 19,684	\$ 177,798
Other comprehensive income (Note 9)			
Valuation difference on available-for-sale securities	(15,377)	27,520	248,586
Deferred gains or losses on hedges	(41)	121	1,097
Foreign currency translation adjustment	187	(1,527)	(13,799)
Remeasurements of defined benefit plans	(270)	1,029	9,301
Share of other comprehensive income of entities accounted for using equity method	-	200	1,807
Total other comprehensive income	(15,501)	27,344	246,993
Comprehensive income	10,456	47,028	424,792
Comprehensive income attributable to			
Owners of the parent	10,307	47,146	425,860
Non-controlling interests	¥ 149	¥ (118)	\$ (1,067)

Consolidated Statements of Changes in Net Assets

Toda Corporation and consolidated subsidiaries - For the years ended March 31, 2020 and 2021

Millions of Yen

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2019	¥23,001	¥25,743	¥155,875	¥(9,438)	¥195,182	¥67,330	¥28	¥5,592	¥(955)	¥(1,021)	¥70,974	¥3,035	¥269,193
Changes during period													
Dividends from surplus	-	-	(6,140)	-	(6,140)	-	-	-	-	-	-	-	(6,140)
Profit for the year attributable to owners of the parent	-	-	25,845	-	25,845	-	-	-	-	-	-	-	25,845
Disposal of treasury stock	-	(24)	-	267	243	-	-	-	-	-	-	-	243
Purchase of treasury stock	-	-	-	(222)	(222)	-	-	-	-	-	-	-	(222)
Transfer of loss on disposal of treasury stock	-	24	(24)	-	-	-	-	-	-	-	-	-	-
Equity transactions with non-controlling interests	-	515	-	-	515	-	-	-	-	-	-	-	515
Change in parent's ownership interests arising from capital increase of consolidated subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation reserve for land	-	-	1,008	-	1,008	-	-	-	-	-	-	-	1,008
Net changes of items other than shareholders' equity	-	-	-	-	-	(15,376)	(41)	(1,008)	150	(270)	(16,547)	(400)	(16,947)
Total changes of items during the period	-	515	20,688	45	21,250	(15,376)	(41)	(1,008)	150	(270)	(16,547)	(400)	4,303
Balance at March 31, 2020	¥23,001	¥26,259	¥176,564	¥(9,392)	¥216,433	¥51,954	¥(13)	¥4,584	¥(805)	¥(1,292)	¥54,427	¥2,635	¥273,496
Changes during period													
Dividends from surplus	-	-	(7,993)	-	(7,993)	-	-	-	-	-	-	-	(7,993)
Profit for the year attributable to owners of the parent	-	-	19,735	-	19,735	-	-	-	-	-	-	-	19,735
Disposal of treasury stock	-	-	-	5	5	-	-	-	-	-	-	-	5
Purchase of treasury stock	-	-	-	(0)	(0)	-	-	-	-	-	-	-	(0)
Transfer of loss on disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in parent's ownership interests arising from capital increase of consolidated subsidiary	-	(0)	-	-	(0)	-	-	-	-	-	-	-	(0)
Reversal of revaluation reserve for land	-	-	909	-	909	-	-	-	-	-	-	-	909
Net changes of items other than shareholders' equity	-	-	-	-	-	27,520	121	(909)	(1,369)	1,138	26,501	(120)	26,381
Total changes of items during the period	-	(0)	12,652	4	12,656	27,520	121	(909)	(1,369)	1,138	26,501	(120)	39,037
Balance at March 31, 2021	¥23,001	¥26,259	¥189,217	¥(9,388)	¥229,089	¥79,474	¥108	¥3,674	¥(2,174)	¥(153)	¥80,928	¥2,515	¥312,533

Thousands of U.S. dollars

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2020	\$207,764	\$237,191	\$1,594,840	\$(84,840)	\$1,954,955	\$469,283	\$(120)	\$41,407	\$(7,272)	\$(11,672)	\$491,624	\$23,802	\$2,470,382
Changes during period													
Dividends from surplus	-	-	(72,201)	-	(72,201)	-	-	-	-	-	-	-	(72,201)
Profit for the year attributable to owners of the parent	-	-	178,266	-	178,266	-	-	-	-	-	-	-	178,266
Disposal of treasury stock	-	-	-	47	47	-	-	-	-	-	-	-	47
Purchase of treasury stock	-	-	-	(8)	(8)	-	-	-	-	-	-	-	(8)
Transfer of loss on disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in parent's ownership interests arising from capital increase of consolidated subsidiary	-	(3)	-	-	(3)	-	-	-	-	-	-	-	(3)
Reversal of revaluation reserve for land	-	-	8,219	-	8,219	-	-	-	-	-	-	-	8,219
Net changes of items other than shareholders' equity	-	-	-	-	-	248,581	1,097	(8,219)	(12,367)	10,281	239,374	(1,084)	238,289
Total changes of items during the period	-	(3)	114,284	39	114,321	248,581	1,097	(8,219)	(12,367)	10,281	239,374	(1,084)	352,610
Balance at March 31, 2021	\$207,764	\$237,188	\$1,709,124	\$(84,800)	\$2,069,276	\$717,864	\$977	\$33,187	\$(19,640)	\$(1,390)	\$730,998	\$22,717	\$2,822,993

Consolidated Statements of Cash Flows

Toda Corporation and consolidated subsidiaries - For the years ended March 31, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Net cash provided by (used in) operating activities:			
Profit before income taxes and non-controlling interests	¥ 38,945	¥ 29,376	\$ 265,346
Depreciation and amortization	2,994	3,834	34,631
Impairment loss	299	1,021	9,228
Amortization of goodwill	171	86	780
Increase (decrease) in allowance for doubtful accounts	(584)	246	2,229
Share of loss (profit) of entities accounted for using equity method	-	(31)	(287)
Increase (decrease) in net defined benefit liability	(76)	378	3,419
Decrease (increase) in net defined benefit asset	190	571	5,158
Increase (decrease) in other provision	(545)	(584)	(5,282)
Loss (gain) on valuation of investment securities	234	481	4,347
Loss (gain) on sales of investment securities	(1,207)	(2,212)	(19,982)
Loss (gain) on sales of property, plant and equipment	(30)	(34)	(314)
Loss on abandonment of noncurrent assets	1,141	1,593	14,391
Interest and dividend income	(3,774)	(3,349)	(30,257)
Settlement received	(1,174)	-	-
Interest expenses	1,016	965	8,723
Decrease (increase) in notes and accounts receivable-trade	62,325	(46,220)	(417,490)
Decrease (increase) in costs on uncompleted construction contracts	338	5,537	50,016
Decrease (increase) in real estate for sale	1,496	1,365	12,337
Decrease (increase) in costs on real estate business	(1,962)	(4,092)	(36,965)
Decrease (increase) in other current assets	(2,243)	(11,243)	(101,557)
Increase (decrease) in notes and accounts payable-trade	(10,457)	8,981	81,129
Increase (decrease) in advances received on uncompleted construction contracts	(145)	(2,140)	(19,334)
Increase (decrease) in other current liabilities	1,844	161	1,456
Other, net	323	693	6,260
Subtotal	89,118	(14,615)	(132,014)
Interest and dividend income received	3,777	3,423	30,924
Settlement package received	1,174	-	-
Interest expenses paid	(1,012)	(953)	(8,609)
Income taxes paid	(15,786)	(9,012)	(81,410)
Other, net	-	18	163
Net cash provided by (used in) operating activities	77,271	(21,139)	(190,946)
Net cash provided by (used in) investing activities:			
Payments into time deposits	(90)	(399)	(3,606)
Proceeds from withdrawal of time deposits	-	76	686
Purchase of property, plant and equipment	(19,023)	(25,735)	(232,462)
Proceeds from sales of property, plant and equipment	348	35	317
Payments from retirement of property, plant and equipment	(573)	(1,745)	(15,763)
Purchase of intangible assets	(1,309)	(1,842)	(16,644)
Proceeds from subsidy income	13	9	83
Purchase of investment securities	(5,239)	(4,190)	(37,846)
Proceeds from sales and redemption of investment securities	4,980	6,465	58,404
Payments of loans receivable	(410)	(101)	(919)
Collection of loans receivable	62	42	381
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(103)	(107)	(966)
Purchase of shares of equity method affiliate	-	(3,643)	(32,912)
Payments for lease and guarantee deposits	(484)	(85)	(768)
Other, net	68	370	3,342
Net cash provided by (used in) investing activities	(21,762)	(30,852)	(278,676)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	15,187	1,224	11,061
Increase (decrease) in commercial paper	(50,000)	20,000	180,652
Proceeds from long-term loans payable	11,246	9,717	87,777
Repayments of long-term loans payable	(6,822)	(6,616)	(59,768)
Proceeds from issuance of bonds	10,100	20,000	180,652
Redemption of bonds	-	(5,000)	(45,163)
Cash dividends paid	(6,140)	(7,993)	(72,201)
Cash dividends paid to non-controlling interests	(3)	(2)	(20)
Payments for acquisition of shares of subsidiaries not affecting the scope of consolidation	(201)	-	-
Purchase of treasury stock	(1)	(0)	(8)
Other, net	(49)	(49)	(446)
Net cash provided by (used in) financing activities	(26,685)	31,279	282,535
Effect of exchange rate change on cash and cash equivalents	31	(978)	(8,839)
Net increase (decrease) in cash and cash equivalents	28,854	(21,690)	(195,926)
Cash and cash equivalents at the beginning of current period	96,564	125,418	1,132,857
Cash and cash equivalents at the end of current period (Note 11)	125,418	103,727	936,931

Notes to Consolidated Financial Statements

Toda Corporation and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements presented herein of Toda Corporation (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan.

These consolidated financial statements incorporate certain modifications in format so as to make the financial statements more meaningful to readers outside Japan.

These modifications have no effect on total assets, net sales, retained earnings or profit for the year.

2. Summary of Significant Accounting Policies

1) Scope of consolidation

The accompanying consolidated financial statements include the accounts of Toda Corporation and 25 subsidiaries, namely Toda Road Co., Ltd., Toda Bldg. Partners Co., Ltd., Chiyoda Kenkou Co., Ltd., Toda Staff Service Co., Ltd., APEC Engineering Co., Ltd., Toda Finance Co., Ltd., Towa Kanko Kaihatsu Co., Ltd., Goto Floating Wind Power LLC., Offshore Wind Farm Construction Co., Ltd., Sato kogyo Co., Ltd., Toda America, Inc., Construtora Toda do Brasil S/A, Thai Toda Corporation Ltd., Toda Vietnam Co., Ltd., PT Toda Group Indonesia, Tobic Co., Ltd. and other 9 companies.

Other subsidiaries were not consolidated, as they were not significant in terms of the effect on total assets, net sales, profit for the year or retained earnings of the consolidated financial statements.

2) Application of the equity method

The affiliate to which the equity method is applied is as follows:

PT Tatamulia Nusantara Indah

In the current consolidated fiscal year, the Company acquired the shares of PT Tatamulia Nusantara Indah and made it an equity-method affiliate.

Other non-consolidated subsidiaries and affiliates were not accounted for using the equity method, as these Companies were not significant in terms of the effect on profit for the year or retained earnings of the consolidated financial statements.

3) Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, Toda America, Inc., Construtora Toda do Brasil S/A, Thai Toda Corporation Ltd., Toda Vietnam Co., PT Toda Group Indonesia, TOBIC Company Ltd., Toda Investment Brazil Ltd. and other 4 companies close their fiscal year on December 31 each year.

In preparing the consolidated financial statements, the Company used financial statements as of December 31 of all these subsidiaries.

However, adjustments necessary for the purpose of consolidation have been made for fiscal year-end.

The fiscal year-end of all other consolidated subsidiaries is the same as the consolidated fiscal year-end.

4) Standards and evaluation methods for significant assets

(a) Short term investment securities and investment securities

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Available-for-sale securities

• Securities with a fair value:

Stated at fair value, determined by the market price at the consolidated fiscal year-end date (the difference between the book value and the fair value is recorded as a component of net assets, while the cost of securities sold is computed using the moving-average method)

• Securities with no fair value:

Stated at cost, determined by the moving-average method

However, the profit and loss of investment in investment business associations (investment limited partnership, anonymous partnership investment, etc.) are as follows:

In the case of investment for the main business purpose, the equity-equivalent profit and loss to be attributable is recorded in "operating profit and loss".

In the case of investment for purposes other than the main business purpose, the equity-equivalent profit and loss to be attributable is recorded as "non-operating profit and loss" and added to or subtracted from "investment securities".

(b) Derivatives

Stated at fair value.

(U.S. Dollar Amounts)

The accounts of consolidated financial statements presented herein are expressed in Japanese yen by rounding down to nearest million.

The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥110.71 = US\$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2021, and have been then rounded down to the nearest thousand. This translation should not be construed as a representation that the yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate.

(c) Inventories

Costs on uncompleted construction contracts

Stated at cost, determined by the specific identification cost method

Real estate for sale

Stated at cost, determined by the specific identification cost method (The book value on the consolidated balance sheets is presented after write-down for decline in profitability.)

(d) Other inventories

Raw materials and supplies

Stated at cost, determined by the weighted average method (The book value on the consolidated balance sheets is presented after write-down for decline in profitability.)

Costs on real estate business

Stated at cost, determined by the specific identification cost method (The book value on the consolidated balance sheets is presented after write-down for decline in profitability.)

5) Methods of depreciation and amortization of depreciable assets

(a) Property, plant and equipment (excluding lease assets)

The declining-balance method is primarily used. However, the straight-line method is used for buildings (excluding building fixtures) acquired on and after April 1, 1998 and building fixtures and other structures acquired on and after April 1, 2016.

Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.

(b) Intangible fixed assets (excluding lease assets)

The straight-line method is used.

Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.

However, the amortization of software used by the Companies is computed using the straight-line method based on the estimated useful life.

(c) Lease assets

Leased assets under finance leases other than those that are deemed to transfer ownership to lessees

Depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

6) Allowances and provisions

(a) Allowance for doubtful accounts

The allowance for doubtful trade receivables and loans has been provided based on historic loss experience for general accounts and also includes the aggregate amount of the estimated loss for the accounts for which concern actually exists for collectability.

(b) Provision for bonuses

This is provided for the payment of bonuses for employees, based on expected payment amount.

(c) Provision for warranties to completed construction

To cover expenses for defects claimed concerning completed work, this is provided based on the estimated amount of compensation in the future for the work completed during the consolidated fiscal year.

(d) Provision for loss on construction contracts

The provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the consolidated fiscal year-end which will be probably incurred and which can be reasonably estimated.

(e) Provision for directors' retirement benefits

To prepare for the payment of retirement benefits for executive officers and subsidiaries' directors, the provision is provided at the amount to be paid according to internal regulations if they had retired at the consolidated fiscal year-end.

- (f) Provision for loss on liquidation of subsidiaries and affiliates
The provision for loss on liquidation of subsidiaries and affiliates is provided at the estimated amount for a possible future loss arising from liquidation.
- (g) Provision for stock payments to directors
The provision for stock payments to directors is provided for stock award debt based on predetermined regulations for awarding stock, which is prepared for future awards of the Company shares to its directors and executive officers.

7) Accounting Policies of retirement benefits

The provision for retirement benefits to employees is calculated based on estimated amounts of retirement benefit obligations and pension assets as of the consolidated fiscal year-end.

Regarding lump-sum severance indemnity plan for the consolidated subsidiaries, the amount is calculated based on simplified method (method to assume required payment amount based on voluntary termination of employment on the closing date as retirement benefit obligations).

The estimated amount of retirement benefit is allocated to periods of service based on the benefit formula.

Actuarial differences are amortized commencing the following year after the difference is recognized primarily by the straight-line method over a period of five years.

8) Recognition of net sales from construction contracts and related costs

The Companies apply the percentage of completion method (the cost to cost method is used to estimate progress toward completion of construction) to those contracts in which the percentage of completion at the consolidated fiscal year-end can be reliably estimated, and other contracts are recorded under the completed contract method.

The portion of work completed by the percentage of completion method were ¥445,590 million (US\$4,024,840 thousand).

9) Translation of foreign currency assets and liabilities

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the consolidated fiscal year-end.

The resulting gains and losses are included in net income or loss for the consolidated fiscal year.

Assets and liabilities accounts of foreign consolidated subsidiaries are translated into Japanese yen at the exchange rate prevailing at the fiscal year-end.

Income and expense accounts of foreign consolidated subsidiaries are translated into Japanese yen at the average annual exchange rate.

The resulting translation adjustments are included in foreign currency translation adjustment and minority interests in the net assets of the consolidated balance sheets.

10) Hedge Accounting

The Companies apply hedge accounting as follows:

- (a) Method of hedge accounting adopted

3. Significant Accounting Estimates

1) Estimates based on the percentage of completion method

- (a) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Net sales of construction contracts ¥445,590 million (US\$4,024,840 thousand)

- (b) Information about the content of significant accounting estimates for the identified item

In applying the percentage of completion method, in principle, the Companies make the best estimate for all construction works based on the information obtained, regarding the total construction revenue, the total construction cost, and the progress of construction on the fiscal closing date.

In the calculation of the total construction revenue, if there is an uncontracted increase or decrease construction, the construction price estimated based on the negotiation status with the ordering party is recorded.

In calculation of the total construction cost, the Companies are continuously reviewing the estimate according to the progress of the construction, based on the negotiation situation with the partner company and the assumption of various conditions.

Accordingly, if the total construction revenue and total construction cost are different from the estimates, it may affect the consolidated financial statements for the next consolidated fiscal year.

Deferral hedge accounting

If the interest rate swap contracts are used as hedge and meet certain hedging criteria, net amounts to be paid or received under the interest rate swap contracts are added to or deducted from the interest or liabilities for which the swap contract were executed ("special treatment").

- (b) Measure and objects

- 1. Measures: Forward foreign exchange contracts

Objects: Transactions to be paid in foreign currencies in cases of overseas construction of work and overseas procurement of materials

- 2. Measures: Interest rate swap

Objects: Borrowings

- (c) Hedging principles:

Based on internal regulations which stipulate the execution authority regarding on derivative transactions and those for transaction limits, the Companies utilize hedges to minimize the risk of currency exchange rate and interest rate fluctuations associated with the hedge objects.

- (d) Evaluation method of effectiveness of hedging:

During the period from the time when the hedging first started until the consolidated fiscal year-end, the Companies have been assessing the hedge effectiveness primarily by comparing, in terms of variation amounts, (1)cumulative cash flow changes or exchange rate changes of the hedge objects and (2)cumulative cash flow changes or exchange rate changes of the hedge measures.

However, the evaluation of hedge effectiveness is omitted for interest swaps as they meet certain hedging criteria for the special treatment.

11) Goodwill

Goodwill is amortized by the straight-line method over a period of up to 10 years in which it is effective. However, goodwill that is immaterial is charged to expense in the period.

12) Cash and cash equivalents

For the consolidated statements of cash flows, cash and cash equivalents are defined as cash on hand, deposits that can be withdrawn at any time and highly liquid short-term investments with a maturity date within three months after acquisition.

13) Other significant matters for preparing consolidated financial statements

- (a) Accounting for consumption tax

The accounting method for consumption tax is based on the tax excluded method.

- (b) Principles and procedures of accounting treatment adopted when the provisions of related accounting standards, etc. are not clear

The accounting method for joint venture (JV) in the construction industry is mainly based on the method of recognizing assets, liabilities, income and expenses according to the investment ratio of the members.

2) Estimates for impairment loss on fixed assets

- (a) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2021

Impairment loss ¥1,021 million (US\$9,228 thousand)

- (b) Information about the content of significant accounting estimates for the identified item

Asset grouping method is based on management accounting classification, and business assets used by the Companies are grouped by business establishment, and rental assets and idle assets are grouped by individual property.

As a result of examining the necessity of recording an impairment loss, if it is determined that it should be recognized, the carrying amount is reduced to the recoverable amount and the reduced amount is recorded as an impairment loss.

The recoverable value is calculated based on future cash flows, net selling price and discount rate.

However, since the estimate of the recoverable value is uncertain, if the preconditions for the estimate change due to economic conditions or deterioration of market conditions, it may affect the consolidated financial statements for the next consolidated fiscal year and thereafter.

4. Accounting Standards Issued but Not Yet Adopted

- Accounting Standard for Revenue Recognition (ASBJ Statement No.29 issued on March 31, 2020)
- Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30 issued on March 26, 2021)

1) Overview

It is a comprehensive accounting standard for revenue recognition.

Revenue is recognized by applying the following five steps.

Step 1 Identify the contract with the customer

Step 2 Identify the contractual performance obligation

Step 3 Arrive at value of the transaction

Step 4 Allocate value of the transaction to the contractual performance obligation

Step 5 Recognize revenue when satisfying performance obligation or satisfying

2) Planned date of adoption

From the beginning of the fiscal year ending March 31, 2022.

3) Effect of adoption of the guidance

The Companies applies the new accounting policy by responding as follows in accordance with the transitional measures stipulated in the proviso of article 84 of the "Revenue Recognition Accounting Standards".

If applied retroactively before the start of the consolidated fiscal year ending March 31, 2022, the cumulative impact will be added to or subtracted from retained earnings at the start of the consolidated fiscal year March 31, 2022.

In addition, the impact on retained earnings at the beginning of the consolidated fiscal year March 31, 2022 is minor.

5. Change in presentation methods

(Consolidated Statements of Cash Flows)

"Decrease (increase) in costs on real estate business" included in "Decrease (increase) in other current assets" of "Net cash provided by (used in) operating activities" in the fiscal year ended March 31, 2020 is described separately because of increase in materiality from the fiscal year ended March 31, 2021.

To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2020 have been reclassified.

As a result, "Decrease (increase) in other current assets" of "Net cash provided by (used in) operating activities" for consolidated statements of cash flows ¥(4,206) million (US\$(37,992) thousand) have been reclassified into "Decrease (increase) in costs on real estate business" ¥(1,962) million (US\$(17,727) thousand) and into "Decrease (increase) in other current assets" ¥(2,243) million (US\$(20,265) thousand).

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No.31 issued on March 31, 2020) is applied from the consolidated financial statements for the fiscal year ended March 31, 2021, and significant accounting estimates are described in the consolidated financial statements. However, due to the transitional measures stipulated in the proviso of Paragraph 11 of the Accounting Standards, the contents of the previous consolidated fiscal year aren't described.

6. Additional Information

(Performance-linked stock compensation plan for directors and executive officers)

1) Transaction summary

At the Board of Directors held on May 13, 2016 and the Company's 93th annual general meeting of shareholders held on June 29, 2016, matters concerning introduction of a performance-linked stock compensation plan for its directors and executive officers (the "Directors") was resolved. The plan is with the goal of increasing management consciousness to further enhancing the corporate value, performance over the medium-to-long-term and shareholders emphasis. The plan is incentive for the Directors. The Company's shares are acquired through the Board Incentive Plan Trust ("BIP Trust") and the Employee Stock Ownership Plan Trust ("ESOP Trust") and awarded to the Directors in accordance with achievement degree of performance targets.

2) The Company's own stock in the Trust

The Company's own stock in the Trust is recorded in treasury stock under net assets based on the value in the Trust (excluding ancillary expenses). The book value and the number of these treasury stocks in the Trust as of March 31, 2020 were ¥329 million and 647,016 shares (BIP Trust), ¥82 million and 164,378 shares (ESOP Trust). The book value and the number of these treasury stocks in the Trust as of March 31, 2021 were ¥324 million (\$2,930 thousand) and 636,603 shares (BIP Trust), ¥82 million (\$748 thousand) and 164,378 shares (ESOP Trust).

(Accounting estimates associated with the spread of COVID-19)

Regarding the impact of the spread of COVID-19 diseases, because the Companies have continued its business activities after implementing thorough infection prevention measures, and at the present time it is maintaining the same level as in normal times, therefore, in the current fiscal year accounting estimates are made under the assumption that the impact on business continuity and business performance will be limited.

Depending on the spread of COVID-19 and its impact on the economy, it may have a significant impact on the consolidated financial statements after the next consolidated fiscal year.

(Revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections)

"Revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No.24 issued on March 31, 2020) is applied from the consolidated financial statements for the fiscal year ended March 31, 2021, and "Principles and procedures of accounting treatment adopted when the provisions of related accounting standards, etc. are not clear" are described in the consolidated financial statements.

7. Notes to Consolidated Balance Sheets

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
1) Accumulated depreciation of property, plant and equipment	¥ 31,640	¥ 31,987	\$ 288,934
2) Advanced depreciation:			
Buildings and structures	40	46	422
Machinery, vehicles, tools, furniture and fixtures	3,865	4,784	43,212
Construction in progress	915	-	-
Intangible assets	8	8	76
Total	¥ 4,830	¥ 4,839	\$ 43,711
3) Investments in Non-consolidated subsidiaries and affiliates included in investment securities	¥ 2,346	¥ 6,619	\$ 59,787
4) Pledged assets and Secured debt			
① Pledged assets and Secured debt are as follows:			
Buildings	¥ 11	¥ -	\$ -
Land	29	-	-
Total	¥ 41	¥ -	\$ -
Liabilities secured thereby			
Short-term loans payable	¥ 18	¥ -	\$ -
Long-term loans payable	46	-	-
Total	¥ 65	¥ -	\$ -
② Assets pledged as collateral:			
Short-term investment securities	¥ 64	¥ -	\$ -
Investment securities	485	462	4,178
Long-term loans receivable	659	626	5,654
Total	¥ 1,209	¥ 1,088	\$ 9,833
5) Contingent liabilities (guarantee liabilities)	¥ 202	¥ 185	\$ 1,679
6) Loan commitment agreement:			
Maximum limit under the agreement	¥ 30,000	¥ 30,000	\$ 270,978
Loan balance outstanding	-	-	-
Difference (unused portion)	¥ 30,000	¥ 30,000	\$ 270,978

7) Land revaluation

Based on the Land Revaluation Law, the Company has revaluated land held for business use and has recorded any discrepancies in the consolidated balance sheets as revaluation reserve for land.

8) Provision for loss on construction contracts included in costs on uncompleted construction contracts

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Costs on uncompleted construction contracts	¥ 246	¥ 139	\$ 1,258

9) Change in holding purpose of assets

The following noncurrent assets were reclassified as real estate held for sale due to change in holding purpose.

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Buildings and structures	¥ 600	¥ 832	\$ 7,519
Land	1,788	1,557	14,065

8. Notes to Consolidated Statements of Income

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
1) Provision for loss on construction contracts included in costs of sales	¥ 458	¥ 1,721	\$ 15,552
2) Valuation loss on inventories included in costs of sales	¥ 67	¥ -	\$ -
3) Principal components of selling, general and administrative expenses:			
Employees' salaries and allowances	¥ 12,278	¥ 12,904	\$ 116,561
Provision for bonuses	4,672	4,431	40,025
Retirement benefit expenses	990	1,313	11,867
Provision (reversal) of allowance for doubtful accounts	(255)	264	2,393
4) Research and development expenditures included in selling, general and administrative expenses and construction costs	¥ 2,180	¥ 2,721	\$ 24,580
5) Gain on sales of noncurrent assets:			
Buildings and structures	¥ 9	¥ 8	\$ 77
Other	20	26	238
Total	¥ 30	¥ 35	\$ 316
6) Loss on abandonment of noncurrent assets:			
Buildings and structures	¥ 100	¥ 0	\$ 2
Other	94	22	202
Dismantlement cost	945	1,570	14,185
Total	¥ 1,141	¥ 1,593	\$ 14,391

7) Impairment loss on fixed assets

The group puts its assets for business purposes, primarily into main office and branch office. And other assets are put each properties. Impairment loss on fixed assets was as follows:

For the fiscal year ended March 31, 2020

Location	Purpose	Type	Impairment loss (Millions of Yen)
Kasuya District, Fukuoka Pref, Japan and others	Assets for businesses (Our company)	Building, Structure and Land	¥ 299

The recoverable value is computed as follows:

Assets decided to be abolished is zero, and assets with reduced profitability is the net sale value.

The net sale value is computed by withholding the cost of disposal from the sale value.

For the fiscal year ended March 31, 2021

Location	Purpose	Type	Impairment loss (Millions of Yen)	(Thousands of U.S. dollars)
Bunkyo Ward, Tokyo Pref, Japan and others	Assets for businesses (Our company)	Building and Structure	¥ 88	\$ 796
Goto City, Nagasaki Pref, Japan	Assets for businesses (Subsidiary)	Construction in progress, Machinery, vehicles, tools, furniture and fixture	¥ 933	\$ 8,432

The recoverable value is mainly value in use.

In the case of our company, assets decided to be abolished is zero, and assets with reduced profitability is the net sale value, and the net sale value is computed by withholding the cost of disposal from the sale value.

In the case of Offshore Wind Farm Construction Co., Ltd. (subsidiary), Value in use is measured as the sum of anticipated future cash flows discounted at a rate of 5.590%~5.788% for the fiscal year ended March 31, 2021. (The sum of anticipated future cash flows are expected to be caused by continued use and disposal after use.)

9. Notes to Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Reclassification and tax effect of comprehensive income for the years ended March 31			
Valuation difference on available-for-sale securities:			
Accrual	¥ (20,834)	¥ 42,466	\$ 383,584
Reclassification	(1,206)	(2,665)	(24,078)
Before adjust tax effect	(22,041)	39,800	359,506
Tax effect	6,664	(12,279)	(110,920)
Valuation difference on available-for-sale securities	¥ (15,377)	¥ 27,520	\$ 248,586
Deferred gains (losses) on hedges:			
Accrual	¥ (99)	¥ 149	\$ 1,351
Reclassification	39	24	223
Before adjust tax effect	(59)	174	1,574
Tax effect	18	(52)	(476)
Deferred gains (losses) on hedges	¥ (41)	¥ 121	\$ 1,097
Foreign currency translation adjustments:			
Accrual	¥ 187	¥ (1,527)	\$ (13,799)
Remeasurements of defined benefit plans:			
Accrual	¥ (1,010)	¥ 446	\$ 4,029
Reclassification	620	1,037	9,373
Before adjust tax effect	(390)	1,483	13,403
Tax effect	119	(454)	(4,101)
Remeasurements of defined benefit plans	(270)	1,029	9,301
Share of other comprehensive income of entities accounted for using equity method:			
Accrual	-	200	1,807
Total of other comprehensive income	¥ (15,501)	¥ 27,344	\$ 246,993

10. Notes to Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2020	Class of shares	Number of shares			
		April 1, 2019	Increase	Decrease	March 31, 2020
Issued stock	Common stock	322,656,796	-	-	322,656,796
Treasury stock	Common stock	16,070,685	2,069	44,616	16,028,138

For the fiscal year ended March 31, 2021	Class of shares	Number of shares			
		April 1, 2020	Increase	Decrease	March 31, 2021
Issued stock	Common stock	322,656,796	-	-	322,656,796
Treasury stock	Common stock	16,028,138	1,261	10,413	16,018,986

For the fiscal year ended March 31, 2020	Class of shares	Number of shares			
		Total Dividends	Dividends per share	Record date	Effective date
June 27, 2019 Resolution by Annual General Meeting of Shareholders	Common stock	¥6,140million	¥20.00	March 31, 2019	June 28, 2019
June 25, 2020 Resolution by Annual General Meeting of Shareholders	Common stock	¥7,993million	¥26.00	March 31, 2020	June 26, 2020

For the fiscal year ended March 31, 2021	Class of shares	Number of shares			
		Total Dividends	Dividends per share	Record date	Effective date
June 25, 2020 Resolution by Annual General Meeting of Shareholders	Common stock	¥7,993million (\$72,201thousand)	¥26.00	March 31, 2020	June 26, 2020
June 29, 2021 Resolution by Annual General Meeting of Shareholders	Common stock	¥6,148million (\$55,539thousand)	¥20.00	March 31, 2021	June 30, 2021

11. Notes to Consolidated Statements of Cash Flows

Reconciliation between cash and deposits on the consolidated balance sheets and cash and cash equivalents at the fiscal year-end:	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Cash and deposits of the consolidated balance sheets	¥ 106,453	¥ 95,037	\$ 858,432
(Less) time deposits with maturities of more than three months	(1,034)	(1,309)	(11,827)
Short-Term investment securities	20,000	10,000	90,326
Cash and cash equivalents of the consolidated statements of cash flows	¥ 125,418	¥ 103,727	\$ 936,931

Major assets acquired and liabilities assumed of the Companies which newly became consolidated subsidiaries through acquisitions during the year ended March 31, 2020
Information about assets acquired, liabilities assumed, acquisition cost and payment for purchase as of the date of consolidation is as follows:

	Millions of yen	
	2020	
Current assets	¥	465
Fixed assets		128
Goodwill		102
Current liabilities		(280)
Non-current liabilities		(98)
Acquisition cost of shares	¥	316
Cash and cash equivalents		(213)
Payment for purchase	¥	103

Major assets acquired and liabilities assumed of the Companies which newly became consolidated subsidiaries through acquisitions during the year ended March 31, 2021

None

12. Lease Transactions

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Future minimum lease payments under non-cancelable operating leases:			
Due within one year	¥ 720	¥ 875	\$ 7,911
Due after one year	1,881	2,139	19,321
Total	¥ 2,601	¥ 3,015	\$ 27,233
Future minimum lease income under non-cancelable operating leases:			
Due within one year	¥ 2,317	¥ 2,997	\$ 27,075
Due after one year	5,701	7,331	66,224
Total	¥ 8,019	¥ 10,329	\$ 93,300

13. Fair value of Financial Instrument

As of March 31, 2020	Millions of yen		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 106,453	¥ 106,453	¥ -
(2) Notes and accounts receivable - trade	163,440		
Allowance for doubtful accounts (Note1)	(106)		
	163,334	163,277	(57)
(3) Short-term investment securities, investment securities (Note2)	164,090	164,095	4
(4) Long-term loans receivable	782	817	34
Assets total	¥ 434,661	¥ 434,643	¥ (17)
(1) Notes and accounts payable - trade	¥ 105,305	¥ 105,305	¥ -
(2) Short-term loans payable	44,499	44,499	-
(3) Current portion of bonds payable	5,000	5,005	5
(4) Income taxes payable	7,374	7,374	-
(5) Bonds payable	30,100	29,979	(121)
(6) Long-term loans payable	32,201	32,289	87
Liabilities total	¥ 224,480	¥ 224,452	¥ (27)
Derivative transactions (Note3)	¥ (16)	¥ (16)	-

Note: 1. Accounts receivable-trade is deducted from allowance for doubtful accounts.

2. The fair value of unlisted stocks is considered to be extremely difficult to calculate, as there are no market prices and no valuations of future cash flow. Therefore, these stocks are not included in "Short-term investment securities and investment securities."

3. Net receivables/payables arising from derivatives are shown. Items that are net payables are shown in parenthesis.

Unlisted stocks

As of March 31, 2020(stated at book value)

Stocks of non-consolidated subsidiaries and affiliated companies
which are not accounted for by the equity method:

	Millions of yen
Stocks of subsidiaries	¥ 74
Stocks of affiliated companies	334
Investments in Limited Liability Company	376
Subsidiaries preferred equity securities	50
Affiliated companies preferred equity securities	1,200
Investments in silent partnerships	310
Other investment securities	
Unlisted stocks	¥ 5,431
Unlisted preferred equity securities	140
Trust beneficiary right	1,040
Others	4,675

As of March 31, 2021	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and deposits	¥ 95,037	¥ 95,037	¥ -	\$ 858,432	\$ 858,432	\$ -
(2) Notes and accounts receivable - trade	209,347	209,261	(85)	1,890,950	1,890,178	(771)
(3) Short-term investment securities, investment securities (Note1)	193,074	193,252	178	1,743,968	1,745,577	1,609
(4) Long-term loans receivable	842	887	44	7,607	8,013	406
Assets total	¥ 498,301	¥ 498,438	¥ 137	\$ 4,500,959	\$ 4,502,203	\$ 1,244
(1) Notes and accounts payable - trade	¥ 114,000	¥ 114,000	¥ -	\$ 1,029,718	\$ 1,029,718	\$ -
(2) Short-term loans payable and Commercial papers-liabilities	68,297	68,297	-	616,902	616,902	-
(3) Income taxes payable	8,525	8,525	-	77,009	77,009	-
(4) Bonds payable	50,100	49,995	(104)	452,533	451,589	(943)
(5) Long-term loans payable	32,643	32,684	40	294,857	295,222	365
Liabilities total	¥ 273,566	¥ 273,502	¥ (64)	\$ 2,471,021	\$ 2,470,443	\$ (578)
Derivative transactions (Note2)	¥ 150	¥ 150	¥ -	\$ 1,354	\$ 1,354	\$ -

Note: 1. The fair value of unlisted stocks is considered to be extremely difficult to calculate, as there are no market prices and no valuations of future cash flow. Therefore, these stocks are not included in "Short-term investment securities and investment securities".

2. Net receivables/payables arising from derivatives are shown.

Unlisted stocks

As of March 31, 2021 (stated at book value)

	Millions of yen	Thousands of U.S. dollars
Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for by the equity method:		
Stocks of subsidiaries	¥ 55	\$ 504
Stocks of affiliated companies	4,175	37,718
Investments in Limited Liability Company	349	3,154
Affiliated companies preferred equity securities	1,200	10,839
Investments in silent partnerships	838	7,571
Other investment securities		
Unlisted stocks	¥ 5,444	\$ 49,181
Unlisted preferred equity securities	140	1,268
Trust beneficiary right	1,040	9,400
Others	4,070	36,770

14. Marketable Securities and Investment Securities

Held-to-maturity debt securities:

As of March 31, 2020	Millions of yen		
	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥ 2,203	¥ 2,367	¥ 163
Securities with a fair value that does not exceed the book value	1,721	1,562	(158)
Total	¥ 3,925	¥ 3,930	¥ 4

Available-for-sale securities with a fair value:

As of March 31, 2020	Millions of yen		
	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:			
Stocks	¥ 120,379	¥ 43,277	¥ 77,102
Bonds	219	200	19
Others	8,844	8,151	693
Subtotal	129,443	51,628	77,814
Securities with a book value that does not exceed the acquisition cost:			
Stocks	10,242	13,519	(3,276)
Bonds	114	115	(0)
Others	20,363	20,400	(36)
Subtotal	30,720	34,035	(3,314)
Total	¥ 160,164	¥ 85,663	¥ 74,500

Note: We chose not to describe the detail in the report due to its immateriality.

For the fiscal year ended March 31, 2020	Millions of yen		
	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥ 3,907	¥ 1,247	39

Held-to-maturity debt securities:

As of March 31, 2021	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with a fair value that exceeds the book value	¥ 4,134	¥ 4,320	¥ 185	\$ 37,347	\$ 39,025	\$ 1,677
Securities with a fair value that does not exceed the book value	717	710	(7)	6,484	6,416	(67)
Total	¥ 4,852	¥ 5,030	¥ 178	\$ 43,831	\$ 45,441	\$ 1,609

Available-for-sale securities with a fair value:

As of March 31, 2021	Millions of yen			Thousands of U.S. dollars		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with a book value that exceeds the acquisition cost:						
Stocks	¥ 161,047	¥ 46,958	¥ 114,089	\$ 1,454,682	\$ 424,158	\$ 1,030,523
Bonds	640	615	25	5,782	5,555	227
Others	9,415	8,481	933	85,046	76,610	8,435
Subtotal	171,103	56,055	115,048	1,545,511	506,324	1,039,187
Securities with a book value that does not exceed the acquisition cost:						
Stocks	6,527	7,039	(512)	58,956	63,583	(4,626)
Bonds	99	100	(0)	898	903	(4)
Others	10,491	10,491	-	94,770	94,770	-
Subtotal	17,118	17,631	(512)	154,625	159,256	(4,631)
Total	¥ 188,222	¥ 73,686	¥ 114,535	\$ 1,700,136	\$ 665,580	\$ 1,034,555

Note: The Companies recognized losses on write-down of ¥481 million (US\$4,347 thousand) for securities (¥431 million (US\$3,896 thousand) for available-for-sale securities and ¥50 million (US\$451 thousand) for securities without a fair value).

Write-down losses are recognized in each of following cases.

Case of securities with a fair value

- Fair value of fiscal year end and quarter settlement day in a row decline more than 30% compared to book value in succession.
- Fair value declined more than 50% compared to book value.

Case of securities without a fair value

- Net worth of equivalent of Equity declines more than 50% compared to acquisition cost.

For the fiscal year ended March 31, 2021	Millions of yen			Thousands of U.S. dollars		
	Sales amount	Total gain on sales	Total loss on sales	Sales amount	Total gain on sales	Total loss on sales
Available-for-sale securities sold	¥ 6,129	¥ 2,637	¥ 424	\$ 55,366	\$ 23,820	\$ 3,838

15. Derivative Transactions

For the year ended March 31, 2020

Derivative transactions to which the hedge accounting method is not applied:

None

Derivative transactions to which the hedge accounting method is applied:

(1) Currency-related transactions

Method of processing	Measures	Objects	Millions of yen		
			Contract amount	more than 1 year	Estimated fair value
	Forward foreign exchange contracts				
Method in principle	Buy EUR	Forecasted purchasing transaction	¥ 816	¥ -	¥ (38)
	Buy USD	Forecasted purchasing transaction	¥ 798	¥ -	¥ 21
Total			¥ 1,615	¥ -	¥ (16)

Estimated fair value was calculated based on price information provided by the counterparty financial institution.

(2) Interest-related transactions

Method of processing	Measures	Objects	Millions of yen		
			Contract amount	more than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Payment fixed, Receive floating	Long-term loans payable	¥ 6,720	¥ 5,300	*

(*) The fair value of interest rate swaps that qualify for special treatment is included in long-term loans payable.

For the year ended March 31, 2021

Derivative transactions to which the hedge accounting method is not applied:

None

Derivative transactions to which the hedge accounting method is applied:

(1) *Currency-related transactions*

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Method in principle	Forward foreign exchange contracts							
	Buy EUR	Forecasted purchasing transaction	¥ 2,944	¥ 2,531	¥ 45	\$ 26,599	\$ 22,868	\$ 409
	Buy USD	Forecasted purchasing transaction	¥ 1,640	¥ 1,300	¥ 104	\$ 14,815	\$ 11,749	\$ 945
Total			¥ 4,585	¥ 3,832	¥ 150	\$ 41,414	\$ 34,618	\$ 1,354

Estimated fair value was calculated based on price information provided by the counterparty financial institution.

(2) *Interest-related transactions*

Method of processing	Measures	Objects	Millions of yen			Thousands of U.S. dollars		
			Contract amount	more than 1 year	Estimated fair value	Contract amount	more than 1 year	Estimated fair value
Exceptional treatment of interest rate swaps	Interest rate swaps Payment fixed , Receive floating	Long-term loans payable	¥ 7,580	¥ 2,300	*	\$ 68,467	\$ 20,774	*

(*) The fair value of interest rate swaps that qualify for special treatment is included in long-term loans payable.

16. Retirement Benefits

The Company has a defined benefit plan that consists of a defined benefit pension plan and a lump-sum benefit plan, and has also a corporate defined contribution pension plan since April 2020.

Some of the foreign consolidated subsidiaries have defined contribution plans. And the other consolidated subsidiaries have lump-sum benefit plans.

The schedule of the defined benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Balance at the beginning of the fiscal year	¥ 42,591	¥ 42,750	\$ 386,151
Service cost	2,188	2,251	20,333
Interest cost	82	82	744
Actuarial gain and loss	661	335	3,026
Benefit paid	(2,776)	(2,223)	(20,088)
other	2	(2)	(20)
Balance at the end of the fiscal year	¥ 42,750	¥ 43,193	\$ 390,147

The schedule of the pension assets

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Balance at the beginning of the fiscal year	¥ 23,075	¥ 22,710	\$ 205,132
Expected return on pension assets	273	270	2,440
Actuarial gain and loss	(348)	781	7,056
Contributions by the employer	855	857	7,749
Benefit paid	(1,145)	(930)	(8,405)
Balance at the end of the fiscal year	¥ 22,710	¥ 23,689	\$ 213,973

The reconciliation of the defined benefit obligations and pension assets to the liabilities and assets on retirement benefits recognized in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Retirement benefit obligation of funded plan	¥ 21,486	¥ 21,722	\$ 196,214
Pension assets	(22,710)	(23,689)	(213,973)
	(1,223)	(1,966)	(17,759)
Retirement benefit obligation of unfunded plan	21,263	21,470	193,933
Net amount of liabilities and assets recognized in consolidated balance sheet	20,040	19,504	176,173
Net defined benefit liability	21,263	21,470	193,933
Net defined benefit asset	(1,223)	(1,966)	(17,759)
Net amount of liabilities and assets recognized in consolidated balance sheet	¥ 20,040	¥ 19,504	\$ 176,173

The breakdown of items in retirement benefit costs

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Service cost	¥ 2,188	¥ 2,251	\$ 20,333
Interest cost	82	82	744
Expected return on pension assets	(273)	(270)	(2,440)
Amortization of actuarial differences	620	1,037	9,373
Retirement benefit costs	¥ 2,618	¥ 3,101	\$ 28,011

Remeasurements of defined benefit plans	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Actuarial gain and loss	¥ 390	¥ 1,483	\$ 13,403
Total	¥ 390	¥ 1,483	\$ 13,403
Unrecognized remeasurements of defined benefit plans	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Unrecognized actuarial (gain) loss	¥ 1,862	¥ 378	\$ 3,416
Total	¥ 1,862	¥ 378	\$ 3,416
The breakdown of pension assets by major category	2020	2021	
Bonds	25%	25%	
Equities	6%	8%	
General account other	62%	57%	
Total	100%	100%	
The items of actuarial assumptions	2020	2021	
Discount rate	0.20%	0.20%	
Expected long-term return on pension assets	1.20%	1.20%	
Expected rate of salary raise	5.60%	5.60%	
Required amount of contribution to the corporate defined contribution pension plan	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
	¥ -	¥ 364	\$ 3,296

17. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2020 and 2021 are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Deferred tax assets:			
Real estate for sale	¥ 160	¥ 173	\$ 1,565
Buildings, structures and land	1,357	1,111	10,039
Investment securities	382	305	2,757
Allowance for doubtful receivables	364	447	4,038
Provision for bonuses	1,996	2,160	19,512
Provision for loss on construction contracts	984	797	7,207
Net defined benefit liability	6,531	6,589	59,516
Tax loss carryforwards	519	673	6,080
Other	4,065	4,681	42,283
Subtotal	16,363	16,938	153,002
Less: valuation allowance	(3,437)	(4,035)	(36,447)
Deferred tax assets	¥ 12,925	¥ 12,903	\$ 116,555
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(22,694)	(34,974)	(315,906)
Net defined benefit asset	(375)	(602)	(5,444)
Other	(957)	(1,186)	(10,714)
Deferred tax liabilities	(24,027)	(36,762)	(332,065)
Net deferred tax assets (liabilities)	¥ (11,101)	¥ (23,859)	\$ (215,509)

In addition to the above, the Companies recognized deferred tax liabilities of ¥6,791million and ¥6,389million (US\$57,716 thousand) related to revaluation reserve for land at March 31, 2020 and 2021, respectively.

Reconciliation between the statutory tax rate and the effective tax rate	2020	2021
Statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	2.3%	1.1%
Non-taxable income	(0.7%)	(0.6%)
Inhabitant taxes (per capita levy)	0.5%	0.7%
Valuation allowance	0.5%	2.0%
Other	0.1%	(0.8%)
Effective tax rate	33.3%	33.0%

18. Asset Retirement Obligations

The asset retirement obligations in financial statement

We chose not to describe the detail in the report due to its immateriality.

19. Investment and Rental Properties

As of March 31, 2020	Millions of yen	
	Book Value	Fair Value
Real estate for rent	¥ 95,193	¥ 185,830

As of March 31, 2021	Millions of yen		Thousands of U.S. dollars	
	Book Value	Fair Value	Book Value	Fair Value
Real estate for rent	¥ 109,727	¥ 190,751	\$ 991,125	\$ 1,722,979

20. Segment Information

Changes in Reportable Segments

From the consolidated fiscal year ended March 31, 2021, the Company changes the reportable segments from six reportable segments to five reportable segments in order to match the reportable segment categories, the segment categories in the "Medium-Term Management Plan 2024" and the segment categories in the monthly report materials of the Board of Directors.

Accordingly, the actual figures for the consolidated fiscal year ended March 31, 2020 are restated to reflect the changes in reportable segments.

For the year ended March 31, 2020	Millions of yen								
	Reporting segments						Total	Adjustments	Consolidated
	Building Construction	Civil Engineering	Investment Development	Domestic Group Companies	New business fields				
Net sales:									
Customers	¥ 354,685	¥ 115,459	¥ 13,480	¥ 33,131	¥ 1,927	¥ 518,683	¥ -	¥ 518,683	
Inter-segment	7,593	1,609	883	19,131	0	29,219	(29,219)	-	
Total	362,278	117,069	14,364	52,263	1,928	547,903	(29,219)	518,683	
Segment profit (loss)	¥ 19,978	¥ 10,649	¥ 3,939	¥ 2,024	¥ (355)	¥ 36,237	¥ (994)	¥ 35,243	
Depreciation and amortization	¥ 1,186	¥ 302	¥ 891	¥ 185	¥ 427	¥ 2,994	¥ -	¥ 2,994	
Amortization of goodwill	¥ -	¥ -	¥ 69	¥ 102	¥ -	¥ 171	¥ -	¥ 171	
Impairment loss on fixed assets	¥ -	¥ -	¥ 245	¥ -	¥ -	¥ 245	¥ 54	¥ 299	

For the year ended March 31, 2021	Millions of yen								
	Reporting segments						Total	Adjustments	Consolidated
	Building Construction	Civil Engineering	Investment Development	Domestic Group Companies	New business fields				
Net sales:									
Customers	¥ 322,808	¥ 133,098	¥ 12,184	¥ 37,035	¥ 2,006	¥ 507,134	¥ -	¥ 507,134	
Inter-segment	5,204	3,260	847	18,785	-	28,097	(28,097)	-	
Total	328,012	136,359	13,031	55,821	2,006	535,231	(28,097)	507,134	
Segment profit (loss)	¥ 9,166	¥ 14,110	¥ 4,212	¥ 2,282	¥ (1,025)	¥ 28,746	¥ (1,049)	¥ 27,697	
Depreciation and amortization	¥ 1,380	¥ 375	¥ 1,193	¥ 223	¥ 660	¥ 3,834	¥ -	¥ 3,834	
Amortization of goodwill	¥ -	¥ -	¥ 69	¥ -	¥ 17	¥ 86	¥ -	¥ 86	
Impairment loss on fixed assets	¥ -	¥ -	¥ -	¥ -	¥ 933	¥ 933	¥ 88	¥ 1,021	

For the year ended March 31, 2021	Thousands of U.S. dollars								
	Reporting segments						Total	Adjustments	Consolidated
	Building Construction	Civil Engineering	Investment Development	Domestic Group Companies	New business fields				
Net sales:									
Customers	\$ 2,915,803	\$ 1,202,228	\$ 110,056	\$ 334,531	\$ 18,126	\$ 4,580,746	\$ -	\$ 4,580,746	
Inter-segment	47,008	29,451	7,653	169,679	-	253,792	(253,792)	-	
Total	2,962,811	1,231,680	117,709	504,210	18,126	4,834,539	(253,792)	4,580,746	
Segment profit (loss)	\$ 82,798	\$ 127,457	\$ 38,053	\$ 20,615	\$ (9,266)	\$ 259,659	\$ (9,480)	\$ 250,178	
Depreciation and amortization	\$ 12,470	\$ 3,391	\$ 10,782	\$ 2,022	\$ 5,964	\$ 34,631	\$ -	\$ 34,631	
Amortization of goodwill	\$ -	\$ -	\$ 625	\$ -	\$ 154	\$ 780	\$ -	\$ 780	
Impairment loss on fixed assets	\$ -	\$ -	\$ -	\$ -	\$ 8,432	\$ 8,432	\$ 796	\$ 9,228	

- Notes: 1. Adjustments of segment profit (loss) is negative ¥994million and negative ¥1,049million (US\$9,480 thousand) elimination of intersegment transactions.
 2. Segment profit (loss) is adjusted in accordance with operating income as recorded in the consolidated statements of income.
 3. Impairment loss on fixed assets that don't belong to the reporting segments are ¥54million and ¥88million (US\$796 thousand), and are described in the adjustments.

The Companies operate in the following 5 reporting segments:

Building Construction	Domestically and overseas our company's research, planning, design, management and execution of building construction work, and architectural and comprehensive engineering and consulting related thereto
Civil Engineering	Domestically and overseas our company's research, planning, design, management and execution of civil engineering work, such as tunnel construction, and architectural and comprehensive engineering and consulting related thereto
Investment Development	Domestically real estate development, resale and rent of real estate
Domestic Group Companies	Business carried out by domestic consolidated subsidiaries (building construction, civil engineering, real estate mainly for building management, hotel business, worker dispatching mainly for the group companies and financing and leasing)
New business fields	Overseas resale and rent of real estate, and onshore wind power generation business overseas, and floating offshore wind power generation business, agricultural diversification and other new business

21. Related Party Transactions

Related party transactions between the Corporation and related parties

Directors and principal shareholders (only individual shareholders), etc., of the Corporation

For the year ended March 31, 2020
None

For the year ended March 31, 2021
None

22. Per Share Information

As of March 31	Yen		U.S. dollars
	2020	2021	2021
Net assets per share of common stock	¥ 883.35	¥1,011.02	\$ 9.132
Profit for the year per share of common stock	84.30	64.36	0.581

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Basis for calculation of net assets per share:			
Total net assets	¥ 273,496	¥ 312,533	\$ 2,822,993
Amount attributable to items other than common stock	2,635	2,515	22,717
Net assets attributable to common stock	¥ 270,860	¥ 310,018	\$ 2,800,275
Number of shares of common stock outstanding at fiscal year-end	306,628,658 shares	306,637,810 shares	
Basis for calculation of profit for the year per share:			
Profit for the year attributable to owners of the parent	¥ 25,845	¥ 19,735	\$ 178,266
Profit for the year attributable to owners of the parent attributable to common stock	¥ 25,845	¥ 19,735	\$ 178,266
Average number of shares of common stock outstanding during the fiscal year	306,609,879 shares	306,633,969 shares	

23. Significant Subsequent Events

(The issue of unsecured straight bonds)

The Board of Directors has resolved the issuance of unsecured straight bonds at February 26, 2021, and the Company has issued the unsecured straight bonds under the following terms and conditions at June 3, 2021.

- (1) Name of issue
The 8th unsecured straight bonds (subject to a limited inter-bond pari passu clause)
- (2) Issue amount
¥10,000million (US\$90,326 thousand)
- (3) Interest rate
0.14%
- (4) Redemption period
June 3, 2026 (5 years)
- (5) Issue price
¥100 for face value of ¥100
- (6) Redemption price
¥100 for face value of ¥100
- (7) Redemption method
Lump-sum redemption upon maturity
- (8) Purpose of the funds
Working capital and Equipment investment

Non-consolidated Balance Sheets

Toda Corporation - As of March 31, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
ASSETS			
Current assets:			
Cash and deposits	¥ 82,538	¥ 80,149	\$ 723,956
Notes receivable - trade	1,378	216	1,956
Electronically recorded monetary claims - operating	1,674	1,653	14,931
Accounts receivable from completed construction contracts	148,604	196,472	1,774,659
Short-term investment securities (Notes 6.2))	20,064	10,000	90,326
Real estate for sale (Notes 6.5))	9,873	11,076	100,049
Costs on uncompleted construction contracts	13,592	9,322	84,202
Costs on real estate business	3,012	7,095	64,091
Raw materials and supplies	531	567	5,129
Accounts receivable - other	1,413	1,659	14,987
Advanced paid	13,117	18,144	163,896
Other	2,086	8,964	80,976
Allowance for doubtful accounts	(1,057)	(1,225)	(11,070)
Total current assets	296,830	344,096	3,108,091
Noncurrent assets:			
Property, plant and equipment			
Buildings	39,215	48,033	433,869
Accumulated depreciation	(16,676)	(17,594)	(158,921)
Buildings, net (Notes 6.1) and 5))	22,538	30,439	274,947
Structures	1,824	2,066	18,666
Accumulated depreciation	(1,321)	(1,371)	(12,384)
Structures, net (Notes 6.5))	503	695	6,281
Machinery and equipment	5,941	6,410	57,904
Accumulated depreciation	(5,136)	(5,136)	(46,393)
Machinery and equipment, net	805	1,274	11,511
Vehicles	85	90	816
Accumulated depreciation	(78)	(81)	(740)
Vehicles, net	7	8	75
Tools, furniture and fixtures	1,858	2,020	18,246
Accumulated depreciation	(1,336)	(1,527)	(13,793)
Tools, furniture and fixtures, net (Notes 6.1))	522	492	4,452
Land (Notes 6.5))	73,863	75,433	681,365
Lease assets	306	297	2,688
Accumulated depreciation	(234)	(249)	(2,255)
Lease assets, net	72	47	433
Construction in progress	6,244	9,634	87,027
Total property, plant and equipment	104,557	118,027	1,066,095

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Intangible assets			
Leasehold right	5,123	5,123	46,282
Software (Notes 6.1))	2,071	2,038	18,415
Goodwill	-	450	4,068
Other	749	1,685	15,220
Total intangible assets	7,945	9,298	83,987
Investments and other assets:			
Investment securities	149,484	186,874	1,687,966
Stocks of subsidiaries and affiliates (Notes 6.2) and 8)	24,653	21,542	194,585
Investments in other securities of subsidiaries and affiliates (Notes 8)	1,937	2,387	21,565
Investments in capital	2	23	209
Long-term loans receivable	3	102	928
Long-term loans receivable from employees	10	10	96
Long-term loans receivable from subsidiaries and affiliates (Notes 6.2))	1,963	1,803	16,288
Claims provable in bankruptcy, claims provable in rehabilitation and other	0	0	1
Long-term prepaid expenses	423	356	3,216
Long-term non-operating accounts receivable	-	109	990
Prepaid pension cost	2,470	1,906	17,222
Other	2,814	2,891	26,120
Allowance for doubtful accounts	(95)	(201)	(1,816)
Total investments and other assets	183,667	217,807	1,967,373
Total noncurrent assets	296,169	345,133	3,117,455
Total assets	¥ 593,000	¥ 689,230	\$ 6,225,546

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
LIABILITIES			
Current liabilities:			
Notes payable - trade	¥ 1,644	¥ 2,781	\$ 25,122
Electronically recorded obligations - operating	22,870	21,043	190,081
Accounts payable for construction contracts	73,799	83,193	751,453
Short-term loans payable	40,516	43,758	395,253
Commercial paper	-	20,000	180,652
Current portion of bonds payable	5,000	-	-
Lease obligations	21	17	157
Accounts payable - other	2,460	4,427	39,989
Income taxes payable	6,293	7,955	71,863
Advances received on uncompleted construction contracts	26,585	23,650	213,621
Deposits received	26,756	32,142	290,330
Provision for bonuses	5,850	6,478	58,513
Provision for warranties for completed construction	4,247	3,548	32,050
Provision for loss on construction contracts	3,051	2,521	22,774
Deposits received from employees	9,426	10,383	93,791
Other	5,485	1,115	10,079
Total current liabilities	234,009	263,017	2,375,737
Noncurrent liabilities:			
Bonds payable	30,000	50,000	451,630
Long-term loans payable	32,054	30,043	271,366
Lease obligations	54	36	330
Deferred tax liabilities (Notes 9)	11,876	24,251	219,055
Deferred tax liabilities for land revaluation (Notes 9)	6,791	6,389	57,716
Provision for retirement benefits	19,838	20,219	182,637
Provision for directors' retirement benefits	125	127	1,155
Provision for stock payments for directors	188	236	2,139
Provision for loss on business of subsidiaries and affiliates	250	427	3,857
Asset retirement obligations	446	444	4,017
Other	2,517	2,922	26,400
Total noncurrent liabilities	104,142	135,100	1,220,307
Total liabilities	338,152	398,118	3,596,045
NET ASSETS			
Shareholders' equity:			
Capital stock	23,001	23,001	207,764
Capital surplus			
Legal capital surplus	25,573	25,573	230,992
Total capital surplus	25,573	25,573	230,992
Retained earnings			
Legal retained earnings	5,750	5,750	51,941
Other retained earnings			
Reserve for construction	50,000	50,000	451,630
General reserve	71,774	91,774	828,965
Retained earnings brought forward	31,610	21,187	191,377
Total retained earnings	159,135	168,712	1,523,913
Treasury stock	(9,392)	(9,388)	(84,800)
Total shareholders' equity	198,317	207,899	1,877,870
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	51,957	79,430	717,466
Deferred gains on hedges	(11)	108	977
Revaluation reserve for land	4,584	3,674	33,187
Total valuation and translation adjustments	56,530	83,213	751,631
Total net assets	254,848	291,112	2,629,501
Total liabilities and net assets	¥ 593,000	¥ 689,230	\$ 6,225,546

Non-consolidated Statements of Income

Toda Corporation - For the years of March 31, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Net sales:			
Net sales of construction contracts	¥ 458,550	¥ 448,130	\$ 4,047,785
Net sales of investment development business and other	12,865	13,249	119,681
Total net sales	471,416	461,380	4,167,466
Cost of sales:			
Cost of sales of construction contracts	399,938	395,887	3,575,900
Cost of sales of investment development business and other	7,995	7,631	68,929
Total cost of sales	407,933	403,519	3,644,830
Gross profit:			
Gross profit on construction contracts	58,612	52,242	471,884
Gross profit on investment development business and other	4,870	5,618	50,751
Total gross profit	63,482	57,861	522,636
Selling, general and administrative expenses			
Directors' compensations	406	440	3,976
Provision for share allocation to directors	38	53	485
Employees' salaries and allowances	10,515	10,970	99,092
Provision for bonuses	4,508	4,255	38,434
Provision for directors' retirement benefits	47	99	901
Retirement benefit expenses	923	1,250	11,295
Legal welfare expenses	1,612	1,693	15,300
Welfare expenses	681	724	6,548
Repair and maintenance	407	235	2,127
Stationery expenses	2,059	1,968	17,781
Correspondence and transportation expenses	1,089	763	6,900
Power utilities expenses	120	84	761
Research study expenses	1,683	2,438	22,027
Advertising expenses	330	324	2,933
Provision of allowance for doubtful accounts	(251)	293	2,654
Entertainment expenses	798	499	4,513
Contribution	172	197	1,785
Rents	1,821	1,886	17,036
Depreciation	420	545	4,925
Amortization of goodwill	-	69	625
Taxes and dues	1,698	2,201	19,889
Insurance expenses	34	35	316
Miscellaneous expenses	1,791	1,637	14,791
Total selling, general and administrative expenses	30,911	32,671	295,106
Operating income	32,571	25,189	227,529
Non-operating income:			
Interest income	44	60	542
Interest on securities	0	0	1
Dividend income	3,528	3,413	30,828
Dividend income of insurance	238	257	2,321
Miscellaneous income	682	819	7,405
Total non-operating income	4,494	4,550	41,099
Non-operating expenses:			
Interest expenses	927	790	7,136
Interest on bonds	108	165	1,499
Commission fee	456	518	4,682
Miscellaneous expenses	310	196	1,771
Total non-operating expenses	1,802	1,670	15,089
Ordinary income	35,262	28,069	253,540
Extraordinary income:			
Gain on sales of noncurrent assets (Notes 7.1))	11	18	169
Gain on sales of investment securities	1,246	2,610	23,576
Settlement received	1,174	-	-
Other	4	84	765
Total extraordinary income	2,437	2,713	24,512

Extraordinary loss:

Loss on abandonment of noncurrent assets (Notes 7.2))	1,133	1,603	14,480
Impairment loss	299	88	796
Loss on valuation of investment securities	232	431	3,896
Loss on valuation of stocks of subsidiaries and affiliates	76	3,005	27,149
Provision for loss on business of subsidiaries and affiliates	87	176	1,596
Other	104	634	5,732
Total extraordinary losses	1,933	5,939	53,651
Profit before income taxes and non-controlling interests	35,766	24,843	224,400
Income taxes-current	11,762	8,987	81,182
Income taxes-deferred	(166)	(804)	(7,268)
Total income taxes (Notes 9)	11,595	8,182	73,913
Profit for the year	¥ 24,170	¥ 16,660	\$ 150,487

Non-consolidated Statements of Changes in Net Assets

Toda Corporation - For the years ended March 31, 2020 and 2021

	Millions of Yen															
	Shareholders' equity									Valuation and translation adjustments				Total net assets		
	Capital stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges		Revaluation reserve for land	Total valuation and translation adjustments
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings								
				Reserve for construction	General reserve	Retained earnings brought forward										
Balance at March 31, 2019	23,001	25,573	-	25,573	5,750	50,000	56,774	27,596	140,121	(9,438)	179,257	67,289	29	5,592	72,912	252,170
Changes during period																
Provision of general reserve	-	-	-	-	-	-	15,000	(15,000)	-	-	-	-	-	-	-	-
Dividends from surplus	-	-	-	-	-	-	(6,140)	(6,140)	-	(6,140)	-	-	-	-	-	(6,140)
Profit for the year	-	-	-	-	-	-	24,170	24,170	-	24,170	-	-	-	-	-	24,170
Disposal of treasury stock	-	-	(24)	(24)	-	-	-	-	267	243	-	-	-	-	-	243
Purchase of treasury stock	-	-	-	-	-	-	-	-	(222)	(222)	-	-	-	-	-	(222)
Transfer of loss on disposal of treasury stock	-	-	24	24	-	-	(24)	(24)	-	-	-	-	-	-	-	-
Reversal of revaluation reserve for land	-	-	-	-	-	-	1,008	1,008	-	1,008	-	-	-	-	-	1,008
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	(15,332)	(41)	(1,008)	(16,381)	(16,381)	
Total changes of items during the period	-	-	-	-	-	-	15,000	4,014	19,014	45	19,059	(15,332)	(41)	(1,008)	(16,381)	2,678
Balance at March 31, 2020	23,001	25,573	-	25,573	5,750	50,000	71,774	31,610	159,135	(9,392)	198,317	51,957	(11)	4,584	56,530	254,848
Changes during period																
Provision of general reserve	-	-	-	-	-	-	20,000	(20,000)	-	-	-	-	-	-	-	-
Dividends from surplus	-	-	-	-	-	-	(7,993)	(7,993)	-	(7,993)	-	-	-	-	-	(7,993)
Profit for the year	-	-	-	-	-	-	16,660	16,660	-	16,660	-	-	-	-	-	16,660
Disposal of treasury stock	-	-	-	-	-	-	-	-	5	5	-	-	-	-	-	5
Purchase of treasury stock	-	-	-	-	-	-	-	-	(0)	(0)	-	-	-	-	-	(0)
Transfer of loss on disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation reserve for land	-	-	-	-	-	-	909	909	-	909	-	-	-	-	-	909
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	27,472	119	(909)	26,682	26,682	
Total changes of items during the period	-	-	-	-	-	-	20,000	(10,422)	9,577	4	9,581	27,472	119	(909)	26,682	36,263
Balance at March 31, 2021	23,001	25,573	-	25,573	5,750	50,000	91,774	21,187	168,712	(9,388)	207,899	79,430	108	3,674	83,213	291,112

Thousands of U.S. dollars																
Shareholders' equity										Valuation and translation adjustments			Total net assets			
Capital stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments				
	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings										Total retained earnings	
					Reserve for construction	General reserve	Retained earnings brought forward									
Balance at March 31, 2020	207,764	230,992	-	230,992	51,941	451,630	648,313	285,524	1,437,408	(84,840)	1,791,325	469,314	(103)	41,407	510,618	2,301,943
Changes during period																
Provision of general reserve	-	-	-	-	-	-	180,652	(180,652)	-	-	-	-	-	-	-	-
Dividends from surplus	-	-	-	-	-	-	-	(72,201)	(72,201)	-	(72,201)	-	-	-	-	(72,201)
Profit for the year	-	-	-	-	-	-	-	150,487	150,487	-	150,487	-	-	-	-	150,487
Disposal of treasury stock	-	-	-	-	-	-	-	-	-	47	47	-	-	-	-	47
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(8)	(8)	-	-	-	-	(8)
Transfer of loss on disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	8,219	8,219	-	8,219	-	-	-	-	8,219
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-	-	248,151	1,080	(8,219)	241,013	241,013	
Total changes of items during the period	-	-	-	-	-	-	180,652	(94,146)	86,505	39	86,545	248,151	1,080	(8,219)	241,013	327,558
Balance at March 31, 2021	207,764	230,992	-	230,992	51,941	451,630	828,965	191,377	1,523,913	(84,800)	1,877,870	717,466	977	33,187	751,631	2,629,501

Notes to Non-consolidated Financial Statements

Toda Corporation

1. Basis of Presenting Non-consolidated Financial Statements

The non-consolidated financial statements presented herein of Toda Corporation (the "Company") are prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles generally accepted in Japan.

These non-consolidated financial statements incorporate certain modifications in format so as to make the financial statements more meaningful to readers outside Japan.

These modifications have no effect on total assets, net sales, retained earnings or profit for the year.

(U.S. Dollar Amounts)

The accounts of non-consolidated financial statements presented herein are expressed in Japanese yen by rounding down to nearest million.

The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥110.71 = US\$1, the exchange rate prevailing on the Tokyo foreign exchange market on March 31, 2021, and have been then rounded down to the nearest thousand. This translation should not be construed as a representation that the yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate.

2. Summary of Significant Accounting Policies

1) Standards and evaluation methods for significant assets

(a) Short term investment securities and investment securities

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Stocks of subsidiaries and affiliates

Stated at cost, determined by the moving-average method

Available-for-sale securities

• Securities with a fair value:

Stated at fair value, determined by the market price at the fiscal year-end date (the difference between the book value and the fair value is recorded as a component of net assets, while the cost of securities sold is computed using the moving-average method)

• Securities with no fair value:

Stated at cost, determined by the moving-average method

However, the profit and loss of investment in investment business associations (investment limited partnership, anonymous partnership investment, etc.) are as follows:

In the case of investment for the main business purpose, the equity-equivalent profit and loss to be attributable is recorded in "operating profit and loss".

In the case of investment for purposes other than the main business purpose, the equity-equivalent profit and loss to be attributable is recorded as "non-operating profit and loss" and added to or subtracted from "investment securities".

(b) Derivatives

Stated at fair value.

(c) Inventories

Costs on uncompleted construction contracts

Stated at cost, determined by the specific identification cost method

Real estate for sale

Stated at cost, determined by the specific identification cost method (The book value on the non-consolidated balance sheets is presented after write-down for decline in profitability.)

(d) Other inventories

Raw materials and supplies

Stated at cost, determined by the weighted average method (The book value on the non-consolidated balance sheets is presented after write-down for decline in profitability.)

Costs on real estate business

Stated at cost, determined by the specific identification cost method (The book value on the non-consolidated balance sheets is presented after write-down for decline in profitability.)

2) Methods of depreciation and amortization depreciable assets

- (a) Property, plant and equipment (excluding lease assets)
The declining-balance method is used. However, the straight-line method is used for buildings (excluding building fixtures) acquired on and after April 1, 1998 and building fixtures and other structures acquired on and after April 1, 2016.
Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.
- (b) Intangible fixed assets (excluding lease assets)
The straight-line method is used.
Standards identical to regulations in the Corporate Income Tax Law are utilized to determine expected lifetime and residual value.
However, the amortization of software used by the Company is computed using the straight-line method based on the estimated useful life.
- (c) Lease assets
Leased assets under finance leases other than those that are deemed to transfer ownership to lessees
Depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

3) Allowances and provisions

- (a) Allowance for doubtful accounts
The allowance for doubtful trade receivables and loans has been provided based on historic loss experience for general accounts and also includes the aggregate amount of the estimated loss for the accounts for which concern actually exists for collectability.
- (b) Provision for bonuses
This is provided for the payment of bonuses for employees, based on expected payment amount.
- (c) Provision for warranties for completed construction
To cover expenses for defects claimed concerning completed work, this is provided based on the estimated amount of compensation in the future for the work completed during the fiscal year.
- (d) Provision for retirement benefits
To prepare for retirement benefits to employees, the provision for retirement benefits is calculated based on estimated amounts of retirement benefit obligations and pension assets as of the fiscal year-end.
 - 1. Period attribution method for estimated retirement benefits
The estimated amount of retirement benefit is allocated to periods of service based on the benefit formula.
 - 2. Actuarial differences expense processing method
Actuarial differences are amortized commencing the following year after the difference is recognized primarily by the straight-line method over a period of five years.
- (e) Provision for loss on construction contracts
The provision for loss on construction contracts is provided at the estimated amount for the future losses on contract backlog at the fiscal year-end which will be probably incurred and which can be reasonably estimated.
- (f) Provision for directors' retirement benefits
To prepare for the payment of retirement benefits for executive officers, the provision is provided at the amount to be paid according to internal regulations if they had retired at the fiscal year-end.
- (g) Provision for loss on business of subsidiaries and affiliates
To prepare for the loss of investment in subsidiaries and affiliates, the amount that is expected to be borne beyond the investment and loans to subsidiaries and affiliates is estimated.

3. Significant Accounting Estimates

1) Estimates based on the percentage of completion method

- (a) Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2021
Net sales of construction contracts ¥428,283 million (US\$3,868,517 thousand)
- (b) Information about the content of significant accounting estimates for the identified item
The information is the same as the content described in the consolidated financial statements "3. Significant Accounting Estimates, 1) Estimates based on the percentage of completion method".

- (h) Provision for stock payments to directors
The provision for stock payments to directors is provided for stock award debt based on predetermined regulations for awarding stock, which is prepared for future awards of the Company shares to its directors and executive officers.

4) Recognition of net sales from construction contracts and related costs

The Company apply the percentage of completion method (the cost to cost method is used to estimate progress toward completion of construction) to those contracts in which the percentage of completion at the fiscal year-end can be reliably estimated, and other contracts are recorded under the completed contract method.
The portion of work completed by the percentage of completion method were ¥428,283 million (US\$3,868,517 thousand).

5) Hedge Accounting

The Company applies hedge accounting as follows:

- (a) Method of hedge accounting adopted
Deferral hedge accounting
If the interest rate swap contracts are used as hedge and meet certain hedging criteria, net amounts to be paid or received under the interest rate swap contracts are added to or deducted from the interest or liabilities for which the swap contract were executed ("special treatment").
- (b) Measure and objects
 - 1. Measures: Forward foreign exchange contracts
Objects: Transactions to be paid in foreign currencies in cases of overseas construction of work and overseas procurement of materials
 - 2. Measures: Interest rate swap
Objects: Borrowings
- (c) Hedging principles:
Based on internal regulations which stipulate the execution authority regarding on derivative transactions and those for transaction limits, the Company utilizes hedges to minimize the risk of currency exchange rate and interest rate fluctuations associated with the hedge objects.
- (d) Evaluation method of effectiveness of hedging:
During the period from the time when the hedging first started until the fiscal year-end, the Companies have been assessing the hedge effectiveness primarily by comparing, in terms of variation amounts, (1) cumulative cash flow changes or exchange rate changes of the hedge objects and (2) cumulative cash flow changes or exchange rate changes of the hedge measures.
However, the evaluation of hedge effectiveness is omitted for interest swaps as they meet certain hedging criteria for the special treatment.

6) Other significant matters for preparing non-consolidated financial statements

- (a) Accounting for retirement benefits
The method of accounting for unrecognized actuarial differences to retirement benefits is different from the method of accounting for consolidated financial statements.
- (b) Accounting for consumption tax
The accounting method for consumption tax is based on the tax excluded method.
- (c) Principles and procedures of accounting treatment adopted when the provisions of related accounting standards, etc. are not clear
The accounting method for joint venture (JV) in the construction industry is mainly based on the method of recognizing assets, liabilities, income and expenses according to the investment ratio of the members.

2) Estimates for impairment loss on fixed assets

- (a) Amount recorded in the non-consolidated financial statements for the fiscal year ended March 31, 2021
Impairment loss ¥88 million (US\$796 thousand)
- (b) Information about the content of significant accounting estimates for the identified item
The information is the same as the content described in the consolidated financial statements "3. Significant Accounting Estimates, 2) Estimates for impairment loss on fixed assets".

4. Change in presentation methods

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No.31 issued on March 31, 2020) is applied from the non-consolidated financial statements for the fiscal year ended March 31, 2021, and significant accounting estimates are described in the non-consolidated financial statements.

However, due to the transitional measures stipulated in the proviso of Paragraph 11 of the Accounting Standards, the contents of the previous fiscal year aren't described.

5. Additional Information

(Performance-linked stock compensation plan for directors and executive officers)

Since the same content is described in the consolidated financial statements "Notes (6. Additional Information)", the notes are omitted.

(Accounting estimates associated with the spread of COVID-19)

Since the same content is described in the consolidated financial statements "Notes (6. Additional Information)", the notes are omitted.

(Revised Accounting Standard for Accounting Policy Disclosures, Accounting

Changes and Error Corrections)

"Revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No.24 issued on March 31, 2020) is applied from the non-consolidated financial statements for the fiscal year ended March 31, 2021, and "Principles and procedures of accounting treatment adopted when the provisions of related accounting standards, etc. are not clear" are described in the non-consolidated financial statements.

6. Notes to Non-consolidated Balance Sheets

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
1) Advanced depreciation:			
Buildings	¥ 40	¥ 46	\$ 418
Tools, furniture and fixtures	3	7	63
Software	8	8	76
Total	¥ 52	¥ 61	\$ 558
2) Pledged assets:			
Short-term investment securities	¥ 64	¥ -	\$ -
Stocks of subsidiaries and affiliates	485	462	4,178
Long-term loans receivable from subsidiaries and affiliates	659	626	5,654
Total	¥ 1,209	¥ 1,088	\$ 9,833
3) Contingent liabilities (guarantee liabilities)	¥ 2,321	¥ 7,913	\$ 71,482
4) Loan commitment agreement:			
Maximum limit under the agreement	¥ 30,000	¥ 30,000	\$ 270,978
Loan balance outstanding	-	-	-
Difference (unused portion)	¥ 30,000	¥ 30,000	\$ 270,978

5) Change in holding purpose of assets

The following noncurrent assets were reclassified as real estate held for sale due to change in holding purpose.

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Buildings	¥ 600	¥ 830	\$ 7,500
Structures	0	2	18
Land	1,788	1,557	14,065

7. Notes to Non-consolidated Statements of Income

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
1) Gain on sales of noncurrent assets:			
Machinery and equipment	¥ 11	¥ 18	\$ 164
Tools, furniture	-	0	5
Total	¥ 11	¥ 18	\$ 169
2) Loss on abandonment of noncurrent assets:			
Buildings and structures	¥ 92	¥ -	\$ -
Other	94	22	202
Dismantlement cost	945	1,580	14,277
Total	¥ 1,133	¥ 1,603	\$ 14,480

8. Securities

The stocks of subsidiaries and affiliates whose fair value is extremely difficult to calculate due to the lack of market prices are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Stocks of subsidiaries	¥ 24,318	¥ 17,598	\$ 158,961
Stocks of affiliated companies	334	3,943	35,623
Investments in Limited Liability Company	376	349	3,154
Subsidiaries preferred equity securities	50	-	-
Affiliated companies preferred equity securities	1,200	1,200	10,839
Investments in silent partnerships	310	838	7,571
Total	¥ 26,590	¥ 23,929	\$ 216,150

Note: For stocks of subsidiaries and affiliates whose fair value is extremely difficult to calculate, the fair value and the difference between the book value and the fair value are not shown.

9. Deferred Tax Accounting

The tax effects of temporary differences which gave rise to deferred tax assets and liabilities at March 31, 2020 and 2021 are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Deferred tax assets:			
Real estate for sale	¥ 148	¥ 161	\$ 1,462
Buildings, structures and land	890	698	6,309
Investment securities	1,150	1,954	17,650
Allowance for doubtful receivables	461	545	4,930
Provision for bonuses	1,805	1,998	18,051
Provision for loss on construction contracts	933	771	6,969
Provision for retirement benefits	6,074	6,187	55,887
Other	3,355	3,524	31,836
Subtotal	14,821	15,842	143,095
Less: valuation allowance	(3,195)	(4,065)	(36,718)
Deferred tax assets	¥ 11,625	¥ 11,777	\$ 106,377
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(22,650)	(34,905)	(315,291)
Prepaid pension cost	(755)	(583)	(5,270)
Other	(95)	(539)	(4,871)
Deferred tax liabilities	(23,502)	(36,028)	(325,433)
Net deferred tax assets (liabilities)	¥ (11,876)	¥ (24,251)	\$ (219,055)

In addition to the above, the Company recognized deferred tax liabilities of ¥6,791million and ¥6,389million (US\$57,716 thousand) related to revaluation reserve for land at March 31, 2020 and 2021, respectively.

Reconciliation between the statutory tax rate and the effective tax rate	2020	2021
Statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	2.0%	0.9%
Non-taxable income	(0.7%)	(1.2%)
Inhabitant taxes (per capita levy)	0.5%	0.7%
Valuation allowance	0.0%	3.5%
Other	0.0%	(1.6%)
Effective tax rate	32.4%	32.9%

10. Significant Subsequent Events

(The issue of unsecured straight bonds)

Since the same content is described in the consolidated financial statements "Notes (23. Significant Subsequent Events)", the notes are omitted.

Independent Auditor's Report

The Board of Directors
Toda Corporation

Opinion

We have audited the consolidated financial statements of Toda Corporation and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimates of total construction costs	
Key Audit Matters Description	How the Key Audit Matters Were Addressed in the Audit
<p>The Group applies the percentage of completion method (the cost to cost method is used to estimate progress toward completion of construction) for construction contracts for which completion at the end of the current fiscal year is deemed to be certain as described in Note 2.8). The portion of work completed by the percentage of completion method were 445,590 million yen. In addition, the Group records a provision for losses on construction contracts that have not yet been delivered, for which losses are expected to be incurred as of the end of the current fiscal year and for which the amount can be reasonably estimated as described in Note 2.6).</p> <p>The percentage of completion method is used to record portion of work completed and provision for losses on construction contracts, which is affected by estimates of total construction costs. Estimating total construction costs is highly individualized for each contract, and facts that become known after the start of the construction contract may exist or conditions at the site may change, making timely and appropriate review of total construction costs complex. As a result, estimates of total construction costs are highly uncertain and management's judgment has a significant impact.</p>	<p>To evaluate the reasonableness of estimates of total construction costs, we mainly performed the following audit procedures.</p> <ul style="list-style-type: none"> • We understood the revenue and expenditure management system and the construction progress management system for each unit of construction revenue recognition developed by the Group, and evaluated the related internal controls, including the approval of the execution budget at the time of formulation and update, which is the basis for estimating total construction costs. • As for the construction costs in the unit of construction revenue recognition selected based on certain criteria, we examined whether the total construction costs reflect the actual situation by examining whether there is any abnormality in the status of cost accrual and examining the appropriateness of deviation from the execution budget. • We examined the total construction costs to see if any unusual negative adjustment items were included in the total construction costs. • By inspecting the process control materials and asking questions, we identified important estimation

<p>Based on the above, we have determined that estimates of total construction costs to be a key audit matter.</p>	<p>factors related to specifications, construction period, etc. , and evaluated the manager’s judgment regarding the effects of uncertainty in the estimation factors.</p> <ul style="list-style-type: none"> • As for particularly important projects, we performed on-site observations and additional questioning to examine whether the progress of construction was consistent with the estimate of total construction costs and the progress toward completion of construction.
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Impairment of fixed assets related to the floating offshore wind power generation project	
Key Audit Matters Description	How the Key Audit Matters Were Addressed in the Audit
<p>As for the floating offshore wind power generation project, in which the Group has made and plans to make large investment as a new business area, the business market itself is new and uncertain, and there is a risk that impairment of fixed assets will not be properly assessed depending on achievement of the business plan.</p> <p>Consolidated subsidiary Offshore Wind Farm Construction Co., Ltd. has revised its long-term business income and expenditure plan because the full-scale development of the floating offshore wind power generation project in Japan has been slower than initially expected. As a result of the calculation based on the remaining useful life of the assets, the recoverable amount of a part of the asset group owned by the Group fell below the book value, therefore, an impairment loss of 933 million yen was recorded as an extraordinary loss as described in Note 8.7).</p> <p>Recoverable amount is determined based on future cash flows expected to result from continued use and disposition of assets and discount rate, but since these estimates are subject to uncertainty and require management's judgment, we have determined that this matter to be a key audit matter.</p>	<p>In our audit of the impairment of fixed assets related to the floating offshore wind power generation project , we principally performed the following audit procedures.</p> <ul style="list-style-type: none"> • We examined the valuation methods used in the calculation of value in use. • We compared the projected duration of future cash flows with the remaining useful life of the related assets. • As for future cash flows , we examined consistency with the underlying business plan approved by the management and observable used market data. • We discussed with the management the major components included in the business plan estimates, and reviewed the management's assessment of future uncertainties. • We compared the components of the discount rate with market forecasts and available external data. In addition, we performed a sensitivity analysis on the discount rate.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors’ execution of duties relating to the design and operating effectiveness of the controls over the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

SEINAN AUDIT CORPORATION
Minato-ku, Tokyo, Japan
June 29, 2021

齋藤敏雄 

Toshio Saito
Representative Partner
Engagement Partner
Certified Public Accountant

鈴木大輔 

Daisuke Suzuki
Representative Partner
Engagement Partner
Certified Public Accountant

Independent Auditor's Report

The Board of Directors
Toda Corporation

Opinion

We have audited the non-consolidated financial statements of Toda Corporation (“the Company”), which comprise the non-consolidated balance sheet as of March 31, 2021, and the non-consolidated statement of income and non-consolidated statement of changes in equity for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as of March 31, 2021, and its non-consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

《Estimates of total construction costs》

The description is omitted because the contents are the same as key audit matters (estimates of total construction costs) stated in the Independent Auditor's report of the consolidated financial statements.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
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We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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


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We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

SEINAN AUDIT CORPORATION
Minato-ku, Tokyo, Japan
June 29, 2021

齊藤敏雄 

Toshio Saito
Representative Partner
Engagement Partner
Certified Public Accountant

鈴木大輔 

Daisuke Suzuki
Representative Partner
Engagement Partner
Certified Public Accountant

Corporate Information

Company overview

(As of March 31, 2021)

Company Name	TODA CORPORATION
Company Headquarters	8-5 Hatchobori 2-Chome, Chuo-ku, Tokyo 104-0032, Japan
Founded	January 5, 1881
Capital Stock	¥23.0 billion
Number of employees	5,468 (Consolidated) 4,160 (Non-consolidated)
Areas of business	<ol style="list-style-type: none"> 1. Research, planning, design, management, and execution associated with all aspects of architectural and civil engineering together with related comprehensive engineering and consulting 2. Research, planning, design, management, and execution associated with local development, urban development and other comprehensive engineering and consulting 3. Real estate sale and purchase, rental, intermediary services, management, and appraisal 4. Power generation and related business for renewable energy, etc.

History

1881	Foundation: Toda-kata Construction was founded by Rihei Toda, who became its first president.
1908	Company changes its name from Toda-kata to Toda-gumi.
1910	Toda participates in the building of facilities for the Anglo-Japanese Fair in London.
1914	Company participates in the construction of facilities for the Taisho Exhibition held in Tokyo. Company participates in the construction of facilities for the Panama-Pacific Exhibition held in San Francisco.
1936	Incorporation: Company is reorganized as Toda-Gumi Co., Ltd.
1963	Company changes its name to the Toda Corporation.
1969	The company's stock is listed on the Tokyo Stock Exchange.
1970	Company builds nine pavilions, including the Swiss pavilion, for Expo '70 in Osaka.
1972	Construtora Toda do Brasil S.A. and Toda America, Inc. are established.
1988	Company participates in the construction of the Pacific Convention Plaza Yokohama, Japan's first building project involving foreign contractors (completed in 1991). Thai Toda Corporation Ltd. is established.
1994	Toda announces its Global Environment Charter.
1995	Toda becomes Japan's first general contractor to acquire ISO 9001 certification.
1999	Toda acquires ISO 14001 certification.
2000	Toda becomes Japan's first company to achieve zero emissions at construction sites.
2003	Toda announces its Charter of Corporate behavior.
2009	Toda Vietnam Co., Ltd. is established.
2010	Toda is certified as an "Eco-First" company. Company celebrates the 100th anniversary of the start of overseas operations.
2012	Toda acquires ISO 27001 certification. Southeast Asia Regional Office is established.
2013	Jakarta Representative Office is established.
2015	The Toda Group Global Vision is unveiled. Yangon Branch Office is established.
2017	Toda's CO ₂ reduction targets receive SBT approval (first for the Japanese construction industry)
2019	Toda joined the RE100 initiative. Toda has expressed its support for TCFD proposal. PT Toda Group Indonesia is established. Tobic Co.,Ltd. is established.
2020	Toda Investimentos do Brasil Ltda is established. Included on the CDP's Climate A List (for the fourth time and for three consecutive years, following 2016, 2018 and 2019)
2021	140th Anniversary of the company's founding



8-5 Hatchobori 2-Chome, Chuo-ku, Tokyo 104-0032, Japan
Phone: +81-3-3535-2235

Main overseas affiliated companies

CONSTRUTORA TODA DO BRASIL S.A.

Rua Manuel da Nobrega, 1280-3º Andar. São Paulo, Brasil
Phone: +55-11-3886-5844 Fax: +55-11-3885-9384

THAI TODA CORPORATION LTD.

199 Column Tower 20th Floor, Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand
Phone: +66-2-261-6544 Fax: +66-2-261-6545

TODA VIETNAM CO., LTD.

10th Floor, Star Building, 33ter-33bis Mac Dinh Chi Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam
Phone: +84-28-6291-4127 Fax: +84-28-6291-4126

TOBIC CO., LTD.

KOVA Center 3F (SAIGON PEARL),92G-92H Nguyen Huu Canh St.,Ward 22, Binh Thanh Dist.,Ho Chi Minh City, Vietnam
Phone: +84-28-3823-9326

TODA AMERICA, INC.

111 Pacifica, Suite 135, Irvine CA 92618 U.S.A.
Phone: +1-415-284-8242

PT.TODA GROUP INDONESIA

Generali Tower 22nd Floor Jl. HR Rasuna Said, Kav. C-22 Jakarta 12940, Indonesia
Phone: +62-21-2941-9570

TODA INVESTIMENTOS DO BRASIL LTDA

Rua Pamplona145, Cond. Praça Pamplona conj. 1715-1716 Jardim Paulista, São Paulo, SP, Brasil
Phone: +55-11-3287-2800

Cover photograph

Museum Tower Kyobashi
(Tokyo,Japan)



We have signed up to the RE100 initiative.



We have endorsed the recommendations of the TCFD.



We have been included on the CDP's 2020 Climate Change A List.



We have been named to the Leaderboard, the highest level in the CDP2020 Supplier Engagement Rating.



Our CO₂ emission reduction targets were certified as science-based targets (SBT).



In October 2016, we became a member of Japan-CLP. Going forward, we will continue to actively work to realize a sustainable society.