

A vertical bar on the left side of the slide, divided into three segments: red at the top, black in the middle, and blue at the bottom.

Results Briefing for the Second Quarter Ended September 30, 2023

November 14, 2023

TODA CORPORATION

This material contains forward-looking statements regarding TODA CORPORATION and the Group's business plans, strategies, and earnings forecasts.

These statements are TODA CORPORATION's forecasts based on currently available information and may involve potential risks and uncertainties.

The actual results or developments may differ from the forward-looking statements due to changes in various factors.

1. Results Briefing

General Manager of Corporate Administration Group
Toshihiro Yamazaki

2. Progress of the Management Plan

President and Representative Director
Seisuke Otani

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1. Results Briefing

General Manager of
Corporate Administration Group
Toshihiro Yamazaki

Apr-Sep FY2023 Financial Highlights (Consolidated)

Consolidated net sales

¥230.3 bil (-4.0% YoY)

Net sales decreased 4.0% YoY to ¥230.3 bil, mainly due to decrease in sales in the Architectural Construction, Civil Engineering and Domestic Investment and Development business.

Operating income

¥3.1 bil (+580.6% YoY)

Operating income increased 580.6% YoY to ¥3.1 bil, mainly due to the impact of the provision for loss on construction contracts on several projects recorded in the previous consolidated fiscal year.

Orders received (non-consolidated)

¥153.7 bil (-16.0% YoY)

Orders decreased 16.0% to ¥153.7 bil, mainly due to decrease in orders for private-sector construction in both domestic Architectural Construction and domestic Civil Engineering.

(Billions of yen)	Apr-Sep FY2022	Apr-Sep FY2023	Change (YoY)	FY2023 (Forecasts)
Consolidated net sales	239.8	230.3	-4.0%	540.0
Gross profit	19.8 (8.3%)	24.6 (10.7%)	24.1%	66.0
Operating income	0.4 (0.2%)	3.1 (1.4%)	580.6%	16.0
Ordinary income	3.7	8.2	119.9%	19.5
Net profit attributable to owners of the parent	3.2	5.2	62.7%	19.5
Orders received (non-consolidated)	182.9	153.7	-16.0%	460.0

[Consolidated] Results by Segment

(Billions of yen)

Apr-Sep FY2023	Architectural Construction	Civil Engineering	Domestic Investment and Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Adjustment	Total
Net sales	139.7	54.3	4.9	22.7	23.1	0.6	-15.2	230.3
Segment income(loss) (Profit margin)	-0.5 (-)	2.4 (4.5)	0.6 (13.7)	0.7 (3.2)	0.7 (3.1)	-0.1 (-)	-0.6	3.1 (1.4)

Apr-Sep FY2022	Architectural Construction	Civil Engineering	Domestic Investment and Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Adjustment	Total
Net sales	143.6	67.7	12.5	21.3	5.9	0.7	-12.2	239.8
Segment income(loss) (Profit margin)	-4.4 (-)	4.6 (6.8)	0.8 (6.7)	0.3 (1.6)	0.3 (5.4)	-0.2 (-)	-0.8	0.4 (0.2)

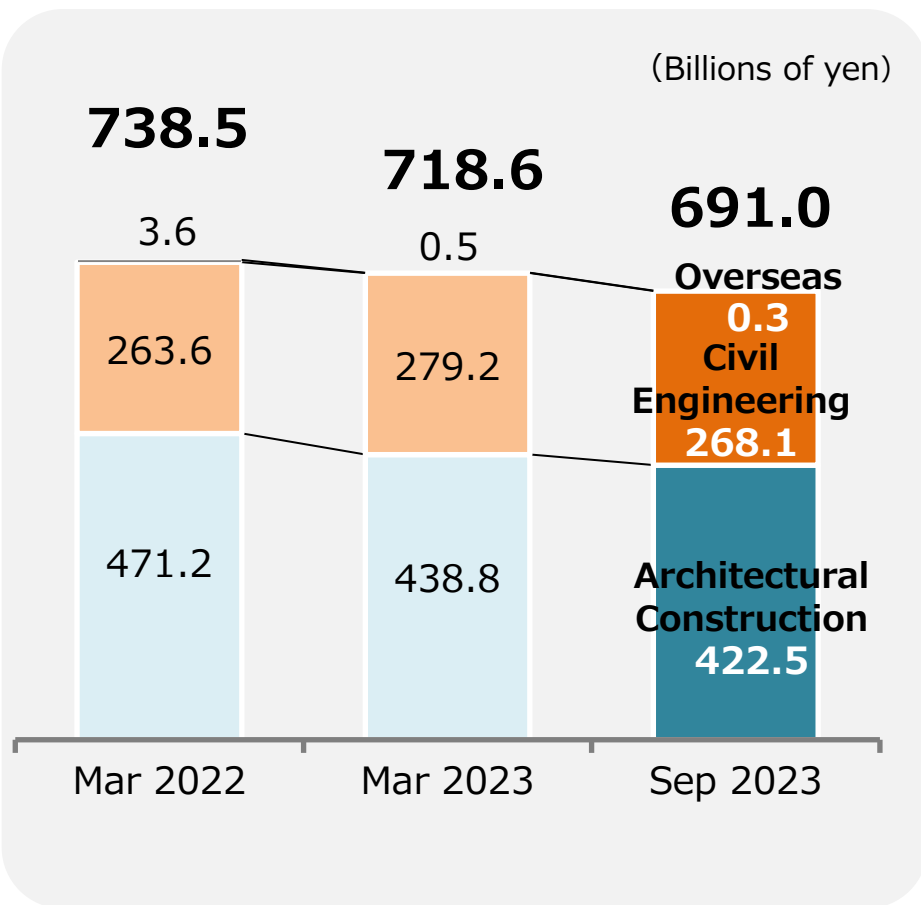
Major Orders Received

	Ordering Parties	Name of Works
Architectural Construction	Kushiro City	Kushiro City General Hospital New Tower Construction
	KOKUBU GROUP CORP.	(Tentative name) KOKUBU No.2 Head Office Building New Construction Plan
	Tokyo Metropolitan Government	Tokyo International Forum (5) Renovation Work
	(Medical Corporation) Kensuikai	Medical Corporation Kensuikai Takanedai Hospital, Asahinosato Relocation and New Construction Work
	Tokyo Metropolitan Government	Tokyo International Exhibition Center (5) Conference Tower and West Exhibition Hall Renovation Work
Civil Engineering	Ministry of Land, Infrastructure, Transportation and Tourism, Chubu Regional Development Bureau	Reiwa 5 Shitara Dam Construction 1st Phase Work
	Ministry of the Environment	Restoration of Temporary Storage Facilities under the Jurisdiction of Hamadori Kita Branch Office from Reiwa 5-6
	Yokohama City	Daiichi Totsuka Line 1200mm Caliber Water Distribution Pipe Renewal Work
	Akita City	Niida Water Filtration Plant Intake and Water Conduction Facility Improvement Work

Major Carryover Works

	Ordering Parties	Name of Works
Architectural Construction	Shibuya Station Sakuragaoka Exit District Redevelopment Association	Shibuya Station Sakuragaoka Exit Construction Work Associated with Type 1 Urban Revitalization Project
	St. Marianna University School of Medicine	St. Marianna University School of Medicine Sugao Campus Renewal Plan
	Maishima Development SPC	(Tentative name) DPL Osaka Maishima New Construction Work
	JAPANET HOLDINGS Co., Ltd.	Nagasaki Stadium City Projects (II, III Sections)
	Lam SPC	ESR OS1 Data Center New Construction Work
Civil Engineering	Ministry of Land, Infrastructure, Transport and Tourism, Kanto Regional Development Bureau	Yokohama Shonan Road Tunnel Work
	West Nippon Expressway Company Ltd	Shin-Meishin Expressway Ujitawara Tunnel East Work
	Central Nippon Expressway Company Ltd	Tokyo Outer Ring Road Main Line Tunnel (North Bound) Tomei North Work
	Tokyo Metropolitan Government	Johoku Chuo Park Detention Pond (Phase 1) Work2

[Non-consolidated] Carryover Works



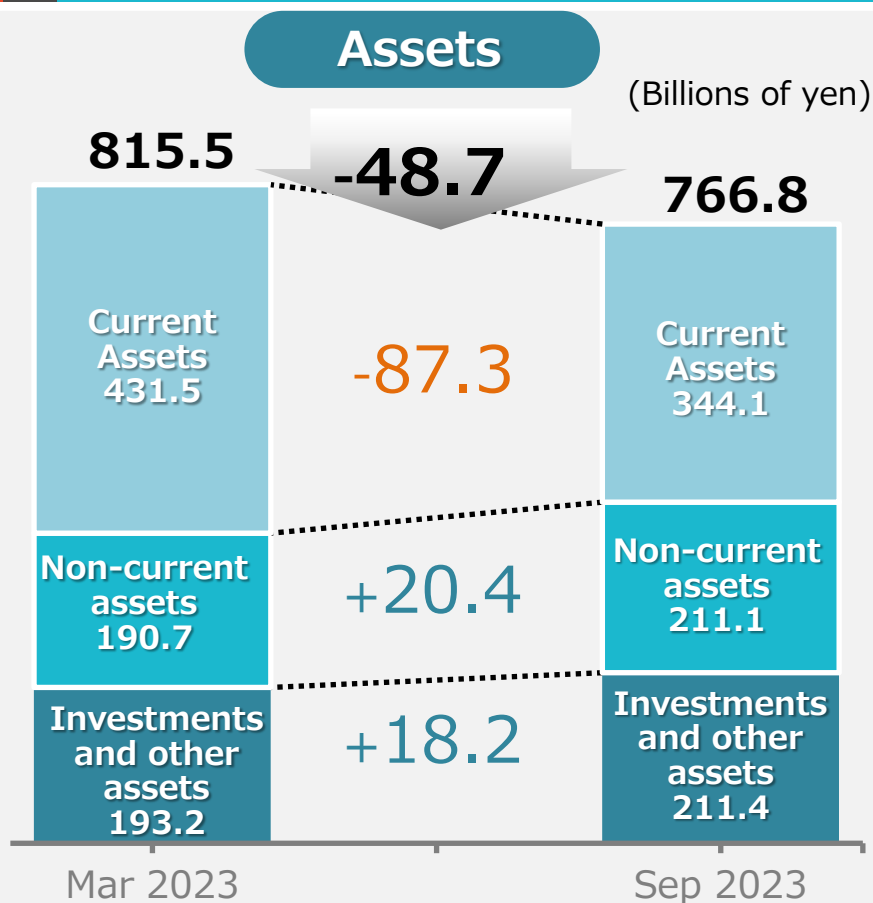
- The amount carried over to the next fiscal year decreased slightly from the previous fiscal year.
- In domestic Architectural Construction business, the amount decreased by ¥16.3 bil from the previous fiscal year due to decrease in private-sector construction works.
- In domestic Civil Engineering business, both public and private sector construction decreased, resulting in decrease of ¥11.0 bil from the previous fiscal year.

1 -1. Details of Financial Results

[Consolidated] Overview of TODA Group

Business	Subsidiaries in Japan	Overseas Subsidiaries	39 companies
Construction	<p>APEC Engineering Co., Ltd. Chiyoda Kenkou Co., Ltd. Toda Road Co., Ltd. Sato Kogyo Co., Ltd. Showa Construction Co., Ltd. and 3 other companies</p>	<p>PT Tatamulia Nusantara Indah Thai Toda Corporation Ltd. Toda Vietnam Co., Ltd. and 11 other companies</p>	22 companies
Real estate	<p>Toda Bldg. Partners Co., Ltd.</p>	<p>Toda America, Inc. PT Toda Group Indonesia and 1 other company</p>	4 companies
Others	<p>Toda Finance Co., Ltd. Toda Staff Service Co., Ltd. Towa Kanko Kaihatsu Co., Ltd. Goto Floating Wind Power LLC Offshore Windfarm Construction Co., Ltd. Toda Noubou Inc. and 3 other companies</p>	<p>TODA Investimento do Brasil Ltda. TODA Energia do Brasil Ltda. TODA Energia 2 Ltda. Toda Asia Pacific Pte. Ltd. Domestic Group Companies Overseas Group Companies Environment and Energy</p>	13 companies

[Consolidated] Balance Sheets



■ Major variable factors

Current Assets	-87.3
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Cash and deposits	-10.1
Accounts receivable	-87.7
Costs on uncompleted construction contracts	+7.2

Non-current assets	+20.4
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Buildings and structures	+5.9
Machinery, vehicles, tools, furniture and fixtures	+0.3
Land	+1.9
Construction in progress	+12.5

Investments and other assets	+18.2
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Investment securities	+16.2
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■ Current ratio

(March 2023 → September 2023)

139.2% → 142.9%

[Consolidated] Balance Sheets

Liabilities and Net Assets

(Billions of yen)

815.5

-48.7

766.8

Current liabilities
310.0

-69.1

Current liabilities
240.9

Non-current liabilities
182.2

+0.9

Non-current liabilities
183.2

Net assets
323.2

+19.4

Net assets
342.6

Mar 2023

Sep 2023

■ Major variable factors

Current liabilities	-69.1
----------------------------	--------------

Notes and account payable-trade	-37.1
Short-term loans payable	-43.5
Advances received on uncompleted construction contracts	+13.7

Non-current liabilities	+0.9
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Long-term loans payable	-4.4
Deferred tax liabilities	+5.6

Net assets	+19.4
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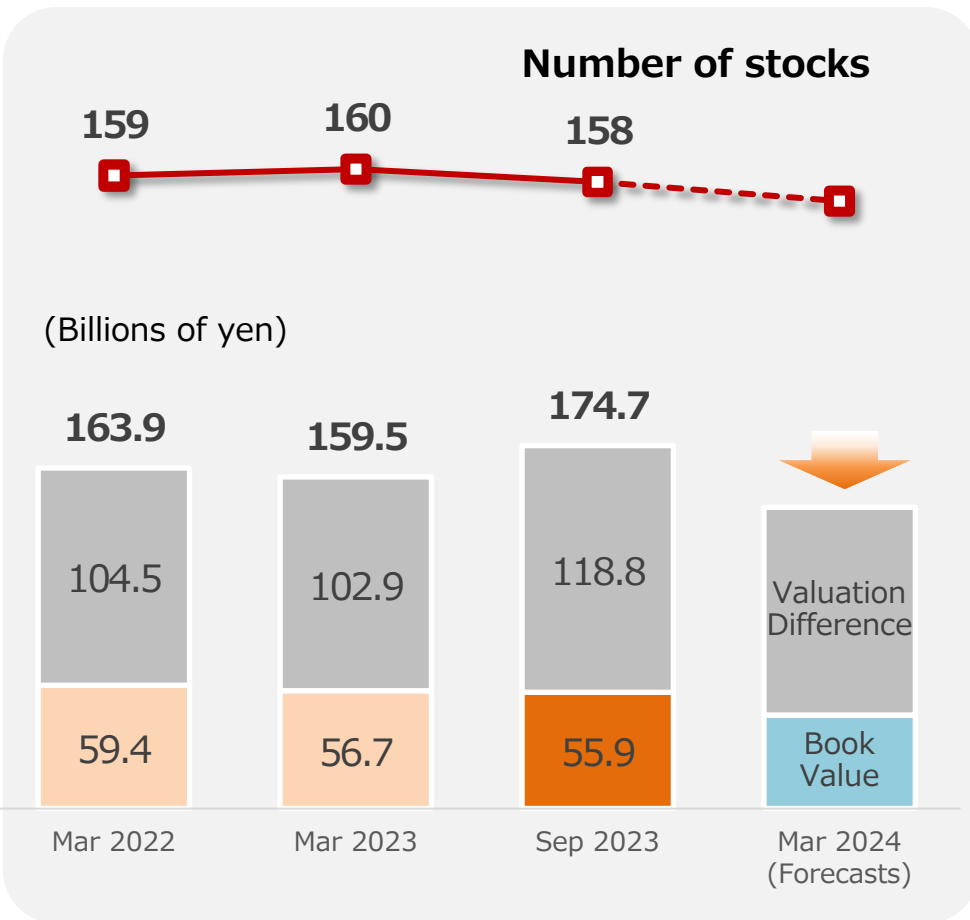
Retained earnings	+0.9
Valuation difference on available-for-sale securities	+11.1
F/X translation adjustment	+6.1

■ Equity ratio

(March 2023 → September 2023)

38.9% → 43.8%

[Non-consolidated] Cross-Shareholdings

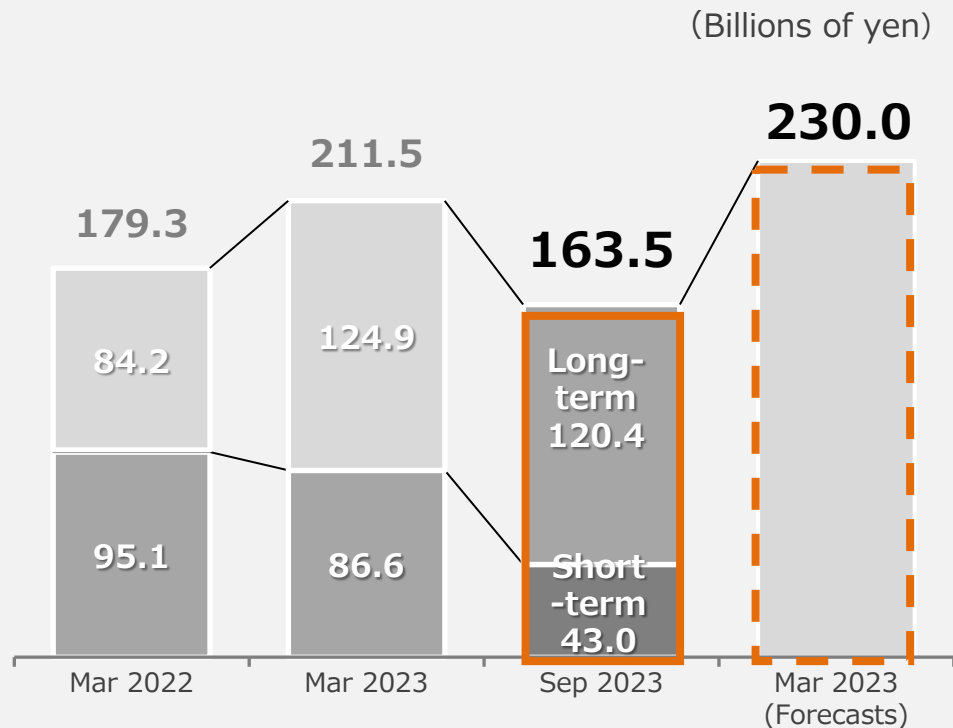


- The balance of cross-shareholdings is being reduced to secure funds for investments in growth.
- At least ¥30 bil worth of cross-shareholdings to be sold over three years (FY2022 – FY2024)
* Market value basis

Sales of cross-shareholdings stocks

	Number of stocks sold	Sales value
Mar.2022	12 stocks	¥4.5 bil
Mar.2023	10 stocks	¥11.5 bil
Sep.2023	5 stocks	¥3.3 bil

[Consolidated] Interest-Bearing Liabilities



0.57x

0.67x

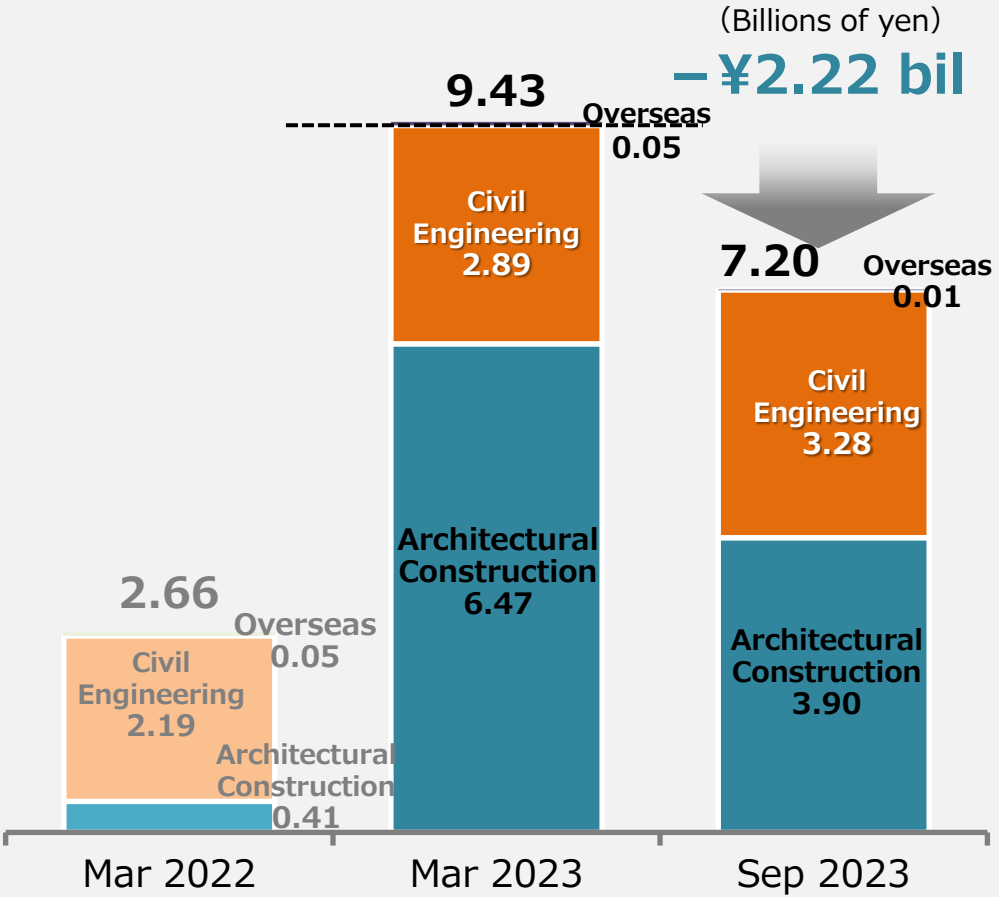
0.49x

D/E ratio

- During the second quarter of the fiscal year ending March 31, 2024, interest-bearing liabilities decreased by ¥48.0 bil due to ¥43.5 bil decrease in short-term loans payable and ¥4.4 bil decrease in long-term loans payable.
- In the fiscal year ending March 31, 2024, interest-bearing liabilities is to be ¥230 bil, keeping the D/E ratio below 0.8x in order to maintain financial soundness.

* D/E ratio = Interest-bearing liabilities / Total Shareholders' Equity

[Consolidated] Provision for Loss on Construction Contracts

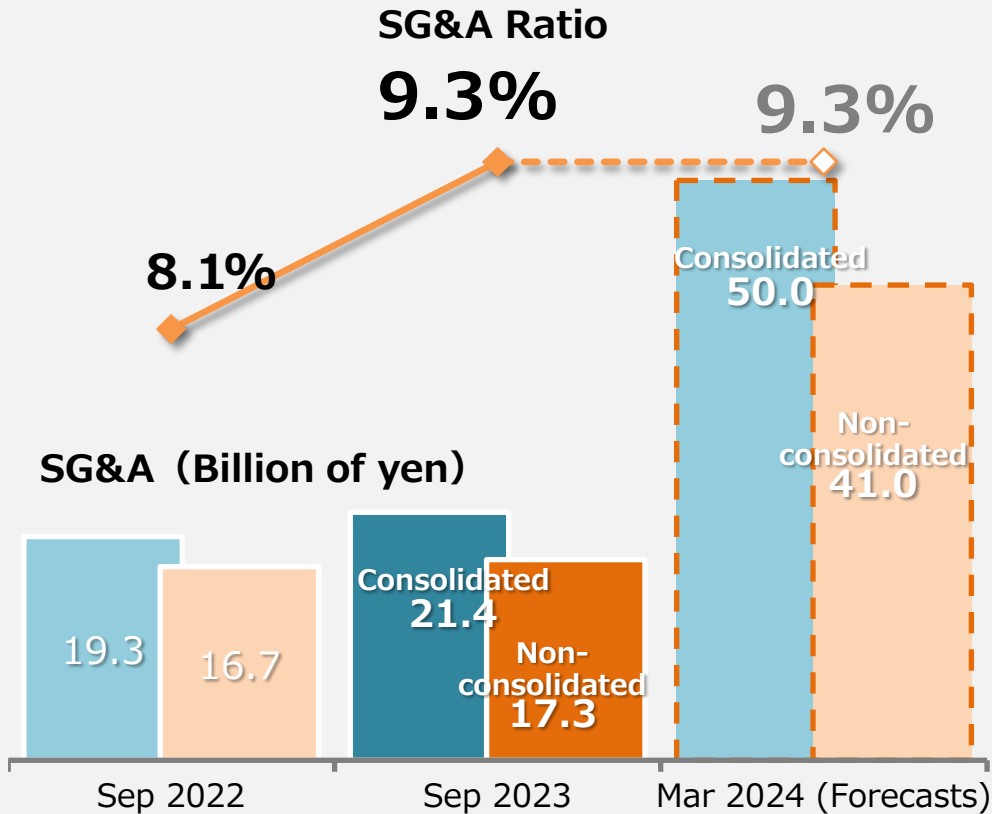


- Provision for loss on construction contracts

-¥2.22 bil (YoY)

- Major variable factors:
 Provision for loss on construction contracts decreased in domestic Architectural Construction business due to progress of construction and improved profit margins.

[Consolidated] SG & A



- During the second quarter of the fiscal year ending March 31, 2024, on non-consolidated basis, the expenses increased by ¥0.6 bil YoY mainly due to increase in personnel, technology R&D and digitalization costs.

In addition to the above factors, on consolidated basis, the expenses increased by ¥2.0 bil due to consolidation of TATA as a consolidated subsidiary.

- In the fiscal year ending March 31, 2024, both non-consolidated and consolidated SG&A expenses are expected to increase from the previous fiscal year due to continued investment in human capital, technology R&D, and digitalization.

[Consolidated] Cashflow

Net increase (decrease) in cash and cash equivalents (Mar 2023 to Sep 2023) -9.3

Operating CF +62.3

Inv CF -23.0

Financial CF -52.7

(Billions of yen)



Acquisition of Own Shares

- **At the Board of Directors Meeting held on November 13, 2023, the Company has resolved the matters relating to acquisition of its own shares.**

Details of matters relating to the acquisition

- | | |
|--|---|
| (1) Type of shares to be acquired: | The Company's common stock |
| (2) Total number of shares to be acquired: | 7,500,000 shares (upper limit)
(Equivalent to 2.4% of total number of shares issued excluding own shares) |
| (3) Total amount of acquisition: | 5,000,000,000 yen (upper limit) |
| (4) Acquisition period: | November 14, 2023 through November 13, 2024
(The period will end early if the limits set forth in (2) or (3) are reached, whichever is earlier.) |
| (5) Acquisition method: | Market purchases on the Tokyo Stock Exchange |

【Reference】

Status of holdings of own shares as of September 30, 2023

Total number of shares issued (excluding own shares):	312,546,208 shares
Number of own shares:	10,110,588 shares

1 - 2. Earnings Forecasts

[Consolidated] FY2023 Earnings Forecasts

(Billions of yen)

	FY2022	FY2023		
		Forecasts	Change (YoY)	
Consolidated net sales	547.1	540.0	-1.3%	-7.1
Operating income	14.1	16.0	+13.2%	+1.8
Ordinary income	19.0	19.5	+2.4%	+0.4
Net income attributable to owners of the parent	10.9	19.5	+77.3%	+8.5
Orders received (non-consolidated)	426.7	460.0	+7.8%	+33.2

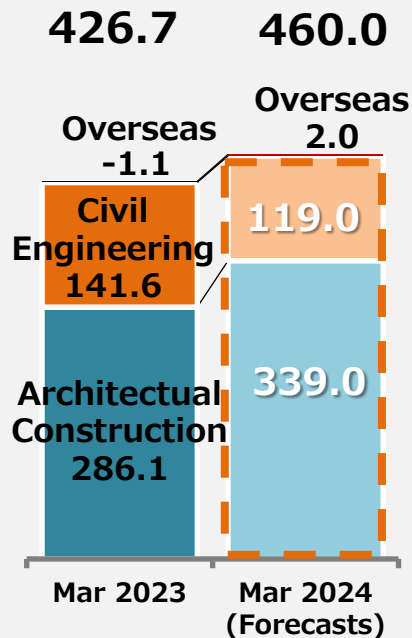
[Non-consolidated] FY2023 Earnings Forecasts

	Amount (¥bil)	Profit margin (%)
Net sales	440.0	
Gross profit	53.5	12.2
Profit from construction business	47.0	11.2
[Domestic Architectural Construction]	25.9	9.0
[Domestic Civil Engineering]	20.9	16.2
[Overseas]	0.0	6.2
Profit from Investment and Development business and others	6.5	32.5
Selling, general and administrative expenses	41.0	
Operating income	12.5	2.8
Ordinary income	16.0	3.6
Income taxes	7.8	
Net income	18.2	4.1

[Non-consolidated] Earnings Forecasts for Construction Business

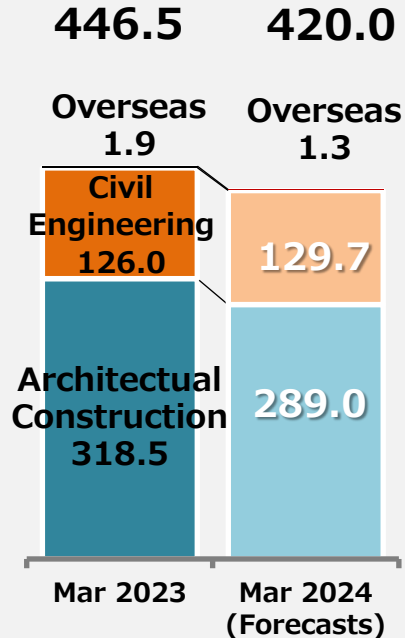
Orders Received for Construction

(Billions of yen)

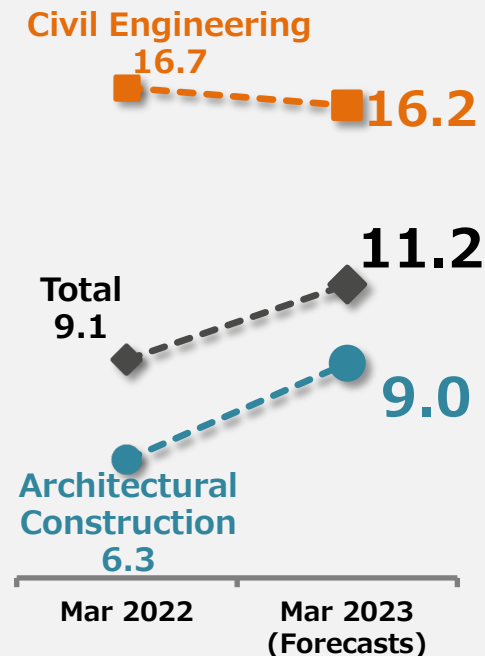


Net Sales of Completed Construction Contracts

(Billions of yen)



Gross Profit Margin on Completed Construction Contracts (%)



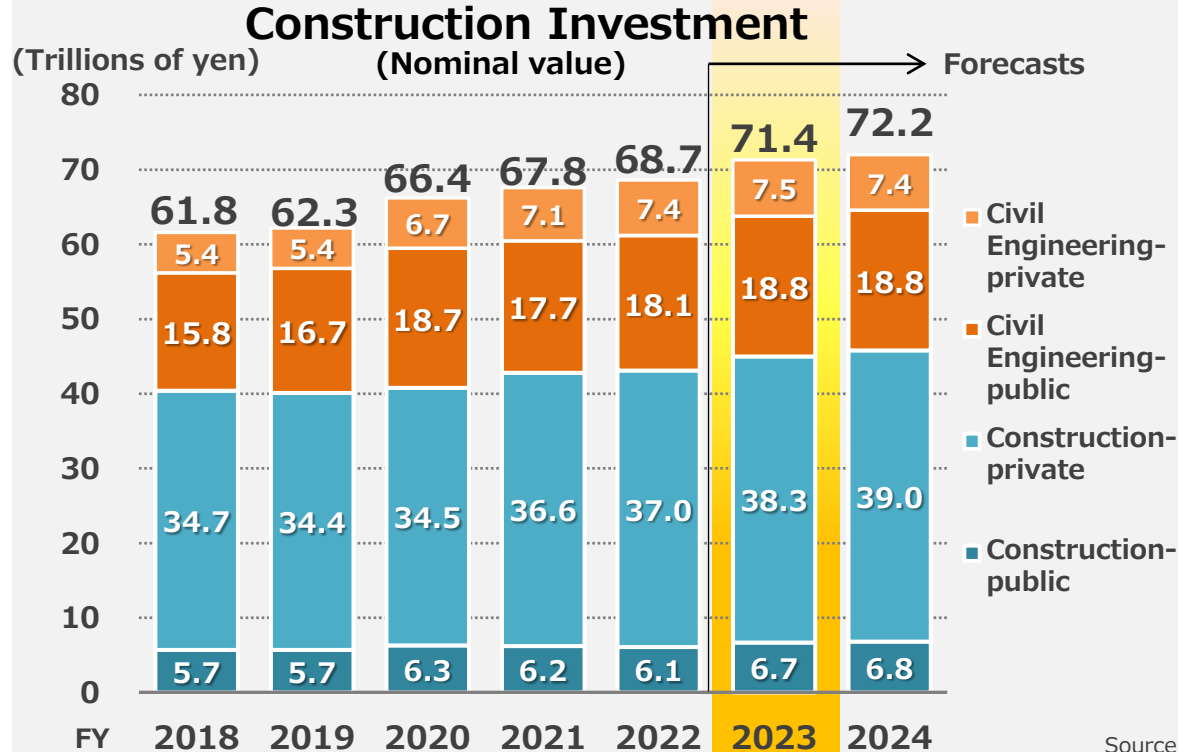
2. Progress of the Management Plan

President and Representative Director
Seisuke Otani

Business and Financial Outlook

Market Environment: Construction Investment

Strong construction investment is anticipated as social activities normalize



Outlook for FY2023

- With the normalization of social activities, **strong investment is expected in both construction and civil engineering.**

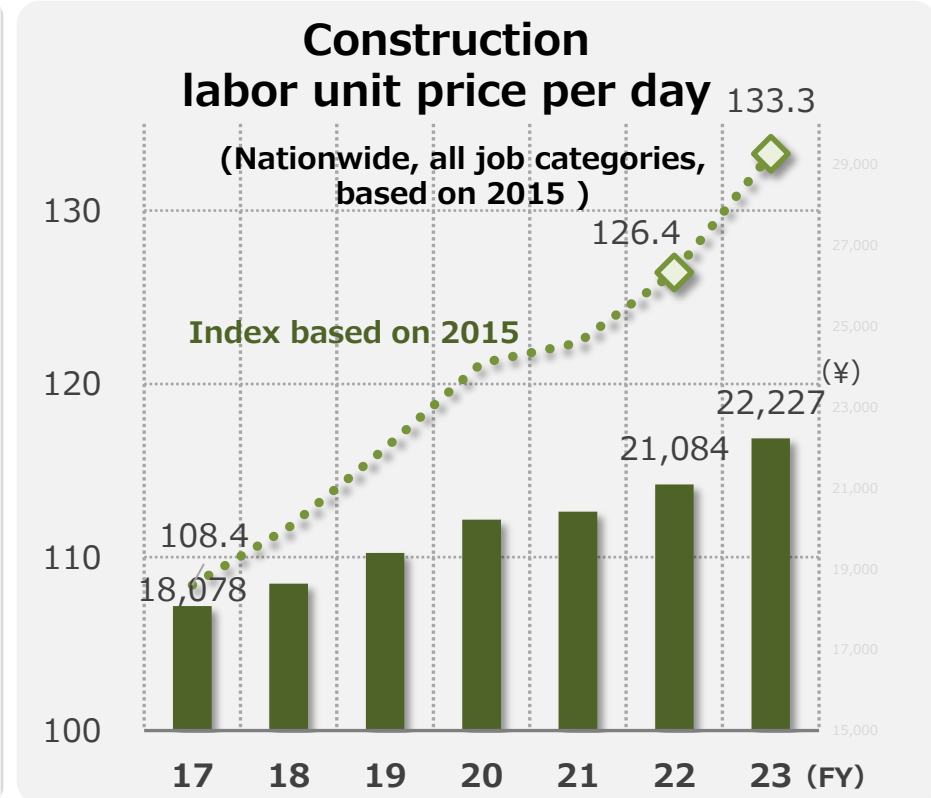
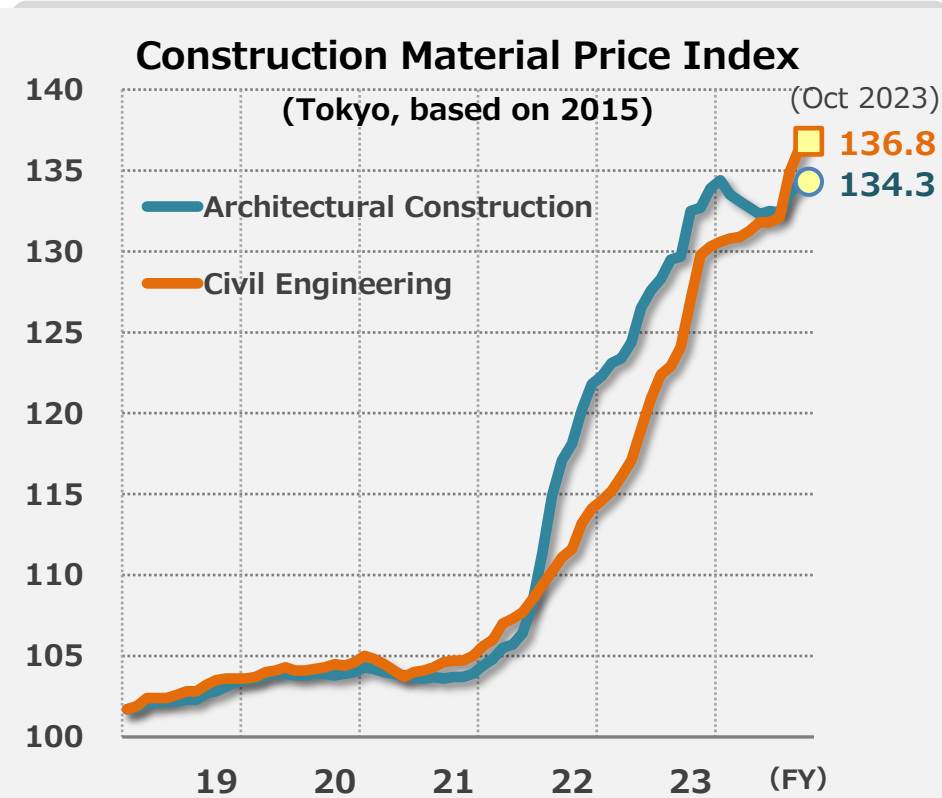
Outlook for FY2024

- Growth is expected to be slower than in the previous fiscal year, but **overall investment is expected to remain strong.**

Source: "Outlook for Construction Investment based on the Construction Economics Model", Research Institute of Construction and Economy (October 2023)

Market Environment: Construction Material Prices and Labor Cost

In response to concerns about soaring construction costs, thoroughly pursue orders with an emphasis on profitability



Market Environment: Construction Material Prices and Labor Cost

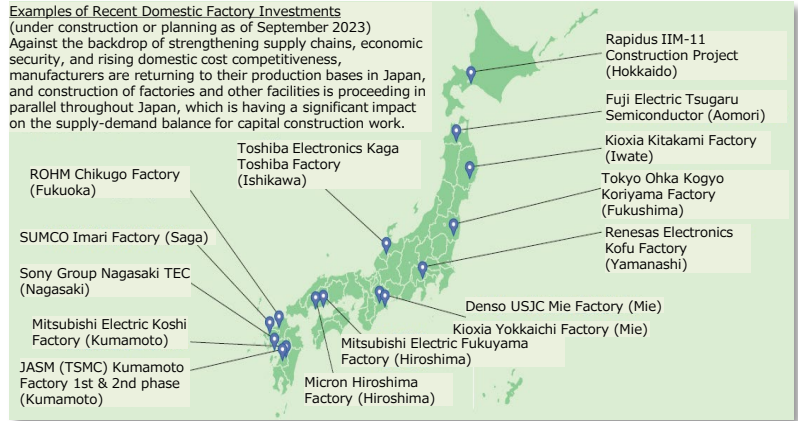
Concerns about the impact on the construction term due to soaring equipment costs and tight schedules of facilities companies

Social background
The entire supply chain of the manufacturing industry is returning to the domestic market due to the uncertainty of the global situation. Currently, large-scale projects are underway throughout Japan, creating a tight supply and demand situation for capital construction.

■ There are cases where labor costs and other expenses rise significantly depending on how busy the equipment subcontractors are.

In light of the fact that the overtime cap will be applied from next year, the construction companies may consider avoiding taking orders for projects that do not have an appropriate construction period.

■ Equipment used in large buildings is often custom-built or out of the central price range, which differs from average material price trends and can cause prices to skyrocket in some cases.

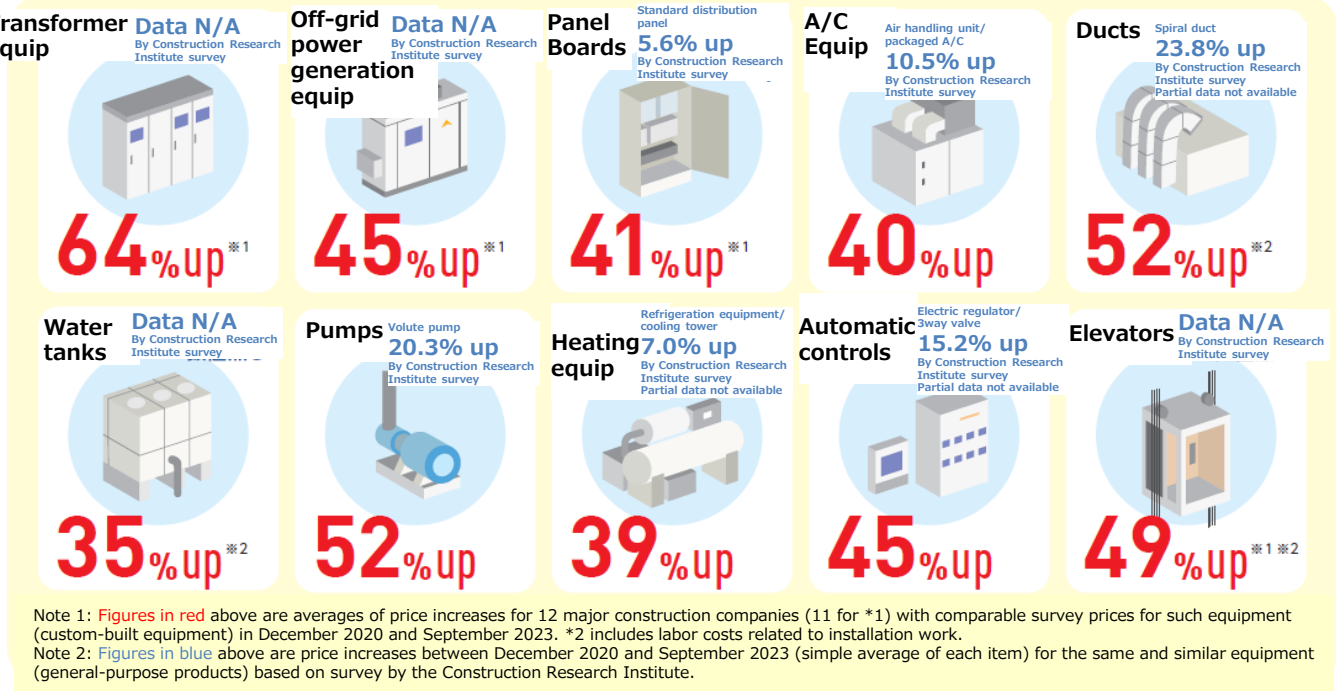


Source: Excerpts from data provided by the Japan Federation of Construction Contractors' Associations.

Market Environment: Construction Material Prices and Labor Cost

Prices for custom-built equipment, especially used in large-scale buildings, have increased significantly

(Reference) Price escalation rate for facilities and equipment (custom-built products, etc.)



※The percentage increase figures (in red) are simple averages for custom-built products for comparison with the percentage increase as reported by the Construction Research Institute, and do not represent individual price increases.

Performance Targets and Results

※ Unchanged from the forecasts at the beginning of the fiscal year

		FY22 Actual	FY23 Forecasts	2024 Targets (Medium-term Management Plan)
Profitability	Consolidated sales	547.1	540.0	600.0 ¥bil
	Operating income	14.1	16.0	33.0 ¥bil
	Operating margin	2.6	3.0	5.5 %
Capital efficiency	Net income	10.9	19.5	26.0 ¥bil
	ROE	3.5	6.1	8.0 %
Productivity	Labor productivity (non-consolidated)	11.71	12.50	15.00 ¥mil
Shareholder return	DOE	2.7	2.7	2.5 %
	Total return ratio	76.5	44.3	40.0 %

- Labor productivity = Added value (operating income + total labor cost) / Number of employees (average during the period, including temporary workers, etc.)
- DOE (dividend on equity ratio) = Total amount of dividends / equity capital
- Total return ratio = Total amount returned to shareholders (Total dividends + Total amount of own shares acquired) / Net income attributable to shareholders of the parent

Results by Segment

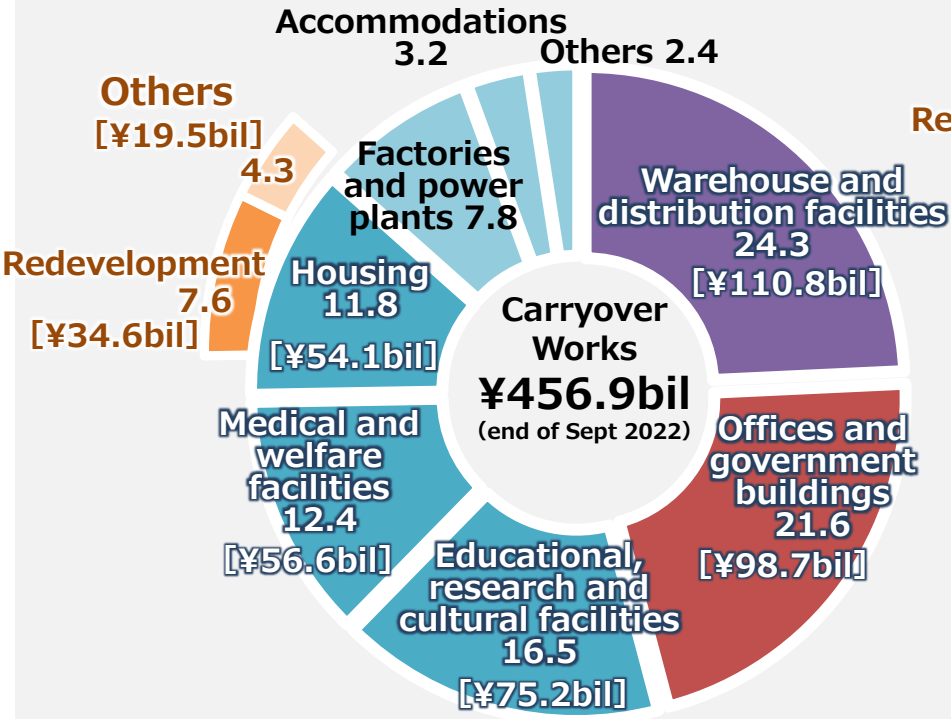
* Target for FY24 reclassified due to changes in segments.

* Consolidated net sales and operating income for each segment include elimination of intracompany transactions.

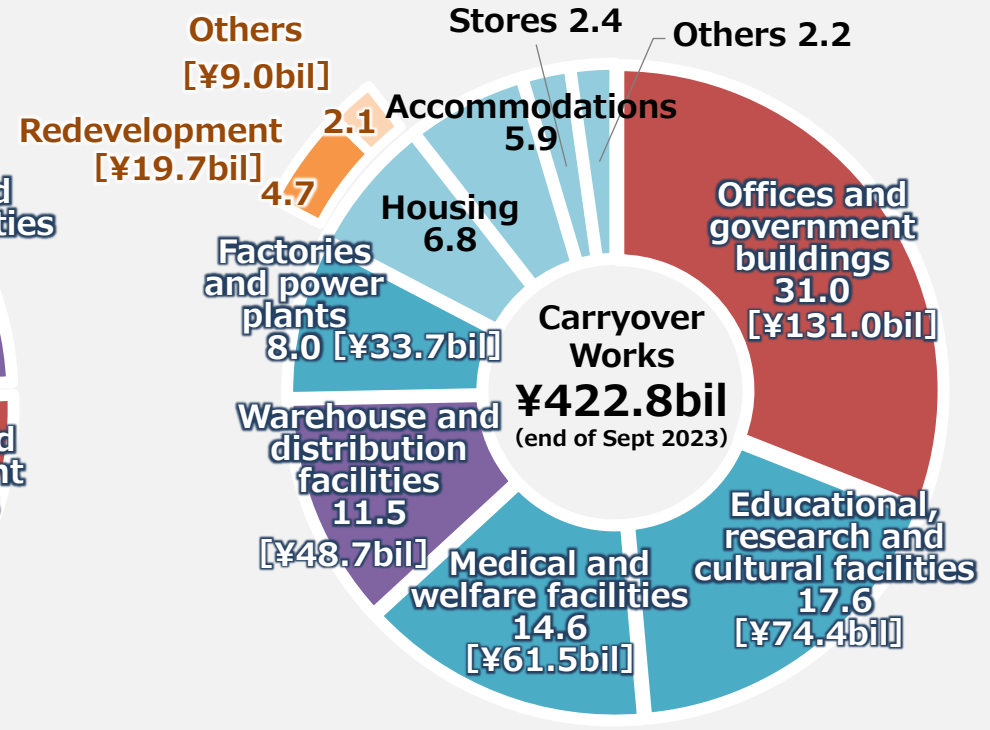
		FY22 Actual		FY23 Forecasts		FY24 Targets (Medium-term Management Plan)	
Consolidated net sales		547.1	¥bil	540.0	¥bil	600.0	¥bil
Strategic	Architectural Construction	320.6	¥bil	290.0	¥bil	350.0	¥bil
	Civil Engineering	125.9	¥bil	130.0	¥bil	145.0	¥bil
	Domestic Investment and Development/ Environment and Energy (GX Green Transformation)	20.3	¥bil	22.0	¥bil	30.0	¥bil
	Domestic Group Companies	52.3	¥bil	55.0	¥bil	55.0	¥bil
	Overseas Group Companies (Global)	37.9	¥bil	52.0	¥bil	28.0	¥bil
Operating income		14.1	¥bil	16.0	¥bil	33.0	¥bil
Strategic	Architectural Construction	(2.7)	¥bil	1.6	¥bil	9.8	¥bil
	Civil Engineering	10.0	¥bil	9.4	¥bil	14.2	¥bil
	Domestic Investment and Development/ Environment and Energy (GX Green Transformation)	3.3	¥bil	3.5	¥bil	0.0	¥bil
	Domestic Group Companies	1.9	¥bil	1.5	¥bil	3.5	¥bil
	Overseas Group Companies (Global)	1.9	¥bil	3.0	¥bil	5.5	¥bil

Carryover Works (Architectural Construction)

FY22 Q2



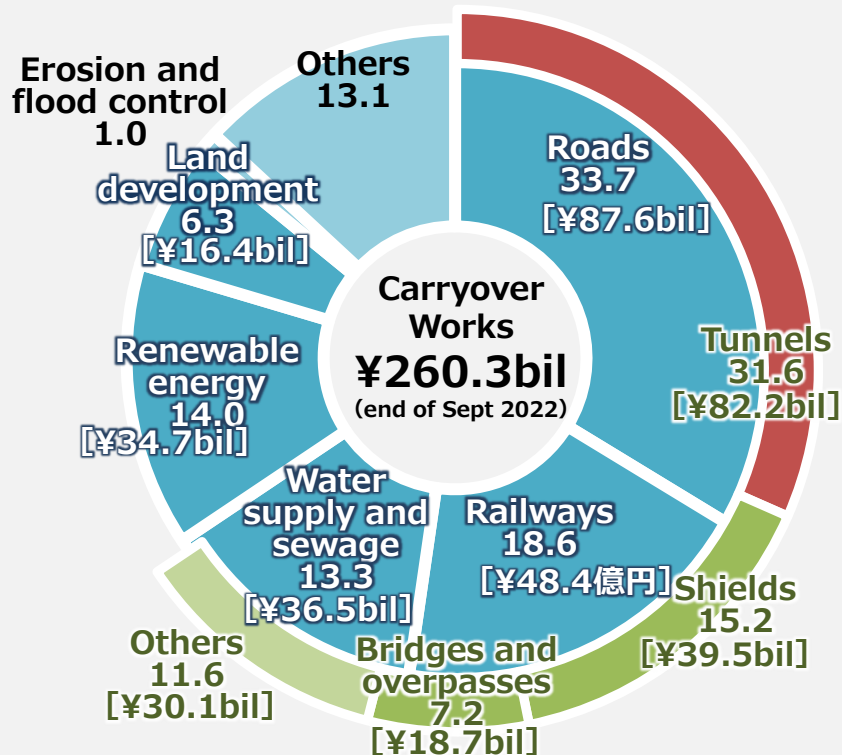
FY23 Q2



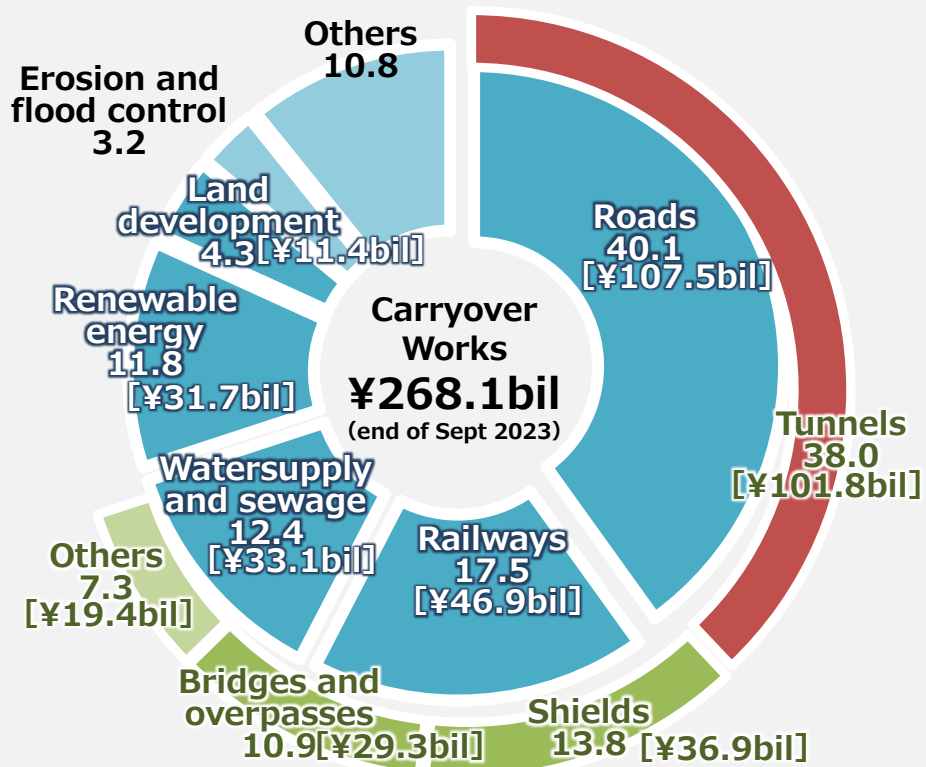
* In-house construction works (approx. ¥57.0 bil in FY22 Q2, approx. ¥69.2 bil in FY23 Q2) not included.

* Unit: %, []: contract amount

FY22 Q2



FY23 Q2



* In-house construction works (approx. ¥18.0 bil in FY22 Q2, approx. ¥5.7 bil in FY23 Q2) not included.

* Unit: %, []: contract amount



Investments

Investment Update

Full-scale investment in new TODA BUILDING to be completed in FY24

		FY22 Actual	FY23 Plan	Medium-term Business Plan 2024 (2022-2024)
Investments for Growth	Real Estate Development	28.3 ¥bil <small>(Incl. ¥9.0bil for New TODA BLDG)</small>	77.0 ¥bil <small>(Incl. ¥30bil for New TODA BLDG)</small>	160.0 ¥bil
	Environment & Energy	6.3 ¥bil	26.0 ¥bil	30.0 ¥bil
	M&A	3.9 ¥bil	— ¥bil	— ¥bil
Intangible Assets	Human Capital	0.4 ¥bil	1.0 ¥bil	3.0 ¥bil
	Technical Research and Development	3.2 ¥bil	13.5 ¥bil	20.0 ¥bil
	Digitalization	2.3 ¥bil	3.5 ¥bil	9.0 ¥bil
Machinery, equipment, etc		0.5 ¥bil	1.0 ¥bil	3.0 ¥bil
Total		45.1 ¥bil	122.0 ¥bil	225.0 ¥bil

- Figures are total of general and administrative expenses and amount recorded in assets
- FY22 results updated with finalized figures

Joso Project (Agri-Science Valley Joso)



Panoramic view of Joso Project



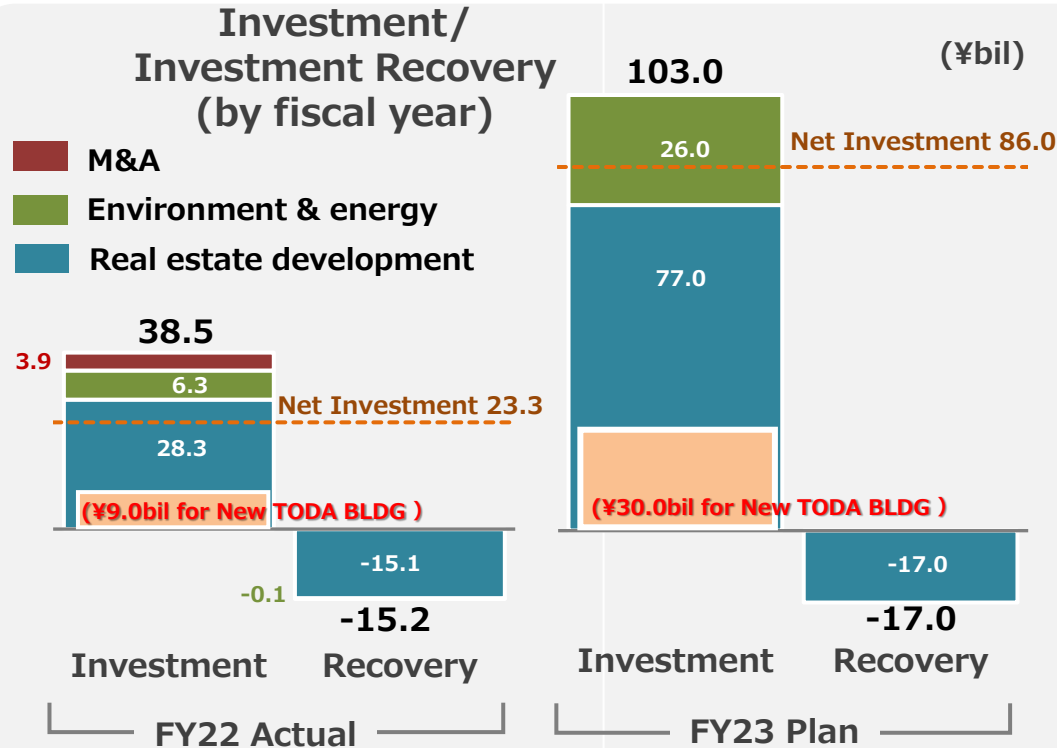
Opening ceremony (May 26)



Received Grand Prize/Minister of Internal Affairs and Communications Award in the "11th Platinum Award" (Nov 6)

Investment for Growth

¥190 bil of growth investment planned in the Medium-term Management Plan (FY22-FY24)



* FY22 Actual updated with finalized figures.

* Net investment = Investment amount - Collected amount

Planned investment other than new TODA BUILDING



Investment in Intangible Assets

Proactive technological research and development to create innovations

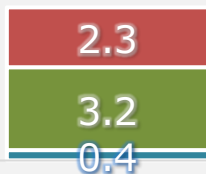
Major technological research and development
(news releases for the first half of FY2023)

Investment (by fiscal year)

18.0

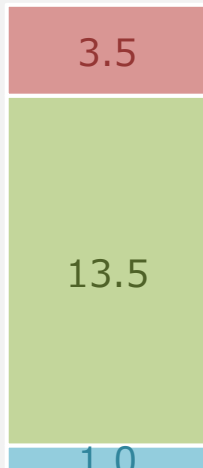
- Digitalization
- Technology R&D
- Human capital

6.1



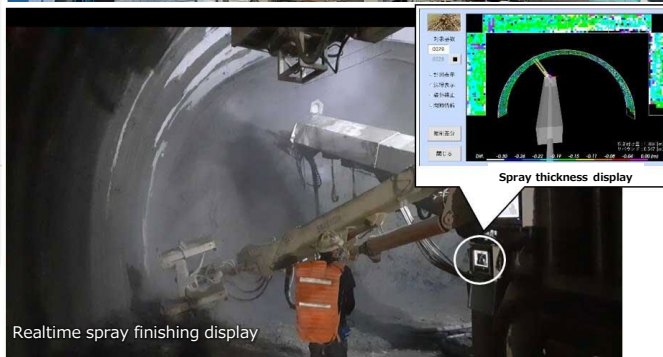
FY22
Actual

13.5



FY23
Plan

Real-time measurement and management technology for spray thickness: Establishment of "spray navigation system" *Joint development with TODA CORPORATION, FTS Co., Ltd., Shimizu Corporation, Nishimatsu Construction Co., Ltd., and Maeda Construction Co., Ltd.



Environmentally friendly concrete

"SLAGREET®"
Obtained Construction Technology Review and Certification (for architectural technology) * Joint development with TODA CORAPOTION and Nishimatsu Construction Co., Ltd.



Certificate of Construction Technology Review and Certification (for architectural technology)

* Figures are total of SG&A and amount recorded in assets
* FY22 actual updated with finalized figures



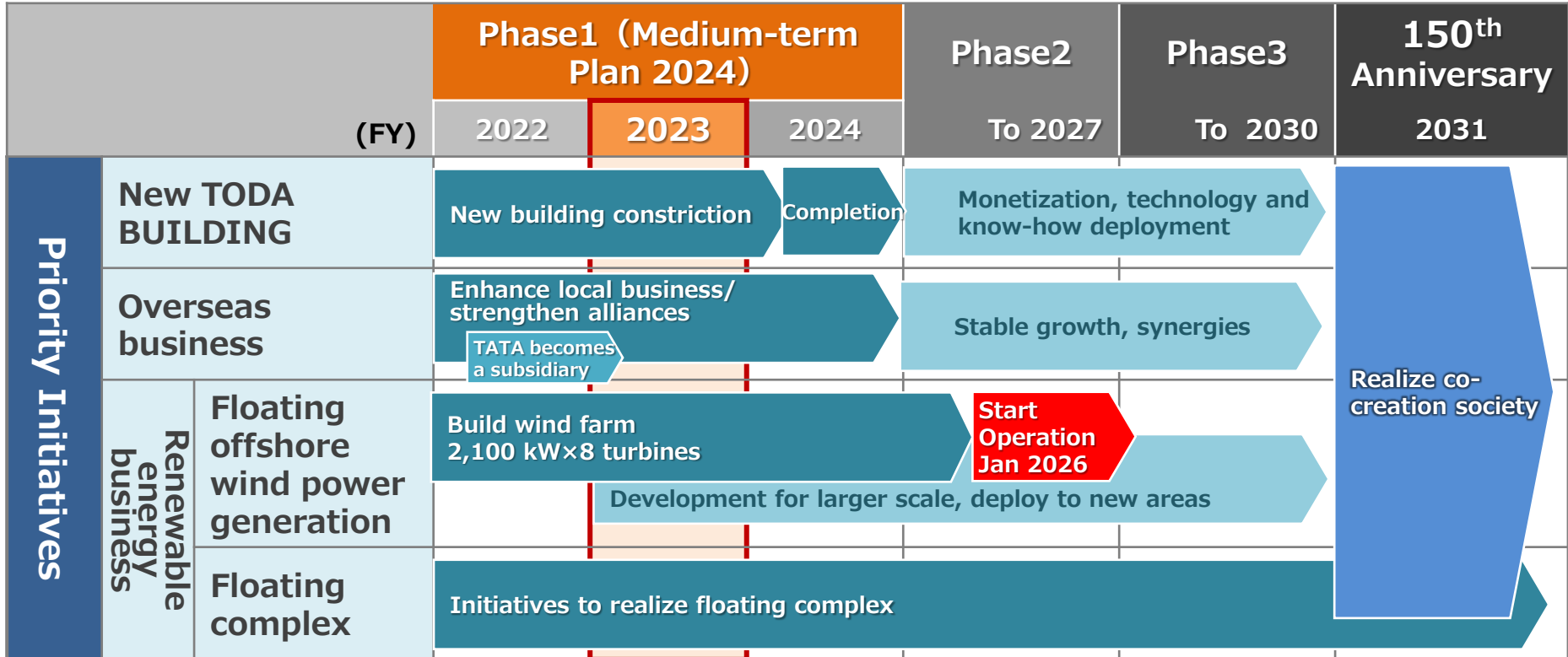
Management Priority Initiatives

New TODA BUILDING

Overseas Business

Renewable Energy Business

New TODA BUILDING construction volume peaks



New TODA BUILDING: Progress of Construction



System scaffold climbing status
(core wall 15F)

Full view of the construction site (Nov 8, 2023)

New TODA BUILDING: Art Program

Launching projects to build an ecosystem of a town through arts and culture



ART POWER
KYOBASHI

1 Creation/
Interaction
Support for
creative work,
opportunities for
interaction

2 Presentation/
Dissemination
Venue for presentation
of artworks,
dissemination of
activities

3 Evaluation
/Market
Creation
Lending and sales
of artworks, help
artists raise profile



- Building an art-based community ecosystem
- Generation of cycles of creation and interaction, presentation and dissemination, evaluation and market creation

KYOBASHI ART WALL

ここから未来をはじめよう
Start the Future from Here

- ✓ A project to support emerging artists through an open call for contemporary art works
- ✓ Selected works exhibited on the temporary enclosure at TODA BUILDING construction site as well as providing opportunities to hold solo exhibitions

Tokyo Dialogue 2022-2024

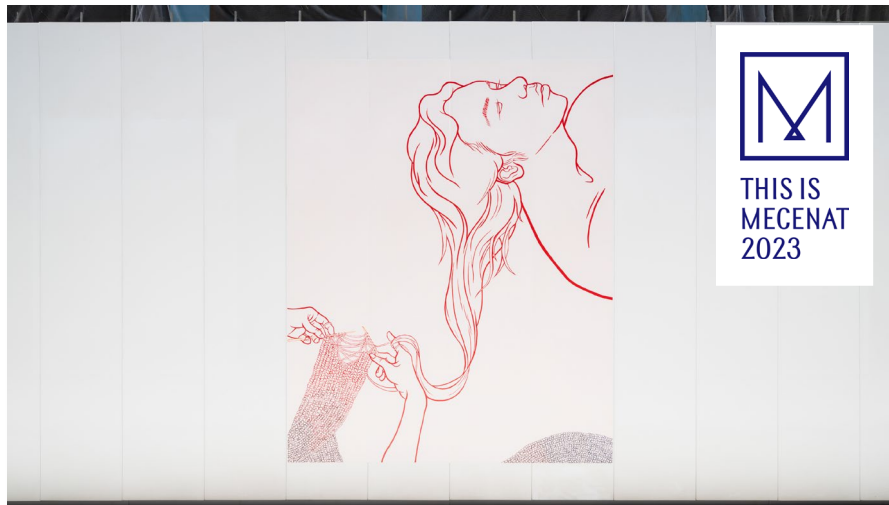
- ✓ Joint project by T3 PHOTO FESTIVAL TOKYO, an outdoor international photography festival, and TODA CORPORATION
- ✓ Expressing the changing city through a “dialogue” that weaves together photos and words using Kyobashi as the setting

ART POWER KYOBASHI Pre-Event Talk Session VOL.1

- ✓ Talk session for the art program to start in earnest with the opening of new TODA BUILDING
- ✓ Date and time: Saturday, December 16
Part 1: 13:30 Part 2: 16:00
Venue: Artizon Museum 3F Lecture Room

Support Program for Emerging Artists

**KYOBASHI
ART WALL**
ここから未来をはじめよう
Start the Future from Here



△ 4th Excellence Award-winning work exhibited on the temporary enclosure at construction site
Photographed by Ken Kato

Term: November 2021 through March 2024
* Total of four open calls for proposals

Venue: Temporary enclosure of TODA BUILDING construction site (north side)
KYOBASHI ART ROOM (4F, 1-8-4 Kyobashi, Chuo-ku, Tokyo)

Organized and planned by: TODA CORPORATION

※In July 2023, recognized as "This is MECENAT 2023" by the Japan Corporate Mecenat Council as an initiative to create a prosperous society through support for arts and culture.

Outdoor International Photography Festival Joint project

"Tokyo Dialogue 2023"



△"TOKYO DIALOGUE 2023" exhibited on the temporary enclosure at construction site
Photographed by Ken Kato

Term: Saturday, October 7, 2023 through Monday, December 18, 2023
* Term extended

Venue: Temporary enclosure of TODA BUILDING construction site (east & south sides)

Organized and planned by: TODA CORPORATION, T3 PHOTO FESTIVAL TOKYO

Established "Toda Asia Pacific Pte. Ltd." in Singapore with the Asia/Oceania region as the core of our overseas business

Global business headquarters

Japan

- Formulation and deployment of effective strategies
- Appropriate allocation of domestic resources to overseas, human resource development
- Development and implementation of necessary and sufficient governance
- Collaboration with each business division, dissemination of cutting-edge technology and know-how

Key for future global business

Southeast Asia

- Support for overseas expansion of Japanese companies
- Expansion of construction and development businesses through synergies with partner companies (initiatives in civil engineering work)
- Promoting localization of management in Thailand and Vietnam

Oceania

- Securing a business base in "developed countries" with room for growth

Stable generation of cash

North America

- Increase income gains from investment business
- Possibility of contributing project funds to other areas
- Flexible response in consideration of economic trends

Shift to new business model

South America

- Developing new business by taking advantage of the local characteristics (natural resources)

Toda Asia Pacific Pte. Ltd.

- Governance support in countries where TATA and others operate
- Optimization of management resources such as human resources

Floating Offshore Wind Power Generation

Efforts to develop technology through repeated demonstrations to upscale wind turbines



Conceptual drawing of completion



Panoramic view of the construction yard
(photo taken on October 19)

Offshore wind power generation project off the coast of Goto City

- Operation start date postponed to **January 2026** (initially scheduled for January 2024)
- ✓ Corrective measures have been taken for the two floating structures in the ground yard where defects were found, and construction work has resumed.
- ✓ Of the three units already installed at sea, one will be brought ashore and the soundness of the floating structure will be verified before a decision on how to handle the remaining two units will be made.

Formulation of TODA CONSTRUCTION's "Offshore Wind Power Business Strategy"

Six companies to jointly own self-elevating work platform (SEP)



Outline of Established Company

Trade name: Jack-up Wind Farm Construction Co., Ltd.

Capital: ¥100 mil yen

Investing companies: TODA CORPORATION,
Kumagai Gumi Co., Ltd.,
Nishimatsu Construction Co., Ltd.,
WAKACHIKU CONSTRUCTION CO., LTD.,
IWATA CHIZAKI INC.,
YOSHIDA-GC

Address: 2-8-5 Hatchobori, Chuo-ku, Tokyo

Representative: Masatoshi Yamada (TODA CORPORATION)

Established: March 14, 2022

Features of SEP in possession

- ✓ A used SEP-equipped crane is being modified to lift 1,300 tons, making it possible to handle **larger wind turbine assemblies (over 15 MW class)**.
- ✓ By taking advantage of the installed leg length, it is possible to support **operating water depths of up to 60m**.
- ✓ Capable of constructing both **ground-mounted and floating offshore wind power generation** facilities.

Schedule

- ✓ Remodeling to be completed in March 2025
- ✓ **Scheduled to start operation in September 2025**

Non-financial Business Objectives

Non-financial Business Objectives

Quantitative evaluation indicators		FY22 Actual	FY23 Forecasts (Actual)	FY24 Targets	
E	CO₂ emissions Scope 1&2	Reduction rate (vs FY2020) ※ Results at the end of June	-14.5	-29.2	-16.8 %
		Basic unit (per 100 mil yen)	13.6	13.5	11.2 t-CO ₂
	CO₂ emissions Scope 3	Reduction rate (vs FY2020)	-0.8	-	-10.0 %
		Category 1 basic unit (per 100 mil yen)	700.4	-	540.7 t-CO ₂
	Category 11 basic unit (per sqm)	2.9	-	3.5 t-CO ₂	
S	Total accident frequency rate	4.22	4.23	1.00	
	Accident frequency date	0.40	0.30	0.10	
G	Labor productivity per hour	5,567	6,150	7,500 yen	

Scope 1: Direct CO₂ emissions from the use of diesel, etc.

Scope 2: Indirect CO₂ emissions by power plants for use of purchased electricity/heat

Scope 3: Indirect emissions other than Scopes 1 and 2

Category 1: Emission at time of construction material manufacturing, Category 11: Emission during period of operation of constructed buildings

Basic unit: Scopes 1 + 2: Emission per ¥100 million net sales

Category 1: Emission per ¥100 million transaction amount, Category 11: Emission per 1 sqm completed gross floor area

Total accident frequency rate = Total occupational accidents/total working hours (million hours)

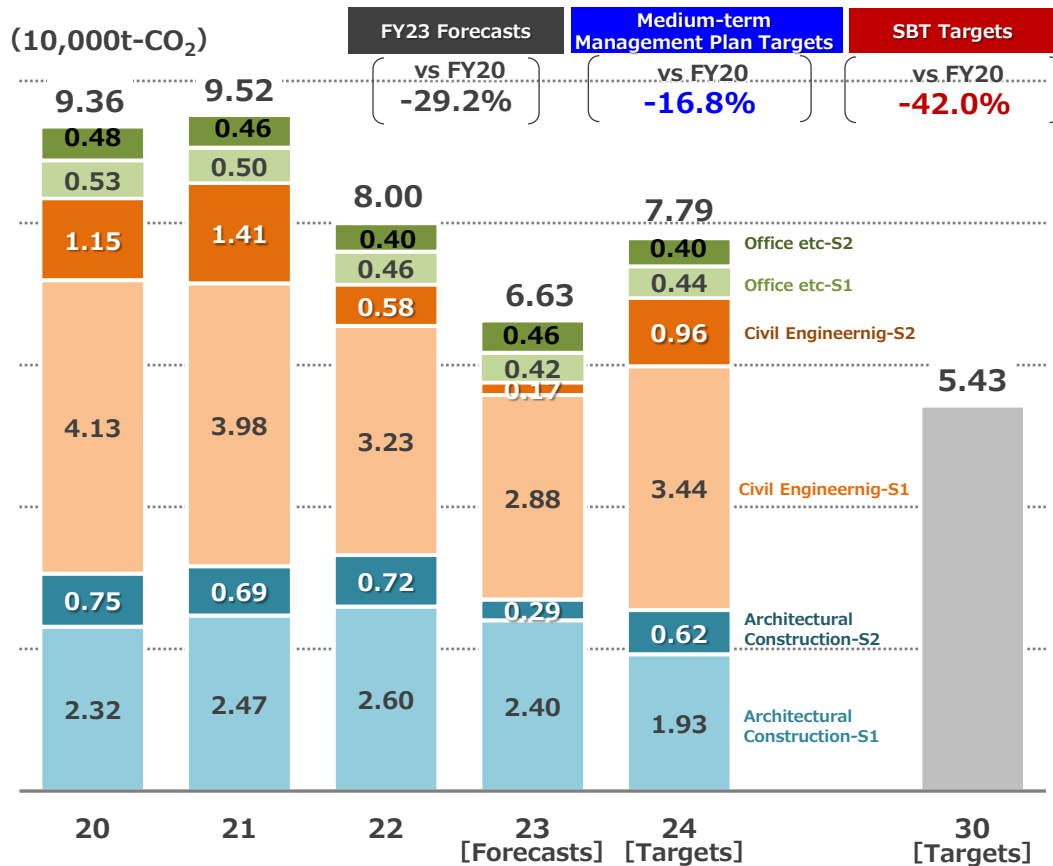
Accident frequency rate = Number of occupational accidents requiring 4 or more days of leave / total working hours (million hours)

Labor productivity per hour = Amount of added value (operating income + total human resources expenses) / Number of employees / Average total working hour

CO₂ Emissions (Scope 1&2)

Scope 1 Direct CO₂ emissions from the use of diesel, etc.
Scope 2 Indirect CO₂ emissions by power plants for use of purchased electricity/heat

CO₂ Emissions



Initiatives to reduce CO₂



• “ZEB” being deployed in temporary site offices.

- Source: BELS case study data from the website of the Japan Housing Performance Evaluation and Labeling Association (as of the end of July 2022).
- ZEB (Net Zero Energy Building) is a building aims at annual zero primary energy balance by saving as much energy as possible with such means as better heat insulation and high-efficiency equipment as well as generating energy by solar power generation and other power generation methods, while maintaining a comfortable environment. It is divided into four ranks based on the rate of energy reduction, with the highest rank, “ZEB”, requiring a reduction of 100% or more.

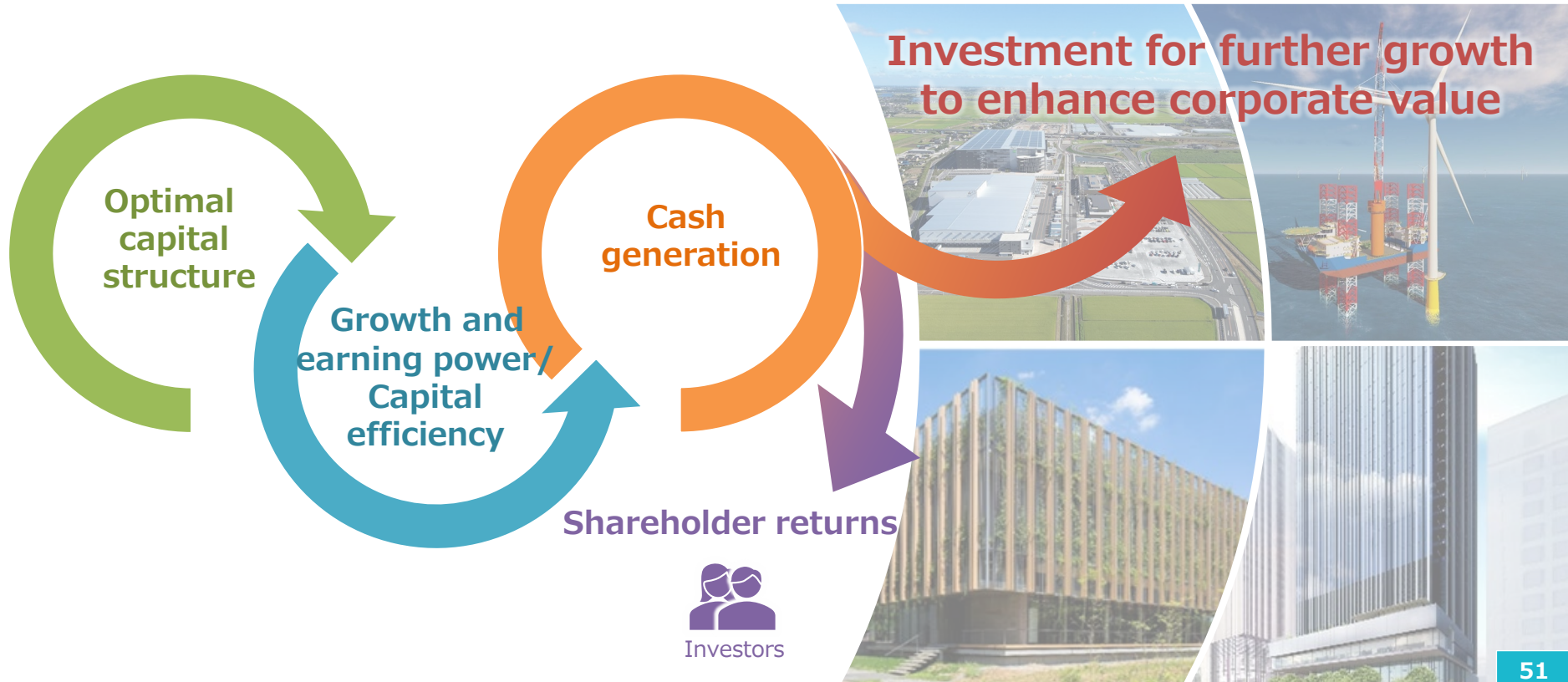
※ Due to the acquisition of TATA as a consolidated subsidiary, the actual figures for FY20, FY21 and FY22 have been revised.



Management that is Conscious of Cost of Capital and Stock Price

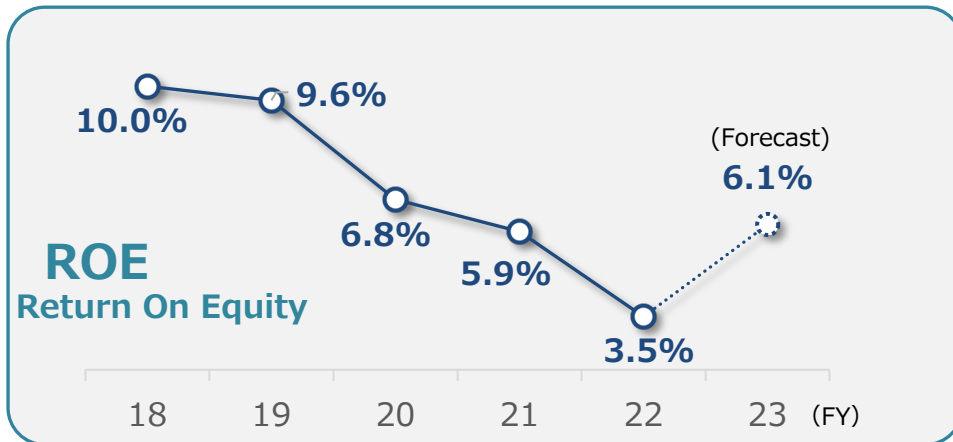
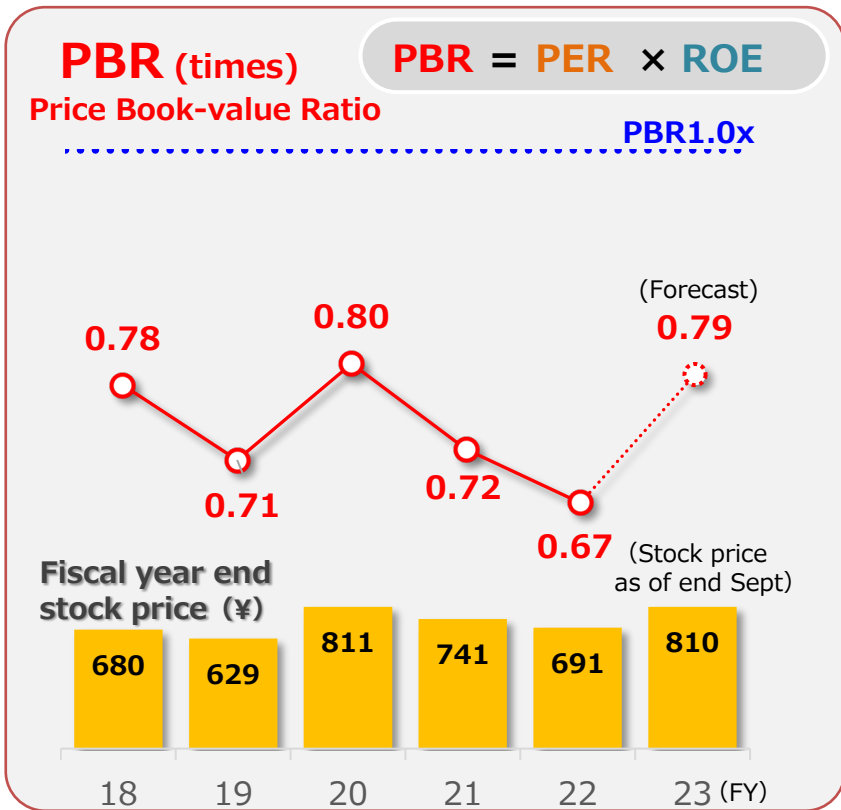
Enhancing Our Corporate Value

Medium- to long-term growth strategies improve stakeholder value

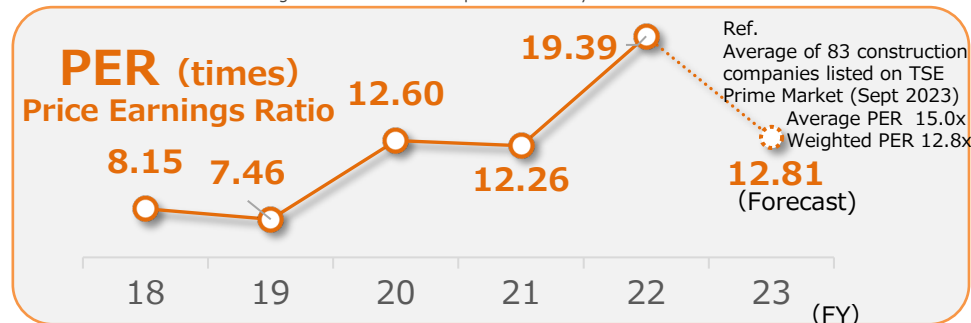


Recognition of Current Situation

PBR below 1x due to decline in capital efficiency (ROE)



ROE = Net income for the fiscal year ÷ Shareholders' equity (Average at the beginning and end of fiscal year)
* BS items in FY23 forecast use figures at the end of the previous fiscal year.

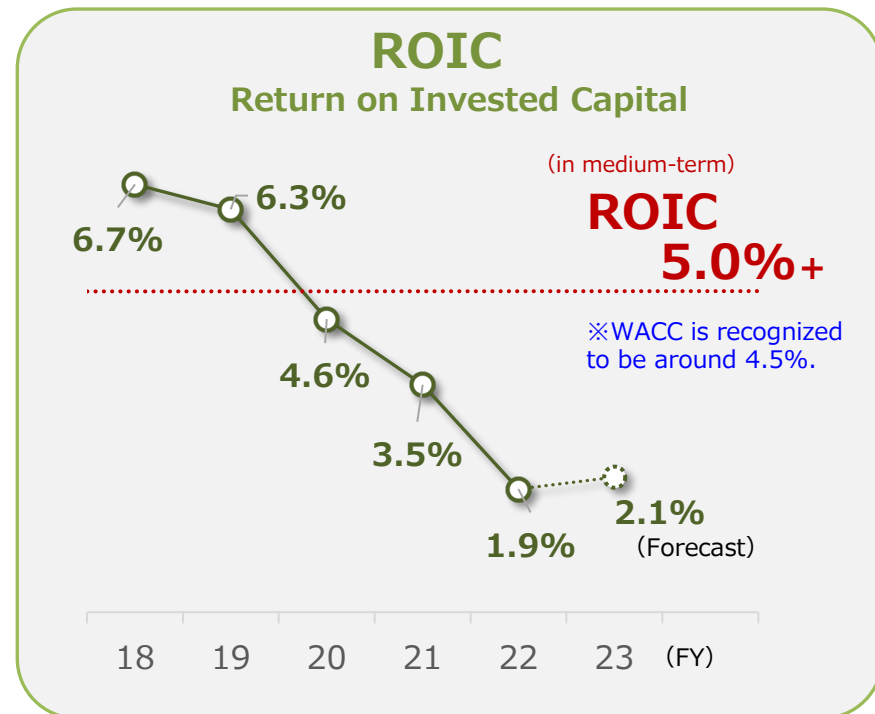
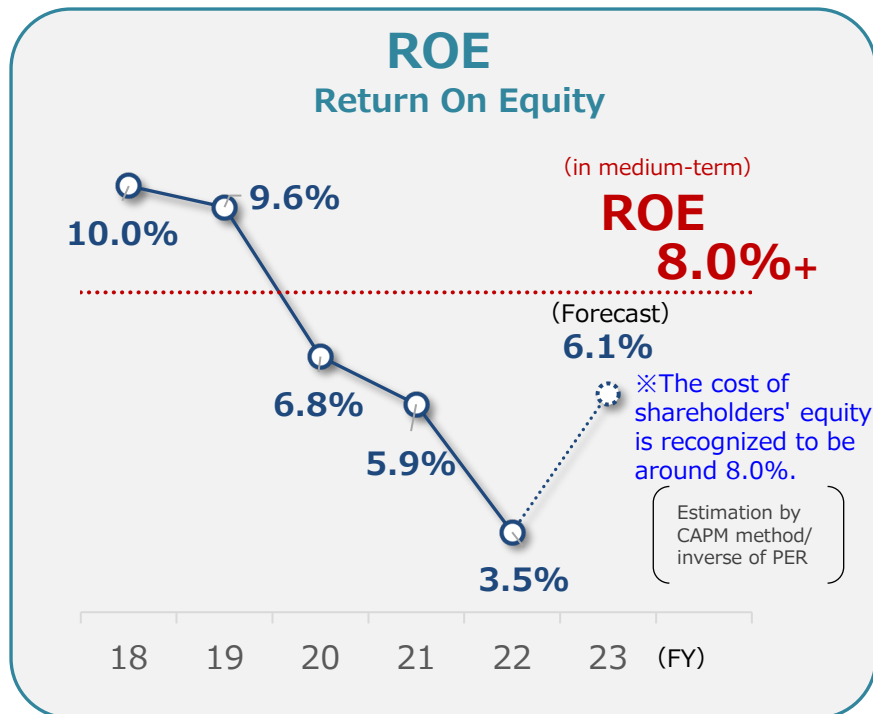


PER = Fiscal year end stock price (adjusted) ÷ Net income per share
(Total number of shares is the average during the fiscal year excluding own shares.)
* BS items in FY23 forecast use figures at the end of the previous fiscal year.

PBR = Fiscal year end stock price (adjusted) ÷ Net assets per share
(Net assets and total number of shares used are those at the end of the fiscal year.)
* FY23 forecast is based on the stock price as of end Sept 2023.
BS items in FY23 forecast use figures at the end of the previous fiscal year.

Estimation of Cost of Capital

Cost of shareholders' equity estimated at around 8.0%, weighted average cost of capital (WACC) at around 4.5%. Continuously aim for ROE 8.0%+ and ROIC 5.0%+ through capital efficiency-conscious management.



ROE = Net income for the fiscal year ÷ Shareholders' equity
(Average at the beginning and end of fiscal year.)

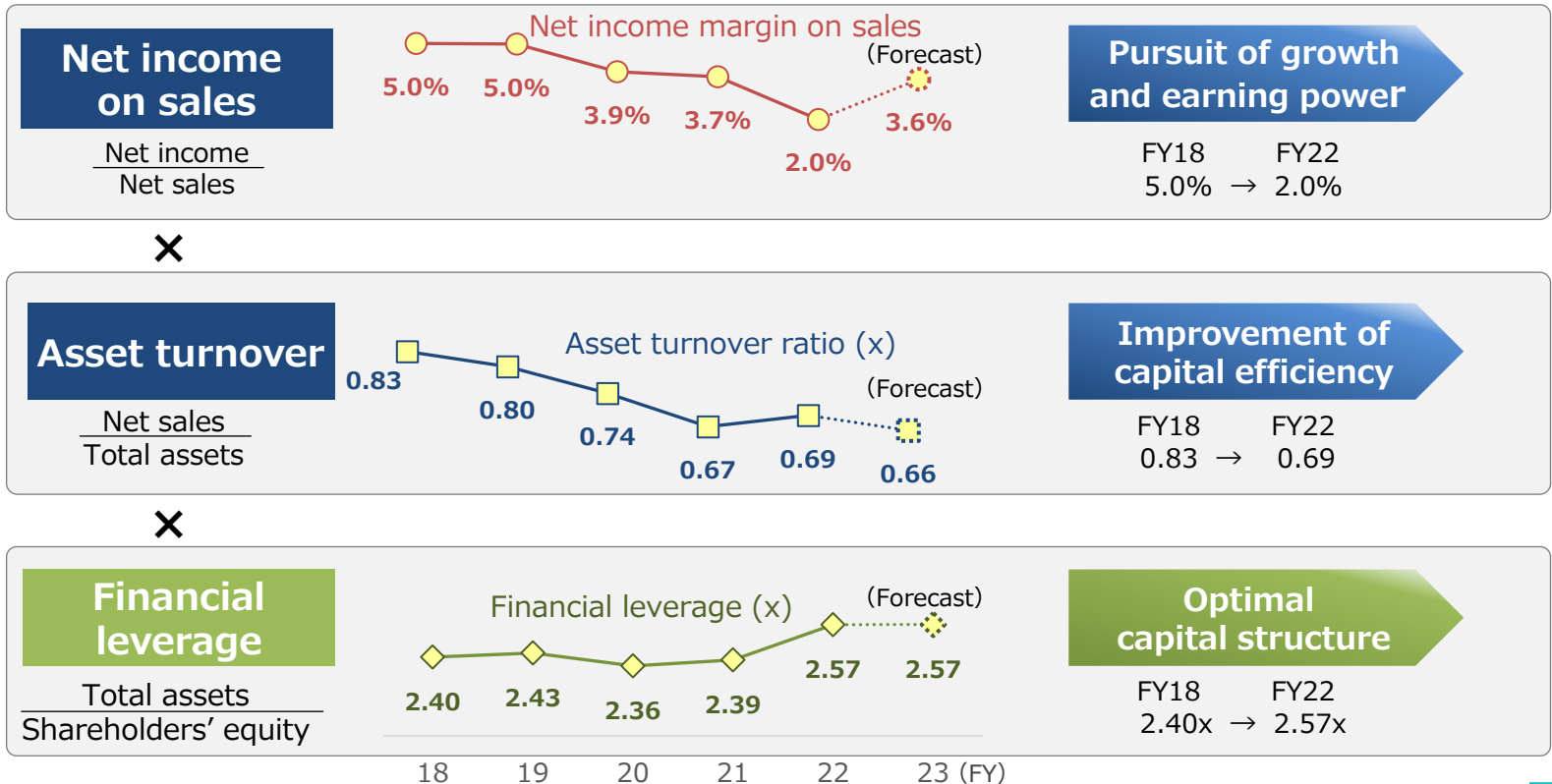
* BS items in FY23 forecast use figures at the end of the previous fiscal year.

ROIC = Operating income after tax ÷ Invested capital (interest-bearing debt + shareholders' equity)
* Invested capital is calculated as the average at the beginning and end of fiscal year, and the effective tax rate is assumed to be 30.5%.

Analysis of Current Situation

ROE enhancement requires pursuit of growth and earning power and improvement of capital efficiency

ROE
Return On Equity



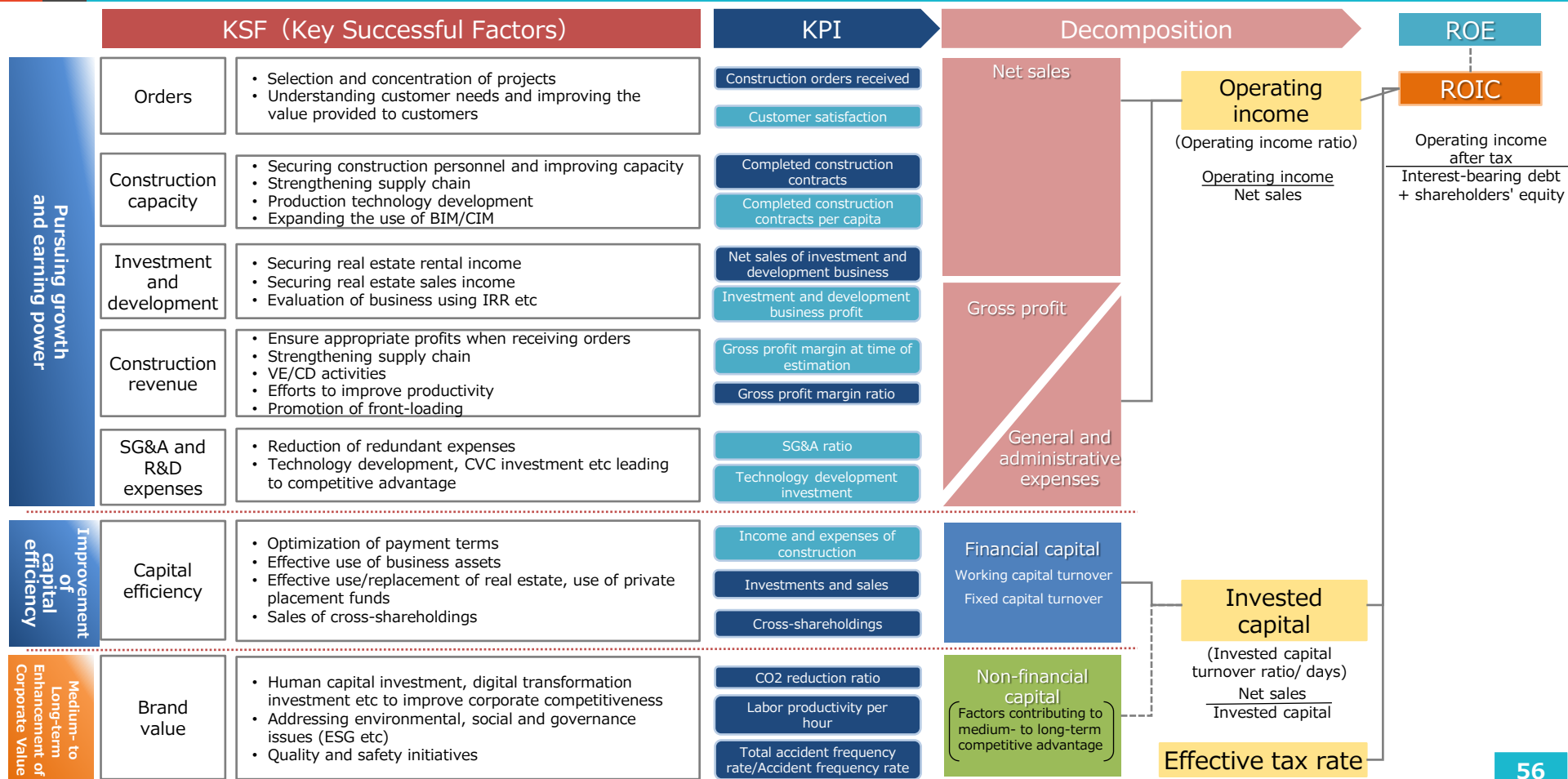
* Net sales and net income in FY23 forecast are based on disclosed figures. Total assets and shareholders' equity use figures as of the end of the previous fiscal year.

Policy to Improve Return on Capital and Market Valuation

Aim to secure profitability in construction business, and improve capital efficiency through sales of cross-shareholdings and use of private placement funds

Key points for improvement	Policy and indicators	Improvement	
Pursuing growth and earning power	<ul style="list-style-type: none"> ◆ <u>Growth strategy and strategic investments to enhance corporate value</u> ◆ Improvement of capital efficiency through <u>reallocation of real estate assets</u> etc (use of private placement funds etc) (Sales of assets held: Medium-Term Management Plan target: ¥67 bil / 3 years) ◆ Sales of <u>cross-shareholdings (Medium-Term Management Plan target: more than ¥10 bil per year)</u> ◆ Promotion of <u>business portfolio management</u> ◆ Business management using <u>ROIC by segment</u> as an internal indicator 	Improvement of ROE	
Improvement of capital efficiency			
Optimal capital structure	<ul style="list-style-type: none"> ◆ <u>Maintain investment grade rating</u> based on financial discipline (Medium-Term Management Plan target: D/E ratio of 0.8x or less) 	Improvement of PBR	
Stable and continuous shareholder returns	<ul style="list-style-type: none"> ◆ Implementation of stable <u>shareholder returns</u> (Medium-Term Management Plan target: DOE of 2.5% or more and Total Return Ratio of 40% or more) ◆ Timely and appropriate <u>acquisition of own shares in a flexible manner</u> ◆ Proactive dialogue with <u>investors etc</u> (60+ meetings per year) ◆ Enhancing disclosure and communication <u>to customers, partner companies, shareholders/investors, and employees</u> 		Improvement of PER
Initiatives to enhance stakeholder satisfaction			

Internal Management using ROIC Reverse Tree





TODA CORPORATION