



June 12, 2025

To Whom It May Concern:

Company name: TOA CORPORATION  
Representative: Takeshi Hayakawa, President  
and Representative Director  
(Securities code: 1885; TSE  
Prime Market and SSE)  
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## **Correction: Partial Amendment to Notice Concerning Establishment of "Action Plan to Improve Price-to-Book Ratio 2025"**

We have identified some errors in the Notice Concerning Establishment of "Action Plan to Improve Price-to-Book Ratio 2025" disclosed on May 13, 2025. Therefore, we are making the following corrections:

### **1. Reason for Correction:**

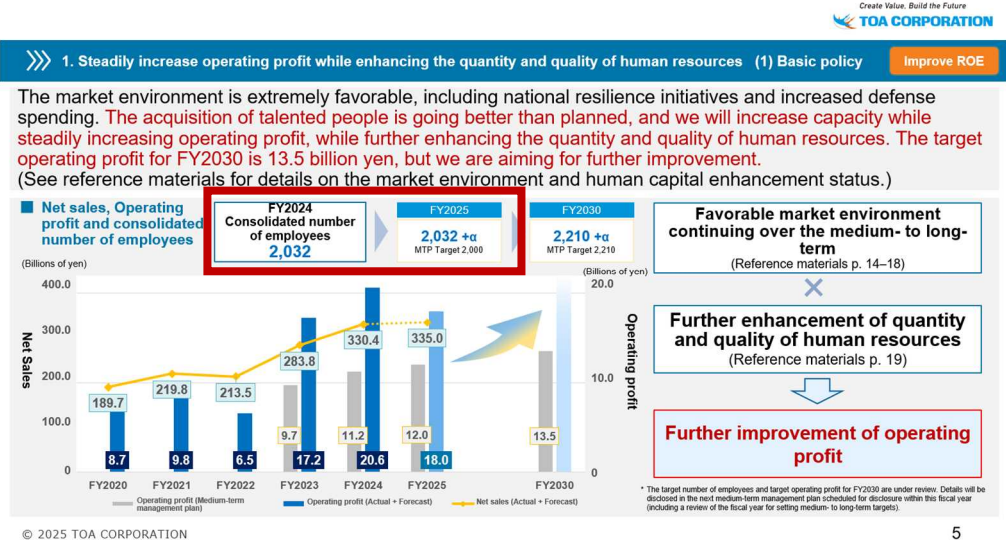
It has been discovered that the number of employees at some overseas consolidated subsidiary was not included in the chart "Net sales, operating profit, and consolidated number of employees" on page 5 of the "Action Plan to Improve Price-to-Book Ratio 2025", so we will be correcting this to include the correct figures.

### **2. Details of Correction:**

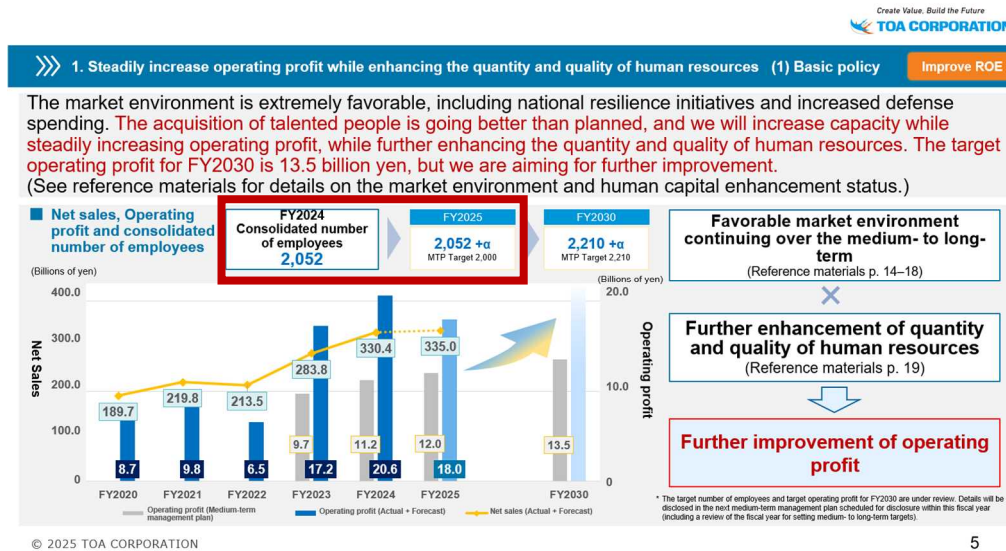
The corrected sections are indicated in red frames on the next page.



Page 5: Action Plan to Improve Price-to-Book Ratio 2025  
Before Correction:



After Correction:





# Action Plan to Improve Price-to-Book Ratio 2025

May 13, 2025

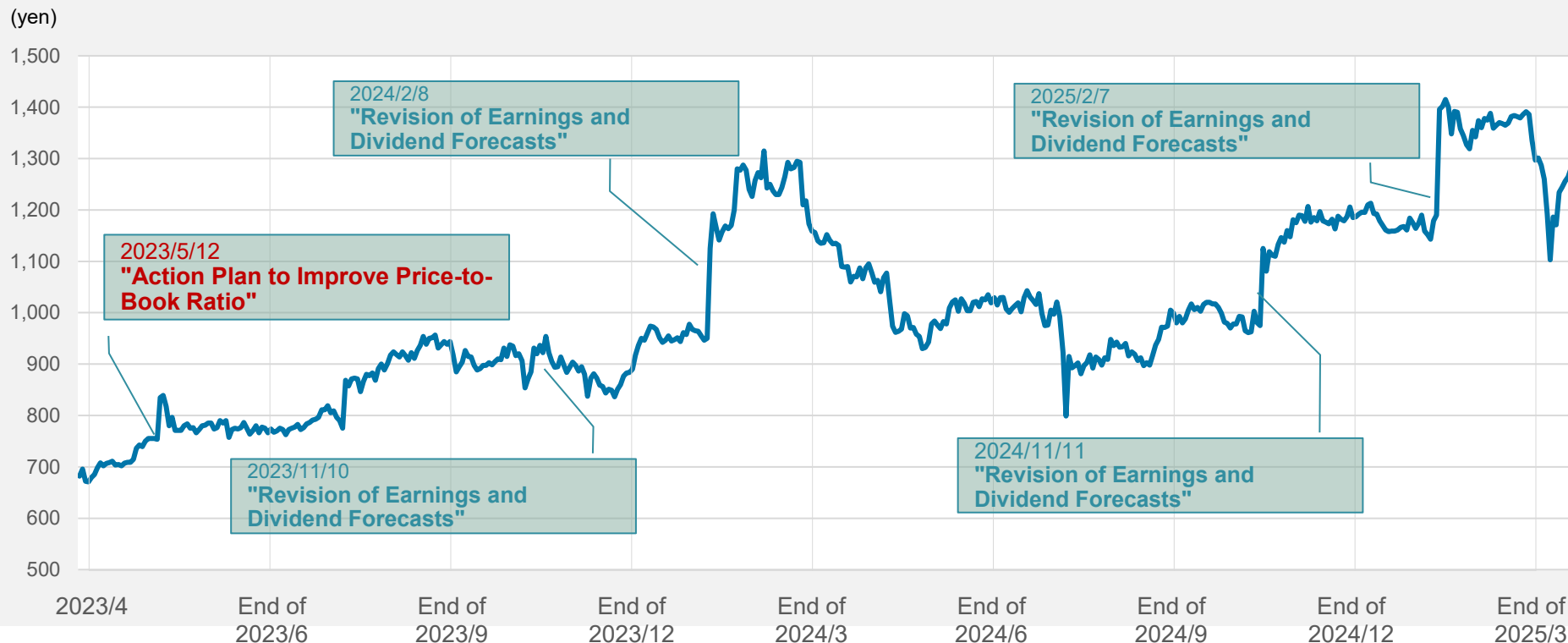
TOA CORPORATION



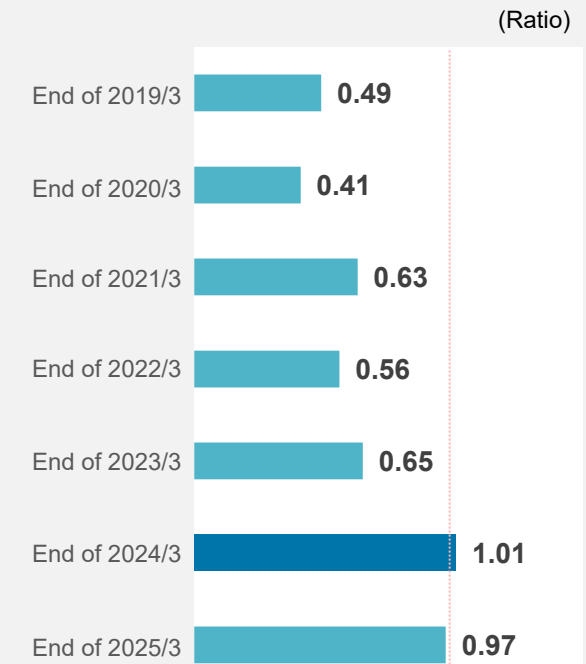
## 》》 Review (Stock price trend/PBR trend)

On May 12, 2023, we disclosed the “Action Plan to Improve Price-to-Book Ratio,” and although PBR exceeded 1:1 at the end of FY2023, it ended up slightly below 1:1 at the end of FY2024. In April 2025, our stock price also temporarily declined due to the impact of the overall market downturn. We will work to further improve PBR going forward.

### ■ Stock price trend



### ■ PBR trend

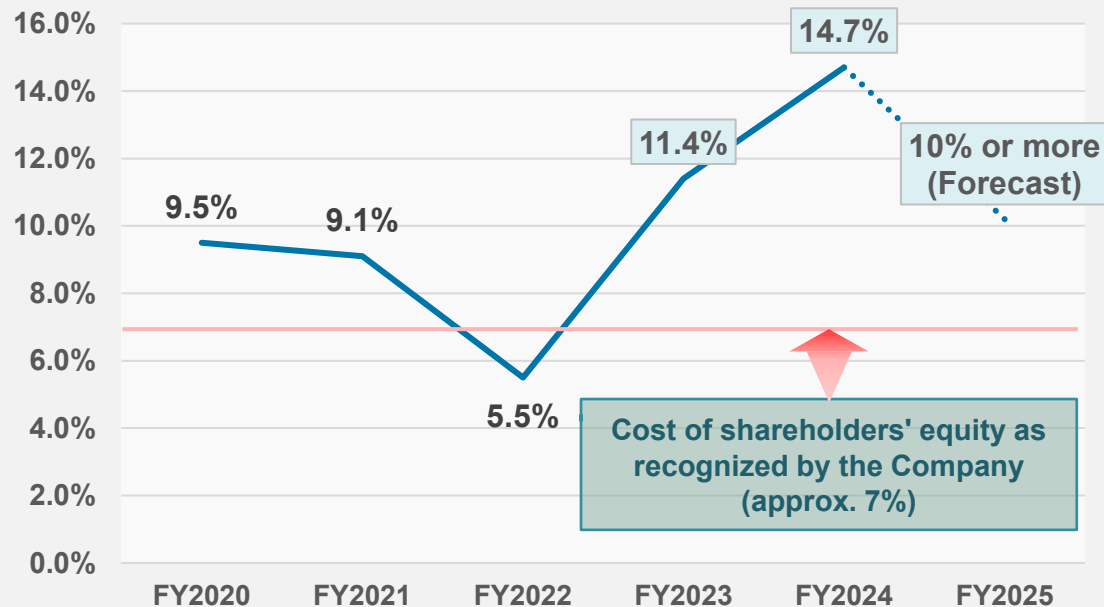




## 》》 Assessment of current situation

Amid the favorable management environment, despite continuously achieving an ROE of 10% or more, which exceeds the cost of shareholders' equity as recognized by the Company (approx. 7%), there is a major gap between its capital efficiency and earning power and their evaluation by the market. We will work to further increase its PBR while striving to improve its PER through sustained profit growth and dialogue with the market.

### ■ ROE trend



**Maintain and raise the level of ROE, which has been steadily exceeding Cost of Shareholders' Equity**

#### Improve ROE (1)

Steadily increase operating profit while enhancing the quantity and quality of human resources

#### Improve ROE (2)

Review the balance sheet and improve capital efficiency

**Reduce Cost of Shareholders' Equity = Improve PER**

Further strengthen IR activities



»» We will implement the following measures to work towards further improving PBR

**1. Steadily increase operating profit while enhancing the quantity and quality of human resources**

**2. Review the balance sheet**  
(Further enhance shareholder returns, reduce cross-shareholdings)

**3. Further strengthen IR activities**



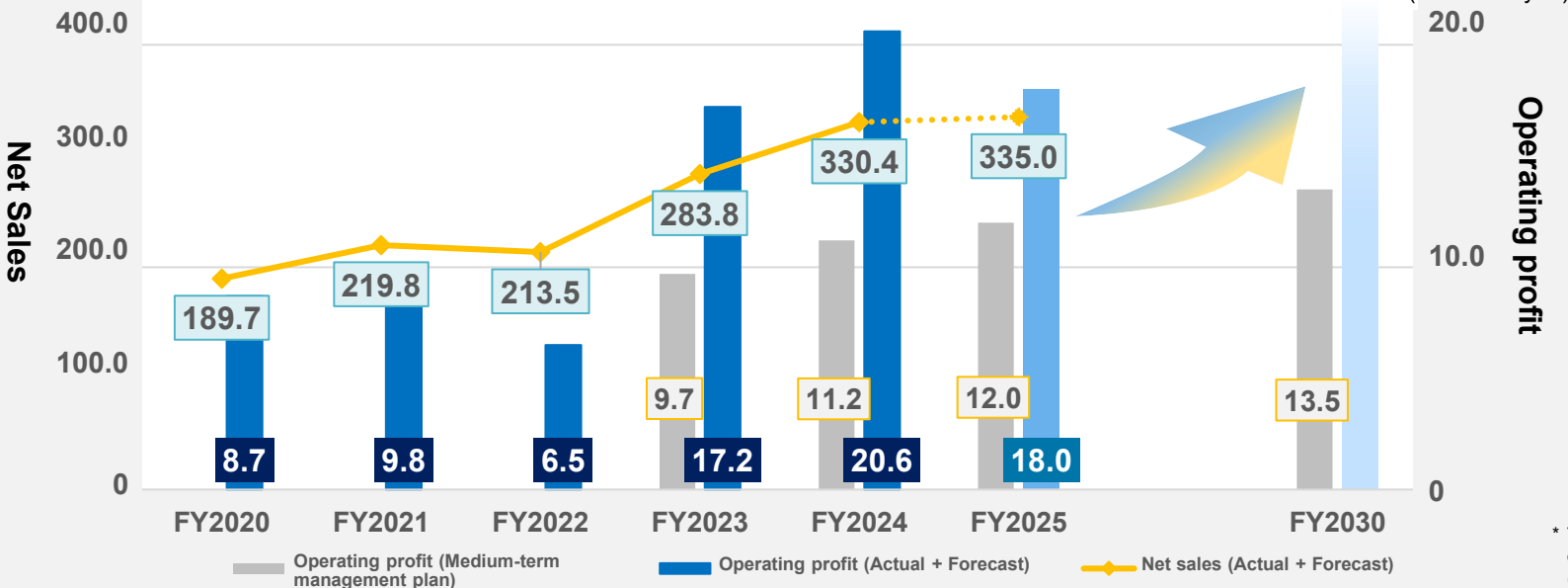
## 1. Steadily increase operating profit while enhancing the quantity and quality of human resources (1) Basic policy

Improve ROE

The market environment is extremely favorable, including national resilience initiatives and increased defense spending. The acquisition of talented people is going better than planned, and we will increase capacity while steadily increasing operating profit, while further enhancing the quantity and quality of human resources. The target operating profit for FY2030 is 13.5 billion yen, but we are aiming for further improvement.  
(See reference materials for details on the market environment and human capital enhancement status.)

### Net sales, Operating profit and consolidated number of employees

(Billions of yen)



**Favorable market environment continuing over the medium- to long-term**  
(Reference materials p. 14–18)

**Further enhancement of quantity and quality of human resources**  
(Reference materials p. 19)

**Further improvement of operating profit**

\* The target number of employees and target operating profit for FY2030 are under review. Details will be disclosed in the next medium-term management plan scheduled for disclosure within this fiscal year (including a review of the fiscal year for setting medium- to long-term targets).





## 1. Steadily increase operating profit while enhancing the quantity and quality of human resources (2) Current investment plan

Improve ROE

During the period of this medium-term management plan, we are aiming for the integration of our business and human resource strategies to realize our long-term vision, focusing on expanding operating profit by enhancing the quantity and quality of human resources and **emphasizing investments that contribute to accelerating human capital management**.

Business domain expansion is below the planned figures, but we are constantly considering **M&A and other measures to strengthen construction capabilities**.

Planned investment amount at the beginning of the medium-term management plan (3-year total)	Investment amount and use for FY2023–2024		Expected effects	Current planned investment amount (3-year total)
Technology development 4 billion yen	2.7 billion yen	<ul style="list-style-type: none"> <li>Strengthening R&amp;D capabilities</li> <li>Technology development strategy leading to growth</li> </ul>	<ul style="list-style-type: none"> <li>Improved competitiveness by promoting technology development reflecting social needs in measures</li> </ul>	Technology development Approx. 4 billion yen
Business domain expansion 5 billion yen	0.6 billion yen	<ul style="list-style-type: none"> <li>Establishment of Indonesian subsidiary</li> <li>Launch of renewable energy smart city concept</li> </ul>	<ul style="list-style-type: none"> <li>Receipt of orders for locally financed construction projects and expansion of orders for building construction projects</li> <li>Contribution to the realization of a sustainable society through initiatives related to environmental technology</li> </ul>	Business domain expansion Approx. 10 billion yen ↑
Human resource development 3 billion yen	3.7 billion yen	<ul style="list-style-type: none"> <li>Promotion of women's active participation</li> <li>Strengthening recruitment activities, wage increases</li> <li>Enhancement of education and training</li> </ul>	<ul style="list-style-type: none"> <li>Realization of organization building that promotes business expansion by securing professional human resources and promoting human resource growth (development)</li> </ul>	Human resource development Approx. 7 billion yen ↑
Capital investment, etc. 8 billion yen	5.0 billion yen	<ul style="list-style-type: none"> <li>Capital investment related to work vessels (mainly maintenance and renewal)</li> <li>Introduction of software</li> <li>Securing of income-generating real estate</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening competitiveness by leveraging our strengths</li> <li>Improved productivity through operational efficiency</li> <li>Development of new business models through the construction and sale of income-generating properties, etc.</li> </ul>	Capital investment, etc. Approx. 9 billion yen
Total 20 billion yen	12.1 billion yen			Total Approx. 30 billion yen

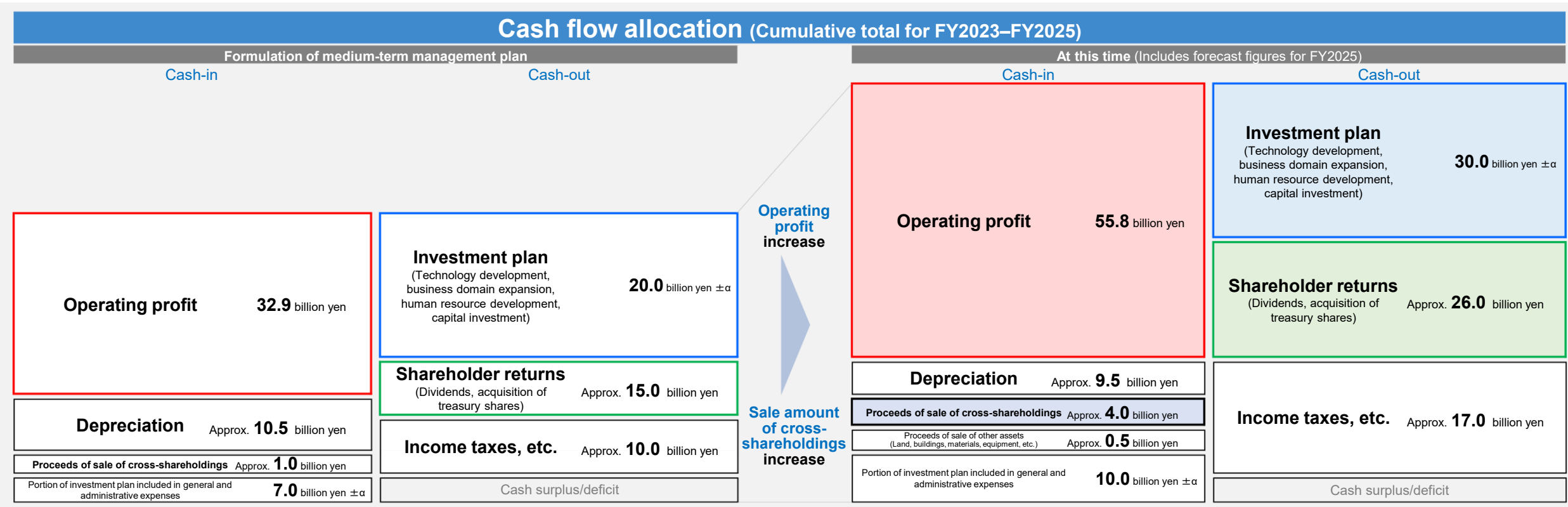


## >>> 2. Review of the balance sheet (1) Review of cash flow allocation

Improve ROE

Operating profit has grown significantly more than anticipated from when the medium-term management plan was formulated, and **we are reviewing the cash flow allocation**.

We are planning to clearly state the balance between growth investment and shareholder returns from FY2026 onwards in the next medium-term management plan, which is scheduled for disclosure during FY2025.





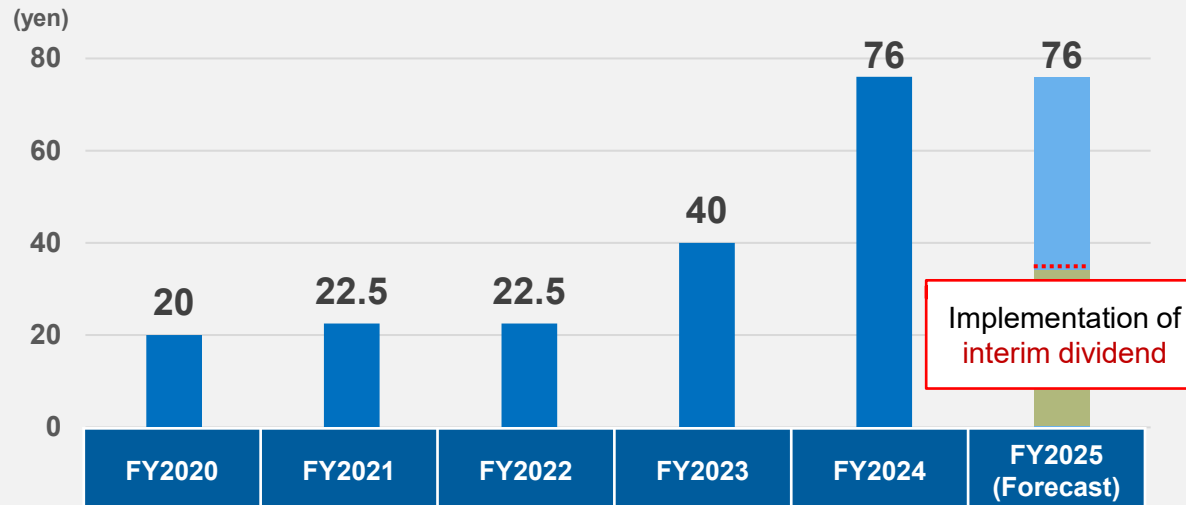
## 》》 2. Review of the balance sheet (2) Further enhancement of shareholder returns

Improve ROE

For FY2025, **we plan a dividend of 76 yen per share** to ensure a dividend payout ratio of 40% or more. In addition, **by acquiring 4 billion yen in treasury shares**, we aim to achieve a **total return ratio of approximately 70%** for the three-year cumulative period from FY2023 to FY2025.

Furthermore, we will implement **interim dividends** to ensure more stable returns.

### ■ Dividend per share

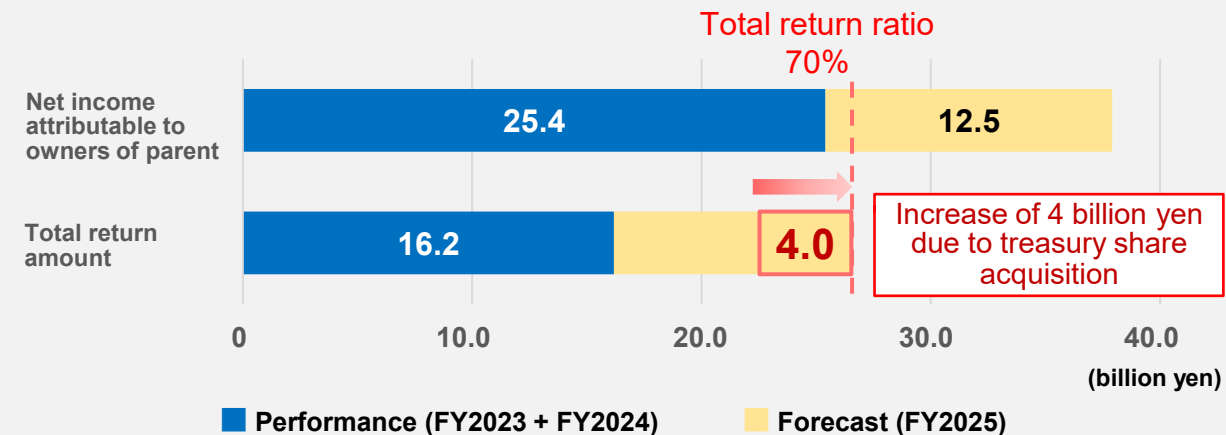


### ■ Dividend payout ratio

22.8%	23.5%	40.1%	31.3%	40.4%	40% or more
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Steady achievement of approximately **70% total return ratio** through **acquisition of 4 billion yen in treasury shares**

### ■ Total return ratio (3-year cumulative from FY2023 to FY2025)

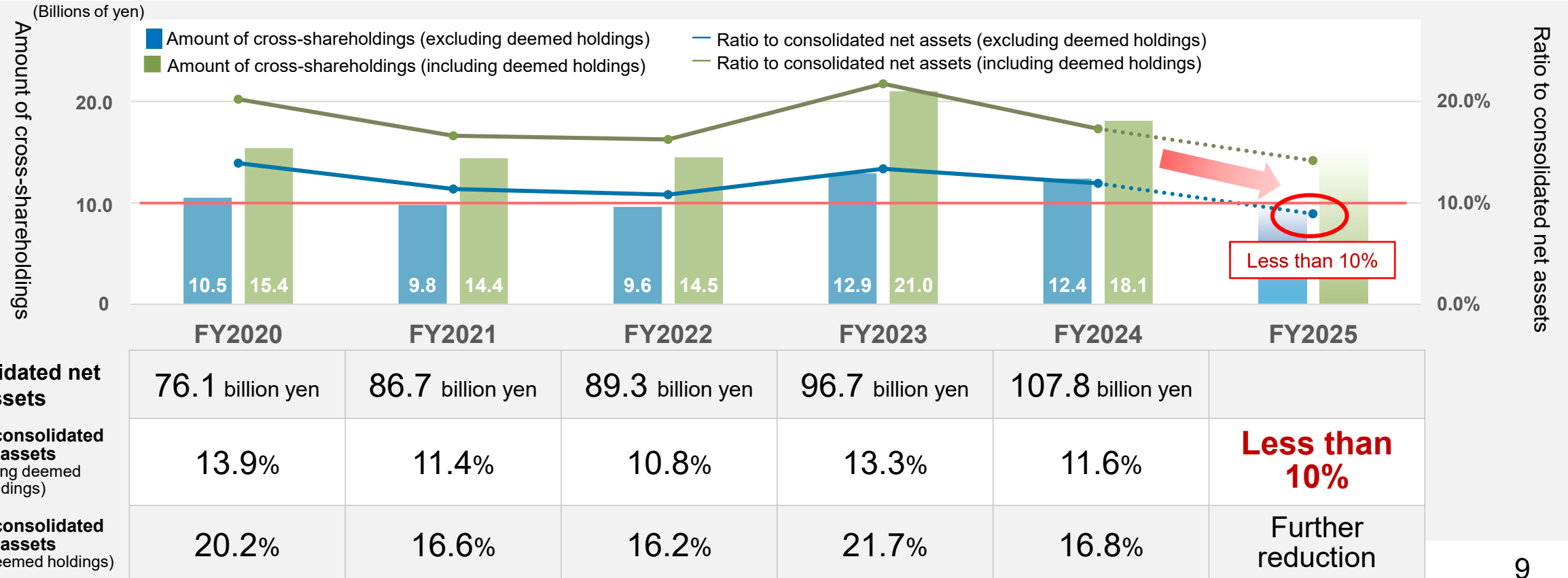




## >>> 2. Review of the balance sheet (3) Reduction of cross-shareholdings

Improve ROE

We will further advance the reduction of cross-shareholdings, aiming to reduce the amount of cross-shareholdings (excluding deemed holdings) to **less than 10% of consolidated net assets** by the end of FY2025 and thereby improve capital efficiency.





## >>> 3. Strengthening IR activities (1) Organizational restructuring to strengthen IR activities

Improve PER

We have newly established the Corporate Communication Department to further strengthen IR activities. The Corporate Communication Department will **consolidate and increase personnel experienced in SR/IR and those capable of handling English disclosures with a view towards working to strengthen IR activities with overseas investors.** Additionally, the **Corporate Management General Headquarters** has been newly established by unifying the reporting line for investor opinions, etc. to the Board of Directors, making it easier to **reflect requests from the capital markets in management measures.**

FY2024

Management Planning General Headquarters

Management Planning Dept.

IR Communications Office

Administration General Headquarters

Administrations Dept. (implements SR)

FY2025

**Corporate Management General Headquarters**

Integrate Management Planning Headquarters and Administration Headquarters to **unify the reporting line to the Board of Directors for requests from the capital markets.**

**Corporate Communication Department**

(Newly established by separating from Management Planning Dept.)

- (1) Increase personnel including those experienced in IR/SR and operate IR/SR integrally.
- (2) Consolidate personnel capable of handling English disclosures.
- (3) Handle PR (public relations) integrally as well, strengthening information dissemination both internally and externally.

Management Planning Dept./Administrations Dept., etc.



## >>> 3. Strengthening IR activities (2) Initiatives to improve recognition among domestic and overseas investors

Improve PER

The background to our PER remaining at a sluggish, single-digit level is considered to be influenced not only by doubts about future growth potential but also by the low recognition level among domestic and overseas investors. We will **implement the following initiatives to improve recognition:**

### (1) Earlier financial results briefings

We will hold briefings closer to the financial results announcement date to build trust with investors by increasing the transparency of corporate information.

### (2) Implementation of financial results briefing transcript distribution (Japanese/English)

We currently only distribute videos of the briefings, but by transcribing the scripts, we will shorten the time required to grasp the key points.

Improve convenience for sell-side analysts

Strengthen appeal to domestic and overseas institutional investors

Strengthen appeal to individual investors

Improve recognition in the overall capital market

### (3) Enhancement of English disclosures including the introduction of sponsored research

We will disseminate our business model, strengths, and financial results reports in both Japanese and English to increase our presence among overseas institutional investors as well.

### (4) Enhancement of briefings for individual investors

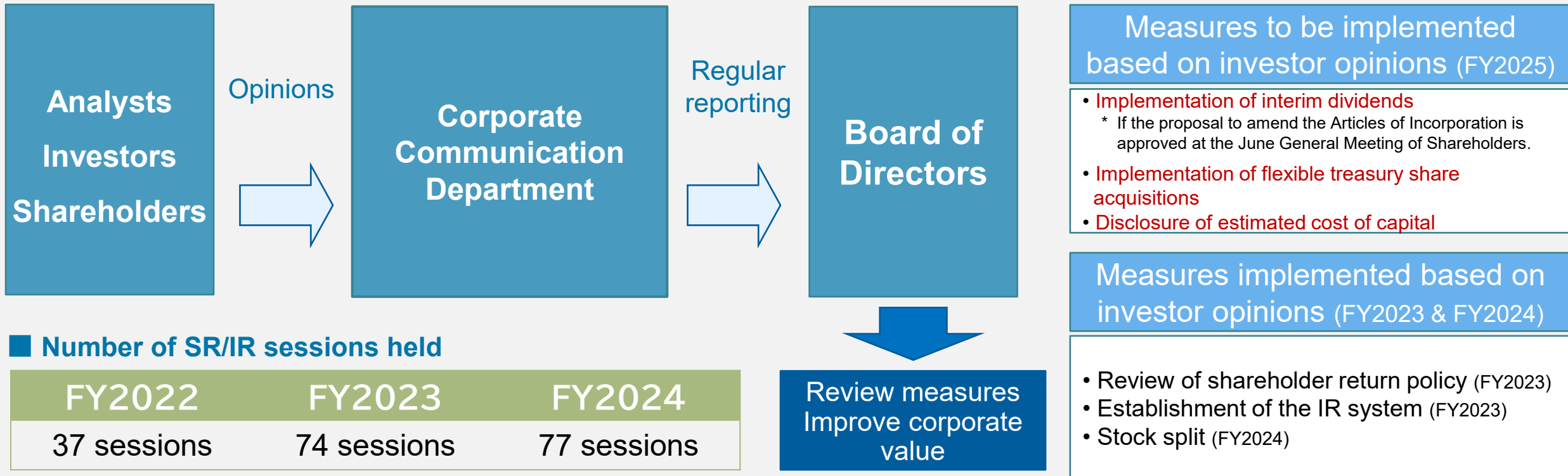
To attract interest from a broader range of individual investors, we will further enhance briefings for individual investors.



### 3. Strengthening IR activities (3) Review of measures through constructive dialog with capital markets

Improve PER

In FY2024, we held 77 dialogs with shareholders and investors. Although this number has steadily increased compared to FY2022 and FY2023, we have newly established the Corporate Communication Department with increased IR personnel. This fiscal year, we will not only further increase the number of dialogs but also **reflect the opinions obtained through constructive dialog in management measures and** work to **further improve corporate value**.



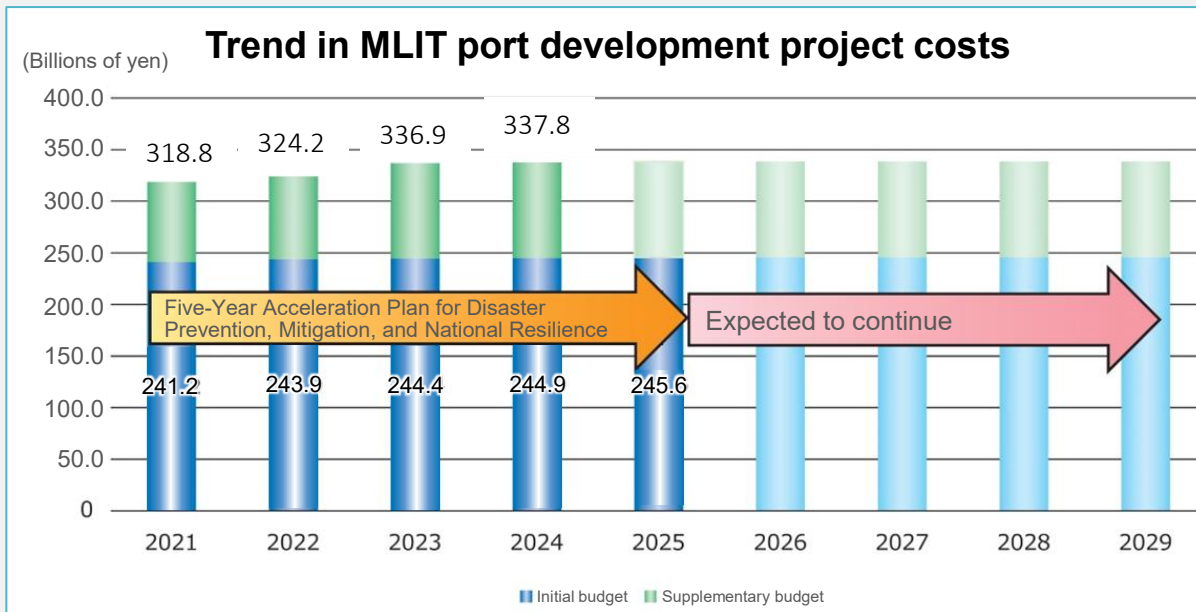


# Reference

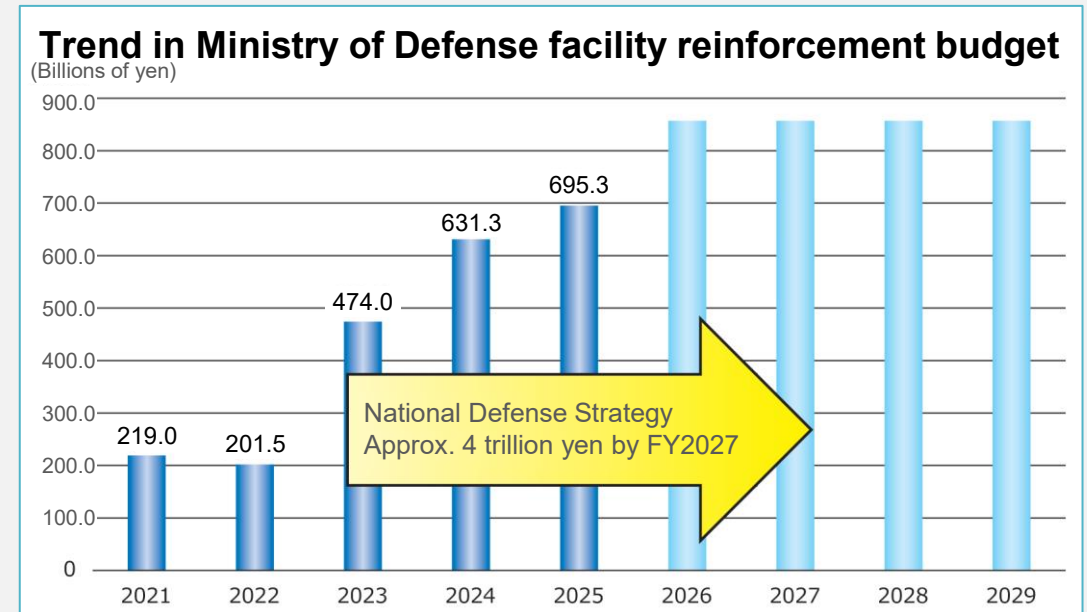


## Domestic civil engineering (1) Government budget trends

In domestic civil engineering, not only has the budget of the MLIT Ports and Harbours Bureau remained at a high level due to the Five-Year Acceleration Plan for Disaster Prevention, Mitigation, and National Resilience, but defense-related budgets have also increased significantly, indicating a continuing favorable market environment. We anticipate that this market environment will continue, including the increasing need for measures against aging infrastructure.



Estimated from national expenditures for port development projects in "MLIT Ports and Harbours Bureau Budget Overview"



FY2021 & FY2022: "Japan's Defense and Budget" facility improvement costs, etc. (Expenditure + General property expenses)  
FY2023 onwards: Estimated from facility reinforcement in "Progress and Budget in Fundamental Reinforcement of Defense Capabilities"



## »» Domestic civil engineering (2) Strengthening initiatives in offshore wind power

By participating in offshore wind power construction projects, including both fixed-bottom and floating types, we contribute to the realization of a decarbonized society, fulfill our social responsibilities, and expand the scope of our domestic civil engineering business.



SEP vessel "HAKKAKU"



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



## Domestic building construction (1) Large-scale logistics facilities with high productivity

Demand for large-scale logistics warehouse projects with high productivity (construction completed per person) is strong. By coordinating civil engineering and building construction for smooth progress, we rapidly expanded the scale of our building construction business, recording net sales of 108.9 billion yen in FY2024. Furthermore, we will review the organizational structure of the Building Construction Business Unit and strengthen cooperation.



(Tentative name) UI Konan Logistics Center Phase I Plan New Construction Project

Large-scale logistics warehouse projects with high productivity

### Example of conventional cooperation measures

Establishment of a "Foundation and Ground Measures Office" within the Building Construction Headquarters, assigning civil engineering experts whose support helps prevent ground-related troubles.

### Further strengthening cooperation measures in FY2025

Previously, the West Japan Building Construction Branch in Osaka provided construction support for a vast area in the West Japan region. However, the Osaka, Chugoku, and Kyushu branches will be reorganized into integrated civil engineering and building construction branches.



## Domestic building construction (1) Government budget trends

As defense-related facilities age, an increase in demand for renewal, new construction, and renovation of existing facilities is expected.

In building construction as well, we will promote the further diversification of business fields by targeting defense-related projects and increasing the ratio of government projects.

### Regarding optimization projects (Current status of protective performance provision)

Construction year	Buildings: 23,254 units		Seismic performance	Provision of protective performance	Construction method
Pre-war era (-1945)	589 units	9,875 units	Old seismic standards	None	Rebuild
1946-1982 (40-76 years old)	9,286 units				
1983-2002 (20+ years old)	9,142 units	New seismic standards	New seismic standards	None	Rebuild or Renovate
2003-2007 (Reaching 20 years in next 5 years)	1,786 units			Yes	Preventive maintenance
2008- (Preventive maintenance)	2,451 units				

About 40% of facilities require rebuilding due to being 40 years old or older.

From Ministry of Defense FY2023 Budget Request Materials



## »» Overseas: Securing a significant amount of business and expanding our business domain

We will steadily secure the extensive civil engineering projects available in areas such as Singapore and through ODA. Furthermore, we are promoting localization to participate in building construction projects funded by local capital. Our Indonesian subsidiary has now reached the stage where it can begin planning to undertake local government projects, and we are also progressing with considerations for establishing subsidiaries in other countries.



Tuas Port Phase 1 Container Berths (5 Berths) Construction Project (Singapore)



Held a signing ceremony with a local partner of our Indonesian subsidiary



## Enhancing the quantity and quality of human resources

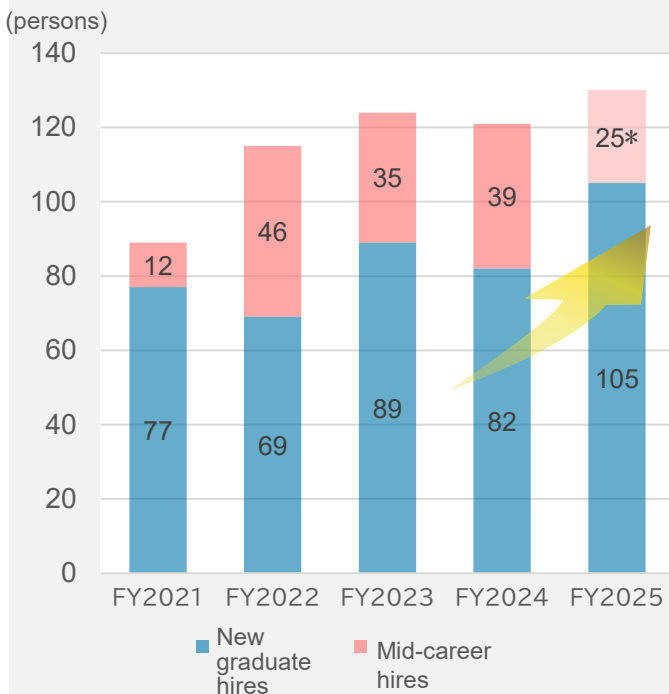
### [Quantity secured]

Both new graduates and mid-career hires are being recruited as planned. Furthermore, by suppressing turnover, we have been able to secure more employees than planned.

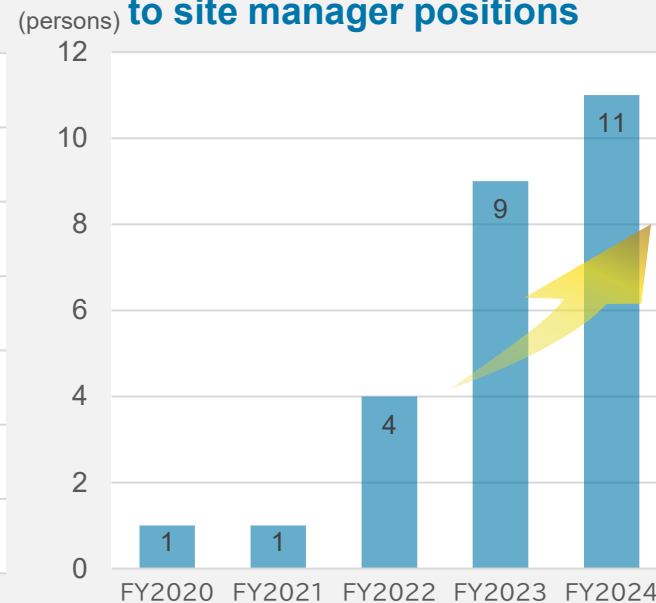
### [Quality improvement]

We are working on the early development of young employees to ensure the inheritance of the skills necessary for medium- to long-term growth. We are also engaged in improving quality through measures such as converting clerical positions to career-track positions and diversifying the roles of senior employees.

**Number of new graduate hires and mid-career hires**



**Number of young employees (35 years old or younger) appointed to site manager positions**



### Improving the quality of human resources

#### Early promotion of **young employees**

While establishing follow-up systems at branches, we aim for skill improvement by allowing early experience as site managers.

#### Start of **skill map** operation

Clarify the skills required for site managers and initiate efforts for young employees to voluntarily acquire necessary skills through dialog with superiors.

#### Conversion of **clerical positions** to career-track positions

Over 90% of clerical staff applied for conversion to area-limited career-track positions. They will engage in higher-level duties as career-track employees.

#### Introduction of career support training for the active participation of **senior employees**

Provide opportunities to organize career assets cultivated through experience, aiming for continued contribution to the company's growth even at an advanced age.



*Create Value, Build the Future*



## **TOA CORPORATION**

Corporate Management General Headquarters  
Corporate Communication Dept.

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<https://www.toa-const.co.jp/ir/inquiry/>

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