TODA CORPORATION

Strategic Business Group
1-7-1 Kyobashi, Chuo-ku, Tokyo, Japan
Phone: +81-3-3535-6140

Main overseas affiliated companies

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

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 COMPANY LIMITED
10th Floor, Star Building, 33ter-33bis, Mac Dinh Chi St, Sai Gon Ward, Ho Chi Minh City, Vietnam
Phone: +84-28-6291-4129 Fax: +84-28-6291-4126

PT.TODA GROUP INDONESIA
Sampoerna Strategic Square, South Tower 28 Floor, Jl. Jend. Sudirman Kav. 45-46, Jakarta 12930, Indonesia
Phone: +62-21-252-7897

PT TATAMULIA NUSANTARA INDAH
Sapta Mulia Center, Jl. Rawa Gelam v kav. OR-3B, Jakarta 13930, Indonesia
Phone: +62-21-460-6960

TODA INVESTIMENTOS DO BRASIL LTDA
Avenida Paulista 1079, Torre João Salem Conj. 92, Jardim Paulista, São Paulo, S.P. BRASIL
Phone: +55-11-3287-2800

TODA ASIA PACIFIC PTE. LTD.
3 Church Street #22-02, Samsung Hub, SINGAPORE

TOBIC CO., LTD.
132 - 134 - 136 Ngo Tat To Street, Thanh My Tay Ward, Ho Chi Minh City, Vietnam
Phone: +84-28-3823-9326

RE100 CLIMATE GROUP | CDP

We have signed up to the RE100 initiative.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We have endorsed the recommendations of the TCFD.

SCIENCE BASED TARGETS

Our CO_2 emission reduction targets were certified as science-based targets (SBT).

JCLP

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

Climate CDP A List 2025

We have been included on the CDP's 2025 Climate Change A List.

Supplier Engagement Leader CDP 2025

We have been named to the Leaderboard, the highest level in the CDP2025 Supplier Engagement Rating.

This product is made from forest sustainability certified products.

TODA CORPORATION

Build the Culture.
Creating together.
With people, for people.

TODA INTEGRATED REPORT 2026



TODA INTEGRATED REPORT 2026

Section 01

Core Value

Group Policy Framework

The Toda Group is to become “a corporate group that realizes ‘joys’.” It is defined based on its founding spirit. Our Future Vision CX150 describes a vision for the Group’s 150 year milestone. Management strategies and action guidelines provide essential values to guide us along the path toward achieving this vision. Under our common global brand slogan, we will work as one to overcome challenges posed by the uncertain management environment as we aim to grow sustainably.

Mission

Corporate purpose, long-term and universal mission

Purpose

Toda Group Global Statement

A Corporate Group that Realizes “Joys”

Vision

Future vision to be realized by the Toda Group

Our Vision

Future Vision CX150

“Bringing about a society of collaborative creation as a gatekeeper of value”

Value

Core values and operational and action guidelines

Management strategy

Long-term management strategy

Medium-Term Management Plan 2027

Action guidelines

Charter of Corporate Behavior

Human resource competence

Build the Culture.
Creating together.
With people, for people.

Brand slogan

Identity

Universal organizational culture and DNA at the base of the whole structure

Founding spirit

“TODAism”

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Core Value

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We want to create a future where a smiling face is an everyday occurrence, imagining the people spending time here and the stories yet to be told.We want to create a culture that supports the people of the future, throughout all of their pursuits in life.Creation from ideas, rooted in passion.Creation that draws connections between the ideas of all kinds of different people.Trusting the head and the heart to guide us towards the things that only people can create.Together, we're creating for people.
That's the Toda Corporation way.

Build the Culture.
Creating together.
With people, for people.

For details on our group brand slogan, please see Special Feature 4 (📖 **p. 21**) in this report.

Editorial Policy

The Toda Corporation Integrated Report 2026 is published in an easy-to-understand, concise format so that all stakeholders can understand our philosophy, management strategy, sustainability achievements, and the specific value we create. Along with the sustainability information (Sustainability Site) and financial information (IR Site) posted on our website, we regard this report as one of our most important tools for communicating with our stakeholders, and we will continue to work on further enhancing it in the future.

Reference Guidelines

- *International Integrated Reporting Framework*, IFRS Foundation
- *Guidance for Collaborative Value Creation*, Ministry of Economy, Trade and Industry
- *ISO 26000: 2010 Guidance on Social Responsibility*, Japanese Standards Association
- *Sustainability Reporting Standards*, Global Reporting Initiative (GRI)
- *Environmental Reporting Guidelines (2018)*, Ministry of the Environment

Environment Social Governance
価値協創ガイダンス

Reporting Period

FY2025 (April 1, 2025 – March 31, 2026)
Some information from before and after the reporting period is included.

Scope

This report primarily focuses on the Company’s activities and includes initiatives undertaken by our Group companies in Japan and overseas.

Issue Date

September 2026

Forecasts, Projections and Plans Concerning the Future

This report contains not only the past and present facts regarding Toda Group, but also plans and forecasts as of the date of publication, as well as future projections based on management policies and strategies. These forward-looking statements are based on assumptions and judgments made in light of the information available at the time they were made, and changes in conditions may cause the results of future business activities and events to differ materially from those forecasts. We ask our readers for their understanding regarding the above.

About the Cover

The Toda Group has proposed Future Vision CX150 as our aspiration for our 150th anniversary in 2031. The cover image illustrates our future city concept, Smart Energy Complex City (SECC), which we aim to realize as the ultimate embodiment of this vision. Specifically, the illustration depicts a floating offshore wind farm project that entered commercial operation in January 2026.

Production and Content of This Report

As detailed above, in preparing this report, each division across the company collaborated in editing while referring to guidelines such as the IFRS Foundation’s International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry’s Guidance for Collaborative Value Creation. I have verified the legitimacy of the production process and the content of the report.

Our goal in producing the Toda Corporation Integrated Report 2026, which combines financial and non-financial information, is to enhance our corporate value in a sustainable manner by helping our stakeholders understand the sustainability management that we are conducting and by using it as a tool for dialogue.

Otani Seisuke
President and Representative Director

The Toda Group is Realizing a Society of Collaborative Creation for the Future

The Energy for the Future Starts in Local Communities.

Our business is engaged with more than just buildings construction. We are particularly committed to regional revitalization (promoting economic and other activities and improving the value of local communities). To do this, we work to maximize the regional potential primarily to solve issues related to depopulation and a stagnant economy. Our aspiration is to build a better future for a region, looking to make a difference in the whole country, and in the whole world. With this in mind, we are tapping into infinite potential of regional resources to generate robust energy.

Future city concept
Smart Energy Complex City (SECC)

Floating Offshore Wind Power Generation

Center City

Central area of SECC where a large population is concentrated. Urban functions are concisely laid out to increase energy efficiency, promote economy, and enhance convenience.



Smart Energy Town

Location of functions for the whole community's energy management, including storage and distribution, to ensure efficient supply operations. Offshore wind farm project is implemented to produce power to be consumed within the community.



Carbon Negative Lab

Small-Scale Hydropower

Construction and Strawberries

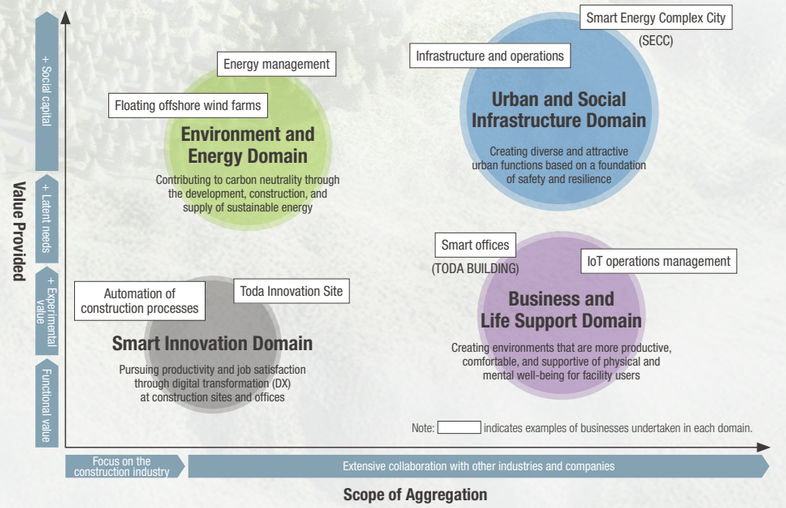
Food and Energy

Smart Agricultural Town

Agriculture-driven town development project that adopts the sixth industrialization model characterized by one-stop systems to handle production, processing, and sales together as a way to increase added value.



Development Domain for Realizing a Society of Collaborative Creation



Our History of Value Creation

Throughout the over 140 year history, we have been consistently committed to building a social foundation that supports safe, comfortable living by meeting the needs of the times as well as customers while standing firm on our people-centered corporate policy. Over the years, we have earned the trust of stakeholders, cultivated technical capabilities and knowledge, and collaborated with diverse partners. Based on this, we will strive to illuminate complicated social issues and deliver our “Distinctive Value” in anticipation of a significant change in the future, aiming to realize a Society of Collaborative Creation.

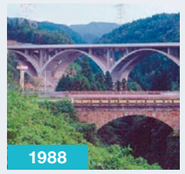

1912
Keio 50th Anniversary Memorial Library


1927
Waseda University Okuma Auditorium


1933
Teito Dentetsu Line (Shinsen Station on the Keio Inokashira Line)


1961
Hakone Bypass Tengu Bridge


1970
Japan World Expo, Osaka—Swiss Pavilion


1988
Oinosaka Kameoka Bypass Bridge


1923
Ooi Dam


1933
Residence of Prince Asaka (renamed the Tokyo Metropolitan Teien Art Museum)


1958
Ryugasaki Country Club

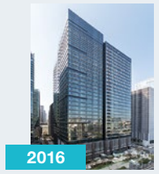

1964
Komazawa Olympic Park General Sports Ground Athletic Field


1983
Tsushima Airport

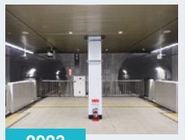

1991
InterContinental Yokohama Grand Hotel


2004
Bashamichi Station on the Minatomirai Line


2005
W Comfort Towers


2016
Otemachi Financial City Grand Cube


2020
Yokohama Municipal Citizen’s Hospital


2023
Sotetsu–Tokyu Direct Line Tsunashima Tunnel

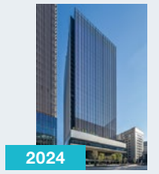

2024
Nagasaki Stadium City


2004
Marunouchi OAZO: Marunouchi Kitaguchi Building


2014
Nukata Tunnel


2019
Tokyo College of Music, Naka-Meguro Daikan-yama Campus


2021
Construction of the Kelani River New Bridge


2024
TODA BUILDING (Photo: Kawasumi-Kobayashi Kenji Photograph Office)


2026
Goto Offshore Wind Farm

Great Kanto Earthquake ▼ End of the War ▼ Oil Shock ▼ Great Hanshin Earthquake ▼ Great East Japan Earthquake ▼ ▼ COVID-19 Pandemic

1881 1900 1920 1940 1960 1980 2000 2020 2031

150th anniversary of company founding
Future Vision CX150

1900s–1920s

Contribution to Reconstruction after the Great Kanto Earthquake

After the Great Kanto Earthquake of 1923, Toda received orders for the construction of 10,000 of the 120,000 emergency housing units for disaster victims, contributing to the reconstruction efforts. Schools and hospitals accounted for a large share of the reconstruction work, and it was during this period that the company established its image of being well-known for building schools and hospitals, and was described as the “Toda of Schools and Hospitals.” We have also made contributions to society by taking on the challenge of advanced technology, such as our pioneering and highly regarded work on a steel frame and reinforced concrete structure building (the Tokio Marine Building, one of the largest buildings in Japan at the time, completed in 1918).

1930s–1970s

Contribution to Postwar Reconstruction and Rapid Economic Growth

Before World War II, Toda was involved in the construction of many government buildings throughout Japan, and also contributed to the creation of social infrastructure, including the construction of dams and new electric railway lines. During the post-war reconstruction, as the Japanese economy was getting back on its feet, Toda’s construction of condominiums and commercial facilities contributed to the development of Japanese industry and the realization of secure and prosperous lifestyles for Japan’s people.

1980s–2000s

Toward Becoming an “Environmentally Advanced Company”

As interest in conserving the environment grew worldwide in the 1990s, Toda, as a company that cares about the Earth’s tomorrow, began to focus on preserving and restoring the global environment. We became the first general contractor to achieve zero emissions in 2000. Under the banner of “Japan’s No. 1 in quality,” we have also helped to create a safe and comfortable society by providing superior construction that meets a wide range of societal needs.

2010–

A Corporate Group that Realizes “Joys”

In 2015, we drew up the Toda Group Global Statement, “a corporate group that realizes ‘joys’.” In 2021, on the occasion of the 140th anniversary of the company’s founding, we developed the Future Vision CX150 as our vision for the 150th anniversary in 2031.
The Toda Group will continue to emphasize the aspirations and warmth of all those involved in the construction industry, aiming to create a future in which all stakeholders can share in the joy of our work.

History

1881	Contracting business launched as Toda-kata
1908	Name changed to Toda-gumi
1924	Sales offices opened in Yokohama, Nagoya, Osaka, Fukuoka, and Sendai
1936	Reorganized as Toda-Gumi Co., Ltd.
1949	Registered as a construction business under the Construction Business Act
1958	Technology Research Dept. (renamed Toda Institute of Construction Technology) established
1963	Name changed to Toda Corporation
1969	Listed on the stock market
1972	Full-scale overseas expansion begins (Construtora Toda do Brasil S.A. and Toda America, Inc., established)
1999	Official website launched
2010	Brand slogan “Creating together. With people, for people.” announced
2015	Toda Group global statement, “a corporate group that realizes ‘joys’” announced
2019	Toda Group logo mark established Headquarters temporarily relocated to Hatchobori, Chuo-ku, Tokyo due to building reconstruction
2021	140th anniversary celebrated; Future Vision CX150 established
2022	Brand slogan “Build the Culture. Creating together. With people, for people.” announced
2024	New headquarters TODA BUILDING completed

Progressive Initiatives as a Responsible Company

Environment

1994	Toda Global Environment Charter established
1998	First Environmental Preservation Activity Report (predecessor to the Integrated Report) issued
1999	ISO 14001 certification acquired
2000	Japan-first, industry-first zero-emission targets achieved
2002	Green Procurement Guidelines established
2010	Certified as an Eco-First Company
2017	Construction of an environmental technology demonstration building for ZEB conversion completed Our greenhouse gas emission reduction targets receive SBT certification (first in the construction industry) Issues Japan’s first Green Bonds for the company’s own business
2019	Joins the RE100 initiative Expresses support for TCFD Recommendations
2020	Award for Excellence in Climate Change Reporting received at the Environmental Communication Awards
2022	Issues Climate Emergency Declaration Revises greenhouse gas emission reduction targets to the 1.5°C level Joins the 30 by 30 Alliance for Biodiversity
2023	Tsukuba Research and Development Center registered as a Nature Symbiosis Site
2024	Joins the TNFD Forum TODA BUILDING obtains Japan’s first “ZEB Ready” certification for an entire high-rise mixed-use building
2025	TODA BUILDING obtains LEED Gold certification
2026	Goto Offshore Wind Farm becomes Japan’s first floating offshore wind farm to start commercial operations Becomes the first construction company to win the 34th Global Environment Award Grand Prize Signs the Agreement on Promoting the Use of Wood in Buildings with the Ministry of Agriculture, Forestry and Fisheries Certified as an A List company by the CDP (for the ninth time and eight consecutive years, including 2016 and the span from 2018 to 2024) Selected as an Environmentally Sustainable Company and an Environmental Disclosure Progress Company in the ESG Finance Awards Japan

(ESG Initiatives)

Social

1965	Toda Disaster Prevention Cooperative Association established
1989	Occupational ability reflected in the personnel system
1990	Toda Riyukai association established
1991	Full two-day holiday workweek system introduced
1995	Acquires first ISO 9001 certification in the construction industry
2001	Performance-focused evaluation introduced in the personnel system
2006	Business Continuity Plan (BCP) established
2008	Toda Tokyo Foremen’s Association established
2009	Performance and behavioral evaluation introduced in the personnel system
2012	ISO 27001 certification acquired
2013	Customer Center established
2014	Value Creation Promotion Office (renamed the Innovation Group) established
2016	Joins the IkuBoss Corporate Alliance Toda Mirai Foundation established
2017	Strategic Business Promotion Office (renamed the Strategic Business Promotion Group) established Flex-time system introduced Obtains “Resilience Certification” as an organization contributing to national resilience
2018	Receives two-star Eruboshi accreditation based on the Act on the Promotion of Women’s Active Engagement in Professional Life
2020	Receives Bronze certification in the PRIDE Index 2020 for LGBTQ initiatives
2021	Receives Silver certification in the PRIDE Index 2021
2022	Human Rights Policy established
2023	Receives Silver certification in the PRIDE Index 2023 Receives three-star Eruboshi accreditation New personnel system introduced to shift to standards for positions and compensation based on roles and the degree of contribution Optional retirement (retirement age extension) system introduced Preliminary WELL Certification obtained for the new headquarters building Tsukuba Research and Development Center’s Green Office Building receives the first SDGs Construction Award (Ministry of Land, Infrastructure, Transport and Tourism Minister’s Award)
2024	Certified as a Health & Productivity Management Outstanding Organization 2024 (White 500) for the first time in two years and the fifth time overall Receives Silver certification in the PRIDE Index 2024 for the second consecutive year Endorses and signs the United Nations Women’s Empowerment Principles (WEPs) Dress and appearance guidelines (dress code) revised Life Support Leave system established Tsukuba Research and Development Center’s Green Office Building obtains Platinum WELL Certification
2025	Certified as a Health & Productivity Management Outstanding Organization 2025 (White 500) for the sixth time Receives Gold certification in the PRIDE Index 2025
2026	Receives Kurumin Certification based on the Act on Advancement of Measures to Support Raising Next Generation Children for the first time

Governance

1967	Management Policy established
1994	Code of Conduct established
2003	Charter of Corporate Behavior established
2005	Executive Officer System introduced
2014	First outside director appointed Personnel and Compensation Committee established Risk Management Division established (renamed Legal & Compliance Division)
2015	Basic Policy for Corporate Governance established Procurement Policy established
2017	Corporate Philosophy revised
2018	Charter of Corporate Behavior revised Basic Policy for Corporate Governance revised Code of Conduct revised
2020	First female director appointed
2021	Board effectiveness evaluation begun Basic Policy for Corporate Governance revised Basic Sustainability Policy established Sustainability Committee established Annual board operation policy formulation started
2022	Board composition reform (reduction in number of directors, outside directors comprise more than half) Revision made to shift further to performance-based executive compensation system Joins the United Nations Global Compact
2023	Procurement Policy revised
2026	Selected as a constituent of the FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index (fifth time, five consecutive years)

Growth Engines to Achieve Distinctive Value
(Maximizing Synergistic Strengths)

Facing a challenging management environment characterized by growing uncertainty about the future, we are aiming to create Distinctive Value to offer solutions to social issues and generate high added value made possible solely by the Toda Group. Key to creating "Distinctive Value" are our unique strengths in three areas, each of which is represented with a single word: "materialize" "connective," and "green." We will strive to maximize the synergistic effects of these strengths to create unique new value.

Materialize Materialization of goals

Ability to make ideas and solutions a reality

We have the ability to materialize safe, high quality buildings and infrastructure, which is supported by our robust experience built by undertaking various construction projects such as schools, hospitals, offices, area redevelopment, roads, tunnels, and offshore wind farms. It also provides a basis for promoting new technological development and business proposals. This process constitutes making building and infrastructure construction plans take a concrete form by combining expertise on technology, design, construction, and operation.

Connective Connect and unite

Ability to connect people, technology, community, and business

Solving social issues is not a task that can be completed by the Toda Group alone. Instead, in order to develop sustainable business projects, we must cooperate with a wide range of stakeholders, including local governments, local enterprises, partner companies, customers, consumers, and external partners, and put together functions suitable for specific communities.

Green Environmental sustainability

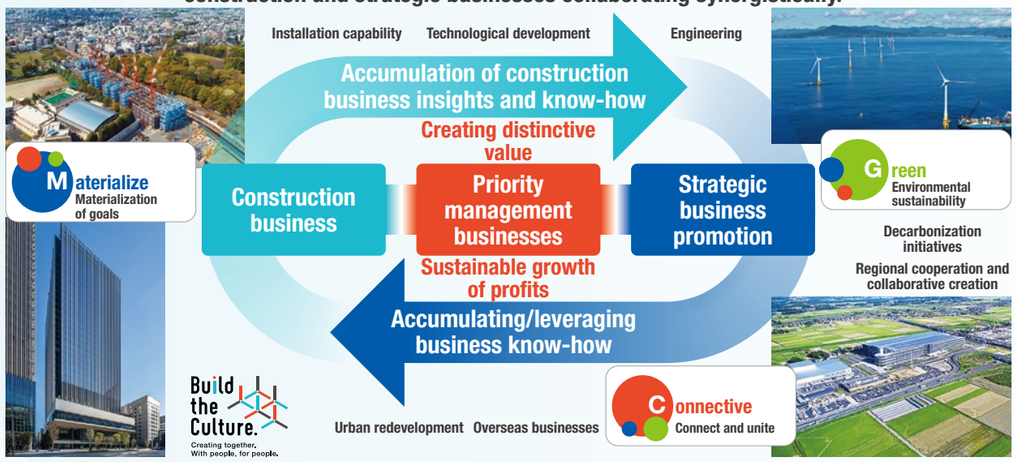
This involves the ability to address environmental challenges by capitalizing on technologies and creating business opportunities in the capacity of a construction company.

Today, construction companies need to meet societal demands for delivering environmental value by implementing renewable energy and decarbonization technologies in actual society, and taking measures to protect natural capital in addition to improving the environmental performance of buildings and infrastructure. Rather than viewing this situation as a constraint on business development, our group will use it as a chance to create new business opportunities and generate social value.

Value Creation Model (Priority Management Businesses)

Our group is expanding business, with construction at its center and entering a number of other areas, such as domestic investment development, global development, environmental and energy, and group company management. The key to this expansion endeavor is to avoid dealing with each single area independently and instead utilize its business assets principally related to two segments—the construction business, a major source of our technical and field operation capabilities, and strategic business, an opportunity providing insights into business operations—as well as relationships with customers and local communities, in such a way as to combine them appropriately to create the Distinctive Value which is to be offered exclusively by the Toda Group. The Medium-Term Management Plan 2027 sets forth three priority management businesses to be promoted jointly by the two segments seeking to develop the group's unique value.

Creation of Distinctive Value and sustainable growth of profits through construction and strategic businesses collaborating synergistically.



Distinctive Value initiatives

Special Feature 1 Implementing the Next-Generation Office Model to Accommodate a New Way of Working



p. 09

Special Feature 3 Connect Strengthening Collaboration Between Construction and Strategic Businesses



p. 13

Special Feature 5 Japan's First Floating Offshore Wind Farm Starts Commercial Operations



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Special Feature 2 Executing a Multi-Function Bypass Project by Applying the Latest Construction Method



p. 11

Special Feature 4 People-Centered Value Creation

Build the Culture.
Creating together. With people, for people.

p. 21

Special Feature 1: Ave.Takanawa

Implementing the Next-Generation Office Model to Accommodate a New Way of Working

The Ave.Takanawa project involved reconstructing the previous long-standing office building which served as a symbol of the town, with its long history. The project resulted in a next-generation office building model that accommodates a way of working for a new era, while completing one of the earliest projects in the redevelopment plan for the business area around Shinagawa Station's Takanawa Exit. The brand-new building features a variety of common areas and office environments that incorporate nature, presenting interior spaces ingeniously designed to promote human interaction and inspire creative activities. Its successful completion was made possible by all parties concerned, including the project operator and specialist construction companies, which made concerted efforts to fulfill the challenging design requirements.

VOICE

Supervisor Comment



Sakai Toshihiko
Tokyo Branch
Construction Division
(Building Construction)
Project Manager

The project site's location between Dai-ichi Keihin (National Route 15) and railway areas posed challenging construction conditions. Before starting construction work, we held many prior discussions and carefully worked on numerous issues one by one. In particular, we conducted BIM-based reviews for steel-frame erection and studied construction processes to build the structure's iconic element of its exterior staircase using natural wood.

All parties concerned—the project operator, design engineers, architectural designers, general contractors, and specialist subcontractors—teamed up while striving to realize their respective visions. These efforts successfully resulted in a distinctively novel office building.

Project summary

Building name	Ave.Takanawa
Location	3-25-29 Takanawa, Minato-ku, Tokyo
Owner	Tokyo Tatemono Co., Ltd., Maekawa K.K.
Design and supervision	Mount Fuji Architects Studio (basic plan, design supervision) Yasui Architects & Engineers, Inc. (architecture) Toda Corporation First-class Architect Office (structure, equipment)
Construction	Toda Corporation
Structure	Steel-frame structure, partially reinforced concrete structure
Size	10 stories above ground
Building area	1,372.81 m^2
Total floor area	11,782.81 m^2
Completion	January 2026

Relevant main SDGs



"Distinctive Value" initiatives

Next-Generation Office Model to Accommodate a New Way of Working

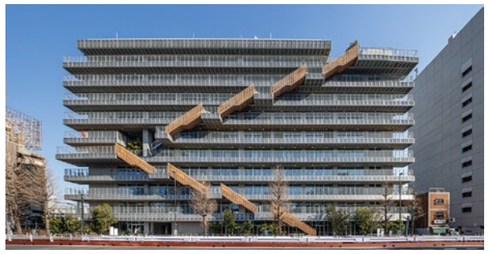
Ave.Takanawa features a distinct iconic grand staircase, exterior terraces on all floors, a common-use lounge on the fifth floor and other public spaces. These are designed to encourage interactions among tenants and allow indoor office spaces to be naturally lit and ventilated from the east and west, thereby offering a sense of connection with the town, people, and nature. The building excels in environmental performance, and is planned to obtain certifications for: the highest grade (five stars) under BELS; ZEB Ready; and CASBEE Wellness Office Rank S. Also, it is made of domestic wood materials, thus contributing to the transition to decarbonization.



The common-use lounge on the fifth floor, with its space structure integrated with an exterior terrace

Building a Natural Wood-Based Exterior Staircase

In using natural wood for the exterior staircase, we discussed the details with the project operator, design engineers, and architectural designers while using full-size mockups, thereby achieving a high standard of functionality, safety, and design quality. A highlight of the construction work was measures that enabled the transportation and installation of components with wood fitted in them and that also helped reduce the number of processes and improve quality. To address challenging construction conditions, especially due to short separation distances, we coordinated closely with specialist subcontractors and fulfilled all relevant requirements.



The grand staircase symbolizes a connection with the town

Realizing Spaces that Resonate with People

The building contains many spaces designed to provide rich emotional stimuli to people, notably by presenting high design quality and displaying art pieces. To accurately give shape to the designer's inventive ideas, we discussed specific details about various issues, including material selection and external appearance. As the project's leading constructor, we offered proposals to increase value for all processes consistently, believing that the largest customer value should be offered by ensuring the safe, long-time use of the completed building. I sincerely hope that this building will serve many people for a long time.



Entrance hall on the first floor with a selection of art pieces displayed

Special Feature 2: Kiyo Disaster Prevention—Kiyo First Tunnel Project

Executing a Multi-Function Bypass Project by Applying the Latest Construction Method

Critical infrastructure to support a safe, comfortable future

The Kiyo Disaster Prevention Project is underway on National Route 191, which connects Shimonoseki City in Yamaguchi Prefecture and Hiroshima City in Hiroshima Prefecture. It involves constructing a bypass of the section subject to preemptive traffic restrictions, which will provide an alternative route in case of an emergency. Over the past ten years, this section of road has been completely closed to traffic for a cumulative total of 447 hours, causing significant disruptions to emergency medical transport routes and other traffic.

The Company is in charge of the construction of Kiyo First Tunnel (total length: 1,972 meters), the longest section of the 5.1-kilometer stretch from Kiyo to Uda in Abu-cho, Abu-gun in Yamaguchi Prefecture. This project is the first application of Centring Futures, an automated lining concrete placement robot. We are using the latest construction methods to build the multi-functional bypass, a long-awaited goal of the local community.

VOICE

Supervisor Comment



Miyake Takuya
Hiroshima Branch
Construction Division
(Civil Engineering)
Project Manager

Achieving automated placement with ordinary concrete holds substantial value for its future versatility. The key advantage of this automation process is its applicability to materials commonly used in general tunnel construction. It's a solution to the limitations of previous processes adaptable primarily to medium- or high-slump concrete. This advantage will increase the possibility of this technology being used on a wide range of construction sites in the future. Automation technology supports labor-saving processes, which are crucial for the construction industry to engage with in order to overcome workforce shortages.

In addition to labor-saving, process automation can increase the safety of workers. This technology is important in that it can help reduce the need for human workers to access dangerous places, thus increasing workplace safety. At the same time, we will be able to achieve ever-higher quality by using automation technology. Through dealing with the challenges posed by working on the Kiyo First Tunnel, we are aiming to develop next-generation construction work systems that enable high levels of safety, quality, and labor-saving, all at once.

Project summary

Project name	Kiyo Disaster Prevention—Kiyo First Tunnel Project
Project location	Kiyo to Uda, Abu-cho, Abu-gun, Yamaguchi
Client	Chugoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism
Design	Oriental Consultants Co., Ltd.
Construction	Toda Corporation
Construction period	November 1, 2021 to March 31, 2027
Construction details	Tunnel length: 1,972 meters (NATM) Excavation cross-section area: Approximately 105 m^2 General road civil engineering work

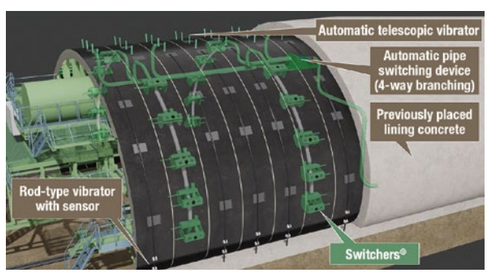
Relevant main SDGs



"Distinctive Value" initiatives

Adoption of Centring Futures

To alleviate the heavy labor involved in tunnel construction and address the shortage of workers, we used the Centring Futures automated concrete placement robot for tunnel lining for the first time. Unlike competitors' automated concrete placement technologies which are geared toward costly high- and medium-slump concrete, the Company has developed the Switchers pipe switching device. This component technology achieves a comparable process applicable to ordinary concrete, which is the type most commonly used in tunnel construction.



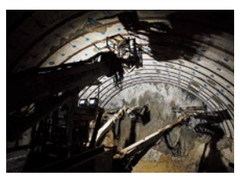
Automated lining concrete placement robot

Addressing Difficult Ground Conditions by Displaying the Technique of "Reading the Mountain Ahead"

Contrary to the assumptions made before construction start, geological conditions at the Kiyo First Tunnel site have proven unfavorable, specifically due to a large amount of groundwater seeping in. We are continuing with the work cautiously by implementing support construction methods to prevent rock from falling. Also, in the face of such unforeseen situations, we apply proficient skills based on our rich experience to "read the mountain ahead"—meaning to anticipate future developments from the observation of cracks and movements in the bedrock. Going forward, we will combine this expertise with various information technologies to further improve our prediction accuracy and advance our technological capabilities with a focus on the future.



Tunnel boring machine (drill jumbo)



Installing mirror bolts

Reforming Working Practices and Improving Workplace Safety

By introducing an automated concrete placement robot, we have reduced the number of workers required for this task from six to three. This has reduced the need for human workers to access hazardous places, which helps prevent possible serious injuries and contributes significantly to improved safety. Using automation process effectively, we also aim to maintain a higher level of quality than can be achieved by manual placement.



Special Feature 3: Strengthening Collaboration Between Construction and Strategic Businesses

Connect Strengthening Collaboration Between Construction and Strategic Businesses

Combining strengths of different businesses to support sustainable future urban development

From farming community to regional revitalization base
"Connecting" construction business to strategic business

Land Readjustment Business

Agriscience Valley Joso

This regional revitalization project is being led by the Domestic Investment & Development Business Administration Division. It involves developing a strategic business in collaboration with construction business groups from the planning stage. Based on our track record with land readjustment projects, we are conducting new urban development initiatives while addressing regional challenges, principally agricultural and industrial promotion.

Project outline

Project name	Joso City Joso Interchange Area Land Readjustment Project
Project location	Misaka-machi and elsewhere in Joso City, Ibaraki
Business operator	Joso City Joso Interchange Area Land Readjustment Association
Site area	307,300 m² (approximately 92,958 *tsubo*)
Project period	Started in April 2018 (Readjustment completed in March 2024 and facilities have started operations in sequence)
Track record	• Promoted a land readjustment project; won a land reclamation contract • Won a large logistics facility construction contract • Launched the logistics facility business by investing in large logistics facilities • Undertook improvement/development of Tsutaya store and hot-tub facility, involving group companies to share profits

VOICE
Supervisor Comment



Suga Koichiro
Regional Value Creation Division
Promotion Department Manager

The Company participated in the project from the planning stage. The Strategic Business Group engaged in the direct operation of commercial facilities and real estate investments, the Civil Engineering Business Group undertook land reclamation works, and Architectural Construction Business Group took on logistics facility construction works. Through this division of duties, the Toda Group capitalized on its comprehensive strengths to create a hub for the sixth industrialization for agriculture. The project has generated remarkable ripple effects in resolving major regional issues, chiefly by creating job opportunities, increasing the number of visitors, and improving profitability of local agriculture. This hub represents a leading public-private collaboration model for linking future regional development with the Company's sustainable growth.



Site in the process of land reclamation and architectural construction to create a new hub

By enhancing collaboration between construction and strategic businesses, we will contribute to resolving social issues and generating regional value while improving the Company's brand value. This section presents a report on a project that embodies the three-pillar business model driving the growth of the Company.

Relevant main SDGs



Redevelopment of company-owned assets
Connecting real estate value to the circular investment model

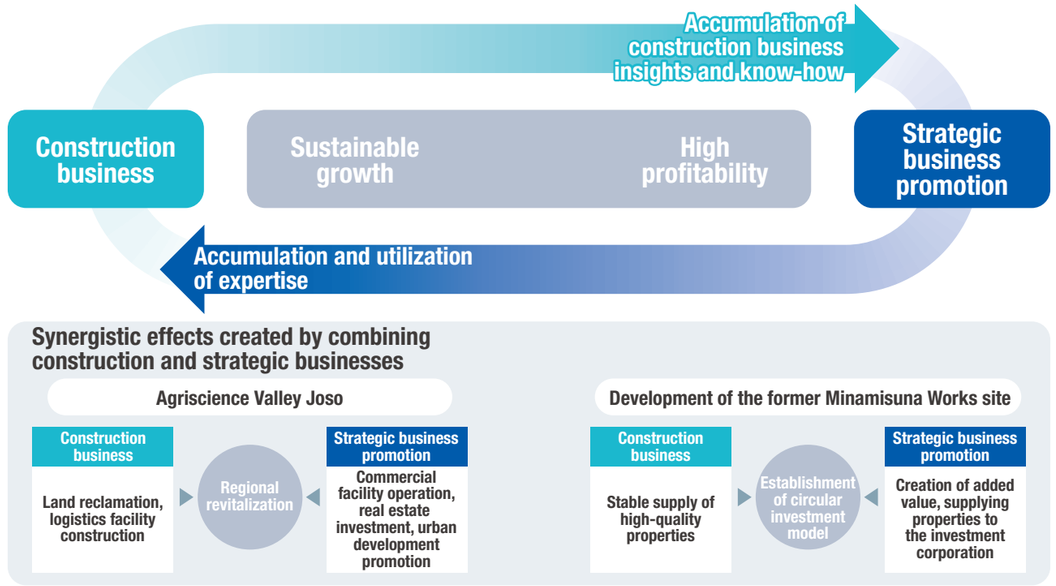
Real estate development / leasing business

Development of the former Minamisuna Works site

This multifaceted asset development project centers on real estate redevelopment. It involves utilizing the site where the Company's former manufacturing base of the Minamisuna Works was located to build a property housing company dormitory, training center, condominium, and other facilities designed to accurately meet the current needs.

Project outline

Project name	Former Minamisuna Works Site Utilization Project
Project location	Minamisuna 7-chome, Koto-ku, Tokyo
Site area	21,515.32 m² (approximately 6,508.38 *tsubo*)
Project period	Started in October 2018 (private REIT fund management started in July 2025)
Track record	Multifaceted asset development to maximize the value of land (three buildings) • Company dormitory (incorporated into the private REIT) After sale, provide property management services to ensure a steady income • Training center (incorporated into the private REIT) Promote external leasing to create a new revenue stream while encouraging internal use • Condominium (leased land holding) Continue to hold the land and lease it to secure a long-term, stable income



Synergistic effects created by combining construction and strategic businesses

Agriscience Valley Joso

Construction business		Strategic business promotion
Land reclamation, logistics facility construction	Regional revitalization	Commercial facility operation, real estate investment, urban development promotion

Development of the former Minamisuna Works site

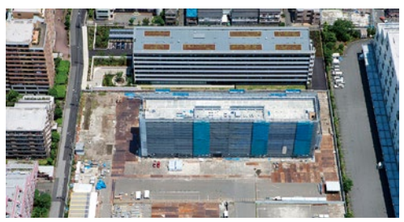
Construction business		Strategic business promotion
Stable supply of high-quality properties	Establishment of circular investment model	Creation of added value, supplying properties to the investment corporation

VOICE
Supervisor Comment



Nishizuka Yasunori
Property Management Division
First PM Department Manager

By leveraging TODA Private REIT, which began operations in July 2025, we established a system for supplying properties to the investment corporation. But first, we enhanced their value using the expertise we have cultivated across all processes from land development to architectural and civil engineering construction for a diverse spectrum of real estate properties, including this project as well as offices and logistics facilities. Through this approach, we will promote a circular investment model that drives the growth of our real estate business. It will also improve operational efficiency by allocating proceeds from sales to new investments. This will prevent extended periods of sluggish capital flow.



Project site in progress: (facilities from top) corporate dormitory, training center (under construction), and condominium (before construction start)

Message from Management

People-centered Distinctive Value Creation to Shape our Future

Otani Seisuke

President and Representative Director



Identifying our strengths to achieve sustainable growth while addressing the uncertain environment

We achieved satisfactory results in FY2025 the initial year of the Medium-Term Management Plan 2027. While the world is seeing a surge of uncertainty due to increasing geopolitical risks, progressive inflation, and other factors, Japan's construction industry is enjoying continuous strong demand, chiefly related to social infrastructure renewal and industrial foundation building, as well as many more social issues. Such issues are mostly associated with national resilience, infrastructure renewal, and renewable energy, which are generating a high level of societal demand to be met by the construction industry.

These span across various subjects, such as the environment, energy, food, disaster, regional revitalization, and others particularly suited to be dealt with by the construction business to offer solutions. Given this situation, our group is expanding into new business domains while continuing to engage in building and infrastructure. In doing this, we will collaborate with diverse parties as we aim to deliver new value to actual society.

Also, our industry is in a favorable situation in which society has become more receptive to rising construction prices, which, to some extent, has facilitated measures to fairly pass on cost increases to selling prices.

Under these circumstances, the Group achieved significant financial growth in FY2025 compared with the previous fiscal year. Specifically, our major consolidated results were as follows: net sales of 645.7 billion yen; operating income of 38.2 billion yen; and net profit attributable to owners of the parent of 36.9 billion yen. ROE reached 10.1%, reflecting the improved profitability of the architectural construction business as well as an increased gain on sale of real estate for sale by overseas group companies. With these results, we believe that we had a generally good start in the initial year under the Medium-Term Management Plan 2027, which has set targets to achieve 800 billion yen and 43.5 billion yen in consolidated net sales and operating income, respectively, and an ROE of 10% or higher.

Non-consolidated construction orders received declined year on year to 566.5 billion yen. This was a result of decisions made in consideration of the amount of existing construction work, construction capacity, and possible impact on future profitability, while avoiding simply focusing on increasing incoming orders. Due to the current firm demand, it is vitally important to select which order to accept and determine what kind of value to offer. I believe that to ensure sustainable growth, it is essential to invest management resources in undertaking projects that allow our group to effectively

leverage its strengths with a focus on enhancing profitability and technical competence in the future, rather than merely expanding order intake and sales.

That said, I am not expecting that the present robust business environment will last for a long time. A company may make profits when demand is strong, but it will not be able to grow sustainably by that alone. It must maintain its earning power to minimize the volatility of performance in the difficult times that will arrive sooner or later. To this end, our group needs to clearly define what kind of value to offer in which field, while remaining aware that it is imperative to continuing being the choice of society and customers. Given the present favorable conditions, now is the time to enhance our strengths in anticipation of possible future changes. As a member of the upper management, I am keenly aware of this. Our theory is that the path to the solution can be found by identifying key strengths and creating "Distinctive Value."

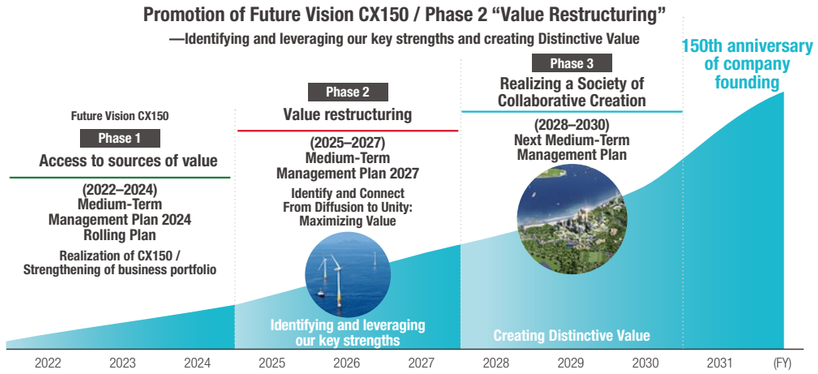
Future Vision CX150 and Medium-Term Management Plan 2027

In our Future Vision CX150, we envision the ideal state of our group as "a gatekeeper of value that brings about a society of collaborative creation" as we approach our 150th anniversary. Medium-Term Management Plan 2027 covers the period for CX150 Phase 2, which is tasked with promoting value restructuring.

The Plan 2027 stipulates that we perform this task by practicing the "Identify and Connect" approach. By "identifying," we mean to clearly define areas where our group should be able to effectively leverage its strengths and concentrate its management resources. "Connecting" refers to two different directions of action, described as: "vertical expansion" for connecting frontline functions, such as sales, design, and construction sites to enhance the value to be generated; and "horizontal expansion" for promoting collaborations between the construction and strategic businesses. By practicing this approach, we will enhance Distinctive Value while avoiding getting caught in a price war, and develop strong corporate capabilities, seeking to continue growing toward the 150th anniversary of company founding in 2031 and beyond. This is the most essential theme of the three years under the Plan 2027.

Our group has grown business centered on architectural construction while building solid civil engineering business capabilities. In addition, we are pursuing strategic business by expanding into other areas such as domestic investment development, global development, environment and energy, and group company management. The key to this expansion endeavor is to avoid dealing with each single area independently. Rather, we will utilize our business assets—technical and field operation capabilities cultivated by operating the construction business, insights into business operations gained from promoting the strategic business, and relationships with customers and local communities—so as to combine them appropriately to create Distinctive Value, which is to be offered exclusively by the Toda Group.

Promotion of Future Vision CX150 / Phase 2 "Value Restructuring"
—Identifying and leveraging our key strengths and creating Distinctive Value



Three key capabilities for creating Distinctive Value

We define three key abilities for creating the Toda Group's Distinctive Value, and we have chosen a single key word to name each of them: "materialize," "connective," and "green." These serve as more than just keywords. Instead, we should understand what they each convey regarding the value creation capabilities that we have developed through business activities over many years.

The term "materialize" represents our ability to make ideas and solutions a reality. This ability should be applied and enhanced by implementing challenging processes on site. One good example of this can be provided from the completed TODA BUILDING, which houses the company's headquarters. The building features a core-walled seismically isolated structure providing high seismic capacity and BCP measures of high standards as well as techniques demonstrated by our group companies to increase construction safety and productivity, thus serving as a technical demonstration platform of our construction work. Going beyond the TODA BUILDING project, this platform should be used in real-world settings, improved, and rolled out across the organization to further enhance our capability to "materialize."

"Connective" refers to the ability to connect people, technology, community, and business. The role of construction companies should not necessarily be confined just to constructing buildings and infrastructure. It should involve "connective" activities, specifically, to share future visions with local communities and businesses and build systems to invest the necessary human, technical, capital, and operation resources needed to realize the shared visions. This connective ability will provide us with a key competitive advantage in turning social issues into a business opportunity.

The term "green" refers to our ability to help address environmental challenges by capitalizing on technologies and creating business opportunities in our capacity as a construction company. Our group will seek out business opportunities by addressing social challenges, rather than considering them as a constraint on business activities. We will utilize our accumulated expertise in architectural design and construction as well as our technology development know-how as we seek to generate social value.



Promoting priority management businesses in growth areas

Medium-Term Management Plan 2027 has defined three priority management businesses: SECC business; environment and energy business; and overseas business. These businesses may not necessarily produce good performance in the short term. Rather, they have been selected for long-term management aimed at developing business to create value unique to the Toda Group while looking for future growth opportunities.

The Smart Energy Complex City (SECC) business is to identify, develop, and enhance regional value. Many regions are facing issues related regional revitalization, such as depopulation, declining birthrates and aging populations, maintaining the industrial foundation, and invigorating the local economy. The situation varies depending on the region. There is no one-size-fits-all approach to town development issues to accommodate such regional variations. Therefore, it is essential to accurately assess the target region's resources and industries and cooperate with the local governments, businesses, and residents as well as external partners in order to establish systems that enable sustainable business operations.

One of a number of SECC projects underway is Agriscience Valley Joso. This project is applying the sixth industrialization of agriculture model to build a town development framework characterized by a range of integrated processes from production to distribution and sale. We are advancing this project while demonstrating our commitment to continued engagement even after delivering the development order to ensure a successful town development process. We are also proceeding with a public-private joint project for areas around Echizen-Takefu Station to form an "Echizen-style smart city." Furthermore, we signed a comprehensive cooperation agreement with Sakata City in Yamagata Prefecture in 2025, and have started activities to utilize regional resources and create new business opportunities under the agreement.

We believe in the significance of establishing the SECC business, which is still in the process of development. By undertaking many projects to identify, develop, and enhance regional value, this business will produce appropriate results by providing solutions to regional issues like invigorating local industries, increasing employment opportunities and the number of visitors, and utilizing idle properties. We are developing these regional revitalization activities to establish a business model that allows us to pursue solutions to regional issues and our business growth at once, as opposed to the traditional concept of corporate social contribution being separated from business performance.

We develop the environmental and energy business area by deploying the "green" ability for real-life applications. The Toda Group's Materiality (key issues), which was revised in the period under review, includes "contribution to solving environmental issues." The revised statement reflects our approach to environmental issues, such as decarbonization and renewable energy. This approach is to develop such activities to create future business growth opportunities, unlike the traditional concept of corporate social responsibility being separated from business activities, by drawing on our group's technical and business development capabilities.

The latest major project in this area is the development of a floating offshore wind farm in Goto City, Nagasaki Prefecture.

The project went into commercial operation in January 2026 after about 20 years of grappling with technical and business management issues. The event marked a major milestone for the project, while confirming that the expertise gained over these years will become a valuable asset to be used to achieve future growth. Going forward, we are looking at the possibility of entering power generation-related businesses and undertaking EPCI projects based on the management assets that we have built from engagement in this project. These specifically include operational expertise as an electricity generation utility, findings from technology development efforts to expand the scale and achieve the mass production process for hybrid spar-type floating platforms, and SEP-based construction capabilities. We are promoting initiatives to realize a decarbonized society, seeking to create a major future profit opportunities. We believe this will be made possible by combining technical capabilities and business operation know-how we have accumulated as a construction company. We will use experience gained through undertaking the Goto project to form a reproducible business model while dealing with issues, including scale expansion, cost reduction, and supply chain building.

For the overseas business, we are working carefully to broaden choices for an enhanced business portfolio, taking into account country risks posed primarily by difference by country in terms of market climate, legal systems, and uncertain situations as well as exchange risks, while striving to strike a balance between governance and profitability. Rather than focusing only on scale expansion, we will explore the future growth possibility by assessing each region and project with respect to profitability and risks while reinforcing cooperation with local companies and partners.

In addition to priority management businesses, we are pursuing a novel real estate development business approach. Specifically, we have built a circular investment model by combining construction and investment development business resources and utilizing private REIT funds, and striving for its growth. This is a system to increase the value of the target property by investing construction resources with a focus on appropriate investment recovery and its allocation to future development and growth investment opportunities. We are particularly mindful of the capital efficiency of conducting investment businesses, while focusing on developing future growth opportunities by promoting priority management businesses. In this way, we are pursuing business growth and corporate value improvement at the same time.

These strategic businesses are promoted to serve a common mission. It is to enhance long-term value provided especially by capturing future business opportunities, accumulating technical and human resources and building relationships with local communities and customers, which are prioritized over focusing on the pursuit of short-term sales and profits. Also, we are collecting assets from each single project completed to be linked to various functions of the architectural construction, civil engineering, and real estate development businesses as well as group companies, aiming to create synergy so as to increase our group's unique proposal capabilities. This is a way for us to expand future revenue growth opportunities and increase corporate value. Through these activities, we are adeptly using our "materialize," "connective," and "green" abilities to achieve substantial business results, looking to create a virtuous cycle of revenue growth and improving capital efficiency, according to the Medium-Term Management Plan 2027.

Field operations and human resources are the key source of Distinctive Value

The most essential source of Distinctive Value lies in people and workplaces. In fact, I worked on construction sites for many years myself. Over the decades, I witnessed firsthand large buildings and infrastructure facilities being developed and completed and becoming a part of life in society and communities. Engaging in such activities, I felt pride to be working in the construction industry. I still feel like an onsite worker even today, as a management executive.

Workplaces are facing many different daily challenges, such as dealing with requests of customers, design restrictions, construction conditions, coordination with partner companies, and accountability for safety and quality. Construction companies are to overcome each of these daily challenges while systematically organizing various functions of related parties and implementing each work plan effectively. This constitutes the essential value offered by the construction business. In this context, we are carrying out personnel repositioning plans to increase our client-facing capacity, which implies more than just routine personnel relocation. Instead, it constitutes management reform aimed at enabling workplaces to generate greater value.



We will utilize AI and digital technologies, not to replace human work, but to create an environment allowing workplace personnel to concentrate on more creative and higher value added work.

We need to address challenges related to construction capacity, which is not a problem to be solved by our group independently. Far from it, it is an issue involving the whole supply chain, including partner companies. This view is solidified every year when I visit branches across the country and exchange opinions with members of the Toda Riyukai association of partner companies. I clearly see how they face severe situations posed by difficulty with hiring young skilled workers, concerns over business succession, and labor shortages in contractors down to the secondary tier. We will not leave such issues to be addressed by partner companies alone. Instead, as a general construction contractor, our group should work with partner companies to help them solve such issues, including by offering an M&A proposal, as necessary. Strengthening the capacity of supply chains is important not only for reinforcing our group's construction capabilities but also for increasing the attractiveness and sustainability of the construction industry as a whole.

And, one of our major responsibilities is to create an environment that allows workers on construction sites to take pride in their job and draw many young people to the construction industry. By developing people, strengthening workplaces, and reinforcing our overall basic manufacturing functions involving partner companies, we will be able to increase the value we offer to customers, thereby boosting our group's competitive edge. Investment in human resources means to invest in ensuring earning power for the future.

In order to create Distinctive Value, we are working on connecting business and technical capabilities, as I described. It is not enough, however. We also need to re-examine ourselves and re-confirm our identity. By establishing our group's brand slogan: "Build the Culture. Creating together. With people, for people." we expressed our commitment to creating value centered on people. Brand slogans and philosophies should not be merely formalities. These must help facilitate proper on-site decision-making, proposals to customers, and teamwork performance in order to create value through business activities. Ask ourselves who we are, what we should value, and what kind of value we will create. Each employee should ask themselves these questions constantly, which, I believe, is to build a base for reinforcing the Toda Group's culture and the foundation to create Distinctive Value. In February 2026, we held "Build the Culture. Day" to provide an opportunity for individual employees to consider this issue as their own and to act accordingly in their day-to-day work in offices or construction sites. Also, as a way to ensure uniform understanding among employees, we prepared a conceptual diagram of the group policy framework, which was laid out with the brand slogan at the center, and presented it in the founding anniversary ceremony held on July 1.

Improving corporate value through dialogue with capital markets

Dialogue with capital markets is becoming ever more important. The Company's share price began to rise after its half-year earnings announcement made in November 2025, continuing growing to achieve a PBR of more than 1.00 at the beginning of 2026. To receive a high market valuation, companies work to implement strategies to increase expectations for growth effectively and communicate the results and issues continuously and clearly to the market.

Compared to construction businesses inclined to show a higher ROIC due to relatively small amounts of capital spent, strategic businesses requiring substantial up-front investments need valuations from a long-term perspective in addition to those based on short-term performance figures. Therefore, valuations of environment and energy businesses and SECC businesses need to consider factors indicating future business opportunities, the accumulation of technical capabilities, contribution to a decarbonized society, and more. To communicate details of these non-financial activities specifically to present their expected contributions to future earning power, risk reduction, and improvements in corporate value, we will continue to have dialogues with shareholders and investors.

Going forward, we will endeavor to further solidify our business foundations by improving capital efficiency while



expanding investment in personnel repositioning toward being client-facing, the utilization of digital and AI technologies, and technological development.

Because we are facing the current global situation of confusion and an uncertain management environment, we need to identify our key strengths and create Distinctive Value to be offered exclusively by the Toda Group. Acting in line with the slogan "Build the Culture. Creating together. With people, for people." we will aim to build a foundation for a new social culture to support and enhance people's lives, while leveraging human power to continuously generate value in diverse forms.

We are moving forward along the path set to "create Distinctive Value to shape our future."

Special Feature 4: Build the Culture.

People-Centered Value Creation

Build the Culture.
Creating together.
With people, for people.

Our Thinking Behind the Brand Slogan: "Build the Culture. Creating together. With people, for people."

"Build the Culture." is the first half of the statement. It reflects our commitment to supporting people's lives in various environments for a long time into the future beyond the completion of construction work. "Creating together. With people, for people." is the second half. It represents the Toda Group's traditional principle of building an attitude of professionalism so that individual employees have a sense of mission and are always sincere to stakeholders, including customers, partner companies, and regional communities. The logo uses a motif that represents both people and truss structures. It symbolizes our desire to build a new future based on strong connections between our diverse human resources.

The Toda Group passes down these traditional thoughts and instills them in individual employees so they can act accordingly in their workplaces across the country. This is important for us to deliver new value in response to the needs of coming times while creating Distinctive Value to be offered solely by our group.

"Build the Culture. Day"—from Brand Slogan to Brand Culture

On February 16, 2026, we held "Build the Culture. Day" to provide an opportunity for individual employees to seriously think about the concepts underlying the brand slogan as their own issue and to act accordingly in their day-to-day work in offices or construction sites.

The event, taking place in conjunction with the 2026 Toda Group prospect presentation meeting held in TODA BUILDING, was attended by a total of 1,200 employees, including online participants. Major programs included a presentation by President Otani, in which he described business prospects for fiscal 2026 and the progress of priority management businesses; a talk session; and the Next Culture Pitch, presented by representatives from branches around the country. All participants from the management and workplaces gathered together and open-heartedly shared views on the brand slogan. This will help the brand slogan become a building block of the group's culture, and drive forward activities for creating new value at each workplace throughout the country.







Next Culture Pitch: 12 Projects Developed to Embody the Brand Slogan in Workplaces

The highlight of the latter part of the event was the Next Culture Pitch, which was presented by representatives from branches across the country. The speakers reported on initiatives and activities developed to embody the brand slogan in each workplace. Through this program, the group as a whole had an opportunity to share reports on on-site value creation activities to provide solutions to a broad spectrum of issues related to social infrastructure, regional revitalization, cultural facilities, medical institutions, workplace environment, and disaster reconstruction support.

Project story

12 Projects to create Distinctive Value

Enhancing the value of social infrastructure

- Shikoku Branch "Shikoku Hachinoji Network":
  Expressway network building for critical infrastructure
- Osaka Branch "Ujitawara Tunnel East Construction Work":
  Building a main artery road with a focus on 100 years into the future
- Metropolitan Area Civil Engineering Branch "Johoku Central Park Flood Control Reservoir":
  Regional protection against rain flood disasters

Turning regional properties into future value

- Chiba Branch "Chiba Prefecture Cultural Hall Major Renovation":
  Transferring the value of the cultural facility to future generations
- Tohoku Branch "New Kamaishi City Office Building":
  Building a new disaster prevention and reconstruction hub
- Kanto Branch "Hub Connecting People and Communities":
  Town development for the future of the region

Generating unique value through collaborations

- Tokyo Branch "TODA BUILDING Large Tenant Construction Project":
  Creating spaces by giving shape to diverse ideas
- Hiroshima Branch "Kasaoka Daiichi Hospital":
  Creating patient-friendly operation rooms
- Yokohama Branch "Aiming to form true partnerships":
  Increasing workplace capabilities by enhancing the relationship of trust

Individuals' inspirations driving actions

- Sapporo Branch "Hokkaido Mimosa Project":
  Creating a workplace culture that allows you to work while remaining true to yourself
- Nagoya Branch "Noto Peninsula Disaster Volunteer Work":
  Regional contribution in disaster-affected areas
- Kyushu Branch "Messaging from HAPPINESS ARENA to make many more people happy":
  Promoting the excitement of the construction industry to young people

People story

Comments from project leaders



Executing major renovation work while maintaining the traditional sound and visual quality

Chiba Prefecture Cultural Hall Major Renovation Work

Iwaki Chinatsu
Chiba Branch
Construction Division (Building Construction)
Second Construction Department (Building Construction)

- **Project outline**

The project was a large-scale renovation of the Chiba Prefecture Cultural Hall, a building that was a construction project undertaken by Toda Corporation in 1967. We carried out a number of processes for earthquake resistance, barrier-free measures, and facility renewal while working to maintain the traditional design quality and acoustic performance of the cultural hall, which has served as the region's major cultural hub for about 60 years.

- **Key policy**

We were committed to delivering the renovation project undertaken by Toda Corporation years after delivering its initial construction project, with a particular focus on transferring the region's valuable property to future generations in response to the expectations of local residents for its reopening. We placed great importance on preserving the memorable traditions and value of the cultural hall, displaying a strong sense of responsibility and pride.



Conducting a tunnel project to transfer its value to future generations

Shin-Meishin Expressway Ujitawara Tunnel East Work

Mikami Hideaki
Osaka Branch
Manager at Construction Division (Civil Engineering)
Second Construction Department

- **Project outline**

The Shin-Meishin Expressway Ujitawara Tunnel East Work project involved forming a redundant road network along the Meishin Expressway. We overcame a host of geological and other challenges to open an ultra-large cross-section tunnel with three lanes in each direction.

- **Key policy**

We placed emphasis on cooperation with the client to solve issues efficiently by sharing risk information as quickly as possible, revising plans flexibly according to the situation, and adopting suggestions of many young workers with a focus on motivating many more workers to take on challenges and achieve results.

The Value Creation Process

The Toda Group's value creation process is comprised of the input of six types of management capital and output (business results) through the construction and strategic businesses and outcome (return to stakeholders and effect on society). The basic philosophy underlying this process as a whole is expressed by the brand slogan stating "Build the Culture. Creating together. With people, for people."

We will drive growth by applying the "materialize," "connective," and "green" abilities to develop business activities. This is based on the philosophy and in promotion of Future Vision CX150, our growth and transformation strategies, the Toda Group's Materiality (key issues), and social contribution and environmental activities. In this way, we create Distinctive Value offered solely by the Toda Group and generate financial and social (non-financial) value at once. We are establishing a value creation cycle aimed at continuing to grow in order to become "a corporate group that realizes 'joys'."

Input

Financial Capital

Total assets:	998.3 billion yen
Equity:	390.8 billion yen
Capital ratio:	39.1%

Manufacturing Capital

Branches (in Japan):	12
Major overseas base:	1
Major group companies:	16 (in Japan); 9 (overseas)
Investment plans*	Real estate development: 123.0 billion yen
	Environment, energy, etc.: 22.0 billion yen

*Cumulative total for fiscal 2024 to 2027

Intellectual Capital

- Intellectual property, knowhow, related technology and other such resources that provide the foundation for creating safe and secure social infrastructure
- Acquisition of patented technologies through mergers and acquisitions, etc.
- Research and development expenses: 5.1 billion yen

Human Capital

Number of employees (consolidated):	7,286
Enhancing digital talent	
Enhancing global human resources	
Leadership development-related training	Training hours per person: 19.9 hours
	Trainees: 668

Social Capital

- Strong relationships of trust with stakeholders
- All-around group capabilities in the construction life cycle
- Collaboration with diverse stakeholders

Natural Capital

Fossil fuel consumption (construction sites + offices):	225.77 million kWh
Electricity consumption (construction sites + offices):	90.16 million kWh
Ratio of renewable energy electricity usage:	56.8%
Water intake (construction sites + offices):	1,330,000 m^3
Ready-mixed concrete:	1,011,000 m^3
Cement:	80,000 tons
Steel:	203,000 tons

Build the Culture.
Creating together.
With people, for people.

Phase 1: 2022–2024 Access to sources of value
Phase 2: 2025–2027 Value restructuring
Phase 3: 2028–2030 Realizing a Society Collaborative Creation

Medium-Term Management Plan 2027

Future Vision CX150

"Bringing about a society of collaborative creation as a gatekeeper of value"

"Identify and Connect"

Achieving Distinctive Value and high profitability by identifying and leveraging the Toda Group's solid strengths

Growth engines to achieve Distinctive Value

Materialize / Connective / Green

Business Domains

- Smart Innovation
- Environment and Energy
- Urban and Social Infrastructure
- Business and Life Support

Value Provided

- Enhancing experience value
- Fulfilling latent needs
- Creating social capital

Toda Group's Materiality (key issues)

Realizing a sustainable society

Materiality

- Urban Development that Supports Prosperous Lifestyles
- Contribution to Solving Environmental Issues
- Technological Innovation and Creation of Distinctive Value
- Creating a Society that Embraces Diversity and Inclusion
- Enhancing the Foundation for Sustained Growth

Output

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

FY2025 Results

Consolidated net sales:	645.7 billion yen
Operating income:	38.2 billion yen
Net income:	36.9 billion yen
ROE:	10.1%
D/E ratio:	0.59

Social Value Indicators (Non-Financial Indicators)

Contribution to the construction industry and global environment

—

Identification of positive impacts on society

—

Commitment through non-financial indicators and evaluation

FY2025 Results

Scope 1 + 2 reduction rate (compared to FY2020):	(26.0%)
Scope 3 reduction rate (compared to FY2020):	(43.8%)
Work engagement (standard score):	52.2
Construction site feedback (evaluation score):	4.38

*See p. 30 for calculation formulas and details

Outcome

Financial Capital

Dividend on equity (DOE):	4.7%
Total return ratio:	66.2%
Total shareholder return (TSR):	199%
Issuer rating, etc.:	A– (R&I)
Free cash flow:	41.9 billion yen
Price-to-book ratio (PBR):	1.10

Manufacturing Capital

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

Intellectual Capital

Patent filings:	131
Number of registered patents:	61
Number of patents held:	495
Number of ZEB-certified projects (design and construction):	3

Human Capital

Proportion of women in management positions:	5.3%
Paternity leave uptake rate:	100%
Human resources that use digital technology:	920

Social Capital

Registration rate of skilled workers in the Construction Career Advancement System:	88%
Serious violations of laws and regulations:	None
Number of outstanding skilled workers:	816

- Improving customer satisfaction
- Strong relationships of trust with stakeholders
- Building the Toda Group brand
- Improving the appeal of the construction industry
- Resilient social infrastructure

Natural Capital

Waste plastic recycling rate:	75.4%
Construction waste recycling rate:	93.0%
Final disposal rate of construction related by-products:	1.6%

Global Statement

A Corporate Group that Realizes "Joys"

For the satisfaction of our customers

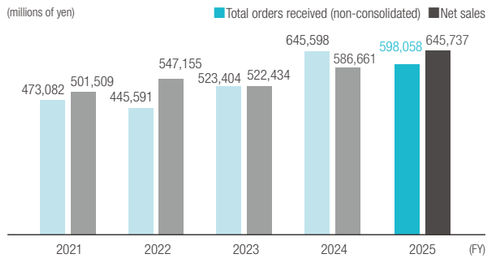
For work we can be proud of

For future generations and our planet

Enhancement of management capital

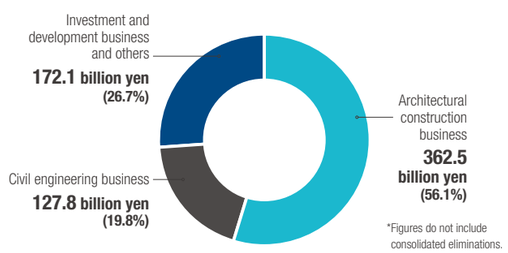
Financial and Non-Financial Highlights

Total orders received (non-consolidated) and net sales



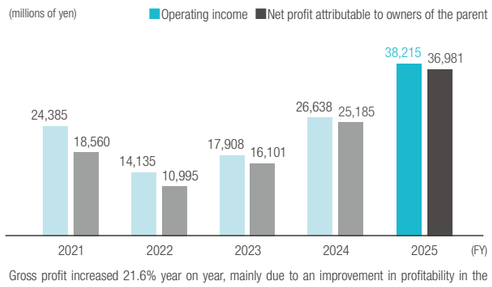
The Company's overall orders received (non-consolidated) decreased by 7.4% year on year to 598.0 billion yen. This was due to decreased orders for domestic private-sector construction and domestic public-sector civil engineering projects. Net sales increased to 645.7 billion yen, due to progress on large-scale construction projects in the architectural construction business undertaken by domestic group companies and an increase in sales of real estate for sale by overseas group companies.

Net sales by business segment and as percentages of net sales



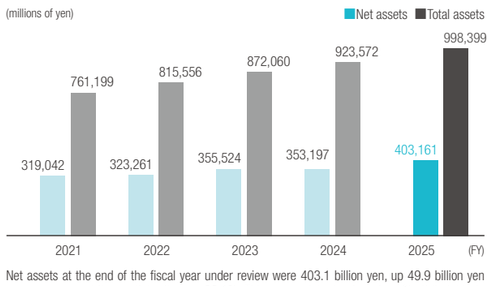
Sales by segment have traditionally been focused on the architectural construction business. While no major shifts in sales to other segments are anticipated, we are focusing on strengthening our investment and development businesses as part of our medium- to long-term business strategy. Due to an increase in sales of real estate for sale by overseas group companies and other factors, net sales in the investment and development business and others were up to 172.1 billion yen (164.3 billion yen the previous year).

Operating income / Net profit attributable to owners of the parent



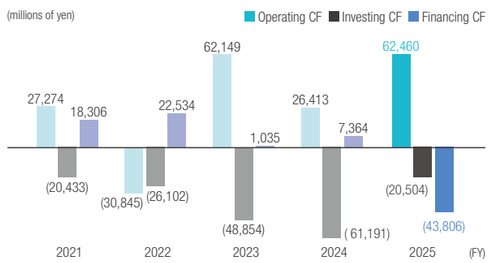
Gross profit increased 21.6% year on year, mainly due to an improvement in profitability in the Company's architectural construction business and an increase in in sales of real estate for sale by overseas group companies. As a result, operating income increased 43.5% year on year to 38.2 billion yen. Net profit attributable to owners of the parent was 36.9 billion yen, up 46.8% from the previous year.

Net assets / Total assets



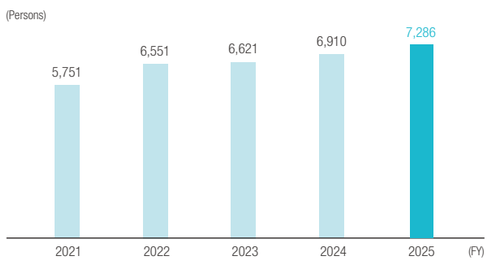
Net assets at the end of the fiscal year under review were 403.1 billion yen, up 49.9 billion yen year on year, and the capital ratio was 39.1%. This was mainly due to net profit attributable to owners of the parent of 36.9 billion yen and an increase of 24.0 billion yen in valuation difference on available-for-sale securities, despite dividend payments of 10.7 billion yen and repurchase of treasury stock of 7.0 billion yen. Total assets increased 74.8 billion yen year on year to 998.3 billion yen. This was mainly due to increases of 35.3 billion yen in machinery, vehicles, tools, furniture and fixtures, 35.0 billion yen in investment securities resulting from the increased market value of cross-shareholdings, 13.6 billion yen in short-term investment securities, 10.3 billion yen in costs on uncompleted construction contracts, and 9.2 billion yen in expenditures related to real estate business. This was despite decreases of 16.2 billion yen in cash and deposits and 12.5 billion yen in real estate for sale.

Cash flow (operating, investing, and financing)



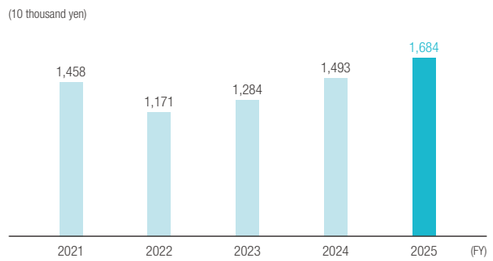
Cash and cash equivalents (hereinafter, "cash") at the end of the current fiscal year amounted to 84.6 billion yen, a decrease of 1.5 billion yen year on year. Cash flows from operating activities increased by 62.4 billion yen due to factors including income before income taxes recorded, and increased cash resulting from increases in notes and accounts payable and advances received on uncompleted construction contracts, although cash decreased due chiefly to an increase in costs on uncompleted construction contracts. Cash flows from investing activities decreased by 20.5 billion yen due to factors such as a decrease in cash associated with the purchase of property, plant and equipment, despite an increase in cash due to factors including the sale of investment securities. Cash flows from financing activities decreased by 43.8 billion yen due to factors such as a decrease in cash associated with cash dividends paid and the purchase of treasury stock, as well as decreases in loans payable and bonds payable.

Number of employees (consolidated)



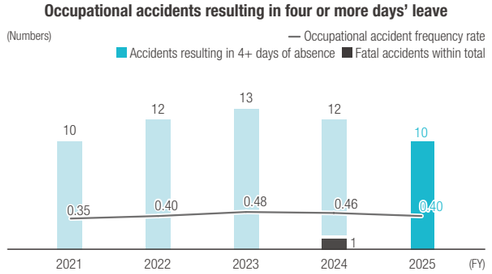
The consolidated number of employees increased by 376 year on year. This was a result of Aqua Nishihara Corporation Ltd. becoming a consolidated subsidiary. By segment, the total includes 2,816 (2,716 non-consolidated) employees in architectural construction, 1,089 (1,089 non-consolidated) in civil engineering, 1,390 (17 non-consolidated) in domestic group companies, and 1,455 (18 non-consolidated) in overseas group companies. The non-consolidated number of employees for the company stood at 4,404, an increase of 89 persons from the previous year.

S Labor productivity (non-consolidated)



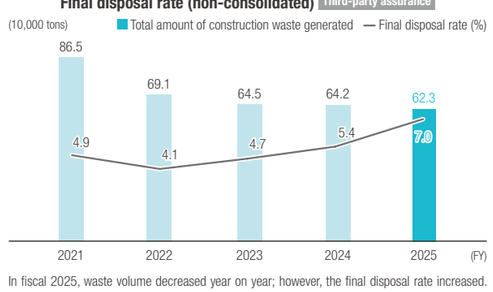
Labor productivity for fiscal 2025 was 16.84 million yen (target for fiscal 2026 in the Medium-Term Management Plan is 17.5 million yen), mainly due to an improvement in profitability in the architectural construction business. We are working to further increase productivity by thoroughly implementing a new management system based on "labor productivity per hour," which more directly reflects the efforts of each and every employee to improve productivity.
*Labor productivity = Amount of added value (operating income + total personnel expenses) ÷ number of employees (average for the period, including temporary employees, etc.)

S Occupational accident frequency / Occupational accidents resulting in four or more days' leave



The serious incident frequency rate in fiscal 2025 was 0.40. The prevention of occupational accidents/incidents, disasters, and accidents involving the public is an absolute prerequisite for the survival and development of the company. Based on the fundamental principle of respect for human life, we view safety as a core value in all of our activities and strive to create a safe and fulfilling work environment.

E Total amount of construction waste generated / Final disposal rate (non-consolidated) Third-party assurance



In fiscal 2025, waste volume decreased year on year; however, the final disposal rate increased. The increased final disposal rate was principally attributable to regional regulations designating landfills to dispose of construction sludge from public works. The total waste volume and final disposal rate are greatly affected by the type, amount, and scale of construction work carried out in a given year, but we will continue to work to reduce the volume of waste generated and the amount of waste sent to landfills by taking waste reduction measures, employing methods to curb the production of waste, and pursuing 3R activities.
*Final disposal rate is not covered by the third-party assurance.

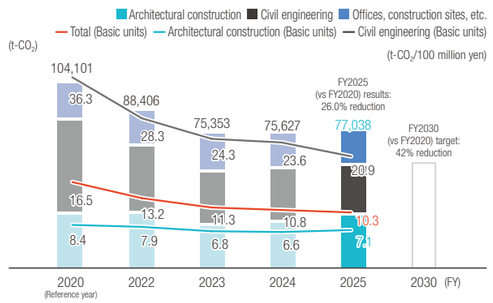
E Greenhouse gas emissions (consolidated) Third-party assurance

	Units	2020 (Reference year)	2022	2023	2024	2025
Scope 1	t-CO_2	76,544	67,870	60,353	59,438	**53,844**
Scope 2*1	t-CO_2	27,557	20,536	15,000	16,188	**23,194**
Scope 1, 2 total	t-CO_2	104,101	88,406	75,353	75,627	**77,038**
Construction sites	t-CO_2	83,618	69,077	53,817	55,701	**58,593**
Offices, workshops, etc.	t-CO_2	20,483	19,329	21,537	19,926	**18,445**
Scope 3 total*2	t-CO_2e	4,733,593	4,860,459	4,050,962	3,302,884	**2,661,964**
Category 1	t-CO_2e	1,412,423	1,531,383	1,325,845	1,287,198	**1,275,769**
Category 11	t-CO_2	3,138,475	3,112,982	2,457,323	1,720,939	**1,220,243**
Ratio of renewable energy electricity usage (RE ratio)	%	22.2	54.9	62.3	61.0	**56.8**

Scope of calculation: Toda Corporation and all consolidated subsidiaries
(48 companies as of the fiscal year ended March 2026)
Data for FY2020 and beyond have been retrospectively revised due to a change in the scope of consolidation resulting from M&A and other actions and a related change in the scope of calculation.

*1. Calculated using a market-based approach (using basic emissions factors for each electricity retailer and different emissions factors for each item). Location-based (using national average coefficients) figures are posted on our official website.
*2. Shows totals for categories 1, 2, 3, 4, 5, 6, 7, 11, 12, and 13. The greenhouse gas emissions for each category are published on our official website (in Japanese).

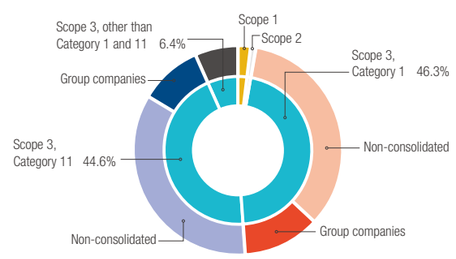
E Scope 1, 2 total emissions / Basic unit (consolidated) Third-party assurance



In fiscal 2025, the total amount of Scope 1 and Scope 2 emissions were 77,038 t-CO_2 (up 1.9% year on year), and emissions per completed construction work were 10.3 t-CO_2 /100 million yen (down 4.6%). Reductions of approximately 30,000 tons of CO_2 in total emissions were achieved through the use of environmentally friendly fuels (biodiesel fuel, combustion accelerant K-S1, GTL fuel), as well as the use of renewable electricity, etc. We will continue to take further action to reduce emissions.

Third-party assurance Environmental performance data is third-party assured by Sustainability Accounting Co., Ltd.

E Greenhouse gas emissions Third-party assurance



More than 95% of greenhouse gas emissions attributable to the Company fall into Scope 3, in which Categories 1 and 11 constitute the majority. Total Scope 3 emissions amounted to 2.66 million t-CO_2e in fiscal 2025, down 19.4% year on year. The target of calculation for Category 11 is buildings delivered in the reporting fiscal year. The reduction in Category 11 (down 29.1% year on year) owed notably to an improvement in energy-saving performance of buildings due to the increased number of ZEB projects undertaken mainly for design and construction work. In addition, the total floor area of all buildings delivered in fiscal 2025 was small compared with other years, helping reduce Category 11 emissions. The calculation target for Category 1 is building materials purchased. In Japan, the building life cycle carbon assessment system will be started in fiscal 2028, requiring a further reduction in greenhouse gas emissions throughout the life cycle of buildings. To meet these tightening regulations, we will work to reduce Category 1 emissions, especially by increasing the adoption of low-carbon building materials, while endeavoring to improve the energy-saving performance of buildings.

Understanding the Business Environment and Future Vision CX150

Our vision: “Bringing about a society of collaborative creation as a gatekeeper of value”

As social issues become increasingly complex and people’s needs more diversified, the value required from buildings and infrastructure has also changed significantly. Based on the technologies and on-site capabilities cultivated through the construction business, the Toda Group is expanding its role from providing buildings and infrastructure to a domain where it collaborates with various stakeholders and communities on envisioning future society and generating new value. By connecting people, communities, technology and business, the Group seeks to realize a society of collaborative creation as “a gatekeeper of value” that leads collaborative creation with partners towards its 150th anniversary in 2031.

Business Environment and Social Changes	Impact on the Toda Group	
	Risks	Opportunities
Changes in Demographic Structure/Labor Force • Ongoing decline in birthrate and aging of population • Reduction in the labor force • Promotion of diversity	• Labor shortages in the construction industry • Labor shortages • Sluggish future demand • Occurrence of serious accidents • Talent outflow	• Promotion of operational efficiency • Fostering awareness of safety improvement • Improving productivity through ICT utilization • Enhancing the appeal of the construction industry through the creation of a more attractive work environment • Revitalization and resilience through diversity
Changes in the Market Environment • Increase in the cost of construction materials • Changes in cities and communities • National resilience/regional revitalization • Globalization • Advancement of the information society and digital technologies • Increasing geopolitical risks	• Decline in office space demand • Decline in construction investment • Surging procurement costs for construction materials • Material supply disruptions due to labor shortages and weakened supply chain functions • Sluggish real estate market • Construction delays • Declining profitability • Information leaks	• Growing demand for logistics facilities and data centers • Increasing demand for school and hospital renovation and reconstruction • Growing demand for smart factories, logistics facilities, hospitals, and office buildings • Market expansion driven by regional revitalization • Expansion into overseas markets • Expansion of business domains
Change in People’s Values • Diversification of values • Emphasis on experiential value • Focus on long-term value for all stakeholders	• Advancement of industrialized construction methods and modularization • Commoditization of buildings • Declining value of the contracting business model	• Rising expectations for general contractors (e.g., the growing role of public infrastructure in addressing social issues) • Creation of new value through the promotion of collaborative creation with diverse stakeholders • Fulfilling latent needs • Creation of social capital
Laws, Regulations and Policies • Rapid changes in political and economic conditions • Fluctuations in exchange rates • Interest rate policies • Increased ESG investment • Achieving carbon neutrality by 2050	• Decline in market value and profitability of held assets • Rising interest rates • Rapid changes in political and economic conditions and strengthened regulations • Foreign exchange risk • Market changes in emerging sectors • Negative impact on human rights	• Expansion of the renewable energy market • Expansion of the green infrastructure market • Promotion of technological development to achieve carbon neutrality in construction work • Growing need for ZEB and carbon-negative buildings
The Global Environment • Climate change • Progressing global warming • Escalating environmental issues • Occurrence of large-scale natural disasters	• Decline in work efficiency and increased countermeasure costs due to rising temperatures • Changes in labor legislation • Increased material and fuel procurement costs due to rising carbon pricing • Increased costs due to disaster-related damage to buildings • Impact of large-scale disasters on business continuity	• Growing demand for offshore wind farm construction • Growing demand for construction of renewable energy power plants • Increased business opportunities such as in power sales • Growing O&M* needs for renewable energy power plants • Increased sales driven by the spread of ZEB buildings • Growing demand for disaster prevention and mitigation construction

* O&M: Operation & Maintenance. A business that provides operation and maintenance services on behalf of a facility owner.

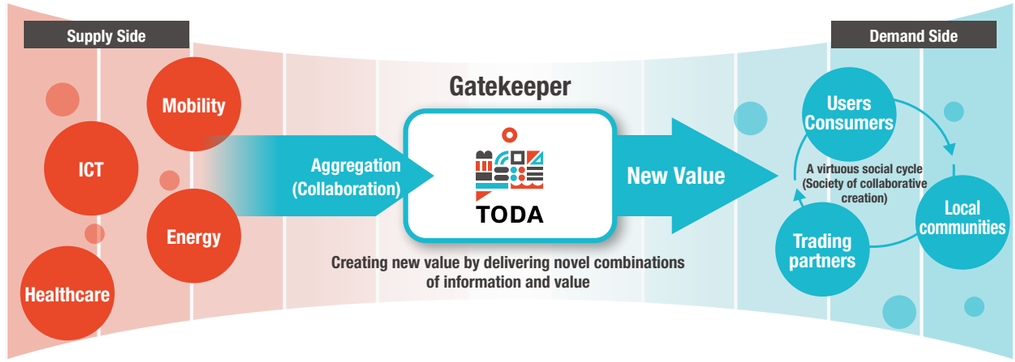
Our Direction: Outline of Future Vision CX150

Bringing about a society of collaborative creation as a gatekeeper of value

The Toda Group aims to become a “gatekeeper of value” by standing alongside our customers and delivering unprecedented combinations of information and functions to create new value. We are working to realize a society of collaborative creation where people cooperate and collaborate to generate a virtuous cycle of new value, leading to a sense of well-being and sustainability.

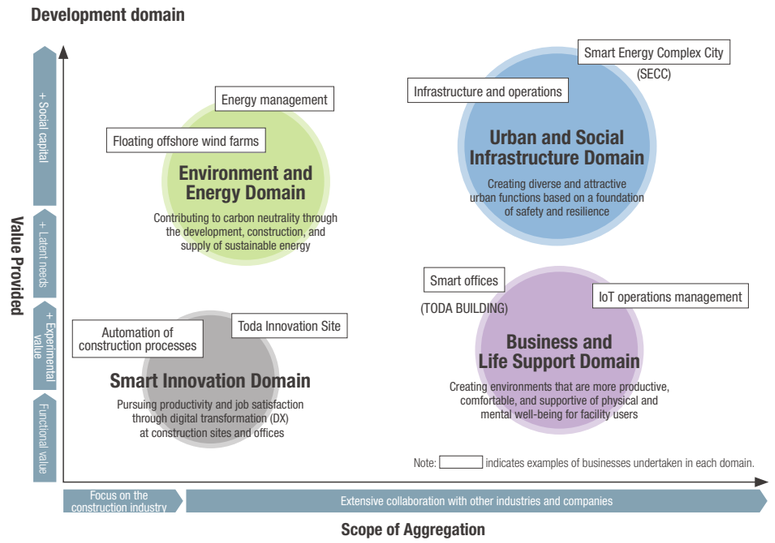
A Gatekeeper of Value

Creating new value through aggregation (collaboration) with our partners, serving as an intermediary between the demand and supply sides. Our Group has been taking on the challenge of creating new value in areas such as floating offshore wind farms by leveraging the strengths we have developed over the years.



Business Domains

We have identified four strategic directions for business expansion. As a gatekeeper of value, the Toda Group will create added value in these domains and take on the challenge of realizing a society of collaborative creation.



Medium-Term Management Plan 2027

Roadmap to Realizing Our Vision

Roadmap to Realizing CX150

The Medium-term Management Plan of the Toda Group represents a consistent growth strategy which is formulated every three years in light of environmental changes by way of backcasting from 2031, the Group's 150th anniversary and the target year of its vision. Based on the growth investments we implemented in line with the previous medium-term plan, we will promote Phase 2: "Value restructuring" in the Medium-term Management Plan 2027 to create and develop Distinctive Value in the next medium-term plan, and realize a society of collaborative creation beyond that.



"Identify and Connect" Medium-Term Management Plan 2027

From Diffusion to Unity: Maximizing Value



*Convergence knowledge is the creation of "knowledge vitality" where diverse knowledge converges to generate new value. (Japan Cabinet Office)

The core concept of the Medium-term Management Plan 2027 is "Identify and Connect." It is crucial to strengthen our competitiveness by leveraging the current business environment in order to continue to be selected even in such situations where the demand environment and competitive conditions deteriorate. Therefore, we will "identify" the markets and projects in which the Toda Group can most effectively demonstrate its strengths, and the fields in which we should invest our management resources, especially now that a favorable order-taking environment continues, while taking into consideration profitability, production efficiency, brand value, continuity with customers, the potential impact on construction capacity, rather than just seeking an increase in new orders and net sales.

Under this concept, in terms of growth investments, it means optimizing the business portfolio by verifying the results of investments, by assessing their business feasibility, capital efficiency and time to profitability.

Based on that, we will "connect" "vertical expansion" in which value provided by the frontline and productivity is increased, to "horizontal expansion" in which technologies and business expertise of the construction business, strategic business, group companies and external partner companies are mutually utilized.

We will allocate management resources with the goal of repositioning personnel to client-facing positions, make investments in digital and technology development and pursue capital efficiency in a comprehensive manner, and build Distinctive Value that is resistant to price competition and a highly profitable business structure, which will contribute to the improvement of sustainable corporate value.

Targets and Achievements

Under the Medium-term Management Plan 2027, we set target figures for FY2027, the final fiscal year of the plan, as follows: Consolidated net sales of approximately 800 billion yen; operating income of 43.5 billion yen or more; operating margin of 5.4% or more; ROE of 10% or more; and labor productivity of 17.5 million yen or more. Sustainable revenue growth is sought by enhancing the profitability of the core businesses, and allocating management resources to achieve accelerated profit generation from growth investments and capital efficiency.

In FY2025, the first fiscal year of the Medium-term Management Plan, consolidated net sales were 645.7 billion yen, operating income was 38.2 billion yen, operating margin was 5.9% and ROE was 10.1%. Operating margin and ROE reached the respective target levels of the final fiscal year of the Medium-term Management Plan, which we assess as a promising start.

By business segment, the architectural construction business drove company-wide performance. Going forward, we will pursue a steady recovery of civil engineering and domestic investment and development. In addition, as to overseas Group companies, while they made a profit contribution from sale of real properties in FY2025, they will strive to gain a foothold for the next step of growth. We will strengthen the revenue base of each business, including environment and energy, to improve the group's earning power in a balanced manner.

On the non-financial side, CO_2 emissions were reduced more than planned in the Medium-term Management Plan in terms of Scopes 1+2 and Scope 3. In addition, the target of work engagement was also achieved. Meanwhile, construction site feedback improved from the previous fiscal year, but failed to achieve the target. We will continue to improve the effectiveness of the Board of Directors and enhance IR meetings to strengthen dialogue between management and the capital market.

In the remaining two years, we will accelerate strategic order-taking, enhancement of construction systems and productivity, repositioning of human resources to client-facing positions and investments in digital and technology development with the aim of achieving the targets of the Medium-term Management Plan and improving sustainable corporate value.

Numerical targets Result / Forecast

Performance / Financial indicators		FY2024 Result	FY2025 Result	FY2026 Forecast	FY2027 Medium-term plan target
Profitability	Consolidated net sales	586.6	645.7	**753.0**	**Approx. 800.0 billion yen**
	Operating income	26.6	38.2	**39.0**	**43.5 billion yen or more**
	Operating margin	4.5	5.9	**5.2**	**5.4% or more**
Capital efficiency	Net profit attributable to owners of the parent	25.1	36.9	**35.0**	**35.0 billion yen or more**
	ROE	7.3	10.1	**9.5**	**10.0% or more**
Productivity	Labor productivity (Non-consolidated)	14.93	16.84	**17.20**	**17.50 million yen or more**
Shareholder returns	DOE	2.6	4.7	**3.5% or more**	**3.5% or more**
	Total return ratio	55.9	66.2	**Approx. 70.0%**	**Approx. 70.0%**

* Labor Productivity = Amount of added value (operating income + total human resource expenses) ÷ number of employees (average for the period, including temporary employees, etc.)
* DOE (Dividend on Equity) = Total dividends / Equity
* Total Return Ratio = Total amount returned to shareholders (total dividends + total share buybacks) ÷ Net profit attributable to owners of the parent

Performance by business segment Result / Forecast

Business (segment)			FY2024 Result	FY2025 Result	FY2026 Forecast	FY2026 (Profit margin)	FY2027 Medium-term plan target	FY2027 (Profit margin)
Consolidated net sales (billion yen)	Architectural construction business		358.2	362.5	**440.0**		**430.0**	
	Civil engineering business		127.1	127.8	**132.0**		**150.0**	
	Strategic business	Domestic investment and development	47.7	33.4	**42.0**		**50.0**	
		Domestic group companies	58.2	67.8	**74.0**		**80.0**	
		Overseas group companies	57.0	67.6	**73.0**		**90.0**	
		Environment and energy	0.9	3.3	**7.0**		**7.0**	
	Total		586.6	645.7	**753.0**		**800.0**	
Operating income (billion yen)	Architectural construction business		16.5	26.9	**27.5**	**(6.3)**	**22.0**	**(5.1%)**
	Civil engineering business		8.0	4.6	**7.0**	**(5.3)**	**9.0**	**(6.0%)**
	Strategic business	Domestic investment and development	5.5	2.0	**2.5**	**(6.0)**	**6.0**	**(12.0%)**
		Domestic group companies	3.0	2.7	**3.5**	**(4.7)**	**3.5**	**(4.4%)**
		Overseas group companies	1.0	5.6	**1.0**	**(1.4)**	**3.5**	**(3.9%)**
		Environment and energy	(1.1)	(1.2)	**(0.5)**	**(—)**	**0.5**	**(7.1%)**
	Total		26.6	38.2	**39.0**	**(5.2)**	**43.5**	**(5.4%)**

* Total of consolidated net sales and operating income includes elimination of internal transactions between segments.

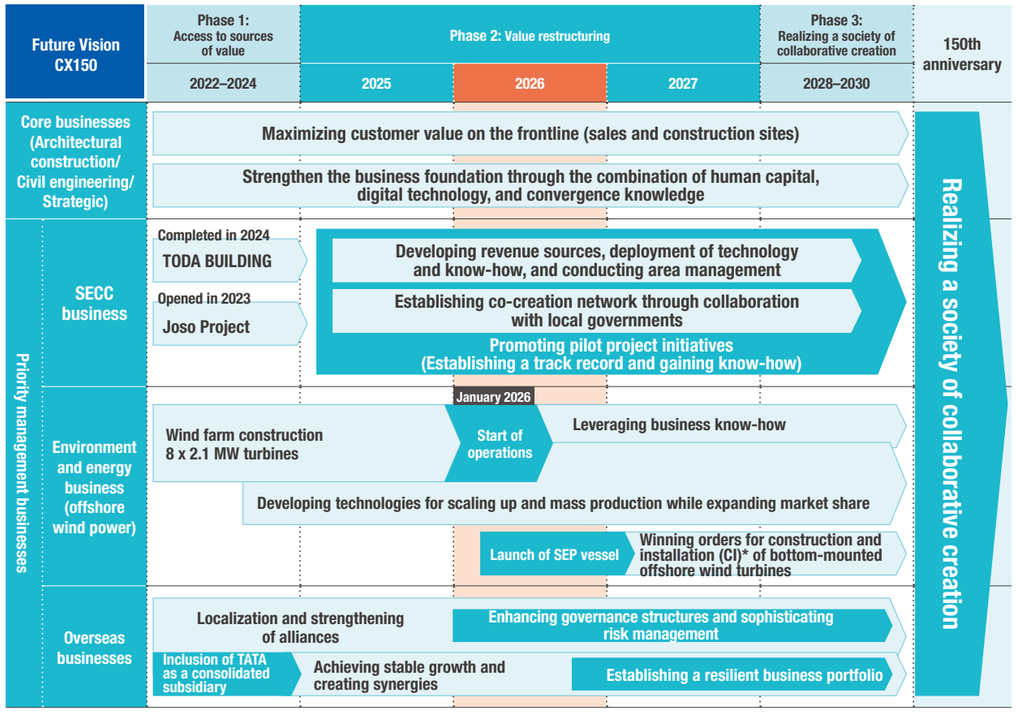
Non-financial targets

Non-financial targets			Objectives of targets	FY2025 Result / forecast	FY2026 Target	FY2027 Medium-term plan target
E	CO_2 emissions in Scopes 1+2	Total emissions [%] (compared to FY2020)*1	Continuous efforts to reduce CO_2 emissions in business activities, driving progress toward carbon neutrality by 2050 Basic unit, Scope 1+2: Emissions per completed construction projects Category 1: Emissions per 1 billion yen of transaction value; Category 11: Emissions per floor area of completed construction projects	37.6 reduction	**25.2% reduction or more**	**29.4% reduction or more**
		Basic unit (/ 100 million yen)*2		8.3	**—**	**9.1 t-CO_2 or less**
	CO_2 emissions in Scope 3	Total emissions [%] (compared to FY2020)*1		39.7 reduction	**15.0% reduction or more**	**17.5% reduction or more**
		Category 1: Basic unit (/ 100 million yen)*2		569.1	**—**	**604.9 t-CO_2 or less**
		Category 11: Basic unit (/ m^2)*2		2.0	**—**	**1.2 t-CO_2 or less**
S	Work engagement (deviation value)*3		Advancing human capital management by improving employee job satisfaction and engagement	52.2	**52.0 or more**	**52.0 or more**
	Construction site feedback (evaluation score)*4		Strengthening partnerships with partner companies by implementing a structured evaluation and improvement cycle	4.38	**4.5 or more**	**4.5 or more / 5 points maximum**
G	Improving the Board's effectiveness		Enhancing corporate governance by analyzing and assessing the board's overall effectiveness and incorporating the findings into initiatives	—	**—**	**—**
	Enhancing IR meetings*5		Enhancing shareholder and investor engagement through ample meeting opportunities and appropriate and timely disclosure of relevant information	89 times	**—**	**—**

*1 The Company (on a non-consolidated basis) and Group companies in Japan (covering all business activities except for overseas Group companies)
*2 The Company (on a non-consolidated basis)
*3 Deviation value of stress check based on ADVANTAGE TOUGHNESS survey results
*4 Average evaluation scores of construction sites by partner companies, covering all branches and criteria (for completed construction sites in FY2025)
*5 IR meetings (financial results briefings, one-on-one meetings, field visits, etc.)

Strengthening Competitive Edge and Cultivating Future Earnings

Business Strategies Road Map



*CI: Construction and Installation

In terms of our business strategies, we are promoting the same two-tier approach we set out in Medium-Term Management Plan 2024. Our Architectural Construction, Civil Engineering, and Strategic Business Promotion Groups leverage their respective strengths under "core businesses," while the same three groups cooperate with the involvement of top management on "priority management businesses."

In our core businesses, we will focus on further increasing stable profitability in the architectural construction and civil engineering businesses, while striving to improve capital efficiency by leveraging the track record and know-how we have cultivated to date in the strategic business.

In terms of priority management businesses, our knowledge accumulated by TODA BUILDING and Joso project will be developed to the SECC business, while the environment and energy business and overseas businesses will be promoted to a new growth phase. Considering progress and changes in business environment during the first year of the Medium-term Plan, we will flexibly review the processes of each measure taken and the priority, and simultaneously focus on both the enhancement of competitiveness of the core businesses and cultivation of the pillars of future revenue, while pursuing the realization of a society of collaborative creation in 2031.

Evolution of the Core Businesses to Enhance Profitability

Under the Medium-term Management Plan 2027, we focus on accumulating in the core businesses the competitiveness that can generate stable profits toward the future, rather than just looking for the volume of orders received and the expansion of sales volume. The Architectural Construction, Civil Engineering, and Strategic Business Promotion Groups will strive to provide value that surpasses the expectation of customers and society by further refining their strengths.

In terms of the architectural construction business, we will strictly focus on strategic order-taking based on profitability and construction capacity by identifying the markets and customer needs, while raising the value of the frontline by vertically connecting sales, design and construction. Furthermore, we will strengthen our Group-wide competitiveness by mutually leveraging technologies and business expertise through cooperation between the architectural construction business and the strategic business.

As for the strategic business, we will establish a medium- to long-term business portfolio, which focuses on cashflow, ROIC by business segment and IRR, and the improvement of capital efficiency is sought through recovery and reinvestment of assets by promoting a circular investment model, leveraging a private REIT, etc. We will pursue improvement of sustainable corporate value by further enhancing the competitiveness of the core businesses.

Key Measures for Sustainable Growth

Amid ongoing constraints such as high construction material costs, labor shortage and limited construction capacity, the Toda Group will promote "Securing strategic order-taking," "Improving productivity" and "Creating new value" in an inseparable manner.

In terms of "Securing strategic order-taking," we will select projects by comprehensively and rigorously examining profitability, the scale of the project, the level of difficulty, brand value, etc., taking the risks such as increasing prices of construction materials into consideration. At the same time, we will respond to supply constraints by strengthening collaboration with partner companies in taking measures against cost and labor issues at an early stage.

As to improvement of productivity, we will enhance productivity and profitability by implementing automatized construction methods at construction sites, such as DX and mechanization, in addition to optimization of allocation of personnel by repositioning to client-facing positions.

In terms of new value creation, we will pursue differentiation by focusing on our unique "Distinctive Value" without falling into price competition. Furthermore, we will pursue non-organic growth by flexibly promoting M&A to expand our business to growth domains and to secure necessary resources.

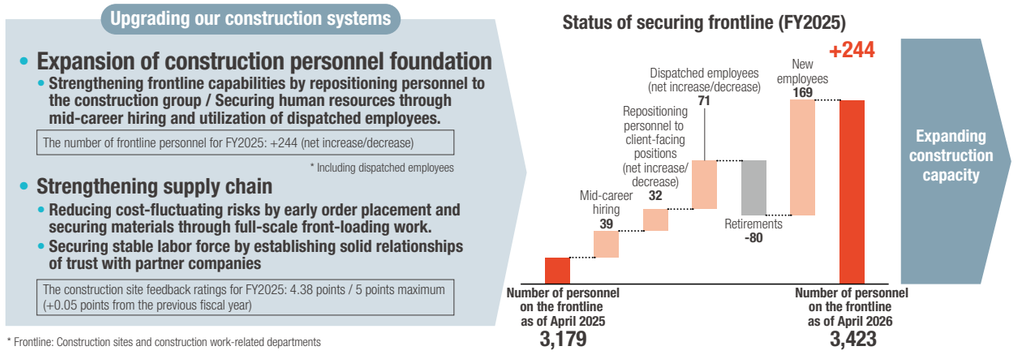
	Assessment of current situation	Direction of our responses (key measures)
Strategic order-taking	• Trend of domestic construction investment remaining flat • Soaring construction material prices and labor shortage have become common. • Impact of geopolitical risks on energy and prices • Suspension and postponement of projects due to cost overruns	• **Securing strategic order-taking:** Select projects by rigorously identifying profitability, the scale of the project, the level of difficulty, production efficiency, brand value, etc. • **Collaboration to respond to supply constraints:** Implementing countermeasures against higher costs and labor issues at an early stage based on solid collaboration with partner companies
Improving productivity	• Increase in revenues and scale of private-sector construction domain in a favorable order-taking environment. • Significant increase in operating performance from the initial forecast for FY2025	• **Expansion of construction capacity:** Strengthening the construction system through repositioning personnel to client-facing positions and optimizing allocation of personnel. • **Innovation of productivity driven by DX and mechanization:** Improvement of productivity and profitability by implementing labor-saving operations and automatization.
Creation of new value	• A sign of improvement of profitability at order receipt due to cost pass-through to prices • Activate M&A for the purpose of business expansion to growth domains and securing resources.	• **Differentiation by focusing on the Group's unique "Distinctive Value":** Materializing our unique strengths to establish an advantageous position without falling into price competition. • **Flexible M&A:** Pursuit of quick decision making to seize growth opportunities and non-organic growth.

Upgrading our Construction Systems

We have carried out steady construction works at hand, and is working to expand its construction capacity by utilizing strategic resources in order to respond to future construction demand. For the purpose of expanding the foundation of construction personnel, we promoted mid-career hiring and utilization of dispatched employees, in addition to repositioning of personnel to client-facing positions. As a result, the number of frontline personnel for FY2025 showed a net increase of 244, standing at 3,423 as of April 2026.

In addition, the Company will carry out full-scale front-loading work to realize architectural design, procurement and construction planning ahead of schedule, reducing the cost-fluctuating risk by placing orders and securing construction materials at an early stage. Furthermore, the Company will strengthen its relationships of trust with partner companies, which will help us secure a stable labor force. The construction site feedback ratings for FY2025 improved from the previous fiscal year, at 4.38 points / 5 points maximum. The Company will establish a system in which construction works will be safely and steadily implemented by upgrading our construction capability through the strengthening of both the personnel foundation and supply chain.

Expanding Construction Capacity by Utilizing Strategic Resources



* Frontline: Construction sites and construction work-related departments

Priority Management Businesses

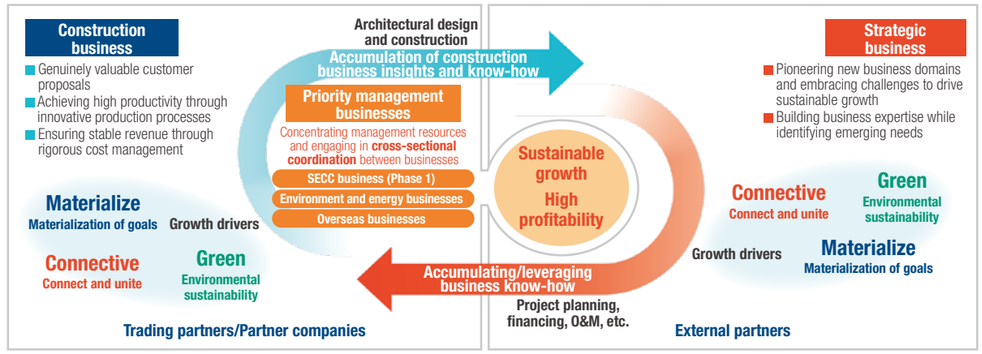
Nurturing Pillars of Future Revenue

Value Creation Model to Generate Synergies of the Construction Business and Strategic Business

The Toda Group will create new value by mutually leveraging architectural design and construction technologies, frontline capabilities and the customer base cultivated through the construction business, together with business planning, investment, operations and know-how of regional cooperation which were accumulated through the strategic business. While the technologies and expertise of the construction business are utilized in the development of the strategic business, the latent needs of society and customers, and experience as a business operator acquired through the strategic business are returned to proposals and production processes of the construction business, thus increasing synergies between both businesses. Through these cycles, we will demonstrate powers of "Materialize" that substantiates plans, "Connective" that connects people, technology, region and business, and "Green" that implements environmental value to society, creating Distinctive Value that brings solution of social issues and sustainable revenue growth.

The domains that implement this value creation model as concrete businesses are the priority management businesses consisting of SECC, environment and energy, and overseas. Collaboration between the Architectural Construction, Civil Engineering and Strategic Business Promotion Groups and concentration of management resources with the involvement of top management will accelerate the growth of each business, help them become pillars of future revenue, contributing to the improvement of medium- to long-term corporate value.

Strengthening each business's core advantages while fostering new value creation through collaboration and cross-sector initiatives (priority management businesses)



SECC Business: Regional Revitalization as a New Business

The SECC business engages in an initiative for discovering value in the local natural environment, industries, human resources, infrastructure, connection, etc., which will be nurtured by local governments, local companies, residents and other diverse parties, and will be expanded to a business contributing to sustainable development of the region. The Toda Group, as the main business operator and business platform, will continuously engage in planning, development and operation to resolve local issues and grow the business.

At Agriscience Valley Joso, farmland of approximately 45 hectares was concentrated, realizing community development with the theme of the "Sixth Industrialization of Agriculture," by integrating production, processing, distribution and sale. Michi no Eki Joso, which opened in April 2023, doubled its target welcoming over 2 million visitors in its first year of operation, realizing revitalization of the local community.

In the surrounding area of Echizen-Takefu Station, a public-private partnership project is under way, starting from the Hokuriku Shinkansen station. We aim to realize open innovation-based city development in which companies and human resources gather with the concept of "manufacturing x advanced technology x environment and energy" to carry out demonstration tests and create new businesses.

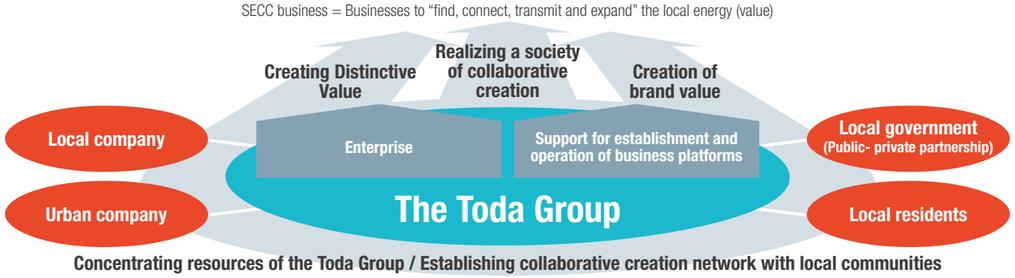
In June 2025, we concluded Comprehensive Collaborative Agreement Concerning Regional Revitalization with Sakata City, Yamagata Prefecture. We are considering regional revitalization of the whole city area by public-private partnerships, such as effective use of local resources, tourism resources and idle facilities centering on the former Kampo no Yado Sakata, realization of the sixth industrialization connecting from the first to the third industrialization, and creating new businesses.

By systematizing the expertise of discovering local resources, public-private partnerships, business planning, development and operation which were accumulated through this track record, we will establish SECC business models that can be developed horizontally to other areas depending on the local characteristics.

Creating new value through regional revitalization based on collaboration and cooperation with local communities

The Energy for the Future starts in Local Communities.

SECC business = Businesses to "find, connect, transmit and expand" the local energy (value)



Environment and Energy Business (Offshore Wind Power Generation Business): Establishing a New Business Model

Floating Wind Power Generation Project off the Coast of Goto City is the core project of the Toda Group, where technology and installation of the floating wind power generation and the expertise of a power generation business operator will be accumulated. Starting from the launch of commercial operation of our floating offshore wind power generation facility in January 2026, we will continue to build a revenue base by accumulating an operation record and expertise as one of the priority management businesses promoted by top management with collaboration of the Architectural Construction, Civil Engineering and Strategic Business Promotion Groups.

For more details, please see **page 35, Special Feature 5 "Floating Offshore Wind Power Generation."**



Overseas Business: Establishing a Business Portfolio Based on Local Characteristics

Expanding business mainly in Asia, Oceania and North America while monitoring geopolitical risks

Foundation for global growth

- Recruiting and developing global talent, including management and specialized personnel
- Upgrading governance corresponding to local characteristics and risk management responding to uncertainties
- Establishing a resilient business portfolio by developing growth markets and expanding local networks

Asia and Oceania — Overseas group companies / Environment and energy

- Leveraging Asia's growth potential to build a strong presence as a general contractor group
  - With Thailand and Vietnam as key markets, we aim to secure contracts from major Japanese companies, leveraging our strengths, while also expanding orders from foreign companies through local networks
  - Expanding construction and real estate businesses with TATA (Indonesia) at the core
  - Advancing hotel development business in New Zealand
  - Strengthening our business foundation and expanding into new sectors through M&A and strategic partnerships

North America — Overseas group companies

- Growth model driven by a stable revenue base and investment cycle
  - Optimizing the asset portfolio through strategic replacement of real estate holdings
  - Promoting M&A with business feasibility in related sectors

India — Overseas group companies

- Considering business expansion into massive growth market / Creating business opportunities
  - Understanding precise picture of the market / Examining the optimum form of market entry

West Africa, etc. — Architectural construction / Civil engineering

- Ongoing order taking in West African market through ODA and Japanese government projects
  - Winning orders by leveraging ODA track record, know-how, and technology
  - Solving social issues by building safe and secure infrastructure

South America, etc. — Environment and energy

- Driving profitability in the environment business
  - Ensuring profitability and stable operations in Brazil's wind power generation business
  - Leveraging our long-standing presence in Brazil to create opportunities in environment and new businesses

The overseas business is one of our priority management businesses to expand the business foundation driven by both the construction business and strategic business in light of local market characteristics and growth opportunities. We will develop our business mainly in Asia, Oceania and North America to establish a stable revenue base while sophisticating governance and risk management corresponding to local characteristics. We will also continue our efforts to generate business opportunities in emerging countries by engaging in ODA projects and the environment business.

In FY2026, we established "India Expansion Preparation Office." Looking to development of a new growth market, we will conduct investigations of the market environment and examine the most appropriate form of market entry, creating new business opportunities by leveraging our global network.



Special Feature 5: Floating Offshore Wind Power Generation

Japan's First Floating Offshore Wind Farm Starts Commercial Operations

Toda's Challenge toward Green Transformation in the New Era

戸田建設

A new wind began to blow in Goto City, Nagasaki Prefecture, bringing a new future to Japan. On January 5, 2026, Toda finally commenced commercial operations at Japan's first floating offshore wind farm.

Japan is currently undergoing dramatic changes in its energy landscape. Following the reform of the Act on Exclusive Economic Zone and Continental Shelf, business opportunities have expanded into vast areas of the ocean, marking a significant step toward realizing the government's vision for the offshore wind power industry. At this turning point, Toda aims to make great strides in new business domains—the environment and energy—by expanding markets and developing new business models, and to create transformative innovations.

VOICE

Supervisor Comment

Shigematsu Mizuki
Tohoku Branch
Designer at Construction Department, 1st Construction Division, Civil Engineering

Since offshore construction work is subject to weather and sea conditions, we were constantly challenged by the harsh natural environment and the strict schedule management. We explored uncharted construction processes from scratch, including the establishment of a proprietary construction method for erecting floating platforms offshore and assembling wind turbines on them, by bringing together our creativity and civil engineering expertise. The project was also intended to help develop a framework for regional development to pass on a rich marine environment to future generations. We therefore began by engaging in collaboration and dialogue with local communities. Although we faced numerous challenges in pioneering this uncharted field, we were pleased to successfully commence operations in January 2026.

I would like to express my deepest gratitude to everyone, both inside and outside the Company, who worked tirelessly alongside us and continued to support us throughout this endeavor. We will make full use of the valuable knowledge and expertise gained through this project to contribute to the future development of offshore wind power construction and the realization of a carbon-neutral society.

Project overview

Power generation capacity	16.8 MW (8 x 2.1 MW turbines)
Floating turbine size	Height 176 m (100 m above surface) 7.8 m (maximum)
Rotor diameter	80 m

Relevant main SDGs

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION
14 LIFE BELOW WATER
17 PARTNERSHIPS FOR THE GOALS

"Distinctive Value" initiatives

Going beyond a Mere Contractor to Achieve 100 Billion Yen in Net Sales by the 2040s

Turning concerns over technology price competition into the creation of new profitable markets

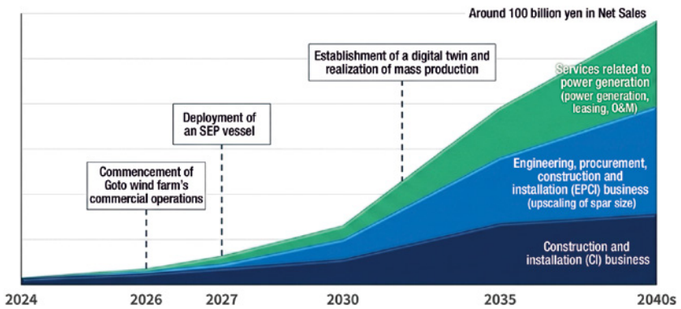
We will expand our offshore wind power business, which currently generates around 2 billion yen in annual net sales, into a business generating around 100 billion yen in annual net sales by the 2040s. This will be achieved through a fundamental reform of our revenue structure, as part of our efforts to move away from anticipated technology price competition.

This effort involves transforming ourselves from a contractor into a renewable energy platform provider. We will diversify our revenue streams beyond construction to include electricity sales from renewable energy sources, as well as the leasing and operation and maintenance (O&M) of floating offshore wind power generation facilities. This new business, which will create Distinctive Value for society by balancing technological innovation, regional development, and harmony with nature, will be nurtured as one of our primary sources of revenue.

Our investments in this business will now enter the payback and growth phase, signaling the start of our Company's transformation.



- Expand into the power generation business through the continued operation of the Goto wind farm, while accumulating core knowledge through the operation of the consortium.
- Develop technologies to scale up our unique hybrid floating platforms, enable mass production, and reduce costs.
- Meet the construction needs of both bottom-fixed and floating offshore wind farms in Japan through the ownership and utilization of self-elevating platform (SEP) vessels.



Self-elevating platform (SEP) vessel—Key to Shaping the Future of Offshore Construction

• Next-generation infrastructure that enables construction of 15+ MW wind turbines

Japan Wind Farm Construction (JWFC) Co., Ltd., a company invested in by Toda Corporation, has entered into an agreement with Hakodate City to establish Hakodate Port as its home port. Toward the commencement of operations in FY2027, JWFC is steadily progressing with the conversion of its self-elevating platform (SEP) vessel to enable the offshore construction of large-scale wind turbines.

Going forward, this vessel will address all of our clients' challenges in the installation of large-scale wind turbines, which are expected to become the mainstream of the market.

Upscaling and Mass Production of Floating offshore Wind Turbines

• Successful demonstration of integrated turbine installation technology, paving the way for significant reductions in construction costs

In August 2025, Toda successfully constructed a one-third-scale model of an actual wind turbine as a demonstration of integrated turbine installation technology conducted off the coast of Goto City. This achievement marked a significant step toward reducing the construction costs of offshore wind farms.

Building on this success, we will continue our efforts to realize the upscaling and mass production of wind turbines—not only to commercialize the technology, but also to establish it as a global de facto standard.

Pursuing technological R&D for upscaling and mass production

	Phase 1	Phase 2			Phase 3	2031 to 2050
	2022–24	2025	2026	2027	–2030	2031–
Floating wind power generation project off the coast of Goto City * Member of six-company consortium led by Toda Corporation (with ENEOS Renewable Energy Corporation, Osaka Gas Co., Ltd., INPEX CORPORATION, The Kansai Electric Power Company, Incorporated, Chubu Electric Power Company, Incorporated)	Wind farm construction 8 x 2.1 MW turbines		Start of commercial operations in January 2026			
			Start of operations	Operation and maintenance (start of power generation, leasing, and O&M business)		
			Data collection and analysis			Establishment of preventive maintenance technology based on a digital twin
			Business development for Decarbonization Leading Areas, energy management services, etc.		Expansion of revenue from SECC projects	
Self-elevating platform (SEP) vessel * Jointly owned by six companies Toda Corporation, Kumagai Gumi Co., Ltd., Nishimatsu Construction Co., Ltd., WAKACHIKU CONSTRUCTION CO., LTD., IWATA CHIZAKI INC., YOSHIDA-GC	Remodeling of SEP vessel			May 2027 (scheduled) Start of operation	Leasing	Enhancement of construction capability
	To enable the installation of large-scale 15+ MW wind turbines (both bottom-mounted and floating types)				Acceptance of CI orders for bottom-mounted turbines	Acceptance of CI orders for floating turbines
Technological R&D (upscaling/ mass production) * Utilization of Green Innovation Fund and other funds for sustainable projects	Development of spar-type floating platforms for large-scale wind turbines (structural engineering development)					
	Float design/Element testing/Certification acquisition				Manufacturing trials	Demonstration operation
	Digital twin incentives					Achievement of upscaling and mass production (acceptance of EPCI orders for floating turbines)
	Development of mass production technology for floating wind turbines (construction technology development)					
	Integrated turbine installation technology				Installation trials	
	1/3 scale model demonstration	Assessment of 15+ MW simulation and construction methods				

Financial Strategy

Enhancing corporate value through strategic allocation of capital and proactive stakeholder engagement



Yamazaki Toshihiro
Executive Vice President,
Group General Manager,
Corporate Administration Group

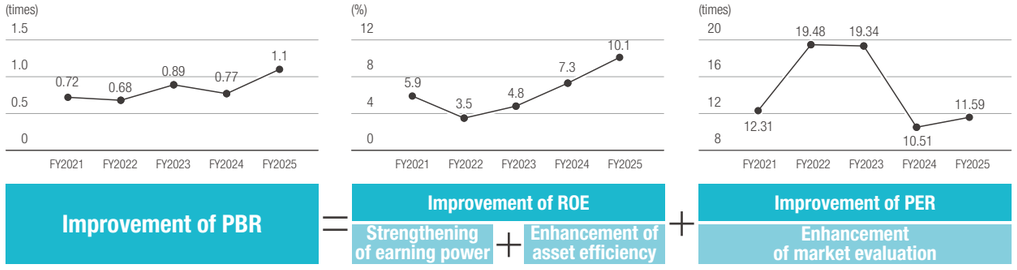
Scenario for Enhancing Corporate Value through Improving PBR

We aim to consistently improve our price-to-book ratio (PBR) and enhance medium- to long-term corporate value by strengthening our ability to generate cash through increased profitability in the construction business and improved asset efficiency. We will also allocate the cash generated appropriately to strike an optimal balance among growth investments, shareholder returns, and financial soundness.

Our Basic Approach to Improving PBR

To continuously enhance corporate value, we are taking an integrated approach that encompasses strengthening profitability, improving asset efficiency, optimizing our capital structure, and engaging in constructive dialogue with the capital market. As the Company's financial officer, I believe it is important to address these issues not separately, but as a series of interconnected management challenges that contribute to improving PBR. In FY2025, return on equity (ROE) improved to over 10%, supported by an improved net profit margin, while PBR rose to 1.10 times, reflecting an increase in our share price. However, I recognize that there is still room to improve our PBR compared with our peers. The gap between our PBR and those of our peers reflects not only the need to improve our profitability, but also the need to enhance our capital efficiency and deepen investors' understanding of our business.

PBR trend



Strengthening of Profitability of the Construction Business

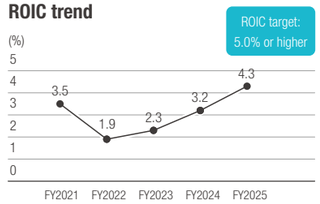
To improve our PBR, our financial strategy first focuses on enhancing our earning power. In the construction business, we have strictly focused on strategic order-taking, taking into account the profitability, scale, difficulty, production efficiency, and brand value of each project. We are also promoting the digitalization of business information to strengthen our proposal capabilities and improve customer satisfaction, which is contributing to higher gross profit. With regard to our construction organization, we are reinforcing our frontline operations through the transfer and reallocation of personnel to the construction section, mid-career recruitment, the use of workers from staffing agencies, and other measures. These efforts resulted in an increase of 244 in our construction workforce capacity in FY2025. Furthermore, labor productivity of the Company improved by 1.91 million yen year on year to 16.84 million yen on a non-consolidated basis. I believe that these efforts are not merely generating temporary profits, but are also contributing to fundamentally strengthening our competitiveness.

Improvement of Asset Efficiency and ROIC

Secondly, we are focusing on the more efficient use of our assets. Although our return on invested capital (ROIC) improved in FY2025, we were not able to reach the target of 5.0%. We must take this result seriously. On the other hand, it is also true that this improvement in ROIC was attributable partly to an increased after-tax operating profit margin, enhanced profitability in the construction business, reduced interest-bearing debt, and asset replacement. Moving forward, by adopting the reverse ROIC tree approach, we will ensure that we improve the invested capital turnover ratio, which was a major factor behind our failure to achieve the ROIC target. We will also take various measures, such as shortening the cash conversion cycle (CCC), accelerating real estate turnover, and reducing cross-shareholdings, in order to improve our ROIC consistently.

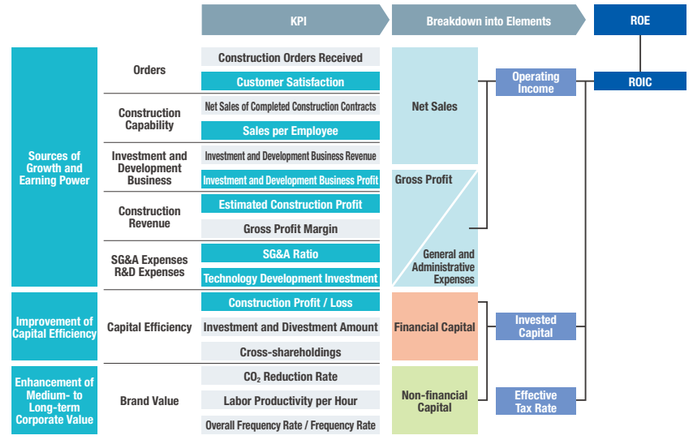
Core Value | **Business Impact** | Social Impact

ROIC trend



After-Tax Operating Profit Margin: FY2024 3.2% FY2025 4.1%
Invested Capital Turnover Ratio: FY2024 1.00 FY2025 1.06

Factor behind our failure to achieve the ROIC target	
Factor	Progress on improving the invested capital turnover ratio remains ongoing.
Countermeasures	Shortening CCC, accelerating real estate turnover, and reducing cross-shareholdings



Strategic Asset Replacement

To improve our asset efficiency, we are reviewing our owned real estate and cross-shareholdings. In the investment and management business in Japan, we are promoting a circular investment model to increase the Invested Capital Turnover Ratio by not only holding assets for the long term, but also combining this with divestment.

In FY2025, we sold owned properties worth 31.2 billion yen to promote asset replacement. We had originally planned to sell 15 billion yen worth of cross-shareholdings in FY2025, but, in consideration of heightened geopolitical risks since February 2026, we deferred the sale of part of these holdings until the next fiscal year or later. We nevertheless sold 13.3 billion yen worth of cross-shareholdings and recorded a gain on sale of 9.4 billion yen in FY2025. I do not regard these initiatives as mere asset reduction. Rather, I see them as strategic asset replacement aimed at securing funds for growth investments, reducing financing costs, and improving capital efficiency.

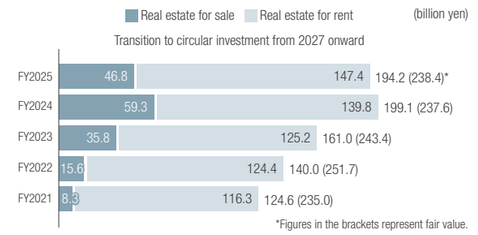
Balancing Growth Investments and Shareholder Returns

Cash generated through asset replacement is allocated in a well-balanced manner to growth investments, shareholder returns, and maintaining financial soundness. In FY2025, cash generated from a robust increase in profitability and the sale of cross-shareholdings, together with funds from asset divestments and financing, enabled us to make 24.5 billion yen in shareholder returns and 58.4 billion yen in growth investments. We will continue to make necessary investments in real estate development in Japan and overseas, as well as in the environment and energy sectors and in strengthening our business foundation. As part of our financial discipline, we have established a basic policy of maintaining a debt-to-equity (D/E) ratio of 0.8 times or lower, a dividend on equity (DOE) ratio of 3.5% or higher, and a total payout ratio of approximately 70%. We will appropriately manage our equity capital, including through flexible share repurchases as needed. At the end of FY2025, our D/E ratio was 0.59 times, and we believe that we have maintained financial soundness while continuing to make growth investments.

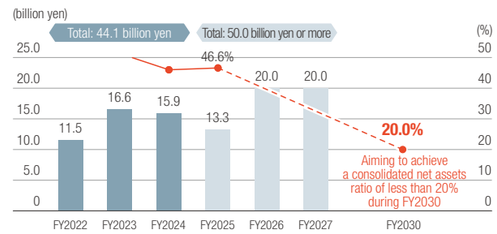
Establishment of a Financial Base that Supports Long-Term Investments

Our focus areas include businesses that take time to become profitable, such as floating offshore wind farms. I therefore believe that we need to establish a robust financial base that supports long-term investments. The core of our financial strategy is to enhance our ability to generate cash by increasing the profitability of the construction business, improving the balance of construction profit and loss, promoting the circular investment model in the investment and development business in Japan, and reviewing our cross-shareholdings, and to reallocate the cash generated to future growth. It is essential to keep this cycle turning steadily.

Trend in owned real estate



Trend in the sale of cross-shareholdings



Engagement with the Capital Market

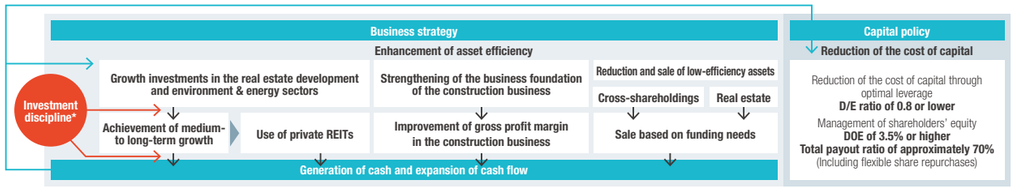
I also believe that dialogue with the capital market is an important means of enhancing corporate value. In FY2025 we received valuable input from diverse perspectives through financial results update meetings, site visits for individual shareholders, briefings for analysts and institutional investors, shareholder surveys, and other opportunities. The main issues discussed included the progress of negotiations regarding the sale of cross-shareholdings, as well as the use of the proceeds from the sale; our policy on shareholder returns; progress toward achieving our ROE target; improving profitability in the construction business; enhancing asset efficiency in our overseas business; and improving the profitability of our environment and energy business and floating offshore wind power business. The opinions and feedback we received were promptly shared with management and used to improve our disclosures and inform deliberations by the Board of Directors and other relevant bodies. We will continue our efforts to enhance the quality of our dialogue so that our stakeholders can deepen their understanding of our growth strategy and capital policy.

Our Commitment to Enhancing Corporate Value

I believe that financial strategy means not simply allocating funds, but developing a strategy to enhance corporate value while supporting the Company's business strategy, improving capital efficiency, and building trust with the market. We will continue our commitment to strengthening our earning power, improving asset efficiency, making disciplined growth investments, and providing stable shareholder returns in an integrated manner to ensure a sustained improvement in PBR and enhance medium- to long-term corporate value.

Capital Allocation and Execution Discipline

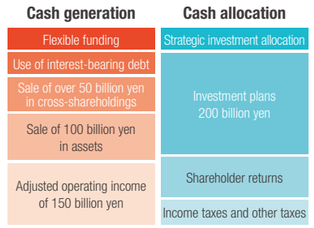
In our balance sheet management, we are taking an integrated approach to improving asset efficiency, implementing our capital policy, reducing our cost of capital, and increasing cash generation and cash flow. We aim to optimize our asset portfolio by improving the gross profit margin of the construction business, utilizing private real estate investment trusts (REITs), and reducing and selling low-efficiency assets, such as cross-shareholdings and real estate. At the same time, we seek to reduce our cost of capital by maintaining an appropriate level of leverage. With regard to shareholder returns, our policy is to maintain a dividend on equity (DOE) ratio of 3.5% or higher and a total payout ratio of approximately 70%, including flexible share repurchases. By appropriately managing shareholders' equity, we aim to enhance corporate value.



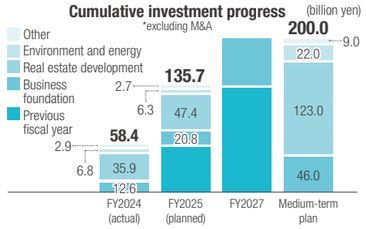
*Investment discipline: Assessment and post-investment monitoring by the Investment Review Committee

(1) Cash Allocation in the Medium-Term Management Plan 2027

Our basic policy is to allocate cash generated from our business in a well-balanced manner among investments for future growth, stable shareholder returns, and maintaining financial soundness. We will strategically plan and execute investments to strengthen the business foundation of the construction business to enhance our short-term earning power, support medium-term growth through real estate development, and make upfront investments in the environment and energy sectors.



*Adjusted operating income: Operating income – Gross profit on real estate for sale + Depreciation + Business foundation investments (expensed portion)



(billion yen)

FY2026 investment plan		Investment plan	Net investments
Business foundation	Technology	10.9	10.9
	Digitization	4.8	4.8
	Human resources	5.1	5.1
Real estate development	Japan	43.8	16.4
	Overseas	3.6	3.0
Environment and energy	Offshore wind power	4.0	3.7
	GX-related	2.3	2.6
Machinery and equipment		2.7	0.7
Total		77.3	47.2

(2) Investment Themes and Expected Recovery

Investment theme	Current phase	Main funding source	Expected recovery
Real estate development in and outside Japan	Investment-recovery cycle	Cash from operations and asset sales	Profit from sale and rent
Environment and energy	Upfront investments	Asset sales, financial headroom	Monetized over the medium- to long-term
Business foundation	Continued investments	Operating cash flow	Improvement of profitability and productivity

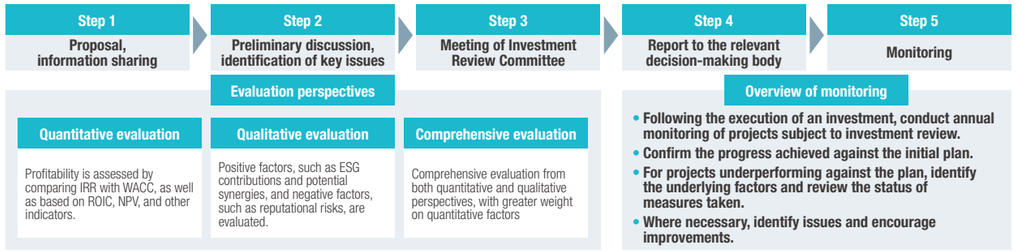
(3) Activities of the Investment Review Committee

- **Investment process**

Investment projects above a certain scale are subject to review by the Company's Investment Review Committee. Proposals are submitted to the Committee together with relevant information and key issues identified and organized by the proposing department. The Committee deliberates on each proposal from multiple professional perspectives, including accounting, finance, and legal considerations, and provides its recommendations to the relevant decision-making bodies.

- **Risk management**

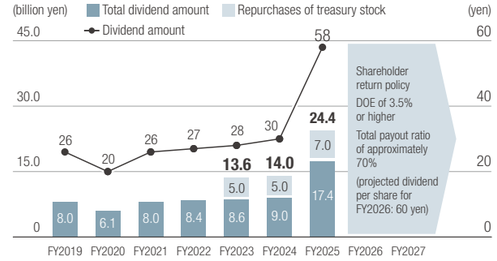
As part of its investment review process, the Committee assesses each proposal comprehensively from both quantitative and qualitative perspectives, taking into consideration the investment objectives, business plan, prospects for recovery of the investment, contractual terms, and key risks. Following the execution of an investment, the Committee conducts regular monitoring and, where necessary, makes recommendations to address any issues identified, thereby enhancing the effectiveness of the Company's investment discipline.



Shareholder Returns

Our shareholder returns are based on a policy of stable dividends, while maintaining a balance between growth investments and financial soundness.

In line with this policy, in FY2025, we repurchased 7 billion yen of our own shares and increased the dividend, resulting in an annual dividend of 58 yen per share and a total payout ratio of 66.2%. Going forward, in accordance with our shareholder return policy, we will continue to return profits to shareholders with due consideration for financial soundness and capital efficiency by providing stable dividends on an ongoing basis and flexibly repurchasing our own shares.



Engagement with Stakeholders—Enhancing Market Reputation

Our investor relations (IR) activities include continuously communicating the progress of our capital policy, profitability improvement initiatives, and growth investments to enhance understanding among investors and shareholders and strengthen our reputation in the capital market, thereby improving our PER.

IR activities in FY2025	Number of times	Participants from Toda
Financial results briefings for analysts and institutional investors	2	President Group General Manager, Corporate Administration Group
Meetings with domestic investors	28	Executive Officer in charge IR Department, Planning & IR Division
Meetings with overseas investors	40	Executive Officer in charge IR Department, Planning & IR Division
Financial results update meetings with securities analysts	16	Executive Officer in charge IR Department, Planning & IR Division
Site visits for individual shareholders	1	Group General Manager, Corporate Administration Group/Executive Officer in charge/IR Department, Planning & IR Division
Briefings for analysts and institutional investors	2 16 participants	President/Group General Manager, Corporate Administration Group/Executive Officer in charge/IR Department, Planning & IR Division
Shareholder survey	Once per year	IR Department, Planning & IR Division

Theme	Key issues
Capital policy	• Progress of negotiations regarding the sale of cross-shareholdings, as well as the use of the proceeds from the sale • Developments in our shareholder return policy • Progress toward achieving our ROE target
Construction business	• Business environment, including orders received, costs, and human capital • The continuity of profitable projects and the impact of less profitable projects • Progress in improving profit margins in the building construction and civil engineering businesses and the sustainability of these improvements
TODA BUILDING	• Outlook for future contributions to revenue and profit and lease status
Overseas business	• Progress of plans at overseas subsidiaries and asset efficiency in the overseas business
Environment and energy business	• Status of the environment and energy business, and profitability of floating offshore wind power generation

In FY2025, the Company strove to strengthen its IR activities with the participation of top management, holding small meetings and site visits for individual shareholders. In addition, by increasing the number of 1-on-1 meetings held and expanding opportunities to meet with investors and shareholders, we worked hard to promote their understanding of our medium- to long-term strategies and build trust with them. The questions and opinions received during these dialogues were promptly shared with management and used to improve our disclosures and reflect the views and assessments of the capital market regarding the Toda Group in deliberations at the Board of Directors and other decision-making bodies, thereby enhancing our corporate value.

Human Resources Strategy

Enhancing human resources value through increased investment



Seo Nobuhiro
Senior General Manager,
Human Resources Administration Division,
Corporate Administration Group

The Toda Group has adopted the mission of being "a corporate group that realizes 'joys'." and in preparation of its 150th anniversary in 2031, formulated the Future Vision CX150 in 2021. To implement concrete strategies toward achieving this vision, we have developed the Medium-Term Management Plan 2027, covering the three years from FY2025 to FY2027. The entire Group is working together to achieve the goals of this plan.

The main agents for achieving our management and business strategies are our human resources (our employees). We view our human resource strategy as an investment and have defined six areas of focus: recruitment, personnel systems, job satisfaction, human resource development, globalization, wellness/diversity, and equity & inclusion.

Moving forward, we aim to continually develop human resources with high value who contribute to the realization of our management vision by implementing coordinated measures across each of these areas. Additionally, by reviewing the ideal organizational structure and allocating our human resources appropriately, we will enhance the effectiveness of these measures and promote initiatives aimed at maximizing organizational strength and the value of our human resources.

Overview of our human resources strategy

Realization of Our Management and Business Strategies

- **Organizational development** — Improvement of engagement and organizational strength
- **Development of next-generation management talent**
- **Development of self-motivated personnel**
- **Human resource allocation** — Sufficient quantity and quality of human resources, and their strategic assignment

Human resources strategy
(human capital investment)

Recruitment strategy
- Recruitment of talent aligned with our culture
- Mid-career hiring (utilizing referrals, etc.)
- Introduction of a corporate alumni program

On-going reform of personnel system
- Continuous improvement of the personnel system and remuneration levels
- Organizational transformation and human resources allocation to optimize management resources
- Term limits for managerial positions and a flexible retirement age system to promote organizational vitality

Job satisfaction reforms
- Fostering employees' sense of growth and autonomy
- Pursuit of "Work in Life"

Human resources development
- Development of self-motivated personnel
- Continuous development of next-generation management talent
- Development of talent eager to explore new opportunities
- Development of DX talent

Globalization
- Development of global talent who can adapt to the global business environment and consistently deliver results

Wellness/diversity, equity and inclusion
- Promotion of health and productivity management to support employees' physical and mental well-being
- Respect for employees' diverse values and lifestyles

Human resources strategy metrics

	FY2023	FY2024	FY2025	FY2027 medium-term plan target
Labor productivity per person (In millions of yen)*	12.84	14.93	16.84	17.50 or more

	FY2023	FY2024	FY2025
Average paid leave utilization rate (%)	64.3	63.7	66.2
Leadership development training: Training hours per person	20.5	28.7	19.9
Stress check participation rate (%)	94.3	96.7	96.3
Percentage of women in management positions (%)	4.3	4.7	5.3
Childcare leave utilization rate (men and women) (%)	100.0	100.0	100.0
Employment rate of people with disabilities (%)	2.53	2.61	2.62

* Labor productivity: Value added (operating income + total labor costs) ÷ Average number of employees during the period, including temporary and other contract workers

Recruitment Strategy

Based on the belief that human resources are the foundation of corporate growth, we have positioned the recruitment of excellent and diverse human resources at the core of our corporate strategy. We believe that acquiring exceptional talent is essential for strengthening sustainable competitiveness, creating social value, and delivering new value to customers, and we are promoting strategic recruitment activities from a long-term perspective.

As the environment surrounding the construction industry undergoes significant changes, we are seeking personnel who have high expertise not only in construction technology but also in diverse fields such as digital technology, environmental initiatives, and global operations. In particular, we focus on recruiting individuals who can independently identify issues and proactively take on challenges to solve them, who demonstrate flexibility in embracing diverse values and changes, who possess advanced expertise and a strong desire to contribute to solving social issues, and who can resonate with our corporate culture.

For new graduate recruitment, we establish early connections with students through a variety of internship programs, ranging from one-day to long-term programs offering industry and practical experience, as well as through in-person and online company information sessions, career seminars, and site tours. We are working to deepen students' understanding of the industry and our Company to prevent mismatches between students and the Company.

For mid-career recruitment, we are focusing on discovering and securing diverse and highly specialized talent by encouraging employees to refer candidates from among their friends and acquaintances who are likely to be a good fit with our corporate culture, as well as by utilizing recruitment agencies and job placement agencies. We launched a corporate alumni program in 2025 to provide our former employees with opportunities to maintain connections, share information, and interact with the Company. This initiative is expected to lead to the reemployment of former employees and the creation of new value based on their knowledge and experience.

With regard to recruitment PR, we actively communicate our contributions to solving social issues, including through TODA BUILDING, using YouTube, Instagram, and various other digital channels. We will continue our efforts to sustainably enhance our corporate value and contribute to society by securing and optimizing excellent and diverse talent.

	FY2024	FY2025	FY2026 (planned)	FY2027 plan
New graduate hires	158	185	204	217
Acceptance rate among internship participants (%)	17.9%	21.4%	20.4%	21.4%
Percentage of female recruits (%)	25.3%	22.8%	22.5%	29.5%
Percentage of mid-career hires (%)	34.2%	28.6%	19.7%*	—
Retention rate after three years (%)	94.3% (2022 entrants)	90.4% (2023 entrants)	—	—

* As of July 1, 2026

On-Going Reform of Personnel System

We revamped our personnel system in FY2023 to help employees find greater fulfillment in their work and achieve self-realization. The mission-grade system introduced under the new personnel system eliminates seniority-based elements and establishes a merit-based rank and compensation system based on roles and contributions. Through these reforms, we are promoting the advancement of young employees and optimal personnel placement, with the aim of enhancing the vitality of the organization as a whole. The new personnel system also enables us to employ senior employees up to 70 years of age and has improved working conditions, including compensation aligned with roles and responsibilities.

Compensation levels have also been raised, including starting salaries, with the aim of enhancing our competitiveness in the labor market and attracting and retaining promising talent. In 2026, we also established the "Expert Job Group," a new career track for highly specialized professionals, as a foundation for sustainably enhancing corporate value.

Moving forward, while continuing to improve the renewed personnel system, we will advance further system reforms to support employee growth and encourage them to take on new challenges, thereby further strengthening our human resources strategy. In particular, we will optimize and streamline back-office functions across the Company for company-wide organizational optimization and to promote the efficient allocation of human resources to frontline operations. We will increase the number of personnel working on the frontlines, enhance field capabilities across the Company, optimize management resources, and improve on-site responsiveness so that we can adapt flexibly and quickly to changes in the business environment and customer needs. These efforts will strengthen our competitiveness in the market and lead to greater customer satisfaction. In 2025, we improved working conditions for site workers, including by increasing site allowances, to foster a greater sense of pride in their work. These measures are intended to help employees find greater meaning and pride in working at construction sites, ultimately leading to improved employee engagement.

Building the foundation of the personnel system
Enhancing performance evaluation, compensation, and other systems to support employee fulfillment and self-realization

Continuous evolution of the personnel system
Continuously verifying and improving the renewed personnel system
Evolving towards optimal talent management

Personnel system renewal → **Improvement of the personnel system** → **Optimization of human resources**
Introduced from FY2023

Organizational transformation, human resource allocation
Concentrating human resources on frontline operations through company-wide organizational optimization and enhancing our capacity to execute projects

Evolution of the human resource foundation
Realizing sustainable enhancement of corporate value

Job Satisfaction Reforms

New value is created by building a work environment that allows each employee to find a sense of fulfillment in their daily work and approach their work with enthusiasm and a spirit of challenge.

At our Company, we consider “work” to be a means—alongside family, hobbies, learning, and other personal pursuits—to realize the ideal “life” envisioned by each employee. Accordingly, we emphasize the concept of “Work in Life,” in which people can choose to work in a way that is true to themselves and fulfilling for them.

We are also making company-wide efforts to promote more efficient work styles, including reducing total hours worked and encouraging employees to take paid leave, in order not only to comply with the legal limits on overtime that took effect in FY2024 but also to increase labor productivity to a level that enables employees to create high added value within limited working hours.

Furthermore, we conduct an employee engagement survey three times a year to obtain timely feedback on the current situation and promptly implement improvement measures as needed.

We will continue to build a work environment in which our employees can pursue Work in Life and find fulfillment in their day-to-day work.

Results from past 3 years

	FY2023	FY2024	FY2025
Total actual working hours*1	2,052	2,030	2,016
Average overtime hours*2	17.8	15.3	14.1
Average days of paid leave taken*3	12.9	12.7	13.2
Average paid leave utilization rate (%)*3	64.3	63.7	66.2

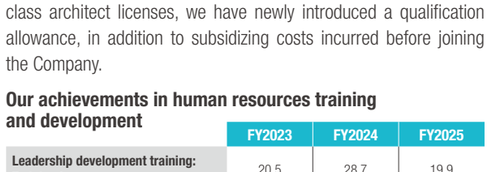
*1 Total actual working hours: Includes management and supervisory personnel and dispatched employees.
*2 Average overtime hours: does not include management and supervisory personnel and dispatched employees.
*3 Average days of paid leave taken and average paid leave utilization rate: Includes management and supervisory personnel, but not dispatched employees.

Labor productivity: results and target

	FY2025 (actual)	FY2027 (target)
Labor productivity per person (In millions of yen)	16.84	17.50 or more

*See p.26 and p.41 for calculation formulas and details.

Initiatives for job satisfaction reform



Human Resources Development

Basic Approach

In the Medium-Term Management Plan 2027, we plan to allocate a total of 12 billion yen to human resources investment over the three-year period, out of the 46 billion yen investment planned to strengthen our business foundation. This represents a significant increase from the 2.3 billion yen invested under the previous medium-term plan. This reflects our strong commitment to positioning human resources as our most important management asset. We will focus particularly on the frontline employees who support our site operations, promoting human resources development that fosters a sense of growth and autonomy among employees.

As a specific initiative, our hierarchical training programs are designed to provide continuity across each level of the organization. For younger employees, we provide training that encourages autonomy, with the aim of developing self-motivated employees who leverage their individual strengths and have a positive influence on others. For management, we provide leadership development training with a particular focus on management techniques and human skills based on the “Performance and Maintenance (PM) Theory,” with the aim of developing future leaders who can maximize organizational strength and foster a culture of open communication.

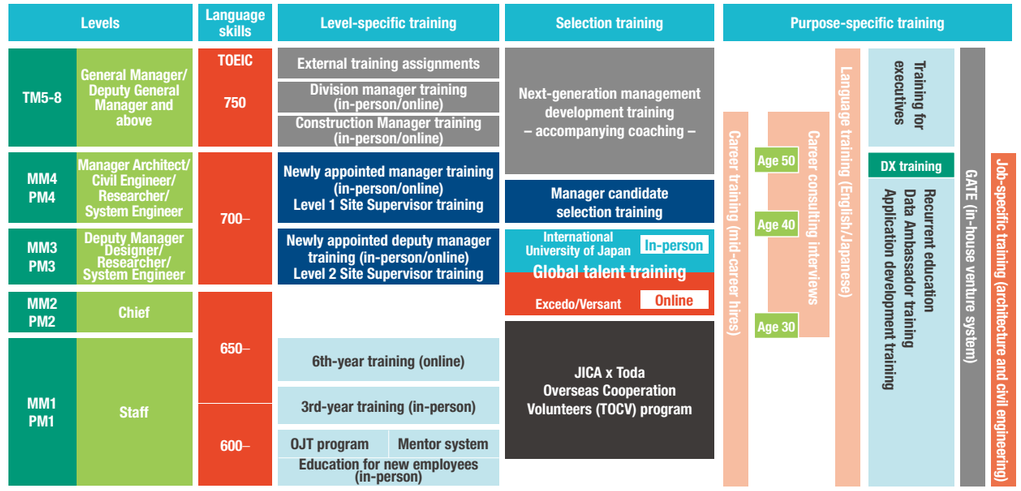
Moving forward, we aim to strengthen our pipeline for developing future executives through initiatives such as early selective training, while continuously cultivating highly qualified next-generation management talent.

Training Program

Our basic policy for human resource development is to strengthen the foundation of our business by fostering and securing a diverse workforce. Based on this policy, we use On-the-Job Training (OJT) as our primary training tool to develop employees’ proactive problem-solving skills and capabilities by entrusting them with broad responsibilities and a wide range of duties from an early stage after joining the Company. In Off-the-Job Training (Off-JT), in addition to training programs aimed at improving the skills required for current duties, we provide programs that employees can select according to their individual career aspirations, thereby supporting their medium- to long-term growth. Off-JT focuses particularly on the early development of leaders who positively influence others, while providing managers with systematic management education to promote effective organizational management. Furthermore, to foster a habit of continuous learning and encourage employees to acquire advanced specialized knowledge and skills, thereby enhancing the value and competitiveness of our human resources, we have expanded our subsidy program for obtaining public qualifications, licenses, and doctoral degrees. The program currently covers more than 180 types of qualifications. For key qualifications, such as first-class architect licenses, we have newly introduced a qualification allowance, in addition to subsidizing costs incurred before joining the Company.

Our achievements in human resources training and development

	FY2023	FY2024	FY2025
Leadership development training: Training hours per person (In parentheses: No. of trainees)	20.5 (450)	28.7 (676)	19.9 (668)
Training expenses (In millions of yen)	67	68	64

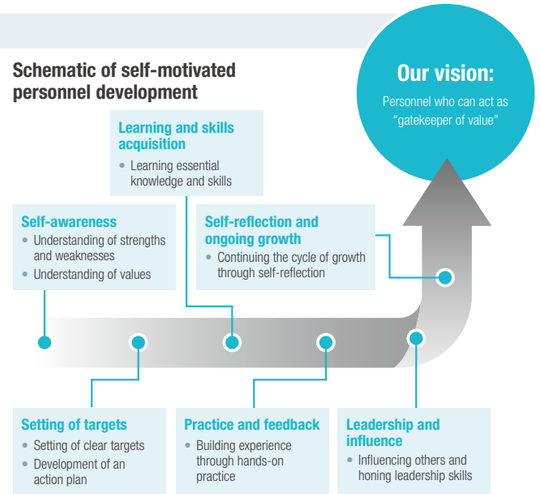


Development of Self-motivated Personnel

To realize value creation through human resources, we are focusing on developing self-motivated employees. These employees are exactly what we refer to as “gatekeepers of value”* as set forth in our Future Vision CX150. They are keenly aware of social changes and drive innovation by combining information and value in new ways in response to customers’ latent needs, thereby creating a source of sustainable corporate growth. To develop such employees, we implement programs that foster a self-motivated mindset and encourage employees to put it into practice from the early stages of their careers, from new employee training to training tailored to different career stages. We have also established an award system that recognizes employees who take on challenges beyond existing frameworks and rewards their achievements, thereby enhancing employee motivation. By encouraging employees to take on challenges and supporting their growth, while creating an environment that fosters this virtuous cycle, we respect individual growth and connect it to value creation across the organization.

*See p.28.

Schematic of self-motivated personnel development



Next-Generation Management Development / Succession Plan

Our Company believes that the continuous development of next-generation management talent capable of leading the realization of our mission is key to enhancing corporate value.

To achieve this, we set a clear goal of building a pool of approximately 50 next-generation management candidates at any given time by FY2025, and have already developed 99 individuals. Starting in FY2026, we will launch a new selective training program for manager-level employees, focusing on the acquisition of MBA knowledge. At the same time, we will continue to develop the talent that forms the foundation of sustainable management while establishing clear and actionable succession plans.

At the core of our development efforts is “accompanying coaching” for high-potential talent selected from each business group. Through regular one-on-one sessions with career coaches from the Human Resources Administration Division, we maximize learning from experience and cultivate talent with a management perspective. Furthermore, this development framework is closely aligned with the President’s succession plan. By systematically developing successors not only for the President’s role but also for key positions such as Group General Managers, we aim to ensure a robust corporate governance structure and sustainable growth.

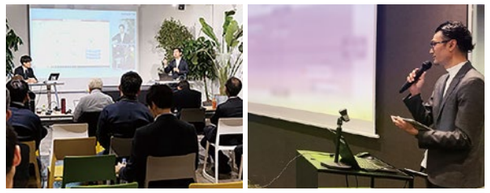
Accompanying coaching support



Pursuit of New Business Domains and Development of Talent to Lead New Initiatives

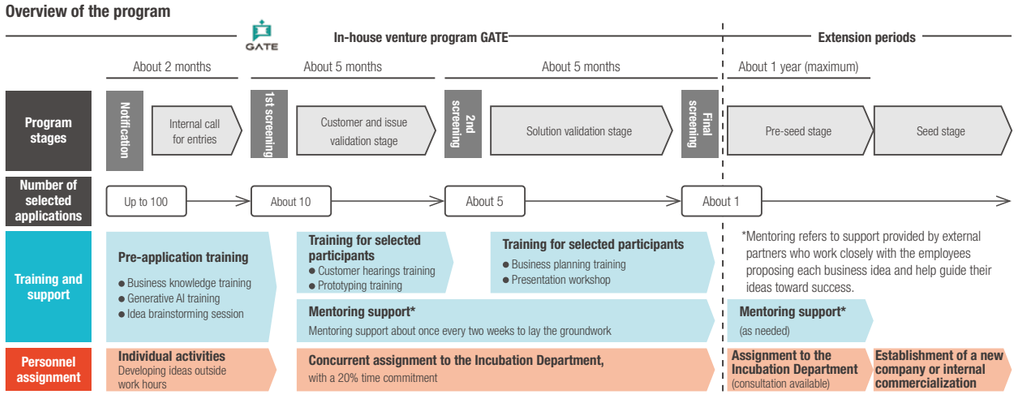
• Overview and characteristics of the system

We introduced an in-house venture system called “GATE” in FY2022 with the aim of creating new businesses and developing human resources over the medium to long term. GATE is a bottom-up, open-call program led by the Innovation Group that encourages employees to propose new business ideas. When an idea is approved, the Company provides the necessary funding, facilities, and support to commercialize the idea and establish a new company. Through their participation in the program, selected employees can receive training and mentoring support from external partners with expertise in launching new businesses. The Company works closely with and supports employees throughout the process to help them maintain their motivation to launch new businesses.





Overview of the program



• Achievements over three years and reinforcement of the system

Over the three years since the full-scale launch of GATE, six teams have passed the final screening out of approximately 100 applications, and three teams are currently working toward commercializing their ideas.

The system was expanded to include our Group companies in FY2025 and has been further reinforced by introducing specific themes aligned with our management priorities. This enhancement is currently helping new businesses, particularly in the areas of construction workforce and facility management, take shape.

For employees whose proposals did not pass the screening process, we will establish an innovator community within the Company to provide mentoring and other support, thereby expanding our pool of talent capable of driving innovation.

• Platform for human resource development

This system serves as an important platform for nurturing leaders capable of driving the creation and growth of new businesses toward the realization of Future Vision CX150. The system’s process, which encourages employees to confront the realities of business and commercialize their ideas, functions as a mechanism for developing self-motivated personnel with an entrepreneurial mindset. We will continue to foster a culture that values employees who take on challenges and systematically develop talent who will shape the future of the Company.

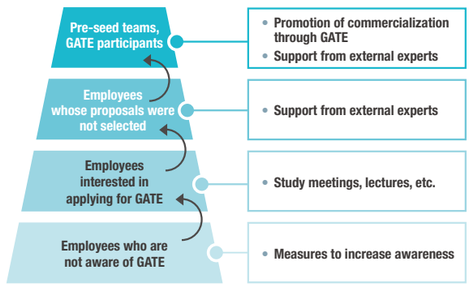


International construction talent business

Facility management cloud platform RAKU-PLAT



Creation of an innovator community



Development of DX Talent

To support value creation through digital transformation (DX), the Company provides education and training to help employees develop a sound understanding of digital technologies and AI and apply them effectively in practice. As management needs to provide clear direction on the use of digital technologies, while employees need to drive DX based on the challenges they face in their respective areas of work, the Company provides education and training tailored to employees’ roles and skill levels. These include digital literacy training for management, as well as practical training in data utilization and application development, and recurrent education that enables employees to systematically acquire the advanced knowledge and perspectives required in the digital era. Furthermore, the Company provides employees with e-learning courses and support for obtaining the Generative AI Passport to enhance DX and AI literacy across the entire workforce. Through these initiatives, the Company aims to develop human resources capable of identifying issues independently and resolving them through the effective use of digital technologies across the organization.

Digital literacy training for management



Training to deepen management’s understanding of the potential and risks of AI and digital technologies and their use in business decision-making. The training helps management acquire the knowledge and decision-making capabilities needed to set the direction for DX and promote reforms in each business division.

Recurrent education



Education that enables employees to systematically acquire the advanced knowledge and perspectives required in the digital era. This program, provided in collaboration with Toyo University’s Information Networking for Innovation and Design (INIAD), helps employees develop the analytical, strategic planning, and proactive skills needed to drive reforms through the acquisition of practical digital skills.

Application development training



Training in application development, from the basics to practical applications, aimed at solving various operational issues. The training helps employees learn development approaches and processes using no-code, low-code, and other tools, and acquire the skills needed to improve operations and create value through the use of digital technologies.

Data Ambassador training



Training in practical skills ranging from how to understand and handle data to how to use it for analysis and operations. This training helps employees acquire the skills needed to identify issues from data, make effective decisions, and utilize data for improvements, enabling them to promote the use of data in their respective business divisions.

Globalization

Development of Global Talent

To further drive our overseas operations, which are one of the key priorities of our Medium-Term Management Plan 2027, we are focusing on developing global talent with language proficiency, self-motivation, and cross-cultural understanding. More specifically, under the banner of “talent front-shift,” we are strengthening talent development through practical training in Japan for staff from our overseas offices, clarifying promotion criteria, and promoting industry-academia collaboration, including collaboration with the International University of Japan. Through these initiatives, we will develop talent capable of contributing to the creation of Toda Group’s own “Distinctive Value.”

Overseas Staff Training

To develop executive talent who will lead the future of our overseas business, we have been conducting 1.5-year training programs in Japan for local staff from various countries and have completed six cohorts to date. Trainees learn the Japanese language as well as our construction techniques, one of our strengths, through hands-on experience at actual construction sites. Furthermore, they develop a multifaceted perspective by systematically gaining an understanding of Japanese business practices and culture, as well as our vision. The knowledge and experience gained through the training will serve as a driving force for creating new value in their home countries. We will continue to invest in the development of global talent and contribute to delivering value to the world.

	1st to 4th cohorts FY2020-2023	5th cohort FY2024	6th cohort FY2025	7th cohort FY2026	8th cohort FY2027	9th cohort FY2028	10th cohort FY2029	11th cohort FY2030	Total
No. of overseas trainees	26	2	4	5	6	6	6	6	61

*Countries of origin: Thailand, Vietnam, Indonesia, Myanmar, Sri Lanka, Niger, Côte d’Ivoire, Benin

Dispatch of Employees as Japan Overseas Cooperation Volunteers

Leveraging our track record of more than 40 years in Official Development Assistance (ODA) projects, we are focusing on developing global talent. As part of this effort, in April 2025, we launched a program in collaboration with the Japan International Cooperation Agency (JICA) to dispatch employees as Japan Overseas Cooperation Volunteers. The program aims to help employees develop language proficiency, self-motivation, and cross-cultural understanding. One employee has begun activities in the Republic of Benin as the program’s first participant, and we plan to continue dispatching employees to Senegal. Through contributing to problem-solving in developing countries, we aim to cultivate a global mindset and business skills among our employees.





Wellness/Diversity, Equity and Inclusion

To create an environment where employees can easily seek advice on their physical and mental health and their working styles, while maintaining their health, which we consider one of the most important elements of our management foundation, we promote various initiatives, primarily through the Health Support Department. We believe that developing a safe and comfortable work environment that supports employees' physical and mental well-being and enables every employee to perform to the fullest of their abilities is essential to enhancing the value of our human capital and achieving sustainable growth.

Moreover, we believe that the diverse values and capabilities of our employees are essential for responding appropriately to the increasingly diverse needs of our customers and society, and thereby serving as a source of new value creation. Therefore, we are implementing various initiatives to promote respect for diversity and inclusion, such as establishing a human rights policy and creating a workplace where everyone can work more comfortably, so as to ensure that individuals with diverse backgrounds, including gender, LGBTQ+ and other sexual minorities, nationalities, races, religions, and skills, can thrive and play active roles.

Initiatives for Wellness

• Promotion of health and productivity management

It is essential that our employees remain healthy both mentally and physically and work comfortably to ensure the sustainable growth of our Group. Our human capital, including expertise, technical skills, on-site decision-making skills, and collaboration skills, is a source of our unique "Distinctive Value," and we position the promotion of health and productivity management as a priority measure that supports the foundation of such human capital. Industrial physicians, occupational health nurses, and other professionals at the Health Support Department play a core role in our health and productivity management.

In addition to supporting employees who are unwell, the Health Support Department also functions as a strategic unit for protecting human capital and creating an environment where everyone can work safely and comfortably.

For mental health, we hold mental health seminars, offer individual consultations with industrial psychiatrists and public health nurses, and make use of external consultation services. We also provide career counseling services to support employees in their careers and well-being.

In terms of physical health, we take a wide range of measures, such as follow-ups after regular health checkups, specific health guidance provided by our in-house public health nurses, company-wide measures to address sleep problems, and events to raise health awareness. We also provide support for balancing medical treatment and work so that employees with illnesses can continue working. Through these initiatives, we aim to maximize our employees' potential to drive sustainable corporate value.











1. Individual consultation at a health office
2. Health seminar at a construction site
3. Stretching class led by an employee-athlete
4. Display at an International Women's Day event for menstrual pain simulation experience
5. Three versions of the guide to supporting employees in balancing medical treatment and work have been developed: one for employees, one for supervisors, and one for colleagues

• Toda Corporation recognized as one of the 2026 outstanding organizations of KENKO investment for health

The Certified Health & Productivity Management Outstanding Organizations Recognition Program recognizes corporations that promote initiatives aimed at addressing local health issues and demonstrate exceptional health and productivity management practices through health promotion activities advocated by the Nippon Kenko Kaigi (Japan Health Council)*.

Toda Corporation has been recognized as one of the 2026 Outstanding Organizations of KENKO Investment for Health, a certification program jointly sponsored by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi.

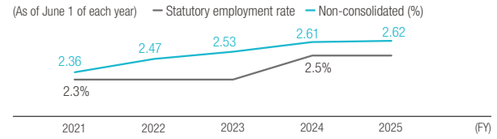
2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

* an initiative established to enable private-sector organizations to work together and carry out effective activities, with the full support of the government, to extend the healthy life expectancy of every individual and promote appropriate medical care

Promotion of the Employment of People with Disabilities

We are continuously working to promote the employment of people with disabilities. This includes providing employment conditions and work environments that take into account individuals' circumstances, allowing them to adapt to and settle into the workplace, as well as providing jobs and workplaces that take into account their individual capabilities. In addition, we accept students, mainly from the high school divisions of special-needs schools, for work experience programs to support their future employment at the Company or other companies. Every year, we hire new employees with intellectual disabilities at our business support center, where they perform tasks such as clerical work and cleaning. We are further committed to expanding their job opportunities and promoting long-term employment at the center, thereby contributing to the true normalization of people with disabilities.

Percentage of employees with disabilities



Promotion of the Advancement of Women

We consider creating workplaces where diverse personnel can play active roles and find fulfillment in their work to be a priority issue in our human capital management. To promote the advancement of female employees, we are strengthening support from both career development and workplace environment perspectives.

In particular, we are focusing on developing next-generation talent through training programs to support the development of female managers, opportunities for employees to attend university courses and other educational programs, and exchanges with other companies. We have also introduced a gradual return-to-work leave program following parental leave, as well as a system that allows employees to work shorter hours than legally required, to support flexible work styles aligned with individual life plans. Under our new personnel system, the mission-grade system, we have eliminated traditional seniority-based elements and placed greater emphasis on roles and contributions, thereby supporting an increase in the proportion of women in management positions. As a result of these efforts, the percentage of women in management positions increased from 4.7% in the previous year to 5.3% in FY2025.

In 2023, we received the highest three-star rating under the Eruboshi Certification from the Ministry of Health, Labour and Welfare and were recognized as a company demonstrating outstanding commitment to women's empowerment. We satisfied the criteria in all five evaluation categories: recruitment, continuous employment, working hours and other work styles, the ratio of female managers, and diverse career paths.

Advancement of female employees

	FY2022	FY2023	FY2024	FY2025
Percentage of women among all employees (%)	16.2	16.4	17.0	17.6
Percentage of women in management positions (%)	3.7	4.3	4.7	5.3
Percentage of women in officer positions (%)*	16.7	16.7	22.2	18.1

* Proportion of women in officer positions: Percentage of director and corporate auditor positions held by women

Balancing Work and Childcare

We are building a work environment that allows all employees to balance work and childcare comfortably, regardless of gender, and demonstrate their abilities to the fullest.

In particular, we are strengthening our support to encourage male employees to take parental leave, which we consider important for promoting diverse work styles and gender equality. We ensure that both male employees and their supervisors fully understand the leave program and have no concerns about taking parental leave by explaining the program to them and conducting interviews with them before male employees take parental leave.

As a result of these efforts, the percentage of male employees taking parental leave has remained at 100% for six consecutive years since FY2020.

Furthermore, we continue to enhance our leave programs, such as our unique program introduced in October 2022 that allows employees to take special leave in addition to legally mandated postpartum paternity leave. We also established a new leave program called Life Support Leave in October 2024 that allows employees to use expired annual paid leave for fertility treatment.

In 2026, we received the Kurumin Certification from the Ministry of Health, Labour and Welfare and were recognized as a company committed to supporting employees in balancing work and childcare under the Act on Advancement of Measures to Support Raising Next-Generation Children.

Number of employees taking parental leave and uptake rate

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
No. of male employees	120 (100)	122 (100)	141 (100)	123 (100)	130 (100)	107 (100)
No. of female employees	22 (100)	21 (100)	20 (100)	25 (100)	24 (100)	28 (100)

* Figures in parentheses show uptake rate (%)

LGBTQ+ Initiatives

Toda explicitly prohibits discrimination on the basis of sexual orientation and gender identity in its Employee Work Rules, and the President has issued a statement calling for the elimination of all forms of harassment related to these matters. In FY2021, we introduced a same-sex partnership system and published an "LGBTQ+ Guidebook," as well as distributing original "ally" stickers to those who requested them, in order to expand the circle of allies. In addition, through continuous efforts to deepen employees' understanding of diversity, such as anonymous awareness surveys and training, we have received the highest Gold rating in the PRIDE Index, a certification program recognizing companies' LGBTQ+ initiatives.

work with Pride PRIDE Gold 2025

PRIDE Index Gold certification

Safety, Quality, and the Environment

Ensuring safety, quality, and environmental protection is fundamental to the stability of our management foundation.



Ikeda Hiroshi
Corporate Officer
Group General Manager,
Safety, Quality Control, and
Environment Administration Group

At Toda Corporation, ensuring and maintaining safety, quality, and environmental protection is positioned as our highest priority and a prerequisite for a stable management foundation.

Today, companies are required to meet increasingly diverse expectations and demands from stakeholders, such as enhancing productivity while reducing working hours and addressing shortages of skilled workers, as well as responding to the growing importance of compliance with laws, regulations, and rules and respect for human rights.

Amid these social trends, we believe that properly managing safety, quality, and the environment is essential to meeting the expectations of society and our customers, earning their trust, and contributing to the Company's sustainable growth and development.

At Toda Corporation, the SQE Basic Policy has been established as the President's policy to ensure that these common principles are implemented throughout the Company, from frontline operations, including construction sites, to branches and groups.

SQE Basic Policy

1. We treat safety as one of our core values. We protect the lives and health of all individuals working at our work sites and strive to create a safe and comfortable workplace environment.
2. We sincerely commit ourselves to providing quality that meets expectations and winning the complete trust of society and customers.
3. We work to solve environmental issues in all our business activities and build a sustainable future.

The Role of the Safety, Quality Control, and Environment Administration Group

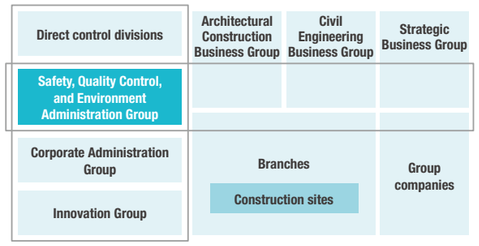
The Safety, Quality Control, and Environment Administration Group was established in March 2025 as an independent group separate from the Building Construction, Civil Engineering, and other business groups.

While the new group carries on the existing approaches to safety, quality, and environmental management established and implemented separately by the Building Construction, Civil Engineering, and Strategic Business Promotion business groups, it also takes a broader, cross-sectional view across the Company. The group identifies company-wide issues and explores how practices in one business group can be applied to others, thereby enabling frontline operations, including construction sites, to be carried out more effectively.

The group also reviews whether current management methods remain appropriate in light of ever-changing circumstances, including changing social conditions, increasingly diverse requirements, and changes in work styles and people's preferences resulting from the rapid development of AI.

In addition, the group works to clarify product warranties for products commercialized through the real estate and energy businesses and through technology R&D.

The group is also responsible for sharing information gained through its activities with the business groups and collaborating with them on safety, quality, and environmental management.



Core Value | **Business Impact** | Social Impact

Impact on Company's Activities

	Targets	Output	Outcomes
Safety	• Reduction in the number of industrial accidents (fatal and serious accidents) (frequency rate/ lost time injury frequency rate)	• Improvement of partner companies' satisfaction levels • Securing of skilled workers • Improvement of productivity	• Improvement in financial performance indicators • Order intake and net sales from completed construction contracts • Profit • Operating cash flow
Quality	• No critical defects • Improvement of construction performance evaluation • Reduction of initial defects	• Reduction of defect handling costs • Prevention of factors that hinder productivity	• Contribution to construction order intake
Environment	• No critical defects • Reduction of GHG emissions • Reduction of construction waste	• Improvement of customer satisfaction • Provision of high-quality buildings and structures • Enhancement of corporate reputation	• Contribution to society • Development of safe and secure social infrastructure • Preservation of the global and local environment

Safety

In 2017, the President declared that "Safety is not just a priority but a CORE VALUE," establishing a fundamental policy that goes beyond the traditional principles of "Safety First" and "Safety Always Takes Precedence" and places safety at the core of all our business activities and actions in order to further prevent and eliminate workplace accidents. In practice, when bidding for orders, we decline orders with unrealistic schedules or inappropriate pricing. In design activities, we create designs that can be safely constructed and safely used. In construction work, we understand the tasks, identify hazards through risk assessments, and formulate preventive measures before starting construction. The administrative divisions create work environments that allow employees to work safely and comfortably. In these and other ways, all divisions make safety a core concern at every stage of their work. In construction in particular, it is essential to ensure that all required safety equipment is in place and identify unsafe practices, including shortcuts and omissions, without using tight cost or schedule constraints as an excuse.

By ensuring that all employees act in accordance with this policy, we aim to enhance our value as the No. 1 company in safety and productivity.



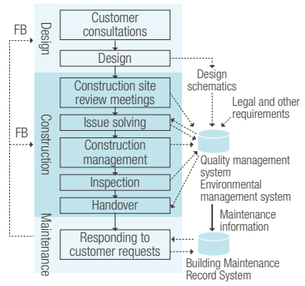
Quality and the Environment

In quality control, we ensure that our customers' and society's requirements are accurately understood and reflected in our designs and construction to deliver quality that satisfies our customers and society. During this process, we also review our projects from the perspectives of safety, usability, durability, and various other factors to ensure that buildings and structures can be used safely for a long time.

In terms of environmental management, we are committed to reducing greenhouse gas emissions and construction waste, as well as complying with laws and regulations, in order to contribute to addressing important societal issues, including decarbonization and the development of a circular economy.

In our quality and environmental management, we focus not only on preventing defects and problems, but also on dealing with them sincerely and appropriately should they occur, and, furthermore, on preventing recurrences so that customers and society are not affected by repeated mistakes.To this end, we implement the management system outlined in the chart to the right. In addition to designers and construction site personnel, staff from the Head Office and branches also participate in the management activities outlined in the chart at every stage of the entire construction project lifecycle, including the post-handover stage. By involving personnel from across the Company in the management process, we prevent the occurrence or recurrence of defects, resolve issues, and respond to requests and inquiries.

Outline of main stages of construction project process and use of management systems



Toda Corporation SQE History

We have been a pioneer in the construction industry by actively promoting safety, quality, and environmental initiatives.

1970

1973 — **Formulated health and safety administration standards**
Established a set of regulations that serve as the standard for safety and health management at our sites

1974 — **Established the federation of disaster prevention cooperative associations**
Established a federal organization to unite disaster prevention cooperative associations at branches

1980

1988 — **Established Labor Accident Mutual Aid Association**
Established a mutual aid association to support members who have been involved in accidents at the Company's construction sites

1990

1990 — **Established the National Riyukai Federation**
Established a federal organization to unite Riyukai associations at branches with the aim of facilitating mutual communication and fellowship between members and the Company

1991 — **Declared that Toda Corporation is committed to delivering higher quality than its competitors**
Declared, as the President's policy, the Company's commitment to actively providing high-quality buildings and civil engineering structures that earn the trust and satisfaction of customers, thereby contributing to the creation of better social infrastructure

1994 — **Promulgated Toda Global Environment Charter**
Declared our commitment to building a future society through sustainable development that raises awareness of global environmental issues and ensures that the planet's environment is passed on to future generations

1995 — **Obtained the first ISO 9001 certification in the construction industry**
The Tokyo Branch's construction division and the Head Office's construction and design divisions obtained certification, followed by all other branches by 1997.

1999 — **Obtained ISO 14001 certification across all branches**
The Tokyo Branch's construction division and the Head Office's construction and design divisions obtained certification in February, followed by all other branches by the end of 1999.

2000

2000 — **Became the first Japanese construction company to achieve zero emissions**
Achieved zero landfill disposal through thorough separation of mixed waste and other measures

2003 — **Introduced Toda Corporation Occupational Health and Safety Management System (TODA-OHSMS)**
Developed and implemented our own OHSMS based on the OHSMS Guidelines of the Ministry of Health, Labour and Welfare and the COHSMS Guidelines of the Japan Construction Occupational Safety and Health Association

2004 — **Established CS Promotion Division**
Started post-handover maintenance operations using information centrally managed through the Building Maintenance Record System

2010

2013 — **Established Customer Center**
Established a center to efficiently handle customers' requests and inquiries

2015 — **Established Safety Management Administration Division and safety hazard experience facility**
Established the Safety Management Administration Division to strengthen the safety and health system and opened a safety hazard experience facility on company-owned land

2017 — **Declared that "safety is a CORE VALUE"**
Declared the policy to place safety at the core of all corporate activities and actions

2018 — **Launched "Safety Portal"**
Independently developed and launched the "Safety Portal," an integrated safety management system that consolidates accident information and labor management

2020

2025 — **Established Safety, Quality Control, and Environment Administration Group**
Reaffirmed that safety, quality, and the environment are the Company's top management priorities, and established a new organization to manage them across all business groups

Innovation/Research and Development

Accelerating to create new value, pioneering Toda Corporation's next growth stage



Nakahara Masaki
Group General Manager, Innovation Group, Executive Vice President

Innovation Group System

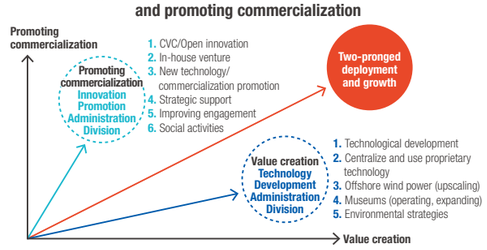
The Innovation Group will drive new value creation for the solution of social issues by looking to social and environmental changes while clearly expressing our future vision. We will continue to create highly unique, Distinctive Value with a unified system that promotes everything from the creation of technologies to their development, commercialization, and social implementation.

The Innovation Group's activities comprise two functions: exploitation (the Technology Development Administration Division) and exploration (the Innovation Promotion Administration Division). By pursuing both—an approach known as organizational ambidexterity—we support sustainable growth.

The Technology Development Administration Division consists of the Technology Research Institute (which promotes research and development mainly in construction and civil engineering) and the Intellectual Property & Technology Optimization Division (which centralizes the management of proprietary technology and optimizes its use across the company). The Division engages in our priority management sector together with the business group's Direct Control Divisions in areas such as technological development for the upscaling and mass production of wind turbines in offshore wind power generation projects and the promotion of our environmental activities.

The Innovation Promotion Administration Division engages in supporting investments in promising startups, generating business from within the company, promoting the commercialization of new technologies, and formulating comprehensive strategies for the offshore wind power business. In addition, it promotes the improvement of engagement and ESGB* measures concerning social activities.

Two-pronged deployment and growth structure in value creation and promoting commercialization



*E: Environment and energy, S: Social activities, G: Governance, and B: Benefit

Creating Distinctive Value by Linking Business Strategies and Function Strategies

We concentrate our efforts on maximizing expected value and creating sustainable, Distinctive Value by integrally linking company-wide business strategies with the cutting-edge technology strategy, innovation strategy, and intellectual property strategy.

The technology strategy was formulated mainly based on the architectural construction and civil engineering sectors. The architectural construction strategy consists of five themes: responding to labor shortages and improving engagement, creating a carbon neutral society, building safe and secure urban/social infrastructure, creating a comfortable living and working environment, and contributing technology to business strategies. The civil engineering technology strategy also has a five-theme focus: further strengthening areas of expertise, enhancing the ability to take on national projects, establishing technologies for larger scale offshore wind power, creating national resilience and infrastructure repair technologies, and contributing technology to business strategies.

The innovation strategy is a unique function strategy of the Company, and is aimed at creating unique value. We will create new value by mutually exploring new combinations (CVC and open innovation), making use of outstanding ideas (in-house venture programs), and conducting development activities (maximizing the value of our proprietary technologies).

In terms of intellectual property strategy, we coordinate with other strategies to create, manage, and further leverage intellectual properties. We will also promote the effective use of the intellectual properties of other companies, thus maximizing the value of intellectual properties.

Three-pillar integration of company-wide business strategies and technology/innovation/ intellectual property strategies



Integration of Intelligence in the Innovation Strategy

As the foundation for promotion of the innovation strategy formulated in 2025, we will establish the Innovation Management System (IMS) and strengthen collaboration between the two divisions engaging in the technological development and the promotion of innovation.

We will promote collaboration of technologies such as PoC to create value by identifying complementary factors under development and clarifying the explored startup technologies.

Mechanism: Purpose of the establishment of IMS

(i) Articulation of strategies	(ii) Acquisition of reproducibility	(iii) External credit
Make "two-pronged management" the organizational standard OS Establish a common language connecting management decisions with frontline activities	Standardization of person-dependent innovation activity Circulate both successes and failures as organizational knowledge	CVC (an investee with established competitive advantage as an IMS-operating organization), co-creation partners, acquisition of human resources, branding, etc.

Procedure: Strengthen collaboration and support for PoC.

(i) Identification of complementary factors	(ii) Clarification of external technologies	(iii) Collaboration between internal and external technologies
Refine proprietary technology and technology under development into Distinctive Value Identify factors that must be complemented for further differentiation	Verify effectiveness of explored startup technology Seek complementation of internal technology by clarifying external technology	PoC for verification of the feasibility of collaboration between internal and external technologies Linking the verification of technology based on knowledge of design and construction with value creation

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

Our research and development divisions engage in R&D based on the strategies formulated to achieve the key aim of the Medium-Term Management Plan 2027, "Identifying and leveraging our key strengths." To optimize the entire company and make effective use of limited management resources, we work to improve efficiency in R&D by participating in the Construction RX Consortium to address shared challenges in the construction industry. This activity falls under "cooperation fields." On the other hand, in "competition fields" where differentiation is important, we work to establish our unique strengths by reinforcing an R&D foundation through upgrading the Tsukuba Technology Research and Development Center.

In particular, in response to the urgent labor shortage issue, we are focusing on developing technologies that contribute to labor saving and safety by using mechanization, automation technologies, and ICT. In the architectural construction sector, we focus on the evolution and sophistication of the construction technologies that we demonstrated in the TODA BUILDING project. In the civil engineering sector, we carry out R&D for the purpose of automatization, labor saving, and enhancing safety for each construction type. At the same time, we focus on the strengthening of areas of expertise, including unmanned cutting-face systems and automatic concrete-laying robots for lining mountain tunnels, automated management systems for soil excavation in constructing shield tunnels, and forward exploration visualization technologies.

Furthermore, we aim to help create a carbon-free society in the architectural construction sector by strengthening our resource circulation and biodiversity initiatives while working for both decarbonization and well-being with trials at our own Green Office Building and TODA BUILDING. In addition, we also work to enhance our capabilities with providing safety- and security-related technology in the face of earthquakes and floods, and technological capabilities that contribute to eco-friendliness through the use of wood materials by upgrading and utilizing the Tsukuba Technology Research and Development Center. We are also developing and conducting trials on technologies for generating customer value, such as the smart control of facilities. In the civil engineering sector, we are addressing intensifying disasters and aging infrastructure. Our research and development is related to national resilience and infrastructure repair. We are working to create "Distinctive Value" with technologies for disaster prevention and disaster mitigation, such as durable riverbank protection, as well as maintenance and improvement technology for social infrastructure, such as the investigation and repair of box culverts.



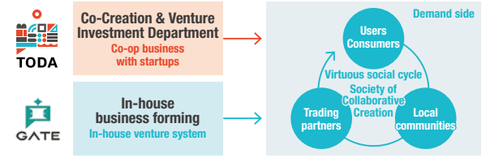
Structural Materials Building (tentative name), Tsukuba Technology Research and Development Center



Optiss, the unmanned cutting-face systems for mountain tunnels

CVC, In-House Venture Program

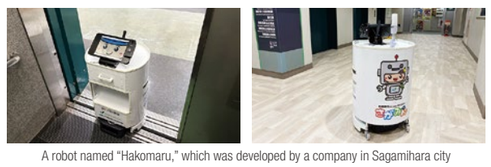
We work to co-create value by investing in CVC. Since 2020, we have set aside an investment pool totaling three billion yen every three years, and invested in 15 startup companies and six funds. The in-house venture program is now in its fourth round, and we are working to commercialize three proposals that passed the selection process.



Building Robot-Friendly Environments

We are promoting the introduction of robots under the concept of "robot-friendly building design."

In FY2025, we signed an agreement with Sagamihara City and the Sagamihara Robot Business Council to conduct demonstration experiments in the city government buildings.

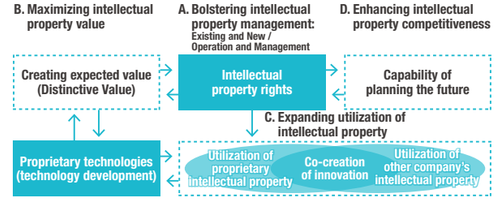


A robot named "Hakomaru," which was developed by a company in Sagamihara city

Intellectual Property Activities

We promote creation and utilization of intellectual property based on our Intellectual Property Management Policy. We have established the Intellectual Property Committee, which formulates strategies and policies for intellectual property activities and promotes the generation of inventions while acquiring appropriate rights and managing the portfolio.

Furthermore, we identify priority management sectors based on market needs and business strategies when we select and concentrate on intellectual properties. We also work to protect the outcomes of R&D, accelerate practical application to business, and form differentiated business sectors through effective use of our proprietary intellectual properties as well as the analysis and introduction of other companies' intellectual properties. By carrying out these measures, we will establish competitive advantages and reduce intellectual property risks to strengthen the foundation of the intellectual property that supports our business and maximizes the value of intellectual properties.



Digital Transformation Strategy

Creating new value through human resources and digitalization

Haneda Masaoki
Corporate Officer
Senior General Manager,
Digital Transformation
Administration Division



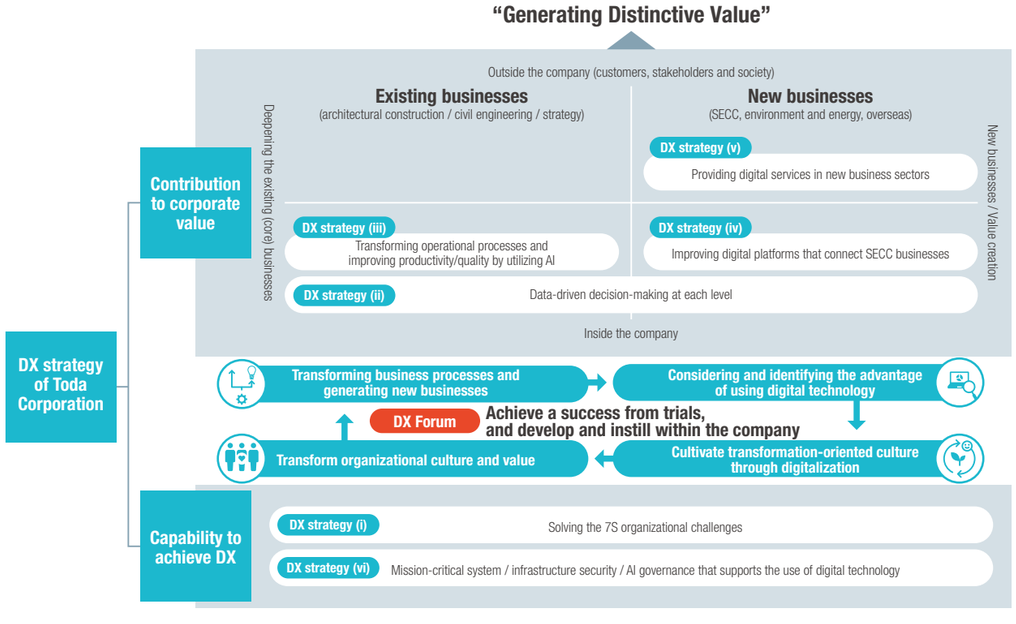
Modern society has entered an era of digital transformation, with dramatic changes to social structures and business models driven by rapidly evolving digital technologies such as AI and IoT. Facing a management environment in which customer needs are diversifying and uncertainties are growing, it is indispensable to continue flexibly transforming and responding to change in order to achieve sustainable growth. Our DX Vision 2030 directs us to "connect 'people' with digital technology to drive value creation in new business areas," and "support the business pursuits of 'people' committed to realizing a society of collaborative creation and help establish a solid business foundation by collecting and leveraging data."

In light of the rapid evolution of generative AI and advancement of its utilization in business practices in FY2025, we established the GenAI Promotion Department in March 2026. Going forward, we will strongly promote safe and positive utilization of AI under the AI Utilization Guidelines based on our AI Basic Policies. Furthermore, in pursuit of a major productivity improvement in our main business, we will work to conduct business at a higher level by encouraging collaboration between people and AI. We will also contribute to the creation of new value that goes beyond basic operational efficiency, and the creation of an affluent society by effectively circulating information, which is the fourth management resource.

Overall Digital Transformation Strategy

We are currently focusing on enhancing our organizational capability for the purpose of continuing to generate our unique "Distinctive Value." We are currently improving and enhancing Toda-AI-Portal, which helps employees improve their digital literacy and enables all employees to use generative AI in a safe and advanced way. Also, our "data foundations" optimally circulate information as the fourth management resource. These foundations are not simple IT investments, but are positioned as the strategic infrastructure that supports quick decision-making and business competitiveness.

We are also working to establish a "success loop" in which small experiences of success contribute to cultivating a transformation-oriented culture to expand transformation activities. The related parties from across the Groups gather at the DX Forum to further discussions from a company-wide optimization perspective. They closely link the DX strategy to the respective business strategies and function strategies by making use of the relationships developed at the Forum. From small trials conducted in the workplace, success is generated. We are steadily proceeding with the processes of quickly developing and instilling this within the company.



Development of Human Resources That Generate Transformation Through Digital Technology

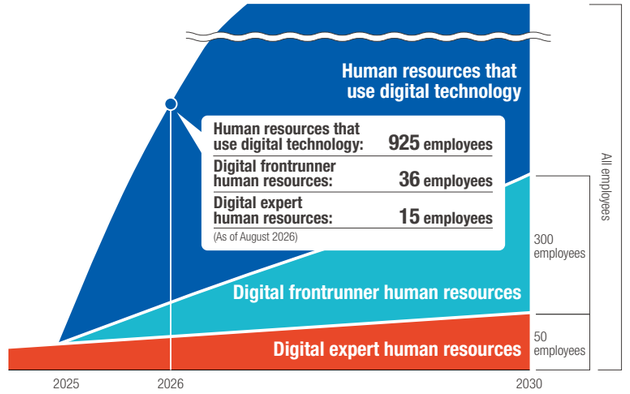
The Toda Corporation's policy is to develop human resources that use digital technology and that continue to autonomously strive to generate "Distinctive Value" without being bound by established practices.

First, all employees are working to improve their digital literacy with the aim of increasing the capability of using AI and digital technology; that is, to become "digital technology human resources."

Digital frontrunner human resources define the business challenges facing organizations and individuals, and can solve challenges by using digital technology. They produce business improvement applications using no-code / low-code tools and prepare reports on the visualized status of operations through data analysis, working on practical business improvement.

"Digital expert human resources" are those who learned more sophisticated professional skills after receiving recurrent education. Their mission is to solve the Company's issues and develop value provision services that are to be offered to those outside the Company.

Developing DX talent toward FY2030



Definition of human resource

■ Human resources that use digital technology
Those who improve operations and efficiency by aggressively utilizing digital tools and data in their business practices

■ Digital frontrunner human resources
Those who independently improve work processes and productivity by utilizing skills to solve issues and capability of analyzing data by digital technology.

■ Digital expert human resources
Those who have sophisticated digital skills and demonstrate technological capabilities in professional digital development projects

Results Generated by Using Digital Technology to be Connected to Internal and External Values

Digital expert human resources create digital services that solve internal and external issues—without being bound by established practices—in such areas as patent applications through in-house development and the development of applications in collaboration with outside vendors. Specific examples include: Niyarepo, which is a tool for recording the growth of young employees; Toda-AI-Portal, which is an operational support base using generative AI; and T-BuSS, a smart office service application. There are several cases in which value is created for customers and society by leveraging knowledge and expertise cultivated through application development while utilizing GATE, the mechanisms of the internal venture program (see **page 45, "Fostering human resources who lead the exploration of new business sectors and challenges"**). RAKU-PLAT is a pioneering case of improving efficiency in facility management operations.

Enhancing in-house value



Niyarepo

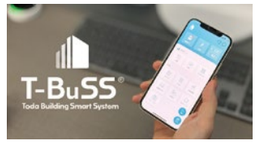
An application that visualizes the work and growth of young employees, supporting their spontaneous trials. It contributes to the development of human resources through OJT by connecting goal setting, work experience, evaluation, and interviews.



Toda-AI-Portal

A generative AI platform that leverages our construction expertise to drive business transformation and deliver greater value to customers through better construction.

Creation of customer value



T-BuSS

An all-in-one application that allows the user to smoothly handle everything from the operation of equipment and visualization of environment to reservation of meeting rooms. It provides a comfortable, efficient office environment by combining the facilities of buildings and services.



RAKU-PLAT

This service application helps improve efficiency in facility management and supports knowledge sharing. It does so by reducing the labor involved in searching and hesitation in making decisions through unified management of facilities information and inspection records on the cloud.

Business Climate

Architectural Construction Business

Centered on private-sector capital investment, the architectural construction business outlook remains robust. In particular, appetite continues to be strong for capital investment in cutting-edge sectors such as semiconductor manufacturing facilities and data centers.

At the same time, supply-side constraints, such as persistently high construction material costs, soaring labor wages, and pressure on partner companies, continue to be felt. There is also a need to respond flexibly to changes in systems and the environment, such as work-style reforms and securing appropriate construction prices/schedules under revisions to the Construction Business Act.

Looking at the economic situation, while a steady recovery is expected, global political and economic risks are on the rise. Uncertainties such as U.S. trade policies and geopolitical risks may impact the business environment, necessitating careful, ongoing responses.

In this market environment, we are working to build stable human resources and construction systems through the use of foreign human resources and stronger supply chain collaborations. In addition, we are laying digitalization and data foundations for architectural construction production processes, and focusing on the use of internal and external data to boost productivity and strengthen proposal capabilities. Furthermore, as a leading company in the eco-friendly sphere, we are working to increase the value we provide with the aim of creating a carbon-free society. We are working with stakeholders in a wide range of fields to create a society of collaborative creation and to build a better, more sustainable future.

Civil Engineering Business

Looking at the order-taking environment in the civil engineering business, we expect the trend toward steadiness to continue for the time being, driven by multifaceted, diversified demands from the public and private sectors. Specifically, the major new trends of those demands include: 1) Disaster prevention/reduction measures against intensifying disasters such as torrential rains and major earthquakes, 2) demand for maintenance and renovation of aging infrastructure, 3) increasing expectation for the expansion of renewable energy markets driven by decarbonization and energy security, and 4) maintenance and reinforcement of defense facilities to respond to security threats. These public investments and public-private partnerships are positioned as the medium- to long-term national strategy, rather than temporary projects.

On the other hand, the market is facing a decrease in the employed population and drastic changes (or VUCA) in the environment surrounding Japan. In the entire industry, we are forced to respond to serious labor shortages, aging skilled workers, and compliance with overtime work limits under work style reform-related laws. In addition, costs are soaring worldwide for raw materials, primary energy, labor, and construction materials. These uncertain factors cannot be ignored.

Under this market environment, companies are required to respond to assumed risks, and in contrast, to seize such changes as valuable opportunities. While taking appropriate measures against assumed risks, the Civil Engineering Business Group will work to contribute to society and customers by seizing opportunities and demonstrating its strengths to the maximum.

Strategic Business Promotion

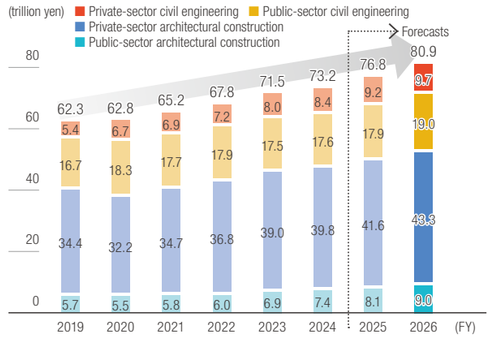
In FY2025, while the Japanese economy maintained a modest recovery trend, the growth pace slowed down a bit due partly to the impact of the situations in the Middle East and rising prices. Personal consumption maintained a positive trend, driven by the improvement of the employment and income environment, even while the impact of rising prices continued. Corporate earnings also remained strong as a whole amid a prolonged uncertain external environment. Furthermore, the Bank of Japan has indicated that it intends to gradually adjust monetary easing by raising policy interest rates while monitoring the economy and price situation. Going forward, we need to carefully watch the trends of foreign exchange, prices, and natural resource prices.

In the global economy, due to the major changes in the U.S. trade policy centered on an “America first trade policy,” the expansion of additional tariffs and increasingly uncertain policies has had widespread impacts on the world’s trade, investments, and supply chains. Many major international organizations announced downward revisions to their growth outlooks for 2025 to 2026. The impact on the Japanese economy of factors such as the restructuring of global supply chains, the cost of materials, and the rising cost of transportation cannot be ignored. In addition, revisions to U.S. environmental and energy policies—including withdrawal from the Paris Agreement and the easing of regulations on energy development—are underway. Such revisions may affect efforts to advance decarbonization and green transformation, including the renewable energy sector.

Going forward, we will monitor changes in the external environment, flexibly reassess our business portfolio, and thoroughly manage risk. In addition, we will focus on strengthening partnerships and investment in carbon-free societies in Japan and overseas, aiming to improve corporate value and achieve sustainable growth in this difficult market environment.

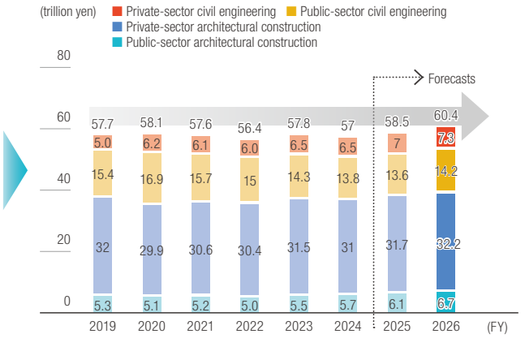
Trends in construction investment

Construction investment (nominal value)



Source: *Quarterly Outlook of Construction and Macro Economy (April 2026)*, Research Institute of Construction and Economy

Construction investment (real value)



*Real values based on the construction deflator with base year FY2015

Trends in construction costs

Construction material price index (Tokyo, reference year 2015)

Source: Construction Research Institute (April 2026)

Labor unit price for public works design (national, weighted average for all occupations)

Source: *Labor unit price for public works design (Labor unit price applied from March of each year)*, Ministry of Land, Infrastructure, Transport and Tourism

Trends in the real estate market

Tokyo business district – average rent and vacancy rate (April)

Source: *Office Market Report*, Miki Shoji

Overseas orders received by member companies of the Overseas Construction Association of Japan, Inc.

Source: *Overseas Construction Contracts Report*, Overseas Construction Association of Japan, Inc.

Architectural Construction Business

Taking a new step forward to solve real issues with digital transformation and become a strong Architectural Construction Business Group.



Sonehara Tsutomu
Executive Vice President
Group General Manager,
Architectural Construction Business Group

Targets for the Medium-Term Management Plan

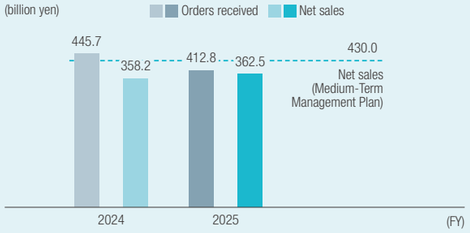
Operating income: 22.0 billion yen

Assessment of Current Situation

Opportunities	• Advances in digital technologies, including BIM and AI • Growing expectations for eco-friendly building construction such as ZEB* buildings • Increasing demand for smart factories, schools, hospitals, and office buildings • Rising demand for BCP and sustainability (maintenance, management, renewal services, etc.) • Global demand for energy conservation and CO_2 reductions
Architectural Construction Business Strengths	• A customer base built over a long history • Proven track record in community development and redevelopment • Design and construction capabilities for energy-efficient buildings as a leader in environmental awareness • Specialized construction expertise, technology, and energy management capabilities • Responsiveness through information sharing to meet customer needs, and ability to act quickly based on strong trust with group companies and subcontractors
Risks	• Rising material costs and labor shortages • Labor shortage due to declining birthrate and aging population • Growing uncertainty in global markets
Countermeasures Against Risks	• Enhancing purchasing power through standardization, labor-saving construction, precasting, and automation • Strengthening recruitment of human resources from overseas

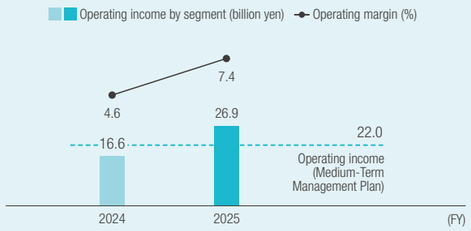
*Net Zero Energy Building: A concept and building type aimed at reducing energy consumption to nearly zero.

Orders received (non-consolidated) and net sales



Net sales for FY2025 were 362.5 billion yen (up 1.2% year on year), and orders received were 412.8 billion yen (down 7.4% year on year), partly due to the substantial volume of construction work in hand.

Operating income by segment and operating margin



Operating income for FY2025 was 26.9 billion yen (operating margin 7.4%), exceeding the Medium-Term Management Plan target (22.0 billion yen, 5.1%) as the profit margin on completed projects improved due to continued selective order-taking and a recovery in the volume of construction work in hand. It is expected to remain strong going forward.

Overview of Achievements



Fukuoka City Base Cultural Facility



Chiba Prefectural Cultural Hall (renovation)

Medium- to Long-Term Strategy

In terms of the business environment, external risk factors such as uncertainty in the international situation and rising prices persist. However, domestic private-sector capital investment is expected to remain strong. In the short term, demand for semiconductor manufacturing facilities and data centers is expected to continue to increase due to the evolution of generative AI, but in the medium- to long-term, demand and needs related to buildings are expected to change in ways that are difficult to predict. Given these circumstances, it is essential to identify customers' latent needs and deliver value that exceeds customer expectations in order to be the company of their choice. We aim to make building lifecycle consulting possible by developing human resources to strengthen our proposal capabilities, and by leveraging a wide range of data, including data on post-construction maintenance and renovation.

Meanwhile, in the field of construction production, we are advancing education and operational transformation to promote BIM utilization. It is important that we improve the quality and speed of the value we provide to our customers by using BIM from the design stage and making use of the various information associated with the model, and also to link this to productivity improvements, including the digitalization of expertise, estimates, and purchasing.

We are also initiating a transformation in sales by moving away from sales styles that tend to rely on individuals' skills. Instead, we are strengthening our organizational sales capabilities while incorporating digital tools. To support these efforts, we are building a data utilization platform that integrates diverse data sources to improve the quality and speed of decision-making. By actively leveraging accumulated data and AI, we will promote technology transfer and enhance productivity.

In order to share accurate information across the departmental boundaries and respond swiftly, we will not only reform our data systems, but also drive significant transformation of our internal structures.

We believe that these initiatives will lead to data-driven management in the architectural construction business going forward. We will also continue to strengthen our partnerships with our group companies and partner companies.

Overseas, we will further enhance BIM modeling at TOBIC Co., Ltd., in Vietnam and upgrade our response systems for handling construction projects based on designs by other companies, while also generating synergies with other local subsidiaries. Through these efforts, we will strengthen our architectural construction business globally and expand future possibilities. In Japan, we believe we can meet a wide range of customer needs by reinforcing collaboration with group companies, including Toda Bldg. Partners Co., Ltd., which handles building maintenance, operations and management, and renewal work; APEC Engineering Co., Ltd., which specializes in facilities construction; and Sato Kogyo Co., Ltd., and Showa Construction Co., Ltd. which engage in community-based construction projects. By working together with partner companies to help them secure human resources and strengthen their business foundations, we will help ensure a stable construction system.

We will offer optimal value by combining energy-saving and energy-generation solutions, and will further solidify our position as a leader in environmentally responsible construction.

The architectural construction business has been our core business since the Company's founding, and we have built up its brand value by working alongside our customers. We will work to provide even more value to our customers through management that responds flexibly to the changing times.

Project summary **Relevant main SDGs**

Construction Work for the Development of the Saginuma Campus of SHOWA Medical University

As part of the centennial project of SHOWA Medical University, the Company is developing a new campus in Saginuma, Miyamae, located in Kawasaki City, Kanagawa Prefecture. The Saginuma Campus is scheduled to provide lecture rooms, practical training rooms, and other facilities for about 2,000 students. They include second- and third-year students and some fourth-year students from the School of Medicine, School of Dentistry, and School of Pharmacy; second- to fourth-year students from the School of Nursing and Rehabilitation Sciences; and students in the Graduate Program of Midwifery.

The site area is approximately 36,800 square meters and is located in a quiet residential area near Saginuma Station on the Tokyu Denentoshi Line. The campus will consist of three school buildings, a café building, and a nature education garden, with the buildings designed as low-rise structures extending horizontally across the site. The practical training building and lecture building are particularly distinctive for their curved designs. The nature education garden will feature a waterscape that takes advantage of variations in elevation, as well as a diverse range of plants. Part of the garden is planned to be open to the local community. Another major feature is the café building's extensive use of wood, including a timber structure and wooden seismic walls.

Because parts of the site have an elevation difference of approximately 12 meters between the surrounding roads and the construction level, a two-stage earth-retaining system will be used during construction to minimize the impact on the surrounding area. We also plan to simultaneously proceed with the construction of the three school buildings to enhance productivity by proactively using industrial construction methods, including steel formwork, pre-assembly of rebar for foundation beams and columns, and precasting of small beams and parapets. Furthermore, through meticulous construction scheduling, we intend to achieve high-quality, safe, productive construction.





Upper image provided by: Nihon Sekkei, Inc.

Civil Engineering Business

Toward DX- and GX-Driven Sustainable Growth: Creating Next-Generation Infrastructure and Value

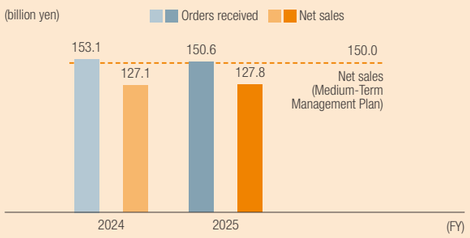


Fujita Ken
Executive Vice President
Group General Manager,
Civil Engineering Business Group

Targets for the Medium-Term Management Plan

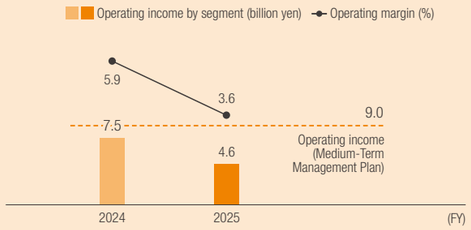
Operating income: 9.0 billion yen

Orders received (non-consolidated) and net sales



Net sales for FY2025 were 127.8 billion yen (up 0.5% year on year), and orders received (non-consolidated) were 150.6 billion yen (down 1.6% year on year), primarily due to a decrease in private-sector construction projects in Japan.

Operating income by segment and operating margin



Operating income for FY2025 was 4.6 billion yen (an operating margin of 3.6%), as the construction-to-completion profit margin (non-consolidated) declined to 12.9% (down 2 points year on year) due in part to lower profitability on some large-scale private-sector construction projects (Medium-Term Management Plan target: 9.0 billion yen; 6.0%).

Assessment of Current Situation

Opportunities	• Expansion of renewable energy markets to create a decarbonized society and enhance energy security • Continued promotion of disaster prevention, disaster mitigation, and national resilience measures • Full-scale efforts to address aging infrastructure (maintenance and renewal demand) • Development and strengthening of defense facilities as a national priority
Civil Engineering Business Strengths	• Wide-ranging capabilities developed through the construction of numerous renewable energy power generation facilities, including the Goto City Offshore Wind Power Generation Project • Track record and technical expertise in the construction of mountain tunnels, urban infrastructure, and land development • Corporate culture and growth potential that encourage the creation of new technologies through cross-functional collaboration • A range of proposal plans centered on renewable energy, including Smart Energy Complex City (SECC)
Risks	• Organizational structure and internal mindset focused on contract construction • Accelerating global warming and increasingly severe natural disasters • Addressing overtime capping regulations, the shortage of future workers, and increasingly extreme heat • Material shortages and price increases caused by growing international tensions, inflation, and exchange-rate fluctuations
Countermeasures Against Risks	• Active engagement in PPP projects and stronger capabilities in performance-based procurement and technical proposals • Technological development that goes beyond environmental considerations to enhance business sustainability and competitiveness • Productivity improvement through the proactive use of DX technologies and BPO, and development of a work environment that attracts hires • Management of foreign exchange and legal risks and mitigation of supply-chain bottlenecks

Overview of Achievements



Shikoku Regional Development Bureau, Sōzuyama Tunnel



Tokorozawa City Second General Waste Final Disposal Site

Medium- to Long-Term Strategy

In the civil engineering business, there is growing momentum toward measures for disaster prevention and mitigation in preparation for severe disasters caused by torrential rains and large-scale earthquakes, as well as measures to address aging infrastructure (maintenance and renewal demand). Furthermore, the renewable energy market is moving toward the creation of a decarbonized society, while defense-related facilities are being developed and strengthened in response to growing international tensions. Social demands are thus becoming more multifaceted and diverse than ever, and the industry as a whole is entering a major period of transformation.

Public investment and public-private partnership projects associated with these developments are positioned as part of Japan's medium- to long-term national strategy, Therefore, the order-taking environment in the civil engineering business is projected to remain strong for the time being, rather than a temporary trend.

On the other hand, we are facing industry-wide structural issues, such as serious labor shortages, aging skilled workers, and work style reforms (including regulations on overtime limits and measures to combat extreme heat). We are regarding these environmental changes as an opportunity to establish next-generation standards. We will continue to respond to rising global prices for raw materials and primary energy, as well as higher material prices and inflation caused by the depreciation of the yen. Further, we are developing and strengthening our supply chains and making appropriate price adjustments as necessary while staying attuned to the latent needs of customers and society.

We will further reinforce the core areas of the civil engineering business that we have cultivated over the years, including mountain tunnels, urban infrastructure, and land development. Building on these strengths, we intend to strategically and continuously allocate resources to growth areas such as renewable energy. These include floating offshore wind power generation, infrastructure repair, land readjustment, and overseas projects.

To this end, we will develop the necessary new technologies and business models, while furthering collaborations and partnerships with organizations both inside and outside the Company and focusing on the creation of new value. In addition, to help create a sustainable society through green transformation (GX), we will convert construction site offices into ZEBs and shift the electricity they use to 100% renewable energy in line with RE100, thereby going beyond mere environmental consideration to enhance business sustainability and competitiveness.

The keys to achieving our growth strategy are our organization and human resources. Therefore, we will encourage flexible thinking that enables cross-functional cooperation and promote psychological safety. Also, we will establish the earning power needed to consistently generate appropriate profits. In terms of governance, rather than merely complying with laws and rules, we will ensure effective governance by encouraging employees to consider the meaning behind them based on fundamental principles. Our employees' high-level engagement and skills form the foundation of these efforts, and we will apply them to contributing to society and satisfying our customers. We believe that creating this virtuous cycle of benefits for all three parties is the essential mission of the civil engineering business.

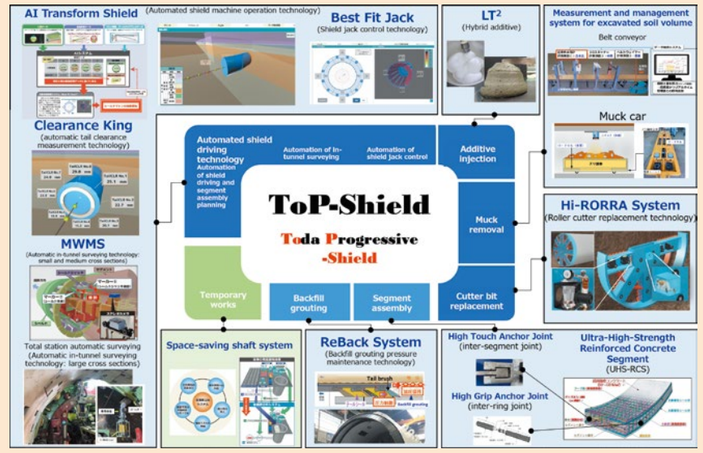
When we look at the current situation both in Japan and abroad, business management is quite literally required to operate in a VUCA environment. Meanwhile, advances in technologies such as generative AI, together with the strengths of Japan as a mature society that has integrated its traditional culture with influences from other civilizations, have significantly expanded the resources available to companies. The Civil Engineering Business Group will make full use of all these resources in its business activities and build a corporate group that continues to be chosen by society and customers.

Project summary **Relevant main SDGs**

ToP-Shield

Positioning safety, quality, and environment (SQE) at our foundation, we deploy series of development technologies for different types of work as the ToP series. ToP-Shield is a series of shield-related technologies centered on AI Transform Shield, an AI-driven automated tunneling and attitude control technology. It incorporates automation and technologies that optimize construction planning. It is designed to enhance on-site safety and quality while streamlining construction management and reducing labor requirements.

In addition to ToP-Shield, we have registered trademarks for ToP-NATM and other series of technologies as our brands, aiming to enhance their brand value.



ToP-Shield: Construction Automation Technology for Shield Tunneling Based on AI Transform Shield

Strategic Business Promotion

Growing corporate value even further by "generating Distinctive Value"



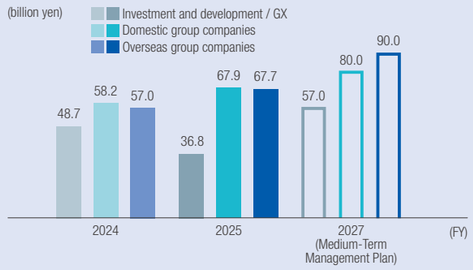
Uekusa Hiroshi
Executive Vice President
Group General Manager,
Strategic Business Group

Targets for the Medium-Term Management Plan

Operating income

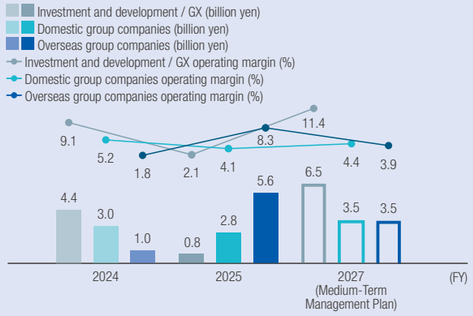
Investment and development / GX: 6.5 billion yen
Domestic group companies: 3.5 billion yen
Overseas group companies: 3.5 billion yen

Net sales



Net sales for FY2025 increased for the ninth consecutive year, supported by the sale of real estate held for sale by U.S. subsidiaries and progress on large-scale construction projects undertaken by domestic construction subsidiaries.

Operating income and operating margin



The sale of real estate held for sale by U.S. subsidiaries contributed to higher profits.

Assessment of Current Situation

Opportunities	• Expectations for renewable energy (such as offshore wind power) and energy management as we move toward carbon neutrality by 2050 • Active participation in overseas business and acquisition of new business opportunities abroad through the human networks of Indonesia's TATA • Contribution to ESG and the SDGs through the evolution of the Strategic Business Group's core businesses • Development of new business through a diverse composition of the workforce, including overseas nationals and mid-career hires • Collaboration with investee companies in new renewable energy businesses
Strategic Business Strengths	• A leading position in floating offshore wind power generation High potential for floating wind power in Japanese coastal waters, with significant latent business opportunities • Widening application of regional revitalization models based on the sixth industrialization of agriculture in Joso City, Ibaraki Prefecture • Securing quality development projects through collaboration with the land readjustment business, which boasts an industry-leading track record • Relatively ample cash reserves and favorable financing enabled by a strong financial foundation • Real estate development and property assessment leveraging expertise and data accumulated through a diverse range of projects • Generating Distinctive Value across the entire value chain through co-creation among building construction, civil engineering, and strategic business promotion
Risks	• Worsening of yen-based results and decline in the value of domestic and overseas assets due to interest rate hikes and exchange rate fluctuations • Soaring project costs due to rising material and labor costs • Unexpected deterioration of real estate and other assets resulting from lifestyle changes • Rapid changes in political and economic conditions and tightening of regulations in countries where investments are made • Deterioration in governance associated with domestic M&A and partnerships with overseas companies • Loss of key personnel
Countermeasures Against Risks	• Conduct risk surveys and analyses using external experts and consultants • Diversify our portfolio by investing in a range of assets with different risk-return profiles • Improve safety and productivity through the sharing and utilization of business data acquired by the head office and group companies • Establish an enhanced governance framework for both domestic and overseas group companies • Secure and develop human resources so that individual growth translates into organizational results

Overview of Achievements



TODA BUILDING Office Entrance



Acquisition of the Former Tokyo Kensetsu Kaikan

Medium- to Long-Term Strategy

Under the mission to "build a third pillar for generating revenue," the Strategic Business Group has been working to expand the scale of business and take on challenges in new business fields through growth investments. Among such measures are regional revitalization through the sixth industrialization of agriculture, operation of TODA BUILDING, M&A, and floating offshore wind power generation in Goto. Through these initiatives, the Strategic Business Group has created "Distinctive Value" that sets us apart from the competition, thereby contributing to growth in sales and profits while also helping address social and environmental issues and strengthening the Group's comprehensive capabilities. Meanwhile, the business environment is facing increasing risk due to rising costs and interest rates, uncertainty in the international situation, changes in regulatory frameworks for GX businesses, and other factors. Against this background, we will create value that helps address social issues using our accumulated expertise and the "convergence knowledge" generated through collaboration with the Architectural Construction Business Group, Civil Engineering Business Group, and group companies. In addition, we will make this value visible through metrics such as ROE and ROIC, and pursue greater capital efficiency in a way that gains the understanding of stakeholders.

Furthermore, we aim to enhance employee job satisfaction by sharing this value with the next generation of employees and local communities, as well as by creating an environment in which employees can take on challenges and experience growth. We will achieve sustainable enhancement of corporate value through the advancement of both business growth and human development.

- **Establishing a "circular growth model" for investment**

Traditionally, the process of our investment and development business was completed when properties were sold to third parties. However, with the establishment of a private REIT, we aim to establish a circular investment model that enables the Group to maintain its involvement through the following measures: 1) early recovery of funds through sales to the private REIT and reinvestment in subsequent projects; 2) property management (PM) services for properties held by the private REIT; and 3) renovation, conversion, rebuilding, effective utilization, and other initiatives for those properties based on our planning and proposals.

- **Expanding priority management businesses and securing revenue**

The Architectural Construction Business Group, Civil Engineering Business Group, and group companies will work together to expand and secure profitability from the SECC business, the Environment and Energy Business, and the Overseas Business.

For the SECC business, we will create business models that help address community issues centered on public-private partnerships. While pursuing a competitive position by participating in planning, land acquisition, and other processes at an early stage of projects, we will establish an end-to-end business model enabled through collaboration among the Architectural Construction Business Group, Civil Engineering Business Group, and group companies. For the Environment and Energy Business, we will draw on our expertise gained in Goto to expand our renewable energy businesses and commercialize models for wider adoption. Working with domestic and overseas partners, we will create an end-to-end business model spanning from power generation to energy management, thereby aiming to help achieve decarbonization and secure profitability. For the Overseas Business, we will expand construction and development projects in Southeast Asia and Oceania while seeking to rotate assets in North America and expand into real estate-related business fields through M&A. We will proceed with creating value aligned with each country's market environment and participating in both construction and business development, thereby maintaining the Group's internal controls and establishing a stable earnings base.

- **Effectively using human capital and strengthening organizational capabilities**

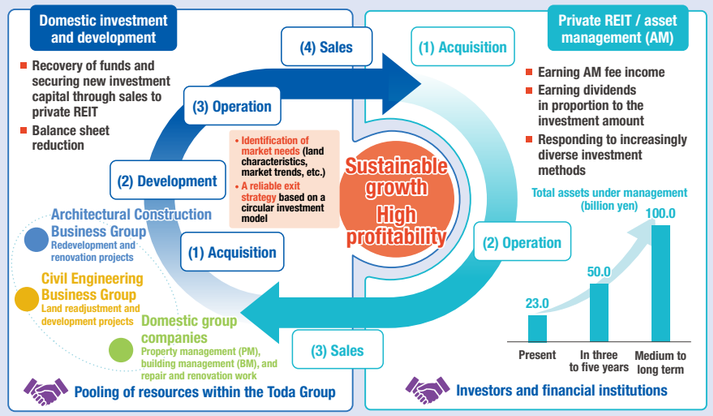
We will clearly set an example through management, and will maximize the capabilities and growth opportunities of our diverse human resources by promoting mid-career recruitment and using external expertise. We will also promote employees' self-directed growth and improve their job satisfaction through external study programs, personnel exchanges across group companies, and the promotion of high-potential employees to key positions. Amid an increasingly diverse and globalized environment, we will pursue the optimal use of human resources from a Group-wide perspective, aiming to enhance the organizational capabilities.

Project summary **Relevant main SDGs**

Toda Corporation Private REIT Investment Corporation

We have established a mechanism for enhancing the value of a diverse range of real estate—including offices, logistics facilities, residences, and hotels—and supplying them to the investment corporation. This approach combines the expertise we have cultivated through development, building construction, and civil engineering.

In this way, we will promote a circular investment model that drives the growth of our real estate business while improving operational efficiency by allocating proceeds from sales to new investments without expanding our balance sheet.



Global Strategy

Pursuing new growth markets through co-creation while strengthening our business foundations in Southeast Asia and North America



Shima Yoshirou
Executive Officer
General Manager,
Global Business Administration Division

The global business aims to enhance sustainable value for both society and the Company. We will improve recognition in society and brand strength, and translate that into solid economic value and revenue generation.

To this end, we will ensure seamless customer service by linking our domestic and overseas networks. At the same time, we regard capturing the vitality of rapidly growing overseas markets and effectively translating it into our own growth as the raison d'être of the business.

These initiatives are supported by the solid business foundation we have built, including strong relationships of trust with our customers, our presence in local communities, our expertise in optimizing building life-cycle costs (LCC), and our strength in maximizing asset value. On this solid foundation, we will continue to build a stronger TODA Group through collaboration with each business group.

Three-Year Basic Policy for FY2025-2027

Pursuing Business Growth and Consistently Creating Value
— Contributing to the Resilience of the Toda Group —

Global Business Concept Framework

Mission

Sustainable social value / Enhancement of corporate value

- Social recognition and economic value
- Brand strength and revenue generation

Purpose

- Seamless domestic and overseas customer service
- Capturing overseas growth potential (monetization)

Global business policy

- Formation of a general contractor group with a strong presence
- Building a profitable portfolio and monetizing real estate-related businesses
- Taking on challenges in new markets and fields
- Governance rooted in autonomy and discipline

Foundation / Common value

- Customer loyalty
- Establishing a presence in the target market
- Optimizing building LCC
- Maximizing asset value
- Overseas growth potential (new markets and new fields)

Major Construction in FY2025



Showa Sangyo International Vietnam New Factory (Vietnam)

Structure	RC structure
Size	Four stories above ground
Total floor area	7,904.94 m²
Use	Office, factory



Lumentum Nava Site Expansion (Thailand)

Structure	N5 Building: SRC structure; N6 Building: RC structure
Size	N5 Building: Three stories; N6 Building: Two stories
Total floor area	34,814 m²
Use	Office, factory



ACS International School (Indonesia)

Structure	RC structure
Size	Three-story building (upper structure for classrooms), two-story building (upper structure for laboratories) Sports center, administration building, and chapel
Total floor area	13,500 m²
Use	Educational facility

Project summary — **Relevant main SDGs**

Construction of New Accommodation Facilities Underway in Queenstown, New Zealand

Coherent Hotel Ltd., a New Zealand subsidiary in which the Company has invested through Singapore-based Toda Asia Pacific Pte. Ltd., is currently constructing new accommodation facilities adjacent to the Kamana Lakehouse hotel that it operates. The project, comprising a total of 11 low-rise buildings, is scheduled for completion in 2027. Through this development, the Group aims to further expand its hospitality business, enhance the area's appeal as a tourism destination, and increase the corporate value of the Group as a whole.



Contributing to a Sustainable Society by Strengthening Water and Environmental Infrastructure

Thai TODA Corporation Ltd. has acquired Aqua Nishihara Corporation, a pioneer in water treatment engineering, and made it a Group company. By combining Aqua Nishihara Corporation's advanced water treatment technologies with the construction expertise developed by the Company, we will strengthen our water and environmental infrastructure business in Southeast Asia. We intend to provide optimal, comprehensive water treatment solutions by fully leveraging the strengths of both companies.





Full-Scale Construction Underway on the Dhulikhel Hospital Trauma and Emergency Center under an ODA Project

In Nepal, construction is now in full swing on the Project for the Improvement of Dhulikhel Hospital Trauma and Emergency Center, a grant aid project under Japan's Official Development Assistance (ODA). A grand groundbreaking ceremony was held on May 28, 2025, attended by the country's prime minister and senior government officials. As one of the most important projects supporting Nepal's healthcare infrastructure, construction is currently proceeding smoothly with utmost attention to safety. The project aims to strengthen emergency medical services for the local community and contribute to safer, more secure lives for residents.





TATA Completes the RSPIK Women and Children Centre in Jakarta, Indonesia

In May 2025, Toda Corporation's consolidated subsidiary PT Tatamulia Nusantara Indah (TATA) completed construction of the RSPIK Women and Children Centre at Pantai Indah Kapuk Hospital, a major private hospital in Jakarta. This project was planned to respond to the increasing demand for maternal and child healthcare in the rapidly developing area. With the completion of this center, we will help create a healthcare environment in which local residents can receive treatment with peace of mind, thereby supporting the further development of the region and the health and well-being of local residents.



Pusat Pelayanan Ibu & Anak RS PIK (Pantai Indah Kapuk Hospital, RSPIK Women and Children Centre)

Client	PT Mandaramedika Utama
Use	Medical and welfare facility (hospital)
Size	Six stories above ground; total floor area: 12,981 m², RC structure
Date of completion	May 2025

Sustainability Initiatives

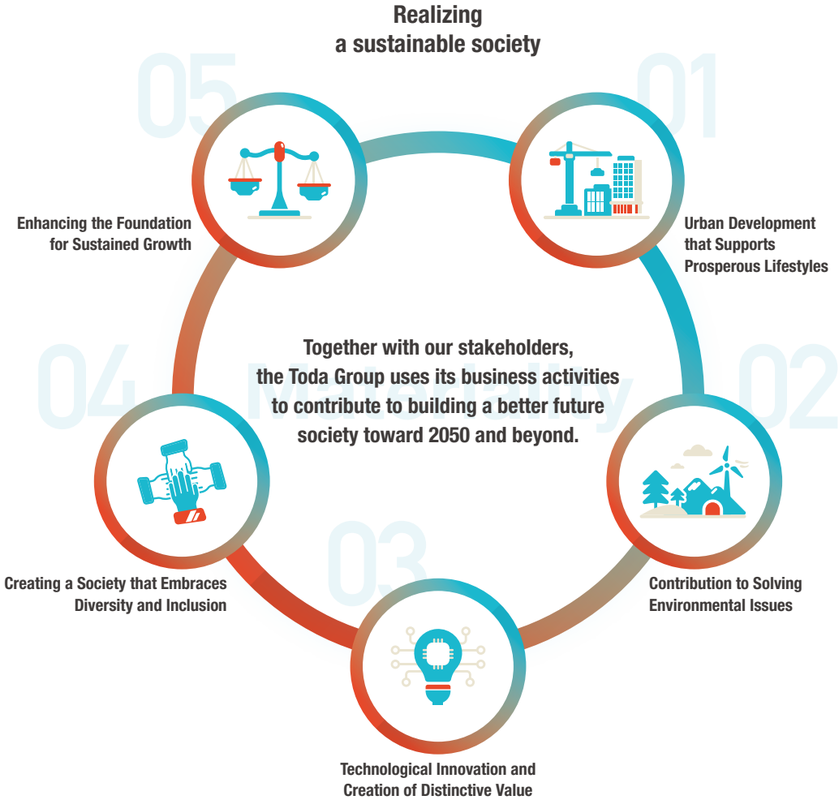
Together with our stakeholders, the Toda Group uses its business activities to contribute to building a better future society toward 2050 and beyond.

The management policy of the Toda Group calls for "contributing to the development of society," "achieving sustainable growth of the Company's business," and "enhancing stakeholder value." With our stakeholders in mind, we have always managed our business in line with the concept of sustainability, paying full attention to the impact of our business activities on customers, employees, partner companies, local communities, shareholders, investors, and the global environment, and building relationships of trust through dialogue. In addition, as part of our efforts to protect the global environment from climate change and to address issues related to the natural environment, we are conducting analysis and disclosure in accordance with the TCFD and TNFD recommendations.

In accordance with the Global Statement drawn up in 2015, the Toda Group operates its business based on its ongoing desire to be a corporate group that realizes "joys" for all its stakeholders. In order to realize a sustainable society while navigating the rapidly changing era of VUCA and BANI, we have revised the Toda Group's Materiality (key issues).*

* The revision was made in 2026 in keeping up with the recent environmental changes (see p. 67).

Toda Group's Materiality (key issues)



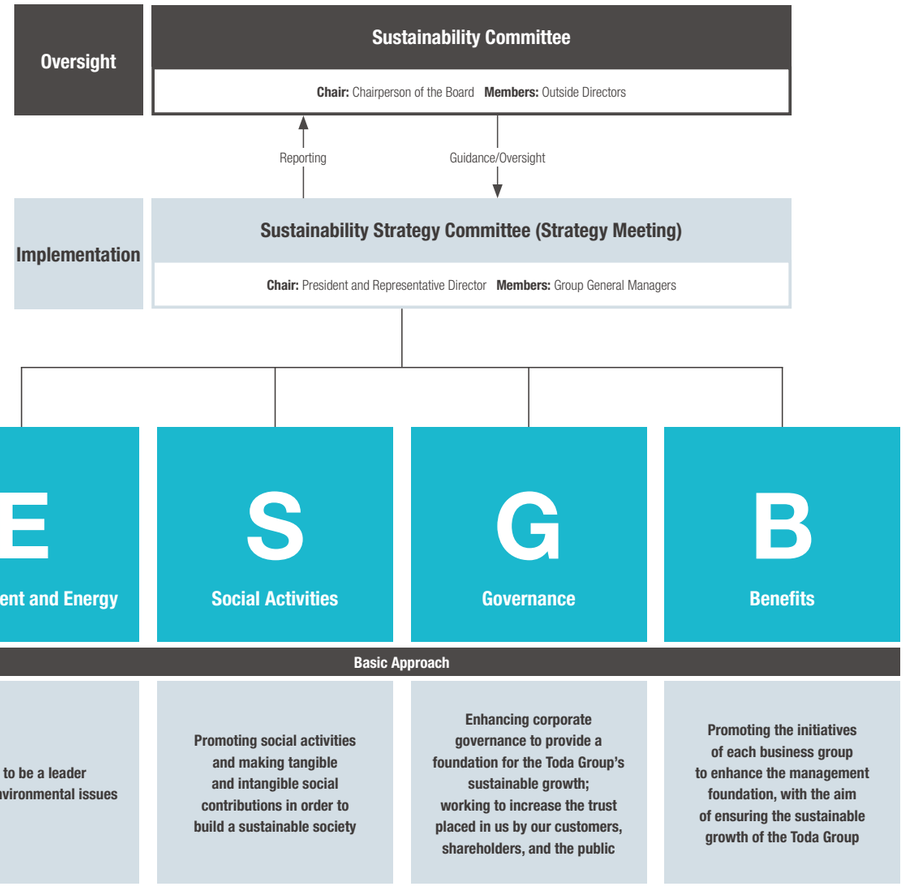
Sustainability Promotion Policy/Promotion System

Establishing and Operating a Sustainability Promotion System

The Sustainability Committee, which oversees and guides the promotion of sustainability, has been established within the Board of Directors, and the Sustainability Strategy Committee has been established on the executive side. The committee has defined topics to be addressed from the four perspectives of ESG+B (E: Environment and Energy, S: Social Activities, G: Governance, B: Benefits), and is holding in-depth discussions on how to reflect these in business strategies based on an appropriate allocation of management resources. Efforts to resolve issues identified by the Sustainability Strategy Committee are prioritized and implemented by executive departments such as groups and divisions.

Public Outreach

Our efforts to resolve sustainability issues, as well as risks and the opportunities for profit associated with those issues, will be disclosed to our stakeholders through this report and the Company's official website (on the sustainability pages) as appropriate.



The List of Plans and Results of Sustainability Activities for FY2025 is available on our official website (in Japanese).
https://www.toda.co.jp/sustainability/data/data.html

Topics for Materiality-Based Initiatives

- **The Toda Group's Materiality (key issues)**

Looking ahead to the year 2050, the Toda Group has evaluated various social issues and business-related challenges on the two axes of "impact on business" and "impact on stakeholders," and identified Materiality as key issues to be addressed in order to realize a sustainable society.

- **Revision of Materiality**

Recently, the environment surrounding the construction industry has been undergoing a dramatic change caused by a number of factors, such as accelerating efforts toward carbon neutrality, growing calls for international norms to ensure human rights, and transitions in legal regulations, including revisions to the Construction Industry Act. Noting these trends, we have redefined the value to be provided, and revised the Materiality system in 2026 to more clearly guide us in fulfilling our social responsibility.

The revision was conducted to place greater emphasis on issues of "taking initiative in addressing environmental issues," "creating Distinctive Value," and "ensuring human rights throughout the entire supply chain," while adopting the previous framework.

Step 1 Social issues and business-related challenges are identified by cross-company members from a variety of perspectives

Step 2 The issues are categorized and discussed in terms of importance

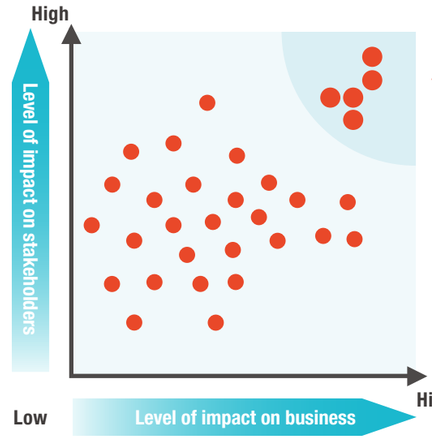
Step 3 Confirmation is made of how these issues relate to company policies and the Medium-Term Management Plan, etc.

Step 4 A range of opinions are received from the Sustainability Committee, which includes outside directors, and their views are reflected as appropriate*

Step 5 Details are finalized by the Sustainability Strategy Committee and approved by the Board of Directors

Step 6 Details undergo regular review to reflect changes in society

*Exchanges of opinions with external experts and other stakeholders are planned for future reviews.



Toda Group's Materiality (key issues)

01. Urban Development that Supports Prosperous Lifestyles
02. Contribution to Solving Environmental Issues
03. Technological Innovation and Creation of Distinctive Value
04. Realizing a Society Embracing Diversity and Inclusion
05. Enhancing the Foundation for Sustained Growth

Materiality	Commitment	Risks	Opportunities	Initiative Topic	Impact on Corporate Value	Related SDGs
01. Urban Development that Supports Prosperous Lifestyles	**Realizing a society that achieves the true well-being of people, enabling everyone to live a safe, rich life.**	• Domestic construction market shrinking over the medium- to long-term as a result of depopulation and an aging population (long term) • Construction work and company-owned properties physically affected by earthquake and flood disasters becoming increasingly severe (short term–) • Business opportunities lost as a result of delayed action to deal with needs related to resilience, well-being, and other issues involving ever-more sophisticated processing (short to medium term)	• Resilience-related demand expanding, driven by the trends for promoting national resilience initiatives, urban redevelopment projects, BCP measures, etc. (short to medium term) • SECC business markets expanding in response to needs related to public-private partnerships for regional revitalization (medium to long term)	• Responding to a declining population and an aging society • Improving resilience of towns and buildings • Making a Smart Energy Complex City (SECC) a reality • Building regional cooperation and collaborative creation networks aimed at resolving social issues	• Becoming more competitive in winning contracts with stronger proposals for providing technical capabilities related to resilience • New revenue streams created by establishing the SECC business	
02. Contribution to Solving Environmental Issues	**Striving to reduce environmental impacts through our business activities, including those of supply chains, in a bid to achieve carbon neutrality, a circular economy, and a nature positive society**	• Material procurement and construction costs increasing due to the introduction of carbon pricing schemes and the tightening of energy conservation standards (medium term–) • Construction work suspended and site productivity declining due to extreme heat and rain flooding disasters becoming increasingly severe (short term–) • Business opportunities lost and reputational risks emerging as a result of delayed action to adapt to decarbonization technologies and address nature-related issues (short to medium term)	• Demand related to ZEB, energy-efficiency renovation, renewable energy, and energy management expanding, driven by increasing green transformation (GX) investments (short to medium term) • Entering new domestic markets by utilizing knowledge gained as a pioneer in the field of floating offshore wind farm development (medium to long term) • Demand for works related to climate change measures (flood protection, infrastructure resilience) expanding (short to long term)	• Reducing greenhouse gas emissions, including from the supply chain • Providing ZEB and energy-efficient buildings • Expanding renewable energy power supply and providing advanced energy management systems, such as demand response • Promoting resource recycling • Achieving nature positive goal	• Growing sales by responding to environment-related demand (ZEB, offshore wind farms, etc.) • Capital costs reduced based on CO_2 emissions reductions and external evaluations (CDP, etc.)	
03. Technological Innovation and Creation of Distinctive Value	**Facilitating the use of digital technology and streamlined, automated construction processes while promoting data utilization and collaborative creation with various partners in order to create Distinctive Value**	• Production systems deteriorating and profitability declining as a result of delayed implementation of labor-saving and automation technologies in the context of intensifying labor shortages and continuously rising labor costs (short to medium term) • Proposal capabilities and competitiveness declining due to failure to keep up with technological innovations for AI and data utilization (medium term–)	• Productivity, quality, and safety improved by promoting robotic process automation for construction works and AI and data utilization (short to medium term) • Winning contracts while avoiding a price war by offering Distinctive Value for seismic isolating and damping processes and specialty construction techniques, etc. (short term–) • Expanding business into areas related to post-delivery added-value services, such as carrying out smart building measures (medium to long term)	• Transitioning to smart buildings • Streamlining and automating the construction process • Utilizing AI and robotic technologies • Innovation, exploration of knowledge, combination of knowledge • Ensuring the quality of the products and services we provide	• Labor productivity improved owing to streamlined and automated construction processes • Differentiation created and profitability maintained and improved by creating Distinctive Value	
04. Creating a Society that Embraces Diversity and Inclusion	**Ensuring respect for human rights and diversity and pursuing rewarding, comfortable workplaces throughout supply chains so as to embody "Build the Culture. Creating together. With people, for people." thus enhancing the workforce's capacity to contribute to the sustainable development of society**	• Structural labor shortage situations resulting from aging skilled workers and statutory limitations on overtime work (short to long term) • Construction capacity constrained and labor cost rising as a result of delayed action to secure and retain personnel (short to medium term) • Reputational risks emerging as a result of delayed implementation of measures to ensure human rights in business activities, including in the supply chain (short term–)	• Establishing a competitive advantage in hiring by providing higher job satisfaction and better work environments (short to medium term) • Increasing organizational productivity and creativity by improving the performance and engagement of a diverse workforce (medium term–) • Boosting competitiveness by reducing labor supply constraints through enhancing the workforce capacity, including that of partner companies (short to long term)	• Respecting human rights and diversity (gender, LGBTQ+, disabilities, race, nationality, etc.) • Improving employees' QOL, pursuing rewarding and comfortable workplaces • Eliminating workplace harassment • Ensuring health and productivity management as well as occupational health and safety • Conducting supply chain management • Enhancing the workforce capacity of partner companies (personnel development and improving the work environment)	• Construction capacity expanded by securing personnel and improving the work environment • Productivity and quality improved by increased employee engagement	
05. Enhancing the Foundation for Sustained Growth	**Enhancing corporate governance to achieve sustainable growth and improve corporate value over the medium- to long-term, in a bid to increase the trust placed in us by our customers, shareholders, and the public**	• Facing a loss of public confidence and business suspension orders related to non-compliance, quality and safety problems, and information security incidents (short term–) • Capital costs increasing and equity valuations declining as a result of governance and disclosure performance failing to meet the level of expectations of capital markets (medium-term–)	• Improving the trust of stakeholders by implementing highly effective governance systems (short term–) • Improving the management stability and supporting sustainable growth investments by enhancing risk management practices (medium to long term)	• Thorough enforcement of compliance • Promoting dialogue with shareholders and investors • Improving the effectiveness of the Board of Directors • Enhancing risk management for information security and other issues • Enhancing global governance systems	• Capital costs reduced by promoting dialogue with capital markets and enhancing governance • Performance volatility controlled by practicing effective risk management	

Note: The indication of time horizons appearing in the above table is, in principle, as follows: "short term" for the period under the Medium-Term Management Plan 2027 (up to FY2027); "medium-term" for the period up to around FY2030 (CX150 Phase 3); and "long-term" for the period from FY2031 onward.

Materiality 01

Urban Development that Supports Prosperous Lifestyles

The Toda Group promotes sustainable urban development by leveraging its experience and technologies to improve the resilience of towns and buildings and create SECCs. We also work to address the challenges of a shrinking and aging population while striving to build regional cooperation and collaborative creation networks aimed at resolving social issues. Through these efforts, we will create a society that achieves the true well-being of people, enabling everyone to live a safe, rich life.

Making a Smart Energy Complex City a Reality

Creating Continuously Evolving Smart Buildings that Grow Alongside Users as Part of a Smart City

The Toda Group is pursuing the future city concept of the Smart Energy Complex City (SECC), in which smart buildings serve as a crucial interface connecting people with buildings and people with the city. Our new headquarters building, the TODA BUILDING, opened in November 2024 and is positioned as the flagship demonstration site for the creation of the SECC. The operation of continuously evolving smart buildings is now fully underway. These buildings not only feature state-of-the-art facilities, but also collect data and information on user needs during actual operation. They continuously update their functions and improve convenience even after completion, thereby enhancing their value over time.

- **Rollout and use of the next-generation smart office app T-BuSS**

The next-generation smart office service T-BuSS* has been introduced at our office, TODA CREATIVE LAB, which is located within the TODA BUILDING. It serves as the foundation for enhancing each employee's engagement and for creating a more inviting office. By scanning the T-BuSS tags installed at over 2,000 locations throughout the office with a smartphone, users can control the air conditioning, lighting, and other systems near their current location. Furthermore, it offers a wide range of features designed to make office work more comfortable and efficient, such as showing employee and visitor locations, air environment information from 171 sensors, and congestion at shared facilities, as well as allowing users to reserve meeting rooms.

- **Bringing continuous evolution to life through in-house development and the use of operational data**

The completion of a building is not the goal; it's the starting point for creating new value. We have introduced Building OS, which seamlessly connects various facilities and services within a building, and are constantly updating T-BuSS, which is built on this platform. In just six months since the service launched, we implemented 17 new features based on real-time user feedback and made improvements to dozens of existing features. Specifically, we enhance the day-to-day convenience of the office through detailed improvements, such as showing conference room usage, displaying menus for the building cafeteria, and providing detailed information on public transportation delays. We also introduced a management function that allows employees without specialized knowledge to handle errors and check the location of autonomous cleaning robots and other devices operating within the facility when an issue arises. Through an improvement cycle that brings development and on-site operations together, we have dramatically reduced the number of robot malfunctions to about one-tenth of the initial level. This has enhanced our operational standards as we move toward a society where humans and robots coexist.

* T-BuSS stands for Toda Building Smart System.





From Smart Buildings to Smart Cities

The demonstration of smart offices utilizing T-BuSS and the establishment of a model for continuously evolving smart buildings will take our architectural construction and services businesses to the next level. Going forward, we will further analyze the accumulated building data and evolve our services toward optimized energy management and facility management for each individual building. Furthermore, we will continue our efforts to create a future city (SECC) where everyone can live vibrantly, safely, and comfortably. We are expanding our services beyond office use to include commercial facilities, hospitals, schools, and other types of buildings, and by connecting these buildings with local communities and urban infrastructure.

Building Regional Cooperation and Collaborative Creation Networks / Improving Resilience

Urban Development around Echizen-Takefu Station (Echizen Takefu Innovation City)

In 2021, we signed a basic agreement for a public-private partnership (PPP) project with Echizen City, Fukui Prefecture, and other parties. We are currently moving forward with the development of Echizen Takefu Innovation City, a smart city spanning approximately 100 hectares around the Shinkansen station. We are working toward the creation of a sustainable city with a focus on manufacturing, cutting-edge technology, and environment and energy.

- **DX and data utilization**

in development projects starting from greenfields (vacant lots), attracting and retaining people is a crucial issue. We create new pedestrian and traffic flows through data-driven initiatives.

- **Research and development center**

this is the first project, serving as the core facility (symbol) of the Smart City initiative. It was completed in February 2026 and is already in operation.

- **Central district**

This mixed-use development plan covers approximately two hectares. We are currently advancing a project comprising public, commercial, accommodation, and hot spring facilities under the themes of "encouraging interaction among people from diverse backgrounds and developing the next generation" and "creating open innovation."





Conclusion of Comprehensive Collaborative Agreement on Regional Revitalization with Sakata City, Yamagata Prefecture

We concluded a Comprehensive Collaborative Agreement on Regional Revitalization with Sakata City, Yamagata Prefecture (Mayor: Akiko Yaguchi). We aim to promote regional development, revitalize Sakata City, and enhance its appeal by pursuing "the sixth industrialization," an approach that integrates the first through third industries while leveraging Sakata City's history, culture, and regional characteristics. At the same time, we aim to create opportunities to achieve our vision for future urban development, the "SECC Project." In promoting this project, we will position the former Kampo no Yado Sakata, which we acquired in June 2025, as our core facility and develop regional revitalization initiatives.

In specific areas of public-private partnership, we will explore initiatives that utilize local resources and tourism assets, as well as public and underutilized facilities. This will contribute to population growth by increasing the number of people who engage with and visit the area. Furthermore, we aim to create new businesses through collaboration with local partner companies and pursue sustainable business development that contributes to harmony and coexistence with local communities and neighboring municipalities.



Efforts to Address Aging Infrastructure (maintenance and renewal demand)

- **Do-O Expressway chitose river bridge (outbound) deck replacement project**

this project involves the replacement of deck slabs on the outbound lane of the Chitose River Bridge (965.885 m in length) and the Ebetsubuto No. 1 Bridge (74 m in length) on the Do-O Expressway. The deck slabs have deteriorated due to the combined effects of salt damage and freeze-thaw damage over the more than 40 years since the bridges were opened to traffic. The aim is to maintain the sound functioning of the expressway network over the long term.

The most distinctive feature of this project is the application of our proprietary Suisui C&T Method, which features a joint width of only 20 mm, with 99% of the components factory-manufactured. Simplifying the joint structure reduced the time required for deck slab installation and infill work, resulting in an approximately 20% improvement in work efficiency compared to conventional loop joints. Faced with the constraint of working on two bridges simultaneously, we implemented technical measures, such as using a dedicated app for vehicle operation management and introducing a suspended-load rotation control system, to eliminate the risk of accidents involving passing vehicles. We will continue to contribute to safe, secure national resilience through infrastructure development.



Materiality 02

Contribution to Solving Environmental Issues

The Toda Group strives to reduce environmental impacts through all of its business activities, including those of supply chains, in a bid to achieve carbon neutrality, a circular economy, and a nature positive society. We are promoting the reduction of greenhouse gas emissions through the provision of ZEBs and energy-efficient buildings, the expansion of renewable energy, and advanced energy management, while also accelerating our efforts to achieve resource recycling and nature-positive outcomes. Through these efforts, we will contribute to solving environmental challenges in a sustainable manner.

Governance / Risk Management

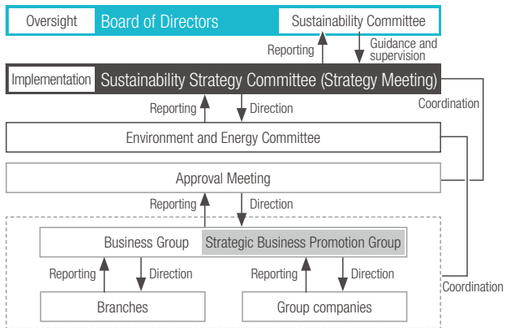
We promote our overall sustainability initiatives primarily through the Sustainability Strategy Committee, which is chaired by the President. Within this framework, themes related to environmental issues are discussed within the Environment and Energy Committee, which operates under the Sustainability Strategy Committee. The Board of Directors receives reports on efforts to address environmental issues from the Sustainability Strategy Committee and discusses them at Sustainability Committee meetings as necessary to oversee the progress of the efforts.

We evaluate risks and opportunities related to environmental issues based on strategic impact*1 and financial impact,*2 take into account their impact on stakeholders, and determine their priorities. From among these risks and opportunities, key risks are identified through discussions in the Environment and Energy Committee and reported to the Sustainability Strategy Committee. These key risks are then coordinated with the Risk Management, Financial, Corporate Planning, and Public Relations Divisions, and integrated into the Company's management strategy and other relevant plans.

Issues related to human rights are discussed within the Social Activities Committee, which operates under the Sustainability Strategy Committee. Human rights issues related to the environment and stakeholder engagement activities are jointly considered by the Environment and Energy Committee and the Social Activities Committee.

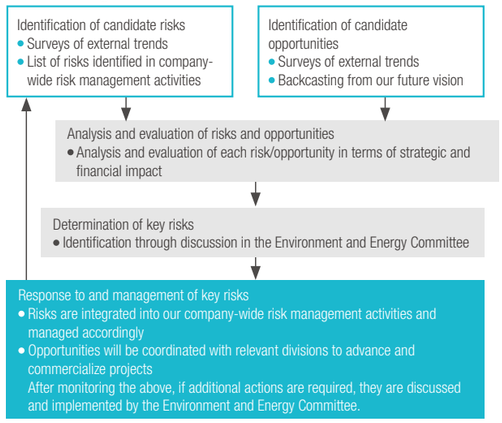
We actively promote financial disclosure in accordance with the TCFD and TNFD recommendations. Regarding climate change, since our first scenario analysis*3 in 2020, we have been conducting an analysis every year to ensure that the social changes required to achieve the 1.5°C target are integrated into our business operations.

Promotion framework for solving environmental issues



*1 Evaluated based on the impact and likelihood of occurrence (four-point scale) of risks and opportunities.
*2 Evaluated based on the threshold amount in income, expenses, assets and liabilities, and others items of risks and opportunities.
*3 The 4°C scenario (RCP8.5 scenario, etc.) and the well-below 2°C (1.5°C) scenario (NZE scenario, etc.) are used.

Process for managing risks and opportunities associated with climate change



Strategy

We identify and assess environmental issue-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. Strategies and financial plans for addressing these risks and creating opportunities are appropriately incorporated into our Medium-Term Management Plan 2027 and other business strategies.

In order to balance our business activities with the attainment of our greenhouse gas emission reduction targets, we are pursuing activities in accordance with our Action Plan to Achieve Carbon Neutrality.

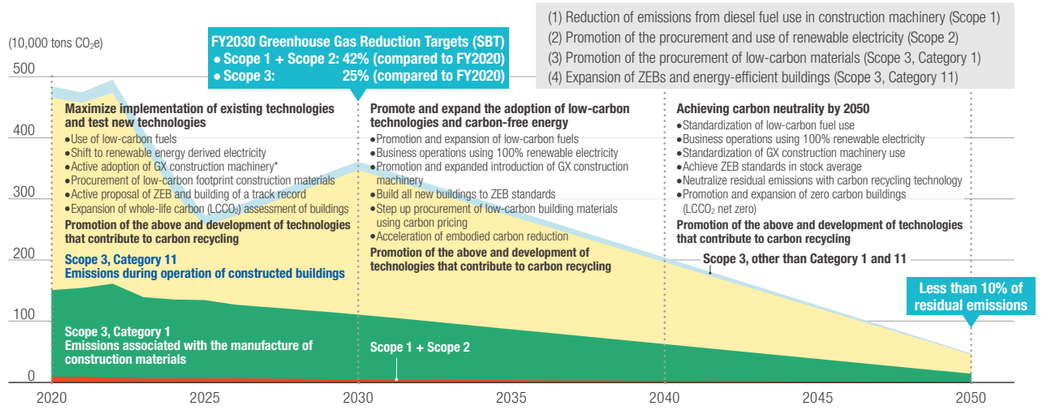
Action Plan to Achieve Carbon Neutrality

With the goal of achieving carbon neutrality in our business activities by fiscal 2050, we are working to reduce greenhouse gas emissions, guided by the roadmap and the four key activities outlined below.

In recent years, the assessment and reduction of building lifecycle carbon has been receiving increasing attention, and in Japan, the development of a building lifecycle carbon calculation system is underway, with launch targeted for FY2028. Historically, the majority of greenhouse gas emissions from buildings have been generated during the building's operational phase (operational carbon), which corresponds to Scope 3 Category 11.

The energy efficiency of buildings, including Net Zero Energy Buildings (ZEBs), has improved. This has recently caused attention to become focused increasingly on reducing other types of emissions (embodied carbon).

Through strengthening our technological capabilities and further collaboration with our supply chain, we are committed to reducing greenhouse gas emissions from a lifecycle perspective and aiming for carbon neutrality in our business activities. (See **p. 73** for our actual Scope 1, 2, and 3 results.)



*Electric construction and other machinery, certified under the GX Construction Machinery Certification System established by the Ministry of Land, Infrastructure, Transport and Tourism.

Material Risks and Response Measures

Material risks and countermeasures related to environmental issues, including carbon neutrality (CN), circular economy (CE), and nature-positive (NP) actions, are listed in the table below.

Risk / Opportunity category		Target	Examination	Countermeasures	Time axis
Risks (physical)	Chronic	CN	■ Decreased work productivity and increased health risks for workers due to rising temperatures	■ Promotion of construction labor conservation and automation ■ Introduction of health management devices for workers	Medium/ Long
	Acute	CN	■ Damage to owned real estate due to risk of floods, etc.	■ Real estate risk assessment ■ Flood control measures and acquisition of appropriate insurance	Short/ Medium/ Long
Risks (transitional)	New regulations	CN CE	■ Loss of sales opportunities due to insufficient ability to propose technologies for building lifecycle carbon reduction	■ Promotion of the procurement of low-carbon products ■ Low-carbon building material R&D and expansion of applications ■ Promotion of low-carbon construction through TO-MINICA	Short/ Medium/ Long
		CN	■ Increased costs and reduced construction investment due to higher carbon prices		Medium/ Long
	Technological	NP	■ Loss of sales opportunities due to insufficient ability to propose technologies that contribute to biodiversity conservation and mitigation	■ Accumulation of experience in technology development and construction ■ Accumulation of expertise through registration as Nature Symbiosis Site	Short/ Medium/ Long
	Reputational	NP	■ Impact of floating offshore wind power generation on ecosystems	■ Ongoing monitoring of Goto Offshore Wind Farm	Short/ Medium/ Long
Opportunities	Products / Services	CN CE NP	■ Growing demand for ZEBs and environmentally friendly buildings	■ Accumulation of experience in technology development and construction ■ Utilization of TODA ZEB-kun, a design support tool ■ CASBEE evaluation and utilization of the Global Environmental Conservation Checklist for all design and construction projects	Short/ Medium/ Long
	Market	CN	■ Increase in investment in renewable power generation plants, including offshore wind power	■ Accumulation of experience in construction and construction technology development ■ Building a track record in power generation through floating offshore wind power	Medium/ Long
		CN	■ Increase in infrastructure investment related to flood control	■ Accumulation of experience in technology development and construction in disaster prevention and mitigation	Medium/ Long
		CN CE NP	■ Growing demand for buildings made from wood and wood-based materials ■ Growing demand for green infrastructure technology	■ Accumulation of experience in technology development and construction ■ Promotion of sustainable timber procurement	Medium/ Long

Metrics and Targets

We have set greenhouse gas reduction targets for our Japanese business operations in our Medium-Term Management Plan 2027. We have also established greenhouse gas reduction targets for the Toda Group on a consolidated basis and obtained Science Based Targets (SBT) certification. Furthermore, in the Eco-First Commitment with the Minister of the Environment, we have set targets aligned with SBT. The actual performance against these targets is subject to third-party assurance every year.

The reduction target of 29.4% for Scope 1 + 2 (total volume) in the Medium-Term Management Plan 2027 was achieved ahead of schedule in FY2025, with a reduction of 38.0%. Since construction work accounts for approximately 70% of our Scope 1 + 2 emissions, we are working to promote energy conservation and expand the use of alternative fuels to diesel and renewable electricity during construction. In particular, we are making progress in reducing Scope 2 emissions through the use of renewable electricity, and we are progressively switching the Group's facilities, including construction sites, to renewable electricity.

The reduction target of 17.5% for Scope 3 (total volume) set for FY2027 was also achieved ahead of schedule in FY2025, with a reduction of 43.4%. In particular, the increase in ZEBs, especially in design and construction projects, has improved the energy efficiency of buildings, contributing to reductions in Scope 3 Category 11 emissions (emissions from the use of products sold). The target of calculation for Category 11 is buildings delivered in the reporting fiscal year. The total floor area of all buildings delivered in FY2025 was small compared to other years, helping reduce Category 11 emissions. Going forward, to further reduce Scope 3 emissions, we will continue our efforts to reduce Category 11 emissions by improving the energy efficiency of buildings, while also reducing Category 1 emissions (emissions from purchased products and services) by proactively using low-carbon building materials.

Carbon neutrality targets and results — Greenhouse gas reduction

	Target		Units	Reference year (FY2020)	Reporting year results (FY2025)		Target	
				Emissions	Reduction rate	Emissions	FY2027	FY2030
Medium-Term Management Plan 2027	Scopes 1 + 2*1	Total volume	t-CO_2	94,900	–38.0%	58,900	–29.4%	—
	Scopes 1 + 2*2 (for construction work only)	Basic unit	t-CO_2/100 million yen*3	16.8	—	8.7	9.1 or under	—
	Scope 3*1	Total volume	t-CO_2e	3.99 million	–43.4%	2.26 million	–17.5%	—
	Category 1*2	Basic unit	t-CO_2e/100 million yen*4	639.6	—	481.1	604.9 or under	—
	Category 11*2	Basic unit	t-CO_2e/m²*5	3.0	—	2.0	1.2 or under	—
SBT ECO First commitments	Scopes 1 + 2	Total volume	t-CO_2	104,100	–26.0%	77,000	—	–42%
	Scope 3	Total volume	t-CO_2e	4.73 million	–43.8%	2.66 million	—	–25%

Carbon neutrality targets and results — Ratio of renewable electricity usage

	Target	Units	Reporting year results (FY2025)	Target	
				FY2040	FY2050
RE100	Ratio of renewable energy electricity usage	%	56.8%	50%	100%

Circular economy and nature-positive targets and results

	Target	Indicators	Reporting year results (FY2025)	Target
ECO First commitments	Construction byproducts*2	Landfill disposal rate	1.6%	FY2030: 3% or below FY2050: 0%
	Technology proposals considering biodiversity*2	Number of proposals	34	20 or more each year

Note: The results figures for SBT, the Eco-First Commitment, and RE100 are calculated on a consolidated group basis, covering Toda Corporation and all consolidated subsidiaries (48 companies as of the end of FY2025).
Data for FY2020 and beyond have been retrospectively revised due to a change in the scope of consolidation resulting from M&A and other actions and a related change in the scope of calculation.
*1 The Company (on a non-consolidated basis) and domestic group companies
*2 The Company (on a non-consolidated basis)
*3 Emissions per 100 million yen of construction completed
*4 Emissions per transaction value of construction materials
*5 Emissions per square meter of completed gross floor area

Initiatives Toward Carbon Neutrality

Expanding the Use of Environmentally Friendly Fuels

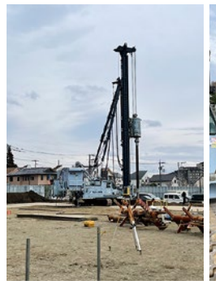
One of our challenges in achieving carbon neutrality is reducing greenhouse gas emissions associated with the operation of construction machinery. As a countermeasure, we are promoting the use of environmentally friendly fuels as alternatives to diesel, alongside the use of GX construction machinery,*1 including electric heavy equipment.

In recent years, next-generation fuels such as hydrotreated vegetable oil (HVO) fuel, which is classified as renewable diesel, have been gaining wider use as environmentally friendly fuel options. HVO fuel is produced from waste cooking oil and other raw materials, and because it can be used directly in existing diesel engines, it offers significant operational advantages. Furthermore, since HVO fuel is treated as a biomass-derived fuel under the Act on Promotion of Global Warming Countermeasures, the CO_2 emissions associated with its combustion are not included in the calculation of greenhouse gas emissions.

Recognizing these characteristics, we are actively promoting the use of HVO fuel. In FY2025, we utilized HVO fuel and products such as SUSTEO—which is procured from Itochu Enex Co., Ltd.—in pile-driving heavy equipment for building construction and in generators used for steel-frame construction. Furthermore, our group company Toda Road Inc. uses HVO fuel in power shovels during joint trench construction work associated with the underground installation of power lines in urban areas. Through these initiatives, we are working to reduce emissions across the Group.



RD fuel


Pile-driving heavy equipment using D40
(Photos courtesy of TENOX Corporation)




Generator using SUSTEO51*2
(Photo courtesy of Kamei Corporation)

*1 Construction machinery certified under the GX Construction Machinery Certification System as contributing to the reduction of greenhouse gas emissions associated with construction work
*2 A next-generation biodiesel fuel developed by Euglena Co., Ltd., containing 51% HVO blended with diesel fuel

Procuring Renewable Electricity at Overseas Construction Sites

Thai Toda Corporation Ltd. is using renewable electricity for all electricity consumed during the construction of a the new factory for S&B Foods (Thailand) Co., Ltd., which was established in Thailand by S&B Foods Co., Ltd.

The Toda Group joined the RE100 Initiative*1 in 2019 and aims to source 100% of the electricity used in its business activities from renewable energy by 2050 at the latest. To date, we have been working to expand the use of renewable electricity in Japan, but procuring renewable electricity for our overseas operations is also essential to achieving RE100. This is the first case within our Group of using renewable electricity at an overseas construction site. In this project, we are using the international renewable energy certificate I-REC*2 to make all electricity used during the construction period renewable.

*1 An international initiative that aims to enable companies to source 100% of the electricity used in their business operations from renewable energy
*2 I-REC stands for International Renewable Energy Certificate. It is issued in over 60 countries and regions worldwide that certifies the "environmental attributes" of electricity generated from renewable energy sources.


The International Tracking Standard Foundation
Redemption Statement
PROVINCIAL ELECTRICITY AUTHORITY
Scope 2 Reporting
PEA
I-REC renewable energy certificate


Rendering of the Completed Factory

Project summary

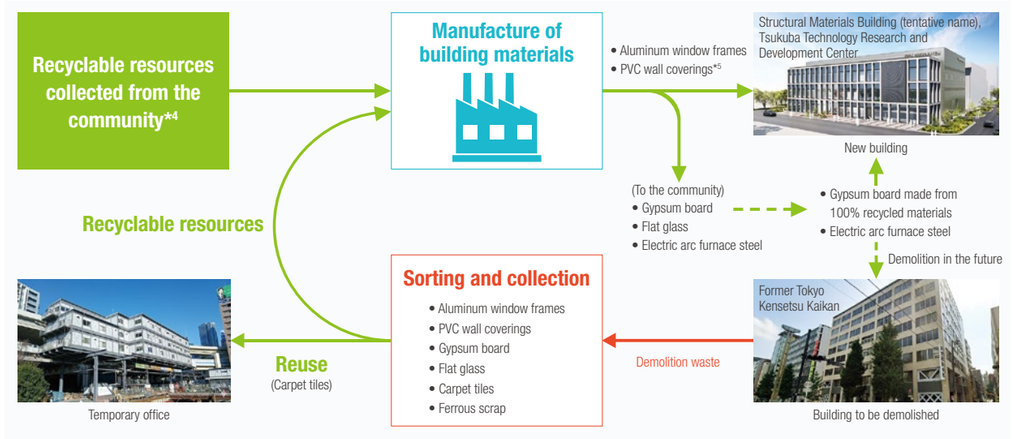
Client	S&B Foods (Thailand) Co., Ltd.
Site area	12,992 m²
Total floor area	5,536 m²
Size and structure	Three-floor building; Reinforced concrete structure, partially steel-framed
Completion	November 2026 (scheduled)

Initiatives for a Circular Economy

Implementation of Advanced Resource Recycling in the Demolition of the Former Tokyo Kensetsu Kaikan

The recycling rate for construction waste has improved significantly in recent years, rising from around 60% in the 1990s to over 95%. However, since this includes a significant amount of cascade recycling,*1 heat recovery, and other forms of recycling, the construction industry is required to further improve the quality of recycling to help create a circular economy.

In the demolition work for the former Tokyo Kensetsu Kaikan*2 building (prime contractor: ZECOS Co., Ltd.), we established a high-quality resource circulation route for construction waste, including demolition debris that is often simply sent to landfills. Furthermore, some of the building materials that have undergone horizontal recycling*3 will be used in the Structural Materials Building (tentative name) of the Tsukuba Technology Research and Development Center, which is currently under construction.



Initiatives for horizontal recycling of demolition waste

Building outline

	Building to be demolished	New building
Building name	Former Tokyo Kensetsu Kaikan (owned by the Company)	Structural Materials Building (tentative name), Tsukuba Technology Research and Development Center
Structure and number of stories	Reinforced concrete structure, eight stories above ground, two basement floors	Steel frame structure (partially reinforced concrete), three stories above ground
Total floor area	10,107.48 m²	Approximately 4,350 m²
Completion	May 1955	March 2027 (scheduled)
Demolition schedule	October 2025 to August 2026	—

*1 Recycling into different products or materials in stages, accompanied by a deterioration or change in properties
*2 A facility serving as a base for organizations such as the Japan Federation of Construction Contractors and the National General Contractors Association of Japan
*3 Recycling in which used products are used as raw materials to manufacture the same type of product
*4 Raw materials for flat glass include natural resources.
*5 As the granular floor impact sound reduction material Silent Drop

• Production of Silent Drop, a granular floor impact sound reduction material made from recycled PVC wall coverings

Silent Drop is a granular floor impact sound reduction material jointly developed by Toda Corporation and Fukuvi Chemical Industry Co., Ltd. It reduces heavy-weight floor impact sounds, such as footsteps and jumping noises from upper floors, simply by placing it on the ceiling. PVC wall coverings are used to manufacture 90% of the special granular material that controls floor impact noise. While conventional Silent Drop products were manufactured using surplus or discontinued materials from manufacturers, Silent Drop has now been manufactured for the first time using waste PVC wall coverings from demolished buildings. We believe this initiative will contribute to the recycling of PVC wall coverings, which are difficult to recycle.



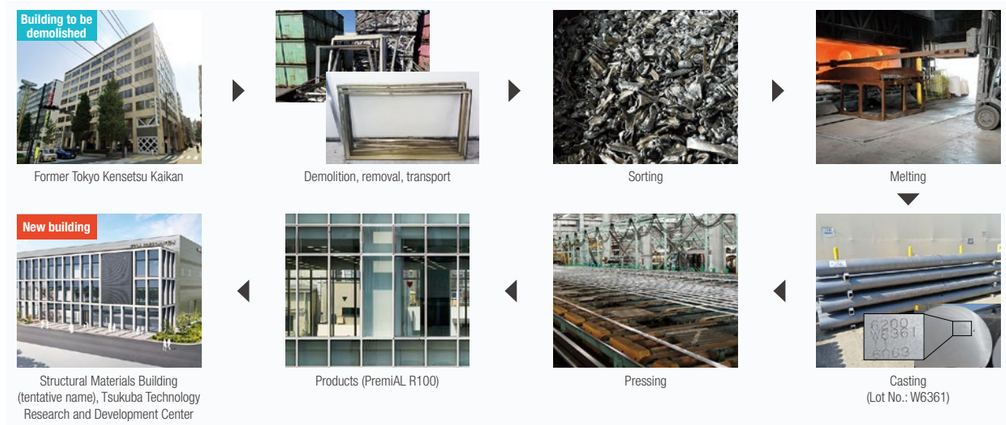
Collected waste PVC wall coverings | Special granular material | Silent Drop made from recycled waste PVC wall coverings

• Establishing a “Building-to-Building” horizontal recycling model for aluminum window frames

In collaboration with LIXIL Corporation, we have established a “Building-to-Building” horizontal recycling model. Waste aluminum window frames generated during the demolition of the former Tokyo Kensetsu Kaikan building are used as raw material to manufacture new aluminum window frames. These will be used in the curtain wall of the Structural Materials Building (tentative name).

In this initiative, we are ensuring end-to-end traceability for waste aluminum window frames generated in the demolition of the old building, from transportation and sorting through melting, casting, and window frame manufacturing. Furthermore, the other aluminum window frames in the Structural Materials Building (tentative name) will also use PremiAL R100, an aluminum profile developed by LIXIL Corporation and made from 100% recycled aluminum.

Since we are 100% reliant on imports for the primary material needed to manufacture aluminum products, expanding the use of building materials made from recycled aluminum is an urgent necessity. This initiative is expected to contribute to resource recycling in buildings while also meeting the needs of customers planning to rebuild buildings to which they have an emotional attachment.

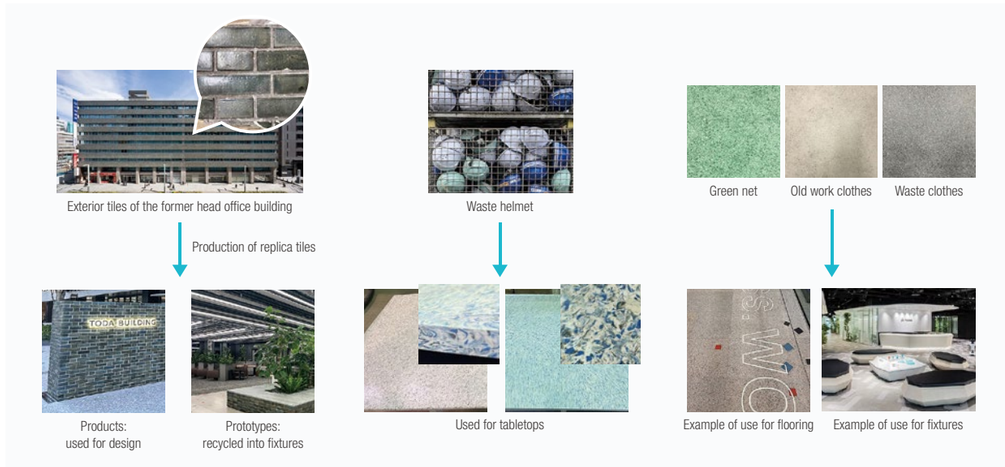


Horizontal Recycling of Waste Aluminum Window Frames with Traceability Ensured

Resource Recycling in the Construction of the TODA BUILDING

In the TODA BUILDING construction project, we have produced and used replica tiles that faithfully recreate the distinctive exterior tile design of the former head office building in order to preserve the historical value of the approximately 60-year-old structure. In addition, we used prototypes and surplus materials generated during the process as components for fixtures, thereby reducing waste.

Furthermore, we collected unwanted work clothes, helmets, and construction protective netting used at construction sites nationwide and recycled them into fixtures and flooring materials for use in the new building, thereby achieving resource recycling beyond the construction site.



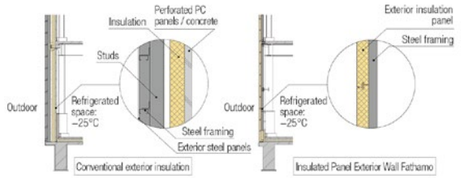
Materiality 03

Technological Innovation and Creation of Distinctive Value

The Toda Group is committed not only to ensuring the quality of the products and services it provides, but also to promoting digitalization and improving the efficiency and automation of construction processes. Alongside efforts to make buildings smarter, utilize AI and robotics technologies, and accumulate and utilize data, we are also working to co-create value through the exploration and integration of knowledge. Through these efforts to pursue innovation, we create Distinctive Value for society and our customers.

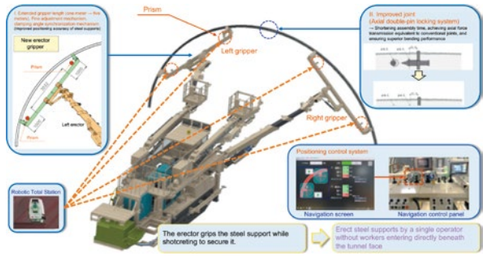
Insulated Panel Exterior Wall Fathamo

We have jointly developed Fathamo, an insulated panel exterior wall suitable for low-rise refrigerated warehouses, in collaboration with SEIWA Co., Ltd., and Saddle Co., Ltd. Integrating the exterior and insulation layers into a single insulated panel exterior wall is expected to shorten construction time by approximately 10% compared with conventional specifications, reduce labor requirements, and improve storage efficiency inside the warehouse due to its reduced overall thickness. Fathamo offers high thermal insulation performance and allows for installation with fewer penetrations, thereby reducing the risk of condensation and heat loss. It can also be manufactured using surface steel sheets made from electric furnace materials, which have lower CO_2 emissions. Going forward, we aim to expand the application of Fathamo to larger projects and will continue to improve the product.



Optiss (Optimal Support System)

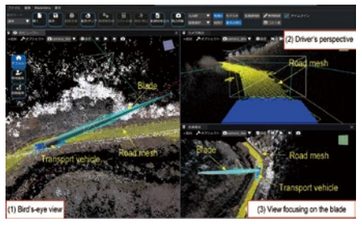
The remote erection of steel supports is a work process associated with a high incidence of tunnel-related accidents. Optiss is a system that makes this work possible without requiring workers to enter the area directly beneath the tunnel face. The system has been developed by modifying an integrated erector-sprayer used in tunnel construction. It enables unmanned operation at the tunnel face by allowing a single operator to remotely control the erection, joint connection, and positioning of steel supports. By applying this system, we are promoting improved safety and productivity in tunnel construction through reduced labor requirements.



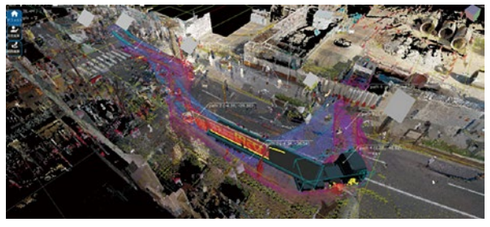
Route Master 4D Transport Simulation System

This is a transport planning support tool that recreates the three-dimensional space around construction sites based on point cloud data and BIM/CIM information, enabling three-dimensional verification of transport vehicle movements. In this system, AI automatically generates the optimal route and trajectory for transport vehicles, making it possible to check for potential contact risks with surrounding structures in advance. Furthermore, it features simulation functions that reflect road gradients and vehicle characteristics, as well as display functions that can be checked from multiple perspectives, enabling more accurate and reproducible planning compared to conventional plans that rely on drawings and experience.

The system is utilized in architectural construction and civil engineering sites for various applications, including feasibility studies for delivery on narrow roads, advance verification of long-distance transport routes for wind power generation equipment with a total height of around 60 meters, and creation of future transport planning scenarios using BIM/CIM.







Voice-Assisted Hospital Room

To improve the work efficiency of healthcare professionals and enhance patient comfort and safety, we have jointly developed a system with TradFit Co., Ltd., to create a voice-assisted hospital room. This technology utilizes Alexa Smart Properties* to enable voice control of equipment and video calling, and also features a unique system in which AI assesses patient requests against hospital rules and other relevant information and responds accordingly. We have completed a proof-of-concept in an actual medical setting, and going forward, we aim to expand the application of the system to other hospitals by adding features and improving AI accuracy.

* A service that provides Alexa for business use and can be used for public services provided by local governments and other public-sector organizations

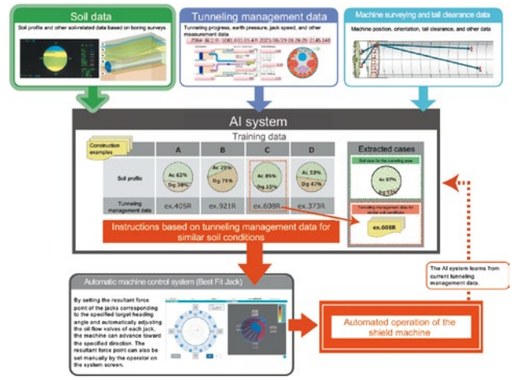


Illustration of a Hospital Room Equipped with This Technology

AI Transform Shield

AI Transform Shield is a system that derives optimal shield excavation management parameters from past excavation data corresponding to different soil types and controls the attitude of the shield machine based on automated surveying as it excavates.

By utilizing AI, the system can autonomously determine and issue optimal instructions based on data that includes not only current soil and survey data from the ongoing excavation, but also a wealth of past construction case studies. In addition, we collect shield construction site data during and after construction and centrally manage it to build a vast training dataset.



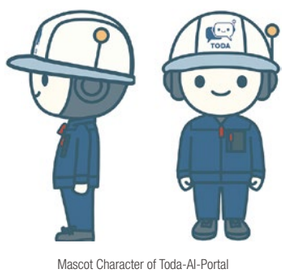
Toda-AI-Portal: Toda Corporation's Generative AI Platform, Which Supports Better Manufacturing

Toda-AI-Portal is a generative AI platform developed in-house to facilitate the use of technical expertise and construction experience accumulated through our construction business in day-to-day operations. Information assets are scattered throughout the company, such as construction technical documents, past disaster case studies, and technical proposals for public projects. By linking them with AI, we can quickly retrieve the information necessary for design reviews, on-site technical decision-making, and proposals to clients, along with supporting evidence.

By providing a single entry point for all employees to access AI, we ensure security and governance while also providing functions to support daily operations, such as document creation. Going forward, we will expand the range of data we integrate and strengthen collaboration with internal and external systems and AI agents to enable the use of AI in more advanced business processes. Toda-AI-Portal will support better manufacturing as a new operational foundation upon which humans and AI collaborate.



Illustration of Toda-AI-Portal Based on the Actual UI



Mascot Character of Toda-AI-Portal

Materiality 04

Creating a Society that Embraces Diversity and Inclusion

The Toda Group respects all human rights and diversity throughout the entire supply chain, in addition to promoting health and productivity management and ensuring occupational health and safety. We are committed to strengthening our ties with partner companies, working together to develop the next generation of talent, striving to improve the working environment, enhancing job satisfaction, and creating a more supportive workplace. Through these strong ties across the entire supply chain, we uphold our people-centered brand slogan and contribute to the sustainable development of society.

Initiatives for Becoming the No. 1 Company in Safety

Initiatives for Improving Safety and Health

• Improvement and deployment of management systems

In 2003, we established and implemented our proprietary occupational health and safety management system (TODA-OHSMS) based on the OHSMS guidelines issued by the Ministry of Health, Labour and Welfare and the COHSMS guidelines of the Japan Construction Occupational Safety and Health Association. Since its introduction, we have continuously improved the system to strengthen risk assessment and have promoted voluntary safety and health management activities in collaboration with our partner companies.

• Activities on July 1 (National safety day)

Every year on July 1, the first day of National Safety Week and National Safety Day, we conduct the President's safety patrol. On the day of the patrol, the President joins the morning safety assembly and personally addresses our frontline employees and skilled workers regarding the importance of preventing occupational accidents. In the afternoon, during the Company's anniversary ceremony, we recognize workplaces that have demonstrated exceptional safety and health initiatives and performance in the previous fiscal year, with the aim of further raising safety awareness among all employees.



• Implementation of hazard experience education

In September 2015, we established a Hazard Experience Facility equipped with dedicated tools, including VR devices, and staffed with specialized personnel to deliver hazard experience education in a safe, continuous manner. Since its opening, the facility has been extensively used for training our employees and partner company workers, community contribution activities with various organizations and at schools, and recruitment support activities.

In June 2026, we opened the Minoridai Hazard Experience Facility within the Minoridai Workshop in Matsudo City, Chiba Prefecture, establishing it as a new educational base. By leveraging the expertise developed at the facility and continuing outreach education to regional areas, we are providing more skilled workers with opportunities to engage in hazard experience education, thereby helping to improve safety awareness and hazard sensitivity.



• Operating hiyarepo

We have developed and currently operate Hiyarepo, an application designed to collect near-miss information at construction sites. It allows workers to input near-miss incidents—which were previously recorded on dedicated forms—directly through an app on their individual smartphones, and automatically aggregates the data. With Hiyarepo, we have enabled labor-saving and timely risk assessments, thereby enhancing both safety and productivity.

• Operating safety portal

Since 2018, we have been operating an integrated safety management system called Safety Portal. By inputting information about accidents that occur at worksites into a web interface and sorting it in a database, the system centralizes and manages various aspects, including the distribution of flash reports, creation of various reports, and tracking of injured workers' recovery status. Furthermore, by incorporating functions such as accident case searches, information on inspections by labor standards inspection offices, and labor management including working hours, the system is operated as an efficient and rational tool supporting everything from daily management by worksite employees to planning by company safety officers.

Efforts to Make the Construction Industry More Appealing and Aspirational

Initiatives to Secure Leaders in the Construction Industry

The construction industry plays an important role in building the infrastructure essential for safe, secure living and corporate activities. However, due to the aging of the construction workforce, the Japan Federation of Construction Contractors has announced that if no special measures are taken, there will be a shortage of approximately 1.29 million skilled workers by FY2035, raising concerns about a future labor shortage. To address this issue, Toda Corporation is actively working to enhance the appeal of the construction industry by improving productivity and the working environment, while also supporting the training and recruitment of young construction technicians and foreign technical interns, etc.

Initiatives for the Construction Career Up System

Beginning in FY2025, our construction sites are, in principle, accumulating CCUS* work history records exclusively through facial recognition cameras.

To support this operation, we have implemented initiatives such as establishing a CCUS inquiry desk, providing assistance for CCUS coordination tasks, following up on CCUS job classification registrations, and supporting worker facial photo registration.

As of the end of March 2026, the Company has achieved registration rates of 85% for CCUS operators and 88% for CCUS technicians. We will continue to work closely with our partner companies to reach a 100% CCUS registration rate.

Construction career up system registration rate

	As of March 2021	As of March 2022	As of March 2023	As of March 2024	As of March 2025	As of March 2026
Operator registration	58%	73%	77%	81%	85%	85%
Technician registration	58%	77%	81%	84%	86%	88%

* Construction Career Up System (CCUS): A framework promoted by the Ministry of Land, Infrastructure, Transport and Tourism to register and accumulate cross-industry data on technicians' qualifications, social insurance enrollment status, and work history at construction sites. Its aim is to create an environment where technicians are treated in accordance with their skills and experience, and to secure a stable workforce for the construction industry into the future.

Support for Recruitment Activities

In cooperation with the National Riyukai Federation, an organization composed of our partner companies, we actively support their efforts to recruit new graduates nationwide. Specific support activities include assistance with site tours, guest lectures and school visits for students, parents, and teachers, as well as support for the creation of the Riyukai official website and promotional leaflets. In addition, the Toda Mirai Foundation's Education Promotion Grant Program provides grants to high schools engaged in educational promotion activities related to construction.



Riyukai Official Website (in Japanese)

Outstanding Skilled Worker System

We certify foremen as Outstanding Skilled Workers if they are members of the Foremen's Association, registered as skilled workers in the Construction Career Up System (CCUS), and either hold the Registered Core Skilled Worker qualification or possess equivalent skills. We also provide them with an Outstanding Skilled Worker allowance.

Qualification	Criteria	Allowance
1. Outstanding Skilled Worker (TODA Meister)	• Foremen who hold the Registered Core Skilled Worker qualification • Completion of the Outstanding Skilled Worker training program organized by the branch	Allowance A: 3,000 yen/day
2. Associate Outstanding Skilled Worker B	• Outstanding foremen in occupations not covered by the Registered Core Skilled Worker system • Completion of the Outstanding Skilled Worker training program organized by the branch	Allowance B: 2,000 yen/day
3. Associate Outstanding Skilled Worker C	• Foremen in occupations for which the Registered Core Skilled Worker qualification can be obtained who have not yet obtained the qualification but are recognized as having made significant contributions to the Foremen's Association activities at the branch and at branch construction sites • Completion of the Outstanding Skilled Worker training program organized by the branch	Allowance C: 1,000 yen/day

Toda Mirai Foundation Initiatives

In October 2016, we established the Toda Mirai Foundation.

Through subsidy programs that support the recruitment and development of young technicians by partner companies and organizations, the Foundation undertakes various initiatives aimed at addressing the challenge of future labor shortages and contributing to the overall advancement of the construction industry.



Subsidy Program for Young Construction Technicians (Kanehori Juki Thanksgiving Festival)

Subsidy overview

Description	Activities	Number of times	Period	Number of grants
1. Subsidy Program for Recruitment, Training, and Qualification Acquisition of Young Construction Technicians	Provides grants to cover all or part of the costs associated with activities by organizations, companies, and other entities that are effective and pioneering in the recruitment, training, and qualification of young construction technicians.	Held 19 times	February 2017–March 2026	158 grants (72 organizations, 86 companies)
2. Step-up Subsidy Program for Recruitment, Training, and Qualification Acquisition of Young Construction Technicians	Provides grants to cover all or part of the costs associated with stepping up existing activities or launching new activities by organizations and companies that have previously received grants under Subsidy Program 1.	Held eight times	February 2020–March 2026	39 grants (15 organizations, 24 companies)
3. Subsidies for the Promotion of Construction-Related Education	Provides grants to cover all or part of the costs associated with creative initiatives by education-related organizations, high schools, technical high schools, and other similar institutions to promote construction-related education.	Held eight times	May 2019–May 2026	271 grants (28 organizations, 243 schools)
4. Projects to Promote Employment of Women Technicians (Currently suspended in light of the expansion of public childcare support. A review of the project's content is underway.)	Provides grants to cover part of the childcare costs incurred by female technicians in the construction industry who wish to continue working and need to place their children in childcare facilities.	Held four times	May 2017–May 2020	39 recipients (seven occupations)
5. Subsidy Program for the Intake of Technical Intern Trainees from Other Countries (Now incorporated into Program 6)	Provides grants for part of the management fees and other costs associated with hosting foreign technical interns in the construction industry.	Held three times	February 2018–February 2020	26 companies, 50 trainees
6. Japanese Speech Contest for Technical Intern Trainees from Other Countries in the Construction Industry (Preliminary: First Round Essay Screening)	This Japanese speech contest for foreign technical interns and specified skilled workers in the construction industry is held to improve their skills and morale while promoting awareness and understanding of the foreign technical intern training program and the specified skilled worker program.	Held six times	December 2020, November 2021, December 2022, December 2023, November 2024, November 2025	Total number of preliminary round participants: 449 Total number of finalists: 60



A training course for the Grade 1 and 2 Plastering Skills Test



Sixth Japanese Speech Contest

Human Rights Initiatives

Enhancing the Effectiveness and Ensuring the Ongoing Implementation of Human Rights Due Diligence

The Toda Group has established a human rights due diligence (hereinafter, "human rights DD") process in accordance with the UN Guiding Principles on Business and Human Rights, and is currently working to further enhance its effectiveness.

Based on the Toda Group Human Rights Policy formulated in July 2022, the Group operates a continuous cycle that encompasses the identification and assessment of human rights risks across its value chain, followed by the planning and implementation of corrective measures, monitoring, disclosure, and communicating with external stakeholders. By continuously reviewing this process, we aim to enhance the effectiveness of our efforts to respect human rights and achieve sustainable business operations.

Promoting Human Rights Education and Training and Developing an Organizational Culture

To effectively implement human rights DD, we conduct regular monitoring and continue efforts to link the results to ongoing improvement.

We have been conducting human rights training since FY2022. In FY2024, we provided training on the theme of "mechanisms of power harassment and related countermeasures" for all officers and employees across the Group as one of our efforts to mitigate human rights risks. The results of the post-training questionnaire identified "heavy workloads," "organizational culture," and other factors contributing harassment. Based on that, we established a new subcommittee to develop a culture of open dialogue and are working to create a workplace environment with a high level of psychological safety.

In FY2025, as one of our ongoing efforts to raise awareness, we invited a lawyer to serve as the instructor for a practical training session titled "How Companies Should Respond to Human Rights Violations."

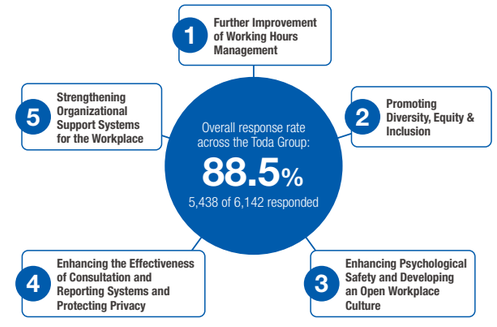
Establishing an Effective Grievance Mechanism

To prevent human rights violations and provide prompt remedies when problems arise, we have restructured our grievance mechanism. Specifically, we clarified the role of our internal consultation service and established a new, objective, independent external consultation channel as of April 1, 2026. Furthermore, we have launched an internal portal site where employees can view a list of contact details for all consultation channels and are taking thorough measures to ensure that all employees are aware of these channels. Going forward, we will maintain and strengthen a system that enables those seeking advice to speak up without fear of adverse treatment and leads to appropriate remedies and corrective action.

Conducting Monitoring (Human Rights Risk Assessment)

To continuously enhance the effectiveness of human rights DD, we conduct periodic monitoring (human rights risk assessments) across the Toda Group. This initiative aims to objectively identify and assess whether there are any adverse impacts (risks) on human rights associated with business activities, thereby facilitating the early detection of issues and the creation of a better workplace culture.

In this year's survey, we received responses from 88.5% of the entire Group (5,438 out of 6,142 individuals), enabling us to gain a broad understanding of actual conditions in the workplace and a wide range of opinions. Based on the feedback we have received, we will implement measures to identify, prevent, and mitigate human rights risks in five areas: working hours management, promotion of diversity, equity & inclusion, psychological safety, consultation system and privacy protection, and on-site support systems. We will also fulfill our responsibility to respect human rights by tracking progress through follow-up surveys.



High response rate across the Group Based on the feedback received, we will work to improve the workplace environment across the five areas above.

Note: The wording of each theme summarizes and incorporates the survey results, and indicates the plan of action for improvement.

Materiality 05

Enhancing the Foundation for Sustained Growth

The Toda Group works to enhance corporate governance to achieve sustainable growth and increase corporate value over the medium to long term. We are working to improve the effectiveness of the Board of Directors, ensure compliance, and strengthen risk management, thereby enhancing the soundness and transparency of management. Furthermore, by getting more in depth with our dialogues with stakeholders, including shareholders and investors, we strive to earn greater trust from customers, shareholders, and society.

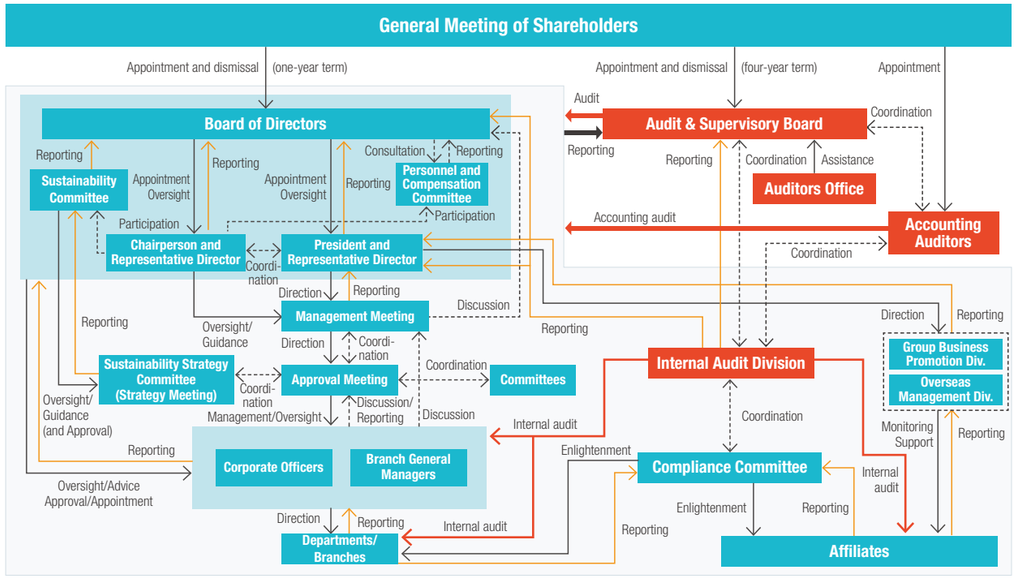
Corporate Governance

Basic Policy for Corporate Governance

Our company believes that the key elements of corporate governance are, in addition to ensuring transparency and fairness in management, making effective use of the management resources that we possess and expanding our management capacity through prompt and decisive decision making. This basic approach to corporate governance and the framework that supports it, including the responsibilities of the Board of Directors and other bodies as well as ensuring the rights and equality of shareholders, cooperation with stakeholders, and dialogue with shareholders and related parties, were established in August 2015 as Toda Corporation's "Basic Policy for Corporate Governance." Since then, it has been revised and updated as necessary by resolution of the Board of Directors.

The Basic Policy for Corporate Governance is published on our official site (in Japanese).
https://www.toda.co.jp/sustainability/governance/governance.html

Corporate Governance Structure (As of July 1, 2026)



Our company has adopted the "Company with a Board of Company Auditors" system, one of the institutional systems described in the Companies Act of Japan. The Board of Directors makes decisions on important management matters and oversees the execution of business operations by corporate officers, while Audit & Supervisory Board members and the Audit & Supervisory Board oversee the execution of duties by directors and other officers. In addition, we endeavor to improve the speed and efficiency of management decision-making by appropriately delegating decision-making authority to corporate officers appointed by the Board of Directors, to the extent allowed by the law. The number of directors was reduced after the 2022 General Meeting of Shareholders, and as of July 1, 2026, the board consists of seven directors, over half of whom are outside directors (three internal directors and four independent outside directors).

Activities of the Board of Directors

• Meetings, times, and attendance

In principle, the Board of Directors meets once per month and each fiscal quarter to make decisions on important management matters and oversee the execution of business operations. In FY2025, the board met 18 times. The number of agenda items and time taken for deliberation are shown below.

	Items for resolution	Items for reporting	Total
Number of agenda items	68 items	75 items	143 items
Time taken for deliberation	13 hours	20 hours	33 hours

All directors attended all 18 of the board's meetings. (Director Mizuhara attended all 14 meetings since he took the office.) In addition to deliberations at meetings of the Board of Directors, informal directors' roundtable meetings were also held, with 13 meetings taking place in FY2025. To build consensus on management strategy, discussions were held with the executive team on various medium- to long-term strategies and the progress of the Medium-Term Management Plan, as well as on other matters requiring Board oversight.

• Major matters of discussion at board of directors meetings

In FY2025, as the first year of the Medium-Term Management Plan 2027, the Board discussed and made decisions from a medium- to long-term perspective on important management matters, including medium- to long-term management plans; policies on sustainability; investments and asset transfers of a certain scale, principally in the investment development business; and the reorganization of subsidiaries; in addition to the standard matters to be decided under the Companies Act.

When screening investment proposals, the merits of a given investment are evaluated based on a risk-weighted hurdle rate and internal rate of return (IRR), so as to enable management that emphasizes the cost of capital and return on capital. In addition, before a resolution is made, a qualitative assessment is performed involving rigorous discussion of the significance of a given initiative within the overall business portfolio.

Specific matters included the approval of the Medium-Term Management Plan 2027 in May, diversified business initiatives such as the sale of properties to TODA Private REIT, Inc., in June and the hotel development plan in March, and the strengthening of R&D infrastructure, including the Tsukuba Technology Research and Development Center Facilities Development Plan (tentative name: Structural Materials Building). All of these matters were thoroughly discussed and approved by the Board. The Board also receives reports on the subsequent status of matters previously submitted and conducts follow-ups as appropriate. In July, the Measures to Achieve Management That is Conscious of Cost of Capital and Stock Price were also decided upon and published.

Personnel and Compensation Committee

We have established a Personnel and Compensation Committee consisting of five directors, including four outside directors. Its purpose is to assess the eligibility of candidates for important positions (directors, Audit & Supervisory Board members, and key executive management positions) and the appropriateness of compensation for directors and other officers, and to report the results to the Board of Directors. In addition, the Committee is responsible for hearing succession plans for key executive management positions from the president and chief corporate officer, and reporting to the Board of Directors, as necessary.

The Committee met 13 times in FY2025. It debated, deliberated, and otherwise dealt with a number of matters, including the candidates for newly appointed directors and Audit & Supervisory Board members submitted to the Annual General Meeting of Shareholders for approval; proposed revisions to the stock compensation system; the appropriateness of the amounts of basic and performance-linked compensation, etc., for directors; the eligibility of corporate officer and branch general manager candidates; and the next-generation management personnel development plan (presidential succession plan).

Succession Planning for the President

Building on discussions from the previous fiscal year, the Personnel and Compensation Committee further advanced succession planning for the president. The roadmap to selecting the company's next president has been established, as shown below. In addition to the first step of next-generation management development, which is already underway, Step 2, involving the evaluation of current management personnel—corporate officers and branch general managers—was carried out as part of the annual performance evaluation, including an assessment of their suitability as potential successors. In addition, this fiscal year, the Committee carefully deliberated on the President's performance evaluation and the appropriateness of his reappointment. Moving forward, the Personnel and Compensation Committee will continue to engage in discussions on a periodic basis concerning Step 3, the selection and development of the company's next president.

Step 1
Next-generation management development

Step 2
Practice and evaluation of management personnel
Ideal attributes of a president and evaluation criteria

Step 3
Selection and development of presidential successors
Development after selection

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.

The evaluation of the effectiveness of the Board of Directors for FY2025 (April 2025 to March 2026) was carried out according to the following procedure.

1. **Purpose:** Analyze and assess the effectiveness of the Board of Directors as a whole and reflect the results in initiatives for the next fiscal year
2. **Implementation period:** April to mid-May 2026
3. **Procedure:** a. Survey (for all seven board members and all four Audit & Supervisory Board members),
   b. Individual interviews with all outside directors, c. Third-party review (by a lawyer)
4. **Reporting of results:** The results of the effectiveness evaluation are reported and discussed at the May meeting of the Board of Directors.

• Survey details

We conducted a survey of all Directors and Audit & Supervisory Board members, combining ratings on a five-point scale with open-ended comments. The questionnaire consists of a total of 39 questions, with several questions for each of the eight fields listed below. To observe changes over time, questions that are common to multiple years are combined with new questions that reflect changes in the environment.

1. **Overall effectiveness of the Board of Directors**
2. **Composition of the Board of Directors**
3. **Operation of and support for the Board of Directors**
4. **Deliberations at Board of Directors meetings**
5. **Contributions of officers**
6. **Oversight of execution**
7. **Personnel and Compensation Committee**
8. **Response to issues from the previous fiscal year**

• Summary of the effectiveness evaluation results

Following the survey, we conducted interviews with each of the four outside directors to hear their candid views on the effectiveness of the Board of Directors and further explore their survey responses. Based on the survey and interview results, a summary of the results of our Board of Directors' effectiveness evaluation for FY2025 is as follows.

- In FY2025, our Board of Directors was evaluated as having a high level of overall effectiveness. In particular, the balance of the Board of Directors' composition, the facilitation of free and vigorous discussions, and the provision of materials were highly rated.
- Based on the results of the Board of Directors' effectiveness evaluation from the previous fiscal year, we identified three challenges in the operation of the Board for FY2025. The specific initiatives undertaken to address these challenges and the results of their evaluation are as follows.

1. **Ensure the continuation of post-hoc reporting and review of Board of Directors agenda items**
   We established a systematic post-implementation reporting and review process and provided reports 19 times during the year, covering areas such as the monitoring of investment proposals and reporting on business financial plans. Many respondents noted that a system for post-implementation reporting and review has been established and is being properly implemented, and expressed expectations that the initiative will become firmly established.
2. **Enhance supervision of the management of subsidiary companies**
   We have strengthened our subsidiary oversight system by linking four mechanisms: quarterly performance reports from all consolidated subsidiaries, group company reporting meetings, monitoring by the Investment Screening Committee of matters that have fallen short of plans, and direct submission of important matters to the Board. While this initiative was praised for significantly increasing the volume of information and opportunities to receive reports from subsidiaries, several respondents pointed to the need for regular reporting on subsidiaries facing challenges and more detailed follow-up going forward.
3. **Supervise progress on the Medium-Term Management Plan and participate in more in-depth discussions of priority agenda items**
   We actively discussed eight priority agenda items established based on the plan, including management strategies (company-wide and business strategies, functional strategies, etc.), through meetings of the Board of Directors and roundtable meetings. While this initiative was highly rated for the active discussions held based on the plan, several respondents called for more in-depth discussions on the business portfolio underlying individual investment projects, including corporate acquisitions.

• Third-party review

We presented the results of our surveys and interviews to an outside lawyer with expertise in corporate governance and requested that the lawyer conduct a review on the adequacy of our effectiveness evaluation method and the issues derived from the evaluation results. A summary of the results of the third-party review is as follows.

(1) Overall assessment and key features of the effectiveness evaluation method

The review concluded that an appropriate and effective method combining a questionnaire survey and interviews had been adopted. The following points were also identified as key features of our evaluation method:

1. **Conducting interviews with outside directors to gain better insights into their questionnaire responses**
2. **Covering a comprehensive range of topics in the questionnaire**
3. **Conducting an interim review of the effectiveness of the Board of Directors**
4. **Implementing the evaluation according to an effective schedule aligned with the directors' terms of office**

(2) Areas for improvement to enhance the effectiveness of the board of directors

For measures to address issues derived from evaluation results, we received the following suggestions:

1. **Enhance reporting and deliberations from the perspective of the Group-wide business portfolio, thereby strengthening subsidiary oversight and follow-up on investment projects**
2. **Further discussions on medium- to long-term growth strategies, business portfolio transformation, capital allocation, performance improvement in underperforming segments, human resources strategies, and other matters**
3. **Review matters submitted to the Board for deliberation and matters reported to the Board in order to secure sufficient time for such discussions**

• Future tasks

Based on the above, we believe that the following tasks need to be addressed in FY2026:

1. **Enhance discussions on the business portfolio**
2. **Enhance supervision of the management of subsidiary companies**
3. **Ensure the continuation of post-hoc reporting and review of Board of Directors agenda items**
4. **Secure sufficient time for deliberations (e.g., by reviewing matters submitted to the Board)**

• Including tasks in the board of directors operation policy

Based on the results of the effectiveness evaluation above, the Chairperson of the Board established the FY2026 Board of Directors Operation Policy. This was explained and communicated at the Board of Directors meeting held immediately after the Annual General Meeting of Shareholders.

Board of Directors Support System

To support the operation of the Board of Directors, a dedicated department entitled the Board of Directors Office handles secretarial duties for the Board of Directors and proactively promotes measures that help improve the effectiveness of the Board. In addition to preparing for and running each meeting of the Board of Directors, the office is responsible for planning and running the aforementioned roundtable discussions, and also undertakes secretarial duties for the Personnel and Compensation Committee. In addition, as part of its support for outside directors, the office provides an opportunity to receive a briefing on the materials for each Board of Directors meeting in advance, as well as opportunities to visit sites across the Company's various businesses and attend technical research presentations, branch management review meetings, and group company reporting sessions. In FY2025, we conducted site visits to the Tsukuba Technology Research and Development Center, the Narita Plant, where the use of PCa is being expanded, a data center construction site, the TODA Noubou Joso, and Agriscience Valley Joso in Joso City.

Compensation for Directors and Corporate Officers

Compensation for directors and corporate officers is set at a level that enables us to secure and retain management talent. On this basis, we have also introduced performance-linked compensation with the aim of improving medium- and long-term business performance, increasing corporate value, and promoting a shareholder-oriented management mindset.

In FY2025, the Personnel and Compensation Committee deliberated on eight occasions regarding issues such as the compensation system for corporate officers. The Committee deliberated on revising the rules for the granting of shares in connection with the renewal of the performance-linked share-based compensation plans (BIP and ESOP trusts), as well as partially revising achievement evaluation coefficients and other metrics for performance-linked share-based compensation to provide appropriate incentives, taking into account the responsibilities and expected roles of officers. Based on this, the Board of Directors resolved to revise the terms of the performance-linked share-based compensation plans for corporate officers.

Our basic approach to compensation for directors and corporate officers is presented below.

Basic approach to compensation for directors and corporate officers

- Under the Toda Group's Global Statement, "a corporate group that realizes 'joys,'" the compensation system shall be designed to align with the interests of various stakeholders and contribute to sustainable growth over the medium to long term.
- In order to maximize the value of the company as a whole, the compensation system shall be designed to motivate driving appropriate growth in each business with a view to overall optimization.
- Compensation shall be designed to ensure rationality and a transparent decision-making process.

• Compensation levels and structure

Levels of compensation shall be set appropriately in comparison with listed companies of a similar size in Japan. Reference to compensation data and other objective information will be provided by an external specialist organization.

Compensation for directors and corporate officers shall consist of basic compensation, performance-linked compensation (annual bonuses), and share-based compensation. The proportions of each type of compensation shall be commensurate with position, within the range of approximately 1 : 0.40–0.50 : 0.40–0.50 for basic : performance-linked : share-based compensation. Two thirds of the share-based compensation shall be performance-linked and one third on non-performance-linked.

Composition of compensation structure: example of president and representative director's compensation

Basic compensation (1.0) 50%	Annual bonuses (0.50) 25%	Share-based compensation (0.50) 25%	
		Performance-linked (0.33) 17%	Non-performance-linked (0.17) 8%

Compensation for directors who do not concurrently serve as corporate officers shall consist of basic compensation and share-based compensation (non-performance-linked portion only). The proportions of each type of compensation shall be approximately 1 : 0.55 for basic : share-based compensation and 1 : 0.1 for basic : share-based compensation for outside directors.

Reference: composition of compensation for corporate officers, outside directors, and audit & supervisory board members

	Basic compensation	Annual compensation	Share-based compensation	
			Performance-linked	Non-performance-linked
Corporate officers (including those concurrently serving as directors)	○	○	○	○
Non-executive internal directors, outside directors	○	—	—	○
Audit & Supervisory Board members	○	—	—	—

• Basic compensation and annual bonuses

basic compensation is set based on position and paid monthly. Annual bonuses are provided as performance-linked compensation to raise awareness of the need to improve performance each fiscal year. The performance evaluation period is one year, and payment is made at a certain time each year. The President and Representative Director shall receive only a company-wide performance evaluation, while all others shall receive a company-wide performance evaluation (weighted at 70%) and an individual performance evaluation (weighted at 30%).

The indicators for company-wide performance will be consolidated net sales (weighted at 20%), consolidated operating income (weighted at 50%), and consolidated net profit (weighted at 30%). The amount paid will vary between 0 and 200% of the standard amount for each position, depending on the degree to which targets are achieved in the company-wide performance evaluation and individual performance evaluation (except for the President).

Company-Wide Performance Evaluation for Annual Bonuses

Variable between 0 and 200%

Company-wide performance evaluation

Consolidated net sales (20%) + Consolidated operating income (50%) + Consolidated net profit (30%)

• Share-based compensation

Share-based compensation comprises a performance-linked portion aimed at raising awareness of improving medium-term business performance and a non-performance-linked portion aimed at raising awareness of improving long-term corporate value.

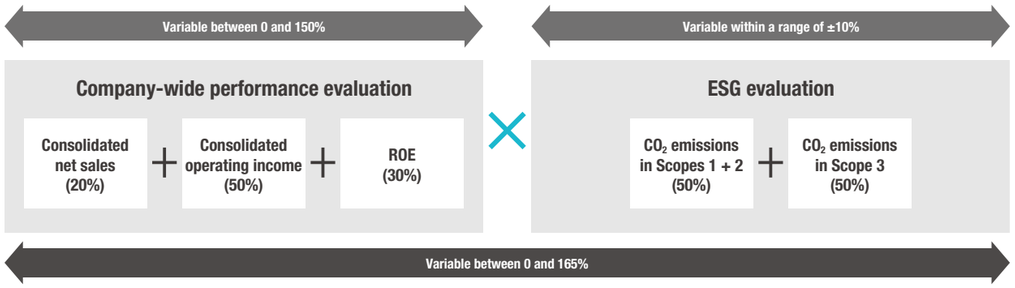
The performance-linked portion is based on the achievement of performance targets for three years after points are awarded, at a certain time each year (with one point equivalent to one share). Shares are delivered three years later. Performance evaluation shall consist of company-wide performance evaluation and ESG evaluation.

The indicators for company-wide performance will be consolidated operating income (weighted at 50%), ROE (weighted at 30%), and consolidated net sales (weighted at 20%), which are emphasized in the Medium-Term Management Plan. The number of shares to be granted will vary within a range of 0 to 150% (assuming a rate of 100% when targets are achieved), depending on the achievement of the targets set at the time points are granted (at the beginning of each performance evaluation period).

The ESG evaluation will be based on CO_2 emissions in Scopes 1 + 2 (weighted 50%) and CO_2 emissions in Scope 3 (weighted 50%), which are emphasized in the practice of ESG management to enhance corporate value. The number of shares to be granted, calculated based on the company-wide performance described above, will vary within a range of ±10%, depending on the achievement of the targets set at the time points are granted (at the beginning of each performance evaluation period).

The non-performance-linked portion is based on points awarded at a certain time each year, and shares equivalent to the accumulated points awarded are delivered upon retirement from any position as director or corporate officer.

Company-wide performance evaluation and ESG evaluation for share-based compensation (performance-linked)



Enhancement of Auditing Systems

The Audit & Supervisory Board Members (four members, including three outside members) audit the execution of duties by Directors by attending the Board of Directors meetings and other key meetings deemed necessary. In addition to reviewing proposals for the Board of Directors in advance and deliberating on audit policies and other important matters at Audit & Supervisory Board meetings (held, in principle, after the Board of Directors meetings), they discuss important matters addressed by the Board of Directors and other audit-related issues. Furthermore, they conduct interviews with the Group General Managers and Senior General Mangers of Administration Divisions of headquarters, and conduct on-site audits at branch offices, worksites, and key domestic and overseas subsidiaries. They also hold regular meetings with the internal audit sector, the sector responsible for internal control, the Accounting Auditors, and the Audit & Supervisory Board members of group companies. Through these efforts and the implementation of tripartite audits, the overall status of internal controls across the entire Group are verified through collaboration. Based on the status of these audits and other factors, they hold regular discussions with the Representative Director to ensure the effectiveness of the audits conducted by the Auditors. (For the attendance records of each Audit & Supervisory Board member at the Audit & Supervisory Board meetings in FY2025, refer to "Board of Directors, Audit & Supervisory Board Members, and Officers" on 📖 **p. 91**.)

Enhancement of Internal Controls

Toda Corporation's Board of Directors has resolved on basic policies on creating internal control systems to ensure the appropriateness of operations in accordance with the Companies Act, and we are working to ensure its establishment and proper operation to strengthen our management foundation. The status of internal control systems is overseen by the Internal Control Division and reported to the Board of Directors.

For Group companies, the management regulations both domestically and internationally specify matters that require prior approval from, or reporting to, the Company. Matters of significant importance to management are submitted to or reported at meetings of the Company's Board of Directors and other bodies. Additionally, the Strategic Business Promotion Group, which oversees the management of Group companies, provides thorough support and guidance through daily monitoring and regularly holds meetings to facilitate information sharing among Group companies.

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, as well as Group companies. Audit results are reported to the President, the Board of Directors, and the Audit & Supervisory Board, and the Board of Directors evaluates and monitors the division's effectiveness. The Internal Audit Division aims for mutual coordination between accounting and internal auditors, including the regular exchange of opinions.

Thoroughly Enforce Compliance

• Definition of compliance

At the Toda Group, we define compliance as "not only complying with laws and regulations, but also acting based on our Corporate Philosophy and social ethics; it also refers to the establishment of rules, regulations, and systems to ensure that such actions are carried out."

• Compliance system

The Group's compliance initiatives are managed within the corporate governance and compliance structures. In 2015, we established the Head Office Compliance Committee, formerly the Corporate Ethics Committee, at Head Office, and the Branch Compliance Committees at all branch offices to institute compliance-conscious business execution and oversight systems, as well as promote awareness and education. Close cooperation between Head Office and our branches has been maintained up to the present day.

Through the leadership of the Head Office Compliance Committee, chaired by the president, we have developed the Toda Group Corporate Code of Conduct and other related regulations, and established and continue to operate a reporting and consultation service (corporate ethics hotline).

• Toda group corporate code of conduct

We have established the Toda Group Corporate Code of Conduct as a guideline that each employee of Toda Group companies should be mindful of and reflect in their daily conduct, to promote compliance-based management and put our Corporate Philosophy into practice. A booklet titled Compliance at the Toda Group, which includes the Code of Conduct, is distributed to all Group employees and used in departmental training and other activities. In addition, a compliance card summarizing the Group's Corporate Philosophy in a portable format is distributed to all employees to promote their understanding of the Corporate Philosophy and how to reflect it in daily work.

• Confirming compliance when receiving orders

The Group considers compliance violations in the process of receiving orders to be a significant risk event. In order to ascertain and visualize compliance issues, we have established a Compliance Confirmation Form, which requires the person in charge of each individual sales project to check for misconduct and corruption, and submit the form to the secretariats of the Branch Compliance Committees, thereby ensuring that sales activities are conducted in compliance with laws and internal regulations.

Compliance Education and Awareness Surveys for All Officers and Employees

The department in charge of compliance at the Head Office conducts various training programs to raise awareness of compliance and to improve knowledge of laws and regulations related to our business operations.

In FY2025, we conducted face-to-face training for all branches and Group companies and various training programs as requested by individual divisions. We addressed recent issues concerning amended laws and regulations, including the Construction Business Act and the Act on the Optimization of Specified Contracting Transactions, as well as various labor laws and regulations. In addition, we informed new employees about the Company's compliance framework during face-to-face training provided upon joining the Company.

We also use an e-learning system to provide compliance training concerning the Public Offices Election Act for all officers and employees twice a year.

In addition, in order to objectively confirm the effectiveness of compliance measures and activities and make further improvements, we have conducted a compliance awareness survey of all officers and employees and ascertained their degree of understanding. In the survey for FY2025, more than 80% of respondents indicated that they are constantly mindful of compliance.

The Toda Group's Corporate Ethics Hotline

The Corporate Ethics Hotline has been established as a contact point for reporting or consulting when acts are discovered that violate or may potentially violate the Toda Group Corporate Code of Conduct. Using this hotline, employees can help prevent problems before they occur and facilitate early resolution. The Corporate Ethics Hotline addresses a wide range of compliance issues, including legal violations such as breaches of antitrust or bribery regulations, violations of internal or external rules, and labor issues. It is available not only to employees of Group companies, but also to those at partner companies of Toda Corporation. The usage of the hotline over the past five years is as shown below.

Corporate ethics hotline usage

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of cases	24	15	21	46	50

Risk Management

The Toda Group seeks to avoid and mitigate risks and minimize losses resulting from unforeseen circumstances by proactively identifying and assessing risk factors that could hinder business continuity and the achievement of its goals and implementing appropriate measures to address them.

System of Risk Management

We have established organizational systems for Group-wide risk and crisis management, with the President bearing ultimate responsibility. Each department throughout the company identifies, in the course of its own operations, risks that may have a significant impact on management objectives and business activities, develops and implements risk reduction measures, and takes necessary cross-departmental measures to minimize potential damage and loss should risks materialize.

Priority management risks are selected for each administration division, based on both risks identified from a company-wide perspective and risks identified through risk management activities conducted by each business department. These priority management risks are shared throughout the organization and measures are implemented to address them. Based on inspections conducted after the implementation of these measures, the results are reviewed and summarized, and necessary revisions are made, thereby maintaining a continuous PDCA cycle.

Identification of Company-wide Risks

Each year, risks that could significantly impact the Group's management are identified by evaluating them from a Group-wide perspective across each Business Group, followed by review and approval by senior management.

Risk Assessment

The importance of the identified risks is assessed based on the "risk assessment," which is calculated by multiplying the frequency of occurrence by the potential impact, and the results are mapped onto the risk map below.

Risk map

■ Risk events are already occurring, and their potential impact is recognized as increasing.
㉑ (Climate change-related risks), ㉒ (Natural capital-related risks)

Frequency of occurrence	1	2	3	4	5
5					
4			⑫ Cyberattacks, information leaks, risks associated with AI use ⑬ Fluctuations in exchange rates	② Soaring procurement prices for construction materials, labor shortages, and rising unit costs of labor ⑩ Increasing and emerging geopolitical risks ⑭ Occurrence of large-scale natural disasters, epidemics, and terrorist attacks ⑮ Negative impact on human rights ⑯ Loss of human resources and labor shortages	
3		⑥ Credit concerns regarding suppliers and subcontractors ⑱ Financing and rising interest rates	④ Occurrences of material non-conformities in contracts ⑤ Occurrences of major disasters and accidents	① Decline in construction investment and changes in the market ③ Labor shortages in the construction industry ⑧ Sluggish real estate market conditions and insufficient information on risks associated with investment targets ⑪ Significant decline in capital efficiency	
2			⑦ Credit concerns regarding clients and unfair construction contracts ⑲ Changes in customer and societal needs ⑳ Risk of infringement of third-party intellectual property rights	⑨ Market changes resulting from policies and other factors ⑰ Violations of laws and regulations	
1					

Frequency of occurrence			Potential impact	
5	Very high	Certain to occur at some point	Long term	Five years or more
4	High	Likely to occur	Medium term	More than one year, three to five years
3	Medium	About a 50% chance of occurrence	Short term	Within one year
2	Low	Unlikely to occur	Temporary	Short period
1	Very low	Highly unlikely to occur	Minor	Negligible
■	Risk events are already occurring, and their potential impact is increasing.			

Risk assessment (Frequency of occurrence × Potential impact)	
Major	13–25
Moderate	7–12
Minor	1–6

In FY2026, items with the highest risk assessments include soaring procurement prices for construction materials, increasing and emerging geopolitical risks, large-scale natural disasters, negative impacts on human rights, and labor shortages. We have also identified climate change-related risks and natural capital-related risks as risks for which events are already occurring and of which the potential impact is gradually increasing. We are considering response measures in advance and implementing appropriate risk management for these risks (see table below).

In particular, we share information across the Group on soaring construction material prices and delivery delays resulting from increasing instability in the global situation, and are implementing measures to minimize their impact on costs and construction schedules.

Specific risk	Frequency of occurrence	Potential impact	Risk assessment	Countermeasures, etc.
Soaring procurement prices for construction materials Labor shortages and rising unit cost of labor	4	4	16	• Constantly monitor the market prices for key materials and labor conditions • Obtain rapid feedback on price information through close collaboration between the estimation and procurement departments • Incorporate the inflation escalation clauses in construction contracts and implement associated claims
Rise and manifestation of geopolitical risks	4	4	16	• Collect information on political and economic conditions from multiple sources and consider countermeasures as necessary • Share information on potential geopolitical risk-related supply chain disruptions throughout the company and closely monitor domestic and international social and economic conditions
Occurrence of large-scale natural disasters Epidemics Terrorist attacks	4	4	16	• Implement disaster drills and other training based on the BCP, including initial response • Establish basic manuals on disaster countermeasures and epidemics
Negative impact on human rights	4	4	16	• Implement human rights due diligence based on the Group's Human Rights Policy • Establish and improve the relief mechanism
Loss of human resources and labor shortages	4	4	16	• Create rewarding workplaces and improve employee engagement • Achieve new graduate recruitment targets and utilize referrals and other methods to hire talented professionals • Promote appropriate workforce allocation while improving operational efficiency and developing human resources
Climate change-related risks	■	■	■	• Obtain localized weather information at construction sites • Implement heatstroke prevention measures at construction sites and promote labor-saving construction methods in response to the increase in extremely hot days • Gather information on carbon pricing and assess its impact on business • Calculate and disclose greenhouse gas emissions and promote initiatives to reduce them • Implement internal rules that establish procedures for identifying, assessing, and managing risks
Natural capital-related risks	■	■	■	• Assess and analyze natural capital-related risks • Avoid procuring illegally logged forest resources • Monitor water intake and discharge volumes and implement measures to address flood risks • Consideration for ecosystems in construction activities • Active engagement in the circular economy (extending the service life of buildings, improving resource-use efficiency, etc.)

BCP Initiatives

• Basic approach

As noted above among the items with high risk assessments, disasters that could have a profound impact on society—including large-scale natural disasters such as earthquakes, floods, and volcanic eruptions, as well as global outbreaks of infectious diseases—could occur at any time. In order to minimize the impact on our business, continue our operations, and support the restoration of social infrastructure, we have instituted a business continuity plan. Through annual drills, we test and improve the effectiveness of our disaster response capabilities and train each employee to be able to respond independently.

- Conduct response with human life as the top priority
- Ensure safety and prevent secondary disasters at sites where work is in progress, and assist in the restoration of customers' facilities
- Support the restoration of social infrastructure
- Support local residents and contribute to community mutual aid

• Risk identification and damage estimates

We anticipate risks that could have a major impact on social activity and potentially shut down our head office functions, such as major earthquakes (particularly those directly under the Tokyo metropolitan area), other natural disasters (major windstorms, floods, volcanic eruptions, etc.), fires and other facility accidents, terrorism and other man-made disasters, and global outbreaks of infectious diseases.

• Specific action items

Ongoing company-wide comprehensive disaster drill



The drill for FY2025 was the 21st conducted by the Company. It simulated a scenario deemed likely based on past disasters: a severe incident involving a maximum intensity earthquake occurring in multiple locations at 11:00 p.m. on a weekday, followed by a tsunami. The Disaster Control Headquarters training for executives examined potential damage in the event of a Tokyo inland earthquake or a warning of an eruption of Mt. Fuji, while also testing and strengthening the decision-making process of the Control Headquarters. We will continue to conduct periodic drills to maintain and improve our business continuity capabilities.

Roundtable Discussion: The Chairperson of the Board and Outside Director

Board of Directors in Pursuit of —Towards Achieving Supporting Relentless Challenges Dreams for the Future—

Chairperson Imai, Chairperson of the Board, and Outside Director Itami exchanged views on the role of the Board of Directors in supporting the Group's relentless pursuit of new challenges and the evolution of governance. They discussed the future direction of the TODA Group, focusing on initiatives to enhance corporate value by the Board of Directors and the Personnel and Compensation Committee, management that is conscious of cost of capital, "ESG+B," and the Group's growth story.



Profile

Itami Toshihiko

After serving in key positions such as Chief Prosecutor of the Tokyo District Public Prosecutors Office, Deputy Prosecutor-General of the Supreme Public Prosecutors Office, and Superintending Prosecutor of the Osaka High Public Prosecutors Office, Mr. Itami has worked as a lawyer specializing in corporate governance, corporate crisis management, and compliance. He possesses extensive experience and advanced expertise in these fields. He was appointed as an outside director of the Company in June 2018, where he has applied this experience and knowledge to decision-making and oversight of business execution from an objective perspective as an independent director. Since June 2024, he has served as Chair of the Personnel and Compensation Committee, playing a central role in the committee's operations.

Imai Masanori

Joined Toda Corporation in 1978. He held various positions, including Construction Manager and Sales Office Manager, at both the Tokyo and Osaka branches before assuming the role of President and Representative Director in 2013. For many years, he has led efforts to enhance the Group's corporate value. He has served as Chairperson and Representative Director since 2021 (to present). Leveraging experience and insight as a business leader, he is committed to overseeing management with due regard for all stakeholders and strengthening the decision-making capabilities of the Board of Directors. Serving also in roles such as Co-Representative of the Japan Climate Leaders' Partnership, he actively works toward the development of the industry and the resolution of social issues, including environmental challenges.

The Relentless Pursuit of Challenges to Create "Distinctive Value"

Imai: When considering the future of Toda Corporation, I believe that continuing our relentless pursuit of challenges is essential for sustainable growth. For a company that has grown primarily through construction and civil engineering contracting, we must, of course, take construction schedules and costs seriously. However, as the industry becomes increasingly commoditized, we must differentiate and enhance the value we provide. Fortunately, we have numerous intangible assets, including wonderful customers, talented people, technical capabilities, a track record of construction projects, and the wealth of history, art, and culture that we have cultivated over the years. We believe the key to our growth lies in how we can relentlessly pursue challenges to create "Distinctive Value"—new value that sets us apart from other companies, including through new businesses—by enabling each employee to maximize their potential and leveraging these assets.

Itami: I think you are absolutely right. In its Future Vision CX150, the Company set forth the goal of "realizing a society of collaborative creation." To achieve this goal, it is essential that we deliver value that exceeds customer expectations based on our unique perspective and cutting-edge technology. If we rely solely on logic and right answers, we will inevitably end up reaching conclusions similar to those of other companies. That is why the Company's urban development efforts in Kyobashi, including the TODA BUILDING project and its incorporation of art and culture, are so significant. I believe that art and culture have the power to awaken sensibilities and create Distinctive Value.

Imai: The initiative in Kyobashi is a true example of collaborative creation with the local community. It serves as a catalyst for urban revitalization, human interaction, and employee growth. I hope that engaging with art will give us new perspectives that inspire us to take on our next challenges.

"Uncompromising Safety" That Makes Challenges Possible

Imai: Also, I believe that "uncompromising safety" underpins our relentless pursuit of challenges, and that it is the responsibility of management to establish and maintain its foundation.

Itami: That is certainly an important role for the Board of Directors. A car with a powerful engine needs high-performance brakes to drive at high speeds. However, the Board of Directors is not merely there to apply the brakes. When things become dangerous, it acts as the last line of defense and puts on the brakes. Normally, we support management, telling them, "We're here for you, so please move forward with confidence." That is the kind of Board of Directors we want to be.

Imai: That's right. "Uncompromising safety" does not mean stifling challenges. For management to continue taking on challenges with confidence, it needs a solid foundation. To put it more formally, the Board of Directors recognizes its role in creating an environment that supports appropriate risk-taking by senior management. Specifically, this means more than ensuring internal controls and compliance as well as deliberating on major investments. It also involves discussing and overseeing the business portfolio, growth investments, and sustainability, as well as overseeing management with an awareness of the stock price and the cost of capital. In other words, the Board of Directors must properly fulfill its fundamental role, strengthen the management foundation, and provide strong support to the executive team. Having established this "uncompromising safety," we must push forward where appropriate. We also have to stop where there is danger. Both are necessary. We have four outside directors who actively share diverse perspectives, drawing upon their respective experience and expertise. I am very grateful for that.

Itami: The current Board of Directors consists of four outside directors and three internal directors. When I first became a director of the Company in 2018, outside directors were in the minority. Now, I feel that we can have deeper discussions by bringing together the diverse experience and expertise of each of the four outside directors. Furthermore, because there is not enough time to discuss everything at Board of Directors meetings, the Chairperson introduced directors' roundtable meetings several years ago, where we discuss various topics with the corporate officers responsible for each area. We revisit the same topics multiple times, so the explanations from management become increasingly refined and are continually improved. I believe we can have these kinds of discussions because the Company's Board of Directors maintains a sense of psychological safety. Outside directors express their views candidly while the executive team freely explains the course of action it aims to take and the specific measures it plans to implement, engaging in vigorous debate. I feel like we have a lively dialogue about the direction the Company should take while truly engaging in a "battle of ideas."

The Board of Directors Has Evolved into a Forum for Strengthening Strategy

Itami: I feel that the substance and quality of the discussions held by the Company's Board of Directors have changed significantly over the past few years. The Company has incorporated the opinions that outside directors have expressed through the annual effectiveness evaluations of the Board of Directors. We have advanced initiatives such as strengthening the post-investment review processes and enhancing subsidiary oversight by having outside directors directly attend subsidiary reporting meetings.

In fact, in FY2025, we established a systematic post-meeting reporting and review process for matters submitted to the Board of Directors, receiving a total of 19 reports, and have also been systematically addressing several key agenda items, including management strategy. Against this backdrop, we have begun dedicating more time to future-oriented topics, such as management with an awareness of the cost of capital, business strategy, and functional strategies in areas such as technology, finance, and human resources.

Imai: As our core business has centered on construction contracting rather than making investments ourselves, we have not necessarily placed a strong emphasis on the cost of capital. However, investment-driven businesses, which we call strategic businesses, are now expanding. We must now explicitly factor in the cost of

capital, ROIC, capital allocation, and other key metrics. I also believe that focusing on capital efficiency in our architectural construction and civil engineering businesses will lead to an overall improvement in productivity. That is why it is so important to receive frank opinions and suggestions from our outside directors. They provide an external perspective that I believe has definitely enhanced the effectiveness of our Board of Directors.

Itami: In particular, we have had in-depth discussions within the Board of Directors about management conscious of the cost of capital and stock price. We are analyzing the factors behind our PBR trading below 1.0x and are also taking a closer look at measures to improve ROE and at how capital should be allocated. At the same time, I believe it is important not to stop at managing the numbers, but to relate these discussions to our future strategy for how the Company will grow.

Let's clearly envision our dream for the future, and as we pursue it, create "Distinctive Value" through the relentless pursuit of challenges.



Personnel and Compensation Committee Conducting Highly Effective Deliberations

Imai: Although we are a company with an Audit & Supervisory Board, we established a Personnel and Compensation Committee on a voluntary basis early on to handle matters such as executive appointments and compensation, and Mr. Itami has served as the Chairperson for the committee since 2024. From your perspective as Chairperson, what are your thoughts on the recent activities of the Personnel and Compensation Committee?

Itami: The Personnel and Compensation Committee consists of five directors, including four outside directors, and reviews the performance evaluations of officers and the appropriateness of their compensation. Regarding the succession plan for the office of President, a roadmap has been developed over the past few years, and the committee is deliberating on its progress and challenges. Regarding the evaluation of the key management personnel of corporate officers and branch general managers, the President provides a detailed report on each individual every year, and the committee deliberates on the appropriateness of these evaluations and oversees the process.

On the other hand, with regard to compensation for directors and corporate officers, particularly performance-linked compensation, we reviewed the system with a focus on whether or not it serves as an effective incentive for the President and other corporate officers. In FY2025, we meticulously reviewed compensation amounts as well as the selection of performance metrics, the relationship between performance achievement levels and payout rates, and the appropriateness of the so-called incentive curve, while also taking external information into consideration. I believe we need to continue this review going forward.

Imai: That is an important point. Of course, investment discipline is necessary, but if we constrain ourselves solely by numerical criteria, nothing new will emerge. What matters is how we use our existing assets and capital for the future. Where should we step in, and where should we take risks? Unless we also discuss how to evaluate initiatives that contribute to future growth, I do not believe we can call them growth investments in the true sense of the term. I also hope that each and every employee will develop an understanding of the cost of capital and the importance of dialogue with investors. How are we using capital in our work, and how are we creating value? Once this mindset permeates the organization, we should be able to move forward with greater freedom and strength.

Outside directors do not necessarily know each individual officer or branch general manager extremely well, so evaluating individual officers may be challenging. However, I believe it is very meaningful that each director, based on their experience and position within their respective organizations, can objectively oversee the evaluation process conducted by the President and its validity.

Pursuing a Unique "ESG+B" Approach and Revising Materiality for the First Time in Five Years

Itami: I believe the Company promotes its sustainability initiatives through a unique organizational structure. On the executive side, there is a Sustainability Strategy Committee headed by the President, with four sub-committees operating under it. We have established an Environment and Energy Committee, a Social Activities Committee, a Governance Committee, and a Benefit Committee. I understand that, in addition to ESG, the Benefits Committee was established from the perspective of strengthening our management foundation for sustainable growth. The activities of these four committees are reported to the Board of Directors approximately four times a year.

Imai: While ESG in the conventional sense is certainly important, I've long felt that corporate sustainability might be lacking an economic dimension, so we established a B (Benefit) Committee in addition to ESG. For a company to survive, I believe it is essential to constantly consider what will serve as the foundation for generating revenue. It is also necessary to prioritize and focus on key areas. I hope that the Benefits Committee will further reinforce these kinds of lively, vigorous discussions going forward.

Itami: You have reviewed "materiality," which is a key set of issues to be addressed in promoting sustainability, for the first time in five years. The proposal considered by the Sustainability Strategy Committee was reported to the Board of Directors. Various views were expressed on how to define materiality and how to articulate it with stakeholders in mind. After repeated discussions, the revision was completed at the end of the fiscal year. We intend not only to communicate this materiality externally, but also to ensure that it takes root among every employee so that the entire Company can move forward together with a strong sense of purpose.

where will we generate profits, and what will become our next pillar of growth? We need to discuss these issues in greater depth. In that sense, dreams for the future are absolutely essential. For example, we need to pursue initiatives that enable us to articulate dreams such as our answers to the questions, "What comes after offshore wind power?" or "Will it be the sea, or space?"



By articulating the dreams for the future that lie beyond the numbers, we can convey the appeal of the construction industry and inspire greater expectations for our Company.

Sharing Our Dreams for the Future with Stakeholders to Enhance Corporate Value

Itami: One topic that should be discussed further is how to translate our growth investment plans, including investments in technology, into specific initiatives. The Company currently has a three-year investment plan totaling 200 billion yen, but I believe we need to have further discussions on what specific actions we will take under the plan. While real estate development accounts for a significant portion of the investment plan, we also need to consider how to strengthen the business foundation of our core construction business. We need to broaden the discussion to consider how we can support and develop the Company's future growth, including through investments in technology and human resources.

Imai: You are absolutely right. Looking ahead to 2040 and 2050, I don't believe we can achieve growth simply by continuing with our current trajectory. How will we transform our business portfolio,

Itami: It is essential to articulate our vision of dreams for the future as a compelling narrative. Otherwise, we won't be able to attract people to the construction industry, and people in general will not think, "Toda Corporation is amazing, and it has an exciting future ahead." Stock prices reflect not only current financial performance but also future expectations for the company. While the Company consistently exceeded a PBR of 1 during the second half of FY2025, I believe it is essential not only to present the numbers, but also to clearly communicate what businesses we are developing and what kind of social value we are creating.

Imai: That's right. Simply sharing numbers with the capital markets isn't enough. It is necessary to share the dreams that lie beyond the numbers. We want to become a company that inspires our shareholders to think, "I want to take on challenges together with Toda Corporation," and "I want to share an even more amazing future with the Company." I believe that building such strong relationships—where our stakeholders embrace and share in the dreams we envision—is how we can achieve sustainable growth in corporate value.

Board of Directors, Audit & Supervisory Board Members, and Officers (As of July 1, 2026)

Seven Directors



Imai Masanori

Chairperson and Representative Director
Chairperson of the Board

- Chair of the Sustainability Committee
- Personnel and Compensation Committee member

Attendance at Board of Directors meetings
100% (18 out of 18 meetings)



Otani Seisuke

President and Representative Director
Chief Executive Officer

Attendance at Board of Directors meetings
100% (18 out of 18 meetings)



Yamazaki Toshihiro

Director
Executive Vice President
General Manager,
Corporate Administration Group

Attendance at Board of Directors meetings
100% (18 out of 18 meetings)



Itami Toshihiko

Outside Director

Outside | Independent

- Sustainability Committee member
- Chair of the Personnel and Compensation Committee

Attendance at Board of Directors meetings
100% (18 out of 18 meetings)



Arakane Kumi

Outside Director

Outside | Independent

- Sustainability Committee member
- Personnel and Compensation Committee member

Attendance at Board of Directors meetings
100% (18 out of 18 meetings)



Muroi Masahiro

Outside Director

Outside | Independent

- Sustainability Committee member
- Personnel and Compensation Committee member

Attendance at Board of Directors meetings
100% (18 out of 18 meetings)



Mizuhara Kiyoshi

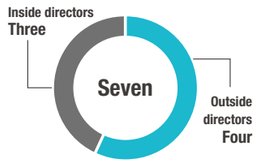
Outside Director

Outside | Independent

- Sustainability Committee member
- Personnel and Compensation Committee member

Attendance at Board of Directors meetings
100% (14 out of 14 meetings)

Composition of Directors
(As of July 1, 2026)



Four Audit & Supervisory Board Members

Note: Attendance at Audit & Supervisory Board meetings for FY2025 is not shown for Mr. Tateno Takanobu, as he was appointed in June 2026.



Momoi Shunji

Audit & Supervisory Board Member (standing, outside)

Outside | Independent

Attendance at Audit & Supervisory Board meetings
100% (19 out of 19 meetings)



Tateno Takanobu

Audit & Supervisory Board Member (standing)



Nishiyama Junko

Audit & Supervisory Board Member (outside)

Outside | Independent

Attendance at Audit & Supervisory Board meetings
100% (19 out of 19 meetings)



Machida Satoshi

Audit & Supervisory Board Member (outside)

Outside | Independent

Attendance at Audit & Supervisory Board meetings
100% (14 out of 14 meetings)

Officers (As of April 1, 2026)

Chief Executive Officer

Otani Seisuke

Executive Vice Presidents

Yamazaki Toshihiro, Fujita Ken, Sonehara Tsutomu, Uekusa Hiroshi, Nakahara Masaki

Senior Executive Officers

Kamio Tetsuya, Shiraishi Kazutaka, Nakayama Satoru

Executive Officers

Sugahara Shuuichi, Ukegawa Makoto, Nakai Tomomi, Yabuki Seiichi
Seo Nobuhiro, Kamoshita Yasuhiro, Shinohara Kenji, Shima Yoshirou
Miwa Kaname, Kobayashi Osamu, Hayashi azuo

Corporate Officers

Kudou Masato, Takashima Toshinori, Atago Kazumi, Nozaka Hiroshi, Shigemoto Akira, Ishida Makoto, Arai Kazunori
Watanabe Masanori, Hasegawa Yuuichi, Miyake Ryouji, Haneda Masaoki, Ikeda Hiroshi, Murae Yukitada, Tsumura Shouji
Iwamura Tamio, Toishi Akira, Noujou Hiroyuki, Inoue Kazutoshi, Nagata Takehisa, Akaba Hiroyuki

Board of Directors Skills Matrix

The Board of Directors is entrusted by shareholders to make decisions on basic management strategies and management plans, as well as the execution of important business operations. It is also responsible for ensuring transparency and fairness in management by exercising its oversight function over overall management, appointing corporate officers, delegating to them the authority to make decisions on matters other than important business operations, and supervising the execution of their duties.

In addition, the Board of Directors is composed of directors who collectively possess a well-balanced combination of knowledge, experience, and capabilities (hereinafter, “skills”), while taking into consideration diversity in terms of gender and backgrounds both inside and outside the Company. The Board of Directors consists of seven directors, which is considered an appropriate number in light of the Company’s management challenges, and four of the seven directors, representing a majority, are independent outside directors in order to further strengthen the Board’s objective soundness and accountability. We have identified the skill areas and defined the skills that Directors and Audit & Supervisory Board Members should possess to achieve the Medium-Term Management Plan 2027, as follows.

Relationship to the Medium-Term Management Plan's Basic Concept		Skill Area	Skill Definition
Identify	Connect		
●	●	**Corporate management and management strategy**	Experience as an upper management executive, such as a president, at a listed company or other organization; experience as an executive in charge of management strategy; or equivalent experience at a government agency or other organization
●		**Finance and accounting**	Financial and accounting management capabilities; experience as a CFO; experience in finance, accounting, or related operations or management; or qualification as a certified public accountant
●		**Human resources development and diversity**	Experience in human resources development, diversity, or other human resources-related operations or management; or specialized knowledge in these areas
●	●	**Legal and risk management**	Knowledge of corporate compliance and risk management; experience overseeing legal, compliance, or risk management functions; or experience as a lawyer specializing in corporate law or related fields
●	●	**Global business**	Ability to contribute to enhancing corporate value in global markets; experience working overseas, leading an overseas subsidiary, or overseeing overseas businesses
●		**Manufacturing and technology**	Experience in manufacturing, research and development, or technology-related operations or management; or specialized knowledge in these areas
●		**ICT/DX/AI**	Ability to lead or oversee the transformation of business processes through the use of AI, ICT, and other technologies
	●	**Environment and energy**	Experience in environment- or energy-related operations or management; or specialized knowledge in these areas

Skills Matrix of Directors and Audit & Supervisory Board Members

We have re-identified the specific skills expected of each individual, as outlined below. We believe that, at present, this ensures a balanced skill set for the board as a whole.

	Name	Expected skills							
		Corporate management and management strategy	Finance and accounting	Human resources development and diversity	Legal and risk management	Global business	Manufacturing and technology	ICT/DX/AI	Environment and energy
Director	Imai Masanori	●					●		●
	Otani Seisuke	●		●			●	●	
	Yamazaki Toshihiro		●		●				
	Itami Toshihiko			●	●				
	Arakane Kumi			●	●		●		
	Muroi Masahiro	●	●		●			●	
	Mizuhara Kiyoshi	●				●		●	●
Audit & Supervisory Board members	Momoi Shunji		●		●	●			
	Tateno Takanobu						●	●	
	Nishiyama Junko				●		●		●
	Machida Satoshi		●		●				

Note: The above shows up to four specialties in which each candidate is particularly expected to possess expertise, experience, and skills. It is not intended to represent all of their skills.

External Evaluation / Inclusion in ESG Indexes

List of Major External Awards and Recognitions (FY2025)

Note: Some awards from FY2026 are also included.

Name	Awarded Projects and Recognitions	Host Organizations
SHASE Technology Promotion Award	Green Office Building at the Tsukuba Research and Development Center	Society of Heating, Air-Conditioning and Sanitary Engineers of Japan (SHASE)
Award of Excellence, 2025 Japan Construction Machinery and Construction Awards	Automatic concrete-laying robot Centring Futures	Japan Construction Machinery and Construction Association
Technical Award (Group II), 2024 JSCE Awards	Takenotsuka Station Area Railway Elevated Project on the Tobu Isesaki Line	Japan Society of Civil Engineers
Occupational Safety and Health Promotion Award, 2025 Minister of Health, Labour and Welfare Awards	Toda Corporation employees	Ministry of Health, Labour and Welfare
Award for Distinguished Service, 2026 Minister of Health, Labour and Welfare Awards	Toda Corporation officers	Ministry of Health, Labour and Welfare
Award for Excellence (Safety Assurance), 2026 Minister of Health, Labour and Welfare Awards	Fukuoka City Core Cultural Facility Development and Susaki Park Redevelopment Project	Ministry of Health, Labour and Welfare
The 38th Nikkei New Office Award	TODA CREATIVE LAB (TODA BUILDING)	Nikkei Inc. and New Office Promotion Association
66th BCS Prize, Nikkenren Awards 2025 PICK UP ❶	Saga Sunrise Park (Saga Arena, etc.)	Japan Federation of Construction Contractors (JFCC)
2025 Japan Sewage Works Agency Awards Outstanding Construction Engineer Award	Toda Corporation employees	Japan Sewage Works Agency
Wood Design Award 2025 Encouragement Award (Social Design Division)	TODA CREATIVE LAB (TODA BUILDING)	Japan Wood Design Association
Outstanding Workplace Award	Shin-Meishin Expressway Ujitawara Tunnel East Work (No. 3)	NEXCO WEST Kansai Branch
Special Award, 35th AACA Awards	TODA BUILDING	Japan Association Of Artists Craftsmen & Architects
Grand Prize, 34th Global Environment Awards PICK UP ❷	Floating offshore wind power generation business	Fujisankei Group
Seventh ESG Finance Awards Japan (Environmentally Sustainable Company Category / Environmental Disclosure Progress Company Category)	Toda Corporation	Ministry of the Environment
27th Japan Society of Seismic Isolation Award	TODA BUILDING architectural construction business	Japan Society of Seismic Isolation
2026 Certified Health and Productivity Management Organization	Toda Corporation	Certified Health & Productivity Management Outstanding Organizations Recognition Program, METI
This is MECENAT 2025	ART POWER KYOBASHI	Association for Corporate Support of the Arts (Kigyo Mécénat Kyogikai)
FY2025 Reduce, Reuse, and Recycle (3Rs) Promotion Merit Awards	TODA BUILDING	The 3Rs Promotion Council
Good Design Award 2025	Nagasaki Stadium City	Japan Institute of Design Promotion
Selected for the FTSE JPX Blossom Japan Index and the FTSE JPX Blossom Japan Sector Relative Index	Toda Corporation	FTSE Russell (London)
Selected for the CDP 2025 Climate Change A List PICK UP ❸	Toda Corporation	Nonprofit organization (Headquarters: London)

PICK UP ❶

66th BCS Prize, Nikkenren Awards 2025

Saga Sunrise Park (Saga City, Saga Prefecture), including Saga Arena which was constructed by the Company, received the BCS Award from the JFCC. The BCS Prize is awarded annually to outstanding buildings to promote the creation of excellent architectural assets and contribute to Japanese cultural development and global environmental conservation.



PICK UP ❷

Grand Prize at the 34th Global Environment Awards

The floating offshore wind power generation project being undertaken by the Company received the Grand Prize, the highest honor, at the 34th Global Environment Awards organized by the Fujisankei Communications Group. We are the first construction company to receive this award. The Global Environment Award aims to promote the development of new technologies and products that contribute to preventing global warming and creating a recycling-oriented society, promote environmental conservation activities and businesses, explore sustainable social systems, and further raise awareness of the importance of protecting the global environment.



PICK UP ❸

Selected for the CDP 2025 Climate Change A List

We were selected for the CDP 2025 Climate Change A List, the highest ranking, by CDP, a global non-profit organization headquartered in London that undertakes environmental evaluations. This selection recognizes us as a globally leading company in terms of our initiatives and information disclosure to address climate change. We have been the only general contractor to be included in the Climate Change A List for eight consecutive years, since 2018.

Climate CDP A List 2025

Corporate Information / Major Information Disclosures

Corporate Information (As of March 31, 2026)

Corporate Name	TODA CORPORATION
Head Office	1-7-1 Kyobashi, Chuo-ku, Tokyo 104-0031 Japan
Foundation Date	January 5, 1881
Establishment Date	July 10, 1936
Capital	23.0 billion yen
Total Employees	7,286 (Consolidated)
Business Description	❶ Research, planning, design, supervision, construction, and comprehensive engineering and consulting services related to all aspects of architectural construction, civil engineering work, etc. ❷ Research, planning, design, supervision, construction, comprehensive engineering and consulting services related to regional and urban development, etc. ❸ Real estate sale and purchase, rental, intermediary services, management, and appraisal ❹ Power generation and related business using renewable energies, etc.

Branches (Domestic)

Tokyo Branch, Metropolitan Area Civil Engineering Branch (Chuo-ku, Tokyo), Chiba Branch, Kanto Branch (Saitama City), Yokohama Branch, Osaka Branch, Nagoya Branch, Sapporo Branch, Tohoku Branch (Sendai City), Hiroshima Branch, Shikoku Branch (Takamatsu City), Kyushu Branch (Fukuoka City), Tsukuba Research and Development Center (Tsukuba City)

Major Domestic Group Companies (As of March 31, 2026)

- Toda Bldg. Partners Co., Ltd. (comprehensive building management, construction, real estate, insurance agency services, etc.)
- Toda Road Inc. (road pavement construction, civil engineering work, etc.)
- APEC Engineering Co., Ltd. (air conditioning and sanitary equipment installation, etc.)
- Offshore Wind Farm Construction Corp. (offshore construction related to floating wind power generation facilities, etc.)
- Sato Kogyo Co., Ltd. (general construction work)
- Misawa Environmental Technology Co., Ltd. (geothermal heat utilization facility construction business)
- Showa Construction Co., Ltd. (civil engineering, construction, paving, asphalt mixtures, etc.)
- Kaken Co., Ltd. (installation of various equipment, management of KITANOYU super public bathhouses)
- TGC General Service Co., Ltd. (staffing services, sales of civil engineering and construction materials, etc.)
- Toda Finance Co., Ltd. (intra-group finance, office automation equipment leasing, etc.)
- Toda Corporation Real Estate Asset Management Co., Ltd. (investment management)
- Towa Kanko Kaihatsu Co., Ltd. (management of Marissa Resort Sazanseto Suo-oshima, operation of Tsutaya Bookstore Joso Interchange)
- Goto Floating Wind Power LLC (business related to power generation and sales)
- Goto Floating Wind Farm LLC (business related to power generation and sales)
- TODA Noubou Inc. (farming agricultural products and agriculture-related business, regional development and local revitalization projects)
- Toda Solar Energy Fukaya LLC (supply of electricity from solar power generation)
- Floating Wind Aggregation Corporation (specified wholesale supply)

Main Overseas Bases

- Singapore Branch

Main Overseas Group Companies

- PT Tatamulia Nusantara Indah (Indonesia)
- PT Toda Group Indonesia (Indonesia)
- Thai Toda Corporation Ltd. (Thailand)
- Tobic Co., Ltd. (Vietnam)
- Toda America, Inc. (United States)
- Toda Asia Pacific Pte. Ltd. (Singapore)
- TODA Investimentos do Brasil Ltda. (Brazil)
- Toda Vietnam Co., Ltd. (Vietnam)

TODA CREATIVE LAB トダッテ

TODAtte?

Visitors 23,631 (As of July 31, 2026)



Address: TODA BUILDING 1-7-1 Kyobashi,Chuo-ku,Tokyo 104-0031 Japan
Open: 9:30 a.m. to 5:00 p.m.
Closed: Saturdays, Sundays, holidays, year-end/New Year holidays, and other days designated by Toda Corporation
Reservation website: https://museum-todatte.toda.co.jp/

? About the Museum

With the construction of the TODA BUILDING, we've created a space where visitors can see, touch, and experience the past, present, and future of the construction industry while learning in an enjoyable way. We also intend for it to be a place where we can work with you to contemplate the various challenges confronting society and all those involved and find solutions. A wide range of people are welcome here, including students and the general public, as well as visitors and clients involved in construction.

A museum to experience construction and think about the future: "TODAtte?"

! Three zones where you can experience the scale and excitement of the construction world and envision new futures



Zone 1: Corporate Culture and Heritage

This experiential zone introduces the journey of the Toda Group from the founding of Toda-kata, the predecessor of Toda Corporation, to the present day, divided into four eras. Through actual objects, miniature models, videos, and other exhibits arranged as if visitors were walking through a grove of trees, visitors can visually experience the Company's corporate philosophy and history.



Zone 2: Wisdom and Technology

This immersive zone features a vast space with a 15-meter-wide dynamic LED display and dioramas. It showcases the wisdom behind creating a better society, the technology that addresses social challenges, and the process of construction work involved in developing social infrastructure. It also features hands-on exhibits that allow visitors to learn about construction technologies through direct experience.



Zone 3: Envisioning the Future

This zone introduces research and development aimed at creating a valuable future, co-creative activities with leading companies from other fields, and the future envisioned by the Toda Group. Visitors can experience the future of urban development centered on the themes of cities, agriculture, and energy in a 360-degree cylindrical theater featuring highly immersive visuals and three-dimensional sound.

Images provided by: TANSEISHA Co., Ltd.
Photographer: Taichi Misonoo