

Fiscal year ended March 31, 2024

Financial Results Briefing Material

Ahead of the Curve
On Top of the Market



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1

**Summary of financial results
for the fiscal year ended March 31, 2024**

- The economy remained on a recovery trend, backed by social and economic activities regaining a greater degree of normalcy after COVID-19 was reclassified to a Class 5 infectious disease, improvement in the employment and income environment, and increasing demand from foreign visitors to Japan. On the other hand, the economic outlook remains uncertain amid growing tension in global affairs and spiking energy prices.
- Government investments in construction remained firm and private capital investments showed a recovery trend as corporate earnings improved. However, the business environment remained challenging due to the increase in construction material prices and personnel costs, in addition to the intensifying competition for contracts.



Major initiatives in FY2023

1 Realize the six management strategies in the medium-term management plan

“Build a firm foundation for profitability,” “expand the business domains,” “promote technology development,” “promote digital transformation (DX),” “improve engagement,” and “strengthen governance”

2 Accurately grasp social changes and always take on challenges

Financial results summary (consolidated and non-consolidated)

(Millions of yen)

Consolidated	FY2022	FY2023	YoY change (Amount)	YoY change (%)	Initial forecast	Achievement ratio
Net sales	118,721	118,060	▲661	▲0.6%	120,000	98.4%
Gross profit	12,343	13,483	1,140	9.2%	—	—
SGA expenses	7,607	8,009	402	5.3%	—	—
Operating profit	4,736	5,473	737	15.6%	6,000	91.2%
Ordinary profit	4,957	5,707	750	15.1%	6,200	92.0%
Profit attributable to owners of parent	3,160	3,793	633	20.0%	4,000	94.8%
Dividends	90円	210円	120円	133.3%	180円	116.7%

Non-consolidated	FY2022	FY2023	YoY change (Amount)	YoY change (%)	Initial forecast	Achievement ratio
Net sales	83,340	82,132	▲1208	▲1.5%	94,000	87.4%
Operating profit	1,998	1,849	▲149	▲7.4%	—	—
Ordinary profit	2,334	2,497	163	7.0%	4,400	56.8%
Profit	1,606	1,961	355	22.1%	3,000	65.4%

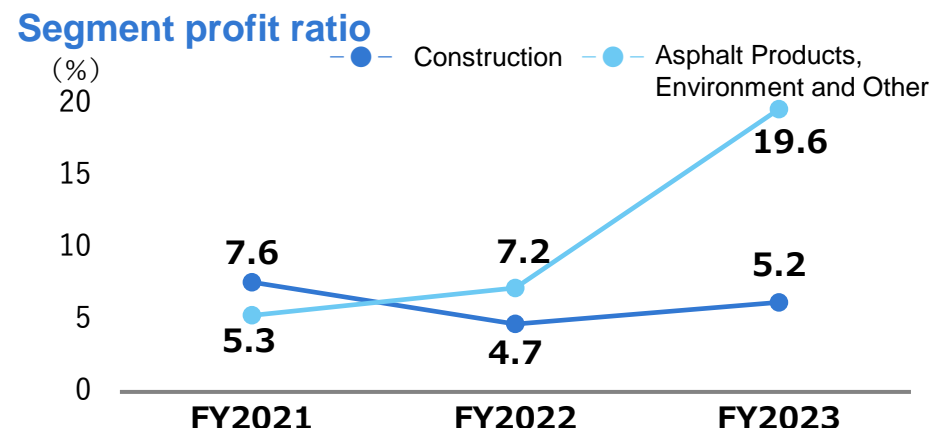
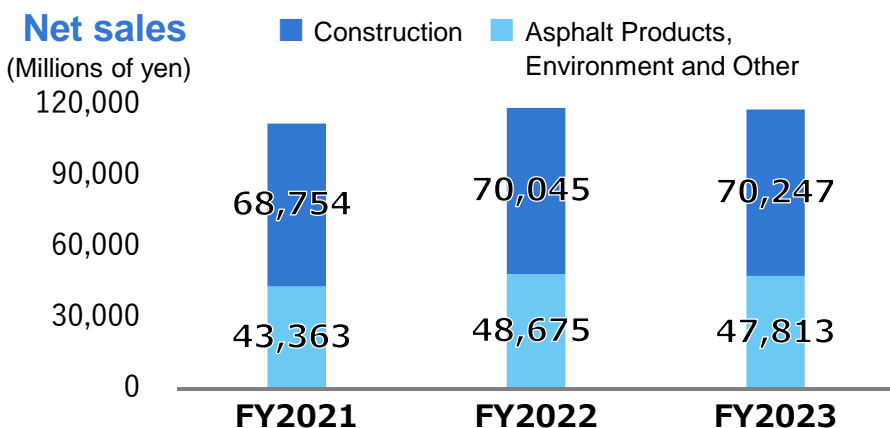
- Consolidated net sales were ¥118,060 million, 1.6% below the plan and a 0.6% decrease year on year. A major factor behind the decrease in net sales was stagnant net sales on a non-consolidated basis despite the strong performance of consolidated subsidiaries.
- Operating profit decreased 5.6% year on year to ¥5,473 million, failing to achieve the forecast of ¥6,000 million set at the beginning of the fiscal year. Major factors include decreased profit from completed construction due to a shortage of completed work in the construction division, and profit margin contraction in the manufacturing and sales division due to increased material prices resulting from increased crude prices and further depreciation of the yen, as well as spiking energy prices. Shipment of products and asphalt mixtures was also weak.
- Profit attributable to owners of parent increased 20.0% year on year to ¥3,793 million but was only 94.8% of the forecast set at the beginning of the fiscal year.

Results of net sales and profit/loss by segment (consolidated)

(Millions of yen)

Net sales	FY2021	FY2022	FY2023	YoY change (Amount)	YoY change (%)	Initial forecast	Achievement ratio
Construction	68,754	70,045	70,247	202	0.3%	—	—
Asphalt Products, Environment and Other	43,363	48,675	47,813	▲862	▲1.8%	—	—
Total net sales	112,118	118,721	118,060	▲661	▲0.6%	120,000	98.4%

Segment profit	FY2021	FY2022	FY2023	YoY change (Amount)	YoY change (%)
Construction	5,227	3,296	3,468	172	5.2%
Asphalt Products, Environment and Other	2,306	3,481	4,162	681	19.6%
Total segment profit	7,534	6,778	7,631	853	12.6%

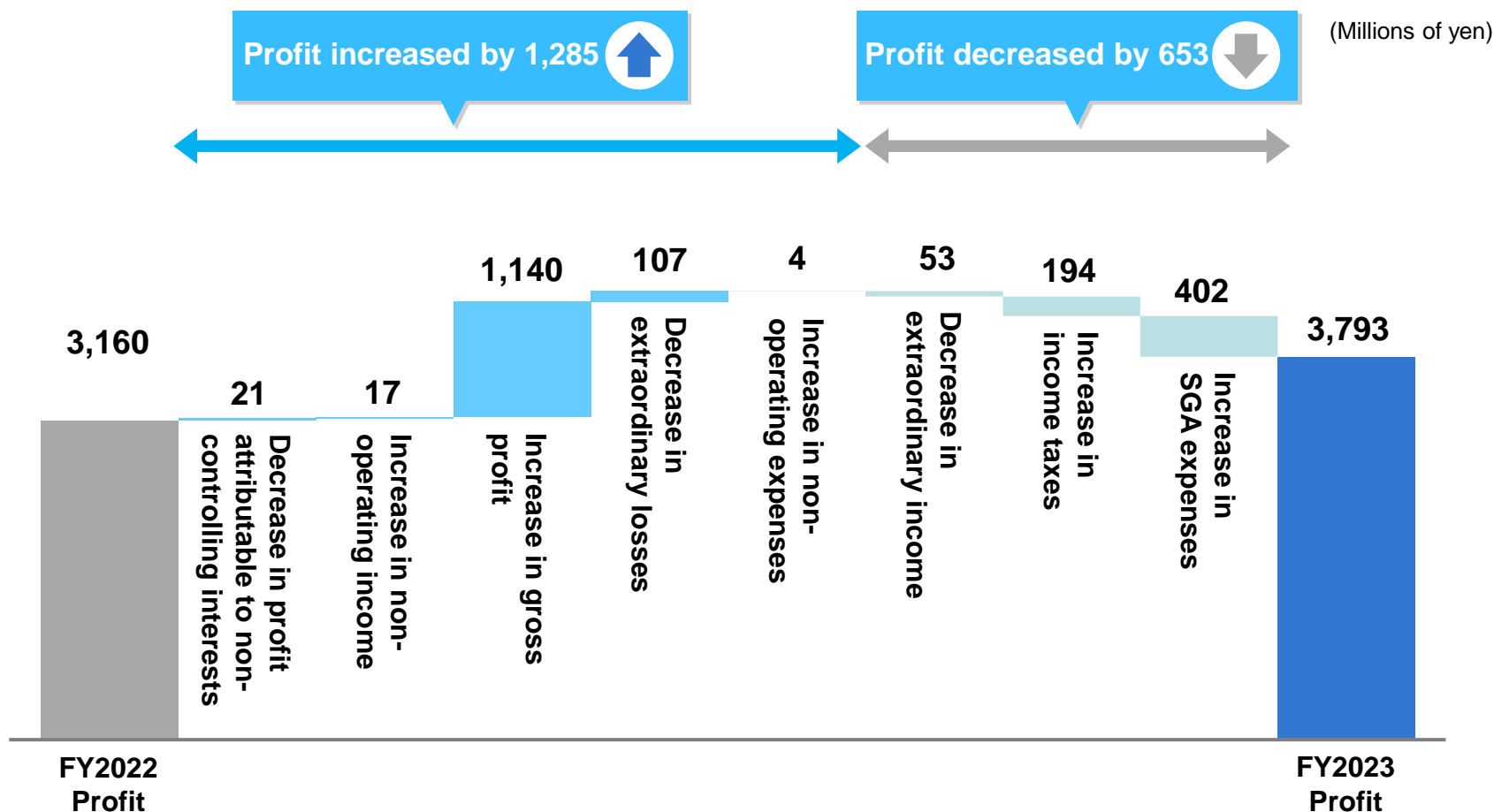


■ Construction

(1) Net sales increased 0.3% year on year. (2) Segment profit increased only 5.2% year on year, affected by the decrease in completed construction on a non-consolidated basis. (3) The amount of construction orders carried forward to FY2023 was ¥35.0 billion, which by far exceeded that of the previous year (¥29.0 billion), thanks to the strong trend of orders received in FY2024.

■ Asphalt Products, Environment and Other

(1) Net sales decreased 1.3% year on year. (2) Although there were impacts of increased material prices due to increased crude prices and further depreciation of the yen, as well as spiking energy prices, segment profit increased 19.6% year on year, thanks to a certain level of progress with price pass-through. (3) For FY2024, we will continue passing material price increases caused by higher fuel prices, shipping costs and electricity rates onto selling prices for other products than asphalt, as an utmost priority.



■ [Major factors behind the increase in profit]

- Mainly due to an increase in gross profit and a decrease in extraordinary losses.

■ [Major factors behind the decrease in profit]

- Mainly due to an increase in SGA expenses associated with the gradual resumption of economic activities after the COVID-19 pandemic and an increase in income taxes.

Consolidated financial position and consolidated cash flows

Consolidated financial position

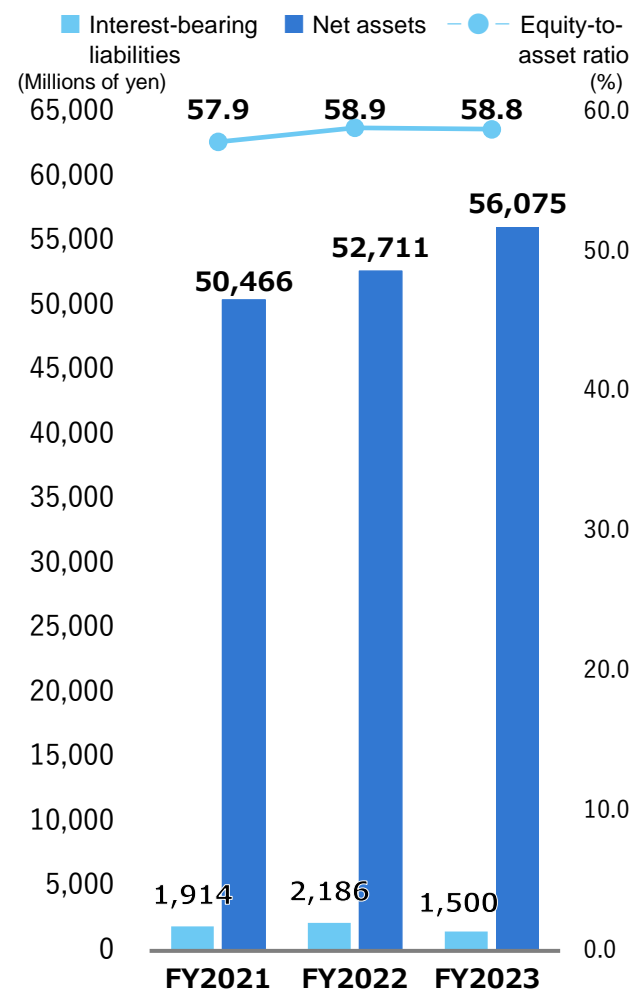
(Millions of yen)

	FY2021	FY2022	FY2023	YoY change
Total assets	84,691	87,184	92,895	5,711
Total liabilities	34,225	34,472	36,820	2,348
Interest-bearing liabilities	1,914	2,186	1,500	▲686
(Short-term borrowings)	1,328	2,036	600	▲1,436
(Long-term borrowings)	586	150	900	750
Net assets	50,466	52,711	56,075	3,364
Equity-to-asset ratio	57.9%	58.9%	58.8%	▲0.1%

Consolidated cash flows

(Millions of yen)

	FY2021	FY2022	FY2023
Cash flows from operating activities	4,584	2,180	10,911
Cash flows from investing activities	▲2,842	▲2,971	▲3,995
Cash flows from financing activities	▲2,856	▲853	▲2,693
Net increase (decrease) in cash and cash equivalents	▲1,115	▲1,644	4,222
Cash and cash equivalents at end of period	11,649	10,004	14,227



- While cash and deposits increased year on year and notes receivable, accounts receivable from completed construction contracts and other decreased year on year since the closing date fell on a holiday and some payments were carried forward to the next fiscal year, total assets increased by ¥5,711 million year on year, due to an increase in property, plant and equipment and leased assets resulting from increased capital investments, as well as an increase in investments and other assets.
- Liabilities increased by ¥2,348 million year on year due to an increase in long-term borrowings for purchase of real estate for capital investments, despite a decrease in short-term borrowings for an increased cash demand at the end of the fiscal year.
- Net assets increased by ¥3,364 million due mainly to an increase in retained earnings. The equity-to-asset ratio was 58.8%, remaining at a similar level to the previous fiscal year.
- For consolidated cash flows, there was an outflow of ¥4,085 million for purchase of property, plant and equipment for rebuilding of offices and other purposes. Borrowings decreased by ¥686 million. Cash outflow for dividends paid was ¥855 million. Due to an increase in operating cash flows, cash and cash equivalents at end of the fiscal year increased by ¥4,222 million year on year to ¥14,227 million.

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**Financial results forecasts
for the fiscal year ending March 31, 2025**

(Millions of yen)

Consolidated	FY2023	FY2024 (Forecast)	YoY change (Amount)	YoY change (%)
Net sales	118,060	126,000	7,940	6.7%
Operating profit	5,473	6,000	527	9.6%
Ordinary profit	5,707	6,100	393	6.9%
Profit attributable to owners of parent	3,793	3,900	107	2.8%

■ Full-year outlook (plan)

While material price trends for asphalt and other products remain uncertain and energy prices is expected to increase, the Construction business started the fiscal year with a significantly larger amount of construction orders carried forward compared to the previous fiscal year. The amount of orders received remains firm and construction business, manufacturing and sales business that handles construction materials, and environmental business are expected to make progress as planned.

■ Initiatives to achieve the plan

[Construction]

For orders received, we will refine the calculation system to improve profitability at the time of acceptance of orders by, for example, holding strategic meetings to assess orders received. While expansion of our customer base remains the primary goal, the number and range of customers will be expanded by focusing on certain targets and working strategically.

For construction work, we will implement a construction that focuses on the profitability of completed work, which includes the assignment of technical personnel. In addition, we will hold meetings to assess performance part-way through a project to gauge the progress and issues of said project, from the viewpoint of preventing poor quality and unprofitability of construction work, thereby aiming to further improve gross profit from construction.

[Asphalt Products, Environment and Other]

Work on passing increased fuel and resin prices, shipping costs and electricity rates onto selling prices for other products than asphalt as the utmost priority, focusing on areas where price increases have not yet been implemented. In order to realize sales activities advantageous for the Company, we will assign plants and personnel in accordance with market size to actively promote sales of the Company's products and construction methods to governmental bodies. For the asphalt mixture division, we will consider collaboration with external parties that will be highly beneficial and work to increase shipment volume. At the same time, we will implement capital investments aimed at achieving carbon neutrality.

Shareholder returns

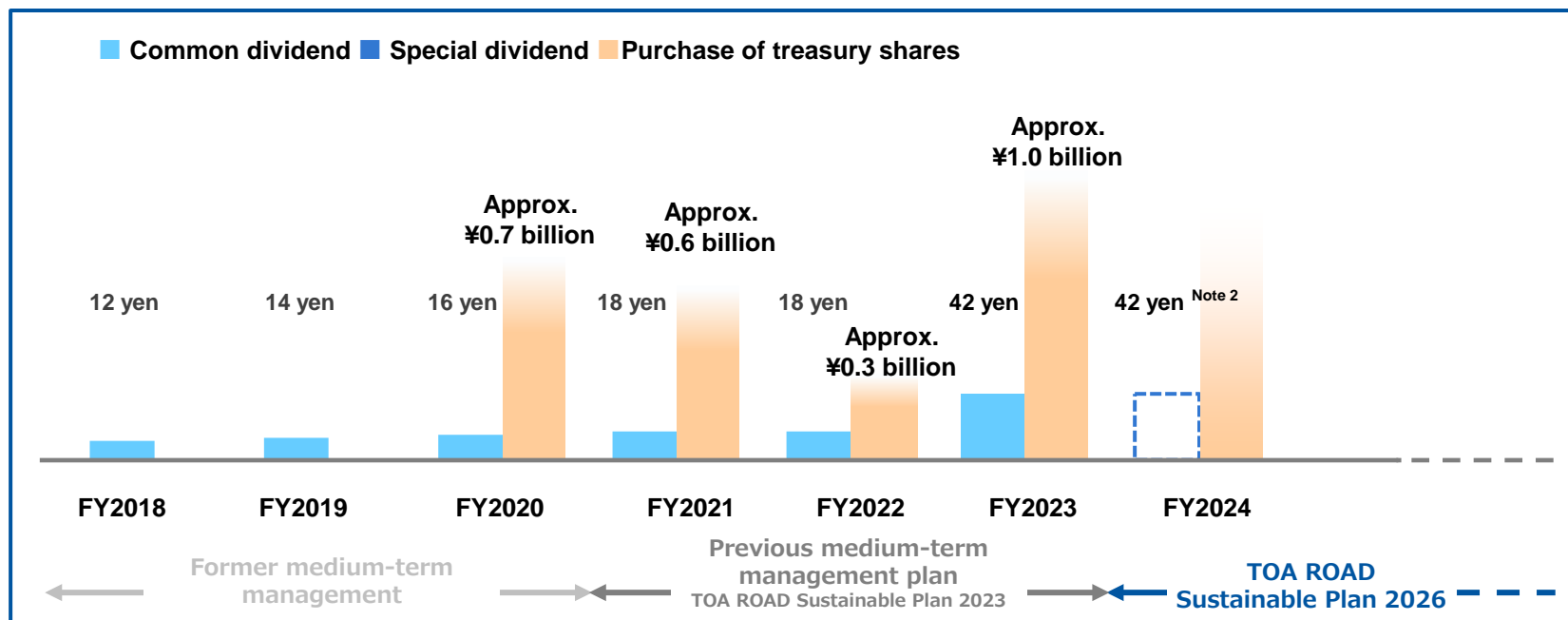
– dividend forecast and purchase of treasury shares

- Actual dividend per share (FY2023) : 42 yen
- Forecast dividend per share (FY2024) : 42 yen ^{Note 1}

Note 1: The amount is calculated a post-split basis following the 5-for-1 stock split of common stock on March 29, 2024. The actual dividend per share for FY2023 is recalculated on a post-split basis.

<Reference> Dividend policy

- ▶ Provide shareholder returns with a baseline **dividend payout ratio of 50% or more**, while striving to achieve continuous business growth.
 - ▶ The **annual dividend baseline** is **42 yen per share** (on post-stock split basis)
- Consider purchase of treasury shares on a flexible basis in order to further increase profit returns to shareholders by improving capital efficiency and implementing an agile capital policy.



Note 2: The amount of dividends is calculated on a post-split basis following the 2-for-1 stock split of common stock on April 1, 2023 and the 5-for-1 stock split of common stock on April 1, 2024.

Consolidated management indicators

(Capital investment, R&D, depreciation, shareholder returns, etc.)

Consolidated management indicator trends

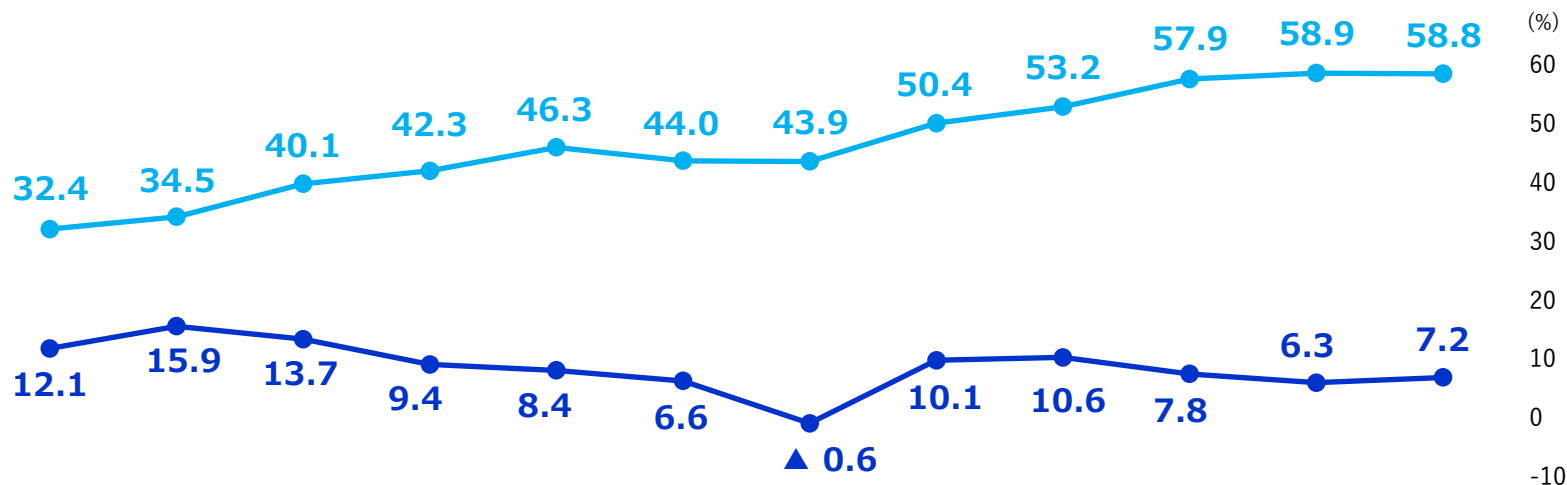
Term	107th	108th	109th	110th	111st	112nd	113rd	114th	115th	116th	117th	118th
Fiscal year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net sales (Million yen)	105,991	118,848	113,663	96,586	99,849	98,218	103,676	109,123	111,801	112,118	118,721	118,060
Ordinary profit (loss) (Million yen)	4,298	6,711	6,016	5,412	5,260	4,184	3,728	4,869	7,258	5,590	4,957	5,707
Profit (loss) attributable to owners of parent (Million yen)	2,724	4,121	4,110	3,139	2,987	2,518	▲231	4,116	4,697	3,714	3,160	3,793
Comprehensive income (Million yen)	2,950	4,270	4,605	2,932	3,400	3,096	691	3,628	5,942	3,773	3,248	4,995
Net assets (Million yen)	24,495	28,108	32,740	35,008	37,897	40,375	40,537	43,483	48,026	50,466	52,711	56,075
Total assets (Million yen)	74,291	80,097	80,156	81,193	79,998	89,426	89,813	84,027	87,846	84,691	87,184	92,895
Net assets per share (Yen)	474.74	544.41	634.31	676.97	731.06	776.94	777.81	834.88	958.57	1030.31	1080.46	1,162.69
Profit (loss) per share (Yen)	54.92	81.20	81.00	61.89	58.90	49.67	▲4.57	81.23	94.87	76.55	66.73	79.94
Equity-to-asset ratio (%)	32.4	34.5	40.1	42.3	46.3	44.0	43.9	50.4	53.2	57.9	58.9	58.8
Return on equity (ROE) (%)	12.1	15.9	13.7	9.4	8.4	6.6	▲0.6	10.1	10.6	7.8	6.3	7.2
Price-to-earnings ratio (PER) (Time)	6.23	5.04	4.99	6.06	5.65	8.17	—	3.69	4.46	6.30	11.24	15.95
Cash flows from operating activities (Million yen)	4,217	1,875	3,284	10,266	1,297	10,959	3,262	▲3,734	6,688	4,584	2,180	10,911
Cash flows from investing activities (Million yen)	▲1,172	▲1,834	▲1,294	▲2,579	▲1,905	▲779	▲3,250	▲1,752	▲2,089	▲2,842	▲2,971	▲3,995
Cash flows from financing activities (Million yen)	▲2,008	▲2,460	▲1,912	▲2,435	▲1,031	▲910	▲1,890	▲2,878	▲3,888	▲2,856	▲853	▲2,693
Cash and cash equivalents at end of period (Million yen)	11,757	9,338	9,415	14,667	13,027	22,298	20,419	12,053	12,764	11,649	10,004	14,227
Number of employees (excluding average number of temporary employees) (Person)	1,405 (519)	1,397 (534)	1,433 (533)	1,466 (495)	1,515 (456)	1,532 (497)	1,553 (531)	1,558 (516)	1,565 (498)	1,580 (434)	1,667 (433)	1,655 (436)

(Note) On April 1, 2024, the Company conducted a 5-for-1 stock split of its common stock. The per share indicators for each term are calculated on the presumption that the stock split was conducted.

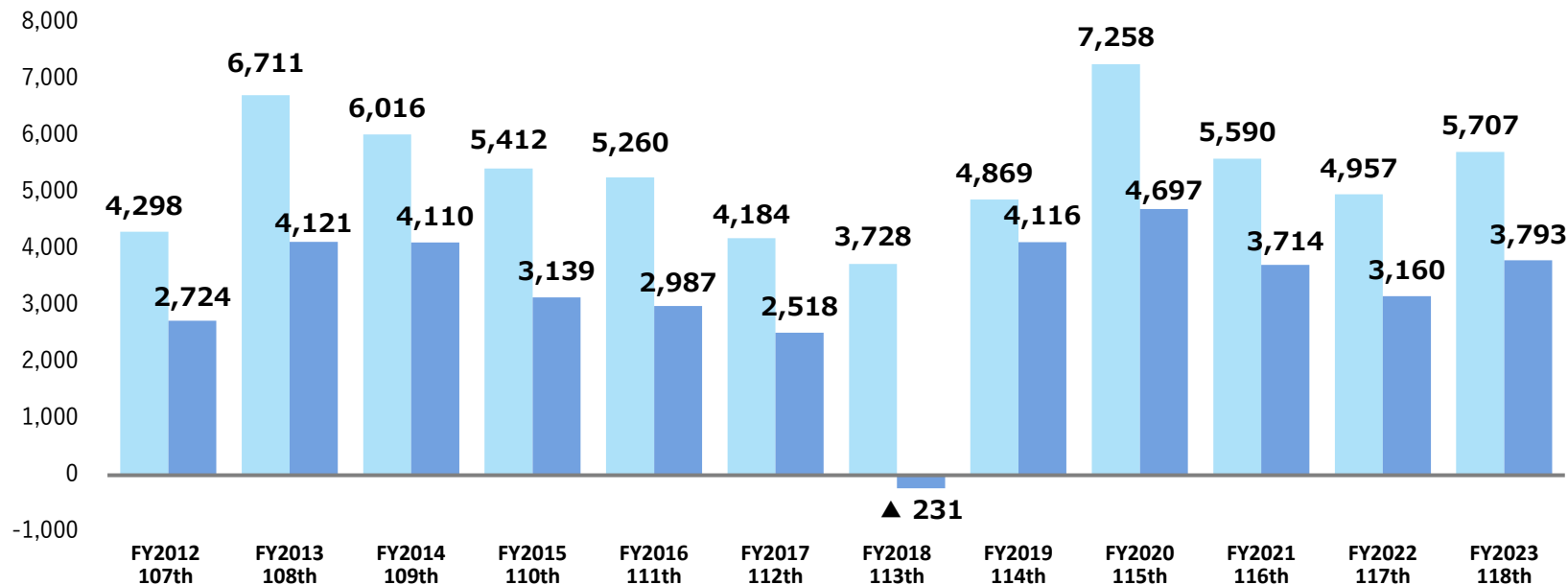
Consolidated management indicators (Capital investment, R&D, depreciation, shareholder returns, etc.)

Consolidated management indicator trends

■ Ordinary profit ■ Profit (loss) attributable to owners of parent —●— Equity-to-asset ratio —●— Return on equity (ROE)



(Millions of yen)



3

TOPICS

1 Stock split (1)

Purpose By reducing the amount per unit of investment in the Company's stock through a stock split, the Company aims to create an environment in which investors can invest more easily, thereby expanding the investor base and increasing the liquidity of the Company's stock.

Method of stock split 2-for-1 stock split of the common stock

Schedule of stock split

Announcement of record date : Thursday, March 16, 2023
 Record date : Friday, March 31, 2023
 Effective date : Saturday, April 1, 2023

Number of shares to be increased by the split

Total number of shares issued before the stock split: 5,220,023 shares
 Total number of shares issued after the stock split: 10,440,046 shares

Change in amount of capital stock

No change

Dividends

Since the effective date of the stock split is April 1, 2023, the year-end dividend for the fiscal year ended March 31, 2023, whose dividend record date is March 31, 2023, is applicable to the shares before the stock split.

2 Stock split (2)

Purpose By reducing the amount per unit of investment in the Company's stock through repeated stock splits, the Company aims to create an environment in which investors can invest more easily, thereby expanding the investor base and increasing the liquidity of the Company's stock.

Method of stock split 5-for-1 stock split of the common stock

Schedule of stock split

Announcement of record date	: Friday, March 15, 2024
Record date	: Sunday, March 31, 2024
Effective date	: Monday, April 1, 2024

Number of shares to be increased by the split

Total number of shares issued before the stock split:	10,440,046 shares
Total number of shares issued after the stock split:	52,200,230 shares

Change in amount of capital stock No change

Dividends Since the effective date of the stock split is April 1, 2024, the year-end dividend for the fiscal year ended March 31, 2024, whose dividend record date is March 31, 2024, is applicable to the shares before the stock split.

3 Announcement on retirement of treasury shares

- ▶ The Company conducted the retirement of treasury shares on April 30, 2024, the scheduled date decided upon in the “Decision on the retirement of treasury shares” dated November 8, 2023 and the “Decision on the scheduled date of the retirement of treasury shares” dated April 2, 2024.
- ▶ Date of retirement: April 30, 2024

Reference

- Class of shares retired: Common stock of the Company
- Total number of shares retired: 805,500 shares
(The number of all shares acquired based on the resolution at the Board of Directors meeting held on June 29, 2023)
- Total number of issued shares after the retirement: 51,394,730 shares

(Note): The number of all shares acquired based on the resolution at the Board of Directors meeting held on June 29, 2023

4 Establishment of a new plant to produce “cold-mix asphalt mixtures”

(August 7, 2023)

- ▶ The Company established a new plant of cold-mix asphalt mixture for research and development in Tsukuba City, Ibaraki.
- ▶ Cold-mix asphalt mixtures eliminate the heating process during production through the use of asphalt emulsion, etc. as the binding agent. The development of this technology is expected to significantly reduce CO₂ emissions compared to normal hot-mix asphalt mixtures.
- ▶ The newly established cold-mix asphalt mixture plant applies a batch method that can mix ingredients evenly with high precision. The plant will work on the research and development of cold-mix asphalt mixtures that will contribute to the realization of a carbon neutral society.
- ▶ The Company will also utilize the plant for other research and development, including the following: development of high-quality cements and bituminous stabilization processing roadbed materials; development of pavement materials that utilize grizzly-under-materials, which were difficult to reuse at traditional asphalt plants; improvement in the quality of oil sands that are mainly used for athletic fields.



Newly established cold mix-asphalt mixture plant
(Tsukuba City, Ibaraki)



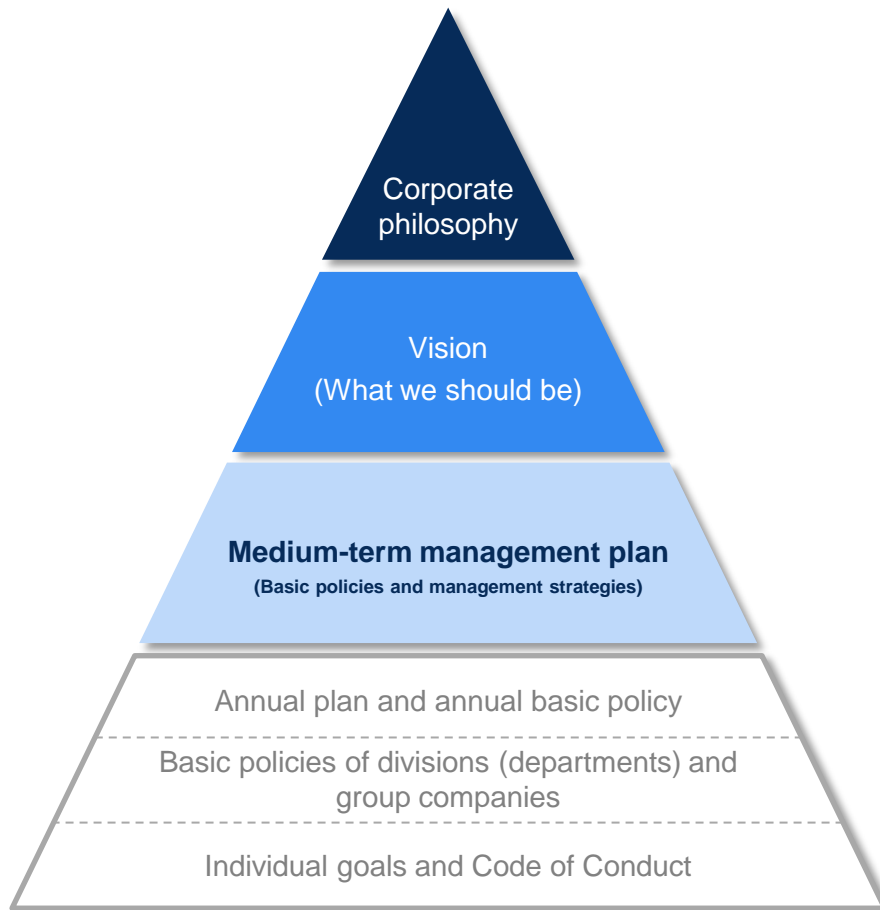
Road paved with cold-mix asphalt (Nerima City, Tokyo)

4

FY2024–FY2026

Medium-term Management Plan

- 1** Corporate philosophy, 100th anniversary vision and medium-term management plan
- 2** Review of the previous medium-term management plan
- 3** Outline of the medium-term management plan
 - 3-1** Shift to CSR-oriented management
 - 3-2** Establishment of a foundation for sustainable growth
- 4** Performance goals
- 5** Affiliated companies
- 6** Initiatives for SDGs and Society 5.0
- 7** Initiatives for WISENET 2050



○Corporate philosophy

Support peoples' lives from the road they stand on with our own will and growth

○100th anniversary vision



GOAL	“TOA ROAD Vision 2030,” the 100th anniversary vision		(Consolidated financial result) Net sales (target) ¥150.0 billion
	Refine the TOA Style to be the Only One Company always chosen by the society		Operating profit (target) ¥10.0 billion
STEP3	FY2027–FY2029	TOA ROAD Sustainable Plan 2029	
STEP2	FY2024–FY2026	TOA ROAD Sustainable Plan 2026	(Consolidated financial result) Net sales (target) ¥130.0 billion
	“Shift to CSR-oriented management” “Establishment of a foundation for sustainable growth”		Operating profit (target) ¥7.5 billion
STEP1	FY2021–FY2023	TOA ROAD Sustainable Plan 2023	

In 2021, we defined the “TOA ROAD Vision 2030,” which shows what we should be when we reach the 100th anniversary of the Company in 2030, and set it as our goal. In order to achieve this goal, we have developed and are implementing the medium-term management plan, “Ahead of the Curve, On Top of the Market—TOA ROAD Sustainable Plan.” The medium-term management plan, “TOA ROAD Sustainable Plan 2026,” is a continuum from the previous medium-term management plan, “TOA ROAD Sustainable Plan 2023,” and covers a three-year period from the current fiscal year to FY2026.

Six growth strategies (TOA ROAD Sustainable Plan 2023)

- Build a firm foundation for profitability
- Expand the business domains
- Promote technology development
- Promote digital transformation (DX)
- Improve engagement
- Strengthen governance

Under the TOA ROAD Sustainable Plan 2023, the plan was not achieved in quantitative terms due to restrictions on construction work and increased material prices caused by unexpected events such as the COVID-19 pandemic and the Russian invasion into Ukraine. However, our management foundation was steadily improved through the six growth strategies. Accordingly, we will maintain these strategies in the new medium-term management plan.

TOA ROAD Sustainable Plan 2026

Ahead of the Curve On Top of the Market

Shift to CSR-oriented management

Amid the changes in social demands to companies, we will strive to commit to stakeholders and gain support from them by profoundly shifting the focus of our management policy to “CSR-oriented management” through challenge, ideas and actions.

Establishment of a foundation for sustainable growth

While responsive actions to environmental problems are emerging as an urgent issue, we will strive to establish a “foundation for sustainable growth” by building a resilient corporate structure that can adapt to the era of uncertainty with geopolitical risks, as well as by making aggressive investments for future.

In order to achieve our goal, “Refine the TOA Style to be the Only One Company always chosen by the society,” we have decided in the medium-term management plan to strive to establish a “foundation for sustainable growth” by building a resilient corporate structure that can address materialities (the most important social issues) surrounding the Company, while profoundly shifting the focus of our management policy to “CSR-oriented management.”



Through construction, maintenance and management of roads, we play our part in developing infrastructure for industries and technology innovations, as well as in building sustainable cities and communities that are disaster-resilient and friendly to all people including children, elderlies and the handicapped. Accordingly, in order to realize our 100th anniversary vision, “the Only One Company always chosen by the society,” we commit to all stakeholders by shifting the focus of our management policy to “CSR-oriented management.”

Commitment to our employees	Commitment to communities and society	Commitment to environment	Commitment to our customers	Commitment to our shareholders
<ul style="list-style-type: none"> ● Introduce and improve objective engagement scores. ● Provide education and training based on a consistent education and training system. ● Provide a workplace that is safe, secure and comfortable. ● Enhance welfare programs and various benefits. 	<ul style="list-style-type: none"> ● Ensure compliance with laws and regulations and safety. ● Contribute to the society and engage in charity programs. ● Make donations to cultural and educational activities. 	<ul style="list-style-type: none"> ● Reduce emission of greenhouse gases from business operation. ● Develop technologies for sustainable and environmentally friendly construction methods and materials. ● Challenge advanced innovations. ● Implement the “Health & Environment Day” project. 	<ul style="list-style-type: none"> ● Guarantee reliable quality and higher level of workmanship. ● Provide new value added and ensure on-time deliveries. ● Propose optimal solutions responsive to customer needs. 	<ul style="list-style-type: none"> ● Strengthen the corporate governance and legal compliance. ● Manage the business with a keen eye on capital costs. ● Build trustful relationship by promoting engagement with management.

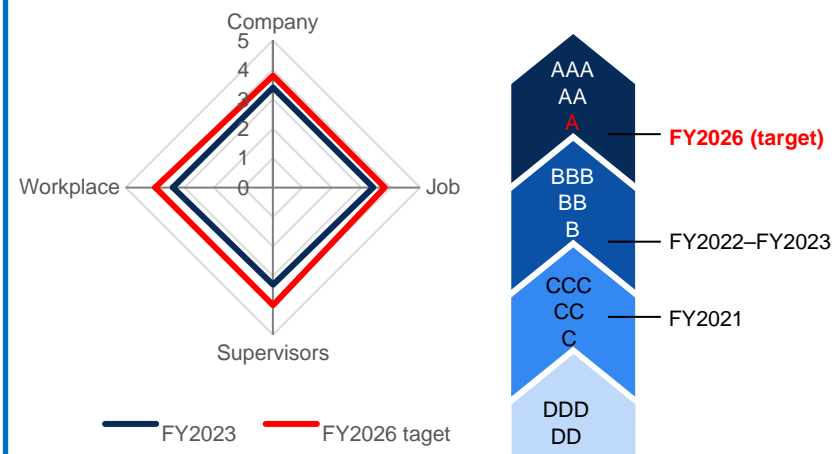
Pick Up

Health & Environment Day

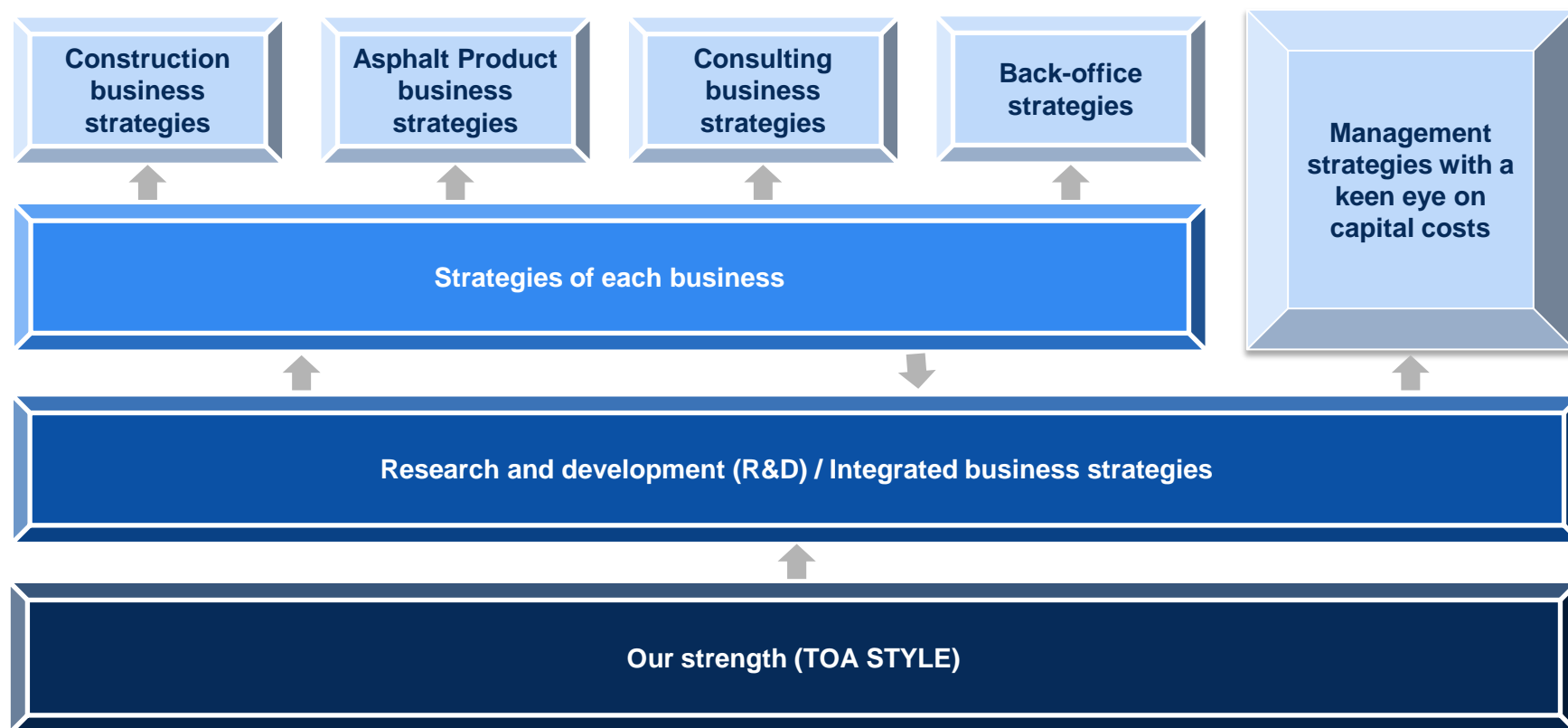


We have set the third Friday of November as the “Health & Environment Day,” on which each site conducts specific actions under the theme of health and environment. In the previous year, we celebrated the day by thinking of and acting for health of ourselves and the Earth (environment) and performing actions independently proposed by each site, such as cleaning of streets around the sites and physical exercises.

Initiative for employee engagement



By quantitatively measuring, analyzing and continuously improving mutual understanding between the Company and its employees using a survey conducted by a third-party researcher, we will build a trustful relationship between the Company and its employees. By creating an organizational culture where employees can develop their attachment to the Company and passion to their jobs, we will achieve higher productivity and customer satisfaction, and strive to be an organization where the Company and employees can grow together.



Our strength is the “TOA Style,” which has been developed by our unique history and technologies. Accordingly, the strategies of each business to be implemented to establish a foundation for sustainable growth will utilize the research and development (R&D) strategies, which have been developed based on our competence in technology development that exploits our strength, as the common platform to seek a breakthrough for materialities surrounding the Company. In addition, the integrated business strategies will maximize the synergy effect among the strategies of individual businesses, which will be controlled on a cross-business basis by portfolio management and reflected in the management strategies with a keen eye on capital costs.

The Company's business is based on orders mainly for public constructions. It depends on demands and needs of the society and many of its materials are natural resources procured domestically and internationally. Accordingly, its materialities are deeply related to social conditions and environmental problems. From these perspectives, the following items have been identified as materialities for establishing a foundation for sustainable growth under the medium-term management plan.



TOA Style

TOA ROAD CORPORATION is known as the first company in Japan that successfully produced asphalt emulsion¹⁾ and provided it to pavement service providers nationwide in the early days of modern pavement. Since then, the Company is known for two businesses; one is manufacturing of pavement materials and the other is road construction. Like two wheels of a cart, we have construction technologies proven by a long track record and abundant experience, as well as series of products developed by chemical technologies. By creating synergies from and integrating these two, we have deepened our unique ideas that set us apart from everyone else. In addition, the free and open culture of a totally independent company gives us freedom to think outside the box, enabling us to create innovations through technology transformation and propose optimal solutions to all stakeholders. DNA of innovation and embracing changes passed to each employee throughout the ages. This is our core competence, the **TOA Style**.



1) Solid asphalt turned into liquid through emulsion technology. Asphalt emulsion is spread directly onto a gravel road surface and permeated into it to pave it.

Our R&D strategies, which are based on the “TOA Style” and achievement from years of researches, are forward-looking strategies that precisely reflect social and market needs. We will work on development of innovative technologies to realize a low-carbon and sustainable society with a focus on technologies for improved durability and effective maintenance of accumulated road infrastructure, and challenge creation of innovations without being trapped by existing common knowledge and ideas. By achieving these results with the strategies of each business and capital market strategies, we will strive to be a robust and sustainable company.

Technologies for improved durability and efficient maintenance of road infrastructure

- Develop and disseminate high-performance waterproofing construction method for bridge decks to maintain aging bridges.
- Develop and disseminate long-life pavements with an excellence in life cycle cost (LCC) management for super heavy traffic roads.
- Develop and disseminate technologies for preventive maintenance (inspection, maintenance, etc.) for pavements, bridges, etc.

Technologies to realize a low-carbon and sustainable society

- Develop and disseminate warm and cold pavement technologies that will serve for achievement of carbon neutrality.
- Develop technologies that will promote recycling and Green Transformation (GX).
- Develop new materials that will replace petroleum-based resources.

Challenge to next generation technologies and frontier technologies

- Develop construction methods and survey technologies that leverage DX, AI and other cutting-edge digital technologies.
- Bring pavement with a solar power generation function into practical use and disseminate it nationwide.
- Challenge next generation infrastructure such as the technology for wireless EV charging while driving.
- Challenge development of new materials for other use than road construction business (civil engineering, industrial use, etc.)

Pick Up**“R&D strategies”****Global environmental problems
(cold-mix asphalt mixtures)**

Cold-mix asphalt mixtures will greatly contribute to resolution of global environmental problems, since they do not need heating unlike usual asphalt mixtures. Believing that establishment of cold-mix technologies will be a significant breakthrough for realizing a sustainable society, we have built a dedicated plant (in Tsukuba, Ibaraki Prefecture) to establish and disseminate the technology.

**Preventive maintenance technologies
for infrastructure (LCC optimization)**

CAM seal (Thin-layer surface treatment method)



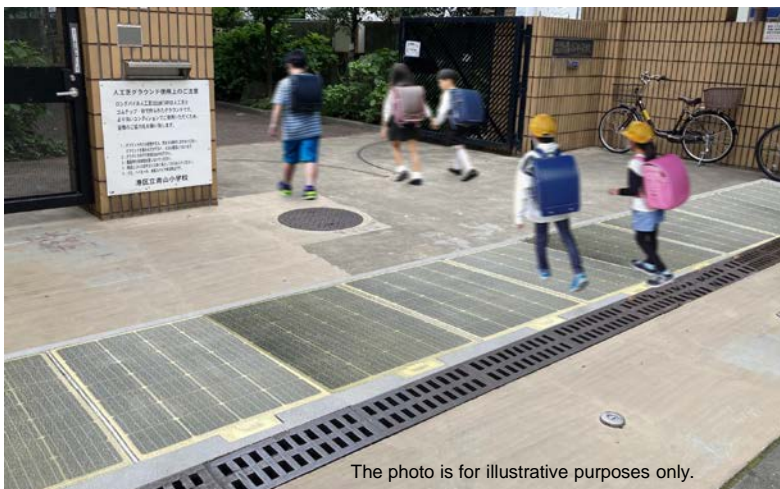
Fog seal (Preventive maintenance method)

In Japan, where declining birth rate and aging society have become chronic issues, management of huge accumulation of infrastructure is an important issue in realizing a sustainable society. To address this issue, we are focusing on preventive maintenance technologies that address possible failures before they actually occur and thereby minimize life cycle cost, instead of symptomatic treatment that addresses failures that have occurred.

Pick Up

“R&D strategies (Advanced innovation)”

Pavement with a solar power generation function(Wattway)



The photo is for illustrative purposes only.

Colas, a French road construction company, is working to disseminate “Wattway,” a solar pavement that generates sustainable energy, as a new possibility of roads. Supporting this idea, we are working for technology development and dissemination of Wattway jointly with Colas. We believe that Wattway will also be an effective solution for developing disaster-tolerant and decarbonized society in Japan, because it is more tolerant to heavy rain and storm and allows more choices for places for installation, compared to traditional solar power generation technologies.

Technology for wireless EV charging while driving



While dissemination of electronic vehicles (EVs) is promoted as one of the means for realizing a decarbonized society, shortage of natural resources necessary for their batteries is pointed out as an issue. In order to address this issue, we are working on research and development of a technology for charging EVs while driving with Tokyo University of Science. In the joint effort for practical application of the technology to vehicular roads, we are examining applicability of the technology to roads from a perspective of pavement technologies.

In order to build a management foundation to achieve sustainable growth, it is necessary to share materialities the Company is facing among the businesses, and manage and optimize strategies and investments of the businesses from a higher perspective. In the integrated business strategies, we will assess the profitability of businesses and set KPIs for them based on the management indicators (such as return on invested capital (ROIC)) that are based on invested capital, while considering future uncertainties. By using these KPIs for managing portfolio of businesses for a medium to long term, we will drive creation of corporate value.

Sharing of materialities and aggressive investment in businesses

- Share materialities on a company-wide basis.
- Implement aggressive investment in businesses (¥5.0 billion for investment in growth, and ¥10.0 billion for investment in renewal and capacity enhancement for existing facilities and in environmental measures). *1)

Assessment and portfolio management of businesses and identification of/response to improvement drivers

- Familiarize the entire company with the concept of business profitability assessment from a perspective of invested capital.
- Implement concentration and selection and maximize synergy effect among businesses through portfolio management for a medium to long term, while considering uncertainties.
- Analyze value drivers at the field level from a perspective of invested capital using concepts such as ROIC, improve visibility of business assessments by setting KPIs, and identify and respond to improvement drivers.

Creation of corporate value

- Develop integrated business strategies with a keen eye on capital cost through business profitability assessment from a perspective of invested capital.
- Ensure engagement with stakeholders by building a management foundation that is resilient and stable on a medium- to long-term basis.
- Implement strategic cash flow allocation¹⁾.

1) Please see 4. Cash flow allocation on page 24.

The 2024 problem and the associated necessity to secure workers is an urgent issue the Company is facing. We will address this issue by introducing and promoting DX to improve operational efficiency and reduce dependency on human power, as well as by realizing diverse ways of working. In addition, while maintaining a stable business foundation with the backdrop of uncertainty by shifting to private demand, enhancing PFI and sports facility businesses and implementing M&As, we will establish a sustainable foundation for growth by committing to maintaining, repairing and extending life of huge accumulation of social capital and by developing solar pavement and other creative innovations that will serve for global environment.

2024 problem and securing workers

- Reconstruct the operational flows to provide diverse ways of working that will enable elderly and female employees to continuously demonstrate their capabilities.
- Promote improved “visibility” by generating management indicators, such as productivity per completed piece and profitability by type of construction work, on a real time basis.
- Improve profitability by aggressively introducing machine control and other DX technologies.
- Improve profitability by improving engagement of personnel responsible for construction work.

Era of uncertainty (in global and domestic social conditions and climate)

- Shift to private demand and expand domains of business activities by promoting sales of solutions that leverage our unique technologies.
- Expand the business domains by enhancing private funded initiatives (PFI), overseas and railway businesses and by implementing strategic M&As.
- Enhance the landscaping and sports facility businesses.

Management of huge accumulation of social capital

- Conduct sales activities for solutions that leverage the Company's various unique maintenance, repair and product life extension technologies.
- Conduct paved road management that utilizes FWD and MWD and considers cost performance and life cycle costs.

Global environmental problems

- Develop markets for “creative innovations” such as cold-mix pavement technology and solar pavement technology.

With experience and track record over 100 years since the early days of pavement in Japan, our Asphalt Product business aims at being a “road concierge” who not only sells products but also commits to customer needs, including provision of the latest information and guidance on construction. Aiming at establishment of a foundation for sustainable growth, we will focus on sales of environmentally friendly materialities, while preparing ourselves for issues of material procurement caused by uncertainties.

Era of uncertainty (in global and domestic social conditions and climate)

- Build a buffer function for asphalt manufacturing and a disaster backup system (such as power source) at major plants through aggressive capital investment.
- Actively promote new materials for other industries (materials for civil engineering and industrial use) to expand business domains.

Global environmental problems

- Provide mechanical warm-mix equipment at hot-mix asphalt plants.
- Actively promote additives for warm-mix asphalts and warm-mix binders, which are based on our unique technologies.

Management of huge accumulation of social capital

- Actively promote products that serve for extended life of pavements.
- Actively promote repair materials that meet customer needs (for large and small projects).

2024 problem and securing workers

- Reconstruct supply chain (including transportation costs).
- Introduce DX in plant facilities to reduce dependency on human power and improve quality and safety.

Sustainable procurement of materials

- Actively promote products for restoration technologies and plant-derived products.

We have been working for development of pavement management system (PMS) for years. PMS, a system that maintains and manages huge accumulation of road assets in an optimal manner, minimizes life cycle cost and serves as an essential system for management of paved structures in matured society in Japan. In the Consulting business, we will work for dissemination of PMS as a solution for continuously worsening shortage of technical personnel at municipalities, and actively propose our new technologies, in order to contribute to sustainable management of social infrastructure.

Management of huge accumulation of social capital

- A solution that can speedily measure soundness of huge accumulation of existing pavements (MWD plus)
- Solutions for planning of maintenance and repair that can minimize life cycle cost
- Solutions for designing of maintenance and repair of (bridge deck) pavements with excellent cost performance
- System solutions that support maintenance and management of paved structures

Global environmental problems

- Solutions for designing of pavement maintenance and repair based on environmentally friendly technologies
- Solutions for designing pavement maintenance and repair that will minimize emission of green house gases

Global environmental problems

- Solutions for designing pavement repair that utilize sustainable materials
- Utilization of long-life pavement technologies to reduce consumption of valuable natural resources and solutions for designing reasonable maintenance utilizing FWD

Our back-office strategies are to improve operational efficiency by utilizing the latest DX technologies and generative AI technologies to improve productivity, and thereby to improve competitiveness in markets as a company. In addition, we will prepare ourselves for the era of uncertainty by working to improve engagement through prevention of human errors and elimination of dependency on specific personnel, as well as by further enhancing and sophisticating BCP measures for emergency situations such as system failures and disasters.

2024 problem and shortage of workers

- Improve efficiency and reduce efforts in back-office operations by sophisticating systems for sales support, product sales and expense reimbursement through introduction of DX.
- Improve efficiency and reduce efforts in back-office operations with knowledge databases for technical information and administrative operations that utilize generative AI.

Era of uncertainty

- Further enhance and sophisticate BCP measures for emergency situations such as system failures and disasters.

Pick Up

Construction business

Sports facilities



We will propose solutions that are consistently optimal from planning and design to construction from an expert viewpoint to meet various customer needs such as sports, education and entertainment by leveraging abundant track record we have accumulated and materials we have independently developed.

Machine control

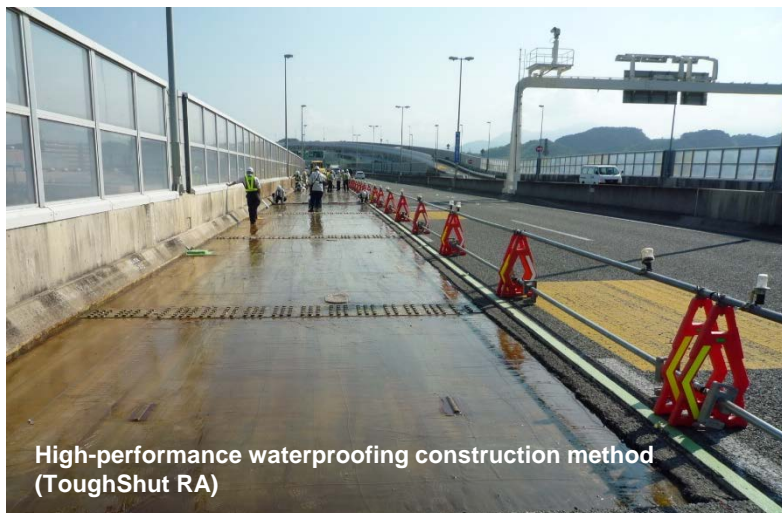


We strive to improve productivity and reduce dependency on human power while improving safety, quality and workmanship, by introducing DX technologies that are consistent from survey and design to construction and completion, such as measuring technologies utilizing a drone, introduction of a machine control system to pavement construction work, management of completed parts of construction with latest optical equipment and non-destructive quality management.

Pick Up

Asphalt Product business and Consulting business

**Asphalt Product business
(alternative materials for asphalt)**



We will actively promote sales of sustainable materials that will serve for maintenance, repair and extended life of pavements, such as ToughShut RA, a high-performance waterproofing construction method that uses a material mainly made of plant-derived special thermoplastic resin, HS Binder, a modified asphalt with super-high fluidity resistance, and Cold Permixon, a weather-proof repair material usable in room temperature.

Consulting business (LCC optimization)



“MWD plus” is a pavement inspection vehicle that efficiently measures deflection volume of pavement and pavement surface conditions while traveling. It will contribute to building a sustainable maintenance cycle that will extend life and reduce life cycle cost of pavement.

Having a precondition that we will ensure resilient management foundation to address the era of uncertainty, we will strive to improve our corporate value with a keen eye on capital cost, by setting a KPI for profitability on invested capital for each business. At the same time, in order to reduce capital costs, we will enhance engagement with shareholders and investors through dialog with them.

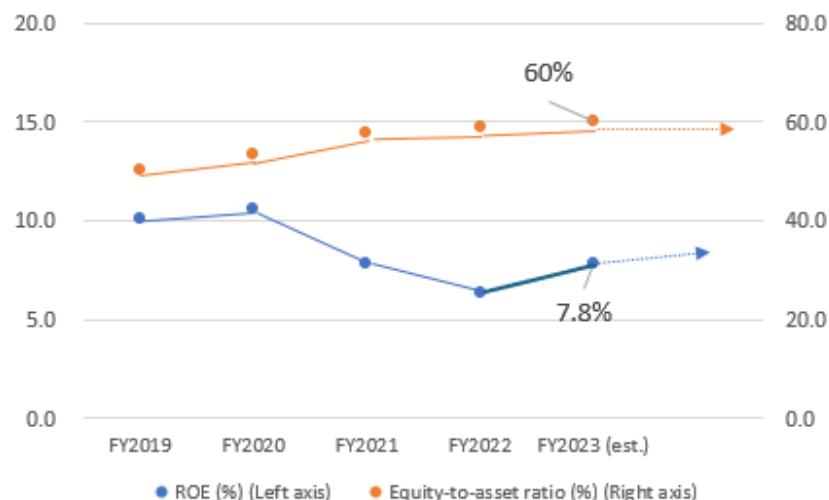
● **Return on equity (ROE)**

Our ROE, which was 6.3% for the fiscal year ended March 31, 2023 partially due to the increased crude oil prices, has recovered to 7.8% in the forecast for the fiscal year ended March 31, 2024. In the medium-term management plan, we will work for continuous improvement aiming at an ROE of 〇% or more.

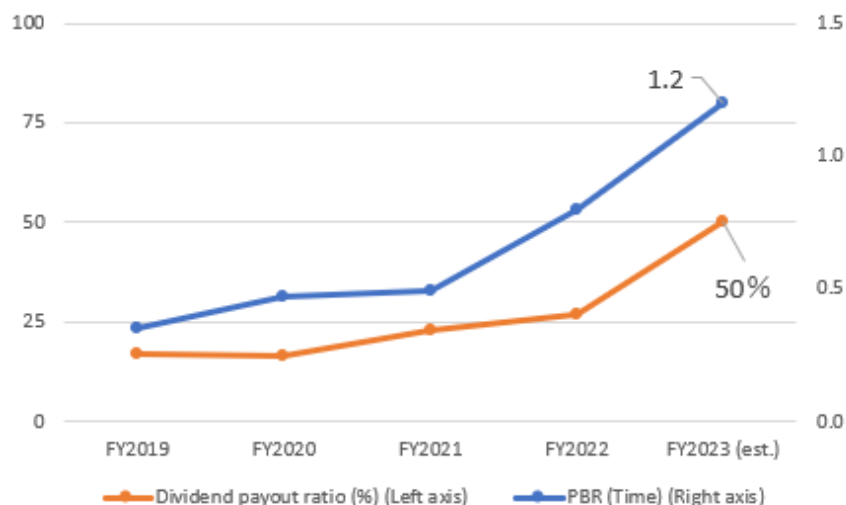
● **Price book-value ratio (PBR)**

Although our PBR is currently above 1x, we will strive to achieve a PBR of 1〇 or more, by providing steady shareholder returns with a base line dividend payout ratio of 〇% or more and a base line annual dividend of ¥〇/share(*), on a precondition that our management policy should emphasize shareholder returns while maintaining a robust financial foundation.

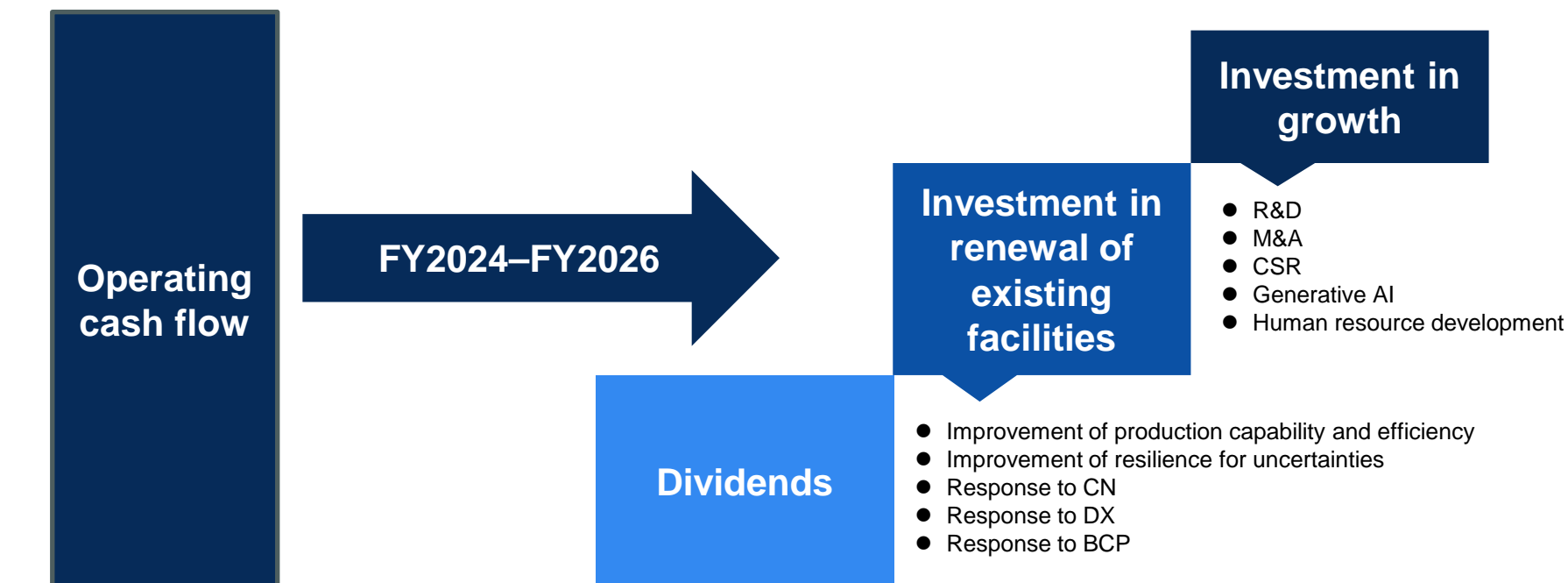
Trend of ROE and equity-to-asset ratio



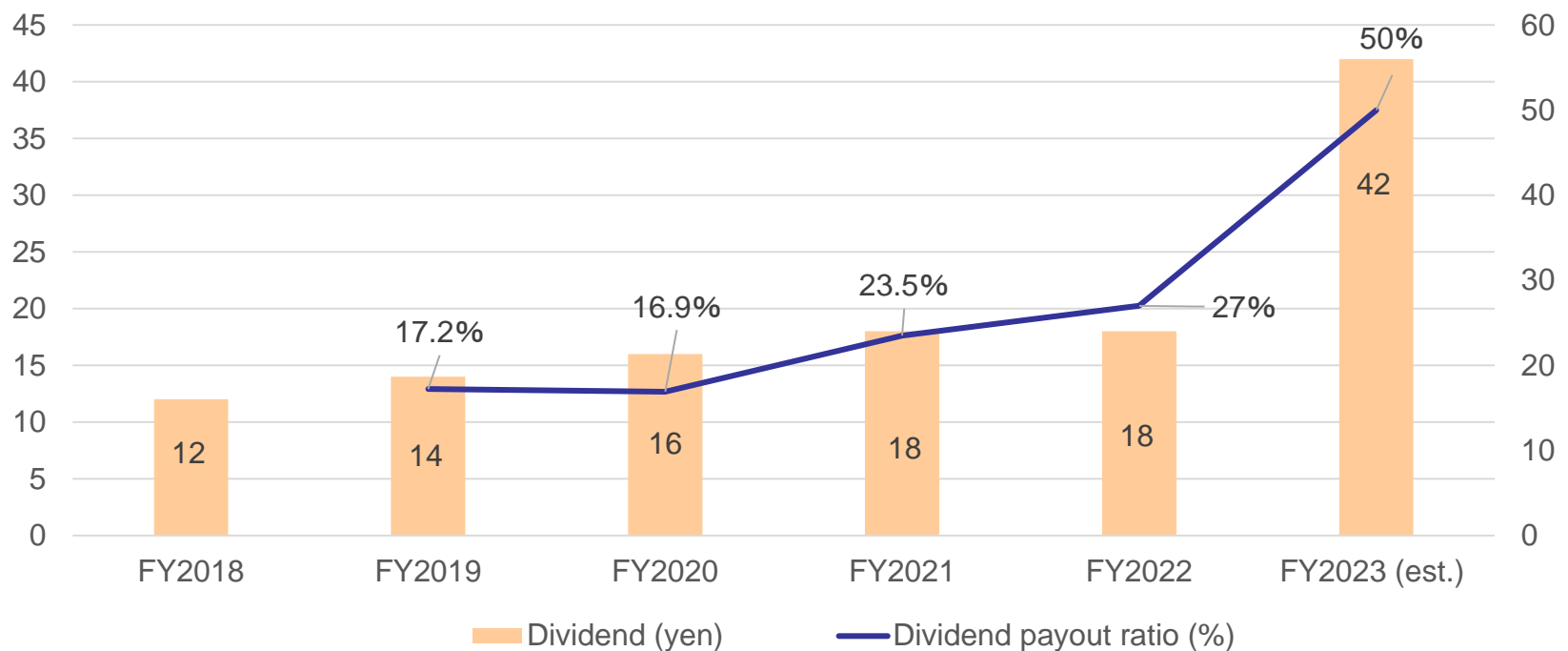
Trend of dividend payout ratio and PBR



We plan to invest ¥○ billion in CSR activities, R&D and M&As as an aggressive investment in growth. As for renewal of existing facilities, we plan to invest ¥○ billion in three years for improvement of production capability and efficiency, renewal of existing facilities by considering carbon neutrality and responding to uncertainties and 2024 problem, in order to build a management foundation that can realize “sustainable growth.” In addition, we will ensure a dividend payout ratio of ○% or more.

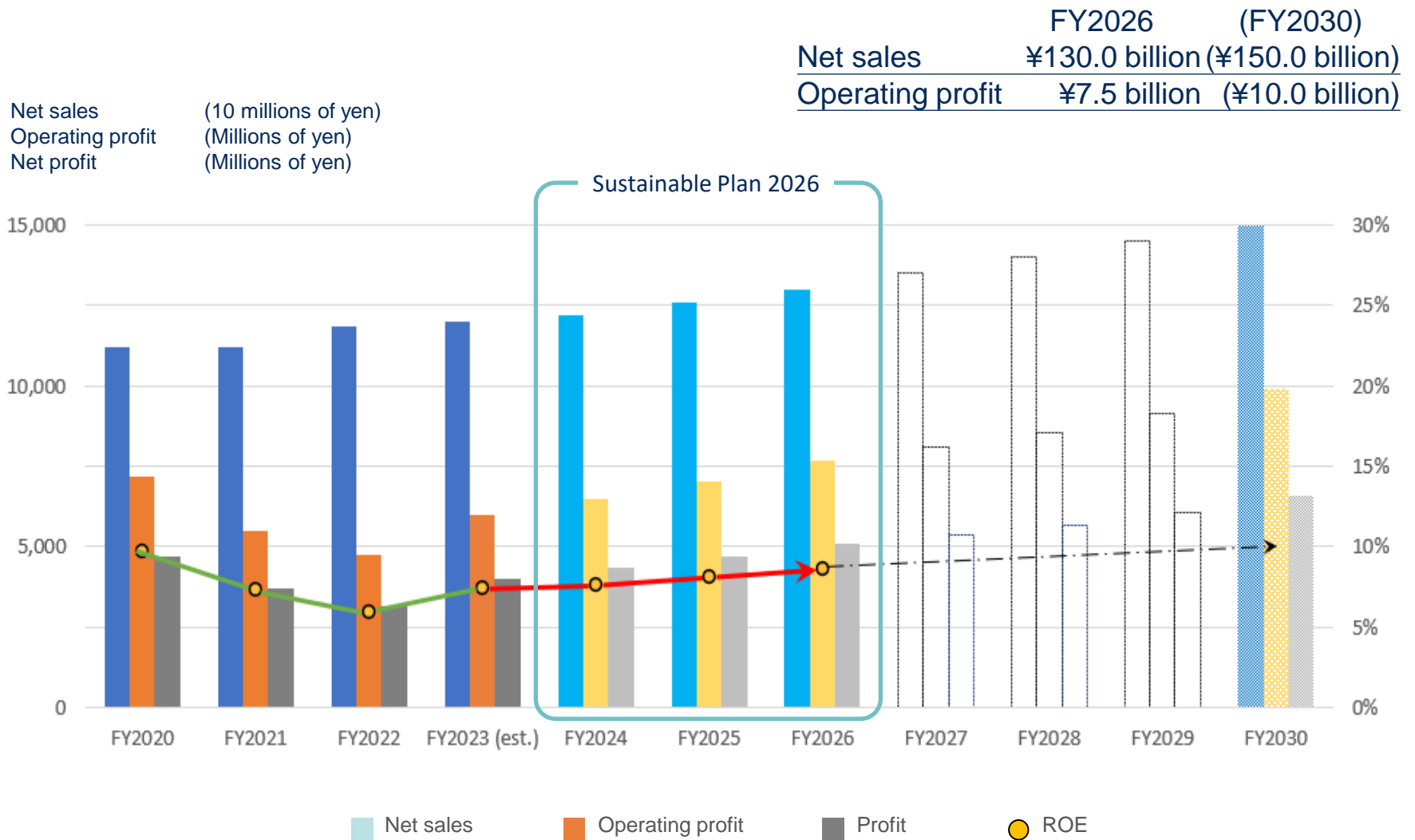


The policy on shareholder returns is an important theme of management. We will work to provide shareholder returns with a baseline dividend payout ratio of 50% or more, while striving to achieve continuous growth of business. (We may consider stock repurchase in response to investment trends and market environment, as necessary.)



* The financial position was negative for the fiscal year ended March 31, 2019 due to reporting of an extraordinary loss (negative ¥231 million).

On April 1, 2024, the Company conducted a 5-for-1 stock split of its common stock. The dividend per share is calculated on the presumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2019.



TOA-TONE BORING CO., LTD.



Enzan Plant

Diaphragm wall trencher



Established in 1917, TOA-TONE BORING CO., LTD. is a company engaged in manufacturing and sales of drilling machinery, as well as construction. With its unique, special and cutting-edge technologies adopted for foundation work of large-scale structures and work related to the linear motor car, the company operates its businesses globally.

The company creates synergy with us not only in civil engineering work but also with its technology for sustainable underground thermal wells.

ART ENGINEERING CO., Ltd.



A vehicle that measures pavement surface profiles

Mobile deflection measurement equipment MWD plus



ART ENGINEERING CO., Ltd. is a member of the Pavement Consultants Association, since the establishment of the association. The company is engaged mainly in testing and surveys specialized for pavements, such as survey of pavement surface profiles with a specially-designed vehicle for automatically measuring pavement surface profiles, survey of pavement structure using FWD, and comprehensive assessment using MWD plus. In addition, the company proposes various solutions to municipalities, such as support for introduction and operation of pavement management systems.

Initiatives for SDGs

Resolve social issues through business activities

Our target year, 2030, is also the target year of SDGs. To achieve the SDG goals, the medium-term management plan also actively commits to the targets, especially those listed below.



AFFORDABLE AND CLEAN ENERGY

Initiative for solar pavement



DECENT WORK AND ECONOMIC GROWTH

Management emphasizing engagement between the Company and employees



INDUSTRY, INNOVATION AND INFRASTRUCTURE

Development of infrastructure that is safe, secure, sustainable and disaster-resilient



SUSTAINABLE CITIES AND COMMUNITIES

Provision of technical support and road materials to Global South



RESPONSIBLE CONSUMPTION AND PRODUCTION

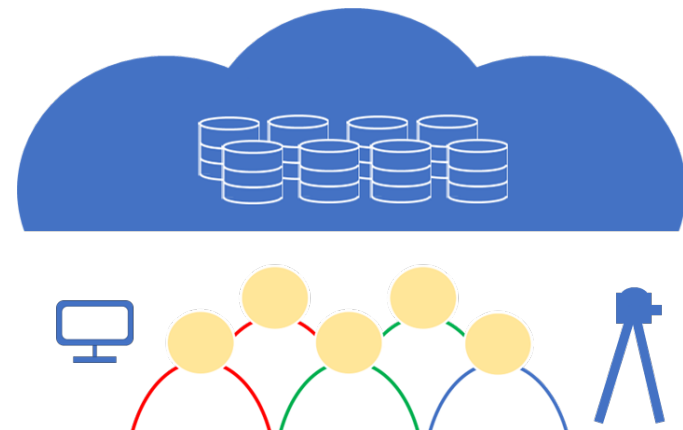
Advancement of technologies for extending product life and recycling in the road sector

* For our past initiatives, please see our Integrated Reports.
<https://www.toadoro.co.jp/csr/>

Challenge to Society 5.0

Realize a future society through business activities

The Company will challenge the possibilities of our unique IoT technologies by actively introducing ICT technologies in construction sites, introducing generative AI in back-office operations, and introducing big data in pavement management. At the same time, we will strive for realization of diverse ways of working where elderlies, youth, and women can achieve their happiness, looking also at securing workers, which is an urgent issue in the construction industry.



Based on insights and technologies we have developed as a road construction company, we will create innovations for future and actively commit to an establishment of WISENET 2050*1) .

Establishment of a seamless network

Under WISENET 2050, the work is ongoing for development of a seamless network of high-standard arterial roads, with an eye on meeting certain road service levels. We will actively develop and propose long-life pavements and technologies for construction in shorter time, in order to prevent reduction of service levels due to repair work of pavements. In addition, in order to understand the current status of service levels of roads precisely, we will actively develop and propose new survey technologies, such as “MWD plus,” which is a vehicle that measures pavement structures and pavement surface profiles at the same time.

Transformation of roads into multi-functional spaces through creation of technologies

Under WISENET 2050, a discussion is ongoing to transform roads from spaces for vehicles to travel to multi-functional spaces that support diverse values. We will work for development and dissemination of solar pavement that will contribute to resolution of global environmental problems, as well as for research and development of technology for wireless EV charging while driving by looking at dissemination of EVs in future and possible advent of autonomous driving society.

5

Corporate profile

Corporate philosophy

Support peoples' lives from the road they stand on with our own will and growth

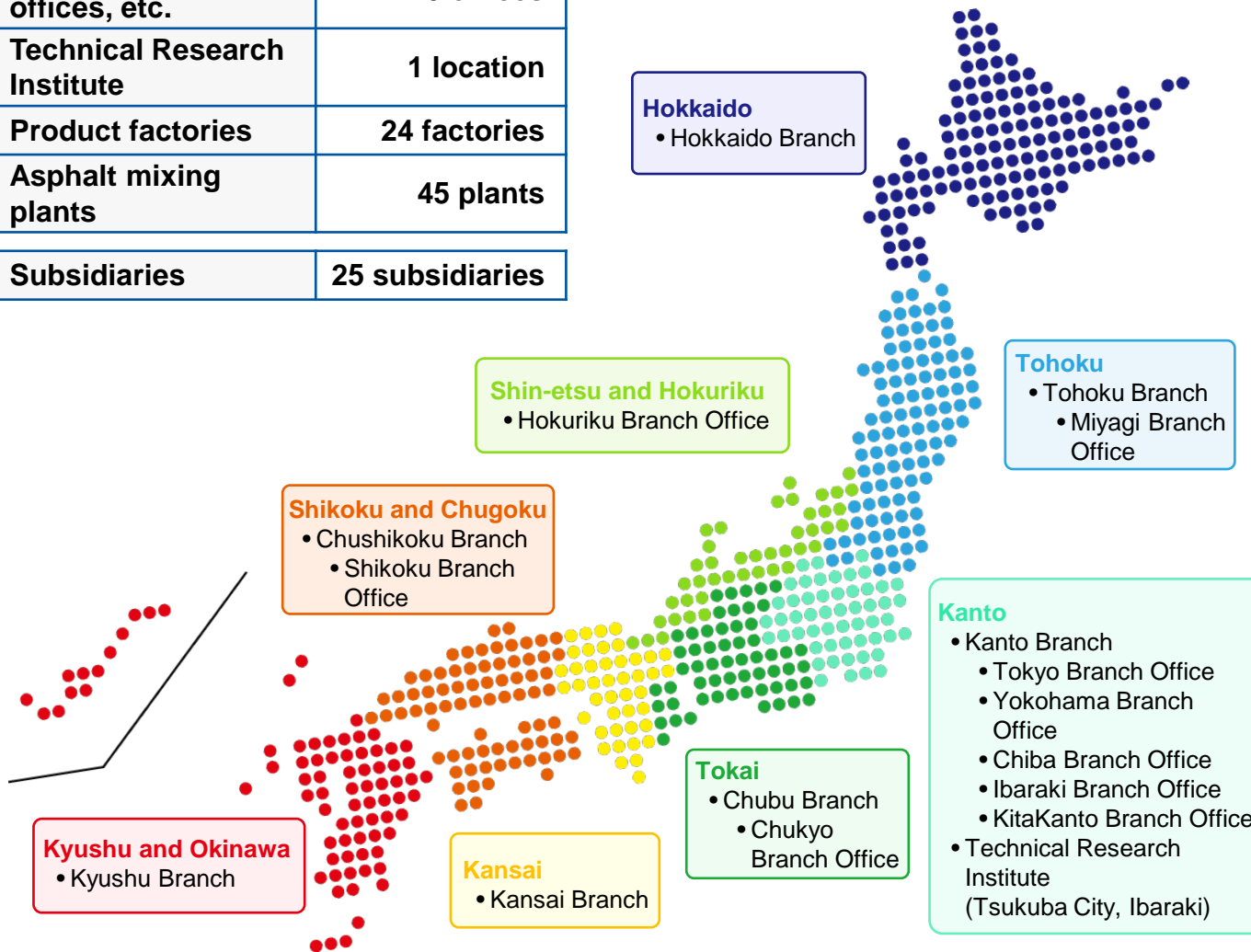
Corporate name	TOA ROAD CORPORATION
Date of establishment	November 28, 1930
Head office	7-3-7 Roppongi, Minato City, Tokyo
Representative	Kyouichi Morishita, Representative Director, President
Capital	¥7,584 million
Net sales	¥118,060 million (for FY 2024) (consolidated)
Ordinary profit	¥5,707 million (for FY 2024) (consolidated)
Number of employees	1,655 (for FY 2024) (consolidated)
Listing (Securities code)	Prime Market of the Tokyo Stock Exchange (1882)
Construction contractor license	Ministry of Land, Infrastructure, Transport and Tourism (Special 1) No. 3226

Major consolidated subsidiaries

Company name	Reportable segment	Head office	Net sales (Before consolidation adjustment)	Business description
FUJIKENSETSU CORPORATION	Construction	Muroran City, Hokkaido	¥3,010 million	Supervising and work for road construction, general civil engineering, sports facilities, architecture, and road maintenance and snow removal, etc.
MARUKENDOURO CORPORATION	Construction	Kanazawa City, Ishikawa	¥3,863 million	Supervising and work for road construction, sports facilities, landscape facilities, general civil engineering projects, etc. Manufacturing and sales of asphalt mixtures
Umetsugumi Co., Ltd.	Construction	Nagai City, Yamagata	¥2,815 million	Supervising and work for pavement construction projects, civil engineering projects, etc.
Shikishimagumi Co., Ltd.	Construction	Oita City, Oita	¥1,044 million	Supervising and work for road construction projects, civil engineering projects, etc. Manufacturing and sales of asphalt mixtures
FUJI GREEN TECH CO., LTD.	Construction	Kofu City, Yamanashi	¥2,564 million	Design, work, management and management as a designated manager of parks and athletic facilities, etc. and painting of bicycle racetracks
KOKUDO Co., Ltd.	Construction	Kakamigahara City, Gifu	¥328 million	Work for pavement construction projects and civil engineering projects
Aiken Industry Co., Ltd.	Construction	Kirishima City, Kagoshima	¥1,292 million	Construction work, sales of intermediately processed/recycled crushed stone, and manufacturing and sales of asphalt mixtures
Sapporo Kyodo Ascon Co., Ltd.	Asphalt Products	Sapporo City, Hokkaido	¥1,296 million	Manufacturing and sales of asphalt mixtures
Aska Co., Ltd.	Asphalt Products	Minato City, Tokyo	¥18,660 million	Sales of petroleum products (asphalt and fuels)
TOA-TONE BORING Co., Ltd.	Asphalt Products	Minato City, Tokyo	¥8,504 million	Manufacturing and sales of boring machinery and foundation civil engineering machinery, etc. and work for foundation civil engineering projects
TOA BUTSURYU Co., Ltd.	Asphalt Products	Minato City, Tokyo	¥1,844 million	Transportation and delivery (spreading) of asphalt products
SANROCK ARAKAWA Co., Ltd.	Asphalt Products	Murakami City, Niigata	¥1,265 million	Manufacturing and sales of gravel, sand, crushed stone, etc. Recycling of concrete waste materials Civil engineering and pavement construction

Major offices, research institute, consolidated subsidiaries, etc.

Branch offices, sales offices, etc.	40 offices
Technical Research Institute	1 location
Product factories	24 factories
Asphalt mixing plants	45 plants
Subsidiaries	25 subsidiaries



Head Office



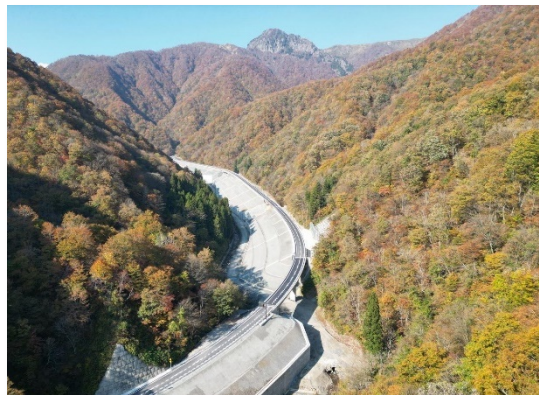
Technical Research Institute

Our track record in construction

FY2022 Shizuma Nima Road pavement construction work in Isotake district
(Chugoku Regional Development Bureau, MLIT)



Improvement and pavement construction work at Kammuriyama Toge Road in Tsuka district
(Kinki Regional Development Bureau, MLIT)



Hokuriku Shinkansen
Fukui track construction



Aichi Prefecture Football Center Aisai



[Facility certified by JFA]

Gifu Velodrome



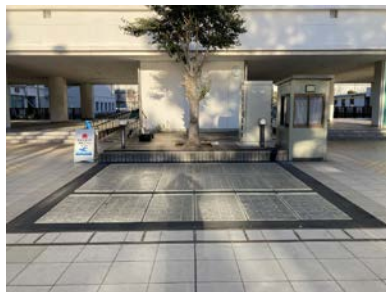
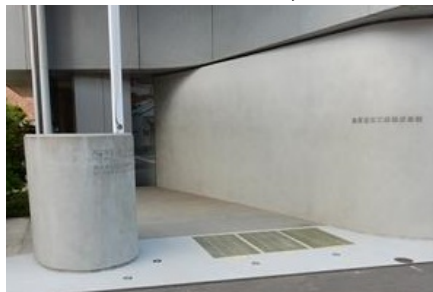
Matsuyamashita Athletic Park in Chiba



Development of photovoltaic road surfacing system (Wattway)

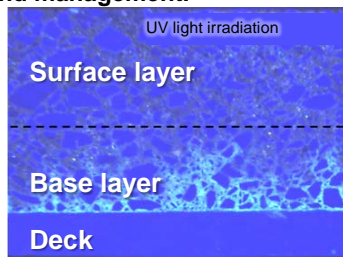
In order to achieve the SDG goals, the Company is working jointly with Colas (a French company) for dissemination of Wattway, a pavement with a solar power generation function.

Being a product attached onto road surfaces, Wattway is resistant to typhoons and other disasters and can be operated independently from power grids. Therefore, the Company believes that it will be a new solution for solar power generation in Japan in the future, with its potential for use as an energy source at disaster-affected sites and installation in urban areas, etc.



Development of ToughShut RA, an asphalt pavement material with integrated resin waterproofing

ToughShut RA, an asphalt pavement material with integrated resin waterproofing, is an innovative technology that integrates the deck, waterproof layer, and asphalt mixture of road bridges with plant-derived resin. Unlike traditional methods that require specialized work, it can be installed using general-use equipment. We thus believe this technology will contribute to extending the life of a large number of existing bridges if broadly applied to bridge maintenance and management.



Adhesive waterproofing material mixed with fluorescent pigment under UV light irradiation. You can see the waterproofing material penetrating the base layer.

MWD plus (a pavement inspection vehicle that measures deflection volume and pavement surface conditions at the same time)

The Company developed and started operation of MWD plus, a new inspection vehicle developed by mounting a device to measure three elements of pavement surface profiles required for pavement maintenance (cracking, rutting and International Roughness Index (IRI)) onto MWD, a mobile deflection measurement equipment.

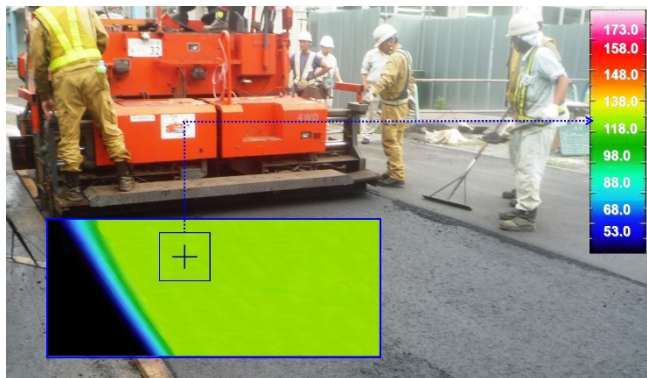
We believe that MWD plus, which quickly measures the deflection volume of pavement surfaces, will contribute to the effective maintenance and management of road pavement.



Development of pavement for wireless EV charging while driving

Pavement for wireless EV charging while driving is a pavement that charges EVs wirelessly while they are traveling. Amid the rapid shift toward EVs, the Company expects that battery problems will emerge in the future for batteries mounted onto vehicles in terms of resource scarcity and weight. The Company is working to technically assess this issue in collaboration with related and academic institutions.





ECO Binder series

ECO Binder series are environmentally-friendly modified asphalt that can be produced at approximately 30°C lower than the temperature for producing normal modified asphalt mixtures. It can reduce fuel consumption and CO₂ emissions traditionally required for heating the aggregate.



Cold Permex

Cold Permex is a highly durable asphalt mixture for cold-mix repair. It is highly durable and enables the easy filling of potholes and gaps. It is made of plant-derived materials and obtained the Biomass Mark certification.



Fast-As

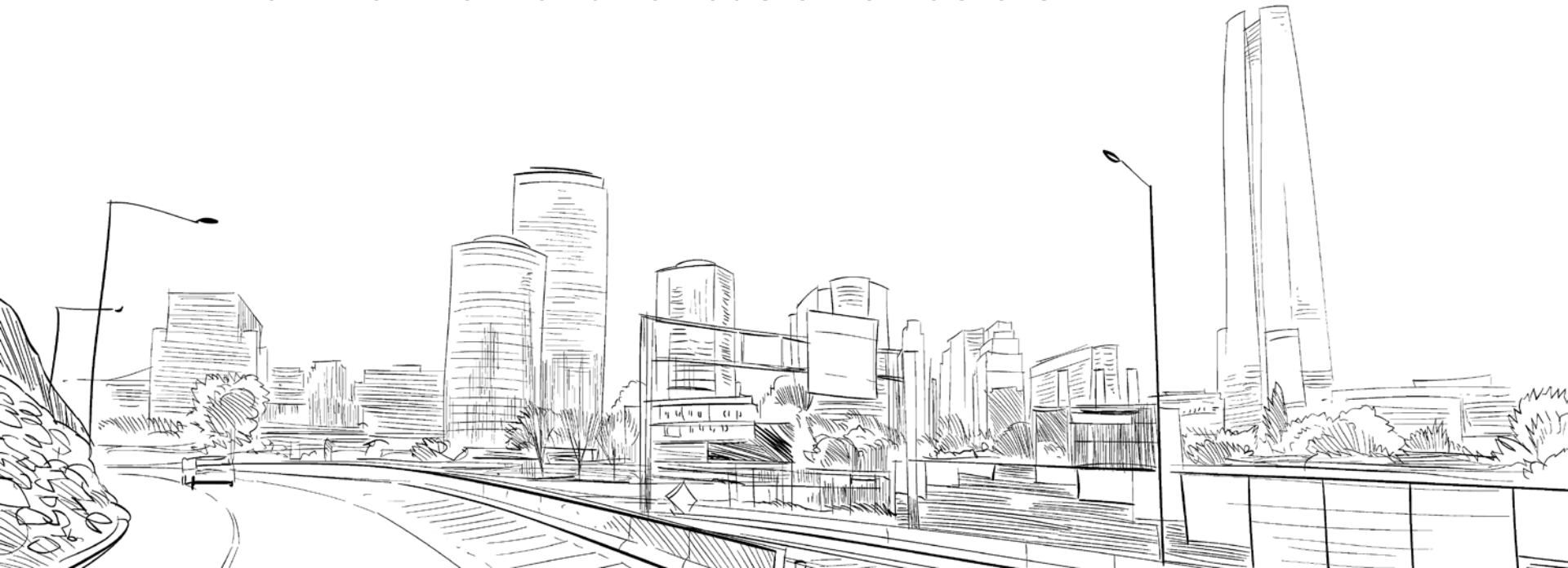
Fast-As is a road surface repair material developed for easier use for small-scale work. It is made of modified asphalt emulsion and hardens at room temperature. It serves for various uses such as filling gaps and seams, as well as the refreshing and aesthetic improvement of rough road surfaces.



TOKE Pack

TOKE Pack is a pothole filling material for emergency use and usable in all climates. It is a cold mix asphalt mixture in a small bag that can be handled with one hand and thrown in a hole to fill it. It is an environmentally-friendly product with water-soluble packaging that does not generate waste.

Forecasts, plans and any other forward-looking statements contained herein are based on the information currently available and assumptions and hypothesis deemed to be reasonable by the Company. Actual results may differ from these statements due to future changes in the business environment and various other factors.



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