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Securities code: 1882
June 7, 2024
(Start date of measures for electronic provision: June 5, 2024)

To Shareholders with Voting Rights:

Kyouichi Morishita
Representative Director, President
TOA ROAD CORPORATION
7-3-7 Roppongi, Minato City, Tokyo

NOTICE OF
THE 118th ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 118th Annual General Meeting of Shareholders of TOA ROAD CORPORATION (the "Company") will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures to provide information electronically. Matters subject to electronic provision are posted on the following website as "Notice of the 118th Annual General Meeting of Shareholders."

The Company's website:
https://www.toadoro.co.jp

In addition to the above website, matters subject to electronic provision are also posted on the following website.

Tokyo Stock Exchange Inc. website:
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

Please access the abovementioned Tokyo Stock Exchange Inc. website, search for the Company by entering either the Company name or securities code, and select "Basic information," followed by "Documents for public inspection/PR information" in order to view the information.

Please review the Reference Documents for the General Meeting of Shareholders described in the matters subject to electronic provision, and exercise your voting rights by 5:30 p.m. Japan time on Wednesday, June 26, 2024.

[Exercise of voting rights in writing]
Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it by mail so that it arrives by the cutoff time for exercise of voting rights specified above.

[Exercise of voting rights via the Internet]
For the method of exercising voting rights via the Internet, please refer to the "Procedures for Exercising Voting Rights via the Internet."

If you exercise your voting rights both in writing and via the Internet, voting rights exercised via the Internet shall be treated as valid.

1. **Date and Time:** Thursday, June 27, 2024 at 10:00 a.m. Japan time
2. **Venue:** Company Head Office
   Conference Room, 7th floor
   7-3-7 Roppongi, Minato City, Tokyo
3. **Meeting Agenda:**

   Matters to be reported:
   1. The Business Report and Consolidated Financial Statements for the Company's 118th Fiscal Year (April 1, 2023 - March 31, 2024) and the results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
   2. Non-consolidated Financial Statements for the Company's 118th Fiscal Year (April 1, 2023 - March 31, 2024)

   Proposals to be resolved:

   <Proposals by the Company (Proposals 1 through 3)>

   Proposal 1: Appropriation of Surplus
   Proposal 2: Election of Six Directors
   Proposal 3: Election of One Corporate Auditor

   <Shareholder Proposal (Proposal 4)>

   Proposal 4: Appropriation of Surplus

   Proposal 4 is made by a portion of shareholders, and is opposed by the Board of Directors. The outline of this proposal is stated in the Reference Documents for the General Meeting of Shareholders attached hereto.

(Request) When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk on the day of the meeting.

(Notice) In the event of any revisions to the matters subject to electronic provision, details of the revisions will be posted on each of the designated websites.

Reference Documents for the General Meeting of Shareholders

Proposals and References

<Proposals by the Company (Proposals 1 through 3)>

Proposal 1: Appropriation of Surplus

Regarding appropriation of surplus, we hereby propose as described below.

The Company intends to enhance internal reserves in order to strengthen the corporate constitution and be prepared for future business development. At the same time, for the returning of profits to shareholders, the Company remains committed to maintaining a stable dividend payment level based on a comprehensive consideration of the profit forecast over the medium term, the investment plan, cash flows, and the financial position, among other factors.

The Company intends to utilize the internal reserves for prioritized investment for further strengthening the business foundation and for future business development from a medium- to long-term perspective.

It is proposed that the year-end dividend for the fiscal year ended March 31, 2024 be paid as follows, taking into consideration the Company’s performance for the year and future business development:

Matters concerning year-end dividend

(1) Type of dividend property
Cash

(2) Matters related to the allotment of dividend property and the total amount thereof
Per share of common stock of the Company: ¥210
(common dividend of ¥210)
Total amount: ¥1,974,038,430

(3) Effective date of distribution of surplus
June 28, 2024

Proposal 2: Election of Six Directors

The terms of office of all six Directors will expire at the conclusion of this General Meeting of Shareholders. Mr. Shizuo Fukuhara passed away on May 20, 2024, and thus retired from office.
Accordingly, the election of six Directors is proposed.
The candidates for Director are as follows:

No.	Name			Current positions at the Company	Attendance at Board of Directors meetings
1	[Reappointment]	Kyouichi Morishita		Representative Director, President	16/16 (100%)
2	[Reappointment]	Satoru Horinouchi		Representative Director, Executive Vice President	16/16 (100%)
3	[New appointment]	Naoki Nakamura		Executive Officer, General Manager, Administration Division	-
4	[Reappointment]	Masataka Kusumi	[Independent Director] [Outside Director]	Outside Director	16/16 (100%)
5	[Reappointment]	Yuko Tahara	[Independent Director] [Outside Director]	Outside Director	16/16 (100%)
6	[New appointment]	Yuichiro Ichikawa	[Independent Director] [Outside Director]	-	-

Candidates for Director

No.	Name (Date of birth)	Career summary and positions		Number of shares of the Company held
1	[Reappointment] Kyouichi Morishita (September 22, 1956) Attendance at Board of Directors meetings: 16/16 No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): 11 years	April 1981	Joined the Company	116,225
		June 2013	Director; Executive Officer; General Manager, Construction and Engineering Division, the Company	
		April 2014	Director; Executive Officer; General Manager, Construction and Engineering Division; General Manager, Construction Department, the Company	
		April 2015	Director; Executive Officer; General Manager, Construction and Engineering Division; General Manager, Construction Department; General Manager, Civil Engineering Department, the Company	
		April 2016	Director; Managing Executive Officer; General Manager, Planning and Sales Division; General Manager, Construction and Engineering Division; General Manager, Construction Department, the Company	
		May 2016	Director; Managing Executive Officer; General Manager, Planning and Sales Division; General Manager, Construction and Engineering Division; General Manager, Construction Department; General Manager, Product Business Division, the Company	
		April 2017	Director; Managing Executive Officer; General Manager, Technology Division; General Manager, Affiliated Business Division, the Company	
		June 2017	Representative Director; President, the Company To present	
		Responsibilities Chairman, Internal Control Committee; Chairman, Compliance Committee; in charge of Audit Office; in charge of Corporate Planning Office		
	[Reason for nomination as candidate for Director] Since joining the Company, Mr. Kyouichi Morishita has been mainly engaged in construction and sales divisions and has a wealth of experience and extensive knowledge. He assumed office as Director and Managing Executive Officer in 2016. Serving as Representative Director and President since 2017, he is demonstrating strong leadership and decisiveness in managing the Company and striving to achieve continuous enhancement of corporate value. Therefore, the Company proposes his reelection as Director.			

No.	Name (Date of birth)	Career summary and positions	Number of shares of the Company held
2	[Reappointment] Satoru Horinouchi (July 5, 1959) Attendance at Board of Directors meetings: 16/16 No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): 8 years	April 1983 Joined the Company June 2016 Director; Executive Officer; General Manager, Construction and Engineering Division; General Manager, Engineering Department; General Manager, Construction Department, the Company April 2017 Director; Executive Officer; General Manager, Construction and Engineering Division; General Manager, Construction Department, the Company June 2017 Director; Executive Officer; General Manager, Construction and Engineering Division; General Manager, Construction Department; General Manager, Technology Division, the Company April 2018 Director; Managing Executive Officer; General Manager, Technology Division; General Manager, Affiliated Business Division, the Company June 2018 Representative Director; Managing Executive Officer; General Manager, Technology Division; General Manager, Affiliated Business Division, the Company April 2019 Representative Director; Senior Managing Executive Officer; General Manager, Product Business Division; General Manager, Technology Division; General Manager, Affiliated Business Division, the Company April 2020 Representative Director; Senior Managing Executive Officer; General Manager, Sales Division; General Manager, Affiliated Business Division, the Company April 2021 Representative Director; Senior Managing Executive Officer; General Manager, Construction Division April 2023 Representative Director; Executive Vice President; General Manager, Construction Division, the Company To present Responsibilities In charge of Affiliated Business Department; in charge of Safety, Environment and Quality Department; General Manager, Construction Division; Chairman, Workstyle Improvement Committee; responsible for Labor Relations	92,230
	[Reason for nomination as candidate for Director] Since joining the Company, Mr. Satoru Horinouchi has been mainly engaged in construction divisions and has a wealth of experience and extensive knowledge. He assumed office as Representative Director and Managing Executive Officer in 2018, and as Representative Director and Executive Vice President in 2023, reporting directly to, and assisting the President. He has been engaged in management of the Company, including by formulating corporate concepts and engaging in management decisions and business development, and has been contributing to continuous enhancement of corporate value. Therefore, the Company proposes his reelection as Director.		

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary and positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">3</td><td>[New appointment]

Naoki Nakamura
(February 28, 1964)

Attendance at Board of Directors meetings:
-

No. of years in office as Director (at the conclusion of this General Meeting of Shareholders):
-</td><td>April 1986 Joined the Company
April 2011 General Manager, Administration Department, Tohoku Branch, the Company
April 2014 General Manager, Administration Department, Kanto Branch, the Company
April 2016 General Manager, Accounting Department, Administration Division, the Company
April 2020 General Manager, Accounting Department; General Manager, Finance Department, Administration Division, the Company
April 2021 Executive Officer; Deputy General Manager, Administration Division, the Company
April 2022 Executive Officer; General Manager, Administration Department, Administration Division, the Company
April 2024 Executive Officer; General Manager, Administration Division, the Company
To present

Responsibilities
None</td><td>15,580</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Director]
Since joining the Company, Mr. Naoki Nakamura has been mainly engaged in administration divisions and has a wealth of experience and extensive knowledge. Currently he is supervising the Company’s administration divisions as Executive Officer and General Manager of Administration Division, and has great ability required as a Director. The Company believes that he will execute his duties properly as the Company strives for sustainable growth and medium to long term enhancement of corporate value, and therefore proposes his election as Director.</td></tr>
</table>

No.	Name (Date of birth)	Career summary and positions	Number of shares of the Company held
4	[Reappointment] [Independent Director] [Outside Director] Masataka Kusumi (February 17, 1968) Attendance at Board of Directors meetings: 16/16 No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): 4 years	April 1991 Joined Fujita Corporation September 2001 Joined Masasho Co., Ltd. December 2006 Joined ShinNihon & Co. (currently, Ernst & Young ShinNihon LLC) August 2010 Registered as Certified Public Accountant August 2016 Representative, Masataka Kusumi CPA Office (current position) May 2017 Auditor, Nissan Satio Hirosaki Co., Ltd. (current position) December 2017 Outside Director (Audit and Supervisory Committee Member), E-Guardian Inc. (current position) June 2020 Director, the Company (current position) To present [Significant concurrent positions] Representative, Masataka Kusumi CPA Office Auditor, Nissan Satio Hirosaki Co., Ltd. Outside Director (Audit and Supervisory Committee Member), E-Guardian Inc.	4,500
	[Reason for nomination as candidate for Outside Director and expected role] Mr. Masataka Kusumi has a specialist perspective based on his insight and experience as a CPA and considerable knowledge of corporate finance, legal affairs, and tax affairs. In order to ensure validity and appropriateness of decision-making by the Board of Directors, the Company wishes him to appropriately oversee the Company's business execution from an independent standpoint with a specialist perspective. In addition, the Company believes that it can receive useful advice and suggestions from him on overall management and therefore proposes his reelection as Outside Director.		

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary and positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">5</td><td>[Reappointment]
[Independent Director]
[Outside Director]

Yuko Tahara
(May 21, 1967)

Attendance at Board of Directors meetings:
16/16

No. of years in office as Director (at the conclusion of this General Meeting of Shareholders):
3 years</td><td>April 1996 Assistant, Graduate School of Arts and Sciences, College of Arts and Sciences, The University of Tokyo
April 2002 Assistant Professor, Faculty of Economics, Kokugakuin University
April 2008 Professor, Faculty of Economics, Kokugakuin University (current position)
June 2021 Director, the Company (current position)
To present

[Significant concurrent positions]
Professor, Faculty of Economics, Kokugakuin University</td><td>2,000</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Outside Director and expected role]
Ms. Yuko Tahara has a specialist perspective based on her profound insight and extensive knowledge cultivated over the years as an expert on local community issues, the aging society, and social security. In order to ensure validity and appropriateness of decision-making by the Board of Directors, the Company wishes her to appropriately oversee the Company’s business execution from an independent standpoint with a specialist perspective. In addition, the Company believes that it can receive useful advice and suggestions from her on overall management and therefore proposes her reelection as Outside Director.
Although she has never been involved in corporate management, the Company believes that she will execute her duties properly as an Outside Director of the Company for the reasons stated above.</td></tr>
</table>

No.	Name (Date of birth)	Career summary and positions		Number of shares of the Company held
6	[New appointment] [Independent Director] [Outside Director] Yuichiro Ichikawa (November 17, 1954) Attendance at Board of Directors meetings: - No. of years in office as Director (at the conclusion of this General Meeting of Shareholders): -	April 1977	Joined Japan Drilling Co., Ltd.	0
		July 2004	Director; General Manager, Operating Department, Japan Drilling Co., Ltd.	
		June 2005	Managing Director; General Manager, Operating Department, Japan Drilling Co., Ltd.	
		July 2006	Representative Director; Senior Managing Director, Japan Drilling Co., Ltd.	
		June 2007	Representative Director; Senior Managing Executive Officer, Japan Drilling Co., Ltd.	
		June 2013	Representative Director; President, Japan Drilling Co., Ltd.	
		June 2018	Advisor, Japan Drilling Co., Ltd.	
		February 2019	Resigned from Japan Drilling Co., Ltd.	
		August 2019	Management Advisor, REBIRTH, Limited (Resigned in March 2024)	
		November 2021	Management Advisor, Fukuda Honten K.K. (Resigned in March 2024) To present	
		[Significant concurrent positions] None		
	[Reason for nomination as candidate for Outside Director and expected role] Mr. Yuichiro Ichikawa has a specialist perspective based on his insight and experience as a corporate manager. In order to ensure validity and appropriateness of decision-making by the Board of Directors, the Company wishes him to appropriately oversee the Company's business execution from an independent standpoint with a specialist perspective. In addition, the Company believes that it can receive useful advice and suggestions from him on overall management and therefore proposes his election as Outside Director. For the reasons stated above, the Company believes that he will execute his duties properly as an Outside Director of the Company.			

Notes:
1. No special interest exists between any of the candidates and the Company.
2. Mr. Masataka Kusumi, Ms. Yuko Tahara, and Mr. Yuichiro Ichikawa are candidates for Outside Director.
3. Matters concerning the candidates for Outside Director are as follows:
   (1) Mr. Masataka Kusumi and Ms. Yuko Tahara are independent directors as defined by the Tokyo Stock Exchange.
   If this proposal is approved, Mr. Yuichiro Ichikawa will become an independent director as defined by the Tokyo Stock Exchange.
   (2) Number of years since assumption of office as the Company's Outside Director of each candidate for Outside Director
   Mr. Masataka Kusumi will have been in office as Outside Director for four years at the conclusion of this Annual General Meeting of Shareholders.
   Ms. Yuko Tahara will have been in office as Outside Director for three years at the conclusion of this Annual General Meeting of Shareholders.
   (3) Liability limitation agreements with Outside Directors
   1) The Company has entered into agreements with Mr. Masataka Kusumi and Ms. Yuko Tahara to limit their liability for damages pursuant to Article 423 Paragraph 1 of the Companies Act. The amount of liability for damages in accordance with the agreements

is limited to the minimum liability amount stipulated by laws and regulations.

If reelection of Mr. Masataka Kusumi and Ms. Yuko Tahara is approved at this General Meeting of Shareholders, the Company intends to renew the said agreements with them.

2) If election of the candidate for Outside Director Mr. Yuichiro Ichikawa is approved, the Company intends to enter into an agreement with him to limit his liability for damages pursuant to Article 423 Paragraph 1 of the Companies Act, as he will assume office as non-executive Director. The amount of liability for damages in accordance with the agreement is limited to the minimum liability amount stipulated by laws and regulations.

4. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. The said insurance contract covers litigation expenses related to derivative lawsuits and third-party litigation and incidental expenses to be borne by the insured. The Company's Directors (including Outside Directors) and Corporate Auditors (including Outside Corporate Auditors) are the insured under the said insurance contract. The insurance premiums are fully borne by the Company. However, liability for legal damages arising from illegal acts including criminal acts committed by the insured is outside the scope of coverage under the said insurance contract.

   The candidates for reelection nominated in this proposal are already the insured under the said insurance contract and will remain so following their reelection. The new candidates will be the insured following their election.

   The Company intends to renew the said insurance contract with the same contents at the next renewal.

5. On April 1, 2024, the Company conducted a 5-for-1 stock split of its common stock. For each candidate, the "Number of shares of the Company held" indicates the number of shares held following the stock split.

Proposal 3: Election of One Corporate Auditor

The terms of office of one of the three Corporate Auditors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of one Corporate Auditor is proposed.
The Company has obtained the consent of the Board of Corporate Auditors regarding this proposal.
The candidate for Corporate Auditor is as follows:

Candidate for Corporate Auditor

<table>
<tr><th>Name
(Date of birth)</th><th colspan="2">Career summary and positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="12">[Reappointment]

Yoshihiko Takeuchi
(December 24, 1959)

Attendance at Board of Directors meetings:
16/16

Attendance at Board of Corporate Auditors meetings:
12/12

No. of years in office as Corporate Auditor (at the conclusion of this General Meeting of Shareholders):
3 years</td><td>April 1982</td><td>Joined the Company</td><td rowspan="12">35,300</td></tr>
<tr><td>April 2007</td><td>General Manager, Administration Department, Chubu Branch, the Company</td></tr>
<tr><td>April 2010</td><td>General Manager, Administration Department, Kanto Branch, the Company</td></tr>
<tr><td>April 2014</td><td>General Manager, Administration Department, Administration Division, the Company</td></tr>
<tr><td>April 2015</td><td>General Manager, Administration Department, Administration Division; General Manager, General Affairs Department; General Manager, Corporate Communications Office; General Manager, Corporate Ethics Promotion Office, the Company</td></tr>
<tr><td>April 2016</td><td>Executive Officer; General Manager, Administration Division, the Company</td></tr>
<tr><td>June 2016</td><td>Director; Executive Officer; General Manager, Administration Division, the Company</td></tr>
<tr><td>April 2018</td><td>Director: Managing Executive Officer; General Manager, Administration Division, the Company</td></tr>
<tr><td>April 2020</td><td>Director; Managing Executive Officer; General Manager, CSR Promotion Division, the Company</td></tr>
<tr><td>April 2021</td><td>Director; Managing Executive Officer; General Manager, Legal Affairs and Compliance Department, CSR Promotion Department, the Company</td></tr>
<tr><td>June 2021</td><td>Corporate Auditor, the Company (current position)</td></tr>
<tr><td></td><td>To present</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Corporate Auditor]
Since joining the Company, Mr. Yoshihiko Takeuchi has been mainly engaged in administration divisions and has a wealth of experience and extensive knowledge in finance and accounting. Since his appointment as Director of the Company in 2016 and Corporate Auditor of the Company in 2021, he has been executing his duties for both positions appropriately. The Company proposes his reelection as Corporate Auditor in order for him to reflect his deep insight and extensive experience in the Company's audits.</td></tr>
</table>

Notes: 1. No special interest exists between the candidate for Corporate Auditor and the Company.

2. Liability limitation agreement with Corporate Auditor:

   The Company has entered into an agreement with Mr. Yoshihiko Takeuchi to limit his liability for damages pursuant to Article 423 Paragraph 1 of the Companies Act. The amount of liability for damages in accordance with the agreement is limited to the minimum liability amount stipulated by laws and regulations. If reelection of Mr. Yoshihiko Takeuchi is approved at this General Meeting of Shareholders, the Company intends to renew the said agreement with him.

3. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. The said insurance contract covers litigation expenses related to derivative lawsuits and third-party litigation and incidental expenses to be borne by the insured. The Company's Directors (including Outside Directors) and Corporate Auditors (including Outside Corporate Auditors) are the insured under the said insurance contract. The insurance premiums are fully borne by the Company. However, liability for legal damages arising from illegal acts including criminal acts committed by the insured is outside the scope of coverage under the said insurance contract.
   The candidate for reelection nominated in this proposal are already the insured under the said insurance contract and will remain so following his reelection.
   The Company intends to renew the said insurance contract with the same contents at the next renewal.
4. On April 1, 2024, the Company conducted a 5-for-1 stock split of its common stock. For the candidate, the "Number of shares of the Company held" indicates the number of shares held following the stock split.

[Skills Matrix]

			Major specialty and experience						
	Outside Director / Auditor	Nomination and Compensation Committee	Corporate management / management strategy	Sales / marketing	Technology / quality	Finance / accounting	Legal affairs / compliance	ESG	Diversity / gender
Kyouichi Morishita		○	○	○	○				
Satoru Horinouchi		○	○	○	○				
Naoki Nakamura			○			○	○		
Masataka Kusumi	◎	◎	○			○	○	○ (governance)	
Yuko Tahara	◎	○				○	○	○ (environment / society)	○ (female)
Yuichiro Ichikawa	◎	○	○			○	○	○ (governance)	
Shinichi Mori	◎					○	○		
Yoshihiko Takeuchi			○			○	○		
Hiroshi Fujita	◎		○				○	○ (governance)	

Notes: 1. ◎ in the column under "Outside Director / Auditor" indicates independent director/auditor.

2. ◎ in the column under "Nomination and Compensation Committee" indicates the chairman.

<Shareholder Proposal (Proposals 4)>

Proposals 4 is made by two shareholders (hereinafter referred to as the “Proposing Shareholders”).

Proposal 4: Appropriation of Surplus

1. Details of the proposal

   (1) Type of dividend
   Cash

   (2) Allocation and the total amount of dividends
   Total amount

   The Company shall pay the amount of dividend obtained by deducting the amount of dividend per share of common stock in the proposal on appropriation of surplus made by the Board of Directors of the Company and to be approved at the 118th Annual General Meeting of Shareholders (hereinafter, the proposal is referred to as the “Company Proposal on Appropriation of Surplus” and the dividend amount is referred to as the “Company Dividend”) from the amount obtained by multiplying 0.08 by the amount of net assets per share at the end of the 118th Fiscal Year (calculated in accordance with ASBJ Guidance No. 4 “Guidance on Accounting Standard for Earnings Per Share” including deducting treasury shares from the total number of issued shares) (rounded down to the nearest decimal, the same applies hereinafter), in addition to the Company Dividend.

   The total dividend amount shall be the dividend amount per share of common stock multiplied by the number of shares subject to the dividend as of the record date for voting at the 118th Annual General Meeting of Shareholders.

   (3) Effective date of dividend payment from surplus
   The day after the 118th Annual General Meeting of Shareholders of the Company is held.

   This proposal will be made additionally as an independent and compatible proposal with the Company Proposal on Appropriation of Surplus, if it is made at the 118th Annual General Meeting of Shareholders.

2. Reasons for the proposal
   This proposal is to plan a payment of an 8% of equity as dividends.

   Since 2007, the Company’s equity-to-asset ratio has increased every year, and as of December 31, 2023, it was at a very high level of approximately 62%. In addition, the Company holds a large number of assets unrelated to its core business, such as cross-shareholdings and real estate for lease, etc.

   Further increasing equity would only result in a lower ROE and higher capital cost. Therefore, we request that the Company adopt a shareholder return policy of a dividend on equity (DOE) of 8% (439 yen as of December 31, 2023).

   If ROE is less than 8%, the dividend payout ratio will exceed 100%. That way, the Company should present a policy to gradually reduce equity and improve capital efficiency and at the same time provide stable shareholder returns.

(Note from the Company) The above presents the details of the proposal and reasons thereof in the shareholder proposal document submitted by the Proposing Shareholders in the original text.

Opinions of the Board of Directors

The Board of Directors **<u>opposes this proposal</u>**.

As presented in the medium-term management plan “Toa Road Sustainable Plan 2026” released on May 10, 2024, the Company has established a medium-term management plan (FY2024-FY2026) with “shift to CSR-oriented management” and “establishment of a foundation for sustainable growth” as its two pillars (hereinafter referred to as the “Medium-term Management Plan”), and set sustainable growth and management strategies with a keen eye on capital costs as the focus issues.

With regard to capital efficiency, the Company is aiming for sustainable growth with a targeted ROE of 9.0% or more under the Medium-term Management Plan. For the coming three years, the Company plans to invest 5 billion yen in CSR activities, R&D, and M&As as an aggressive investment in growth, and 10 billion yen in the improvement of production capabilities and efficiency, renewal of existing facilities by considering carbon neutrality, and to respond to the overtime cap on truck drivers that came into effect in April 2024. By implementing these investments geared toward growth and responding to issues, the Company will strive for further enhancement of its corporate value. For the procurement of funds necessary to implement these continuous investments in business, the Company plans to utilize not only its own funds but also external funds including loans in a flexible and agile manner, to ensure the appropriateness and soundness of capital costs.

Also, in terms of shareholder returns, the Company plans to provide stable shareholder returns with a baseline dividend payout ratio of 50% or more, while aiming for the continuous growth of our business. In fact, the Company plans to submit a proposal for dividend payouts, under which we will propose a dividend payment of 42 yen per share, with a dividend payout ratio of 52.5% (after factoring in the 5-for-1 stock split of common stock conducted on April 1, 2024), as the dividend for the previous fiscal year (fiscal year ended March 31, 2024) at the 118th Annual General Meeting of Shareholders. If this proposal on dividend payment is approved and resolved, the dividend payout ratio will significantly exceed that of the fiscal year ended March 31, 2023 (27.0%), and also exceed that in the shareholder return policy established in the Medium-term Management Plan (50% or more).

As for improvement of the Company’s share valuations in the stock market, the Company plans to set and steadily implement KPI for profit on invested capital for each business, in order to realize management strategies with a keen eye on capital costs, as well as to enhance medium- to long-term corporate value and profitability on capital. At the same time, the Company acknowledges the importance of continuous dissemination of information on these measures to shareholders and investors to gain their understanding.

As stated above, the Company’s policy is to implement management strategies with a keen eye on sustainable growth and capital costs, aiming at stable shareholders returns and improvement of the Company’s share valuations in the stock market. This shareholder proposal is requesting shareholder returns from a short-term perspective, without considering the said policy. The Company also believes that this shareholder proposal is not appropriate from the perspective of medium- to long-term maximization of common interests of shareholders.

Accordingly, the Board of Directors of the Company **<u>opposes this shareholder proposal</u>**.

Consolidated Balance Sheet

(As of March 31, 2024)

Assets	
Item	**Amount** Millions of yen
Current assets	**¥ 61,566**
Cash and deposits	14,227
Notes receivable, accounts receivable from completed construction contracts and other	35,934
Electronically recorded monetary claims - operating	3,296
Costs on construction contracts in progress	2,201
Merchandise and finished goods	1,125
Work in process	447
Raw materials and supplies	1,668
Other	2,739
Allowance for doubtful accounts	(73)
Non-current assets	**31,329**
Property, plant and equipment	**23,085**
Buildings and structures	4,889
Machinery, equipment and vehicles	3,292
Land	13,764
Leased assets	677
Construction in progress	150
Other	310
Intangible assets	**281**
Investments and other assets	**7,962**
Investments securities	5,437
Long-term loans receivable	317
Retirement benefit asset	1,612
Deferred tax assets	381
Other	328
Allowance for doubtful accounts	(113)
Total assets	**¥ 92,895**

Liabilities	
Item	**Amount** Millions of yen
Current liabilities	**¥ 32,487**
Notes payable, accounts payable for construction contracts and other	21,176
Electronically recorded obligations-operating	3,916
Short-term borrowings	600
Income taxes payable	1,112
Advances received on construction contracts in progress	1,044
Provision for warranties for completed construction	24
Provision for loss on construction contracts	169
Other	4,444
Non-current liabilities	**4,332**
Long-term borrowings	900
Deferred tax liabilities	1,244
Deferred tax liabilities for land revaluation	1,041
Retirement benefit liability	439
Asset retirement obligations	55
Other	650
Total liabilities	**36,820**
Net assets	
Shareholders' equity	**50,893**
Share capital	**7,584**
Capital surplus	**7,258**
Retained earnings	**38,670**
Treasury shares	**(2,620)**
Accumulated other comprehensive income	**3,753**
Valuation difference on available-for-sale securities	**2,437**
Revaluation reserve for land	**648**
Remeasurements of defined benefit plans	**667**
Non-controlling interests	**1,428**
Total net assets	**56,075**
Total liabilities and net assets	**¥ 92,895**

(Amounts are rounded down to the nearest million yen.)

Consolidated Statement of Income

(From April 1, 2023 to March 31, 2024)

	Amount	
	Millions of yen	
Net sales		**¥ 118,060**
Cost of sales		**104,576**
Gross profit		**13,483**
Selling, general and administrative expenses		**8,009**
Operating profit		**5,473**
Non-operating income		**317**
Interest income	5	
Dividend income	178	
Reversal of allowance for doubtful accounts	35	
Other	98	
Non-operating expenses		**83**
Interest expenses	13	
Financial commission	15	
Litigation expenses	29	
Commission expenses	12	
Other	12	
Ordinary profit		**5,707**
Extraordinary income		**54**
Gain on sale of non-current assets	47	
Other	6	
Extraordinary losses		**81**
Loss on sale of non-current assets	0	
Loss on retirement of non-current assets	77	
Impairment losses	0	
Other	2	
Profit before income taxes		**5,680**
Income taxes - current		**1,889**
Income taxes - deferred		(102)
Profit		**3,893**
Profit attributable to non-controlling interests		**100**
Profit attributable to owners of parent		**¥3,793**

(Amounts are rounded down to the nearest million yen.)

Consolidated Statement of Changes in Equity

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥ 7,584	¥ 7,105	¥ 35,722	¥ (1,724)	¥ 48,688
Changes during period					
Change in scope of consolidation		(5)	5		-
Dividends of surplus			(855)		(855)
Profit attributable to owners of parent			3,793		3,793
Reversal of revaluation reserve for land			4		4
Purchase of treasury shares				(1,002)	(1,002)
Disposal of treasury shares		158		106	264
Net changes in items other than shareholders' equity					
Total changes during period	-	153	2,947	(896)	2,205
Balance at end of period	¥ 7,584	¥ 7,258	¥ 38,670	¥ (2,620)	¥ 50,893

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	¥ 1,805	¥ 652	¥ 198	¥ 2,656	¥ 1,366	¥ 52,711
Changes during period						
Change in scope of consolidation						-
Dividends of surplus						(855)
Profit attributable to owners of parent						3,793
Reversal of revaluation reserve for land						4
Purchase of treasury share						(1,002)
Disposal of treasury share						264
Net changes in items other than shareholders' equity	632	(4)	469	1,097	61	1,158
Total changes during period	632	(4)	469	1,097	61	3,363
Balance at end of period	¥ 2,437	¥ 648	¥ 667	¥ 3,753	¥ 1,428	¥ 56,075

(Amounts are rounded down to the nearest million yen.)

Notes on Consolidated Financial Statements

I. Notes on Significant Matters that Serve as the Basis for Consolidated Financial Statements

1. Scope of Consolidation:

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries
Number of consolidated subsidiaries: 22
Names of major consolidated subsidiaries: ASUKA Inc., TOA-TONE BORING Co., Ltd.
TAC ENGI Co., Ltd. has been excluded from the scope of consolidation due to its liquidation during the consolidated fiscal year under review.

(2) Names and other information of major non-consolidated subsidiaries
DAISHIN HODO Co., Ltd. and other two subsidiaries
Reason for exclusion from the scope of consolidation:
All of the non-consolidated subsidiaries are small-scale companies and their aggregated total assets, net sales, and profit or loss and retained earnings have no significant effect on the consolidated financial statements. Therefore, they are excluded from the scope of consolidation.

2. Application of the Equity Method:

(1) Number of non-consolidated subsidiaries and affiliates accounted for using the equity method and names of major companies
Number of non-consolidated subsidiaries and affiliates accounted for using the equity method: 1
Names of major companies:
1) Non-consolidated subsidiaries
Not applicable
2) Affiliates
KEN-NAN Co., Ltd.

(2) Names and other information of non-consolidated subsidiaries and affiliates not accounted for using the equity method
Names of major companies:
1) Non-consolidated subsidiaries
DAISHIN HODO Co., Ltd. and other two subsidiaries
2) Affiliates
MIYAGIREKISEI CO., LTD.
CHUO KOGYO Co., Ltd. is no longer an affiliate of the Company due to its transfer through the sale of shares.
Reason for not accounted for using the equity method:
All of the non-consolidated subsidiaries and affiliates not accounted for using the equity method have an immaterial effect on the consolidated financial statements individually even if they are excluded from the scope of application of the equity method and are not significant in aggregate in terms of their profit or loss (amount commensurate with equity interests) and retained earnings (amount commensurate with equity interests). Therefore, they are not accounted for using the equity method.

3. Fiscal years of consolidated subsidiaries:

The closing date of all consolidated subsidiaries coincides with the closing date of the consolidated financial statements.

4. Accounting policies

(1) Standards and methods for valuation of significant assets
1) Standards and methods for valuation of securities
Available-for-sale securities
Securities other than shares without market prices
Fair value method based on market prices, etc. as of the closing date (with the entire amount of valuation differences recorded directly into net assets, and the cost of sales calculated using the moving average method)
Shares without market prices
Moving average cost method
2) Standards and methods for valuation of inventories

(a) Costs on construction contracts in progress	Cost method based on specific identification
(b) Merchandise and finished goods	Cost method based on the weighted average method (Method of writing down book values due to decline in profitability)
(c) Work in process	Cost method based on specific identification (Method of writing down book values due to decline in profitability)
(d) Raw materials and supplies	Cost method based on the weighted average method (Method of writing down book values due to decline in profitability)

(2) Depreciation of significant non-current assets

1) Property, plant and equipment

(a) Property, plant and equipment other than leased assets

The declining balance method is used, except that the straight line method is used for those buildings (excluding facilities attached to buildings) purchased on April 1, 1998 or thereafter as well as those structures and facilities attached to buildings purchased on April 1, 2016 or thereafter.

Estimated useful life of these assets are based on the same standards as for the method stipulated in the Corporation Tax Act.

(b) Leased assets

Leased assets related to finance leases in which ownership is not transferred

The straight line method, considering the lease period as the estimated useful life of leased assets and their residual value as zero, is used.

2) Intangible assets

The straight line method is used. The straight line method based on the estimated internal useful life of five years is used for software (for internal use).

(3) Standards for recognition of significant allowances

1) Allowance for doubtful accounts: In order to prepare for credit loss on receivables, the collectability of normal receivables is estimated by applying the historical overall credit loss rates; the collectability of doubtful receivables is analyzed individually, and estimated uncollectible amount is recorded.
2) Provision for warranties for completed construction: In order to prepare for loss on compensation for defects in completed contracts, reserves are provided by the amount obtained by multiplying the amount of completed contracts by the compensation rate for the completed contracts during the preceding three fiscal years, adding any specific amounts expected for future compensation.
3) Provision for loss on construction contracts: In order to prepare for future loss on construction contracts, expected loss is incurred for those contracts uncompleted at the end of the consolidated fiscal year under review that are expected to suffer a loss and for which the amount of the loss can be reasonably estimated.

(4) Accounting method for reserve for retirement benefits

In order to prepare for the payment of retirement benefits to employees, the Company has recorded the amounts of the reserve based on the expected amount of retirement benefit obligations at the end of the consolidated fiscal year under review.

In addition, some companies in the Group apply the simplified method to calculate retirement benefit obligations.

1) Period attribution method for the expected amount of retirement benefits

In calculating retirement benefit obligations, the Company uses the benefit formula to allocate the projected retirement benefits to the period that closes at the end of the consolidated fiscal year under review.

2) Accounting of actuarial differences and prior service costs

Actuarial differences are recognized as expenses in the consolidated fiscal year following the fiscal year in which they arise, using the straight line method over 10 years, a period less than the average of the estimated remaining service lives.

Prior service costs are recognized as expenses in the consolidated fiscal year in which they arise, using the straight line method over 10 years, a period less than the average of the estimated remaining service lives.

(5) Standards for recognition of significant revenue and costs

Revenues related to “Construction” are mainly from pavement construction and civil engineering projects, and the Company has a performance obligation to perform construction and deliver the work to the customer based on a contractual agreement with the customer. The contract is a transaction that satisfies a performance obligation over time, as the customer obtains control over the asset as the value of the asset increases by fulfilling its obligations under the contract with the customer, and revenue is recognized based on the degree of progress in satisfying the performance obligation. And when the degree of progress toward satisfying a performance obligation cannot be reasonably estimated, but the costs to be incurred are expected to be recovered, revenue is recognized on a cost recovery basis. For a contract with a considerably short period until the performance obligation is expected to be satisfied in full, the Company recognizes revenue as if the performance obligation is satisfied at a point of time. The Company does not recognize revenue if the degree of completion of the performance obligation cannot be reasonably estimated at the initial stage of the contract, even if the performance obligation is satisfied over time.

Revenues related to “Asphalt Products, Environment and Other” consist primarily of sales from the manufacture of asphalt emulsions and asphalt mixtures, etc. The Company has performance obligations to deliver products based on sales contracts with its customers. The revenue is recognized at the time of delivery of the product because the customer obtains control of the product at the point of delivery and the performance obligation is deemed to be satisfied.

No adjustment for significant financial factors is made for both “Construction” and “Asphalt Products, Environment and Other,” because the consideration for the transactions is received primarily within one year of satisfaction of the performance obligation.

(6) Significant hedge accounting method

1) Hedge accounting method

The exceptional method is applied to interest rate swaps.

2) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Interest on borrowings

3) Hedging policy

Interest rate swaps are performed to avoid risks of fluctuations in the interest rates for borrowings.

4) Method of evaluating hedge effectiveness

Evaluation of hedge effectiveness is omitted because the Company performs only interest rate swaps to which the exceptional method is applied.

(7) Standards for translating assets or liabilities denominated in foreign currencies into Japanese yen

Assets and liabilities denominated in foreign currencies are translated into Japanese yen based on spot exchange rates on the settlement date, and exchange differences are reported as foreign exchange profits or losses.

(8) Accounting of consumption taxes

Non-deductible consumption tax and non-deductible local consumption tax are recorded at cost of the consolidated fiscal year in which it occurs.

(9) The adopted accounting principles and procedures when the related accounting standards or other rules are not clear

The accounting treatment for joint ventures in “Construction” and “Asphalt Products, Environment and Other” of the Company and some of its consolidated subsidiaries is mainly based on the method of recognizing assets, liabilities, income, and expenses according to the investment ratio of the members.

II. Changes in presentation

Since the amount of “electronically recorded monetary claims - operating,” which was included in “notes receivable, accounts receivable from completed construction contracts and other” (41,904 million yen as of March 31, 2023) on the consolidated balance sheet, became material in terms of amount, it is presented as “electronically recorded monetary claims - operating” from the consolidated fiscal year under review (3,296 million yen as of March 31, 2024).

III. Notes on Accounting Estimates

(1) Provision for loss on construction contracts

1) Amount recorded in consolidated financial statements for the consolidated fiscal year under review

169 million yen

2) Information about the content of significant accounting estimates about the identified subject

If, out of the works ordered by customers, those for which a loss is expected to occur in the next consolidated fiscal year due to the fulfillment of the order, and the amount of the loss can be reasonably estimated, in order to prepare for the future loss, the amount of loss expected to occur in the next consolidated fiscal year or later is recorded as a provision for loss on construction contracts.

When estimating the provision for loss on construction contracts, if the total estimated construction cost for each construction contract is expected to exceed the construction revenue, the provision for loss on construction contracts is recorded. Therefore, additional provision may occur due to changes in the preconditions for estimating the total construction cost (design changes, construction conditions, etc.), which may have a significant impact on the amount recognized in the financial statements for the next consolidated fiscal year.

(2) Estimates of the revenue recognized for performance obligations satisfied over time

1) Amount recorded in consolidated financial statements for the consolidated fiscal year under review

14,505 million yen

2) Information about the content of significant accounting estimates about the identified subject

When recognizing revenue of performance obligations satisfied over time, for the contracts for which the progress toward satisfying performance obligations can be reasonably estimated, the amount of completed contracts is recorded based on the progress ratio calculated by the percentage of construction costs incurred to the total expected cost of construction using the input method. And we make the best estimate for the total construction revenue, total construction cost, and progress of construction on the closing date for each individual construction contract based on all the information available on the closing date. And, when the degree of progress toward satisfying a performance obligation cannot be reasonably estimated, but the costs to be incurred are expected to be recovered, revenue is recognized on a cost recovery basis.

In calculating the total construction revenue, if there is a changed construction fee due to unconfirmed additions or design changes, the amount estimated based on the status of discussions with the ordering party is added to or subtracted from the finalized contract amount. And, in calculating the total cost of construction, the Company estimates the cost of construction to be incurred after the closing date of accounts based on assumptions considering various conditions for each individual construction contract, in addition to the status of negotiations with subcontractors on the outsourcing costs and material costs. Therefore, any changes to the preconditions for the estimate may have a significant impact on the amount recognized in the consolidated financial statements for the next consolidated fiscal year.

The amounts shown in 1) are revenues related to construction contracts to be carried over to the next fiscal year.

IV. Notes on the Consolidated Balance Sheet

1. Accumulated depreciation for property, plant and equipment 37,155 million yen
2. Pursuant to the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998) and the Act to Revise Part of the Act on Revaluation of Land (Act No. 24 promulgated on March 31, 1999), land used for the Company's business operations was revalued. The effect in terms of income tax of the differences between the book value and the revalued amount has been presented under liabilities as "deferred tax liabilities for land revaluation" and the remaining balance has been presented under net assets as "revaluation reserve for land" in the consolidated balance sheet.

   Revaluation method

   Land is revalued by making reasonable adjustments on the assessed value of fixed assets (prices registered with the land tax ledger stipulated in Article 341, Item 10 of the Local Tax Act or the supplementary land tax ledger stipulated in Item 11).

   Date of revaluation March 31, 2002

   Difference between the market price of revalued land at the end of the consolidated fiscal year under review and the post-revaluation book value of the land (1,851) million yen
3. The amount of receivables and contract assets from contracts with customers included in "notes receivable, accounts receivable from completed construction contracts and other" and "electronically recorded monetary claims - operating" are as follows:

Notes receivable	3,658 million yen
Electronically recorded monetary claims - operating	3,296 million yen
Accounts receivable from completed construction contracts	15,041 million yen
Accounts receivable - trade	7,962 million yen
Contract assets	9,271 million yen

4. The amount of contract liabilities included in "other" of the current liabilities is as follows:

   Contract liabilities 158 million yen

5 Notes, electronically recorded monetary claims - operating and electronically recorded obligations - operating that mature on the closing date are settled on their clearing date or settlement date.
As the final day of the consolidated fiscal year under review fell on a holiday for financial institutions, the following notes, etc. matured as of the same date have been included in the ending balance.

Notes receivable	462 million yen
Electronically recorded monetary claims - operating	203 million yen
Notes payable	290 million yen
Electronically recorded obligations - operating	33 million yen

V. Notes on the Consolidated Statement of Income

The Company does not disaggregate revenues from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is presented in “1. Disaggregation of revenue from contracts with customers” of “X. Notes on Revenue Recognition” in Notes on Consolidated Financial Statements.

VI. Notes on the Consolidated Statement of Changes in Equity

1. Class and total number of issued shares at the end of the consolidated fiscal year under review

Common stock	10,440,046 shares

2. Matters concerning dividends

(1) Amount of dividends paid

A resolution was made as follows at the Annual General Meeting of Shareholders held on June 29, 2023.

Matters concerning dividends of common shares:

1) Total amount of dividends paid	855 million yen
2) Dividends per share	180 yen
3) Record date	March 31, 2023
4) Effective date	June 30, 2023

(Note) On April 1, 2023, the Company conducted a 2-for-1 stock split of its common stock. Since the record date for the abovementioned year-end dividend is March 31, 2023, dividends were paid based on the number of shares held prior to the stock split.

(2) Dividends whose record date is in the consolidated fiscal year under review and effective date is in the succeeding fiscal year

A proposal will be submitted as follows at the Annual General Meeting of Shareholders to be held on June 27, 2024.

Matters concerning dividends of common shares:

1) Source of dividends	Retained earnings
2) Total amount of dividend paid	1,974 million yen
3) Dividends per share	210 yen
4) Record date	March 31, 2024
5) Effective date	June 28, 2024

(Note) On April 1, 2024, the Company conducted a 5-for-1 stock split of its common stock. Since the record date for the abovementioned year-end dividend is March 31, 2024, dividends will be paid based on the number of shares held prior to the stock split.

VII. Notes on Financial Instruments

1. Status of financial instruments
   (1) Management policy for financial instruments
   The Group's policy is to limit its fund investment to short-term instruments such as deposits and procure funds through bank loans.
   (2) Details and risks of financial instruments and the risk management structure
   Notes receivable, accounts receivable from completed construction contracts and other, which are trade receivables, and long-term loans receivable are exposed to credit risk of customers. To manage this risk, the Company performs due date control and balance control for each customer in accordance with the Company's credit management regulations. In addition, the sales management division monitors the credit status of customers on a timely basis to ensure early discovery and reduction of any recoverability concerns due to deteriorated financial position or other reasons. Furthermore, the consolidated subsidiaries perform the same management in accordance with the Company's credit management regulations.
   Shares, which are investment securities, are exposed to stock price volatility risk. However, shares held by the Company are mainly those of its business partners and their fair values are measured and reported to the Board of Directors on a regular basis.
   Most of notes payable, accounts payable for construction contracts and other, which are trade payables, are due within one year.
   With regard to borrowings, short-term borrowings are mainly related to fund procurement for operating transactions and long-term borrowings are mainly related to fund procurement for capital investments.
   Trade payables and borrowings are exposed to liquidity risk. The Group manages this risk by the method whereby the consolidated subsidiaries prepare their cash management plan on a monthly basis and the Company conducts the overall cash management at the Administration Division based on the submitted reports.
2. Fair value, etc. of financial instruments
   The book value on the consolidated balance sheet, fair value and any differences therebetween as of March 31, 2024 (the closing date of the consolidated financial statements for the consolidated fiscal year under review) are as shown in the table below.
   Shares without market prices are not included in the table below (Please refer to "(Note)").
   The notes for cash are omitted. The notes for the following are also omitted, because they are settled over a short term and their fair value approximates their book value; deposits; notes receivable, accounts receivable from completed construction contracts and other; notes payable, accounts payable for construction contracts and other; and short-term borrowings.

(Millions of yen)

	Book value on the consolidated balance sheet	Fair value	Difference
(1) Investment securities			
Available-for-sale securities	5,107	5,107	-
(2) Long-term loans receivable	317		
Allowance for doubtful accounts (*1)	(62)		
	254	268	13
Total assets	5,361	5,375	13
(1) Long-term borrowings	900	900	-
Total liabilities	900	900	-

(*1) Allowance for doubtful accounts recorded specifically for long-term loans receivable is deducted.

3. Fair value by level within the fair value hierarchy
   The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value:

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.
Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.
Level 3 fair value: Fair value measured using unobservable inputs.

(1) Financial instruments measured at fair value

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	5,107	-	-	5,107
Total assets	5,107	-	-	5,107

(2) Financial instruments other than those measured at fair value

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	-	268	-	268
Total assets	-	268	-	268
Long-term borrowings	-	900	-	900
Total liabilities	-	900	-	900

Investment securities:

The fair value of listed shares is measured using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Long-term loans receivable

Long-term loans receivable are categorized by a specified period and measured at the present value calculated by discounting their future cash flows using an interest rate obtained by reflecting credit risk to government bond yield or other appropriate indicator.

The fair value of doubtful receivables is measured at the present value of estimated cash flows calculated using the same discount rate or the amount expected to be recovered over collateral and guarantees, and is classified as Level 2.

Long-term borrowings

The fair value of long-term borrowings is determined by discounting the total amount of principle and interests using an interest rate assumed for the similar new borrowing transaction. Some long-term borrowings with variable interest rate are subject to the exceptional method for interest rate swaps. Their fair value is determined by discounting the total amount of principle and interest that was accounted for together with the interest rate swap using an interest rate reasonably estimated for the similar borrowing transaction, and is classified as Level 2.

(Note) Shares without market prices

(Millions of yen)

Category	Book value on the consolidated balance sheet
Non-listed shares	194
Shares of subsidiaries and associates	135

VIII. Notes on Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheet

1. Outline of the asset requirement obligations
   These are obligations to restore land for business use to its original state, as specified in the real estate lease agreements.
2. Method of calculation of the asset retirement obligations
   The amount of asset retirement obligations is calculated with an estimated period of use of 20 to 30 years and using a discount rate of 0.6 to 2.3%.
3. Increase or decrease in asset retirement obligations during the consolidated fiscal year under review

Balance at the beginning of the consolidated fiscal year under review	54 million yen
Adjustment due to passage of time	0 million yen
Balance at the end of the consolidated fiscal year under review	55 million yen

IX. Notes on Real Estate for Rent, etc.

Status and fair value of real estate for rent, etc.

1. Outline of real estate for rent, etc.
   The Company and some of its subsidiaries hold land or other real estate properties for rent in Osaka prefecture and other regions.
2. Book value on the consolidated balance sheet, major changes during the consolidated fiscal year under review, and fair value at the closing date and calculation method thereof for real estate for rent, etc.

(Millions of yen)

Book value on the consolidated balance sheet			Fair value at the end of the consolidated fiscal year under review
Balance at the beginning of the consolidated fiscal year under review	Increase/decrease during the consolidated fiscal year under review	Balance at the end of the consolidated fiscal year under review	
1,288	(95)	1,193	1,163

(Notes) 1. The book value on the consolidated balance sheet is cost of acquisition less accumulated depreciation and accumulated impairment losses. The difference between the fair value of revalued land at the end of the consolidated fiscal year under review and the post-revaluation book value of the land is 31 million yen.

2. Major changes

Decrease due to moving out	(91) million yen
Decrease due to depreciation of assets	(2) million yen
Other	0 million yen

3. Method of fair value calculation
   The fair values are mainly those calculated by the Company based on the "Japan Real Estate Appraisal Standards" (including those adjusted using certain indicators).

3. Profit or loss on real estate for rent, etc.
   Profit on real estate for rent, etc. was 43 million yen (rent income is recorded under net sales and major rent expenses are recorded

under cost of sales).

X. Notes on Revenue Recognition

1. Disaggregation of revenue from contracts with customers

Consolidated fiscal year under review (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment		
	Construction	Asphalt Products, Environment and Other	Total
Goods transferred at a point of time	34,723	43,407	78,131
Goods transferred over time	35,523	4,309	39,832
Revenue from contracts with customers	70,247	47,717	117,964
Revenue from other sources	-	96	96
Net sales to outside customers	70,247	47,813	118,060

(Note) "Revenue from other sources" are revenue from real estate business.

2. Fundamental information to understand revenue from contracts with customers
The information is as described in "(5) Standards for recognition of significant revenue and costs," "4. Accounting policies" of "I. Notes on Significant Matters that Serve as the Basis for Consolidated Financial Statements."

3. Information to understand the amounts of revenue for the consolidated fiscal year under review onward

(1) Contract asset and contract liability balances

The breakdown of receivables, contract assets and contract liabilities arising from contracts with customers is as follows.

Consolidated fiscal year under review (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	April 1, 2023	March 31, 2024
Receivables from contracts with customers	33,808	29,826
Contract assets	8,026	9,271
Contract liabilities	1,438	1,202

Revenue recognized in the consolidated fiscal year under review that was included in the contract liability balance at the beginning of the consolidated fiscal year is 1,366 million yen.

The contract liability balance in the table above includes advances received on construction contracts in progress.

(2) Transaction prices allocated to the remaining performance obligations

The amount of the transaction prices allocated to unsatisfied performance obligations of contracts with an individual contract term of over one year is 14,765 million yen for the consolidated fiscal year under review. These transaction prices are mainly those of construction contracts for construction projects. The information is omitted for contracts with an individual contract term of less than one year.

XI. Notes on information on amounts per share

On April 1, 2024, the Company conducted a 5-for-1 stock split of its common stock. Therefore, net assets per share and earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the consolidated fiscal year under review.

1. Net assets per share 1162.69 yen
2. Earnings per share 79.94 yen

The basis for calculating earnings per share is as follows:

Profit attributable to owners of parent	3,793 million yen
Profit attributable to owners of parent relating to common shares	3,793 million yen
Amount not attributable to common shareholders	-
Average number of common shares during the period	47,455 thousand shares

XII. Notes on significant subsequent events

Retirement of treasury shares

At the Board of Directors meeting held on April 2, 2024, the Company resolved on matters regarding the retirement of treasury shares in accordance with the provision of Article 178 of the Companies Act and conducted the retirement of treasury shares as follows.

1 Reason for the retirement of treasury shares
To improve shareholder returns and capital efficiency

2 Details of matters relating to the retirement of treasury shares
(1) Class of shares retired
Common stock of the Company
(2) 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)
(3) Total number of issued shares after retirement
51,394,730 shares
(4) Date of retirement
April 30, 2024

(Note) On April 1, 2024, the Company conducted a 5-for-1 stock split of its common stock. The numbers of shares presented above are recalculated on a post-split basis.

Balance Sheet

(As of March 31, 2024)

Assets	
Item	**Amount** Millions of yen
Current assets	**¥ 45,236**
Cash and deposits	10,993
Notes receivable - trade	2,163
Electronically recorded monetary claims - operating	2,345
Accounts receivable from completed construction contracts	19,643
Accounts receivable - trade	4,501
Costs on construction contracts in progress	1,459
Merchandise and finished goods	563
Raw materials and supplies	723
Short-term loans receivable	546
Prepaid expenses	231
Accounts receivable - other	898
Other	1,185
Allowance for doubtful accounts	(20)
Non-current assets	**27,069**
Property, plant and equipment	**19,235**
Buildings and structures	4,008
Machinery, equipment and vehicles	2,382
Tools, furniture and fixtures	248
Land	12,258
Leased assets	187
Other	150
Intangible assets	**213**
Software	137
Telephone subscription right	7
Other	68
Investments and other assets	**7,620**
Investments securities	4,140
Shares of subsidiaries and associates	2,346
Long-term loans receivable	317
Distressed receivables	63
Long-term prepaid expenses	27
Membership	30
Prepaid pension costs	649
Other	154
Allowance for doubtful accounts	(108)
Total assets	**¥ 72,306**

Liabilities	
Item	**Amount** Millions of yen
Current liabilities	**¥ 31,944**
Notes payable - trade	1,288
Electronically recorded obligations - operating	3,907
Accounts payable for construction contracts	9,065
Accounts payable - trade	3,787
Short-term borrowings	7,886
Current portion of long-term borrowings	600
Accounts payable - other	944
Accrued expenses	1,212
Income taxes payable	200
Accrued consumption taxes	948
Advances received on construction contracts in progress	866
Provision for warranties for completed construction	23
Provision for loss on construction contracts	68
Other	1,144
Non-current liabilities	**2,909**
Long-term borrowings	900
Deferred tax liabilities for land revaluation	1,041
Asset retirement obligations	52
Deferred tax liabilities	653
Long-term guarantee deposits	42
Provision for retirement benefits	60
Other	157
Total liabilities	**34,853**
Net assets	
Shareholders' equity	**35,033**
Share capital	**7,584**
Capital surplus	**6,531**
Legal capital surplus	5,619
Other capital surplus	912
Retained earnings	**23,537**
Legal retained earnings	906
Other retained earnings	22,631
Reserve for tax purpose reduction entry of non-current assets	170
General reserve	19,407
Retained earnings brought forward	3,054
Treasury shares	**(2,620)**
Valuation and translation adjustments	**2,418**
Valuation difference on available-for-sale securities	**1,769**
Revaluation reserve for land	**648**
Total net assets	**37,452**
Total liabilities and net assets	**¥ 72,306**

(Amounts are rounded down to the nearest million yen.)

Statement of Income

(From April 1, 2023 to March 31, 2024)

	Amount	
	Millions of yen	
Net sales		
Net sales of completed construction contracts	¥ 56,100	
Net sales of finished goods	21,414	
Other operating revenue	4,616	**82,132**
Cost of sales		
Cost of sales of completed construction contracts	50,979	
Cost of finished goods sold	20,908	
Other costs	3,028	**74,916**
Gross profit		
Gross profit on completed construction contracts	5,121	
Gross profit - finished goods	505	
Gross profit - other	1,588	**7,215**
Selling, general and administrative expenses		**5,365**
Operating profit		**1,849**
Non-operating income		
Interest income	7	
Dividend income	713	
Other	80	**801**
Non-operating expenses		
Interest expenses	87	
Financial commission	15	
Litigation expenses	29	
Commission expenses	12	
Other	8	**153**
Ordinary profit		**2,497**
Extraordinary income		
Gain on sale of non-current assets	21	
Other	23	**45**
Extraordinary losses		
Loss on sale of non-current assets	0	
Loss on retirement of non-current assets	60	
Impairment losses	0	**62**
Profit before income taxes		**2,480**
Income taxes - current		**501**
Income taxes - deferred		**17**
Profit		**¥ 1,961**

(Amounts are rounded down to the nearest million yen.)

Statement of Changes in Equity

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	¥ 7,584	¥ 5,619	¥ 753	¥ 6,373	¥ 906	¥ 173	¥ 18,607	¥ 2,740	¥ 22,427
Changes during period									
Provision of general reserve							800	(800)	-
Dividends of surplus								(855)	(855)
Profit								1,961	1,961
Reversal of reserve for tax purpose reduction entry of non-current assets						(3)		3	-
Reversal of revaluation reserve for land								4	4
Purchase of treasury shares									
Disposal of treasury shares			158	158					
Net changes in items other than shareholders' equity									
Total changes during period	-	-	158	158	-	(3)	800	313	1,110
Balance at end of period	¥ 7,584	¥ 5,619	¥ 912	¥ 6,531	¥ 906	¥ 170	¥ 19,407	¥ 3,054	¥ 23,537

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments			
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	Total net assets
Balance at beginning of period	¥ (1,724)	¥ 34,661	¥ 1,424	¥ 652	¥ 2,077	¥ 36,738
Changes during period						
Provision of general reserve		-				-
Dividends of surplus		(855)				(855)
Profit		1,961				1,961
Reversal of reserve for tax purpose reduction entry of non-current assets		-				-
Reversal of revaluation reserve for land		4				4
Purchase of treasury shares	(1,002)	(1,002)				(1,002)
Disposal of treasury shares	106	264				264
Net changes in items other than shareholders' equity			345	(4)	340	340
Total changes during period	(896)	372	345	(4)	340	713
Balance at end of period	¥ (2,620)	¥ 35,033	¥ 1,769	¥ 648	¥ 2,418	¥ 37,452

(Amounts are rounded down to the nearest million yen.)

Notes on Non-consolidated Financial Statements

1. Notes on significant accounting policies

(1) Standards and methods for valuation of securities

1. Shares of subsidiaries and associates — Moving average cost method
2. Available-for-sale securities

Securities other than shares without market prices

Fair value method based on market prices, etc. as of the closing date (with the entire amount of valuation differences recorded directly into net assets, and the cost of sales calculated using the moving average method)

Shares without market prices

Moving average cost method

(2) Standards and methods for valuation of inventories

1. Costs on construction contracts in progress	Cost method based on specific identification
2. Merchandise and finished goods	Cost method based on the weighted average method (Method of writing down book values due to decline in profitability)
3. Raw materials and supplies	Cost method based on the weighted average method (Method of writing down book values due to decline in profitability)

(3) Depreciation of non-current assets

1. Property, plant and equipment

(a) Property, plant and equipment other than leased assets

The declining balance method is used, except that the straight line method is used for those buildings (excluding facilities attached to buildings) purchased on April 1, 1998 or thereafter as well as those structures and facilities attached to buildings purchased on April 1, 2016 or thereafter.

Estimated useful life of these assets are based on the same standards as for the method stipulated in the Corporation Tax Act.

(b) Leased assets

Leased assets related to finance leases in which ownership is not transferred

The straight line method, considering the lease period as the estimated useful life of leased assets and their residual value as zero, is used.

2. Intangible assets

The straight line method is used. The straight line method based on the estimated internal useful life of five years is used for software (for internal use).

(4) Standards for recognition of allowances

1. Allowance for doubtful accounts: In order to prepare for credit loss on receivables, the collectability of normal receivables is estimated by applying the historical overall credit loss rates; the collectability of doubtful receivables is analyzed individually, and estimated uncollectible amount is recorded.
2. Provision for warranties for completed construction: In order to prepare for loss on compensation for defects in completed contracts, reserves are provided by the amount obtained by multiplying the amount of completed contracts by the compensation rate for the completed contracts during the preceding three fiscal years, adding any specific amounts expected for future compensation.
3. Provision for loss on construction contracts: In order to prepare for future loss on construction contracts, expected loss is incurred for those contracts uncompleted during the fiscal year under review that are expected to suffer a loss and for which the amount of the loss can be reasonably estimated.
4. Provision for retirement benefits: In order to prepare for the payment of retirement benefits to employees, the Company has recorded the amounts of the provision based on the expected amount of retirement benefit obligations and pension assets at the end of the fiscal year under review.

   And, in order to prepare for the payment of retirement benefits to re-employees, the simplified method, which assumes retirement benefit obligation to be equal to the benefits payable assuming voluntary retirement at the closing date, is applied to calculate the reserve for retirement benefits and retirement benefit costs.

(a) Period attribution method for the expected amount of retirement benefits

In calculating retirement benefit obligations, the Company uses the benefit formula to allocate the projected retirement benefits to the period that closes at the end of the fiscal year under review.

(b) Accounting of actuarial differences and prior service costs

Actuarial differences are recognized as expenses in the fiscal year following fiscal year in which they arise, using the straight line method over 10 years, a period less than the average of the estimated remaining service lives.

Prior service costs are recognized as expenses in the fiscal year in which they arise, using the straight line method over 10 years, a period less than the average of the estimated remaining service lives.

If pension assets that should be recognized during the fiscal year under review exceed the amount obtained by deducting actuarial differences, etc. from retirement benefit obligations, the Company considers the assets as prepaid pension costs and reports them as part of investments and other assets.

The accounting of unrecognized actuarial differences related to retirement benefits and unrecognized prior service costs is different from that of such differences and costs in consolidated financial statements.

(5) Standards for recognition of significant revenue and costs

Revenues related to net sales of completed construction contracts are mainly from pavement construction and civil engineering projects, and the Company has a performance obligation to perform construction and deliver the work to the customer based on a contractual agreement with the customer. The contract is a transaction that satisfies a performance obligation over time, as the customer obtains control over the asset as the value of the asset increases by fulfilling its obligations under the contract with the customer, and revenue is recognized based on the degree of progress in satisfying the performance obligation. And when the degree of progress toward satisfying a performance obligation cannot be reasonably estimated, but the costs to be incurred are expected to be recovered, revenue is recognized on a cost recovery basis. For a contract with a considerably short period until the performance obligation is expected to be satisfied in full, the Company recognizes revenue as if the performance obligation is satisfied at a point of time. The Company does not recognize revenue if the degree of completion of the performance obligation cannot be reasonably estimated at the initial stage of the contract, even if the performance obligation is satisfied over time.

Revenues related to net sales of finished goods consist primarily of sales from the manufacture of asphalt emulsions and asphalt mixtures, etc. The Company has performance obligations to deliver products based on sales contracts with its customers. The revenue is recognized at the time of delivery of the product because the customer obtains control of the product at the point of delivery and the performance obligation is deemed to be satisfied.

No adjustment for significant financial factors is made for both net sales of completed construction contracts and net sales of finished goods, because the consideration for the transactions is received primarily within one year of satisfaction of the performance obligation.

(6) Hedge accounting method

1. Hedge accounting method

   The exceptional method is applied to interest rate swaps.

2. Hedging instruments and hedged items

   Hedging instruments: Interest rate swaps

   Hedged items: Interest on borrowings

3. Hedging policy

   Interest rate swaps are performed to avoid risks of fluctuations in the interest rates for borrowings.

4. Method of evaluating hedge effectiveness

   Evaluation of hedge effectiveness is omitted because the Company performs only interest rate swaps to which the exceptional method is applied.

(7) Standards for translating assets or liabilities denominated in foreign currencies into Japanese yen

Assets and liabilities denominated in foreign currencies are translated into Japanese yen based on spot exchange rates on the closing date, and exchange differences are reported as foreign exchange profits or losses.

(8) Accounting of consumption taxes

Non-deductible consumption tax and non-deductible local consumption tax are recorded at cost of the fiscal year in which it occurs.

(9) The adopted accounting principles and procedures when the related accounting standards or other rules are not clear

The accounting treatment for joint ventures in our “Construction” and “Asphalt Products, Environment and Other” of the Company is mainly based on the method of recognizing assets, liabilities, income, and expenses according to the investment ratio of the members.

2. Changes in presentation

Since the amount of "electronically recorded monetary claims - operating," which was included in "notes receivable" (5,156 million yen as of March 31, 2023) on the balance sheet, became material in terms of amount, it is presented as "electronically recorded monetary claims - operating" from the fiscal year under review (2,345 million yen as of March 31, 2024).

3. Notes on accounting estimates

(1) Provision for loss on construction contracts

1. Amount recorded in financial statements for the fiscal year under review

   68 million yen

2. Information about the content of significant accounting estimates about the identified subject

   Description is omitted since the same information is disclosed in Notes on Consolidated Financial Statements.

(2) Estimates of the revenue recognized for performance obligations satisfied over time

1. Amount recorded in financial statements for the fiscal year under review

   11,515 million yen

2. Information about the content of significant accounting estimates about the identified subject

   Description is omitted since the same information is disclosed in Notes on Consolidated Financial Statements.

4. Notes on the Balance Sheet

(1) Accumulated depreciation for property, plant and equipment 28,844 million yen

(2) Receivables from and payables to subsidiaries and associates

Short-term receivables	1,154 million yen	Short-term payables	9,110 million yen
Long-term receivables	45 million yen		

(3) Guarantee obligations

Guarantee obligations for commercial transactions 1,125 million yen

(4) Pursuant to the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998) and the Act to Revise Part of the Act on Revaluation of Land (Act No. 24 promulgated on March 31, 1999), land used for the Company's business operations was revalued. The effect in terms of income tax of the differences between the book value and the revalued amount has been presented under liabilities as "deferred tax liabilities for land revaluation" and the remaining balance has been presented under net assets as "revaluation reserve for land" in the balance sheet.

Revaluation method

Land is revalued by making reasonable adjustments on the assessed value of fixed assets (prices registered with the land tax ledger stipulated in Article 341, Item 10 of the Local Tax Act or the supplementary land tax ledger stipulated in Item 11).

Date of revaluation March 31, 2002

Difference between the market price of revalued land at the end of the fiscal year under review and the post-revaluation book value of the land (1,851) million yen

5. Notes on the Statement of Income

Transactions with subsidiaries and associates

Operating transactions	
Net sales	2,192 million yen
Purchases	10,247 million yen
Non-operating transactions	82 million yen

6. Notes on the Statement of Changes in Equity

Types and number of treasury shares at the end of the fiscal year under review

Common stock 1,039,863 shares

On April 1, 2024, the Company conducted a 5-for-1 stock split of its common stock. The number of shares shown above is the number before the stock split, because the record date is March 31, 2024.

7. Notes on tax effect accounting

(1) Breakdown of major factors causing deferred tax assets and liabilities

(Deferred tax assets)	
Allowance for doubtful accounts	39 million yen
Accrued bonuses	306 million yen
Accrued business tax	38 million yen
Loss on valuation of membership	15 million yen
Loss on valuation of investment securities	289 million yen
Non-current assets	214 million yen
Provision for loss on construction contracts	21 million yen
Other	62 million yen
Subtotal of deferred tax assets	987 million yen
Valuation reserve	(530) million yen
Total deferred tax assets	457 million yen
(Deferred tax liabilities)	
Reserve for tax purpose reduction entry of non-current assets	(75) million yen
Prepaid pension costs	(180) million yen
Valuation difference on available-for-sale securities	(714) million yen
Other	(141) million yen
Total deferred tax liabilities	(1,110) million yen
Net deferred tax liabilities	(653) million yen
(Other)	
Deferred tax liabilities for land revaluation	1,041 million yen

(2) Breakdown of major items causing differences between effective statutory tax rates and corporation tax rates after the application of tax effect accounting

Effective statutory tax rate	30.6%
(Adjustment)	
Entertainment expenses and other permanently non-deductible items for tax purposes	1.1%
Municipal tax on a per-capita basis	3.0%
Dividend income and other items which are not taxable permanently	(7.6)%
Tax deduction for experimentation and research expenses	(1.8)%
Tax deduction for tax measure to promote wage increases	(3.3)%
Other	(1.1)%
Corporation tax rates after the application of tax effect accounting	20.9%

8. Notes on transactions with related parties

(1) Transactions with related parties

Subsidiaries and associates

Attribute	Names of companies	Percentage of voting rights held (%)	Relationship with related parties	Details of transactions	Amount of transactions (Millions of yen)	Item	Balance at end of period (Millions of yen)
Subsidiary	Sapporo Kyodo Ascon Co., Ltd.	Ownership Direct, 65	Purchase of materials, etc. Interlocking directors	Borrowing of funds Interest expenses	(70) 11	Short-term borrowings	1,317
	TOA-TONE BORING Co., Ltd.	Ownership Direct, 100	Purchase of materials, etc. Interlocking directors	Borrowing of funds Interest expenses	(786) 12	Short-term borrowings	1,567
	Umetsugumi Co., Ltd.	Ownership Direct, 100	Purchase of materials, etc. Interlocking directors	Borrowing of funds Interest expenses	(10) 8	Short-term borrowings	903

(Conditions of transactions and policy to decide conditions of transactions)

1. Loan interest rates are reasonably determined considering market interest rates.
2. Terms and conditions of transactions are determined in the same way as for general parties.
3. Based on requests from business partners, the Company has guaranteed accounts payable-trade as required.

(2) Notes on the parent company or significant subsidiaries and associates

Not applicable

9. Notes on revenue recognition

Fundamental information to understand revenue

Fundamental information to understand revenue is as described in "(5) Standards for recognition of significant revenue and costs" of "1. Notes on significant accounting policies."

10. Notes on information on amounts per share

On April 1, 2024, the Company conducted a 5-for-1 stock split of its common stock. Therefore, net assets per share and earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year under review.

(1) Net assets per share 796.84 yen

(2) Earnings per share 41.33 yen

The basis for calculating net income per share is as follows:

Profit in the Statement of Income	1,961 million yen
Profit relating to common shares	1,961 million yen
Amount not attributable to common shareholders	-
Average number of common shares during the period	47,455 thousand shares

11. Notes on significant subsequent events

(Retirement of treasury shares)

The information is the same as XII. Notes on significant subsequent events (Retirement of treasury shares) in Notes on Consolidated Financial Statements.

[Supplementary Schedules to the Financial Statements]

Fiscal year	From April 1, 2023
(118th term)	To March 31, 2024

7-3-7 Roppongi, Minato-ku, Tokyo
TOA ROAD CORPORATION

President Kyouichi Morishita

This statement has been prepared in accordance with the provisions of Article 435, Paragraph 2 of the Companies Act and Article 118 of the Corporate Accounting Rules.

Amounts herein are rounded down to the nearest million yen.

Items listed herein

1. Details of property, plant and equipment and intangible assets
2. Details of allowance and provisions
3. Details of selling, general and administrative expenses

1. Details of property, plant and equipment and intangible assets

(Millions of yen)

Category	Types of assets	Book value on April 1, 2023	Increase	Decrease	Depreciation or amortization	Book value on March 31, 2024	Accumulated depreciation or amortization	Acquisition cost on March 31, 2024
Property, plant and equipment	Buildings and structures	¥ 3,792	¥ 494	¥ 3	¥ 275	¥ 4,008	¥ 7,341	¥ 11,349
	Machinery, equipment, and vehicles	2,395	1,089	79	1,023	2,382	19,496	21,878
	Tools, furniture, and fixtures	270	115	0	138	248	1,980	2,228
	Land	10,916	1,350	8 (0)	-	12,258	-	12,258
	Leased assets	64	151	-	28	187	51	238
	Other	143	152	144	-	150	-	150
	Total	¥ 17,583	¥ 3,355	¥ 237 ¥(0)	¥ 1,465	¥ 19,235	¥ 28,869	¥ 48,104
Intangible assets	Software	-	-	-	93	137	81	218
	Telephone subscription right	-	-	-	-	7	-	7
	Other	-	-	-	-	68	-	68
	Total	-	-	-	¥ 93	¥ 213	¥ 81	¥ 294

(Notes)

1. The balance of intangible assets at the beginning of the fiscal year and the increase/decrease in such assets during this period are omitted, because they account for 1% or less of total assets.
2. Decrease during this period presented in parentheses in the amount of decrease that relates to impairment loss.
3. Breakdown of major increases

Land	Yokohama factory	Land for factory relocation	1,350 million yen
Buildings and structures	Machine center	Office building	130 million yen
	Saitama asphalt plant	Stock yard	31 million yen
Machinery, equipment and vehicles	Kennan asphalt plant	Asphalt plant repair	49 million yen
	Osaka factory	Asphalt modification tank	32 million yen

2. Details of allowance and provisions

(Millions of yen)

Category	Balance on April 1, 2023	Increase	Decrease		Balance on March 31, 2024
			Used for the intended purpose	Other	
Allowance for doubtful accounts	¥ 187	¥ 129	¥ 0	¥ 186	¥ 129
Provision for warranties for completed construction	22	23	-	22	23
Provision for loss on construction contracts	52	68	-	52	68

(Notes)
1. The decrease in allowance for doubtful accounts during this period (other) consists of reversal due to reevaluation.
2. The decrease in provision for warranties for completed construction during this period (other) consists of reversal due to reevaluation.
3. The decrease in provision for loss on construction contracts during this period (other) consists of reversal due to reevaluation.

3. Details of selling, general and administrative expenses

Item	Amount Millions of yen	Remarks
Remuneration for directors (and other officers)	¥ 202	
Consulting expenses	91	
Employees' salaries and allowances	2,823	
Retirement benefits expenses	108	
Retirement payments	26	
Legal welfare expenses	441	
Power utilities expenses	40	
Repair expenses	28	
Taxes and dues	291	
Rents expenses on land buildings	160	
Welfare expenses	91	
Stationery expenses	316	
Communication and transportation expenses	346	
Entertainment expenses	91	*
Advertising expenses	63	
Donations	12	*
Depreciation	174	
Provision of allowance for doubtful accounts	(20)	
Miscellaneous expenses	74	
Total	¥ 5,365	

(Notes)
The economic benefits provided by the Company free of charge (including the provision of economic benefits whose reciprocal benefits are extremely small) are included in the above items marked with an asterisk.

(Translation)

INDEPENDENT AUDITOR'S REPORT

May 23,2024

To the Board of Directors of TOA ROAD CORPORATION

Gyosei　＆Co.
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hitake Fukuda

Designated Engagement Partner,
Certified Public Accountant:

Taketsugu Haruta

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of TOA ROAD CORPORATION and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet, the consolidated statement of income, consolidated statement of changes in equity, and notes on consolidated financial statements applicable to the consolidated fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

The other information comprises the information included in the business report and the accompanying supplementary schedules to the business report. Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the

Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor’s Report

- This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the readers.

- "Other Information" referred to in this report are not included in the attached financial documents.

(Translation)

INDEPENDENT AUDITOR'S REPORT

May 23,2024

To the Board of Directors of TOA ROAD CORPORATION

Gyosei ＆Co.
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Hitake Fukuda

Designated Engagement Partner,
Certified Public Accountant:

Taketsugu Haruta

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements of TOA ROAD CORPORATION (the "Company"), namely, the non-consolidated balance sheet, the non-consolidated statement of income, non-consolidated statement of changes in equity, notes on non-consolidated financial statements and the accompanying supplementary schedules to the financial statements applicable to the 118th fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

The other information comprises the information included in the business report and the accompanying supplemental schedules to the business report. Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

- This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the readers.
- "The accompanying supplementary schedules to the financial statements" referred to in this report are not included in the attached financial documents.
- "Other Information" referred to in this report are not included in the attached financial documents.