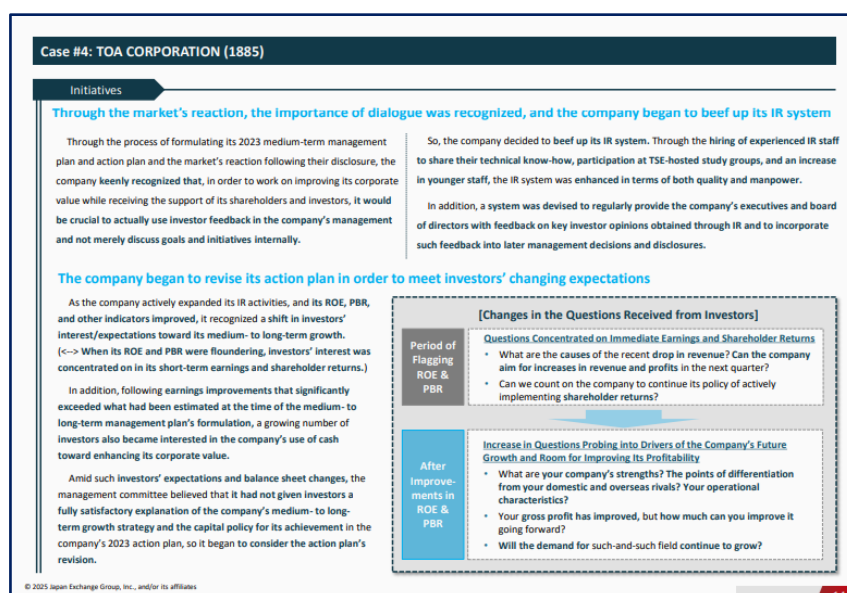
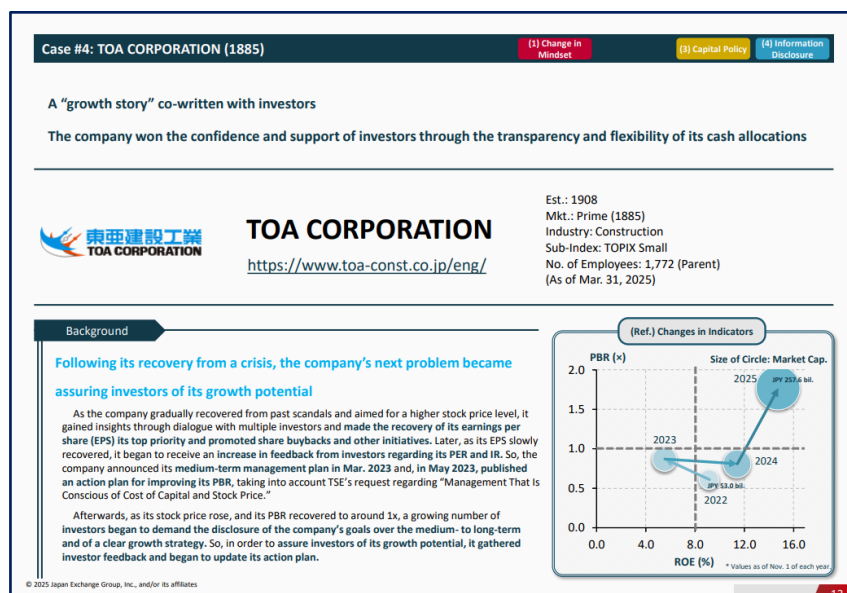


Company name: TOA CORPORATION  
 (Securities code: 1885; TSE Prime Market and SSE)

## Introduced in “Case Studies of Companies’ Initiatives Toward Issue Resolution” Compiled by Tokyo Stock Exchange

TOA CORPORATION was introduced in "Case Studies of Companies’ Initiatives Toward Issue Resolution" related to “Management That is Conscious of Cost of Capital and Stock Price” released by Tokyo Stock Exchange on December 26, 2025.

### P13-P16 “Case #4 TOA CORPORATION (1885)”



**Case #4: TOA CORPORATION (1885)**

**Initiatives**

**Through a flexible update that took investors' perspectives into account, the company gained their support**

In order to incorporate investors' perspectives into the management committee's discussions, investor feedback as well as analyses of various indicators and the company's market value were presented as materials for consideration. After brainstorming the company's current issues, management held a series of discussions about the update's direction.

Based on those discussions, in May 2025, the company disclosed an updated action plan that incorporated investors' perspectives on such areas as the company's growth strategy through prioritizing M&As and investments in human capital, a concrete plan for making investments connected to the growth strategy, and a clear policy on cash allocations.

**Corporate Rep's Remarks**

Through our day-to-day IR activities, we learned that investors also recognized the importance of investing in "human capital" for our company's growth. In addition, since we regularly communicated with the related departments within the company as we held discussions on the balance sheet and growth investments after the formulation of our medium-term management plan, we were able to flexibly revise our cash allocation in response to current environmental changes.

**[Updates That Took Investors' Perspectives into Account]**

**Current Issues**

- The company is afraid that its capital efficiency will go down because its net assets grew beyond its expectations
- Investors may not know about the company's initiatives and growth potential or may assess the company poorly because even though it met its targets, its PBR and other indicators did not go up as much as expected

**Investor Feedback**

- The company should indicate an awareness of its cost of capital and how the cost of capital relates to the company's target ROE
- The company should indicate its cash use and how it will proceed on selling its cross-shareholdings

**Updated Policy**

- Clearly express a commitment to a level of ROE that stably exceeds the cost of shareholders' equity
- In order to achieve medium- to long-term growth, prioritize the allocation of management resources not only on shareholder returns but also on growth investments centered around "human resource development" and "the expansion of business fields."
- In order to gain investor confidence in the company's future initiatives, including its growth investments, present a clear policy on cash allocations
- Flexibly update the company's initiatives and disclosures without waiting until the end of the current medium-term management plan

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**Case #4: TOA CORPORATION (1885)**

**Initiatives**

**[The Company Clearly Expressed its Commitment to a Level of ROE That Stably Exceeded the Cost of Shareholders' Equity]**

**Assessment of current situation**

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

**ROE trend**

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

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

Review the balance sheet and improve capital efficiency

Further strengthen IR activities

**[The Company Presented a Revised Policy on Cash Allocations That Took the Recent Situation into Account]**

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

Operating profit has grown significantly more than anticipated from when the medium-term management plan was formulated, and we are reviewing the cash flow allocation. We are planning to clearly state the balance between growth investment and shareholder returns from FY2026 onwards in the next medium-term management plan, which is scheduled for disclosure during FY2025.

Source: TOA CORPORATION "Action Plan to Improve Price-to-Book Ratio 2025"

**Results**

- By clearly presenting its growth story and cash allocation policy, the company gained investor confidence in its initiatives and growth potential, and its market value improved
- The quality of its dialogue with investors improved, and there were increases in more constructive improvement proposals and in suggestions for future growth

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Also, TOA CORPORATION is continuously introduced in the third edition of "2025 Case Studies (Prime Market)" updated on the same date as Case 13.

We will continue to strive to enhance our corporate value through constructive dialogue with our stakeholders.

## Reference

TSE Publishes "Case Studies of Companies' Initiatives Toward Issue Resolution" Related to Management That is Conscious of Cost of Capital and Stock Price (Tokyo Stock Exchange, Inc.)

URL: <https://www.jpx.co.jp/english/news/1020/20251226-01.html>

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