

Fiscal year ended March 31,2020 Financial Results Briefing

26 May 2020

 **TOYO CONSTRUCTION CO., LTD.**

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I

**Fiscal year ended March 31, 2020
Summary of Financial Results**

1. Statement of Income · Balance Sheet(Consolidated)

※Amounts less than 100 million yen are rounded down	Fiscal year ended March 31,2018	Fiscal year ended March 31,2019	Fiscal year ended March 31,2020		
					Increase (Decrease)
Net sales	1,726	1,638	1,748	—	109
Net sales of completed construction contracts	1,713	1,630	1,741	—	111
Domestic civil engineering	1,044	925	941	—	15
Domestic architectural construction	462	537	563	—	26
Overseas construction	206	167	237	—	69
side line business	12	8	6	—	△ 1
Gross profit	192	167	181	10.4%	13
Gross profit on completed construction contracts	187	163	176	10.2%	13
Domestic civil engineering	137	98	104	11.1%	6
Domestic architectural construction	36	48	56	10.0%	7
Overseas construction	13	16	15	6.5%	△ 0
side line business	4	4	4	65.4%	0
Operating Profit	108	78	92	5.3%	14
Domestic civil engineering	79	36	43	4.6%	6
Domestic architectural construction	21	32	41	7.3%	8
Overseas construction	3	6	6	2.6%	△ 0
side line business	3	2	2	55.2%	△ 0
Ordinary profit	105	80	91	5.2%	10
Current net profit attributable to shareholders of parent	70	54	57	3.3%	3
R O E	15.9%	11.0%	10.7%	—	△ 0.3%

※Amounts less than 100 million yen are rounded down	Fiscal year ended March 31,2018	Fiscal year ended March 31,2019	Fiscal year ended March 31,2020	
				Increase (Decrease)
Current assets	1,149	995	944	△ 50
Cash and deposits	279	321	263	△ 57
Notes receivable, accounts receivable from completed construction contracts,etc.	578	538	499	△ 38
Costs on uncompleted construction contracts	96	45	50	5
Non-current assets	400	409	410	1
Property,plant and equipment	325	337	339	2
Total assets	1,549	1,404	1,355	△ 49
Current liabilities	925	747	657	△ 90
Notes payable, accounts payable for construction contracts,etc.	530	419	335	△ 83
Short-term borrowings	95	88	82	△ 6
Advances received on uncompleted construction contracts	132	104	88	△ 16
Non-Current liabilities	137	127	124	△ 2
Long-term borrowings	43	35	29	△ 5
Total liabilities	1,063	874	781	△ 92
Net assets	486	529	573	43
Share capital	140	140	140	0
Retained earnings	253	293	340	46
Total liabilities and net assets	1,549	1,404	1,355	△ 49

※ Unit : 100 Million of Yen

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Net Sale 174.8 bil. yen YoY increased by 10.9 bil. yen

Gross profit 18.1 bil. yen YoY increased by 1.3 bil. yen

Operating profit 9.2 bil. yen YoY increased by 1.4 bil. yen

Ordinary profit 9.1 bil. yen YoY increased by 1.0 bil. yen

Current net profit attributable to shareholders of parent 5.7 bil. yen YoY increased by 3.0 bil. yen

※ Operating profit and ordinary profit are the second-highest on record, and current net income is the third-highest on record.

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2. Statement of Income · Balance Sheet(Non-Consolidated)

	Fiscal year ended March 31,2018	Fiscal year ended March 31,2019	Fiscal year ended March 31,2020		
					Increase (Decrease)
Net sales	1,581	1,487	1,566	—	79
Net sales of completed construction contracts	1,576	1,484	1,563	—	79
Domestic civil engineering	968	851	871	—	20
Domestic architectural construction	443	517	551	—	34
Overseas construction	164	115	140	—	24
real estate business	5	3	3	—	△ 0
Gross profit	167	145	155	10.0%	10
Gross profit on completed construction contracts	165	143	154	9.9%	10
Domestic civil engineering	123	87	93	10.7%	6
Domestic architectural construction	35	47	55	10.0%	8
Overseas construction	6	9	5	4.0%	△ 3
real estate business	1	1	1	48.9%	0
Operating profit	96	70	82	5.3%	12
Domestic civil engineering	72	32	39	4.5%	6
Domestic architectural construction	21	32	40	7.4%	8
Overseas construction	1	4	0	0.6%	△ 3
real estate business	1	1	1	47.3%	0
Ordinary profit	91	71	84	5.4%	13
Current net profit	62	48	56	3.6%	7
R O E	14.6%	10.3%	11.1%	—	0.8%

	Fiscal year ended March 31,2018	Fiscal year ended March 31,2019	Fiscal year ended March 31,2020	
				Increase (Decrease)
Current assets	1,085	914	845	△ 68
Cash and deposits	249	283	213	△ 69
Notes receivable, accounts receivable from completed construction contracts ,etc.	547	505	465	△ 40
Costs on uncompleted construction contracts	95	40	45	4
Non-current assets	370	378	380	1
Property, plant and equipment	291	296	301	5
Total assets	1,455	1,292	1,225	△ 66
Current liabilities	889	700	592	△ 107
Notes payable, accounts payable for construction contracts and other	511	384	302	△ 81
Short-term borrowings	86	86	79	△ 6
Advances received on uncompleted construction	132	101	67	△ 34
Non-Current liabilities	111	103	100	△ 2
Long-term borrowings	38	31	27	△ 4
Total liabilities	1,000	803	693	△ 110
Net assets	455	489	532	43
Share capital	140	140	140	0
Retained earnings	224	259	302	45
Total liabilities and net assets	1,455	1,292	1,225	△ 66

※ Unit : 100 Million of Yen

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Net sales 156.6 bil. yen YoY **increased by 7.9 bil. yen**

Gross profit 15.5 bil. yen YoY **increased by 1.0 bil. yen**

Operating profit 8.2 bil. yen YoY **increased by 1.2 bil. yen**

Ordinary profit 8.4 bil. yen YoY **increased by 1.3 bil. yen**

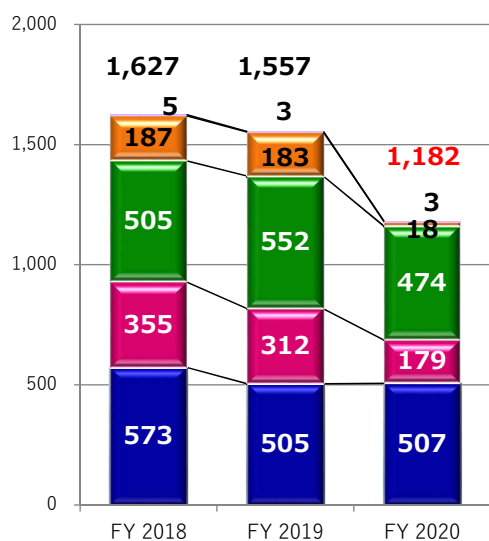
Current net profit 5.6 bil. yen YoY **increased by 0.7 bil. yen**

※ Each profit account is the second-highest on record.

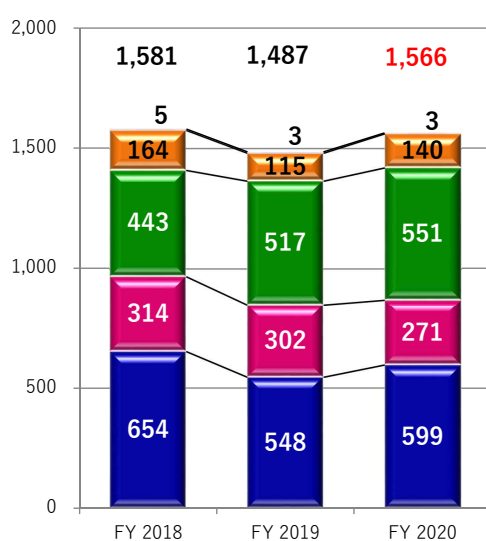
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3. Orders received , Net sales , and contracts(Individual)

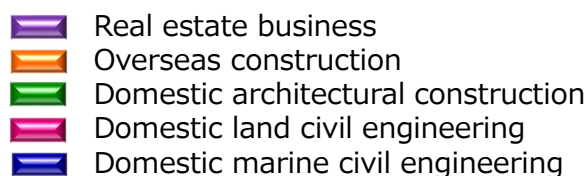
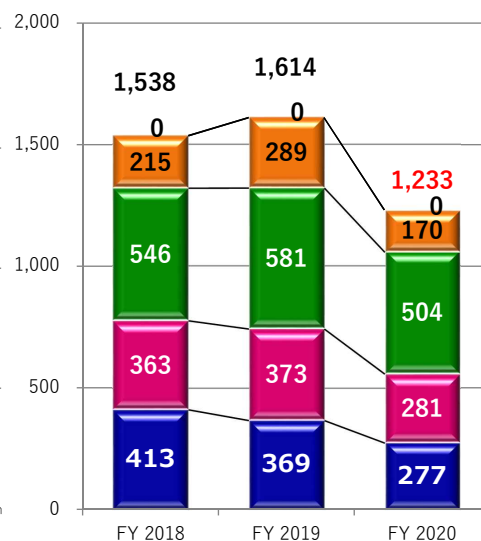
Orders received



Net sales



Balance carried



※ Unit : 100 Million of Yen

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Orders received 118.2 bil. yen YoY **decreased by 37.4 bil. yen**

- Domestic land civil engineering was decreased by approx. 13.3 bil yen due to no receipt of large orders like in the previous term.
- Domestic architectural construction was decreased by approx. 7.7 bil. yen due to some orders delayed at the end of the fiscal year.
- Overseas construction was decreased by approx. 16.4 bil. yen because the work under negotiation in the Philippines was not reached agreement.

Net sales 156.6 bil. yen YoY **increased by 7.9 bil. yen**

- Each segment increased net sales with good progress on its ongoing works.

Balance carried 123.3 bil. yen YoY **decreased by 38.0 bil. yen**

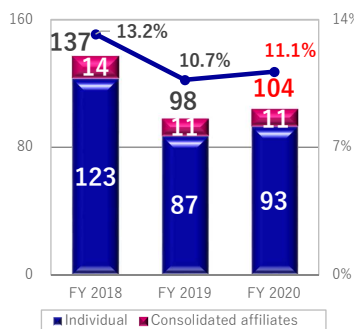
- Along with the decrease of orders received, the balance carried was also decreased.

4. Gross profit

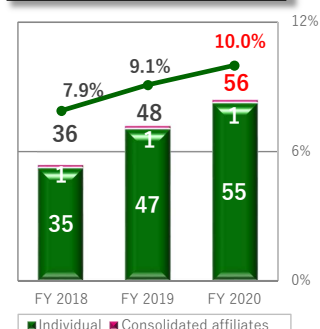
Consolidated

Non-consolidated

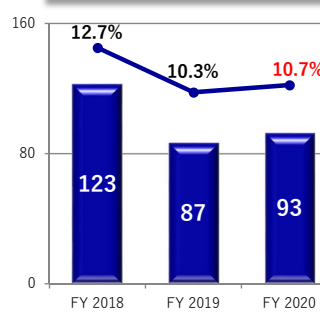
Domestic civil engineering



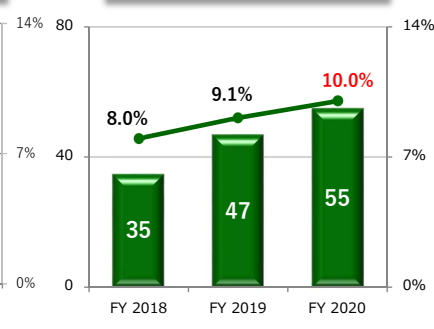
Domestic architectural construction



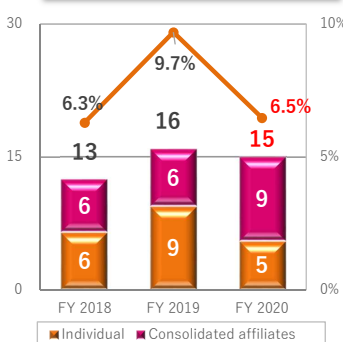
Domestic civil engineering



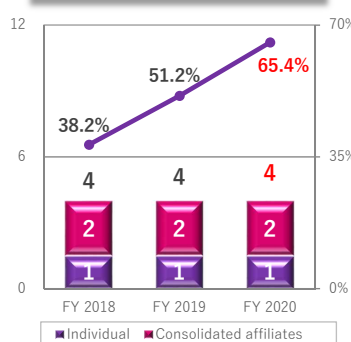
Domestic architectural construction



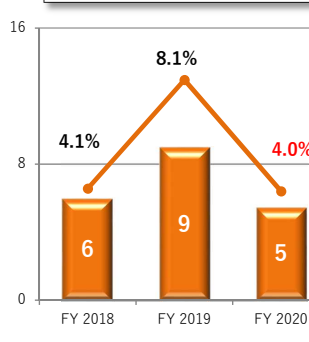
Overseas construction



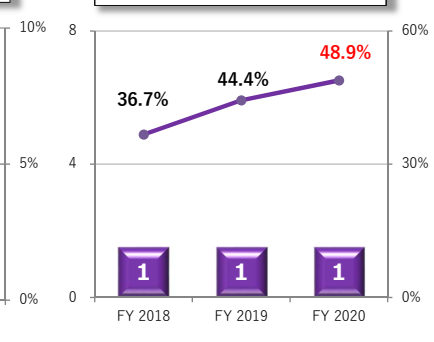
Sideline business



Overseas construction



Real estate business



※ Unit : 100 Million of Yen

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< Consolidated >

Domestic civil engineering 10.4 bil. Yen

(increased by 0.6 bil. yen) 11.1% (+0.4%)

- Winning awards for design changes and the like resulted in increased profits.

Domestic architectural construction 5.6 bil. Yen

(increased by 0.7 bil. yen) 10.0% (+0.9%)

- Good progress on ongoing works such as large-sized design and construction works.
- Measures to improve profitability during the work resulted in increased profits.

Overseas construction 1.5 bil. yen

(decreased by 0.1 bil. yen) 6.5% (▲3.2%)

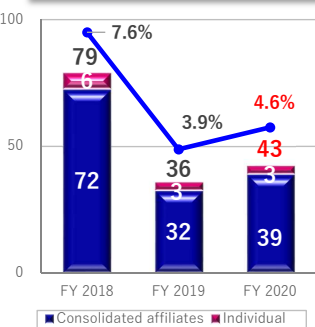
- While the profit as Toyo individually decreased because of lack of winning award for design changes like the previous term, the declining profit margin as a whole resulted in a slight one, attributable to the increased profit of the overseas subsidiary (CCT).

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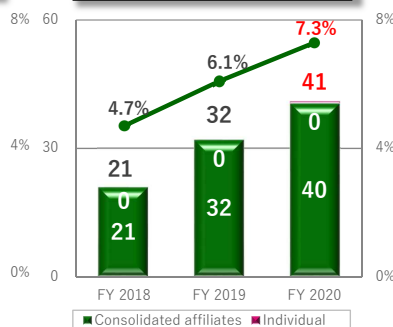
5. Operating profit

Consolidated

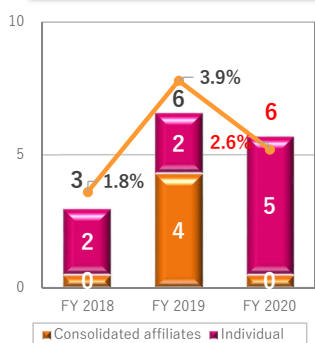
Domestic civil engineering



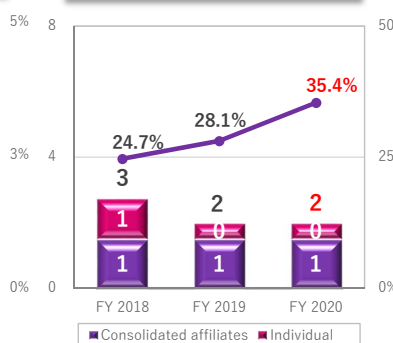
Domestic architectural construction



Overseas construction

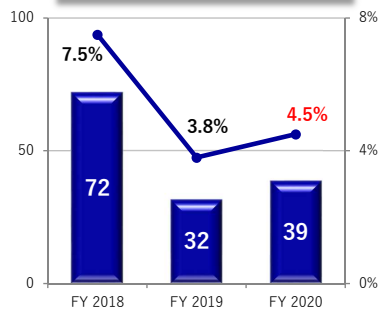


Sideline business

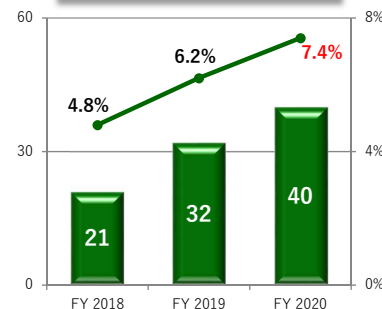


Non-consolidated

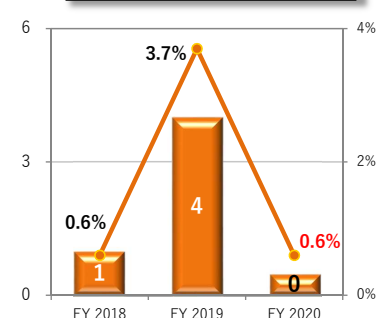
Domestic civil engineering



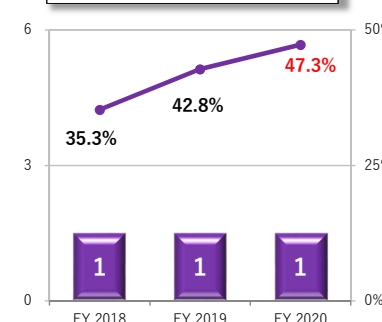
Domestic architectural construction



Overseas construction



Real estate business



※ Unit : 100 Million of Yen

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< Consolidated >

Domestic civil engineering 4.3 bil. Yen

(increased by 0.6 bil. yen) 4.6% (+0.7%)

Domestic architectural construction 4.1 bil. yen

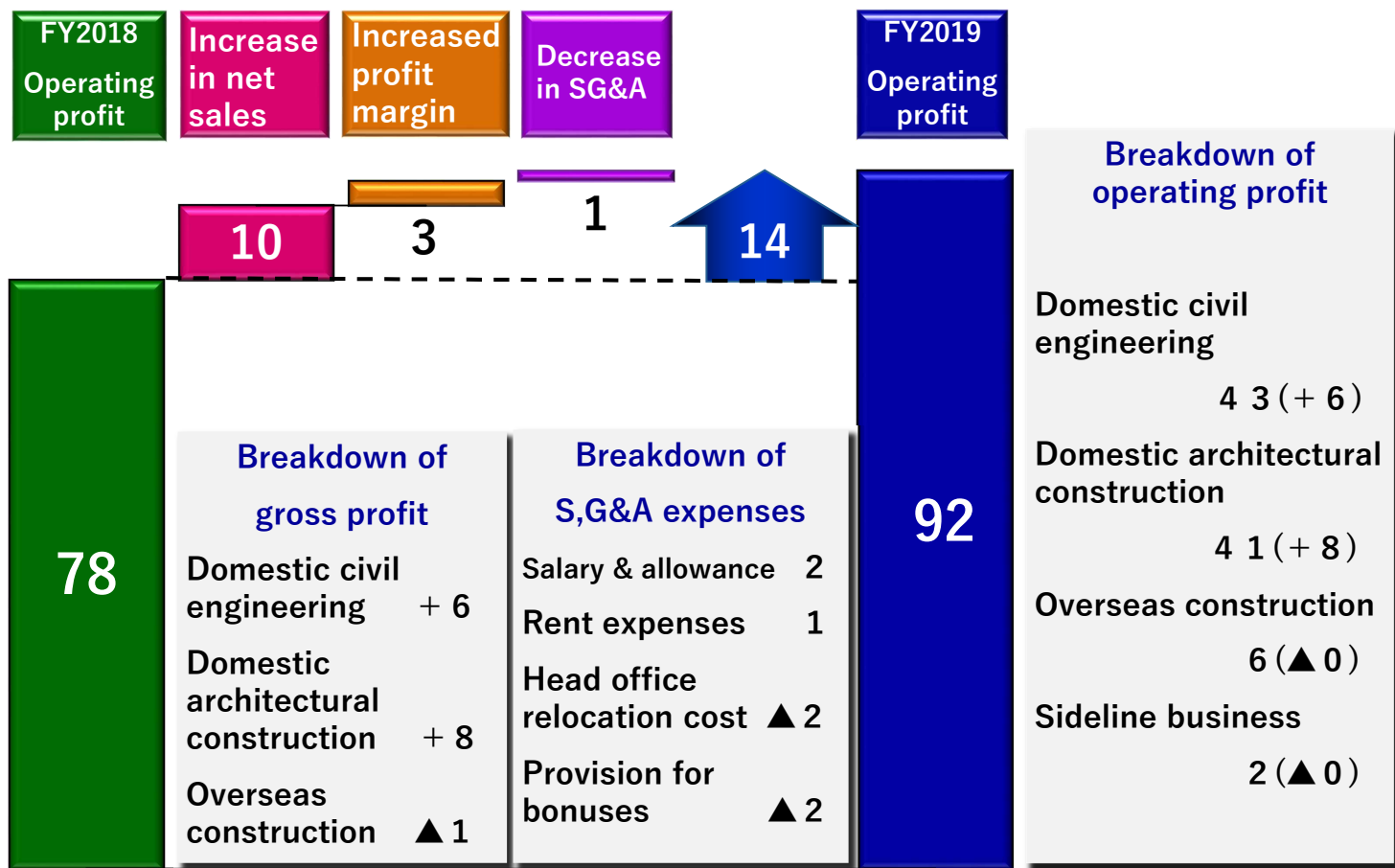
(increased by 0.8 bil. yen) 7.3% (+1.2%)

Overseas construction 0.6 bil. yen

(slight decrease) 2.6% (▲0.7%)

- Factors of increase and decrease are substantially the same as those of the gross profit.

6. Factors of Change in Operating profit



※ Unit : 100 Million of Yen

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Consolidated operating profit as of March 2019 **7.8 bil. yen**

Increase of gross profit

1.3 bil. yen

Domestic civil engineering

increased by 0.6 bil. yen

Domestic architectural construction

increased by 0.8 bil. yen

Overseas construction

decreased by 0.1 bil. yen

Decrease in SG&A

0.1 bil. yen

Salary & allowance, rent expenses

increased by 0.3 bil. yen

H.O. relocation cost, provision for bonuses

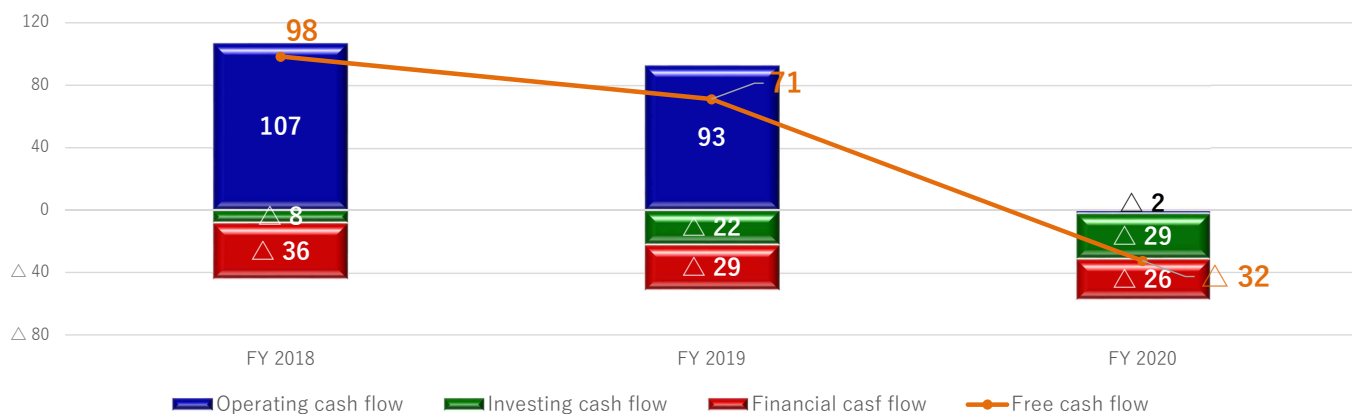
decreased by 0.4 bil. yen

Consolidated operating profit as of March 2020 **9.2 bil. yen**

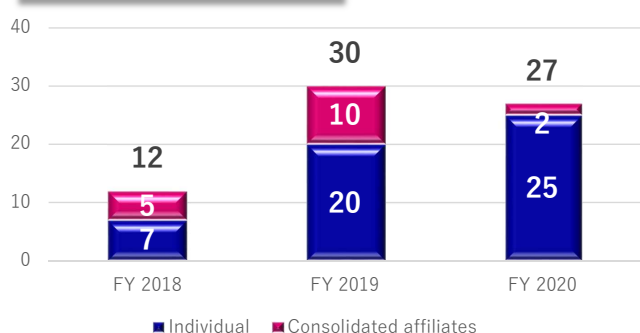
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7. Cash flow · Capital investment (Property, Plants and Equipment) · Depreciation

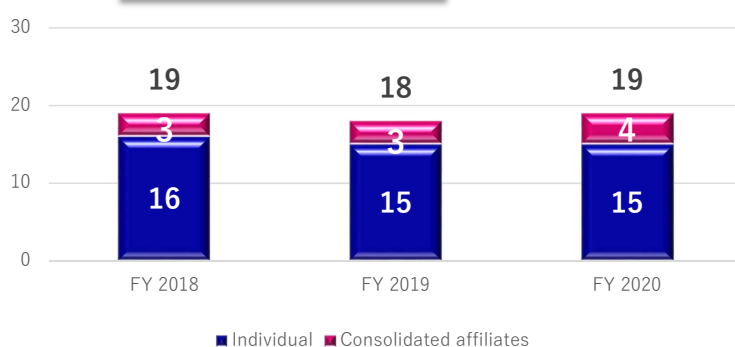
Cash Flow Trends



Facility investment



Depreciation



※ Unit : 100 Million of Yen

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Operating cash flow ▲0.2 bil. yen

Went negative due to payment of trade payables, increase of accounts due for JV works, etc.

Investing cash flow ▲2.9 bil. yen

Financial cash flow ▲2.6 bil. yen

Facility investment 2.7 bil. yen
(decreased by 0.3 bil. yen YoY)

Distribution warehouse for rent, construction of work vessels (auxiliary crafts), etc.

Depreciation 1.9 bil. yen
(increased by 0.1 bil. yen YoY)

Increase of depreciation for work vehicle completed in Nov. 2018, etc.

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A blue square containing the white Roman numeral 'II'.

Summary of the previous Mid-term Business Plan

1. Results for numerical target ①

Consolidated

※ Unit : 100 Million of Yen

	Fiscal year ended March 31,2018		Fiscal year ended March 31,2019			Fiscal year ended March 31,2020			Three-years total		
	Mid-term business plan	Actual	Mid-term business plan	Annual Plan	Actual	Mid-term business plan	Annual Plan	Actual	Mid-term business plan	Annual Plan	Actual
Net sales	1,823	1,726	1,777	1,823	1,638	1,738	1,830	1,748	5,339	5,476	5,112
Domestic civil engineering	1,018	1,044	1,004	1,015	925	944	1,003	941	2,967		2,911
Domestic architectural construction	567	462	559	561	537	587	585	563	1,715		1,563
Overseas construction	232	206	207	241	167	200	236	237	641		611
Side line business	5	12	5	5	8	7	5	6	18		26
Operating profit	75	108	81	82	78	88	91	92	245	248	279
Operating profit ratio	4.1%	6.3%	4.6%	4.5%	4.8%	5.0%	5.0%	5.3%	4.6%	4.5%	5.5%
Domestic architectural construction	46	79	47	46	36	47	46	43	140	138	159
Overseas construction	21	21	23	25	32	28	35	41	72	82	95
real estate business	5	3	8	7	6	10	8	6	23	20	16
Side line business	3	3	3	2	2	3	2	2	9	7	7
Ordinary profit	71	105	77	78	80	83	89	91	231		277
Current net profit*	48	70	50	51	54	54	55	57	152	15,450	182
Net assets	451	475	492	510	516	536	560	560			
ROE	10.6%	15.9%	10.2%	10.0%	11.0%	10.1%	10.3%	10.7%			

* Current net profit attributable to shareholders of parent

Operating profit over 3 years: 24.5 bil. yen or more
Operating profit ratio in 3 years: 5%



27.9 bil. Yen
5.3%

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< Consolidated / over 3 years >

Net sales	511.3 bil. yen (achievement rate*1 96%)
Operating profit	27.9 bil. yen (achievement rate 114%)
Operating profit ratio*2	5.3% (target figure +0.3%)
Ordinary profit	27.7 bil. yen (achievement rate 120%)
Current net profit*3	18.2 bil. yen (achievement rate 120%)

*1 Achievement rate to the previous mid-term business plan

*2 Operating profit ratio as of March, 2020

*3 Current net profit attributable to parent's shareholders

※ Numerical target in the previous mid-term business plan (consolidated)

- Operating profit over 3 years: 24.5 bil. yen or more
- Operating profit ratio in 3 years: 5%

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1. Results for numerical target ②

Non-consolidated

※ Unit : 100 Million of Yen

	Fiscal year ended March 31,2018		Fiscal year ended March 31,2019			Fiscal year ended March 31,2020			Three-years total		
	Mid-term business plan	Actual	Mid-term business plan	Annual Plan	Actual	Mid-term business plan	Annual Plan	Actual	Mid-term business plan	Annual Plan	Actual
Orders received	1,550	1,621	1,560	1,570	1,553	1,540	1,530	1,179	4,650	4,650	4,354
Domestic civil engineering	850	929	840	840	817	830	860	686	2,520	2,550	2,433
Domestic architectural construction	520	505	550	550	552	580	580	474	1,650	1,650	1,532
Overseas construction	180	187	170	180	183	130	90	18	480	450	388
Net sales	1,687	1,581	1,608	1,662	1,487	1,562	1,652	1,566	4,858	5,002	4,636
Domestic civil engineering	947	968	910	941	851	845	939	871	2,702	2,828	2,691
Domestic architectural construction	547	443	540	540	517	568	570	551	1,655	1,658	1,512
Overseas construction	189	164	155	177	115	145	140	140	489	507	421
Real estate business	2	5	3	2	3	4	2	3	10	8	12
Operating profit	66	96	71	72	70	76	79	82	214	218	250
Domestic civil engineering	41	72	41	41	32	41	40	39	123	122	144
Domestic architectural construction	20	21	23	24	32	26	34	40	70	80	93
Overseas construction	3	1	4	4	4	6	3	0	14	10	6
real estate business	1	1	1	1	1	2	1	1	5	4	4
Ordinary profit	62	91	67	68	71	72	76	84	202	207	247
Current net profit	43	62	44	45	48	48	50	56	136	138	168
Net assets	434	455	467	484	489	505	528	532			
ROE	10.0%	14.6%	9.5%	9.3%	10.3%	9.6%	9.8%	11.1%			

Net assets in 3 years: 50.0 bil. yen or more



53.2 bil. Yen

< Non-Consolidated / over 3 years >

Orders received	435.4 bil. yen (achievement rate	94%)
Net sales	463.6 bil. yen (achievement rate	95%)
Operating profit	24.9 bil. yen (achievement rate	116%)
Ordinary profit	24.7 bil. yen (achievement rate	122%)
Current net profit*	16.8 bil. yen (achievement rate	124%)
Net assets	53.2 bil. yen (achievement rate*	105%)

* Achievement rate to the previous mid-term business plan

- ※ Numerical target in the previous mid-term business plan (Non-consolidated)
- Net assets in 3 years: 50 bil. yen or more



Summary of the new Mid-term Business Plan

1. For the 100th Anniversary of the Founding

Goal in 10 years: Resilient company

A sustainable company by maintaining a consistent linchpin, responding flexibly to ever-changing environment, and standing up to adversity

Domestic civil engineering

Pursuing profits with the portfolio and technologies as a core business

Domestic architecture

Positioning as the “10 year for revolution of architecture business” to ensure diversified earnings structure, and keeping consistent and sustainable expansion

Overseas construction

Becoming one primary source of revenue, and creating brand power as a company growing with sustainable development of global community

The 100th Anniversary
(July 2029)

-3rd Step-
(FY 2026-2028)

-2nd Step-
(FY 2023-2025)

-1st Step-
(FY 2020-2022)

Mid-term Business Plan as the 1st Step for further growth

- **Transfigure the Company to a “resilient company” that soundly deals with changes of external environment in 10 years (the 100th anniversary of the founding)**

“Resilient company”

- **A sustainable company that maintains a consistent linchpin, responds flexibly to ever-changing environment, and is able to stand up to adversity**
- **The new mid-term business plan is positioned as the first step for achieving further growth toward the 100th anniversary.**

Being a **resilient company**

Basic Principle

In order to be transfigured to a **resilient company**, we will have a linchpin (origin), cultivate human resources, face the issues, increase value-added productivity.

Corporate Identity

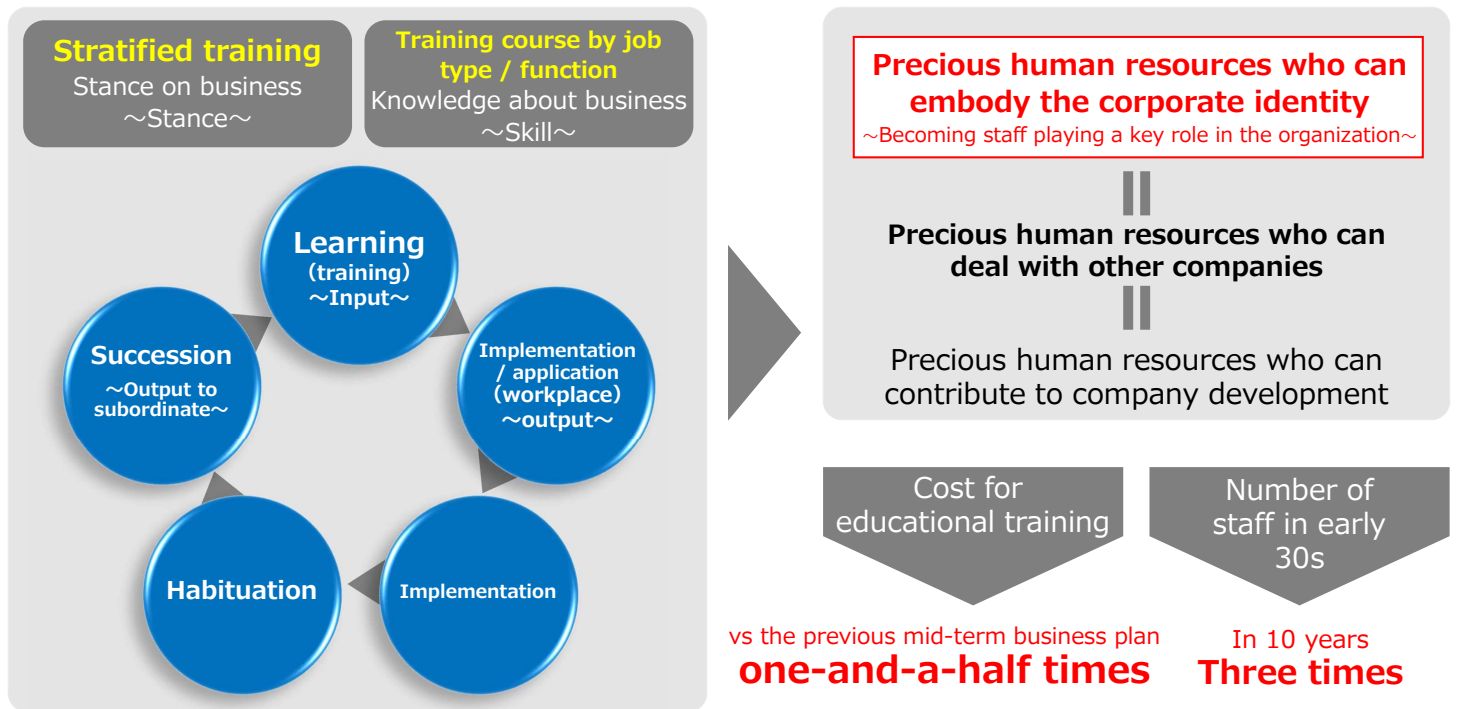
Everybody working together with dream and youth, devoted to customer and public society with new and productive technology, striving toward company's consistent growth and employees' welfare promotion.
"Respect for Human Dignity" "Invention and Innovation" "Awareness of Responsibility"

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- In order to be transfigured to a **resilient company**, in the mid-term business plan,
 - ✓ Cultivate human resources
 - ✓ Face the issues
 - ✓ Increase value-added productivity
- Toward these goals, it is important to soundly maintain a consistent linchpin.
- **Linchpin (Origin) = Corporate identity of Toyo Construction**

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Cultivating precious human resources who will implement “Respect for Human Dignity”, “Invention and Innovation” and “Awareness of Responsibility” as the behavioral guideline of corporate identity and embody the corporate identity.



- Increase of young staff in early 20s (30% of whole staff)
- Through training and the like, cultivating staff who will embody the corporate identity, with a sense of urgency
- ✓ Cost for educational training one-and-a-half times vs the previous mid-term business plan
- Development of young staff will contribute to company's growth.
- ✓ The number of staff in early 30s will be tripled in 10 years.

3. Basic Strategy / Maintaining production system

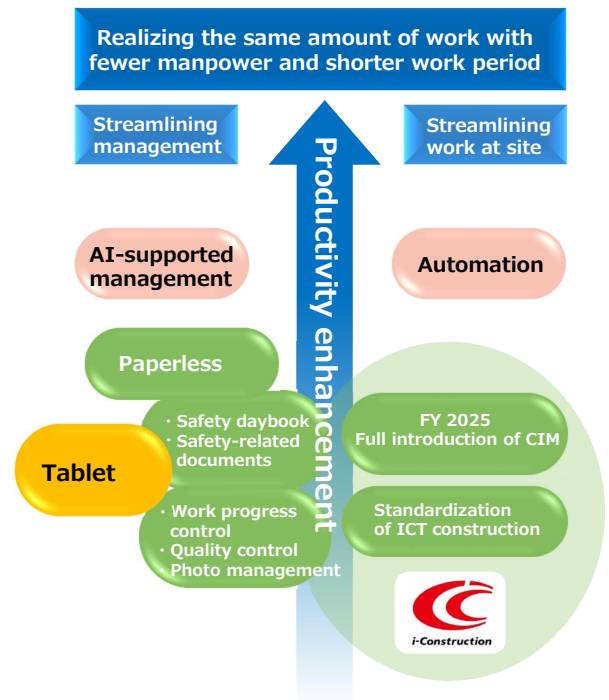
For securing the rising generation, strengthening ties with subcontractors
Realizing a 5- day work week at all sites

Building the WIN-WIN relationship with subcontractors

- ◆ Sharing such matters as the shortage of newly employed person or successors, or financial issue
- ◆ Making and implementation of action plans (payment terms, CCUS support, etc.)
- ◆ Productivity enhancement will provide more efficient operation at the site, by decreasing burden of subcontractors, etc.
- ◆ In the future, by developing automated operation and/or AI-supported management, the same amount of work will be implemented with fewer manpower and shorter work period.

Increasing attraction to young people

- ◆ Realizing high-level construction technologies, including automation.
- ◆ Realizing a 5- day work week at sites



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- Construction industry has a serious situation, such as difficulties for subcontractors to address issues of working age population decline, aging of skilled construction workers, and work system reform.
- **Building the WIN-WIN relationship with subcontractors**
 - ✓ Sharing issues, and making and implementation of action plans (reviewing payment terms, CCUS support, etc.)
 - ✓ Productivity enhancement will provide more efficient operation at the site, by decreasing burden of subcontractors, etc., and also will contribute to increase of profitability of subcontractors.
- **Increasing appeal of construction industry**
 - ✓ As in other industries, realizing a 5- day work week at sites

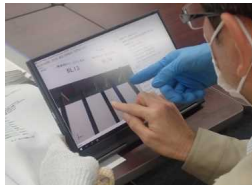
34

CIM, i-Construction, Introduction of automation

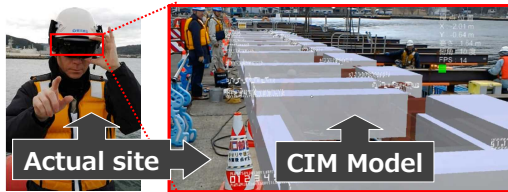
Further development of technologies for utilizing CIM



Automation of construction equipment



Remote inspection



Merging with reality by the mixed reality

Toyo CIM Toyo Virtual Construction

Utilizing cloud
Discussing construction in a remote location

Awarded the grand prize of i-Construction 2019
Award-winning work: Quay dolphin portion construction work in Wakamatsu area of Hakodate Port and related works

Accelerating technological development contributing to automation of vessels



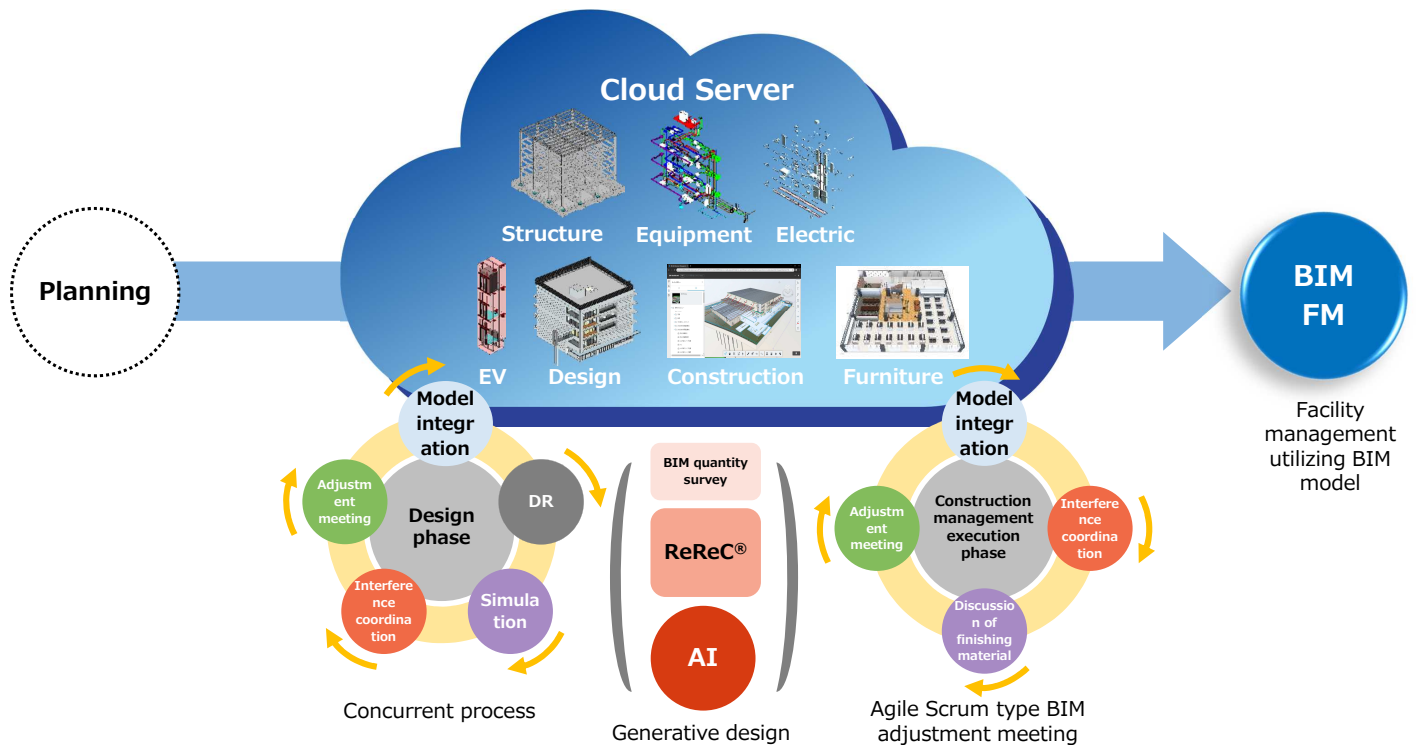
Development of equipment to mitigate up-and-down motion of suspended load for a large marine crane (J-Ocean)
➢ Meeting a requirement of ocean works such as offshore wind power generation

Sophistication of Toyo CIM, raising learning level of staff

Expansion of order reception chance by differentiation from other companies

- Introducing CIM actively in port works
- **Awarded the grand prize of i-Construction 2019**
- Implementing progressive approach such as on-site checking by the mixed reality or discussing construction in a remote location utilizing cloud, and increasing productivity.
- Accelerating technological development contributing to automation of vessels
- **Further improvement of technologies unique to Toyo for utilizing CIM**
- **Increasing value-added productivity and aiming expansion of order reception chance by differentiation from other companies.**

Accelerating front-loading by BIM-DPX® and one-model BIM data



- Promoting BIM-DPX® , while connecting information by one BIM model from planning to construction, expanding into various simulations, BIM quantity survey, ReReC®, AI.
- Promoting consensus formation by space experience utilizing VR/MR
- Promoting front-loading by BIM adjustment meeting
- **Aiming improving construction quality and improvement of work efficiency**

BIM-DPX® : BIM-Digital Process Transformation

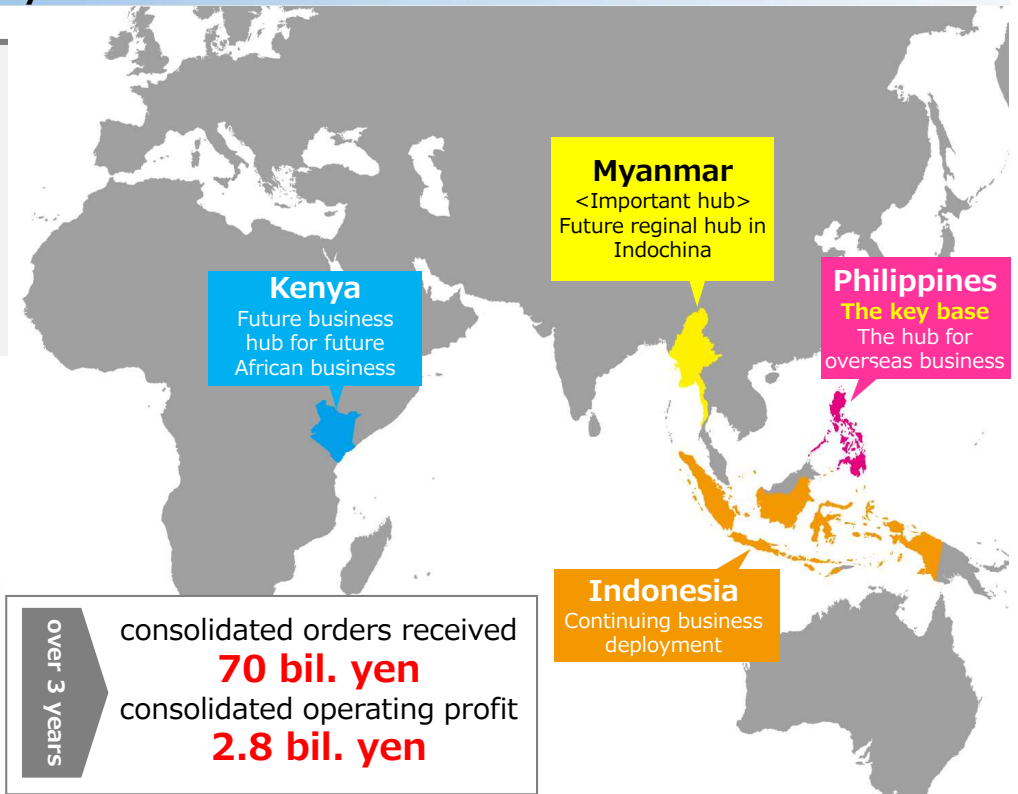
Newly defined by Toyo, attempting to make the efforts by construction industry for the better in any and all aspects by penetration of digital process using BIM

Raising the target share of overseas business in company-wide operating profit to more than 20% in ten years

Goals in 3 years

Establishing business framework by the 4 sites

Stable business deployment enabling each site to supplement others



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- Aiming at **consolidated orders received of 70 bil. yen** and consolidated operating profit of **2.8 bil. yen** over 3 years
- Establishment of business framework by the 4 sites centered on Philippines, and stable business deployment enabling each site to supplement others
 - **Becoming one primary source of revenue**
- Risk control, development of precious human resources in hub countries, reinforcement of cooperation with subcontractors, and enhancement of cost competitiveness
 - **Community-based growth**

Raising the target share of overseas business in company-wide operating profit to more than 20% in ten years

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3. Basic Strategy Growth by Resolving Social Issues

Resolving Social Issues through Implementation of Corporate Identity (Business Activity)
Social Issues are Seeds for Growth, and Further Development for Resolving Issues

Resolving Issues by Deploying Original SDGs Activities



Realization of High-quality Infrastructure Improvement

- ◆ High-quality Infrastructure Construction in Developing Countries
- ◆ Improvement in Productivity and Safety by Application of IoT and ICT
- ◆ Realization of Work Environment for Women's Active Participation
- ◆ Resolving Worldwide Toilet Problems



Contribution to Global Environmental Conservation

- ◆ Establishment of ZEB Architectural Technology
- ◆ Development of Low Cost & Environmental-Load Technology for Offshore Wind Power Generation



Contribution to Regional Community

- ◆ Establishment of Scholarship System in Kenya and Philippines
- ◆ Activity for development of Eelgrass field

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● Resolving Social Issues through SDGs activities

- **Contribution to global environmental conservation (decrease of CO2 emissions)**
- ✓ Establishment of ZEB (Zero Energy Building) architectural technology
- ✓ Development of low cost technology and the like for offshore wind power generation
- **Realization of High-quality Infrastructure Improvement (safety, security)**
- ✓ Infrastructure construction in developing countries (Africa, south-eastern Asia)
- ✓ Realization of work environment for women's active participation (improvement of site environment)
- ✓ Resolving Worldwide Toilet Problems (Environmental toilet)
- **Contribution to regional community (securing educational opportunities)**
- ✓ Scholarship system in Kenya and Philippines, etc.

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4. Planning figures (Consolidated)

※Amounts less than one billion yen are rounded down	Fiscal year ended March 31,2021					Fiscal year ended March 31,2022					Fiscal year ended March 31,2023					Mid-term Business Plan total				
	Domestic civil engineering	Domestic architectural construction	Overseas	Sideline business	Total	Domestic civil engineering	Domestic architectural construction	Overseas	Sideline business	Total	Domestic civil engineering	Domestic architectural construction	Overseas	Sideline business	Total	Domestic civil engineering	Domestic architectural construction	Overseas	Sideline business	Total
Net sales	984	547	211	8	1,750	973	585	235	7	1,800	986	584	192	8	1,770	2,943	1,716	638	23	5,320
Gross profit	108	44	17	4	173	118	48	19	4	189	141	56	22	5	226	367	148	58	13	586
Gross profit margin	11.0%	8.0%	8.1%	50.0%	9.9%	12.1%	8.2%	8.1%	57.1%	10.5%	14.3%	9.6%	11.5%	62.5%	12.8%	12.5%	8.6%	9.1%	56.5%	11.0%
Selling, general and administrative expenses	64	16	10	2	92	70	17	10	1	98	66	18	10	2	97	200	51	30	5	286
Operating profit	44	28	7	2	81	48	31	9	3	91	75	38	12	3	128	167	97	28	8	300
Operating profit ratio					4.6%					5.1%					7.2%					5.6%
Ordinary profit					77					90					126					293
Profit attributable to owners of parent					50					59					83					192
Net assets					593					636					702					
Equity ratio					42%					43%					45%					
R O E					8.2%					9.3%					11.8%					

※ Unit : 100 Million of Yen

Performance Goal in 3 years (consolidated)

Operating Profit

over 3 years 30.0 bil. Yen
(As of March 2023) **6% or more**

Net Assets*

70 bil. Yen ※Excluding non-controlling interests

Capital Ratio

45%

R O E

10% or more

- Domestic civil engineering: Strengthening land civil engineering and private market, in addition to marine civil engineering as the prime source of earning. Aiming at operating profit of 7.5 bil. yen in the third year
- Domestic architecture: Focusing on cultivating diversified source of earning. Ensuring operating profit exceeding the previous mid-term business plan in three years.
- Overseas: deploying stable business by the 4 sites, aiming at increase of operating profit for 3 years by 40% from the previous plan

Goals in 3 years

Operating profit

30 bil. yen or more over 3 years (6% or more)

Net assets

70 bil. yen (excluding non-controlling interests)

Capital ratio

45%

ROE

10% or more

4. Planning figures (Non-consolidated)

※Amounts less than one billion yen are rounded down	Fiscal year ended March 31,2021					Fiscal year ended March 31,2022					Fiscal year ended March 31,2023					Mid-term Business Plan total				
	Domestic civil engineering	Domestic architectural construction	Overseas	Sideline business	Total	Domestic civil engineering	Domestic architectural construction	Overseas	Sideline business	Total	Domestic civil engineering	Domestic architectural construction	Overseas	Sideline business	Total	Domestic civil engineering	Domestic architectural construction	Overseas	Sideline business	Total
Orders received	870	540	140	-	1,550	880	570	200	-	1,650	885	600	210	-	1,695	2,635	1,710	550	-	4,895
Net sales	900	535	130	5	1,570	900	580	170	5	1,655	900	580	120	5	1,605	2,700	1,695	420	15	4,830
Gross profit	94	42	7	2	145	103	46	11	2	162	124	54	13	2	193	321	142	31	6	500
Gross profit margin	10.4%	7.9%	5.4%	40.0%	9.2%	11.4%	7.9%	6.5%	40.0%	9.8%	13.8%	9.3%	10.8%	40.0%	12.0%	11.9%	8.4%	7.4%	40.0%	10.4%
Selling, general and administrative expenses	56	15	5	1	77	61	16	5	0	82	59	17	5	0	82	176	48	15	1	240
Operating profit	38	27	2	1	68	42	30	6	2	80	65	37	8	2	112	145	94	16	5	260
Operating profit ratio					4.3%					4.8%					7.0%					5.4%
Ordinary profit					66					80					112					258
Profit					45					54					76					175
Net assets					563					603					665					
Equity ratio					43%					44%					45%					

※ Unit : 100 Million of Yen

Over 3 years

Orders received

489.5 bil. yen

Net sales

483.0 bil. yen

Gross profit

50.0 bil. yen

Operating profit

26.0 bil. yen

Ordinary profit

25.8 bil. yen

Current net profit

17.5 bil. yen

Net assets in 3 years

66.5 bil. yen

Capital ratio in 3 years

45 %

5. Domestic Civil Engineering Initiative ①

Raising the level of private orders by enhancement of technical division

Site development

- ◆ Focusing on large projects such as new energy
- ◆ Increasing orders received from current customers at current sites
- ◆ Strengthening technical support system for customers

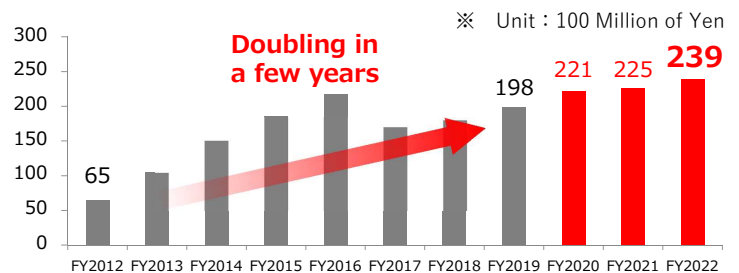
New customers

- ◆ Increasing orders received from current customers at current sites by expanding nationwide
- ◆ New business development (chemical/foods/exploitation, etc.)
- ◆ Enhancing commitment to new energy business

Performance

- ◆ Enhancing commitment, from the stage of planning, design, discussion business
- ◆ Quick response
- ◆ Increasing technical and construction capability to respond to customer confidence

Result & Plan of orders received for domestic private civil engineering



Aiming at maintaining the level of orders received of private civil engineering continuously at more than 22 bil. yen



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- Evolving around the three strategies: developing sites, cultivating new customers, improving technical division's performance
- Enhancing the commitment as a company meeting customer needs, expanding orders received from private market
- Maintaining orders received for domestic private civil engineering at the level of **22 bil. yen or more**
- Plan for orders received in FY2022 **23.9 bil. yen**

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Enhancement of commitment to private / regenerated energy business

Offshore wind power generation business (bottom-mounted)

Expansion of order reception chance by development of suction bucket foundation

Structural drawing of suction bucket

※ R&D is ongoing in NEDO promotion service.

Features

- ◆ No need for large work vessel
- ◆ Wide application
- ◆ Low noise & vibration

➡ **Cost reduction**
Corresponding to seabed of coastal regions in Japan
Lowering environmental-load

Offshore wind power generation business (floating)

※Development of equipment to mitigate up-and-down motion of suspended load is ongoing. (J-Ocean)

Floating offshore wind power generation

Since there are few right spots for bottom-mounted type in the sea around Japan, we are also considering participation in floating type as the next generation offshore wind power generation.

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- Focusing on technological development, aiming at participating in private / regenerated energy business
 - **Development of suction bucket foundation**
 - ✓ Lowering cost of bottom-mounted offshore wind power generation facility (lowering capital cost by 20%) and expanding order reception chance
 - **Developing equipment to mitigate up-and-down motion of suspended load for a large marine crane**
 - ✓ Application to floating type as the next generation offshore wind power generation equipment

Pursuing profits from public offshore works

Active utilization of vessels owned by the Company

Utilization of vessels owned by the Company (environmental vessel, new vessel, etc.)

- Raising operation rates of ocean works by taking advantage of characteristics and performance
- Raising order ratio by adding points of overall rating

[Environment-responsive vessel, new vessel]



Grab bucket dredger "Takumi"



Self-propelling multi-purpose vessel
AUGUST EXPLORER

Accelerating technological development that can be differentiated

Differentiating itself from other companies by developing unique technologies through construction of ongoing works, and aiming at receiving orders for large works

- CIM-ize
- Automation & streamlining of offshore operation



Increasing orders received for works of 1 bil. yen or more

Achieving 49 bil. yen for orders received of public offshore works

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- **Utilization of vessels owned by the Company by taking advantage of characteristics and performance**
 - ✓ Raising operation rates of ocean works (AUGUST EXPLORER)
 - ✓ Raising order ratio by adding points of overall rating (using vessels owned by the Company)
- **Securing and expanding of revenues**
- **Development of unique technologies**
 - ✓ Differentiating itself from other companies by CIM-izing and promoting automation, and expanding order reception chance for large works of 1 bil. yen or more
- **Achieving 49 bil. yen for orders received of public offshore works**

Increasing order receipt of public works at land

◆ Large-sized land creation, substructure, and seismic retrofitting

※ Streamlining construction control by introducing CIM



The initiative for National Resilience, disaster-relief work, etc.



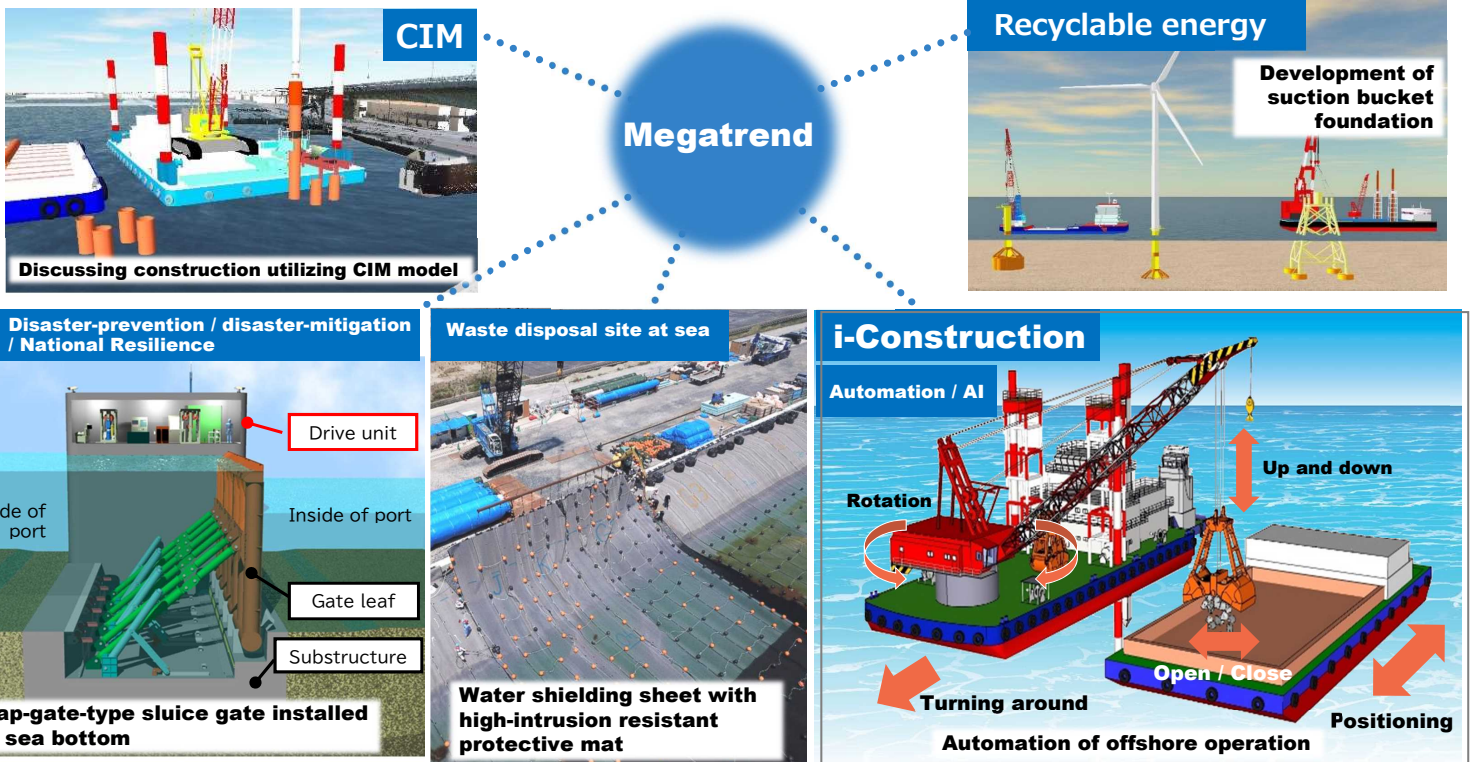
Spiral up of ICT technology introduced in sites by the PDCA cycle

Aiming at securing orders received for land civil engineering of 20 bil. yen or more



- Focusing on river (river channel dredging, etc.) and erosion control works, large-sized land creation works, and bridge lower structure works, in the initiative for National Resilience
- Strengthening development of advanced technologies such as ICT construction being introduced
 - ✓ Land Promotion Section is newly established to strengthen works at land.
 - ✓ Spiral up of ICT technology introduced in sites by the PDCA cycle
 - ✓ Obtaining high evaluation score for works
- Orders received for land civil engineering: securing 20 bil. yen or more

Entry into promising markets with market-conscious technology development



- **Aiming at remarkable presence in the promising market (megatrend)**
 - ✓ Development of new sluice gate to contribute to disaster-prevention or disaster-mitigation (Flap-gate-type sluice gate installed at sea bottom)
 - ✓ Shortening the process at waste disposal site at sea, development of technologies to reduce construction costs (water shielding sheet)
 - ✓ Work-saving & labor-saving by automation of offshore operation
 - ✓ Further development of CIM technology
 - ✓ Technology development related with recyclable energy
- **Toward expansion of profit**

6. Domestic Architectural Construction Initiative ①

Strengthening response capabilities to cope with environmental variation

▶ Systematic development of areas with competitive advantage



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- **Strengthening the focused 8 areas and ReReC®**
- In case of market fluctuation, minimizing performance fluctuation risk by holding focused areas with competitive advantage
- ※ **Focused 8 areas**
Logistic facility Factory Medical & welfare facility
Residential Accommodation Environmental facility
Office Government office

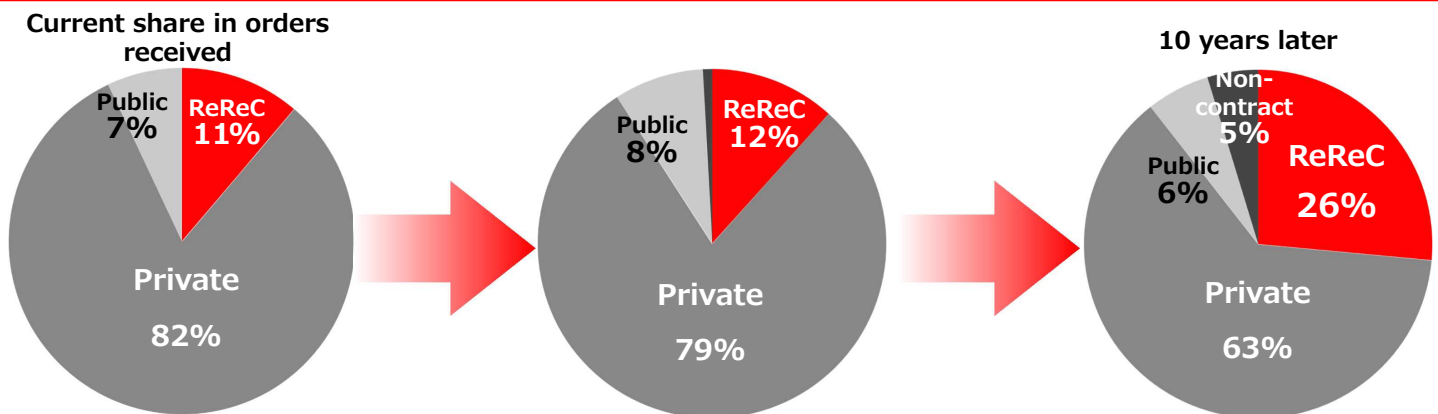
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6. Domestic Architectural Construction Initiative ②

“Direction for the future” ▶ ReReC® + toward cultivating “diversified source of earning”

- ◆ Developing competitiveness in the expanding stock market, spending 10 years
⇒ **Quintupling** orders received for ReReC® in 10 years (share of orders received: two and a half times)
- ◆ While strengthening contract business, also aiming at cultivating “diversified source of earning” for the future
⇒ Also, seeking “non”-contract business and building a foundation for budgeting the orders received in the next mid-term business plan

ReReC® = Renewal + Renovation + Conversion

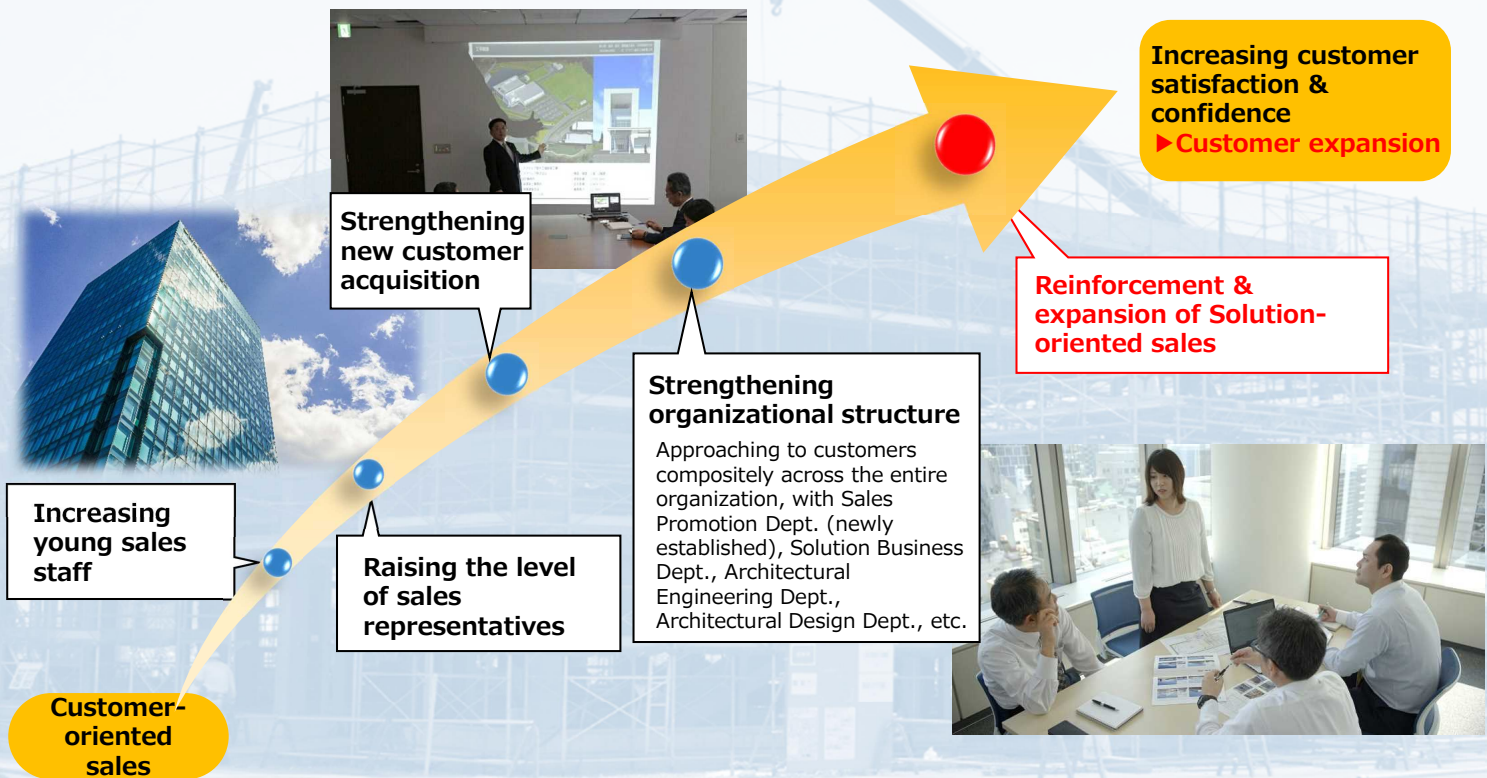


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- Demand for new construction is decreasing due to acceleration of demographic aging; expansion in the markets of renewal, renovation, etc.
- **Developing competitiveness in the stock market that is expected to expand**
 - In terms of share of orders received, expanding two and a half times in 10 years
- While strengthening contract business, **seeking “non-contract business”** as a source of earning for the future
 - In-house development, conversion resale business, etc.

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Strengthening organizational sales capabilities



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- The key for increasing orders received is how customer needs are recognized and what solution are presented.
- **Increase & development of young sales staff**
 - Accumulation of sales know-how will take time; promoting young staff.
- **Expanding new customer acquisition**
 - Increasing sales representatives. Newly establishing Sales Promotion Dept. Expanding customer base with more contact points with customers
- **Strengthening solution-oriented sales**
 - Presenting low-cost plan by utilizing technical capability

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6. Domestic Architectural Construction Initiative ④

Aiming at efficiency by promoting BIM thoroughly in design & construction

- ◆ Realizing nonstop of adjustment & decision-making process by collaborative utilization of BIM process + sharing cloud + web conference system
- ◆ Responding quickly to remote work by penetration of BIM process and promotion of cloud computing
- ◆ Promotion of BIM-DPX® is effectively functioning as measures for BCP

Document Management

マークアップ ファイル名

マークアップ	ファイル名
01	01 (概観画・図説表) .pdf
01	02 (現況画) .pdf
08	03 (配置画・1階平面図) .pdf
07	04 (地下1階平面図) .pdf
02	05 (2階平面図) .pdf

Screen sharing project information on the cloud server

The number of items pointed out

Design BIM model shared in cloud

Web design meeting by remote access

Shared items pointed out in real time

Image of digital design validation

Construction BIM model shared in cloud

Construction BIM adjustment conference by remote access

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- Collaborative utilization of BIM process + sharing cloud + web conference system
 - ✓ Establishing system to remotely provide technical training and operational coordination
 - Realizing efficiency by enabling nonstop of adjustment & decision-making process
- Responding quickly to remote work by penetration of BIM process and promotion of cloud computing
- Promotion of BIM-DPX® is effectively functioning as measures for BCP

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Developing and maintaining strong competitiveness



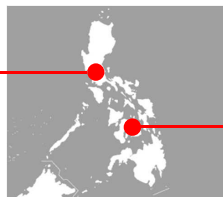
- **“Strong cost competitiveness”** is vital to realize commitment from ① to ④.
- Realizing strong cost competitiveness, with a combination of reinforcement of relationship with subcontractors and improvement of work efficiency, etc.
- **With customer confidence, establishing architecture business which is able to steadily grow under any environmental variation**

7. Overseas Construction Initiative ①

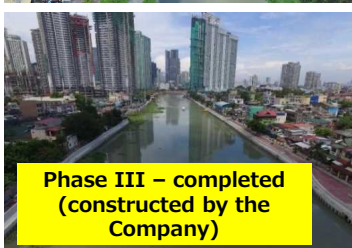
Focused works in Philippines (land civil engineering/river, road & bridge)

Pasig-Marikina River Channel Improvement Project (Phase 4) / (STEP)

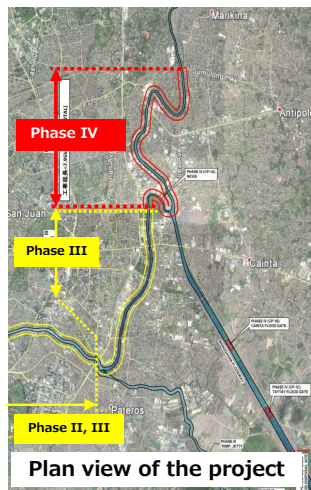
- ◆ Total scale exceeding 30 bil. yen (project exceeding 10 bil. yen x 3 pkg)
- ◆ To be tendered in FY 2020



Phase IV - Planned site



Phase III - completed (constructed by the Company)

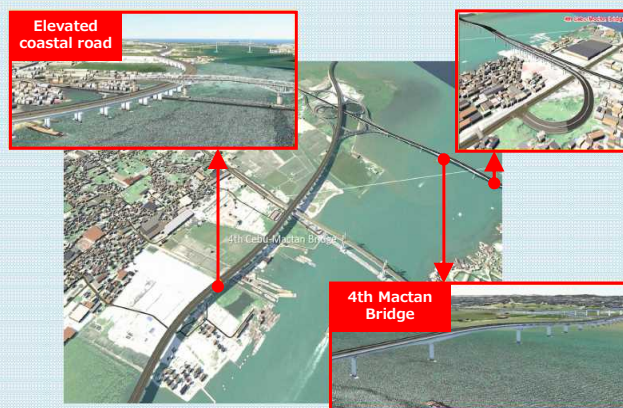


Plan view of the project

Cebu - New Mactan Bridge Construction Project / (STEP candidate)

- ◆ Expected yen loan in FY 2020 (Total amount: 120 bil. yen)
- ◆ Construction of the 4th Mactan Bridge linking Cebu and Mactan island and the elevated coastal road connecting to the Bridge

Cebu - New Mactan Bridge Construction Project Conceptual drawing



Elevated coastal road

4th Mactan Bridge

- Aiming at continuous participation in large ODA projects such as Phase IV, following Pasig-Marikina River Channel Improvement Project (Phase II, III) (constructed by the Company), or Cebu - New Mactan Bridge
- In Philippines, the Company has the longest history among Japanese construction companies.
- Our strength: long-held community-based sales strengths, advanced technical capability, and deep trust

7. Overseas Construction Initiative ②

Focused works in Kenya (marine civil eng./port, land civil eng./road & bridge)

Development plan around Mombasa

Mombasa Special Economic Zone (SEZ) Port & road development project (STEP)

- ◆ Amount of yen loan: 37.1 bil. yen / Quay on jacket structure, etc.



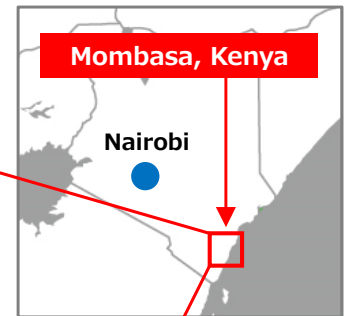
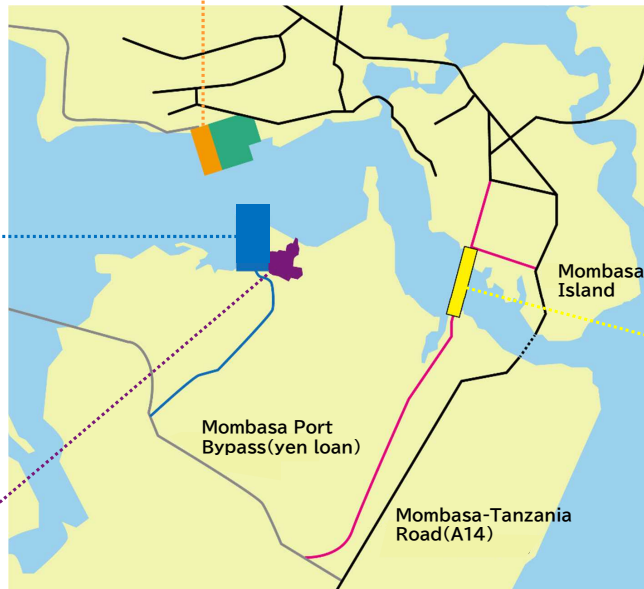
Jacket construction method - construction status

Mombasa Special Economic Zone (SEZ) Industrial Park Development Project (Grant aid)

- ◆ Amount of grant aid: 6 bil. yen, development of SEZ

Mombasa Port Development Project Phase 3 (candidate for next project)

- ◆ Container terminal L=300m(-12m)
- ◆ Container yard 300m×450m (13.5ha)



Mombasa Gate Bridge Construction Project (STEP)

- ◆ Amount of yen loan: 47.8 bil. yen · cable stayed bridge, elevated road



Mombasa Gate Bridge conceptual drawing (cable stayed bridge)

- Focusing on order-taking activity for Phase 3 project - connecting Kenya Mombasa Port Development Phase 1, 2 (awarded to the Company) - and development project around Mombasa in the SEZ on the opposite shore
- Aiming receiving orders, leveraging competitive advantage of the Company in Kenya
- Establishing a position as the business hub for African business in the future

7. Overseas Construction Initiative ③

Achievement of CCT CONSTRUCTORS (overseas subsidiary in Philippines)

CCT (overseas subsidiary in Philippines)

- ◆ Foundation 1976
- ◆ Employees Japanese staff: 12, Local staff: 310
- ◆ Architecture: 270 construction results, 140 customers
Non-Japanese area will be strengthened.
- ◆ Civil engineering: Private civil engineering (marine, land)
will be focused as a primary source of revenue.



New factory of
New Zealand Creamery



New factory of Chiyoda
Philippines Rental (in progress)

Human resource development at CCT

- ◆ Term of training in Japan: one year
- ◆ Accumulated total of 17 Filipino have received training in Japan.



Filipino trainee taking a survey
with Japanese staff



New factory of ams (construction
by Filipino PM)

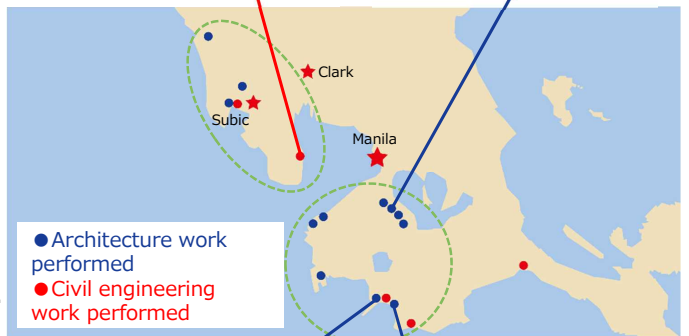
Location map of major construction results by CCT (civil eng., architecture)



Sea water intake and drainage
at Petron Bataan



Distribution center of P&G
(1st phase)



New warehouse for completed car
and parts of Yamaha Motor



New factory of
Brother Industries

- CCT has 140 customers, mainly for architectural business, and has accumulated a track record of 270 construction results.
- In order to secure continuity of stable profit, establishing the corporate structure consisting of two businesses: architecture and civil engineering.
 - Architecture: strengthening business with non-Japanese companies
 - Civil engineering: focusing on private civil engineering, mainly offshore works
- Continuing human resource development, such as OJT in Japan
 - To be a source of human resources, by cultivating advanced technical capability and quality control capability

8. Investment Plan (non-consolidated)

Investment in development of precious human resources and IT infrastructures

Investment amount (for 3 years) **2 bil. Yen**

- ◆ Development of precious human resources & educational training
- ◆ Personnel system reform
- ◆ Investment in information system
- ◆ Workplace where everybody feels comfortable, by such as standardization of setting up women's rest rooms, etc.



Investment in technical development

Investment amount (for 3 years) **4 bil. Yen**

- ◆ Investment in technical development & construction method development which lead to growth strategy
- ◆ Investment for enhancement of productivity such as automated operation and the like
- ◆ Investment for acquiring advanced technology such as promotion of i-Construction

Capital Investments

Investment amount (for 3 years) **10 bil. Yen**

- ◆ Continuing growth investment including M&A as well as such investment as essential for pursuing business strategies for the purpose of enhancement of productivity, labor-saving, and maintenance and repair for future risk reduction

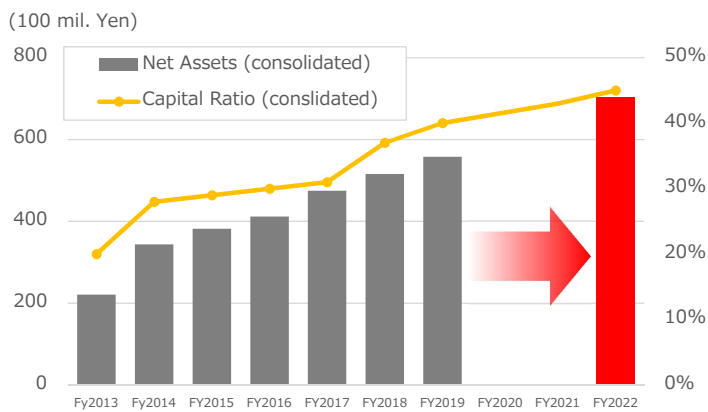
- Investment in HR development & IT infrastructures: **2 bil. yen**
 - ✓ Increasing investment in cultivation of young staff
 - ✓ Renovating the core business system, etc.
- Investment in technology development: **4 bil. yen**
 - ✓ Technologies for lowering construction cost of offshore wind power generation facility
 - ✓ Automation technology for construction, etc.
- Facility investment Total investment including the above: **10 bil. yen**
 - ✓ Growth investment including M&A
 - ✓ Investment in productivity improvement and work-saving, etc.

9. Capital Policy

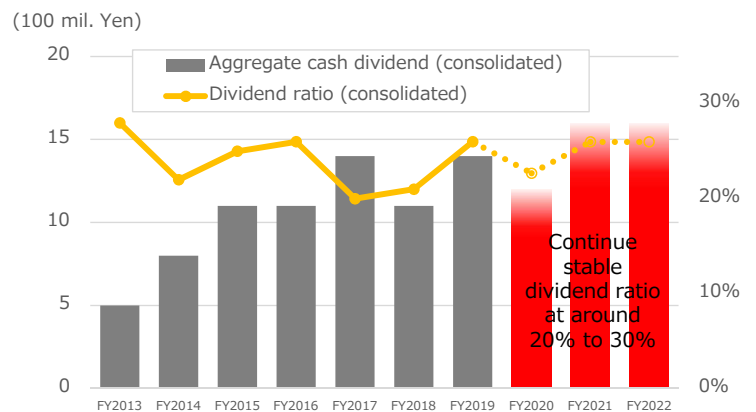
Capital Policy and Shareholder Return Policy

- ◆ Positioning our returning profit to shareholders as the highest priority issue, we will provide **long-term and stable dividend** while accumulating internal reserves for further overseas business development, facility investment and technology development and the like in the future.
- ◆ For further development of overseas business and investment in growth, we will **continue to strengthen the financial basis**, finally target at 70 billion of consolidated net assets and capital ratio of more than 45%.
- ◆ Continue stable dividend ratio at around 20% to 30%

Trend in net assets and capital ratio



Trend in cash dividend and dividend ratio



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- **Returning profit to shareholders is the highest management priority issue.**
- **Providing long-term and stable dividend** while accumulating internal reserves for further overseas business development, facility investment, and technology development and the like in the future.
- ✓ **Dividend ratio: around 20% to 30%**
- **For further development of overseas business and investment in growth, continuing to strengthen our financial basis**
- ✓ **Consolidated net assets: 70 bil. yen**
- ✓ **Capital ratio: 45%**

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IV

Reference materials

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1. Major group companies Business performance

※ Unit : 100 Million of Yen

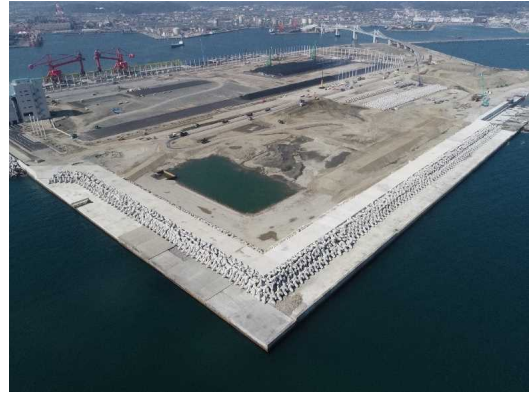
※Amounts less than 100 million of yen are rounded down	TOMAC CORPORATION			TACHIBANA CORPORATION			Kusakabe Maritime Engineering Co.,Ltd.			CCT CONSTRUCTORS CORPORATION *		
	FY 2017	FY 2018	FY 2019	FY 2017	FY 2018	FY 2019	FY 2017	FY 2018	FY 2019	FY 2017	FY 2018	FY 2019
Net sales	52.3	56.7	55.2	53.0	45.0	49.6	22.0	21.0	17.4	42.8	52.2	97.4
Gross profit	5.3	5.9	6.2	6.7	3.1	1.3	3.6	2.5	3.1	3.9	5.5	9.6
Selling, general and administrative expenses	2.8	2.8	2.9	2.7	2.9	3.0	1.4	1.4	1.5	3.2	4.5	4.5
Operating profit	2.5	3.0	3.3	4.0	0.1	△ 1.6	2.1	1.0	1.5	0.7	1.0	5.0
Ordinary profit	2.4	3.0	3.3	4.0	0.9	△ 1.6	2.1	1.0	1.5	3.5	3.2	5.3
Profit	1.5	1.9	2.0	2.8	1.1	△ 1.2	1.9	0.9	1.3	3.3	3.0	3.7

* Fiscal year ended December 31

2. Main Completed Construction Contract for this term (Civil engineering)



River-disaster relief work for Akamae Coast (tide embankment) (Iwate)



Embankment & construction work for East port area of Onahama harbor (Fukushima)



Waste materials landfill, embankment & construction work for Central pier area of Hitachi port area of Ibaraki harbor (Ibaraki)



Mound bank construction work for Tsushima Strait area in 2019 (Nagasaki)

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2. Main Completed Construction Contract for this term (Architectural construction)



SFoods Inc. New Funabashi Factory (Chiba)



Brillia Shinagawa-minamioi(Tokyo)



Tottori New City Hall (Tottori)



Musashino-Okinawa Okinawa Factory (Okinawa)

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This material contains description relating to future events such as forecast, target, plan or strategy of the Company (including consolidated subsidiary).

These descriptions regarding future events are based on judgment or assumption on the basis of information currently available to the Company and will not provide any commitment or warranty for the Company's results or development in the future.

The impact of the COVID-19, as its extent and period are not foreseeable, is not reflected in this earning forecast.

In using this material, please be reminded that results might be different from the forecast.