

Fiscal year ended March 31,2021 Results briefing material

26 May 2021

 **TOYO CONSTRUCTION CO., LTD.**

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I Financial highlights of FY 2021

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TOYO CONSTRUCTION CO., LTD.

1. Statement of Income · Balance Sheet (Consolidated)

※Amounts less than 100 million yen are rounded down	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021		
				% of Net Sales	Increase (Decrease)
Net sales	1,638	1,748	1729	—	△ 18
Net sales of completed construction contracts	1,630	1,741	1721	—	△ 19
Domestic civil engineering	925	941	1085	—	144
Domestic architectural construction	537	563	485	—	△ 78
Overseas construction	167	237	151	—	△ 86
side line business	8	6	8	—	1
Gross profit	167	181	232	13.4%	51
Gross profit on completed construction contracts	163	176	227	13.2%	50
Domestic civil engineering	98	104	178	16.4%	73
Domestic architectural construction	48	56	46	9.6%	△ 10
Overseas construction	16	15	2	1.9%	△ 12
side line business	4	4	4	59.3%	0
Operating Profit	78	92	142	8.2%	49
Domestic civil engineering	36	43	115	10.6%	72
Domestic architectural construction	32	41	29	6.0%	△ 11
Overseas construction	6	6	△ 5	△ 3.4%	△ 11
side line business	2	2	2	37.1%	0
Ordinary profit	80	91	141	8.2%	49
Current net profit attributable to shareholders of parent	54	57	91	5.3%	33
ROE	11.0%	10.7%	15.3%	—	4.6%

※Amounts less than 100 million yen are rounded down	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	
				Increase (Decrease)
Current assets	995	944	1,090	145
Cash and deposits	321	263	167	△ 95
Notes receivable, accounts receivable from completed construction contracts, etc.	538	499	701	201
Costs on uncompleted construction contracts	45	50	27	△ 23
Non-current assets	409	410	399	△ 11
Property, plant and equipment	337	339	323	△ 16
Total assets	1,404	1,355	1,489	134
Current liabilities	747	657	715	58
Notes payable, accounts payable for construction	419	335	322	△ 13
Short-term borrowings	88	82	78	△ 3
Advances received on uncompleted construction	104	88	131	42
Non-current liabilities	127	124	115	△ 9
Long-term borrowings	35	29	27	△ 1
Total liabilities	874	781	830	48
Net assets	529	573	658	85
Share capital	140	140	140	0
Retained earnings	293	340	414	74
Total liabilities and net assets	1,404	1,355	1,489	134

(100 mil. yen)

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2. Statement of Income / Balance Sheet (Non-consolidated)

※Amounts less than 100 million yen are rounded down	Fiscal year ended March 31,2019	Fiscal year ended March 31,2020	Fiscal year ended March 31,2021		
				% of Net Sales	Increase (Decrease)
Net sales	1,487	1,566	1,547	—	△ 18
Net sales of completed construction contracts	1,484	1,563	1,543	—	△ 20
Domestic civil engineering	851	871	977	—	106
Domestic architectural construction	517	551	474	—	△ 76
Overseas construction	115	140	90	—	△ 49
real estate business	3	3	4	—	1
Gross profit	145	155	205	13.3%	49
Gross profit on completed construction contracts	143	154	203	13.2%	49
Domestic civil engineering	87	93	161	16.5%	68
Domestic architectural construction	47	55	45	9.6%	△ 9
Overseas construction	9	5	△ 3	△ 4.2%	△ 9
real estate business	1	1	2	43.5%	0
Operating profit	70	82	129	8.4%	47
Domestic civil engineering	32	39	106	10.8%	66
Domestic architectural construction	32	40	29	6.2%	△ 11
Overseas construction	4	0	△ 7	△ 8.2%	△ 8
real estate business	1	1	2	41.7%	0
Ordinary profit	71	84	128	8.3%	43
Current net profit	48	56	84	5.5%	28
ROE	10.3%	11.1%	14.9%	—	3.8%

※Amounts less than 100 million yen are rounded down	Fiscal year ended March 31,2019	Fiscal year ended March 31,2020	Fiscal year ended March 31,2021	
				Increase (Decrease)
Current assets	914	845	1,012	166
Cash and deposits	283	213	124	△ 89
Notes receivable, accounts receivable from completed construction contracts ,etc.	505	465	676	211
Costs on uncompleted construction contracts	40	45	26	△ 19
Non-current assets	378	380	369	△ 10
Property, plant and equipment	296	301	286	△ 14
Total assets	1,292	1,225	1,382	156
Current liabilities	700	592	680	87
Notes payable, accounts payable for construction contracts and other	384	302	300	△ 2
Short-term borrowings	86	79	77	△ 2
Advances received on uncompleted construction	101	67	127	59
Non-Current liability	103	100	98	△ 2
Long-term borrowings	31	27	26	0
Total liabilities	803	693	778	85
Net assets	489	532	603	71
Share capital	140	140	140	0
Retained earnings	259	302	371	69
Total liabilities and net assets	1,292	1,225	1,382	156

(100 mil. yen)

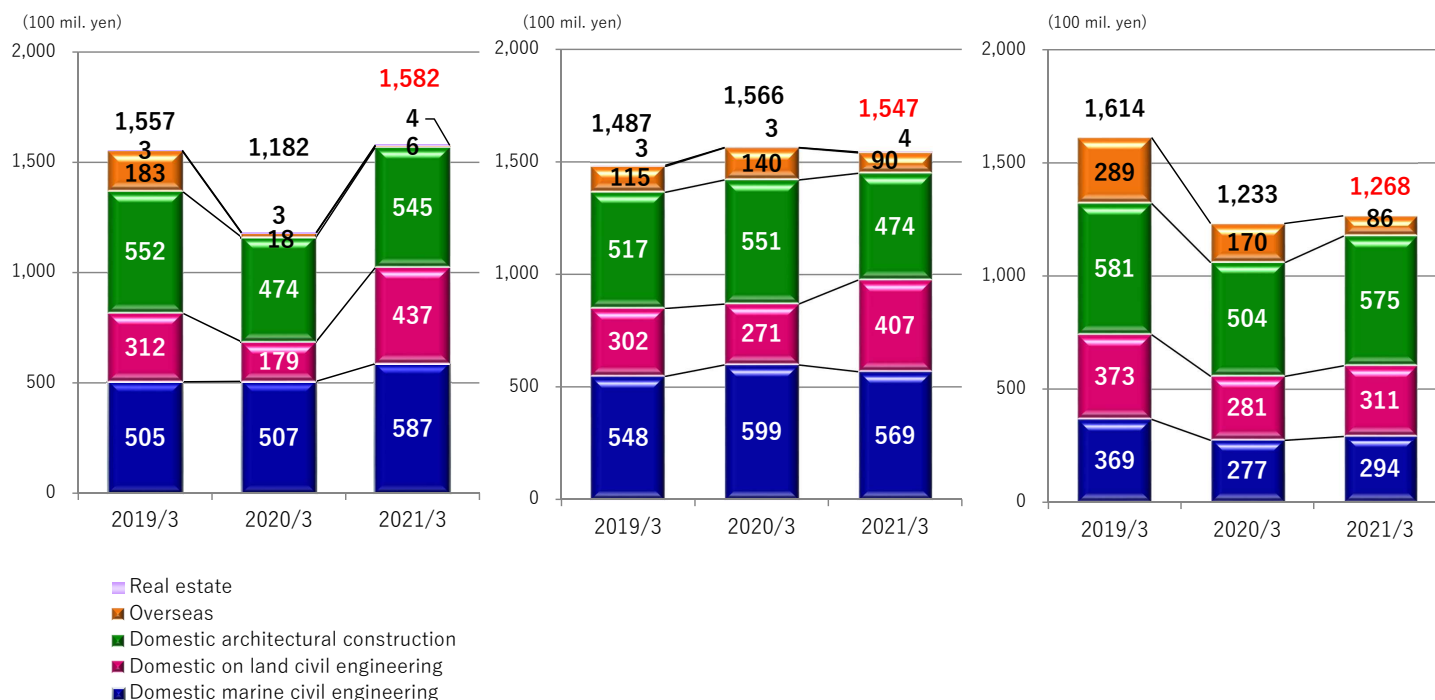
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3. Orders received / Net sales · Balance carried (Non-consolidated)

Orders received

Net sales

Balance carried



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4. Gross profit

Consolidated

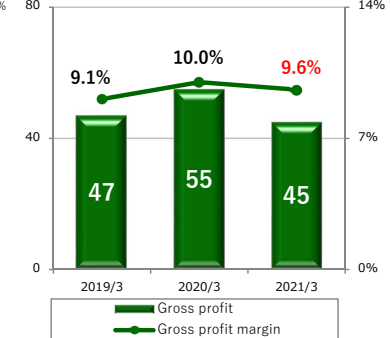
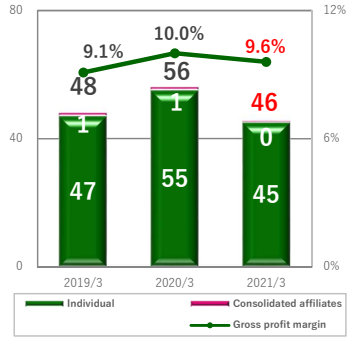
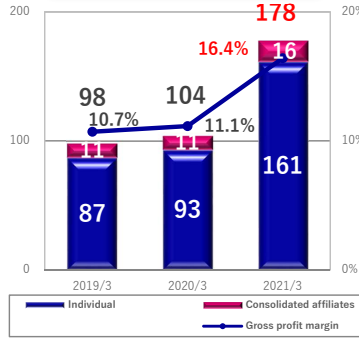
Non-consolidated

Domestic civil engineering

Domestic architectural construction

Domestic civil engineering

Domestic architectural construction

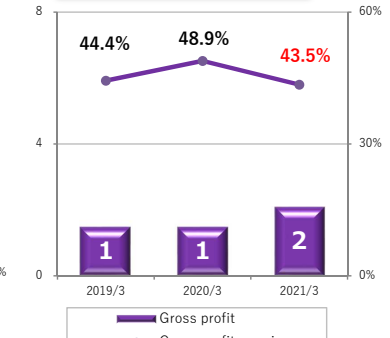
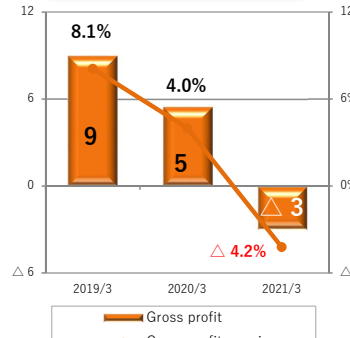
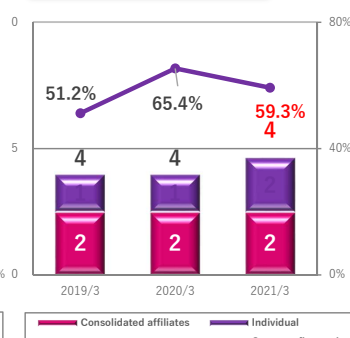
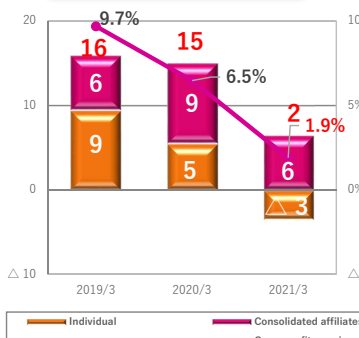


Overseas construction

Subsidiary business

Overseas construction

Real estate business



※ Unit: 100 mil. yen

5. Operating profit

Consolidated

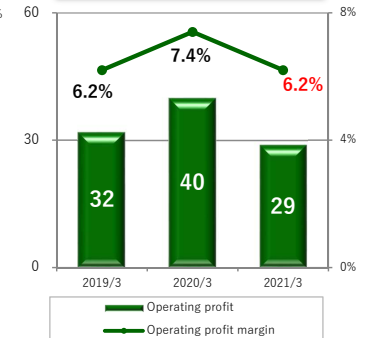
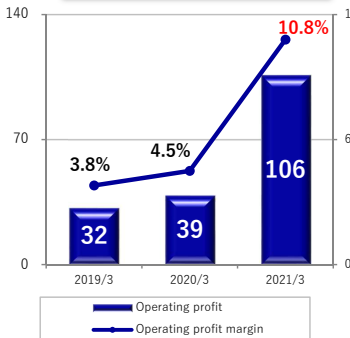
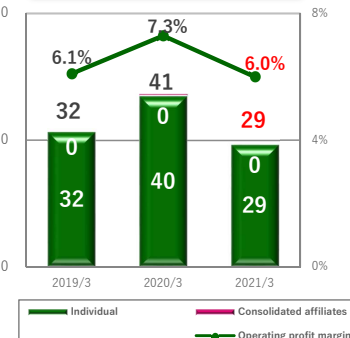
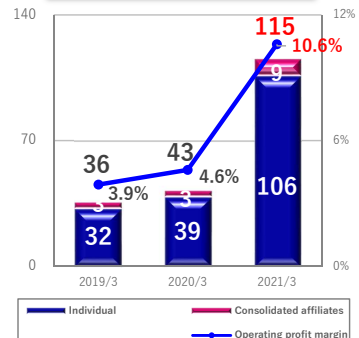
Non-consolidated

Domestic civil engineering

Domestic architectural construction

Domestic civil engineering

Domestic architectural construction

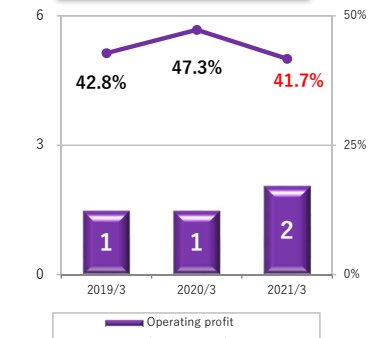
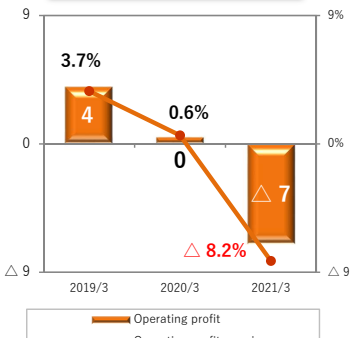
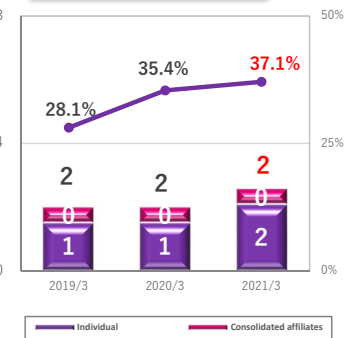
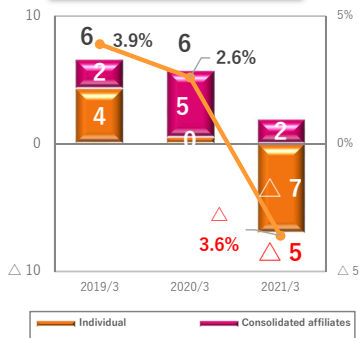


Overseas construction

Subsidiary business

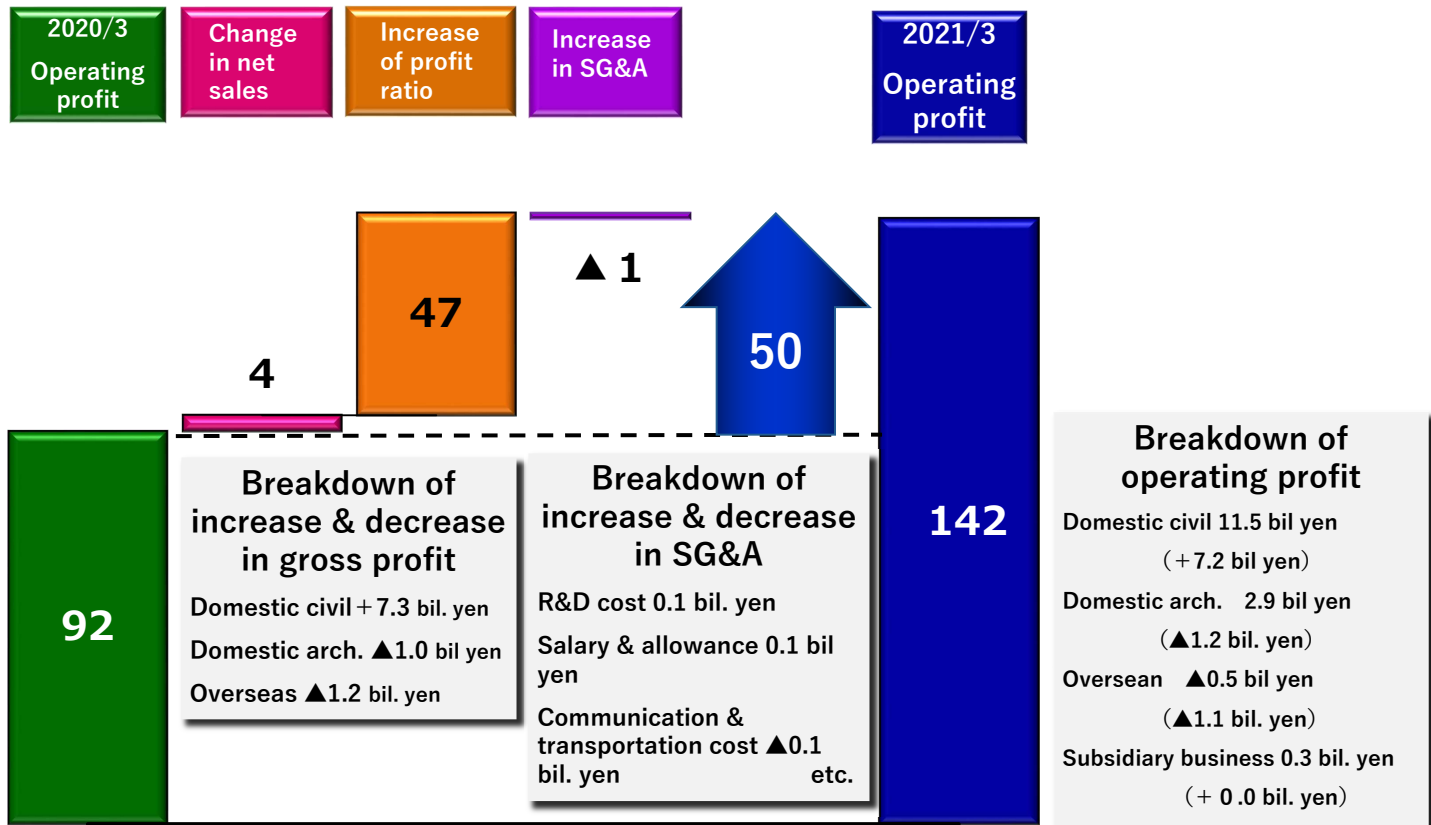
Overseas construction

Real estate business



※ Unit: 100 mil. yen

6. Variation factor for operating profit



※ Unit: 100 mil. yen

7. Cash flow

Trend in cash flow



Negative factor for operating cash flow

- Collection of contract fees and accounts due for JV works is carried over to FY 2021 due to increasing in size and lengthening of architectural works and JVSB works.

➤ **To be collected in first half of FY 2021**

※Free CF : Operating CF + Investing CF

II

Points of FY 2021 Annual Plan

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1. Points of FY 2021 Annual Plan ①

TOYO CONSTRUCTION CO., LTD.

Being a **resilient company**

Basic policy

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

Linchpin (Origin) = Implementation of Corporate Identity

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1. Points of FY 2021 Annual Plan ②

Basic Strategy



1. Points of FY 2021 Annual Plan ③

Clarification of growth strategy toward the 100th anniversary of the founding

Civil Engineering

Offshore wind power

Accelerating development of low cost technology

- Essential requirement for construction business participation

Review of works implementation system

- Cooperation with European company, etc.

Construction technology acquisition, development of precious human resources, capital spending planning

- Consistently implementing along with market trend

Architecture

ReReC®

Stock business

- Expected expansion in the future

ReReC® = **R**enewal + **R**enovation + **C**onversion

Overseas business




Overseas

Community-based business development; Development of precious human resources

- To be positioned for supplementing domestic business

1. Points of FY 2021 Annual Plan ④

Effort to resolve social issues - SDGs

Social issues		Contribution to global environmental conservation	
<ul style="list-style-type: none"> Global warming due to increase of CO2 emissions 	<ul style="list-style-type: none"> Development of low construction cost technology for offshore wind power generation, participation in the business by technology acquisition Establishment of ZEB architectural technology 	<ul style="list-style-type: none"> Increasing profits by expansion of new business domain Establishing our position as an environment responsive company, expansion of business domain 	
Commitment through business activities			
Social issues		Realization of high-quality infrastructure improvement	
<ul style="list-style-type: none"> Flimsy infrastructure in developing countries Intensified natural disaster Request for utilization of ocean & seabed resources Shortage of rising generation for the construction industry Shortage of safe & clean toilet 	<ul style="list-style-type: none"> Participation in infrastructure construction project in developing countries Establishment of our unique disaster-prevention and disaster-mitigation technology Establishment of seabed evaluation technology Improvement in productivity & safety by promoting application of IoT and ICT Realization of work environment for women's active participation Resolving worldwide toilet problems 	<ul style="list-style-type: none"> Increasing business volume, developing our presence overseas Improving competitiveness in the marine contractor industry, increasing business volume Participation in a seabed utilization project Increase of profits by ensuring the compatibility between labor-saving and higher quality Work environment reforms by setting up women-only restrooms, etc. Future deployment of toilet business in developing countries 	
Initiative as CSR activities			
<ul style="list-style-type: none"> Loss of educational opportunities due to poverty Decrease of ocean resources due to loss of seagrass bed 	<ul style="list-style-type: none"> Establishment of the scholarship system in Kenya and Philippines Activity for development of eelgrass field 	<ul style="list-style-type: none"> Strengthening relationship with local countries, securing employment opportunity for promising human resources Popularization of our technologies (sowing sheet), reinforcement of cooperation with local parties concerned (local government, etc.) 	

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2. Earning forecast for FY 2021

100 mil. Yen	Mid-term business plan 2022/3 (consolidated)					2022/3 Forecast (consolidated)					Mid-term business plan 2022/3 (Non-consolidated)					2022/3 Forecast (Non-consolidated)				
	Civil engineering	Architectural construction	Overseas construction	Real estate, etc.	Total	Civil engineering	Architectural construction	Overseas construction	Real estate, etc.	Total	Civil engineering	Architectural construction	Overseas construction	Real estate, etc.	Total	Civil engineering	Architectural construction	Overseas construction	Real estate, etc.	Total
Orders received	—	—	—	—	—	—	—	—	—	—	880	570	200	—	1,650	1,020	570	300	—	1,890
Net sales	973	585	235	7	1,800	998	496	196	10	1,700	900	580	170	5	1,655	920	480	120	5	1,525
Gross profit	118	48	19	4	189	131	40	17	4	192	103	46	11	2	162	116	39	8	2	165
Gross profit margin	12.1%	8.2%	8.1%	57.1%	10.5%	13.1%	8.0%	8.7%	47.4%	11.3%	11.4%	7.9%	6.5%	40.0%	9.8%	12.6%	8.0%	7.3%	24.8%	10.8%
General and administrative expenses	70	17	10	1	98	70	18	10	2	100	61	16	5	0	82	62	16	5	0	84
Operating profit	48	31	9	3	91	61	22	7	2	92	42	30	6	2	80	54	22	3	2	81
Operating Profit Ratio					5.1%					5.4%					4.8%					5.3%
Ordinary profit					90					91					80					81
Current net income *1					59					60					54					56
ROE *2					9.3%					9.2%					—					8.8%

*1 Current net income attributable to parent's shareholders

*2 Excluding non-controlling interests

※ Amount less than 100 mil. yen is discarded

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III

Achievement of each business domain

1. Achievement of domestic civil engineering business ①

Growth driver / engagement in offshore wind power business (1)

Realization of carbon-neutrality (social issues)

Spread use of recyclable energy

Key for the spread is "cost reduction"

Establishing Offshore Wind Dept.

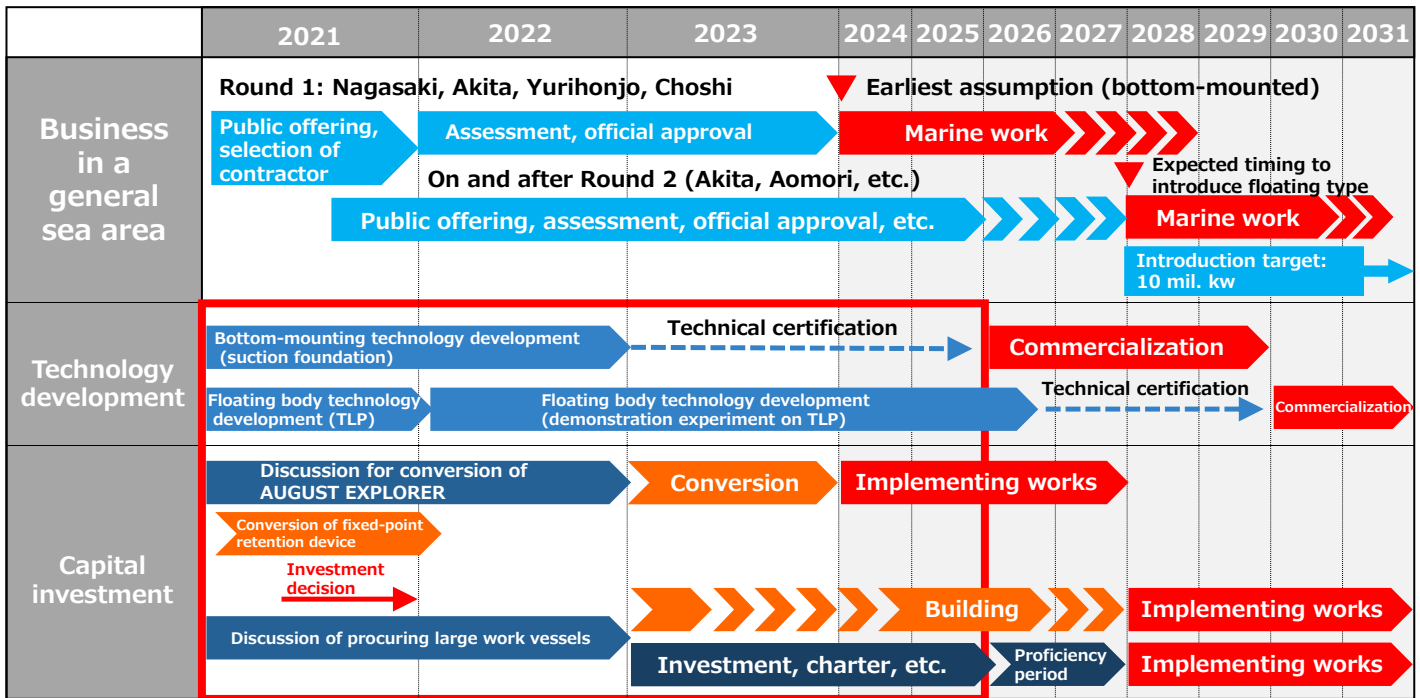
- ◆ Accelerating development of low-cost technology, building a competitive advantage
- ◆ Expediting discussion about capital investment for large work vessel
- ◆ Securing & developing precious human resources
- ◆ Establishment of secure works implementation system
- ◆ Acquisition of construction technologies

- Specifying the focus area for offshore-wind-power related business, and aiming at **achieving top-class share**
- To make **a large investment approximate totaling 30 billion yen in building large work vessels** including SEP vessels over a five year period
- **Promoting cooperation with proven overseas** companies in technology development, etc.

1. Achievement of domestic civil engineering business ②

Growth driver / engagement in offshore wind power business (2)

Project schedule



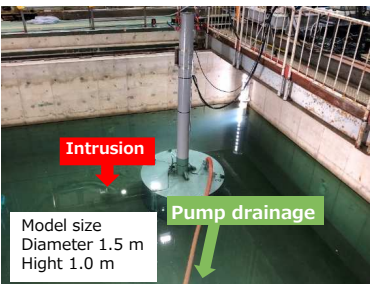
1. Achievement of domestic civil engineering business ③

Growth driver / engagement in offshore wind power business (3)

Building a competitive advantage by development of technologies for lowering cost

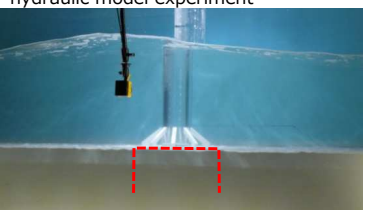
Ensuring construction capacity by capital investment

Bottom-mounted type (Suction bucket foundation)
 ※ R&D is ongoing in NEDO promotion service.
Demonstration experiment at site to be conducted in this summer

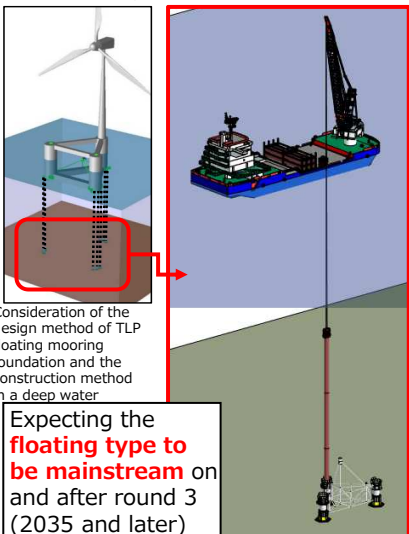


Model size
Diameter 1.5 m
Height 1.0 m

Large soil tank experiment (above), hydraulic model experiment



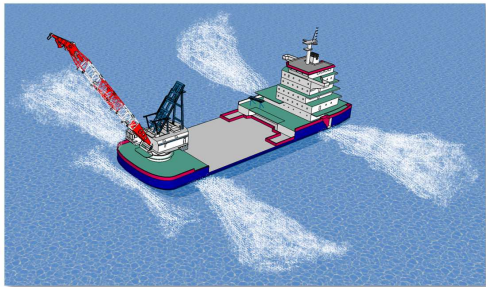
Floating type (TLP method)
 ※ Research and examination are conducted as a NEDO commissioned project.
 Tension Leg Platform (TLP)
 ※ Attached by tension of wires from seabed



Consideration of the design method of TLP floating mooring foundation and the construction method in a deep water

Expecting the floating type to be mainstream on and after round 3 (2035 and later)

Conversion of AUGUST EXPLORER
Upgrading to the world standard DPS Class-B
 (Capital investment looking ahead requirement of public offering)



Participating in Round 1 with higher construction capacity

1. Achievement of domestic civil engineering business ④

Business environment and policy for dealing therewith

Business environment for domestic civil engineering

Public investment

Remain strong

- 5-year Measures for Accelerating National Resilience

Private investment

Continuing maintenance & renewal

- Countermeasures against deterioration at port and harbor facilities such as quay, etc.

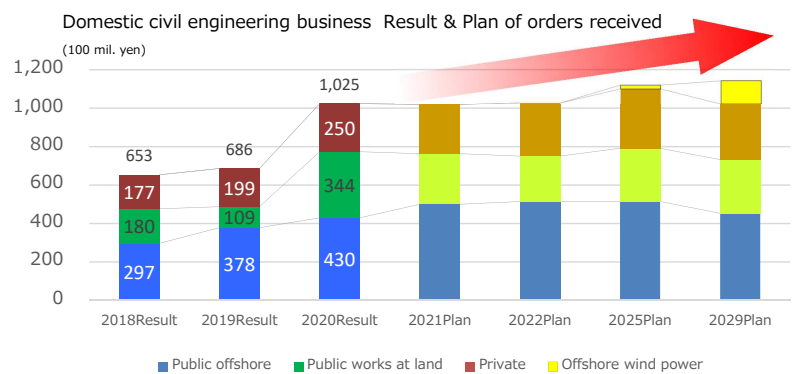
New markets

Participation in growing fields

- Green growth strategy

Policy for dealing

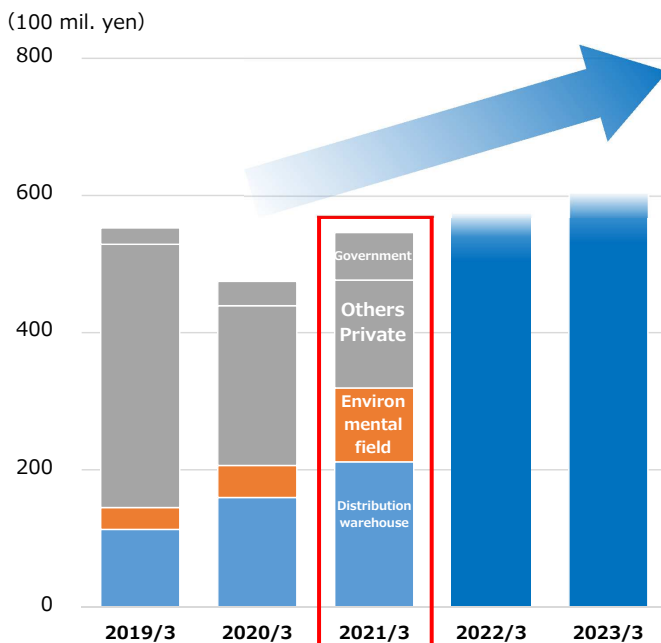
- ◆ Continued strengthening of private business
- ◆ Increasing order receipt of public works at land
- ◆ Retention of stable share in marine civil engineering works
- ◆ Increasing orders received for large works
- ◆ Reinforcement & expansion of offshore-wind-power related business



2. Achievement of domestic architecture business ①

Approaching to Focused 8 areas ➤ Contributed to achievement of plan

Ensuring orders received, even under severe environment



Continued approach to Focused 8 areas* & cultivating various areas with competitive advantage

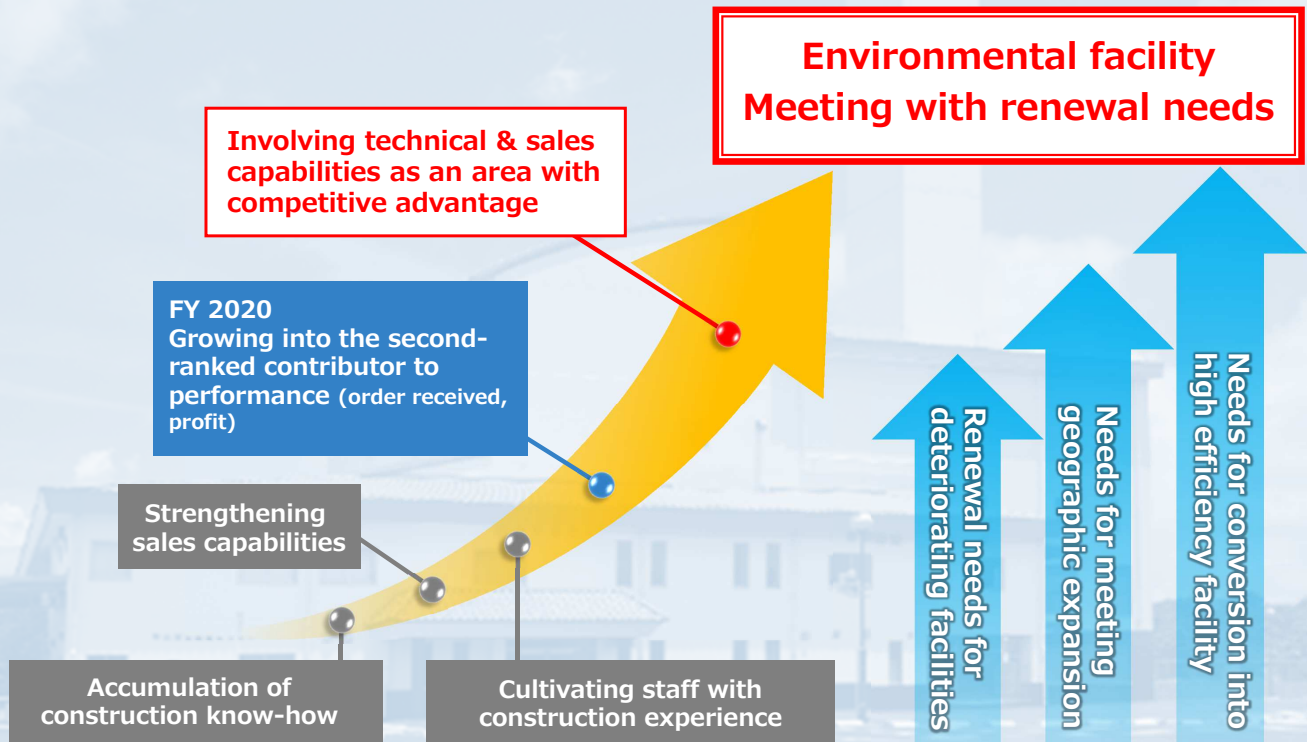
Strengthening response capabilities to cope with environmental variation

Ensuring stable profits by minimizing performance fluctuation risk

*Focused 8 areas: Government office, Medical and welfare facility, Environmental facility, Accommodation, Office, Residence, Factory, Logistic facility

2. Achievement of domestic architecture business ②

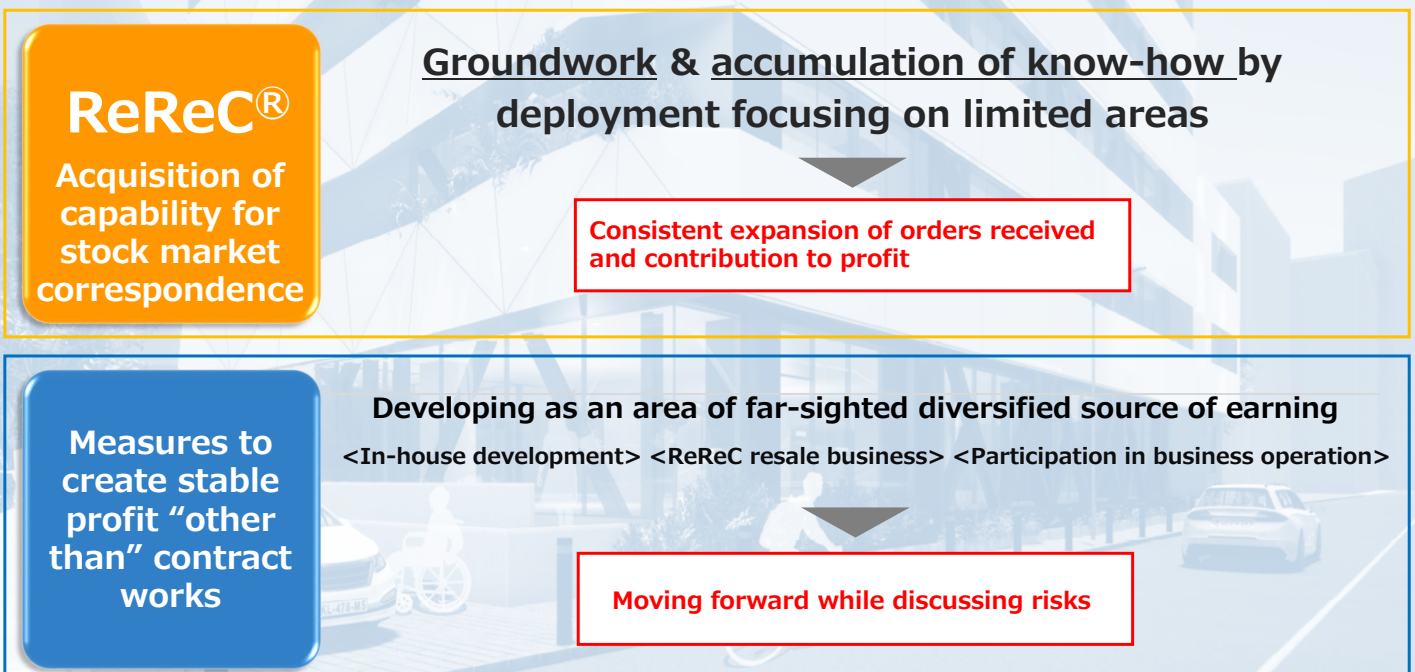
Environment-related facility ▶ Growing into an area with competitive advantage of the Company



2. Achievement of domestic architecture business ③

Growth driver in 10 years

Building driving force toward structural change in profit



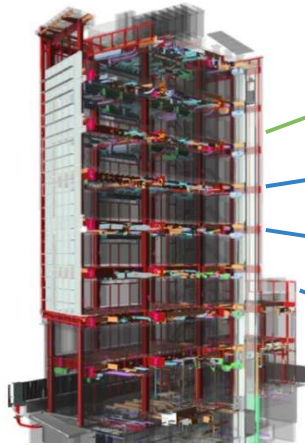
2. Achievement of domestic architecture business ④

New development in BIM-management

Full application to design & construction works

Expansion to works designed by other companies

Speeding up of decision making by combination use of sharing cloud + web conference



Construction (drawing) in overseas office of BIM model of domestic initiatives

Utilizing BIM for quantity survey

Expansion to overseas works

BIM education for construction staff

Productivity improvement by streamlining design & construction

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3. Achievement of overseas business ①

Major works in progress

Continuation of works under Covid-19 crisis



Thorough protection measures against infection by COVID-19

Kenya Mombasa
Development construction of container terminal (2nd term)

To be completed in May 2022



Panoramic view of the work

Philippines

Cagayan de Oro River Improvement work

To be completed in Sep. 2022



工事全景

Indonesia

Patimban Port Development Project

To be completed in Sep. 2021



工事全景

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3. Achievement of overseas business ②

Major focused works

Philippines as the key base
Continuation of large works

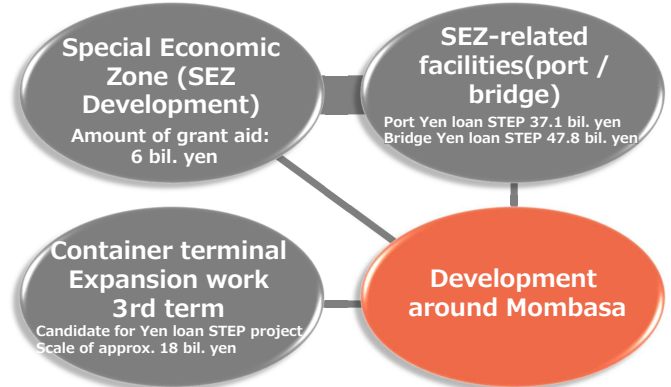
Pasig-Marikina River Channel Improvement works (Phase 4)
Amount of yen loan: 38 bil. yen
Already made a bid for 2 sections of the work (under evaluation)



Pasig-Marikina River Channel Improvement works (Phase 3) (completed in 2020, constructed by the Company)

Having a continuous track record of construction for Phase 2 and 3

Hub country Kenya Focused works



Applying the construction methods in which the Company can demonstrate its advantage



Construction achievement for port works (Jacket structure for the port)



Construction achievement for bridge works (Steel pipe sheet piles pier foundation for the bridge)

3. Achievement of overseas business ③

Growth strategy

- ◆ Stable business deployment enabling each overseas site to supplement others
- ◆ Community-based customer cultivation

the 100th anniversary of the founding (2029)

Targeting 20% share in company-wide operating profit

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

Expansion of areas to focus on

Basic infrastructure business (port, bridge) + Disaster-prevention & environment project (flood / water and sewage)

Obtaining private projects by strengthening ability to make proposals

New target countries

Expansion of business territories

Private (strengthening ability to make proposals)

ODA (expansion of business field)

3. Achievement of overseas business ④

CCT (overseas subsidiary in Philippines)

- ◆ Foundation 1976
- ◆ Employees Japanese staff: 11
 - ◆ Local staff: 257
- ◆ License category : AAA (Triple A)
- ◆ Construction results: 277
- ◆ Customers: 142 (as of March 2021)

**Sales in factory & warehouse category:
No.1 among Japanese contractors**

※ BusinessWorld
Top 1,000 companies in 2019 In The PHILIPPINES



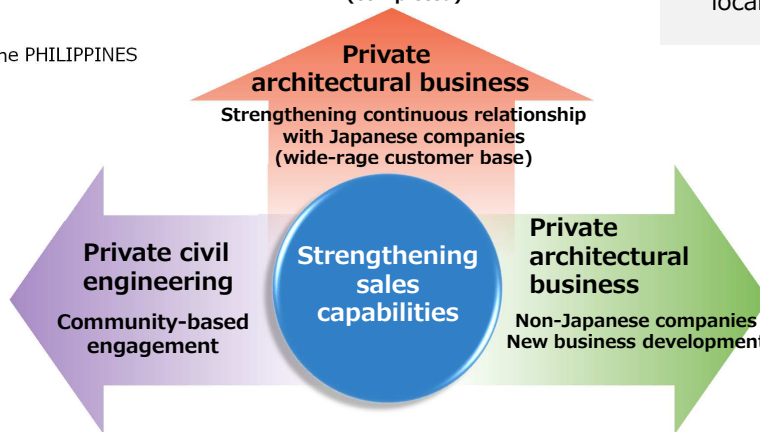
Suzuki Philippines Inc.
Extension work of warehouse
(completed)

Development of precious human resources

- ◆ Accumulated total of 17 Filipino have received one-year training in Japan (as of March 2021).
- ◆ Improvement of local staff's ability and promotion of localization



Taiheiyo Cement Corp.
Construction of conveyor



Warehouse construction for P&G (in progress)

IV

Capital Policy & Shareholder Return Policy

1. Capital Policy & Shareholder Return Policy ①

Capital Policy

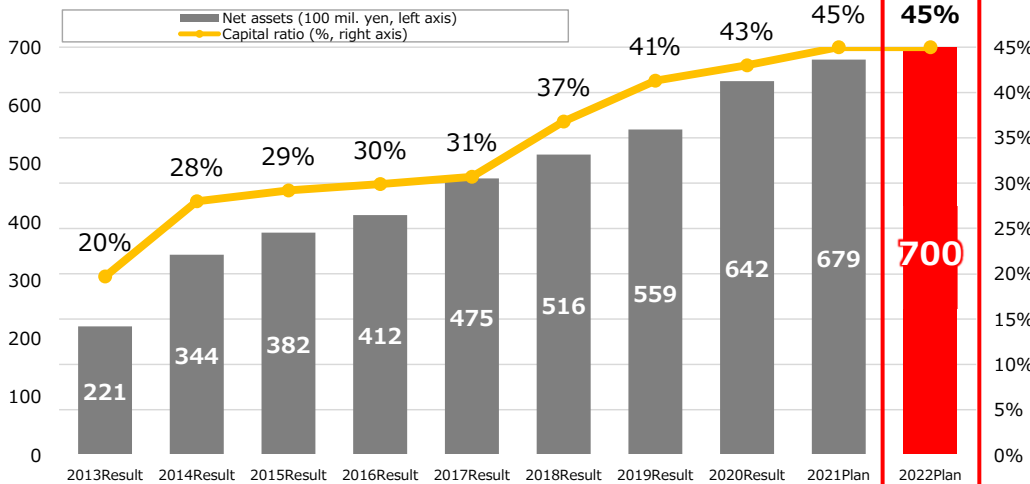
Preparation for growth investment

- ◆ Offshore wind power generation construction business
- ◆ Overseas business

Strengthen financial basis

- ◆ Consolidated net assets: 70 bil. yen ※
- ◆ Capital ratio: 45%

※excluding non-controlling interests



Offshore-wind-power-related

Procurement of large work vessels

- ◆ SEP vessels
- ◆ Large crane ships ... etc.

Arranging best financing through issuing green bonds, etc.

1. Capital Policy & Shareholder Return Policy ②

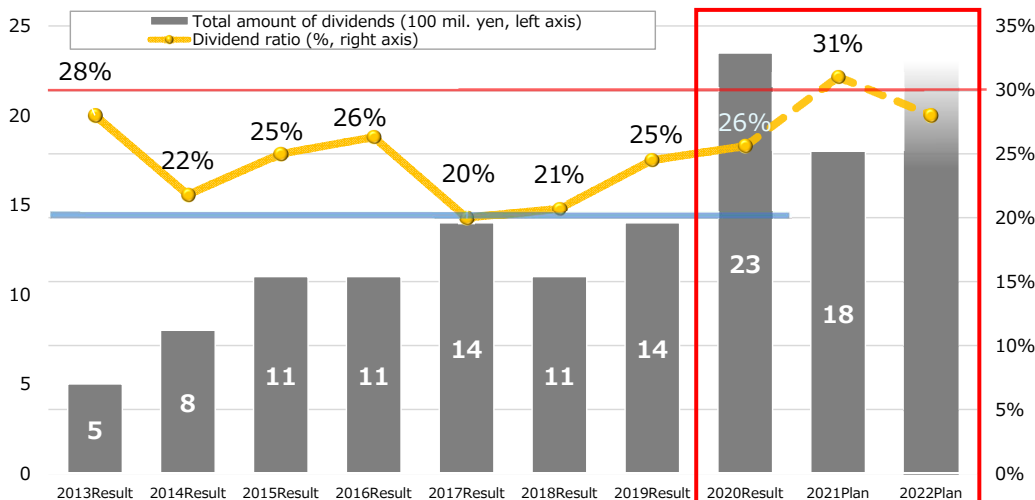
Shareholder Return Policy

Concept

- ◆ Highest management priority issue
- ◆ Providing long-term and stable dividend while accumulating internal reserves

Target dividend

20 yen ※ March 2022 period



V Reference materials

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TOYO CONSTRUCTION CO., LTD.

1. Major group companies Trend of business results

(100 mil. yen)	TOMAC CORPORATION			TACHIBANA CORPORATION			Kusakabe Maritime Engineering Co.,Ltd.			CCT CONSTRUCTORS CORPORATION *		
	FY ended March 31/2019	FY ended March 31/2020	FY ended March 31/2021	FY ended March 31/2019	FY ended March 31/2020	FY ended March 31/2021	FY ended March 31/2019	FY ended March 31/2020	FY ended March 31/2021	FY ended March 31/2019	FY ended March 31/2020	FY ended March 31/2021
Net sales	56.7	55.2	69.0	45.0	49.6	44.9	21.0	17.4	37.6	52.2	97.4	60.8
Gross profit	5.9	6.2	7.2	3.1	1.3	4.8	2.5	3.1	4.8	5.5	9.6	6.9
Selling, general and administrative expenses	2.8	2.9	2.9	2.9	3.0	2.8	1.4	1.5	1.6	4.5	4.5	4.9
Operating profit	3.0	3.3	4.2	0.1	△ 1.6	2.1	1.0	1.5	3.2	1.0	5.0	2.0
Ordinary profit	3.0	3.3	4.4	0.9	△ 1.6	2.6	1.0	1.5	3.2	3.2	5.3	2.8
Profit	1.9	2.0	2.8	1.1	△ 1.2	1.7	0.9	1.3	2.7	3.0	3.7	2.2

* CCT's fiscal term ends in December.

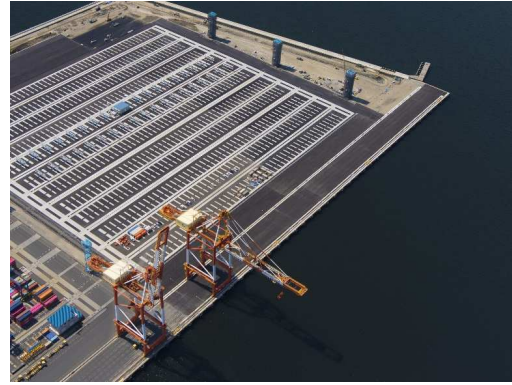
※ amount less than 10 mil. yen is discarded

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2. Major completed works for the year (civil engineering)



Job number: FY 2016 Prefectural bond 311 seismic disaster No. 5020-004
Disaster relief work of Osawa river (No.4) (Miyagi pref.)



(Minami Honmoku) Improvement works for MC-4 terminal, including berth crane rail laying work, etc. (Kanagawa pref.)



FY 2020 Yatsushiro Port & Otsuku Island, Soil improvement works for sediment disposal place (Kumamoto pref.)



Quay construction work of Kagoshima Port (Chuoko section) in FY 2019 (Kagoshima pref.)

2. Major completed works for the year (architecture)



(Working title) New building construction for Sendagi 1-chome Project (Tokyo Metropolis)



Toso wide-area project (Chiba pref.)



(Working title) New construction of Yokorei Island City Logistics Center (Fukuoka pref.)



(Working title) New construction of Nagasaki Sorting Spot for Yokohama Reito Co., Ltd. (Nagasaki pref.)

Contact information



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