

Six Months Ended for FY 2022 Financial Results Briefing

29 Nov 2021

 TOYO CONSTRUCTION CO., LTD.

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I

Six Months Ended for FY 2022 Summary of Financial Results

1. Statement of Income · Balance Sheet(Consolidated)

	Fiscal year ended March 31,2020 2Q	Fiscal year ended March 31,2021 2Q	Fiscal year ended March31,2022		
				% of Net Sales	Increase (Decrease)
※Amounts less than 100 million yen are rounded down					
Net sales	863	758	738	—	△ 19
Net sales of completed construction contracts	860	755	735	—	△ 19
Domestic civil engineering	463	446	446	—	△ 0
Domestic architectural construction	282	239	205	—	△ 33
Overseas construction	114	68	83	—	14
side line business	3	3	3	—	0
Gross profit	93	83	77	10.5%	△ 5
Gross profit on completed construction contracts	91	81	75	10.3%	△ 5
Domestic civil engineering	58	55	55	12.5%	△ 0
Domestic architectural construction	27	26	13	6.5%	△ 12
Overseas construction	5	△ 0	6	7.7%	7
side line business	2	2	1	54.6%	△ 0
Operating Profit	48	40	30	4.2%	△ 9
Domestic civil engineering	26	25	22	5.0%	△ 3
Domestic architectural construction	19	17	5	2.8%	△ 12
Overseas construction	1	△ 4	2	2.5%	6
side line business	1	1	0	27.3%	△ 0
Ordinary profit	47	37	30	4.1%	△ 7
Quarterly net profit attributable to shareholders	30	23	18	2.5%	△ 4

	Fiscal year ended March 31,2020	Fiscal year ended March 31,2021	Fiscal year ended March 31,2022	
				Increase (Decrease)
※Amounts less than 100 million yen are rounded down				
Current assets			899	△ 190
Cash and deposits	263	167	246	78
Notes receivable, accounts receivable from completed construction contracts, etc.	499	701	537	△ 164
Costs on uncompleted construction contracts	50	27	26	△ 1
Non-current assets	410	399	395	△ 3
Property, plant and equipment	339	323	318	△ 4
Total assets	1,355	1,489	1,295	△ 194
Current liabilities	657	715	529	△ 185
Notes payable, accounts payable for construction contracts, etc.	335	322	302	△ 19
Short-term borrowings	82	78	26	△ 51
Advances received on uncompleted construction	88	131	79	△ 51
Non-Current liabilities	124	115	108	△ 7
Long-term borrowings	29	27	23	△ 4
Total liabilities	781	830	638	△ 192
Net assets	573	658	657	△ 1
Share capital	140	140	140	0
Retained earnings	340	414	409	△ 4
Total liabilities and net assets	1,355	1,489	1,295	△ 194

※Unit : 100Million of Yen

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

※Amounts less than 100 mllon yen are rounded down	Fiscal year ended March 31,2020 2Q	Fiscal year ended March 31,2021 2Q	Fiscal year ended March 31,2022 2Q		
				% of Net Sales	Increase (Decrease)
Net sales	774	675	663	—	△ 12
Net sales of completed construction contracts	772	673	660	—	△ 13
Domestic civil engineering	425	406	400	—	△ 5
Domestic architectural construction	277	234	201	—	△ 32
Overseas construction	69	32	58	—	25
real estate business	1	1	2	—	0
Gross profit	78	68	64	9.7%	△ 3
Gross profit on completed construction contracts	77	67	63	9.6%	△ 3
Domestic civil engineering	49	45	46	11.6%	0
Domestic architectural construction	26	25	13	6.6%	△ 12
Overseas construction	0	△ 3	3	6.8%	7
real estate business	0	0	0	27.9%	△ 0
Operating profit	41	32	24	3.7%	△ 7
Domestic civil engineering	22	19	16	4.1%	△ 2
Domestic architectural construction	19	17	6	3.0%	△ 11
Overseas construction	△ 1	△ 5	1	2.4%	7
real estate business	0	0	0	26.2%	△ 0
Ordinary profit	40	30	25	3.8%	△ 5
Quarterly net profit	27	19	16	2.5%	△ 3

※Amounts less than 100 millionyen yen are rounded down	Fiscal year ended March 31,2020	Fiscal year ended March 31,2021	Fiscal year ended March 31,2022 2Q	
				Increase (Decrease)
Current assets	845	1,012	806	△ 205
Cash and deposits	213	124	194	69
Notes receivable, accounts receivable from completed construction contracts ,etc.	465	676	507	△ 168
Costs on uncompleted construction contracts	45	26	19	△ 6
Non-current assets	380	369	364	△ 4
Property,plant and equipment	301	286	283	△ 3
Total assets	1,225	1,382	1,171	△ 210
Current liabilities	592	680	481	△ 198
Notes payable, accounts payable for construction contracts and other	302	300	275	△ 24
Short-term borrowings	79	77	26	△ 51
Advances received on uncompleted construction	67	127	65	△ 61
Non-Current liabilities	100	98	92	△ 5
Long-term borrowings	27	26	22	△ 3
Total liabilities	693	778	574	△ 203
Net assets	532	603	597	△ 6
Share capital	140	140	140	0
Retained earnings	304	371	364	△ 6
Total liabilities and net assets	1,225	1,382	1,171	△ 210

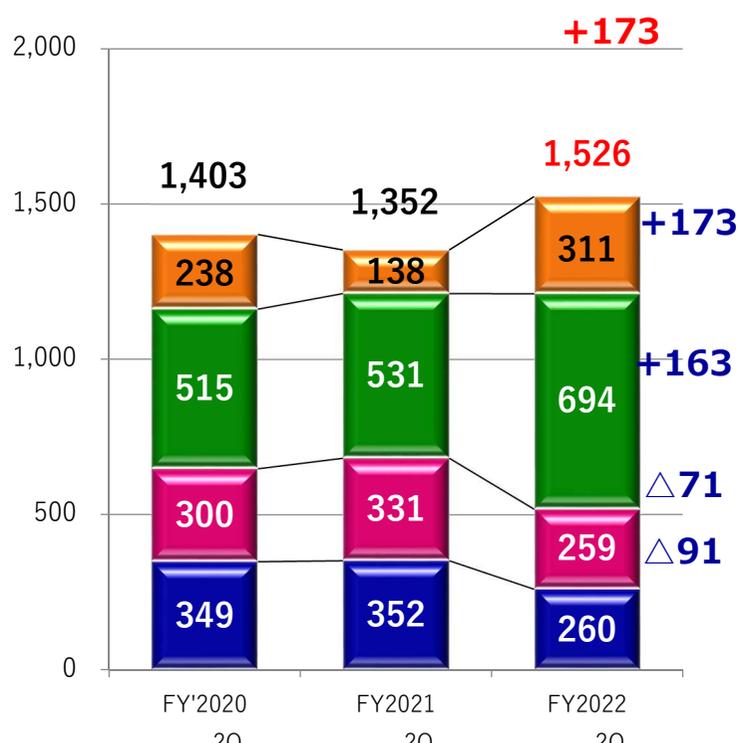
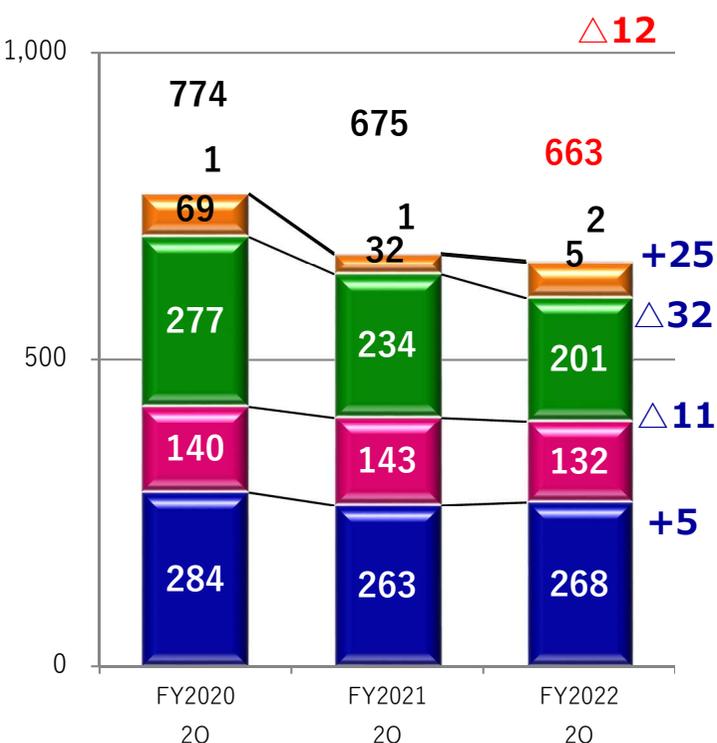
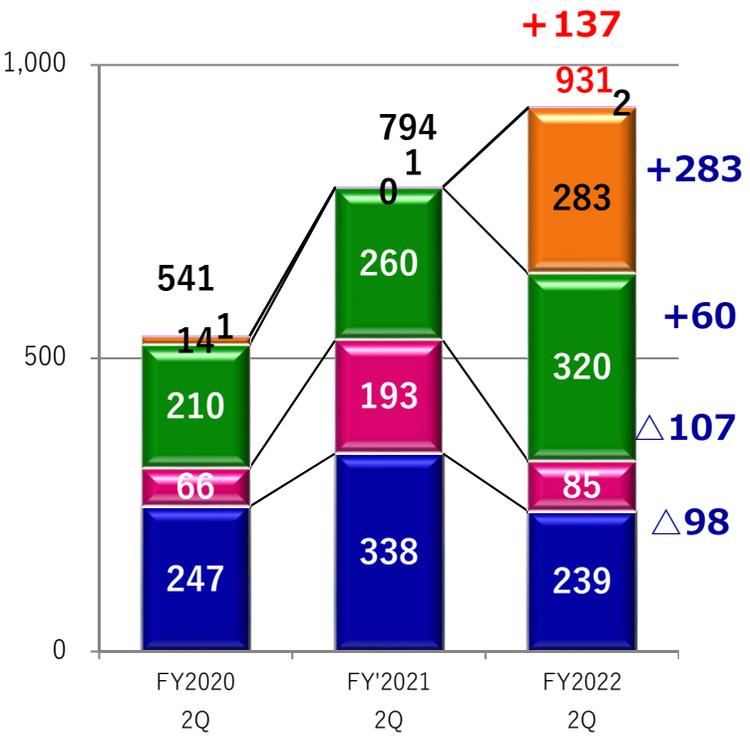
※Unit : 100Million of Yen

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

Orders received

Net sales

Balance carried



- Real estate business
- Overseas construction
- Domestic architectural construction
- Domestic land civil engineering
- Domestic marine civil engineering

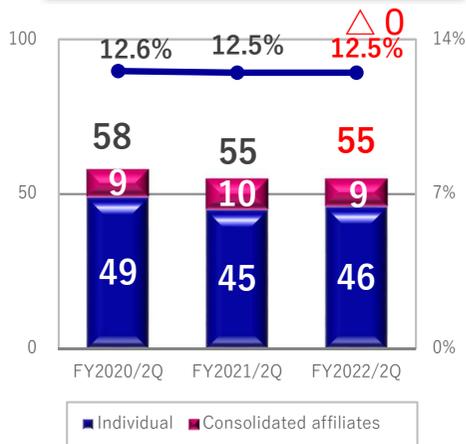
※ Unit : 100 Million of Yen

※Amounts less than 100 million yen are rounded down

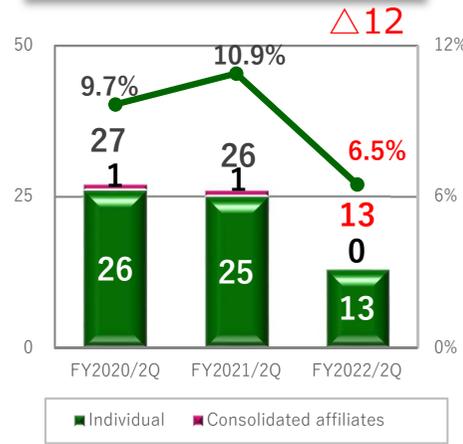
4. Gross profit , Operating profit (Consolidated)

Gross profit

Domestic civil engineering

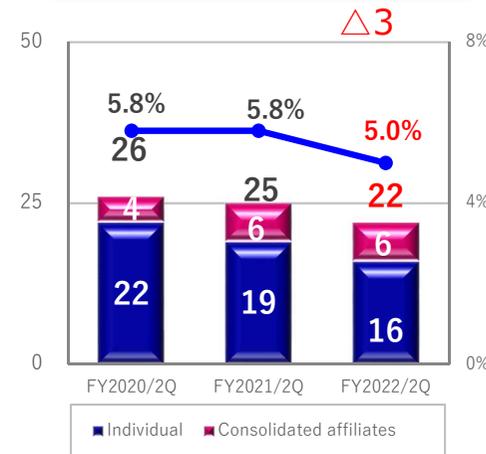


Domestic architectural construction

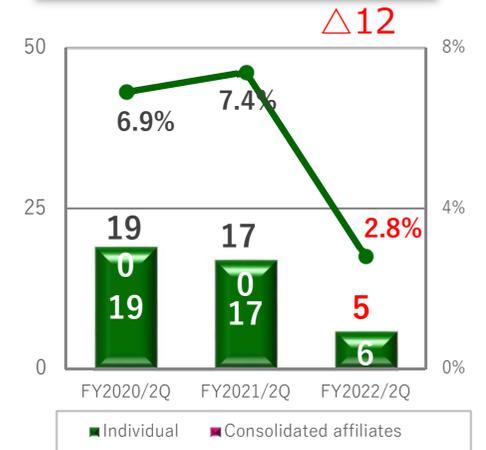


Operating profit

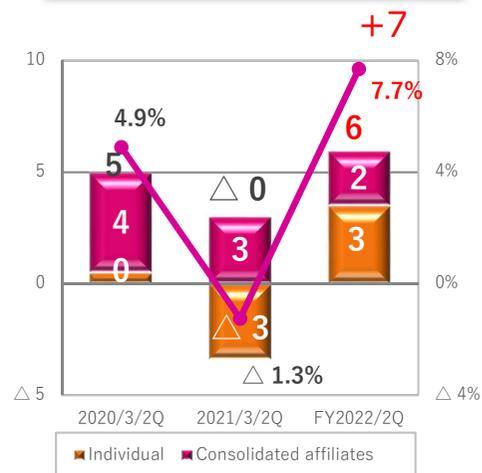
Domestic civil engineering



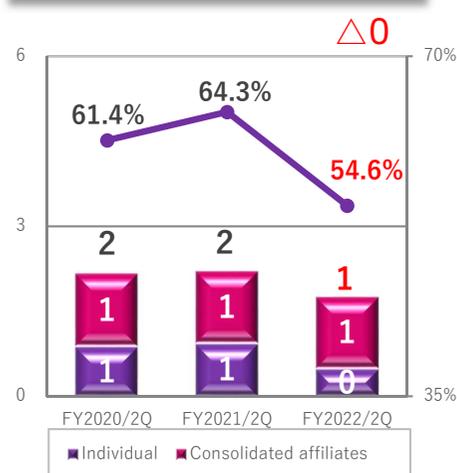
Domestic architectural construction



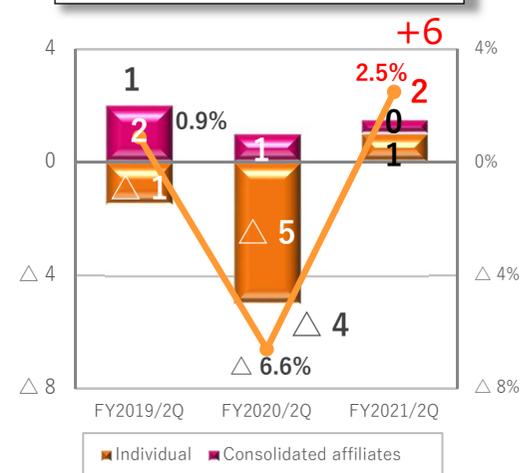
Overseas construction



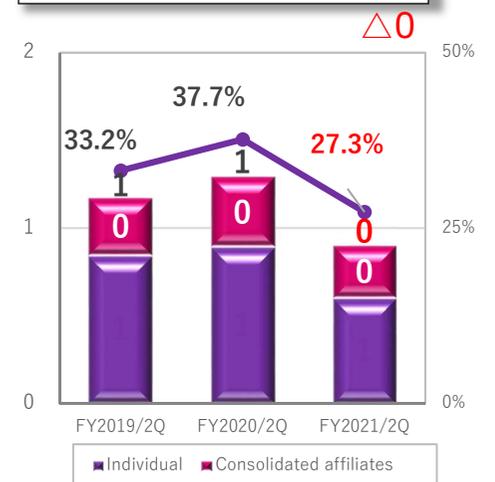
Sideline business



Overseas construction



Sideline business



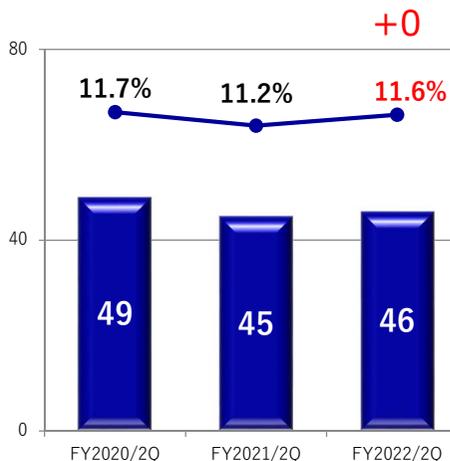
※ Unit : 100 Million of Yen

※Amounts less than 100 million yen are rounded down

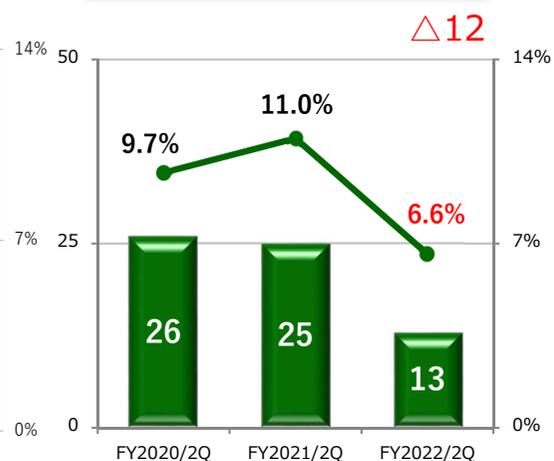
5. Gross profit , Operating profit (Non-Consolidated)

Gross profit

Domestic civil engineering

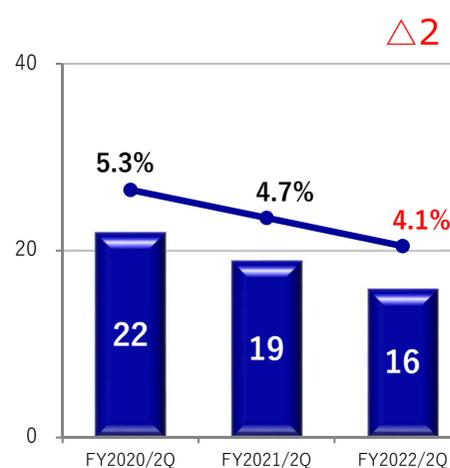


Domestic architectural construction

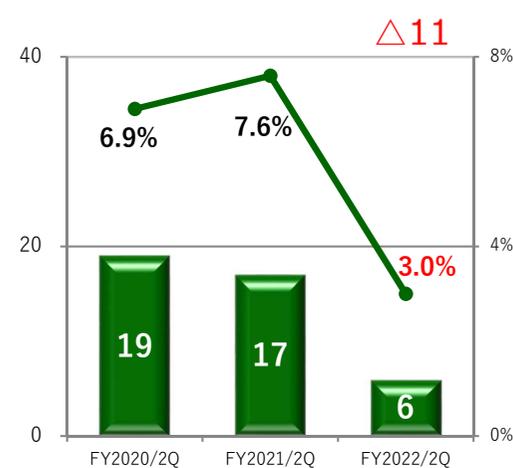


Operating profit

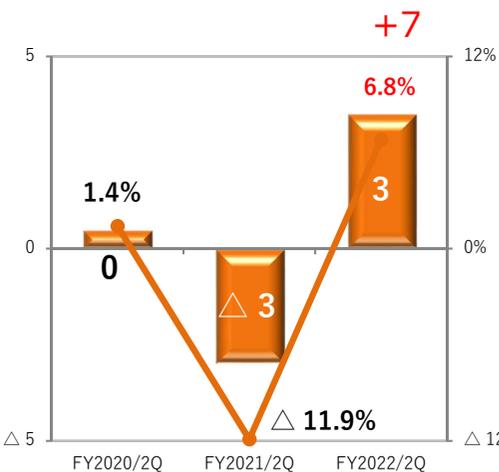
Domestic civil engineering



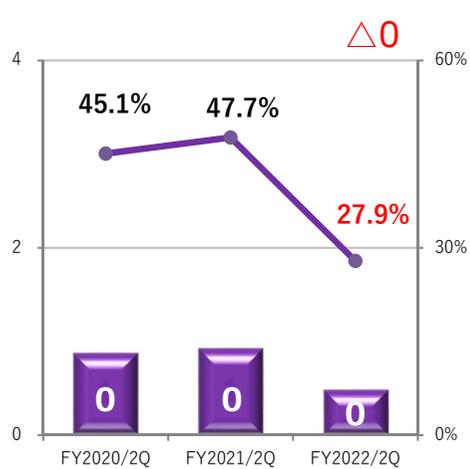
Domestic architectural construction



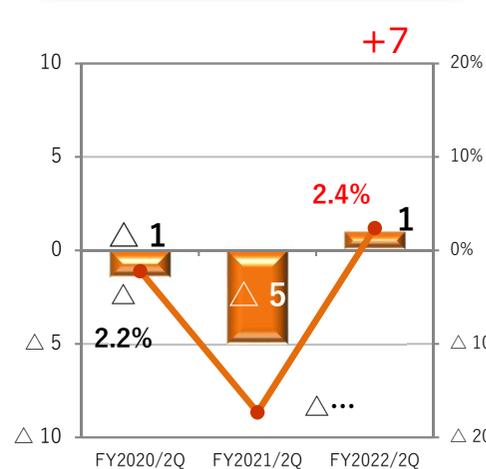
Overseas construction



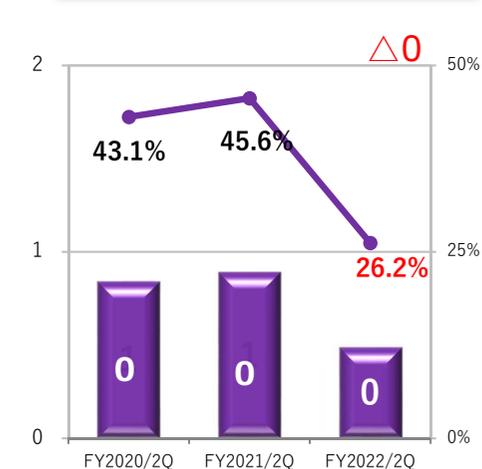
Real estate business



Overseas construction



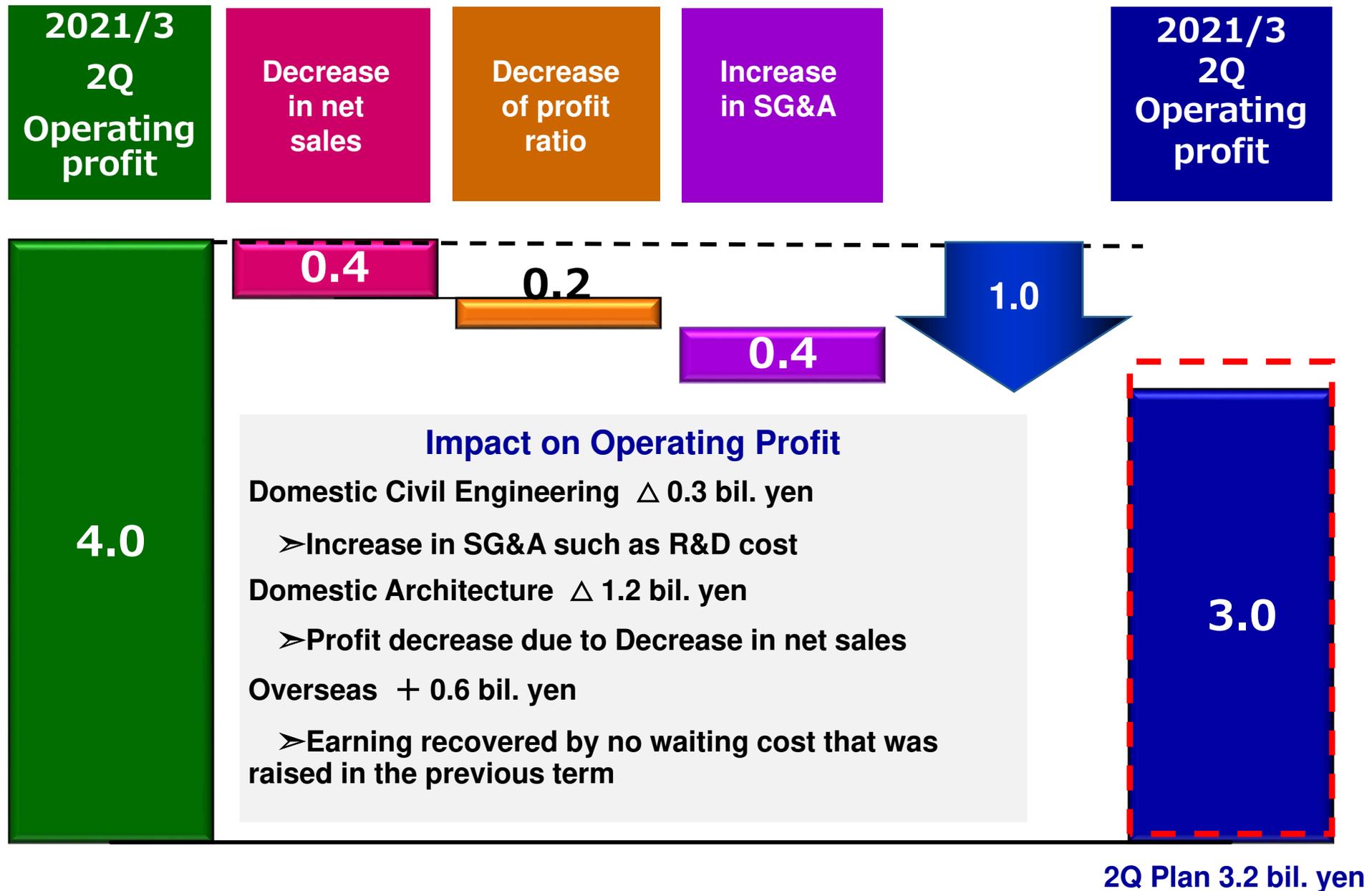
Real estate business



※ Unit : 100 Million of Yen

※Amounts less than 100 million yen are rounded down

6. Variation factor for operating profit





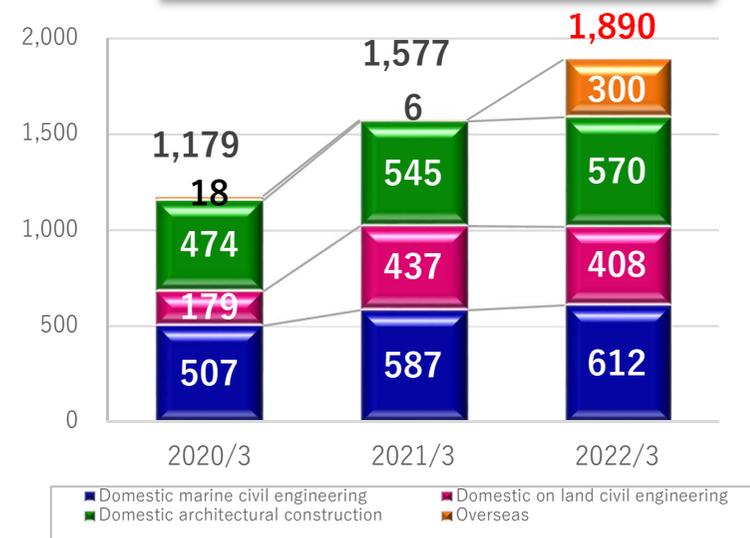
II

Earning forecast for FY 2022

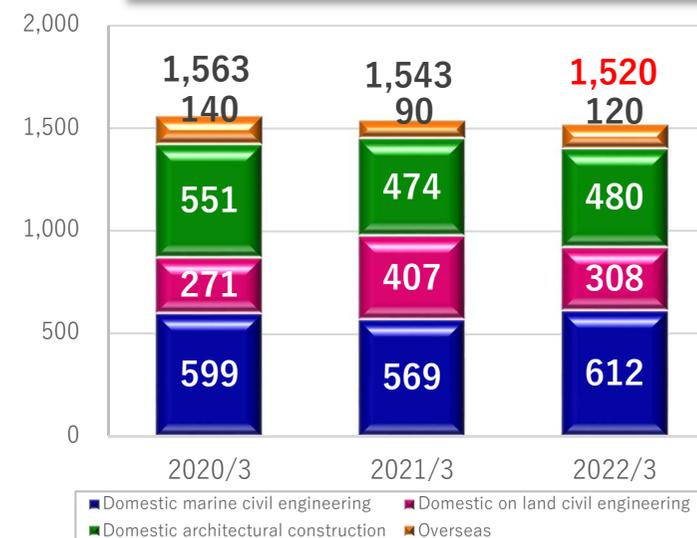
1. Earning forecast for FY 2022

	Consolidated				Individual			
	Fiscal year ended March 31,2021 results	Fiscal year ended March 31,2022 Plan	Fiscal year ended March,31,2022 forecast	Last year increase or decrease	Fiscal year ended March 31,2021 results	Fiscal year ended March 31,2022 Plan	Fiscal year ended March 31,2022 forecast	Last year increase or decrease
Net sales	1,729	1,700	1,700	△ 29	1,547	1,525	1,525	△ 23
Net sales of completed construction contracts	1,721	1,690	1,690	△ 31	1,543	1,520	1,520	△ 24
Domestic civil engineering	1085	998	998	△ 87	977	920	920	△ 58
Domestic architectural construction	485	496	496	10	474	480	480	5
Overseas construction	151	196	196	45	90	120	120	29
real estate business	8	10	10	1	4	5	5	0
Gross profit	232	192	192	△ 40	205	165	165	△ 41
Gross profit on completed construction contracts	227	188	188	△ 39	203	163	163	△ 41
Domestic civil engineering	178	131	131	△ 47	161	116	116	△ 46
Domestic architectural construction	46	40	40	△ 6	45	39	39	△ 7
Overseas construction	2	17	17	14	△ 3	8	8	11
real estate business	4	4	4	△ 0	2	2	2	△ 1
Selling,general and administrative expenses	89	100	100	10	75	84	84	8
Operating profit	142	92	92	△ 50	129	81	81	△ 49
Domestic civil engineering	115	61	61	△ 54	106	54	54	△ 53
Domestic architectural construction	29	22	22	△ 7	29	22	22	△ 8
Overseas construction	△ 5	7	7	12	△ 7	3	3	10
real estate business	2	2	2	△ 0	2	2	2	△ 0
Operating profit ratio	8.2%	5.4%	5.4%	△ 2.8%	8.4%	5.3%	5.3%	△ 3.1%
Ordinary Profit	141	91	91	△ 50	128	81	81	△ 48
Current net profit attributable to shareholders of parent	91	60	60	△ 31	84	56	56	△ 29
R O E	15.3%	9.2%	9.2%	△ 6.1%	14.9%	8.8%	8.8%	△ 6.1%

Orders received(Individual)



Nets sales(Individual)





Future business deployment and commitment

1. Domestic civil engineering business ①

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

Goals for engagement in offshore wind power business

Progress in engagement in offshore wind power business

- ◆ Cooperation with proven overseas companies is under discussion.
- ◆ Consideration of procuring large work vessels including SEP vessel
- ◆ Participation in offshore wind cable business, etc.
- ◆ Technology development of suction bucket (Completed verification test in a real sea area)
- ◆ Development of basic technologies for TLP mooring (Considering large-scale verification test in a real sea area)

100th anniversary of the founding (2029)

Achieving top-class share

Implementing technologies for lowering cost
⇒ Suction bucket foundation, certification of TLP method

Capital investment of totaling 30 billion yen
⇒ Policymaking for procurement of large work vessels including SEP vessel in this fiscal year

Promoting cooperation with proven overseas companies
⇒ Ongoing discussion with several companies

1. Domestic civil engineering business ②

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

Building a competitive advantage by development of technologies for lowering cost

Bottom-mounted type (Suction bucket foundation)

※ R&D is conducted in NEDO promotion service.

◆ This fiscal year

Demonstration experiment at site to be conducted (completed)

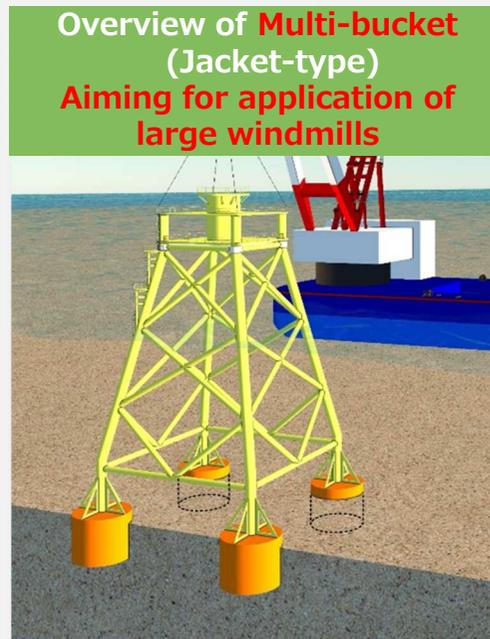
◆ Next fiscal year

Demonstration experiment at site is planned



Demonstration experiment by 1/4 scale test specimen of assumed equipment

- ◆ **Confirmed smooth intrusion & pull-out** by demonstration experiment in a real sea area
- ◆ **Aiming for commercialization & practical application in 2026, and making efforts to obtain certification**



Overview of **Multi-bucket (Jacket-type)**
Aiming for application of large windmills

Floating type (TLP method)

※ R&D is conducted in NEDO commissioned project.

In Japan, having deep-sea area along the coast, **practical realization of floating method is required for market expansion**

▽ ※ Expecting the **floating type to be mainstream** on and after round 2 (2030 and later)

Considering large-scale verification test in a real sea area (Aiming for establishing unprecedented technology in Japan)



※ Attached by tension of wires from seabed

Approaching to TLP method

- ◆ **Obtaining design method of TLP method, unprecedented in Japan**
- ◆ **Establishing a track record by experiment in great depth, and establishing technologies**

- ▽
- ◆ **Securing business volume of floating offshore wind power**

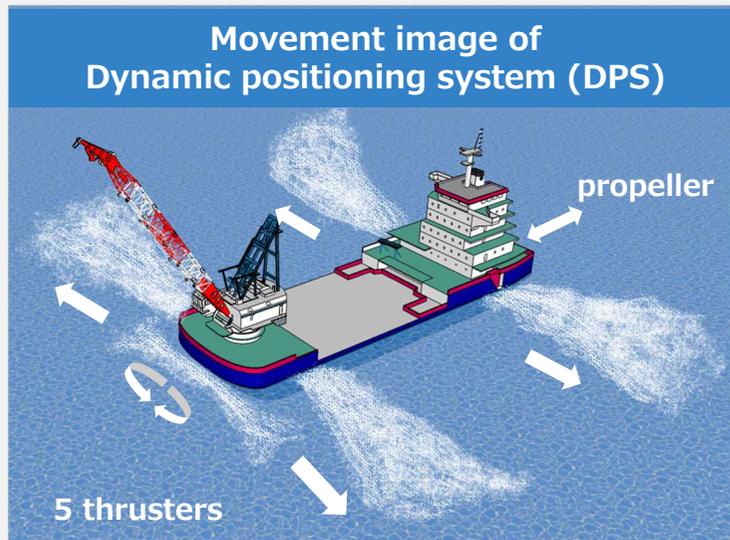
1. Domestic civil engineering business ③

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

Establishment of competitive advantage in receiving orders for offshore wind cable & incidental business

Remodeling of AUGUST EXPLORER

Improvement of construction capacity
Upgrading to the world standard DPS Class-B ※To be equipped in May 2022



Participating in Round 1 with higher construction capacity
 ⇒ **Securing business volume**

Development of equipment to mitigate up-and-down motion of suspended load ※Patent pending

Maritime productivity revolution, Maritime Bureau of MLIT (j-Ocean)
 R&D Business for sophistication of technology related to marine resource development: Adopted

Development steps

FY 2019
 Installation of control equipment Desk test

FY2020
 Development of control program

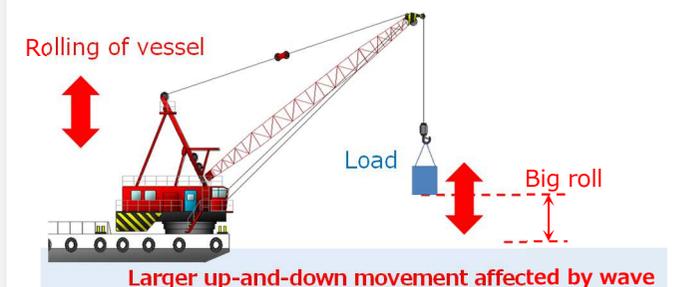
FY2021
 Succeeded in demonstration experiment at site
 (Confirmed mitigation of up-and-down motion of suspended load)

※1st: April 2021
 2nd: Nov. 2021

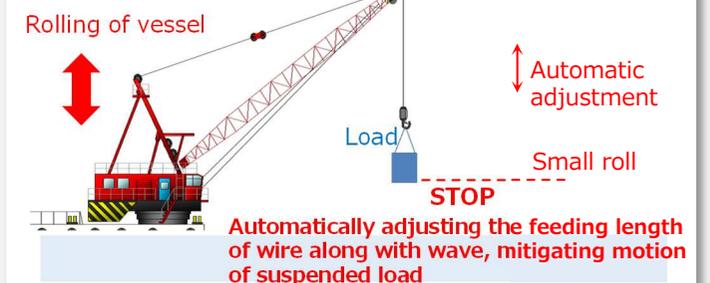
- ◆ Raising operation rates in high wave area
- ◆ Cost-cutting

Conducted demonstration experiment at site

Movement image of equipment to mitigate up-and-down motion of suspended load
 Uncontrolled (Load moving up and down affected by wave)



Controlled (mitigating up-and-down motion of suspended load by adjusting wire length automatically)



1. Domestic civil engineering business ④

Business environment for domestic civil engineering and future initiatives

Business environment for domestic civil engineering

Public works

- Market remain strong by the initiative for National Resilience
- Focusing on large projects
- Retention of stable share

Private works

- Focusing on renewal of energy-related facilities accompanied with decarbonization

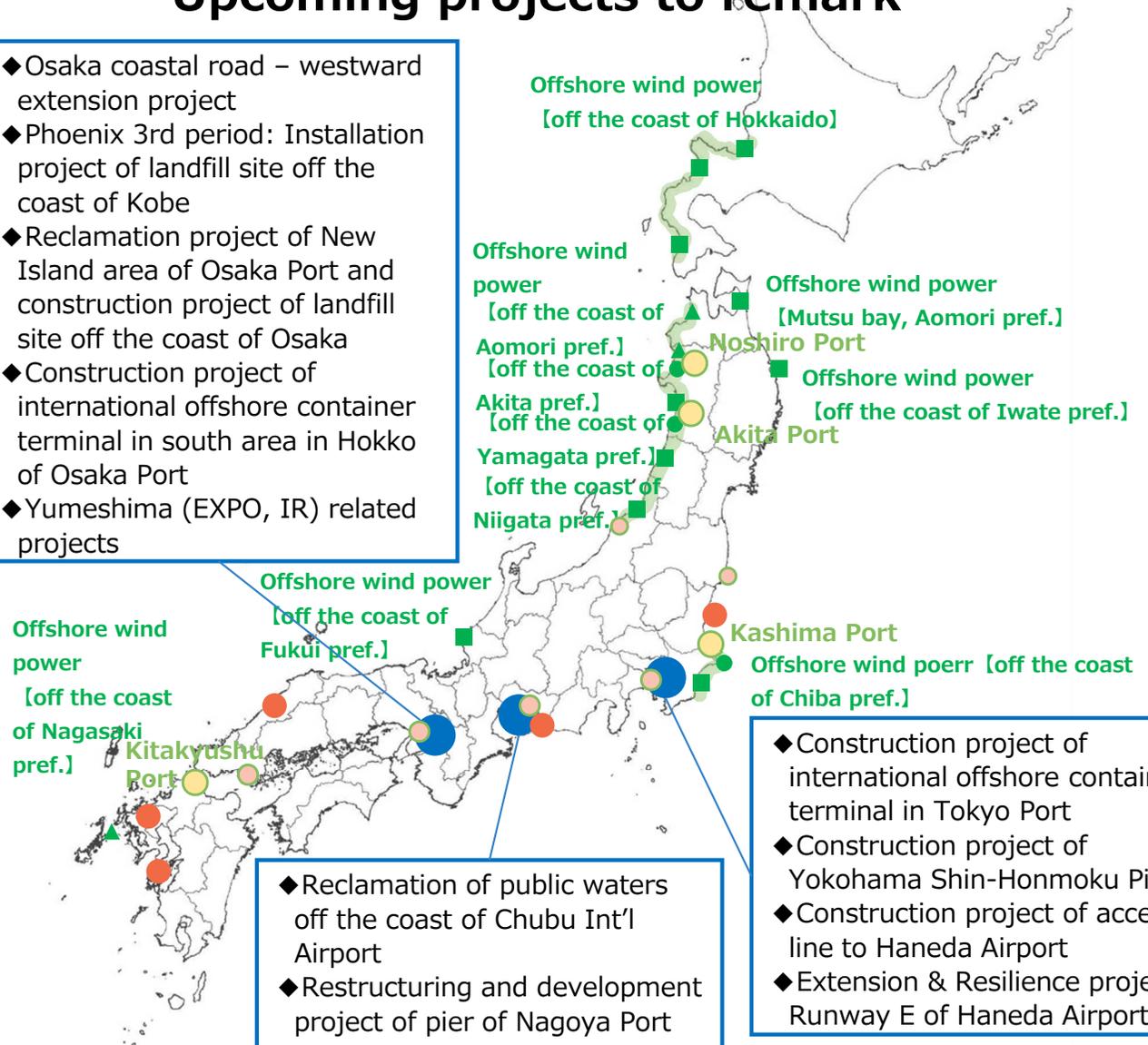
Offshore wind power

- Focus on as a growth driver
- Accelerating efforts to secure market share

- :Public works
- :Private works
- :Offshore wind power generation Round 1
- ▲ :Offshore wind power generation Round 2
- :Offshore wind power generation Round 3~
- :Base port for offshore wind power generation
- :6 carbon-neutral ports (Onahama, Yokohama & Kawasaki, Niigata, Nagoya, Kobe, Tokuyama-Kudamatsu)

Upcoming projects to remark

- ◆ Osaka coastal road – westward extension project
- ◆ Phoenix 3rd period: Installation project of landfill site off the coast of Kobe
- ◆ Reclamation project of New Island area of Osaka Port and construction project of landfill site off the coast of Osaka
- ◆ Construction project of international offshore container terminal in south area in Hokko of Osaka Port
- ◆ Yumeshima (EXPO, IR) related projects



2. Domestic architecture business ①

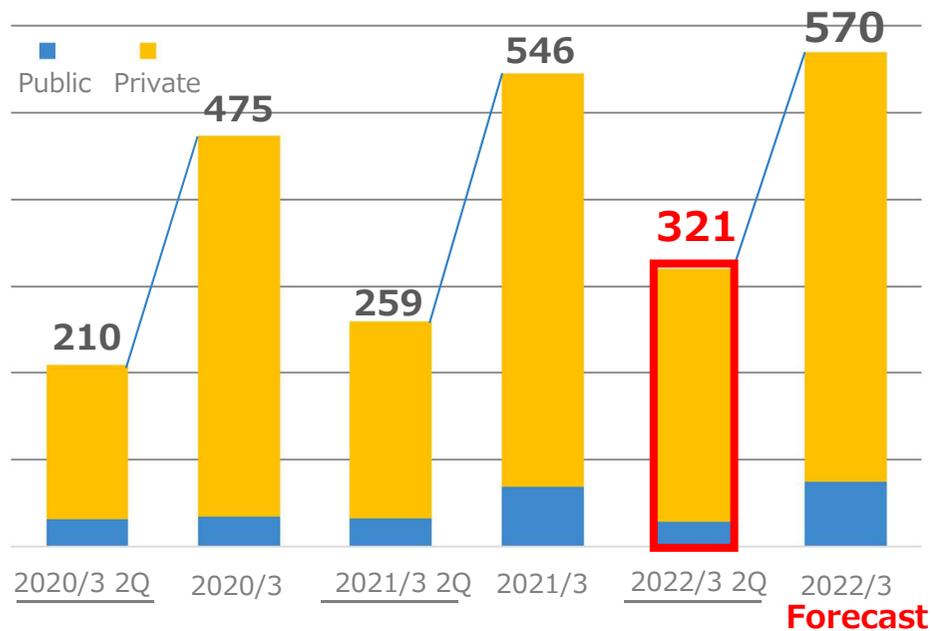
Response to changing market environment and efforts toward a leap into the next term

- Even under severe environment for receiving orders, successfully receiving orders mainly from the areas of logistic facility and environmental facility
- By diversification of focused area, the order receipt target is expected to be achieved, hedging market risk.

- Share of design & construction works increased to the level of **around 50% of private orders**

- Aiming for customer satisfaction and profit creation by cost control from a stage of design

Trend in orders received



Share of design & construction

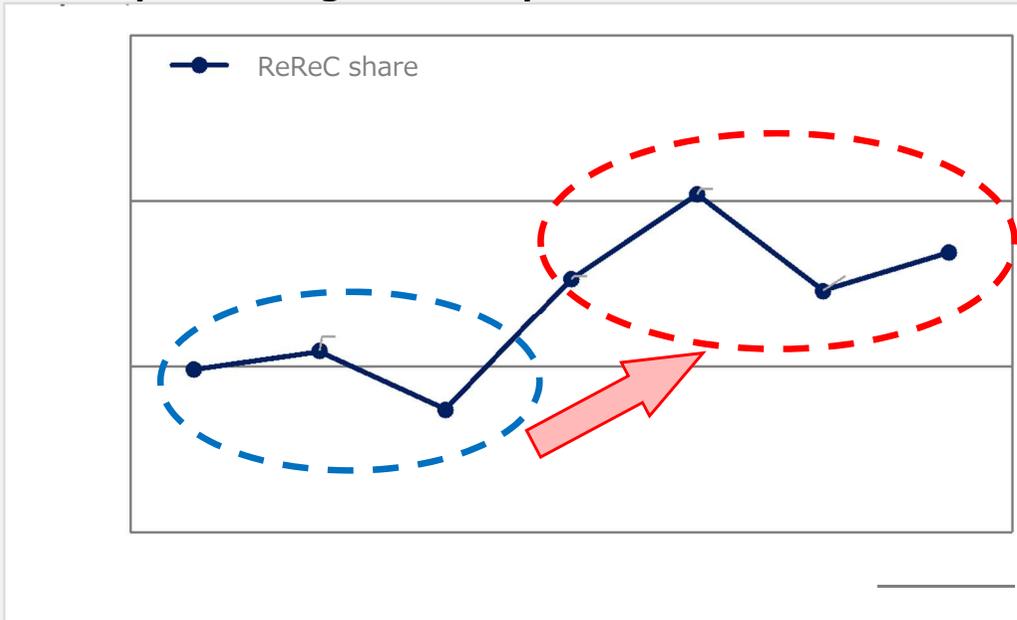


2. Domestic architecture business ②

Growth driver in 9 years / ReReC®

Concentrating on **stable expansion of order receipt** and **boost of profit contribution**, in anticipation of expansion of the renewal market

Gross profit margin on completion for ReReC® works



Name of work : Repair work of Nihonbashi Hakozaki-cho building
Construction period : April 2021 – March 2022
Outline of construction : RC structure, 10-story
Total floor space : 8,616m²

※ReReC…Renewal, renovation, Conversion

Conceptual perspective



Conceptual perspective

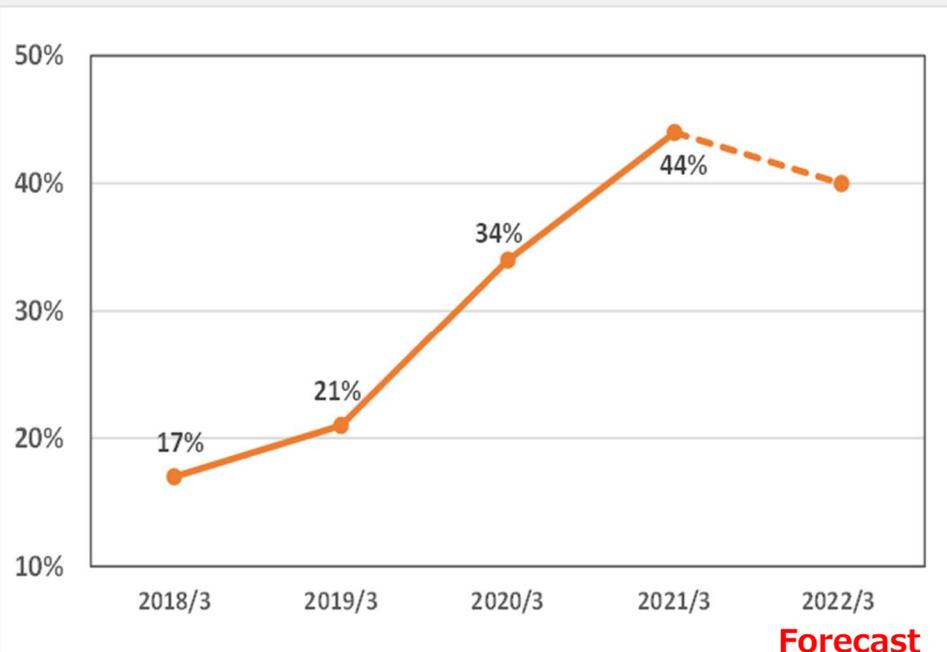


2. Domestic architecture business ③

Status of focused area ① Logistic facility

- As a focused area, it has grown up to provide 20% ~ 40% share of whole private orders.
- For the preceding 3 years, its order receipt amount is ballooning.

Share of logistic facility
in total order receipt for private works



Name of work: New construction of Joso City logistics center
Construction period: March 2022 – Feb. 2023
Outline of construction: Steel structure 2F
Total floor space: 23,714m²



Name of work: Plan of warehouse in Kami-hiyarikawa of Kazo city
Construction period: Feb. 2022 – Jan. 2023
Outline of construction: Steel structure 2F
Total floor space: 22,061m²

2. Domestic architecture business ④

Status of focused area ② Environment-related facility

Name of work: Construction of energy recovering waste processing facility in Anamizu town of Wajima City

Construction period: Jan. 2021 – Dec. 2022

Outline of construction: RC+SRC+S structure 6-story with 1 basement floor



3. Overseas business ①

Award of large works in the Philippines



Aiming for strengthening on-site capabilities of young staff & local staff through this work

Capability to deal with problems occurring at site

Skills of negotiation with owner and consultant regarding design changes, etc.

Management skills to take a view of the whole project

Proactive utilization of IoT and ICT
(Refining construction skills)

Applying experiences obtained through this work **to future projects and works in other hub countries**

3. Overseas business ②

Efforts to ensure stable overseas profit

Business strategy

Community-based **customer cultivation**

Stable business deployment enabling each site to supplement others

Strategy to secure profits

Improvement of operational/work efficiency

Improvement of safety, quality, and productivity by utilization of ICT, etc.



Establishment of work organization

Responding to expansion of business size



Strengthening on-site capabilities

(young/local staff)

Capability to deal with problems

Negotiation skill

Management skill

Obtaining private civil engineering projects by strengthening ability to make proposals

Expansion of business size

Ensuring profit

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

ODA (expansion of business field)
Disaster-prevention & environment project (flood / water and sewage)

Basic infrastructure business (port, bridge)

3. Overseas business ③

Focus areas (Business environment)

Key base **Philippines**

Pasig-Marikina River Channel Improvement works

Phase IV Section package 1

(to be placed)
(Scale of approx.
14 bil. yen)

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



Expected project

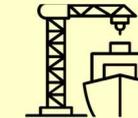
Food prevention work for Cavite (general yen loan)

Cebu - New Mactan Bridge Const. Project (STEP candidate)

Construction project of large bridge crossing over the strait
between Cebu Island and Mactan Island
Project to be completed in 2028 (**Company's target for contract
amount: 15 bil. yen**)

Hub country **Kenya**

Applying the construction methods in which the Toyo
has advantages



Port

Yen loan STEP **37.1** bil. yen

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



Bridge

Yen loan STEP **47.8** bil. yen

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

Development construction around Mombasa

Special
Economic Zone
(SEZ
development)

Grant aid
6.0 bil. yen

SEZ-related
facilities
(Port/Bridge)

Container
terminal
expansion work
3rd term

Yen loan STEP
candidate
Scale of **18 bil yen**

3. Overseas business ④

CCT (overseas subsidiary in Philippines) Activity status and efforts for a leap

Activity summary of CCT

Feature 1

Factory & warehouse category:
No.1 Sales among Japanese contractors

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



Ichinomiya Electronics New factory (completed)

- Among the best: 45-year history and results
- Construction achievement: Total area approx. 1,600,000㎡

Feature 2

Design ⇒ Construction ⇒ Maintenance
Promoting project **by consistent management approach**

Strengthening/acceleration of precious human resource development

- ◆ Accumulated total of 17 Filipino have received **1-year training in Japan** (as of March 2021)
- ◆ **Improvement of local staff's ability and promotion of localization**

Currently-executing strategies and toward the future

Private architectural business

- ✓ Continued strengthening of relationships with Japanese customers
- ✓ New business development with non-Japanese companies



Private civil engineering

- ✓ Acceleration of customer acquisition
- ✓ From waterside to land



Regional strategy

- ✓ Expanding from around Manila to other metropolitan area (Cagayan de Oro/Cebu/ Dabao)

Continuously

Continuing and strengthening **proactive efforts in business strategy**



IV Reference materials

1. Major group companies Business performance

※ Unit : 10 Million of Yen

※Amounts less than 100 million yen are rounded down	TOMAC CORPORATION			TACHIBANA CORPORATION			Kusakabe Maritime Engineering Co.,Ltd			CCT CONSTRUCTORS CORPORATION*		
	FY2019 2Q	FY2020 2Q	FY2021 2Q	FY2019 2Q	FY2020 2Q	FY2021 2Q	FY2019 2Q	FY2020 2Q	FY2021 2Q	FY2019 2Q	FY2020 2Q	FY2021 2Q
Net sales	30.6	30.8	18.4	27.7	23.2	34.8	11.0	11.6	11.1	44.1	36.0	25.6
Gross profit	4.1	3.4	1.7	2.1	3.9	5.2	1.7	1.9	1.5	4.4	3.0	2.4
Selling,general and administrative expenses	1.4	1.4	1.5	1.6	1.3	1.4	0.7	0.7	0.8	1.9	1.9	1.7
Operating profit	2.7	1.9	0.2	0.4	2.5	3.8	0.9	1.1	0.6	2.5	1.1	0.7
Ordinary profit	2.6	2.1	0.2	0.5	2.5	3.8	0.9	1.1	0.6	2.4	0.9	0.5
Quarterly net profit	1.7	1.3	0.1	0.2	1.7	2.4	0.7	1.0	0.5	1.6	0.6	0.6

* Fiscal year ended December 31

3. Main Completed Construction Contract for this term (Civil Engineering)



Construction works of breakwater in baymouth area
(North bank) of Kuji Port (Part 2) (Iwate pref.)



Disaster prevention work of waterfront line in Kanazawa
(Sachiura) area (No. 4 – installation work) (Kanagawa pref.)



Dredging work for Chikko-yawatamachi area of
Yamato river (Osaka pref.)



FY 2020 Past fiscal year public civil engineering disaster
relief project (FY 2018, No. 2813) - Disaster relief work for
city road of Tamagawa-Ochiai line (Okavama pref.)

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



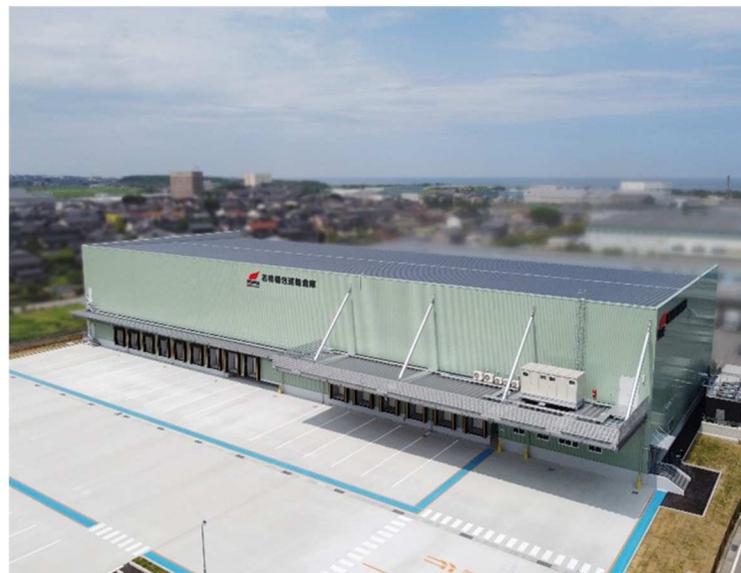
(Working title) Facility construction for commercial complex of Senko at Shiomi (Tokyo Metropolis)



(Working title) Maishima Coil Center of Konoike Transport Co., Ltd. (Osaka pref.)



(Working title) New building construction of private nursing home "Nozomi" (Tokyo Metropolis)



Just Holdings, New construction of Mikawa center (Ishikawa pref.)



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