

Second Quarter of FY 2022 Financial Highlights Explanatory Materials

- I . Digest of financial results of 2nd quarter of FY 2022**
- II . Earning forecast for FY 2023**
- III. Achievement of each business domain**
- IV. Reference materials**

I . Digest of Financial Results of 2nd quarter of FY 2022

Points of 2nd quarter of FY 2022

1. Consolidated performance

- Securing net sales at the same level of the previous term
- Profits decreased due to the repair allowance in overseas

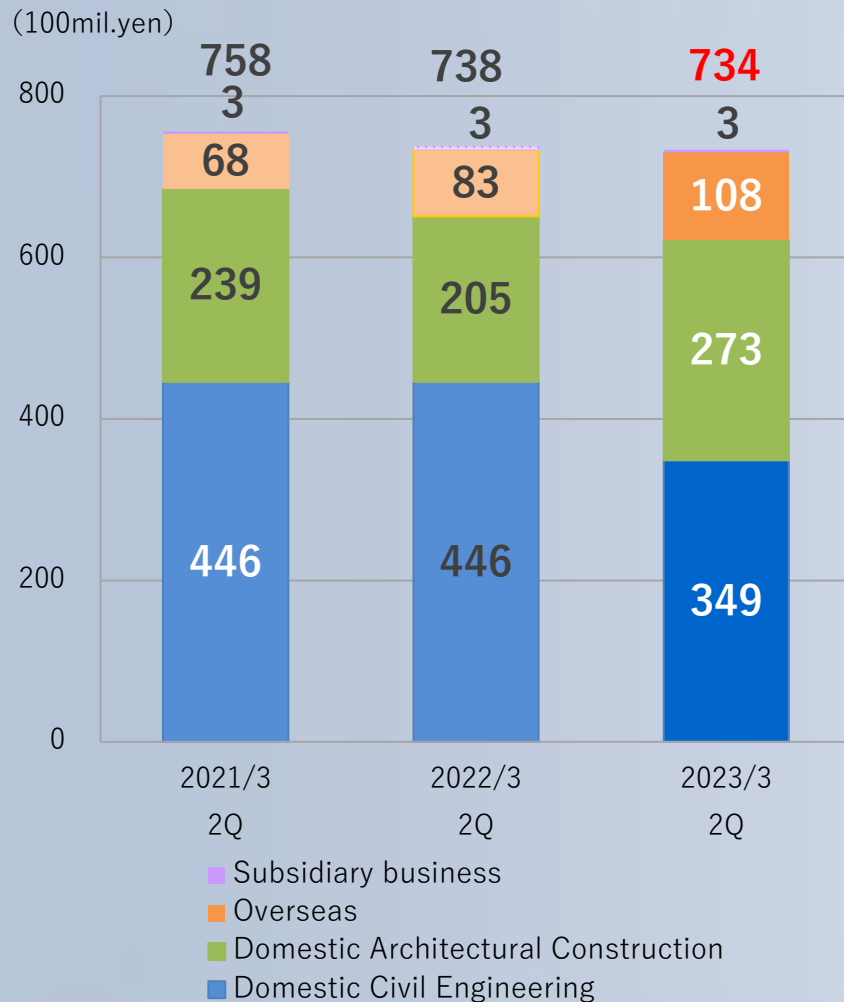
2. Individual order receipt

- Domestic civil engineering: increased in both marine and land due to receipt of large orders
- Domestic architectural construction: securing at the same level of the previous term
- Overseas construction: no order for new project

3. Forecast for full year

- No change in the forecast at the beginning of the term
- Domestic civil engineering: future order receipts and earning of design change works will be the key for the accomplishment of the plan
- Domestic architectural construction: good progress on the ongoing works. Escalating prices of raw materials was already taken into consideration. Expecting achievement of the planned profit
- Overseas construction: the key is the extent of recovery of the repair allowance by the good progress on the ongoing works and earning of design change works

Consolidated Net Sales



※ Amount less than 100 mil. yen is discarded.

Domestic Civil Engineering

- ◆ Decreased by 9.6 bil. yen from the previous quarter due to the decrease in the works brought forward from the previous term and the slackened growth of order receipt in 1Q

Domestic Architectural Construction

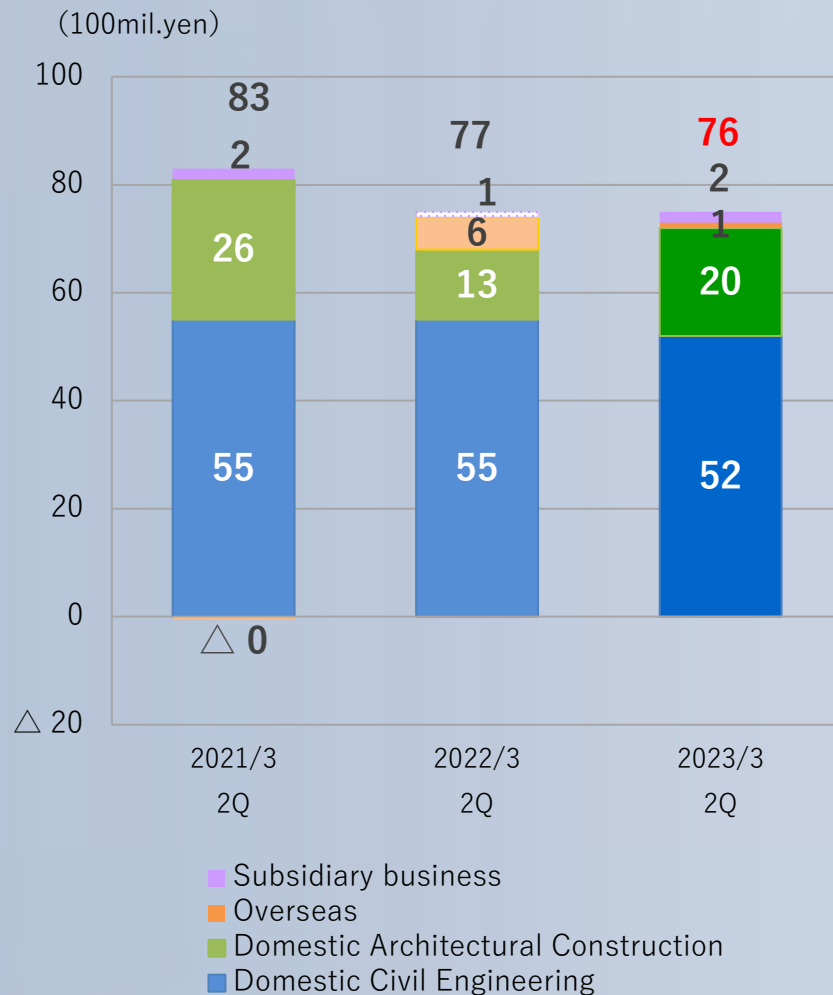
- ◆ Increased by 6.8 bil. yen from the previous quarter due to the increase in the works brought forward from the previous term and the good progress on the ongoing works

Overseas

- ◆ Increased by 2.4 bil. yen from the previous quarter due to the completion of the ongoing work in Kenya and the good progress on the ongoing works in Philippines

※ **Domestic architectural construction and overseas construction covered domestic civil engineering; keeping net sales at the same level of the previous term**

Consolidated Gross Profit



※ Amount less than 100 mil. yen is discarded.

Domestic Civil Engineering

- ◆ Decreased by 0.3 bil. yen from the previous quarter due to decreased net sales while improved profit rate by earning design change works, etc.

Domestic Architectural Construction

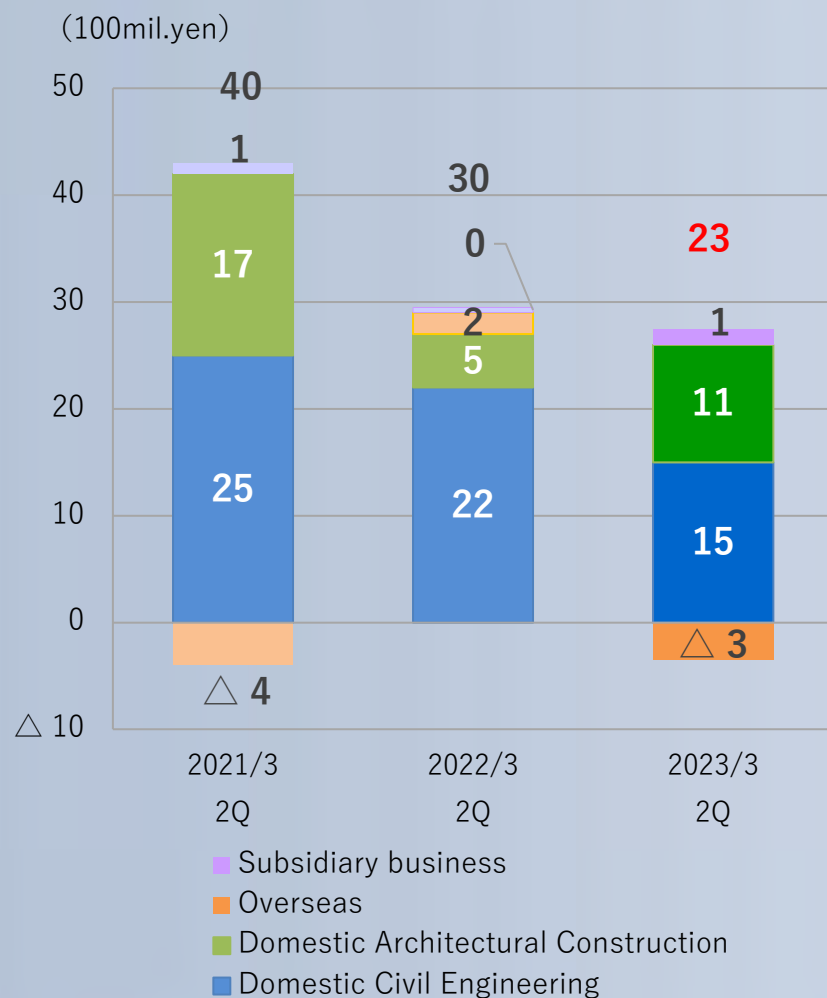
- ◆ Increased by approx. 0.7 bil. yen from the previous quarter contributed by increased sales and improved profitability

Overseas

- ◆ Decreased by approx. 0.5 bil. yen from the previous quarter due to recording reserves of 0.72 million yen as estimated repair cost due to the defect in the work completed in the past fiscal year in Philippines

※ **Domestic architectural construction covered the other business segments; keeping profits at the same level of the previous term**

Consolidated Operating Profit



※ Amount less than 100 mil. yen is discarded.

Domestic Civil Engineering

- ◆ Decreased by approx. 0.6 bil. yen from the previous quarter due to increased personnel costs and deterioration of profit of a subsidiary (due to suspension of designated contractor status, etc.)

Domestic Architectural Construction

- ◆ Increased by approx. 0.5 bil. yen from the previous quarter due to increased net sales and improvement in the gross profit margin of completed works

Overseas

- ◆ Decreased by approx. 0.6 bil. yen from the previous quarter due to the defect repair allowance

※ **Decreased by approx. 0.7 bil. yen from the previous quarter due to profit decrease in domestic civil engineering and overseas construction**

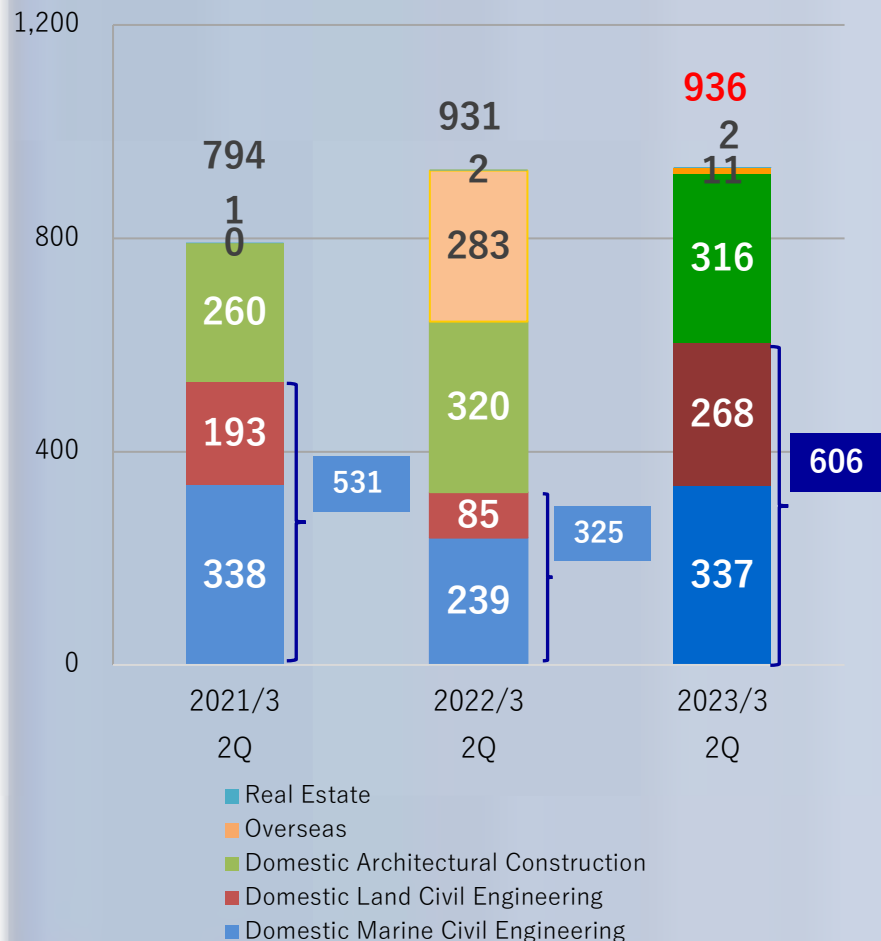
(100mil.yen)	2021/3 2Q	2022/3 2Q	2023/3 2Q		
			Results	Profit rate	Increase (Decrease)
Net sales	758	738	734	—	△ 4
Net sales of completed construction contracts	755	735	731	—	△ 4
Domestic civil engineering	446	446	349	—	△ 96
Domestic architectural construction	239	205	273	—	68
Overseas construction	68	83	108	—	24
Subsidiary business	3	3	3	—	0
Gross profit	83	77	76	10.4%	△ 1
Gross profit on completed construction contracts	81	75	74	10.1%	△ 1
Domestic civil engineering	55	55	52	14.9%	△ 3
Domestic architectural construction	26	13	20	7.4%	6
Overseas construction	△ 0	6	1	1.6%	△ 4
Subsidiary business	2	1	2	69.4%	0
Operating profit	40	30	23	3.3%	△ 6
Domestic civil engineering	25	22	15	4.4%	△ 6
Domestic architectural construction	17	5	11	4.1%	5
Overseas construction	△ 4	2	△ 3	△ 3.7%	△ 6
Subsidiary business	1	0	1	43.6%	0
Ordinary Profit	37	30	23	3.2%	△ 6
Current net profit attributable to shareholders of parent	23	18	17	2.4%	0

(100mil.yen)	2021/3	2022/3	2023/3 2Q	
			Results	Increase (Decrease)
Current assets	1,090	965	931	△ 34
Cash and deposits	167	305	287	△ 17
Notes receivable, accounts receivable from completed construction contracts, etc.	701	515	521	5
Costs on uncompleted construction contracts	27	24	28	4
Non-current assets	399	389	389	0
Property, plant and equipment	323	315	311	△ 3
Investment and other assets	70	65	68	3
Total assets	1,489	1,355	1,320	△ 35
Current liabilities	715	547	519	△ 28
Notes payable, accounts payable for construction contracts, etc.	322	297	266	△ 31
Short-term borrowings	78	28	24	△ 4
Advances received on uncompleted construction contracts	131	86	74	△ 11
Non-Current liabilities	115	109	102	△ 7
Long-term borrowings	27	27	23	△ 3
Total liabilities	830	656	621	△ 35
Net assets	658	698	699	0
Share capital	140	140	140	0
Retained earnings	414	449	448	△ 1
Total liabilities and net assets	1,489	1,355	1,320	△ 35

※ Amount less than 100 mil. yen is discarded.

Order Receipt Status (by business segment)

(100mil.yen)



Market Environment

- ◆ Domestic civil engineering: remain strong mainly in the public sector such as the 5-year Measures for Accelerating National Resilience
- ◆ While competition in the domestic architecture market becoming more severe, investment in and demand for food factories, logistic facilities and environmental facilities, in which we have competitive advantages, remaining strong

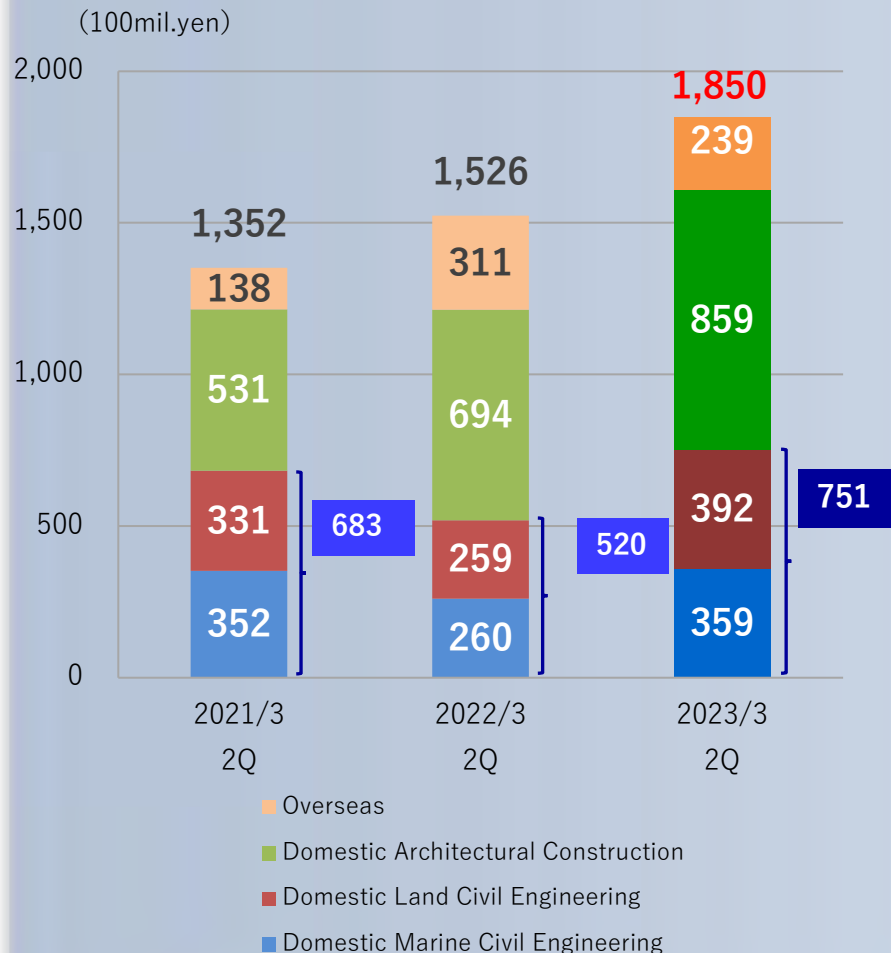
Results of 2nd quarter of FY 2022

- ◆ Domestic civil engineering: while drastically increased in both land and marine construction attributable to receiving large works; however, not reached the planned level, except for the large works
- ◆ Domestic architectural construction: securing net sales at the same level of the previous term, with orders accumulated mainly by food factories and logistic facilities
- ◆ Overseas construction: no order for new project. design change of ongoing works only

※ **By the increase in domestic civil engineering, maintaining order receipt at the same level of the previous term**

※ Amount less than 100 mil. yen is discarded.

Status of Balance Carried (Individual)



- ◆ Domestic civil engineering: great recovery of the construction amount carried-forward due to receiving large work order
- ◆ Domestic architectural construction: largely increased due to order receipt of a large food factory
- ◆ Overseas construction: decreased due to the completion of Mombasa Port in Kenya and progress of ongoing works

※ **Balance carried: steadily increasing**

※ Amount less than 100 mil. yen is discarded.

I . Digest of Financial Results ⑧ / Individual performance

	2021/3 2Q	2022/3 2Q	2023/3 2Q		
			Results	Profit rate	Increase (Decrease)
Net sales	675	663	645	—	△ 17
Net sales of completed construction contracts	673	660	642	—	△ 17
Domestic civil engineering	406	400	316	—	△ 84
Domestic architectural construction	234	201	270	—	68
Overseas construction	32	58	56	—	△ 1
Subsidiary business	1	2	2	—	0
Gross profit	68	64	69	10.8%	5
Gross profit on completed construction contracts	67	63	68	10.6%	4
Domestic civil engineering	45	46	45	14.3%	△ 1
Domestic architectural construction	25	13	20	7.4%	6
Overseas construction	△ 3	3	3	5.6%	0
Subsidiary business	0	0	1	49.2%	0
Operating profit	32	24	24	3.8%	0
Domestic civil engineering	19	16	12	4.0%	△ 3
Domestic architectural construction	17	6	11	4.2%	5
Overseas construction	△ 5	1	△ 0	△ 0.4%	△ 1
Subsidiary business	0	0	1	47.1%	0
Ordinary Profit	30	25	24	3.8%	0
Current net profit attributable to shareholders of parent	19	16	17	2.7%	0

(100mil.yen)	2021/3	2022/3	2023/3 2Q	
			Results	Increase (Decrease)
Current assets	1,012	868	821	△ 47
Cash and deposits	124	242	223	△ 18
Notes receivable, accounts receivable from completed construction contracts, etc.	676	490	488	△ 1
Costs on uncompleted construction contracts	26	23	25	1
Non-current assets	369	362	361	0
Property, plant and equipment	286	281	282	1
Investment and other assets	73	71	69	△ 1
Total assets	1,382	1,231	1,183	△ 48
Current liabilities	680	500	457	△ 42
Notes payable, accounts payable for construction contracts, etc.	300	272	228	△ 43
Short-term borrowings	77	25	24	△ 1
Advances received on uncompleted construction contracts	127	75	63	△ 12
Non-Current liabilities	98	95	92	△ 3
Long-term borrowings	26	27	23	△ 3
Total liabilities	778	596	549	△ 46
Net assets	603	635	633	△ 1
Share capital	140	140	140	0
Retained earnings	371	402	400	△ 1
Total liabilities and net assets	1,382	1,231	1,183	△ 48

※ Amount less than 100 mil. yen is discarded.

I . Digest of Financial Results ⑨ / Progress of the mid-term plan

	Mid-term business plan					Cumulative amount from FY 2020 ~ 2nd quarter of FY 2022					
	Civil engineering	Architectural construction	Overseas construction	Real estate, etc.	Total	Civil engineering	Architectural construction	Overseas construction	Real estate, etc.	Total	Progress rate
Net sales	2,943	1,716	638	23	5,320	2,326	1,195	449	20	3,990	75%
Gross profit	367	148	58	13	586	356	99	32	12	499	85%
Operating Profit	167	97	28	8	300	191	56	8	8	263	88%

	Cumulative amount of the mid-term business plan	Cumulative amount up to 2Q of FY 2022	Progress rate
Ordinary profit	293	256	87%
Current net income *	192	168	88%
Total net assets	702	699	100%

◆ Good progress towards achieving the goal for consolidated operating profit (target: 30 bil. yen)

◆ Net assets: almost reaching the goal

Current net income*: current net income attributable to parent's shareholders

II . Earning forecast for FY 2023

II. Earning Forecast

(100mil.yen)	Mid-term business plan 2023/3 (consolidated)					2023/3 Forecast (consolidated)					Mid-term business plan 2023/3 (Non-consolidated)					2023/3 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	—	—	—	—	—	—	—	—	—	—	885	600	210	-	1,695	1,028	600	90	—	1,718
Net sales	986	584	192	8	1,770	911	662	240	7	1,820	900	580	120	5	1,605	840	650	131	4	1,625
Gross profit	141	56	22	5	226	132	48	19	4	203	124	54	13	2	193	119	46	8	1	175
Gross profit margin	14.3%	9.6%	11.5%	62.5%	12.7%	14.5%	7.3%	7.9%	57.1%	11.2%	13.8%	9.3%	10.8%	40.0%	12.0%	14.2%	7.2%	6.3%	42.5%	10.8%
General and administrative expenses	66	18	10	2	97	75	17	11	1	106	59	17	5	0	82	67	16	6	0	90
Operating profit	75	38	12	3	128	56	30	7	2	97	65	37	8	2	112	51	30	2	1	85
Operating Profit Ratio					7.2%					5.3%					7.0%					5.2%
Ordinary profit					126					96					112					85
Current net income					83					65					76					60
R O E					11.8%					9.2%					—					9.2%

※ Amount less than 100 mil. yen is discarded.

III. Achievement of each business domain

Selecting the submarine cable laying construction as a focus area

Construction of a cable-laying vessel

Currently in the process of designing

FY 2024 Planning to start construction (**plant investment: approx. 20 bil. yen**)

FY 2025 to be completed, FY 2027 to be introduced to a work

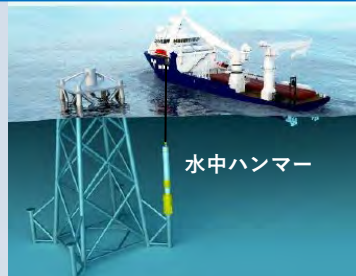
Constructing a largest class self-propelling cable-laying vessels ahead of rivals, and expanding the business volume by receiving orders for submarine cable laying works on a priority basis



Image of a completed cable-laying vessel

Nation's largest self-propelling cable-laying vessel (120m long and 27m wide)
Deck area of approx. 2,500m²
Crane: lifting capacity of 250t with the rolling alleviation function

Image of pile driving work in deep water



水中ハンマー

The largest class self-propelling cable-laying vessels is applicable to various ocean works (offshore pile driving, etc.), including submarine cable laying of bottom-mounted or floating type. Securing steady profit by commissioning it to various areas

Procurement of offshore work vessel

Collaboration with Mitsui O.S.K. Lines

February 2022: concluded a memorandum of discussion with Mitsui O.S.K. Lines regarding consideration of collaboration of work vessels for offshore wind power generation

Current status: under consideration for procurement, from various angles such as market research, feasibility, technical aspect, etc., regarding work vessels related to offshore wind power generation business

By synergy effect of both companies, significantly contributing to the value chain of the offshore wind power generation business



Image of scope of collaboration

①Install of bottom-mounted foundation (multiple buckets), ②Transportation of multiple buckets, ③Cable laying, ④Towing floating body, ⑤Setting anchor for mooring floating body, ⑥Assembly of windmill / Repair of windmill, ⑦Pile construction for mooring TLP floating body, ⑧O&M transport of men

Toyo Construction

Rich experience and extensive knowledge of marine construction

Mitsui O.S.K. Lines

Rich experience in constructing, holding, and operating vessels



Expanding business volume by seizing the opportunity to enter the offshore power generation business

Establishing technologies for lowering cost of bottom-mounted type foundation work

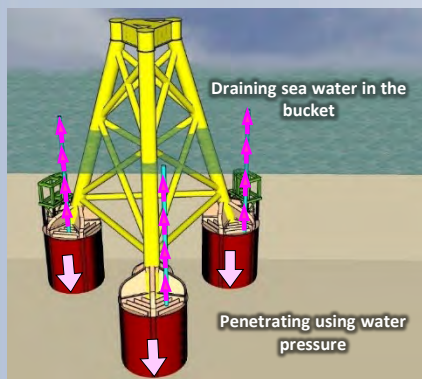
Suction bucket foundation

FY 2021: conducted a demonstration experiment of mono bucket in a real sea area → Established the workability of suction technology

FY 2022: conducted a demonstration experiment of multiple buckets

Around 2026: planning commercialization and practical application

Aiming for the top runner of bottom-mounted type foundation work by technology development including suction foundation



Structure of multiple-buckets penetration



Experiment of multi buckets in a real sea area

General features of suction foundation

- A work method suitable for the ground of Japan with thin sedimentary layer
- Expanding regions suitable for the offshore wind power
- No noise and vibration during the construction
- Advantageous to environment
- No need for a large work vessel or construction equipment
- Realizing lower cost
- Complete removal is possible
- Lowering business risks
- Multiple buckets foundation
- Drastic cost-cutting for large-sized windmills of 15MW or more

Promoting technology development of floating type

TLP floating mooring foundation technology

FY 2021: adopted for Green Innovation Fund program ※1

FY 2022: designing mooring foundation and implementing laboratory experiments; conducted a subsea ground survey in Ishikari Bay, Hokkaido pref. (August 2022)

Early FY 2030: planning commercialization and practical application

Developing floating mooring technology, for which expansion of introduction is deemed certain, and dominantly winning the business volume of floating mooring foundation works



Conceptual image of TLP floating body

- Occupying smaller space under the sea compared to other floating systems, and small impact on environment such as fishery
- It is expected to reduce failure risk of the wind turbine by the small dynamic response of floating body, which contributes to reduction of the LCC

※ The Company is engaged in the “Project to Develop Cost-Reducing Technology for TLP Floating Offshore Wind Turbines” of the Green Innovation Fund Program (NEDO Project), in collaboration with MODEC, Inc., Furukawa Electric Industry Co., Ltd., and JERA Co., Ltd.

Research inside the bay
Handled by the
Company



Subsea ground survey in Ishikari Bay

Offshore research
Handled by
JERA



Photo courtesy of JERA Co., Ltd.

Strengthening of solution sales capabilities

Demonstrating solution sales capabilities in focus areas and ReReC® area

Large work in focus areas

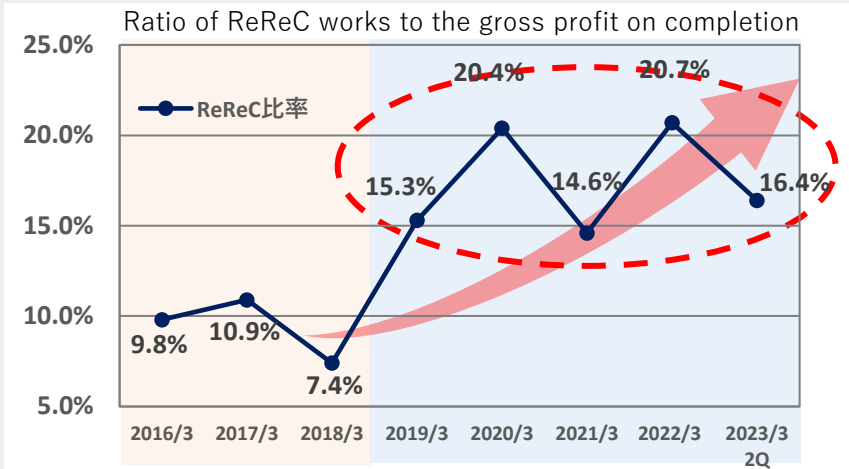
- ◇ Receiving order of large food factory in the area of production facilities, an area of our specialty



Name of work: Chiba Honda PJ of Peace Deli
Owner: Peace Deli Co., Ltd.
Construction period: Sep. 2022 ~ Jan. 2024
Structure: steel structure 2F
Total floor space: 22,000m²

Structured approach to ReReC® works

- ◇ Expanding order receipt of ReReC® works and increasing contribution rate to profits



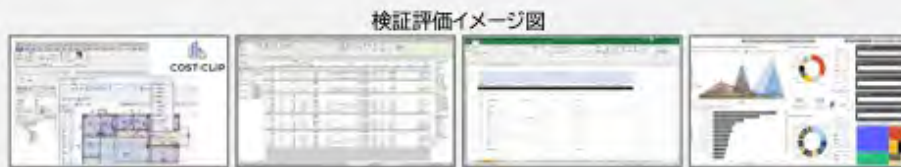
< Works in progress >

- Work of chemical product production facility for BCP (Chiba pref.)
- Improvement work of research facility (Kanagawa pref.)
- Improvement work of cosmetics production facility (Osaka pref.)
- Improvement work of freezing-refrigerating warehouse (Nagasaki pref.)

Accelerating efforts to improve the productivity by BIM data coordination

Adopted for three consecutive years as a BIM model project conducted by MLIT

Speeding up of cost calc. by the design est. method
Valuation & verification concerning AI cost estimation



Aiming to identify and examine the following two points by using multiple project models

- (1) Calculation of estimation cost by the design BIM model
- (2) Recognition of future cost fluctuation risk including price increase

Valuation & verification
concerning the remote supervision method of works
by utilizing BIM model × autonomous drone*



Verifying effectiveness of the following two points by using BIM model and autonomous drone

- (1) Possibility of operation of autonomous drone based on BIM data
- (2) Possibility and problem recognition of remote work supervision

Expanding efficiency enhancement by BIM data coordination to cost calculation and site progress management

Community-based business development (Ensuring stable profits with strong business foundation in multiple hub countries)

Business strategies

- **ODA + expansion of private sector**
- **Increasing order receipt by enhancing technical capabilities and sales structure**

Strategies to ensure profits

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



Establishment of work organization
Activities in proportion to business size / Reinforcement of relationship with promotion partner of diversity



Enhancement of on-site capabilities
(young staff / local staff)

Capability to deal with problems

Negotiation skills

Management skills

Securing stable profit

Obtaining private civil engineering works by strengthening the ability to make proposals

Private sector

Securing of stable business scale

Becoming one primary source of revenue, and establishing a position as a **company** continuously growing and evolving with development of hub countries

Disaster-prevention & environment project (flood, water and sewage)

Basic infrastructure project (port, bridge)

ODA

Achievement in hub countries ① The key base: Philippines / ODA

Status of works in progress

Pasig-Marikina River Channel Improvement Phase IV CP2&3

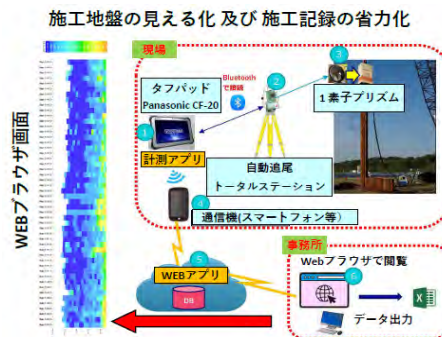
- ◆ Owner: Department of Public Works and Highways, Philippines
- ◆ Contract amount: CP2 approx.17.2 bil. yen, CP3 our share approx.9.7 bil. yen
- ◆ Contract construction period: October 2021 ~ October 2025
- ◆ Revetment & river improvement work to mitigate flood damage and improve environment along the river

Strengthening on-site capabilities of young staff and local staff, through this work

Proactive utilization of IoT and ICT Training construction skills



Education for young staff and local staff



Future-focused works

Pasig-Marikina River Channel Improvement Phase IV CP1 (STEP)

- ◆ Total scale exceeding 14 bil. yen
- ◆ To be tendered in FY 2023



Phase III constructed by the Company: completed



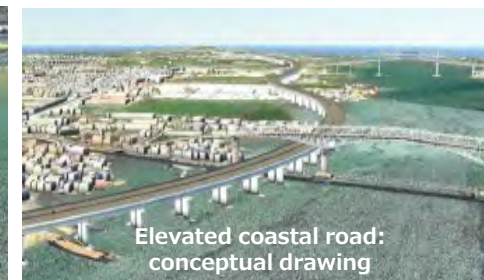
Phase III constructed by the Company: completed

Cebu-Mactan Bridge and Coastal Road Construction Project (STEP)

- ◆ Provision of yen loan in FY 2020 (total amount: approx. 120 bil. yen)
- ◆ Construction of the 4th Mactan bridge linking Cebu and Mactan island and the elevated coastal road connecting to the bridge
- ◆ To be tendered in FY 2023



4th Mactan Bridge: conceptual drawing



Elevated coastal road: conceptual drawing

Achievement in hub countries ② The key base: Philippines / private business (CCT: overseas subsidiary)

- Foundation 1976
- Employees Japanese staff: 17, Local staff: 254
- Construction results: 292 Accumulated total floor space: approx. 1,822,895m²
- Customers: 144 (as of Sep. 2022)
- Sales 187% on YoY (FY 2022 - estimated)

Half-century of history and achievements as one of the best Japanese contractors



Establishing two pillars of architecture and civil engineering for securing stable profits as a community based company

Private architectural business

Continued strengthening of relationships with Japanese customers
Enhancement of efforts obtain large works
New business development with non-Japanese companies

Private civil engineering

Obtaining new customers by strengthening the ability to make proposals
Strengthening the integration with Toyo Construction (generating synergistic effects)

Regional strategies

Expanding from around Manila to other metropolitan area (Cagayan de Oro/Cebu/Dabao)
Reinforcement of relationship with local construction companies

Achievement in hub countries Important hub Kenya / ODA

Completed works

Development construction of container terminal of Mombasa Port

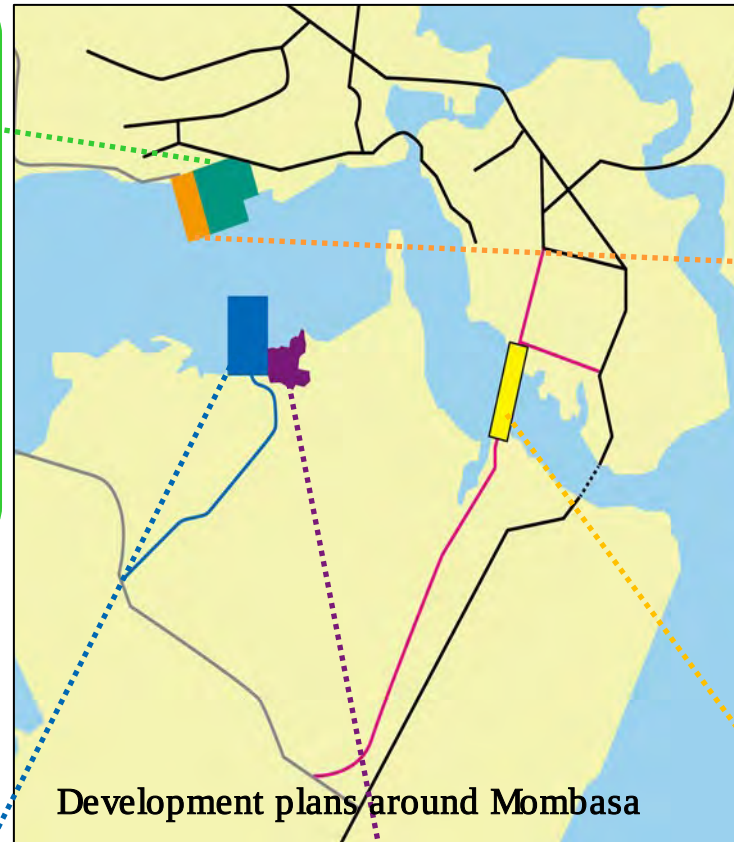
Phase 1: completed in February 2016,
Phase 2: completed in May 2022



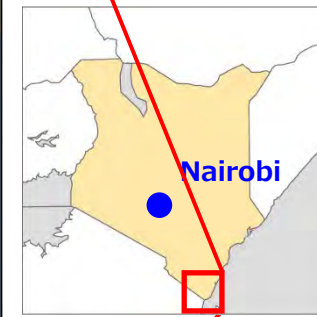
Future-focused works (yen loan, port)

Development construction of container terminal of Mombasa Port – Phase 3 (STEP)

Container terminal work: scale of approx. 18 bil. yen
To be tendered in FY 2025



Development plans around Mombasa



Future-focused works (yen loan, port)

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

Amount of yen loan: 37.1 bil. yen / Quay on jacket structure, etc.
Tendered in November 2022



Jacket construction method
Construction achievements of the Company
(Myanmar)

Future-focused works (Grant aid, SEZ)

Mombasa Special Economic Zone (SEZ) industrial park development project

Amount of grand aid: 6 bil. yen, / Development of SEZ
To be tendered in FY 2023

Future-focused works (yen loan, bridge)

Mombasa Gate Bridge construction project (STEP)

Amount of yen loan: 47.8 bil. yen / cable stayed bridge, elevated road, etc. To be tendered in FY 2023



conceptual drawing
(cable stayed bridge)



steel pipe sheet piles pier foundation
Construction achievements of the Company

IV. Reference materials

IV. Major group companies Trend of business results

	TOMAC CORPORATION			TACHIBANA CORPORATION			Kusakabe Maritime Engineering Co.,Ltd.			CCT CONSTRUCTORS CORPORATION *		
(100mil.yen)	2021/3 2Q	2022/3 2Q	2023/3 2Q	2021/3 2Q	2022/3 2Q	2023/3 2Q	2021/3 2Q	2022/3 2Q	2023/3 2Q	2021/3 2Q	2022/3 2Q	2023/3 2Q
Net sales	30.8	18.4	24.4	23.2	34.8	15.9	11.6	11.1	11.5	36.0	25.6	51.7
Gross profit	3.4	1.7	3.5	3.9	5.2	1.3	1.9	1.5	1.7	3.0	2.4	5.8
Selling, general and administrative expenses	1.4	1.5	1.6	1.3	1.4	1.3	0.7	0.8	1.0	1.9	1.7	2.3
Operating profit	1.9	0.2	1.8	2.5	3.8	△ 0.0	1.1	0.6	0.7	1.1	0.7	3.4
Ordinary profit	2.1	0.2	1.8	2.5	3.8	0.7	1.1	0.6	0.7	0.9	0.5	3.8
Profit	1.3	0.1	1.2	1.7	2.4	0.5	1.0	0.5	0.5	0.6	0.6	2.9

* CCT's fiscal term ends in December.

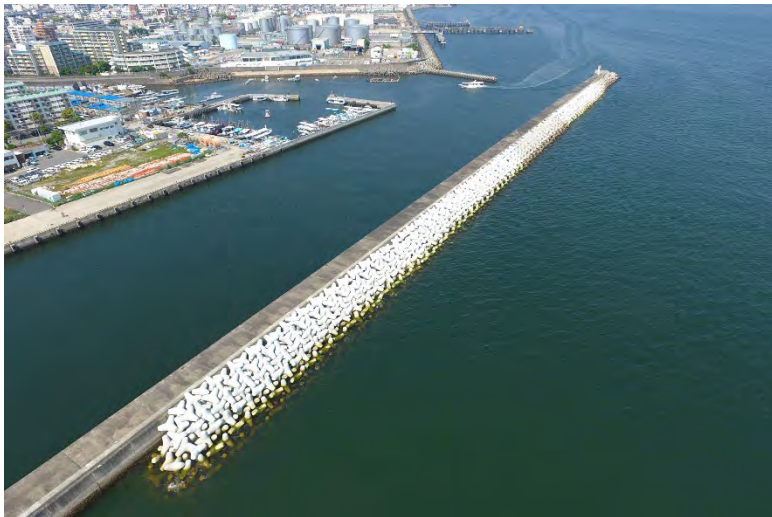
※ amount less than 10 mil. yen is discarded



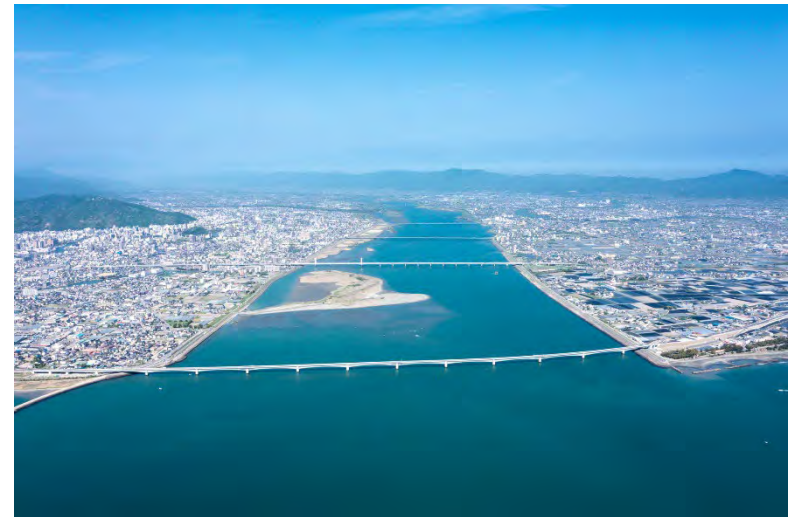
Development construction of container terminal of Mombasa Port (2nd term) (Republic of Kenya)



Embankment (breakwater) construction work on east side of Shin-Honmoku region of Yokohama port (Kanagawa pref.)



Port of Kobe, East area, improvement works of harbor facilities (No. 2) (Hyogo pref.)



Shikoku transversal expressway - Yoshino river bridge work (Tokushima pref.)



(Working title) New construction of Fukushima high pressure gas distribution center of Koatsu Gas Kogyo Co., Ltd.



New construction work at Tokumaru 4-chome (Tokyo Metropolis)



(Working title) Construction work of new Nagoya branch office of Toll Express Japan (Aichi pref.)



3rd term expansion and retrofitting work of Hotel Kawaroku (Kagawa pref.) 27

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