

Financial Results for 2Q of FY3/22 & Forecasts for FY3/22

Nov. 2021



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【Disclaimer】

This documents contains forward-looking statements. These statements are not guaranteed of future performance and involve risks and uncertainties and actual results may materially differ from those contains in the forward-looking statements as a result of various factors.

■ Orders Received for 2Q of FY3/22 (Non-Consolidated)

(JPY bn)

		FY3/21 2Q	FY3/22 2Q	Change fm FY3/21 2Q	YoY	FY3/21	FY3/22 (Forecast)	Achievement ratio
Domestic Civil Engineering	Public Sector	63.1	43.3	-19.9	-31.5%	125.8	150.0	28.8%
	Private Sector	18.9	36.2	17.3	91.5%	59.9	50.0	72.4%
	Total	82.0	79.5	-2.6	-3.1%	185.7	200.0	39.7%
Domestic Building Construction	Public Sector	23.3	6.9	-16.4	-70.4%	37.3	10.0	68.9%
	Private Sector	50.4	68.5	18.1	35.8%	140.9	170.0	40.3%
	Total	73.7	75.4	1.7	2.3%	178.2	180.0	41.9%
Overseas	Civil Engineering	1.3	5.6	4.3	329.7%	7.7	90.0	6.2%
	Building Construction	24.8	4.6	-20.2	-81.4%	133.4	60.0	7.7%
	Total	26.1	10.2	-15.9	-61.0%	141.1	150.0	6.8%
	Civil Engineering	83.3	85.1	1.7	2.1%	193.3	290.0	29.3%
	Building Construction	98.5	80.0	-18.5	-18.8%	311.6	240.0	33.3%
	Construction Total	181.9	165.1	-16.8	-9.2%	505.0	530.0	31.1%
Others		0.2	1.0	0.8	532.8%	0.3	1.0	98.3%
Total		182.0	166.0	-16.0	-8.8%	505.3	531.0	31.3%

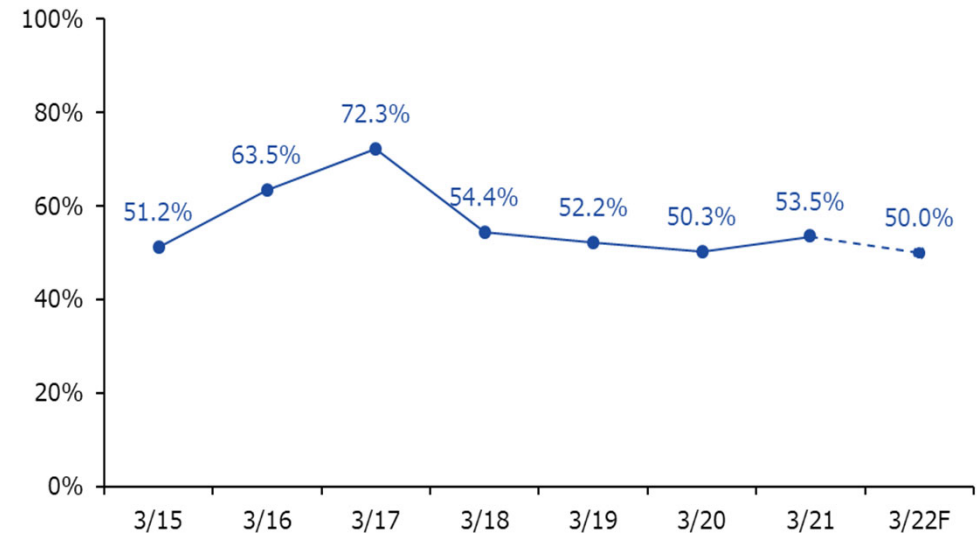
■ Proportion of Orders Received Results (Non-Consolidated)

● Domestic Civil Engineering

(JPY bn)

		FY3/19	FY3/20	FY3/21	FY3/22		
		Result	Result	Result	FY3/22 (Forecast)	FY3/22 2Q	Achievement ratio
Proportion of Public & Private	Public Sector	134.0	126.7	125.8	150.0	43.3	28.8%
	Private Sector	28.4	66.1	59.9	50.0	36.2	72.4%
	Total	162.4	192.8	185.7	200.0	79.5	39.7%
	Proportion of Private Sector	17.5%	34.3%	32.3%	25.0%	45.6%	—
Proportion of Marine & Land	Marine Civil Engineering	84.7	97.0	99.3	100.0	47.0	47.0%
	Land Civil Engineering	77.6	95.7	86.3	100.0	32.5	32.5%
	Total	162.4	192.8	185.7	200.0	79.5	39.7%
	Proportion of Marine Civil	52.2%	50.3%	53.5%	50.0%	59.1%	—

Marine Civil Portion

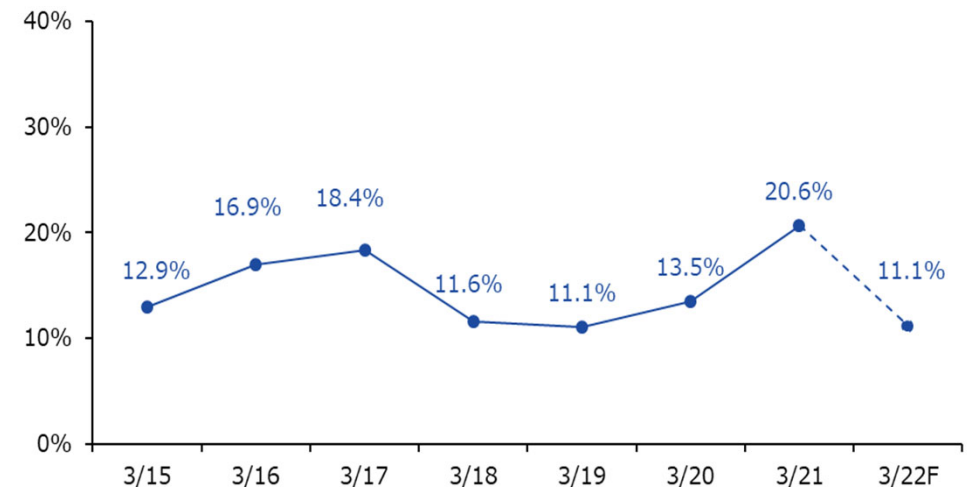


● Domestic Building Construction

(JPY bn)

		FY3/19	FY3/20	FY3/21	FY3/22		
		Result	Result	Result	FY3/22 (Forecast)	FY3/22 2Q	Achievement ratio
Proportion of Public & Private	Public Sector	14.8	24.5	37.3	10.0	6.9	68.9%
	Private Sector	159.1	140.6	140.9	170.0	68.5	40.3%
	Total	173.9	165.1	178.2	180.0	75.4	41.9%
	Proportion of Private Sector	91.5%	85.2%	79.1%	94.4%	90.9%	—
Proportion of Residential & Non-Residential	Residential	19.3	22.3	36.8	20.0	13.2	66.1%
	Non-Residential	154.6	142.8	141.4	160.0	62.2	38.9%
	Total	173.9	165.1	178.2	180.0	75.4	41.9%
	Proportion of Residential	11.1%	13.5%	20.6%	11.1%	17.5%	—

Residential Portion



■ Business Results for 2Q of FY3/22

Secured a certain level of profit despite a decrease in both sales and profit

■ Non-consolidated

● **Net Sales: JPY196.3 bn (down JPY18.8 bn YoY)**

➢ Domestic Civil Engineering Business Unit: Decreased due to completion of delivery for Tokyo 2020 Olympic and Paralympic related projects in the previous term

➢ Domestic Building Construction Business Unit: Decreased slightly despite a significant increase in the orders received in the previous term, because certain projects will not be booked as sales until the construction start in the second half of FY

➢ Overseas Business Unit: Decreased slightly due to drop in the ODA-relates projects, which offset the sales increase in projects in Singapore

● **Gross Profit: JPY20.4 bn (down JPY 1.6 bn YoY)**

➢ Domestic Civil Engineering Business Unit: Decreased only slightly helped by the improved profit margins despite a drop in sales

➢ Domestic Building Construction Business Unit: Decreased due to completion of loss-making projects

➢ Overseas Business Unit: Secured a certain level of profit amount and profit margin despite a drop in sales and profit

● **SG&A: JPY9.8 bn (up JPY1.2 bn YoY)**

● **Operating Profit: JPY10.7 bn (down JPY2.8 bn YoY)**

● **Ordinary Income: JPY10.5 bn (down JPY 3.1 bn YoY)**

● **Net Income: JPY7.6 bn (down JPY 1.8 bn YoY)**

■ Consolidated

● **Net Sales: JPY210.1 bn (down JPY17.2 bn YoY)**

● **Total Gross Profit: JPY22.6 bn (down JPY1.8 bn YoY)**

● **Operating Profit: JPY11.8 bn (down JPY3.1 bn YoY)**

● **Ordinary Income: JPY11.7 bn (down JPY3.4 bn YoY)**

● **Net Income: JPY8.4 bn (down JPY2.1 bn YoY)**

(JPY bn)

	Non-Consolidated						Consolidated					
	FY3/21 2Q		FY3/22 2Q		Change from FY3/21 2Q		FY3/21 2Q		FY3/22 2Q		Change from FY3/21 2Q	
Domestic Civil	89.6		76.2		-13.4		95.0		84.0		-11.0	
Domestic Building	68.6		65.2		-3.4		69.9		65.7		-4.3	
Overseas	56.8		54.0		-2.8		58.7		55.9		-2.7	
Construction Total	215.0		195.4		-19.6		223.6		205.6		-18.0	
Others	0.2		1.0		0.8		3.8		4.5		0.8	
Net Sales	215.1		196.3		-18.8		227.4		210.1		-17.2	
Domestic Civil	14.0	15.7%	13.4	17.6%	-0.6	2.0p	14.8	15.6%	14.6	17.4%	-0.3	1.7p
Domestic Building	4.8	7.1%	3.9	6.0%	-0.9	-1.1p	5.1	7.2%	3.9	6.0%	-1.1	-1.3p
Overseas	3.1	5.5%	2.8	5.2%	-0.3	-0.2p	3.6	6.1%	3.3	5.9%	-0.3	-0.2p
Gross Profit on Construction	22.0	10.2%	20.2	10.3%	-1.8	0.1p	23.5	10.5%	21.8	10.6%	-1.7	0.1p
Others	0.1	47.2%	0.3	29.0%	0.2	-18.2p	0.9	24.0%	0.8	17.2%	-0.1	-6.8p
Total Gross Profit	22.0	10.2%	20.4	10.4%	-1.6	0.2p	24.4	10.7%	22.6	10.8%	-1.8	0.0p
SG & A	8.5	4.0%	9.8	5.0%	1.2	1.0p	9.4	4.1%	10.8	5.1%	1.4	1.0p
Domestic Civil	9.3	10.4%	8.2	10.7%	-1.2	0.3p	9.9	10.4%	9.0	10.7%	-0.9	0.3p
Domestic Building	1.7	2.5%	0.3	0.5%	-1.4	-2.0p	1.9	2.7%	0.3	0.4%	-1.6	-2.2p
Overseas	2.4	4.2%	1.9	3.5%	-0.5	-0.7p	2.6	4.4%	2.0	3.6%	-0.6	-0.8p
Others	0.1	37.9%	0.3	27.1%	0.2	-10.7p	0.6	15.9%	0.5	10.4%	-0.1	-5.5p
Operating Profit	13.5	6.3%	10.7	5.4%	-2.8	-0.8p	15.0	6.6%	11.8	5.6%	-3.1	-1.0p
Non-Operating Income or Expenses	0.2		-0.2		-0.3		0.1		-0.2		-0.3	
Ordinary Income	13.6	6.3%	10.5	5.3%	-3.1	-1.0p	15.1	6.6%	11.7	5.5%	-3.4	-1.1p
Extraordinary Income or Expenses	-0.4		0.3		0.7		-0.3		0.3		0.7	
Income before Taxes	13.3	6.2%	10.8	5.5%	-2.5	-0.7p	14.7	6.5%	12.0	5.7%	-2.8	-0.8p
Net Income	9.5	4.4%	7.6	3.9%	-1.8	-0.5p	10.5	4.6%	8.4	4.0%	-2.1	-0.6p

	FY3/21		FY3/22 2Q		Changes from FY3/21		FY3/21		FY3/22 2Q		Changes from FY3/21	
Total Assets	446.5		432.7		-13.9		452.2		440.3		-11.9	
Net Assets	140.0	31.4%	140.0	32.4%	-0.0	1.0p	158.4	35.0%	159.2	36.1%	0.8	1.1p
Interest-bearing Debt	77.0	17.2%	87.8	20.3%	10.8	3.0p	82.2	18.2%	93.0	21.1%	10.8	2.9p
Cash and Deposits	55.6		48.6		-7.0		59.8		56.2		-3.6	
Net Debt	21.4	4.8%	39.2	9.1%	17.8	4.3p	22.4	5.0%	36.8	8.4%	14.4	3.4p

Business Forecasts for FY3/22

(JPY bn)

	Non-Consolidated									
	2Q					Entire term				
	FY3/21 2Q		FY3/22 2Q		Change fm FY3/21 2Q		FY3/21		FY3/22 Forecast	
Domestic Civil	89.6		76.2		-13.4		185.5		185.0	
Domestic Building	68.6		65.2		-3.4		142.1		150.0	
Overseas	56.8		54.0		-2.8		117.2		120.0	
Construction Total	215.0		195.4		-19.6		444.8		455.0	
Others	0.2		1.0		0.8		0.3		1.0	
Net Sales	215.1		196.3		-18.8		445.1		456.0	
Domestic Civil	14.0	15.7%	13.4	17.6%	-0.6	2.0p	30.5	16.5%	28.5	15.4%
Domestic Building	4.8	7.1%	3.9	6.0%	-0.9	-1.1p	10.2	7.2%	11.0	7.3%
Overseas	3.1	5.5%	2.8	5.2%	-0.3	-0.2p	3.9	3.3%	4.8	4.0%
Gross Profit on Construction	22.0	10.2%	20.2	10.3%	-1.8	0.1p	44.6	10.0%	44.3	9.7%
Others	0.1	47.2%	0.3	29.0%	0.2	-18.2p	0.1	37.4%	0.5	50.0%
Total Gross Profit	22.0	10.2%	20.4	10.4%	-1.6	0.2p	44.8	10.1%	44.8	9.8%
SG & A	8.5	4.0%	9.8	5.0%	1.2	1.0p	17.8	4.0%	18.8	4.1%
Domestic Civil	9.3	10.4%	8.2	10.7%	-1.2	0.3p	20.8	11.2%	18.0	9.7%
Domestic Building	1.7	2.5%	0.3	0.5%	-1.4	-2.0p	3.8	2.7%	4.5	3.0%
Overseas	2.4	4.2%	1.9	3.5%	-0.5	-0.7p	2.3	2.0%	3.0	2.5%
Others	0.1	37.9%	0.3	27.1%	0.2	-10.7p	0.1	28.5%	0.5	50.0%
Operating Profit	13.5	6.3%	10.7	5.4%	-2.8	-0.8p	27.0	6.1%	26.0	5.7%
Non-Operating Income or Expenses	0.2		-0.2		-0.3		0.3		-0.5	
Ordinary Income	13.6	6.3%	10.5	5.3%	-3.1	-1.0p	27.3	6.1%	25.5	5.6%
Extraordinary Income or Expenses	-0.4		0.3		0.7		-0.4		0.0	
Income before Taxes	13.3	6.2%	10.8	5.5%	-2.5	-0.7p	26.9	6.0%	25.5	5.6%
Net Income	9.5	4.4%	7.6	3.9%	-1.8	-0.5p	18.7	4.2%	18.0	3.9%

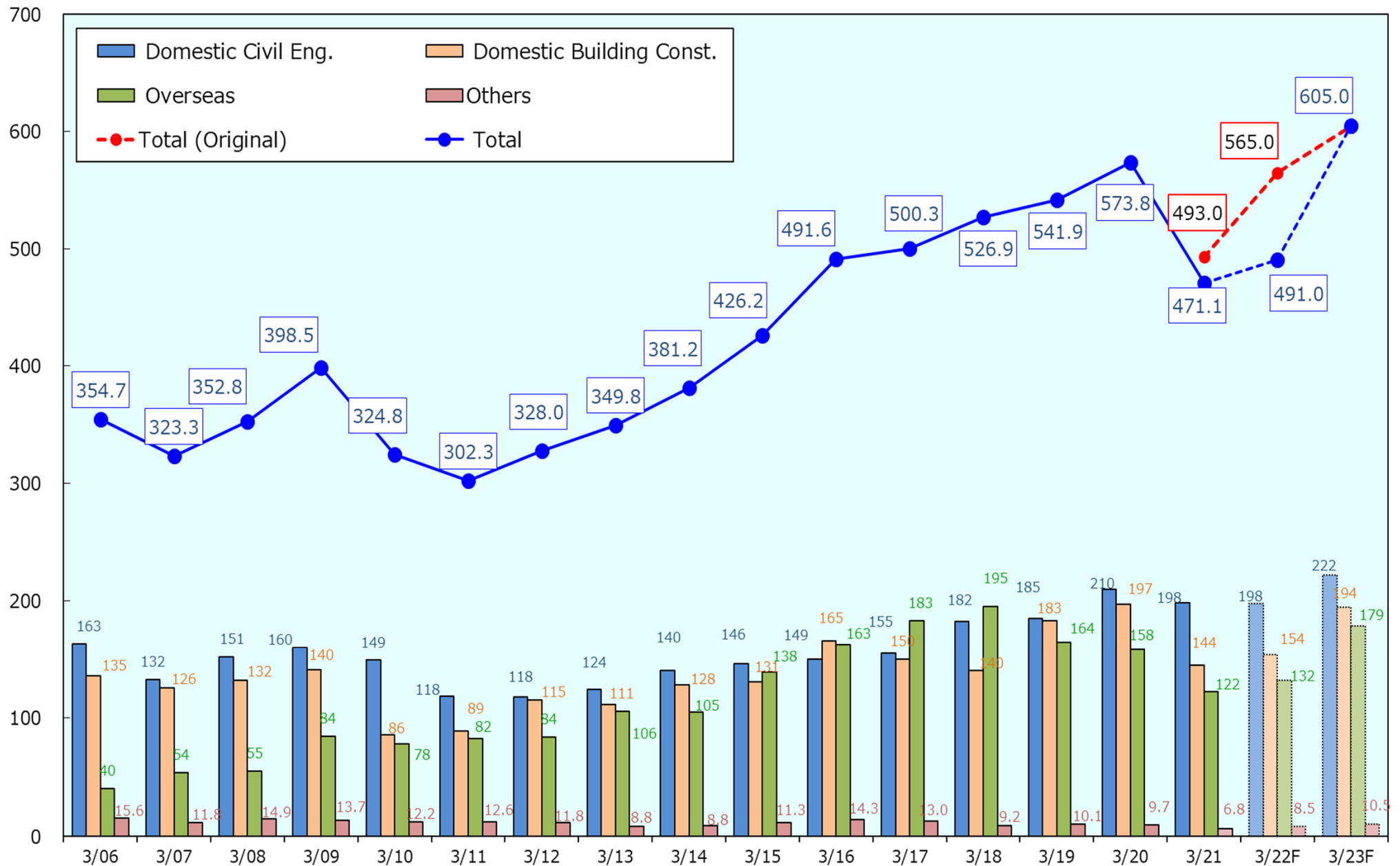
	FY3/21		FY3/22 2Q		Change fm FY3/21		FY3/21		FY3/22 Forecast	
Total Assets	446.5		432.7		-13.9		446.5		440.0	
Net Assets	140.0	31.4%	140.0	32.4%	-0.0	1.0p	140.0	31.4%	149.6	34.0%
Interest-bearing Debt	77.0	17.2%	87.8	20.3%	10.8	3.0p	77.0	17.2%	77.0	17.5%
Cash and Deposits	55.6		48.6		-7.0		55.6		48.0	
Net Debt	21.4	4.8%	39.2	9.1%	17.8	4.3p	21.4	4.8%	29.0	6.6%

Consolidated									
2Q					Entire term				
FY3/21 2Q		FY3/22 2Q		Change fm FY3/21 2Q		FY3/21		FY3/22 Forecast	
95.0		84.0		-11.0		197.9		197.5	
69.9		65.7		-4.3		144.4		153.5	
58.7		55.9		-2.7		121.9		131.5	
223.6		205.6		-18.0		464.2		482.5	
3.8		4.5		0.8		6.8		8.5	
227.4		210.1		-17.2		471.1		491.0	
14.8	15.6%	14.6	17.4%	-0.3	1.7p	32.7	16.5%	30.2	15.3%
5.1	7.2%	3.9	6.0%	-1.1	-1.3p	10.6	7.4%	11.5	7.5%
3.6	6.1%	3.3	5.9%	-0.3	-0.2p	5.1	4.1%	6.0	4.6%
23.5	10.5%	21.8	10.6%	-1.7	0.1p	48.4	10.4%	47.7	9.9%
0.9	24.0%	0.8	17.2%	-0.1	-6.8p	1.7	24.3%	2.1	24.7%
24.4	10.7%	22.6	10.8%	-1.8	0.0p	50.0	10.6%	49.8	10.1%
9.4	4.1%	10.8	5.1%	1.4	1.0p	19.6	4.2%	20.8	4.2%
9.9	10.4%	9.0	10.7%	-0.9	0.3p	22.5	11.4%	19.0	9.6%
1.9	2.7%	0.3	0.4%	-1.6	-2.2p	4.0	2.8%	4.8	3.1%
2.6	4.4%	2.0	3.6%	-0.6	-0.8p	2.9	2.3%	3.7	2.8%
0.6	15.9%	0.5	10.4%	-0.1	-5.5p	1.1	15.5%	1.5	17.6%
15.0	6.6%	11.8	5.6%	-3.1	-1.0p	30.5	6.5%	29.0	5.9%
0.1		-0.2		-0.3		0.1		-0.5	
15.1	6.6%	11.7	5.5%	-3.4	-1.1p	30.5	6.5%	28.5	5.8%
-0.3		0.3		0.7		-0.4		0.0	
14.7	6.5%	12.0	5.7%	-2.8	-0.8p	30.2	6.4%	28.5	5.8%
10.5	4.6%	8.4	4.0%	-2.1	-0.6p	21.0	4.5%	20.0	4.1%

FY3/21		FY3/22 2Q		Change fm FY3/21		FY3/21		FY3/22 Forecast	
452.2		440.3		-11.9		452.2		460.0	
158.4	35.0%	159.2	36.1%	0.8	1.1p	158.4	35.0%	170.4	37.0%
82.2	18.2%	93.0	21.1%	10.8	2.9p	82.2	18.2%	83.0	18.0%
59.8		56.2		-3.6		59.8		52.0	
22.4	5.0%	36.8	8.4%	14.4	3.4p	22.4	5.0%	31.0	6.7%

Trends of Sales by Business Unit (consolidated)

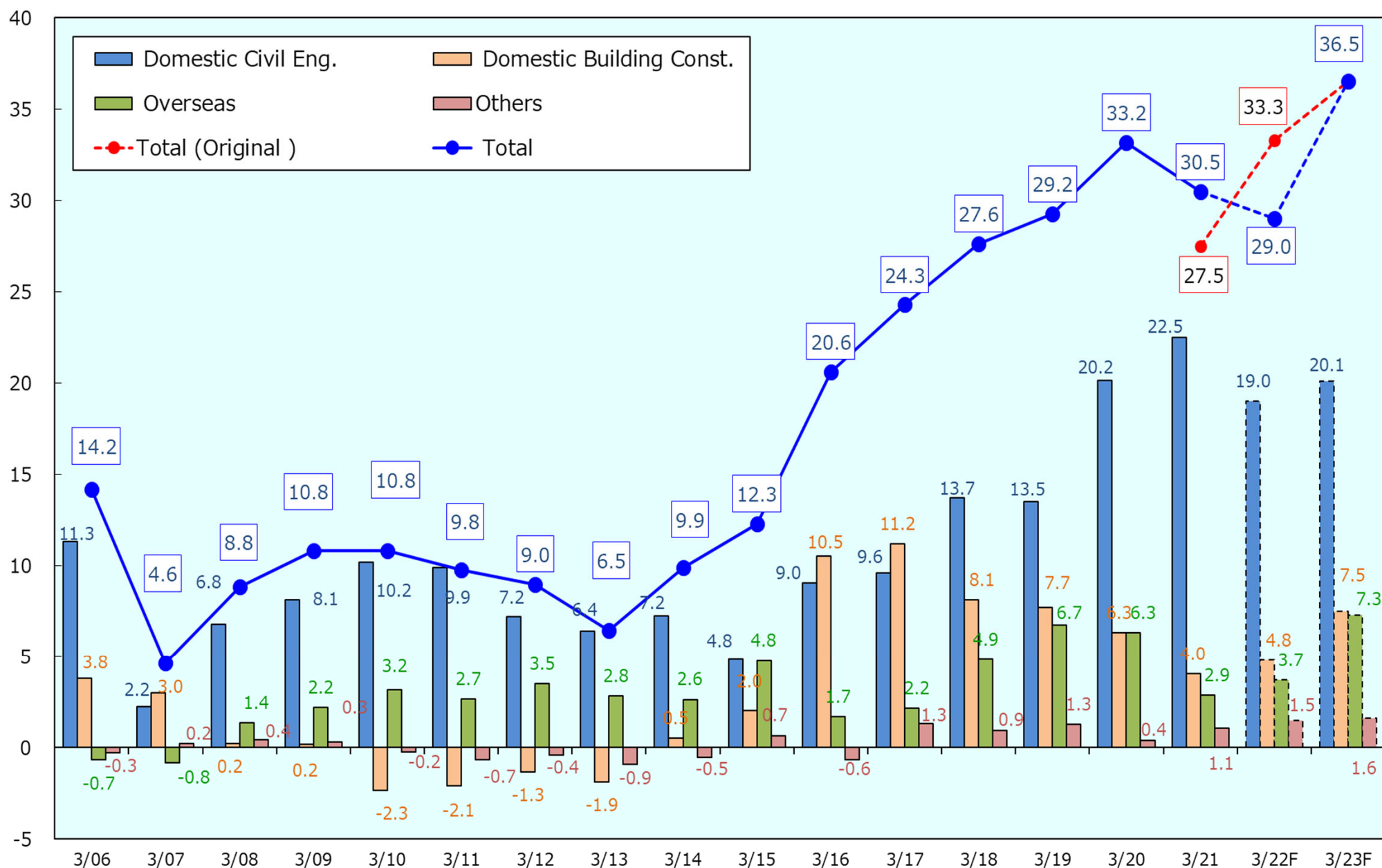
(JPY bn)



Note: The above chart has not been updated since May 2021

■ Trends of Operating Profit by Business Unit (consolidated)

(JPY bn)



Note: The above chart has not been updated since May 2021

Financial Planning and Capital Policies

Financial Plan

Capital budgeting for strategic investments

<Strategic investments>

- Capital alliance with Koh Brothers Eco Engineering (listed on SGX Catalist) in June 2021 (Approx. JPY 3.2 bn., shareholding ratio 28.8%)
- Establishment of Japan Offshore Marine (JOM), a joint venture company with DEME Offshore in October 2021 ⇒ JOM to own our third Self-Elevating Platform in Spring 2025
- Reconstruction of the Muroran factory (conversion of the entire factory into a Zero Energy Building) ⇒ (Scheduled to complete in the end of September 2022)

<Funding plans>

- FY 3/22: Issuance of JPY 10 bn. of straight bonds (September 2021) (FY 3/21: Issuance of JPY 10 bn. of straight bonds, JPY 10 bn. of green bonds, totaling JPY 30 bn. during the current term of Mid-term Management Plan)
- FY 3/23 onwards: Plans for various funding methods depending on the intended use of funds

Dividends

Basic profit distribution policy

- Aiming at enhancement of capital adequacy and capital investment while providing steady and appropriate shareholder returns
- Target of payout ratio (consolidated) → **30% or higher from FY3/21**
FY 3/21: Ordinary dividend: **JPY23** (Payout ratio: 31.3%)
Plus **JPY5 commemorative dividend for the company's 125th anniversary of the founding** ⇒ **JPY28** (Payout ratio 38.1%)
FY 3/22: Ordinary dividend JPY 23 (Payout ratio 32.9%) (Forecast)

Balance of interest-bearing debt

(JPY bn)

	Entire Term			2Q	
	3/20	3/21	3/22F	3/21 2Q	3/22 2Q
Consolidated					
Cash flow from operations	4.4	30.7	12.5	21.8	-2.1
Cash flow from investment	-9.1	-12.8	-14.5	-6.9	-4.3
Cash flow from financing	13.5	-3.1	-6.0	-7.9	2.6
Balance of cash and deposit	43.6	59.8	52.0	50.4	56.2
Balance of debt with interest	77.5	82.2	83.0	76.8	93.0
(Change from the previous year)	18.0	4.7	0.8	-0.8	10.8
Non-Consolidated					
Balance of cash and deposit	40.5	55.6	48.0	43.9	48.6
Balance of debt with interest	74.7	77.0	77.0	72.7	87.8
(Change from the previous year)	16.9	2.3	0.0	-2.0	10.8

Dividend per share, Dividends payout ratio, Equity ratio on a consolidated basis

	3/19	3/20	3/21	3/21※	3/22F
Dividend per share (Yen)	19.0	24.0	23.0	28.0	23.0
Dividend payout ratio (%)	28.7	29.4	31.3	38.1	32.9
Equity ratio (%)	33.0	32.9	35.0		37.0

※Including commemorative dividend

■ Shareholder Composition

- Issued common stock: 286,013,910, including 210,873 of the treasury stocks
- Number of shareholders: 41,097 (up 4,512 over the previous term)
- Shareholder composition: Domestic institutional investors, etc 33.5% (down 0.1p), Foreign institutional investors, etc 32.3% (down 1.6p), Individual owners 18.8% (up 1.0p), Financial institutions 12.8% (up 0.7p), Other domestic corporations 2.5% (down 0.0p) → Institutional investors in and out of Japan 65.8% (down 1.7p)

Top 10 shareholders

As of 30 Sep. 2021

Name of shareholders	Shares held (in thousands)	Voting right ratio(%)
The Master Trust Bank of Japan, Ltd. (Trust account)	46,356	16.2
Custody Bank of Japan, Ltd. (Trust account)	30,627	10.7
STATE STREET BANK AND TRUST COMPANY 505001	7,990	2.8
Mizuho Bank, Ltd.	7,059	2.5
Meiji Yasuda Life Insurance Company	6,656	2.3
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,763	1.7
STATE STREET LONDON CAREOF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	4,670	1.6
Sompo Japan Insurance Inc.	4,280	1.5
Government of Norway	4,143	1.4
Penta-Ocean Construction Partner Shareholding Association	4,108	1.4
Total held by top 10 shareholders	120,656	42.2

