

Financial Results of FY3/23 & Forecasts for FY3/24

May 2023



Contents

■ Orders Received of FY3/23 & Forecasts for FY3/24	1
■ Business Results of FY3/23	2
■ Business Forecasts for FY3/24	3
■ Trends of Sales and Operating Profit by Business Unit (consolidated)	4
■ Financial Planning and Dividends	5
■ Shareholder Composition	6



Mr. PENTA

【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(Non-consolidated) of FY3/23 & Forecasts for FY3/24

■ Orders Received for FY3/23

Total orders in construction: JPY 668.7 bn

(the second largest orders following FY 3/2015)

Total domestic orders: JPY 532.3 bn

(the second largest orders following FY 3/1992)

● Domestic Civil Engineering Business Unit:

JPY310.6 bn (up JPY145.1 bn YoY)

➢ Marine: JPY237.4bn (up JPY 143.2 bn YoY)

Increased significantly thanks to orders for largest-scale domestic port project and offshore wind power construction project

➢ Land: JPY73.2 bn (up JPY1.9 bn YoY)

Increased slightly thanks to larger orders in public sector despite a decrease in private sector

● Domestic Building Construction Business Unit:

JPY221.7 bn (up JPY61.6 bn YoY)

➢ Residential: JPY73.7 bn (up JPY58.2 bn YoY)

Increased significantly thanks to order for a largest-scale domestic urban redevelopment project

➢ Non-Residential: JPY148.0 bn (up JPY 3.5 bn YoY)

Increased significantly in public sector thanks to orders for multiple waste treatment facilities etc. Offsetting a decline in private sector

● Overseas Business Unit:

JPY 136.4 bn (up JPY88.4 bn YoY)

➢ Civil Engineering: JPY30.6 bn (down JPY17.0 bn YoY)

Received order for a large-scale port project in Indonesia

➢ Building Construction: JPY 105.8 bn (up JPY105.5 bn YoY) Increased significantly thanks to order for a large-scale hospital construction project in Singapore

■ Order Forecasts for FY3/24

- We expect to see robust demand despite a reactionary drop reflecting large-scale orders received in the previous term

➢ Domestic Civil Engineering Business Unit: JPY220.0 bn (down JPY 90.6 bn YoY)

Robust demand for public works projects including national resilience enhancement and national self-defense force related projects

➢ Domestic Building Construction Business Unit: JPY220.0 bn (down JPY 1.7 bn YoY)

Striving to receive orders in the focused areas (logistics facilities etc.) and for large-scale projects

➢ Overseas Business Unit: JPY100.0 bn (down JPY 36.4 bn)

Ensuring profit-oriented approaches (thorough investigation of risks prior to bidding, implementing clear and technology-driven marketing strategies

		(JPY bn)						
		FY3/22	FY3/23			FY3/24		
		Result	Result	Changes from FY3/22	YoY	Forecast	Changes from FY3/23	YoY
Domestic Civil Engineering	Public Sector	104.9	219.8	114.9	109.6%	170.0	-49.8	-22.7%
	Private Sector	60.6	90.8	30.1	49.7%	50.0	-40.8	-44.9%
	Total	165.5	310.6	145.1	87.7%	220.0	-90.6	-29.2%
	Marine Civil Engineering	94.2	237.4	143.2	152.1%	145.0	-92.4	-38.9%
	Land Civil Engineering	71.3	73.2	1.9	2.6%	75.0	1.8	2.5%
	Share of Marine Civil	56.9%	76.4%	—	—	65.9%	—	—
Domestic Building Construction	Public Sector	12.1	55.9	43.8	360.7%	20.0	-35.9	-64.2%
	Private Sector	147.9	165.8	17.9	12.1%	200.0	34.2	20.6%
	Total	160.1	221.7	61.6	38.5%	220.0	-1.7	-0.8%
	Residential	15.6	73.7	58.2	374.0%	10.0	-63.7	-86.4%
	Non-Residential	144.5	148.0	3.5	2.4%	210.0	62.0	41.9%
	Share of Residential	9.7%	33.3%	—	—	4.5%	—	—
Domestic Construction Total	Public Sector	117.0	275.7	158.7	135.6%	190.0	-85.7	-31.1%
	Private Sector	208.5	256.6	48.0	23.0%	250.0	-6.6	-2.6%
Domestic Construction Total		325.5	532.3	206.7	63.5%	440.0	-92.3	-17.3%
Overseas	Civil Engineering	47.6	30.6	-17.0	-35.7%	70.0	39.4	128.8%
	Building Const.	0.4	105.8	105.5	28641.0%	30.0	-75.8	-71.6%
	Total	48.0	136.4	88.4	184.4%	100.0	-36.4	-26.7%
Construction Total	Civil Engineering	213.1	341.2	128.1	60.1%	290.0	-51.2	-15.0%
	Building Const.	160.4	327.5	167.1	104.2%	250.0	-77.5	-23.7%
Construction Total		373.5	668.7	295.2	79.0%	540.0	-128.7	-19.2%
Others		1.4	0.4	-1.0	-69.7%	0.5	0.1	17.1%
Total		374.9	669.1	294.2	78.5%	540.5	-128.6	-19.2%

■ Business Results of FY3/23

(JPY bn)

Significant decrease in profits despite a growth in revenue

- Construction losses recorded for overseas projects for the second consecutive term

■ **Non-Consolidated** *vs. FCST (against forecast issued in February 2023)

● **Net Sales: JPY469.1 bn** (up JPY40.1 bn/up 9.3% YoY, up JPY18.6 bn vs. FCST)

● **Strong revenues in all three business units thanks to steady progress of projects at hand**

➢ Domestic Civil Engineering Business Unit: JPY 185.0 bn (up JPY24.5 bn/up 15.2% YoY, up JPY5.0bn vs. FCST)

➢ Domestic Building Construction Business Unit: JPY 160.1 bn (up JPY8.4bn/up 5.6% YoY, up JPY10.1bn vs. FCST)

➢ Overseas Business Unit: JPY 123.5 bn (up JPY8.2 bn/up 7.1% YoY, up JPY3.5 bn vs. FCST)

● **Gross Profit: JPY22.9 bn** (down JPY9.8bn/down 29.9% YoY, down JPY 0.6bn vs. FCST)

➢ Domestic Civil Engineering Business Unit: JPY 27.9bn (up JPY 1.9 bn YoY), 15.1 % (down 1.1p YoY)

Increase in profits thanks to higher number of project completion despite lower profit margins

➢ Domestic Building Construction Business Unit: JPY 9.1 bn (down JPY 1.5 bn YoY), 5.7% (down 1.3 p YoY)

Secured certain level of profit despite lower than 6% profit margins

Slight decrease in profit margins due to price hike of construction materials

➢ Overseas Business Unit: JPY -14.3 bn (Recorded construction losses for the second consecutive term)

Construction losses: (JPY 16.0 bn) (JPY 9.0 bn for the previous term, a total of JPY 25.0 bn in two years)

Surge in prices of material, equipment and fuel, plus materialization of construction risks of individual project (technical issues, procurement of material and equipment, contract with subcontracting companies) and FX risks

● **Operating Profit: JPY 2.8 bn**

(down JPY10.5bn/down 79.1% YoY, down JPY0.2 bn vs. FCST)

● **Ordinary Income: JPY0.5 bn**

(down JPY 12.7bn/down 96.0% YoY, down JPY0.5bn vs. FCST)

Larger foreign exchange losses: (JPY2.2 bn) (down JPY 2.4 bn)

● **Net Income: JPY0.2bn**

(down JPY 9.0bn/down 98.2% YoY, up JPY 0.2 bn vs. FCST)

■ Consolidated

● **Net Sales: JPY502.2 bn** (up JPY44.0 bn/ up 9.6% YoY, up JPY 17.2 bn vs. FCST)

● **Gross Profit: JPY 26.4 bn** (down JPY10.8 bn/down 29.0% YoY, down JPY 0.6 bn vs. FCST)

● **Operating Profit: JPY4.1 bn**

(down JPY11.8 bn/down 74.2% YoY, down JPY 0.4 bn vs. FCST)

● **Ordinary Income: JPY1.4 bn**

(down JPY14.2 bn/down 91.0% YoY, down JPY 0.6bn vs. FCST)

● **Net Income: JPY0.7 bn** (down JPY10.1 bn/down 93.6% YoY, up JPY 0.2 bn vs. FCST)

	Non-Consolidated						Consolidated					
	FY3/23		YoY		FY3/23F (Feb.2023)		FY3/23		YoY		FY3/23F (Feb.2023)	
Domestic Civil	185.0		24.5	15.2%	180.0		196.6		22.4	12.8%	190.0	
Domestic Building	160.1		8.4	5.6%	150.0		162.4		9.0	5.9%	155.0	
Overseas	123.5		8.2	7.1%	120.0		133.2		12.9	10.7%	130.0	
Construction Total	468.6		41.1	9.6%	450.0		492.2		44.2	9.9%	475.0	
Others	0.4		-1.0	-69.7%	0.5		10.0		-0.2	-2.4%	10.0	
Net Sales	469.1		40.1	9.3%	450.5		502.2		44.0	9.6%	485.0	
Domestic Civil	27.9	15.1%	1.9	-1.1p	28.5	15.8%	28.7	14.6%	1.1	-1.2p	29.0	15.3%
Domestic Building	9.1	5.7%	-1.5	-1.3p	9.0	6.0%	9.5	5.9%	-1.3	-1.2p	9.5	6.1%
Overseas	-14.3	-11.6%	-9.9	-7.8p	-14.0	-11.7%	-13.4	-10.1%	-10.0	-7.3p	-13.0	-10.0%
Gross Profit on Construction	22.7	4.8%	-9.5	-2.7p	23.5	5.2%	24.8	5.0%	-10.2	-2.8p	25.5	5.4%
Others	0.2	43.8%	-0.3	11.1p	0.0	0.0%	1.6	16.2%	-0.6	-5.1p	1.5	15.0%
Total Gross Profit	22.9	4.9%	-9.8	-2.7p	23.5	5.2%	26.4	5.3%	-10.8	-2.9p	27.0	5.6%
SG & A	20.1	4.3%	0.8	-0.2p	20.5	4.6%	22.3	4.4%	1.0	-0.2p	22.5	4.6%
Domestic Civil	16.9	9.1%	1.3	-0.6p	17.0	9.4%	17.1	8.7%	0.5	-0.8p	17.0	8.9%
Domestic Building	1.8	1.1%	-1.7	-1.2p	2.0	1.3%	2.1	1.3%	-1.6	-1.1p	2.0	1.3%
Overseas	-16.1	-13.0%	-9.9	-7.7p	-16.0	-13.3%	-16.0	-12.0%	-10.1	-7.1p	-15.5	-11.9%
Others	0.2	37.9%	-0.3	7.8p	0.0	0.0%	1.0	9.6%	-0.6	-5.6p	1.0	10.0%
Operating Profit	2.8	0.6%	-10.5	-2.5p	3.0	0.7%	4.1	0.8%	-11.8	-2.7p	4.5	0.9%
Non-Operating Income or Expenses	-2.3		-2.1		-2.0		-2.7		-2.4		-2.5	
Ordinary Income	0.5	0.1%	-12.7	-3.0p	1.0	0.2%	1.4	0.3%	-14.2	-3.1p	2.0	0.4%
Extraordinary Income or Expenses	0.2		-0.2		0.0		0.3		-0.2		0.0	
Income before Taxes	0.7	0.2%	-12.9	-3.0p	1.0	0.2%	1.7	0.3%	-14.4	-3.2p	2.0	0.4%
Net Income	0.2	0.0%	-9.0	-2.1p	0.0	0.0%	0.7	0.1%	-10.1	-2.2p	0.5	0.1%
	FY3/23		YoY		FY3/23F (Feb.2023)		FY3/23		YoY		FY3/23F (Feb.2023)	
Total Assets	495.5		39.5		440.0		508.2		40.8		470.0	
Net Assets	135.1	27.3%	-4.8	-3.4p	133.3	30.3%	157.0	30.9%	-2.8	-3.3p	153.7	32.7%
Interest-bearing Debt	86.3	17.4%	0.5	-1.4p	86.0	19.5%	93.7	18.4%	1.1	-1.4p	96.0	20.4%
Cash and Deposits	46.5		6.5		47.0		50.5		5.7		52.5	
Net Debt	39.9	8.0%	-6.0	-2.0p	39.0	8.9%	43.2	8.5%	-4.5	-1.7p	43.5	9.3%
D/E Ratio (Point)	0.3		-0.0		0.3		0.3		-0.0		0.3	
Return on Equity (ROE)	0.1%		-6.4p		0.0%		0.4%		-6.3p		0.3%	

■ Business Forecasts for FY3/24

■ Forecasts for FY 3/24

–To achieve a sales exceeding JPY 600.0 bn(record-high)

■ Consolidated

● **Sales: JPY 610.0 bn** (up JPY107.8 bn/up 21.5% YoY)

➤ **Domestic Civil Engineering Business Unit: JPY 265.0 bn** (up JPY 68.4bn/up 34.8% YoY)

Increase in sales expected thanks to progress of projects at hand, including a large-scale port construction project

Full-scale construction of an offshore wind power facilities in port areas

➤ **Domestic Building Construction Business Unit: JPY 185.0 bn** (up JPY 22.6 bn up 13.9% YoY)

Increase in sales expected thanks to progress of projects at hand including a large-scale urban redevelopment project

Start of/ transition to full-scale construction of multiple large-scale projects including logistics and waste treatment facilities

➤ **Overseas Business Unit: JPY 150.0 bn** (up 16.8 bn, up 12.6% YoY)

Increase in sales expected thanks to steady progress of projects at hand, including large-scale construction projects of a station building and a hospital in Singapore

● **Gross Profit: JPY 57.8 bn** (up JPY31.4 bn/up 118.7% YoY)

➤ **Domestic Civil Engineering Business Unit: JPY 41.8 bn** (up 13.1bn, up45.5% YoY)

Significant increase in profits expected thanks to increase in construction completion and high-level profit margins

Stable operation of proprietary vessels contributing to profitability improvement in vessel management

➤ **Domestic Building Construction Business Unit: JPY 11.5 bn** (up 2.0 bn, up 20.9% YoY)

Increase in profits expected thanks to higher number of project completion although the impact of hikes in material prices likely to persist

Other conditions such as high material price, supply restrictions and labor shortage must be monitored

➤ **Overseas Business Unit: JPY 3.0 bn** (up 16.4 bn YoY, significant improvement)

Recovery of profit level expected to be moderate due to a high percentage of loss-making projects up to the previous term

Further hikes of material, equipment and fuel, FX risk, worker shortage, wage hikes must be monitored on an ongoing basis

● **Operating Profit: JPY 34.0 bn**

(up JPY29.9bn YoY, significant improvement)

● **Ordinary Income: JPY32.0 bn**

(up JPY30.6bn YoY, significant improvement)

● **Net Income: JPY22.0 bn**

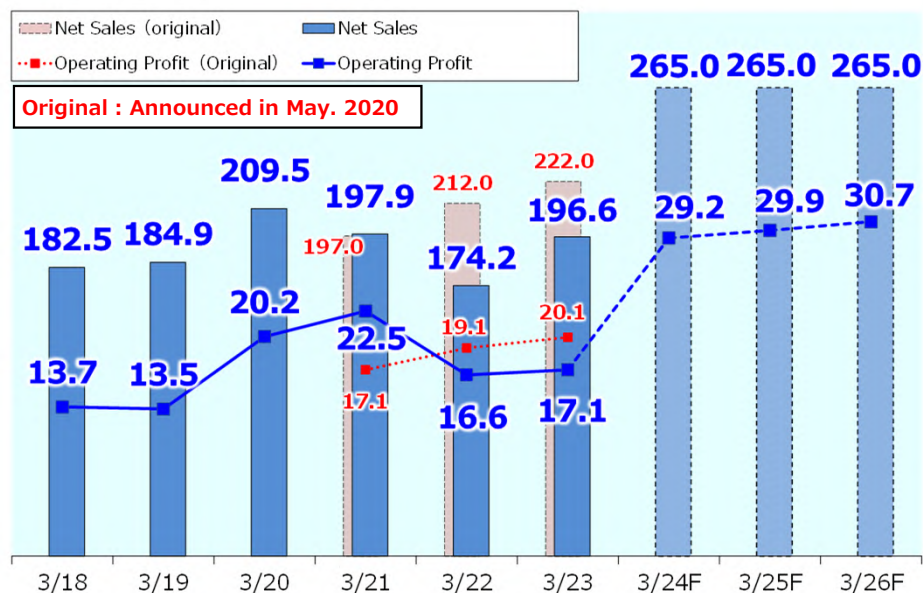
(up JPY21.3bn YoY, significant improvement))

	Non-Consolidated						Consolidated					
	FY3/23		FY3/24F		YoY		FY3/23		FY3/24F		YoY	
Domestic Civil	185.0		250.0		65.0	35.1%	196.6		265.0		68.4	34.8%
Domestic Building	160.1		180.0		19.9	12.4%	162.4		185.0		22.6	13.9%
Overseas	123.5		140.0		16.5	13.4%	133.2		150.0		16.8	12.6%
Construction Total	468.6		570.0		101.4	21.6%	492.2		600.0		107.8	21.9%
Others	0.4		0.5		0.1	17.1%	10.0		10.0		0.0	0.1%
Net Sales	469.1		570.5		101.4	21.6%	502.2		610.0		107.8	21.5%
Domestic Civil	27.9	15.1%	40.0	16.0%	12.1	0.9p	28.7	14.6%	41.8	15.8%	13.1	1.2p
Domestic Building	9.1	5.7%	11.0	6.1%	1.9	0.4p	9.5	5.9%	11.5	6.2%	2.0	0.4p
Overseas	-14.3	-11.6%	2.0	1.4%	16.3	13.0p	-13.4	-10.1%	3.0	2.0%	16.4	12.1p
Gross Profit on Construction	22.7	4.8%	53.0	9.3%	30.3	4.5p	24.8	5.0%	56.3	9.4%	31.5	4.3p
Others	0.2	43.8%	0.0	0.0%	-0.2	-43.8p	1.6	16.2%	1.5	15.0%	-0.1	-1.2p
Total Gross Profit	22.9	4.9%	53.0	9.3%	30.1	4.4p	26.4	5.3%	57.8	9.5%	31.4	4.2p
SG & A	20.1	4.3%	21.5	3.8%	1.4	-0.5p	22.3	4.4%	23.8	3.9%	1.5	-0.5p
Domestic Civil	16.9	9.1%	28.0	11.2%	11.1	2.1p	17.1	8.7%	29.2	11.0%	12.1	2.3p
Domestic Building	1.8	1.1%	3.5	1.9%	1.7	0.8p	2.1	1.3%	3.8	2.1%	1.7	0.8p
Overseas	-16.1	-13.0%	0.0	0.0%	16.1	13.0p	-16.0	-12.0%	0.2	0.1%	16.2	12.2p
Others	0.2	37.9%	0.0	0.0%	-0.2	-37.9p	1.0	9.6%	0.8	8.0%	-0.2	-1.6p
Operating Profit	2.8	0.6%	31.5	5.5%	28.7	4.9p	4.1	0.8%	34.0	5.6%	29.9	4.8p
Non-Operating Income or Expenses	-2.3		-2.0		0.3		-2.7		-2.0		0.7	
Ordinary Income	0.5	0.1%	29.5	5.2%	29.0	5.1p	1.4	0.3%	32.0	5.2%	30.6	5.0p
Extraordinary Income or Expenses	0.2		-0.5		-0.7		0.3		-0.5		-0.8	
Income before Taxes	0.7	0.2%	29.0	5.1%	28.3	4.9p	1.7	0.3%	31.5	5.2%	29.8	4.8p
Net Income	0.2	0.0%	20.0	3.5%	19.8	3.5p	0.7	0.1%	22.0	3.6%	21.3	3.5p

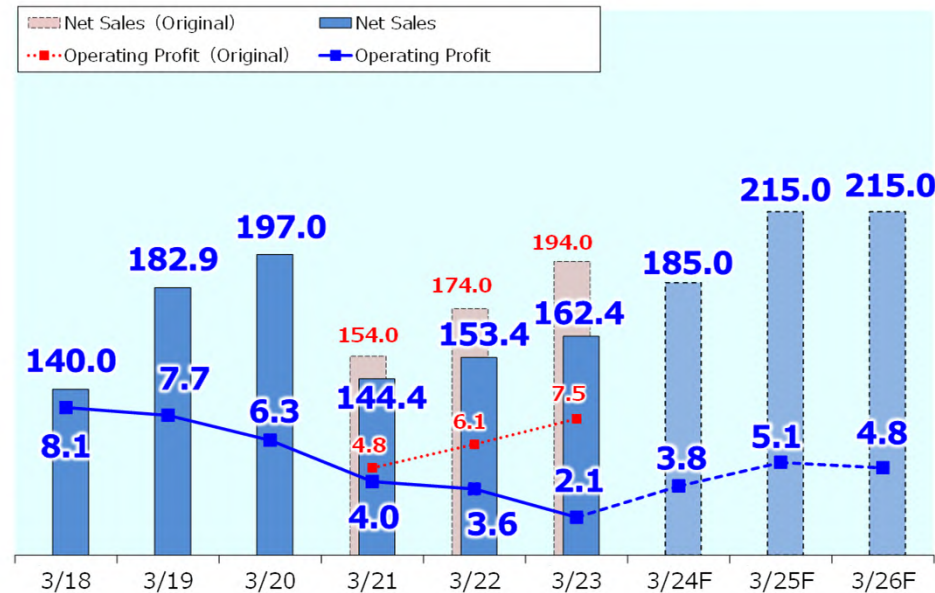
	FY3/23		FY3/24F		YoY		FY3/23		FY3/24F		YoY	
Total Assets	495.5		530.0		34.5		508.2		550.0		41.8	
Net Assets	135.1	27.3%	148.2	28.0%	13.1	0.7p	157.0	30.9%	172.1	31.3%	15.1	0.4p
Interest-bearing Debt	86.3	17.4%	96.0	18.1%	9.7	0.7p	93.7	18.4%	113.5	20.6%	19.8	2.2p
Cash and Deposits	46.5		49.5		3.0		50.5		56.5		6.0	
Net Debt	39.9	8.0%	46.5	8.8%	6.6	0.7p	43.2	8.5%	57.0	10.4%	13.8	1.9p
Net D/E Ratio (Point)	0.3		0.3		0.0		0.3		0.3		0.1	
Return on Equity (ROE)	0.1%		14.1%		14.0p		0.4%		13.4%		12.9p	

Trends of Sales and Operating Profit by Business Unit (Consolidated)

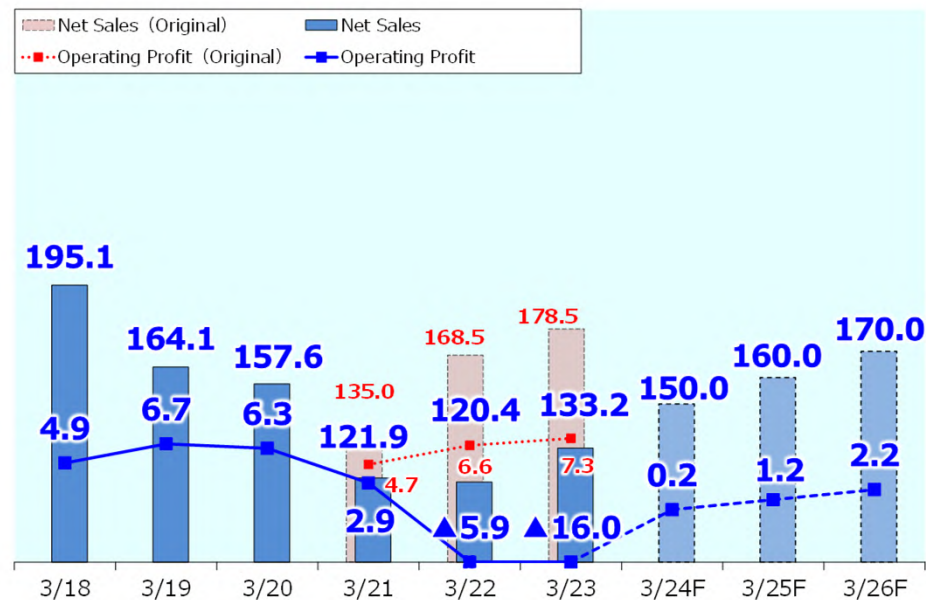
Domestic Civil Engineering



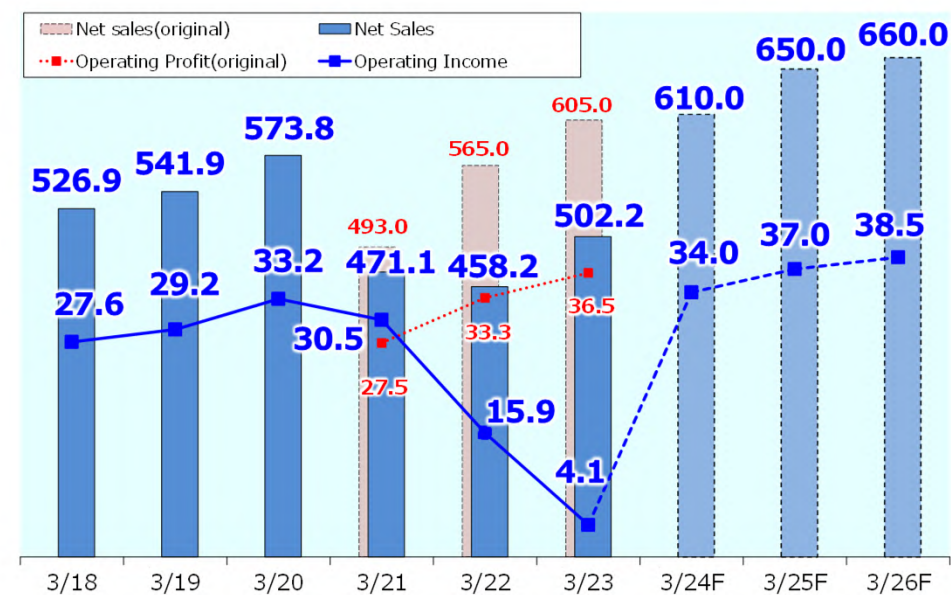
Domestic Building Construction



Overseas



Total ※Including Others



Financial Planning and Shareholder Returns

Financial planning - securing funds in response to expanding business volume and strategic investments

Expanding business volume

-Growing sales: JPY 502.2 bn (for FY 3/23) to JPY 610.0 bn (forecast for FY 3/24)

Strategic investments: Annual capital investment

JPY 10.0bn /year ⇒ JPY 30.0bn /year

FY 3/23: New Muroran factory (100% renewable energy, Utilization of solar and hydrogen energy) (Completed in October 2022) etc

FY 3/24: Third offshore installation vessel 'Sea Challenger'^{*1} (modified to 1600t lifting crane)(completion scheduled for FY3/25)

Cable installation vessel (completion scheduled for FY3/27) etc

^{*1}:To be owned by Japan Offshore Marine (JOM), a JV with DEME Offshore (Belgium)

Others : Utilization of ICT and AI for work vessels, CN conversion of work vessels

Financial planning

-Increase in interest-bearing debt to secure funds for capital investment and working capital with business expansion

-Fund procurement through issuance of corporate bonds: JPY 20.0 billion issuance planned for FY 3/24 (JPY 10.0 bn to be redeemed in the current fiscal year)

Shareholder returns

Basic profit distribution policy

Aiming at enhancement of capital adequacy and capital investment while providing steady and appropriate profit return to shareholders

Shareholder returns: Setting targets for dividend payout ratio as well as total payout ratio

Targets (consolidated): **Total payout ratio 40%** & dividend payout ratio 30% or higher

-FY3/22: Ordinary dividend: **JPY23 (payout ratio: 61.1%)(initial plan: 32.9%)**

* Maintained the same level of dividend because the downturn in business performance for FY 3/22 was considered temporary

-FY 3/23: Ordinary Dividend **JPY 24 (payout ratio 1,002%)(Total payout ratio 1,002%)**

* Share buyback planned for FY 3/23 was cancelled due to meager business performance

-FY 3/24: Ordinary dividend **JPY 24 (payout ratio 31.2%)**
Share buyback **share buyback ratio about 10%**

Balance of interest-bearing debt

(JPY bn)

	3/21	3/22	3/23	3/24F
Consolidated				
Cash flow from operations	30.7	-7.7	19.7	22.0
Cash flow from investment	-12.8	-11.8	-11.7	-29.0
Cash flow from financing	-3.1	1.4	-7.0	13.0
Balance of cash and deposit	59.8	44.8	50.5	56.5
Balance of debt with interest	82.2	92.6	93.7	113.5
(Change from the previous year)	4.7	10.3	1.1	19.8
Non-Consolidated				
Balance of cash and deposit	55.6	40.0	46.5	49.5
Balance of debt with interest	77.0	85.8	86.3	96.0
(Change from the previous year)	2.3	8.9	0.5	9.7

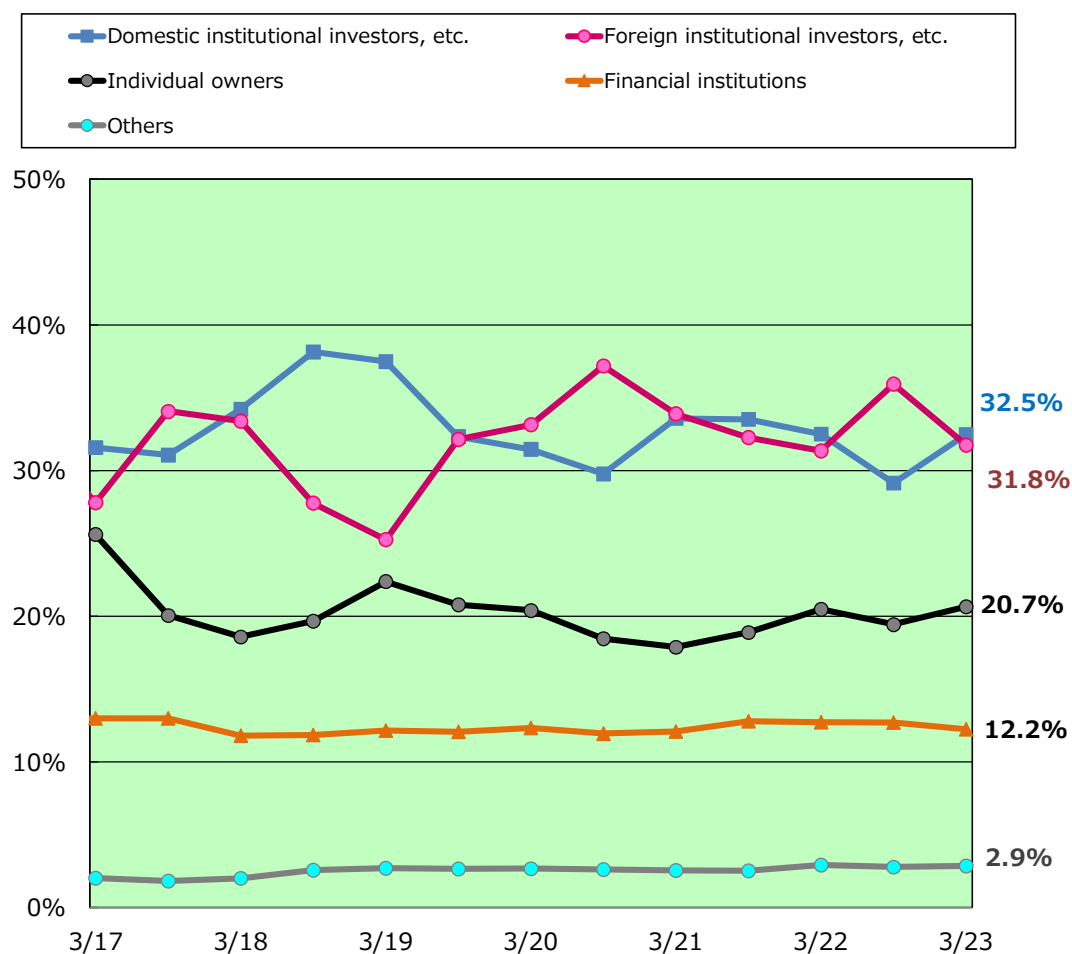
Dividend per share, Dividends payout ratio, Total payout ratio on a consolidated basis

	3/21	3/21※	3/22	3/23F	3/23	3/24F
Dividend per share (Yen)	23	28	23	24	24	24
Dividend payout ratio (%)	31.3	38.1	61.1	32.7	1002	31
Total payout ratio (%)				40	1002	40

※Including commemorative dividend

■ Shareholder Composition

- Issued common stock: 286,013,910, including 211,334 of the treasury stocks
- Number of shareholders: 46,805 (up 1,871 over the previous term)
- Shareholder composition: Domestic Institutional investors, etc. 32.5% (down 0.0p), Foreign institutional investors, etc. 31.8% (up 0.4p), Individual owners 20.7% (up 0.2p), Financial institutions 12.2% (down 0.5p), Other domestic corporations 2.9% (down 0.1p) → Institutional investors in and out of Japan 64.2% (up 0.4p)



Top 10 shareholders

As of 31 Mar. 2023

Name of shareholders	Shares held (in thousands)	Voting right ratio(%)
The Master Trust Bank of Japan, Ltd. (Trust account)	48,643	17.0
Custody Bank of Japan, Ltd. (Trust account)	28,640	10.0
STATE STREET BANK AND TRUST COMPANY 505001	8,751	3.1
Mizuho Bank, Ltd.	7,059	2.5
Meiji Yasuda Life Insurance Company	5,990	2.1
STATE STREET LONDON CAREOF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	4,948	1.7
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,763	1.7
SSBTC CLIENT OMNIBUS ACCOUNT	4,730	1.7
JUNIPER	4,454	1.6
Sompo Japan Insurance Inc.	4,280	1.5
Total held by top 10 shareholders	122,262	42.8