

Your Success, Our Pride.



Second Quarter of Fiscal Year Ending March 2021

FY2020 Management Policy Update

November 12, 2020

Toyo Engineering Corporation

1. The 1st Half Performance
2. Major Ongoing Projects
3. COVID-19 Impact to ongoing projects
4. New Order Target
5. Market Outlook & Actions
6. Medium/Long-Term Management Policy

1. The 1st Half Performance

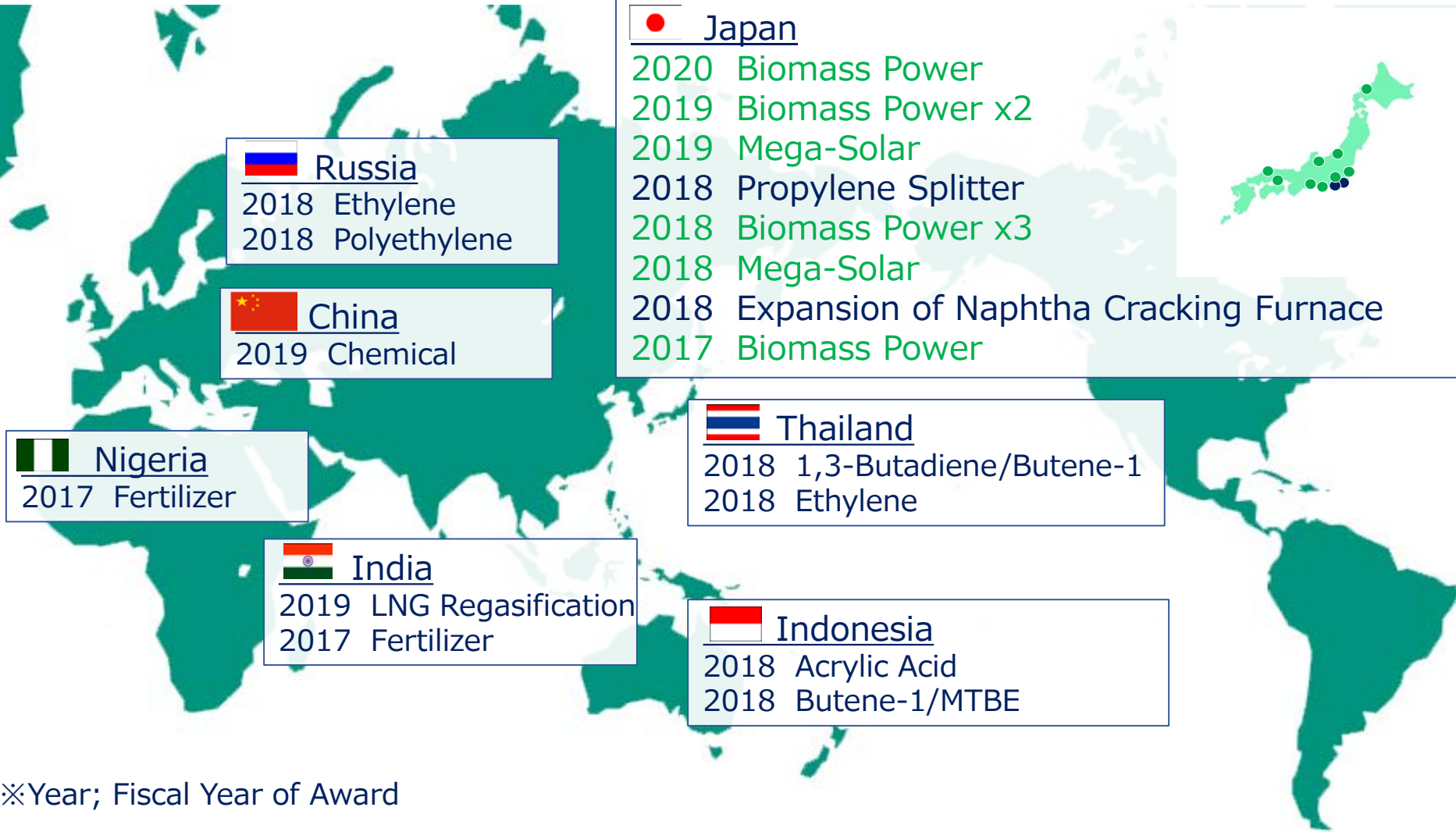
(Unit : JPY billion)

	2020/9/30	Forecast	Difference
Net Sales	89.7	210.0	43%
Gross Profit	9.1	17.5	52%
Gross Profit Margin	10.2%	8.3%	
SG&A(Selling, General and Administrative Expenses)	7.9	17.0	46%
Operating Income	1.2	0.5	240%
Non-Operating Income and Expenses	0.2	0.0	-
Ordinary Income	1.4	0.5	280%
Net Income	0.7	0.0	-
New Orders	59.3	220.0	27%

- ◆ Forecast : No change from initial forecast as of June 18, 2020.
- ◆ Dividends per share : None

2. Major Ongoing Projects

As of 2020/9/30



※Year; Fiscal Year of Award

3 . COVID-19 Impact to ongoing projects

◆ Situation of Major Ongoing Projects

As of 2020/9/30

- Challenges for some projects proceeding under some restrictions to secure workers at the site.
- Various impacts (i.e. travel restrictions, disturbance in manufacturing /delivery of equipment & materials, construction delay) depending on the region.

Country	Project	Progress	E	P	C
India	Fertilizer(EPC)	93%	Completed	Completed	90% of mobilization
	LNG Regasification (EPC)	27%	Teleworking	Some delay in delivery	70% of mobilization
Russia	Ethylene/Polyethylene (EP+Cm*)	46%	Teleworking Little Impact	Critical items delivery done	-
Nigeria	Fertilizer (EP+SV*)	97%	Completed	Completed	Construction restart SV* mobilization
Indonesia	Petrochemical (EPC)	91%	Completed	Completed	Little Impact
Japan	Mega-Solar/ Biomass Power (EPC)	-	Little Impact	Little Impact	Little Impact

*Cm:Construction management *SV:Supervision

4 . New Order Target

FY2020 New Order Target : JPY 220 billion

Segment	Target Projects
Plant Business	<ul style="list-style-type: none">◆ India : Petrochemical, Gas Chemical◆ South East Asia: Petrochemical <Awards>◆ Japan: Petrochemical
Solution Business	<ul style="list-style-type: none">◆ Japan: Support-type Engineering on National projects <Awards>◆ Global: Owner's Engineering Service for Clients
Infrastructure Business	<ul style="list-style-type: none">◆ Japan: Biomass-fired Power Plant <1 Awards>

5 . Market Outlook & Actions

Market Outlook	Actions
<p>◆ Hydro-carbon Plant The number of projects is decreasing due to owners' postponement of final investment decisions. It may need 1-2 years until overall recovery in the Hydro-carbon plant EPC market. Competition between contractors is intensifying.</p>	<ul style="list-style-type: none">◆ Differentiating ongoing proposals.◆ Being involved from the primary stage.◆ More sales force into highly possible markets subsidiaries are located.◆ Strengthen EPC competitiveness with "Group operation leverage x DXoT"
<p>◆ Power Plant The EPC market for power plant is remained stable, especially in renewable energy. Competition tends to be intensive.</p>	
<p>◆ Engineering Service Decarbonized and Recycling-oriented society are urging owners' interests to Engineering support such as R&D, energy conservation, and low environmental impact products.</p>	<ul style="list-style-type: none">◆ Focus on promotion for Engineering Services.◆ Commercialization support for new tech.◆ Comprehensive plant life cycle support.◆ Shift resources to R&D & new business development.

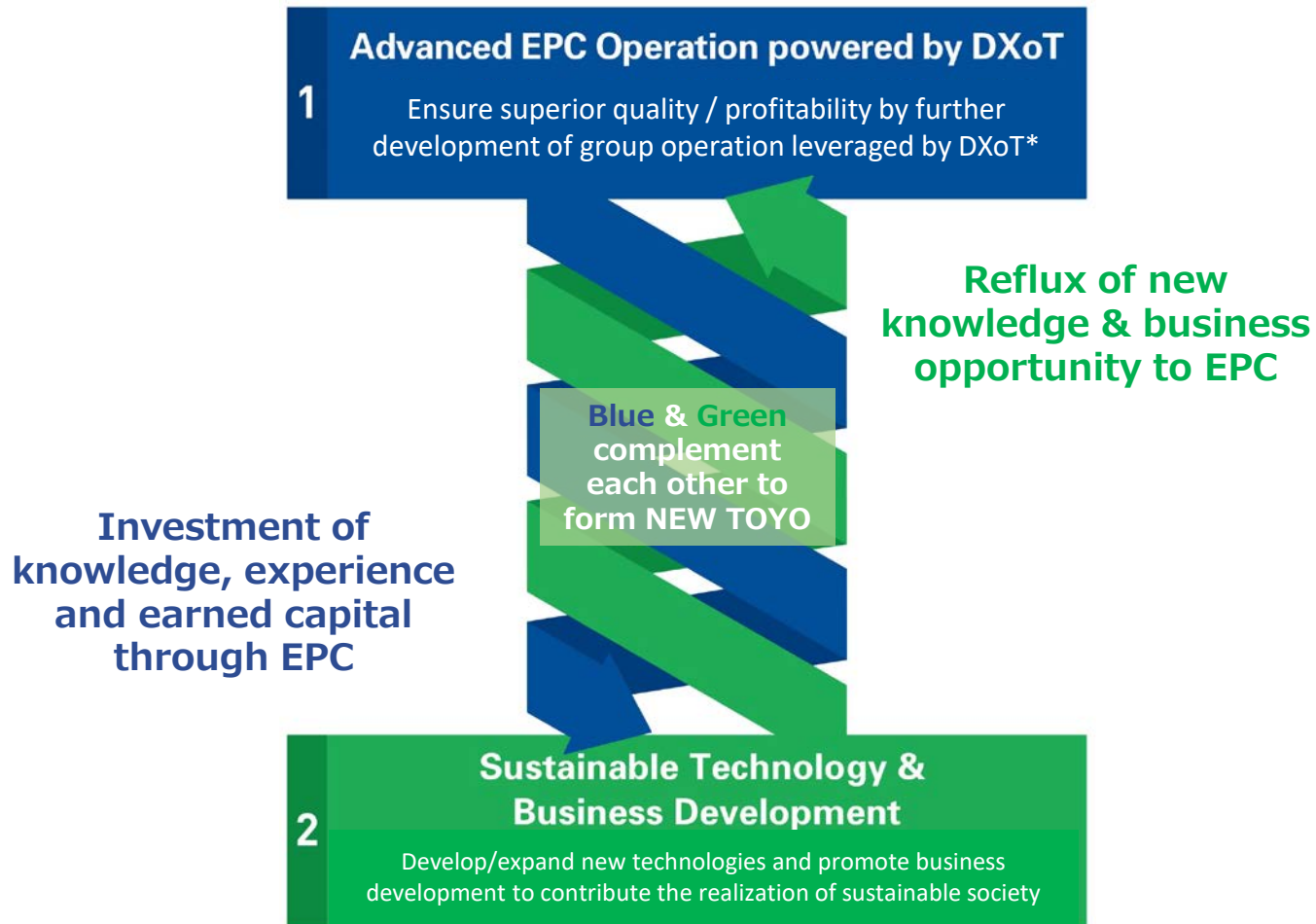
6. Medium/Long-Term Management Policy

~Advanced EPC operation and Sustainable Technology & Business Development



Double spiral with

Advanced EPC Operation powered by DXoT & Sustainable Technology & Business Development
to provide clients with new TOYO value



* Digital Transformation of TOYO

6. Medium/Long-Term Management Policy

~Road map for Profit Structure enhancement

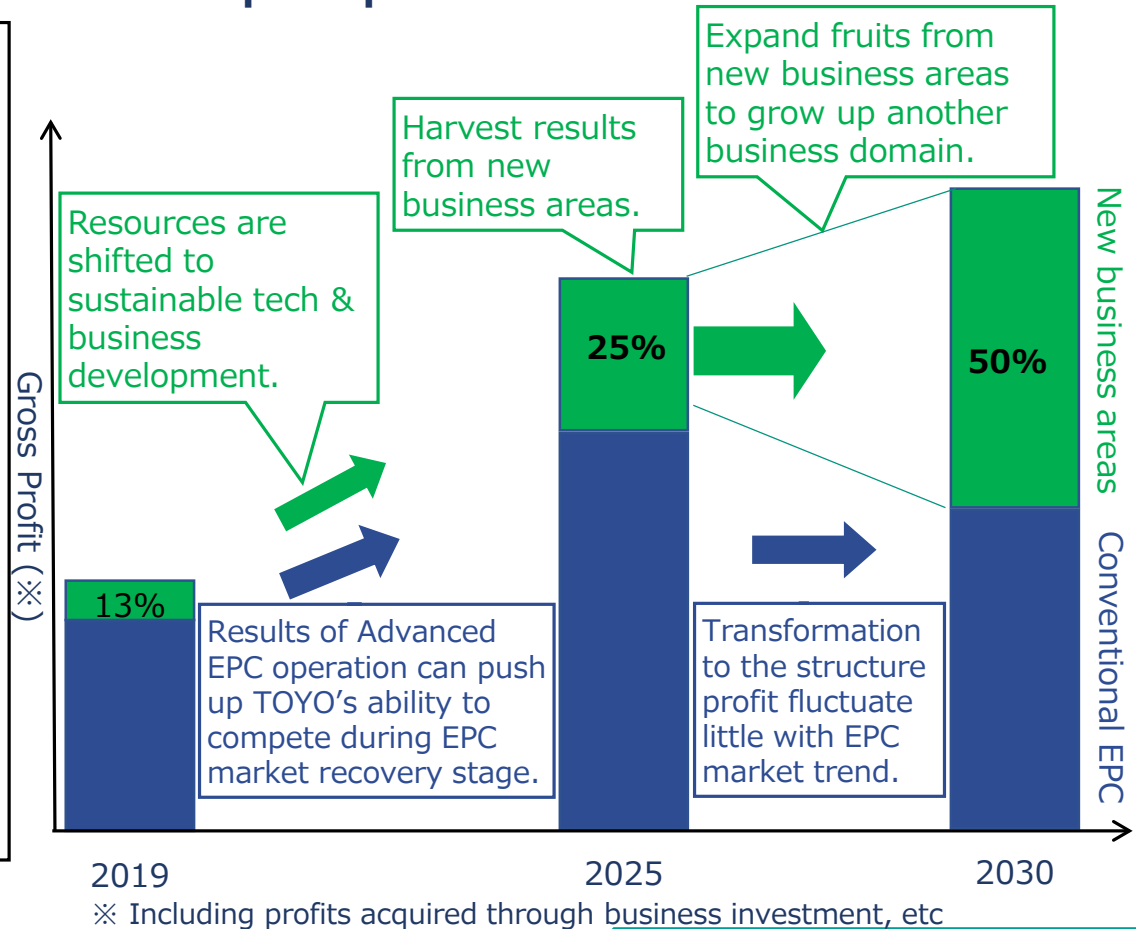


- ◆ To become a company that can surely earn appropriate profit stably, we will shift Toyo-J operating resources to **sustainable technology and business development** which contribute to SDGs to cultivate new business areas as well as deepening group operation in **conventional EPC business**.

Target of FY2025~FY2030

- ① **Total profit increase is the top issue** by keeping moderate net sales around JPY300 billion a year.
- ② **Push-up gross profit of the new business area** both in figure & target ratio
 FY2025 : **25%** out of total G.P.
 FY2030 : **50%** out of total G.P.
- ③ **Toyo-J human resources shall be shifted to sustainable tech & business development.** As for adjustment against fluctuation of **EPC** market, we will manage flexible resource reinforcement among TOYO Group companies.

Road map for profit structure enhancement



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Toyo Engineering Corporation

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The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.