

Tokyo, April 25, 2022

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Shares Listed: Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market
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Announcement Regarding Revision of Financial Forecasts

Shimizu Corporation (hereinafter the “Corporation”) hereby announces that it has revised its financial forecasts for the fiscal year ending March 31, 2022 which was announced on January 31, 2022.

The year-end dividend forecast for the fiscal year ending March 2022 is 11.50 yen per share (23 yen per year) as initially announced.

1. Revision of Forecast of Consolidated Results of Operations for the fiscal year ending March 2022 (From April 1, 2021 to March 31, 2022)

(Millions of Yen unless otherwise indicated)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to shareholders of the Corporation	Net Income per share (Yen)
Previous forecast (A)	1,550,000	76,500	77,000	58,000	77.82
Revised forecast (B)	1,482,900	45,100	50,400	47,700	64.01
Change (B) – (A)	(67,100)	(31,400)	(26,600)	(10,300)	
Change rate (%)	(4.3)	(41.0)	(34.5)	(17.8)	
(Reference) Results Fiscal year ended March 2021	1,456,473	100,151	105,465	77,176	101.17

2. Revision of Forecast of Nonconsolidated Results of Operations for the fiscal year ending March 2022 (From April 1, 2021 to March 31, 2022)

(Millions of Yen unless otherwise indicated)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (Yen)
Previous forecast (A)	1,335,000	63,000	67,500	60,000	80.36
Revised forecast (B)	1,287,300	34,800	43,900	45,700	61.21
Change (B) – (A)	(47,700)	(28,200)	(23,600)	(14,300)	
Change rate (%)	(3.6)	(44.8)	(35.0)	(23.8)	
(Reference) Results Fiscal year ended March 2021	1,249,985	90,064	98,613	72,370	94.70

3. Reasons for the revisions

< Forecast of Nonconsolidated Results of Operations >

Incidents such as those described below have taken place in some of the large-scale domestic construction works ordered after FY2018.

(1) For projects which were strategically undertaken by anticipating cost reduction through value engineering (VE) proposals and by changing specifications at the design stage, together with the anticipation of undertaking additional works, contrary to initial intentions, the VE proposals were not

approved, and furthermore, due to soaring material prices, the reduction of procurement costs by taking advantage of economies of scale has become difficult to expect.

(2) Acceleration costs were incurred because of tight schedules resulting from delayed commencements and structural changes.

(3) The expected increase of construction costs, mainly due to the rise in steel material prices, were greater than the expected cost reduction planned at the detailed design stage for design/build projects.

In addition, although losses on construction contracts for several large-scale building works in Singapore, due to the extension of the construction period caused by the spread of COVID, tight labor supply and demand due to immigration restrictions of workers, and soaring material prices, were recognized in the third quarter financial report, as a result of re-examining construction costs on the premise that the labor supply and demand will be tight and the prices of imported materials and transportation costs will continue to rise for the time being due to the influence of the recent international situation, further losses on construction contracts are expected.

Due to the provision of "Reserve for expected losses on construction contracts in process", resulting mainly from the above factors, the gross profit on Construction contracts is expected to decrease significantly from the previous forecast. As a result, Operating Income is expected to decrease by 28.2 billion yen from the previous forecast.

Ordinary Income and Net Income are expected to decrease by 23.6 billion yen and 14.3 billion yen respectively from the previous forecast.

The profit rate for Construction business is expected to be 5.2% (Architectural Construction 2.8%, Civil Engineering 14.7%), compared to the previous forecast of 7.6% (Architectural Construction 6.1%, Civil Engineering 13.7%).

< Forecast of Consolidated Results of Operations >

In addition to the reason for the revision of the Nonconsolidated Results of Operations, Operating Income and Ordinary Income are expected to decrease by 31.4 billion yen and 26.6 billion yen respectively from the previous forecast, since the spread of COVID has resulted in declining profit margins for certain overseas construction subsidiaries.

Net Income attributable to shareholders of the Corporation is expected to decrease by 10.3 billion yen from the previous forecast as a result of anticipating 6.4 billion yen of "Gain on negative goodwill" as Special Gains, due to THE NIPPON ROAD CO.,LTD., an equity-method applied affiliate, becoming a subsidiary as of March 29, 2022.

(Note)

The forecasts are based on information that the Corporation is able to obtain at the present point. However, actual results may be different due to various factors.

(Reference)

Results of orders (Non-consolidated)

(Yen amounts have been rounded down to the nearest billion)

	Current Fiscal Year Result	Previous Forecast (as of Jan 31, 2022)
Architectural Construction [Overseas]	1,146.3 [22.8]	1,045.0 [15.0]
Civil Engineering [Overseas]	273.7 [57.3]	255.0 [35.0]
Construction business [Overseas]	1,420.0 [80.2]	1,300.0 [50.0]
Real estate and other	123.3	125.0
Total	1,543.4	1,425.0

Disclaimer: This is an English translation of the original announcement made by the Corporation in Japanese at the Tokyo Stock Exchange on April 25, 2022. The translation is for reference purposes only. If and when there are any discrepancies between the original announcement and the English translation, the original announcement shall prevail.