

Presentation of Financial Results FYE June 30, 2020

September 1, 2020

Nippon Koei Co., Ltd.
Representative Director and President
Ryuichi Arimoto

*The Fiscal Year Ended June 30, 2020 reflects the correction as of December 14, 2020.

I: Accounting Report
(July 2019 –June 2020, FYE20/6)

Review of FYE June 30, 2020

(Millions of yen)
(Japanese GAAP)

Previous Forecast

Figures in () indicate year-on-year changes.

Orders	137,400 (+16.4%)
Net sales	127,700 (+17.6%)
Operating Income	5,800 (+13.5%)

Assumptions for the plan

Business expansion by maintaining the growth path of the Medium-term Management Plan

Forecasts after May 14 Adjustments

Figures in () indicate year-on-year changes.

Δ600 Δ0.4%	136,800 (+15.8%)
Δ11,900 Δ9.3%	115,800 (+6.6%)
Δ1,200 Δ20.6%	4,600 (Δ10.0%)

Assumptions for the plan adjustments

Downward revision due mainly to the expected effect of COVID-19 in overseas markets and weak performance by some subsidiaries

FYE2020/6 Results

Figures in () indicate year-on-year changes.

+4,832 +3.5%	141,632 (+19.9%)
Δ3,585 Δ3.1%	112,214 (+3.3%)
Δ9 Δ0.2%	4,590 (Δ10.2%)

Results

Orders remained strong, with considerable COVID-19 effect on International Consulting and decreased costs

Orders

- International Consulting projects that had been expected to be recognized in prior periods to be acquired

Net sales

- Strong performance in Domestic Consulting to be maintained
- Delay in contracting in International Consulting to be recovered

Operating Income

- Recovery in business performance of International Consulting

Orders

- COVID-19 effect on International Consulting and weak performance by subsidiaries
- Strong performance in Domestic Consulting and Power Engineering resulting in upward revision
- COVID-19 effect on Urban & Spatial Development

Net sales/Operating Income

- COVID-19 effect on International Consulting and weak performance by subsidiaries
- Restructuring of production systems in the production division of Power Engineering
- COVID-19 effect on Urban & Spatial Development

Orders

- Won International Consulting projects that had been expected to be recognized in prior periods, as well as additional orders in Urban & Spatial Development, even in the face of the COVID-19 pandemic
- Momentum in order receipts in Power Engineering slowed to some degree

Net sales

- Larger than expected COVID-19 effect on International Consulting

Operating Income

- Carry-over of Head Office relocation expenses

Results for FYE June 30, 2020

Orders and net sales were at new record highs

(Millions of yen)	FYE19/6 Results	FYE20/6 Results	YoY Change		FYE20/6 Plan * Announced on May 14	vs. Plan	
			Amount	%		Amount	%
Orders	118,085	141,632	23,547	119.9%	136,800	4,832	103.5%
Net sales	108,589	112,214	3,624	103.3%	115,800	△3,585	96.9%
Gross profit	32,962	33,452	489	101.5%	33,400	52	100.2%
Operating Income	5,110	4,590	△520	89.8%	4,600	△9	99.8%
Ordinary Income	5,584	4,603	△981	82.4%	5,000	△396	92.1%
Profit attributable to owners of parent	3,318	2,726	△591	82.2%	2,700	26	101.0%

Highlights of FYE June 2020

- Domestic Consulting and International Consulting had new all-time highs in orders.
- Domestic Consulting and Urban & Spatial Development had new all-time highs in net sales.
- Forecasts were revised in May 2020, taking into account the effect of the COVID-19 pandemic, etc., and profit ended up higher than the forecast while net sales fell short of the plan.

- Net sales fell short of the plan due to a larger than expected COVID-19 effect on International Consulting.

The effect of COVID-19

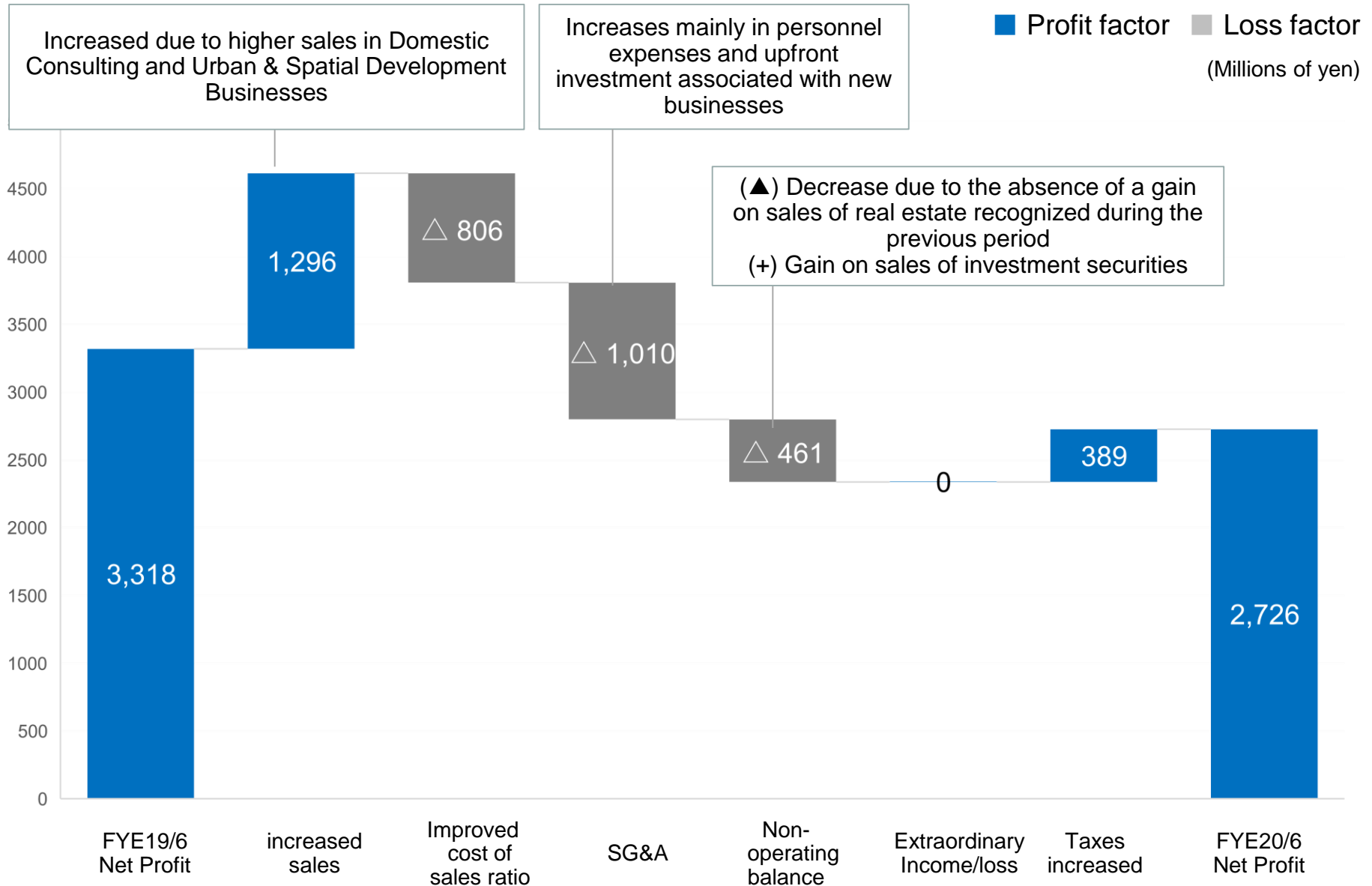
- Effect seen mainly during 4Q (April-June)
 - Domestic Consulting experienced a smaller effect; however travel restrictions had a major impact on International Consulting.
- Impact of COVID-19 on net sales: approx. 5 billion yen
- Delay in order receipt and project progresses

Consolidated Profit and Loss Summary

Non-operating income/expenses declined due to the absence of a gain on sales of real estate, which had been recognized during the previous period.

(Millions of yen)	FYE19/6 Results		FYE20/6 Results		YoY Change	
	Amount	Ratio (vs sales)	Amount	Ratio (vs sales)	Amount	%
Orders	118,085	Ratio (vs sales)	141,632	Ratio (vs sales)	23,547	119.9%
Net sales	108,589	100.0%	112,214	100.0%	3,624	103.3%
Cost of sales	75,627	69.6%	78,762	70.2%	3,134	104.1%
Gross Profit	32,962	30.4%	33,452	29.8%	489	101.5%
SG&A	27,851	25.6%	28,861	25.7%	1,010	103.6%
Operating income	5,110	4.7%	4,590	4.1%	△520	89.8%
Non-operating income/expenses	473	0.4%	12	0.0%	△460	2.7%
Ordinary income	5,584	5.1%	4,603	4.1%	△981	82.4%
Extraordinary income/loss	0	-	0	-	-	-
Profit attributable to owners of parent	3,318	3.1%	2,726	2.4%	△591	82.2%

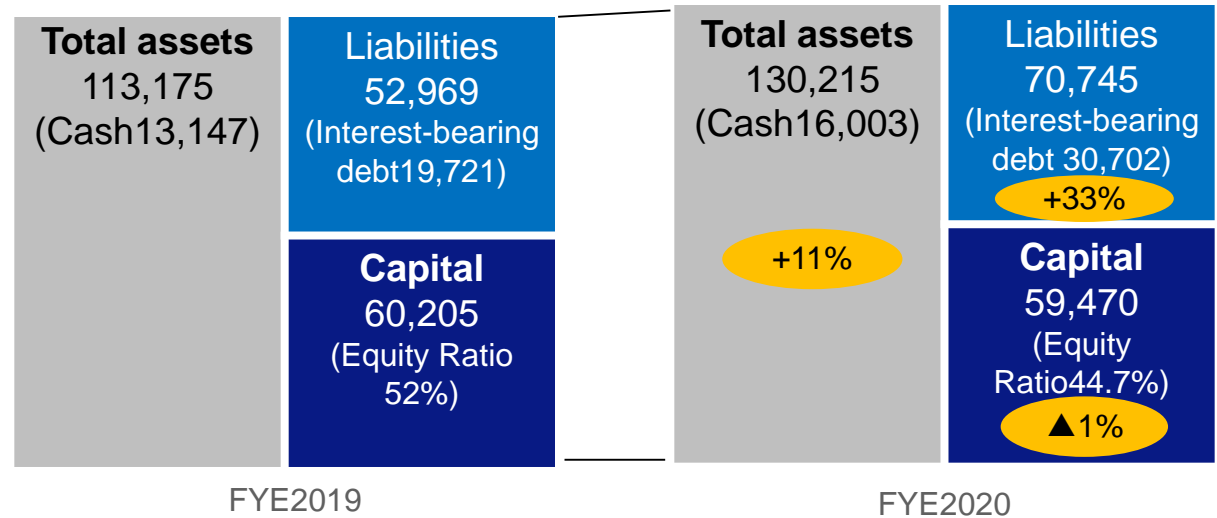
Profit/Loss Analysis



Balance sheet / Cash Flows

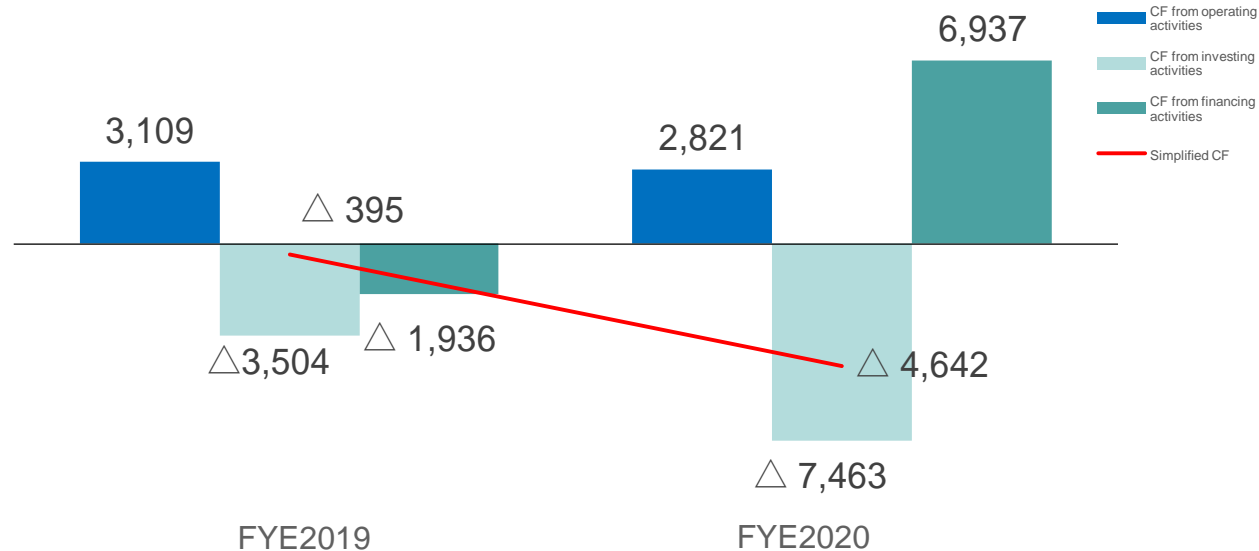
Balance sheet (millions of yen)

- Higher interest-bearing debt caused the equity ratio to fall below the target of 50%.
- To secure sufficient liquidity at hand through long-term borrowings and other means during FYE21/6 in order to prepare for uncertainty



Cash Flows (millions of yen)

- Increase in investment cash flow through active investment in Energy Business, etc., was financed by financing cash flow such as borrowings, etc.
- Free cash flow decreased compared to the previous period due to a delay in payment resulting from a change in construction schedules in Japan and large accounts receivable, etc.



Results by Business Segment (Orders/Net Sales)

(millions of yen)	FYE19/6 Results	FYE20/6 Results	YoY Change		vs. Plan	
			Amount	%	Amount	%
Orders	118,085	141,632	23,547	119.9%	4,832	103.5%
Domestic Consulting	52,855	56,184	3,328	106.3%	△315	99.4%
International Consulting	28,482	47,508	19,025	166.8%	2,808	106.3%
Power Engineering	15,411	19,829	4,418	128.7%	△4,470	81.6%
Urban & Spatial Development	20,510	17,874	△2,636	87.1%	5,074	139.6%
Energy	723	156	△566	21.7%	56	157.0%
Net sales	108,589	112,214	3,624	103.3%	△ 3,585	96.9%
Domestic Consulting	49,593	51,333	1,740	103.5%	△ 166	99.7%
International Consulting	24,928	24,508	△419	98.3%	△ 3,291	88.2%
Power Engineering	16,531	15,747	△784	95.3%	△ 952	94.3%
Urban & Spatial Development	15,359	18,160	2,800	118.2%	660	103.8%
Energy	719	1,187	468	165.1%	87	108.0%
Real Estate Leasing/Others	1,456	1,276	△179	87.7%	76	106.4%
Operating income	5,110	4,590	△520	89.8%	△9	99.8%
Domestic Consulting	4,990	5,227	237	104.8%	△ 72	98.6%
International Consulting	841	684	△157	81.3%	△ 15	97.7%
Power Engineering	2,089	1,069	△1,019	51.2%	△430	71.3%
Urban & Spatial Development	151	917	765	603.8%	117	114.6%
Energy	△365	△383	△18	-	16	-
Real Estate Leasing/Others	△2,597	△2,924	△327	-	375	-

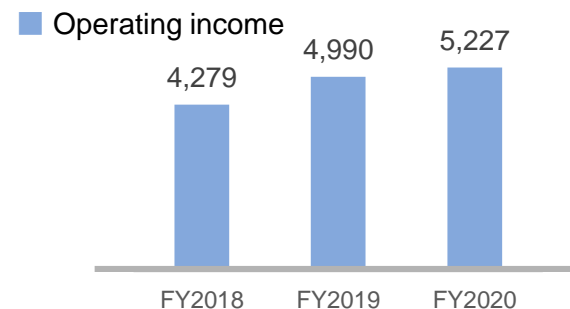
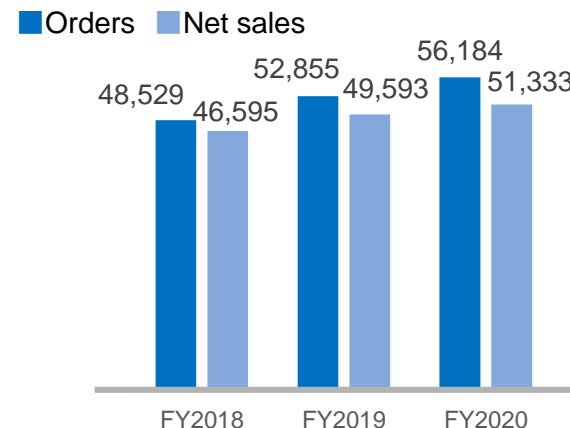
Domestic Consulting

FY2020 results

- Orders, net sales and operating income were all at all-time highs on the back of a favorable business environment.
- Orders for large projects and new services of Group companies contributed to the volume of orders.
- Net sales increased due to steady progresses in projects related to national land resilience and others, largely in line with the forecast.

FY2020 effect of COVID-19

- Very little impact on business results, although the construction periods of some projects were extended
- Overseas talent began work on domestic projects.



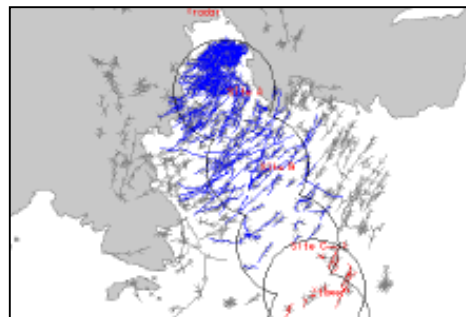
	FYE19/6 Results		FYE20/6 Results		YoY Change		FYE20/6 Plan	vs. Plan	
	Amount	Ratio (vs. Sales)	Amount	Ratio (vs. Sales)	Amount	%		Amount	%
Orders	52,855	Ratio (vs. Sales)	56,184	Ratio (vs. Sales)	3,328	106.3%	56,500	Δ315	99.4%
Net sales	49,593	100.0%	51,333	100.0%	1,740	103.5%	51,500	Δ167	99.7%
Cost of sales	35,618	71.8%	36,865	71.8%	1,246	103.5%	36,700	165	100.4%
Gross profit	13,974	28.2%	14,468	28.2%	493	103.5%	14,800	Δ332	97.8%
SG & A	8,984	18.1%	9,240	18.0%	256	102.9%	9,500	Δ260	97.3%
Operating income	4,990	10.1%	5,227	10.2%	237	104.8%	5,300	Δ73	98.6%

Project Case Study / Domestic Consulting

Consulting business relating to wind power projects

Summary of project

- With regards to onshore wind power, orders for environmental impact assessment projects from private power companies increased.
- As for offshore wind power, with the enforcement of the Act on Promotion of Utilization of Sea Areas for the Development of Marine Renewable Energy Generation Facilities in 2019, the market has expanded beyond environmental impact assessment to include open recruitment of operators and other consulting services.
- The Company began assigning specialized staff in 2020 to collaborate with the Group companies and develop new markets.



Bird-strike survey, prediction and evaluation



Landscape simulation

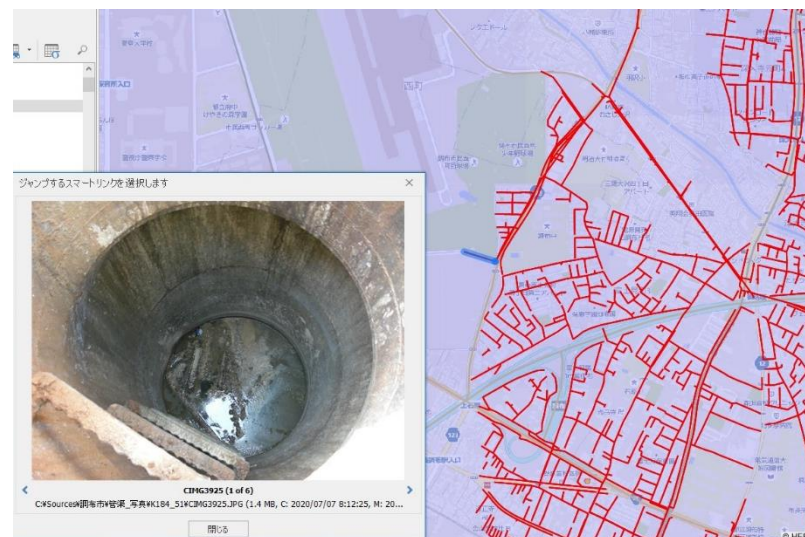
Commissioned business for stock management inspection and planning for the next term

Client

Chofu City

Summary of project

- It is difficult to accumulate an enormous amount of maintenance and management information on water supply and sewerage facilities with the conventional ledger system going forward.
- Made a proposal by using spatial analysis technology (GSA) provided by GeoplanNamtech Inc. as a case study to examine and test the database requirements necessary to accumulate inspection records, which was adopted.

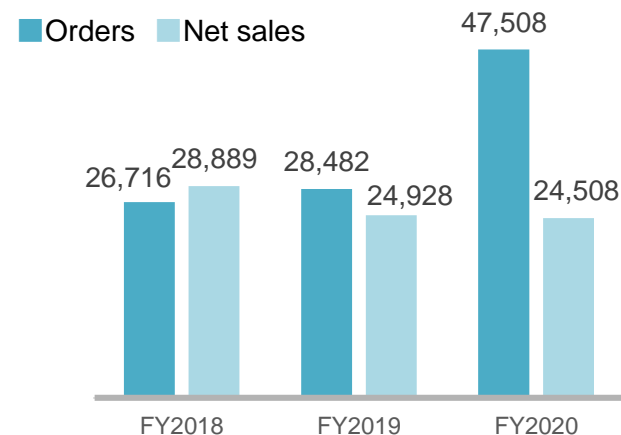


International Consulting

FY2020 results

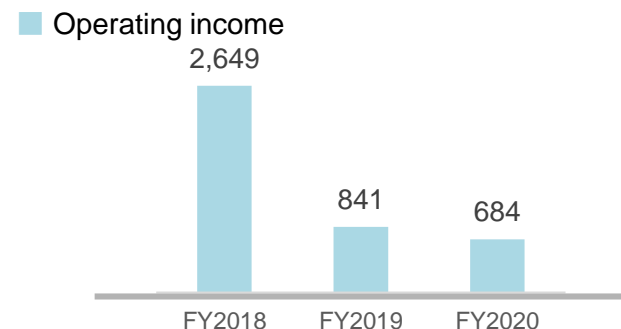
- Orders were renewed at a record high, contributed to by orders for large-scale projects for which receipt was delayed from FYE19/6, as well as large-scale projects won during FYE20/6.
- With net sales affected by a larger than expected COVID-19 effect on International Consulting, as well as continued changes in the market environment for two of the Group companies in the segment, both sales and profit decreased, falling short of the forecasts.

- Nippon Koei LAC: Changes of government and intensifying price competition in the service area
- Koei Research & Consulting: Delay in responding to changes in the details of publicly announced projects



FY2020 effect of COVID-19

- Impact on net sales: Estimated to be down about 4 billion yen
- The JICA business was ordered to return all staff to Japan, in principle, as well as the ban on traveling abroad issued in March 2020, and other businesses also experienced delays in projects due to lockdowns, etc.
- The annual contract utilization rate was the lowest in the past five years.
- Promoting having overseas staff engage in domestic businesses, starting from March

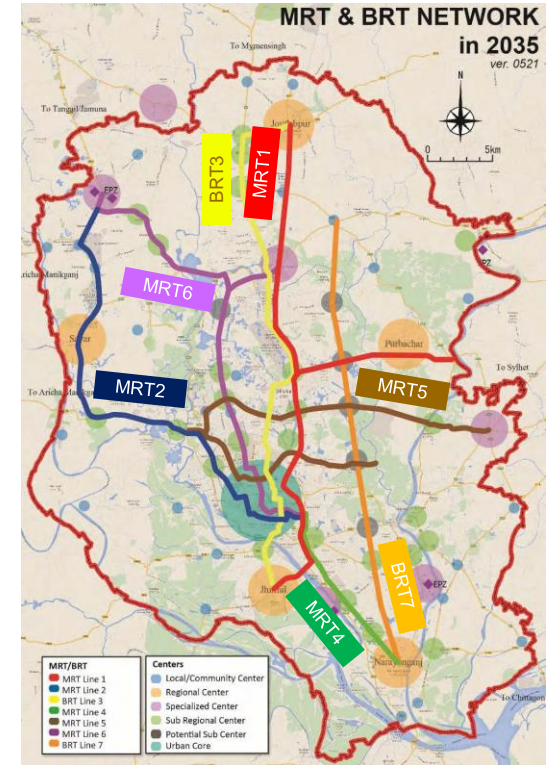


	FYE19/6 Results		FYE20/6 Results		YoY Change		FYE20/6 Plan	vs. Plan	
	Amount	Ratio (vs. Sales)	Amount	Ratio (vs. Sales)	Amount	%		Amount	%
Orders	28,482		47,508		19,025	166.8%	44,700	2,808	106.3%
Net sales	24,928	100.0%	24,508	100.0%	△419	98.3%	27,800	△3,292	88.2%
Cost of sales	18,600	74.6%	18,509	75.5%	△90	99.5%	21,400	△2,891	86.5%
Gross profit	6,328	25.4%	5,999	24.5%	△329	94.8%	6,400	△401	93.7%
SG & A	5,487	22.0%	5,315	21.7%	△172	96.9%	5,700	△385	93.2%
Operating income	841	3.4%	684	2.8%	△157	81.3%	700	△16	97.7%

Project Case Study / International Consulting

Dhaka Mass Rapid Transit development project (Line 5 North) in Bangladesh

Location	Dhaka, Bangladesh
Contract period	August 2020 to March 2032
Contract value	Approx. 7 billion yen (for the Nippon Koei Group)
Summary of project	<ul style="list-style-type: none"> An order received following the MRT Lines 6 and 1, for which the Company is currently performing construction supervision and management as well as detailed design. It is to construct an urban high-speed railway (MRT Line 5 North) that crosses east and west and connects the lines that have been developed in the north and south direction. BIM is used to design stations.



Two large-scale infrastructure development projects in Mombasa, Kenya

Special economic zone development project	
Contract value	Approx. 700 million yen
Summary of project	Detailed design of basic infrastructure facilities such as ports and roads in a special economic zone to be developed in the Dongo Kundu area, estimation of project costs, and preparation of bidding documents
Gate Bridge construction project	
Contract value	Approx. 1,500 million yen
Summary of project	<ul style="list-style-type: none"> Detailed design work of a bridge between Mombasa Island and the Kilindini Strait The project runs as far as approximately 8 km, and its main bridge is the longest cable-stayed bridge in Africa and of the largest in size in the history of ODA.



Power Engineering

FY2020 results

- Orders were significantly higher than the previous period, contributed to by orders for large projects from government agencies, etc.

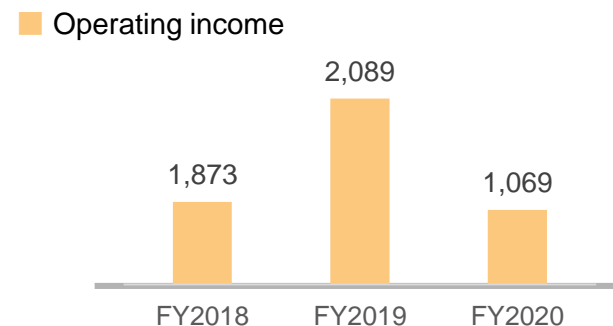
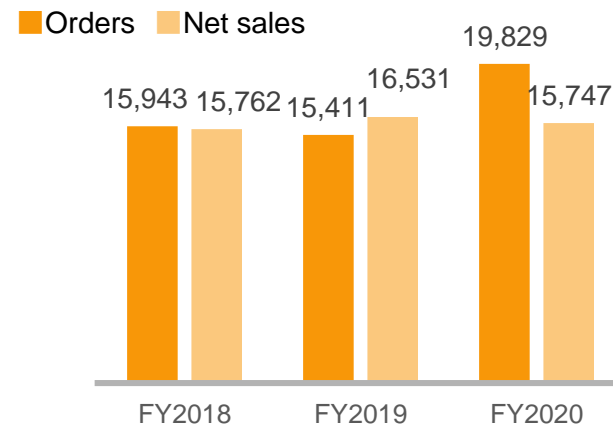
• Large-scale projects: Large-scale renovation of Miwa Power Station of 6.3 billion yen
Improvements of Tanoiri Power Station water turbine generator and others of 1.2 billion, and so on

They fell short of the forecast due to delays in bidding procedures and negotiations in 4Q resulting in accounting recognition in later periods.

- Net sales declined and fell short of the forecast due to postponement in the construction period and delays in the progress, etc. of work for a water-turbine generator project in the production division.
- Operating income declined from the previous period, however, was in line with the forecast thanks to improved operational efficiency.

FY2020 effect of COVID-19

- Delays in the progress of overseas projects occurred in the consulting (plant) department.
- Progress in the review of operational efficiency



	FYE19/6 Results		FYE20/6 Results		YoY Change		FYE20/6 Plan	vs. Plan	
	Amount	Ratio (vs. Sales)	Amount	Ratio (vs. Sales)	Amount	%		Amount	%
Orders	15,411	Ratio (vs. Sales)	19,829	Ratio (vs. Sales)	4,418	128.7%	24,300	Δ4,470	81.6%
Net sales	16,531	100.0%	15,747	100.0%	Δ784	95.3%	16,700	Δ953	94.3%
Cost of sales	11,374	68.8%	11,731	74.5%	356	103.1%	12,100	Δ369	97.0%
Gross profit	5,157	31.2%	4,016	25.5%	Δ1,141	77.9%	4,600	Δ584	87.3%
SG & A	3,067	18.6%	2,946	18.7%	Δ121	96.0%	3,100	Δ154	95.0%
Operating income	2,089	12.6%	1,069	6.8%	Δ1,019	51.2%	1,500	Δ431	71.3%

Project Case Study / Power Engineering

Large-scale renovation of Miwa Power Station

Client	Enterprise Bureau, Nagano Prefecture
Contract value	Approx. 6.3 billion yen
Contract period	March 2020 to March 2025
Summary of project	<ul style="list-style-type: none">Renovation work at the 61-year-old decrepit Miwa Power Station (maximum output of 12,200 kW)Track records of one-stop services for integrated design and construction (EPC) and proposals on new technologies such as AI were highly recognized, resulting in adoption.



Hydraulic integrated protection and control system

Client	Chubu Electric Power Company
Summary of project	<ul style="list-style-type: none">A system that remotely monitors and controls equipment abnormality detection based on control of the rotational speed, voltage, and electric power of water turbines and generatorsThe previous system was a function-by-function device and was consolidated into a system that allows for integrated monitoring.Proposed on the superiority of maintenance through reduced maintenance costs and replacement of general-purpose parts in a shorter delivery time, resulting in receiving an order successivelyAchieved cost reduction in the manufacturing division as well



Urban & Spatial Development

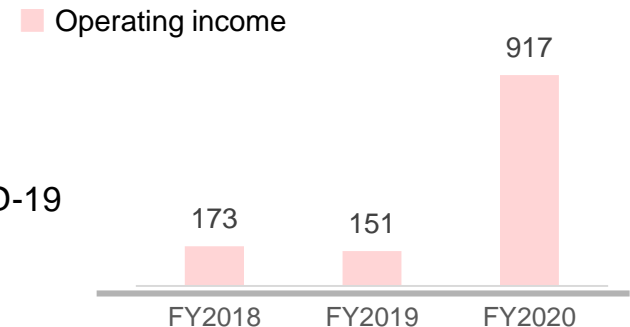
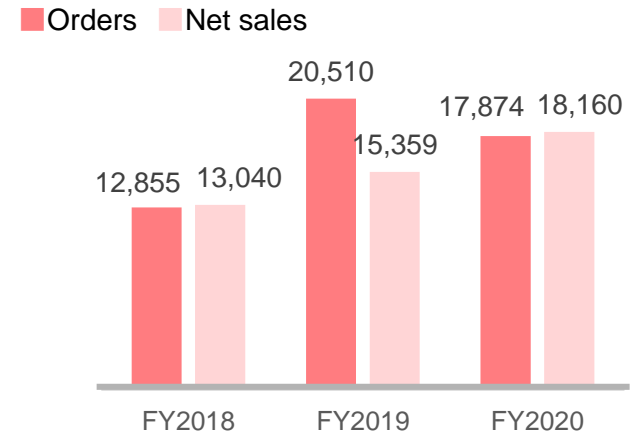
FY2020 results

- While falling from the same period of the previous year, orders met the forecast with additional orders from existing customers, etc., acquired even during the lockdown period in the UK in 4Q.
- Net sales increased (all-time high) and met the forecast due to steady performance in the refurbishment of the Palace of Westminster and other in-hand projects.
- Operating income increased significantly (all-time high) and met the forecast due to improved profitability at BDP and strong performance at the new Canadian consolidated subsidiary, Quadrangle.

FY2020 effect of COVID-19

- Both BDP and Quadrangle use teleworking to support their business operations.
- There were delays in progress at construction sites.
- BDP received an order for the construction of hospitals that accept COVID-19 patients, thereby contributing to measures against the COVID-19 in the United Kingdom.

* Actual rate for the FYE June 2020: 1 £= 136.24 yen (Planned rate for the FYE June 2020: 1 £= 144.27 yen)
 * Amortization expense for Urban & Spatial Development for FYE June 2020: Approx. 1 billion yen (Goodwill: approx. 400 million yen; other intangible fixed assets: approx. 500 million yen)



	FYE19/6 Results		FYE20/6 Results		YoY Change		FYE20/6 Plan	vs. Plan	
	Amount	Ratio (vs. Sales)	Amount	Ratio (vs. Sales)	Amount	%		Amount	%
Orders	20,510	Ratio (vs. Sales)	17,874	Ratio (vs. Sales)	Δ2,636	87.1%	12,800	5,074	139.6%
Net sales	15,359	100.0%	18,160	100.0%	2,800	118.2%	17,500	660	103.8%
Cost of sales	8,584	55.9%	9,864	54.3%	1,279	114.9%	10,400	Δ536	94.8%
Gross profit	6,775	44.1%	8,296	45.7%	1,521	122.5%	7,100	1,196	116.9%
SG & A	6,623	43.1%	7,379	40.6%	755	111.4%	6,300	1,079	117.1%
Operating income	151	1.0%	917	5.1%	765	603.8%	800	117	114.6%

Project Case Study / Urban & Spatial Development

Construction of hospitals that accept COVID-19 patients in the United Kingdom

Client NHS

Summary of project

- Six event venues in the UK were reused and converted to hospitals that accept COVID-19 patients.
- BDP leveraged its expertise in hospital construction to provide architectural and engineering services.
- Created an explanatory manual detailing the concept of the original Nightingale Hospital London to share information around the world



Sheffield Hallam University

Client Sheffield Hallam University

Summary of project

- BDP designed a master plan.
- The first phase of construction started in June, with an aim to building facilities and offices for the Business School and College of Social Sciences and Arts and creating green space.
- Formed an alliance of a procurement and delivery model of the new construction industry, the first time for the UK university construction program, with BDP appointed as its key partner

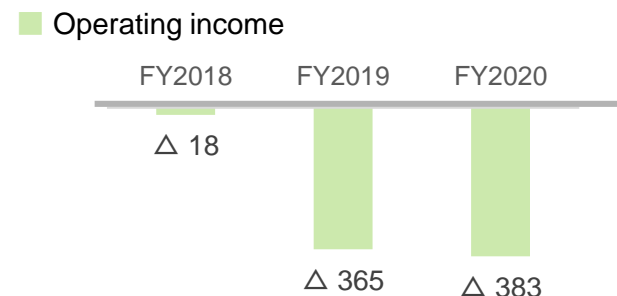
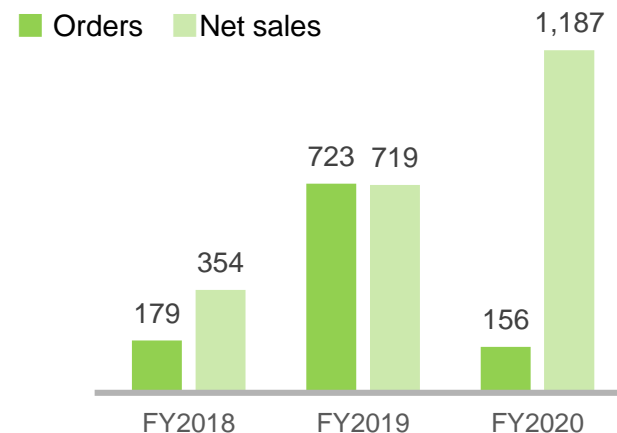


FY2020 results

- Orders were lower than in the previous period due to the delay in expected orders related to storage batteries in Europe.
- Net sales increased and met the forecast by promoting an EPC project for storage batteries in the United Kingdom for which an order had been received during the previous period, a maintenance and management project for public hydroelectric power generation facilities in Japan, and others.
- Operating income continued to be in the red due to expenses of European bases, which represent an upfront investment.

FY2020 effect of COVID-19

- The impact was limited.
- Promoted teleworking at European bases



	FYE19/6 Results		FYE20/6 Results		YoY Change		FYE20/6 Plan	vs. Plan	
	Amount	Ratio (vs. Sales)	Amount	Ratio (vs. Sales)	Amount	%		Amount	%
Orders	723	Ratio (vs. Sales)	156	Ratio (vs. Sales)	△566	21.7%	100	56	157.0%
Net sales	719	100.0%	1,187	100.0%	468	165.1%	1,100	87	108.0%
Cost of sales	594	82.6%	976	82.2%	382	164.4%	900	76	108.5%
Gross profit	125	17.4%	210	17.8%	85	168.2%	200	10	105.4%
SG & A	490	68.2%	593	50.0%	103	121.1%	600	△7	99.0%
Operating income	△365	-	△383	-	△18	-	△400	17	-

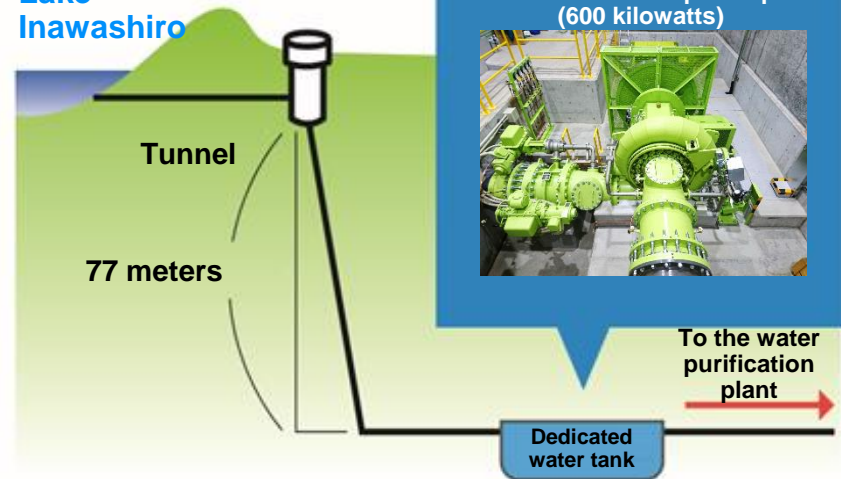
Project Case Study / Energy

Suidoyama Power Station completed/started operation.

Summary of project

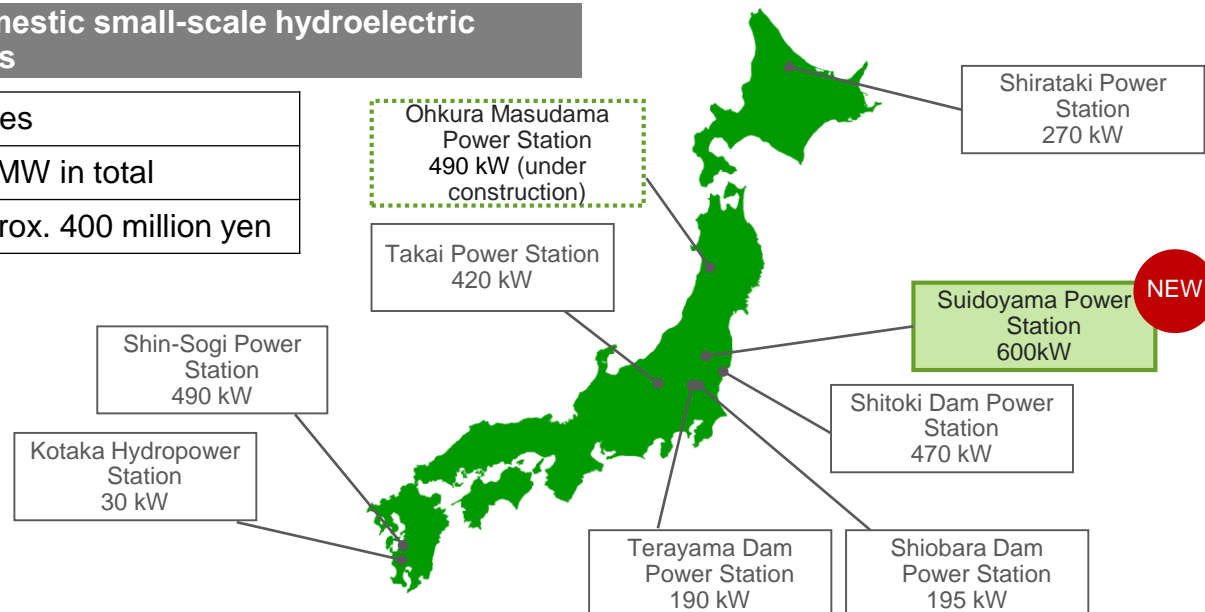
- Small hydropower generation project under a public-private partnership between Koriyama City Water and Sewer Bureau and Nippon Koei
- Installed a small hydroelectric power plant in the energy reduction tank located upstream of the water purification plant owned by the Water and Sewer Bureau to utilize untapped energy
- Started operation and sales of electric power in February 2020
- Power output: 600 kW (equivalent to the usage of about 1,100 households)

Lake Inawashiro



Nippon Koei Group's domestic small-scale hydroelectric power generation projects

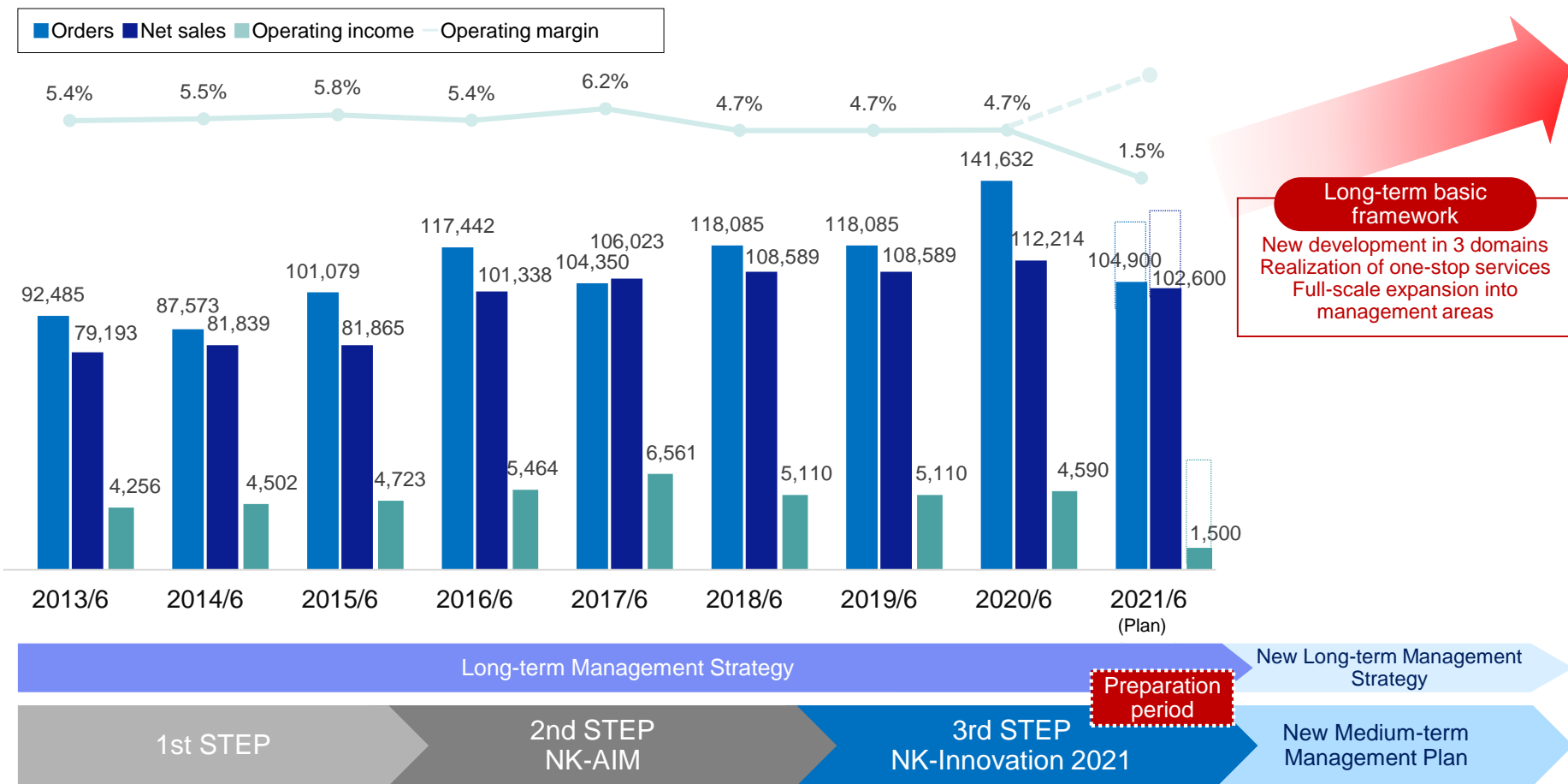
Sites in operation	8 sites
Power generation	2.7 MW in total
FY2020 net sales	Approx. 400 million yen



II: FYE 21/6 Forecast

Positioning of the FYE June 30, 2021

- Final year and finish of the Medium-term Management Plan and Long-term Management Strategy
- Preparation period for sprinting from the start for the new Long-term Management Strategy
- Implementing measures in anticipation of changes in the business environment caused by the COVID-19 pandemic



Concept of the FYE June 30, 2021 Plan

Recognition of current situation	Demand for infrastructure projects at the macro level remains brisk, but the near-term spread of COVID-19 is likely to have a major impact on the Company's earnings.
FY2021 assumptions for forecasts	The maximum level of the COVID-19 effect (worldwide situation around April to May 2020: Declaration of states of emergency, lockdowns, travel restrictions and curbs on outings) is assumed to continue for one year during the fiscal year.
Actions during FY2021	<p>Implement a strategy to successfully sprint from the start for the new Long-term Management Strategy, which will start in the next fiscal year (FY2022), while ensuring the execution of “defensive measures”</p> <ul style="list-style-type: none">▪ Secure business performance by increasing the mobility of human resources▪ Thorough cost reduction of sales, administrative and overhead costs▪ Maintain financial discipline (to secure liquidity on hand)▪ Promote DX (to accelerate the development of next-generation core technologies and improve productivity)▪ Promote work style reform (from the COVID-19 crisis response toward securing WLB)
Stance in FY2021	While committed to meeting the business forecast that takes into account the COVID-19 effect to the greatest extent possible, we will pursue a target that assumes no COVID-19 effect as we closely examine the actual conditions and situation.

FYE June 30, 2021 Plan

Assumptions for forecasts

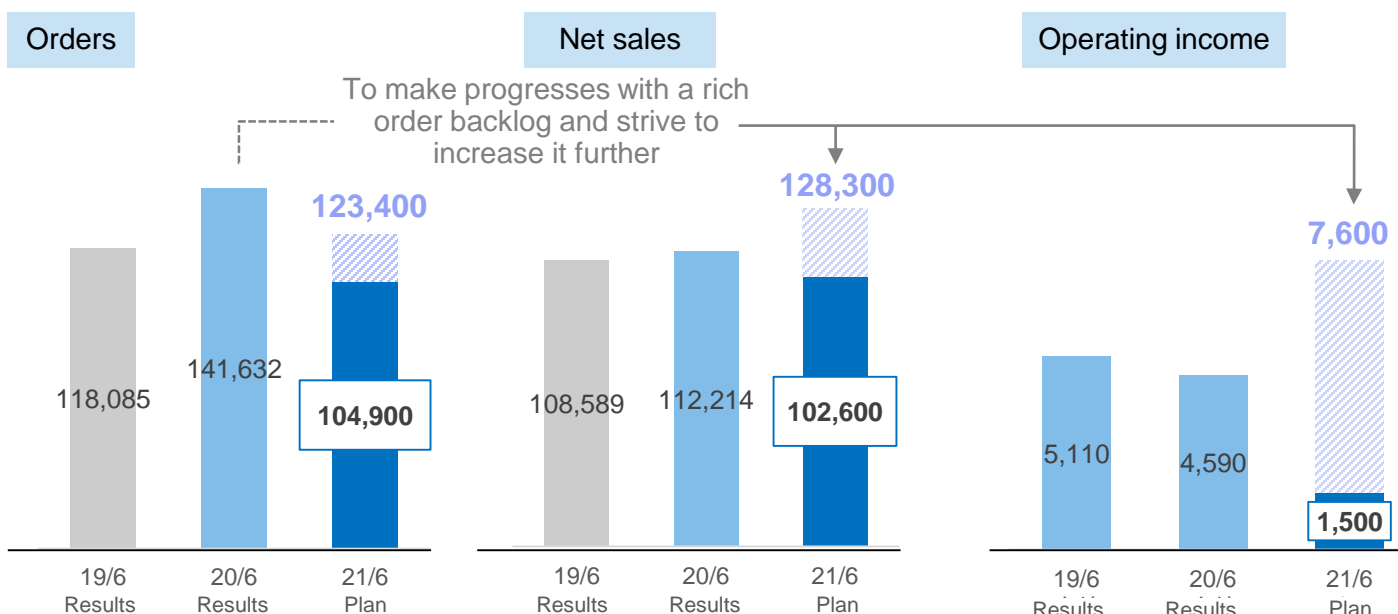
The maximum level of the COVID-19 effect* is assumed to continue for one year during the fiscal year.

* Worldwide situation around April to May 2020: Declaration of states of emergency, lockdowns, travel restrictions and curbs on outings

Stance in the fiscal year under review

While committed to meeting the business forecast that takes into account the COVID-19 effect to the greatest extent possible, we will pursue a target that assumes no COVID-19 effect as we closely examine the actual conditions and situation.

(Millions of yen)	FY2021 Forecast (Japanese GAAP)	YoY Change (%)	Target value assuming no COVID-19 effect (Reference/Japanese GAAP)	FY2021 Forecast (IFRS)
Orders	104,900	74.1%	123,400	104,900
Net sales	102,600	91.4%	128,300	102,600
Operating Income	1,500	32.7%	7,600	3,000



Target value assuming no COVID-19 effect (Reference/Japanese GAAP)

Business forecast/committed level when the COVID-19 effect is taken into account to the greatest extent possible (Japanese GAAP)

FYE June 2020 Forecast






Standardization of accounting standards within the Group by adoption of IFRS (results are disclosed at the end of the fiscal year)

(Millions of yen)	FYE 20/6 Results	FYE21/6 Forecast (Japanese GAAP)	YoY Change Amount	YoY Change %	FYE21/6 Forecast (IFRS)
Orders	141,632	104,900	△ 36,732	74.1%	104,900
Domestic Consulting	56,184	49,800	△ 6,384	88.6%	49,800
International Consulting	47,508	23,900	△ 23,608	50.3%	23,900
Power Engineering	19,829	13,000	△ 6,829	65.6%	13,000
Urban & Spatial Development	17,874	16,000	△ 1,874	89.5%	16,000
Energy	156	2,200	2,043	1401.6%	2,200
Net sales	112,214	102,600	△ 9,614	91.4%	102,600
Domestic Consulting	51,333	41,700	△ 9,633	81.2%	41,700
International Consulting	24,508	22,100	△ 2,408	90.2%	22,100
Power Engineering	15,747	18,000	2,252	114.3%	18,000
Urban & Spatial Development	18,160	18,300	139	100.8%	18,300
Energy	1,187	1,100	△ 87	92.6%	1,100
Real Estate Leasing/Others	1,276	1,400	123	109.7%	1,400
Operating income	4,590	1,500	△ 3,090	32.7%	3,000
Domestic Consulting	5,227	2,100	△ 3,127	40.2%	2,100
International Consulting	684	300	△ 384	43.8%	300
Power Engineering	1,069	1,800	730	168.3%	1,800
Urban & Spatial Development	917	400	△ 517	43.6%	700
Energy	△ 383	△ 700	△ 316	-	300
Real Estate Leasing/Others	△ 2,924	△ 2,400	524	82.1%	△ 2,200
Ordinary Income	4,603	2,100	△ 2,503	45.6%	-
Profit attributable to owners of parent	2,726	500	△ 2,226	18.3%	1,200
Operating margin (%)	4.1	1.5			2.9
ROE (%)	4.6	0.8			1.9

III: Progress of the Medium-Term Management Plan and Initiatives for the Year Ending June 2021




Medium-Term Management Plan NK-Innovation 2021 — 2nd Year Progress

Promoted cooperation between Japan and overseas in the face of the COVID-19 pandemic

Business strategy	Priority Issues for FYE June 2020	Initiatives in FYE2020
<p>Enhancement of operating system for Railways Business</p>	<ul style="list-style-type: none"> ➤ Establish local production systems through promoting alliances 	<ul style="list-style-type: none"> ✓ Strengthened a system integrated with local subsidiaries ✓ Won large-scale projects such as Dhaka 
<p>Overseas expansion of Urban & Spatial Development Business</p>	<ul style="list-style-type: none"> ➤ Expand operations in the Canadian and Asian markets ➤ Develop the Japanese market 	<ul style="list-style-type: none"> ✓ Promoted a cooperation strategy between NK and BDP and the receipt of orders ✓ Increased BDP × NK cooperation in India 
<p>Establishment of Energy Business</p>	<ul style="list-style-type: none"> ➤ Pursue business development and accumulate operating results and know-how in Europe ➤ Acquire the hydropower concession business in Japan 	<ul style="list-style-type: none"> ✓ Started the operation of a domestic power station (Suidoyama) ✓ Promoted the storage battery EPC business in the United Kingdom ✓ Invested in YUSO 
<p>Creation of businesses and overseas expansion of Consulting Business</p>	<ul style="list-style-type: none"> ➤ Promote alliances and accelerate business creation ➤ Acquire orders in new technology fields by taking advantage of the superiority of domestic technologies 	<ul style="list-style-type: none"> ✓ Activated the infrastructure export of domestic technologies and mutual support between Japan and overseas ✓ Promoted cooperation among business creating organizations 
<p>Product development and Overseas expansion of Power Engineering Business</p>	<ul style="list-style-type: none"> ➤ Create new products and services ➤ Build domestic and overseas supply chains 	<ul style="list-style-type: none"> ✓ Developed and delivered international standard products ✓ Selected partner companies to strengthen the production capacity of mechanical and electrical systems 

Medium-Term Management Plan NK-Innovation 2021 — 2nd Year Progress

Secured the planned number of hires by promoting the use of online tools in recruitment activities






Common Group-wide measures	Priority Issues for FYE June 2020	Initiatives in FYE2020
Establishment of one-stop marketing system	<ul style="list-style-type: none"> ➤ Promote cross-segment projects such as smart cities 	<ul style="list-style-type: none"> ✓ Formulated a regional strategy focused on Singapore ✓ Promoted the development of the digital business by GeoplanNamech Inc. 
Investment in technologies and human resources	<ul style="list-style-type: none"> ➤ Maintain and improve superior technologies such as disaster prevention/mitigation and maintenance management using AI ➤ Expand hiring, strengthen education, and promote early demonstration of capabilities 	<ul style="list-style-type: none"> ✓ Reorganized and added technology strategy themes ✓ Diversification of recruitment activities for new graduates (using the web, etc.) 
Enhancement of group governance	<ul style="list-style-type: none"> ➤ Introduce IFRS and establish a global accounting platform 	<ul style="list-style-type: none"> ✓ Continued implementation of the business management guidelines ✓ Planned and implemented training for the Group companies' executives  ✓ Postponed IFRS disclosure to FYE2021/6 ✓ Promoted BEPS

NK-Innovation 2021 Priority Issues for FYE June 2021

Business strategy/ Common Group-wide measures	Priority Issues
Enhancement of operating system for Railways Business	<ul style="list-style-type: none"> ■ Strengthen a project implementation system integrated with local subsidiaries Reviewed ■ Establish local production systems through promoting alliances
Overseas expansion of Urban & Spatial Development Business	<ul style="list-style-type: none"> ■ Expand businesses in cooperation with BDP in the Asian market Reviewed ■ Build a business base in the domestic market
Establishment of Energy Business	<ul style="list-style-type: none"> ■ Start European business full scale ■ Form/develop market-leading projects in the domestic market Reviewed ■ Develop businesses in Asian markets Reviewed
Creation of businesses and overseas expansion of Consulting Business	<ul style="list-style-type: none"> ■ Promote the development of next-generation core technologies and the creation of new businesses based on technologies and human resources cultivated at domestic businesses and the Research & Development Center Reviewed ■ Develop hybrid human resources who can play an active role in both Japanese and overseas markets Reviewed ■ Promote global expansion by sharing and strengthening production systems Reviewed
Product development and Overseas expansion of Power Engineering Business	<ul style="list-style-type: none"> ■ Create new products and services ■ Reconstruct the hydraulic power generation equipment manufacturing system Reviewed
Establishment of one-stop marketing system	<ul style="list-style-type: none"> ■ Develop regional management systems Reviewed ■ Create cross-segment businesses that meet the needs of each country and region
Investment in technologies and human resources	<ul style="list-style-type: none"> ■ Develop and utilize innovative technologies centered on DX Reviewed ■ Improve a teleworking environment as well as a human resource system toward the realization of a new way of working Reviewed
Enhancement of group governance	<ul style="list-style-type: none"> ■ Introduce IFRS and establish a global accounting platform

Forecasts of the COVID-19 Effect and Countermeasures (By Segment)

- The markets for the Company's businesses remain firm and are on a recovery trend.
- Taking firm measures in all segments while monitoring changes in the market environment

	Market environment	Forecasted impact on the Company	Countermeasures
Domestic Consulting	<ul style="list-style-type: none"> ■ Limited impact unless a state of emergency is declared 	<ul style="list-style-type: none"> ■ Limited ■ Potential for changes in the way local governments and the private sector give orders over the long term 	<ul style="list-style-type: none"> ■ Secure orders early ■ Accelerate the development of next-generation core technologies and productivity improving technologies by promoting DX ■ Closely monitor changes in the way local governments and the private sector give orders
International Consulting	<ul style="list-style-type: none"> ■  Implementation of global movement restrictions and isolation policies (varying from region to region) ■ Provision of ODA loans resumed through online consultations, etc. 	<ul style="list-style-type: none"> ■  Business delays due to travel suspensions ■ Contract utilization rate is on a recovery trend. ■ Potential for changes in the ODA business over the long term 	<ul style="list-style-type: none"> ■ Shift overseas staff to work on domestic projects ■ Request for approval for the JICA operation staff to work locally → in Japan ■ Implement remote project management practices ■ Closely monitor changes in the project details
Power Engineering	<ul style="list-style-type: none"> ■ Domestic: Limited impact unless a state of emergency is declared ■ Overseas:  Implementation of movement restrictions and isolation policies (varying from region to region) 	<ul style="list-style-type: none"> ■ Domestic: Limited, production division (factories) operating as usual ■ Overseas:  Business delays due to travel suspensions 	<ul style="list-style-type: none"> ■ Shift overseas staff to work on domestic projects ■ Request for approval for the JICA operation staff to work locally → in Japan
Urban & Spatial Development	<ul style="list-style-type: none"> ■ Restrictions on movement in the United Kingdom and Canada 	<ul style="list-style-type: none"> ■ Continue teleworking ■  Concern over a decline in the number of publicly-announced private sector projects 	<ul style="list-style-type: none"> ■ Review a balance between public and private sector orders ■ Improve the utilization rate of engineers and share knowhow in architectural design in the medical field
Energy Business	<ul style="list-style-type: none"> ■ Domestic: No impact ■ Europe: Restrictions on movement 	<ul style="list-style-type: none"> ■ Domestic: Limited ■ Europe: Delays in field surveys 	

Implement “defensive measures” in the face of the COVID-19 pandemic steadily, and quickly execute growth strategies in anticipation of social changes

Offense

Drastic reform of operations and improvement of customer value

- Promote DX (to accelerate the development of next-generation core technologies and improve productivity), and integrate with big data and digital technologies
- Organizational changes in the consideration of the long-term strategy

Offense/defense

Expanding business fields/securing business performance Improving productivity

- Secure business performance by increasing the mobility of human resources
- Promote work style reform (from the COVID-19 crisis response toward securing WLB)

Defense

Strengthening cost management and cash management

- Thorough cost reduction of sales, administrative and overhead costs
- Maintain financial discipline (to secure liquidity on hand)

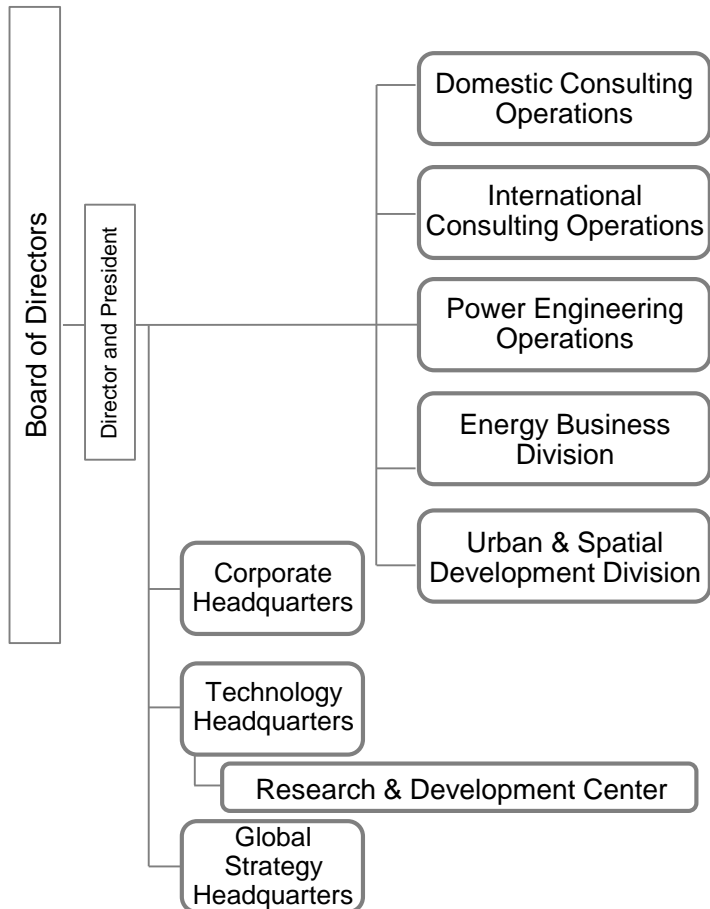
Achieve sustainable growth globally after the COVID-19 pandemic settles down through the new Long-term Management Strategy starting in the next fiscal year (FY2022)

Initiatives during the Current Term: Reorganization

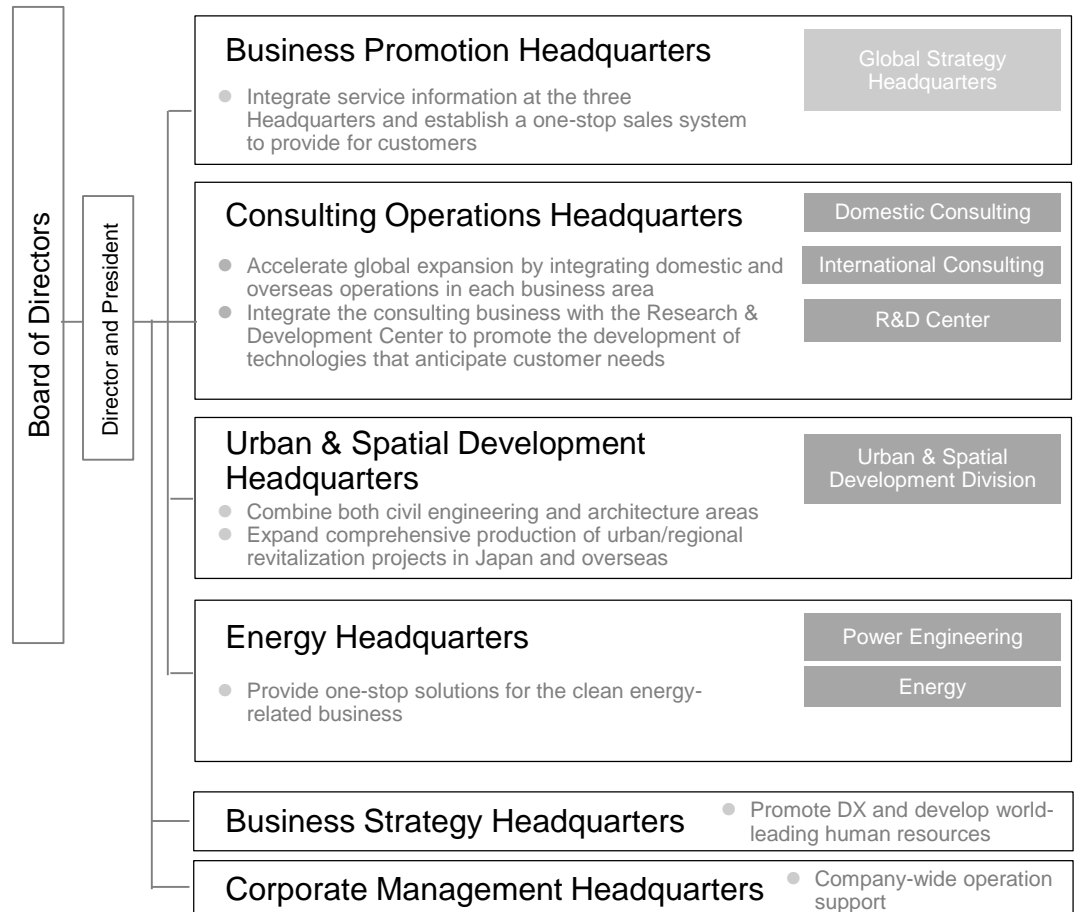
Implement reorganization from the FYE21/6 in anticipation of the new Long-term Management Strategy

Accelerate inter-segment collaboration from what we have

Former organizational structure (until June 2020)

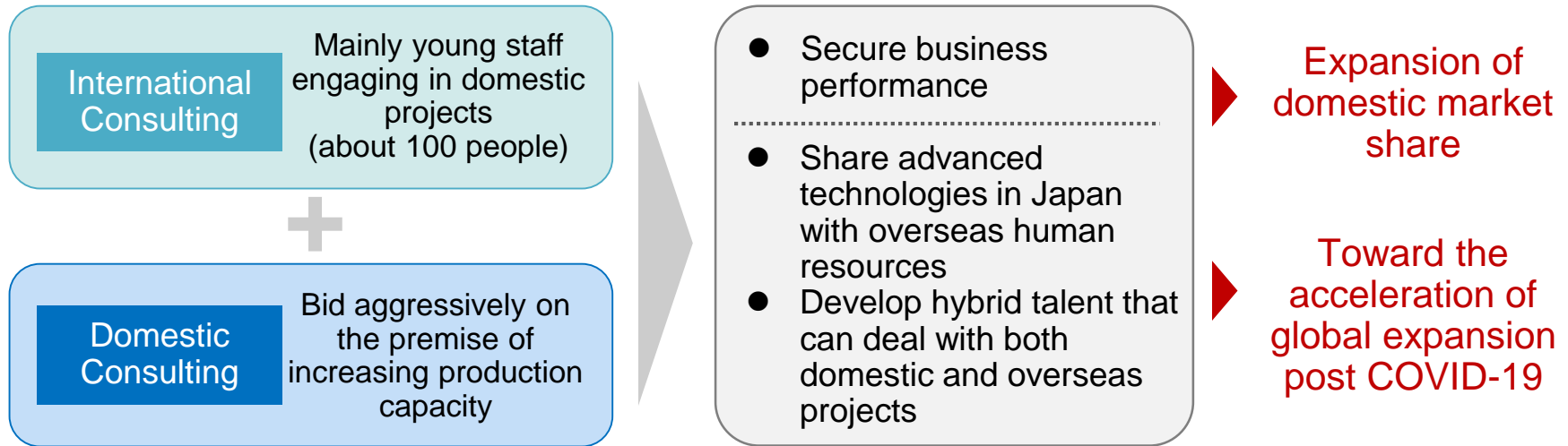


New organizational structure (from July 2020)



Initiatives during the Current Term: Making Technology and Human Resources Seamless

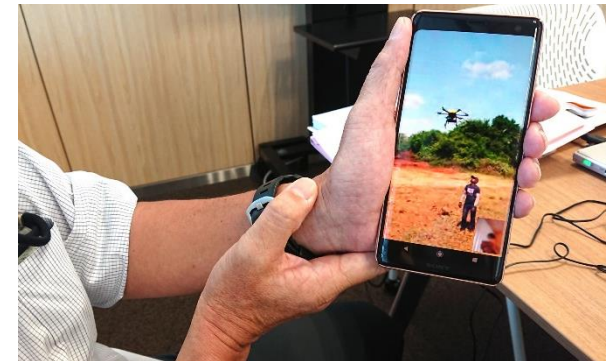
Utilization of the International Consulting staff in Japan



Make technologies seamless



Internal MaaS webinar

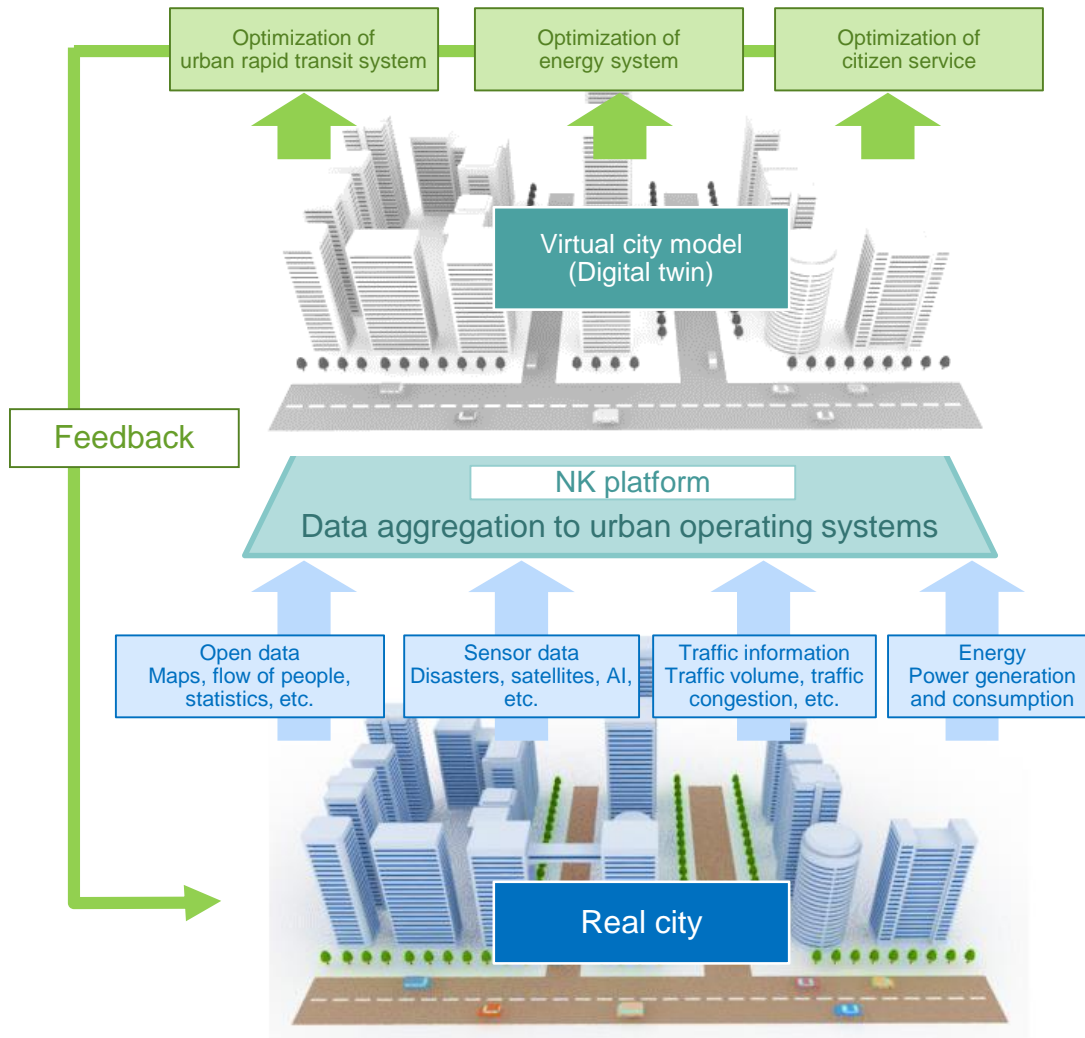


Remote on-site investigation

Initiatives during the Current Term: Promotion of DX

Build a basic model to provide high-quality solutions through the active use of DX, and aim for social implementation

Smart City DX deployment image



The Company's business fields

- Data analysis and visualization using analysis technologies such as AI
- Proposal of data collection infrastructure
- Provide feedback and consulting to revitalize cities
- Prepare city plans based on urban operating systems

Initiatives during the Current Term: Promotion of DX

Pursue industry-leading businesses with high added value, efficiency, and productivity

Types of digital technologies

Visualization technology

Visualization of completed structures and work processes
Easy-to-understand display of various data and information

Examples: VR, digital twin

Labor-saving technology

Automate human tasks with robots, AI, etc.

Examples: Drone surveying, image and big data analysis, AI analysis, unmanned construction

Quality control improvement technology

Design, construction, maintenance and management, etc., can be shared and understood by all concerned parties regardless of knowledge, experience, or nationality.

Example: BIM

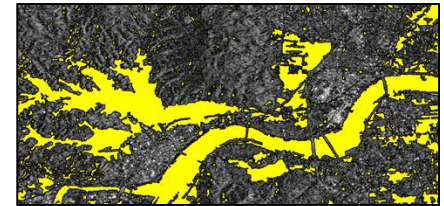
Effect of the introduction and examples of the implementation by the Company

- Promote customers' understanding of deliverables
- Improved efficiency in identifying infrastructure problems and predicting disaster risks, etc.



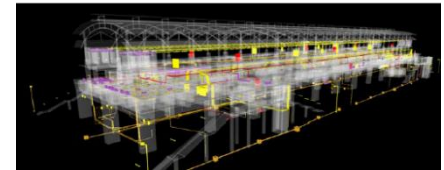
GeoplanNamtech Inc.
Water and sewerage pipes/channels information management system

- Quickly and safely inspect dangerous sites and wide areas
- Carry out high-volume, advanced information processing and analysis in a short period of time
- Cost savings through reduced work time



Analysis of inundation areas by SAR satellite

- Can impeccably and implement quality control that is difficult to standardize, at global standards
- Quality improvement from design, construction, and up to maintenance and management
- Improved efficiency in the operation, maintenance and management by accumulating data at each stage



BIM for Dhaka MRT Line 6 in Bangladesh

Initiatives during the Current Term: Work Style Reform

Strike a balance with realizing new ways of working and value creation by promoting communication

- Introduce address-free seating that strengthens comprehensive capabilities

Introduce an address-free seating system that enhances cooperation across divisions, promotes cross-organizational activities, and makes greater use of comprehensive capabilities better than before



- Create a workplace environment that supports collaboration and productivity

Can flexibly select and use suitable venues depending on the work, such as space for stand-up meetings and online meetings, and concentration work rooms

- Promote teleworking that realizes diverse working styles

Multiple satellite offices are scheduled to be established in the suburbs of Tokyo by the spring of 2021.

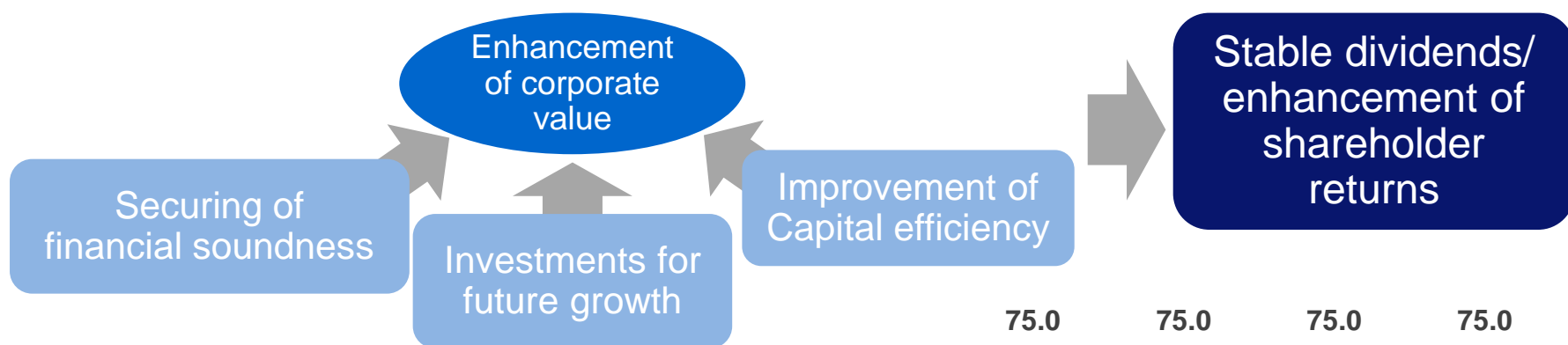


New Head Office started operations in July 2020.

Capital Policy/Dividend Policy

Capital policy

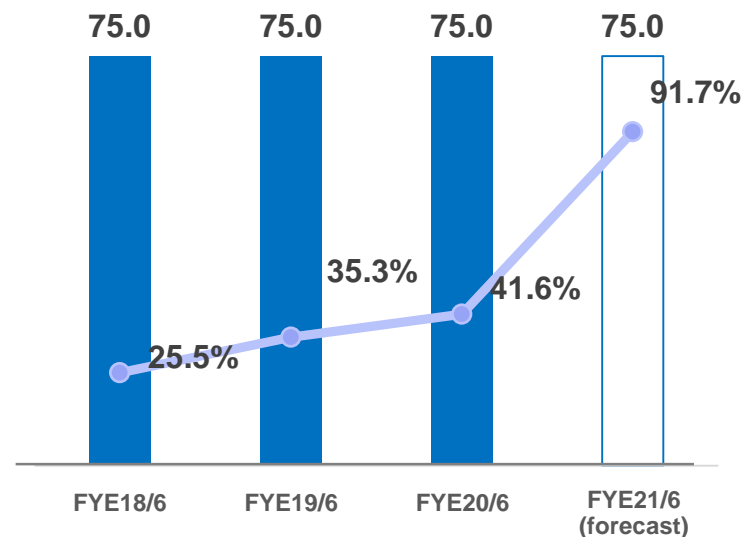
- Conduct appropriate financing in line with the circumstances and improve capital efficiency
- Target equity ratio of 50% and maintain at least 40% even during concentrated investment periods
- Strive to increase corporate value by expanding business through growth investments based on medium and long-term strategies



Dividend policy

- Aim for a dividend payout ratio of 30%, strive to provide stable dividends, and enhance returns to shareholders in line with the rise in the profit level

✓ Continue dividend pay-out of 75.0 yen for the FYE June 2021



Changes in the post COVID-19

The Company's stance

- Responding to social issues (inequality reduction, climate change and international cooperation) will lead to the realization of increased corporate value.
- Based on this belief, the Group is committed to building a strong management base by fostering human resources and promoting technological innovation related to urban and infrastructure development.

Act with integrity and contribute to society through
technology and engineering.

NIPPON KOEI

This material is for information purposes only and is not intended to solicit any action. Nippon Koei prepared this material (including earnings forecast) based on credible information available at the time of publication and on certain assumptions we deemed reasonable at the time. Actual business results, etc. may vary substantially due to various factors.

For inquiries about our IR information, please contact:

**Corporate Communication Office, Corporate Planning Dept., Nippon Koei Co., Ltd.
c-com@n-koei.co.jp**

IV: References

Corporate Profile

- Corporate Name NIPPON KOEI CO., LTD.
- Date of Foundation June 7, 1946
- Capital ¥7,458 million
- Number of Employees 5,702 (consolidated)
- Consolidated Subsidiaries 69
- Businesses Domestic Consulting
International Consulting
Power Engineering
Urban & Spatial Development
Energy
- Management Philosophy
Act with integrity and contribute to society through
technology and engineering.

■ Founder Yutaka Kubota (1890-1986)

Before WWII, Yutaka Kubota was engaged in the development of hydropower resources (e.g. Suiho Dam/700MW, in the Korean Peninsula, one of the world's largest at that time).

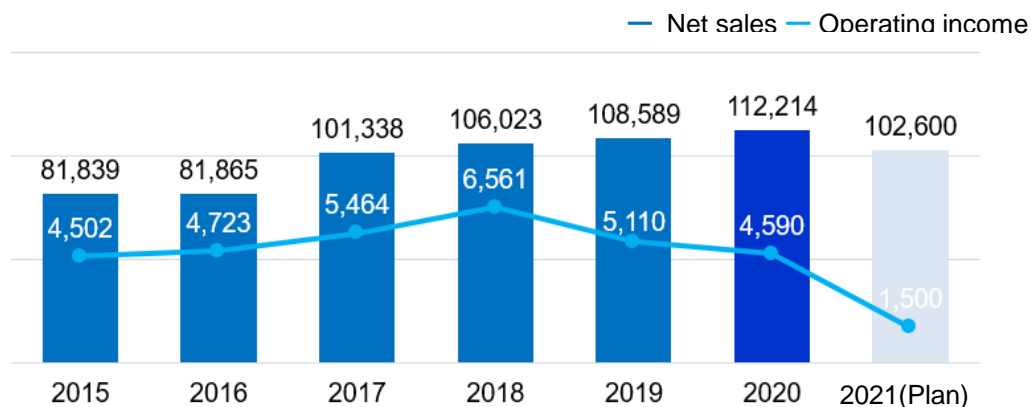
After the War, in a bid to work toward the restoration of Japan and reconstruction of countries damaged by the War, he founded the Company at the age of 56.

Known as the "Father of Overseas Engineering Cooperation", he was awarded the Grand Cordon of the First Order of the Rising Sun in 1985.

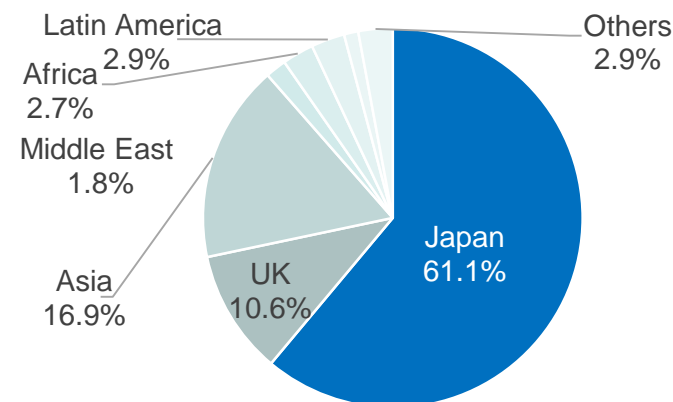
He directed projects in many countries throughout the world until he was 90 years old, contributing to development in developing countries.



Transition of Sales / Operating Income (Millions of yen)



FY20/6 Sales by Geographical Location



Business Development

Domestic Consulting



We have implemented approx. 3,000 projects/year to underpin the foundations of people's daily lives, such as development and maintenance of social capital including rivers, roads, etc., and regional reforms to realize prosperous and safe living.

International Consulting



We have supported the growth of developing countries in Africa, the Middle East, Latin America and, especially, in Asia by providing support in a broad range of fields including water resources, energy, urban development, transportation, agricultural development, and environment control.

Power Engineering



We have worked on the development of power sources and the promotion of business accommodating electricity demand in Japan and overseas. The Company has engaged in new construction and repairs of substations, switching stations, power stations, the formation of dam management systems at hydroelectric power plants, etc.

Urban & Spatial



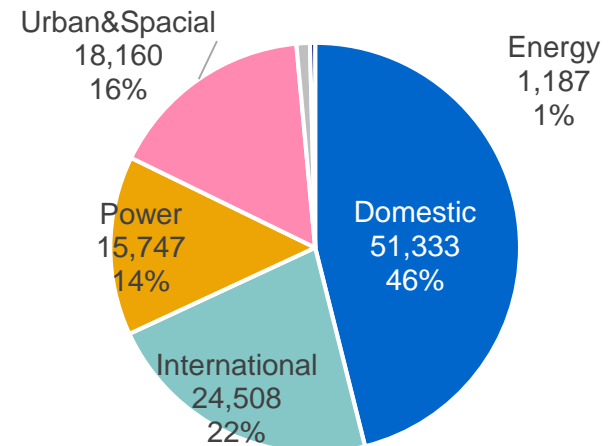
We strive to create multifunctional, well-organized, barrier-free, eco-friendly and beautiful life space in emerging economies in Asia and other developing countries/regions through development projects of social infrastructure design, such as of railway stations, airport buildings, rearrangement of the streetscape, etc.

Energy



Amid increasingly strict environmental regulations, we provide energy consultation and perform design and installation of hydropower/solar facilities in the field of renewable energy.

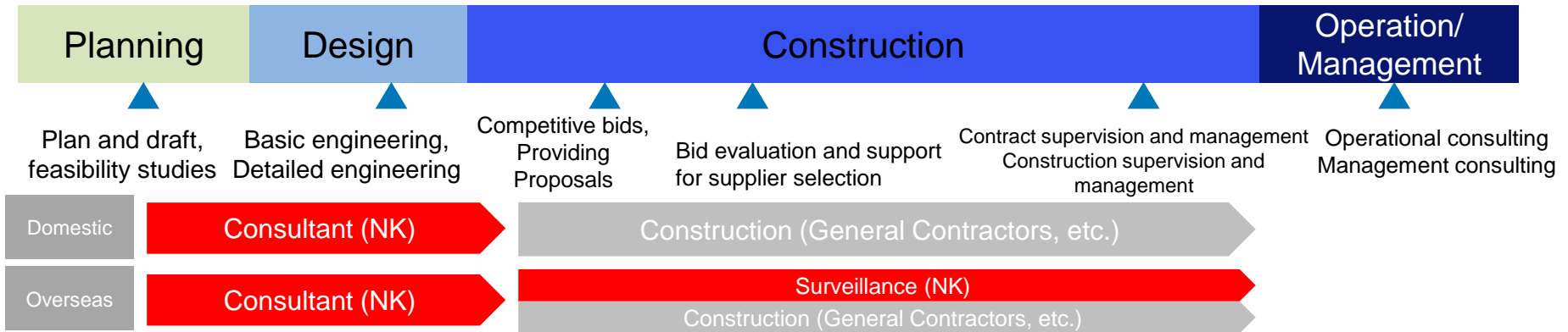
FY20/6 Sales distribution ratio



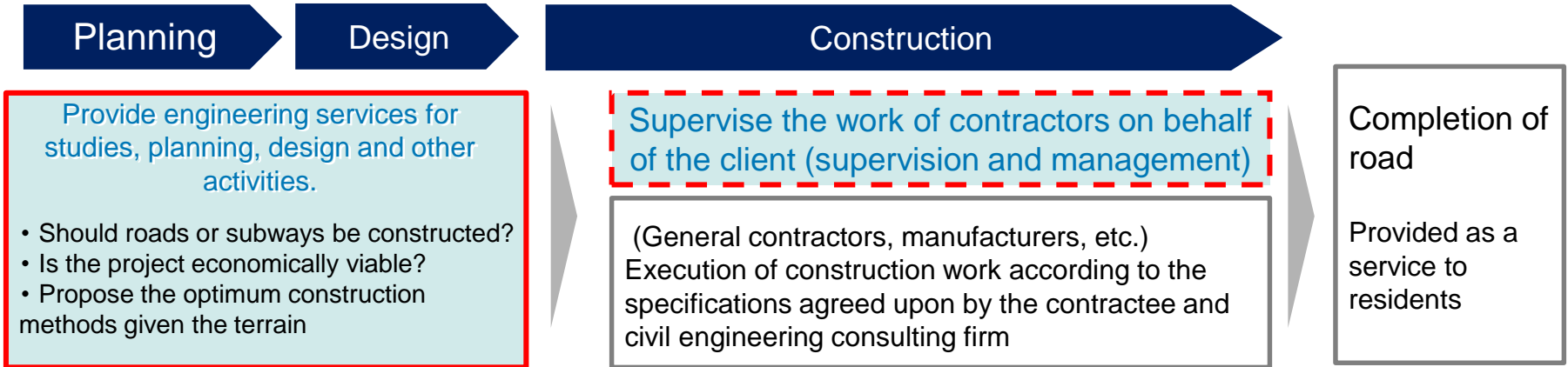
Job Description for Civil Engineering Consultants

Domestic: Mainly involved through the design stage. Core customers are primary government organizations including the Ministry of Land, Infrastructure, Transport and Tourism, and secondary government organizations including prefectural and other local governments.

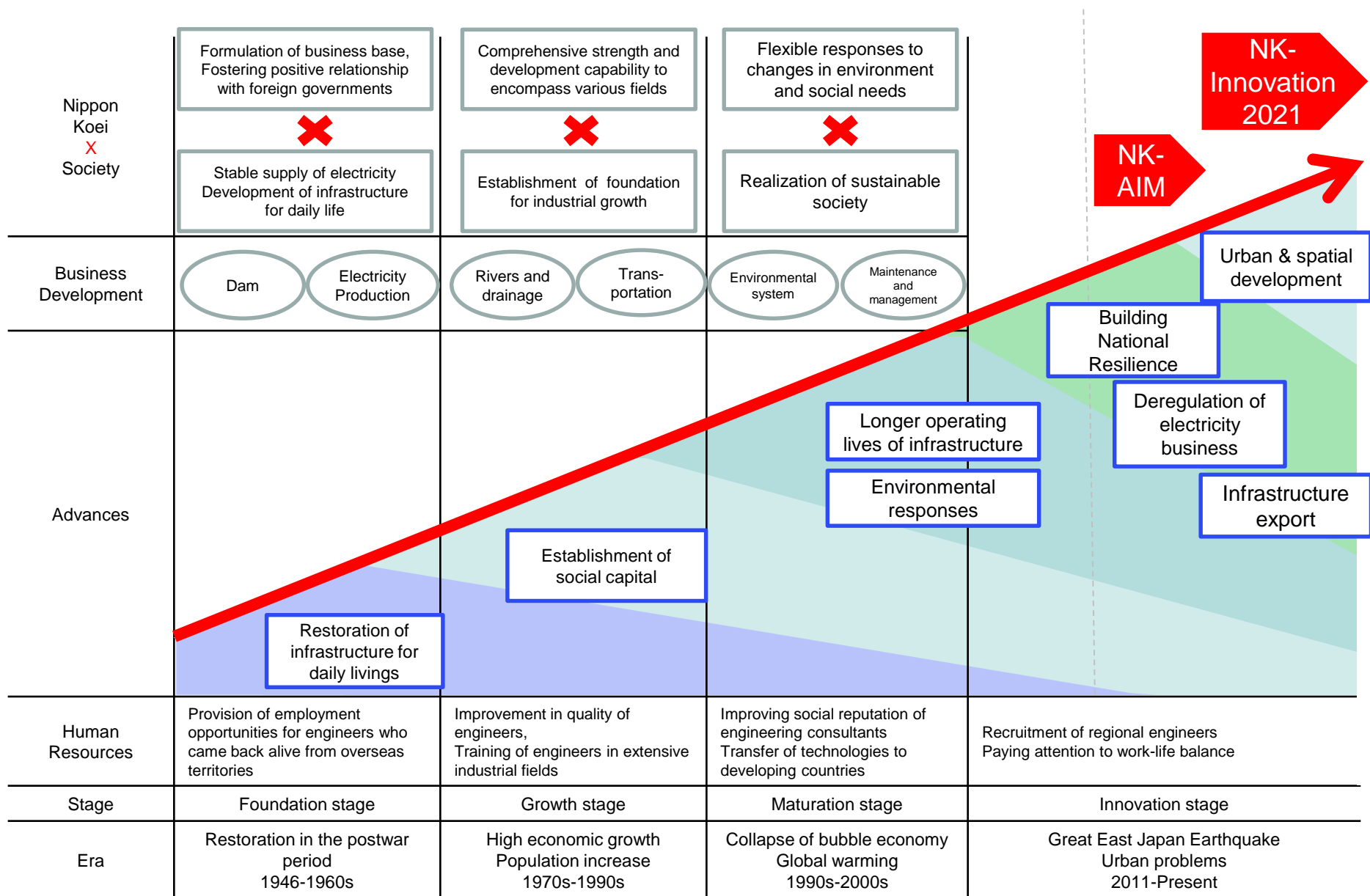
Overseas: Involvement varies by project, and can range from planning and construction to construction supervision and management. Core customers include the Japan International Cooperation Agency (JICA), other governmental agencies, the United Nations and the World Bank.



Example: Chronic traffic congestion problems in Region A



Nippon Koei's Development Along with Social Progress



Strengths of Nippon Koei

(1) Sustainable business model developed along with progress in society (Win-win relationship between society and the Company)

Implementation of transformation to meet market needs



Commercialization of solutions on social issues

(2) Japan's leading engineering consultant (Business domains, technologies, and human resources)

Comprehensive strength: Capable of solving sophisticated or complex issues

Human resources: Has the largest number of engineers in the industry

Technologies: Equipped with in-house R&D facilities and a number of patents

Consolidated net sales: ¥112 billion

No. of countries in which business is undertaken: 160

No. of orders per year: over 9,000

No. of patents acquired: 85

No. of Professional Engineers*: 1,656

*Certified by the Japanese government



Provide solutions on needs of the era and realize sustainable business expansion and profitability growth

Position in Industry

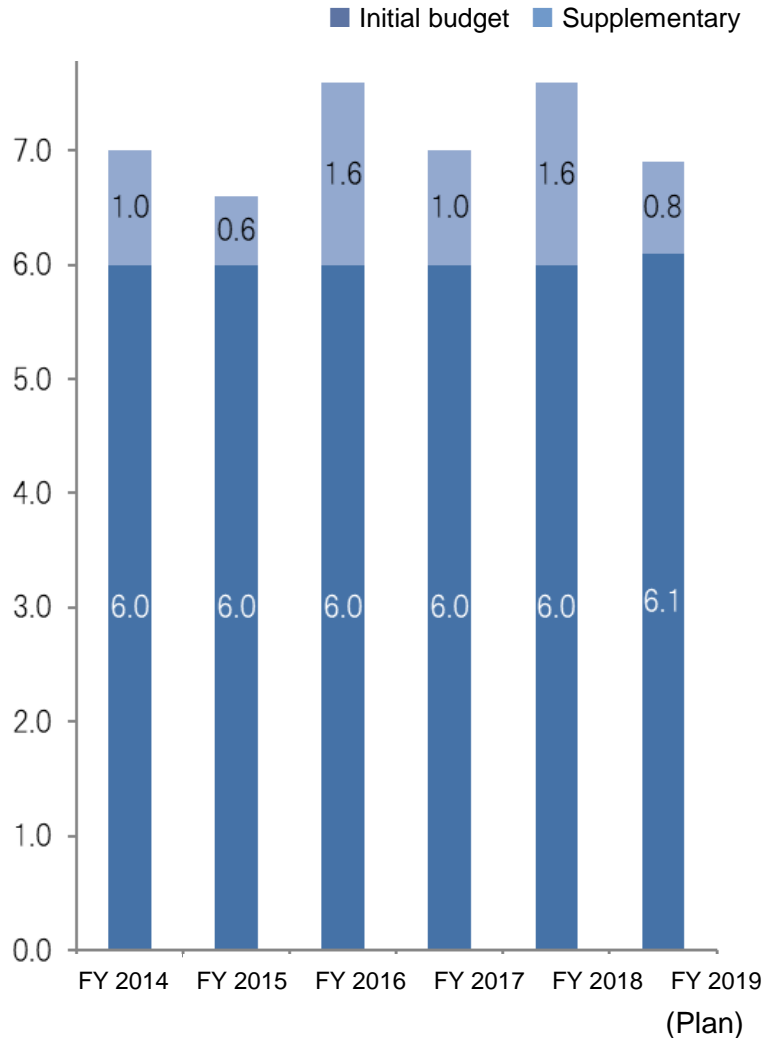
Nippon Koei is Japan's leading civil engineering consultant.

Rank	Company	Sales (Millions of yen/Non-consolidated)		Employees(Non-consolidated)	
		Segment of Const. Consultation	Corporate Total	Professional Engineers	Total number of employees
1	Nippon Koei	51,865	68,013	1,523	2,561
2	Pacific Consultants Co.,LTD.	45,044	48,063	1,246	1,991
3	CTI Engineering Co., Ltd.	39,329	41,068	1,286	1,687
4	Oriental Consultants Co., LTD.	23,724	23,862	618	1,129
5	OC Global	22,961	22,961	127	504
6	JR East Consultants Company	21,693	23,702	127	504
7	Yachiyo Engineering Co., Ltd.	20,998	21,420	521	1,122
8	Nihon Suido Consultants Co., Ltd	18,665	18,764	479	757
9	IDEA Consultants, Inc.	18,401	18,956	461	923
10	Eight-Japan Engineering Consultants Inc.	17,701	19,444	491	917
24	Tamano Consultants Co., Ltd. (strong point: urban planning)	11,028	12,840	224	729

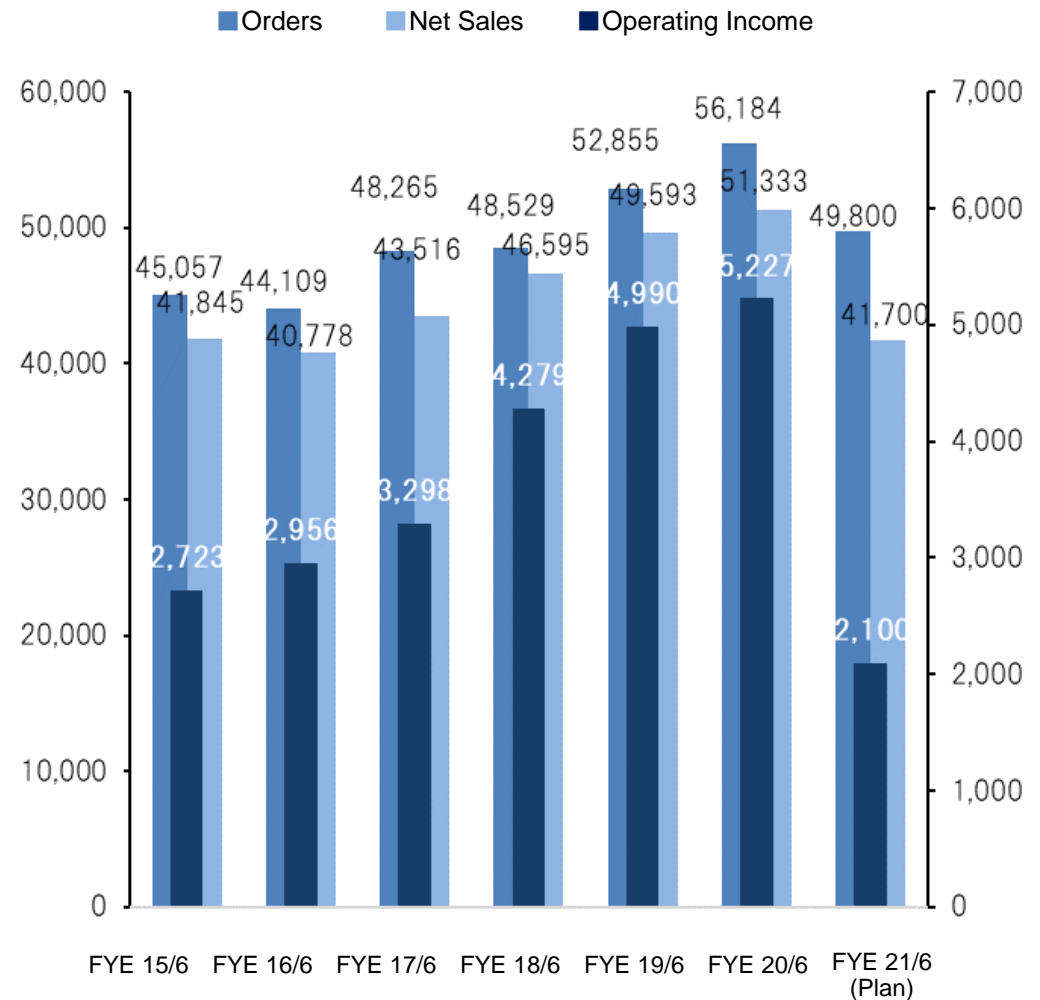
※ Source: Nikkei Construction, April 27, 2020 edition. Ranking by engineering consultant division sales (according to published financial results)

Domestic Consulting

Public Works Expenditures (¥ trillion)



Nippon Koei's Operating Results in Domestic Consulting (¥ million)

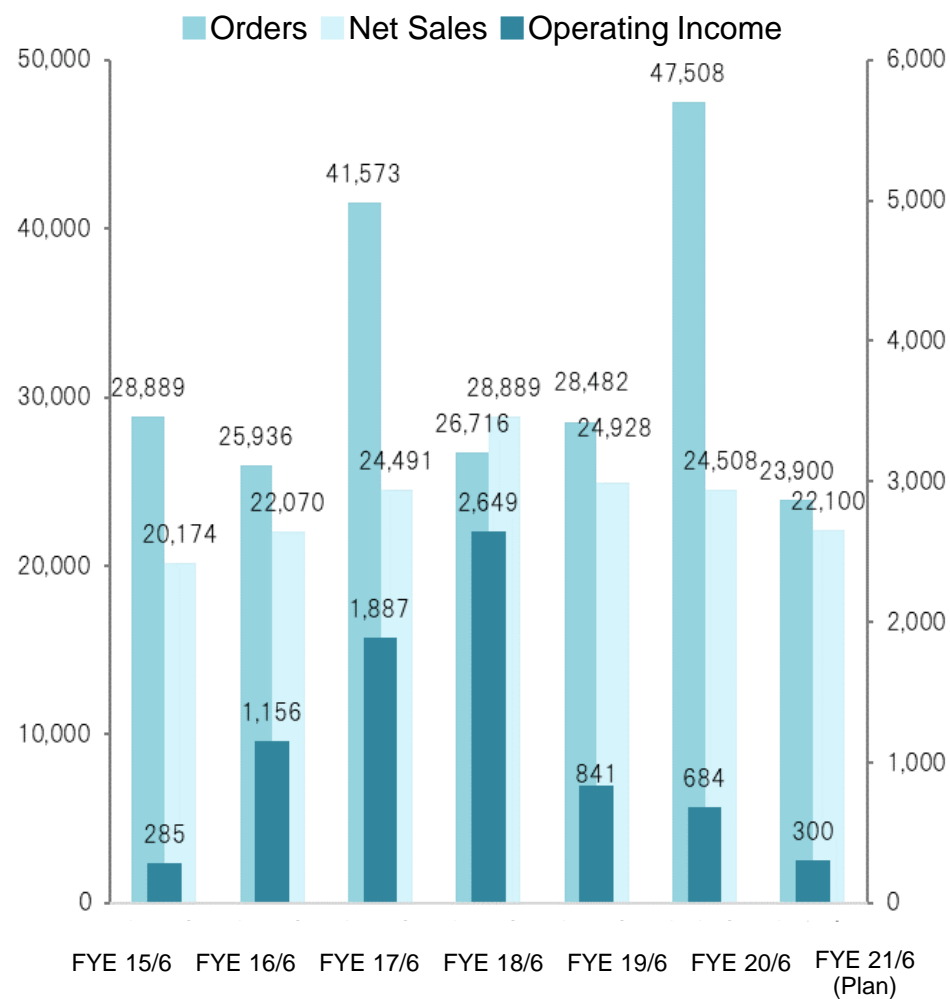


International Consulting

Initial ODA Budget in the General Account
(¥ billion)

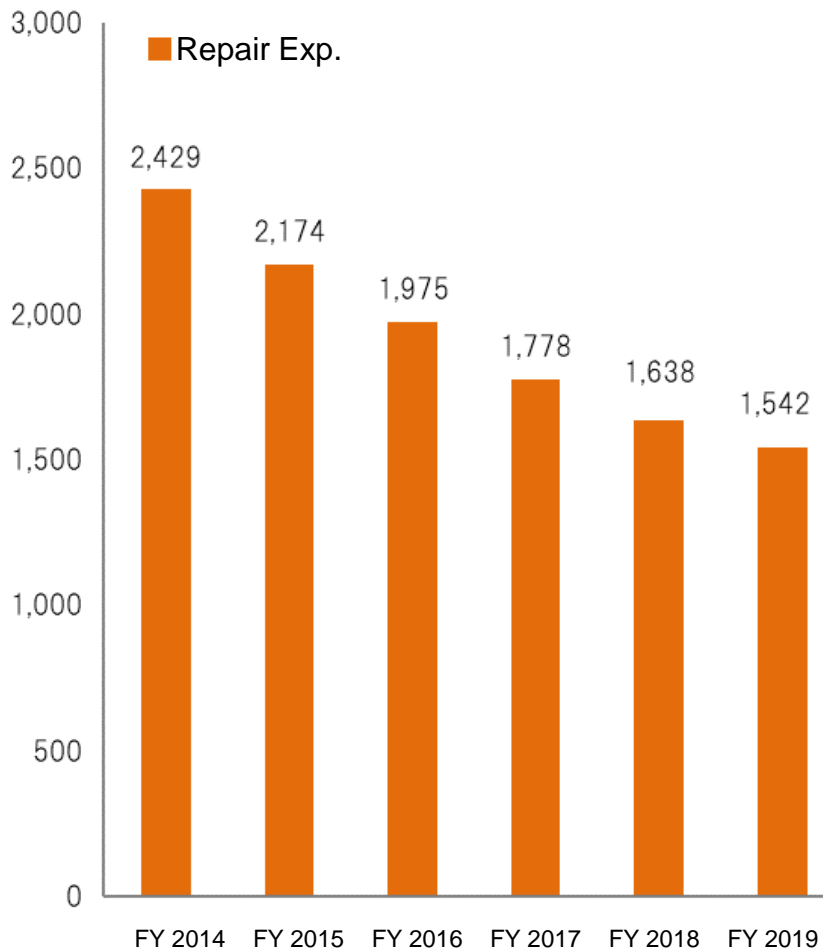


Nippon Koei's Operating Results in International Consulting
(¥ million)

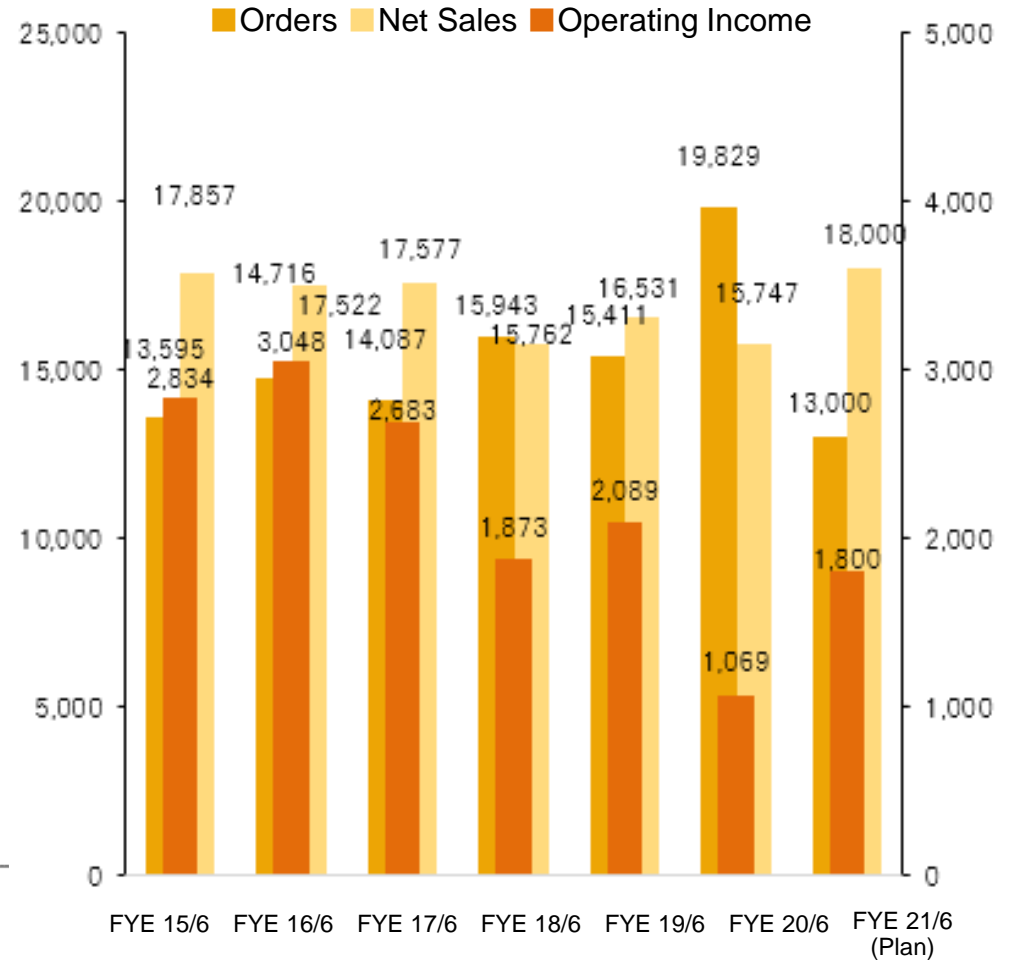


Power Engineering

Repair Expenses and Facility Investment and Its Distribution for Tokyo Electric Power Co., Ltd. (¥ billion)

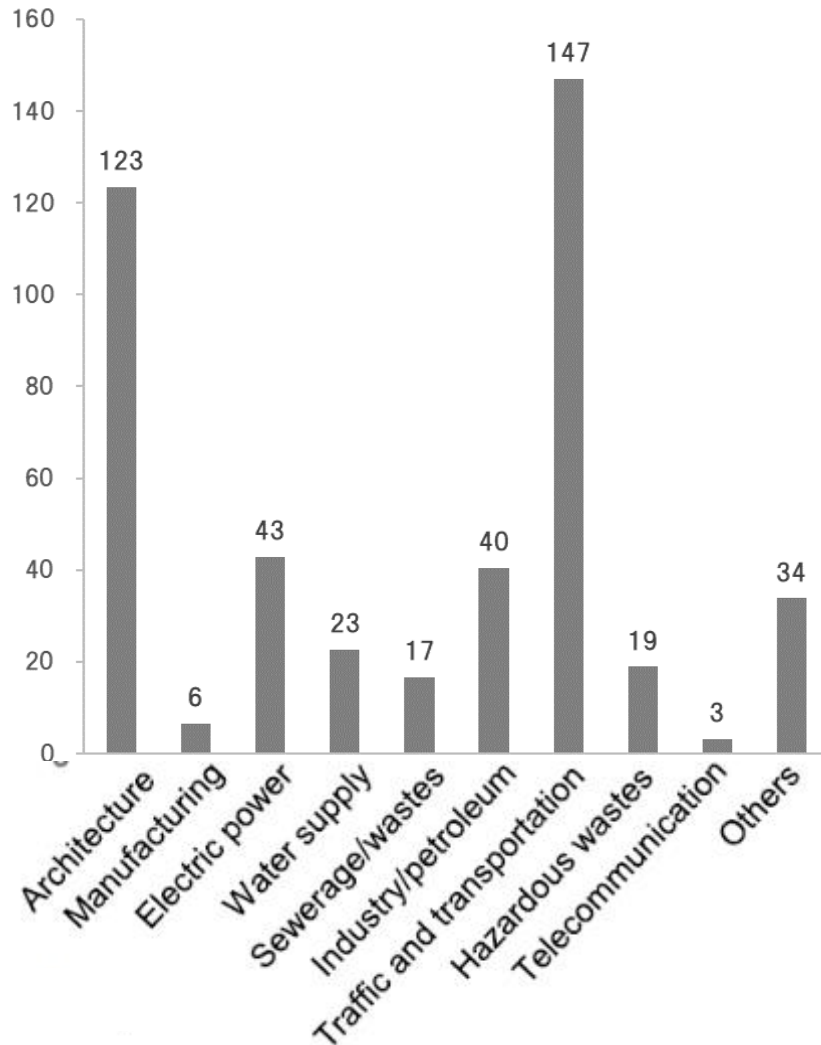


Nippon Koei's Operating Results in Power Engineering Business (¥ million)

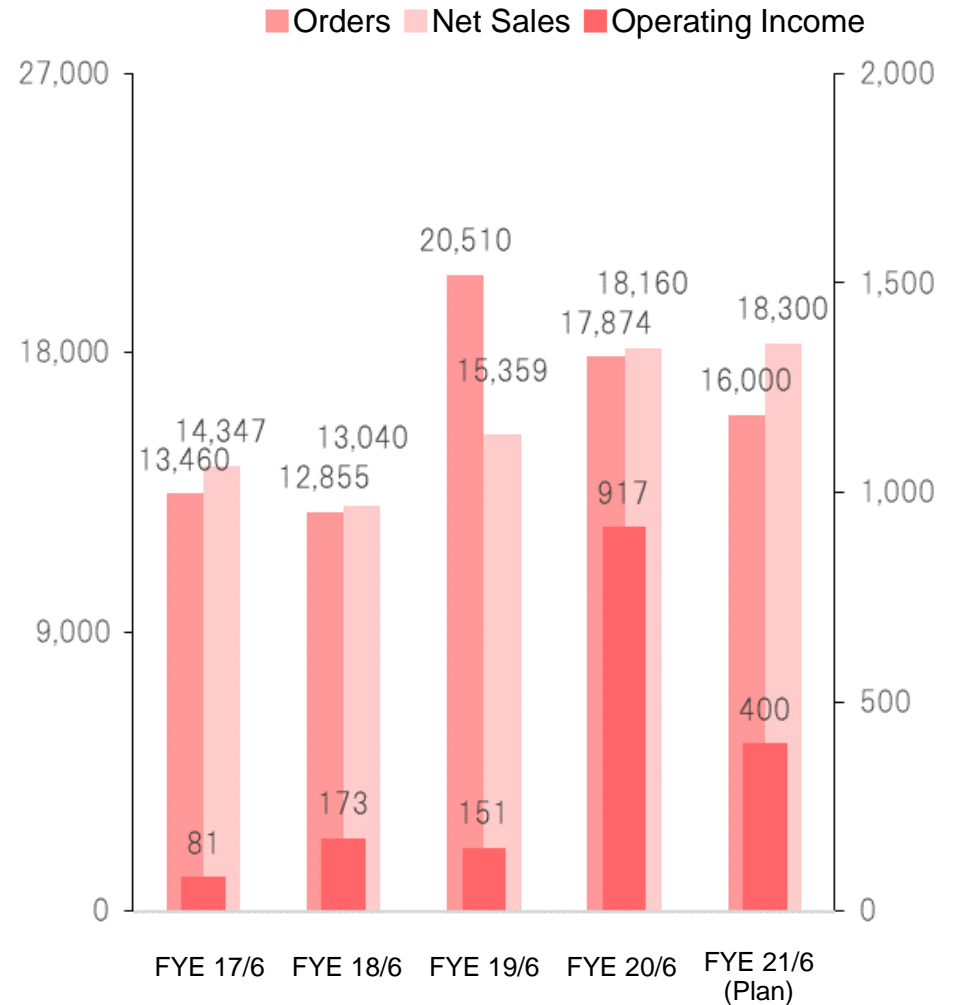


Urban & Spatial Development

Sales of top 164 firms in 2019 by sector
(Billions of dollars)



Nippon Koei's Operating Results in
Urban & Spatial Development Business (¥ million)



Source of data: ENR Magazine (issued in August 2020)