

# Supplementary Materials for the Summary of Financial Reports 3Q, FYE June 30, 2023

May 15, 2023

Nippon Koei Co., Ltd.

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# 3Q Results for FYE June 30, 2023

## Orders and revenue increased year-on-year, and operating profit also increased.

### Consolidated results

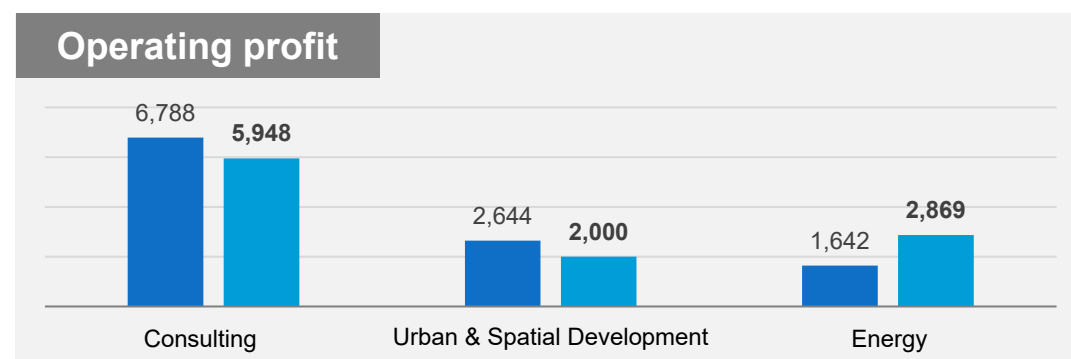
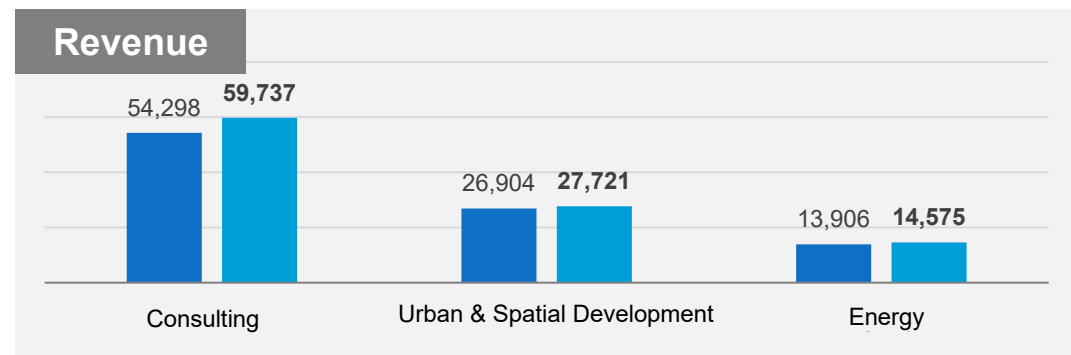
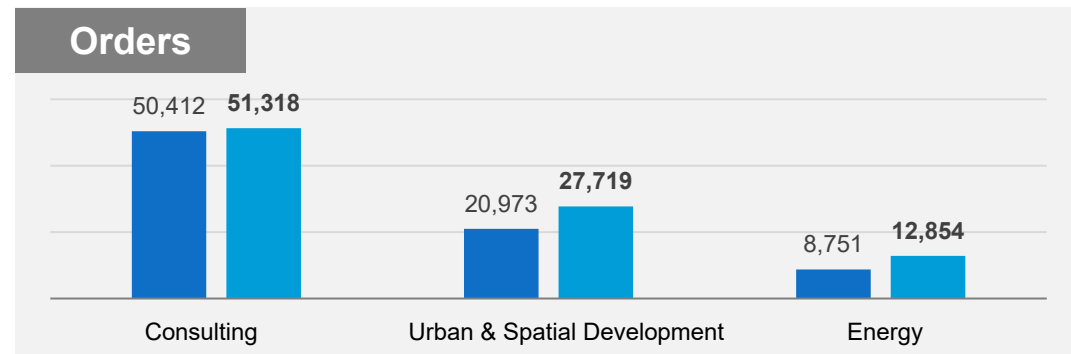
- Orders increased year-on-year due to steady progress in the Urban & Spatial Development Business and Energy Business.
- Revenue increased year-on-year due to increases in all segments.
- Operating profit increased due to gains from the sale of shares of affiliated companies related to investments in the Energy Business, and gains on investments in securities.
- Quarterly profit decreased due to foreign exchange losses.

(Million yen)	FYF22/6 3Q Results	FYE23/6 3Q Results	YoY Change	
			Amount	%
Orders	80,215	92,023	11,808	114.7%
Revenue	95,682	102,634	6,951	107.3%
Gross profit	31,257	32,260	1,002	103.2%
Operating profit	9,509	9,520	10	100.1%
Profit before tax	10,373	8,580	-1,793	82.7%
Profit attributable to owners of parent	7,083	4,725	-2,358	66.7%

# Results by Business Segment

■ FYE June 2022,3Q  
 ■ FYE June 2023,3Q  
 (Millions yen)

(Million yen)	3Q FYE June 2022 Results	3Q FYE June 2023 Results	YoY Change	
			Amount	%
<b>Orders</b>	80,215	92,023	11,808	114.7%
Consulting	50,412	51,318	905	101.8%
Urban & Spatial Development	20,973	27,719	6,745	132.2%
Energy	8,751	12,854	4,103	146.9%
Other	78	132	54	169.5%
<b>Revenue</b>	95,682	102,634	6,951	107.3%
Consulting	54,298	59,737	5,439	110.0%
Urban & Spatial Development	26,904	27,721	817	103.0%
Energy	13,906	14,575	668	104.8%
Other	574	600	26	104.6%
<b>Operating profit</b>	9,509	9,520	10	100.1%
Consulting	6,788	5,948	-840	87.6%
Urban & Spatial Development	2,644	2,000	-643	75.7%
Energy	1,642	2,869	1,226	174.6%
Other	-1,566	-1,297	268	-



\* Nippon Koei Urban Space Co., Ltd. (established by consolidating former Tamano Consultants Co., Ltd. and the Urban & Spatial Development Business of Nippon Koei), its subsidiary Tamano Ecost Co., Ltd. and our consolidated subsidiary Nakaze Kamp Co., Ltd. changed their segment classification from the “Consulting Business” to the “Urban & Spatial Development Business” from the fiscal year ending June 2023. Therefore, the segment information for the fiscal year ending June 2022 is provided based on the new reportable segment classification.

# Overview by segment

## Consulting Business

- Orders: Domestic orders recovered to the same level as the previous fiscal year, and large-scale overseas orders, such as the Indian high-speed rail, also contributed, resulting in a year-on-year increase.
- Revenue: Revenue increased due to steady progress in domestic transportation & environmental sectors, and Asian projects in the transportation sector, and on-going projects.
- Operating profit: Profit decreased primarily due to an increase in overseas travel expenses and internal administrative expenses.

## Urban & Spatial Development Business

- Orders: Orders increased year-on-year due to strengthening of the BDP Group's order acquisition system and the contribution of additional large-scale orders.
- Revenue: Revenue increased as a result of BDP in UK and Quadrangle in Canada orders from the previous fiscal year progressing smoothly and due to the depreciation of the yen.
- Operating profit: Decreased due to increased labor costs and general administrative expenses in BDP's business activities, the impact of inflation, and an increase related to the construction of infrastructure for expanding business for both BDP and NKUrban.

\*The actual exchange rate in 3Q of FYE June 30, 2023: £ 1=163.69 yen (the assumed exchange rate for FYE June 30, 2023: £ 1= 154.00 yen)

## Energy Business

- Orders: The Construction Division, the Plant Division, and the Manufacturing Division all performed well. Orders increased significantly year-on-year, especially due to large-scale project orders in the private sector.
- Revenue: Revenue increased due to progress of large-scale power plant renovation work received from government agencies and progress of the Plant Division's overseas operations.
- Operating profit: While profits were sluggish due to decreased sales in the Manufacturing Division, operating profit increased due to the recording of the gain on the sale of shares of PT.ARKORA HYDRO, which was an affiliated company of the Company, and the gain on investment into securities (+1.9 billion yen).

# FYE June 2023 Forecast

Orders, revenue and profits increased from the previous fiscal year, and there are no changes to the revenue or profit growth plans for any segment.

(Million yen)	FYE 2022/6 Results	FYE 2023/6 Plan	YoY Change	
			Amount	%
<b>Orders</b>	131,166	140,000	8,833	106.7%
Consulting Business	84,551	85,000	448	100.5%
Urban & Spatial Development Business	32,147	40,000	7,852	124.4%
Energy Business	14,343	16,000	1,656	111.6%
<b>Revenue</b>	130,674	145,000	14,325	111.0%
Consulting Business	75,000	81,500	6,499	108.7%
Urban & Spatial Development Business	36,091	40,000	3,908	110.8%
Energy Business	18,799	22,500	3,700	119.7%
Other	783	1,000	216	127.7%
<b>Operating profit</b>	9,065	11,300	2,234	124.6%
Consulting Business	7,971	9,200	1,228	115.4%
Urban & Spatial Development Business	2,599	2,800	200	107.7%
Energy Business	1,290	2,400	1,109	186.0%
Other	-2,796	-3,100	-303	-
<b>Profit attributable to owners of parent</b>	6,579	6,700	120	101.8%
<b>ROE</b>	8.8%	8.5%	-0.3%	

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# Topic (Consulting Business)

## Design work for infrastructure inspection/diagnosis system using AI

### Client

Yamaguchi Prefecture Civil Engineering Department, Road Maintenance Division

### Business overview

- In Yamaguchi, a lot of time and effort was needed to digitize inspection records during periodic infrastructure inspections, so an inspection record creation support application that uses AI is being built.
- Conventional inspection records made it difficult to grasp damage locations on structures, so this will have a function associating 3D models and point information, allowing positions to be understood as 3D models.
- A total of 830,000 items of teaching data have been prepared through cooperation and exchange with related parties, and an accuracy exceeding 80% has already been confirmed.
- Furthermore, a system has been built that uses AI for evaluation and diagnosis to respond to the issue of variations in results during inspections depending on the technician. We plan to link these systems and build them on the cloud this fiscal year.

## Concluded partnership agreement with Iyo City, Ehime for sustainable community development

### Partner

Iyo City, Ehime Prefecture

### Overview

- In April 2023, NK concluded a partnership agreement with Iyo City regarding sustainable community development.
- By supporting the formulation of a regional vision and policy proposals for the realization of sustainable community development, and by assisting with the management of various projects related to those processes, NK will contribute to the development of a comfortable community for the citizens of Iyo City.
- NK will also be jointly working on projects related to the “Vision for a Digital Garden City Nation,” which aims to achieve regional revitalization and solve social issues through the use of digital technology.



3D information with 3D models



Signing ceremony

# Topic (Consulting Business)

## Detailed design for the Philippines Metro Manila Subway development project

Ordered by Shimizu-Fujita-Takenaka-EEI Joint Venture

### Business overview

- We are currently involved in the development of two railways; the North-South Commuter Railway and the Metro Manila Subway, the first subway in the Philippines.
- For the Metro Manila, we are in charge of detailed designs for underground stations as design consultants for the contractor.
- Based on the results of passenger flow simulations within the station and the functionality of station facilities, taking barrier-free accessibility into consideration, we are examining the installation and layout of elevators, escalators, slopes, guide blocks, information boards, and more from a hardware perspective, aiming to create a station space that is easy for everyone to use.



Mock-up of an underground station platform

## Establishment of the Ukraine Recovery Office

### Overview

- In April 2023, the “Ukraine Recovery Office” was established within the Consulting Operations Headquarters.
- Ukraine has suffered tremendous damage due to the Russian invasion since February 2022, and it is only a matter of time before full-scale reconstruction support work begins for the country. In addition to serving as an accurate point of contact with outside, the office will also collect information on local reconstruction and information held by various study teams and departments within the company, and act as a control tower to respond in a unified manner. This will lead to enhanced collaboration among the relevant internal teams and the development of order-receiving activities more closely aligned with local needs.
- The Group has received orders from JICA for three projects related to reconstruction support for Ukraine, and we have started operations in neighboring countries and at our headquarters with the cooperation of local partners.
- In collaboration with the Ministry for Communities, Territories and Infrastructure Development, Ministry of Energy, Ukrenergo, local governments, and more. The project covers multiple areas of recovery and reconstruction, including resources and energy, transportation, urban and regional development, water supply and sewage, information and communications, and debris disposal.
- Paying close attention to the local situation, we will work on taking orders and executing work that takes safety into consideration.



Ukrainian officials visit an agricultural site reconstructed after an earthquake

# Topic (Urban & Spatial Development Business)

## Nishi Futenma residential area comprehensive business consignment

**Client** Ginowan City, Okinawa Prefecture

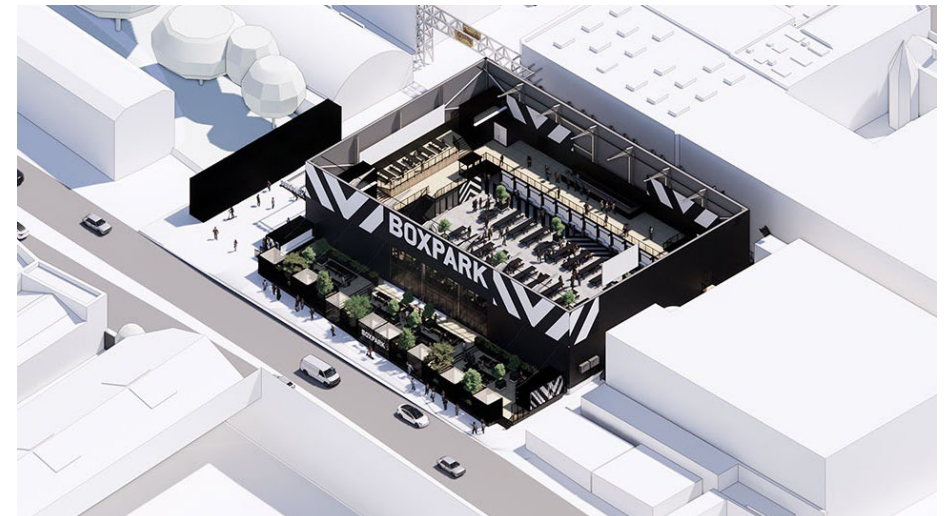
- Overview**
- The Nishi Futenma residential area, which was used as housing for the U.S. military for 70 years since the WW2, was returned in 2015, and a land readjustment project centered on the Okinawa Health Medical Innovation Center is currently underway. As part of this effort, NK is undertaking construction supervision work for the Nishi Futenma Bridge (provisional name).
  - The bridge is a basket-handle type Nielsen-Lohse bridge, meant to protect the rare dry valley topography known as Ishija located on the east side of the area. Durability was improved as much as possible to withstand Okinawa's harsh natural environment, and we introduced a construction method that takes an environmental conservation perspective into consideration. The bridge aims to begin provision in the spring of 2024.



Current state of the Nishi Futenma Bridge(provisional name)

## Cains Brewery Village: BOXPARK design

- Overview**
- BDP is in charge of design for the development plan to turn Liverpool's historic Cains Brewery into BOXPARK, a pop-up mall made by remodeling shipping containers.
  - With BDP's Adaptive Reuse mentality (efforts to not only preserve historical buildings, but also reuse them by adapting them to modern society), the original brewery space will be transformed into a modern dining and entertainment venue.
  - Scheduled to open in 2023, the site is expected to attract more than a million visitors a year after it opens.



Mock-up of development plan



# Topic (Energy)

## Delivery of monitoring control servers, power storage system, and DER for Akan microgrid

**Client** Ecolomy Inc.

### Business overview

- We delivered an energy management system (EMS) and power storage equipment to manage the supply and demand of power for the entire microgrid in Akan-cho, Kushiro City, Hokkaido.
- In addition to photovoltaic power generation and power storage equipment, biogas power generation equipment using cow manure has also been introduced to the dairy farm facilities in the town. The EMS efficiently carries out integrated control of these various power supply facilities.
- In the event of a disaster, electricity is supplied to the 40 or so facilities in the town using distribution lines belonging to Hokkaido Electric Power Company. This is the first initiative in Hokkaido aimed at building a microgrid that only uses and operates power company distribution lines in the event of a disaster.



EMS and power storage system

## Komatagawa New Power Plant: Construction of a hydroelectric power plant

**Client** Mitsubishi Materials Corporation

### Business overview

- For the first collaborative project for the Komatagawa New Power Plant in Kitaakita City, Akita prefecture, NK worked with Tatum, a Taiwanese general electronics manufacturer, to manufacture and deliver two generators and begin commercial operation.
- In addition to the production at Nippon Koei's Fukushima Site, Tatum's Sanxia Plant will serve as a manufacturing base for both the Japanese and overseas markets, ensuring a high level of reliability and maintainability for products and improving productivity.
- The Komatagawa New Power Plant increases power generation capacity by efficiently taking in water previously released as unused energy. This contributes to the efficient utilization of water resources through the long-term, stable provision of renewable energy while preserving the river environment.



Insertion of a generator rotor