

NIPPON KOEI

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

NIPPON KOEI GROUP INTEGRATED REPORT

2022 Fiscal year ended June 30, 2022

 **NIPPON KOEI CO.,LTD.**

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Management Philosophy

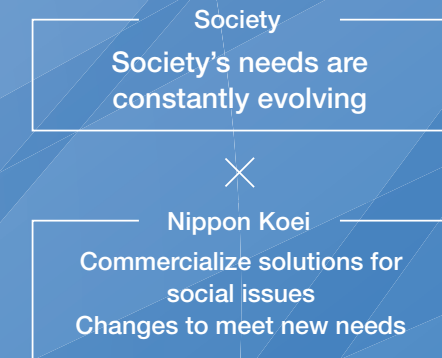
Act with integrity and contribute to society through technology and engineering.

The Nippon Koei Group has been building infrastructure for society in Japan and overseas since 1946. Nippon Koei founder Yutaka Kubota proclaimed, “Tackle your problems with sincerity and the road ahead shall be clear,” and dedicated his technical expertise and passion to building infrastructure that is safe and reliable. All of our employees today remain dedicated to our fundamental conviction that our business is to contribute to society. The world is full of people who desire better living standards. The Nippon Koei Group is committed to acting with integrity as we help construct the infrastructure for societies and nations around the world.

Strengths of Nippon Koei Group

A sustainable business model that evolves with progress in society

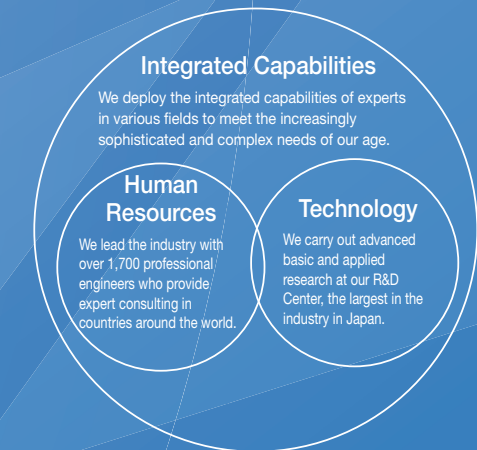
From its inception, Nippon Koei has been building infrastructure that helps solve social issues. The Group evolves as the needs of society change while continuing to expand our business and improve our profitability.



Japan's leading engineering consulting firm

The Nippon Koei Group is Japan's leading civil engineering consulting firm* and has participated in infrastructure development projects improving safety and security for people around the world for more than 70 years. The Group has developed projects that have become foundations for the advancement of nations and people in over 160 countries and regions.

*Source: "Sales ranking of engineering consulting firms in Japan," Nikkei Construction, April 20, 2022



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Editorial Policy

The Nippon Koei Group Integrated Report is published as a comprehensive communication tool for delivering corporate information to our stakeholders. By publishing this report, we aim to provide readers with a deep understanding about our corporate stance from the time of our founding to today and our efforts for further increasing corporate value. The disclosure framework of the International Integrated Reporting Council (IIRC) was used as a reference during the editing of this report.

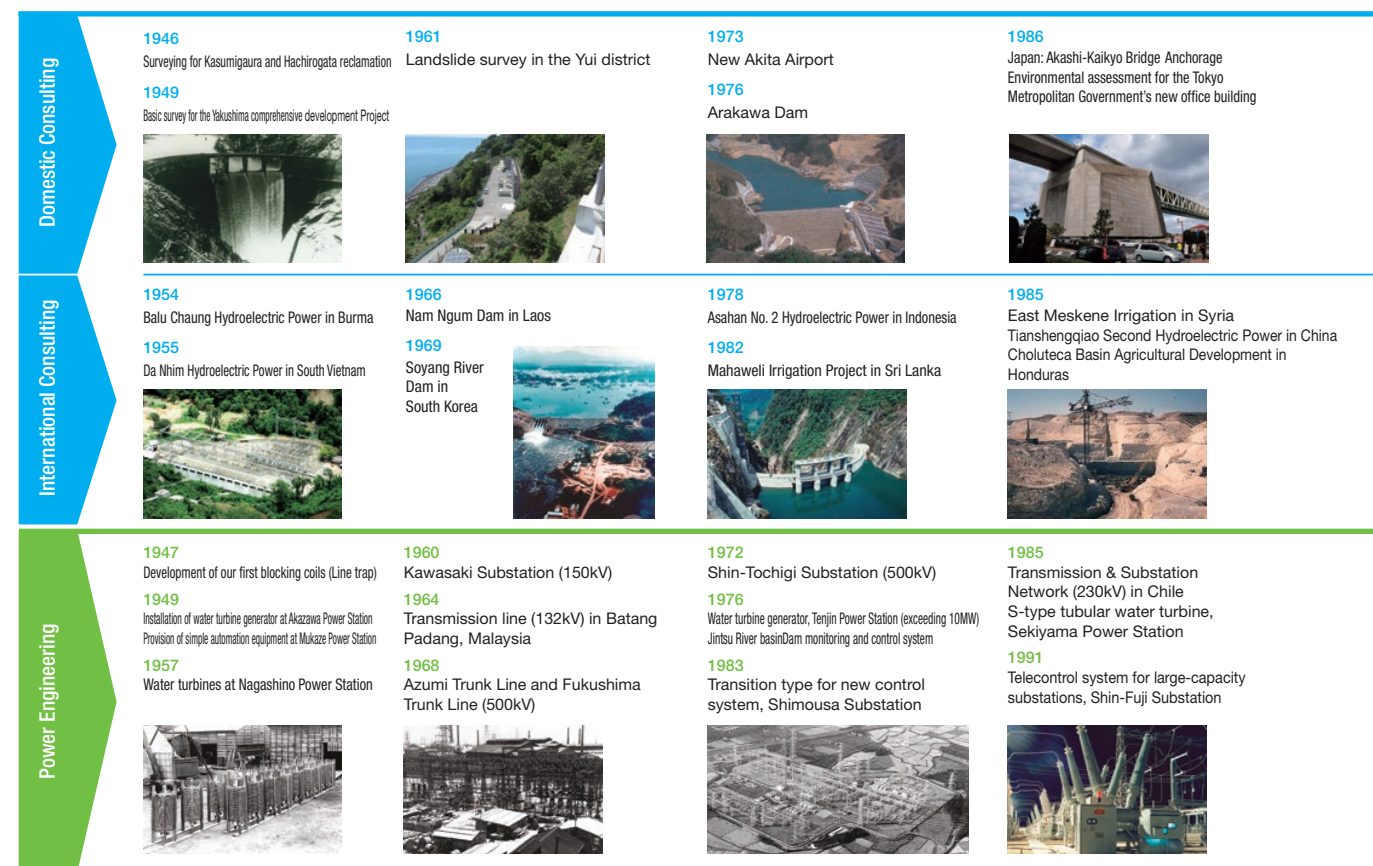
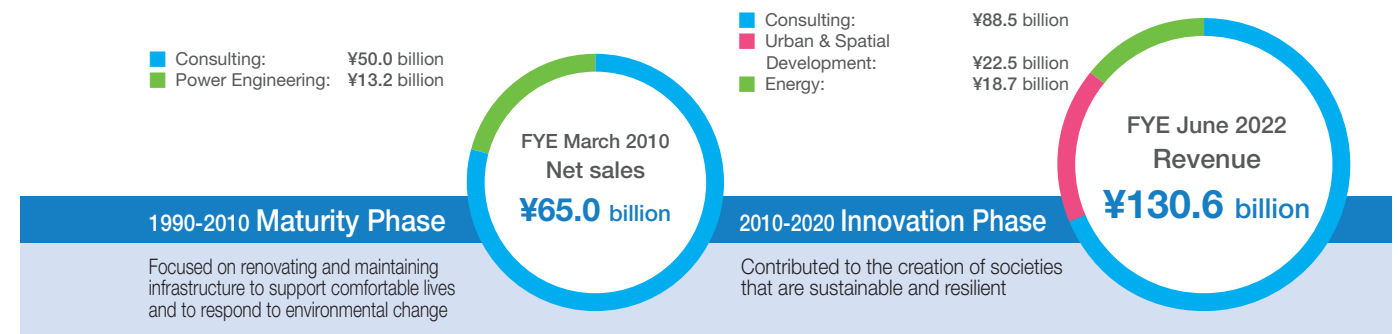
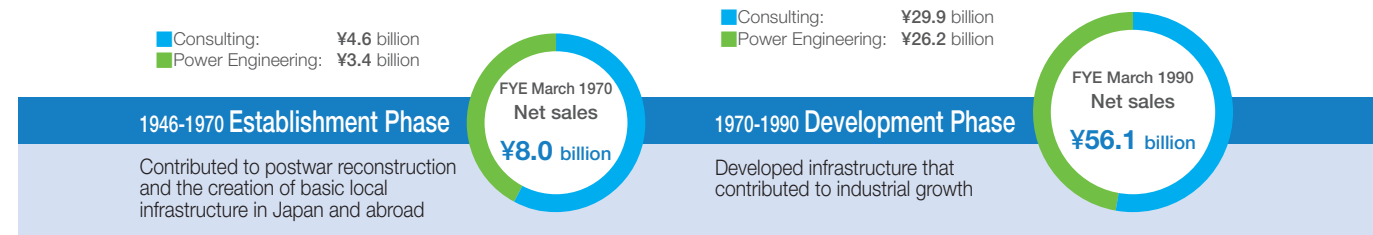
Organizations Covered: Nippon Koei Co., Ltd. (the “Company”) and its consolidated subsidiaries
 Period Covered: Fiscal year ended June 30, 2022 (July 2021 to June 2022). However, some information from July 2022 onward has been included.

Forward-Looking Statements

This Integrated Report contains forward-looking statements regarding the future performance of the Company and other matters. They are based on the judgment of the Company's management obtained from currently available information. Therefore, forward-looking statements are subject to change due to a variety of factors and are not guarantees of future performance.

History of the Nippon Koei Group

Inheriting the “business mindset” and “integrity” that our founder, Yutaka Kubota, valued, we have taken on the challenge of pioneering initiatives since our founding in 1946. Over the past 75 years, our efforts to find optimal solutions to ever-changing social issues and needs and to commercialize them have led to our current strengths. We will continue to grow with an eye on the future.



Business Fields

- Water resources and waterways
- Agricultural and rural planning & design
- Dams and power generation
- Urban and regional development
- Transportation
- Environmental management
- Management
- Disaster prevention

Business Fields

- Manufacture of equipment and devices
- Construction of electrical facilities
- Mechanical and electrical consulting
- Geotechnical surveying, sale of civil engineering measurement devices
- Manufacture of safety gear and equipment
- Energy management

Business Fields

- Urban development
- Infrastructure
- Comprehensive research
- Architecture



Nippon Koei's Origins Founder Yutaka Kubota

Postwar reconstruction in Japan and abroad

From the 1930s until the end of WWII in 1945, Nippon Koei's founder Yutaka Kubota participated in engineering power generation facilities and dams on the Korean peninsula, which contributed to the economic development of the region. After the War ended, he decided to establish the Company to carry out his strong determination to rebuild his homeland. He brought together the repatriated specialists in civil engineering, geology, electricity, and machinery and focused their talents on reestablishing the country's national foundation and electric power infrastructure. He also saw the need for reconstruction in other countries destroyed by war and the 1954 project to build a power generation in Burma (now Myanmar) marked the first step in the globalization of the Nippon Koei Group.

Origin as a “construction consultant”

Kubota used his expertise as an engineer to establish a business process that is the prototype for today's construction consulting firms: preliminary surveys, evaluation, and proposals for infrastructure projects. He also created our business style, which involves approaching projects with a broad perspective by gathering engineers with areas of specialty beyond electrical and civil engineering technology so a project can contribute to resolving greater social issues. Today, engineering consulting firms are expected to fulfill the role that Yutaka Kubota defined more than half a century ago.

Market Trends

Launch of the Business Segment

Nippon Koei entered the energy business to capture demand from the global increase in renewable energy and to capture the demand associated with power system reforms

Market Trends

Launch of the Business Segment

As demand for urban development increased worldwide, Nippon Koei entered the architecture and urban development fields by acquiring BDP to strengthen its Architecture Dept., which was small at the time.

Business Areas of Nippon Koei Group

Each of the three business segments of the Nippon Koei Group develops specialized services and products in line with our founding mission to pursue innovation and new challenges.

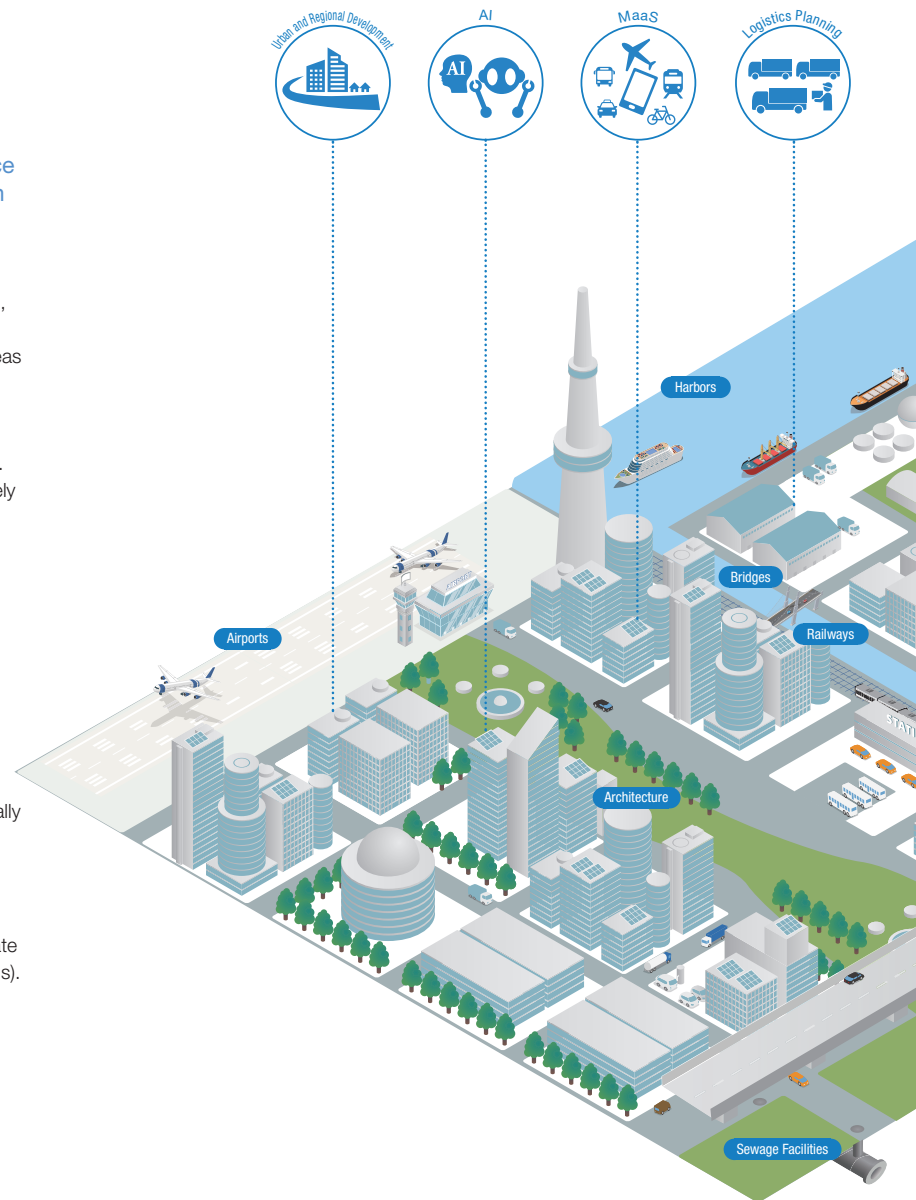
Consulting Business

Infrastructure construction and maintenance and various projects providing a foundation for comfortable lifestyles

Engineering consultants use their specialized civil engineering and architecture technology to prepare, examine, and propose technologies for national, local, and city infrastructure projects to national (preliminary government agencies) and local governments, overseas governmental institutions, and private companies. Consultants also conduct studies and environmental assessments, design projects, and supervise the project construction, management, and maintenance.

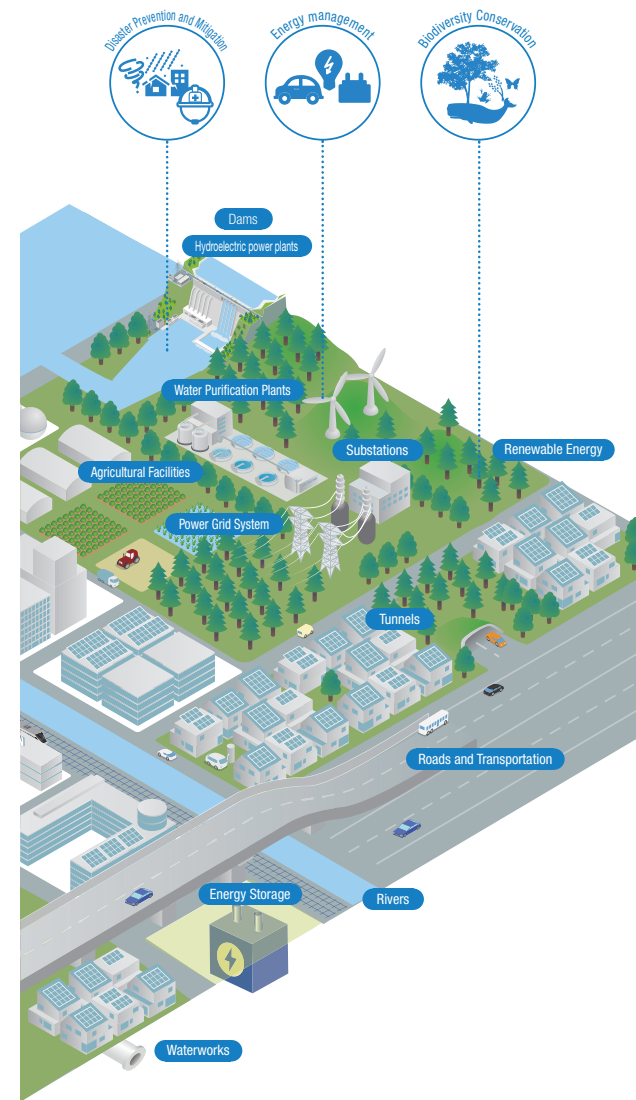
In Japan and overseas, projects can vary immensely in terms of scale and the type of contract. In Japan, the government conceives and generally supervises projects with consultants mainly performing the studies, planning, and design operations. Overseas, consultants can carry out the overall supervision of a project from the initial conception stages to the final construction. In Japan, we receive 3,500 consulting orders annually and most projects are completed within the same fiscal year. The International Consulting Business often engages in large-scale projects that can last several years.

Our range of business has been growing substantially in recent years, particularly related to the increase in disaster restoration projects, risk management for disaster prevention and mitigation, improving and upgrading the existing infrastructure, and for management advisory and monitoring for public-private partnerships (PPPs) and private finance initiatives (PFIs). For social issues that are becoming increasingly complex, engineering consultants must have comprehensive abilities with higher levels of expertise and technical capabilities incorporating various technologies. The Nippon Koei Group is taking on an ever-expanding role as a comprehensive business partner in the development of social infrastructure.



Engineering Consulting Work Process

	Planning, Studies	Design	Construction			Operation, Management	Maintenance
Japan	Consulting		Construction (general contractor)			Consulting	
Overseas	Consulting		Construction (general contractor) Construction supervision (consultant)			Consulting	
Engineering Consulting Roles	Conception, Proposal/ Planning Feasibility studies	Basic design/ Detailed design	Project tender Assistance/ Document preparation	Support bid evaluation and selection	Contract management/ Construction supervision	Operation instruction/ Management consulting	Monitoring/ Countermeasure proposals



Energy Business domain

	Power generation	Power transmission	Power Transformation	Distribution	Storage/Electric Power Use
Facilities	Hydroelectric power plants Plants where power is generated using solar power, wind power, and other energy sources		Substations		Energy Storage For plants, commercial facilities, households (consumers)
Services Provided by Nippon Koei	<ul style="list-style-type: none"> Study and design Equipment manufacturing and procurement Construction and civil engineering Operation and maintenance Monitoring systems Hydroelectric power generation 		<ul style="list-style-type: none"> Study and design Equipment procurement Construction and civil engineering Monitoring systems 	<ul style="list-style-type: none"> Study and design Equipment procurement Construction and civil engineering Provision of power transformation systems Energy management systems Virtual Power Plant (VPP) business* 	<ul style="list-style-type: none"> Energy conservation consulting Provision of Energy Management Systems (EMS) Energy Service Company (ESCO) business

Urban & Spatial Development Business

Meeting urban development demand with architectural design services worldwide

Architecture makes up a significant percentage of the worldwide sales of construction design companies. With demand for urban and spatial development soaring worldwide, Nippon Koei brought the U.K.-based architectural design company BDP Holdings into the Group in March 2016, followed by the Canadian firm Quadrangle in February 2019, and U.K.-based Pattern in July 2021. In Japan, we merged our former Urban & Spatial Development Business, one of our business segments, with Tamano Consultants, a Group company, to launch Nippon Koei Urban Space in July 2022. Together with the new company and Kisho Kurokawa architect & associates, we are working to develop new markets for urban development and redevelopment, public-private partnerships, and smart cities, and to create urban spaces that meet the needs of a new era.

Energy Business

Helping Japan and other countries meet electric power demand

The Company is involved in the construction and renovation of substations and power plant facilities, the provision of comprehensive consulting services related to electric power and electrical facilities in Japan and overseas, and the manufacture of power-related equipment and devices, such as centralized monitoring and control systems for power systems and dam management systems for hydroelectric power plants. The operations of these divisions give the Power Engineering Business the formidable advantage of offering services covering every stage of development and operation from planning, studying, and designing to building facilities, manufacturing equipment, and providing operation maintenance for electric power generation and electrical equipment in Japan and overseas.

In addition, amidst the drastic changes occurring around the world in businesses related to renewable energy, we have implemented energy management services in Europe for hydroelectric power plant operations and power distribution networks that stably manage and control energy provided by various power sources through storage batteries with the aim of expanding these services to power generation, transmission, and distribution businesses in Japan.



Message from the President

We aim to achieve long-term goals in both financial and non-financial areas of our business while moving past milestones on our roadmap one by one in order to realize our aspirations in 10 years ahead.

Hiroaki Shinya

Representative Director and President

Looking back on my first year as President of Nippon Koei

A year in which we faced major changes in society

When I was appointed President of Nippon Koei in July 2021, the business environment, which had been transformed by the COVID-19 pandemic, was still in a state of chaos with no signs of settling down. Six months before that, there was a political upheaval in Myanmar, where major economic growth was expected due to democratization, and the future of business development in Myanmar, where we had been expecting business growth, became uncertain. In February 2022, Russia launched an invasion of Ukraine. Looking at this and other events, I think it was a year in which we faced major changes in the current era.

As two of our urban development projects were underway in Ukraine, the Company was faced with a major decision: How do we ensure the safety of the people involved in these projects?

Should they be evacuated to safer areas within Ukraine or should they be considered for evacuation outside the country? Since human lives were at stake, we had to consolidate information from various sources and make a final decision as a company. This made me feel a greater sense of responsibility as a chief executive, a completely different level from in the past. Without a doubt, it was the most memorable year of my career.

On the other hand, looking at the results of the past year, we have made a very good start as the first year of the new Medium-term Management Plan (hereinafter "Medium-term Plan"). Since this was also the first year of the Long-term Management Strategy (hereinafter "Long-term Strategy") for the three Medium-term Plan periods, I was determined that the Company make a fresh start. As a member of top management, I have been mindful of how to make the start of the new fiscal year a good one. Although our performance itself was affected by the COVID-19 pandemic, we took measures in anticipation of changes in the business environment and were able to make a significant jump in

performance over the previous year. As a result, I am proud to say that we are off to a good start as planned.

Overcoming both short-term and long-term risks

The major social turmoil brought about by the COVID-19 pandemic is finally coming to an end as man has learned to live "with Corona." I expect that geopolitical risks, including the conflict in Myanmar and Ukraine, will be resolved in the short- to medium-term based on a long-term perspective. Companies are required to have a strong management base that can withstand these unforeseeable short- to medium-term risks, but at the same time they must also face long-term risks such as climate change that cannot be resolved after just a few years.

At the Nippon Koei Group, we believe that climate change will continue to exist as a major risk and opportunity as we strive to achieve our major goal of continuing our business for the next 100 to 200 years. Climate change is both a risk and an opportunity because, quite simply, we are a company that is in the business of

solving social issues. Currently, urban development projects designed to solve or prevent social issues caused by climate change are increasing on a global scale, and I see this as a great opportunity for our company. For example, the foundation of urban development is the world of civil engineering. Over that foundation, there are buildings that serve as bases for people's activities, and energy is necessary for an entire city to operate. These three requirements (civil engineering, buildings, and energy) lead to the discussion of the development of "smart cities" for which various issues, such as global environmental issues, are taken into account. In the world of investment, which is indispensable for urban development projects, ESG investment is becoming the mainstream. In order to attract ESG investment, Nippon Koei itself must be a corporate group that is committed to sustainable management. I feel firsthand that the world is changing dramatically in a direction that demands such sustainable management.

Our Management Philosophy is "Act with integrity and contribute to society through technology and engineering." As a company, we

Message from the President

are proud that our business itself is benefiting the world, and I personally believe that the pinnacle of our mission, vision, and values is serving the world and serving others. I believe that the greatest strength of our Group is that all employees share the same mindset of acting with integrity and contributing to society through technology and engineering.

Performance in the fiscal year ended June 2022

Achieving record high profits

We achieved record high profits during the fiscal year ended June 2022. While the amount of orders that we received was almost the same as in the previous fiscal year, other indicators increased to record highs. As a result, Nippon Koei has already approached targets established for the second year of the Medium-term Plan during the first year of the plan. However, according to our analysis, this result was largely helped by the business environment. In Japan, the public works field was relatively strong and supported our overall business results. Overseas, where measures for living with the COVID-19 pandemic are more established than in Japan, economic activity returned to the same level as before the pandemic and various business conditions improved, such as the rapid expansion of opportunities for our overseas staff for which they can play an active role. I think that the ability to take advantage of these trends was a major factor in achieving record profits. My appointment as President during the COVID-19 pandemic made me strongly realize how important it is to link solutions to various social issues around the world to our businesses, which in turn leads to the sustainability of our business.

Looking at the results by segment, steady growth in the Consulting Business supported our overall business. In the Urban & Spatial Development Business, both BDP, based in the UK, and Quadrangle, based in Canada, performed well, contributing significantly to record profits. In July 2022, we merged our Urban & Spatial Development Business with Tamano Consultants Co., Ltd. to start Nippon Koei Urban Space Co., Ltd. With this move, I am looking forward to a great leap forward for us in the Japanese market. In the Energy Business, the manufacturing departments behind our mainstay products for electric power companies are currently being restructured to improve production efficiency and strengthen management systems. In other words, to transform them into smart factories, which is a priority issue for the current fiscal year. In addition, while the soaring prices of crude oil and natural gas have become a problem, the energy management business is preparing to respond to the rising demand for energy, especially in Europe. The aggregation services we have been developing in Belgium and the UK, where we have actively invested, are currently constructing energy storage facilities that will serve as the foundation for these services. One location is scheduled to be completed in Belgium in January 2023. Two more locations in the

UK will be completed in due course. We can expect further growth as these projects start running.

Human resource development is the key to sustaining strong business performance

I recognize that human resource development is the key to maintaining our strong business performance in the future. Since the way we work has changed dramatically due to the COVID-19 pandemic and especially now that the awareness of workers has changed dramatically, I feel that we cannot respond to changes in society if we think of human resource development as an extension of our pre-COVID approach to human resource development. In a consulting Group like ours, the performance of each employee is directly linked to the overall performance of the Group, so it is necessary to reconstruct a human resource development system that matches the current social situation and worker awareness.

We define "hybrid human resources" as human resources who are well versed in both domestic and overseas businesses. I believe that the ideal balance should be that 40% of our human resources consist of these hybrid human resources, 30% consist of specialists specializing in overseas business, and 30% consist of specialists specializing in domestic (Japan-based) business. If the hybrid human resources, which ideally make up 40% of employees, can flexibly switch between domestic and overseas business balance by standing up to the risks of the moment, such as infectious disease outbreaks and regional conflicts, I believe that we can both maximize profits through flexible organizational management and manage organizational risks.

In addition, one of the things I would like to see us focus on in the future in terms of human resource development is the development of education and training systems on a global scale. Until now, although employees in Japan have been able to receive nearly the same type of education and training, there was no common education and training platform that could be operated overseas. Since employees of overseas Group companies are very motivated to advance their careers and skills, we plan to create an e-learning platform for new employee training and other types of training that everyone should take, and make it accessible from all over the world so that they can receive the same education and training as in Japan. We intend to make the educational content, which is currently only available in Japanese, available in English, Spanish, Portuguese, and other languages in the future, and to make stratified training available from countries around the world. Ultimately, each employee will be able to see for themselves how they have grown and also visualize how they are being evaluated. We are building a new platform NKG Global Academy to realize this kind of human resource development and are currently making the fundamental parts of the academy carefully one by one.



Transition to a pure holding company and Group management

Aiming for the independence of three business fields

In August 2022, the Nippon Koei Group announced the transition to a new group structure centered on the holding company Integrated Design & Engineering Holdings.

There are three main objectives of the transition to a pure holding company. The first is to "strengthen governance and expedite decision-making." The second is the promotion of "autonomy & synergy." By collaborating with each other, each of the operating companies, which are independently profitable and self-supporting, will create unprecedented added value, and each company will aim to achieve sustainable growth and increase corporate value over the medium to long term. The third objective is to "ensure diversity." Through matrix management based on cooperation between the business axis and regional axis, we will build a global governance system that allows each organization within the Group to make the most of its individuality and realize solutions to issues in each region.

Personally, I am particularly looking forward to the results stemming from the second and third objectives, the synergies that will be generated by strengthening cooperation and ensuring diversity through the spin-off of the operating companies. Among the three resilience measures set forth in the Medium-term Plan, "Promote business based on the independence of our three businesses" is positioned at the top of the list, and each of the Consulting Business, Urban & Spatial Development Business, and Energy Business, which were previously business divisions of Nippon Koei, are now recognized by the world as a single corporate organization respectively. I believe that making each of them independent will make the business axis of the entire Group

stronger than ever before. One of the expectations and challenges is collaboration among operating companies. Until now, the three business segments have been cooperating like siblings. After the spin-off, however, it will be necessary for the segments to respect each other and deepen cooperation through an independent "partner-style" relationship. In addition, we will actively invite new colleagues from outside the Group through M&A and business alliances in the future, and have them bring in values that have not been previously seen in the Nippon Koei Group, which will stimulate business and create new social value. I hope that such new relationships and work environments will be created. Since the holding company structure is designed to improve the quality of service and corporate value for our customers, we must make sure that our customers are pleased with service that is "better than before." I believe that the key to this is strengthening cooperation among operating companies.

We plan to gradually transition to a pure holding company from July 2023. Our long-term strategy and Medium-term Plan are based on this transition. I would like for the entire plan, including the achievement of each goal of the Medium-term Plan, to be implemented with a sense of speed faster than planned.

Commercializing solutions for various social issues through the new structure

Reflecting the solutions to social issues that need to be resolved in our materiality

As I mentioned, solving social issues as a business is very important for our sustainability. Therefore, as a specific methodology, we have tied the various social issues that we need to solve to the materiality (key issues) defined in our long-term strategy. Each business division establishes "priority measures"

Message from the President

every year, checks the relationship between the priority measures and materiality, and makes sure that it is heading in the right direction, making the measures pillars of our business plan.

On the other hand, we hold TRM (Total Risk Management) meetings as needed to discuss our own risk management, tying it to the materiality of management activities, which is set in conjunction with the materiality for business activities. Concerns about information security, which is growing in line with the destabilization of the world situation, and workplace-based harassment, which has become an issue along with the raising awareness of human rights, are among the top operational risks for the Group. Before the terms CSR and sustainability were firmly established in Japan, business risks were the risks that management needed to face. However, in modern corporate management, dealing with ESG and sustainability-related risks have become more fundamental to the survival of a company.

In any case, in order to continue promoting businesses that solve social issues under the new group structure, I believe that it is fundamental for each operating company that will be independent after the conversion to a holding company to thoroughly address materiality.

Toward achieving our long-term strategy

Making it past milestones one by one

In order to enhance the feasibility of our long-term strategy for 2030, we plan to draw a roadmap to achieve our goals and establish milestones for each point to be addressed. These milestones include various management indicators, such as revenue, orders received, and ROE, that are easy to understand by people outside the Group. However, we also establish milestones that enable employees to feel their own growth within the company, such as the extent to which business process innovation has progressed through DX.

Recently, in particular, changes in the world have been accelerating, and I think that the line between firms that are unable to take advantage of these changes and remain stagnant, and firms that are rapidly growing by taking advantage of the current trends has become clearer than ever. Digital transformation (DX) is one of those changes. Since most of our work involves the visualization of ideas and blueprints on paper, we have a relationship with digital technology that makes it indispensable. For this reason, in the past few years there has been a strong sense of crisis that if we fail to go ahead with digitalization we will be eliminated from the market. Without the implementation of advanced digital technology to the extent that we can say "We can take on everything as a one-stop provider", I fear that we will never reach our goal to be "by far the No.1 consulting and engineering firm in Japan and indispensable to the world," and that it will be difficult to even remain at the top of the Japanese market.

Further promotion of sustainability management

It goes without saying that we also set many milestones related to ESG and sustainability. In September 2021, we established the Sustainability Promotion Committee and formulated our Basic Sustainability Policy in February 2022. Serving as a guideline for solving social issues through our business activities, this basic policy shows that our business and sustainability are inseparable.

To date, the Group has developed tools for evaluating the sustainability activities and progress of SDGs in national and local governments as well as private companies, which are our customers. Thus, we have developed the skills of evaluating the initiatives and progress of other companies as necessary for our business. In the future, we will use the skills we have developed to diagnose our own sustainability activities and SDGs initiatives, and evaluate ourselves to see how much we have achieved this year compared to our vision for the Group. In addition, we will consider quantifying growth targets in non-financial fields such as ESG and sustainability in an easy-to-understand manner as KPIs and incorporating them into our long-term strategy and Medium-term Plan. At the same time, we will promote sustainability initiatives, such as endorsing the TCFD recommendations and complying with the revised Corporate Governance Code, that are required of companies listed on the Prime Market of the Tokyo Stock Exchange.

To our stakeholders

When I was appointed President one year ago, I declared that I would make Nippon Koei become "by far the No.1 consulting and engineering firm in Japan and indispensable to the world." In order to achieve this, I feel that it is of utmost importance to fulfill our social responsibilities as a Group, such as contributing to the SDGs and resolving social issues, as well as achieving the goals of each management index, which has traditionally been emphasized. Our business operations are linked to almost all of the 17 goals and 169 targets of the SDG agenda. For the Group, sustainability is nothing more than achieving each of the indicators indicated in the 169 targets of the SDGs through our business. Our strength has always been our ability to solve social issues and grow together with society through our sustainable business activities. We will continue to do so without making any changes to our Management Philosophy "Act with integrity and contribute to society through technology and engineering." I would like to ask all of our stakeholders for their continued support as we look forward to the future of our Group, which will be reborn as ID&E Holdings in July 2023.

Transition to a Holding Company Structure

Transition to a holding company structure - background and objectives

The Group aims to achieve solid growth in the future by strengthening independent activities that take advantage of the characteristics of each business

The Nippon Koei Group has decided to transition to a holding company effective July 2023. In our Long-term Management Strategy toward 2030, continuing to respond to social issues as the basis of our strategy, we have positioned "Consulting," "Urban & Spatial Development," and "Energy" as the three core businesses and aim for their further growth. In order to strengthen our business competitiveness while responding to changes in the external environment, it is necessary to create an organizational culture that respects the diversity of each organization within the larger group by taking advantage of their individual characteristics, and to aim at creating a system that allows them to operate independently (autonomously). In order to achieve this, we have determined that the best way to create a platform for the Group to make a leap forward is to transition to a holding company. Under this structure, we will strive for autonomy & synergy, faster decision-making, and the coexistence of diversity. The organizational structure of the holding company was designed as a company with a nominating committee, etc. After establishing a supervisory structure with the Nominating, Compensation, and Audit Committees, in which outside directors constitute the majority, we will specialize in group management, determine the appropriate allocation of management resources and the design of functions and systems to maximize value as a group, and formulate strategies and plans as a group. We will deepen the management of the Group from a medium- to long-term perspective and aim for solid growth in the future.

Naming of the holding company

For integrating various fields and increasing our new friends

We decided to name the pure holding company Integrated Design & Engineering Holdings Co., Ltd. The words "Design" and "Engineering" represent our company as an integrated civil engineering consulting firm that has promoted civil engineering and architecture, while also expressing our desire to integrate (using the word "Integrated") various fields in the future and promote the Company as a one-stop business. In addition, the new name was chosen to signify that the Group will expand to become larger than ever with the addition of new friends.

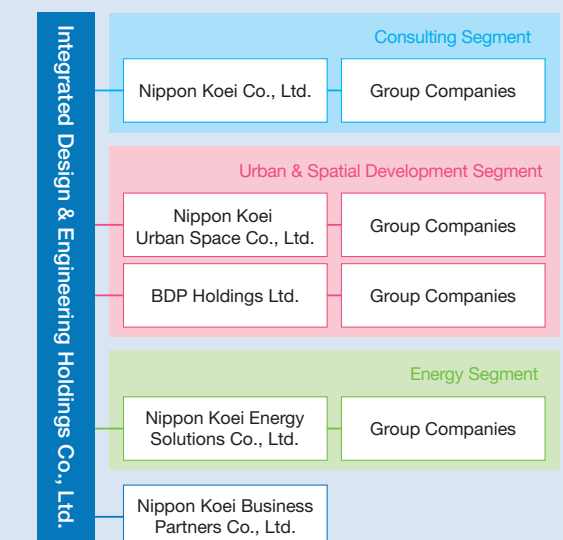
Name of the new holding company
Integrated Design & Engineering Holdings Co., Ltd.

Group structure after transition to a holding company

We will spin off each business, expand the authority of major Group companies, and create a strong group of operating companies

Integrated Design & Engineering Holdings Co., Ltd., which will be the new pure holding company, will place under its control the business management subsidiary (Nippon Koei Business Partners Co., Ltd.) as well as Consulting Business subsidiary (Nippon Koei Co., Ltd.), two Urban & Spatial Development Business subsidiaries (Nippon Koei Urban Space Co., Ltd. and UK-based architectural design company BDP Holdings Limited), and Energy Business subsidiary (Nippon Koei Energy Solutions Co., Ltd.) as primary business companies. The four companies responsible for these major businesses and functions are positioned as "Major Group Companies," and the authority of each company will be expanded to enable accurate and prompt decision-making.

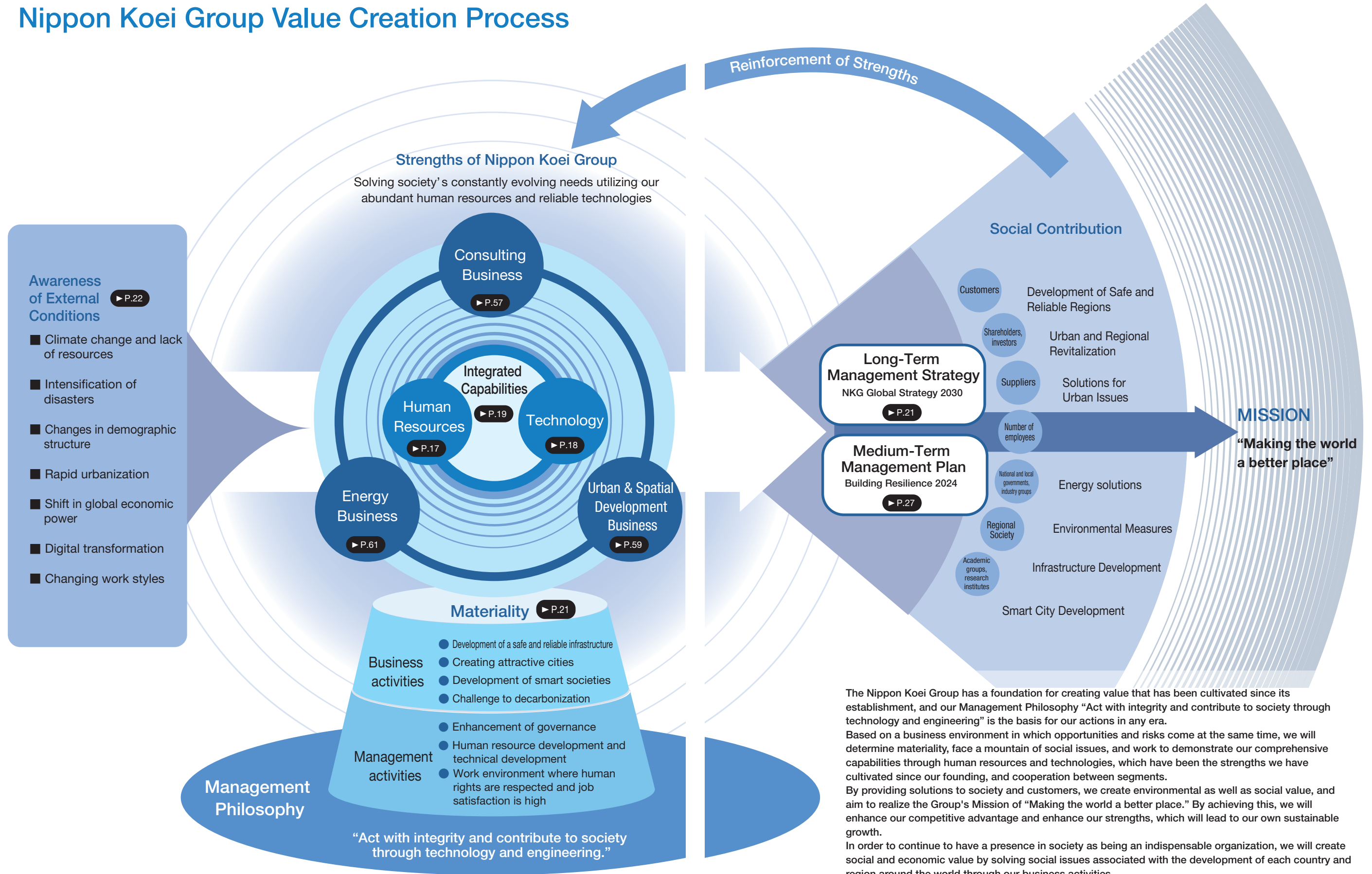
Group Structure (from October 2023)



Timeline

July 2022	Nippon Koei's Urban & Spatial Development Business is merged with Tamano Consultants Co., Ltd. to launch Nippon Koei Urban Space Co., Ltd.
September 2022	Resolution at the General Meeting of Shareholders on the share transfer plan and amendment to the articles of incorporation
July 2023	Establishment of Integrated Design & Engineering Holdings Co., Ltd. Spin-off of Nippon Koei Business Partners Co., Ltd.
October 2023	Spin-off of Nippon Koei Energy Solutions Co., Ltd.

Nippon Koei Group Value Creation Process



Creating Value through Nippon Koei Group Capital and its Utilization

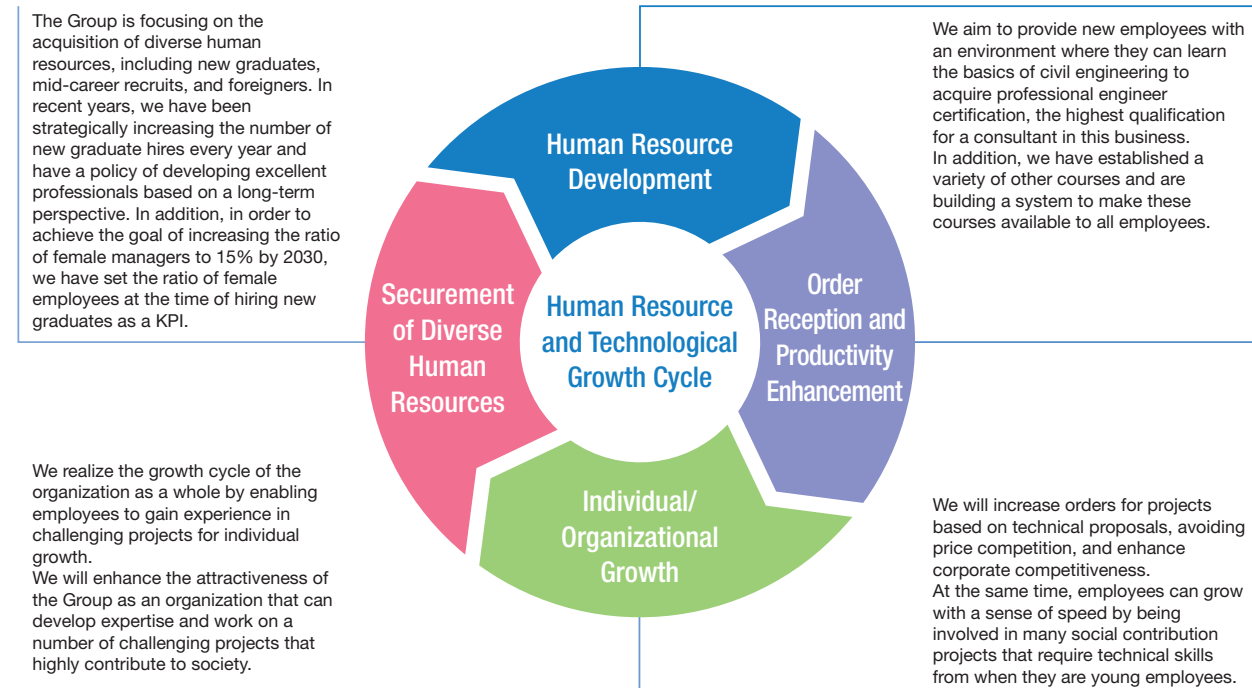
	Important Aim of Capital in Value Creation	Policy for Medium/Long-term Enhancement
Financial capital	Achieve a balance between growth and returns by building a strong financial base and achieving high capital efficiency that allows for flexible investment	<p>Realization of medium/long-term growth</p> <ul style="list-style-type: none"> Review and enhance investment screening criteria as well as establish and enhance investment screening system <p>Ensure financial soundness</p> <ul style="list-style-type: none"> To ensure financial soundness, maintain an equity ratio of approximately 40% even during periods of concentrated investment <p>Provide capital efficiency to achieve a balance between growth and returns</p> <ul style="list-style-type: none"> Aim for an ROE of 9% in the Medium-term Management Plan Aim for a payout ratio of 30% Buyback/cancellation of treasury stock as necessary to achieve an appropriate total return ratio
Manufacturing capital	Create a safe and secure infrastructure by providing services in more than 160 countries, in all prefectures in Japan, and through overseas offices around the world	<p>Promote workplace reform</p> <ul style="list-style-type: none"> Develop a post-Covid-19 workplace environment <p>Improve quality of information systems</p> <ul style="list-style-type: none"> Enhance support for diverse work styles Enhance financial and accounting systems Establish shared platform for group companies <p>Enhance information security</p> <ul style="list-style-type: none"> Implement cybersecurity measures based on the concept of Zero Trust
Intellectual capital	Accumulate advanced intellectual capital through the foundation of advanced technology research at the Research & Development Center and knowledge gained through advanced operations while creating new value through innovation	<p>Development and utilization of DX technologies</p> <ul style="list-style-type: none"> Expand DX investment <p>Business development investment</p> <ul style="list-style-type: none"> Conduct research and development for new business development from a medium- to long-term perspective Conduct research and development for the creation of new business areas such as smart city business development, SDGs business development, and climate change business
Human capital	Drive all types of value creation through a diverse workforce of highly specialized domestic and international professionals	<p>Develop and improve employee skills</p> <ul style="list-style-type: none"> Establish "NKG Global Academy" in FYE June 2024 which all group employees can use to raise the level of human resource capabilities of the entire group Visualize knowledge and develop leaders by effectively utilizing knowledge management, talent management, and various data Expand regional engineer system (a training system that enables engineers from local subsidiaries to work in countries other than their countries of origin or Japan) <p>Enhance recruitment</p> <ul style="list-style-type: none"> Increase the number of employees by more than 1,600 on a consolidated basis during the period of the Medium-term Management Plan by strengthening the recruitment of new graduates and career employees <p>Promotion of Well-Being Management</p> <ul style="list-style-type: none"> Promote work styles that respect diversity
Social capital	Stable and continuous value creation through a solid client base and strengthened relationships with partner companies, etc. based on a long history and track record of supporting developing countries through domestic infrastructure and ODA	<p>Co-creation with other companies including those in different industries</p> <ul style="list-style-type: none"> Create stable and long-term cooperative relationships with partner companies in Japan and overseas <p>Transfer technologies to developing countries</p> <ul style="list-style-type: none"> Develop human resources in developing countries through "NKG Global Academy" and collaborate with academic institutions <p>Strengthen social activities</p> <ul style="list-style-type: none"> Enhance opportunities for dialogue with stakeholders
Natural capital	Contribute to the preservation of the global environment by contributing to environmental preservation and reducing environmental impact through our business	<p>Enhance sustainability promotion</p> <ul style="list-style-type: none"> Establish Sustainability Promotion Committee <p>Focus on business creation through co-creation by linking materiality and business strategy</p>

FYE June 2022 Main Initiatives (Input)	FYE June 2022 Results (Output)
<ul style="list-style-type: none"> Secure long-term borrowings by executing investment projects Ensure financial soundness based on an awareness of our equity ratio Build and strengthen a new monitoring system after investment execution 	<ul style="list-style-type: none"> 44.9% equity ratio (45.3% in the previous period) 8.8% ROE (6.7% in the previous period) 28.6% payout ratio (25.0% in the previous period) Rating and Investment Information, Inc. (R&I) rating of BBB+ (same rating to be maintained from November 2020) Eliminated losses characteristic of the first half of each fiscal year to return the Group to profit
<ul style="list-style-type: none"> Improve workplace environment Promote digitization of various documents Strengthen remote access Introduce cybersecurity measures based on the concept of Zero Trust 	<ul style="list-style-type: none"> Promoted the utilization of four satellite offices Continued a system that enables remote access for all employees Promote remote work through the computerization of stamping and paper-based work processes Realize no information system failures that have significant social impact
<ul style="list-style-type: none"> Search for/develop key themes that will lead to new businesses in the DX field Promote collaboration to create business models Establish platform for sharing technical information on technology and sales 	<ul style="list-style-type: none"> Number of certified professional engineers (consolidated): 1,743 (1,727 in the previous period) R&D expenses: ¥1.24 billion (¥1.07 billion in the previous period) Conducted several demonstration tests with the Tokyo Metropolitan Government and municipalities in Tochigi Prefecture, etc. for the practical application of automated driving Conducted study on adaptation to digitalization of disaster assessment as a task of the Kyushu Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism Developed DNA tracer technology in collaboration with Yamaguchi University and turn it into intellectual property Opened a metaverse (virtual space) to promote tourist attractions in cooperation with Ureshino City, Saga Prefecture and other organizations
<ul style="list-style-type: none"> Strengthen development of qualification and human resource development programs Manage employee work attendance rate during the COVID-19 pandemic using a workplace hoteling system and RPA Improve productivity through DX (RPA, AI, etc.) Health management: Implement vaccination programs in workplaces Enhance the recruitment of new graduates and career employees Turn Aichi Tamano Information System Co., Ltd. into a special subsidiary of Nippon Koei to provide more employment possibilities for people with disabilities 	<ul style="list-style-type: none"> Number of employees (consolidated): 6,163 (5,936 in the previous period) Recognition as an Outstanding Health and Productivity Management Organization 2022 (White 500) for four consecutive years In-house release of similar business estimation service utilizing RPA and AI Recruitment Numbers Number of new graduates recruited: 151 (162 in the previous period) Number of career employees recruited: 48 (43 in the previous period) Employment rate of disabled persons: 2.69% (2.09% in the previous period)
<ul style="list-style-type: none"> Promote collaboration in the field of disaster prevention and mitigation using advanced technologies Promote business alliances in the smart city and transportation fields with local governments and companies in Japan and overseas 	<ul style="list-style-type: none"> Equity participation in space development venture Q-shu Pioneers of Space, Inc. Formed a partnership agreement with Iwaki City in Fukushima Prefecture for the promotion of river basin flood control Created business alliances with Surbana Jurong Private Limited (Singapore), DHI (Denmark), PT Jakarta Lingko Indonesia and PT Aino Indonesia (Indonesia), and social enterprise Siem Reap Tourism Club (STC) (Cambodia) Nippon Koei India received an Award for Excellence at the Rail Analysis Innovation & Excellence Summit 2022 BDP Quadrangle received a Canadian Governor General's Medal in Architecture Nippon Koei employees received the Ozawa Award for Distinguished Service Overseas for their long-term contributions to land development overseas
<ul style="list-style-type: none"> Provide consulting services for greenhouse gas reduction, climate change adaptation measures, and biodiversity conservation Implement disaster countermeasure projects utilizing new technologies such as AI Promote research on green infrastructure and environmental risks 	<ul style="list-style-type: none"> Published the results of joint research in an international academic journal on the relaxing effect of diverse insect sounds Released the beta version of "TSUMUGI@", an SDG diagnostic tool for municipalities Our research team comprised of members from the R&D Center and other locations won the Hydraulic Engineering Paper Award for their research contributing to the understanding of water resource risks and countermeasures

Human Resources and Technologies that Support Our Business Model

The greatest strength of the Nippon Koei Group is that it has experts in various fields and excellent professional human resources as an integrated civil engineering consulting firm. We are working to create businesses that attract such human resources and further strengthen our excellent human resource development system.

As a group of professionals united in our Mission of "Making the world a better place," we aim to achieve a higher level of results by enabling all of our employees to always use their abilities and skills to accomplish our Mission.



Human Resources Strategy

Increase recruitment of new graduates

In order to respond to Japan's national resilience plan and the global demand for infrastructure, we are increasing the number of our employees. Specifically, we established a plan to significantly increase the number of new graduates who will be responsible for the future of the Group from 2019 to hire more than 150 employees every year. The Nippon Koei Group continues to recruit on this scale and is expanding its post-entry training programs.

Increase the number of certified professional engineers

Construction consulting services in Japan are required to be performed by certified professional engineers. Therefore, in order to bid on a large number of projects, it is necessary to secure certified professional engineers. The Nippon Koei Group has 1,743 professional engineers in its construction, comprehensive engineering supervision, applied science, and water supply and sewerage departments, boasting the highest number of certified professional engineers in the industry. We support individuals seeking to become certified professional engineers by offering annual preparation seminars for the certification examination.

Hybrid human resource development

We call human resources engaged in both domestic and overseas operations "hybrid human resources" and plan to increase the ratio of this human resource type. In addition to aiming for global expansion throughout the organization, we are efficiently allocating personnel resources from the perspective of risk hedging to realize operations that minimize the impact of risks. From the perspective of work-life balance, we aim to be a corporate group that can work in a variety of ways according to life stages.

On the other hand, since the way business is conducted in Japan and overseas differs greatly, it is expected that issues specific to hybrid human resources will arise. Therefore, we are promoting the development of labor and personnel evaluation, etc., by understanding actual conditions through questionnaires. We are also strengthening training in language, project management (PM), safety management, and other areas necessary for overseas operations.

Technology Strategy

Promote technology strategies

In addition to technological development in each business division, since the fiscal year ended June 2017, the Group has been promoting technology policies in which multiple divisions work together to develop technologies across the company. Under the Technology Committee under the Management Council, themes are established with the goal of "developing technologies and businesses that have an impact on Nippon Koei." In order to derive business from these strategies, we hold a meeting once a year to present the results of their implementation and are working to link the developed technology to the advancement of more businesses.

DX promotion

In November 2022, we formulated the NKG DX Vision in order to enhance the momentum of DX initiatives within the Group. We are working to raise awareness by holding DX related briefings and discussions for all employees and setting KPIs. We will use an in-house common digital platform to evolve our Consulting and Engineering businesses, create and develop new businesses that solve social issues, such as smart city services, and innovate internal productivity to build a sustainable society.

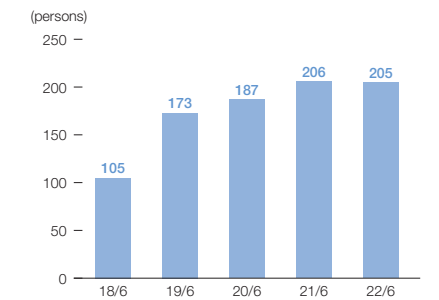
Enhanced support for BIM/CIM

In principle, BIM/CIM* will be applied to all designs and works ordered by the Ministry of Land, Infrastructure, Transport and Tourism starting in 2023. We are further strengthening our response to the promotion of BIM/CIM and productivity improvement as a must-achieve goal that must be realized as soon as possible.

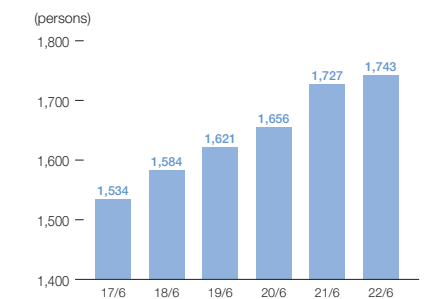
BDP, a group company, has the most advanced technology in the BIM field not only in the U.K. but also in all of Europe, and has achieved productivity improvements. Therefore, we send our mid-career and young employees to BDP for several months of training as a way to actively share technology within the Group. In March 2022, we established the BIM/CIM Promotion Working Group within the Group for the preparation and monitoring of BIM/CIM promotion plans for each field and branch. The Nippon Koei Group has also launched a BIM/CIM internal qualification system to motivate and inspire employees, and has now started training and certification programs for acquiring entry-level qualifications.

* BIM (Building Information Modeling): A method of performing virtual construction work on a computer by combining a 3D model of the project and a design information database
CIM (Construction Information Modeling): A method of managing the construction, maintenance, and production processes of civil infrastructure

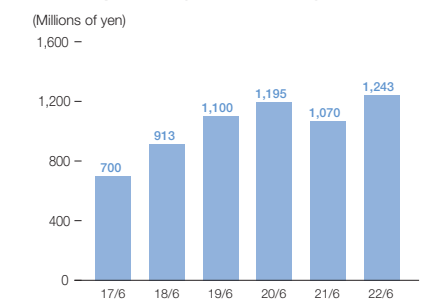
Number of new university graduates hired (total for Group companies in Japan)



Number of certified professional engineers (total for Group companies in Japan)



R&D expenses (consolidated)



NKG-DX Vision

To become a company that solves problems for the future
A leader in digital innovation

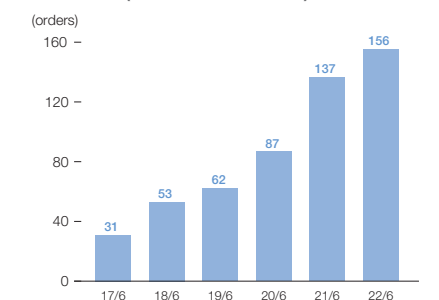
NKG-DX Vision KPI

Total DX investment during the Medium-term Management Plan **¥1.5 billion**

FYE June 2024 Number of digital human resources* **100%**

* Employees who use RPA and AI in their normal work

Number of Business Orders related to BIM/CIM (non-consolidated)



Integrated Capabilities of the Nippon Koei Group

The Nippon Koei Group deploys the integrated capabilities of experts in various fields to meet the increasingly sophisticated and complex needs of our age to solve social issues.

Track record of development in 160 countries overseas

The Nippon Koei Group has been involved in the development of social infrastructure overseas since receiving an order for the planning of the Baluchaung Hydropower Plant in Burma in 1954, which served as the first step in the globalization of the Nippon Koei Group. We have continued to build infrastructure that utilizes various Japanese technologies, including technologies for hydroelectric power plants, roads, railways, bridges, and agriculture, and have continued a business model that simultaneously transfers technology to the local community and realizes economic development.

While handling a number of overseas government projects such as ODA, we have established local companies around the world, with the current number of overseas bases standing at 73. The knowledge accumulated through our understanding of the characteristics and customs of countries and regions around the world through projects since our founding is one of the strengths of our Group.

In our long-term management strategy, we have positioned the growth of overseas subsidiaries as the source of profit growth, and are promoting measures such as strengthening the production systems of local subsidiaries and group companies overseas to stabilize regional management, and training management personnel for independent operation.

Number of Overseas Orders (consolidated)
No. 1* in the industry

Countries and Regions Track record in
160 countries

Overseas Bases
73 locations

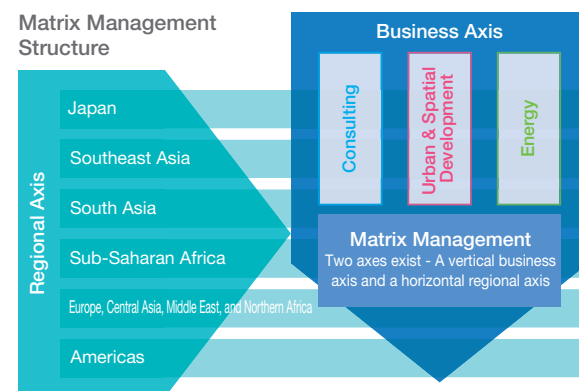
* "Sales ranking of engineering consulting firms in Japan," Nikkei Construction, April 20, 2022

Matrix management that provides one-stop services across regions

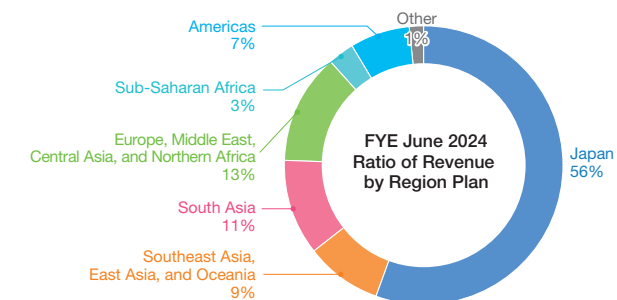
Under the current Medium-term Management Plan, we have established a group management structure that operates using a matrix consisting of a business axis based on three domains (Consulting, Urban & Spatial Development, and Energy) and a regional axis. With the Business Promotion Headquarters at its core, branch offices, overseas offices, and Group companies rooted in Japan and around the world identify local needs and provide one-stop services for business domains across regions. Each of our companies overseas operates independently and realizes our motto, "Think globally, Act locally" for social issues and various needs around the world. In other words, they grasp issues from a global perspective and solve them locally, proposing optimal solutions with a sense of urgency.

Through these efforts, we plan to increase our overseas sales ratio from the 37% (current level) to 44% in the fiscal year ending June 2024 and to 50% in the fiscal year ending June 2030.

Matrix Management Structure



The overseas revenue ratio target for the fiscal year ending June 2024 **44%**



Collaboration with diverse external partners

We aim to be a corporate Group that contributes to the realization of a society in which people can feel that their lives have been enriched by providing new value through the exploration of knowledge and the innovation and integration of technology through collaboration with diverse internal and external partners in order to reach the universal goal of realizing a sustainable world.

In order to promote co-creation, we have been operating NARRES (NK Alliance Record Registration System), an information management system that centrally manages various types of NKG alliance information, since July 2022. Because of the confidentiality of alliances with external parties, there have been issues such as the inability to utilize alliances that have already been concluded widely. This system solves these issues and realizes the centralized management of alliance information within the Group.

Going forward, we will continue to aim for new collaborations and expansion of business possibilities from a Group-wide perspective.

Number of MOUs Signed (Memorandum of Understanding)
22 (as of June 2022)

Various Projects that Demonstrate Our Integrated Capabilities

Case 1 Miwa Power Station - An example of how our one-stop Services in the Energy Business can be utilized

Our Energy Business has the advantage of being able to provide one-stop services for all stages from planning and research to design, construction, equipment manufacturing, and maintenance and management for power and electric facilities in Japan and overseas. The realization of these services will bring various benefits to customers, such as reducing business costs as well as shortening construction periods and power generation shutdown periods.

One example of this is the large-scale renovation of Miwa Power Station, which we received an order for from the Nagano Prefectural Enterprise Bureau in 2020. The project involves the large-scale renovation of the location's aging 12,200 kW dam-type power generation facilities using new categories under the FIT (Feed-in Tariff) scheme. The design and construction method (EPC) has been introduced. The Nippon Koei Group was highly evaluated for its track record and experience in power generation and EPC utilizing its one-stop services as well as for its proposal to introduce new technologies.

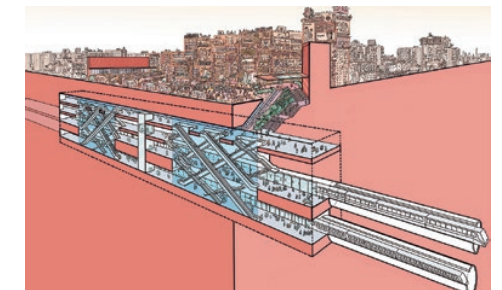
In addition to these services, we are promoting business development centered on energy storage facilities in Europe, where the electricity market is ahead of Japan. By utilizing this knowledge and providing one-stop services from EPC (engineering, procurement and design) to operation, we are developing solutions that meet the needs of our customers.



Case 2 Railway project in Dhaka, Bangladesh - An example of what our civil engineering and architectural services can provide

In Dhaka, Bangladesh, which is one of the most densely populated cities in the world, the Nippon Koei Group has received and implemented several Dhaka Metro Rail projects (Line 6, Line 5 (Northern Route), and Line 1). For Line 5 (Northern Route), BDP, an architectural design company which is part of the Nippon Koei Group, was responsible for the design of the station building. The railway project includes station construction, rail line development, MaaS and TOD (Transit Oriented Development: urban development that is based on public transportation and aims for a society that is not dependent on automobiles). We are promoting collaboration within our group in this area where we can take advantage of our strength in integrating civil engineering and architecture.

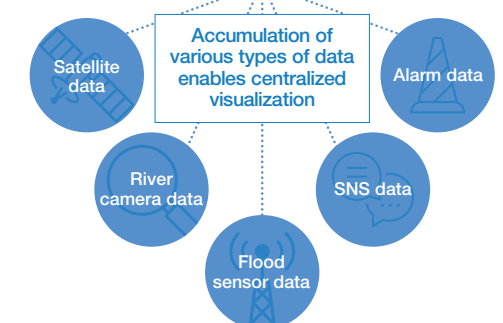
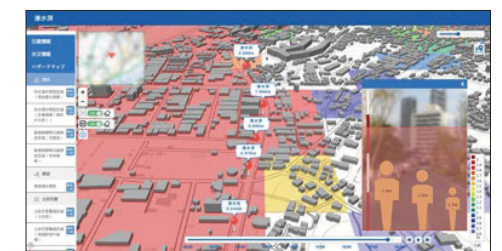
The Japanese government's Official Development Assistance (ODA) to Bangladesh is the second largest in the world after India, causing a boom in infrastructure development. In order to respond to this strong demand for infrastructure development in Bangladesh, the Nippon Koei Group established a local subsidiary in Bangladesh in 2018 and is currently involved in over 30 projects there. Our Head Office in Tokyo and the local staff of our subsidiary in Bangladesh are working together on projects. By training the local staff ourselves, we are contributing to the development of Bangladesh by transferring Nippon Koei's technology to grow the subsidiary.



Case 3 "Bosuke" - A disaster prevention platform utilizing knowledge accumulated in each department of Nippon Koei

Currently, too much disaster prevention information is provided from various sources, making it difficult for local governments to access effective information, grasp the extent of damage, and make appropriate decisions on evacuation orders for local communities. For this reason, we have developed "Bosuke," a water disaster prevention platform which enables centralized visualization of only the best data from this wide variety of information. The platform is equipped with basic functions to display rainfall, flow rate, water level, and inundation depth in real time with map data that incorporates topographical data, and can be customized with a high degree of freedom to add AI analysis, AR/VR, and other features. In the development of this platform, the company-wide technology strategy framework was utilized, and the specialized technologies and knowledge from related departments were accumulated before the platform was released in 2021. Since its release, we have been promoting its adoption and joint development in various fields.

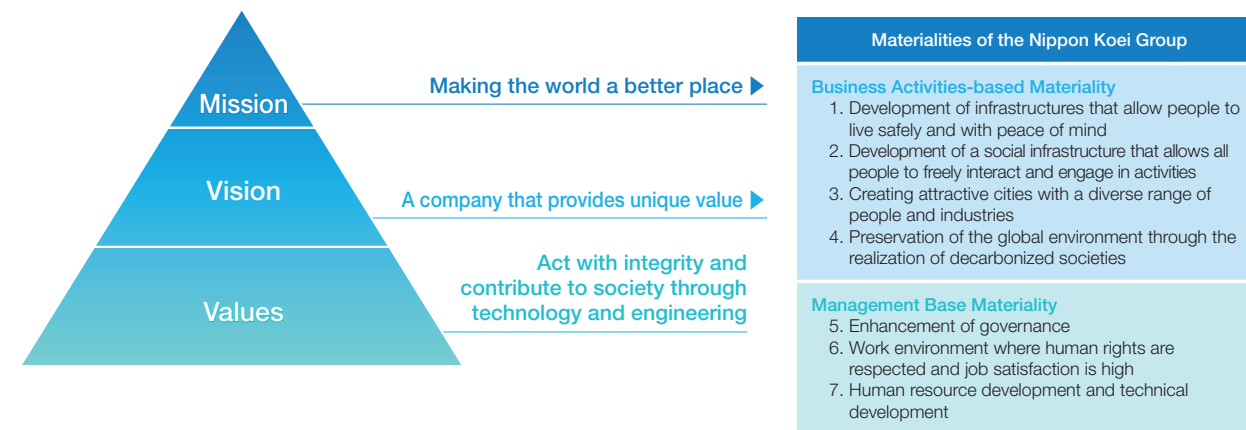
Currently, with the cooperation of Fujimino City, Saitama Prefecture, NTT Advanced Technology Corporation, Toshiba Corporation, and Nippon Telegraph and Telephone East Corporation, it utilizes highly accurate, real-time rainfall and flood prediction data. Since August 2022, we have been conducting field trials on the effectiveness of disaster response operations by local government officials. In addition, the partnership agreement that the Group formed with Iwaki City in Fukushima Prefecture for the promotion of river basin flood control in April 2022 aims to reduce flooding damage by promoting watershed flood control through demonstration experiments using this platform.



Long-Term Management Strategy

Mission and Materiality

The Nippon Koei Group believes that in order to achieve sustainable growth in light of surrounding business conditions, it is important to attract diverse human resources and co-create value in cooperation with external resources. Based on this recognition, we have established a Mission, Vision, and Values to widely share the direction in which our Group is headed with those inside and outside the Group. In order for the Group to address global issues through its business activities and to grow sustainably with society, we have established materialities (key issues) that we will preferentially address by leveraging our strengths.

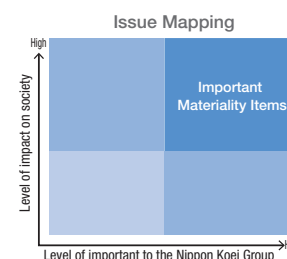


Materiality and Related SDGs

	Materiality	Main related SDGs	Examples of initiatives for each materiality
Business activities	1 Development of a safe and reliable infrastructure	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 AFFORDABLE HOUSING, SUSTAINABLE CITIES AND COMMUNITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> Develop high-quality infrastructures in a wide array of fields Provide both "hardware" and "software" based services for disaster prevention and mitigation
	2 Development of smart societies	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 AFFORDABLE HOUSING, SUSTAINABLE CITIES AND COMMUNITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> Realization of a mobility society through the development of airports, railroads, and other transportation hubs/networks Development of electric power infrastructure in areas with no power supply located overseas
	3 Creating attractive cities	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> Development of smart cities by co-creating through our Consulting, Urban & Spatial Development, and Energy businesses
	4 Challenge to decarbonization	7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	<ul style="list-style-type: none"> Provide consulting services for climate change adaptation measures Expand renewable energy business in Japan and overseas
Management activities	5 Enhancement of governance	10 AFFORDABLE HOUSING, SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> Review of organizational design Enhance compliance activities
	6 Work environment where human rights are respected and job satisfaction is high	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 AFFORDABLE HOUSING, SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> Further promotion of well-being management
	7 Human resource development and technical development	4 QUALITY EDUCATION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 17 PARTNERSHIPS FOR THE GOALS	<ul style="list-style-type: none"> Cultivate human resources that embody the Nippon Koei Group brand through the NKG Global Academy Create new added value by utilizing DX

Identifying materiality

We have integrated and reorganized the content of "issues that have a significant impact on society and are of high importance to the Nippon Koei Group," and summarized them into seven materiality items: Four items that contribute through business and three items of management that serve as the foundation for business continuity. Later, in order to verify the appropriateness of materiality items from an external perspective, we conducted interviews with experts. Based on the opinions we received, selected material items were presented to the Board of Directors for final section.



Assumed values

We at the Nippon Koei Group have been working to solve numerous social issues that have existed since the era that our founder, Yutaka Kubota, lived. The entrepreneurial mindset of connecting people and creating projects to solve social issues is our starting point.

Inheriting the spirit of our founder, the Group has grown to the present day by continuing to provide business solutions to various global and social issues that change with the times through the accumulation of "wisdom," as represented by our technologies. We believe that our strength is our "integrated capabilities" based on our human resources and technology, and that the source of our strength is the "wisdom" of each and every employee, which is based on their "smarts," "knowledge," "skills", and "outstanding human qualities."

The Company has been contributing to the world as an essential business that contributes to the betterment of people's lives through the collective "wisdom" of our employees, who look at social phenomena, determine the essence of issues, and find optimal solutions with a sincere attitude by making full use of a variety of technologies.

We believe that it will become more important to create an environment that nurtures the "wisdom" - the assets of each employee, makes it easier to share that wisdom throughout the Group, and engages society as a whole with a "sense of creating together."



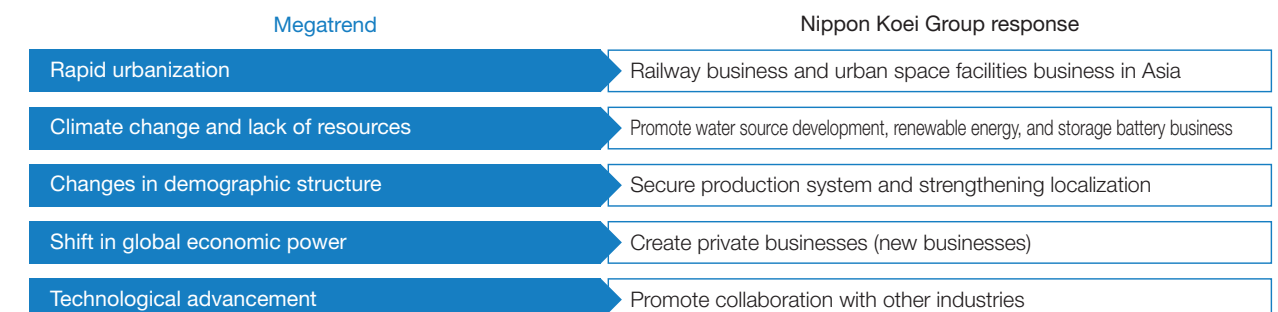
Awareness of market conditions

The global trends of 2030, the target year of our long-term management strategy, and beyond include the increasing intensity and frequency of disasters due to global climate change; changes in demographic structure due to the aging of the population in developed countries and the population explosion in developing countries; and rapid urbanization triggered by a lack of resources and technological advances. Some of these risks are already manifesting themselves in the form of rapid changes in the social environment, geopolitical risks, and social risks.

In line with this, the need for the creation of a sustainable society is expected to increase in the future, including the development of social infrastructure that allows people to live safely and securely, the development of social infrastructure that allows all people to freely interact and play an active role, and the creation of attractive cities with a diverse range of people and industries, and the conservation of the global environment by creating a decarbonized society.

Against this backdrop, we recognize that the challenge given to global companies is to respond to these needs by emphasizing SDGs and ESG perspectives, as well as by making full use of cutting-edge technologies such as digital technology, which is experiencing accelerated development. In addition, the current environment is becoming more and more complex, so we need to change, not only to provide solutions to individual issues but also to derive optimal solutions to multiple issues. To achieve this, we need to become engineers who have an image beyond that of consultants and transcend preconceived notions by combining DX with the strengths that the Nippon Koei Group currently possesses: our "integrated capabilities."

For example, we recognize that we need project management skills to be able to work on large projects around the world, and the ability to produce new businesses such as subscription-based businesses and concession business.



Long-Term Management Strategy

Opportunities and Risks Arising from Changes in the External Environment

Nippon Koei Group formulates its long-term management strategy based on an understanding of changes in the external environment as well as risks and opportunities, and implements initiatives to continue sustainable growth.

Main Changes in the External Environment	Opportunities	Risks	Related Initiatives
<p>Rapid urbanization The urban population as a percentage of the world's population was less than 30% in the 1950s and is now projected to rise to 50%. In 2015, there were 22 megacities in the world with populations of 10 million or more, and the world's urban population is expected to increase by approximately 72% by 2050. <small>(According to the Population Division of the Department of Economic and Social Affairs of the United Nations)</small></p>	<p>Expansion of opportunities for the development of smart infrastructure and smart cities</p> <ul style="list-style-type: none"> ● Support for integrated projects by leveraging integrated strengths <p>Increase in transportation & urban planning field projects</p> <ul style="list-style-type: none"> ● Transportation system development and response to MaaS and TOD utilization 	<p>Increase in multiple large-scale projects</p> <ul style="list-style-type: none"> ● Increasing sophistication and complexity of project management and quality issues <p>Compliance</p> <ul style="list-style-type: none"> ● Violation of related laws and regulations in Japan and overseas and occurrence of serious accidents 	<ul style="list-style-type: none"> ● Expansion of Railways operations in Asia ● Provision of one-stop solutions by integrating the Group's fields of expertise ● Expansion of Urban & Spatial Development Business ● Acquisition of project management/construction management technology ● Strengthening of internal control systems including those at each Group companies
<p>Climate change and lack of resources Climate change and lack of resources will have an increasingly severe impact on the economy with energy demand and water intake projected to increase by 50% and 40%, respectively, by 2030*. There are concerns that climate change will cause frequent extreme weather events and rising sea levels that will make agriculture and other activities using traditional methods difficult in some areas. <small>*"Global Trends 2030: Alternative Worlds", US National Intelligence Council</small></p>	<p>Creation of businesses related to climate change</p> <ul style="list-style-type: none"> ● Increased demand for decarbonization and carbon neutrality and an increase in projects that can take advantage of renewable energy-related technologies and know-how cultivated to date <p>Large-scale natural disasters measures</p> <ul style="list-style-type: none"> ● Increased disaster prevention and mitigation measures to cope with disasters caused by climate change <p>Creation of projects related to energy and resource shortages</p> <ul style="list-style-type: none"> ● Increased consulting needs for resource conservation, circular economy, agricultural reform, and food value chain 	<p>Increased conflicts and political tensions over resources</p> <ul style="list-style-type: none"> ● Temporary suspension of projects and supply chain disruptions <p>Business continuity</p> <ul style="list-style-type: none"> ● Insufficient preparation for large-scale natural disasters 	<ul style="list-style-type: none"> ● Proactively respond to projects that contribute to climate change countermeasures (transportation infrastructure development, environmental conservation, renewable energy-related projects, etc.) ● Proactive response to disaster prevention/mitigation, infrastructure maintenance and management (aging countermeasures), and other disaster countermeasure projects ● Acquisition of new energy technologies and promotion of storage battery business
<p>Changes in demographic structure Changes in demographic structure will vary widely from country to country with concerns that rapid aging in some countries will put pressure on the labor force as it will comprise a smaller portion of the total population. On the other hand, growing countries are expected to see the largest labor force and consumer markets ever.</p>	<p>Improvement of productivity through work style reform</p> <ul style="list-style-type: none"> ● Pursuit of optimal work styles including telework ● Improvement of business efficiency and productivity through the use of IT tools <p>Expansion of urban revitalization projects and public-private partnerships</p> <ul style="list-style-type: none"> ● Increase in compact city planning that consolidates urban functions to cope with declining/aging populations ● Expansion of concessions, PPP/PFI projects, etc. <p>Local subsidiary business expansion</p> <ul style="list-style-type: none"> ● Increase in projects and workers in emerging countries 	<p>Shortage of workers</p> <ul style="list-style-type: none"> ● Amount of human resources with expertise for securing and training workers is insufficient ● Loss of human resources due to overwork and harassment ● Loss of labor productivity and exodus of human resources <p>Partner companies</p> <ul style="list-style-type: none"> ● Insufficient securing of partner companies ● Decline in productivity and quality in the Group, including partner companies 	<ul style="list-style-type: none"> ● Improvement of working environment by maximizing the use of AI and ICT ● Full-scale expansion into the business management field ● Establishment of NKG Global Academy to develop world-class human resources throughout the Group ● Operation of a regional engineer system to enable overseas human resources to be active in third countries ● Actively recruit new employees and strengthen the post-employment training system ● Regular labor monitoring
<p>Shift in global economic power Emerging economies such as the BRICs, which have provided large amounts of labor and production functions in the past, have begun to shift to a consumption-based economy and are now exporting capital, human resources, and innovative technologies, which is changing the flow of capital. As emerging markets grow and expand in size, connections through trade and investment are being created at a fast pace among emerging economies.</p>	<p>Growth and expansion of scale in emerging markets</p> <ul style="list-style-type: none"> ● Expansion into emerging markets by leveraging Nippon Koei's operational know-how <p>Local subsidiary business expansion</p> <ul style="list-style-type: none"> ● Increase of projects in emerging countries, development of young workforce, and maintenance of diversity <p>Create private businesses (new businesses)</p> <ul style="list-style-type: none"> ● New customer development and business creation 	<p>Changes in competitive environment</p> <ul style="list-style-type: none"> ● Declining competitiveness in mature markets, intensifying competition with competitors possessing different attributes than previously seen ● Delayed adaptation of own brand and positioning <p>Group governance</p> <ul style="list-style-type: none"> ● Fraud risk and inappropriate behavior, lack of synergy from M&A alliances 	<ul style="list-style-type: none"> ● Support for autonomous management of regions promoting matrix management ● Diversification of markets (business areas and regions) and customers (especially private-sector customers) ● Active promotion of local human resources ● Careful selection of new investment targets and strengthening of monitoring of existing businesses in which we have invested ● Transition to a pure holding company to improve management efficiency, strengthen governance, and realize coexistence of diversity ● Establishment of NKG Global Academy to develop world-class human resources throughout the Group
<p>Technological advancement Breakthroughs in the field of technology and cutting-edge technologies in other R&D areas will increase the likelihood of commercialization and provide increased opportunities for new investment.</p>	<p>Business creation utilizing DX</p> <ul style="list-style-type: none"> ● Expansion of the utilization of BIM/CIM, 3D models, big data, etc. <p>Expansion of alliance opportunities</p> <ul style="list-style-type: none"> ● Promotion of collaboration beyond industry and regional boundaries 	<p>Increase in cyber attacks</p> <ul style="list-style-type: none"> ● Leakage of confidential information such as customer information and our confidential information ● Delays in project progress due to large-scale failures 	<ul style="list-style-type: none"> ● Realization of DX ● Promotion of both "offensive" DX (providing added value through the use of BIM/CIM, 3D models, big data, etc.) and "defensive" DX (improving productivity and business efficiency through in-house DX) ● Acceleration of needs-driven technology development

Concept behind our Long-term Management Strategy

Working together toward a future without boundaries

In order to respond to increasingly complex social issues and accelerating innovation, it is necessary not only to enhance the power of each employee and mobilize internal capabilities but also to collaborate with external partners who possess advanced technologies and unique know-how and to work together with local people to solve problems. The concept that emerged from this is "Working together". Within the Nippon Koei Group, each company will use its own discretion to grow by making the most of its own individuality, wisdom, and technologies. We will implement measures with the aim of becoming a Group that is an aggregate of such companies. Furthermore, we will aim to create and develop new strengths together with new colleagues.

Three Long-term Management Strategy co-creation measures

In our Long-term Management Strategy, we have positioned "Consulting," "Urban & Spatial Development," and "Energy" as the three core businesses of the Group and are aiming for their further growth. To promote autonomy and collaboration, we are transitioning to a new group management structure. By further strengthening group governance and deepening group management from a medium- to long-term perspective, we will further ensure future growth.

Co-creation Measure 1 Reorganization of business segments

New development of three business domains

In order to respond to a wide range of social needs, we will establish a structure based on three business domains: Consulting, Urban & Spatial Development, and Energy. Through seamless integration and collaboration without segmenting by region or company, we aim to create a business structure that can provide a one-stop shop for services in each domain across the board.

Full-scale expansion into the business management field

By maximizing and integrating the technologies developed by each of the three domains, we will make a full-scale entry into the business management field, including infrastructure management, urban management, the energy business, and data business.

Co-creation Measure 2 Promote autonomy and collaboration and build a one-stop system

Transition to a pure holding company

Group companies formed by business domain and region will manage autonomously while building an organization with a strong centripetal force based on the mission, technology, and governance of the Nippon Koei Group.

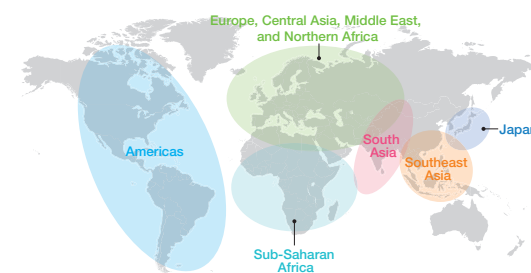
We will improve the profitability of each business, expedite decision-making, strengthen our risk structure, and build a flexible and robust governance system.

Implementation of matrix management based on both business and geographic regions

We will realize a matrix management system that operates and manages the businesses of our three domains and the businesses of each region.

The Company will address global and regional social issues as well as propose optimal solutions to diverse needs with a sense of urgency.

Matrix management target areas



Build a one-stop system through collaboration with other business segments

Through seamless integration and collaboration without segmenting by region or company, we aim to create a business structure that can provide a one-stop shop for services in each domain across the board.

Co-creation Measure 3 Establish the Nippon Koei brand and Nippon Koei Group quality

Developing world-class human resources in coordination with our technology strategy

Human resources are the most important management resource of the Nippon Koei Group. In addition to expanding educational opportunities and programs that are closely aligned with our technology strategy, we will actively hire local human resources and promote diversity at our bases in each country to develop excellent human resources.

NKG Global Academy

By establishing the NKG Global Academy to cultivate world-class human resources throughout the Group, we will foster human resources who embody the Nippon Koei brand at each of our bases in various countries where we do business.

Realization of digital transformation (DX)

We will provide optimal solutions using DX technology. The Company will develop promising technologies in-house as well as through alliances with external companies, and apply them to our businesses.

Quantitative targets for FYE June 2030

Revenue
¥250 billion

Operating profit
¥25 billion

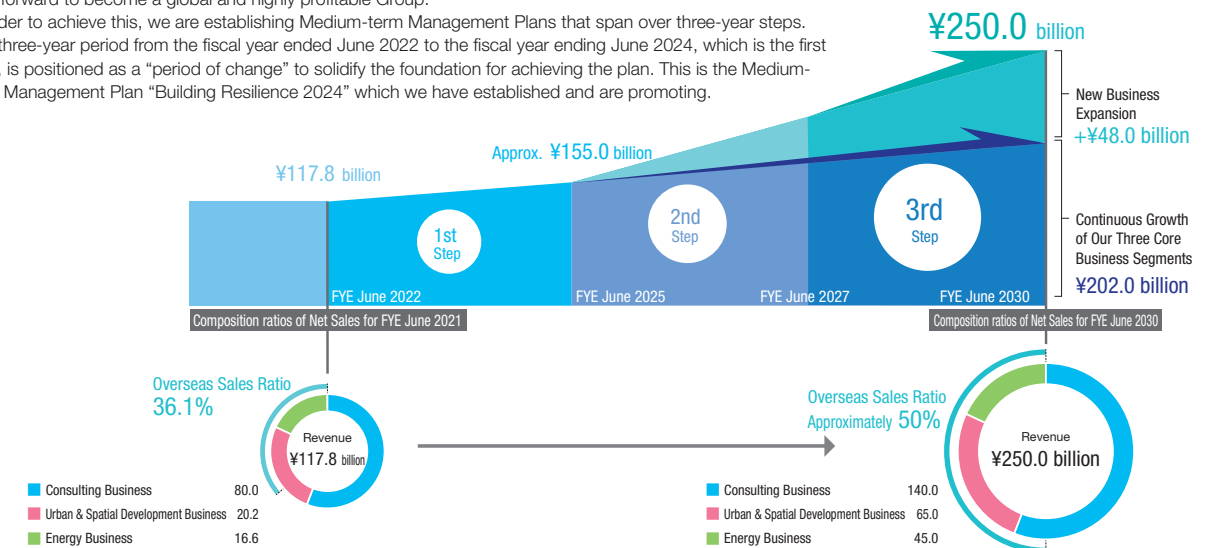
Operating Margin
10%

ROE
15%

Long-term Growth Graph and Positioning of the Medium-term Management Plan

With our long-term management strategy, we aim to increase revenue by approximately 1.7x through sustained growth in our three main businesses and growth through new businesses, and to increase revenue in overseas markets from approximately one-third of the current level to approximately half, thereby making a leap forward to become a global and highly profitable Group.

In order to achieve this, we are establishing Medium-term Management Plans that span over three-year steps. The three-year period from the fiscal year ended June 2022 to the fiscal year ending June 2024, which is the first step, is positioned as a "period of change" to solidify the foundation for achieving the plan. This is the Medium-term Management Plan "Building Resilience 2024" which we have established and are promoting.



Business strategy by segment

Consulting Business

2030 Revenue Target **¥140 billion**

Becoming a world-class consulting firm handling everything from consulting to management

Market strategy: In the Japanese market, we aim to expand into the private sector and management field with a focus on public works projects. In the international market, we aim for non-ODA-oriented growth at Group companies with a focus on Japanese ODA projects. In regard to regions, we will promote entry into new market areas (Middle East, North America, etc.) while securing stable earnings in Asia as a region of particular importance.

Technology strategy: Accelerate the development of next-generation core technologies and needs-driven technology.

Human resources/organizational strategy: We will develop hybrid human resources who can play an active role both in Japan and overseas based on flexible responses to changes in the market environment and employee work-life balance. At our companies overseas, we will promote the training of regional engineers that can be active in third countries.

Urban & Spatial Development Business

2030 Revenue Target **¥65 billion**

Comprehensive operations in urban land development, public-private partnerships for urban and regional revitalization, smart city development, etc.

Market strategy: In the Japanese market, we will focus on architecture, urban redevelopment, public-private partnerships, smart cities, etc. Overseas, we will actively promote collaboration and alliances with BDP and Nippon Koei Urban Space for large-scale development around transportation hubs in Asia and urban development and redevelopment in Europe, the United States, and Oceania.

Technology strategy: We aim to utilize BIM and Smallworld (an integrated tool for map information and asset management) to use Nippon Koei Urban Space's technologies overseas.

Human resources/organizational strategy: We will address environmental improvement and human resources exchange to improve technological capabilities within the segment, and establish a comprehensive production organization for urban redevelopment.

Energy Business

2030 Revenue Target **¥45 billion**

Providing one-stop services for power systems associated with stable energy supply

Market strategy: In addition to developing and operating new businesses in line with the deregulation of electric power, we will focus on the international standardization and sophistication of our core products. Overseas, Nippon Koei plans to establish its energy management business in Europe. In addition, we will promote the development and operation of microgrids, smart city, and renewable energy power generation businesses in Asia.

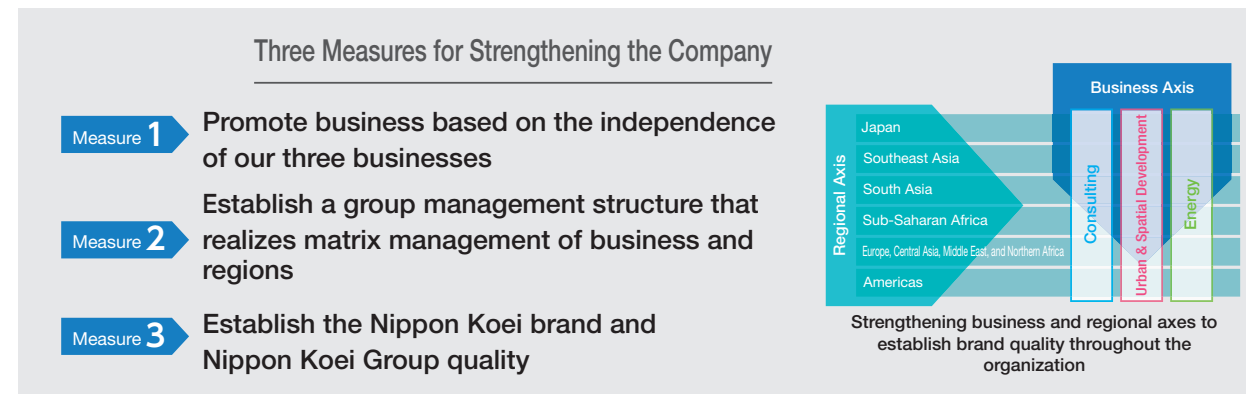
Technology strategy: We will improve the performance of our main products, strengthen our competitiveness by reducing costs, and develop systems that support DX. In addition, we will develop one-stop solutions integrating core technologies with storage battery and aggregation technologies.

Human resources/organizational strategy: We will build a base for strengthening the production structure of manufacturing divisions, building supply chains, and promoting exchanges and collaboration between human resources and departments to provide one-stop solutions.

Medium-Term Management Plan Building Resilience 2024

Based on our Long-term Management Strategy, we have formulated "Building Resilience 2023," a medium-term management plan to strengthen the foundation for the co-creation of a sustainable future over a three-year period, keeping in mind our aspirations for the year 2030.

While maintaining/improving business performance, we plan to make investments for medium- and long-term growth, which will lead to the future development of our Group.



Measure 1 Promote business based on the independence of our three businesses

We aim to promote independent businesses through three strengthened domains (● Consulting Business, ● Urban & Spatial Development Business, and ● Energy Business).

Key initiatives	Materiality
<ul style="list-style-type: none"> ● Advancement and global expansion of disaster prevention/mitigation technologies ● Full-scale expansion into the management field 	M1. Development of a safe and reliable infrastructure
<ul style="list-style-type: none"> ● Expansion of transportation related businesses ● Creation of smart city projects with a focus on decarbonization, safety, and security 	M2. Development of smart societies
<ul style="list-style-type: none"> ● Realization of one-stop services for urban (re)development projects ● Expansion of BDP market ● Full-scale development into urban management field 	M3. Creating attractive cities
<ul style="list-style-type: none"> ● Promotion of services that contribute to decarbonization ● Establish foundation for power generation and energy management business ● Strengthen manufacturing of core products and develop new products ● Provide one-stop solutions utilizing diversified and diverse technologies 	M4. Challenge to decarbonization

Measure 2 Establish a group management structure that realizes matrix management of business and regions

We will strengthen our regional axis, which is the cornerstone of the Group's management structure to realize matrix management of business and regions.

Key initiatives	Materiality
<ul style="list-style-type: none"> ● Establishment of a pure holding company and governance structure to realize matrix management ● Establishment of regional management structure and support for autonomous regional management ● Realization of one-stop services 	M5. Enhancement of governance
<ul style="list-style-type: none"> ● Work style reform (promotion of well-being management) 	M6. Work environment where human rights are respected and job satisfaction is high

Measure 3 Establish the Nippon Koei brand and Nippon Koei Group quality

With our technology strategy, we will grow into a pioneering company that realizes a sustainable society by creating innovative value centered on DX. Using our human resources strategy, we will enhance our knowledge management and talent management systems, which we have built up to date, and establish the NKG Global Academy, a human resources development system.

Key initiatives	Materiality
<ul style="list-style-type: none"> ● DX Promotion ● Establishment of the NKG Global Academy 	M7. Human resource development and technical development

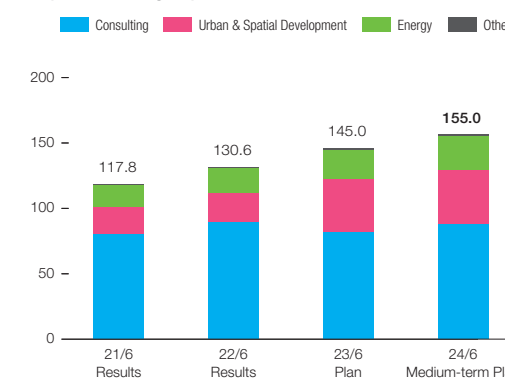
FYE June 2024 Numerical Targets (IFRS)

Revenue ¥155 billion	Operating profit ¥11.5 billion	Operating Margin 7%	ROE 9%
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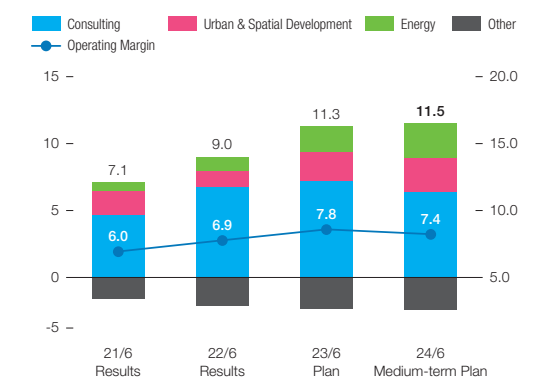
Expected Progress

- Revenue will grow by approximately 10% over the next three years.
- We anticipate that the operating margin for the fiscal year ending June 2023 will exceed the level expected for the final year of the Medium-term Management Plan due to special circumstances in the energy sector.
- Operating profit will grow more than 10% growth annually unless impacted by special circumstances.

Revenue (Billions of yen)



Operating profit (Billions of yen)/Operating margin (%)



First-year Results and Initiatives Carried Out in the Second Year

	Review of the results for the fiscal year ended June 2022 (first year)	Initiatives carried out in the fiscal year ending June 2023 (second year)
Measure 1	Consulting Business <ul style="list-style-type: none"> ● Sales expanded due to strong progress in large overseas projects. Started acquiring technology to expand business areas and laying the foundation for new services 	<ul style="list-style-type: none"> ● Develop new services using new technologies and promote business expansion utilizing our co-creation partners
	Urban & Spatial Development Business <ul style="list-style-type: none"> ● BDP and Quadrangle made good progress on their projects. Implemented organizational integration with the aim of expanding the Japanese market 	<ul style="list-style-type: none"> ● Strengthen integrated operations within the segment to promote collaborative order acquisition. Entry into the North American market by BDP
	Energy Business <ul style="list-style-type: none"> ● Implemented measures to strengthen the production capacity of our existing Power Engineering business. Started construction of energy-related projects in Europe 	<ul style="list-style-type: none"> ● Establish a foundation for improving production efficiency and quality of core products. Implement specific initiatives to respond to changes in the Japanese energy market
Measure 2	Organizational Strategy <ul style="list-style-type: none"> ● Examined the organizational restructuring execution scheme and prepared for the transition to a holding company structure ● Enhanced network infrastructure and improved information security measures 	<ul style="list-style-type: none"> ● Establishment of regulations and various reorganization procedures for HD, operating companies, and business management companies ● Formulate policies for capital structure and shareholder returns, and strengthen accounting functions for Group companies ● Formulate and promote strategies for addressing climate change issues and enhance our response to human rights issues
	Business Strategy <ul style="list-style-type: none"> ● Continued examination of one-stop marketing system and regional control ● Nippon Koei has not continuously examined/collaborated in developing new markets 	<ul style="list-style-type: none"> ● Establish basic policies on regional management and create a management system ● Implement measures to promote orders for domestic strategic projects, formulate projects led by regions, and promote digital marketing ● Make proactive use of business incubation functions
	Human Resources Strategy <ul style="list-style-type: none"> ● Changed the position structure and qualifications for professional positions ● Responded to telework issues ● Set numerical targets for 2030 for the ratio of female, non-Japanese and mid-career hires in managerial positions 	<ul style="list-style-type: none"> ● Promote a telework campaign and use of satellite offices ● Increase the ratio of female managers and promote the employment of people with disabilities
Measure 3	Human Resources/Technology Strategy <ul style="list-style-type: none"> ● Planned the overall structure of the NKG Global Academy ● Developed technology strategy and implemented nine technology measure themes ● Developed advanced technologies including digital twin technology ● Implementation of smart city business and establishment of marketing system 	<ul style="list-style-type: none"> ● Examine professional occupations (expand number of public qualifications) ● Digital business promotion, digital technology development, productivity innovation, and DX human resource development ● Create the NKG Global Academy based on its basic design ● Conduct career development that is linked with external conditions

Financial Capital Strategy

We aim to expand and strengthen our business through aggressive growth investments to achieve sustainable earnings growth and shareholder returns.

Yasushi Hirusaki

Director and Managing Executive Officer

The Nippon Koei Group continues to take on further challenges and transform both financially and non-financially, such as balancing investment for growth with financial discipline and promoting ESG.

Continuing growth investments for a solid foothold

The Medium-term Management Plan currently underway spans a three-year period to strengthen the Group so that it can achieve its long-term management strategy, or in other words, solidify its foothold, and is in the phase of aggressively making growth investments to put new businesses on track and expand them. We expect to invest approximately 32 billion yen over the three years of the Medium-term Management Plan in growth investments, including new business development and M&A. An example of a business that we are working to diversify is the Energy Business, which is undergoing a remarkable business transformation. In the current energy markets in Japan and Asia are in a transitional period of changing to new business forms, involving changes such as electricity deregulation, promotion of renewable energy use, and spread of distributed power sourcing. We consider this to be an

important period for us to determine the future development policy of our power and energy businesses. For this reason, we have made up-front investments needed to conduct business in fields such as energy management in Europe where progress is being made in energy mixing and electricity deregulation. By the fiscal year ended June 2022, we made asset-holding investments and are promoting a grid storage battery project in Belgium and two in the UK. From the fiscal year ending June 30, 2023, we will finally complete the construction of power storage facilities and enter the phase of generating profits from the energy management business and expanding business to other regions.

As for the Consulting Business, in the summer of 2022 we consolidated ASAP Mobility SDN. BHD., a Malaysian railway system consulting company, into a subsidiary in order to strengthen the railway field, where demand continues to be strong overseas. In the railway business, construction consultants are mainly responsible for project management, civil engineering-related work and systems (signals, rolling stock, electricity, etc., and their integration). By joining the ASAP Group, which specializes in railway systems, we believe that we will be able to further strengthen our efforts in the railway business and establish a superior position as a railway consultant.

In addition, as natural disasters are becoming severer and more frequent in Japan, we are promoting businesses that utilize satellite data as an undertaking that contributes to national resilience. Since it is essential to acquire high-precision satellite data in real time in the event of a disaster, we invested in Institute for Q-shu Pioneers of Space, Inc., which is running a SAR satellite constellation project, at the end of 2021. We will continue to focus on disaster prevention and mitigation initiatives with the aim of providing services with greater accuracy than ever before.

In the Urban & Spatial Development Business, Nippon Koei is participating in concessions (management rights for public facilities, etc.) of Meiji Park and Hiroshima Central Park in anticipation of participation in urban redevelopment projects in the future. We plan to continue to actively consider PPP/PFI projects for public infrastructure where we can utilize our strengths.

Basic objectives for capital and shareholder return

Based on the aforementioned growth strategy, we recognize the need to further strengthen our financial strategy as we move forward with new asset holdings, alliances, M&A, and other investments. Therefore, in our Long-term Management Strategy, we are preparing for monitoring using ROIC, etc., further elaboration of fund management, upgrading of the Group's cash management system, and diversification of fund procurement methods according to the use of funds. As part of these efforts, we reviewed our investment screening system to strengthen our financial perspective from the fiscal year ending June 2023. In addition to returns from investees (dividends, loan repayments, and interest expenses), Nippon Koei has established a system that enables each business division to conduct independent and autonomous monitoring. We will effectively and efficiently monitor future investment success through qualitative evaluations, such as comparison of forecast and actual results of the income statement and cash flow as well as balance sheet of the investee, and quantitative evaluations such as changes in the investment environment as evaluation items. We will also consider selling investment projects based on the periodical reviews. In the fiscal year ending June 2023, we transferred a part of our shares in Singapore-based hydropower investment company Ironmont Hydro Pte. Ltd., in which we invested in the energy business for the purpose of participating in the creation and operation of small and medium-sized hydropower projects in Asia. In this way, we will increase our asset turnover ratio and achieve profitable growth while being mindful of financial control and improvement in asset efficiency.

Our basic objective regarding capital is to improve capital efficiency through medium- to long-term growth investment and raising appropriate capital suitable for such investment. In terms of

financial soundness, we have set a target of maintaining an equity ratio of 50%, which becomes 40% or more even during periods of intensive investment.

The basic objective of our dividend policy is to provide stable dividends and enhance shareholder returns in line with rising profit levels, with a target dividend payout ratio of 30% over the medium to long term.

In terms of improving the quality of our balance sheet, we are working to sustainably increase ROE by improving asset efficiency. By implementing the growth strategy formulated in the Medium-term Management Plan, we aim to raise ROE to the 9% level in FYE June 2024, the final year of the plan, and to boost it to the 15% level over the long term. In achieving the ROE target, we will place emphasis on profitability and plan to raise the operating margin from 6.9% in FYE June 2022 to 7.4% in the final year of the Medium-term Management Plan, and to 10% in the long term. Combining these plans with flexible share buybacks, we will continue to consider shareholder returns in accordance with conditions in order to improve capital efficiency and achieve an appropriate total return ratio. I would like to show you how we will put these initiatives together one by one and link them to a cycle of strengthening shareholder returns and investment for further growth.

The Group plans to transition to a holding company structure in the fiscal year ending June 2024 as one means of achieving its long-term management strategy, which focuses on the fiscal year ending June 2030. Although our organization form will change greatly, we will continue to strengthen our current strategies and maximize our corporate value on the financial front through appropriate and flexible measures tailored to business conditions. I would like to ask for your support as we look forward to the future development of our Group.

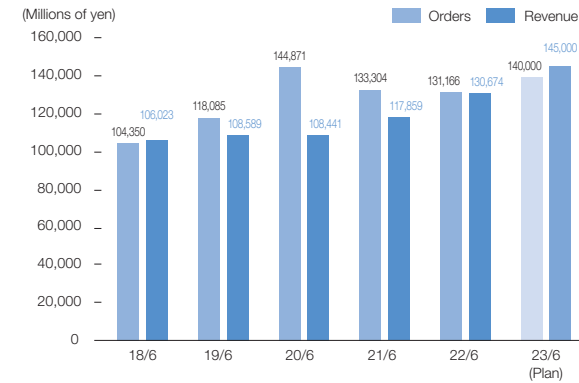


At a glance

Financial Highlights

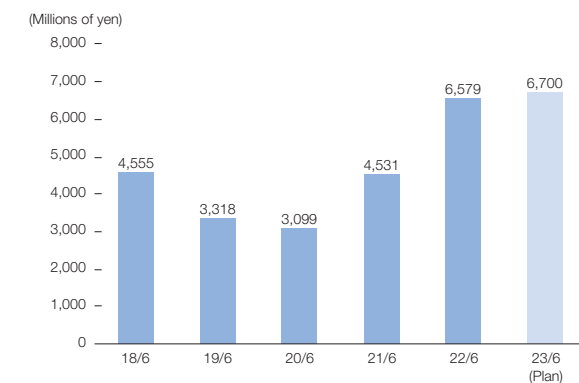
Orders and Revenue

As a result of expanding our business domains under the previous long-term management strategy and reorganizing the portfolio under the current medium-term management plan, we have continued to grow even in the past few years when there were restrictions on overseas travel due to the COVID-19 pandemic. * Results until FYE June 2019 with Japanese GAAP



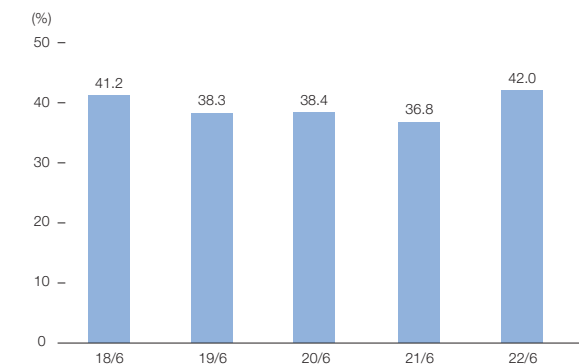
Profit attributable to owners of parent

The Group is generating stable profits. In the fiscal year ended June 30, 2022, profits increased due to strong business performance and the effects of the yen depreciation. * Results until FYE June 2019 with Japanese GAAP



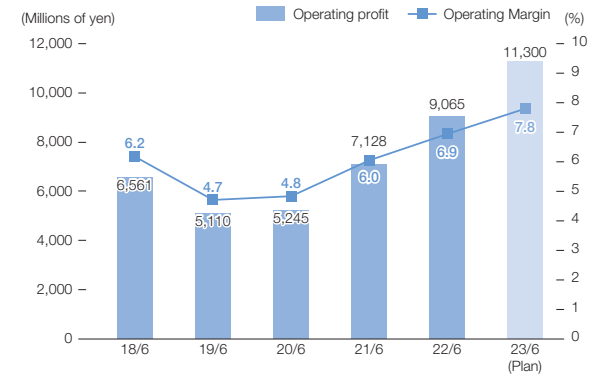
Overseas Sales Ratio

In the past few years, the overseas sales ratio has been in the high 30s% due to strong business in Japan and the impact of the COVID-19 pandemic. However, in the fiscal year ended June 2022, the ratio has increased due to an increase in the utilization of projects in our overseas business divisions.



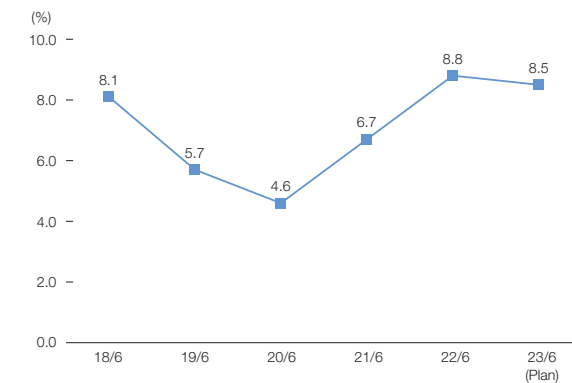
Operating Profit and Operating Margin

We are also working on measures to improve productivity in order to promote our business efficiently. In the fiscal year ended June 30, 2022, operating profit reached a record high due to strong performance by overseas business divisions and improved profits in the energy business. * Results until FYE June 2019 with Japanese GAAP



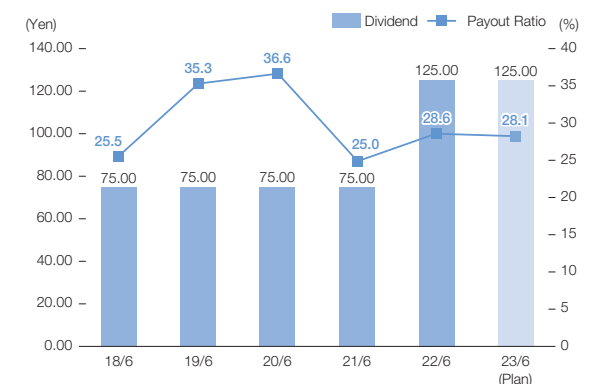
ROE (%)

We aim to improve capital efficiency through the sale of strategic shareholdings, etc.



Annual Dividend and Dividend Payout Ratio

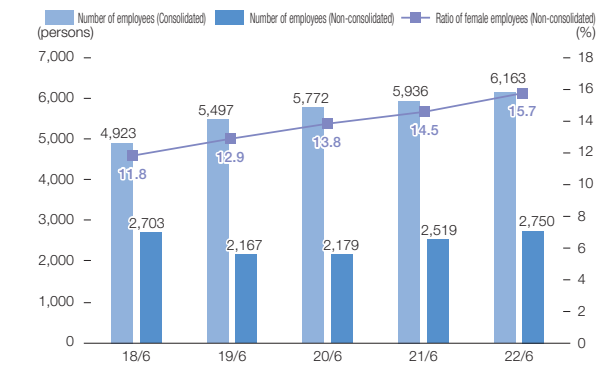
The basic objective of our dividend policy is to provide stable dividends and provide shareholder returns in line with rising profit levels, with a target dividend payout ratio of 30% over the medium to long term. Most recently, the dividend per share increased in line with the Group's strong business performance.



Non-financial Highlights

Number of Employees

The number of Group employees is increasing due to business expansion. We hire about 150 to 200 new employees every year, including those hired at Group companies in Japan. * Results until FYE 6/2019 with Japanese GAAP



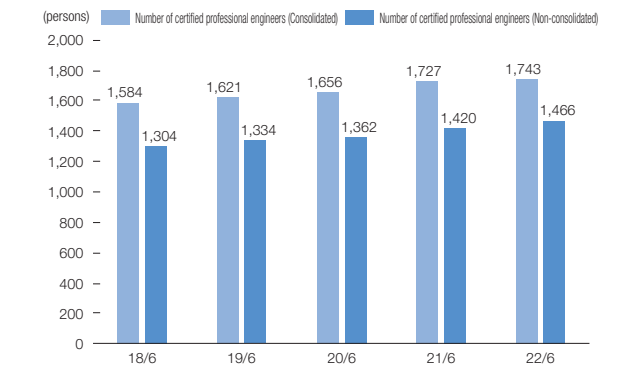
Ranked No. 1 in Sales in Japan's Civil Engineering Consulting Industry

Nippon Koei has established a leading position as a civil engineering consulting firm in Japan that is ranked No. 1 in sales. * Source: "Sales ranking of engineering consulting firms," Nikkei Construction, April 20, 2022



Number of Certified Professional Engineers

The number of the certified professional engineers is increasing year by year due to the enhancement of measures to acquire qualifications such as seminars.



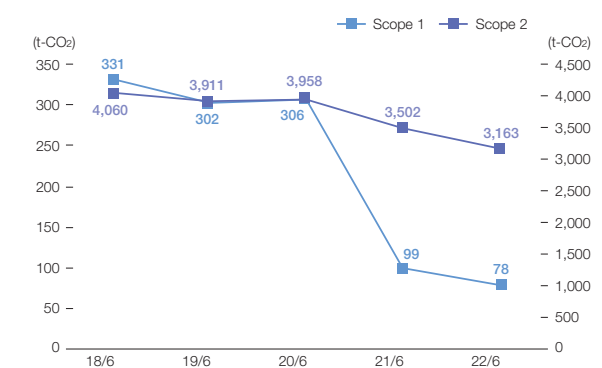
Recognition as an Outstanding Health and Productivity Management Organization (White 500) for four consecutive years

In order to put the Nippon Koei Group's Management Philosophy into practice, we believe that the first priority is the health of employees and their families, both physically and mentally. This is the reason why we promote health management.



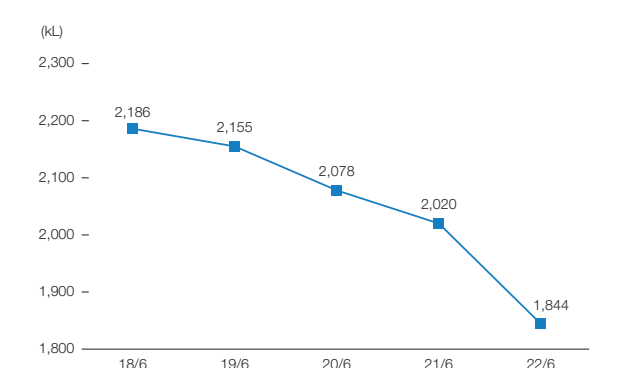
CO₂ Emissions

CO₂ emissions are decreasing due to the promotion of energy-saving activities at offices and factories and the use of solar power generation at factories. * All Nippon Koei Co., Ltd. offices in Japan



Energy Consumption

In addition to curbing energy consumption, we are working to supply 100% renewable electricity from the hydroelectric power plants that we operate to three of our company locations (Head Office, R&D Center, and a manufacturing site).



Sustainability Management

Approach to Nippon Koei Sustainability

Based on the Management Philosophy, the sustainability of our Group comes from developing business strategies to pursue opportunities in the risk related to environmental and social issues and proposing solutions for environmental and social issues through promoting business activities.

Under the "Nippon Koei Group Code of Conduct," and "Basic Sustainability Policy," each and every one of our employees is working with a high level of awareness to address environmental and social issues toward the development of a sustainable society, aiming to contribute on a global scale by leveraging our business domain as a consultant.

1993	Established Nippon Koei Basic Policy for the Global Environment
1996	Established Nippon Koei Action Plan for the Global Environment
1998	Ten Environmental Principles were established by the Consulting Unit (former name)
2015	A new version of the Ten Environmental Principles established based on the Nippon Koei Basic Policy for the Global Environment and the Nippon Koei Action Plan for the Global Environment as well as the Ten Environmental Principles of the Consulting Unit.
2022	Established Basic Sustainability Policy

Basic Sustainability Policy

The Nippon Koei Group promotes sustainability management in order to contribute to the development of a sustainable society, based on fair and transparent corporate management that establishes trust with stakeholders and is guided by values shared within the Group.

We promote the following activities from the perspective of contributing to the creation of social value through our business activities, in addition to the perspective of responding to the impact of our business activities on society and to social needs from a wide range of perspectives.

Sustainability Promotion System

The Nippon Koei Group established the "Sustainability Promotion Committee" in September 2021 with the aim of further strengthening its efforts to realize a sustainable society.

As a sub-committee of the Management Council, this Committee will be responsible for examining important issues and key targets for sustainability across the entire company and clarifying necessary implementation strategies, KPIs, and activity procedures. The Committee is chaired by the Director and Vice President (in charge of Sustainability), with outside directors as advisors, and the committee members are those who are responsible for each business headquarters, business unit, and committee. Depending on the topic to be discussed, other parties concerned will attend the Committee, and outside experts will be invited. The Committee Chair, advisors, and committee members are appointed by the President, and sub-members and observers are appointed by the Committee Chair.

Basic Sustainability Policy

Contributing to Society through Our Business Activities		We will actively promote the commercialization of solutions for social issues and contribute to the development of a sustainable society through business activities that support the development of optimal infrastructure to meet the needs of the times.
Environment	Environmental conservation	We will strive to create a richer social environment in harmony with the natural and living environments, emphasizing the need to respond to climate change, to make a transition to a resource-recycling society, and biodiversity.
Social	Respect for Human Rights	Throughout our supply chain, we recognize diversity and address human rights risks based on race, nationality, gender, ideology, creed, and social status, and strive to avoid complicity in human rights abuses.
	Human Resource Development	We will develop human resources who have the expertise to meet the needs of our clients and who can be active on a global scale, while maintaining fair and equitable employment relationships that enable our employees to play an active role in the company.
Governance	Work Environment Improvement	We will support the safety and health of our employees and promote a working environment in which they can feel comfortable, prosperous, and fulfilled.
	Enhancement of Governance	We will comply with our corporate governance policies and ensure transparency of management and increase credibility through enhanced communication with stakeholders.
	Conduct Business with Integrity	We will comply with laws, regulations, and corporate ethics, including social norms, and conduct fair transactions with our business partners, respecting each other's position.

The Committee is responsible for formulating business policies and approving and deciding on activities related to Group-wide sustainability risks and opportunities. The Committee's activities are supervised by the Board of Directors and matters discussed by the Committee are regularly submitted and reported to the Management Council and the Board of Directors. Specific business operations that contribute to the Sustainable Development Goals (SDGs) will also be considered by the Committee.

Composition of the Sustainability Promotion Committee

Committee Chair	Takayasu Tsuyusaki Director and Vice President (Officer in charge of Sustainability)
Advisor	Yoko Ishida Outside Director
Committee Members	Each headquarters Director General Managers and department General Managers (6 persons in total)
Offices	Corporate Planning Dept.

Main Discussions of the Sustainability Promotion Committee and Future Responses

Main Discussions During FYE June 2022	<ul style="list-style-type: none"> ● Establishment of a Sustainability Promotion Committee and placement of full-time officers ● Consideration and establishment of the Basic Sustainability Policy ● Held study sessions to understand social trends and to improve the quality of information disclosure through mutual recognition of issues ● Review and enhancement of Sustainability Promotion System
Future Responses	<ul style="list-style-type: none"> ● Analysis of the Nippon Koei Group's current conditions from the perspective of sustainability management ● Realization and deepening of the roadmap and outputs for promoting sustainability management ● Realization and deepening of materiality issues (including the consideration/formulation of KPI proposals) ● Response to TCFD ● Response to human rights issues

management in accordance with these principles and contribute to the creation of a sustainable society through our business.

Environmental Management

Basic Approach to the Environment

Nippon Koei established the Ten Environmental Principles striving to reduce the environmental load and effectively utilize resources through business and to encourage each employee to think and act on their own.

In our operations, we will utilize our Quality and Environmental Management System and contribute to environmental considerations in accordance with the SDGs, the Sustainable Development Goals, through our knowledge and technical capabilities related to environmental considerations.

Ten Environmental Principles

- 1 Gain basic understanding.
- 2 Comply with environmental laws and regulations.
- 3 Give consideration to the actual status of the natural and social environments of the region.
- 4 Proactively engage in environmental impact assessment.
- 5 Pay attention to the diversity of environmental fields.
- 6 Enhance technological capabilities with environmental considerations as a value added.
- 7 Consider cost effectiveness in relation to environmental considerations.
- 8 Propose measures and processes enabling environmental considerations.
- 9 Accumulate, share and communicate knowledge and information relating to environmental considerations.
- 10 Incorporate environmental considerations into quality management system.

Responding to Climate Change

Nippon Koei promotes the modal shift from automobiles to railroads and ships, supports conversion to renewable energy, supports the efficient use of energy, and provides consulting services for greenhouse gas reduction from the perspectives of various business fields, such as controlling greenhouse gas emissions by improving waste treatment technology and supporting the CDM (Clean Development Mechanism) business. In the Energy Business, we recognize the importance of both "reducing the environmental impact of our own operations" during the equipment manufacturing process and the construction of substations and power plants, and "reducing the environmental impact of our customers' use of our Group products," promoting initiatives on both sides. In the area of research and development, we have set "develop businesses responding to climate change" as one of the

Signatory of the UN Global Compact

In July 2019, Nippon Koei expressed its support for the United Nations Global Compact (UNGC) proposed by the United Nations. We are also a member of the Global Compact Network Japan, which is comprised of Japanese companies that have signed the UNGC.

Many of the projects in which we are involved, such as infrastructure construction, energy development, and environmental conservation in developing countries, will greatly contribute to the realization of the Ten Principles of the Global Compact. We will promote



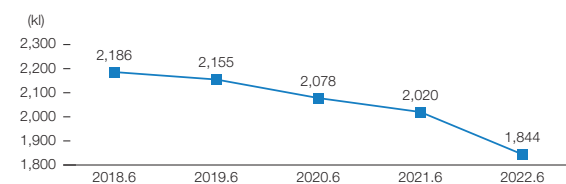
main technology measures that we are implementing across the entire company, and are for working on the development of related cutting-edge technology and new businesses. The Company also works to share and disseminate its technology and expertise widely, such as through the operation of NK-ClimVault, a portal site that allows users to obtain free future climate forecast information on rainfall and temperature in major cities.

In response to the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Promotion Committee is analyzing the impact of climate change on our business and considering measures to address the issue. Going forward, we will promote the appropriate disclosure of climate change-related information, strengthen governance and business strategies related to climate change, build further relationships of trust with stakeholders, and aim to sustainably increase corporate value.

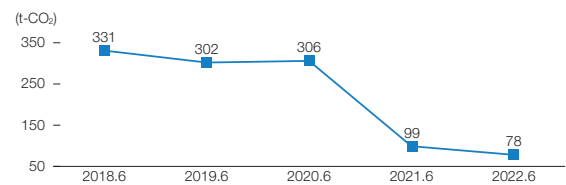
Initiatives for Reducing Environmental Impact In-house

At our head office building located in Chiyoda-ku, Tokyo, we have incorporated an energy management system developed in-house and an energy-saving system that uses geothermal heat, based on the knowledge gained from our core businesses. Fukushima Works, located in Sukagawa City, Fukushima which has a manufacturing department, is working on reducing power consumption by installing solar power generation and introducing storage batteries, reusing packaging materials, and recycling waste plastic and waste wood.

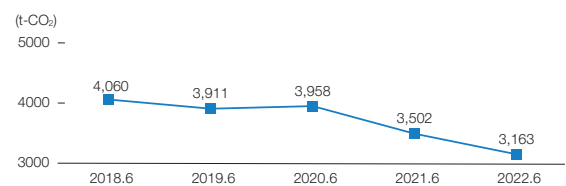
Energy Consumption



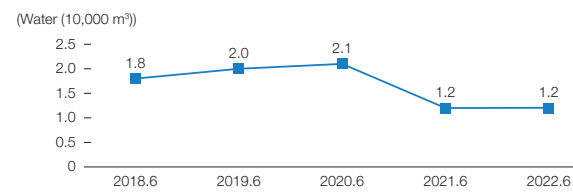
CO₂ Emissions (Scope 1)



CO₂ Emissions (Scope 2)



Water Use



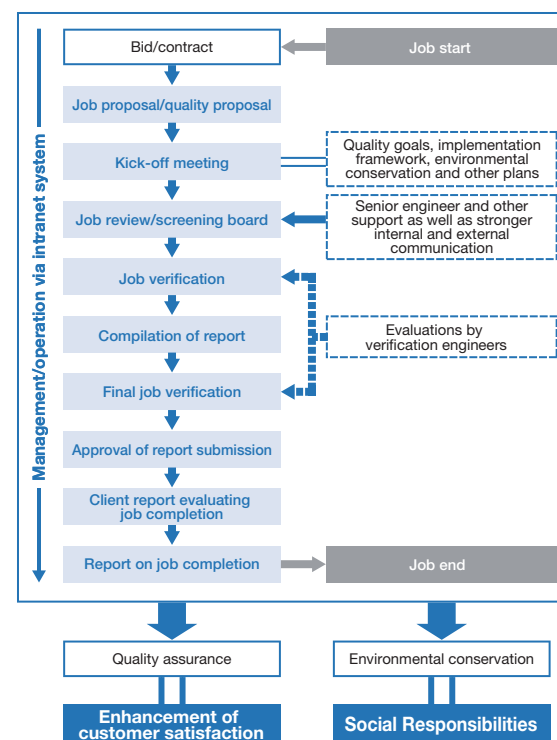
*All Nihon Kohrei offices in Japan

Contributing to the Environment Through Business

Quality and Environmental Management System

Nippon Koei has built and operates a quality and environmental management system at each business headquarters in compliance with ISO 9001 and ISO 14001 standards in an active effort to ensure quality and protect the environment in its business activities.

This quality and environmental management system standardizes business processes and fosters ongoing improvements by setting and pursuing quality and environmental objectives as well as assessing the effectiveness of the system. By operating this system and responding to quality and environmental risks and opportunities that affect our business activities, we are working to improve quality and customer satisfaction and fulfill our social responsibilities through environmental considerations.



Project Information

Decarbonization Supporting local government collaboration between Japan and developing countries to achieve a decarbonized society

In order to promote the decarbonization of cities in developing countries, we are engaged in the commissioning of public-private partnerships to realize decarbonization by sharing Japanese local governments' deep experience, know-how, and achievements related to the formation of decarbonized societies during collaboration with local governments in developing countries.

As part of this project, we support the formulation of master plans for overseas cities related to decarbonization, introduce decarbonization technologies by companies, and support the commercialization of decarbonization technologies. We also introduce technologies and products owned by private companies and support their commercialization in order to formulate concrete decarbonization projects for cities in developing countries. Since there are many financial problems associated with commercialization in developing countries, we provide support for commercialization by introducing subsidy schemes, etc. under the Ministry of the

Environment's Joint Crediting Mechanism (JCM) and providing guidance on application procedures.

To date, we have implemented several inter-city collaboration projects, mainly in Southeast Asian countries, with six projects underway in 2022.

City-to-City Collaboration Achievements (2022)

Municipality in Japan	Foreign Municipality
Osaka City	Ho Chi Minh City, Vietnam
Toyama City	Renca Commune, Santiago, Chile
Osaka City	Eastern Economic Corridor (EEC), Thailand
Kawasaki City	Pekanbaru, Indonesia
Fukuoka Prefecture	Hanoi, Vietnam
Sakai City	Ba Ria-Vung Tau Province, Vietnam

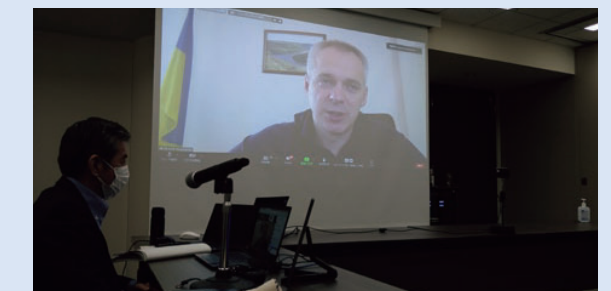
Waste Treatment Sharing Japan's knowledge and experience in waste disposal with Ukraine, a nation which is experiencing waste issues

Since 2018, Nippon Koei has been conducting basic surveys to improve municipal solid waste management in Ukraine and dispatching experts from JICA to support the improvement of solid waste management capacity in Ukraine. As part of this work, we are currently holding online seminars (scheduled to be held four times in total) to share Japan's knowledge and experience in disaster waste management with Ukraine, which is currently experiencing difficulties in dealing with the large amount of debris (from destroyed buildings, etc.) generated by the Russian invasion.

The first seminar, held in June 2022, was attended by representatives from Ukraine's then Ministry of Local Government and Land Development, Ministry of Environmental Protection and Natural Resources, and city and state governments. From Japan, speakers included JICA officials, representatives from Nippon Koei, and officials from the Japan Environmental Sanitation Center and Higashimatsushima City in Miyagi Prefecture, which was severely damaged in the Great East Japan Earthquake, to deepen mutual

understanding of Japan's experience and Ukraine's current situation and challenges.

Going forward, Nippon Koei will continue to take the lead in supporting the recovery and reconstruction of Ukraine and contribute to its reconstruction.



Online seminar held in June 2022

Clean Energy Reducing environmental impact and waste in the construction of renewable energy facilities

At the Fujiwara Power Station (Minakami-cho, Tone-gun, Gunma Prefecture), we were responsible for the foundation of the water turbine room, retaining walls, construction, paving and external structures within the power station, and for the foundation of the substation. The project is for the renovation of the hydroelectric power plant (22,200 kW output), which began operation in 1956, as a "power generation facility certified for renewable energy power generation projects based on the feed-in tariff system." In the past, when dismantling the foundation of a water turbine generator, thick steel materials such as water turbines and suction pipes buried in concrete were exposed and removed by gas cutting while the concrete was being dismantled. In this project, the burden on the environment was reduced by adopting a method of carrying out the buried steel material with the cut blocks using an overhead crane. In addition, waterless cutting, which does not use water

when cutting concrete, reduced waste (sludge water produced during cutting).



Removing a concrete section cut using a wire saw

Society

Human Resource Development

Human Resource Policies and Basic Approach to Human Resources

The Nippon Koei Group considers its human resources as its greatest management asset and the source of value creation. The Group provides a full range of training and seminar programs designed so each employee is fully aware of their role as a professional, feels their own growth, freely demonstrates their abilities, and feels a sense of purpose in their work. In addition, the personnel structure and training systems are formulated to support continuing skill development.

Training, Programs, and Systems for Human Resource and Skill Development

Training and Seminars	
<ul style="list-style-type: none"> ● New employee introductory training ● Third-year training ● Mid-level employee training ● Manager training ● Training before appointment to managerial positions 	<ul style="list-style-type: none"> ● Harassment prevention training ● Life planning seminars ● Technical development training / TD follow-up training¹ ● Professional engineer (secondary) exam preparation seminar ● Skill advancement courses, etc.
Programs	Systems
<ul style="list-style-type: none"> ● Personnel Exchange Multiseed Program² ● Distance education ● Financial incentives for paper submissions and lecture attendance ● Financial incentives for certification attainment etc. 	<ul style="list-style-type: none"> ● NKG E-learning System ● Career Path Planning System ● CPD Activity Recording System etc.

¹ Technical Development: A Nippon Koei training program for employees to define their career vision to serve as a guide for developing technical expertise to achieve their vision.

² Abbreviation of Multi Seed Program, which is a system of personnel exchange that assign employees to a different department than the originating department for a set duration to develop engineers.

Human Resources Strategy

Our human resources strategy aims to develop world-class human resources in 2030. In other words, our goal is to develop human resources that embody the Nippon Koei Group brand who "Think globally, Act locally."

In the medium-term management plan NKG Building Resilience 2024, "establishing the Nippon Koei Group brand and quality" is included as a resilience measure. "NKG Quality" is the technology and deliverables that have created a high level of customer satisfaction, and "NKG Brand" is the trust relationships with countries around the world built through overseas ODA projects and advanced disaster prevention and mitigation technology cultivated through domestic natural disaster response, which are rooted in the local community. For the Group, it is human resources themselves that create the brands and quality, so we recognize that "strengthening our human resources" is the most important management issue.

In addition to building a solid technological foundation, we are making intensive human resource investments in the following points as specific measures.

Training measure ①	Domestic and overseas hybrid human resource development
Training measure ②	Regional engineer development
Training measure ③	Development of human resources capable of conducting cross-segment business

Human Resource Development Programs

In order for the Nippon Koei Group to continue to exist as a group of professionals capable of solving the issues of the times and issues that regions face who are committed to society, we believe that it is important for our employees to work tirelessly and for the company to create an environment that encourages them to do so. To achieve this, we established a system for career development and a structure for human resource development based on the career vision formulated in 2001. In addition, it is also important for each and every employee to be aware of the role he or she should play and to act with a sense of unity throughout the Group. In order to achieve this goal, we indicate the following three roles as being necessary: Technical Manager (TM), General Manager (GM) and Project Manager (PM). We offer a variety of training programs to promote knowledge and learning for each of them.

Furthermore, in order to smoothly promote work as professionals, we believe that communication skills, specialized technical skills, social skills, and management skills that integrate these abilities are essential. To improve these skills, we will enhance our effective training programs.

NKG Global Academy

As part of our Medium-term Management Plan, we aim to establish the "NKG Global Academy," a platform which will enable engineers in the Group around the world to mutually exchange and integrate technical information. We are currently developing and expanding the content in stages with the aim of establishing it in June 2024. In 2030, it will be made available not only to the Group but also to general companies, etc. In the future, we plan to evolve it into a place where people from all over the world can gather and learn.

We are building a platform for co-creation with the aim of raising the level of all Group employees and developing top-class human resources, positioning it as a human resource development institution for the growth of all Group employees.

Various Systems

Job Rotation System

We have established the Multi Seed Program (MSP) under which young engineers are systematically transferred to other departments to gain experience in different technologies, businesses, and occupations, thereby developing engineers who can accept and utilize diversity in technology, knowledge, working environment, values, etc. The aim of this program is to develop engineers who are not biased toward a single specialization and are capable of responding to future changes in the business environment, and to expand our human network by conducting a wide range of personnel exchanges on an ongoing basis.

In regard to administrative employees, we regularly conduct job rotations, especially for younger employees, because they are required to demonstrate a high level of expertise in accounting, finance, legal affairs, human resources, sales, and other areas to support business operations in an appropriate, accurate, and efficient manner, and to carry out business management of the entire company, departments, projects, subsidiaries, etc., from a management perspective.

Career Development Support System

We have established a system to help employees who seek to enhance their own professional development. The purpose of the "Financial incentives for certification attainment" program is to encourage employees to acquire official qualifications necessary for business strategy as well as to promote the development of employees' skills and self-improvement.

Under the educational support system for self-improvement, we subsidize tuition fees for employees who have completed courses (correspondence courses, etc.) approved by the company.

In addition, we encourage employees to submit papers and give lectures at academic conferences, and provide the "Financial incentives for paper submissions and lecture attendance" program for the purpose of developing skills and forming external networks.

Support System for Obtaining Professional Engineer Certification

Certified Professional Engineer is the highest national qualification for engineering employees in Japan and it is essential for our business strategy that our engineers have this qualification. Therefore, we supports employees seeking to become certified professional engineers by offering annual preparation seminars for the certification examinations.

Programs are designed to build the confidence of individuals preparing for the examination through correcting and advising about written submissions, workshops and study sessions on test preparation and how to write papers, practice questions and answers, and mock interviews for the oral examination. The Company also offers financial incentives and a support system for the cost of examinations to reward employees that earn certification.

Measures to Improve Employee Engagement

We believes that it is important for all employees to share the vision and mission of the Nippon Koei Group and operate its business with a sense of unity.

In addition, smooth internal communications, especially the building of good human relationships between superiors and subordinates, is directly linked to the improvement of employee engagement. For newly appointed managers, training is provided from the perspective of how to enhance team strength while utilizing the individuality and strengths of their subordinates.

In addition, we believe that it is important to properly evaluate abilities and achievements in order to improve employee motivation. Therefore, we conduct personnel evaluations once a year linked to the target management system. In order to ensure the proper operation of this personnel evaluation, we conduct evaluator training for newly appointed managers, and in order to ensure the fairness of evaluation results, we hold an evaluation committee in which multiple members are appointed and established by director generals of different headquarters to verify the evaluation from an objective perspective.

In addition to these measures prepared by the company, we conduct a career questionnaire once a year for all employees (excluding part-time and contract employees) as an opportunity for employees to present us with their own career aspirations and requests. The results are used for job rotation purposes and to improve the work environment.

Key Human Resource Data

	2019	2020	2021	2022
Number of Certified Professional Engineers (Group total, number of persons)	1,621	1,656	1,727	1,743
Number of Certified Professional Engineers (Non-consolidated, number of persons)	1,334	1,362	1,420	1,466
Number of New Employees (Domestic Group total, number of persons)	173	187	206	205
Ratio of Female Employees Among New Employees (Domestic Group total, in percent)	21.4	22.5	29.1	37.1
Average Number of Years of Employment (Non-consolidated, years)	14.4	13.9	13.6	13.4
Employee Turnover Rate (Non-consolidated, in percent)	2.3	2.1	1.8	2.4
Training Cost per Person per Month (Non-consolidated, in JPY)	3,502	2,646	1,187	2,903

Turnover Rate of New Graduate Hires Within 3 Years*

Month/Year of Entry	April 2016	April 2017	April 2018	April 2019
Turnover Rate Within 3 Years	10.3%	7.0%	7.9%	7.6%

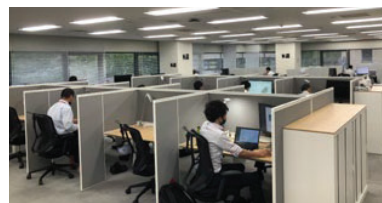
* For example, the figure indicates the ratio of new graduate hires who joined Nippon Koei in April 2019 that have left the company within three years (by the end of March 2022).

Work Style Reform

The Group has established a Work-Life Balance Promoting Committee under the Management Council to pursue a balanced work style that emphasizes the quality of labor so that each employee can work with a sense of satisfaction and fulfillment and fulfill their work responsibilities. Based on the existing themes of “work style reform” and “productivity improvement,” the Nippon Koei Group is working faster than other companies in the industry on work style reform with a focus on establishing systems and environments that make optional and diverse work styles possible which place emphasis on work quality. As a response to the Covid-19 pandemic that we currently face, while using the decisions of the government and local governments as a standard, we have set an office attending rate for each employee according to the status of the pandemic since March 2020 to protect their safety and health, and we continue to use a combination of telework and telecommuting systems. In the Tokyo metropolitan area, we have expanded the options for remote work by successively opening satellite offices in consideration of employees who have difficulty working from home due to their home environment and other factors.

At the Head Office, by flexibly selecting and utilizing locations suited for work content, such as spaces for online meetings, offices for focused work, etc., we have established a work environment that encourages collaboration and improved productivity. In addition, in order to accelerate in-house DX, the DX Transformation Department is working to improve operational efficiency through the use of AI and RPA, and many good examples of how DX has helped have already emerged. The systems such as flextime and telework that have been implemented in response to the “work style reform” and the corresponding expansion of the IT infrastructure environment, such as the shift to cloud computing, digitization of various internal applications (move to a paperless approach), and the establishment of online meetings, have not only promoted diverse work styles but also increased productivity.

● Initiatives for work style reform and improving productivity

Improve office system efficiency	<ul style="list-style-type: none"> ● Introduce telework, free address system, and satellite offices ● Improve the efficiency of online meetings and regulate them ● Digitization of various internal applications (paperless) ● Use smartphones for extension calls 
Improve management work efficiency	<ul style="list-style-type: none"> ● Digitization of purchase management/contract management ● Visualization of schedule management, labor management, and daily tasks
Improve efficiency of production activities	<ul style="list-style-type: none"> ● Digitalization of sales tools ● Digital Transformation of activities from order acquisition to production through the use of AI, DB, and RPA

Work-Life Balance Initiatives

Nippon Koei acquired the Kurimin and Platinum Kurumin* Certification from the Ministry of Health, Labour and Welfare as a company with a high-standard of support for child raising in accordance with the Act on Advancement of Measures to Support Raising Next-Generation.



Nippon Koei build an environment where human resources may have diverse work styles in an effort to foster a better work climate.

Systems to Support Work Friendliness

Nippon Koei has put in place a wide range of programs as a way to support employees at different stages of life whether having or raising children or caring for sick or elderly family. In addition to complying with legal standards, we also add our own preferential treatment and systems to our efforts to enhance the work-life balance of our employees.

Childcare Leave

Employees with children under the age of three may take up to 18 months of childcare leave.

Childcare Leave Utilization Rate

	FYE June 19	FYE June 20	FYE June 21	FYE June 22
Total	23.6%	31.0%	38.7%	39.0%
(Male)	10.2%	14.5%	17.2%	28.7%
(Female)	84.6%	87.5%	111.8%	122.2%

Sick/Injured Childcare Leave System

Employees with children up to elementary school age are entitled to take sick/injured child care leave in addition to annual paid leave.

Sick/injured Childcare Leave Utilization Rate

FYE June 19	FYE June 20	FYE June 21	FYE June 22
25.2%	30.4%	23.1%	25.6%

Nursing Care Leave

Employees who need to care for a family member can take nursing care leave in addition to annual paid leave.

Nursing Care Leave Utilization Rate

FYE June 19	FYE June 20	FYE June 21	FYE June 22
1.2%	1.6%	0.9%	0.5%

Supporting Employee Health

In order for our human resources, the foundation of the Group, to fully demonstrate their abilities, we have established the Group Health Declaration and are working on health management that considers employee health from a management perspective and strategically promotes various measures to improve employee health.

Nippon Koei Group Health Declaration

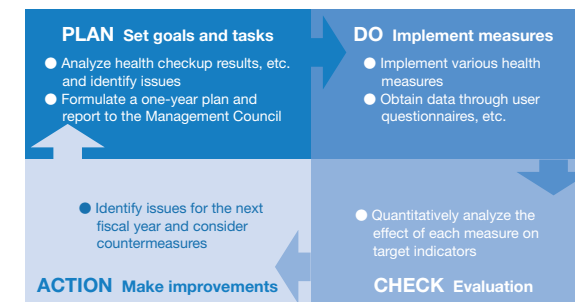
The Nippon Koei Group believes that in order to put into practice our management philosophy of “Act with integrity and contribute to society through technology and engineering,” our employees and their families must be healthy, both physically and mentally. By maintaining and promoting the health of employees and their families, and creating a vibrant work environment and highly productive work styles that respect diversity, we will realize a favorable work-life balance of employees as well as the well-being of the Group and contribute to the development of a sustainable society through our business.

Employee Health Management Support

Under the leadership of the Officer in charge of Health Management (Director and Vice President), we are implementing measures focused on the prevention of severe illnesses based on the premise that 100% of employees receive health checkups (all employees, including contract employees and part-time employees who are obliged to enroll in social insurance). We have established a wide range of preventive measures, such as annual health checkups, including gynecological checkups and complete physical examinations for all employees over 35 years of age, as well as recommendations for reexaminations by full-time industrial physicians for employees with findings and interviews with industrial physicians for those at high risk.

Health Management PDCA Cycle

We identify health issues, evaluate and improve the results based on the annual plan we have formulated, and make improvements every year.



External Evaluation

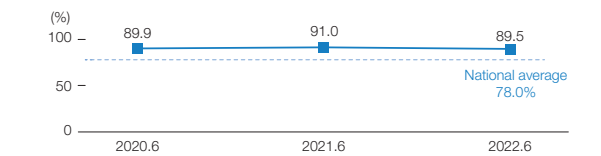
Nippon Koei was certified as a 2022 “White 500” Outstanding Health and Productivity Management Organization, continuing its status for four years in a row.



Mental Health Care

Caring about the mental and physical health as well as the safety of our employees, we conduct annual stress checks for all employees and the ratio of employees participating in stress checks is 90%, which is higher than the national average. In addition, we have introduced an EAP (Employee Support Program) counseling service provided by certified psychologists to create an environment where employees can easily consult with them.

Percentage of Employees That Received Stress Checks



* National Average Data, Source: Ministry of Health, Labour and Welfare (July 26, 2017)

Labor Safety and Health Initiatives

Nippon Koei places top priority on safety in every aspect of corporate activities in the Group Code of Conduct and complies with all occupational health and safety laws, regulations and internal rules. Our basic objective is to prevent occupational accidents and illnesses and ensure the safety of all people from our corporate officers and employees to partner companies and everyone else in the value chain.

Our human resources are the foundation of Nippon Koei. The entire Group not only strives to engage in health management initiatives but also promotes various health measures unifying the company, employees and health insurance association to help all of our human resources perform to the best of their abilities.

In the event an occupational accident or illness occurs, we have put in place a crisis management system to respond quickly while working to prevent recurrence by disclosing the necessary information both inside and outside of the company.

Number of Occupational Accidents

	FYE June 20	FYE June 21	FYE June 22
Total	13	10	11

Society

Diversity

The Nippon Koei Group has established a working environment in which diverse human resources with different values and perspectives, regardless of nationality, gender, age, or employment status, can demonstrate their individuality and abilities and play an active role in the Group. We believe that this is indispensable for the growth of the Group. In our Long-term Management Strategy, we have also included in our human resource strategy the development of a highly productive work environment that makes maximum use of innovative technologies such as AI and ICT in line with the progress of digitalization, and the pursuit of diverse work styles and diversity management regardless of the form, place, or time of employment.

In 2021, to further promote the active participation of diverse human resources, we set three diversity targets (numerical targets) of ratio of female managers, ratio of foreign managers, and ratio of mid-career recruit managers, which are all to be achieved by 2030. These figures will be reviewed and announced each fiscal year, and we will work steadily to achieve these targets.

In addition, as a basis for the success of these diverse human resources and the expansion of diverse work styles, we will continue to promote the building of various foundations, such as reducing overtime work, improving the annual paid leave utilization rate, developing and operating a childcare leave system that is easy for both men and women to take, creating a gynecological leave system to support further success for women, and establishing an English-speaking consultation service for non-Japanese.

Diversity Goals for 2030

	2021 Level	2022 Level	2030 Target
Ratio of female managers	4.5%	5.4%	15% or more
Ratio of foreign managers	0.4%	0.5%	1% or more
Ratio of mid-career recruit managers	30.1%	31.3%	30% (retained)

Women's Participation and Advancement in the Workplace



In regard to the policy on women's advancement, we have set quantitative targets in the "Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace" and are continuing our efforts. In addition, we will

implement new priority measures at the graduate recruitment stage to increase the ratio of female employees. Specifically, we have set a target for increasing the percentage of new female university graduates hired to at least 20%.

Ratio of New Female University Graduates Hired (Domestic Group Total)

FYE June 19	FYE June 20	FYE June 21	FYE June 22
21.4%	22.5%	29.1%	37.1%

Promoting the Active Participation of Foreign Employees

Nippon Koei recruits new and mid-career human resources regardless of nationality to accelerate its global business expansions. In addition to further advancing our response to globalization in Japan, we are also promoting the development of global human resources for new graduates in career-track positions as well as the creation of autonomous career plans.

Ratio of Foreign Employees

FYE June 19	FYE June 20	FYE June 21	FYE June 22
1.7%	1.9%	2.2%	3.0%

Promoting the Active Participation of People with Disabilities



We are working to create a comfortable working environment for people with disabilities and to develop their work duties, such as working together as a team for a single task. In 2022, Aichi Tamano Information System Co., Ltd., a Group company established in 1987 for the purpose of promoting the employment of people with severe disabilities, was certified as a special subsidiary of the Nippon Koei Group, transforming from its old form as a subsidiary of Tamano Consultants. The employment rate in recent years has been 2.69% (including the special subsidiary), exceeding the statutory employment rate of 2.3%.

Ratio of Employees Who are Disabled

FYE June 19	FYE June 20	FYE June 21	FYE June 22
2.02%	2.17%	2.09%	2.69%

Human Rights Initiatives

Supporting the ten principles of the UN Global Compact in the four areas of human rights, labor, environment, and anti-corruption, in line with the "Nippon Koei Group Code of Conduct," and the "Ten Environmental Principles," the Nippon Koei Group obeys laws and ordinances related to the human rights of workers in each country where it conducts business while respecting basic human rights. In addition, the Nippon Koei Group has established items related to the respect for human rights in our Basic Sustainability Policy and materiality. We respect human rights and strive to maintain a fair workplace without discriminating against employees based on gender, age, origin, nationality, race, ethnicity, creed, religion, or disability.

Code of Conduct (Main Corporate Responsibilities)

Respect for Human Rights:
Nippon Koei affirms diversity and does not limit employment opportunities or discriminate on the basis of race, nationality, gender, thought, faith, or social status.

Guidelines of Conduct (Main Corporate Responsibilities)

- Comply with laws and regulations concerning human rights.
- Respect the personality, diverse values, and character of each individual, treat each other with respect, and act responsibly.
- Value the efforts of the International Labor Organization (ILO) regarding human rights and avoid use of child labor that violates the ILO recommendations or forced labor in any form. Inform our business partners to assume the same attitude.
- Do not harass or treat others unfairly, including sexual harassment and workplace bullying. Do not allow others to take such actions.
- Respect and protect the privacy of individuals. Handle confidential personal information deliberately according to the predetermined procedure. Do not leak nor try to acquire unnecessary information.

Training and Seminars

Nippon Koei provides harassment prevention training corresponding to each career stage. In addition to training for employees in their third year of employment on how to deal with harassment, etc., lectures by invited experts on the impact of harassment on mental health, etc., are provided in training for newly appointed managers and section managers. Company-wide training for creating a workplace free of power harassment and sexual harassment is held once a year for all managers, and experts are invited to participate online while reviewing each year's theme. The attendance rate has been 100% each time it has been held.

In addition, we plan and implement various training and seminars, such as "Managerial Seminars for Training Female Subordinates" based on the increase in the number of young female employees due to the active recruitment of new graduates in recent years, and "Online Management Training" based on the increase in online communication due to the Covid-19 pandemic.

Harassment Consultation System

We have established three contact points for harassment-related consultations. Employees can consult with our Personnel Department, labor union, or outside attorney. Consultants may directly consult with these contacts, and the privacy of the consultants will be strictly protected. Each consultation desk is made known to employees on the company intranet (this includes the prohibition and disciplinary action of harassment under the employment rules, and the dissemination of definitions of various types of harassment).

In the event of a consultation or report, the department in charge will investigate the matter and, based on the results of the investigation, take corrective measures such as disciplinary action and implementation of preventive measures.

Business Due Diligence

While conducting business in Japan or overseas, Nippon Koei promotes business due diligence that focuses on environmental and social aspects. We work to reduce potential human rights risks by effectively assessing the impact of our activities on people and regional societies based on international standards.

Respect for Human Rights in the Supply Chain

In recent years, the importance of corporate efforts to respect human rights has increased, and we recognize that efforts to respect human rights not only within our company but also throughout the supply chain are required. For this reason, we have identified the creation of "a workplace environment where human rights are respected and employees feel fulfilled" as one of the materiality issues in our sustainability management, and are aiming to formulate a human rights policy to promote initiatives based on a clearer understanding of our approach to human rights. As a group, we will operate with respect for human rights and work together with various stakeholders, including our business partners, to promote respect for the human rights of all stakeholders related to our business activities.

Board of Directors

The Board of Directors formulates mid- to long-term strategies and plans and supervises management to achieve sustainable growth and medium- to long-term improvements in corporate value under its fiduciary responsibility and accountability to shareholders, thereby improving profitability, capital efficiency, and other aspects of the company's operations.

Concept Behind the Composition of the Board of Directors

The Board of Directors is based on the concept that each member has character, insight, experience, knowledge, and ability, and can make comprehensive decisions from a broad perspective. It is composed of members who are judged to be the best in consideration of their overall balance taking into account the company's business environment.

In order to incorporate diverse perspectives into corporate management, we appointed one female Outside Director who has held the position since September 2020. In addition, there is one female Outside Audit & Supervisory Board Member.

Although there are currently no foreigners serving as Directors, we ensure diversity in the composition of the Board of Directors as a whole by appointing directors with various skills (experience, knowledge, and abilities) as shown in the table below.

Officer Skills

Name	Job title	Age (Gender)	Skills (experience, knowledge, ability)								Activity status (for reference)	
			Corporate Planning	Technology/IT	Sales/Marketing	Human Resources Development	Financial/Accounting	Legal/Internal Control	Environment/Energy	Global	Number of years in the position	Number of Board of Directors Meetings Attended (FY June 2022)
Ryuichi Arimoto	Director and Chairman	69 (Male)	●			●	●	●	●	●	13	18/18 (100%)
Hiroaki Shinya	Representative Director President	62 (Male)	●	●	●	●		●	●		5	18/18 (100%)
Takayasu Tsuyusaki	Director and Vice President	66 (Male)	●		●	●			●	●	5	18/18 (100%)
Haruhiko Kanai	Representative Director Senior Managing Executive Officer	64 (Male)	●	●		●		●	●	●	5	18/18 (100%)
Noriaki Yoshida	Representative Director Senior Managing Executive Officer	64 (Male)	●	●	●	●			●		1	13/13 (100%)
Yasushi Hirusaki	Director Managing Executive Officers	60 (Male)	●			●	●	●		●	5	18/18 (100%)
Tomohisa Fukuoka	Director Managing Executive Officers	59 (Male)	●	●		●			●		1	13/13 (100%)
Hiroshi Yokota	Director Managing Executive Officers	62 (Male)	●	●	●	●			●	●	—	—
Hiizu Ichikawa	Outside Director	75 (Male)	●		●	●	●	●	●	●	8	18/18 (100%)
Kazumasa Kusaka	Outside Director	74 (Male)	●		●	●		●	●	●	7	18/18 (100%)
Yoko Ishida	Outside Director	65 (Female)	●	●		●			●	●	2	18/18 (100%)
Yoshizo Goto	Full-time Audit & Supervisory Board Member	63 (Male)	●			●	●	●		●	4	18/18 (100%)
Kunio Okamura	Outside Full-time Audit & Supervisory Board Member	68 (Male)	●			●	●	●		●	3	18/18 (100%)
Naoki Honjo	Audit & Supervisory Board Member	68 (Male)	●			●	●	●		●	4	18/18 (100%)
Yoshiko Koizumi	Outside Audit & Supervisory Board Members	79 (Female)	●			●		●		●	5	18/18 (100%)

* Since Noriaki Yoshida and Tomohisa Fukuoka were newly appointed and assumed their positions at the 77th General Meeting of Shareholders held on September 29, 2021, the number of Board of Directors meetings they were able to attend differs from that for the other Directors listed.

* Because Director Hiroshi Yokota was newly appointed and assumed his position at the 78th General Meeting of Shareholders held on September 29, 2022, the terms of office and attendance for the fiscal year ended June 30, 2022 are not shown.

Policies and Procedures for Nominating and Dismissing Directors

In order to improve fairness and transparency, proposals for appointing/dismissing Directors (proposals for the General Meeting of Shareholders or Board of Directors meetings regarding positions and appointments), which include the benefits and negatives of reappointment, are first screened by the Nominating and Compensation Advisory Committee and then discussed by the Management Council. Afterwards, plans are then decided by the Board of Directors.

In addition, Plans for appointing/dismissing Audit & Supervisory Board Members (plans for the General Meeting of Shareholders) are decided by the Board of Directors after consultation by the Management Council which obtains consent from the Audit & Supervisory Board in advance.

Officer Skills

Based on the above concept behind the composition of the Board of Directors, the Company selects candidates after identifying various skills (experience, knowledge, and abilities) that directors and corporate auditors should possess in order to move our long-term management strategy and medium-term management plans forward.

Evaluation of the Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors every year with the aim of improving the functions of the Board of Directors and enhancing governance. We promote a PDCA cycle to improve the effectiveness of the Board of Directors by discussing the identified issues at the Board of Directors meetings and making improvements.

Process for Evaluating the Effectiveness of the Board of Directors

- A survey for Directors and Audit & Supervisory Board Members is conducted (anonymous questionnaire using a third-party organization to ensure objectivity)
- The Board of Directors evaluates the effectiveness of the Board of Directors based on the aggregated and analyzed results of the survey, and the summary of the evaluation results is described in the Corporate Governance Report which is made public in October.

Evaluation Content

- The content of the questionnaire is based on fixed-point observation. However, social issues, recent issues faced by the Company, etc. will be newly added.
- This year's survey addressed eight topics: (① composition and operation of the Board of Directors, ② management and business strategies, ③ risk and crisis management, ④ monitoring of group companies, ⑤ evaluation and compensation of management), ⑥ Investment-related, ⑦ Dialogue with shareholders, etc., ⑧ Other matters).

Evaluation Results and Future Issues

(Evaluation results)

- Confirmed that the effectiveness of the Board of Directors of the Company was ensured, including the improvement of the matters indicated previous fiscal year.

(Issues)

- Expansion of business execution reports of Group companies
- Further improvement of Board of Directors operations

Initiatives for Enhancing the Deliberations of the Board of Directors

In order to enhance the deliberations at the Board of Directors and enhance its functions, the Company implements the following initiatives to train officers and energize deliberations.

Officer Training

In order for officers to properly fulfill their responsibilities, the basic objective of officer training is for officers to acquire necessary knowledge and improve abilities regarding corporate value, governance, etc.

- Training for officers at the time of their appointment
When an officer is newly appointed, we provide training to them on the roles (including legal responsibilities) expected of Directors and Audit & Supervisory Board Member, compliance, etc. In addition, we explain our corporate history, Management Philosophy, business outline, management situation, governance system, etc. to outside officers.
- Ongoing training after their appointment
We regularly invite lecturers from outside of the Company to hold seminars on topics that are relevant to current events for all officers. We also continue to provide opportunities for officers to acquire specialized knowledge, such as attending outside seminars.

Initiatives to Promote Lively Discussions

- Since 2014, the Board of Directors has had two Outside Directors to encourage lively discussions. In addition, since September 2020, the Company has appointed an additional female outside director, making it three outside directors, thereby ensuring diversity in the composition of the Board of Directors and achieving even more vigorous deliberations.
- In order to demonstrate the function of the Board of Directors as a monitoring board, we have been transferring authority since 2018 to the President on certain orders, which were previously decided by the Board of Directors.

Policies for Developing Our Next Generation of Executives

President Succession Plan

The President Succession Plan was established by the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee for the purpose of selecting candidates who meet the personnel requirements for the position of President of the Company. This plan consists of the development and implementation of a plan to enhance the qualities required of a candidate to become President, and the evaluation, selection, and deliberation processes of the candidate for becoming President.

In implementing the President Succession Plan, the Nomination and Compensation Advisory Committee thoroughly deliberates on the successor candidates proposed by the current President, taking into account the exchange of opinions with the candidates and their compatibility with medium- to long-term management strategies and strives to ensure transparency, fairness, and objectivity of the plan.

Development and Selection of Executive Candidates

We recognize the importance of forming a group of executive management candidates in order to enhance the above-mentioned candidate pool for President and to strengthen as well as stabilize the management foundation of our Company and our Group.

As a measure to realize this, we have introduced a system for training and selecting candidates for management positions from the stage of promotion to the highest level of employee qualifications.

Specifically, employees with certain in-house qualifications and positions, who are selected through the recommendation of their department heads, are required to attend SMC (Senior Management) training, where they analyze and formulate business strategies and solutions under the guidance of external instructors for about six months on themes such as creating new businesses and overcoming management issues at the Company, and present them to Company management. The purpose of this training is to foster the ability to make strategic decisions from a management perspective.

Candidates for promotion to the highest level of internal qualification will be recommended from among the participants of this SMC training, and promotion will be decided through interviews with internal directors (including presentations). In order to acquire the general knowledge required as a candidate for executive management, these promoted candidates will participate in training sponsored by external organizations.

In addition, candidates who are nominated to become executive officers on the recommendation of the President will be interviewed (including candidate presentations) with outside directors as their main interviewers. Based on their opinions, candidates will be appointed as executive officers through prescribed procedures such as resolutions of the Board of Directors. Newly appointed executive officers will participate in training organized by external organizations for the purpose of acquiring knowledge of general laws and regulations necessary for managers and fostering their resolve as managers.

Policy Regarding Strategic Shareholdings

For the purpose of business expansion and sustainable growth of our company, our policy is to hold stocks that are necessary for policy purposes while selling stocks when it is no longer rational to hold them, as appropriate based on a comprehensive consideration of their importance in business strategy and business relationships with business partners, from a medium- to long-term perspective.

Strategic shareholdings are examined from a medium- to long-term perspective, taking into account their returns and risks. The purpose and rationality of strategic shareholdings reflecting these results are examined by the Board of Directors.

With regard to voting rights for strategic shareholdings, voting rights are exercised based on factors such as whether the investee company is conducting management that places emphasis on the development of the investee company and the interests of its shareholders, and whether the proposal contributes to the enhancement of the corporate value of the investee company.

Approach to Officer Compensation and a Description of Each Type of Compensation

Description of Compensation System for Directors

Director compensation follows the compensation framework established at the General Meeting of Shareholders, and individual compensation amounts are set using the following policies and procedures established by the Board of Directors. The Company has adopted a structure in which these compensation systems are reviewed by the Nominating and Compensation Advisory Committee, which is primarily comprised of independent outside directors, as necessary.

In addition, compensation is structured as described below.

Directors Other than Outside Directors	Composed of fixed compensation (monthly compensation), results-based compensation (bonus) and compensation for restricted stocks
Outside Director	Composed solely of fixed compensation (monthly compensation)
Audit & Supervisory Board Member	Composed solely of fixed compensation (monthly compensation) (individual compensation is determined through consultation among corporate auditors)

Fixed Compensation

Fixed compensation (base compensation) for Directors (other than Outside Directors) is determined for each Director based on their role and level of responsibility. Monthly compensation is determined in accordance with the standards predetermined for each official position.

Part of the compensation of Outside Directors is spent to acquire the Company's share under the Directors' Stock Ownership Plan.

Audit & Supervisory Board Members have the option of allotting a portion of the salary to be used to acquire Company shares in the Officer Shareholding Association.

Results-based Compensation (bonus)

For directors (other than outside directors), performance-linked compensation (bonus) is positioned as an incentive for short-term performance improvement, and sales revenue and net income attributable to owners of the parent company for each fiscal year are selected as appropriate performance evaluation indicators.

Specifically, a standard amount is determined according to the achievement rate based on the planned value of sales revenue and profit attributable to owners of the parent company as a bonus payment standard, and the Representative Director and President evaluates the degree of achievement of business performance and the degree of contribution to the company, etc. of each Director. Furthermore, bonuses are paid every year at a certain time after the end of the relevant fiscal year within the maximum annual amount of remuneration for directors approved by the General Meeting of Shareholders following deliberation by the Nomination and Compensation Advisory Committee.

Restricted Stock Compensation

Restricted Stock Compensation has been implemented starting in September 2017 with the intention of having directors share with shareholders the merits and risks of share price fluctuations and providing additional motivation to contribute to increase in the share price and enhancement of corporate value.

Within the scope of the total amount of monetary compensation claims to be paid as compensation for restricted stock that has been approved separately from the annual limit of director compensation at the general meeting of shareholders, restricted stock is allocated at a certain time each year by having the monetary compensation claims paid to each director contribute in kind according to predetermined criteria for each position.

Description of Officer Compensation

	Compensation (annual amount)	Director (excluding outside director)	Outside Director	Audit & Supervisory Board Member
Fixed Compensation	Directors (excluding outside directors): Up to ¥465 million (includes bonus) Outside Directors: Set at ¥45 million Audit & Supervisory Board Member: Set at ¥80 million	●	●	●
Results-based compensation (bonus)	The standard amount is determined according to the percentage of achievement of the planned value of sales revenue and profit attributable to owners of parent	●	—	—
Restricted Stock Compensation	Set at ¥60 million	●	—	—

Standard Compensation Structure for Director Compensation

Fixed Compensation (Base Compensation)	Results-based compensation (bonus)	Restricted Stock Compensation
67%	19%	14%

Compensation Amounts for Directors and Audit & Supervisory Board Members in FYE June 2022

Officer Classification	Total Amount of Compensation (Millions of yen)	Total Amount of Compensation by Type (Millions of yen)			Number of Officers Eligible
		Fixed Compensation		Number of Eligible Officers	
		Base Compensation	Restricted Stock Compensation	Bonus	
Directors (excluding outside directors)	359	206	43	110	10
Audit & Supervisory Board Members (excluding outside members)	29	29	—	—	2
Outside Director	45	45	—	—	3
Outside Audit & Supervisory Board Members	33	33	—	—	2

Compliance

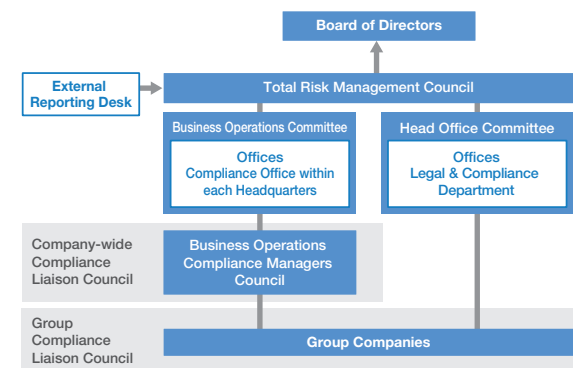
In order to conduct business appropriately in a global society and to prepare for all kinds of risks that may hinder business activities, initiatives and guidance that serve as common guidelines worldwide are becoming increasingly important. We are aware that thorough compliance is a source for increased corporate value, and we are striving to achieve highly transparent management. In addition, we are systematically responding to compliance risks in promoting our business by visualizing them as much as possible.

Code of Conduct

The Nippon Koei Group has established the Nippon Koei Group Code of Conduct (basic policy) for the Group's common code of conduct, and aims to truly enhance corporate value by incorporating it into the daily actions of each and every executive and employee. It has been made available into seven languages, including Japanese, English, and Spanish, and shared with employees around the world. We aim to create a highly transparent management system and build a relationship of trust across the entire Group as well as establish and operate a compliance observance system that also aims for the Company to adhere to social norms in order to put into practice our Management Philosophy "Act with integrity and contribute to society through technology and engineering" in accordance with laws and regulations.

Nippon Koei Group Code of Conduct URL
https://www.n-koei.co.jp/english/profile/ideas/pdf/code_of_conduct.pdf

Compliance Organizational Chart



Compliance Awareness Survey

The Nippon Koei Group regularly conducts a compliance awareness survey of officers and employees within the Group every year. All surveys are conducted anonymously with the results disclosed within the Group and reflected in our compliance activities.

Compliance Training

We provide training on compliance by career level, hold compliance lectures for officers and executive employees, and provide training for each department. During training sessions, lectures are given on causes and preventive measures with reference to specific cases, and participants learn about laws which are closely related to our business. In addition, through the Group's E-learning system, we conduct education and testing on various themes such as compliance with the Antitrust Act and harassment, and provide training for employees, including training for employees at some Group companies.

Compliance Consultation/Reporting System

We established the Consultation/Reporting System Regulations in 2003 and have set up a system where employees who become aware of compliance violations or actions that may violate compliance can directly consult or report to the Department in charge of compliance or an outside attorney. This system is available not only to our employees but also to temporary employees, Group companies, and business partners. The number of reports (excluding consultation cases) over the past few years is as shown in the table below.

Number of Internal Reports

FYE June 2020	FYE June 2021	FYE June 2022
12	7	7

Initiatives for Preventing Corruption

As our Group is expanding its business globally, we cannot deny the risk of being asked to provide improper financial benefits in the course of promoting business, discussions, and negotiations with local government agencies, etc. Therefore, we must assume such cases in advance and take firm action.

Since the Nippon Koei Group is a signatory to the UN Global Compact, it has incorporated the four areas of human rights, labor, environment, and anti-corruption, and their ten principles, into our Code of Conduct, which we adhere to. The Code of Conduct stipulates that we will not pursue profits by unfair means and that we will conduct our business activities in compliance with laws and regulations based on fair, transparent, and free competition.

In addition, in order to ensure thorough compliance, we have established and operate internal rules such as the Anti-Bribery Regulations. For example, we have established standards for what constitutes inappropriate expenditures, and we have established rules to deal with the risk of fraud, such as ensuring that any unreasonable demands are not judged solely by the field, but are always discussed with the Head Office.

Risk Management

As we conduct a wide range of business activities on a global level, we believe that a solid risk management system is essential for implementing our business strategies. In formulating long-term management strategies and medium-term management plans, risks are comprehensively identified and closely monitored as we conduct our business activities, while incorporating various measures to hedge risks.

Risk Management Organization and System

As an organization to supervise the overall risk management promotion, the Total Risk Management (TRM) Council meets monthly to identify and assess risks within the Group and promote risk prevention and countermeasures.

The TRM Council is comprised of eight directors including the President serving as the Chair. Each meeting includes an Audit & Supervisory Board member who attends as an observer. Executive Officers of Nippon Koei have the duty of conducting risk management related to the assigned duties each was given. Total Risk Management Council members consist of individuals who are at the Executive Officer level or above.

The TRM oversees the overall promotion of risk management, and the TRM as well as the Safety and Health & Environment Committee, Internal Control over Financial Reporting Committee, and Information Security Subcommittee, all of which are under the supervision of the TRM, manage risks across the entire company and report important risk information monthly to the Board of Directors.

Risk Management Plan Formulation and PDCA Cycle

Based on the Basic Policies on the Development of Internal Control System established by the Board of Directors, Nippon Koei has formulated a Group-wide Risk Management Plan and is promoting systematic risk management.

Each division identifies and evaluates risks associated with its business activities each fiscal year, formulates specific management measures to prevent risk events from materializing or to minimize the possibility of losses, and drafts a risk management plan. After compiling risk management plans for each department and discussing and formulating a Group-wide risk management plan, TRM regularly monitors the progress of the risk management plan, review the progress, issues, and future countermeasures, and implements a PDCA cycle. When a significant risk event becomes apparent, we conduct an assessment of the risk management plan, take necessary measures and improvements, and reflect them in the risk management activities of each division. In addition, the status of risk management at Group companies is reported to the TRM Council by the heads of each department, and it is monitored on a regular basis.

In the event of a crisis, in accordance with the Crisis Management Regulations, a Company-wide emergency task force or emergency task force of the relevant department is established to respond appropriately to the crisis after promptly reporting to the President (who serves as Chair of the TRM Council).

Business Continuity Initiatives

If we do not have adequate countermeasures for natural disasters as well as for epidemics and outbreaks of infectious diseases, there is a risk that we will be forced to suspend operations for a long period of time, which could result in significant losses that would have a major impact on our stakeholders. As a company involved in the infrastructure that supports people's daily lives, we believe that it is our social responsibility to continue to provide stable services. Therefore, we have established a business continuity plan (BCP) and are working to create and regularly review procedures for responding quickly and appropriately in the event of a crisis.

Quality and Environmental Management System

We have established and implement a quality and environmental management system in accordance with ISO 9001 and ISO 14001. This system standardizes work procedures in projects, review and verification methods, and checks the degree of achievement of quality targets. This minimizes risk and promotes the achievement of project objectives. In addition, by continuously acquiring knowledge about the environment and improving technical capabilities, we have realized consideration, including environmental risk management.

Information Security

The Group has established an information security system to appropriately manage the confidential information of customers in order to receive and perform consulting services from customers, including government and public agencies. The Group Code of Conduct stipulates the thorough protection and management of all information obtained in the course of work and the prevention of unauthorized use and leakage. In addition, we have established and implement the Basic Policy on Information Security and the Information Management Rules to protect and manage information and prevent unauthorized use and leakage. In addition, as a response to increasing information security risks such as cyberattacks, we continuously improve information security measures under the supervision of the Information Security Subcommittee established under the TRM Council. In addition, we have been audited by a third-party organization and some departments have obtained the ISO 27001 certification, an international standard for information security management systems (ISMS).

A Discussion with Outside Directors



Yoko Ishida
Outside Director

Hiizu Ichikawa
Outside Director

Kazumasa Kusaka
Outside Director

Transition to a Holding Company

— Please tell us your thoughts about Nippon Koei's transition to becoming a holding company.

Kusaka Regarding the transition to a holding company, at first I would like to say that although organizations in the world exist in

various forms, there is no form that will act as a panacea to make everything go well. Since conditions surrounding a company change depending on the trends of the times and various circumstances, we should think about organizational design from the perspective of how we can achieve the desired results according to the circumstances at the time. Since its founding, Nippon Koei has continued to grow with the Consulting Business serving as its core business. From the 2010s, Nippon Koei has diversified its business by launching its Urban & Spatial Development Business and Energy Business as part of its previous

long-term management strategy. When diversifying, some companies establish new companies under the umbrella of a main company, but there are cases where communication between the main company and its subsidiaries may not be successful. In the Nippon Koei Group, each business has different origins, track record, and way of working, so it is important to establish an organizational structure that facilitates communication within the Group as smoothly as possible.

For this reason, it was thought that a horizontal relationship would work better for the Nippon Koei Group, in which other operating companies, including Nippon Koei itself, are established under the umbrella of the holding company rather than a vertical relationship between Nippon Koei as an operating company and its subsidiaries for group governance. With the Consulting Business, Energy Business, and other business companies that have newly joined the Nippon Koei Group serving as "younger daughters and sons," I believe that it will be possible to create a relationship of mutual understanding and cooperation among the business companies. In order to realize the ideal vision we have envisioned for the future, I believe that the optimal organizational structure at present is a pure holding company structure.

Ishida The business conditions surrounding the Nippon Koei Group continue to change drastically due to the spread of Covid-19, the permeation of DX, and the further progress of globalization. In addition, as the positions of countries around the world and regional communities such as ASEAN are changing, the nature of Japan's ODA is also changing. It is becoming increasingly difficult to formulate future-oriented plans in management based on common sense, so we need to increase management flexibility more than ever. For the Nippon Koei Group, it is necessary to build an organizational structure that is both top-down and bottom-up rather than the monolithic corporate management scheme that has been in place until now with Nippon Koei at the center. Instead of concentrating our strengths in the monolithic Nippon Koei, each operating company should demonstrate its strengths while collaborating within the Group to create new value. In other words, each operating company should autonomously demonstrate its strengths. At the same time, we aim to build an organizational structure that maintains a sense of unity as the Nippon Koei Group. This is what is behind the transition to a pure holding company structure.

Ichikawa As Mr. Kusaka said, it does not mean that everything will work just because the organization has a given form. An organizational form is only a box. Therefore, the success of a company is determined by the ability of the people within to demonstrate their individual strengths. When it comes to whether the organization or the people are more important, it goes without saying that the people are more important. Nippon Koei Group will

continue to promote diversification and aim to become an organization that encompasses a wide range of fields. However, what is most important in doing so is having leaders who can drive growth. If each leader can exert a strong centripetal force and unite a diverse group of people toward a single goal, the organization will develop into a powerful entity with many strengths.

In this sense, just as important as the transition to a pure holding company structure is the further strengthening of the supervisory function of the holding company. As a holding company with a nominating committee, etc., it is important that the committees properly discuss and select leaders who are suitable to lead the Nippon Koei Group in an open and fair manner. I would like people to focus on the new structure of the Nippon Koei Group, which will promote both the shift to a holding company structure to encompass a wide range of diverse fields and the function of objectively selecting leaders to oversee these fields.

— What other changes are you expecting as a result of the transition to a holding company?

Kusaka It can also be expected that the transition will accelerate the growth of potential leaders. As an example, it is conceivable that human resources who have been active in the operating companies for 15 to 20 years will be transferred to the Corporate Planning Department of the holding company for about two years. While simply staying with the operating company to which you originally belonged may deepen your knowledge of the business field, it is difficult to gain a multifaceted perspective doing so. The holding company brings together potential leaders who are expected to play a central role in the future management of the Nippon Koei Group and gives them the opportunity to enhance their understanding of the group as a whole and their knowledge of group management. If each potential leader gains this kind of experience and plays an even more active role after returning to his or her original company, it will lead to the sustainable growth of the entire Group as a result. I believe that the deepening of communication and personal relationships among seconded employees will also strengthen the cohesiveness of the entire Group in the future.

In addition, the head of each business division will move from the position of making decisions in that division to that of president of a single operating company and will fulfill their accountability to stakeholders while exercising their authority as president. By doing so, they will be able to realize their potential and eventually grow into leaders who can lead the entire Group.

Ishida I think it is true that the position makes the person. If the transition to a holding company structure increases the number of new positions, we can expect to further promote diversity, including

increasing the number of our female and non-Japanese employees. In the past, community and infrastructure development was carried out almost exclusively from the perspective of men. Recently, however, the opinions of women have been incorporated as well. Diversity at the project level is progressing steadily and I believe that the transition to a holding company structure will lead to greater diversity at the management level.

Kusaka Although the ratio of female managers at Nippon Koei is just over 5%, I expect that if more women are placed in positions of responsibility in the future, they will contribute to the creation of new value from a different perspective than men.

Ishida Since connections with overseas group companies, including BDP Holdings Limited (BDP), a British architectural design firm that is part of the Nippon Koei Group, are increasing, we may consider taking advantage of the expanded cooperative relationships to develop human resources, such as transferring employees from Nippon Koei to those companies and human resource exchanges with universities.

Ichikawa Another option is to constantly send two or three trainees to a Group company that possesses know-how, such as BDP. BDP also acquired Pattern Design Limited, which designed the stadiums for the Football Qatar World Cup. Since we have such a company with a global presence under our corporate umbrella, I think it would be good if we could expand mutual exchanges and enable Nippon Koei employees to learn about their latest technology. By absorbing their knowledge, we should be able to increase the overall strength of the Group as a whole.

Kusaka In 2019, BDP acquired the Canadian architectural design company Quadrangle. By accelerating its business

expansion in North America with Quadrangle as a foothold, BDP is expanding its business area both geographically and vertically. Since these companies are also subsidiaries of the Nippon Koei Group, we have the opportunity to hear directly about the latest trends in the business environment from our colleagues where those companies are based, including the political economy of each country, rather than obtaining information from the media in Tokyo. We can get opinions from different perspectives on the same phenomenon. Diversity is not just about gathering people with different attributes. It is intrinsically valuable in working with people with different perspectives and having contact with other parts of the world. I believe that interacting with employees of overseas-based Group companies and deepening mutual understanding of different cultures will serve as the foundation for Nippon Koei, a Japanese company, to play an active role in the world, create value, and grow.

About Our ESG Initiatives

— I would like to hear your opinions on the Nippon Koei Group's seven materiality issues.

Ichikawa Solving social issues is what Nippon Koei does. It is our mission to play a role in the field of renewable energy, since the energy sector, which is linked with the decarbonization of society, was the first business undertaken by our founder, Yutaka Kubota. All of the seven materiality issues are important for the Nippon Koei Group to grow sustainably together with society. However, it may be more effective to promote each materiality issue with some degree of prioritization rather than to pursue each in a uniform manner. From this perspective, "Challenge to decarbonization" is a particularly important materiality issue.

In the consulting field, DX must be fully utilized to improve efficiency and speed. In order to strengthen infrastructure, it will be necessary to devise ways to double or triple the efficiency within a limited budget. To achieve this, it is important to enhance the organization and human resources.

Ishida I think it is important to give priority, but also to encourage the Nippon Koei Group to focus on areas that it has not emphasized so far is the significance of raising the seven materiality issues. For the Nippon Koei Group, which operates not only in Japan but also overseas, this is a good opportunity to raise awareness of global social issues. It is important to recognize our company's situation from the perspective of society. As a member



Ichikawa From my experience, good companies have good people. They listen and respond to customers when they are really facing trouble. I think that is the most important thing for a company to do, and I hope that Nippon Koei will continue to be such a company.

I believe that my role as Outside Director is to continue to convey opinions through my own filters on each and every move that Nippon Koei faces. I feel that guiding Nippon Koei in a direction that I think is appropriate will contribute to the company.

Kusaka Both Ms. Ishida and Mr. Ichikawa talked about "people." I also feel that companies are ultimately all about people. The "software" (people) is combined with the "hardware" (organizations) and the wisdom of each organization is accumulated. Therefore, I would like to meet with all employees at Nippon Koei Group regardless of position to deepen our communications when the Covid-19 pandemic is under control. I think there are opportunities for small groups to meet for dinner and where people can talk freely, so traveling to many sites and engaging in dialogue with employees is what I most want to do now.

of the Sustainability Promotion Committee, I am very happy that we are now able to have discussions about materiality issues.

Kusaka It is important to use the identified materiality issues as tools for communication with stakeholders. In the process of carefully explaining to investors and other stakeholders what Nippon Koei believes is important and why, I believe that the Group can clarify its values.

Closing Messages

— In closing, could you each give us a closing message regarding your expectations for the future of the Nippon Koei Group and the role that you would like to play as an Outside Director?

Ishida Construction and development consultants in the Nippon Koei Group play an important role in creating plans to materialize policies created by JICA and other national agencies and in giving shape to the needs of local people, but they are not well known and are often seen as behind-the-scenes helpers. Although reserved nature and seriousness are good qualities of this company, I would like to see the Nippon Koei Group's presence enhanced by strengthening its ability to communicate outside the industry a bit more. I expect that this will lead to the acquisition of excellent human resources and the development of new markets.



Nippon Koei Group Business Segments

Nippon Koei's business is comprised of the following three business segments and is building vibrant societies across the globe.

Financial results for the fiscal year ended June 30, 2022 show record highs in both sales revenue and incomes.

Consulting Business

Main Customers

National and local governments, JICA, overseas government agencies, and private companies

In Japan, the Consulting Business provides a full range of civil engineering consultation related to infrastructure development, maintenance, and safety for local and national government agencies, such as the Ministry of Land, Infrastructure, Transport and Tourism. With proven technologies informed by diverse experience and R&D, the operation has grown into a comprehensive consulting service covering a vast array of projects encompassing the improvement, management, and maintenance of infrastructure supporting daily community life.

Overseas, we are developing business mainly through Japanese government ODA projects, mainly in Asia, but also in Africa, the Middle East, Central and South America, and other

regions. The Nippon Koei Group is engaged in numerous infrastructure projects in fields ranging from water resources and waterways, energy, urban and regional development, transportation, agricultural and rural development, environment, and disaster prevention. The Group is active on the front lines of social contribution and humanitarian aid across borders. Examples of our activities include environmental measures to combat global warming, developing regional transportation infrastructure in emerging countries undergoing rapid economic growth, and assisting in reconstruction in regions affected by conflict or natural disasters.

Urban & Spatial Development Business

Main Customers

Private companies and local governments

Nippon Koei launched the Urban & Spatial Development Business in March 2016 when it welcomed BDP of the UK into the Group. The aim of the launch of this business segment is to expand business by capturing the growing needs in the architectural domain as urban development progresses around the world and combining it with the civil engineering domain, an area in which we excel. Through collaboration with BDP, we are working to create urban spaces in Asia by combining civil engineering and architectural technologies.

We are also working to diversify our business fields by adding Canada-based Quadrangle, which specializes in high-rise construction, to our group in 2019, and UK-based Pattern, which specializes in sports facility construction, to our group in 2021.

Against the backdrop of the increasing number of projects in

Japan that need to be approached from both civil engineering and architectural perspectives, such as urban development and redevelopment, we merged our Urban & Spatial Development Business, one of our business segments, with Tamano Consultants, a Group company, and then formed a new company, Nippon Koei Urban Space, in July 2022. By integrating the technologies and functions of both companies, we aim to enter the market for urban infrastructure formation in Japan and overseas, and become a comprehensive production company with greater proposal and development capabilities than ever before for urban and regional revitalization projects, public-private partnerships, and smart city development, in order to work toward the formation of sustainable cities.

Energy Business

Main Customers

Power companies, local governments, and private companies

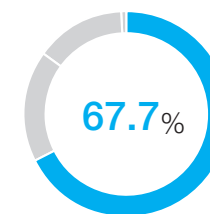
The segment constructs and repairs substations, switching stations, and power plants operated by power companies constructs central monitoring and control systems to improve operating efficiency, constructs dam control systems at hydropower plants, and manufactures related equipment. The Power Engineering Business proposes optimal solutions for electric power companies to support electric power development and meet electric power needs in Japan and emerging countries.

As a new initiative, we are engaged in research, development, design, construction, management and operation support, and system and technology development for energy management projects utilizing distributed energy resources in response to the

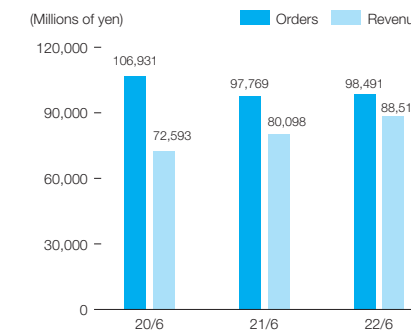
recent expansion of renewable energy markets and power system reforms in Japan and overseas. We are accumulating business and technological know-how in Europe, where the separation of power generation and distribution and the introduction of renewable energies are leading the way, and are aiming to expand our business in Japan and other Asian countries in the future. The Company is also involved in the business of operating hydroelectric power plants and sale of electricity. We install small-scale hydroelectric power plants in existing dams that are not used for power generation purposes to generate clean and economical small-scale hydroelectric power.

FYE June 2022

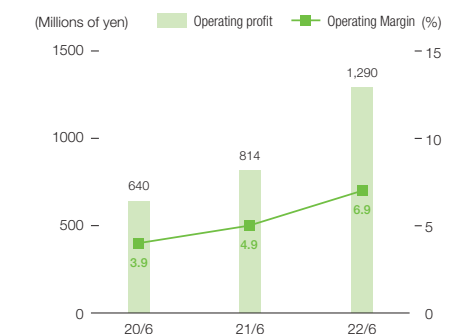
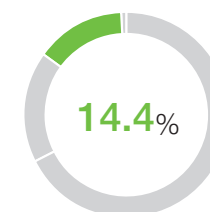
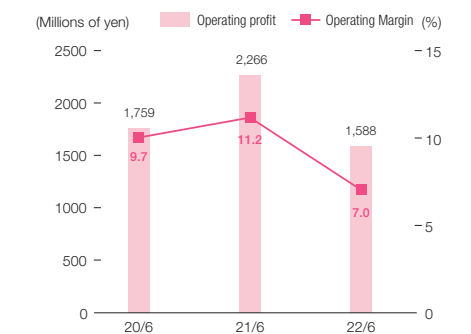
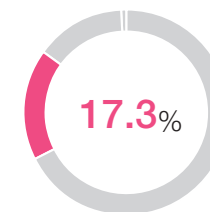
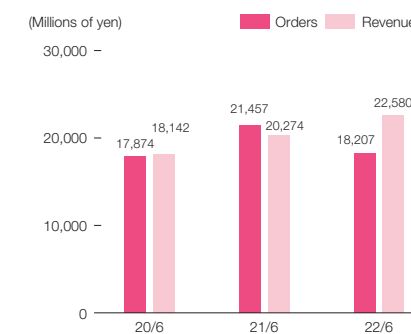
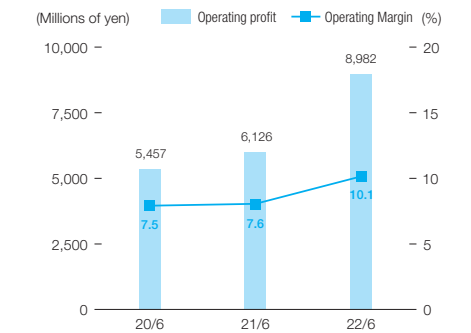
Composition Ratio of Revenue



Orders and Revenue (millions of yen)



Operating Profit and Operating Margin (millions of yen/%)



* The Company has been conducting business in three business segments since FYE June 2022. For the Consulting Business, we combined our domestic and overseas consulting businesses and combined our former Power Engineering and Energy Business to form our current Energy Business.
 * Results for the Consulting Business and Energy Business for the fiscal year ended June 30, 2020 have been combined to conform to the current segment structure, and the figures are simple totals before elimination of internal transactions.
 * From the fiscal year ending June 30, 2023, Nippon Koei Urban Space and its subsidiaries will change their business segment classification from "Consulting Business" to "Urban & Spatial Development Business."
 Segment information for the fiscal year ended June 30, 2022 has been prepared based on the revised business segment classification.

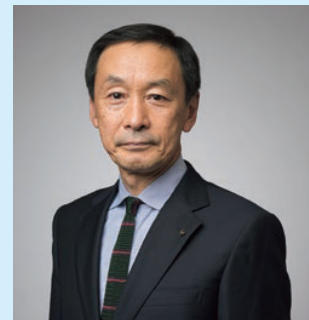
Review of Operations

Consulting Business

Promoting productivity improvement through DX promotion and service development using new technologies

For the fiscal year ended June 2022, revenue increased by approximately 10% and operating profit increased by approximately 46% both in Japan and overseas due to favorable business performance. In particular, since travel restrictions due to COVID-19 have been eased overseas, operations for several large projects have started, boosting our contract utilization rate to a record high level. In July 2020, we integrated our Domestic Consulting Business, International Consulting Business, and R&D Center mainly for the purpose of optimizing the allocation of resources in line with business conditions. Currently, we continue to operate flexibly, allocating domestic personnel to serve in active overseas operations. In addition, in order to promote the resilience of the Nippon Koei Group, we have begun to lay the groundwork for achieving our long-term management strategy, including acquiring technologies to expand our business domains and creating business alliances for new services.

Moving forward, we will continue to implement measures to improve productivity, develop new services using new technologies, and promote business expansion utilizing our co-creation partners.



Haruhiko Kanai
Director General of
Consulting Operations Headquarters

Main Business Areas

Water resources and waterways
Flood protection, efficient water use, and water environment improvement

Water and sewage
Support for efficient operation and management of water and sewage facilities

Urban and regional development
Policy planning support for master planning of urban areas and region development of local governments and equipment of development facilities

Disaster Prevention and Mitigation
Emergency response to disasters such as earthquakes, volcano eruptions, and localized torrential downpour and planning of disaster prevention

Dams and power generation
New dam construction, redevelopment and extension of service life for existing dams

Transportation (roads, bridges, airports, etc.)
Establishment, extension of service life, efficient maintenance and management, automatic operation planning, and MaaS planning related to traffic and transport facilities

Environmental Management
Improvement of air, water, and soil environments and biodiversity conservation

Maintenance and aging countermeasures
Management planning of measures for aging infrastructure (bridges, tunnels, embankments, water supply and sewage systems, etc.) and efficient maintenance

Management
Asset management, public-private partnerships (PPP, PF)

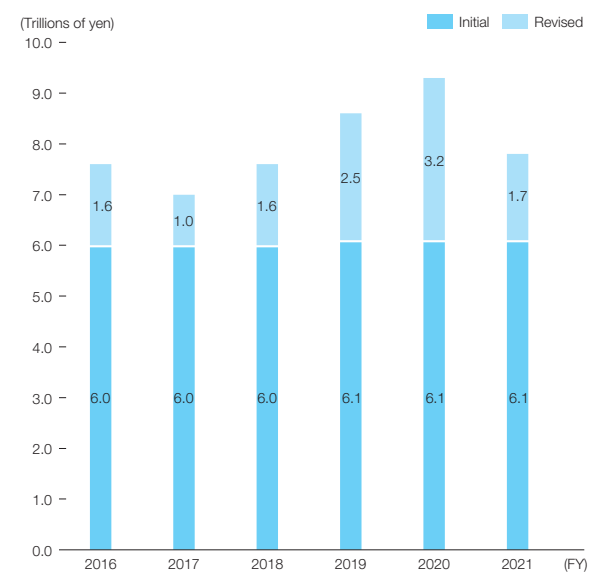
Business Segments Strengths

- No. 1 in sales in Japan in the construction consulting industry and one of the top Japanese companies in terms of sales for Japanese government ODA projects for many years
- Established strong partnerships with our clients through our business bases in 47 prefectures in Japan and our extensive business experience overseas, especially in emerging Asian countries
- Largest number of professional engineers in the industry with certified professional engineers in each field
- Technical and comprehensive capabilities cultivated over many years of handling business in a variety of fields, and the development of advanced technologies by utilizing those capabilities

Market Trends (Japan)

In Japan, our Consulting Business is mainly concerned with the study and design of public and utility projects. Therefore, its performance is affected by factors such as investment in construction and the scale of public investment. In recent years, the volume of work has been increasing due to the growing demand for disaster resilience and extension of infrastructure service life in the face of increasingly severe disasters. In addition, PPPs (Public-Private Partnerships) and PFIs (Private Finance Initiatives) are on the rise, where public and private sectors collaborate to provide public services. As a result, the roles of construction consultants are expanding year by year.

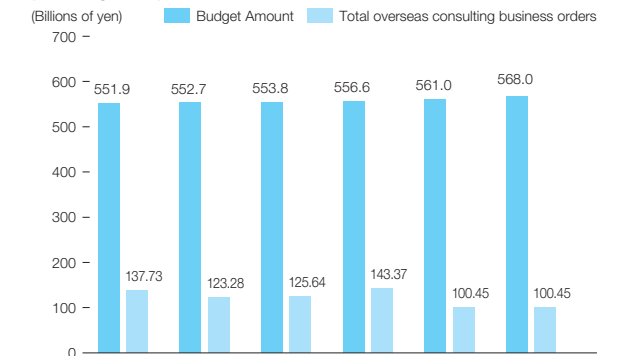
Public works spending (initial + revised budget)



Market Trends (Overseas)

Our clients include the Japan International Cooperation Agency (JICA) and other Japanese ODA implementing agencies, international organizations, such as the World Bank and the Asian Development Bank, and foreign governments. In recent years, due to the increasing demand for infrastructure in emerging countries, the number of projects has been increasing year by year and becoming larger in size. In recent years, the Japanese government's "Infrastructure Systems Overseas Expansion Strategy 2025" has set high order targets, etc., leading to consistently strong demand. In regard to ODA loans, the ratio of projects in India and Bangladesh has been increasing, and in terms of fields, new development of transportation, such as railroads, and urban development, such as smart cities, have been increasing in order to cope with population growth in emerging countries and to achieve a decarbonized society.

ODA budget/Total overseas consulting business orders (industry total)



Performance Summary for Fiscal Year Ended June 30, 2022

Orders **¥98.4 billion**

Revenue **¥88.5 billion**

Operating Profit **¥8.9 billion**

- Orders received increased year-on-year in the segment as a whole due to strong domestic orders for government-related projects and large orders received overseas.
- Revenue increased due to strong performance both in Japan and overseas. Overseas-based large project operations started, causing the contract utilization rate to rise to a record level.
- Operating profit: Increased due to higher revenue, an absence of one-time losses recorded in the previous period, and improved profits at Group companies

Key Initiatives of the Medium-term Management Plan Building Resilience 2024

Directionality	Key initiatives
<ul style="list-style-type: none"> ● The Nippon Koei Group is evolving into an organization capable of competing globally by integrating its former Domestic Consulting and International Consulting businesses as well as the Research & Development Center ● Conduct business operations through proactive advances and defensive approaches to provide outstanding technology and quality to the global market 	<p>Advancement and global expansion of disaster prevention/mitigation technologies</p> <ul style="list-style-type: none"> ● Maintenance and upgrades of infrastructure to protect people's lives ● Utilization of data that contributes to people's peace of mind <p>Promotion of services that contribute to decarbonization</p> <ul style="list-style-type: none"> ● Strengthen services for global warming countermeasures, environmental management, and conservation measures
	<p>Expansion of transportation related businesses</p> <ul style="list-style-type: none"> ● Improve transportation infrastructure and strengthen development of areas around transportation hubs ● Promote smart cities and next-generation mobility <p>Full-scale expansion into the management field</p> <ul style="list-style-type: none"> ● Acquisition of management technology and development of concession business

Project Information

Strategic business alliance with Institute for Q-shu Pioneers of Space, Inc. in the SAR satellite data business

In December 2021, we announced a business alliance with the Institute for Q-shu Pioneers of Space, Inc., a space venture company created by Kyushu University.

In April 2021, we launched the Satellite Disaster Prevention Information Service jointly with SKY Perfect JSAT Corporation and Zenrin, Co., Ltd. as a satellite business. However, we experienced issues including difficulties in shooting high-definition images at high frequency of an entire affected area when large-scale, simultaneous disasters occur. To counter this, the creation of a small SAR satellite constellation, which the Institute for Q-shu Pioneers of Space, Inc. is working on, will enable high-definition image data to be taken at high frequency, allowing for the early identification of actual damage in the event of a disaster and provision of information for efficient recovery. We will work on the concrete verification tests according to the condition for acquiring images that can be analyzed, and aim to develop new satellite data services and expand the market both domestically and

internationally by combining satellite development technology from the Institute for Q-shu Pioneers of Space, Inc. with our business know-how and ideas in various fields of social infrastructure construction.



Review of Operations

Urban & Spatial Development Business

Aiming for comprehensive urban and regional revitalization through civil engineering and architecture

The mission of our Long-term Management Strategy is to operate in the capacity of a comprehensive producer of urban and regional revitalization projects in response to urban development demand, especially in Asia, including in Japan.

Specifically, the Company will focus on urban (re)development projects, urban restructuring projects through public-private partnerships, and waterfront area restructuring projects associated with industrial structural transformation. The goal of the Nippon Koei Group's Urban & Spatial Development Business is to contribute to the creation of sustainable cities and regions to solve social issues such as population decline and aging, concentration of population in metropolitan areas, and global warming.

The Nippon Koei Group's Urban & Spatial Development Business focuses on communities and public lands. From the perspective of town development, Nippon Koei's strength is that it can proceed with development not only of buildings in specific areas but also in the dynamic field of infrastructure including water and sewage, electricity, and transportation networks.



Noriaki Yoshida
Director General of Urban & Spatial Development Headquarters

Main Business Areas

Architecture

Architectural design, structural design, facility design, and interior design

Landscape and urban design

Redevelopment planning of districts and buildings in accordance with development policies, and design of railway lines, urban development, airport buildings, and station buildings during infrastructure construction

Refurbishment of historic buildings

Repair and refurbishment of representative historic buildings in the UK

Civil engineering and architecture

Comprehensive technical consulting service combining Nippon Koei's civil engineering technology and BDP's architectural technology

Urban area and smart city development

Provision of one-stop services in the fields of civil engineering, energy, and architecture including research, planning, design, and management

Business Segments Strengths

- Network and customer base shared with of BDP (UK) and Quadrangle (Canada) with leading partners in the UK and the North America area
- Our unique fusion of the civil engineering and architecture fields
- Advanced technologies including BDP's BIM

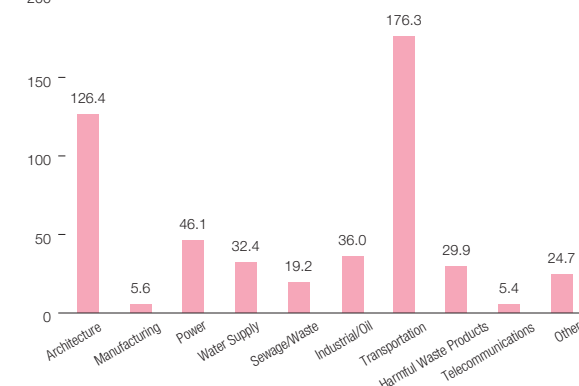
Market Trends

The architecture field is one of the most active fields, accounting for 25% of the sales of research and design companies worldwide. In Asia, Africa, and Latin America, the market for buildings integrated with transportation-related facilities such as railroads, roads, and airports, base development integrated with peripheral infrastructure development, and ancillary surface development and smart cities is expanding in the urban centers and suburbs of metropolitan areas that will serve as receptacles for population concentration and growth, and the growing industrial economy. In terms of funding, the appetite for infrastructure investment by the private sector is increasing.

In Japan, the market is expanding for the effective use and revitalization of the large amount of stock (buildings) that exists nationwide, and for the consolidation and reorganization of highly sustainable bases in regional cities as their populations decline.

Ranking of 164 survey and design companies - FY2021 sales by field

(Unit: 100 million USD)
200 -



* Excerpt from the August 2022 issue of ENR

Performance Summary for Fiscal Year Ended June 30, 2022

Orders **¥18.2 billion**

Revenue **¥22.5 billion**

Operating Profit **¥1.5 billion**

- Orders received decreased year-on-year due to restrained public investment in the U.K. and a trend toward placing smaller orders.
- Revenue increased for both BDP and Quadrangle due to strong progress in on-hand orders
- Operating profit decreased as a result of an increase in general and administrative expenses due to the rebound from the impact of COVID-19 at BDP in the previous fiscal year, and an impairment of goodwill under IFRS as a result of an increase in the DE ratio due to the booming stock market.

Key Initiatives of the Medium-term Management Plan Building Resilience 2024

Directionality	<ul style="list-style-type: none"> ● Comprehensive production and development of urban and regional revitalization projects in Japan and overseas ● Development of new markets through integrated group operations within the business segment (urban development, smart cities, etc.) 	
Key initiatives	Realization of one-stop services for urban (re) development projects <ul style="list-style-type: none"> ● Acquisition of urban area (re)development projects in Japan and overseas 	Full-scale development of urban management field <ul style="list-style-type: none"> ● Acquisition of new urban management businesses, such as PM, CM, and FM, which are expanding
	Creation of smart city projects with a focus on decarbonization, safety, and security <ul style="list-style-type: none"> ● Creation of urban spaces taking into account infectious diseases, climate change, and decarbonization ● Formation of mobility networks ● Creation of people-friendly urban spaces, such as universal design and barrier-free spaces 	Expansion of BDP market <ul style="list-style-type: none"> ● Expansion of BDP's business in the North American market ● Aggressive acquisition of projects in the health care sector ● Acquisition of stadium projects and development of adjacent locations ● Promotion of BDP and Nippon Koei collaborations in Asia

Project Information

The Launch of Nippon Koei Urban Space - Integrating civil engineering and architecture

The Company is preparing for the transition to a pure holding company by July 2023. As part of this reorganization, on July 1, 2022, the Urban & Spatial Development Business of Nippon Koei Co., Ltd. was transferred to Tamano Consultants Co., Ltd. through a company split (simple absorption-type split), and Nippon Koei Urban Space Co., Ltd. (Representative Director and President: Noriaki Yoshida) was established.

Nippon Koei Urban Space will contribute to the creation of sustainable cities and regions by taking advantage of the technologies and experience accumulated by both companies in the fields of civil engineering and architecture to solve the increasingly complex urban issues in recent years while being involved in the comprehensive creation of cities.



Solving Social Issues in the Urban & Spatial Development Field

Regional Development

Civil Engineering Architecture

Representative joint projects of NIPPON KOEI Co., Ltd. Urban & Spatial Development and Tamano Consultants Co., Ltd.



Tokyo Metropolitan Meiji Park - Park-PFI
Increasing added value through urban management initiatives



Expo 2005 Aichi Commemorative Park
Providing one-stop services from the concept to operational support stages

Review of Operations

Energy Business

Promoting the provision of one-stop services in new energy markets

The Energy Business provides development and operation of hydroelectric power plants and substations, consulting, equipment manufacturing, and construction as services. In recent years, we have provided these services as a one-stop service and are working to reduce the burden on the order side and provide value that cannot be imitated by other companies in terms of speed. Additionally, we provide energy management services using storage batteries in markets where the introduction of renewable energy is progressing, such as Europe.

Around the world, decentralized energy resources are being introduced and businesses are shifting to renewable energy, and a new market for power trading is being created in Japan as well. We see business opportunities here, and, while keeping a close eye on market trends, will establish new businesses, create a one-stop energy storage service, and conduct cross-sales in cooperation with other segments as a unified group.

As a business that directly contributes to climate change countermeasures, we will actively take on the challenge of moving into new markets while maintaining high aspirations and a broad perspective as we solidify our foundation.



Hiroshi Yokota
Director General of Energy Headquarters

Main Business Areas

Manufacture of equipment and devices

Manufacture of various types of water turbines for hydroelectric power generation, manufacture of substation control equipment, and construction of centralized substation monitoring systems and dam management systems

Mechanical and electrical consulting

Comprehensive consulting services for domestic and international electric power and mechanical and telecommunications fields, energy engineering including EPC

Geotechnical surveying, sale of civil engineering measurement devices

Installation, maintenance, and inspection of automatic observation systems for slope disaster prevention, and manufacture and sales of ground measurement equipment

Construction of electrical facilities

Planning, investigation, design, construction, and management of substations, power plants, and other facilities for reinforcement and renovation

Energy solutions

Consulting service for improving the efficiency of energy use

Energy management related products

Manufacture and sale of EMS, in-house energy storage systems, and microgrid aggregation systems

Overseas energy management

Investment in ancillary services business, etc. in Europe, New business development and business promotion

Domestic power generation

Development of hydroelectric power facilities and sale of electricity through the operation of eight domestic hydroelectric power plants

Domestic energy management

Renewable energy monitoring, renewable energy efficiency, and energy conservation consulting services

Business Segments Strengths

- One-stop services encompassing every stage from planning and surveying for electric power operations and electrical equipment to engineering and construction as well as equipment manufacture and maintenance in Japan and overseas. Speedy response and reduction of the burden on the order side.
- Provides a wide range of services due to collaboration with our engineering consulting business
- Many years of experience in product delivery and construction for major power companies
- Business bases and capital and business alliances with startup firms in Europe, a forerunner in electric power market liberalization, and a track record in the energy management business

Market Trends

The Japanese electric power market is expected to shift to a new competitive environment with the separation of electric power production and distribution and the complete liberalization of power generation, transmission, distribution, and retail. At present, we are working to strengthen our production system and earnings management to meet the cost reduction demands of power companies. Expanding demand in the global market for renewable energy accompanying the drive for low-carbon operations and distributed power sourcing. In line with this, it also anticipates the expansion of new markets for ancillary services, peak arbitrage, capacity markets, etc.

Performance Summary for Fiscal Year Ended June 30, 2022

Orders **¥14.3 billion**

Revenue **¥18.7 billion**

Operating Profit **¥1.2 billion**

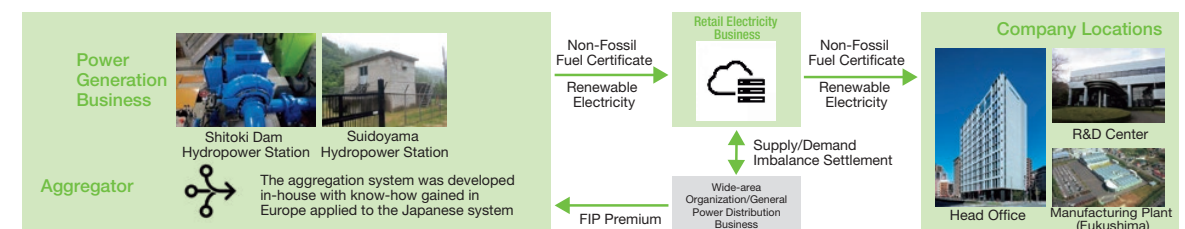
- Orders received increased year-on-year due to large order acquisition, and the gradual contribution of improvement of factory production capacity, and elimination of delays in semiconductor procurement
- Revenue increased due to systematic progress in order backlog accumulation and progress in EPC for energy storage projects in Europe
- Operating profit increased compared to the previous fiscal year due to cost control in the manufacturing sector and provision for loss on construction contracts

Key Initiatives of the Medium-term Management Plan Building Resilience 2024

Directionality	<ul style="list-style-type: none"> ● Creation of foundation for power generation and energy management business ● Stabilization of manufacturing businesses by strengthening core products and developing new products, and strengthening of the structure of the consulting and engineering businesses 		
Key initiatives	<table border="0"> <tr> <td style="vertical-align: top;"> <p>Establish foundation for power generation and energy management business</p> <ul style="list-style-type: none"> ● Respond to overseas needs for decarbonized electricity ● Entry into the renewable energy aggregator business by utilizing the FIP scheme ● Expansion of energy businesses owned and operated by the company ● Construction of energy systems for local production and local consumption, improvement of disaster prevention capabilities, and realization of new value-added services ● Stabilization of electric power systems that primarily use renewable energy </td> <td style="vertical-align: top;"> <p>Strengthen manufacturing of core products and develop new products</p> <ul style="list-style-type: none"> ● Contribute to the stable supply of electricity and resilience improvement <p>Provide one-stop solutions utilizing diversified and diverse technologies</p> <ul style="list-style-type: none"> ● Strengthen structures of the consulting and engineering businesses </td> </tr> </table>	<p>Establish foundation for power generation and energy management business</p> <ul style="list-style-type: none"> ● Respond to overseas needs for decarbonized electricity ● Entry into the renewable energy aggregator business by utilizing the FIP scheme ● Expansion of energy businesses owned and operated by the company ● Construction of energy systems for local production and local consumption, improvement of disaster prevention capabilities, and realization of new value-added services ● Stabilization of electric power systems that primarily use renewable energy 	<p>Strengthen manufacturing of core products and develop new products</p> <ul style="list-style-type: none"> ● Contribute to the stable supply of electricity and resilience improvement <p>Provide one-stop solutions utilizing diversified and diverse technologies</p> <ul style="list-style-type: none"> ● Strengthen structures of the consulting and engineering businesses
<p>Establish foundation for power generation and energy management business</p> <ul style="list-style-type: none"> ● Respond to overseas needs for decarbonized electricity ● Entry into the renewable energy aggregator business by utilizing the FIP scheme ● Expansion of energy businesses owned and operated by the company ● Construction of energy systems for local production and local consumption, improvement of disaster prevention capabilities, and realization of new value-added services ● Stabilization of electric power systems that primarily use renewable energy 	<p>Strengthen manufacturing of core products and develop new products</p> <ul style="list-style-type: none"> ● Contribute to the stable supply of electricity and resilience improvement <p>Provide one-stop solutions utilizing diversified and diverse technologies</p> <ul style="list-style-type: none"> ● Strengthen structures of the consulting and engineering businesses 		

Project Information

Supplying 100% renewable electricity derived from our own hydroelectric power to three of our company locations



As part of our energy management efforts, we are promoting a plan to use 100% renewable electricity at three of our company locations. In preparation for this plan, we are applying to have two hydroelectric power plants in Fukushima that we operate to become part of the FIP (feed-in-premium) scheme* and are also applying for aggregator licenses for these facilities.

The timing of the start of this project will be determined while monitoring the status of license approval and market price trends.

At first, we will build our own self-sufficiency model for electricity. For the future, we are aiming to be responsible for aggregating FIP power sources from other companies and supplying renewable energy power sources for local production and local consumption.

*A scheme in which a subsidy is added as a premium when electricity generated by renewable energy companies is sold on the wholesale electricity trading market or through negotiated transactions.

Project Information

Large-Scale Battery Storage Project Construction Begins in the UK and Belgium

Nippon Koei Energy Europe (NKEE), our European subsidiary located in the Netherlands, plays a central role in the Group's business utilizing grid-use storage batteries in Europe, where the renewable energy market is leading the way. We are currently working on a large-scale grid storage battery project in Belgium (25MW/100MWh) and two projects in the UK (totaling approximately 100MW/130MWh). Construction will continue until early 2023, after which the control systems manufactured by Nippon Koei will be used to provide grid stabilization services (ancillary services) and other services to major power companies in each of those country.

Through each project, we will accumulate and improve our expertise in one-stop service-based energy management using grid storage batteries, which we will then apply to power generation, transmission, and distribution projects in Japan. We

will also enhance our ability to propose a variety of storage battery solutions to expand the introduction of renewable energy in Japan and abroad, and to enhance sophistication and efficiency of energy use.



Ruien Power Storage Station in Belgium

Board of Directors, Executive Officers and Audit & Supervisory Board Members (as of September 29, 2022)

Director



Director and Chairman

Ryuichi Arimoto

1977 Joined the Company
 2009 Director and Executive Officer
 Director General of Corporate Headquarters and General Manager of Corporate Planning Department
 2011 Director General of Corporate Headquarters and General Manager of Personnel Personnel & General Affairs Department
 2014 Representative Director and President
 2021 Director and Chairman (current position)



Representative Director and President

Hiroaki Shinya

1985 Joined the Company
 2017 Director and Executive Officer
 Director General of Domestic Consulting Operations
 2018 Director and Managing Executive Officer
 2020 Director and Senior Managing Executive Officer
 Director General of Consulting Operations Headquarters Executive Officer in charge of Urban & Spatial Development
 2021 Representative Director and President (current position)



Director and Vice President/In charge of Sustainability, NKG Global Expansion, and Health and Productivity Management

Takayasu Tsuyusaki

1979 Joined the Company
 2017 Director and Managing Executive Officer
 Director General of Global Strategy Headquarters, General Manager of Business Development Office, and General Manager of Singapore Office
 2019 Director and Senior Managing Executive Officer
 2020 Director General of Business Promotion Headquarters
 2021 Director and Executive Vice President
 2022 Director and Vice President (current position)
 In charge of Sustainability, NKG Global Expansion, and Health and Productivity Management (current position)



Director Outside Independent

Hiizu Ichikawa

1970 Joined The Mitsubishi Bank, Ltd.
 1993 General Manager of Singapore Branch of The Mitsubishi Bank, Ltd.
 1996 General Manager of Industrial Research Department of The Bank of Tokyo-Mitsubishi, Ltd.
 1997 General Manager of Sales Screening Department of The Bank of Tokyo-Mitsubishi, Ltd.
 1999 Senior Executive Director of The Resolution and Collection Corporation
 2001 Senior Executive Director of Chiyoda Corporation
 2004 Representative Director and Managing Director of Mitsubishi Motors Corporation
 2010 Representative Director and Executive Vice President of Mitsubishi Motors Corporation
 2014 Outside Corporate Auditor of The Hyakugo Bank, Ltd. Outside Director of the Company (current position)



Director Outside Independent

Kazumasa Kusaka

1970 Joined Ministry of International Trade and Industry (MITI)
 1984 MITI Energy Minister of the International Energy Agency (IEA) of the Organization for Economic Co-operation and Development (OECD)
 2001 Director-General, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry (METI)
 2002 Director-General, Trade Policy Bureau, METI
 2003 Commissioner of Agency for Natural Resources and Energy, METI
 2004 Vice-Minister for International Affairs, METI
 2006 Adviser, Dentsu Inc.
 2007 President of Japan Cooperation Center for the Middle East
 2008 Special Advisor to the Cabinet
 2009 Senior Vice President of Mitsubishi Electric Corporation
 2011 Visiting Professor of Graduate School of Public Policy, The University of Tokyo
 2013 President of the Foundation for International Trade and Industrial Co-operation
 Chairman of Japan Economic Foundation
 2015 Outside Director of the Company (current position)
 2021 Adviser, Japan Economic Foundation (current position)
 President of the Institute for International Trade and Investment (current position)



Director Outside Independent

Yoko Ishida

1991 Head of Corporate Planning Department, System Science Consultants Co., Ltd.
 1997 Head of Project Department No. 2, KRI International Corp.
 2006 Head of Evaluation Business Department, International Development Center of Japan
 2010 Executive Director, International Development Center of Japan
 Head of Evaluation Business Department, International Development Center of Japan
 2015 Director, The Japan Nepal Society (current position)
 Director, International Development Center of Japan (current position)
 Professor, Center for the Study of International Cooperation in Education, Hiroshima University
 Cooperating Faculty, Education Culture Course, Graduate School for International Development and Cooperation, Hiroshima University
 2016 Deputy Executive Director, Hiroshima University (current position)
 Director, The Japan Society for International Development
 Vice President and Executive Director, The Japan Evaluation Society (current position)
 2020 Director, International Education Development Program, Division of Educational Sciences, Graduate School of Humanities and Social Sciences, Hiroshima University (current position)
 Outside Director of the Company (current position)
 Auditor, The Japan Society for International Development (current position)
 2021 Director, Center for the Study of International Cooperation in Education, Hiroshima University
 2022 Professor, Center for the Study of International Cooperation in Education, the IDEC Institute, Hiroshima University (current position)



Representative Director and Senior Managing Executive Officer/ Director General of Consulting Operations Headquarters

Haruhiko Kanai

1982 Joined the Company
 2017 Director and Managing Executive Officer
 Director General of International Consulting Operations
 2019 Director and Managing Executive Officer
 In charge of Technology Headquarters and Director General of International Consulting Operations
 2020 Acting Director General of Consulting Operations Headquarters
 2021 Representative Director and Senior Managing Executive Officer (current position)
 Director General of Consulting Operations Headquarters (current position)



Representative Director and Senior Managing Executive Officer/ Director General of Urban & Spatial Development Headquarters/ Representative Director and President of Nippon Koei Urban Space Co., Ltd.

Noriaki Yoshida

1980 Joined the Company
 2014 Executive Officer
 Director General of Domestic Consulting Operations and General Manager of Infrastructure Management Department
 2018 Deputy Director General of Domestic Consulting Operations
 2019 Managing Executive Officer
 General Manager of Urban & Spatial Development Business
 2020 Director General of Urban & Spatial Development Headquarters (current position)
 2021 Director and Managing Executive Officer
 2022 Representative Director and Senior Managing Executive Officer (current position)
 Representative Director and President of Nippon Koei Urban Space Co., Ltd. (current position)



Director and Managing Executive Officer/In charge of IR and Director General of Corporate Management Headquarters

Yasushi Hirusaki

1985 Joined the Company
 2017 Director and Executive Officer
 In charge of IR and Director General of Corporate Headquarters
 2018 General Manager of the 75th Anniversary Secretarial Office
 2020 Director and Managing Executive Officer (current position)
 Director General of Corporate Headquarters (current position)



Full-time Audit & Supervisory Board Member

Yoshizo Goto

1982 Joined the Company
 2011 General Manager of Revenue Management Office and General Manager of Compliance Office, International Consulting Operations
 2013 General Manager of Corporate Auditing Office
 2014 General Manager of Internal Auditing Office
 2015 Deputy Director General of International Consulting Operations
 2018 Audit & Supervisory Board Member (current position)



Full-time Audit & Supervisory Board Member Outside Independent

Kunio Okamura

1979 Joined Overseas Economic Cooperation Fund
 2008 Director General of Operations Strategy Department, Japan International Cooperation Agency
 2012 Senior Special Advisor of the Japan International Cooperation Agency
 2015 Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Cameroon and Republic of Chad, Ministry of Foreign Affairs of Japan (MOFA)
 2016 Ambassador Extraordinary and Plenipotentiary of Japan to Central African Republic
 2019 Outside Audit & Supervisory Board Member of the Company (current position)



Audit & Supervisory Board Member

Naoki Honjo

1978 Joined the Company
 2011 Executive Officer
 Deputy Director General of Corporate Management Headquarters and General Manager of Finance & Accounting Department
 2014 Acting Director General of Corporate Management Headquarters and General Manager of Finance & Accounting Department
 Acting Director General of Corporate Headquarters
 2015 Director General of Corporate Headquarters (current position)
 2017 Special Adviser
 2018 Audit & Supervisory Board Member (current position)



Audit & Supervisory Board Member Outside Independent

Yoshiko Koizumi

1972 Registered in bar association (The Daini Tokyo Bar Association)
 Joined Kikuchi Law and Patent Office
 1980 Partner at Masuda & Ejiri Law Office (current Nishimura & Asahi)
 2000 Chair of Women Business Lawyers Committee, Inter-Pacific Bar Association (IPBA)
 2003 Expert member of Food Safety Commission of Japan
 2007 Auditor at Bosch Corporation
 2008 Counsel at Nishimura & Asahi
 2009 Partner at City-Yuwa Partners (current position)
 2012 Deputy Chair of the Government Procurement Review Board
 2013 Director of the Japan Bar Association (current position)
 2015 Outside Director of Taiheyo Cement Corporation (current position)
 Outside Director of Dowa Holdings Co., Ltd. (current position)
 2016 Outside Auditor of Sumitomo Bakelite Co., Ltd.
 2017 Outside Audit & Supervisory Board Member of the Company (current position)



Director and Managing Executive Officer/ Acting Director General of Consulting Operations Headquarters

Tomohisa Fukuoka

1988 Joined the Company
 2018 Executive Officer
 General Manager of Infrastructure Engineering Operations, Domestic Consulting Operations
 2020 Managing Executive Officers
 Deputy Director General of Consulting Operations Headquarters and Director General of Infrastructure Engineering Operations
 2021 Director and Managing Executive Officer (current position)
 2022 Acting Director General of Consulting Operations Headquarters (current position)



Director and Managing Executive Officer/ Director General of Energy Headquarters Newly appointed

Hiroshi Yokota

1982 Joined the Company
 2016 Executive Officer
 Deputy Director General of Domestic Consulting Operations
 2018 General Manager of Energy Business
 2020 Managing Executive Officer
 Director General of Solution Operations, Energy Headquarters and General Manager of Development & Operation Division
 2022 Director and Managing Executive Officer (current position)
 Director General of Energy Headquarters (current position)

Newly appointed Outside Independent

Note: Each work history section only list the most important events in the individual's work history.

Audit & Supervisory Board Member



Full-time Audit & Supervisory Board Member

Yoshizo Goto

1982 Joined the Company
 2011 General Manager of Revenue Management Office and General Manager of Compliance Office, International Consulting Operations
 2013 General Manager of Corporate Auditing Office
 2014 General Manager of Internal Auditing Office
 2015 Deputy Director General of International Consulting Operations
 2018 Audit & Supervisory Board Member (current position)



Full-time Audit & Supervisory Board Member Outside Independent

Kunio Okamura

1979 Joined Overseas Economic Cooperation Fund
 2008 Director General of Operations Strategy Department, Japan International Cooperation Agency
 2012 Senior Special Advisor of the Japan International Cooperation Agency
 2015 Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Cameroon and Republic of Chad, Ministry of Foreign Affairs of Japan (MOFA)
 2016 Ambassador Extraordinary and Plenipotentiary of Japan to Central African Republic
 2019 Outside Audit & Supervisory Board Member of the Company (current position)



Audit & Supervisory Board Member

Naoki Honjo

1978 Joined the Company
 2011 Executive Officer
 Deputy Director General of Corporate Management Headquarters and General Manager of Finance & Accounting Department
 2014 Acting Director General of Corporate Management Headquarters and General Manager of Finance & Accounting Department
 Acting Director General of Corporate Headquarters
 2015 Director General of Corporate Headquarters (current position)
 2017 Special Adviser
 2018 Audit & Supervisory Board Member (current position)



Audit & Supervisory Board Member Outside Independent

Yoshiko Koizumi

1972 Registered in bar association (The Daini Tokyo Bar Association)
 Joined Kikuchi Law and Patent Office
 1980 Partner at Masuda & Ejiri Law Office (current Nishimura & Asahi)
 2000 Chair of Women Business Lawyers Committee, Inter-Pacific Bar Association (IPBA)
 2003 Expert member of Food Safety Commission of Japan
 2007 Auditor at Bosch Corporation
 2008 Counsel at Nishimura & Asahi
 2009 Partner at City-Yuwa Partners (current position)
 2012 Deputy Chair of the Government Procurement Review Board
 2013 Director of the Japan Bar Association (current position)
 2015 Outside Director of Taiheyo Cement Corporation (current position)
 Outside Director of Dowa Holdings Co., Ltd. (current position)
 2016 Outside Auditor of Sumitomo Bakelite Co., Ltd.
 2017 Outside Audit & Supervisory Board Member of the Company (current position)

Executive Vice President

Yuichi Ishikawa

Managing Executive Officers

Ken Nishino Hiroshi Matsuda Yasusuke Kurosaki Hideo Tamura

Executive Officers

Kevin Tynes Hiroyuki Yamate Noriyuki Nakashima Toru Nakagawa Michio Hasegawa Takuro Hamanaka Katsuya Fukasaku Masaru Onodera Osamu Katsuyama Yoshikazu Takahashi
 Tadahisa Matsunaga Shinichi Mizokuchi Shinji Ishikawa Kazuhiro Ibayashi Naoki Kudo Minoru Uemoto Tomoo Tomoda Nobuyuki Shibasaki Shinichi Suetake Keita Lee

Consolidated Financial Data

(Millions of yen)

Japanese GAAP								IFRS			
	FYE March 2013	FYE June 2014	FYE June 2015	FYE June 2016	FYE June 2017	FYE June 2018	FYE June 2019	FYE June 2020	FYE June 2021	FYE June 2022	
Profit and Loss Statement											
Orders	71,134	92,485	87,573	104,019	117,442	104,350	118,085	144,871	133,304	131,166	
Net sales	72,411	79,193	81,839	81,865	101,338	106,023	108,589	108,441	117,859	130,674	
Cost of sales	52,741	59,253	60,054	59,505	70,400	73,664	75,627	(75,202)	(80,124)	(89,975)	
Gross profit	19,669	19,939	21,785	22,359	30,937	32,359	32,962	33,238	37,735	40,699	
Selling, general and administrative expenses	15,027	15,683	17,283	17,636	25,472	25,797	27,851	(28,436)	(29,173)	(31,610)	
Operating profit	4,642	4,256	4,502	4,723	5,464	6,561	5,110	5,245	7,128	9,065	
Non-operating income (loss)	443	286	975	(357)	493	159	473	(216)	48	1,734	
Ordinary income	5,086	4,542	5,477	4,365	5,958	6,721	5,584	5,029	7,176	10,800	
Extraordinary income/loss	—	19	2,086	(333)	(764)	443	—	3,246	4,518	6,704	
Income taxes	2,201	1,530	3,266	2,178	1,870	2,556	2,180	—	—	—	
Profit attributable to owners of parent	2,849	2,998	4,261	1,823	3,288	4,555	3,318	—	—	—	
Consolidated Balance Sheet (end of period)											
Total assets	84,795	76,144	84,110	100,989	113,865	113,890	113,175	147,408	156,137	173,926	
Current assets	50,431	36,749	44,820	46,153	54,798	54,263	52,446	62,027	68,570	83,535	
Cash and deposits	6,661	8,967	12,148	11,174	19,593	16,392	13,147	15,472	17,838	17,971	
Non-current assets	34,363	39,394	39,289	54,836	59,067	59,626	60,728	85,380	87,566	90,390	
Property, plant and equipment	23,248	26,588	24,525	24,561	24,535	27,624	29,882	42,039	40,832	41,403	
Intangible assets	1,189	787	570	16,620	13,900	12,964	13,501	7,964	9,182	10,207	
Goodwill	618	232	—	10,312	8,685	8,185	8,193	5,480	6,502	7,025	
Investments and other assets	9,925	12,019	14,193	13,654	20,630	19,037	17,345	6,721	7,434	6,423	
Investment securities	8,106	9,210	9,861	8,285	10,491	9,176	7,228	1,974	2,077	2,434	
Total liabilities	37,866	28,309	31,128	49,529	58,991	54,440	52,969	81,687	83,843	91,956	
Current liabilities	31,313	20,528	24,466	43,107	30,341	28,441	28,082	49,963	48,889	55,840	
Short-term loans payable	9,000	100	—	16,000	—	—	—	15,778	8,320	13,148	
Non-current liabilities	6,553	7,780	6,662	6,421	28,650	25,999	24,886	31,723	34,953	36,116	
Long-term loans payable	520	1,690	1,526	1,260	21,413	18,934	17,639	14,923	18,712	19,288	
Total net assets	46,928	47,835	52,981	51,460	54,874	59,449	60,205	65,721	72,294	81,969	
Consolidated Statement of Cash Flows											
Cash flows from operating activities	3,372	1,340	881	379	6,376	(602)	3,109	4,365	12,073	4,820	
Cash flows from investing activities	236	(4,559)	2,702	(17,705)	(4,172)	977	(3,504)	(7,129)	(2,750)	(6,949)	
Cash flows from financing activities	(3,084)	62	(745)	15,199	4,846	(3,062)	(1,936)	4,529	(7,928)	1,892	
Effect of exchange rate change on cash and cash equivalents	93	8	103	(146)	(124)	(22)	(309)	1,765	1,395	(235)	
Net increase (decrease) in cash and cash equivalents	618	(3,148)	2,942	(2,272)	6,925	(2,709)	(2,641)	465	970	369	
Cash and cash equivalents at beginning of period	5,922	11,613	8,465	11,673	9,400	17,083	15,233	12,663	15,472	17,838	
Cash and cash equivalents at end of period	6,578	8,465	11,673	9,400	17,083	15,233	12,663	15,472	17,838	17,971	
Segment information											
Orders	Domestic Consulting Business	38,423	46,617	45,057	44,109	48,265	48,529	52,855	106,931	97,769	98,491
	International Consulting Business	20,146	30,023	28,889	25,936	41,573	26,716	28,482	17,874	21,457	18,207
	Power Engineering Business	12,541	15,831	13,595	14,716	14,087	15,943	15,411	19,986	13,991	14,343
	Urban & Spatial Development Business	—	—	—	16,251	13,460	12,855	20,510	79	86	123
	Energy Business	—	—	—	—	—	179	723	—	—	—
	Other	23	13	30	64	55	126	100	—	—	—
Net sales	Domestic Consulting Business	35,547	41,817	41,845	40,778	43,516	46,595	49,593	72,594	80,098	88,510
	International Consulting Business	18,638	20,947	20,174	22,070	24,491	28,889	24,928	18,142	20,274	22,580
	Power Engineering Business	15,929	14,169	17,857	17,522	17,577	15,762	16,531	16,452	16,621	18,799
	Urban & Spatial Development Business	—	—	—	—	14,347	13,040	15,359	1,251	865	783
	Energy Business	—	—	—	—	—	354	719	—	—	—
	Real Estate Business	1,130	1,125	821	514	473	440	439	—	—	—
Operating profit	Domestic Consulting Business	1,165	2,502	2,723	2,956	3,298	4,279	4,990	5,457	6,126	8,982
	International Consulting Business	1,340	658	285	1,156	1,887	2,649	841	1,759	2,266	1,588
	Power Engineering Business	1,979	1,267	2,834	3,048	2,683	1,873	2,089	640	814	1,290
	Urban & Spatial Development Business	—	—	—	—	81	173	151	(2,611)	(2,079)	(2,796)
	Energy Business	—	—	—	—	—	(18)	(365)	—	—	—
	Real Estate Business	846	818	584	386	401	403	409	—	—	—
Other	(689)	(991)	(1,925)	(2,824)	(2,886)	(2,799)	(3,006)	—	—	—	

* The fiscal year ending June 30, 2013 is an irregular fiscal year (3 months) due to a change in the fiscal year end, so this information has been omitted.

* Orders for the 4th quarter of the fiscal year ended June 30, 2016 include BDP's outstanding orders (16,251 billion yen) as of April 1, 2016.

* Effective from the fiscal year ending June 30, 2017, the basis for calculating orders received was changed to a method that excludes differences due to foreign currency calculation.

* Due to the change in BDP's fiscal year end for the fiscal year ending June 30, 2017, BDP's results for the 15-month period from April 2016 to June 2017 have been consolidated.

* In the fiscal year ended June 2018, the Nippon Koei Group changed its basis for recording sales from the completed-contract method to the percentage-of-completion method.

* For the fiscal year ending June 30, 2020, the correction dated December 14, 2020 has already been reflected.

* International Financial Reporting Standards (IFRS) have been applied from the end of the fiscal year ended June 30, 2021.

* The Company has been conducting business in three business segments since FYE June 2022. For the Consulting Business, we combined our domestic and overseas consulting businesses and combined our former Power Engineering and Energy Business to form our current Energy Business. Since Real Estate Leasing is no longer a company business segment, it has been included in "Other".

* Consulting Business figures for the fiscal year ended June 30, 2020 are simple totals for the Domestic Consulting/International Consulting businesses before elimination of internal transactions.

* Energy Business figures for the year ended June 30, 2020 are simple totals of the Power Engineering Business and Energy Businesses before elimination of internal transactions.

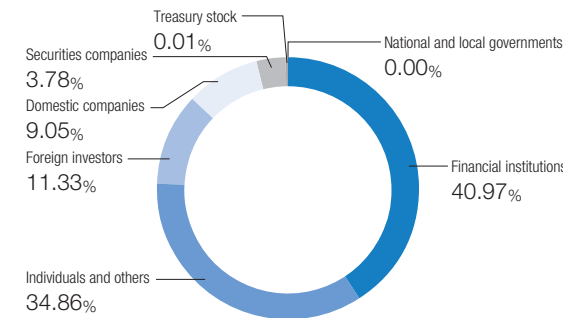
* PT. Cikaangan Tirta Energi was reclassified from an Energy Business segment company to a Consulting Business segment company, and Aichi Tamano Information System Co., Ltd. was reclassified from a Consulting Business segment company to listed under the "Other" segment in the fiscal year ended June 30, 2022. The figures for the fiscal year ended June 30, 2021 are also prepared based on the new reportable segment classification.

Corporate Data (as of June 30, 2022)

Corporate Data

Corporate name	Nippon Koei Co., Ltd.
Registered address	5-4 Kojimachi, Chiyoda-ku, Tokyo 102-0083, Japan
Phone	03-3238-8030
Representative	Hiroaki Shinya, Representative Director and President
Established	June 7, 1946
Capital stock	¥7,517,131,641 (As of October 28, 2022)
Business areas	Domestic Consulting, International Consulting, Power Engineering, Urban & Spatial Development, Energy
Number of employees	6,163 (consolidated), 2,663 (non-consolidated)

Shareholder Distribution



Major Shareholders (Top 10 by Shares Owned)

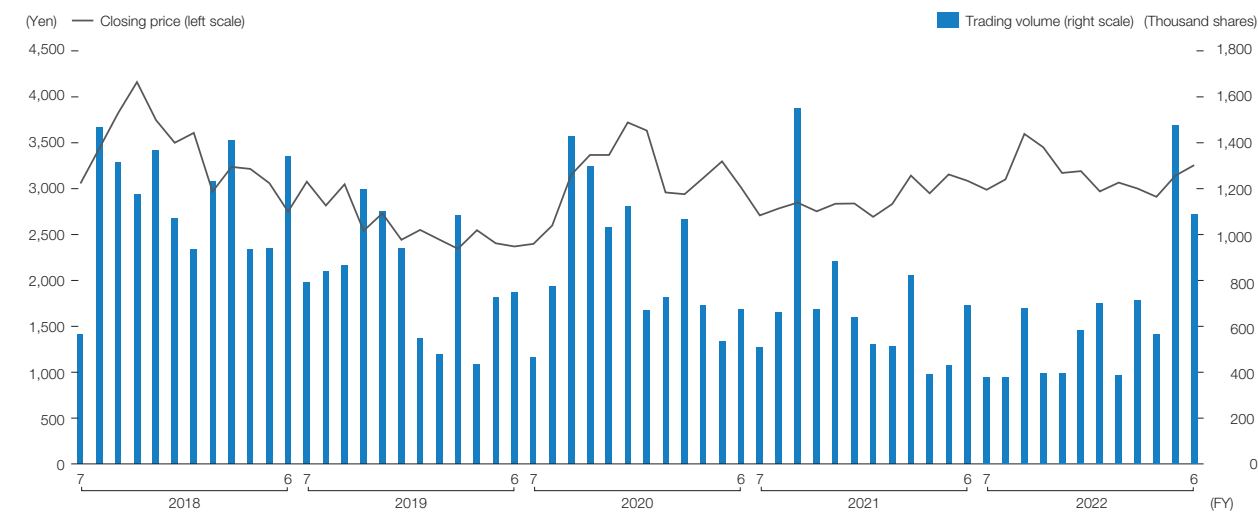
Rank	Major Shareholders (Top 10 by Shares Owned)	Shares Owned (Thousand shares)	Percentage of Total Shares Owned
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	2151	14.3
2	Custody Bank of Japan, Ltd. (Trust Account)	1054	7.0
3	The Koei Employees' Stockholders Association	1018	6.8
4	MUFG Bank, Ltd.	739	4.9
5	Meiji Yasuda Life Insurance Company	564	3.8
6	GOVERNMENT OF NORWAY	387	2.6
7	Mizuho Bank, Ltd.	382	2.5
8	Custody Bank of Japan, Ltd. (Pension Trust Account)	368	2.4
9	Mizuho Securities Co., Ltd.	305	2.0
10	Oyo Corporation	220	1.5

Note: The percentage of total shares owned is calculated using 15,058,503 shares as the denominator, which is the total number of shares issued (15,060,314 shares) less treasury stock.

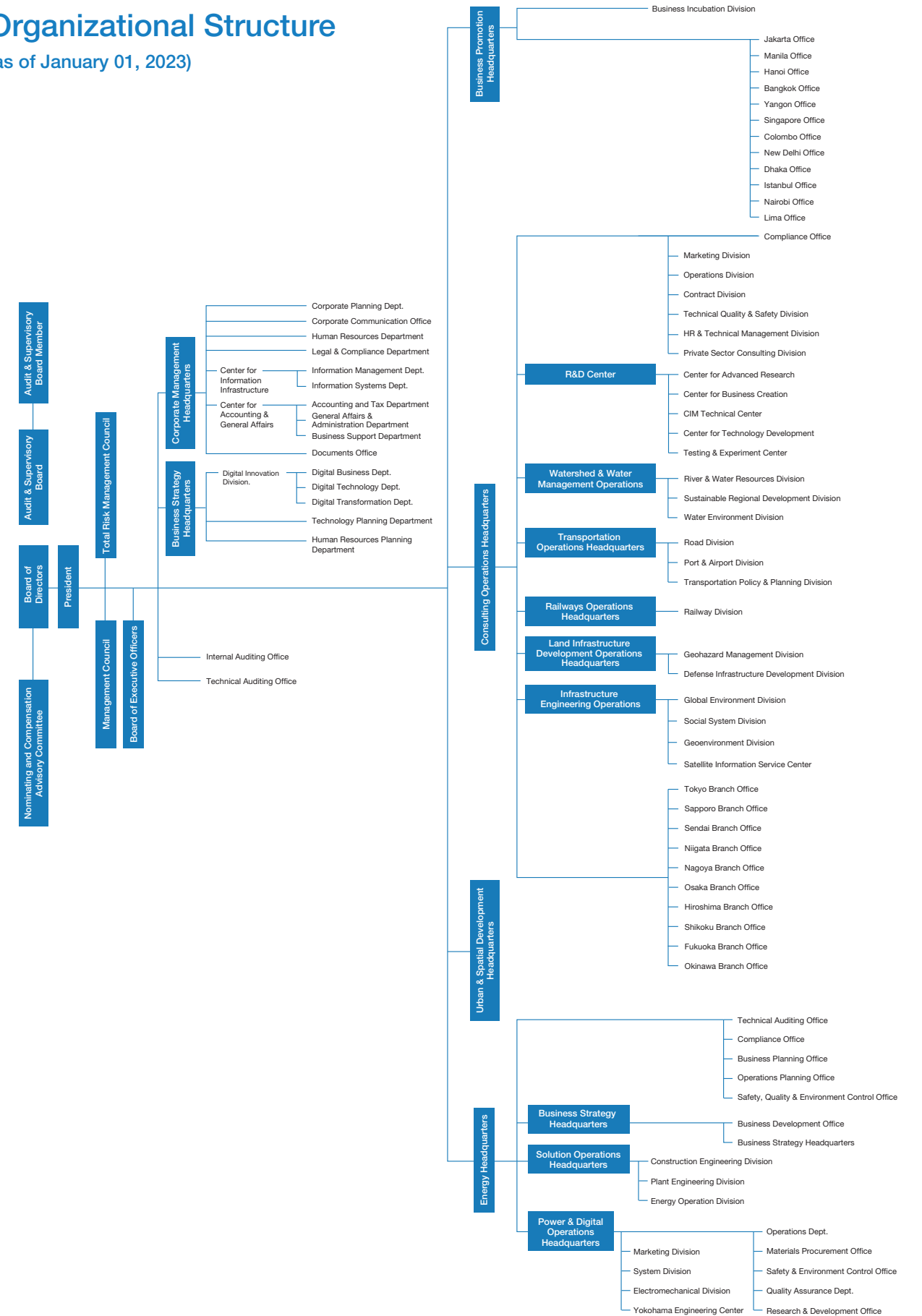
Stock Information

Number of shares authorized	38,000,000
Number of shares issued	15,060,314
Number of shareholders	6,832
Fiscal year-end	June 30
Stock listing	Tokyo Stock Exchange (Prime Market)
Securities code	1954
Transfer agent	Mizuho Trust & Banking Co., Ltd.

Stock Price



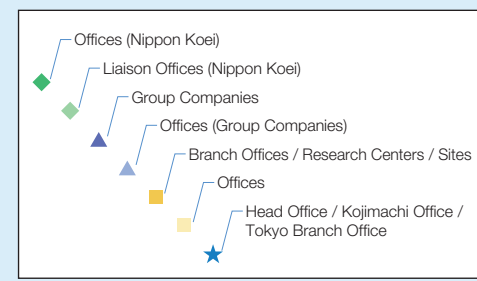
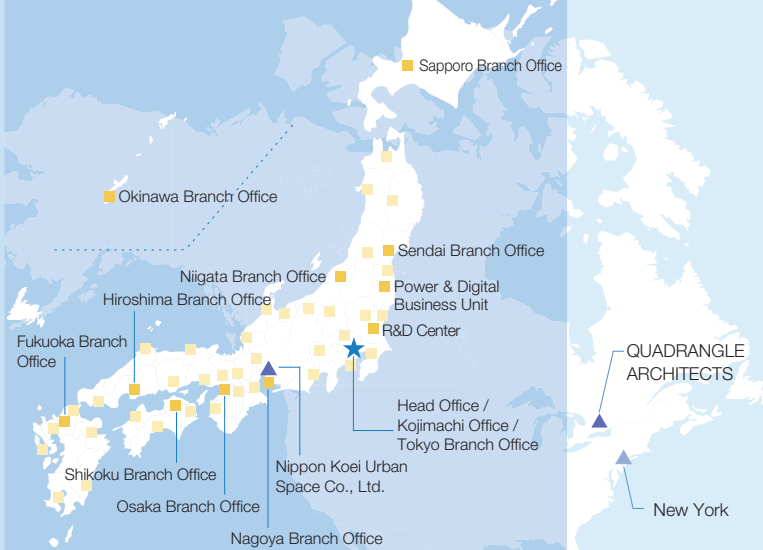
Organizational Structure (as of January 01, 2023)



Network (as of December 31, 2022)



Main Domestic Bases of Nippon Koei



Major Group Companies (Consolidated Subsidiaries)

Consulting Business

- Nippon Civic Consulting Engineers Co., Ltd.
- El Koei Co., Ltd.
- Geoplan Namtech Inc.
- Koei Research & Consulting Inc.
- Nippon Koei Latin America-Caribbean Co., Ltd.
- Nippon Koei Lac, Inc.
- Nippon Koei Latin America - Caribbean, Mexico S. De R.I. De C.V.
- Nippon Koei Lac Do Brasil Ltda.
- Nippon Koei Mozambique, Ltda.
- Nippon Koei India Pvt. Ltd.
- Nippon Koei Bangladesh Ltd.
- Nippon Koei Vietnam International Co., Ltd.
- Philkoei International, Inc.
- Pt. Indokoei International
- Myanmar Koei International Ltd.
- Koei Africa Company Limited
- Pt. Cikaengan Tirta Energi
- Asap Mobility Sdn. Bhd.
- Pt. Iki-Toyo

Urban & Spatial Development Business

- Nippon Koei Urban Space Co., Ltd.
- Tamano Ecost Co., Ltd.
- Kisho Kurokawa Architect & Associates Co., Ltd.
- Nakaze Kamp Co., Ltd.
- BDP Holdings Limited
- Building Design Partnership Limited
- Quadrangle Architects Limited

Energy Business

- Koei System Inc.
- Koei Energy Co., Ltd.
- Nippon Koei Energy Europe B.V.
- Rnk Uk Investments Limited
- Tollcux Investments Limited
- Tollcux Finance Limited
- Tollgate Energy Storage Limited
- Cuxton Energy Storage Limited
- Ruien Energy Storage NV

Other

- Nikki Corporation
- Aichi Tamano Information System Co., Ltd.
- Nippon Koei Australia Pty. Ltd.

History

- 1946 Nippon Koei established in Chiyoda-ku, Tokyo
- 1954 Received order for planning of Baluchaung Hydropower Plant in Burma (Company's first overseas project)
- 1958 Acquired Nikki Manufacturing Co., Ltd. (name changed to Nikki Corporation in July 1982, currently a consolidated subsidiary)
- 1963 Tokyo Stock Exchange Shares listed in the Second Section of the Tokyo Stock Exchange
- 1978 New head office building completed in Kojimachi, Tokyo; relocated head office; listing moved to the First Section of the Tokyo Stock Exchange Listing moved to the First Section of the Tokyo Stock Exchange
- 1986 Koei System Inc. established (currently a consolidated subsidiary)
- 1989 Philkoei International, Inc. established in the Philippines (currently a consolidated subsidiary)
- 1992 PT. Indokoei International established in Indonesia (currently a consolidated subsidiary) El Koei Co., Ltd. established (currently a consolidated subsidiary)
- 1995 KRI International Corp. established
- 2003 Nippon Koei Latin America-Caribbean Co., Ltd. established (currently a consolidated subsidiary) Tamano Consultants Co., Ltd. becomes a subsidiary (currently a consolidated subsidiary)
- 2005 Tamano Consultants Co., Ltd. becomes a subsidiary (currently a consolidated subsidiary)
- 2007 Nippon Koei LAC do Brasil Ltda. established in Brazil (currently a consolidated subsidiary)
- 2008 Nippon Koei India Pvt. Ltd. established in India (currently a consolidated subsidiary)
- 2010 NKLAC, Inc. established in Panama (name changed to Nippon Koei LAC, Inc. in September 2011)
- 2012 Nippon Koei Vietnam International Co., Ltd. established (currently a consolidated subsidiary)
- 2013 Myanmar Koei International Ltd. established in Myanmar (currently a consolidated subsidiary)
- 2015 KOEI Energy Co., Ltd. established (currently a consolidated subsidiary)
- 2016 UK-based architectural design company BDP Holdings Limited becomes a subsidiary (currently a consolidated subsidiary)
- 2017 Koei Research & Consulting Inc. established (Koei Research Institute International Corp. and System Science Consultants Co., Ltd. merged)
- 2018 Nippon Koei Bangladesh Ltd. Established in Bangladesh
- 2019 Canada architectural design company Quadrangle Architects Limited becomes a subsidiary (currently a consolidated subsidiary)
- 2020 New head office building completed in Kojimachi, Tokyo (reconstruction)
- 2021 75th Anniversary Project Implemented
- 2022 Nippon Koei Urban Space Co., Ltd. launched