抗 Hibiya Engineering,Ltd.

Earnings Announcement for the Fiscal Year Ended March 2021 May 24, 2021



Financial Summary

Financial Highlights (consolidated)

- Orders received decreased 5.3% because of delays in sales activities early in the fiscal year and a decline in NTT Group orders.
- Sales decreased 3.7%, as progress with orders carried over continued but orders received and construction completions decreased.
- Operating and ordinary profit increased mainly due to an improvement in construction profit margins resulting from the strict management of expenses.

	2019/3	2020/3			2021/3			
	Actual	Actual ①	Forecast ②	Actual ③		oY - ①	Vs. For ③ –	
Orders received	75.8	78.4	72.0	74.3	-4.1	-5.3%	+2.3	+3.2%
Net sales	70.0	75.8	74.0	73.1	-2.7	-3.7%	-0.8	-1.2%
Operating profit	2.0	3.6	3.0	3.9	+0.3	+8.3%	+0.9	+33.2%
Ordinary profit	3.2	4.2	3.5	4.5	+0.3	+8.4%	+1.0	+31.3%
Profit attributable to owners of parent	2.7	3.5	2.0	3.0	-0.4	-13.1%	+1.0	+53.8%
ROE	4.7%	6.1%	3.5%	5.2%	*Announced	Nov. 6, 2020		4

HIBIYA

(Billion yen)

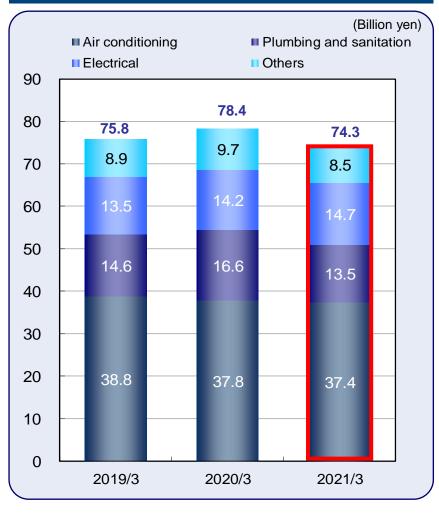
Orders Received by Category & by Customer (consolidated)

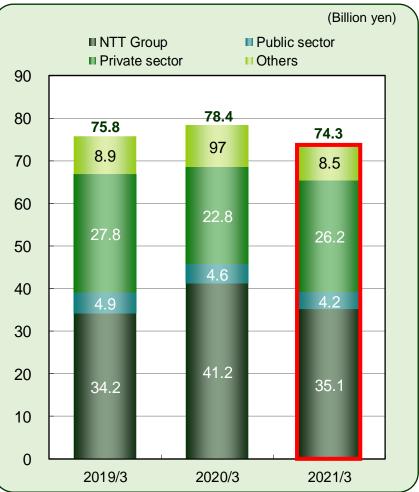


- Orders received were down ¥4.1 billion because of delays in sales activities early in the fiscal year and a decline in NTT Group orders.
- However, private-sector orders increased because of more orders involving data centers and large newly constructed buildings.

By customer

By category





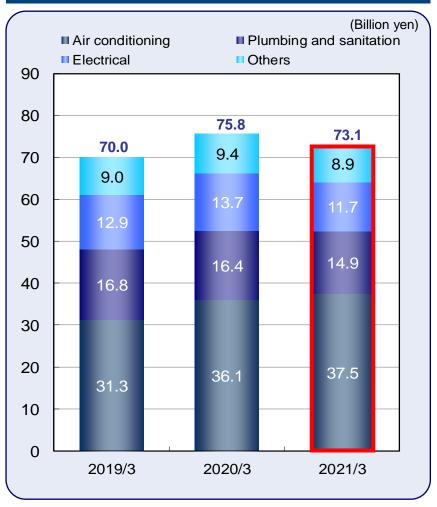
Sales by Category & by Customer (consolidated)



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Although orders carried over were completed as planned, sales decreased ¥2.7 billion because orders received and construction completions declined.

By category



(Billion yen) ■ NTT Group Public sector Private sector Others 90 80 75.8 73.1 70.0 9.4 70 8.9 9.0 60 25.2 23.3 20.0 50 40 3.9 5.5 9.5 30 20 37.2 35.2 31.5 10 0 2019/3 2020/3 2021/3

By customer

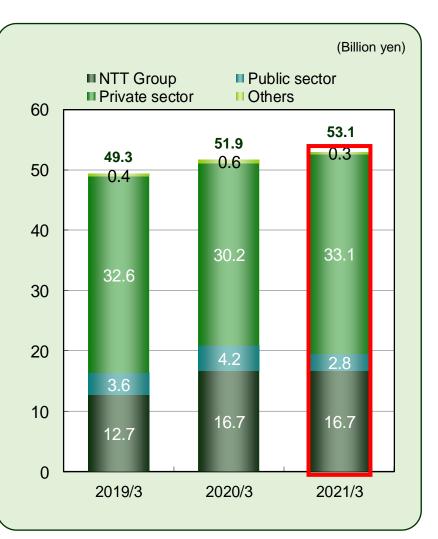
Major completed projects and projects carried over



Completed projects

Projects carried over

NTT Group	NTT Shin Kuhonji Building		
NTT Group	WITH HARAJUKU		
Public sector	Chiba Univ. (Inohana) Medical Building		
Public sector	Kamigori Town Hall ZEB Renovations		
Private sector	MIYASHITA PARK		
Private sector	Tokyo Nihonbashi Tower Annex		
Private sector The b GINZA			
Private sector	ESR Amagasaki Distribution Center		
Private sector	Hotel LiVE MAX PREMIUM Nagoya Marunouchi		





Summary Income Statements (consolidated)



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- The gross profit margin increased because the tight management of expenses raised construction profitability.
- Profit attributable to owners of parent decreased ¥0.4 billion but was far above the forecast of ¥2 billion.

	2019/3 (A)	2020/3 (A)	2021/3 (A)	YoY
Net sales	70.0	75.8	73.1	-2.7
Cost of sales	60.4	63.9	60.8	-3.0
Gross profit [Gross profit margin]	9.5 [13.7%]	11.9 [15.8%]	12.2 [16.8%]	+0.2 [+1.0%]
SG&A expenses	7.5	8.2	8.2	-0.0
Operating profit (loss)	2.0	3.6	3.9	+0.3
Non-operating income	1.1	0.5	0.5	0.0
Ordinary profit (loss)	3.2	4.2	4.5	+0.3
Extraordinary income	0.5	0.8*	0.0	-0.8
Income taxes	0.9	1.4	1.4	-0.0
Profit (loss) attributable to owners of parent	2.7	3.5	3.0	-0.4

(Billion yen)

*Includes 1.2 billion yen of gain on sales of investment securities



Forecast higher orders and sales in the final year of the Seventh Medium-term Management Plan

(Billion yen)

	7 th Med	7 th Medium-term Management Plan				
	2021/3 (A)	2022/3 (F)	2023/3 (Plan)			
Orders received	74.3	77.5	80.0			
Net sales	73.1	77.0	80.0			
Operating profit	3.9	4.0	4.5			
Ordinary profit	4.5	4.5	5.0			
Profit attributable to owners of parent	3.0	3.0	3.5			

ROE: 6.0% or above





The basic policy is dividend stability and buying back shares with flexibility.

		2018/3 (A)	2019/3 (A)	2020/3 (A)	2021/3 (Plan)	2022/3 (F)
Dividends per share (yen)		60	80	80	80	80
Treasury	No. of shares (million shs)	4.49	0.37	0.30	-	0.50 (max)
shares	Amount (billion yen)	11.02*	0.70	0.56	-	1.00 (max)





Seventh Medium-term Management Plan

Seventh Medium-term Management Plan (April 2020 - March 2023)



Fundamental goals

Business and corporate value growth by making core businesses more profitable and creating new business opportunities

Help create a sustainable society through the convergence of people and technologies

Core strategies

Business strategy	Technology strategy
More advanced life cycle total solutions that can benefit all stakeholders	Leading-edge technologies for higher productivity

Human resources strategy

"Smart WORK" working style reforms and workforce diversity

Governance

An infrastructure for sound management of the Hibiya Engineering Group





Needs involving buildings are likely to shift from new construction to the utilization of existing buildings in response to the rising public interest in climate change and sustainability. Create the Future of Hibiya aims for growth along with a focus on decarbonization and low-carbon technologies at renovation projects.

[Goals of Create the Future of Hibiya]

Opportu nities	 Needs involving zero emissions building (ZEB) technologies for decarbonization, low carbon and resource recycling Growth of the renovation market reflecting structural issues for buildings and cities Creation of smart cities based on self-sufficient, dispersed energy
	• Use renovations for ZEB and "Re-ZEB" for energy efficiency plus people-friendly properties (pleasant work spaces,
Actions	 ealth, etc.) "Beyond ZEB" for increasing real estate value "Composite ZEB" for recycling regional heat, electricity and water Build a new business model that matches changes to the profit structure due to using "Composite ZEB" for an energy management business and other actions
	 Incorporate Create the Future of Hibiya activities in ESG measures to contribute to society
Our reputation	 Earn recognition as a green engineering company with technologies for a sustainable society Create businesses with substantial added value by using ZEB technologies targeting mainly the renovation market A new stage of growth as an engineering company for smart cities
Progress	 Develop technologies, strengthen the technology development infrastructure Establish strategic task forces for human resources, technologies and other resources and for construction experience Investments for business alliances, M&A and other activities Sales channels (switch from local governments to public-sector companies)

Create the Future of Hibiya (2)



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[Roadmap for "green engineering"]

	Next 3 years Model construction and trials	Trials	3 to 7 years and implementation	7 to 10 years Implementation and establishment
Market outlook	ZEB renovation needs mainly for local government	ZEB ne	eds expand to the private sector	Emergence of self-sufficient, dispersed cities with local production and consumption
	Create Re-ZEB technologies		Establish Hibiya ZEB	Become a green engineering company
New tech	Storage battery/heat storage system Research for reused energy and unus energy		Create composite energy use technologies	Re-ZEB Composite ZEB (Smart cities)
New technologies	Cloud open building automation syste (BAS) partnerships/automatic contro		Acquire our own instrumentation know- how	Grid technologies (heat/electricity/w ater) Digital transformation (DX)
	Gray water treatment technologies		Gray water facility installation technology	Energy management
Strat	 Establish project teams for spec Human resources (establish ac 		0 ,	Use Composite ZEB and other recycling technologies for zero- emission cities
Strategies	 Know-how) Capital (seek alliances and partners, M&A) 			More progress and growth by using technology and information assets

The Digital Transformation (1)



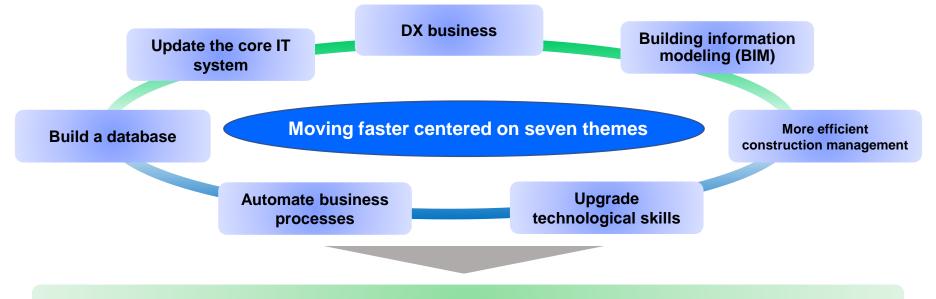
- New services backed by equipment using smart office and other ICT/digital technologies
- Proposals and construction for value-added systems for growth of the solutions business

Business strategy

Assemble a framework for DX business activities to expand to new market sectors, develop and acquire new technologies, proposals using new technologies, demonstrations of benefits of new technologies

Working style reforms

Use the DX for more efficient working styles and the use of many ways of doing jobs that are not restricted by time of day or locations (telework, shifts, etc.)



Use these measures for standardizing business processes and DX progress

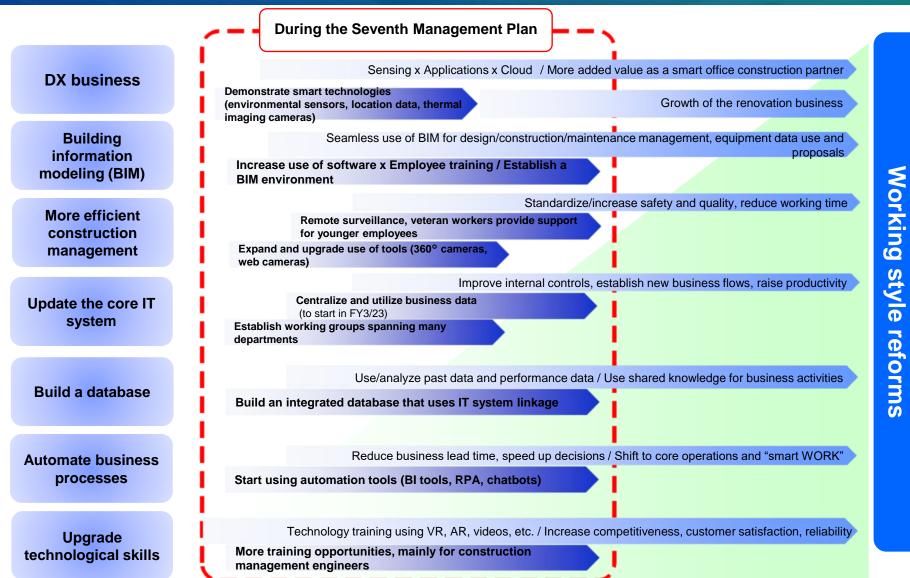
The Digital Transformation (2)



Solution business

expansion

Hibiya Engineering Group activities based on the Seventh Management Plan





Business strategy

 (1)City/town hall renovation/ZEB business
 (2)Decarbonization/energy conservation using alliances

(P14~15)

Technology strategy

 (1) A stronger jobsite oversight system
 (2) Renovation business growth using proposals for entire buildings and other measures
 (3) Use of ICT and digital technologies
 (P16~18)

Human resources strategy "Smart WORK" working style reforms and diversity

(P19)

(P20)

Governance Maintain the soundness of management



City/town hall renovation/ZEB business

Kamigori-cho town office, Ako-gun, Hyogo					
Needs	Complete renovation of the aging building	Big reduction of greenhouse gas emissions	Big reduction in building running costs		

Used external thermal insulation for exterior wall renovation and replaced windows with vacuuminsulated double pane glass

Used external thermal insulation for exterior wall renovation and replaced windows with vacuuminsulated double pane glass



Thermal burden calculation to downsize HVAC unit, use of LED lights, etc.

Solar power and storage battery units for disaster resilience

Used alliance with a consulting firm to complete a ZEB Ready* building project

Starting a three-year demonstration project in FY3/22 for the optimization of equipment operation for energy conservation

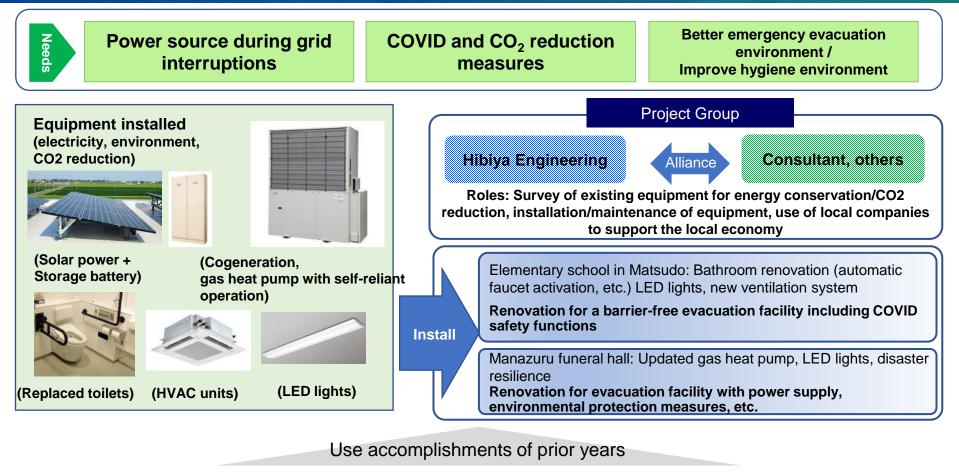
Use Renovation ZEB accomplishments to capture local gov't orders nationwide

*ZEB Ready is a building that has cut its energy consumption by at least 50%





Decarbonization/energy conservation using alliances



Nagano prefecture gov't buildings Used bulk lease for LED lights to reduce CO2 emissions (see page 26)

Manazuru-machi, Kanagawa prefecture Installation of self-sufficient, dispersed energy system, etc.

ersed energy system (see page 27)

Sango-cho, Nara prefecture

Upgrade of carbon management and other activities

(see page 28)

Technology Strategy (1)



A stronger jobsite oversight system

ONE TEAM Project

Establishment of a team encompassing all tasks to support construction operations from the very first stage; aims for cost reductions and other benefits

FY3/21 Accomplishments

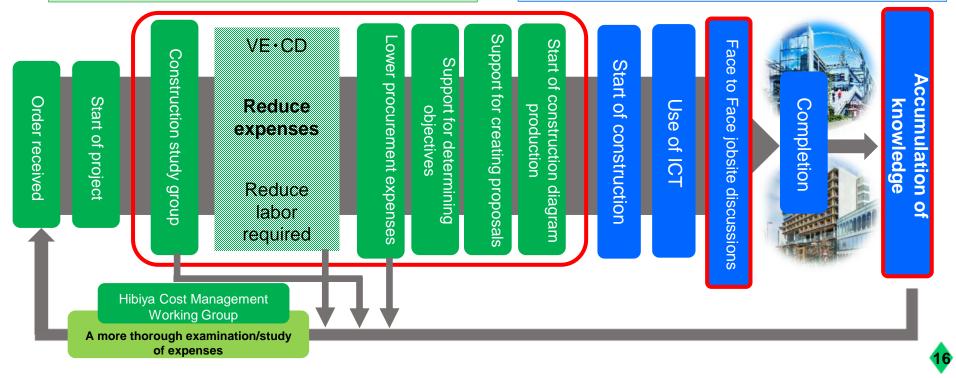
Used One Team at 8 job sites, a total of 10 since the start of this project (goal is 10 jobsites every year)

Face to Face Project

Supervisors with extensive knowledge of the construction project visit the jobsite to strengthen communications and reduce the need to redo jobs and other risks

FY3/21 Accomplishments

Used Face to Face at 7 job sites, a total of 81 since the start of this campaign (goal is 80 jobsites every year)





Growth of the renovation business by using proposals for entire buildings and other measures

Activities for capturing renovation orders

Use regular maintenance and aging diagnosis services as the first step for providing medium/long-term repair plan proposals

Timely proposals based on the customer's life cycle plan for previously accomplished projects

Maintenance, repair and inspection work proposals for projects after completion

Combine proposals for renovation work for part of a building to a wholebuilding proposal in order to receive more orders

<Strengths of Hibiya Engineering Renovation Services>

Experience at many renovation projects where existing facilities are reused

Experience building many telecommunication buildings

Technologies for renovating computer rooms and other critical facilities

Big increase in FY3/21 orders due to whole-building proposals and other activities

FY3/21 renovation orders increased 65.7%

Aiming for steady orders by using medium/long-term proposals based on the life cycle of building facilities

Technology Strategy (3)



Utilization of ICT and digital technologies

Demonstration of smart technologies

Environment sensor

 CO_2 concentration in each room shows that the CO2 level exceeds in rooms where people are crowded, such as when there are with visitors.

Position sensing

Thermo camera

Increase the accuracy of employee location detection.

Introduced 5 products from 4 companies to compare their functions and moved to the product evaluation stage.

Continued CO₂ concentration measurements. Improved accuracy of location sensing

To be completed within the current FY

Endeavor to expand air conditioning and ventilation renewal business.

Utilize web camera

Used for site patrols, and safety and quality control rounds, monitoring dangerous processes, etc.





President's rounds (Hokuriku region)

	Web camera	360deg. camera
FY2021 results	6	5

Vital sensor

Field workers' health and safety management

Wearing the vital sensor on your wrist enables real time checks on **physical condition**, **physical load level**, **location**, etc.

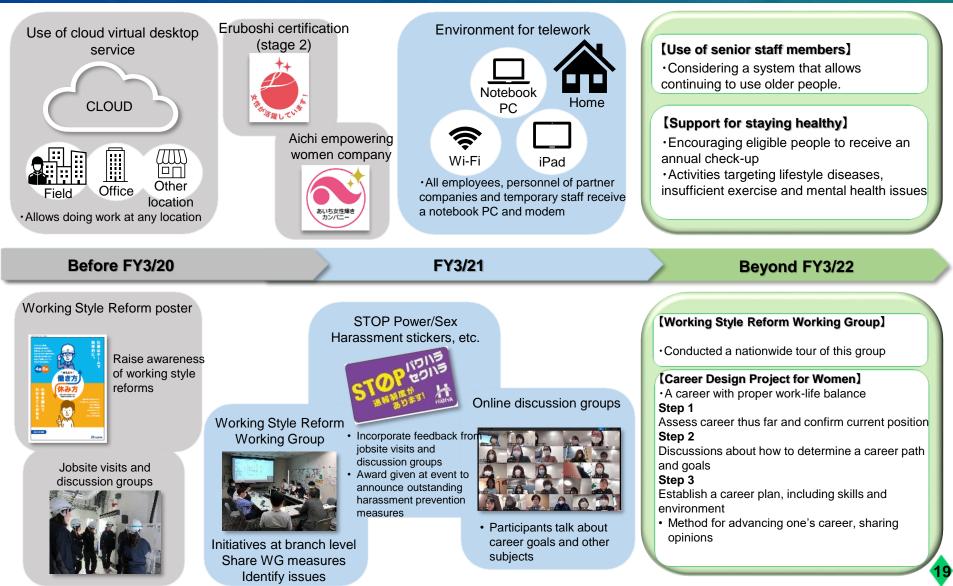


To be deployed at sites nationwide

Human resources strategy



"Smart WORK" working style reforms and diversity



Governance



Maintain the soundness of management

Compliance

- \triangleright Internal audits
 - Use a risk approach¹ and reinforce internal audit functions
- \triangleright Reinforce the commitment to compliance
 - Compliance commitment caravan at all business sites, compliance training

Information security

- \triangleright Review standards for information security measures
- Upgrade security by ending network attached storage²(NAS) and using a cloud file storage service³

Corporate governance

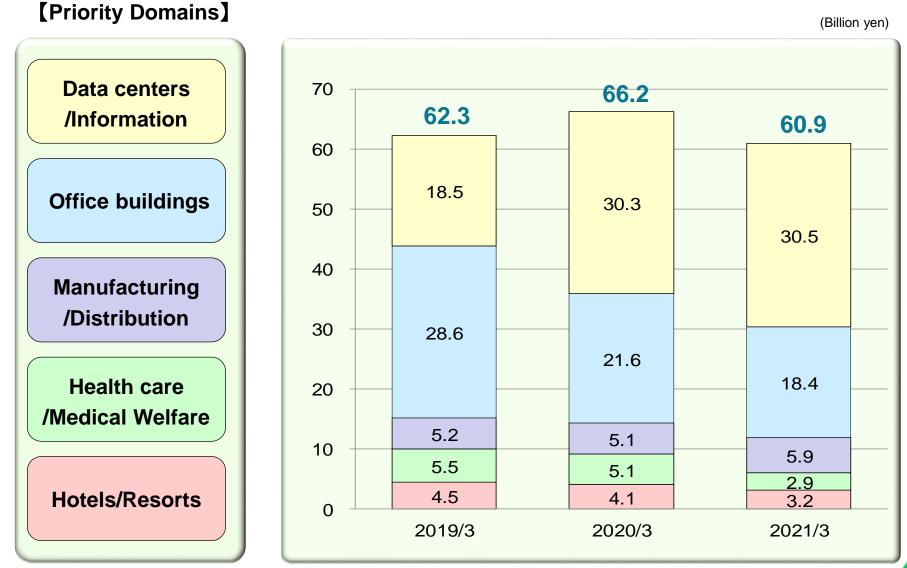
Comply with revisions to the Corporate Governance Code
 Maintain the transparency of management

- 1. Risk approach: A method for increasing the efficiency and effectiveness of audits by focusing resources (people, time, etc.) on items with the greatest risk of fraudulent information and other improper activity
- 2. NAS: An external hard disk drive linked to an LAN to give PCs linked to a network access to the same information
- 3. Cloud file storage service: A service that allows many users to access at the same time data stored in the cloud



Major completed projects





Complex Facilities



MIYASHITA PARK

Combines high and low-rise buildings with a shopping complex, hotel and park



Location	Shibuya-ku, Tokyo
Floor area	46,086m ²
Structure	18 stories above ground/2 stories below ground
Hibiya's work	Air conditioning/sanitation

WITH HARAJUKU

TOKYO's new presentation stage that conveys culture and creativity to the world



(Photo: Yoji Watanabe)

Location	Shibuya-ku, Tokyo
Floor area	26,666m ²
Structure	10 stories above ground/3 stories below ground
Hibiya's work	Air conditioning/sanitation



Prime Terrace KAMIYACHO

An innovative office buildings with an open atmosphere and large terraces



Location	Minato-ku, Tokyo	
Floor area	9,272m ²	
Structure	10 stories above ground/1 stories below ground	
Hibiya's work	Air conditioning/sanitation	

NTT Shin-Kuhonji Building

The NTT West Kumamoto Building serves as a base for disaster readiness



Location	Kumamoto city, Kumamoto	
Floor area	6,833m ²	
Structure	6 stories above ground	
Hibiya's work	Air conditioning/sanitation	

Health care / Research facilities



Fukagawa Tachikawa Hospital

A neighborhood hospital in Tokyo with emergency care



Location	Koto-ku, Tokyo	
Floor area	4,255m ²	
Structure	6 stories above ground	
Hibiya's work	Electrical	

Chiba Univ. (Inohana) Medical Building

A research facility for new methods for the future of medical care



(Photo: FOTOTECA)

Location	Chiba city, Chiba	
Floor area	40,727m ²	
Structure	11 stories above ground	
Hibiya's work	Air conditioning	

Hotels



Hotel LiVE MAX PREMIUM Nagoya Marunouchi

A hotel in central Nagoya with a natural hot spring bath



Location	Nagoya cty, Aich	
Floor area	4,530m ²	
Structure	12 stories above ground	
Hibiya's work	Air conditioning/sanitation	

ESR Amagasaki Distribution Center

One of the largest and most advanced distribution centers in Asia



Location	Amagasaki city, Hyogo	
Floor area	388,570m ²	
Structure	6 stories above ground	
Hibiya's work	Sanitation	

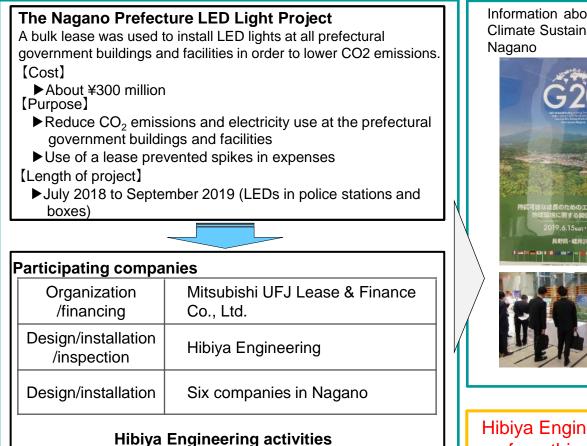


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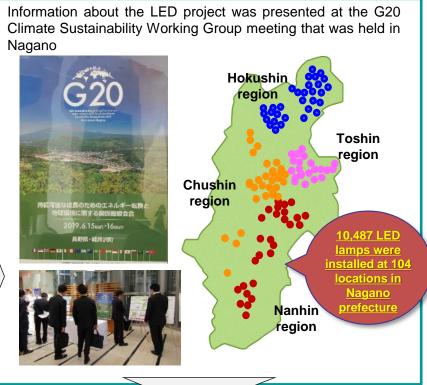


Use of LED lights at all Nagano prefectural government buildings

The first project by a prefecture in Japan that uses a large-scale bulk lease for many buildings and facilities in order to lower CO₂ emissions



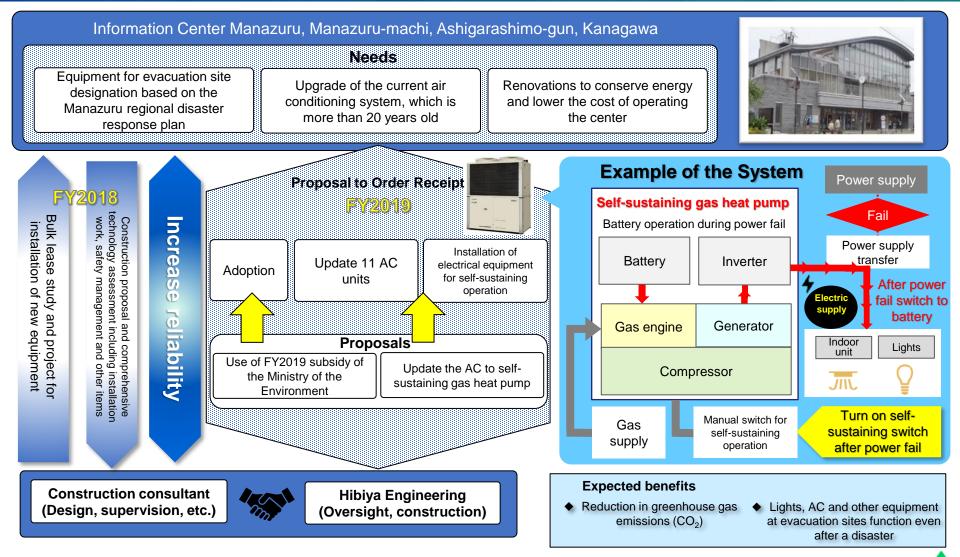
► Studies, installation work and maintenance services for lowering CO₂ emissions associated with current equipment



Hibiya Engineering plans to use expertise gained form this project to meet the needs of local governments throughout Japan for activities that lower CO_2 emissions.

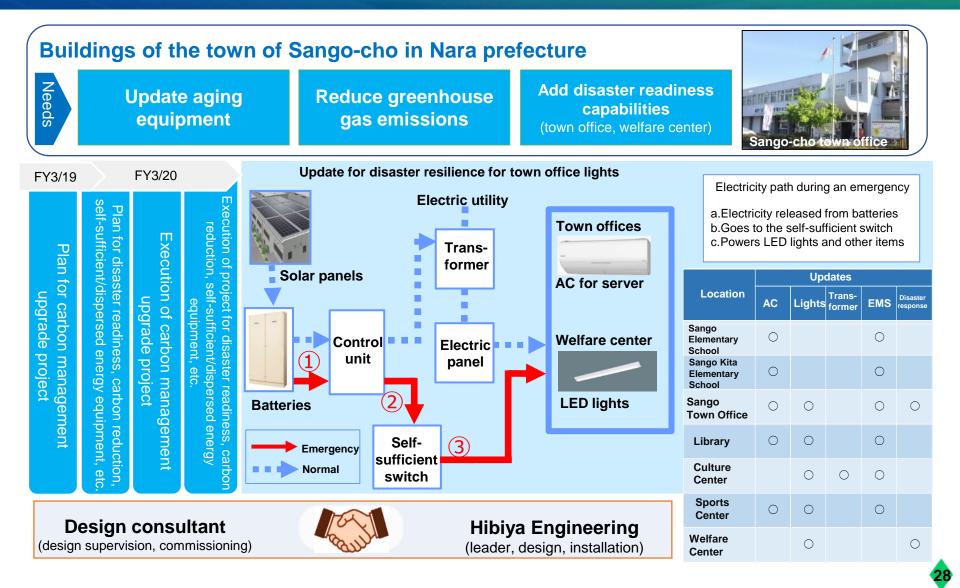


Self-sufficient and dispersed energy and other equipment for Information Center Manazuru





Project to upgrade carbon management and project for installation of self-sufficient, dispersed energy equipment

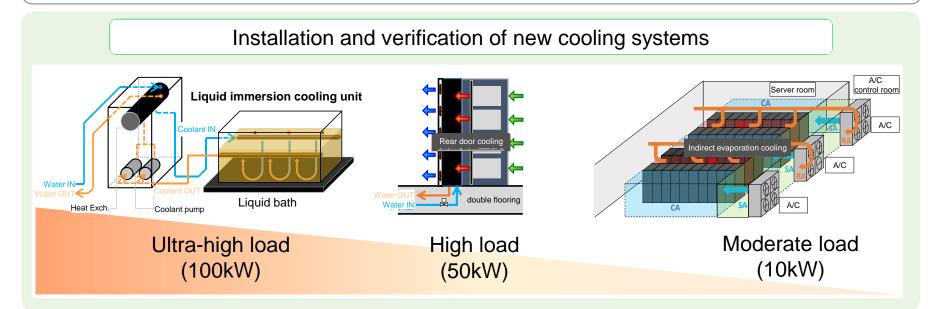


Data Center Construction Technologies



Capabilities for all data center cooling needs, from new construction to updates

Expertise for installing ultra-high-load cooling systems and verifying performance



Cooling System	Renovation	(cooling	capability)
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3/2021	41MW	>1,500 units
3/2020	51MW	>1,600 units
3/2019	40MW	>1,100 units



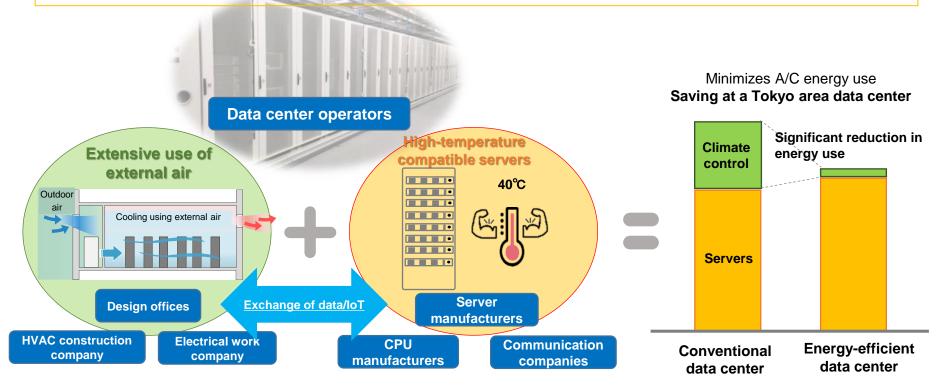
Minimizing Data Center A/C Energy Consumption



Activities for creating an energy-efficient data center for NTT Data Corporation

Used for HVAC equipment control by server internal sensors

- Data links incorporating the IoT overcome barriers between ICT equipment management and facility management
- Conventional temperature sensors to not monitor the internal temperature of servers, which is what must be held down
- ⇒Using data from sensors inside servers for climate control makes it possible to control temperatures in the most important locations





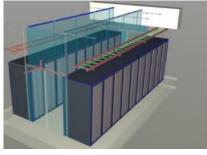
Aisle Capping for Smaller Computers in Data Centers



A flexible aisle capping system for small computer rooms

	Features	
More efficient climate control	Flexible installation to match	Low cost by using general-
Uniform temperature of rack air supply surface	environment for equipment	purpose sheets

Potential applications



Capping with ceiling

Benefits

Capping with no ceiling

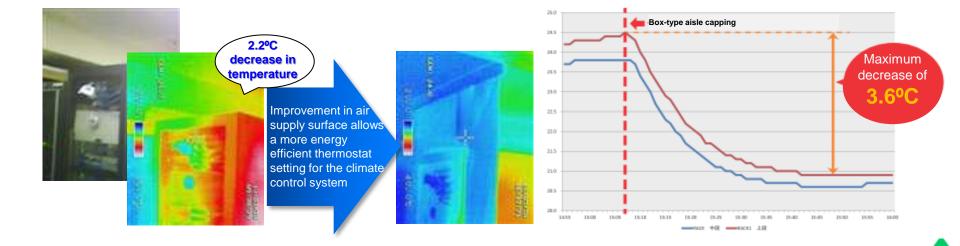
Capping in use



Installed under a ceiling beam



Box-type capping

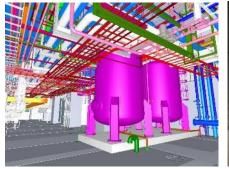


Examples of Building Information Modeling



BIM for constructing a new building with greater efficiency

- 3D imaging for determining placements of pipes and ducts relative to steel beams, braces and many other obstacles eliminates the risk of needing to redo a job.
- 3D presentations of the locations of equipment ensure trouble-free agreements between designers and project owners; customer response is very positive
- Using BIM for pipe processing orders, simulated deliveries and other items makes all tasks efficient and trouble-free





No need to repeat tasks to fix mistakes

Advantages of using BIM

<u>3D</u>

- Placement adjustments/interference checks for facility designs
- Adjustments using overall diagrams, faster decisionmaking
- > More efficient checking of confirmation applications, etc.



Construction proceeds using adjusted diagrams

Database links

- BIM-linked automatic calculations (loads, energy conservation)
- Automated equipment designs (device tables, device configurations)
- Use of information about building characteristics for maintenance operations

Building Information Modeling (BIM) is a method for constructing a building data model consisting of 3D shape information created in a computer and various characteristics of a building, such as names and floor areas of rooms, the types and properties of materials used, finishing work, and other items.

Streamlining Construction and Installation Technologies

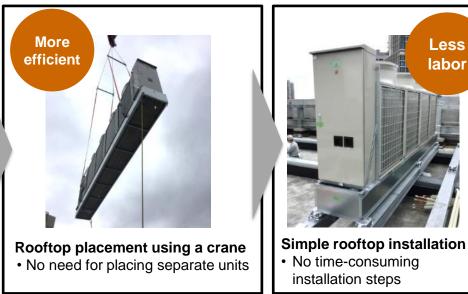
Labor-saving method for installing rooftop equipment raises efficiency

Simple installation with single unit package for exterior equipment

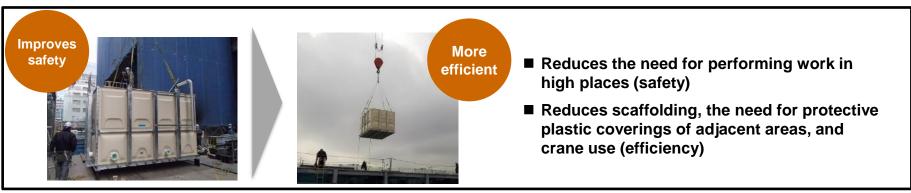


A single unit for exterior equipment/base /refrigerant pipes

- · Smaller amount of labor required
- Better, more uniform guality due to fabrication at a factory



Installation of pre-assembled rooftop water tank



Less

labor

Cogeneration Awards – Special Award in the Private Sector Category

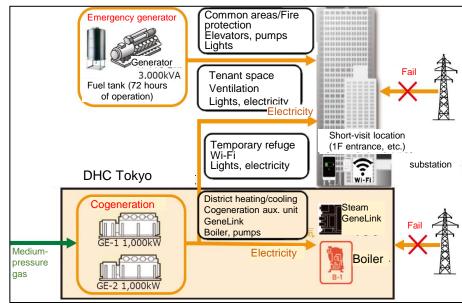


Cogeneration system renewal for DHC Tokyo



An updating project for a cogeneration system of DHC Tokyo that was completed in March 2020 received a Special Award in the private sector category from the Advanced Cogeneration and Energy Utilization Center.

Hibiya Engineering received an order for updating the cogeneration system and for improvement and installation work for peripheral equipment. This project increased electricity produced by the system and added a steam GeneLink that uses hot water effluent from the cogeneration system. The electricity supply and other systems were also checked and improved. Overall, the project resulted in big improvements in energy conservation and the ability to continue operations even after a natural disaster or some other emergency.



Electricity supply during power outage



Upgraded gas engine



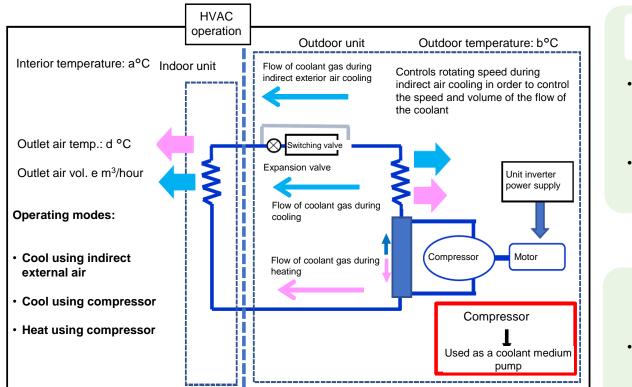
Major Patents and Patents Pending (1)



Patent for reusable energy use for carbon neutrality and decarbonization

New patent

Air balance unit* (Indirect external air heater/cooler)



*Patent no. 6800283 (Registered November 26, 2020)

Features

- Automatic selection of operating mode based on the thermostat setting and outdoor temperature
- When the outdoor temperature is low, the compressor is used as a **coolant pump**

Benefits

- Energy-efficient heating and cooling by reducing power required to operate the compressor
- Eliminates wasted energy use by quickly switching to a different operating mode as needed

Major Patents and Patents Pending (2)



Patent for reusable energy use for carbon neutrality and decarbonization

Extra-high voltage transmission system linkage for reusable energy¹

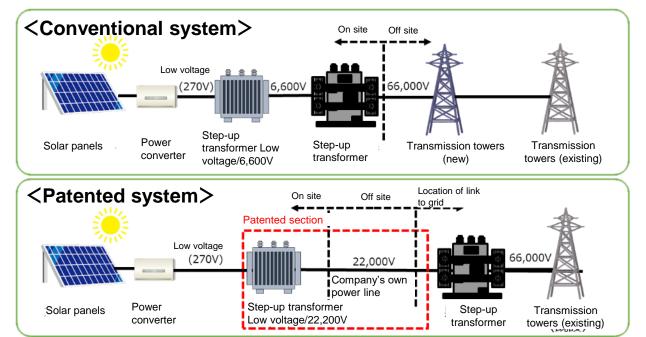
1. Application 2021-009543 (January 25, 2021)

Applied for a patent for a reusable energy utilization system for energy sources other than solar power, a revised version of the existing patent for solar power utilization

Existing patent

Patent pending

Solar power electricity generation system²



2. Patent no. 6411114 (Registered October 5, 2018)

Feature

• The use of a company's own power line outside the company's business site simplifies the equipment needed for an extrahigh voltage link with a utility

Benefit

• The system can be installed at a low cost and with a plan that is easy to implement



時代にまっすぐ、技術にまじめです。

Earnings Announcement Hibiya Engineering,Ltd.

May 24, 2021