



**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.

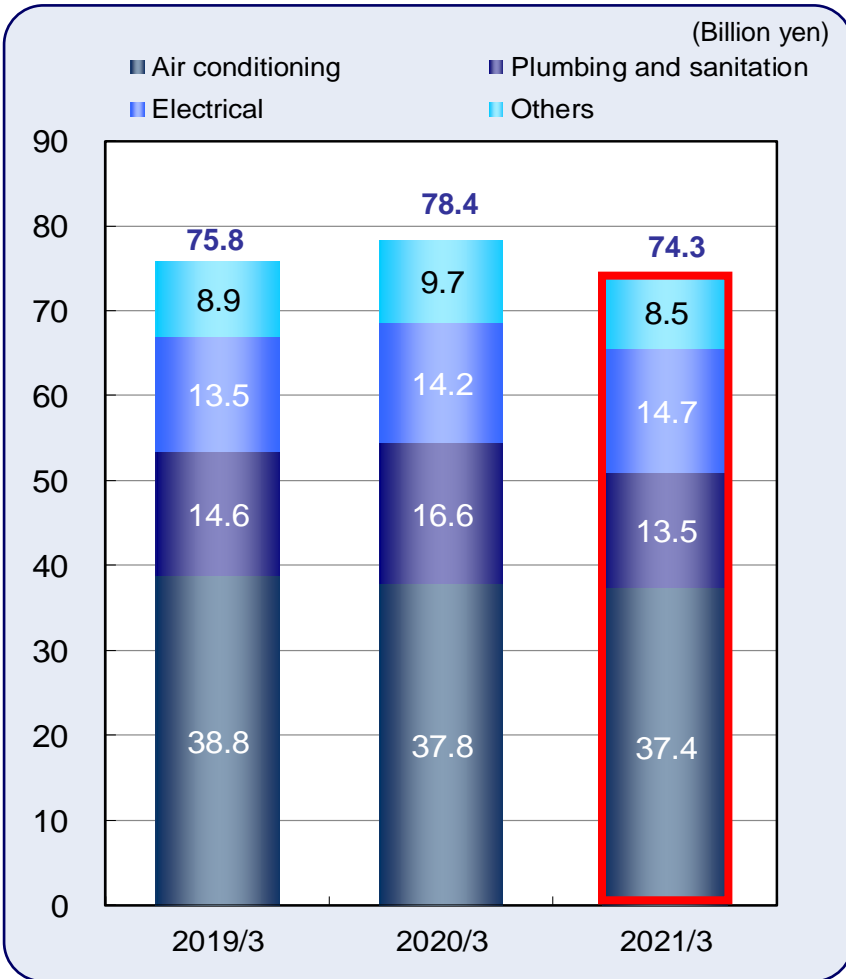
(Billion yen)

	2019/3 Actual	2020/3 Actual ①	2021/3					
			Forecast ②	Actual ③	YoY ③ - ①		Vs. Forecast ③ - ②	
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			

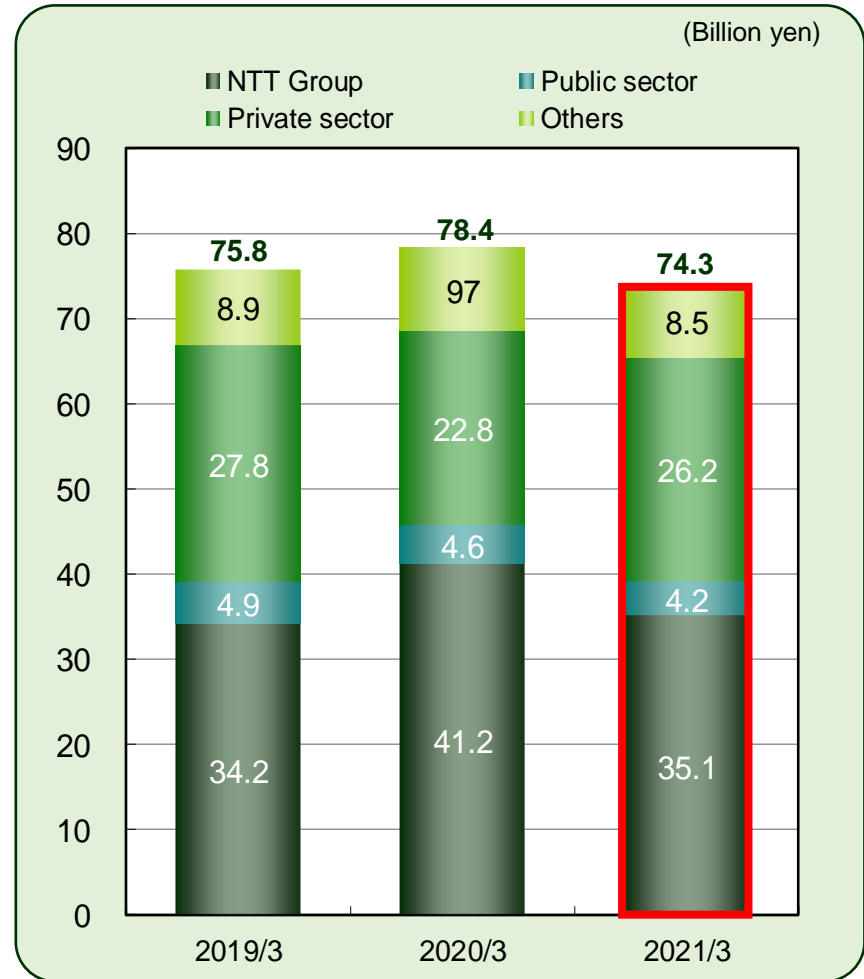
Orders Received by Category & by Customer (consolidated)

- 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 category



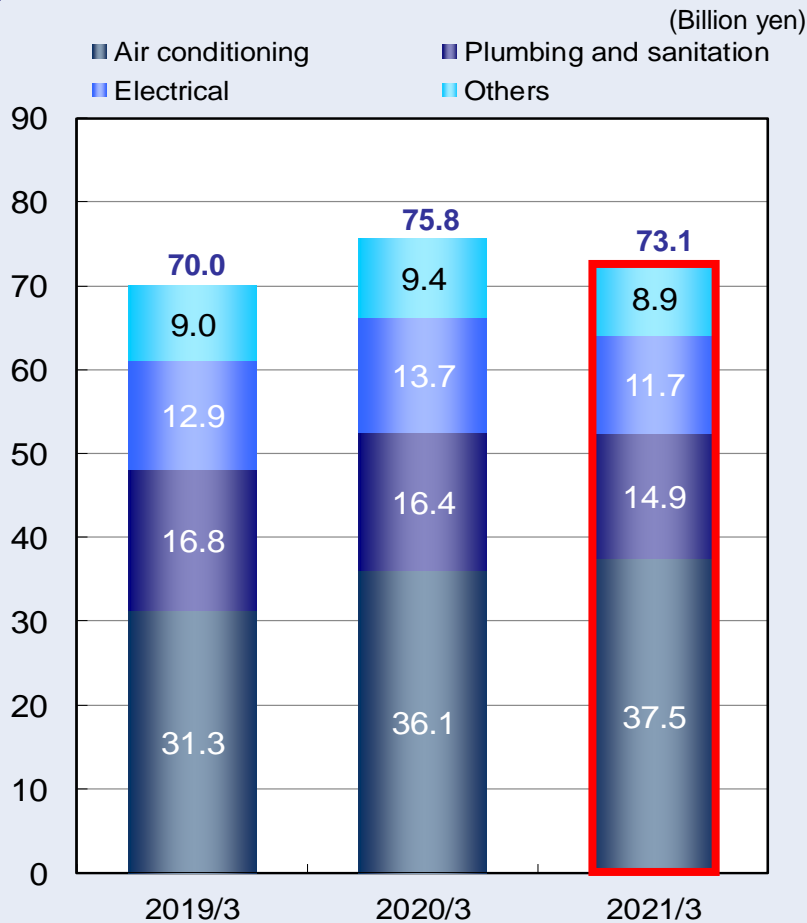
By customer



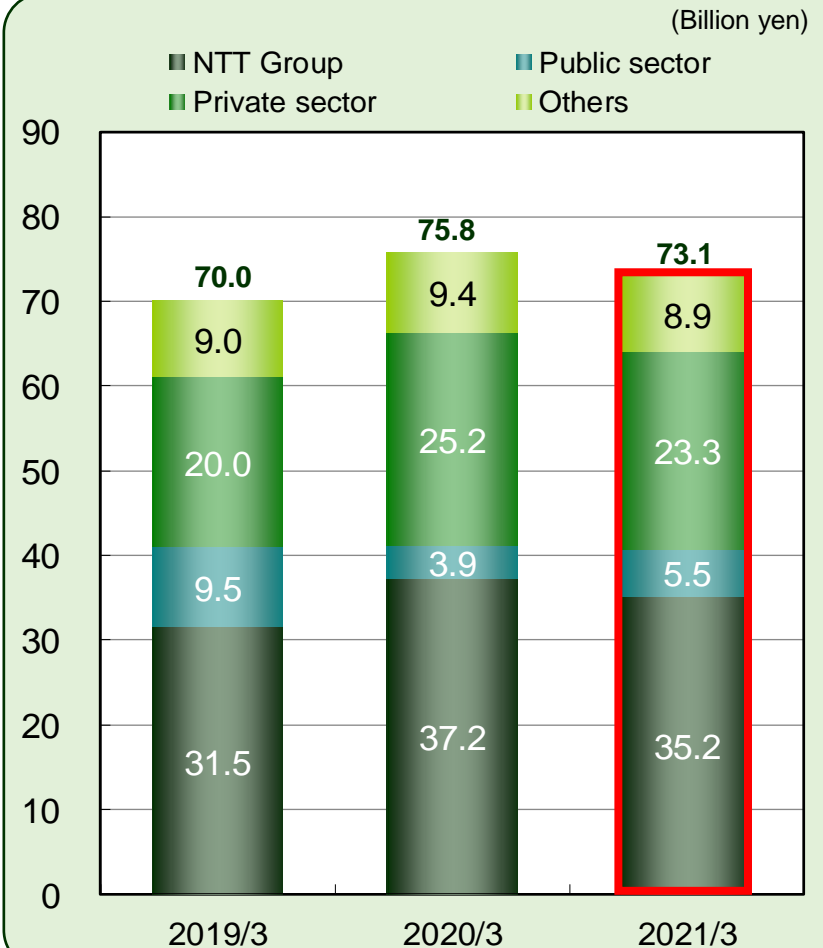
Sales by Category & by Customer (consolidated)

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

By category



By customer

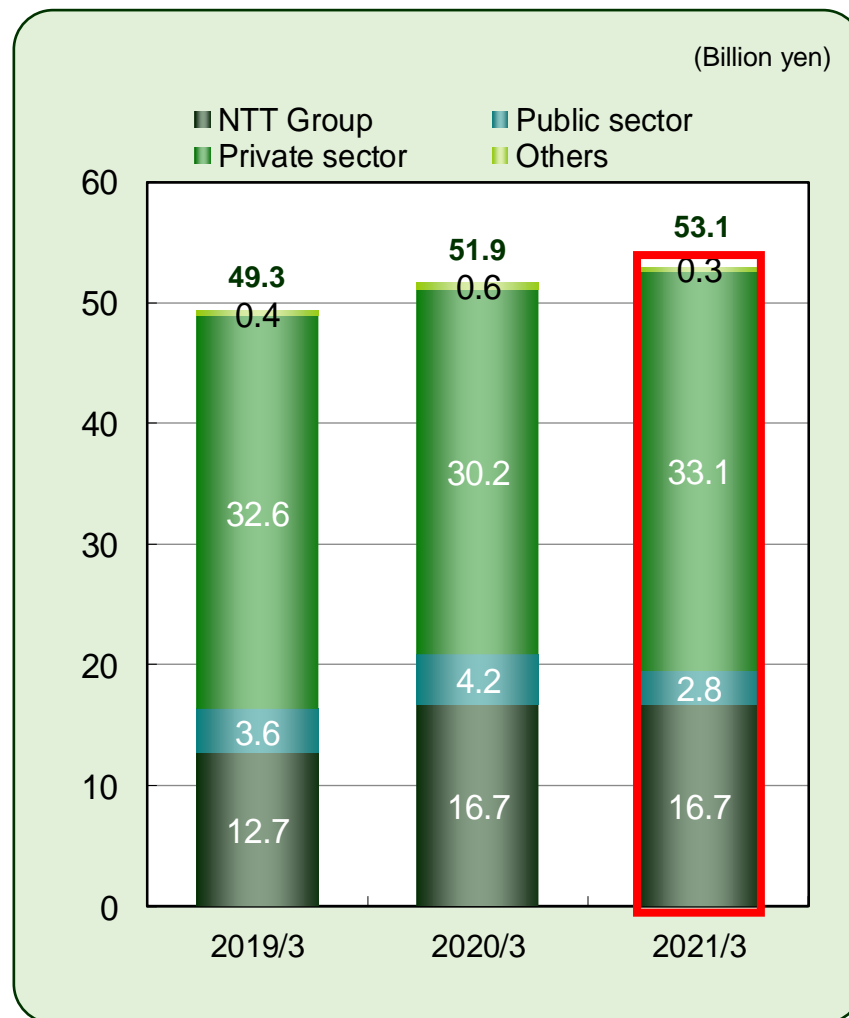


Major completed projects and projects carried over

Completed projects

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

Projects carried over



Summary Income Statements (consolidated)

- 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.

(Billion yen)

	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

*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 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

Distributions to Shareholders

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 shares	No. of shares (million shs)	4.49	0.37	0.30	-	0.50 (max)
	Amount (billion yen)	11.02*	0.70	0.56	-	1.00 (max)

*Repurchased by tender offer in Nov.- Dec. 2017



Seventh Medium-term Management Plan



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

More advanced life cycle total solutions that can benefit all stakeholders

Technology strategy

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

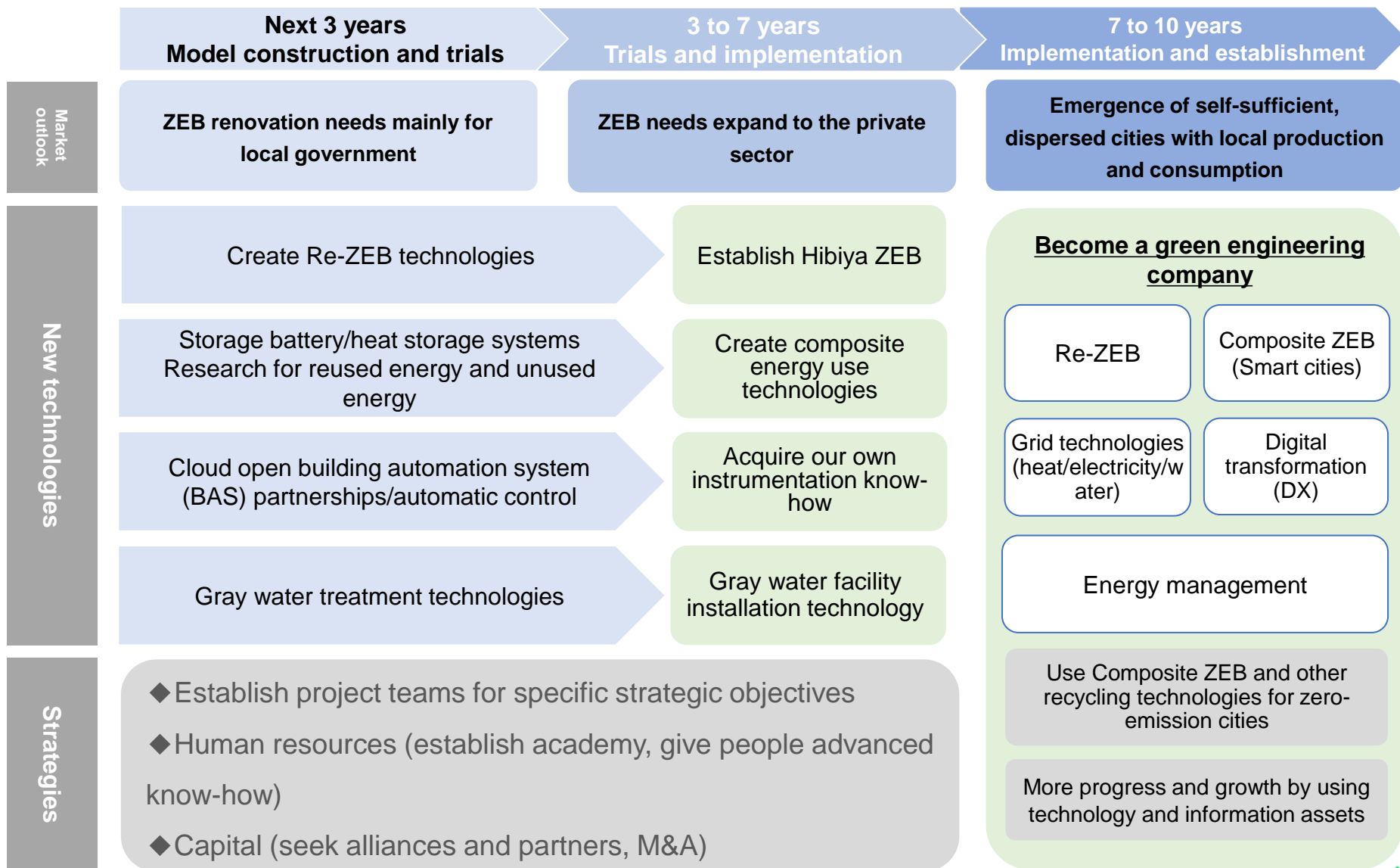
- ◆ Needs involving buildings are likely to shift from new construction to the utilization of existing buildings in response to the rising public interest in climate change and sustainability. Create the Future of Hibiya aims for growth along with a focus on decarbonization and low-carbon technologies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

【Goals of Create the Future of Hibiya】

Opportunities	<ul style="list-style-type: none">● 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
Actions	<ul style="list-style-type: none">● Use renovations for ZEB and “Re-ZEB” for energy efficiency plus people-friendly properties (pleasant work spaces, health, 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
Our reputation	<ul style="list-style-type: none">● Incorporate Create the Future of Hibiya activities in ESG measures to contribute to society● 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	<ul style="list-style-type: none">● 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)

【Roadmap for “green engineering”】



The Digital Transformation (1)

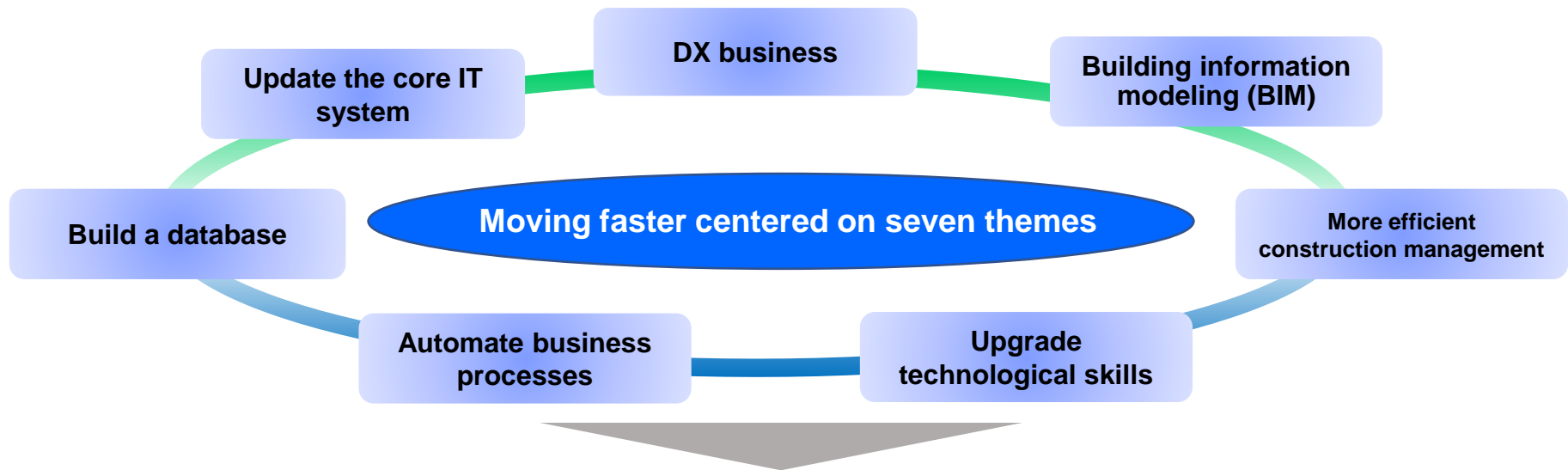
- ◆ New services backed by equipment using smart office and other ICT/digital technologies
- ◆ Proposals and construction for value-added systems for growth of the solutions business

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

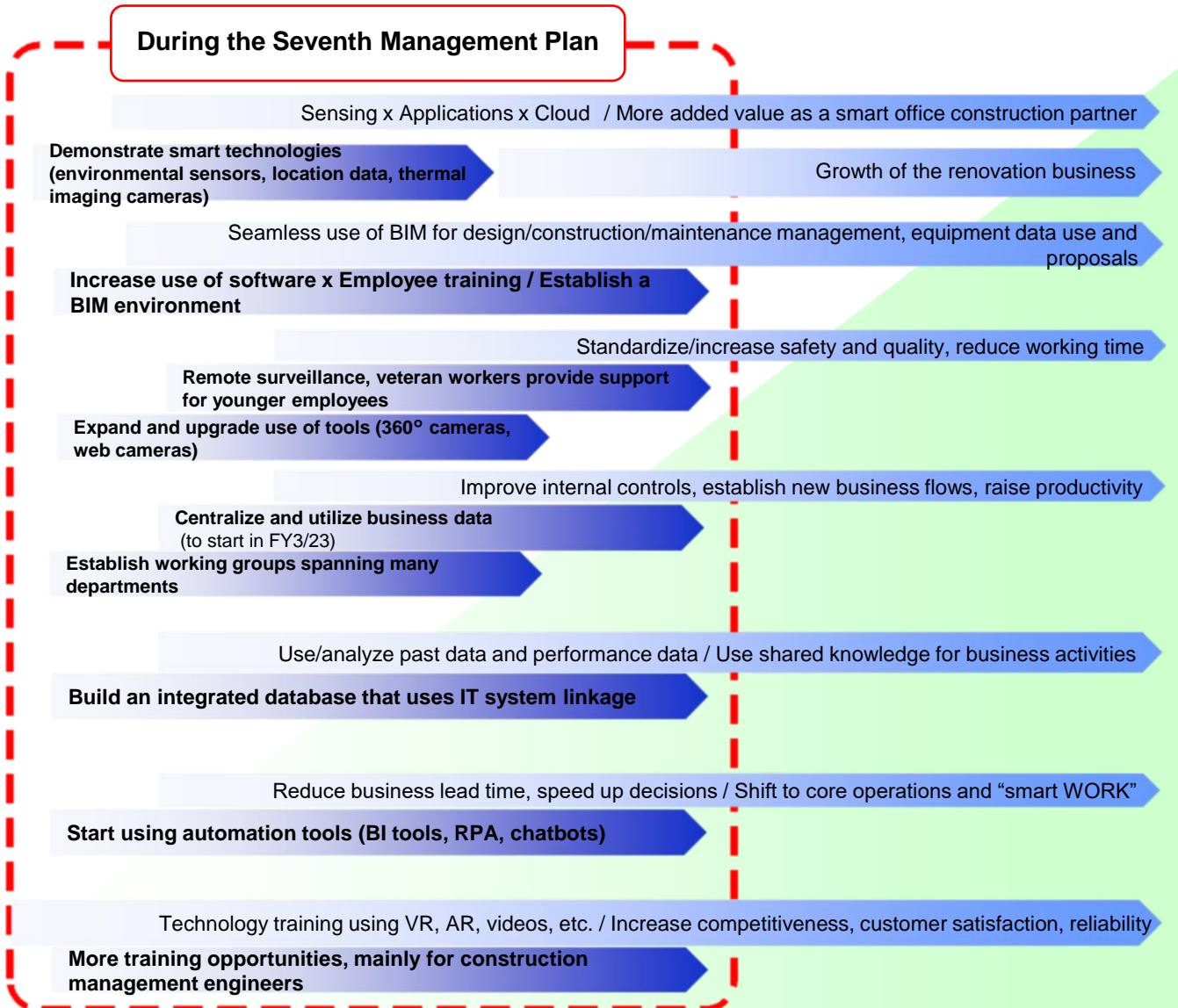
Use the DX for more efficient working styles and the use of many ways of doing jobs that are not restricted by time of day or locations (telework, shifts, etc.)



Use these measures for standardizing business processes and DX progress

The Digital Transformation (2)

Hibiya Engineering Group activities based on the Seventh Management Plan



DX business

Building information modeling (BIM)

More efficient construction management

Update the core IT system

Build a database

Automate business processes

Upgrade technological skills

**Solution business expansion
Working style reforms**

■ 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)

■ Governance

Maintain the soundness of management

(P20)

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 vacuum-insulated double pane glass

Used external thermal insulation for exterior wall renovation and replaced windows with vacuum-insulated double pane glass



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

Solar power and storage battery units for disaster resilience

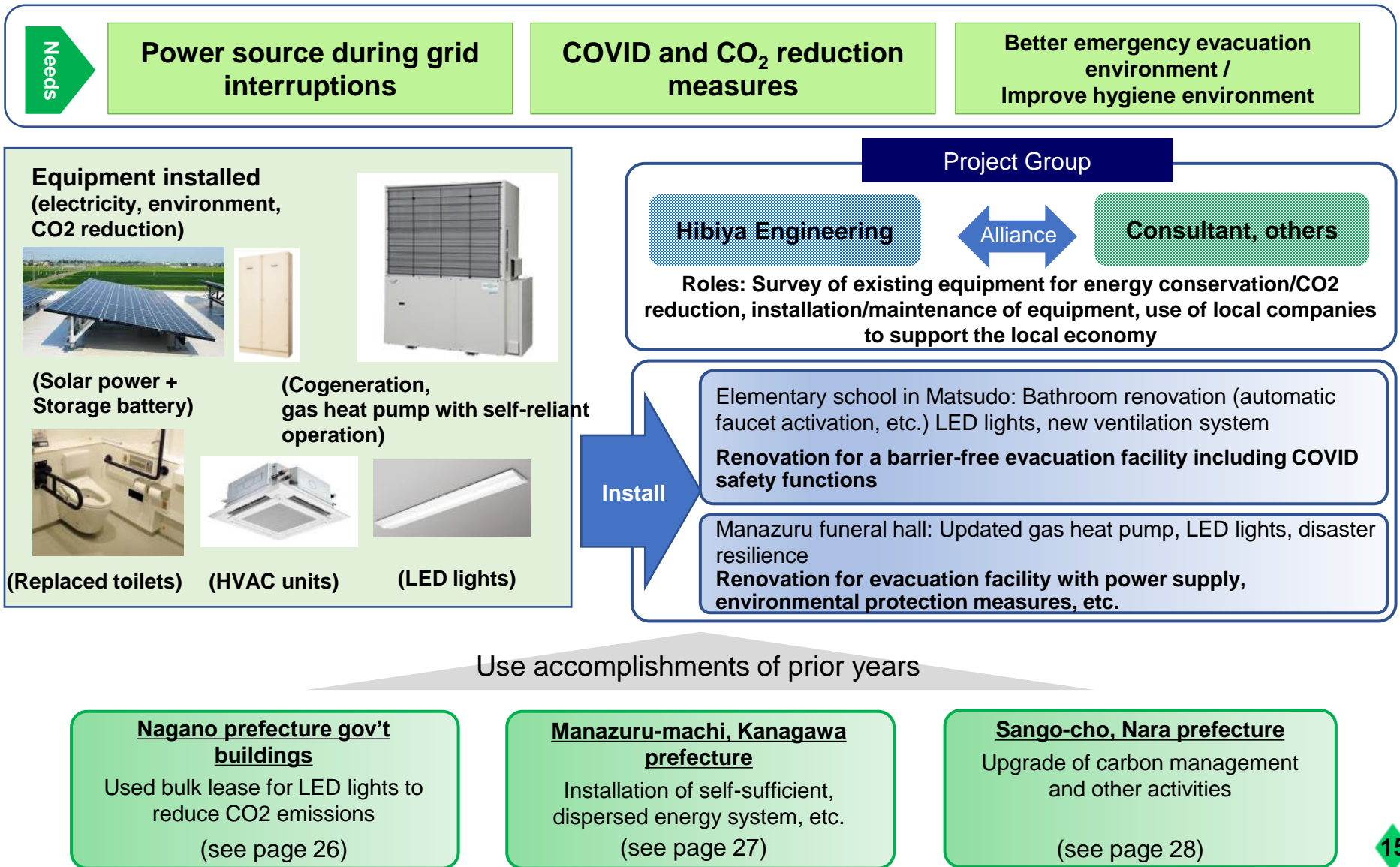
Used alliance with a consulting firm to complete a ZEB Ready* building project

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



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

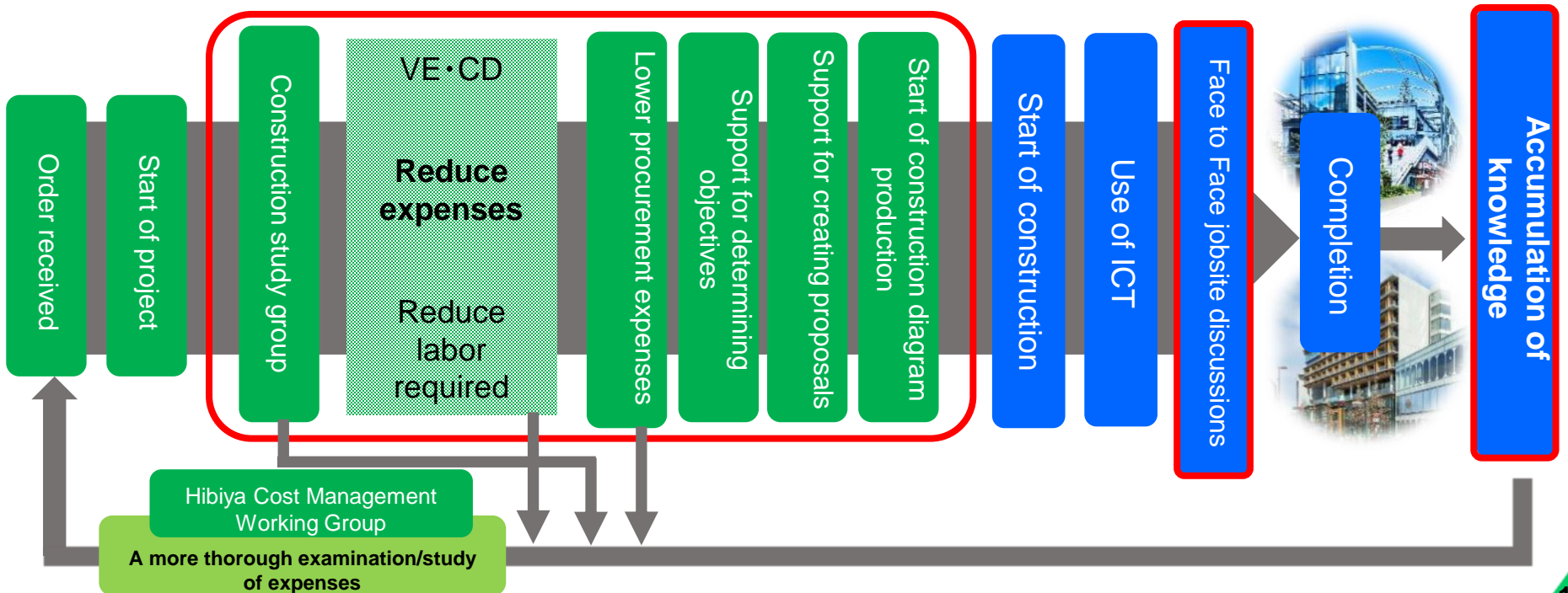
- ▶ Used One Team at 8 job sites, a total of 10 since the start of this project (goal is 10 jobsites every year)

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 whole-building 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

Utilization of ICT and digital technologies

Demonstration of smart technologies

Environment sensor

CO₂ 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

Increase the accuracy of employee location detection.

Thermo camera

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

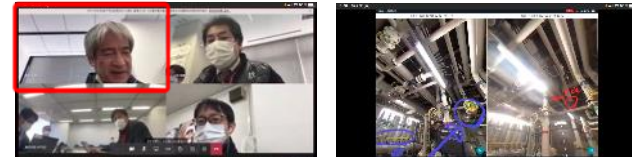
**Continued CO₂ concentration measurements.
Improved accuracy of location sensing**

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.

Physical condition

Heat exhaustion

Physical load

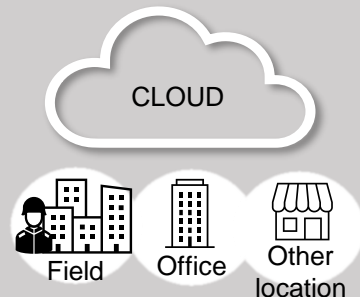
Location



To be deployed at sites nationwide

“Smart WORK” working style reforms and diversity

Use of cloud virtual desktop service



• Allows doing work at any location

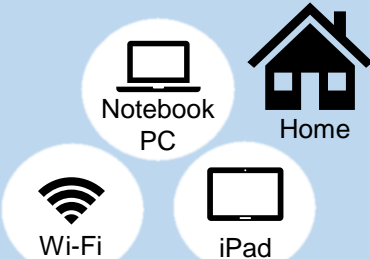
Eruboshi certification (stage 2)



Aichi empowering women company



Environment for telework



• All employees, personnel of partner companies and temporary staff receive a notebook PC and modem

【Use of senior staff members】

• Considering a system that allows continuing to use older people.

【Support for staying healthy】

• Encouraging eligible people to receive an annual check-up
• Activities targeting lifestyle diseases, insufficient exercise and mental health issues

Before FY3/20

FY3/21

Beyond FY3/22

Working Style Reform poster



Raise awareness of working style reforms

Jobsite visits and discussion groups



STOP Power/Sex Harassment stickers, etc.



Working Style Reform Working Group



Initiatives at branch level
Share WG measures
Identify issues

- Incorporate feedback from jobsite visits and discussion groups
- Award given at event to announce outstanding harassment prevention measures

Online discussion groups



• Participants talk about career goals and other subjects

【Working Style Reform Working Group】

• Conducted a nationwide tour of this group

【Career Design Project for Women】

• A career with proper work-life balance

Step 1

Assess career thus far and confirm current position

Step 2

Discussions about how to determine a career path and goals

Step 3

Establish a career plan, including skills and environment

• Method for advancing one's career, sharing opinions

Maintain the soundness of management

■ Compliance

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

■ Information security

- ▷ 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

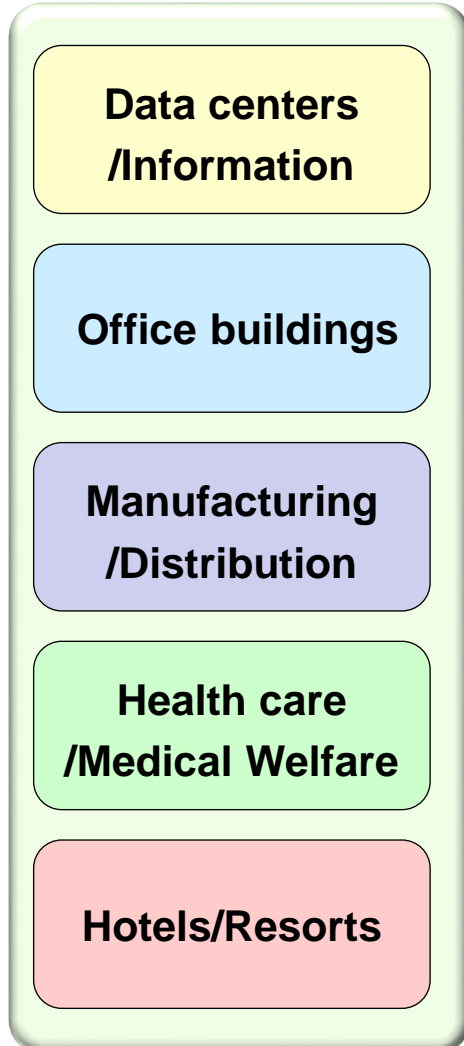


Major completed projects

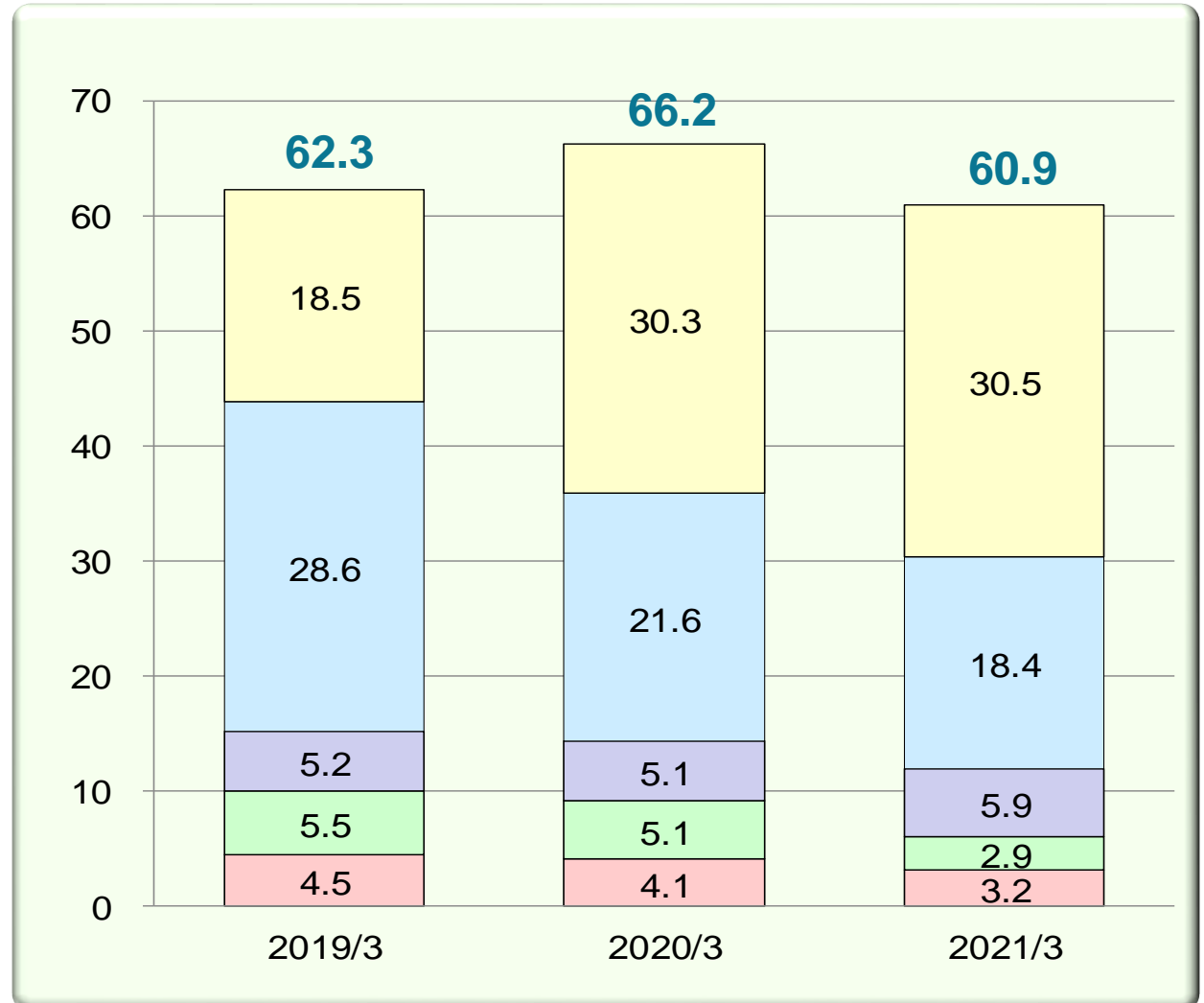


Orders Received of the Priority Domains

【Priority Domains】



(Billion yen)



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

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

Hotel LIVE MAX PREMIUM Nagoya Marunouchi

A hotel in central Nagoya with a natural hot spring bath



Location	Nagoya city, Aichi
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



Reference



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

The Nagano Prefecture LED Light Project

A bulk lease was used to install LED lights at all prefectural government buildings and facilities in order to lower CO₂ emissions.

【Cost】

- ▶ About ¥300 million

【Purpose】

- ▶ Reduce CO₂ emissions and electricity use at the prefectural government buildings and facilities
- ▶ Use of a lease prevented spikes in expenses

【Length of project】

- ▶ July 2018 to September 2019 (LEDs in police stations and boxes)



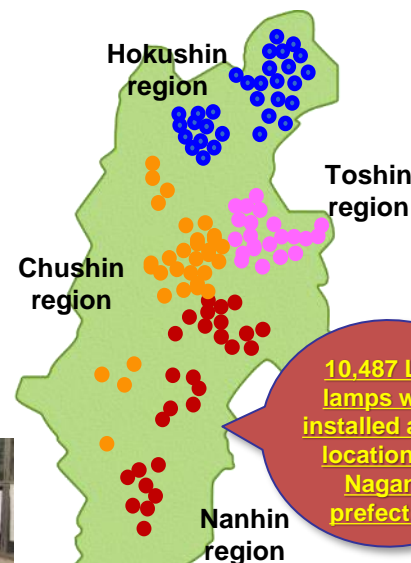
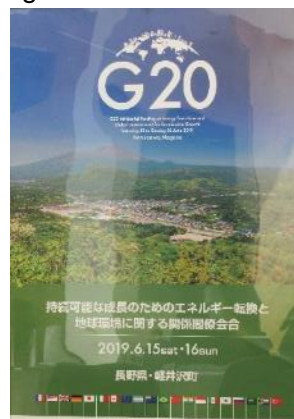
Participating companies

Organization /financing	Mitsubishi UFJ Lease & Finance Co., Ltd.
Design/installation /inspection	Hibiya Engineering
Design/installation	Six companies in Nagano

Hibiya Engineering activities

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

Information about the LED project was presented at the G20 Climate Sustainability Working Group meeting that was held in Nagano



Hibiya Engineering plans to use expertise gained from this project to meet the needs of local governments throughout Japan for activities that lower CO₂ emissions.

Alliances to meet public sector needs and receive renovation project orders

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

Information Center Manazuru, Manazuru-machi, Ashigarashimo-gun, Kanagawa

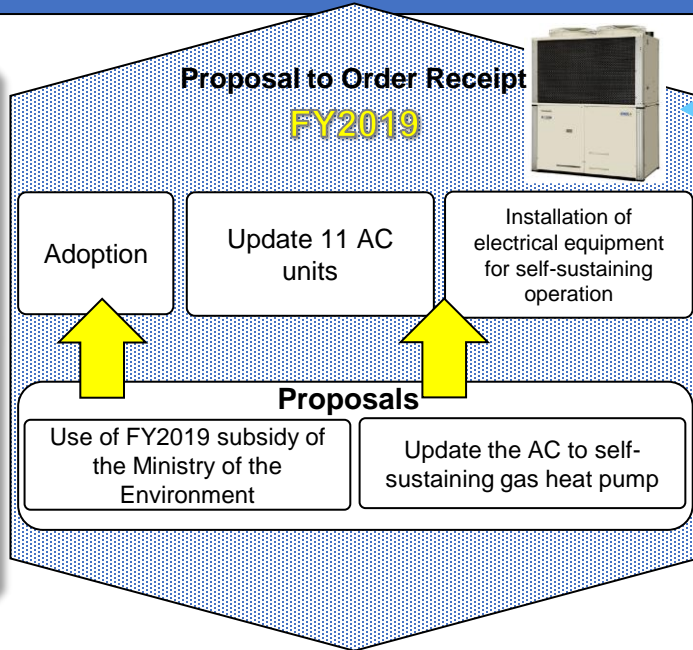


Needs

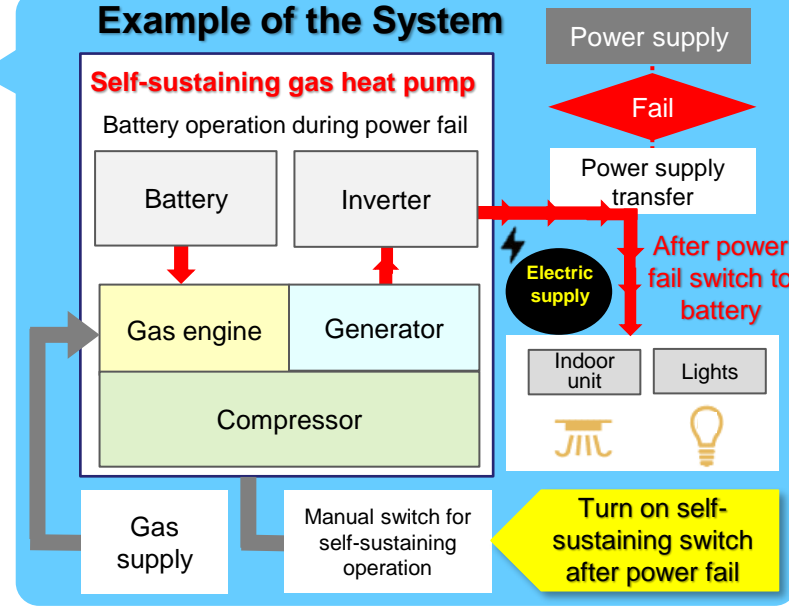
Equipment for evacuation site designation based on the Manazuru regional disaster response plan

Upgrade of the current air conditioning system, which is more than 20 years old

Renovations to conserve energy and lower the cost of operating the center



Example of the System



Construction consultant (Design, supervision, etc.) **Hibiya Engineering (Oversight, construction)**

- #### Expected benefits
- ◆ Reduction in greenhouse gas emissions (CO₂)
 - ◆ Lights, AC and other equipment at evacuation sites function even after a disaster

Alliances to meet public sector needs and receive renovation project orders

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

Buildings of the town of Sango-cho in Nara prefecture



- Needs**
- Update aging equipment
 - Reduce greenhouse gas emissions
 - Add disaster readiness capabilities (town office, welfare center)

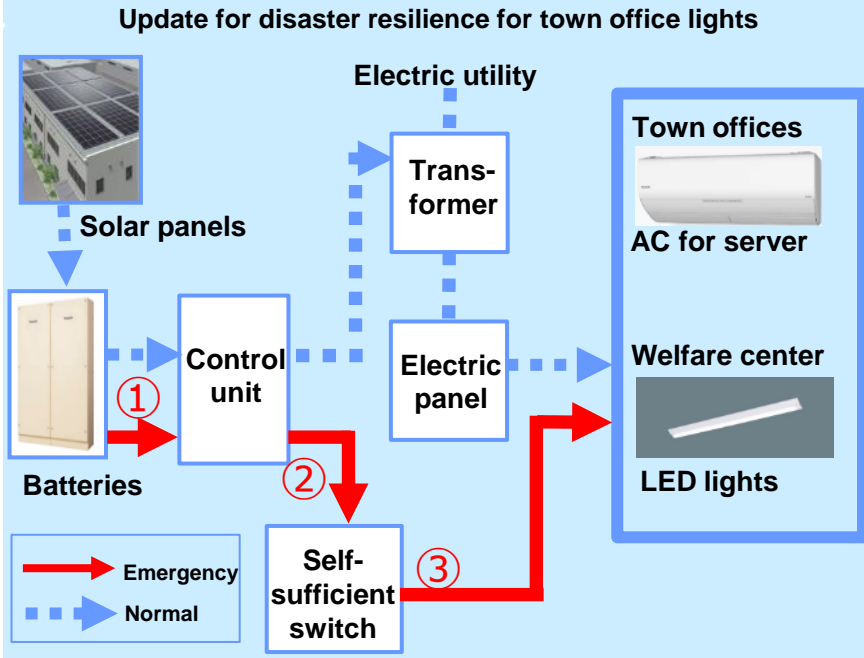
FY3/19

Plan for carbon management upgrade project

FY3/20

Execution of carbon management upgrade project

Execution of project for disaster readiness, carbon reduction, self-sufficient/dispersed energy equipment, etc.



Electricity path during an emergency

- Electricity released from batteries
- Goes to the self-sufficient switch
- Powers LED lights and other items

Location	Updates				
	AC	Lights	Transformer	EMS	Disaster response
Sango Elementary School	○			○	
Sango Kita Elementary School	○			○	
Sango Town Office	○	○		○	○
Library	○	○		○	
Culture Center		○	○	○	
Sports Center	○	○		○	
Welfare Center		○			○

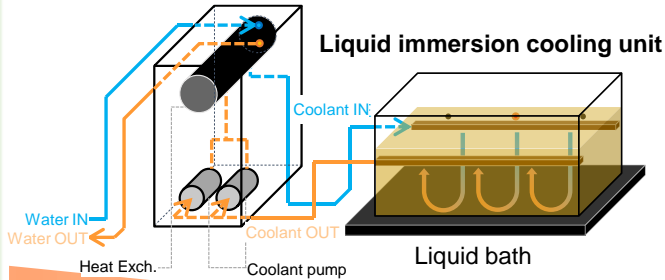
Design consultant
(design supervision, commissioning)

Hibiya Engineering
(leader, design, installation)

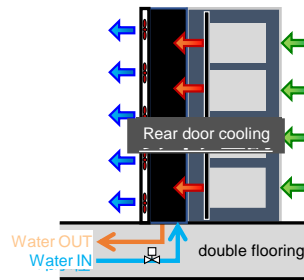
Capabilities for all data center cooling needs, from new construction to updates

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

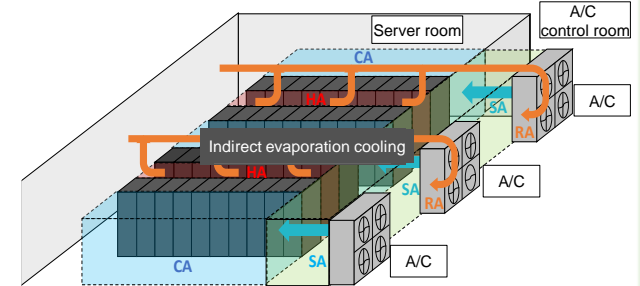
Installation and verification of new cooling systems



Ultra-high load
(100kW)



High load
(50kW)



Moderate load
(10kW)

Cooling System Renovation (cooling capability)

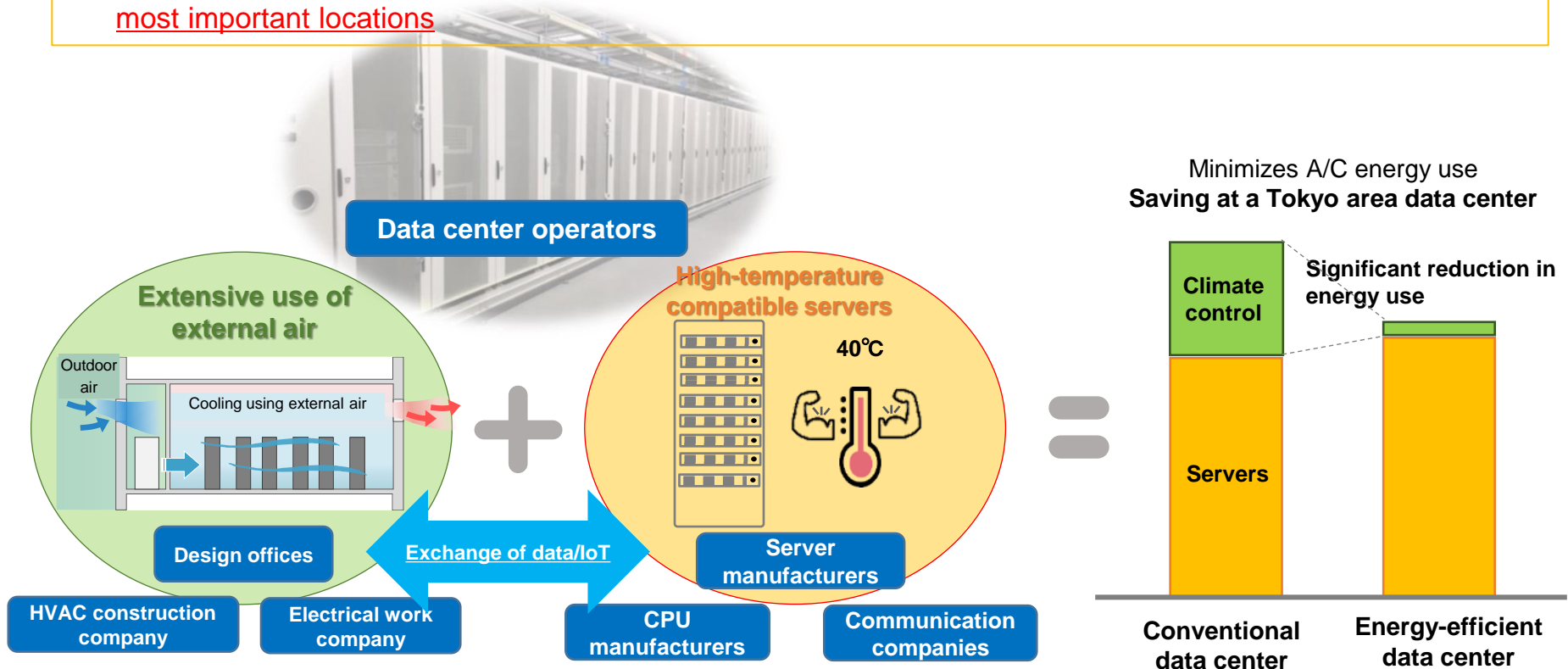
3/2021	41MW	>1,500 units
3/2020	51MW	>1,600 units
3/2019	40MW	>1,100 units

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 do 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

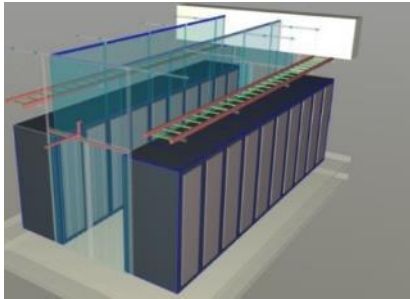
Features

More efficient climate control
Uniform temperature of rack air supply surface

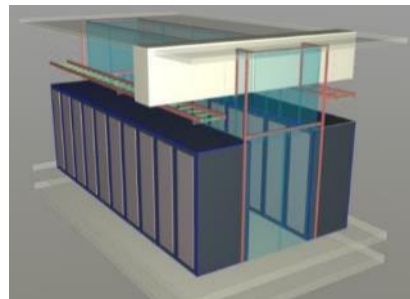
Flexible installation to match environment for equipment

Low cost by using general-purpose sheets

Potential applications



Capping with ceiling



Capping with no ceiling

Capping in use

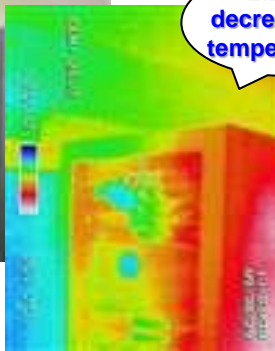


Installed under a ceiling beam



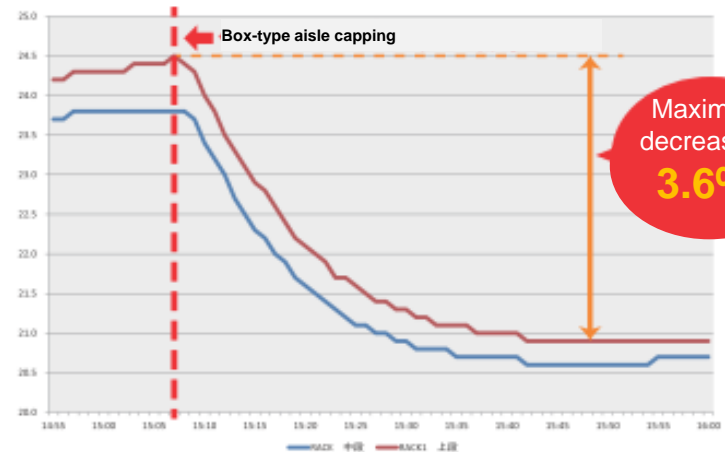
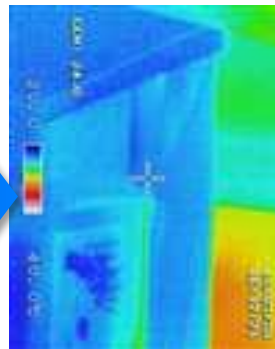
Box-type capping

Benefits



2.2°C decrease in temperature

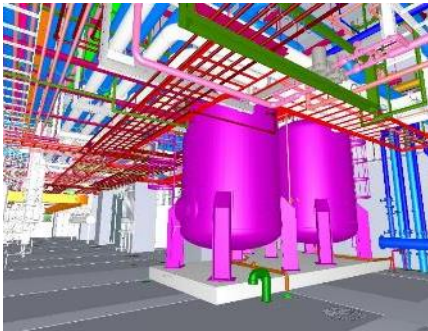
Improvement in air supply surface allows a more energy efficient thermostat setting for the climate control system



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



▶ Construction proceeds using adjusted diagrams

Advantages of using BIM

3D

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

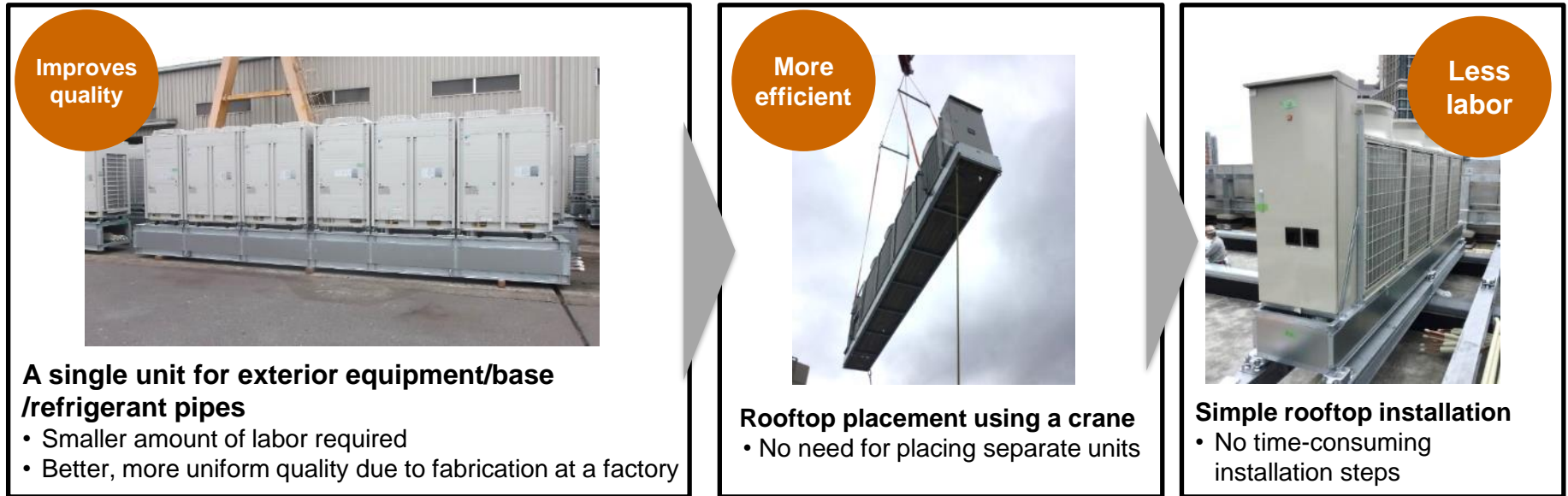
Database links

- 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.

Labor-saving method for installing rooftop equipment raises efficiency

Simple installation with single unit package for exterior equipment



Improves quality

A single unit for exterior equipment/base /refrigerant pipes

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

More efficient

Rooftop placement using a crane

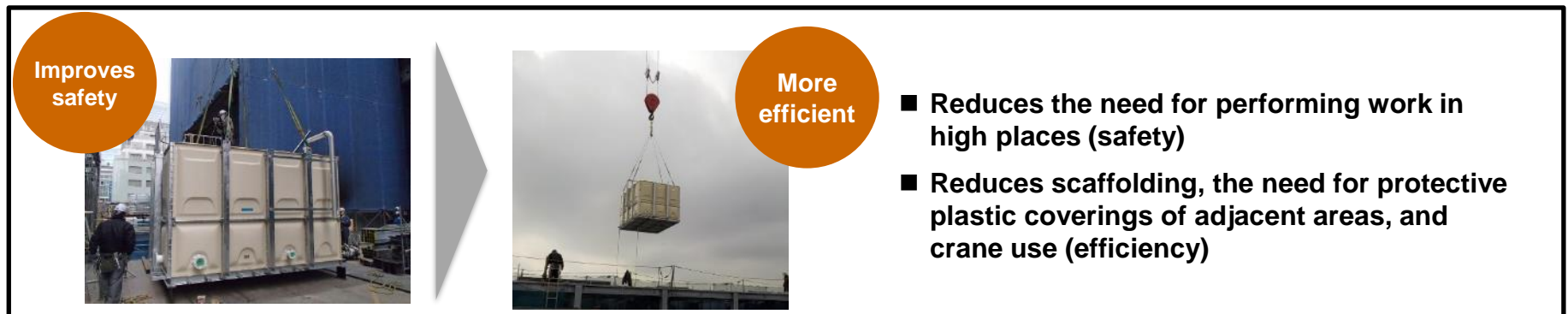
- No need for placing separate units

Less labor

Simple rooftop installation

- No time-consuming installation steps

Installation of pre-assembled rooftop water tank



Improves safety

More efficient

- Reduces the need for performing work in high places (safety)
- Reduces scaffolding, the need for protective plastic coverings of adjacent areas, and crane use (efficiency)

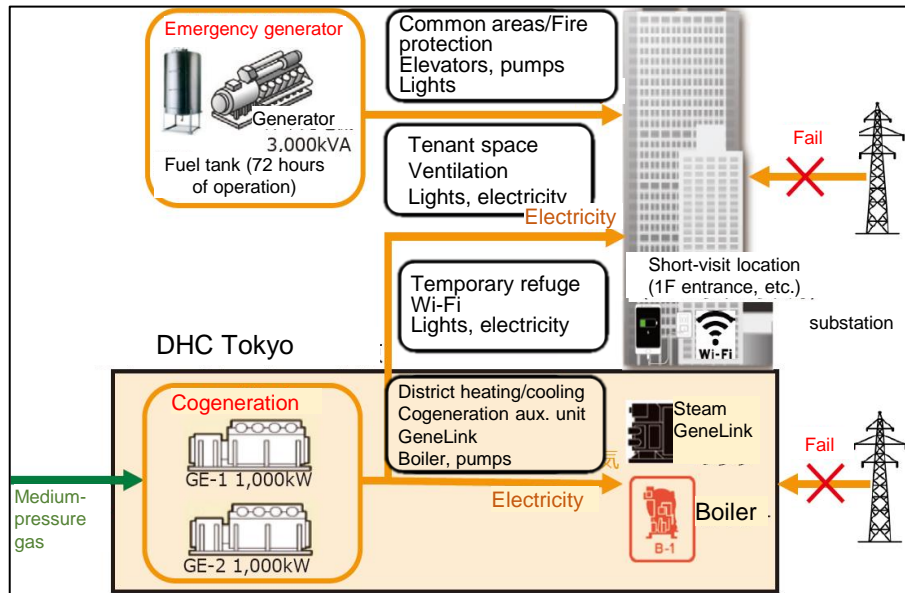
Cogeneration Awards – Special Award in the Private Sector Category

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

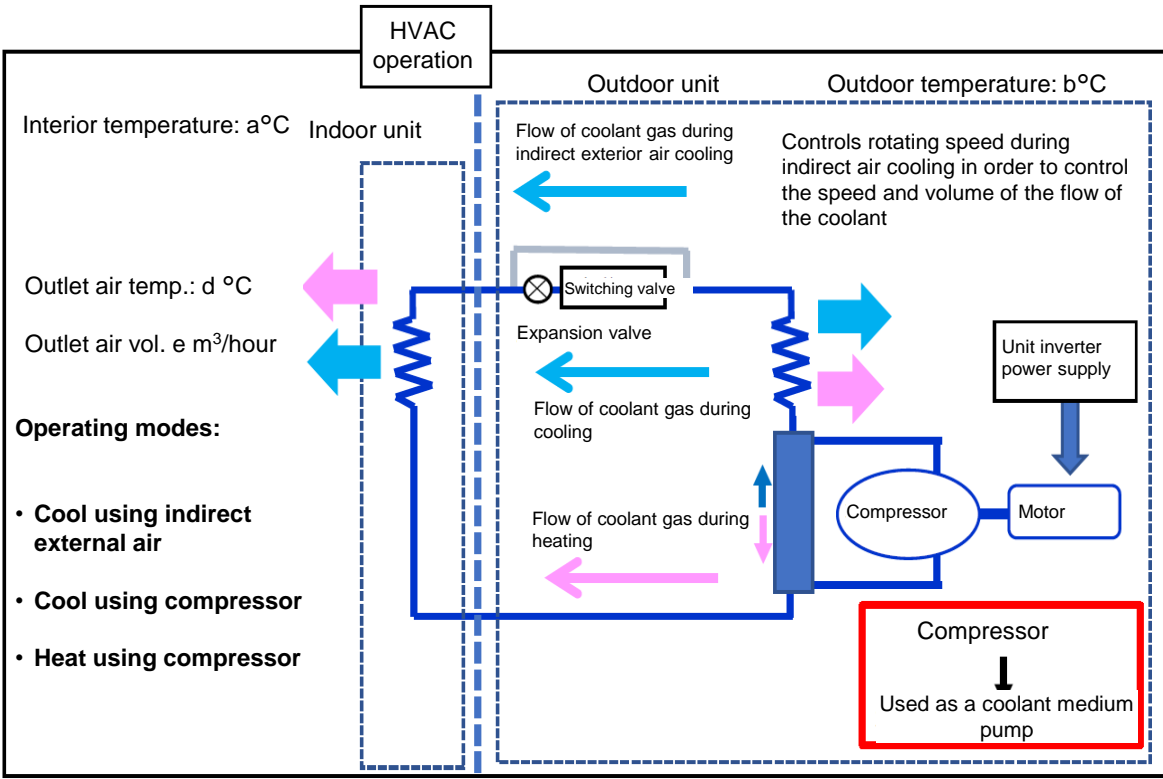


Upgraded gas engine

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)



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

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

Major Patents and Patents Pending (2)

Patent for reusable energy use for carbon neutrality and decarbonization

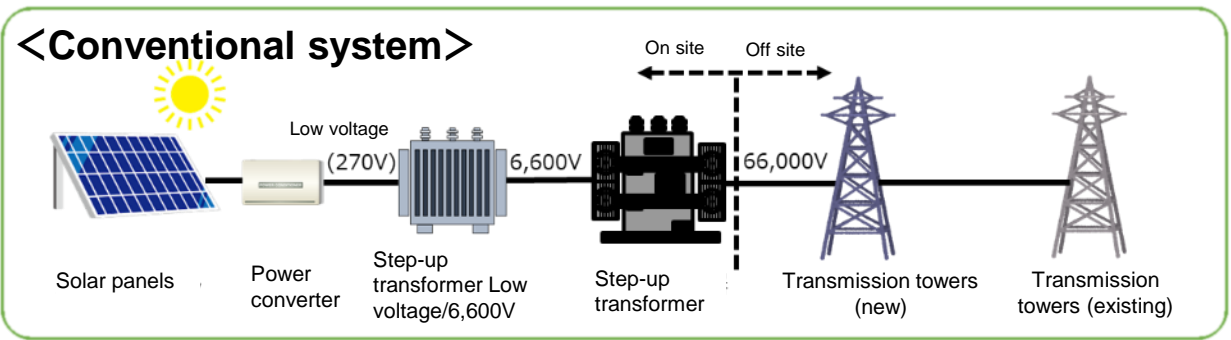
Patent pending **Extra-high voltage transmission system linkage for reusable energy¹**

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

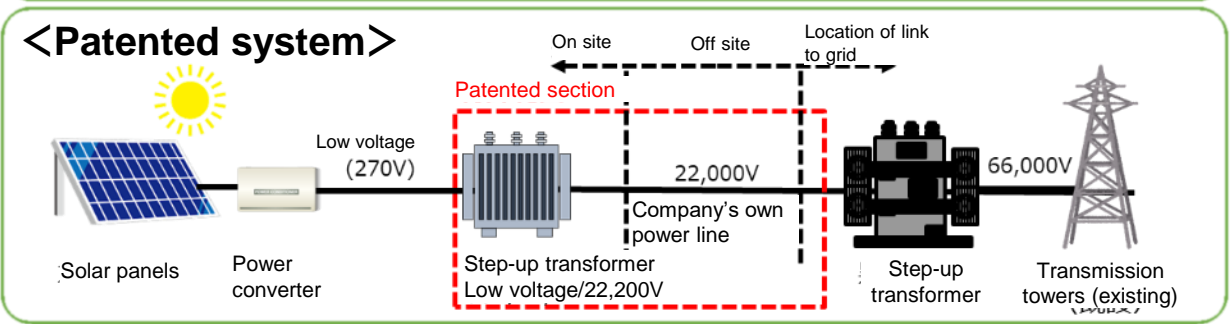
Existing patent **Solar power electricity generation system²**

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 extra-high 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。