

Notice of Commencement of Preparations for Transition to a Holding Company Structure and Company Split (Simplified Absorption-type Split)

As a result of consideration following the announcement of the “Notice Concerning Commencement of Consideration of Transition to a Pure Holding Company Structure” dated June 10, 2021, Nippon Koei has decided to commence preparations for the transition to a holding company structure scheduled for July 2023.

In addition, as a result of consideration regarding organizational integration between Nippon Koei's Urban & Spatial Development Business and Tamano Consultants Co., Ltd. (hereinafter “TSC”), a wholly-owned subsidiary of Nippon Koei, following the announcement of the “Notice Concerning Commencement of Consideration of Organizational Integration of a Certain Part of the Company's Business and Wholly Owned Subsidiary Company” dated September 17, 2021, it was resolved that Nippon Koei's Urban & Spatial Development Business would be succeeded by TSC on July 1, 2022, by the method of company split (simplified absorption-type split) (hereinafter “the Company Split”) and to conclude an absorption-type split agreement regarding this (hereinafter “the Agreement”). At the same time, TSC will change its trade name to Nippon Koei Urban Space Co., Ltd.

Since the Company Split is a simplified absorption-type split whereby a wholly-owned subsidiary succeeds to part of Nippon Koei's business, the disclosed items and contents have been partially abbreviated.

1. Transition to Holding Company Structure

(1) Background and aims

In the Long-term Management Strategy targeting 2030, Nippon Koei positioned the Consulting Business, Urban & Spatial Development Business, and Energy Business as its three core businesses based on the strategy of continuing to respond to social issues and is aiming for further growth. To this end, Nippon Koei will establish a pure holding company responsible for overall group strategy with the aim of conducting a transition to a management system in which each operating company responsible for executing business can fully demonstrate its responsibility and flexibility. As a result of considering how to deepen group management and ensure more reliable growth from the medium-to long perspective through measures such as the appropriate allocation of management resources and further strengthening of group governance, it was determined that transition to a holding company structure would be the optimal solution.

(2) Method of Transition and Schedule

Assuming that the plan receives approval at the General Meeting of Shareholders scheduled for late September 2022 and that approval is obtained for the necessary designated procedures, the pure holding company will be established by share transfer by July 2023. At the same time, through a company split method with Nippon Koei as the splitting company, in addition to the Urban & Spatial Development Business, the company will spin off the Consulting Business and Energy Business, as well as the business management and sales functions of the entire group, and make them wholly-owned subsidiaries of the pure holding company by around October 2023.

*The details concerning the transition to the holding company structure will be announced as soon as they are decided.

2. Company Split of Urban & Spatial Development Business and Succession to TSC

(1) Aims of the Company Split

As part of the transition to the holding company structure, Nippon Koei has decided to have TSC take over the company's Urban & Spatial Development Business through the Company Split.

In recent years, a growing number of projects, such as urban development and redevelopment projects, have required both civil engineering and architectural perspectives, and customers' needs have been increasing in these areas. Against this background, integration will be promoted between Nippon Koei's Urban & Spatial Development Business, which undertakes urban design including architectural and landscape design, and TSC, which has an impressive track record working with local governments, etc. on community development.

Through this integration, we will integrate the technologies and functions of both civil engineering and construction fields, aim to enter the urban infrastructure formation market in Japan and overseas, and promote

urban / regional revitalization projects, public-private partnership projects, and smart city development. By becoming a comprehensive producer company with more proposal and development capabilities than ever before, we will evolve into a highly competitive company and work to form a sustainable city.

In addition to cultivating markets in Japan and overseas and entering the urban infrastructure development market, as well as providing services through an organization integrating Nippon Koei's Urban & Spatial Development Business with TSC, we are also strongly promoting collaboration with the Consulting Business and Energy Business, as well as our consolidated subsidiary BDP Holdings Limited, a British architectural design company, and the Japanese architectural design company Kisho Kurokawa Architect & Associates for the comprehensive production of urban spaces while demonstrating the strengths of each company.

(2) Outline of the Company Split

1) Schedule of the Company Split

(i) Date of Board of Directors resolution	March 10, 2022
(ii) Date of conclusion of agreement on absorption-type company split	April 1, 2022
(iii) Date of coming into force	July 1, 2022 (planned)

*The Company Split is planned to be implemented without obtaining approval by a resolution of the General Meeting of Shareholders, in accordance with Article 784, Paragraph 2 of the Companies Act.

2) Method of the Company Split

The company split will be an absorption-type company split in which Nippon Koei is the splitting company and TSC is the successor company.

3) Details of allocation of shares relating to the Company Split

At the time of the Company Split, TSC will issue 133,000 ordinary shares and allocate and deliver them to Nippon Koei.

4) Handling of new share warrants and warrant bonds arising from the Company Split

Not applicable

5) Increase/decrease in capital through the Company Split

There will be no increase/decrease in capital through the company split.

6) Rights and obligations succeeded by the successor company

TSC will succeed, to the extent designated in the Agreement, to the assets, debts, contracts and other rights and obligations related to this business on the date of coming into force.

7) Prospect of performance of obligations

It has been determined that TSC will have no problem performing its obligations in the Company Split.

(3) Overview of companies party to the Company Split (as of February 28, 2022)

	Splitting company	Successor company	
(i) Trade name	Nippon Koei Co., Ltd.	Tamano Consultants Co., Ltd. (trade name to be changed to Nippon Koei Urban Space Co., Ltd. on July 1, 2022)	
(ii) Address	5-4 Kojimachi, Chiyoda-ku, Tokyo	2-17-14 Higashisakura, Higashi-ku, Nagoya	
(iii) Name/title of representative	Hiroaki Shinya, Representative Director and President	Naoki Makimura, Representative Director and President	
(iv) Business contents	Development and construction technology consulting services and technical assessment services; design and construction of electric power facilities and various types of construction work; manufacture and sale of power-related equipment, electronic equipment and devices	Construction consultant (surveying, design, urban planning, subdivision, site compensation, etc.)	
(v) Capital	7,501 million yen	1,682 million yen	
(vi) Date established	June 7, 1946	October 1, 1951	
(vii) Number of shares issued	15,060,314 shares	1,064,000 shares	
(viii) End of fiscal year	June 30	June 30	
(ix) Major shareholders and shareholding ratio (as of June 30, 2021)	The Master Trust Bank of Japan, Ltd. (Trust Account): 6.8% Nippon Koei Employee' Stockholders Association: 6.3% MUFG Bank, Ltd.: 4.9% Custody Bank of Japan, Ltd. (Trust Account): 4.8% Meiji Yasuda Life Insurance Company: 3.8%	Nippon Koei Co., Ltd.: 100%	
(x) Operating results and financial position for most recent fiscal year			
End of fiscal year	June 30, 2021(Consolidated: IFRS)	June 30, 2021(Non-consolidated: Japan GAAP)	
Equity attributable to owners of parent	70,725 million yen	Net assets	6,399 million yen
Total assets	156,137 million yen	Total assets	13,087 million yen
Equity attributable to owners of parent per share	4,699.82 yen	Net asset per share	6,014.46 yen
Revenue	117,859 million yen	Net sales	14,050 million yen
Operating profit	7,128 million yen	Operating income	1,202 million yen
Profit before tax	7,176 million yen	Income before income taxes	986 million yen
Profit attributed to owners of parent	4,531 million yen	Net income	625 million yen
Basic earnings per share	300.00 yen	Net income per share	587.65 yen

(4) Overview of business to be split off

1) Contents of business to be split off

Urban & spatial development business including architecture and landscaping

2) Operating results of business to be split off (year ended June 30, 2021; Japan GAAP)

Net sales: 2,064 million yen

3) Items and amounts of assets and liabilities to split off

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	812 million yen	Current liabilities	249 million yen
Non-current assets	92 million yen	Non-current liabilities	— million yen
Total	904 million yen	Total	249 million yen

(Note) Since the above amounts are calculated based on the balance sheet as of June 30, 2021, the amounts to be actually succeeded will be calculated by adding or subtracting the increase or decrease to or from the above amounts up to the day before the date of coming into force.

(5) Status of Nippon Koei after the Company Split

There will be no change of the trade name, address, names and titles of representatives, business contents, capital, and fiscal year end of Nippon Koei through the Company Split.

(6) Status of successor company after the Company Split (as of July 1, 2022 (planned))

(i) Trade name	Nippon Koei Urban Space Co., Ltd.
(ii) Address	2-17-14 Higashisakura, Higashi-ku, Nagoya (The Tokyo office will move from 2-26-2 Nishinippori, Arakawa-ku, Tokyo to Kojimachi Mid Square, 4-2 Kojimachi, Chiyoda-ku, Tokyo)
(iii) Names/titles of representatives	Naoki Makimura, Director and Chairman Noriaki Yoshida, Director and President
(iv) Business contents	Consulting services on civil engineering, architecture, etc., urban development projects, etc.
(v) Capital	1,682 million yen
(vi) Fiscal year end	June 30

(7) Future Outlook

The impact of the Company Split on Nippon Koei's consolidated results will be negligible.