

# Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 [IFRS]



August 12, 2022

**Company name: Nippon Koei Co., Ltd.**

Stock exchange listing: Tokyo Stock Exchange

Code number: 1954

URL: <https://www.n-koei.co.jp/english/>

Representative: Hiroaki Shinya, Representative Director and President

Contact: Yasushi Hirusaki, Director General of Corporate Management Headquarters, Director

Phone: +81-3-3238-8040

Scheduled date of holding general shareholders' meeting: September 29, 2022

Scheduled date of commencing dividend payments: September 12, 2022

Scheduled date of filing annual securities report: September 28, 2022

Availability of supplementary briefing material on financial results: Yes

Schedule of financial results briefing session: Yes (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

### (1) Consolidated Operating Results

(% indicates changes from the previous fiscal year.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended June 30, 2022	130,674	10.9	9,065	27.2	10,800	50.5	6,704	48.4	6,579	45.2
June 30, 2021	117,859	8.7	7,128	35.9	7,176	42.7	4,518	39.2	4,531	46.2

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2022	436.98	436.98	8.8	6.5	6.9
June 30, 2021	300.00	300.00	6.7	4.7	6.0

(Reference) Share of profit of investments accounted (Equity method): Fiscal year ended June 30, 2022 : ¥230 million

Fiscal year ended June 30, 2021 : ¥35 million

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Million yen	Million yen	Million yen	%	Yen
June 30, 2022	173,926	81,969	78,088	44.9	5,185.66
June 30, 2021	156,137	72,294	70,725	45.3	4,699.82

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
June 30, 2022	4,820	(6,949)	1,892	17,971
June 30, 2021	12,073	(2,750)	(7,928)	17,838

## 2. Dividends

	Dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended June 30, 2021	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended June 30, 2021	-	0.00	-	75.00	75.00	1,128	25.0	1.7
Fiscal year ended June 30, 2022	-	0.00	-	125.00	125.00	1,882	28.6	2.5
Fiscal year ending June 30, 2023 (Forecast)	-	0.0	-	125.00	125.00		28.1	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)

(% indicates changes from the previous fiscal year.)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	145,000	11.0	11,300	24.6	6,700	1.8	444.93	

#### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

New companies: None

Excluded companies: None

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

(3) Total number of issued shares (ordinary shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022 : 15,060,314 shares

As of June 30, 2021 : 15,048,568 shares

2) Total number of treasury shares at the end of the period

As of June 30, 2022 : 1,811 shares

As of June 30, 2021 : 60 shares

3) Average number of shares during the period

Fiscal year ended June 30, 2022 : 15,056,069 shares

Fiscal year ended June 30, 2021 : 15,106,105 shares

#### (Reference) Nonconsolidated Financial Results

##### 1. Nonconsolidated Financial Results for the Fiscal Year Ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(1) Nonconsolidated Operating Results (% indicates changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
June 30, 2022	80,796	9.2	4,287	2.4	7,100	23.5	5,236	111.1
June 30, 2021	73,970	6.5	4,185	159.5	5,750	83.3	2,480	(1.8)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
June 30, 2022	347.81	-
June 30, 2021	164.23	-

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2022	120,878	59,280	49.0	3,936.66
June 30, 2021	110,295	55,043	49.9	3,657.72

(Reference) Equity: As of June 30, 2022: ¥59,280 million

As of June 30, 2021: ¥55,043 million

##### 2. Nonconsolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)

(% indicates changes from the previous fiscal year.)

	Net sales		Ordinary profit		Net profit		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	86,000	6.4	7,500	5.6	5,500	5.0	365.24	

\* These consolidated financial results are not subject to audit procedures by certified public accountants or the audit firm.

\* Explanation of the proper use of financial results forecast and other notes:

1. The earnings forecasts and other forward-looking statements disclosed herein are based on information available to the Company as of publication date of this document and certain assumptions deemed reasonable. Actual results, etc. may differ significantly due to a wide range of factors.
2. The Company is scheduled to hold a financial results briefing session for investors and analysts on September 2, 2022. The financial briefing materials to be distributed at this briefing session will be subsequently posted on the Company's website

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Current Fiscal Year

During the current fiscal year (July 1, 2021 to June 30, 2022), Japan's economy showed signs of recovery amid the normalization of economic and social activities along with all possible infection control measures, and resulting from the effects of various policies. However, amid concerns about the protracted situation in Ukraine and the impact of the restraint of economic activities in China, we still need to pay close attention to downside risks due to fluctuations in financial and capital markets and the impact of infectious diseases, in addition to rising raw material prices and supply restrictions.

With regard to the business environment surrounding Nippon Koei Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”), in the Consulting Business, the Japanese government is expected to maintain a high level of budget mainly for national resilience and needs for accelerated digital reform and management business increased. In international markets, there have been risks related to impact on the progress of the business as well as travel restrictions due to the spread of COVID-19. However, demand remained strong, as high targets for orders received are set in the Japanese government's “Infrastructure System Overseas Promotion Strategy 2025.” In the Urban & Spatial Development Business, there are strong needs for urban development projects including reconstruction of the urban structure in Japan, Europe, and the United States, etc. and urban infrastructure projects in developing countries. In the Energy Business, new opportunities have been created leading to competition toward the realization of carbon neutrality in 2050 in Japan and there are growing needs for renewable energy development and better efficiency of energy use worldwide.

The Group has been taking steps to prevent COVID-19 with an active defense system to protect the lives and health of employees and their families and to minimize the impact on customers. In addition, to achieve work-life balance and improve productivity, we are promoting telework and other work style reforms.

Under such a market environment, we have drawn up the medium-term management plan “Building Resilience 2024” to implement three resilience policies and positioned the period from July 2021 to June 2024, which is first step of “NKG (Nippon Koei Group) Global Strategy 2030,” as a transformation period to make the Group resilient. Please refer to “(4) Future Outlook” for details.

As a result, the Group’s consolidated results for the current fiscal year were as follows: Although orders received decreased 1.6% year on year to ¥131,166 million, revenue increased 10.9% year on year to ¥130,674 million, operating profit increased 27.2% year on year to ¥9,065 million, and profit attributable to owners of parent increased 45.2% year on year to ¥6,579 million. This was because projects including those of the International Consulting Business progressed well and costs such as travel expenses continued declining and improvement of the profit structure progressed steadily also in the major consolidated subsidiaries, and was also due to the impact of yen depreciation.

Business results for each segment are as follows: Due to the changes made to the reporting segment classification effective from the current fiscal year, comparisons with the previous fiscal year are based on the figures that have been reclassified into the new segments. For details of this change in reporting segments, please refer to “3. Consolidated Financial Statement and Primary Notes (5) Notes to Consolidated Financial Statements (Segment Information) 2. Changes in reportable segments”.

#### [Consulting]

In the Consulting Business, we improved the productivity through DX (digital transformation) promotion and thoroughly carried out revenue management, quality control, risk management and safety management. We also advanced and globally deployed disaster prevention and mitigation technologies, expanded the transportation-related business, promoted services contributing to decarbonization and deployed the management area on a full-scale basis.

As a result, orders received continued to be as strong as those in the previous year and increased 0.7% year on year to ¥98,491 million. Revenue increased 10.5% year on year to ¥88,510 million due to the start of large-scale projects of the International Consulting Business and the steady progress of operations, etc. Operating profit increased 46.6% year on year to ¥8,982 million due to the substantial reduction of selling, general and administrative expenses and indirect expenses.

#### [Urban & Spatial Development]

In the Urban & Spatial Development Business, we promoted urban development and Smart City business, responded to changes in the UK market and expanded our business in the Canadian market while making efforts to expand our business in the Asian market through Group-wide collaboration.

As a result, orders received decreased 15.1% to ¥18,207 million due to a review of some businesses in the UK and decline in businesses due to public investment control. Revenue increased 11.4% to ¥22,580 million as orders received in the previous fiscal year were strong and many projects were in operation and also due to the impact of the depreciation of the yen. Operating profit decreased 29.9% year on year to ¥1,588 million as the supervisory and support operations were transferred to the Consulting Business and an impairment loss on goodwill of BDP HOLDINGS LIMITED and its subsidiaries was recorded.

#### [Energy]

In the Energy Business, we strengthened the production framework of electric power equipment, which is our main force, developed new products, and formulated new projects in the power generation business such as renewable energy. We formulated infrastructures for the battery storage business mainly in Europe as well as the aggregation business (Electricity sales through electricity market transactions by aggregation of distributed energy sources and power system stabilization projects, etc.) in Japan in the energy management business.

As a result, orders received increased 2.5% year on year to ¥14,343 million as orders received for power transformation-related construction, etc. were strong. Revenue increased 13.1% year on year to ¥18,799 million due to the steady progress in operation of large-scale projects. Operating profit increased 58.5% to ¥1,290 million due to a reversal of the provision for loss on construction contracts and reduction of variable costs compared with the previous fiscal year when the provision for loss on construction contracts was recorded.

### (2) Overview of Financial Position for the Current Fiscal Year

Total assets as of the end of the current fiscal year amounted to ¥173,926 million, an increase of ¥17,788 million from the end of the previous fiscal year. This was mainly due to a ¥5,852 million increase in trade and other receivables and a ¥4,390 million increase in other current assets resulting from an increase in advance payments to suppliers and other items.

Total liabilities were ¥91,956 million, an increase of ¥8,113 million from the end of the previous fiscal year. This was mainly due to a ¥5,404 million increase in borrowings.

Total equity was ¥81,969 million, an increase of ¥9,674 million from the end of the previous fiscal year. This was mainly due to a ¥4,917 million increase in retained earnings.

As a result, ratio of equity attributable to owners of parent to total assets decreased 0.4 percentage points from the end of the previous fiscal year to 44.9%.

### (3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents at the end of the current fiscal year was ¥17,971 million, an increase of ¥133 million from the end of the previous fiscal year. The status of cash flows in the current fiscal year and changes in cash flows from the previous fiscal year are as follows.

Net cash provided by operating activities was ¥4,820 million, a decrease of ¥7,252 million from the previous fiscal year as a result of making adjustments of non-fund items such as depreciation cost as well as receivables and liabilities related to business activities for profit before tax of ¥10,800 million. This was mainly due to factors such as an increase in trade and other receivables and a decrease in consumption taxes payable, etc.

Net cash used in investment activities was ¥6,949 million, a decrease of ¥4,199 million from the previous fiscal year as a result of purchase of property, plant and equipment and other financial assets. This was mainly due to an increase in expenditure for the purchase of property, plant and equipment and investment property.

Net cash provided by financing activities was ¥1,892 million, an increase of ¥9,821 million from the previous fiscal

year as a result of borrowing and repaying short-term loans. This was mainly due to an increase in cash from borrowings.

Trends of the Company's cash flow indicators are as follows.

(Reference) Trends in Cash Flow Indicators

	Fiscal Year Ended June 2018	Fiscal Year Ended June 2019	Fiscal Year Ended June 2020	Fiscal Year Ended June 2021	Fiscal Year Ended June 2022
Ratio of equity attributable to owners of parent to total assets (%)	51.2	52.2	43.6	45.3	44.9
Ratio of equity attributable to owners of parent to total assets on market value basis (%)	37.5	32.4	29.0	29.7	28.2
Interest-bearing debt to cash flow ratio (years)	-	6.3	7.0	2.2	6.7
Interest coverage ratio (times)	-	11.7	10.9	27.8	11.8

Ratio of equity attributable to owners of parent to total assets: Equity attributable to owners of parent / Assets

Ratio of equity attributable to owners of parent to total assets on market value basis: Total market capitalization / Assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest expenses

Notes: 1. All indicators are calculated using financial figures on a consolidated basis.

2. Total market capitalization is calculated based on the number of issued shares excluding treasury shares.

3. Cash flows from operating activities are used for the cash flows.

4. Interest-bearing debt covers all debt recorded in the consolidated statement of financial position for which interest is paid.

5. The interest-bearing debt to cash flow ratio and the interest coverage ratio for the fiscal year ended June 2018 are shown as "-", as they were negative.

6. Of the above indicators, those from the fiscal year ended June 30, 2020 are based on the consolidated financial statements created in accordance with the International Financial Reporting Standards (IFRS).

#### (4) Future Outlook

In June 2021, we announced the long-term management strategy "NKG Global Strategy 2030", under the concept of "Working Together toward a Future Without Boundaries." By working together with various internal and external partners, we will provide new values through intellectual exploration and technological innovation and integration. We will aim to be a corporate group that helps to bring about a society where people can actually feel richness. We set the numerical targets for the fiscal year ending June 2030 as revenue of ¥250 billion, operating profit of ¥25 billion, operating profit margin of 10% and ROE of 15%.

With regard to the business environment surrounding the Group, we recognize that the situation is unpredictable. There is an increasing risk of uncertainty in the international situation such as global inflation and a weak yen triggered by Russia's invasion of Ukraine while we are facing global issues that require immediate action, such as climate change and income disparities. In the Consulting Business, the domestic market is expected to continue to secure public work budgets for national resilience and regional revitalization and the market is expected to expand especially in the field of disaster prevention and mitigation. In the overseas market, the Japanese government is aiming to strengthen budgets with "Infrastructure System Overseas Promotion Strategy 2025" as an axis, but business operations are expected to be difficult due to the delay in formation of some projects due to the impact of COVID-19 and review of the business in association with inflation and yen depreciation. In the Urban & Spatial Development Business, the need for sustainable urban restructuring, which attracts ESG investment, is increasing in Japan, Europe and the United States. Also, the need for the urban development business including preparation and maintenance of transportation-related facilities and peripheral infrastructures is strong in developing countries. In the Energy Business, new opportunities are expected to be created leading to competition toward the target of carbon neutrality in 2050 in addition to the demand for updating the aging existing equipment in Japan. However, it is necessary to agilely cope with policy change due to the rising global energy cost although the trend of shifting to renewable energy remains unchanged.

Under such a market environment, as mentioned above, we are implementing three resilience policies based on the medium-term management plan “Building Resilience 2024”(from July 2021 to June 2024).

As the first resilience policy, we will reorganize the conventional five business operations into three domains (Consulting, Urban & Spatial Development, and Energy) to strengthen the business axis. As the second resilience policy, we will aim to realize matrix management (management in which each business mutually collaborates with each other in each region) by shifting to a pure holding company structure and establishing a regional management system. As the third resilience policy, we will strengthen technological development and human resource development toward the establishment of "NKG brand" and "NKG quality." Also, we will promote “well-being management” as a basis for that.

Each of the resilience policies, materialities, and the key priority issues for the fiscal year ending June 30, 2023 are as follows.

Materiality (Priority issues)		Key priority issues for the fiscal year ending June 30, 2023	
Resilience Policy 1	(1) Development of infrastructure to protect safe living	Business Strategies	<ul style="list-style-type: none"> <li>Enhancement and formalization of technologies for heavy rain disaster countermeasures and seismic analysis</li> <li>Aggressive development of satellite information service business</li> <li>Advancement of AI flood forecasting and big data analysis technology</li> <li>Sophistication of infrastructure maintenance technology and Implementation of public-private partnership (PPP) projects</li> </ul>
	(2) Development of infrastructure where all people can freely interact and play an active role		<ul style="list-style-type: none"> <li>Acquisition of technologies related to railroad O&amp;M (operation and maintenance), and expansion of projects related to transportation node improvement and peripheral development</li> <li>Development of new business areas such as DX, micro-grids, and smart cities</li> </ul>
	(3) Creation of attractive cities where a diversity of people and industries are concentrated		<ul style="list-style-type: none"> <li>Realization of one-stop service in urban area (re)development projects in metropolitan and regional areas</li> </ul>
	(4) Conservation of the global environment by achieving a decarbonized society		<ul style="list-style-type: none"> <li>Establishment of a domestic aggregation business implementation system (compliance with the Feed-in-Premium (FIP) system for in-house hydroelectric power, start of supplying 100% renewable electricity to the company's main facilities)</li> <li>Development of energy management (EM) related businesses in Europe and Asia</li> </ul>
Resilience Policy 2	(5) Strengthening corporate governance	Organizational Strategies	<ul style="list-style-type: none"> <li>Establishment of group management rules and structure after the establishment of a pure holding company structure</li> <li>Establishment of basic policies for capital structure and shareholder returns under the above-mentioned structure</li> </ul>
		Sales Strategies	<ul style="list-style-type: none"> <li>Establishment of basic policy for regional management</li> <li>Proactively utilize business incubation functions</li> </ul>
Resilience Policy 3	(6) A rewarding work environment where human rights are respected	Human Resources & Technology Strategies	<ul style="list-style-type: none"> <li>Promotion of telework and satellite office utilization</li> <li>Raising the percentage of female managers and promoting employment of people with disabilities</li> <li>Promotion of wellbeing management through health management, work style reform, etc.</li> </ul>
	(7) Development of human resources and technology		<ul style="list-style-type: none"> <li>Establishment of NK Group Global Academy</li> </ul>



We have set the numerical targets for the fiscal year ending June 30, 2024, which is the final fiscal year of the medium-term management plan “Building Resilience 2024,” as revenue of ¥155 billion, operating profit of ¥11.5 billion, operating profit margin of 7% and ROE of 9%.

As for the fiscal year ending June 30, 2023, which is the second term (of the medium-term management plan), in the Consulting Business, we will utilize new technologies such as AI and big data analysis, digital twin technology, and satellite information services and will ensure quality and safety. In addition, we will propel co-creation projects across fields such as river basin management, climate change, SDGs, renewable energy and multi-hazards. In the Urban & Spatial Development Business, centering on Nippon Koei Urban Space Co., Ltd., which was established by integrating the Urban & Spatial Development Business of the Company and our group company Tamano Consultants Co., Ltd. (on July 1, 2022), we will aim to expand our entry into the urban infrastructure formation markets in Japan and overseas. We will also work to expand our business in the UK and North American markets and form a business foundation in the Asian market through intra-group collaboration. In the Energy Business, we will work to strengthen the structure of the existing energy-related consulting and engineering business, build a foundation for the energy management business such as storage batteries and aggregation, and stabilize the manufacturing business by strengthening the core products and developing new products.

By promoting these initiatives, the consolidated financial results forecasts for the fiscal year ending June 30, 2023 are revenue of ¥145 billion (111.0% compared with the previous fiscal year), operating profit of ¥11.3 billion (124.6 % compared with the previous fiscal year) and profit attributable to owners of parent of ¥6.7billion (101.8% compared with the previous fiscal year).

## 2. Basic Policy Regarding Selection of Accounting Standard

The Group has applied IFRS since the end of the consolidated fiscal year ended June 30, 2021 in order to improve the international comparability of financial statements in capital markets and improve the quality of the group management by unifying accounting policies.

### 3. Consolidated Financial Statement and Primary Notes

#### (1) Consolidated Statement of Financial Position

(Millions of yen)

	<u>As of June 30, 2021</u>	<u>As of June 30, 2022</u>
Assets		
Current assets		
Cash and cash equivalents	17,838	17,971
Trade and other receivables	21,189	27,042
Contract assets	24,327	26,450
Other financial assets	1,315	3,779
Other current assets	3,900	8,290
Total current assets	<u>68,570</u>	<u>83,535</u>
Non-current assets		
Property, plant and equipment	40,832	41,403
Right-of-use assets	9,229	9,067
Goodwill	9,182	10,207
Intangible assets	6,502	7,025
Investment property	4,094	6,250
Investments accounted for using equity method	2,077	2,434
Retirement benefit asset	4,391	3,624
Other financial assets	7,434	6,423
Deferred tax assets	2,437	2,429
Other non-current assets	1,384	1,523
Total non-current assets	<u>87,566</u>	<u>90,390</u>
Total assets	<u><u>156,137</u></u>	<u><u>173,926</u></u>

(Millions of yen)

	<u>As of June 30, 2021</u>	<u>As of June 30, 2022</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	8,320	13,148
Lease liabilities	2,678	2,729
Trade and other payables	9,076	10,400
Contract liabilities	10,645	8,837
Other financial liabilities	3,005	4,561
Income taxes payable	2,228	2,551
Provisions	818	653
Other current liabilities	12,115	12,957
Total current liabilities	<u>48,889</u>	<u>55,840</u>
Non-current liabilities		
Borrowings	18,712	19,288
Lease liabilities	6,699	6,556
Other financial liabilities	648	665
Retirement benefit liability	3,861	3,896
Provisions	375	674
Deferred tax liabilities	4,533	4,683
Other non-current liabilities	122	351
Total non-current liabilities	<u>34,953</u>	<u>36,116</u>
Total liabilities	83,843	91,956
Equity		
Share capital	7,480	7,501
Capital surplus	6,428	6,454
Treasury shares	(0)	(34)
Other components of equity	2,820	5,252
Retained earnings	53,996	58,914
Total equity attributable to owners of parent	<u>70,725</u>	<u>78,088</u>
Non-controlling interests	1,569	3,881
Total equity	<u>72,294</u>	<u>81,969</u>
Total liabilities and equity	<u><u>156,137</u></u>	<u><u>173,926</u></u>

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Profit or Loss)

(Millions of yen)

	For the fiscal year ended June 30,2021	For the fiscal year ended June 30,2022
Revenue	117,859	130,674
Cost of sales	(80,124)	(89,975)
Gross profit	37,735	40,699
Selling, general and administrative expenses	(29,173)	(31,610)
Share of profit (loss) of investments accounted for using equity method	35	230
Other income	1,207	1,090
Other expenses	(2,675)	(1,344)
Operating profit	7,128	9,065
Finance income	519	2,218
Finance costs	(471)	(483)
Profit before tax	7,176	10,800
Income tax expense	(2,657)	(4,095)
Profit	4,518	6,704
Profit attributable to		
Owners of parent	4,531	6,579
Non-controlling interests	(13)	125
Profit	4,518	6,704
Earnings per share		
Basic earnings per share	300.00	436.98
Diluted earnings per share	300.00	436.98

## (Consolidated Statement of Comprehensive Income)

	(Millions of yen)	
	For the fiscal year ended June 30,2021	For the fiscal year ended June 30,2022
Profit	4,518	6,704
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	395	(196)
Remeasurements of defined benefit plans	386	(547)
Share of other comprehensive income of investments accounted for using equity method	6	(1)
Total of items that will not be reclassified to profit or loss	788	(745)
Items that may be reclassified to profit or loss		
Cash flow hedges	6	6
Exchange differences on translation of foreign operations	2,392	2,757
Share of other comprehensive income of investments accounted for using equity method	33	77
Total of items that may be reclassified to profit or loss	2,432	2,841
Other comprehensive income	3,220	2,096
Comprehensive income	7,738	8,801
Comprehensive income attributable to		
Owners of parent	7,739	8,479
Non-controlling interests	(0)	321
Comprehensive income	7,738	8,801

### (3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Equity financial assets measured at fair value through other comprehensive income
Balance as of July 1, 2020	7,458	6,498	(2,415)	(432)	(36)	471
Profit (loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	2,415	6	395
Total comprehensive income	-	-	-	2,415	6	395
Issuance of new shares	21	21	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	(429)	-	-	-
Disposal of treasury shares	-	(91)	382	-	-	-
Cancellation of treasury shares	-	-	2,462	-	-	-
Dividends	-	-	-	-	-	-
Purchase and disposal of non-controlling interests	-	(0)	-	(0)	-	-
Transfer to retained earnings	-	-	-	-	-	1
Total transactions with owners	21	(70)	2,415	(0)	-	1
Balance as of June 30, 2021	7,480	6,428	(0)	1,982	(30)	867
Profit (loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	2,638	6	(195)
Total comprehensive income	-	-	-	2,638	6	(195)
Issuance of new shares	21	21	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	(34)	-	-	-
Disposal of treasury shares	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Purchase and disposal of non-controlling interests	-	5	-	(1)	-	-
Transfer to retained earnings	-	-	-	-	-	(15)
Total transactions with owners	21	26	(34)	(1)	-	(15)
Balance as of June 30, 2022	7,501	6,454	(34)	4,620	(24)	656

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total	Retained earnings			
Balance as of July 1, 2020	-	1	52,675	64,219	1,502	65,721
Profit (loss)	-	-	4,531	4,531	(13)	4,518
Other comprehensive income	390	3,207	-	3,207	12	3,220
Total comprehensive income	390	3,207	4,531	7,739	(0)	7,738
Issuance of new shares	-	-	-	43	-	43
Change in scope of consolidation	-	-	-	-	115	115
Purchase of treasury shares	-	-	-	(429)	-	(429)
Disposal of treasury shares	-	-	-	291	-	291
Cancellation of treasury shares	-	-	(2,462)	-	-	-
Dividends	-	-	(1,138)	(1,138)	(47)	(1,186)
Purchase and disposal of non-controlling interests	-	(0)	-	(0)	-	(0)
Transfer to retained earnings	(390)	(389)	389	-	-	-
Total transactions with owners	(390)	(389)	(3,210)	(1,233)	67	(1,165)
Balance as of June 30, 2021	-	2,820	53,996	70,725	1,569	72,294
Profit (loss)	-	-	6,579	6,579	125	6,704
Other comprehensive income	(548)	1,900	-	1,900	195	2,096
Total comprehensive income	(548)	1,900	6,579	8,479	321	8,801
Issuance of new shares	-	-	-	42	-	42
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(34)	-	(34)
Disposal of treasury shares	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	(1,128)	(1,128)	(15)	(1,143)
Purchase and disposal of non-controlling interests	-	(1)	-	3	2,005	2,009
Transfer to retained earnings	548	533	(533)	-	-	-
Total transactions with owners	548	531	(1,661)	(1,116)	1,990	873
Balance as of June 30, 2022	-	5,252	58,914	78,088	3,881	81,969

## (4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended June 30,2021	For the fiscal year ended June 30,2022
Cash flows from operating activities		
Profit before tax	7,176	10,800
Depreciation and amortization	4,566	4,976
Impairment losses	1,739	281
Interest and dividend income	(397)	(513)
Interest expenses	424	483
Loss (gain) on derivatives	(182)	(979)
Decrease (increase) in trade and other receivables	(1,172)	(4,581)
Decrease (increase) in contract assets	(2,685)	(1,837)
Decrease (increase) in advance payments to suppliers	109	(541)
Decrease (increase) in prepaid expenses	(269)	442
Increase (decrease) in trade and other payables	1,242	1,002
Increase (decrease) in contract liabilities	(733)	(2,463)
Increase (decrease) in consumption taxes payable	2,203	(1,596)
Increase (decrease) in deposits received	528	1,519
Increase (decrease) in accrued expenses	1,564	1,162
Increase (decrease) in provisions	498	147
Other	47	(140)
Sub total	14,660	8,161
Dividends received	152	178
Interest received	251	356
Interest paid	(433)	(410)
Income taxes paid	(2,556)	(3,466)
Net cash provided by (used in) operating activities	12,073	4,820
Cash flows from investing activities		
Payments into time deposits	(284)	(235)
Proceeds from withdrawal of time deposits	199	-
Purchase of property, plant and equipment and investment property	(2,220)	(5,557)
Purchase of intangible assets	(651)	(296)
Purchase of other financial assets	(32)	(622)
Proceeds from sale and redemption of other financial assets	1	137
Payments for acquisition of subsidiaries	-	(261)
Other	238	(112)
Net cash provided by (used in) investing activities	(2,750)	(6,949)
Cash flows from financing activities		
Proceeds from short-term borrowings	244,000	265,500
Repayments of short-term borrowings	(257,000)	(258,035)
Proceeds from long-term borrowings	15,043	4,985
Repayments of long-term borrowings	(5,977)	(8,331)
Repayments of lease liabilities	(2,801)	(3,050)
Capital contribution from non-controlling interests	-	2,041
Dividends paid	(1,145)	(1,148)
Other	(47)	(67)
Net cash provided by (used in) financing activities	(7,928)	1,892
Net increase (decrease) in cash and cash equivalents	1,395	(235)
Cash and cash equivalents at beginning of period	15,472	17,838
Effect of exchange rate changes on cash and cash equivalents	970	369
Cash and cash equivalents at end of period	17,838	17,971

## (5) Notes to Consolidated Financial Statements

### (Notes on Going Concern Assumption)

There is no relevant information.

### (Segment Information)

#### 1. Outline of reportable segments

##### (1) Method of determination of reportable segments

Reportable segments of the Group are determined as segments whose separate financial information is accessible from among the constituent units of the Group and are periodically used by the Board of Directors to determine the allocation of management resources and to evaluate achievements.

The Group has business management divisions separated by types of products and services at the head office. Each business management division formulates a comprehensive strategy based on the products and services and engages in conducting business activities.

In line with the above, the Group is composed of segments divided by products and services, with each business management division serving as the foundation, and the three reportable segments are "Consulting", "Urban & Spatial Development" and "Energy."

##### (2) Types of products and services by reportable segment

"Consulting" engages in business within and outside Japan such as site surveying, planning, evaluation/assessment, designing, and construction management. It operates in the fields of rivers and water resources, water and sewage, agricultural and rural development, dams and power generation, transportation (roads, railroads, ports and airports), urban and regional development, geology, disaster prevention, sand control, environment, information systems, etc.

"Urban & Spatial Development" engages in the structuring, planning, design, and operation of urban and spatial development business.

"Energy" engages in manufacturing and sale of electric power equipment and control devices, planning, design, construction and construction management of mechanical, electrical and communication facilities as well as the energy management business utilizing distributed energy resources.

#### 2. Changes in reportable segments

From the current fiscal year, the Company has integrated the "Domestic Consulting" and "International Consulting" segments into the "Consulting" segment, and the "Power Engineering" and "Energy" segments into the "Energy" segment to strengthen the business axis, which is the first resilience policy in the medium-term management plan "Building Resilience 2024." In addition, "Real Estate Leasing" is included in "Others" as it is no longer a business segment. As a result of these changes, the previous six segments of "Domestic Consulting," "International Consulting," "Power Engineering," "Urban & Spatial Development," "Energy," and "Real Estate Leasing" have been reclassified into three segments of "Consulting," "Urban & Spatial Development," and "Energy". Also, PT. CIKAENGAN TIRTA ENERGI, a consolidated subsidiary of the Company, has been reclassified from the "Energy" segment to the "Consulting" segment as a result of reviewing the group management framework. In addition, as for our consolidated subsidiary Aichi Tamano Information System Co., Ltd., the segment category has been changed from "Consulting Business" to "Others" as a result of reviewing the group management framework of the Company following the acquisition of 51% of the shares of the said company from our consolidated subsidiary Tamano Consultants Co., Ltd. in April 2022.

Please note that segment information for the previous fiscal year is provided based on the new reporting segments.

#### 3. Calculation methods for revenue, income or loss, assets, and other items by reportable segment

The internal intersegment revenue or transfers are based on the transaction price determined after price negotiations taking into consideration the market price, etc.



4. Revenue, income or loss, assets, liabilities, and other items by reportable segment

For the fiscal year ended June 30, 2021

(Millions of yen)

	Reportable Segments			
	Consulting	Urban & Spatial Development	Energy	Total
Revenue				
Revenue from external customers	80,098	20,274	16,621	116,994
Intersegment revenue and transfers	474	1	329	805
Total	80,573	20,275	16,951	117,799
Segment profit (loss)	6,126	2,266	814	9,207
Finance income				
Finance costs				
Profit before tax				
Other items				
Depreciation and amortization	(1,899)	(1,190)	(547)	(3,637)
Impairment losses	(1,739)	-	-	(1,739)
Share of profit (loss) of investments accounted for using equity method	0	-	34	35
Segment assets	58,572	32,109	21,886	112,568
Increase in property, plant and equipment, and intangible assets (Note 2)	1,744	824	1,554	4,123
Investments accounted for using equity method	43	-	2,034	2,077

(Millions of yen)

	Others (Note1)	Total	Adjustments (Note 3)	Consolidated
Revenue				
Revenue from external customers	865	117,859	-	117,859
Intersegment revenue and transfers	750	1,555	(1,555)	-
Total	1,615	119,415	(1,555)	117,859
Segment profit (loss)	(2,083)	7,123	4	7,128
Finance income				519
Finance costs				(471)
Profit before tax				7,176
Other items				
Depreciation and amortization	(945)	(4,582)	16	(4,566)
Impairment losses	-	(1,739)	-	(1,739)
Share of profit (loss) of investments accounted for using equity method	-	35	-	35
Segment assets	70,680	183,248	(27,110)	156,137
Increase in property, plant and equipment, and intangible assets (Note 2)	1,323	5,446	(44)	5,401
Investments accounted for using equity method	-	2,077	-	2,077

- Notes: 1. The category of "Others" includes revenues from constituent units that have not earned revenues or earn only incidental revenues, expenses such as general and administrative expenses that do not belong to the reporting segment and company-wide assets such as land, buildings and investment securities.
2. The amount of increase in property, plant and equipment, and intangible assets includes the amount of increase in right-of-use assets and investment property, but does not include the amount of increase in association with the new consolidation.
3. "Adjustments" is mainly elimination of transaction volume and transaction balance between segments.

For the fiscal year ended June 30, 2022

(Millions of yen)

	Reportable Segments			
	Consulting	Urban & Spatial Development	Energy	Total
Revenue				
Revenue from external customers	88,510	22,580	18,799	129,891
Intersegment revenue and transfers	421	54	322	798
Total	88,932	22,635	19,121	130,689
Segment profit (loss)	8,982	1,588	1,290	11,861
Finance income				
Finance costs				
Profit before tax				
Other items				
Depreciation and amortization	(1,985)	(1,437)	(595)	(4,018)
Impairment losses	-	(281)	-	(281)
Share of profit (loss) of investments accounted for using equity method	(14)	-	244	230
Segment assets	65,952	34,075	31,040	131,068
Increase in property, plant and equipment, and intangible assets (Note 2)	2,374	1,011	3,650	7,036
Investments accounted for using equity method	82	-	2,352	2,434

(Millions of yen)

	Others (Note1)	Total	Adjustments (Note 3)	Consolidated
Revenue				
Revenue from external customers	783	130,674	-	130,674
Intersegment revenue and transfers	781	1,579	(1,579)	-
Total	1,564	132,253	(1,579)	130,674
Segment profit (loss)	(2,794)	9,066	(1)	9,065
Finance income				2,218
Finance costs				(483)
Profit before tax				10,800
Other items				
Depreciation and amortization	(973)	(4,991)	15	(4,976)
Impairment losses	-	(281)	-	(281)
Share of profit (loss) of investments accounted for using equity method	-	230	-	230
Segment assets	76,045	207,113	(33,187)	173,926
Increase in property, plant and equipment, and intangible assets (Note 2)	1,180	8,217	-	8,217
Investments accounted for using equity method	-	2,434	-	2,434

- Notes: 1. The category of "Others" includes revenues from constituent units that have not earned revenues or earn only incidental revenues, expenses such as general and administrative expenses that do not belong to the reporting segment and company-wide assets such as land, buildings and investment securities.
2. The amount of increase in property, plant and equipment, and intangible assets includes the amount of increase in right-of-use assets and investment property, but does not include the amount of increase in association with the new consolidation.
3. "Adjustments" is mainly elimination of transaction volume and transaction balance between segments.

5. Information by product and service

Statement is omitted, as similar information is disclosed in “4. Revenue, income or loss, assets, liabilities, and other items by reportable segment”

(Per Share Information)

	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2022
Profit attributable to owners of parent (Millions of yen)	4,531	6,579
Weighted-average number of shares of common stock (Shares)	15,106,105	15,056,069
Basic earnings per share (Yen)	300.00	436.98

Diluted earnings per share are not included because there are no potential shares.

(Significant Subsequent Events)

There is no relevant information.

#### 4. Other

##### (1) Status of Orders and Sales

Category/Segment		By period	For the fiscal year ended June 30, 2021		For the fiscal year ended June 30, 2022	
			Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Orders received	Consulting		97,769	73.3	98,491	75.1
	Urban & Spatial Development		21,457	16.1	18,207	13.9
	Energy		13,991	10.5	14,343	10.9
	Others		86	0.1	123	0.1
	Total		133,304	100.0	131,166	100.0
Revenue 1	Consulting		85,236	72.3	93,810	71.8
	Urban & Spatial Development		18,209	15.5	21,276	16.3
	Energy		13,548	11.5	14,804	11.3
	Others		865	0.7	783	0.6
	Total		117,859	100.0	130,674	100.0
Revenue 2	Consulting		80,098	68.0	88,510	67.7
	Urban & Spatial Development		20,274	17.2	22,580	17.3
	Energy		16,621	14.1	18,799	14.4
	Others		865	0.7	783	0.6
	Total		117,859	100.0	130,674	100.0

  

Category/Segment		By period	For the fiscal year ended June 30, 2021		For the fiscal year ended June 30, 2022	
			Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Foreign exchange and other adjustments	Consulting		931		6,764	
	Urban & Spatial Development		2,800		1,755	
	Energy		(0)		(2)	
	Others		-		-	
	Total		3,731		8,518	
Outstanding Orders	Consulting		138,186	75.0	149,748	77.0
	Urban & Spatial Development		23,068	12.5	21,755	11.2
	Energy		22,994	12.5	23,004	11.8
	Others		0	0.0	-	-
	Total		184,250	100.0	194,508	100.0

Notes: 1. The above amounts are exclusive of consumption tax and other taxes.

2. The above amounts are for external customers, and do not include inter-segment transactions or transfers.

3. Revenue 1 is by segment which received orders. Revenue 2 is by segment which provided services.

4. Foreign exchange and other adjustments include those related to exchange differences and outstanding order revisions.

5. As disclosed in "3. Consolidated Financial Statement and Primary Notes (5) Notes to Consolidated Financial Statements (Segment Information)," the Group has changed its reportable segments since the current fiscal year. The figures for the previous fiscal year have been provided based on the new reporting segments.

## (2) Changes in Directors

### 1. Change of Representative Director

Please refer to “Notice of Change of Representative Director and New Board Structure” announced on June 10, 2022.

### 2. Change of Other Directors

The reappointment of two Audit & Supervisory Board Members was approved by the meeting of the Board of Directors held on August 12, 2022.

It will be implemented on September 29, 2022, after the necessary procedures (a resolution of the general shareholders’ meeting, etc.)

About the other changes in directors, please refer to “Notice of Change of Representative Director and New Board Structure” announced on June 10, 2022.

<Audit & Supervisory Board Members to be reappointed>

a. Yoshizo Goto

b. Naoki Honjo