

Consolidated Financial Results for the Nine Months Ended March 31, 2022 [IFRS]



May 13, 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 filing quarterly securities report: May 13, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: None

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

1. Consolidated Financial Results for the Nine Months Ended March 31, 2022 (from July 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended March 31, 2022	95,682	10.6	9,509	39.0	10,373	52.6	7,108	70.9	7,083	65.9
March 31, 2021	86,537	-	6,839	-	6,798	-	4,159	-	4,270	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended March 31, 2022	470.52	470.52
March 31, 2021	282.32	282.32

(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
	Million yen	Million yen	Million yen	%
As of March 31, 2022	198,100	82,010	78,307	39.5
June 30, 2021	156,137	72,294	70,725	45.3

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2021	-	-	-	75.00	75.00
Fiscal year ending June 30, 2022	-	-	-	-	-
Fiscal year ending June 30, 2022 (Forecast)	-	-	-	100.00	100.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2022 (July 1, 2021 to June 30, 2022)
 (% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	131,000	11.1	9,000	26.3	6,600	45.6	438.39

(Note) Revision to the financial results forecast announced most recently: Yes

*** 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 March 31, 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 March 31, 2022	:	1,721 shares
As of June 30, 2021	:	60 shares
- 3) Average number of shares during the period

Nine months ended March 31, 2022	:	15,055,238 shares
Nine months ended March 31, 2021	:	15,125,221 shares

* These consolidated financial results are not subject to quarterly audit procedures by certified public accountants or audit firms.

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

The earnings forecasts and other forward-looking statements disclosed herein are based on information available to the Company as of the date of publication of this document and are not intended as a promise by the Company that they will be achieved. Actual results, etc. may differ significantly due to a wide range of factors.

Table of Contents of Attachment

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements	3
2. Condensed Quarterly Consolidated Financial Statements and Primary Notes.....	4
(1) Condensed Quarterly Consolidated Statement of Financial Position	4
(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income.....	6
(3) Condensed Quarterly Consolidated Statement of Changes in Equity.....	8
(4) Condensed Quarterly Consolidated Statement of Cash Flows	10
(5) Primary Notes to Condensed Quarterly Consolidated Financial Statements.....	11
(Notes on Going Concern Assumption)	11
(Notes on Significant Changes in Shareholders' Equity)	11
(Segment Information, etc.).....	11
(Significant Subsequent Events).....	15
3. Other Information.....	16
(1) Status of Orders and Revenue.....	16

1. Qualitative Information on Quarterly Financial Results

The Group has been disclosing consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) since the end of the previous fiscal year, and the financial figures for the nine months ended March 31, 2021 are also reclassified to IFRS for comparison and analysis.

(1) Explanation of Operating Results

During the nine months ended March 31, 2022 (July 1, 2021 to March 31, 2022), Japan's economy is expected to recover amid the normalization of economic and social activities along with all possible infection control measures, and resulting from the effects of various policies and economic improvements overseas. However, amid the uncertainty caused by the situation in Ukraine and other factors, we still need to pay close attention to downside risks arising from rising raw material prices, fluctuations in financial and capital markets, and supply restrictions. We also need to be cautious about the impact of COVID-19.

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 (building a national land, region, and economic society that can minimize damage and quickly recover in the event of a disaster). We expect to see acceleration of digital reform and growing needs from management business. In international markets, there are risks related to impact on the progress of the business as well as travel restrictions due to the spread of COVID-19. But strong demand is expected to continue 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 is 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. Our internal policy is to promote telework and other work style reforms, developing relevant infrastructure and various rules, and achieving a work-life balance and improving productivity.

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 the "NKG Global Strategy 2030," as a transformation period to make the Group resilient.

As the first resilience policy, we reorganized 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 by transitioning to a holding company structure and preparing and maintaining a regional management system. As the third resilience policy, we aim to strengthen technological development and human resource development toward the establishment of "NKG brand" and "NKG quality." Also, we will promote "well-being management" (management that values employees, organizations, and society) as a basis for that.

As a result, the Group ended the nine months of the current fiscal year with revenue having increased 10.6% year on year to ¥95,682 million, due to the better progress of projects compared to the same period last year when the impact of COVID-19 was still ongoing, although orders received decreased 2.9% year on year to ¥80,215 million. Operating profit increased 39.0% year on year to ¥9,509 million and profit attributable to owners of parent increased 65.9% year on year to ¥7,083 million.

Business results for each segment are as follows: Due to the changes made to the reporting segment classification effective from the first quarter of the fiscal year ending June 30, 2022, comparisons with the first nine months of 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 "2. Condensed Quarterly Consolidated Financial Statements and

Primary Notes (5) Primary Notes to Condensed Quarterly Consolidated Financial Statements (Segment Information, etc.) 2. Changes in reportable segments".

[Consulting]

In the Consulting Business, we improved the productivity through DX 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 decreased 2.0% year on year to ¥58,410 million, while revenue increased 9.2% year on year to ¥64,307 million and operating profit increased 43.8% year on year to ¥7,818 million due to steady project progress.

[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 increased 15.2% year on year to ¥12,986 million, revenue increased 14.8% year on year to ¥16,905 million and operating profit increased 2.3% year on year to ¥1,616 million.

[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 (a business that provides energy services through electricity market transactions, etc. by aggregating distributed energy sources) in Japan in the energy management business.

As a result, revenue increased 13.6% year on year to ¥13,906 million while orders received decreased 25.1% year on year to ¥8,751 million and operating profit increased 103.4% year on year to ¥1,642 million compared with the same period last year, when there was a provision for loss on construction contracts, etc.

(2) Explanation of Financial Position

Total assets at the end of the first nine months of the fiscal year, amounted to ¥198,100 million, an increase of ¥41,962 million from the end of the previous fiscal year. This was mainly due to a ¥11,303 million increase in trade and other receivables and a ¥16,707 million increase in contract assets.

Total liabilities were ¥116,089 million, an increase of ¥32,246 million from the end of the previous fiscal year. This was mainly due to a ¥31,270 million increase in borrowings.

Total equity was ¥82,010 million, an increase of ¥9,716 million from the end of the previous fiscal year. This was mainly due to a ¥5,955 million increase in retained earnings.

As a result, ratio of equity attributable to owners of parent to total assets decreased 5.8 percentage points from the end of the previous fiscal year to 39.5%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements

The consolidated financial results forecast for the fiscal year ending June 30, 2022 announced on August 13, 2021 has been revised.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	<u>As of June 30, 2021</u>	<u>As of March 31, 2022</u>
Assets		
Current assets		
Cash and cash equivalents	17,838	22,342
Trade and other receivables	21,189	32,492
Contract assets	24,327	41,034
Other financial assets	1,315	1,850
Other current assets	3,900	8,516
Total current assets	<u>68,570</u>	<u>106,237</u>
Non-current assets		
Property, plant and equipment	40,832	37,233
Right-of-use assets	9,229	9,534
Goodwill	9,182	10,095
Intangible assets	6,502	6,831
Investment property	4,094	8,468
Investments accounted for using equity method	2,077	2,355
Retirement benefit asset	4,391	4,397
Other financial assets	7,434	8,980
Deferred tax assets	2,437	2,518
Other non-current assets	1,384	1,447
Total non-current assets	<u>87,566</u>	<u>91,863</u>
Total assets	<u><u>156,137</u></u>	<u><u>198,100</u></u>

(Millions of yen)

	<u>As of June 30, 2021</u>	<u>As of March 31, 2022</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	8,320	40,966
Lease liabilities	2,678	2,767
Trade and other payables	9,076	11,991
Contract liabilities	10,645	10,191
Other financial liabilities	3,005	2,766
Income taxes payable	2,228	2,571
Provisions	818	1,217
Other current liabilities	12,115	9,177
Total current liabilities	<u>48,889</u>	<u>81,650</u>
Non-current liabilities		
Borrowings	18,712	17,337
Lease liabilities	6,699	6,968
Other financial liabilities	648	601
Retirement benefit liability	3,861	3,847
Provisions	375	688
Deferred tax liabilities	4,533	4,594
Other non-current liabilities	122	401
Total non-current liabilities	<u>34,953</u>	<u>34,439</u>
Total liabilities	<u>83,843</u>	<u>116,089</u>
Equity		
Share capital	7,480	7,501
Capital surplus	6,428	6,454
Treasury shares	(0)	(5)
Other components of equity	2,820	4,404
Retained earnings	53,996	59,952
Total equity attributable to owners of parent	<u>70,725</u>	<u>78,307</u>
Non-controlling interests	1,569	3,703
Total equity	<u>72,294</u>	<u>82,010</u>
Total liabilities and equity	<u>156,137</u>	<u>198,100</u>

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income

(Condensed Quarterly Consolidated Statement of Profit or Loss)

(Millions of yen)

	For the nine months ended March 31, 2021 (From July 1, 2020 to March 31, 2021)	For the nine months ended March 31, 2022 (From July 1, 2021 to March 31, 2022)
Revenue	86,537	95,682
Cost of sales	(57,782)	(64,425)
Gross profit	28,755	31,257
Selling, general and administrative expenses	(19,827)	(21,709)
Share of profit (loss) of investments accounted for using equity method	(65)	183
Other income	701	488
Other expenses	(2,723)	(709)
Operating profit	6,839	9,509
Finance income	378	1,212
Finance costs	(419)	(348)
Profit before tax	6,798	10,373
Income tax expense	(2,638)	(3,265)
Profit	4,159	7,108
Profit attributable to		
Owners of parent	4,270	7,083
Non-controlling interests	(110)	24
Profit	4,159	7,108
Earnings per share		
Basic earnings per share	282.32	470.52
Diluted earnings per share	282.32	470.52

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	For the nine months ended March 31, 2021 (From July 1, 2020 to March 31, 2021)	For the nine months ended March 31, 2022 (From July 1, 2021 to March 31, 2022)
Profit	4,159	7,108
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	315	278
Share of other comprehensive income of investments accounted for using equity method	6	0
Total of items that will not be reclassified to profit or loss	321	278
Items that may be reclassified to profit or loss		
Cash flow hedges	4	4
Exchange differences on translation of foreign operations	2,271	1,335
Share of other comprehensive income of investments accounted for using equity method	37	41
Total of items that may be reclassified to profit or loss	2,312	1,380
Other comprehensive income	2,634	1,659
Comprehensive income	6,794	8,768
Comprehensive income attributable to		
Owners of parent	6,887	8,670
Non-controlling interests	(92)	98
Comprehensive income	6,794	8,768

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the Nine months Ended March 31, 2021 (From July 1, 2020 to March 31, 2021)

(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	-	-	-	-	-	-
Other comprehensive income	-	-	-	2,293	4	314
Total comprehensive income	-	-	-	2,293	4	314
Issuance of new shares	21	21	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	(429)	-	-	-
Disposal of treasury shares	-	(21)	312	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Purchase and disposal of non-controlling interests	-	(0)	-	(0)	-	-
Transfer to retained earnings	-	-	-	-	-	-
Total transactions with owners	21	0	(116)	(0)	-	-
Balance as of March 31, 2021	7,480	6,498	(2,532)	1,860	(31)	786

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Balance as of July 1, 2020	-	1	52,675	64,219	1,502	65,721
Profit	-	-	4,270	4,270	(110)	4,159
Other comprehensive income	3	2,617	-	2,617	17	2,634
Total comprehensive income	3	2,617	4,270	6,887	(92)	6,794
Issuance of new shares	-	-	-	43	-	43
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(429)	-	(429)
Disposal of treasury shares	-	-	-	291	-	291
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	(1,138)	(1,138)	(47)	(1,186)
Purchase and disposal of non-controlling interests	-	(0)	-	(0)	128	128
Transfer to retained earnings	(3)	(3)	3	-	-	-
Total transactions with owners	(3)	(3)	(1,134)	(1,232)	80	(1,152)
Balance as of March 31, 2021	-	2,615	55,811	69,873	1,489	71,363

For the Nine months Ended March 31, 2022 (From July 1, 2021 to March 31, 2022)

(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, 2021	7,480	6,428	(0)	1,982	(30)	867
Profit	-	-	-	-	-	-
Other comprehensive income	-	-	-	1,303	4	278
Total comprehensive income	-	-	-	1,303	4	278
Issuance of new shares	21	21	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	(5)	-	-	-
Disposal of treasury shares	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Purchase and disposal of non-controlling interests	-	5	-	(1)	-	-
Transfer to retained earnings	-	-	-	-	-	-
Total transactions with owners	21	26	(5)	(1)	-	-
Balance as of March 31, 2022	7,501	6,454	(5)	3,284	(25)	1,145

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Balance as of July 1, 2021	-	2,820	53,996	70,725	1,569	72,294
Profit	-	-	7,083	7,083	24	7,108
Other comprehensive income	0	1,586	-	1,586	73	1,659
Total comprehensive income	0	1,586	7,083	8,670	98	8,768
Issuance of new shares	-	-	-	42	-	42
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(5)	-	(5)
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	2,051	2,055
Transfer to retained earnings	(0)	(0)	0	-	-	-
Total transactions with owners	(0)	(1)	(1,128)	(1,087)	2,035	948
Balance as of March 31, 2022	-	4,404	59,952	78,307	3,703	82,010

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	(Millions of yen)	
	For the nine months ended March 31, 2021 (From July 1, 2020 to March 31, 2021)	For the nine months ended March 31, 2022 (From July 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before tax	6,798	10,373
Depreciation and amortization	3,389	3,678
Impairment losses	1,847	-
Loss (gain) on financial assets measured at fair value through profit or loss	(142)	(9)
Interest and dividend income	(229)	(375)
Interest expenses	323	348
Share of loss (profit) of investments accounted for using equity method	65	(183)
Loss (gain) on derivatives	(191)	(489)
Decrease (increase) in trade and other receivables	(10,211)	(10,546)
Decrease (increase) in contract assets	(13,477)	(16,563)
Decrease (increase) in advance payments to suppliers	6	(2,433)
Decrease (increase) in insurance claims receivable	-	(770)
Decrease (increase) in long-term accounts receivable-other	(88)	(211)
Increase (decrease) in trade and other payables	3,691	2,769
Increase (decrease) in contract liabilities	(154)	(767)
Increase (decrease) in consumption taxes payable	485	(3,423)
Increase (decrease) in deposits received	(184)	(264)
Increase (decrease) in accrued expenses	(479)	(1,960)
Increase (decrease) in bonus payable	844	1,098
Increase (decrease) in provisions	487	678
Other	(569)	(474)
Sub total	(7,787)	(19,526)
Dividends received	82	115
Interest received	157	257
Insurance claims received	-	2
Interest paid	(319)	(311)
Income taxes paid	(2,035)	(3,074)
Net cash provided by (used in) operating activities	(9,901)	(22,536)
Cash flows from investing activities		
Payments into time deposits	(20)	(518)
Proceeds from withdrawal of time deposits	180	245
Purchase of property, plant and equipment	(1,204)	(1,248)
Purchase of intangible assets	(576)	(272)
Purchase of other financial assets	(1)	(564)
Proceeds from sale and redemption of other financial assets	1	98
Payments for acquisition of subsidiaries	-	(258)
Other	14	(10)
Net cash provided by (used in) investing activities	(1,607)	(2,530)
Cash flows from financing activities		
Proceeds from short-term borrowings	222,000	207,500
Repayments of short-term borrowings	(213,000)	(172,034)
Proceeds from long-term borrowings	15,000	1,719
Repayments of long-term borrowings	(4,266)	(6,590)
Repayments of lease liabilities	(2,070)	(2,257)
Capital contribution from non-controlling interests	-	2,087
Dividends paid	(1,144)	(1,146)
Other	(117)	(39)
Net cash provided by (used in) financing activities	16,401	29,237
Net increase (decrease) in cash and cash equivalents	4,892	4,170
Cash and cash equivalents at beginning of period	15,472	17,838
Effect of exchange rate changes on cash and cash equivalents	722	332
Cash and cash equivalents at end of period	21,087	22,342

(5) Primary Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes on Significant Changes in Shareholders' Equity)

(Issuance of restricted stock compensation)

In accordance with the resolution of the Extraordinary Board of Directors Meeting held on September 29, 2021, we issued new shares as restricted stock compensation for Directors on October 28, 2021. As a result, share capital and capital surplus increased by ¥21 million, respectively, during the nine months ended March 31, 2022.

Subsequently, share capital and capital surplus at the end of the first nine months of the fiscal year were ¥7,501 million and ¥6,454 million, respectively.

(Segment Information, etc.)

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 type 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

The "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.

The "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 first quarter of the fiscal year ending June 30, 2022, 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 since the first quarter of the fiscal year ending June 30, 2022 as a result of reviewing the group management framework.

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

3. Information about reportable segments

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

For the nine months ended March 31, 2021 (from July 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable Segments			
	Consulting	Urban & Spatial Development	Energy	Total
Revenue				
Revenue from external customers	58,900	14,723	12,246	85,870
Intersegment revenue and transfers	255	0	252	509
Total	59,156	14,724	12,499	86,380
Segment profit (loss)	5,437	1,580	807	7,825
Finance income				
Finance costs				
Profit (loss) before tax				

	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
Revenue				
Revenue from external customers	666	86,537	-	86,537
Intersegment revenue and transfers	592	1,102	(1,102)	-
Total	1,259	87,639	(1,102)	86,537
Segment profit (loss)	(976)	6,848	(9)	6,839
Finance income				378
Finance costs				(419)
Profit (loss) before tax				6,798

Notes: 1. The category of "Others" includes revenues from constituent units that have not earned revenues or earn only incidental revenues.

2. "Adjustments" is mainly elimination of transaction between segments.

For the nine months ended March 31, 2022 (from July 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Segments			
	Consulting	Urban & Spatial Development	Energy	Total
Revenue				
Revenue from external customers	64,307	16,905	13,906	95,119
Intersegment revenue and transfers	276	30	228	534
Total	64,583	16,936	14,134	95,654
Segment profit (loss)	7,818	1,616	1,642	11,077
Finance income				
Finance costs				
Profit (loss) before tax				

	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
Revenue				
Revenue from external customers	563	95,682	-	95,682
Intersegment revenue and transfers	509	1,044	(1,044)	-
Total	1,072	96,727	(1,044)	95,682
Segment profit (loss)	(1,553)	9,524	(14)	9,509
Finance income				1,212
Finance costs				(348)
Profit (loss) before tax				10,373

Notes: 1. The category of "Others" includes revenues from constituent units that have not earned revenues or earn only incidental revenues.

2. "Adjustments" is mainly elimination of transaction between segments.

(Significant Subsequent Events)

There is no relevant information.

3. Other Information

(1) Status of Orders and Revenue

Category/Segment		By period		For the nine months ended March 31, 2021		For the nine months ended March 31, 2022		For the fiscal year ended June 30, 2021	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)		
Orders received	Consulting	59,619	72.1	58,410	72.8	97,769	73.3		
	Urban & Spatial Development	11,272	13.6	12,986	16.2	21,457	16.1		
	Energy	11,690	14.2	8,751	10.9	13,991	10.5		
	Others	65	0.1	67	0.1	86	0.1		
	Total	82,648	100.0	80,215	100.0	133,304	100.0		
Revenue 1	Consulting	62,719	72.5	68,150	71.2	85,236	72.3		
	Urban & Spatial Development	13,303	15.4	16,087	16.8	18,209	15.5		
	Energy	9,847	11.4	10,881	11.4	13,548	11.5		
	Others	666	0.7	563	0.6	865	0.7		
	Total	86,537	100.0	95,682	100.0	117,859	100.0		
Revenue 2	Consulting	58,900	68.0	64,307	67.2	80,098	68.0		
	Urban & Spatial Development	14,723	17.0	16,905	17.7	20,274	17.2		
	Energy	12,246	14.2	13,906	14.5	16,621	14.1		
	Others	666	0.8	563	0.6	865	0.7		
	Total	86,537	100.0	95,682	100.0	117,859	100.0		

Category/Segment		By period		For the nine months ended March 31, 2021		For the nine months ended March 31, 2022		For the fiscal year ended June 30, 2021	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)		
Foreign exchange and other adjustments	Consulting	945		927		931			
	Urban & Spatial Development	2,304		970		2,800			
	Energy	(0)		4		(0)			
	Others	-		-		-			
	Total	3,249		1,903		3,731			
Outstanding Orders	Consulting	122,567	74.7	129,419	75.4	138,186	75.0		
	Urban & Spatial Development	17,293	10.5	20,938	12.2	23,068	12.5		
	Energy	24,275	14.8	21,218	12.4	22,994	12.5		
	Others	7	0.0	-	-	0	0.0		
	Total	164,145	100.0	171,576	100.0	184,250	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 "2. Condensed Quarterly Consolidated Financial Statements and Primary Notes (5) Primary Notes to Condensed Quarterly Consolidated Financial Statements (Segment information, etc.)," the Group has changed its reportable segments since the first quarter of the fiscal year ending June 30, 2022. The figures for the nine months ended March 31, 2021 and for the fiscal year ended June 30, 2021 have been provided based on the new reporting segments.