

Consolidated Financial Results for the Fiscal Year Ended June 30, 2021 [IFRS]



August 13, 2021

Company name: Nippon Koei Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1954

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

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Scheduled date of holding general shareholder's meeting: September 29, 2021

Scheduled date of commencing dividend payments: September 9, 2021

Scheduled date of filing securities report: September 29, 2021

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly 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, 2021 (July 1, 2020 to June 30, 2021)

(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, 2021	117,859	8.7	7,128	35.9	7,176	42.7	4,518	39.2	4,531	46.2
June 30, 2020	108,441	-	5,245	-	5,029	-	3,246	-	3,099	-

	Basic earnings per share	Diluted earnings per share	Return on equity attributed 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, 2021	300.00	300.00	6.7	4.7	6.0
June 30, 2020	204.94	204.94	4.8	3.6	4.8

(Reference) Share of profit of investments accounted (Equity method): Fiscal year ended June 30, 2021 : ¥35 million

Fiscal year ended June 30, 2020 : ¥144 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
Fiscal year ended	Million yen	Million yen	Million yen	%	Yen
June 30, 2021	156,137	72,294	70,725	45.3	4,699.82
June 30, 2020	147,408	65,721	64,219	43.6	4,260.82

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
June 30, 2021	12,073	(2,750)	(7,928)	17,838
June 30, 2020	4,365	(7,129)	4,529	15,472

2. Dividends

	Dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended June 30, 2020	-	-	-	75.00	75.00	1,138	36.6	1.8
Fiscal year ended June 30, 2021	-	-	-	75.00	75.00	1,128	25.0	1.7
Fiscal year ending June 30, 2022 (Forecast)	-	-	-	100.00	100.00		32.0	

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 fiscal year.)

	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	7,700	8.0	4,700	3.7	312.32

(Note) Given the growing repercussions of the novel coronavirus (COVID-19), this forecast was developed on the information available to the Company as of the date of publication of this document. Since the forecast may change significantly depending on when the COVID-19 is contained and other variables, the Company will disclose revised forecasts as soon as possible if any revisions become necessary based on its performance outlook.

* 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 (common stock)
 - 1) Total number of issued shares at the end of the period (including treasury stock)

Fiscal year ended June 30, 2021	:	15,048,568 shares
Fiscal year ended June 30, 2020	:	15,933,058 shares
 - 2) Total number of treasury stock at the end of the period

Fiscal year ended June 30, 2021	:	60 shares
Fiscal year ended June 30, 2020	:	861,023 shares
 - 3) Average number of shares during the period

Fiscal year ended June 30, 2021	:	15,106,105 shares
Fiscal year ended June 30, 2020	:	15,124,770 shares

(Reference) Nonconsolidated Financial Results**1. Nonconsolidated Financial Results for the Fiscal Year Ended June 30, 2021 (July 1, 2020 to June 30, 2021)**

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

Fiscal year ended	Revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2021	73,970	6.5	4,185	159.5	5,750	83.3	2,480	(1.8)
June 30, 2020	69,431	2.1	1,613	(40.5)	3,136	(6.7)	2,526	8.5

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
June 30, 2021	164.23	-
June 30, 2020	167.07	-

(2) Nonconsolidated Financial Position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
June 30, 2021	110,295	55,043	49.9	3,657.72
June 30, 2020	106,240	53,444	50.3	3,545.95

(Reference) Equity: Fiscal year ended June 30, 2021: ¥55,043 million

Fiscal year ended June 30, 2020: ¥53,444 million

2. Nonconsolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2022 (July 1, 2021 to June 30, 2022)

(% indicates changes from the previous fiscal year.)

Full year	Revenue		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
	82,000	10.9	4,800	(16.5)	3,500	41.1	232.58

(Note) Given the growing repercussions of the novel coronavirus (COVID-19), this forecast was developed on the information available to the Company as of the date of publication of this document. Since the forecast may change significantly depending on when the COVID-19 is contained and other variables, the Company will disclose revised forecasts as soon as possible if any revisions become necessary based on its performance outlook.

* These consolidated financial results are not subject to audit procedures by certified public accountants or 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 the date of publication 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 8, 2021. The financial briefing materials to be distributed at this briefing session will be subsequently posted on the Company's website.
3. The Group has applied International Financial Reporting Standards (IFRS) from the year-end of fiscal year ended June 30, 2021. In addition, financial figures for the previous fiscal year are also disclosed in accordance with IFRS.

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1. Overview of Operating Results, etc.

Matters concerning the future in the text are based on judgments as of the end of the consolidated fiscal year under review.

The Group has changed the accounting standards to be applied from the end of the consolidated fiscal year under review to IFRS. Therefore, the financial figures for the previous consolidated fiscal year are also presented in accordance with IFRS.

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

During the fiscal year under review (from July 1, 2020 to June 30, 2021), the Japanese economy remained in a severe condition due to the impact of the novel coronavirus (COVID-19). While the recovery is expected to continue due to an improvement in overseas economies as measures are taken to prevent the spread of infection and vaccinations are promoted, we need to pay close attention to the impact of COVID-19 on the domestic and international economy. Similarly, we need to closely monitor the impact of fluctuations in financial and capital markets.

With regard to the business environment surrounding Nippon Koei Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”), the Domestic Consulting Business was strong since the Japanese government’s budget for public works projects in fiscal years 2020 and 2021 was maintained at the same level as the previous fiscal year. On the other hand, the International Consulting Business was affected by travel restrictions accompanying the spread of COVID-19 although the Japanese government continued with its strategy for exporting high-quality infrastructure systems. In the Power Engineering Business, new business opportunities are expected as a result of the reform of the electric power system while the tough business environment continued as customers continued to request cost reductions when upgrading existing electric power facilities. In the Urban & Spatial Development Business, the economy of the UK, which is a major market, is recovering to the pre-pandemic scale and global demand for infrastructure development increased as urbanization progressed in Asian countries. In the Energy Business, demand for renewable energy grew as the world shifted to development of decarbonization and energy resource decentralization.

Under these circumstances, based on the Medium-Term Management Plan “NK-Innovation 2021” (from July 2018 to June 2021), with the fundamental principles of “Continue evolution into global consulting and engineering firm,” the Group tackled the five business strategies of “Enhancement of operating system for Railways Business,” “Overseas expansion of Urban & Spatial Development Business,” “Establishment of Energy Business,” “Creation of businesses and overseas expansion of Consulting Business,” and “Product development and overseas expansion of Power Engineering Business.” Moreover, as group-wide measures to realize these goals, the Group advanced “Establishment of one-stop marketing system,” “Investment in technologies and human resources,” and “Enhancement of group governance.”

On the other hand, 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 due to delays in business progress. In addition, our internal policy is to promote telework and other work style reforms in order to achieve a better work-life balance and increase productivity.

As a result, the Group’s consolidated results for the fiscal year under review were as follows: Although orders received decreased 8.0% year on year to ¥133,304 million, revenue increased 8.7% year on year to ¥117,859 million, operating profit increased 35.9% year on year to ¥7,128 million and profit attributable to owners of parent increased 46.2% year on year to ¥4,531 million, thanks to the solid demand and efficient business operations in the Domestic Consulting Business and International Consulting Business.

Business results for each segment are as follows:

[Domestic Consulting]

As for the Domestic Consulting Business, we promoted the assignment of human resources engaged in the International Consulting Business to work within Japan, receiving orders jointly and reducing outsourcing of work.

At the same time, we worked to develop new businesses by utilizing management knowhow as the core to improve the value of infrastructure through collaboration with the International Consulting Business and the R&D Center.

As a result, orders received increased 4.6% year on year to ¥62,047 million, revenue increased 10.8% year on year to ¥55,345 million, and operating profit increased 23.9% year on year to ¥6,128 million due to operational efficiency improvement and reduction of costs such as travel expense.

[International Consulting]

In the International Consulting Business, we worked on acquiring and developing human resources, mainly in the railways business, while enhancing project management capabilities to strengthen the production system and practicing strict management of profit, risks, and safety. In addition, we reviewed contracts and promoted domestic business operations in response to the impact of the spread of COVID-19.

As a result, orders received decreased 25.0% year on year to ¥35,721 million. This was due to a reactionary decrease from the previous fiscal year when orders for large-scale projects were received and due to delays in orders because of the influence of COVID-19, etc. Revenue increased 9.4% year on year to ¥24,753 million and operating profit increased 261.1% year on year to ¥1,853 million due to the decrease in costs because of travel restrictions.

[Power Engineering]

In the Power Engineering Business, we expanded the mechanical and electrical consulting business into new areas including traffic and transportation, as well as maintenance and management in view of global development, and strengthened group-wide cooperation. We also made efforts to increase price competitiveness with rigorous cost reductions and enhance the sales force.

As a result, orders received decreased 30.0% to ¥13,880 million. This was due to a reactionary decrease from the previous fiscal year when orders for large-scale projects were received although orders received were boosted by orders for dam monitoring and control systems, etc. and revenue increased 2.9% year on year to ¥15,831 million. Operating profit decreased 13.8% year on year to ¥858 million due to the additional provision for loss on construction contracts of ¥317 million resulting from budget overruns for the vertical water turbine projects.

[Urban & Spatial Development]

In the Urban & Spatial Development Business, we responded to changes in the U.K. market and expanded our business in the Commonwealth markets, centering on Canada, while making efforts to expand our business in the Asian market through Group-wide collaboration by Singapore Representative Office.

As a result, orders received increased 20.0% year on year to ¥21,457 million due to additional orders for the Westminster Palace renovation project in the UK as well as more orders received in the medical and educational fields. Revenue increased 11.7% year on year to ¥20,274 million and operating profit increased 28.8% year on year to ¥2,266 million due to the improvement in the operation rate of BDP HOLDINGS LIMITED and its subsidiaries (hereinafter collectively referred to as "BDP group").

[Energy]

In the Energy Business, we worked to improve earnings by enhancing facility operation and formulating new projects in the power generation business such as renewable energy. We promoted the renewable energy and battery storage business mainly in Europe and formulation of infrastructure for the aggregation business (a business that provides energy services through electricity market transactions, etc. by aggregating distributed energy sources) in Japan. However, we are seeing delays in the rollout of the business in Europe. An impairment loss was recorded for a hydroelectric power plant in Java, Indonesia, that is under construction by PT. CIKAENGAN TIRTA ENERGI, a consolidated subsidiary. This is owing to repair work and business plan review as a result of ground deformation caused by abnormal rainfall.

As a result, orders received decreased 28.9% year on year to ¥111 million, and revenue fell 26.1% year on year to ¥790 million from the previous fiscal year when sales of the UK battery storage EPC (Engineering Procurement

Construction) business were recorded. Operating loss increased 440.4% year on year to ¥1,919 million due to the above-mentioned impairment loss of ¥1,739 million.

[Real Estate Leasing]

In Real Estate Leasing Business, revenue increased 72.7% year on year to ¥778 million and operating profit increased 64.0% year on year to ¥585 million.

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

Total assets as of the end of the current fiscal year amounted to ¥156,137 million, an increase of ¥8,729 million from the end of the previous fiscal year. This was mainly due to a ¥2,365 million increase in cash and cash equivalents and a ¥2,901 million increase in contract assets.

Total liabilities were ¥83,843 million, an increase of ¥2,156 million from the end of the previous fiscal year. This was mainly due to a ¥3,640 million increase in other current liabilities, a ¥1,069 million increase in income taxes payable, and a ¥1,043 million increase in trade and other payables while a ¥3,669 million decrease in borrowings.

Total equity were ¥72,294 million, an increase of ¥6,573 million from the end of the previous fiscal year. This was mainly due to a decrease in treasury shares of ¥2,415 million.

As a result, ratio of equity attributable to owners of parent to total assets increased 1.7 percentage points from the end of the previous fiscal year to 45.3%.

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

Cash and cash equivalents at the end of the current fiscal year was ¥17,838 million, an increase of ¥2,365 million from the end of the previous fiscal year. The primary factors were as follows.

Net cash provided by operating activities was ¥12,073 million (a net inflow of ¥4,365 million during the previous fiscal year). This was mainly due to profit before tax of ¥7,176 million, impairment losses of ¥1,739 million, a ¥1,564 million increase in accrued expenses, and a ¥2,203 million increase in consumption taxes payable.

Net cash used in investing activities was ¥2,750 million (a net outflow of ¥7,129 million during the previous fiscal year). This was mainly due to the purchase of property, plant and equipment.

Net cash used in financing activities was ¥7,928 million (a net inflow of ¥4,529 million during the previous fiscal year). This was mainly due to the repayments of short-term borrowings.

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

(Reference) Trends in Cash Flow Indicators

	Fiscal Year Ended June 2017	Fiscal Year Ended June 2018	Fiscal Year Ended June 2019	Fiscal Year Ended June 2020	Fiscal Year Ended June 2021
Ratio of equity attributable to owners of parent to total assets (%)	47.9	51.2	52.2	43.6	45.3
Ratio of equity attributable to owners of parent to total assets on market value basis (%)	43.3	37.5	32.4	29.0	29.7
Interest-bearing debt to cash flow ratio (years)	3.6	-	6.3	7.0	2.2
Interest coverage ratio (times)	31.7	-	11.7	10.9	27.8

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 (Nippon Koei Group) 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 revenues of ¥250 billion, operating profit of ¥25 billion, operating profit margin of 10% and ROE of 15%.

We recognize that the business environment surrounding the Group is one where we are required to take immediate action for issues such as climate change and disparities due to rapid urbanization, etc. In the Consulting Business, a high level of the Japanese government’s budget is expected to continue to be maintained 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) in the domestic market. We expect to see acceleration of digital reform and growing needs for management business. In the international market, there are risks related to carrying out business as well as travel restrictions due to the impact of 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.

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 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 by shifting to a pure holding company structure and preparing and maintaining 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” (management that values employees, organizations, and society) as a basis for that.

The priority issues for each resilience policy are as follows:

Resilience Policy 1.	Business strategy	<p>Consulting Business</p> <ul style="list-style-type: none"> • Evolve into an organization that can compete in the world by integrating the domestic and international consulting operations and Research & Development Center. • Conduct defensive and offensive business management to provide excellent technology and quality for global markets in the existing businesses as well as in such areas as provision of disaster-prevention information and infrastructure monitoring business utilizing satellite data and AI technology, SDGs consulting business and decarbonization-related business centered on renewable energy.
		<p>Urban & Spatial Development Business</p> <ul style="list-style-type: none"> • Deploy comprehensive production of urban and regional revitalization projects in Japan and overseas by integrating both the civil engineering and architecture. • Expand into such markets as urban development/redevelopment, public-private partnership and smart city formation through integrated operation among Nippon Koei, Tamano Consultants, BDP group and Kisho Kurokawa architect & associates.
		<p>Energy Business</p> <ul style="list-style-type: none"> • Construct foundations for electric power generation and energy management businesses such as battery storage and aggregation through internal and external collaboration. • Stabilize the manufacturing business by strengthening the main products and developing new products (Battery Energy Storage System for FIP (Feed-in-Premium), systems for aggregation business, control devices for digital substations, etc.) • Strengthen the framework of the consulting/engineering business by acquiring new-area technology, strengthening management capabilities and securing excellent human resources.
Resilience Policy 2.	Organizational strategy	<ul style="list-style-type: none"> • Realize autonomy and collaboration of the Group companies, faster decision-making, and coexistence of diversity by shifting to a matrix management framework by the business companies and regional control system with the pure holding company as the core.
	Marketing strategy	<ul style="list-style-type: none"> • “Think Globally, Act Locally” to aim to meet the needs of people living in the region with world-class technology and provide support for the realization of one-stop services and the autonomous operation of regional business establishments.
Resilience Policy 3.	Human resource / technology strategy	<ul style="list-style-type: none"> • Strengthen technological development investments mainly in DX (digital transformation) toward evolution of digital technology to create new customer value (NKG brand) • Foster world-class human resources by establishing NKG Global Academy (NKG quality) • Promote well-being management such as health management, workstyle/workplace reform (management in which the employees are physically and mentally healthy and increase their motivation for work and commitment to initiatives)

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%.

With regard to the fiscal year ending June 30, 2022, which is the first fiscal year of the plan, in the Consulting Business, we will build a base for further growth by improving productivity with the integrated domestic and overseas operations and working to introduce new quality/environment systems and develop next-generation core technologies. In the Urban & Spatial Development Business, we will promote the formation of a foundation with the civil engineering and architecture fusion field as the main one through integrated management with the group companies. In the Energy Business, we will work to strengthen price competitiveness and the production framework of the existing businesses and build a foundation for growth areas such as renewable energy power generation, battery storage and aggregation.

By promoting these initiatives, the consolidated financial results forecasts for the fiscal year ending June 30, 2022 are revenue of ¥131 billion (111.1% compared with the previous fiscal year), operating profit of ¥7.7 billion (108.0% compared with the previous fiscal year) and profit attributable to owners of parent of ¥4.7 billion (103.7% compared with the previous fiscal year).

2. Basic Policy Regarding Selection of Accounting Standard

The Group has voluntarily applied IFRS since the end of the consolidated fiscal year under review in order to improve the international comparability of financial statements in capital markets and improve the quality of management of the Group by unifying accounting policies.

3. Consolidated Financial Statement

(1) Consolidated Statement of Financial Position

(Millions of yen)

	Transition date		
	As of July 1, 2019	As of June 30, 2020	As of June 30, 2021
Assets			
Current assets			
Cash and cash equivalents	13,242	15,472	17,838
Trade and other receivables	16,371	19,389	21,189
Contract assets	19,125	21,425	24,327
Other financial assets	407	1,283	1,315
Other current assets	3,399	4,456	3,900
Total current assets	52,544	62,027	68,570
Non-current assets			
Property, plant and equipment	38,852	42,039	40,832
Right-of-use assets	10,410	9,603	9,229
Goodwill	8,193	7,964	9,182
Intangible assets	5,871	5,480	6,502
Investment property	1,945	4,210	4,094
Investments accounted for using equity method	2,440	1,974	2,077
Retirement benefit asset	3,279	3,817	4,391
Other financial assets	6,448	6,721	7,434
Deferred tax assets	2,035	2,140	2,437
Other non-current assets	1,219	1,427	1,384
Total non-current assets	80,696	85,380	87,566
Total assets	133,241	147,408	156,137

(Millions of yen)

	Transition date		
	As of July 1, 2019	As of June 30, 2020	As of June 30, 2021
Liabilities and equity			
Liabilities			
Current liabilities			
Borrowings	2,581	15,778	8,320
Lease liabilities	2,858	2,445	2,678
Trade and other payables	7,365	8,033	9,076
Contract liabilities	8,428	10,895	10,645
Other financial liabilities	2,876	2,586	3,005
Income taxes payable	1,036	1,159	2,228
Provisions	123	589	818
Other current liabilities	8,402	8,475	12,115
Total current liabilities	33,673	49,963	48,889
Non-current liabilities			
Borrowings	17,594	14,923	18,712
Lease liabilities	7,551	7,240	6,699
Other financial liabilities	223	639	648
Retirement benefit liability	3,967	3,965	3,861
Provisions	52	83	375
Deferred tax liabilities	4,796	4,709	4,533
Other non-current liabilities	149	161	122
Total non-current liabilities	34,335	31,723	34,953
Total liabilities	68,009	81,687	83,843
Equity			
Share capital	7,437	7,458	7,480
Capital surplus	6,465	6,498	6,428
Treasury shares	(787)	(2,415)	(0)
Other components of equity	499	1	2,820
Retained earnings	50,292	52,675	53,996
Total equity attributable to owners of parent	63,907	64,219	70,725
Non-controlling interests	1,324	1,502	1,569
Total equity	65,232	65,721	72,294
Total liabilities and equity	133,241	147,408	156,137

(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 30,2020	For the fiscal year ended June 30,2021
Revenue	108,441	117,859
Cost of sales	(75,202)	(80,124)
Gross profit	33,238	37,735
Selling, general and administrative expenses	(28,436)	(29,173)
Share of profit (loss) of investments accounted for using equity method	144	35
Other income	571	1,207
Other expenses	(271)	(2,675)
Operating profit (loss)	5,245	7,128
Finance income	414	519
Finance costs	(631)	(471)
Profit (loss) before tax	5,029	7,176
Income tax expense	(1,782)	(2,657)
Profit (loss)	3,246	4,518
Profit (loss) attributable to		
Owners of parent	3,099	4,531
Non-controlling interests	146	(13)
Profit (loss)	3,246	4,518
Earnings (loss) per share		
Basic earnings (loss) per share	204.94	300.00
Diluted earnings (loss) per share	204.94	300.00

(Consolidated Statement of Comprehensive Income)

	(Millions of yen)	
	For the fiscal year ended June 30,2020	For the fiscal year ended June 30,2021
Profit (loss)	3,246	4,518
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	47	395
Remeasurements of defined benefit plans	321	386
Share of other comprehensive income of investments accounted for using equity method	-	6
Total of items that will not be reclassified to profit or loss	369	788
Items that may be reclassified to profit or loss		
Cash flow hedges	6	6
Exchange differences on translation of foreign operations	(441)	2,392
Share of other comprehensive income of investments accounted for using equity method	14	33
Total of items that may be reclassified to profit or loss	(420)	2,432
Other comprehensive income (loss)	(51)	3,220
Comprehensive income	3,194	7,738
Comprehensive income attributable to		
Owners of parent	3,050	7,739
Non-controlling interests	144	(0)
Comprehensive income	3,194	7,738

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent					
	Equity attributable to owners of parent			Other components of equity		
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of July 1, 2019	7,437	6,465	(787)	-	(42)	541
Profit (loss)	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	(432)	6	47
Total comprehensive income (loss)	-	-	-	(432)	6	47
Issuance of new shares	21	21	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	(2,001)	-	-	-
Disposal of treasury shares	-	11	373	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Purchase and disposal of non-controlling interests	-	0	-	(0)	-	-
Transfer to retained earnings	-	-	-	-	-	(118)
Total transactions with owners	21	32	(1,628)	(0)	-	(118)
Balance as of June 30, 2020	7,458	6,498	(2,415)	(432)	(36)	471
Profit (loss)	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	2,415	6	395
Total comprehensive income (loss)	-	-	-	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

	Equity attributable to owners of parent					
	Equity attributable to owners of parent			Other components of equity		
	Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total
Balance as of July 1, 2019	-	499	50,292	63,907	1,324	65,232
Profit (loss)	-	-	3,099	3,099	146	3,246
Other comprehensive income (loss)	330	(48)	-	(48)	(2)	(51)
Total comprehensive income (loss)	330	(48)	3,099	3,050	144	3,194
Issuance of new shares	-	-	-	42	-	42
Change in scope of consolidation	-	-	28	28	63	92
Purchase of treasury shares	-	-	-	(2,001)	-	(2,001)
Disposal of treasury shares	-	-	-	384	-	384
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	(1,193)	(1,193)	(30)	(1,223)
Purchase and disposal of non-controlling interests	-	(0)	-	0	-	0
Transfer to retained earnings	(330)	(448)	448	-	-	-
Total transactions with owners	(330)	(448)	(716)	(2,739)	33	(2,706)
Balance as of June 30, 2020	-	1	52,675	64,219	1,502	65,721
Profit (loss)	-	-	4,531	4,531	(13)	4,518
Other comprehensive income (loss)	390	3,207	-	3,207	12	3,220
Total comprehensive income (loss)	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

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	For the fiscal year ended June 30,2020	For the fiscal year ended June 30,2021
Cash flows from operating activities		
Profit (loss) before tax	5,029	7,176
Depreciation and amortization	4,700	4,566
Impairment losses	-	1,739
Loss (gain) on financial assets measured at fair value through profit or loss	87	(202)
Interest and dividend income	(335)	(397)
Interest expenses	407	424
Share of loss (profit) of investments accounted for using equity method	(144)	(35)
Loss (gain) on derivatives	(134)	(182)
Loss (gain) on sale of fixed assets	(1)	(7)
Decrease (increase) in trade and other receivables	(2,966)	(1,172)
Decrease (increase) in contract assets	(2,468)	(2,685)
Increase (decrease) in trade and other payables	329	1,242
Increase (decrease) in contract liabilities	2,561	(733)
Increase (decrease) in provisions	513	498
Increase (decrease) in accrued expenses	85	1,564
Increase (decrease) in consumption taxes payable	(678)	2,203
Other	(534)	660
Sub total	6,450	14,660
Dividends received	137	152
Interest received	181	251
Interest paid	(400)	(433)
Income taxes paid	(2,003)	(2,556)
Net cash provided by (used in) operating activities	4,365	12,073
Cash flows from investing activities		
Payments into time deposits	(826)	(284)
Proceeds from withdrawal of time deposits	-	199
Purchase of property, plant and equipment	(6,725)	(2,220)
Purchase of intangible assets	(272)	(651)
Purchase of other financial assets	(9)	(32)
Proceeds from sale and redemption of other financial assets	724	1
Payments for acquisition of subsidiaries	(143)	-
Other	124	238
Net cash provided by (used in) investing activities	(7,129)	(2,750)
Cash flows from financing activities		
Proceeds from short-term borrowings	253,000	244,000
Repayments of short-term borrowings	(240,000)	(257,000)
Proceeds from long-term borrowings	-	15,043
Repayments of long-term borrowings	(2,508)	(5,977)
Repayments of lease liabilities	(3,097)	(2,801)
Purchase of treasury shares	(2,001)	(429)
Dividends paid	(1,228)	(1,145)
Other	365	381
Net cash provided by (used in) financing activities	4,529	(7,928)
Net increase (decrease) in cash and cash equivalents	1,765	1,395
Cash and cash equivalents at beginning of period	13,242	15,472
Effect of exchange rate changes on cash and cash equivalents	465	970
Cash and cash equivalents at end of period	15,472	17,838

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

The Company has business headquarters separated by type of products and services. Each business headquarters formulates a comprehensive strategy based on the products and services and engages in conducting business activities.

In line with the above, the Company is composed of segments divided by products and services, with each business headquarters serving as the foundation, and the six reportable segments are “Domestic Consulting”, “International Consulting”, “Power Engineering”, “Urban & Spatial Development”, “Energy Business”, and “Real Estate Leasing”.

(2) Types of products and services by reportable segment

“Domestic Consulting” engages in businesses within Japan such as site surveying, planning, evaluation/assessment, designing, construction management, operational advice in the fields of water resources development, energy development, agricultural development, transportation, urban and regional development, management of natural and social environment, etc.

“International Consulting” engages in businesses outside of Japan such as site surveying, planning, evaluation/assessment, designing, construction supervision, operational advice in the fields of water resources development, energy development, agricultural development, transportation, urban and regional development, social development, management of natural and social environment, etc.

“Power Engineering” engages in manufacturing and sale of control devices and systems for power generating and transforming stations, water turbines, power generators, voltage converters, electric power related equipment such as line taps for power transmission and distribution networks. It also engages in designing and implementation of various construction works for electric power and general electric facilities, including construction for power generation/transformation/transmission/distribution and civil engineering.

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

“Energy Business” engages in research, development, design, construction, management, operation, support and system/technology development of power generation/energy management operations utilizing distributed energy resources.

“Real Estate Leasing” engages in the leasing of real estate within Japan.

2. 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.

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

For the fiscal year ended June 30, 2020

(Millions of yen)

	Reportable segments				
	Domestic Consulting	International Consulting	Power Engineering	Urban & Spatial Development	Energy Business
Revenue					
Revenue from external customers	49,958	22,635	15,382	18,142	1,070
Intersegment revenue and transfers	531	60	463	103	-
Total	50,489	22,696	15,845	18,246	1,070
Segment profit (loss)	4,944	513	995	1,759	(355)
Finance income					
Finance costs					
Profit (loss) before tax					
Other items					
Depreciation and amortization	(1,525)	(491)	(382)	(1,126)	(138)
Impairment losses	-	-	-	-	-
Share of profit (loss) of investments accounted for using equity method	-	0	43	-	109
Segment assets	28,328	26,640	12,172	28,079	9,683
Increase in property, plant and equipment, and intangible assets (Note 2)	2,055	560	842	481	1,187
Investments accounted for using equity method	-	12	241	-	1,753

	Reportable segments		Others (Note 1)	Total	Adjustments (Note 3)	Consolidated
	Real Estate Leasing	Subtotal				
Revenue						
Revenue from external customers	451	107,640	800	108,441	-	108,441
Intersegment revenue and transfers	156	1,314	814	2,128	(2,128)	-
Total	607	108,955	1,614	110,569	(2,128)	108,441
Segment profit (loss)	356	8,214	(2,888)	5,325	(79)	5,245
Finance income						414
Finance costs						(631)
Profit (loss) before tax						5,029
Other items						
Depreciation and amortization	(79)	(3,744)	(969)	(4,713)	13	(4,700)
Impairment losses	-	-	-	-	-	-
Share of profit (loss) of investments accounted for using equity method	-	153	-	153	(9)	144
Segment assets	6,542	111,447	66,884	178,331	(30,923)	147,408
Increase in property, plant and equipment, and intangible assets (Note 2)	836	5,965	5,070	11,036	(163)	10,872
Investments accounted for using equity method	-	2,007	-	2,007	(32)	1,974

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 real estate, 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, 2021

(Millions of yen)

	Reportable segments				
	Domestic Consulting	International Consulting	Power Engineering	Urban & Spatial Development	Energy Business
Revenue					
Revenue from external customers	55,345	24,753	15,831	20,274	790
Intersegment revenue and transfers	879	306	341	1	-
Total	56,224	25,060	16,173	20,275	790
Segment profit (loss)	6,128	1,853	858	2,266	(1,919)
Finance income					
Finance costs					
Profit (loss) before tax					
Other items					
Depreciation and amortization	(1,549)	(349)	(394)	(1,190)	(154)
Impairment losses	-	-	-	-	(1,739)
Share of profit (loss) of investments accounted for using equity method	-	0	12	-	16
Segment assets	29,538	27,902	13,979	32,109	9,036
Increase in property, plant and equipment, and intangible assets (Note 2)	1,372	181	1,037	824	708
Investments accounted for using equity method	30	13	252	-	1,809

	Reportable segments		Others (Note 1)	Total	Adjustments (Note 3)	Consolidated
	Real Estate Leasing	Subtotal				
Revenue						
Revenue from external customers	778	117,773	86	117,859	-	117,859
Intersegment revenue and transfers	158	1,687	666	2,353	(2,353)	-
Total	937	119,461	752	120,213	(2,353)	117,859
Segment profit (loss)	585	9,772	(2,639)	7,133	(4)	7,128
Finance income						519
Finance costs						(471)
Profit (loss) before tax						7,176
Other items						
Depreciation and amortization	(91)	(3,729)	(853)	(4,582)	16	(4,566)
Impairment losses	-	(1,739)	-	(1,739)	-	(1,739)
Share of profit (loss) of investments accounted for using equity method	-	29	-	29	5	35
Segment assets	6,518	119,085	64,594	183,680	(27,542)	156,137
Increase in property, plant and equipment, and intangible assets (Note 2)	0	4,123	1,323	5,446	(44)	5,401
Investments accounted for using equity method	-	2,104	-	2,104	(27)	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 real estate, 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..

4. Information by product and service

Statement is omitted, as similar information is disclosed in “3. Revenue, income or loss, assets, liabilities, and other items by reportable segment”

(Per Share Information)

	For the fiscal year ended June 30, 2020	For the fiscal year ended June 30, 2021
Profit attributable to owners of parent (Millions of yen)	3,099	4,531
Weighted-average number of shares of common stock (Shares)	15,124,770	15,106,105
Basic earnings per share (Yen)	204.94	300.00

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

(Significant Subsequent Events)

There is no relevant information.

(First-time Adoption)

The Group has disclosed consolidated financial statements in accordance with IFRS since the consolidated fiscal year under review. The most recent consolidated financial statements created in accordance with Japanese GAAP are for the consolidated fiscal year ended June 30, 2020. The transition date to IFRS is July 1, 2019.

(1) Exemption clause in IFRS 1

IFRS requires a company that applies IFRS for the first time (herein after referred to “First-time Adopter” to retroactively apply the standards required in IFRS in principle. However, IFRS 1 “First-time Adoption of International Financial Reporting Standards” (hereinafter referred to as “IFRS 1” stipulates those to which the exemption clause must be compulsorily applied and those to which the exemption clause is voluntarily applied for some standards required by IFRS. The impact of the adoption of these clauses was adjusted in retained earnings or other capital components on the IFRS transition date. When the Group transitioned from Japanese GAAP to IFRS, the following exemption clauses were adopted:

- Business combinations

A First-time Adopter is permitted to elect not to retroactively apply IFRS 3 “Business combinations” (hereinafter referred to as “IFRS 3” to any business combinations made before the IFRS transition date. The Group has applied the relevant exemption clause and has elected not to retroactively apply IFRS 3 to business combinations made prior to the transition date. As a result, the amount of goodwill incurred from the business combination before the transition date is based on the book value as of the transition date according to Japanese GAAP.

An impairment test was conducted for goodwill as of the transition date regardless of whether or not there were any signs of impairment.

- Exchange differences on translation of foreign operations

IFRS 1 permits an entity to elect to the cumulative translation differences for foreign operations as of the IFRS transition date as zero. The Group has applied the relevant exemption clause and elected to regard cumulative translation differences of foreign operations as zero as of the transition date.

- Stock-based award

It is encouraged by IFRS 1 to apply IFRS 2 “Share-based payment” (hereinafter referred to as “IFRS 2”) to stock compensation that were granted after November 7, 2002 and whose rights were finalized before the IFRS transition date, but it is not required to do so. The Group has applied the relevant exemption clause and has elected not to apply IFRS 2 to stock compensation whose rights were finalized prior to the transition date.

- Lease

IFRS 1 permits a First-time Adopter to assess whether or not the contract includes leases as of the IFRS transition date. The Group has applied the relevant exemption clause and determined whether the contract includes leases based on the facts and circumstances that existed as of the transition date.

- Borrowing cost

IFRS 1 permits an entity to set the start date of capitalization of borrowing costs pertaining to qualifying assets to the IFRS transition date. The Group has applied the relevant exemption clause and capitalized the borrowing costs pertaining to qualifying assets after the transition date in accordance with IAS 23 “Borrowing costs.”

- Designation of financial products previously recognized

IFRS 1 permits an entity to determine classification in IFRS 9 “Financial instruments” (hereinafter referred to as “IFRS 9” based on the facts and circumstances as of the transition date instead of the facts and circumstances that existed as of the time of the initial recognition. It is also permitted to designate fluctuation of the fair value of

capital financial assets as financial assets to be measured through other comprehensive income based on the facts and circumstances that exist as of the transition date.

The Group has applied the relevant exemption clause and has determined the classification in IFRS 9 based on the facts and circumstances that existed as of the transition date and has designated some equity instruments as financial assets to be measured through other comprehensive income.

(2) Reconciliation

The reconciliation required to be disclosed for the first-time adoption of IFRS are show below.

In the reconciliation table, “Reclassification of presentation” includes items that do not affect retained earnings and comprehensive income and “Difference in recognition and measurement” includes items that affect retained earnings and comprehensive income.

Reconciliations of equity as of July 1, 2019 (The date of transition to IFRS)

(Millions of yen)						
Line items presented under Japanese GAAP	Japanese GAAP	Reclassification of presentation	Difference in recognition and measurement	IFRS	Notes	Line items presented under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	13,147	(484)	579	13,242	1,19	Cash and cash equivalents
Notes and accounts receivable - trade	29,938	(13,561)	(5)	16,371	2,3	Trade and other receivables
	-	14,400	4,724	19,125	3	Contract assets
	-	394	12	407	6	Other financial assets
Work in process	5,709	(514)	(5,194)	-	3	
Other	3,855	(512)	55	3,399		Other current assets
Allowance for doubtful accounts	(203)	181	21	-		
Total current assets	52,446	(94)	192	52,544		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	29,882	(1,938)	10,908	38,852	9	Property, plant and equipment
	-	114	10,296	10,410	10	Right-of-use assets
Intangible assets	13,501	(5,307)	-	8,193	11	Goodwill
	-	4,866	1,005	5,871	12	Intangible assets
	-	2,265	(319)	1,945	8	Investment property
Investment securities	7,228	(7,228)	2,440	2,440	13,19	Investments accounted for using equity method
Long-term loans receivable	2,276	8,487	(4,315)	6,448	4,6,19	Other financial assets
Deferred tax assets	1,502	-	533	2,035	7	Deferred tax assets
Net defined benefit assets	3,943	-	(663)	3,279		Retirement benefit asset
Other	2,564	(1,333)	(11)	1,219		Other non-current assets
Allowance for doubtful accounts	(169)	169	-	-		
Total non-current assets	60,728	94	19,873	80,696		Total non-current assets
Total assets	113,175	-	20,066	133,241		Total assets

(Millions of yen)

Line items presented under Japanese GAAP	Japanese GAAP	Reclassification of presentation	Difference in recognition and measurement	IFRS	Notes	Line items presented under IFRS
Liabilities						Liabilities and equity
Current liabilities						Liabilities
Short-term loans payable	-	2,082	499	2,581	14	Current liabilities
Current portion of long-term loans payable	2,082	(2,082)	-	-		Borrowings
Notes and accounts payable - trade	-	37	2,820	2,858	6,10	Lease liabilities
	5,037	2,319	9	7,365	2	Trade and other payables
	-	9,580	(1,151)	8,428	15	Contract liabilities
	-	2,681	194	2,876	5	Other financial liabilities
Income taxes payable	1,137	(105)	4	1,036		Income taxes payable
Provision for bonuses	1,972	(1,972)	-	-		
Provision for directors' bonuses	91	(91)	-	-		
Provision for loss on construction contracts	119	3	-	123	16	Provisions
Advances received	6,687	(6,687)	-	-	15	
Other	10,953	(5,764)	3,213	8,402	15,16	Other current liabilities
Total current liabilities	28,082	-	5,590	33,673		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term loans payable	17,639	-	(44)	17,594		Borrowings
	-	74	7,476	7,551	6,10	Lease liabilities
	-	223	-	223	6	Other financial liabilities
Liability for retirement benefits	3,817	-	149	3,967	17	Retirement benefit liability
Provision for directors' retirement benefits	30	(30)	-	-		
Provision for environmental measures	34	18	-	52		Provisions
Deferred tax liabilities	2,819	-	1,977	4,796		Deferred tax liabilities
Other	545	(286)	(109)	149		Other non-current liabilities
Total non-current liabilities	24,886	-	9,449	34,335		Total non-current liabilities
Total liabilities	52,969	-	15,039	68,009		Total liabilities
Net assets						Equity
Capital stock	7,437	-	-	7,437		Share capital
Capital surplus	6,488	-	(22)	6,465		Capital surplus
Treasury shares	(787)	-	-	(787)		Treasury shares
Accumulated other comprehensive income	(1,913)	-	2,412	499	18	Other components of equity
Retained earnings	47,864	-	2,428	50,292	18	Retained earnings
	59,090	-	4,817	63,907		Total equity attributable to owners of parent
Non-controlling interests	1,115	-	209	1,324		Non-controlling interests
Total net assets	60,205	-	5,026	65,232		Total equity
Total liabilities and net assets	113,175	-	20,066	133,241		Total liabilities and equity

Reconciliations of equity as of June 30, 2020 (The end of the latest period presented in the most recent consolidated financial statements under Japanese GAAP)

(Millions of yen)

Line items presented under Japanese GAAP	Japanese GAAP	Reclassification of presentation	Difference in recognition and measurement	IFRS	Notes	Line items presented under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	16,003	(1,232)	701	15,472	1,19	Cash and cash equivalents
Notes and accounts receivable - trade	39,047	(19,767)	109	19,389	2,3	Trade and other receivables
	-	20,355	1,069	21,425	3	Contract assets
	-	1,250	33	1,283	6	Other financial assets
Work in process	1,725	(488)	(1,236)	-	3	
Other	4,947	(450)	(40)	4,456		Other current assets
Allowance for doubtful accounts	(308)	333	(25)	-		
Total current assets	61,415	-	611	62,027		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	40,756	(7,809)	9,092	42,039	9	Property, plant and equipment
	-	3,724	5,879	9,603	10	Right-of-use assets
Intangible assets	12,132	(5,176)	1,008	7,964	11	Goodwill
	-	4,734	745	5,480	12	Intangible assets
	-	4,526	(316)	4,210	8	Investment property
Investment securities	6,500	(5,028)	502	1,974	13,19	Investments accounted for using equity method
Long-term loans receivable	980	6,400	(659)	6,721	4,6,19	Other financial assets
Deferred tax assets	1,541	-	598	2,140	7	Deferred tax assets
Net defined benefit assets	4,080	-	(262)	3,817		Retirement benefit asset
Other	2,964	(1,529)	(7)	1,427		Other non-current assets
Allowance for doubtful accounts	(157)	157	-	-		
Total non-current assets	68,800	-	16,580	85,380		Total non-current assets
Total assets	130,215	-	17,192	147,408		Total assets

(Millions of yen)

Line items presented under Japanese GAAP	Japanese GAAP	Reclassification of presentation	Difference in recognition and measurement	IFRS	Notes	Line items presented under IFRS
						Liabilities and equity
Liabilities						Liabilities
Current liabilities						Current liabilities
Short-term loans payable	13,000	2,780	(2)	15,778	14	Borrowings
Current portion of long-term loans payable	2,780	(2,780)	-	-		
	-	704	1,740	2,445	6,10	Lease liabilities
Notes and accounts payable - trade	5,724	2,289	18	8,033	2	Trade and other payables
	-	11,055	(159)	10,895	15	Contract liabilities
	-	2,539	46	2,586	5	Other financial liabilities
Income taxes payable	1,266	(107)	1	1,159		Income taxes payable
Provision for bonuses	2,201	(2,201)	-	-		
Provision for directors' bonuses	52	(52)	-	-		
Provision for loss on construction contracts	496	93	-	589	16	Provisions
Provision for business restructuring	93	(93)	-	-	16	
Advances received	8,009	(8,009)	-	-	15	
Other	11,876	(6,219)	2,818	8,475	15,16	Other current liabilities
Total current liabilities	45,500	-	4,463	49,963		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term loans payable	14,922	-	1	14,923		Borrowings
Lease obligations	3,078	-	4,161	7,240	6,10	Lease liabilities
	-	639	-	639	6	Other financial liabilities
Liability for retirement benefits	3,814	-	151	3,965	17	Retirement benefit liability
Provision for directors' retirement benefits	17	(17)	-	-		
Provision for environmental measures	34	49	-	83		Provisions
Deferred tax liabilities	2,585	-	2,123	4,709		Deferred tax liabilities
Other	791	(670)	40	161		Other non-current liabilities
Total non-current liabilities	25,245	-	6,478	31,723		Total non-current liabilities
Total liabilities	70,745	-	10,942	81,687		Total liabilities
Net assets						Equity
Capital stock	7,458	-	-	7,458		Share capital
Capital surplus	6,509	-	(11)	6,498		Capital surplus
Treasury shares	(2,415)	-	-	(2,415)		Treasury shares
Accumulated other comprehensive income	(2,515)	-	2,517	1	18	Other components of equity
Retained earnings	49,207	-	3,467	52,675	18	Retained earnings
	58,245	-	5,973	64,219		Total equity attributable to owners of parent
Non-controlling interests	1,225	-	276	1,502		Non-controlling interests
Total net assets	59,470	-	6,250	65,721		Total equity
Total liabilities and net assets	130,215	-	17,192	147,408		Total liabilities and equity

Notes on reconciliation of equity

1 Reclassification of cash and deposits

Time deposits with a deposit period of more than 3 months, which were included in "Cash and deposits" under Japanese GAAP have been reclassified to "Other financial assets (current)" under IFRS.

2 Reclassification of accounts receivable and accounts payable

Accounts receivable included in "Other" of current assets under Japanese GAAP have been transferred to "Trade and other receivables" under IFRS. Also, accounts payable included in "Other" of current liabilities under Japanese GAAP have been reclassified to "Trade and other payables" under IFRS.

3 Contract assets

Of the rights to the consideration received in exchange for goods or services transferred to customers, which were included in "Notes and accounts receivable - trade" under Japanese GAAP, the conditional rights other than the passage of time have been reclassified from "Trade and other receivables" to "Contract assets" under IFRS.

As for consulting contracts with the construction completion method adopted under Japanese GAAP, revenues are recognized for a certain period of time and contract assets of the same amount are also recognized under IFRS. Work in process, which was recorded under Japanese GAAP, has been reclassified to costs of sales.

4 Securities

Under Japanese GAAP, marketable securities are measured according to the fair value and non-marketable securities are measured by the acquisition cost in principle. Also, gain or loss from sales of securities is net profit or loss regardless of whether or not they are marketable. On the other hand, under IFRS, all the equity instruments are measured by fair value.

Under IFRS, it is permitted to recognize fluctuations in fair value of equity instruments in other comprehensive income, and when recognizing fluctuations in fair value in other comprehensive income, gain or loss from sales or valuation gain or loss of the relevant equity instruments is not transferred to net profit or loss.

5 Other financial assets and other financial liabilities

Under Japanese GAAP, integrated treatment was applied to the interest rate and currency swaps eligible for integrated treatment (special treatment / allocation treatment). However, under IFRS, as integrated treatment is not allowed, hedging instruments were recognized at fair value on the transfer date and the cash flow hedges were recorded as other components of equity at the same time. And, as we have decided not to apply hedge accounting on and after the transfer date, it is treated in accordance with the regulations for termination of hedge accounting for the future.

6 Reclassification of other financial assets and other financial liabilities

Short-term loans receivable included in "Other" of current assets under Japanese GAAP have been reclassified to "Other financial assets (current)" under IFRS. Also, "Investment securities" and "Long-term loans receivable" presented separately under Japanese GAAP have been reclassified to "Other financial assets (non-current)" under IFRS. Also, lease obligations included in "Other" of current liabilities and "Other" of non-current liabilities under Japanese GAAP have been reclassified into "lease liabilities (current)" and "lease liabilities (non-current) under IFRS, respectively.

7 Review of recoverability of deferred tax assets

In association with adoption of IFRS, we review recoverability of all deferred tax assets.

8 Reclassification of investment real estate

Investment real estate included in “Property, plant and equipment” under Japanese GAAP has been reclassified to “investment real estate” under IFRS.

9 Adjustments to the recorded amount of property, plant and equipment

Non-current asset acquisition taxes and borrowing costs directly attributable to acquisition of qualifying assets, which were expensed under Japanese GAAP, are capitalized under IFRS.

10 Lease transactions

Operating lease transactions were not capitalized under Japanese GAAP. However, right-of-use assets and lease liabilities are recorded under IFRS. Also, we adopted a method of not deducting a reasonable estimated amount equivalent to interest from the total amount of lease fees for non-ownership-transfer finance lease transactions, whose total amount of lease assets is recognized as insignificant, under Japanese GAAP. However, we adopt the basic method under IFRS.

11 Adjustments to the recorded amount of goodwill

Goodwill is amortized under Japanese GAAP, but not amortized under IFRS.

12 Other intangible assets

Trademark rights are amortized under Japanese GAAP, but not amortized under IFRS as intangible assets whose useful life cannot be finalized.

13 Adjustments of the recorded amount of investments accounted for using equity method

“Investments accounted for using equity method” were included in “Investment securities” under Japanese GAAP, but are separately presented under IFRS. Also, goodwill on affiliated companies accounted for using equity-method is amortized under Japanese GAAP, but not amortized under IFRS.

14 Reclassification of borrowings

“Current portion of long-term loans payable” separately presented as current liabilities under Japanese GAAP have been reclassified into “Borrowings (current)” under IFRS.

15 Contract liabilities

“Advances received” separately presented as current liabilities and deferred income included in “Other” under Japanese GAAP has been reclassified into “Contract liabilities” under IFRS.

16 Reclassification of other current liabilities

“Provision for bonuses” and “Provision for directors’ bonuses” presented separately as current assets under Japanese GAAP have been reclassified into “Other current liabilities” under IFRS. “Provision for loss on construction contracts” and “Provision for business restructuring” presented separately as current assets and asset retirement obligations included in “Other” of non-current liabilities under Japanese GAAP have been reclassified into “Provisions” under IFRS. Also, outstanding paid leave, that was not accounted for under Japanese GAAP, is recorded as “Other current liabilities” under IFRS.

17 Adjustments of retirement benefit liability

The Group recognized actuarial gain or loss as other comprehensive income when it occurred and the amount distributed according to a certain number of years within the average remaining working period of the employee was expensed from the fiscal year after the fiscal year in which it occurred. However, actuarial gain or loss is recognized when it occurs as other comprehensive income and immediately transferred to retained earnings under IFRS.

18 Reclassification of cumulative exchange differences on translation of foreign subsidiaries

For the first-time adoption, we elected the exemption clause prescribed in IFRS 1 and reclassified all the cumulative translation differences as of the transition date to retained earnings.

19 Scope of consolidation and the equity method

The subsidiaries that were not consolidated based on monetary importance, etc., and affiliates that were out of the scope of the equity method under Japanese GAAP, are classified as consolidated subsidiaries and affiliates accounted for using the equity method under IFRS. The impact of fluctuations in the scope of consolidation and the equity method is included in “Differences in recognition and measurement.” Main fluctuations include increase in cash and cash equivalents and decrease in loans receivable due to the elimination of internal transactions.

The Company implements the Employee Stock Ownership Plan Trust Program (hereinafter referred to as “ESOP trust”). Under Japanese GAAP, the total amount method is applied, and profit and loss related to ESOP trusts are not added to the profit and loss of the Group, and if the net amount of profit and loss is positive, it is recorded as a liability, and if the value is negative, it is recorded as an asset. Under IFRS, the Group consolidates the relevant trusts. Specifically, the Company's shares owned by the trust account are deducted from the capital until they are sold to the stockholding association. The assets and liabilities of the relevant trust account are recognized as the assets and liabilities of the Group. Distributions of trust income from the trust account to the beneficiaries at the end of the trust period are treated as cash settlement transactions. The liabilities resulting from cash settlement-type stock compensation have no monetary significance.

20 Adjustments to retained earnings

	Transition date (July 1, 2019)	(Millions of yen) As of June 30, 2020
Adjustments to the recorded amount of property, plant and equipment	8,825	8,793
Adjustments to the recorded amount of intangible assets	589	1,321
Adjustments to outstanding paid leave	(3,109)	(2,709)
Reclassification of cumulative exchange difference on translation of foreign subsidiaries	(3,063)	(3,063)
Other	843	700
Sub-total	4,086	5,042
Adjustments by tax effect	(1,448)	(1,318)
Adjustment for non-controlling interests	(209)	(256)
Total	2,428	3,467

Reconciliations of profit or loss and comprehensive income for the fiscal year ended June 30, 2020(The latest period presented in the most recent consolidated financial statements under Japanese GAAP)

(Millions of yen)

Line items presented under Japanese GAAP	Japanese GAAP	Reclassification of presentation	Difference in recognition and measurement	IFRS	Notes	Line items presented under IFRS
Net sales	112,214	-	(3,773)	108,441	1	Revenue
Cost of sales	78,762	118	(3,677)	75,202	1,2,6,10	Cost of sales
Gross profit	33,452	(118)	(95)	33,238		Gross profit
Selling, general and administrative expenses	28,861	(72)	(352)	28,436	2,3,4,6,7,10	Selling, general and administrative expenses
	-	62	81	144	5,9	Share of profit (loss) of investments accounted for using equity method
	-	480	91	571	9	Other income
	-	268	3	271	9	Other expenses
Operating income (loss)	4,590	230	425	5,245		Operating profit (loss)
Non-operating income	950	(950)	-	-	5,9	
Non-operating expenses	938	(938)	-	-	9	
	-	587	(172)	414	9	Finance income
	-	670	(38)	631	2,8,9	Finance costs
Income (loss) before income taxes	4,603	134	291	5,029		Profit (loss) before tax
Income taxes - current	1,940	(28)	(128)	1,782	11	Income tax expense
Income taxes - deferred	(163)	163	-	-		
Net income (loss)	2,826	-	419	3,246		Profit (loss)
Other comprehensive income (loss)						Other comprehensive income(loss)
Valuation difference on available-for-sale securities	(158)	-	206	47		Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans	(21)	-	342	321	6	Financial assets measured at fair value through other comprehensive income
	-	-	6	6	8	Remeasurements of defined benefit plans
	-	-	6	6	8	Items that may be reclassified to profit or loss
Foreign currency translation adjustments	(439)	-	(2)	(441)		Cash flow hedges
Share of other comprehensive income of entities accounted for using equity method	58	-	(44)	14		Exchange differences on translation of foreign operations
Total other comprehensive income (loss)	(559)	-	508	(51)		Share of other comprehensive income of investments accounted for using equity method
Comprehensive income (loss)	2,266	-	927	3,194		Other comprehensive income (loss)
						Comprehensive income

Notes on reconciliations of profit or loss and comprehensive income

1 Adjustments to revenue and cost of sales

As for consulting contracts with the construction completion method adopted under Japanese GAAP, revenues are recognized for a certain period of time and contract assets of the same amount are also recognized under IFRS. Work in process, which was recorded under Japanese GAAP, has been transferred to costs of sales.

2 Lease transaction

The Group accounted for operating lease transactions in accordance with the method pertaining to normal lease transactions under Japanese GAAP, but records right-of-use assets and lease liabilities and also records depreciation and interest expenses under IFRS. Also, we adopted a method of not deducting a reasonable estimated amount equivalent to interest from the total amount of lease fees for non-ownership-transfer finance lease transactions, whose total amount of lease assets is recognized as insignificant, and recorded only depreciation under Japanese GAAP. However, we record depreciation and interest expenses under IFRS.

3 Adjustments to the recorded amount of goodwill

Goodwill is amortized under Japanese GAAP, but not amortized under IFRS.

4 Other intangible assets

Trademark rights are amortized under Japanese GAAP, but not amortized under IFRS as intangible assets with indefinite useful lives.

5 Adjustments of the recorded amount of investments accounted for using equity method

“Share of income of entities accounted for using equity method” were included in “Non-operating income” under Japanese GAAP, but are separately presented under IFRS.

6 Adjustments of retirement benefit liability

The Group recognized actuarial gain or loss as other comprehensive income when it occurred and the amount distributed according to a certain number of years within the average remaining working period of the employee was expensed from the fiscal year after the fiscal year in which it occurred. However, actuarial gain or loss is recognized when it occurs as other comprehensive income and immediately transferred to retained earnings under IFRS.

7 Levies

The items that fall under levies such as property taxes were evenly expensed for one year from the payment date under Japanese GAAP, but expenses are recognized when a obligating event occurs under IFRS.

8 Adjustment to financial income and financial cost

Under Japanese GAAP, integrated treatment was applied to the interest rate and currency swaps eligible for integrated treatment (special treatment / allocation treatment). However under IFRS, as integrated treatment is not allowed, hedging instruments were recognized at fair value on the transfer date and the cash flow hedges were recorded as other components of equity at the same time. And, as we have decided not to apply hedge accounting on and after the transfer date, it is treated in accordance with the regulations for suspension of hedge accounting for the future.

9 Adjustments to line items

For the items presented as “Non-operating income,” “Non-operating expenses,” “Extraordinary income” and “Extraordinary losses” under Japanese GAAP, financial profit and losses are recorded as “Financial income” and “Financial costs” and other items are presented in “Other income,” “Other expenses” and “Share of profit (loss) of investments accounted for using equity method,” etc. under IFRS.

10 Outstanding paid leave

Outstanding paid leave, which was not accounted for under Japanese GAAP, is recognized as personnel expenses under IFRS.

11 Income tax expenses

“Income taxes - current” and “Income taxes - deferred” were presented separately under Japanese GAAP, but they are collectively presented as “Income tax expense” under IFRS. Also, in adoption with application of IFRS, we review the recoverability of all deferred tax assets.

Reconciliations of cash flows for the fiscal year ended June 30, 2020(The latest period presented in the most recent consolidated financial statements under Japanese GAAP)

Payment of lease fees by operating lease were classified as cash flows from operating activities under Japanese GAAP. However, IFRS requires all leases to be recognized as lease liabilities in principle, and thus expenditures from repayment of lease liabilities are classified as cash flows from financing activities.

4. Other

(1) Status of Orders and Sales

By Fiscal Year Category / Segment		For the fiscal year ended June 30, 2020		For the fiscal year ended June 30, 2021	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Orders received	Domestic Consulting	59,314	40.9	62,047	46.5
	International Consulting	47,617	32.9	35,721	26.8
	Power Engineering	19,829	13.7	13,880	10.4
	Urban & Spatial Development	17,874	12.3	21,457	16.1
	Energy Business	156	0.1	111	0.1
	Real Estate Leasing	-	-	-	-
	Others	79	0.1	86	0.1
	Total	144,871	100.0	133,304	100.0
Revenue 1	Domestic Consulting	52,412	48.3	59,855	50.7
	International Consulting	24,011	22.1	25,381	21.5
	Power Engineering	12,528	11.6	12,991	11.0
	Urban & Spatial Development	17,991	16.6	18,209	15.5
	Energy Business	963	0.9	557	0.5
	Real Estate Leasing	451	0.4	778	0.7
	Others	82	0.1	86	0.1
	Total	108,441	100.0	117,859	100.0
Revenue 2	Domestic Consulting	49,958	46.1	55,345	46.9
	International Consulting	22,635	20.9	24,753	21.0
	Power Engineering	15,382	14.2	15,831	13.4
	Urban & Spatial Development	18,142	16.7	20,274	17.2
	Energy Business	1,070	1.0	790	0.7
	Real Estate Leasing	451	0.4	778	0.7
	Others	800	0.7	86	0.1
	Total	108,441	100.0	117,859	100.0
By period Category / Segment		For the fiscal year ended June 30, 2020		For the fiscal year ended June 30, 2021	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Foreign exchange and other adjustments	Domestic Consulting	11		189	
	International Consulting	102		741	
	Power Engineering	-		-	
	Urban & Spatial Development	(542)		2,800	
	Energy Business	(12)		(0)	
	Real Estate Leasing	-		-	
	Others	-		-	
	Total	(442)		3,731	
Outstanding Orders	Domestic Consulting	36,179	22.1	38,561	20.9
	International Consulting	88,543	54.0	99,625	54.1
	Power Engineering	22,058	13.5	22,947	12.5
	Urban & Spatial Development	17,019	10.4	23,068	12.5
	Energy Business	33	0.0	47	0.0
	Real Estate Leasing	-	-	-	-
	Others	-	-	0	0.0
	Total	163,834	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.

(2) Changes in Directors

1. Change of Representative Director

Please refer to “Notice Concerning Change of Representative Director (Change of President)” announced on April 12, 2021 and “Notice of Change of Representative Director and New Board Structure” announced on June 10, 2021.

2. Change of Other Directors

Please refer to “Notice of Change of Representative Director and New Board Structure” announced on June 10, 2021.