

Consolidated Financial Results for the Nine Months Ended March 31, 2021 [Japanese GAAP]



May 14, 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 filing quarterly securities report: May 14, 2021

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, 2021 (July 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended March 31, 2021	85,833	2.0	8,506	71.3	8,491	65.9	3,705	8.7
March 31, 2020	84,129	13.4	4,965	69.1	5,119	89.3	3,408	132.2

(Note) Comprehensive income: Nine months ended March 31, 2021: ¥6,217 million [138.2 %]

Nine months ended March 31, 2020: ¥2,610 million [187.0%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended March 31, 2021	245.00		-	
March 31, 2020	225.03		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2021	160,793	64,429	39.2
June 30, 2020	130,215	59,470	44.7

(Reference) Equity: As of March 31, 2021: ¥63,109 million

As of June 30, 2020: ¥58,245 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2020	-	-	-	75.00	75.00
Fiscal year ending June 30, 2021	-	-	-	-	-
Fiscal year ending June 30, 2021 (Forecast)	-	-	-	75.00	75.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2021 (July 1, 2020 to June 30, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
[Japanese GAAP] Full year	116,600	3.9	7,100	54.7	7,000	52.1	2,600	(4.7)	171.90

	Revenue		Operating income		Income before Tax		Income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
[IFRS] Full year	117,200	-	6,200	-	5,700	-	3,400	-	224.79

(Note) 1. Revision to the financial results forecast announced most recently: Yes

2. The Company has decided to voluntarily apply International Financial Reporting Standards (IFRS) from the year-end of fiscal year ending June 30, 2021. Accordingly, in addition to the consolidated financial results forecast based on Japanese GAAP, the Company discloses financial estimates based on IFRS. The percentage change from the fiscal year ended June 30, 2020, for which the Japanese GAAP was applied, is not shown in the above table.

* Notes:

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

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common stock)

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

As of March 31, 2021 : 15,948,054 shares

As of June 30, 2020 : 15,933,058 shares

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

As of March 31, 2021 : 899,426 shares

As of June 30, 2020 : 861,023 shares

3) Average number of shares during the period

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

Nine months ended March 31, 2020 : 15,148,064 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

(Caution regarding forward-looking statements)

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.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months ended March 31, 2021 (July 1, 2020 to March 31, 2021), the Japanese economy remained in a difficult position due to COVID-19, but the trend toward economic recovery had continued while involving weakness in some parts. We need to pay close attention to the impact of the infection 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 is expected to remain strong since the Japanese government’s budget for public works projects in fiscal year 2021 is expected to maintain at the same level as the previous fiscal year. On the other hand, the future of the International Consulting Business is uncertain due to the travel restrictions accompanying the spread of COVID-19, although it is expected that the Japanese government will continue with its high-quality infrastructure system export strategy. In the Power Engineering Business, new business opportunities and competition are expected to arise as a result of the reform of the electric power system, while the severe business environment is expected to continue as customers continue to request cost reductions when upgrading existing electric power facilities. In the Urban & Spatial Development Business, while the impact of Brexit on demand for architectural design in the U.K. is a continuing concern, demand for infrastructure development is expected to increase as urbanization progresses in Asian countries. In the Energy Business, demand for renewable energy is expected to grow as the world shifts to development of low-carbonization 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 actively 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. 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. We are taking measures to secure sufficient cash reserves in order to prepare for uncertainty in business activities, such as long-term borrowing of funds and increasing working capital line of credit and commitment lines.

Although some businesses were affected by the spread of COVID-19 and the Group ended the nine months of the fiscal year with orders received having decreased 14.8% year on year to ¥82,306 million, net sales increased 2.0% year on year to ¥85,833 million, operating income increased 71.3% year on year to ¥8,506 million, and ordinary income increased 65.9% year on year to ¥8,491 million, thanks to the solid demand and efficient business operations in the Domestic Consulting Business and International Consulting Business. Net income attributable to owners of parent increased 8.7% year on year to ¥3,705 million due to an impairment loss of ¥1,847 million recorded for a hydroelectric power plant in Java, Indonesia, that is under construction by PT. CIKAENGAN TIRTA ENERGI, a consolidated subsidiary, owing to repair work and business plan review as a result of ground deformation caused by abnormal rainfall.

Business results for each segment are as follows:

[Domestic Consulting]

As for the Domestic Consulting Business, we worked thoroughly to manage costs related to indirect operations, while promoting the assignment of human resources engaged in the International Consulting Business to work within Japan and receiving orders jointly. At the same time, we worked to support the promotion of the global strategy through collaboration with the International Consulting Business and the R&D Center, and to develop new businesses by utilizing management knowhow, as the core, to improve the value of infrastructure.

As a result, orders received increased 9.6% year on year to ¥39,060 million and net sales increased 4.8% year on year to ¥41,290 million. Operating income increased 45.5% year on year to ¥6,471 million due to cost reduction through travel expense control, etc. and operational efficiency improvement and ordinary income increased 34.8% year on year to ¥5,932 million.

[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 34.6% year on year to ¥20,216 million and net sales increased 1.4% year on year to ¥16,923 million. Meanwhile, as travel restrictions contributed to lower costs, operating income increased 783.6% year on year to ¥1,541 million and ordinary income increased 985.2% year on year to ¥1,563 million.

[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. However, there were delays in orders and operations due to the spread of COVID-19 both in Japan and overseas.

As a result, orders received decreased 32.3% year on year to ¥11,625 million and net sales decreased 5.7% year on year to ¥11,688 million. Operating income decreased 43.1% year on year to ¥956 million due to mainly the provision for loss on construction contracts of ¥118 million resulting from budget overruns for the vertical water turbine projects. Ordinary income decreased 43.5% year on year to ¥911 million.

[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. However, we continue to receive orders split in stages, not orders placed at one time, due to the spread of COVID-19.

As a result, orders received decreased 11.6% year on year to ¥11,272 million, net sales increased 6.7% year on year to ¥14,719 million, operating income increased 30.5% year on year to ¥996 million and ordinary income increased 22.5% year on year to ¥754 million.

[Energy Business]

In Energy Business, we worked to improve earnings from the power generation business such as renewable energy, formulate new projects, including PFI (Private Finance Initiative) business that utilize private funds, and promote the energy management business mainly in Europe, though, we are seeing delays in the rollout of the business in the region.

As a result, orders received decreased 31.7% year on year to ¥65 million. Net sales decreased 36.2% to ¥544 million, compared with the previous fiscal year when sales for the U.K. storage battery EPC project were recorded. Operating loss decreased 12.9% year on year to ¥250 million, and ordinary income was ¥144 million mainly due

to share of income of entities accounted for using equity method (ordinary loss of ¥231 million for the nine months ended March 31, 2020).

[Real Estate Leasing]

In the Real Estate Leasing Business, net sales increased 86.9% year on year to ¥608 million. Operating income increased 66.1% year on year to ¥491 million and ordinary income increased 65.9% year on year to ¥493 million.

(2) Explanation of Financial Position

Total assets as of the end of the third quarter of the fiscal year ending June 30, 2021, amounted to ¥160,793 million, an increase of ¥30,577 million from the end of the previous fiscal year.

In the Assets section, current assets were ¥91,129 million, an increase of ¥29,713 million from the end of the previous fiscal year. This was mainly due to an increase of ¥23,944 million in notes and accounts receivable-trade and so forth since operations whose net sales advance more in the second half of the year accounted for a large proportion.

Non-current assets were ¥69,663 million, an increase of ¥863 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,244 million in investment securities due to share acquisitions, market valuations and so forth, while there was a decrease of ¥381 million in leasehold and guarantee deposits included in “Other” of “Investments and other assets” due to office relocations, etc.

In the Liabilities section, current liabilities were ¥65,376 million, an increase of ¥19,876 million from the end of the previous fiscal year. This was mainly due to a ¥9,000 million increase in short-term loans payable and a ¥5,525 million increase in current portion of long-term loans payable for working capital procurement.

Non-current liabilities were ¥30,987 million, an increase of ¥5,742 million from the end of the previous fiscal year. This was mainly due to a ¥5,375 million increase in long-term loans payable for working capital procurement.

Net assets were ¥64,429 million, an increase of ¥4,958 million from the end of the previous fiscal year. This was mainly due to a ¥2,494 million increase in shareholders’ equity caused by an increase in retained earnings and a ¥2,369 million increase in accumulated other comprehensive income.

As a result, the shareholders’ equity ratio decreased 5.5 percentage points from the end of the previous fiscal year to 39.2%.

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

The consolidated financial results forecast for the fiscal year ending June 30, 2021 announced on February 12, 2021 has been revised.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of June 30, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	16,003	21,452
Notes and accounts receivable - trade	39,047	62,992
Work in process	1,725	1,992
Other	4,947	5,160
Allowance for doubtful accounts	(308)	(468)
Total current assets	61,415	91,129
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,565	15,363
Land	16,108	16,109
Other, net	9,082	7,941
Total property, plant and equipment	40,756	39,413
Intangible assets		
Goodwill	7,398	8,018
Other	4,734	4,959
Total intangible assets	12,132	12,978
Investments and other assets		
Other	16,068	17,373
Allowance for doubtful accounts	(157)	(101)
Total investments and other assets	15,910	17,271
Total non-current assets	68,800	69,663
Total assets	130,215	160,793

(Millions of yen)

	As of June 30, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,724	8,952
Short-term loans payable	13,000	22,000
Current portion of long-term loans payable	2,780	8,306
Income taxes payable	1,266	2,103
Advances received	8,009	7,874
Provision for bonuses	2,201	3,163
Provision for directors' bonuses	52	-
Provision for loss on construction contracts	496	443
Provision for compensation	-	355
Provision for business restructuring	93	-
Other	11,876	12,175
Total current liabilities	45,500	65,376
Non-current liabilities		
Long-term loans payable	14,922	20,297
Provision for directors' retirement benefits	17	3
Provision for environmental measures	34	34
Provision for loss on litigation	-	284
Liability for retirement benefits	3,814	3,697
Other	6,456	6,669
Total non-current liabilities	25,245	30,987
Total liabilities	70,745	96,363
Net assets		
Shareholders' equity		
Capital stock	7,458	7,480
Capital surplus	6,509	6,531
Retained earnings	49,207	51,775
Treasury shares	(2,415)	(2,532)
Total shareholders' equity	60,760	63,254
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	298	613
Foreign currency translation adjustments	(3,486)	(1,478)
Remeasurements of defined benefit plans	672	719
Total accumulated other comprehensive income	(2,515)	(145)
Non-controlling interests	1,225	1,319
Total net assets	59,470	64,429
Total liabilities and net assets	130,215	160,793

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

For the nine months ended March 31, 2020 and 2021

(Millions of yen)

	For the nine months ended March 31, 2020 (From July 1, 2019 to March 31, 2020)	For the nine months ended March 31, 2021 (From July 1, 2020 to March 31, 2021)
Net sales	84,129	85,833
Cost of sales	58,135	57,115
Gross profit	25,994	28,718
Selling, general and administrative expenses	21,028	20,211
Operating income (loss)	4,965	8,506
Non-operating income		
Interest income	163	148
Dividend income	84	80
Gain on sales of investment securities	186	-
Share of income of entities accounted for using equity method	-	113
Other	324	557
Total non-operating income	760	900
Non-operating expenses		
Interest expenses	326	303
Share of loss of entities accounted for using equity method	35	-
Foreign exchange losses	193	21
Provision for compensation	-	355
Other	49	234
Total non-operating expenses	605	915
Ordinary income (loss)	5,119	8,491
Extraordinary losses		
Impairment losses	-	1,847
Provision for loss on litigation	-	284
Total extraordinary losses	-	2,132
Income (loss) before income taxes	5,119	6,359
Income taxes – current	2,076	2,804
Income taxes – deferred	(393)	(280)
Total income taxes	1,682	2,523
Net income (loss)	3,437	3,835
Net income (loss) attributable to		
Net income (loss) attributable to owners of parent	3,408	3,705
Net income (loss) attributable to non-controlling interests	28	130
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(419)	315
Foreign currency translation adjustments	(444)	2,009
Remeasurements of defined benefit plans, net of tax	24	46
Share of other comprehensive income of entities accounted for using equity method	13	10
Total other comprehensive income (loss)	(826)	2,381
Comprehensive income (loss)	2,610	6,217
Comprehensive income (loss) attributable to		
Comprehensive income (loss) attributable to owners of parent	2,580	6,075
Comprehensive income (loss) attributable to non-controlling interests	30	142

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended March 31, 2020 (From July 1, 2019 to March 31, 2020)	For the nine months ended March 31, 2021 (From July 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Income (loss) before income taxes	5,119	6,359
Depreciation	1,720	2,090
Impairment losses	-	1,847
Amortization of goodwill	409	405
Loss (gain) on valuation of investment securities	0	(142)
Share of loss (gain) of entities accounted for using equity method	35	(113)
Increase (decrease) in allowance for doubtful accounts	74	98
Increase (decrease) in provision for bonuses	1,090	838
Increase (decrease) in provision for loss on construction contracts	(34)	(53)
Increase (decrease) in provision for compensation	-	355
Increase (decrease) in provision for loss on litigation	-	284
Increase (decrease) in provision for business restructuring	(3)	(99)
Interest and dividend income	(248)	(229)
Interest expenses	326	303
Loss (gain) on derivatives	(144)	(115)
Decrease (increase) in notes and accounts receivable - trade	(25,157)	(23,236)
Decrease (increase) in inventories	797	(248)
Increase (decrease) in notes and accounts payable - trade	2,607	3,151
Increase (decrease) in accounts payable - other	(570)	318
Increase (decrease) in advances received	2,022	(152)
Increase (decrease) in consumption taxes receivable/payable	(1,712)	483
Other, net	(593)	(1,385)
Subtotal	(14,261)	(9,238)
Interest and dividend income received	244	240
Interest expenses paid	(287)	(296)
Income taxes paid	(1,616)	(1,876)
Net cash provided by (used in) operating activities	(15,921)	(11,171)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(402)	119
Purchase of property, plant and equipment	(5,577)	(1,203)
Purchase of intangible assets	(161)	(192)
Purchase of investment securities	(9)	(467)
Loan advances	(960)	(20)
Other, net	369	7
Net cash provided by (used in) investing activities	(6,740)	(1,757)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	31,000	9,000
Proceeds from long-term loans payable	-	15,000
Repayments of long-term loans payable	(1,413)	(4,266)
Repayments of lease obligations	(544)	(680)
Proceeds from sales of treasury shares	260	312
Purchase of treasury shares	(2,001)	(429)
Cash dividends paid	(1,190)	(1,135)
Other, net	(2)	(9)
Net cash provided by (used in) financing activities	26,107	17,792
Effect of exchange rate change on cash and cash equivalents	(179)	705
Net increase (decrease) in cash and cash equivalents	3,266	5,568
Cash and cash equivalents at beginning of period	12,663	14,771
Cash and cash equivalents at end of period	15,929	20,339

(4) Notes to 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, 2020, we issued new shares as restricted stock compensation for Directors on October 28, 2020. As a result, capital stock and capital reserve increased by ¥21 million, respectively, during the nine months ended March 31, 2021.

Subsequently, capital stock and capital surplus at the end of the first nine months of the fiscal year were ¥7,480 million and ¥6,531 million, respectively.

(Purchase of treasury shares)

At the meeting of Board of Directors held on March 11, 2021, the Company resolved regarding matters concerning the acquisition of treasury shares in accordance with the provisions of Article 156 of the Companies Act, which shall be applied mutatis mutandis pursuant to the provision of Paragraph 3 of Article 165 of the same Act, and executed the same as follows. The share acquisition based on the above resolution by the Board of Directors was completed.

- Type of shares acquired : Common stock of the Company
- Total number of shares acquired : 141,000 shares
- Total purchase price of shares : ¥427,935,000
- Acquisition period : March 12, 2021
- Acquisition method : Market purchase on the Tokyo Stock Exchange

(Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements)

(Deferral of cost variance)

Cost variance caused by seasonal changes in operation rates, etc. is expected to be almost completely eliminated by the end of the cost accounting period, which is, therefore, deferred as other current liabilities.

(Segment Information, etc.)

For the nine months ended March 31, 2020 (from July 1, 2019 to March 31, 2020)

1) Net sales and segment income or loss by reportable segment

(Millions of yen)

	Reportable segment							Others (Note)	Total
	Domestic Consulting	International Consulting	Power Engineering	Urban & Spatial Development	Energy Business	Real Estate Leasing	Subtotal		
Net sales									
Net sales to external customers	39,398	16,690	12,399	13,796	854	325	83,465	664	84,129
Intersegment sales or transfers	269	43	212	75	-	123	723	701	1,424
Total	39,667	16,733	12,611	13,871	854	448	84,188	1,365	85,553
Segment income (loss)	4,400	144	1,612	616	(231)	297	6,838	(1,654)	5,184

(Note) "Others" refers to a group of operations from which no income is gained or that produce only incidental gains.

2) Differences between the total amount of income or loss of reportable segments and the amounts in quarterly consolidated statement of income and comprehensive income, and major breakdown of such differences (reconciliation)

(Millions of yen)

Income	Amount
Reportable segment total	6,838
Loss of "others" category	(1,654)
Elimination of intersegment transactions	(64)
Ordinary Income (loss) in the quarterly consolidated statement of income and comprehensive income	5,119

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

3) Net sales and segment income or loss by reportable segment

(Millions of yen)

	Reportable segment							Others (Note)	Total
	Domestic Consulting	International Consulting	Power Engineering	Urban & Spatial Development	Energy Business	Real Estate Leasing	Subtotal		
Net sales									
Net sales to external customers	41,290	16,923	11,688	14,719	544	608	85,775	58	85,833
Intersegment sales or transfers	565	91	259	0	-	103	1,020	542	1,563
Total	41,855	17,014	11,947	14,720	544	712	86,796	600	87,397
Segment income (loss)	5,932	1,563	911	754	144	493	9,799	(1,289)	8,510

(Note) "Others" refers to a group of operations from which no income is gained or that produce only incidental gains.

4) Differences between the total amount of income or loss of reportable segments and the amounts in quarterly consolidated statement of income and comprehensive income, and major breakdown of such differences (reconciliation)

(Millions of yen)

Income	Amount
Reportable segment total	9,799
Loss of "others" category	(1,289)
Elimination of intersegment transactions	(18)
Ordinary Income (loss) in the quarterly consolidated statement of income and comprehensive income	8,491

5) Information on impairment loss on non-current assets or goodwill, etc. for each reportable segment

(Significant Impairment Loss on Non-current Assets)

In the 'Energy Business' segment, an impairment loss on business assets was recorded. The amount of the impairment loss recorded during the nine months ended March 31, 2021 was ¥1,847 million.

(Significant Changes in the Amount of Goodwill)

There is no relevant information.

(Significant Gain on Negative Goodwill)

There is no relevant information.

(Significant Subsequent Events)

(Cancellation of treasury shares)

At the meeting of the Board of Directors held on May 14, 2021, the Company resolved to cancel treasury shares in accordance to the provisions of Article 178 of the Companies Act.

(1) Contents of the Resolution by the Board of Directors for the Cancellation of Treasury Shares

1) Type of shares to be cancelled

Common stock of the Company

2) Total number of shares to be cancelled

899,486 shares

3) Scheduled date for cancellation

May 31, 2021

(2) The total number of issued shares after the above cancellation will be 15,048,568 shares.

3. Other Information

(1) Status of Orders and Sales

Category/Segment		By period		For the nine months ended		For the nine months ended		For the fiscal year ended	
		March 31, 2020		March 31, 2021		June 30, 2020			
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)		
Orders received	Domestic Consulting	35,645	36.8	39,060	47.4	56,184	39.7		
	International Consulting	30,909	32.0	20,216	24.6	47,508	33.5		
	Power Engineering	17,173	17.8	11,625	14.1	19,829	14.0		
	Urban & Spatial Development	12,750	13.2	11,272	13.7	17,874	12.6		
	Energy Business	95	0.1	65	0.1	156	0.1		
	Real Estate Leasing	-	-	-	-	-	-		
	Others	61	0.1	65	0.1	79	0.1		
	Total	96,635	100.0	82,306	100.0	141,632	100.0		
Net sales 1	Domestic Consulting	41,532	49.4	44,689	52.0	53,853	48.0		
	International Consulting	17,717	21.1	17,326	20.2	25,968	23.1		
	Power Engineering	10,037	11.9	9,430	11.0	12,774	11.4		
	Urban & Spatial Development	13,665	16.2	13,303	15.5	17,991	16.0		
	Energy Business	784	0.9	416	0.5	1,090	1.0		
	Real Estate Leasing	325	0.4	608	0.7	451	0.4		
	Others	65	0.1	58	0.1	84	0.1		
	Total	84,129	100.0	85,833	100.0	112,214	100.0		
Net sales 2	Domestic Consulting	39,398	46.9	41,290	48.2	51,333	45.8		
	International Consulting	16,690	19.8	16,923	19.7	24,508	21.8		
	Power Engineering	12,399	14.7	11,688	13.6	15,747	14.0		
	Urban & Spatial Development	13,796	16.4	14,719	17.1	18,160	16.2		
	Energy Business	854	1.0	544	0.6	1,187	1.1		
	Real Estate Leasing	325	0.4	608	0.7	451	0.4		
	Others	664	0.8	58	0.1	825	0.7		
	Total	84,129	100.0	85,833	100.0	112,214	100.0		

Category/Segment		By period		As of March 31, 2020		As of March 31, 2021		As of June 30, 2020	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)		
Impact of foreign exchange fluctuations	Domestic Consulting	-		-		-			
	International Consulting	(974)		920		(540)			
	Power Engineering	-		-		-			
	Urban & Spatial Development	(330)		2,304		(542)			
	Energy Business	(8)		(0)		(12)			
	Real Estate Leasing	-		-		-			
	Others	-		-		-			
	Total	(1,313)		3,224		(1,095)			
Outstanding Orders	Domestic Consulting	25,862	17.9	28,452	17.5	34,080	21.0		
	International Consulting	80,057	55.3	92,651	57.0	88,840	54.9		
	Power Engineering	22,140	15.3	24,253	14.9	22,059	13.6		
	Urban & Spatial Development	16,433	11.4	17,293	10.6	17,019	10.5		
	Energy Business	127	0.1	24	0.0	34	0.0		
	Real Estate Leasing	-	-	-	-	-	-		
	Others	1	0.0	7	0.0	-	-		
	Total	144,623	100.0	162,682	100.0	162,034	100.0		

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

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

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