

Consolidated Financial Results for the Three Months Ended September 30, 2020 [Japanese GAAP]



December 14, 2020

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: December 14, 2020

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 Three months Ended September 30, 2020 (July 1, 2020 to September 30, 2020)

(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	%
Three months ended September 30, 2020	20,690	(16.9)	(1,090)	-	(1,436)	-	(1,168)	-
September 30, 2019	24,894	40.4	(1,176)	-	(935)	-	(638)	-

(Note) Comprehensive income: Three months ended September 30, 2020: ¥(905) million [- %]

Three months ended September 30, 2019: ¥(1,109) million [- %]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended September 30, 2020	(77.43)	-
September 30, 2019	(41.52)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2020	139,658	57,520	40.3
June 30, 2020	130,215	59,470	44.7

(Reference) Equity: As of September 30, 2020 : ¥56,272 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	102,600	(8.6)	1,500	(67.3)	2,100	(54.4)	500	(81.7)	33.13

	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	102,600	-	3,000	-	2,900	-	1,200	-	79.51

- (Note) 1. Revision to the financial results forecast announced most recently: None
2. Given the growing repercussions of the novel coronavirus (COVID-19), this forecast was developed on the assumption that the repercussions will continue until the end of the fiscal year ending June 2021. 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.
3. 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 September 30, 2020	: 15,933,058 shares
As of June 30, 2020	: 15,933,058 shares
 - 2) Total number of treasury stock at the end of the period

As of September 30, 2020	: 820,818 shares
As of June 30, 2020	: 861,023 shares
 - 3) Average number of shares during the period

Three months ended September 30, 2020	: 15,092,490 shares
Three months ended September 30, 2019	: 15,382,360 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 three months ended September 30, 2020 (July 1, 2020 to September 30, 2020), the Japanese economy remained in a difficult position due to COVID-19. However, in the process of implementing measures to prevent the spread of infections while raising the level of socioeconomic activities, the trend toward economic recovery is expected to continue. Similarly, as for overseas economies, the trend toward economic recovery is expected to continue as economic activities resume gradually, but we need to closely monitor the trend of COVID-19 and 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 2020 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. However, some businesses have been affected by the spread of COVID-19.

As a result, the Group ended the three months of the current fiscal year with orders received having decreased 8.8% year on year to ¥26,965 million. Net sales decreased 16.9% year on year to ¥20,690 million, operating loss decreased 7.3% year on year to ¥1,090 million, ordinary loss increased 53.4% year on year to ¥1,436 million, and loss attributable to owners of parent increased 83.0% year on year to ¥1,168 million.

Net sales for the three months ended September 30, 2020 were ¥20,690 million, an achievement rate of 20.2% against the net sales forecast of ¥102,600 million for the fiscal year ending June 30, 2021 (three months ended September 30, 2019: 19.5%). This is due to the fact that, as the Group’s business structure, a large proportion of operations is progressing in the second half of the fiscal year and there are seasonal fluctuations in the recording of net sales. On the other hand, because expenses such as selling, general and administrative expenses were generated fairly evenly throughout the year, the Group recorded an operating loss, an ordinary loss and loss attributable to owners of parent for the three months ended September 30, 2020.

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, net sales decreased 17.3% year on year to ¥8,330 million, while orders received increased 16.5% year on year to ¥16,564 million. Operating loss decreased 43.1% year on year to ¥501 million and ordinary loss increased 12.5% year on year to ¥992 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 operating system and practicing strict management of profit, risks, and safety. However, there were travel restrictions and delays in operations due to the spread of COVID-19.

As a result, orders received decreased 41.4% year on year to ¥3,648 million, net sales decreased 31.0% year on year to ¥4,321 million, operating income decreased 73.8% year on year to ¥8 million and ordinary loss was ¥74 million (compared to the ordinary income of ¥12 million in the same period last year).

[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 operations due to the spread of COVID-19.

As a result, net sales decreased 5.6% year on year to ¥3,177 million, while orders received increased 2.6% year on year to ¥3,769 million. Operating loss was ¥132 million due to mainly the provision for loss on construction contracts of ¥118 million resulting from budget overruns for the vertical water turbine projects (compared to the operating income of ¥34 million in the same period last year). Ordinary loss was ¥150 million (compared to the ordinary income of ¥17 million in the same period last year).

[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 received smaller orders and there were delays in contracting procedures due to the spread of COVID-19.

As a result, orders received decreased 46.0% year on year to ¥2,910 million, and net sales increased 0.2% year on year to ¥4,494 million. However, operating income decreased 36.4% year on year to ¥198 million, and ordinary income decreased 58.2% year on year to ¥131 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.

As a result, orders received increased 8.9% year on year to ¥34 million, and net sales decreased 54.6% year on year to ¥188 million. However, operating loss decreased 25.3% year on year to ¥72 million, and ordinary income was ¥165 million mainly due to share of income of entities accounted for using equity method (compared to the ordinary loss of ¥87 million in the same period last year).

[Real Estate Leasing]

In the Real Estate Leasing Business, net sales increased 29.6% year on year to ¥140 million. Operating income increased 17.6% year on year to ¥120 million and ordinary income increased 18.0% year on year to ¥121 million.

(2) Explanation of Financial Position

Total assets as of the end of the first quarter of the fiscal year ending June 30, 2021, amounted to ¥139,658 million, an increase of ¥9,442 million from the end of the previous fiscal year.

In the Assets section, current assets were ¥71,189 million, an increase of ¥9,774 million from the end of the previous fiscal year. This was mainly due to a ¥6,403 million increase in cash and deposits and a ¥3,066 million increase in notes and accounts receivable-trade.

Non-current assets were ¥68,468 million, a decrease of ¥331 million from the end of the previous fiscal year. This was mainly due to a ¥387 million decrease in leasehold and guarantee deposits included in other items of investments and other assets as a result of leaving the Kudan Office.

In the Liabilities section, current liabilities were ¥46,453 million, an increase of ¥953 million from the end of the previous fiscal year. This was mainly due to a ¥2,959 million increase in current portion of long-term loans payable and a ¥1,426 million increase in provision for bonuses while a ¥1,580 million decrease in notes and accounts payable-trade, a ¥1,000 million decrease of in short-term loans payable, and a ¥874 million decrease in income taxes payable.

Non-current liabilities were ¥35,684 million, an increase of ¥10,439 million from the end of the previous fiscal year. This was mainly due to a ¥11,090 million increase in long-term loans payable.

Net assets were ¥57,520 million, a decrease of ¥1,950 million from the end of the previous fiscal year. This was mainly due to a ¥2,184 million decrease in shareholders' equity caused by a decrease in retained earnings, while a ¥211 million increase in accumulated other comprehensive income.

As a result, the shareholders' equity ratio decreased 4.4 percentage points from the end of the previous fiscal year to 40.3%.

(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 have not changed from the forecast announced in the Consolidated Financial Results for the Fiscal Year Ended June 30, 2020 dated August 31, 2020.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	16,003	22,406
Notes and accounts receivable - trade	39,047	42,114
Work in process	1,725	2,278
Other	4,947	4,730
Allowance for doubtful accounts	(308)	(339)
Total current assets	61,415	71,189
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,565	15,527
Land	16,108	16,103
Other, net	9,082	8,825
Total property, plant and equipment	40,756	40,456
Intangible assets		
Goodwill	7,398	7,450
Other	4,734	4,720
Total intangible assets	12,132	12,170
Investments and other assets		
Other	16,068	15,998
Allowance for doubtful accounts	(157)	(157)
Total investments and other assets	15,910	15,840
Total non-current assets	68,800	68,468
Total assets	130,215	139,658

(Millions of yen)

	As of June 30, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,724	4,144
Short-term loans payable	13,000	12,000
Current portion of long-term loans payable	2,780	5,740
Income taxes payable	1,266	391
Advances received	8,009	9,138
Provision for bonuses	2,201	3,627
Provision for directors' bonuses	52	52
Provision for loss on construction contracts	496	576
Provision for compensation	-	485
Provision for business restructuring	93	21
Other	11,876	10,275
Total current liabilities	45,500	46,453
Non-current liabilities		
Long-term loans payable	14,922	26,013
Provision for directors' retirement benefits	17	17
Provision for environmental measures	34	34
Liability for retirement benefits	3,814	3,852
Other	6,456	5,766
Total non-current liabilities	25,245	35,684
Total liabilities	70,745	82,137
Net assets		
Shareholders' equity		
Capital stock	7,458	7,458
Capital surplus	6,509	6,509
Retained earnings	49,207	46,901
Treasury shares	(2,415)	(2,293)
Total shareholders' equity	60,760	58,576
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	298	253
Foreign currency translation adjustments	(3,486)	(3,245)
Remeasurements of defined benefit plans	672	688
Total accumulated other comprehensive income	(2,515)	(2,303)
Non-controlling interests	1,225	1,248
Total net assets	59,470	57,520
Total liabilities and net assets	130,215	139,658

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

For the Three months ended September 30, 2019 and 2020

(Millions of yen)

	For the three months ended September 30, 2019 (From July 1, 2019 to September 30, 2019)	For the three months ended September 30, 2020 (From July 1, 2020 to September 30, 2020)
Net sales	24,894	20,690
Cost of sales	19,057	14,931
Gross profit	5,837	5,759
Selling, general and administrative expenses	7,014	6,850
Operating income (loss)	(1,176)	(1,090)
Non-operating income		
Interest income	55	51
Dividend income	13	17
Gain on sales of investment securities	186	-
Share of income of entities accounted for using equity method	-	157
Other	105	169
Total non-operating income	361	395
Non-operating expenses		
Interest expenses	100	90
Share of loss of entities accounted for using equity method	12	-
Foreign exchange losses	-	108
Provision for compensation	-	485
Other	8	56
Total non-operating expenses	120	740
Ordinary income (loss)	(935)	(1,436)
Income (loss) before income taxes	(935)	(1,436)
Income taxes – current	390	365
Income taxes – deferred	(691)	(708)
Total income taxes	(301)	(343)
Net income (loss)	(634)	(1,093)
Net income (loss) attributable to		
Net income (loss) attributable to owners of parent	(638)	(1,168)
Net income (loss) attributable to non-controlling interests	3	75
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(111)	(44)
Foreign currency translation adjustments	(418)	214
Remeasurements of defined benefit plans, net of tax	7	15
Share of other comprehensive income of entities accounted for using equity method	47	2
Total other comprehensive income (loss)	(474)	187
Comprehensive income (loss)	(1,109)	(905)
Comprehensive income (loss) attributable to		
Comprehensive income (loss) attributable to owners of parent	(1,116)	(957)
Comprehensive income (loss) attributable to non-controlling interests	6	51

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the three months ended September 30, 2019 (From July 1, 2019 to September 30, 2019)	For the three months ended September 30, 2020 (From July 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Income (loss) before income taxes	(935)	(1,436)
Depreciation	554	678
Amortization of goodwill	128	131
Share of loss (gain) of entities accounted for using equity method	12	(157)
Increase (decrease) in allowance for doubtful accounts	57	31
Increase (decrease) in provision for bonuses	1,514	1,403
Increase (decrease) in provision for loss on construction contracts	144	79
Increase (decrease) in provision for compensation	-	485
Increase (decrease) in provision for business restructuring	(3)	(74)
Interest and dividend income	(69)	(69)
Interest expenses	100	90
Loss (gain) on derivatives	(55)	41
Decrease (increase) in notes and accounts receivable - trade	(5,726)	(2,973)
Decrease (increase) in inventories	1,836	(546)
Increase (decrease) in notes and accounts payable - trade	(709)	(1,580)
Increase (decrease) in accounts payable - other	(628)	(629)
Increase (decrease) in advances received	(356)	1,128
Increase (decrease) in consumption taxes receivable/payable	(909)	(47)
Other, net	(561)	(294)
Subtotal	(5,608)	(3,739)
Interest and dividend income received	58	77
Interest expenses paid	(73)	(90)
Income taxes paid	(1,100)	(1,156)
Net cash provided by (used in) operating activities	(6,723)	(4,908)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(187)	91
Purchase of property, plant and equipment	(710)	(618)
Purchase of intangible assets	(46)	(83)
Other, net	167	3
Net cash provided by (used in) investing activities	(776)	(607)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	12,000	(1,000)
Proceeds from long-term loans payable	-	15,000
Repayments of long-term loans payable	(150)	(864)
Repayments of lease obligations	(171)	(194)
Proceeds from sales of treasury shares	110	122
Purchase of treasury shares	(1,338)	(0)
Cash dividends paid	(1,177)	(1,124)
Other, net	(1)	(9)
Net cash provided by (used in) financing activities	9,270	11,928
Effect of exchange rate change on cash and cash equivalents	(69)	22
Net increase (decrease) in cash and cash equivalents	1,700	6,436
Cash and cash equivalents at beginning of period	12,663	14,771
Cash and cash equivalents at end of period	14,363	21,207

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes on Significant Changes in Shareholders' Equity)

There is no relevant information.

(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.)

[Segment Information]

For the three months ended September 30, 2019 (from July 1, 2019 to September 30, 2019)

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	10,073	6,263	3,365	4,487	414	108	24,712	182	24,894
Intersegment sales or transfers	39	9	124	39	-	40	253	212	465
Total	10,113	6,272	3,490	4,526	414	149	24,966	394	25,360
Segment income (loss)	(882)	12	17	314	(87)	102	(521)	(393)	(914)

(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	(521)
Loss of "others" category	(393)
Elimination of intersegment transactions	(21)
Ordinary Income (loss) in the quarterly consolidated statement of income and comprehensive income	(935)

For the three months ended September 30, 2020 (from July 1, 2020 to September 30, 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	8,330	4,321	3,177	4,494	188	140	20,652	37	20,690
Intersegment sales or transfers	181	21	59	14	-	34	310	156	466
Total	8,511	4,343	3,236	4,509	188	174	20,963	193	21,156
Segment income (loss)	(992)	(74)	(150)	131	165	121	(799)	(635)	(1,434)

(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	(799)
Loss of "others" category	(635)
Elimination of intersegment transactions	(1)
Ordinary Income (loss) in the quarterly consolidated statement of income and comprehensive income	(1,436)

(Significant Subsequent Events)

(Issuance of new shares as restricted stock compensation)

The Company decided to issue new stocks as restricted stock compensation at the extraordinary Board of Directors' meeting held on September 29, 2020 as follows.

1. Purpose and reason for issuance

We aim to have the directors (not including outside directors; "Eligible Directors") share benefits and risks of stock price fluctuations with shareholders and further enhance their willingness to contribute to improving stock prices and enhancing corporate value. Therefore, the Company decided, at the Board of Directors held on August 14, 2017, to introduce a restricted stock compensation system (the "System") which will issue restricted stock to Eligible Directors.

Furthermore, the 73rd Annual General Meeting of Shareholders held on September 28, 2017, approved, under the System, setting the total amount of monetary compensation claims payable to the Eligible Directors as compensation related to restricted stock at a level where it does "not exceed an annual amount of ¥60 million." In addition, the total number of 50,000 shares which are restricted stock to be allotted to Eligible Directors will be the upper limit of the number of restricted shares to be allotted in each fiscal year, and the transfer restriction period of restricted stock will be between one to five years, determined by the Board of Directors.

2. Outline of the Issuance

(1) Payment date	October 28, 2020
(2) Class and number of shares to be issued	14,996 shares of common stock of the Company
(3) Issue price	¥2,880 per share
(4) Total issue price of shares to be issued	¥43,188,480
(5) Capitalization amount	¥1,440 per share
(6) Total capitalization amount	¥21,594,240
(7) Method of offer or allotment	Allotment of specified restricted stocks
(8) Method of contribution	In-kind contribution of monetary compensation claims
(9) Allottees, number thereof and number of shares to be allotted	14,996 shares to eight directors of the Company (excluding outside directors)
(10) Transfer restriction period	October 28, 2020, to October 27, 2023
(11) Other	Issue of new shares to be allotted is conditioned on the securities registration statement taking effect in accordance with the Financial Instruments and Exchange Act.

3. Other Information

(1) Status of Orders and Sales

By period		For the three months ended September 30, 2019		For the three months ended September 30, 2020		For the fiscal year ended June 30, 2020	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Orders received	Domestic Consulting	14,213	48.1	16,564	61.5	56,184	39.7
	International Consulting	6,225	21.1	3,648	13.5	47,508	33.5
	Power Engineering	3,674	12.4	3,769	14.0	19,829	14.0
	Urban & Spatial Development	5,385	18.2	2,910	10.8	17,874	12.6
	Energy Business	31	0.1	34	0.1	156	0.1
	Real Estate Leasing	-	-	-	-	-	-
	Others	31	0.1	37	0.1	79	0.1
	Total	29,563	100.0	26,965	100.0	141,632	100.0
Net sales 1	Domestic Consulting	10,538	42.3	9,079	43.9	53,853	48.0
	International Consulting	6,668	26.9	4,463	21.6	25,968	23.1
	Power Engineering	2,749	11.0	2,746	13.3	12,774	11.4
	Urban & Spatial Development	4,395	17.7	4,080	19.7	17,991	16.0
	Energy Business	407	1.6	141	0.7	1,090	1.0
	Real Estate Leasing	108	0.4	140	0.7	451	0.4
	Others	27	0.1	37	0.1	84	0.1
	Total	24,894	100.0	20,690	100.0	112,214	100.0
Net sales 2	Domestic Consulting	10,073	40.5	8,330	40.2	51,333	45.8
	International Consulting	6,263	25.2	4,321	20.9	24,508	21.8
	Power Engineering	3,365	13.5	3,177	15.4	15,747	14.0
	Urban & Spatial Development	4,487	18.0	4,494	21.7	18,160	16.2
	Energy Business	414	1.7	188	0.9	1,187	1.1
	Real Estate Leasing	108	0.4	140	0.7	451	0.4
	Others	182	0.7	37	0.2	825	0.7
	Total	24,894	100.0	20,690	100.0	112,214	100.0

By period		As of September 30, 2019		As of September 30, 2020		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	0		-		-	
	International Consulting	(113)		(771)		(540)	
	Power Engineering	-		-		-	
	Urban & Spatial Development	(480)		468		(542)	
	Energy Business	(12)		-		(12)	
	Real Estate Leasing	-		-		-	
	Others	-		-		-	
	Total	(606)		(303)		(1,095)	
Outstanding Orders	Domestic Consulting	35,426	25.8	41,565	24.7	34,080	21.0
	International Consulting	67,283	49.1	87,253	51.9	88,840	54.9
	Power Engineering	15,929	11.6	23,082	13.7	22,059	13.6
	Urban & Spatial Development	18,189	13.3	16,318	9.7	17,019	10.5
	Energy Business	237	0.2	54	0.0	34	0.0
	Real Estate Leasing	-	-	-	-	-	-
	Others	9	0.0	-	-	-	-
	Total	137,075	100.0	168,274	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.