

Consolidated Financial Results for the Nine Months Ended March 31, 2020 [Japanese GAAP]



May 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/>

Representative: Ryuichi Arimoto, Representative Director and President

Contact: Tetsumi Aoki, General Manager, Accounting Department

Phone: +81-3-3238-8040

Scheduled date of filing quarterly securities report: May 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 Nine months Ended March 31, 2020 (July 1, 2019 to March 31, 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	%
Nine months ended March 31, 2020	84,129	13.4	4,965	69.1	5,119	89.3	3,408	132.2
March 31, 2019	74,162	9.8	2,936	(6.2)	2,704	(15.9)	1,468	(39.3)

(Note) Comprehensive income: Nine months ended March 31, 2020: ¥2,610 million [187 %]

Nine months ended March 31, 2019: ¥909 million [(61.1) %]

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended March 31, 2020	225.03		-	
March 31, 2019	94.11		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
March 31, 2020	150,023	59,861	39.1
June 30, 2019	113,175	60,205	52.2

(Reference) Equity: As of March 31, 2020 : ¥58,717 million

As of June 30, 2019 : ¥59,090 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, 2019	-	-	-	75.00	75.00
Fiscal year ending June 30, 2020	-	-	-	-	-
Fiscal year ending June 30, 2020 (Forecast)	-	-	-	75.00	75.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2020 (July 1, 2019 to June 30, 2020)

(% 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	115,800	6.6	4,600	(10.0)	5,000	(10.5)	2,700	(18.6)	178.24

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

* Notes:

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

(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: Yes

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, 2020 : 15,933,058 shares

As of June 30, 2019 : 15,919,544 shares

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

As of March 31, 2020 : 898,223 shares

As of June 30, 2019 : 235,268 shares

3) Average number of shares during the period

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

Nine months ended March 31, 2019 : 15,599,847 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.

Table of Contents of Attachment

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Primary Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statement of Income and Comprehensive Income	7
(3) Quarterly Consolidated Statement of Cash Flows	8
(4) Notes to Quarterly Consolidated Financial Statements	9
(Notes on Going Concern Assumption)	9
(Notes on Significant Changes in Shareholders' Equity)	9
(Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements) ..	9
(Changes in Accounting Policies)	9
(Segment Information)	10
(Significant Subsequent Events).....	11
3. Other Information.....	12
(1) Status of Orders and Sales	12

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months ended March 31, 2020 (July 1, 2019 to March 31, 2020), Japan's economy continued to show a moderate recovery, supported by continued improvements in the employment and income environments. However, the impact of the novel coronavirus (COVID-19) has significantly depressed the economic growth rate recently. As for the future, there is concern that the prolonged effects of infectious diseases may materialize the risk of further depressing the domestic and overseas economies.

With regard to the business environment surrounding Nippon Koei Co., Ltd. (the "Company") and its subsidiaries (together, the "Group"), in the Domestic Consulting Business, initiatives for building national resilience against disasters and measures against aging infrastructure in public works projects and, in the International Consulting Business, the Japanese government's strategy for the export of high-quality infrastructure systems are being promoted. In the Power Engineering Business, demand for the renewal of power distribution facilities, in the Urban & Spatial Development Business, demand for infrastructure development due to the progress of urbanization in Asian countries and, in the Energy Business, demand for renewable energy due to the shift to low-carbon and distributed power sources remained steady, respectively. Nonetheless, the Group needs to pay full attention to changes in the business environment due to the influence of COVID-19.

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."

As a result, the Group ended the nine months of the current fiscal year with orders received having increased 34.2% year on year to ¥96,635 million, as the influence of COVID-19 has not been fully factored in for the period, while net sales increased 13.4% year on year to ¥84,129 million, mainly due to the widened application of the percentage-of-completion basis for our sales recognition in addition to the favorable business conditions in the Domestic Consulting Business. Operating income increased 69.1% year on year to ¥4,965 million, ordinary income increased 89.3% year on year to ¥5,119 million, and income attributable to owners of parent increased 132.2% year on year to ¥3,408 million.

Business results for each segment are as follows:

[Domestic Consulting]

In the Domestic Consulting Business, we further strengthened our management base and promoted efficient business management by expanding orders received in Western Japan through the restructuring of order and operating systems, securing and improving quality, reforming working styles, and other measures. In addition, we worked to support the actions under the global strategy cooperating with the International Consulting Business and the R&D Center, as well as to develop new businesses by utilizing the management know-hows, as its core, to improve the value of infrastructure.

As a result, orders received increased 10.4% year on year to ¥35,645 million, net sales increased 18.7% year on year to ¥39,398 million, operating income increased 58.5% year on year to ¥4,447 million and ordinary income increased 58.2% year on year to ¥4,400 million.

[International Consulting]

In the International Consulting Business, we worked to acquire and develop human resources, mainly in the railways business, as well as strengthening the operating system by enhancing project management capabilities,

and practicing strict management of profit, risks and safety. In addition, we were actively involved in the Public Private Partnership (PPP) and the private sector business.

As a result, orders received increased 73.9% year on year to ¥30,909 million, net sales increased 1.9% year on year to ¥16,690 million. Whereas, operating income decreased 39.2% year on year to ¥174 million and ordinary income decreased 10.3% year on year to ¥144 million, due to an increase of selling, general and administrative expenses.

[Power Engineering]

In the Power Engineering Business, we aggressively expanded the mechanical and electrical consulting business by entering into new areas including traffic and transportation, as well as maintenance and management in view of global development, strengthened group-wide cooperation in the energy-related business and maintenance and management business, and strove to develop products and technologies of a global standard specification. We also continued to improve price competitiveness and enhance sales force with rigorous cost reductions.

As a result, orders received increased 78.5% year on year to ¥17,173 million, and net sales increased 3.8% year on year to ¥12,399 million, operating income increased 0.3% year on year to ¥1,682 million, and ordinary income decreased 0.5% year on year to ¥1,612 million.

[Urban & Spatial Development]

In the Urban & Spatial Development Business, we responded to changes in the U.K. market and expanded our business in Asia by promoting Group-wide collaboration in Singapore while taking steps to enter the British Commonwealth of Nations markets.

In addition to the above results, due in part to the contribution from Quadrangle Architects Limited, which joined the Group in the previous fiscal year, orders received increased 8.3% year on year to ¥12,750 million, and net sales increased 24.6% year on year to ¥13,796 million, operating income increased 928.4% year on year to ¥763 million, and ordinary income increased 1,861.2% year on year to ¥616 million.

[Energy Business]

The Energy Business improved its profitability in the power generation business such as renewable energy and worked to develop new projects including PFI (Private Finance Initiatives) business. In addition, we accumulated a track record in the renewable energy fields mainly in Europe and storage battery EPC (Engineering, Procurement & Construction) business in the energy management business, further sought to promote the resource aggregator (an operator that plays a central role in control and management in relation to both energy operators and sources of demand) and VPP (Virtual Power Plant) business.

As a result, orders received decreased 79.8% year on year to ¥95 million and net sales increased 47.9% year on year to ¥854 million. In contrast, operating loss increased 66.1% year on year to ¥287 million and ordinary loss increased 4.6% year on year to ¥231 million due to prior development investment in the overseas energy management business.

[Real Estate Leasing]

In the Real Estate Leasing Business, net sales decreased 0.03% year on year to ¥325 million. Operating income decreased 1.9% year on year to ¥296 million and ordinary income decreased 1.6% year on year to ¥297 million.

(2) Explanation of Financial Position

Total assets as of the end of the third quarter of the fiscal year ending June 30, 2020, amounted to ¥150,023 million, an increase of ¥36,848 million from the end of the previous fiscal year.

In the Assets section, current assets were ¥81,021 million, an increase of ¥28,574 million from the end of the previous fiscal year. This was mainly due to a ¥3,637 million increase in cash and deposits and a ¥24,980 million increase in notes and accounts receivable-trade.

Non-current assets were ¥69,002 million, an increase of ¥8,274 million from the end of the previous fiscal year. This was mainly due to a ¥4,942 million increase in construction in progress included in other items of property, plant and equipment from the reconstruction of the head office building, and a ¥3,678 million increase in leased assets included in other items of property, plant and equipment at overseas subsidiaries that applied IFRS 16.

In the Liabilities section, current liabilities were ¥64,333 million, an increase of ¥36,251 million from the end of the previous fiscal year. This was mainly due to a ¥2,551 million increase in notes and accounts payable-trade and a ¥31,000 million increase in short-term loans payable.

Non-current liabilities were ¥25,828 million, an increase of ¥941 million from the end of the previous fiscal year. This was mainly due to a ¥3,113 million increase in long-term lease obligations included in other items of non-current liabilities at overseas subsidiaries that applied IFRS 16, while a ¥1,688 million decrease in long-term loans payable.

Net assets were ¥59,861 million, a decrease of ¥344 million from the end of the previous fiscal year. This was mainly due to a decrease in accumulated other comprehensive income of ¥828 million due to a decrease in foreign currency translation adjustments, while shareholders' equity increased by ¥455 million due to an increase in retained earnings.

As a result, the shareholders' equity ratio decreased 13.1 percentage points from the end of the previous fiscal year to 39.1%.

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

In light of recent earnings trends, the consolidated financial results forecast for the fiscal year ending June 30, 2020, published on August 13, 2019, has been revised as announced today (May 14, 2020). For matters regarding the revision of forecasted figures, please refer to the "Notice of Revision of Consolidated Performance Forecast and Dividend Forecast" which will be announced on May 29, 2020. Revised plans by segment are described in "Supplementary Materials for the Summary of Financial Reports 3Q, FYE June 30, 2020" on page 14.

While the International Financial Reporting Standards (IFRS) was scheduled to be introduced from the year-end of the fiscal year ending June 30, 2020, it will be applied from the year-end closing of accounts for the fiscal year ending June 30, 2021, as announced today. For details, please refer to the "Postponement of Voluntary Adoption of IFRS" which will be announced on May 29, 2020.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	13,147	16,784
Notes and accounts receivable - trade	29,938	54,919
Work in process	5,709	4,860
Other	3,855	4,748
Allowance for doubtful accounts	(203)	(291)
Total current assets	52,446	81,021
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,421	5,231
Land	16,035	16,035
Other, net	8,425	17,191
Total property, plant and equipment	29,882	38,457
Intangible assets		
Goodwill	8,193	7,595
Other	5,307	4,849
Total intangible assets	13,501	12,444
Investments and other assets		
Other	17,514	18,256
Allowance for doubtful accounts	(169)	(155)
Total investments and other assets	17,345	18,100
Total non-current assets	60,728	69,002
Total assets	113,175	150,023

(Millions of yen)

	As of June 30, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,037	7,588
Short-term loans payable	-	31,000
Current portion of long-term loans payable	2,082	2,276
Income taxes payable	1,137	1,509
Advances received	6,687	8,712
Provision for bonuses	1,972	3,021
Provision for directors' bonuses	91	25
Provision for loss on construction contracts	119	85
Other	10,953	10,113
Total current liabilities	28,082	64,333
Non-current liabilities		
Long-term loans payable	17,639	15,951
Provision for directors' retirement benefits	30	17
Provision for environmental measures	34	34
Liability for retirement benefits	3,817	3,732
Other	3,364	6,092
Total non-current liabilities	24,886	25,828
Total liabilities	52,969	90,162
Net assets		
Shareholders' equity		
Capital stock	7,437	7,458
Capital surplus	6,488	6,509
Retained earnings	47,864	50,018
Treasury shares	(787)	(2,528)
Total shareholders' equity	61,003	61,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	456	37
Foreign currency translation adjustments	(3,063)	(3,496)
Defined retirement benefit plans	693	718
Total accumulated other comprehensive income	(1,913)	(2,741)
Non-controlling interests	1,115	1,143
Total net assets	60,205	59,861
Total liabilities and net assets	113,175	150,023

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

For the Nine months ended March 31, 2019 and 2020

(Millions of yen)

	For the nine months ended March 31, 2019 (From July 1, 2018 to March 31, 2019)	For the nine months ended March 31, 2020 (From July 1, 2019 to March 31, 2020)
Net sales	74,162	84,129
Cost of sales	51,465	58,135
Gross profit	22,697	25,994
Selling, general and administrative expenses	19,760	21,028
Operating income (loss)	2,936	4,965
Non-operating income		
Interest income	184	163
Dividend income	111	84
Gain on sales of investment securities	-	186
Gain on derivatives	143	144
Other	196	180
Total non-operating income	636	760
Non-operating expenses		
Interest expenses	205	326
Share of loss of entities accounted for using equity method	166	35
Foreign exchange losses	185	193
Other	311	49
Total non-operating expenses	868	605
Ordinary income (loss)	2,704	5,119
Income (loss) before income taxes	2,704	5,119
Income taxes – current	1,302	2,076
Income taxes – deferred	(68)	(393)
Total income taxes	1,233	1,682
Net income (loss)	1,470	3,437
Net income (loss) attributable to		
Net income (loss) attributable to owners of parent	1,468	3,408
Net income (loss) attributable to non-controlling interests	2	28
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(436)	(419)
Foreign currency translation adjustments	(50)	(444)
Remeasurements of defined benefit plans	(55)	24
Share of other comprehensive income of entities accounted for using equity method	(18)	13
Total other comprehensive income (loss)	(561)	(826)
Comprehensive income (loss)	909	2,610
Comprehensive income (loss) attributable to		
Comprehensive income (loss) attributable to owners of parent	914	2,580
Comprehensive income (loss) attributable to non-controlling interests	(5)	30

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended March 31, 2019 (From July 1, 2018 to March 31, 2019)	For the nine months ended March 31, 2020 (From July 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Income (loss) before income taxes	2,704	5,119
Depreciation	1,178	1,720
Amortization of goodwill	379	409
Loss (gain) on sales of investment securities	16	(186)
Share of loss (gain) of entities accounted for using equity method	166	35
Increase (decrease) in allowance for doubtful accounts	(7)	74
Increase (decrease) in provision for bonuses	846	1,090
Increase (decrease) in provision for loss on construction contracts	(44)	(34)
Interest and dividend income	(295)	(248)
Loss (gain) on derivatives	(143)	(144)
Decrease (increase) in notes and accounts receivable - trade	(19,447)	(25,157)
Decrease (increase) in inventories	(3,239)	797
Increase (decrease) in notes and accounts payable - trade	2,981	2,607
Increase (decrease) in accounts payable - other	(204)	(570)
Increase (decrease) in advances received	2,266	2,022
Increase (decrease) in consumption taxes receivable/payable	(525)	(1,712)
Other, net	(2,109)	(84)
Subtotal	(15,476)	(14,261)
Interest and dividend income received	201	244
Interest expenses paid	(148)	(287)
Income taxes paid	(1,281)	(1,616)
Net cash provided by (used in) operating activities	(16,704)	(15,921)
Cash flows from investing activities		
Net decrease (increase) in time deposits	431	(402)
Purchase of property, plant and equipment	(3,549)	(5,577)
Purchase of investment securities	555	724
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,685)	-
Purchase of shares of subsidiaries and associates	-	(241)
Payments of loans receivable	(622)	(960)
Other, net	(173)	(282)
Net cash provided by (used in) investing activities	(6,044)	(6,740)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	21,500	31,000
Repayments of long-term loans payable	(1,457)	(1,413)
Repayments of lease obligations	(21)	(544)
Proceeds from sales of treasury shares	280	260
Purchase of treasury shares	(7)	(2,001)
Cash dividends paid	(1,187)	(1,190)
Other, net	1,233	(2)
Net cash provided by (used in) financing activities	20,341	26,107
Effect of exchange rate change on cash and cash equivalents	(7)	(179)
Net increase (decrease) in cash and cash equivalents	(2,414)	3,266
Cash and cash equivalents at beginning of period	15,233	12,663
Cash and cash equivalents at end of period	12,818	15,929

(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 26, 2019, we issued new shares as restricted stock compensation for Directors on October 25, 2019. As a result, capital stock and capital reserve increased by ¥21 million, respectively, during the nine months ended March 31, 2020.

Subsequently, capital stock and capital surplus at the end of the first nine months of the fiscal year were ¥7,458 million and ¥6,509 million, respectively.

(Purchase of treasury shares)

At the meeting of Board of Directors held on August 13, 2019, 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 as of November 22, 2019.

- Type of shares acquired : Common stock of the Company
- Total number of shares acquired : 748,100 shares
- Total purchase price of shares : ¥1,999,757,700
- Acquisition period : From August 14, 2019 to November 22, 2019
- 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.

(Changes in Accounting Policies)

(Application of IFRS 16 "Leases")

Subsidiaries adopting International Financial Reporting Standards (IFRS) have applied International Financial Reporting Standard 16 "Leases" (hereinafter referred to as "IFRS 16") since the first quarter of the fiscal year ending June 30, 2020. Accordingly, the lessee shall, in principle, record all leases on the balance sheet in assets and liabilities.

The application of IFRS 16 is subject to transitional treatment and the cumulative effect of change in accounting policy is recorded in retained earnings at the beginning of the first quarter of the fiscal year ending June 30, 2020.

As a result, at the end of the third quarter of the fiscal year ending June 30, 2020, "Property, plant and equipment" increased by ¥3,663 million, "Other" of current liabilities increased by ¥666 million, and "Other" of non-current liabilities increased by ¥3,089 million. The impact on income and loss for the third quarter of the fiscal year ending June 30, 2020 and the impact on the beginning balance of the current fiscal year of retained earnings are immaterial.

(Segment Information)

For the nine months ended March 31, 2019 (from July 1, 2018 to March 31, 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	33,189	16,384	11,942	11,074	577	325	73,494	668	74,162
Intersegment sales or transfers	546	55	208	57	-	123	991	750	1,741
Total	33,735	16,439	12,151	11,132	577	449	74,485	1,418	75,904
Segment income (loss)	2,781	160	1,621	31	(221)	302	4,675	(1,984)	2,690

(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	4,675
Loss of "others" category	(1,984)
Elimination of intersegment transactions	14
Ordinary Income (loss) in the quarterly consolidated statement of income and comprehensive income	2,704

3) Reportable segment information concerning impairment losses on noncurrent assets, goodwill, etc.

(Significant change in the amount of goodwill)

While during the nine months ended March 31, 2019, a consolidated subsidiary of BDP Holdings Limited, our consolidated subsidiary, acquired shares of Quadrangle Architects Limited and included it in the scope of consolidation resulting in 23 million Canadian dollars (¥1,929 million) for tentatively calculated goodwill recorded in the reporting segment of "Urban & Spatial Development", it was adjusted to 11 million Canadian dollars (¥923 million) because the purchase price allocation was completed and the tentative accounting was confirmed at the end of the previous fiscal year.

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

(Significant Subsequent Events)

There is no relevant information.

3. Other Information

(1) Status of Orders and Sales

By period		For the nine months ended		For the nine months ended		For the fiscal year ended	
		March 31, 2019		March 31, 2020		June 30, 2019	
Category/Segment		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Orders received	Domestic Consulting	32,283	44.8	35,645	36.8	52,855	44.7
	International Consulting	17,775	24.7	30,909	32.0	(Note 1) 28,482	24.1
	Power Engineering	9,619	13.4	17,173	17.8	15,411	13.1
	Urban & Spatial Development	11,771	16.3	12,750	13.2	(Note 1) 20,510	17.4
	Energy Business	470	0.7	95	0.1	723	0.6
	Real Estate Leasing	-	-	-	-	-	-
	Others	74	0.1	61	0.1	100	0.1
	Total	71,995	100.0	96,635	100.0	118,085	100.0
Net sales 1	Domestic Consulting	35,072	47.3	41,532	49.4	52,183	48.1
	International Consulting	17,333	23.4	17,717	21.1	26,424	24.3
	Power Engineering	9,803	13.2	10,037	11.9	13,441	12.4
	Urban & Spatial Development	11,056	14.9	13,665	16.2	15,337	14.1
	Energy Business	491	0.7	784	0.9	641	0.6
	Real Estate Leasing	325	0.4	325	0.4	439	0.4
	Others	78	0.1	65	0.1	120	0.1
	Total	74,162	100.0	84,129	100.0	108,589	100.0
Net sales 2	Domestic Consulting	33,189	44.8	39,398	46.9	49,593	45.7
	International Consulting	16,384	22.1	16,690	19.8	24,928	23.0
	Power Engineering	11,942	16.1	12,399	14.7	16,531	15.2
	Urban & Spatial Development	11,074	14.9	13,796	16.4	15,359	14.1
	Energy Business	577	0.8	854	1.0	719	0.7
	Real Estate Leasing	325	0.4	325	0.4	439	0.4
	Others	668	0.9	664	0.8	1,016	0.9
	Total	74,162	100.0	84,129	100.0	108,589	100.0

By period		As of March 31, 2019		As of March 31, 2020		As of June 30, 2019	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Impact of foreign exchange fluctuations	Domestic Consulting	-		-		-	
	International Consulting	32		(974)		(563)	
	Power Engineering	-		-		-	
	Urban & Spatial Development	(24)		(330)		(982)	
	Energy Business	-		(8)		-	
	Real Estate Leasing	-		-		-	
	Others	-		-		-	
	Total	8		(1,313)		(1,545)	
Outstanding Orders	Domestic Consulting	28,289	23.1	25,862	17.9	31,750	23.9
	International Consulting	66,819	54.6	80,057	55.3	67,840	51.1
	Power Engineering	12,850	10.4	22,140	15.3	15,004	11.3
	Urban & Spatial Development	14,179	11.6	16,433	11.4	17,679	13.3
	Energy Business	327	0.3	127	0.1	522	0.4
	Real Estate Leasing	-	-	-	-	-	-
	Others	21	0.0	1	0.0	5	0.0
	Total	122,487	100.0	144,623	100.0	132,801	100.0

Notes: 1. This includes the outstanding orders at the beginning of consolidation for Nippon Koei Mozambique, Limitada, Kisho Kurokawa Architect & Associates Co., Ltd., and Quadrangle Architects Limited. which were consolidated from the previous fiscal year.

2. The above amounts are exclusive of consumption taxes and other taxes.

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

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