

Consolidated Financial Results for the Fiscal Year Ended June 30, 2020 [Japanese GAAP]



August 31, 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 holding general shareholder's meeting: September 29, 2020

Scheduled date of commencing dividend payments: September 9, 2020

Scheduled date of filing securities report: September 30, 2020

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for institutional investors and securities analysts)

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

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

(1) Consolidated Operating Results

(% indicates changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2020	112,604	3.7	5,372	5.1	5,384	(3.6)	3,315	(0.1)
June 30, 2019	108,589	2.4	5,110	(22.1)	5,584	(16.9)	3,318	(27.2)

(Note) Comprehensive income: Fiscal year ended June 30, 2020 : ¥2,855 million [111.6%]

Fiscal year ended June 30, 2019 : ¥1,349 million [(71.3)%]

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income on Net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2020	219.21	-	5.6	4.4	4.8
June 30, 2019	212.50	-	5.7	4.9	4.7

(Reference) Income(loss) from investment in affiliates (Equity method): Fiscal year ended June 30, 2020: ¥62 million

Fiscal year ended June 30, 2019: ¥(129) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended	Million yen	Million yen	%	Yen
June 30, 2020	130,587	60,059	45.1	3,903.53
June 30, 2019	113,175	60,205	52.2	3,767.50

(Reference) Equity: Fiscal year ended June 30, 2020 : ¥58,834 million

Fiscal year ended June 30, 2019 : ¥59,090 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
June 30, 2020	2,821	(7,463)	6,937	14,771
June 30, 2019	3,109	(3,504)	(1,936)	12,633

2. Dividends

	Dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend on net assets ratio (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended June 30, 2019	-	-	-	75.00	75.00	1,193	35.3	2.0
Fiscal year ended June 30, 2020	-	-	-	75.00	75.00	1,138	34.2	1.9
Fiscal year ending June 30, 2021 (Forecast)	-	-	-	75.00	75.00		91.7	

(Note) "Total dividends paid (annual)" includes dividends on the Company's shares held by the Employee Share Ownership Plan (ESOP) trust.

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 fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
【 Japanese GAAP 】	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	102,600	(8.9)	1,500	(72.1)	2,100	(61.0)	500	(84.9)	33.17

(% indicates changes from the previous fiscal year.)

	Revenue		Operating income		Income before tax		Income attributable to owners of parent		Basic earnings per share
【 IFRS 】	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	102,600	-	3,000	-	2,900	-	1,200	-	79.62

(Note) 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.

(Note) 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
New companies: None
Excluded companies: None
- (2) 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
- (3) Total number of issued shares (common stock)
 - 1) Total number of issued shares at the end of the period (including treasury stock)

Fiscal year ended June 30, 2020	: 15,933,058 shares
Fiscal year ended June 30, 2019	: 15,919,544 shares
 - 2) Total number of treasury stock at the end of the period

Fiscal year ended June 30, 2020	: 861,023 shares
Fiscal year ended June 30, 2019	: 235,268 shares
 - 3) Average number of shares during the period

Fiscal year ended June 30, 2020	: 15,124,770 shares
Fiscal year ended June 30, 2019	: 15,616,157 shares

(Reference) Nonconsolidated Financial Results**1. Nonconsolidated Financial Results for the Fiscal Year Ended June 30, 2020 (July 1, 2019 to June 30, 2020)****(1) Nonconsolidated Operating Results**

(% indicates changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2020	69,821	2.7	2,394	(11.7)	3,917	16.6	3,115	33.8
June 30, 2019	68,013	5.0	2,711	(22.1)	3,359	(16.2)	2,329	(20.3)

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
June 30, 2020	205.99	-
June 30, 2019	149.16	-

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended	Million yen	Million yen	%	Yen
June 30, 2020	106,611	54,033	50.7	3,585.00
June 30, 2019	95,339	53,866	56.5	3,434.43

(Reference) Equity: Fiscal year ended June 30, 2020: ¥54,033 million

Fiscal year ended June 30, 2019: ¥53,866 million

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

(% indicates changes from the previous fiscal year.)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	63,900	(8.5)	2,100	(46.4)	1,400	(55.1)	92.89

(Note) 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.

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

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

1. The earnings forecasts and other forward-looking statements disclosed herein are based on information available to the Company as of the date of publication of this document and certain assumptions deemed reasonable. Actual results, etc. may differ significantly due to a wide range of factors.
2. The Company is scheduled to hold a financial results briefing session for investors and analysts on September 1, 2020. The financial briefing materials to be distributed at this briefing session will be subsequently posted on the Company's website.

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1. Overview of Operating Results, etc.

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

During the fiscal year under review (from July 1, 2019 to June 30, 2020), the Japanese economy remained in a severe condition due to the impact of the novel coronavirus (COVID-19). As for overseas economies, while the resumption of economic activities is being phased in under extremely severe conditions, close attention is required to the impact of trends in infectious diseases and the movements in financial and capital markets.

Nippon Koei Co., Ltd. (the “Company”) and its subsidiaries (collectively, 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 adapt to our new lifestyle caused by the adverse effects of the COVID-19 through promotion of telework and other work style reforms, developing relevant infrastructure and various rules, and achieving a work-life balance and improving productivity.

With regard to the business environment surrounding 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. As a matter of urgency, the Company is 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.

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

As a result, the Group’s consolidated results for the fiscal year under review were as follows: Orders received increased 19.9% year on year to ¥141,632 million despite the impact of COVID-19, particularly in the 4th quarter. Net sales increased 3.7% year on year to ¥112,604 million and operating income increased 5.1% year on year to ¥5,372 million, due mainly to the favorable operating environment of Domestic Consulting Business. However, compared with the previous fiscal year, which was largely affected by the special factor of the gain on sales of property, plant and equipment in non-operating income, ordinary income decreased 3.6% year on year to ¥5,384 million and net income attributable to owners of parent was at the same level as the previous fiscal year, amounting to ¥3,315 million.

Business results for each segment are as follows:

[Domestic Consulting]

In Domestic Consulting Business, we further strengthened our management base by expanding orders received in Western Japan through the reconstructing of order and operating systems, securing and improving quality, promoting work style reforms and efficient business management. In addition, we worked to support actions under the global strategy in cooperation with International Consulting Business and the Research & Development Center, as well as developing new businesses by utilizing management knowhow as the core to improve the value of infrastructure.

As a result, orders received increased 6.3% year on year to ¥56,184 million, net sales increased 3.5% year on year to ¥51,333 million, operating income increased 4.8% year on year to ¥5,227 million and ordinary income increased 3.6% year on year to ¥5,154 million.

[International Consulting]

In International Consulting Business, we secured and trained staff mainly for our railway, port and airport businesses, improved our project management capabilities, strengthened our operating system by training human resources from overseas group companies, and thoroughly implemented profit management, risk management, and safety management. In addition, we were actively involved in the Public Private Partnership (PPP) and the private sector business.

As a result, orders received increased 66.8% year on year to ¥47,508 million. However, due to the impact of COVID-19 and changes in the market environment surrounding group companies, net sales decreased 1.7% year on year to ¥24,508 million, operating income decreased 18.7% year on year to ¥684 million, and ordinary income decreased 9.3% year on year to ¥521 million.

[Power Engineering]

In 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 28.7% year on year to ¥19,829 million. However, due to constraints on production capacity resulting from increased demand, net sales decreased 2.4% year on year to ¥16,137 million, operating income decreased 11.2% year on year to ¥1,856 million, and ordinary income decreased 11.3% year on year to ¥1,816 million.

[Urban & Spatial Development]

In 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.

As a result, due in part to the contribution from Quadrangle Architects Limited, which joined the Group in the previous fiscal year, net sales increased 18.2% year on year to ¥18,160 million, operating income increased 503.8% year on year to ¥917 million, and ordinary income increased 540.8% year on year to ¥730 million, while orders received decreased 12.9% year on year to ¥17,874 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 in Europe.

As a result, orders received decreased 78.3% year on year to ¥156 million, and net sales rose 65.1% year on year to ¥1,187 million, but were lower than expected due to delays in business investment. In contrast, operating loss increased 4.9% year on year to ¥383 million and ordinary loss increased 13.7% year on year to ¥445 million due to prior development investment in the overseas energy management business.

[Real Estate Leasing]

In Real Estate Leasing Business, net sales increased 2.6% year on year to ¥451 million, while operating income decreased 8.3% year on year to ¥375 million and ordinary income decreased 48.4% year on year to ¥377 million.

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

Total assets as of the end of the current fiscal year amounted to ¥130,587 million, an increase of ¥17,411 million from the end of the previous fiscal year.

In the Assets section, current assets were ¥61,786 million, an increase of ¥9,340 million from the end of the previous fiscal year. This was mainly due to a ¥9,480 million increase in notes and accounts receivable-trade.

Non-current assets were ¥68,800 million, an increase of ¥8,071 million from the end of the previous fiscal year. This was mainly due to a ¥10,873 million increase in property, plant and equipment resulting from the reconstruction of the head office building and IFRS 16 application at overseas subsidiaries.

In the Liabilities section, current liabilities were ¥45,166 million, an increase of ¥17,084 million from the end of the previous fiscal year. This was mainly due to a ¥13,000 million increase in short-term loans payable and a ¥1,302 million increase in advances received.

Non-current liabilities were ¥25,360 million, an increase of ¥473 million from the end of the previous fiscal year. This was mainly due to a ¥3,004 million increase in lease obligations at overseas subsidiaries that applied IFRS 16, while a ¥2,717 million decrease in long-term loans payable.

Net assets were ¥60,059 million, a decrease of ¥146 million from the end of the previous fiscal year. This was mainly due to a decrease in accumulated other comprehensive income of ¥602 million due to a decrease in foreign currency translation adjustments, while shareholders' equity increased by ¥345 million due to an increase in retained earnings.

As a result, the shareholders' equity ratio decreased 7.1 percentage points from the end of the previous fiscal year to 45.1%.

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

Cash and cash equivalents at the end of the current fiscal year was ¥14,771 million, an increase of ¥2,108 million from the end of the previous fiscal year. The primary factors were as follows.

Net cash provided by operating activities was ¥2,821 million (a net inflow of ¥3,109 million during the previous fiscal year). This was mainly due to income before income taxes of ¥5,384 million and a ¥9,693 million increase in notes and accounts receivable-trade, while there was a decrease in inventories of ¥3,918 million.

Net cash used in investing activities was ¥7,463 million (a net outflow of ¥3,504 million during the previous fiscal year). This was mainly due to the purchase of property, plant and equipment.

Net cash provided in financing activities was ¥6,937 million (a net outflow of ¥1,936 million during the previous fiscal year). This was mainly due to an increase of the short-term loans payable.

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

(Reference) Trends in Cash Flow Indicators

	Fiscal Year Ended June 2016	Fiscal Year Ended June 2017	Fiscal Year Ended June 2018	Fiscal Year Ended June 2019	Fiscal Year Ended June 2020
Equity ratio (%)	50.6	47.9	51.2	52.2	45.1
Equity ratio on market value basis (%)	23.6	43.3	37.5	32.4	32.8
Interest-bearing debt to cash flow ratio (years)	46.1	3.6	-	6.3	5.6
Interest coverage ratio (times)	7.1	31.7	-	11.7	6.6

Equity ratio: Equity / Total assets

Equity ratio on market value basis: Total market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest expenses

Notes: 1. All indicators are calculated using financial figures on a consolidated basis.

2. Total market capitalization is calculated based on the number of issued shares excluding treasury shares.

3. Cash flows from operating activities are used for the cash flow.

4. Interest-bearing debt covers all debt recorded in the consolidated balance sheets for which interest is paid.

5. The interest-bearing debt to cash flow ratio and the interest coverage ratio for the fiscal year ended June 2018 are shown as “-”, as they were negative.

(4) Future Outlook

The market environment surrounding the Group remains highly uncertain due to the impact of COVID-19.

In Domestic Consulting Business, Japan's national budget for public works in fiscal 2020 is expected to be maintained at the same level as the previous fiscal year and, therefore, business conditions are expected to remain steady. In International Consulting Business, while the strategy of exporting high-quality infrastructure systems by the Japanese government is expected to continue, there is a risk that the performance of the Company will be affected by the progress of large-scale projects. In 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 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 Energy Business, demand for renewable energy is expected to grow as the world shifts to development of low-carbonization and energy resource decentralization.

In this rapidly changing business environment, the Group aims to steadily implement various measures based on the Medium-Term Management Plan “NK-Innovation 2021” starting from the fiscal year ended June 30, 2019 (ending in the fiscal year ending June 30, 2021) to realize the Group Vision “To provide services that are of value in building safe and reliable social infrastructure and creating comfortable living spaces.” Specifically, under the Medium-Term Management Plan, with the basic policy of “Continue evolution into global consulting and engineering firm,” we aim to provide more complex and comprehensive solutions by expanding Urban & Spatial Development Business and Energy Business, in addition to Consulting Business in Japan and abroad and Power Engineering Business, as well as strengthening cooperation among individual Businesses.

The business strategies and group-wide measures under the Medium-Term Management Plan “NK-Innovation 2021” are as follows:

《Business strategy》

1. Enhancement of operating system for Railways Business

As the number of large-scale railway projects is expected to increase mainly in Asia due to the policy of promoting high-quality infrastructure exports, we will establish a local production system, including quality, risk, profit, and safety management, to respond to large-scale projects.

2. Overseas expansion of Urban & Spatial Development Business

Brexit is a risk factor in the development of the Group's existing Urban & Spatial Development Operations, which is being led by BDP Holdings Limited and its subsidiaries (hereinafter referred to under the general label “BDP”). In order to reduce dependence on the U.K. market in this field, we will actively promote overseas development, mainly in the British Commonwealth of Nations and Asian countries.

3. Establishment of Energy Business

Based on the view that acquiring world-class energy management technology is a prerequisite for entering the Japanese energy market after the power system reform, we will promote the development and operation of renewable energy and other distributed power sources, the storage battery EPC (Engineering, Procurement & Construction) service business, and the resource aggregator (an operator that plays a central role in control and management in relation to both energy operators and sources of demand) /VPP (Virtual Power Plant) business.

4. Creation of businesses and overseas expansion of Consulting Business

We will create new businesses centered on infrastructure management businesses such as PFI/PPP and concession. We will also expand overseas activities based on the technology and human resources we have cultivated in our Domestic Consulting Operations and the Research & Development Center.

5. Product development and overseas expansion of Power Engineering Business

In cooperation with a variety of partners both inside and outside the Company, we will build supply chains in Japan and overseas. In the substation field, we will develop and market next-generation monitoring and control systems, and other products with world-standard specs in Japan and overseas. In the mechanical and electrical equipment field, we will promote overseas production and sales of hydroelectric power generation equipment.

《Group-wide measures》

1. Establishment of one-stop marketing system

We aim to improve customer satisfaction by building a sales structure that can respond to various market needs. We will also acquire new customers based on this sales structure.

2. Investment in technologies and human resources

In terms of investment in technologies, we will promote the development of next-generation core technologies centered on DX (digital transformation), and combine big data and digital technologies to radically reform operations and further increase the value provided to customers. As for investment in human resources, we aim to improve the attractiveness of the labor environment by securing and developing human resources, promoting work style reforms and work-life balance, and reforming the personnel system.

3. Enhancement of group governance

Starting with the establishment of a global platform for accounting support, we will build a comprehensive business management platform, including legal affairs, and strengthen group governance. With this platform at the base, we support the autonomous management of group companies and promote collaboration within the Group to demonstrate its comprehensive strength.

By promoting these initiatives, we forecast net sales of ¥102,600 million, operating income of ¥3,000 million, and ROE (return on equity attributable to owners of parent) of 1.9% for the fiscal year ending June 30, 2021, which is the final year of our Medium-Term Management Plan, based on the assumption that the impact of COVID-19 will be maximized in the face of uncertainties about how the disease will be controlled and upon taking necessary responsive measures. These forecasts will be revised as necessary during the current fiscal year. At the same time, the fiscal year ending June 30, 2021 will serve as the approach run period for our new long-term management strategy, which will begin in the following fiscal year. We will steadily prepare for new growth through the implementation of the new organization and management system on July 1, 2020. As for our new long-term management strategy, we will carefully assess changes in the business environment and announce targets and specific measures at an appropriate time.

Since the Group plans to voluntarily adopt International Financial Reporting Standards (IFRS) for the fiscal year ending June 30, 2021, the consolidated financial results target for the fiscal year ending June 30, 2021 above is calculated based on IFRS. For this reason, the year-on-year change from the actual results for the fiscal year under review (fiscal year ended June 30, 2020), for which the Japanese GAAP was applied, is not shown.

The Group has been preparing to introduce IFRS from the end of the fiscal year under review (fiscal year ended June 30, 2020). At the Board of Directors meeting held on May 14, 2020, the Company decided to postpone the voluntary adoption of IFRS with the goal of adoption at the end of the fiscal year ending June 30, 2021, due to the delay in settlement of accounts at the Company and group companies caused by the spread of COVID-19.

In the year ending June 30, 2021, the final year of the Medium-Term Management Plan "NK-Innovation 2021," we will continue to focus on business strategies and group-wide common measures. At the same time, we will also address the following priority issues and make steady progress toward achieving our final targets of the Medium-Term Management Plan.

Medium-Term Management Plan "NK-Innovation 2021"		Fiscal year ending June 30, 2021 Priority issues
Business strategy	Enhancement of operating system for Railways Business	- Strengthen project implementation system integrated with overseas subsidiaries - Develop local operating systems through promotion of alliances
	Overseas expansion of Urban & Spatial Development Business	- Expand joint business with BDP in the Asian market - Build a business base in the domestic market
	Establishment of Energy Business	- Start full-scale operations in Europe - Form businesses for the future opening of the domestic electricity market - Develop business in the Asian market
	Creation of businesses and overseas expansion of Consulting Business	- Promote development of next-generation core technologies and business creation based on technologies and human resources cultivated at domestic businesses and the Research & Development Center - Cultivate human resources that can play an active role in both domestic and overseas markets - Promote global expansion by sharing domestic and overseas operating system
	Product development and overseas expansion of Power Engineering Business	- Create new products and services - Improve production capacity of hydroelectric power generation equipment
Group-wide measures	Establishment of one-stop marketing system	- Develop regional management systems - Create cross-segment businesses that meet the needs of each country and region
	Investment in technologies and human resources	- Accelerate development of next-generation core technologies centered on DX and drastically reform operations - Develop a telework environment and human resource system to realize a new way of working
	Enhancement of group governance	-Implement IFRS and establish a global accounting platform

2. Basic Policy Regarding Selection of Accounting Standard

As the Company continues to expand and upgrade its global operations, it is planning to voluntarily adopt International Financial Reporting Standards (IFRS) from the fiscal year ending June 30, 2021, in place of the conventional Japanese standards, with the aim of enhancing international comparability of financial information and strengthening its management system by unifying accounting standards within the Group.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of June 30, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	13,147	16,003
Notes and accounts receivable - trade	29,938	39,418
Work in process	5,709	1,725
Other	3,855	4,947
Allowance for doubtful accounts	(203)	(308)
Total current assets	52,446	61,786
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,831	24,574
Accumulated depreciation	(9,409)	(9,008)
Buildings and structures, net	5,421	15,565
Machinery, equipment and vehicles	3,955	4,312
Accumulated depreciation	(2,703)	(2,811)
Machinery, equipment and vehicles, net	1,252	1,501
Tools, furniture and fixtures	4,872	5,266
Accumulated depreciation	(3,955)	(4,014)
Tools, furniture and fixtures, net	917	1,251
Land	16,035	16,108
Leased assets	184	4,554
Accumulated depreciation	(69)	(830)
Leased assets, net	114	3,724
Construction in progress	6,141	2,605
Total property, plant and equipment	29,882	40,756
Intangible assets		
Goodwill	8,193	7,398
Other	5,307	4,734
Total intangible assets	13,501	12,132
Investments and other assets		
Investment securities	7,228	6,500
Long-term loans receivable	2,276	980
Deferred tax assets	1,502	1,541
Net defined benefit assets	3,943	4,080
Other	2,564	2,964
Allowance for doubtful accounts	(169)	(157)
Total investments and other assets	17,345	15,910
Total non-current assets	60,728	68,800
Total assets	113,175	130,587

(Millions of yen)

	As of June 30, 2019	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,037	5,724
Short-term loans payable	-	13,000
Current portion of long-term loans payable	2,082	2,780
Income taxes payable	1,137	1,348
Advances received	6,687	7,990
Provision for bonuses	1,972	2,201
Provision for directors' bonuses	91	52
Provision for loss on construction contracts	119	100
Provision for business restructuring	-	93
Other	10,953	11,876
Total current liabilities	28,082	45,166
Non-current liabilities		
Long-term loans payable	17,639	14,922
Deferred tax liabilities	2,819	2,701
Lease obligations	74	3,078
Provision for directors' retirement benefits	30	17
Provision for environmental measures	34	34
Liability for retirement benefits	3,817	3,814
Other	471	791
Total non-current liabilities	24,886	25,360
Total liabilities	52,969	70,527
Net assets		
Shareholders' equity		
Capital stock	7,437	7,458
Capital surplus	6,488	6,509
Retained earnings	47,864	49,796
Treasury shares	(787)	(2,415)
Total shareholders' equity	61,003	61,349
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	456	298
Foreign currency translation adjustments	(3,063)	(3,486)
Remeasurements of defined benefit plans	693	672
Total accumulated other comprehensive income	(1,913)	(2,515)
Non-controlling interests	1,115	1,225
Total net assets	60,205	60,059
Total liabilities and net assets	113,175	130,587

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the fiscal year ended June 30,2019	For the fiscal year ended June 30,2020
Net sales	108,589	112,604
Cost of sales	75,627	78,365
Gross profit	32,962	34,238
Selling, general and administrative expenses	27,851	28,866
Operating income (loss)	5,110	5,372
Non-operating income		
Interest income	223	197
Dividend income	113	142
Gain on sales of investment securities	-	187
Share of income of entities accounted for using equity method	-	62
Gain on derivatives	4	117
Other	1,079	242
Total non-operating income	1,420	950
Non-operating expenses		
Interest expenses	277	433
Loss on valuation of investment securities	311	149
Share of loss of entities accounted for using equity method	129	-
Foreign exchange losses	164	234
Other	65	121
Total non-operating expenses	947	938
Ordinary income (loss)	5,584	5,384
Income (loss) before income taxes	5,584	5,384
Income taxes – current	1,991	2,017
Income taxes – deferred	189	(47)
Total income taxes	2,180	1,969
Net income (loss)	3,403	3,415
Net income (loss) attributable to		
Net income (loss) attributable to owners of parent	3,318	3,315
Net income (loss) attributable to non-controlling interests	85	99
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(740)	(158)
Foreign currency translation adjustments	(932)	(439)
Remeasurements of defined benefit plans	(289)	(21)
Share of other comprehensive income of entities accounted for using equity method	(91)	58
Total other comprehensive income (loss)	(2,054)	(559)
Comprehensive income (loss)	1,349	2,855
Comprehensive income (loss) attributable to		
Owners of parent	1,264	2,731
Non-controlling interests	85	123

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended June 30, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,415	6,466	45,528	(1,180)	58,229
Changes of items during period					
Issuance of new shares	22	22			44
Change of scope of consolidation			209		209
Dividends of surplus			(1,192)		(1,192)
Profit attributable to owners of parent			3,318		3,318
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares				400	400
Net changes of items other than shareholders' equity					
Total changes of items during period	22	22	2,336	392	2,773
Balance at end of current period	7,437	6,488	47,864	(787)	61,003

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,195	(2,045)	983	133	1,086	59,449
Changes of items during period						
Issuance of new shares						43
Change of scope of consolidation		(16)		(16)		193
Dividends of surplus						(1,192)
Profit attributable to owners of parent						3,318
Purchase of treasury shares						(8)
Disposal of treasury shares						400
Net changes of items other than shareholders' equity	(738)	(1,001)	(289)	(2,029)	29	(2,000)
Total changes of items during period	(738)	(1,018)	(289)	(2,046)	29	756
Balance at end of current period	456	(3,063)	693	(1,913)	1,115	60,205

For the fiscal year ended June 30, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,437	6,488	47,864	(787)	61,003
Changes of items during period					
Issuance of new shares	21	21			42
Change of scope of consolidation			(190)		(190)
Dividends of surplus			(1,193)		(1,193)
Profit attributable to owners of parent			3,315		3,315
Purchase of treasury shares				(2,001)	(2,001)
Disposal of treasury shares				373	373
Net changes of items other than shareholders' equity					
Total changes of items during period	21	21	1,932	(1,628)	345
Balance at end of current period	7,458	6,509	49,796	(2,415)	61,349

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	456	(3,063)	693	(1,913)	1,115	60,205
Changes of items during period						
Issuance of new shares						42
Change of scope of consolidation		(18)		(18)	11	(197)
Dividends of surplus						(1,193)
Profit attributable to owners of parent						3,315
Purchase of treasury shares						(2,001)
Disposal of treasury shares						373
Net changes of items other than shareholders' equity	(158)	(403)	(21)	(583)	98	(485)
Total changes of items during period	(158)	(422)	(21)	(602)	109	(146)
Balance at end of current period	298	(3,486)	672	(2,515)	1,225	60,059

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the fiscal year ended June 30,2019	For the fiscal year ended June 30,2020
Cash flows from operating activities		
Income (loss) before income taxes	5,584	5,384
Depreciation	1,710	2,507
Amortization of goodwill	482	537
Loss (gain) on sales of investment securities	12	(187)
Loss (gain) on valuation of investment securities	311	149
Share of loss (gain) of entities accounted for using equity method	129	(62)
Loss (gain) on sales of property, plant and equipment	(781)	(1)
Increase (decrease) in allowance for doubtful accounts	113	93
Increase (decrease) in provision for bonuses	130	286
Increase (decrease) in provision for loss on construction contracts	(57)	(19)
Interest and dividend income	(336)	(340)
Interest expenses	277	433
Loss (gain) on derivatives	(4)	(115)
Decrease (increase) in notes and accounts receivable - trade	(2,917)	(9,693)
Decrease (increase) in inventories	2,282	3,918
Increase (decrease) in notes and accounts payable - trade	588	735
Increase (decrease) in accounts payable - other	(181)	(273)
Increase (decrease) in advances received	(2,016)	1,299
Decrease (increase) in consumption taxes refund receivable	477	(663)
Other, net	(784)	752
Subtotal	5,020	4,740
Interest and dividend income received	186	322
Interest expenses paid	(265)	(428)
Income taxes paid	(1,831)	(1,813)
Net cash provided by (used in) operating activities	3,109	2,821
Cash flows from investing activities		
Net decrease (increase) in time deposits	679	(793)
Purchase of property, plant and equipment	(3,686)	(6,676)
Proceeds from sales of property, plant and equipment	1,846	35
Purchase of intangible assets	(159)	(288)
Proceeds from sales of investment securities	558	724
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,685)	-
Purchase of shares of subsidiaries and associates	-	(358)
Payments of loans receivable	(600)	(100)
Other, net	542	(7)
Net cash provided by (used in) investing activities	(3,504)	(7,463)

(Millions of yen)

	For the fiscal year ended June 30,2019	For the fiscal year ended June 30,2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	13,000
Repayments of long-term loans payable	(2,393)	(2,475)
Repayments of lease obligations	(32)	(735)
Proceeds from sales of treasury shares	400	373
Purchase of treasury shares	(8)	(2,001)
Cash dividends paid	(1,188)	(1,190)
Other, net	1,284	(32)
Net cash provided by (used in) financing activities	(1,936)	6,937
Effect of exchange rate change on cash and cash equivalents	(309)	(268)
Net increase (decrease) in cash and cash equivalents	(2,641)	2,027
Cash and cash equivalents at beginning of period	15,233	12,663
Increase in cash and cash equivalents from newly consolidated subsidiaries	71	80
Cash and cash equivalents at end of period	12,663	14,771

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(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") from the current fiscal year. Accordingly, the lessee shall, in principle, record all leases on the balance sheet in assets and liabilities.

As a result, at the end of the current fiscal year ended June 30, 2020, "Property, plant and equipment" increased by ¥3,551 million, "Other" of current liabilities increased by ¥648 million, and "Lease obligations" of non-current liabilities increased by ¥2,956 million.

The impact on the consolidated statements of income and per share information for the current fiscal year ended June 30, 2020 is immaterial.

(Segment Information, etc.)

[Segment Information]

1. Outline of reportable segments

(1) Method of determination of reportable segments

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

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

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

(2) Types of products and services by reportable segment

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

"International Consulting" engages in businesses outside of Japan such as technical studies, planning, reviews, designing, construction supervision, operational advice in the fields of water resources development, energy development, agricultural development, transportation, urban and regional development, social development, management of natural and social environment, etc.

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

"Urban & Spatial Development" engages in urban and spatial development business that includes urban planning and architectural design.

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

resources.

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

2. Calculation methods for net sales, income or loss, assets, and other items by reportable segment

Accounting treatments for reportable business segments closely match those shown in “Basic Principles for Preparation of Consolidated Financial Statements.”

Inter-segment net sales and transfers are based on the third-party transaction prices.

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

For the fiscal year ended June 30, 2019

(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	49,593	24,928	16,531	15,359	719	439	107,572	1,016	108,589
Inter-segment sales or transfers	742	72	505	140	-	164	1,626	972	2,598
Total	50,335	25,001	17,037	15,500	719	604	109,199	1,989	111,188
Segment profit (loss)	4,976	574	2,047	114	(391)	731	8,052	(2,416)	5,635
Segment assets	20,590	23,181	10,639	23,311	5,461	4,482	87,666	41,033	128,700
Other items									
Depreciation	159	77	232	719	138	36	1,363	358	1,722
Amortization of goodwill	-	-	-	482	-	-	482	-	482
Interest income	24	52	4	47	124	0	253	380	633
Interest expenses	73	194	79	220	38	-	606	80	687
Share of income (loss) of entities accounted for using equity method	-	-	33	-	(139)	-	(105)	-	(105)
Investments in entities accounted for using equity method	-	-	199	-	1,203	-	1,402	-	1,402
Increase in property, plant and equipment and intangible assets	228	113	213	206	5	1	768	3,187	3,956

Notes: 1. “Others” refers to a group of operations from which no profits are gained or that produce only incidental gains.

2. Increase in property, plant and equipment and intangible assets does not include an increase due to the new consolidation.

For the fiscal year ended June 30, 2020

(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	51,333	24,508	16,137	18,160	1,187	451	111,778	825	112,604
Inter-segment sales or transfers	531	56	463	103	-	156	1,310	814	2,124
Total	51,864	24,565	16,600	18,263	1,187	607	113,089	1,639	114,728
Segment profit (loss)	5,154	521	1,816	730	(445)	377	8,155	(2,980)	5,174
Segment assets	24,049	25,809	12,001	26,806	9,588	5,838	104,094	56,486	160,580
Other items									
Depreciation	188	198	253	1,327	146	54	2,170	352	2,523
Amortization of goodwill	-	-	-	537	-	-	537	-	537
Interest income	26	54	2	38	125	1	248	443	692
Interest expenses	91	215	97	354	38	-	797	101	899
Share of income of entities accounted for using equity method	-	-	43	-	28	-	72	-	72
Investments in entities accounted for using equity method	-	-	241	-	1,288	-	1,530	-	1,530
Increase in property, plant and equipment and intangible assets	351	276	353	4,183	1,149	830	7,144	4,492	11,637

Notes: 1. "Others" refers to a group of operations from which no profits are gained or that produce only incidental gains.

2. Increase in property, plant and equipment and intangible assets does not include an increase due to the new consolidation.

4. Differences between the total amount of reportable segments and the amounts in consolidated financial statements, and major breakdown of such differences (reconciliation)

(Millions of yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	109,199	113,089
Net sales of “others” category	1,989	1,639
Elimination of inter-segment transactions	(2,598)	(2,124)
Net sales on consolidated financial statements	108,589	112,604

(Millions of yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	8,052	8,155
Loss of “others” category (Note)	(2,416)	(2,980)
Elimination of inter-segment transactions	(51)	210
Ordinary income on consolidated financial statements	5,584	5,384

Note: Loss of “others” category includes corporate expenses such as general and administrative expenses that are not attributable to any reportable segment.

(Millions of yen)

Assets	Previous fiscal year	Current fiscal year
Reportable segment total	87,666	104,094
Assets of “others” category (Note)	41,033	56,486
Elimination of inter-segment transactions	(15,525)	(29,993)
Total assets on consolidated financial statements	113,175	130,587

Note: Assets of “others” category includes corporate assets such as land, buildings, and investment securities that are not attributable to any reportable segment.

(Millions of yen)

Other items	Reportable segment total		Others		Adjustment amount		Amount recorded on consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	1,363	2,170	358	352	(12)	(15)	1,710	2,507
Amortization of goodwill	482	537	-	-	-	-	482	537
Interest income (Note)	253	248	380	443	(410)	(495)	223	197
Interest expenses (Note)	606	797	80	101	(410)	(466)	277	433
Share of income (loss) of entities accounted for using equity method	(105)	72	-	-	(23)	(9)	(129)	62
Investments in entities accounted for using equity method	1,402	1,530	-	-	(23)	(32)	1,379	1,497
Increase in property, plant and equipment and intangible assets	768	7,144	3,187	4,492	-	-	3,956	11,637

Note: The content of adjustments in “interest income” and “interest expenses” are primarily the elimination of internal interest used for the purposes of managerial accounting.

[Related Information]

For the fiscal year ended June 30, 2019 (from July 1, 2018 to June 30, 2019)

1. Information by product and service

Statement is omitted, as similar information is disclosed in Segment Information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	United Kingdom	Asia	Middle East	Africa	Latin America	Europe	Other	Total
66,924	11,897	16,091	1,617	3,881	5,174	1,438	1,564	108,589

Notes: 1. Net sales are classified based on the location where services are rendered.

2. Method of classifying countries or regions, and primary countries or regions attributable to each area:

(1) Method of classifying countries or regions:

By geographical proximity.

(2) Primary countries or regions attributable to each area, excluding Japan:

Asia: India, Bangladesh, Myanmar

Middle East: Iraq, Iran, Palestine

Africa: Kenya, Senegal, Sudan

Latin America: Peru, El Salvador, Panama

Europe: Ireland, Netherlands, Sweden

Other: Canada, Ukraine, Papua New Guinea

(2) Property, plant and equipment

Disclosure is omitted, as the amount of property, plant and equipment within Japan amounts to over 90% of the total property, plant and equipment on the consolidated balance sheets.

3. Information on major customers

(Millions of yen)

Name of customer	Net sales	Related segment name
Ministry of Land, Infrastructure, Transport and Tourism	17,507	Domestic Consulting
Japan International Cooperation Agency	8,772	International Consulting
TEPCO Power Grid, Incorporated	5,027	Power Engineering

For the fiscal year ended June 30, 2020 (from July 1, 2019 to June 30, 2020)

1. Information by product and service

Statement is omitted, as similar information is disclosed in Segment Information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	United Kingdom	Asia	Middle East	Africa	Latin America	Europe	Other	Total
68,934	11,900	18,909	1,996	3,017	3,202	1,361	3,281	112,604

Notes: 1. Net sales are classified based on the location where services are rendered.

2. Method of classifying countries or regions, and primary countries or regions attributable to each area:

(1) Method of classifying countries or regions:

By geographical proximity.

(2) Primary countries or regions attributable to each area, excluding Japan:

Asia: Vietnam, India, Bangladesh

Middle East: Iraq, UAE, Palestine

Africa: Kenya, Mozambique, Senegal,

Latin America: Peru, El Salvador, Panama

Europe: Ireland, Netherlands, Sweden

Other: Canada, Ukraine, Maldives

(Changes in Presentation)

As sales in "United Kingdom," which were included under "Europe" in the previous consolidated fiscal year, have become more important, they have been separately set down from the consolidated fiscal year under review. Certain reclassifications have been made to the previous fiscal year's "2 Information by geographical area (1) Net sales" to reflect this change in presentation.

(2) Property, plant and equipment

Japan	Asia	Middle East	Africa	Latin America	Europe	Other	Total
33,616	3,028	8	5	517	3,295	285	40,756

(1) Method of classifying countries or regions:

By geographical proximity.

(2) Primary countries or regions attributable to each area, excluding Japan:

Asia: Indonesia, India, Philippines

Middle East: UAE

Africa: Mozambique, Kenya, Cape Verde

Latin America: Peru, Panama, Brazil

Europe: United Kingdom, Ireland, Netherlands

Other: Canada

(Changes in Presentation)

Because the amount of property, plant, and equipment located in Japan was less than or equal to 90% of the amount of property, plant, and equipment on the consolidated balance sheet for the fiscal year under review, information has been provided since the fiscal year under review.

3. Information on major customers

(Millions of yen)

Name of customer	Net sales	Related segment name
Ministry of Land, Infrastructure, Transport and Tourism	19,127	Domestic Consulting
Japan International Cooperation Agency	6,222	International Consulting
TEPCO Power Grid, Incorporated	4,336	Power Engineering

[Information on Impairment Loss of Non-Current Assets by Reportable Segment]

For the fiscal year ended June 30, 2019 (from July 1, 2018 to June 30, 2019)

There is no relevant information.

For the fiscal year ended June 30, 2020 (from July 1, 2019 to June 30, 2020)

There is no relevant information.

[Information on Amortization of Goodwill and Unamortized Balances by Reportable Segment]

For the fiscal year ended June 30, 2019 (from July 1, 2018 to June 30, 2019)

(Millions of yen)

	Reportable segment							Others	Corporate and eliminations	Total
	Domestic Consulting	International Consulting	Power Engineering	Urban & Spatial Development	Energy Business	Real Estate Leasing	Subtotal			
Year-end Balance of Goodwill	-	-	-	8,193	-	-	8,193	-	-	8,193

Note: Amounts for the amortization of goodwill are not stated as identical information is disclosed in Segment Information.

For the fiscal year ended June 30, 2020 (from July 1, 2019 to June 30, 2020)

(Millions of yen)

	Reportable segment							Others	Corporate and eliminations	Total
	Domestic Consulting	International Consulting	Power Engineering	Urban & Spatial Development	Energy Business	Real Estate Leasing	Subtotal			
Year-end Balance of Goodwill	-	-	-	7,398	-	-	7,398	-	-	7,398

Note: Amounts for the amortization of goodwill are not stated as identical information is disclosed in Segment Information.

[Information on Gain on Bargain Purchase by Reportable Segment]

For the fiscal year ended June 30, 2019 (from July 1, 2018 to June 30, 2019)

There is no relevant information.

For the fiscal year ended June 30, 2020 (from July 1, 2019 to June 30, 2020)

There is no relevant information.

(Per Share Information)

	For the fiscal year ended June 30, 2019	For the fiscal year ended June 30, 2020
Net assets per share	¥3, 767.50	¥3, 903.53
Net income per share	¥212.50	¥219.21

Notes: 1. Diluted net income per share is not stated as there are no dilutive shares.

2. The basis for the calculation of net income per share is as follows.

	For the fiscal year ended June 30, 2019	For the fiscal year ended June 30, 2020
Net income attributable to owners of parent (Millions of yen)	3,318	3,315
Amount not attributable to common shareholders (Millions of yen)	-	-
Net income attributable to owners of parent relating to common stock (Millions of yen)	3,318	3,315
Average number of shares of common stock during the period (Shares)	15,616,157	15,124,770

Notes: 3. Regarding the Company's stock held in trust as treasury shares in shareholders' equity, for the purposes of calculating the amounts of net income per share, these are included in treasury shares that are eliminated for calculating the average number of shares during the period, and for the purposes of calculating the amounts of net assets per share, these are included in the number of treasury shares eliminated from the total number of issued shares at the end of the period.

For the purposes of calculating the amounts of net income per share, the average number of shares of these eliminated shares of treasury shares was 291,635 shares for the fiscal year ended June 30, 2019, and 162,283 shares for the fiscal year ended June 30, 2020, and for the purposes of calculating the amounts of net assets per share, the number of shares at the end of each fiscal year of these eliminated shares of treasury shares was 226,100 shares for the fiscal year ended June 30, 2019, and 103,000 shares for the fiscal year ended June 30, 2020, respectively.

(Significant Subsequent Events)

There is no relevant information.

4. Other

(1) Status of Orders and Sales

By Fiscal Year		For the fiscal year ended June 30, 2019		For the fiscal year ended June 30, 2020	
Category / Segment		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Orders received	Domestic Consulting	52,855	44.7	56,184	39.7
	International Consulting	(Note1) 28,482	24.1	47,508	33.5
	Power Engineering	15,411	13.1	19,829	14.0
	Urban & Spatial Development	(Note2) 20,510	17.4	17,874	12.6
	Energy Business	723	0.6	156	0.1
	Real Estate Leasing	-	-	-	-
	Others	100	0.1	79	0.1
	Total	118,085	100.0	141,632	100.0
Net sales 1	Domestic Consulting	52,183	48.1	53,853	47.7
	International Consulting	26,424	24.3	25,968	23.1
	Power Engineering	13,441	12.4	13,164	11.7
	Urban & Spatial Development	15,337	14.1	17,991	16.0
	Energy Business	641	0.6	1,090	1.0
	Real Estate Leasing	439	0.4	451	0.4
	Others	120	0.1	84	0.1
	Total	108,589	100.0	112,604	100.0
Net sales 2	Domestic Consulting	49,593	45.7	51,333	45.6
	International Consulting	24,928	23.0	24,508	21.8
	Power Engineering	16,531	15.2	16,137	14.3
	Urban & Spatial Development	15,359	14.1	18,160	16.1
	Energy Business	719	0.7	1,187	1.1
	Real Estate Leasing	439	0.4	451	0.4
	Others	1,016	0.9	825	0.7
	Total	108,589	100.0	112,604	100.0
By period		For the fiscal year ended June 30, 2019		For the fiscal year ended June 30, 2020	
Category / Segment		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
impact of foreign exchange fluctuations	Domestic Consulting	-		-	
	International Consulting	(563)		(540)	
	Power Engineering	-		-	
	Urban & Spatial Development	(982)		(542)	
	Energy Business	-		(12)	
	Real Estate Leasing	-		-	
	Others	-		-	
	Total	(1,545)		(1,095)	
Outstanding Orders	Domestic Consulting	31,750	23.9	34,080	21.1
	International Consulting	67,840	51.1	88,840	55.0
	Power Engineering	15,004	11.3	21,669	13.4
	Urban & Spatial Development	17,679	13.3	17,019	10.5
	Energy Business	522	0.4	34	0.0
	Real Estate Leasing	-	-	-	-
	Others	5	0.0	-	0.0
	Total	132,801	100.0	161,644	100.0

Notes: 1. This includes the unfilled 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 tax and other taxes.

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

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

(2) Changes in Directors and Company Auditors

1. Change of Representative Director

There is no relevant information.

2. Change of Other Directors and Company Auditors

The proposal for the selection of a Director was approved by the meeting of the Board of Directors held on August 31, 2020.

The candidate will take office on September 29, 2020, after the necessary procedures (a resolution of the general shareholder's meeting, etc.).

Candidate for a new Director (scheduled to take office on September 29, 2020)

Outside Director: Yoko Ishida

Short biography of the candidate

January 1991	General Manager of Planning & Marketing Department of System Science Consultants Co., Ltd.
November 1997	General Manager of Project Division Two of Koei Research Institute International Corp.
April 2006	General Manager of Evaluation Unit of International Development Center of Japan, an Incorporated Foundation
April 2010	Executive Director of International Development Center of Japan, a General Incorporated Foundation
April 2010	General Manager of Evaluation Unit of International Development Center of Japan Inc.
June 2015	Director of The Japan-Nepal Society (currents position)
July 2015	Director of International Development Center of Japan, a General Incorporated Foundation (current position)
October 2015	Professor of Center for the Study of International Cooperation in Education, Hiroshima University (current position)
April 2016	Cooperating Teacher of Department of Educational Development and Cultural and Regional Studies, Graduate School for International Development and Cooperation, Hiroshima University
April 2017	Deputy Executive Director of Hiroshima University (current position)
November 2017	Director of The Japan Society for International Development (current position)
November 2018	Vice President and Executive Director of The Japan Evaluation Society (current position)
April 2020	In charge of International Education Development Program, Division of Educational Sciences, Graduate School of Humanities and Social Sciences, Hiroshima University (current position)