

Consolidated Financial Results for the Six Months Ended December 31, 2021 [IFRS]



February 10, 2022

Company name: Nippon Koei Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1954

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

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Scheduled date of filing quarterly securities report: February 10, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

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

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

1. Consolidated Financial Results for the Six Months Ended December 31, 2021 (from July 1, 2021 to December 31, 2021)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2021	52,981	12.4	1,268	-	1,517	-	640	-	615	-
December 31, 2020	47,140	-	(1,730)	-	(2,005)	-	(2,225)	-	(2,055)	-

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 31, 2021	40.87	40.87
December 31, 2020	(135.96)	(135.96)

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Million yen	Million yen	Million yen	%
December 31, 2021	170,565	72,323	70,758	41.5
June 30, 2021	156,137	72,294	70,725	45.3

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2021	-	-	-	75.00	75.00
Fiscal year ending June 30, 2022	-	-	-	-	-
Fiscal year ending June 30, 2022 (Forecast)	-	-	-	100.00	100.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2022 (July 1, 2021 to June 30, 2022)
(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Yen
	131,000	11.1	7,700	8.0	4,700	3.7	312.22

- (Note) 1. Revision to the financial results forecast announced most recently: None
 2. Given the growing repercussions of the novel coronavirus (COVID-19), this forecast was developed on the information available to the Company as of the date of publication of this document. Since the forecast may change significantly depending on when the COVID-19 is contained and other variables, the Company will disclose revised forecasts as soon as possible if any revisions become necessary based on its performance outlook.

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None
 New companies: None
 Excluded companies: None
- (2) Changes in accounting policies and changes in accounting estimates
 1) Changes in accounting policies required by IFRS: None
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting estimates: None
- (3) Total number of issued shares (ordinary shares)
 1) Total number of issued shares at the end of the period (including treasury shares)
 As of December 31, 2021 : 15,060,314 shares
 As of June 30, 2021 : 15,048,568 shares
 2) Total number of treasury shares at the end of the period
 As of December 31, 2021 : 1,469 shares
 As of June 30, 2021 : 60 shares
 3) Average number of shares during the period
 Six months ended December 31, 2021 : 15,053,545 shares
 Six months ended December 31, 2020 : 15,120,529 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
 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 are not intended as a promise by the Company that they will be achieved. Actual results, etc. may differ significantly due to a wide range of factors.

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1. Qualitative Information on Quarterly Financial Results

The Group has been disclosing consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) since the end of the previous fiscal year, and the financial figures for the six months ended December 31, 2020 are also reclassified to IFRS for comparison and analysis.

(1) Explanation of Operating Results

During the six months ended December 31, 2021 (July 1, 2021 to December 31, 2021), the difficult economic conditions in Japan caused by COVID-19 eased gradually. While Japan's economy is expected to recover amid the normalization of economic and social activities resulting from the effects of various policies and economic improvements overseas, we still need to pay close attention to downside risks arising from supply restrictions and raw material price movements. We also need to be cautious about the effects of variants and other infections on the global economy, fluctuations in financial and capital markets, etc.

With regard to the business environment surrounding Nippon Koei Co., Ltd. (the "Company") and its subsidiaries (together, the "Group"), in the Consulting Business, the Japanese government is expected to maintain a high level of budget mainly for national resilience (building a national land, region, and economic society that can minimize damage and quickly recover in the event of a disaster). We expect to see acceleration of digital reform and growing needs from management business. In international markets, there are risks related to impact on the progress of the business as well as travel restrictions due to the spread of COVID-19. But strong demand is expected to continue as high targets for orders received are set in the Japanese government's "Infrastructure System Overseas Promotion Strategy 2025." In the Urban & Spatial Development Business, there are strong needs for urban development projects including reconstruction of the urban structure in Japan, Europe, and the United States, etc. and urban infrastructure projects in developing countries. In the Energy Business, new opportunities have been created leading to competition toward the realization of carbon neutrality in 2050 in Japan and there are growing needs for renewable energy development and better efficiency of energy use worldwide.

The Group is taking steps to prevent COVID-19 with an active defense system to protect the lives and health of employees and their families and to minimize the impact on customers. Our internal policy is to promote telework and other work style reforms, developing relevant infrastructure and various rules, and achieving a work-life balance and improving productivity.

Under such a market environment, we have drawn up the medium-term management plan "Building Resilience 2024" to implement three resilience policies, and positioned the period from July 2021 to June 2024, which is first step of the "NKG Global Strategy 2030," as a transformation period to make the Group resilient.

As the first resilience policy, we reorganized the conventional five business operations into three domains (Consulting, Urban & Spatial Development, and Energy) to strengthen the business axis. As the second resilience policy, we will aim to realize matrix management by transitioning to a holding company structure and preparing and maintaining a regional management system. As the third resilience policy, we aim to strengthen technological development and human resource development toward the establishment of "NKG brand" and "NKG quality." Also, we will promote "well-being management" (management that values employees, organizations, and society) as a basis for that.

As a result, the Group ended the six months of the current fiscal year with revenue having increased 12.4% year on year to ¥52,981 million, due to the better progress of projects compared to the same period last year when the impact of COVID-19 was still ongoing, although orders received decreased 3.4% year on year to ¥50,278 million. Operating profit was ¥1,268 million (same period of previous fiscal year: operating loss of ¥1,730 million) and profit attributable to owners of parent was ¥615 million (same period of previous fiscal year: loss attributable to owners of parent of ¥2,055 million due to impairment losses, etc.).

Revenue for the six months ended December 31, 2021 was ¥52,981 million, an achievement rate of 40.4% against the revenue forecast of ¥131,000 million for the fiscal year ending June 30, 2022 (same period of previous fiscal year: 40.1%).

Business results for each segment are as follows: Due to the changes made to the reporting segment classification effective from the first quarter of the fiscal year ending June 30, 2022, comparisons with the first six months of the previous fiscal year are based on the figures that have been reclassified into the new segments. For details of this change in reporting segments, please refer to "2. Condensed Quarterly Consolidated Financial Statements and Primary Notes (5) Primary Notes to Condensed Quarterly Consolidated Financial Statements (Segment Information, etc.) 2. Changes in reportable segments".

[Consulting]

In the Consulting Business, we improved the productivity through DX promotion and thoroughly carried out revenue management, quality control, risk management and safety management. We also advanced and globally deployed disaster prevention and mitigation technologies, expanded the transportation-related business, promoted services contributing to decarbonization and deployed the management area on a full-scale basis.

As a result, orders received decreased 10.7% year on year to ¥35,209 million, while revenue increased 10.7% year on year to ¥33,626 million and operating profit was ¥434 million (same period of previous fiscal year: operating loss of ¥1,859 million due to impairment losses, etc.).

[Urban & Spatial Development]

In the Urban & Spatial Development Business, we promoted urban development and Smart City business, responded to changes in the UK market and expanded our business in the Canadian market while making efforts to expand our business in the Asian market through Group-wide collaboration.

As a result, this business achieved year-on-year performance growth compared to the same period of the previous year when orders received were down and contract procedures were delayed due to the impacts of COVID-19, with orders received having increased 39.9% year on year to ¥8,791 million and revenue increased 16.9% year on year to ¥10,426 million. However operating profit decreased 4.4% year on year to ¥769 million.

[Energy]

In the Energy Business, we strengthened the production framework of electric power equipment, which is our main force, developed new products, and formulated new projects in the power generation business such as renewable energy. We formulated infrastructures for the battery storage business mainly in Europe as well as the aggregation business (a business that provides energy services through electricity market transactions, etc. by aggregating distributed energy sources) in Japan in the energy management business.

As a result, revenue increased 16.1% year on year to ¥8,565 million due to the steady progress of large-scale projects, while orders received decreased 0.4% year on year to ¥6,247 million. Operating profit was ¥936 million (same period of previous fiscal year: operating loss of ¥70 million due to the provision for loss on construction contracts, etc.).

(2) Explanation of Financial Position

Total assets at the end of the first six months of the fiscal year, amounted to ¥170,565 million, an increase of ¥14,427 million from the end of the previous fiscal year. This was mainly due to a ¥12,744 million increase in contract assets.

Total liabilities were ¥98,241 million, an increase of ¥14,398 million from the end of the previous fiscal year. This was mainly due to a ¥22,798 million increase in borrowings while a ¥5,003 million decrease in other current liabilities.

Total equity was ¥72,323 million, an increase of ¥29 million from the end of the previous fiscal year. This was mainly due to a ¥21 million increase in share capital and a ¥26 million increase in capital surplus.

As a result, ratio of equity attributable to owners of parent to total assets decreased 3.8 percentage points from the end of the previous fiscal year to 41.5%.

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

The business performance of the Group in the consolidated second quarter under review generally progressed as initially expected. As for the future outlook, the full-year earnings forecast for the fiscal year ending June 30, 2022 (from July 1, 2021 to June 30, 2022) remains unchanged from the forecast announced on August 13, 2021 taking into account the trends of each segment, etc. although there are uncertainties such as the situation in the control of COVID-19.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of June 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	17,838	14,539
Trade and other receivables	21,189	20,103
Contract assets	24,327	37,071
Other financial assets	1,315	1,454
Other current assets	3,900	6,358
Total current assets	68,570	79,527
Non-current assets		
Property, plant and equipment	40,832	36,837
Right-of-use assets	9,229	9,538
Goodwill	9,182	9,561
Intangible assets	6,502	6,661
Investment property	4,094	8,504
Investments accounted for using equity method	2,077	2,364
Retirement benefit asset	4,391	4,398
Other financial assets	7,434	8,397
Deferred tax assets	2,437	2,499
Other non-current assets	1,384	2,274
Total non-current assets	87,566	91,037
Total assets	156,137	170,565

(Millions of yen)

	As of June 30, 2021	As of December 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	8,320	31,859
Lease liabilities	2,678	2,675
Trade and other payables	9,076	6,652
Contract liabilities	10,645	9,478
Other financial liabilities	3,005	2,826
Income taxes payable	2,228	775
Provisions	818	1,254
Other current liabilities	12,115	7,111
Total current liabilities	48,889	62,633
Non-current liabilities		
Borrowings	18,712	17,971
Lease liabilities	6,699	7,044
Other financial liabilities	648	591
Retirement benefit liability	3,861	3,949
Provisions	375	1,144
Deferred tax liabilities	4,533	4,607
Other non-current liabilities	122	298
Total non-current liabilities	34,953	35,608
Total liabilities	83,843	98,241
Equity		
Share capital	7,480	7,501
Capital surplus	6,428	6,454
Treasury shares	(0)	(4)
Other components of equity	2,820	3,323
Retained earnings	53,996	53,483
Total equity attributable to owners of parent	70,725	70,758
Non-controlling interests	1,569	1,565
Total equity	72,294	72,323
Total liabilities and equity	156,137	170,565

(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income

(Condensed Quarterly Consolidated Statement of Profit or Loss)

(Millions of yen)

	For the six months ended December 31, 2020 (From July 1, 2020 to December 31, 2020)	For the six months ended December 31, 2021 (From July 1, 2021 to December 31, 2021)
Revenue	47,140	52,981
Cost of sales	(33,704)	(38,065)
Gross profit	13,435	14,915
Selling, general and administrative expenses	(13,099)	(14,129)
Share of profit (loss) of investments accounted for using equity method	(92)	213
Other income	409	295
Other expenses	(2,382)	(27)
Operating profit (loss)	(1,730)	1,268
Finance income	133	476
Finance costs	(409)	(226)
Profit (loss) before tax	(2,005)	1,517
Income tax expense	(220)	(877)
Profit (loss)	(2,225)	640
Profit (loss) attributable to		
Owners of parent	(2,055)	615
Non-controlling interests	(170)	25
Profit (loss)	(2,225)	640
Earnings (loss) per share		
Basic earnings (loss) per share	(135.96)	40.87
Diluted earnings (loss) per share	(135.96)	40.87

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	For the six months ended December 31, 2020 (From July 1, 2020 to December 31, 2020)	For the six months ended December 31, 2021 (From July 1, 2021 to December 31, 2021)
Profit (loss)	(2,225)	640
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	99	237
Share of other comprehensive income of investments accounted for using equity method	-	0
Total of items that will not be reclassified to profit or loss	99	237
Items that may be reclassified to profit or loss		
Cash flow hedges	3	3
Exchange differences on translation of foreign operations	670	268
Share of other comprehensive income of investments accounted for using equity method	0	19
Total of items that may be reclassified to profit or loss	674	291
Other comprehensive income	773	528
Comprehensive income	(1,452)	1,169
Comprehensive income attributable to		
Owners of parent	(1,249)	1,119
Non-controlling interests	(202)	49
Comprehensive income	(1,452)	1,169

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the Six Months Ended December 31, 2020 (From July 1, 2020 to December 31, 2020)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Equity financial assets measured at fair value through other comprehensive income
Balance as of July 1, 2020	7,458	6,498	(2,415)	(432)	(36)	471
Profit (loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	703	3	99
Total comprehensive income	-	-	-	703	3	99
Issuance of new shares	21	21	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	(0)	-	-	-
Disposal of treasury shares	-	(17)	247	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Purchase and disposal of non-controlling interests	-	(0)	-	(0)	-	-
Transfer to retained earnings	-	-	-	-	-	-
Total transactions with owners	21	4	247	(0)	-	-
Balance as of December 31, 2020	7,480	6,502	(2,168)	270	(33)	570

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Balance as of July 1, 2020	-	1	52,675	64,219	1,502	65,721
Profit (loss)	-	-	(2,055)	(2,055)	(170)	(2,225)
Other comprehensive income	-	805	-	805	(32)	773
Total comprehensive income	-	805	(2,055)	(1,249)	(202)	(1,452)
Issuance of new shares	-	-	-	43	-	43
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(0)	-	(0)
Disposal of treasury shares	-	-	-	230	-	230
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	(1,138)	(1,138)	(28)	(1,166)
Purchase and disposal of non-controlling interests	-	(0)	-	(0)	118	118
Transfer to retained earnings	-	-	-	-	-	-
Total transactions with owners	-	(0)	(1,138)	(865)	90	(775)
Balance as of December 31, 2020	-	807	49,481	62,103	1,389	63,493

For the Six Months Ended December 31, 2021 (From July 1, 2021 to December 31, 2021)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Equity financial assets measured at fair value through other comprehensive income
Balance as of July 1, 2021	7,480	6,428	(0)	1,982	(30)	867
Profit (loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	264	3	237
Total comprehensive income	-	-	-	264	3	237
Issuance of new shares	21	21	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	(4)	-	-	-
Disposal of treasury shares	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Purchase and disposal of non-controlling interests	-	5	-	(1)	-	-
Transfer to retained earnings	-	-	-	-	-	-
Total transactions with owners	21	26	(4)	(1)	-	-
Balance as of December 31, 2021	7,501	6,454	(4)	2,245	(27)	1,104

	Equity attributable to owners of parent					
	Other components of equity				Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total	Retained earnings	Total		
Balance as of July 1, 2021	-	2,820	53,996	70,725	1,569	72,294
Profit (loss)	-	-	615	615	25	640
Other comprehensive income	0	504	-	504	23	528
Total comprehensive income	0	504	615	1,119	49	1,169
Issuance of new shares	-	-	-	42	-	42
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(4)	-	(4)
Disposal of treasury shares	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-
Dividends	-	-	(1,128)	(1,128)	(15)	(1,143)
Purchase and disposal of non-controlling interests	-	(1)	-	3	(37)	(33)
Transfer to retained earnings	(0)	(0)	0	-	-	-
Total transactions with owners	(0)	(1)	(1,128)	(1,087)	(52)	(1,140)
Balance as of December 31, 2021	-	3,323	53,483	70,758	1,565	72,323

(4) Condensed Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the six months ended December 31, 2020 (From July 1, 2020 to December 31, 2020)	For the six months ended December 31, 2021 (From July 1, 2021 to December 31, 2021)
Cash flows from operating activities		
Profit (loss) before tax	(2,005)	1,517
Depreciation and amortization	2,243	2,409
Impairment losses	1,821	-
Loss (gain) on financial assets measured at fair value through profit or loss	(45)	(62)
Interest and dividend income	(158)	(230)
Interest expenses	206	226
Share of loss (profit) of investments accounted for using equity method	92	(213)
Loss (gain) on derivatives	188	(201)
Decrease (increase) in trade and other receivables	2,584	1,555
Decrease (increase) in contract assets	(10,985)	(12,710)
Decrease (increase) in advance payments to suppliers	(36)	(1,066)
Decrease (increase) in insurance claims receivable	-	(1,390)
Increase (decrease) in trade and other payables	(1,400)	(2,499)
Increase (decrease) in contract liabilities	538	(1,204)
Increase (decrease) in consumption taxes payable	(178)	(3,405)
Increase (decrease) in deposits received	346	(227)
Increase (decrease) in accrued expenses	(688)	(1,951)
Increase (decrease) in bonus payable	(698)	(711)
Increase (decrease) in provisions	424	1,190
Other	258	(63)
Sub total	(7,490)	(19,040)
Dividends received	60	86
Interest received	101	136
Interest paid	(220)	(223)
Income taxes paid	(1,316)	(2,363)
Net cash provided by (used in) operating activities	(8,865)	(21,404)
Cash flows from investing activities		
Payments into time deposits	(16)	(200)
Proceeds from withdrawal of time deposits	127	275
Purchase of property, plant and equipment	(749)	(871)
Purchase of intangible assets	(455)	(202)
Purchase of other financial assets	(0)	(554)
Proceeds from sale and redemption of other financial assets	1	71
Payments for acquisition of subsidiaries	-	(256)
Other	(10)	(32)
Net cash provided by (used in) investing activities	(1,103)	(1,769)
Cash flows from financing activities		
Proceeds from short-term borrowings	161,000	102,000
Repayments of short-term borrowings	(157,000)	(75,534)
Proceeds from long-term borrowings	15,000	1,777
Repayments of long-term borrowings	(3,208)	(5,657)
Repayments of lease liabilities	(1,363)	(1,499)
Dividends paid	(1,144)	(1,145)
Other	246	(38)
Net cash provided by (used in) financing activities	13,530	19,902
Net increase (decrease) in cash and cash equivalents	3,561	(3,272)
Cash and cash equivalents at beginning of period	15,472	17,838
Effect of exchange rate changes on cash and cash equivalents	116	(27)
Cash and cash equivalents at end of period	19,151	14,539

(5) Primary Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes on Significant Changes in Shareholders' Equity)

(Issuance of restricted stock compensation)

In accordance with the resolution of the Extraordinary Board of Directors Meeting held on September 29, 2021, we issued new shares as restricted stock compensation for Directors on October 28, 2021. As a result, capital stock and capital reserve increased by ¥21 million, respectively, during the six months ended December 31, 2021.

Subsequently, share capital and capital surplus at the end of the first six months of the fiscal year were ¥7,501 million and ¥6,454 million, respectively.

(Segment Information, etc.)

1. Outline of reportable segments

(1) Method of determination of reportable segments

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

The Group has business management divisions separated by type of products and services at the head office. Each business management division formulates a comprehensive strategy based on the products and services and engages in conducting business activities.

In line with the above, the Group is composed of segments divided by products and services, with each business management division serving as the foundation, and the three reportable segments are "Consulting", "Urban & Spatial Development" and "Energy".

(2) Types of products and services by reportable segment

The "Consulting" engages in business within and outside Japan such as site surveying, planning, evaluation/assessment, designing, and construction management. It operates in the fields of rivers and water resources, water and sewage, agricultural and rural development, dams and power generation, transportation (roads, railroads, ports and airports), urban and regional development, geology, disaster prevention, sand control, environment, information systems, etc.

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

The "Energy" engages in manufacturing and sale of electric power equipment and control devices as well as planning, design, construction and construction management of mechanical, electrical and communication facilities as well as the energy management business utilizing distributed energy resources.

2. Changes in reportable segments

From the first quarter of the fiscal year ending June 30, 2022, the Company has integrated the "Domestic Consulting" and "International Consulting" segments into the "Consulting" segment, and the "Power Engineering" and "Energy" segments into the "Energy" segment to strengthen the business axis, which is the first resilience policy in the medium-term management plan "Building Resilience 2024." In addition, "Real Estate Leasing" is included in "Others" as it is no longer a business segment. As a result of these changes, the previous six segments of "Domestic Consulting," "International Consulting," "Power Engineering," "Urban & Spatial Development," "Energy," and "Real Estate Leasing" have been reclassified into three segments of "Consulting," "Urban & Spatial Development," and "Energy". Also, PT. CIKAENGAN TIRTA ENERGI, a consolidated subsidiary of the Company, has been reclassified from the "Energy" segment to the "Consulting"

segment since the first quarter of the fiscal year ending June 30, 2022 as a result of reviewing the group management framework.

Please note that segment information for the second quarter of the previous fiscal year ended June 30, 2021 is provided based on the new reporting segments.

3. Information about reportable segments

The internal intersegment revenue or transfers are based on the transaction price determined after price negotiations taking into consideration the market price, etc.

For the six months ended December 31, 2020 (from July 1, 2020 to December 31, 2020)

(Millions of yen)

	Reportable Segments			
	Consulting	Urban & Spatial Development	Energy	Total
Revenue				
Revenue from external customers	30,363	8,918	7,379	46,662
Intersegment revenue and transfers	127	0	123	251
Total	30,490	8,919	7,503	46,913
Segment profit (loss)	(1,859)	804	(70)	(1,125)
Finance income				
Finance costs				
Profit (loss) before tax				

	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
Revenue				
Revenue from external customers	477	47,140	-	47,140
Intersegment revenue and transfers	369	620	(620)	-
Total	847	47,760	(620)	47,140
Segment profit (loss)	(620)	(1,745)	15	(1,730)
Finance income				133
Finance costs				(409)
Profit (loss) before tax				(2,005)

Notes: 1. The category of "Others" includes revenues from constituent units that have not earned revenues or earn only incidental revenues.

2. "Adjustments" is mainly elimination of transaction between segments.

For the six months ended December 31, 2021 (from July 1, 2021 to December 31, 2021)

(Millions of yen)

	Reportable Segments			
	Consulting	Urban & Spatial Development	Energy	Total
Revenue				
Revenue from external customers	33,626	10,426	8,565	52,617
Intersegment revenue and transfers	167	18	130	316
Total	33,794	10,444	8,695	52,933
Segment profit (loss)	434	769	936	2,140
Finance income				
Finance costs				
Profit (loss) before tax				

	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
Revenue				
Revenue from external customers	363	52,981	-	52,981
Intersegment revenue and transfers	314	630	(630)	-
Total	678	53,612	(630)	52,981
Segment profit (loss)	(882)	1,257	10	1,268
Finance income				476
Finance costs				(226)
Profit (loss) before tax				1,517

Notes: 1. The category of "Others" includes revenues from constituent units that have not earned revenues or earn only incidental revenues.

2. "Adjustments" is mainly elimination of transaction between segments.

(Significant Subsequent Events)

There is no relevant information.

3. Other Information

(1) Status of Orders and Revenue

By period Category/Segment		For the six months ended December 31, 2020		For the six months ended December 31, 2021		For the fiscal year ended June 30, 2021	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Orders received	Consulting	39,432	75.8	35,209	70.0	97,769	73.3
	Urban & Spatial Development	6,281	12.1	8,791	17.5	21,457	16.1
	Energy	6,270	12.0	6,247	12.4	13,991	10.5
	Others	48	0.1	29	0.1	86	0.1
	Total	52,033	100.0	50,278	100.0	133,304	100.0
Revenue 1	Consulting	32,458	68.8	35,690	67.4	85,236	72.3
	Urban & Spatial Development	8,097	17.2	10,025	18.9	18,209	15.5
	Energy	6,106	13.0	6,901	13.0	13,548	11.5
	Others	477	1.0	363	0.7	865	0.7
	Total	47,140	100.0	52,981	100.0	117,859	100.0
Revenue 2	Consulting	30,363	64.4	33,626	63.4	80,098	68.0
	Urban & Spatial Development	8,918	18.9	10,426	19.7	20,274	17.2
	Energy	7,379	15.7	8,565	16.2	16,621	14.1
	Others	477	1.0	363	0.7	865	0.7
	Total	47,140	100.0	52,981	100.0	117,859	100.0

By period Category/Segment		For the six months ended December 31, 2020		For the six months ended December 31, 2021		For the fiscal year ended June 30, 2021	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Foreign exchange and other adjustments	Consulting	(1,209)		(293)		931	
	Urban & Spatial Development	1,000		241		2,800	
	Energy	-		-		(0)	
	Others	-		-		-	
	Total	(208)		(52)		3,731	
Outstanding Orders	Consulting	130,487	77.1	137,411	75.5	138,186	75.0
	Urban & Spatial Development	16,205	9.6	22,076	12.1	23,068	12.5
	Energy	22,492	13.3	22,593	12.4	22,994	12.5
	Others	-		1	0.0	0	0.0
	Total	169,185	100.0	182,082	100.0	184,250	100.0

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

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

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

4. Foreign exchange and other adjustments include those related to exchange differences and outstanding order revisions.

5. As disclosed in "2. Condensed Quarterly Consolidated Financial Statements and Primary Notes (5) Primary Notes to Condensed Quarterly Consolidated Financial Statements (Segment information, etc.)," the Group has changed its reportable segments since the first quarter of the fiscal year ending June 30, 2022. The figures for the six months ended December 31, 2020 and for the fiscal year ended June 30, 2021 have been provided based on the new reporting segments.