



## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets
	Million yen	Million yen	%
As of December 31, 2020	110,006	46,043	41.7
As of March 31, 2020	119,469	49,592	41.4

Note: Shareholders' equity: As of December 31, 2020 45,893 million yen  
As of March 31, 2020 49,443 million yen

## 2. Dividends

Period	Dividends per share				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	—	31.00	—	40.00	71.00
Fiscal year ending March 31, 2021	—	40.00	—		
Fiscal year ending March 31, 2021 (Forecast)				20.00	—

Note:

1. Revision of forecast for dividends from the latest announcement: No
2. The Company effectuated a 2-for-1 ordinary share stock split on October 1, 2020. Dividends per share for the fourth quarter of the fiscal year ending March 31, 2021 (forecast) is calculated reflecting the effect of the stock split. The annual dividends per share for the fiscal year ending March 31, 2021 (forecast) is shown as “—”. Dividends per share for the fourth quarter and the full year of the fiscal year ending March 31, 2021 (forecast), without taking into consideration the effect of the stock split, would be 40.00 yen and 80.00 yen, respectively.

## 3. Forecast for consolidated operating results for the fiscal year ending March 31, 2021

(Percentages are year-to-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share - Basic -
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2021	130,000	1.0	10,500	27.7	10,500	29.1	6,800	19.8	156.51

Note:

1. Revision of forecast for operating results from the latest announcement: No
2. The Company effectuated a 2-for-1 ordinary share stock split on October 1, 2020. Net income per share - basic - above is calculated reflecting the effect of the stock split.

**Notes:**

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2020 (Changes in specified subsidiaries that caused a change in the scope of consolidation): No
- (2) Application of accounting method specific to preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - (a) Changes by a newly issued or amended accounting pronouncement: No
  - (b) Changes other than (3)-(a) above: No
  - (c) Changes in accounting estimates: No
  - (d) Retrospective restatement: No
- (4) Number of shares issued and outstanding (common stock)
  - (a) Number of shares issued and outstanding at the end of the period (including treasury stock): 51,847,000 shares as of March 31, 2020 and 51,847,000 shares as of December 31, 2020.
  - (b) Number of treasury stock at the end of the period: 8,400,372 shares as of March 31, 2020 and 8,400,432 shares as of December 31, 2020.
  - (c) Average number of shares issued and outstanding for the period: 50,899,751 shares for the nine months ended December 31, 2019 and 43,446,587 shares for the nine months ended December 31, 2020.

Note: The Company effectuated a 2-for-1 ordinary share stock split on October 1, 2020. Number of shares issued and outstanding at the end of the period, number of treasury stock at the end of the period, and average number of shares issued and outstanding for the period above are calculated assuming that the stock split became effective as of April 1, 2019.

\* This quarterly report is not subject to the quarterly review performed by certified public accountants or accounting firm.

\* Appropriate use of forecasts and other matters

Descriptions and statements in relation to estimates and other forward-looking projections disclosed in this document are based on judgments and assumptions using information currently available to the Company. Actual results may differ significantly from such projections due to risks of uncertainty inherent in such judgments and assumptions as well as changes in business operations and the internal and external environment of the Company. As such, the Company does not guarantee the accuracy of any forward-looking projections disclosed.

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# 1. Qualitative Information Regarding Consolidated Results for the Nine Months Ended December 31, 2020

## (1) Explanation of Operating Results

Japanese economy during the nine months ended December 31, 2020 was in a severe situation due to the effect of COVID-19 outbreak. The global economy was also in a severe situation due to the effect of global pandemic of COVID-19. While preventive measures against the spread of COVID-19 have been taken continuously, there are signs of recovery as the level of social and economic activities has been raised. However, there is a concern about the effect the re-spread of COVID-19 may have on the economic activities.

Under such circumstances, in order to achieve the Midterm Business Plan 2020 (through the fiscal year ending March 31, 2021) while taking preventive measures against the spread of COVID-19, the Group has been trying its best to implement the priority measures: i) strategic development investment, ii) business strategy (enhancement of foundation field and expansion of growth field) and iii) efforts of sustainable ESG.

The operating results of the Group for the nine months ended December 31, 2020 are as the table below.

Our business consists mostly of the domestic public work projects for government agencies, which are typically developed and completed intensively in the fourth quarter. As a result, operating results of the cumulative third quarter tend to be low, and this fiscal year is no exception.

In addition, in “Announcement on the results of the sale of the shares by the Company contributed to the retirement benefit trust” dated October 29, 2020, the plan was announced to reverse ¥2,365 million of cost of sales as well as selling, general and administrative expenses on the quarterly consolidated statement of income for the nine months ended December 31, 2020, as part of the lump-sum amortization of unrecognized actuarial gains/losses (credit). For the nine months ended December 31, 2020, ¥1,779 million was reversed to cost of sales as well as to selling, general and administrative expenses, and the difference was recognized in work in process.

	Nine months ended December 31, 2019 (Million yen)	Nine months ended December 31, 2020 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	56,502	58,497	1,995	3.5
Operating income	(3,473)	(1,086)	2,386	—
Ordinary income	(3,494)	(1,235)	2,258	—
Profit attributable to owners of parent	(2,563)	(1,077)	1,485	—
Sales orders	102,749	113,084	10,335	10.1
Outstanding orders	188,598	193,226	4,628	2.5

The Group’s business consists of two segments: Plant Engineering Business Segment including EPC (note 1) as foundation field and foreign business as growth field, and Service Solutions Business Segment including O&M (note 2) as foundation field and PPP (note 3) as growth field.

Operating results by segment are as follows:

Notes:

1. EPC: Engineering, Procurement and Construction
2. O&M: Operation and Maintenance
3. PPP (Public-Private Partnership): the means for the private sector to participate in providing services to the public

### (Plant Engineering Business)

The operating results of the Plant Engineering Business are as the table below.

Both net sales and operating income in the EPC business showed a steady growth, increasing year on year. In the international business, operating income decreased year on year, while net sales remained at the same level.

As part of the lump-sum amortization of unrecognized actuarial gains/losses (credit) due to the sale of shares contributed to the retirement benefit trust, ¥1,010 million was reversed to cost of sales as well as to selling, general and administrative expenses.

	Nine months ended December 31, 2019 (Million yen)	Nine months ended December 31, 2020 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	35,821	39,828	4,006	11.2
Operating income	(1,784)	198	1,983	—
Operating income (Note)	(1,784)	(811)	973	—
Sales orders	53,219	63,508	10,288	19.3
Outstanding orders	100,445	102,222	1,777	1.8

Note: Operating income excluding the effect of lump-sum amortization of unrecognized actuarial gains/losses (credit) due to the sale of shares contributed to the retirement benefit trust

### (Service Solutions Business)

The operating results of the Service Solutions Business are as the table below.

Both net sales and operating income in the O&M business decreased year on year. In the PPP business, net sales showed a steady growth, increasing year on year, while operating income remained at the same level.

As part of the lump-sum amortization of unrecognized actuarial gains/losses (credit) due to the sale of shares contributed to the retirement benefit trust, ¥769 million was reversed to cost of sales as well as to selling, general and administrative expenses.

	Nine months ended December 31, 2019 (Million yen)	Nine months ended December 31, 2020 (Million yen)	Increase/ (decrease) (Million yen)	Increase/ (decrease) (%)
Net sales	20,680	18,669	(2,011)	(9.7)
Operating income	(1,688)	(1,285)	402	—
Operating income (Note)	(1,688)	(2,054)	(366)	—
Sales orders	49,529	49,576	47	0.1
Outstanding orders	88,152	91,004	2,851	3.2

Note: Operating income excluding the effect of lump-sum amortization of unrecognized actuarial gains/losses (credit) due to the sale of shares contributed to the retirement benefit trust

## (2) Explanation of Financial Position

Total assets as of December 31, 2020 decreased by ¥9,462 million compared to March 31, 2020 to ¥110,006 million.

Current assets decreased by ¥13,683 million compared to March 31, 2020 to ¥88,257 million due to a decrease in accounts receivable - trade, offsetting an increase in cash and deposits as well as work in process.

Non-current assets increased by ¥4,221 million compared to March 31, 2020 to ¥21,748 million due to an increase in goodwill.

Current liabilities decreased by ¥4,473 million compared to March 31, 2020 to ¥49,860 million due to a decrease in accounts payable - trade, offsetting an increase in advances received.

Non-current liabilities decreased by ¥1,440 million compared to March 31, 2020 to ¥14,102 million due to a decrease in PFI and other project finance loans.

Total net assets decreased by ¥3,549 million compared to March 31, 2020 to ¥46,043 million due to the recognition of loss attributable to owners of parent and payment of dividends.

### **(3) Explanation of Consolidated Business Forecast**

There is no change in the forecast for the fiscal year ending March 31, 2021 announced on October 28, 2020.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	13,645	16,331
Notes and accounts receivable - trade	78,109	40,416
Work in process	3,357	20,450
Supplies	4,711	6,408
Other current assets	2,118	4,650
Total current assets	101,941	88,257
Non-current assets		
Property, plant and equipment	3,184	3,730
Intangible assets		
Goodwill	1,671	3,989
Customer-related assets	2,506	2,289
Other	1,830	2,144
Total intangible assets	6,008	8,422
Investments and other assets	8,333	9,595
Total non-current assets	17,527	21,748
Total assets	119,469	110,006

**(1) Quarterly Consolidated Balance Sheets (continued)**

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	19,801	10,585
Electronically recorded obligations	11,603	9,291
Short-term loans payable	276	543
Current portion of PFI and other project finance loans	855	861
Income taxes payable	2,206	24
Advances received	9,011	20,305
Provision for warranties for completed construction	1,340	1,235
Provision for loss on construction contracts	579	745
Other current liabilities	8,658	6,267
<b>Total current liabilities</b>	<b>54,333</b>	<b>49,860</b>
Non-current liabilities		
Long-term loans payable	1,539	1,328
PFI and other project finance loans	9,849	9,027
Liability for retirement benefit	4,025	3,413
Other non-current liabilities	128	332
<b>Total non-current liabilities</b>	<b>15,542</b>	<b>14,102</b>
<b>Total liabilities</b>	<b>69,876</b>	<b>63,963</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,946	11,946
Capital surplus	15,080	15,080
Retained earnings	37,900	35,105
Treasury stock	(14,289)	(14,289)
<b>Total shareholders' equity</b>	<b>50,638</b>	<b>47,843</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54	70
Foreign currency translation adjustment	(366)	(487)
Remeasurements of defined benefit plans	(882)	(1,532)
<b>Total accumulated other comprehensive income</b>	<b>(1,194)</b>	<b>(1,950)</b>
Non-controlling interest	148	149
<b>Total net assets</b>	<b>49,592</b>	<b>46,043</b>
<b>Total liabilities and net assets</b>	<b>119,469</b>	<b>110,006</b>

**(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**

**Quarterly Consolidated Statement of Income**

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	56,502	58,497
Cost of sales	46,409	47,417
Gross profit	10,093	11,080
Selling, general and administrative expenses	13,566	12,166
Operating loss	(3,473)	(1,086)
Non-operating income		
Interest income	132	117
Dividends income	45	39
Gains on step acquisition	—	82
Miscellaneous income	21	31
Total non-operating income	198	270
Non-operating expenses		
Interest expenses	148	115
Loss on disposal of non-current assets	6	44
Foreign exchange loss	56	244
Miscellaneous loss	9	15
Total non-operating expenses	220	420
Ordinary loss	(3,494)	(1,235)
Loss before income taxes	(3,494)	(1,235)
Income taxes	(977)	(160)
Net loss	(2,516)	(1,075)
Profit attributable to non-controlling interests	46	2
Loss attributable to owners of parent	(2,563)	(1,077)

**(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income (continued)**

**Quarterly Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net loss	(2,516)	(1,075)
Other comprehensive income		
Valuation difference on available-for-sale securities	15	16
Foreign currency translation adjustment	(283)	(121)
Remeasurements of defined benefit plans	286	(650)
Total other comprehensive income	18	(755)
Comprehensive income	(2,498)	(1,830)
(Details)		
Comprehensive income attributable to owners of parent	(2,545)	(1,832)
Comprehensive income attributable to non-controlling interests	46	2

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Notes on Going Concern Assumption**

No items to report.

#### **Notes on Significant Changes in Shareholders' Equity**

No items to report.

#### **Application of Accounting Method Specific to Preparation of Quarterly Consolidated Financial Statements**

##### **(Calculation of Tax Expenses)**

Tax expenses are calculated by reasonably estimating the effective tax rate applied to income before income taxes for the consolidated fiscal year including the nine months ended December 31, 2020 after applying tax effect accounting, and multiplying such effective tax rate with income before income taxes for the quarter.

## Segment Information

Net sales and income or loss by reportable segment for the nine months ended December 31, 2019  
(Millions of yen)

	Reportable segments			Adjustments	Consolidated
	Plant Engineering Business	Service Solutions Business	Total		
Net Sales					
Sales to third parties	35,821	20,680	56,502	—	56,502
Inter-segment transactions and transfers	—	—	—	—	—
Total	35,821	20,680	56,502	—	56,502
Segment loss	(1,784)	(1,688)	(3,473)	—	(3,473)

Note: Segment loss is based on operating loss. There is no difference between segment loss and operating loss recorded on the quarterly consolidated statement of income.

Net sales and income or loss by reportable segment for the nine months ended December 31, 2020  
(Millions of yen)

	Reportable segments			Adjustments	Consolidated
	Plant Engineering Business	Service Solutions Business	Total		
Net Sales					
Sales to third parties	39,828	18,669	58,497	—	58,497
Inter-segment transactions and transfers	—	—	—	—	—
Total	39,828	18,669	58,497	—	58,497
Segment income/(loss)	198	(1,285)	(1,086)	—	(1,086)

Note: Segment loss is based on operating loss. There is no difference between segment loss and operating loss recorded on the quarterly consolidated statement of income.

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