

Consolidated Financial Results for the Six Months Ended December 31, 2022 [IFRS]



February 13, 2023

Company name: Nippon Koei Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1954

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

Representative: Hiroaki Shinya, Representative Director and President

Contact: Yasushi Hirusaki, Director General of Corporate Management Headquarters, Director

Phone: +81-3-3238-8040

Scheduled date of filing quarterly securities report: February 13, 2023

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, 2022 (from July 1, 2022 to December 31, 2022)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six Months ended December 31, 2022	58,451	10.3	1,235	(2.6)	269	(82.3)	(296)	-	(1,054)	-
December 31, 2021	52,981	12.4	1,268	-	1,517	-	640	-	615	-

	Basic earnings per share	Diluted earnings per share
Six Months ended December 31, 2022	Yen (70.03)	Yen (70.03)
December 31, 2021	40.87	40.87

(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 December 31, 2022	Million yen 190,758	Million yen 76,545	Million yen 73,792	38.7%
June 30, 2022	173,926	81,969	78,088	44.9%

2. Dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2022	-	-	-	125.00	125.00
Fiscal year ending June 30, 2023	-	-			
Fiscal year ending June 30, 2023(Forecast)			-	125.00	125.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	145,000	11.0	11,300	24.6	6,700	1.8	444.81

(Note) Revision to the financial results forecast announced most recently: None

*** Notes:**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
New companies: None
Excluded companies: IRONMONT HYDRO PTE. LTD.
ACEI SINGAPORE HOLDINGS PRIVATE LTD.

- (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, 2022	:	15,068,948 shares
As of June 30, 2022	:	15,060,314 shares

- 2) Total number of treasury shares at the end of the period

As of December 31, 2022	:	2,480 shares
As of June 30, 2022	:	1,811 shares

- 3) Average number of shares during the period

Six Months Ended December 31, 2022	:	15,062,549 shares
Six Months Ended December 31, 2021	:	15,053,545 shares

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

* 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 publication date of this document and it is not intended to guarantee the Company's future performance. Actual results may significantly differ from the forecasts due to a wide range of factors.

Table of Contents of Attachment

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements	4
2. Condensed Quarterly Consolidated Financial Statements and Primary Notes.....	5
(1) Condensed Quarterly Consolidated Statement of Financial Position	5
(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Comprehensive Income.....	7
(3) Condensed Quarterly Consolidated Statement of Changes in Equity.....	9
(4) Condensed Quarterly Consolidated Statement of Cash Flows	11
(5) Primary Notes to Condensed Quarterly Consolidated Financial Statements.....	12
(Notes on Going Concern Assumption)	12
(Notes on Significant Changes in Shareholders' Equity)	12
(Segment Information)	12
(Significant Subsequent Events).....	14
3. Other Information.....	15
(1) Status of Orders and Revenue.....	15

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended December 31, 2022 (July 1, 2022 to December 31, 2022), the Japanese economy is expected to recover due to the effects of various policies as the transition to a new stage of life with COVID-19 progresses. However, while global monetary tightening, etc. continues, we need to pay close attention to the effects of price increases, supply-side constraints, and fluctuations in the financial and capital markets in addition to the risk that the downside in overseas economies would hold down the Japanese economy.

With regard to the business environment surrounding NIPPON KOEI CO., LTD. (the “Company”) and its subsidiaries (together, the “Group”), we recognize that the situation is unpredictable. There is an increasing risk of uncertainty in the international situation such as global inflation and a weak yen triggered by the COVID-19 pandemic and Russia’s invasion of Ukraine while we are facing global issues that require immediate action, such as climate change and income disparities. In the Consulting Business, the domestic market is expected to continue to secure public work budgets for national resilience and regional revitalization and the market is expected to expand especially in the field of disaster prevention and mitigation. In the overseas market, the Japanese government is aiming to strengthen budgets with “Infrastructure System Overseas Promotion Strategy 2025” as an axis, but business operations are expected to be difficult due to the delay in formation of some projects caused by the impact of COVID-19 and review of the business in association with inflation and yen depreciation. In the Urban & Spatial Development Business, the need for sustainable urban restructuring, which attracts ESG investment, is increasing in Japan, Europe and the United States. Also, the need for the urban development business including preparation and maintenance of transportation-related facilities and peripheral infrastructures is strong in developing countries. In the Energy Business, new opportunities are expected to be created leading to competition toward the target of carbon neutrality in 2050 in addition to the demand for updating the aging existing equipment in Japan. However, it is necessary to agilely cope with policy change due to the rising global energy cost although the trend of shifting to renewable energy remains unchanged.

The Group is taking steps to prevent COVID-19 with an active defense system. In addition, to achieve work-life balance and improve productivity, we are promoting telework and other work style reforms.

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” as a basis for that.

As a result, the Group ended the six months of the current fiscal year with orders received increased 17.4% year on year to ¥59,016 million, mainly due to steady progress in the Energy Business. Revenue increased 10.3% year on year to ¥58,451 million, mainly due to steady progress in the Consulting Business. Operating profit decreased 2.6% year on year to ¥1,235 million due to increased expenses in the Consulting Business and the Urban & Spatial Development Business. Loss attributable to owners of parent amounted to ¥1,054 million due to foreign exchange losses (same period of the previous fiscal year :profit of ¥615 million).

Revenue for the six months ended December 31, 2022 were ¥58,451 million, an achievement rate of 40.3% against the revenue forecast of ¥145,000 million for the current fiscal year (same period of previous fiscal year: 40.4%). This is due to the fact that, as the Group's business structure, a large proportion of operations is progressing in the second half of the fiscal year and there are seasonal fluctuations in the recording of revenue. On the other hand, expenses such as selling, general and administrative expenses were generated evenly throughout the year, the Group recorded loss attributable to owners of parent for the six months ended December 31, 2022.

Business results for each segment are as follows: As some of our subsidiaries have changed their reportable segments, effective from the first quarter of the current fiscal year, comparisons with the 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) 2. Changes in reportable segments."

[Consulting]

In the Consulting Business, we worked to utilize new technologies, assure quality and safety and increase productivity. We also promoted cross-sectional co-creation projects such as those related to river basin flood control, climate change, SDGs, renewable energy and multi-hazards.

As a result, orders received increased 1.4% year on year to ¥29,708 million and revenue increased 16.0% year on year to ¥33,042 million due to steady progress in the domestic projects and operating loss was ¥219 million (same period of previous fiscal year: operating profit of ¥647 million) due to an increase in business travelers by easing of entry restrictions in various countries and increase in travel costs caused by inflation.

[Urban & Spatial Development]

In the Urban & Spatial Development Business, we worked to form urban (re-)development projects centering on NIPPON KOEI URBAN SPACE CO., LTD., which was established by consolidating the Urban & Spatial Development Business of the Company and our group company TAMANO CONSULTANTS CO., LTD. (on July 1, 2022).

We also worked to expand business in the U.K. and North American markets and to establish a business foundation in the Asian market through group-wide collaboration.

As a result, orders received increased 34.6% year on year to ¥19,770 million due to orders for large-scale projects at BDP HOLDINGS LIMITED and its subsidiaries ("BDP"). Revenue increased 5.5% year on year to ¥16,399 million and operating profit decreased 64.2% year on year to ¥198 million due to increase of selling, general and administrative expenses related to the organizational integration of NIPPON KOEI URBAN SPACE CO., LTD., and prior investments in building a foundation for BDP's business expansion.

[Energy]

In the Energy Business, we worked to strengthen the structure of the existing energy-related consulting and engineering projects, build a foundation for energy management projects such as battery storage and aggregation and stabilize the manufacturing projects by strengthening core products and developing new ones.

As a result, orders received increased 50.7% year on year to ¥9,418 million due to orders for a large-scale project such as EPC project for construction of next-generation energy supply base, revenue increased 0.1% year on year to ¥8,577 million, and operating profit increased 118.7% year on year to ¥2,047 million by gain on sale of shares of PT. ARKORA HYDRO, a former associated company of the Group, and gain on investments in securities.

(2) Explanation of Financial Position

Total assets at the end of the first six months of the fiscal year, amounted to ¥190,758 million, an increase of ¥16,832 million from the end of the previous fiscal year. This was mainly due to a ¥15,135 million increase in contract assets.

Total liabilities were ¥114,213 million, an increase of ¥22,256 million from the end of the previous fiscal year. This was mainly due to a ¥28,090 million increase in borrowings.

Total equity was ¥76,545 million, a decrease of ¥5,423 million from the end of the previous fiscal year. This was mainly due to a ¥2,931 million decrease in retained earnings.

As a result, ratio of equity attributable to owners of parent to total assets decreased 6.2 percentage points from the end of the previous fiscal year to 38.7%.

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

The full-year forecasts remain unchanged from those announced on August 12, 2022 since the performance of Group for the first six months of the current fiscal year is generally progressing within the range of the forecast of Group at the beginning of the fiscal year in each segment.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	<u>As of June 30, 2022</u>	<u>As of December 31, 2022</u>
Assets		
Current assets		
Cash and cash equivalents	17,971	16,755
Trade and other receivables	27,042	27,716
Contract assets	26,450	41,586
Other financial assets	3,779	2,289
Other current assets	8,290	6,401
Total current assets	<u>83,535</u>	<u>94,748</u>
Non-current assets		
Property, plant and equipment	41,403	46,828
Right-of-use assets	9,067	9,974
Goodwill	10,207	10,386
Intangible assets	7,025	6,750
Investment property	6,250	5,638
Investments accounted for using equity method	2,434	2,872
Retirement benefit asset	3,624	3,646
Other financial assets	6,423	6,508
Deferred tax assets	2,429	2,632
Other non-current assets	1,523	771
Total non-current assets	<u>90,390</u>	<u>96,009</u>
Total assets	<u><u>173,926</u></u>	<u><u>190,758</u></u>

(Millions of yen)

	<u>As of June 30, 2022</u>	<u>As of December 31, 2022</u>
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	13,148	44,080
Lease liabilities	2,729	2,563
Trade and other payables	10,400	11,054
Contract liabilities	8,837	8,294
Other financial liabilities	4,561	4,858
Income taxes payable	2,551	433
Provisions	653	1,115
Other current liabilities	12,957	8,304
Total current liabilities	<u>55,840</u>	<u>80,706</u>
Non-current liabilities		
Borrowings	19,288	16,446
Lease liabilities	6,556	7,663
Other financial liabilities	665	637
Retirement benefit liability	3,896	3,955
Provisions	674	90
Deferred tax liabilities	4,683	4,468
Other non-current liabilities	351	245
Total non-current liabilities	<u>36,116</u>	<u>33,507</u>
Total liabilities	91,956	114,213
Equity		
Share capital	7,501	7,517
Capital surplus	6,454	6,470
Treasury shares	(34)	(8)
Other components of equity	5,252	3,830
Retained earnings	58,914	55,982
Total equity attributable to owners of parent	<u>78,088</u>	<u>73,792</u>
Non-controlling interests	3,881	2,752
Total equity	<u>81,969</u>	<u>76,545</u>
Total liabilities and equity	<u><u>173,926</u></u>	<u><u>190,758</u></u>

(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, 2021 (From July 1, 2021 to December 31, 2021)	For the six months ended December 31, 2022 (From July 1, 2022 to December 31, 2022)
Revenue	52,981	58,451
Cost of sales	(38,065)	(42,537)
Gross profit	14,915	15,913
Selling, general and administrative expenses	(14,129)	(15,941)
Share of profit (loss) of investments accounted for using equity method	213	(5)
Other income	295	2,271
Other expenses	(27)	(1,002)
Operating profit	1,268	1,235
Finance income	476	195
Finance costs	(226)	(1,161)
Profit before tax	1,517	269
Income tax expense	(877)	(565)
Profit (loss)	640	(296)
Profit (loss) attributable to		
Owners of parent	615	(1,054)
Non-controlling interests	25	758
Profit (loss)	640	(296)
Earnings (loss) per share		
Basic earnings (loss) per share	40.87	(70.03)
Diluted earnings (loss) per share	40.87	(70.03)

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	For the six months ended December 31, 2021 (From July 1, 2021 to December 31, 2021)	For the six months ended December 31, 2022 (From July 1, 2022 to December 31, 2022)
Profit (loss)	640	(296)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	237	183
Share of other comprehensive income of investments accounted for using equity method	0	1
Total of items that will not be reclassified to profit or loss	237	184
Items that may be reclassified to profit or loss		
Cash flow hedges	3	3
Exchange differences on translation of foreign operations	268	(1,588)
Share of other comprehensive income of investments accounted for using equity method	19	(42)
Total of items that may be reclassified to profit or loss	291	(1,627)
Other comprehensive income	528	(1,443)
Comprehensive income	1,169	(1,739)
Comprehensive income attributable to		
Owners of parent	1,119	(2,475)
Non-controlling interests	49	735
Comprehensive income	1,169	(1,739)

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

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	-	-	-	-	-	-
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	-	-	-	-	-	-
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		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Balance as of July 1, 2021	-	2,820	53,996	70,725	1,569	72,294
Profit	-	-	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	-	-	-	-	-	-
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

For the Six Months Ended December 31, 2022 (From July 1, 2022 to December 31, 2022)

(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, 2022	7,501	6,454	(34)	4,620	(24)	656
Profit (loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	(1,607)	3	183
Total comprehensive income	-	-	-	(1,607)	3	183
Issuance of new shares	15	15	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	(2)	-	-	-
Disposal of treasury shares	-	-	28	-	-	-
Dividends	-	-	-	-	-	-
Purchase and disposal of non-controlling interests	-	(0)	-	(0)	-	-
Transfer to retained earnings	-	-	-	-	-	-
Total transactions with owners	15	15	26	(0)	-	-
Balance as of December 31, 2022	7,517	6,470	(8)	3,012	(21)	839

	Equity attributable to owners of parent						
	Other components of equity			Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total	Total				
Balance as of July 1, 2022	-	5,252	58,914	78,088	3,881	81,969	
Profit (loss)	-	-	(1,054)	(1,054)	758	(296)	
Other comprehensive income	0	(1,420)	-	(1,420)	(23)	(1,443)	
Total comprehensive income	0	(1,420)	(1,054)	(2,475)	735	(1,739)	
Issuance of new shares	-	-	-	31	-	31	
Change in scope of consolidation	-	-	4	4	(1,934)	(1,929)	
Purchase of treasury shares	-	-	-	(2)	-	(2)	
Disposal of treasury shares	-	-	-	28	-	28	
Dividends	-	-	(1,882)	(1,882)	(69)	(1,951)	
Purchase and disposal of non-controlling interests	-	(0)	-	(0)	139	139	
Transfer to retained earnings	(0)	(0)	0	-	-	-	
Total transactions with owners	(0)	(1)	(1,876)	(1,820)	(1,863)	(3,684)	
Balance as of December 31, 2022	-	3,830	55,982	73,792	2,752	76,545	

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended December 31, 2021 (From July 1, 2021 to December 31, 2021)	For the six months ended December 31, 2022 (From July 1, 2022 to December 31, 2022)
Cash flows from operating activities		
Profit before tax	1,517	269
Depreciation and amortization	2,409	2,558
Loss (gain) on financial assets measured at fair value through profit or loss	(62)	(754)
Gain on sale of shares of subsidiaries and associates	-	(1,259)
Interest and dividend income	(230)	(243)
Interest expenses	226	305
Share of loss (profit) of investments accounted for using equity method	(213)	3
Loss (gain) on derivatives	(201)	76
Decrease (increase) in trade and other receivables	1,555	369
Decrease (increase) in contract assets	(12,710)	(15,172)
Decrease (increase) in advance payments to suppliers	(1,066)	(213)
Decrease (increase) in insurance claims receivable	(1,390)	-
Decrease (increase) in long-term accounts receivable - other	(115)	-
Increase (decrease) in trade and other payables	(2,499)	(512)
Increase (decrease) in contract liabilities	(1,204)	(414)
Increase (decrease) in consumption taxes payable	(3,405)	(1,468)
Increase (decrease) in deposits received	(227)	315
Increase (decrease) in accrued expenses	(1,951)	(2,808)
Increase (decrease) in provisions	1,190	(119)
Other	(659)	527
Sub total	(19,040)	(18,539)
Dividends received	86	123
Interest received	136	586
Interest paid	(223)	(257)
Head office relocation expenses paid	-	(74)
Income taxes paid	(2,363)	(2,999)
Net cash provided by (used in) operating activities	(21,404)	(21,161)
Cash flows from investing activities		
Payments into time deposits	(200)	(2)
Proceeds from withdrawal of time deposits	275	127
Purchase of property, plant and equipment and investment property	(871)	(4,594)
Purchase of intangible assets	(202)	(134)
Purchase of other financial assets	(554)	(58)
Proceeds from sale and redemption of other financial assets	71	16
Proceeds from sale of shares of subsidiaries and associates	-	428
Payments for acquisition of subsidiaries and associates	(256)	(851)
Collection of loans receivable	7	558
Other	(39)	(5)
Net cash provided by (used in) investing activities	(1,769)	(4,516)
Cash flows from financing activities		
Proceeds from short-term borrowings	102,000	218,500
Repayments of short-term borrowings	(75,534)	(187,527)
Proceeds from long-term borrowings	1,777	25
Repayments of long-term borrowings	(5,657)	(2,676)
Repayments of lease liabilities	(1,499)	(1,546)
Capital contribution from non-controlling interests	-	139
Dividends paid	(1,145)	(1,895)
Other	(38)	13
Net cash provided by (used in) financing activities	19,902	25,032
Net increase (decrease) in cash and cash equivalents	(3,272)	(646)
Cash and cash equivalents at beginning of period	17,838	17,971
Effect of exchange rate changes on cash and cash equivalents	(27)	(570)
Cash and cash equivalents at end of period	14,539	16,755

(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)

1. Issuance of restricted stock compensation

In accordance with the resolution of the Extraordinary Board of Directors Meeting held on September 29, 2022, we issued new shares as restricted stock compensation for Directors on October 28, 2022. As a result, share capital and capital surplus increased by ¥15 million, respectively, during the six months ended December 31, 2022.

Subsequently, share capital and capital surplus as of December 31, 2022 were ¥7,517 million and ¥6,470 million, respectively.

(Segment Information)

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, 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

On July 1, 2022, the Urban & Spatial Development Business of the Company was transferred by succession to our consolidated subsidiary TAMANO CONSULTANTS CO., LTD. through a company split (simplified absorption-type split), and the trade name of the said company was changed to NIPPON KOEI URBAN SPACE CO., LTD. (“NIPPON KOEI URBAN SPACE”). In association with the organizational restructuring due to the relevant company split, NIPPON KOEI URBAN SPACE and its subsidiary TAMANO ECOST CO., LTD. and our consolidated subsidiary NAKAZE KAMP CO., LTD. have had their segment classification changed from the “Consulting Business” to the “Urban & Spatial Development Business.”

Please note that segment information for the second quarter of the previous fiscal year 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, 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	28,487	15,538	8,565	52,590
Intersegment revenue and transfers	173	78	130	382
Total	28,660	15,616	8,695	52,972
Segment profit (loss)	647	555	936	2,139
Finance income				
Finance costs				
Profit (loss) before tax				

	Others (Note1)	Total	Adjustments (Note 2)	Consolidated
Revenue				
Revenue from external customers	390	52,981	-	52,981
Intersegment revenue and transfers	341	723	(723)	-
Total	731	53,704	(723)	52,981
Segment profit (loss)	(881)	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.

For the six months ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable Segments			
	Consulting	Urban & Spatial Development	Energy	Total
Revenue				
Revenue from external customers	33,042	16,399	8,577	58,019
Intersegment revenue and transfers	287	99	138	524
Total	33,329	16,498	8,715	58,544
Segment profit (loss)	(219)	198	2,047	2,026
Finance income				
Finance costs				
Profit before tax				

	Others (Note1)	Total	Adjustments (Note 2)	Consolidated
Revenue				
Revenue from external customers	432	58,451	-	58,451
Intersegment revenue and transfers	410	935	(935)	-
Total	842	59,386	(935)	58,451
Segment profit (loss)	(804)	1,222	13	1,235
Finance income				195
Finance costs				(1,161)
Profit before tax				269

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

(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, 2021		For the six months ended December 31, 2022		For the fiscal year ended June 30, 2022	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Orders received	Consulting	29,285	58.3	(note 1) 29,708	50.3	84,717	64.6
	Urban & Spatial Development	14,687	29.2	19,770	33.5	31,981	24.4
	Energy	6,247	12.4	9,418	16.0	14,343	10.9
	Others	57	0.1	119	0.2	123	0.1
	Total	50,278	100.0	59,016	100.0	131,166	100.0
Revenue 1	Consulting	30,553	57.7	34,709	59.4	80,299	61.5
	Urban & Spatial Development	15,136	28.6	16,400	28.1	34,787	26.6
	Energy	6,899	13.0	6,909	11.8	14,804	11.3
	Others	390	0.7	432	0.7	783	0.6
	Total	52,981	100.0	58,451	100.0	130,674	100.0
Revenue 2	Consulting	28,487	53.8	33,042	56.5	75,000	57.4
	Urban & Spatial Development	15,538	29.3	16,399	28.1	36,091	27.6
	Energy	8,565	16.2	8,577	14.7	18,799	14.4
	Others	390	0.7	432	0.7	783	0.6
	Total	52,981	100.0	58,451	100.0	130,674	100.0

By period Category/Segment		For the six months ended December 31, 2021		For the six months ended December 31, 2022		For the fiscal year ended June 30, 2022	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Foreign exchange and other adjustments	Consulting	(312)		(2,672)		6,761	
	Urban & Spatial Development	259		(837)		1,758	
	Energy	0		84		(2)	
	Others	-		-		-	
	Total	(52)		(3,425)		8,518	
Outstanding Orders	Consulting	127,860	70.2	133,202	69.3	140,734	72.4
	Urban & Spatial Development	31,626	17.4	33,302	17.3	30,769	15.8
	Energy	22,593	12.4	25,831	13.4	23,004	11.8
	Others	1	0.0	-	-	-	-
	Total	182,082	100.0	192,336	100.0	194,508	100.0

- Notes: 1. The above amounts include the outstanding orders at the start of consolidation of ASAP MOBILITY SDN. BHD. which was consolidated from the first quarter of the current fiscal year.
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)," the Group has changed its reportable segments since the first quarter of the current fiscal year. The figures for the six months ended December 31, 2021 and for the fiscal year ended June 30, 2022 have been provided based on the new reporting segments.