

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Consolidated Financial Results for the Six Months Ended June 30, 2022 [Japanese GAAP]



August 12, 2022

Company name: NJS Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2325
 URL: <https://www.njs.co.jp/>
 Representative: Masaaki Murakami, President & Chief Executive Officer
 Contact: Yasuhiko Kabaya, Executive Managing Director, Chief Administrative Officer
 Phone: +81-3-6324-4355
 Scheduled date of filing quarterly securities report: August 12, 2022
 Scheduled date of commencing dividend payments: September 13, 2022
 Availability of supplementary explanatory materials on quarterly financial results: None
 Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended June 30, 2022 (January 1, 2022 - June 30, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2022	11,221	2.5	2,574	3.7	2,657	3.3	2,144	20.7
June 30, 2021	10,947	(5.7)	2,482	12.5	2,573	15.1	1,776	15.4

(Note) Comprehensive income: Six months ended June 30, 2022: ¥2,206 million [26.9%]
 Six months ended June 30, 2021: ¥1,738 million [21.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2022	224.87	—
June 30, 2021	186.31	—

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards since the beginning of the first quarter of the fiscal year ending December 31, 2022, and the figures related to the six months ended June 30, 2022 are based on figures after applying these accounting standards.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	29,821	23,746	79.5	2,483.66
As of December 31, 2021	27,516	21,505	78.0	2,250.65

(Reference) Equity: As of June 30, 2022: ¥23,696 million
 As of December 31, 2021: ¥21,455 million

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards since the beginning of the first quarter of the fiscal year ending December 31, 2022, and the figures as of June 30, 2022 are based on figures after applying these accounting standards.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	–	30.00	–	35.00	65.00
Fiscal year ending December 31, 2022	–	35.00			
Fiscal year ending December 31, 2022 (Forecast)			–	35.00	70.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 - December 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	20,000	3.5	2,800	1.5	2,860	0.0	1,940	0.5	203.39

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

Table of Contents - Attachments

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 Information	3
2. Quarterly Consolidated Financial Statements and Principal Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Quarterly Consolidated Statement of Cash Flows	8
(4) Notes to Quarterly Consolidated Financial Statements	10
(Notes on going concern assumption)	10
(Notes in case of significant changes in shareholders' equity)	10
(Changes in accounting policies).....	10
(Additional information)	11
(Segment information, etc.)	13
(Significant subsequent events)	14

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During this period, both Japanese and worldwide economies saw some signs of activities going back to normal as the movement restrictions were eased following declines in COVID-19 cases. However, due to the prolonged Ukraine situation and increases in the prices of raw materials and energy caused by the yen's rapid depreciation, the outlook of the Japanese economy continued to remain uncertain.

In the water and wastewater sector, there are increasing risks that threaten safety and health, such as the spread of COVID-19 and the worsening of climate change. Along with measures against infectious diseases, global warming, and disasters, the importance of infrastructure that supports people's lives, such as water supply and sewage systems, is increasing. In addition, the need to strengthen functions and efficiently manage infrastructure, including countermeasures against increasingly serious disasters and the need to shift to a decarbonized society, is becoming increasingly important.

In response, the NJS Group has formulated "NJS Group PLAN2030 – Strategies for the Era of Carbon-Neutral". Based on our philosophy of "passing healthy water and environment to future generations", we will focus on creating an era of decarbonization and improve our corporate value. We are looking forward to pioneering a new era of consulting business and to create a wide range of technologies and services that transcend the boundaries of consulting.

As a result, for the six months ended June 30, 2022, the Group reported consolidated work orders received of ¥8,327 million (up 4.3% year on year) and consolidated net sales of ¥11,221 million (up 2.5% year on year).

In terms of profits, the Group reported operating profit of ¥2,574 million (up 3.7% year on year), ordinary profit of ¥2,657 million (up 3.3% year on year), and profit attributable to owners of parent of ¥2,144 million (up 20.7% year on year).

Additionally, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the first quarter of the fiscal year ending December 31, 2022. Details are as stated in "2. Quarterly Consolidated Financial Statements and Principal Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies) and (Segment information, etc.)."

Operating results by segment are as follows.

(Domestic operations)

In domestic operations, we have been engaged in research and design for the reconstruction of infrastructure; disaster prevention, mitigation and resilience improvement projects in response to intensifying natural disasters; inspection services to raise the efficiency of inspections and surveys of infrastructure; and PPP services and operations to promote public-private collaborative projects, etc.

As a result, the domestic operations segment reported work orders received of ¥7,757 million (up 10.6% year on year), net sales of ¥9,966 million (up 0.3% year on year), and operating profit of ¥2,693 million (up 10.4% year on year).

(Overseas operations)

In overseas operations, we promoted projects to develop water-related infrastructure in the emerging countries of Asia, the Middle East, Africa, etc.

As a result, the overseas operations segment reported work orders received of ¥570 million (down 41.4% year on year) and net sales of ¥1,141 million (up 26.7% year on year); the segment, however, reported an operating loss of ¥165 million (an operating profit of ¥6 million in the same period of the previous fiscal year) due to the increased costs related to the arbitration in Oman, etc.

(2) Explanation of Financial Position

(a) Status of assets, liabilities and net assets

Total assets as of June 30, 2022 increased by ¥2,305 million from the end of the previous fiscal year to ¥29,821 million. This was mainly attributable to an increase in cash and deposits by ¥6,229 million as a result of receipt of payments for services, a decrease in notes, accounts receivable-completed operation and contract assets (notes and accounts receivable-completed operation in the previous fiscal year) by ¥522 million, and a decrease in costs on service contracts in progress by ¥3,522 million.

Total liabilities as of June 30, 2022 increased by ¥64 million from the end of the previous fiscal year to ¥6,074 million. This was mainly attributable to a decrease in accounts payable - operating by ¥221 million, an increase in income taxes payable by ¥230 million, an increase in contract liabilities (advances received on service contracts in progress in the previous fiscal year) by ¥781 million and a decrease in provision for bonuses by ¥198 million under current liabilities, and a decrease in retirement benefit liability by ¥105 million.

Total net assets as of June 30, 2022 increased by ¥2,240 million from the end of the previous fiscal year to ¥23,746 million. This was mainly attributable to an increase in retained earnings by ¥2,164 million. As a result, the equity ratio was 79.5%.

(b) Status of cash flows

As of June 30, 2022, the balance of cash and cash equivalents amounted to ¥19,689 million, up ¥6,229 million from the end of the previous fiscal year.

The following is a summary of cash flow activities for the six months ended June 30, 2022.

(Cash flows from operating activities)

Funds provided by operating activities were ¥6,768 million yen (an inflow of ¥4,356 million in the same period of the previous year).

This is mainly attributable to profit before income taxes of ¥3,097 million and a ¥3,542 million decrease in costs on service contracts in progress.

(Cash flows from investing activities)

Funds used in investing activities were ¥622 million (an outflow of ¥354 million in the same period of the previous year).

This is mainly attributable to purchase of property, plant and equipment of ¥217 million, purchase of intangible assets of ¥153 million and purchase of shares of subsidiaries and associates of ¥253 million.

(Cash flows from financing activities)

Funds used in financing activities were ¥334 million (an outflow of ¥266 million in the same period of the previous year).

This is mainly attributable to dividends paid of ¥334 million.

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

There have been no changes from the consolidated financial results forecast announced on February 14, 2022.

While the impact of the COVID-19 pandemic on the Group's financial results has been minimal at present, we will continue to closely monitor various trends and promptly disclose any revisions of the financial results forecast, should they become necessary.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	13,460,637	19,689,983
Notes and accounts receivable-completed operation	3,316,142	—
Notes, accounts receivable-completed operation and contract assets	—	2,793,883
Costs on service contracts in progress	4,489,659	967,331
Other	459,626	446,997
Allowance for doubtful accounts	(25,944)	(41,954)
Total current assets	21,700,121	23,856,240
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	910,171	886,690
Land	1,446,831	1,446,831
Construction in progress	148,500	168,982
Other, net	135,279	141,570
Total property, plant and equipment	2,640,782	2,644,074
Intangible assets	449,222	504,693
Investments and other assets		
Investment securities	1,255,384	1,458,577
Other	1,521,528	1,416,425
Allowance for doubtful accounts	(50,952)	(58,549)
Total investments and other assets	2,725,960	2,816,453
Total non-current assets	5,815,966	5,965,220
Total assets	27,516,087	29,821,461

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - operating	1,140,954	919,223
Current portion of long-term borrowings	2,856	2,626
Income taxes payable	611,599	842,237
Advances received on service contracts in progress	720,984	—
Contract liabilities	—	1,502,174
Provision for bonuses	659,995	461,583
Provision for share awards for directors (and other officers)	14,170	—
Provision for loss on order received	28,374	20,593
Provision for loss compensation	78,800	—
Other	1,574,417	1,275,294
Total current liabilities	4,832,152	5,023,732
Non-current liabilities		
Long-term borrowings	1,436	—
Retirement benefit liability	898,727	793,664
Other	278,166	257,559
Total non-current liabilities	1,178,329	1,051,224
Total liabilities	6,010,482	6,074,957
Net assets		
Shareholders' equity		
Share capital	520,000	520,000
Capital surplus	300,120	300,120
Retained earnings	21,061,671	23,225,948
Treasury shares	(806,724)	(792,470)
Total shareholders' equity	21,075,066	23,253,598
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	442,578	416,405
Foreign currency translation adjustment	(38,757)	40,244
Remeasurements of defined benefit plans	(23,877)	(13,420)
Total accumulated other comprehensive income	379,943	443,229
Non-controlling interests	50,595	49,676
Total net assets	21,505,605	23,746,504
Total liabilities and net assets	27,516,087	29,821,461

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended June 30

(Thousands of yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
Net sales	10,947,734	11,221,651
Cost of sales	6,178,188	5,870,690
Gross profit	4,769,546	5,350,961
Selling, general and administrative expenses	2,286,639	2,776,796
Operating profit	2,482,907	2,574,164
Non-operating income		
Interest income	4,765	3,844
Dividend income	28,995	25,290
Foreign exchange gains	35,181	42,396
Other	22,099	11,946
Total non-operating income	91,041	83,478
Non-operating expenses		
Interest expenses	33	13
Other	—	43
Total non-operating expenses	33	56
Ordinary profit	2,573,915	2,657,585
Extraordinary income		
Settlement received	40,627	441,248
Total extraordinary income	40,627	441,248
Extraordinary losses		
Loss on sale and retirement of non-current assets	88	0
Loss on sale of investment securities	—	1,068
Total extraordinary losses	88	1,068
Profit before income taxes	2,614,454	3,097,765
Income taxes - current	649,680	790,069
Income taxes - deferred	187,491	164,278
Total income taxes	837,172	954,348
Profit	1,777,282	2,143,417
Profit (loss) attributable to non-controlling interests	1,195	(918)
Profit attributable to owners of parent	1,776,087	2,144,336

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended June 30

(Thousands of yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
Profit	1,777,282	2,143,417
Other comprehensive income		
Valuation difference on available-for-sale securities	(64,226)	(26,173)
Foreign currency translation adjustment	20,026	79,001
Remeasurements of defined benefit plans, net of tax	5,796	10,457
Total other comprehensive income	(38,403)	63,285
Comprehensive income	1,738,879	2,206,703
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,737,684	2,207,621
Comprehensive income attributable to non-controlling interests	1,195	(918)

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,614,454	3,097,765
Depreciation	101,492	122,958
Interest and dividend income	(33,760)	(29,135)
Interest expenses	33	13
Foreign exchange losses (gains)	(14,698)	(56,914)
Settlement received	(40,627)	(441,248)
Loss (gain) on sale and retirement of non-current assets	88	0
Loss (gain) on sale of investment securities	—	1,068
Decrease (increase) in accounts receivable-trade and accounts receivable-completed operation	574,713	—
Decrease (increase) in notes, accounts receivable- completed operation and contract assets	—	592,101
Decrease (increase) in costs on uncompleted services	(121,147)	3,542,897
Decrease (increase) in accounts payable-operating	39,217	(234,321)
Increase (decrease) in advances received on service contracts in progress	2,112,105	—
Increase (decrease) in contract liabilities	—	773,065
Increase (decrease) in accrued consumption taxes	(96,108)	86,992
Increase (decrease) in allowance for doubtful accounts	(135,870)	19,389
Increase (decrease) in provision for bonuses	(71,592)	(200,736)
Increase (decrease) in retirement benefit liability	(98,544)	(95,600)
Other, net	(232,527)	(312,321)
Subtotal	4,597,228	6,865,975
Interest and dividends received	34,834	29,742
Interest paid	(33)	(13)
Settlement package received	40,627	441,248
Income taxes paid	(316,217)	(568,718)
Net cash provided by (used in) operating activities	4,356,439	6,768,235
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	242,324	183,771
Payments into time deposits	(207,208)	(193,404)
Purchase of property, plant and equipment	(397,971)	(217,736)
Purchase of intangible assets	(97,709)	(153,613)
Purchase of investment securities	(1,800)	(1,800)
Proceeds from redemption of investment securities	100,000	—
Proceeds from sale of investment securities	—	10,187
Purchase of shares of subsidiaries and associates	—	(253,503)
Payments of leasehold and guarantee deposits	(221)	(3,188)
Proceeds from refund of leasehold and guarantee deposits	11,480	11,803
Other, net	(3,160)	(5,505)
Net cash provided by (used in) investing activities	(354,266)	(622,988)
Cash flows from financing activities		
Proceeds from share issuance to non-controlling shareholders	30,000	—
Repayments of long-term borrowings	(6,742)	(1,666)
Dividends paid	(287,036)	(334,177)
Other, net	(2,856)	1,652
Net cash provided by (used in) financing activities	(266,634)	(334,191)

(Thousands of yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
Effect of exchange rate change on cash and cash equivalents	3,733	50,912
Net increase (decrease) in cash and cash equivalents	3,739,271	5,861,969
Cash and cash equivalents at beginning of period	14,343,181	13,460,637
Cash and cash equivalents from newly consolidated subsidiaries at the beginning of the year	—	367,376
Cash and cash equivalents at end of period	18,082,453	19,689,983

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition and other standards)

The Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter "Revenue Recognition Standard") and other standards from the beginning of the first quarter of the fiscal year ending December 31, 2022. Accordingly, revenue in the amount expected to be received in exchange for goods or services is recognized when control of the promised goods or services is transferred to the customer.

As a result, while the Group had previously applied the completed contract method, starting from the first quarter of the fiscal year ending December 31, 2022, the Group has changed its method so that in cases where the control of the goods and services is transferred to the customer over a period of time, revenue is recognized over a period of time as the performance obligation to transfer the goods and services to the customer is fulfilled. Additionally, for work for which estimates of the progress rate toward fulfillment of obligations cannot reasonably be made but the costs incurred are expected to be recovered, the cost recovery method is applied. It should be noted that in cases where the period from the commencement of the transaction stated in the contract to the point at which the performance obligations are completely fulfilled is extremely short, an alternative treatment is applied and instead of the recognition of revenue over a period of time, revenue is recognized at the point in time when the performance obligations are completely fulfilled.

In applying the Revenue Recognition Standard and other standards, the Group has complied with the transitional treatment set forth in the proviso to Paragraph 84 of the Revenue Recognition Standard. As such, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first quarter of the fiscal year ending December 31, 2022, has been added to or subtracted from the beginning balance of retained earnings, and the application of the new accounting policy starts from that point. However, the Group applied the method provided for in Paragraph 86 of the Revenue Recognition Standard and did not retroactively apply the new accounting policy to contracts under which almost all revenue had been recognized in accordance with the previous treatment before the beginning of the first quarter of the fiscal year ending December 31, 2022.

As a result, for the six months ended June 30, 2022, net sales and cost of sales decreased by ¥432 million and ¥478 million, respectively, while operating profit, ordinary profit, and profit before income taxes each increased by ¥45 million. Additionally, the beginning balance of retained earnings decreased by ¥58 million.

Due to the application of the Revenue Recognition Standard and other standards, starting from the first quarter of the fiscal year ending December 31, 2022, "Notes and accounts receivable-completed operation," which was presented under "Current assets" in the consolidated balance sheet for the previous fiscal year, is included in and presented as "Notes, accounts receivable-completed operation and contract assets," and "Advances received on service contracts in progress," which was presented under "Current liabilities" in the consolidated balance for the previous fiscal year, is included in and presented as "Contract liabilities." Furthermore, starting from the quarterly consolidated statements of cash flows for the six months ended June 30, 2022, "Decrease (increase) in accounts receivable-trade and accounts receivable-completed operation," which was presented under "cash flows from operating activities" in the quarterly consolidated statements of cash flows for the six months ended June 31, 2021, is included in and presented as "Decrease (increase) in notes, accounts receivable-completed operation and contract assets," and starting from the quarterly consolidated statements of cash flows for the six months ended June 30, 2022, "Increase (decrease) in advances

received on service contracts in progress” thereunder is included in and presented as “Increase (decrease) in contract liabilities.” In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Standard, no reclassification has been made to conform to the new presentation for the previous fiscal year and the six months ended June 31, 2021. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), the Group has not presented disaggregated information on revenue from contracts with customers for the six months ended June 30, 2021.

(Application of Accounting Standard for Fair Value Measurement and other standards)

The Group has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, hereinafter the “Fair Value Measurement Standard”) and other standards from the beginning of the first quarter of the fiscal year ending December 31, 2022. In accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Group will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard and other standards. This change has had no impact on the quarterly consolidated financial statements.

(Additional information)

(Accounting estimates related to the impact of the spread of the COVID-19 infection) There have been no significant changes to the assumptions related to the impact of the COVID-19 infection, which were stated in (Additional information) (Accounting estimates related to the spread of the COVID-19 infection) of the Annual Securities Report for the previous fiscal year.

(Adoption of the treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

The Company and some of its domestic consolidated subsidiaries do not apply Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) to items revised under the non-consolidated taxation system in connection with the transition from the consolidated taxation system to the group tax sharing system established under the “Act on the Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) due to the application of Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force Report No. 39, March 31, 2020), and instead apply the pre-revision income tax law provisions to the amount of deferred tax assets and deferred tax liabilities.

(Business combination in the form of acquisition)

1. Summary of business combination

(1) Name and nature of business of acquiree

Name: FUYO CONSULTANT CO., LTD.

Nature of business: Design and consultancy services for water supply and sewerage systems and agricultural civil engineering

(2) Main reason for business combination

By including FUYO CONSULTANT CO., LTD., which has high technological capabilities in the fields of water supply and sewerage systems and agricultural civil engineering, in the Group by way of share acquisition, the Group will further expand its business field through synergy with technological capabilities cultivated by both companies over many years, while enhancing its competitiveness for the decarbonized society and digital transformation (DX) of the future.

(3) Date of business combination

June 30, 2022 (date of share acquisition)

August 31, 2022 (date of deemed acquisition)

- (4) Legal form of business combination
Share acquisition with cash consideration
- (5) Name of entity after business combination
No change
- (6) Acquired ratio of voting rights
- | | |
|---|-------|
| Ratio of voting rights held immediately before business combination: | 13.3% |
| Additional ratio of voting rights to be acquired on the date of business combination: | 41.8% |
| <hr/> | |
| Share of voting rights after acquisition: | 55.1% |
- (7) Main factor determining acquirer
Due to the Company's acquisition of shares with cash consideration
- Acquisition cost of acquiree and the breakdown of consideration transferred by type
Not determined at this time.
 - Content and amount of main acquisition-related costs
Not determined at this time.
 - Amount, reason, and method and period of amortization with respect to goodwill to be incurred
Not determined at this time.
 - Amount and breakdown of main assets to be acquired and liabilities to be assumed on the date of business combination
Not determined at this time.

(Segment information, etc.)

[Segment information]

I. For the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

1. Information on net sales and profit (loss) by reportable segment

(Thousands of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Domestic operations	Overseas operations	Total				
Net sales							
Net sales to outside customers	9,933,751	901,054	10,834,806	112,927	10,947,734	—	10,947,734
Intersegment net sales or transfers	—	—	—	—	—	—	—
Total	9,933,751	901,054	10,834,806	112,927	10,947,734	—	10,947,734
Segment profit	2,439,224	6,617	2,445,841	37,065	2,482,907	—	2,482,907

(Notes) 1. "Others" consist of businesses that are not included in the reportable segments, mainly the real estate leasing business.

2. The adjustments of segment profit are eliminations of intersegment transactions.

3. Segment profit is adjusted to correspond with operating profit reported on the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

Not applicable.

II. For the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

1. Information on net sales and profit (loss) by reportable segment and disaggregation of revenue

(Thousands of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Domestic operations	Overseas operations	Total				
Net sales							
Water supply systems	2,480,554	683,079	3,163,633	—	3,163,633	—	3,163,633
Sewerage systems	7,250,793	108,995	7,359,788	—	7,359,788	—	7,359,788
Environmental systems and others	234,857	349,210	584,068	—	584,068	—	584,068
Revenue from contracts with customers	9,966,204	1,141,285	11,107,490	—	11,107,490	—	11,107,490
Other revenue	—	—	—	114,160	114,160	—	114,160
Net sales to outside customers	9,966,204	1,141,285	11,107,490	114,160	11,221,651	—	11,221,651
Intersegment net sales or transfers	—	—	—	—	—	—	—
Total	9,966,204	1,141,285	11,107,490	114,160	11,221,651	—	11,221,651
Segment profit (loss)	2,693,910	(165,578)	2,528,331	45,832	2,574,164	—	2,574,164

(Notes) 1. “Others” consist of businesses that are not included in the reportable segments, mainly the real estate leasing business.

2. The adjustments of segment profit (loss) are partly due to eliminations of intersegment transactions.

3. Segment profit (loss) is adjusted to correspond with operating profit reported on the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

Not applicable.

3. Matters related to changes in reportable segments

As stated in (Changes in accounting policies), the Group applied the Revenue Recognition Standard and other standards from the beginning of the first quarter of the fiscal year ending December 31, 2022 and changed the method of accounting in connection with the recognition of revenue. Accordingly, the Group changed the method of calculating the profit or loss of its business segments.

As a result of this change, for the six months ended June 30, 2022, net sales in “Domestic operations,” decreased by ¥554 million and segment profit decreased by ¥0 million, while in “Overseas operations,” net sales increased by ¥121 million and segment loss decreased by ¥46 million, compared to the previous method.

(Significant subsequent events)

Not applicable.