

(All financial information herein has been prepared in accordance with accounting principles generally accepted in Japan. This document is an English translation from the original Japanese-language document. This translation is not subject to auditing standards in the U.S.)

Listed company name: Original Engineering Consultants Co., Ltd. Stock listing: Tokyo Stock Exchange, Second Section
Code number: 4642 (URL <https://www.oec-solution.co.jp>)

Representative: Title President & Representative Director Name: Nobuhiko Suga
Contact person: Title Director & General Manager of Financial Affairs Division Name: Kaoru Kira Tel: (03) 6757-8800

Planned Annual General Meeting of Shareholders: March 26, 2021

Planned date of payment of dividends: March 29, 2021

Planned filing of a financial report: March 26, 2021

Earnings supplementary explanatory documents: None

Earnings presentation: None

(Amounts less than ¥1 million are truncated)

1. NON-CONSOLIDATED FINANCIAL RESULTS FOR FY 2020 (January 1, 2020 to December 31, 2020)

(1) Non-consolidated Operating Results (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2020 ended December 31, 2020	6,274	-1.0	664	-16.9	647	-20.7	375	-22.0
FY 2019 ended December 31, 2019	6,338	1.3	800	-20.2	816	-12.8	481	-18.9

	Profit per share- basic	Profit per share- diluted	Return on equity	Ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
FY 2020 ended December 31, 2020	64.53	64.51	6.7	9.2	10.6
FY 2019 ended December 31, 2019	81.56	81.34	8.3	11.1	12.6

(Reference) Gain (loss) on investment by equity method: FY 2020: ¥- million FY 2019: ¥- million

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2020	7,022	5,699	81.2	975.92
As of December 31, 2019	7,007	5,506	78.6	950.46

(Reference) Shareholders' equity: As of December 31, 2020: ¥5,699 million As of December 31, 2019: ¥5,506 million

(3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
FY 2020 ended December 31, 2020	-102	-68	-196	2,660
FY 2019 ended December 31, 2019	426	-17	-1,118	3,027

2. DIVIDENDS

(Record date)	Dividends per share					Total dividend amount (Full year)	Payout ratio	Ratio of dividends to net assets
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2019 ended December 31, 2019	-	0.00	-	30.00	30.00	176	36.8	3.2
FY 2020 ended December 31, 2020	-	0.00	-	32.00	32.00	188	49.6	3.3
FY 2021 ending December 31, 2021 (Forecast)	-	0.00	-	32.00	32.00		43.5	

3. FORECAST OF NON-CONSOLIDATED RESULTS FOR FY 2021 (January 1, 2021 to December 31, 2021)

(Percentages represent changes from the same period of the previous fiscal year)

Full year	Net sales		Operating income		Ordinary income		Profit		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	6,400	2.0	680	2.3	680	5.0	430	14.5	73.63

*NOTES

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatements:

- (i) Changes in accounting policies in accordance with revision of accounting standards: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatements: None

(2) Number of outstanding shares (Common stock)

- (i) Number of shares outstanding at end of period, including treasury stock
As of December 31, 2020: 7,796,800 shares As of December 31, 2019: 7,796,800 shares
- (ii) Number of shares of treasury stock at end of period
As of December 31, 2020: 1,956,441 shares As of December 31, 2019: 2,003,465 shares
- (iii) Average number of shares outstanding for each period
As of December 31, 2020: 5,818,511 shares As of December 31, 2019: 5,902,478 shares

* The summary of financial results is not subject to audit by certified public accountants or audit corporations.

Note regarding forecasts and forward-looking statements

The business results forecasts presented are based on information available to the Company at the present time and are subject to potential risks and uncertainty. Accordingly, actual results may differ significantly from any expressed future performance herein due to various factors. For matters relating to results forecasts, please refer to "1. SUMMARY OF BUSINESS RESULTS," "(4) Future Outlook" on page 4 of the Attachment.

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1. SUMMARY OF BUSINESS RESULTS

(1) Summary of Business Results for Current Period

According to a provisional calculation of the Cabinet Office, Japan's water and sewerage infrastructure assets amount to approximately ¥130 trillion, which indicates that the water and sewerage infrastructure stock is the second-largest infrastructure stock in the country by sector after road infrastructure stock. Among these, most of the population has access to water supplies, with the total length of water pipes reaching around 670,000 kilometers across Japan. However, the national average annual rate of renewing water pipes is as low as 0.75%, which means that it will take almost 130 years to renew all of these pipes. The statutory useful life of water pipes is 40 years, but they are expected to deteriorate further due to the slow progress in renewing the water pipes infrastructure, much of which was built during the high-growth period. Therefore, renewing aged water pipes has become an important issue for stably supplying safe water.

In the sewerage field, 91.7% of the population of Japan has access to sewage treatment facilities (as of the end of FY2019), but only 79.7% has access to sewers, which means nearly 10.48 million people still live without access to sewage treatment facilities; promoting sewage services needs to be accelerated. While the need to construct new facilities is on the decrease, a great number of water and sewage facilities that were rapidly built during the high-growth period are reaching the end of their useful lives every year. Maintenance and renewal of these infrastructure assets, which are indispensable for ensuring a safe, secure, and culturally strong living environment, are thus in demand. In addition, needs are growing for flood control measures to protect human lives and assets from localized torrential rainfall and large typhoons, which have occurred frequently in recent years, anti-seismic measures such as quake-resistant toilet facilities, and measures for reinforcing water and sewerage systems to make them tsunami resistant.

The Company, in this operating environment, is working aggressively to win orders mainly in the water supply field, particularly for services related to asset management in line with the Water Supply Division of the Ministry of Health, Labour and Welfare's new water supply vision that focuses on the keywords of "safety, strength, sustainability, collaboration and challenge." In the sewerage field, the Company pursues orders in line with the seven major themes set by the Sewerage and Wastewater Management Department of MLIT: Strengthening earthquake recovery and reconstruction support and implementing national measures for safety and peace of mind; early reduction of areas lacking sewerage infrastructure; promoting water environmental management; improving facilities management and operations; strengthening sewerage management; promoting measures to achieve a low-carbon, recycling-oriented society; and, promoting international water businesses through globalization and private-public initiatives. We also make efforts to obtain orders for services related to support by the Ministry of Internal Affairs and Communications for introducing local public enterprise-based accounting into small-scale water supply and sewerage operations, in accordance with the Local Public Enterprise Act, as well as operations including those to formulate strategies for managing sewerage operations. In the domestic market, we have the competitive advantage of deep knowledge of the development status of facilities of local governments that are our existing customers and their business issues. Backed by this, the Company engages in activities to win orders with a high repeat rate through tailor-made technical proposals and flexible customer services while carrying out sales programs to explore new customers based on the accumulated track record. In overseas markets, the Company has been working to win orders by tapping into projects in emerging nations through public-private partnerships.

With regard to its internal work environment, the Company is striving to distribute profits to employees and increase revenue by boosting productivity and reducing costs through the following measures: providing 90 percent of its employees with smartphones and notebook PCs and creating an office environment in which a free address system and a wireless LAN system are available to introduce a telework environment, allowing employees to work anywhere not only in the office but also outside the office; facilitating prompt information-sharing between different levels, on which the Company has worked to raise awareness internally; speedily responding to departmental issues by checking management benchmarks by department when necessary; conducting appropriate budget management, process control, progress management, and outsourcing management for orders received for projects; upgrading in-house engineers' skills; securing and fostering young employees who will lead the next generation; reducing overtime to comply with the revised Labor Standards Act; promoting health management; utilizing internal systems, such as a staggered working hours system and promoting the use of paid leave, that allow each employee to work flexibly according to his/her own circumstances.

As the impact of COVID-19 continued both in Japan and abroad during the fiscal year under review, the

Company continued its business activities with due consideration to the safety and security of employees by taking measures to prevent infection, such as employing a work-from-home system and staggered working hours. In addition, as the telework environment has been in place and employees are used to online working, the Company has taken measures to enable employees to maintain work productivity without commuting to the office.

While the Company paid close attention to the budget execution of each local government during this period, the local governments that were relevant to the Company executed budgets largely as planned. However, there has been the impact of travel restrictions from large cities where many of the Company's engineers are located to local cities where many of its customers are located based on each prefecture's policy to prevent COVID-19. Therefore, there has been a delay in field surveys that are difficult to perform online and face-to-face discussions, resulting in a delay in the progress of many projects and business activities. Overseas projects have also been affected due to ongoing difficulties in traveling abroad.

As a result, the non-consolidated orders received during the fiscal year under review amounted to ¥6,267 million, an increase of 2.0% compared with the previous fiscal year. The main causes for the increase in orders received are considered to be an increase in the development of new customers attributed to growth of young employees, receipt of orders for a large-scale turnkey design and construction project, and improvement of production systems due to transition of engineers who were hired in mid-career into full production. On the other hand, net sales amounted to ¥6,274 million, a 1.0% decrease from the previous fiscal year. Operating income amounted to ¥664 million, a decrease of 16.9% compared with the previous fiscal year, and ordinary income decreased 20.7% to ¥647 million. Profit amounted to ¥375 million, a decrease of 22.0% compared with the previous fiscal year.

Results by operating division were as follows.

[Engineering Consultant Department]

The Engineering Consultant Department received orders totaling ¥5,857 million during the fiscal year under review, an increase of 2.9% compared with the previous fiscal year. Sales by the department decreased 1.0%, to ¥5,786 million.

[Information Processing Department]

In the Information Processing Department, orders received decreased 9.2% compared with the previous fiscal year, to ¥410 million. Sales by the department decreased 0.8%, to ¥487 million.

(2) Summary of Financial Position for Current Period

(Current assets)

Current assets at the end of the fiscal year under review amounted to ¥5,592 million (up 0.4% from the end of the previous fiscal year). The main factors contributing to this change included a decrease in cash and deposits due to an increase in income taxes paid and an increase in accounts receivable-completed operation.

(Noncurrent assets)

Noncurrent assets at the end of the fiscal year under review stood at ¥1,429 million (down 0.6% from the end of the previous fiscal year). The main factors contributing to this change included an increase in lease assets due to an increase in lease contracts and a decrease in investment securities.

(Current liabilities)

Current liabilities at the end of the fiscal year under review stood at ¥1,096 million (down 16.4% from the end of the previous fiscal year). The main factors contributing to this change included a decrease in advances received on uncompleted services due to a decline of payments received for operations and a decrease in income taxes payable.

(Noncurrent liabilities)

Noncurrent liabilities at the end of the fiscal year under review stood at ¥226 million (up 19.6% from the end of the previous fiscal year). The main factors contributing to this change included an increase in lease obligations due to an increase in lease contracts and a decrease in provision for retirement benefits.

(Net assets)

Net assets at the end of the fiscal year under review amounted to ¥5,699 million (up 3.5% from the end of the previous fiscal year). The main factors contributing to this change included an increase in retained earnings due to the recording of profit.

(3) Summary of Cash Flows for Current Period

Cash and cash equivalents stood at ¥2,660 million (down 12.1% from the end of the previous fiscal year) at the end of the fiscal year under review.

The main factors contributing to changes in cash flows during the fiscal year under review were as follows:

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥102 million (net cash provided by these activities amounted to ¥426 million in the previous fiscal year).

The main factors contributing to this change were the posting of profit before income taxes and increases in notes and accounts receivable—trade and income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥68 million (increased 288.7% compared with the previous fiscal year).

This was mainly due to the purchase and redemption of investment securities, and the purchase of noncurrent assets.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥196 million (decreased 82.4% compared with the previous fiscal year).

Significant factors contributing to this change included the payment of cash dividends.

	FY 2018	FY 2019	FY 2020
Shareholders' equity ratio (%)	79.5	78.6	81.2
Shareholders' equity ratio on a market value basis (%)	80.2	81.2	81.1
Interest-bearing debt to cash flow ratio (years)	0.04	0.11	-
Interest coverage ratio (times)	758.75	128.56	-

Ratio formula:

Shareholders' equity ratio: Shareholders' equity / total assets

Shareholders' equity ratio on a market value basis: Market capitalization / total assets

Interest-bearing debts to cash flow ratio (years): Interest-bearing liabilities / cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / interest payments

Notes:

1. Market capitalization is calculated by multiplying the share price at end of period by the number of shares outstanding at end of period (excluding treasury stock).
2. Cash flows in these indicators refer to net cash from operating activities as stated in the Non-consolidated Statements of Cash Flows. Interest-bearing liabilities are all liabilities presented on the Non-consolidated Balance Sheets that are subject to interest expenses. Interest payments are those stated in the Non-consolidated Statements of Cash Flows.

(4) Future Outlook

The overall budget for public works projects of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), with which the Company has a close business relationship, for fiscal 2020 was approved by the Cabinet meeting and executed. The totals earmarked for “disaster prevention and safety subsidies” and “general social infrastructure development subsidies” are almost at the same level as in fiscal 2019, or at 96% of the previous year's level. Separately from this, a total of ¥29,659 million, an increase of 90% from the previous fiscal year, is earmarked for the budget for expenses related to sewerage works, including individual subsidies for flood control measures. In addition, a total of ¥340 billion is appropriated for the sewerage works as emergency response measures based on the “Three-year emergency response plan for disaster prevention, disaster mitigation, and building national resilience” for critical infrastructure over the three-year period from the second supplementary budget for fiscal 2018 to fiscal 2020. The original government budget for fiscal 2021 was approved by the Cabinet in December 2020 together with the third supplementary budget for fiscal 2020, which included 5-year acceleration measures for disaster prevention and mitigation and national resilience, and will be executed as a 15-month budget by combining the two.

Despite the COVID-19 pandemic, water supply and sewerage budgets of local governments were executed largely as planned. These included measures to: address aging facilities and improve resistance to earthquakes; reduce areas lacking sewerage infrastructure; combat inland flooding; expand and share water and sewerage systems; prevent rainwater infiltration; and save and generate energy. This occurred although there was a delay in the timing of orders. In order to respond to these needs, the Company will strive to resolve social issues not only in its main water supply and sewerage field but also in the river, waste and environment, and overseas fields. It will do so by encouraging experienced engineers to continue making self-improvements, bringing their capabilities together, and promoting the subscription service business based on its ICT technologies which have been developed and accumulated over the years by the DX Promotion Department, which has been created through reorganization.

The majority of orders for local governments' public procurement are placed through price competitive auctions. Accordingly, the Company expects to continue to face various issues to address to achieve its management goals. These include competition among firms; fluctuations in bidding prices; higher sales costs due to an increase in rebuilding and renewal operations that require complex and advanced experience and expertise; and an increase in personnel expenses to respond to recruiting activities that are becoming increasingly difficult year by year and to prevent turnover of, secure, and foster talented human resources.

The Company, meanwhile, has had a solid sense of an improvement in its corporate image. It has done this through company-wide awareness reforms aimed at achieving the objectives of having every employee work with a sense of management and establishing an organization with an open culture, which have been consistently pursued under the present management structure. It has also done this by firmly establishing a far-sighted corporate culture which has enabled a smooth company-wide transition to working from home and telework amid the pandemic. And it has provided an effective work environment by doing research on the latest industry trends and having interviews with its employees.

Passing on techniques of senior engineers and securing and fostering young employees who will lead the next generation remain critical management issues for the Company. However, our activities for hiring new graduates and mid-career workers are delivering results at each business location. We have done this by proactively delivering information on how to achieve: a stable corporate performance, an operating margin which is higher than comparable industry companies, and a stable share price. We are striving to build a solid financial base, while introducing staggered working hours, allowing our employees up to 10 days of work from home per month, and providing support for child and nursing care. The greatest management resource of the Company is human capital, and we will further strive to secure, foster and retain talented human resources and work to solve management issues.

With a growing number of local governments expected to experience a decrease in staffing levels, it will be difficult to continue to manage water and sewerage operations only by local government staff. Accordingly, the Company will aim to obtain sustainable orders and increase revenue by supporting the sustainable provision of water and sewerage services, which are vital for the lives of people, by offering the consultation services it has cultivated to date according to the individual circumstances of local governments.

In the fiscal year ending December 31, 2021, the Company forecasts orders to increase 2.1%, to ¥6,400 million, and net sales to increase 2.0%, to ¥6,400 million. Operating income is forecast to increase 2.3%, to ¥680 million, and ordinary income to increase 5.0%, to ¥680 million. Profit is forecast to increase 14.5%, to ¥430 million.

2. BASIC POLICY FOR THE SELECTION OF ACCOUNTING STANDARDS

The Company's stakeholders are mostly domestic shareholders, creditors and business partners, and hence the Company does not have much necessity to procure funds from overseas. Considering these factors, the Company applies Japanese accounting standards.

3. FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Non-consolidated Balance Sheets

	FY 2019 (as of December 31, 2019)	FY 2020 (as of December 31, 2020)
Category	Amount (thousand yen)	Amount (thousand yen)
Assets		
Current assets		
Cash and deposits	3,743,180	3,376,196
Accounts receivable—completed operation	1,750,203	2,145,471
Costs on uncompleted services	4,723	313
Prepaid expenses	36,021	37,283
Advances receivable from group affiliates	216	200
Other	60,417	59,533
Allowance for doubtful accounts	-26,240	-26,240
Total current assets	5,568,523	5,592,758
Noncurrent assets		
Property, plant and equipment		
Buildings, net	209,838	201,588
Structures, net	0	0
Tools, furniture and fixtures, net	34,015	29,345
Land	150,015	150,015
Lease assets, net	40,634	116,382
Total property, plant and equipment	434,503	497,331
Intangible assets		
Leasehold right	3,321	3,321
Software	115,479	122,345
Lease assets	3,243	1,983
Telephone subscription right	3,711	3,711
Total intangible assets	125,755	131,361
Investments and other assets		
Investment securities	473,282	397,713
Shares of subsidiaries and associates	50,000	50,000
Long-term loans receivable from employees	9,612	5,093
Insurance funds	66,039	67,085
Guarantee deposits	159,928	161,501
Long-term prepaid expenses	3,061	5,773
Deferred tax assets	89,837	87,256
Other	28,769	28,769
Allowance for doubtful accounts	-2,200	-2,200
Total investments and other assets	878,330	800,994
Total noncurrent assets	1,438,589	1,429,687
Total assets	7,007,113	7,022,446

	FY 2019 (as of December 31, 2019)	FY 2020 (as of December 31, 2020)
Category	Amount (thousand yen)	Amount (thousand yen)
Liabilities		
Current liabilities		
Accounts payable—operating	170,388	267,263
Lease obligations	22,205	35,161
Accounts payable—other	56,562	71,616
Accrued expenses	194,098	191,356
Income taxes payable	230,950	116,224
Accrued consumption taxes	122,498	94,832
Advances received on uncompleted services	344,578	147,743
Deposits received	107,948	109,530
Provision for bonuses	40,302	39,973
Provision for loss on order received	9,044	11,583
Provision for share benefit	12,707	11,288
Total current liabilities	1,311,285	1,096,572
Noncurrent liabilities		
Lease obligations	22,928	84,670
Provision for share benefit	15,226	20,134
Provision for retirement benefits	94,782	64,556
Long-term accounts payable—other	6,720	6,720
Asset retirement obligations	49,467	50,070
Total noncurrent liabilities	189,125	226,152
Total liabilities	1,500,410	1,322,724
Net assets		
Shareholders' equity		
Capital stock	1,093,000	1,093,000
Capital surplus		
Legal capital surplus	2,171,308	2,171,308
Other capital surplus	704,775	694,421
Total capital surpluses	2,876,083	2,865,729
Retained earnings		
Other retained earnings		
General reserve	2,500,000	2,800,000
Retained earnings brought forward	612,909	512,171
Total retained earnings	3,112,909	3,312,171
Treasury stock	-1,610,179	-1,575,325
Total shareholders' equity	5,471,813	5,695,575
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	34,510	4,145
Total valuation and translation adjustments	34,510	4,145
Subscription rights to shares	378	-
Total net assets	5,506,702	5,699,721
Total liabilities and net assets	7,007,113	7,022,446

(2) Non-consolidated Statements of Operations

	FY 2019 (from January 1, 2019 to December 31, 2019)	FY 2020 (from January 1, 2020 to December 31, 2020)
Category	Amount (thousand yen)	Amount (thousand yen)
Contracts completed	6,338,536	6,274,130
Cost of completed work	4,194,843	4,265,445
Gross profit	2,143,693	2,008,684
Selling, general and administrative expenses	1,343,204	1,343,696
Operating income	800,489	664,987
Non-operating income		
Interest income	326	240
Interest on securities	5,500	100
Dividend income	7,958	8,358
Dividends from silent partnerships	-	8,355
Commission fee	2,430	2,430
Gain on valuation of investment securities	17,236	-
Gain on redemption of investment securities	13,096	-
Foreign exchange gains	645	-
Other	5,842	8,777
Total non-operating income	53,036	28,261
Non-operating expenses		
Interest expenses	3,316	2,269
Expenses for securities transactions	33,010	8,801
Loss on valuation of investment securities	-	33,143
Foreign exchange losses	-	530
Other	783	987
Total non-operating expenses	37,109	45,731
Ordinary income	816,416	647,517
Extraordinary loss		
Loss on retirement of noncurrent assets	4,626	1,193
Loss on construction compensation	31,800	4,900
Payments	-	16,241
Total extraordinary loss	36,426	22,334
Profit before income taxes	779,989	625,183
Income taxes—current	297,393	235,084
Income taxes-deferred	1,171	14,642
Total income taxes	298,565	249,726
Profit	481,424	375,456

(3) Non-consolidated Statements of Changes in Net Assets
FY 2019 (from January 1, 2019 to December 31, 2019)

(Thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surpluses	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at the beginning of current period	1,093,000	2,171,308	703,995	2,875,303	2,000,000	726,952	2,726,952
Changes of items during the period							
Provision of general reserve					500,000	-500,000	-
Dividends of surplus						-95,467	-95,467
Profit						481,424	481,424
Purchase of treasury stock							
Disposal of treasury stock			780	780			
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	780	780	500,000	-114,043	385,956
Balance at the end of current period	1,093,000	2,171,308	704,775	2,876,083	2,500,000	612,909	3,112,909

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	-623,560	6,071,695	26,733	26,733	433	6,098,862
Changes of items during the period						
Provision of general reserve		-				-
Dividends of surplus		-95,467				-95,467
Profit		481,424				481,424
Purchase of treasury stock	-1,042,800	-1,042,800				-1,042,800
Disposal of treasury stock	56,181	56,961			-55	56,906
Net changes of items other than shareholders' equity			7,776	7,776		7,776
Total changes of items during the period	-986,618	-599,881	7,776	7,776	-55	-592,160
Balance at the end of current period	-1,610,179	5,471,813	34,510	34,510	378	5,506,702

FY 2020 (from January 1, 2020 to December 31, 2020)

(Thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surpluses	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at the beginning of current period	1,093,000	2,171,308	704,775	2,876,083	2,500,000	612,909	3,112,909
Changes of items during the period							
Provision of general reserve					300,000	-300,000	-
Dividends of surplus						-176,194	-176,194
Profit						375,456	375,456
Purchase of treasury stock							
Disposal of treasury stock			-10,353	-10,353			
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	-10,353	-10,353	300,000	-100,737	199,262
Balance at the end of current period	1,093,000	2,171,308	694,421	2,865,729	2,800,000	512,171	3,312,171

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	-1,610,179	5,471,813	34,510	34,510	378	5,506,702
Changes of items during the period						
Provision of general reserve		-				-
Dividends of surplus		-176,194				-176,194
Profit		375,456				375,456
Purchase of treasury stock	-71	-71				-71
Disposal of treasury stock	34,925	24,571			-378	24,192
Net changes of items other than shareholders' equity			-30,364	-30,364		-30,364
Total changes of items during the period	34,853	223,762	-30,364	-30,364	-378	193,019
Balance at the end of current period	-1,575,325	5,695,575	4,145	4,145	-	5,699,721

(4) Non-consolidated Statements of Cash Flows

	FY 2019 (from January 1, 2019 to December 31, 2019)	FY 2020 (from January 1, 2020 to December 31, 2020)
Category	Amount (thousand yen)	Amount (thousand yen)
Cash flows from operating activities		
Profit before income taxes	779,989	625,183
Depreciation and amortization	88,272	106,121
Increase/decrease in allowance for doubtful accounts	-5,423	-
Interest and dividends income	-13,786	-17,054
Interest expenses	3,316	2,269
Loss on retirement of property, plant and equipment	4,626	1,193
Loss on construction compensation	31,800	4,900
Payments	-	16,241
Loss (gain) on valuation of investment securities	-17,236	33,143
Loss (gain) on redemption of investment securities	-13,096	-
Increase/decrease in notes and accounts receivable—trade	-64,847	-395,268
Increase/decrease in costs on uncompleted services	-3,402	4,409
Increase/decrease in notes and accounts payable—trade	-22,465	96,874
Increase/decrease in advances received on uncompleted services	-191,032	-196,835
Increase/decrease in provision for bonuses	1,390	-329
Increase/decrease in provision for loss on order received	-3,549	2,538
Increase/decrease in provision for share benefit	3,238	3,488
Increase/decrease in provision for retirement benefits	-43,520	-30,226
Other	81,757	-32,610
Subtotal	616,031	224,040
Interest and dividends income received	13,788	17,084
Interest expenses paid	-3,316	-2,269
Income taxes paid	-200,155	-340,886
Net cash provided by (used in) operating activities	426,348	-102,030

	FY 2019 (from January 1, 2019 to December 31, 2019)	FY 2020 (from January 1, 2020 to December 31, 2020)
Category	Amount (thousand yen)	Amount (thousand yen)
Cash flows from investing activities		
Purchase of property, plant and equipment	-61,809	-16,211
Purchase of intangible assets	-41,624	-54,453
Purchase of investment securities	-100,333	-200,000
Proceeds from sales of investment securities	727	-
Proceeds from redemption of investment securities	200,000	200,000
Payments for lease and guarantee deposits	-15,508	-3,107
Proceeds from collection of lease and guarantee deposits	1,076	937
Other	-79	4,607
Net cash provided by (used in) investing activities	-17,551	-68,228
Cash flows from financing activities		
Repayments of lease obligations	-24,420	-31,890
Purchase of treasury stock	-1,042,800	-71
Proceeds from disposal of treasury stock	42,800	-
Proceeds from exercise of share options	1,680	11,550
Cash dividends paid	-95,467	-176,194
Net cash used in financing activities	-1,118,208	-196,605
Effect of exchange rate change on cash and cash equivalents	-6	-180
Net increase/decrease in cash and cash equivalents	-709,417	-367,045
Balance of cash and cash equivalents at beginning of the year	3,736,554	3,027,137
Balance of cash and cash equivalents at end of the year	3,027,137	2,660,092

(5) Notes regarding the Non-consolidated Financial Statements

(Matters Affecting the Assumption of a Going Concern)

No applicable items.

(Segment Information)

[Segment Information]

Previous fiscal year (from January 1 to December 31, 2019) and fiscal year under review (from January 1 to December 31, 2020)

Since the Company's business operations comprising engineering consulting and related services are conducted within a single business segment, segment information is omitted.

(Profit and Loss under Equity Method)

All group affiliates owned by the Company are deemed insignificant group companies by earnings and surplus standards, and therefore their figures are not shown.

(Per Share Information)

	FY 2019 (from January 1, 2019 to December 31, 2019)	FY 2020 (from January 1, 2020 to December 31, 2020)
Net assets per share	¥950.46	¥975.92
Profit per share	¥81.56	¥64.53
Diluted profit per share	¥81.34	¥64.51

Note: 1. The basis for calculating profit per share and diluted profit per share is as follows:

	FY 2019 (from January 1, 2019 to December 31, 2019)	FY 2020 (from January 1, 2020 to December 31, 2020)
Profit per share		
Profit for the period (thousand yen)	481,424	375,456
Amount not attributed to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent attributed to common stock (thousand yen)	481,424	375,456
Average number of common stock outstanding for the period (shares)	5,902,478	5,818,511
Diluted profit per share		
Profit adjustment (thousand yen)	-	-
Increase in number of common stock (shares)	16,160	1,889
(of which, the amount of subscription rights to shares) (shares)	(16,160)	(1,889)
Overview of dilutive shares not included in the calculation of diluted profit per share because of their anti-dilutive effect	-	-

Note: 2. The basis for calculation of net assets per share is as follows:

	FY 2019 (from January 1, 2019 to December 31, 2019)	FY 2020 (from January 1, 2020 to December 31, 2020)
Net assets for the period (thousand yen)	5,506,702	5,699,721
Deduction amount from total net assets (thousand yen)	378	-
(of which, the amount of subscription rights to shares) (thousand yen)	(378)	(-)
Net assets attributed to common stock (thousand yen)	5,506,323	5,699,721
Closing number of common stock used in the calculation of net assets per share (shares)	5,793,335	5,840,359

The Company's shares held in trust that are recognized as treasury stock within shareholders' equity are included in the treasury stock deducted from the calculation of the average number of shares outstanding during the period, used for calculating profit per share (66,350 shares as of December 31, 2019; 78,769 shares as of December 31, 2020).

The Company's shares held in trust that are recognized as treasury stock within shareholders' equity are included in the treasury stock deducted from the number of shares outstanding at end of the period, used for calculating "net assets per share" (79,800 shares as of December 31, 2019; 60,200 shares as of December 31, 2020).

(Significant Subsequent Events)

No applicable items.