

(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 29, 2022

Planned date of payment of dividends: March 30, 2022

Planned filing of a financial report: March 29, 2022

Earnings supplementary explanatory documents: None

Earnings presentation: None

(Amounts less than ¥1 million are truncated)

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

(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 2021 ended December 31, 2021	6,207	-1.1	575	-13.4	625	-3.4	376	0.2
FY 2020 ended December 31, 2020	6,274	-1.0	664	-16.9	647	-20.7	375	-22.0

	Profit per share- basic	Profit per share- diluted	Return on equity	Ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
FY 2021 ended December 31, 2021	64.38	-	6.5	8.9	9.3
FY 2020 ended December 31, 2020	64.53	64.51	6.7	9.2	10.6

(Reference) Gain (loss) on investment by equity method: FY 2021: ¥- million FY 2020: ¥- 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, 2021	7,099	5,914	83.3	1,009.67
As of December 31, 2020	7,022	5,699	81.2	975.92

(Reference) Shareholders' equity: As of December 31, 2021: ¥5,914 million As of December 31, 2020: ¥5,699 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 2021 ended December 31, 2021	282	120	-227	2,836
FY 2020 ended December 31, 2020	-102	-68	-196	2,660

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 2020 ended December 31, 2020	-	0.00	-	32.00	32.00	188	49.6	3.3
FY 2021 ended December 31, 2021	-	0.00	-	32.00	32.00	190	49.7	3.2
FY 2022 ending December 31, 2022 (Forecast)	-	0.00	-	32.00	32.00		49.3	

3. FORECAST OF NON-CONSOLIDATED RESULTS FOR FY 2022 (January 1, 2022 to December 31, 2022)

(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	3.1	630	9.4	630	0.7	380	1.0	64.87

*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, 2021: 7,796,800 shares As of December 31, 2020: 7,796,800 shares
- (ii) Number of shares of treasury stock at end of period
As of December 31, 2021: 1,938,573 shares As of December 31, 2020: 1,956,441 shares
- (iii) Average number of shares outstanding for each period
As of December 31, 2021: 5,841,597 shares As of December 31, 2020: 5,818,511 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.

Index of the Attachment

1. SUMMARY OF BUSINESS RESULTS	2
(1) Summary of Business Results for Current Period	2
(2) Summary of Financial Position for Current Period	3
(3) Summary of Cash Flows for Current Period.....	4
(4) Future Outlook.....	4
2. BASIC POLICY FOR THE SELECTION OF ACCOUNTING STANDARDS	5
3. FINANCIAL STATEMENTS AND PRIMARY NOTES.....	6
(1) Non-consolidated Balance Sheets.....	6
(2) Non-consolidated Statements of Operations.....	8
(3) Non-consolidated Statements of Changes in Net Assets.....	9
(4) Non-consolidated Statements of Cash Flows.....	11
(5) Notes regarding the Non-consolidated Financial Statements	13
(Matters Affecting the Assumption of a Going Concern).....	13
(Segment Information).....	13
(Profit and Loss under Equity Method)	13
(Per Share Information)	13
(Significant Subsequent Events).....	14

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 720,000 kilometers across Japan. However, the national average annual rate of renewing water pipes is as low as 0.68%, 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, 92.1% of the population of Japan has access to sewage treatment facilities (as of the end of FY2020), but only 80.1% has access to sewers, which means nearly 9.9 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.

Out of the Japan's FY2021 budget, passed and approved in March 2021, the total amount to be allocated to "general social infrastructure development," including the sewerage budget, which is closely connected with the business of the Company, is a national expenditure of ¥1,467 billion. The amount is broken down to ¥837.6 billion for disaster prevention and safety subsidies and ¥629.5 billion for general social infrastructure development subsidies. Since where subsidies will be spent is left to the discretion of local governments, the allocated amount dedicated to sewerage operations is not known, but the amount of the related budget, though unofficially announced, is expected to grow a little, compared with the previous fiscal year. On the other hand, the total of sewerage operational costs in ordinance-designated cities with a large budget across the country and the Tokyo metropolitan area, is ¥ 612.1 billion, a decrease of 1.4% from the beginning of the previous fiscal year.

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 and utilizing chat tools, 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; and 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.

During the fiscal year under review, the Tokyo Olympic and Paralympic Games took place behind closed doors, and various government-led initiatives were taken to prevent the spread of COVID-19 in Japan amid the Games. Along with such initiatives, the COVID-19 vaccination rate increased. The Company continued its business activities by taking measures that pay due consideration to the safety and security of employees, such as encouraging the use of a work-from-home system and staggered working hours, and establishing vaccination leave. As a response measure to projects that require various types of expertise, the Company made efforts to build a more efficient production system, leveraging the Company's human resources in distant offices by making effective use of online meetings.

During the period from April, in which the fiscal period of government agencies started, the budget execution of local governments, which was related to the Company, was generally underway as scheduled, and activities for capturing project orders went well. However, mainly due to the impacts of declarations of a state of emergency and quasi-emergency measures pursuant to the Act on Special Measures against COVID-19, some local cities limited the number of visitors and asked for advance PCR tests when traveling from large cities where many of the Company's engineers are located to local cities where many of its customers are located. This caused difficulties in conducting field surveys that are hard to perform online and face-to-face discussions that would allow smooth questions and answers, resulting in a delay in the progress of many projects and business activities. With regard to overseas projects, on-site works have resumed because travel was permitted to some regions where travel restrictions were eased.

As a result, the non-consolidated orders received during the fiscal year under review amounted to ¥6,333 million, an increase of 1.1% compared with the previous fiscal year. The main causes for the increase in orders received are considered to be the increased number of orders received against the backdrop of 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 engineers who were hired in the middle of their career becoming a substantial part of the workforce. On the other hand, net sales amounted to ¥6,207 million, a 1.1% decrease from the previous fiscal year. Operating income amounted to ¥575 million, a decrease of 13.4% compared with the previous fiscal year, and ordinary income decreased 3.4% to ¥625 million. Profit amounted to ¥376 million, an increase of 0.2% compared with the previous fiscal year.

Results by operating division were as follows.

[Engineering Consultant Department]

The Engineering Consultant Department received orders totaling ¥5,789 million during the fiscal year under review, a decrease of 1.2% compared with the previous fiscal year. Sales by the department decreased 0.4%, to ¥5,763 million.

[Information Processing Department]

In the Information Processing Department, orders received increased 32.7% compared with the previous fiscal year, to ¥544 million. Sales by the department decreased 9.0%, to ¥443 million.

(2) Summary of Financial Position for Current Period

(Current assets)

Current assets at the end of the fiscal year under review amounted to ¥5,826 million (up 4.2% from the end of the previous fiscal year). The main factors contributing to this change included an increase in cash and deposits due to the receipt of payment for operations.

(Noncurrent assets)

Noncurrent assets at the end of the fiscal year under review stood at ¥1,273 million (down 10.9% from the end of the previous fiscal year). The main factors contributing to this change included a decrease in investment securities

due to redemption of investment securities.

(Current liabilities)

Current liabilities at the end of the fiscal year under review stood at ¥993 million (down 9.4% 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 accrued consumption taxes.

(Noncurrent liabilities)

Noncurrent liabilities at the end of the fiscal year under review stood at ¥191 million (down 15.5% from the end of the previous fiscal year). The main factors contributing to this change included a decrease in lease obligations due to a decrease 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 ¥5,914 million (up 3.8% 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 ¥2,836 million (up 6.6% 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 provided in operating activities amounted to ¥282 million (net cash used by these activities amounted to ¥102 million in the previous fiscal year).

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

(Cash flows from investing activities)

Net cash provided in investing activities amounted to ¥120 million (net cash used by these activities amounted to ¥68 million in 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 ¥227 million (increased 15.7% compared with the previous fiscal year).

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

	FY 2019	FY 2020	FY 2021
Shareholders' equity ratio (%)	78.6	81.2	83.3
Shareholders' equity ratio on a market value basis (%)	81.2	81.1	82.2
Interest-bearing debt to cash flow ratio (years)	0.11	-	0.39
Interest coverage ratio (times)	128.56	-	86.41

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), which is closely related to the Company's businesses, for fiscal 2022 was approved by the Cabinet meeting in December 2021. The total amount of "Disaster Prevention and Safety Subsidies" and "General Social Infrastructure Development Subsidies" allocated to sewerage operations of local governments, which is at 94% of the previous fiscal year's level, is expected to be executed. The budget for expenses related to sewerage works increased by ¥61,359 million, or a 41% increase from the previous fiscal year, primarily due to establishing an individual subsidy system for decarbonization. During the same month, the supplementary budget for fiscal 2021 was also approved, and ¥58,000 million will be allocated to measures including those for floodplain management (flood control), earthquake measures and addressing aging facilities.

Many areas were subject to a state of emergency declaration due to the COVID-19 pandemic for a long period during fiscal 2021. However, 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. The Company expects this trend will continue in fiscal 2022.

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 upgrading digitization services for water supply and sewerage information based on its information and communications technology (ICT) technologies that have been developed and accumulated over the years by the DX Promotion Department of the Company.

Orders for local governments' public procurement activities, which account for the majority of the Company's orders received, are placed through price competitive auctions. As might be expected, contract prices and asking prices vary widely in most cases. Accordingly, the Company is aware that it is expected to make management efforts to overcome various challenges to achieve its management goals. These include competition among firms; fluctuations in bidding prices; higher costs of works due to an increase in planning and designing operations for rebuilding and renewal 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. Based on its solid financial base, the Company will endeavor to overcome management issues by continuing to improve and provide a work environment that accommodates employees, improve employee satisfaction, and work on hiring talented human resources.

A growing number of local governments are expected to experience a decrease in staffing levels, and the cooperation and support of private companies are considered essential for continuing water supply and sewerage operations. Under such circumstances, the Company will aim to solve social challenges and improve corporate value by helping to sustain the water and sewerage services, which are vital for the lives of people, by offering the consultation services it has cultivated to date in forms that are tailored to society's needs.

In the fiscal year ending December 31, 2022, the Company forecasts orders will increase 3.1%, to ¥6,400 million, and net sales will rise 3.1%, to ¥6,400 million. Operating income is forecast to increase 9.4%, to ¥630 million, and ordinary income to increase 0.7%, to ¥630 million. Profit is forecast to increase 1.0%, to ¥380 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 2020 (as of December 31, 2020)	FY 2021 (as of December 31, 2021)
Category	Amount (thousand yen)	Amount (thousand yen)
Assets		
Current assets		
Cash and deposits	3,376,196	3,552,478
Accounts receivable—completed operation	2,145,471	2,202,044
Costs on uncompleted services	313	761
Prepaid expenses	37,283	37,099
Advances receivable from group affiliates	200	258
Other	59,533	62,828
Allowance for doubtful accounts	-26,240	-29,240
Total current assets	5,592,758	5,826,230
Noncurrent assets		
Property, plant and equipment		
Buildings, net	201,588	205,274
Structures, net	0	0
Tools, furniture and fixtures, net	29,345	28,569
Land	150,015	150,015
Lease assets, net	116,382	108,564
Total property, plant and equipment	497,331	492,423
Intangible assets		
Leasehold right	3,321	3,321
Software	122,345	122,771
Lease assets	1,983	763
Telephone subscription right	3,711	3,711
Total intangible assets	131,361	130,567
Investments and other assets		
Investment securities	397,713	260,506
Shares of subsidiaries and associates	50,000	50,000
Long-term loans receivable from employees	5,093	4,092
Insurance funds	67,085	73,124
Guarantee deposits	161,501	163,747
Long-term prepaid expenses	5,773	6,799
Deferred tax assets	87,256	65,667
Other	28,769	28,769
Allowance for doubtful accounts	-2,200	-2,200
Total investments and other assets	800,994	650,508
Total noncurrent assets	1,429,687	1,273,498
Total assets	7,022,446	7,099,729

	FY 2020 (as of December 31, 2020)	FY 2021 (as of December 31, 2021)
Category	Amount (thousand yen)	Amount (thousand yen)
Liabilities		
Current liabilities		
Accounts payable—operating	267,263	240,019
Lease obligations	35,161	33,699
Accounts payable—other	71,616	69,262
Accrued expenses	191,356	160,555
Income taxes payable	116,224	141,001
Accrued consumption taxes	94,832	45,394
Advances received on uncompleted services	147,743	116,730
Deposits received	109,530	112,600
Provision for bonuses	39,973	40,137
Provision for loss on order received	11,583	20,290
Provision for share benefit	11,288	14,076
Total current liabilities	1,096,572	993,767
Noncurrent liabilities		
Lease obligations	84,670	77,640
Provision for share benefit	20,134	18,245
Provision for retirement benefits	64,556	38,678
Long-term accounts payable—other	6,720	6,720
Asset retirement obligations	50,070	49,789
Total noncurrent liabilities	226,152	191,074
Total liabilities	1,322,724	1,184,841
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	694,421	702,924
Total capital surpluses	2,865,729	2,874,232
Retained earnings		
Other retained earnings		
General reserve	2,800,000	3,000,000
Retained earnings brought forward	512,171	499,411
Total retained earnings	3,312,171	3,499,411
Treasury stock	-1,575,325	-1,569,735
Total shareholders' equity	5,695,575	5,896,907
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,145	17,979
Total valuation and translation adjustments	4,145	17,979
Total net assets	5,699,721	5,914,887
Total liabilities and net assets	7,022,446	7,099,729

(2) Non-consolidated Statements of Operations

	FY 2020 (from January 1, 2020 to December 31, 2020)	FY 2021 (from January 1, 2021 to December 31, 2021)
Category	Amount (thousand yen)	Amount (thousand yen)
Contracts completed	6,274,130	6,207,413
Cost of completed work	4,265,445	4,289,650
Gross profit	2,008,684	1,917,763
Selling, general and administrative expenses	1,343,696	1,341,993
Operating income	664,987	575,769
Non-operating income		
Interest income	240	119
Interest on securities	100	2,200
Dividend income	8,358	6,122
Dividends from silent partnerships	8,355	10,756
Commission fee	2,430	2,430
Gain on sales of investment securities	-	1,240
Gain on redemption of investment securities	-	38,545
Foreign exchange gains	-	1,021
Other	8,777	6,419
Total non-operating income	28,261	68,856
Non-operating expenses		
Interest expenses	2,269	3,268
Expenses for securities transactions	8,801	9,481
Loss on valuation of investment securities	33,143	5,568
Foreign exchange losses	530	-
Other	987	720
Total non-operating expenses	45,731	19,039
Ordinary income	647,517	625,586
Extraordinary income		
Reversal of loss on construction compensation	-	1,067
Total extraordinary income	-	1,067
Extraordinary loss		
Loss on retirement of noncurrent assets	1,193	732
Loss on construction compensation	4,900	-
Payments	16,241	-
Total extraordinary loss	22,334	732
Profit before income taxes	625,183	625,921
Income taxes—current	235,084	233,917
Income taxes-deferred	14,642	15,945
Total income taxes	249,726	249,863
Profit	375,456	376,057

(3) Non-consolidated Statements of Changes in Net Assets
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

FY 2021 (from January 1, 2021 to December 31, 2021)

(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	694,421	2,865,729	2,800,000	512,171	3,312,171
Changes of items during the period							
Provision of general reserve					200,000	-200,000	-
Dividends of surplus						-188,817	-188,817
Profit						376,057	376,057
Purchase of treasury stock							
Disposal of treasury stock			8,502	8,502			
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	8,502	8,502	200,000	-12,759	187,240
Balance at the end of current period	1,093,000	2,171,308	702,924	2,874,232	3,000,000	499,411	3,499,411

	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	-1,575,325	5,695,575	4,145	4,145	-	5,699,721
Changes of items during the period						
Provision of general reserve		-				-
Dividends of surplus		-188,817				-188,817
Profit		376,057				376,057
Purchase of treasury stock	-57,158	-57,158				-57,158
Disposal of treasury stock	62,747	71,250				71,250
Net changes of items other than shareholders' equity			13,833	13,833		13,833
Total changes of items during the period	5,589	201,332	13,833	13,833	-	215,166
Balance at the end of current period	-1,569,735	5,896,907	17,979	17,979	-	5,914,887

(4) Non-consolidated Statements of Cash Flows

	FY 2020 (from January 1, 2020 to December 31, 2020)	FY 2021 (from January 1, 2021 to December 31, 2021)
Category	Amount (thousand yen)	Amount (thousand yen)
Cash flows from operating activities		
Profit before income taxes	625,183	625,921
Depreciation and amortization	106,121	112,202
Increase/decrease in allowance for doubtful accounts	-	3,000
Interest and dividends income	-17,054	-19,198
Interest expenses	2,269	3,268
Reversal of loss on construction compensation	-	-1,067
Loss on retirement of property, plant and equipment	1,193	732
Loss on construction compensation	4,900	-
Payments	16,241	-
Loss (gain) on sales of investment securities	-	-1,240
Loss (gain) on valuation of investment securities	33,143	5,568
Loss (gain) on redemption of investment securities	-	-38,545
Increase/decrease in notes and accounts receivable—trade	-395,268	-56,572
Increase/decrease in costs on uncompleted services	4,409	-447
Increase/decrease in notes and accounts payable—trade	96,874	-27,244
Increase/decrease in advances received on uncompleted services	-196,835	-31,012
Increase/decrease in provision for bonuses	-329	164
Increase/decrease in provision for loss on order received	2,538	8,707
Increase/decrease in provision for share benefit	3,488	1,673
Increase/decrease in provision for retirement benefits	-30,226	-25,877
Other	-32,610	-49,702
Subtotal	224,040	510,328
Interest and dividends income received	17,084	19,198
Interest expenses paid	-2,269	-3,268
Loss on construction compensation paid	-	-35,632
Income taxes paid	-340,886	-208,205
Net cash provided by (used in) operating activities	-102,030	282,420

	FY 2020 (from January 1, 2020 to December 31, 2020)	FY 2021 (from January 1, 2021 to December 31, 2021)
Category	Amount (thousand yen)	Amount (thousand yen)
Cash flows from investing activities		
Purchase of property, plant and equipment	-16,211	-15,540
Purchase of intangible assets	-54,453	-45,981
Purchase of investment securities	-200,000	-310,000
Proceeds from sales of investment securities	-	100,862
Proceeds from redemption of investment securities	200,000	400,040
Payments for lease and guarantee deposits	-3,107	-3,824
Proceeds from collection of lease and guarantee deposits	937	478
Other	4,607	-5,132
Net cash provided by (used in) investing activities	-68,228	120,900
Cash flows from financing activities		
Repayments of lease obligations	-31,890	-38,663
Purchase of treasury stock	-71	-57,158
Proceeds from disposal of treasury stock	-	57,120
Proceeds from exercise of share options	11,550	-
Cash dividends paid	-176,194	-188,817
Net cash used in financing activities	-196,605	-227,519
Effect of exchange rate change on cash and cash equivalents	-180	468
Net increase/decrease in cash and cash equivalents	-367,045	176,270
Balance of cash and cash equivalents at beginning of the year	3,027,137	2,660,092
Balance of cash and cash equivalents at end of the year	2,660,092	2,836,362

(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, 2020) and fiscal year under review (from January 1 to December 31, 2021)

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 2020 (from January 1, 2020 to December 31, 2020)	FY 2021 (from January 1, 2021 to December 31, 2021)
Net assets per share	¥975.92	¥1,009.67
Profit per share	¥64.53	¥64.38
Diluted profit per share	¥64.51	¥ -

Note: 1. Diluted profit per share for the fiscal year under review is not stated because no dilutive shares existed.

Note: 2. The basis for calculating profit per share and diluted profit per share is as follows:

	FY 2020 (from January 1, 2020 to December 31, 2020)	FY 2021 (from January 1, 2021 to December 31, 2021)
Profit per share		
Profit for the period (thousand yen)	375,456	376,057
Amount not attributed to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent attributed to common stock (thousand yen)	375,456	376,057
Average number of common stock outstanding for the period (shares)	5,818,511	5,841,597
Diluted profit per share		
Profit adjustment (thousand yen)	-	-
Increase in number of common stock (shares)	1,889	-
(of which, the amount of subscription rights to shares) (shares)	(1,889)	(-)
Overview of dilutive shares not included in the calculation of diluted profit per share because of their anti-dilutive effect	-	-

Note: 3. The basis for calculation of net assets per share is as follows:

	FY 2020 (from January 1, 2020 to December 31, 2020)	FY 2021 (from January 1, 2021 to December 31, 2021)
Net assets for the period (thousand yen)	5,699,721	5,914,887
Deduction amount from total net assets (thousand yen)	-	-
Net assets attributed to common stock (thousand yen)	5,699,721	5,914,887
Closing number of common stock used in the calculation of net assets per share (shares)	5,840,359	5,858,227

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 (78,769 shares as of December 31, 2020; 80,984 shares as of December 31, 2021).

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" (60,200 shares as of December 31, 2020; 102,300 shares as of December 31, 2021).

(Significant Subsequent Events)

No applicable items.