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Consolidated Financial Results for the Fiscal Year Ended December 31 2021 [Japanese GAAP]



February 14, 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
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 Phone: +81-3-6324-4355
 Scheduled date of general shareholders' meeting: March 25, 2022
 Scheduled date of commencing dividend payments: March 28, 2022
 Scheduled date of filing securities report: March 29, 2022
 Availability of supplementary explanatory materials on annual financial results: None
 Schedule of annual 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 Fiscal Year Ended December 31, 2021 (January 1, 2021 - December 31, 2021)

(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	%
Fiscal year ended December 31, 2021	19,315	1.9	2,758	11.7	2,859	14.0	1,929	13.3
December 31, 2020	18,951	9.3	2,469	9.5	2,507	8.5	1,703	1.5

(Note) Comprehensive income: Fiscal year ended December 31, 2021: 1,891 million yen [13.5%]
 Fiscal year ended December 31, 2020: 1,666 million yen [(3.9)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2021	202.40	–	9.3	10.8	14.3
December 31, 2020	178.67	–	8.6	9.8	13.0

(Reference) Equity in earnings of affiliated companies: Fiscal year ended December 31, 2021: – million yen
 Fiscal year ended December 31, 2020: – million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2021	27,516	21,505	78.0	2,250.65
As of December 31, 2020	25,667	20,157	78.5	2,112.60

(Reference) Equity: As of December 31, 2021: 21,455 million yen
 As of December 31, 2020: 20,139 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2021	227	(551)	(556)	13,460
December 31, 2020	2,500	(371)	(852)	14,343

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2020	—	25.00	—	30.00	55.00	530	30.8	2.7
Fiscal year ended December 31, 2021	—	30.00	—	35.00	65.00	621	32.1	3.0
Fiscal year ending December 31, 2022 (Forecast)	—	35.00	—	35.00	70.00		—	

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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	—	—	—	—	—	—	—	—	—
Full year	20,000	3.5	2,800	1.5	2,860	0.0	1,940	0.5	203.51

* Notes:

(1) Changes in significant subsidiaries during the fiscal year under review: Yes

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: One (1) (Company name: FINDi Co., Ltd.)

Excluded: — (Company name: —)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the year (including treasury shares):

December 31, 2021: 10,048,000 shares

December 31, 2020: 10,048,000 shares

2) Total number of treasury shares at the end of the year:

December 31, 2021: 515,209 shares

December 31, 2020: 515,124 shares

3) Average number of shares during the year:

Fiscal year ended December 31, 2021: 9,532,833 shares

Fiscal year ended December 31, 2020: 9,531,673 shares

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (January 1, 2021 - December 31, 2021)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2021	17,459	18.9	2,626	15.5	2,709	16.4	1,827	15.3
December 31, 2020	14,683	7.3	2,273	3.4	2,327	3.6	1,584	3.0

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	191.74	—
December 31, 2020	163.86	—

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2021	26,651	20,892	78.4	2,191.61
December 31, 2020	24,853	19,708	79.3	2,067.43

(Reference) Equity: As of December 31, 2021: 20,892 million yen

As of December 31, 2020: 19,708 million yen

* These financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

Forward-looking statements, such as performance forecasts, made in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and the Company does not in any way guarantee the achievement of the projections. Actual results, etc., may differ significantly due to various factors. For the assumptions for financial results forecast, etc., please refer to “(4) Future Outlook” under “1. Overview of Operating Results, etc.” on page 4 of the attached document.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review (the year ended December 31, 2021), the world economy and the Japanese economy continued to be unstable due to the spread of COVID-19, with economic activity at a standstill, supply chains disrupted, and inflation pressures increasing. Meanwhile, progress was seen in terms of sharing a sense of crisis regarding climate change and making efforts toward carbon neutrality, including an agreement reached at COP26 in the United Kingdom to limit the rise in global average temperatures to 1.5 degrees Celsius.

In the water supply and sewerage field, torrential rains in Shizuoka and Kanagawa Prefectures triggered a major landslide in Atami City in July. Then in October, a water supply bridge suddenly collapsed in Wakayama Prefecture. This reiterated the importance of preparing for natural disasters caused by climate change and managing aging infrastructure.

Risks that threaten safety and health, such as the spread of COVID-19 and the escalation of climate change, are increasing. Along with measures against the spread of COVID-19, global warming, and natural disasters, the importance of life-support infrastructure such as water supply and sewerage is increasing. Enhanced functionality and efficient management are necessary, in addition to measures that address intensifying natural disasters and work toward a decarbonized society.

NJS Co., Ltd. (“the Company”) and its subsidiaries (collectively, “the Group”) formed the “NJS Group PLAN 2030: Strategies for the Era of Carbon-Neutral,” whose purpose is to “Pass healthy water and environment to future generations.” Based on the principle of making water and an environment that protect the health and safety of the next generations, this plan strives to create a decarbonized era, increase corporate value, and achieve growth. The Group will develop a consulting business for this new era, as well as create a wide range of technologies and services beyond consulting.

As a result, in the fiscal year under review, on a consolidated basis, the Group posted consolidated orders received of 18,185 million yen (down 3.4% year on year) and net sales of 19,315 million yen (up 1.9% year on year).

With regard to profits the Group had strived for active investment in technological development and efforts to increase productivity, then posted operating profit of 2,758 million yen (up 11.7% year on year), ordinary profit of 2,859 million yen (up 14.0% year on year), and profit attributable to owners of parent of 1,929 million yen (up 13.3% year on year) that marked the highest at an all time.

Operating results by segment are as described below

[Japan]

In Japan, we worked mainly on examining and planning to rebuild infrastructure, prevention, mitigation, and resilience against intensifying natural disasters, streamlining inspections of infrastructure, and operations to promote public-private partnership projects.

As a result, orders received were 16,612 million yen (down 3.9% year on year), net sales were 16,156 million yen (up 4.9% year on year), and operating profit was 2,483 million yen (down 4.4% year on year).

[Overseas]

In overseas operations, we pursued water infrastructure projects in emerging countries in Asia, the Middle East, Africa, and elsewhere.

As a result, orders received were 1,573 million yen (up 2.4% year on year), net sales were 2,932 million yen (down 12.4% year on year), and operating profit was 181 million yen (operating loss of 205 million yen in the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year under Review

At the end of the fiscal year under review, total assets amounted to 27,516 million yen, up 1,848 million yen from the end of the previous fiscal year, mainly due to an increase of 1,974 million yen in notes and accounts receivable - completed operation.

At the end of the fiscal year under review, total liabilities amounted to 6,010 million yen, up 501 million yen from the end of the previous fiscal year, mainly due to an increase of 510 million yen in accounts payable - operating.

At the end of the fiscal year under review, net assets amounted to 21,505 million yen, up 1,347 million yen from the end of the previous fiscal year, mainly due to an increase of 1,355 million yen in retained earnings after deducting dividends paid from profit attributable to owners of parent. As a result, the equity ratio was 78.0%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Status of cash flows

At the end of the fiscal year under review, the balance of cash and cash equivalents amounted to 13,460 million yen, down 882 million yen from the end of the previous fiscal year.

(Cash Flows from Operating Activities)

Funds provided by operating activities were 227 million yen (an inflow of 2,500 million yen in the previous fiscal year).

This is mainly attributable to profit before income taxes of 2,850 million yen, offsetting an increase in notes and accounts receivable - completed operation of 1,937 million yen and income taxes paid of 629 million yen.

(Cash Flows from Investing Activities)

Funds used in investing activities were 551 million yen (an outflow of 371 million yen in the previous fiscal year).

This is mainly attributable to proceeds from redemption of investment securities of 1 million yen, offsetting purchases of property, plant and equipment of 460 million yen and purchases of intangible fixed assets of 239 million yen.

(Cash Flows from Financing Activities)

Funds used in financing activities were 556 million yen (an outflow of 852 million yen in the previous fiscal year).

This is mainly attributable to dividends paid of 573 million yen.

(Reference) Trends in cash flow indicators

Indicator	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021
Equity ratio (%)	76.2	71.8	75.6	78.5	78.0
Equity ratio at fair value (%)	70.9	61.3	67.7	75.8	67.0
Cash flow vs. interest-bearing debt (years)	–	0.0	0.1	0.0	0.0
Interest coverage ratio (times)	–	10,683.5	295.9	16,652.9	4,759.4

(Note) All indicators are calculated based on financial figures on a consolidated basis as follows.

(1) Equity ratio: Equity/Total assets

(2) Equity ratio at fair value: Market capitalization/Total assets

Market capitalization is calculated based on the number of shares issued excluding treasury shares.

(3) Cash flow vs interest-bearing debt: Interest-bearing debt/Cash flows from operating activities

(4) Interest coverage ratio: Cash flows from operating activities/Interest payment

(4) Future Outlook

In the year ending December 31, 2022, needs such as improved operational efficiency, disaster countermeasures, and rehabilitation of aging and deteriorating facilities are expected to continue. Over the medium term, the need for operations using digital technologies such as ICT is expected to increase. In response, the Group will strive to increase corporate value by expanding consulting services and providing related software development and new services under the basic business policy of “Water and Environmental Consultancy and Software Services.” In addition, we will pursue work process reform in conjunction with business innovation to improve productivity.

With regard to the consolidated financial results forecast for the year ending December 31, 2022, the Group is forecasting orders received of 20,200 million yen (up 11.1% year on year), net sales of 20,000 million yen (up 3.5% year on year), operating profit of 2,800 million yen (up 1.5% year on year), ordinary profit of 2,860 million yen (up 0.0% year on year), and profit attributable to owners of parent of 1,940 million yen (up 0.5% year on year).

Furthermore, the impact of the spread of COVID-19 on the Group’s financial results is minimal as of the present, but we will continue to monitor trends and promptly make announcements if we determine that the financial results forecast needs to be revised.

2. Basic Policy on Selection of Accounting Standards

The Group’s policy is to prepare its consolidated financial statements based on accounting standards generally accepted in Japan (J-GAAP). The Group will appropriately deal with the future application of International Financial Reporting Standards upon monitoring various developments in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Thousand yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	14,343,181	13,460,637
Notes and accounts receivable-completed operation	1,341,156	3,316,142
Securities	100,000	—
Costs on service contracts in progress	4,051,849	4,489,659
Other	378,909	459,626
Allowance for doubtful accounts	(42,667)	(25,944)
Total current assets	20,172,430	21,700,121
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,417,868	2,443,587
Accumulated depreciation	(1,478,187)	(1,533,416)
Buildings and structures, net	939,680	910,171
Machinery and equipment	129,640	131,215
Accumulated depreciation	(113,451)	(118,426)
Machinery and equipment, net	16,189	12,788
Vehicles	24,178	20,869
Accumulated depreciation	(20,026)	(17,794)
Vehicles, net	4,152	3,075
Tools, furniture and fixtures	353,481	423,003
Accumulated depreciation	(251,550)	(303,587)
Tools, furniture and fixtures, net	101,931	119,416
Land	1,136,998	1,446,831
Construction in progress	—	148,500
Total property, plant and equipment	2,198,952	2,640,782
Intangible assets		
Software	285,634	430,807
Telephone subscription right	18,366	18,366
Other	93	48
Total intangible assets	304,094	449,222
Investments and other assets		
Investment securities	1,378,874	1,255,384
Long-term time deposits	162,669	127,237
Deferred tax assets	768,082	749,161
Other	855,016	645,128
Allowance for doubtful accounts	(173,022)	(50,952)
Total investments and other assets	2,991,620	2,725,960
Total non-current assets	5,494,667	5,815,966
Total assets	25,667,098	27,516,087

(Thousand yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable - operating	630,051	1,140,954
Current portion of long-term borrowings	7,932	2,856
Income taxes payable	403,715	611,599
Advances received on service contracts in progress	930,077	720,984
Provision for bonuses	498,770	659,995
Provision for share awards for directors (and other officers)	—	14,170
Provision for loss on order received	67,126	28,374
Provision for loss compensation	64,435	78,800
Other	1,540,338	1,574,417
Total current liabilities	4,142,446	4,832,152
Non-current liabilities		
Long-term accounts payable - other	41,289	39,809
Long-term borrowings	4,292	1,436
Retirement benefit liability	1,089,975	898,727
Provision for retirement benefits for directors (and other officers)	22,583	25,505
Provision for share awards for directors (and other officers)	21,837	26,140
Deferred tax liabilities	5,865	7,879
Asset retirement obligations	107,599	108,178
Other	73,392	70,651
Total non-current liabilities	1,366,835	1,178,329
Total liabilities	5,509,281	6,010,482
Net assets		
Shareholders' equity		
Share capital	520,000	520,000
Capital surplus	300,120	300,120
Retained earnings	19,706,015	21,061,671
Treasury shares	(806,551)	(806,724)
Total shareholders' equity	19,719,583	21,075,066
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	512,576	442,578
Foreign currency translation adjustment	(76,984)	(38,757)
Remeasurements of defined benefit plans	(15,979)	(23,877)
Total accumulated other comprehensive income	419,613	379,943
Non-controlling interests	18,619	50,595
Total net assets	20,157,816	21,505,605
Total liabilities and net assets	25,667,098	27,516,087

(2) Consolidated Statements of Income and Comprehensive Income
 Consolidated Statement of Income

(Thousand yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Net sales	18,951,988	19,315,097
Cost of sales	11,551,829	11,740,404
Gross profit	7,400,158	7,574,693
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	309,241	306,230
Salaries and allowances	1,276,001	1,339,583
Bonuses	275,836	341,704
Provision for bonuses	173,379	250,177
Retirement benefit expenses	88,871	61,509
Provision for share awards for directors (and other officers)	16,775	18,473
Provision for retirement benefits for directors (and other officers)	2,979	2,921
Legal and other welfare expenses	298,997	262,566
Travel and transportation expenses	103,046	91,936
Rent expenses	263,876	244,599
Depreciation	41,315	53,815
Provision of allowance for doubtful accounts	34,201	1,144
Research and development expenses	686,888	641,153
Other	1,358,792	1,200,068
Total selling, general and administrative expenses	4,930,202	4,815,885
Operating profit	2,469,955	2,758,808
Non-operating income		
Interest income	12,402	10,717
Dividend income	23,305	29,917
Insurance claim income	10,544	—
Reversal of allowance for doubtful accounts	—	21,460
Foreign exchange gains	—	27,272
Other	22,415	11,108
Total non-operating income	68,668	100,475
Non-operating expenses		
Interest expenses	182	47
Foreign exchange losses	31,226	—
Other	97	—
Total non-operating expenses	31,505	47
Ordinary profit	2,507,117	2,859,235
Extraordinary income		
Gain on sale of non-current assets	334	27
Insurance claim income	—	59,000
Settlement received	—	40,627
Reversal of provision for loss compensation	18,126	—
Total extraordinary income	18,461	99,655
Extraordinary losses		
Loss on sale and retirement of non-current assets	1,850	4,424
Loss on valuation of investment securities	—	25,165
Provision for loss compensation	64,435	78,800
Total extraordinary losses	66,285	108,390
Profit before income taxes	2,459,293	2,850,500
Income taxes - current	729,113	863,024
Income taxes - deferred	27,305	56,026
Total income taxes	756,418	919,050

	(Thousand yen)	
	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Profit	1,702,874	1,931,449
Profit (loss) attributable to non-controlling interests	(180)	1,975
Profit attributable to owners of parent	1,703,054	1,929,474

Consolidated Statement of Comprehensive Income

(Thousand yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Profit	1,702,874	1,931,449
Other comprehensive income		
Valuation difference on available-for-sale securities	(27,376)	(69,998)
Foreign currency translation adjustment	(25,110)	38,226
Remeasurements of defined benefit plans, net of tax	16,338	(7,898)
Total other comprehensive income	(36,148)	(39,669)
Comprehensive income	1,666,725	1,891,780
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,666,905	1,889,804
Comprehensive income attributable to non-controlling interests	(180)	1,975

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	520,000	300,120	18,490,346	(459,142)	18,851,324
Changes during period					
Dividends of surplus			(487,385)		(487,385)
Profit attributable to owners of parent			1,703,054		1,703,054
Purchase of treasury shares				(354,278)	(354,278)
Disposal of treasury stock possession of stock ownership plan trust				6,869	6,869
Increase in consolidated subsidiaries - non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,215,669	(347,409)	868,259
Balance at end of period	520,000	300,120	19,706,015	(806,551)	19,719,583

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	539,953	(51,874)	(32,317)	455,761	13,800	19,320,885
Changes during period						
Dividends of surplus						(487,385)
Profit attributable to owners of parent						1,703,054
Purchase of treasury shares						(354,278)
Disposal of treasury stock possession of stock ownership plan trust						6,869
Increase in consolidated subsidiaries - non-controlling interests					5,000	5,000
Net changes in items other than shareholders' equity	(27,376)	(25,110)	16,338	(36,148)	(180)	(36,328)
Total changes during period	(27,376)	(25,110)	16,338	(36,148)	4,819	836,931
Balance at end of period	512,576	(76,984)	(15,979)	419,613	18,619	20,157,816

Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	520,000	300,120	19,706,015	(806,551)	19,719,583
Changes during period					
Dividends of surplus			(573,819)		(573,819)
Profit attributable to owners of parent			1,929,474		1,929,474
Purchase of treasury shares				(172)	(172)
Disposal of treasury stock possession of stock ownership plan trust					—
Increase in consolidated subsidiaries - non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,355,655	(172)	1,355,482
Balance at end of period	520,000	300,120	21,061,671	(806,724)	21,075,066

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	512,576	(76,984)	(15,979)	419,613	18,619	20,157,816
Changes during period						
Dividends of surplus						(573,819)
Profit attributable to owners of parent						1,929,474
Purchase of treasury shares						(172)
Disposal of treasury stock possession of stock ownership plan trust						—
Increase in consolidated subsidiaries - non-controlling interests					30,000	30,000
Net changes in items other than shareholders' equity	(69,998)	38,226	(7,898)	(39,669)	1,975	(37,693)
Total changes during period	(69,998)	38,226	(7,898)	(39,669)	31,975	1,347,788
Balance at end of period	442,578	(38,757)	(23,877)	379,943	50,595	21,505,605

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,459,293	2,850,500
Depreciation	188,448	218,646
Interest and dividend income	(35,708)	(40,634)
Interest expenses	182	47
Foreign exchange losses (gains)	18,515	(14,249)
Loss (gain) on sale and retirement of non-current assets	1,515	4,397
Loss (gain) on valuation of investment securities	—	25,165
Notes and accounts receivable-completed operation	310,940	(1,937,941)
Decrease (increase) in costs on uncompleted services	762,986	(426,054)
Decrease (increase) in accounts payable-operating	(199,520)	507,271
Increase (decrease) in advances received on service contracts in progress	(452,417)	(217,680)
Increase (decrease) in accrued consumption taxes	245,259	(141,005)
Increase (decrease) in allowance for doubtful accounts	11,406	(141,944)
Increase (decrease) in provision for bonuses	(136,984)	161,224
Increase (decrease) in retirement benefit liability	(148,384)	(202,632)
Other, net	(17,072)	156,502
Subtotal	3,008,459	801,615
Interest and dividends received	37,808	42,291
Interest paid	(150)	(47)
Proceeds from insurance income	10,544	—
Income taxes refund	28,427	12,255
Income taxes paid	(584,924)	(629,093)
Net cash provided by (used in) operating activities	2,500,165	227,020
Cash flows from investing activities		
Proceeds from cancellation of time deposits	103,603	351,413
Payments into time deposits	(184,939)	(302,686)
Purchase of property, plant and equipment	(107,281)	(460,209)
Proceeds from sale of property, plant and equipment	1,277	27
Purchase of intangible assets	(127,518)	(239,794)
Purchase of investment securities	(28,600)	(3,600)
Proceeds from redemption of investment securities	—	100,000
Payments of leasehold and guarantee deposits	(59,969)	(3,392)
Proceeds from refund of leasehold and guarantee deposits	32,720	13,513
Other, net	(1,014)	(6,571)
Net cash provided by (used in) investing activities	(371,722)	(551,299)
Cash flows from financing activities		
Purchase of treasury shares	(354,278)	(172)
Proceeds from share issuance to non-controlling shareholders	5,000	30,000
Repayments of long-term borrowings	(14,928)	(7,932)
Dividends paid	(486,068)	(573,338)
Other, net	(2,572)	(5,512)
Net cash provided by (used in) financing activities	(852,848)	(556,955)
Effect of exchange rate change on cash and cash equivalents	(2,655)	(1,309)
Net increase (decrease) in cash and cash equivalents	1,272,939	(882,544)
Cash and cash equivalents at beginning of period	13,070,242	14,343,181
Cash and cash equivalents at end of period	14,343,181	13,460,637

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Additional Information)

(Adoption 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.

(Accounting estimates regarding the impact of COVID-19)

There were no significant changes in the assumptions regarding the impact of COVID-19 described in “Accounting estimates regarding the impact of COVID-19” under “Additional information” in the Securities Report of the previous consolidated fiscal year.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are units composing the Group for which separate financial information is available and are the subject of regular review by the Board of Directors to determine the allocation of management resources and evaluate performance.

The Group, as a comprehensive water and environmental consultant, engages primarily in the construction consultancy business. Business activities are conducted in Japan mainly by the Company and its domestic subsidiaries in Japan, and overseas mainly by the Company's Global Business Division and local subsidiaries in India and America, respectively. The Company's consolidated subsidiaries, as independent business units, propose business strategies and develop business activities on their own.

Therefore, the Group consists of two reportable segments classified according to region and customer, namely, "Domestic Operations" and "Overseas Operations."

2. Method of calculating amounts of net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting of business segments reported are generally the same as stated in "Significant basis of preparing consolidated financial statements."

Profits of reportable segments are amounts based on operating profit.

Inter-segment sales and transfers are based on prevailing market prices.

3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment

For the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Thousand yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Domestic Operations	Overseas Operations	Total				
Net sales							
Net sales to outside customers	15,407,285	3,318,328	18,725,614	226,373	18,951,988	—	18,951,988
Inter-segment net sales or transfers	715	30,068	30,783	—	30,783	(30,783)	—
Total	15,408,000	3,348,396	18,756,397	226,373	18,982,771	(30,783)	18,951,988
Segment profit (loss)	2,597,351	(205,254)	2,392,097	87,276	2,479,373	(9,418)	2,469,955
Segment assets	20,586,853	3,405,848	23,992,701	1,895,919	25,888,620	(221,522)	25,667,098
Other items							
Depreciation	141,222	6,061	147,284	41,164	188,448	—	188,448
Increases in property, plant and equipment and intangible assets	198,620	7,650	206,270	—	206,270	—	206,270

(Notes) 1. "Other" consists of business segments not included in the reportable segments, and the Company conducts real estate leasing business.

2. Details of adjustments are as follows:

(1) Adjustment of segment profit (loss) is based on inter-segment eliminations.

(2) Adjustment of segment assets is based on inter-segment eliminations.

3. Segment profit (loss) is adjusted with operating profit in the consolidated financial statements.

For the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Thousand yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Domestic Operations	Overseas Operations	Total				
Net sales							
Net sales to outside customers	16,156,541	2,930,952	19,087,494	227,603	19,315,097	—	19,315,097
Inter-segment net sales or transfers	—	1,500	1,500	—	1,500	(1,500)	—
Total	16,156,541	2,932,452	19,088,994	227,603	19,316,597	(1,500)	19,315,097
Segment profit (loss)	2,483,780	181,465	2,665,246	94,116	2,759,363	(554)	2,758,808
Segment assets	22,382,861	3,487,647	25,870,508	1,862,560	27,733,069	(216,981)	27,516,087
Other items							
Depreciation	171,454	5,811	177,265	41,380	218,646	—	218,646
Increases in property, plant and equipment and intangible assets	789,806	9,893	799,700	8,022	807,722	—	807,722

(Notes) 1. “Other” consists of business segments not included in the reportable segments, and the Company conducts real estate leasing business.

2. Details of adjustments are as follows:

(1) Adjustment of segment profit (loss) is based on inter-segment eliminations.

(2) Adjustment of segment assets is based on inter-segment eliminations.

3. Segment profit (loss) is adjusted with operating profit in the consolidated financial statements.

[Related information]

For the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

1. Information by product and service

(Thousand yen)

	Water Supply	Sewerage	Environmental/Other	Total
Net sales to outside customers	5,926,378	11,702,573	1,323,036	18,951,988

2. Information by region

(1) Net sales

(Thousand yen)

Japan	Asia & Oceania	Africa	Middle East	Central & South America	North America	Total
15,633,659	2,089,019	—	1,186,248	35,520	7,540	18,951,988

(Note) Net sales are based on the location of the customer and classified according to country or region.

(2) Property, plants and equipment

The amount of property, plants and equipment located in Japan is not presented as it exceeds 90% of the property, plants and equipment recorded on the consolidated balance sheet.

3. Information by major customer

(Thousand yen)

Name of customer	Net sales	Related segment
Japan Sewage Works Agency	3,354,571	Domestic Operations

For the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

1. Information by product and service

(Thousand yen)

	Water supply	Sewerage	Environmental/Other	Total
Net sales to outside customers	6,442,271	11,641,171	1,231,654	19,315,097

2. Information by region

(1) Net sales

(Thousand yen)

Japan	Asia & Oceania	Africa	Middle East	Central & South America	North America	Total
16,384,145	1,652,787	50,324	1,184,807	42,547	485	19,315,097

(Note) Net sales are based on the location of the customer and classified according to country or region.

(2) Property, plants and equipment

The amount of property, plants and equipment located in Japan is not presented as it exceeds 90% of the property, plants and equipment recorded on the consolidated balance sheet.

3. Information by major customer

(Thousand yen)

Name of customer	Net sales	Related segment
Japan Sewage Works Agency	3,098,972	Domestic Operations

[Information on impairment loss on non-current assets by reportable segment]

For the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

Not applicable.

For the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

Not applicable.

[Information on amortization and unamortized balance of goodwill by reportable segment]

For the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

Not applicable.

For the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

Not applicable.

[Information on gain on negative goodwill by reportable segment]

For the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

Not applicable.

For the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

Not applicable.

(Per share information)

	For the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)	For the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)
Net assets per share	2,112.60	2,250.65
Basic earnings per share	178.67	202.40

- (Notes) 1. Diluted earnings per share is not provided as there were no potential shares.
2. The basis for the calculation of net assets per share is as follows. Furthermore, the Company's shares held in the board benefit trust are included in the treasury shares to be deducted in the calculation of total number of shares issued as of the end of the fiscal year and average number of shares during the fiscal year for the purpose of calculating net assets per share and basic earnings per share.

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Total net assets (Thousand yen)	20,157,816	21,505,605
Amounts deducted from total net assets (Thousand yen)	18,619	50,595
(Non-controlling interests (Thousand yen))	(18,619)	(50,595)
Net assets attributable to shares of common stock (Million yen)	20,139,197	21,455,010
Number of shares of common stock used to calculate net assets per share (Thousand shares)	9,532	9,532

3. The basis for the calculation of basic earnings per share is as follows.

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Profit attributable to owners of parent (Thousand yen)	1,703,054	1,929,474
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousand yen)	1,703,054	1,929,474
Average number of common shares during the period (Thousand shares)	9,531	9,532

(Significant subsequent events)

Not applicable.