

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

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [Japanese GAAP]



February 14, 2025

Company name : NJS Co., Ltd.  
 Stock exchange listing : Tokyo Stock Exchange  
 Code number : 2325  
 URL : <https://www.njs.co.jp/>  
 Representative : Masaaki Murakami, President & Chief Executive Officer  
 Contact : Yasuhiko Kabaya, Executive Managing Director, Chief Administrative Officer  
 Phone : +81-3-6324-4355  
 Scheduled date of general shareholders' meeting : March 25, 2025  
 Scheduled date of commencing dividend payments : March 26, 2025  
 Scheduled date of filing securities report : March 28, 2025  
 Availability of supplementary explanatory materials on annual financial results : Yes  
 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, 2024 (January 1, 2024 - December 31, 2024)

(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, 2024	22,594	2.6	2,993	84.9	3,140	84.3	2,115	5.9
December 31, 2023	22,027	14.5	1,618	(16.3)	1,704	(15.3)	1,997	15.7

(Note) Comprehensive income: Fiscal year ended December 31, 2024: ¥2,581 million [15.5%]

Fiscal year ended December 31, 2023: ¥2,234 million [17.6%]

	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
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2024	222.22	—	8.4	10.4	13.2
December 31, 2023	209.33	—	8.4	5.9	7.3

(Reference) Equity in earnings of affiliated companies: Fiscal year ended December 31, 2024: ¥ – million

Fiscal year ended December 31, 2023: ¥ – million

### (2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	31,122	26,191	83.9	2,745.57
As of December 31, 2023	29,493	24,552	83.0	2,566.90

(Reference) Equity: As of December 31, 2024: ¥26,124 million

As of December 31, 2023: ¥24,490 million

### (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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2024	1,787	(373)	(957)	17,681
December 31, 2023	1,550	2,419	(771)	17,188

## 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, 2023	—	40.00	—	45.00	85.00	812	40.6	3.4
Fiscal year ended December 31, 2024	—	45.00	—	50.00	95.00	908	42.9	3.5
Fiscal year ending December 31, 2025 (Forecast)	—	50.00	—	50.00	100.00		45.3	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 - December 31, 2025)

(% 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	23,600	4.5	3,000	0.2	3,050	(2.9)	2,100	(0.7)	220.7

### \* 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: 1 (Company name: Doto Corporation)

Excluded: 3 (Company name: NJS Design Center Co., Ltd. Suido Asset Service Co., Ltd. and Consorcio NJS-Sogreah S.A.)

(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)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2023
1) Total number of issued shares at the end of the year (including treasury shares)	10,048,000 shares	10,048,000 shares
2) Total number of treasury shares at the end of the year	532,889 shares	506,954 shares
3) Average number of shares during the year	9,520,395 shares	9,541,051 shares

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 - December 31, 2024)****(1) Non-consolidated Operating Results** (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	19,210	3.3	2,859	102.9	2,967	100.8	1,973	1.7
December 31, 2023	18,598	10.3	1,409	(23.4)	1,478	(23.1)	1,941	29.6

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2024	207.29	—
December 31, 2023	203.44	—

**(2) Non-consolidated Financial Status**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	29,351	24,495	83.5	2,574.39
As of December 31, 2023	27,754	23,142	83.4	2,425.62

(Reference) Equity: As of December 31, 2024: ¥24,495 million

As of December 31, 2023: ¥23,142 million

\* 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 5 of the attached document.

## Table of Contents - Attachments

1. Overview of Operating Results, etc. ....	2
(1) Overview of Operating Results for the Fiscal Year under Review .....	2
(2) Overview of Financial Position for the Fiscal Year under Review .....	4
(3) Overview of Cash Flows for the Fiscal Year under Review .....	4
(4) Future Outlook .....	5
2. Basic Policy on Selection of Accounting Standards .....	6
3. Consolidated Financial Statements and Principal Notes .....	7
(1) Consolidated Balance Sheets .....	7
(2) Consolidated Statements of Income and Comprehensive Income .....	9
Consolidated Statements of Income.....	9
Consolidated Statements of Comprehensive Income.....	11
(3) Consolidated Statements of Changes in Equity .....	12
(4) Consolidated Statements of Cash Flows .....	14
(5) Notes of Consolidated Financial Statements .....	16
(Notes on going concern assumption).....	16
(Segment information, etc.) .....	17
(Per share information) .....	23
(Significant subsequent events) .....	23

## 1. Overview of Operating Results, etc.

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

During the period under review (the fiscal year ended December 31, 2024), the global economy was expected to adjust to the high prices and interest rates that had been prevailing and move toward a gradual expansionary trend, but uncertainty persisted due to political instability in various countries in addition to the conflicts in Ukraine and the Middle East. Meanwhile, disasters such as heat waves, heavy rains, and droughts caused by climate change have been occurring in many areas, and the unprecedented and severe wildfires in the United States. In addition to strengthening countermeasures against disasters, the importance of water infrastructure is increasing to protect the global environment and support people's lives.

Aging facilities and disaster countermeasures continue to be key issues in the business environment surrounding water infrastructure, and the road cave-in accident in Yashio City (Saitama Prefecture) in January 2025 was a reminder of the seriousness of aging sewage pipeline facilities. In addition, recovery from the Noto Peninsula earthquake is still ongoing one year after the disaster, demonstrating the difficulty of maintaining services in underpopulated areas. The government has ordered the formulation of an earthquake resistance plan and urgent inspections of pipeline facilities, and measures are being taken at a rapid pace. At the same time, PPP (public-private partnership) projects are being introduced to address human resource shortages at entities, improve operational efficiency, and promote the introduction of new technologies.

In response, the NJS Group (the "Group") has been working on the advancement of infrastructure management through consulting and software. In the consulting field, we have worked to develop technologies for both global environmental conservation and the creation of local value, starting with infrastructure, such as the utilization of sewage sludge and power generation projects using unused land, as technologies for the community and the environment. In the area of disaster countermeasures, we worked on disaster-resistant community development, including the creation of inland water hazard maps and the development of a decentralized treatment system integrated with water supply and sewage systems.

In the software field, we focused on promoting DX, including streamlining management and accelerating human resource development, the use of 3D data of facilities, and utilizing drones and other new technologies to inspect no-entry facilities and ensure work safety. In addition, we have worked to expand water and wastewater customer service to improve user engagement.

As a result, the overall performance of the Group during the current consolidated fiscal year was solid, with consolidated orders received of ¥23,325 million (up 2.9% year on year, the same shall apply hereafter) and consolidated net sales of ¥22,594 million (up 2.6%). Operating income was ¥2,993 million (up 84.9%), ordinary income was ¥3,140 million (up 84.3%), and net income attributable to owners of the parent was ¥2,115 million (up 5.9%).

Operating results by segment are as follows.

#### [Domestic operations]

In domestic operations, the Group has been engaged on surveys and diagnosis of the deterioration of pipelines and treatment facilities, renovation and renewal plans and designs, and studies related to the introduction of PPP projects, in order to rebuild infrastructure to cope with aging and to make it more disaster-resistant. We also worked to promote DX technologies, including our independently developed infrastructure management system, drones for inspections and surveys, and customer communication platforms.

As a result, orders received were ¥21,666 million (up 17.0%), net sales were ¥20,193 million (up 17.2%), and operating profit was ¥3,131 million (up 105.8%), reflecting growth in each of the following projects: renovation and renewal design, stormwater control, and PPP project promotions.

[Overseas operations]

In overseas operations, the Group promoted infrastructure development projects in response to the progress of urbanization and the intensification of disasters such as droughts and floods, mainly in emerging countries in Asia, the Middle East, and Africa. In India, which is considered a leader in the Global South, our local subsidiary provides engineering services for water supply, sewerage, transportation, irrigation, and forest conservation. We also worked on DX promotion of water infrastructure management through collaboration between IT engineers in Japan and India. On the other hand, we scaled back some projects due to unstable international situations.

As a result, orders received were ¥1,659 million (down 60.0%), net sales were ¥2,400 million (down 47.7%), and operating loss was ¥138 million (operating income was ¥37 million 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 (the year ended December 31, 2024), total assets amounted to ¥31,122 million, up ¥1,628 million from the end of the previous fiscal year. This was mainly due to an increase of ¥493 million in cash and deposits, an increase of ¥309 million in notes, accounts receivable-completed operation and contract assets, an increase of ¥352 million in costs on uncompleted operations, and an increase of ¥452 million in investment securities due to the rise in market values of stock holdings.

At the end of the fiscal year under review, total liabilities amounted to ¥4,931 million, down ¥10 million from the end of the previous fiscal year. This was mainly due to an increase of ¥92 million in income taxes payable, and a decrease of ¥107 million in liabilities for retirement benefits.

At the end of the fiscal year under review, net assets amounted to ¥26,191 million, up ¥1,639 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,254 million in retained earnings after deducting dividends paid from profit attributable to owners of parent and an increase of ¥321 million in valuation difference on available-for-sale securities. As a result, the equity ratio was 83.9%.

## (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 ¥17,681 million, up ¥493 million from the end of the previous fiscal year.

### (Cash Flows from Operating Activities)

Funds provided for operating activities were ¥1,787 million (¥1,550 million in the previous fiscal year).

This is mainly attributable to income before income taxes of ¥3,147 million, increase in notes receivable, accounts receivable from completed operations and contract assets of (¥251 million), increase in costs on uncompleted contracts of (¥318 million), and income taxes paid of (¥1,073 million).

### (Cash Flows from Investing Activities)

Funds used in investing activities were ¥373 million (funds acquired were ¥2,419 million in the previous fiscal year).

This is mainly attributable to purchases of property, plant and equipment of (¥129 million), purchases of intangible assets of (¥253 million), and payments for loans receivable (¥66 million).

### (Cash Flows from Financing Activities)

Funds used in financing activities were ¥957 million (¥771 million in the previous fiscal year).

This is mainly attributable to dividends paid (¥858 million) and acquisition of treasury stock (¥89 million).

(Reference) Trends in cash flow indicators

Indicator	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024
Equity ratio (%)	78.5	78.0	81.7	83.0	83.9
Equity ratio at fair value (%)	75.8	67.0	68.9	88.1	109.3
Cash flow vs. interest-bearing debt (years)	0.0	0.0	0.0	—	0.0
Interest coverage ratio (times)	16,652.9	4,759.4	102,929.7	952,020.1	47,513.31

(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

Following the NJS Company Purpose “Pass on healthy water and environment to the next generation”, the Group will respond to the new water infrastructure business environment and enhance our corporate value.

(New Water Infrastructure Business Environment)

- Global environmental changes: Safe water use and water management are becoming increasingly important due to rising temperatures, intensifying disasters, and infectious disease outbreaks associated with climate change.
- Local community changes: As the population decline provokes an aging society and an increase of depopulated areas, the importance of efforts to protect the safety, health and comfort of local communities is increasing.
- Water infrastructure changes: To maintain aging water infrastructure, it is becoming increasingly important to accurately survey, manage, and reconstruct infrastructure and to manage PPP projects.

(Business Policy)

NJS's business policy in response to changes in the business environment is as follows.

(1) Transformation into an “Operation Company”

The Group aims to become an “Operation Company” that proactively takes responsibility for the business operation of water infrastructure. The main objectives are to create and expand the operations business and further strengthen the consulting business.

(2) Create a new era of water infrastructure

As the importance of water infrastructure grows, we will promote precise measures for aging infrastructure, optimization of operation and management, introduction of DX, and business efficiency through PPP to maintain sound water infrastructure and improve the efficiency of business operations.

(3) Solving Community and Environmental Challenges

Increasing the social value of water infrastructure by solving local and environmental issues is a new challenge. The Group promotes disaster prevention and mitigation to ensure regional safety, creates infrastructure focusing on global environmental conservation and regional value creation, and develops communities that make the most of regional nature and culture.

(4) Creating Diverse Customer Services through Water Infrastructure

Protecting the safety, health, and comfort of people's lives, and promoting the creation of diverse services for customers, sharing information on water and the environment, and "co-creation" initiatives are created together with citizens shall become the purposes of water infrastructure.

(5) Expansion of overseas business

The Group will address and contribute to the world's water and environment, which are becoming increasingly serious due to population growth and the effects of climate change. The main focus points are to support infrastructure development in emerging countries, to strengthen the consulting business of our subsidiary in India, and to develop new markets, such as Australia.



(Important Measures)

Important measures based on the business policy are as follows

(1) Software

Enhance software development, including drones and other related technologies, to improve infrastructure management efficiency, community and environmental measures, and customer service; create highly effective technologies based on operations along with the use of AI and satellite data.

(2) Regional offices

In PPP (public-private partnership) projects, water infrastructure that supports local livelihoods must be promoted in cooperation with the community based on local needs. Active regional offices will be required to expand regional service.

(3) Customer service

The value of water infrastructure is determined by the users. The Group will strengthen customer service, such as fee collection and terms to maintain contact with citizens. We will promote citizen participation in the project, both in terms of information sharing with customers and improvement of user-friendliness.

(4) Human capital

The acquisition of human resources for water infrastructure operations, the acquisition of operational skills, and the development of proactive awareness are essential. The Group will strengthen recruitment and training, promote a competitive compensation system, and introduce a “mission grade system”.

(5) Corporate Governance

Effective corporate governance is valuable to enhance the social value of the company, to create sustainable corporate activities, and to reduce the environmental impact of corporate activities. In addition to strengthening compliance and risk management, we will promote sustainability management.

With regard to the above efforts, for the fiscal year ending December 31, 2025, the Group is forecasting consolidated orders of ¥27,000 million (up 15.8% year on year, the same shall apply hereafter), consolidated net sales of ¥23,600 million (up 4.5%), operating income of ¥3,000 million (up 0.2%), and ordinary income of ¥3,050 million (down 2.9%). Net income attributable to parent company shareholders is expected to be ¥2,100 million (down 0.7%).

## 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 Sheets

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	17,188,267	17,681,274
Notes receivable	953	5,627
Accounts receivable from completed operations	1,549,579	1,704,099
Contract asset	4,395,059	4,545,434
Securities	—	10,014
Costs on service contracts in progress	613,213	965,851
Other	480,036	567,005
Allowance for doubtful accounts	(28,906)	(15,775)
Total current assets	24,198,203	25,463,531
Non-current assets		
Property, plant and equipment		
Buildings and structures	863,050	857,861
Accumulated depreciation	(217,586)	(227,245)
Buildings and structures, net	645,463	630,615
Machinery and equipment	141,465	136,991
Accumulated depreciation	(128,450)	(126,167)
Machinery and equipment, net	13,015	10,823
Vehicles	35,034	51,571
Accumulated depreciation	(21,641)	(32,580)
Vehicles, net	13,393	18,991
Tools, furniture and fixtures	704,616	708,799
Accumulated depreciation	(499,270)	(539,078)
Tools, furniture and fixtures, net	205,346	169,721
Land	299,978	293,652
Total property, plant and equipment	1,177,197	1,123,805
Intangible assets		
Goodwill	87,019	63,287
Software	620,168	637,180
Telephone subscription right	21,935	22,007
Total intangible assets	729,124	722,474
Investments and other assets		
Investment securities	1,658,569	2,111,273
Long-term loans	—	66,400
Deferred tax assets	568,398	415,610
Other	1,223,398	1,286,554
Allowance for doubtful accounts	(60,904)	(67,365)
Total investments and other assets	3,389,461	3,812,473
Total non-current assets	5,295,782	5,658,753
Total assets	29,493,986	31,122,285

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - operating	785,515	762,531
Current portion of long-term borrowings	—	3,336
Income taxes payable	592,818	684,910
Contract liabilities	244,819	203,547
Provision for bonuses	778,365	792,625
Provision for loss on order received	103,525	88,463
Provision for shareholder benefit program	19,100	27,182
Other	1,646,294	1,764,856
Total current liabilities	4,170,439	4,327,452
Non-current liabilities		
Deferred tax liabilities	38,930	40,201
Provision for retirement benefits for directors (and other officers)	39,194	13,050
Provision for share awards for directors (and other officers)	54,193	51,134
Retirement benefit liability	510,963	403,246
Asset retirement obligations	99,134	59,188
Other	28,963	36,759
Total non-current liabilities	771,379	603,580
Total liabilities	4,941,819	4,931,033
<b>Net assets</b>		
Shareholders' equity		
Share capital	520,000	520,000
Capital surplus	276,555	276,555
Retained earnings	23,705,817	24,960,756
Treasury shares	(792,569)	△874,223
Total shareholders' equity	23,709,804	24,883,089
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	732,961	1,054,809
Foreign currency translation adjustment	12,680	108,444
Remeasurements of defined benefit plans	35,471	78,085
Total accumulated other comprehensive income	781,113	1,241,339
Non-controlling interests	61,249	66,823
Total net assets	24,552,167	26,191,252
Total liabilities and net assets	29,493,986	31,122,285

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

(Thousands of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Net sales	22,027,578	22,594,177
Cost of sales	14,783,840	13,263,709
Gross profit	7,243,737	9,330,468
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	296,392	284,947
Salaries and allowances	1,560,491	1,725,018
Bonuses	302,864	353,862
Provision for bonuses	268,078	256,438
Retirement benefit expenses	8,168	52,185
Provision for share awards for directors (and other officers)	14,689	20,167
Provision for retirement benefits for directors (and other officers)	3,008	4,914
Legal and other welfare expenses	409,673	454,445
Travel and transportation expenses	164,223	171,710
Rent expenses	271,689	280,074
Depreciation	114,317	103,239
Provision of allowance for shareholder benefit programs	19,100	27,182
Provision of allowance for doubtful accounts	3,859	12,434
Amortization of goodwill	23,732	23,732
Research and development expenses	790,588	873,718
Other	1,374,213	1,693,083
Total selling, general and administrative expenses	5,625,089	6,337,155
Operating profit	1,618,648	2,993,313
Non-operating income		
Interest income	13,861	21,876
Dividend income	29,677	57,123
Foreign exchange gains	19,375	18,902
Other	37,445	56,903
Total non-operating income	100,360	154,804
Non-operating expenses		
Interest expenses	1	37
Provision of allowance for doubtful accounts	12,810	2,438
Compensatory payment	—	4,626
Other	1,923	680
Total non-operating expenses	14,736	7,782
Ordinary profit	1,704,272	3,140,335
Extraordinary income		
Gain on sale of non-current assets	1,305,284	16
Subsidy income	28,582	—
Gain on Negative Goodwill	—	42,549
Total extraordinary income	1,333,866	42,565
Extraordinary losses		
Loss on sale and retirement of non-current assets	3,900	2,122
Loss of reduction on non-current assets	28,422	—
Impairment loss	138,213	—
Compensation for damages	—	33,235
Total extraordinary losses	170,536	35,357

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Profit before income taxes	2,867,602	3,147,543
Income taxes – current	888,734	1,034,909
Income taxes - deferred	(27,555)	(8,596)
Total income taxes	861,178	1,026,313
Profit	2,006,423	2,121,230
Profit attributable to non-controlling interests	9,196	5,574
Profit attributable to owners of parent	1,997,227	2,115,656

# Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Profit	2,006,423	2,121,230
Other comprehensive income		
Valuation difference on available-for-sale securities	290,164	321,847
Foreign currency translation adjustment	29,273	95,764
Remeasurements of defined benefit plans, net of tax	(90,964)	42,614
Total other comprehensive income	228,473	460,225
Comprehensive income	2,234,897	2,581,456
(breakdown)		
Comprehensive income attributable to owners of parent	2,225,701	2,575,882
Comprehensive income attributable to non-controlling interests	9,196	5,574

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	520,000	276,555	22,473,675	(792,470)	22,477,761
Changes during period					
Dividends of surplus			(765,085)		(765,085)
Profit attributable to owners of parent			1,997,227		1,997,227
Disposal of treasury stock possession of stock ownership plan trust				—	—
Treasury stock possession of stock ownership plan trust				—	—
Acquisition of treasury stock				(99)	(99)
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	1,232,141	(99)	1,232,042
Balance at end of period	520,000	276,555	23,705,817	(792,569)	23,709,804

	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	442,797	(16,593)	126,435	552,639	52,053	23,082,454
Changes during period						
Dividends of surplus						(765,085)
Profit attributable to owners of parent						1,997,227
Disposal of treasury stock possession of stock ownership plan trust						—
Treasury stock possession of stock ownership plan trust						—
Acquisition of treasury stock						(99)
Net changes in items other than shareholders' equity	290,164	29,273	(90,964)	228,473	9,196	237,669
Total changes during period	290,164	29,273	(90,964)	228,473	9,196	1,469,712
Balance at end of period	732,961	12,680	35,471	781,113	61,249	24,552,167

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	520,000	276,555	23,705,817	(792,569)	23,709,804
Changes during period					
Dividends of surplus			(860,717)		(860,717)
Profit attributable to owners of parent			2,115,656		2,115,656
Disposal of treasury stock possession of stock ownership plan trust				8,194	8,194
Treasury stock possession of stock ownership plan trust				(89,739)	(89,739)
Acquisition of treasury stock				(108)	(108)
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	1,254,938	(81,654)	1,173,284
Balance at end of period	520,000	276,555	24,960,756	(874,223)	24,883,089

	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	732,961	12,680	35,471	781,113	61,249	24,552,167
Changes during period						
Dividends of surplus						(860,717)
Profit attributable to owners of parent						2,115,656
Disposal of treasury stock possession of stock ownership plan trust						8,194
Treasury stock possession of stock ownership plan trust						(89,739)
Acquisition of treasury stock						(108)
Net changes in items other than shareholders' equity	321,847	95,764	42,614	460,225	5,574	465,800
Total changes during period	321,847	95,764	42,614	460,225	5,574	1,639,084
Balance at end of period	1,054,809	108,444	78,085	1,241,339	66,823	26,191,252



## (4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,867,602	3,147,543
Depreciation	343,815	354,848
Amortization of goodwill	23,732	23,732
Gain on negative goodwill	—	(42,549)
Interest and dividend income	(43,539)	(78,999)
Interest expenses	1	37
Foreign exchange losses (gains)	(40,323)	(35,355)
Loss of reduction on non-current assets	28,422	—
Impairment loss	138,213	—
Subsidy income	(28,582)	—
Compensation loss	—	33,235
Loss (gain) on sale and retirement of non-current assets	(1,301,384)	2,105
Decrease (increase) in notes, accounts receivable- completed operation and contract assets	(514,226)	(251,485)
Decrease (increase) in costs on uncompleted services	1,123,820	(318,826)
Increase (decrease) in accounts payable operating	(600,965)	(26,902)
Increase (decrease) in contract liabilities	(11,100)	(41,499)
Increase (decrease) in accrued consumption taxes	181,169	28,154
Increase (decrease) in allowance for doubtful accounts	1,210	(8,916)
Increase (decrease) in provision for bonuses	7,824	11,201
Increase (decrease) in retirement benefit liability	(23,488)	(107,716)
Other	(30,793)	125,474
Subtotal	2,121,408	2,814,083
Interest and dividends received	44,614	80,185
Interest paid	(1)	(37)
Subsidy income	28,582	—
Amount of compensation paid	—	(33,235)
Income taxes paid	(643,762)	(1,073,022)
Net cash provided by (used in) operating activities	1,550,840	1,787,973
Cash flows from investing activities		
Proceeds from cancellation of time deposits	728,394	1,002,178
Payments into time deposits	(739,232)	(1,048,836)
Purchase of property, plant and equipment	(252,596)	(129,024)
Proceeds from sale of property, plant and equipment	3,100,000	16
Purchase of intangible assets	(243,715)	(253,148)
Payments for loans receivable	—	(66,400)
Proceeds from acquisition of shares of subsidiaries resulting in change in scope of consolidation	—	61,372
Payments of leasehold and guarantee deposits	(216,870)	(6,190)
Proceeds from refund of leasehold and guarantee deposits	14,953	15,503
Other, net	28,179	51,046
Net cash provided by (used in) investing activities	2,419,113	(373,482)

(Thousands of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from financing activities		
Purchase of treasury stock	—	(89,848)
Proceeds from sale of treasury stock	—	2,500
Dividends paid	(764,550)	(858,920)
Other, net	(7,133)	(10,932)
Net cash provided by (used in) financing activities	(771,684)	(957,200)
Effect of exchange rate change on cash and cash equivalents	9,910	35,716
Net increase (decrease) in cash and cash equivalents	3,208,180	493,006
Cash and cash equivalents at beginning of period	13,980,087	17,188,267
Cash and cash equivalents at end of period	17,188,267	17,681,274

(5) Notes of Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(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 "solution partner for water and environment business", 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 independent business strategies and activities.

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 and disaggregation

For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Domestic operations	Overseas operations	Total				
Net sales							
Water supply systems	4,644,118	3,163,632	7,807,751	—	7,807,751	—	7,807,751
Sewerage systems	11,865,663	262,448	12,128,112	—	12,128,112	—	12,128,112
Environmental systems and others	720,342	1,168,082	1,888,424	—	1,888,424	—	1,888,424
Revenue from contracts with customers	17,230,124	4,594,163	21,824,288	—	21,824,288	—	21,824,288
Other revenue	—	—	—	203,289	203,289	—	203,289
Net sales to outside customers	17,230,124	4,594,163	21,824,288	203,289	22,027,578	—	22,027,578
Intersegment net sales or transfers	—	—	—	—	—	—	—
Total	17,230,124	4,594,163	21,824,288	203,289	22,027,578	—	22,027,578
Segment profit	1,521,418	37,665	1,559,084	59,564	1,618,648	—	1,618,648
Segment assets	26,540,828	3,436,139	29,976,968	—	29,976,968	(482,981)	29,493,986
Other items							
Depreciation	304,612	11,225	315,838	27,977	343,815	—	343,815
Amortization of goodwill	23,732	—	23,732	—	23,732	—	23,732
Unamortized balance of goodwill	87,019	—	87,019	—	87,019	—	87,019
Impairment loss	138,213	—	138,213	—	138,213	—	138,213
Increases in property, plant and equipment and intangible assets	381,303	80,451	461,755	—	461,755	—	461,755

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

2. Details of adjustments are as follows:

(1) Adjustment of segment profit is based on intersegment eliminations.

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

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

For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Domestic operations	Overseas operations	Total		
Net sales					
Water supply systems	5,425,966	1,078,135	6,504,102	—	6,504,102
Sewerage systems	14,016,743	124,432	14,141,176	—	14,141,176
Environmental systems and others	750,722	1,198,176	1,948,898	—	1,948,898
Revenue from contracts with customers	20,193,432	2,400,744	22,594,177	—	22,594,177
Other revenue	—	—	—		—
Net sales to outside customers	20,193,432	2,400,744	22,594,177		22,594,177
Intersegment net sales or transfers	—	—	—		—
Total	20,193,432	2,400,744	22,594,177		22,594,177
Segment profit	3,131,432	(138,119)	2,993,313		2,993,313
Segment assets	29,123,368	2,481,898	31,605,266	(482,981)	31,122,285
Other items					
Depreciation	341,884	12,964	354,848		354,848
Amortization of goodwill	23,732	—	23,732		23,732
Unamortized balance of goodwill	63,287	—	63,287		63,287
Impairment loss	—	—	—		—
Increases in property, plant and equipment and intangible assets	330,038	10,656	340,685		340,685

(Notes) 1. Details of adjustments are as follows:

- (1) Adjustment of segment profit is based on intersegment eliminations.
  - (2) Adjustment of segment assets is based on intersegment eliminations.
2. Segment profit is adjusted with operating profit in the consolidated financial statements.

[Relevant Information]

For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

1. Information by products and services

(Thousands of yen)

	Water supply systems	Sewerage systems	Environmental systems and others	Others	Total
Net sales to outside customers	7,807,751	12,128,112	1,888,424	203,289	22,027,578

2. Information by area

(1) Net Sales

(Thousands of yen)

Japan	Asia & Oceania	Africa	Middle East	Latine America	Total
17,433,414	2,260,188	52,767	2,263,339	17,868	22,027,578

(Notes) Net Sales are classified based on areas in which the Group renders its services.

(2) Tangible fixed assets

The amount of tangible fixed assets located in Japan exceeds 90% of the amount of these assets on the consolidated balance sheet, so this information is omitted.

3. information by major customer

(Thousands of yen)

Name of customer	Net sales	Name of relevant segment
Japan Sewerage Works Agency	2,701,769	Domestic operations
Ministry of Construction, Housing, Municipalities and Public Works	2,224,507	Overseas operations

For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

1. Information by products and services

(Thousands of yen)

	Water supply systems	Sewerage systems	Environmental systems and others	Other	Total
Net sales to outside customers	6,504,102	14,141,176	1,948,898	—	22,594,177

2. Information by area

(1) Net Sales

(Thousands of yen)

Japan	Asia & Oceania	Africa	Middle East	Latine America	Total
20,193,432	1,792,292	77,354	506,326	24,771	22,594,177

(Notes) Net Sales are classified based on areas in which the Group renders its services.

(2) Tangible fixed assets

The amount of tangible fixed assets located in Japan exceeds 90% of the amount of these assets on the consolidated balance sheet, so this information is omitted.

3. information by major customer

(Thousands of yen)

Name of customer	Net sales	Name of relevant segment
Japan Sewerage Works Agency	3,901,950	Domestic operations



[Impairment losses on fixed assets and goodwill by reportable segment]

For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

The same information is disclosed in Segment information

For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

Not applicable.

[Amortized amount and unamortized balance of goodwill by reportable segment]

For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

The same information is disclosed in Segment information

For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

The same information is disclosed in Segment information

[Gain on negative goodwill by reportable segment]

For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

Not applicable.

For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

A gain on negative goodwill of ¥42,549 thousand was on the Domestic segment due to the acquisition of all shares of Doto Corporation and its inclusion in the scope of consolidation in the fiscal year ended December 31, 2024. The gain on negative goodwill is not included in the above segment income because it is an extraordinary gain.

(Per share information)

	For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	For the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net assets per share (yen)	2,566.90	2,745.57
Basic earnings per share (yen)	209.33	222.22

(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, 2023	For the fiscal year ended December 31, 2024
Total net assets (Thousands of yen)	24,552,167	26,191,252
Amounts deducted from total net assets (Thousands of yen)	61,249	66,823
(Non-controlling interests (Thousands of yen))	(61,249)	(66,823)
Net assets attributable to shares of common stock (Thousands of yen)	24,490,918	26,124,428
Number of shares of common stock used to calculate net assets per share (Thousand shares)	9,541	9,515

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

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Profit attributable to owners of parent (Thousands of yen)	1,997,227	2,115,656
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousands of yen)	1,997,227	2,115,656
Average number of common shares during the period (Thousand shares)	9,541	9,520

(Significant subsequent events)

Not applicable.