

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

August 6, 2020

Company name: TANABE ENGINEERING CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1828 URL <https://www.tanabe-ind.co.jp/>
 Representative: President and Representative Director Yoshio Watanuki
 Director, Senior Executive officer and
 Inquiries: General Manager of Yuichi Gommori TEL 025-545-6500
 Corporate Administration Division
 Scheduled date to file Quarterly Securities Report: August 11, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2020	7,098	(3.9)	377	60.4	406	61.2	247	101.6
Three months ended June 30, 2019	7,386	6.6	235	14.3	252	16.8	122	15.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	23.16		–	
Three months ended June 30, 2019	11.49		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2020	33,466	16,050	48.0	1,499.94
As of March 31, 2020	30,530	16,272	53.3	1,520.67

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2020	–	0.00	–	30.00	30.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	0.00	–	25.00	25.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	35,000	(7.2)	1,450	(44.7)	1,500	(44.1)	1,000	(46.8)	93.45

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2020	10,728,000 shares	As of March 31, 2020	10,728,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	27,084 shares	As of March 31, 2020	27,084 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	10,700,916 shares	Three months ended June 30, 2019	10,700,916 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	3,683,160	4,218,097
Notes receivable, accounts receivable from completed construction contracts and other	16,373,673	16,082,974
Costs on construction contracts in progress	1,187,489	3,315,573
Other inventories	237,813	285,646
Other	166,102	157,464
Allowance for doubtful accounts	(1,595)	(1,585)
Total current assets	21,646,643	24,058,170
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,642,301	6,605,315
Machinery, vehicles, tools, furniture and fixtures	4,775,553	4,985,954
Land	2,416,216	2,409,315
Leased assets	358,379	363,657
Construction in progress	664,181	971,998
Accumulated depreciation	(7,261,703)	(7,218,153)
Total property, plant and equipment	7,594,930	8,118,088
Intangible assets	117,379	117,052
Investments and other assets		
Investment securities	369,367	386,321
Deferred tax assets	664,799	668,231
Other	137,145	118,522
Total investments and other assets	1,171,311	1,173,076
Total non-current assets	8,883,621	9,408,218
Total assets	30,530,265	33,466,388

(Thousands of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,326,232	7,470,990
Short-term borrowings	641,500	3,527,000
Lease obligations	45,621	52,697
Accounts payable - other	1,382,456	989,092
Accrued expenses	351,514	341,277
Income taxes payable	419,400	209,795
Advances received on construction contracts in progress	881,546	1,222,569
Provision for warranties for completed construction	36,387	33,708
Provision for bonuses	1,078,892	1,459,297
Provision for bonuses for directors (and other officers)	55,000	13,750
Other	75,694	227,844
Total current liabilities	12,294,245	15,548,022
Non-current liabilities		
Long-term borrowings	540,000	450,000
Lease obligations	96,426	87,934
Long-term accounts payable - other	130,000	130,000
Retirement benefit liability	1,197,025	1,199,675
Total non-current liabilities	1,963,451	1,867,610
Total liabilities	14,257,696	17,415,633
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	14,172,082	14,098,840
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	16,525,702	16,452,459
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,083	18,563
Foreign currency translation adjustment	73,308	(99,931)
Remeasurements of defined benefit plans	(333,525)	(320,336)
Total accumulated other comprehensive income	(253,133)	(401,704)
Total net assets	16,272,568	16,050,755
Total liabilities and net assets	30,530,265	33,466,388

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	7,386,519	7,098,007
Cost of sales	6,246,721	5,788,396
Gross profit	1,139,798	1,309,610
Selling, general and administrative expenses	904,347	931,890
Operating profit	235,450	377,719
Non-operating income		
Interest income	72	145
Dividend income	5,095	4,782
Rental income from land and buildings	9,295	9,653
Foreign exchange gains	–	13,825
Other	11,044	5,935
Total non-operating income	25,509	34,342
Non-operating expenses		
Interest expenses	1,528	2,243
Commitment fee	2,494	2,444
Foreign exchange losses	4,745	–
Other	154	968
Total non-operating expenses	8,923	5,657
Ordinary profit	252,036	406,404
Extraordinary income		
Gain on sales of non-current assets	519	36
Total extraordinary income	519	36
Extraordinary losses		
Loss on disposal of non-current assets	0	407
Loss on sales of non-current assets	1,529	–
Total extraordinary losses	1,529	407
Profit before income taxes	251,026	406,033
Income taxes	128,091	158,248
Profit	122,934	247,784
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	122,934	247,784

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	122,934	247,784
Other comprehensive income		
Valuation difference on available-for-sale securities	(21,394)	11,479
Foreign currency translation adjustment	50,939	(173,239)
Remeasurements of defined benefit plans, net of tax	11,646	13,189
Total other comprehensive income	41,191	(148,570)
Comprehensive income	164,126	99,214
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	164,126	99,214
Comprehensive income attributable to non-controlling interests	—	—