

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 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: November 13, 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 six months ended September 30, 2020 (from April 1, 2020 to September 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	%
Six months ended September 30, 2020	16,793	(2.4)	1,097	(1.8)	1,144	0.2	689	(6.6)
Six months ended September 30, 2019	17,215	(1.4)	1,118	(10.2)	1,142	(10.6)	738	(14.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	64.47		–	
Six months ended September 30, 2019	69.03		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	32,231	16,597	51.5	1,551.01
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	–	0.00	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	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 six months ended September 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 September 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 September 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)

Six months ended September 30, 2020	10,700,916 shares	Six months ended September 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 September 30, 2020
Assets		
Current assets		
Cash and deposits	3,683,160	4,385,192
Notes receivable, accounts receivable from completed construction contracts and other	16,373,673	15,584,799
Costs on construction contracts in progress	1,187,489	2,296,971
Other inventories	237,813	475,922
Other	166,102	186,315
Allowance for doubtful accounts	(1,595)	(1,542)
Total current assets	21,646,643	22,927,657
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,642,301	6,663,852
Machinery, vehicles, tools, furniture and fixtures	4,775,553	5,172,300
Land	2,416,216	2,874,758
Leased assets	358,379	368,797
Construction in progress	664,181	382,528
Accumulated depreciation	(7,261,703)	(7,499,952)
Total property, plant and equipment	7,594,930	7,962,284
Intangible assets	117,379	163,096
Investments and other assets		
Investment securities	369,367	398,524
Deferred tax assets	664,799	665,550
Other	137,145	114,458
Total investments and other assets	1,171,311	1,178,533
Total non-current assets	8,883,621	9,303,914
Total assets	30,530,265	32,231,572

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	7,326,232	6,102,076
Short-term borrowings	641,500	3,484,412
Lease obligations	45,621	47,642
Accounts payable - other	1,382,456	938,262
Accrued expenses	351,514	359,034
Income taxes payable	419,400	425,156
Advances received on construction contracts in progress	881,546	751,082
Provision for warranties for completed construction	36,387	35,059
Provision for bonuses	1,078,892	758,994
Provision for bonuses for directors (and other officers)	55,000	25,000
Other	75,694	85,458
<b>Total current liabilities</b>	<b>12,294,245</b>	<b>13,012,179</b>
<b>Non-current liabilities</b>		
Long-term borrowings	540,000	1,200,000
Lease obligations	96,426	88,253
Long-term accounts payable - other	130,000	130,000
Retirement benefit liability	1,197,025	1,203,879
<b>Total non-current liabilities</b>	<b>1,963,451</b>	<b>2,622,133</b>
<b>Total liabilities</b>	<b>14,257,696</b>	<b>15,634,312</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	14,172,082	14,537,363
Treasury shares	(7,020)	(7,020)
<b>Total shareholders' equity</b>	<b>16,525,702</b>	<b>16,890,983</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	7,083	26,250
Foreign currency translation adjustment	73,308	(12,826)
Remeasurements of defined benefit plans	(333,525)	(307,147)
<b>Total accumulated other comprehensive income</b>	<b>(253,133)</b>	<b>(293,723)</b>
<b>Total net assets</b>	<b>16,272,568</b>	<b>16,597,259</b>
<b>Total liabilities and net assets</b>	<b>30,530,265</b>	<b>32,231,572</b>

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	17,215,403	16,793,802
Cost of sales	14,301,642	13,809,474
Gross profit	2,913,760	2,984,328
Selling, general and administrative expenses	1,795,453	1,886,471
Operating profit	1,118,307	1,097,856
Non-operating income		
Interest income	830	513
Dividend income	6,925	6,112
Rental income from land and buildings	18,739	19,993
Foreign exchange gains	–	14,845
Other	19,908	20,323
Total non-operating income	46,403	61,789
Non-operating expenses		
Interest expenses	6,580	6,384
Commitment fee	12,010	4,910
Other	4,114	3,727
Total non-operating expenses	22,704	15,022
Ordinary profit	1,142,006	1,144,623
Extraordinary income		
Gain on sales of non-current assets	528	6,044
Total extraordinary income	528	6,044
Extraordinary losses		
Loss on disposal of non-current assets	17,835	687
Loss on sales of non-current assets	1,220	–
Impairment loss	–	54,521
Total extraordinary losses	19,056	55,208
Profit before income taxes	1,123,478	1,095,459
Income taxes	384,834	405,542
Profit	738,643	689,916
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	738,643	689,916

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	738,643	689,916
Other comprehensive income		
Valuation difference on available-for-sale securities	(40,729)	19,166
Foreign currency translation adjustment	43,931	(86,135)
Remeasurements of defined benefit plans, net of tax	23,321	26,378
Total other comprehensive income	26,523	(40,589)
Comprehensive income	765,167	649,327
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	765,167	649,327
Comprehensive income attributable to non-controlling interests	—	—