

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

February 8, 2021

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: February 12, 2021
 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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	26,680	(0.1)	1,960	3.1	2,036	4.7	1,303	(4.3)
Nine months ended December 31, 2019	26,702	0.8	1,902	4.5	1,946	5.1	1,362	12.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	121.86		–	
Nine months ended December 31, 2019	127.30		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	34,556	17,159	49.7	1,603.54
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	37,000	(1.9)	2,200	(16.1)	2,300	(14.3)	1,500	(20.2)	140.17

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 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)

Nine months ended December 31, 2020	10,700,916 shares	Nine months ended December 31, 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 December 31, 2020
Assets		
Current assets		
Cash and deposits	3,683,160	2,862,659
Notes receivable, accounts receivable from completed construction contracts and other	16,373,673	19,289,574
Costs on construction contracts in progress	1,187,489	2,425,452
Other inventories	237,813	489,774
Other	166,102	228,998
Allowance for doubtful accounts	(1,595)	(1,883)
Total current assets	21,646,643	25,294,576
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,642,301	6,646,258
Machinery, vehicles, tools, furniture and fixtures	4,775,553	5,077,704
Land	2,416,216	3,141,457
Leased assets	358,379	358,481
Construction in progress	664,181	186,064
Accumulated depreciation	(7,261,703)	(7,520,276)
Total property, plant and equipment	7,594,930	7,889,689
Intangible assets	117,379	175,951
Investments and other assets		
Investment securities	369,367	423,838
Deferred tax assets	664,799	660,464
Other	137,145	111,823
Total investments and other assets	1,171,311	1,196,125
Total non-current assets	8,883,621	9,261,766
Total assets	30,530,265	34,556,342

(Thousands of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,326,232	6,367,304
Short-term borrowings	641,500	4,936,875
Lease obligations	45,621	38,288
Accounts payable - other	1,382,456	1,277,430
Accrued expenses	351,514	352,484
Income taxes payable	419,400	313,072
Advances received on construction contracts in progress	881,546	755,490
Provision for warranties for completed construction	36,387	35,651
Provision for bonuses	1,078,892	533,438
Provision for bonuses for directors (and other officers)	55,000	37,500
Other	75,694	223,440
Total current liabilities	12,294,245	14,870,976
Non-current liabilities		
Long-term borrowings	540,000	1,100,000
Lease obligations	96,426	90,370
Long-term accounts payable - other	130,000	130,000
Retirement benefit liability	1,197,025	1,205,674
Total non-current liabilities	1,963,451	2,526,045
Total liabilities	14,257,696	17,397,021
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	14,172,082	15,155,051
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	16,525,702	17,508,670
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,083	42,830
Foreign currency translation adjustment	73,308	(98,221)
Remeasurements of defined benefit plans	(333,525)	(293,957)
Total accumulated other comprehensive income	(253,133)	(349,348)
Total net assets	16,272,568	17,159,321
Total liabilities and net assets	30,530,265	34,556,342

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	26,702,594	26,680,527
Cost of sales	22,040,144	21,888,310
Gross profit	4,662,450	4,792,216
Selling, general and administrative expenses	2,760,397	2,831,987
Operating profit	1,902,053	1,960,229
Non-operating income		
Interest income	926	580
Dividend income	10,878	9,951
Rental income from land and buildings	28,512	30,481
Foreign exchange gains	5,703	14,236
Other	24,751	43,496
Total non-operating income	70,772	98,745
Non-operating expenses		
Interest expenses	9,674	9,958
Commitment fee	14,455	7,375
Other	2,345	4,747
Total non-operating expenses	26,475	22,082
Ordinary profit	1,946,349	2,036,892
Extraordinary income		
Gain on sales of non-current assets	528	6,042
Compensation income	51,392	–
Insurance claim income	28,179	–
Total extraordinary income	80,099	6,042
Extraordinary losses		
Loss on sales of non-current assets	1,145	–
Loss on disposal of non-current assets	20,007	4,383
Impairment loss	–	52,177
Total extraordinary losses	21,153	56,561
Profit before income taxes	2,005,296	1,986,374
Income taxes	643,103	682,378
Profit	1,362,192	1,303,995
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,362,192	1,303,995

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	1,362,192	1,303,995
Other comprehensive income		
Valuation difference on available-for-sale securities	(28,990)	35,747
Foreign currency translation adjustment	52,410	(171,530)
Remeasurements of defined benefit plans, net of tax	34,939	39,568
Total other comprehensive income	58,359	(96,215)
Comprehensive income	1,420,552	1,207,780
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,420,552	1,207,780
Comprehensive income attributable to non-controlling interests	—	—