

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 13, 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 Corporate Administration Division Yuichi Gommori TEL 025-545-6500
 Scheduled date of ordinary general meeting of shareholders: June 25, 2021
 Scheduled date to file Securities Report: June 28, 2021
 Scheduled date to commence dividend payments: June 28, 2021
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

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	%
Year ended March 31, 2021	38,123	1.1	2,653	1.1	2,742	2.1	1,754	(6.7)
Year ended March 31, 2020	37,708	0.6	2,623	7.3	2,685	7.6	1,880	22.8

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	163.92	–	10.3	8.6	7.0
Year ended March 31, 2020	175.74	–	12.2	9.0	7.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	33,307	17,816	53.5	1,664.94
As of March 31, 2020	30,530	16,272	53.3	1,520.67

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	1,632	(1,133)	367	4,525
Year ended March 31, 2020	844	(1,257)	(497)	3,683

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	–	0.00	–	30.00	30.00	321	17.1	2.1
Year ended March 31, 2021	–	0.00	–	30.00	30.00	321	18.3	1.9
Year ending March 31, 2022 (Forecast)	–	0.00	–	27.00	27.00		18.1	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	39,000	2.3	2,300	(13.3)	2,350	(14.3)	1,600	(8.8)	149.52

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2021	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 March 31, 2021	27,084 shares	As of March 31, 2020	27,084 shares
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Average number of shares during the period

Year ended March 31, 2021	10,700,916 shares	Year ended March 31, 2020	10,700,916 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	3,683,160	4,525,013
Notes receivable, accounts receivable from completed construction contracts and other	16,373,673	16,902,899
Costs on construction contracts in progress	1,187,489	1,737,883
Other inventories	237,813	490,175
Other	166,102	228,874
Allowance for doubtful accounts	(1,595)	(1,672)
Total current assets	21,646,643	23,883,174
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,642,301	6,712,294
Machinery, vehicles, tools, furniture and fixtures	4,775,553	5,115,905
Land	2,416,216	3,143,837
Leased assets	358,379	358,902
Construction in progress	664,181	339,061
Accumulated depreciation	(7,261,703)	(7,636,796)
Total property, plant and equipment	7,594,930	8,033,204
Intangible assets	117,379	173,342
Investments and other assets		
Investment securities	369,367	422,715
Deferred tax assets	664,799	673,806
Other	137,145	121,210
Total investments and other assets	1,171,311	1,217,732
Total non-current assets	8,883,621	9,424,279
Total assets	30,530,265	33,307,454

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,326,232	7,475,744
Short-term borrowings	641,500	912,000
Lease obligations	45,621	40,269
Accounts payable - other	1,382,456	1,428,171
Accrued expenses	351,514	480,375
Income taxes payable	419,400	602,265
Advances received on construction contracts in progress	881,546	821,656
Provision for warranties for completed construction	36,387	36,372
Provision for loss on construction contracts	–	5,600
Provision for bonuses	1,078,892	1,163,017
Provision for bonuses for directors (and other officers)	55,000	60,000
Other	75,694	185,412
Total current liabilities	12,294,245	13,210,884
Non-current liabilities		
Long-term borrowings	540,000	1,000,000
Lease obligations	96,426	75,338
Long-term accounts payable - other	130,000	130,000
Retirement benefit liability	1,197,025	1,074,881
Total non-current liabilities	1,963,451	2,280,219
Total liabilities	14,257,696	15,491,104
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	14,172,082	15,605,123
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	16,525,702	17,958,742
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,083	107,387
Foreign currency translation adjustment	73,308	(36,323)
Remeasurements of defined benefit plans	(333,525)	(213,457)
Total accumulated other comprehensive income	(253,133)	(142,392)
Total net assets	16,272,568	17,816,349
Total liabilities and net assets	30,530,265	33,307,454

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales		
Net sales of completed construction contracts	37,708,621	38,123,091
Total net sales	37,708,621	38,123,091
Cost of sales		
Cost of sales of completed construction contracts	31,102,692	31,547,642
Total cost of sales	31,102,692	31,547,642
Gross profit		
Gross profit on completed construction contracts	6,605,929	6,575,448
Total gross profit	6,605,929	6,575,448
Selling, general and administrative expenses		
Employees' salaries and allowances	1,227,633	1,244,744
Provision for bonuses	390,068	427,392
Provision for bonuses for directors (and other officers)	55,000	60,000
Retirement benefit expenses	65,430	66,782
Depreciation	183,182	215,563
Enterprise tax	94,995	83,983
Other	1,966,351	1,823,876
Total selling, general and administrative expenses	3,982,661	3,922,342
Operating profit	2,623,267	2,653,106
Non-operating income		
Interest income	1,333	940
Dividend income	12,311	11,196
Rental income from land and buildings	38,170	40,897
Receive compensation dispatching fee	14,407	–
Foreign exchange gains	769	11,495
Other	30,753	39,987
Total non-operating income	97,745	122,605
Non-operating expenses		
Interest expenses	12,901	15,729
Loss on sale of receivables	5,243	5,150
Commitment fees	16,899	9,799
Other	740	2,075
Total non-operating expenses	35,785	32,755
Ordinary profit	2,685,227	2,742,956
Extraordinary income		
Gain on sale of non-current assets	528	6,000
Compensation income	51,392	–
Insurance claim income	28,822	–
Total extraordinary income	80,743	6,000

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Extraordinary losses		
Loss on sale of non-current assets	1,178	2,204
Loss on disposal of non-current assets	21,665	5,336
Impairment losses	11,610	58,329
Loss on sale of investment securities	–	38,378
Other	2,943	–
Total extraordinary losses	37,397	104,248
Profit before income taxes	2,728,572	2,644,708
Income taxes - current	836,103	977,715
Income taxes - deferred	11,935	(87,075)
Total income taxes	848,038	890,640
Profit	1,880,534	1,754,067
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,880,534	1,754,067

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,880,534	1,754,067
Other comprehensive income		
Valuation difference on available-for-sale securities	(70,035)	100,303
Foreign currency translation adjustment	117,761	(109,631)
Remeasurements of defined benefit plans, net of tax	33,809	120,068
Total other comprehensive income	81,535	110,740
Comprehensive income	1,962,069	1,864,808
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,962,069	1,864,808
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	885,320	1,475,320	12,580,473	(7,020)	14,934,092
Changes during period					
Dividends of surplus			(288,924)		(288,924)
Profit attributable to owners of parent			1,880,534		1,880,534
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,591,609	-	1,591,609
Balance at end of period	885,320	1,475,320	14,172,082	(7,020)	16,525,702

	Accumulated other comprehensive income				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	77,119	(44,452)	(367,335)	(334,668)	14,599,423
Changes during period					
Dividends of surplus					(288,924)
Profit attributable to owners of parent					1,880,534
Net changes in items other than shareholders' equity	(70,035)	117,761	33,809	81,535	81,535
Total changes during period	(70,035)	117,761	33,809	81,535	1,673,144
Balance at end of period	7,083	73,308	(333,525)	(253,133)	16,272,568

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	885,320	1,475,320	14,172,082	(7,020)	16,525,702
Changes during period					
Dividends of surplus			(321,027)		(321,027)
Profit attributable to owners of parent			1,754,067		1,754,067
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,433,040	–	1,433,040
Balance at end of period	885,320	1,475,320	15,605,123	(7,020)	17,958,742

	Accumulated other comprehensive income				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	7,083	73,308	(333,525)	(253,133)	16,272,568
Changes during period					
Dividends of surplus					(321,027)
Profit attributable to owners of parent					1,754,067
Net changes in items other than shareholders' equity	100,303	(109,631)	120,068	110,740	110,740
Total changes during period	100,303	(109,631)	120,068	110,740	1,543,781
Balance at end of period	107,387	(36,323)	(213,457)	(142,392)	17,816,349

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,728,572	2,644,708
Depreciation	573,508	579,879
Impairment losses	16,129	58,329
Increase (decrease) in allowance for doubtful accounts	165	76
Increase (decrease) in provision for bonuses	63,525	89,125
Increase (decrease) in retirement benefit liability	(28,553)	(23,220)
Increase (decrease) in provision for warranties for completed construction	(35)	27
Increase (decrease) in provision for loss on construction contracts	(28,042)	5,600
Interest and dividend income	(13,644)	(12,136)
Interest expenses	12,901	15,729
Foreign exchange losses (gains)	(6,616)	(4,733)
Loss (gain) on sale of investment securities	(13)	38,378
Loss (gain) on valuation of investment securities	2,943	–
Loss (gain) on sale of property, plant and equipment	649	(3,795)
Loss on retirement of property, plant and equipment	15,389	803
Decrease (increase) in trade receivables	(1,751,836)	(549,133)
Decrease (increase) in costs on construction contracts in progress	124,111	(550,389)
Decrease (increase) in inventories	32,082	(257,215)
Decrease (increase) in other current assets	(6,210)	(65,486)
Increase (decrease) in trade payables	(245,064)	259,119
Increase (decrease) in advances received on construction contracts in progress	376,453	(46,066)
Increase (decrease) in other current liabilities	14,695	121,309
Other, net	74,859	130,511
Subtotal	1,955,971	2,431,419
Interest and dividends received	13,644	12,136
Interest paid	(12,906)	(16,287)
Income taxes paid	(1,112,409)	(794,966)
Net cash provided by (used in) operating activities	844,300	1,632,302
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,224,554)	(1,423,694)
Proceeds from sale of property, plant and equipment	6,371	258,428
Purchase of intangible assets	(6,754)	(13,607)
Purchase of investment securities	(5,291)	(54,801)
Proceeds from sale of investment securities	502	88,754
Loan advances	(3,000)	–
Other, net	(24,470)	11,306
Net cash provided by (used in) investing activities	(1,257,195)	(1,133,614)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	181,500	200,000
Proceeds from long-term borrowings	–	1,000,000
Repayments of long-term borrowings	(380,000)	(460,000)
Dividends paid	(287,642)	(319,684)
Repayments of lease obligations	(11,153)	(52,377)
Net cash provided by (used in) financing activities	(497,295)	367,938
Effect of exchange rate change on cash and cash equivalents	35,864	(24,774)
Net increase (decrease) in cash and cash equivalents	(874,326)	841,852
Cash and cash equivalents at beginning of period	4,557,487	3,683,160
Cash and cash equivalents at end of period	3,683,160	4,525,013