

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 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: November 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 six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	20,299	20.9	1,457	32.8	1,502	31.3	1,015	47.2
Six months ended September 30, 2020	16,793	(2.4)	1,097	(1.8)	1,144	0.2	689	(6.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	94.93		–	
Six months ended September 30, 2020	64.47		–	

(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, 2021	34,836	18,558	53.3	1,734.32
As of March 31, 2021	33,307	17,816	53.5	1,664.94

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, 2021	–	0.00	–	30.00	30.00
Year ending March 31, 2022	–	0.00	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	27.00	27.00

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 six months ended September 30, 2021
(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: Yes
- 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, 2021	10,728,000 shares	As of March 31, 2021	10,728,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	27,084 shares	As of March 31, 2021	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, 2021	10,700,916 shares	Six months ended September 30, 2020	10,700,916 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	4,525,013	4,405,823
Notes receivable, accounts receivable from completed construction contracts and other	16,902,899	19,835,026
Costs on construction contracts in progress	1,737,883	261,665
Other inventories	490,175	490,542
Other	228,874	146,688
Allowance for doubtful accounts	(1,672)	(1,962)
Total current assets	23,883,174	25,137,784
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,712,294	7,187,950
Machinery, vehicles, tools, furniture and fixtures	5,115,905	4,962,892
Land	3,143,837	3,143,837
Leased assets	358,902	363,487
Construction in progress	339,061	132,720
Accumulated depreciation	(7,636,796)	(7,612,772)
Total property, plant and equipment	8,033,204	8,178,116
Intangible assets	173,342	345,509
Investments and other assets		
Investment securities	422,715	406,969
Deferred tax assets	673,806	669,868
Other	121,210	98,621
Total investments and other assets	1,217,732	1,175,459
Total non-current assets	9,424,279	9,699,085
Total assets	33,307,454	34,836,869

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,475,744	6,693,852
Short-term borrowings	912,000	3,100,000
Lease obligations	40,269	47,396
Accounts payable - other	1,428,171	1,266,759
Accrued expenses	480,375	365,507
Income taxes payable	602,265	531,095
Advances received on construction contracts in progress	821,656	985,896
Provision for warranties for completed construction	36,372	39,645
Provision for loss on construction contracts	5,600	40,510
Provision for bonuses	1,163,017	846,277
Provision for bonuses for directors (and other officers)	60,000	25,000
Other	185,412	269,615
Total current liabilities	13,210,884	14,211,556
Non-current liabilities		
Long-term borrowings	1,000,000	800,000
Lease obligations	75,338	64,312
Long-term accounts payable - other	130,000	130,000
Retirement benefit liability	1,074,881	1,072,228
Total non-current liabilities	2,280,219	2,066,540
Total liabilities	15,491,104	16,278,096
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	15,605,123	16,324,966
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	17,958,742	18,678,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	107,387	94,635
Foreign currency translation adjustment	(36,323)	(23,384)
Remeasurements of defined benefit plans	(213,457)	(191,064)
Total accumulated other comprehensive income	(142,392)	(119,812)
Total net assets	17,816,349	18,558,772
Total liabilities and net assets	33,307,454	34,836,869

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, 2020	Six months ended September 30, 2021
Net sales	16,793,802	20,299,756
Cost of sales	13,809,474	16,862,188
Gross profit	2,984,328	3,437,568
Selling, general and administrative expenses	1,886,471	1,979,963
Operating profit	1,097,856	1,457,605
Non-operating income		
Interest income	513	351
Dividend income	6,112	4,801
Rental income from land and buildings	19,993	21,643
Foreign exchange gains	14,845	3,356
Other	20,323	37,143
Total non-operating income	61,789	67,295
Non-operating expenses		
Interest expenses	6,384	5,447
Commitment fees	4,910	13,660
Other	3,727	3,337
Total non-operating expenses	15,022	22,444
Ordinary profit	1,144,623	1,502,456
Extraordinary income		
Gain on sale of non-current assets	6,044	246
Total extraordinary income	6,044	246
Extraordinary losses		
Loss on disposal of non-current assets	687	14,551
Impairment losses	54,521	–
Loss on valuation of golf club membership	–	2,349
Total extraordinary losses	55,208	16,901
Profit before income taxes	1,095,459	1,485,801
Income taxes	405,542	469,936
Profit	689,916	1,015,865
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	689,916	1,015,865

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	689,916	1,015,865
Other comprehensive income		
Valuation difference on available-for-sale securities	19,166	(12,751)
Foreign currency translation adjustment	(86,135)	12,938
Remeasurements of defined benefit plans, net of tax	26,378	22,392
Total other comprehensive income	(40,589)	22,580
Comprehensive income	649,327	1,038,445
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	649,327	1,038,445
Comprehensive income attributable to non-controlling interests	—	—