

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 7, 2022

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 10, 2022
 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, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	30,369	13.8	2,129	8.7	2,217	8.9	1,432	9.9
Nine months ended December 31, 2020	26,680	(0.1)	1,960	3.1	2,036	4.7	1,303	(4.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	133.87		–	
Nine months ended December 31, 2020	121.86		–	

(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, 2021	37,646	18,903	50.2	1,766.52
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 nine months ended December 31, 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 December 31, 2021	10,728,000 shares	As of March 31, 2021	10,728,000 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2021	27,084 shares	As of March 31, 2021	27,084 shares
-------------------------	---------------	----------------------	---------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2021	10,700,916 shares	Nine months ended December 31, 2020	10,700,916 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	4,525,013	3,122,151
Notes receivable, accounts receivable from completed construction contracts and other	16,902,899	23,926,956
Costs on construction contracts in progress	1,737,883	221,617
Other inventories	490,175	506,669
Other	228,874	209,029
Allowance for doubtful accounts	(1,672)	(2,329)
Total current assets	23,883,174	27,984,095
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,712,294	7,338,934
Machinery, vehicles, tools, furniture and fixtures	5,115,905	5,012,859
Land	3,143,837	3,140,505
Leased assets	358,902	363,504
Construction in progress	339,061	35,662
Accumulated depreciation	(7,636,796)	(7,806,909)
Total property, plant and equipment	8,033,204	8,084,556
Intangible assets	173,342	359,316
Investments and other assets		
Investment securities	422,715	451,866
Deferred tax assets	673,806	671,535
Other	121,210	94,967
Total investments and other assets	1,217,732	1,218,369
Total non-current assets	9,424,279	9,662,242
Total assets	33,307,454	37,646,337

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,475,744	6,710,917
Short-term borrowings	912,000	5,700,000
Lease obligations	40,269	43,147
Accounts payable - other	1,428,171	1,591,784
Accrued expenses	480,375	336,459
Income taxes payable	602,265	245,713
Advances received on construction contracts in progress	821,656	1,163,487
Provision for warranties for completed construction	36,372	39,842
Provision for loss on construction contracts	5,600	37,740
Provision for bonuses	1,163,017	565,045
Provision for bonuses for directors (and other officers)	60,000	37,500
Other	185,412	316,313
Total current liabilities	13,210,884	16,787,951
Non-current liabilities		
Long-term borrowings	1,000,000	700,000
Lease obligations	75,338	55,777
Long-term accounts payable - other	130,000	130,000
Retirement benefit liability	1,074,881	1,069,185
Total non-current liabilities	2,280,219	1,954,963
Total liabilities	15,491,104	18,742,915
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	15,605,123	16,741,606
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	17,958,742	19,095,225
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	107,387	83,108
Foreign currency translation adjustment	(36,323)	(95,044)
Remeasurements of defined benefit plans	(213,457)	(179,868)
Total accumulated other comprehensive income	(142,392)	(191,803)
Total net assets	17,816,349	18,903,422
Total liabilities and net assets	33,307,454	37,646,337

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, 2020	Nine months ended December 31, 2021
Net sales	26,680,527	30,369,103
Cost of sales	21,888,310	25,243,171
Gross profit	4,792,216	5,125,932
Selling, general and administrative expenses	2,831,987	2,995,971
Operating profit	1,960,229	2,129,960
Non-operating income		
Interest income	580	440
Dividend income	9,951	8,300
Rental income from land and buildings	30,481	32,672
Foreign exchange gains	14,236	1,923
Other	43,496	73,131
Total non-operating income	98,745	116,469
Non-operating expenses		
Interest expenses	9,958	8,648
Commitment fees	7,375	16,368
Other	4,747	3,745
Total non-operating expenses	22,082	28,762
Ordinary profit	2,036,892	2,217,667
Extraordinary income		
Gain on sale of non-current assets	6,042	299
Total extraordinary income	6,042	299
Extraordinary losses		
Loss on disposal of non-current assets	4,383	32,666
Impairment losses	52,177	80,800
Loss on valuation of golf club membership	–	1,499
Total extraordinary losses	56,561	114,967
Profit before income taxes	1,986,374	2,102,999
Income taxes	682,378	670,493
Profit	1,303,995	1,432,505
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,303,995	1,432,505

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	1,303,995	1,432,505
Other comprehensive income		
Valuation difference on available-for-sale securities	35,747	(24,278)
Foreign currency translation adjustment	(171,530)	(58,720)
Remeasurements of defined benefit plans, net of tax	39,568	33,588
Total other comprehensive income	(96,215)	(49,410)
Comprehensive income	1,207,780	1,383,094
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,207,780	1,383,094
Comprehensive income attributable to non-controlling interests	—	—