

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

February 7, 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: February 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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(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, 2019	26,702	0.8	1,902	4.5	1,946	5.1	1,362	12.5
Nine months ended December 31, 2018	26,478	20.2	1,819	68.8	1,852	70.0	1,210	68.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2019	127.30	–
Nine months ended December 31, 2018	113.14	–

(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, 2019	32,349	15,731	48.6	1,470.07
As of March 31, 2019	29,141	14,599	50.1	1,364.32

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	0.00	–	27.00	27.00
Year ending March 31, 2020	–	0.00	–		
Year ending March 31, 2020 (Forecast)				25.00	25.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	4.0	2,100	(14.1)	2,200	(11.8)	1,600	4.5	149.52

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2019
(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: No
- (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, 2019	10,728,000 shares	As of March 31, 2019	10,728,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	27,084 shares	As of March 31, 2019	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, 2019	10,700,916 shares	Nine months ended December 31, 2018	10,700,968 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	4,557,487	3,378,610
Notes receivable, accounts receivable from completed construction contracts and other	14,604,062	17,617,402
Costs on construction contracts in progress	1,315,637	2,036,179
Other inventories	259,709	245,800
Other	155,815	297,327
Allowance for doubtful accounts	(1,430)	(1,734)
Total current assets	20,891,282	23,573,586
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,264,066	6,363,459
Machinery, vehicles, tools, furniture and fixtures	4,480,769	4,607,756
Land	2,422,591	2,425,447
Leased assets	338,336	337,865
Construction in progress	226,842	688,983
Accumulated depreciation	(6,830,405)	(6,964,558)
Total property, plant and equipment	6,902,201	7,458,953
Intangible assets	108,293	98,783
Investments and other assets		
Investment securities	452,144	430,774
Deferred tax assets	676,959	667,218
Other	110,679	120,242
Total investments and other assets	1,239,784	1,218,234
Total non-current assets	8,250,278	8,775,971
Total assets	29,141,561	32,349,557

(Thousands of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,467,210	6,350,499
Short-term borrowings	480,000	4,536,500
Lease obligations	27,740	47,478
Accounts payable - other	1,423,225	1,282,681
Accrued expenses	351,013	320,335
Income taxes payable	695,706	204,776
Advances received on construction contracts in progress	505,543	994,025
Provision for warranties for completed construction	36,367	35,991
Provision for loss on construction contracts	27,639	24,430
Provision for bonuses	1,020,367	528,268
Provision for bonuses for directors (and other officers)	50,000	37,500
Other	113,551	198,678
Total current liabilities	12,198,364	14,561,166
Non-current liabilities		
Long-term borrowings	900,000	630,000
Lease obligations	105,662	106,946
Long-term accounts payable - other	132,500	130,000
Retirement benefit liability	1,205,610	1,190,392
Total non-current liabilities	2,343,773	2,057,339
Total liabilities	14,542,137	16,618,505
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	12,580,473	13,653,741
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	14,934,092	16,007,360
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77,119	48,129
Foreign currency translation adjustment	(44,452)	7,957
Remeasurements of defined benefit plans	(367,335)	(332,395)
Total accumulated other comprehensive income	(334,668)	(276,308)
Total net assets	14,599,423	15,731,051
Total liabilities and net assets	29,141,561	32,349,557

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, 2018	Nine months ended December 31, 2019
Net sales	26,478,181	26,702,594
Cost of sales	22,012,324	22,040,144
Gross profit	4,465,857	4,662,450
Selling, general and administrative expenses	2,646,107	2,760,397
Operating profit	1,819,749	1,902,053
Non-operating income		
Interest income	940	926
Dividend income	9,056	10,878
Rental income from land and buildings	27,595	28,512
Foreign exchange gains	993	5,703
Other	19,464	24,751
Total non-operating income	58,051	70,772
Non-operating expenses		
Interest expenses	11,447	9,674
Commitment fee	7,546	14,455
Other	6,563	2,345
Total non-operating expenses	25,557	26,475
Ordinary profit	1,852,242	1,946,349
Extraordinary income		
Gain on sales of non-current assets	799	528
Compensation income	—	51,392
Insurance claim income	—	28,179
Total extraordinary income	799	80,099
Extraordinary losses		
Loss on sales of non-current assets	1,889	1,145
Loss on disposal of non-current assets	23,226	20,007
Loss on valuation of investment securities	2,643	—
Loss on valuation of golf club membership	2,254	—
Total extraordinary losses	30,013	21,153
Profit before income taxes	1,823,028	2,005,296
Income taxes	612,352	643,103
Profit	1,210,676	1,362,192
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,210,676	1,362,192

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	1,210,676	1,362,192
Other comprehensive income		
Valuation difference on available-for-sale securities	(54,533)	(28,990)
Foreign currency translation adjustment	8,889	52,410
Remeasurements of defined benefit plans, net of tax	38,406	34,939
Total other comprehensive income	(7,237)	58,359
Comprehensive income	1,203,439	1,420,552
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,203,439	1,420,552
Comprehensive income attributable to non-controlling interests	—	—