

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 15, 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 of ordinary general meeting of shareholders: June 25, 2020
 Scheduled date to file Securities Report: June 26, 2020
 Scheduled date to commence dividend payments: June 26, 2020
 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, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	37,708	0.6	2,623	7.3	2,685	7.6	1,880	22.8
Year ended March 31, 2019	37,495	22.6	2,444	79.3	2,494	81.2	1,531	58.7

	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, 2020	175.74	—	12.2	9.0	7.0
Year ended March 31, 2019	143.08	—	11.0	9.1	6.5

(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, 2020	30,524	16,285	53.4	1,521.86
As of March 31, 2019	29,141	14,599	50.1	1,364.32

(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, 2020	844	(1,257)	(497)	3,683
Year ended March 31, 2019	3,061	(1,368)	(237)	4,557

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, 2019	—	0.00	—	27.00	27.00	288	18.9	2.1
Year ended March 31, 2020	—	0.00	—	30.00	30.00	321	17.1	2.1
Year ending March 31, 2021 (Forecast)	—	0.00	—	25.00	25.00		26.8	

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	35,000	(7.2)	1,450	(44.7)	1,500	(44.1)	1,000	(46.8)	93.45

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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, 2020	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 March 31, 2020	27,084 shares	As of March 31, 2019	27,084 shares
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Average number of shares during the period

Year ended March 31, 2020	10,700,916 shares	Year ended March 31, 2019	10,700,960 shares
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Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	4,557,487	3,683,160
Notes receivable, accounts receivable from completed construction contracts and other	14,604,062	16,373,673
Costs on construction contracts in progress	1,315,637	1,187,489
Other inventories	259,709	237,813
Other	155,815	166,102
Allowance for doubtful accounts	(1,430)	(1,595)
Total current assets	20,891,282	21,646,643
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,264,066	6,642,301
Machinery, vehicles, tools, furniture and fixtures	4,480,769	4,775,553
Land	2,422,591	2,416,216
Leased assets	338,336	320,851
Construction in progress	226,842	664,181
Accumulated depreciation	(6,830,405)	(7,224,174)
Total property, plant and equipment	6,902,201	7,594,930
Intangible assets	108,293	117,379
Investments and other assets		
Investment securities	452,144	369,367
Deferred tax assets	676,959	659,192
Other	110,679	137,145
Total investments and other assets	1,239,784	1,165,704
Total non-current assets	8,250,278	8,878,014
Total assets	29,141,561	30,524,658

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,467,210	7,326,232
Short-term borrowings	480,000	641,500
Lease obligations	27,740	45,621
Accounts payable - other	1,423,225	1,382,456
Accrued expenses	351,013	351,514
Income taxes payable	695,706	419,400
Advances received on construction contracts in progress	505,543	881,546
Provision for warranties for completed construction	36,367	36,387
Provision for loss on construction contracts	27,639	—
Provision for bonuses	1,020,367	1,078,892
Provision for bonuses for directors (and other officers)	50,000	55,000
Other	113,551	75,694
Total current liabilities	12,198,364	12,294,245
Non-current liabilities		
Long-term borrowings	900,000	540,000
Lease obligations	105,662	96,426
Long-term accounts payable - other	132,500	130,000
Retirement benefit liability	1,205,610	1,178,641
Total non-current liabilities	2,343,773	1,945,068
Total liabilities	14,542,137	14,239,313
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	12,580,473	14,172,082
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	14,934,092	16,525,702
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	77,119	7,083
Foreign currency translation adjustment	(44,452)	73,308
Remeasurements of defined benefit plans	(367,335)	(320,749)
Total accumulated other comprehensive income	(334,668)	(240,357)
Total net assets	14,599,423	16,285,345
Total liabilities and net assets	29,141,561	30,524,658

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

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales		
Net sales of completed construction contracts	37,495,536	37,708,621
Total net sales	37,495,536	37,708,621
Cost of sales		
Cost of sales of completed construction contracts	31,400,379	31,102,692
Total cost of sales	31,400,379	31,102,692
Gross profit		
Gross profit on completed construction contracts	6,095,156	6,605,929
Total gross profit	6,095,156	6,605,929
Selling, general and administrative expenses		
Employees' salaries and allowances	1,152,862	1,227,633
Provision for bonuses	369,706	390,068
Provision for bonuses for directors (and other officers)	50,000	55,000
Retirement benefit expenses	63,824	65,430
Depreciation	168,855	183,182
Enterprise tax	93,709	94,995
Other	1,751,864	1,966,351
Total selling, general and administrative expenses	3,650,822	3,982,661
Operating profit	2,444,333	2,623,267
Non-operating income		
Interest income	1,596	1,333
Dividend income	10,197	12,311
Rental income from land and buildings	36,822	38,170
Insurance fee income	20,206	—
Foreign exchange gains	—	769
Other	24,588	45,161
Total non-operating income	93,411	97,745
Non-operating expenses		
Interest expenses	15,778	12,901
Loss on transfer of receivables	8,302	5,243
Commitment fee	10,020	16,899
Foreign exchange losses	288	—
Other	8,629	740
Total non-operating expenses	43,019	35,785
Ordinary profit	2,494,726	2,685,227
Extraordinary income		
Gain on sales of non-current assets	1,387	528
Compensation income	—	51,392
Insurance claim income	—	28,822
Total extraordinary income	1,387	80,743

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Extraordinary losses		
Loss on sales of non-current assets	2,741	1,178
Loss on disposal of non-current assets	23,648	21,665
Impairment loss	163,891	11,610
Other	2,254	2,943
Total extraordinary losses	192,536	37,397
Profit before income taxes	2,303,577	2,728,572
Income taxes - current	900,009	836,103
Income taxes - deferred	(127,543)	11,935
Total income taxes	772,465	848,038
Profit	1,531,111	1,880,534
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,531,111	1,880,534

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	1,531,111	1,880,534
Other comprehensive income		
Valuation difference on available-for-sale securities	(53,764)	(70,035)
Foreign currency translation adjustment	(48,001)	117,761
Remeasurements of defined benefit plans, net of tax	12,599	46,585
Total other comprehensive income	(89,167)	94,311
Comprehensive income	1,441,944	1,974,845
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,441,944	1,974,845
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(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	11,263,381	(6,973)	13,617,047
Changes during period					
Dividends of surplus			(214,019)		(214,019)
Profit attributable to owners of parent			1,531,111		1,531,111
Purchase of treasury shares				(47)	(47)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,317,092	(47)	1,317,045
Balance at end of period	885,320	1,475,320	12,580,473	(7,020)	14,934,092

	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	130,884	3,548	(379,934)	(245,501)	13,371,546
Changes during period					
Dividends of surplus					(214,019)
Profit attributable to owners of parent					1,531,111
Purchase of treasury shares					(47)
Net changes in items other than shareholders' equity	(53,764)	(48,001)	12,599	(89,167)	(89,167)
Total changes during period	(53,764)	(48,001)	12,599	(89,167)	1,227,877
Balance at end of period	77,119	(44,452)	(367,335)	(334,668)	14,599,423

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
Purchase of treasury shares					
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
Purchase of treasury shares					
Net changes in items other than shareholders' equity	(70,035)	117,761	46,585	94,311	94,311
Total changes during period	(70,035)	117,761	46,585	94,311	1,685,921
Balance at end of period	7,083	73,308	(320,749)	(240,357)	16,285,345

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,303,577	2,728,572
Depreciation	580,016	573,508
Impairment loss	163,891	16,129
Increase (decrease) in allowance for doubtful accounts	121	165
Increase (decrease) in provision for bonuses	176,041	63,525
Increase (decrease) in retirement benefit liability	(25,523)	(28,553)
Increase (decrease) in provision for warranties for completed construction	7,573	(35)
Increase (decrease) in provision for loss on construction contracts	3,722	(28,042)
Interest and dividend income	(11,794)	(13,644)
Interest expenses	15,778	12,901
Foreign exchange losses (gains)	1,141	(6,616)
Loss (gain) on sales of investment securities	—	(13)
Loss (gain) on valuation of investment securities	—	2,943
Loss (gain) on sales of property, plant and equipment	1,354	649
Loss on retirement of property, plant and equipment	13,908	15,389
Decrease (increase) in trade receivables	(1,223,714)	(1,751,836)
Decrease (increase) in costs on construction contracts in progress	(655,310)	124,111
Decrease (increase) in inventories	(19,332)	32,082
Decrease (increase) in other current assets	68,577	(6,210)
Increase (decrease) in trade payables	1,753,982	(245,064)
Increase (decrease) in advances received on construction contracts in progress	60,619	376,453
Increase (decrease) in other current liabilities	251,476	14,695
Other, net	71,271	74,859
Subtotal	3,537,380	1,955,971
Interest and dividends received	11,794	13,644
Interest paid	(15,821)	(12,906)
Income taxes paid	(472,117)	(1,112,409)
Net cash provided by (used in) operating activities	3,061,236	844,300
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,351,662)	(1,224,554)
Proceeds from sales of property, plant and equipment	2,291	6,371
Purchase of intangible assets	(8,253)	(6,754)
Purchase of investment securities	(17,212)	(5,291)
Proceeds from sales of investment securities	464	502
Loan advances	—	(3,000)
Other, net	5,455	(24,470)
Net cash provided by (used in) investing activities	(1,368,916)	(1,257,195)

	(Thousands of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(500,000)	181,500
Proceeds from long-term borrowings	1,000,000	—
Repayments of long-term borrowings	(495,295)	(380,000)
Purchase of treasury shares	(47)	—
Dividends paid	(212,138)	(287,642)
Repayments of lease obligations	(30,049)	(11,153)
Net cash provided by (used in) financing activities	(237,530)	(497,295)
Effect of exchange rate change on cash and cash equivalents	(29,120)	35,864
Net increase (decrease) in cash and cash equivalents	1,425,668	(874,326)
Cash and cash equivalents at beginning of period	3,131,818	4,557,487
Cash and cash equivalents at end of period	4,557,487	3,683,160