

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 7, 2023

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, 2023
 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, 2022 (from April 1, 2022 to December 31, 2022)

(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, 2022	31,746	4.5	2,177	2.2	2,223	0.3	1,489	4.0
Nine months ended December 31, 2021	30,369	13.8	2,129	8.7	2,217	8.9	1,432	9.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	139.23		–	
Nine months ended December 31, 2021	133.87		–	

(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, 2022	40,109	20,777	51.8	1,941.65
As of March 31, 2022	35,093	19,367	55.2	1,809.92

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, 2022	–	0.00	–	33.00	33.00
Year ending March 31, 2023	–	0.00	–		
Year ending March 31, 2023 (Forecast)				33.00	33.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	43,000	1.1	2,500	(11.2)	2,600	(10.3)	1,700	(9.2)	158.86

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2022
(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, 2022	10,728,000 shares	As of March 31, 2022	10,728,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	27,084 shares	As of March 31, 2022	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, 2022	10,700,916 shares	Nine months ended December 31, 2021	10,700,916 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	5,124,250	4,723,304
Notes receivable, accounts receivable from completed construction contracts and other	18,860,749	23,975,649
Electronically recorded monetary claims - operating	501,066	630,037
Costs on construction contracts in progress	61,240	86,497
Other inventories	511,544	547,422
Other	212,506	238,910
Allowance for doubtful accounts	(1,882)	(2,452)
Total current assets	25,269,475	30,199,369
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,318,792	7,981,093
Machinery, vehicles, tools, furniture and fixtures	5,190,539	5,342,427
Land	3,143,599	3,152,642
Leased assets	361,671	352,429
Construction in progress	193,064	68,678
Accumulated depreciation	(8,011,106)	(8,543,615)
Total property, plant and equipment	8,196,561	8,353,656
Intangible assets	372,156	299,838
Investments and other assets		
Investment securities	423,477	396,439
Deferred tax assets	726,267	727,350
Other	106,044	133,148
Total investments and other assets	1,255,790	1,256,938
Total non-current assets	9,824,507	9,910,433
Total assets	35,093,983	40,109,803

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	5,981,565	4,496,235
Electronically recorded obligations - operating	2,504,510	2,670,152
Short-term borrowings	500,000	5,450,000
Lease liabilities	41,361	36,784
Accounts payable - other	1,558,172	1,883,999
Accrued expenses	687,789	362,569
Income taxes payable	537,370	229,769
Advances received on construction contracts in progress	614,340	1,700,512
Provision for warranties for completed construction	40,328	20,034
Provision for loss on construction contracts	22,150	1,570
Provision for bonuses	1,230,395	593,682
Provision for bonuses for directors (and other officers)	60,000	37,500
Other	63,232	220,212
Total current liabilities	13,841,217	17,703,022
Non-current liabilities		
Long-term borrowings	600,000	350,000
Lease liabilities	45,205	39,338
Long-term accounts payable - other	130,000	130,000
Retirement benefit liability	1,109,794	1,109,985
Total non-current liabilities	1,885,000	1,629,324
Total liabilities	15,726,217	19,332,347
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	17,172,165	18,309,176
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	19,525,784	20,662,795
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60,413	39,090
Foreign currency translation adjustment	(15,680)	242,436
Remeasurements of defined benefit plans	(202,752)	(166,866)
Total accumulated other comprehensive income	(158,019)	114,660
Total net assets	19,367,765	20,777,456
Total liabilities and net assets	35,093,983	40,109,803

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, 2021	Nine months ended December 31, 2022
Net sales	30,369,103	31,746,617
Cost of sales	25,243,171	26,325,521
Gross profit	5,125,932	5,421,095
Selling, general and administrative expenses	2,995,971	3,243,790
Operating profit	2,129,960	2,177,305
Non-operating income		
Interest income	440	706
Dividend income	8,300	8,395
Rental income from land and buildings	32,672	44,284
Foreign exchange gains	1,923	1
Other	73,131	21,243
Total non-operating income	116,469	74,632
Non-operating expenses		
Interest expenses	8,648	8,843
Commitment fees	16,368	8,317
Compensation expenses	–	6,327
Other	3,745	5,107
Total non-operating expenses	28,762	28,596
Ordinary profit	2,217,667	2,223,341
Extraordinary income		
Gain on sale of non-current assets	299	58
Total extraordinary income	299	58
Extraordinary losses		
Loss on sale of non-current assets	–	759
Loss on disposal of non-current assets	32,666	35,115
Loss on valuation of investment securities	–	1,977
Impairment losses	80,800	–
Loss on valuation of golf club membership	1,499	–
Total extraordinary losses	114,967	37,852
Profit before income taxes	2,102,999	2,185,547
Income taxes	670,493	695,705
Profit	1,432,505	1,489,842
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,432,505	1,489,842

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	1,432,505	1,489,842
Other comprehensive income		
Valuation difference on available-for-sale securities	(24,278)	(21,322)
Foreign currency translation adjustment	(58,720)	258,117
Remeasurements of defined benefit plans, net of tax	33,588	35,886
Total other comprehensive income	(49,410)	272,680
Comprehensive income	1,383,094	1,762,522
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,383,094	1,762,522
Comprehensive income attributable to non-controlling interests	—	—