

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 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 Corporate Administration Division Yuichi Gommori TEL 025-545-6500
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 29, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	42,944	1.0	2,732	(2.9)	2,785	(3.9)	1,656	(11.6)
Year ended March 31, 2022	42,526	11.5	2,814	6.1	2,898	5.7	1,872	6.8

	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, 2023	154.78	–	8.2	7.7	6.4
Year ended March 31, 2022	175.02	–	10.1	8.5	6.6

(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, 2023	37,574	20,967	55.8	1,959.43
As of March 31, 2022	35,093	19,367	55.2	1,809.92

(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, 2023	1,831	(649)	(196)	6,174
Year ended March 31, 2022	3,051	(1,351)	(1,186)	5,124

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, 2022	–	0.00	–	33.00	33.00	353	18.9	1.9
Year ended March 31, 2023	–	0.00	–	40.00	40.00	428	25.8	2.1
Year ending March 31, 2024 (Forecast)	–	0.00	–	45.00	45.00		25.3	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	47,000	9.4	2,950	7.9	3,000	7.7	1,900	14.7	177.55

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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: Yes

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, 2023	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 March 31, 2023	27,084 shares	As of March 31, 2022	27,084 shares
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Average number of shares during the period

Year ended March 31, 2023	10,700,916 shares	Year ended March 31, 2022	10,700,916 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,124,250	6,174,237
Notes receivable, accounts receivable from completed construction contracts and other	18,860,749	20,221,186
Electronically recorded monetary claims - operating	501,066	508,442
Costs on construction contracts in progress	61,240	127,609
Other inventories	511,544	310,468
Other	212,506	268,971
Allowance for doubtful accounts	(1,882)	(2,060)
Total current assets	25,269,475	27,608,853
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,318,792	8,114,818
Machinery, vehicles, tools, furniture and fixtures	5,190,539	5,359,003
Land	3,143,599	3,152,404
Leased assets	361,671	336,817
Construction in progress	193,064	91,886
Accumulated depreciation	(8,011,106)	(8,638,403)
Total property, plant and equipment	8,196,561	8,416,527
Intangible assets	372,156	276,280
Investments and other assets		
Investment securities	423,477	406,048
Deferred tax assets	726,267	737,331
Other	106,044	129,037
Total investments and other assets	1,255,790	1,272,417
Total non-current assets	9,824,507	9,965,225
Total assets	35,093,983	37,574,079

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	5,981,565	5,779,219
Electronically recorded obligations - operating	2,504,510	3,037,067
Short-term borrowings	500,000	1,000,000
Lease liabilities	41,361	34,471
Accounts payable - other	1,558,172	1,195,336
Accrued expenses	687,789	422,869
Income taxes payable	537,370	558,565
Advances received on construction contracts in progress	614,340	1,507,810
Provision for warranties for completed construction	40,328	22,696
Provision for loss on construction contracts	22,150	–
Provision for bonuses	1,230,395	1,270,828
Provision for bonuses for directors (and other officers)	60,000	55,000
Other	63,232	167,640
Total current liabilities	13,841,217	15,051,506
Non-current liabilities		
Long-term borrowings	600,000	300,000
Lease liabilities	45,205	30,184
Long-term accounts payable - other	130,000	130,000
Retirement benefit liability	1,109,794	1,094,737
Total non-current liabilities	1,885,000	1,554,922
Total liabilities	15,726,217	16,606,428
Net assets		
Shareholders' equity		
Share capital	885,320	885,320
Capital surplus	1,475,320	1,475,320
Retained earnings	17,172,165	18,475,355
Treasury shares	(7,020)	(7,020)
Total shareholders' equity	19,525,784	20,828,974
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60,413	53,987
Foreign currency translation adjustment	(15,680)	223,874
Remeasurements of defined benefit plans	(202,752)	(139,186)
Total accumulated other comprehensive income	(158,019)	138,675
Total net assets	19,367,765	20,967,650
Total liabilities and net assets	35,093,983	37,574,079

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales		
Net sales of completed construction contracts	42,526,149	42,944,179
Total net sales	42,526,149	42,944,179
Cost of sales		
Cost of sales of completed construction contracts	35,588,751	35,716,962
Total cost of sales	35,588,751	35,716,962
Gross profit		
Gross profit on completed construction contracts	6,937,398	7,227,217
Total gross profit	6,937,398	7,227,217
Selling, general and administrative expenses		
Employees' salaries and allowances	1,306,046	1,312,105
Provision for bonuses	440,931	506,614
Provision for bonuses for directors (and other officers)	60,000	55,000
Retirement benefit expenses	62,602	60,800
Depreciation	287,755	304,193
Enterprise tax	110,273	108,675
Other	1,855,579	2,146,930
Total selling, general and administrative expenses	4,123,188	4,494,320
Operating profit	2,814,210	2,732,896
Non-operating income		
Interest income	662	1,056
Dividend income	8,870	8,965
Rental income from land and buildings	43,648	55,411
dispatching fee	13,343	–
Foreign exchange gains	5,815	–
Other	50,100	30,811
Total non-operating income	122,441	96,244
Non-operating expenses		
Interest expenses	12,681	11,941
Loss on sale of receivables	4,561	6,155
Commitment fees	19,101	11,049
Compensation expenses	–	6,327
Foreign exchange losses	–	6,741
Other	2,122	1,910
Total non-operating expenses	38,467	44,126
Ordinary profit	2,898,184	2,785,014
Extraordinary income		
Gain on sale of non-current assets	471	64
Insurance claim income	26,641	–
Gain on sale of golf club membership	1,818	9
Total extraordinary income	28,930	74

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary losses		
Loss on sale of non-current assets	–	757
Loss on disposal of non-current assets	44,706	48,588
Loss on valuation of investment securities	–	7,912
Impairment losses	86,863	91,859
Loss on valuation of golf club membership	1,499	–
Total extraordinary losses	133,070	149,117
Profit before income taxes	2,794,044	2,635,971
Income taxes - current	971,412	1,013,788
Income taxes - deferred	(50,236)	(34,136)
Total income taxes	921,175	979,651
Profit	1,872,869	1,656,320
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,872,869	1,656,320

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,872,869	1,656,320
Other comprehensive income		
Valuation difference on available-for-sale securities	(46,973)	(6,425)
Foreign currency translation adjustment	20,642	239,555
Remeasurements of defined benefit plans, net of tax	10,704	63,565
Total other comprehensive income	(15,626)	296,694
Comprehensive income	1,857,242	1,953,015
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,857,242	1,953,015
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(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	15,605,123	(7,020)	17,958,742
Cumulative effects of changes in accounting policies			15,200		15,200
Restated balance	885,320	1,475,320	15,620,323	(7,020)	17,973,943
Changes during period					
Dividends of surplus			(321,027)		(321,027)
Profit attributable to owners of parent			1,872,869		1,872,869
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,551,841	–	1,551,841
Balance at end of period	885,320	1,475,320	17,172,165	(7,020)	19,525,784

	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	107,387	(36,323)	(213,457)	(142,392)	17,816,349
Cumulative effects of changes in accounting policies					15,200
Restated balance	107,387	(36,323)	(213,457)	(142,392)	17,831,550
Changes during period					
Dividends of surplus					(321,027)
Profit attributable to owners of parent					1,872,869
Net changes in items other than shareholders' equity	(46,973)	20,642	10,704	(15,626)	(15,626)
Total changes during period	(46,973)	20,642	10,704	(15,626)	1,536,215
Balance at end of period	60,413	(15,680)	(202,752)	(158,019)	19,367,765

Fiscal year ended March 31, 2023

(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	17,172,165	(7,020)	19,525,784
Changes during period					
Dividends of surplus			(353,130)		(353,130)
Profit attributable to owners of parent			1,656,320		1,656,320
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,303,190	–	1,303,190
Balance at end of period	885,320	1,475,320	18,475,355	(7,020)	20,828,974

	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	60,413	(15,680)	(202,752)	(158,019)	19,367,765
Changes during period					
Dividends of surplus					(353,130)
Profit attributable to owners of parent					1,656,320
Net changes in items other than shareholders' equity	(6,425)	239,555	63,565	296,694	296,694
Total changes during period	(6,425)	239,555	63,565	296,694	1,599,885
Balance at end of period	53,987	223,874	(139,186)	138,675	20,967,650

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,794,044	2,635,971
Depreciation	689,477	717,561
Impairment losses	86,863	91,859
Increase (decrease) in allowance for doubtful accounts	210	178
Increase (decrease) in provision for bonuses	67,378	35,433
Increase (decrease) in retirement benefit liability	(14,070)	1,669
Increase (decrease) in provision for warranties for completed construction	3,959	(17,680)
Increase (decrease) in provision for loss on construction contracts	16,550	(22,150)
Interest and dividend income	(9,533)	(10,022)
Interest expenses	12,681	11,941
Foreign exchange losses (gains)	5,000	–
Loss (gain) on sale of investment securities	(34)	–
Loss (gain) on valuation of investment securities	–	7,921
Loss (gain) on sale of property, plant and equipment	(471)	692
Loss on retirement of property, plant and equipment	25,341	25,232
Decrease (increase) in trade receivables	(2,452,014)	(1,269,395)
Decrease (increase) in costs on construction contracts in progress	1,669,779	(66,018)
Decrease (increase) in inventories	(12,423)	216,735
Decrease (increase) in other current assets	16,679	(47,989)
Increase (decrease) in trade payables	917,739	143,790
Increase (decrease) in advances received on construction contracts in progress	(253,611)	891,923
Increase (decrease) in other current liabilities	329,200	(609,510)
Other, net	198,213	91,276
Subtotal	4,090,959	2,829,423
Interest and dividends received	9,533	10,022
Interest paid	(12,519)	(11,752)
Income taxes paid	(1,036,306)	(996,651)
Net cash provided by (used in) operating activities	3,051,666	1,831,041
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,213,312)	(615,737)
Proceeds from sale of property, plant and equipment	471	(692)
Purchase of intangible assets	(87,218)	(9,678)
Purchase of investment securities	(61,781)	(2,568)
Proceeds from sale of investment securities	464	427
Other, net	10,298	(20,848)
Net cash provided by (used in) investing activities	(1,351,077)	(649,097)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(371,500)	600,000
Repayments of long-term borrowings	(440,000)	(400,000)
Dividends paid	(320,741)	(346,419)
Repayments of lease liabilities	(54,027)	(49,975)
Net cash provided by (used in) financing activities	(1,186,269)	(196,395)
Effect of exchange rate change on cash and cash equivalents	84,916	64,438
Net increase (decrease) in cash and cash equivalents	599,236	1,049,986
Cash and cash equivalents at beginning of period	4,525,013	5,124,250
Cash and cash equivalents at end of period	5,124,250	6,174,237