

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 7, 2024

Company name: TANABE ENGINEERING CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1828 URL <https://www.tanabe-ind.co.jp/>
 Representative: President and Representative Director Fumio Mizusawa
 Director, Managing 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, 2024
 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, 2023 (from April 1, 2023 to December 31, 2023)

(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, 2023 | 37,579 | 18.4 | 1,693 | (22.2) | 1,733 | (22.1) | 1,139 | (23.5) |
| Nine months ended December 31, 2022 | 31,746 | 4.5 | 2,177 | 2.2 | 2,223 | 0.3 | 1,489 | 4.0 |

| | Earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended December 31, 2023 | 107.69 | | – | |
| Nine months ended December 31, 2022 | 139.23 | | – | |

(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, 2023 | 46,465 | 21,502 | 46.3 | 2,053.49 |
| As of March 31, 2023 | 37,574 | 20,967 | 55.8 | 1,959.43 |

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, 2023 | – | 0.00 | – | 40.00 | 40.00 |
| Year ending March 31, 2024 | – | 0.00 | – | | |
| Year ending March 31, 2024 (Forecast) | | | | 45.00 | 45.00 |

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 | 2,050 | (25.0) | 2,100 | (24.6) | 1,300 | (21.5) | 123.22 |

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023
(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: 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, 2023 | 10,728,000 shares | As of March 31, 2023 | 10,728,000 shares |
|-------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|----------------|----------------------|---------------|
| As of December 31, 2023 | 260,484 shares | As of March 31, 2023 | 27,084 shares |
|-------------------------|----------------|----------------------|---------------|

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

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Nine months ended December 31, 2023 | 10,577,851 shares | Nine months ended December 31, 2022 | 10,700,916 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,174,237 | 4,046,477 |
| Notes receivable, accounts receivable from completed construction contracts and other | 20,221,186 | 30,880,570 |
| Electronically recorded monetary claims - operating | 508,442 | 824,115 |
| Costs on construction contracts in progress | 127,609 | 210,827 |
| Other inventories | 310,468 | 272,770 |
| Other | 268,971 | 272,665 |
| Allowance for doubtful accounts | (2,060) | (3,132) |
| Total current assets | 27,608,853 | 36,504,294 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 8,114,818 | 8,248,165 |
| Machinery, vehicles, tools, furniture and fixtures | 5,359,003 | 5,640,598 |
| Land | 3,152,404 | 3,159,306 |
| Leased assets | 336,817 | 358,247 |
| Construction in progress | 91,886 | 302,572 |
| Accumulated depreciation | (8,638,403) | (9,192,769) |
| Total property, plant and equipment | 8,416,527 | 8,516,119 |
| Intangible assets | 276,280 | 218,789 |
| Investments and other assets | | |
| Investment securities | 406,048 | 398,188 |
| Deferred tax assets | 737,331 | 724,434 |
| Other | 129,037 | 104,161 |
| Total investments and other assets | 1,272,417 | 1,226,785 |
| Total non-current assets | 9,965,225 | 9,961,695 |
| Total assets | 37,574,079 | 46,465,989 |

(Thousands of yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|--|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts and other | 5,779,219 | 4,977,309 |
| Electronically recorded obligations - operating | 3,037,067 | 7,458,879 |
| Short-term borrowings | 1,000,000 | 6,300,000 |
| Lease liabilities | 34,471 | 32,284 |
| Accounts payable - other | 1,195,336 | 604,554 |
| Accrued expenses | 422,869 | 379,517 |
| Income taxes payable | 558,565 | 116,228 |
| Advances received on construction contracts in progress | 1,507,810 | 2,128,045 |
| Provision for warranties for completed construction | 22,696 | 18,793 |
| Provision for loss on construction contracts | – | 183,458 |
| Provision for bonuses | 1,270,828 | 625,790 |
| Provision for bonuses for directors (and other officers) | 55,000 | 41,250 |
| Other | 167,640 | 305,568 |
| Total current liabilities | 15,051,506 | 23,171,681 |
| Non-current liabilities | | |
| Long-term borrowings | 300,000 | 550,000 |
| Lease liabilities | 30,184 | 18,226 |
| Long-term accounts payable - other | 130,000 | 130,000 |
| Retirement benefit liability | 1,094,737 | 1,093,091 |
| Total non-current liabilities | 1,554,922 | 1,791,318 |
| Total liabilities | 16,606,428 | 24,962,999 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 885,320 | 885,320 |
| Capital surplus | 1,475,320 | 1,475,320 |
| Retained earnings | 18,475,355 | 19,087,076 |
| Treasury shares | (7,020) | (310,440) |
| Total shareholders' equity | 20,828,974 | 21,137,275 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 53,987 | 92,857 |
| Foreign currency translation adjustment | 223,874 | 378,812 |
| Remeasurements of defined benefit plans | (139,186) | (113,972) |
| Total accumulated other comprehensive income | 138,675 | 357,697 |
| Non-controlling interests | – | 8,017 |
| Total net assets | 20,967,650 | 21,502,990 |
| Total liabilities and net assets | 37,574,079 | 46,465,989 |

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, 2022 | Nine months ended December 31, 2023 |
|--|--|--|
| Net sales | 31,746,617 | 37,579,620 |
| Cost of sales | 26,325,521 | 32,469,616 |
| Gross profit | 5,421,095 | 5,110,004 |
| Selling, general and administrative expenses | 3,243,790 | 3,416,140 |
| Operating profit | 2,177,305 | 1,693,863 |
| Non-operating income | | |
| Interest income | 706 | 1,094 |
| Dividend income | 8,395 | 7,367 |
| Rental income from land and buildings | 44,284 | 34,713 |
| Receive compensation | – | 13,619 |
| Foreign exchange gains | 1 | 47 |
| Other | 21,243 | 20,373 |
| Total non-operating income | 74,632 | 77,216 |
| Non-operating expenses | | |
| Interest expenses | 8,843 | 7,843 |
| Commitment fees | 8,317 | 17,896 |
| Compensation expenses | 6,327 | – |
| Loss on redemption of investment securities | – | 10,863 |
| Other | 5,107 | 1,412 |
| Total non-operating expenses | 28,596 | 38,016 |
| Ordinary profit | 2,223,341 | 1,733,063 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 58 | 2,566 |
| Gain on sale of investment securities | – | 17 |
| Total extraordinary income | 58 | 2,583 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 759 | 71 |
| Loss on disposal of non-current assets | 35,115 | 6,052 |
| Loss on valuation of investment securities | 1,977 | 444 |
| Impairment losses | – | 23,582 |
| Total extraordinary losses | 37,852 | 30,151 |
| Profit before income taxes | 2,185,547 | 1,705,495 |
| Income taxes | 695,705 | 566,698 |
| Profit | 1,489,842 | 1,138,796 |
| Loss attributable to non-controlling interests | – | (326) |
| Profit attributable to owners of parent | 1,489,842 | 1,139,123 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 |
|--|--|--|
| Profit | 1,489,842 | 1,138,796 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (21,322) | 38,870 |
| Foreign currency translation adjustment | 258,117 | 154,958 |
| Remeasurements of defined benefit plans, net of tax | 35,886 | 25,214 |
| Total other comprehensive income | 272,680 | 219,042 |
| Comprehensive income | 1,762,522 | 1,357,839 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,762,522 | 1,358,145 |
| Comprehensive income attributable to non-controlling interests | – | (305) |