

Translation

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**Summary of Consolidated Financial Results
for the Year Ended December 31, 2018
(Based on Japanese GAAP)**

February 13, 2019

Company name: EBARA JITSUGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6328 URL <https://www.ejk.co.jp/>
 Representative: Chairman & President HISASHI SUZUKI
 Senior Corporate Officer, Head of Corporate Planning & Strategy Office
 Inquiries: SHUJI OHNO TEL 03-5565-2885
 Scheduled date of ordinary general meeting of shareholders: March 27, 2019
 Scheduled date to file Securities Report: March 27, 2019
 Scheduled date to commence dividend payments: March 28, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for the press and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2018 (from January 1, 2018 to December 31, 2018)

(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 December 31, 2018	29,295	12.2	2,139	24.6	2,252	21.8	1,600	18.3
Year ended December 31, 2017	26,110	(6.0)	1,717	33.1	1,848	30.1	1,353	31.4

	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 December 31, 2018	241.09	–	12.7	8.6	7.3
Year ended December 31, 2017	201.74	–	11.6	7.5	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 December 31, 2018	26,662	12,520	47.0	1,899.35
As of December 31, 2017	25,990	12,769	49.1	1,903.88

(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 December 31, 2018	2,946	86	(628)	6,165
Year ended December 31, 2017	1,285	76	(302)	3,760

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 December 31, 2017	–	22.50	–	27.50	50.00	335	24.8	2.9
Year ended December 31, 2018	–	25.00	–	35.00	60.00	395	24.9	3.2
Year ending December 31, 2019 (Forecast)	–	30.00	–	30.00	60.00		24.0	

3. Forecast of consolidated financial results for the year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

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
Six months ending June 30, 2019	15,300	(4.9)	1,640	(6.2)	1,700	(5.6)	1,210	(4.3)	183.55
Full year	29,000	(1.0)	2,180	1.9	2,310	2.6	1,650	3.1	250.30

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2018

(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 December 31, 2018	6,715,000 shares	As of December 31, 2017	6,715,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2018	122,867 shares	As of December 31, 2017	7,741 shares
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Average number of shares during the period

Year ended December 31, 2018	6,638,487 shares	Year ended December 31, 2017	6,707,292 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2017	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	3,930	6,170
Notes and accounts receivable - trade	9,573	10,486
Securities	100	–
Merchandise and finished goods	739	779
Work in process	201	217
Costs on uncompleted construction contracts	673	592
Raw materials and supplies	210	212
Deferred tax assets	63	84
Other	644	96
Allowance for doubtful accounts	(1)	(1)
Total current assets	16,135	18,638
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,011	3,170
Accumulated depreciation	(1,588)	(1,675)
Buildings and structures, net	1,422	1,494
Machinery, equipment and vehicles	125	147
Accumulated depreciation	(79)	(94)
Machinery, equipment and vehicles, net	46	53
Tools, furniture and fixtures	569	612
Accumulated depreciation	(459)	(500)
Tools, furniture and fixtures, net	109	111
Land	1,420	1,360
Other	72	3
Accumulated depreciation	(5)	(3)
Other, net	66	0
Total property, plant and equipment	3,066	3,020
Intangible assets	37	78
Investments and other assets		
Investment securities	4,827	3,160
Insurance funds	1,145	933
Real estate for investment, net	634	692
Deferred tax assets	4	6
Other	248	240
Allowance for doubtful accounts	(108)	(107)
Total investments and other assets	6,752	4,925
Total non-current assets	9,855	8,024
Total assets	25,990	26,662

(Millions of yen)

	As of December 31, 2017	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,040	9,454
Short-term loans payable	1,090	1,090
Income taxes payable	397	443
Accrued consumption taxes	15	152
Advances received	1,619	1,391
Provision for loss on construction contracts	2	115
Other	619	628
Total current liabilities	11,784	13,276
Non-current liabilities		
Deferred tax liabilities	1,058	495
Provision for directors' retirement benefits	187	158
Net defined benefit liability	120	139
Other	70	72
Total non-current liabilities	1,436	866
Total liabilities	13,221	14,142
Net assets		
Shareholders' equity		
Capital stock	1,001	1,001
Capital surplus	831	831
Retained earnings	8,661	9,912
Treasury shares	(12)	(291)
Total shareholders' equity	10,481	11,454
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,396	1,138
Remeasurements of defined benefit plans	(108)	(72)
Total accumulated other comprehensive income	2,288	1,066
Total net assets	12,769	12,520
Total liabilities and net assets	25,990	26,662

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

(Millions of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Net sales		
Net sales of finished goods and construction sales	19,565	22,955
Net sales of goods	6,545	6,340
Total net sales	26,110	29,295
Cost of sales		
Cost of finished goods sold and construction sales	13,682	16,547
Cost of goods sold	5,194	5,190
Total cost of sales	18,876	21,738
Gross profit		
Gross profit-finished goods and construction sales	5,883	6,408
Gross profit - merchandise	1,351	1,149
Total gross profit	7,234	7,557
Selling, general and administrative expenses	5,516	5,417
Operating profit	1,717	2,139
Non-operating income		
Interest income	2	1
Dividend income	73	79
Rent of real estate for investment	88	93
Insurance income	0	12
Insurance premiums refunded cancellation	–	7
Other	29	18
Total non-operating income	194	211
Non-operating expenses		
Interest expenses	6	8
Rent expenses on real estates	39	42
Foreign exchange losses	12	6
Loss on insurance cancellation	2	35
Other	1	5
Total non-operating expenses	62	99
Ordinary profit	1,848	2,252
Profit before income taxes	1,848	2,252
Income taxes - current	538	699
Income taxes - deferred	(42)	(47)
Total income taxes	495	651
Profit	1,353	1,600
Profit attributable to owners of parent	1,353	1,600

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Profit	1,353	1,600
Other comprehensive income		
Valuation difference on available-for-sale securities	1,085	(1,258)
Remeasurements of defined benefit plans, net of tax	8	36
Total other comprehensive income	1,094	(1,221)
Comprehensive income	2,447	378
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,447	378
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended December 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,001	831	7,609	(12)	9,430
Changes of items during period					
Dividends of surplus			(301)		(301)
Profit attributable to owners of parent			1,353		1,353
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,051	(0)	1,051
Balance at end of current period	1,001	831	8,661	(12)	10,481

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	1,311	(117)	1,193	10,624
Changes of items during period				
Dividends of surplus				(301)
Profit attributable to owners of parent				1,353
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	1,085	8	1,094	1,094
Total changes of items during period	1,085	8	1,094	2,145
Balance at end of current period	2,396	(108)	2,288	12,769

Fiscal year ended December 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,001	831	8,661	(12)	10,481
Changes of items during period					
Dividends of surplus			(349)		(349)
Profit attributable to owners of parent			1,600		1,600
Purchase of treasury shares				(278)	(278)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,251	(278)	972
Balance at end of current period	1,001	831	9,912	(291)	11,454

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	2,396	(108)	2,288	12,769
Changes of items during period				
Dividends of surplus				(349)
Profit attributable to owners of parent				1,600
Purchase of treasury shares				(278)
Net changes of items other than shareholders' equity	(1,258)	36	(1,221)	(1,221)
Total changes of items during period	(1,258)	36	(1,221)	(249)
Balance at end of current period	1,138	(72)	1,066	12,520

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Cash flows from operating activities		
Profit before income taxes	1,848	2,252
Depreciation	213	184
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for loss on construction contracts	(12)	112
Increase (decrease) in net defined benefit liability	57	71
Increase (decrease) in provision for directors' retirement benefits	–	(28)
Interest and dividend income	(76)	(80)
Interest expenses	6	8
Insurance income	(0)	(12)
Loss (gain) on cancellation of insurance contract	2	27
Decrease (increase) in notes and accounts receivable - trade	199	(913)
Decrease (increase) in inventories	(121)	23
Increase (decrease) in notes and accounts payable - trade	(631)	1,413
Increase (decrease) in advances received	512	(227)
Decrease/increase in consumption taxes receivable/payable	(209)	155
Other, net	(252)	518
Subtotal	1,537	3,505
Interest and dividend income received	74	78
Proceeds from insurance income	0	12
Interest expenses paid	(6)	(8)
Income taxes paid	(319)	(642)
Net cash provided by (used in) operating activities	1,285	2,946
Cash flows from investing activities		
Net decrease (increase) in forced deposits	315	166
Purchase of property, plant and equipment	(191)	(180)
Proceeds from sales of property, plant and equipment	11	–
Purchase of intangible assets	(5)	(50)
Purchase of investment securities	(42)	(248)
Proceeds from sales of investment securities	3	–
Proceeds from redemption of investment securities	–	202
Proceeds from cancellation of insurance funds	51	224
Collection of loans receivable	24	0
Other, net	(88)	(27)
Net cash provided by (used in) investing activities	76	86

(Millions of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Cash flows from financing activities		
Cash dividends paid	(301)	(349)
Purchase of treasury shares	(0)	(278)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(302)	(628)
Net increase (decrease) in cash and cash equivalents	1,060	2,404
Cash and cash equivalents at beginning of period	2,700	3,760
Cash and cash equivalents at end of period	3,760	6,165