

Translation

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**Summary of Consolidated Financial Results
for the Year Ended December 31, 2019
(Based on Japanese GAAP)**

February 13, 2020

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 26, 2020
 Scheduled date to file Securities Report: March 26, 2020
 Scheduled date to commence dividend payments: March 27, 2020
 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, 2019 (from January 1, 2019 to December 31, 2019)

(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, 2019	28,431	(2.9)	2,024	(5.4)	2,169	(3.7)	1,512	(5.5)
Year ended December 31, 2018	29,295	12.2	2,139	24.6	2,252	21.8	1,600	18.3

	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, 2019	229.42	–	11.0	7.9	7.1
Year ended December 31, 2018	241.09	–	12.7	8.6	7.3

(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, 2019	28,065	14,945	53.3	2,267.20
As of December 31, 2018	26,584	12,520	47.1	1,899.35

(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, 2019	717	(1,225)	(428)	5,227
Year ended December 31, 2018	2,946	86	(628)	6,165

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, 2018	–	25.00	–	35.00	60.00	395	24.9	3.2
Year ended December 31, 2019	–	30.00	–	30.00	60.00	395	26.2	2.9
Year ending December 31, 2020 (Forecast)	–	30.00	–	30.00	60.00		24.7	

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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	29,500	3.8	2,150	6.2	2,270	4.6	1,600	5.8	242.71

4. Notes

- (1) Changes in significant subsidiaries during the year ended December 31, 2019
(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, 2019	6,715,000 shares	As of December 31, 2018	6,715,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	122,867 shares	As of December 31, 2018	122,867 shares
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Average number of shares during the period

Year ended December 31, 2019	6,592,133 shares	Year ended December 31, 2018	6,638,487 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2018	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	6,170	6,408
Notes and accounts receivable - trade	10,486	10,167
Merchandise and finished goods	779	541
Work in process	217	195
Costs on uncompleted construction contracts	592	647
Raw materials and supplies	212	210
Other	96	150
Allowance for doubtful accounts	(1)	(1)
Total current assets	18,553	18,321
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,170	3,172
Accumulated depreciation	(1,675)	(1,767)
Buildings and structures, net	1,494	1,405
Machinery, equipment and vehicles	147	191
Accumulated depreciation	(94)	(110)
Machinery, equipment and vehicles, net	53	80
Tools, furniture and fixtures	612	631
Accumulated depreciation	(500)	(543)
Tools, furniture and fixtures, net	111	87
Land	1,360	1,360
Other	3	3
Accumulated depreciation	(3)	(3)
Other, net	0	–
Total property, plant and equipment	3,020	2,934
Intangible assets	78	154
Investments and other assets		
Investment securities	3,160	5,087
Insurance funds	933	727
Real estate for investment, net	692	679
Deferred tax assets	12	14
Other	240	253
Allowance for doubtful accounts	(107)	(106)
Total investments and other assets	4,931	6,655
Total non-current assets	8,031	9,744
Total assets	26,584	28,065

(Millions of yen)

	As of December 31, 2018	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,454	8,397
Short-term loans payable	1,090	1,090
Income taxes payable	443	381
Accrued consumption taxes	152	136
Advances received	1,391	1,056
Provision for loss on construction contracts	115	112
Other	628	570
Total current liabilities	13,276	11,746
Non-current liabilities		
Deferred tax liabilities	417	977
Provision for retirement benefits for directors (and other officers)	158	158
Retirement benefit liability	139	153
Other	72	83
Total non-current liabilities	787	1,374
Total liabilities	14,064	13,120
Net assets		
Shareholders' equity		
Capital stock	1,001	1,001
Capital surplus	831	831
Retained earnings	9,912	10,996
Treasury shares	(291)	(291)
Total shareholders' equity	11,454	12,538
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,138	2,451
Remeasurements of defined benefit plans	(72)	(44)
Total accumulated other comprehensive income	1,066	2,407
Total net assets	12,520	14,945
Total liabilities and net assets	26,584	28,065

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

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net sales		
Net sales of finished goods and construction sales	22,955	21,645
Net sales of goods	6,340	6,786
Total net sales	29,295	28,431
Cost of sales		
Cost of finished goods sold and construction sales	16,547	15,357
Cost of goods sold	5,190	5,453
Total cost of sales	21,738	20,810
Gross profit		
Gross profit-finished goods and construction sales	6,408	6,287
Gross profit - merchandise	1,149	1,333
Total gross profit	7,557	7,621
Selling, general and administrative expenses	5,417	5,596
Operating profit	2,139	2,024
Non-operating income		
Interest income	1	1
Dividend income	79	86
Rent of real estate for investment	93	99
Insurance income	12	–
Insurance premiums refunded cancellation	7	15
Other	18	7
Total non-operating income	211	210
Non-operating expenses		
Interest expenses	8	8
Rent expenses on real estates	42	39
Foreign exchange losses	6	4
Loss on insurance cancellation	35	9
Other	5	3
Total non-operating expenses	99	65
Ordinary profit	2,252	2,169
Profit before income taxes	2,252	2,169
Income taxes - current	699	690
Income taxes - deferred	(47)	(33)
Total income taxes	651	657
Profit	1,600	1,512
Profit attributable to owners of parent	1,600	1,512

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Profit	1,600	1,512
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,258)	1,312
Remeasurements of defined benefit plans, net of tax	36	28
Total other comprehensive income	(1,221)	1,340
Comprehensive income	378	2,853
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	378	2,853
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

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

Fiscal year ended December 31, 2019

(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	9,912	(291)	11,454
Changes of items during period					
Dividends of surplus			(428)		(428)
Profit attributable to owners of parent			1,512		1,512
Purchase of treasury shares					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,083	–	1,083
Balance at end of current period	1,001	831	10,996	(291)	12,538

	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	1,138	(72)	1,066	12,520
Changes of items during period				
Dividends of surplus				(428)
Profit attributable to owners of parent				1,512
Purchase of treasury shares				–
Net changes of items other than shareholders' equity	1,312	28	1,340	1,340
Total changes of items during period	1,312	28	1,340	2,424
Balance at end of current period	2,451	(44)	2,407	14,945

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	2,252	2,169
Depreciation	184	197
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for loss on construction contracts	112	(2)
Increase (decrease) in retirement benefit liability	71	54
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(28)	–
Interest and dividend income	(80)	(87)
Interest expenses	8	8
Insurance income	(12)	–
Loss (gain) on cancellation of insurance contract	27	(6)
Decrease (increase) in notes and accounts receivable - trade	(913)	319
Decrease (increase) in inventories	23	205
Increase (decrease) in notes and accounts payable - trade	1,413	(1,056)
Increase (decrease) in advances received	(227)	(334)
Decrease/increase in consumption taxes receivable/payable	155	(15)
Other, net	518	(60)
Subtotal	3,505	1,389
Interest and dividend income received	78	86
Proceeds from insurance income	12	–
Interest expenses paid	(8)	(7)
Income taxes paid	(642)	(751)
Net cash provided by (used in) operating activities	2,946	717
Cash flows from investing activities		
Net decrease (increase) in forced deposits	166	(1,175)
Purchase of property, plant and equipment	(180)	(89)
Purchase of intangible assets	(50)	(102)
Purchase of investment securities	(248)	(37)
Proceeds from sales of investment securities	–	0
Proceeds from redemption of investment securities	196	–
Proceeds from cancellation of insurance funds	224	236
Collection of loans receivable	0	0
Other, net	(21)	(58)
Net cash provided by (used in) investing activities	86	(1,225)

(Millions of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from financing activities		
Cash dividends paid	(349)	(428)
Purchase of treasury shares	(278)	–
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(628)	(428)
Net increase (decrease) in cash and cash equivalents	2,404	(937)
Cash and cash equivalents at beginning of period	3,760	6,165
Cash and cash equivalents at end of period	6,165	5,227