

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended December 31, 2020 (Based on Japanese GAAP)

February 10, 2021

Company name: EBARA JITSUGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6328 URL <https://www.ejk.co.jp/>
 Representative: President and COO Toru Abe
 Inquiries: Managing Executive Officer, Head of Planning & Strategy Office Shuji Ohno TEL 03-5565-2885
 Scheduled date of ordinary general meeting of shareholders: March 25, 2021
 Scheduled date to file Securities Report: March 25, 2021
 Scheduled date to commence dividend payments: March 26, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(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, 2020	30,250	6.4	3,214	58.8	3,363	55.0	2,342	54.9
Year ended December 31, 2019	28,431	(2.9)	2,024	(5.4)	2,169	(3.7)	1,512	(5.5)

	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, 2020	369.20	–	14.8	11.1	10.6
Year ended December 31, 2019	229.43	–	11.0	7.9	7.1

(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, 2020	32,509	16,703	51.4	2,657.98
As of December 31, 2019	28,065	14,945	53.3	2,267.20

(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, 2020	4,073	1,037	(957)	9,381
Year ended December 31, 2019	717	(1,225)	(428)	5,227

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, 2019	–	30.00	–	30.00	60.00	395	26.2	2.9
Year ended December 31, 2020	–	30.00	–	80.00	110.00	691	29.8	4.5
Year ending December 31, 2021 (Forecast)	–	70.00	–	70.00	140.00		35.2	

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	33,000	9.1	3,400	5.8	3,600	7.0	2,500	6.7	397.81

4. Notes

- (1) Changes in significant subsidiaries during the year ended December 31, 2020
(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, 2020	6,715,000 shares	As of December 31, 2019	6,715,000 shares
-------------------------	------------------	-------------------------	------------------

Number of treasury shares at the end of the period

As of December 31, 2020	430,524 shares	As of December 31, 2019	122,867 shares
-------------------------	----------------	-------------------------	----------------

Average number of shares during the period

Year ended December 31, 2020	6,344,852 shares	Year ended December 31, 2019	6,592,133 shares
------------------------------	------------------	------------------------------	------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	6,408	9,386
Notes and accounts receivable - trade	10,167	10,804
Merchandise and finished goods	541	660
Work in process	195	224
Costs on construction contracts in progress	647	576
Raw materials and supplies	210	435
Other	150	210
Allowance for doubtful accounts	(1)	(1)
Total current assets	18,321	22,296
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,172	3,194
Accumulated depreciation	(1,767)	(1,847)
Buildings and structures, net	1,405	1,346
Machinery, equipment and vehicles	191	194
Accumulated depreciation	(110)	(137)
Machinery, equipment and vehicles, net	80	56
Tools, furniture and fixtures	631	658
Accumulated depreciation	(543)	(573)
Tools, furniture and fixtures, net	87	84
Land	1,360	1,356
Construction in progress	–	13
Other	3	3
Accumulated depreciation	(3)	(3)
Other, net	–	–
Total property, plant and equipment	2,934	2,857
Intangible assets	154	131
Investments and other assets		
Investment securities	5,087	5,715
Insurance funds	727	687
Investment property, net	679	666
Deferred tax assets	14	13
Other	253	247
Allowance for doubtful accounts	(106)	(106)
Total investments and other assets	6,655	7,224
Total non-current assets	9,744	10,213
Total assets	28,065	32,509

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,397	9,946
Short-term borrowings	1,090	1,090
Income taxes payable	381	788
Accrued consumption taxes	136	261
Advances received	1,056	1,411
Provision for loss on construction contracts	112	152
Other	570	628
Total current liabilities	11,746	14,278
Non-current liabilities		
Deferred tax liabilities	977	1,086
Provision for retirement benefits for directors (and other officers)	158	158
Retirement benefit liability	153	195
Other	83	86
Total non-current liabilities	1,374	1,527
Total liabilities	13,120	15,805
Net assets		
Shareholders' equity		
Share capital	1,001	1,001
Capital surplus	831	831
Retained earnings	10,996	12,952
Treasury shares	(291)	(862)
Total shareholders' equity	12,538	13,923
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,451	2,811
Remeasurements of defined benefit plans	(44)	(31)
Total accumulated other comprehensive income	2,407	2,780
Total net assets	14,945	16,703
Total liabilities and net assets	28,065	32,509

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

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales		
Net sales of finished goods and construction sales	21,645	24,747
Net sales of goods	6,786	5,503
Total net sales	28,431	30,250
Cost of sales		
Cost of finished goods sold and construction sales	15,357	16,963
Cost of goods sold	5,453	4,276
Total cost of sales	20,810	21,240
Gross profit		
Gross profit-finished goods and construction sales	6,287	7,783
Gross profit - merchandise	1,333	1,227
Total gross profit	7,621	9,010
Selling, general and administrative expenses	5,596	5,795
Operating profit	2,024	3,214
Non-operating income		
Interest income	1	1
Dividend income	86	90
Rental income from investment property	99	95
Surrender value of insurance policies	15	–
Other	7	22
Total non-operating income	210	209
Non-operating expenses		
Interest expenses	8	6
Rental expenses on real estate	39	40
Foreign exchange losses	4	9
Loss on cancellation of insurance policies	9	3
Other	3	0
Total non-operating expenses	65	61
Ordinary profit	2,169	3,363
Extraordinary income		
Gain on sales of non-current assets	–	2
Other	–	0
Total extraordinary income	–	3
Extraordinary losses		
Loss on valuation of investment securities	–	27
Total extraordinary losses	–	27
Profit before income taxes	2,169	3,339
Income taxes - current	690	1,050
Income taxes - deferred	(33)	(53)
Total income taxes	657	997
Profit	1,512	2,342
Profit attributable to owners of parent	1,512	2,342

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	1,512	2,342
Other comprehensive income		
Valuation difference on available-for-sale securities	1,312	360
Remeasurements of defined benefit plans, net of tax	28	13
Total other comprehensive income	1,340	373
Comprehensive income	2,853	2,715
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,853	2,715
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended December 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,001	831	9,912	(291)	11,454
Changes during period					
Dividends of surplus			(428)		(428)
Profit attributable to owners of parent			1,512		1,512
Purchase of treasury shares					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,083	–	1,083
Balance at end of 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 period	1,138	(72)	1,066	12,520
Changes during period				
Dividends of surplus				(428)
Profit attributable to owners of parent				1,512
Purchase of treasury shares				–
Net changes in items other than shareholders' equity	1,312	28	1,340	1,340
Total changes during period	1,312	28	1,340	2,424
Balance at end of period	2,451	(44)	2,407	14,945

Fiscal year ended December 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,001	831	10,996	(291)	12,538
Changes during period					
Dividends of surplus			(386)		(386)
Profit attributable to owners of parent			2,342		2,342
Purchase of treasury shares				(571)	(571)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,956	(571)	1,385
Balance at end of period	1,001	831	12,952	(862)	13,923

	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 period	2,451	(44)	2,407	14,945
Changes during period				
Dividends of surplus				(386)
Profit attributable to owners of parent				2,342
Purchase of treasury shares				(571)
Net changes in items other than shareholders' equity	360	13	373	373
Total changes during period	360	13	373	1,758
Balance at end of period	2,811	(31)	2,780	16,703

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,169	3,339
Depreciation	197	205
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for loss on construction contracts	(2)	39
Increase (decrease) in retirement benefit liability	54	60
Interest and dividend income	(87)	(91)
Interest expenses	8	6
Insurance claim income	–	(10)
Loss (gain) on cancellation of insurance policies	(6)	3
Loss (gain) on sales of property, plant and equipment	–	(2)
Decrease (increase) in trade receivables	319	(636)
Decrease (increase) in inventories	205	(300)
Increase (decrease) in trade payables	(1,056)	1,548
Increase (decrease) in advances received	(334)	354
Decrease/increase in consumption taxes receivable/payable	(15)	124
Other, net	(60)	(1)
Subtotal	1,389	4,638
Interest and dividends received	86	91
Proceeds from insurance income	–	10
Interest paid	(7)	(6)
Income taxes paid	(751)	(660)
Net cash provided by (used in) operating activities	717	4,073
Cash flows from investing activities		
Net decrease (increase) in forced deposits	(1,175)	1,175
Purchase of property, plant and equipment	(89)	(83)
Purchase of intangible assets	(102)	(7)
Purchase of investment securities	(37)	(138)
Proceeds from redemption of investment securities	0	0
Proceeds from cancellation of insurance funds	236	55
Collection of loans receivable	0	30
Other, net	(58)	5
Net cash provided by (used in) investing activities	(1,225)	1,037

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from financing activities		
Dividends paid	(428)	(386)
Purchase of treasury shares	–	(571)
Other, net	(0)	–
Net cash provided by (used in) financing activities	(428)	(957)
Net increase (decrease) in cash and cash equivalents	(937)	4,153
Cash and cash equivalents at beginning of period	6,165	5,227
Cash and cash equivalents at end of period	5,227	9,381