

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japan GAAP]

May 12, 2022

Company: Hibiya Engineering, Ltd.

Stock exchange listing: Tokyo Stock Exchange (Prime Market)

Stock code: 1982

URL: <http://www.hibiya-eng.co.jp/English>

Representative Director: Nagahiro Kuroda, President and CEO

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Regular general meeting of shareholders: June 23, 2022 (tentative)

Date of commencement of dividend payment: June 24, 2022 (tentative)

Date of filing of securities report: June 23, 2022 (tentative)

Supplementary explanatory documents: No

Earnings presentation: Yes (For analysts and institutional investors)

(Yen in millions, rounded down, figures in parentheses indicate negative amounts or percentages)

### 1. Consolidated results of operations for the fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated results of operations (Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/22	75,497	3.3	5,662	41.7	6,163	34.1	4,372	42.2
FY3/21	73,119	(3.7)	3,997	8.3	4,595	8.4	3,075	(13.1)

Note: Comprehensive income: FY3/22: 3,564 million yen [-41.7%] FY3/21: 6,109 million yen [752.0%]

	Earnings per share	Earnings per share fully diluted	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY3/22	184.02	183.25	7.1	7.1	7.5
FY3/21	128.90	128.24	5.2	5.4	5.5

(Reference) Equity in earnings of equity method affiliates: FY3/22: - million yen FY3/21: - million yen;

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY3/22	87,466	63,409	70.7	2,635.31
FY3/21	86,138	62,593	70.9	2,556.56

(Reference) Shareholders' equity: FY3/22: 61,843 million yen FY3/21: 61,049 million yen

(3) Consolidated cash flow position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/22	1,703	(269)	(2,867)	32,965
FY3/21	10,771	172	(1,940)	34,399

### 2. Dividends

	Dividend per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividend-to-equity ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/21	-	40.00	-	40.00	80.00	1,925	62.1	3.2
FY3/22	-	40.00	-	42.00	82.00	1,951	44.6	3.2
FY3/23 (Estimate)	-	42.00	-	42.00	84.00		56.3	

### 3. Consolidated forecast for the fiscal year ending March 2023 (April 1, 2022 – March 31, 2023)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	80,000	6.0	4,500	(20.5)	5,000	(18.9)	3,500	(20.0)	149.14

#### Notes

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): No

(2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than in (a): No

(c) Changes in accounting estimates: No

(d) Retrospective restatement: No

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of March 31, 2022: 25,006,321 As of March 31, 2021: 25,006,321

(b) Treasury shares

As of March 31, 2022: 1,539,127 As of March 31, 2021: 1,126,701

(c) Average number of shares

Period ended March 31, 2022: 23,761,376 Period ended March 31, 2021: 23,863,806

(Reference) Summary of the Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

(1) Result of operations (Non-consolidated) (Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/22	67,099	4.5	5,154	44.9	5,638	36.4	4,103	38.7
FY3/21	64,181	(3.3)	3,556	8.0	4,133	8.0	2,957	(78.2)

	Earnings per share	Earnings per share fully diluted
FY3/22	172.69	171.97
FY3/21	123.93	123.31

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/22	78,137	56,186	71.7	2,388.11
FY3/21	76,458	55,796	72.7	2,329.15

(Reference) Shareholders' equity: FY3/22: 56,042million yen FY3/21: 55,619 million yen

2. Non-consolidated forecast for the fiscal year ending March 2023 (April 1, 2022 – March 31, 2023)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	69,500	3.6	4,000	(22.4)	4,400	(22.0)	3,100	(24.5)	132.10

#### **Forward-looking statements, important notes, etc.**

This report is exempt from the audit review by certified public accountant or audit firm.

These materials contain forward-looking statements that are based on information available to management as of the date of this report. Actual results may be materially different from the above forecasts for a number of reasons.

This is an English translation of the captioned report. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.

## Index for Supplementary Information

1. Results of Operations .....	2
(1) Analysis of results of operations .....	2
(2) Analysis of financial condition .....	3
(3) Analysis of cash flows .....	4
(4) Outlook .....	5
2. Basic policy about the selection of accounting standards .....	5
3. Consolidated Financial Statements and Important Notes .....	6
(1) Consolidated Balance Sheets .....	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	8
(Consolidated Statements of Income) .....	8
(Consolidated Statements of Comprehensive Income) .....	9
(3) Consolidated Statements of Changes in Equity .....	10
(4) Consolidated Statements of Cash Flows .....	12
(5) Notes to consolidated financial statements .....	14
(Notes on going concern assumptions) .....	14
(Change in accounting principle) .....	14
(Segment information, etc.) .....	15
(Per share information) .....	17
(Significant subsequent events) .....	18
4. Other Information .....	18
Change in directors .....	18

## 1. Results of Operations

### (1) Analysis of results of operations

In the fiscal year that ended in March 2022, Japanese economy has been challenging because economic activity was restricted due to the re-expansion of the COVID-19 infections in Japan and the abroad. Although the tough conditions have been gradually eased and there were some signs of recovery for the Japanese economy thanks to the economic measures by the Japanese government and the higher inoculation rate of COVID-19 vaccines, outlook is still unclear because of restrictions in supplies of materials and logistics.

In the construction industry, overall construction investment has been strong as private sector construction investment has increased while public construction investment declined slightly. The appropriate measures are necessary to deal with higher demand for human resources and higher material prices.

Under such circumstances, we have made numerous efforts based on our Seventh Medium-term Management Plan including the enhancement of the profitability in our core business and the creation of the new business opportunities, customer base expansion in the CO2 saving business and energy business, and streamlining of construction through the remote site management as a part of the DX promotion. We also worked on securing the transparency of the management by incorporation of the Nomination and Compensation Committee, dealing with sustainability through the establishment of the ESG promotion structure, and the enhancement of the corporate value.

As a result of such measures, orders increase by 6.2% from the year earlier to 78,924 million yen thanks to new orders for the large-scale construction through aggressive sales activities to our clients, and less impacts on the sales activities from the COVID-19 pandemic.

Sales increased by 3.3% to 75,497 million yen because of the deferred construction from the previous fiscal year and the strong construction progress of orders received during the current fiscal year.

Operating profit increased by 41.7% to 5,662 million yen and ordinary profit increased 34.1% to 6,163 million yen because of higher efficiency in some large scale constructions and measures to reduce the cost of sales. Profit attributable to owners of parent increased 42.2% to 4,372 million yen.

Results of operations for business segments are as follows.

1. Construction  
Segment sales increased 3.9% to 67,099 million yen and operating profit increased 43.4% to 5,154 million yen.
2. Equipment sales  
Segment sales decreased 6.9% to 6,070 million yen and operating profit decreased 1.6% to 356 million yen.
3. Equipment manufacturing  
Segment sales increased 16.7% to 2,328 million yen and operating profit increased 332.3% to 135 million yen.

Orders received by segments

	FY2021 (Apr. 1, 2020 - Mar. 31, 2021)  (Million yen)	FY2022 (Apr. 1, 2021 - Mar. 31, 2022)  (Million yen)	YoY change  (%)
Construction	65,804	70,505	7.1
Equipment sales	6,521	6,070	(6.9)
Equipment manufacturing	1,976	2,348	18.8
Total	74,302	78,924	6.2

Net sales by segments

	FY2021 (Apr. 1, 2020 - Mar. 31, 2021)  (Million yen)	FY2022 (Apr. 1, 2021 - Mar. 31, 2022)  (Million yen)	YoY change  (%)
Construction	64,603	67,099	3.9
Equipment sales	6,521	6,070	(6.9)
Equipment manufacturing	1,994	2,328	16.7
Total	73,119	75,497	3.3

- Note: 1. Inter-segment transactions are eliminated.  
2. Consumption and other taxes are not included in the amount.

(2) Analysis of financial condition

**Assets**

Total assets increased 1,328 million yen from the end of the previous fiscal year to 87,466 million yen. Current assets increased 2,143 million yen mainly because of increase in notes receivable, accounts receivable from completed construction contracts and other due to higher sales, and non-current assets decreased 814 million yen mainly due to decrease in investment securities by the decline of the listed stock prices, etc.

**Liabilities**

Liabilities increased 512 million yen to 24,057 million yen. Although notes payable, accounts payable for construction contracts and other declined, income taxes payable and provision for bonuses increased due to higher profit.

**Net assets**

Net assets totaled 63,409 million yen at the end of the fiscal year, including a contribution from profit attributable to owners of parent of 4,372 million yen.

(3) Analysis of cash flows

Net cash provided by operating activities decreased 9,067 million yen to 1,703 million yen. The main reason was a decrease in trade receivables.

Net cash provided by investing activities decreased 441 million yen to negative 269 million yen. The main reason was an increase in purchase of investment securities.

Net cash used in financing activities increased 927 million yen to 2,867 million yen. The main reason was an increase in purchase of treasury shares.

The result of these cash flows was a net decrease of 1,433 million yen in cash and cash equivalents to 32,965 million yen at the end of the fiscal year.

(Reference) Cash flow index trends

Years ended March 31	2018	2019	2020	2021	2022
Equity ratio (%)	69.2	71.3	68.1	70.9	70.7
Equity ratio based on market cap (%)	57.9	55.1	55.2	53.8	49.2
Ratio of interest-bearing debt to cash flows (years)	-	-	-	-	-
Interest coverage ratio (times)	3,216.1	2,463.9	-	32,387.4	318.7

Equity ratio: Shareholders' equity/Total assets

Equity ratio based on market cap: Market capitalization/Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest expenses

\* All indicators are based on figures in the consolidated financial statements.

\* Market capitalization does not include treasury stocks.

\* Operating cash flows are net cash provided by operating activities shown in the consolidated statements of cash flows. Interest-bearing debt is the sum of all short-term borrowings on the consolidated balance sheets. Interest expenses are the interest paid on the consolidated statements of cash flows.

\* Ratio of interest-bearing debt to cash flows is not shown for the fiscal year that ended in March 2018 because of no Interest-bearing debt posted.

\* Ratio of interest-bearing debt to cash flows is not shown for the fiscal year that ended in March 2019 because of no Interest-bearing debt posted.

\* Ratio of interest-bearing debt to cash flows and interest coverage ratio are not shown for the fiscal year that ended in March 2020 because of negative figure of operating cash flow.

\* Ratio of interest-bearing debt to cash flows is not shown for the fiscal year that ended in March 2021 because of no Interest-bearing debt posted.

\* Ratio of interest-bearing debt to cash flows is not shown for the fiscal year that ended in March 2022 because of no Interest-bearing debt posted.

(4) Outlook

The Japanese economy is expected to gradually recover as economic activities are normalizing. However we need to closely monitor impacts from the rebound of COVID-19 infections in Japan and the abroad including its variants, shortages of semiconductors and heightened geopolitical risks.

In the construction industry, although construction investment is anticipated to be steady, outlook is uncertain as higher material prices and supply chain disruptions are concerned.

The Hibiya Engineering Group is concentrating on the growth of corporate value by steadily executing the Seventh Medium-term Management Plan, enhancing business development to enable our growth strategy “Create the Future of Hibiya” focusing on decarbonization and energy conservation technologies, and using digital technologies for reforming the structure of our business operations. We will enhance our existence value to the society and for various stakeholders by committing to the steady shareholder return, as well as creating environment where diverse people can participate actively and improving the corporate governance aiming at the sustainable growth.

For the fiscal year ending in March 2023, we forecast orders received of 80.0 billion yen, net sales of 80.0 billion yen, operating profit of 4.5 billion yen, and profit attributable to owners of parent of 3.5 billion yen, and we envisage to achieve the goals of the Seventh Medium-term Management Plan.

**2. Basic policy about the selection of accounting standards**

The policy of the Hibiya Engineering Group is to continue preparing consolidated financial statements based on Japanese accounting standards for the time being. Using these standards allows comparing consolidated financial data in different fiscal years as well as with the financial data of other companies in Japan.

For the application of international accounting standards, actions will be taken in an appropriate manner based on all relevant factors in Japan and other countries.

### 3. Consolidated Financial Statements and Important Notes

#### (1) Consolidated Balance Sheets

(Million yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	29,399	27,965
Notes receivable, accounts receivable from completed construction contracts and other	26,340	29,779
Securities	5,501	5,999
Costs on construction contracts in progress	810	873
Other	840	417
Allowance for doubtful accounts	(4)	(4)
Total current assets	62,888	65,031
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,494	1,394
Land	93	93
Leased assets	64	93
Other	869	859
Accumulated depreciation	(1,931)	(1,843)
Total property, plant and equipment	590	598
Intangible assets	182	118
Investments and other assets		
Investment securities	17,751	16,228
Investments in silent partnerships	1,233	1,226
Retirement benefit asset	519	524
Deferred tax assets	11	759
Insurance funds	1,787	1,849
Other	1,613	1,467
Allowance for doubtful accounts	(441)	(339)
Total investments and other assets	22,476	21,717
Total noncurrent assets	23,249	22,434
Total assets	86,138	87,466

(Million yen)

	FY2021 (As of March 31, 2021)	FY2022 (As of March 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	13,539	12,862
Lease obligations	6	8
Income taxes payable	1,535	1,823
Advances received on construction contracts in progress	532	1,343
Provision for bonuses	2,005	2,974
Provision for warranties for completed construction	153	553
Provision for loss on construction contracts	326	166
Other	3,336	2,454
<b>Total current liabilities</b>	<b>21,434</b>	<b>22,186</b>
<b>Noncurrent liabilities</b>		
Lease obligations	9	13
Deferred tax liabilities	838	791
Retirement benefit liability	1,244	1,052
Asset retirement obligations	12	12
Other	4	0
<b>Total noncurrent liabilities</b>	<b>2,110</b>	<b>1,871</b>
<b>Total liabilities</b>	<b>23,545</b>	<b>24,057</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,753	5,753
Capital surplus	6,028	6,028
Retained earnings	46,181	48,602
Treasury shares	(2,359)	(3,123)
<b>Total shareholders' equity</b>	<b>55,603</b>	<b>57,261</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,909	4,939
Remeasurements of defined benefit plans	(463)	(357)
<b>Total accumulated other comprehensive income</b>	<b>5,446</b>	<b>4,581</b>
Share acquisition rights	177	144
Non-controlling interests	1,366	1,421
<b>Total net assets</b>	<b>62,593</b>	<b>63,409</b>
<b>Total liabilities and net assets</b>	<b>86,138</b>	<b>87,466</b>

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Consolidated Statement of Income)

(Million yen)

	FY2021 (Apr. 1, 2020 - Mar. 31, 2021)	FY2022 (Apr. 1, 2021 - Mar. 31, 2022)
Net sales	73,119	75,497
Cost of sales	60,854	60,811
Gross profit	12,264	14,685
Selling, general and administrative expenses	8,267	9,023
Operating profit	3,997	5,662
Non-operating income		
Interest income	32	24
Dividend income	431	337
Gain on investments in silent partnerships	51	80
Other	86	76
Total non-operating income	602	519
Non-operating expenses		
Interest expenses	0	5
Other	4	12
Total non-operating expenses	4	18
Ordinary profit	4,595	6,163
Extraordinary income		
Gain on sales of investment securities	5	139
Reversal of allowance for doubtful accounts	-	102
Total extraordinary income	5	242
Profit before income taxes	4,600	6,405
Income taxes-current	1,607	2,404
Income taxes-deferred	(129)	(426)
Total income taxes	1,477	1,978
Profit	3,123	4,427
Profit attributable to non-controlling interests	47	55
Profit attributable to owners of parent	3,075	4,372

(Consolidated Statement of Comprehensive Income)

(Million yen)

	FY2021 (Apr. 1, 2020 - Mar. 31, 2021)	FY2022 (Apr. 1, 2021 - Mar. 31, 2022)
Profit	3,123	4,427
Other comprehensive income		
Valuation difference on available-for-sale securities	2,862	(968)
Remeasurements of defined benefit plans, net of tax	124	105
Total other comprehensive income	2,986	(862)
Comprehensive income	6,109	3,564
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,896	3,508
Comprehensive income attributable to non-controlling interests	212	56

(3) Consolidated Statement of Changes in Equity  
 Previous fiscal year (Apr. 1, 2020 –Mar. 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,753	6,028	45,050	(2,519)	54,312
Changes during period					
Dividends of surplus			(1,923)		(1,923)
Profit attributable to owners of parent			3,075		3,075
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(21)	160	139
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,130	159	1,290
Balance at end of period	5,753	6,028	46,181	(2,359)	55,603

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	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	3,212	(587)	2,625	201	1,154	58,294
Changes during period						
Dividends of surplus						(1,923)
Profit attributable to owners of parent						3,075
Purchase of treasury shares						(0)
Disposal of treasury shares						139
Net changes in items other than shareholders' equity	2,696	124	2,820	(24)	211	3,007
Total changes during period	2,696	124	2,820	(24)	211	4,298
Balance at end of period	5,909	(463)	5,446	177	1,366	62,593

Current fiscal year (Apr. 1, 2021 –Mar. 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,753	6,028	46,181	(2,359)	55,603
Changes during period					
Dividends of surplus			(1,921)		(1,921)
Profit attributable to owners of parent			4,372		4,372
Purchase of treasury shares				(941)	(941)
Disposal of treasury shares			(29)	177	147
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,421	(763)	1,657
Balance at end of period	5,753	6,028	48,602	(3,123)	57,261

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	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	5,909	(463)	5,446	177	1,366	62,593
Changes during period						
Dividends of surplus						(1,921)
Profit attributable to owners of parent						4,372
Purchase of treasury shares						(941)
Disposal of treasury shares						147
Net changes in items other than shareholders' equity	(970)	105	(864)	(32)	55	(841)
Total changes during period	(970)	105	(864)	(32)	55	816
Balance at end of period	4,939	(357)	4,581	144	1,421	63,409

## (4) Consolidated Statement of Cash Flows

(Million yen)

	FY2021 (Apr. 1, 2020 - Mar. 31, 2021)	FY2022 (Apr. 1, 2021 - Mar. 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,600	6,405
Depreciation	168	161
Increase (decrease) in allowance for doubtful accounts	(16)	(101)
Decrease (increase) in retirement benefit asset	50	3
Increase (decrease) in retirement benefit liability	(62)	(48)
Increase (decrease) in provision for bonuses	448	968
Increase (decrease) in provision for warranties for completed construction	54	400
Increase (decrease) in provision for loss on construction contracts	(105)	(160)
Interest and dividend income	(464)	(362)
Interest expenses	0	5
Loss (gain) on sales of investment securities	(5)	(139)
Decrease (increase) in trade receivables	8,068	(3,439)
Decrease (increase) in inventories	(0)	(62)
Increase (decrease) in trade payables	(3,557)	(677)
Increase (decrease) in advances received on construction contracts in progress	157	810
Decrease/increase in consumption taxes receivable/payable	1,992	(1,264)
Other, net	(1,501)	987
Subtotal	9,828	3,485
Interest and dividend received	469	365
Interest paid	(0)	(5)
Income taxes paid	(925)	(2,142)
Income taxes refund	1,399	-
Net cash provided by (used in) operating activities	10,771	1,703
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(36)	(106)
Purchase of intangible assets	(27)	(2)
Purchase of investment securities	(15)	(900)
Proceeds from sales of investment securities	9	178
Proceeds from redemption of investment securities	800	500
Purchase of insurance funds	(141)	(130)
Proceeds from maturity of insurance funds	27	67
Payments for investments in silent partnerships	(561)	-
Proceeds from withdrawal of investments in silent partnership	73	87
Other, net	44	36
Net cash provided by (used in) investing activities	172	(269)

	FY2021 (Apr. 1, 2020 - Mar. 31, 2021)	FY2022 (Apr. 1, 2021 - Mar. 31, 2022)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(941)
Proceeds from sales of treasury shares	0	0
Dividends paid	(1,923)	(1,921)
Dividends paid to non-controlling interests	(1)	(1)
Repayments of lease obligations	(14)	(4)
Net cash provided by (used in) financing activities	(1,940)	(2,867)
Net increase (decrease) in cash and cash equivalents	9,003	(1,433)
Cash and cash equivalents at beginning of period	25,396	34,399
Cash and cash equivalents at end of period	34,399	32,965

- (5) Notes to consolidated financial statements  
(Notes on going concern assumptions)

No

(Change in accounting principle)

(Application of the Accounting Standard for Revenue Recognition)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, referred to as “the revenue recognition accounting standard” hereinafter) has been applied beginning of the current fiscal year. In accordance with this standard, the payment expected to be received in exchange for a product or service is recognized as revenue when the control of the product or service is transferred to the customer.

For construction contracts, in prior years the percentage of completion method (estimated percentage of completion is based on the ratio of the cost of construction) was used for construction projects where definite results can be recognized for the portion of work that has been finished. For other construction projects, the completed contract method was used. Beginning with the current fiscal year, revenue is recognized over certain period as the Hibiya Engineering Group progressively fulfills its obligation to transfer the product or service to the customer for all the construction projects. The input method based on the costs incurred is used for estimating the percentage of fulfillment of the obligation to a customer. For construction contracts with a very short time between the start of the transaction and the expected completion of the obligation to the customer, alternative measures are used in which revenue is not recognized over a period of time and is instead recognized upon completion of the obligation to the customer.

Application of the revenue recognition accounting standard is performed in accordance with the transitional measures stipulated in the proviso to paragraph 84 of this standard. The cumulative effect of the retroactive application of this standard in prior fiscal years, assuming the new accounting policy had been applied prior to the beginning of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the current fiscal year in order to apply the new accounting method to retained earnings starting at that time. This change had no effect on retained earnings at the beginning of the current fiscal year.

The revenue recognition accounting standard have no effect on the consolidated financial statements for the current fiscal year.

Furthermore, in accordance with the transitional measures stipulated in paragraph 89-3 of the Accounting Standard for Revenue Recognition, information about revenue derived from contracts with clients involving the previous fiscal year is not shown separately.

(Application of the Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) has been applied beginning with the current fiscal year. In accordance with the transitional measures stipulated in paragraph 19 of this standard and in paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies stipulated by the fair value measurement standard have been applied prospectively. This accounting standard has no effect on the consolidated financial statements for the current fiscal year.

(Segment information, etc.)

1. General information about reportable segments

Reportable segments are the constituent units of the Hibiya Engineering, Ltd. (the “Group”) for each of which separate and discrete financial information is available and the board of directors perform a regular review for the purposes of determining the allocation of resources and evaluating the results of operations.

As a comprehensive engineering organization, the Group’s business operations involve equipment used for air conditioning, plumbing and sanitation, electrical systems, data management, communications and other applications. The Company has been developing business activities, such as planning, design and installation of a broad range of equipment, and its subsidiaries have been operating the equipment sales agent and engaged in manufacture and sales of equipment. Each company is managed independently, establishes its own comprehensive strategies for its products and services, and conducts its own business activities.

Consequently, the Group’s activities are divided into three reportable segments based on the products and services of each company in the Group: construction, equipment sales and equipment manufacturing.

2. Basis of measurement for sales, income or loss, assets and other items by reportable segment

The accounting policies of the reportable segments are generally consistent with the summary of significant accounting policies.

Segment incomes are based on operating profit.

Inter-segment sales and transfers are based on the actual market prices.

3. Information about sales, income or loss, assets and other items by reportable segment

Previous fiscal year (April 1, 2020 – March 31, 2021)

	Construction	Equipment sales	Equipment manufacturing	Total	Adjustments (Note 1)	Amount on the consolidated statements (Note 2)
(Million yen)						
Net sales:						
Outside customers	64,603	6,521	1,994	73,119	-	73,119
Intersegment internal sales/transfers	-	3,757	545	4,302	(4,302)	-
Total	64,603	10,278	2,539	77,421	(4,302)	73,119
Segment income	3,593	362	31	3,987	10	3,997
Segment assets	28,467	9,907	2,291	40,666	45,471	86,138
Other items:						
Depreciation	144	7	15	168	-	168
Increase in property, plant and equipment and intangible assets	44	6	13	64	-	64

Notes 1 Adjustment of segment income of 10 million yen is mainly due to intersegment transactions eliminations. Adjustment of segment assets of 45,471 million yen includes negative 2,224 million yen of inter-segment transactions elimination and a 47,695 million yen for corporate assets that cannot be assigned to specific segments which is primarily cash and deposit, securities and investment securities.

2 Segment income is reconciled to operating profit in the consolidated statements of income.

Current fiscal year (April 1, 2021 – March 31, 2022)

(Million yen)

	Construction	Equipment sales	Equipment manufacturing	Total	Adjustments (Note 1)	Amount on the consolidated statements (Note 2)
Net sales:						
Product or service transferred at a point in time (Note 3)	10,964	6,070	2,328	19,362	-	19,362
Product or service transferred over time	56,134	-	-	56,134	-	56,134
Revenue from contracts with customers	67,099	6,070	2,328	75,497	-	75,497
Outside customers	67,099	6,070	2,328	75,497	-	75,497
Intersegment internal sales/transfers	-	4,224	602	4,827	(4,827)	-
Total	67,099	10,294	2,930	80,324	(4,827)	75,497
Segment income	5,154	356	135	5,645	16	5,662
Segment assets	32,255	9,705	2,723	44,684	42,782	87,466
Other items:						
Depreciation	139	6	14	161	-	161
Increase in property, plant and equipment and intangible assets	78	1	29	109	-	109

Notes 1 Adjustment of segment income of 16 million yen is mainly due to intersegment transactions eliminations. Adjustment of segment assets of 42,782 million yen includes negative 2,970 million yen of inter-segment transactions elimination and a 45,753 million yen for corporate assets that cannot be assigned to specific segments which is primarily cash and deposit, securities and investment securities.

2 Segment income is reconciled to operating profit in the consolidated statements of income.

3 Contracts that revenue recognized upon completion of the obligation to the customers are included in product or service transferred at a point in time in accordance with the alternative measures stipulated in paragraph 95 of guideline of the revenue recognition accounting standard.

(Per share information)

(Yen)

	FY2021 (Apr. 1, 2020 - Mar. 31, 2021)	FY2022 (Apr. 1, 2021 - Mar. 31, 2022)
Net assets per share	2,556.56	2,635.31
Earnings per share	128.90	184.02
Earnings per share fully diluted	128.24	183.25

Notes 1 The bases for calculating net assets per share are as follows.

(Million yen/Thousand shares)

	FY2021 (Apr. 1, 2020 - Mar. 31, 2021)	FY2022 (Apr. 1, 2021 - Mar. 31, 2022)
Total net assets	62,593	63,409
Deducted amount from total net assets	1,543	1,565
(of which share acquisition rights)	(177)	(144)
(of which non-controlling interests)	(1,366)	(1,421)
Net assets at the end of the period attributable to common shares	61,049	61,843
Number of common shares at end of period used for calculation of net assets per share	23,879	23,467

Shares held by the Executive Compensation Board Incentive Plan (BIP) Trust are included in treasury shares which are excluded from the calculation of the net assets per share (189 thousand shares in the FY2021 and 158 thousand shares in the FY2022).

2 The bases for calculating earnings per share and earnings per share fully diluted are as follows.

(Million yen/Thousand shares)

	FY2021 (Apr. 1, 2020 - Mar. 31, 2021)	FY2022 (Apr. 1, 2021 - Mar. 31, 2022)
Earnings per share		
Profit attributable to owners of parent	3,075	4,372
Profit not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common shares	3,075	4,372
Average number of common shares during the period	23,863	23,761
Earnings per share fully diluted		
Adjustment of the profit attributable to owners of parent	-	-
Number of common shares increased	121	99
(of which share acquisition rights)	(121)	(99)
Descriptions of potentially dilutive common shares that were not included in the calculation of diluted earnings per share due to the absence of dilutive effect		-

Shares held by the Executive Compensation Board Incentive Plan (BIP) Trust are included in treasury shares which are excluded from the calculation of the average number of common shares during the period used in the calculation of earnings per share and earnings per share fully diluted (195 thousand shares in the FY2021 and 164 thousand shares in the FY2022).

(Significant subsequent events)

None

**4. Other Information**

Change in directors

Change in directors shall be announced separately.