

## Summary of Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2023 [Japan GAAP]

Company: Hibiya Engineering, Ltd.

Stock exchange listing: Tokyo Stock Exchange (Prime Market)

Stock code: 1982

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

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Date of filing of quarterly securities report: February 8, 2023

Date of commencement of dividend payment: –

Supplementary explanatory documents: No

Earnings presentation: No

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

### 1. Financial results for the first three quarters of the fiscal year ending March 2023 (April 1, 2022 – December 31, 2022)

(1) Result of operations (Consolidated, year-to-date)

(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	%
First three quarters ended								
December 2022	51,265	(1.1)	2,966	(32.3)	3,576	(26.5)	2,400	(31.9)
December 2021	51,846	5.9	4,383	121.8	4,864	91.8	3,524	108.0

Note: Comprehensive income: First three quarters of FY3/2023: 2,063 million yen [-30.1%],  
First three quarters of FY3/2022: 2,949 million yen [-19.3%]

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First three quarters ended				
December 2022	103.32		102.88	
December 2021	147.88		147.26	

(2) Financial position (Consolidated)

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of								
December 31, 2022	82,394		62,626		74.1		2,656.52	
March 31, 2022	87,466		63,409		70.7		2,635.31	

Reference: Shareholders' equity: As of December 31, 2022: 61,053 million yen, As of March 31, 2022: 61,843 million yen

### 2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen				
FY3/22	–	40.00	–	42.00	82.00
FY3/23	–	42.00	–		
FY3/23 (Estimate)				42.00	84.00

Note: Change in the estimation of dividend from the latest announcement: No

### 3. Forecast for the fiscal year ending March 2023 (Consolidated, 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

Note: Change in the forecast from the latest announcement: No

**\* Notes**

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): No
- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements:  
No
- (3) 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
- (4) Number of shares outstanding (common stock)
  - (a) Shares outstanding (including treasury shares)

As of December 31, 2022: 25,006,321	As of March 31, 2022: 25,006,321
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  - (b) Treasury shares

As of December 31, 2022: 2,023,844	As of March 31, 2022: 1,539,127
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  - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended December 31, 2022: 23,230,297	Period ended December 31, 2021: 23,830,925
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**This report is exempt from the audit review by certified public accountant or audit firm.**

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

The forward-looking statements such as the forecasts of financial results stated in this report are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual results may be materially different from the above forecasts for a number of reasons. For more information about these assumptions and other conditions that form the basis of these forecasts, please see page 2 of the supplementary information, "1. Results of Operations, (3) Forecast for the fiscal year ending March 2023."

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## 1. Results of Operations

### (1) Overview of consolidated business performance

During the first three quarters of the fiscal year under review, the Japanese economy showed signs of recovery, largely reflecting the easing of movement restrictions imposed in the country in response to COVID-19 and effects of economic policies undertaken by the government. However, the outlook remained uncertain given concerns about a downturn in the economy mainly due to soaring prices against the backdrop of the protracted situation in Ukraine and fluctuations in exchange rates, among other factors.

In Japan's construction industry, public investment was firm and showed signs of recovery, but the industry still needed to respond appropriately to rising raw material prices and supply-side constraints.

Under these circumstances, we focused on various initiatives in accordance with the basic strategy of our Seventh Medium-term Management Plan, including expanding operations through cooperation with alliance partners and proposing ZEB renovation for museums and town halls to local governments with a view to expanding high added value business. On the operational front, the Hibiya Engineering Group has promoted the use and application of ICT and digital technologies and introduced a workflow system to coincide with the renewal of the core system to optimize operations and improve efficiency.

As a result of the efforts above, orders increased by 14.0% year on year, to 62,467 million yen, reflecting the strong performance of orders, including new orders for large redevelopment and new construction projects.

Net sales fell by 1.1% year on year, to 51,265 million yen, mainly reflecting steady progress in the implementation of projects in hand including those carried forward from the previous fiscal year.

In terms of profits, the Group posted gross profit of 9,031 million yen (down 13.9% year on year), operating profit of 2,966 million yen (down 32.3% year on year) and ordinary profit of 3,576 million yen (down 26.5% year on year) mainly due to a year-on-year decline in large profitable projects reflecting improved construction efficiency and other factors. Profit attributable to owners of parent decreased 2,400 million yen (down 31.9% year on year).

### (2) Overview of financial condition

#### Assets

The Group's total assets at the end of the third quarter of the consolidated fiscal year under review stood at 82,394 million yen, a decrease of 5,072 million yen from the end of the previous consolidated fiscal year. Current assets decreased 4,902 million yen to 60,129 million yen and noncurrent assets decreased 169 million yen to 22,265 million yen.

A major factor for the decrease in total assets was a decline in cash and deposits of 4,796 million yen from the end of the previous fiscal year.

#### Liabilities

At the end of the consolidated third quarter under review, the Group's total liabilities amounted to 19,768 million yen, down 4,289 million yen from the end of the previous fiscal year.

The decline in liabilities is primarily due to a decrease of 1,386 million yen in notes payable - trade and accounts payable for construction contracts from the end of the previous fiscal year.

#### Net assets

The Group's net assets totaled 62,626 million yen at the end of the third quarter under review, including a contribution from profit attributable to owners of parent of 2,400 million yen.

### (3) Forecast for the fiscal year ending March 2023

There is no change in the forecast for consolidated results of operations that was announced on May 12, 2022.

## 2. Quarterly Consolidated Financial Statements and Important Notes

### (1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2022 (As of March 31, 2022)	First three quarters ended December 2022 (As of December 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	27,965	23,169
Notes receivable, accounts receivable from completed construction contracts and other	29,779	26,363
Securities	5,999	6,999
Costs on construction contracts in progress	873	1,626
Other	417	1,974
Allowance for doubtful accounts	(4)	(4)
Total current assets	65,031	60,129
Noncurrent assets		
Property, plant and equipment	598	717
Intangible assets	118	302
Investments and other assets		
Investment securities	16,228	16,603
Other	5,827	4,967
Allowance for doubtful accounts	(339)	(326)
Total investments and other assets	21,717	21,245
Total noncurrent assets	22,434	22,265
Total assets	87,466	82,394

(Million yen)

	Fiscal year ended March 2022 (As of March 31, 2022)	First three quarters ended December 2022 (As of December 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	12,862	11,475
Income taxes payable	1,823	238
Advances received on construction contracts in progress	1,343	961
Provision for bonuses	2,974	1,040
Provision for warranties for completed construction	553	505
Provision for loss on construction contracts	166	87
Other	2,463	3,748
<b>Total current liabilities</b>	<b>22,186</b>	<b>18,057</b>
<b>Noncurrent liabilities</b>		
Retirement benefit liability	1,052	940
Other	819	770
<b>Total noncurrent liabilities</b>	<b>1,871</b>	<b>1,710</b>
<b>Total liabilities</b>	<b>24,057</b>	<b>19,768</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,753	5,753
Capital surplus	6,028	6,028
Retained earnings	48,602	49,033
Treasury shares	(3,123)	(4,006)
<b>Total shareholders' equity</b>	<b>57,261</b>	<b>56,808</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,939	4,538
Remeasurements of defined benefit plans	(357)	(293)
<b>Total accumulated other comprehensive   income</b>	<b>4,581</b>	<b>4,245</b>
Share acquisition rights	144	153
Non-controlling interests	1,421	1,419
<b>Total net assets</b>	<b>63,409</b>	<b>62,626</b>
<b>Total liabilities and net assets</b>	<b>87,466</b>	<b>82,394</b>

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income  
(Quarterly consolidated statement of income)  
(For the first three quarters)

(Million yen)

	First three quarters ended December 2021 (April 1, 2021 – December 31, 2021)	First three quarters ended December 2022 (April 1, 2022 – December 31, 2022)
Net sales	51,846	51,265
Cost of sales	41,353	42,234
Gross profit	10,492	9,031
Selling, general and administrative expenses	6,109	6,064
Operating profit	4,383	2,966
Non-operating income		
Interest income	18	20
Dividend income	319	341
Insurance income	–	78
Other	150	174
Total non-operating income	488	614
Non-operating expenses		
Interest expenses	2	0
Other	3	5
Total non-operating expenses	6	5
Ordinary profit	4,864	3,576
Extraordinary income		
Gain on sale of investment securities	137	–
Reversal of allowance for doubtful accounts	102	–
Total extraordinary income	240	–
Extraordinary losses		
Loss on valuation of investment securities	15	–
Total extraordinary losses	15	–
Profit before income taxes	5,089	3,576
Income taxes - current	1,101	274
Income taxes - deferred	437	862
Total income taxes	1,539	1,136
Profit	3,550	2,439
Profit attributable to non-controlling interests	26	39
Profit attributable to owners of parent	3,524	2,400

(Quarterly consolidated statement of comprehensive income)  
(For the first three quarters)

(Million yen)

	First three quarters ended December 2021 (April 1, 2021 – December 31, 2021)	First three quarters ended December 2022 (April 1, 2022 – December 31, 2022)
Profit	3,550	2,439
Other comprehensive income		
Valuation difference on available-for-sale securities	(665)	(440)
Remeasurements of defined benefit plans, net of tax	64	63
Total other comprehensive income	(600)	(376)
Comprehensive income	2,949	2,063
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,855	2,063
Comprehensive income attributable to non-controlling interests	94	(0)



(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumptions)

No

(Notes on significant change in shareholders' equity)

No

(Change in accounting principle)

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) began to be applied from the beginning of the first quarter of the fiscal year under review. It was decided that the new accounting principle prescribed in the Implementation Guidance on Accounting Standard for Fair Value Measurement will be applied into the future in accordance with the transitional treatment provided for in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This implementation guidance has no effect on the consolidated financial statements for the first three quarters.