

Summary of Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2024 [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, 2024

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 2024 (April 1, 2023 – December 31, 2023)

(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 2023	54,095	5.5	1,980	(33.2)	2,643	(26.1)	1,874	(21.9)
December 2022	51,265	(1.1)	2,966	(32.3)	3,576	(26.5)	2,400	(31.9)

Note: Comprehensive income: First three quarters of FY3/2024: 3,837 million yen [86.0%],
First three quarters of FY3/2023: 2,063 million yen [-30.1%]

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First three quarters ended				
December 2023	82.18		81.85	
December 2022	103.32		102.88	

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
December 31, 2023	87,037	65,819	74.3	2,857.42
March 31, 2023	94,687	64,714	67.2	2,771.49

Reference: Shareholders' equity: As of December 31, 2023: 64,686 million yen, As of March 31, 2023: 63,598 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY3/23	–	42.00	–	43.00	85.00
FY3/24	–	43.00	–		
FY3/24 (Estimate)				43.00	86.00

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

3. Consolidated forecast for the fiscal year ending March 2024 (April 1, 2023 – March 31, 2024)

(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	85,000	1.2	5,000	(16.0)	5,500	(16.9)	3,800	(18.2)	165.60

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: No

(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, 2023:	23,756,321	As of March 31, 2023:	25,006,321
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(b) Treasury shares

As of December 31, 2023:	1,118,410	As of March 31, 2023:	2,058,972
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(c) Average number of shares (quarterly consolidated cumulative period)

Period ended December 31, 2023:	22,805,712	Period ended December 31, 2022:	23,230,297
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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 2024."

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1. Results of Operations

(1) Overview of consolidated business performance

During the first three quarters of the consolidated fiscal year under review, the Japanese economy saw improvement in the employment and income environments and is expected to continue to recover moderately, mainly reflecting economic measures implemented by the government. However, careful attention needs to be paid to the impact of price increases, the circumstances surrounding the Middle East, and fluctuations in the financial and capital markets. In the construction industry, although both government construction investment and private-sector construction investment have been robust, an appropriate response is needed to the increase in construction costs, the emerging labor shortage and other challenges.

Under these circumstances, according to the basic strategy and priority measures set out in the 8th Medium-term Management Plan, the Group worked on a range of initiatives, including the promotion of community-oriented sales, strengthening of sales in data center-related projects, improvement of construction efficiency through the optimal deployment of construction staff mainly for large-scale development projects, and enhancement of the Group's earnings capacity by securing profitability.

As a result of these initiatives, orders increased by 26.5% year on year, to 79,030 million yen, reflecting the strong performance of orders, including new orders for data centers and large redevelopment projects

Net sales rose 5.5% to 54,095 million yen, primarily attributable to the steady progress of unfinished construction projects including projects that were carried over from the previous fiscal year.

On the profit front, gross profit was 8,305 million yen (down 8.0% year on year), operating profit came to 1,980 million yen (down 33.2%), and ordinary profit amounted to 2,643 million yen (down 26.1%). Profit attributable to owners of parent increased to 1,874 million yen (down 21.9% 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 87,037 million yen, a decrease of 7,649 million yen from the end of the previous consolidated fiscal year.

The decrease in assets is primarily attributable to a decrease of 10,189 million yen in notes receivable, accounts receivable from completed construction contracts and other due to construction fees collected, offsetting a rise of 1,653 million yen in investment securities due to listed share prices.

Liabilities

At the end of the third quarter of the consolidated fiscal year under review, the Group's total liabilities amounted to 21,217 million yen, down 8,755 million yen from the end of the previous fiscal year.

The decline in liabilities is primarily due to a decrease of 6,651 million yen in notes payable, accounts payable for construction contracts and other, in particular due to payments to suppliers, and a decline of 2,011 million yen in income taxes payable due to tax payments made after the filing of tax returns.

Net assets

The Group's net assets totaled 65,819 million yen at the end of the third quarter of the consolidated fiscal year under review, mainly due to the posting of profit attributable to owners of parent of 1,874 million yen, despite decreases of 1,026 million yen and 1,978 million yen attributable respectively to the acquisition of treasury shares and payment of dividends. In addition, retained earnings and treasury shares each decreased 2,533 million yen, reflecting the cancellation of 1,250 thousand treasury shares on June 30, 2023 based on a resolution by the Board of Directors.

(3) Forecast for the fiscal year ending March 2024

There is no change in the forecast for consolidated results of operations that was announced on May 11, 2023.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2023 (As of March 31, 2023)	First three quarters ended December 2023 (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	22,929	22,079
Notes receivable, accounts receivable from completed construction contracts and other	39,117	28,928
Securities	6,999	8,000
Costs on construction contracts in progress	1,119	1,802
Other	391	1,705
Allowance for doubtful accounts	(4)	(1)
Total current assets	70,552	62,514
Noncurrent assets		
Property, plant and equipment	697	698
Intangible assets	280	237
Investments and other assets		
Investment securities	17,142	18,796
Other	6,336	4,852
Allowance for doubtful accounts	(322)	(61)
Total investments and other assets	23,156	23,586
Total noncurrent assets	24,134	24,522
Total assets	94,687	87,037

(Million yen)

	Fiscal year ended March 2023 (As of March 31, 2023)	First three quarters ended December 2023 (As of December 31, 2023)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	17,923	11,271
Income taxes payable	2,181	169
Advances received on construction contracts in progress	590	1,582
Provision for bonuses	3,149	1,181
Provision for warranties for completed construction	1,218	157
Provision for loss on construction contracts	240	143
Other	2,838	4,668
Total current liabilities	28,141	19,174
Noncurrent liabilities		
Retirement benefit liability	979	879
Other	851	1,164
Total noncurrent liabilities	1,831	2,043
Total liabilities	29,973	21,217
Net assets		
Shareholders' equity		
Share capital	5,753	5,753
Capital surplus	6,140	6,140
Retained earnings	51,277	48,639
Treasury shares	(4,079)	(2,292)
Total shareholders' equity	59,091	58,240
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,858	6,726
Remeasurements of defined benefit plans	(351)	(280)
Total accumulated other comprehensive income	4,506	6,445
Share acquisition rights	153	146
Non-controlling interests	962	986
Total net assets	64,714	65,819
Total liabilities and net assets	94,687	87,037

(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 2022 (April 1, 2022 – December 31, 2022)	First three quarters ended December 2023 (April 1, 2023 – December 31, 2023)
Net sales	51,265	54,095
Cost of sales	42,234	45,789
Gross profit	9,031	8,305
Selling, general and administrative expenses	6,064	6,324
Operating profit	2,966	1,980
Non-operating income		
Interest income	20	23
Dividend income	341	381
Gain on investments in silent partnerships	81	209
Insurance income	78	10
Other	92	42
Total non-operating income	614	667
Non-operating expenses		
Interest expenses	0	–
Other	5	4
Total non-operating expenses	5	4
Ordinary profit	3,576	2,643
Extraordinary income		
Reversal of allowance for doubtful accounts	–	36
Total extraordinary income	–	36
Profit before income taxes	3,576	2,679
Income taxes - current	274	192
Income taxes - deferred	862	579
Total income taxes	1,136	771
Profit	2,439	1,907
Profit attributable to non-controlling interests	39	33
Profit attributable to owners of parent	2,400	1,874

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

(Million yen)

	First three quarters ended December 2022 (April 1, 2022 – December 31, 2022)	First three quarters ended December 2023 (April 1, 2023 – December 31, 2023)
Profit	2,439	1,907
Other comprehensive income		
Valuation difference on available-for-sale securities	(440)	1,859
Remeasurements of defined benefit plans, net of tax	63	70
Total other comprehensive income	(376)	1,930
Comprehensive income	2,063	3,837
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,063	3,812
Comprehensive income attributable to non-controlling interests	(0)	25

(3) Notes to quarterly consolidated financial statements
(Notes on going concern assumptions)
No

(Notes on significant change in shareholders' equity)
No