



February 13, 2025

Summary of Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2025 [Japan GAAP]

Company: Hibiya Engineering, Ltd.

Stock exchange listing: Tokyo Stock Exchange (Prime Market)

Stock code: 1982

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

Representative Director: Hidetaka Nakagita, President and CEO

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Date of commencement of dividend payment: –

Supplementary explanatory documents: Yes

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 2025 (April 1, 2024–December 31, 2024)

(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 31, 2024	56,799	5.0	3,529	78.2	4,100	55.1	3,106	65.8
December 31, 2023	54,095	5.5	1,980	(33.2)	2,643	(26.1)	1,874	(21.9)

Note: Comprehensive income: First three quarters of FY3/25: 1,918 million yen [(50.0)%]

First three quarters of FY3/24: 3,837 million yen [86.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three quarters ended December 31, 2024	138.91	138.32
December 31, 2023	82.18	81.85

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2024	88,517	68,389	75.9	3,045.25
March 31, 2024	98,226	69,914	70.0	3,056.74

Reference: Equity (Shareholders equity + Accumulated other comprehensive income): As of December 31, 2024: 67,207 million yen

As of March 31, 2024: 68,771 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
FY3/24	–	43.00	–	43.00	86.00
FY3/25	–	44.00	–		
FY3/25 (Forecast)			–	44.00	88.00

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

3. Consolidated forecast for the fiscal year ending March 2025 (April 1, 2024–March 31, 2025)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	91,000	8.6	5,900	2.8	6,600	2.4	4,600	(4.2)	204.46

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 shares)
 - (a) Shares issued (including treasury shares)

As of December 31, 2024: 23,756,321

As of March 31, 2024: 23,756,321
 - (b) Treasury shares

As of December 31, 2024: 1,686,652

As of March 31, 2024: 1,258,110
 - (c) Average number of shares outstanding for the period

Period ended December 31, 2024: 22,365,482

Period ended December 31, 2023: 22,805,712

Review of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

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 31, 2025."

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1. Results of Operations

(1) Overview of quarterly consolidated business performance

During the first three quarters of the fiscal year ending March 31, 2025 (the “fiscal year under review”), the Japanese economy generally staged a gradual recovery, partly due to the effects of government policies amid improvements in the employment and income environment and in corporate earnings.

In the construction industry, government construction investment remained steady, while private-sector construction investment is expected to trend higher against the backdrop of solid corporate earnings, among other factors.

In these circumstances, the Hibiya Engineering Group worked to move forward with a range of initiatives in its 8th Medium-term Management Plan, such as the promotion of data center solutions and the enhancement of sales activities to acquire orders in line with the characteristics of areas, as well as the development of businesses with an eye on decarbonization and energy-saving.

In addition, it sought to build an internal environment to increase employee engagement, raised wages and starting salaries, and responded to regulations on the upper limit to overtime work, while simultaneously instituting structural reforms to promote the initiatives set out under the basic policy of the 8th Medium-term Management Plan. Furthermore, the Company opened “Data Center Trial Field” to verify next-gen cooling technologies for data centers and promote open innovation.

As a result of these initiatives, orders stood at 57,926 million yen (down 26.7% year on year), reflecting a strategic approach adopted by the Company in which it assessed the amount of order backlogs and the possibility of completing construction as planned from a range of perspectives.

Net sales rose by 5.0%, to 56,799 million yen, primarily attributable to steady progress in many construction projects that were carried over from the previous fiscal year.

On the profit front, gross profit was 10,140 million yen (up 22.1% year on year), operating profit came to 3,529 million yen (up 78.2%), and ordinary profit amounted to 4,100 million yen (up 55.1%), all reflecting an increase in the profitability of construction projects completed, as well as an improvement in the profits at the time of receiving orders. Profit attributable to owners of parent increased to 3,106 million yen (up 65.8% year on year) due in part to the sale of cross-shareholdings.

(2) Overview of quarterly financial position

Assets

The Group's total assets at the end of the third quarter of the fiscal year under review stood at 88,517 million yen, a decrease of 9,708 million yen from the end of the previous fiscal year.

The main factors for the decreased assets were decreases of 2,934 million yen in cash and deposits, 6,530 million yen in notes receivable, accounts receivable from completed construction contracts and other due to construction fees collected, and 1,993 million yen in securities and investment securities due to the sale of cross-shareholdings.

Liabilities

At the end of the third quarter of the fiscal year under review, the Group's total liabilities amounted to 20,127 million yen, down 8,184 million yen from the end of the previous fiscal year.

The decline in liabilities is primarily due to decreases of 6,359 million yen in notes payable, accounts payable for construction contracts and other, in particular due to payments to suppliers and 989 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 68,389 million yen at the end of the third quarter of the fiscal year under review, a decrease of 1,524 million yen from the end of the previous fiscal year.

The decline in net assets is primarily due to decreases of 1,958 million yen in payment of dividends, 1,614 million yen in the acquisition of treasury shares, and 1,287 million yen mainly due to a decline in market value of listed stocks, which are partially offset by the posting of profit attributable to owners of parent of 3,106 million yen.

(3) Forecast for the fiscal year ending March 2025

There is no change in the forecast for consolidated results of operations that was announced on May 14, 2024.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	First three quarters ended December 31, 2024 (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	23,956	21,021
Notes receivable, accounts receivable from completed construction contracts and other	37,267	30,737
Securities	7,999	6,993
Costs on construction contracts in progress	1,525	2,127
Other	357	1,483
Allowance for doubtful accounts	(1)	(1)
Total current assets	71,105	62,361
Noncurrent assets		
Property, plant and equipment	814	857
Intangible assets	259	230
Investments and other assets		
Investment securities	20,917	19,930
Other	5,186	5,184
Allowance for doubtful accounts	(58)	(46)
Total investments and other assets	26,045	25,067
Total noncurrent assets	27,120	26,155
Total assets	98,226	88,517

(Million yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	First three quarters ended December 31, 2024 (As of December 31, 2024)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	16,269	9,909
Income taxes payable	1,466	476
Advances received on construction contracts in progress	1,401	1,084
Provision for bonuses	2,878	1,357
Provision for warranties for completed construction	147	146
Provision for loss on construction contracts	280	143
Other	3,190	4,412
Total current liabilities	25,634	17,530
Noncurrent liabilities		
Retirement benefit liability	960	868
Other	1,716	1,728
Total noncurrent liabilities	2,677	2,597
Total liabilities	28,311	20,127
Net assets		
Shareholders' equity		
Share capital	5,753	5,753
Capital surplus	6,140	6,140
Retained earnings	51,516	52,658
Treasury shares	(2,614)	(4,122)
Total shareholders' equity	60,795	60,428
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,350	7,062
Remeasurements of defined benefit plans	(374)	(283)
Total accumulated other comprehensive income	7,975	6,778
Share acquisition rights	146	177
Non-controlling interests	996	1,004
Total net assets	69,914	68,389
Total liabilities and net assets	98,226	88,517

(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 31, 2023 (April 1, 2023–December 31, 2023)	First three quarters ended December 31, 2024 (April 1, 2024–December 31, 2024)
Net sales	54,095	56,799
Cost of sales	45,789	46,659
Gross profit	8,305	10,140
Selling, general and administrative expenses	6,324	6,611
Operating profit	1,980	3,529
Non-operating income		
Interest income	23	34
Dividend income	381	396
Gain on investments in silent partnerships	209	74
Insurance income	10	–
Other	42	71
Total non-operating income	667	577
Non-operating expenses		
Other	4	5
Total non-operating expenses	4	5
Ordinary profit	2,643	4,100
Extraordinary income		
Gain on sale of investment securities	–	520
Reversal of allowance for doubtful accounts	36	–
Total extraordinary income	36	520
Profit before income taxes	2,679	4,621
Income taxes - current	192	928
Income taxes - deferred	579	554
Total income taxes	771	1,482
Profit	1,907	3,139
Profit attributable to non-controlling interests	33	32
Profit attributable to owners of parent	1,874	3,106

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

(Million yen)

	First three quarters ended December 31, 2023 (April 1, 2023–December 31, 2023)	First three quarters ended December 31, 2024 (April 1, 2024–December 31, 2024)
Profit	1,907	3,139
Other comprehensive income		
Valuation difference on available-for-sale securities	1,859	(1,311)
Remeasurements of defined benefit plans, net of tax	70	90
Total other comprehensive income	1,930	(1,220)
Comprehensive income	3,837	1,918
Comprehensive income attributable to:		
Owners of parent	3,812	1,909
Non-controlling interests	25	8

(3) Notes to quarterly consolidated financial statements

(Notes on changes in accounting policies)

Application of Accounting Standard for Current Income Taxes, etc.

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from beginning of the first quarter of the fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter of the fiscal year under review. This change in accounting policies is applied retrospectively, and quarterly consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. The change has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Notes on segment information, etc.)

First three quarters ended December 31, 2023 (April 1, 2023–December 31, 2023)

Information about net sales and profit or loss by reportable segment

	Construction	Equipment Sales	Equipment Manufacturing	Total	Adjustments (Note 1)	(Million yen) Amount on the quarterly consolidated statement of income (Note 2)
Net sales						
Goods or service transferred at a point in time (Note 3)	5,155	4,842	2,821	12,820	–	12,820
Product or service transferred over time	41,275	–	–	41,275	–	41,275
Revenue from contracts with customers	46,430	4,842	2,821	54,095	–	54,095
Outside customers	46,430	4,842	2,821	54,095	–	54,095
Intersegment internal sales/transfers	0	2,475	456	2,932	(2,932)	–
Total	46,430	7,318	3,278	57,028	(2,932)	54,095
Segment profit	1,324	273	373	1,972	8	1,980

Notes 1. Adjustment of segment profit of 8 million yen is mainly due to intersegment transactions eliminations.

2. Segment profit is reconciled to operating profit in the quarterly consolidated statement 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 *Implementation Guidance on Accounting Standard for Revenue Recognition* (ASBJ Guidance No. 30).

First three quarters ended December 31, 2024 (April 1, 2024–December 31, 2024)
Information about net sales and profit or loss by reportable segment

(Million yen)

	Construction	Equipment Sales	Equipment Manufacturing	Total	Adjustments (Note 1)	Amount on the quarterly consolidated statement of income (Note 2)
Net sales						
Goods or service transferred at a point in time (Note 3)	5,957	4,605	1,593	12,156	–	12,156
Product or service transferred over time	44,643	–	–	44,643	–	44,643
Revenue from contracts with customers	50,601	4,605	1,593	56,799	–	56,799
Outside customers	50,601	4,605	1,593	56,799	–	56,799
Intersegment internal sales/transfers	–	2,922	402	3,325	(3,325)	–
Total	50,601	7,528	1,996	60,125	(3,325)	56,799
Segment profit (loss)	3,267	280	(27)	3,519	9	3,529

Notes 1. Adjustment of segment profit (loss) of 9 million yen is mainly due to intersegment transactions eliminations.

2. Segment profit (loss) is reconciled to operating profit in the quarterly consolidated statement 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 *Implementation Guidance on Accounting Standard for Revenue Recognition* (ASBJ Guidance No. 30).

(Notes on significant change in shareholders' equity)

No

(Notes on going concern assumptions)

No

(Notes on quarterly consolidated statement of cash flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first three quarters of the fiscal year under review. Depreciation (including amortization of intangible assets) for the first three quarters of the fiscal year under review is as follows.

	First three quarters ended December 31, 2023 (April 1, 2023–December 31, 2023)	First three quarters ended December 31, 2024 (April 1, 2024–December 31, 2024)
Depreciation	145 million yen	183 million yen