

Summary of Consolidated Financial Results

For the Third Quarter of Fiscal Year Ending March 31, 2021 [Japan GAAP]

Company: Hibiya Engineering, Ltd.
 Stock exchange listing: Tokyo Stock Exchange (First Section)
 Stock code: 1982
 URL: <http://www.hibiya-eng.co.jp/English>
 Representative Director: Nagahiro Kuroda, President and CEO
 Contact: Mitsuyoshi Suwa, Senior Executive Officer, Manager of IR and PR Office, Administration Division
 Tel: 03-3454-2720
 Date of filing of quarterly securities report: February 15, 2021 (tentative)
 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 2021 (April 1, 2020 – December 31, 2020)

(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 Dec. 2020	48,955	4.1	1,976	–	2,535	361.8	1,694	182.5
First three quarters ended Dec. 2019	47,028	6.6	32	–	549	–	599	–

Note: Comprehensive income: First three quarters of FY3/2021: 3,656 million yen (-%)
 First three quarters of FY3/2020: 124 million yen (-%)

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First three quarters ended Dec. 2020	71.00		70.64	
First three quarters ended Dec. 2019	24.95		24.81	

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2020	77,463	60,139	75.7	2,454.55
As of March 31, 2020	83,632	58,294	68.1	2,391.70

Notes: Shareholders' equity

As of December 31, 2020: 58,613 million yen As of March 31, 2020: 56,937 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2020	–	40.00	–	40.00	80.00
Fiscal year ending March 2021	–	40.00	–		
Fiscal year ending March 2021 (estimate)				40.00	80.00

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

3. Forecast for the fiscal year ending March 2021 (Consolidated, April 1, 2020 to March 31, 2021)

(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	74,000	(2.5)	3,000	(18.7)	3,500	(17.5)	2,000	(43.5)	83.75

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, 2020:	25,006,321	As of March 31, 2020:	25,006,321
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(b) Treasury shares

As of December 31, 2020:	1,126,640	As of March 31, 2020:	1,199,835
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(c) Average number of shares (quarterly consolidated cumulative period)

Period ended December 31, 2020:	23,858,614	Period ended December 31, 2019:	24,031,539
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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.

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1. Results of Operations

(1) Overview of consolidated business performance

In the first three quarters of the fiscal year ending March 2021, most economic activity in Japan were stagnant for a short time because of the COVID-19 pandemic, causing a steep downturn of the Japanese economy. Although the economy initially came back from this decline, a new wave of infections that started late in 2020 and other events make it impossible to predict when this crisis will end. As a result, the economic outlook continues to be uncertain.

In Japan's construction industry, deliveries of some equipment were delayed due to the COVID-19 pandemic. The environment for new orders was challenging as a result of weak private capital investments though public-sector expenditures remained firm.

The Hibiya Engineering Group took many actions during the first three quarters to achieve its sales and earnings targets based on the three core strategic goals of the Seventh Medium-term Management Plan. First is using co-creation with all stakeholders in order to take building life cycle total solutions to a higher level. Second is improving productivity through the use of advanced technologies. Third is working style reforms based on the theme of "Smart Work" and diversity.

In response to the COVID-19 outbreak, the Hibiya Engineering Group has taken steps to provide a safe environment for employees to do their jobs, including allowing people to work from home and ensuring the safety of workplaces. Furthermore, every business site is taking many actions to prevent the spread of COVID-19.

Orders received in the first three quarters were 50,666 million yen, down only 0.5% from one year earlier because the COVID-19 crisis did not have a significant impact on sales activities. Sales increased 4.1% to 48,955 million yen mainly due to a large number of completions of major projects carried over from the previous fiscal year.

Earnings were higher than one year earlier because of sales growth and an improvement in the profitability of completed construction projects. Operating profit increased 1,943 million yen to 1,976 million yen, ordinary profit increased 1,986 million yen to 2,535 million yen, and profit attributable to owners of parent increased 1,094 million yen to 1,694 million yen.

(2) Overview of financial condition

Assets

Total assets decreased 6,168 million yen from the end of the previous fiscal year to 77,463 million yen. Current assets declined 8,178 million yen to 55,727 million yen, and noncurrent assets increased 2,009 million yen to 21,736 million yen. The major reason for the decrease in assets is a decrease of 13,368 million yen in notes receivable, accounts receivable from completed construction contracts, which more than offset an increase in cash and deposits of 6,579 million yen.

Liabilities

Liabilities decreased 8,014 million yen from the end of the previous fiscal year to 17,323 million yen. The main reason is a decrease of 7,502 million yen in notes payable, accounts payable for construction contracts and other.

Net assets

Net assets were 60,139 million yen at the end of the third quarter mainly due to an increase of 1,702 million yen in valuation difference on available-for-sales securities.

(3) Forecast for fiscal year ending in March 2021

There is no change in the forecast for consolidated results of operations that was announced on November 6, 2020.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2020 (As of March 31, 2020)	Third quarter ended Dec. 2020 (As of December 31, 2020)
ASSETS		
Current assets		
Cash and deposits	20,896	27,476
Notes receivable, accounts receivable from completed construction contracts and other	34,408	21,040
Securities	5,301	5,504
Costs on construction contracts in progress	810	981
Other	2,493	727
Allowance for doubtful accounts	(5)	(3)
Total current assets	63,905	55,727
Noncurrent assets		
Property, plant and equipment	639	595
Intangible assets	237	199
Investments and other assets		
Investment securities	14,069	16,332
Other	5,236	5,049
Allowance for doubtful accounts	(456)	(441)
Total investments and other assets	18,850	20,941
Total noncurrent assets	19,726	21,736
Total assets	83,632	77,463

	Fiscal year ended March 2020 (As of March 31, 2020)	Third quarter ended Dec. 2020 (As of December 31, 2020)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	17,097	9,594
Income taxes payable	795	316
Advances received on construction contracts in progress	374	508
Provision for bonuses	1,556	622
Provision for warranties for completed construction	98	107
Provision for loss on construction contracts	431	359
Other	3,208	3,593
Total current liabilities	23,562	15,101
Noncurrent liabilities		
Retirement benefit liability	1,306	1,218
Other	468	1,003
Total noncurrent liabilities	1,775	2,222
Total liabilities	25,338	17,323
NET ASSETS		
Shareholders' equity		
Share capital	5,753	5,753
Capital surplus	6,028	6,028
Retained earnings	45,050	44,799
Treasury shares	(2,519)	(2,359)
Total shareholders' equity	54,312	54,221
Accumulated other comprehensive income		
Valuation difference on available-for-sales securities	3,212	4,915
Remeasurements of defined benefit plans	(587)	(523)
Total accumulated other comprehensive income	2,625	4,392
Share acquisition rights	201	177
Non-controlling interests	1,154	1,348
Total net assets	58,294	60,139
Total liabilities and net assets	83,632	77,463

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

(million yen)

	First three quarters ended December 2019 (April 1, 2019 – December 31, 2019)	First three quarters ended December 2020 (April 1, 2020 – December 31, 2020)
Net sales	47,028	48,955
Cost of sales	41,083	41,262
Gross profit	5,944	7,692
Selling, general and administrative expenses	5,911	5,716
Operating profit	32	1,976
Non-operating income		
Interest income	22	25
Dividend income	298	413
Share of profit of entities accounted for using equity method	69	-
Other	130	124
Total non-operating income	521	563
Non-operating expenses		
Interest expense	0	0
Other	4	3
Total non-operating expenses	4	3
Ordinary profit	549	2,535
Extraordinary income		
Gain on sales of investment securities	339	-
Total extraordinary income	339	-
Extraordinary losses		
Loss on valuation of investment securities	-	16
Total extraordinary losses	-	16
Profit before income taxes	888	2,519
Income taxes-current	362	374
Income taxes-deferred	(87)	431
Total income taxes	274	806
Profit	613	1,713
Profit attributable to non-controlling interests	14	19
Profit attributable to owners of parent	599	1,694

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

(million yen)

	First three quarters ended December 2019 (April 1, 2019 – December 31, 2019)	First three quarters ended December 2020 (April 1, 2020 – December 31, 2020)
Profit	613	1,713
Other comprehensive income		
Valuation difference on available-for-sale securities	(625)	1,879
Remeasurements of defined benefit plans, net of tax	68	63
Share of other comprehensive income of entities accounted for using equity method	67	-
Total other comprehensive income	(489)	1,942
Comprehensive income	124	3,656
Comprehensive income attributable to owners of parent	65	3,460
Comprehensive income attributable to non-controlling interests	58	195

- (3) Notes to quarterly consolidated financial statements
(Notes on going concern assumptions)
None
- (Notes on significant change in shareholders' equity)
None