

Summary of Consolidated Financial Results for the First Quarter of 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>

Representative Director: Nagahiro Kuroda, President and CEO

Contact: Akira Domon, Executive Officer, Manager of IR and PR Office, Administration Division

Tel: 03-3454-2720

Date of filing of quarterly securities report: August 5, 2022 (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 quarter of the fiscal year ending March 2023 (April 1, 2022 – June 30, 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 quarter ended								
June 2022	12,473	(19.6)	(128)	–	173	(88.7)	108	(89.9)
June 2021	15,520	1.2	1,314	213.5	1,536	109.0	1,067	109.2

Note: Comprehensive income: First quarter of FY3/23: 213 million yen [-78.1%], First quarter of FY3/22: 973 million yen [-38.1%]

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First quarter ended				
June 2022		4.61		4.59
June 2021		44.68		44.46

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
June 30, 2022	79,473	62,836	77.2	2,600.80
March 31, 2022	87,466	63,409	70.7	2,635.31

Reference: Shareholders' equity: As of June 30, 2022: 61,313 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	Yen	Yen	Yen	Yen
FY3/22	–	40.00	–	42.00	82.00
FY3/23	–				
FY3/23 (Estimate)		42.00	–	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 June 30, 2022:	25,006,321	As of March 31, 2022:	25,006,321
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 - (b) Treasury shares

As of June 30, 2022:	1,431,354	As of March 31, 2022:	1,539,127
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended June 30, 2022:	23,483,972	Period ended June 30, 2021:	23,887,855
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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 months (April 1, 2022 – June 30, 2022) of the consolidated fiscal year ending March 31, 2023, the Japanese economy showed signs of recovery largely thanks to the easing of restrictions to combat the effects of COVID-19 in Japan and overseas and the Japanese government's measures to support the economy. However, the outlook remained uncertain amid concern about the economic downside risk stemming from the protracted Ukraine crisis and other factors.

In Japan's construction industry, public works expenditures have held firm but appropriate measures are still needed to address changes in demand and fierce competition for orders, including measures for rising raw material prices and restrained supplies.

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. Meanwhile for safety during the pandemic, we continued to encourage staggered working hours and working from home in order to reduce the spread of infection in the workplace and wider society.

As a result of such measures, orders rose by 37.6% year on year, to 19,072 million yen, reflecting a strong performance including new orders for large redevelopment projects.

Sales fell by 19.6% year on year, to 12,473 million yen, mainly because progress on projects in hand will be made in the second half of the fiscal year due to the long construction periods of projects deferred from the previous fiscal year.

Factors such as decreased sales and year-on-year decline in large profitable projects primarily reflecting increased construction efficiency caused gross profit to fall 45.8% year on year, to 1,750 million yen, and resulted in an operating loss of 128 million yen compared with an operating profit of 1,314 million yen the same period a year earlier. Ordinary profit decreased 88.7% year on year, to 173 million yen and profit attributable to owners of parent fell 89.9% year on year, to 108 million yen, primarily due to the recording of an operating loss.

(2) Overview of financial condition

Assets

The Group's total assets at the end of the first quarter of the consolidated fiscal year under review stood at 79,473 million yen, a decrease of 7,993 million yen from the end of the previous consolidated fiscal year. Current assets decreased 7,990 million yen to 57,041 million yen and noncurrent assets decreased 300 million yen to 22,431 million yen.

The decrease in assets is mainly attributable to a decrease of 11,856 million yen in notes receivable, accounts receivable from completed construction contracts and other, which more than offset increases of 1,425 million yen in cash and deposits and 1,998 million yen in securities from the end of the previous consolidated fiscal year.

Liabilities

At the end of the consolidated first quarter under review, the Group's total liabilities amounted to 16,636 million yen, down 7,421 million yen from the end of the previous fiscal year.

The decline in liabilities is primarily due to decreases of 4,412 million yen in notes payable, accounts payable for construction contracts and other and 1,769 million yen in income taxes payable from the end of the previous consolidated fiscal year.

Net assets

The Group's net assets totaled 62,836 million yen at the end of the first quarter under review, including a contribution from profit attributable to owners of parent of 108 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 quarter ended June 2022 (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	27,965	29,391
Notes receivable, accounts receivable from completed construction contracts and other	29,779	17,923
Securities	5,999	7,998
Costs on construction contracts in progress	873	1,262
Other	417	470
Allowance for doubtful accounts	(4)	(3)
Total current assets	65,031	57,041
Noncurrent assets		
Property, plant and equipment	598	751
Intangible assets	118	129
Investments and other assets		
Investment securities	16,228	16,365
Other	5,827	5,518
Allowance for doubtful accounts	(339)	(334)
Total investments and other assets	21,717	21,550
Total noncurrent assets	22,434	22,431
Total assets	87,466	79,473

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 2023
of Hibiya Engineering, Ltd. (1982)

(Million yen)

	Fiscal year ended March 2022 (As of March 31, 2022)	First quarter ended June 2022 (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	12,862	8,449
Income taxes payable	1,823	53
Advances received on construction contracts in progress	1,343	1,815
Provision for bonuses	2,974	376
Provision for warranties for completed construction	553	589
Provision for loss on construction contracts	166	142
Other	2,463	3,391
Total current liabilities	22,186	14,818
Noncurrent liabilities		
Retirement benefit liability	1,052	1,016
Other	819	800
Total noncurrent liabilities	1,871	1,817
Total liabilities	24,057	16,636
Net assets		
Shareholders' equity		
Share capital	5,753	5,753
Capital surplus	6,028	6,028
Retained earnings	48,602	47,709
Treasury shares	(3,123)	(2,872)
Total shareholders' equity	57,261	56,618
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,939	5,031
Remeasurements of defined benefit plans	(357)	(336)
Total accumulated other comprehensive income	4,581	4,695
Share acquisition rights	144	111
Non-controlling interests	1,421	1,411
Total net assets	63,409	62,836
Total liabilities and net assets	87,466	79,473

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

(Million yen)

	First quarter ended June 2021 (April 1, 2021 – June 30, 2021)	First quarter ended June 2022 (April 1, 2022 – June 30, 2022)
Net sales	15,520	12,473
Cost of sales	12,293	10,722
Gross profit	3,226	1,750
Selling, general and administrative expenses	1,912	1,878
Operating profit	1,314	(128)
Non-operating income		
Interest income	7	5
Dividend income	165	169
Insurance income	–	72
Other	52	56
Total non-operating income	225	304
Non-operating expenses		
Interest expenses	1	0
Other	1	2
Total non-operating expenses	3	2
Ordinary profit	1,536	173
Extraordinary losses		
Loss on valuation of investment securities	16	–
Total extraordinary losses	16	–
Profit before income taxes	1,519	173
Income taxes - current	12	12
Income taxes - deferred	439	48
Total income taxes	452	61
Profit	1,067	111
Profit attributable to non-controlling interests	0	3
Profit attributable to owners of parent	1,067	108

(Quarterly consolidated statement of comprehensive income)
(For the first quarter)

(Million yen)

	First quarter ended June 2021 (April 1, 2021 – June 30, 2021)	First quarter ended June 2022 (April 1, 2022 – June 30, 2022)
Profit	1,067	111
Other comprehensive income		
Valuation difference on available-for-sale securities	(116)	80
Remeasurements of defined benefit plans, net of tax	21	21
Total other comprehensive income	(94)	101
Comprehensive income	973	213
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,002	221
Comprehensive income attributable to non-controlling interests	(29)	(8)

- (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 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 first quarter consolidated financial statements.