

Summary of Consolidated Financial Results For the First 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

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Date of filing of quarterly securities report: August 6, 2020 (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 2021 (April 1, 2020 – June 30, 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 quarter ended June 2020	15,329	37.7	419	-	735	-	510	-
First quarter ended June 2019	11,134	(15.0)	(529)	-	(535)	-	(431)	-

Note: Comprehensive income: First quarter of FY3/21: 1,572 million yen [-%], First quarter of FY3/20: (1,370) million yen [-%]

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First quarter ended June 2020	21.42		21.31	
First quarter ended June 2019	(17.95)		-	

(2) Financial Position (Consolidated)

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen	Million yen	Million yen	%	Yen			
As of June 30, 2020	77,357	58,976	74.5	2,412.79				
As of March 31, 2020	83,632	58,294	68.1	2,391.70				

Reference: Shareholders' equity

As of June 30, 2020: 57,617 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	-				
Fiscal year ending March 2021 (estimate)		40.00	-	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	68,000	(10.4)	2,000	(45.8)	2,400	(43.4)	1,500	(57.6)	63.01

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

As of June 30, 2020:	25,006,321	As of March 31, 2020:	25,006,321
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 - (b) Treasury shares

As of June 30, 2020:	1,126,331	As of March 31, 2020:	1,199,835
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended June 30, 2020:	23,815,508	Period ended June 30, 2019:	24,060,248
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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 quarter of the fiscal year ending March 2021, the Japanese economy was on a moderate recovery trend, supported by a continuation of monetary easing policy and the government's fiscal expenditures. However, the outlook has become increasingly uncertain because of the impact of the spread of the COVID-19 pandemic.

In Japan's construction industry, deliveries of some equipment were delayed due to rising labour costs in reaction to a nationwide labour shortage and the spread of the COVID-19 pandemic. The environment for orders received was affected by weak private capital investment, although public-sector expenditures remained firm. As a result, the business climate for the industry remained challenging.

The Hibiya Engineering Group took many actions during the first quarter to achieve its sales and earnings targets based on three core strategic goals. 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."

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 at home and ensuring the safety of workplaces. Furthermore, every business site is taking many actions to prevent the spread of COVID-19.

Due to limitations on sales activities caused by COVID-19 and for other reasons, orders received in the first quarter were 10,445 million yen, down 28.0% from the first quarter of the previous fiscal year.

Sales increased 37.7% from the first quarter of the previous fiscal year to 15,329 million yen mainly due to a concentration of completions of large projects carried over from the previous fiscal year.

There was an operating profit of 419 million yen compared with an operating loss of 529 million yen one year earlier due to higher profits from increased sales and improved profitability of completed construction projects.

Ordinary profit was 735 million yen compared with an operating loss of 535 million yen one year earlier. The profit attributable to owners of parent was 510 million yen compared with a loss attributable to owners of parent of 431 million yen one year earlier.

(2) Overview of financial condition

Assets

Total assets decreased 6,274 million yen from the end of the previous fiscal year to 77,357 million yen. Current assets declined 7,268 million yen to 56,637 million yen, and fixed assets increased 993 million yen to 20,720 million yen.

The major reasons for the decrease in assets was a decrease of 13,540 million yen in notes receivable, accounts receivable from completed construction contracts and others, although there was an increase in cash and deposits of 6,880 million yen.

Liabilities

Liabilities decreased 6,956 million yen to 18,381 million yen. The main reasons were decreases of 5,892 million yen in notes payable, accounts payable for construction contracts and other and 708 million yen in income taxes payable.

Net assets

Net assets were 58,976 million yen at the end of the first quarter with 510 million yen profit attributable to owners of parent and other reasons.

(3) Forecast for the fiscal year ending in March 2021

There is no change in the forecast for consolidated results of operations that was announced on May 22, 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)	First quarter ended June 2020 (As of June 30, 2020)
ASSETS		
Current assets		
Cash and deposits	20,896	27,777
Notes receivable, accounts receivable from completed construction contracts and other	34,408	20,868
Securities	5,301	5,301
Costs on construction contracts in progress	810	927
Other	2,493	1,765
Allowance for doubtful accounts	(5)	(3)
Total current assets	63,905	56,637
Noncurrent assets		
Property, plant and equipment	639	624
Intangible assets	237	232
Investments and other assets		
Investment securities	14,069	15,603
Other	5,236	4,716
Allowance for doubtful accounts	(456)	(456)
Total investments and other assets	18,850	19,863
Total noncurrent assets	19,726	20,720
Total assets	83,632	77,357

(Million yen)

	Fiscal year ended March 2020 (As of March 31, 2020)	First quarter ended June 2020 (As of June 30, 2020)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	17,097	11,204
Income taxes payable	795	87
Advances received on construction contracts in progress	374	745
Provision for bonuses	1,556	367
Provision for warranties for completed construction	98	123
Provision for loss on construction contracts	431	286
Other	3,208	3,627
Total current liabilities	23,562	16,440
Noncurrent liabilities		
Retirement benefit liability	1,306	1,302
Other	468	637
Total noncurrent liabilities	1,775	1,940
Total liabilities	25,338	18,381
NET ASSETS		
Shareholder's equity		
Share capital	5,753	5,753
Capital surplus	6,028	6,028
Retained earnings	45,050	44,578
Treasury shares	(2,519)	(2,359)
Total shareholder's equity	54,312	54,001
Accumulated other comprehensive income		
Valuation difference on available-for-sales securities	3,212	4,182
Remeasurements of defined benefit plans	(587)	(566)
Total accumulated other comprehensive income	2,625	3,616
Share acquisition rights	201	135
Non-controlling interests	1,154	1,224
Total net assets	58,294	58,976
Total liabilities and net assets	83,632	77,357

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

(Million yen)

	First quarter ended June 2019 (April 1, 2019 – June 30, 2019)	First quarter ended June 2020 (April 1, 2020 – June 30, 2020)
Net sales	11,134	15,329
Cost of sales	9,796	12,975
Gross profit	1,338	2,353
Selling, general and administrative expenses	1,868	1,933
Operating profit (loss)	(529)	419
Non-operating income		
Interest income	6	8
Dividend income	132	269
Other	35	39
Total non-operating income	174	316
Non-operating expenses		
Share of loss of entities accounted for using equity method	178	-
Other	1	0
Total non-operating expenses	179	0
Ordinary profit (loss)	(535)	735
Profit (loss) before income taxes	(535)	735
Income taxes-current	15	15
Income taxes-deferred	(115)	213
Total income taxes	(100)	229
Profit (loss)	(434)	505
Loss attributable to non-controlling interests	(3)	(4)
Profit (loss) attributable to owners of parent	(431)	510

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

(Million yen)

	First quarter ended June 2019 (April 1, 2019 – June 30, 2019)	First quarter ended June 2020 (April 1, 2020 – June 30, 2020)
Profit (loss)	(434)	505
Other comprehensive income		
Valuation difference on available-for-sale securities	(974)	1,044
Remeasurements of defined benefit plans, net of tax	22	21
Share of other comprehensive income of entities accounted for using equity method	15	-
Total other comprehensive income	(935)	1,066
Comprehensive income	(1,370)	1,572
Comprehensive income attributable to owners of the parent	(1,387)	1,501
Comprehensive income attributable to non-controlling interests	16	70

- (3) Notes to quarterly consolidated financial statements
(Notes on going concern assumptions)
No
- (Notes on significant change in shareholders' equity)
No