

Summary of Consolidated Financial Results for the First Half of 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>

Representative Director: Hidetaka Nakagita, President and CEO

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Date of filing of quarterly securities report: November 9, 2023

Date of commencement of dividend payment: December 4, 2023

Supplementary explanatory documents: No

Earnings presentation: Yes (For institutional investors and analysts)

(Yen in millions, rounded down, figures in parentheses indicate negative amounts or percentages)

1. Financial results for the first half of the fiscal year ending March 2024 (April 1, 2023 – September 30, 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 half ended								
September 2023	33,010	15.4	976	29.6	1,430	24.4	956	26.7
September 2022	28,614	(14.1)	753	(77.8)	1,149	(68.9)	754	(72.5)

Note: Comprehensive income: First half of FY3/24: 2,653 million yen [264.5%], First half of FY3/23: 728 million yen [-76.2%]

First half ended	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
September 2023	41.84		41.67	
September 2022	32.32		32.19	

(2) Financial position (Consolidated)

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2023	83,719	66,049	77.6	2,844.62
March 31, 2023	94,687	64,714	67.2	2,771.49

Reference: Shareholders' equity: As of September 30, 2023: 64,926 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 September 30, 2023:	23,756,321	As of March 31, 2023:	25,006,321
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(b) Treasury shares

As of September 30, 2023:	932,074	As of March 31, 2023:	2,058,972
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(c) Average number of shares (quarterly consolidated cumulative period)

Period ended September 30, 2023	22,852,912	Period ended September 30, 2022:	23,354,884
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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 half 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 36.2% year on year, to 50,754 million yen, reflecting the strong performance of orders, including new orders for data centers and large redevelopment projects.

Net sales rose by 15.4%, to 33,010 million yen, primarily attributable to steady progress in construction projects that were carried over from the previous fiscal year.

On the profit front, gross profit was 4,915 million yen (up 4.5% year on year), operating profit came to 976 million yen (up 29.6%), and ordinary profit amounted to 1,430 million yen (up 24.4%). Profit attributable to owners of parent increased to 956 million yen (up 26.7% year on year).

(2) Overview of financial condition

Assets

The Group's total assets at the end of the second quarter of the consolidated fiscal year under review stood at 83,719 million yen, a decrease of 10,968 million yen from the end of the previous consolidated fiscal year.

The decrease in assets is primarily attributable to a decrease of 15,900 million yen in notes receivable, accounts receivable from completed construction contracts and other due to construction fees collected, offsetting a 1,636 million yen increase in cash and deposits and a rise of 1,360 million yen in investment securities due to listed share prices.

Liabilities

At the end of the second quarter of the consolidated fiscal year under review, the Group's total liabilities amounted to 17,670 million yen, down 12,303 million yen from the end of the previous fiscal year.

The decline in liabilities is primarily due to a decrease of 8,002 million yen in notes payable, accounts payable for construction contracts and other, in particular due to payments to suppliers, and a decline of 2,032 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 66,049 million yen at the end of the second quarter of the consolidated fiscal year under review, mainly due to the posting of profit attributable to owners of parent of 956 million yen, despite decreases of 600 million yen and 991 million yen attributable respectively to the acquisition of treasury shares and payment of dividends. In addition, retained earnings and treasury shares each decreased 2,502 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 half ended September 2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	22,929	24,566
Notes receivable, accounts receivable from completed construction contracts and other	39,117	23,217
Securities	6,999	7,997
Costs on construction contracts in progress	1,119	1,795
Other	391	1,962
Allowance for doubtful accounts	(4)	(1)
Total current assets	70,552	59,537
Noncurrent assets		
Property, plant and equipment	697	700
Intangible assets	280	257
Investments and other assets		
Investment securities	17,142	18,503
Other	6,336	5,025
Allowance for doubtful accounts	(322)	(305)
Total investments and other assets	23,156	23,224
Total noncurrent assets	24,134	24,181
Total assets	94,687	83,719

(Million yen)

	Fiscal year ended March 2023 (As of March 31, 2023)	First half ended September 2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	17,923	9,921
Income taxes payable	2,181	148
Advances received on construction contracts in progress	590	696
Provision for bonuses	3,149	774
Provision for warranties for completed construction	1,218	165
Provision for loss on construction contracts	240	125
Other	2,838	4,024
Total current liabilities	28,141	15,854
Noncurrent liabilities		
Retirement benefit liability	979	906
Other	851	908
Total noncurrent liabilities	1,831	1,815
Total liabilities	29,973	17,670
Net assets		
Shareholders' equity		
Share capital	5,753	5,753
Capital surplus	6,140	6,140
Retained earnings	51,277	48,739
Treasury shares	(4,079)	(1,896)
Total shareholders' equity	59,091	58,736
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,858	6,494
Remeasurements of defined benefit plans	(351)	(304)
Total accumulated other comprehensive income	4,506	6,189
Share acquisition rights	153	146
Non-controlling interests	962	976
Total net assets	64,714	66,049
Total liabilities and net assets	94,687	83,719

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

(Million yen)

	First half ended September 2022 (April 1, 2022 – September 30, 2022)	First half ended September 2023 (April 1, 2023 – September 30, 2023)
Net sales	28,614	33,010
Cost of sales	23,911	28,095
Gross profit	4,702	4,915
Selling, general and administrative expenses	3,949	3,939
Operating profit	753	976
Non-operating income		
Interest income	11	18
Dividend income	204	227
Gain on investments in silent partnerships	40	173
Insurance income	72	10
Other	72	26
Total non-operating income	402	456
Non-operating expenses		
Interest expenses	0	–
Other	5	2
Total non-operating expenses	5	2
Ordinary profit	1,149	1,430
Extraordinary income		
Reversal of allowance for doubtful accounts	–	10
Total extraordinary income	–	10
Profit before income taxes	1,149	1,440
Income taxes - current	26	40
Income taxes - deferred	358	426
Total income taxes	384	467
Profit	765	972
Profit attributable to non-controlling interests	10	16
Profit attributable to owners of parent	754	956

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

(Million yen)

	First half ended September 2022 (April 1, 2022 – September 30, 2022)	First half ended September 2023 (April 1, 2023 – September 30, 2023)
Profit	765	972
Other comprehensive income		
Valuation difference on available-for-sale securities	(79)	1,633
Remeasurements of defined benefit plans, net of tax	42	47
Total other comprehensive income	(36)	1,680
Comprehensive income	728	2,653
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	719	2,639
Comprehensive income attributable to non-controlling interests	8	14

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

(Notes on significant change in shareholders' equity)
No