

Summary of Consolidated Financial Results for the First Half of 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: November 14, 2024

Supplementary explanatory documents: Yes

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 2025 (April 1, 2024 – September 30, 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 half ended								
September 2024	37,660	14.1	3,238	231.8	3,576	150.1	2,574	169.3
September 2023	33,010	15.4	976	29.6	1,430	24.4	956	26.7

Note: Comprehensive income: First half of FY3/25: 1,340 million yen [-49.5%], First half of FY3/24: 2,653 million yen [264.5%]

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First half ended				
September 2024	114.63		114.15	
September 2023	41.84		41.67	

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
September 30, 2024	88,043	69,628	77.7	3,070.14
March 31, 2024	98,226	69,914	70.0	3,056.74

Reference: Shareholders' equity: As of September 30, 2024: 68,439 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 (Estimate)			–	44.00	88.00

Note: Change in the estimation of dividend 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		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	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 stock)
- (a) Shares outstanding (including treasury shares)

As of September 30, 2024:	23,756,321	As of March 31, 2024:	23,756,321
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 - (b) Treasury shares

As of September 30, 2024:	1,464,360	As of March 31, 2024:	1,258,110
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 - (c) Average number of shares (quarterly consolidated cumulative period)

Period ended September 30, 2024:	22,461,123	Period ended September 30, 2023:	22,852,912
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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 2025."

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1. Results of Operations

(1) Overview of semi-annual consolidated business performance

During the first six months of the consolidated 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.

As a result of these initiatives, orders stood at 30,577 million yen (down 39.8% year on year), reflecting a strategical 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 14.1%, to 37,660 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 7,315 million yen (up 48.8% year on year), operating profit came to 3,238 million yen (up 231.8%), and ordinary profit amounted to 3,576 million yen (up 150.1%), all reflecting an increase in the profitability of construction projects completed in the first half, as well as an improvement in the profits at the time of receiving orders. Profit attributable to owners of parent increased to 2,574 million yen (up 169.3% year on year).

(2) Overview of semi-annual financial condition

Assets

The Group's total assets at the end of the second quarter of the consolidated fiscal year under review stood at 88,043 million yen, a decrease of 10,182 million yen from the end of the previous consolidated fiscal year.

The main factors for the decreased assets were decreases of 12,936 million yen in notes receivable, accounts receivable from completed construction contracts and other due to construction fees collected, which offset an increase of 2,981 million yen in cash and deposits.

Liabilities

At the end of the second quarter of the consolidated fiscal year under review, the Group's total liabilities amounted to 18,415 million yen, down 9,896 million yen from the end of the previous fiscal year.

The decline in liabilities is primarily due to a decrease of 6,687 million yen in notes payable, accounts payable for construction contracts and other, in particular due to payments to suppliers, and a decline of 960 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 69,628 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 2,574 million yen, despite decreases of 782 million yen and 973 million yen attributable respectively to the acquisition of treasury shares and payment of dividends.

(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. Semi-annual Consolidated Financial Statements and Important Notes

(1) Semi-annual consolidated balance sheet

(Million yen)

	Fiscal year ended March 2024 (As of March 31, 2024)	First half ended September 2024 (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	23,956	26,938
Notes receivable, accounts receivable from completed construction contracts and other	37,267	24,331
Securities	7,999	6,992
Costs on construction contracts in progress	1,525	1,896
Other	357	1,694
Allowance for doubtful accounts	(1)	(1)
Total current assets	71,105	61,851
Noncurrent assets		
Property, plant and equipment	814	835
Intangible assets	259	241
Investments and other assets		
Investment securities	20,917	19,984
Other	5,186	5,181
Allowance for doubtful accounts	(58)	(50)
Total investments and other assets	26,045	25,115
Total noncurrent assets	27,120	26,192
Total assets	98,226	88,043

(Million yen)

	Fiscal year ended March 2024 (As of March 31, 2024)	First half ended September 2024 (As of September 30, 2024)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	16,269	9,582
Income taxes payable	1,466	505
Advances received on construction contracts in progress	1,401	1,308
Provision for bonuses	2,878	794
Provision for warranties for completed construction	147	157
Provision for loss on construction contracts	280	178
Other	3,190	3,045
Total current liabilities	25,634	15,572
Noncurrent liabilities		
Retirement benefit liability	960	890
Other	1,716	1,951
Total noncurrent liabilities	2,677	2,842
Total liabilities	28,311	18,415
Net assets		
Shareholders' equity		
Share capital	5,753	5,753
Capital surplus	6,140	6,140
Retained earnings	51,516	53,112
Treasury shares	(2,614)	(3,292)
Total shareholders' equity	60,795	61,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,350	7,039
Remeasurements of defined benefit plans	(374)	(313)
Total accumulated other comprehensive income	7,975	6,725
Share acquisition rights	146	177
Non-controlling interests	996	1,011
Total net assets	69,914	69,628
Total liabilities and net assets	98,226	88,043

(2) Semi-annual consolidated statement of income and consolidated statement of comprehensive income
(Semi-annual consolidated statement of income)

(Million yen)

	First half ended September 2023 (April 1, 2023 – September 30, 2023)	First half ended September 2024 (April 1, 2024 – September 30, 2024)
Net sales	33,010	37,660
Cost of sales	28,095	30,344
Gross profit	4,915	7,315
Selling, general and administrative expenses	3,939	4,077
Operating profit	976	3,238
Non-operating income		
Interest income	18	24
Dividend income	227	228
Gain on investments in silent partnerships	173	34
Insurance income	10	–
Other	26	53
Total non-operating income	456	340
Non-operating expenses		
Other	2	2
Total non-operating expenses	2	2
Ordinary profit	1,430	3,576
Extraordinary income		
Gain on sale of investment securities	–	201
Reversal of allowance for doubtful accounts	10	–
Total extraordinary income	10	201
Profit before income taxes	1,440	3,778
Income taxes - current	40	424
Income taxes - deferred	426	756
Total income taxes	467	1,181
Profit	972	2,597
Profit attributable to non-controlling interests	16	22
Profit attributable to owners of parent	956	2,574

(Semi-annual consolidated statement of comprehensive income)

(Million yen)

	First half ended September 2023 (April 1, 2023 – September 30, 2023)	First half ended September 2024 (April 1, 2024 – September 30, 2024)
Profit	972	2,597
Other comprehensive income		
Valuation difference on available-for-sale securities	1,633	(1,317)
Remeasurements of defined benefit plans, net of tax	47	60
Total other comprehensive income	1,680	(1,257)
Comprehensive income	2,653	1,340
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,639	1,324
Comprehensive income attributable to non-controlling interests	14	15

(3) Notes to semi-annual 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 six months 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 semi-annual 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 six months of the fiscal year under review. This change in accounting policies is applied retrospectively, and semi-annual consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. The change has no impact on the semi-annual consolidated financial statements or consolidated financial statements for the previous fiscal year.

(Notes on significant change in shareholders' equity)

No

(Notes on going concern assumptions)

No