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Consolidated Financial Results for the Three Months Ended June 30, 2020 [Japanese GAAP]



August 6, 2020

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1719
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 Scheduled date of filing quarterly securities report: August 6, 2020
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2020	82,010	14.8	5,258	94.0	4,378	75.4	2,894	76.5
June 30, 2019	71,431	(2.4)	2,710	4.3	2,495	0.2	1,640	8.3

(Note) Comprehensive income: Three months ended June 30, 2020: ¥3,705 million [349.2%]

Three months ended June 30, 2019: ¥824 million [(52.8)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2020	15.00	14.99
June 30, 2019	8.21	8.21

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2020	320,454	137,704	42.7
As of March 31, 2020	339,772	136,900	40.0

(Reference) Equity: As of June 30, 2020: ¥136,950 million

As of March 31, 2020: ¥136,058 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	Yen -	Yen 15.00	Yen -	Yen 15.00	Yen 30.00
Fiscal year ending March 31, 2021	-				
Fiscal year ending March 31, 2021 (Forecast)		15.00	-	15.00	30.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	178,000	1.0	10,500	(11.2)	9,000	(21.5)	6,000	(21.9)	31.08
Full year	365,000	(3.5)	23,600	(4.5)	21,900	(8.7)	14,800	(11.9)	76.67

(Note) Revision to the financial results forecast announced most recently: Yes

In the “Consolidated Financial Results for the fiscal year Ended March 31, 2020” (announced on May 13, 2020), the Company’s the financial results forecast for the fiscal year ending March 31, 2021 (hereinafter referred to as “the financial results forecast”) was undecided as the effects of the spread of COVID-19 (Novel Coronavirus) upon its future business performance had been difficult to calculate in a reasonable manner.

After the above announcement, the state of emergency was lifted in Japan and economic activities are beginning to show signs of resumption throughout society, the Company is now able to calculate the certain forecasts as to orders received. Moreover, even though there were interruptions, etc. in its some construction projects in progress, the Company has already resumed them except its some overseas construction projects and is now able to calculate the outlook of their progress.

From the above situation, the Company has calculated the financial results forecast based on the information and the estimates, etc. available at the present, and thus the Company announces it. However, the financial results forecast is subject to fluctuate widely due to the timing of the convergence of COVID-19 or its influential range. the Company will announce promptly if affairs impacting on its business performance have occurred.

Additionally, the annual dividend forecast for the fiscal year ending March 31, 2021 also remained undecided as the financial results forecast was undecided, but this time the Company announces it based on the financial result forecast calculated.

*** Notes:**

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - June 30, 2020: 200,343,397 shares
 - March 31, 2020: 200,343,397 shares
 - 2) Total number of treasury shares at the end of the period:
 - June 30, 2020: 7,311,410 shares
 - March 31, 2020: 7,315,545 shares
 - 3) Average number of shares during the period:
 - Three months ended June 30, 2020: 193,030,577 shares
 - Three months ended June 30, 2019: 199,776,366 shares

The Company has adopted a performance-linked stock remuneration plan using a trust. The Company's shares held by the trust (397,766 shares) are included in the total number of treasury shares at the end of the period and the average number of shares during the period is calculated and stated taking into account shares held by the trust.

*** Explanation of the proper use of financial results forecast and other notes**

- (1) The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly due to a wide range of factors.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	102,971	131,860
Notes receivable, accounts receivable from completed construction contracts and other	137,730	105,108
Securities	14,000	—
Costs on construction contracts in progress	4,927	5,618
Other inventories	4,686	5,719
Other	13,279	8,081
Allowance for doubtful accounts	(14)	(10)
Total current assets	277,582	256,377
Non-current assets		
Property, plant and equipment		
Land	15,505	16,684
Other, net	13,642	13,825
Total property, plant and equipment	29,148	30,509
Intangible assets	1,572	1,513
Investments and other assets		
Investment securities	18,698	20,039
Deferred tax assets	9,527	9,071
Other	3,244	2,942
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	31,469	32,052
Total non-current assets	62,190	64,076
Total assets	339,772	320,454

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	78,930	59,085
Short-term borrowings	17,391	17,315
Current portion of bonds	341	341
Advances received on construction contracts in progress	30,862	35,571
Provision for warranties for completed construction	2,371	2,472
Provision for bonuses	2,679	737
Provision for loss on construction contracts	955	558
Provision for loss on damage due to fire	6,699	6,215
Other	39,155	37,127
Total current liabilities	179,386	159,426
Non-current liabilities		
Bonds payable	691	691
Long-term borrowings	8,712	8,602
Deferred tax liabilities	45	44
Retirement benefit liability	12,776	12,687
Provision for environmental measures	148	139
Provision for management board incentive plan trust	93	106
Other	1,016	1,050
Total non-current liabilities	23,485	23,323
Total liabilities	202,872	182,750
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	19,926	19,924
Retained earnings	103,699	103,693
Treasury shares	(5,284)	(5,281)
Total shareholders' equity	135,348	135,342
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,880	2,805
Foreign currency translation adjustment	116	24
Remeasurements of defined benefit plans	(1,287)	(1,222)
Total accumulated other comprehensive income	709	1,607
Share acquisition rights	4	3
Non-controlling interests	837	749
Total net assets	136,900	137,704
Total liabilities and net assets	339,772	320,454

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Three Months Ended June 30)

(Million yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Net sales		
Net sales of completed construction contracts	68,027	77,091
Sales in other businesses	3,404	4,918
Total net sales	71,431	82,010
Cost of sales		
Cost of sales of completed construction contracts	60,017	67,451
Cost of sales in other businesses	2,948	4,240
Total cost of sales	62,966	71,691
Gross profit		
Gross profit on completed construction contracts	8,009	9,639
Gross profit - other business	455	678
Total gross profit	8,465	10,318
Selling, general and administrative expenses	5,754	5,060
Operating profit	2,710	5,258
Non-operating income		
Dividend income	30	55
Foreign exchange gains	—	30
Other	121	58
Total non-operating income	151	144
Non-operating expenses		
Interest expenses	113	83
Foreign exchange losses	173	—
Commission expenses	5	737
Other	74	204
Total non-operating expenses	366	1,024
Ordinary profit	2,495	4,378
Extraordinary income		
Subsidy income	—	354
Gain on sales of non-current assets	20	—
Gain on sales of investment securities	110	—
Total extraordinary income	130	354
Extraordinary losses		
Loss on damage due to fire	110	6
Loss on litigation	—	3
Loss on tax purpose reduction entry of non-current assets	—	354
Loss on valuation of investment securities	—	22
Total extraordinary losses	110	386
Profit before income taxes	2,515	4,346
Income taxes	955	1,465
Profit	1,560	2,880
Loss attributable to non-controlling interests	(79)	(14)
Profit attributable to owners of parent	1,640	2,894

(Quarterly Consolidated Statements of Comprehensive Income)

(Three Months Ended June 30)

(Million yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Profit	1,560	2,880
Other comprehensive income		
Valuation difference on available-for-sale securities	(850)	925
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	45	(165)
Remeasurements of defined benefit plans	68	65
Total other comprehensive income	(735)	824
Comprehensive income	824	3,705
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	885	3,793
Comprehensive income attributable to non-controlling interests	(60)	(87)

3. (Reference) Quarterly Non-Consolidated Financial Statements

(1) Quarterly Non-Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	95,467	124,646
Notes receivable, accounts receivable from completed construction contracts and other	135,698	103,967
Securities	14,000	—
Costs on construction contracts in progress	4,555	5,319
Other inventories	1,254	1,231
Other	12,975	7,697
Allowance for doubtful accounts	(13)	(10)
Total current assets	263,937	242,851
Non-current assets		
Property, plant and equipment		
Land	13,559	13,868
Other, net	10,978	10,478
Total property, plant and equipment	24,538	24,347
Intangible assets	1,332	1,278
Investments and other assets		
Investment securities	21,141	22,480
Deferred tax assets	8,370	7,920
Other	2,949	4,231
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	32,460	34,630
Total non-current assets	58,331	60,256
Total assets	322,269	303,108

(Million yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	78,603	58,792
Short-term borrowings	17,305	17,230
Current portion of bonds	341	341
Advances received on construction contracts in progress	29,999	34,857
Provision for warranties for completed construction	2,369	2,470
Provision for bonuses	2,561	615
Provision for loss on construction contracts	953	556
Provision for loss on damage due to fire	6,699	6,215
Other	34,158	31,765
Total current liabilities	172,991	152,844
Non-current liabilities		
Bonds payable	691	691
Long-term borrowings	8,155	8,066
Provisions for retirement benefits	9,899	9,888
Provision for environmental measures	148	139
Provision for management board incentive plan trust	93	106
Other	955	978
Total non-current liabilities	19,944	19,872
Total liabilities	192,936	172,717
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	19,992	19,989
Retained earnings	95,737	95,872
Treasury shares	(5,284)	(5,281)
Total shareholders' equity	127,451	127,587
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,876	2,800
Total valuation and translation adjustments	1,876	2,800
Share acquisition rights	4	3
Total net assets	129,332	130,391
Total liabilities and net assets	322,269	303,108

(2) Quarterly Non-Consolidated Statements of Income
(Three Months Ended June 30)

(Million yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Net sales		
Net sales of completed construction contracts	66,849	76,428
Sales in other businesses	694	747
Total net sales	67,544	77,176
Cost of sales		
Cost of sales of completed construction contracts	59,135	66,783
Cost of sales in other businesses	540	609
Total cost of sales	59,676	67,393
Gross profit		
Gross profit on completed construction contracts	7,713	9,644
Gross profit - other business	154	138
Total gross profit	7,868	9,783
Selling, general and administrative expenses	5,200	4,620
Operating profit	2,668	5,162
Non-operating income	368	332
Non-operating expenses	354	1,012
Ordinary profit	2,681	4,483
Extraordinary income	110	354
Extraordinary losses	110	386
Profit before income taxes	2,681	4,451
Income taxes	863	1,414
Profit	1,818	3,036

4. Supplementary Information

(1) Results for the three months ended June 30, 2020 and forecasts for the six months ending September 30, 2020 and full year

1. Non-consolidated

(Unit: Million yen. Rounded down to the unit)

Items		Results for the three months ended June 30, 2019	Results for the three months ended June 30, 2020	Fiscal year ending March 31, 2021	
				Forecasts for the six months ending September 30, 2020	Full year forecasts
Orders received	Civil engineering	85,606	15,181	40,000	120,000
	Building construction	25,196	26,336	80,000	215,000
	Total orders received	110,803	41,518	120,000	335,000
Net sales of completed construction contracts	Civil engineering	23,972	30,532	63,500	135,000
	Building construction	42,877	45,896	100,000	200,000
	Total net sales of completed construction contracts	66,849	76,428	163,500	335,000
Gross profit on completed construction contracts	Civil engineering	4,500 [18.8%]	5,202 [17.0%]	10,300 [16.2%]	21,900 [16.2%]
	Building construction	3,213 [7.5%]	4,442 [9.7%]	9,100 [9.1%]	18,400 [9.2%]
	Total gross profit on completed construction contracts	7,713 [11.5%]	9,644 [12.6%]	19,400 [11.9%]	40,300 [12.0%]

Gross sales	67,544	77,176	167,000	342,000
Gross profit	7,868 [11.6%]	9,783 [12.7%]	19,800 [11.9%]	41,100 [12.0%]
Selling, general and administrative expenses	5,200	4,620	9,700	19,000
Operating profit	2,668 [4.0%]	5,162 [6.7%]	10,100 [6.0%]	22,100 [6.5%]
Non-operating income/expenses [Interest income/expenses]	13 [189]	(679) [179]	(1,300) [100]	(1,500) [50]
Ordinary profit	2,681 [4.0%]	4,483 [5.8%]	8,800 [5.3%]	20,600 [6.0%]
Extraordinary income/losses	(0)	(32)	—	—
Profit before income taxes	2,681 [4.0%]	4,451 [5.8%]	8,800 [5.3%]	20,600 [6.0%]
Tax expenses	863	1,414	2,800	6,500
Profit	1,818 [2.7%]	3,036 [3.9%]	6,000 [3.6%]	14,100 [4.1%]

2. Consolidated

(Unit: Million yen. Rounded down to the unit)

Items	Results for the three months ended June 30, 2019	Results for the three months ended June 30, 2020	Fiscal year ending March 31, 2021	
			Forecasts for the six months ending September 30, 2020	Full year forecasts
Gross sales	71,431	82,010	178,000	365,000
Selling, general and administrative expenses	5,754	5,060	10,500	20,500
Operating profit	2,710 [3.8%]	5,258 [6.4%]	10,500 [5.9%]	23,600 [6.5%]
Ordinary profit	2,495 [3.5%]	4,378 [5.3%]	9,000 [5.1%]	21,900 [6.0%]
Profit attributable to owners of parent	1,640 [2.3%]	2,894 [3.5%]	6,000 [3.4%]	14,800 [4.1%]

(2) Non-consolidated orders received, net sales, and backlog

(Orders received for the construction business)

(Unit: Million yen, %)

Category		For the three months ended June 30, 2019		For the three months ended June 30, 2020		Increase/decrease		Results for the fiscal year ended March 31, 2020	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	5,836	[7.1]	13,242	[88.9]	7,405	126.9	71,828	[40.9]
	Private sector	76,892	[92.9]	1,647	[11.1]	(75,244)	(97.9)	103,899	[59.1]
	Total	82,728	74.7	14,889	35.9	(67,839)	(82.0)	175,727	46.2
Domestic building construction	Government sector	1,135	[5.5]	3,490	[13.4]	2,354	207.3	8,713	[5.1]
	Private sector	19,489	[94.5]	22,589	[86.6]	3,100	15.9	163,580	[94.9]
	Total	20,624	18.6	26,079	62.8	5,454	26.4	172,293	45.3
Domestic	Government sector	6,972	[6.7]	16,732	[40.8]	9,759	140.0	80,541	[23.1]
	Private sector	96,381	[93.3]	24,236	[59.2]	(72,144)	(74.9)	267,479	[76.9]
	Total	103,353	93.3	40,969	98.7	(62,384)	(60.4)	348,021	91.5
Overseas	Civil engineering	2,877	[38.6]	292	[53.2]	(2,585)	(89.9)	17,847	[55.3]
	Building construction	4,571	[61.4]	257	[46.8]	(4,314)	(94.4)	14,412	[44.7]
	Total	7,449	6.7	549	1.3	(6,900)	(92.6)	32,259	8.5
Sum total	Civil engineering	85,606	[77.3]	15,181	[36.6]	(70,425)	(82.3)	193,575	[50.9]
	Building construction	25,196	[22.7]	26,336	[63.4]	1,140	4.5	186,706	[49.1]
	Total	110,803	100.0	41,518	100.0	(69,284)	(62.5)	380,281	100.0

(Net sales for the construction business)

(Unit: Million yen, %)

Category		For the three months ended June 30, 2019		For the three months ended June 30, 2020		Increase/decrease		Results for the fiscal year ended March 31, 2020	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	15,094	[69.2]	20,279	[70.7]	5,184	34.3	78,588	[68.6]
	Private sector	6,727	[30.8]	8,418	[29.3]	1,690	25.1	35,982	[31.4]
	Total	21,822	32.6	28,697	37.5	6,874	31.5	114,570	32.6
Domestic building construction	Government sector	5,155	[13.2]	4,619	[10.8]	(535)	(10.4)	30,130	[14.3]
	Private sector	33,826	[86.8]	38,222	[89.2]	4,396	13.0	180,720	[85.7]
	Total	38,981	58.3	42,841	56.1	3,860	9.9	210,850	60.0
Domestic	Government sector	20,250	[33.3]	24,898	[34.8]	4,648	23.0	108,718	[33.4]
	Private sector	40,553	[66.7]	46,640	[65.2]	6,086	15.0	216,702	[66.6]
	Total	60,804	91.0	71,538	93.6	10,734	17.7	325,421	92.6
Overseas	Civil engineering	2,149	[35.6]	1,834	[37.5]	(314)	(14.6)	9,743	[37.3]
	Building construction	3,896	[64.4]	3,054	[62.5]	(841)	(21.6)	16,362	[62.7]
	Total	6,045	9.0	4,889	6.4	(1,155)	(19.1)	26,106	7.4
Sum total	Civil engineering	23,972	[35.9]	30,532	[39.9]	6,560	27.4	124,314	[35.4]
	Building construction	42,877	[64.1]	45,896	[60.1]	3,018	7.0	227,213	[64.6]
	Total	66,849	100.0	76,428	100.0	9,579	14.3	351,527	100.0

(Backlog for the construction business)

(Unit: Million yen, %)

Category		For the three months ended June 30, 2019		For the three months ended June 30, 2020		Increase/decrease		Results for the fiscal year ended March 31, 2020	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	155,395	[45.8]	150,856	[46.3]	(4,538)	(2.9)	157,893	[46.5]
	Private sector	183,866	[54.2]	174,848	[53.7]	(9,017)	(4.9)	181,619	[53.5]
	Total	339,261	60.4	325,704	63.7	(13,556)	(4.0)	339,512	62.1
Domestic building construction	Government sector	37,986	[19.8]	19,459	[12.6]	(18,526)	(48.8)	20,589	[12.0]
	Private sector	153,703	[80.2]	135,267	[87.4]	(18,435)	(12.0)	150,900	[88.0]
	Total	191,690	34.1	154,727	30.2	(36,962)	(19.3)	171,489	31.4
Domestic	Government sector	193,382	[36.4]	170,316	[35.5]	(23,065)	(11.9)	178,482	[34.9]
	Private sector	337,569	[63.6]	310,116	[64.5]	(27,453)	(8.1)	332,519	[65.1]
	Total	530,951	94.5	480,432	93.9	(50,519)	(9.5)	511,002	93.5
Overseas	Civil engineering	17,177	[55.6]	22,972	[73.5]	5,794	33.7	24,607	[68.9]
	Building construction	13,738	[44.4]	8,293	[26.5]	(5,445)	(39.6)	11,089	[31.1]
	Total	30,916	5.5	31,265	6.1	349	1.1	35,696	6.5
Sum total	Civil engineering	356,439	[63.4]	348,677	[68.1]	(7,761)	(2.2)	364,119	[66.6]
	Building construction	205,428	[36.6]	163,020	[31.9]	(42,407)	(20.6)	182,578	[33.4]
	Total	561,868	100.0	511,698	100.0	(50,169)	(8.9)	546,698	100.0

(Net sales for other businesses)

(Unit: Million yen, %)

Category	For the three months ended June 30, 2019	For the three months ended June 30, 2020	Increase/decrease		Results for the fiscal year ended March 31, 2020
	Amount	Amount	Amount	% change	Amount
Other businesses	694	747	52	7.6	4,918