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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



August 8, 2023

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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 8, 2023
 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, 2023 (April 1, 2023 to June 30, 2023)

(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, 2023	81,794	12.9	2,720	42.6	3,073	35.1	1,952	(39.8)
June 30, 2022	72,444	(1.7)	1,908	(61.6)	2,274	(49.9)	3,245	8.3

(Note) Comprehensive income: Three months ended June 30, 2023: ¥3,696 million [(27.4)%]

Three months ended June 30, 2022: ¥5,094 million [48.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	12.48	—
June 30, 2022	19.48	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	289,833	141,864	48.6
As of March 31, 2023	318,014	141,324	44.2

(Reference) Equity: As of June 30, 2023: ¥140,998 million

As of March 31, 2023: ¥140,485 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen -	Yen 20.00	Yen -	Yen 20.00	Yen 40.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		30.00	-	30.00	60.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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	175,000	6.5	5,300	(33.3)	4,700	(46.2)	2,900	(62.2)	18.53
Full year	400,000	7.5	20,500	3.3	19,700	0.5	13,600	(10.5)	86.92

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023 (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, 2023: 181,021,197 shares
 - March 31, 2023: 181,021,197 shares
 - 2) Total number of treasury shares at the end of the period:
 - June 30, 2023: 24,551,241 shares
 - March 31, 2023: 24,550,993 shares
 - 3) Average number of shares during the period:
 - Three months ended June 30, 2023: 156,470,104 shares
 - Three months ended June 30, 2022: 166,613,377 shares

The Company's shares held by the management board incentive plan trust (628,754 shares) and the employee stock ownership plan trust (706,400 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.

1. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	75,597	53,172
Notes receivable, accounts receivable from completed construction contracts and other	145,094	136,311
Costs on construction contracts in progress	3,667	3,569
Other inventories	7,079	6,500
Other	14,101	15,350
Allowance for doubtful accounts	(160)	(150)
Total current assets	245,379	214,753
Non-current assets		
Property, plant and equipment		
Land	15,486	15,486
Other, net	15,868	16,503
Total property, plant and equipment	31,355	31,989
Intangible assets	1,610	1,606
Investments and other assets		
Investment securities	25,020	26,463
Deferred tax assets	6,455	6,147
Other	8,663	9,385
Allowance for doubtful accounts	(470)	(512)
Total investments and other assets	39,668	41,483
Total non-current assets	72,634	75,079
Total assets	318,014	289,833

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	54,474	42,791
Short-term borrowings	16,489	16,521
Current portion of bonds	127	127
Advances received on construction contracts in progress	33,268	30,885
Provision for warranties for completed construction	2,784	2,714
Provision for bonuses	2,883	842
Provision for loss on construction contracts	653	504
Other	53,536	41,007
Total current liabilities	164,217	135,393
Non-current liabilities		
Bonds payable	35	35
Long-term borrowings	7,463	7,388
Deferred tax liabilities	31	30
Retirement benefit liability	3,198	3,157
Provision for environmental measures	138	138
Provision for management board incentive plan trust	207	270
Provision for employee stock ownership plan trust	303	437
Other	1,092	1,115
Total non-current liabilities	12,472	12,574
Total liabilities	176,689	147,968
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	17,058	17,058
Retained earnings	122,656	121,453
Treasury shares	(21,106)	(21,106)
Total shareholders' equity	135,614	134,410
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,845	4,933
Deferred gains or losses on hedges	178	804
Foreign currency translation adjustment	203	227
Remeasurements of defined benefit plans	644	622
Total accumulated other comprehensive income	4,871	6,587
Non-controlling interests	839	866
Total net assets	141,324	141,864
Total liabilities and net assets	318,014	289,833

(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, 2022	For the three months ended June 30, 2023
Net sales		
Net sales of completed construction contracts	66,152	77,106
Sales in other businesses	6,292	4,688
Total net sales	72,444	81,794
Cost of sales		
Cost of sales of completed construction contracts	59,110	68,977
Cost of sales in other businesses	5,710	4,395
Total cost of sales	64,821	73,373
Gross profit		
Gross profit on completed construction contracts	7,041	8,128
Gross profit - other business	581	292
Total gross profit	7,623	8,421
Selling, general and administrative expenses	5,714	5,701
Operating profit	1,908	2,720
Non-operating income		
Dividend income	60	65
Foreign exchange gains	508	509
Other	113	121
Total non-operating income	682	696
Non-operating expenses		
Interest expenses	76	83
Share of loss of entities accounted for using equity method	11	15
Commission expenses	144	188
Other	84	55
Total non-operating expenses	316	344
Ordinary profit	2,274	3,073
Extraordinary income		
Compensation for damage received	2,700	—
Gain on reversal of provision for loss on damage due to fire	305	—
Subsidy income	94	—
Total extraordinary income	3,100	—
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	90	—
Loss on retirement of non-current assets	43	—
Loss on valuation of investment securities	—	38
Head office relocation expenses	338	—
Loss on litigation	—	31
Total extraordinary losses	472	70
Profit before income taxes	4,902	3,002
Income taxes	1,661	1,038
Profit	3,240	1,964
Profit (loss) attributable to non-controlling interests	(5)	11
Profit attributable to owners of parent	3,245	1,952

(Quarterly Consolidated Statements of Comprehensive Income)

(Three Months Ended June 30)

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	3,240	1,964
Other comprehensive income		
Valuation difference on available-for-sale securities	1,101	1,087
Foreign currency translation adjustment	132	40
Remeasurements of defined benefit plans	(7)	(21)
Share of other comprehensive income of entities accounted for using equity method	626	625
Total other comprehensive income	1,854	1,731
Comprehensive income	5,094	3,696
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,043	3,668
Comprehensive income attributable to non-controlling interests	50	27

2. (Reference) Quarterly Non-Consolidated Financial Statements

(1) Quarterly Non-Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	64,940	42,997
Notes receivable, accounts receivable from completed construction contracts and other	144,126	135,677
Costs on construction contracts in progress	3,488	3,778
Other inventories	1,494	1,596
Other	13,402	14,451
Allowance for doubtful accounts	(159)	(150)
Total current assets	227,292	198,351
Non-current assets		
Property, plant and equipment		
Land	12,704	12,704
Other, net	12,792	13,255
Total property, plant and equipment	25,496	25,959
Intangible assets	1,341	1,341
Investments and other assets		
Investment securities	27,426	28,863
Deferred tax assets	6,027	5,670
Other	9,924	10,014
Allowance for doubtful accounts	(472)	(514)
Total investments and other assets	42,905	44,033
Total non-current assets	69,742	71,334
Total assets	297,035	269,685

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	55,651	45,343
Short-term borrowings	16,403	16,435
Current portion of bonds	127	127
Advances received on construction contracts in progress	32,113	30,097
Provision for warranties for completed construction	2,781	2,711
Provision for bonuses	2,752	708
Provision for loss on construction contracts	622	478
Other	46,010	33,199
Total current liabilities	156,462	129,102
Non-current liabilities		
Bonds payable	35	35
Long-term borrowings	7,163	7,109
Provisions for retirement benefits	2,874	2,795
Provision for environmental measures	138	138
Provision for management board incentive plan trust	207	270
Provision for employee stock ownership plan trust	303	437
Other	1,069	1,079
Total non-current liabilities	11,792	11,866
Total liabilities	168,255	140,969
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	17,123	17,123
Retained earnings	111,937	110,790
Treasury shares	(21,106)	(21,106)
Total shareholders' equity	124,960	123,812
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,818	4,902
Total valuation and translation adjustments	3,818	4,902
Total net assets	128,779	128,715
Total liabilities and net assets	297,035	269,685

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

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales		
Net sales of completed construction contracts	65,017	76,006
Sales in other businesses	1,061	966
Total net sales	66,079	76,973
Cost of sales		
Cost of sales of completed construction contracts	58,133	68,254
Cost of sales in other businesses	945	1,001
Total cost of sales	59,079	69,256
Gross profit		
Gross profit on completed construction contracts	6,883	7,751
Gross profit - other business	116	(35)
Total gross profit	6,999	7,716
Selling, general and administrative expenses	5,285	5,277
Operating profit	1,714	2,438
Non-operating income	1,007	893
Non-operating expenses	296	319
Ordinary profit	2,424	3,012
Extraordinary income	3,005	—
Extraordinary losses	380	70
Profit before income taxes	5,050	2,942
Income taxes	1,589	933
Profit	3,460	2,008

3. Supplementary Information

(1) Results for the three months ended June 30, 2023 and forecasts for the six months ending September 30, 2023 and full year

1. Non-consolidated

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

Items		Results for the three months ended June 30, 2022	Results for the three months ended June 30, 2023	Fiscal year ending March 31, 2024	
				Forecasts for the six months ending September 30, 2023 (announced in May 2023)	Full year forecasts (announced in May 2023)
Orders received	Civil engineering	15,768	17,863	42,300	125,000
	Building construction	52,354	43,277	125,000	250,000
	Total orders received	68,123	61,141	167,300	375,000
Net sales of completed construction contracts	Civil engineering	27,799	33,180	60,000	133,000
	Building construction	37,218	42,826	99,000	230,000
	Total net sales of completed construction contracts	65,017	76,006	159,000	363,000
Gross profit on completed construction contracts	Civil engineering	3,971 [14.3%]	5,555 [16.7%]	8,800 [14.7%]	21,500 [16.2%]
	Building construction	2,911 [7.8%]	2,196 [5.1%]	7,000 [7.1%]	18,600 [8.1%]
	Total gross profit on completed construction contracts	6,883 [10.6%]	7,751 [10.2%]	15,800 [9.9%]	40,100 [11.0%]

Gross sales	66,079	76,973	162,000	369,000
Gross profit	6,999 [10.6%]	7,716 [10.0%]	16,100 [9.9%]	40,800 [11.1%]
Selling, general and administrative expenses	5,285	5,277	10,600	21,300
Operating profit	1,714 [2.6%]	2,438 [3.2%]	5,500 [3.4%]	19,500 [5.3%]
Non-operating income/expenses [Interest income/expenses]	710 [323]	573 [209]	(400) [150]	(500) [200]
Ordinary profit	2,424 [3.7%]	3,012 [3.9%]	5,100 [3.1%]	19,000 [5.1%]
Extraordinary income/losses	2,625	(70)	—	—
Profit before income taxes	5,050 [7.6%]	2,942 [3.8%]	5,100 [3.1%]	19,000 [5.1%]
Tax expenses	1,589	933	1,700	5,700
Profit	3,460 [5.2%]	2,008 [2.6%]	3,400 [2.1%]	13,300 [3.6%]

2. Consolidated

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

Items	Results for the three months ended June 30, 2022	Results for the three months ended June 30, 2023	Fiscal year ending March 31, 2024	
			Forecasts for the six months ending September 30, 2023 (announced in May 2023)	Full year forecasts (announced in May 2023)
Gross sales	72,444	81,794	175,000	400,000
Selling, general and administrative expenses	5,714	5,701	11,500	23,000
Operating profit	1,908 [2.6%]	2,720 [3.3%]	5,300 [3.0%]	20,500 [5.1%]
Ordinary profit	2,274 [3.1%]	3,073 [3.8%]	4,700 [2.7%]	19,700 [4.9%]
Profit attributable to owners of parent	3,245 [4.5%]	1,952 [2.4%]	2,900 [1.7%]	13,600 [3.4%]

(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, 2022		For the three months ended June 30, 2023		Increase/decrease		Results for the fiscal year ended March 31, 2023	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	10,460	[66.9]	15,152	[86.0]	4,691	44.9	54,595	[55.0]
	Private sector	5,180	[33.1]	2,462	[14.0]	(2,717)	(52.5)	44,726	[45.0]
	Total	15,640	23.0	17,615	28.8	1,974	12.6	99,322	28.5
Domestic building construction	Government sector	3,117	[9.7]	515	[1.3]	(2,602)	(83.5)	69,842	[31.5]
	Private sector	29,145	[90.3]	39,275	[98.7]	10,129	34.8	151,677	[68.5]
	Total	32,262	47.4	39,790	65.1	7,527	23.3	221,519	63.6
Domestic	Government sector	13,578	[28.3]	15,667	[27.3]	2,089	15.4	124,438	[38.8]
	Private sector	34,325	[71.7]	41,737	[72.7]	7,412	21.6	196,404	[61.2]
	Total	47,903	70.3	57,405	93.9	9,502	19.8	320,842	92.1
Overseas	Civil engineering	127	[0.6]	248	[6.7]	120	94.5	3,952	[14.4]
	Building construction	20,092	[99.4]	3,487	[93.3]	(16,605)	(82.6)	23,426	[85.6]
	Total	20,220	29.7	3,736	6.1	(16,484)	(81.5)	27,378	7.9
Sum total	Civil engineering	15,768	[23.1]	17,863	[29.2]	2,095	13.3	103,274	[29.7]
	Building construction	52,354	[76.9]	43,277	[70.8]	(9,077)	(17.3)	244,946	[70.3]
	Total	68,123	100.0	61,141	100.0	(6,981)	(10.2)	348,220	100.0

(Net sales for the construction business)

(Unit: Million yen, %)

Category		For the three months ended June 30, 2022		For the three months ended June 30, 2023		Increase/decrease		Results for the fiscal year ended March 31, 2023	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	16,547	[63.1]	20,456	[64.9]	3,909	23.6	77,905	[61.7]
	Private sector	9,665	[36.9]	11,049	[35.1]	1,383	14.3	48,299	[38.3]
	Total	26,212	40.3	31,506	41.5	5,293	20.2	126,204	37.2
Domestic building construction	Government sector	5,450	[15.7]	7,239	[19.3]	1,788	32.8	33,387	[18.0]
	Private sector	29,210	[84.3]	30,329	[80.7]	1,118	3.8	152,339	[82.0]
	Total	34,661	53.3	37,568	49.4	2,907	8.4	185,726	54.7
Domestic	Government sector	21,998	[36.1]	27,696	[40.1]	5,697	25.9	111,292	[35.7]
	Private sector	38,876	[63.9]	41,378	[59.9]	2,502	6.4	200,638	[64.3]
	Total	60,874	93.6	69,074	90.9	8,200	13.5	311,931	91.8
Overseas	Civil engineering	1,586	[38.3]	1,673	[24.2]	87	5.5	7,225	[26.1]
	Building construction	2,556	[61.7]	5,257	[75.8]	2,700	105.6	20,476	[73.9]
	Total	4,143	6.4	6,931	9.1	2,788	67.3	27,702	8.2
Sum total	Civil engineering	27,799	[42.8]	33,180	[43.7]	5,380	19.4	133,430	[39.3]
	Building construction	37,218	[57.2]	42,826	[56.3]	5,608	15.1	206,203	[60.7]
	Total	65,017	100.0	76,006	100.0	10,988	16.9	339,634	100.0

(Backlog for the construction business)

(Unit: Million yen, %)

Category		For the three months ended June 30, 2022		For the three months ended June 30, 2023		Increase/decrease		Results for the fiscal year ended March 31, 2023	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	137,926	[46.1]	115,400	[42.9]	(22,526)	(16.3)	120,704	[42.7]
	Private sector	160,981	[53.9]	153,307	[57.1]	(7,674)	(4.8)	161,894	[57.3]
	Total	298,908	57.2	268,707	52.3	(30,200)	(10.1)	282,598	53.5
Domestic building construction	Government sector	44,944	[24.3]	77,008	[34.1]	32,063	71.3	83,732	[37.5]
	Private sector	140,225	[75.7]	148,575	[65.9]	8,349	6.0	139,629	[62.5]
	Total	185,170	35.4	225,583	43.9	40,413	21.8	223,361	42.3
Domestic	Government sector	182,871	[37.8]	192,408	[38.9]	9,536	5.2	204,436	[40.4]
	Private sector	301,207	[62.2]	301,883	[61.1]	675	0.2	301,524	[59.6]
	Total	484,078	92.6	494,291	96.1	10,212	2.1	505,960	95.8
Overseas	Civil engineering	9,462	[24.4]	6,326	[31.8]	(3,136)	(33.1)	7,539	[34.1]
	Building construction	29,293	[75.6]	13,569	[68.2]	(15,723)	(53.7)	14,569	[65.9]
	Total	38,755	7.4	19,896	3.9	(18,859)	(48.7)	22,109	4.2
Sum total	Civil engineering	308,371	[59.0]	275,034	[53.5]	(33,337)	(10.8)	290,138	[54.9]
	Building construction	214,463	[41.0]	239,153	[46.5]	24,689	11.5	237,931	[45.1]
	Total	522,834	100.0	514,187	100.0	(8,647)	(1.7)	528,070	100.0

(Net sales for other businesses)

(Unit: Million yen, %)

Category	For the three months ended June 30, 2022	For the three months ended June 30, 2023	Increase/decrease		Results for the fiscal year ended March 31, 2023
	Amount	Amount	Amount	% change	Amount
Other businesses	1,061	966	(94)	(8.9)	5,170