

Disclaimer: This document is a partial English translation of the Japanese original which is filed with the Tokyo Stock Exchange and is only for reference purposes. In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



February 14, 2023

Company name: HAZAMA ANDO CORPORATION
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1719
 URL: <https://www.ad-hzm.co.jp/>
 Representative: Masato Fukutomi, Representative Director and President
 Contact: Toshihisa Kino, Corporate Communication Department General Manager
 Phone: +81-3-3575-6094
 Scheduled date of filing quarterly securities report: February 14, 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 Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(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	%
Nine months ended								
December 31, 2022	259,038	5.7	13,537	(28.7)	13,595	(27.2)	11,112	(15.0)
December 31, 2021	245,145	(6.8)	18,981	(4.0)	18,674	2.0	13,070	4.5

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥12,993 million [5.3%]

Nine months ended December 31, 2021: ¥12,342 million [(9.3)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2022	68.14	—
December 31, 2021	72.06	72.05

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	315,579	139,087	43.8
As of March 31, 2022	295,332	141,682	47.7

(Reference) Equity: As of December 31, 2022: ¥138,225 million

As of March 31, 2022: ¥140,921 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen —	Yen 20.00	Yen —	Yen 20.00	Yen 40.00
Fiscal year ending March 31, 2023	—	20.00	—		
Fiscal year ending March 31, 2023 (Forecast)				20.00	40.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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
Full year	377,000	10.8	23,200	(12.8)	23,100	(10.6)	17,700	0.2	109.30

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

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022(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: Yes

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):

December 31, 2022: 181,021,197 shares

March 31, 2022: 181,021,197 shares

2) Total number of treasury shares at the end of the period:

December 31, 2022: 22,487,720 shares

March 31, 2022: 12,050,920 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 163,084,302 shares

Nine months ended December 31, 2021: 181,394,873 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, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	66,080	61,616
Notes receivable, accounts receivable from completed construction contracts and other	140,431	150,506
Costs on construction contracts in progress	4,075	4,549
Other inventories	7,930	9,406
Other	9,567	17,578
Allowance for doubtful accounts	(14)	(15)
Total current assets	228,070	243,642
Non-current assets		
Property, plant and equipment		
Land	15,852	15,759
Other, net	14,334	15,412
Total property, plant and equipment	30,186	31,172
Intangible assets	1,542	1,531
Investments and other assets		
Investment securities	20,960	25,055
Deferred tax assets	7,091	6,674
Other	7,482	7,940
Allowance for doubtful accounts	(1)	(436)
Total investments and other assets	35,532	39,233
Total non-current assets	67,262	71,937
Total assets	295,332	315,579

(Million yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	47,134	44,836
Short-term borrowings	16,676	30,997
Current portion of bonds	237	182
Advances received on construction contracts in progress	18,237	38,032
Deposits received	34,038	31,602
Provision for warranties for completed construction	1,442	1,560
Provision for bonuses	2,690	699
Provision for loss on construction contracts	595	668
Provision for loss on damage due to fire	3,921	—
Other	15,415	12,861
Total current liabilities	140,388	161,440
Non-current liabilities		
Bonds payable	162	71
Long-term borrowings	7,640	9,262
Deferred tax liabilities	37	35
Retirement benefit liability	3,816	3,824
Provision for environmental measures	138	138
Provision for management board incentive plan trust	162	213
Provision for employee stock ownership plan trust	—	400
Other	1,302	1,104
Total non-current liabilities	13,261	15,051
Total liabilities	153,650	176,492
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	17,058	17,058
Retained earnings	114,124	118,580
Treasury shares	(10,422)	(19,352)
Total shareholders' equity	137,766	133,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,996	4,014
Deferred gains or losses on hedges	(345)	272
Foreign currency translation adjustment	85	249
Remeasurements of defined benefit plans	417	396
Total accumulated other comprehensive income	3,154	4,933
Non-controlling interests	761	862
Total net assets	141,682	139,087
Total liabilities and net assets	295,332	315,579

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Net sales		
Net sales of completed construction contracts	227,195	242,610
Sales in other businesses	17,949	16,427
Total net sales	245,145	259,038
Cost of sales		
Cost of sales of completed construction contracts	195,946	214,247
Cost of sales in other businesses	15,165	14,999
Total cost of sales	211,112	229,246
Gross profit		
Gross profit on completed construction contracts	31,248	28,363
Gross profit - other business	2,784	1,428
Total gross profit	34,032	29,791
Selling, general and administrative expenses	15,051	16,254
Operating profit	18,981	13,537
Non-operating income		
Dividend income	140	195
Foreign exchange gains	—	230
Late charges income	166	—
Gain on extinguishment of debt	147	—
Other	123	221
Total non-operating income	578	647
Non-operating expenses		
Interest expenses	236	244
Share of loss of entities accounted for using equity method	—	37
Commission expenses	149	175
Foreign exchange losses	141	—
Other	357	132
Total non-operating expenses	884	589
Ordinary profit	18,674	13,595

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Extraordinary income		
Compensation for damage received	—	2,700
Gain on reversal of provision for loss on damage due to fire	—	305
Subsidy income	—	94
Gain on sales of non-current assets	—	16
Gain on sales of investment securities	221	179
Total extraordinary income	221	3,296
Extraordinary losses		
Loss on damage due to fire	20	—
Loss on tax purpose reduction entry of non-current assets	—	90
Loss on sales of non-current assets	18	—
Loss on retirement of non-current assets	12	64
Loss on valuation of investment securities	24	—
Head office relocation expenses	—	338
Loss on litigation	18	2
Total extraordinary losses	94	496
Profit before income taxes	18,801	16,395
Income taxes	5,729	5,286
Profit	13,072	11,109
Profit (loss) attributable to non-controlling interests	1	(3)
Profit attributable to owners of parent	13,070	11,112

(Quarterly Consolidated Statements of Comprehensive Income)

(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Profit	13,072	11,109
Other comprehensive income		
Valuation difference on available-for-sale securities	(744)	1,017
Foreign currency translation adjustment	(22)	269
Remeasurements of defined benefit plans	36	(21)
Share of other comprehensive income of entities accounted for using equity method	—	618
Total other comprehensive income	(730)	1,884
Comprehensive income	12,342	12,993
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,361	12,890
Comprehensive income attributable to non-controlling interests	(19)	103

(Changes in accounting policy)

The Company has adopted ASBJ Guidance No.31“Implementation Guidance on Accounting Standard for Fair Value Measurement” (June 17, 2021) (hereinafter referred to as “The Guidance”) since the beginning of the first quarter of the consolidated fiscal year, and adopts the new accounting policies specified in The Guidance into the future, in accordance with the transitional treatment specified in Paragraph 27-2 of The Guidance.

For your information, there is no impact caused by the application on the quarterly consolidated financial statements.

2. (Reference) Quarterly Non-Consolidated Financial Statements

(1) Quarterly Non-Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	56,845	51,655
Notes receivable, accounts receivable from completed construction contracts and other	139,294	149,615
Costs on construction contracts in progress	4,420	4,632
Other inventories	1,410	1,765
Other	8,953	16,451
Allowance for doubtful accounts	(14)	(15)
Total current assets	210,910	224,105
Non-current assets		
Property, plant and equipment		
Land	12,979	12,977
Other, net	10,821	12,221
Total property, plant and equipment	23,800	25,198
Intangible assets	1,285	1,263
Investments and other assets		
Investment securities	23,359	27,464
Deferred tax assets	6,638	6,191
Other	9,126	8,948
Allowance for doubtful accounts	(1)	(436)
Total investments and other assets	39,123	42,167
Total non-current assets	64,209	68,629
Total assets	275,120	292,735

(Million yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	48,743	45,533
Short-term borrowings	16,590	30,911
Current portion of bonds	237	182
Advances received on construction contracts in progress	17,599	37,075
Provision for warranties for completed construction	1,440	1,557
Provision for bonuses	2,567	655
Provision for loss on construction contracts	594	667
Provision for loss on damage due to fire	3,921	—
Other	40,949	34,909
Total current liabilities	132,644	151,492
Non-current liabilities		
Bonds payable	162	71
Long-term borrowings	7,254	8,940
Provisions for retirement benefits	2,989	3,031
Provision for environmental measures	138	138
Provision for management board incentive plan trust	162	213
Provision for employee stock ownership plan trust	—	400
Other	1,036	1,073
Total non-current liabilities	11,744	13,869
Total liabilities	144,389	165,362
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	17,123	17,123
Retained earnings	104,058	108,606
Treasury shares	(10,422)	(19,352)
Total shareholders' equity	127,765	123,383
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,965	3,989
Total valuation and translation adjustments	2,965	3,989
Total net assets	130,730	127,373
Total liabilities and net assets	275,120	292,735

(2) Quarterly Non-Consolidated Statements of Income
(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Net sales		
Net sales of completed construction contracts	223,855	238,252
Sales in other businesses	3,562	3,458
Total net sales	227,417	241,711
Cost of sales		
Cost of sales of completed construction contracts	193,327	210,549
Cost of sales in other businesses	3,092	3,083
Total cost of sales	196,420	213,632
Gross profit		
Gross profit on completed construction contracts	30,527	27,703
Gross profit - other business	469	375
Total gross profit	30,996	28,078
Selling, general and administrative expenses	13,859	15,003
Operating profit	17,136	13,074
Non-operating income	852	968
Non-operating expenses	858	526
Ordinary profit	17,130	13,517
Extraordinary income	221	3,199
Extraordinary losses	74	398
Profit before income taxes	17,277	16,317
Income taxes	5,156	5,113
Profit	12,120	11,204

3. Supplementary Information

(1) Results for the nine months ended December 31, 2022 and forecasts for full year

1. Non-consolidated

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

Items		Results for the nine months ended December 31, 2021	Results for the nine months ended December 31, 2022	Results for the fiscal year ended March 31, 2022	Full year forecasts (announced in November 2022)
Orders received	Civil engineering	63,924	60,933	122,593	125,000
	Building construction	110,104	209,971	187,250	230,000
	Total orders received	174,029	270,904	309,843	355,000
Net sales of completed construction contracts	Civil engineering	97,597	97,393	132,264	135,000
	Building construction	126,257	140,859	178,526	210,000
	Total net sales of completed construction contracts	223,855	238,252	310,790	345,000
Gross profit on completed construction contracts	Civil engineering	16,626 [17.0%]	16,584 [17.0%]	21,467 [16.2%]	22,700 [16.8%]
	Building construction	13,901 [11.0%]	11,118 [7.9%]	20,622 [11.6%]	18,000 [8.6%]
	Total gross profit on completed construction contracts	30,527 [13.6%]	27,703 [11.6%]	42,090 [13.5%]	40,700 [11.8%]

Gross sales	227,417	241,711	315,867	353,000
Gross profit	30,996 [13.6%]	28,078 [11.6%]	42,744 [13.5%]	41,500 [11.8%]
Selling, general and administrative expenses	13,859	15,003	18,629	19,700
Operating profit	17,136 [7.5%]	13,074 [5.4%]	24,114 [7.6%]	21,800 [6.2%]
Non-operating income/expenses [Interest income/expenses]	(6) [202]	442 [336]	(174) [275]	300 [300]
Ordinary profit	17,130 [7.5%]	13,517 [5.6%]	23,939 [7.6%]	22,100 [6.3%]
Extraordinary income/losses	147	2,800	(422)	2,600
Profit before income taxes	17,277 [7.6%]	16,317 [6.8%]	23,517 [7.4%]	24,700 [7.0%]
Tax expenses	5,156	5,113	6,958	7,500
Profit	12,120 [5.3%]	11,204 [4.6%]	16,558 [5.2%]	17,200 [4.9%]

2. Consolidated

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

Items	Results for the nine months ended December 31, 2021	Results for the nine months ended December 31, 2022	Results for the fiscal year ended March 31, 2022	Full year forecasts (announced in November 2022)
Gross sales	245,145	259,038	340,293	377,000
Selling, general and administrative expenses	15,051	16,254	20,261	21,400
Operating profit	18,981 [7.7%]	13,537 [5.2%]	26,600 [7.8%]	23,200 [6.2%]
Ordinary profit	18,674 [7.6%]	13,595 [5.2%]	25,838 [7.6%]	23,100 [6.1%]
Profit attributable to owners of parent	13,070 [5.3%]	11,112 [4.3%]	17,671 [5.2%]	17,700 [4.7%]

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

(Orders received for the construction business)

(Unit: Million yen, %)

Category		For the nine months ended December 31, 2021		For the nine months ended December 31, 2022		Increase/decrease		Results for the fiscal year ended March 31, 2022	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	46,486	[73.0]	29,693	[51.8]	(16,793)	(36.1)	80,672	[65.9]
	Private sector	17,188	[27.0]	27,587	[48.2]	10,398	60.5	41,760	[34.1]
	Total	63,674	36.6	57,280	21.1	(6,394)	(10.0)	122,432	39.5
Domestic building construction	Government sector	17,129	[17.0]	62,989	[33.6]	45,859	267.7	29,467	[16.9]
	Private sector	83,927	[83.0]	124,231	[66.4]	40,303	48.0	145,009	[83.1]
	Total	101,057	58.1	187,220	69.1	86,163	85.3	174,476	56.3
Domestic	Government sector	63,615	[38.6]	92,682	[37.9]	29,066	45.7	110,139	[37.1]
	Private sector	101,116	[61.4]	151,818	[62.1]	50,702	50.1	186,770	[62.9]
	Total	164,731	94.7	244,501	90.3	79,769	48.4	296,909	95.8
Overseas	Civil engineering	250	[2.7]	3,652	[13.8]	3,402	1,360.2	160	[1.2]
	Building construction	9,047	[97.3]	22,750	[86.2]	13,703	151.5	12,773	[98.8]
	Total	9,297	5.3	26,403	9.7	17,105	184.0	12,933	4.2
Sum total	Civil engineering	63,924	[36.7]	60,933	[22.5]	(2,991)	(4.7)	122,593	[39.6]
	Building construction	110,104	[63.3]	209,971	[77.5]	99,866	90.7	187,250	[60.4]
	Total	174,029	100.0	270,904	100.0	96,875	55.7	309,843	100.0

(Net sales for the construction business)

(Unit: Million yen, %)

Category		For the nine months ended December 31, 2021		For the nine months ended December 31, 2022		Increase/decrease		Results for the fiscal year ended March 31, 2022	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	57,076	[61.9]	56,841	[62.4]	(235)	(0.4)	76,435	[61.3]
	Private sector	35,067	[38.1]	34,300	[37.6]	(766)	(2.2)	48,200	[38.7]
	Total	92,143	41.2	91,141	38.3	(1,002)	(1.1)	124,636	40.1
Domestic building construction	Government sector	19,943	[16.3]	21,025	[16.7]	1,082	5.4	26,661	[15.6]
	Private sector	102,090	[83.7]	105,100	[83.3]	3,010	2.9	144,758	[84.4]
	Total	122,033	54.5	126,126	52.9	4,092	3.4	171,420	55.2
Domestic	Government sector	77,020	[36.0]	77,867	[35.8]	846	1.1	103,097	[34.8]
	Private sector	137,157	[64.0]	139,400	[64.2]	2,243	1.6	192,959	[65.2]
	Total	214,177	95.7	217,267	91.2	3,090	1.4	296,057	95.3
Overseas	Civil engineering	5,453	[56.4]	6,251	[29.8]	797	14.6	7,627	[51.8]
	Building construction	4,223	[43.6]	14,732	[70.2]	10,509	248.9	7,106	[48.2]
	Total	9,677	4.3	20,984	8.8	11,307	116.8	14,733	4.7
Sum total	Civil engineering	97,597	[43.6]	97,393	[40.9]	(204)	(0.2)	132,264	[42.6]
	Building construction	126,257	[56.4]	140,859	[59.1]	14,602	11.6	178,526	[57.4]
	Total	223,855	100.0	238,252	100.0	14,397	6.4	310,790	100.0

(Backlog for the construction business)

(Unit: Million yen, %)

Category		For the nine months ended December 31, 2021		For the nine months ended December 31, 2022		Increase/decrease		Results for the fiscal year ended March 31, 2022	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	129,186	[45.6]	116,865	[42.4]	(12,320)	(9.5)	144,013	[46.5]
	Private sector	154,028	[54.4]	158,754	[57.6]	4,725	3.1	165,466	[53.5]
	Total	283,215	60.3	275,619	49.9	(7,595)	(2.7)	309,480	59.7
Domestic building construction	Government sector	41,658	[25.5]	89,240	[35.9]	47,582	114.2	47,277	[25.2]
	Private sector	121,878	[74.5]	159,422	[64.1]	37,544	30.8	140,291	[74.8]
	Total	163,536	34.8	248,663	45.0	85,127	52.1	187,569	36.2
Domestic	Government sector	170,844	[38.2]	206,106	[39.3]	35,261	20.6	191,291	[38.5]
	Private sector	275,906	[61.8]	318,176	[60.7]	42,269	15.3	305,758	[61.5]
	Total	446,751	95.2	524,283	95.0	77,531	17.4	497,049	95.8
Overseas	Civil engineering	12,787	[56.2]	8,150	[29.3]	(4,637)	(36.3)	10,664	[49.3]
	Building construction	9,961	[43.8]	19,637	[70.7]	9,676	97.1	10,969	[50.7]
	Total	22,748	4.8	27,787	5.0	5,039	22.2	21,633	4.2
Sum total	Civil engineering	296,002	[63.0]	283,770	[51.4]	(12,232)	(4.1)	320,144	[61.7]
	Building construction	173,497	[37.0]	268,300	[48.6]	94,803	54.6	198,538	[38.3]
	Total	469,500	100.0	552,071	100.0	82,570	17.6	518,683	100.0

(Net sales for other businesses)

(Unit: Million yen, %)

Category	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022	Increase/decrease		Results for the fiscal year ended March 31, 2022
	Amount	Amount	Amount	% change	Amount
Other businesses	3,562	3,458	(103)	(2.9)	5,077