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Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



February 8, 2024

Company name: HAZAMA ANDO CORPORATION
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1719
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 Scheduled date of filing quarterly securities report: February 8, 2024
 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, 2023 (April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	279,926	8.1	9,914	(26.8)	9,763	(28.2)	6,509	(41.4)
December 31, 2022	259,038	5.7	13,537	(28.7)	13,595	(27.2)	11,112	(15.0)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥8,771 million [(32.5)%]
 Nine months ended December 31, 2022: ¥12,993 million [5.3%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	41.58	—
December 31, 2022	68.14	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	322,352	142,262	43.8
As of March 31, 2023	318,014	141,324	44.2

(Reference) Equity: As of December 31, 2023: ¥141,347 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	—	30.00	—		
Fiscal year ending March 31, 2024 (Forecast)				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
Full year	400,000	7.5	20,500	3.3	19,700	0.5	13,600	(10.5)	86.86

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

* Notes:

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

December 31, 2023: 181,021,197 shares

March 31, 2023: 181,021,197 shares

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

December 31, 2023: 24,399,358 shares

March 31, 2023: 24,550,993 shares

3) Average number of shares during the period:

Nine months ended December 31, 2023: 156,552,461 shares

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

The Company's shares held by the management board incentive plan trust (1,351,411 shares) and the employee stock ownership plan trust (2,142,809 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	75,597	37,582
Notes receivable, accounts receivable from completed construction contracts and other	145,094	180,811
Costs on construction contracts in progress	3,667	3,878
Other inventories	7,079	5,779
Other	14,101	15,946
Allowance for doubtful accounts	(160)	(197)
Total current assets	245,379	243,800
Non-current assets		
Property, plant and equipment		
Land	15,486	15,501
Other, net	15,868	19,515
Total property, plant and equipment	31,355	35,016
Intangible assets	1,610	1,611
Investments and other assets		
Investment securities	25,020	26,266
Deferred tax assets	6,455	6,191
Other	8,663	9,958
Allowance for doubtful accounts	(470)	(491)
Total investments and other assets	39,668	41,924
Total non-current assets	72,634	78,551
Total assets	318,014	322,352

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	54,474	44,409
Short-term borrowings	16,489	53,691
Current portion of bonds	127	71
Advances received on construction contracts in progress	33,268	26,149
Provision for warranties for completed construction	2,784	3,397
Provision for bonuses	2,883	811
Provision for loss on construction contracts	653	499
Other	53,536	36,712
Total current liabilities	164,217	165,742
Non-current liabilities		
Bonds payable	35	—
Long-term borrowings	7,463	8,969
Deferred tax liabilities	31	30
Retirement benefit liability	3,198	3,123
Provision for environmental measures	138	—
Provision for management board incentive plan trust	207	280
Provision for employee stock ownership plan trust	303	720
Other	1,092	1,223
Total non-current liabilities	12,472	14,347
Total liabilities	176,689	180,090
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	17,058	17,678
Retained earnings	122,656	121,205
Treasury shares	(21,106)	(21,598)
Total shareholders' equity	135,614	134,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,845	4,907
Deferred gains or losses on hedges	178	1,275
Foreign currency translation adjustment	203	294
Remeasurements of defined benefit plans	644	579
Total accumulated other comprehensive income	4,871	7,055
Non-controlling interests	839	914
Total net assets	141,324	142,262
Total liabilities and net assets	318,014	322,352

(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, 2022	For the nine months ended December 31, 2023
Net sales		
Net sales of completed construction contracts	242,610	259,382
Sales in other businesses	16,427	20,544
Total net sales	259,038	279,926
Cost of sales		
Cost of sales of completed construction contracts	214,247	232,611
Cost of sales in other businesses	14,999	19,197
Total cost of sales	229,246	251,808
Gross profit		
Gross profit on completed construction contracts	28,363	26,771
Gross profit - other business	1,428	1,346
Total gross profit	29,791	28,117
Selling, general and administrative expenses	16,254	18,203
Operating profit	13,537	9,914
Non-operating income		
Dividend income	195	273
Foreign exchange gains	230	158
Other	221	199
Total non-operating income	647	632
Non-operating expenses		
Interest expenses	244	286
Share of loss of entities accounted for using equity method	37	49
Commission expenses	175	272
Other	132	174
Total non-operating expenses	589	782
Ordinary profit	13,595	9,763
Extraordinary income		
Compensation for damage received	2,700	—
Gain on reversal of provision for loss on damage due to fire	305	—
Gain on sales of non-current assets	16	—
Subsidy income	94	—
Gain on sales of investment securities	179	141
Insurance claim income	—	33
Gain on reversal of provision for environmental measures	—	54
Total extraordinary income	3,296	229
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	90	—
Loss on retirement of non-current assets	64	112
Loss on valuation of investment securities	—	38
Head office relocation expenses	338	—
Loss on litigation	2	125
Total extraordinary losses	496	276
Profit before income taxes	16,395	9,716
Income taxes	5,286	3,188
Profit	11,109	6,527
Profit (loss) attributable to non-controlling interests	(3)	18
Profit attributable to owners of parent	11,112	6,509

(Quarterly Consolidated Statements of Comprehensive Income)

(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	11,109	6,527
Other comprehensive income		
Valuation difference on available-for-sale securities	1,017	1,061
Foreign currency translation adjustment	269	150
Remeasurements of defined benefit plans	(21)	(64)
Share of other comprehensive income of entities accounted for using equity method	618	1,096
Total other comprehensive income	1,884	2,243
Comprehensive income	12,993	8,771
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,890	8,693
Comprehensive income attributable to non-controlling interests	103	78

(Notes to Quarterly Consolidated Balance Sheets)

(Contingent liabilities)

Some defects have occurred in a part of the construction work currently underway, and investigation and examination are being conducted regarding the cause and scope of the incident. Repair and reinforcement plans are being discussed and examined with the parties involved in the construction work, including the contractee, on the basis of the results of some investigation and examination. However, as of the end of the third quarter of the consolidated fiscal year, it is not possible to reasonably estimate the impact of the incident on the quarterly consolidated financial statements.

The construction outline is as follows:

Name of construction work:	Installation of a seawall (seawater pump room area section) and other construction works at Tokai No.2 Power Plant
Contractee:	The Japan Atomic Power Company
Constructor:	Joint venture by HAZAMA ANDO CORPORATION, PENTA-OCEAN CONSTRUCTION CO., LTD., and WAKACHIKU CONSTRUCTION CO., LTD.
Construction site:	Tokai-mura, Naka-gun, Ibaraki Prefecture

2. (Reference) Quarterly Non-Consolidated Financial Statements

(1) Quarterly Non-Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	64,940	26,849
Notes receivable, accounts receivable from completed construction contracts and other	144,126	178,854
Costs on construction contracts in progress	3,488	3,631
Other inventories	1,494	1,846
Other	13,402	15,437
Allowance for doubtful accounts	(159)	(197)
Total current assets	227,292	226,421
Non-current assets		
Property, plant and equipment		
Land	12,704	12,718
Other, net	12,792	16,016
Total property, plant and equipment	25,496	28,734
Intangible assets	1,341	1,341
Investments and other assets		
Investment securities	27,426	28,657
Deferred tax assets	6,027	5,689
Other	9,924	10,720
Allowance for doubtful accounts	(472)	(493)
Total investments and other assets	42,905	44,573
Total non-current assets	69,742	74,649
Total assets	297,035	301,071

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable for construction contracts and other	55,651	45,848
Short-term borrowings	16,403	53,606
Current portion of bonds	127	71
Advances received on construction contracts in progress	32,113	24,629
Provision for warranties for completed construction	2,781	3,392
Provision for bonuses	2,752	760
Provision for loss on construction contracts	622	473
Other	46,010	30,488
Total current liabilities	156,462	159,269
Non-current liabilities		
Bonds payable	35	—
Long-term borrowings	7,163	8,733
Provision for retirement benefits	2,874	2,690
Provision for environmental measures	138	—
Provision for management board incentive plan trust	207	280
Provision for employee stock ownership plan trust	303	720
Other	1,069	1,188
Total non-current liabilities	11,792	13,612
Total liabilities	168,255	172,882
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	17,123	17,743
Retained earnings	111,937	110,166
Treasury shares	(21,106)	(21,598)
Total shareholders' equity	124,960	123,317
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,818	4,871
Total valuation and translation adjustments	3,818	4,871
Total net assets	128,779	128,189
Total liabilities and net assets	297,035	301,071

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

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales		
Net sales of completed construction contracts	238,252	254,574
Sales in other businesses	3,458	3,231
Total net sales	241,711	257,806
Cost of sales		
Cost of sales of completed construction contracts	210,549	228,795
Cost of sales in other businesses	3,083	3,055
Total cost of sales	213,632	231,850
Gross profit		
Gross profit on completed construction contracts	27,703	25,779
Gross profit - other business	375	176
Total gross profit	28,078	25,956
Selling, general and administrative expenses	15,003	16,936
Operating profit	13,074	9,019
Non-operating income	968	778
Non-operating expenses	526	708
Ordinary profit	13,517	9,088
Extraordinary income	3,199	196
Extraordinary losses	398	253
Profit before income taxes	16,317	9,031
Income taxes	5,113	2,842
Profit	11,204	6,188

3. Supplementary Information

(1) Results for the nine months ended December 31, 2023 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, 2022	Results for the nine months ended December 31, 2023	Results for the fiscal year ended March 31, 2023	Full year forecasts (announced in May 2023)
Orders received	Civil engineering	60,933	65,216	103,274	125,000
	Building construction	209,971	151,140	244,946	250,000
	Total orders received	270,904	216,357	348,220	375,000
Net sales of completed construction contracts	Civil engineering	97,393	101,996	133,430	133,000
	Building construction	140,859	152,578	206,203	230,000
	Total net sales of completed construction contracts	238,252	254,574	339,634	363,000
Gross profit on completed construction contracts	Civil engineering	16,584 [17.0%]	14,322 [14.0%]	21,246 [15.9%]	21,500 [16.2%]
	Building construction	11,118 [7.9%]	11,456 [7.5%]	17,227 [8.4%]	18,600 [8.1%]
	Total gross profit on completed construction contracts	27,703 [11.6%]	25,779 [10.1%]	38,474 [11.3%]	40,100 [11.0%]

Gross sales	241,711	257,806	344,804	369,000
Gross profit	28,078 [11.6%]	25,956 [10.1%]	38,762 [11.2%]	40,800 [11.1%]
Selling, general and administrative expenses	15,003	16,936	20,497	21,300
Operating profit	13,074 [5.4%]	9,019 [3.5%]	18,264 [5.3%]	19,500 [5.3%]
Non-operating income/expenses [Interest income/expenses]	442 [336]	69 [220]	168 [429]	(500) [200]
Ordinary profit	13,517 [5.6%]	9,088 [3.5%]	18,433 [5.3%]	19,000 [5.1%]
Extraordinary income/losses	2,800	(57)	2,685	—
Profit before income taxes	16,317 [6.8%]	9,031 [3.5%]	21,119 [6.1%]	19,000 [5.1%]
Tax expenses	5,113	2,842	6,584	5,700
Profit	11,204 [4.6%]	6,188 [2.4%]	14,535 [4.2%]	13,300 [3.6%]

2. Consolidated

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

Items	Results for the nine months ended December 31, 2022	Results for the nine months ended December 31, 2023	Results for the fiscal year ended March 31, 2023	Full year forecasts (announced in May 2023)
Gross sales	259,038	279,926	372,146	400,000
Selling, general and administrative expenses	16,254	18,203	22,170	23,000
Operating profit	13,537 [5.2%]	9,914 [3.5%]	19,853 [5.3%]	20,500 [5.1%]
Ordinary profit	13,595 [5.2%]	9,763 [3.5%]	19,608 [5.3%]	19,700 [4.9%]
Profit attributable to owners of parent	11,112 [4.3%]	6,509 [2.3%]	15,187 [4.1%]	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 nine months ended December 31, 2022		For the nine months ended December 31, 2023		Increase/decrease		Results for the fiscal year ended March 31, 2023	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	29,693	[51.8]	46,610	[75.3]	16,917	57.0	54,595	[55.0]
	Private sector	27,587	[48.2]	15,286	[24.7]	(12,301)	(44.6)	44,726	[45.0]
	Total	57,280	21.1	61,896	28.6	4,616	8.1	99,322	28.5
Domestic building construction	Government sector	62,989	[33.6]	4,185	[3.3]	(58,803)	(93.4)	69,842	[31.5]
	Private sector	124,231	[66.4]	122,178	[96.7]	(2,052)	(1.7)	151,677	[68.5]
	Total	187,220	69.1	126,364	58.4	(60,856)	(32.5)	221,519	63.6
Domestic	Government sector	92,682	[37.9]	50,796	[27.0]	(41,886)	(45.2)	124,438	[38.8]
	Private sector	151,818	[62.1]	137,465	[73.0]	(14,353)	(9.5)	196,404	[61.2]
	Total	244,501	90.3	188,261	87.0	(56,240)	(23.0)	320,842	92.1
Overseas	Civil engineering	3,652	[13.8]	3,319	[11.8]	(332)	(9.1)	3,952	[14.4]
	Building construction	22,750	[86.2]	24,776	[88.2]	2,025	8.9	23,426	[85.6]
	Total	26,403	9.7	28,095	13.0	1,692	6.4	27,378	7.9
Sum total	Civil engineering	60,933	[22.5]	65,216	[30.1]	4,283	7.0	103,274	[29.7]
	Building construction	209,971	[77.5]	151,140	[69.9]	(58,830)	(28.0)	244,946	[70.3]
	Total	270,904	100.0	216,357	100.0	(54,547)	(20.1)	348,220	100.0

(Net sales for the construction business)

(Unit: Million yen, %)

Category		For the nine months ended December 31, 2022		For the nine months ended December 31, 2023		Increase/decrease		Results for the fiscal year ended March 31, 2023	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	56,841	[62.4]	63,574	[65.9]	6,733	11.8	77,905	[61.7]
	Private sector	34,300	[37.6]	32,944	[34.1]	(1,356)	(4.0)	48,299	[38.3]
	Total	91,141	38.3	96,518	37.9	5,377	5.9	126,204	37.2
Domestic building construction	Government sector	21,025	[16.7]	26,870	[19.9]	5,844	27.8	33,387	[18.0]
	Private sector	105,100	[83.3]	107,857	[80.1]	2,757	2.6	152,339	[82.0]
	Total	126,126	52.9	134,728	52.9	8,601	6.8	185,726	54.7
Domestic	Government sector	77,867	[35.8]	90,445	[39.1]	12,578	16.2	111,292	[35.7]
	Private sector	139,400	[64.2]	140,801	[60.9]	1,400	1.0	200,638	[64.3]
	Total	217,267	91.2	231,246	90.8	13,978	6.4	311,931	91.8
Overseas	Civil engineering	6,251	[29.8]	5,477	[23.5]	(774)	(12.4)	7,225	[26.1]
	Building construction	14,732	[70.2]	17,850	[76.5]	3,117	21.2	20,476	[73.9]
	Total	20,984	8.8	23,327	9.2	2,343	11.2	27,702	8.2
Sum total	Civil engineering	97,393	[40.9]	101,996	[40.1]	4,602	4.7	133,430	[39.3]
	Building construction	140,859	[59.1]	152,578	[59.9]	11,719	8.3	206,203	[60.7]
	Total	238,252	100.0	254,574	100.0	16,322	6.9	339,634	100.0

(Backlog for the construction business)

(Unit: Million yen, %)

Category		For the nine months ended December 31, 2022		For the nine months ended December 31, 2023		Increase/decrease		Results for the fiscal year ended March 31, 2023	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	116,865	[42.4]	103,740	[41.8]	(13,125)	(11.2)	120,704	[42.7]
	Private sector	158,754	[57.6]	144,236	[58.2]	(14,517)	(9.1)	161,894	[57.3]
	Total	275,619	49.9	247,976	50.5	(27,642)	(10.0)	282,598	53.5
Domestic building construction	Government sector	89,240	[35.9]	61,047	[28.4]	(28,193)	(31.6)	83,732	[37.5]
	Private sector	159,422	[64.1]	153,951	[71.6]	(5,471)	(3.4)	139,629	[62.5]
	Total	248,663	45.0	214,998	43.8	(33,665)	(13.5)	223,361	42.3
Domestic	Government sector	206,106	[39.3]	164,787	[35.6]	(41,319)	(20.0)	204,436	[40.4]
	Private sector	318,176	[60.7]	298,187	[64.4]	(19,988)	(6.3)	301,524	[59.6]
	Total	524,283	95.0	462,974	94.3	(61,308)	(11.7)	505,960	95.8
Overseas	Civil engineering	8,150	[29.3]	5,517	[19.8]	(2,632)	(32.3)	7,539	[34.1]
	Building construction	19,637	[70.7]	22,377	[80.2]	2,740	14.0	14,569	[65.9]
	Total	27,787	5.0	27,895	5.7	107	0.4	22,109	4.2
Sum total	Civil engineering	283,770	[51.4]	253,494	[51.6]	(30,275)	(10.7)	290,138	[54.9]
	Building construction	268,300	[48.6]	237,376	[48.4]	(30,924)	(11.5)	237,931	[45.1]
	Total	552,071	100.0	490,870	100.0	(61,200)	(11.1)	528,070	100.0

(Net sales for other businesses)

(Unit: Million yen, %)

Category	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023	Increase/decrease		Results for the fiscal year ended March 31, 2023
	Amount	Amount	Amount	% change	Amount
Other businesses	3,458	3,231	(226)	(6.6)	5,170