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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

August 10, 2022

Company name: HASEKO Corporation
Code number: 1808

Stock exchange listing: Tokyo Stock Exchange, Prime section
URL: <https://www.haseko.co.jp/hc/>

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 01, 2022 to June 30, 2022)

(1) Consolidated Operating Results

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2022	234,088	9.5	19,952	(2.2)	19,986	(6.3)	13,318	(9.3)
June 30, 2021	213,720	24.3	20,395	69.6	21,331	95.4	14,675	94.5

(Note) Comprehensive income: Three months ended June 30, 2022: ¥ 17,384 million [(1.8)%]
Three months ended June 30, 2021: ¥ 17,706 million [106.1 %]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2022	48.47	-
June 30, 2021	53.34	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
June 30, 2022	1,022,447	422,792	41.4
March 31, 2022	1,081,907	417,667	38.6

(Reference) Shareholder's equity: As of June 30, 2022: ¥ 422,787 million
As of March 31, 2022: ¥ 417,662 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	35.00	-	45.00	80.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		40.00	-	40.00	80.00

(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 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2022	450,000	8.5	34,500	(16.7)	33,000	(19.4)	22,000	(22.2)	80.05
Full year	960,000	5.5	87,000	5.2	85,000	3.8	57,000	4.6	207.41

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

* Notes:

- (1) Changes in significant subsidiaries during the three months ended June 30, 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: No
- (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 stocks)
- 1) Total number of issued shares at the end of the period (including treasury stocks):

June 30, 2022:	300,794,397 shares
March 31, 2022:	300,794,397 shares
 - 2) Total number of treasury shares at the end of the period:

June 30, 2022:	25,980,025 shares
March 31, 2022:	26,148,175 shares
 - 3) Average number of shares during the period:

Three months ended June 30, 2022:	274,769,997 shares
Three months ended June 30, 2021:	275,121,980 shares
- (Note) The number of treasury stocks above includes shares held as the trust assets for the Board Benefit Trust (BBT) and the Employee Stock Ownership Plan (ESOP).
Shares of the Company's own stock held in BBT and ESOP trust accounts are included in treasury stock subtracted from the calculation of the average number of shares during the period.

This report is not subject to audit procedures by certified public accountants or audit firms.

Explanation regarding appropriate use of forecasts, and other specific comments

The forecasts contained herein are based on information available as of the date of this announcement, and the actual results may differ materially from forecasts due to various factors. For details of assumptions for financial forecasts and other related matters, please refer to "1. Qualitative Information on Quarterly Financial Results (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking information" on page 3 of the Attachment.

Supplementary materials for this report and results briefing materials can be found on the Company's website.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operation

For the three months ended on June 30, 2022, Net sales were 234.1 billion yen, up by 9.5% compared with the same period of the previous fiscal year because an increase in a transaction volume of real estate for the purpose of receiving construction orders by the Company.

Operating income was 20.0 billion yen, down by 2.2% compared with the same period of the previous fiscal year due to a decrease in the gross profit of completed construction contracts associated with a decrease in the sales of completed construction contracts and an increase in selling, general and administrative expenses.

Ordinary income was 20.0 billion yen, down by 6.3% compared with the same period of the previous fiscal year, and net income attributable to owners of parents was 13.3 billion yen, down by 9.3% compared with the same period of the previous fiscal year.

Operating results by reportable segment are as follow:

	Billions of yen							
	Construction-related business		Real estate-related business		Service-related business		Overseas-related business	
Net Sales	173.1	(+24.5)	30.0	(+0.9)	48.3	(+4.5)	0.0	(+0.0)
Segment income	15.5	(+0.4)	5.8	(+0.6)	1.5	(+0.5)	-0.7	(-0.1)

Figures in parentheses show the amount of increase or decrease from the same period of the previous fiscal year

(Construction-related business)

For construction works, projects owners have had high regard for the Company's ability in gathering land information as well as product planning, its attitude regarding construction quality and maintaining construction schedules, efficient production system, and such. Meanwhile, the gross profit margin of completed construction contracts lowered due to worsened construction profitability upon receiving orders and higher costs of material and labor, among other factors.

In terms of orders for new construction of for-sale condominiums, the Company won orders for 9 projects in the Tokyo metropolitan area including 2 large projects of at least 200 units. In addition, aside from construction of for-sale condominiums, the Company received orders for 3 projects for rental housing. As for construction completion, the Company completed construction of 10 projects including 2 projects for non-residential.

The segment posted sales of 173.1 billion yen, up by 16.5% compared with the same period of the previous fiscal year because an increase in a transaction volume of real estate for the purpose of receiving construction orders by the Company. Operating income was 15.5 billion yen, up by 2.6% compared with the same period of the previous fiscal year because of an increase in the gross profit of real estate sales, despite a decrease in the gross profit of completed construction contracts due to a decrease in the sales.

(Real estate-related Business)

The segment posted sales of 30.0 billion yen, up by 2.9% compared with the same period of the previous fiscal year, and operating income of 5.8 billion yen, up by 10.5% compared with the same period of the previous fiscal year, as an increase in a transaction volume of other real estate despite a decrease of supply new for-sale condominiums by consolidated companies.

(Service-related Business)

The volume of repair work in large-scale repair work and interior remodeling, the number of sold units in the renovation business and the volume of construction work in common areas and exclusive areas in for-sale condominium management operations increased. Meanwhile, the number of units to be delivered in consigned sales of newly built condominiums decreased.

The segment posted sales of 48.3 billion yen, up by 10.4% compared with the same period of the previous fiscal year, and operating income of 1.5 billion yen, up by 53.6% compared with the same period of the previous fiscal year.

(Overseas-related business)

New for-sale detached housing business and developing a commercial facility were in progress in Oahu, Hawaii.

The segment posted sales of 0.0 billion yen (the sales of 0.0 billion yen in the same period of the previous fiscal year) and operating loss of 0.7 billion yen (the operating loss of 0.6 billion yen in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets as of June 30, 2022 decreased by 59.5 billion yen from the end of the previous fiscal year to 1,022.4 billion yen. This is mainly due to a decrease of cash and bank deposits due to the payment of income taxes and dividend.

Total liabilities were 599.7 billion yen, a decrease of 64.6 billion yen from the end of the previous fiscal year. This is mainly due to decreases in income taxes payable and accounts payable.

Net assets were 422.8 billion yen, an increase of 5.1 billion yen from the end of the previous fiscal year. This is mainly due to the recording of net income attributable to owners of parents.

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward- Looking Information

There is no change in the forecast announced on May 12th, 2022.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of June 30,2022
Assets		
Current assets		
Cash and bank deposits	266,891	212,985
Notes and accounts receivable, trade	147,945	122,757
Marketable securities	576	607
Costs on uncompleted construction contracts	11,379	12,347
Real estate for sale	165,818	146,813
Costs and advances for real estate operations	176,887	191,731
Real estate for development projects	26,027	27,612
Other	14,642	23,036
Allowance for doubtful accounts	(84)	(80)
Total current assets	810,079	737,807
Fixed assets		
Property and equipment		
Buildings and structures	83,854	84,729
Machinery, vehicles, equipment and furniture	10,239	10,316
Land	96,325	100,503
Leased assets	1,203	1,221
Construction in progress	13,956	16,819
Accumulated depreciation	(31,396)	(32,356)
Total property and equipment	174,182	181,232
Intangible assets		
Land leasehold rights	1,895	1,895
Goodwill	2,387	2,336
Other	5,810	5,710
Total intangible assets	10,092	9,941
Investments and other assets		
Investment securities	43,125	49,891
Long-term loans receivable	2,333	3,486
Net defined benefit asset	20,416	20,809
Deferred tax assets	8,918	6,669
Other	13,548	13,399
Allowance for doubtful accounts	(787)	(786)
Total investments and other assets	87,554	93,467
Total fixed assets	271,828	284,640
Total assets	1,081,907	1,022,447

(Million yen)

	As of March 31,2022	As of June 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable	86,480	76,306
Electronically recorded obligations	55,562	57,294
Current portion of long-term debt	31,841	31,205
Income taxes payable	16,495	3,508
Advances received on uncompleted construction contracts	25,472	24,870
Advances received for real estate sales	38,095	39,532
Warranty	5,487	4,983
Allowance for losses on construction contracts	384	379
Accrued bonuses for employees	5,322	2,405
Accrued bonuses for director	157	-
Other	85,249	45,352
Total current liabilities	350,543	285,834
Long-term liabilities		
Straight bonds	90,000	90,000
Long-term debt	190,000	190,000
Provision for loss on litigation	2,484	2,617
Provision for employee stock ownership plan	3,446	3,436
Provision for board benefit trust	421	400
Liability for retirement benefit	1,446	1,490
Deferred tax liabilities	18	18
Other	25,883	25,860
Total long-term liabilities	313,697	313,822
Total liabilities	664,240	599,656
Net assets		
Shareholders' equity		
Capital stock	57,500	57,500
Capital surplus	7,373	7,373
Retained earnings	392,149	392,974
Treasury stock	(34,333)	(34,100)
Total shareholders' equity	422,689	423,747
Accumulated other comprehensive income		
Net unrealized gain(loss) on other securities	2,358	2,958
Translation adjustment	(2,180)	1,080
Retirement benefits liability adjustments	(5,205)	(4,998)
Total accumulated other comprehensive income	(5,027)	(960)
Non-controlling interests	5	4
Total net assets	417,667	422,792
Total liabilities and net assets	1,081,907	1,022,447

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Net sales		
Construction contracts	114,539	112,032
Design and supervision	724	929
Leasing and management	20,556	21,002
Real estate sale	73,495	95,731
Others	4,405	4,395
Total net sales	213,720	234,088
Cost of sales		
Construction contracts	94,821	92,858
Design and supervision	496	454
Leasing and management	15,849	16,348
Real estate sale	62,670	83,541
Others	3,664	3,607
Total cost of sales	177,499	196,808
Gross profit		
Construction contracts	19,719	19,174
Design and supervision	228	475
Leasing and management	4,708	4,654
Real estate sale	10,825	12,189
Others	742	788
Total gross profit	36,221	37,281
Selling, general and administrative expenses	15,826	17,329
Operating income	20,395	19,952
Non-operating income		
Interest income	22	19
Dividend income	993	206
Other	348	290
Total non-operating income	1,363	515
Non-operating expenses		
Interest expenses	365	429
Share of loss of entities accounted for using equity method	0	0
Other	62	52
Total non-operating expenses	428	481
Ordinary income	21,331	19,986

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Special income		
Gain on sale of property and equipment	0	0
Gain on sale of investment securities	72	-
Subsidy income	-	45
Total special income	72	45
Special losses		
Loss on disposal of property and equipment	6	14
Loss on tax purpose reduction entry of fixed assets	-	41
Total special losses	6	55
Income before income taxes	21,397	19,976
Income taxes - current	3,750	4,708
Income taxes - deferred	2,972	1,951
Total income taxes	6,722	6,659
Net income	14,675	13,317
Net income attributable to non-controlling interests	(0)	(0)
Net income attributable to owners of parent	14,675	13,318

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Net income	14,675	13,317
Other comprehensive income		
Net unrealized gain(loss) on other securities	(62)	600
Translation adjustments	2,904	3,260
Retirement benefits liability adjustments	189	207
Total other comprehensive income	3,032	4,067
Comprehensive income	17,706	17,384
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,707	17,385
Comprehensive income attributable to non-controlling interests	(0)	(0)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in the Amount of Shareholder's Equity)

Not applicable.

(Changes in Accounting Policies)

(Accounting Standards Relating to Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021; hereinafter referred to as the "Fair Value Accounting Standard"), etc. from the beginning of the current fiscal year, and in accordance with the transitional treatment stipulated in Article 27-2 of the Accounting Standard for Financial Instruments, the new accounting policy stipulated in the Fair Value Accounting Standards, etc. will be applied prospectively. The impact on the quarterly consolidated financial statement is immaterial.

(Segment information)

1. Reportable segment information (net sales and income (loss))

For the three months ended June 30,2021

(Millions of Yen)

	Reportable Segments				Total	Adjustments and eliminations (Note 1)	Consolidated (Note 2)
	Construction- related business	Real estate- related business	Service- related business	Overseas- related business			
Net sales							
Sales to third parties	142,917	28,877	41,926	0	213,720	—	213,720
Inter-segment sales and transfer	5,711	242	1,798	—	7,752	(7,752)	—
Total	148,628	29,120	43,724	0	221,472	(7,752)	213,720
Segment income(loss)	15,078	5,228	963	(551)	20,718	(323)	20,395

Note 1 : Adjustment and eliminations for segment income include 607 million yen of elimination of inter-segment transactions and (931) million yen of corporate expenses, which are not allocable to the reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

Note 2 : Segment income has been adjusted with operating income in the consolidated statement of income.

For the three months ended June 30,2022

(Millions of Yen)

	Reportable Segments				Total	Adjustments and eliminations (Note 1)	Consolidated (Note 2)
	Construction- related business	Real estate- related business	Service- related business	Overseas- related business			
Net sales							
Sales to third parties	157,989	29,862	46,236	1	234,088	—	234,088
Inter-segment sales and transfer	15,159	115	2,029	—	17,303	(17,303)	—
Total	173,149	29,977	48,265	1	251,391	(17,303)	234,088
Segment income(loss)	15,472	5,778	1,479	(683)	22,047	(2,095)	19,952

Note 1 : Adjustment and eliminations for segment income include (940) million yen of elimination of inter-segment transactions and (1,155) million yen of corporate expenses, which are not allocable to the reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

Note 2 : Segment income(loss) has been adjusted with operating income in the consolidated statement of income.

3.Non-consolidated Orders received

(1) Non-consolidated Orders received

	Orders	
	Millions of Yen	%
For the three months ended June 30, 2022	57,216	14.2
For the three months ended June 30, 2021	50,109	(35.5)

* % indicates changes from the previous corresponding period.

Breakdown of orders Received

[Millions of Yen]

	For the three months ended June 30, 2021		For the three months ended June 30, 2022		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Private-sector condominiums	44,164	(93.2%)	39,997	(76.2%)	(4,167)	(9.4%)
Rental condominiums, Company housing, etc.	169	(0.4%)	6,950	(13.3%)	6,781	—
Residence Total	44,333	(93.6%)	46,947	(89.5%)	2,614	5.9%
Non-Residence	101	(0.2%)	607	(1.2%)	506	500.4%
Others	2,932	(6.2%)	4,910	(9.3%)	1,977	67.4%
Construction Total	47,367	94.5%	52,464	91.6%	5,097	10.8%
Consulting Contracts	1,101	2.2%	1,691	3.0%	590	53.6%
Construction business	48,467	96.7%	54,154	94.6%	5,687	11.7%
Design and Supervision	1,641	3.3%	3,062	5.4%	1,421	86.6%
Orders Total	50,109	100.0%	57,216	100.0%	7,107	14.2%

* The figures in parentheses refer to the proportion of Construction Total.

(2) Non-consolidated Orders received forecast

	Interim		Annual	
	Millions of Yen	%	Millions of Yen	%
March 2022 forecast	160,000	13.2	480,000	1.6
March 2021 result	141,364	(13.9)	472,314	9.8

* % indicates changes from the previous corresponding period.

Qualitative information of Orders Received result and forecast

Construction total were 52.5 billion yen, increased by 5.1 billion yen y/y and Orders received were 57.2 billion yen, increased by 7.1 billion yen y/y. A progress rate against the interim forecast of 160 billion yen was 35.8% and the progress was as expected.

We haven't revised the interim and annual forecast.