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

February 9, 2024

Company name: HASEKO Corporation
Code number: 1808

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

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 01, 2023 to December 31, 2023)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2023	768,852	8.8	61,439	8.6	60,482	9.9	39,593	7.2
December 31, 2022	706,522	12.9	56,586	(7.9)	55,050	(9.7)	36,945	(11.7)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥ 56,564 million [7.5%]
Nine months ended December 31, 2022: ¥ 52,626 million [19.7%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2023	145.16	-
December 31, 2022	134.44	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2023	1,198,673	488,836	40.8
March 31, 2023	1,198,105	454,088	37.9

(Reference) Shareholder's equity: As of December 31, 2023: ¥ 488,831 million
As of March 31, 2023: ¥ 454,084 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, 2023	-	40.00	-	40.00	80.00
Fiscal year ending March 31, 2024	-	40.00	-		
Fiscal year ending March 31, 2024 (Forecast)				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, 2024(April 01, 2023 to March 31, 2024)

(% 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
Full year	1,080,000	5.1	88,000	(2.4)	83,000	(6.0)	55,500	(6.4)	203.46

(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: 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: 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 stocks)
- 1) Total number of issued shares at the end of the period (including treasury stocks):

December 31, 2023:	300,794,397 Shares
March 31, 2023:	300,794,397 Shares
 - 2) Total number of treasury shares at the end of the period:

December 31, 2023:	28,013,029 shares
March 31, 2023:	28,283,902 shares
 - 3) Average number of shares during the period:

Nine months ended December 31, 2023:	272,745,977 shares
Nine months ended December 31, 2022:	274,799,156 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 nine months ended on December 31, 2023, since increases in net sales of construction contracts and the transaction volume of real estate, net sales were 768.9 billion yen, increased by 8.8% year-on-year. Due to the increase in the gross profit of real estate sales, operating income was 61.4 billion yen, increased by 8.6% year-on-year, ordinary income was 60.5 billion yen, increased by 9.9% year-on-year, and net income attributable to owners of parents was 39.6 billion yen, increased by 7.2% year-on-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	554.2	(+24.5)	83.2	(+20.9)	186.8	(+25.0)	0.7	(+0.7)
Segment income	46.0	(-2.5)	14.6	(+5.7)	9.4	(+1.3)	-3.7	(-1.1)

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. However, 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 52 projects in total throughout Japan consisting of 41 in the Tokyo metropolitan area including 8 large projects each of which has more than 200 units and 11 in the Kinki and Tokai areas including 3 large projects each of which has more than 200 units. In addition, aside from construction of for-sale condominiums, the Company received orders for 8 projects for rental housing, etc. As for construction completion, the Company completed construction of 53 projects including 7 projects for rental housing, etc.

The segment posted sales of 554.2 billion yen, increased by 4.6% year-on-year because of the increase in net sales of construction contracts by the Company, and operating income was 46.0 billion yen, decreased by 5.1% year-on-year because of the decrease in the gross profit margin of construction contracts.

(Real estate-related business)

The segment posted sales of 83.2 billion yen, increased by 33.7% year-on-year, and operating income of 14.6 billion yen, increased by 64.8% year-on-year, as increases in deliveries new for-sale condominiums and the transaction volume of other real estate.

(Service-related business)

The number of units to be delivered in consigned sales of newly built condominiums, 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.

The segment posted sales of 186.8 billion yen, increased by 15.4% year-on-year, and operating income of 9.4 billion yen, increased by 15.7% year-on-year.

(Overseas-related business)

The subsidiaries have been operating a commercial facility and developing new projects of for-sale detached housing business in Oahu, Hawaii.

The segment posted sales of 0.7 billion yen (the sales of 0.0 billion yen in the same period of the previous fiscal year) and operating loss of 3.7 billion yen (the operating loss of 2.6 billion yen in the same period of the previous fiscal year), because

the commercial facility has just launched.

(2) Explanation of Financial Position

Total assets as of December 31, 2023 increased by 0.6 billion yen from the end of the previous fiscal year to 1,198.7 billion yen. This is attributable to an increase in costs and advances for real estate operations in accordance with investing in new for-sale condominiums business, etc.

Total liabilities were 709.8 billion yen, decreased 34.2 billion yen from the end of the previous fiscal year. This is attributable to repayment of borrowings, etc.

Net assets were 488.8 billion yen, increased by 34.7 billion yen from the end of the previous fiscal year. This is attributable 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 11th, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2023	As of December 31,2023
Assets		
Current assets		
Cash and bank deposits	206,644	131,881
Notes and accounts receivable, trade	169,150	167,629
Marketable securities	4,613	897
Costs on uncompleted construction contracts	12,061	16,247
Real estate for sale	216,966	243,849
Costs and advances for real estate operations	212,591	271,068
Real estate for development projects	30,315	34,865
Other	16,929	21,626
Allowance for doubtful accounts	(70)	(110)
Total current assets	869,199	887,952
Fixed assets		
Property and equipment		
Buildings and structures	98,263	95,613
Machinery, vehicles, equipment and furniture	11,131	13,110
Land	116,645	91,375
Leased assets	1,197	1,116
Construction in progress	18,448	6,512
Other	22	144
Accumulated depreciation	(34,087)	(33,617)
Total property and equipment	211,618	174,253
Intangible assets		
Land leasehold rights	1,896	1,895
Goodwill	2,184	2,032
Other	6,083	6,663
Total intangible assets	10,163	10,590
Investments and other assets		
Investment securities	61,218	82,423
Long-term loans receivable	3,692	3,738
Net defined benefit asset	18,407	19,679
Deferred tax assets	10,751	7,060
Other	13,856	13,758
Allowance for doubtful accounts	(799)	(781)
Total investments and other assets	107,124	125,878
Total fixed assets	328,906	310,721
Total assets	1,198,105	1,198,673

(Million yen)

	As of March 31,2023	As of December 31,2023
Liabilities		
Current liabilities		
Notes and accounts payable	93,246	90,748
Electronically recorded obligations	63,896	66,416
Short-term borrowings	31,500	10,000
Current portion of long-term debt	10,000	20,000
Current portion of bonds payable	20,000	-
Income taxes payable	19,152	5,667
Advances received on uncompleted construction contracts	28,631	38,227
Advances received for real estate sales	27,245	38,643
Warranty	4,351	3,935
Allowance for losses on construction contracts	506	383
Accrued bonuses for employees	5,515	2,590
Accrued bonuses for director	180	-
Other	74,580	53,902
Total current liabilities	378,802	330,510
Long-term liabilities		
Straight bonds	100,000	120,000
Long-term debt	230,000	220,000
Provision for loss on litigation	2,819	3,168
Provision for employee stock ownership plan	4,059	4,275
Provision for board benefit trust	491	458
Liability for retirement benefit	1,630	1,742
Deferred tax liabilities	17	12
Other	26,199	29,670
Total long-term liabilities	365,215	379,326
Total liabilities	744,016	709,837
Net assets		
Shareholders' equity		
Capital stock	57,500	57,500
Capital surplus	7,373	7,373
Retained earnings	427,878	445,262
Treasury stock	(37,630)	(37,238)
Total shareholders' equity	455,121	472,898
Accumulated other comprehensive income		
Net unrealized gain(loss) on other securities	711	5,068
Translation adjustment	5,241	17,140
Retirement benefits liability adjustments	(6,989)	(6,276)
Total accumulated other comprehensive income	(1,037)	15,933
Non-controlling interests	4	6
Total net assets	454,088	488,836
Total liabilities and net assets	1,198,105	1,198,673

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2022	For the nine months ended December 31,2023
Net sales		
Construction contracts	359,067	404,059
Design and supervision	5,706	5,527
Leasing and management	62,797	66,706
Real estate sale	265,494	278,141
Others	13,459	14,419
Total net sales	706,522	768,852
Cost of sales		
Construction contracts	298,328	344,242
Design and supervision	2,523	2,658
Leasing and management	48,862	51,502
Real estate sale	236,971	242,928
Others	11,142	11,868
Total cost of sales	597,826	653,199
Gross profit		
Construction contracts	60,739	59,817
Design and supervision	3,183	2,868
Leasing and management	13,935	15,204
Real estate sale	28,523	35,213
Others	2,316	2,551
Total gross profit	108,696	115,654
Selling, general and administrative expenses	52,110	54,215
Operating income	56,586	61,439
Non-operating income		
Interest income	61	156
Dividend income	358	430
Other	1,045	1,168
Total non-operating income	1,464	1,755
Non-operating expenses		
Interest expenses	1,310	1,798
Share of loss of entities accounted for using equity method	1	354
Other	1,688	560
Total non-operating expenses	3,000	2,712
Ordinary income	55,050	60,482

(Million yen)

	For the nine months ended December 31,2022	For the nine months ended December 31,2023
Special income		
Gain on sale of property and equipment	11	19
National subsidies	-	54
Subsidy income	45	-
Gain on reversal of asset retirement obligations	-	4
Total special income	55	77
Special losses		
Loss on disposal of property and equipment	95	42
Impairment losses	154	-
Loss on tax purpose reduction entry of fixed assets	41	54
Total special losses	289	96
Income before income taxes	54,816	60,463
Income taxes - current	16,358	18,638
Income taxes - deferred	1,513	2,231
Total income taxes	17,871	20,869
Net income	36,945	39,594
Net income (loss) attributable to non-controlling interests	(0)	1
Net income attributable to owners of parent	36,945	39,593

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

(Million yen)

	For the nine months ended December 31,2022	For the nine months ended December 31,2023
Net income	36,945	39,594
Other comprehensive income		
Net unrealized gain(loss) on other securities	(1,031)	4,357
Translation adjustments	16,095	11,899
Retirement benefits liability adjustments	618	713
Total other comprehensive income	15,682	16,970
Comprehensive income	52,626	56,564
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	52,627	56,563
Comprehensive income attributable to non-controlling interests	(0)	1

(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.

(Segment information)

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

For the Nine months ended December 31,2022

(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	490,226	61,888	154,380	28	706,522	—	706,522
Inter-segment sales and transfer	39,429	349	7,443	—	47,221	(47,221)	—
Total	529,655	62,237	161,823	28	753,743	(47,221)	706,522
Segment income(loss)	48,481	8,838	8,165	(2,589)	62,895	(6,309)	56,586

Note 1 : Adjustment and eliminations for segment income include (2,500) million yen of elimination of inter-segment transactions and (3,809) 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.

For the Nine months ended December 31,2023

(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	506,934	82,815	178,371	732	768,852	—	768,852
Inter-segment sales and transfer	47,265	367	8,424	—	56,057	(56,057)	—
Total	554,200	83,183	186,795	732	824,909	(56,057)	768,852
Segment income(loss)	46,021	14,565	9,444	(3,738)	66,291	(4,852)	61,439

Note 1 : Adjustment and eliminations for segment income include (1,230) million yen of elimination of inter-segment transactions and (3,622) 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 nine months ended December 31, 2023	312,100	27.5
For the nine months ended December 31, 2022	244,723	15.4

* % indicates changes from the previous corresponding period.

Breakdown of orders Received

[Millions of Yen]

	For the nine months ended December 31, 2022		For the nine months ended December 31, 2023		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Private-sector condominiums	184,591	(80.3%)	249,945	(84.4%)	65,354	35.4%
Rental condominiums, Company housing, etc.	34,285	(14.9%)	30,991	(10.5%)	(3,294)	(9.6%)
Residence Total	218,876	(95.2%)	280,936	(94.9%)	62,059	28.4%
Non-Residence	3,374	(1.5%)	2,841	(1.0%)	(533)	(15.8%)
Others	7,513	(3.3%)	12,202	(4.1%)	4,689	62.4%
Construction Total	229,762	93.9%	295,978	94.8%	66,216	28.8%
Consulting Contracts	4,909	2.0%	4,911	1.6%	2	0.0%
Construction business	234,672	95.9%	300,889	96.4%	66,218	28.2%
Design and Supervision	10,051	4.1%	11,211	3.6%	1,160	11.5%
Orders Total	244,723	100.0%	312,100	100.0%	67,378	27.5%

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

(2) Non-consolidated Orders received forecast

	Annual	
	Millions of Yen	%
March 2024 forecast	500,000	3.9
March 2023 result	481,280	1.9

* % indicates changes from the previous corresponding period.

Qualitative information of Orders Received result and forecast

Construction total were 296.0 billion yen, increased by 66.2 billion yen y/y and Orders received were 312.1 billion yen, increased by 27.5% y/y. A progress rate against the annual forecast of 500 billion yen was 62.4% and we haven't revised it.