

Note: This financial information is a translation of a part of the original Japanese financial statements which are filed with Tokyo Stock Exchange on August 6, 2021. The translation is for reference purposes only. If and when there are any discrepancies between the original announcement and this English translation, the original announcement shall prevail.

Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]

August 6, 2021

Company name: HASEKO Corporation
Code number: 1808

Stock exchange listing: Tokyo Stock Exchange, 1st 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, 2021 (April 01, 2021 to June 30, 2021)

(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	%
Three months ended June 30, 2021	213,720	24.3	20,395	69.6	21,331	95.4	14,675	94.5
June 30, 2020	171,980	(10.5)	12,028	(30.7)	10,918	(37.8)	7,544	(39.8)

(Note) Comprehensive income: Three months ended June 30, 2021: ¥ 17,706 million [106.1%]
Three months ended June 30, 2020: ¥ 8,590 million [(20.5)%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2021	53.34	-
June 30, 2020	25.93	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2021	923,679	387,418	41.9
March 31, 2021	953,659	394,365	41.4

(Reference) Shareholder's equity: As of June 30, 2021: ¥ 387,413 million
As of March 31, 2021: ¥ 394,359 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, 2021	-	35.00	-	35.00	70.00
Fiscal year ending March 31, 2022	-				
Fiscal year ending March 31, 2022 (Forecast)		35.00	-	35.00	70.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 01, 2021 to March 31, 2022)

(% 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, 2021	400,000	8.1	36,000	16.4	34,000	13.2	23,000	12.0	83.75
Full year	850,000	5.0	78,000	7.0	75,000	4.4	51,000	5.7	185.70

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

* Notes:

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021
(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, 2021:	300,794,397 shares
March 31, 2021:	300,794,397 shares
 - 2) Total number of treasury stocks at the end of the period:

June 30, 2021:	26,152,932 shares
March 31, 2021:	24,231,920 shares
 - 3) Average number of shares during the period:

Three months ended June 30, 2021:	275,121,980 shares
Three months ended June 30, 2020:	290,898,036 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.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of June 30,2021
Assets		
Current assets		
Cash and bank deposits	216,107	204,350
Notes and accounts receivable, trade	132,346	126,143
Marketable securities	516	553
Costs on uncompleted construction contracts	10,774	13,234
Real estate for sale	166,708	147,810
Costs and advances for real estate operations	113,272	116,468
Real estate for development projects	25,723	27,928
Other	24,175	15,993
Allowance for doubtful accounts	(94)	(94)
Total current assets	689,527	652,385
Fixed assets		
Property and equipment		
Buildings and structures	82,382	83,511
Machinery, vehicles, equipment and furniture	9,707	9,755
Land	100,156	101,709
Leased assets	1,274	1,269
Construction in progress	9,105	11,454
Accumulated depreciation	(29,615)	(30,527)
Total property and equipment	173,010	177,172
Intangible assets		
Land leasehold rights	1,876	1,875
Goodwill	2,590	2,539
Other	5,392	5,460
Total intangible assets	9,858	9,875
Investments and other assets		
Investment securities	40,880	41,761
Long-term loans receivable	3,077	3,631
Net defined benefit asset	18,458	18,868
Deferred tax assets	5,803	7,079
Other	13,839	13,700
Allowance for doubtful accounts	(793)	(792)
Total investments and other assets	81,264	84,247
Total fixed assets	264,132	271,294
Total assets	953,659	923,679

(Million yen)

	As of March 31,2021	As of June 30,2021
Liabilities		
Current liabilities		
Notes and accounts payable	87,095	73,471
Electronically recorded obligations	54,899	55,739
Current portion of long-term debt	5,971	5,971
Income taxes payable	15,397	1,297
Advances received on uncompleted construction contracts	17,636	19,051
Advances received for real estate sales	22,349	23,455
Warranty	4,303	3,936
Allowance for losses on construction contracts	151	206
Accrued bonuses for employees	4,797	2,277
Accrued bonuses for director	127	-
Other	59,238	55,765
Total current liabilities	271,963	241,169
Long-term liabilities		
Straight bonds	90,000	90,000
Long-term debt	171,981	171,345
Provision for loss on litigation	2,245	2,403
Provision for employee stock ownership plan	2,787	2,882
Provision for board benefit trust	347	348
Liability for retirement benefit	1,361	1,379
Deferred tax liabilities	22	22
Other	18,589	26,714
Total long-term liabilities	287,331	295,092
Total liabilities	559,294	536,261
Net assets		
Shareholders' equity		
Capital stock	57,500	57,500
Capital surplus	7,373	7,373
Retained earnings	369,335	362,343
Treasury stock	(31,353)	(34,339)
Total shareholders' equity	402,855	392,877
Accumulated other comprehensive income		
Net unrealized gain(loss) on other securities	4,254	4,192
Translation adjustment	(7,320)	(4,416)
Retirement benefits liability adjustments	(5,429)	(5,240)
Total accumulated other comprehensive income	(8,495)	(5,464)
Non-controlling interests	5	5
Total net assets	394,365	387,418
Total liabilities and net assets	953,659	923,679

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 30,2020	For the three months ended June 30,2021
Net sales		
Construction contracts	107,253	114,539
Design and supervision	973	724
Leasing and management	20,591	20,556
Real estate sale	39,244	73,495
Others	3,917	4,405
Total net sales	171,980	213,720
Cost of sales		
Construction contracts	89,296	94,821
Design and supervision	544	496
Leasing and management	15,967	15,849
Real estate sale	35,871	62,670
Others	3,499	3,664
Total cost of sales	145,177	177,499
Gross profit		
Construction contracts	17,957	19,719
Design and supervision	429	228
Leasing and management	4,624	4,708
Real estate sale	3,374	10,825
Others	419	742
Total gross profit	26,802	36,221
Selling, general and administrative expenses	14,774	15,826
Operating income	12,028	20,395
Non-operating income		
Interest income	29	22
Dividend income	272	993
Other	169	348
Total non-operating income	471	1,363
Non-operating expenses		
Interest expenses	252	365
Equity in losses of affiliates	0	0
Other	1,328	62
Total non-operating expenses	1,580	428
Ordinary income	10,918	21,331
Special income		
Gain on sale of property and equipment	-	0
Gain on sale of investment securities	-	72
Total special income	-	72
Special losses		
Loss on disposal of property and equipment	16	6
Other	0	-
Total special losses	16	6
Income before income taxes	10,902	21,397
Income taxes – current	1,677	3,750
Income taxes - deferred	1,681	2,972
Total income taxes	3,358	6,722
Net income	7,544	14,675
Net income attributable to non-controlling interests	(0)	(0)
Net income attributable to owners of parent	7,544	14,675

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

(Million yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Net income	7,544	14,675
Other comprehensive income		
Net unrealized gain(loss) on other securities	1,226	(62)
Translation adjustments	(356)	2,904
Retirement benefits liability adjustments	176	189
Total other comprehensive income	1,047	3,032
Comprehensive income	8,590	17,706
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,591	17,707
Comprehensive income attributable to non-controlling interests	(0)	(0)

Segment information

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

For the three months ended June 30,2020

(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	126,975	10,462	34,464	79	171,980	—	171,980
Inter-segment sales and transfer	11,934	114	1,142	—	13,190	(13,190)	—
Total	138,910	10,576	35,606	79	185,170	(13,190)	171,980
Segment income(loss)	13,467	1,897	(1,535)	(263)	13,566	(1,538)	12,028

Note 1 : Adjustment and eliminations for segment income include (686) million yen of elimination of inter-segment transactions and (852) 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 30,2021

(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.

Non-consolidated Orders received

(1) Non-consolidated Orders received

	Orders	
	Millions of Yen	%
For the three months ended June 30, 2021	50,109	(35.5)
For the three months ended June 30, 2020	77,707	(3.9)

* % indicates changes from the previous corresponding period.

Breakdown of orders Received

[Millions of Yen]

	For the three months ended June 30, 2020		For the three months ended June 30, 2021		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Private-sector condominiums	54,884	(73.2%)	44,164	(93.2%)	(10,719)	(19.5%)
Rental condominiums, Company housing, etc.	676	(0.9%)	169	(0.4%)	(507)	(75.0%)
Residence Total	55,559	(74.1%)	44,333	(93.6%)	(11,226)	(20.2%)
Non-Residence	18,248	(24.3%)	101	(0.2%)	(18,146)	(99.4%)
Others	1,181	(1.6%)	2,932	(6.2%)	1,751	148.2%
Construction Total	74,988	96.5%	47,367	94.5%	(27,622)	(36.8%)
Consulting Contracts	920	1.2%	1,101	2.2%	181	19.7%
Construction business	75,908	97.7%	48,467	96.7%	(27,441)	(36.1%)
Design and Supervision	1,799	2.3%	1,641	3.3%	(158)	(8.8%)
Orders Total	77,707	100.0%	50,109	100.0%	(27,598)	(35.5%)

* 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	120,000	(26.9)	470,000	9.2
March 2021 result	164,206	(11.9)	430,310	(8.8)

* % indicates changes from the previous corresponding period.

Qualitative information of Orders Received result and forecast

Construction total were 47.4 billion yen, decreased by 27.6 billion yen y/y and Orders received were 50.1 billion yen, decreased by 27.6 billion yen y/y. A progress rate against the interim forecast of 120 billion yen was 41.8% and the progress was as expected.

We haven't revised the interim and annual forecast.