

Note: This financial information is a translation of a part of the original Japanese financial statements which are filed with Tokyo Stock Exchange on November 11, 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 Six Months Ended September 30, 2021 [Japanese GAAP]

November 11, 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 Six Months Ended September 30, 2021 (April 01, 2021 to September 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	%
Six months ended September 30, 2021	414,824	12.1	41,424	33.9	40,945	36.3	28,285	37.7
September 30, 2020	369,912	(10.7)	30,940	(29.1)	30,039	(30.9)	20,539	(31.9)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥ 32,085 million [43.3%]
Six months ended September 30, 2020: ¥ 22,388 million [(20.6)%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2021	102.90		-	
September 30, 2020	70.94		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of September 30, 2021	Million yen 1,000,840	Million yen 401,513	% 40.1
March 31, 2021	953,659	394,365	41.4

(Reference) Shareholder's equity: As of September 30, 2021: ¥ 401,508 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
Fiscal year ended March 31, 2021	Yen -	Yen 35.00	Yen -	Yen 35.00	Yen 70.00
Fiscal year ending March 31, 2022	-	35.00			
Fiscal year ending March 31, 2022 (Forecast)			-	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
Full year	850,000	5.0	78,000	7.0	75,000	4.4	51,000	5.7	185.69

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 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):

September 30, 2021: 300,794,397 Shares

March 31, 2021: 300,794,397 Shares

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

September 30, 2021: 26,146,529 shares

March 31, 2021: 24,231,920 shares

3) Average number of shares during the period:

Six months ended September 30, 2021: 274,882,627 shares

Six months ended September 30, 2020: 289,542,991 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 September 30,2021
Assets		
Current assets		
Cash and bank deposits	216,107	238,839
Notes and accounts receivable, trade	132,346	133,947
Marketable securities	516	555
Costs on uncompleted construction contracts	10,774	12,748
Real estate for sale	166,708	183,649
Costs and advances for real estate operations	113,272	131,902
Real estate for development projects	25,723	28,550
Other	24,175	15,177
Allowance for doubtful accounts	(94)	(99)
Total current assets	689,527	745,268
Fixed assets		
Property and equipment		
Buildings and structures	82,382	74,131
Machinery, vehicles, equipment and furniture	9,707	9,710
Land	100,156	92,859
Leased assets	1,274	1,209
Construction in progress	9,105	14,100
Accumulated depreciation	(29,615)	(29,962)
Total property and equipment	173,010	162,046
Intangible assets		
Land leasehold rights	1,876	1,875
Goodwill	2,590	2,489
Other	5,392	5,536
Total intangible assets	9,858	9,899
Investments and other assets		
Investment securities	40,880	40,944
Long-term loans receivable	3,077	3,445
Net defined benefit asset	18,458	19,289
Deferred tax assets	5,803	7,201
Other	13,839	13,541
Allowance for doubtful accounts	(793)	(792)
Total investments and other assets	81,264	83,627
Total fixed assets	264,132	255,572
Total assets	953,659	1,000,840

(Million yen)

	As of March 31,2021	As of September 30,2021
Liabilities		
Current liabilities		
Notes and accounts payable	87,095	73,718
Electronically recorded obligations	54,899	48,156
Current portion of long-term debt	5,971	5,921
Income taxes payable	15,397	7,964
Advances received on uncompleted construction contracts	17,636	23,408
Advances received for real estate sales	22,349	25,918
Warranty	4,303	4,112
Allowance for losses on construction contracts	151	247
Accrued bonuses for employees	4,797	4,426
Accrued bonuses for director	127	-
Other	59,238	60,527
Total current liabilities	271,963	254,396
Long-term liabilities		
Straight bonds	90,000	90,000
Long-term debt	171,981	221,345
Provision for loss on litigation	2,245	2,412
Provision for employee stock ownership plan	2,787	3,051
Provision for board benefit trust	347	373
Liability for retirement benefit	1,361	1,413
Deferred tax liabilities	22	22
Other	18,589	26,314
Total long-term liabilities	287,331	344,931
Total liabilities	559,294	599,327
Net assets		
Shareholders' equity		
Capital stock	57,500	57,500
Capital surplus	7,373	7,373
Retained earnings	369,335	375,660
Treasury stock	(31,353)	(34,330)
Total shareholders' equity	402,855	406,203
Accumulated other comprehensive income		
Net unrealized gain(loss) on other securities	4,254	4,459
Translation adjustment	(7,320)	(4,112)
Retirement benefits liability adjustments	(5,429)	(5,042)
Total accumulated other comprehensive income	(8,495)	(4,695)
Non-controlling interests	5	5
Total net assets	394,365	401,513
Total liabilities and net assets	953,659	1,000,840

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Net sales		
Construction contracts	229,128	227,987
Design and supervision	3,478	3,370
Leasing and management	41,539	41,263
Real estate sale	87,399	133,407
Others	8,368	8,797
Total net sales	369,912	414,824
Cost of sales		
Construction contracts	189,599	187,781
Design and supervision	1,837	1,883
Leasing and management	32,289	31,789
Real estate sale	78,199	113,063
Others	7,189	7,255
Total cost of sales	309,113	341,771
Gross profit		
Construction contracts	39,528	40,206
Design and supervision	1,641	1,487
Leasing and management	9,250	9,474
Real estate sale	9,200	20,344
Others	1,180	1,542
Total gross profit	60,799	73,053
Selling, general and administrative expenses	29,860	31,630
Operating income	30,940	41,424
Non-operating income		
Interest income	56	43
Dividend income	277	999
Other	1,068	614
Total non-operating income	1,401	1,656
Non-operating expenses		
Interest expenses	616	803
Equity in losses of affiliates	0	1
Incidental expenses for loan	1,317	1,294
Other	369	36
Total non-operating expenses	2,302	2,134
Ordinary income	30,039	40,945

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Special income		
Gain on sale of property and equipment	0	3
Gain on sale of investment securities	-	72
Total special income	0	74
Special losses		
Loss on disposal of property and equipment	22	23
Impairment loss on fixed assets	4	-
Other	0	-
Total special losses	27	23
Income before income taxes	30,012	40,997
Income taxes - current	8,927	10,066
Income taxes - deferred	547	2,647
Total income taxes	9,474	12,713
Net income	20,539	28,284
Net income attributable to non-controlling interests	(0)	(0)
Net income attributable to owners of parent	20,539	28,285

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

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Net income	20,539	28,284
Other comprehensive income		
Net unrealized gain(loss) on other securities	1,821	205
Translation adjustments	(281)	3,209
Retirement benefits liability adjustments	309	387
Total other comprehensive income	1,849	3,800
Comprehensive income	22,388	32,085
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,388	32,085
Comprehensive income attributable to non-controlling interests	(0)	(0)

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from operating activities		
Income before income taxes	30,012	40,997
Depreciation	2,436	2,839
Impairment loss on fixed assets	4	-
Amortization of goodwill	102	102
Provision (reversal) of allowance for doubtful accounts	23	4
Increase (decrease) in provision for loss on litigation	(16)	(2)
Interest and dividend income	(333)	(1,042)
Interest expenses	616	803
Equity in earnings of affiliates	0	1
Loss (gain) on sale of investment securities	-	(72)
Loss (gain) on disposal of property and equipment	22	20
Valuation loss on inventories	132	448
Decrease (increase) in notes and accounts receivables	17,620	(1,387)
Decrease (increase) in costs on uncompleted construction contracts	(2,361)	(1,974)
Decrease (increase) in inventories	(24,019)	(10,695)
Increase (decrease) in notes, accounts payable and accrued expenses	(15,727)	(20,156)
Increase (decrease) in amounts received for uncompleted construction contracts	(4,256)	2,123
Increase (decrease) in deposits	(4,102)	(150)
Other, net	(6,051)	10,152
Subtotal	(5,898)	22,011
Interest and dividends received	352	1,035
Interest paid	(588)	(746)
Income taxes paid	(4,442)	(17,167)
Net cash provided by (used in) operating activities	(10,576)	5,133
Cash flows from investing activities		
Proceeds from redemption of securities	2,155	-
Purchase of property, equipment and intangible assets	(6,285)	(12,843)
Proceeds from sale of property, equipment and intangible assets	1	11
Payment for purchase of investment securities	(3,039)	(795)
Proceeds from sale of investment securities	2	158
Payment for loans receivable	(1,928)	(4,931)
Collection of loans receivable	1,715	4,360
Payment for lease deposits	(504)	(578)
Collection of lease deposit	470	643
Other, net	39	81
Net cash provided by (used in) investing activities	(7,373)	(13,895)

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from financing activities		
Increase in long-term debt	60,000	50,000
Repayments of long-term debt	(686)	(4,457)
Bonds issuance	40,000	-
Redemption of bonds	(10,000)	-
Purchase of treasury stock	(7,407)	(3,084)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(286)	-
Incidental expenses for loan	(1,295)	(1,279)
Cash dividends paid	(14,803)	(9,786)
Other, net	(375)	(270)
Net cash provided by (used in) financing activities	65,147	31,124
Effect of exchange rate change on cash and cash equivalents	(13)	481
Net increase (decrease) in cash and cash equivalents	47,186	22,842
Cash and cash equivalents at beginning of period	151,754	214,299
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	7
Cash and cash equivalents at end of period	198,940	237,148

Segment information

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

For the six months ended September 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	272,550	19,312	77,967	82	369,912	—	369,912
Inter-segment sales and transfer	28,590	229	2,626	—	31,445	(31,445)	—
Total	301,140	19,542	80,593	82	401,357	(31,445)	369,912
Segment income(loss)	32,241	3,167	(137)	(638)	34,633	(3,694)	30,940

Note 1 : Adjustment and eliminations for segment income include (1,866) million yen of elimination of inter-segment transactions and (1,828) 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 six months ended September 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	276,718	47,364	90,738	5	414,824	—	414,824
Inter-segment sales and transfer	14,138	496	4,290	—	18,923	(18,923)	—
Total	290,856	47,860	95,027	5	433,748	(18,923)	414,824
Segment income(loss)	31,774	7,606	4,505	(926)	42,958	(1,535)	41,424

Note 1 : Adjustment and eliminations for segment income include 432 million yen of elimination of inter-segment transactions and (1,966) 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 six months ended September 30, 2021	141,364	(13.9)
For the six months ended September 30, 2020	164,206	(11.9)

* % indicates changes from the previous corresponding period.

Breakdown of orders Received

[Millions of Yen]

	For the six months ended September 30, 2020		For the six months ended September 30, 2021		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Private-sector condominiums	128,972	(82.4%)	124,624	(93.3%)	(4,348)	(3.4%)
Rental condominiums, Company housing, etc.	776	(0.5%)	2,906	(2.2%)	2,130	274.5%
Residence Total	129,748	(82.9%)	127,530	(95.5%)	(2,218)	(1.7%)
Non-Residence	22,092	(14.1%)	146	(0.1%)	(21,946)	(99.3%)
Others	4,764	(3.0%)	5,887	(4.4%)	1,123	23.6%
Construction Total	156,604	95.4%	133,564	94.5%	(23,040)	(14.7%)
Consulting Contracts	1,853	1.1%	2,688	1.9%	835	45.1%
Construction business	158,457	96.5%	136,251	96.4%	(22,205)	(14.0%)
Design and Supervision	5,749	3.5%	5,112	3.6%	(637)	(11.1%)
Orders Total	164,206	100.0%	141,364	100.0%	(22,843)	(13.9%)

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

(2) Non-consolidated Orders received forecast

	Annual	
	Millions of Yen	%
March 2022 forecast	470,000	9.2
March 2021 result	430,310	(8.8)

* % indicates changes from the previous corresponding period.

Qualitative information of Orders Received result and forecast

Construction total were 133.6 billion yen, decreased by 23.0 billion yen y/y and Orders received were 141.4 billion yen, decreased by 22.8 billion yen y/y. A progress rate against the annual forecast of 470 billion yen was 30.1%, but we haven't revised the annual forecast.