Note: This document is a translation of the Japanese original. The Japanese original has been disclosed in Japan in accordance with Japanese accounting standards and the Financial Instruments and Exchange Act. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this document. In the case that there is any discrepancy between the Japanese original and this document, the Japanese original is assumed to be correct.

Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

August 8, 2024

Company name: HASEKO Corporation
Stock exchange listing: Tokyo Stock Exchange, Prime section
Code number: 1808
URL: https://www.haseko.co.jp/hc/english/

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 01, 2024 to June 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2024	284,774	7.9	13,262	(41.2)	15,493	(31.8)	10,843	(27.7)
June 30, 2023	263,919	12.7	22,573	13.1	22,730	13.7	14,995	12.6

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 15,110 million [(17.9)%]
Three months ended June 30, 2023: ¥ 18,398 million [5.8 %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	39.73	-
June 30, 2023	54.99	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
June 30, 2024	1,219,406	514,140	42.2
March 31, 2024	1,351,231	511,246	37.8

(Reference) Equity: As of June 30, 2024: ¥ 514,140 Million
As of March 31, 2024: ¥ 511,246 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, 2024	-	40.00	-	45.00	85.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		40.00	-	45.00	85.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 01, 2024 to March 31, 2025)

(% 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
Six months ended September 30, 2024	530,000	1.3	29,000	(33.0)	30,000	(30.7)	20,000	(30.3)	73.27
Full year	1,180,000	7.8	82,000	(4.4)	80,000	(4.0)	53,000	(5.4)	194.16

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: 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 shares)

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

June 30, 2024:	300,794,397	Shares
March 31, 2024:	300,794,397	Shares

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

June 30, 2024:	27,819,587	shares
March 31, 2024:	28,009,610	shares

3) Average number of shares during the period:

Three months ended June 30, 2024:	272,924,723	shares
Three months ended June 30, 2023:	272,684,841	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.

*** Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No**

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. Overview of Financial Results, etc. (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.Overview of Financial Results, etc.

(1) Overview of Financial Results for this period

For the three months ended on June 30, 2024, since increases in a volume of condominiums construction work, net sales were 284.8 billion yen, up by 7.9% compared with the same period of the previous fiscal year. However, since the gross profit margin of completed construction contracts declined and the effects of the reactionary decline of real estate sales whose high profit margin in the same period of the previous fiscal year, operating profit was 13.3 billion yen, down by 41.2% compared with the same period of the previous fiscal year, ordinary profit was 15.5 billion yen, down by 31.8% compared with the same period of the previous fiscal year, and profit attributable to owners of parents was 10.8 billion yen, down by 27.7% 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	211.7	(+8.7)	37.9	(+9.8)	56.5	(-4.2)	0.4	(+0.4)
Segment profit	11.3	(-5.3)	4.5	(-1.9)	1.3	(-1.6)	-1.7	(-0.8)

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 17 projects in total throughout Japan consisting of 14 in the Tokyo metropolitan area including 6 large projects of at least 200 units and 3 in the Kinki and Tokai areas. In addition, aside from construction of for-sale condominiums, the Company received orders for 2 projects for rental housing.

As for construction completion, the Company completed construction of 17 projects including 4 projects for logistics facilities, etc.

The segment posted sales of 211.7 billion yen, up by 4.3% compared with the same period of the previous fiscal year because increases in a volume of condominiums construction work by the Company, and operating profit was 11.3 billion yen, down by 32.2% compared with the same period of the previous fiscal year because the gross profit margin of completed construction contracts declined, among other factors.

(Real estate-related Business)

The segment posted sales of 37.9 billion yen, up by 34.7% compared with the same period of the previous fiscal year because of an increase in a transaction volume of real estate by the Company, but operating profit of 4.5 billion yen, down by 29.4% compared with the same period of the previous fiscal year because of the effects of the reactionary decline of real estate sales whose high profit margin in the same period of the previous fiscal year.

(Service-related Business)

The volume of construction work in common areas and exclusive areas in for-sale condominium management operations increased, but the number of units to be delivered in consigned sales of newly built condominiums and the volume of real estate sales for businesses in the real estate brokerage business decreased.

The segment posted sales of 56.5 billion yen, down by 6.9% compared with the same period of the previous fiscal year, and operating profit of 1.3 billion yen, down by 55.0% compared with the same period of the previous fiscal 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 0.4 billion yen (the sales of 0.0 billion yen in the same period of the previous fiscal year) and operating loss of 1.7 billion yen (the operating loss of 0.9 billion yen in the same period of the previous fiscal year). While the number of visitors to our commercial facilities has been steadily increasing, we continue to reduce costs and strive to recover revenue.

(2) Overview of Financial Position for this period

Total assets as of June 30, 2024, a decreased of 131.8 billion yen from the end of the previous fiscal year to 1,219.4 billion yen. This is mainly due to a decrease in cash and deposits accompany with payment of income taxes and dividends.

Total liabilities were 705.3 billion yen, a decrease of 134.7 billion yen from the end of the previous fiscal year. This is mainly due to decreases in accounts payable and income taxes payable.

Net assets were 514.1 billion yen, an increase of 2.9 billion yen from the end of the previous fiscal year. This is mainly due to an increase in foreign currency translation adjustment.

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

There is no change in the forecast announced on May 10th, 2024.

2.Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	284,129	164,201
Notes receivable, accounts receivable from completed construction contracts and other	148,526	130,590
Securities	2,255	1,663
Costs on construction contracts in progress	12,733	15,387
Real estate for sale	266,332	220,816
Costs on real estate business	253,423	286,496
Real estate for development	33,056	35,879
Other	21,367	27,504
Allowance for doubtful accounts	(121)	(130)
Total current assets	1,021,700	882,405
Non-current assets		
Property, plant and equipment		
Buildings and structures	95,784	97,134
Machinery, vehicles, tools, furniture and fixtures	13,191	13,556
Land	91,774	91,799
Leased assets	1,062	1,134
Construction in progress	8,251	10,585
Other	130	133
Accumulated depreciation	(34,566)	(35,744)
Total property, plant and equipment	175,625	178,596
Intangible assets		
Leasehold interests in land	1,895	1,895
Goodwill	1,981	1,930
Other	7,160	7,316
Total intangible assets	11,036	11,141
Investments and other assets		
Investment securities	91,444	95,019
Long-term loans receivable	3,551	4,562
Retirement benefit asset	29,362	29,812
Deferred tax assets	5,545	4,966
Other	13,925	13,859
Allowance for doubtful accounts	(958)	(956)
Total investments and other assets	142,870	147,262
Total non-current assets	329,531	337,000
Total assets	1,351,231	1,219,406

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	100,694	89,108
Electronically recorded obligations - operating	73,193	40,856
Current portion of long-term borrowings	10,000	10,000
Income taxes payable	15,853	2,986
Advances received on construction contracts in progress	47,167	41,736
Deposits received - real estate business	41,765	23,704
Provision for warranties for completed construction	4,861	4,716
Provision for loss on construction contracts	687	495
Provision for bonuses	6,019	3,122
Provision for bonuses for directors (and other officers)	208	-
Other	93,936	52,257
Total current liabilities	394,383	268,981
Non-current liabilities		
Bonds payable	120,000	120,000
Long-term borrowings	285,000	275,000
Provision for loss on litigation	2,990	3,205
Provision for share awards	4,427	4,360
Provision for share awards for directors (and other officers)	481	477
Retirement benefit liability	1,777	1,834
Deferred tax liabilities	11	11
Other	30,916	31,398
Total non-current liabilities	445,601	436,284
Total liabilities	839,985	705,266
Net assets		
Shareholders' equity		
Share capital	57,500	57,500
Capital surplus	7,373	7,373
Retained earnings	461,707	460,057
Treasury shares	(37,233)	(36,958)
Total shareholders' equity	489,347	487,973
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,452	7,577
Foreign currency translation adjustment	11,101	18,168
Remeasurements of defined benefit plans	345	422
Total accumulated other comprehensive income	21,899	26,167
Total net assets	511,246	514,140
Total liabilities and net assets	1,351,231	1,219,406

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales		
Net sales of completed construction contracts	127,367	139,658
Net sales of design and supervision	1,055	1,913
Net sales of leasing and management	22,201	23,154
Real estate sales	108,679	115,033
Other operating revenue	4,616	5,016
Total net sales	263,919	284,774
Cost of sales		
Cost of sales of completed construction contracts	108,044	122,378
Cost of design and supervision	525	945
Cost of leasing and management	17,161	17,930
Cost of sales - real estate	93,642	106,694
Other business expenses	3,857	4,094
Total cost of sales	223,230	252,040
Gross profit		
Gross profit on completed construction contracts	19,323	17,280
Gross profit-design and supervision	530	968
Gross profit-leasing and management	5,040	5,224
Gross profit - real estate sales	15,037	8,339
Gross profit - other business	760	922
Total gross profit	40,689	32,733
Selling, general and administrative expenses	18,117	19,471
Operating profit	22,573	13,262
Non-operating income		
Interest income	62	64
Dividend income	238	2,563
Other	556	625
Total non-operating income	857	3,252
Non-operating expenses		
Interest expenses	593	850
Share of loss of entities accounted for using equity method	24	109
Other	83	62
Total non-operating expenses	699	1,021
Ordinary profit	22,730	15,493

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Extraordinary income		
Gain on sale of non-current assets	0	11
National subsidies	-	7
Other	-	0
Total extraordinary income	0	18
Extraordinary losses		
Loss on disposal of non-current assets	3	5
Impairment losses	-	3
Loss on tax purpose reduction entry of non-current assets	-	7
Total extraordinary losses	3	14
Profit before income taxes	22,727	15,497
Income taxes - current	5,630	2,860
Income taxes - deferred	2,103	1,794
Total income taxes	7,733	4,654
Profit	14,994	10,843
Loss attributable to non-controlling interests	(0)	-
Profit attributable to owners of parent	14,995	10,843

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

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	14,994	10,843
Other comprehensive income		
Valuation difference on available-for-sale securities	2,545	(2,875)
Foreign currency translation adjustment	622	7,066
Remeasurements of defined benefit plans, net of tax	237	76
Total other comprehensive income	3,404	4,268
Comprehensive income	18,398	15,110
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,399	15,110
Comprehensive income attributable to non-controlling interests	(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.

(Notes to Changes in Accounting Policies)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first quarter ended June 30, 2024. Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan). These changes to our accounting policy do not affect our quarterly consolidated financial statements.

Also, for the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter ended June 30, 2024. This change in accounting policies was applied retrospectively. Hence, the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year have been modified retrospectively. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year.

(Notes on Segment information)

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

For the three months ended June 30,2023 (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	177,614	27,977	58,299	29	263,919	—	263,919
Inter-segment sales and transfer	25,364	123	2,384	—	27,871	(27,871)	—
Total	202,977	28,100	60,684	29	291,790	(27,871)	263,919
Segment profit(loss)	16,621	6,402	2,853	(917)	24,959	(2,386)	22,573

Note 1 : Adjustment and eliminations for segment profit include (1,210) million yen of elimination of inter-segment transactions and (1,177) 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 profit(loss) has been adjusted with operating profit in the consolidated statement of income.

For the three months ended June 30,2024 (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	192,040	37,744	54,587	403	284,774	—	284,774
Inter-segment sales and transfer	19,626	107	1,908	—	21,641	(21,641)	—
Total	211,666	37,852	56,494	403	306,414	(21,641)	284,774
Segment profit(loss)	11,274	4,518	1,283	(1,738)	15,337	(2,075)	13,262

Note 1 : Adjustment and eliminations for segment profit include (1,019) million yen of elimination of inter-segment transactions and (1,055) 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 profit(loss) has been adjusted with operating profit in the consolidated statement of income.

(Notes on quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the current quarterly consolidated accounting period have not been prepared.

Depreciation expenses (including amortization expenses pertaining to intangible assets excluding goodwill) and amortization expenses of goodwill pertaining to the quarterly consolidated period under review are as follows.

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	1,716 million yen	1,963 million yen
Amortization of goodwill	51 million yen	51 million yen

3.Non-consolidated Orders received

(1) Non-consolidated Orders received

	Orders	
	Millions of Yen	%
For the three months ended June 30, 2024	119,423	7.4
For the three months ended June 30, 2023	111,210	94.4

* % indicates changes from the previous corresponding period.

Breakdown of orders Received 〔Millions of Yen〕

	For the three months ended June 30, 2023		**For the three months ended June 30, 2024**		Increase (decrease)	
	Amount	%	**Amount**	**%**	Amount	%
Private-sector condominiums	81,873	(77.4%)	**105,357**	**(91.6%)**	23,484	28.7%
Rental condominiums, Company housing, etc.	16,953	(16.1%)	**6,820**	**(5.9%)**	(10,133)	(59.8%)
Residence Total	98,826	(93.5%)	**112,177**	**(97.5%)**	13,351	13.5%
Non-Residence	2,456	(2.3%)	**11**	**(0.0%)**	(2,445)	(99.6%)
Others	4,468	(4.2%)	**2,864**	**(2.5%)**	(1,604)	(35.9%)
Construction Total	105,750	95.1%	**115,051**	**96.3%**	9,302	8.8%
Consulting Contracts	1,879	1.7%	**1,403**	**1.2%**	(476)	(25.3%)
Construction business	107,629	96.8%	**116,455**	**97.5%**	8,826	8.2%
Design and Supervision	3,581	3.2%	**2,968**	**2.5%**	(613)	(17.1%)
Orders Total	111,210	100.0%	**119,423**	**100.0%**	8,213	7.4%

* 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 2025 forecast	240,000	17.9	580,000	8.0
March 2024 result	203,572	25.3	536,942	11.6

* % indicates changes from the previous corresponding period.

Qualitative information of Orders Received result and forecast

Construction total were 115.1 billion yen, increased by 9.3 billion yen y/y and Orders received were 119.4 billion yen, increased by 8.2 billion yen y/y. A progress rate against the interim forecast of 240 billion yen was 49.8% and the progress was as expected.

We haven't revised the interim and annual forecast.