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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



August 10, 2023

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1805
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 Scheduled date of filing quarterly securities report: August 10, 2023
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	33,726	13.8	1,155	(7.6)	1,125	(14.6)	752	(13.9)
June 30, 2022	29,635	5.7	1,250	33.9	1,316	49.8	873	27.3

(Note) Comprehensive income: Three months ended June 30, 2023: ¥937 million [9.1%]
 Three months ended June 30, 2022: ¥859 million [24.2%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	39.33		–	
June 30, 2022	45.68		–	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	116,001	45,513	39.2
As of March 31, 2023	128,055	45,730	35.7

(Reference) Equity: As of June 30, 2023: ¥45,502 million
 As of March 31, 2023: ¥45,719 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	—	—	—	60.00	60.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		—	—	60.00	60.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	136,000	8.0	5,100	23.0	4,300	16.9	2,700	(11.1)	141.08

(Note) Revision to the financial results forecast announced most recently: None

Reference: Summary of Non-consolidated Financial Results

(Amounts of less than one million yen are rounded down.)

1. Non-consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2023	27,733	5.4	797	(17.8)	822	(23.2)	601	(15.6)
June 30, 2022	26,319	7.2	970	58.7	1,071	88.4	712	95.9

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	31.44	—
June 30, 2022	37.27	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	103,740	43,018	41.5
As of March 31, 2023	114,526	43,383	37.9

(Reference) Equity: As of June 30, 2023: ¥43,018 million

As of March 31, 2023: ¥43,383 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	119,000	5.1	4,100	24.4	3,700	20.9	2,400	(10.8)	125.41

(Note) Revision to the financial results forecast announced most recently: None

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2023, the Japanese economy saw positive signs with further normalization of socioeconomic activities following the reclassification of COVID-19 to Class 5, along with factors such as a recovery in inbound demand; however, conditions were buffeted by continued global price increases driven by the prolonged situation in Ukraine, leading to ongoing uncertainty. The domestic construction market continued to face difficult conditions due to persistently high prices of materials and equipment, although there were signs of a recovery in capital investment.

Under these circumstances, for the three months ended June 30, 2023, net sales were ¥33.7 billion (up 13.8% year on year), operating profit was ¥1.1 billion (down 7.6% year on year), ordinary profit was ¥1.1 billion (down 14.6% year on year), and profit attributable to owners of parent was ¥0.7 billion (down 13.9% year on year).

The Group's net sales tend to be concentrated in the second half of the fiscal year, especially in the fourth quarter, and thus there are seasonal fluctuations in its business performance.

(2) Explanation of Financial Position

As for the financial position as of June 30, 2023, assets decreased by ¥12.0 billion from the end of the previous fiscal year, mainly due to decreases in cash and deposits, notes receivable, accounts receivable from completed construction contracts and other, costs on development business and other in progress, and other under current assets. Liabilities decreased by ¥11.8 billion, mainly due to decreases in notes payable, accounts payable for construction contracts and other, advances received on construction contracts in progress, deposits received, other under current liabilities, and long-term borrowings. Net assets decreased by ¥0.2 billion, mainly due to the posting of profit attributable to owners of parent and the payment of cash dividends for the fiscal year ended March 31, 2023. Accordingly, total assets amounted to ¥116.0 billion.

Equity ratio was 39.2%, up 3.5 percentage points from the end of the previous fiscal year.

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

There is no change to the full-year financial results forecasts for the fiscal year ending March 31, 2024 as the Company believes that they are within the range of the forecasts announced on May 15, 2023.

If the need for revision arises in the future, we will disclose it in a timely and appropriate manner.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	20,323	14,871
Notes receivable, accounts receivable from completed construction contracts and other	60,240	57,607
Costs on construction contracts in progress	2,297	1,807
Costs on development business and other in progress	9,452	7,894
Other	8,302	6,374
Total current assets	100,615	88,556
Non-current assets		
Property, plant and equipment	18,138	17,800
Intangible assets	949	981
Investments and other assets		
Other	8,553	8,864
Allowance for doubtful accounts	(200)	(200)
Total investments and other assets	8,352	8,663
Total non-current assets	27,440	27,445
Total assets	128,055	116,001

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	27,176	24,943
Short-term borrowings	11,270	11,494
Advances received on construction contracts in progress	8,797	5,773
Deposits received	21,427	18,615
Provision for warranties for completed construction	518	523
Provision for loss on construction contracts	598	498
Other	4,407	1,648
Total current liabilities	74,195	63,497
Non-current liabilities		
Long-term borrowings	7,373	5,860
Provision for share awards for directors (and other officers)	60	51
Provision for retirement benefits for directors (and other officers)	7	8
Retirement benefit liability	50	52
Other	637	1,017
Total non-current liabilities	8,129	6,990
Total liabilities	82,325	70,488
Net assets		
Shareholders' equity		
Share capital	5,519	5,519
Capital surplus	6,236	6,236
Retained earnings	33,698	33,296
Treasury shares	(575)	(576)
Total shareholders' equity	44,878	44,476
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	644	834
Foreign currency translation adjustment	20	22
Remeasurements of defined benefit plans	176	169
Total accumulated other comprehensive income	841	1,026
Non-controlling interests	10	10
Total net assets	45,730	45,513
Total liabilities and net assets	128,055	116,001

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales		
Net sales of completed construction contracts	27,326	28,893
Net sales in development business and other	2,309	4,833
Total net sales	29,635	33,726
Cost of sales		
Cost of sales of completed construction contracts	24,189	26,033
Cost of sales in development business and other	1,944	4,149
Total cost of sales	26,133	30,182
Gross profit		
Gross profit on completed construction contracts	3,136	2,860
Gross profit on development business and other	365	684
Total gross profit	3,502	3,544
Selling, general and administrative expenses	2,251	2,388
Operating profit	1,250	1,155
Non-operating income		
Foreign exchange gains	120	91
Other	40	29
Total non-operating income	161	121
Non-operating expenses		
Interest expenses	36	48
Compensation for damage	–	43
Share of loss of entities accounted for using equity method	24	33
Other	33	24
Total non-operating expenses	94	151
Ordinary profit	1,316	1,125
Extraordinary income		
Gain on sale of non-current assets	4	204
Other	0	–
Total extraordinary income	4	204
Extraordinary losses		
Loss on retirement of non-current assets	0	11
Loss on valuation of investment securities	–	14
Total extraordinary losses	0	26
Profit before income taxes	1,321	1,303
Income taxes - current	225	244
Income taxes - deferred	221	306
Total income taxes	447	551
Profit	873	752
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	873	752

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	873	752
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	190
Foreign currency translation adjustment	5	1
Remeasurements of defined benefit plans, net of tax	(18)	(7)
Total other comprehensive income	(14)	185
Comprehensive income	859	937
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	859	937
Comprehensive income attributable to non-controlling interests	0	0

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

3. Supplementary Information

(1) Non-consolidated Orders Received

(Millions of yen)

Category			For the three months ended June 30, 2022	For the three months ended June 30, 2023	Changes	Percentage changes
Construction Business	Civil Engineering	Domestic public sector	2,974 [16.5%]	17,906 [63.5%]	14,931	502.0%
		Domestic private sector	4,544 [25.3%]	1,777 [6.3%]	(2,766)	(60.9)%
		Overseas	517 [2.9%]	556 [2.0%]	39	7.7%
		Total	8,035 [44.7%]	20,241 [71.8%]	12,205	151.9%
	Building Construction	Domestic public sector	206 [1.2%]	274 [1.0%]	67	32.9%
		Domestic private sector	9,133 [50.7%]	4,980 [17.7%]	(4,153)	(45.5)%
		Overseas	343 [1.9%]	2,430 [8.6%]	2,087	607.4%
		Total	9,683 [53.8%]	7,685 [27.3%]	(1,997)	(20.6)%
	Total	Domestic public sector	3,180 [17.7%]	18,180 [64.5%]	14,999	471.6%
		Domestic private sector	13,677 [76.0%]	6,758 [24.0%]	(6,919)	(50.6)%
		Overseas	860 [4.8%]	2,987 [10.6%]	2,126	247.1%
		Total	17,719 [98.5%]	27,926 [99.1%]	10,207	57.6%
Development Business, etc.			271 [1.5%]	261 [0.9%]	(9)	(3.7)%
Total			17,990 [100.0%]	28,188 [100.0%]	10,197	56.7%

(Note) Percentages in square brackets indicate composition ratios.

(2) Non-consolidated Orders Forecast

(Millions of yen)

Category		Fiscal year ended March 31, 2023 Full-year Results	Fiscal year ending March 31, 2024 Full-year Forecasts	Changes	Percentage changes
Construction Business	Civil Engineering	56,599	60,000	3,400	6.0%
	Building Construction	46,760	50,000	3,239	6.9%
	Total	103,360	110,000	6,639	6.4%
Development Business, etc.		1,053	1,000	(53)	(5.1)%
Total		104,414	111,000	6,585	6.3%

[Qualitative Information on Non-consolidated Orders Received and Non-consolidated Orders Forecast]

As for the non-consolidated orders received for the three months ended June 30, 2023, the Civil Engineering Business was ¥20.2 billion, up 151.9% year on year, and the Building Construction Business was ¥7.6 billion, down 20.6% year on year.

The full-year non-consolidated orders forecast remains unchanged from the beginning of the fiscal year, after careful consideration of the actual results for the three months ended June 30, 2023 and the future project situation.