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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]



November 13, 2024

Company name: TOBISHIMA HOLDINGS Inc. (for Tobishima Corporation)

Stock exchange listing: Tokyo Stock Exchange

Code number: 256A

URL: <https://www.tobishimahd.co.jp/>

Representative: Mitsuhiro Takahashi, President and Representative Director

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Scheduled date to file semi-annual securities report: –

Scheduled date to commence dividend payments: –

Availability of supplementary explanatory materials on financial results: Available

Schedule of financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 - September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	63,090	3.0	2,027	42.3	1,803	49.1	1,080	15.6
September 30, 2023	61,276	4.3	1,424	(2.8)	1,209	(11.8)	935	13.4

(Note) Comprehensive income: Six months ended September 30, 2024: ¥874 million [(25.9)%]

Six months ended September 30, 2023: ¥1,180 million [33.8%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	56.46	—
September 30, 2023	48.87	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	144,152	48,444	33.5
As of March 31, 2024	150,869	48,803	32.3

(Reference) Equity: As of September 30, 2024: ¥48,334 million

As of March 31, 2024: ¥48,787 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen —	Yen —	Yen —	Yen 70.00	Yen 70.00
Fiscal year ending March 31, 2025	—	—			
Fiscal year ending March 31, 2025 (Forecast)			—	90.00	90.00

(Notes) 1. Revision to the forecast for dividends announced most recently: None

2. The forecast of dividends at the year-end of the fiscal year ending March 31, 2025 is the forecast of TOBISHIMA HOLDINGS Inc.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
Full year	135,000	—	5,500	—	4,900	—	3,100	161.91

(Notes) 1. Revision to the financial results forecast announced most recently: None

2. The above is the consolidated financial results forecast for the fiscal year ending March 31, 2025 (April 1, 2024 - March 31, 2025) of TOBISHIMA HOLDINGS Inc.

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – (), Excluded: – ()

(2) Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements: None

(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: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

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

September 30, 2024: 19,225,868 shares

March 31, 2024: 19,310,436 shares

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

September 30, 2024: 75,900 shares

March 31, 2024: 171,520 shares

3) Average number of shares during the period:

Six months ended September 30, 2024: 19,143,785 shares

Six months ended September 30, 2023: 19,134,953 shares

Note: The number of treasury shares at the end of the period and the number of treasury shares deducted in the calculation of the average number of shares during the six months ended September 30, 2024 include the Company's shares held by the Board Benefit Trust (BBT).

* These semi-annual consolidated financial results are outside the scope of review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company as of the date of publication of this document. Actual results may differ from these forecasts due to a wide range of factors. For assumptions underlying the financial results forecast and precautions regarding their use, please refer to "(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" in "1. Overview of Operating Results, etc." on page 3 of the Attachment.

* Filing of semi-annual securities report

As Tobishima Corporation was delisted on September 27, 2024, it is not scheduled to file semi-annual securities report. Accordingly, the scheduled date of filing is not stated.

Reference: Summary of Non-consolidated Financial Results

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

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 - September 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	59,220	10.2	2,057	71.2	1,961	79.5	1,262	36.4
September 30, 2023	53,736	0.4	1,202	(5.1)	1,093	(12.1)	925	22.3

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	65.93	—
September 30, 2023	48.37	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	125,301	45,289	36.1
As of March 31, 2024	133,161	45,538	34.2

(Reference) Equity: As of September 30, 2024: ¥45,289 million

As of March 31, 2024: ¥45,538 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% 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
	116,000	0.2	4,200	(0.9)	3,900	(2.2)	2,500	(16.2)	130.57

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

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Six Months Ended September 30, 2024

During the six months ended September 30, 2024, the Japanese economy was on a moderate recovery trend with improvements in employment and income environments and an increase in inbound demand, among other factors; however, conditions remained uncertain, mainly due to unstable international circumstances and surging global resource and energy prices. The domestic construction market requires continued careful observation due to persistently high prices of labor, materials and equipment, although public investment has remained strong and private capital investment has also shown signs of recovery.

Under these circumstances, for the six months ended September 30, 2024, net sales were ¥63.0 billion (up 3.0% year on year), operating profit was ¥2.0 billion (up 42.3% year on year), ordinary profit was ¥1.8 billion (up 49.1% year on year), and profit attributable to owners of parent was ¥1.0 billion (up 15.6% 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.

Business results of each reportable segment are as follows.

(Civil Engineering Business)

In the Civil Engineering Business, net sales of completed construction contracts were ¥34.9 billion (up 15.9% year on year) and segment income was ¥2.5 billion (up 19.1% year on year), owing mainly to steady progress made on construction projects.

(Building Construction Business)

In the Building Construction Business, net sales of completed construction contracts were ¥26.3 billion (up 3.4% year on year) and segment income was ¥1.1 billion (up 78.6% year on year), owing mainly to steady progress made on construction projects.

(Development Business, etc.)

In the Development Business, etc., net sales in development business and other were ¥1.8 billion (down 67.9% year on year) and segment income was ¥35 million (down 89.3% year on year), owing mainly to differences in the timing of the property sale by a consolidated subsidiary engaged in the real estate business.

Note: For the above figures by reportable segment, net sales represent "Sales to third parties," while adjustments have been made between segment income and operating profit in the semi-annual consolidated statements of income.

(2) Overview of Financial Position for the Six Months Ended September 30, 2024

As for the financial position as of September 30, 2024, assets decreased by ¥6.7 billion from the end of the previous fiscal year to ¥144.1 billion, mainly due to an increase of ¥3.6 billion in notes receivable, accounts receivable from completed construction contracts and other, primarily attributable to an increase in advance payments of construction costs, an increase of ¥1.9 billion in costs on development business and other in progress, primarily attributable to a rise in real estate development in progress by a consolidated subsidiary, a decrease in cash and deposits of ¥9.6 billion, primarily attributable to repayments of borrowings, and a decrease of ¥3.1 billion in other current assets, primarily attributable to the reimbursement of a consumption taxes refund receivable posted in the previous year.

Liabilities decreased by ¥6.3 billion from the end of the previous fiscal year to ¥95.7 billion, mainly due to an increase of ¥1.2 billion in advances received on construction contracts in progress, a decrease of ¥2.0 billion in notes payable, accounts payable for construction contracts and other, a decrease of ¥2.8 billion in deposits received, primarily attributable to the allocation of joint venture construction costs to other companies, and a decrease of ¥2.3 billion in borrowings.

Net assets decreased by ¥0.3 billion from the end of the previous fiscal year to ¥48.4 billion, mainly due to the cancellation of treasury shares of ¥0.4 billion, the posting of profit attributable to owners of parent of ¥1.0 billion, and the payment of cash dividends for the fiscal year ended March 31, 2024 of ¥1.3 billion.

Equity ratio was 33.5%, up 1.2 percentage points from the end of the previous fiscal year.

Going forward, the Company will accelerate the promotion of strategies designed to expand the future revenue base by investing in new and existing businesses while at the same time increasing equity.

Cash and cash equivalents (“cash”) as of September 30, 2024 decreased by ¥9.6 billion from the end of the previous fiscal year to ¥13.9 billion.

(Cash flows from operating activities)

Net cash used by operating activities in the six months ended September 30, 2024 was ¥5.5 billion (net cash of ¥17.6 billion used in the same period of the previous fiscal year) due to cash decreasing factors, such as an increase in trade receivables of ¥3.3 billion (an increase of ¥4.6 billion in the same period of the previous fiscal year), primarily attributable to an increase in advance payments of construction costs, an increase in costs on development business and other in progress of ¥1.9 billion (a decrease of ¥0.2 billion in the same period of the previous fiscal year), primarily attributable to a rise in real estate development in progress by a consolidated subsidiary, a decrease in trade payables of ¥2.3 billion (a decrease of ¥3.2 billion in the same period of the previous fiscal year), and a decrease in deposits received of ¥2.8 billion (a decrease of ¥4.8 billion in the same period of the previous fiscal year), primarily attributable to the allocation of joint venture construction costs to other companies, despite cash increasing factors, including the posting of profit before income taxes of ¥1.7 billion (¥1.3 billion in the same period of the previous fiscal year) and a decrease in consumption taxes refund receivable of ¥2.9 billion (an increase of ¥1.9 billion in the same period of the previous fiscal year).

(Cash flows from investing activities)

Net cash used by investing activities in the six months ended September 30, 2024 was ¥0.4 billion (net cash of ¥64 million used in the same period of the previous fiscal year) mainly due to purchase of property, plant and equipment of ¥0.2 billion (¥0.2 billion in the same period of the previous fiscal year).

(Cash flows from financing activities)

Net cash used by financing activities in the six months ended September 30, 2024 amounted to ¥3.6 billion (net cash of ¥12.8 billion provided in the same period of the previous fiscal year) mainly due to net decrease in short-term borrowings of ¥2.9 billion (net increase of ¥13.9 billion in the same period of the previous fiscal year), primarily attributable to repayments of funds borrowed for seasonal working capital, proceeds from long-term borrowings of ¥1.4 billion (¥11.7 billion in the same period of the previous fiscal year), and dividends paid of ¥1.3 billion (¥1.1 billion in the same period of the previous fiscal year).

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

For consolidated financial results forecast for TOBISHIMA HOLDINGS Inc. for the fiscal year ending March 31, 2025, please refer to the Notice on Forecasts of Consolidated Financial Results and Dividends for the Fiscal Year Ending March 31, 2025, which was released on October 1, 2024..

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

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	24,074	14,389
Notes receivable, accounts receivable from completed construction contracts and other	76,324	79,950
Real estate for sale	615	137
Costs on construction contracts in progress	1,589	2,506
Costs on development business and other in progress	8,805	10,780
Other	9,827	6,685
Total current assets	121,237	114,449
Non-current assets		
Property, plant and equipment	18,294	18,342
Intangible assets	1,465	1,440
Investments and other assets		
Other	10,072	10,074
Allowance for doubtful accounts	(200)	(200)
Total investments and other assets	9,871	9,873
Total non-current assets	29,631	29,655
Deferred assets	—	47
Total assets	150,869	144,152

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	28,592	26,547
Short-term borrowings	18,359	16,879
Advances received on construction contracts in progress	8,476	9,767
Deposits received	25,097	22,266
Provision for warranties for completed construction	208	220
Provision for loss on construction contracts	191	159
Other	2,911	2,464
Total current liabilities	83,838	78,306
Non-current liabilities		
Long-term borrowings	16,487	15,655
Provision for share awards for directors (and other officers)	67	54
Provision for retirement benefits for directors (and other officers)	194	204
Retirement benefit liability	57	62
Other	1,420	1,425
Total non-current liabilities	18,228	17,401
Total liabilities	102,066	95,708
Net assets		
Shareholders' equity		
Share capital	5,519	5,519
Capital surplus	6,235	5,764
Retained earnings	35,948	35,683
Treasury shares	(567)	(84)
Total shareholders' equity	47,135	46,882
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	976	794
Foreign currency translation adjustment	28	39
Remeasurements of defined benefit plans	646	617
Total accumulated other comprehensive income	1,651	1,451
Non-controlling interests	15	109
Total net assets	48,803	48,444
Total liabilities and net assets	150,869	144,152

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales		
Net sales of completed construction contracts	55,614	61,269
Net sales in development business and other	5,662	1,820
Total net sales	61,276	63,090
Cost of sales		
Cost of sales of completed construction contracts	50,271	55,226
Cost of sales in development business and other	4,794	1,386
Total cost of sales	55,066	56,612
Gross profit		
Gross profit on completed construction contracts	5,342	6,042
Gross profit on development business and other	867	434
Total gross profit	6,210	6,477
Selling, general and administrative expenses	4,786	4,449
Operating profit	1,424	2,027
Non-operating income		
Gain on investments in investment partnerships	—	68
Foreign exchange gains	110	—
Other	46	46
Total non-operating income	156	114
Non-operating expenses		
Interest expenses	111	169
Other	259	169
Total non-operating expenses	370	338
Ordinary profit	1,209	1,803
Extraordinary income		
Gain on bargain purchase	—	13
Other	204	3
Total extraordinary income	204	16
Extraordinary losses		
Loss on retirement of non-current assets	11	48
Other	14	3
Total extraordinary losses	26	51
Profit before income taxes	1,388	1,768
Income taxes - current	225	603
Income taxes - deferred	227	90
Total income taxes	452	693
Profit	935	1,074
Profit (loss) attributable to non-controlling interests	0	(6)
Profit attributable to owners of parent	935	1,080

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	935	1,074
Other comprehensive income		
Valuation difference on available-for-sale securities	250	(181)
Foreign currency translation adjustment	8	11
Remeasurements of defined benefit plans, net of tax	(14)	(28)
Total other comprehensive income	244	(199)
Comprehensive income	1,180	874
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,178	880
Comprehensive income attributable to non-controlling interests	1	(5)

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,388	1,768
Depreciation	465	644
Amortization of goodwill	43	37
Increase (decrease) in provision for loss on construction contracts	(255)	(31)
Increase (decrease) in retirement benefit liability	3	4
Decrease (increase) in retirement benefit asset	(266)	(293)
Interest and dividend income	(18)	(22)
Interest expenses	111	169
Foreign exchange losses (gains)	(78)	18
Loss (gain) on valuation of investment securities	14	2
Loss (gain) on investments in investment partnerships	0	(68)
Share of loss (profit) of entities accounted for using equity method	62	58
Loss (gain) on sale of property, plant and equipment	(204)	(2)
Decrease (increase) in trade receivables	(4,611)	(3,327)
Decrease (increase) in real estate for sale	1,115	478
Decrease (increase) in costs on construction contracts in progress	(270)	(288)
Decrease (increase) in costs on development business and other in progress	251	(1,974)
Decrease (increase) in consumption taxes refund receivable	(1,975)	2,996
Decrease (increase) in accounts receivable - other	1,386	363
Decrease (increase) in other assets	23	(150)
Increase (decrease) in trade payables	(3,219)	(2,386)
Increase (decrease) in advances received on construction contracts in progress	(4,229)	497
Increase (decrease) in advances received on development business and other in progress	(102)	36
Increase (decrease) in deposits received	(4,852)	(2,832)
Increase (decrease) in accrued consumption taxes	(1,938)	(103)
Increase (decrease) in other liabilities	(65)	(447)
Other, net	21	47
Subtotal	(17,199)	(4,805)
Interest and dividends received	22	22
Interest paid	(106)	(177)
Income taxes paid	(361)	(619)
Net cash provided by (used in) operating activities	(17,645)	(5,579)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(266)	(293)
Proceeds from sale of property, plant and equipment	458	2
Purchase of intangible assets	(194)	(60)
Purchase of investment securities	(2)	(0)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(79)	(60)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	6	—
Proceeds from distributions from investment partnerships	31	82
Loan advances	(7)	(5)
Proceeds from collection of loans receivable	3	2
Other, net	(13)	(109)
Net cash provided by (used in) investing activities	(64)	(441)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	13,990	(2,920)
Proceeds from long-term borrowings	11,780	1,422
Repayments of long-term borrowings	(11,774)	(910)
Dividends paid	(1,153)	(1,345)
Proceeds from share issuance to non-controlling shareholders	—	100
Other, net	(6)	(2)
Net cash provided by (used in) financing activities	12,834	(3,656)
Effect of exchange rate change on cash and cash equivalents	86	(6)
Net increase (decrease) in cash and cash equivalents	(4,788)	(9,685)
Cash and cash equivalents at beginning of period	20,088	23,673
Cash and cash equivalents at end of period	15,300	13,988

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Changes in accounting policies)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27; October 28, 2022), the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25; October 28, 2022), and the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28; October 28, 2022) have been applied since the beginning of the six months ended September 30, 2024. These changes in accounting policies have no impact on the semi-annual consolidated financial statements.

(Notes on segment information, etc.)

[Segment information]

I. Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

1. Information relating to net sales and profit or loss by reportable segment and information on disaggregation of revenue

(Millions of yen)						
	Civil Engineering Business	Building Construction Business	Development Business, etc.	Total	Adjusted amount (Note 1)	Consolidated (Note 2)
Net sales						
Public sector	21,480	5,744	3	27,228	—	27,228
Private sector	8,659	19,729	5,160	33,549	—	33,549
Revenue from contracts with customers	30,140	25,474	5,163	60,777	—	60,777
Other revenue	—	—	499	499	—	499
Sales to third parties	30,140	25,474	5,662	61,276	—	61,276
Intersegment sales and transactions	6	—	118	124	(124)	—
Total	30,146	25,474	5,780	61,401	(124)	61,276
Segment income	2,107	643	333	3,083	(1,659)	1,424

- Notes
- Adjusted amount of ¥(1,659) million under "Segment income" includes ¥0 million in elimination of intersegment transactions and ¥(1,660) million in total corporate operating expenses that are not allocated to the reportable segments. Total corporate operating expenses are general and administrative expenses not attributable to the reportable segments.
 - Adjustments have been made between "Segment income" and "Operating profit" in the semi-annual consolidated statements of income.

2. Information on impairment losses on fixed assets or goodwill by reportable segment
(Material impairment losses pertaining to fixed assets)

Not applicable.

(Material change in the amount of goodwill)

No material change.

(Material gain on negative goodwill)

Not applicable.

II. Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

1. Information relating to net sales and profit or loss by reportable segment and information on disaggregation of revenue

(Millions of yen)

	Civil Engineering Business	Building Construction Business	Development Business, etc.	Total	Adjusted amount (Note 1)	Consolidated (Note 2)
Net sales						
Public sector	23,270	6,571	6	29,847	—	29,847
Private sector	11,669	19,759	1,264	32,692	—	32,692
Revenue from contracts with customers	34,939	26,330	1,270	62,540	—	62,540
Other revenue	—	—	549	549	—	549
Sales to third parties	34,939	26,330	1,820	63,090	—	63,090
Intersegment sales and transactions	0	0	141	142	(142)	—
Total	34,940	26,330	1,961	63,232	(142)	63,090
Segment income	2,510	1,148	35	3,694	(1,667)	2,027

Notes 1. Adjusted amount of ¥(1,667) million under “Segment income” includes ¥(27) million in elimination of intersegment transactions and ¥(1,640) million in total corporate operating expenses that are not allocated to the reportable segments. Total corporate operating expenses are general and administrative expenses not attributable to the reportable segments.

2. Adjustments have been made between “Segment income” and “Operating profit” in the semi-annual consolidated statements of income.

2. Information on impairment losses on fixed assets or goodwill by reportable segment
(Material impairment losses pertaining to fixed assets)

Not applicable.

(Material change in the amount of goodwill)

No material change.

(Material gain on negative goodwill)

No material gain.

(Significant subsequent events)

Establishment of a Holding Company through Sole Share Transfer

The Company established TOBISHIMA HOLDINGS Inc., which became a holding company (wholly-owning parent company) (hereinafter referred to as the “Holding Company”) through the Company’s sole share transfer (hereinafter referred to as the “Share Transfer”) effective October 1, 2024.

1. Background and Purpose of the Transition to a Holding Company Structure through a Sole Share Transfer

(1) Background of the Holding Company Structure

The Company has been aiming to be an “indispensable company” to society by engaging in the construction business with the collective wisdom of all of its employees, while taking responsibility and pride in its role in social capital development.

In line with recent changes in social conditions, social needs and issues are becoming increasingly diverse and complex. Under these conditions, in the formulation of medium- to long-term management vision and commencement of consideration of the transition to a holding company structure through a sole share transfer as announced by the Company, the Company stated it would further advance the technologies and expertise it has accumulated in the construction business to establish new businesses that address social issues and to transform itself into a “New Business Contractor” that supports the creation of new businesses.

In order to realize the medium- to long-term management vision described above, the Company has determined that it is optimal to shift to a holding company structure in order to accelerate its transformation into a “conglomerate” that operates in a wide range of business domains that can flexibly respond to the recent diversification and complexity of social needs and issues, and to pursue the enhancement of corporate value by further strengthening group governance.

(2) Purpose of the Holding Company Structure

(i) Strengthen group management and governance

The Company will strengthen group management and governance by separating management and business execution through the transition to a holding company structure. The Holding Company will specialize in group management functions to optimize management resources and strengthen management functions while the operating companies will aim to realize further growth of the group by developing businesses that provide solutions to social issues suited to the functions of each company.

(ii) Enhance earnings base and realize sustainable growth

The Company will pursue the creation of new businesses through growth investment and the expansion of corporate partnerships through mergers and acquisitions to expand its earnings base. In addition, through the measures described in the above “(i) Strengthen group management and governance,” the Company will accelerate cooperation between the Holding Company and each operating company, and further improve capital efficiency by constantly reviewing its business portfolio to realize sustainable growth.

(iii) Stable shareholder returns

The Company has a policy of determining dividends from retained earnings and share buybacks based on the stable return of profits to shareholders and the enhancement of internal reserves to increase corporate value, taking into consideration the business performance and environment.

After the transition to the holding company structure, the Company will continue to pursue the basic policy of the stable return of profits to shareholders and the enhancement of internal reserves to increase corporate value. Under this basic policy, the Company will aim to improve the total return ratio by strengthening profitability through the measures described in the above “(ii) Enhance earnings base and realize sustainable growth,” and by continuing share buybacks and strictly maintaining the dividend payout ratio.

2. Summary of the Share Transfer

(1) Method of Share Transfer

It is a sole share transfer in which the Company is a wholly-owned subsidiary of the share transfer and the Holding Company is the wholly-owning parent company established by the share transfer.

(2) Details of Allotment Related to the Share Transfer (Share Transfer Ratio)

Company Name	TOBISHIMA HOLDINGS Inc. (wholly-owning parent company established by share transfer)	Tobishima Corporation (wholly-owned subsidiary of share transfer)
Share Transfer Ratio	1	1

(i) Share transfer ratio

One common share of the Holding Company to be established was allotted to all of the shareholders of the Company per one common share of the Company held by the shareholders immediately prior to the time when the Holding Company acquired all of the issued shares of the Company through the Share Transfer.

(ii) Number of shares per unit

The Holding Company shall adopt a unit share system, and the number of shares per unit shall be 100 shares.

(iii) Number of new shares to be delivered by the Holding Company

19,225,868 common shares

(3) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in Conjunction with the Share Transfer

The Company does not issue stock acquisition rights or bonds with stock acquisition rights.

3. Outline of the company to be newly established as a result of the Share Transfer (wholly-owning parent company and Holding Company established by the Share Transfer)

(1) Company name	TOBISHIMA HOLDINGS Inc.
(2) Location of head office	1-8-15 Konan, Minato-ku, Tokyo
(3) Title and name of representative and officers	President and Representative Director: Mitsuhiko Takahashi Director: Seiichi Okuyama Outside Director: Akitaka Saiki Outside Director: Takako Masai Director (Audit & Supervisory Committee Member): Takuji Arao Outside Director (Audit & Supervisory Committee Member): Takashi Aihara Outside Director (Audit & Supervisory Committee Member): Toshiya Natori Outside Director (Audit & Supervisory Committee Member): Aki Nakanishi
(4) Description of business	Business management of group companies and operations incidental thereto
(5) Amount of capital	5,500 million yen
(6) Date of establishment	October 1, 2024
(7) Fiscal year-end	March 31

4. Overview of Accounting Procedures

The Share Transfer does not affect profits or losses because it falls under the category of “transactions under common control” for corporate accounting purposes.

3. Supplementary Information on Tobishima Corporation

(1) Non-consolidated Orders Received

(Millions of yen)

Category			For the six months ended September 30, 2023		For the six months ended September 30, 2024		Changes	Percentage changes
Construction Business	Civil Engineering	Domestic public sector	23,331	[41.8%]	29,606	[54.0%]	6,274	26.9 %
		Domestic private sector	4,408	[7.9%]	7,477	[13.6%]	3,068	69.6 %
		Overseas	606	[1.1%]	2,111	[3.9%]	1,504	248.0 %
		Total	28,347	[50.8%]	39,194	[71.5%]	10,847	38.3 %
	Building Construction	Domestic public sector	9,844	[17.6%]	308	[0.5%]	(9,536)	(96.9) %
		Domestic private sector	14,503	[26.0%]	14,182	[25.9%]	(321)	(2.2) %
		Overseas	2,552	[4.6%]	549	[1.0%]	(2,002)	(78.5) %
		Total	26,901	[48.2%]	15,040	[27.4%]	(11,860)	(44.1) %
	Total	Domestic public sector	33,176	[59.4%]	29,914	[54.5%]	(3,261)	(9.8) %
		Domestic private sector	18,912	[33.9%]	21,659	[39.5%]	2,746	14.5 %
		Overseas	3,159	[5.7%]	2,660	[4.9%]	(498)	(15.8) %
		Total	55,248	[99.0%]	54,235	[98.9%]	(1,013)	(1.8) %
Development Business, etc.			568	[1.0%]	609	[1.1%]	41	7.3 %
Total			55,816	[100.0%]	54,844	[100.0%]	(972)	(1.7) %

(Note) Percentages in square brackets indicate composition ratios.

(2) Non-consolidated Orders Forecast

(Millions of yen)

Category		Fiscal year ended March 31, 2024 Full-year Results	Fiscal year ending March 31, 2025 Full-year Forecasts	Changes	Percentage changes
Construction Business	Civil Engineering	54,727	58,000	3,272	6.0%
	Building Construction	55,405	50,000	(5,405)	(9.8)%
	Total	110,132	108,000	(2,132)	(1.9)%
Development Business, etc.		1,223	1,000	(223)	(18.2)%
Total		111,355	109,000	(2,355)	(2.1)%

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

As for the non-consolidated orders received for the six months ended September 30, 2024, the Civil Engineering Business was ¥39.1 billion, up 38.3% year on year, and the Building Construction Business was ¥15.0 billion, down 44.1% 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 six months ended September 30, 2024 and the future project situation.