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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]



August 10, 2022

Company name: Tobishima Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1805
 URL: <https://www.tobishima.co.jp/>
 Representative: Masahiro Norikyo, President and Representative Director
 Contact: Yoichi Shimada, Manager, Public Relations Office
 Phone: +81-3-6455-8312
 Scheduled date of filing quarterly securities report: August 10, 2022
 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, 2022 (April 1, 2022 - June 30, 2022)

(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, 2022	29,635	5.7	1,250	33.9	1,316	49.8	873	27.3
June 30, 2021	28,024	0.5	933	12.3	879	7.6	686	20.1

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

Three months ended June 30, 2021: ¥692 million [27.7%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	45.68		–	
June 30, 2021	35.89		–	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	112,299	43,770	39.0
As of March 31, 2022	114,632	43,872	38.3

(Reference) Equity: As of June 30, 2022: ¥43,761 million

As of March 31, 2022: ¥43,864 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, 2022	—	—	—	50.00	50.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		—	—	50.00	50.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% 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	131,000	11.3	4,800	4.9	4,100	(2.7)	2,400	(25.5)	125.44

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

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: – (), Excluded: – ()
 - (2) Accounting methods adopted particularly for the preparation of quarterly 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: None
 - 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):

June 30, 2022:	19,310,436 shares
March 31, 2022:	19,310,436 shares
 - 2) Total number of treasury shares at the end of the period:

June 30, 2022:	182,210 shares
March 31, 2022:	181,826 shares
 - 3) Average number of shares during the period:

Three months ended June 30, 2022:	19,128,399 shares
Three months ended June 30, 2021:	19,131,568 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 three months ended June 30, 2022 include the Company's shares held by the Board Benefit Trust (BBT).

* These quarterly consolidated financial results are outside the scope of quarterly 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. Qualitative Information on Quarterly Financial Results” on page 2 of the Attachment.

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, 2022 (April 1, 2022 - June 30, 2022)

(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, 2022	26,319	7.2	970	58.7	1,071	88.4	712	95.9
June 30, 2021	24,552	(7.1)	611	(25.8)	568	(28.5)	363	(36.6)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	37.27	—
June 30, 2021	19.02	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	102,247	41,388	40.5
As of March 31, 2022	103,399	41,641	40.3

(Reference) Equity: As of June 30, 2022: ¥41,388 million

As of March 31, 2022: ¥41,641 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% 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
	118,000	11.6	4,100	7.2	3,700	4.3	2,300	(15.6)	120.21

(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, 2022, the Japanese economy remained in a state of uncertainty due to the situation in Ukraine and the soaring prices of resources as a result of the historic depreciation of the yen, although there were signs of movement toward normalization of socioeconomic activities amid the prolonged impact of the spread of COVID-19. The domestic construction market also continued to face difficult conditions due to the impact on prices of materials and equipment.

Under these circumstances, for the three months ended June 30, 2022, net sales were ¥29.6 billion (up 5.7% year on year), operating profit was ¥1.2 billion (up 33.9% year on year), ordinary profit was ¥1.3 billion (up 49.8% year on year), and profit attributable to owners of parent was ¥0.8 billion (up 27.3% 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, 2022, assets decreased by ¥2.3 billion from the end of the previous fiscal year, mainly due to an increase in cash and deposits and decreases in notes receivable, accounts receivable from completed construction contracts and other as well as other under current assets. Liabilities decreased by ¥2.2 billion, mainly due to a decrease in long-term borrowings, and net assets decreased by ¥0.1 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, 2022. Accordingly, total assets amounted to ¥112.2 billion.

Equity ratio was 39.0%, up 0.7 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, 2023 as the Company believes that they are within the range of the forecasts announced on May 13, 2022.

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, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	12,968	15,999
Notes receivable, accounts receivable from completed construction contracts and other	57,015	53,789
Real estate for sale	614	426
Costs on construction contracts in progress	2,178	2,034
Costs on development business and other in progress	6,706	5,823
Other	7,276	5,909
Allowance for doubtful accounts	(6)	(1)
Total current assets	86,754	83,982
Non-current assets		
Property, plant and equipment	19,013	18,887
Intangible assets	996	951
Investments and other assets		
Other	8,069	8,679
Allowance for doubtful accounts	(201)	(201)
Total investments and other assets	7,867	8,477
Total non-current assets	27,878	28,317
Total assets	114,632	112,299

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	26,174	25,747
Short-term borrowings	3,157	2,842
Advances received on construction contracts in progress	5,426	6,052
Deposits received	19,076	18,705
Provision for warranties for completed construction	416	410
Provision for loss on construction contracts	166	160
Other	2,393	1,794
Total current liabilities	56,811	55,713
Non-current liabilities		
Long-term borrowings	13,037	11,757
Provision for share awards for directors (and other officers)	47	42
Provision for retirement benefits for directors (and other officers)	33	4
Retirement benefit liability	43	45
Other	786	966
Total non-current liabilities	13,948	12,815
Total liabilities	70,759	68,528
Net assets		
Shareholders' equity		
Share capital	5,519	5,519
Capital surplus	6,237	6,237
Retained earnings	31,621	31,533
Treasury shares	(580)	(581)
Total shareholders' equity	42,797	42,709
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630	629
Foreign currency translation adjustment	7	12
Remeasurements of defined benefit plans	428	409
Total accumulated other comprehensive income	1,066	1,052
Non-controlling interests	8	8
Total net assets	43,872	43,770
Total liabilities and net assets	114,632	112,299

(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, 2021	For the three months ended June 30, 2022
Net sales		
Net sales of completed construction contracts	25,299	27,326
Net sales in development business and other	2,725	2,309
Total net sales	28,024	29,635
Cost of sales		
Cost of sales of completed construction contracts	22,843	24,189
Cost of sales in development business and other	2,238	1,944
Total cost of sales	25,081	26,133
Gross profit		
Gross profit on completed construction contracts	2,456	3,136
Gross profit on development business and other	486	365
Total gross profit	2,943	3,502
Selling, general and administrative expenses	2,009	2,251
Operating profit	933	1,250
Non-operating income		
Foreign exchange gains	–	120
Other	24	40
Total non-operating income	24	161
Non-operating expenses		
Interest expenses	43	36
Share of loss of entities accounted for using equity method	–	24
Other	34	33
Total non-operating expenses	78	94
Ordinary profit	879	1,316
Extraordinary income		
Gain on sale of non-current assets	0	4
Gain on sale of shares of subsidiaries and associates	91	–
Other	0	0
Total extraordinary income	91	4
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Loss on valuation of investment securities	23	–
Other	0	–
Total extraordinary losses	27	0
Profit before income taxes	943	1,321
Income taxes - current	92	225
Income taxes - deferred	164	221
Total income taxes	256	447
Profit	686	873
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	686	873

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit	686	873
Other comprehensive income		
Valuation difference on available-for-sale securities	5	(1)
Foreign currency translation adjustment	4	5
Remeasurements of defined benefit plans, net of tax	(4)	(18)
Total other comprehensive income	5	(14)
Comprehensive income	692	859
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	691	859
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, 2021	For the three months ended June 30, 2022	Changes	Percentage changes
Construction Business	Civil Engineering	Domestic public sector	4,666 [29.0%]	2,974 [16.5%]	(1,691)	(36.3)%
		Domestic private sector	2,968 [18.5%]	4,544 [25.3%]	1,576	53.1%
		Overseas	1 [0.0%]	517 [2.9%]	515	—%
		Total	7,635 [47.5%]	8,035 [44.7%]	400	5.2%
	Building Construction	Domestic public sector	43 [0.3%]	206 [1.2%]	162	371.7%
		Domestic private sector	5,559 [34.5%]	9,133 [50.7%]	3,573	64.3%
		Overseas	2,588 [16.1%]	343 [1.9%]	(2,245)	(86.7)%
		Total	8,192 [50.9%]	9,683 [53.8%]	1,491	18.2%
	Total	Domestic public sector	4,710 [29.3%]	3,180 [17.7%]	(1,529)	(32.5)%
		Domestic private sector	8,527 [53.0%]	13,677 [76.0%]	5,149	60.4%
		Overseas	2,590 [16.1%]	860 [4.8%]	(1,729)	(66.8)%
		Total	15,828 [98.4%]	17,719 [98.5%]	1,891	11.9%
Development Business, etc.			255 [1.6%]	271 [1.5%]	15	6.2%
Total			16,083 [100.0%]	17,990 [100.0%]	1,907	11.9%

(Note) Percentages in square brackets indicate composition ratios.

(2) Non-consolidated Orders Forecast

(Millions of yen)

Category		Fiscal year ended March 31, 2022 Full-year Results	Fiscal year ending March 31, 2023 Full-year Forecasts	Changes	Percentage changes
Construction Business	Civil Engineering	64,537	70,000	5,462	8.5%
	Building Construction	51,541	51,000	(541)	(1.1)%
	Total	116,079	121,000	4,920	4.2%
Development Business, etc.		1,239	1,000	(239)	(19.4)%
Total		117,319	122,000	4,680	4.0%

[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, 2022, the Civil Engineering Business was ¥8.0 billion, up 5.2% year on year, and the Building Construction Business was ¥9.6 billion, up 18.2% 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 first quarter and the future project situation.