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Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



February 13, 2024

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1805
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 Scheduled date of filing quarterly securities report: February 14, 2024
 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 Nine Months Ended December 31, 2023 (April 1, 2023 - December 31, 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	%
Nine months ended December 31, 2023	93,956	2.5	2,966	(3.4)	2,592	(5.6)	1,892	5.2
December 31, 2022	91,644	5.3	3,070	1.1	2,745	(3.0)	1,798	(11.5)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥2,110 million [17.5%]

Nine months ended December 31, 2022: ¥1,796 million [(4.3)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	98.89	–
December 31, 2022	94.01	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	142,509	46,698	32.8
As of March 31, 2023	128,055	45,730	35.7

(Reference) Equity: As of December 31, 2023: ¥46,682 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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	136,000	8.0	5,100	23.0	4,300	16.9	2,700	(11.1)	141.09

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

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

1. Non-consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 - December 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	83,809	(0.0)	2,720	(3.5)	2,510	(4.8)	1,902	7.0
December 31, 2022	83,846	7.7	2,818	5.9	2,637	4.8	1,778	3.9

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	99.44		—	
December 31, 2022	92.95		—	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2023	126,428		44,360		35.1	
As of March 31, 2023	114,526		43,383		37.9	

(Reference) Equity: As of December 31, 2023: ¥44,360 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	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 nine months ended December 31, 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 remained uncertain due to global circumstances including the prolonged situation in Ukraine, the outbreak of a new conflict in the Middle East, and concerns over the Chinese economic outlook, as well as other factors such as a further depreciation of the yen. 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 nine months ended December 31, 2023, net sales were ¥93.9 billion (up 2.5% year on year), operating profit was ¥2.9 billion (down 3.4% year on year), ordinary profit was ¥2.5 billion (down 5.6% year on year), and profit attributable to owners of parent was ¥1.8 billion (up 5.2% 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 December 31, 2023, assets increased by ¥14.4 billion from the end of the previous fiscal year, mainly due to increases in notes receivable, accounts receivable from completed construction contracts and other, and other under current assets, as well as a decline in cash and deposits. Liabilities increased by ¥13.4 billion, mainly due to an increase in borrowings, as well as decreases in advances received on construction contracts in progress, deposits received, and other under current liabilities. Net assets increased by ¥0.9 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 ¥142.5 billion.

Equity ratio was 32.8%, down 2.9 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 December 31, 2023
Assets		
Current assets		
Cash and deposits	20,323	15,846
Notes receivable, accounts receivable from completed construction contracts and other	60,240	76,150
Real estate for sale	2,321	1,814
Costs on construction contracts in progress	2,297	2,727
Costs on development business and other in progress	9,452	8,800
Other	5,980	9,158
Total current assets	100,615	114,498
Non-current assets		
Property, plant and equipment	18,138	17,842
Intangible assets	949	1,289
Investments and other assets		
Other	8,553	9,079
Allowance for doubtful accounts	(200)	(200)
Total investments and other assets	8,352	8,878
Total non-current assets	27,440	28,011
Total assets	128,055	142,509

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	27,176	27,116
Short-term borrowings	11,270	22,754
Advances received on construction contracts in progress	8,797	6,661
Deposits received	21,427	18,783
Provision for warranties for completed construction	518	519
Provision for loss on construction contracts	598	196
Other	4,407	2,005
Total current liabilities	74,195	78,036
Non-current liabilities		
Long-term borrowings	7,373	16,250
Provision for share awards for directors (and other officers)	60	62
Provision for retirement benefits for directors (and other officers)	7	195
Retirement benefit liability	50	55
Other	637	1,210
Total non-current liabilities	8,129	17,774
Total liabilities	82,325	95,811
Net assets		
Shareholders' equity		
Share capital	5,519	5,519
Capital surplus	6,236	6,235
Retained earnings	33,698	34,436
Treasury shares	(575)	(567)
Total shareholders' equity	44,878	45,624
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	644	872
Foreign currency translation adjustment	20	30
Remeasurements of defined benefit plans	176	154
Total accumulated other comprehensive income	841	1,057
Non-controlling interests	10	15
Total net assets	45,730	46,698
Total liabilities and net assets	128,055	142,509

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales		
Net sales of completed construction contracts	86,658	87,118
Net sales in development business and other	4,985	6,838
Total net sales	91,644	93,956
Cost of sales		
Cost of sales of completed construction contracts	77,656	77,986
Cost of sales in development business and other	4,106	5,783
Total cost of sales	81,762	83,769
Gross profit		
Gross profit on completed construction contracts	9,002	9,132
Gross profit on development business and other	878	1,055
Total gross profit	9,881	10,187
Selling, general and administrative expenses	6,811	7,221
Operating profit	3,070	2,966
Non-operating income		
Dividend income	25	36
Foreign exchange gains	83	56
Other	54	34
Total non-operating income	162	127
Non-operating expenses		
Interest expenses	145	191
Commission for syndicated loans	150	143
Other	190	166
Total non-operating expenses	487	501
Ordinary profit	2,745	2,592
Extraordinary income		
Gain on sale of non-current assets	7	213
Other	0	7
Total extraordinary income	7	220
Extraordinary losses		
Loss on retirement of non-current assets	0	14
Loss on valuation of investment securities	–	14
Other	0	–
Total extraordinary losses	0	29
Profit before income taxes	2,752	2,783
Income taxes - current	835	409
Income taxes - deferred	118	481
Total income taxes	953	890
Profit	1,799	1,893
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,798	1,892

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	1,799	1,893
Other comprehensive income		
Valuation difference on available-for-sale securities	35	228
Foreign currency translation adjustment	16	11
Remeasurements of defined benefit plans, net of tax	(55)	(21)
Total other comprehensive income	(2)	217
Comprehensive income	1,796	2,110
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,794	2,108
Comprehensive income attributable to non-controlling interests	2	1

(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 nine months ended December 31, 2022	For the nine months ended December 31, 2023	Changes	Percentage changes
Construction Business	Civil Engineering	Domestic public sector	22,959 [30.4%]	26,389 [34.7%]	3,429	14.9%
		Domestic private sector	11,350 [15.0%]	8,944 [11.8%]	(2,406)	(21.2)%
		Overseas	3,941 [5.2%]	429 [0.6%]	(3,512)	(89.1)%
		Total	38,252 [50.6%]	35,763 [47.1%]	(2,488)	(6.5)%
	Building Construction	Domestic public sector	10,980 [14.5%]	9,852 [13.0%]	(1,128)	(10.3)%
		Domestic private sector	24,955 [33.0%]	25,602 [33.7%]	646	2.6%
		Overseas	589 [0.8%]	3,926 [5.1%]	3,337	566.4%
		Total	36,525 [48.3%]	39,380 [51.8%]	2,855	7.8%
	Total	Domestic public sector	33,940 [44.9%]	36,241 [47.7%]	2,301	6.8%
		Domestic private sector	36,306 [48.0%]	34,546 [45.5%]	(1,759)	(4.8)%
		Overseas	4,531 [6.0%]	4,355 [5.7%]	(175)	(3.9)%
		Total	74,777 [98.9%]	75,143 [98.9%]	366	0.5%
	Development Business, etc.			792 [1.1%]	855 [1.1%]	62
Total			75,569 [100.0%]	75,998 [100.0%]	428	0.6%

(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 nine months ended December 31, 2023, the Civil Engineering Business was ¥35.7 billion, down 6.5% year on year, and the Building Construction Business was ¥39.3 billion, up 7.8% 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 nine months ended December 31, 2023 and the future project situation.