



Summary of Consolidated Financial Results For the First Quarter of the Fiscal Year Ending March 31, 2024 [Japan GAAP]

Company: Takamatsu Construction Group Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 1762
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 Date of commencement of dividend payment: —
 Supplementary explanatory documents: Yes
 Earnings presentation: No

(Yen in millions, rounded down, figures in parentheses indicate negative amounts or percentages)

1. Financial results for the first quarter of the fiscal year ending March 2024 (April 1, 2023 – June 30, 2023)

(1) Consolidated result of operations (year-to-date) (Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended June 2023	65,613	8.6	807	107.0	960	105.1	(153)	—
First quarter ended June 2022	60,427	(1.5)	390	(72.8)	468	(68.0)	69	(91.8)

Note: Comprehensive income: First quarter of FYMar.2024: 76million yen, (59.4)% First quarter of FYMar.2023: 188million yen, (84.5)%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
First quarter ended June 2023	(4.40)	—
First quarter ended June 2022	1.99	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	231,555	126,199	54.5
As of March 31, 2023	233,963	127,759	54.6

(Reference) Shareholders' equity: As of June 30, 2023: 126,165million yen As of March 31, 2023: 127,723 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY3/23	—	23.00	—	47.00	70.00
FY3/24	—	—	—	—	—
FY3/24 (Est.)	—	27.00	—	50.00	77.00

Note: Change in the estimation of dividend from the latest announcement: No

3. Consolidated forecast for the fiscal year ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Percentage figures represent year on year changes)

	Orders received		Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	390,000	15.5	340,000	20.4	15,000	24.6	14,000	19.0	8,000	6.2	229.76

Note: Change in the forecast from the latest announcement: No

* **Notes**

(1) Changes in significant subsidiaries (Changes of specific subsidiaries that accompanies scope change of consolidation): No

Included — (company name) Excluded — (company name)

(2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: No

(3) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: No

(b) Changes other than (a): No

(c) Changes in accounting estimates: No

(d) Retrospective restatement: No

(4) Number of shares outstanding (ordinary shares)

(a) Shares outstanding (including treasury shares)

As of June 30, 2023:	34,818,578	As of March 31, 2023:	34,818,578
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(b) Treasury shares

As of June 30, 2023:	36	As of March 31, 2023:	—
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(c) Average number of shares (quarterly cumulative period)

Period ended June 30, 2023:	34,818,566	Period ended June 30, 2022	34,818,578
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* Auditing of financial statements by CPA and/or CPA firm is not conducted to this summary of financial results.

* Cautionary statement regarding forecasts and special notes

(Note on forward looking statements)

Forward-looking statements in this material are based on the information available to management at the time this report was prepared. Actual results may differ significantly from these statements for number of reasons.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of business results

During the first quarter of the consolidated fiscal year under review, the Japanese economy showed signs of a gradual recovery amid easing of behavioral restrictions due to the new coronavirus infection and improvement in consumer spending, employment, and income conditions. However, the situation remains uncertain due to many concerns, including continued tight monetary policies in various countries, a downturn in overseas economies and rising prices, the protracted situation in Ukraine, soaring global energy costs, and rising prices of raw materials, equipment, and materials.

In this business environment, public construction investment has been supported by the "Five-Year Acceleration Measures for Disaster Prevention and Mitigation and National Land Resilience" and private-sector construction investment has been strong in both areas, backed by the normalization of the economy. As for private-sector housing investment, the average number of new housing starts other than detached houses for sale in April-May 2023 is lower than the average for January-March due to the upward trend in housing prices caused by soaring prices of construction materials and equipment, in addition to the rising trend in fixed mortgage rates.

During the first quarter of the current fiscal year ended March 2024, orders received were 82,597 million yen (up 5.2% from the same period of the previous year), net sales were 65,613 million yen (up 8.6% from the same period of the previous year). As for profits, operating profit increased by 107.0% to 807 million yen, ordinary profit increased by 105.1% to 960 million yen. On the other hand, loss attributable to owners of parent amounted to 153 million yen due to office relocation expenses incurred for the new building.

Results by business segment are as follows.

Segment profit is adjusted with operating profit on the quarterly consolidated statements of income. Adjustments to segment profit include -1,146 million yen in general and administrative expenses that do not belong to any reportable segment and -182 million yen in other adjustments. (Architecture)

Orders received were 44,369 million yen (up 14.9% vs previous Q1) and net sales were 31,064 million yen (up 5.7% vs previous Q1), resulting in the segment profit of 138 million yen (down 43.5% vs previous Q1).

(Civil Engineering)

Orders received were 26,003 million yen (down 9.6% vs previous Q1) and net sales were 22,513 million yen (up 5.6% vs previous Q1), resulting in the segment profit of 1,176 million yen (up 76.4% vs previous Q1).

(Real Estate)

Net sales from real estate sales and leasing were 12,035 million yen (up 23.9% vs previous Q1), while segment profit were 821 million yen (up 35.0% vs previous Q1).

(2) Explanation of Financial Condition

(Assets)

Total assets at the end of the first quarter of the current fiscal year were 231,555 million yen, down 2,408 million yen from the end of the previous fiscal year.

The main factors were increases of 5,132 million yen in cash and deposits, 3,165 million yen in real estate for sale, 2,028 million yen in costs on real estate business, and 9,534 million yen in buildings and structures, while notes receivable, accounts receivable from completed construction contracts and other decreased by 15,231 million yen and construction in progress decreased by 10,502 million yen.

(Liabilities)

Liabilities decreased by 848 million yen from the end of the previous fiscal year to 105,356 million yen.

The main factors were increases of 4,039 million yen in advances received on construction contracts in progress and 2,020 million yen in provision for bonuses, while there were decreases of 3,997 million yen in accounts payable for construction contracts, and 2,057 million yen in income taxes payable.

(Net Assets)

Net assets decreased by 1,559 million yen from the end of the previous fiscal year to 126,199 million yen.

The main factor was a decrease in retained earnings of 1,789 million yen due to loss attributable to owners of parent of 153 million yen and dividend payments of 1,636 million yen.

As a result of the above, shareholders' equity, which is net assets less non-controlling interests, totaled 126,165 million yen, and the shareholders' equity ratio decreased 0.1 percentage points from the end of the previous fiscal year to 54.5%.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

There are no changes to the consolidated forecast for the fiscal year ending March 2024, from those announced on May 10, 2023.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2023 (As of March 31, 2023)	First quarter ended June 2023 (As of June 30, 2023)
ASSETS		
Current assets		
Cash and deposits	36,047	41,179
Notes receivable, accounts receivable from completed construction contracts and other	91,742	76,510
Real estate for sale	23,404	26,569
Costs on construction contracts in progress	1,429	1,871
Costs on real estate business	11,415	13,444
Accounts receivable - other	2,544	2,656
Other	2,228	3,669
Allowance for doubtful accounts	(102)	(79)
Total current assets	168,709	165,823
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,521	16,055
Machinery, vehicles, tools, furniture and fixtures, net	1,627	2,324
Vessels, net	1,075	1,053
Land	27,720	27,721
Leased assets, net	69	78
Construction in progress	10,566	63
Total property, plant and equipment	47,580	47,297
Intangible assets		
Goodwill	845	803
Other	887	941
Total intangible assets	1,732	1,745
Investments and other assets		
Investment securities	8,976	9,417
Deferred tax assets	4,554	4,879
Other	2,665	2,632
Allowance for doubtful accounts	(253)	(238)
Total investments and other assets	15,941	16,690
Total non-current assets	65,254	65,732
Total assets	233,963	231,555

(Million yen)

	Fiscal year ended March 2023 (As of March 31, 2023)	First quarter ended June 2023 (As of June 30, 2023)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	29,271	25,273
Income taxes payable	3,074	1,016
Advances received on construction contracts in progress	29,270	33,310
Provision for warranties for completed construction	675	704
Provision for bonuses	3,995	6,016
Other	10,787	9,727
Total current liabilities	77,075	76,049
Non-current liabilities		
Bonds payable	15,000	15,000
Deferred tax liabilities for land revaluation	256	256
Deferred tax liabilities	498	501
Provision for special repairs of vessels	44	49
Retirement benefit liability	10,838	10,990
Other	2,491	2,507
Total non-current liabilities	29,129	29,306
Total liabilities	106,204	105,356
NET ASSETS		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	797	797
Retained earnings	121,233	119,443
Treasury shares	-	(0)
Total shareholders' equity	127,030	125,240
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	615	966
Revaluation reserve for land	(1,266)	(1,266)
Foreign currency translation adjustment	881	767
Remeasurements of defined benefit plans	462	457
Total accumulated other comprehensive income	692	925
Non-controlling interests	36	33
Total net assets	127,759	126,199
Total liabilities and net assets	233,963	231,555

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income
Quarterly consolidated statement of income
For the first quarter of the fiscal year ending March 2024 (April 1, 2023—June 30, 2023)

(Million yen)

	First quarter ended June 2022 (April 1, 2022-June 30, 2022)	First quarter ended June 2023 (April 1, 2023-June 30, 2023)
Net sales		
Net sales of completed construction contracts	50,712	53,577
Sales in real estate business	9,714	12,035
Total net sales	60,427	65,613
Cost of sales		
Cost of sales of completed construction contracts	44,419	46,652
Cost of sales in real estate business	8,394	10,107
Total cost of sales	52,814	56,760
Gross profit		
Gross profit on completed construction contracts	6,292	6,925
Gross profit - real estate business	1,320	1,927
Total gross profit	7,613	8,852
Selling, general and administrative expenses	7,222	8,045
Operating profit	390	807
Non-operating income		
Interest income	0	0
Dividend income	65	66
Foreign exchange gains	9	157
Other	101	59
Total non-operating income	176	283
Non-operating expenses		
Interest expenses	71	59
Share of loss of entities accounted for using equity method	1	61
Other	25	10
Total non-operating expenses	98	130
Ordinary profit	468	960
Extraordinary income		
Gain on sale of non-current assets	0	2
Total extraordinary income	0	2
Extraordinary losses		
Loss on retirement of non-current assets	—	15
Office relocation expenses	—	454
Total extraordinary losses	—	470
Profit before income taxes	468	492
Income taxes - current	913	1,128
Income taxes - deferred	(511)	(479)
Total income taxes	401	648
Profit (loss)	67	(155)
Loss attributable to non-controlling interests	(2)	(2)
Profit (loss) attributable to owners of parent	69	(153)

Quarterly consolidated statement of comprehensive income
For the first quarter of the fiscal year ending March 2024 (April 1, 2023– June 30, 2023)

(Million yen)

	First quarter ended June 2022 (April 1, 2022-June 30, 2022)	First quarter ended June 2023 (April 1, 2023-June 30, 2023)
Profit (loss)	67	(155)
Other comprehensive income		
Valuation difference on available-for-sale securities	(33)	351
Foreign currency translation adjustment	31	(139)
Remeasurements of defined benefit plans, net of tax	6	(4)
Share of other comprehensive income of entities accounted for using equity method	117	25
Total other comprehensive income	121	232
Comprehensive income	188	76
Comprehensive income attributable to owners of parent	190	79
Comprehensive income attributable to non-controlling interests	(2)	(2)

(3) Notes to consolidated financial statements
 (Going concern assumptions)
 None

(Significant change in shareholders' equity)
 None

3. Consolidated Orders Received and Net Sales

(Million yen, %)

		First quarter FY3/23 (April 1, 2022 – June 30, 2022)		First quarter FY3/24 (April 1, 2023 – June 30, 2023)		Changes	
		Amount	Share	Amount	Share	Amount	%
Orders received	Architecture	38,605	49.2	44,369	53.7	5,764	14.9
	Civil engineering	28,777	36.7	26,003	31.5	(2,773)	(9.6)
	Total construction	67,382	85.9	70,373	85.2	2,991	4.4
	Real estate	11,104	14.1	12,224	14.8	1,120	10.1
	Total	78,486	100.0	82,597	100.0	4,111	5.2
Net sales	Architecture	29,400	48.6	31,064	47.4	1,663	5.7
	Civil engineering	21,312	35.3	22,513	34.3	1,201	5.6
	Total construction	50,712	83.9	53,577	81.7	2,865	5.7
	Real estate	9,714	16.1	12,035	18.3	2,320	23.9
	Total	60,427	100.0	65,613	100.0	5,186	8.6