



Summary of Consolidated Financial Results For the First Quarter of the Fiscal Year Ending March 31, 2023 [Japan GAAP]

Company: Takamatsu Construction Group Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 1762
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 Date of filing of quarterly securities report: August 9, 2022
 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 2023 (April 1, 2022 – June 30, 2022)

(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 2022	60,427	(1.5)	390	(72.8)	468	(68.0)	69	(91.8)
First quarter ended June 2021	61,377	(7.2)	1,437	2.1	1,464	5.8	847	38.7

Note: Comprehensive income: First quarter of FYMar.2023: 188million yen, (84.5%) vs. last year First quarter of FYMar.2022: 1,216million yen, 51.4% vs. last year

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
First quarter ended June 2022	1.99	—
First quarter ended June 2021	24.33	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2022	215,543	120,266	55.8
As of March 31, 2022	236,719	121,471	51.3

(Reference) Shareholders' equity: As of June 30, 2022: 120,231 million yen As of March 31, 2022: 121,433 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
FY3/22	—	23.00	—	40.00	63.00
FY3/23	—	—	—	—	—
FY3/23 (Est.)	—	23.00	—	40.00	63.00

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

3. Consolidated forecast for the fiscal year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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
First half	164,000	14.3	136,000	8.0	3,600	15.1	3,600	14.4	1,600	(4.9)	45.95
Full year	360,000	15.1	300,000	13.7	12,000	6.9	12,000	4.4	6,800	1.1	195.30

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: Yes

(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, 2022:	34,818,578	As of March 31, 2022:	34,818,578
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(b) Treasury shares

As of June 30, 2022:	—	As of March 31, 2022:	—
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(c) Average number of shares (quarterly cumulative period)

Period ended June 30, 2022:	34,818,578	Period ended June 30, 2021	34,818,632
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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 current fiscal year ended March 2023, as we continued to be under the influence of the COVID-19, the search for a lifestyle with new normal took place. At the same time, the economy remained relatively firm. On the other hand, due to supply chain fragmentation, depreciation of yen, the bad situation in Ukraine, and so on, the trends of economy and business are uncertain.

In the domestic construction market, public construction investment, including National Resilience Plan, is expected to continue to be firm in the current fiscal year. However, with regard to private-sector construction investment, although corporate capital investment is recovering to the level prior to the spread of COVID-19 infections, conditions remain challenging due to weak yen and soaring material prices. At this point in time, TCG group is not seeing material price hikes as a major factor putting pressure on profits, but we will continue to closely monitor price trends and strive to prevent such price hikes from putting pressure on profits. During the first quarter of the current fiscal year ended March 2023, orders received were 78,486 million yen (up 15.0% from the same period of the previous year), continuing the strong performance of the previous fiscal year. Net sales were 60,427 million yen (down 1.5% from the same period of the previous year). As for profits, operating profit decreased by 72.8% to 390 million yen, ordinary profit decreased by 68.0% to 468 million yen, and profit attributable to owners of parent decreased by 91.8% to 69 million yen.

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 -950 million yen in general and administrative expenses that do not belong to any reportable segment and -179 million yen in other adjustments. (Architecture)

Orders received were 38,605 million yen (up 6.5% vs previous Q1) and net sales were 29,400 million yen (up 2.4% vs previous Q1), resulting in the segment profit of 245 million yen (up 32.5% vs previous Q1).

(Civil Engineering)

Orders received were 28,777 million yen (up 20.4% vs previous Q1), while completed construction work were 21,312 million yen (down 13.2% vs previous Q1) due to a decrease in work in hand resulting from weak orders in the previous period, resulting in the segment profit of 666 million yen (down 54.6% vs previous Q1).

(Real Estate)

Net sales from real estate sales and leasing were 9,714 million yen (up 19.9% vs previous Q1), while segment profit were 608 million yen (down 13.5% vs previous Q1).

(2) Explanation of Financial Condition

(Assets)

Total assets at the end of the first quarter of the current fiscal year were 215,543 million yen, down 21,176 million yen from the end of the previous fiscal year.

The main factors were increases of 1,939 million yen in real estate for sale, 1,928 million yen in costs on real estate business, and 1,613 million yen in construction in progress, while cash and deposits decreased by 13,897 million yen and notes receivable, accounts receivable from completed construction contracts and other decreased by 14,126 million yen.

(Liabilities)

Liabilities decreased by 19,970 million yen from the end of the previous fiscal year to 95,277 million yen.

The main factors were increases of 1,713 million yen in advances received on construction contracts in progress and 1,974 million yen in provision for bonuses, while there were decreases of 3,948 million yen in accounts payable for construction contracts, 17,200 million yen in short-term borrowings and 1,676 million yen in income taxes payable.

(Net Assets)

Net assets decreased by 1,205 million yen from the end of the previous fiscal year to 120,266 million yen.

The main factor was a decrease in retained earnings of 1,323 million yen due to dividend payments of 1,392 million yen, while profit attributable to owners of parent of 69 million yen was recorded.

As a result of the above, shareholders' equity, which is net assets less non-controlling interests, totaled 120,231 million yen, and the shareholders' equity ratio increased 4.5 percentage points from the end of the previous fiscal year to 55.8%.

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

There are no changes to the consolidated earnings forecasts for the first half and full year of the fiscal year ending March 2023, from those announced on May 11, 2022.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2022 (As of March 31, 2022)	First quarter ended June 2022 (As of June 30, 2022)
ASSETS		
Current assets		
Cash and deposits	67,899	54,001
Notes receivable, accounts receivable from completed construction contracts and other	79,948	65,822
Real estate for sale	13,759	15,699
Costs on construction contracts in progress	1,422	1,470
Costs on real estate business	8,519	10,447
Accounts receivable - other	3,741	3,944
Other	1,373	1,933
Allowance for doubtful accounts	(82)	(64)
Total current assets	176,582	153,254
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,118	6,102
Machinery, vehicles, tools, furniture and fixtures, net	1,361	1,280
Vessels, net	696	684
Land	27,808	27,828
Leased assets, net	151	137
Construction in progress	5,438	7,052
Total property, plant and equipment	41,573	43,085
Intangible assets		
Goodwill	1,576	1,514
Other	914	912
Total intangible assets	2,490	2,426
Investments and other assets		
Investment securities	9,442	9,626
Deferred tax assets	3,900	4,419
Other	2,952	2,951
Allowance for doubtful accounts	(221)	(220)
Total investments and other assets	16,073	16,776
Total non-current assets	60,137	62,288
Total assets	236,719	215,543

(Million yen)

	Fiscal year ended March 2022 (As of March 31, 2022)	First quarter ended June 2022 (As of June 30, 2022)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	28,561	24,613
Short-term borrowings	17,200	—
Income taxes payable	2,315	638
Advances received on construction contracts in progress	23,968	25,681
Provision for warranties for completed construction	703	635
Provision for bonuses	3,785	5,759
Other	9,930	9,083
Total current liabilities	86,465	66,413
Non-current liabilities		
Bonds payable	15,000	15,000
Deferred tax liabilities for land revaluation	256	256
Deferred tax liabilities	501	485
Provision for special repairs of vessels	71	56
Retirement benefit liability	10,627	10,787
Other	2,325	2,278
Total non-current liabilities	28,782	28,863
Total liabilities	115,247	95,277
NET ASSETS		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	797	797
Retained earnings	115,892	114,569
Total shareholders' equity	121,689	120,366
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	748	714
Revaluation reserve for land	(1,266)	(1,266)
Foreign currency translation adjustment	60	209
Remeasurements of defined benefit plans	201	207
Total accumulated other comprehensive income	(256)	(135)
Non-controlling interests	38	35
Total net assets	121,471	120,266
Total liabilities and net assets	236,719	215,543

(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 2022 (April 1, 2022—June 30, 2022)

(Million yen)

	First quarter ended June 2021 (April 1, 2021-June 30, 2021)	First quarter ended June 2022 (April 1, 2022-June 30, 2022)
Net sales		
Net sales of completed construction contracts	53,274	50,712
Sales in real estate business	8,102	9,714
Total net sales	61,377	60,427
Cost of sales		
Cost of sales of completed construction contracts	46,175	44,419
Cost of sales in real estate business	6,900	8,394
Total cost of sales	53,075	52,814
Gross profit		
Gross profit on completed construction contracts	7,098	6,292
Gross profit - real estate business	1,202	1,320
Total gross profit	8,301	7,613
Selling, general and administrative expenses	6,864	7,222
Operating profit	1,437	390
Non-operating income		
Interest income	0	0
Dividend income	66	65
Gain on investments in capital	—	43
Other	50	67
Total non-operating income	116	176
Non-operating expenses		
Interest expenses	70	71
Other	18	26
Total non-operating expenses	89	98
Ordinary profit	1,464	468
Extraordinary income		
Gain on sale of non-current assets	3	0
Total extraordinary income	3	0
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on retirement of non-current assets	1	—
Total extraordinary losses	2	—
Profit before income taxes	1,466	468
Income taxes - current	959	913
Income taxes - deferred	(341)	(511)
Total income taxes	617	401
Profit	848	67
Profit (loss) attributable to non-controlling interests	1	(2)
Profit attributable to owners of parent	847	69

Quarterly consolidated statement of comprehensive income
For the first quarter of the fiscal year ending March 2023 (April 1, 2022– June 30, 2022)

(Million yen)

	First quarter ended June 2021 (April 1, 2021-June 30, 2021)	First quarter ended June 2022 (April 1, 2022-June 30, 2022)
Profit	848	67
Other comprehensive income		
Valuation difference on available-for-sale securities	72	(33)
Foreign currency translation adjustment	163	31
Remeasurements of defined benefit plans, net of tax	30	6
Share of other comprehensive income of entities accounted for using equity method	101	117
Total other comprehensive income	368	121
Comprehensive income	1,216	188
Comprehensive income attributable to owners of parent	1,215	190
Comprehensive income attributable to non-controlling interests	1	(2)

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

(Significant change in shareholders' equity)
 None

(Changes in Accounting Policies)

The "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021). The "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as the "Guidance on Accounting Standard for Measurement of Fair Value") was applied from the beginning of the period under review. The new accounting policy prescribed by the "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021) is applied from the beginning of the first quarter of the current fiscal year, and the new accounting policy prescribed by the Guidance is applied prospectively in accordance with the transitional treatment prescribed in Paragraph 27-2 of the Guidance. There is no impact on the quarterly consolidated financial statements.

3. Consolidated Orders Received and Net Sales

(Million yen, %)

		First quarter FY3/22 (April 1, 2021 – June 30, 2021)		First quarter FY3/23 (April 1, 2022 – June 30, 2022)		Changes	
		Amount	Share	Amount	Share	Amount	%
Orders received	Architecture	36,256	53.1	38,605	49.2	2,348	6.5
	Civil engineering	23,908	35.0	28,777	36.7	4,868	20.4
	Total construction	60,165	88.1	67,382	85.9	7,216	12.0
	Real estate	8,102	11.9	11,104	14.1	3,001	37.0
	Total	68,268	100.0	78,486	100.0	10,218	15.0
Net sales	Architecture	28,716	46.8	29,400	48.6	683	2.4
	Civil engineering	24,557	40.0	21,312	35.3	(3,245)	(13.2)
	Total construction	53,274	86.8	50,712	83.9	(2,562)	(4.8)
	Real estate	8,102	13.2	9,714	16.1	1,611	19.9
	Total	61,377	100.0	60,427	100.0	(950)	(1.5)