



## Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2022 [Japan GAAP]

Company: Takamatsu Construction Group Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 1762  
 URL: <https://www.takamatsu-cg.co.jp/>  
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 Date of Ordinary Shareholders Meeting: June 22, 2022 (tentative)  
 Date of commencement of dividend payment: June 23, 2022 (tentative)  
 Date of filing of securities report: June 23, 2022 (tentative)  
 Supplementary explanatory documents: Yes  
 Earnings presentation meeting: No

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

### 1. Consolidated results of operations for the year ended March 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated result of operations (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	%
FY3/22	263,907	(6.8)	11,225	(8.0)	11,490	(5.1)	6,727	(9.9)
FY3/21	283,080	0.3	12,198	(17.1)	12,112	(15.6)	7,467	(14.2)

Note: Comprehensive income: FY3/22: 7,913 million yen, 1.3 % FY3/21: 7,813 million yen, (6.1) %

	Earnings per share	Earnings per share (diluted)	Return on Equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY3/22	193.22	—	5.7	5.0	4.3
FY3/21	214.48	—	6.6	5.6	4.3

(Reference) Share of profit (loss) of entities accounted for using equity method: FY3/22: (3) million yen  
 FY3/21: (1) million yen

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY3/22	236,719	121,471	51.3	3,487.60
FY3/21	220,831	115,756	52.4	3,323.38

(Reference) Shareholders' equity: FY3/22: 121,433 million yen FY3/21: 115,715 million yen

### (3) Consolidated cash flow position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/22	2,513	(6,547)	(1,179)	67,407
FY3/21	(4,116)	(7,298)	12,336	72,625

## 2. Dividends

	Dividend per share					Total Dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend-to-equity ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/21	—	23.00	—	40.00	63.00	2,193	29.4	1.9
FY3/22	—	23.00	—	40.00	63.00	2,193	32.6	1.8
FY3/23 (Est.)	—	23.00	—	40.00	63.00		32.3	

## 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

\* **Notes**

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

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

(2) 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

(3) Number of shares outstanding (ordinary shares)

(a) Shares outstanding (including treasury shares)

As of March 31, 2022:	34,818,578	As of March 31, 2021:	38,880,000
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(b) Treasury shares

As of March 31, 2022:	—	As of March 31, 2021:	4,061,341
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(c) Average number of shares

Period ended March 31, 2022:	34,818,596	Period ended March 31, 2021:	34,818,664
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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. Analysis of Results of Operations and Financial condition

### (1) Overview of operating results for the fiscal year ended March 2022

During the consolidated fiscal year ended March 2022, as we continued to be under the influence of the COVID-19, the search for a lifestyle with COVID-19 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.

Under these circumstances, in the domestic construction market, government construction investment, mainly public works, decreased slightly from the previous year. However, private-sector construction investment increased slightly due to a recovery in corporate capital investment and housing demand in the Tokyo metropolitan area, and overall construction investment increased slightly from the previous year. On the other hand, profits continued to suffer due to rising construction costs caused by the so-called "lumber shortage" originating in North America, soaring prices of steel, cement, and other materials, responses to reforms in the way people work, and rising labor costs due to a shortage of construction technicians.

As the result, orders received for the fiscal year ended March 2022 increased remarkably to 312,889 million yen (up 22.0% from the previous fiscal year) and recovery from the COVID-19 pandemic was remarkable. However, net sales decreased to 263,907 million yen (down 6.8% from the previous fiscal year), due to the decline in orders received in the previous fiscal year.

As for income, operating profit decreased by 8.0% to 11,225 million yen, ordinary profit decreased by 5.1% to 11,490 million yen, and profit attributable to owners of parent decreased by 9.9% to 6,727 million yen.

Results by business segment are as follows.

Segment profit is adjusted with operating profit on the consolidated statement of income. Adjustments to segment profit include -3,791 million yen in general and administrative expenses that do not belong to any reportable segment and -519 million yen in other adjustments.

(Architecture)

Orders received were 166,206 million yen (up 26.6% to the previous fiscal year) and net sales were 125,136 million yen (down 11% to the previous fiscal year), resulting in the segment profit of 5,011 million yen (down 17.0% to the previous fiscal year).

(Civil engineering)

Orders received were 104,235 million yen (up 10.4% to the previous fiscal year) and net sales were 98,826 million yen (down 11.6% to the previous fiscal year), resulting in the segment profit of 7,297 million yen (down 10.6% to the previous fiscal year).

(Real estate)

Due to growth in the wood-frame detached housing business, net sales from real estate sales and leasing were 39,944 million yen (up 30.0% to the previous fiscal year), and the segment profit significantly increased to 3,227 million yen (up 71.1% to the previous fiscal year).

### (2) Overview of financial position for the fiscal year ended March 2022

(Assets)

Total assets at the end of the consolidated fiscal year ended March 2022 increased by 15,887 million yen compared to the end of the previous fiscal year to 236,719 million yen. The main factors were a 9,000 million yen increase in notes receivable, accounts receivable from completed construction contracts and other, and other factors due to the application of revenue recognition standards, a 5,122 million yen increase in costs on real estate business, and a 2,060 million yen increase in real estate for sale due to increased purchases associated with the expansion of the wooden detached housing business, and a 4,225 million yen increase in construction in progress due to the construction of a Tokyo office building.

(Liabilities)

Total liabilities increased by 10,172 million yen from the end of the previous fiscal year to 115,247 million yen.

The main factors were a 6,513 million yen increase in advances received on construction contracts in progress because of applying the revenue recognition standard, a 1,631 million yen increase in accounts payable for construction contracts, and a 1,200 million yen increase in short-term borrowings.

(Net assets)

Net assets increased by 5,715 million yen compared to the end of the previous fiscal year to 121,471 million yen.

The main factor was the recording of 6,727 million yen in profit attributable to owners of parent, dividends paid of 2,193 million yen, and an increase in accumulated other comprehensive income of 1,183 million yen.

As a result of the above, the amount of shareholders' equity, which is net assets minus non-controlling interests, amounted to 121,433 million yen, and the shareholders' equity ratio decreased by 1.1 percentage points from the end of the fiscal year ended March 2021 to 51.3%.

(3) Overview of cash flows for fiscal year ended March 2022

Consolidated cash and cash equivalents (hereinafter 'cash') at the end of the fiscal year ended March 2022 totaled 67,407 million yen, down 5,217 million yen from the end of the fiscal year ended March 2021. Details are as follows.

(Operating cash flow)

Operating activities resulted in an increase in cash of 2,513 million yen (a decrease of 4,116 million yen in the end of the fiscal year ended March 2021). This was mainly due to an increase in trade receivables of 9,000 million yen, an increase in inventories of 6,101 million yen, and income taxes paid of 4,883 million yen was among the outflows, while there was the inflow of profit before income taxes of 11,316 million yen and an increase of 6,513 million yen in advances received on construction contracts in progress.

(Investing cash flow)

Net cash used in investing activities decreased by 6,547 million yen (a decrease of 7,298 million yen at the end of the fiscal year ended March 2021). This was because there were expenditures of 4,397 million yen for the purchase of property, plant and equipment, 2,302 million yen for the purchase of investment securities, and so forth.

(Financing cash flow)

Financing activities resulted in a decrease of 1,179 million yen (an increase of 12,336 million yen at the end of the fiscal year ended March 2021). This is because while the net increase in short-term borrowings was 1,200 million yen, there was a dividends paid of 2,192 million yen.

(Reference) Cash flow index trends

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
Equity ratio (%)	53.9	54.6	52.1	52.4	51.3
Equity ratio based on market cap (%)	56.8	43.7	38.2	34.0	30.3
Interest-bearing debt /Annual Cash flow	0.1	0.1	0.8	—	13.0
Interest coverage ratio	31.6	23.9	127.8	—	10.8

Notes:1. Equity ratio: Shareholders' equity / Total assets

2. Equity ratio based on market cap: Market capitalization /Total assets

3. Interest-bearing debt/ Annual Cash flow: Interest-bearing debt/Annual operating cash flows

4. Interest coverage ratio: Operating cash flows / Interest expenses

(1) All indicators are based on figures in the consolidated financial statements.

(2) Market capitalization is calculated by share price times the number of shares outstanding (excluding treasury shares) as of the end of the fiscal year.

(3) Interest-bearing debt is the sum of all liabilities on the consolidated balance sheet on which the Company is obligated to pay interest.

(4) The ratio of interest-bearing debt to cash flow and the interest coverage ratio for the fiscal year ended March 31, 2021 are not shown because cash flows from operating activities was negative.

(4) Outlook for the future

In May 2019, Group companies of Takamatsu Construction Group formulated medium-term management plan “Create! 2022”. This mid-term management plan is based on five “create”— 1) Create high-growth, highly profitable companies, 2) Create new business areas for the group, 3) Create a corporate culture that respects diversity and emphasizes compliance, 4) Create synergy effects, 5) Create value for the economy, society, and the environment. During the fiscal year ended March 31, 2022, the final fiscal year of the medium-term management plan, we were aiming for sales of 300 billion yen and an operating profit of 18 billion yen. However, due to the COVID-19 and other factors, we couldn't reach the numerical target.

Owing to the inability to foresee the end of the COVID-19, soaring material prices, and a weakening yen due to Russia's invasion of Ukraine, the uncertain domestic economic trends are estimated to continue.

In this situation, Group companies of Takamatsu Construction Group formulated medium-term management plan “Co-creation×2025”, for the period from the fiscal year ending March 2023 to the fiscal year ending March 2025. In this medium-term management plan, while expanding construction contracting, we will enter solution-providing businesses in the upstream supply chain where higher growth is expected and aim for strengthening the recurring revenue model of the downstream supply chain. Also, we get the wooden detached house business on track as the third main component of Takamatsu Construction Group. In addition, by improving technological capabilities related to infrastructure maintenance work, promoting productivity improvement through information and communication technology, and investing in and collaborating with construction technology companies, we attempt to grow TCG group. For your information, the business results for the next fiscal year ending March 2023 are expected as follows.

(Million yen)

	Consolidated Earnings Forecast	Rate of increase / decrease compared to the fiscal year ended March 2022
Orders received	360,000	15.1%
Net sales	300,000	13.7%
Operating profit	12,000	6.9%
Ordinary profit	12,000	4.4%
Profit attributable to owners of parent	6,800	1.1%

(5) Basic Principles on profit distribution and dividends for the current and next fiscal years

Takamatsu construction group positions the return of profits to shareholders as one of the most important management Principles and has disciplined capital Principles that seek the optimal balance between strengthening and expanding the management base for sustainable development and steadily returning profits to shareholders. The Basic Principles of the Takamatsu construction group is to maintain stable dividends, expand shareholder returns, and strengthen the management base by enhancing retained earnings.

We will make effective use of internal reserves from a medium- to long-term perspective to further strengthen and enhance the management structure of the Takamatsu construction group as a whole and for future business development.

For the fiscal year ended March 31, 2022, we will pay an annual dividend of 63 yen per share as planned. The resulting dividend payout ratio is 32.6%.

The Company plans to pay a dividend of 63 yen per share for the fiscal year ending March 31, 2023. (Dividend payout ratio: 32.3%)

Dividends per share

(Yen)

FY3/20	FY3/21	FY3/22	FY3/23 (Est.)
63	63	63	63

## **2. Selection of Accounting Principles**

Takamatsu Construction Group uses the Japanese Accounting Principle to prepare consolidated financial statements. Using this standard allows comparing our financial data with the other Japanese companies as well as with our previous results.

We will take appropriate actions to study the possibility of adopting International Financial Reporting Standards (IFRS) by considering trends and events in Japan and the other countries, with the current view that the possibility to switch the standard in the near future is very limited.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated balance sheet

(Million yen)

	Fiscal year ended March 2021 (As of March 31, 2021)	Fiscal year ended March 2022 (As of March 31, 2022)
<b>ASSETS</b>		
Current assets		
Cash and deposits	73,372	67,899
Notes receivable, accounts receivable from completed construction contracts and other	70,948	79,948
Real estate for sale	11,699	13,759
Costs on construction contracts in progress	1,443	1,422
Costs on real estate business	3,397	8,519
Accounts receivable - other	3,339	3,741
Other	1,894	1,373
Allowance for doubtful accounts	(112)	(82)
<b>Total current assets</b>	<b>165,982</b>	<b>176,582</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,138	6,118
Machinery, vehicles, tools, furniture and fixtures, net	1,551	1,361
Vessels, net	757	696
Land	28,642	27,808
Leased assets, net	168	151
Construction in progress	1,213	5,438
<b>Total property, plant and equipment</b>	<b>38,472</b>	<b>41,573</b>
Intangible assets		
Goodwill	1,822	1,576
Other	980	914
<b>Total intangible assets</b>	<b>2,803</b>	<b>2,490</b>
Investments and other assets		
Investment securities	6,573	9,442
Deferred tax assets	4,356	3,900
Other	2,858	2,952
Allowance for doubtful accounts	(214)	(221)
<b>Total investments and other assets</b>	<b>13,573</b>	<b>16,073</b>
<b>Total non-current assets</b>	<b>54,849</b>	<b>60,137</b>
<b>Total assets</b>	<b>220,831</b>	<b>236,719</b>



(Million yen)

	Fiscal year ended March 2021 (As of March 31, 2021)	Fiscal year ended March 2022 (As of March 31, 2022)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable for construction contracts	26,930	28,561
Short-term borrowings	16,000	17,200
Income taxes payable	2,739	2,315
Advances received on construction contracts in progress	17,455	23,968
Provision for warranties for completed construction	1,243	703
Provision for bonuses	3,582	3,785
Other	7,505	9,930
Total current liabilities	75,455	86,465
Non-current liabilities		
Bonds payable	15,000	15,000
Deferred tax liabilities for land revaluation	256	256
Deferred tax liabilities	650	501
Provision for special repairs of vessels	62	71
Retirement benefit liability	11,283	10,627
Other	2,367	2,325
Total non-current liabilities	29,619	28,782
Total liabilities	105,075	115,247
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	797	797
Retained earnings	118,842	115,892
Treasury shares	(7,483)	—
Total shareholders' equity	117,155	121,689
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	550	748
Revaluation reserve for land	(1,266)	(1,266)
Foreign currency translation adjustment	(216)	60
Remeasurements of defined benefit plans	(508)	201
Total accumulated other comprehensive income	(1,440)	(256)
Non-controlling interests	40	38
Total net assets	115,756	121,471
Total liabilities and net assets	220,831	236,719

(2) Consolidated statements of income and comprehensive income  
Consolidated statement of income

(Million yen)

	Fiscal year ended March 2021 (April 1, 2020-March 31, 2021)	Fiscal year ended March 2022 (April 1, 2021-March 31, 2022)
Net sales		
Net sales of completed construction contracts	252,363	223,963
Sales in real estate business	30,717	39,944
Total net sales	283,080	263,907
Cost of sales		
Cost of sales of completed construction contracts	217,886	191,074
Cost of sales in real estate business	26,888	34,289
Total cost of sales	244,775	225,364
Gross profit		
Gross profit on completed construction contracts	34,476	32,888
Gross profit - real estate business	3,828	5,654
Total gross profit	38,305	38,542
Selling, general and administrative expenses	26,106	27,317
Operating profit	12,198	11,225
Non-operating income		
Interest income	4	4
Dividend income	94	107
Rental income	95	91
Foreign exchange gains	1	221
Other	178	186
Total non-operating income	374	611
Non-operating expenses		
Interest expenses	201	232
Bond issuance costs	91	-
Compensation for damages	19	56
Other	147	56
Total non-operating expenses	460	346
Ordinary profit	12,112	11,490
Extraordinary income		
Gain on sale of non-current assets	25	4
Gain on sale of investment securities	-	20
Gain on sale of shares of subsidiaries and associates	54	-
Gain on bargain purchase	52	-
Other	0	-
Total extraordinary income	132	24
Extraordinary losses		
Loss on sale of non-current assets	-	30
Loss on valuation of investment securities	100	-
Loss on retirement of non-current assets	92	117
Office relocation expenses	-	50
Other	23	-
Total extraordinary losses	215	198
Profit before income taxes	12,028	11,316
Income taxes - current	4,690	4,489
Income taxes - deferred	(138)	97
Total income taxes	4,552	4,586
Profit	7,476	6,729
Profit attributable to non-controlling interests	9	2
Profit attributable to owners of parent	7,467	6,727

## Consolidated statement of comprehensive income

(Million yen)

	Fiscal year ended March 2021 (April 1, 2020-March 31, 2021)	Fiscal year ended March 2022 (April 1, 2021-March 31, 2022)
Profit	7,476	6,729
Other comprehensive income		
Valuation difference on available-for-sale securities	342	197
Foreign currency translation adjustment	(141)	114
Remeasurements of defined benefit plans, net of tax	189	709
Share of other comprehensive income of entities accounted for using equity method	(52)	162
Total other comprehensive income	337	1,183
Comprehensive income	7,813	7,913
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,804	7,911
Comprehensive income attributable to non-controlling interests	9	2

(3) Consolidated statement of changes in equity  
 Previous fiscal year (April 1, 2020 –March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	797	113,567	(7,483)	111,881
Changes during period					
Dividends of surplus			(1,392)		(1,392)
Interim dividends from surplus			(800)		(800)
Profit attributable to owners of parent			7,467		7,467
Purchase of treasury shares				(0)	(0)
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	5,274	(0)	5,274
Balance at end of period	5,000	797	118,842	(7,483)	117,155

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	208	(1,266)	(21)	(697)	(1,777)	34	110,139
Changes during period							
Dividends of surplus							(1,392)
Interim dividends from surplus							(800)
Profit attributable to owners of parent							7,467
Purchase of treasury shares							(0)
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	342	—	(194)	189	337	5	343
Total changes during period	342	—	(194)	189	337	5	5,617
Balance at end of period	550	(1,266)	(216)	(508)	(1,440)	40	115,756

Current fiscal year (April 1, 2021 –March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	797	118,842	(7,483)	117,155
Changes during period					
Dividends of surplus			(1,392)		(1,392)
Interim dividends from surplus			(800)		(800)
Profit attributable to owners of parent			6,727		6,727
Purchase of treasury shares				(0)	(0)
Cancellation of treasury shares			(7,483)	7,483	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(2,949)	7,483	4,533
Balance at end of period	5,000	797	115,892	—	121,689

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	550	(1,266)	(216)	(508)	(1,440)	40	115,756
Changes during period							
Dividends of surplus							(1,392)
Interim dividends from surplus							(800)
Profit attributable to owners of parent							6,727
Purchase of treasury shares							(0)
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	197	—	276	709	1,183	(2)	1,181
Total changes during period	197	—	276	709	1,183	(2)	5,715
Balance at end of period	748	(1,266)	60	201	(256)	38	121,471

## (4) Consolidated statement of cash flows

(Million yen)

	Fiscal year ended March 2021 (April 1, 2020-March 31, 2021)	Fiscal year ended March 2022 (April 1, 2021-March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	12,028	11,316
Depreciation	1,266	1,384
Gain on bargain purchase	(52)	–
Loss (gain) on sale of shares of subsidiaries and associates	(54)	–
Compensation for damage	19	56
Amortization of goodwill	246	246
Increase (decrease) in allowance for doubtful accounts	(10)	(23)
Increase (decrease) in provision for warranties for completed construction	752	(539)
Increase (decrease) in provision for loss on construction contracts	(29)	28
Increase (decrease) in provision for bonuses	(93)	203
Increase (decrease) in retirement benefit liability	160	163
Interest and dividend income	(98)	(112)
Interest expenses	201	232
Foreign exchange losses (gains)	(1)	(221)
Loss (gain) on sale of non-current assets	(25)	25
Loss (gain) on sale of investment securities	0	(20)
Loss (gain) on valuation of investment securities	100	–
Decrease (increase) in trade receivables	3,973	(9,000)
Decrease (increase) in inventories	(5,385)	(6,101)
Decrease (increase) in accounts receivable - other	1,943	(477)
Increase (decrease) in trade payables	(7,259)	1,631
Increase (decrease) in advances received on construction contracts in progress	(4,124)	6,513
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(950)	2,943
Increase (decrease) in deposits received	(728)	(675)
Other, net	100	(50)
<b>Subtotal</b>	<b>1,979</b>	<b>7,525</b>
Interest and dividends received	98	112
Interest paid	(199)	(232)
Payments for loss on litigation	(19)	–
Compensation paid for damage	(19)	(56)
Income taxes paid	(6,029)	(4,883)
Income taxes refund	74	50
<b>Net cash provided by (used in) operating activities</b>	<b>(4,116)</b>	<b>2,513</b>

(Million yen)

	Fiscal year ended March 2021 (April 1, 2020-March 31, 2021)	Fiscal year ended March 2022 (April 1, 2021-March 31, 2022)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,450)	(4,397)
Purchase of intangible assets	(193)	(154)
Purchase of investment securities	(1,551)	(2,302)
Proceeds from sale of investment securities	0	40
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,286)	–
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	92	–
Proceeds from withdrawal of time deposits	–	255
Other, net	90	11
Net cash provided by (used in) investing activities	(7,298)	(6,547)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(300)	1,200
Proceeds from issuance of bonds	15,000	–
Repayments of lease liabilities	(167)	(182)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,191)	(2,192)
Dividends paid to non-controlling interests	(3)	(4)
Net cash provided by (used in) financing activities	12,336	(1,179)
Effect of exchange rate change on cash and cash equivalents	(28)	(4)
Net increase (decrease) in cash and cash equivalents	894	(5,217)
Cash and cash equivalents at beginning of period	71,730	72,625
Cash and cash equivalents at end of period	72,625	67,407

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

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

It became possible to apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc. from the beginning of the consolidated fiscal year starting on or after April 1, 2021. The amount expected to be received in exchange for promised goods or services are recognized as revenue at the time control of those goods or services are transferred to the customer. The main changes resulting from the application of the Accounting Standard for Revenue Recognition are as follows:

(1) Recognition of revenue related to construction contracts

With respect to construction contracts in the architecture and civil engineering business, the Company previously applied the percentage-of-completion method for construction projects for which the outcome of the progress of the construction activity is deemed certain, and the completed-contract method for other projects, but has changed to a method of recognizing revenue over a certain period as performance obligations are satisfied.

TCG Group estimates the degree of progress toward satisfaction of performance obligations primarily by using the input method based on incurred costs. And if the degree of progress toward satisfaction of the performance obligation cannot be reasonably estimated, but it is probable that the costs to be incurred will be recovered, the Company recognizes revenue under the cost recovery method. For construction contracts in which the period between the date of commencement of the transaction in the contract and the time when the performance obligation is expected to be fully satisfied is very short, TCG Group applies the alternative treatment and recognizes revenue when the performance obligation is fully satisfied, instead of recognizing revenue over a certain period.

(2) Recognition of revenue related to agent transactions

For some transactions in the real estate business, TCG Group previously recognized revenue on a gross basis, but has changed to a method of recognizing revenue on a net basis when it is determined that the role in providing goods or services to customers is that of an agent rather than a principal. The application of accounting standard for revenue recognition is in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the revenue recognition accounting standard, and the cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the first quarter of the fiscal year ending March 31, 2022, has been added to or deducted from retained earnings at the beginning of the first quarter of the fiscal year ending March 31, 2022. The new accounting policy has been applied from the beginning balance of the fiscal year ending March 31, 2022.

Also, compared with the previous method, notes receivable, accounts receivable from completed construction contracts and other and advances received on construction contracts in progress on the consolidated balance sheet increased by 6,746 million yen each, net sales and cost of completed construction contracts on the consolidated statement of income increased by 137 million yen each, and sales and cost of sales in real estate business respectively decreased by 293 million yen. There is no impact on operating profit, ordinary profit, and profit before income taxes.

(Application of Accounting Standard for Fair Value Measurement)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and "Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019), "Accounting Standard for Financial Instruments" (ASBJ Guidance No. 10, July 4, 2019), "Guidance on Disclosure of Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019) and "Accounting Standard for Measurement of Inventories" (ASBJ Guidance No. 9, July 4, 2019) have been applied from the beginning of the current first quarter.

In accordance with the transitional treatment set forth in Paragraph 19 of "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of "Accounting Standard for Financial instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy set forth by "Accounting Standard for Fair Value Measurement" etc. will be applied prospectively. There is no impact on the consolidated financial statements.



(Segment information)

1. Overview of reportable segment information

Reportable business segments are the constituent business units of the Takamatsu Construction Group companies for which separate financial information is available and that the board of directors examines periodically to determine the allocation of resources and to evaluate performance.

Activities of the group are divided into the construction business and the real estate business. In the construction business, there are consolidated subsidiaries engaged solely in either architecture or civil engineering business and consolidated subsidiaries that engage in both of these businesses. For consolidated subsidiaries that engage in both architecture and civil engineering operations, offices are organized with separate sections for these two businesses.

For these reasons, there are three reportable segments: architecture, civil engineering and real estate.

2. Calculation methods for sales and profit (loss) by reportable segments

The accounting methods used for the reportable segments are basically the same as the methods used to present the consolidated financial statements.

Operating profit is used for reportable segment earnings.

3. Information of sales and profit (loss) by reportable segments

Previous fiscal year (April 1, 2020 - March 31, 2021)

(Million yen)

	Reportable segments				Adjustment (Note1)	Amount on statements of income (Note 2)
	Architecture	Civil engineering	Real estate	Total		
Net sales (of which to outside customers)	140,537	111,826	30,717	283,080	—	283,080
(of which inter- segment or transfers)	1,778	345	1,287	3,411	(3,411)	—
Total	142,315	112,171	32,005	286,492	(3,411)	283,080
Segment profit	6,035	8,166	1,886	16,088	(3,889)	12,198

Notes:

1. 3,889million yen negative adjustment for segment profit is the sum of 3,672 million yen of selling, general and administrative expenses that cannot be allocated to a reportable segment and 216 million yen of other adjustments.
2. Reportable segment profit is adjusted to match with operating profit on the consolidated statement of income.

Current fiscal year (April 1, 2021 - March 31, 2022)

(Million yen)

	Reportable segments				Adjustment (Note1)	Amount on statements of income (Note 2)
	Architecture	Civil engineering	Real estate	Total		
Net sales (of which to outside customers)	125,136	98,826	39,944	263,907	—	263,907
(of which inter- segment or transfers)	4,831	77	1,362	6,271	(6,271)	—
Total	129,968	98,903	41,307	270,179	(6,271)	263,907
Segment profit	5,011	7,297	3,227	15,536	(4,311)	11,225

Notes:

1. 4,311 million yen negative adjustment for segment profit is the sum of 3,791 million yen of selling, general and administrative expenses that cannot be allocated to a reportable segment and 519 million yen of other adjustments.
2. Reportable segment profit is adjusted to match with operating profit on the consolidated statement of income.

(Per share information)

(Yen)

	Previous fiscal year (April 1, 2020 – March 31, 2021)	Current fiscal year (April 1, 2021 – March 31, 2022)
Net assets per share	3,323.38	3,487.60
Earnings per share	214.48	193.22
Earnings per share (diluted)	Not presented since the company has no potential stock	Not presented since the company has no potential stock

Note 1. The bases for calculating net assets per share are as follows.

	Previous fiscal year (April 1, 2020 – March 31, 2021)	Current fiscal year (April 1, 2021 – March 31, 2022)
Total net assets (million yen)	115,756	121,471
Amount deducted from total net assets (million yen)	40	38
of which non-controlling interests (million yen)	40	38
Net assets attributable to ordinary shares (million yen)	115,715	121,433
Number of shares at the end of fiscal year (thousand shares)	34,818	34,818

Note 2. The bases for calculating earnings per share are as follows.

	Previous fiscal year (April 1, 2020 – March 31, 2021)	Current fiscal year (April 1, 2021 – March 31, 2022)
Comprehensive income attributable to owners of parent (million yen)	7,467	6,727
Amount not attributable to ordinary shareholders (million yen)	—	—
Comprehensive income attributable to owners of parent attributable to ordinary shares (million yen)	7,467	6,727
Average number of ordinary shares during the fiscal year (thousand shares)	34,818	34,818

(Important subsequent events)

None

#### 4. Consolidated Orders Received and Net Sales

(Million yen, %)

		Fiscal year ended March 2021 (April 1, 2020 – March 31, 2021)		Fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)		Changes	
		Amount	Share	Amount	Share	Amount	%
Orders received	Architecture	131,290	51.2	166,206	53.1	34,915	26.6
	Civil engineering	94,445	36.8	104,235	33.3	9,790	10.4
	Total construction	225,736	88.0	270,442	86.4	44,705	19.8
	Real estate	30,717	12.0	42,447	13.6	11,730	38.2
	Total	256,453	100.0	312,889	100.0	56,436	22.0
Net sales	Architecture	140,537	49.6	125,136	47.4	(15,400)	(11.0)
	Civil engineering	111,826	39.5	98,826	37.5	(12,999)	(11.6)
	Total construction	252,363	89.1	223,963	84.9	(28,400)	(11.3)
	Real estate	30,717	10.9	39,944	15.1	9,227	30.0
	Total	283,080	100.0	263,907	100.0	(19,173)	(6.8)