



## Summary of Consolidated Financial Results For the Second 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  
 URL: <https://www.takamatsu-cg.co.jp/>  
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 Date of filing of quarterly securities report: November 8, 2023  
 Date of commencement of dividend payment: December 5, 2023  
 Supplementary explanatory documents: Yes  
 Earnings presentation: Yes (for analysts)

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

### 1. Financial results for the First half of the fiscal year ending March 2024 (April 1, 2023 – September 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 half ended September 2023	143,298	11.3	3,339	18.0	3,430	15.4	1,154	(16.2)
First half ended September 2022	128,807	2.2	2,830	(9.5)	2,971	(5.6)	1,378	(18.1)

Note: Comprehensive income: First half of FYMar.2024: 2,041million yen, (7.1)% First half of FYMar.2023: 2,196million yen, 0.3%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
First half ended September 2023	33.17	—
First half ended September 2022	39.59	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	235,917	128,164	54.3
As of March 31, 2023	233,963	127,759	54.6

(Reference) Shareholders' equity: As of September 30, 2023: 128,129million 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	—	27.00	—	—	—
FY3/24 (Est.)	—	—	—	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 September 30, 2023:	34,818,578	As of March 31, 2023:	34,818,578
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(b) Treasury shares

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

Period ended September 30, 2023:	34,818,554	Period ended September 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 half of the current fiscal year, the Japanese economy continued to recover moderately, with a pickup in consumer spending and capital investment due to the normalization of economic activities. However, the situation remains uncertain due to several concerns, including the possibility of an overseas economic slowdown against the backdrop of global monetary tightening and other factors, the prolonged situation in Ukraine, persistently high global energy prices, and soaring prices of raw materials and equipment and materials due to the yen's depreciation and other factors.

In this business environment, public construction investment was supported by the "Five-Year Acceleration Measures for Disaster Prevention, Disaster Mitigation, and National Land Resilience" and private-sector construction investment was supported by the normalization of the economy, both of which remained strong. As for private-sector housing investment, while variable interest rates on mortgage loans remained low, fixed interest rates rose, and housing prices are on an upward trend due to soaring prices of construction materials and equipment, resulting in a third consecutive monthly decline in new housing starts in August 2023.

During the First half of the current fiscal year ended March 2024, orders received were 163,590 million yen (down 8.0% from the same period of the previous year), net sales were 143,298 million yen (up 11.3% from the same period of the previous year). As for profits, operating profit increased by 18.0% to 3,339 million yen, ordinary profit increased by 15.4% to 3,430 million yen, and profit attributable to owners of parent decreased by 16.2% to 1,154 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 -2,290 million yen in general and administrative expenses that do not belong to any reportable segment and -183 million yen in other adjustments. (Architecture)

Orders received were 82,643 million yen (down 16.9% vs previous Q2) and net sales were 68,486 million yen (up 12.2% vs previous Q2), resulting in the segment profit of 1,330 million yen (up 14.8% vs previous Q2).

(Civil Engineering)

Orders received were 53,594 million yen (down 0.6% vs previous Q2) and net sales were 48,505 million yen (up 7.8% vs previous Q2), resulting in the segment profit of 2,667 million yen (up 5.5% vs previous Q2).

(Real Estate)

Net sales from real estate sales and leasing were 26,307 million yen (up 15.6% vs previous Q2), while segment profit were 1,815 million yen (up 21.1% vs previous Q2).

### (2) Explanation of Financial Condition

(Assets)

Total assets at the end of the First half of the current fiscal year were 235,917 million yen, up 1,953 million yen from the end of the previous fiscal year.

The main factors were increases of 8,961 million yen in real estate for sale, 2,246 million yen in costs on real estate business, while cash and deposits decreased by 10,350 million yen and notes receivable, accounts receivable from completed construction contracts and other decreased by 2,639 million yen.

(Liabilities)

Liabilities increased by 1,548 million yen from the end of the previous fiscal year to 107,752 million yen.

The main factors were increases of 5,407 million yen in advances received on construction contracts in progress while there were decreases of 1,240 million yen in income taxes payable.

(Net Assets)

Net assets increased by 404 million yen from the end of the previous fiscal year to 128,164 million yen.

The main factors were increases of 523 million yen in valuation difference on available-for-sale securities, 374 million yen in foreign currency translation adjustment, while decreases of 481 million yen in retained earnings due to profit attributable to owners of parent of 1,154 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 128,129 million yen, and the shareholders' equity ratio decreased 0.3 percentage points from the end of the previous fiscal year to 54.3%.

- (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)	Second quarter ended September 2023 (As of September 30, 2023)
<b>ASSETS</b>		
Current assets		
Cash and deposits	36,047	25,696
Notes receivable, accounts receivable from completed construction contracts and other	91,742	89,102
Real estate for sale	23,404	32,365
Costs on construction contracts in progress	1,429	1,814
Costs on real estate business	11,415	13,662
Accounts receivable - other	2,544	3,244
Other	2,228	4,445
Allowance for doubtful accounts	(102)	(85)
<b>Total current assets</b>	<b>168,709</b>	<b>170,244</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,521	16,124
Machinery, vehicles, tools, furniture and fixtures, net	1,627	2,338
Vessels, net	1,075	1,031
Land	27,720	27,738
Leased assets, net	69	68
Construction in progress	10,566	2
<b>Total property, plant and equipment</b>	<b>47,580</b>	<b>47,305</b>
Intangible assets		
Goodwill	845	760
Other	887	954
<b>Total intangible assets</b>	<b>1,732</b>	<b>1,715</b>
Investments and other assets		
Investment securities	8,976	9,854
Deferred tax assets	4,554	4,397
Other	2,665	2,634
Allowance for doubtful accounts	(253)	(234)
<b>Total investments and other assets</b>	<b>15,941</b>	<b>16,651</b>
<b>Total non-current assets</b>	<b>65,254</b>	<b>65,672</b>
<b>Total assets</b>	<b>233,963</b>	<b>235,917</b>

(Million yen)

	Fiscal year ended March 2023 (As of March 31, 2023)	Second quarter ended September 2023 (As of September 30, 2023)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable for construction contracts	29,271	28,991
Income taxes payable	3,074	1,834
Advances received on construction contracts in progress	29,270	34,678
Provision for warranties for completed construction	675	683
Provision for bonuses	3,995	4,510
Other	10,787	7,519
Total current liabilities	77,075	78,217
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	55
Retirement benefit liability	10,838	11,165
Other	2,491	2,556
Total non-current liabilities	29,129	29,535
Total liabilities	106,204	107,752
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	797	797
Retained earnings	121,233	120,751
Treasury shares	–	(0)
Total shareholders' equity	127,030	126,548
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	615	1,138
Revaluation reserve for land	(1,266)	(1,266)
Foreign currency translation adjustment	881	1,256
Remeasurements of defined benefit plans	462	452
Total accumulated other comprehensive income	692	1,580
Non-controlling interests	36	34
Total net assets	127,759	128,164
Total liabilities and net assets	233,963	235,917

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income  
Quarterly consolidated statement of income  
For the First half of the fiscal year ending March 2024 (April 1, 2023 – September 30, 2023)

(Million yen)

	First half ended September 2022 (April 1, 2022-September 30, 2022)	First half ended September 2023 (April 1, 2023-September 30, 2023)
<b>Net sales</b>		
Net sales of completed construction contracts	106,043	116,991
Sales in real estate business	22,763	26,307
<b>Total net sales</b>	<b>128,807</b>	<b>143,298</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	91,524	101,688
Cost of sales in real estate business	19,631	22,375
<b>Total cost of sales</b>	<b>111,156</b>	<b>124,064</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	14,519	15,303
Gross profit - real estate business	3,132	3,931
<b>Total gross profit</b>	<b>17,651</b>	<b>19,234</b>
<b>Selling, general and administrative expenses</b>	<b>14,820</b>	<b>15,895</b>
<b>Operating profit</b>	<b>2,830</b>	<b>3,339</b>
<b>Non-operating income</b>		
Interest income	3	0
Dividend income	70	70
Foreign exchange gains	1	221
Other	272	141
<b>Total non-operating income</b>	<b>347</b>	<b>434</b>
<b>Non-operating expenses</b>		
Interest expenses	112	98
Share of loss of entities accounted for using equity method	2	189
Other	92	55
<b>Total non-operating expenses</b>	<b>206</b>	<b>343</b>
<b>Ordinary profit</b>	<b>2,971</b>	<b>3,430</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	0	2
<b>Total extraordinary income</b>	<b>0</b>	<b>2</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	1	39
Office relocation expenses	–	508
<b>Total extraordinary losses</b>	<b>1</b>	<b>548</b>
<b>Profit before income taxes</b>	<b>2,970</b>	<b>2,884</b>
<b>Income taxes - current</b>	<b>1,738</b>	<b>1,777</b>
<b>Income taxes - deferred</b>	<b>(141)</b>	<b>(46)</b>
<b>Total income taxes</b>	<b>1,596</b>	<b>1,731</b>
<b>Profit</b>	<b>1,374</b>	<b>1,153</b>
<b>Loss attributable to non-controlling interests</b>	<b>(4)</b>	<b>(1)</b>
<b>Profit attributable to owners of parent</b>	<b>1,378</b>	<b>1,154</b>



Quarterly consolidated statement of comprehensive income  
For the First half of the fiscal year ending March 2024 (April 1, 2023– September 30, 2023)

(Million yen)

	First half ended September 2022 (April 1, 2022-September 30, 2022)	First half ended September 2023 (April 1, 2023-September 30, 2023)
Profit	1,374	1,153
Other comprehensive income		
Valuation difference on available-for-sale securities	(49)	523
Foreign currency translation adjustment	513	0
Remeasurements of defined benefit plans, net of tax	13	(9)
Share of other comprehensive income of entities accounted for using equity method	345	374
Total other comprehensive income	822	888
Comprehensive income	2,196	2,041
Comprehensive income attributable to owners of parent	2,200	2,042
Comprehensive income attributable to non-controlling interests	(4)	(1)

- (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 half FY3/23 (April 1, 2022 – September 30, 2022)		First half FY3/24 (April 1, 2023 – September 30, 2023)		Changes	
		Amount	Share	Amount	Share	Amount	%
Orders received	Architecture	99,476	56.0	82,643	50.5	(16,832)	(16.9)
	Civil engineering	53,912	30.3	53,594	32.8	(317)	(0.6)
	Total construction	153,388	86.3	136,238	83.3	(17,150)	(11.2)
	Real estate	24,449	13.7	27,352	16.7	2,903	11.9
	Total	177,837	100.0	163,590	100.0	(14,246)	(8.0)
Net sales	Architecture	61,044	47.4	68,486	47.8	7,441	12.2
	Civil engineering	44,999	34.9	48,505	33.8	3,506	7.8
	Total construction	106,043	82.3	116,991	81.6	10,947	10.3
	Real estate	22,763	17.7	26,307	18.4	3,543	15.6
	Total	128,807	100.0	143,298	100.0	14,490	11.3