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August 7, 2024

Summary of Consolidated Financial Results For the First Quarter of the Fiscal Year Ending March 31, 2025 [Japan GAAP]

Company name: Takamatsu Construction Group Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 1762
URL: https://www.takamatsu-cg.co.jp/
Representative: Hirotaka Takamatsu, President and Representative Director of the Board
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Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Financial results for the first quarter of the fiscal year ending March 2025 (April 1, 2024 – June 30, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate 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 2024	78,130	19.1	981	21.6	997	3.8	166	−
First quarter ended June 2023	65,613	8.6	807	107.0	960	105.1	(153)	−

Note: Comprehensive income First quarter ended June 2024: 409 million yen [434.0%]
First quarter ended June 2023: 76 million yen [(59.4)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended June 2024	4.79	−
First quarter ended June 2023	(4.40)	−

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of June 30, 2024	238,002	132,559	55.7
As of March 31, 2024	245,149	134,069	54.7

Reference: Equity As of June 30, 2024: 132,519 million yen
As of March 31, 2024: 134,025 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
FY3/24	−	27.00	−	55.00	82.00
FY3/25	−				
FY3/25 (Forecast)		41.00	−	41.00	82.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated forecast for the fiscal year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentages indicate year-on-year changes.)

	Orders received		Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	390,000	19.7	350,000	11.9	15,000	28.7	14,000	23.8	8,000	(12.7)	229.76

Note: Revisions to earnings forecasts most recently announced: None

* **Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included – companies (—)

Excluded – companies (—)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(a) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	34,818,578 shares
As of March 31, 2024	34,818,578 shares

(b) Number of treasury shares at the end of the period

As of June 30, 2024	36 shares
As of March 31, 2024	36 shares

(c) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Period ended June 30, 2024	34,818,542 shares
Period ended June 30, 2023	34,818,566 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(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 Operating Results and Financial Position

(1) Overview of operating results

During the first quarter of the fiscal year ending March 2025, the Japanese economy continued a moderate recovery trajectory, with gradual improvements in employment and increases in nominal wages. However, the situation remains uncertain due to factors such as rising prices caused by the weak yen and growing global geopolitical tensions.

In this environment, the construction market has maintained a solid order environment overall. Public construction investment remains solid due to measures such as national resilience initiatives, while private construction investment shows steady corporate capital investment intentions. However, the business environment remains challenging in terms of profitability due to soaring raw material and equipment prices, as well as labor shortages.

In the detached housing market, while government support measures for home acquisition are continued and variable mortgage rates remain at low levels, we cannot be optimistic about the situation due to potential future interest rate increases, soaring housing prices caused by persistently high construction costs, and stagnant real wage growth.

During the first quarter of the fiscal year ending March 2025, orders received amounted to 84,139 million yen (a 1.9% increase compared to the same period of the previous year), and net sales were 78,130 million yen (a 19.1% increase compared to the same period of the previous year). Regarding profits, operating profit was 981 million yen (a 21.6% increase compared to the same period of the previous year), ordinary profit was 997 million yen (a 3.8% increase compared to the same period of the previous year) and profit attributable to owners of parent was 166 million yen (compared to loss attributable to owners of parent of 153 million yen in the same period of the previous year).

Results by business segment are as follows.

Segment profit is adjusted with operating profit in the quarterly consolidated statement of income. The adjustment amount for segment profit includes general administrative expenses not attributable to each reporting segment of -1,280 million yen and other adjustment amounts of 20 million yen.

(Architecture)

Orders received amounted to 48,255 million yen (an 8.8% increase compared to the same period of the previous year), net sales of completed construction contracts amounted to 37,550 million yen (a 20.9% increase compared to the same period of the previous year), and segment profit was 28 million yen (a 79.2% decrease compared to the same period of the previous year).

(Civil Engineering)

Orders received amounted to 17,255 million yen (a 33.6% decrease compared to the same period of the previous year), net sales of completed construction contracts amounted to 23,955 million yen (a 6.4% increase compared to the same period of the previous year), and segment profit was 904 million yen (a 23.1% decrease compared to the same period of the previous year).

(Real Estate)

Sales in real estate business amounted to 16,624 million yen (a 38.1% increase compared to the same period of the previous year), and segment profit was 1,308 million yen (a 59.2% increase compared to the same period of the previous year).

(2) Overview of financial position

(Assets)

Assets decreased by 7,146 million yen compared to the end of the previous consolidated fiscal year, amounting to 238,002 million yen. The main factors were an increase in cash and deposits of 1,143 million yen and an increase in costs on real estate business of 1,995 million yen, while there was a decrease in notes receivable, accounts receivable from completed construction contracts and other of 8,115 million yen, real estate for sale of 1,155 million yen, and accounts receivable - other of 1,077 million yen.

(Liabilities)

Liabilities decreased by 5,636 million yen compared to the end of the previous consolidated fiscal year, amounting to 105,443 million yen. The main factors were an increase in advances received on construction contracts in progress of 2,734 million yen and an increase in provision for bonuses of 2,597 million yen, while there was a decrease in accounts payable for construction contracts of 1,981 million yen, short-term borrowings of 6,000 million yen, and income taxes payable of 1,484 million yen.

(Net Assets)

Net assets decreased by 1,509 million yen compared to the end of the previous consolidated fiscal year, amounting to 132,559 million yen. The main factor was a decrease in retained earnings by 1,748 million yen due to the recording of profit attributable to owners of parent of 166 million yen and the payment of dividends of 1,915 million yen.

As a result, the amount of owner's equity, excluding non-controlling interests, was 132,519 million yen, and the equity-to-asset ratio increased by 1.0 percentage points compared to the end of the previous consolidated fiscal year, reaching 55.7%.

(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 2025, from those announced on May 15, 2024.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended March 2024 (As of March 31, 2024)	First quarter ended June 2024 (As of June 30, 2024)
ASSETS		
Current assets		
Cash and deposits	26,785	27,928
Notes receivable, accounts receivable from completed construction contracts and other	97,248	89,132
Real estate for sale	28,005	26,850
Costs on construction contracts in progress	1,573	1,844
Costs on real estate business	18,209	20,204
Accounts receivable - other	4,972	3,895
Other	2,911	2,469
Allowance for doubtful accounts	(100)	(88)
Total current assets	179,605	172,236
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,702	15,607
Machinery, vehicles, tools, furniture and fixtures, net	2,353	2,265
Vessels, net	988	968
Land	27,733	27,747
Leased assets, net	88	133
Construction in progress	13	24
Total property, plant and equipment	46,880	46,747
Intangible assets		
Goodwill	676	634
Other	933	946
Total intangible assets	1,610	1,580
Investments and other assets		
Investment securities	7,982	7,638
Deferred tax assets	6,628	7,283
Other	2,640	2,715
Allowance for doubtful accounts	(198)	(198)
Total investments and other assets	17,053	17,439
Total non-current assets	65,543	65,766
Total assets	245,149	238,002

(Million yen)

	Fiscal year ended March 2024 (As of March 31, 2024)	First quarter ended June 2024 (As of June 30, 2024)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	29,779	27,798
Short-term borrowings	6,000	–
Income taxes payable	2,804	1,319
Advances received on construction contracts in progress	28,982	31,716
Provision for warranties for completed construction	730	708
Provision for bonuses	4,311	6,909
Other	8,828	7,116
Total current liabilities	81,436	75,569
Non-current liabilities		
Bonds payable	15,000	15,000
Deferred tax liabilities	505	507
Deferred tax liabilities for land revaluation	231	231
Provision for special repairs of vessels	65	70
Retirement benefit liability	11,728	11,929
Other	2,110	2,134
Total non-current liabilities	29,642	29,873
Total liabilities	111,079	105,443
NET ASSETS		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	797	797
Retained earnings	127,822	126,074
Treasury shares	(0)	(0)
Total shareholders' equity	133,619	131,871
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	275	220
Revaluation reserve for land	(1,242)	(1,242)
Foreign currency translation adjustment	1,089	1,392
Remeasurements of defined benefit plans	282	277
Total accumulated other comprehensive income	405	647
Non-controlling interests	43	40
Total net assets	134,069	132,559
Total liabilities and net assets	245,149	238,002

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

For the first quarter of the fiscal year ending March 2025 (April 1, 2024－June 30, 2024)

(Million yen)

	First quarter ended June 2023 (April 1, 2023-June 30, 2023)	First quarter ended June 2024 (April 1, 2024-June 30, 2024)
Net sales		
Net sales of completed construction contracts	53,577	61,506
Sales in real estate business	12,035	16,624
Total net sales	65,613	78,130
Cost of sales		
Cost of sales of completed construction contracts	46,652	54,736
Cost of sales in real estate business	10,107	14,235
Total cost of sales	56,760	68,971
Gross profit		
Gross profit on completed construction contracts	6,925	6,769
Gross profit - real estate business	1,927	2,388
Total gross profit	8,852	9,158
Selling, general and administrative expenses	8,045	8,176
Operating profit	807	981
Non-operating income		
Interest income	0	0
Dividend income	66	46
Foreign exchange gains	157	136
Other	59	50
Total non-operating income	283	234
Non-operating expenses		
Interest expenses	59	50
Share of loss of entities accounted for using equity method	61	147
Other	10	21
Total non-operating expenses	130	219
Ordinary profit	960	997
Extraordinary income		
Gain on sale of non-current assets	2	0
Gain on sale of investment securities	－	46
Total extraordinary income	2	46
Extraordinary losses		
Loss on retirement of non-current assets	15	26
Office relocation expenses	454	－
Total extraordinary losses	470	26
Profit before income taxes	492	1,017
Income taxes - current	1,128	1,431
Income taxes - deferred	(479)	(580)
Total income taxes	648	850
Profit (loss)	(155)	166
Profit (loss) attributable to non-controlling interests	(2)	0
Profit (loss) attributable to owners of parent	(153)	166

Quarterly consolidated statement of comprehensive income
For the first quarter of the fiscal year ending March 2025 (April 1, 2024– June 30, 2024)

(Million yen)

	First quarter ended June 2023 (April 1, 2023-June 30, 2023)	First quarter ended June 2024 (April 1, 2024-June 30, 2024)
Profit (loss)	(155)	166
Other comprehensive income		
Valuation difference on available-for-sale securities	351	(55)
Foreign currency translation adjustment	(139)	25
Remeasurements of defined benefit plans, net of tax	(4)	(5)
Share of other comprehensive income of entities accounted for using equity method	25	277
Total other comprehensive income	232	242
Comprehensive income	76	409
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	79	408
Comprehensive income attributable to non-controlling interests	(2)	0

(3) Notes on quarterly consolidated financial statements

(Notes on segment information)

For the first quarter of the fiscal year ending March 2024 (April 1, 2023-June 30, 2023)

1. Information of net sales, profit or loss by reportable segment

(Million yen)

	Reportable segment				Adjustment (Note1)	Amount on Statement of income (Note 2)
	Architecture	Civil engineering	Real estate	Total		
Net sales						
(of which to outside customers)	31,064	22,513	12,035	65,613	—	65,613
(of which inter-segment or transfers)	705	1	359	1,066	(1,066)	—
Total	31,769	22,514	12,395	66,679	(1,066)	65,613
Segment profit	138	1,176	821	2,136	(1,328)	807

Notes:

1. The adjustment amount for segment profit of -1,328 million yen includes general administrative expenses not attributable to each reporting segment of -1,146 million yen and other adjustment amounts of -182 million yen.
2. Segment profit is adjusted to match with operating profit on the consolidated statement of income.

2. Information about impairment losses of non-current assets or goodwill, etc. by reportable segment

None

For the first quarter of the fiscal year ending March 2025 (April 1, 2024-June 30, 2024)

1. Information of net sales, profit or loss by reportable segment

(Million yen)

	Reportable segment				Adjustment (Note1)	Amount on Statement of income (Note 2)
	Architecture	Civil engineering	Real estate	Total		
Net sales						
(of which to outside customers)	37,550	23,955	16,624	78,130	—	78,130
(of which inter-segment or transfers)	206	—	289	496	(496)	—
Total	37,756	23,955	16,914	78,626	(496)	78,130
Segment profit	28	904	1,308	2,241	(1,259)	981

Notes:

1. The adjustment amount for segment profit of -1,259 million yen includes general administrative expenses not attributable to each reporting segment of -1,280 million yen and other adjustment amounts of 20 million yen.
2. Segment profit is adjusted to match with operating profit on the consolidated statement of income.

2. Information about impairment losses of non-current assets or goodwill, etc. by reportable segment

None

(Notes on significant change in shareholders' equity)
None

(Notes on going concern assumption)
None

(Notes on consolidated statement of cash flows)
The quarterly consolidated statement of cash flows for the first quarter has not been prepared. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first quarter are as follows.

(Million yen)

	First quarter ended June 2023 (April 1, 2023-June 30, 2023)	First quarter ended June 2024 (April 1, 2024-June 30, 2024)
Depreciation	397	481
Amortization of goodwill	42	42

3. Consolidated Orders Received and Net Sales

(Million yen, %)

		First quarter ended June 2023 (April 1, 2023 – June 30, 2023)		First quarter ended June 2024 (April 1, 2024 – June 30, 2024)		Changes	
		Amount	Share	Amount	Share	Amount	%
Orders received	Architecture	44,369	53.7	48,255	57.4	3,886	8.8
	Civil engineering	26,003	31.5	17,255	20.5	(8,748)	(33.6)
	Total construction	70,373	85.2	65,510	77.9	(4,862)	(6.9)
	Real estate	12,224	14.8	18,628	22.1	6,404	52.4
Total		82,597	100.0	84,139	100.0	1,541	1.9
Net sales	Architecture	31,064	47.4	37,550	48.1	6,486	20.9
	Civil engineering	22,513	34.3	23,955	30.6	1,442	6.4
	Total construction	53,577	81.7	61,506	78.7	7,928	14.8
	Real estate	12,035	18.3	16,624	21.3	4,589	38.1
Total		65,613	100.0	78,130	100.0	12,517	19.1