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February 12, 2025

Summary of Consolidated Financial Results For the Third 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
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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 third quarter of the fiscal year ending March 2025 (April 1, 2024 – December 31, 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	%
Third quarter ended December 2024	247,764	10.8	6,840	3.7	6,340	(1.5)	3,170	(11.1)
Third quarter ended December 2023	223,709	9.9	6,595	(4.0)	6,439	(8.8)	3,564	(13.0)

Note: Comprehensive income Third quarter ended December 2024: 3,001 million yen [(23.7)%]
 Third quarter ended December 2023: 3,931 million yen [(27.9)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended December 2024	91.07	—
Third quarter ended December 2023	102.39	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of December 31, 2024	267,971	133,724	49.9
As of March 31, 2024	245,149	134,069	54.7

Reference: Equity As of December 31, 2024: 133,677 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	—	41.00	—		
FY3/25 (Forecast)				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	400,000	22.7	350,000	11.9	13,000	11.6	12,000	6.1	7,000	(23.6)	201.04

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 December 31, 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 December 31, 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 December 31, 2024	34,818,542 shares
Period ended December 31, 2023	34,818,554 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 third 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 third quarter of the fiscal year ending March 2025, orders received amounted to 275,393 million yen (a 10.3% increase compared to the same period of the previous year), and net sales were 247,764 million yen (a 10.8% increase compared to the same period of the previous year). Regarding profits, operating profit was 6,840 million yen (a 3.7% increase compared to the same period of the previous year), ordinary profit was 6,340 million yen (a 1.5% decrease compared to the same period of the previous year) and profit attributable to owners of parent was 3,170 million yen (an 11.1% decrease compared to 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 -3,933 million yen and other adjustment amounts of 76 million yen.

(Architecture)

Orders received amounted to 153,119 million yen (a 16.7% increase compared to the same period of the previous year), net sales of completed construction contracts amounted to 119,515 million yen (a 9.1% increase compared to the same period of the previous year), and segment profit was 2,571 million yen (a 14.8% decrease compared to the same period of the previous year).

(Civil Engineering)

Orders received amounted to 66,592 million yen (a 13.0% decrease compared to the same period of the previous year), net sales of completed construction contracts amounted to 75,599 million yen (a 1.5% increase compared to the same period of the previous year), and segment profit was 3,869 million yen (a 16.0% decrease compared to the same period of the previous year).

(Real Estate)

Sales in real estate business amounted to 52,648 million yen (a 32.5% increase compared to the same period of the previous year), and segment profit was 4,255 million yen (a 62.5% increase compared to the same period of the previous year) due to growth in the residential property sales business.

(2) Overview of financial position

(Assets)

Assets increased by 22,822 million yen compared to the end of the previous consolidated fiscal year, amounting to 267,971 million yen. The main factors were an increase in notes receivable, accounts receivable from completed construction contracts and other of 19,708 million yen and an increase in costs on real estate business of 5,219 million yen, while there was a decrease in accounts receivable - other of 2,011 million yen and investment securities of 1,062 million yen.

(Liabilities)

Liabilities increased by 23,167 million yen compared to the end of the previous consolidated fiscal year, amounting to 134,247 million yen. The main factors were an increase in short-term borrowings of 22,000 million yen and an increase in advances received on construction contracts in progress of 1,333 million yen, while there was a decrease in income taxes payable of 1,888 million yen, provision for bonuses of 1,953 million yen.

(Net Assets)

Net assets decreased by 344 million yen compared to the end of the previous consolidated fiscal year, amounting to 133,724 million yen. The main factors were a decrease in retained earnings by 171 million yen due to the recording of profit attributable to owners of parent of 3,170 million yen and the payment of dividends of 3,342 million yen and a decrease in valuation difference on available-for-sale securities 142 million yen.

As a result, the amount of owner's equity, excluding non-controlling interests, was 133,677 million yen, and the equity-to-asset ratio decreased by 4.8 percentage points compared to the end of the previous consolidated fiscal year, reaching 49.9%.

(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 November 13, 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)	Third quarter ended December 2024 (As of December 31, 2024)
ASSETS		
Current assets		
Cash and deposits	26,785	27,656
Notes receivable, accounts receivable from completed construction contracts and other	97,248	116,956
Real estate for sale	28,005	28,034
Costs on construction contracts in progress	1,573	2,028
Costs on real estate business	18,209	23,428
Accounts receivable - other	4,972	2,961
Other	2,911	3,252
Allowance for doubtful accounts	(100)	(111)
Total current assets	179,605	204,207
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,702	15,363
Machinery, vehicles, tools, furniture and fixtures, net	2,353	2,309
Vessels, net	988	934
Land	27,733	27,734
Leased assets, net	88	122
Construction in progress	13	129
Total property, plant and equipment	46,880	46,594
Intangible assets		
Goodwill	676	549
Other	933	948
Total intangible assets	1,610	1,498
Investments and other assets		
Investment securities	7,982	6,919
Deferred tax assets	6,628	6,207
Other	2,640	2,739
Allowance for doubtful accounts	(198)	(195)
Total investments and other assets	17,053	15,671
Total non-current assets	65,543	63,764
Total assets	245,149	267,971

(Million yen)

	Fiscal year ended March 2024 (As of March 31, 2024)	Third quarter ended December 2024 (As of December 31, 2024)
LIABILITIES		
Current liabilities		
Accounts payable for construction contracts	29,779	31,584
Short-term borrowings	6,000	28,000
Income taxes payable	2,804	915
Advances received on construction contracts in progress	28,982	30,315
Provision for warranties for completed construction	730	608
Provision for bonuses	4,311	2,358
Other	8,828	10,233
Total current liabilities	81,436	104,015
Non-current liabilities		
Bonds payable	15,000	15,000
Deferred tax liabilities	505	503
Deferred tax liabilities for land revaluation	231	231
Provision for special repairs of vessels	65	59
Retirement benefit liability	11,728	12,314
Other	2,110	2,122
Total non-current liabilities	29,642	30,232
Total liabilities	111,079	134,247
NET ASSETS		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	797	797
Retained earnings	127,822	127,650
Treasury shares	(0)	(0)
Total shareholders' equity	133,619	133,448
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	275	133
Revaluation reserve for land	(1,242)	(1,242)
Foreign currency translation adjustment	1,089	1,071
Remeasurements of defined benefit plans	282	266
Total accumulated other comprehensive income	405	229
Non-controlling interests	43	47
Total net assets	134,069	133,724
Total liabilities and net assets	245,149	267,971

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly consolidated statement of income
For the third quarter of the fiscal year ending March 2025 (April 1, 2024 – December 30, 2024)

(Million yen)

	Third quarter ended December 2023 (April 1, 2023-December 31, 2023)	Third quarter ended December 2024 (April 1, 2024-December 31, 2024)
Net sales		
Net sales of completed construction contracts	183,972	195,115
Sales in real estate business	39,737	52,648
Total net sales	223,709	247,764
Cost of sales		
Cost of sales of completed construction contracts	159,536	171,509
Cost of sales in real estate business	34,044	45,058
Total cost of sales	193,581	216,568
Gross profit		
Gross profit on completed construction contracts	24,435	23,605
Gross profit - real estate business	5,692	7,590
Total gross profit	30,127	31,195
Selling, general and administrative expenses	23,532	24,355
Operating profit	6,595	6,840
Non-operating income		
Interest income	11	0
Dividend income	101	56
Foreign exchange gains	114	93
Rental income	72	68
Other	149	70
Total non-operating income	449	288
Non-operating expenses		
Interest expenses	141	152
Share of loss of entities accounted for using equity method	380	472
Other	82	163
Total non-operating expenses	604	788
Ordinary profit	6,439	6,340
Extraordinary income		
Gain on sale of non-current assets	2	1
Gain on sale of investment securities	1,261	52
Total extraordinary income	1,264	54
Extraordinary losses		
Loss on sale of non-current assets	0	2
Loss on retirement of non-current assets	78	32
Office relocation expenses	530	—
Retirement benefit expenses	194	—
Total extraordinary losses	804	35
Profit before income taxes	6,899	6,359
Income taxes - current	2,742	2,688
Income taxes - deferred	589	493
Total income taxes	3,332	3,181
Profit	3,567	3,178
Profit attributable to non-controlling interests	2	7
Profit attributable to owners of parent	3,564	3,170

Quarterly consolidated statement of comprehensive income

For the third quarter of the fiscal year ending March 2025 (April 1, 2024—December 31, 2024)

(Million yen)

	Third quarter ended December 2023 (April 1, 2023-December 31, 2023)	Third quarter ended December 2024 (April 1, 2024-December 31, 2024)
Profit (loss)	3,567	3,178
Other comprehensive income		
Valuation difference on available-for-sale securities	(309)	(142)
Foreign currency translation adjustment	183	(69)
Remeasurements of defined benefit plans, net of tax	(14)	(16)
Share of other comprehensive income of entities accounted for using equity method	505	52
Total other comprehensive income	364	(176)
Comprehensive income	3,931	3,001
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,929	2,994
Comprehensive income attributable to non-controlling interests	2	7

(3) Notes on quarterly consolidated financial statements

(Notes on segment information)

For the third quarter of the fiscal year ending March 2024 (April 1, 2023—December 31, 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)	109,506	74,465	39,737	223,709	—	223,709
(of which inter- segment or transfers)	1,120	1	938	2,061	(2,061)	—
Total	110,626	74,467	40,675	225,770	(2,061)	223,709
Segment profit	3,017	4,609	2,619	10,246	(3,651)	6,595

Notes:

1. The adjustment amount for segment profit of -3,651 million yen includes general administrative expenses not attributable to each reporting segment of -3,453 million yen and other adjustment amounts of -197 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 third quarter of the fiscal year ending March 2025 (April 1, 2024—December 31, 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)	119,515	75,599	52,648	247,764	—	247,764
(of which inter- segment or transfers)	1,033	0	861	1,895	(1,895)	—
Total	120,549	75,600	53,510	249,659	(1,895)	247,764
Segment profit	2,571	3,869	4,255	10,696	(3,856)	6,840

Notes:

1. The adjustment amount for segment profit of -3,856 million yen includes general administrative expenses not attributable to each reporting segment of -3,933 million yen and other adjustment amounts of 76 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 third quarter has not been prepared. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the third quarter are as follows.

(Million yen)

	Third quarter ended December 2023 (April 1, 2023-December 31, 2023)	Third quarter ended December 2024 (April 1, 2024-December 31, 2024)
Depreciation	1,400	1,477
Amortization of goodwill	126	126

3. Consolidated Orders Received and Net Sales

(Million yen, %)

		Third quarter ended December 2023 (April 1, 2023 – December 31, 2023)		Third quarter ended December 2024 (April 1, 2024 – December 31, 2024)		Changes	
		Amount	Share	Amount	Share	Amount	%
Orders received	Architecture	131,159	52.5	153,119	55.6	21,959	16.7
	Civil engineering	76,522	30.7	66,592	24.2	(9,930)	(13.0)
	Total construction	207,681	83.2	219,711	79.8	12,029	5.8
	Real estate	42,004	16.8	55,682	20.2	13,677	32.6
	Total	249,686	100.0	275,393	100.0	25,707	10.3
Net sales	Architecture	109,506	49.0	119,515	48.2	10,009	9.1
	Civil engineering	74,465	33.2	75,599	30.6	1,133	1.5
	Total construction	183,972	82.2	195,115	78.8	11,143	6.1
	Real estate	39,737	17.8	52,648	21.2	12,911	32.5
	Total	223,709	100.0	247,764	100.0	24,055	10.8