

Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2020 [Japan GAAP]



Company: Takamatsu Construction Group Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange (First Section)
 Stock code: 1762
 URL: <https://www.takamatsu-cg.co.jp/>
 Representative: Nobuhiko Yoshitake, President and Representative Director of the Board
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 Date of Ordinary Shareholders Meeting: June 24, 2020 (tentative)
 Date of commencement of dividend payment: June 25, 2020 (tentative)
 Date of filing of securities report: June 25, 2020 (tentative)
 Supplementary explanatory documents: Yes (for analysts)
 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 2020 (April 1, 2019 – March 31, 2020)

(1) Consolidated result of operations (Percentage figures represent year on year changes)

| | Net sales | | Operating income | | Ordinary income | | Net earnings attributable to controlling interest | |
|--------|-------------|------|------------------|-------|-----------------|-------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY3/20 | 282,366 | 13.1 | 14,720 | 18.3 | 14,355 | 15.5 | 8,698 | 23.9 |
| FY3/19 | 249,720 | 1.9 | 12,441 | (8.7) | 12,425 | (9.3) | 7,022 | (11.7) |

Note: Comprehensive income: FY3/20: 8,320 million yen, 15.8 % FY3/19: 7,183 million yen, (23.2) %

| | Earnings per share | Earnings per share (diluted) | Return on equity | Ordinary income to total assets | Operating income to net sales |
|--------|--------------------|------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| FY3/20 | 249.83 | — | 8.1 | 7.1 | 5.2 |
| FY3/19 | 201.70 | — | 6.9 | 6.6 | 5.0 |

(Reference) Share of profit (loss) of entities accounted for using equity method: FY3/20: - million yen
 FY3/19: - million yen

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| FY3/20 | 211,431 | 110,139 | 52.1 | 3,162.22 |
| FY3/19 | 190,590 | 118,126 | 54.6 | 2,987.44 |

(Reference) Shareholders' equity: FY3/20: 110,104 million yen FY3/19: 104,018 million yen

(3) Consolidated cash flow position

| | Net cash provided by (used by) operating activities | Net cash provided by (used by) investing activities | Net cash provided by (used by) financing activities | Cash and cash equivalents at end of period |
|--------|---|---|---|--|
| | Million yen | Million yen | Million yen | Million yen |
| FY3/20 | 21,791 | (11,988) | (65) | 71,730 |
| FY3/19 | 4,160 | (5,371) | (5,402) | 62,074 |

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 | % | % |
| FY3/19 | — | 22.00 | — | 38.00 | 60.00 | 2,089 | 29.7 | 2.1 |
| FY3/20 | — | 23.00 | — | 40.00 | 63.00 | 2,193 | 25.2 | 2.0 |
| FY3/21 (Est.) | — | — | — | — | — | — | — | — |

(Note) Dividend estimate for FY 3/21 is undecided as of May 20, 2020.

3. Consolidated forecast for the fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021)

Due to infection expansion of Covid-19, consolidated forecast for the fiscal year ending March 31, 2021 is undecided since it is difficult to reasonably estimate the figures as of May 20, 2020. Consolidated forecast will be announced as soon as disclosure of the figures becomes possible.

* **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: No

(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, 2020: | 38,880,000 | As of March 31, 2019: | 38,880,000 |
|-----------------------|------------|-----------------------|------------|

(b) Treasury shares

| | | | |
|-----------------------|-----------|-----------------------|-----------|
| As of March 31, 2020: | 4,061,303 | As of March 31, 2019: | 4,061,303 |
|-----------------------|-----------|-----------------------|-----------|

(c) Average number of shares

| | | | |
|-----------------------------|------------|------------------------------|------------|
| Period ended March 31, 2020 | 34,818,697 | Period ended March 31, 2019: | 34,818,697 |
|-----------------------------|------------|------------------------------|------------|

* Auditing of financial statements by CPA and/or CPA firm is not conducted to this summary of financial results.

* Statement regarding forecasts and special notes

Due to infection expansion of Covid-19, consolidated forecast for the fiscal year ending March 31, 2021 is undecided since it is difficult to reasonably estimate the figures as of May 20, 2020. Consolidated forecast will be announced as soon as disclosure of the figures becomes possible. Please refer to Index P4 "1. Analysis of Results of Operations and Financial Condition (4) Outlook for the future" for details.

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1. Analysis of Results of Operations and Financial condition

(1) Overview of operating results for the fiscal year ended March 2020

During the consolidated fiscal year ended March 2020, the overall Japanese economy was in sluggish status due to incidents such as US-China trade friction and the Japanese consumption tax hike. This trend was drastically accelerated at the end of the fiscal year by explosive global expansion of Covid-19 and thus the Japanese economy is facing economic crisis with its impact worse than the Lehman Shock. Concerning the Japanese construction market, large size re-development projects to prepare for Tokyo Olympics have completed, leading into slowdown of demand. Although there are still sizable construction demand of large scale re-development projects in Kanto and Kansai areas as well as national resilience projects to prepare for natural disasters, we should conduct cautious evaluation towards negative impact of construction interruption (projects, interruption period and increased costs) and the change of investment mindset caused by expansion of Covid-19.

Takamatsu Construction Group kicked off its new three year Mid-Term Plan "Create! 2022", with fiscal year March 2020 as its first year, based on the "Five Creates". The "Five Creates" are, "Create High-growth, High-profit Group", "Create New Business Domain", "Create Group Culture that Respects Diversity and Compliance", "Create Synergy Effect", and "Create Value towards Economy, Society and Environment". To be more concrete, Takamatsu Corporation Co.,Ltd., one of the Group's core companies, will lead the growth of the Group, while at the same time the overall Group pursuits for improved profitability. This will be realized by continuing to create Group culture that respects diversity and compliance, by maximizing synergy effect and by creating new business domain through M&A. Through these activities, continuous creation of value towards economy, society and environment will be realized.

During fiscal year that ended in March 2020, which was 102nd year since our foundation, Asunaro Aoki Construction Co.,Ltd., has become 100% Group company of Takamatsu Construction Group through tender offer after 19 years of double-listed status, which further strengthened our capability to act as one team as well as enhanced synergy potential.

As the result, although our orders received recorded 296,746 million yen which is 2.8% short vs last year due to tightened order recording standard of Takamatsu Corporation Co.,Ltd., our net sales soared to 282,366 million yen (13.1%vs. last year), marking the eighth consecutive year of growth and the sixth consecutive year of record high sales. Regarding profit, operating income marked record high of 14,720 million yen (+18.3% vs. last year.), as well as ordinary income of 14,355 million yen (+15.5% vs. last year), and net earnings attributable to controlling interest of 8,698 million yen, an increase of 23.9% vs. last year.

By-segment performance were as shown below, however concerning by-segment earnings, the numbers do not include 3,982 million yen of headquarter expenses and other adjustments to match with consolidated operating income.

(Architecture)

Orders received decreased by 2.9% to 164,771 million yen, net sales increased by 31.2% to 151,002 million yen and the segment operating profit increased by 16.8% to 8,235 million yen.

(Civil engineering)

Orders received decreased by 4.0% to 104,910 million yen, net sales decreased by 3.7% to 104,299 million yen and the segment operating profit increased by 23.0% to 8,545million yen.

(Real estate)

Sales from real estate transactions, leasing and other operations increased by 3.1% to 27,065 million yen and the segment operating profit decreased by 2.7% to 1,921 million yen.

(2) Overview of financial position for the fiscal year ended March 2020

(Assets)

Assets totaled 211,431 million yen at the end of the previous fiscal year, 20,841 million yen more than the end of the previous fiscal year. This is due mainly to increases of tangible assets of 10,179 million yen caused mainly by purchase of land for new Tokyo Headquarter building, increase of cash and deposits of 9,656 million yen, increase of notes receivable, accounts receivable from completed construction contracts and other of 2,101 million yen, partially offset by

decrease of real estate for sale of 2,741 million yen and decrease of accounts receivable of 1,285 million yen.

(Liabilities)

Liabilities increased by 28,828 million yen to 101,292 million yen. This is due mainly to increase of short-term borrowings of 16,300 million yen, increase of advances received on uncompleted construction contracts of 6,143 million yen, increase of accounts payable for construction contracts of 2,660 million yen and increase of income taxes payable of 1,995 million yen.

(Net assets)

Net assets decreased by 7,987 million yen to 110,139 million yen.

The primary reason is decrease of non-controlling interests of 14,073 million yen caused by Tender Offer to purchase ordinary shares of Asunaro Aoki Construction Co., Ltd. which is our consolidated Group company, partially offset by increase of retained earnings of 6,470 million yen which mostly derives from 8,698 million yen of our net earnings minus 2,123 million yen of dividend payment. As the result, net assets after deducting non-controlling interests was 110,104 million yen with the equity ratio of 52.1%, 2.5 percentage point lower than the end of the previous fiscal year.

(3) Overview of cash flows for fiscal year ended March 2020

Consolidated cash and cash equivalents (hereinafter 'cash') at the end of the fiscal year totaled 71,730 million yen, 9,656 million yen more than the year before. Details are as follows.

(Operating cash flow)

Net cash inflow provided by operating activities was 21,791 million yen, compared to cash inflow of 4,160 million yen in the previous fiscal year.

This is due mainly to cash increase generated by income before income taxes of 13,939 million yen, increase of 5,569 million yen of advances received on uncompleted construction contracts, increase of 1,600 million yen of notes and accounts payable and increase of 1,300 million yen caused by decrease of accounts receivable, partially offset by cash decrease generated by increase of 1,663 million yen of notes and accounts receivable from completed construction and 3,390 million yen of income tax payments.

(Investing cash flow)

Net cash outflow for investing activities was 11,988 million yen compared to cash outflow of 5,371 million yen in the previous fiscal year. This is due mainly to purchase of tangible fixed assets of 10,936 million yen including purchase of land to expand the Tokyo office as well as 903 million yen of purchase of shares of subsidiaries resulting in change in scope of consolidation.

(Financing cash flow)

Net cash outflow for financing activities was 65 million yen compared to cash outflow of 5,402 million yen in the previous fiscal year. This is due mainly to 2,122 million yen of cash dividend payment and 13,802 million yen to purchase 100% shares of our subsidiary, Asunaro Aoki shares (payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation), that were provided by short term loans of 16,300 million yen.

(Reference) Cash flow index trends

| | FY3/16 | FY3/17 | FY3/18 | FY3/19 | FY3/20 |
|---|--------|--------|--------|--------|--------|
| Equity ratio (%) | 55.1 | 53.2 | 53.9 | 54.6 | 52.1 |
| Equity ratio based on market cap (%) | 52.9 | 51.8 | 56.8 | 43.7 | 38.2 |
| Interest-bearing debt /Annual Cash flow | 0.2 | 0.1 | 0.1 | 0.1 | 0.8 |
| Interest coverage ratio | 14.5 | 49.2 | 31.6 | 23.9 | 127.8 |

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) Outlook for the future

Although the majority of construction market forecast in Japan expected relatively firm status to continue for two to three years after the 2020 Tokyo Olympic and Paralympic, the view has become untransparent due to infection expansion of Covid-19. In addition, even after the infection peaks out, the construction market needs to respond to work style reform led by the Japanese Government as well as increased labor cost caused by rapid decrease of workers of the construction industry.

Previously, we were of the opinion that the construction of condominiums for rental purpose, which is the main business of Takamatsu Corporation Co.,Ltd., one of our core companies, will remain to be tight in three big cities of Japan (especially in Tokyo), where population is expected to still increase, supported by continued low interest rates. However, the business environment is changing significantly due to weaker investment mindset towards construction, delay of materials procurement due to malfunction of supply chains and the possibility of population dispersion caused by increase of work from home, thus, we will respond to these environment changes in a flexible manner.

On the other hand, Asunaro Aoki Construction Co.,Ltd., the other core company of the Group with its business core as general architecture and public civil engineering, will head towards steady growth and profitability improvement by responding to economic countermeasures after release of Emergency Status Declaration of Covid-19 as well as aged infrastructure repairs such as national land resilience projects.

To be concrete, Takamatsu Group will strengthen competitiveness in non-condominium buildings, shorten and optimize design stage period, as well as to improve technology, know-hows and employee skills, while Asunaro Aoki Group will tackle with improvements of technical proposal capability and productivity through ICT such as BIM and CIM, as well as strengthening technological development to enable entrance into new business domains.

Since it is difficult to estimate the magnitude of stagnation of the economy as well as when the infection expansion will peak out for Covid-19, it is difficult to reasonably estimate its impact towards our results. Thus, consolidated forecast for the fiscal year ending March 31, 2021 is undecided as of May 20, 2020. Consolidated forecast will be announced as soon as disclosure of the figures becomes possible.

(5) Basic policy for earnings distributions and dividends for the current and the next fiscal year

Distributing earnings to shareholders is one of our highest priorities. We will pursue disciplined capital policy by seeking the optimized balance between strengthening management basis towards eternal growth of the Group and the steady distribution of profits to our shareholders. Our basic policy is to maintain stable dividend payments to improve shareholder distribution while retained earnings will be used effectively from a medium to long term perspective with the primary objective to strengthen our management structure and to build a sound base for future operations.

For the fiscal year ended March 2020, we declare an annual dividend of 63 yen per share, which is the same amount as our announcement at the beginning of the year, with the dividend payout ratio of 25.2%.

Due to infection expansion of Covid-19, dividend of fiscal year ending March 2021 is undecided since it is difficult to reasonably estimate its impact. It will be announced as soon as its impact becomes clear.

Dividend per share

(Yen)

| | FY3/18 | FY3/19 | FY3/20 | FY3/21 (Est.) |
|--|--------|--------|--------|---------------|
| Dividends (Total of ordinary and commemorative dividends) | 56 | 60 | 63 | Undecided |

2. Selection of Accounting Principles

Takamatsu Construction Group uses 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 2019 (As of March 31, 2019) | Fiscal year ended March 2020 (As of March 31, 2020) |
|---|--|--|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 62,074 | 71,730 |
| Notes receivable, accounts receivable from completed construction contracts and other | 72,219 | 74,320 |
| Real estate for sale | 10,153 | 7,412 |
| Costs on uncompleted construction contracts | 1,594 | 2,275 |
| Costs on real estate business | 631 | 2,359 |
| Accounts receivable | 6,262 | 4,976 |
| Other | 1,369 | 1,643 |
| Allowance for doubtful accounts | (106) | (115) |
| Total current assets | 154,199 | 164,602 |
| Noncurrent assets | | |
| Tangible Assets | | |
| Buildings and structures, net | 5,429 | 5,566 |
| Machinery, vehicles, tools, furniture and fixtures, net | 1,273 | 1,343 |
| Vessels, net | 967 | 880 |
| Land | 13,599 | 24,014 |
| Lease assets, net | 185 | 183 |
| Construction in progress | 1,046 | 694 |
| Total Tangible assets | 22,502 | 32,681 |
| Intangible assets | | |
| Goodwill | 1,521 | 2,069 |
| Other | 542 | 642 |
| Total Intangible assets | 2,063 | 2,711 |
| Investments and other assets | | |
| Investment securities | 5,276 | 4,623 |
| Deferred tax assets | 3,802 | 4,362 |
| Other | 3,029 | 2,671 |
| Allowance for doubtful accounts | (283) | (223) |
| Total investments and other assets | 11,825 | 11,434 |
| Total noncurrent assets | 36,391 | 46,828 |
| Total assets | 190,590 | 211,431 |

(Million yen)

| | Fiscal year ended March 2019 (As of March 31, 2019) | Fiscal year ended March 2020 (As of March 31, 2020) |
|---|--|--|
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable for construction contracts | 30,974 | 33,634 |
| Short-term borrowings | — | 16,300 |
| Income taxes payable | 1,737 | 3,732 |
| Advances received on uncompleted construction contracts | 15,341 | 21,484 |
| Provision for warranties for completed construction | 311 | 489 |
| Provision for loss on construction contracts | 79 | 29 |
| Provision for bonuses | 3,099 | 3,656 |
| Other | 8,214 | 8,687 |
| Total current liabilities | 59,757 | 88,013 |
| Noncurrent liabilities | | |
| Deferred tax liabilities for land revaluation | 256 | 256 |
| Deferred tax liabilities | 14 | 4 |
| Provision for special repairs of vessels | 75 | 70 |
| Retirement allowances | 10,903 | 11,286 |
| Other | 1,455 | 1,660 |
| Total noncurrent liabilities | 12,706 | 13,279 |
| Total liabilities | 72,463 | 101,292 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 5,000 | 5,000 |
| Capital surplus | 524 | 797 |
| Retained earnings | 107,097 | 113,567 |
| Treasury shares | (7,483) | (7,483) |
| Total shareholders' equity | 105,138 | 111,881 |
| Accumulated other comprehensive income | | |
| Valuation differences on available-for-sales securities | 635 | 208 |
| Revaluation reserve for land | (1,266) | (1,266) |
| Foreign currency translation adjustment | 5 | (21) |
| Remeasurements of retirement allowance plans | (493) | (697) |
| Total accumulated other comprehensive income | (1,119) | (1,777) |
| Non-controlling interests | 14,108 | 34 |
| Total net assets | 118,126 | 110,139 |
| Total liabilities and net assets | 190,590 | 211,431 |

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

(Million yen)

| | Fiscal year ended March 2019 (April 1, 2018-March 31, 2019) | Fiscal year ended March 2020 (April 1, 2019-March 31, 2020) |
|---|--|--|
| Net sales | | |
| Net sales of completed construction contracts | 223,470 | 255,301 |
| Sales on real estate business | 26,250 | 27,065 |
| Total net sales | 249,720 | 282,366 |
| Cost of sales | | |
| Cost of sales of completed construction contracts | 192,937 | 219,216 |
| Cost of sales on real estate business | 22,421 | 23,192 |
| Total cost of sales | 215,359 | 242,408 |
| Gross profit | | |
| Gross profit on completed construction contracts | 30,532 | 36,084 |
| Gross profit-real estate business | 3,828 | 3,873 |
| Total gross profit | 34,361 | 39,957 |
| Selling, general and administrative expenses | 21,919 | 25,237 |
| Operating income (loss) | 12,441 | 14,720 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income | 108 | 86 |
| Rent income | 56 | 73 |
| Other | 61 | 69 |
| Total non-operating income | 226 | 230 |
| Non-operating expenses | | |
| Interest expense | 174 | 170 |
| Commission fee | 0 | 394 |
| Other | 67 | 29 |
| Total non-operating expenses | 242 | 595 |
| Ordinary income (loss) | 12,425 | 14,355 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 47 | 72 |
| Gain on sales of investment securities | 393 | 22 |
| Insurance claim income | — | 35 |
| Other | 14 | — |
| Total extraordinary income | 455 | 130 |
| Extraordinary loss | | |
| Loss on sales of investment securities | 17 | 100 |
| Loss on disposal of fixed assets | 164 | 57 |
| Loss on litigation | 50 | 61 |
| Impairment loss | 430 | — |
| Loss on evaluation of inventories | — | 305 |
| Other | 624 | 21 |
| Total extraordinary loss | 1,287 | 546 |
| Income before income taxes | 11,593 | 13,939 |
| Income tax-current | 3,755 | 5,252 |
| Income tax-deferred | (70) | (289) |
| Total income taxes | 3,685 | 4,962 |
| Net earnings (loss) | 7,908 | 8,976 |
| Net earnings attributable to non-controlling interests (loss) | 885 | 277 |
| Net earnings attributable to controlling interest | 7,022 | 8,698 |

Consolidated statement of comprehensive income

(Million yen)

| | Fiscal year ended March 2019 (April 1, 2018-March 31, 2019) | Fiscal year ended March 2020 (April 1, 2019-March 31, 2020) |
|--|--|--|
| Net earnings | 7,908 | 8,976 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (476) | (434) |
| Foreign currency translation adjustment | 5 | (27) |
| Remeasurements of retirement allowance plans | (253) | (194) |
| Total other comprehensive income | (724) | (656) |
| Comprehensive income | 7,183 | 8,320 |
| (This splits into...) | | |
| Comprehensive income attributable to controlling interest | 6,286 | 8,040 |
| Comprehensive income attributable to non-controlling interests | 897 | 279 |

(3) Consolidated statement of changes in equity
 Previous fiscal year (April 1, 2018 –March 31, 2019)

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of the period | 5,000 | 391 | 102,100 | (7,483) | 100,008 |
| Changes of items during the period | | | | | |
| Dividends | | | (1,253) | | (1,253) |
| Dividends (interim) | | | (766) | | (766) |
| Change of scope of consolidation | | | (6) | | (6) |
| Change of scope of consolidation - foreign currency translation adjustment | | | | | |
| Net earnings attributable to controlling interest | | | 7,022 | | 7,022 |
| Purchase of treasury shares of consolidated subsidiaries | | 132 | | | 132 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | 132 | 4,997 | — | 5,130 |
| Balance at the end of the period | 5,000 | 524 | 107,097 | (7,483) | 105,138 |

| | 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 retirement allowance plans | Total accumulated other comprehensive income | | |
| Balance at the beginning of the period | 1,129 | (1,266) | — | (245) | (382) | 14,367 | 113,992 |
| Changes of items during the period | | | | | | | |
| Dividends | | | | | | | (1,253) |
| Dividends (interim) | | | | | | | (766) |
| Change of scope of consolidation | | | | | | | (6) |
| Change of scope of consolidation - foreign currency translation adjustment | | | (0) | | (0) | | (0) |
| Net earnings attributable to controlling interest | | | | | | | 7,022 |
| Purchase of treasury shares of consolidated subsidiaries | | | | | | | 132 |
| Net changes of items other than shareholders' equity | (494) | — | 5 | (247) | (736) | (259) | (995) |
| Total changes of items during the period | (494) | — | 5 | (247) | (736) | (259) | 4,134 |
| Balance at the end of the period | 635 | (1,266) | 5 | (493) | (1,119) | 14,108 | 118,126 |

Current fiscal year (April 1, 2019 –March 31, 2020)

(Million yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of the period | 5,000 | 524 | 107,097 | (7,483) | 105,138 |
| Changes of items during the period | | | | | |
| Dividends | | | (1,323) | | (1,323) |
| Dividends (interim) | | | (800) | | (800) |
| Change of scope of consolidation | | | (104) | | (104) |
| Net earnings attributable to controlling interest | | | 8,698 | | 8,698 |
| Purchase of treasury shares of consolidated subsidiaries | | (0) | | | (0) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 274 | | | 274 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | 273 | 6,470 | — | 6,743 |
| Balance at the end of the period | 5,000 | 797 | 113,567 | (7,483) | 111,881 |

| | 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 retirement allowance plans | Total accumulated other comprehensive income | | |
| Balance at the beginning of the period | 635 | (1,266) | 5 | (493) | (1,119) | 14,108 | 118,126 |
| Changes of items during the period | | | | | | | |
| Dividends | | | | | | | (1,323) |
| Dividends (interim) | | | | | | | (800) |
| Change of scope of consolidation | | | | | | | (104) |
| Net earnings attributable to controlling interest | | | | | | | 8,698 |
| Purchase of treasury shares of consolidated | | | | | | | (0) |
| Change in ownership interest of parent due to transactions with non- | | | | | | | 274 |
| Net changes of items other than shareholders' equity | (426) | — | (27) | (204) | (657) | (14,073) | (14,731) |
| Total changes of items during the period | (426) | — | (27) | (204) | (657) | (14,073) | (7,987) |
| Balance at the end of the period | 208 | (1,266) | (21) | (697) | (1,777) | 34 | 110,139 |

(4) Consolidated statement of cash flow

(Million yen)

| | Fiscal year ended March 2019 (April 1, 2018-March 31, 2019) | Fiscal year ended March 2020 (April 1, 2019-March 31, 2020) |
|--|--|--|
| Cash flows from operating activities | | |
| Income before income taxes | 11,593 | 13,939 |
| Depreciation | 1,120 | 1,219 |
| Impairment loss | 430 | — |
| Loss on valuation of inventories | — | 305 |
| Amortization of goodwill | 169 | 227 |
| Increase (decrease) in allowance for doubtful accounts | (175) | (81) |
| Increase (decrease) in provision for warranties for completed construction | (379) | 177 |
| Increase (decrease) in provision for loss on construction contracts | (95) | (50) |
| Increase (decrease) in provision for bonuses | 282 | 503 |
| Increase (decrease) in provision for executive officers' retirement benefits | (50) | — |
| Increase (decrease) in provision for special repairs of vessels | 23 | (5) |
| Increase (decrease) in retirement allowance plans | (116) | 56 |
| Interest and dividend income | (109) | (87) |
| Interest expenses | 174 | 170 |
| Loss (gain) on sales of fixed assets | (44) | (72) |
| Loss (gain) on sales of investment securities | (375) | 77 |
| Decrease (increase) in notes and accounts receivable from completed construction | (3,916) | (1,663) |
| Decrease (increase) in inventories | (681) | 1,231 |
| Decrease (increase) in accounts receivable | (1,106) | 1,300 |
| Increase (decrease) in notes and accounts payable | (1,601) | 1,600 |
| Increase (decrease) in advances received on uncompleted construction contracts | 4,273 | 5,569 |
| Changes in consumption taxes receivable/payable | 622 | 122 |
| Others, net | 195 | 893 |
| Subtotal | 10,231 | 25,433 |
| Interest and dividend income received | 109 | 87 |
| Interest expenses paid | (174) | (170) |
| Payments for loss on litigation | (62) | (68) |
| Settlement package paid | (950) | — |
| Payments for loss on disaster | (621) | (99) |
| Income taxes paid | (4,570) | (3,390) |
| Income taxes refund | 198 | — |
| Cash flows from operating activities | 4,160 | 21,791 |
| Cash flows from investing activities | | |
| Purchase of tangible assets | (3,976) | (10,936) |
| Proceeds from sales of tangible assets | 83 | 99 |
| Purchase of intangible assets | (241) | (222) |
| Purchase of investment securities | (24) | (110) |
| Proceeds from sales of investment securities | 767 | 78 |
| Collection of short-term loans receivable | 172 | — |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (2,198) | (903) |
| Proceeds from withdrawal of time deposits | 57 | — |
| Others, net | (11) | (6) |
| Cash flows from investing activities | (5,371) | (11,988) |

(Million yen)

| | Fiscal year ended March 2019 (April 1, 2018-March 31, 2019) | Fiscal year ended March 2020 (April 1, 2019-March 31, 2020) |
|--|--|--|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (1,191) | 16,300 |
| Repayments of long-term loans payable | (998) | — |
| Repayments of lease obligations | (170) | (164) |
| Purchase of treasury shares of consolidated subsidiaries accompanying consolidation scope changes | (756) | (0) |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | — | (13,802) |
| Cash dividends paid | (2,017) | (2,122) |
| Cash dividends paid to minority shareholders | (268) | (275) |
| Cash flows from financing activities | (5,402) | (65) |
| Effect of exchange rate change on cash and cash equivalents | (5) | 0 |
| Net increase (decrease) in cash and cash equivalents | (6,618) | 9,738 |
| Cash and cash equivalents at the beginning of period | 68,571 | 62,074 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 121 | (82) |
| Cash and cash equivalents at the end of period | 62,074 | 71,730 |

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

(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 income (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 income is used for reportable segment earnings.

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

Previous fiscal year (April 1, 2018 - March 31, 2019)

(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) | 115,114 | 108,355 | 26,250 | 249,720 | — | 249,720 |
| (of which inter-segment or transfers) | 252 | 38 | 470 | 761 | (761) | — |
| Total | 115,357 | 108,394 | 26,721 | 250,482 | (761) | 249,720 |
| Segment income | 7,048 | 6,949 | 1,975 | 15,973 | (3,531) | 12,441 |

Notes:

- 3,531million yen negative adjustment for segment income is the sum of 3,533 million yen of selling, general and administrative expenses that cannot be allocated to a reportable segment and 1 million yen of other adjustments.
- Reportable segment income is adjusted to match with operating income on the consolidated statement of income.

Current fiscal year (April 1, 2019 - March 31, 2020)

(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) | 151,002 | 104,299 | 27,065 | 282,366 | — | 282,366 |
| (of which inter-segment or transfers) | 937 | 24 | 1,108 | 2,070 | (2,070) | — |
| Total | 151,940 | 104,323 | 28,173 | 284,437 | (2,070) | 282,366 |
| Segment income | 8,235 | 8,545 | 1,921 | 18,702 | (3,982) | 14,720 |

Notes:

- 3,982 million yen negative adjustment for segment income is the sum of 3,867million yen of selling, general and administrative expenses that cannot be allocated to a reportable segment and 115 million yen of other adjustments.
- Reportable segment income is adjusted to match with operating income on the consolidated statement of income.

(Per share information)

(Yen)

| | Previous fiscal year (April 1, 2018 – March 31, 2019) | Current fiscal year (April 1, 2019 – March 31, 2020) |
|------------------------------|---|---|
| Net assets per share | 2,987.44 | 3,162.22 |
| Earnings per share | 201.70 | 249.83 |
| 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, 2018 – March 31, 2019) | Current fiscal year (April 1, 2019 – March 31, 2020) |
|---|--|---|
| Total net assets (million yen) | 118,126 | 110,139 |
| Amount deducted from total net assets (million yen) | 14,108 | 34 |
| of which non-controlling interests (million yen) | 14,108 | 34 |
| Net assets attributable to ordinary shares (million yen) | 104,018 | 110,104 |
| 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, 2018 – March 31, 2019) | Current fiscal year (April 1, 2019 – March 31, 2020) |
|---|--|---|
| Comprehensive income attributable to controlling interest (million yen) | 7,022 | 8,698 |
| Amount not attributable to ordinary shareholders (million yen) | — | — |
| Comprehensive income attributable to controlling interest attributable to ordinary shares (million yen) | 7,022 | 8,698 |
| 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 2019 | | Fiscal year ended March 2020 | | Changes | |
|--------------------|--------------------|----------------------------------|-------|----------------------------------|-------|---------|-------|
| | | (April 1, 2018 - March 31, 2019) | | (April 1, 2019 - March 31, 2020) | | | |
| | | Amount | Share | Amount | Share | Amount | % |
| Orders received | Architecture | 169,742 | 55.6 | 164,771 | 55.5 | (4,970) | (2.9) |
| | Civil engineering | 109,265 | 35.8 | 104,910 | 35.4 | (4,355) | (4.0) |
| | Total construction | 279,007 | 91.4 | 269,681 | 90.9 | (9,325) | (3.3) |
| | Real estate | 26,250 | 8.6 | 27,065 | 9.1 | 814 | 3.1 |
| | Total | 305,257 | 100.0 | 269,746 | 100.0 | (8,511) | (2.8) |
| Net sales | Architecture | 115,114 | 46.1 | 151,002 | 53.5 | 35,887 | 31.2 |
| | Civil engineering | 108,355 | 43.4 | 104,299 | 36.9 | (4,056) | (3.7) |
| | Total construction | 223,470 | 89.5 | 255,301 | 90.4 | 31,831 | 14.2 |
| | Real estate | 26,250 | 10.5 | 27,065 | 9.6 | 814 | 3.1 |
| | Total | 249,720 | 100.0 | 282,366 | 100.0 | 32,645 | 13.1 |