

Translated version

Analysis Material for 1Q, FY ending March 2022

Takamatsu Construction Group Co.,Ltd.
Securities Code : 1762

August 5, 2021

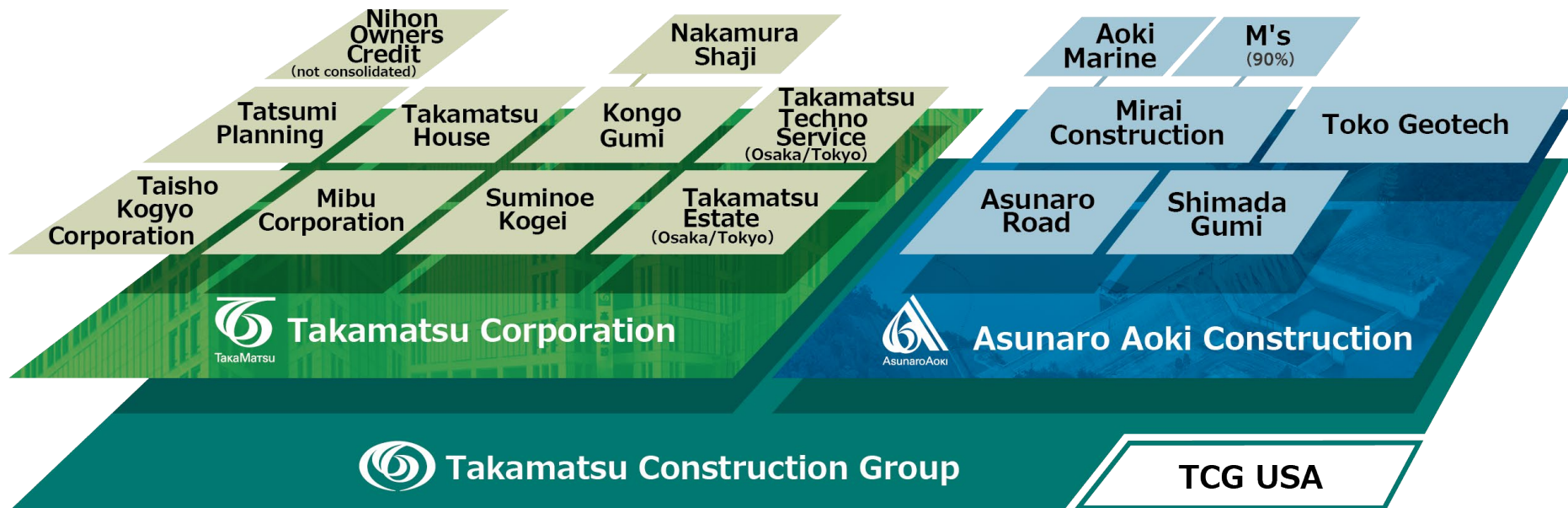
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Financial results for 1Q, FY ending March 2022

Group formation

- ◆ The Takamatsu Construction Group is composed of Takamatsu Construction Group Co., Ltd., a pure holding company, and Takamatsu Corporation Co., Ltd. and 11 subsidiary companies, Asunaro Aoki Construction Co., Ltd. and 6 subsidiary companies, and TCG USA, Inc., an overseas subsidiary, for a total of 21 companies on a consolidated basis.
- ◆ On February 26, 2021, Taisho Kogyo Corporation became a member of TCG Group.
On March 31, 2021, all shares of Niigata Mirai Construction were transferred to HONMAROAD Corporation.
On April 1, 2021, Niigata Mirai Construction became a wholly owned subsidiary of HONMAROAD Corporation.



* Shareholding ratio is 100% for all companies except M's.

Situation of Corporate Group (Consolidated)

	Civil Engineering	Architecture	Real Estate	Main sales areas
Takamatsu Corporation Group		Takamatsu Corporation		Tokyo・Nagoya・Osaka
		Takamatsu Techno Service (Osaka)		Osaka
		Takamatsu Techno Service (Tokyo)		Tokyo
			Takamatsu Estate (Osaka)	Osaka
			Takamatsu Estate (Tokyo)	Tokyo
		Suminoe Kogei		Japan(nationwide)
		Kongo Gumi		Tokyo・Osaka
		Nakamura Shaji		Nagoya
			Takamatsu House	Tokyo・Kanagawa
			Mibu Corporation	Tokyo
			Tatsumi Planning	Tokyo・Kanagawa
		Taisho Kogyo Corporation		Osaka
Asunaro Aoki Construction Group	Asunaro Aoki Construction			Japan(nationwide)
	Mirai Construction			Japan(nationwide)
	Toko Geotech			Japan(nationwide)
	Aoki Marine			Japan(nationwide)
	Asunaro Road			Hokkaido
		M's		Metropolitan area
	Shimada Gumi			Japan(nationwide)
		TCG USA	USA	
Takamatsu Construction Group (Pure Holding Company)				

TCG Performance for 1Q FY ending March 2022 (Consolidated)

- ◆ Orders received increased by 58.8% YoY. Net sales decreased by 7.2% YoY. Orders received decreased in 1Q of the previous fiscal year due to self-restraint in sales activities at Takamatsu Corporation. This had an impact on net sales in the current 1Q.

(100 million yen)

Item	1Q FY ended March 2020		1Q FY ended March 2021		1Q FY ending March 2022
Orders received	758	↓	429	↑	682
Net sales	598	↑	661	↓	613
Gross profit	74	↑	78	↑	83
Gross profit %	12.4%	↓	11.9%	↑	13.5%
Operating profit	13	↑	14	↑	14
Operating profit %	2.2%	↓	2.1%	↑	2.3%
Ordinary profit	13	↑	13	↑	14
Ordinary profit %	2.3%	↓	2.1%	↑	2.4%
Profit attributable to owners of parent	4	↑	6	↑	8
Profit attributable to owners of parent %	0.7%	↑	0.9%	↑	1.4%

Orders received by segments and group (Consolidated)

- ◆ Takamatsu Corporation's orders received increased more than 5 times YoY. Asunaro Aoki Construction's orders received decreased by 9.1% YoY due to the loss of a large architectural project for which Asunaro Aoki Construction had expected to receive an order.

(million yen)

By Segments		1Q FY ended March 2020	1Q FY ended March 2021	1Q FY ending March 2022
Architecture	Takamatsu Corporation Group	31,514	7,557	31,597
	Asunaro Aoki Construction Group	7,664	8,278	4,623
	Total	38,724	15,496	36,256
Civil engineering	Takamatsu Corporation Group	17	330	7
	Asunaro Aoki Construction Group	32,162	22,009	23,903
	Total	32,179	22,339	23,908
Real Estate	Takamatsu Corporation Group	4,328	5,094	8,019
	Asunaro Aoki Construction Group	549	30	24
	Total	4,917	5,159	8,102
TCG Group Consolidation		75,822	42,995	68,268

By Group		1Q FY ended March 2020	1Q FY ended March 2021	1Q FY ending March 2022
Takamatsu Corporation Group	Takamatsu Corporation	27,260	5,096	26,534
	Takamatsu Corporation Group Others	8,601	7,886	13,091
	Total	35,861	12,982	39,625
Asunaro Aoki Construction Group	Asunaro Aoki Construction	19,789	13,156	11,963
	Mirai Construction	10,146	6,691	4,331
	Toko Geotech	7,046	7,246	8,636
	Asunaro Aoki Construction Group Others	3,395	3,225	3,620
	Total	40,376	30,318	28,550
TCG Group Consolidation		75,822	42,995	68,268

※The total of individual figures and the total figures may not match due to consolidation adjustments.

Net sales by segments and group (Consolidated)

- ◆ Orders received decreased in 1Q of the previous fiscal year due to self-restraint in sales activities at Takamatsu Corporation. This had an impact on net sales in the current 1Q. Asunaro Aoki Construction saw little change in the number of construction projects in progress, but the small number of large construction projects in progress affected value of work done.

By Segments		1Q FY ended March 2020	1Q FY ended March 2021	1Q FY ending March 2022
Architecture	Takamatsu Corporation Group	19,514	24,793	20,580
	Asunaro Aoki Construction Group	11,321	11,268	8,343
	Total	30,630	35,763	28,716
Civil engineering	Takamatsu Corporation Group	335	169	3
	Asunaro Aoki Construction Group	23,926	25,030	24,554
	Total	24,261	25,200	24,557
Real Estate	Takamatsu Corporation Group	4,328	5,094	8,019
	Asunaro Aoki Construction Group	549	30	24
	Total	4,917	5,159	8,102
TCG Group Consolidation		59,810	66,123	61,377

By Group		1Q FY ended March 2020	1Q FY ended March 2021	1Q FY ending March 2022
Takamatsu Corporation Group	Takamatsu Corporation	16,822	21,352	16,967
	Takamatsu Corporation Group Others	7,357	8,706	11,636
	Total	24,179	30,058	28,603
Asunaro Aoki Construction Group	Asunaro Aoki Construction	23,265	23,638	18,634
	Mirai Construction	5,622	5,447	6,631
	Toko Geotech	4,844	5,365	5,211
	Asunaro Aoki Construction Group Others	2,066	1,879	2,446
	Total	35,797	36,329	32,922
TCG Group Consolidation		59,810	66,123	61,377

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Gross profit by segments and group (Consolidated)

- ◆ Takamatsu Corporation's gross profit % increased by 2.6pt, Asunaro Aoki Construction's gross profit % increased by 1.3pt. However, gross profit decreased for both companies as net sales decreased YoY.

(million yen)

By Segments		1Q FY ended March 2020	1Q FY ended March 2021	1Q FY ending March 2022
Architecture	Takamatsu Corporation Group	3,518	4,186	3,735
	Asunaro Aoki Construction Group	764	586	582
	Total	4,277	4,746	4,337
Civil engineering	Takamatsu Corporation Group	29	43	0
	Asunaro Aoki Construction Group	2,396	2,399	2,759
	Total	2,426	2,443	2,760
Real Estate	Takamatsu Corporation Group	651	670	1,175
	Asunaro Aoki Construction Group	44	△3	△4
	Total	722	690	1,203
TCG Group Consolidation		7,426	7,881	8,301

By Group		1Q FY ended March 2020	1Q FY ended March 2021	1Q FY ending March 2022
Takamatsu Corporation Group	Takamatsu Corporation	2,909	3,622	3,323
	Takamatsu Corporation Group Others	1,290	1,278	1,588
	Total	4,199	4,900	4,911
Asunaro Aoki Construction Group	Asunaro Aoki Construction	1,884	1,569	1,476
	Mirai Construction	219	384	612
	Toko Geotech	705	791	884
	Asunaro Aoki Construction Group Others	398	238	364
	Total	3,206	2,982	3,336
TCG Group Consolidation		7,426	7,881	8,301

※The total of individual figures and the total figures may not match due to consolidation adjustments.

Operating profit by segments and group (Consolidated)

- ◆ Takamatsu Corporation's operating profit decreased. Mirai Construction turned from an operating deficit to an operating surplus. Toko Geotech's operating profit increased. Compared to the previous two fiscal years, Asunaro Aoki Construction's operating profit decreased significantly, due in part to a 150 million yen increase in SG&A expenses alone in the architecture segment. (million yen)

By Segments		1Q FY ended March 2020	1Q FY ended March 2021	1Q FY ending March 2022
Architecture	Takamatsu Corporation Group	573	804	135
	Asunaro Aoki Construction Group	364	119	50
	Total	937	923	185
Civil engineering	Takamatsu Corporation Group	29	43	0
	Asunaro Aoki Construction Group	1,142	1,128	1,467
	Total	1,171	1,171	1,467
Real Estate	Takamatsu Corporation Group	285	260	711
	Asunaro Aoki Construction Group	25	△17	△8
	Total	310	243	703
TCG Group Consolidation		1,322	1,407	1,437

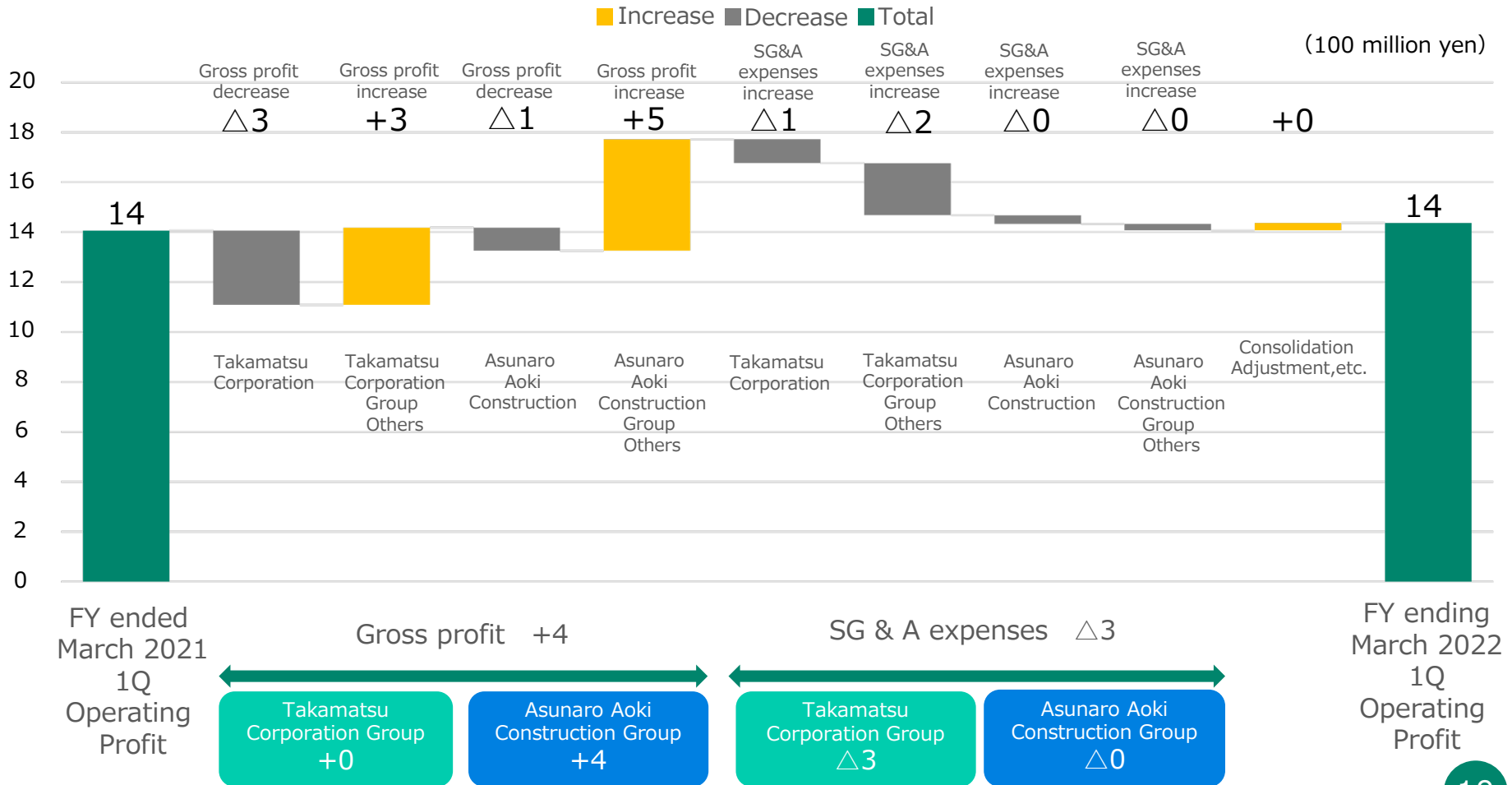
By Group		1Q FY ended March 2020	1Q FY ended March 2021	1Q FY ending March 2022
Takamatsu Corporation Group	Takamatsu Corporation	437	954	559
	Takamatsu Corporation Group Others	382	133	235
	Total	819	1,087	794
Asunaro Aoki Construction Group	Asunaro Aoki Construction	604	193	65
	Mirai Construction	△231	△48	150
	Toko Geotech	312	381	466
	Asunaro Aoki Construction Group Others	190	52	188
	Total	875	578	869
TCG Group Consolidation		1,322	1,407	1,437

※The total of individual figures and the total figures may not match due to consolidation adjustments.

Analysis of Changes in Operating Profit by Gross Profit and SG & A Expenses

- ◆ Takamatsu Corporation group compensated for the decrease in gross profit due to the decline in net sales at Takamatsu Corporation by increasing gross profit at group companies, but SG&A expenses increased due to higher labor costs at Takamatsu Corporation and group companies.
- ◆ Asunaro Aoki Construction also suffered a decrease in gross profit due to a decrease in net sales. Increase in gross profit at Group companies including Mirai Construction, Toko Geotech, contributed to the increase in operating profit, as there was no significant change in SG&A expenses at Asunaro Aoki Construction and Group companies.

Analysis of Changes in Operating Profit

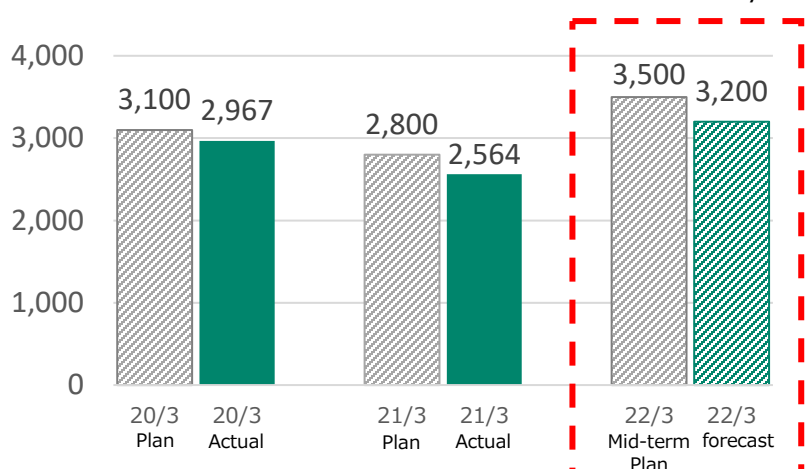


Earnings Forecast & Dividend Forecast for FY ending March 2022

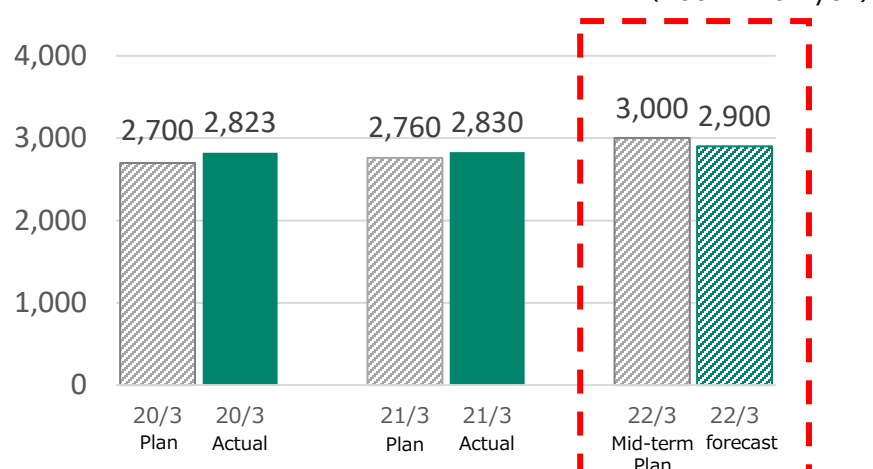
Earnings Forecast for FY ending March 2022

- ◆ Although the epidemic of COVID-19, Annual plan for FY ending March 2022 is expected to exceed the actual results for FY ended March 2021, although it will not reach the target of the mid-term management plan.

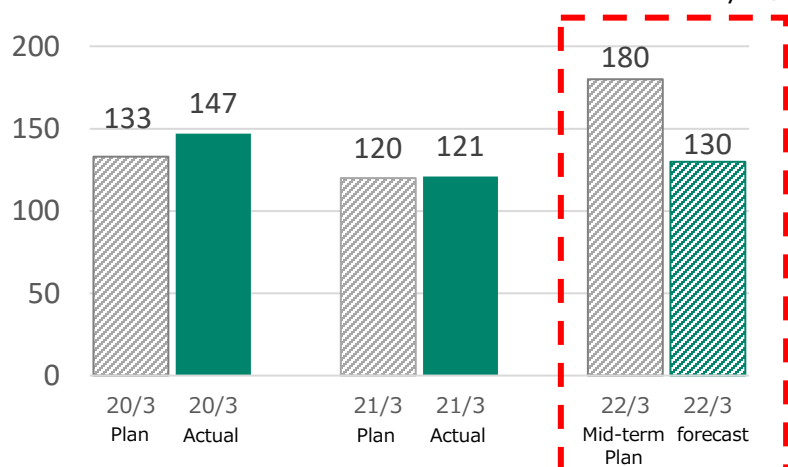
Orders received (100 million yen)



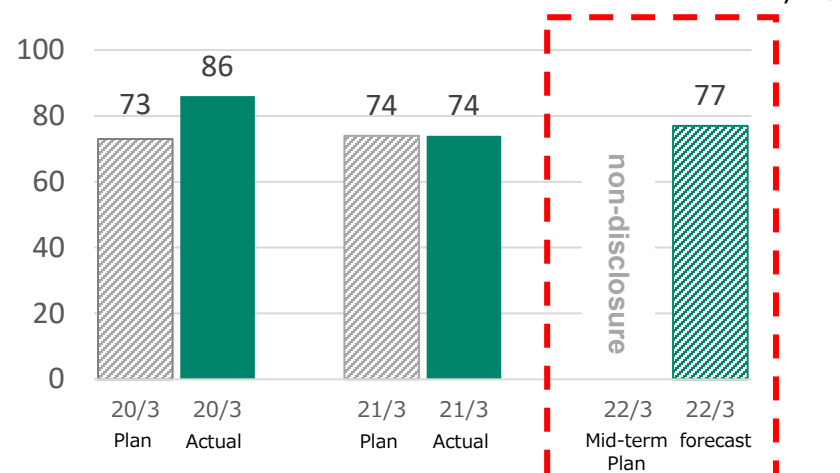
Net sales (100 million yen)



Operating profit (100 million yen)



Profit attributable to owners of parent (100 million yen)

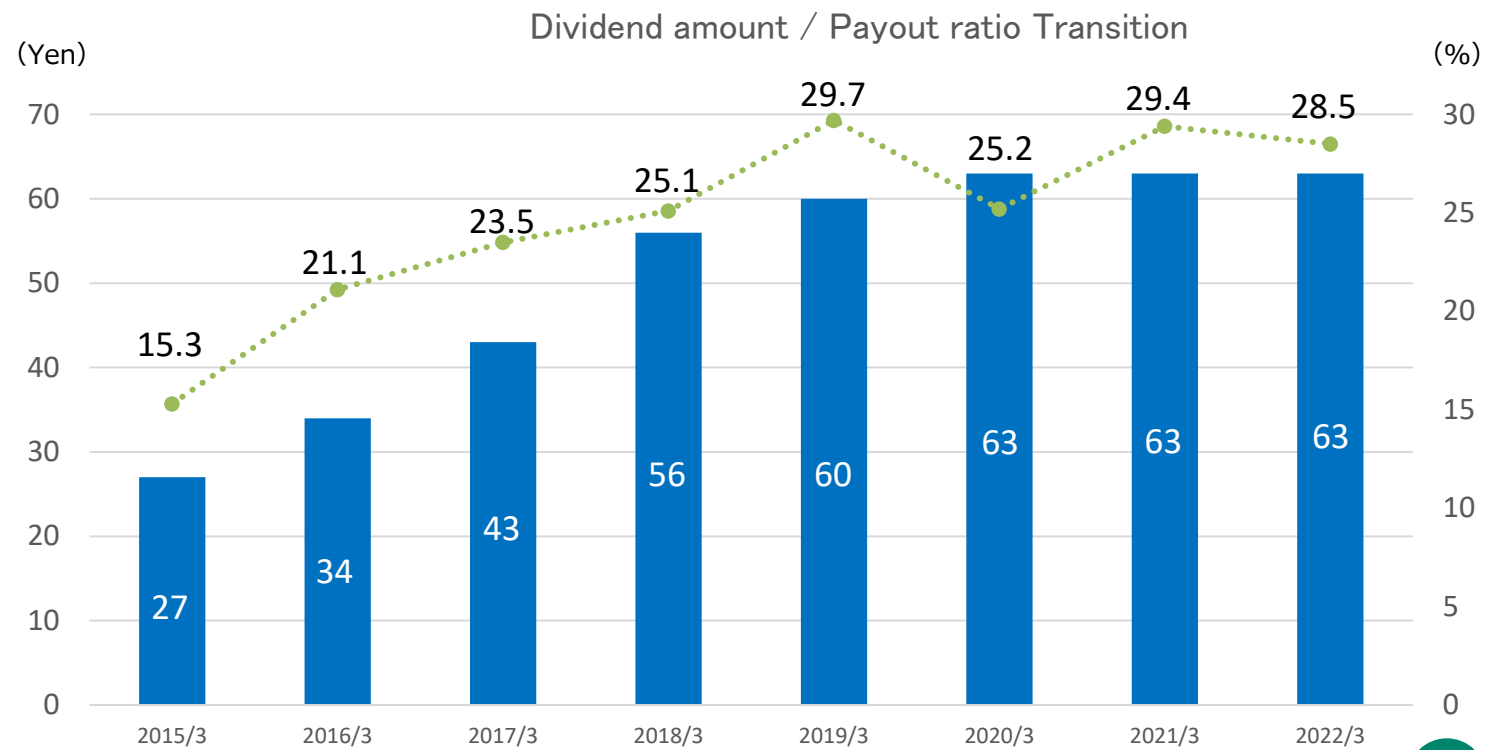


* In the above, the planned figures for FY ended March 2020 are the targets of the Mid-term plan, and the planned figures for FY ended March 2021 are the targets of the Annual plan.

Dividend Forecast for FY ending March (Dividend amount / Payout ratio)

- ◆ we plan to pay a dividend of 63 yen per share.
- ◆ We plan to continue to pay stable dividends in the future.

	2015/3 Actual	2016/3 Actual	2017/3 Actual	2018/3 Actual	2019/3 Actual	2020/3 Actual	2021/3 Actual	2022/3 Plan
Dividend amount (Yen)	27	34	43	56	60	63	63	63
Payout ratio (%)	15.3	21.1	23.5	25.1	29.7	25.2	29.4	28.5



Indicators

Takamatsu Corporation : Orders by condominiums and non-condominiums

- ◆ In the last three years, the ratio of condominiums in Tokyo has been on the rise. We believe that there is still room for expansion in the rental condominium construction business in Tokyo, and the condominium ratio is expected to remain high in the future.
- ◆ Osaka in the current 1Q, although the ratio of condominiums was higher than usual, the ratio of non-condominiums is still higher than the ratio of condominiums, and this trend is expected to continue.

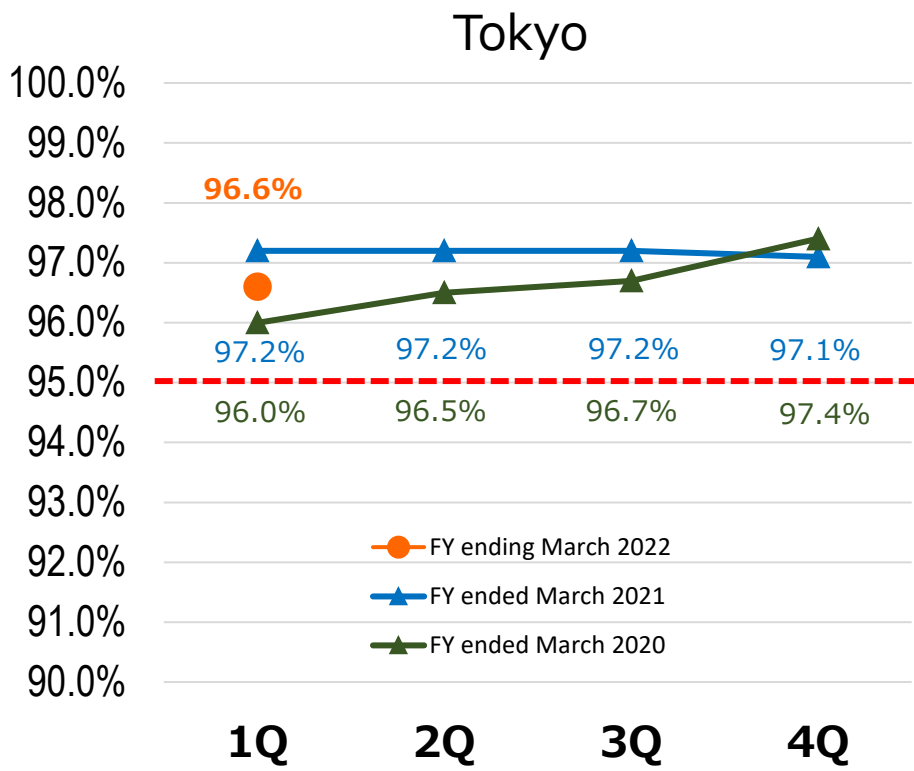
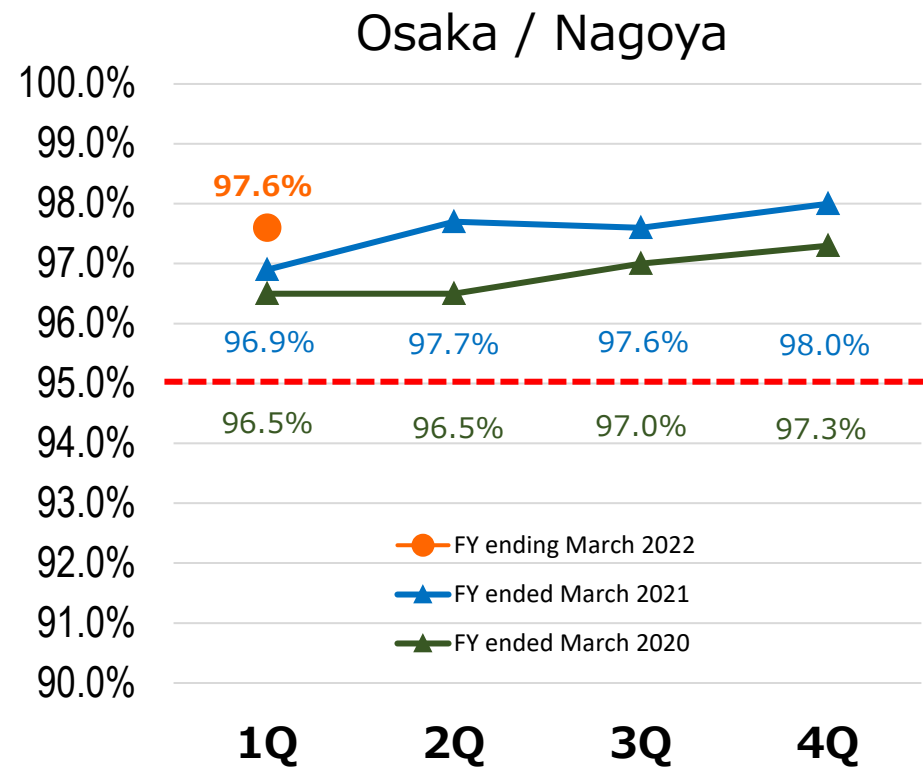
Orders received by condominiums and non-condominiums

(million yen)

	Osaka						Tokyo					
	FY Mar.2020 1Q	%	FY Mar.2021 1Q	%	FY Mar.2022 1Q	%	FY Mar.2020 1Q	%	FY Mar.2021 1Q	%	FY Mar.2022 1Q	%
condo	2,808	19.6%	177	5.5%	4,562	45.9%	8,368	64.8%	1,289	68.5%	12,386	74.6%
non-condo	11,543	80.4%	3,038	94.5%	5,379	54.1%	4,541	35.2%	592	31.5%	4,209	25.4%
Total	14,351	100%	3,215	100%	9,941	100%	12,909	100%	1,881	100%	16,595	100%

Occupancy Rate of Properties Constructed by Takamatsu Corporation at Takamatsu Estate

◆ Occupancy rates of 95% or higher have been maintained for 1Q FY ending March 2022 in both Tokyo and Osaka.



Definitions
 "Osaka/Nagoya" : Osaka, Kyoto, Hyogo, and Nagoya
 "Tokyo" : Tokyo, Kanagawa, Saitama, and Chiba
 "Occupancy rate" : $\frac{\text{Number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate (Osaka/Tokyo) that are occupied at the end of each quarter}}{\text{total number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate (Osaka/Tokyo) at the end of each quarter}}$

Topics

Topics

◆ Wooden detached housing business (Takamatsu House)

In order to expand business, the Johoku Sales Office (in Ikebukuro) was newly established in June 2021.

A preparation room for expansion into Saitama Prefecture was opened in the Johoku Sales Office.

On August 1, 2021, the Jonan Sales Department was expanded from 3 to 4 sales departments, and the Josai Sales Department was expanded from 1 to 2 sales departments. While focusing on the Jonan, Josai, and Yokohama areas, we will also expand into the Johoku area.

◆ Overseas Business (TCG USA)

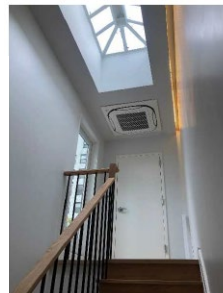
TCG USA had renovated a 100-year-old 4-story townhouse located 2 blocks from the UN headquarters in NY, which TCG USA owns.

Renovation work began in January 2020 and was completed in June 2021.

This is the first property TCG USA has constructed.



Newly built houses located in Meguro Honcho 2-chome. Within 15 minutes walk from Gakugeidaigaku station. The two houses, front and back, will be sold out immediately upon completion in July 2021.



before



After

TCG Takamatsu Construction Group

Disclaimer: All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document is a partial English translation of the Japanese Financial Statements which were filed with Stock Exchanges in Japan on August 5, 2021. The Company provides this translation for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Additionally, these materials were created with the intention of providing reference information to be used by investors for their investment decisions, and do not constitute any sort of effort to solicit the purchase or sale of Takamatsu Construction Group stock.