

Translated version

# Analysis Material for 2Q, FY ending March 2023

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Takamatsu Construction Group Co.,Ltd.  
Securities Code : 1762  
November 9, 2022

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Financial results for 2Q, FY ending March 2023

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# Situation of Corporate Group (Consolidated)

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

# Performance for 2Q FY ending March 2023 (Consolidated)

(100 million yen)

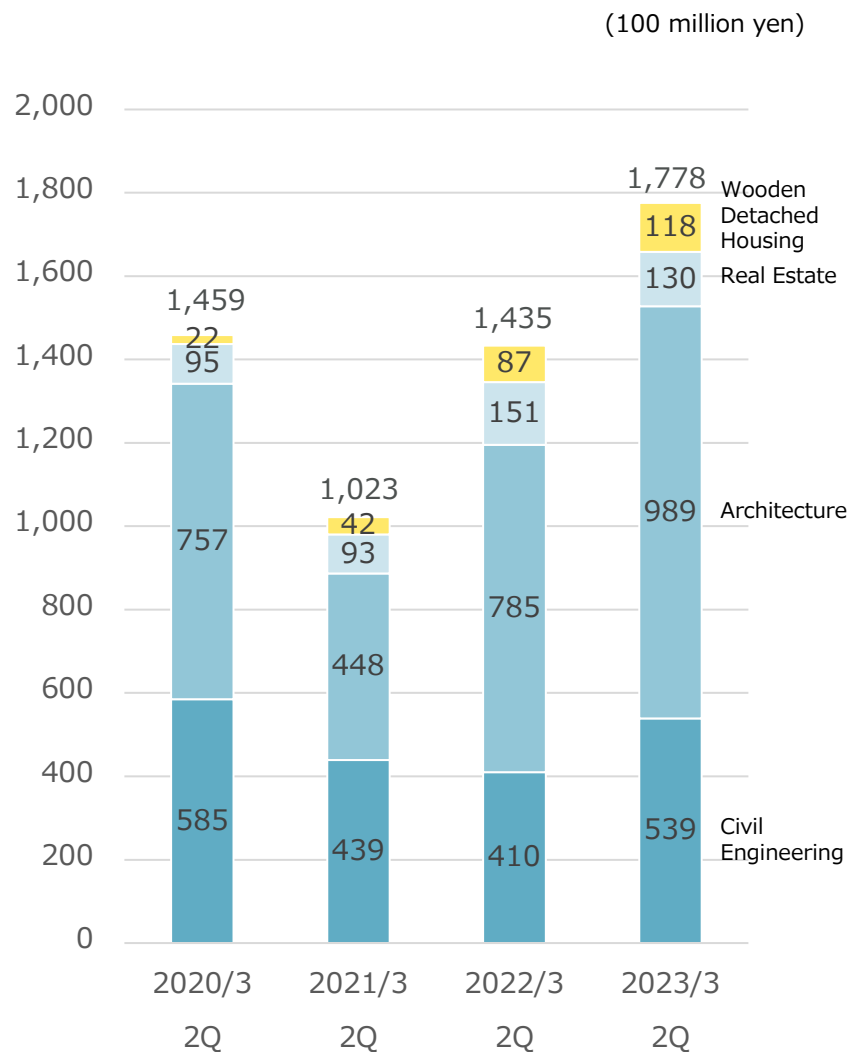
Item	2Q FY ended March 2020	2Q FY ended March 2021	2Q FY ended March 2022	2Q FY ending March 2023	+/-
Orders received	1,459	1,023	↑ 1,435	↑ 1,778	+23.9%
Net sales	1,293	1,366	↓ 1,259	↑ 1,288	+2.2%
Gross profit	180	166	↑ 168	↑ 176	+4.8%
Gross profit %	14.0%	12.2%	↑ 13.4%	↑ 13.7%	+0.3pt
Operating profit	56	35	↓ 31	↓ 28	(9.5%)
Operating profit %	4.4%	2.6%	↓ 2.5%	↓ 2.2%	(0.3pt)
Ordinary profit	53	36	↓ 31	↓ 29	(5.6%)
Ordinary profit %	4.2%	2.6%	↓ 2.5%	↓ 2.3%	(0.2pt)
Net profit attributable to owners of parent	24	19	↓ 16	↓ 13	(18.1%)
Net profit attributable to owners of parent %	1.9%	1.5%	↓ 1.3%	↓ 1.1%	(0.2pt)

# Orders received by segments (Consolidated)

- ◆ Civil engineering was +31.3% YoY due to the impact of increased orders for Asunaro Aoki Construction and Mirai Construction. Architecture was +26.0% YoY due to the impact of increased orders for Asunaro Aoki Construction. Wooden Detached Housing was +35.6% YoY due to continued to perform well.

(million yen)

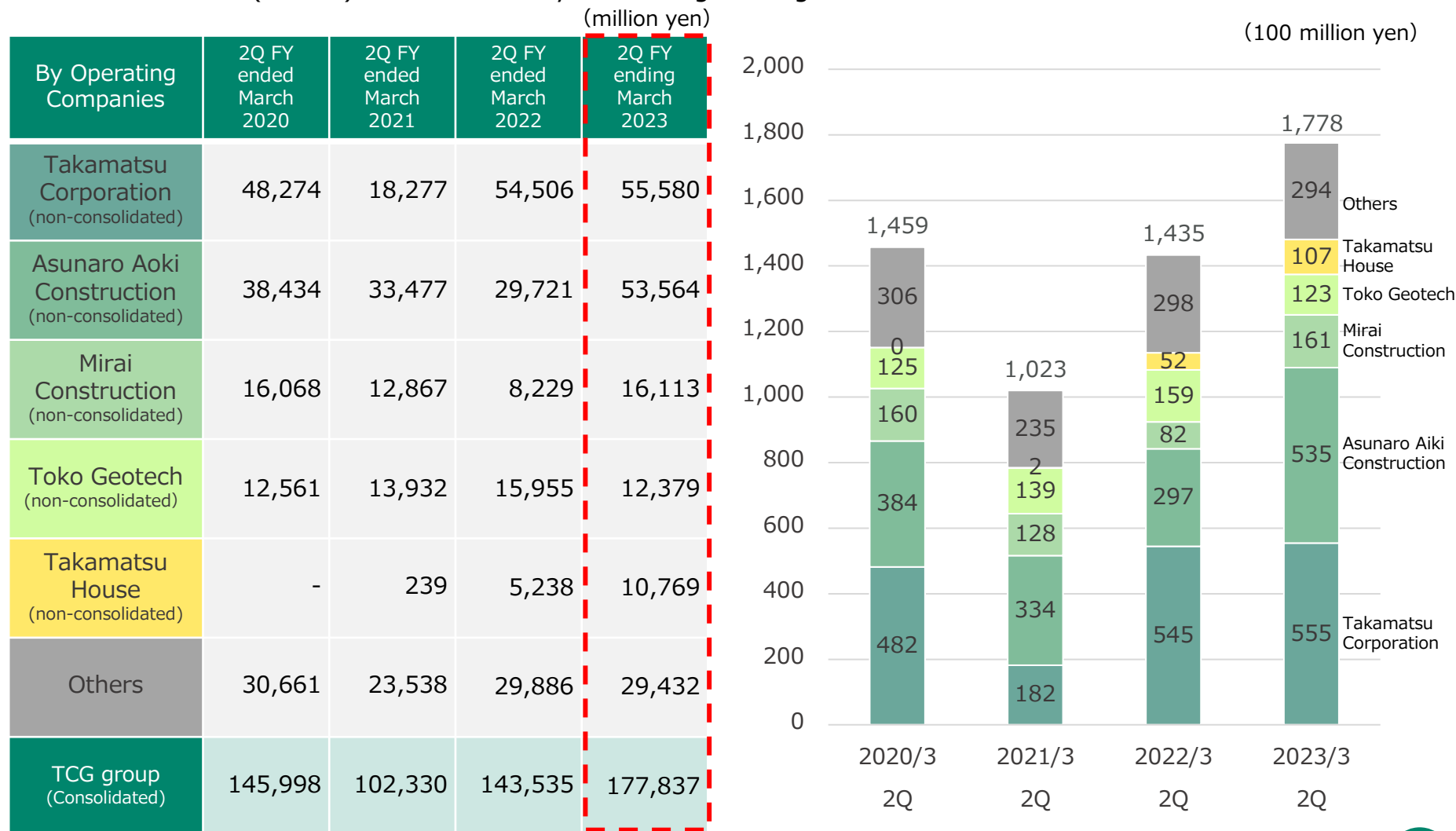
By Segments	2Q FY ended March 2020	2Q FY ended March 2021	2Q FY ended March 2022	2Q FY ending March 2023
Civil Engineering	58,566	43,922	41,070	53,912
Architecture	75,709	44,828	78,544	98,991
Real Estate	9,509	9,312	15,153	13,048
Wooden Detached Housing (Takamatsu House Group)	2,213	4,267	8,767	11,885
TCG group (Consolidated)	145,998	102,330	143,535	177,837



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

# Orders Received by major operating companies (Consolidated)

- Takamatsu Corporation remained flat +2.0% YoY. Asunaro Aoki Construction was +80.2% YoY due to orders for large-scale projects such as waste treatment facilities. Mirai Construction received orders for a big-scale project such as temporary pier construction on Mageshima, and about doubled YoY. Takamatsu House also doubled YoY. Toko Geotech was (22.4%) YoY due to delays in bidding for target construction.



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

## Carried forward to the next term by major operating companies

- ◆ Civil engineering by Asunaro Aoki Construction was +42.8% YoY. Toko Geotech, orders decreased due to delays in bidding for target construction and the balance carried forward also decreased by 19.2%. In addition, other than the five major companies were +53.3% due to an increase in carryover from the previous term at Kongo Gumi, etc.

(million yen)

By Operating Companies		2Q FY ended March 2022	2Q FY ending March 2023	Increase/Decrease	Increase/Decrease %
Takamatsu Corporation (non-consolidated)		161,229	193,646	↑	32,417 +20.1%
Asunaro Aoki Construction (non-consolidated)	Civil Engineering	44,060	62,922	↑	18,862 +42.8%
	Architecture	71,195	84,718	↑	13,523 +19.0%
	Sub total	115,255	147,640	↑	32,385 +28.1%
Mirai Construction (non-consolidated)		29,581	35,766	↑	6,185 +20.9%
Toko Geotech (non-consolidated)		15,112	12,211	↓	(2,901) (19.2%)
Takamatsu House (non-consolidated)		0	4,188	↑	4,188 —
Others		15,362	23,545	↑	8,183 +53.3%
TCG group (Consolidated)		336,539	416,996	↑	80,457 +23.9%

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

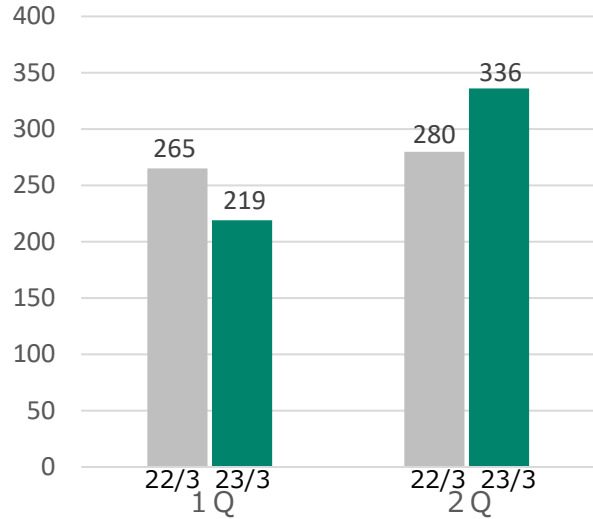


# Quarterly Orders by the 5 Major Companies and TCG Group (Consolidated)

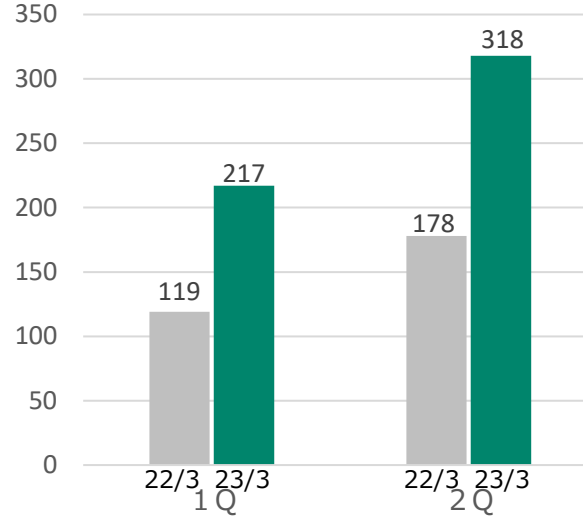
(※ Figures are quarterly amounts, not cumulative.)

(100 million yen)

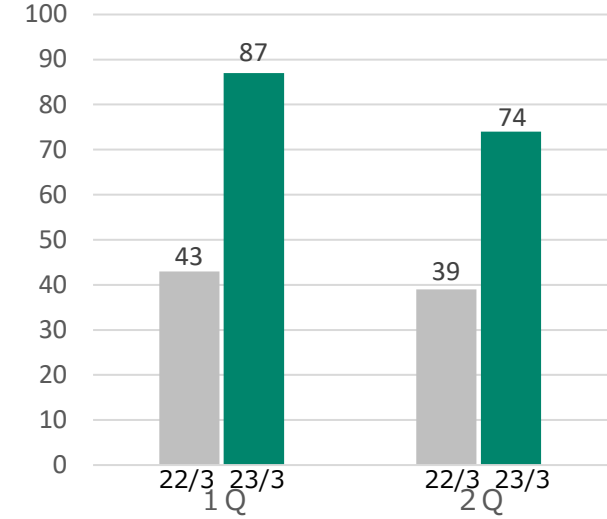
### Takamatsu Corporation



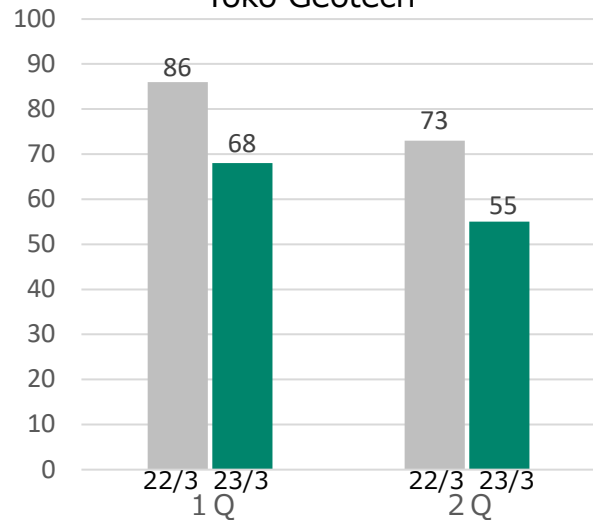
### Asunaro Aoki Construction



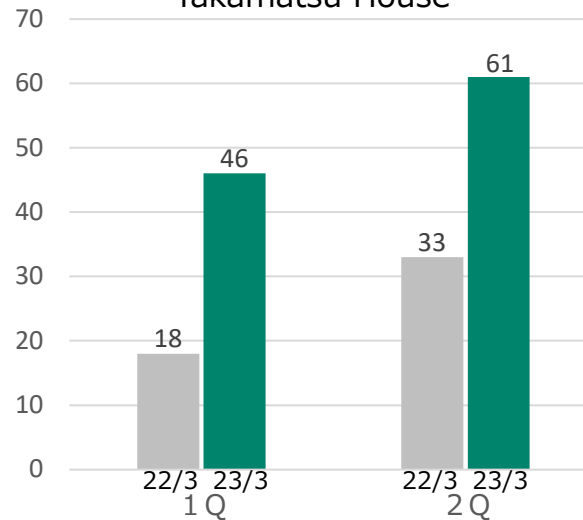
### Mirai Construction



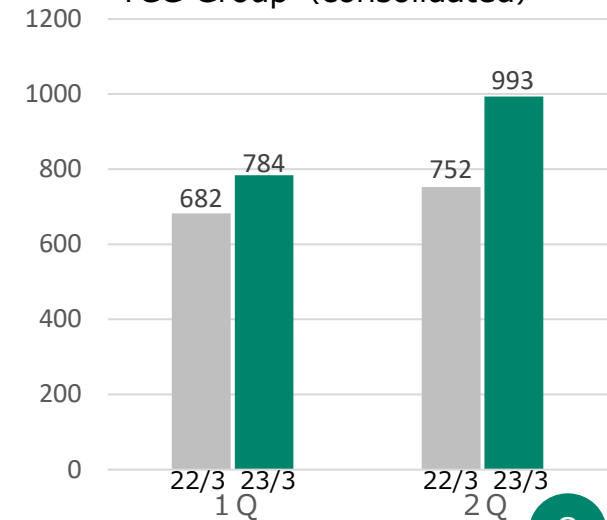
### Toko Geotech



### Takamatsu House



### TCG Group (consolidated)



# Takamatsu Corporation : Orders by Rental Apartments and non-Residentials

- ◆ In Osaka, both Rental Apartments and non-Residentials increased YoY. In Tokyo, both Rental Apartments and non-Residentials decreased YoY.
- ◆ Although the ratio of non-Residentials in Tokyo was lower than in other years (21/3 2Q: 48.7%, 20/3 2Q: 44.3%), the composition ratio of Rental Apartments and non-Residentials for the full year will be expected to stabilize at the same level as in other years.

Orders by Rental Apartments and non-Residentials

(million yen)

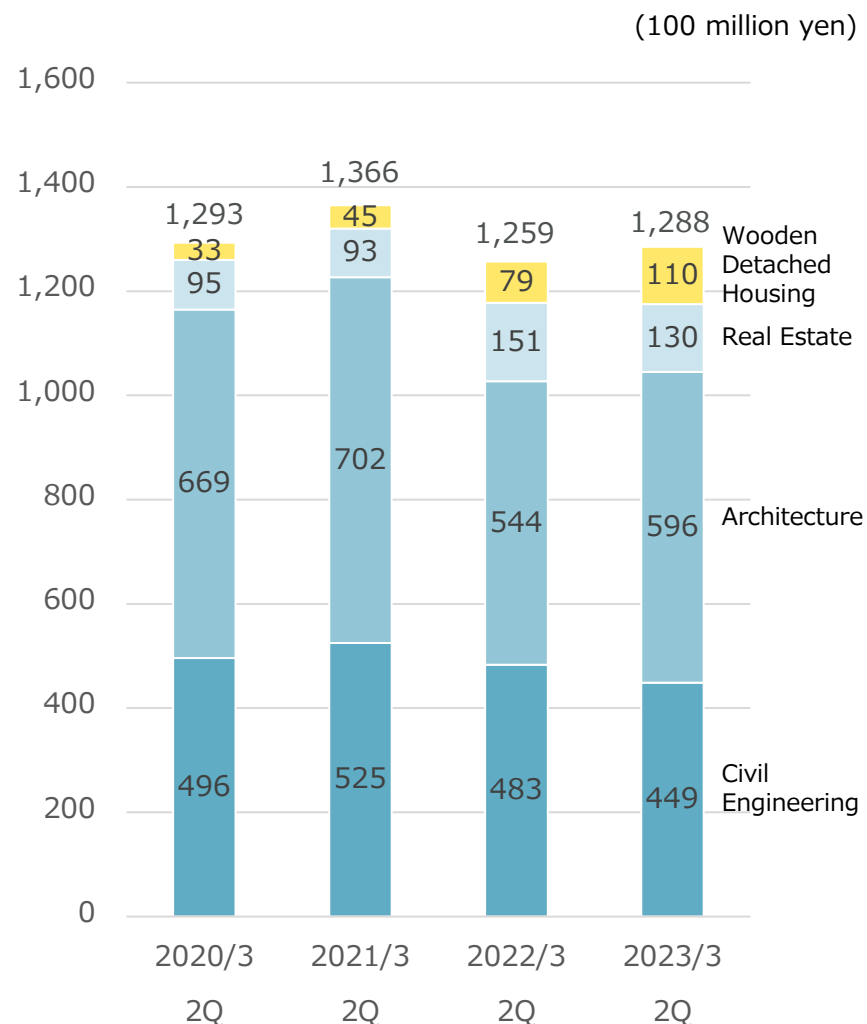
	Osaka				Tokyo			
	2022/3 2Q	%	2023/3 2Q	%	2022/3 2Q	%	2023/3 2Q	%
Rental Apartments	8,058	34.8%	9,769	35.8%	25,884	82.6%	24,013	84.9%
non-Residentials	15,125	65.2%	17,530	64.2%	5,440	17.4%	4,269	15.1%
Total	23,183	100%	27,299	100%	31,324	100%	28,282	100%

# Net sales by segments (Consolidated)

- ◆ Civil engineering was a slight decline of (7.0%) due to the fact that Mirai construction had few projects on hand. Architecture was +9.5%. Wooden detached housing was doing well, +39.3%.

(million yen)

By Segments	2Q FY ended March 2020	2Q FY ended March 2021	2Q FY ended March 2022	2Q FY ending March 2023
Civil Engineering	49,634	52,564	48,382	44,999
Architecture	66,909	70,232	54,497	59,690
Real Estate	9,509	9,312	15,153	13,046
Wooden Detached Housing (Takamatsu House Group)	3,316	4,565	7,946	11,071
TCG group (Consolidated)	129,370	136,674	125,980	128,807

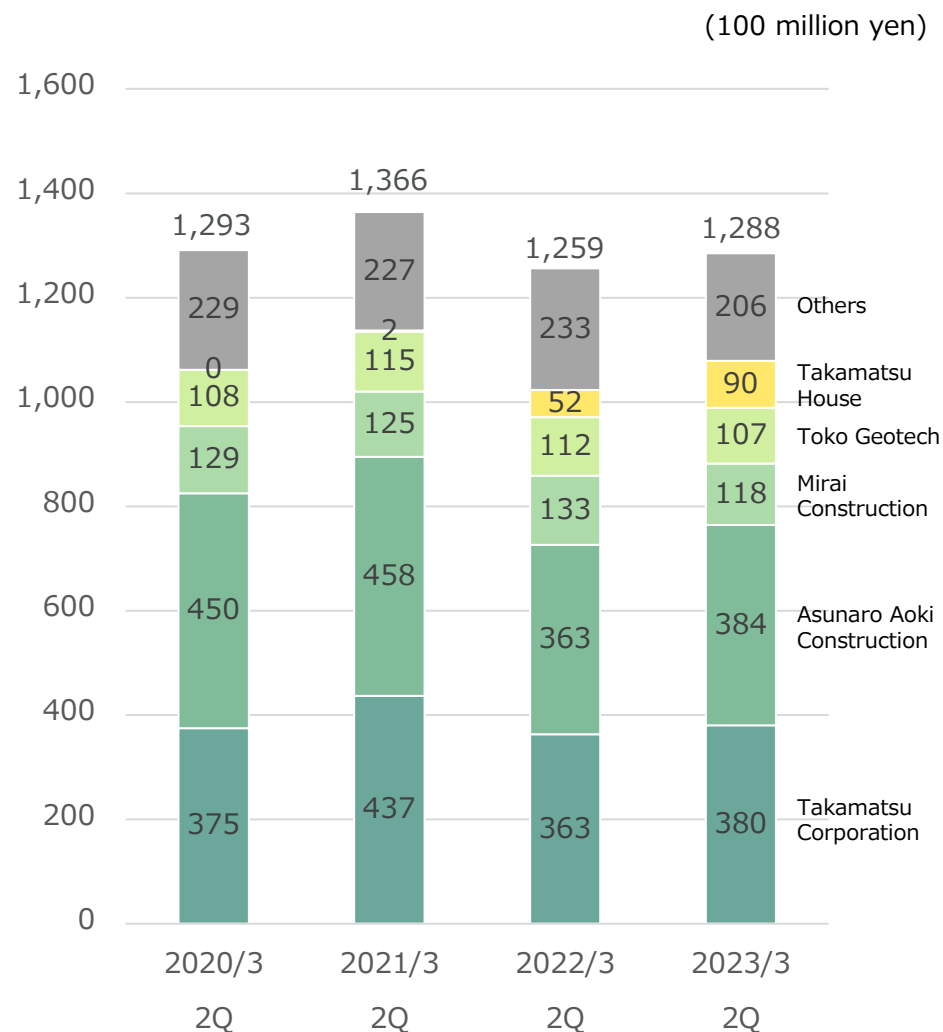


※The total of individual figures and the total figures may not match due to consolidation adjustments.

# Net sales by major operating companies (Consolidated)

- ◆ Takamatsu Corporation and Asunaro Aoki Construction increased YoY. Mirai Construction decreased due to a stagnation in orders received in the previous term. Toko Geotech decreased due to delays in construction starts and progress due to disasters such as heavy rains. Takamatsu House steadily increased sales, +73.4% YoY.

By Operating Companies	(million yen)			
	2Q FY ended March 2020	2Q FY ended March 2021	2Q FY ended March 2022	2Q FY ending March 2023
Takamatsu Corporation (non-consolidated)	37,525	43,720	36,346	38,048
Asunaro Aoki Construction (non-consolidated)	45,000	45,841	36,379	38,457
Mirai Construction (non-consolidated)	12,983	12,523	13,354	11,822
Toko Geotech (non-consolidated)	10,863	11,570	11,273	10,786
Takamatsu House (non-consolidated)	-	239	5,238	9,083
Others	22,999	22,781	23,390	20,611
<b>TCG group (Consolidated)</b>	<b>129,370</b>	<b>136,674</b>	<b>125,980</b>	<b>128,807</b>



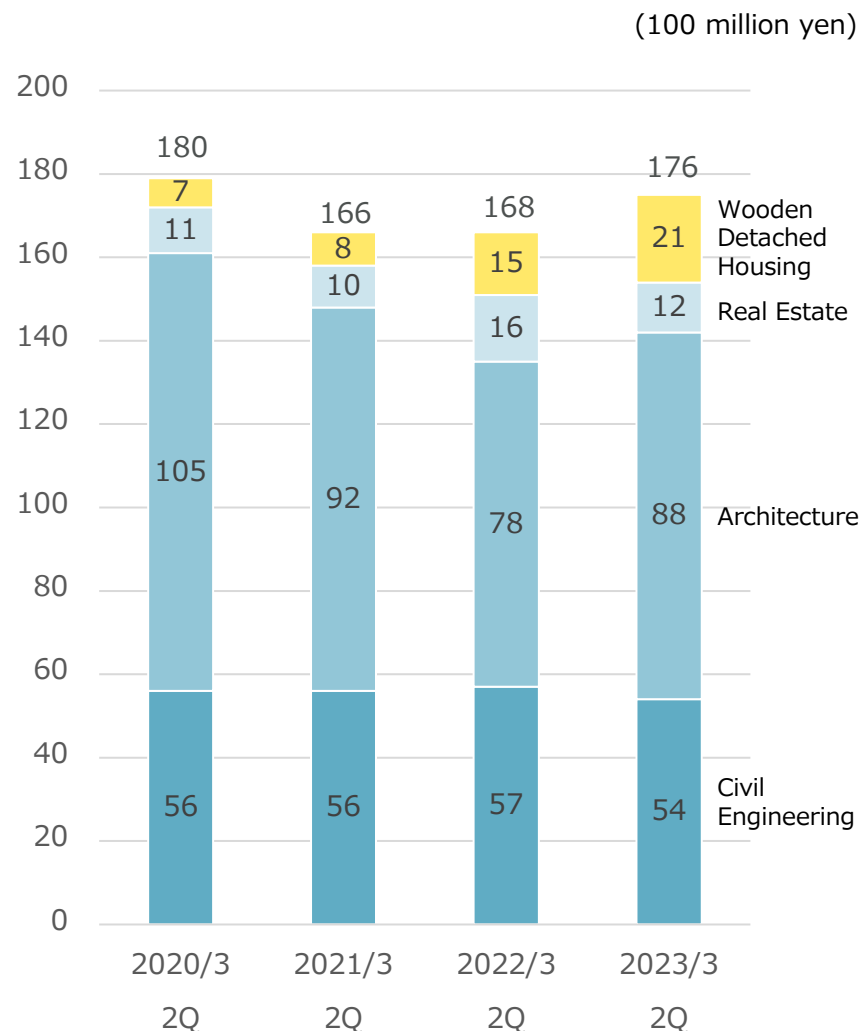
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# Gross profit by segments (Consolidated)

- ◆ Civil engineering was -5.6% YoY due to decrease in sales at Mirai Construction and Toko Geotech, despite increase at Asunaro Aoki Construction. Architecture was +13.2% YoY due to increased sales at Takamatsu Corporation and Asunaro Aoki Construction. Wooden detached housing continued to perform well, +34.6%.

(million yen)

By Segments	2Q FY ended March 2020	2Q FY ended March 2021	2Q FY ended March 2022	2Q FY ending March 2023
Civil Engineering	5,632	5,615	5,760	5,439
Architecture	10,500	9,219	7,820	8,856
Real Estate	1,126	1,001	1,664	1,211
Wooden Detached Housing (Takamatsu House Group)	796	812	1,593	2,144
TCG group (Consolidated)	18,055	16,649	16,840	17,651



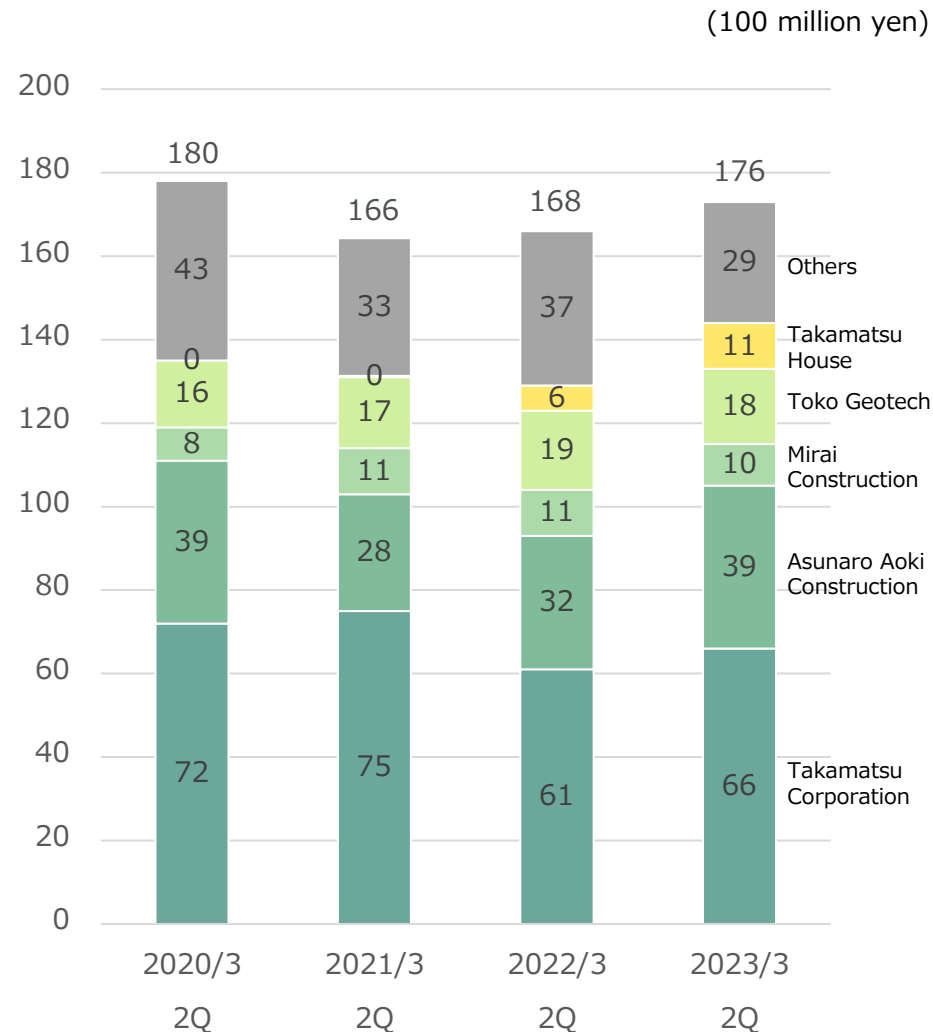
※The total of individual figures and the total figures may not match due to consolidation adjustments.

# Gross profit by major operating companies (Consolidated)

- ◆ Takamatsu Corporation was +8.1% YoY due to increased sales. Asunaro Aoki Construction was +22.6% YoY due to improved construction profitability. Gross profit decreased at Mirai Construction and Toko Geotech due to lower sales. Takamatsu House's gross profit approximately doubled from the previous year.

(million yen)

By Operating Companies	2Q FY ended March 2020	2Q FY ended March 2021	2Q FY ended March 2022	2Q FY ending March 2023
Takamatsu Corporation (non-consolidated)	7,239	7,589	6,174	6,673
Asunaro Aoki Construction (non-consolidated)	3,999	2,810	3,217	3,943
Mirai Construction (non-consolidated)	844	1,123	1,138	1,051
Toko Geotech (non-consolidated)	1,620	1,783	1,989	1,882
Takamatsu House (non-consolidated)	-	37	621	1,167
Others	4,353	3,307	3,701	2,935
<b>TCG group (Consolidated)</b>	<b>18,055</b>	<b>16,649</b>	<b>16,840</b>	<b>17,651</b>



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# Operating profit by segments (Consolidated)

- ◆ Civil engineering, despite of Asunaro Aoki Construction increased operating profit, Mirai Construction and Toko Geotech decreased operating profit, resulting in a 18.3% YoY declined. Architecture, operating profit increased by about 2 times YoY due to a significant increased in operating profit at Asunaro Aoki Construction. Wooden detached housing business also continued to perform well and increased by about 2 times.

(million yen)

By Segments	2Q FY ended March 2020	2Q FY ended March 2021	2Q FY ended March 2022	2Q FY ending March 2023
Civil Engineering	3,117	3,057	3,169	2,589
Architecture	4,074	2,307	570	1,150
Real Estate	286	165	708	167
Wooden Detached Housing (Takamatsu House Group)	(36)	(338)	381	748
Consolidation Adjustment	(1,758)	(1,592)	(1,701)	(1,825)
<b>TCG group (Consolidated)</b>	<b>5,682</b>	<b>3,599</b>	<b>3,128</b>	<b>2,830</b>



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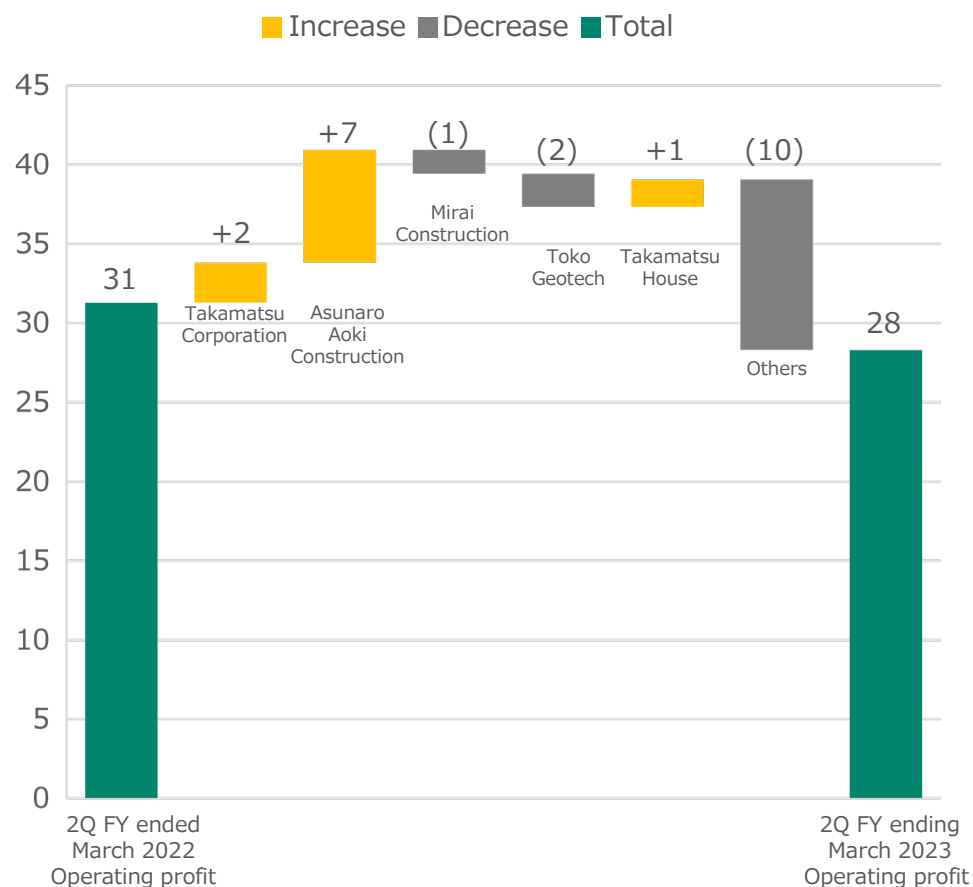
# Operating profit by major operating companies (Consolidated)

- Asunaro Aoki Construction performed well, increased approx. 3.1 times YoY. Takamatsu Corporation also secured an operating profit of +29.7% YoY while continuing to hire employees. Takamatsu House also secured an operating profit of about 1.6 times YoY while continuing to hire employees. Not only Mirai Construction and Toko Geotech decrease operating profit, but also the operating profit of other group companies had a significant impact, and TCG's SG&A expenses could not be covered, resulting in a decreased of 9.5% by TCG group (consolidated).

By Operating Companies	2Q FY ended March 2020	2Q FY ended March 2021	2Q FY ended March 2022	2Q FY ending March 2023
Takamatsu Corporation (non-consolidated)	2,392	2,329	856	1,110
Asunaro Aoki Construction (non-consolidated)	1,306	41	339	1,051
Mirai Construction (non-consolidated)	(86)	221	199	48
Toko Geotech (non-consolidated)	837	962	1,133	922
Takamatsu House (non-consolidated)	(23)	(143)	303	478
Others	1,256	189	298	(779)
<b>TCG group (Consolidated)</b>	<b>5,682</b>	<b>3,599</b>	<b>3,128</b>	<b>2,830</b>

(million yen)

(100 million yen)



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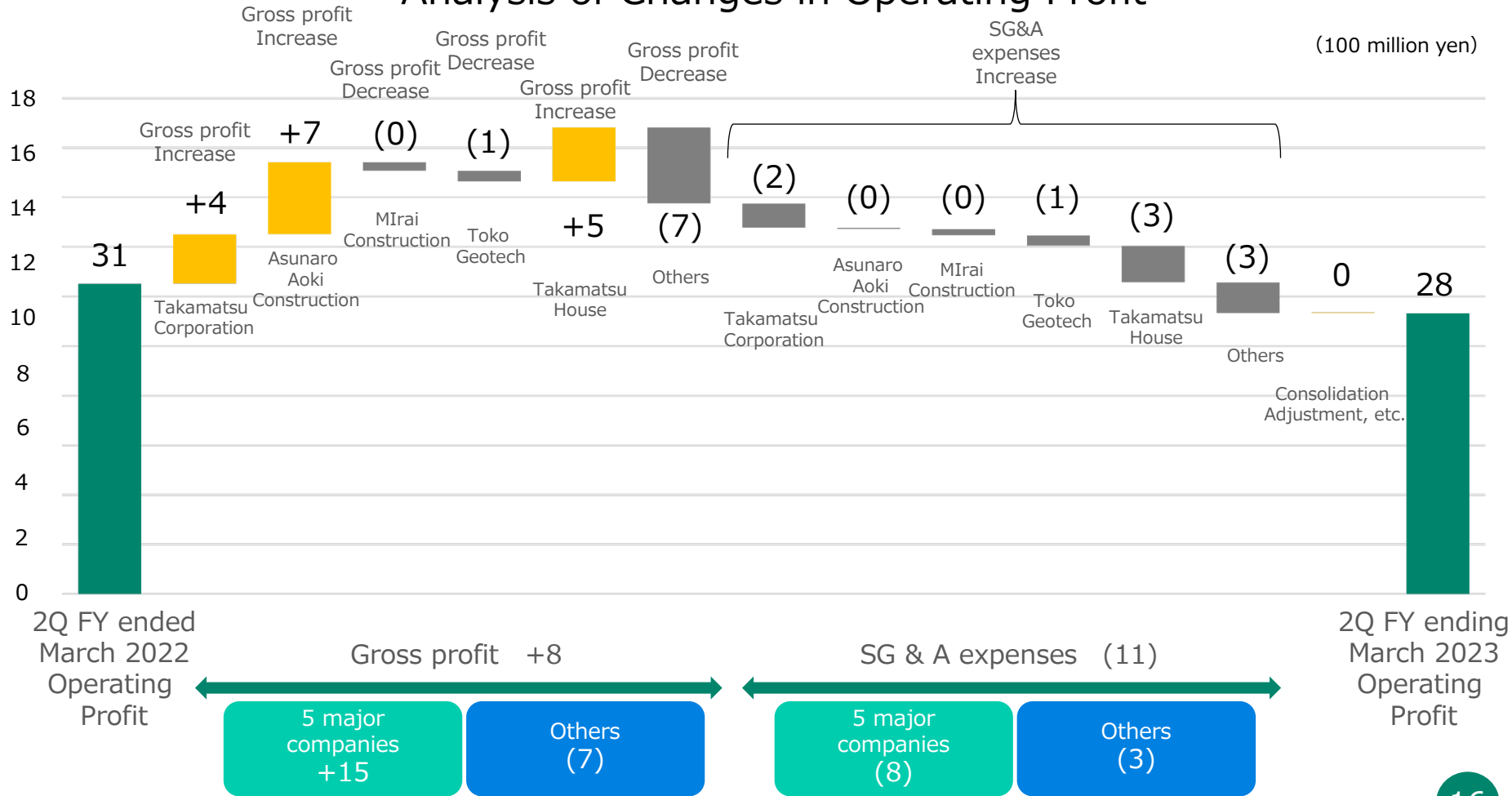


# Analysis of Changes in Operating Profit

■ Increase ■ Decrease ■ Total

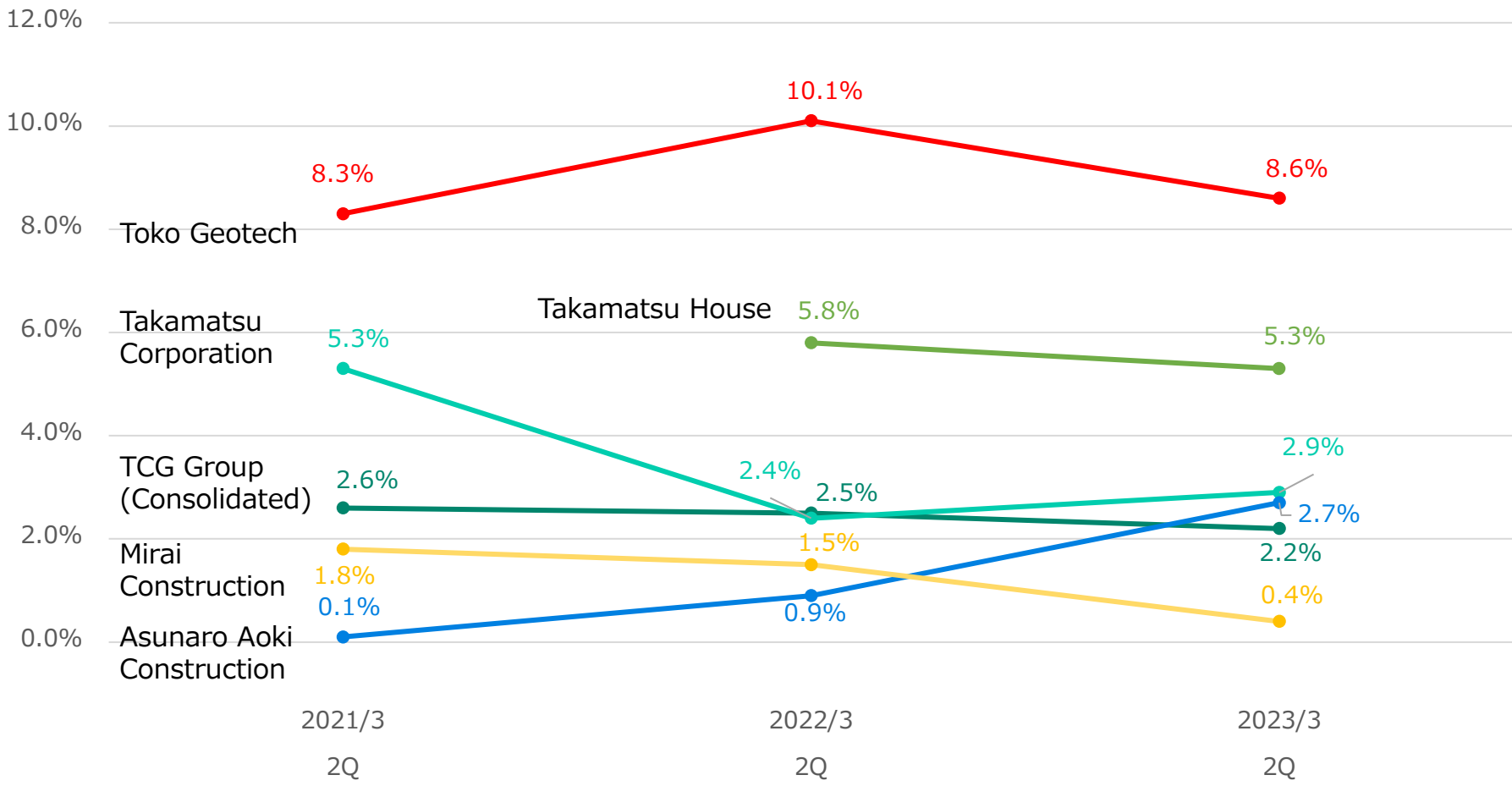
- ◆ Although the decline in gross profit at Mirai Construction and Toko Geotech was offset by increases in gross profit at Takamatsu Corporation, Asunaro Aoki Construction, and Takamatsu House, consolidated gross profit increased only about 800 million yen YoY. SG&A expenses increased by about 1.1 billion yen, mainly due to aggressive recruitment at Takamatsu Corporation, Takamatsu House, and Toko Geotech.

## Analysis of Changes in Operating Profit



# Operating profit ratio by TCG group (Consolidated) and The 5 Major Companies

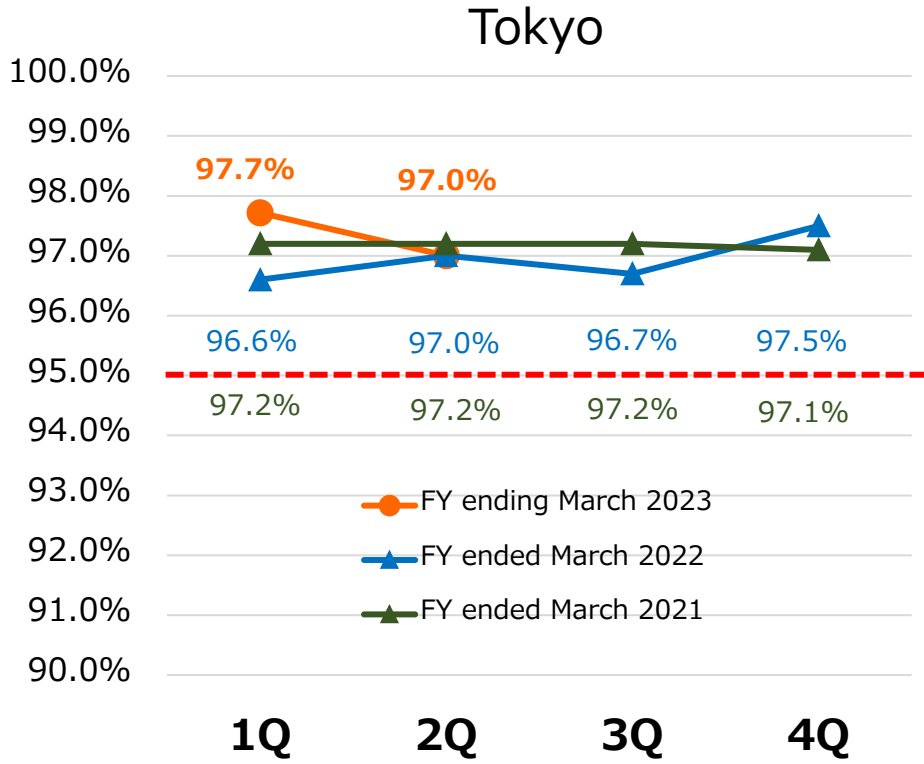
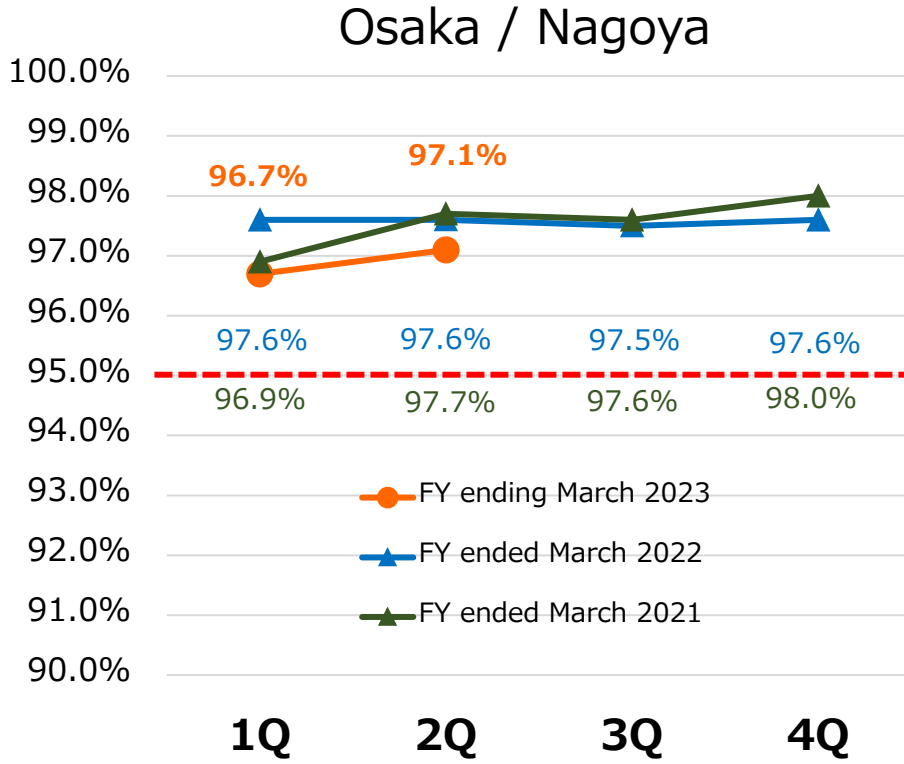
- ◆ Takamatsu Corporation's gross profit margin increased by 0.5pt YoY, and despite an increase in SG&A expenses, operating profit margin increased by 0.5pt YoY. Asunaro Aoki Construction's gross profit margin increased by 1.5pt YoY, and SG&A expenses remained flat, operating profit margin increased by 1.8pt YoY.
- ◆ Since Takamatsu House is aggressive hiring their sales staff, which has led to an increase in SG&A expenses and a decline in the operating profit margin.
- ◆ Due to Toko Geotech and Mirai Construction received orders for long-term and large-scale construction projects in this term, they delayed the increase in sales and income. As a result, the operating profit margin declined .



※We described Takamatsu House's operating profit ratio from FY ended March 2022 because their actual start-up FY was FY ended March 2021.

# Occupancy Rate of Properties Constructed by Takamatsu Corporation at Takamatsu Estate

◆ Occupancy rates of 95% or higher have been maintained for 2Q FY ending March 2023 in both Tokyo and Osaka.



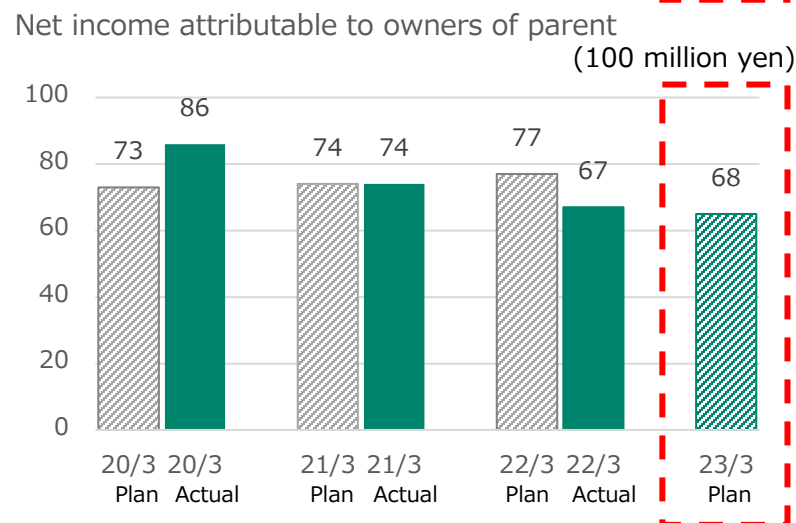
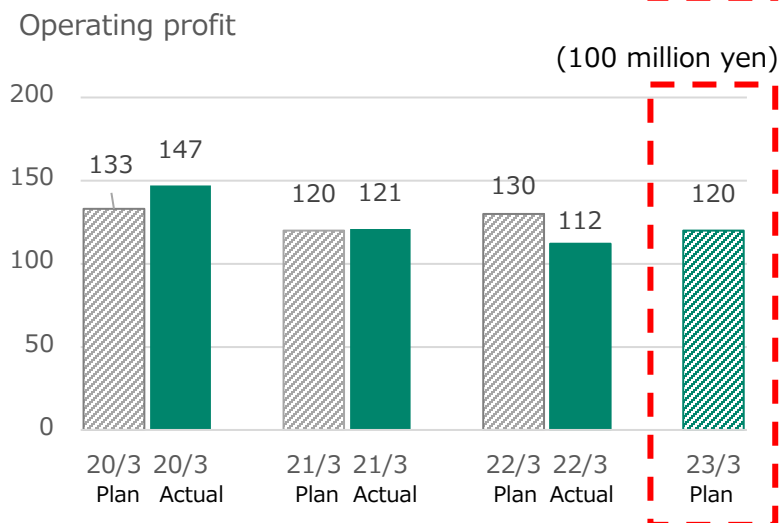
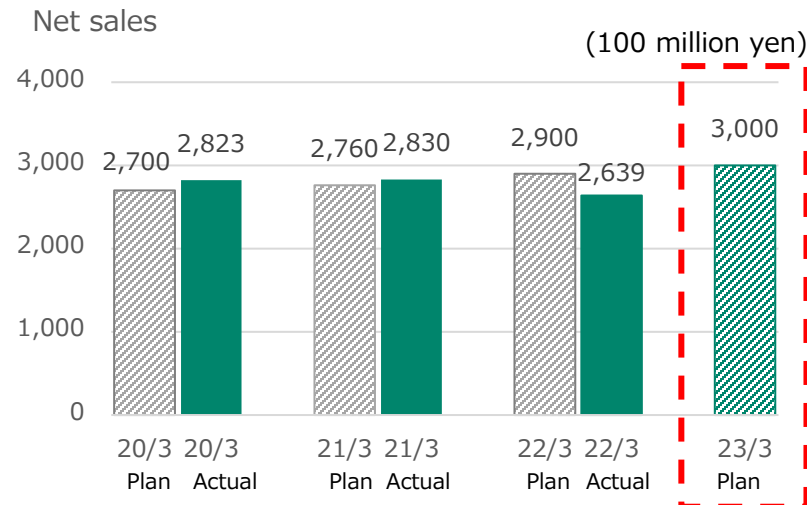
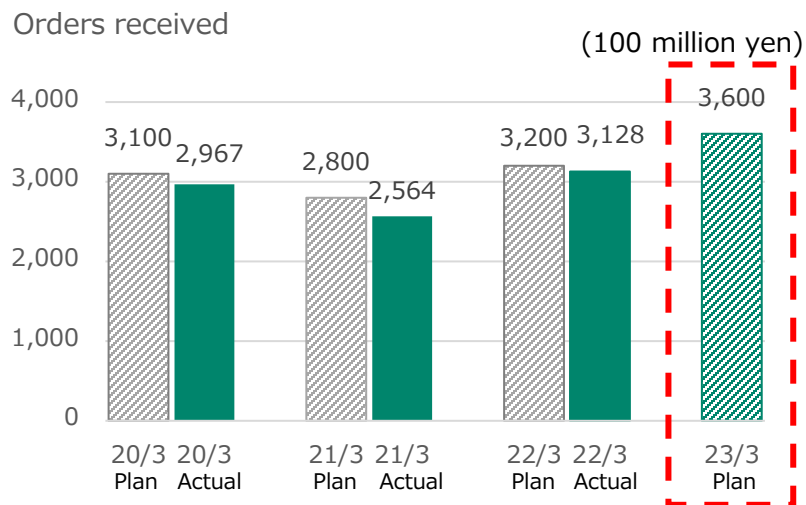
**Definitions**  
 "Osaka/Nagoya" : Osaka, Kyoto, Hyogo, and Nagoya  
 "Tokyo" : Tokyo, Kanagawa, Saitama, and Chiba  
 "Occupancy rate" : Number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate that are occupied at the end of each quarter ÷ total number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate at the end of each quarter

# Earnings Forecast & Dividend Forecast for FY ending March 2023

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# Earnings Forecast for FY ending March 2023

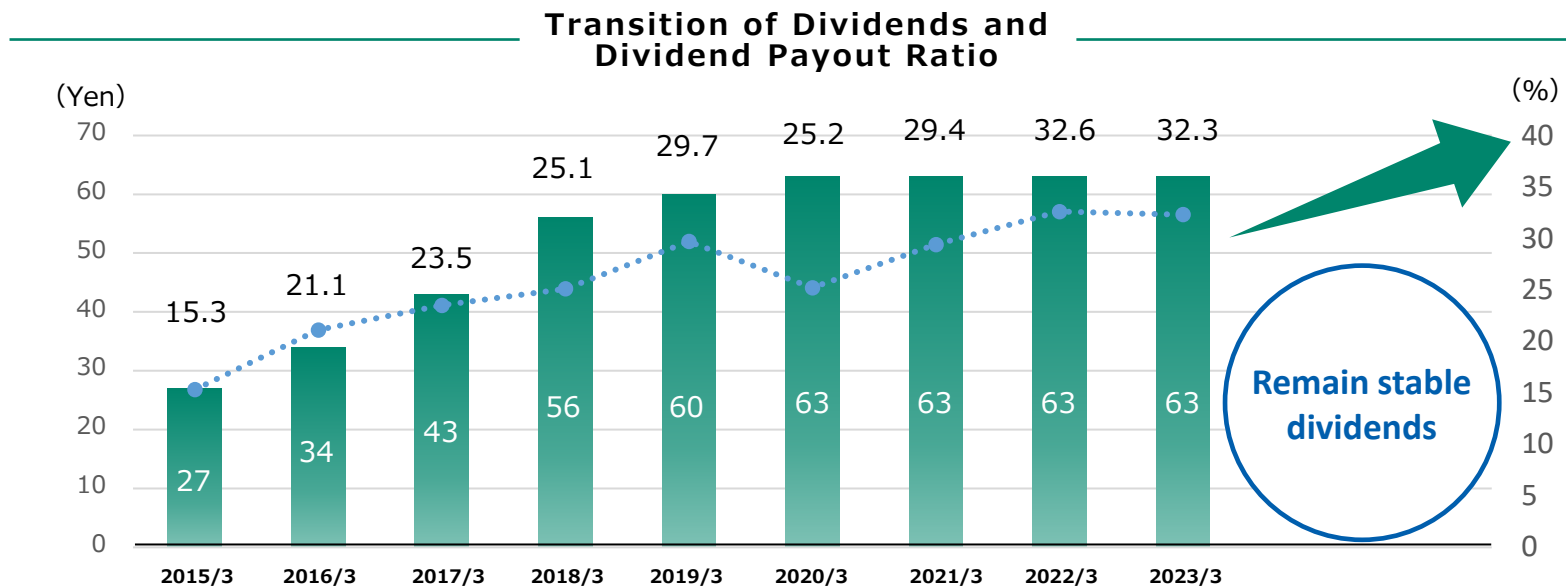
- ◆ We expect a large increase of Wooden Detached Housing Segment's orders received. And we expect to increase slightly of Civil Engineering Segment. Takamatsu Corporation Group is also expected to grow steadily, and sales and operating profit will increase accordingly.



# Earnings Forecast & Dividend Forecast for FY ending March 2023

- ◆ We plan to pay a dividend of 63 yen per share.
- ◆ We plan to continue to pay stable dividends for 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 Actual	2023/3 Plan
<b>Dividend (Yen)</b>	<b>27</b>	<b>34</b>	<b>43</b>	<b>56</b>	<b>60</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>
<b>Dividend payout ratio (%)</b>	<b>15.3</b>	<b>21.1</b>	<b>23.5</b>	<b>25.1</b>	<b>29.7</b>	<b>25.2</b>	<b>29.4</b>	<b>32.6</b>	<b>32.3</b>



# Topics

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# Topics

## ◆ Asunaro Aoki Construction / Takamatsu Corporation

### ○ Takarazuka City New Waste Treatment Facility Development and Operation Project (DBO Scheme)

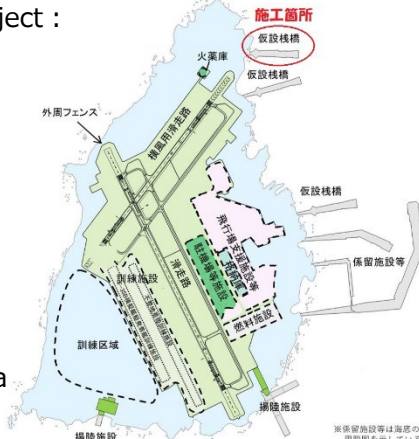
- Overview of the facility :
  - Energy recovery promotion facility (processing capacity 210t/24h)
  - Material recycling promotion facility (processing capacity 31.5t/5h)
- The ordering party : Takarazuka City
- The order receiving party at construction project :
  - Kawasaki Heavy Industries, ShinMaywa Industries,
  - Asunaro Aoki construction, Takamatsu corporation, other
- Location : 1 Kohama Takarazuka City, Hyogo prefecture
- Our group contracted vale : 23.3 billion yen
  - Asunaro Aoki construction 16.3 billion yen
  - (Civil engineering 2 billion yen、 Architecture 14.2 billion yen)
  - Takamatsu corporation 6.99 billion yen
- Construction term : from October 7, 2022 ~ September 30, 2032



## ◆ Mirai Construction

### ○ 2022 Mageshima Temporary Pier Construction Work (Part 2)

- The ordering party : Ministry of Land, Infrastructure, Transport and Tourism, Kyushu Regional Development Bureau (port airport)
- The order receiving party at construction project :
  - Toyo Construction, Taisei Corporation,
  - Mirai Construction JV
- Location : Mageshima Nishinoomote city, Kagoshima prefecture
- Contracted vale (confirmed only) :
  - Total JV value 8.5 billion yen
  - Our value 1.7 billion yen
- Construction term :
  - October 5, 2022 ~ November 25, 2023
- Detail : A temporary pier will be constructed along with the maintenance of the Mageshima Self-Defense Forces Base (provisional name).



## ◆ Takamatsu House

### ○ Mirakuras Zenpukuji [Total 3 Houses]

- The construction was completed at the end of August 2022.
- 15 minutes' walk from Kamishakujii station on the Seibu Shinjuku line.
- Sales Price :
  - 87.8 million yen ~
  - 91.8 million yen
- Size of land :
  - 109.88m<sup>2</sup> ~
  - 111.60m<sup>2</sup>
- Size of House :
  - 87.14m<sup>2</sup> ~
  - 90.67m<sup>2</sup>



Source: Created by processing materials from the Ministry of Defense  
<https://www.mod.go.jp/j/approach/chouwa/mage/>



# 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 November 9, 2022. 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.