

Translated version

Takamatsu Construction Group

# Analysis Material for 3Q, FY ending March 2024

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Takamatsu Construction Group Co.,Ltd.  
Securities Code : 1762  
February 7, 2024

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Financial results for 3Q, FY ending March 2024

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# Situation of Corporate Group

Civil Engineering	Architecture	Real Estate	Main sales areas
	Takamatsu Corporation		Tokyo · Osaka · Nagoya
	Takamatsu Techno Service		Osaka · Tokyo
		Takamatsu Estate	Osaka · Tokyo
	Suminoe Kogei		Japan(nationwide)
	Kongo Gumi		Osaka · Tokyo
	Nakamura Shaji		Nagoya
	Takamatsu Build		Tokyo · Kanagawa
Taisho Kogyo Corporation			Osaka
Asunaro Aoki Construction			Japan(nationwide)
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
		Takamatsu House Kansai	Osaka · Hyogo
		TCG USA	USA
Takamatsu Construction Group (Pure Holding Company)			

# Highlighted items for the fiscal year ending March 31, 2024

## Results for the third quarter of the fiscal year ending March 31, 2024

1

Sales: 223.7 billion yen, Operating profit: 6.5 billion yen

Orders, sales, and operating profit all fell short of this year's plan.

Deterioration in performance in the architecture and real estate segments was the reason for not achieving the plan.

## Forecast for the Fiscal Year Ending March 31, 2024

2

Revised forecasts for net sales of 310 billion yen (+9.7% YoY) and operating profit of 11 billion yen (-8.6% YoY).

Although both public and private sector construction investment are firm and revenues are expected to increase, profits are expected to decrease due to persistently high raw material and equipment prices and rising labor costs.

## Shareholder return











3

Although we have revised our earnings forecast, we have set the minimum annual dividend amount per share at 70 yen, in line with our basic policy of paying a progressive dividend.

Based on this policy, we plan to maintain the dividend of 77 yen per share for the current fiscal year as planned.

# Performance for 3Q FY ending March 2024

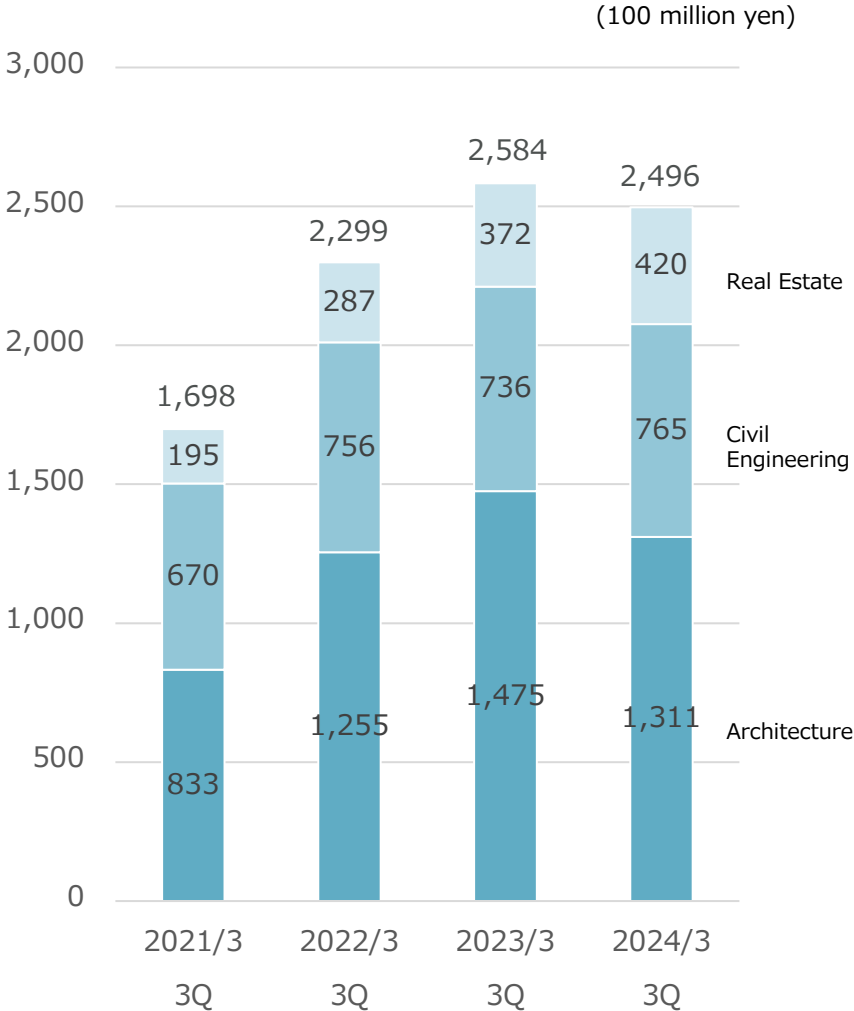
(100 million yen)

Item	3Q FY ended March 2021	3Q FY ended March 2022	3Q FY ended March 2023	3Q FY ending March 2024	+ / -
Orders received	1,698	2,299	2,584	 2,496	(3.4%)
Net sales	2,097	1,906	2,036	 2,237	+9.9%
Gross profit	274	273	290	 301	+3.6%
Gross profit %	13.1%	14.3%	14.3%	 13.5%	(0.8pt)
Operating profit	80	67	68	 65	(4.0%)
Operating profit %	3.9%	3.6%	3.4%	 2.9%	(0.5pt)
Ordinary profit	81	68	70	 64	(8.8%)
Ordinary profit %	3.9%	3.6%	3.5%	 2.9%	(0.6pt)
Quarterly profit attributable to owners of parent	48	41	40	 35	(13.0%)
Quarterly profit attributable to owners of parent %	2.3%	2.2%	2.0%	 1.6%	(0.4pt)

# Orders received by segments

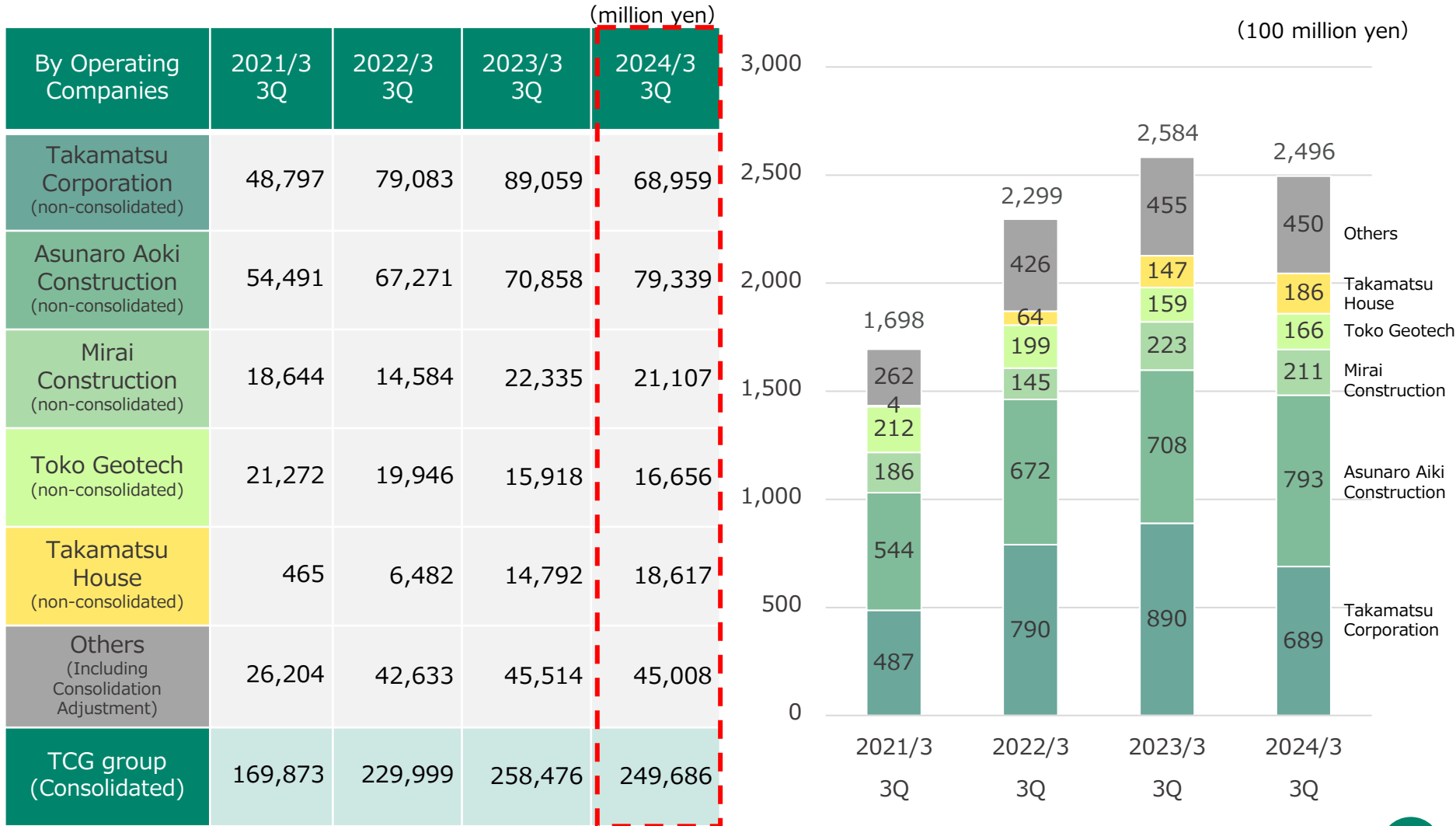
◆ Architecture was (11.1%) YoY, due to decrease in orders received of Takamatsu Corporation. Civil engineering increased +4.0% YoY. Real estate was +12.6% YoY due to increase in orders received of Takamatsu House.

By Segments	2021/3 3Q	2022/3 3Q	2023/3 3Q	2024/3 3Q
Architecture	83,358	125,599	147,565	131,159
Civil Engineering	67,011	75,674	73,611	76,522
Real Estate	19,503	28,726	37,299	42,004
<b>TCG group (Consolidated)</b>	<b>169,873</b>	<b>229,999</b>	<b>258,476</b>	<b>249,686</b>



# Orders Received by core operating companies

- ◆ Takamatsu Corporation was (22.6%) YoY due to decrease in orders received of rental apartments and a reaction to a large order received in Yodogawa-ku, Osaka City in the 3rd quarter of the previous year. Asunaro Aoki Construction was +12.0% YoY due to several orders for large projects. Mirai Construction was (5.5%) YoY, Toko Geotech was +4.6% YoY and Takamatsu House was +25.9% YoY.



※Figures for individual companies include transactions between group companies.

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# Carried forward to the next term by core operating companies

- ◆ Asunaro Aoki Construction was +16.4% YoY due to increase orders received. Mirai Construction was (12.7%) YoY as sales increased due to process recovery of the large project. Takamatsu House was +64.1% YoY due to increase orders received. It was +13.2% YoY for group companies other than the core companies.

(million yen)

By Operating Companies		2023/3 3Q	2024/3 3Q	Increase/Decrease	Increase/Decrease %
Takamatsu Corporation (non-consolidated)		206,104	207,492	↑	1,388 +0.7%
Asunaro Aoki Construction (non-consolidated)	Architecture	86,154	99,534	↑	13,380 +15.5%
	Civil Engineering	60,798	71,530	↑	10,732 +17.7%
	Sub total	146,952	171,065	↑	24,113 +16.4%
Mirai Construction (non-consolidated)		35,224	30,747	↓	(4,477) (12.7%)
Toko Geotech (non-consolidated)		10,541	11,442	↑	901 +8.5%
Takamatsu House (non-consolidated)		2,430	3,988	↑	1,558 +64.1%
Others (Including Consolidation Adjustment)		21,543	24,394	↑	2,851 +13.2%
TCG group (Consolidated)		422,794	449,128	↑	26,333 +6.2%

※Figures for individual companies include transactions between group companies.

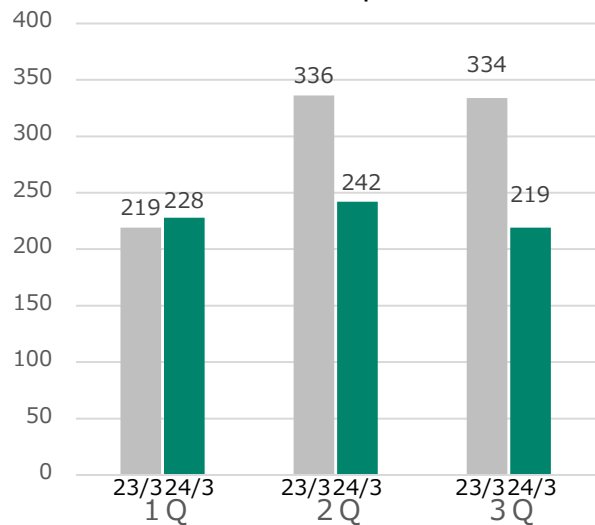
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# Quarterly Orders by the 5 core companies and Group Total (Consolidated)

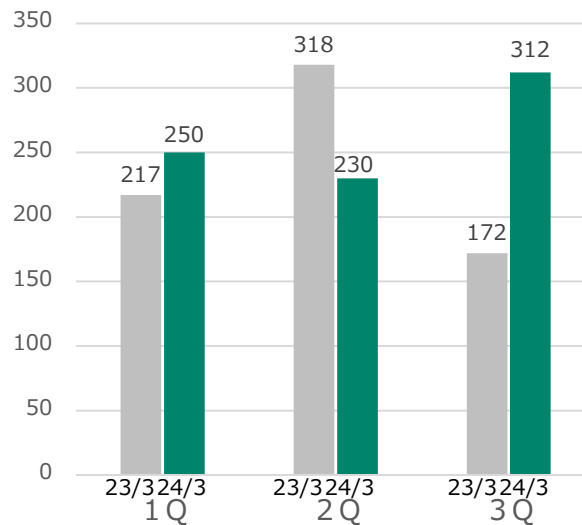
(※ Figures are quarterly amounts, not cumulative.)

(100 million yen)

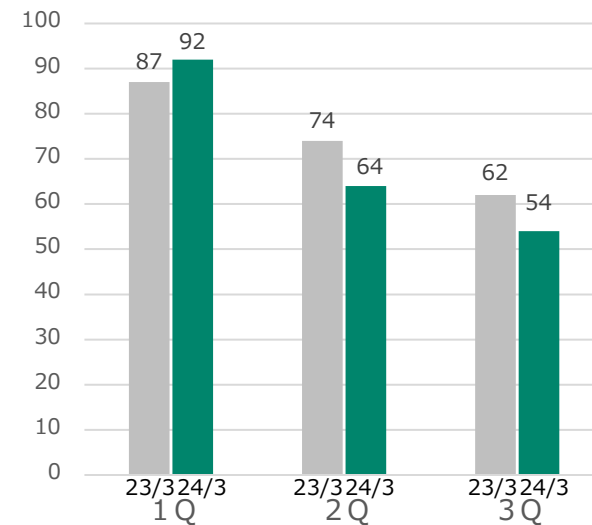
### Takamatsu Corporation



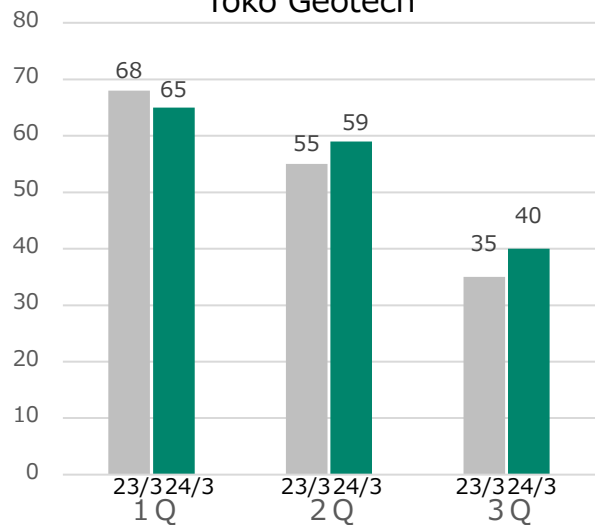
### Asunaro Aoki Construction



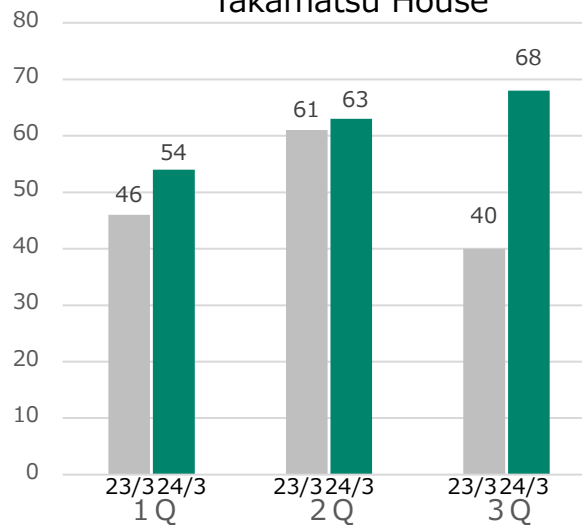
### Mirai Construction



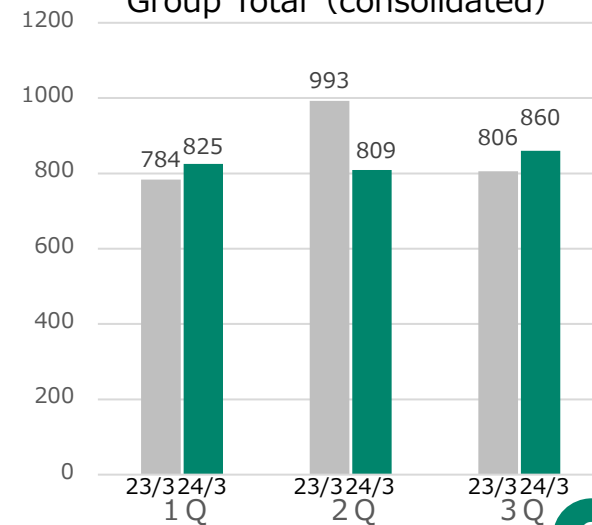
### Toko Geotech



### Takamatsu House



### Group Total (consolidated)



※Figures for individual companies include transactions between group companies.

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

- ◆ In both Osaka and Tokyo, orders received of rental apartments fell sharply YoY, partly due to an emphasis on profitability at the time of order received.
- ◆ Orders received of non-residentials in Osaka, decreased mainly in reaction to a large project order in Yodogawa-ku, Osaka City in 3Q FY ended March 2023, but increased compared to 3Q FY ended March 2022 (22/3 3Q : Orders received of non-residentials in Osaka 21,318 million yen).
- ◆ In Tokyo, non-residentials orders received increased YoY.

Orders received by Rental Apartments and non-Residentials (million yen)

	Osaka				Tokyo			
	2023/3 3Q	%	2024/3 3Q	%	2023/3 3Q	%	2024/3 3Q	%
Rental Apartments	11,301	22.0%	4,539	12.2%	30,147	80.2%	23,838	74.9%
non-Residentials	40,179	78.0%	32,606	87.8%	7,432	19.8%	7,976	25.1%
Total	51,480	100%	37,145	100%	37,579	100%	31,814	100%

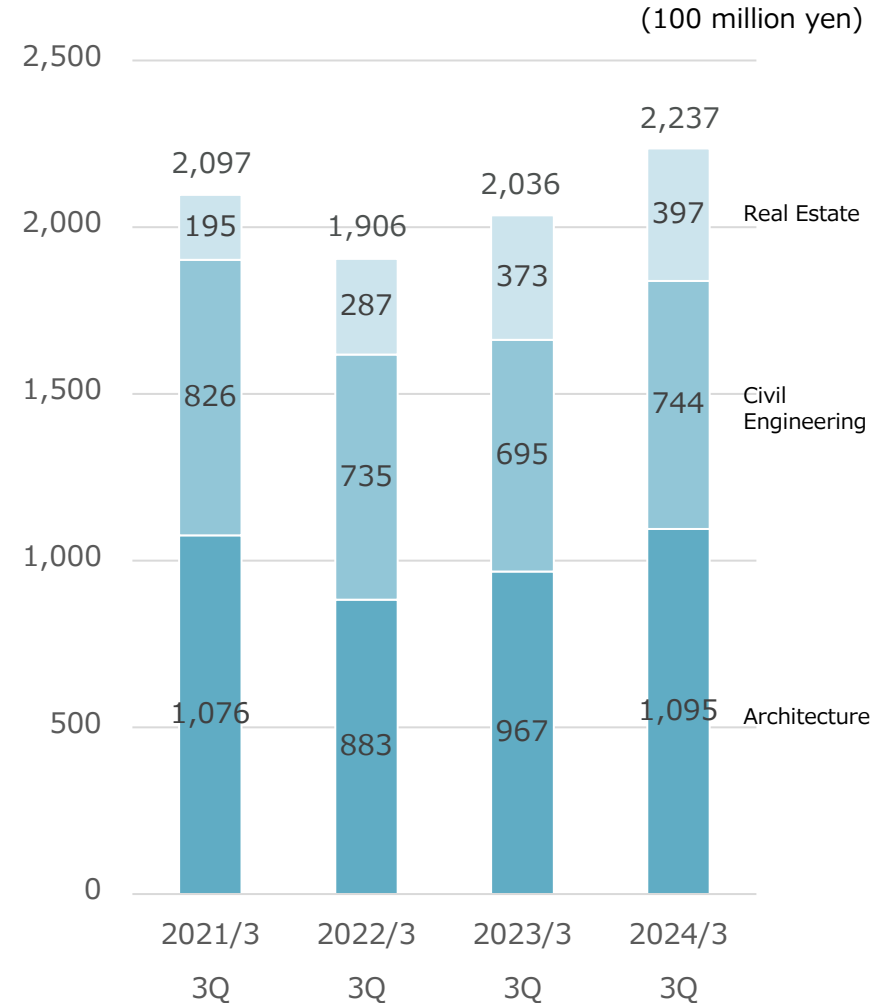
※Figures including transactions between group companies.

# Net sales by segments

- ◆ Architecture was +13.2% YoY due to increase of Takamatsu Corporation and Asunaro Aoki Construction. Civil engineering was +7.1% YoY due to significantly increased in net sales of Mirai Construction. Real estate was +6.3% YoY because of increasing Takamatsu House.

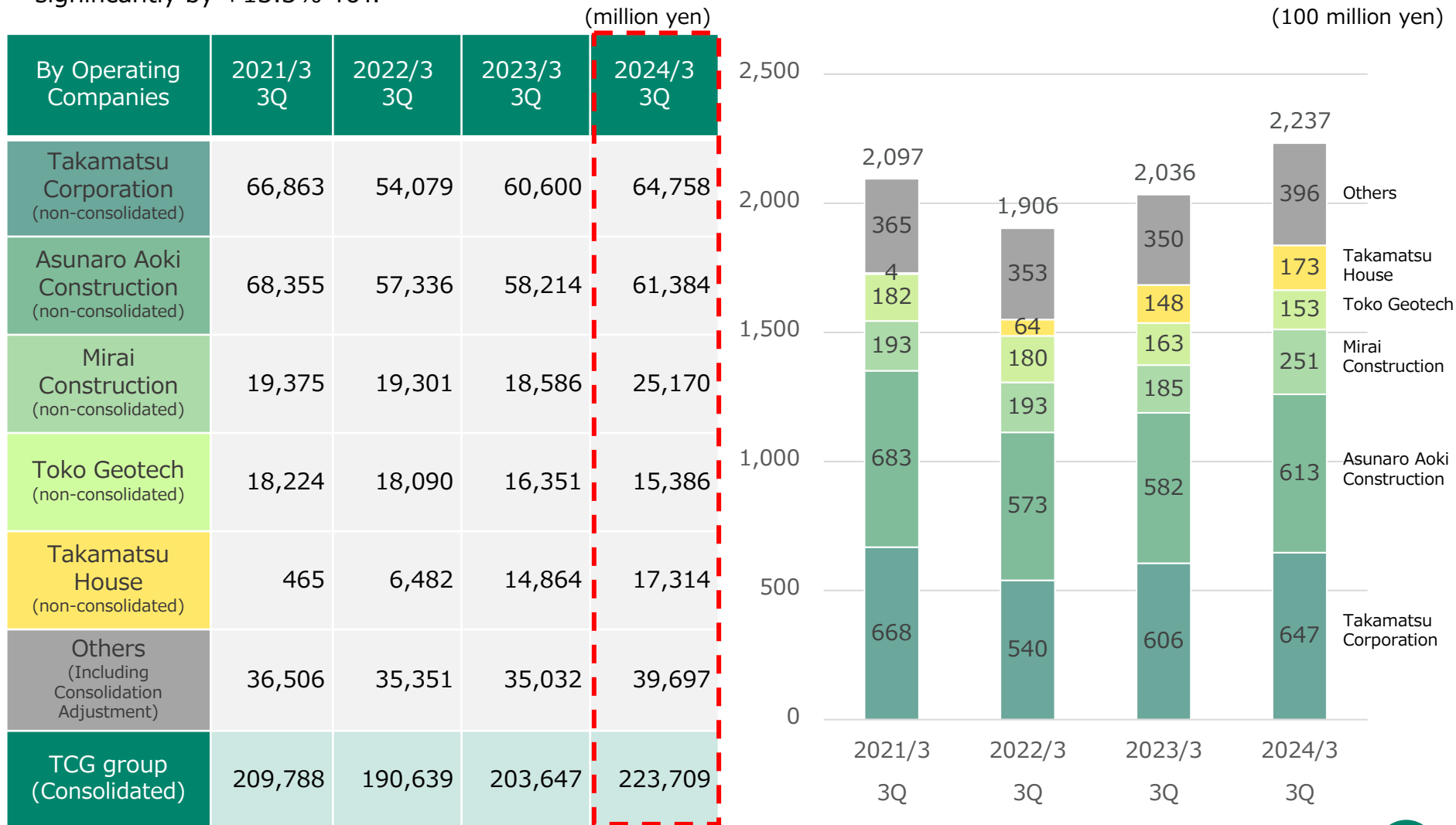
(million yen)

By Segments	2021/3 3Q	2022/3 3Q	2023/3 3Q	2024/3 3Q
Architecture	107,652	88,326	96,767	109,506
Civil Engineering	82,633	73,586	69,508	74,465
Real Estate	19,503	28,726	37,371	39,737
<b>TCG group (Consolidated)</b>	<b>209,788</b>	<b>190,639</b>	<b>203,647</b>	<b>223,709</b>



# Net sales by core operating companies

- ◆ Takamatsu Corporation was +6.9% YoY, Asunaro Aoki Construction was +5.4% YoY. Mirai Construction increased significantly by +35.4% YoY due to process recovery of large marine construction projects. Toko Geotech was (5.9%) YoY, Takamatsu House was +16.5% YoY. Group companies other than the core companies increased significantly by +13.3% YoY.

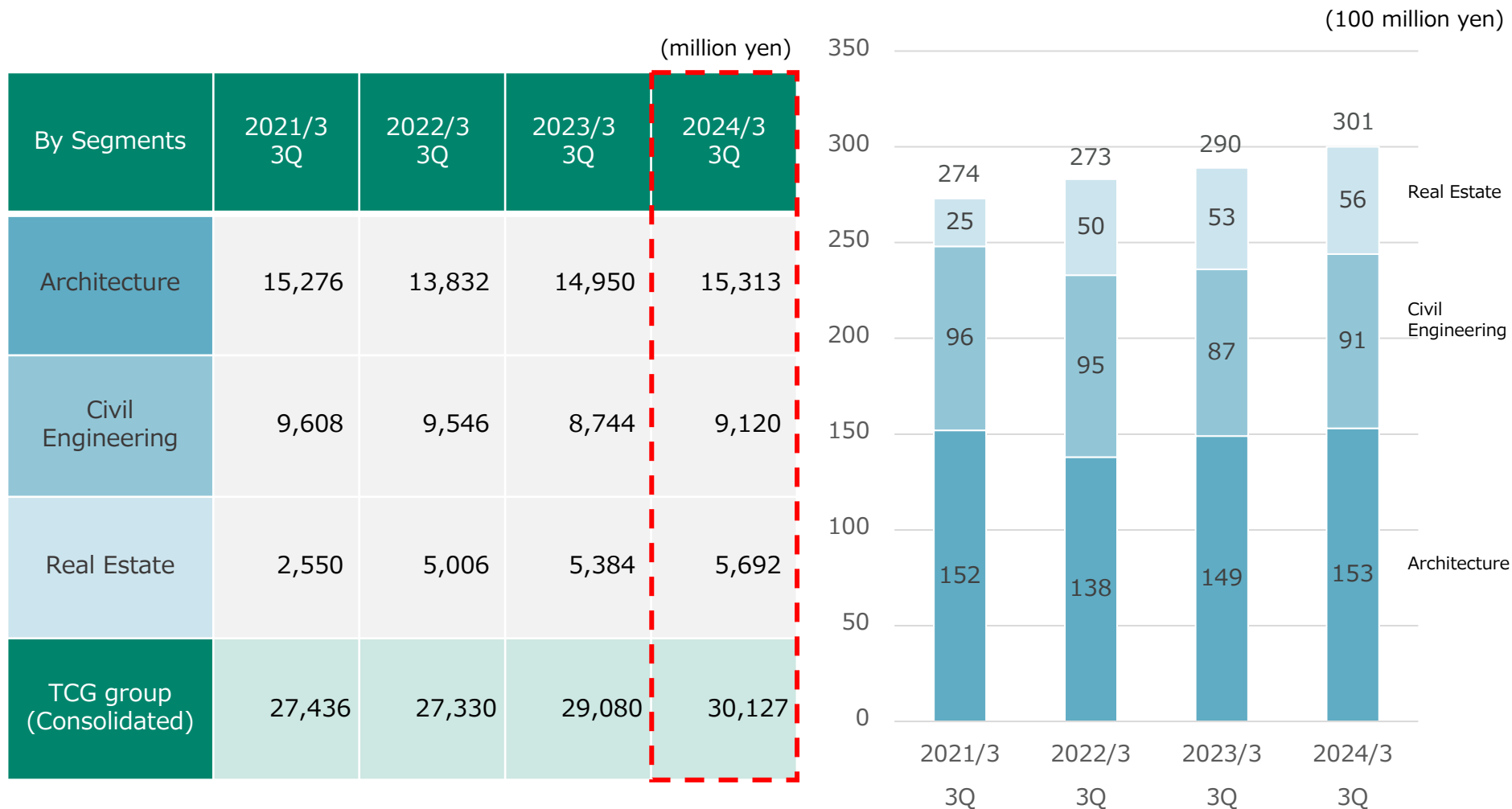


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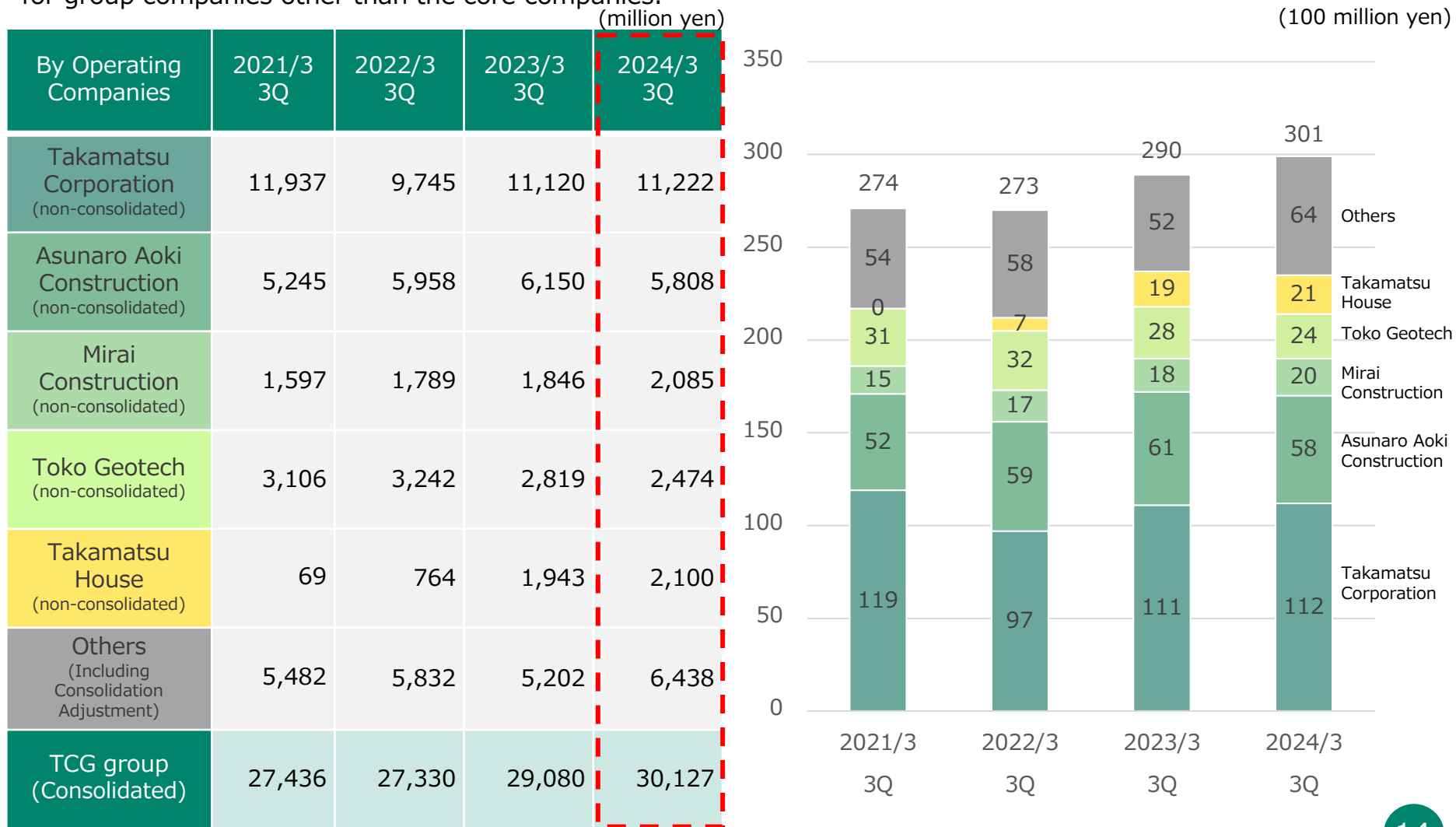
# Gross profit by segments

- ◆ Architecture was +2.4% YoY despite decrease in gross profit of Asunaro Aoki Construction. Civil engineering was +4.3% YoY due to increase in gross profit of Mirai Construction and group companies other than the core companies, despite decrease in gross profit of Toko Geotech. Real estate was +5.7% YoY because of increasing Takamatsu House and group companies other than the core companies.



# Gross profit by core operating companies

- Takamatsu Corporation increased slightly by +0.9% YoY. Asunaro Aoki Construction was (5.6%) YoY overall due to a decrease in the architecture segment, although the civil engineering segment was on par with the previous year. Mirai Construction increased significantly by +12.9% YoY due to increase sales. Toko Geotech decreased significantly by (12.3%) YoY due to decrease sales. Takamatsu House was +8.1% YoY. It was significantly increase of +23.8% YoY for group companies other than the core companies.



※Figures for individual companies include transactions between group companies.

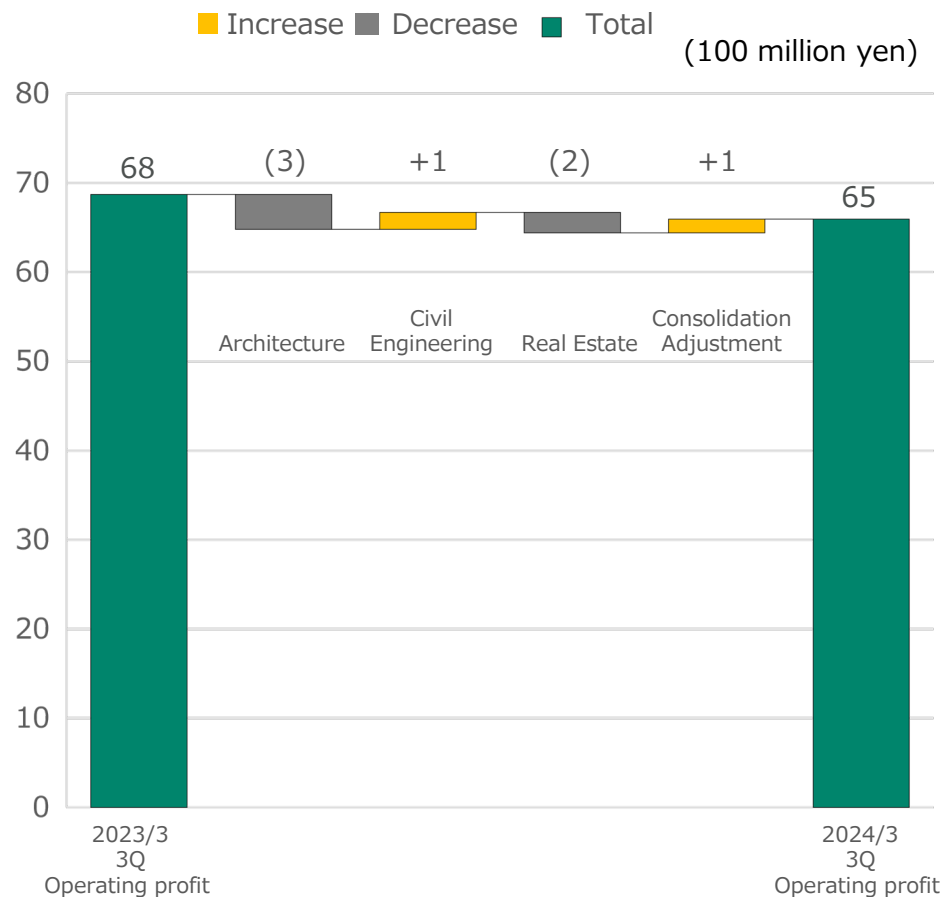
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# Operating profit by segments

- ◆ Architecture was (11.5%) YoY due to decrease in operating profit Takamatsu Corporation and Asunaro Aoki Construction. Civil engineering was +4.3% YoY due to increase in operating profit of Asunaro Aoki Construction and Mirai Construction despite decrease in operating profit of Toko Geotech. Real estate was (8.1%) YoY due to decrease in operating profit of Takamatsu House.

(million yen)

By Segments	2021/3 3Q	2022/3 3Q	2023/3 3Q	2024/3 3Q
Architecture	4,119	1,979	3,410	3,017
Civil Engineering	5,708	5,560	4,417	4,609
Real Estate	1,112	2,246	2,849	2,619
Consolidation Adjustment	(2,854)	(2,987)	(3,805)	(3,651)
<b>TCG group (Consolidated)</b>	<b>8,085</b>	<b>6,798</b>	<b>6,871</b>	<b>6,595</b>

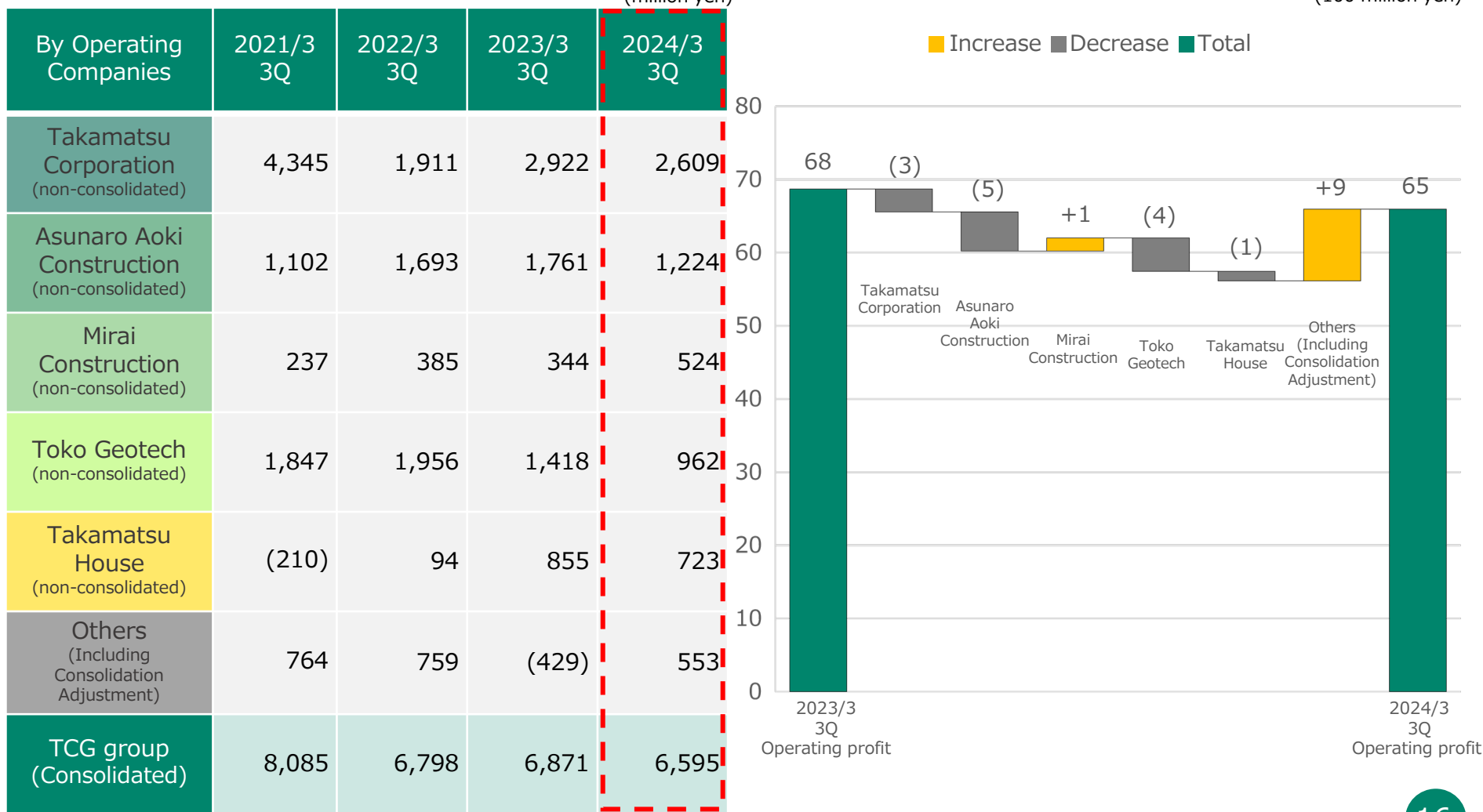


※Figures for individual companies include transactions between group companies.



# Operating profit by core operating companies

- ◆ Takamatsu Corporation was (10.7%) YoY due to lower gross profit margin and higher SG&A expenses. Asunaro Aoki Construction decreased significantly by (30.5%) YoY due to lower gross profit margin and higher SG&A expenses. Mirai Construction increased significantly by +52.3% YoY due to higher sales despite lower gross margin. Toko Geotech's operating profit fell sharply to (32.1%) YoY, due to lower sales, lower gross profit margin and higher SG&A expenses. Takamatsu House's operating profit fell sharply to (15.5%) YoY, due to lower gross profit margin and higher SG&A expenses. Group companies other than the core companies increased approximately 0.98 billion yen YoY and turned profitable.



※Figures for individual companies include transactions between group companies.

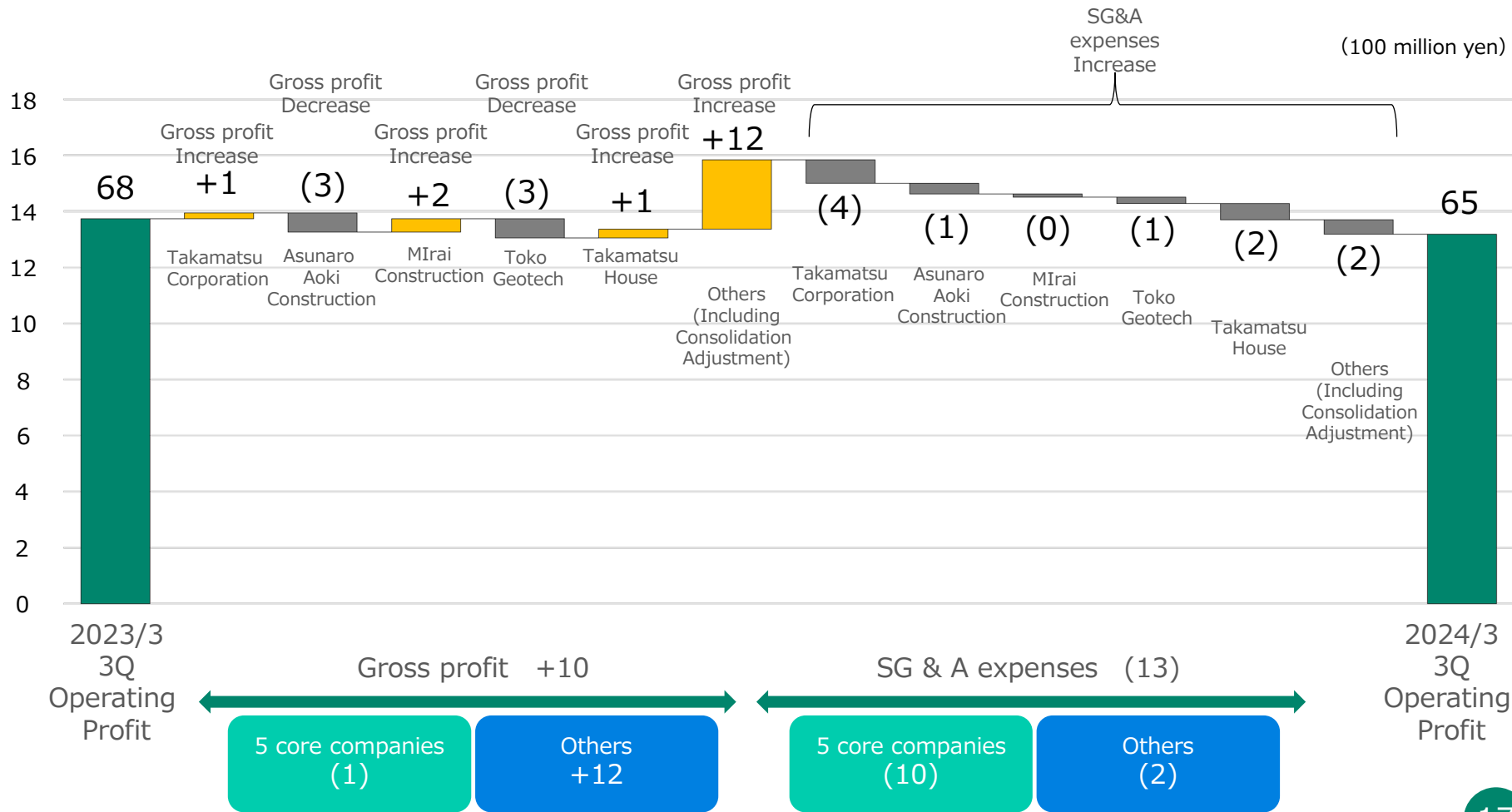
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# Gross profit, SG&A expenses, Analysis of Changes in Operating Profit

■ Increase ■ Decrease ■ Total

- Gross profit increased approximately 1 billion yen YoY, mainly because gross profit increased at group companies other than the core companies, which offset the decrease in gross profit from Asunaro Aoki Construction and Toko Geotech. SG&A expenses increased approximately 1.3 billion yen YoY, mainly due to an increase in personnel expenses at Takamatsu Corporation, Asunaro Aoki Construction and Takamatsu House, so overall operating profit decreased approximately 0.3 billion yen YoY.

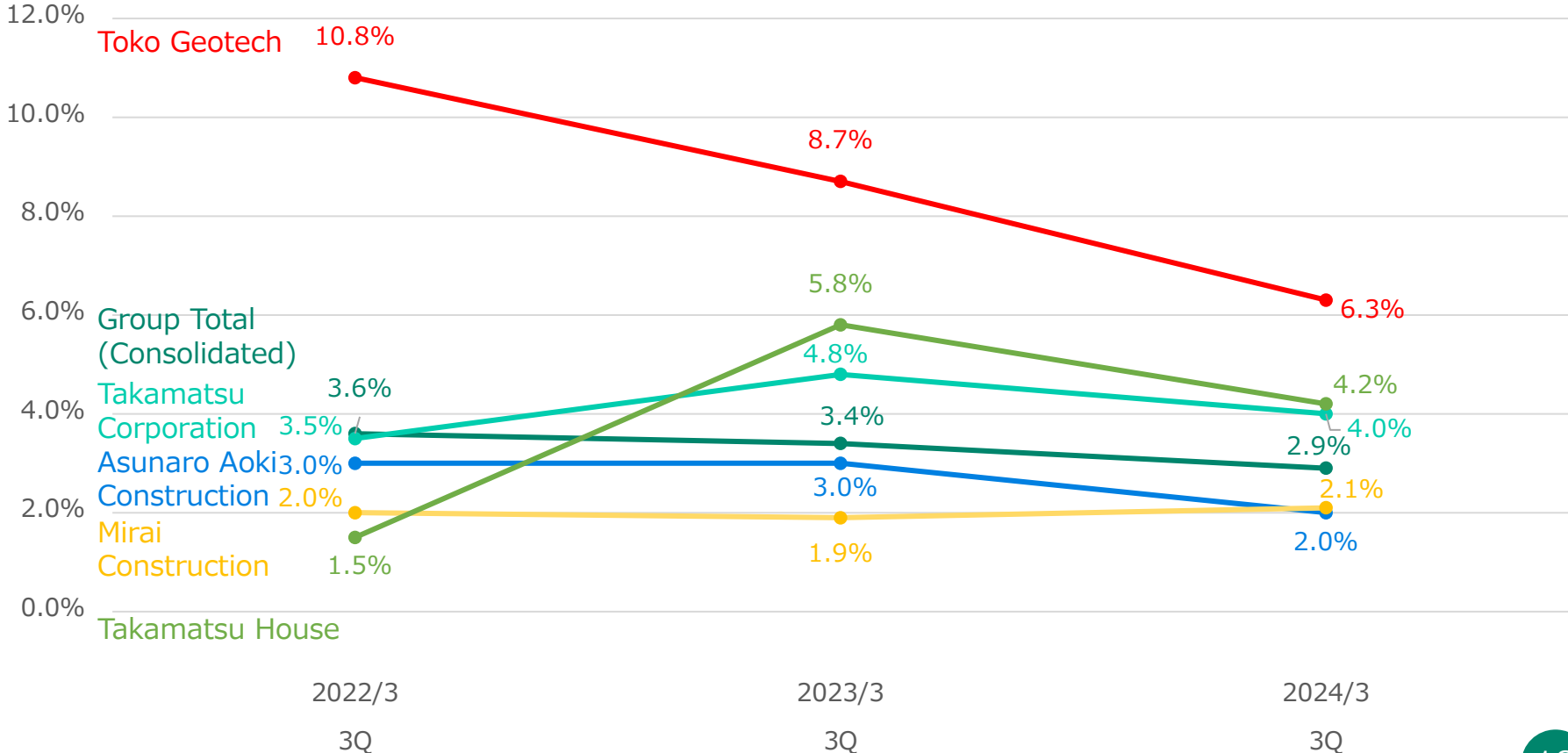
## Analysis of Changes in Operating Profit



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# Operating profit ratio by Group Total (Consolidated) and the 5 core companies

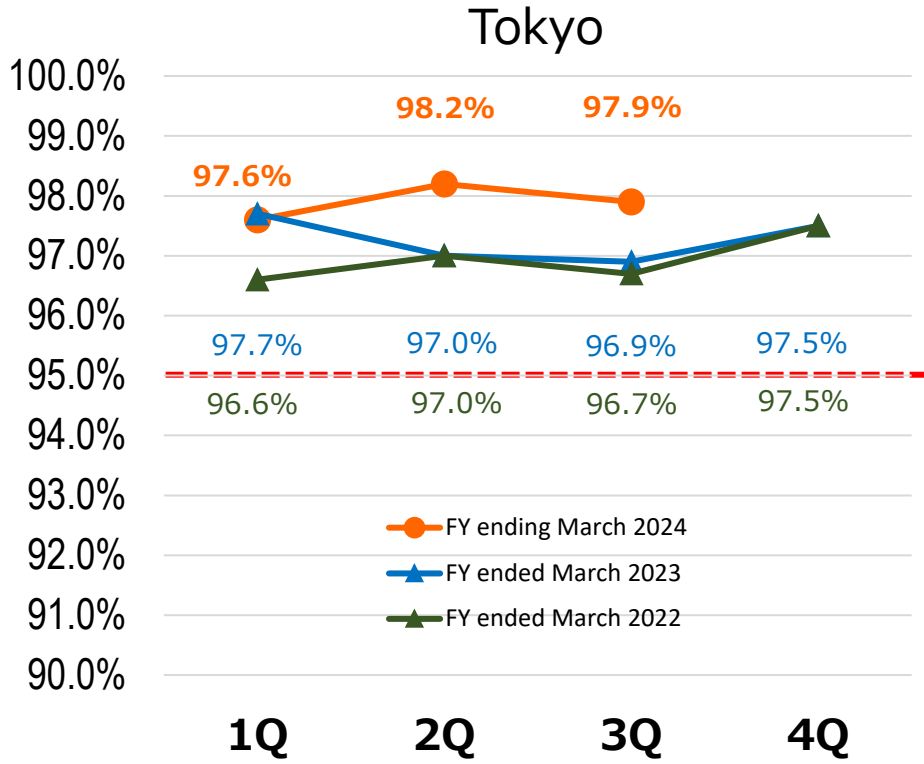
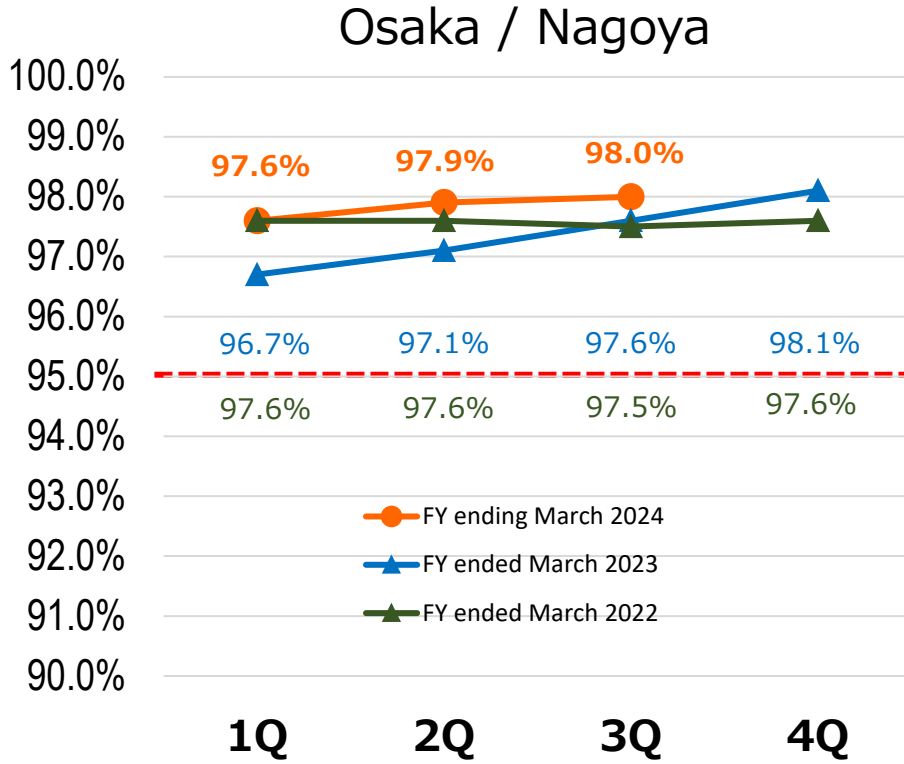
- ◆ Takamatsu Corporation’s operating profit margin was (0.8pt) YoY due to gross profit margin decreased 1.1pt YoY and increased SG&A expenses, mainly due to an increase in personnel expenses, due to raising wage levels.
- ◆ Asunaro Aoki Construction’s operating profit margin was (1pt) YoY due to gross profit margin decreased 1.1pt YoY and increased SG&A expenses, mainly due to an increase in personnel expenses, because continued hiring and raising wage levels.
- ◆ Mirai Construction’s operating profit margin rose slightly by +0.2pt YoY.
- ◆ Toko Geotech’s operating profit margin fell sharply to (2.4pt) YoY due to gross profit margin decreased 1.1pt YoY.
- ◆ Takamatsu House’s operating profit margin decreased 1.6pt YoY due to gross profit margin decreased 1pt YoY and increased SG&A expenses, mainly due to higher personnel expenses.



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

◆ Occupancy rates of 95% or higher have been maintained for 3Q FY ending March 2024.



**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

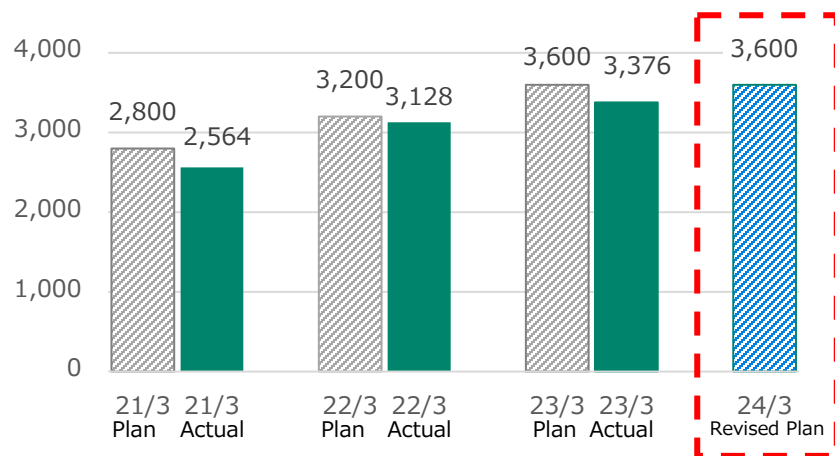
# Earnings Forecast & Dividend Forecast for FY ending March 2024

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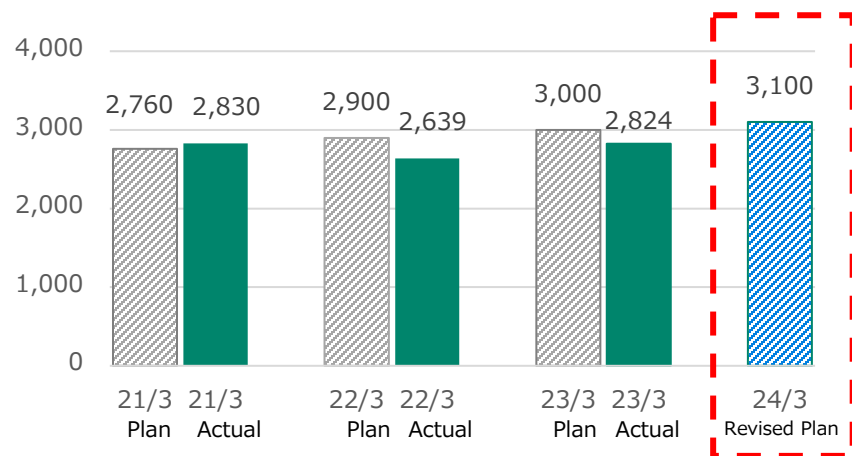
# Earnings Forecast for FY ending March 2024

- ◆ We revised our consolidated earnings forecast for the FY ending March 31, 2024 which announced on May 10, 2023.
- ◆ The year-end dividend for the FY ending March 31, 2024 is planned to be 50 yen per share (annual dividend of 77 yen per share) as originally planned.

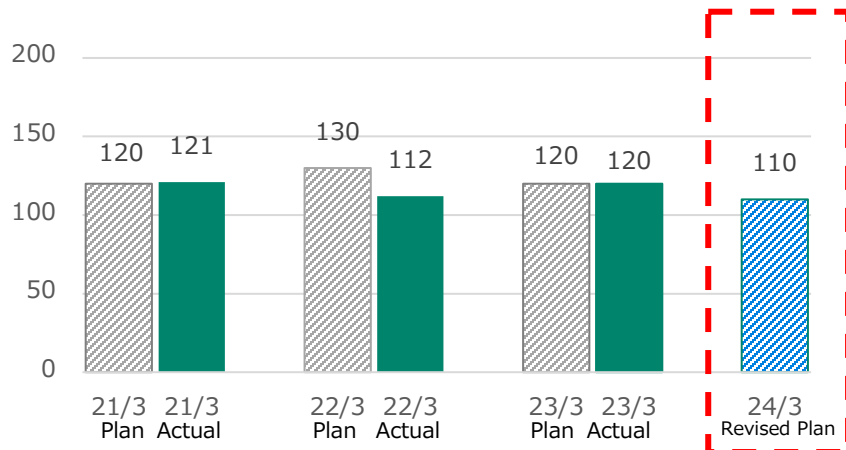
Orders received (100 million yen)



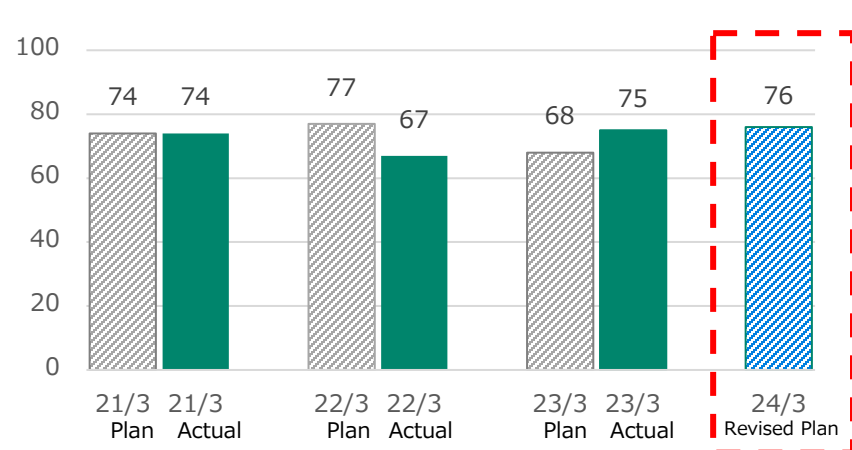
Net sales (100 million yen)



Operating profit (100 million yen)



Profit attributable to owners of parent (100 million yen)

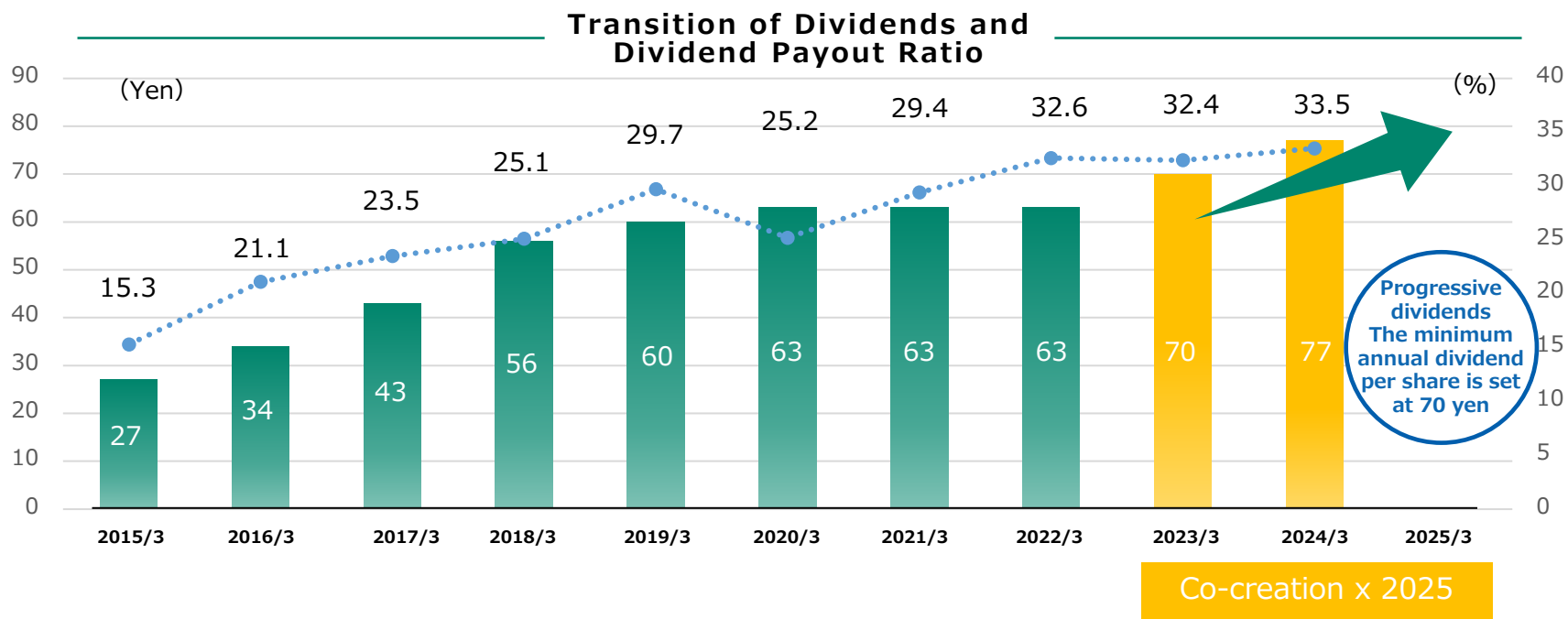


# Points of Earnings Forecast for FY ending March 2024

<p><b>Summary of 3rd Quarter Results for the FY Ending March 2024</b></p>	<ul style="list-style-type: none"> <li>• Orders, sales, and operating income all fell short of this year's plan.</li> <li>• Due to continued increases in raw material prices, equipment and material prices, and labor costs, sales increased YoY, but orders and operating income decreased YoY.</li> </ul>
<p><b>Current business environment</b></p>	<ul style="list-style-type: none"> <li>• Public sector construction investment was supported by the "Five-Year Acceleration Measures for Disaster Prevention and Disaster Mitigation and National Land Resilience," while private sector construction investment was strong in both areas, reflecting the recovery trend in the external environment.</li> <li>• Prices of raw materials, materials and equipment remain high, and labor costs continue to rise, with all items still at high levels</li> <li>• Lead times for some equipment are lengthening, and there are also shortages of installation personnel at equipment suppliers.</li> <li>• There is a chronic shortage of construction personnel.</li> </ul>
<p><b>Outlook for the current fiscal year, initiatives, etc.</b></p>	<ul style="list-style-type: none"> <li>• The construction segment is expected to remain strong due to firm corporate appetite for capital investment, but raw material and equipment prices remain high. In addition, rising labor costs and longer lead times for equipment procurement are also contributing to an increasingly difficult environment for orders.</li> <li>• The market for rental condominiums is expected to remain firm, but construction costs are rising due to soaring prices of raw materials, materials and equipment, and labor costs, and the company is being selective in the selection of orders to ensure profitability.</li> <li>• The real estate segment continues to see a slowdown in the sales environment due to the rising trend of fixed interest rates on mortgage loans and the rising trend of housing prices due to the soaring prices of construction materials and equipment.</li> <li>• In some cases, price indexing is applied to public sector construction, but in the case of construction projects ordered by the private sector construction, it is difficult to obtain the understanding of the client to pass on the cost of goods and services to the client, and this is a factor that puts pressure on profits.</li> </ul>

# Earnings Forecast & Dividend Forecast for FY ended March 2024

- ◆ The basic policy is to pay progressive dividends during the target years of the medium-term management plan “Co-creation x 2025” (fiscal year ended March 2023 to fiscal year ending March 2025). The minimum annual dividend per share is set at 70 yen. Profit returns will be linked to business performance.
- ◆ We have decided to increase the dividend by 7 yen from the forecast of 63 yen per share to 70 yen per share for the fiscal year ended March 31, 2023.
- ◆ The dividend for the fiscal year ending March 2024 is planned to be 77 yen per share, an increase of 7 yen from the dividend for the fiscal year ended March 2023.





# 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 February 7, 2024. 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.