

Translated version

Takamatsu Construction Group

Analysis Material for 3Q, FY ending March 2023

Takamatsu Construction Group Co.,Ltd.
Securities Code : 1762
February 8, 2023

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Financial results for 3Q, FY ending March 2023

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
			Takamatsu Build	Tokyo · Kanagawa
		TCG USA		USA
Takamatsu Construction Group (Pure Holding Company)				

Performance for 3Q FY ending March 2023 (Consolidated)

(100 million yen)

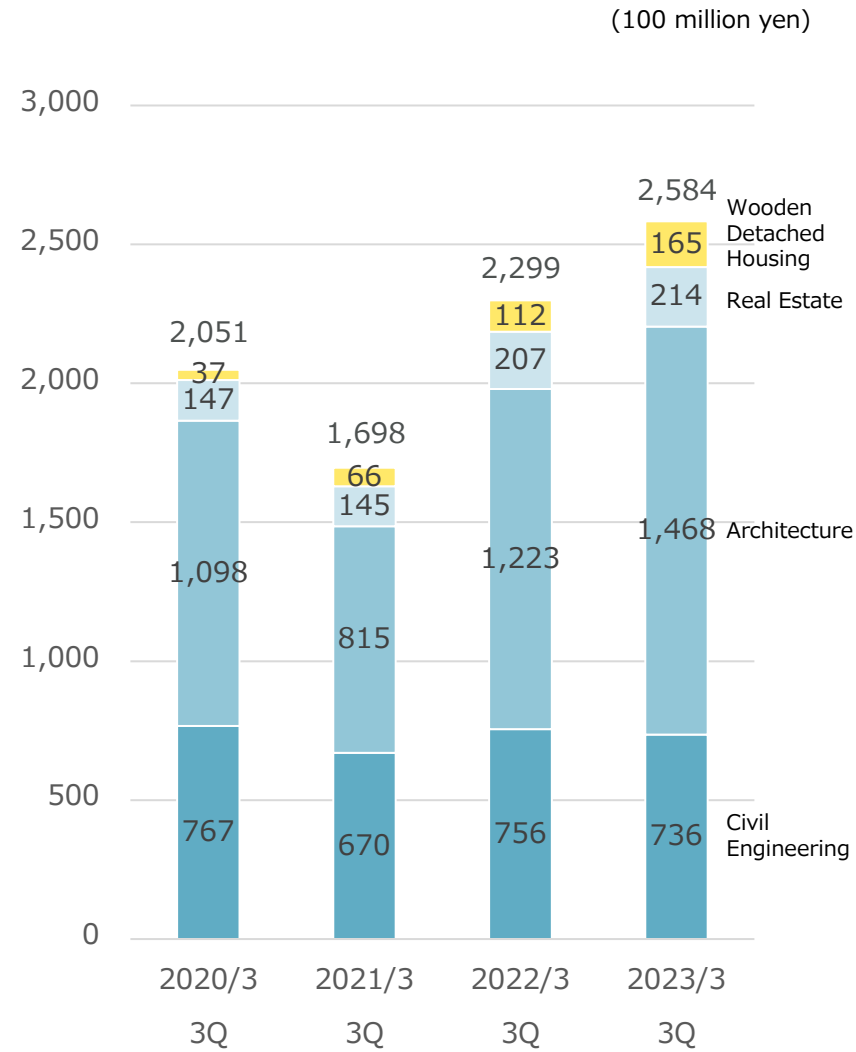
Item	3Q FY ended March 2020	3Q FY ended March 2021	3Q FY ended March 2022	3Q FY ending March 2023	+/-
Orders received	2,051	1,698	2,299	2,584	+12.4%
Net sales	1,998	2,097	1,906	2,036	+6.8%
Gross profit	289	274	273	290	+6.4%
Gross profit %	14.5%	13.1%	14.3%	14.3%	0pt
Operating profit	104	80	67	68	+1.1%
Operating profit %	5.2%	3.9%	3.6%	3.4%	(0.2pt)
Ordinary profit	101	81	68	70	+2.9%
Ordinary profit %	5.1%	3.9%	3.6%	3.5%	(0.1pt)
Quarterly net income attributable to owners of parent	57	48	41	40	(0.6%)
Quarterly net income attributable to owners of parent %	2.9%	2.3%	2.2%	2.0%	(0.2pt)

Orders received by segments (Consolidated)

◆ In civil engineering, Mirai Construction significantly increased order, but Asunaro Aoki Construction and Toko Geotech declined, resulting in a decrease of 2.7% YoY. Architecture was +20.0% YoY, due to large impact of an increase in orders for Takamatsu Corporation and Asunaro Aoki Construction. Wooden Detached Housing was +47.8% YoY due to continued to perform well.

(million yen)

By Segments	2020/3 3Q	2021/3 3Q	2022/3 3Q	2023/3 3Q
Civil Engineering	76,746	67,011	75,674	73,611
Architecture	109,866	81,589	122,374	146,877
Real Estate	14,735	14,574	20,732	21,409
Wooden Detached Housing (Takamatsu House Group)	3,783	6,697	11,218	16,578
TCG group (Consolidated)	205,131	169,873	229,999	258,476

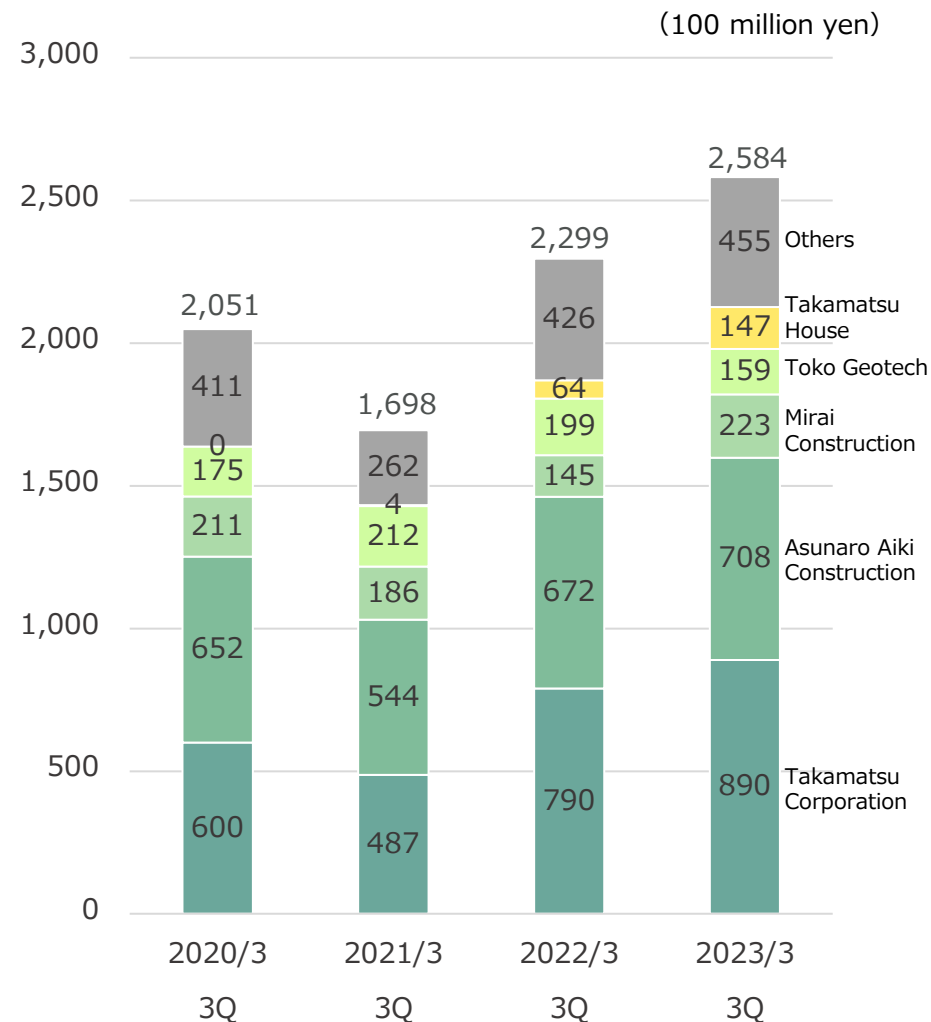


※The total of individual figures and the total figures may not match due to consolidation adjustments.

Orders Received by core operating companies (Consolidated)

- Takamatsu Corporation was +12.6% YoY due to an order for a large-scale complex facility project in Yodogawa Ward, Osaka City. Asunaro Aoki Construction was +5.3% YoY. Mirai Construction was +53.1% YoY due to orders for large-scale projects such as seismic reinforcement work in Higashiosaka City. Takamatsu House also continued to perform well, with orders approximately 2.2 times higher than the previous year. Toko Geotech was (20.2%) YoY due to delay in opening bids for target construction.

By Operating Companies	2020/3 3Q	2021/3 3Q	2022/3 3Q	2023/3 3Q
Takamatsu Corporation (non-consolidated)	60,030	48,797	79,083	89,059
Asunaro Aoki Construction (non-consolidated)	65,211	54,491	67,271	70,858
Mirai Construction (non-consolidated)	21,184	18,644	14,584	22,335
Toko Geotech (non-consolidated)	17,588	21,272	19,946	15,918
Takamatsu House (non-consolidated)	-	465	6,482	14,792
Others (Including Consolidation Adjustment)	41,118	26,204	42,633	45,514
TCG group (Consolidated)	205,131	169,873	229,999	258,476



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※Figures for individual companies include transactions between group companies.

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Carried forward to the next term by core operating companies

- ◆ Takamatsu Corporation was +21.8% YoY due to orders for large-scale construction such as waste treatment facilities in 2Q and complex facilities in this quarter. In Architecture of Asunaro Aoki Construction was also +20.3% YoY. Toko Geotech continued to be sluggish from the first half, down 15.3%. It was +20.4% YoY for group companies other than the five core companies, due to Taisho Kogyo Corporation was +65.7%, Aoki Marine was +62.5%, and Suminoe Kogei was +58.2%.

(million yen)

By Operating Companies		2022/3 3Q	2023/3 3Q	Increase/Decrease	Increase/Decrease %
Takamatsu Corporation (non-consolidated)		168,618	205,299	↑	36,681 +21.8%
Asunaro Aoki Construction (non-consolidated)	Civil Engineering	57,194	60,798	↑	3,604 +6.3%
	Architecture	70,856	85,252	↑	14,396 +20.3%
	Sub total	128,051	146,050	↑	17,999 +14.1%
Mirai Construction (non-consolidated)		29,989	35,224	↑	5,235 +17.5%
Toko Geotech (non-consolidated)		12,197	10,336	↓	(1,861) (15.3%)
Takamatsu House (non-consolidated)		0	2,430	↑	2,430 —
Others		19,489	23,455	↑	3,966 +20.4%
TCG group (Consolidated)		358,344	422,794	↑	64,450 +18.0%

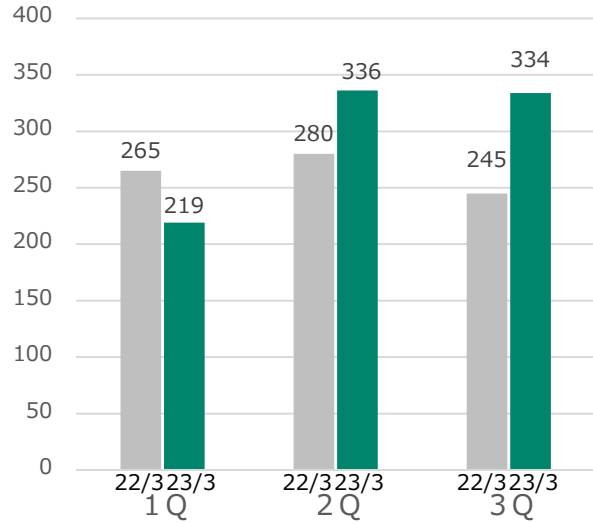
※The total of individual figures and the total figures may not match due to consolidation adjustments.

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

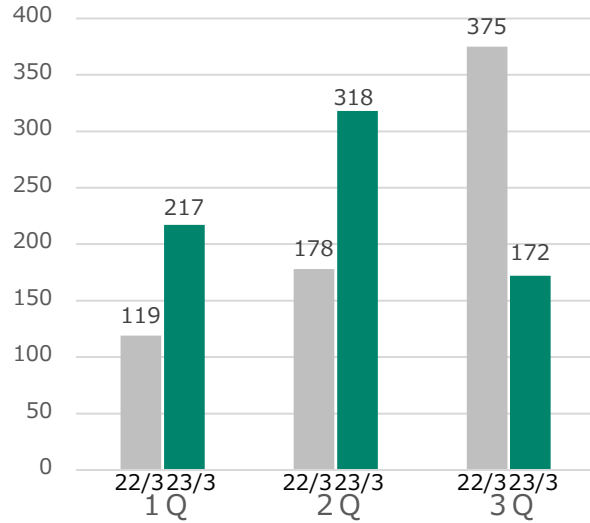
(※ Figures are quarterly amounts, not cumulative.)

(100 million yen)

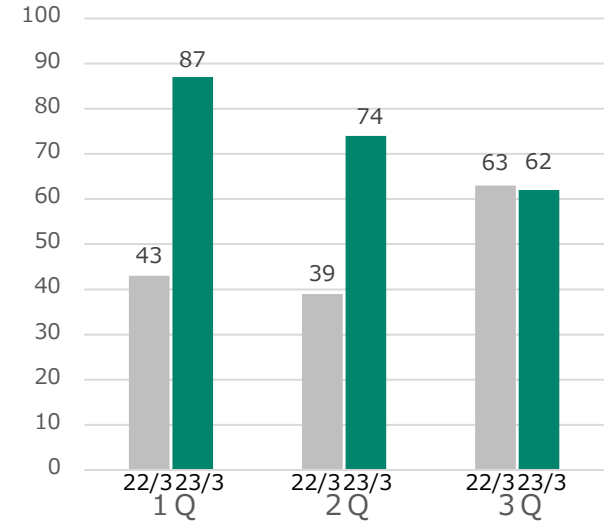
Takamatsu Corporation



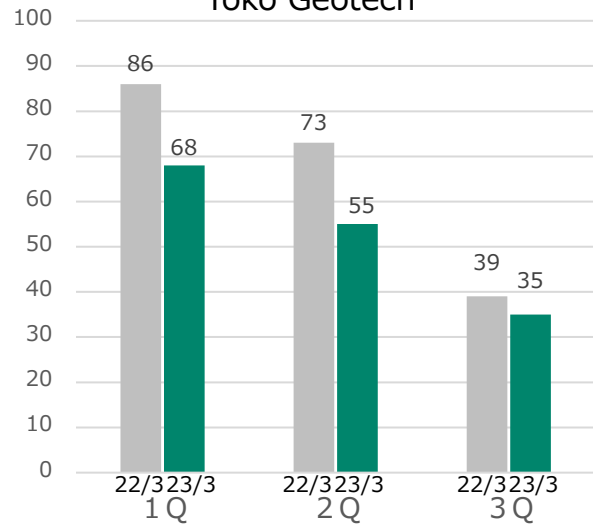
Asunaro Aoki Construction



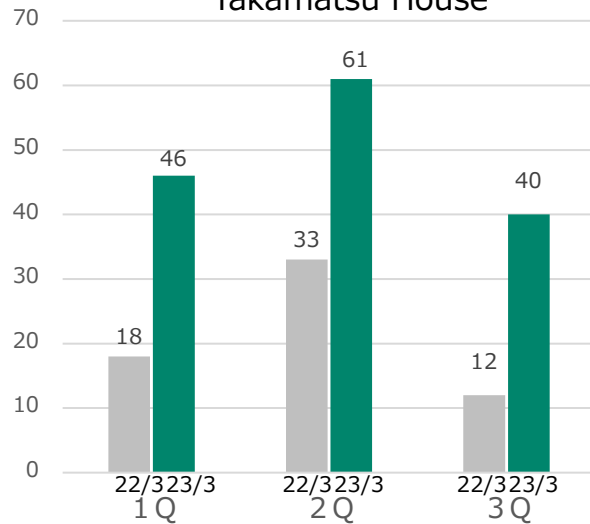
Mirai Construction



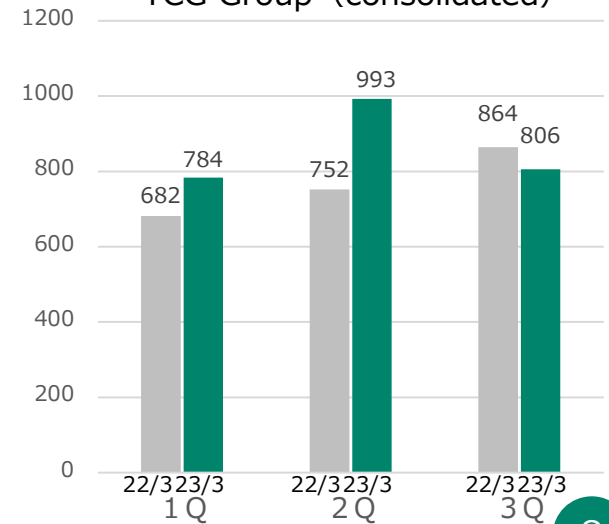
Toko Geotech



Takamatsu House



TCG Group (consolidated)



※Figures for individual companies include transactions between group companies.
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Takamatsu Corporation : Orders by Rental Apartments and non-Residentials

- ◆ In Osaka, orders for non-Residentials increased significantly YoY due to large-scale orders for complex facilities. In Tokyo, both Rental Apartments and non-Residentials have decreased YoY, but as a whole company exceeded the previous year's result, and the full year is expected to exceed the previous year's results.
- ◆ Until the 2Q, the non-Residentials ratio in Tokyo was lower than in other years (2Q 2023: 15.1%, 2Q 2021: 48.7%, 2Q 2020: 44.3%), but the ratio increased in the 3Q. The full year is expected to settle down at the same level as in previous years.

Orders by Rental Apartments and non-Residentials

(million yen)

	Osaka				Tokyo			
	2022/3 3Q	%	2023/3 3Q	%	2022/3 3Q	%	2023/3 3Q	%
Rental Apartments	13,103	38.1%	11,301	22.0%	31,675	70.9%	30,147	80.2%
non-Residentials	21,318	61.9%	40,179	78.0%	12,987	29.1%	7,432	19.8%
Total	34,422	100%	51,480	100%	44,662	100%	37,579	100%

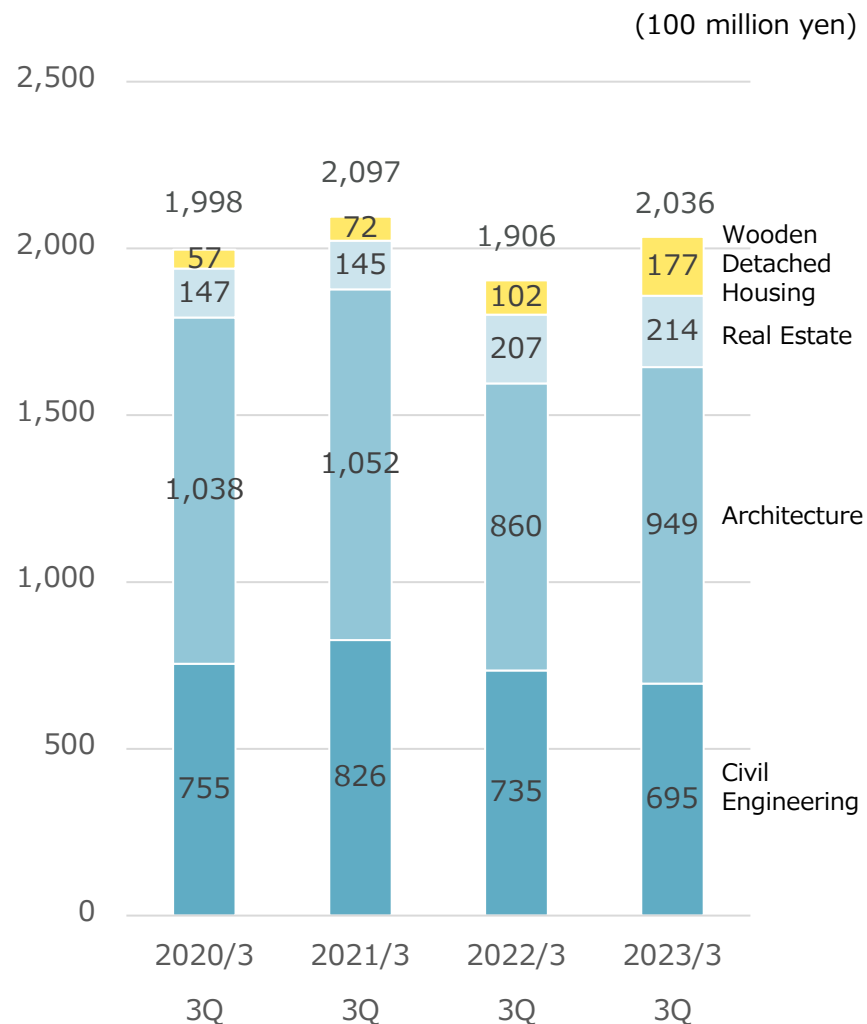
※Figures including transactions between group companies.

Net sales by segments (Consolidated)

- ◆ Civil engineering was (5.5%) due to factors such as a decline in Mirai Construction and Toko Geotech. Architecture was +10.4% due to factors such as an increase in Takamatsu Corporation. Wooden detached housing was doing well, +72.4%.

(million yen)

By Segments	2020/3 3Q	2021/3 3Q	2022/3 3Q	2023/3 3Q
Civil Engineering	75,504	82,633	73,586	69,508
Architecture	103,801	105,297	86,030	94,989
Real Estate	14,735	14,574	20,732	21,409
Wooden Detached Housing (Takamatsu House Group)	5,781	7,283	10,289	17,740
TCG group (Consolidated)	199,823	209,788	190,639	203,647



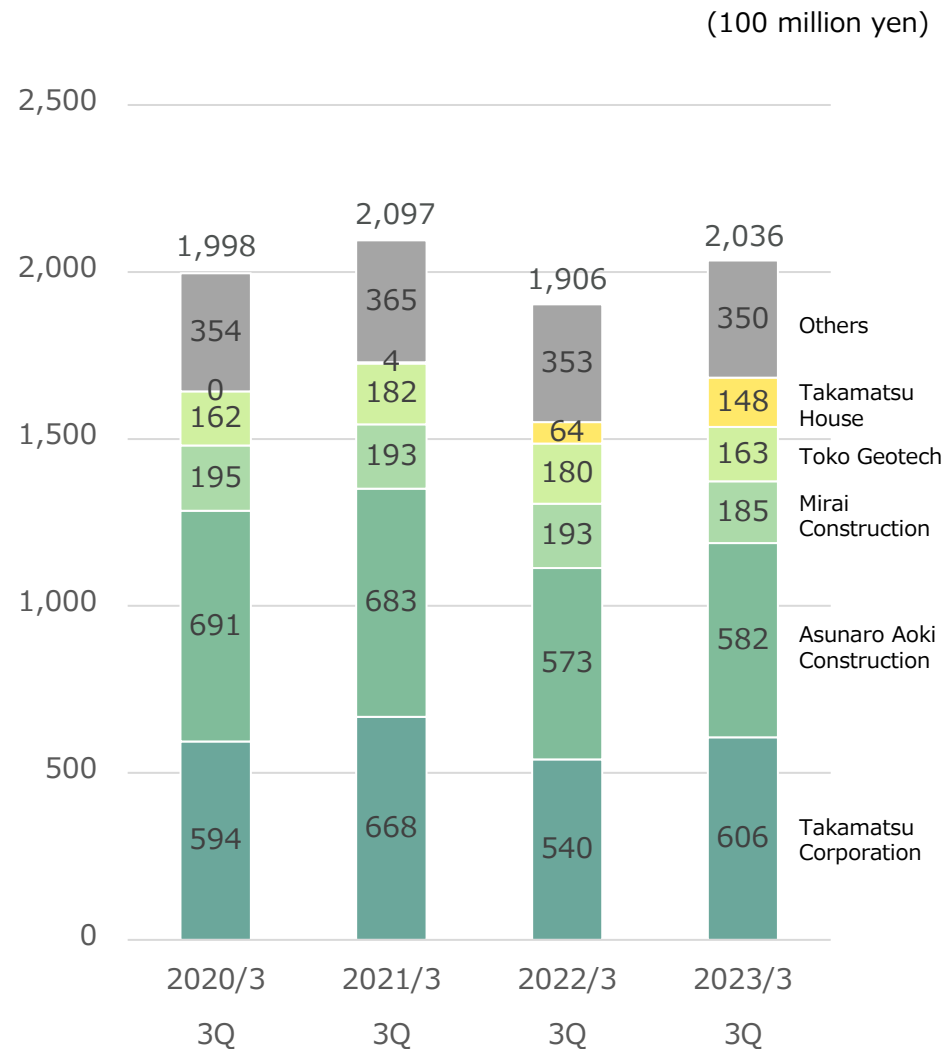
※The total of individual figures and the total figures may not match due to consolidation adjustments.

Net sales by core operating companies (Consolidated)

- ◆ Takamatsu Corporation was +12.1% YoY. Asunaro Aoki Construction slightly increased by 1.5% YoY. Mirai Construction was (3.7%) YoY. Toko Geotech was (9.6%) YoY due to the effects of sluggish orders and delays in construction progress in the first half. Takamatsu House's sales were growing steadily, about 2.2 times compared to the previous year.

(million yen)

By Operating Companies	2020/3 3Q	2021/3 3Q	2022/3 3Q	2023/3 3Q
Takamatsu Corporation (non-consolidated)	59,446	66,863	54,079	60,600
Asunaro Aoki Construction (non-consolidated)	69,157	68,355	57,336	58,214
Mirai Construction (non-consolidated)	19,521	19,375	19,301	18,586
Toko Geotech (non-consolidated)	16,215	18,224	18,090	16,351
Takamatsu House (non-consolidated)	-	465	6,482	14,864
Others (Including Consolidation Adjustment)	35,484	36,506	35,351	35,032
TCG group (Consolidated)	199,823	209,788	190,639	203,647



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※Figures for individual companies include transactions between group companies.

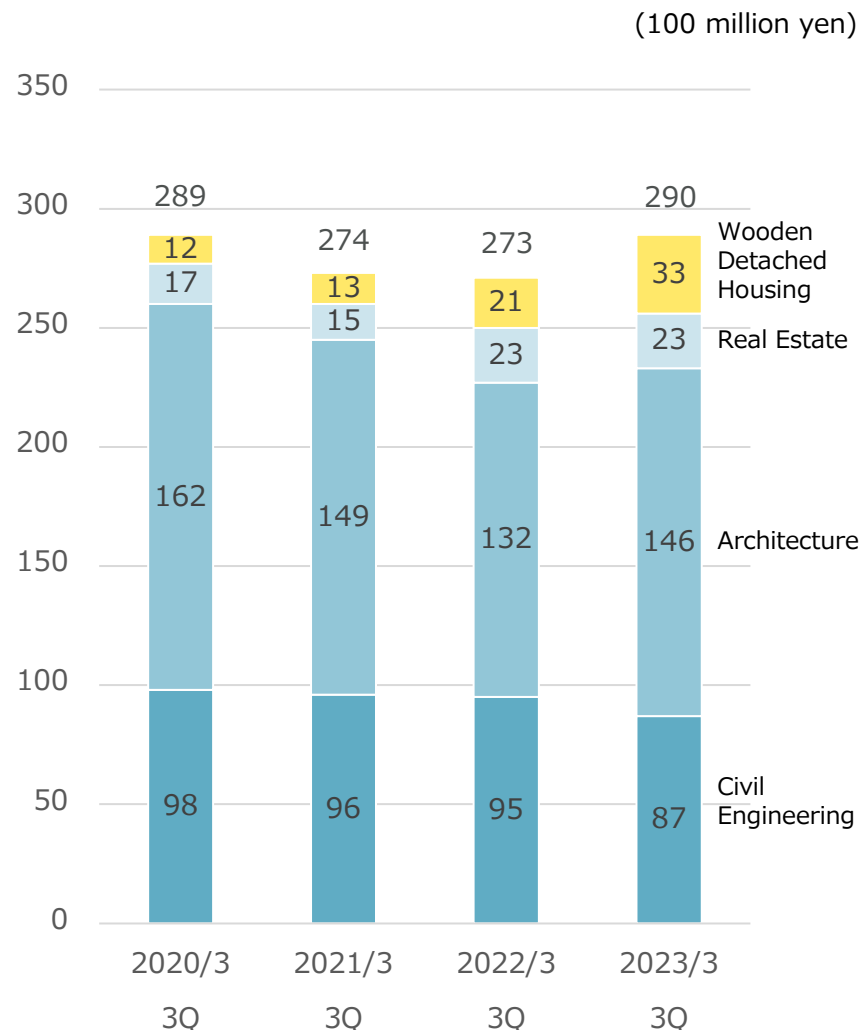
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Gross profit by segments (Consolidated)

- ◆ In civil engineering, even though Asunaro Aoki Construction increased slightly YoY, Toko Geotech decreased, resulting in a decrease of 8.4% YoY. Architecture was +10.2% YoY due to sales increases at Takamatsu Corporation and Asunaro Aoki Construction. Wooden detached housing continued to perform well, +55.2%.

(million yen)

By Segments	2020/3 3Q	2021/3 3Q	2022/3 3Q	2023/3 3Q
Civil Engineering	9,815	9,608	9,549	8,744
Architecture	16,230	14,908	13,293	14,653
Real Estate	1,714	1,542	2,314	2,309
Wooden Detached Housing (Takamatsu House Group)	1,224	1,376	2,173	3,373
TCG group (Consolidated)	28,985	27,436	27,330	29,080



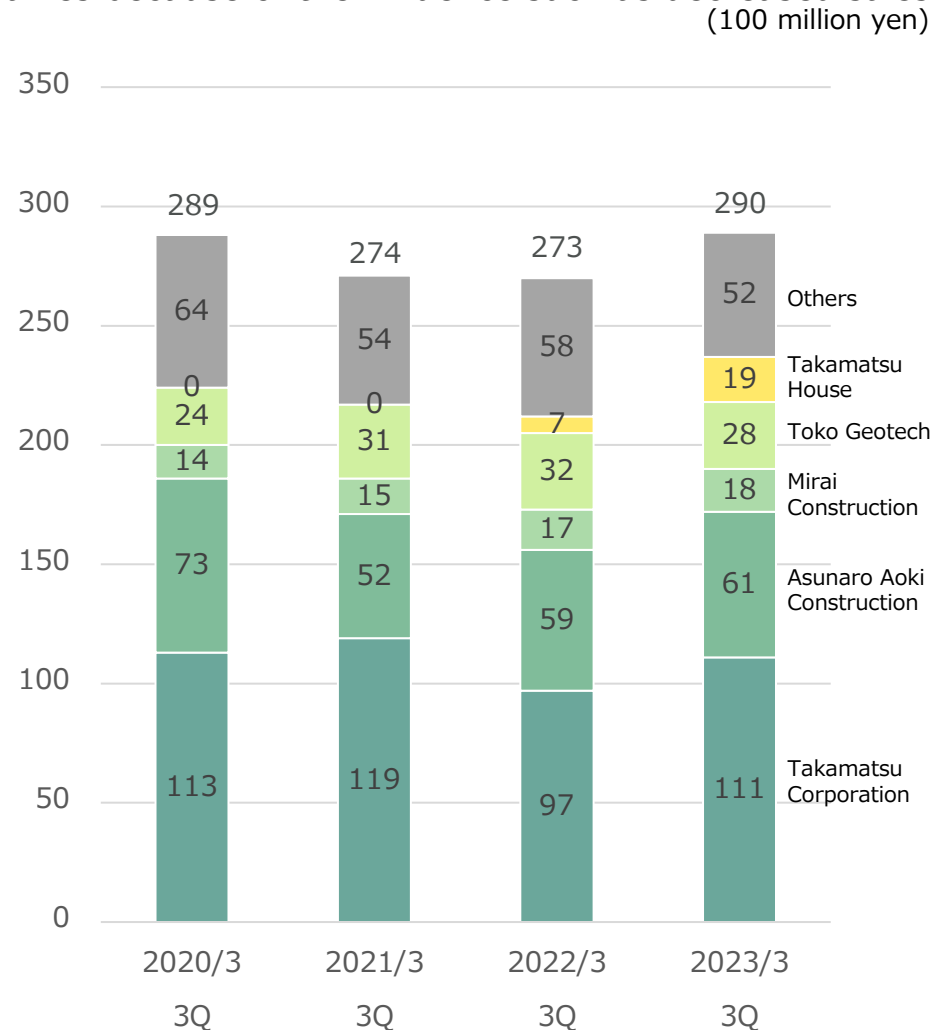
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Gross profit by core operating companies (Consolidated)

- ◆ Takamatsu Corporation was +14.1% YoY, Asunaro Aoki Construction was +3.2% YoY due to increased sales. Mirai construction was +3.2%. Toko Geotech's gross profit decreased by 13.0% due to a decrease in sales. Takamatsu House continues to perform well, about 2.5 times the previous year. It was (10.8%) YoY for group companies other than the other five core companies because of the influence such as decreased sales.

(million yen)

By Operating Companies	2020/3 3Q	2021/3 3Q	2022/3 3Q	2023/3 3Q
Takamatsu Corporation (non-consolidated)	11,315	11,937	9,745	11,120
Asunaro Aoki Construction (non-consolidated)	7,319	5,245	5,958	6,150
Mirai Construction (non-consolidated)	1,465	1,597	1,789	1,846
Toko Geotech (non-consolidated)	2,484	3,106	3,242	2,819
Takamatsu House (non-consolidated)	-	69	764	1,943
Others (Including Consolidation Adjustment)	6,402	5,482	5,832	5,202
TCG group (Consolidated)	28,985	27,436	27,330	29,080



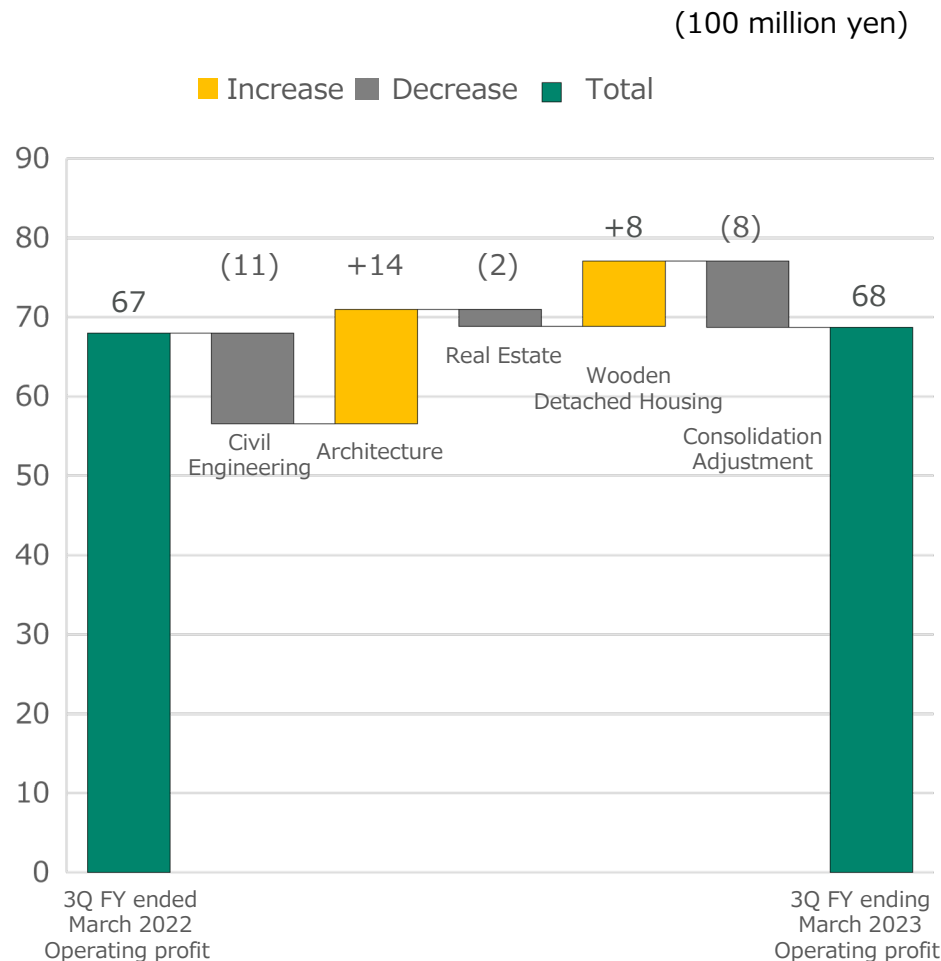
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Operating profit by segments (Consolidated)

- ◆ In civil engineering, although operating profit increased slightly at Asunaro Aoki Construction, it decreased at Mirai Construction and Toko Geotech, resulting in a decrease of 20.2% YoY. Architecture was +82.2% YoY due to a significant increase in operating profit at Takamatsu Corporation. Real estate was (23.3%) YoY due to the significant impact of the decline in operating profit at Takamatsu Corporation. The wooden detached housing continued to perform well, increasing by about 3 times.

By Segments	2020/3 3Q	2021/3 3Q	2022/3 3Q	2023/3 3Q
Civil Engineering	6,016	5,716	5,649	4,507
Architecture	6,758	4,138	1,757	3,201
Real Estate	460	228	924	709
Wooden Detached Housing (Takamatsu House Group)	(144)	(305)	415	1,238
Consolidation Adjustment	(2,617)	(1,693)	(1,949)	(2,785)
TCG group (Consolidated)	10,473	8,085	6,798	6,871



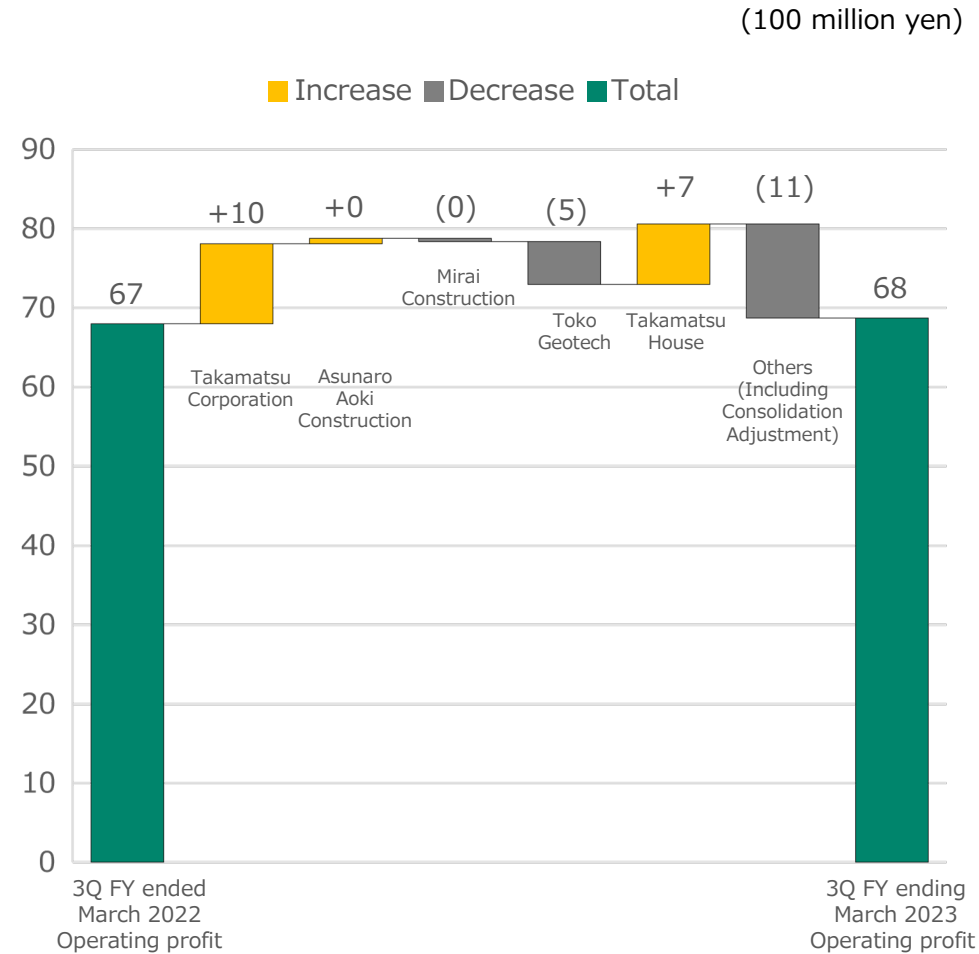
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Operating profit by core operating companies (Consolidated)

- Despite an increase in personnel expenses, Takamatsu Corporation was +52.9% YoY due to an increase in sales. Asunaro Aoki Construction +4.0% YoY. Mirai Construction was (10.7%) YoY. Toko Geotech was (27.5%) YoY, due to a decrease in sales and an increase in personnel expenses. Despite an increase in personnel expenses, Takamatsu House's increased by about 9 times compared to the previous year, due to a significant increase in sales. In addition, TCG personnel expenses increased, and some group companies other than the five core companies were unable to recover from the slump in the first half, resulting in a 56.5% decrease. As a result, TCG group consolidated was +1.1% YoY.

(million yen)

By Operating Companies	2020/3 3Q	2021/3 3Q	2022/3 3Q	2023/3 3Q
Takamatsu Corporation (non-consolidated)	4,139	4,345	1,911	2,922
Asunaro Aoki Construction (non-consolidated)	3,228	1,102	1,693	1,761
Mirai Construction (non-consolidated)	77	237	385	344
Toko Geotech (non-consolidated)	1,294	1,847	1,956	1,418
Takamatsu House (non-consolidated)	(56)	(210)	94	855
Others (Including Consolidation Adjustment)	1,791	764	759	(429)
TCG group (Consolidated)	10,473	8,085	6,798	6,871



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

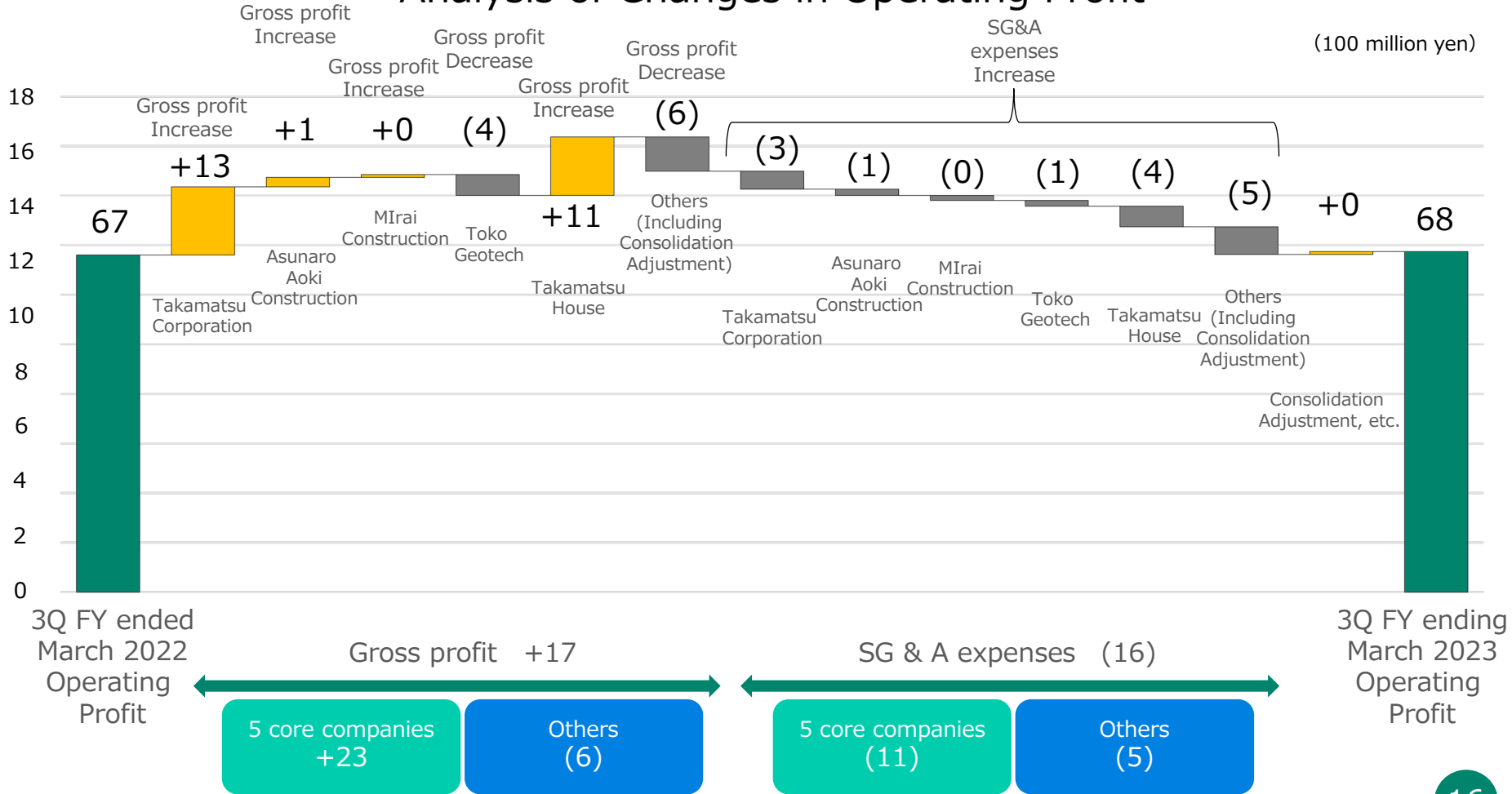
※Figures for individual companies include transactions between group companies.

Analysis of Changes in Operating Profit

■ Increase ■ Decrease ■ Total

- The decrease in gross profit at Toko Geotech was mainly compensated for by the increase in gross profit at Takamatsu Corporation and Takamatsu House, but the decline in gross profit at companies other than the five core companies was large, resulting in an overall increase of approximately 1.7 billion yen. As for SG&A expenses, personnel expenses increased mainly at Takamatsu Corporation and Takamatsu House, and SG&A expenses also increased at companies other than the five core companies, resulting in an overall increase of approximately 1.6 billion yen.

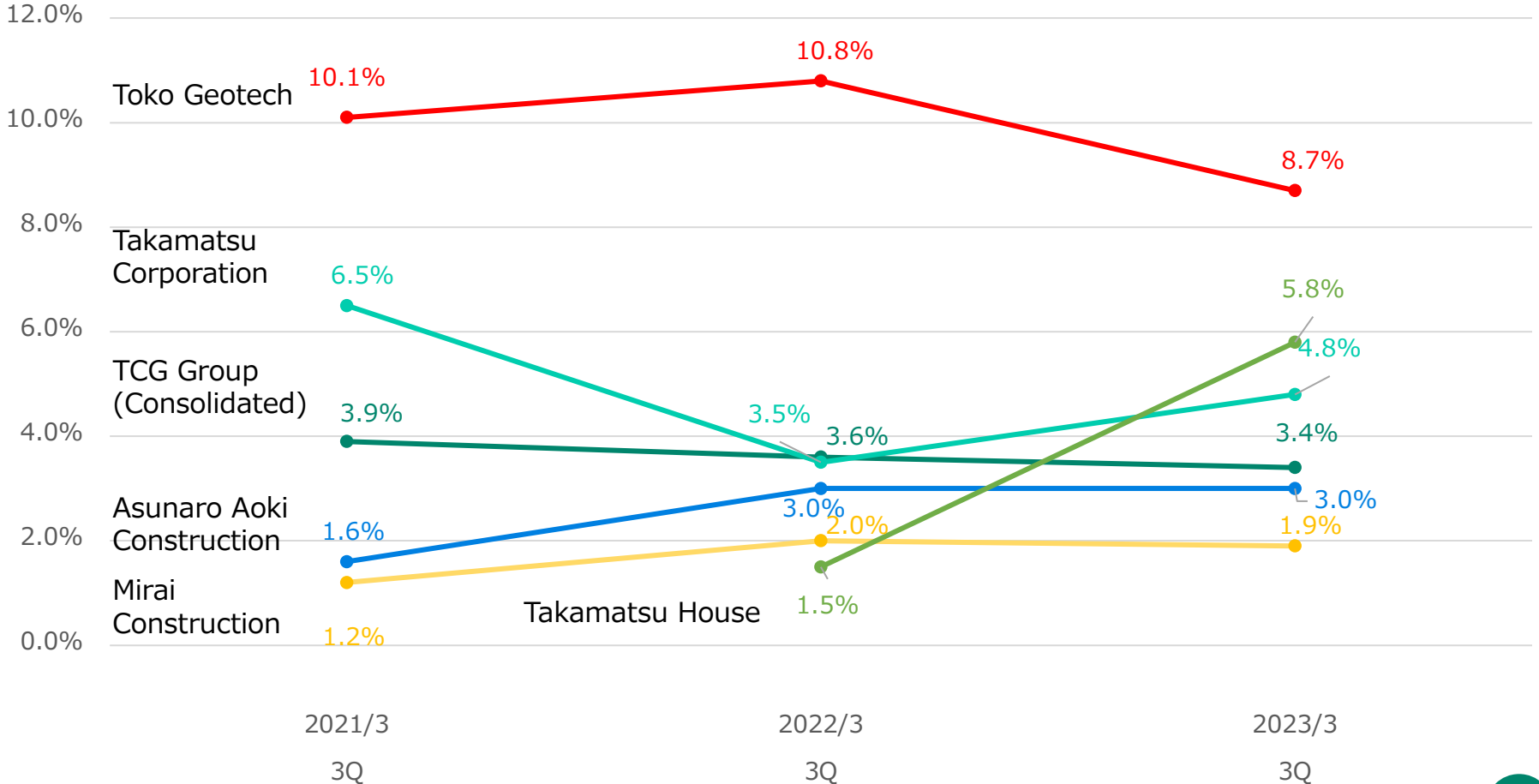
Analysis of Changes in Operating Profit



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Operating profit ratio by TCG group (Consolidated) and the 5 core companies

- ◆ Takamatsu Corporation's gross profit margin increased by 0.4pt YoY, and operating profit margin increased by 1.3pt YoY despite an increase in SG&A expenses. Asunaro Aoki Construction posted a gross profit margin increased by 0.2pt YoY, with a slight increase in SG&A expenses and a flat operating profit margin.
- ◆ Takamatsu House increased its gross profit margin increased by 1.3pt YoY and operating profit margin increased by 4.3pt YoY despite an increase in personnel expenses.
- ◆ Toko Geotech's gross profit margin decreased by 0.7pt, and SG&A expenses have increased slightly, resulting in an operating margin was (2.1pt). Mirai Construction's gross profit margin increased by 0.6pt but a slight increase in SG&A expenses, resulting in a slight decrease in the operating profit margin was (0.1pt).

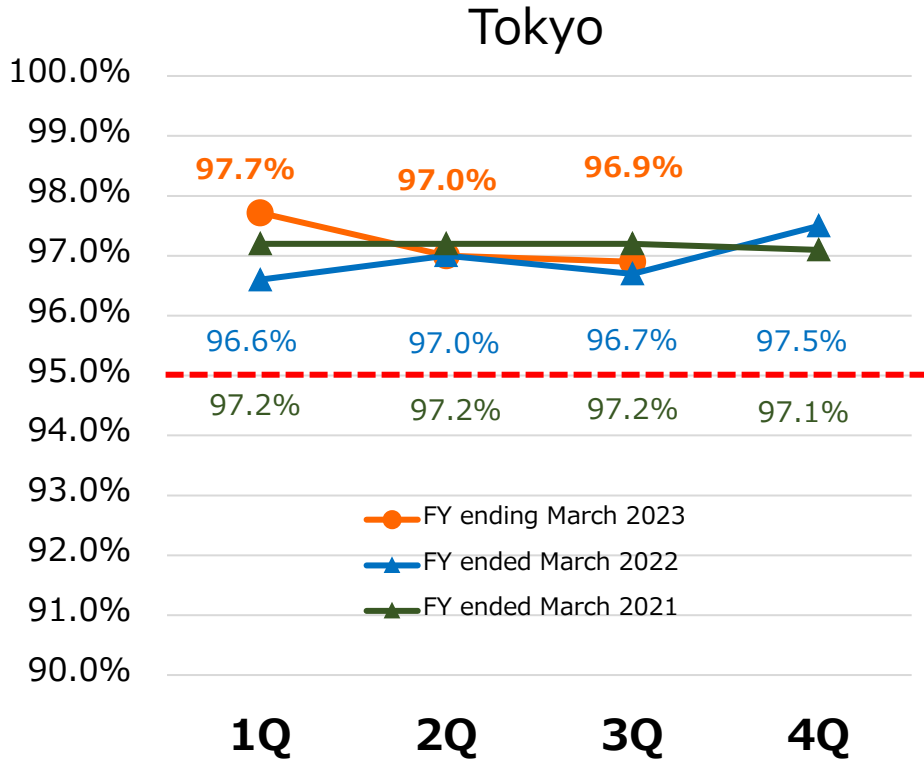
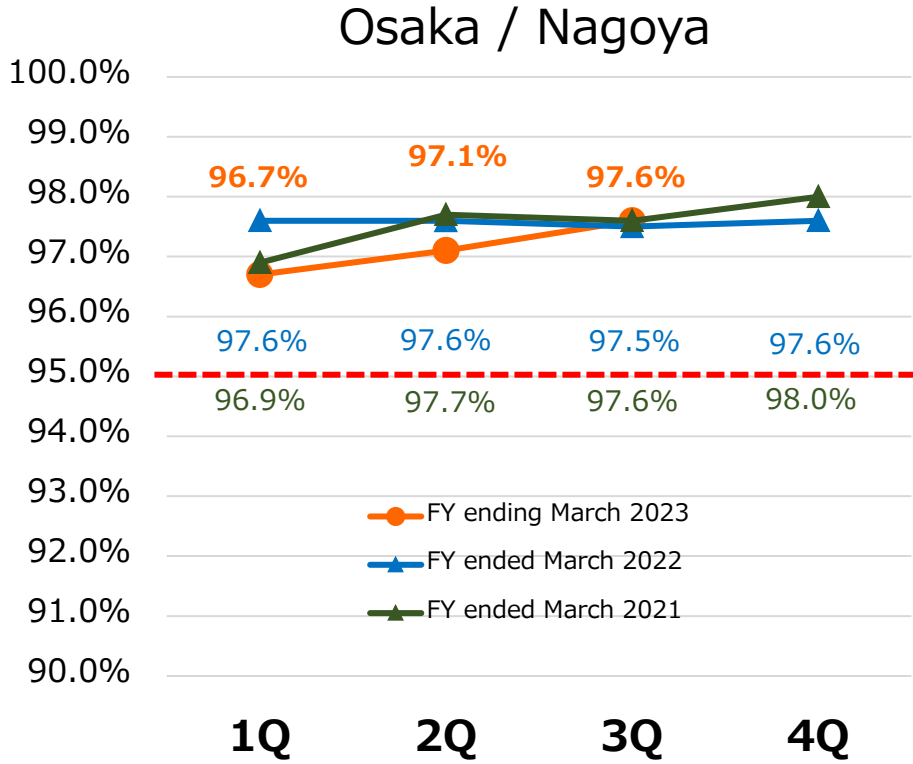


※We described Takamatsu House's operating profit ratio from FY ended March 2022 because their actual start-up FY was FY ended March 2021.

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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 2023 in both Tokyo and Osaka.

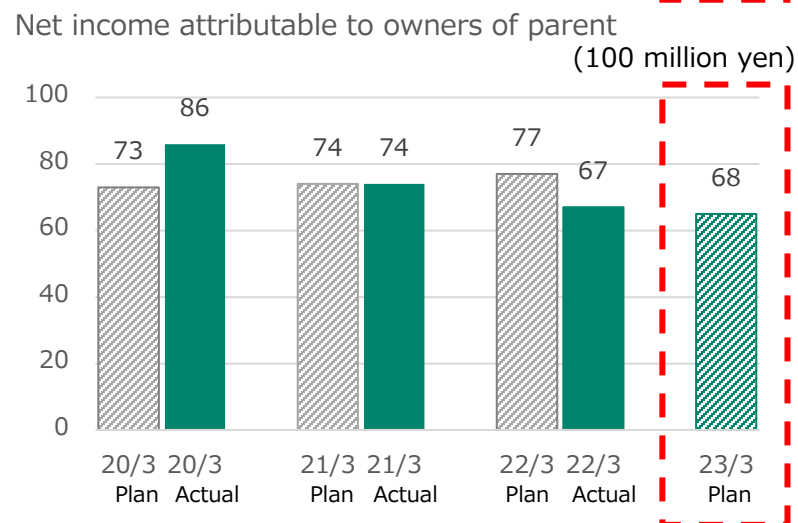
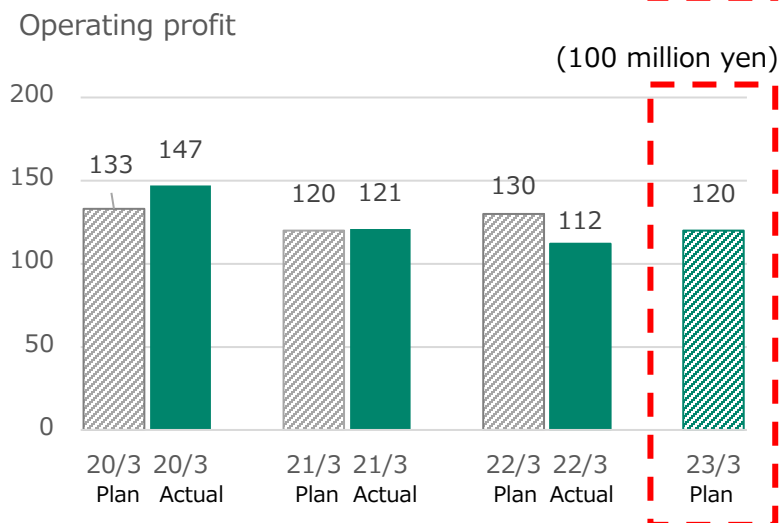
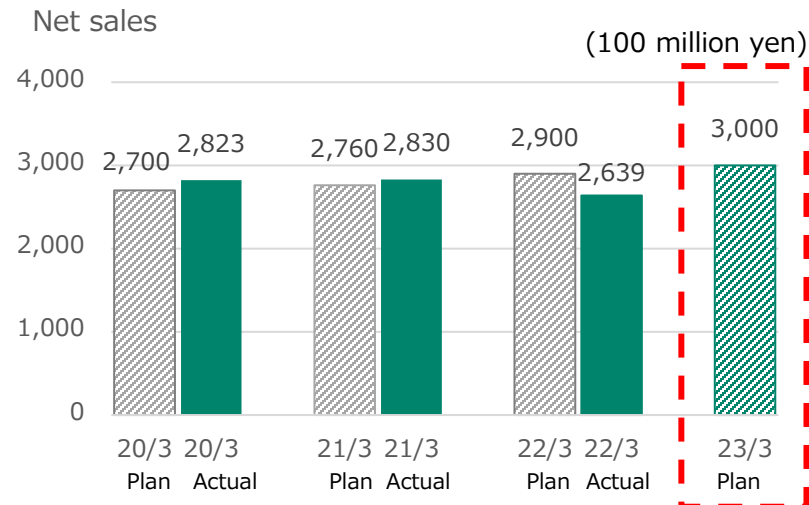
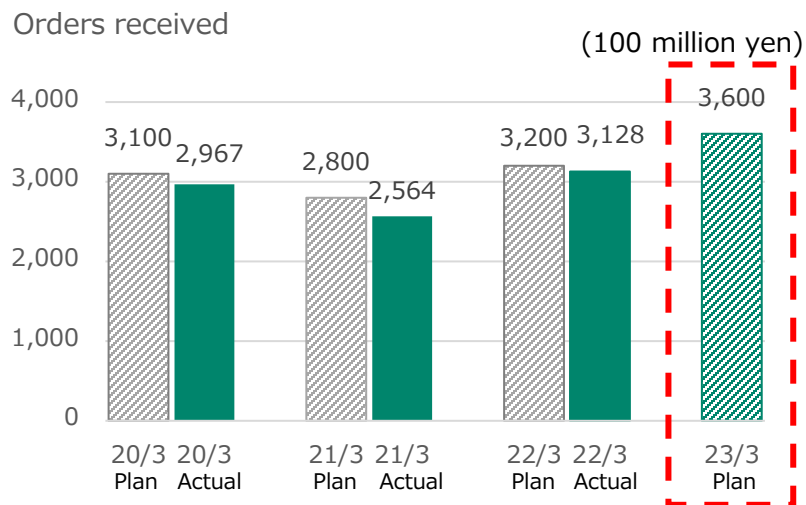


Definitions
 "Osaka/Nagoya" : Osaka, Kyoto, Hyogo, and Nagoya
 "Tokyo" : Tokyo, Kanagawa, Saitama, and Chiba
 "Occupancy rate" : Number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate that are occupied at the end of each quarter ÷ total number of properties constructed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

Earnings Forecast & Dividend Forecast for FY ending March 2023

Earnings Forecast for FY ending March 2023

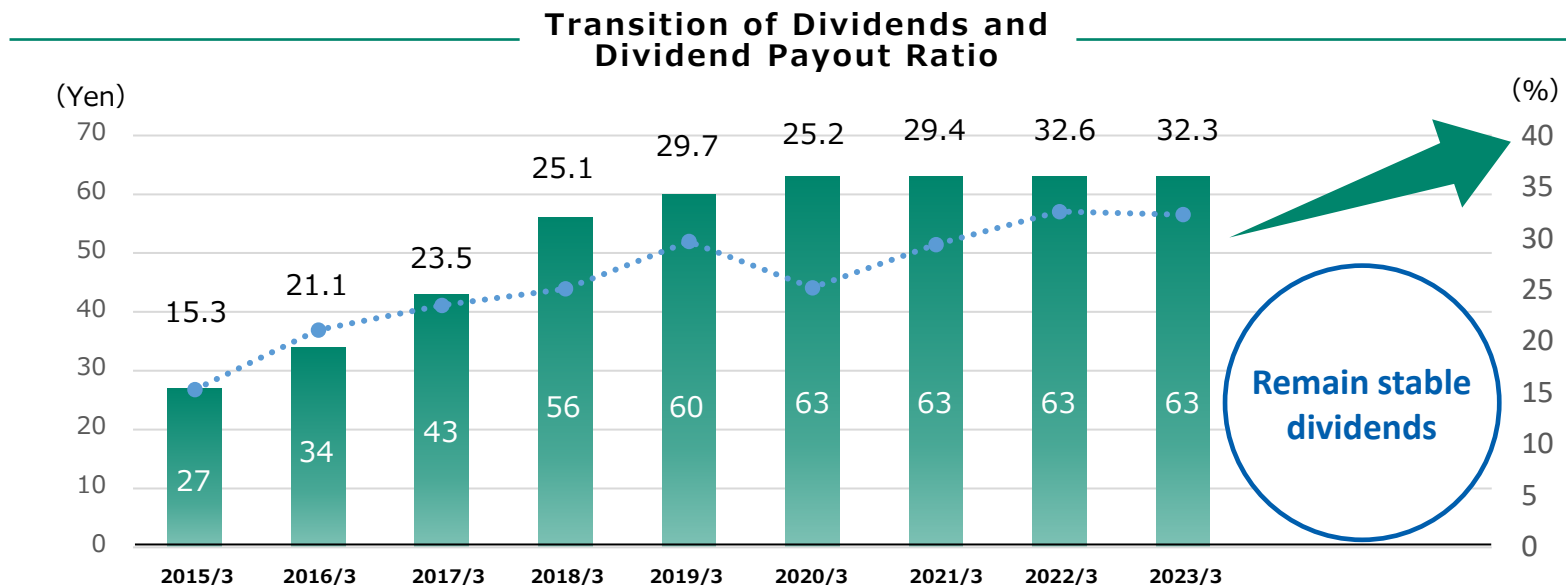
- ◆ We expect a large increase of Wooden Detached Housing Segment's orders received. And we expect to increase slightly of Civil Engineering Segment. Takamatsu Corporation Group is also expected to grow steadily, and sales and operating profit will increase accordingly.



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
Dividend (Yen)	27	34	43	56	60	63	63	63	63
Dividend payout ratio (%)	15.3	21.1	23.5	25.1	29.7	25.2	29.4	32.6	32.3



Topics

Topics

◆ Takamatsu Corporation

○ Equity investment in a development-type SPC

The TRN Group's commercial building reconstruction project "(tentative name) Hon-Atsugi Ekimae Building Project", which received an order in August 2021, has begun construction in October 2022. This construction is scheduled for completion in the spring of 2024. The scale of the construction is expected to be approximately 2 billion yen with design-build. The project utilizes a development-type SPC scheme, and Takamatsu Corporation has invested a portion of the equity. This is the first example of both equity investment in a private fund and equity investment in a development-type SPC throughout the entire company.

- Location : 2-1-18 Nakacho, Atsugi City, Kanagawa prefecture.
- Structure and scale: Steel-framed, 12 stories.
- Size of land : 650.96㎡
- Building area : 430.52㎡



◆ Takamatsu House

○ Mirakuras Zenpukuji II

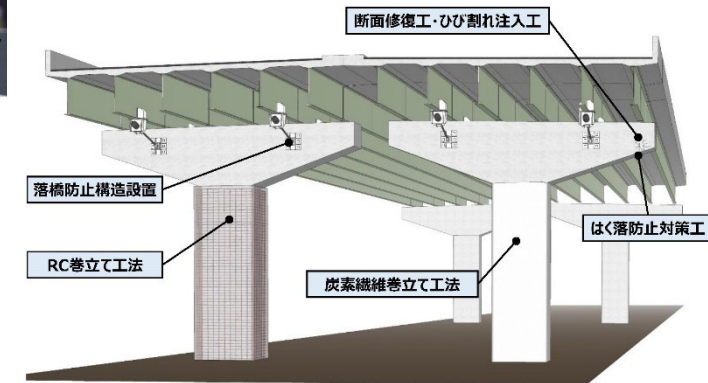
- Start of construction: October 20, 2022
- Completion of construction: Scheduled for the end of February 2023
- 18 minutes' walk from Kichijoji station on the Keio Inokashira line, JR Chuo line and Sobu line.
- Sales Price : 89.8 million yen~99.8 million yen
- Size of land : 109.81㎡~110.48㎡
- Size of House : 87.26㎡~89.42㎡



◆ Mirai Construction

○ Seismic retrofitting of the Nishi-Iwata viaduct and four other bridges on the Kinki Expressway

- The ordering party : Kansai Branch of West Nippon Expressway Company Limited
- The order receiving party : Mirai Construction
- Construction Location : From Aramoto Nishi, Higashiosaka City, Osaka prefecture to Wakae Nishishinmachi, Higashiosaka City, Osaka prefecture
- Contracted value : 2.03 billion yen (tax-excluded)
- Construction term : October 20, 2022~July 1, 2026
- Details : Seismic reinforcement of highways.



▲ Illustration of Seismic Reinforcement Work

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 8, 2023. 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.