

Translated version

Takamatsu Construction Group

# Analysis Material for 1Q, FY ending March 2024

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

August 9, 2023

# Table of contents

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1. Financial results for 1Q, FY ending March 2024 . . . . .	2
2. Earnings Forecast & Dividend Forecast for FY ending March 2024 . . . . .	18
3. Topics . . . . .	22

Financial results for 1Q, 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)			

# Performance for 1Q FY ending March 2024

- ◆ Quarterly Net Losses was 100 million yen, mainly due to the cost of moving to “Takamatsu Construction Group’s Tokyo Head Office” completed in May, excluding profit attributable to owners of parent and profit attributable to owners of parent % increase from YoY.

(100 million yen)

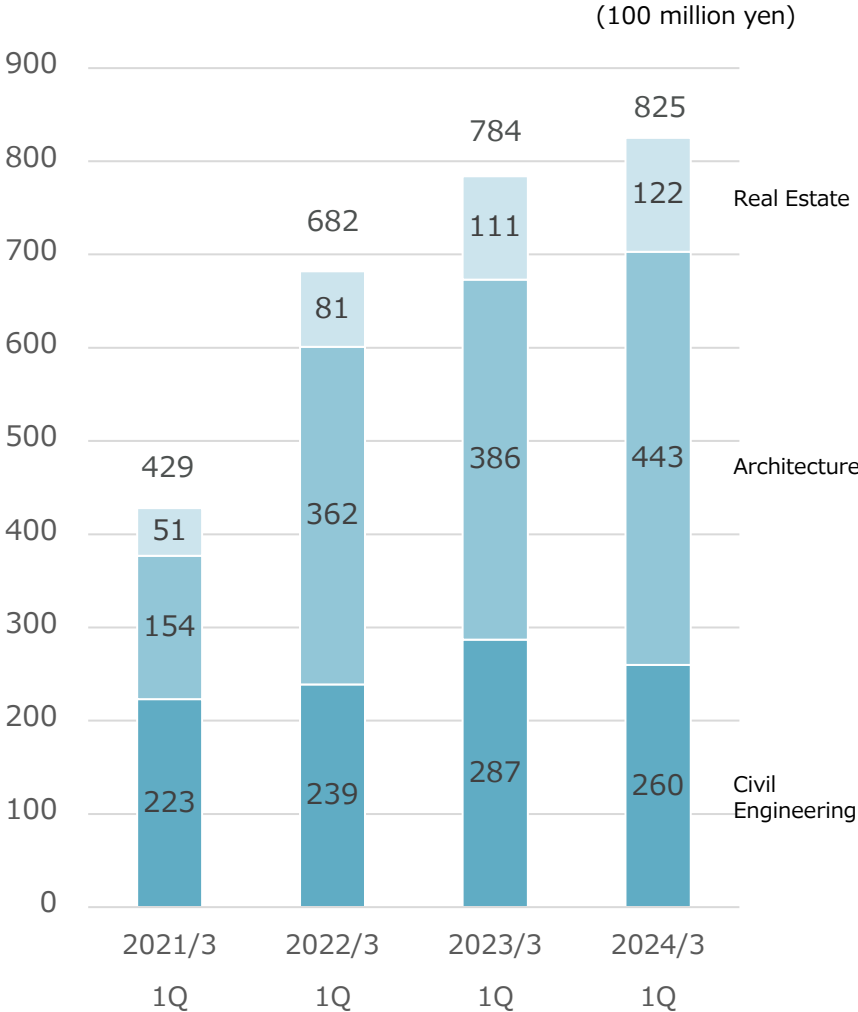
Item	1Q FY ended March 2021	1Q FY ended March 2022	1Q FY ended March 2023	1Q FY ending March 2024	+ / -
Orders received	429	682	784	↑ 825	+5.2%
Net sales	661	613	604	↑ 656	+8.6%
Gross profit	78	83	76	↑ 88	+16.3%
Gross profit %	11.9%	13.5%	12.6%	↑ 13.5%	+0.9pt
Operating profit	14	14	3	↑ 8	+107%
Operating profit %	2.1%	2.3%	0.6%	↑ 1.2%	+0.6pt
Ordinary profit	13	14	4	↑ 9	+105.1%
Ordinary profit %	2.1%	2.4%	0.8%	↑ 1.5%	+0.7pt
Profit attributable to owners of parent	6	8	0.6	↓ (1)	—
Profit attributable to owners of parent %	0.9%	1.4%	0.1%	↓ (0.2%)	(0.3pt)

# Orders received by segments

◆ Civil engineering was (9.6%) YoY due to decrease in orders of Asunaro Aoki Construction and Toko Geotech, despite increase in orders Mirai Construction. Architecture was +14.9% YoY, due to increase in orders of Takamatsu Corporation and Asunaro Aoki Construction. Real Estate was +10.1% YoY due to Takamatsu House continued to perform well.

(million yen)

By Segments	2021/3 1Q	2022/3 1Q	2023/3 1Q	2024/3 1Q
Civil Engineering	22,339	23,908	28,777	26,003
Architecture	15,496	36,256	38,605	44,369
Real Estate	5,159	8,102	11,104	12,224
<b>TCG group (Consolidated)</b>	<b>42,995</b>	<b>68,268</b>	<b>78,486</b>	<b>82,597</b>

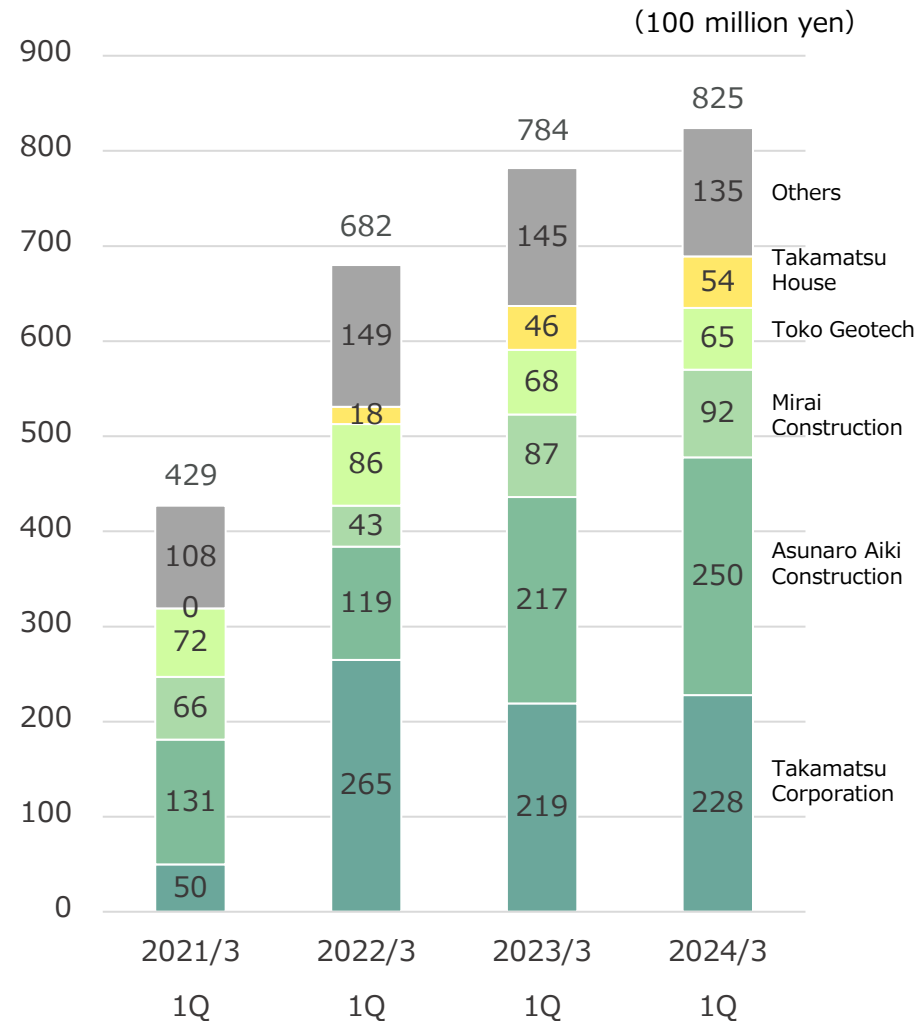


# Orders Received by core operating companies

- Takamatsu Corporation was +3.8% YoY, Asunaro Aoki Construction was +14.9% YoY due to orders for large projects such as Hokkaido Shinkansen and several large architecture projects, Mirai Construction was +5.8% YoY, Toko Geotech was (3.8%) YoY and Takamatsu House was +17.7% due to continued to perform well.

(million yen)

By Operating Companies	2021/3 1Q	2022/3 1Q	2023/3 1Q	2024/3 1Q
Takamatsu Corporation (non-consolidated)	5,096	26,534	21,971	22,808
Asunaro Aoki Construction (non-consolidated)	13,156	11,963	21,788	25,026
Mirai Construction (non-consolidated)	6,691	4,331	8,700	9,205
Toko Geotech (non-consolidated)	7,246	8,636	6,837	6,580
Takamatsu House (non-consolidated)	4	1,854	4,603	5,416
Others (Including Consolidation Adjustment)	10,802	14,950	14,587	13,562
<b>TCG group (Consolidated)</b>	<b>42,995</b>	<b>68,268</b>	<b>78,486</b>	<b>82,597</b>



※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 +14.1% YoY and Asunaro Aoki Construction was also +17.2% YoY due to orders for large-scale construction such as waste treatment facilities and complex facilities. Toko Geotech was (5.5%) YoY due to sluggish orders in the previous year. Takamatsu House was (26.1%) YoY. It was +30.2% YoY for group companies other than the core companies, due to such as Aoki Marine was +85%, Shimada Gumi was +29.5% YoY and Takamatsu Techno Service was +28.2% YoY. It was +14% YoY for the entire group. (million yen)

By Operating Companies		2023/3 1Q	2024/3 1Q	Increase/Decrease	Increase/Decrease %
Takamatsu Corporation (non-consolidated)		181,214	206,703	↑	25,489 +14.1%
Asunaro Aoki Construction (non-consolidated)	Civil Engineering	62,650	65,040	↑	2,389 +3.8%
	Architecture	74,181	95,286	↑	21,104 +28.5%
	Sub total	136,834	160,326	↑	23,491 +17.2%
Mirai Construction (non-consolidated)		35,229	37,266	↑	2,036 +5.8%
Toko Geotech (non-consolidated)		12,904	12,188	↓	(716) (5.5%)
Takamatsu House (non-consolidated)		3,889	2,874	↓	(1,014) (26.1%)
Others (Including Consolidation Adjustment)		15,955	20,778	↑	4,823 +30.2%
TCG group (Consolidated)		386,025	440,135	↑	54,110 +14.0%

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

- ◆ Although orders in Tokyo were lower than in the YoY overall orders were higher than in the YoY.
- ◆ Although the ratio of rental apartments in Osaka was lower in previous years, the composition of rental apartments and non-residentials for the full year is expected to settle at the same level as in previous years.

Orders by Rental Apartments and non-Residentials

(million yen)

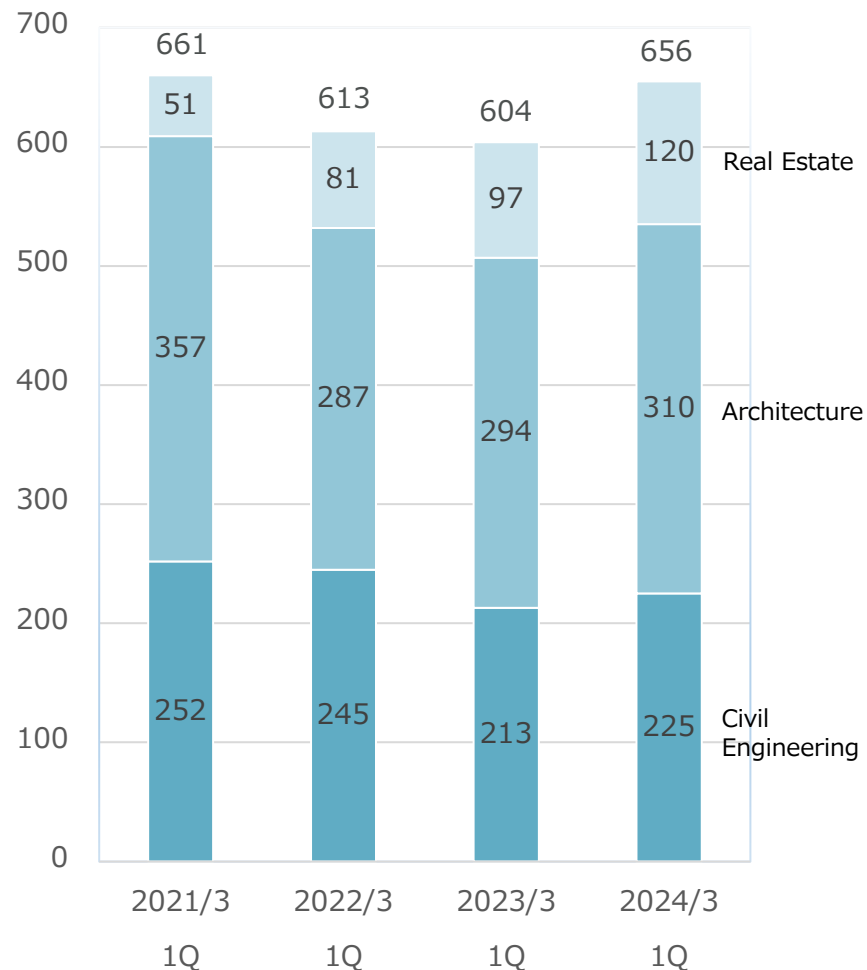
	Osaka				Tokyo			
	2023/3 1Q	%	2024/3 1Q	%	2023/3 1Q	%	2024/3 1Q	%
Rental Apartments	3,045	34.1%	512	4.7%	12,686	97.2%	8,042	68.1%
non-Residentials	5,882	65.9%	10,494	95.3%	359	2.8%	3,761	31.9%
Total	8,927	100%	11,006	100%	13,045	100%	11,803	100%

※Figures including transactions between group companies.

# Net sales by segments

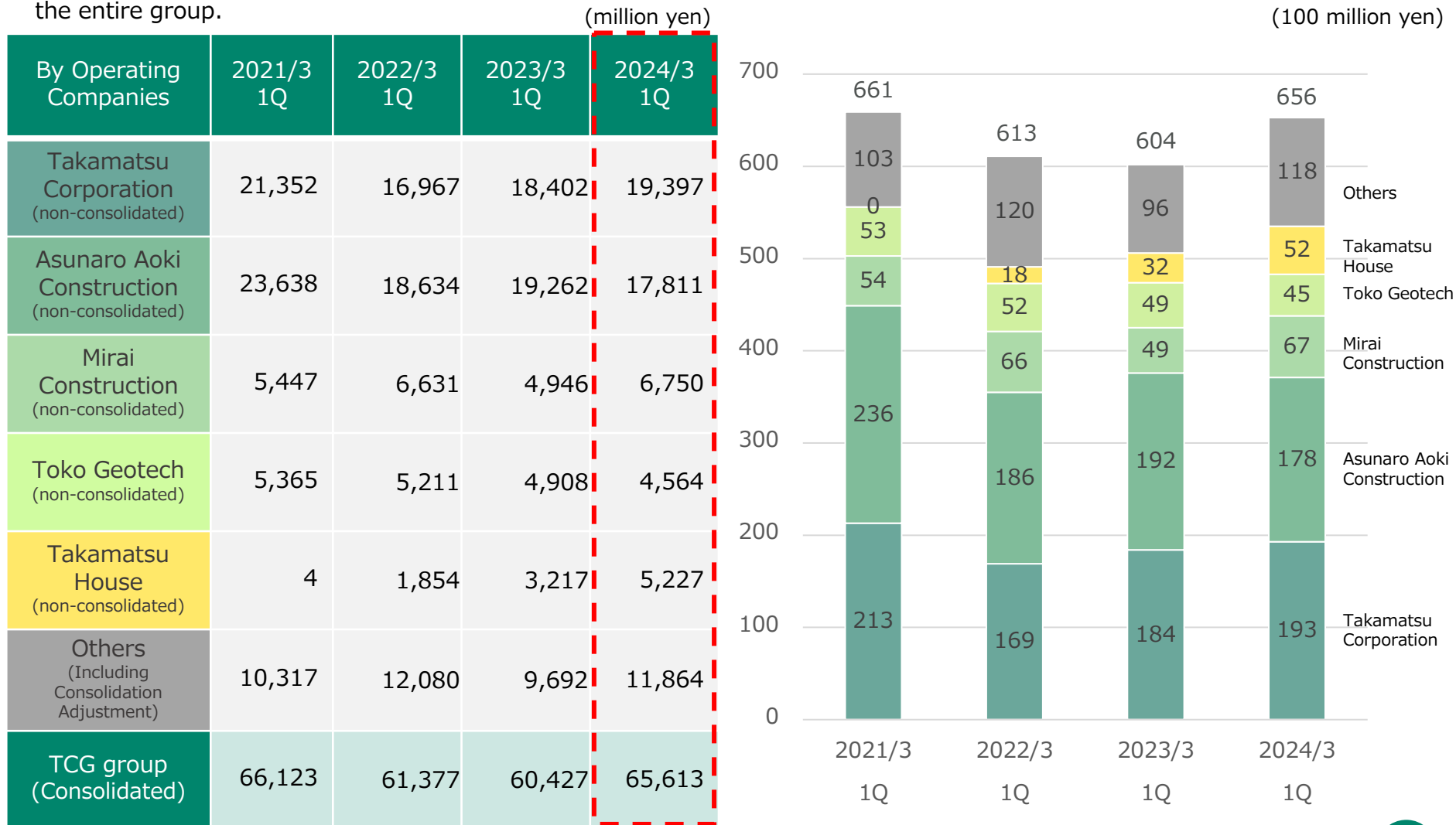
- ◆ Civil engineering was +5.6% YoY due to significantly increased in net sales of Mirai Construction, despite decrease in net sales of Asunaro Aoki Construction and Toko Geotech. Architecture was +5.7% YoY due to increase of Takamatsu Corporation despite decrease in net sales of Asunaro Aoki Construction. In Real estate, Takamatsu House continued to perform well, resulting in a significant increase of 23.9% YoY. (100 million yen)

By Segments	2021/3 1Q	2022/3 1Q	2023/3 1Q	2024/3 1Q
Civil Engineering	25,200	24,557	21,312	22,513
Architecture	35,763	28,716	29,400	31,064
Real Estate	5,159	8,102	9,714	12,035
TCG group (Consolidated)	66,123	61,377	60,427	65,613



# Net sales by core operating companies

- ◆ Takamatsu Corporation was +5.4% YoY, Asunaro Aoki Construction was (7.5%) YoY due to such as delay in construction progress, Mirai Construction was +36.5% YoY due to recovery of orders in the previous year, Toko Geotech was (7%) due to delays in the start of construction and progress, Takamatsu House continued to perform well, resulting in increase of 62.5% YoY. It was +22.4% YoY for group companies other than the core companies, resulting in an overall increase of 8.6% YoY for the entire group.



※Figures for individual companies include transactions between group companies.

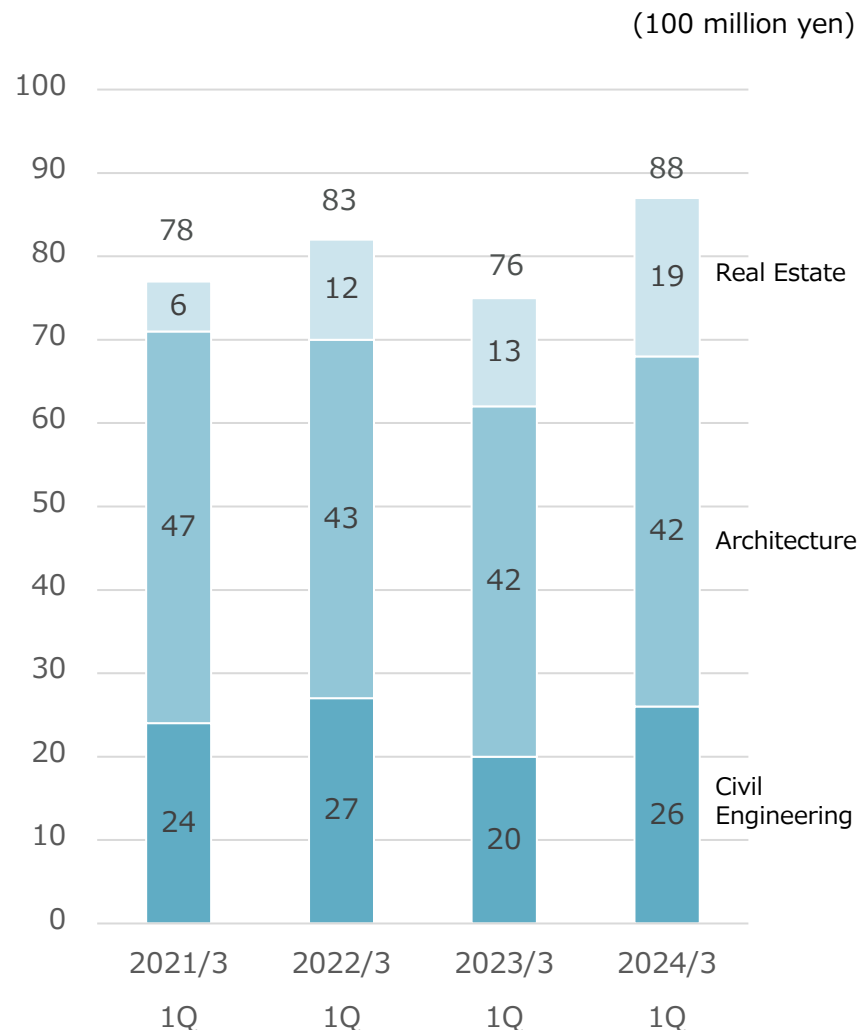
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# Gross profit by segments

- ◆ Civil engineering was increased significantly by +27.6% YoY due to significantly increased in gross profit of Mirai Construction, despite decrease in gross profit of Toko Geotech. Architecture was increased slightly by +1.4% YoY. In Real estate, Takamatsu House continued to perform well, resulting in increase of 45.9% YoY.

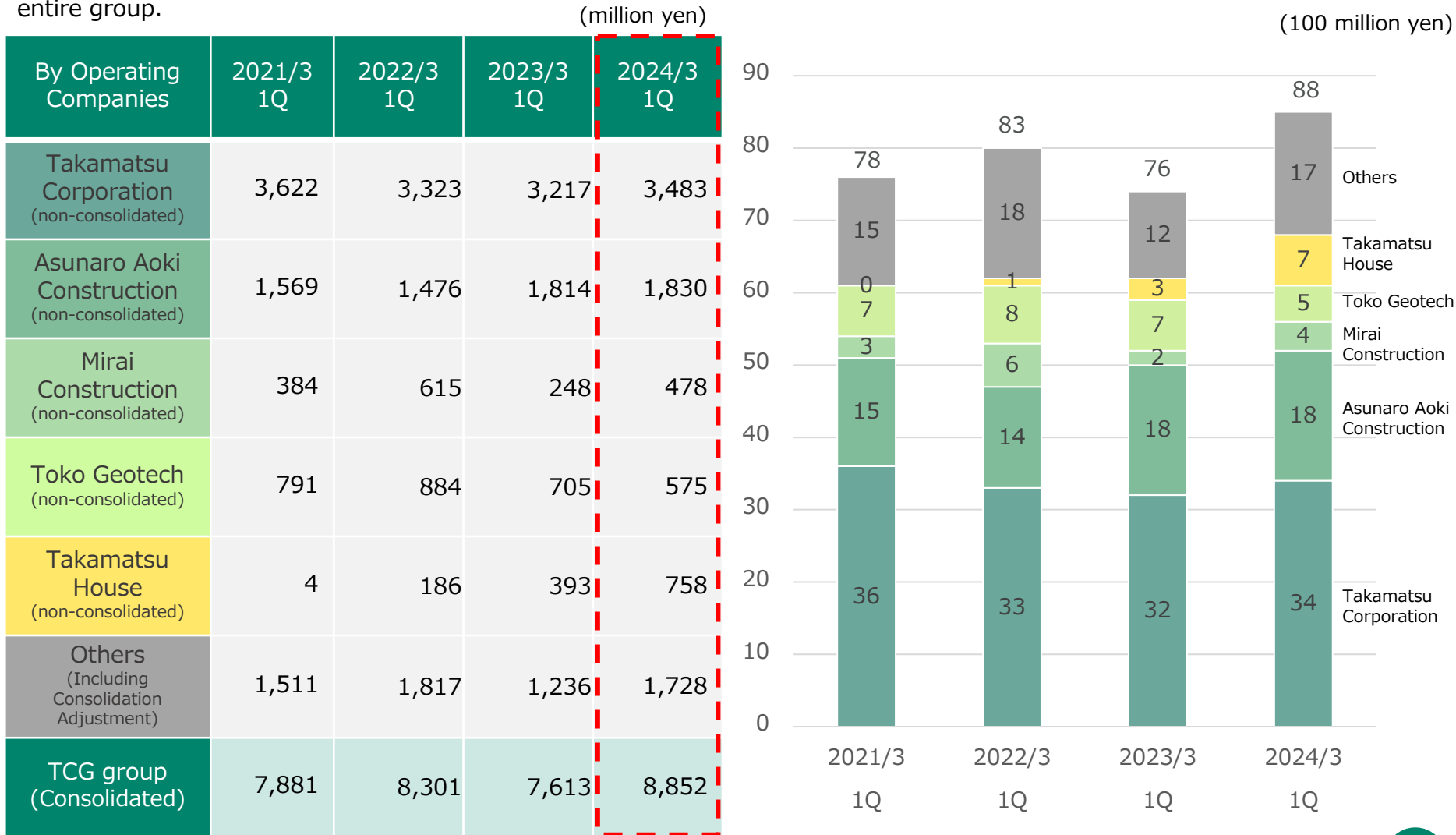
(million yen)

By Segments	2021/3 1Q	2022/3 1Q	2023/3 1Q	2024/3 1Q
Civil Engineering	2,443	2,760	2,072	2,644
Architecture	4,746	4,337	4,220	4,280
Real Estate	690	1,203	1,321	1,927
<b>TCG group (Consolidated)</b>	<b>7,881</b>	<b>8,301</b>	<b>7,613</b>	<b>8,852</b>



# Gross profit by core operating companies

- Takamatsu Corporation was +8.3% YoY due to increased net sales, Asunaro Aoki Construction was increased slightly by +0.9% YoY, Mirai construction was increased significantly by +92.7% YoY due to increased net sales, Toko Geotech was decreased by (18.4%) YoY due to decreased net sales, Takamatsu House continued to perform well, resulting in increase of 92.9% YoY. It was +39.8% YoY for group companies other than the core companies, resulting in an overall increase of 16.3% YoY for the entire group.



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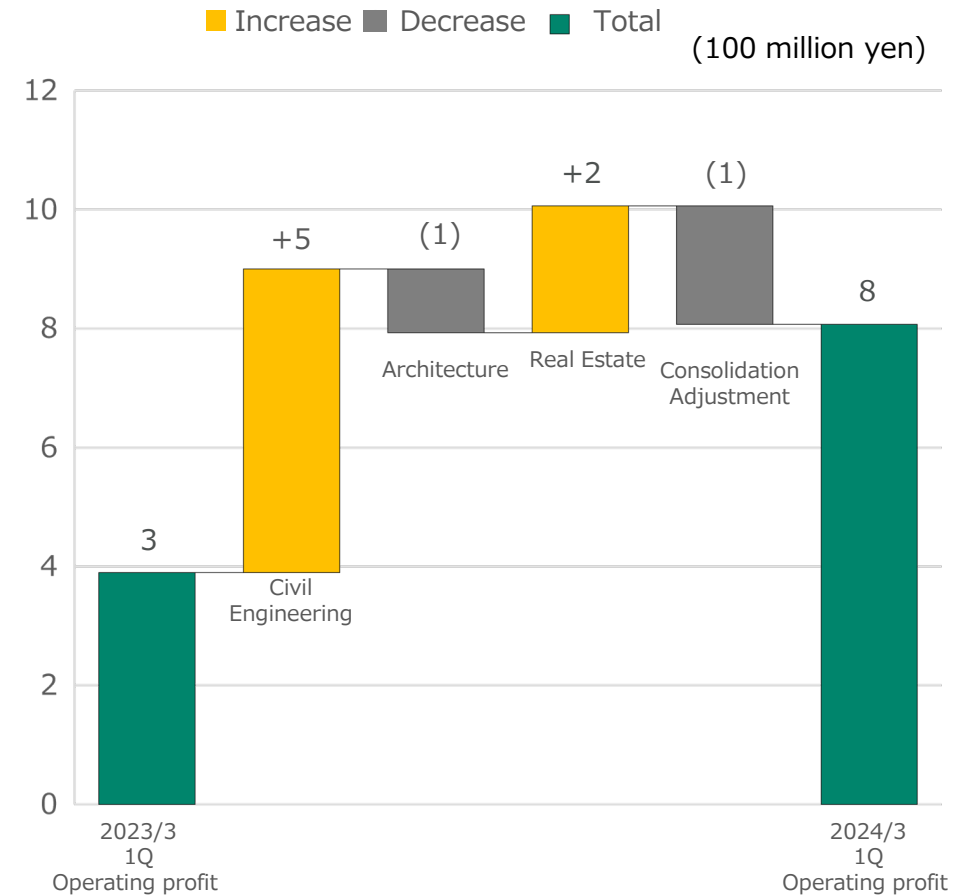
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# Operating profit by segments

- ◆ Civil engineering was +76.4% YoY due to increase at Asunaro Aoki Construction and group companies other than the core companies. Architecture was (43.5%) YoY due to decrease in operating profit resulting from lower sales at Asunaro Aoki Construction and each Takamatsu Corporation's group companies. Real estate was +35% YoY due to Takamatsu House continued to perform well.

(million yen)

By Segments	2021/3 1Q	2022/3 1Q	2023/3 1Q	2024/3 1Q
Civil Engineering	1,171	1,467	666	1,176
Architecture	923	185	245	138
Real Estate	243	703	608	821
Consolidation Adjustment	(931)	(919)	(1,130)	(1,328)
TCG group (Consolidated)	1,407	1,437	390	807



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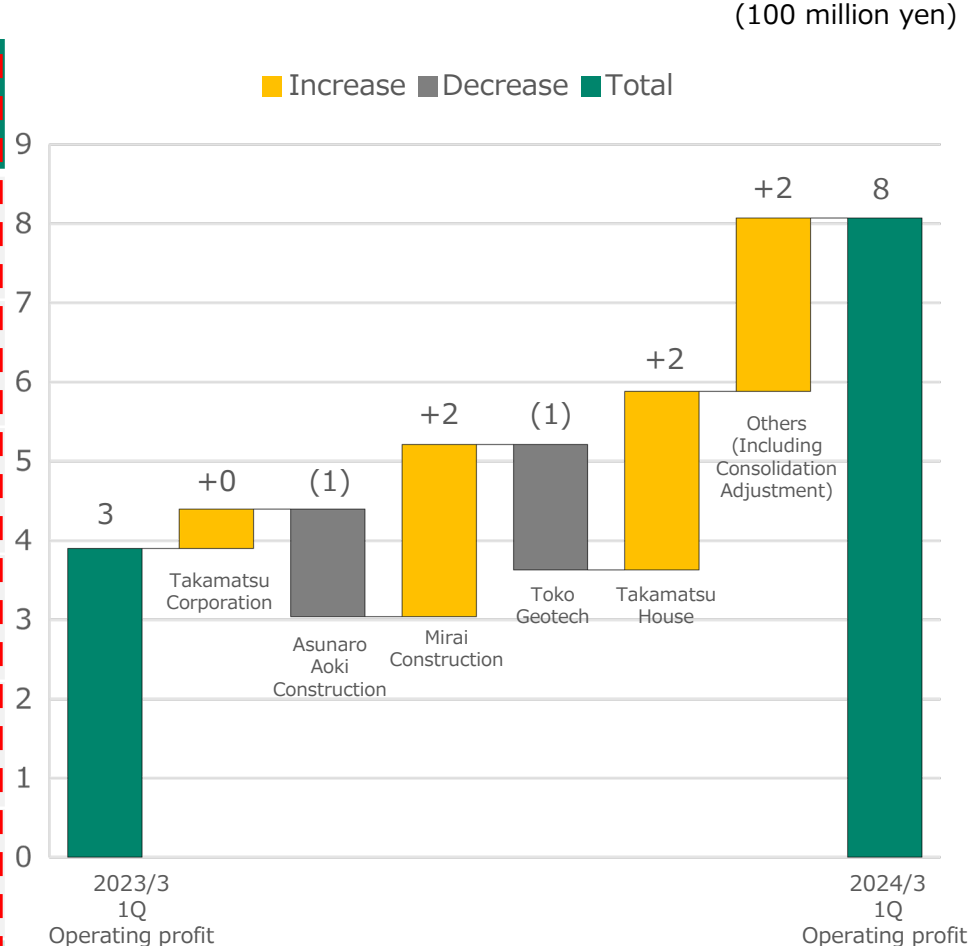
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# Operating profit by core operating companies

- ◆ Despite an increase in personnel expenses, Takamatsu Corporation was +12.7% YoY due to increase in sales and gross profit margin. Asunaro Aoki Construction was (32.2%) YoY, due to lower sales and higher personnel expenses. Mirai Construction was narrowed its operating loss by 217 million yen due to increased sales. Toko Geotech was (63.2%) YoY, due to lower sales and decline in gross profit margin. Takamatsu House continued to perform well, resulting in increase of approximately 3.7 times YoY. Group companies other than the core companies was narrowed its operating loss by 219 million yen due to increased sales.

(million yen)

By Operating Companies	2021/3 1Q	2022/3 1Q	2023/3 1Q	2024/3 1Q
Takamatsu Corporation (non-consolidated)	954	559	395	445
Asunaro Aoki Construction (non-consolidated)	193	65	422	286
Mirai Construction (non-consolidated)	(48)	150	(249)	(32)
Toko Geotech (non-consolidated)	381	466	250	92
Takamatsu House (non-consolidated)	(76)	67	83	308
Others (Including Consolidation Adjustment)	3	130	(511)	(292)
<b>TCG group (Consolidated)</b>	<b>1,407</b>	<b>1,437</b>	<b>390</b>	<b>807</b>



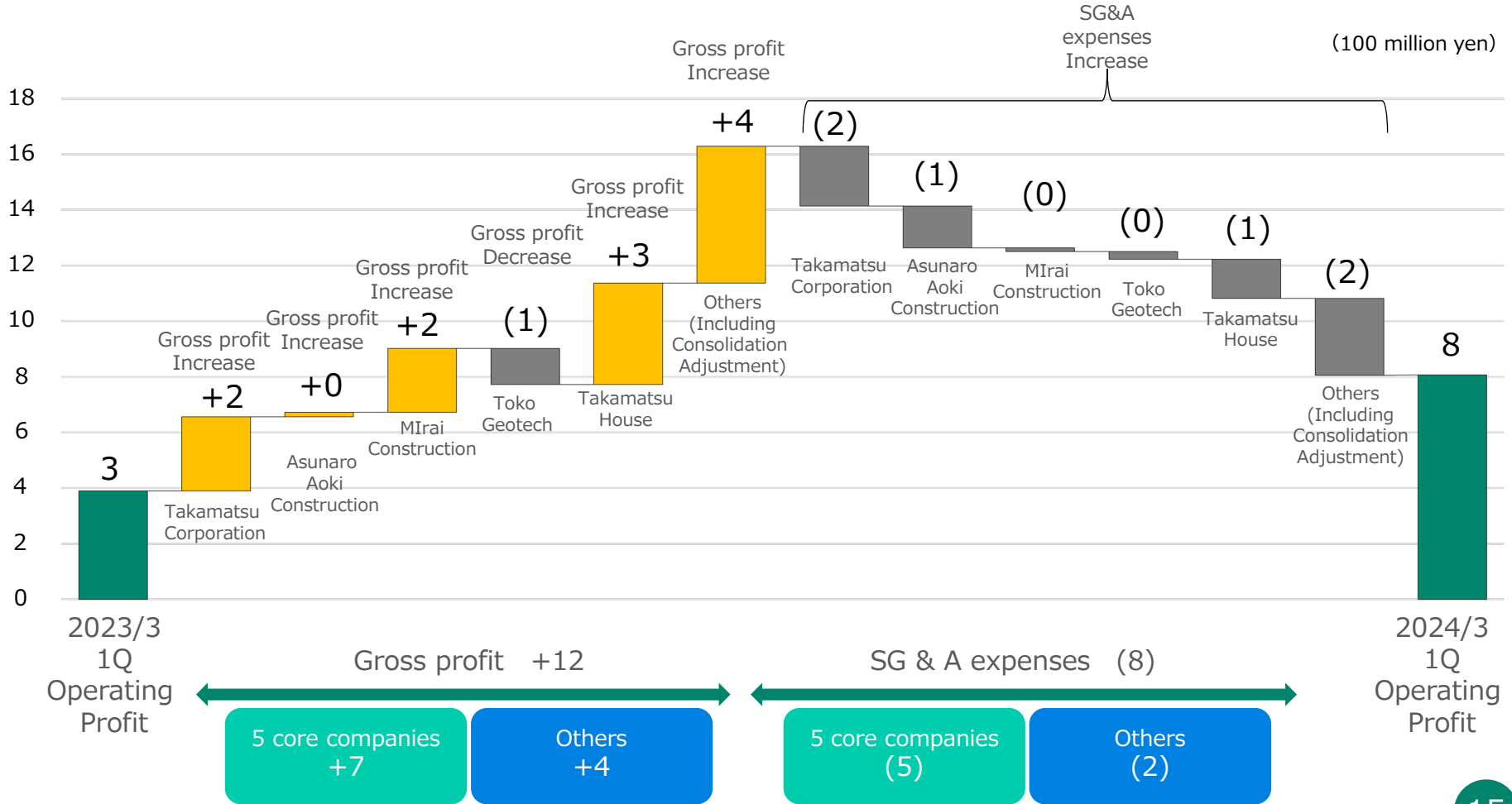
※Figures for individual companies include transactions between group companies.

# Analysis of Changes in Operating Profit

■ Increase ■ Decrease ■ Total

- ◆ Although gross profit declined at Toko Geotech, gross profit increased at the other core companies, resulting in an overall gross profit increase of approximately 1.2 billion yen YoY. SG&A expenses increased approximately 0.8 billion yen overall, mainly due to an increase in personnel expenses at each company, and operating profit was approximately 2.1 times higher than the previous year's total on a consolidated basis.

## Analysis of Changes in Operating Profit

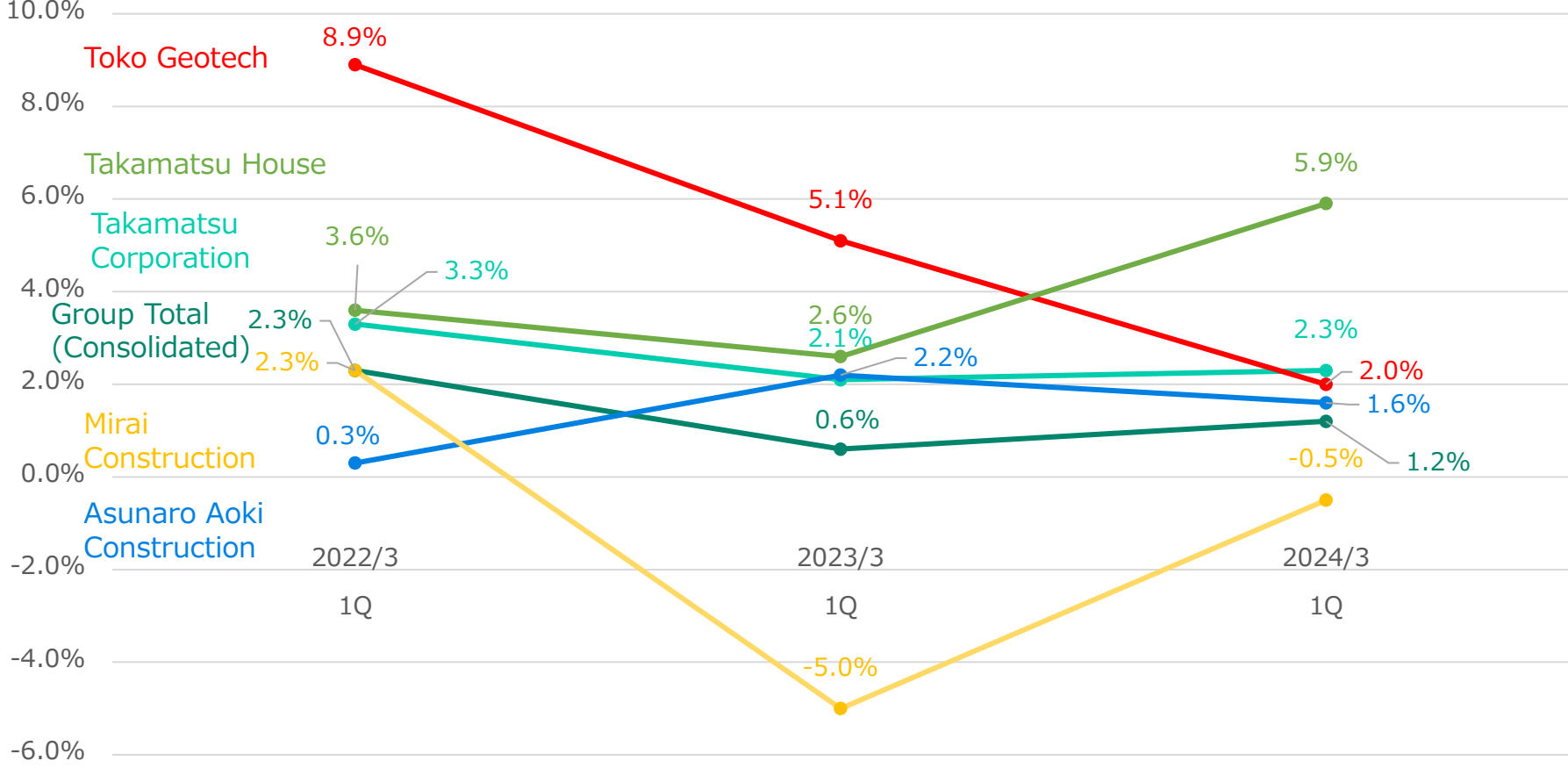


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# Operating profit ratio by Group Total (Consolidated) and the 5 core companies

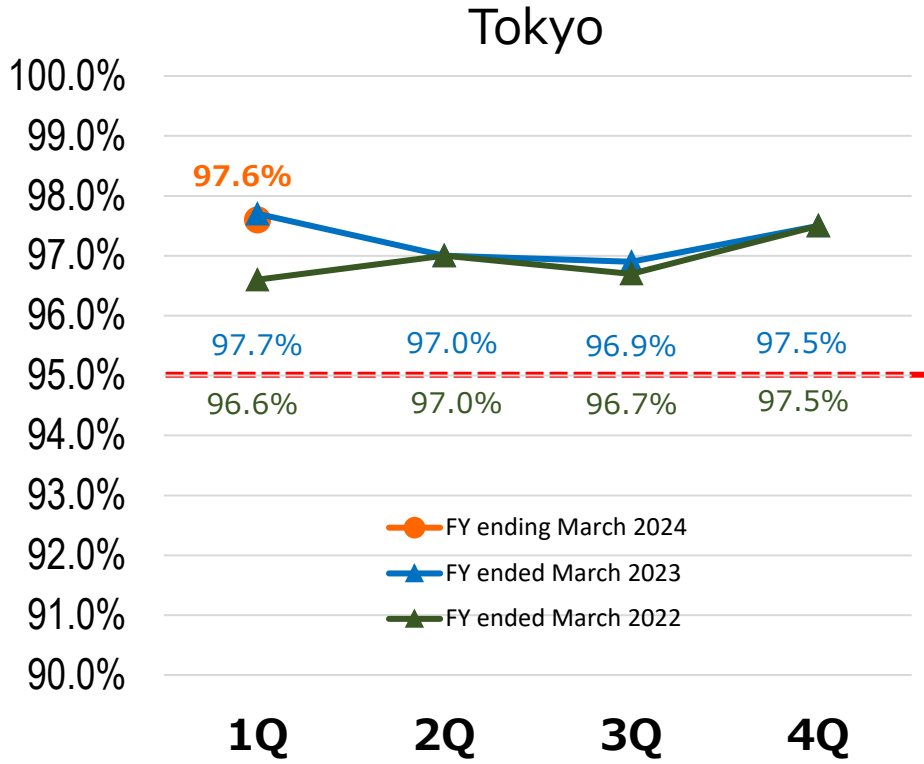
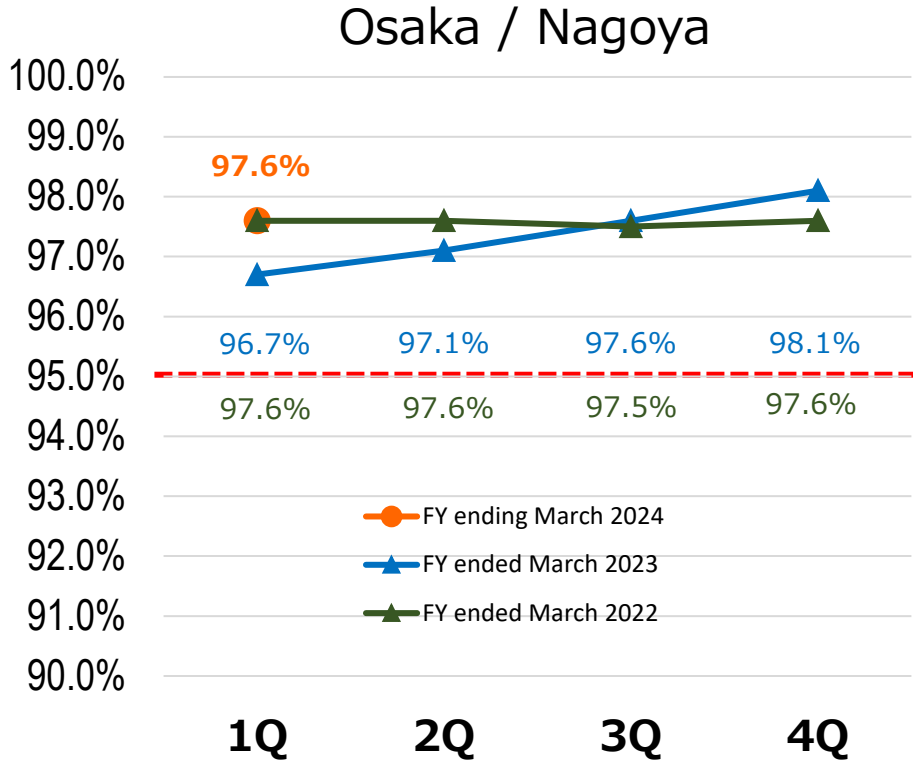
- ◆ Takamatsu Corporation was slightly increased +0.2pt YoY. Asunaro Aoki Construction was slightly decreased (0.6pt) YoY.
- ◆ Mirai Construction’s operating profit margin increased by +4.5pt YoY due to significantly recover from the previous year of (0.5%) due to increased gross profit margin by +2.1pt YoY, despite an increase SG&A expenses, especially personnel.
- ◆ Toko Geotech’s operating profit margin decreased sharply by (3.1pt) YoY due to gross profit margin decreased by (1.8pt) YoY and an increase SG&A expenses.
- ◆ Despite an increase in personnel expenses, Takamatsu House achieved a 2.3 pt YoY increase in gross profit margin, and a significant 3.3 pt YoY increase in operating profit margin.



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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 1Q FY ending March 2024 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

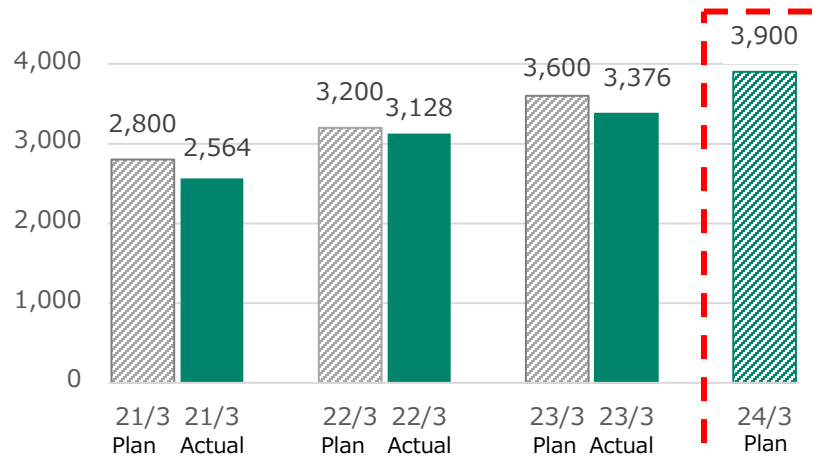
# Earnings Forecast & Dividend Forecast for FY ending March 2024

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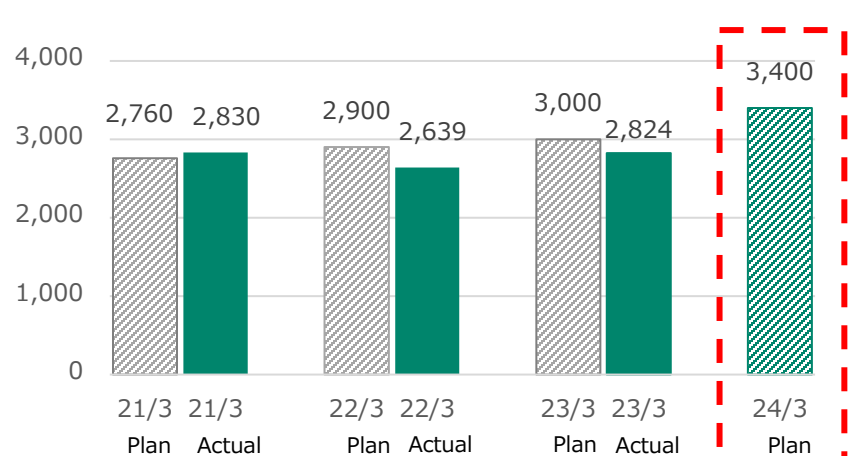
# Earnings Forecast for FY ending March 2024

◆ For the FY ending March 2024 will be in line with the medium-term management plan. As of 1Q FY ending March 2024, the full-year forecast remains unchanged.

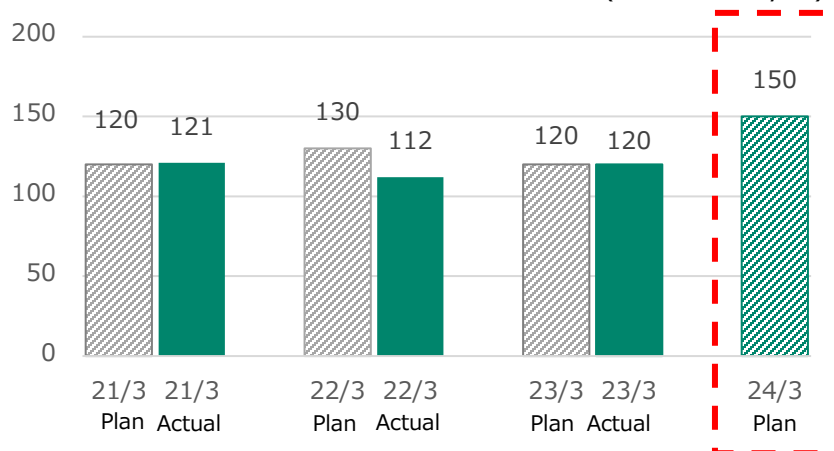
Orders received (100 million yen)



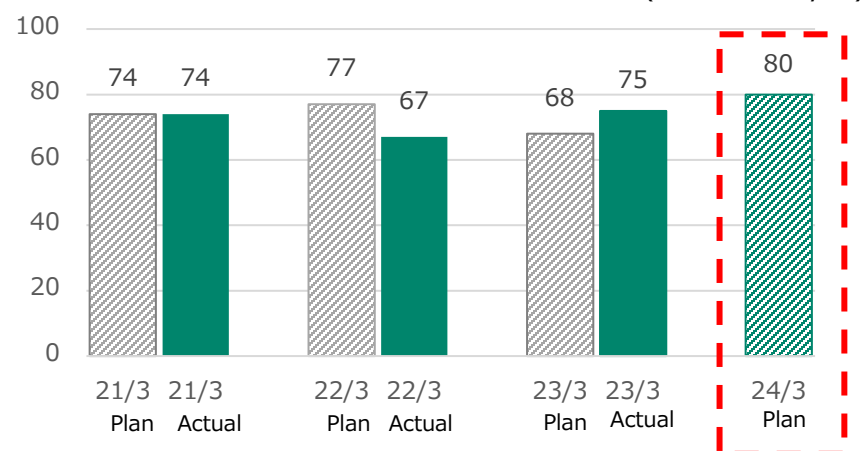
Net sales (100 million yen)



Operating profit (100 million yen)



Profit attributable to owners of parent (100 million yen)



# Points of Earnings Forecast for FY ending March 2024

## Summary of 1st Quarter Results for the FY Ending March 2024

- Orders, sales, and operating profit progressed as planned at the beginning of the period.
- Despite continued high prices of raw materials, equipment and materials, profit increased YoY due to higher sales.
- Net loss was due to one-time expenses (454 million yen for the relocation to the Tokyo head office building completed in May).

## Current business environment

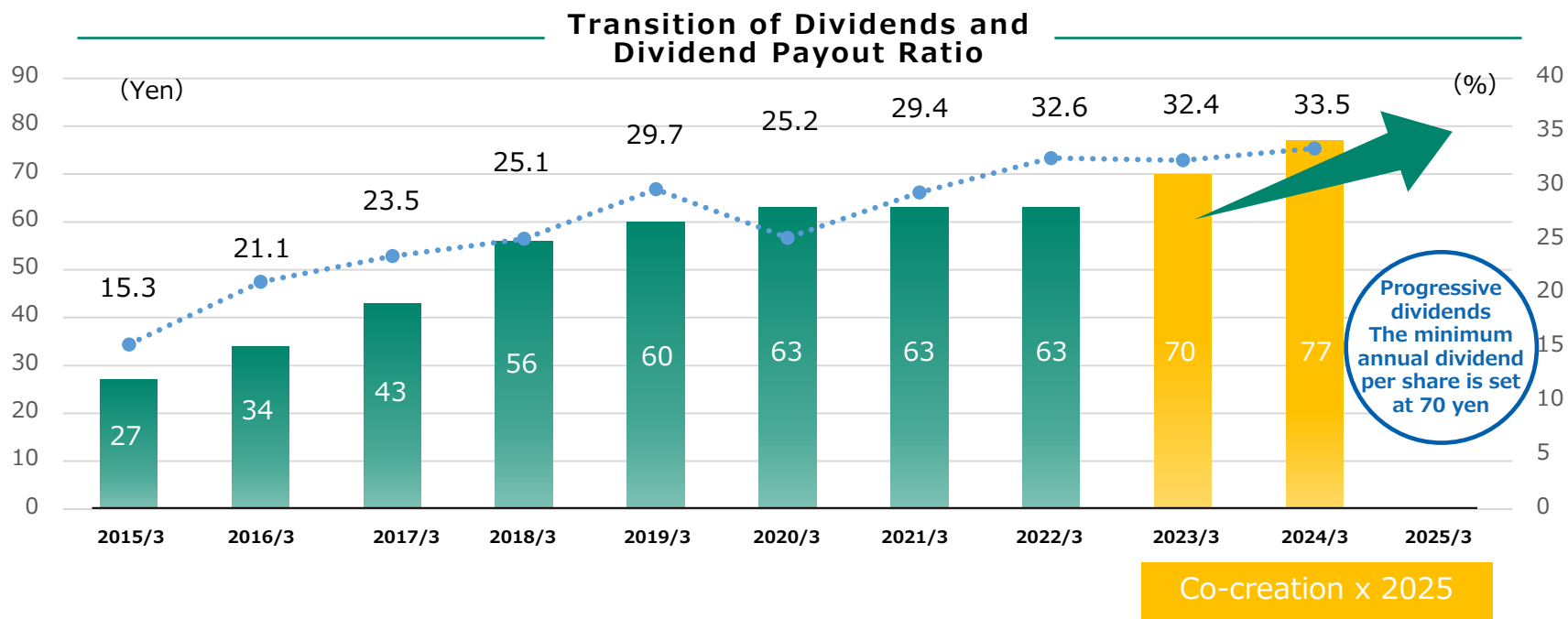
- Raw material and equipment prices remained high.
- Labor costs continue to rise.

## Outlook for the current term

- The civil engineering segment is expected to be firm due to the "Five-Year Acceleration Measures for Disaster Prevention, Disaster Mitigation, and National Land Stabilization" and other factors.
- In the architecture segment, the non-residential business is expected to remain strong due to firm corporate appetite for capital investment, but the rental apartments business is expected to slow down due to soaring prices of raw materials, equipment and materials, and labor costs.
- In the real estate segment, housing prices are on an upward trend due to rising fixed interest rates on housing loans and soaring prices of construction materials and equipment, and the business environment is expected to slow down in the second half of the year.
- We are facing a slowdown in the second half of the fiscal year, as housing prices are on an upward trend due to rising fixed interest rates for housing loans and soaring prices for construction materials and equipment. While the price indexing system is applied to public works projects in some cases, construction work ordered by the private sector, especially for large projects, often starts more than a year after the contract is signed, and there are cases where the understanding of the client to pass on the price increases to the client is not obtained, which may put pressure on profits in the second half of the fiscal year.

# 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 ending March 2023.



# Topics

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# Topics

## ◆ Asunaro Aoki Construction

### ○Exhibit at the Expo 2025 Osaka, Kansai, Japan

Komatsu Ltd. (hereafter "Komatsu") and Asunaro Aoki Construction to jointly sponsor the Expo 2025 Osaka, Kansai, Japan (hereinafter "the Expo"). Komatsu and Asunaro Aoki Construction will present "Underwater Construction of the Future" to the world. It features cutting-edge technologies, such as super remote control, unmanned construction, and underwater electric drive, at the "Future Life Expo: Future City," of the Future Society Showcase Project for the Expo.

Komatsu developed the radio-controlled amphibious bulldozer in 1971 and has sold 36 units in Japan and overseas. Asunaro Aoki Construction owns all five of these units still in operation today, and has accumulated knowledge and construction technologies through more than 1,200 underwater construction projects.

The two companies are working together to demonstrate underwater electric construction robots that can be operated at depths of up to 50 meters without skilled techniques through automatic control and ICT functions.

The two companies are also striving for the "underwater construction of the future," a solution that enables ultra-remote operation of underwater construction robots from a safe and comfortable office, based on a construction plan optimized by AI analysis, combining 3D survey, design, and construction data with big data, such as weather data and construction history.





# Takamatsu Construction Group

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