

Translated version

Takamatsu Construction Group

Analysis Material for FY ended March 2024

Takamatsu Construction Group Co.,Ltd.

Securities Code : 1762

May 15, 2024

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Financial results for FY ended March 2024

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 FY ended March 2024

- ◆ Net sales and gross profit increased from the previous year, but operating profit decreased from the previous year. Profit attributable to owners of parent increased the previous year, etc. due to a decrease in tax expenses as a result of a review of the realizability of deferred tax assets at subsidiaries. (100 million yen)

Item	FY ended March 2021	FY ended March 2022	FY ended March 2023	FY ended March 2024	+/-
Orders received	2,564	3,128	3,376	3,259	(3.5%)
Net sales	2,830	2,639	2,824	3,126	+10.7%
Gross profit	383	385	420	430	+2.4%
Gross profit %	13.5%	14.6%	14.9%	13.8%	(1.1pt)
Operating profit	121	112	120	116	(3.2%)
Operating profit %	4.3%	4.3%	4.3%	3.7%	(0.6pt)
Ordinary profit	121	114	117	113	(3.9%)
Ordinary profit %	4.3%	4.4%	4.2%	3.6%	(0.6pt)
Profit attributable to owners of parent	74	67	75	91	+21.7%
Profit attributable to owners of parent %	2.6%	2.5%	2.7%	2.9%	+0.2pt

Dividends for FY ended March 2024 (dividend amount and payout ratio)

- ◆ In view of the fact that consolidated net profit for FY ended March 2024 was 9.1 billion yen, exceeding the forecast of 7.6 billion yen published on 7 February 2024, the annual dividend per share for FY ended March 2024 was increased by 5 yen from the published forecast of 77 yen to 82 yen (payout ratio 31.1%).

	Forecast	Actual	Amount of dividend increase
2023/3	63yen	70yen	+ 7yen
2024/3	77yen	82yen	+ 5yen

Analysis of Business Results for FY Ended March 2024

Results for FY ended March 2024

- Orders received, net sales, and operating profit were all below initial plan.
- Orders received and net sales did not increase in architecture and real estate segments as much as expected.
- Not only are lead times longer for some equipment, but equipment suppliers are also experiencing a shortage of installation personnel.
- As for construction personnel, there continues to be a chronic shortage.
- In some cases, price indexing was applied to public works projects, but in some cases, it was difficult to obtain the understanding of clients to pass on the cost of construction work ordered by the private sector, which put pressure on profits.

Compared to previous period

- Public construction investment increased YoY due to the "Five-Year Acceleration Measures for Disaster Prevention and Mitigation and National Land Stabilization" and private-sector construction investment increased YoY due to the recovery trend in the external environment resulting in YoY increase in net sales. However, profits declined due to persistently high raw material, equipment prices and rising labor costs.

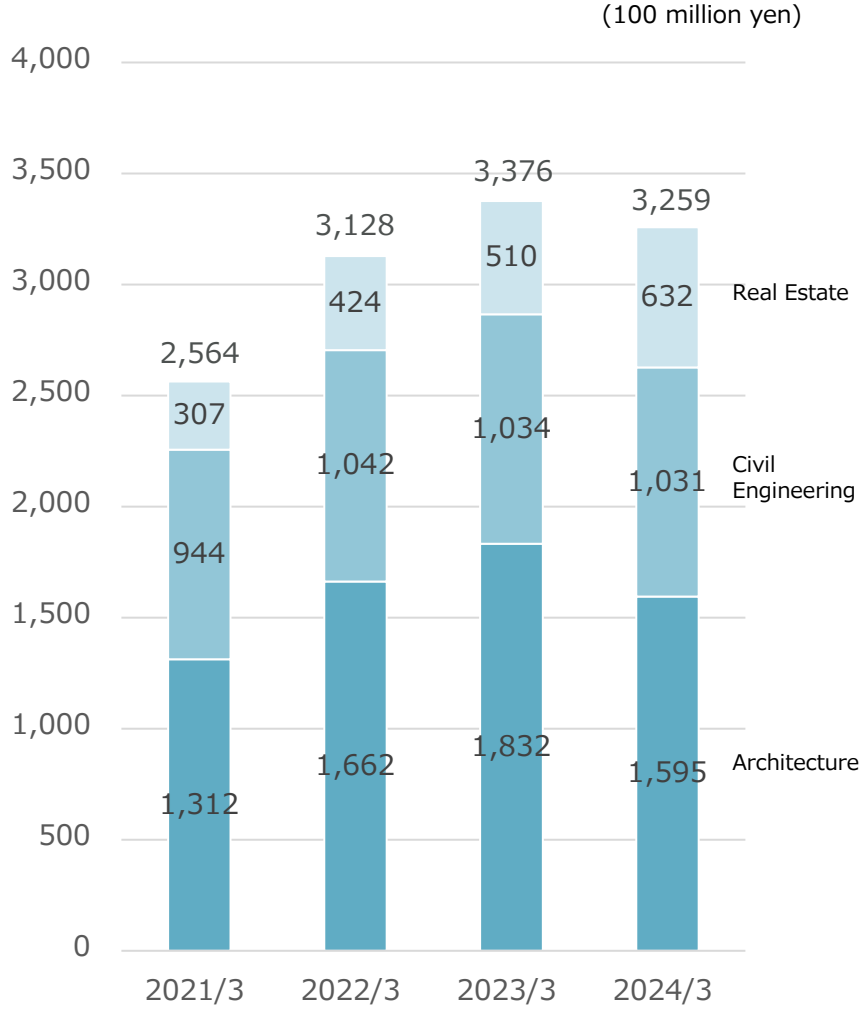
Compared to initial plan

- As for Takamatsu House, orders received, net sales, and operating profit fell short of the plan due to deteriorating market conditions, soaring construction costs, and a rebound from special demand in the wake of the Coronavirus disaster.
- For Takamatsu Corporation, orders received fell short of the plan, partly due to the importance placed on profitability at the time of order receipt, in order to cope with high raw material and equipment prices and rising labor costs.

Orders received by segments

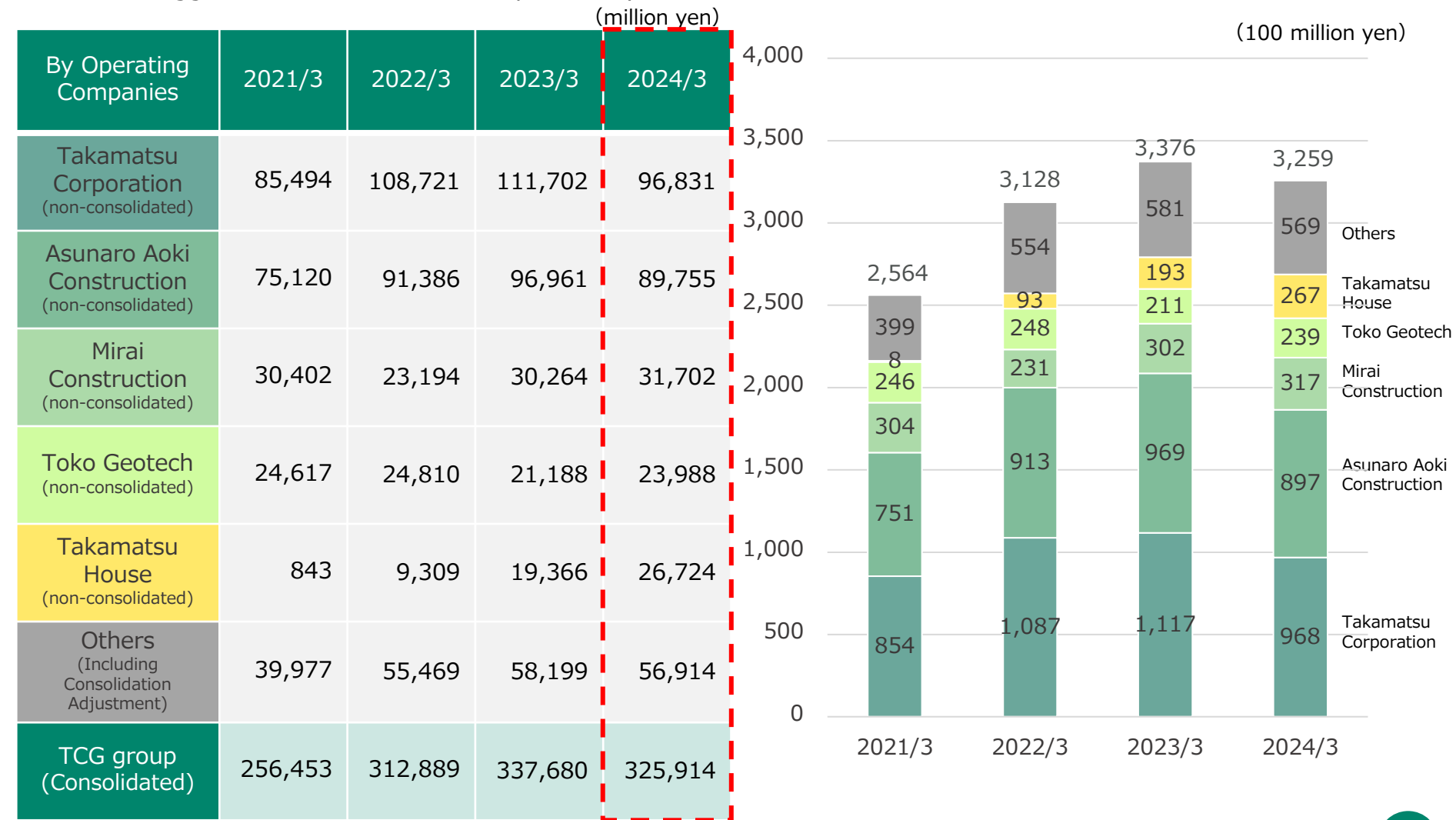
◆ Architecture was (12.9%) YoY, due to affected decrease in orders received of Takamatsu Corporation and Asunaro Aoki Construction. Civil engineering was (0.3%) YoY. Real estate was +24.0% YoY because of increasing in orders received of Takamatsu Corporation and Takamatsu House.

By Segments	2021/3	2022/3	2023/3	2024/3
Architecture	131,290	166,206	183,241	159,570
Civil Engineering	94,445	104,235	103,438	103,114
Real Estate	30,717	42,447	51,000	63,229
TCG group (Consolidated)	256,453	312,889	337,680	325,914



Orders Received by core operating companies

◆ Takamatsu Corporation was (13.3%) YoY due to decrease in orders received of rental apartments and a reaction to several large orders in the previous year. Asunaro Aoki Construction was (7.4%) YoY due to a reaction to a large order received in the previous year. Mirai Construction was +4.8% YoY. Toko Geotech was +13.2% YoY recovered from the sluggish orders received in the previous year. Takamatsu House was +38.0% YoY.



※Figures for individual companies include transactions between group companies.

Carried forward to the next term by core operating companies

- ◆ Takamatsu Corporation was +2.2% YoY. Asunaro Aoki Construction was +5.4% YoY. Mirai Construction was (4.4%) YoY. Toko Geotech was +29.6% YoY due to increase orders received. Takamatsu House was (7.0%) YoY. It was +3.1% YoY for TCG group consolidated.

(million yen)

By Operating Companies		2023/3	2024/3	Increase/Decrease	Increase/Decrease %
Takamatsu Corporation (non-consolidated)		203,291	207,786	↑	4,495 +2.2%
Asunaro Aoki Construction (non-consolidated)	Architecture	86,358	91,273	↑	4,915 +5.7%
	Civil Engineering	66,752	70,051	↑	3,299 +4.9%
	Sub total	153,110	161,325	↑	8,215 +5.4%
Mirai Construction (non-consolidated)		34,810	33,290	↓	(1,520) (4.4%)
Toko Geotech (non-consolidated)		10,172	13,183	↑	3,011 +29.6%
Takamatsu House (non-consolidated)		2,685	2,497	↓	(188) (7.0%)
Others (Including Consolidation Adjustment)		19,083	18,304	↓	(779) (4.1%)
TCG group (Consolidated)		423,151	436,385	↑	13,234 +3.1%

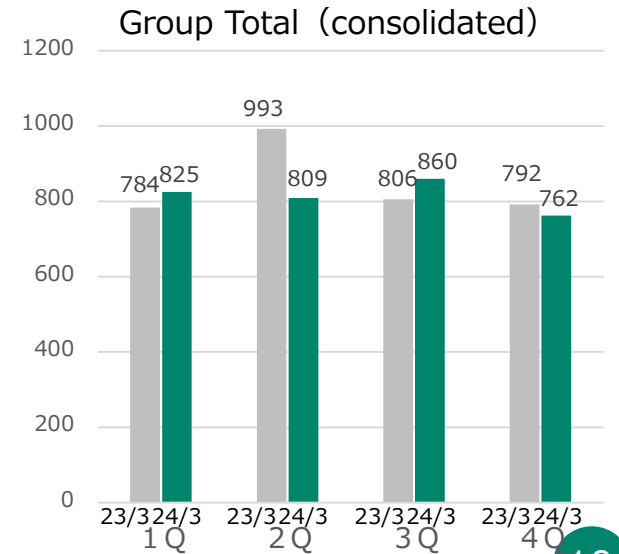
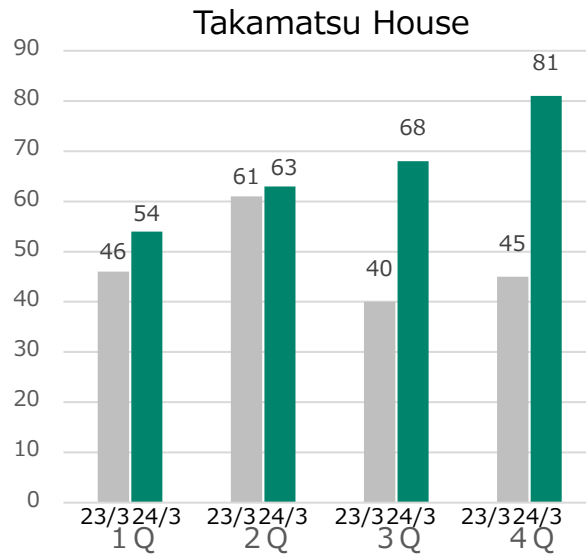
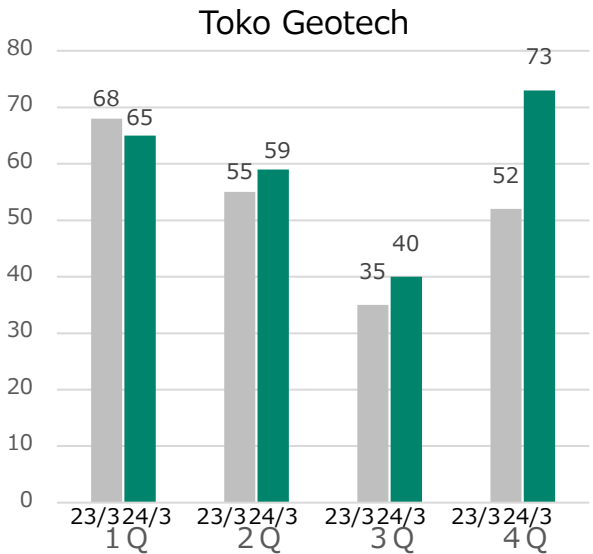
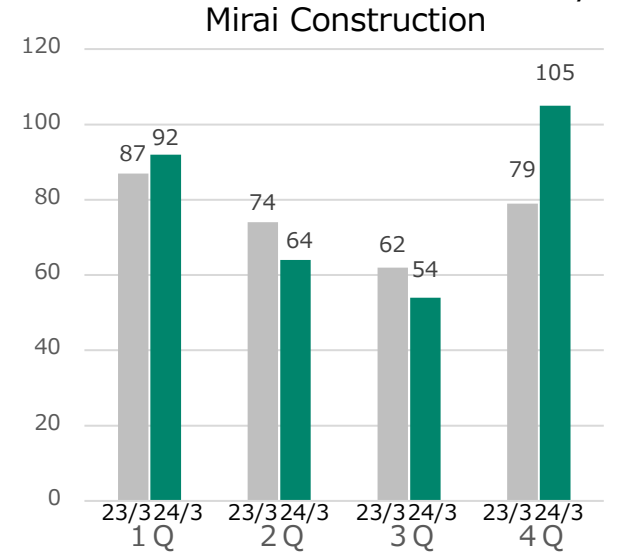
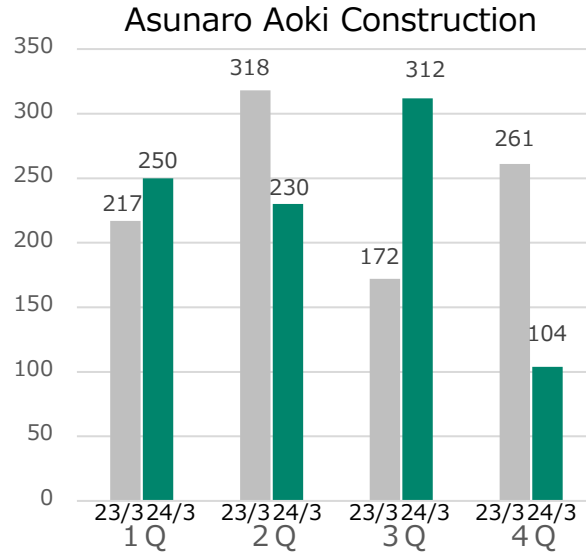
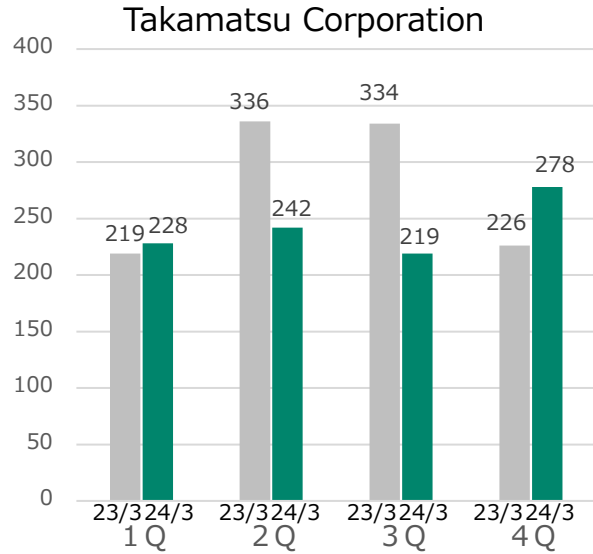
※Figures for individual companies include transactions between group companies.

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

(※ Figures are quarterly amounts, not cumulative total.)

(100 million yen)



※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 FY ended March 2022 (22/3: Orders received of non-residentials in Osaka 30,095 million yen).
- ◆ In Tokyo, non-residentials orders received increased significantly YoY etc. due to orders for large-scale projects.

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

	Osaka				Tokyo			
	2023/3	%	2024/3	%	2023/3	%	2024/3	%
Rental Apartments	15,422	24.9%	7,083	16.3%	37,157	74.7%	29,989	56.3%
non-Residentials	46,521	75.1%	36,470	83.7%	12,603	25.3%	23,290	43.7%
Total	61,943	100%	43,553	100%	49,759	100%	53,279	100%

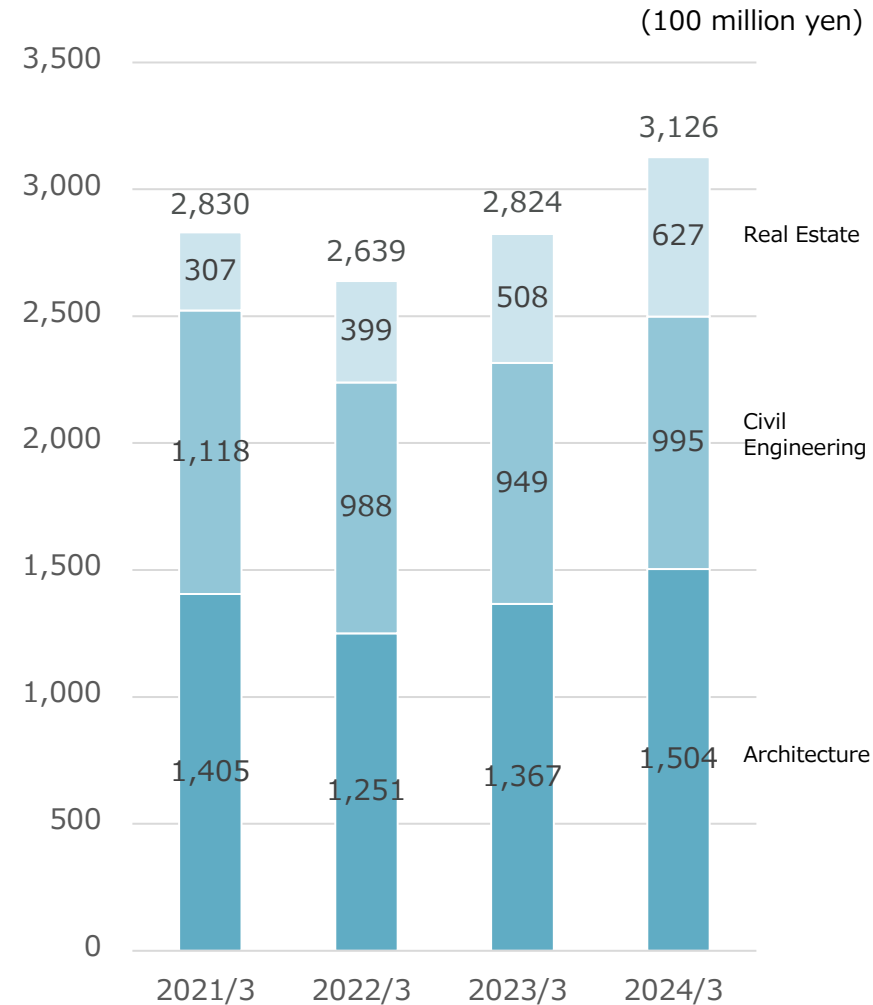
※Figures including transactions between group companies.

Net sales by segments

- ◆ Architecture was +10.0% YoY due to increase of Takamatsu Corporation and Asunaro Aoki Construction. Civil engineering was +4.9% YoY due to increase of Mirai Construction. Real estate was +23.4% YoY because of increasing Takamatsu Corporation and Takamatsu House.

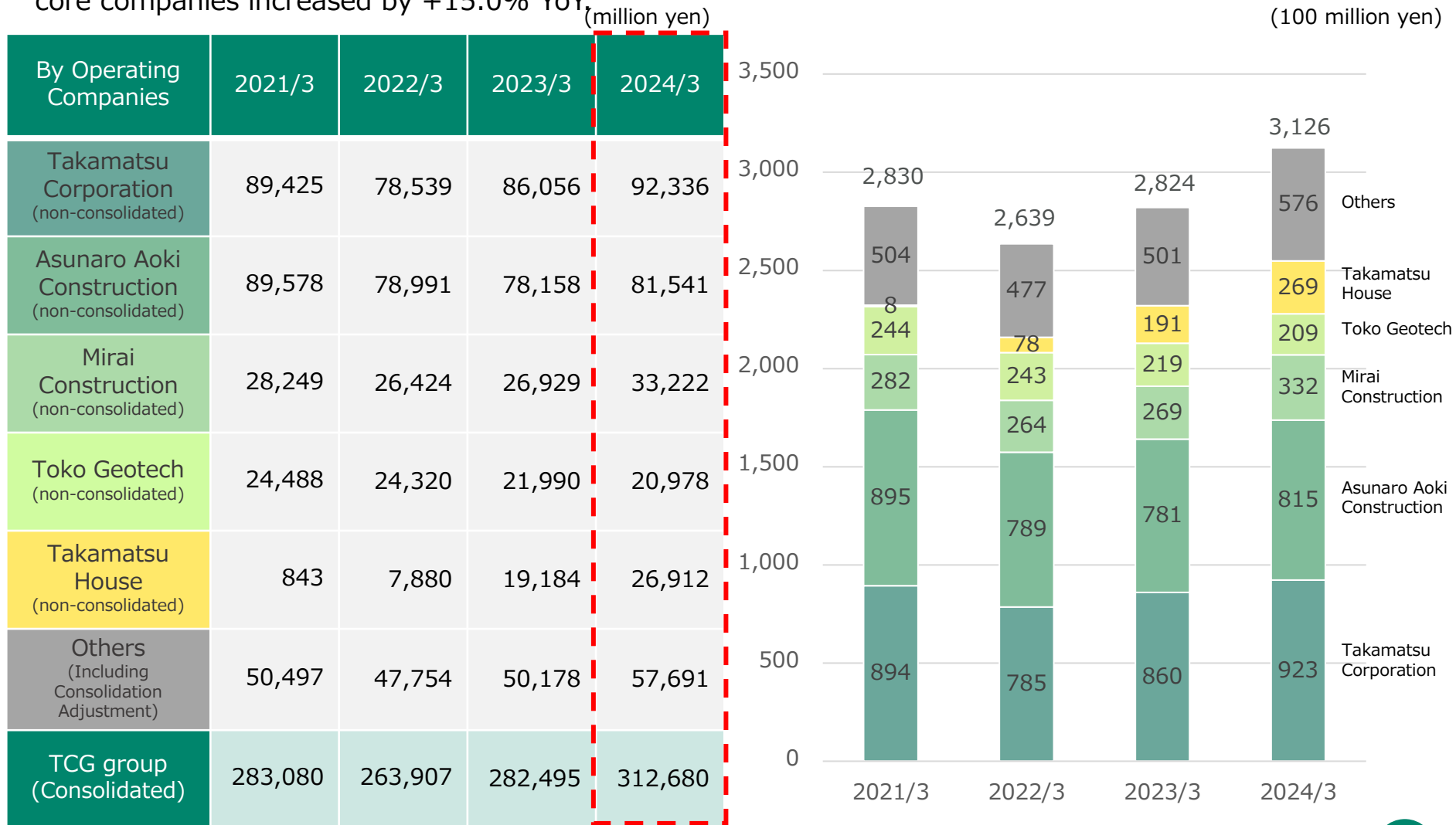
(million yen)

By Segments	2021/3	2022/3	2023/3	2024/3
Architecture	140,537	125,136	136,774	150,403
Civil Engineering	111,826	98,826	94,902	99,559
Real Estate	30,717	39,944	50,818	62,716
TCG group (Consolidated)	283,080	263,907	282,495	312,680



Net sales by core operating companies

- ◆ Takamatsu Corporation was +7.3% YoY. Asunaro Aoki Construction was +4.3% YoY. Mirai Construction increased significantly by +23.4% YoY due to construction progress was on track. Toko Geotech was (4.6%) YoY. Takamatsu House increased significantly by +40.3% YoY. Group companies other than the core companies increased by +15.0% YoY.



※Figures for individual companies include transactions between group companies.

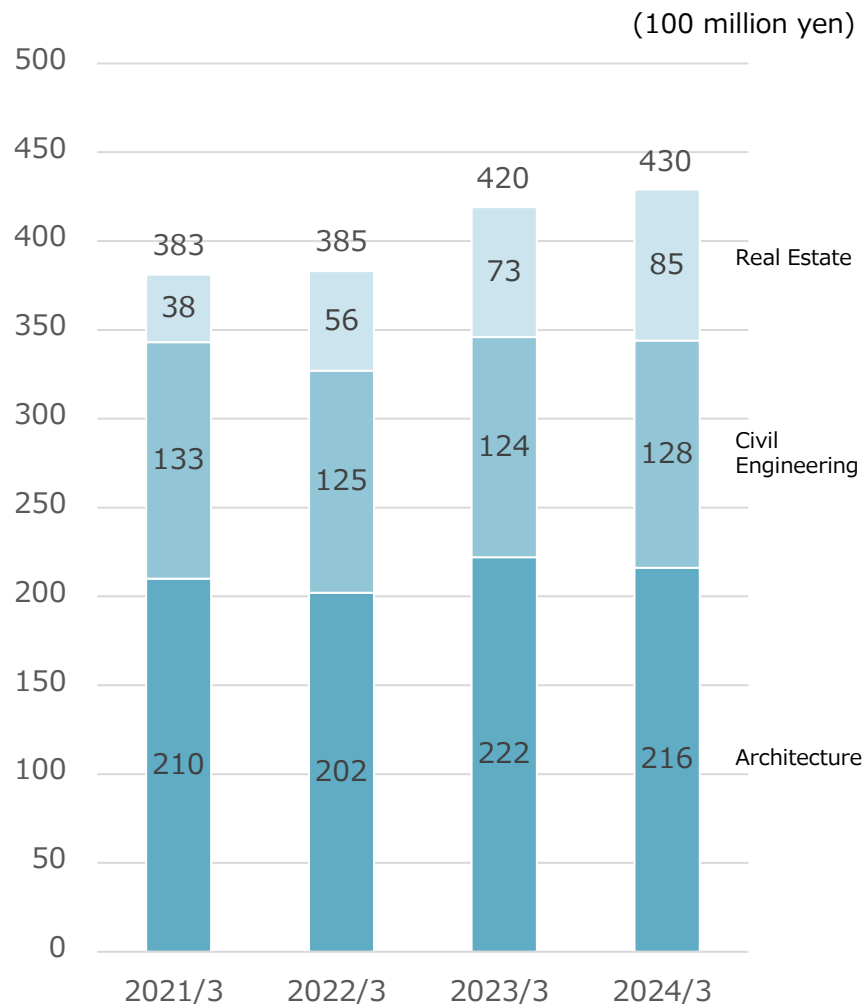
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Gross profit by segments

- ◆ Architecture was (2.8%) YoY. Civil engineering was +3.2% YoY. Real estate was +17.1% YoY because of increasing Takamatsu Corporation and Takamatsu House.

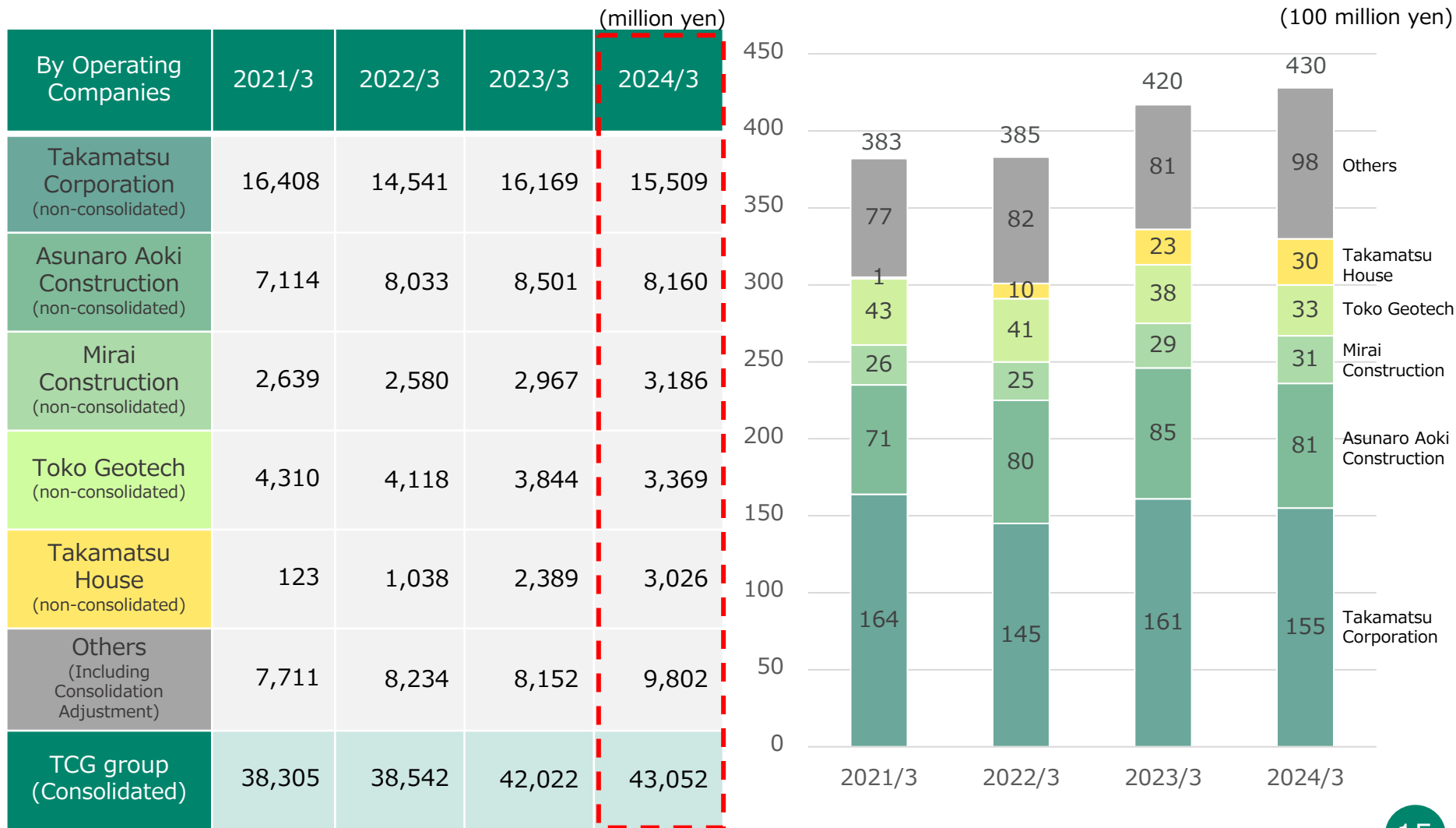
(million yen)

By Segments	2021/3	2022/3	2023/3	2024/3
Architecture	21,081	20,289	22,232	21,614
Civil Engineering	13,395	12,536	12,488	12,884
Real Estate	3,829	5,654	7,301	8,552
TCG group (Consolidated)	38,305	38,542	42,022	43,052



Gross profit by core operating companies

- ◆ Takamatsu Corporation was (4.1%) YoY. Asunaro Aoki Construction was (4.0%) YoY. Mirai Construction was +7.4% YoY because of increasing in net sales. Toko Geotech decreased significantly by (12.3%) YoY due to lower net sales and lower gross profit margin. Takamatsu House increased significantly by +26.7% YoY. It was significantly increase of +20.2% YoY for group companies other than the core companies.



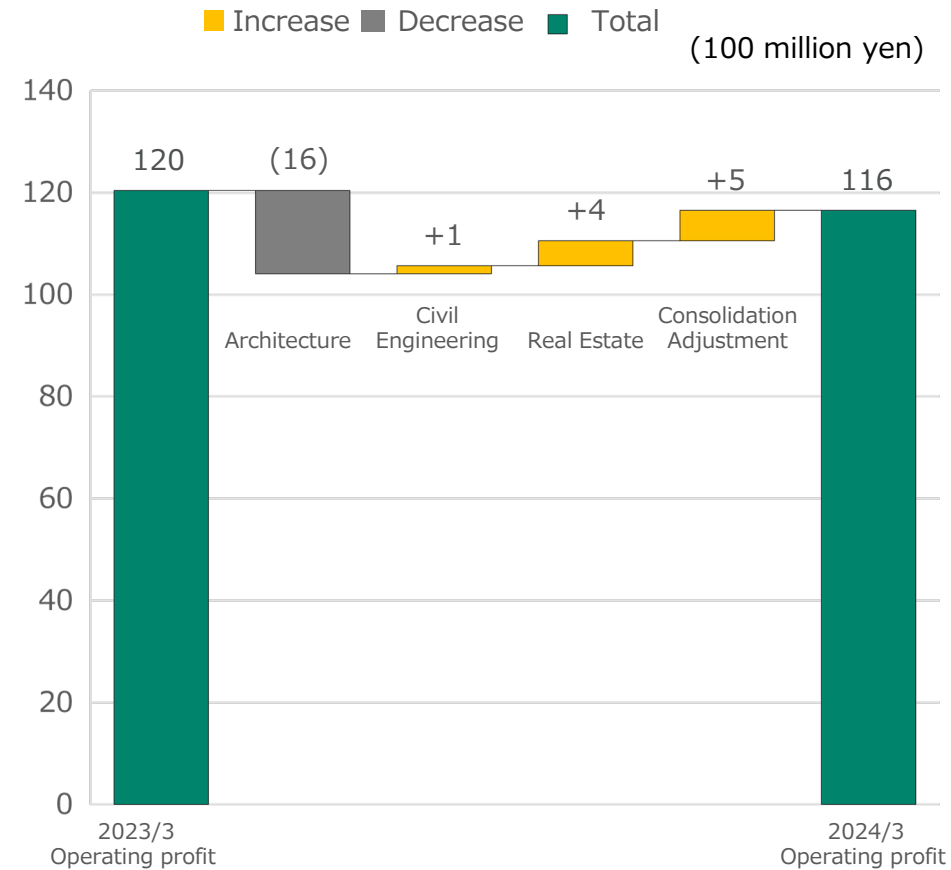
※Figures for individual companies include transactions between group companies.

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Operating profit by segments

- ◆ Architecture was (23.2%) YoY due to decrease in Takamatsu Corporation and Asunaro Aoki Construction. Civil engineering was +2.4% YoY. Real estate was +13.1% YoY due to increase in Takamatsu Corporation and Takamatsu House.

By Segments	2021/3	2022/3	2023/3	2024/3
Architecture	6,035	5,011	7,035	5,401
Civil Engineering	8,166	7,297	6,702	6,861
Real Estate	1,886	3,227	3,761	4,253
Consolidation Adjustment	(3,889)	(4,311)	(5,459)	(4,864)
TCG group (Consolidated)	12,198	11,225	12,038	11,651



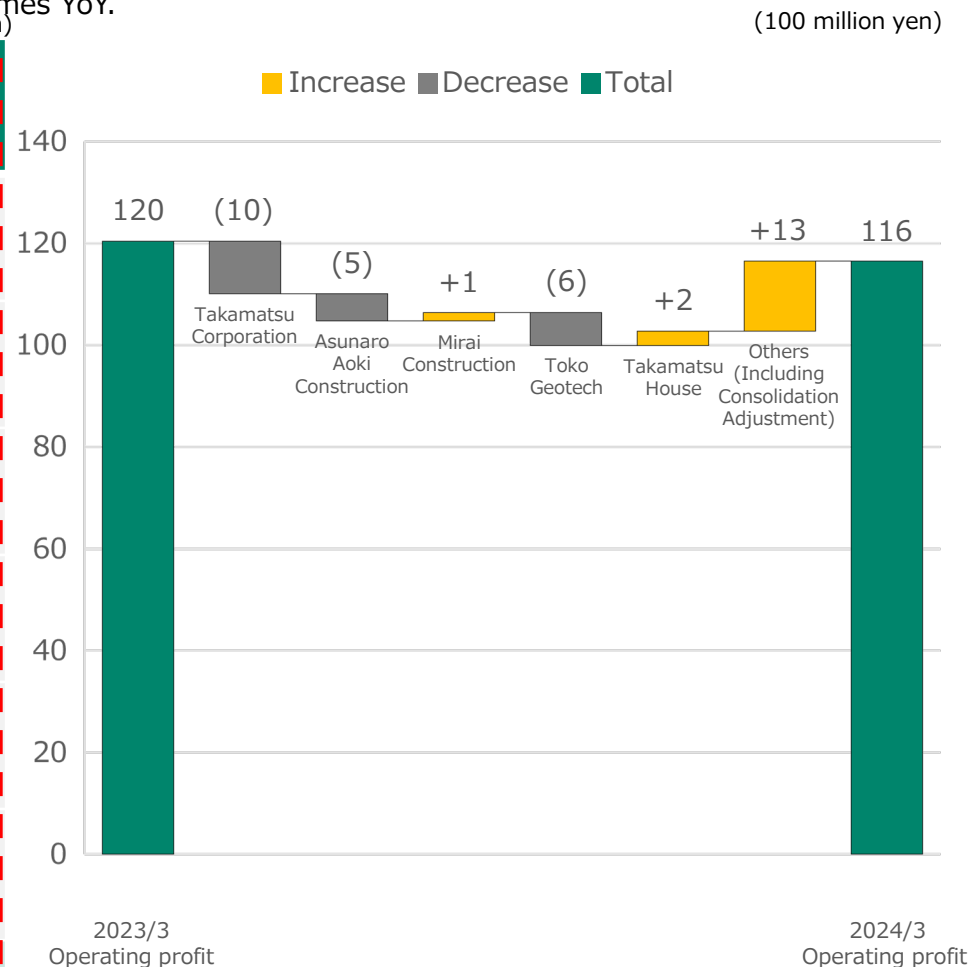
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Operating profit by core operating companies

- ◆ Takamatsu Corporation was (19.6%) YoY due to lower gross profit margin and higher SG&A expenses. Asunaro Aoki Construction was (20.7%) YoY due to lower gross profit margin and higher SG&A expenses. Mirai Construction was +17.6% YoY due to higher net sales despite lower gross profit margin. Toko Geotech was (32.5%) YoY, due to lower net sales, lower gross profit margin and higher SG&A expenses. Takamatsu House was +33.0% YoY, due to an increase in net sales despite declining gross profit margin and an increase in SG&A expenses. Group companies other than the core companies recovered from the previous year's sluggish operating profit and its operating profit increased by approximately 4.3 times YoY.

By Operating Companies	2021/3	2022/3	2023/3	2024/3
Takamatsu Corporation (non-consolidated)	6,206	4,191	5,271	4,241
Asunaro Aoki Construction (non-consolidated)	1,507	2,368	2,574	2,040
Mirai Construction (non-consolidated)	816	725	937	1,102
Toko Geotech (non-consolidated)	2,640	2,403	1,992	1,345
Takamatsu House (non-consolidated)	(266)	107	851	1,132
Others (Including Consolidation Adjustment)	1,029	1,431	413	1,791
TCG group (Consolidated)	12,198	11,225	12,038	11,651



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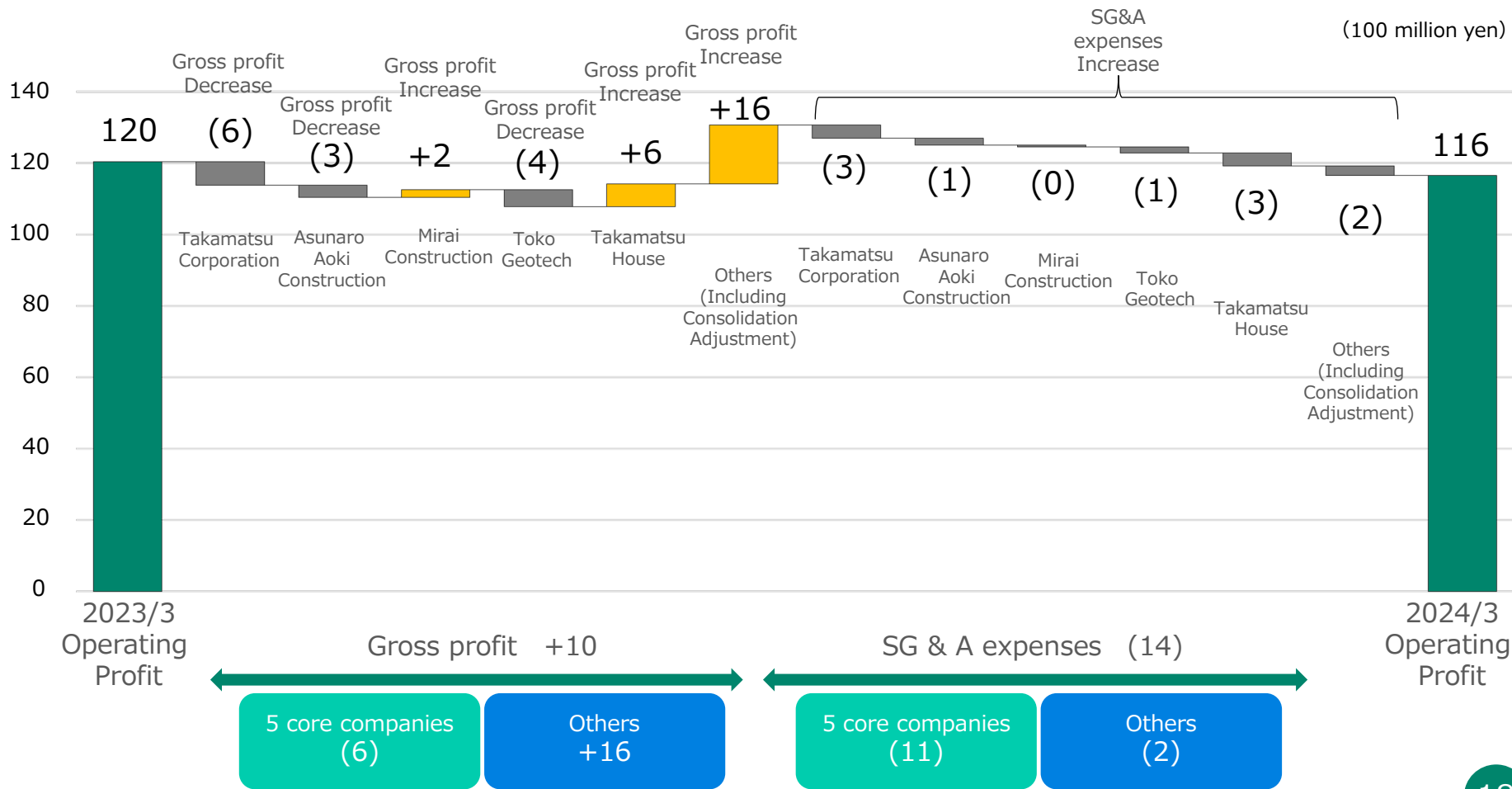
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Gross profit, SG&A expenses, Analysis of Changes in Operating Profit

■ Increase ■ Decrease ■ Total

- ◆ Gross profit increased approximately 1 billion yen YoY, mainly because gross profit increased at Mirai Construction, Takamatsu House and group companies other than the core companies, which offset the decrease in gross profit from Takamatsu Corporation, Asunaro Aoki Construction and Toko Geotech.
- ◆ SG&A expenses increased approximately 1.4 billion yen YoY, mainly due to an increase in personnel expenses at Takamatsu Corporation and Takamatsu House, so overall operating profit decreased approximately 0.4 billion yen YoY.

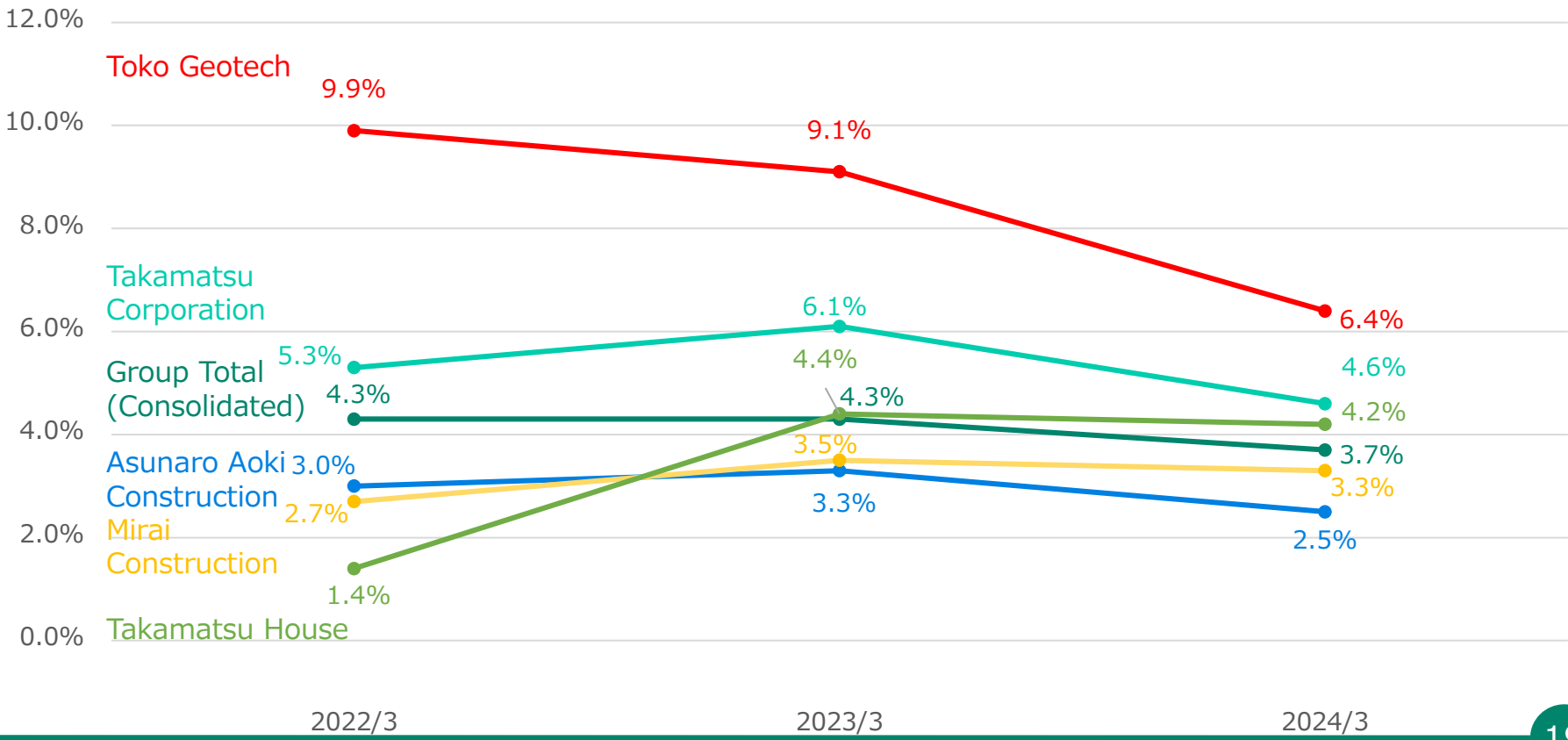
Analysis of Changes in Operating Profit



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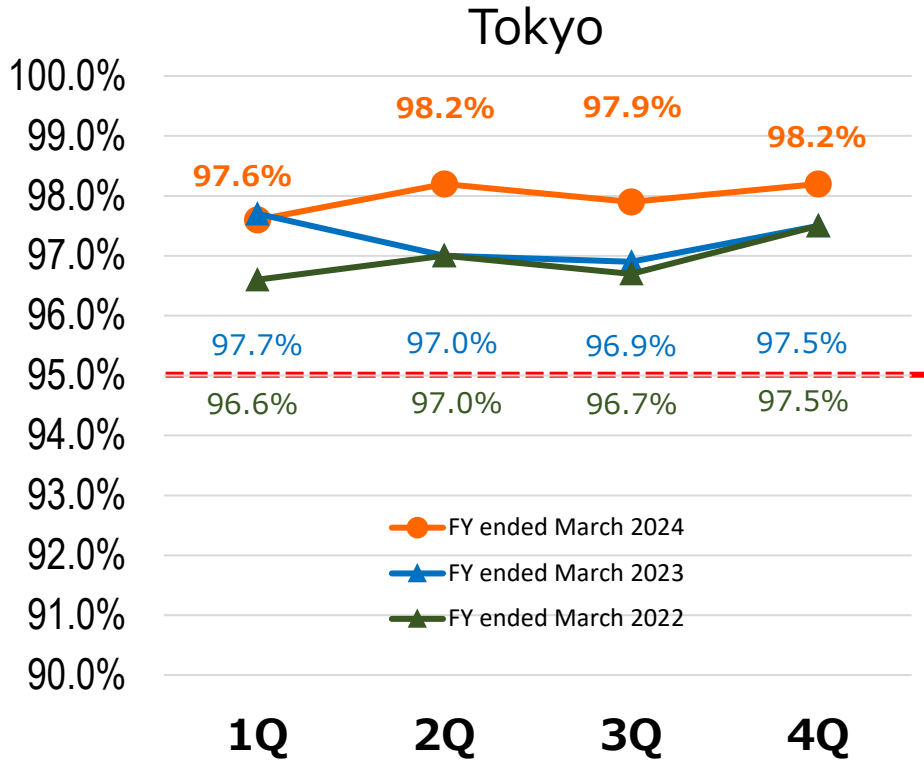
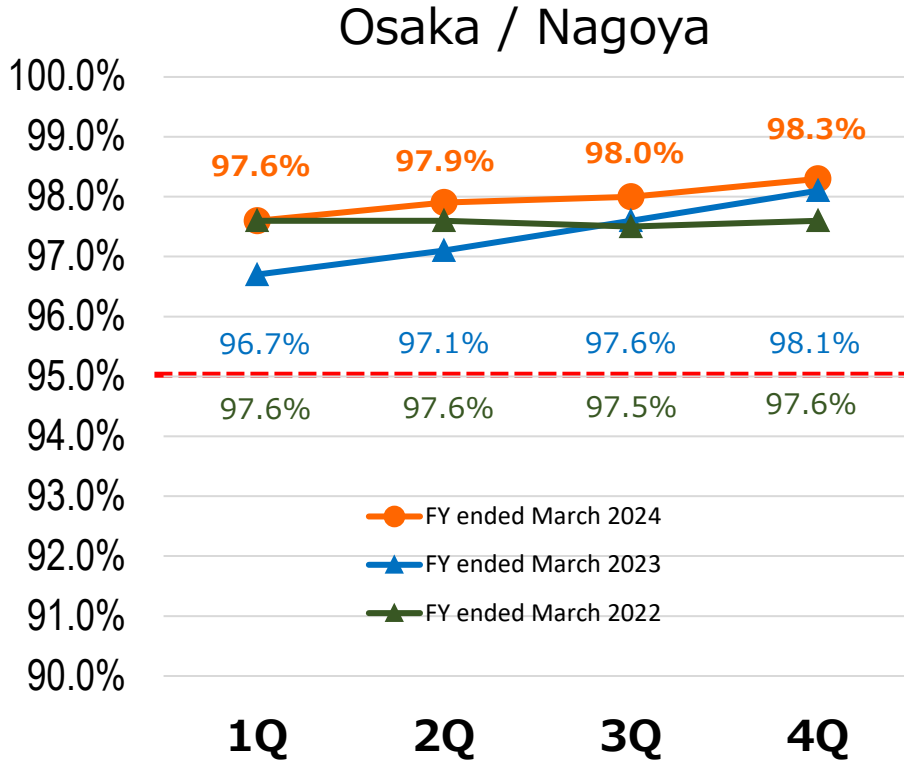
Operating profit ratio by Group Total (Consolidated) and the 5 core companies

- ◆ Takamatsu Corporation’s gross profit margin was (2.0pt) YoY, and an increase in SG&A expenses, mainly personnel expenses, as a result of higher wage levels, so operating profit margin was (1.5pt) YoY.
- ◆ Asunaro Aoki Construction’s gross profit margin was (0.9pt) YoY, and increased SG&A expenses, mainly due to an increase in personnel expenses, because continued hiring and raising wage levels, so operating profit margin was (0.8pt) YoY.
- ◆ Mirai Construction’s operating profit margin fell slightly to (0.2pt) YoY.
- ◆ Toko Geotech’s gross profit margin was (1.4pt) YoY, and increased SG&A expenses, so operating profit margin fell sharply to (2.7pt) YoY.
- ◆ Takamatsu House’s gross profit margin was (1.3pt) YoY, and increased SG&A expenses, mainly due to higher personnel expenses, so operating profit margin fell slightly to (0.2pt) YoY.



Occupancy Rate of Properties Constructed by Takamatsu Corporation at Takamatsu Estate

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



Definitions

“Osaka/Nagoya” : Osaka, Kyoto, Hyogo, and Nagoya

“Tokyo” : Tokyo, Kanagawa, Saitama, and Chiba

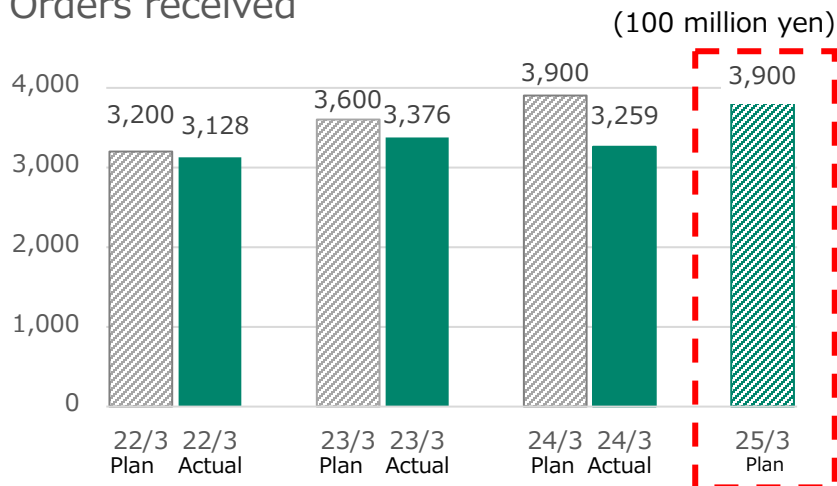
“Occupancy rate” : Number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate that are occupied at the end of each quarter ÷ total number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate at the end of each quarter

Earnings Forecast & Dividend Forecast for FY ending March 2025

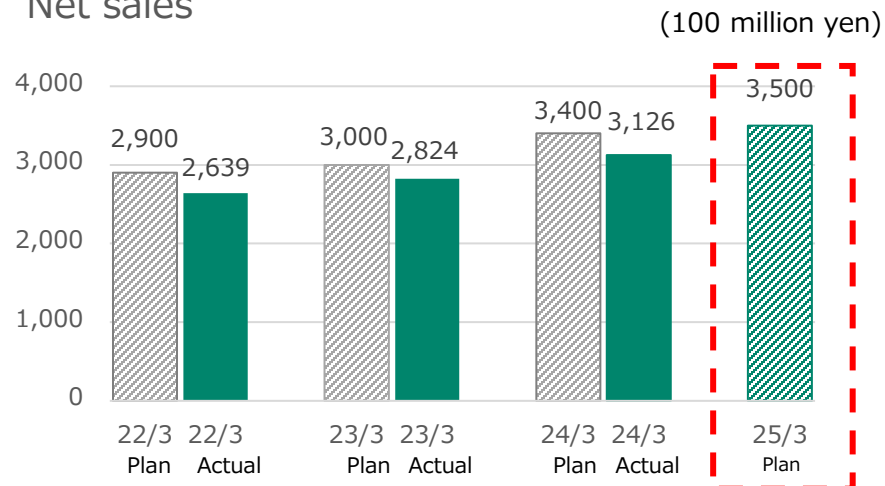
Earnings Forecast for FY ending March 2025

- ◆ In FY ending March 2025, orders received, net sales and operating profit are all planned to exceed those of the previous year. Orders received for both architecture and civil engineering are expected to be firm, and in real estate, enduring demand for detached houses continues in central Tokyo, so net sales are expected to increase. Operating profit is expected to increase due to improved profit margins from selective ordering and reduced fixed cost burden from increased net sales.

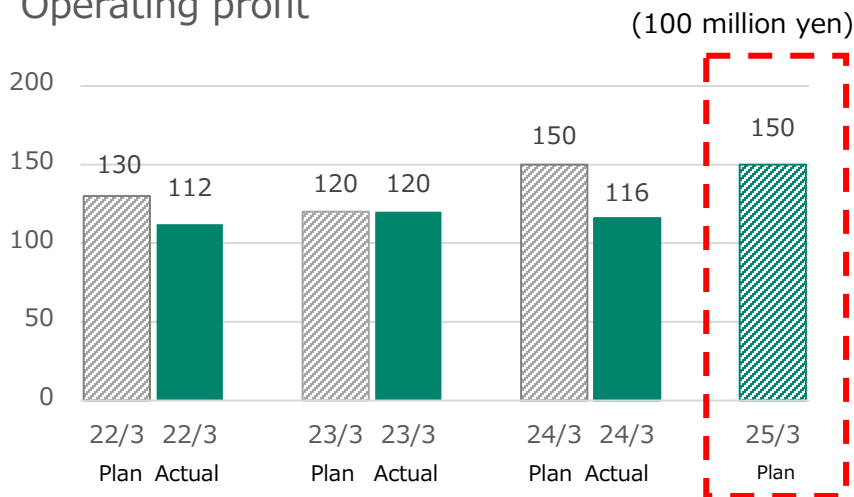
Orders received



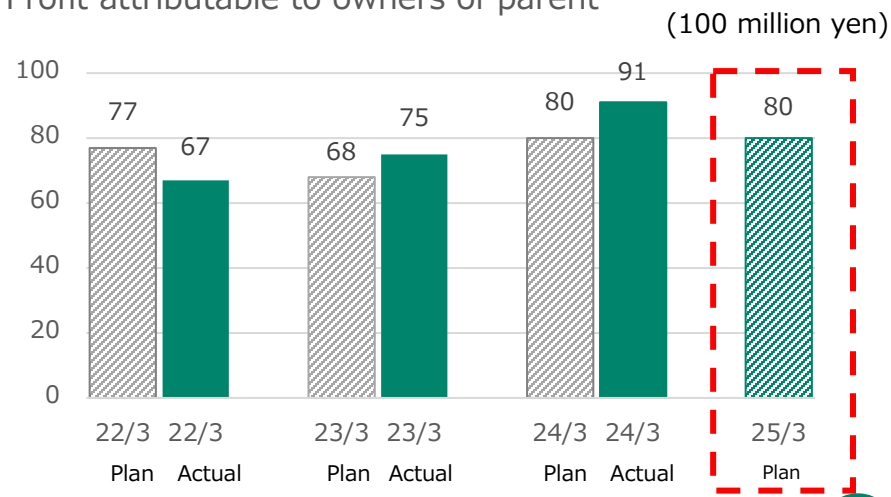
Net sales



Operating profit

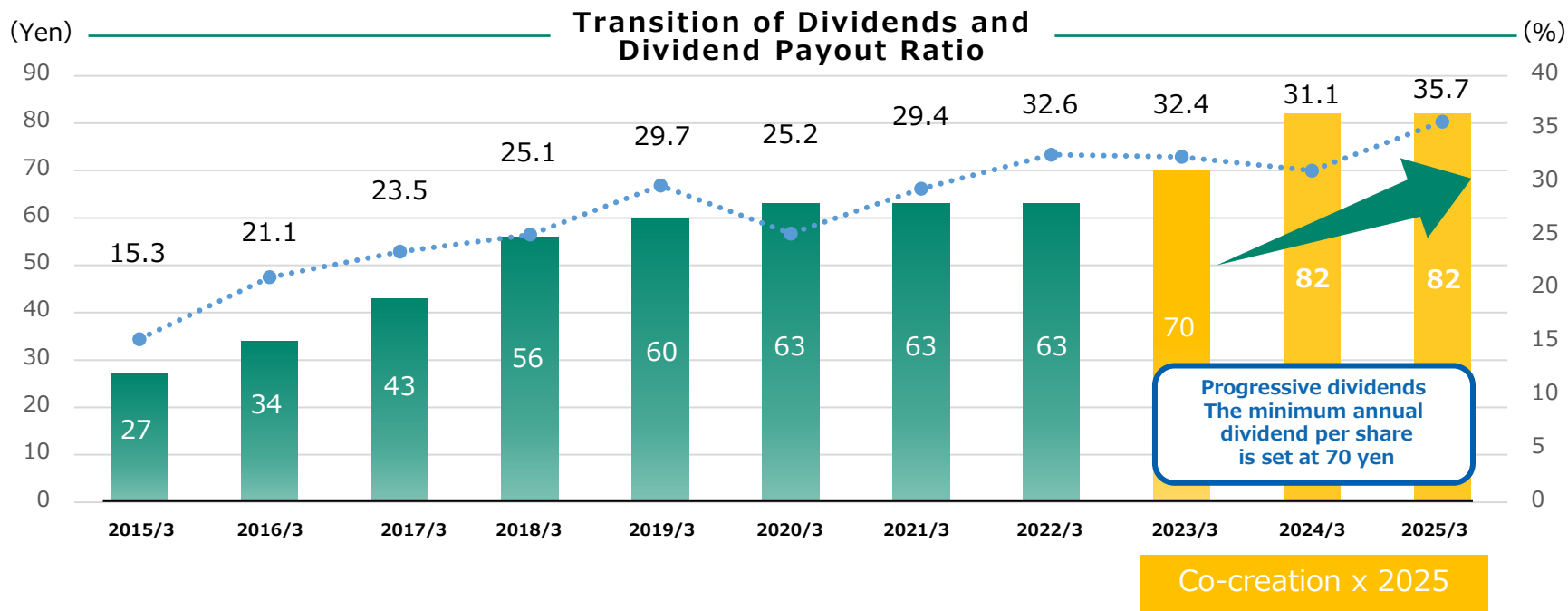


Profit attributable to owners of parent



Dividends Forecast for FY ending March 2025 (dividend amount and payout ratio)

- ◆ The basic policy is to pay progressive dividends during the target years of the medium-term management plan “Co-creation x 2025” (FY ended March 2023 to FY ending March 2025). The minimum annual dividend per share is set at 70 yen. Profit returns will be linked to business performance.
- ◆ The dividend for FY ending March 2025 is planned to be 82 yen per share and dividend payout ratio is planned to be 35.7%.



Comments on the forecast of results for FY ending March 2025

Plan for FY ending March 2025	<ul style="list-style-type: none">• Orders received, net sales, and operating profit are all planned to exceed those of the previous year. 【Increase factors for sales】 Orders for both architecture and civil engineering are expected to be firm, and in real estate, demand for detached houses is expected to increase due to enduring demand for detached houses in central Tokyo. 【Increase factors for OP】 Improved profit margins due to selective ordering. Reduction in SG&A expenses due to increased sales.
Business Environment Outlook for the Current Fiscal Year	<ul style="list-style-type: none">• Public construction investment is expected to be supported by the "Five-Year Acceleration Measures for Disaster Prevention and Mitigation and National Land Resilience," while private-sector construction investment is expected to remain firm in both areas this fiscal year, reflecting the recovery trend in the external environment.• The real estate segment is expected to increase year-on-year due to enduring demand in central Tokyo, although the sales environment remains difficult.• Raw material and equipment prices are expected to remain high, while labor costs are expected to continue to rise due to labor shortages and the 2024 problem.• As for electrical equipment, not only are lead times getting longer, but there is also a shortage of construction personnel, which is expected to drive up prices.
Initiatives for this fiscal year, etc.	<ul style="list-style-type: none">• Regarding rental apartments, the market is expected to remain firm, but construction costs are rising due to soaring prices of raw materials, materials and equipment, and labor costs, so the company will continue to selectively receive orders to ensure profitability.• Starting salaries at the three core companies (TCG, Takamatsu Corporation, and Asunaro Aoki Construction) will be raised by 15,000 yen each, from 250,000 yen to 265,000 yen for university graduates and from 270,000 yen to 285,000 yen for graduate students.

Topics

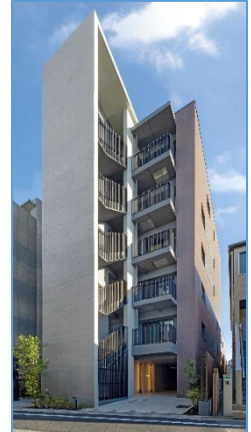
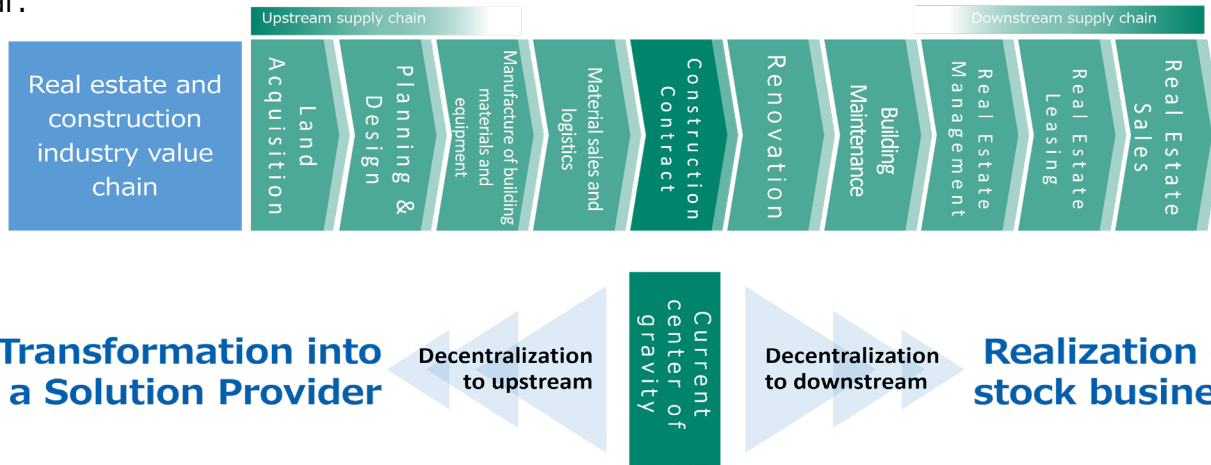
Topics

◆ Takamatsu Corporation

○ Launched condominium business

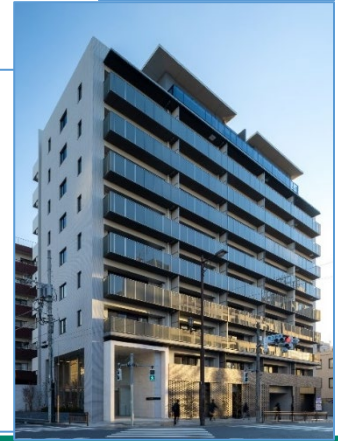
As one of the initiatives to “expand business into the upstream and downstream areas” set forth in its medium-term management plan, Takamatsu Corporation launched condominium division in April 2023. They have two brands of condominiums: “Tissage”, a brand of condominiums for sale, and “Trinity,” a brand of single income properties to be held for future securitization or sale as investment rental properties. Tissage Ookayama was completed in September 2023 and Tissage Toyodaekimae in January 2024, with all units sold out. In June 2024, “Trinity Toyonaka Hommachi” will be completed as a first Trinity -brand. Five properties, including Trinity Toyonaka Hommachi, are scheduled to be sold during this fiscal year.

▼Tissage
:Brands of condominiums
Upper side: Ookayama
Lower side: Toyodaekimae



◀Trinity Toyonaka Hommachi
:Brands of single income properties

- Location: 4-chome Honmachi, Toyonaka-shi, Osaka
- Structure and scale : RC, 5-story
- Building uses: Apartment houses, stores
- Construction period: September 2023 - June 2024
- Size of land: 1455.39m²
- Total floor space: 2,324.96m²
- Building area: 641.8m²
- Status: Contracted for sale



Topics

◆ Takamatsu House Kansai

○Expansion of wooden detached housing business into the Kansai area

As one of the initiatives to “expand business into the upstream and downstream areas” set forth in its medium-term management plan, Takamatsu House Kansai was established in November 2022. They aim to expand its wooden detached housing business in the Kansai area under the “Takamatsunoie” brand. In December 2023, the first three wooden detached houses, “Yamamotonishi” were completed in Takarazuka-shi, Hyogo. Of the 5 lots, 2 were sold as land and three as built-for-sale. One of them, Yamamoto Nishi Lot No. 5, has already been sold and handed over.



▲Yamamotonishi
Left side: Lot No. 1/Right side: Lot No. 2

- “Takamatsunoie” Yamamotonishi Lot No.1 & Lot No.2
- Location: Yamamotonishi, Takarazuka-shi, Hyogo. 10 minutes’ walk from Nakayamadera Station on JR Fukuchiyama line.
- Structure and scale : 2-story wooden structure, 3LDK
- Construction period: July 2023 - December 2023
- Sales Price: 51.8 million yen - 52.8 million yen
- Size of land: 100m²
- Building area: 91.0m²~93.8m²

Company Name	Takamatsu House Kansai
Location	Shinkitano, Yodogawa-ku, Osaka
Name and position of Representative	Kenji Yagi, Representative Director & President
Capital	100 million yen
Date of Establishment	November 1, 2022
Description of Business	Conducts sales, planning and marketing of wooden detached house-related business mainly in Kansai area.
Shareholders and Stockholding ratio	Takamatsu Construction Group owns 100% of the shares
Number of Employees	25 (As of March 31, 2024)

Topics

◆ Takamatsu Corporation

○New Construction of Shimohana Logistics, Takatsuki Logistics Center

Takamatsu Corporation has launched an initiative to connect land brokerage to construction contracting orders, and this project is one such initiative. Takamatsu Corporation proposed the project, and they will design and construction.

- The ordering party: Shimohana Logistics Co.,Ltd.
- Location: Takatsuki-shi, Osaka
- Construction period: 1 June 2024 - 31 July 2025
- Contract value: 3.2 billion yen (excluding tax)
- Structure and scale: Steel-framed, 7-story building
- Size of land: 11,125m²
- Construction floor space: 17,217 m²



◆ Asunaro Aoki Construction

○New construction of Takagi, Tsukuba factory

- The ordering party: Takagi Co.,Ltd.
- The order receiving party: Asunaro Aoki Construction (single prime contractor construction)
- Location: F54, Block 1 Yatabe, Tsukuba-shi, Ibaraki
- Structure and scale: Steel-framed, 2-storey building
- Construction period: 25 July 2022-31 January 2024
- Size of land: Approx. 16,500 m²
- Construction floor space: 13,667.27 m²
- Building uses: New construction of factories and logistics centers (offices)



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 May 15, 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.