

Analysis Material for 1Q, FY ending March 2021

Takamatsu Construction Group Co.,Ltd.
Securities Code : 1762
August 6, 2020

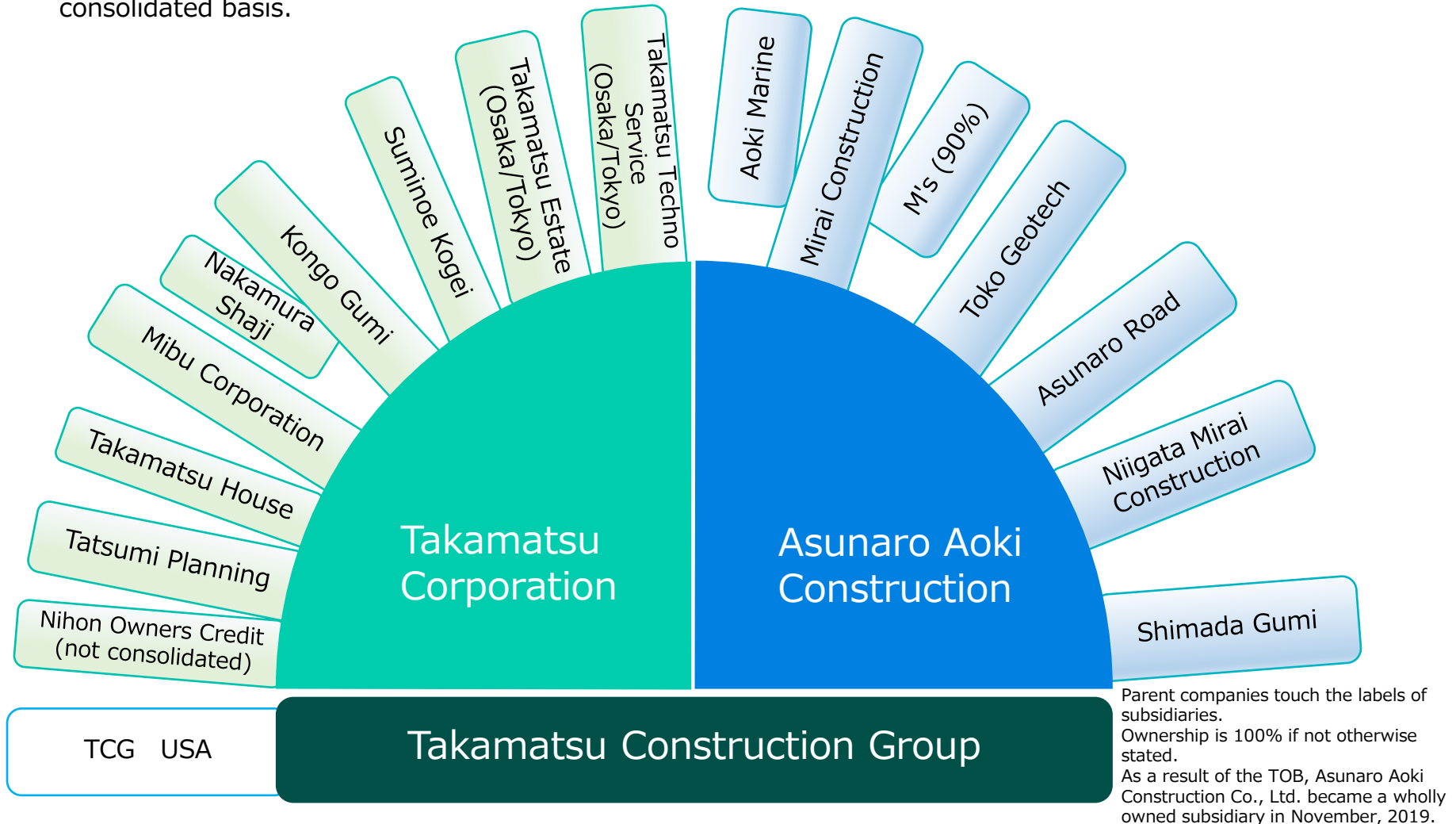
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Financial results for 1Q,FY ending March 2021

Group formation

- ◆ The Takamatsu Construction Group is composed of Takamatsu Construction Group Co., Ltd., a pureholding company, and Takamatsu Corporation Co., Ltd. and 10 other companies, Asunaro Aoki Construction Co., Ltd. and 7 other companies, and TCG USA, Inc., an overseas subsidiary, for a total of 21 companies on a consolidated basis.



Situation of Corporate Group

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

TCG Performance for 1Q, FY ending March 2021 (Consolidated)

- ◆ Orders decreased by 43.3% from the previous FY due to the new coronavirus infection, which prevented us from visiting individual customers and the order has been postponed. Revenue increased by 10.6% from the previous FY due to steady construct of construction work in progress.

Unit: 100 million yen

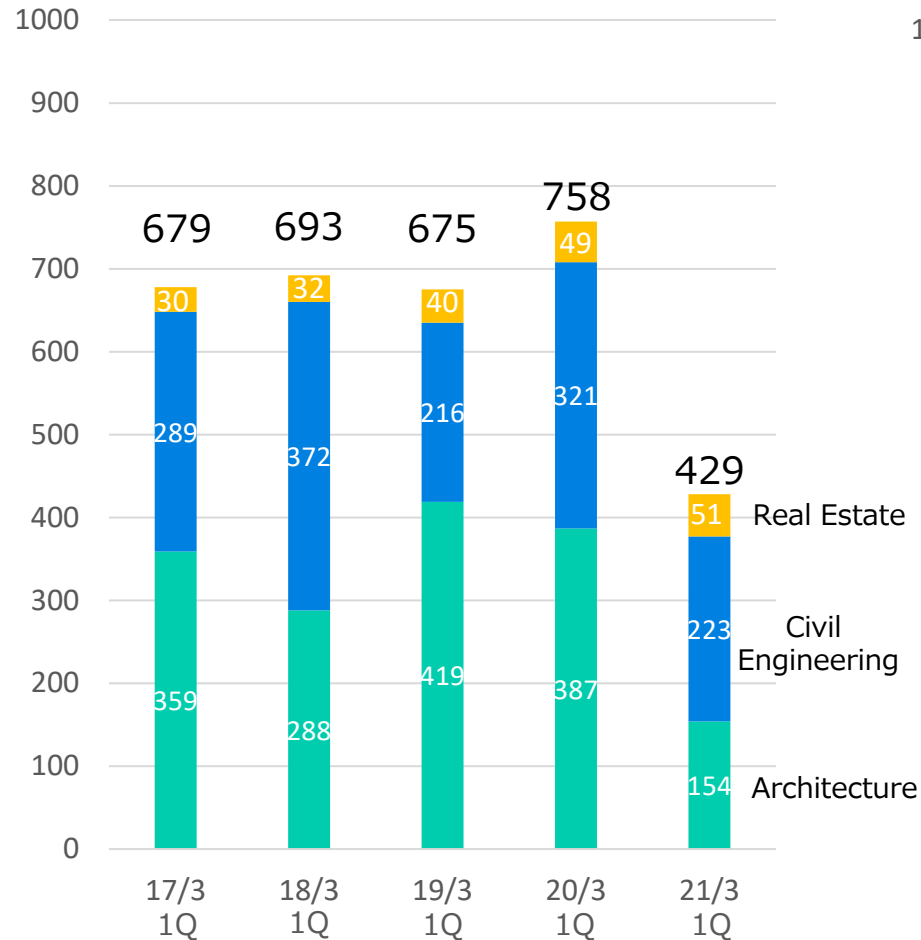
Item	1Q FY ended March 2020		1Q FY ending March 2021	+ / -
Orders	758	↘	429	△43.3%
Revenue	598	↗	661	10.6%
Gross Profit	74	↗	78	6.1%
Gross Profit %	12.4%	↘	11.9%	△0.5pt
Operating Income	13	↗	14	6.4%
Operating Income %	2.2%	↘	2.1%	△0.1pt
Ordinary income	13	↗	13	2.7%
Ordinary income %	2.3%	↘	2.1%	△0.2pt
Net earnings attributable to the owners of the parent	4	↗	6	44.5%
Net earnings attributable to the owners of the parent %	0.7%	↗	0.9%	0.2pt

(Consolidated) TCG Results for 1Q, FY ending March 2021 by Segment Orders, Revenue

- ◆ Architecture : Although we received some orders for public works, we were unable to visit individual customers due to the effects of the new coronavirus infection.
- ◆ Civil Engineering : Some orders were deferred. Revenue increased from the previous year due to steady construct of construction work in progress.

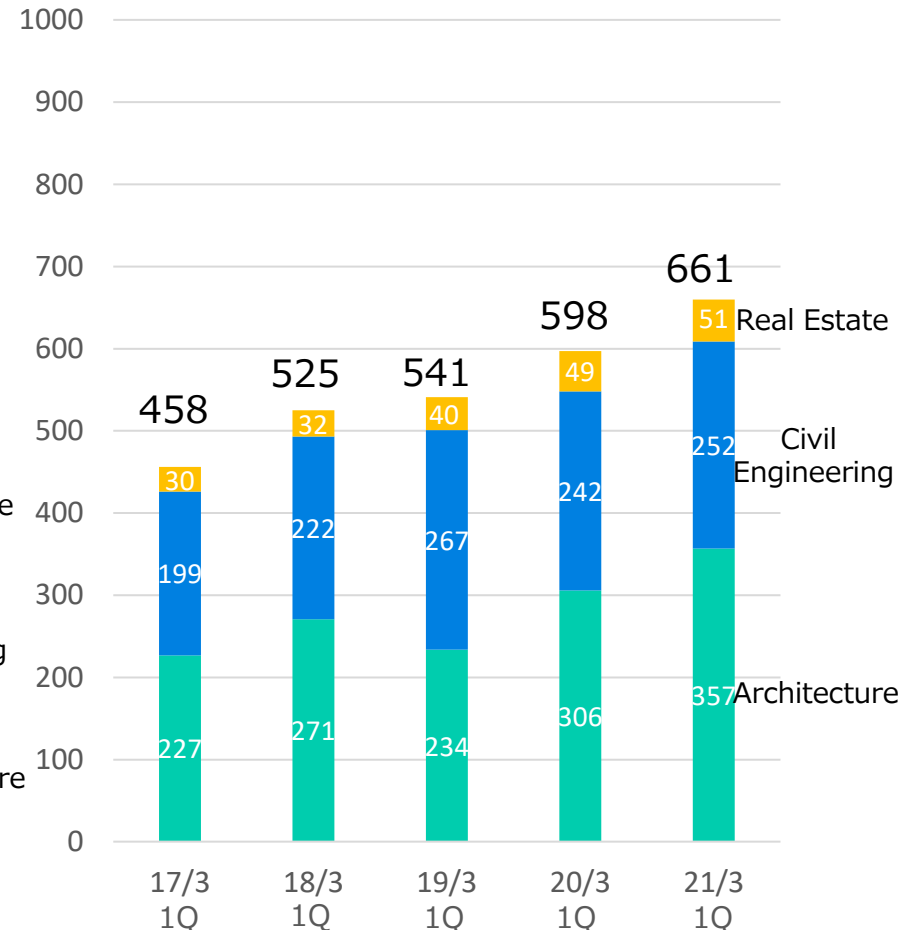
Orders

(100 million yen)



Revenue

(100 million yen)



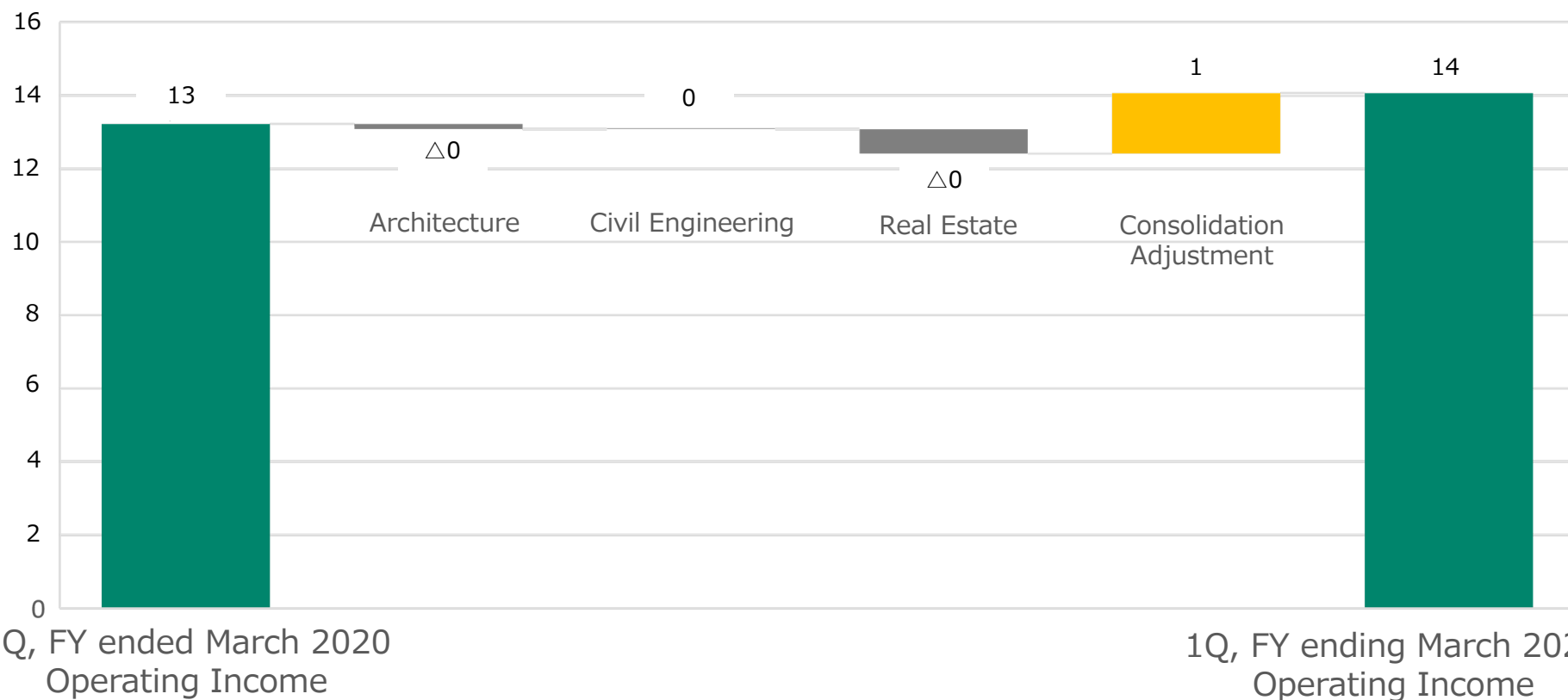
Analysis of Changes in Operating Income (by segment)

- ◆ TCG Group was able to build up gross profit due to steady construct of construction work in progress, which enabled it to secure an operating income on a par with the previous year.

Operating Income

■ Increase ■ Decrease ■ Total

(100 million yen)

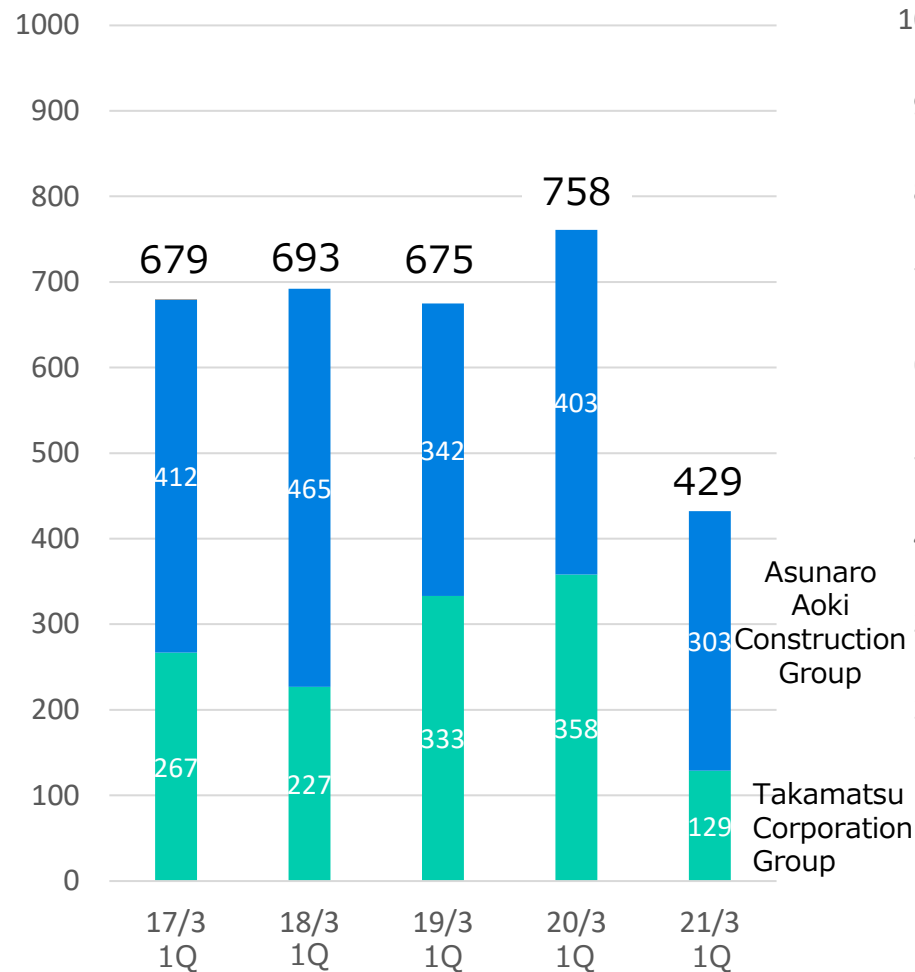


(Consolidated) TCG Results for 1Q, FY ending March 2021 by Group

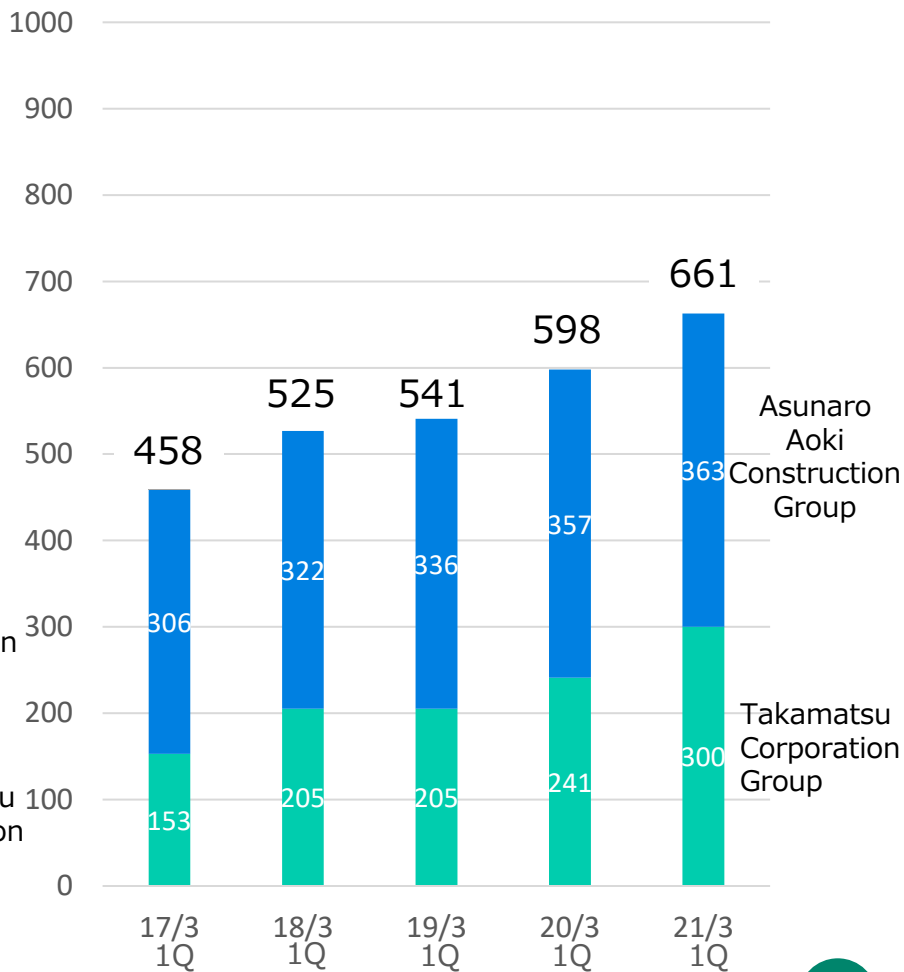
Orders, Revenue

- ◆ Orders decreased at Asunaro Aoki Construction Group in reaction to large construction orders received in the previous FY. Orders at Takamatsu Corporation Group were weak due to unable to visit individual clients. Revenue and profits were steady.

Orders (100 million yen)



Revenue (100 million yen)

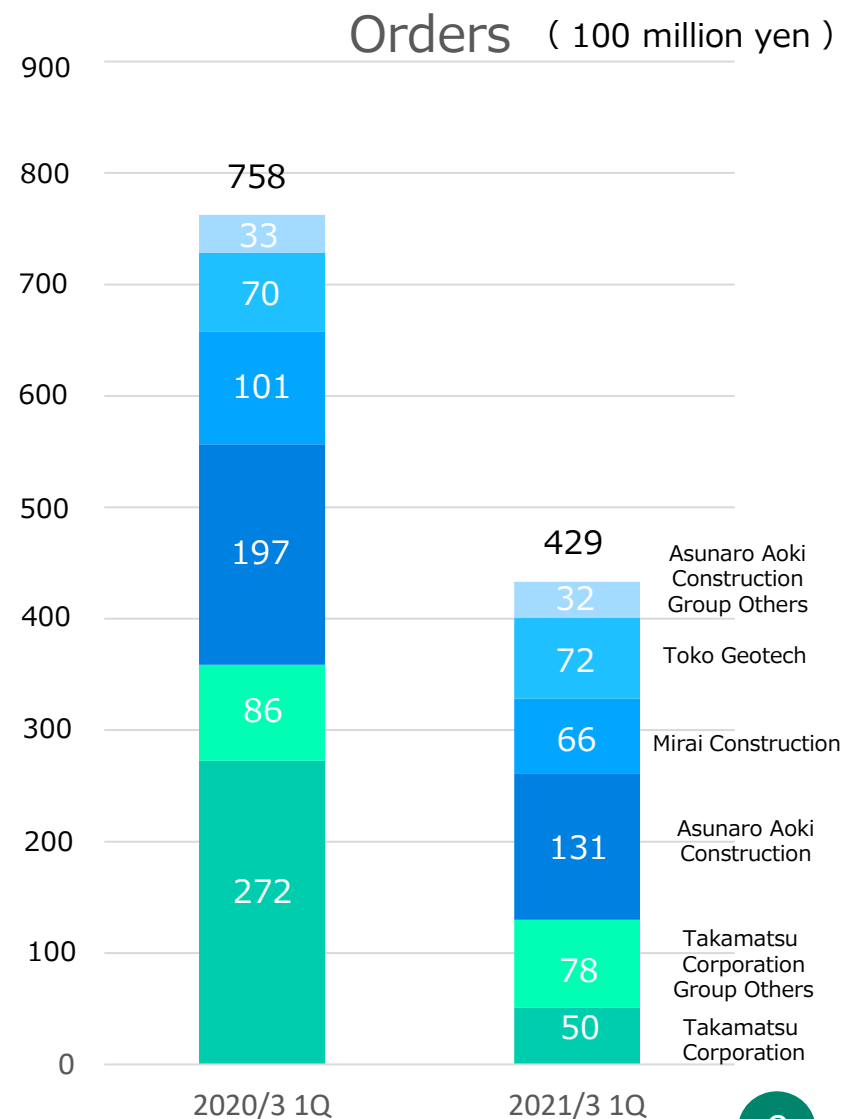


Orders by major 4 companies

- ◆ Orders at Takamatsu Corporation were sluggish due to unable to visit private clients. Orders decreased at Asunaro Aoki Construction and Mirai Construction in reaction to large construction orders received in the previous FY.

(million yen)

Company Name	1Q FY ended March 2020	1Q FY ending March 2021	+/-
Takamatsu Corporation	27,260	5,096	△81.3%
Takamatsu Corporation Group Others	8,601	7,886	△8.3%
Takamatsu Corporation Group Total	35,861	12,982	△63.8%
Asunaro Aoki Construction	19,789	13,156	△33.5%
Mirai Construction	10,146	6,691	△34.1%
Toko Geotech	7,046	7,246	+2.8%
Asunaro Aoki Construction Group Others	3,395	3,225	△5.0%
Asunaro Aoki Construction Group Total	40,376	30,318	△24.9%
TCG consolidated	75,822	42,995	△43.3%

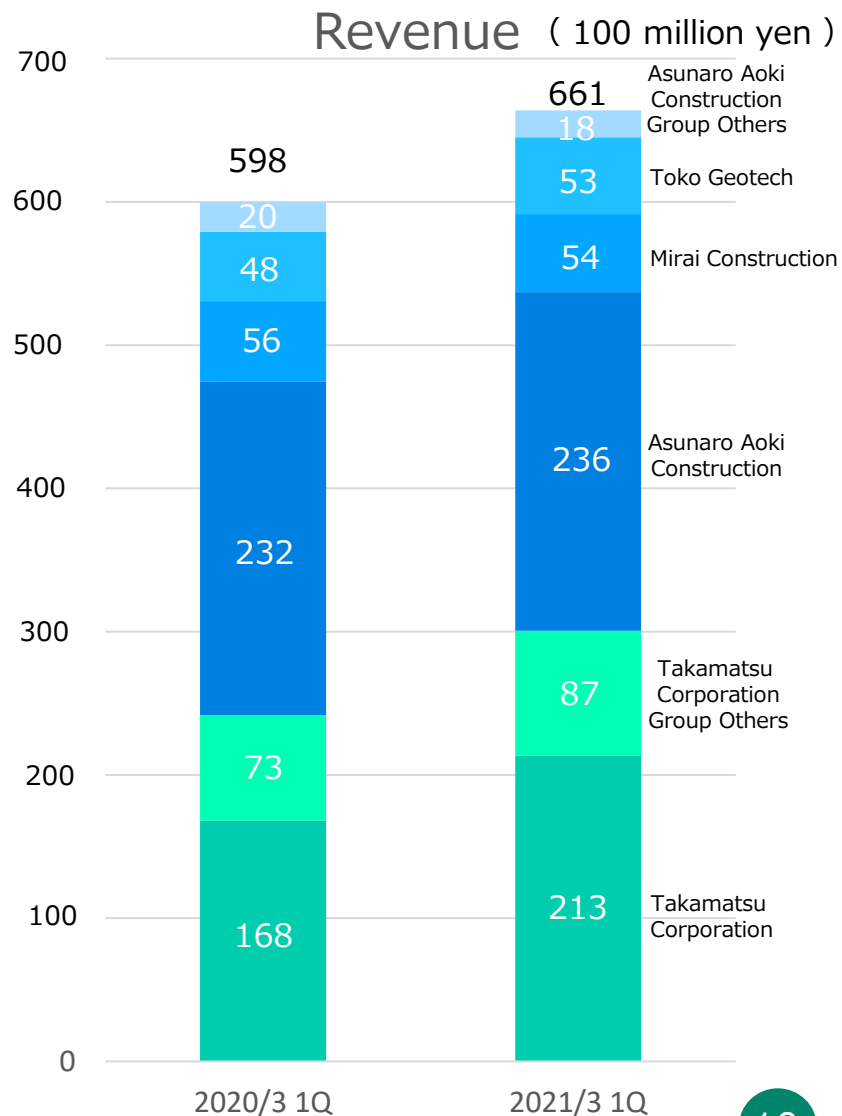


Revenue by major 4 companies

- ◆ Revenue increased by 10.6% from the previous FY due to steady construct of construction work in progress.

(million yen)

Company Name	1Q FY ended March 2020	1Q FY ending March 2021	+ / -
Takamatsu Corporation	16,822	21,352	+26.9%
Takamatsu Corporation Group Others	7,357	8,706	+18.3%
Takamatsu Corporation Group Total	24,179	30,058	+24.3%
Asunaro Aoki Construction	23,265	23,638	+1.6%
Mirai Construction	5,622	5,447	△3.1%
Toko Geotech	4,844	5,365	+10.8%
Asunaro Aoki Construction Group Others	2,066	1,879	△9.1%
Asunaro Aoki Construction Group Total	35,797	36,329	+1.5%
TCG consolidated	59,810	66,123	+10.6%

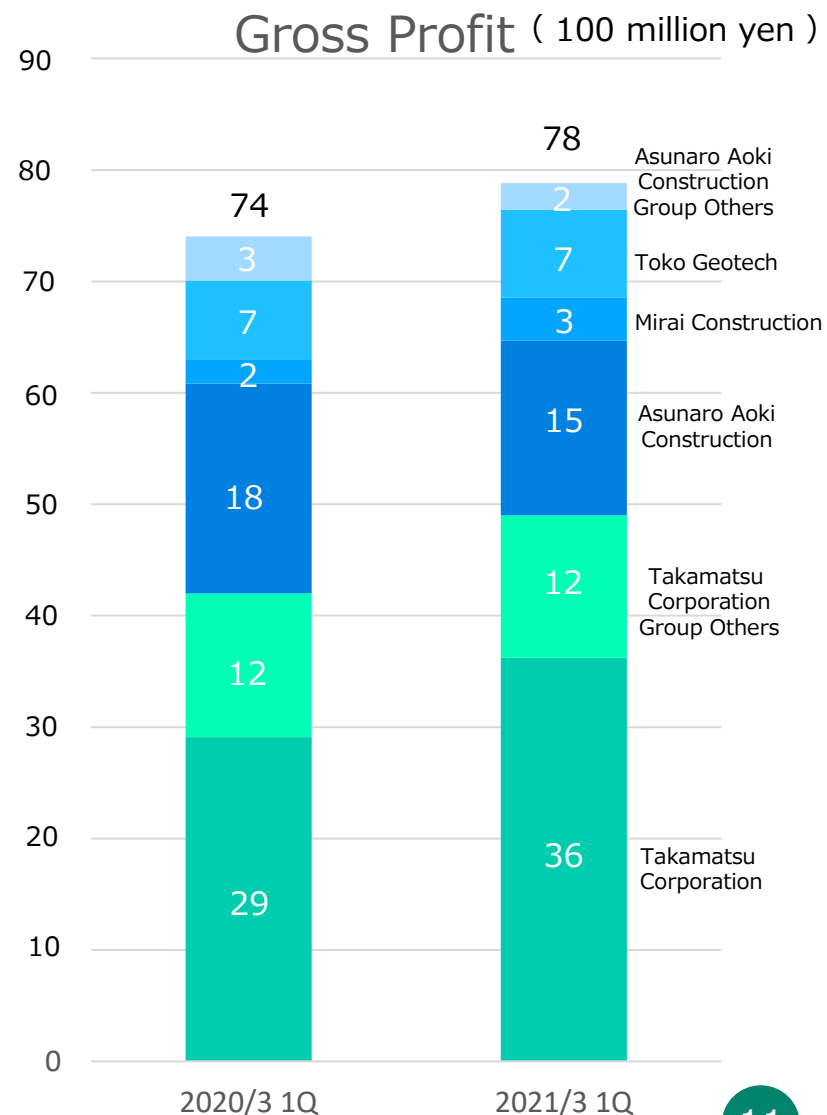


Gross Profit by major 4 companies

- Gross profit increased due to steady construct of construction work in progress, but some companies that had fewer high-margin projects saw a decline in profits.

(million yen)

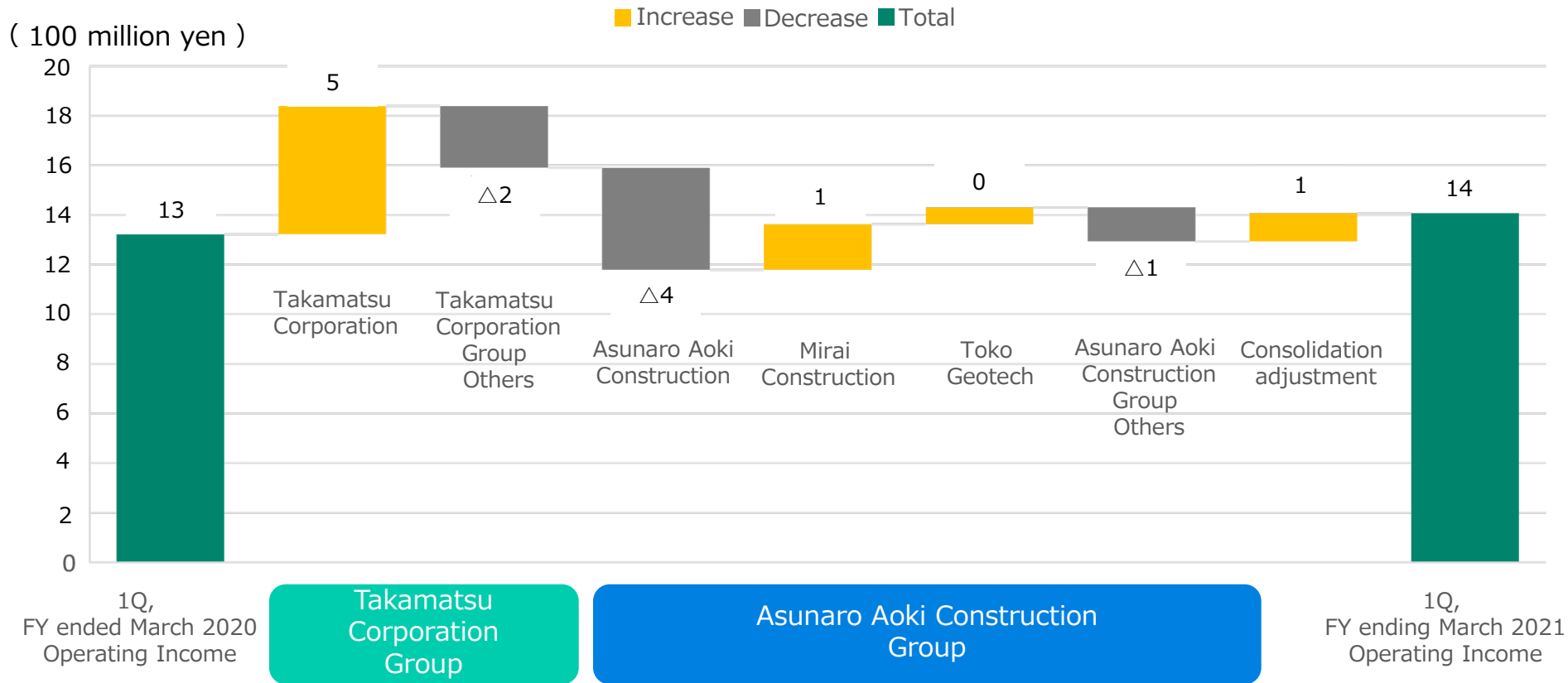
Company Name	1Q FY ended March 2020	1Q FY ending March 2021	+ / -
Takamatsu Corporation	2,909	3,622	+ 24.5%
Takamatsu Corporation Group Others	1,290	1,278	△0.9%
Takamatsu Corporation Group Total	4,199	4,900	+ 16.7%
Asunaro Aoki Construction	1,884	1,569	△16.7%
Mirai Construction	219	384	+75.3%
Toko Geotech	705	791	+12.2%
Asunaro Aoki Construction Group Others	398	238	△40.2%
Asunaro Aoki Construction Group Total	3,206	2,982	△7.0%
TCG consolidated	7,426	7,881	6.1%



Analysis of Changes in Operating Income (by major 4 companies)

- ◆ Operating income increased at Takamatsu Corporation due to steady construct of construction work in progress. Operating income decreased at Asunaro Aoki Construction due to a decrease in high-margin projects.

Operating Income

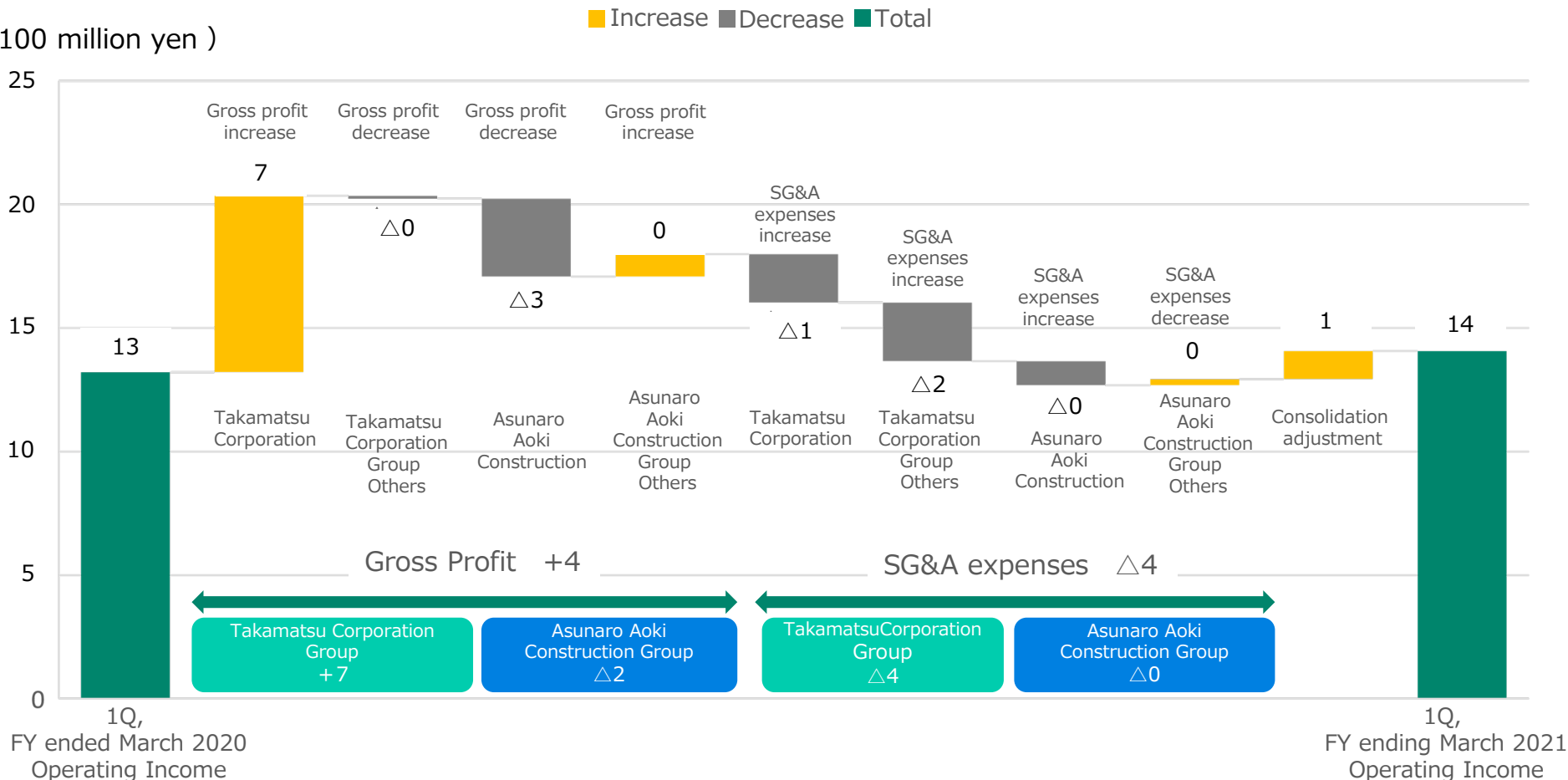


Analysis of Changes in Operating Income (by gross profit and SG&A expenses)

- ◆ Gross profit increased at Takamatsu Corporation due to steady construct of construction work in progress. Gross profit decreased at Asunaro Aoki Construction due to a decrease in high-margin projects. SG&A expenses increased at Takamatsu Corporation Group due to an increase in the number of employees and other factors.

Operating Income

(100 million yen)



Impact of the new coronavirus infection on each segment

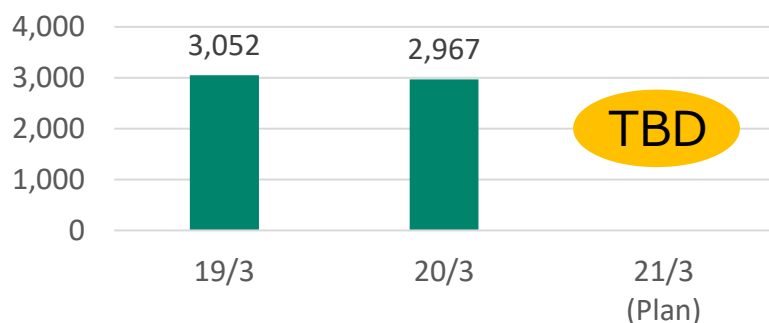
	segment	Impact
Construction	Public sales activities	Although there were some delays in ordering due to the response to the new coronavirus infection, sales activities generally returned to normal.
	Private sales activities	Although there have been some delays in placing orders with corporate clients, the order environment is returning to its previous state. With regards to individual customers, sales activities on the web and over the phone were the main focus.
	Public construction	Although some construction work was halted, the impact was minor. Construction work is continuing after taking measures to prevent the spread of infection.
	Private construction	Construction work is continuing after taking measures to prevent the spread of infection.
Real Estate	Tenant mediation	It is generally back to business as usual.
	Building management	It is generally back to business as usual.
Employment	Employment of new graduates	Company information sessions and interviews are held online.
Other	M&A	The situation is generally back to normal.

Earnings Forecast for FY Ending March 2021

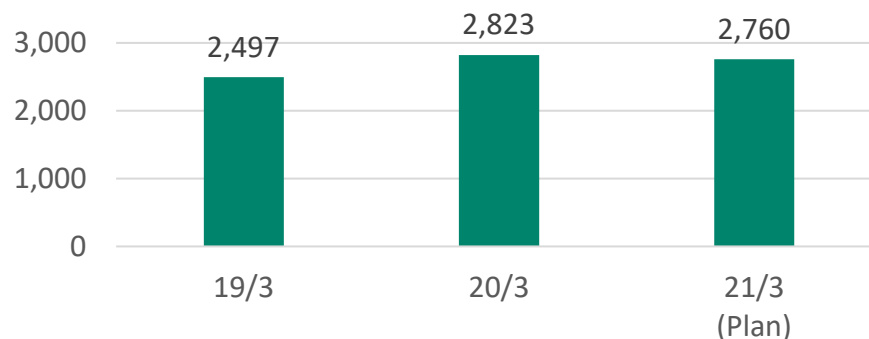
Earnings Forecast for FY Ending March 2021

◆No change from the figures announced on May 27, 2020.

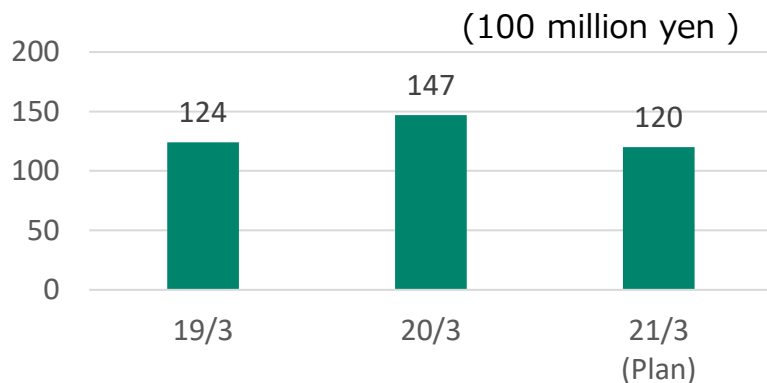
Orders (100 million yen)



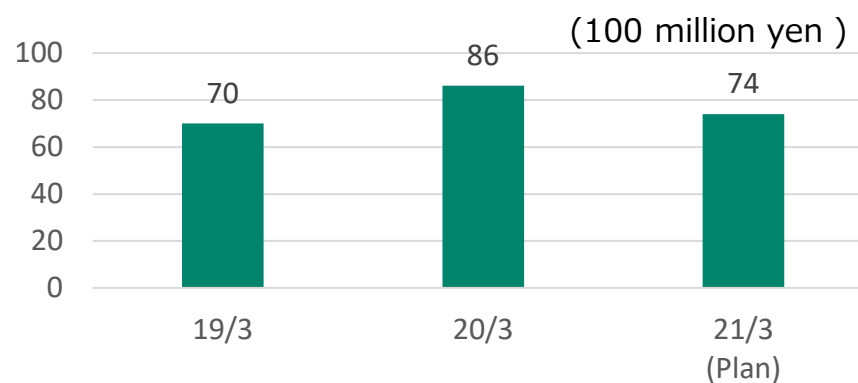
Revenue (100 million yen)



Operating Income



Net earnings attributable to the owners of the parent



The forecast for consolidated results this fiscal year is TBD because it is currently difficult to reasonably calculate the order forecast due to the impact of COVID-19.

Due to the impact of COVID-19, revenue is forecast to decrease 2.3% year-on-year, and operating income is expected to decrease 18.5% year-on-year.

Indicators

Takamatsu Corporation : Orders received by condominiums and non-condominiums

- ◆ Due to the declaration of a state of emergency following the outbreak of a new type of coronavirus infection, Takamatsu Corporation refrained from visiting individual customers, its main customers, and has been postponed orders from corporate customers who work from home. While just a reference figure, there was no change a ratio of the Osaka Head Office's mainstay of non-condo construction and the Tokyo Head Office's mainstay of rental condominium construction.

Percentage of condominiums and non-condominiums
Year-on-year comparison

(%)

	Osaka		Tokyo	
	2020/3 1Q	2021/3 1Q	2020/3 1Q	2021/3 1Q
condominiums	19.6%	5.5%	64.8%	68.5%
non-condominiums	80.4%	94.5%	35.2%	31.5%
Total	100%	100%	100%	100%

(million yen)

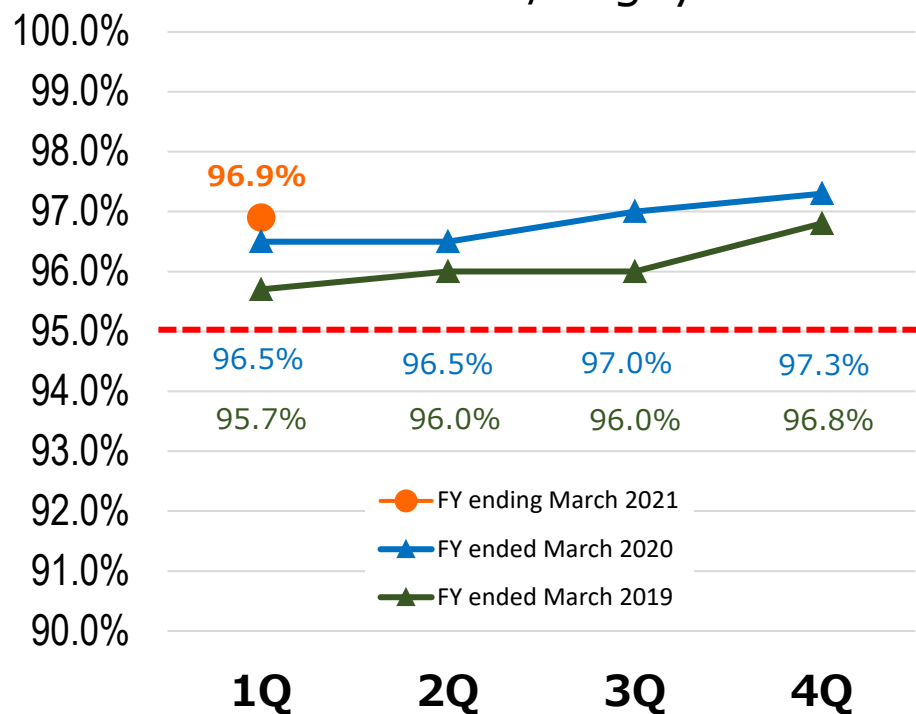
Orders received by condominiums and non-condominiums

	Osaka	Tokyo
	2021/3 1Q	2021/3 1Q
condominiums	177	1,289
non-condominiums	3,038	592
Total	3,215	1,881

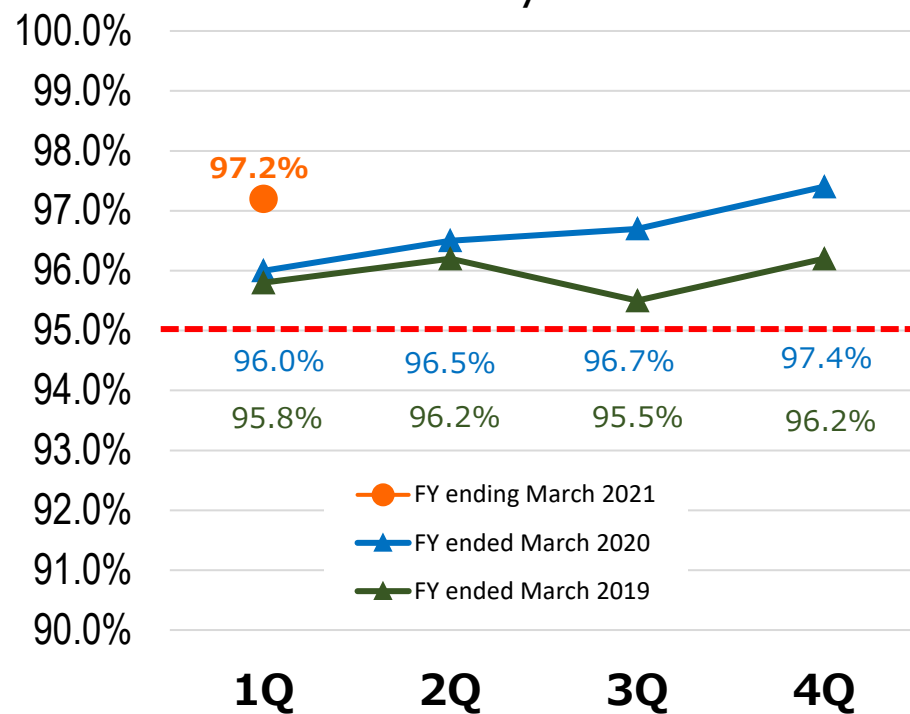
Occupancy Rate of Properties Constructed by Takamatsu Corporation at Takamatsu Estate

◆ Occupancy rates of 95% or higher have been maintained for 1Q, FY ending March 2021 in both Tokyo and Osaka.

Osaka/Nagoya



Tokyo



Definitions

"Osaka/Nagoya" : Osaka, Kyoto, Hyogo, and Nagoya

"Tokyo" : Tokyo, Kanagawa, Saitama, and Chiba

"Occupancy rate" : $\text{Number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate (Osaka/Tokyo) that are occupied at the end of each quarter} \div \text{total number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate (Osaka/Tokyo) at the end of each quarter}$

Topics

About Wooden detached house business & TCG USA Inc.

◆ Wooden detached house business

With the concept of "better quality and value for money", Takamatsu House Co.,Ltd. launched the "MIRAKURAS" brand of wooden detached houses for sale.

Takamatsu House Co.,Ltd. plans to operate mainly in the Jonan, Josai and Jouhoku areas of Tokyo as well as Yokohama.

We aim to provide "homes for sale that do not decline in asset value" and aim for 180 homes and sales of ¥10 billion in three years and ¥50 billion in 10 years.

* Jonan, Josai and Jouhoku areas of Tokyo : A large number of celebrity living these area



MIRAKURAS

brand of wooden detached houses for sale

◆ TCG USA Inc.

TCG USA Inc. acquired 224.E59th, a 5-story Wooden house in June 2018 and 413.E50th in August 2018 in Manhattan, New York City.

The first building, 224.E59th, is being operated as a rental property, and the second building, 413.E50th, will be sold after full renovation work is completed.

A third investment has been finalized in a 4-story, 192-unit apartment development in California with a local developer.

Due to the effects of the new coronavirus infection, construction is expected to start behind schedule.



TCG USA's third investment project
Blu Laguna Niguel Phase II
image

TCG Takamatsu Construction Group

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