

Results for Q2, FY March 2020

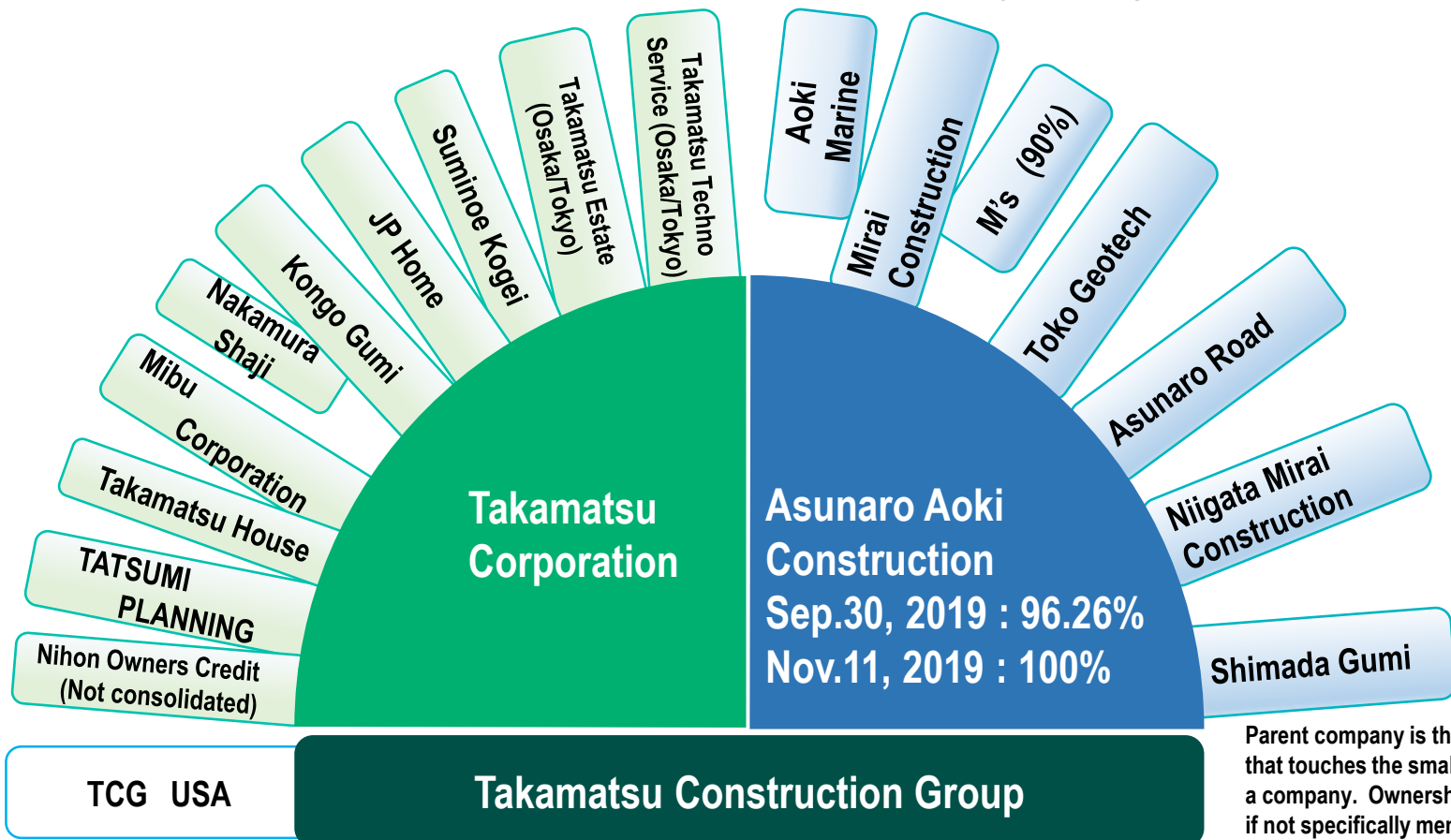
Takamatsu Construction Group Co.,Ltd.

Securities Code :1762

November 13, 2019

De-listing of Asunaro Aoki Construction

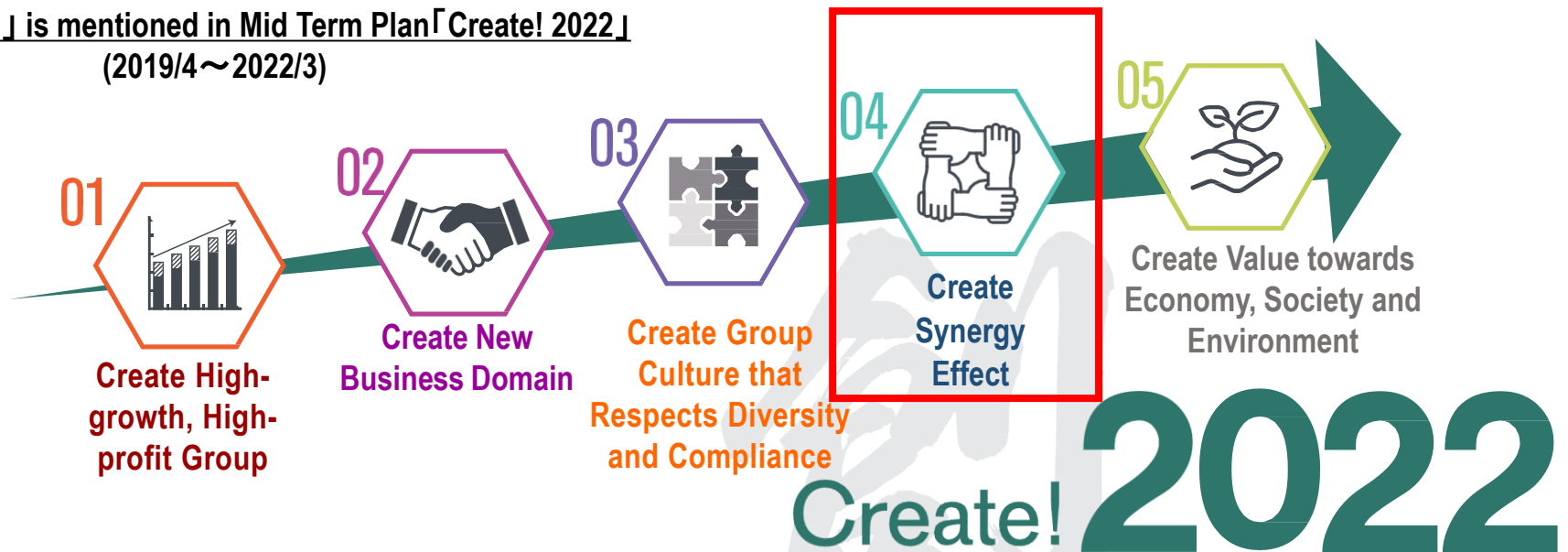
- Takamatsu Construction Group Co.,Ltd. acquired 96.26% shares of Asunaro Aoki Construction Co.,Ltd. by Tender Offer that took place from August 7 through September 19, 2019.
- The above Offer led into de-listing of Asunaro Aoki Construction Co.,Ltd. from Tokyo Stock Exchange on November 7, 2019. Asunaro Aoki Construction Co.,Ltd. became 100% TCG Group company on November 11, ending 19 years of double-listed status.
- TCG Group will continue management of 22 consolidated Group Companies with two core companies : de-listed Asunaro Aoki Construction Co.,Ltd. and Takamatsu Corporation, the founding Company of the Group.



The Future of TCG Group and Asunaro Aoki as a 100% Group Company

- TCG Group has grown through M&A.
- TCG Group has grown steadily by respecting independence of each Group Companies.
(Not changing company names after acquisition is one example)
- In particular, Asunaro Aoki Construction Group (8 companies) was given independence as one listed consolidated group of companies. Although the independence worked beneficially to a certain extent, issues existed from the standpoint of TCG Group governance and synergy creation.
- By delisting Asunaro Aoki Construction, TCG Group will be able to accelerate the creation of synergy effect leading into enhanced corporate value.

5「Create」 is mentioned in Mid Term Plan「Create! 2022」
(2019/4～2022/3)









2Q, FY March 2020

Results for Q2, FY 2020 March (Consolidated)

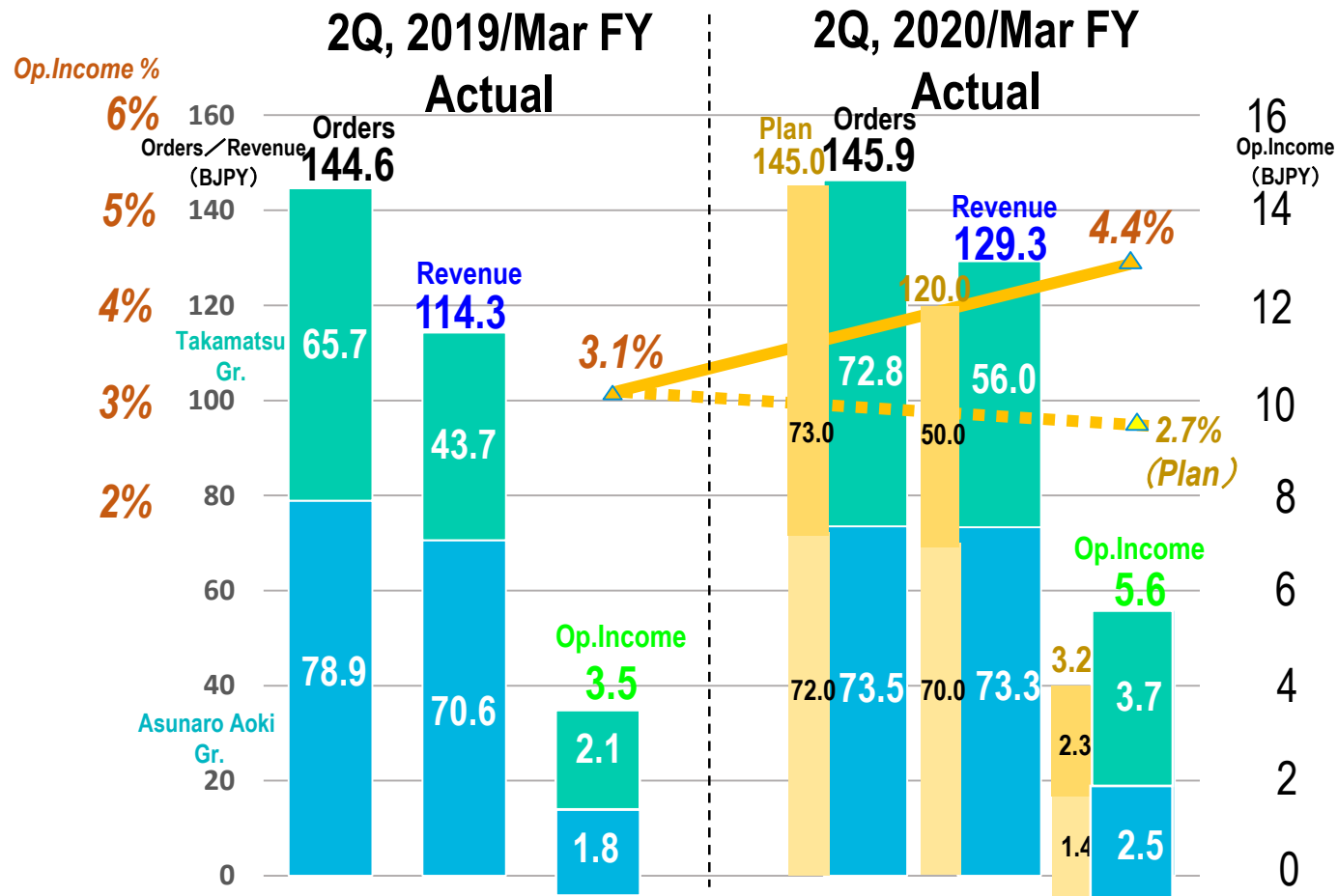
1. Orders : +0.9% vs last year. Record high for 2 consecutive years as Q2.
2. Revenue : +13.2% vs last year. Grew 8 consecutive years, record high for 6 consecutive years as Q2.
3. Income : Gross profit, operating income and ordinary income increased significantly.
In spite of Non-operating loss of $\Delta 0.3$ BJPY (Tender Offer Cost, etc) and Extraordinary loss of $\Delta 0.4$ BJPY (Loss on inventory valuation, etc), net earnings attributable to controlling interest increased by 27.8% vs last year to 2.4 BJPY.

Unit : BJPY

Item	FY2019/Mar 2Q	FY2020/Mar 2Q	+/- (%)
Orders	144.6	 145.9	+0.9%
Revenue	114.3	 129.3	+13.2%
Gross Profit (% vs Revenue)	14.6 (12.8%)	 18.0 (14.0%)	+23.4%
Operating Income (% vs Revenue)	3.5 (3.1%)	 5.6 (4.4%)	+59.4%
Ordinary Income (% vs Revenue)	3.5 (3.1%)	 5.3 (4.2%)	+49.9%
Net earnings attributable to controlling interest (% vs Revenue)	1.9 (1.7%)	 2.4 (1.9%)	+27.8%

By-Group Orders, Revenue and Op.Income (Consolidated)

- 1.Orders : Record high for 2 consecutive years as Q2, slight growth vs last year, Takamatsu Group slightly short vs plan.
- 2.Revenue : Grew 8 consecutive years, record high for 6 consecutive years as Q2. Both Groups grew vs. plan and last year.
- 3.Op.Income : +2.4BJPY vs Plan of 3.2BJPY. +2.1BJPY vs last year, Takamatsu Group +1.5BJPY, Asunaro Aoki Group +0.7BJPY.
- 4.Op.Income % : 4.4% vs Plan of 2.7%. +1.3pt vs last year of 3.1%.

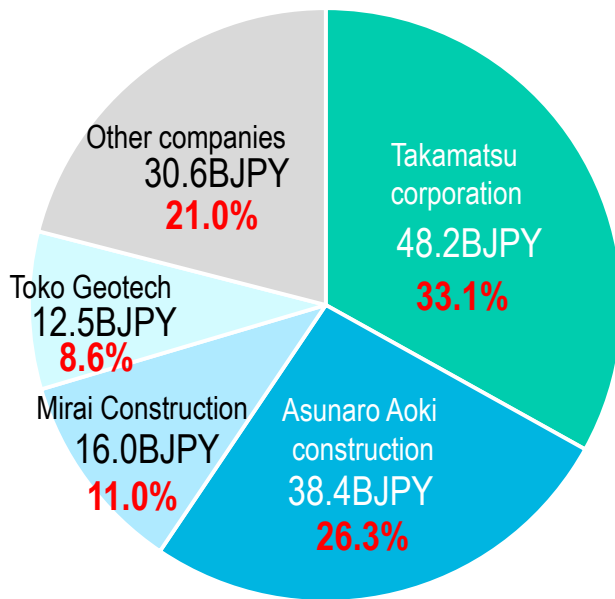


Unit: Billion yen. The sum of Op.Income of each group doesn't match with the total due to admin costs.

Orders, Revenue and Op.Income Ratio of 4 Major Group Companies(Consolidated)

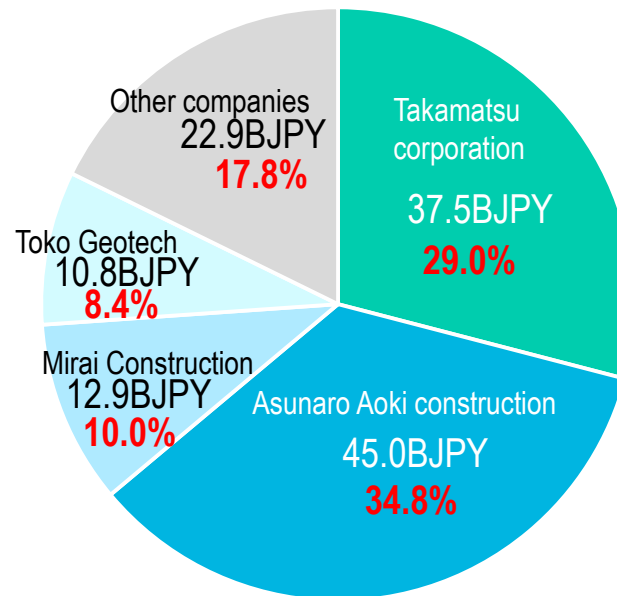
◆ 4 major companies (Takamatsu Corporation, Asunaro Aoki Construction, Mirai Construction and Toko Geotech) occupy about 80% of the total Group.

Orders



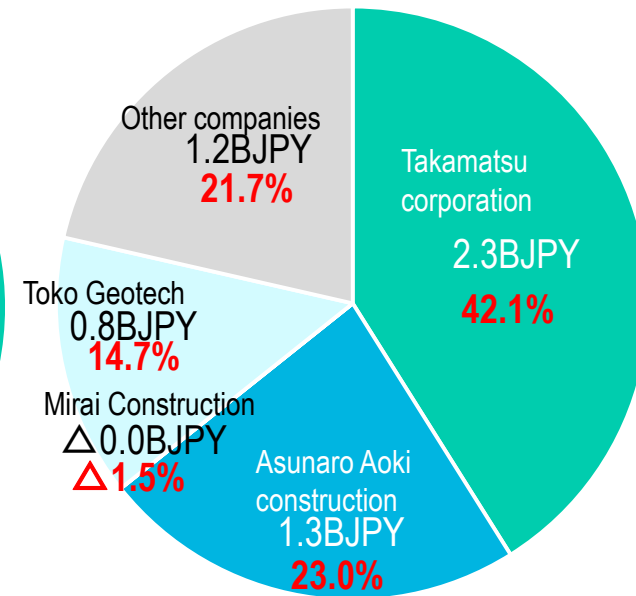
4 companies Total
115.3BJPY
79.0%

Revenue



4 companies Total
106.3BJPY
82.2%

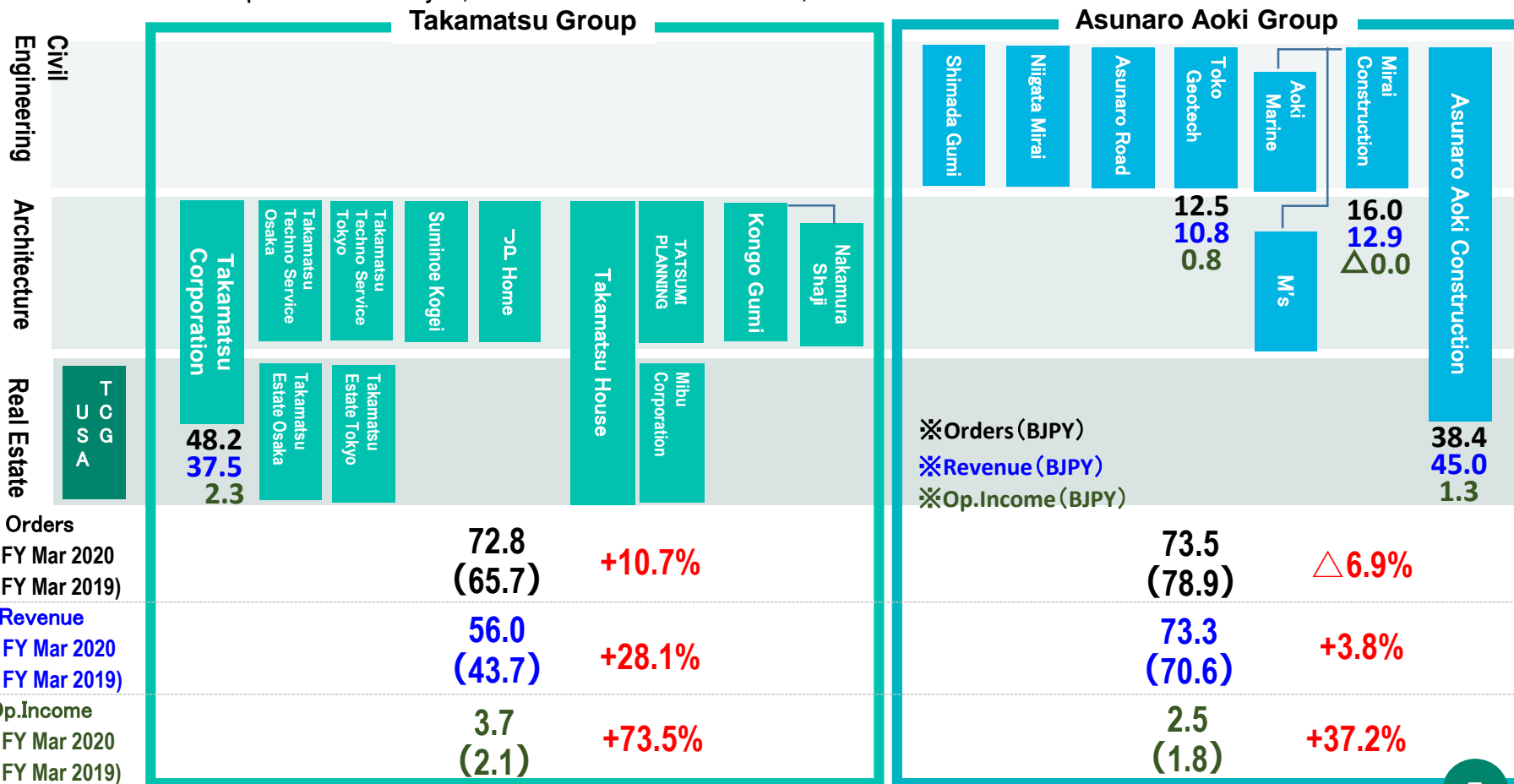
Op.Income



4 companies Total
4.4BJPY
78.3%

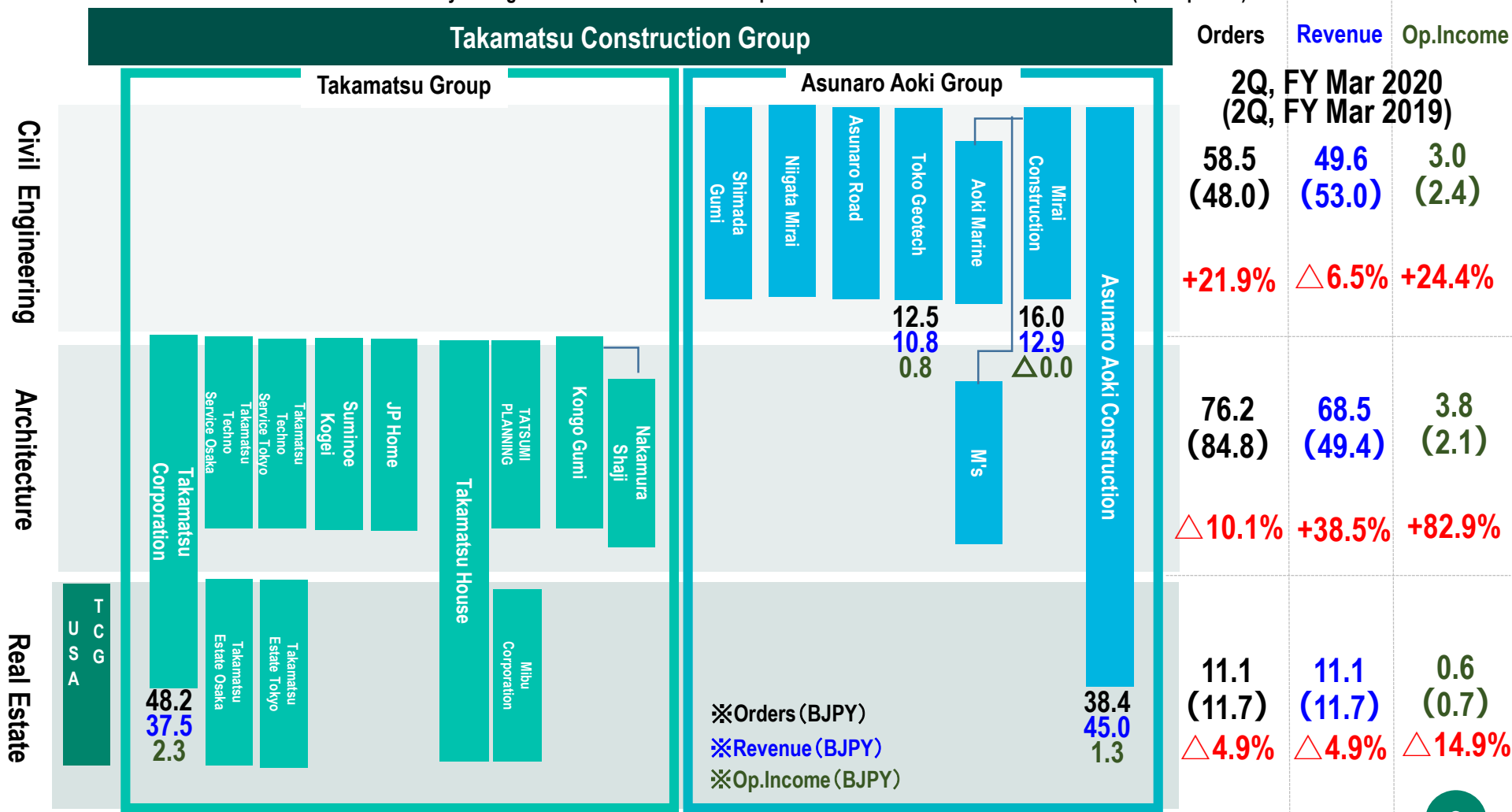
TCG : By-Group Split (Consolidated)

- 1.Orders : Takamatsu Group : +7.0BJPY vs last year, Takamatsu Corporation Δ 1.2B, Takamatsu Techno & Takamatsu Estate (4 companies) +1.6B, Tatsumi Planning (new Group company through M&A) +6.2B
Asunaro Aoki Group : Δ 5.4BJPY, Asunaro Aoki Construction Δ 10.2B, Mirai Construction +5.9B.
- 2.Revenue : Takamatsu Group : +12.3BJPY vs last year, Takamatsu Corporation : +7.6B, Takamatsu Techno & Takamatsu Estate (4 companies) +2.3BJPY, Tatsumi Planning (new Group company through M&A) +1.6B.
Asunaro Aoki Group : +2.6BJPY vs last year, Asunaro Aoki Construction : +5.3B, Mirai Construction : Δ 3.1BJPY.
- 3.Op.Income : Takamatsu Group : +1.5BJPY vs last year, Takamatsu Corporation +0.9B, Takamatsu Techno & Takamatsu Estate (4 companies) +0.5BJPY, Takamatsu House & Tatsumi Planning (new Group companies) \pm 0.0B.
Asunaro Aoki Group : +0.7BJPY vs last year, Asunaro Aoki Construction +0.5BJPY, Mirai Construction : Δ 0.3BJPY.



TCG : By-Segment Split (Consolidated)

1. Orders : Civil Engineering : Increased mainly through +5.9BJPY of Mirai Construction and +6.0BJPY of Asunaro Aoki Construction.
 Architecture : Decreased mainly by Δ 16.6BJPY of Asunaro Aoki Construction decrease.
2. Revenue : Civil Engineering : Decreased mainly through : Δ 0.7BJPY of Asunaro Aoki Construction and Δ 3.1BJPY of Mirai Construction.
 Architecture : Increased mainly through +9.8BJPY of Takamatsu Corporation and +5.7BJPY of Asunaro Aoki Construction.
3. Op.Income : Civil Engineering : Increased by +0.4BJPY of Asunaro Aoki Construction and +0.1BJPY of Toko Geotech partially offset by Δ 0.3BJPY of Mirai Construction.
 Architecture : Increased mainly through +1.0BJPY of Takamatsu Corporation and +0.3BJPY of Takamatsu Techno (2 companies).

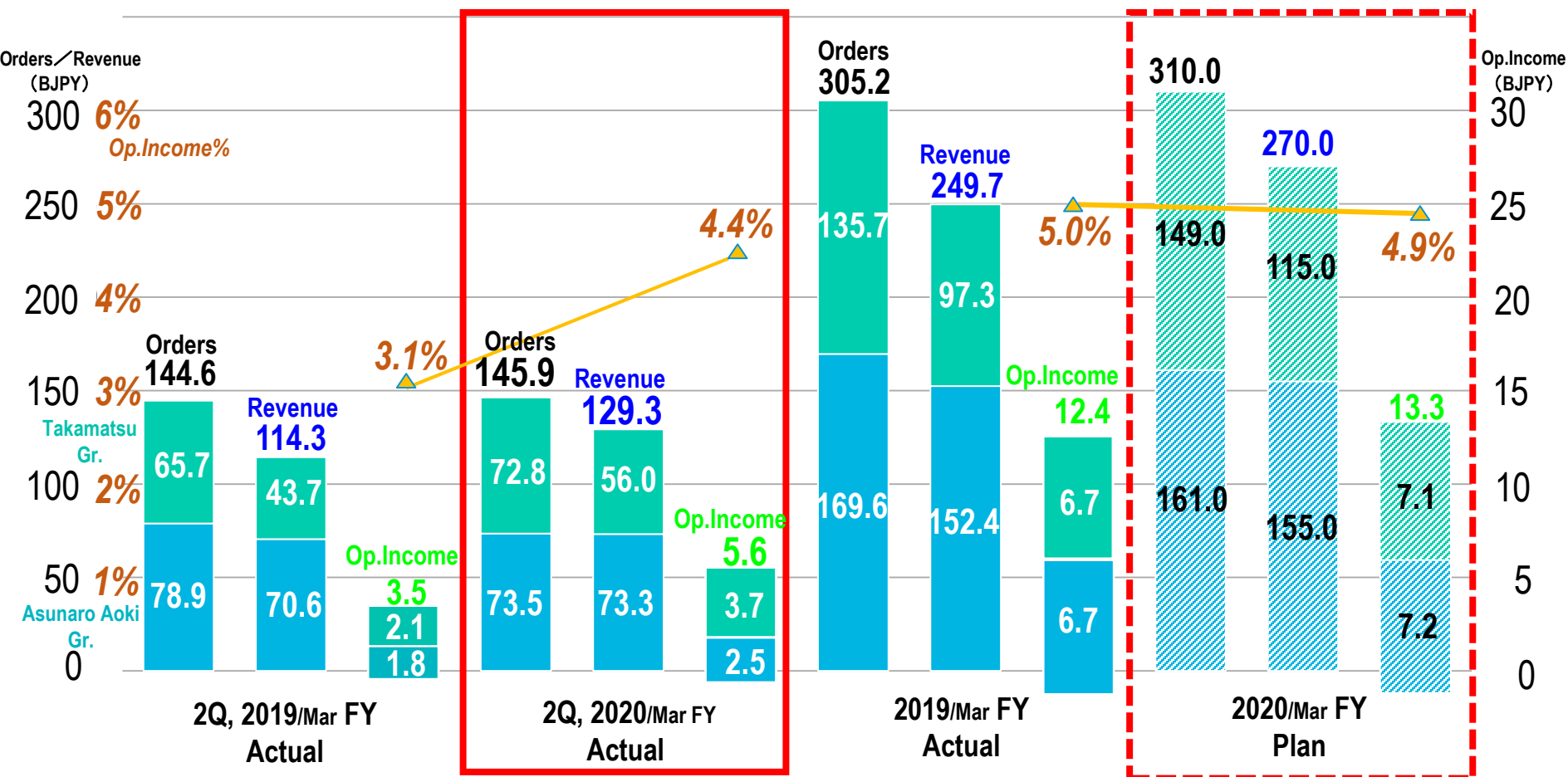


Performance of Major Operating Companies

	2020/3FY Q2 (BJPY)										+/- (%) (vs last year)									
	Takamatsu Corporation	Takamatsu Group Others	Takamatsu Group	Asunaro Aoki Construction	Mirai Construction	Toko Geotech	Asunaro Aoki Group Others	Asunaro Aoki Group	Others	TCG	Takamatsu Corporation	Takamatsu Group Others	Takamatsu Group	Asunaro Aoki Construction	Mirai Construction	Toko Geotech	Asunaro Aoki Group Others	Asunaro Aoki Group	Others	TCG
Orders	48.2	24.5	72.8	38.4	16.0	12.5	6.4	73.5	△0.3	145.9	△2.4%	+50.6%	+10.7%	△21.0%	+59.4%	△6.8%	△4.3%	△6.9%	-	+0.9%
Civil Engineering	0.0	-	0.0	24.8	16.0	12.5	5.0	58.5	△0.0	58.5	-	-	-	+32.4%	+59.4%	△6.8%	△11.5%	+21.8%	-	+21.9%
Architecture	48.2	14.7	63.0	12.6	-	-	1.4	14.0	△0.7	76.2	+1.8%	+103.4%	+15.3%	△56.9%	-	-	+35.7%	△53.7%	-	△10.1%
Real Estate	0.0	9.8	9.8	0.9	0.0	0.0	△0.0	0.9	0.4	11.1	△99.1%	+8.3%	△11.8%	+56.2%	△57.7%	△9.2%	-	+54.8%	+31,199.7%	△4.9%
Revenue	37.5	18.5	56.0	45.0	12.9	10.8	4.4	73.3	△0.0	129.3	+25.7%	+33.3%	+28.1%	+13.4%	△19.6%	+5.6%	△1.1%	+3.8%	-	+13.2%
Civil Engineering	0.3	-	0.3	22.1	12.9	10.8	3.3	49.2	△0.0	49.6	△17.9%	-	△17.9%	△3.4%	△19.6%	+5.6%	△0.9%	△6.4%	-	△6.5%
Architecture	37.1	8.7	45.8	21.9	-	-	1.1	23.1	△0.4	68.5	+35.9%	+79.9%	+42.5%	+35.7%	-	-	+0.2%	+33.2%	-	+38.5%
Real Estate	0.0	9.8	9.8	0.9	0.0	0.0	0.0	0.9	0.3	11.1	△99.1%	+8.3%	△11.8%	+56.2%	△57.7%	△9.2%	-	+54.3%	-	△4.9%
Gross Profit	7.2	3.3	10.5	3.9	0.8	1.6	0.9	7.4	0.0	18.0	+28.6%	+42.6%	+32.7%	+19.3%	△30.1%	+10.8%	+61.2%	+12.1%	+22.8%	+23.4%
Civil Engineering	0.0	-	0.0	2.3	0.8	1.6	0.7	5.5	0.0	5.6	+254.6%	-	+254.6%	+23.9%	△29.8%	+10.8%	+77.0%	+11.7%	+29.6%	+12.8%
Architecture	7.2	1.7	8.9	1.6	-	-	0.1	1.7	△0.0	10.7	+31.5%	+115.5%	+42.6%	+10.8%	-	-	+16.5%	+11.4%	△412.4%	+35.3%
Real Estate	△0.0	1.5	1.5	0.0	△0.0	0.0	△0.0	0.0	0.1	1.6	△130.0%	+2.3%	△8.4%	+99.7%	△259.3%	△10.1%	-	+92.0%	+230.7%	△1.3%
(% vs Revenue)	(19.3%)	(18.0%)	(18.9%)	(8.9%)	(6.5%)	(14.9%)	(21.2%)	(10.1%)	-	(14.0%)	(+0.4%)	(+1.2%)	(+0.6%)	(+0.4%)	(△1.0%)	(+0.7%)	(+8.2%)	(+0.7%)	-	(+1.2%)
(Civil Engineering)	(23.4%)	-	(23.4%)	(10.4%)	(6.5%)	(14.9%)	(23.5%)	(11.3%)	-	(11.3%)	(+18.0%)	-	(+18.0%)	(+2.3%)	(△0.9%)	(+0.7%)	(+10.3%)	(+1.8%)	-	(+1.9%)
(Architecture)	(19.4%)	(20.6%)	(19.6%)	(7.3%)	-	-	(15.7%)	(7.7%)	-	(15.7%)	(△0.7%)	(+3.4%)	(+0.0%)	(△1.6%)	-	-	(+2.2%)	(△1.5%)	-	(△0.4%)
(Real Estate)	(△204.5%)	(15.7%)	(15.3%)	(9.5%)	(△86.7%)	(89.5%)	(△945.3%)	(7.7%)	(28.9%)	(15.1%)	(△210.9%)	(△0.9%)	(+0.6%)	(+2.1%)	(△109.7%)	(△0.9%)	(△272.2%)	(+1.5%)	(+28.9%)	(+0.5%)
Operating Income	2.3	1.3	3.7	1.3	△0.0	0.8	0.5	2.5	△0.6	5.6	+67.2%	+86.3%	+73.5%	+80.2%	△128.1%	+23.3%	+208.1%	+37.2%	-	+59.4%
(% vs Revenue)	(6.4%)	(7.2%)	(6.7%)	(2.9%)	(△0.7%)	(7.7%)	(11.7%)	(3.5%)	-	(4.4%)	(+1.6%)	(+2.1%)	(+1.7%)	(+1.1%)	(△2.6%)	(+1.1%)	(+8.0%)	(+0.9%)	-	(+1.3%)
Ordinary Income	3.0	0.6	3.7	2.4	△0.0	0.8	△0.6	2.5	△0.9	5.3	+63.8%	+170.7%	+76.2%	+8.5%	△122.2%	+24.4%	-	+35.0%	-	+49.9%
(% vs Revenue)	(8.2%)	(3.6%)	(6.7%)	(5.5%)	(△0.5%)	(7.7%)	(△15.5%)	(3.5%)	-	(4.2%)	(+1.9%)	(+1.8%)	(+1.8%)	(△0.3%)	(△2.5%)	(+1.2%)	(+14.9%)	(+0.8%)	-	(+1.0%)
Net earnings attributable to controlling interest	2.3	0.1	2.4	1.7	△0.0	0.5	△0.8	1.2	△1.2	2.4	+60.6%	-	+75.5%	△12.6%	△140.1%	+19.5%	-	+8.0%	-	+27.8%
(% vs Revenue)	(6.1%)	(0.9%)	(4.4%)	(3.9%)	(△0.7%)	(4.8%)	(△19.4%)	(1.8%)	-	(1.9%)	(+1.3%)	(+1.1%)	(+1.2%)	(△1.1%)	(△2.2%)	(+0.6%)	(+12.8%)	(+0.1%)	-	(+0.2%)

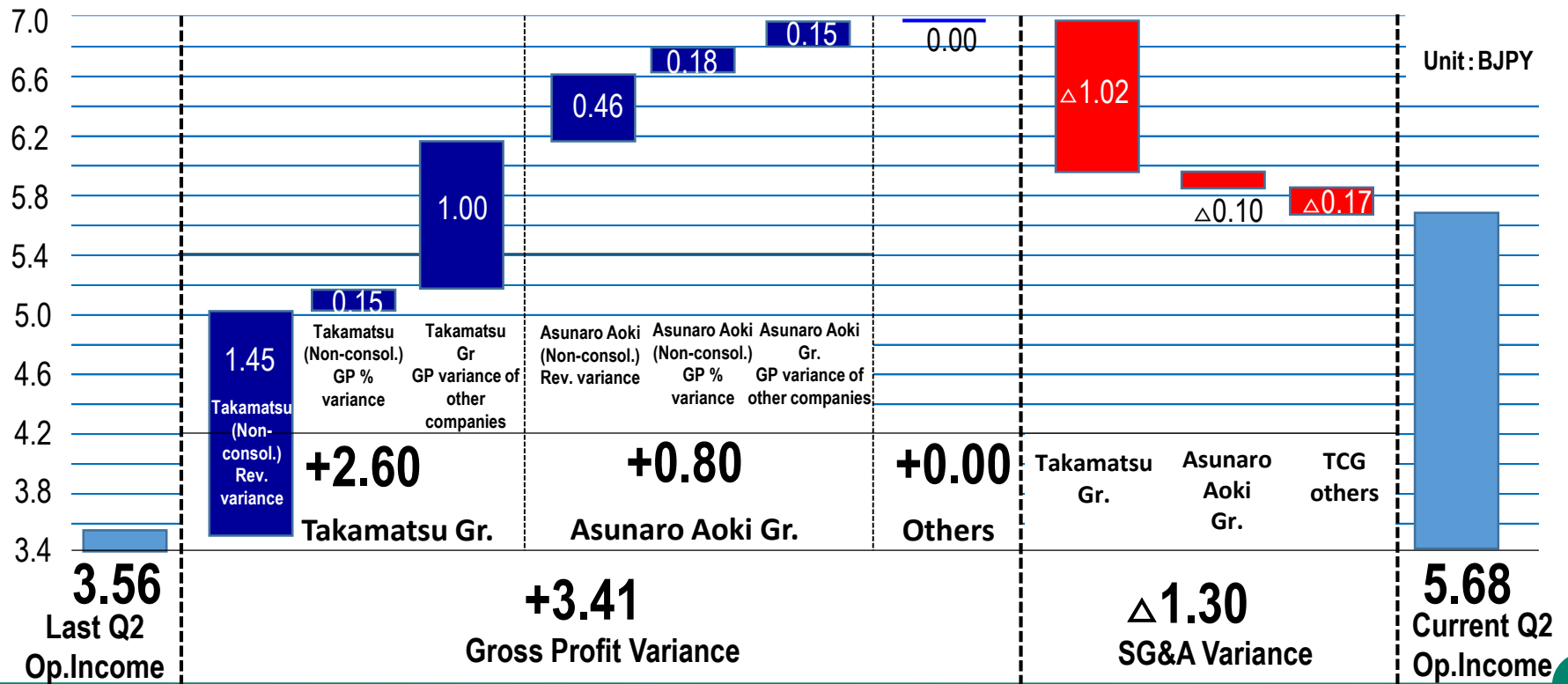
By-Group Orders, Revenue and Operating Income and Their Outlook(Consolidated)

1. 2Q Takamatsu Group orders received was slightly short vs Plan, thus needs to catch-up.
2. Both Revenue and Op.Income are beyond Plan by first half realizing some portion of second half.
3. Annual target revenue of 270 BJPY and Op.Income of 13.3BJPY is expected to be achieved.



Explanation of Shortfall of Operating Income vs. Last Year (Consolidated)

1. Operating income increased by 2.11BJPY to grow from 3.56BJPY to 5.68BJPY.
2. The first reason for this growth is due to increase of gross profit of 3.41BJPY realized through revenue growth of 13.2%.
3. Gross profit of Takamatsu Group increased by 2.60BJPY, derived mainly through growth of Takamatsu Corporation's improvement of both revenue amount as well as gross profit %. Gross profit of Tatsumi Planning (new Group company) was 0.23BJPY.
4. Gross profit of Asunaro Aoki Group also increased by 0.80BJPY. Asunaro Aoki (Non-consolidated) +0.64BJPY with its civil engineering gross profit growing by +0.44BJPY.
5. SG&A increased by +1.30BJPY.
 - Takamatsu Corporation increased by 0.64BJPY, out of which +0.54BJPY was personnel.
 - New Group companies, Tasumi Planning and Takamatsu House generated SG&A of 0.23BJPY.
 - Asunaro Aoki Group increased SG&A by 0.10BJPY, out of which Asunaro Aoki non-consolidated increased by 0.06BJPY.



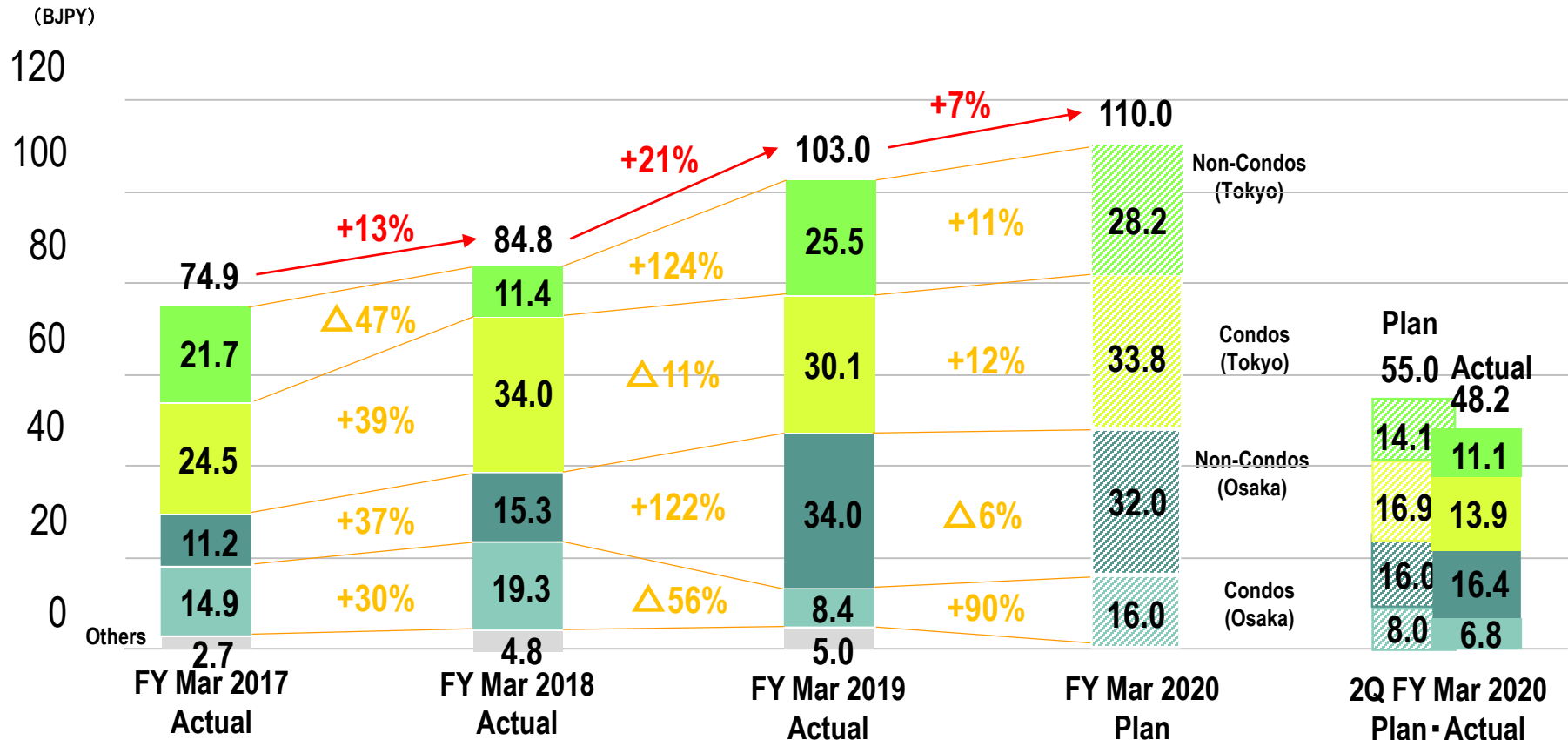
Balance Sheet (Consolidated)

Unit: BJPY

Title of account	2019/3	2019/9	Change	Title of account	2019/3	2019/9	Change
Current assets	154.1	147.8	△6.3	Current liabilities	59.7	73.8	+14.0
Cash and deposits	62.0	59.7	△2.3	Accounts payable for construction contracts	30.9	30.5	△0.4
Notes and accounts receivable	72.2	67.1	△5.0	Income taxes payable	-	11.2	+11.2
Real estate for sale	10.1	10.5	+0.4	Advances received	15.3	19.2	+3.8
Costs on uncompleted construction contracts	1.5	2.9	+1.3	Other	13.4	12.9	△0.5
Costs on real estate business	0.6	0.7	+0.0	Long-term liabilities	12.7	12.8	+0.1
Accounts receivable	6.2	4.5	△1.7	Retirement allowances	10.9	10.9	+0.0
Other	1.3	2.1	+0.8	Deferred tax liabilities (Note)	0.0	0.0	+0.0
Allowance for doubtful accounts	△0.1	△0.1	△0.0	Other	1.7	1.8	+0.1
Noncurrent assets (Note)	36.3	46.8	+10.4	Total liabilities	72.4	86.7	+14.2
Tangible assets	22.5	32.3	+9.8	Shareholders' equity	105.1	106.5	+1.4
Intangible assets	2.0	2.7	+0.7	Capital stock	5.0	5.0	-
Investments and other assets (Note)	11.8	11.6	△0.1	Capital surplus	0.5	0.7	+0.2
Investment securities	5.2	5.1	△0.1	Retained Earnings	107.0	108.2	+1.1
Deferred tax assets (Note)	3.8	4.0	+0.2	Treasury shares	△7.4	△7.4	-
Other	3.0	2.7	△0.2	Accumulated other comprehensive income	△1.1	△1.1	△0.0
Allowance for doubtful accounts	△0.2	△0.2	+0.0	Non-controlling interests	14.1	2.5	△11.5
Total assets	190.5	194.6	+4.0	Total net assets	118.1	107.9	△10.1
				Total liabilities and net assets	190.5	194.6	+4.0

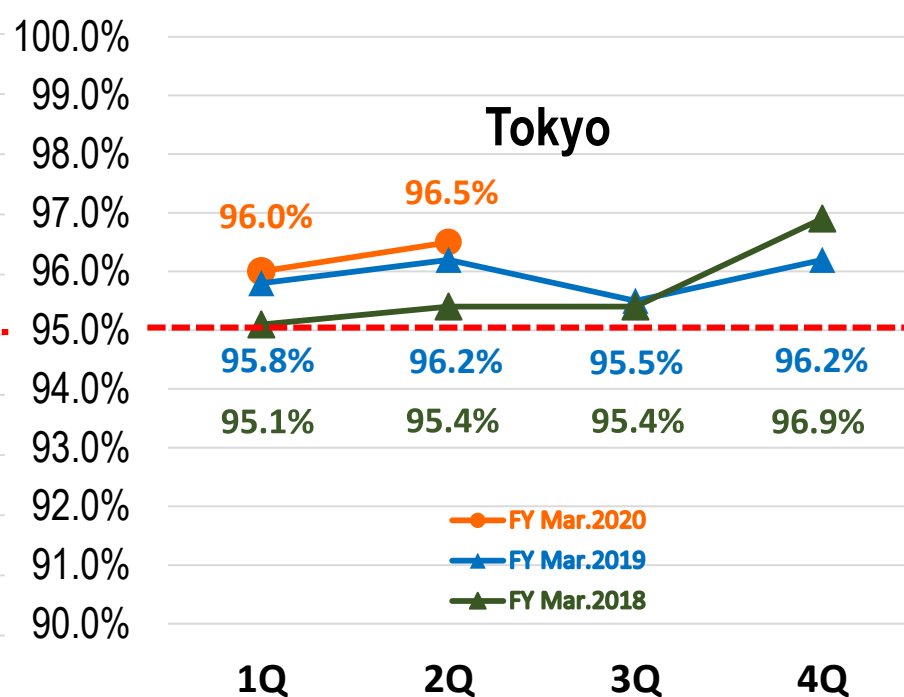
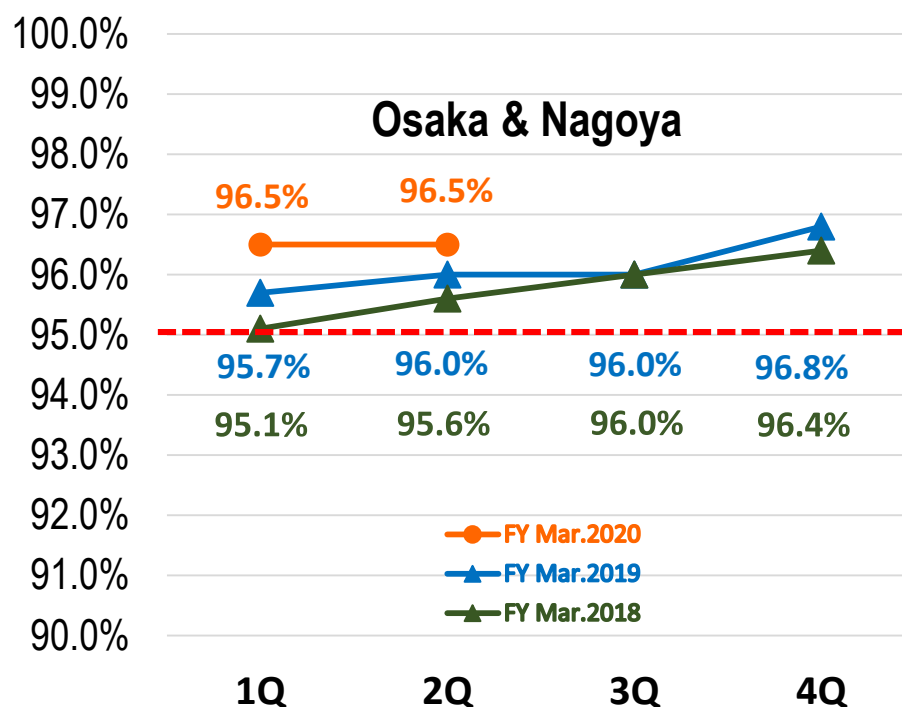
Takamatsu Corporation : Orders and Its Outlook (Non-consolidated)

1. Orders for Q2 was 48.2BJPY vs. Plan of 55.0BJPY, 87.6% vs Plan.
2. However, due to abundant carryover orders, its impact towards revenue remains little.
3. Orders of Kanto Area was 25.0BJPY, in line with last year results.
However, the figure was short vs. Plan (80.6%). Need to catch-up in second half.
4. Orders of Kansai Area are inclined towards non-condominiums, continued from last fiscal year.
Need to enhance proposal, designing and construction capabilities towards non-condos.



Occupancy Rate of Condominiums Built by Takamatsu Corporation

1. Occupancy rate is continuing to show above 95% for both Tokyo and Osaka+Nagoya for September 2019.
2. We believe rental condominium market is continuing to be tight for Tokyo and Osaka+Nagoya.
3. Although there are views that occupancy rate will drop for Tokyo, Osaka and Nagoya through aging, we believe Takamatsu Corp. is remote from this view since Takamatsu Corp. concentrates in urban and near-station locations of the three cities, where population is still increasing.



Definition:

"Osaka and Nagoya" = Osaka, Kyoto and Hyogo Prefectures plus Nagoya City.

"Tokyo" = Tokyo, Kanagawa, Saitama and Chiba Prefectures

"Occupancy Rate" = (Number of occupied condo apartments built by Takamatsu Corp and managed by Takamatsu Estate at the end of each quarter) divided by (Number of condo apartments built by Takamatsu Corp and managed by Takamatsu Estate at the end of each quarter)

Asunaro Aoki Group : Major Orders (Civil Engineering・Architecture)

Company Name	Project Name	Order by
Asunaro Aoki	(Temp.name) Hachioji Condominium Plan	Keisei Electric Railway Co., Ltd.
Asunaro Aoki	Asashio Bridge Electricity Facility Construction, etc.	Hanshin Expressway Company Limited.
Asunaro Aoki	Kanan Second Term(First Term) Farm Irrigation Work Construction Work of Drainage Station in Naka District	Tohoku Agricultural bureau
Asunaro Aoki	New Meishin Highway Shigaraki River Bridge West Construction	West Nippon Expressway Company Limited
Mirai Construction	New Meishin Highway Joyo 2 nd Elevated Bridge West Construction	West Nippon Expressway Company Limited
Mirai Construction	(Temp.name) Mita-1, Minato-ku Plan Existing Building Dismantling	Mitsui Fudosan Residential Co., Ltd.
Toko Geotech	Sanyo Highway Reinforcement and Embanking between Fukuyama Interchange and Mihara Hisai Interchange	West Nippon Expressway Company Limited
Toko Geotech	No. 3 Furnace Chimney Construction	Nippon Steel Corporation
Aoki Marine	Mizushima Harbor Tamashima District Cruise Route/Anchorage Dredging Construction (-12m)	(Original Order) Chugoku District Maintenance Bureau
Asunaro Road	Route 44 Nemuro City, Honioi Higashi Pavement	Kushiro Development Construction Dept.
M's	WBG (World Business Garden) Toilet Renewal (Phase 4 of 5 Phases)	Mitsui Fudosan Co., Ltd.
Niigata Mirai	Nagaoka District Flood Countermeasure Phase 2 of FY 2019	Hokuriku District Maintenance Bureau Nagaoka National Road Office
Shimada Gumi	(Temp) Archaeological Excavation & Research, Sakai City Mihara Plan	(Original Order) Mitsui Fudosan Co., Ltd.

Asunaro Aoki Group : Major Completed Construction (Civil Engineering - Architecture)



Asunaro Aoki Construction
(Temp) Senior Citizen Nursing Facility Construction, Kumegawa



Asunaro Aoki Construction
(Temp) Osaka Vacume Industrial Co.,Ltd. Hoshida Plant Construction



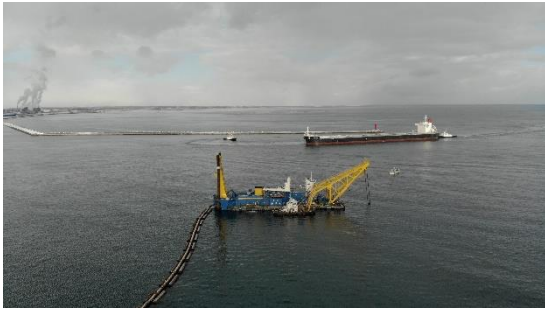
Asunaro Aoki Construction
Isato-Maekawa Recovery Construction
(Phase 2)



Asunaro Aoki Construction
(Temp) Maruai Logistics Center Construction



Mirai Construction
Mizushima Tamashima District Wharf (-12m) Construction (Phase 4)



Mirai Construction
Hachinohe Harbor Hattaro/Kawaragi District Cruise Path / Anchorage
Dredging (Phase 2)



Toko Geotech
Tohoku Highway Slope Repair / Construction Between
Tochigi-Tsuga JCT and Kanuma Interchange



Toko Geotech
Lower Portion of Kuzuha Ridge Construction Phase 12



Aoki Marine
Mizushima Harbor Tamashima District
Wharf (-12m) Dredging Construction



Asunaro Road
Route 44 Nemuro City Onne-toh East Pavement



M's
Kasumigaseki Building
Keyaki Square Wood Deck Replacement



Niigata Mirai
Prefecture Road 1201-00-00-05
(Main) Tokamachi Tokan-Shiozawa Road Pavement



Shimada Gumi
(Temp) Fuchu Bldg. DC Conversion Plan Energy Plant
Archaeological Research towards New Construction

Takamatsu Group : Major Orders (Architecture)

Company Name	Project Name	Order by
Takamatsu Corp.	M Condominium, Higobashi	—
Takamatsu Corp.	M Condominium, Marunouchi	—
Takamatsu Corp.	H Condominium, Gokiso	—
Takamatsu Corp.	Toho Holdings Co.,Ltd. Sonoda Warehouse	TOHO HOLDINGS CO., LTD.
Takamatsu Corp.	New Plant, Warabi-Nishiki-cho, K Co.,Ltd.	—
Takamatsu Corp.	T Co.,Ltd. Building, Akasaka-Mitsuke	Chimoto Kogyo Co.,Ltd.
Takamatsu Corp.	H Condominium, Ekoda	Hinomoto Shinsei-ko Religious Corporation
Takamatsu Corp.	T Condominium, Noborito	Tanaka Komuten Co.,Ltd.
Kongo-Gumi	Osaka Mt. Narita Fudoson 90 th Anniversary Mountain Gate Construction	Mt. Narita Myo-Oh In Neyagawa, Osaka

Takamatsu Group : Major Completed Construction (Architecture)



Takamatsu Corp Tokyo
S Building, Shiba



Takamatsu Corp Tokyo
N Project, Toritsu Kasei



Takamatsu Corp Tokyo
New HQ Bldg, NIHON DENKEI CO., LTD.



Takamatsu Corp Tokyo
W Condominium, Urayasu



Takamatsu Corp Osaka
Hanaten O Dormitory



Takamatsu Corp Osaka
Kawaramachi Gojo Project



Takamatsu Corp Osaka
H Condominium, Toyosaki



Takamatsu Corp Osaka
Nippon Express Co.,Ltd. Wakayama Warehouse



Kongo-Gumi
Niukawakami Shrine Lower Temple Maintenance



Takamatsu Techno Service (Osaka)
Outer Wall Refreshing, RC 3 Floor Building