

Translated version

Analysis Material for 2Q, FY ending March 2021

Takamatsu Construction Group Co.,Ltd.
Securities Code : 1762
November 11, 2020

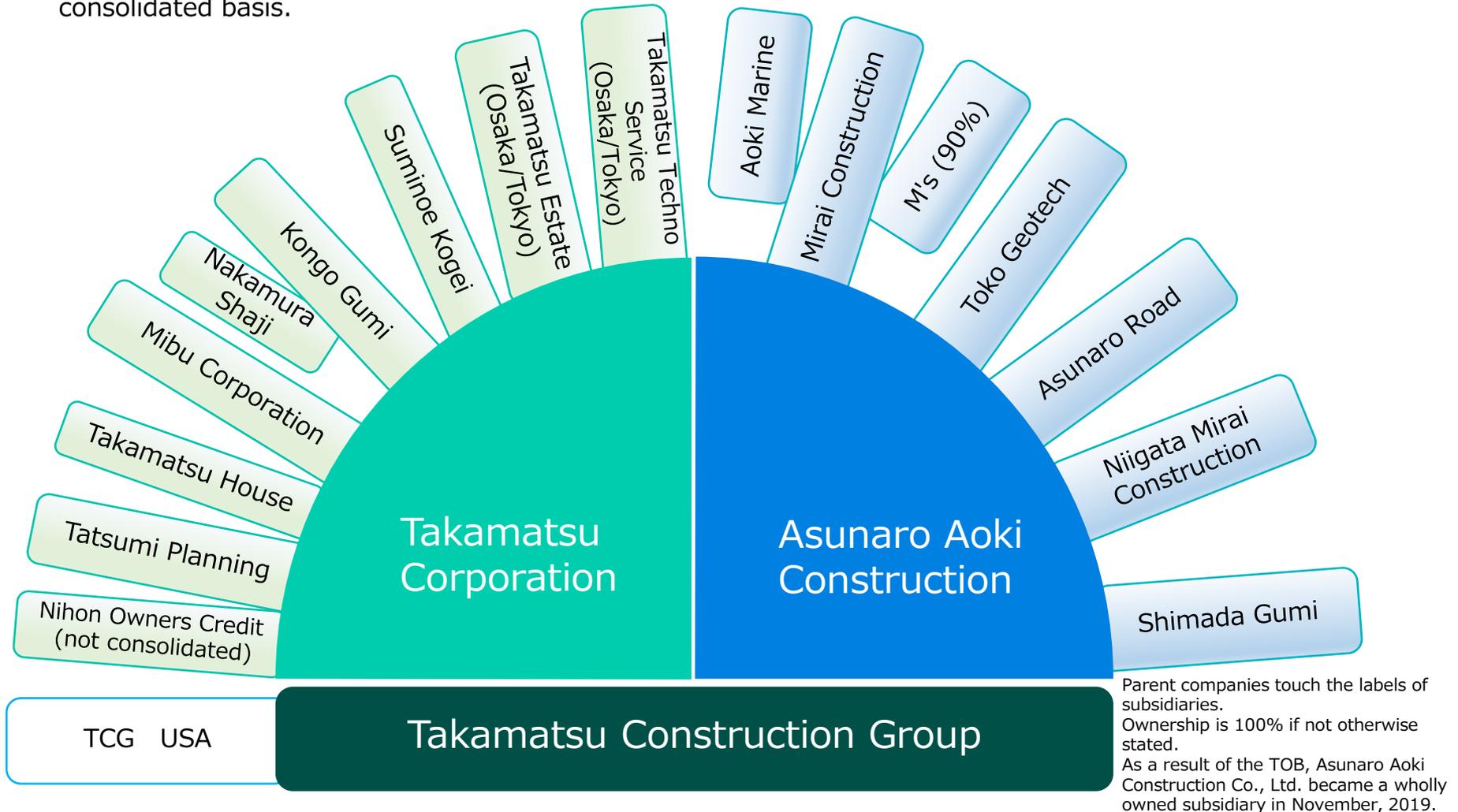
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Financial results for 2Q, FY ending March 2021

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.



Parent companies touch the labels of subsidiaries.
 Ownership is 100% if not otherwise stated.
 As a result of the TOB, Asunaro Aoki Construction Co., Ltd. became a wholly owned subsidiary in November, 2019.

Situation of Corporate Group (Consolidated)

	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)
		Kongo Gumi		Tokyo・Osaka
		Nakamura Shaji		Nagoya
		Takamatsu House		Tokyo・Kanagawa
			Mibu Corporation	Tokyo
			Tatsumi Planning	Tokyo・Kanagawa
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 2Q, FY ending March 2021 (Consolidated)

- ◆ Orders decreased by 29.9% from the previous FY due to delays in concluding contracts as consultations with private customers were temporarily unavailable due to the spread of the new coronavirus. Revenue increased due to steady construct of construction work in progress. Profit fell due to unprofitable construction work. Profit decreased due to unprofitable construction work. (100 million yen)

Item	2Q FY ended March 2020		2Q FY ending March 2021	+ / -
Orders	1,459	↓	1,023	△29.9%
Revenue	1,293	↑	1,366	+5.6%
Gross Profit	180	↓	166	△7.8%
Gross Profit %	14.0%	↓	12.2%	△1.8 pt
Operating Income	56	↓	35	△36.7%
Operating Income %	4.4%	↓	2.6%	△1.8 pt
Ordinary income	53	↓	36	△32.9%
Ordinary income %	4.2%	↓	2.6%	△1.6 pt
Net earnings attributable to the owners of the parent	24	↓	19	△20.6%
Net earnings attributable to the owners of the parent %	1.9%	↓	1.5%	△0.4 pt

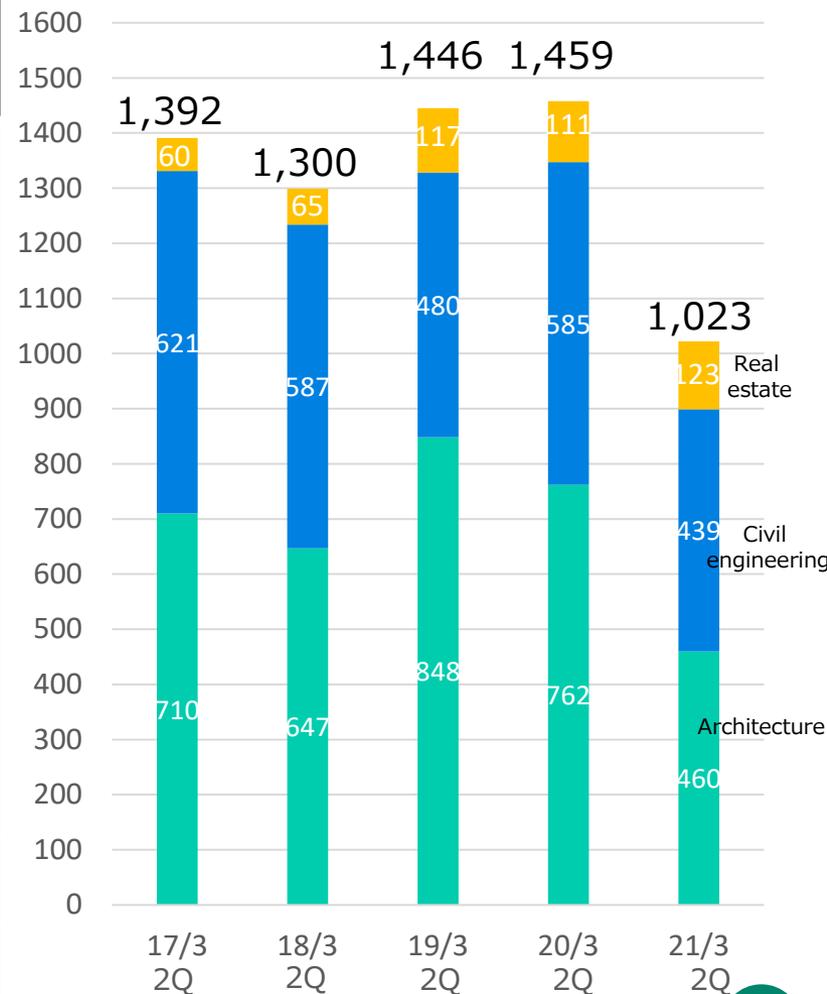
Orders by segment (Consolidated)

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

- ◆ Orders decreased by 29.9% from the previous FY to 102,330 million yen. Although the decrease in orders was smaller than that in 1Q, orders declined substantially.

Segment		2Q FY ended March 2020	2Q FY ending March 2021	+/-
Architecture	Takamatsu Corporation Group	63,005	23,824	△62.2%
	Asunaro Aoki Construction Group	14,019	22,651	61.6%
	Total	76,256	46,053	△39.6%
Civil engineering	Takamatsu Corporation Group	17	330	1841.2%
	Asunaro Aoki Construction Group	58,548	43,592	△25.5%
	Total	58,566	43,922	△25.0%
Real estate	Takamatsu Corporation Group	9,821	12,225	24.5%
	Asunaro Aoki Construction Group	935	61	△93.5%
	Total	11,175	12,354	10.6%
TCG Group Consolidation		145,998	102,330	△29.9%

(million yen) Orders (100 million yen)



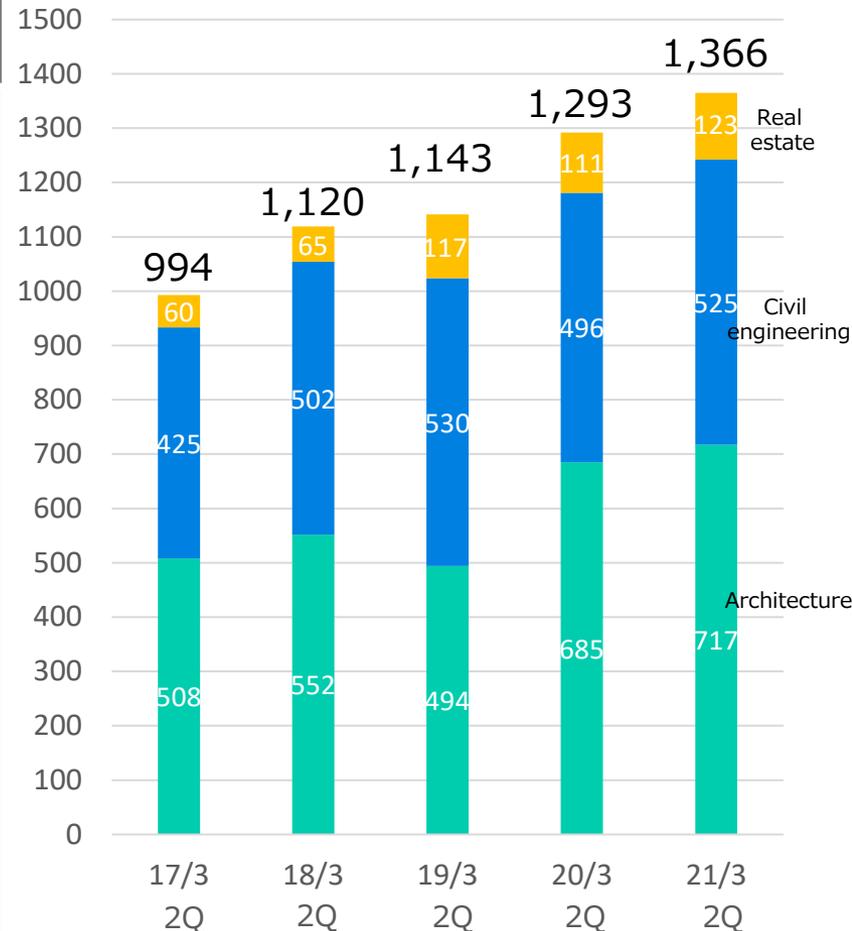
Revenue by segment (Consolidated)

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

- ◆ Revenue increased by 5.6% from the previous FY to 136,674 million yen due to steady construct of construction work in progress. Revenue increased for the ninth consecutive year and reached a record high for the seventh consecutive year.

(million yen) Revenue (100 million yen)

Segment		2Q FY ended March 2020	2Q FY ending March 2021	+/-
Architecture	Takamatsu Corporation Group	45,897	50,801	10.7%
	Asunaro Aoki Construction Group	23,101	21,744	△5.9%
	Total	68,560	71,755	4.7%
Civil engineering	Takamatsu Corporation Group	335	268	△20.0%
	Asunaro Aoki Construction Group	49,298	52,295	6.1%
	Total	49,634	52,564	5.9%
Real estate	Takamatsu Corporation Group	9,821	12,225	24.5%
	Asunaro Aoki Construction Group	935	61	△93.5%
	Total	11,175	12,354	10.6%
TCG Group Consolidation		129,370	136,674	5.6%



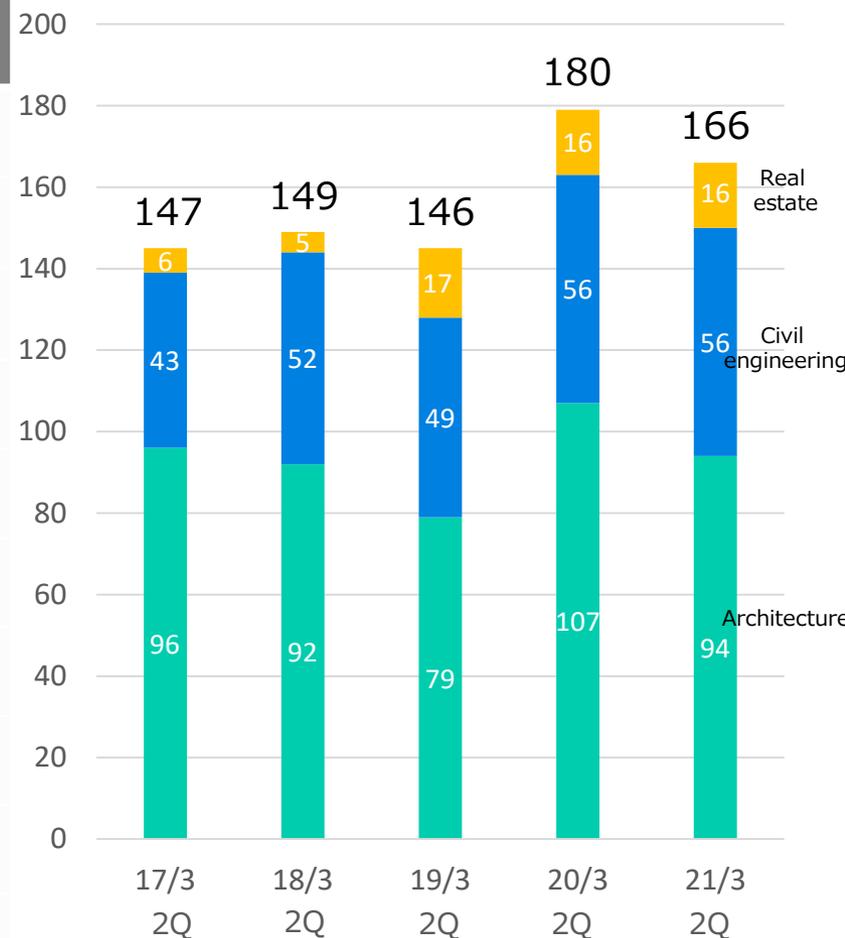
Gross Profit by segment (Consolidated)

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

- ◆ At Takamatsu Corporation, gross profit margins declined slightly due to an increase in non condominium projects.
- ◆ At Asunaro Aoki Construction, gross profit in architecture segment declined due to unprofitable construction projects.

(million yen) **Gross profit** (100 million yen)

Segment		2Q FY ended March 2020	2Q FY ending March 2021	+/-
Architecture	Takamatsu Corporation Group	8,995	8,779	△2.4%
	Asunaro Aoki Construction Group	1,788	879	△50.8%
	Total	10,732	9,408	△12.3%
Civil engineering	Takamatsu Corporation Group	78	67	△14.1%
	Asunaro Aoki Construction Group	5,553	5,545	△0.1%
	Total	5,632	5,615	△0.3%
Real estate	Takamatsu Corporation Group	1,501	1,577	+5.1%
	Asunaro Aoki Construction Group	73	△2	△102.7%
	Total	1,690	1,625	△3.8%
TCG Group Consolidation		18,055	16,649	△7.8%



Operating Income by segment (Consolidated)

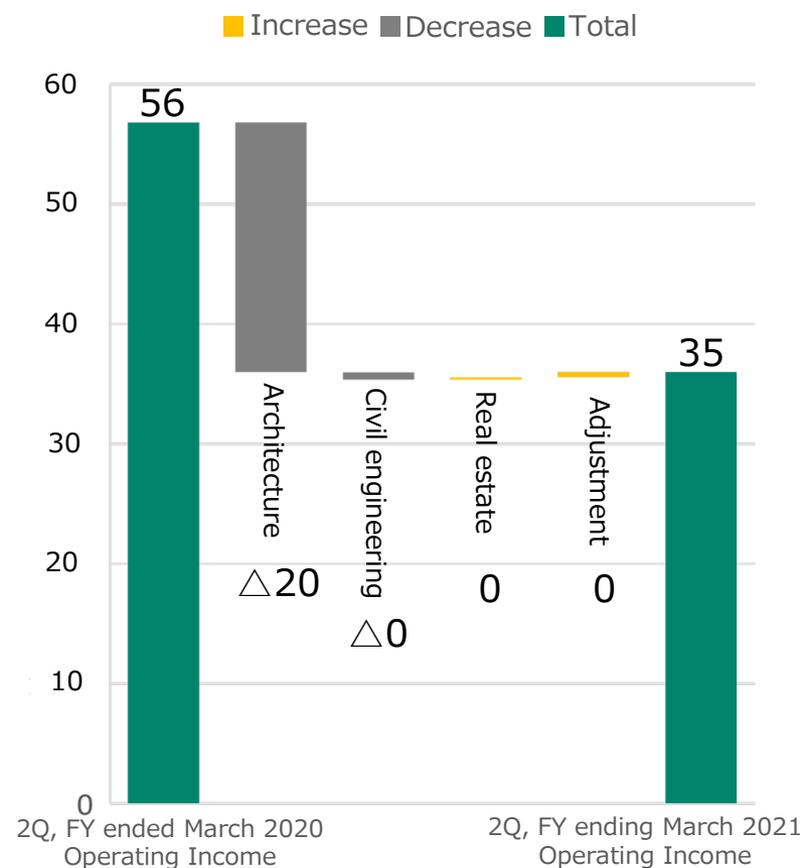
* The total of individual figures and the total figures may not match due to consolidation adjustments.

- ◆ Operating income decreased by 36.7% from the previous FY to 3,599 million yen due to a decrease in gross profit in architecture at Asunaro Aoki Construction.

(million yen)

Analysis of Changes (100 million yen) in Operating Income

Segment		2Q FY ended March 2020	2Q FY ending March 2021	+/-
Architecture	Takamatsu Corporation Group	2,979	1,876	△37.0%
	Asunaro Aoki Construction Group	908	△73	△108.0%
	Total	3,887	1,803	△53.6%
Civil engineering	Takamatsu Corporation Group	72	68	△5.6%
	Asunaro Aoki Construction Group	2,989	2,929	△2.0%
	Total	3,061	2,997	△2.1%
Real estate	Takamatsu Corporation Group	623	714	+14.6%
	Asunaro Aoki Construction Group	39	△31	△179.5%
	Total	662	683	3.2%
TCG Group Consolidation		5,682	3,599	△36.7%



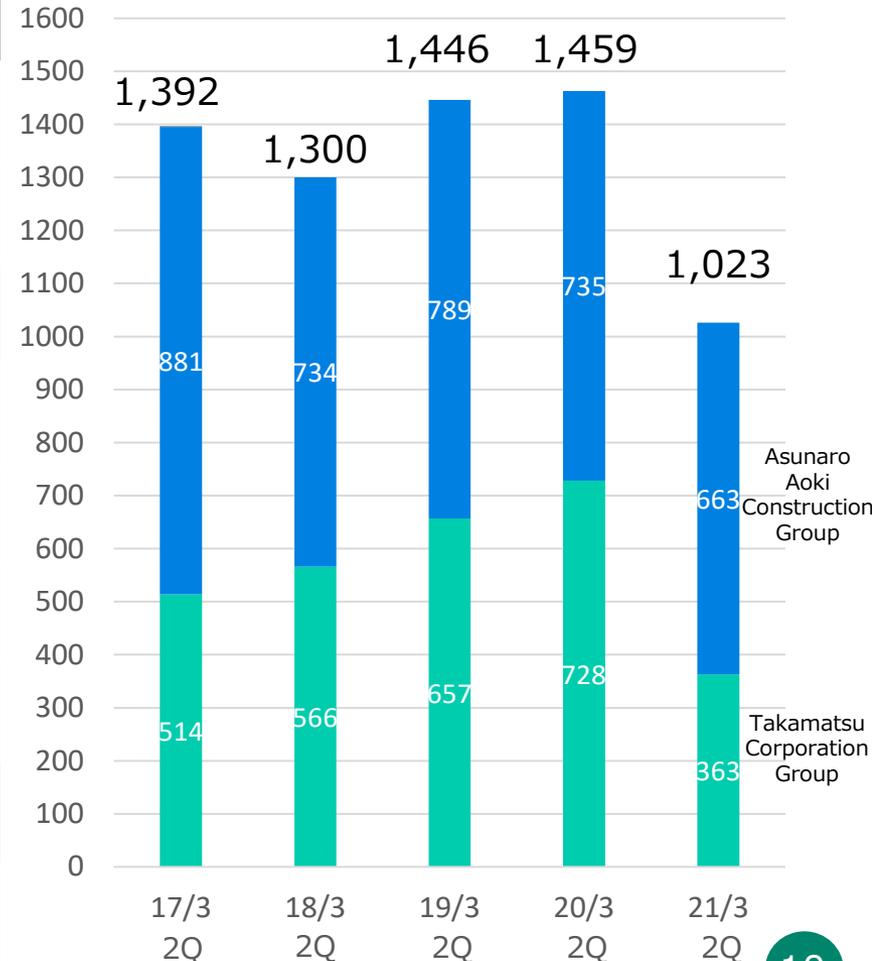
Orders by group (Consolidated)

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

- ◆ Orders by government agencies were relatively favorable, mainly for architecture. As for orders by individuals, it took time to complete the contract because we mainly had business discussions on the Web and over the telephone conference until the middle of 2Q.

(million yen) Orders (100 million yen)

Company Name	2Q FY ended March 2020	2Q FY ending March 2021	+/-
Takamatsu Corporation	48,274	18,277	△62.1%
Takamatsu Corporation Group Others	24,570	18,103	△26.3%
Takamatsu Corporation Group Total	72,844	36,380	△50.1%
Asunaro Aoki Construction	38,434	33,477	△12.9%
Mirai Construction	16,068	12,867	△19.9%
Toko Geotech	12,561	13,932	+10.9%
Asunaro Aoki Construction Group Others	6,440	6,029	△6.4%
Asunaro Aoki Construction Group Total	73,503	66,305	△9.8%
TCG Group Consolidation	145,998	102,330	△29.9%



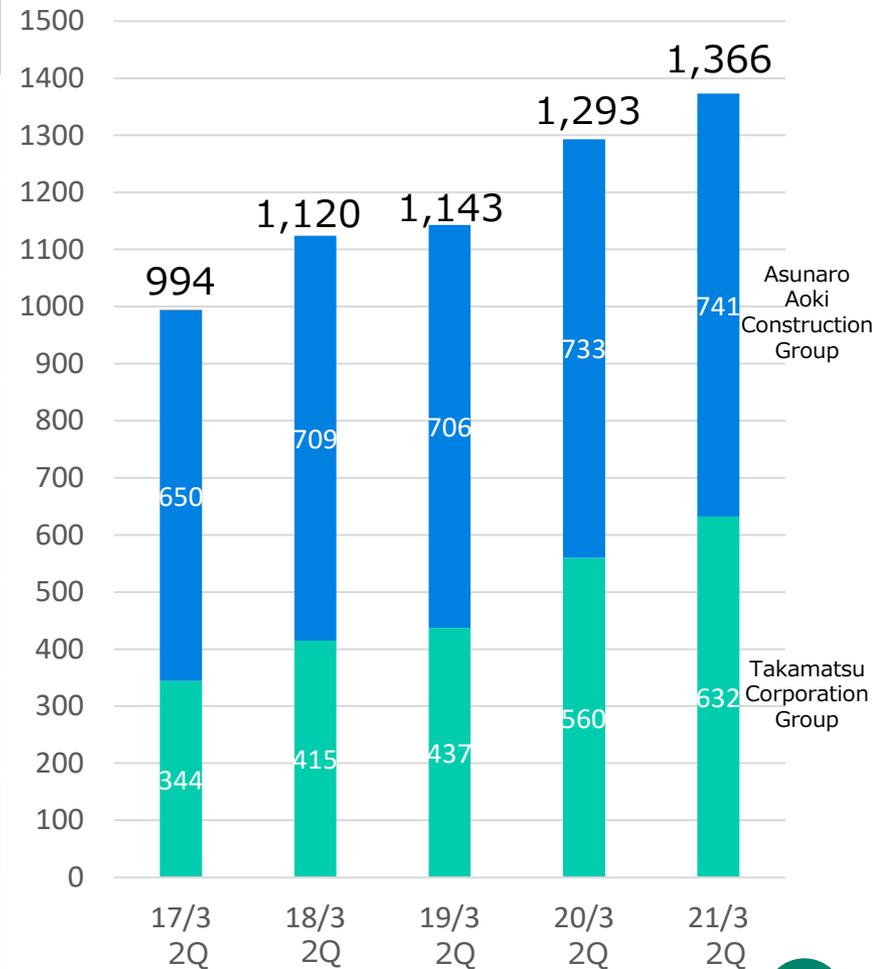
Revenue by group (Consolidated)

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

- ◆ Revenue increased by 5.6% from the previous FY to 136,674 million yen due to steady construct of construction work in progress. Revenue increased for the ninth consecutive year and reached a record high for the seventh consecutive year.

Company Name	2Q FY ended March 2020	2Q FY ending March 2021	+/-
Takamatsu Corporation	37,525	43,720	+16.5%
Takamatsu Corporation Group Others	18,529	19,576	+5.7%
Takamatsu Corporation Group Total	56,054	63,296	+12.9%
Asunaro Aoki Construction	45,000	45,841	+1.9%
Mirai Construction	12,983	12,523	△3.5%
Toko Geotech	10,863	11,570	+6.5%
Asunaro Aoki Construction Group Others	4,489	4,167	△7.2%
Asunaro Aoki Construction Group Total	73,335	74,101	+1.0%
TCG Consolidation	129,370	136,674	+5.6%

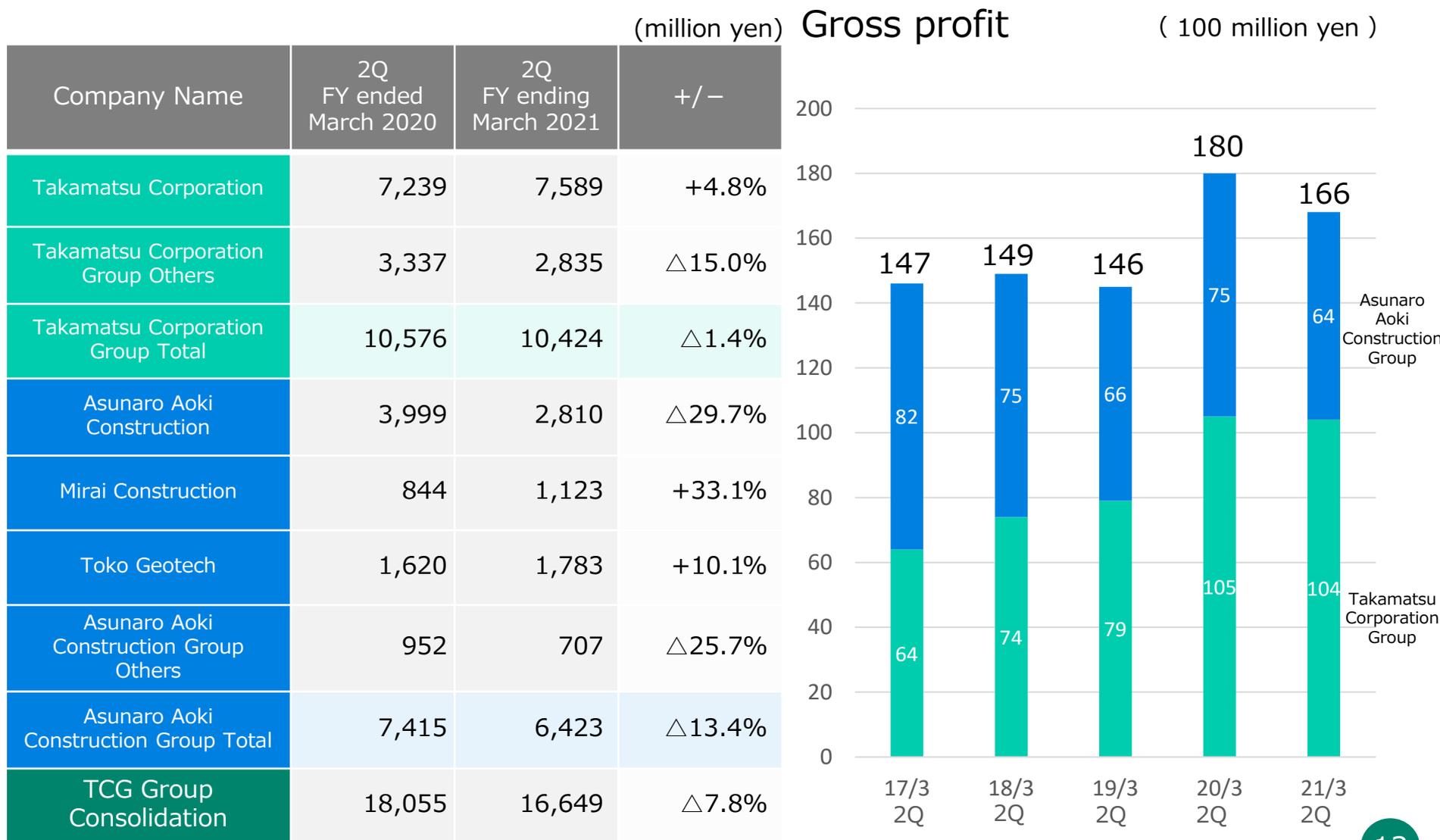
(million yen) Revenue (100 million yen)



Gross Profit by group (Consolidated)

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

- ◆ Although steady construct of construction work in progress, the company with unprofitable construction projects led to a significant decline in profit, resulting in a decline in gross profit for both groups.



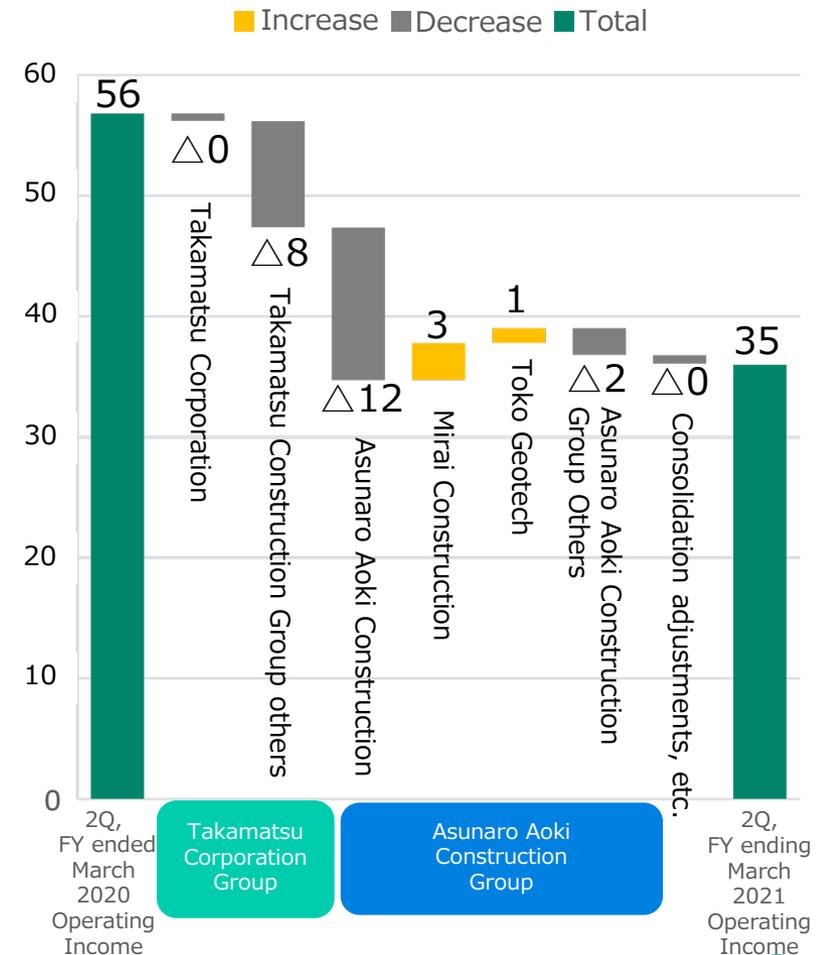
Operating Income by group (Consolidated)

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

- ◆ Operating income declined due to high SG&A expenses in the wooden detached house business due to the founding period of the business. Asunaro Aoki Construction Group recorded a decline in operating income due to a decline in Asunaro Aoki Construction's gross profit.

Company Name	2Q FY ended March 2020	2Q FY ending March 2021	+/-
Takamatsu Corporation	2,392	2,329	△2.6%
Takamatsu Corporation Group Others	1,338	455	△66.0%
Takamatsu Corporation Group Total	3,730	2,784	△25.4%
Asunaro Aoki Construction	1,306	41	△96.9%
Mirai Construction	△86	221	+357.0%
Toko Geotech	837	962	+14.9%
Asunaro Aoki Construction Group Others	527	303	△42.5%
Asunaro Aoki Construction Group Total	2,584	1,527	△40.9%
TCG Group Consolidation	5,682	3,599	△36.7%

Analysis of Changes in Operating Income (100 million yen)

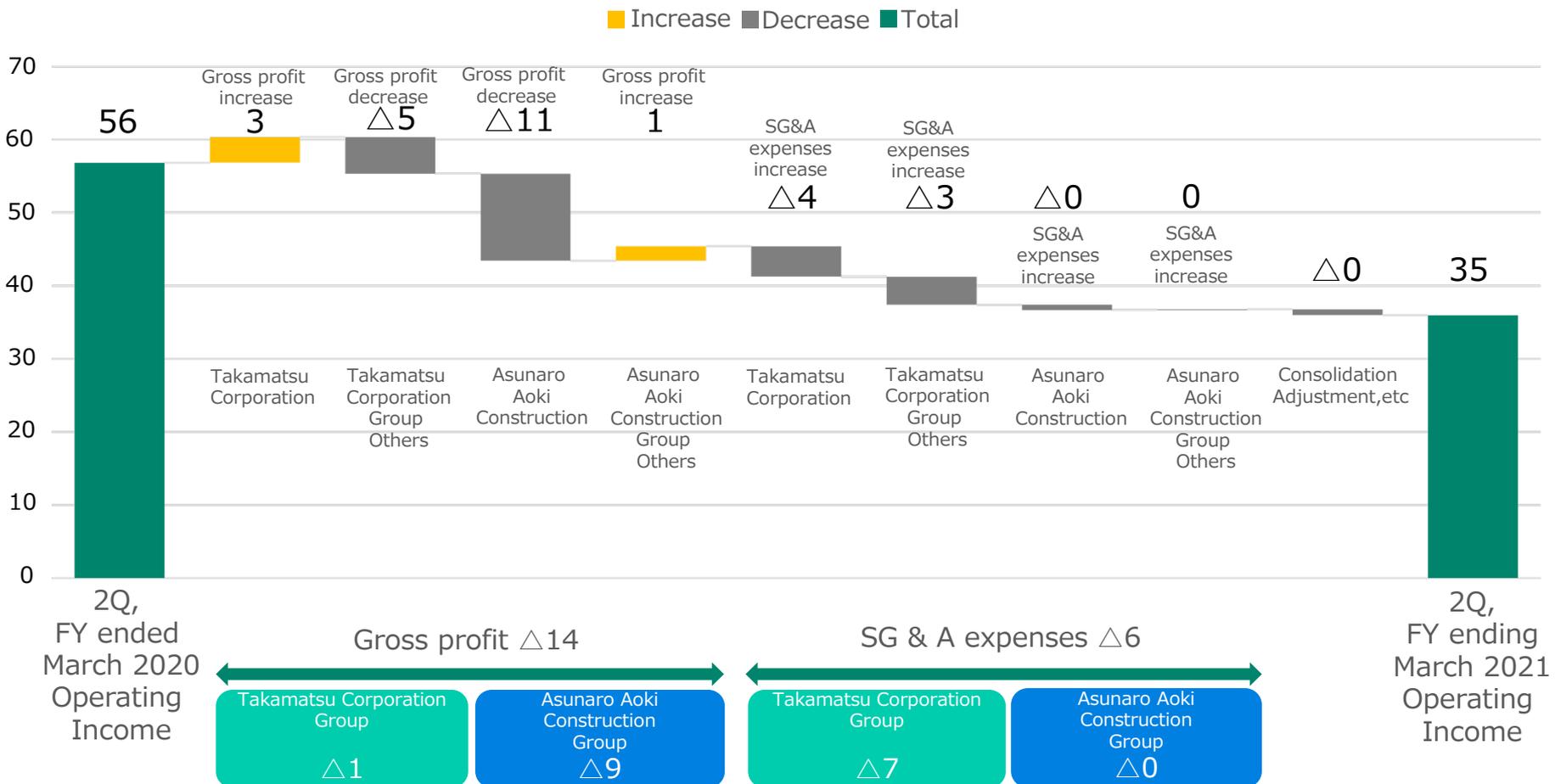


Analysis of Changes in Operating Income by Gross Profit and SG & A Expenses

- ◆ Takamatsu Corporation's gross profit increased in line with the steady growth in construction. Asunaro Aoki Construction's gross profit declined due to unprofitable construction.

Analysis of Changes in Operating Income

(100 million yen)



Impact of the new coronavirus infection on each segment

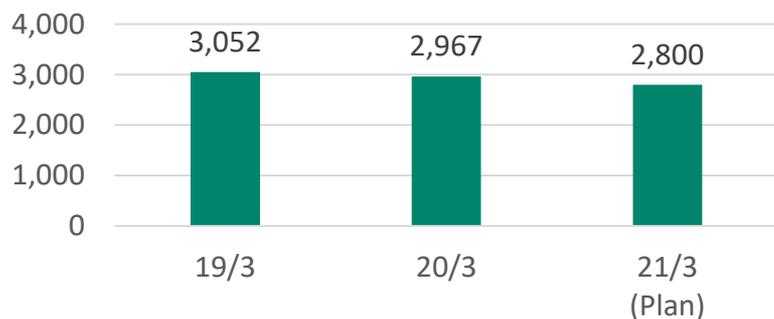
	Segment	Impact
Construction	Public sales activities	Orders have been delayed due to the spread of new coronavirus infection.
	Private sales activities	Due to the economic recession caused by the spread of the new coronavirus infection, orders have been delayed or suspended.
	Public construction	We are implementing thorough measures to prevent infection with new coronavirus.
	Private construction	We are implementing thorough measures to prevent infection with new coronavirus.
Real estate	Tenant mediation	Cancellation of stores increased and inquiries to vacant tenants decreased. There is no particular impact on housing.
	Building management	The number of housing construction projects to restore a house to its original condition decreased due to fewer moves. The number of visits to customers has decreased, and the progress of various construction proposals such as small-scale repair work has been delayed.
Employment	Employment of new graduates	Company information sessions, internships and interviews are being held online. In April 2021, TCG Group plans to hire 248 people.

Earnings forecast for FY ending March 31, 2021

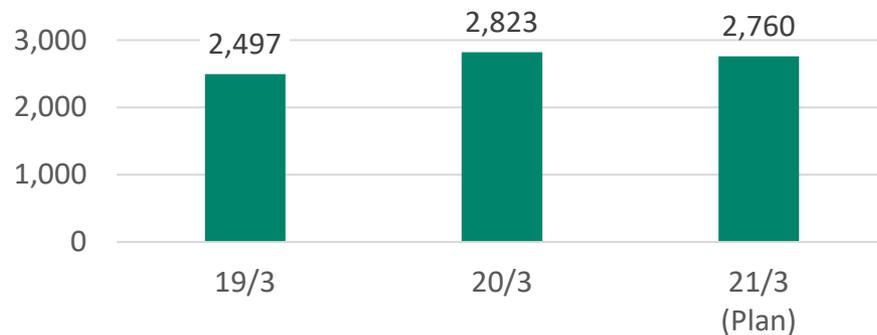
Outlook for Fiscal 2021

- ◆ Orders for the fiscal year ending March 31, 2021, which had been undecided at the beginning of the fiscal year, are expected to decrease by 16,700 million yen to 280,000 million yen partly due to the spread of new coronavirus infection. There are no changes from the previously announced figures for sales and profit.

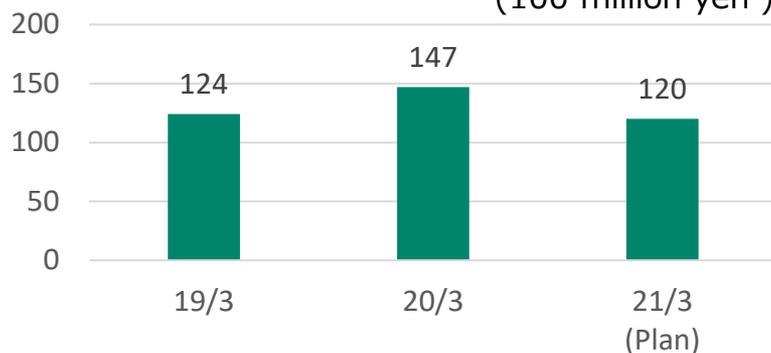
Orders (100 million yen)



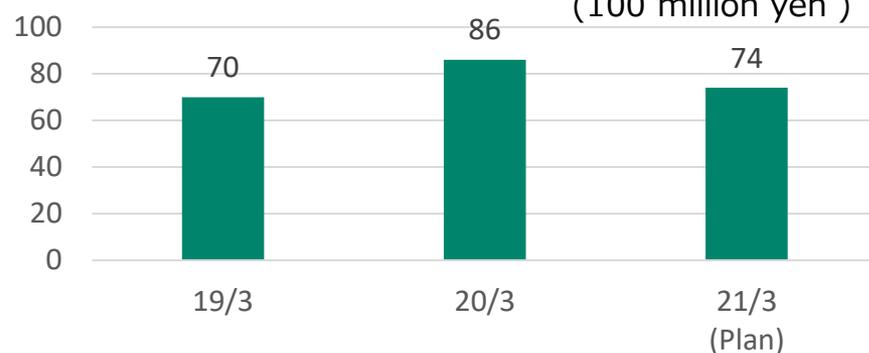
Revenue (100 million yen)



Operating Income (100 million yen)



Net earnings attributable to the owners of the parent (100 million yen)



Indicators

Takamatsu Corporation : Orders received by condominiums and non-condominiums

- ◆ Although interviews with private customers (major customers of Takamatsu Corporation), which were temporarily suspended due to the spread of the new coronavirus infection, were resumed, there were special factors such as the time needed to conclude contracts and the postponement of orders for corporate customers.
- ◆ Although these figures are only for reference, the Osaka Head Office is still focused on non-condominium projects, and the Tokyo Head Office has a fifty-fifty ratio of condominium construction to non-condominium projects.

Percentage of condominiums and non-condominiums
Year-on-year comparison (%)

	Osaka		Tokyo	
	2020/3 2Q	2021/3 2Q	2020/3 2Q	2021/3 2Q
condominiums	29.5%	20.1%	55.7%	51.3%
non-condominiums	70.5%	79.9%	44.3%	48.7%
Total	100%	100%	100%	100%

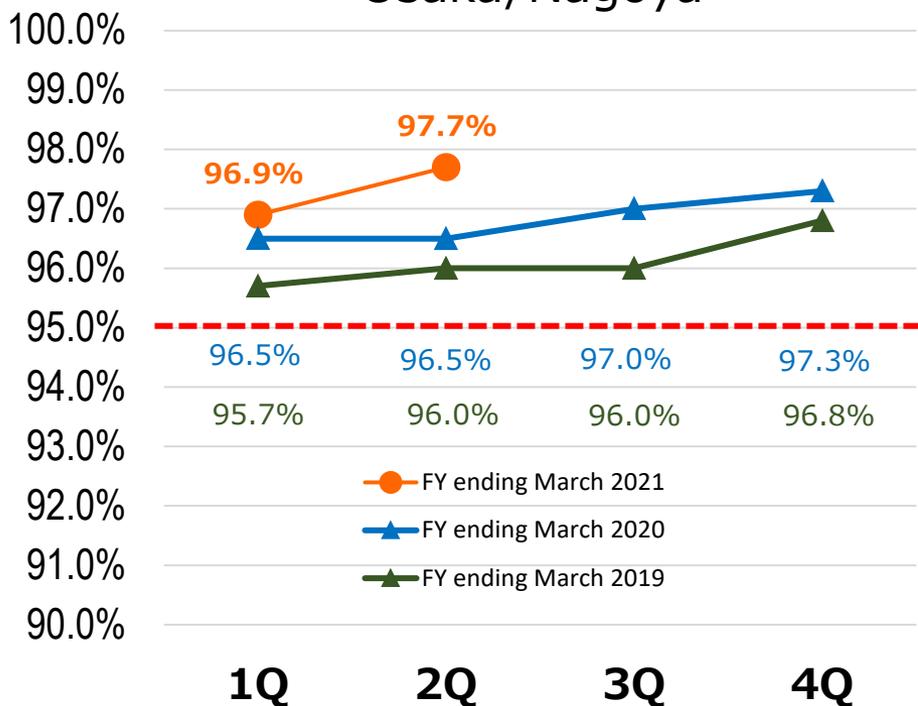
Orders by condominiums and non-condominiums
(million yen)

	Osaka		Tokyo	
	2020/3 2Q	2021/3 2Q	2020/3 2Q	2021/3 2Q
condominiums	6,853	1,944	13,933	4,411
non-condominiums	16,392	7,729	11,096	4,193
Total	23,245	9,673	25,030	8,604

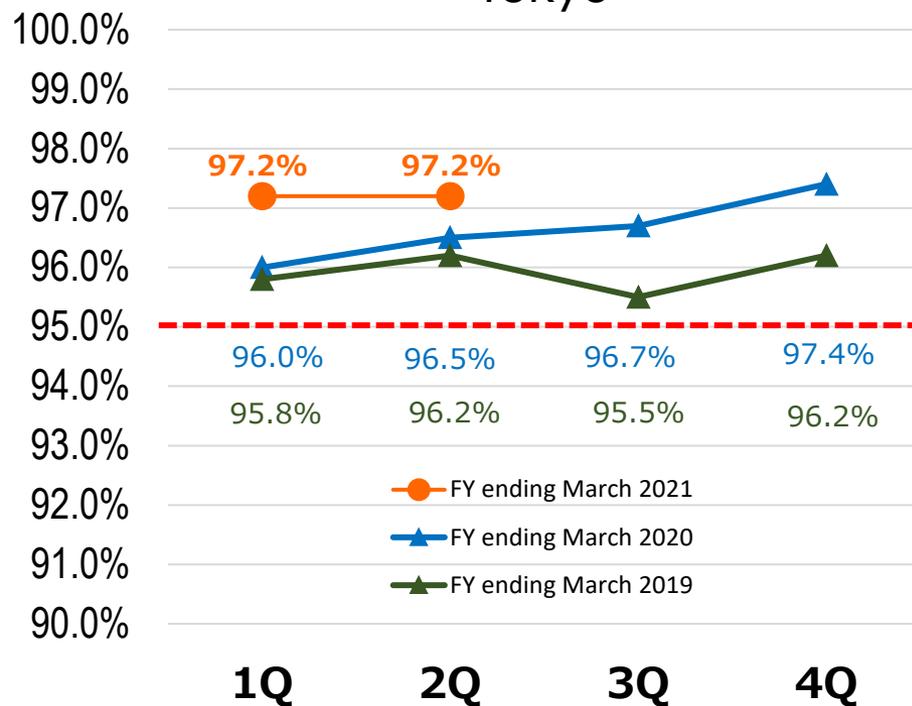
Occupancy Rate of Properties Constructed by Takamatsu Corporation at Takamatsu Estate

◆ Occupancy rates of 95% or higher have been maintained for 2Q, 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" : $\frac{\text{Number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate (Osaka/Tokyo) that are occupied at the end of each quarter}}{\text{total number of properties constructed by Takamatsu Corporation managed by Takamatsu Estate (Osaka/Tokyo) at the end of each quarter}}$

Topics

Topics

- ◆ Providing benefits and other support to newly hired graduates who have difficulty living

Due to the spread of the new coronavirus, Takamatsu Corporation and Asunaro Aoki Construction have implemented a number of support measures, including benefits, for new graduates who are in financial difficulties, starting in June 2020.

In order to help them spend the rest of their lives in a stable manner, if they meet certain conditions, we will provide them with necessary support money, offer them part-time work opportunities, and subsidize their communication expenses for online classes at school.

- ◆ Construction of the Tochigi Government Complex ordered by the Ministry of Land, Infrastructure, Transport and Tourism is completed.



Construction of the Government Complex in Tochigi, which Asunaro Aoki Construction received from the Ministry of Land, Infrastructure, Transport and Tourism, is completed.

1) BIM used in the construction phase 2) Information Sharing System 3) Utilizing ICT construction equipment to promote the rationalization of earthworks 4) Electronic Small Blackboards
One of the 3 cases for which repair work ordered by the Ministry of Land, Infrastructure, Transport and Tourism was tried.

- ◆ Start of construction of new "TCG Building"



Construction of the new TCG Building, which is scheduled to be built in Shiba 4 chome, Minato-ku, Tokyo, began in September 2020. Completion is scheduled for February 2023.

It was constructed by Asunaro Aoki and Takamatsu Special Construction Joint venture.

- ◆ Takamatsu House sells Ready-Built House



A ready-built house "Mirakuras Akatsutsumi (2 buildings)" is being sold in a quiet residential area, Akatsutsumi 3 chome, Setagaya-ku, Tokyo. Construction was started in October 2020 by Tatsumi Planning. Completion is scheduled for February 2021.

TCG 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 November 11, 2020. 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.