



Takamatsu Construction Group Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2022

May 25, 2022

Event Summary

| | | |
|----------------------|---|---|
| [Company Name] | Takamatsu Construction Group Co., Ltd. | |
| [Company ID] | 1762-QCODE | |
| [Event Language] | JPN | |
| [Event Type] | Earnings Announcement | |
| [Event Name] | Financial Results Briefing for the Fiscal Year Ended March 2022 | |
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| [Venue] | Webcast | |
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| [Participants] | | |
| [Number of Speakers] | 1 | |
| | Hiroataka Takamatsu | Representative Director and President Officer |

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Presentation

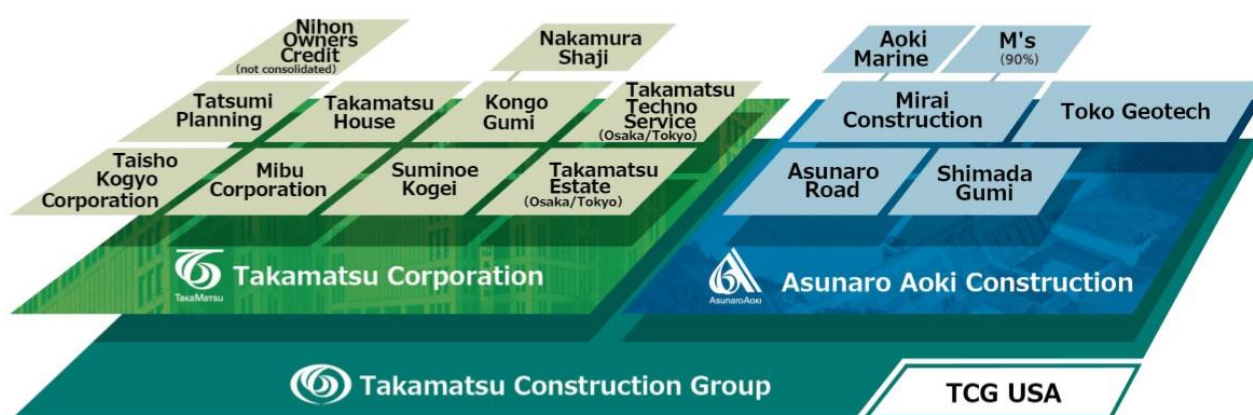
Moderator: Thank you very much for joining us today. This is a video presentation of Takamatsu Construction Group Co., Ltd.'s financial results for the fiscal year ending March 31, 2022.

In order to avoid redundancy in the explanation, Takamatsu Construction Group is abbreviated as TCG, Takamatsu Corporation Co., Ltd. as TK, Takamatsu Corporation Group as TK Group, Asunaro Aoki Construction Co., Ltd. as AA, and Asunaro Aoki Construction Group as AA Group.

Hiroataka Takamatsu, Representative Director and President Officer, will now explain our financial results.

Group formation (As of March 31, 2022)

- ◆ The Takamatsu Construction Group is composed of Takamatsu Construction Group Co., Ltd., a pure holding company, and Takamatsu Corporation Co., Ltd. and 11 subsidiary companies, Asunaro Aoki Construction Co., Ltd. and 6 subsidiary companies, and TCG USA, Inc., an overseas subsidiary, for a total of 21 companies on a consolidated basis.
- ◆ On February 26, 2021, Taisho Kogyo Corporation became a member of TCG Group.
On March 31, 2021, all shares of Niigata Mirai Construction were transferred to HONMAROAD Corporation.
On April 1, 2021, Niigata Mirai Construction became a wholly owned subsidiary of HONMAROAD Corporation.



* Shareholding ratio is 100% for all companies except M's.

Takamatsu: My name is Hiroataka Takamatsu from Takamatsu Construction Group. Thank you very much for watching today's video presentation on TCG Group's financial results for the fiscal year ending March 2022 and its new medium-term management plan Co-Creation x 2025.

First, I will explain the summary of our financial results. Please refer to page three of the financial results presentation.

The following is a description of the TCG Group's group formation for the fiscal year ending March 31, 2022.

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The left half of the page shows the TK Group, consisting of 12 companies with TK as the parent company. In February 2021, TK made Taisho Kogyo and its consolidated subsidiary TSK Housing, which are based in the Takatsuki and Hokusetsu areas of Osaka Prefecture, its subsidiaries.

The right half of the page is the AA Group, which consists of seven companies with AA as the parent company. Niigata Mirai Construction is no longer a member of the TCG, as all shares of the company were transferred to HONMAROAD Corporation.

In addition to these two groups, the TCG Group consists of 21 companies, including TCG USA, a wholly owned subsidiary of TCG engaged in the construction and real estate business in the US. This group formation was reorganized effective April 1, 2022, to strengthen Group governance and pursue synergies.

Group Reorganization (From April 1, 2022)

- ◆ TCG group reorganized their companies on April 1, 2022, to strengthen the Group's governance and pursue synergies.

1) Reorganized core companies' structure from 3 to 6 companies.

TCG made Mirai Construction, Toko Geotech and Takamatsu House subsidiaries which were sub-subsidiaries of TCG, and TCG reorganized core company structure from 3 to 6 companies, from Takamatsu Construction Group, Takamatsu Corporation and Asunaro Aoki Construction to Takamatsu Construction Group, Takamatsu Corporation, Asunaro Aoki Construction, Mirai Construction, Toko Geotech and Takamatsu House.



Please refer to page four. Along with Takamatsu House, which operates a wooden detached house business and was a subsidiary of TK, the two companies, Mirai Kensetsu Kogyo, which specializes in port and marine civil engineering work, and Toko Geotech, which specializes in slope work, ground improvement work, explosion testing, and ceramic engineering, became a subsidiary of the Company.

From the fiscal year ending March 31, 2023, the Group will be led by a six-company structure that includes these three companies, two companies previously positioned as core operating companies, TK and AA, and our company as a pure holding company.

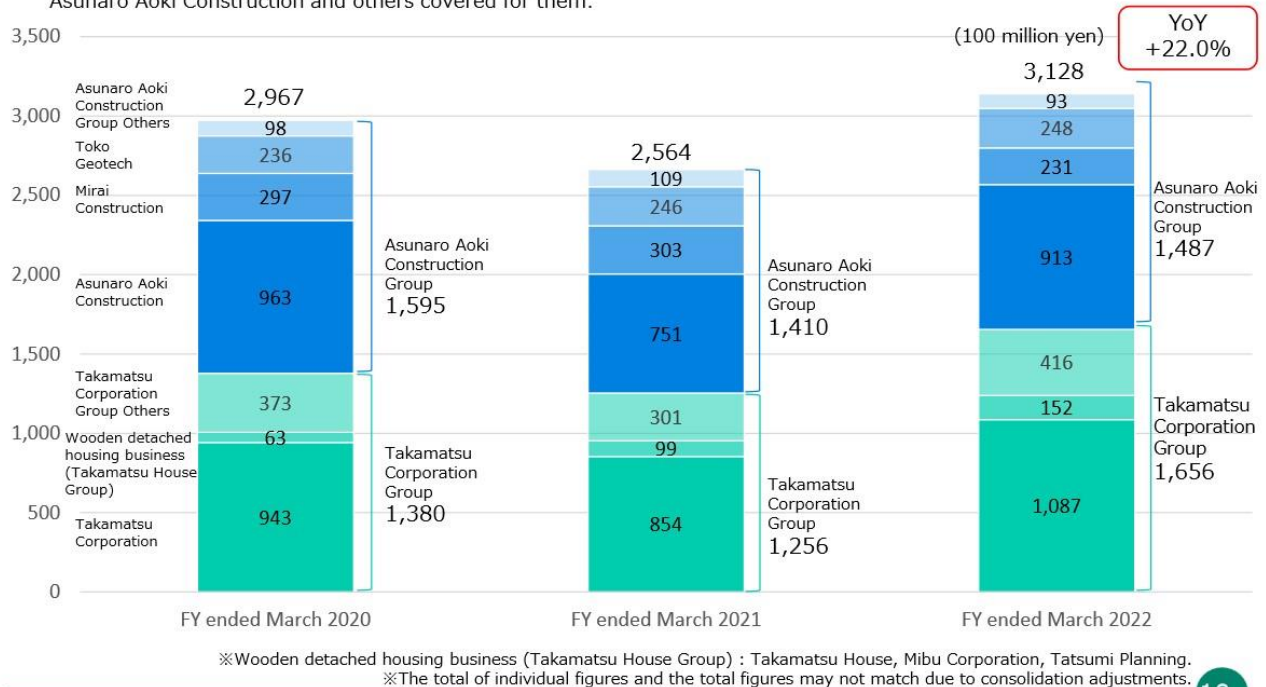
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Total orders received (Consolidated)

- ◆ Although Takamatsu Corporation Group companies were affected by the epidemic of COVID-19 at FY ended March 2021, its impact has been reduced at FY ended March 2022. The wooden detached housing business has grown significantly. Taisho Kogyo Corporation's inclusion in our group resulted in a net increase of 5.1 billion yen in orders received.
- ◆ Asunaro Aoki Construction Group's orders received increased YoY as Mirai Construction and others underperformed, but Asunaro Aoki Construction and others covered for them.



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Please refer to page 10. I would like to explain orders received for the fiscal year ending March 31, 2022.

Orders received totaled JPY312.8 billion, up 22% from the previous year. This is compared to orders received in the fiscal year ending March 31, 2020, which were not affected by the spread of COVID-19. The breakdown is JPY165.6 billion for the TK Group and JPY148.7 billion for the AA Group.

In the TK Group, TK, which was affected by the spread of COVID-19 in the previous year, recovered and orders increased 27.2% from the previous year to JPY108.7 billion. The total of the three companies, Takamatsu House, Mibu Corporation, and Tatsumi Planning increased 53.8% YoY to JPY15.2 billion.

The reason for the large increase in TK Group Others from JPY30.1 billion in the previous year to JPY41.6 billion is that Taisho Kogyo, which joined the Group in February 2021, had a significant impact, and orders that were not included in the previous year are included from March 2022. Since Taisho Kogyo's orders are JPY5.1 billion, approximately 45% of the JPY11.5 billion increase is attributable to Taisho Kogyo joining the Group. The remaining 55% was due to the impact of higher orders than the previous year from Takamatsu Techno Service, Takamatsu Estate, Suminoe Kogei, Kongo Gumi, Nakamura Shaji, and all other companies in the TK Group.

In the AA Group, AA was up 21.7% from the previous year, Mirai Construction was down 23.6%, Toko Geotech was flat, and AA Group Others was down 15.2% from the previous year.

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Topics

◆ Takamatsu Corporation

○ India International School

Takamatsu Corporation did the design and the construction of "Sengoku, India International School's new school building".

Construction started dates: January 2022

Construction schedule to be completed:

March 2023

Scale of construction:

7,490m², five stories building made of reinforced concrete and steel



◆ Asunaro Aoki Construction

○ Kamakura City, The project of aggregating municipal housing (Private-Finance-Initiative)

Yuai group represented by Asunaro Aoki Construction and Kamakura City signed a contract in March 2022. It is a project to develop municipal housing etc., 5 buildings (353 houses) total area of that is about 15,000m².

Project schedule to be completed: March 2028

Orders received: 7,690 million yen (Excluding tax)



Although AA lost three large projects for which it had expected to receive orders in the first quarter, it subsequently recovered, partly due to the PFI project in Kamakura, as described on page 26, and achieved the JPY91 billion plan announced at the beginning of the period, with orders of JPY91.3 billion, almost in line with the plan.

Mirai Construction was down from the previous year due to a low number of port construction projects and the loss of orders for those few port projects.

Toko Geotech was down YoY in the third quarter due to delays in the delivery of some subcontracting projects, but this was compensated for in the fourth quarter and remained unchanged from the previous year.

As for AA Group Others, the total for the fiscal year ending March 31, 2022, is JPY9.3 billion compared to JPY10.9 billion in the previous year, a decrease of JPY1.6 billion of which JPY600 million is due to the effect of Niigata Mirai Construction leaving the Group as of March 2021. The remaining JPY1 billion was due to lower orders than the previous year at all AA Group companies, including Aoki Marine, Asunaro Road, M's, and ShimadaGumi.

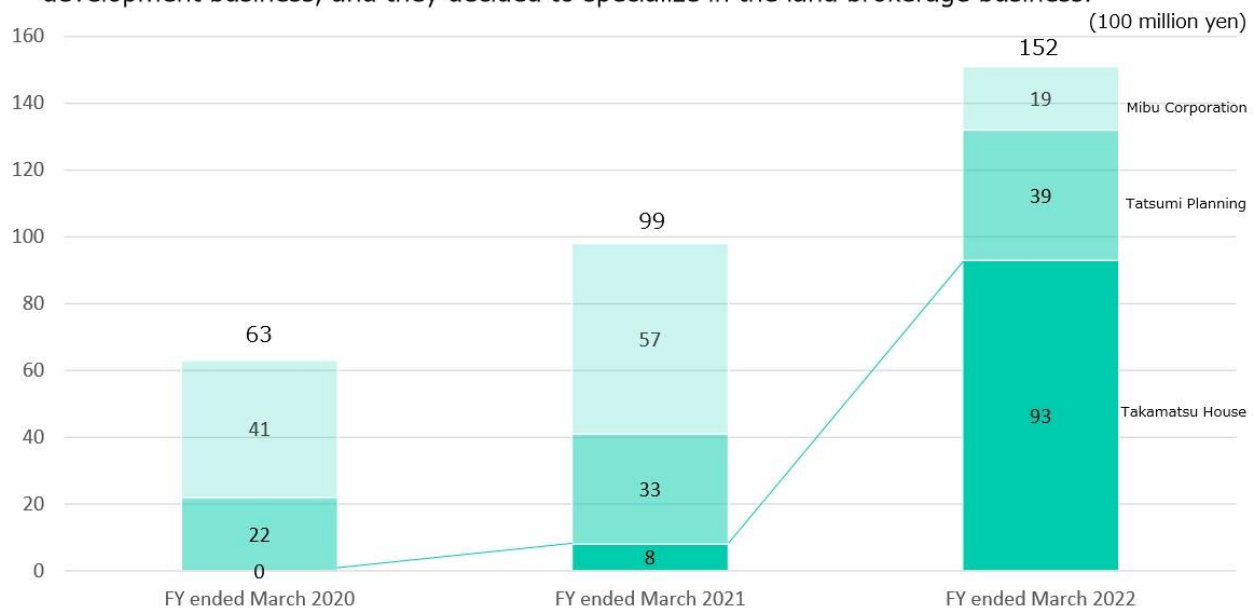
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Wooden detached housing business(Takamatsu House Group)orders received

- ◆ Takamatsu House has grown rapidly; it was practically FY ended March 2021 when they started their business. They sell their branded houses for sale, including some land with building conditions, called "MIRAKURAS" mainly in Tokyo, Kanagawa and Saitama.
- ◆ Mibu Corporation's orders received decreased YoY, because they're withdrew from the development business, and they decided to specialize in the land brokerage business.



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

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Please refer to page 11. I will talk about orders received by Takamatsu House, Mibu Corporation, and Tatsumi Planning in the wooden detached house business.

Takamatsu House on a stand-alone basis received orders of JPY9.3 billion, a significant growth from the previous year's orders of JPY800 million.

Mibu Corporation's main business used to be holding real estate for sale and selling it, but since this business model was transferred to Takamatsu House, and Mibu Corporation has changed to a model where it only earns brokerage commissions, as a result, orders received decreased.

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Takamatsu Corporation : Orders by rental apartments and non-residentials

- ◆ Although the ratio of rental apartments increased slightly in Osaka, there is no change in the fact that main emphasis is non-residentials projects.
- ◆ The ratio of rental apartments recovered about 70% as the same level before the epidemic of COVID-19 expanded in Tokyo.
- ◆ Also, orders received exceeded before the pandemic of COVID-19 expanded in Tokyo and Osaka.

Orders by rental apartments and non-residentials

(100 million yen)

| | Osaka | | | | | | Tokyo | | | | | |
|-------------------|--------|------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | 2020/3 | % | 2021/3 | % | 2022/3 | % | 2020/3 | % | 2021/3 | % | 2022/3 | % |
| rental apartments | 85 | 24.4 | 113 | 32.2 | 181 | 37.6 | 404 | 68.1 | 240 | 47.9 | 435 | 72.0 |
| non-residentials | 263 | 75.6 | 239 | 67.8 | 300 | 62.4 | 189 | 31.9 | 261 | 52.1 | 169 | 28.0 |
| Total | 348 | 100 | 352 | 100 | 482 | 100 | 594 | 100 | 502 | 100 | 605 | 100 |

Please refer to page 13. This is about TK's orders by condominium and non-condominium.

Although the previous year's orders were affected by the spread of COVID-19, both Tokyo and Osaka have recovered, and compared to the orders for the fiscal year ending March 2020, which were not affected by the disease, both Tokyo and Osaka have exceeded those levels.

As for the ratio of condominiums and non-condominiums, Osaka has a low ratio of condominiums and a high ratio of non-condominiums, while Tokyo has a high ratio of condominiums and a low ratio of non-condominiums, and this trend has continued this year.

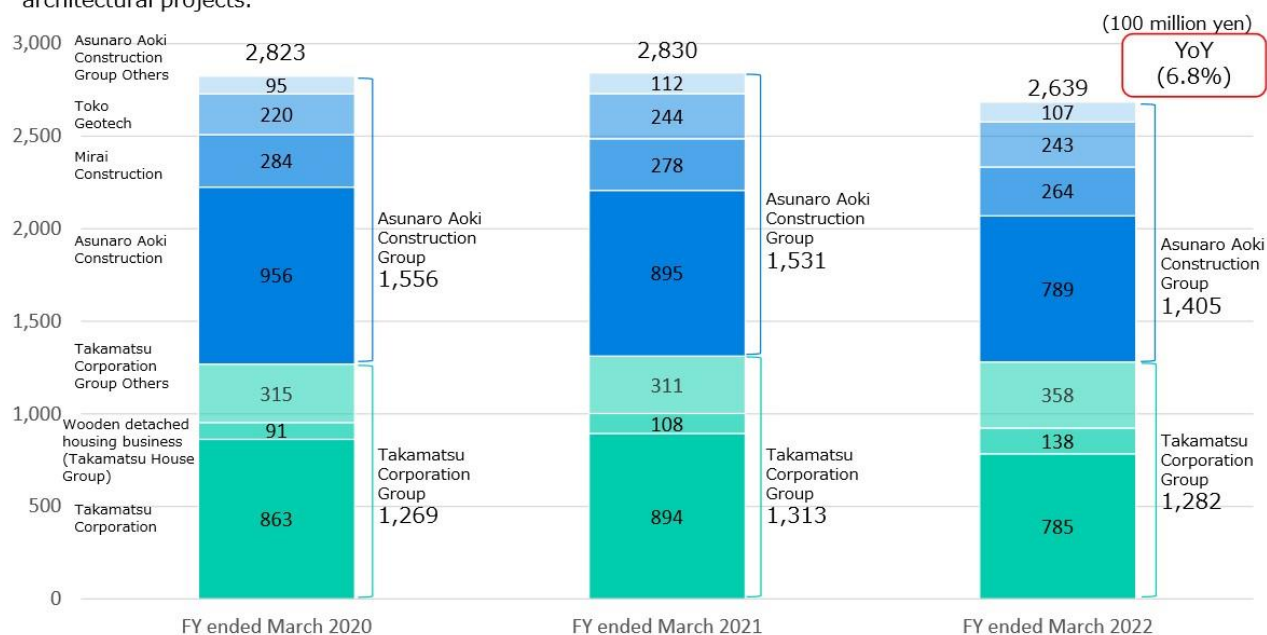
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Total net sales (Consolidated)

- ◆ Takamatsu Corporation's sales decreased because many projects were to begin construction after November, FY ended March 2022 due to refrain from sales activities until midway through 2Q FY ended March 2021.
- ◆ Asunaro Aoki Construction's sales decreased because a lot of the large civil engineering projects were only preparatory work that they received orders in FY ended March 2022, and also, they didn't have large hand-held architectural projects.



※Wooden detached housing business (Takamatsu House Group) : Takamatsu House, Mibu Corporation, Tatsumi Planning.
 ※The total of individual figures and the total figures may not match due to consolidation adjustments.

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Please refer to page 14. I will explain sales for the fiscal year ending March 31, 2022.

The breakdown is JPY128.2 billion for the TK Group and JPY140.5 billion for the AA Group.

TK was affected by the spread of COVID-19, which caused the company to refrain from sales activities from April to around August 2020. As a result, orders received in the previous year were weighted heavily toward the second half of the year, mainly due to many projects for which construction of rental apartments did not start until November of fiscal 2022, resulting in a lack of volume growth and a YoY decline of minus 12.2%.

The wooden detached housing business grew significantly, adding 28.2% YoY.

TK Group Other increased by 15.1%, or JPY4.7 billion, to JPY35.8 billion from JPY31.1 billion in the previous year. Of the JPY4.7 billion increase, approximately 50%, or JPY2.4 billion, is attributable to sales of Taisho Kogyo, which were not included in the previous year.

AA Group was minus 11.8%, Mirai Construction was minus 5%, Toko Geotech remained flat, and AA Group Others was minus 4%.

AA's sales decreased due to the fact that most of the large civil engineering projects ordered in the fiscal year ended March 31, 2022, were in the preparation stage and the volume of work did not increase, and that there were few large projects on hand in the construction sector.

The AA Group's Others segment was down JPY500 million, from JPY11.2 billion in the previous year to JPY10.7 billion, but this was largely due to the impact of Niigata Mirai Construction, which left the Group in March

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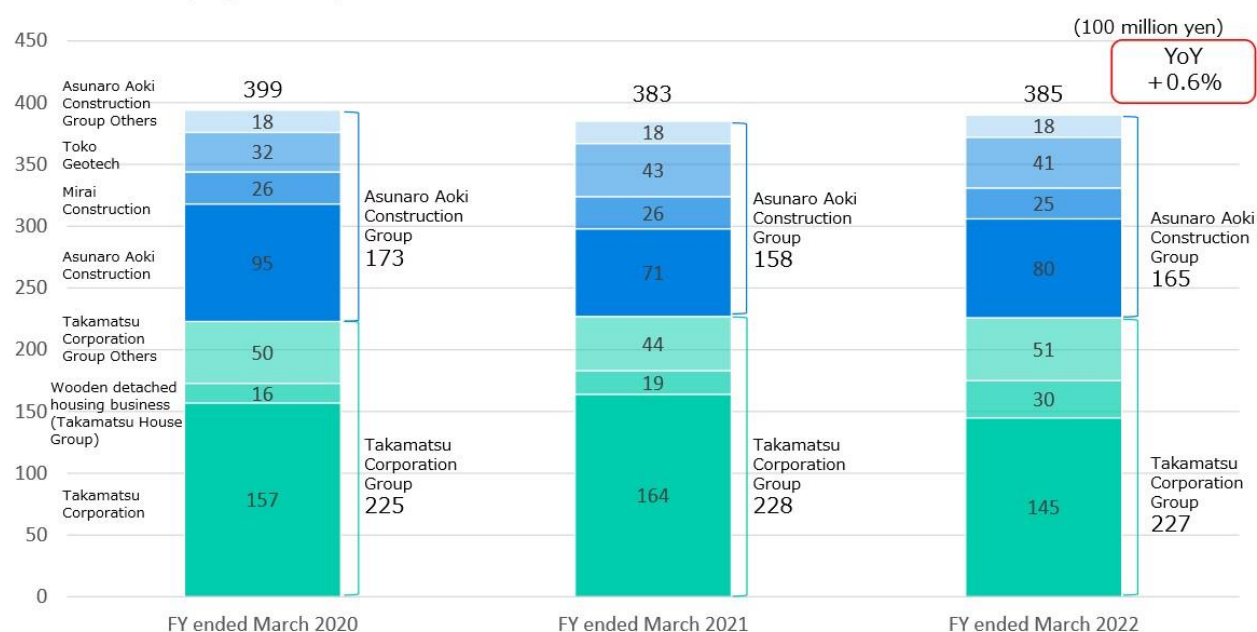
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2021, with sales of JPY600 million in the previous year, and excluding the impact of Niigata Mirai Construction, sales were essentially flat from the previous year.

Total gross profit (Consolidated)

- ◆ Takamatsu Corporation's gross profit decreased due to lower net sales.
- ◆ Gross profit in the wooden detached housing business increased steadily with net sales growth.
- ◆ Asunaro Aoki Construction's gross profit increased because they didn't have low-profit architectural projects they had in FY ended March 2021.



※Wooden detached housing business (Takamatsu House Group) : Takamatsu House, Mibu Corporation, Tatsumi Planning.
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Please refer to page 15. I will talk about gross profit.

This resulted in a slight increase to JPY38.5 billion for the fiscal year ending March 31, 2022, compared to JPY38.3 billion in the previous year. The breakdown is as follows: the TK Group's gross profit was JPY22.8 billion in the previous year and JPY22.7 billion in the fiscal year ending March 31, 2022, almost unchanged, while for the AA Group it was JPY15.8 billion in the previous year and JPY16.5 billion in the fiscal year ending March 31, 2022, a 4.5% increase over the previous year.

The YoY increase in the AA group was largely due to AA, as there were four low-profit construction projects in AA construction in the previous year, but there were no such projects in the fiscal year ending March 2022, and gross margins recovered.

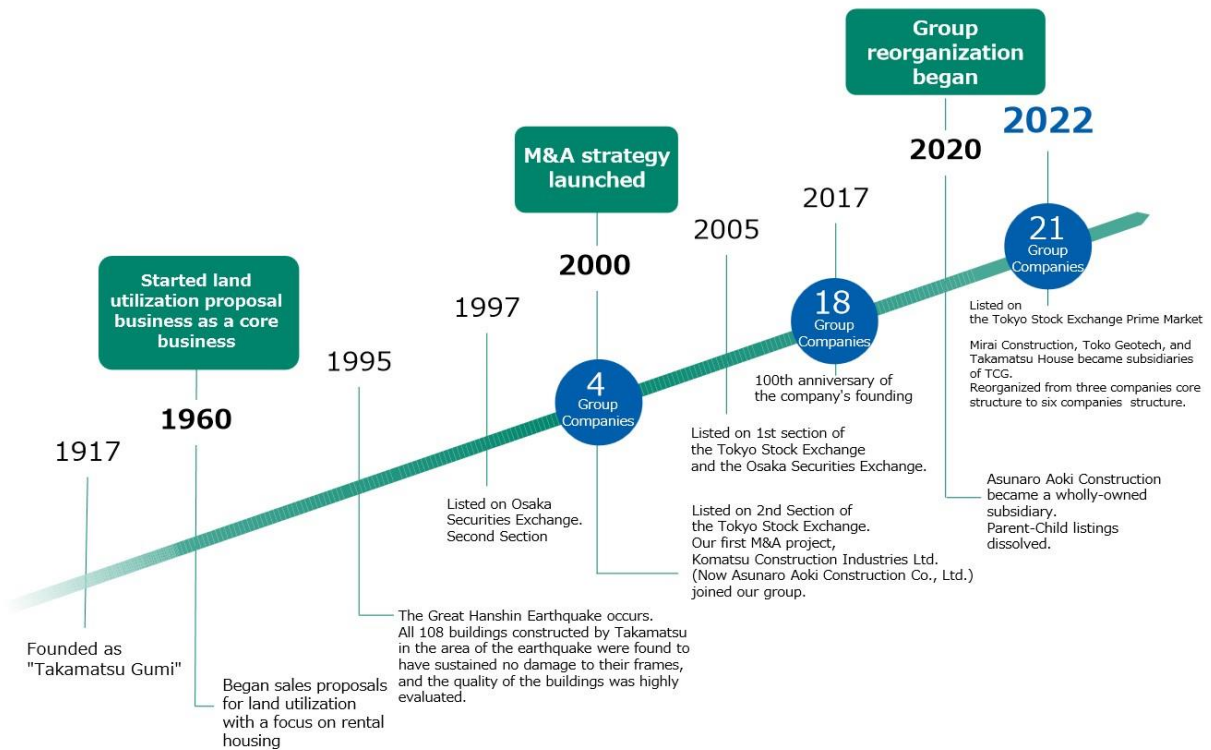
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TCG Group's History



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We will now move on to the explanation of the medium-term management plan.

Please refer to page three of the medium-term management plan explanatory material. A general history of the TCG Group from its inception to the present is described.

Our parent company, TK, started business as a construction company in Yodogawa-ku, Osaka, in 1917 under the name of Takamatsu Gumi, and around 1960, started proposal-based sales of land utilization with a focus on rental housing, which is now our core business.

Since the beginning of 2000, the Company has adopted an M&A strategy, and to date, a number of companies have joined the Group, including AA, Mirai Construction, and Toko Geotech.

In 2020, AA became a wholly owned subsidiary, and the parent-subsidary listing was dissolved. This was the beginning of a reorganization of the Group, and as of April 1 of this year, the Group was reorganized from the three core companies of TCG, TK, and AA to six companies: TCG, TK, AA, Mirai Construction, Toko Geotech, and Takamatsu House.

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Summary of Previous Medium-Term Management Plan "Create! 2022"

Focused Policy

- **Create High-growth, High-profit Company**
We aim for continued sales growth of at least 6% per year and 6% of operating profit ratio.
- **Create New Business Domain**
We complement business through M&A and explore new field of business.
- **Create Group Culture that Respects Diversity and Compliance**
- **Create Synergy Effect**
- **Create Value towards Economy, Society and Environment**

Achievements and Reflections

- We didn't reach target because of the declaration of a state of emergency and other measures issued in response to the spread of the new corona infection, due to refraining from door-to-door sales at Takamatsu Construction from the first quarter to the middle of the second quarter of FY ended March 2021, and a decrease in interior work due to the withdrawal of tenants, we missed our targets.
- As for the creation of new business field, we aimed to make the wooden detached house business as a new pillar of our business, and have started initiatives including M&A. In FY ended March 2022, Takamatsu House Group's consolidated net sales increased to about 13.8 billion yen.

Medium-Term Management Plan Targets (100 million yen)

| | 2020/3 | 2022/3 |
|------------------|--------|--------|
| Orders Received | 3,100 | 3,500 |
| Net Sales | 2,700 | 3,000 |
| Operating profit | 133 | 180 |

*Targets for FY ended March 2021 are not disclosed.

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Achievements (100 million yen)

| | 2020/3 | 2021/3 | 2022/3 |
|------------------|--------|--------|--------|
| Orders Received | 2,967 | 2,564 | 3,128 |
| Net Sales | 2,823 | 2,830 | 2,639 |
| Operating profit | 147 | 121 | 112 |

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Please refer to page six. This is a summary of the previous medium-term management plan Create! 2022. Create! 2022 covers the three-year period from the fiscal year ending March 2020 to the fiscal year ending March 2022 and was announced in May 2019.

The five pillars of the plan are: create a high-growth, high-profit company, create new business domain, create group culture that respects, create synergy effects, and create value towards economy, society, and environment.

The plan was prepared before the spread of COVID-19, so its impact was not taken into account. Although the plan was achieved in terms of both sales and operating income in the first year of the medium-term management plan, both sales and operating income fell short of the plan for the final year of the medium-term management plan.

With regard to the creation of new business domains, we started full-scale operation of the wooden detached house business in the fiscal year ending March 2021 to make it the third pillar of our business after TK and AA, and by the fiscal year ending March 2022, the combined sales of the Takamatsu House Group grew to JPY13.8 billion.

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TCG Group's Long-term Vision

TCG 2030 vision

Contribute to the "material" and the "mental" happiness of all people in the community

By cherishing the relationships that come from a network of mutual trust and ties, and embodying TCG's origins in "C&C (Consultant & Construction)," we provide solutions that contribute to the creation of a "recycling-oriented and sustainable social infrastructure" that leads to the "material" and "mental" happiness of all people in the region.

Values that support the Group's vision

Value mutual trust and bonds



Aligning employee and organizational growth



Contribute to the future where people can live happily



Basic policy to achieve the TCG 2030 vision

Business Growth

Transformation into a solution provider

From the inventory of intangible assets of each group company, new solutions through organic combination will have been developed and will be on track.

Realization of stock business

By extending the value chain, the company will be realizing and evolving stock business that maximizes lifetime profits for customers through the medium of construction products.

Organizational Management

The Challenge of Becoming a Top-Class Good Standing Company

Efforts to become a top-class good standing company will be being promoted at each company, making it "an organization where people can experience the joy of work and growth".

Establishment of Group Management Base

The platform, which aims for optimal coordination of human, financial, and technological resources among group companies, will be functioning and synchronizing the growth of individual companies and the group.

Please continue to page eight. The TCG Group's long-term vision TCG 2030 vision until 2030 will be explained.

The two basic policies for business growth are: transformation to a solution provider and realization of stock business, while the two basic policies for organizational management are: the challenge of becoming a top-class good standing company and establishment of group management base.

We will explain in detail on the next page and beyond.

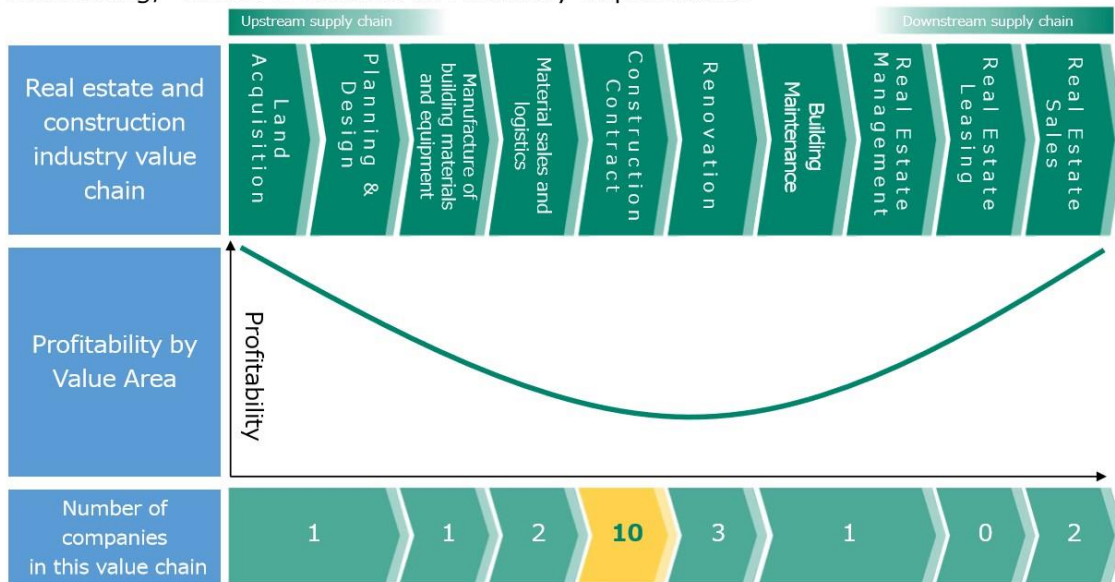
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Background of Basic Policy for Business Growth ①

- ◆ Group companies of Takamatsu Construction Group estimate that the "smile curve" also applies to real estate and construction industry value chain.
- ◆ The sales of Takamatsu Construction Group is concentrated in "construction contracting," which is considered relatively unprofitable.



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Please refer to page 11. This section describes the basic policy for business growth.

The TCG Group assumes that the smile curve applies to the real estate and construction value chain as well.

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Background of Basic Policy for Business Growth ②

- ◆ The sales of TCG Group are concentrated in "construction contracting," which is considered relatively unprofitable.

| | Upstream supply chain | | | | Downstream supply chain | | | | | | |
|--|-----------------------|-------------------|---|------------------------------|-------------------------|------------|----------------------|------------------------|---------------------|-------------------|--|
| | Land Acquisition | Planning & Design | Manufacture of building materials and equipment | Material sales and logistics | Construction Contract | Renovation | Building Maintenance | Real Estate Management | Real Estate Leasing | Real Estate Sales | |
| Takamatsu Corporation | | | | | ● | | | | | | |
| Takamatsu Techno Service | | | | | | ● | | | | | |
| Takamatsu Estate | | | | | | | ● | | | ● | |
| Suminoe Kogei | | | | | | ● | | | | | |
| Kongo Gumi/Nakamura Shaji | | | | | ● | | | | | | |
| Taisho Kogyo Corporation | | | | | ● | | | | | | |
| Asunaro Aoki Construction | | | | | ● | | | | | | |
| Asunaro Road | | | | ● | ● | | | | | | |
| Shimada Gumi | | | | | ● | | | | | | |
| Mirai Construction | | | | | ● | | | | | | |
| Aoki Marine | | | | | ● | | | | | | |
| M's | | | | | | ● | | | | | |
| Toko Geotech | | | ● | ● | ● | | | | | | |
| Takamatsu House Group (Takamatsu House, Mibu Corporation, Tatsumi Planning) | ● | | | | ● | | | | | ● | |

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Please refer to page 12. Since 2000, the TCG Group has been pursuing an M&A strategy and has a wide variety of companies under its umbrella, with a total of 21 consolidated companies.

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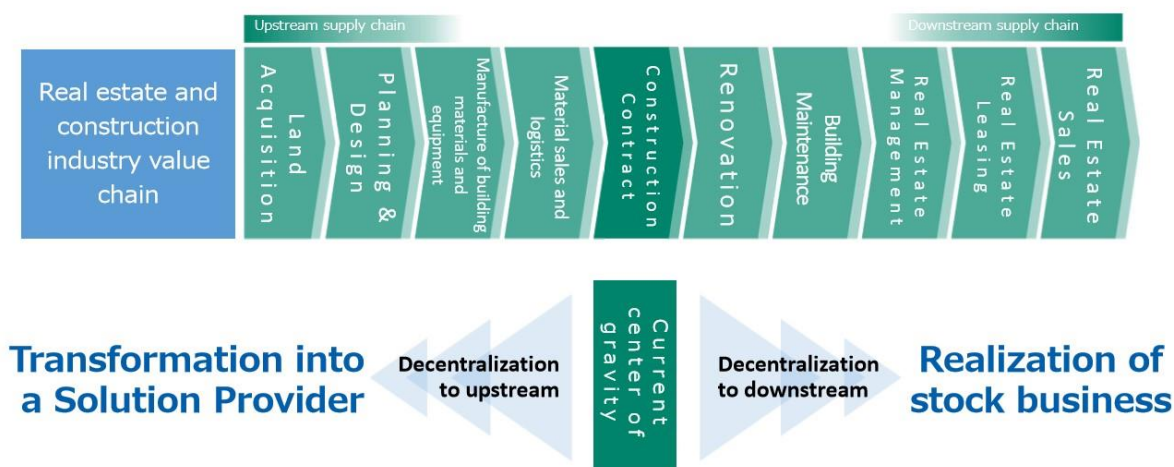
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Background of Basic Policy for Business Growth ③

- ◆ While expanding the "construction subcontracting" business, by moving into the upstream supply chain and downstream supply chain at a higher growth rate, we aim to decentralize the center of gravity which is biased toward the "construction subcontracting" business. At the same time, we aim to improve profit income.



Please refer to page 13. In the future, while further expanding construction contracting, which is our strength, we will expand into the upstream and downstream areas at a higher growth rate. In addition, the Company plans to diversify its center of gravity, which is biased toward construction contracting, while at the same time aim to improve profit margins.

In order to achieve the transformation to a solution provider, we will combine the tangible and intangible assets we have within the Group. If we do not have sufficient proposal and technical capabilities within the Group, we will create new businesses by considering collaboration and capital tie-ups with venture companies and other external companies from different industries.

With respect to realization of stock business, we will form private funds and SPCs as recipients of real estate development projects to be undertaken mainly by TK, play a leadership role in station-front and regional redevelopment projects, and engage in real estate management and renewal work.

In addition, we intend to consider participating in PFI projects, concessions, and infrastructure management projects as part of our efforts to maintain society's infrastructure.

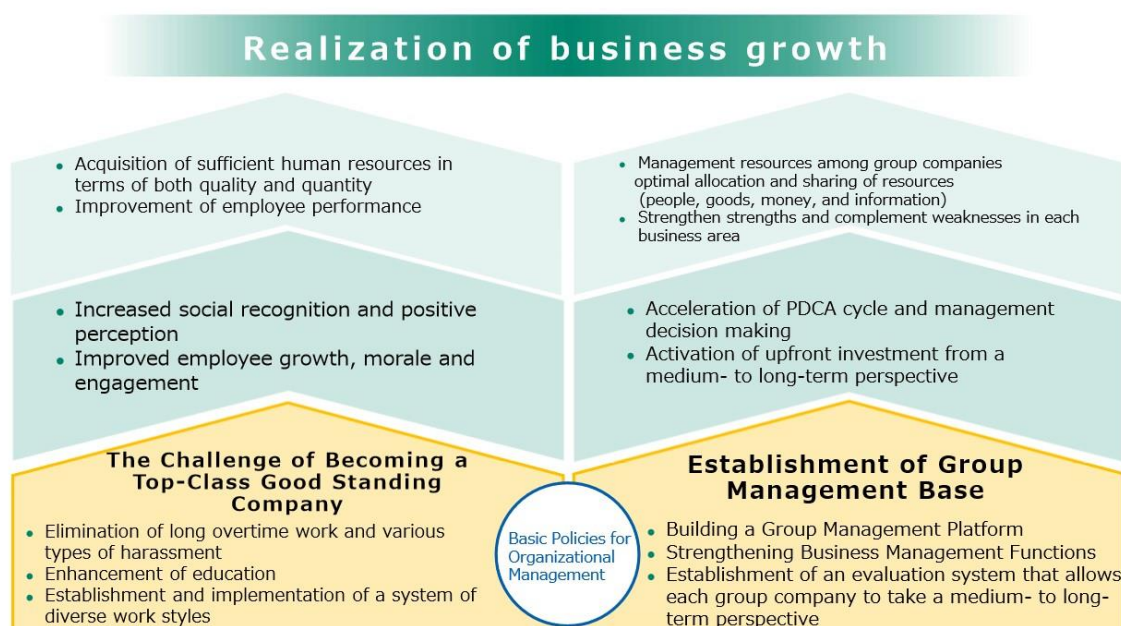
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Background of Basic Organizational Management Policies

- ◆ In order to achieve business growth, the basic policy of the organizational management was defined as the key points that the TCG Group should strengthen further.



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Please refer to page 14. This is about the basic policy of the organization's management.

As for the challenge to become a top-class white company, while the construction industry itself is recognized by the public as a black industry, our basic policy is based on the belief that a good company will attract good employees, and a good company will become an even better company when it attracts good employees.

The TCG Group has had very limited exchange of people, goods, and money among Group companies, and therefore, under the leadership of TCG, we will establish a platform for personnel systems, financing, technology, etc., and build a system for sharing people, goods, and money within the Group, while making this one of our basic policies.

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Medium-term Management Plan "Co-creation×2025" KPI

- ◆ Orders received and net sales both will reach **record highs for the third consecutive year** in the three-year medium-term management plan.
- ◆ Operating profit will reach **record highs for two consecutive fiscal years**, FY ending March 2024 and 2025.

| | 2023/ 3 | 2024/ 3 | 2025/ 3 |
|---------------------------------------|--------------|--------------|--------------|
| Orders received (100 million yen) | 3,600 | 3,900 | 4,200 |
| Net sales (100 million yen) | 3,000 | 3,400 | 3,700 |
| Operating profit (100 million yen) | 120 | 150 | 180 |
| Net income (100 million yen) | 68 | 90 | 110 |
| Net income per share (yen) | 195.30 | 258.48 | 315.92 |

Next, I will explain the KPIs for Co-Creation x 2025. Please refer to page 16. During the three-year period of the medium-term management plan, we aim to achieve record-high orders and sales for the third consecutive year, and target orders of JPY420 billion and sales of JPY370 billion in the final year of the medium-term management plan.

We plan to achieve record-high operating income for two consecutive fiscal years, the fiscal years ending March 31, 2024, and 2025, and aim for operating income of JPY18 billion in the final year of the medium-term plan.

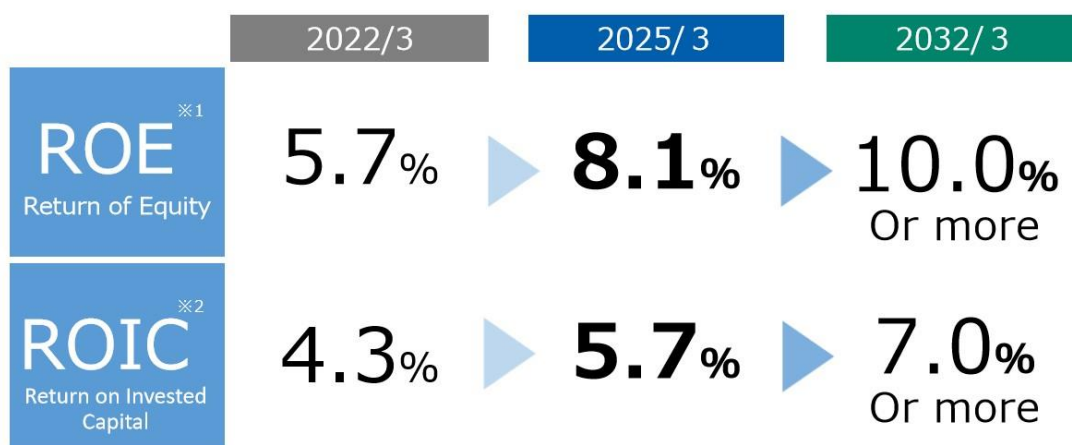
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Medium-term Management Plan "Co-creation×2025" KPI ROE/ROIC

- ◆ In the final year of the medium-term management plan, we aim to achieve ROE of 8.1% and ROIC of 5.7% and we will strive to improve capital efficiency.
- ◆ Long-term targets are ROE of at least 10.0% and ROIC of at least 7.0%.



※1 ROE = Net income attributable to shareholders of the parent company ÷ (Shareholders' equity at the end of the previous period + Shareholders' equity at the end of the current period) / 2
 Shareholders' equity = Net assets - Noncontrolling interests

※2 ROIC = (Operating profit - Corporate income tax, etc.) / (debt + bonds + shareholders' equity)

Please refer to page 17. With regard to ROE and ROIC, we aim to achieve ROE of 8.1% and ROIC of 5.7% in the final year of the medium-term plan, and our long-term targets are ROE of 10% or more and ROIC of 7% or more.

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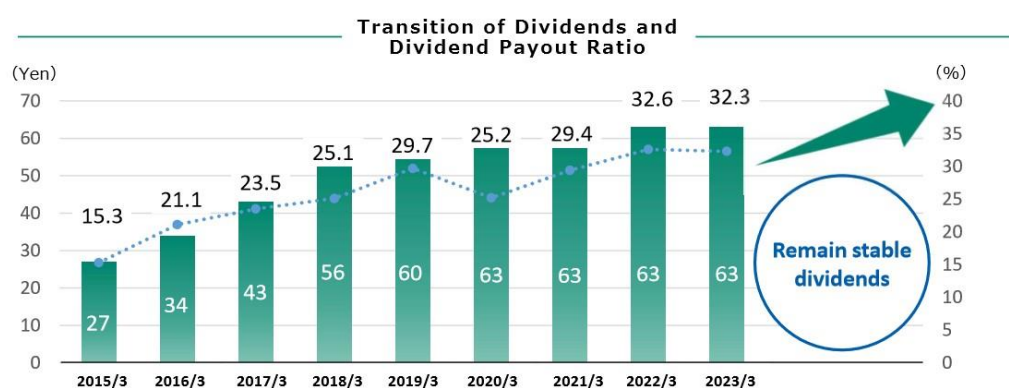
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Medium-term Management Plan "Co-creation×2025" KPI Return to stockholders

- ◆ We will remain stable dividends, and aim to return profits to our shareholders in line with growth in profits while maintaining a balance of funds invested to increase corporate value.

| | 2015/3 Actual | 2016/3 Actual | 2017/3 Actual | 2018/3 Actual | 2019/3 Actual | 2020/3 Actual | 2021/3 Actual | 2022/3 Actual | 2023/3 Plan |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| Dividend (Yen) | 27 | 34 | 43 | 56 | 60 | 63 | 63 | 63 | 63 |
| Dividend payout ratio (%) | 15.3 | 21.1 | 23.5 | 25.1 | 29.7 | 25.2 | 29.4 | 32.6 | 32.3 |



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Please refer to page 21. It is about shareholder return.

The dividend for the fiscal year ending March 31, 2023, is expected to be JPY63 per share, the same amount as the fiscal year ended March 31, 2022. Our policy is to continue to pay stable dividends and to return profits to shareholders in line with profit growth, while investing funds in a balanced manner in investments aimed at enhancing corporate value.

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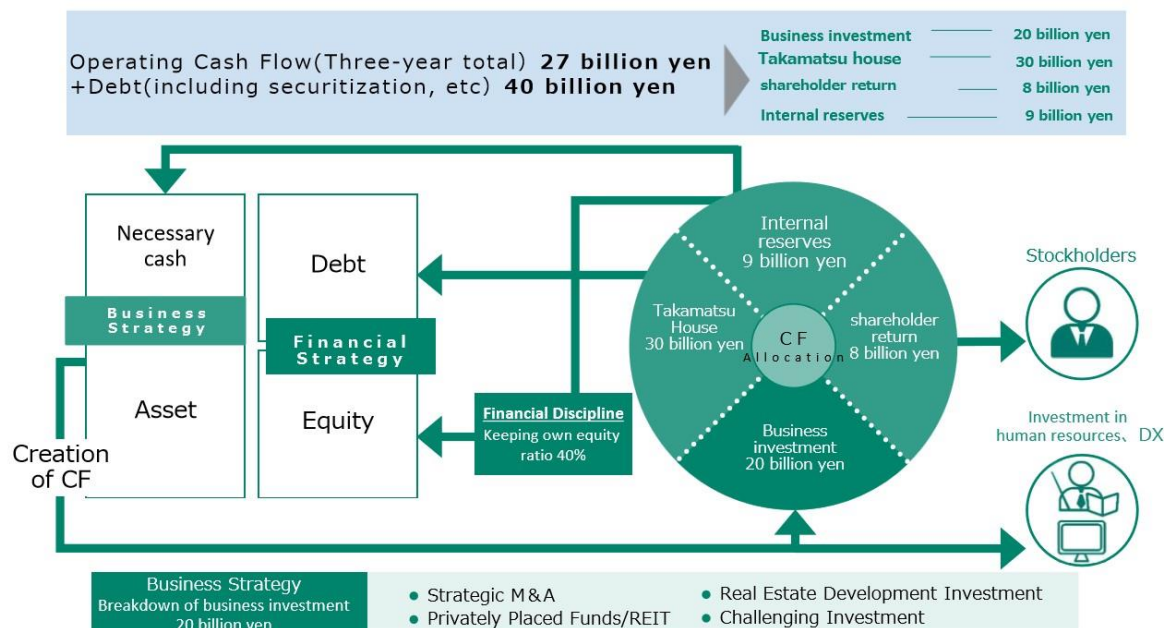
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Cash Flow Allocation Policy for the Three Years of the Medium-Term Management Plan

- In order to "transform into a solution-providing company" and "realization of stock business", we will invest 20 billion yen over 3 years, and introduce 30 billion yen of working capital at Takamatsu House.
- Financial discipline is to maintain an equity ratio of approximately 40% and at the same time actively utilize real estate securitization and interest-bearing debt.



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Please refer to page 23. This is the cash flow allocation policy for the three years of the medium-term management plan.

The total of JPY67 billion, which is the sum of the three-year cumulative cash flow of JPY27 billion plus debt of JPY40 billion will be allocated as follows: JPY30 billion for land purchase at Takamatsu House, JPY20 billion for business investment, JPY8 billion for shareholder return, and JPY9 billion for internal reserves.

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Business Investment Plan - Strategic Investment for Group Business Growth-

Growth Strategic Business Investment (20 billion yen / 3 years)

- ① M&A and alliances to strengthen existing businesses and expand businesses in peripheral areas
- ② Promotion of upstream supply chain (Real estate development business, etc.) ,
Entry into downstream supply chain (Stock business)
- ③ R&D investment in decarbonization, DX, new technologies, etc. (including venture investment and funds),
cultivation of U.S. businesses, etc.

| Purpose | Working Item | Investment Scale |
|--|--|---|
| Growth by strengthening existing businesses and expanding business areas | M&A Alliance (Strengthening of the detached house business and construction capacity, etc.) Expansion of Solution Providing Business (Real estate development investment, Private Finance Initiative, etc.) Entry into stock business Upfront investment in advanced technology such as R&D, US development business, DX, decarbonization | Investment amount 3 years 20 billion yen |
| Challenge | | |

Please refer to page 24. This is about the business investment plan.

The M&A strategy will continue as before and will be pursued with the aim of strengthening the wooden detached housing business, a growing business in the TCG Group, and enhancing company-wide construction capabilities.

In the expansion of the solution-providing business mentioned earlier, we will consider investments in real estate development, including logistics facilities, rental housing, and commercial buildings, in various variations, such as ownership by the TCG Group and establishment of SPCs.

In addition, AA is currently working on a housing reconstruction PFI, and would like to move forward with PFI initiatives other than housing reconstruction.

With respect to the stock business, the Company will seek to expand its business in various downstream areas, including the sublease business and the expansion of the scope of management operations. In the US, we will continue to promote both our stock business, including subleasing, and the development business we are conducting in California.

Also, we hope to develop and introduce new technologies by investing in and collaborating with venture companies in the environmental field, including DX and carbon neutral, as well as construction tech companies with unique technologies.

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DX Initiatives

- Pursue digital technologies to address issues such as climate change and carbon neutrality
- Use of digital technology in response to aging construction workers and a shrinking workforce
- Use of information technology to eliminate long working hours and streamline construction and improve productivity as part of work style reform
- Investment in or collaboration with construction tech ventures to introduce unique technologies

Productivity Improvement Initiatives

- Promote business reform through BPR in conjunction with the completion of the new TCG building (scheduled for March 2023)
- Strengthening and visualization of information infrastructure by commonizing platforms within the group
- Rationalization of construction through application of BIM and CIM
- Developing a remote site for use of 3D survey data
- Invest in or collaborate with construction tech ventures to introduce unique technologies

Initiatives for BIM and CIM

- Business process reform based on integrated digital operation technology from planning and development/design to construction, maintenance and repair



Initiatives Related to Unmanned Construction Technology

- Amphibious bulldozers for unmanned construction in shallow water areas
- Unmanned Construction Testing Using 5G at Unzen Fugendake
- Aiming to begin development of underwater bulldozers that can work in deeper waters than shallow water areas

Construction Tech Venture Investment and Collaboration

- Investment in construction tech venture funds in Japan and the U.S.
- Build relationships with portfolio companies through fund investments, etc., and absorb promising technologies and introduce new technologies through individual investments

Please see page 27. Regarding DX initiatives, we will work to improve productivity by deploying a system that enables employees or the client to visit the site to check the work remotely, and also develop a new underwater bulldozer that will enable construction in even deeper waters than the seven meters of water depth that our current amphibious bulldozers are able to construct in.

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Research and Development Initiatives

- Promoting the development of technologies that contribute to the maintenance of social infrastructure and decarbonized society and extend its service life in response to social changes
- Develop technology that contributes to construction efficiency through proactive efforts in digital technology
- Joint technology development through investment in funds and companies related to construction tech, etc., and Open Innovation

| | |
|---|--|
| Technical Research Institute <ul style="list-style-type: none"> ● Establishment and renewal of facilities for new technology development ● Renewal of technical research laboratories  | Digital Technology <ul style="list-style-type: none"> ● Development of robotic technology for construction ● Development of robot technology (consortium participation) ● Development of DX-enabled technology ● Development of AI-based hazard prediction technology |
| Environment-Related Fields <ul style="list-style-type: none"> ● Initiatives for ZEB and ZEH ● Efforts to reduce CO₂ emissions, aiming for decarbonization ● Realization of design and construction of PCa conversion including wooden fireproofing ● Development of low-carbon construction methods ● Collaboration through investment in environmental ventures | Responding to Changing Times <ul style="list-style-type: none"> ● Application of proprietary technologies to renewal technology ● Development of new renewal technology ● Development of technology for deep-water construction |
| | Technological development through collaboration, etc. <ul style="list-style-type: none"> ● Joint technology development and deployment of results to the group by investing in funds and companies in construction tech ventures and environment-related ventures ● Implementation of open innovation |

Please refer to page 28. Regarding technological development, in addition to conventional technological development, we will work on technological development in environment-related fields, such as low-carbon construction methods, wood construction initiatives, and technologies that will reduce carbon dioxide emissions in the construction process.

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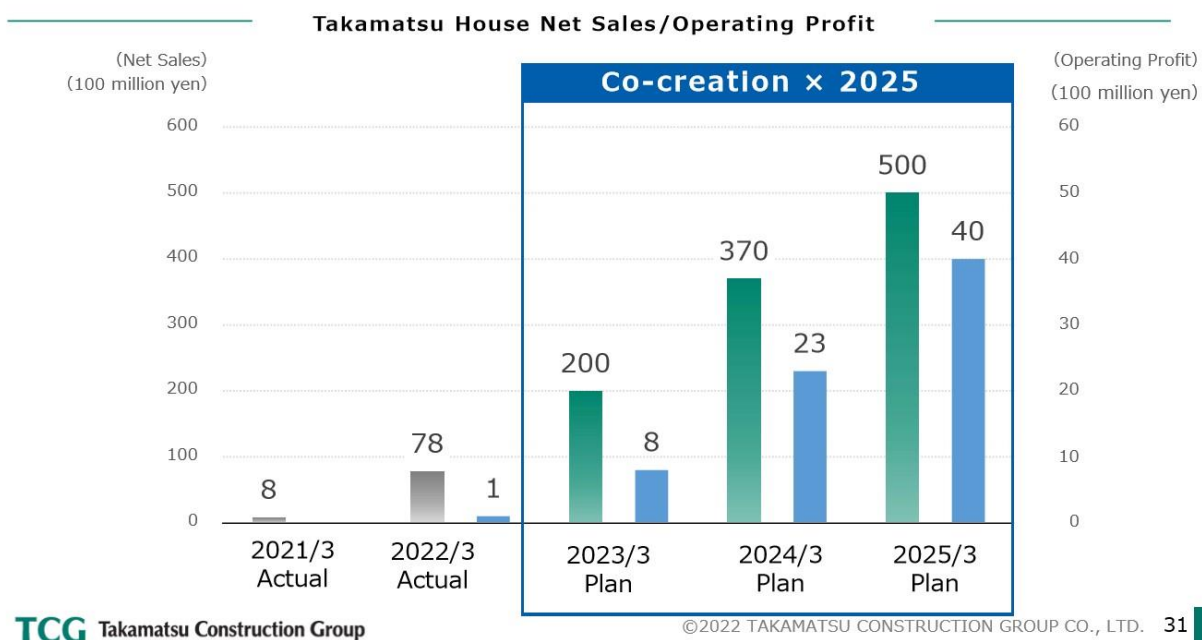
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Wooden Detached Houses Business (Takamatsu House)

- ◆ Takamatsu House's non-consolidated sales target for the final fiscal year of the medium-term management plan is 50 billion yen and the average annual growth rate of sales is 177%.
- ◆ Although the period of the medium-term management plan is a period of upfront investment, we aim to achieve the following profit targets.



Please refer to page 31. This is the non-consolidated sales and operating income plan of Takamatsu House for the wooden detached house business.

Takamatsu House, whose fiscal year ended March 31, 2021, was the first year of actual start-up, achieved rapid business growth in its second year of operations, ending March 31, 2022, with sales of JPY7.8 billion and operating income of JPY100 million. Currently, the company is making upfront investments to increase the number of employees and strengthen its organizational structure in order to achieve fast-paced growth, aiming for sales of JPY20 billion in the fiscal year ending March 31, 2023, JPY37 billion in the fiscal year ending March 31, 2024, and JPY50 billion in the fiscal year ending March 31, 2025, the final year of the medium-term management plan.

Currently, the company operates mainly in the Jonan and Josai areas of Tokyo, including Setagaya, Suginami, and Meguro wards, but will gradually expand its area of operations, aiming to acquire a position in the Tokyo metropolitan area of Tokyo, Kanagawa, Saitama, and Chiba during the mid-term management plan period.

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Sustainability-Linked Green Bonds (SLGB)

- ◆ TCG issued Japan's first Sustainability-Linked Green Bonds (SLGB) in March 2021.
- ◆ This SLGB has set a target for SDGs Contribution Sales, which is net sales that correspond to the 17 goals of the SDGs, and to allocate all funds raised to a green project that is construction of new "TCG Building" (tentative name).
- ◆ In the end, we received more than 3times the demand from investors for the 10 billion yen we issued.



"TCG Building" (tentative name) under construction in Shiba, Minato-ku, Tokyo



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Outline of SLGB

| | |
|-------------------------------------|--|
| Maturity | 5 years |
| Issue Amount | 10 billion yen |
| Interest rate | 0.290% |
| Use of funds | (Tentative name) Construction funds for new construction of "TCG Building" |
| SPTs linked to issuance conditions※ | Achieve a cumulative total of 391.1 billion yen in SDGs Contribution Sales of TCG Group over the next 4 FY (FY ended March 2022 and beyond). |
| Premium | If SPTs are not met, a premium of 0.5 yen per 100 yen of the bond amount is paid. |
| Rating | A- (Japan Credit Rating Agency, Ltd.) |

※Sustainability Performance Targets (SPTs)
A target based on the issuer's business strategy that determines the terms and conditions of the Sustainability-Linked Bonds issue.

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Please refer to page 37. In March 2021, we issued Japan's first Sustainability-Linked Green Bonds, a combination of a Sustainability-Linked Bonds and Green Bonds. We have set a target of SDG contribution sales, our own index of sales that correspond to the 17 goals of the SDGs and will use all funds raised for the construction of the new TCG building, our Tokyo business base currently under construction in Shiba, Minato-ku.

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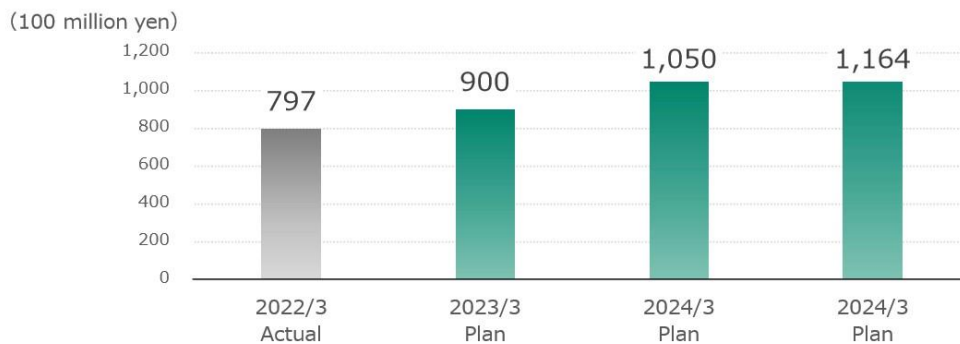
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SDGs Contribution Sales

- ◆ We set specific targets defined “SDGs Contribution Sales” as net sales that correspond to the 17 goals of the SDGs to quantify efforts to quantify the SDGs efforts because we recognize that addressing the SDGs is essential for our long-term growth.
- ◆ In SLGB, the target is to achieve a cumulative total of 391.1 billion yen in SDGs Contribution Sales in the four fiscal years from FY ended March 2022, with a premium paid to investors at the time of redemption if the target is not achieved.

SDGs Contribution Sales

Cumulative total for the four financial years,
more than 391.1 billion yen



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Actual figures may change due to discussions with rating agencies.
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Please see page 38. This is in regard to SDG contribution sales. The Sustainability-Linked Green Bond targets SDG contribution sales of JPY391.1 billion or more over the four-year period starting in the fiscal year ending March 31, 2022. If the target is not achieved, a premium of JPY0.5 per JPY100 of the bond amount will be paid to investors at the time of redemption.

The actual amount for the fiscal year ending March 31, 2022, was JPY79.7 billion, and we plan to grow by more than JPY10 billion annually through the fiscal year ending March 31, 2025.

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Environmental Initiatives, Carbon Neutral Initiatives

Environment

- Promote renewable energy-related construction
- Acceleration of ZEB and ZEH initiatives
- Further development and application of nature-friendly materials and construction methods
- Construction efforts to preserve the richness of the sea



Wind power generation and other renewable energy related construction



Slope construction using natural symbiotic materials and methods



River and coastal construction using amphibious bulldozers, etc.

Climate Change/Carbon Neutral

CO₂ reduction plan/target

- Promote renewable energy-related construction
- Thorough energy conservation
- Promote the use of renewable energy
- Secure renewable energy sources
- Convert heavy equipment to hybrid and electric
- Promote design and construction of ZEB and ZEH
- Development of low-carbon materials, etc.
- Reduce final landfill disposal ratio of construction waste
- Development of new technologies through co-creation with venture and tech companies
- Consider participation in hydrogen energy business through co-creation with companies from other industries
- Aim to reduce Scope 2 emissions by 2030, including business portfolio reform



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Please see page 39. In terms of environmental and carbon neutral initiatives, in addition to the construction of renewable energy-related work, which is our forte, and RC condominiums, which are 15% larger than the Building Standard Law, we will actively promote initiatives related to climate change and carbon neutrality.

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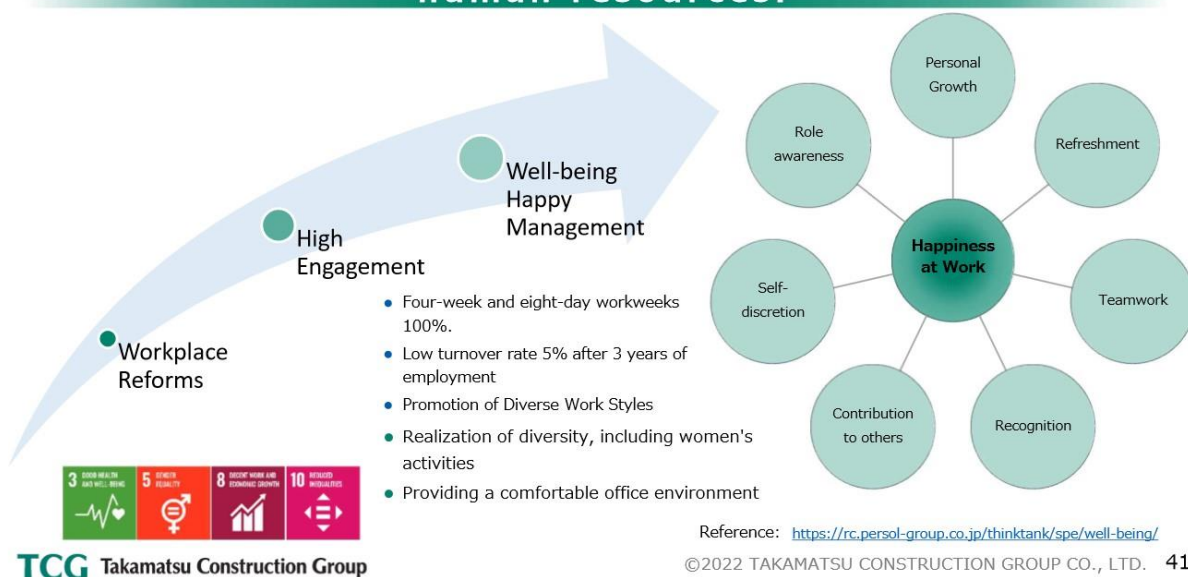
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The Challenge of Becoming a Top-Class Good Standing Company

By taking on the challenge of becoming a top-class good standing company, we will realize an organization in which employees can experience the joy of working and growth, and maintain and attract excellent human resources.



Please see page 41. It's about the challenge of becoming a top-class white company.

We will aim to achieve 100% of securing two holidays for each week during the period of this medium-term management plan. We aim to achieve a three-year turnover rate of 5%, the same level as super general contractors. We will also focus on increasing the ratio of female managers and hiring foreign engineers to achieve diversity.

This concludes the presentation of the financial results for the fiscal year ending March 31, 2022, and the medium-term management plan Co-Creation x 2025.

Thank you.

Moderator: Thank you for watching the video presentation of Takamatsu Construction Group's financial results for the fiscal year ending March 31, 2022. We would like to finish our financial results briefing.

If you have any questions, please feel free to contact the corporate communications department of Takamatsu Construction Group. Thank you.

[END]

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