

## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

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### [Summary]

- ✓ Takamiya Co., Ltd. (hereinafter referred to as "Takamiya" or "the company") used to be mainly engaged in the rental of light temporary equipment for construction, but in recent years it has also focused on manufacturing and sales, and manufacturing and sales now account for nearly 30% of its sales.
- ✓ The company's performance hit a record high operating profit in FY03/15 on the back of a recovery in domestic construction investment, but performance subsequently slumped due to a slump in solar-related business, sluggish growth in next-generation scaffolding, and delays in civil engineering-related construction. However, from FYE Mar.2019 onwards, with the construction and civil engineering industry environment improving, recognition of next-generation scaffolding increasing, and investment in leased assets running its course, earnings were back on track to reach a record high in FYE Mar. 2020.
- ✓ However, in the ongoing fiscal year to March 2021, sales and profits are expected to fall due to the impact of the new coronavirus infection. This makes it difficult to achieve the targets of the medium-term management plan (sales of 50 billion yen and operating profit of 4 billion yen for the year ending March 2021). As a result, the market's attention will now turn to the company's performance in the next financial year (ending March 2022), but the situation does not appear to be optimistic. The first half of the year, at least, is likely to remain difficult.
- ✓ Another noteworthy development is the next medium-term management plan, which is expected to be announced in spring 2021. Although details have not yet been revealed, the company has stated that "the goals of the next management plan will focus on qualitative improvements rather than quantitative expansion". In other words, the plan aims to improve profits by minimising the need to expand the balance sheet.
- ✓ With the completion of major projects such as those related to the Tokyo Olympics and the Hokuriku Shinkansen bullet train, the company intends to aggressively win orders for maintenance and repair work, and internally improve quality in order to achieve a recovery in profits. In addition, the company's positive stance on investor relations, shareholder returns and ESG initiatives is likely to change the valuation of its share price. It will be interesting to see how the company's performance, as well as its own share price, changes over the next two to three years.

(Noboru Terashima, Analyst, G-Cube Co.)

### <Consolidated Results Trend>

Fiscal year Ended/Ending	Net sales	Operating income	Ordinary income	Net income	Dividends
FYE Mar., 2017	36,763	2,983	2,337	1,516	10.0
FYE Mar., 2018	36,114	1,690	1,610	1,252	11.0
FYE Mar., 2019	42,182	2,713	2,662	1,637	11.0
FYE Mar., 2020	46,065	3,703	3,541	2,370	14.0
FYE Mar., 2021 (Forecast)	40,750	2,200	2,000	1,270	14.0

\*Forecasts are company forecasts.

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**TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)****(History)**

In 1969, Shin-Kansai Co., Ltd., the predecessor of Takamiya Co., Ltd., was established in Higashiyodogawa-ku, Osaka City, Osaka Prefecture. While focusing on the trading of wooden scaffolds, Takamiya quickly focused on the steelmaking scaffolds, which had been attracting attention overseas at that time, and introduced them to the construction and civil engineering fields. During the construction of the Osaka Expo (1970), many construction companies procured huge amounts of equipment in Osaka and then sold them in Osaka. In response to this trend, the Company focused on the future potential of equipment rentals, purchased a large amount of temporary equipment, shifted its business focus from equipment sales to rental, and built the foundation for the current Takamiya business. In the 1980s, the company aggressively embraced cutting-edge technologies ahead of its competitors. In order to meet the needs of drawing design, a new technical office was established, and a computer center was also established to further reduce labor and streamline the work. The consolidation of the corporate constitution was attempted from both sides of technology and management. In 1988, the CAD system was introduced to the Engineering Department. This technical office later became independent, and became the predecessor of Cadian (temporary equipment drawing design) of the group companies.

In the latter half of the 1980s, Japan's economy as a whole was in a "bubble," but domestic construction investment increase to ¥85trillion (real value: Ministry of Land, Infrastructure, Transport and Tourism), and the temporary equipment rental market expanded. Under these circumstances, the industry as a whole decided to cut rental rates for temporary equipment without thinking about the future, and each company was experiencing price competition. During this period, however, the company continued its efforts based on the conviction that raising the quality of services itself, rather than simply competing for lower prices, would truly win the trust of customers.

In the 1990s, the bubble economy collapsed, and Japan's construction investment fell to ¥53 trillion (same). Major general contractors sold a large amount of temporary equipment they owned to improve their financial position. As competitors refrained from making new investments in equipment, the company aggressively purchased these temporary equipment and expanded its market. As a result, the trade area expanded to the whole country, and investment in equipment was continued even in headwinds, increasing equipment inventory. This aggressive strategy during this period became an important turning point for the Company's next leap forward.

After the collapse of the bubble economy, major general contractors that sold many of their temporary equipment shifted to outsourcing scaffolding construction work. As a result, the share of

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rental equipment in the temporary equipment market increase sharply to 90%. Meanwhile, as the construction industry began to recover steadily, steel prices increase due to soaring crude oil prices and other factors, and a shortage of temporary equipment spread to the market. In this environment, the Company established an overwhelmingly superior position by aggressively owning aircraft in the 1990s.

Subsequently, the Company continued to grow steadily as a specialist rental company for temporary equipment. However, with the aim of improving its position in the temporary equipment rental industry, which continues to create new value, and becoming a company that can contribute not only to the construction industry but also to society at large, it listed its shares on the JASDAQ Stock Exchange in 2005, and then in December 2014, it listed its shares on the First Section of the Tokyo Stock Exchange.

Since 2010, demand for landslide prevention work, which had been one of the forerunners in the face of frequent sediment-related disasters, has increased sharply. In response to the time required for the repair of super-high-rise condominiums built in the 1990s, the company has been aggressively cultivating new markets with great potential by adopting mobile elevation scaffolds for super-high-rise buildings. As a result of aggressive investment in protecting the safety of site workers and the surrounding environment, the company has succeeded in maintaining a high-demand temporary equipment portfolio.

In recent years, the safety awareness of the workplace has increased, such as the prevention of falling accidents and dropping accidents, and revisions have been made to the Ministry of Health, Labor and Welfare's Ordinance on Industrial Safety and Health and legislative JIS standards. Amid the need to further improve safety and maintain and manage quality, it has become difficult for temporary equipment rental companies to respond as usual way. However, the company has been making efforts to improve the workplace environment, to develop products and improve quality, and to construct safe and highly efficient workplaces with this trend as a tailwind.

In 2010, Hory Co., Ltd., which develops and productions temporary construction equipment and building materials for construction work , became a fully affiliated company, and subsequently absorbed Hory Co., Ltd. in January 2018. As a result, the company has transformed itself from a mere temporary equipment rental company to a company with a manufacturing division and a sales division. Furthermore, ahead of the industry, the company has developed and aggressively introduced a "next-generation scaffolding" that can reduce the burden on workers in a wide space and respond to Ordinance on Industrial Safety and Health, with a high floor-to-ceiling floor level. In

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In addition to the booming construction market as a whole, the company's focus on these upfront investments has come into full bloom, and the company posted record operating profits in FY Ended March 31, 2020, but in the ongoing FY Ending March 31, 2021 period, performance has been sluggish due to the effects of the new coronavirus infection ("Corona").

Corona makes it very difficult to foresee the future, but the company's qualitative changes have not changed, and it is necessary to pay attention to earnings trends after Corona is resolved. The company has stated that it hopes to announce its next management plan when it releases its FY Ending March 31, 2021 results. Although the details are unclear at this point, it is likely that the company will not change its previously stated goal of not only quantitative expansion but also qualitative change.

### <History>

- Jun. 1969    Founded Shinkansai Co., Ltd., the predecessor of the company.
- Jun. 1973    Relocated the registered head office to Settsu City, Osaka Prefecture.
- Jun. 1974    Changed the line of business to the "leasing and rental of temporary equipment and materials."
- May. 1979    Established a computation center and started doing rental estimates on computer.
- Nov. 1984    Established SRG TAKAMIYA Co., Ltd. as a subsidiary of temporary equipment and materials in Chuo-ku, Tokyo.
- Dec. 1987    Absorbed the subsidiary into SRG TAKAMIYA Co., Ltd. and, at the same time, renamed the company SRG TAKAMIYA Co., Ltd. made the former SRG TAKAMIYA Co., Ltd. the Tokyo Branch.
- Apr. 1988    Relocated Head Office to Shibata-cho, Kita-ku, Osaka City.
- Mar. 1990    Established IWATA Co.,Ltd. to rent temporary equipment and materials for construction in Wakayama City, Wakayama Prefecture (currently consolidated subsidiary IWATA Co., Ltd. in Kinokawa City)
- Mar. 1998    Established Techno Kobo Ltd. for temporary drawing design in Chuo-ku, Osaka City (currently consolidated subsidiary Cadian Co., Ltd. in Kita-ku, Osaka City).
- Dec. 2002    Relocated the head office to Shibata-cho, Kita-ku, Osaka City
- 2004        Established HIRAMATSU Co., Ltd. in Haibara-cho, Haibara-gun, Shizuoka Prefecture (currently consolidated subsidiary, general cargo transportation company, Makinohara City, Shizuoka Prefecture).
- Feb. 2005    Established SN Builtech Co., Ltd. (currently consolidated subsidiary, now TOTAL TOSHISEIBI Co., Ltd., Chuo-ku, Tokyo) in Shinjuku-ku, Tokyo.
- Jun. 2005    The company listed on the JASDAQ Stock Exchange (Securities code: 2445).

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- Aug. 2006 Relocated Head Office and Osaka Branch to Chaya-machi, Kita-ku, Osaka, and changed.  
The registration of the head office.
- Dec. 2007 Listed on the Second Section of the Tokyo Stock Exchange (delisted from the Jasdaq Stock Exchange in January 2008).
- Oct. 2008 Established AOMORI ATOM (consolidated subsidiary) to rent temporary construction equipment and materials in Higashitoori-mura, Shimokita-gun, Aomori Prefecture.
- Dec. 2008 Introduced mast climbing work platforms the Lift Climber series.
- Aug. 2009 Acquired 100% stock in ISHIJIMA KIZAI SEISAKUSHO Co., Ltd. (Nagoya City, Aichi Prefecture, currently TOTAL TOSHISEIBI Co., Ltd.) and made it a consolidated subsidiary.
- Feb. 2010 Launch of Scaffolding Construction Department for constructing scaffolding and building frames.
- Sep. 2010 Acquired 100% stock in Hory Corporation (Koto-ku, Tokyo), which develops, manufactures, and sells temporary construction materials and housing materials for construction, and made it become a consolidated subsidiary.
- Apr. 2012 Changed the name of ISHIJUIMA KIZAI SEISAKUSHO Co., Ltd. to TOTAL TOSHISEIBI Co., Ltd. (consolidated subsidiary, Nakagawa-ku, Nagoya City)  
Sales segment established in FY03/2013.
- Dec. 2013 Introduced the next-generation scaffolding "Iq System"
- Apr. 2014 Acquired 100% stock in Asahi Kogyo Co., Ltd. (currently Nextech Co., Ltd.) and made it a consolidated subsidiary.
- Jul. 2014 Established HORY VIETNAM Co., Ltd. (currently consolidated subsidiary) in Dong Nai Province, Vietnam.
- Dec. 2014 Listed on first section of the Tokyo Stock Exchange.
- Jul. 2015 Acquired 100% stock in DIMENSION-ALL INC. (Philippines) and made it a consolidated subsidiary
- Apr. 2016 Asahi Kogyo Co., Ltd. merged the sales divisions of SN Builtech Co., Ltd. Osaka Branch and changed its name to Nextech Co., Ltd. (currently consolidated subsidiary, Kita-ku, Osaka).  
Established overseas segment from FY03/2017
- Jan. 2018 Absorbed Hory Corporation (consolidated subsidiary)
- Feb. 2018 Acquired 100% stock in Nakaya Kizai Co., Ltd. (Matsue City, Shimane Prefecture) and made it a consolidated subsidiary
- Apr. 2018 SN Builtech Co., Ltd. (consolidated subsidiary) became the surviving company,

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absorbed and merged with TOTAL TOSHISEIBI Co., Ltd., and changed its name to TOTAL TOSHISEIBI Co., Ltd.

Acquired the agricultural green house business from Sunterra Co., Ltd. (Chuo-ku, Tokyo) and entered the agricultural materials field in earnest.

Apr. 2019 Company name changed to Takamiya Co., Ltd., and the symbol mark was renewed along with this change.



## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

### Business Overview

The company's main business is to manufacture, sales and rental of temporary construction equipment. In particular, it is one of the top listed companies in the light temporary equipment rental market. In recent years, however, the manufacturer's color of temporary equipment for construction and frames for photovoltaic power generation has been strengthened, mainly in the manufacturing division of Hory Co., Ltd (the absorbed ). The Company's current business segments are divided into three business segments: the sales-related business, including manufacturing, the rental-related business, and the overseas-related business. (Details)

#### <Temporary equipment and the Company's business domain>

Construction machinery (heavy machinery such as cranes and bulldozers) as well as temporary equipment such as scaffolding are indispensable at construction sites. As shown in the figure below, this temporary equipment is divided into three main categories: heavy temporary equipment, light temporary equipment, and housing temporary equipment. The company specializes in the manufacture, sale, and rental of light temporary equipment.



(Source: Company briefing materials)

The main construction sites covered are roughly divided into the following 11.

#### Buildings:

High-rise buildings, high-rise condominiums, warehouses, schools, hospitals, commercial facilities, etc.



**TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)****Bridge girder construction :**

Bridge girders, etc. of elevated bridges such as highways, railways, etc.

**Bridge pier construction :**

Bridge piers for elevated railways, expressways, etc.

**Underground Construction :**

Shield construction of subways, pipelines for gas and LNG, common ditches, etc.

**Plant:**

Construction and maintenance of treatment plants, incinerators, and plants, etc.

**Repair:**

Construction, maintenance and maintenance of super high-rise buildings, etc.

**Bridge repair work :**

Maintenance, repair, and maintenance of railway bridges and road bridges.

**Demolition work :**

Dismantling of buildings, etc. due to demolition work, rebuilding, and repairs.

**Landslide Disaster Prevention Work:**

Disaster prevention work to prevent landslides and sediment disasters.

**Soil Improvement Work:**

Soil Improvement Work, etc. for Soil Contaminated by Waste, etc.

**Construction of port facilities :**

Tide embankment construction in coastal areas, etc.

The main types of temporary equipment are as follows

**(Construction frame)**

Work scaffolding used for construction work  
(buildings, condominiums, etc.).



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### (Next-generation scaffolding / wedge-tie system scaffold with slip-out prevention function)

The Iq system, which was launched in 2014, uses 190 centimeters, which is 20 centimeters higher than the conventional Iq system, and has a wider workspace than conventional frames, particularly the height from the floor to the ceiling. so it can be operated without worrying about the harm of waist. And, compact storage is possible, while it is excellent in safety, and it attracts attention from construction business. The company advocated the next-generation scaffolding and promoted its diffusion. (described later in detail)



### (Falsework)

Solid temporary equipment and materials that support heavy structures until works are completed at construction sites of bridges, expressways, etc. and civil engineering works.



### (Work gantry)

It can be installed efficiently along irregular slopes to prevent landslides, etc. Large construction machinery and tractor can be operated on it.



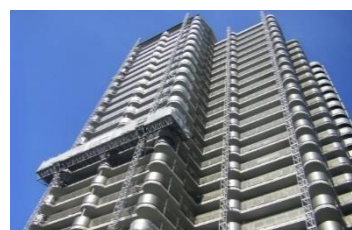
### (Temporary equipment and materials for the shield tunneling method)

Special temporary equipment and materials for various shield tunneling methods used for stormwater drainage ditches, utility tunnels, etc.



### (Mast climbing work platforms platforms)

New generation scaffolding, which electrically moves a working floor up and down, is built for safety and efficiency, and surpasses conventional scaffolding in any application such as condominium repair work, construction works of warehouses, plants, etc.



### (Panel-type hanging scaffolding)

Scaffolding to be installed by hanging with a chain. Minimize gaps and steps to improve safety and workability. Equipment that plays



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an important role in maintenance and repair of infrastructure such as railways and highways that will increase in the future.

### (Membrane structure dome)

Space rental service that is utilized for soil improvement work, indoor facilities (sports facilities, event sites, etc.) and as disaster prevention shelters.



Since the acquisition of Holly Co., Ltd., the company has been actively manufacturing and Sales business temporary equipment. The sales-related business handles the following products.

### (clamps)

General-purpose equipment used at all construction sites.



### (Next-generation scaffolding)

Scaffolding that is highly safe and easy to work in place of Conventional prefabricated scaffolding.



### (Safety Components)

Preceding handrails, baseboards, handrail, dimple posts, handrail parts, etc.



### (Temporary Equipment)

Procurement and sales of new and used equipment and materials



### (Seismic motion mitigation equipment for wooden housing)

The company's proprietary damping equipment (both new and existing).



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### (metal parts for wooden houses)

Various metal parts, building materials, etc.



### (Solar panel installation frame for housing)

Mounting frames and brackets for installation on house roofs.



### (Solar panel installation frame for Industry)

Mounting frames for photovoltaic power plants.



### (Agricultural Materials)

Greenhouse, high-performance steel-frame greenhouses.



### (Materials for Disaster Prevention)

Water bag type water immersion prevention system.



### (Structural Equipment)

Buckling-constrained brace with anti-seismic



(Source: Company briefing materials)

## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

### <Group companies and Operation Chart>

The Takamiya Group consists of 11 companies, including the Company and the 10 consolidated subsidiaries listed below. The main operations of each subsidiary are as follows.

#### (IWATA Co., Ltd.)

Rental of temporary construction equipment and materials

#### (HIRAMATSU Co., Ltd.)

General Motor Truck Transportation Business

#### (Aomori Atom Co., Ltd.)

Rental of temporary construction equipment and materials

#### (Nakaya Kizai Co., Ltd.)

Rental of temporary construction equipment and materials

#### (TOTAL TOSHISEIBI Co., Ltd.)

Rental of temporary construction equipment and materials (shoring, shielding)

#### (CADIAN CO., LTD.)

Construction CAD drafting on consignment and CAD drafting of work planning drawings and temporary planning and 3-D spatial surveying

#### (NEXTEC Co., Ltd.)

Specializing in sales and rental of formworks centering on stainless molds, with extensive construction records in the fields of substructure (piers), marine civil engineering, and port construction. It has a large track record in the fields of subordinate construction (bridge pier), offshore civil engineering, and ports and harbors.

#### (Hory Korea Co., Ltd.)

Manufacturing, sales, and rental of temporary construction equipment and solar panels, etc.

#### (Holly Vietnam Co., Ltd.)

Manufacture and sale of temporary construction equipment (clamps and tie-fittings for construction scaffolding) and housing materials.

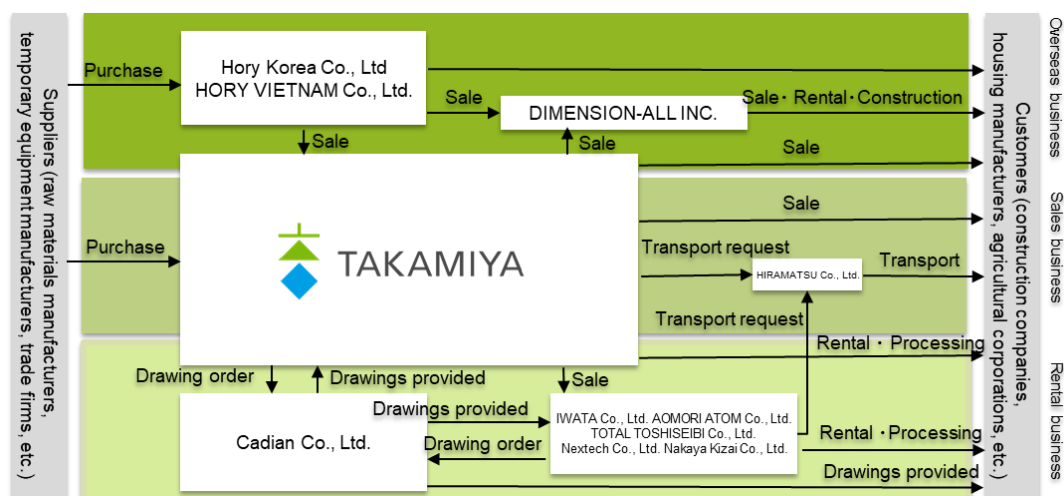
#### (DIMENSION-ALL INC)

Sale and rental of temporary construction equipment such as shoring, formworks, and scaffolding for construction, civil engineering, and infrastructure in the Philippines.



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The following chart shows the businesses and categories of the subsidiaries.



(Source: Company briefing materials)

### <About the Iq System>

As noted above, in 2014 the Company launched Iq System, a revolutionary next-generation scaffold. This next-generation scaffolding was expected to increase the competitiveness of the company's rental business and contribute significantly to sales performance, but its penetration into the industry was behind initial expectations. However, from the beginning of this fiscal year, its superiority and recognition are rapidly increasing, and this is a tailwind for the Company, which is supposed to be the top market share.

#### (speedy assembly and dismantling)

Work proceeds rapidly and contributes to shortening of construction period by simplification of assembly and simplification of procedure without using single pipe or clamp.

#### (Spacious work space and high safety performance)

The standard pre-empted railing is 1,010mm, which exceeds the standard set by the Occupational Safety and Health Regulations. In addition, the floor height is 1,900mm, and it is possible to put on safety shoes and pass without fail whether the helmet is attached. By this, it realizes wide workspace, high safety, and work-ability.

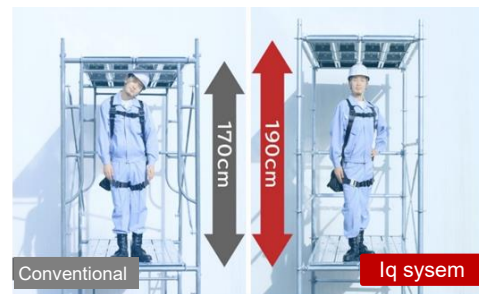
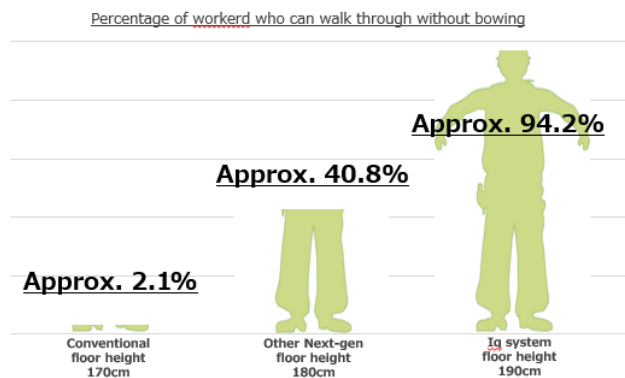
#### (Working easily with light weight columns)

Using light-weight, high-tension steel pipes, the weight is 2kg lighter than the conventional backbone (3,800mm comparison) of the Kusabi-tied scaffolding, and the work is greatly eased.

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### (Significantly increased efficiencies for transportation and storage)

Since it is possible to divide the parts, the volume is greatly reduced. In the conventional prefabricated scaffolding (equivalent to 1,000 sets), the storage area was 52.62 m<sup>2</sup>, but in the Iq system, it is only 21.06 m<sup>2</sup>. This greatly improves the efficiency of the stock yard. In addition, transport efficiency will be greatly improved by enabling the transportation of two trucks, which previously required three trucks for transportation.



By raising floor height by 20 cm, worker injuries such as backpain and neck pain are prevented, as well as safe and comfortable working environment is provided as a measure against shortage of workers. Accidents caused by tools and materials falling from interspaces are prevented.

(Source: Company briefing materials)



## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

### Characteristics and strengths

#### <Strategic Manufacturing Division>

As described above, the Company's main business is the manufacture, sales, and rental of temporary construction equipment. The Company's unique feature is that it has a manufacturing division, and its strengths are that it is able to reflect customer needs in its products, and it is able to capture surplus inventories in rentals, so it can be said to be able to realize stable production.

Currently, the Company has manufacturing bases in Gunma prefecture, Gifu prefecture, South Korea, and Vietnam, but its main products are mainly manufactured in Gunma and South Korea Factory, in Gifu Factory it mainly manufactures Iq system, and in Vietnam Factory it manufactures products for Southeast Asia. In this way, each Factory is strategically utilized, which is one of the characteristic of the Company.

#### <Scaffolding Construction Division>

In 2010, the company launched a Scaffolding Construction Department to not only rent but also perform scaffolding construction. The initial purpose was to resolution the shortage of scaffolding construction workers due to the declining birthrate and aging population, but at the same time, to improve the efficiency of temporary construction equipment operation, which was a problem at that time. When the company receives orders not only for scaffolding rental but also for scaffolding construction itself, it is basically able to choose the equipment it uses, which makes it possible to ship mainly low-utilization equipment and improve operating efficiency.

In addition, since demand for the Iq system did not grow as expected at the time of sales, the Company received orders for construction and rented it out at the same time, thereby popularizing the Iq system. In this way, the strategy of linking rental to sales through the construction division has succeeded, leading to an increase in sales of the current Iq system as described below.

In addition, by actually conducting scaffolding construction, it is possible to evaluate rental products from the user's perspective, and by feeding this back to the manufacturing division, it is possible to lead to the development of better products. One of the Company's strengths is that it possesses Scaffolding Construction Department with marketing functions such as these. Currently, more than 60 partners and more than 1,000 walkers are involved in scaffolding construction managed by Scaffolding Construction Department.

## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

### Business Trends

#### <Profit and Loss for the Third Quarter of FY Ending March 31, 2021>

Consolidated Results (Unit : million yen)	3Q of FYE Mar.31, 2020		3Q of FYE Mar. 31, 2021		
	Results		Results		
	Actual result	Sales ratio	Actual result	Sales ratio	y/y change
Net sales	34,291	100.0%	28,757	100.0%	(16.1) %
Gross profit	10,475	30.5%	8,571	29.8%	(18.2) %
SG&A	7,702	22.5%	6,998	24.3%	(9.1) %
Operating income	2,772	8.1%	1,573	5.5%	(43.3) %
Ordinary income	2,614	7.6%	1,425	5.0%	(45.5) %
Profit attributable to owners of parent	1,750	5.1%	856	3.0%	(51.1) %
Earnings per share (yen)	39.4	—	18.39	—	—
Annual dividends per share (yen)	—	—	—	—	—
Depreciation and amortization	3,562	10.4%	3,639	12.7%	2.20 %
EBITDA	6,335	18.5%	5,213	18.1%	(17.70) %

As shown in the table above, the third quarter of FY Ending March 31, 2021 results showed a 16.1% decrease in sales and a 43.3% decrease in operating profit. Sales declined in all segments (sales, rental, and overseas) due to the completion of large-scale Olympic-related construction projects, the completion of most of the Hokuriku Shinkansen (Kanazawa-Tsuruga) related construction projects in the first half, and the impact of Corona. Gross profit margin declined 0.7 percentage point YoY to 8.571 billion yen, down 18.2% YoY, mainly due to lower sales in the mainstay rental business.

On the other hand, SG&A expenses were 6.9 billion yen ((9.1)% YoY) due to self-restraint in sales activities due to the impact of Corona, but this was not enough to compensate for the decline in gross profit, and operating profit fell sharply to 1.573 billion yen ((43.3)% YoY). As a result, recurring profit and quarterly net income also declined significantly.

#### <Analysis of Changes: Year-on-year Comparison and Results by Segment>

The factors behind the increase/decrease in sales and operating profit for Q3 of FY Ending March 31, 2021 were as follows.

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### (Net sales)

The sales business decreased by 3.251 billion yen, the rental business decreased by 908 million yen, the overseas business decreased by 1.664 billion yen, and the intersegment offset increased by 289 million yen (due to a decrease in intra-group transactions). Although the budget was originally tight due to the completion of large projects, the impact of Corona added to the budget, resulting in lower sales in each segment. In particular, overseas sales declined significantly due to the almost complete suspension of activities.

### (Operating income)

In terms of operating profit, the sales business decreased by 575 million yen, the rental business decreased by 469 million yen, the overseas business decreased by 344 million yen, and the segment offset increased by 189 million yen, resulting in an overall decrease of 1,199 million yen YoY.

### <Segment Information>

Unit : million yen	3Q FYE Mar., 2020		3Q FYE Mar., 2021		
	Actual result	Sales ratio	Actual result	Sales ratio	y/y change
Net sales	34,291	100.0%	28,757	100.0%	(16.1) %
Sales business	11,246	32.2%	7,995	27.4%	(28.6) %
Rental business	19,485	56.7%	18,577	64.5%	(4.6) %
Overseas business	5,532	11.0%	3,868	8.1%	(38.9) %
Operating income	2,772	8.1%	1,573	5.5%	(43.3) %
Sales business	1,414	-	839	-	(40.7) %
Rental business	2,301	-	1,832	-	(20.4) %
Overseas business	300	-	(43)	-	(114.3) %
(Intersegment eliminations)	(1,243)	-	(1,054)	-	-

### (Sales Business)

Sales of Iq systems and peripheral equipment (temporary equipment) declined year on year due to lack of contracts despite inquiries. In terms of profit, gross profit decreased by 753 million yen due to the decrease in sales, but SG&A expenses decreased by 178 million yen YoY (a factor contributing to the increase in profit) due to the restriction of travel and business trips due to the new Corona and the posting of expenses related to the 50th anniversary project in the previous fiscal year. As a result, segment profit declined 40.7% YoY to 575 million yen.

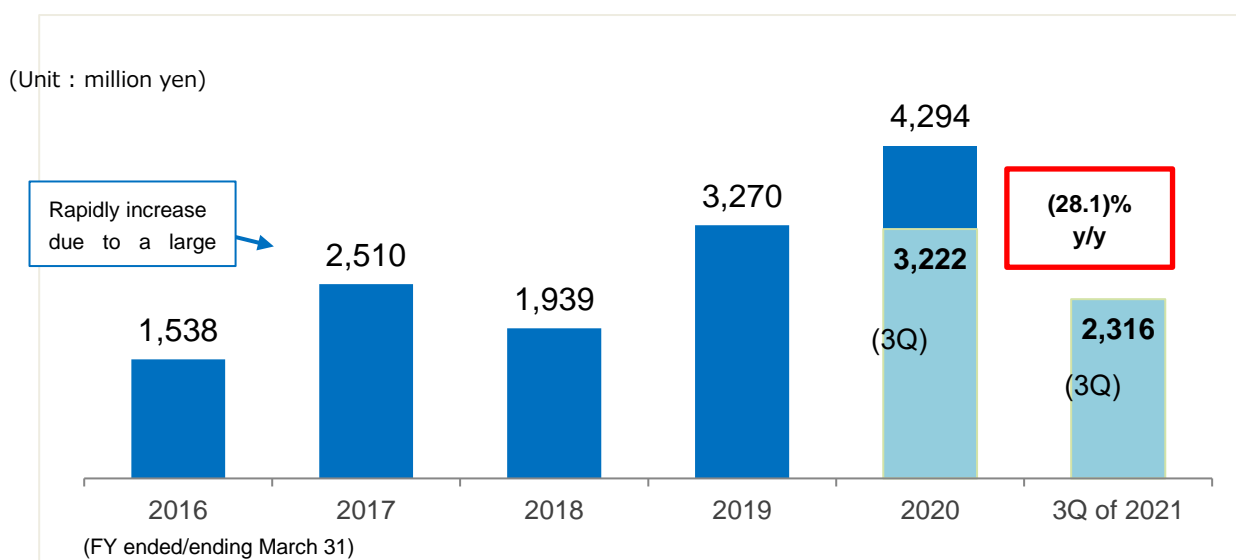
## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

### <Net Sales by Business Segment>

Sales by segment (before internal eliminations) were as follows: Temporary equipment: 5.8 billion yen ((22.8)% YoY), Building materials-related: 608 million yen ((14.6)% YoY), Environmental-related: 1.1 billion yen ((54.9)% YoY), and Sales of second hand: 559 million yen ((25.5)% YoY).

### <Iq System Popularization>

The company has been focusing on the Iq system, one of the next generation scaffolding systems, and although there have been many projects, it has taken time to close them due to uncertainty about the future. As a result, sales in Q3 were 2.3 billion yen ((28.1)% YoY). As of the end of the third quarter of FY Ending March 31, 2021, cumulative sales (the company's actual sales) totaled 16.6 billion yen, a steady increase. (See figure below)

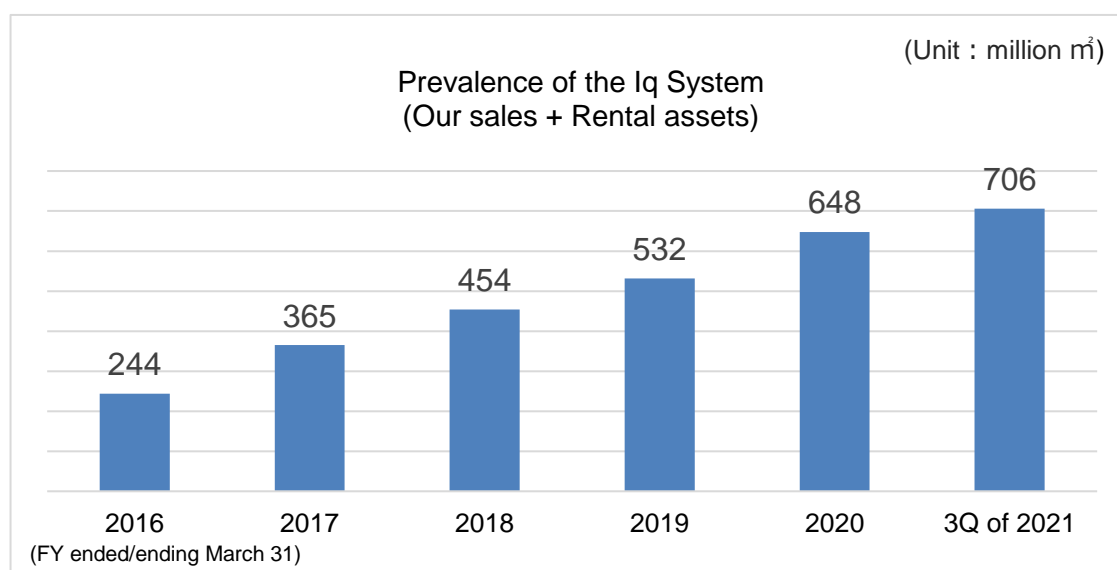


(Source: Company briefing materials)

Although sales in the third quarter were negative YoY, it is clear that the Iq system is steadily gaining traction. According to the company's estimates, the total area of the Iq System (owned by the company plus sales) was 7.06 million square meters at the end of the third quarter of FY Ending March 31, 2021 and the total area of the Iq System, including sales by other companies, was approximately 9.26 million square meters. The total market for next-generation scaffolding, including multiple brands other than the Iq System, is estimated to be about 27 million square meters, of which the Iq System accounts for about 30%, making the company the leading manufacturer in the next-generation scaffolding market.

## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

According to the company, the investment in the Iq System as a rental asset (replacing the company's building frames, which are the basic components of construction scaffolding, with the Iq System) is almost complete. Going forward, the company plans to continue to focus on sales of the Iq System as its rental utilization rate rises and other companies in the industry finally begin to increase their investments in the Iq System, suggesting that the Iq System has finally entered a stage where it can make a full-fledged contribution to earnings. Unfortunately, the current situation is at a standstill due to the impact of Corona, but it remains an important asset that will support the company's growth in the medium to long term.



(Source: Company briefing materials)

### (Rental Business)

In the rental business, rental revenue (mainly Takamiya Corporation) declined by 918 million yen as the volume of rental work (equipment utilization) to customers fell below the previous year's level due to the completion of Olympic-related construction work and Hokuriku Shinkansen extension work, as well as the stagnation of some construction work due to Corona. Other than that, other sales, such as construction sales and transportation costs, increased by 10 million yen. As a result, overall sales in the rental business decreased by 908 million yen YoY.

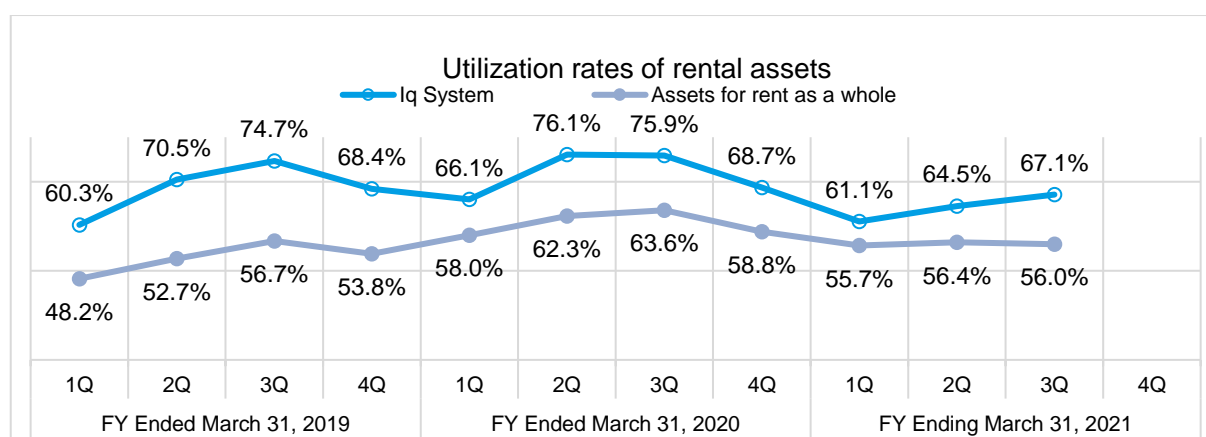
In terms of profits, gross profit declined by 767 million yen due to lower sales, but SG&A expenses decreased by 298 million yen for the same reason as in the sales business (a factor contributing to higher profits). As a result, segment profit decreased by 469 million yen YoY to 1,832 million yen.

## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

### <Average Utilization Rate>

Despite the increase in equipment shipments of Iq systems, equipment shipments to customers were lower than in the same period of the previous year due to the return of equipment following the completion of large job sites and interruptions and delays in construction, resulting in sluggish growth in the utilization rate. This was not a normal utilization rate wave, and the rate remained flat. (See chart below)

By region, civil engineering-related business was strong in the Chubu region, while the Tohoku and Kanto regions remained sluggish due to the temporary suspension and postponement of construction projects. As a result, the sales ratios by region for the third quarter were as follows: Tohoku 11.5% (13.5% for the full year ending March 2020), Kanto 36.3% (37.0%), Chubu 20.7% (19.0%), Kansai 28.2% (26.6%), and Kyushu 3.2% (3.9%).



(Source: Company briefing materials)

### (Overseas Business)

Sales in the Philippines decreased significantly due to the measures to restrict people from going out and moving around in the metropolitan area, which greatly restricted local business activities. In South Korea, sales declined due to the deteriorating economic environment and the postponement of supply to customers with credit concerns. As a result, overall segment sales decreased by 1,664 million yen year-on-year to 3,868 million yen.

In terms of profits, gross profit decreased by 396 million yen due to the decrease in sales, and SG&A expenses decreased by 52 million yen (a factor contributing to higher profits), but the segment recorded a loss of 43 million yen (compared to a profit of 300 million yen in the same period last year).

## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

### (financial status)

(unit : million yen)	FYE Mar., 2020	3Q of FYE Mar., 2021
Current assets	26,408	25,960
Cash & Deposit	7,242	8,197
Notes and accounts receivable – trade	14,101	11,879
Inventory assets	4,717	5,597
Non-current assets	32,873	32,177
Property, plant and equipment	28,799	28,133
Assets for rent, net	14,907	13,758
Intangible assets	939	967
Investments and other assets	3,134	3,077
[ Total assets ]	59,282	58,137
Current liability	21,730	22,894
Short-term loans payable	5,400	7,873
Non-current liability	19,054	16,341
Bonds payable	3,599	2,913
Long-term loans payable	11,823	9,988
[ Total net liability]	40,784	39,235
[ Total net assets ]	18,497	18,901

The company's financial position (balance sheet) for the third quarter of FY Ending March 31, 2021 was as shown in the table above. Current assets were 25.9 billion yen (down 448 million yen YoY), mainly due to a 954 million yen increase in cash and deposits, a 2.2 billion yen decrease in accounts receivable-trade, and an 880 million yen increase in inventories. Noncurrent assets were 32.1 billion yen (down 696 million yen YoY), mainly due to a 1.1 billion yen decrease in property, plant and equipment resulting from a decrease in rental assets (investment amount < depreciation), a 27 million yen increase in intangible assets due to system investment, and a 57 million yen decrease in investments and other assets. As a result, total assets were 58.1 billion yen (down 1.1 billion yen YoY).

On the other hand, liabilities were 39.2 billion yen (down 1.5 billion yen YoY) due to an increase in short-term loans payable of 2.4 billion yen and a decrease in long-term loans payable of 1.8 billion yen. Net assets were 18.9 billion yen (up 403 million yen YoY) due to net income. As a result, the equity ratio as of the end of the third quarter of FY Ended March 31, 2020 was 31.6% (30.5% as of the end of the previous fiscal year).



**TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)**
**<Forecast for the Fiscal Year Ending March 31, 2021>**

unit : million yen	FYE Mar., 2020		FYE Mar., 2021 (Forecast)		
	Amount	Component ratio	Amount	Component ratio	y/y change
Net sales	46,065	100.0%	40,750	100.0%	(11.5) %
Operating income	3,703	6.4%	2,200	5.4%	(40.6) %
Ordinary income	3,541	6.3%	2,000	4.9%	(43.5) %
Net income	2,370	3.9%	1,270	3.1%	(46.4) %

The company currently forecasts consolidated sales of 40.7 billion yen ((11.5)% YoY), operating profit of 2.2 billion yen ((40.6)% YoY), recurring profit of 2.0 billion yen ((43.5)% YoY), and net income attributable to shareholders of 1.2 billion yen ((46.4)% YoY) for FY Ending March 31, 2021. Net sales Although these are difficult figures compared to the previous quarter, they are reasonable forecasts based on the results up to the third quarter and are likely to be achieved. Therefore, the focus of the stock market (investors) is likely to shift to the next fiscal year and beyond, including the situation at Corona.

Capital expenditure for FY Ending March 31, 2021 is expected to be 4.0 billion yen (including 3.0 billion yen for leased assets), but given the current situation, the amount of investment in leased assets may be slightly reduced. Depreciation for the full year is expected to be 4.8 billion yen (including 3.7 billion yen for leased assets).

## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

### Future Outlook: Toward the Next Steps

#### <Outlook for FY Ending March 31, 2022>

The company had announced its mid-term management plan with FY Ended March 31, 2019 as the first year and FY Ending March 31, 2021 as the final year. The quantitative targets of the plan were "sales of 50 billion yen and operating profit of 4 billion yen in FY Ending March 31, 2021," but as described above, the current situation is severe and it will be difficult to achieve these targets.

The focus will now shift to the outlook for the next fiscal year (FY Ending March 31, 2022) and beyond, but at this point the company has not announced any forecast figures for FY Ending March 31, 2022. However, the company said, "It will depend on how well and when the coronas are under control, but we expect the first half of the year to be difficult at least. In the second half of the year, once vaccinations have progressed and the corona outbreak is under control to some extent, there is a possibility that demand and projects that had been held back until then will come out at once. However, we are not necessarily optimistic because the challenge is whether we can meet all these demands in a timely manner.

#### <Next Medium-Term Management Plan: From FY Ending March 31, 2022 onward>

Although the situation does not allow for optimism in the next fiscal year (FY Ending March 31, 2022) and beyond, the company has stated that it is currently formulating its next medium-term management plan, which it plans to announce around the spring of 2021. The (qualitative) content of the plan will be of great interest, and it will be necessary to pay attention to what qualitative goals (changes in the company, focus of businesses and fields, etc.) as well as quantitative goals.

#### <Key Measures: Promoting Efficiency>

We will improve the efficiency of management capital and improve the quality (profitability) of each field.

#### <ESG Information: Quality Improvement as a Company>

In order to improve the quality of the company, the company intends to actively engage in ESG activities.

#### (Information disclosure)

- Distribution of videos of financial results briefings
- Disclosure of financial results, results briefing materials, and timely disclosure release in English.
- The annual report is published in Japanese and English and published on our website.

## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

- Proactively disclose information based on dialogue with investors (number of square meters for disseminating next-generation scaffolding, aircraft utilization rate, etc.)
- Disclosure of Non-financial Information (→ of Annual Report will be posted on our website)

### (Initiatives for Human Resource Activity and Development)

- The most important management resource is human resources, and we are promoting measures that enable human resources to play active roles.
- Promote internal projects focused on mid-level and young employees
- Incentive remuneration based on the achievement level of KPI set by each department
- Promote active workstyle reforms by disclosing information to employees (right chart)
- Conduct training according to the stage, such as for new employees, mid-career employees, and managers.
- Mentor system (new employees and mid-career employees)
- Mental health check (Web service)
- Wedding commemorative holidays and refresh holidays to encourage employees to take paid holidays, etc.

### (Social, Disaster Prevention and Environmental Contribution through Business)

- From the perspective of effectively utilizing limited resources, the Company's Rental business has started, but these domains are spreading to products and services.

### (Social Contribution through Products and Services)

- Strong agricultural production (products: G-Castle)
- Infrastructure Maintenance and Repair (AOS method)
- Earthquake countermeasures and disaster mitigation (Octbrace)
- Flood damage countermeasures (Tiger dam)

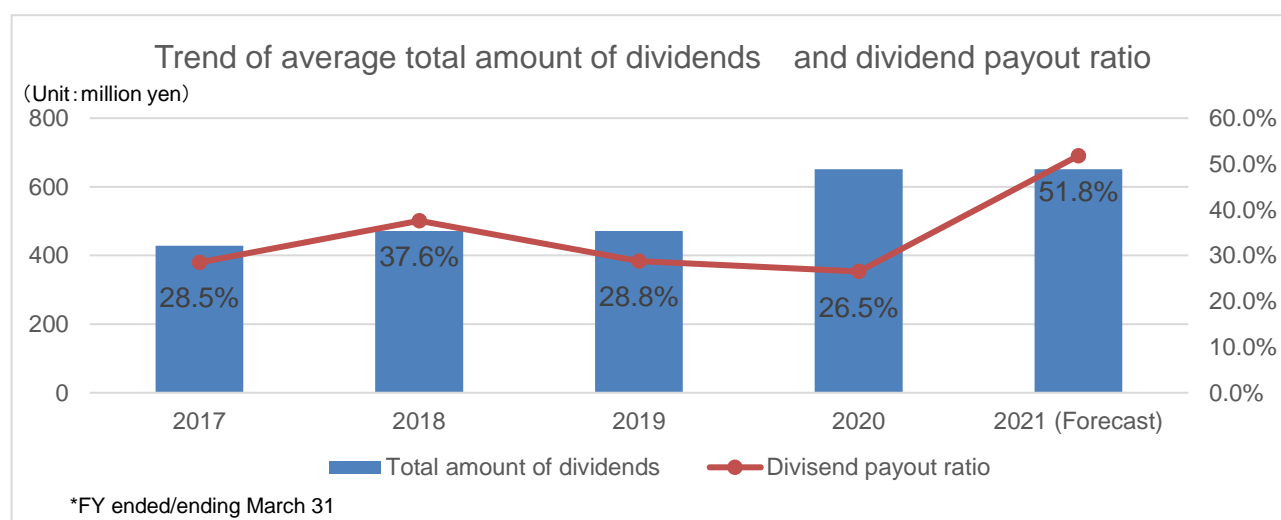
## TAKAMIYA Co., Ltd. (Tokyo Stock Exchange First Section)

### Shareholder Returns

In the past, the company was somewhat reluctant to disclose information (IR), but in the past few years, its IR stance has improved significantly, and it has been highly rated by institutional investors. The company has also made positive efforts to increase its liquidity in the market, conducting two stock splits (1:2) in April 2013 and January 2015. As of February 17, 2021, the company was listed on the Tokyo Stock Exchange as a borrowing stock, which is expected to improve liquidity and supply-demand relationships, stimulate trading, and ensure fair price formation.

The company is also positive about shareholder returns. As shown in the figure below, total dividends have been increasing year by year, and the company plans to pay an annual dividend of 14 yen in FY3/2021. As a result, the dividend payout ratio has risen from 20.8% in FY Ended March 31, 2016 to 28.8% in FY Ended March 31, 2019. In FY Ending March 31, 2021, the company plans to continue paying an annual dividend of 14 yen per share, despite the fact that net income is expected to decline significantly due to the impact of Corona, resulting in a projected dividend payout ratio of 51.3%. Although the company has not made a clear commitment to the dividend payout ratio, we believe that it will remain at least 30%.

The company has also stated that it will "aggressively work to improve ROE. Due to the impact of Corona, the current ROE forecast (for FY Ending March 31, 2021) is 6.7%, but if the company follows through on its previous policy of increasing profits without expanding its assets (balance sheet), ROE should improve again.



(commemorative dividend of 2 yen + 1 yen that takes achievements into account)

(End)