

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 8, 2017

Company name: SRG TAKAMIYA Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2445 URL <http://www.srg.jp/>
 Representative: President KAZUMASA TAKAMIYA
 Executive Officer and General Manager,
 Inquiries: Finance & Accounting Department TOMOYA TATSUMI TEL 06-6375-3918
 Scheduled date to file Quarterly Securities Report: February 10, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|-------------------------------------|-----------------|-----|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended December 31, 2016 | 26,980 | 5.5 | 1,762 | (11.3) | 1,844 | (3.2) | 1,120 | (9.5) |
| Nine months ended December 31, 2015 | 25,566 | 0.5 | 1,987 | (15.8) | 1,905 | (26.9) | 1,237 | (23.0) |

| | Earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended December 31, 2016 | 25.88 | | 25.11 | |
| Nine months ended December 31, 2015 | 27.46 | | 26.63 | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of December 31, 2016 | 50,817 | 11,840 | 22.6 | 268.91 |
| As of March 31, 2016 | 50,091 | 12,097 | 23.5 | 269.09 |

2. Cash dividends

| | Annual dividends per share | | | | |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | | | | |
| Year ended March 31, 2016 | – | 3.50 | – | 6.50 | 10.00 |
| Year ending March 31, 2017 | – | 3.50 | – | | |
| Year ending March 31, 2017 (Forecast) | | | | 6.50 | 10.00 |

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-----------------|------|------------------|------|-----------------|------|---|-------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 38,800 | 13.0 | 3,380 | 13.3 | 3,100 | 13.5 | 1,950 | (9.4) | 44.60 |

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|-------------------------|-------------------|----------------------|-------------------|
| As of December 31, 2016 | 45,304,000 shares | As of March 31, 2016 | 45,304,000 shares |
|-------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|------------------|----------------------|------------------|
| As of December 31, 2016 | 2,606,631 shares | As of March 31, 2016 | 1,578,070 shares |
|-------------------------|------------------|----------------------|------------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Nine months ended December 31, 2016 | 43,294,545 shares | Nine months ended December 31, 2015 | 45,077,020 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2016 | As of December 31, 2016 |
|--|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,642,513 | 4,641,260 |
| Notes and accounts receivable - trade | 9,371,995 | 9,588,772 |
| Merchandise and finished goods | 2,824,914 | 2,755,356 |
| Work in process | 1,097,900 | 777,052 |
| Raw materials and supplies | 980,850 | 915,714 |
| Deferred tax assets | 181,154 | 75,605 |
| Other | 834,068 | 548,254 |
| Allowance for doubtful accounts | (163,754) | (108,350) |
| Total current assets | 19,769,642 | 19,193,665 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Assets For Rent | 35,774,153 | 38,060,041 |
| Accumulated depreciation-Assets For Rent | (18,401,079) | (19,361,145) |
| Assets For Rent, net | 17,373,073 | 18,698,895 |
| Buildings and structures | 5,310,171 | 5,502,446 |
| Accumulated depreciation and impairment loss | (2,654,718) | (2,803,467) |
| Buildings and structures, net | 2,655,453 | 2,698,979 |
| Machinery, equipment and vehicles | 1,740,343 | 1,806,761 |
| Accumulated depreciation | (656,632) | (731,405) |
| Machinery, equipment and vehicles, net | 1,083,711 | 1,075,356 |
| Land | 4,937,789 | 4,938,447 |
| Leased assets | 1,070,683 | 742,154 |
| Accumulated depreciation | (655,188) | (410,471) |
| Leased assets, net | 415,495 | 331,682 |
| Construction in progress | 188,104 | 111,332 |
| Other | 884,974 | 894,677 |
| Accumulated depreciation | (487,146) | (531,203) |
| Other, net | 397,828 | 363,473 |
| Total property, plant and equipment | 27,051,456 | 28,218,169 |
| Intangible assets | | |
| Leasehold right | 327,821 | 327,821 |
| Goodwill | 156,604 | 106,137 |
| Leased assets | 88,714 | 61,087 |
| Other | 168,147 | 151,117 |
| Total intangible assets | 741,287 | 646,163 |
| Investments and other assets | | |
| Investment securities | 295,939 | 397,294 |
| Guarantee deposits | 624,031 | 620,211 |
| Membership | 47,476 | 46,276 |
| Net defined benefit asset | 87,356 | 87,759 |
| Deferred tax assets | 519,513 | 687,470 |
| Other | 1,032,505 | 977,881 |
| Allowance for doubtful accounts | (77,697) | (56,932) |
| Total investments and other assets | 2,529,123 | 2,759,961 |
| Total non-current assets | 30,321,867 | 31,624,295 |
| Total assets | 50,091,509 | 50,817,960 |

(Thousands of yen)

| | As of March 31, 2016 | As of December 31, 2016 |
|---|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 6,110,151 | 6,020,501 |
| Short-term loans payable | 4,958,800 | 5,723,762 |
| Current portion of bonds | 632,500 | 62,500 |
| Current portion of long-term loans payable | 5,639,278 | 5,411,895 |
| Lease obligations | 235,261 | 183,538 |
| Income taxes payable | 796,920 | 520,903 |
| Provision for bonuses | 227,085 | 99,879 |
| Notes payable - facilities | 504,491 | 242,963 |
| Asset retirement obligations | 35,000 | – |
| Other | 2,225,882 | 2,316,670 |
| Total current liabilities | 21,365,371 | 20,582,613 |
| Non-current liabilities | | |
| Bonds payable | 175,000 | 612,500 |
| Long-term loans payable | 13,304,389 | 14,485,590 |
| Lease obligations | 326,426 | 237,404 |
| Deferred tax liabilities | 3,053 | – |
| Provision for directors' retirement benefits | 43,910 | 46,055 |
| Net defined benefit liability | 744,248 | 822,357 |
| Asset retirement obligations | 12,160 | 12,383 |
| Other | 2,019,031 | 2,178,287 |
| Total non-current liabilities | 16,628,220 | 18,394,577 |
| Total liabilities | 37,993,591 | 38,977,191 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 714,770 | 714,770 |
| Capital surplus | 1,208,857 | 1,208,857 |
| Retained earnings | 10,344,515 | 11,030,061 |
| Treasury shares | (703,066) | (1,232,951) |
| Total shareholders' equity | 11,565,075 | 11,720,737 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 18,571 | 45,085 |
| Deferred gains or losses on hedges | (78,778) | (46,851) |
| Foreign currency translation adjustment | 292,320 | (219,178) |
| Remeasurements of defined benefit plans | (31,081) | (17,880) |
| Total accumulated other comprehensive income | 201,030 | (238,826) |
| Subscription rights to shares | 243,498 | 271,176 |
| Non-controlling interests | 88,312 | 87,680 |
| Total net assets | 12,097,917 | 11,840,768 |
| Total liabilities and net assets | 50,091,509 | 50,817,960 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

| | Nine months ended December 31, 2015 | Nine months ended December 31, 2016 |
|---|--|--|
| Net sales | 25,566,573 | 26,980,268 |
| Cost of sales | 17,361,659 | 18,830,667 |
| Gross profit | 8,204,914 | 8,149,600 |
| Selling, general and administrative expenses | 6,217,275 | 6,386,838 |
| Operating income | 1,987,639 | 1,762,762 |
| Non-operating income | | |
| Interest income | 10,031 | 8,734 |
| Dividend income | 34,491 | 11,306 |
| Rent income | 60,586 | 69,434 |
| Contribution for Assets for rent | 3,624 | 13,338 |
| Gain on sales of Scrap | 32,520 | 28,282 |
| Share of profit of entities accounted for using equity method | 38,810 | 73,738 |
| Foreign exchange gains | – | 67,051 |
| Gain on valuation of derivatives | – | 4,244 |
| Reversal of allowance for doubtful accounts | 4,545 | – |
| Other | 115,750 | 84,271 |
| Total non-operating income | 300,360 | 360,402 |
| Non-operating expenses | | |
| Interest expenses | 169,571 | 160,662 |
| Commission fee | 53,193 | 62,382 |
| Loss on valuation of derivatives | 4,238 | – |
| Bond issuance cost | – | 17,789 |
| Foreign exchange losses | 94,375 | – |
| Other | 61,378 | 37,788 |
| Total non-operating expenses | 382,757 | 278,623 |
| Ordinary income | 1,905,241 | 1,844,541 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 7,203 | 8,906 |
| Gain on sales of investment securities | 17,536 | – |
| Settlement received | 80,665 | – |
| Total extraordinary income | 105,404 | 8,906 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 800 | 238 |
| Loss on retirement of non-current assets | 5,712 | 15,615 |
| Impairment loss | 101,067 | 10,477 |
| Total extraordinary losses | 107,580 | 26,331 |
| Profit before income taxes | 1,903,065 | 1,827,115 |
| Income taxes - current | 757,286 | 791,577 |
| Income taxes - deferred | (51,029) | (84,202) |
| Total income taxes | 706,256 | 707,375 |
| Profit | 1,196,808 | 1,119,740 |
| Loss attributable to non-controlling interests | (41,011) | (710) |
| Profit attributable to owners of parent | 1,237,820 | 1,120,450 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Nine months ended December 31, 2015 | Nine months ended December 31, 2016 |
|--|--|--|
| Profit | 1,196,808 | 1,119,740 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (96,403) | 26,592 |
| Deferred gains or losses on hedges | (16,992) | 31,926 |
| Foreign currency translation adjustment | (109,319) | (511,499) |
| Remeasurements of defined benefit plans, net of tax | 11,666 | 13,201 |
| Total other comprehensive income | (211,049) | (439,778) |
| Comprehensive income | 985,759 | 679,961 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,026,760 | 680,593 |
| Comprehensive income attributable to non-controlling interests | (41,001) | (632) |