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August 8, 2019

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

Company name: TAKAMIYA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 2445 URL: <https://www.takamiya.co/>
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 Scheduled date to file Quarterly Securities Report: August 9, 2019
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

| | Net Sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|----------------------------------|-------------|------|------------------|-------|-----------------|------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Three months ended June 30, 2019 | 10,161 | 4.5 | 549 | 115.2 | 454 | 43.5 | 362 | 96.8 |
| Three months ended June 30, 2018 | 9,725 | 11.0 | 255 | (1.7) | 316 | 17.7 | 184 | (9.1) |

(Note) Comprehensive income Three months ended June 30, 2019: 385 million yen (—%)
 Three months ended June 30, 2018: (33) million yen (—%)

| | Earnings per share | | Diluted earnings per share | |
|----------------------------------|--------------------|--|----------------------------|--|
| | yen | | yen | |
| Three months ended June 30, 2019 | 8.45 | | 8.20 | |
| Three months ended June 30, 2018 | 4.30 | | 4.17 | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of June 30, 2019 | 54,085 | 14,667 | 26.4 | 332.12 |
| As of March 31, 2019 | 54,414 | 14,575 | 26.0 | 330.62 |

(Reference) Shareholders equity As of June 30, 2019: 14,254 million yen
 As of March 31, 2019: 14,170 million yen

2. Cash dividends

| | Annual dividends per share | | | | |
|--|----------------------------|--------|--------|----------|-------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | | | | |
| Year ended March 31, 2019 | — | 4.00 | — | 7.00 | 11.00 |
| Year ending March 31, 2020 | — | — | — | — | — |
| Year ending March 31, 2020 (forecasts) | — | 6.00 | — | 7.00 | 13.00 |

(Note) Revisions to dividend forecasts published most recently: No

Interim dividend (forecast) at the 2Q-end of the Year ending March 31, 2020 (6.00 yen) comprises ordinary dividend of 4 yen and 50th anniversary commemorative dividend of 2 yen.

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Earnings per share |
|--------------------------------------|-------------|-----|------------------|------|-----------------|-------|---|------|--------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Six months ending September 30, 2019 | 21,200 | 2.2 | 1,180 | 8.5 | 1,060 | (5.4) | 710 | 1.6 | 16.56 |
| Full year | 44,700 | 6.0 | 3,200 | 17.9 | 2,920 | 9.7 | 1,940 | 18.5 | 45.26 |

(Note) Revisions to performance forecasts published most recently: No

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4. Notes

- (1) Changes in significant subsidiaries during the current quarter consolidated cumulative period
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - ② Changes in accounting policies due to other reasons: No
 - ③ Changes in accounting estimates: No
 - ④ 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 June 30, 2019 | 45,527,600 shares | As of March 31, 2019 | 45,467,600 shares |
|---------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|---------------------|------------------|----------------------|------------------|
| As of June 30, 2019 | 2,607,020 shares | As of March 31, 2019 | 2,606,971 shares |
|---------------------|------------------|----------------------|------------------|

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

| | | | |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Three months ended June 30, 2019 | 42,873,801 shares | Three months ended June 30, 2018 | 42,840,737 shares |
|----------------------------------|-------------------|----------------------------------|-------------------|

* Quarterly summary of financial results is not included in a quarterly review by a certified public accountant or an auditing firm.

* Explanation regarding appropriate use of the earnings forecast and other special notes

(notes on descriptions about the future, etc.)

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 2, "1. Qualitative information regarding the financial results for the current quarter: (3) Descriptions regarding future prospects such as consolidated performance forecasts".

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1. Qualitative information regarding the current quarter

(1) Descriptions regarding operating results

During the current first quarter consolidated cumulative period, global economy has concerns about prolonged trade conflicts between the U.S.A. and China, movement of so-called Brexit and others, and the recent situations of uncertainty for the future still remains. Domestically, Japanese economy has shown gradual upswing thanks to improvement in overall corporate profit and employment environment. However, unclear situation of global economy did not allowed us to make any optimistic prediction.

In the domestic construction industry in which the Group operates, construction work in connection with the forthcoming Olympic/Paralympic Games in Tokyo and big projects such as large-scale redevelopment work around Tokyo metropolitan area are approaching to the most important part. Furthermore, public work such as reconstruction of social infrastructure has made gradual progress, so our environment for receiving orders generally remains in a good situation. At the same time, however, shortage of construction workers and stricter safety criteria have still been significant issues for our industry.

Overseas, notably in ASEAN region where the Group has its business bases, demands for temporary equipment have grown in the context of, for example, vigorous investment in construction in the Philippines such as public infrastructure/urban development, and promotion of inviting foreign capital into Vietnam.

Amid such an environment, the Group has set out its mid-term management vision as "To create new values through transformation, towards a company group leading the industry-wide qualitative development", and putting its efforts to four objectives: strengthening its management base; innovating its profitability base; accelerating its overseas development; and creating new promising business.

As a result, consolidated performance of the current first consolidated cumulative period was as follows: net sales of 10,161,523,000 yen (increase by 4.5% YoY); operating income of 549,836,000 yen (increase by 115.2% YoY); ordinary income of 454,841,000 yen (increase by 43.5% YoY); and quarterly net profit attributable to owners of parent of 362,170,000 yen (increase by 96.8% YoY).

Operating results of individual business segments are as follows.

① Sales business

In the context of full-scale transition to the next generation scaffolding associated with stricter safety criteria at construction sites, the Company has rolled out proactive sales activities recommending various solutions. This has led to successful performance of sales business not only attracting new customers but also additional sales to existing customers, especially the "Iq System".

These operations resulted in net sales of 3,136,841,000 yen (increase by 9.0% YoY) and operating income of 309,889,000 yen (decrease by 9.3% YoY).

② Rental business

Regarding private construction work, the Group has, in an environment where demands rise vigorously, proposed various services together with scaffolding set-up, in addition to providing temporary equipment that is safer and easier to set up, centered on the "Iq System". Moreover, shipment has been going smoothly in the field of civil engineering and bridge construction as well. During the current first quarter consolidated cumulative period, overall rental quantities of temporary equipment including those for private construction work, civil engineering and bridge construction have remained at high level since the beginning. As for profitability, efforts devoted to holding down investment in rental temporary equipment and to efficient operation resulted in substantially higher segment income.

These operations resulted in net sales of 6,034,615,000 yen (increase by 14.3% YoY) and operating income of 643,710,000 yen (increase by 142.1% YoY).

③ Overseas business

Sales and rental business of temporary equipment has maintained steady growth in the context of construction demands rising vigorously. In Korea, although there was no such big photovoltaic projects as the previous term, orders have been received for several small-scale projects and there remains steady growth. Also in terms of profitability, although proactive business development has led to increase in depreciation of temporary equipment, land rent, labor cost and other various SG&A expenses, segment income has gradually recovered thanks to improvement in gross profit rate.

These operations resulted in net sales of 1,560,918,000 yen (decrease by 21.6% YoY) and operating income of 11,595,000 yen (as opposed to operating loss of 30,374,000 yen in the same period of the previous year).

(2) Descriptions regarding financial position

Total assets was 54,085,308,000 yen at the end of the current first quarter consolidated fiscal period, i.e. decrease by 328,950,000 yen as compared to the end of previous consolidated fiscal year. This is mainly due to increase in merchandise and finished goods by 441,939,000 yen, decrease in assets for rent by 674,682,000 yen, increase in buildings and structures by 297,484,000 yen, and decrease in land by 401,241,000 yen.

Total liabilities was 39,418,033,000 yen, i.e. decrease by 420,530,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to decrease in long-term loans payable (including current portion) by 510,636,000 yen.

Total net assets was 14,667,275,000 yen, i.e. increase by 91,579,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in retained earnings by 62,145,000 yen.

(3) Descriptions regarding future prospects such as consolidated performance forecasts

Consolidated performance was generally as expected. Thus, at this point, there is no change in consolidated performance forecasts for the second quarter consolidated cumulative period and for the full term, as announced in the "Summary of Consolidated Financial Results for the Year Ended March 31, 2019" published on May 9, 2019.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

| | As of March 31, 2019 | As of June 30, 2019 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,734,184 | 5,632,707 |
| Notes and accounts receivable - trade | 11,401,400 | 11,455,832 |
| Merchandise and finished goods | 3,170,300 | 3,612,239 |
| Work in process | 965,979 | 903,098 |
| Raw materials and supplies | 1,001,093 | 989,509 |
| Other | 782,944 | 940,662 |
| Allowance for doubtful accounts | (274,311) | (262,125) |
| Total current assets | 22,781,590 | 23,271,925 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Assets for rent | 39,400,960 | 39,259,778 |
| Accumulated depreciation-Assets for rent | (22,974,395) | (23,507,897) |
| Assets for rent, net | 16,426,564 | 15,751,881 |
| Buildings and structures | 6,536,249 | 6,812,400 |
| Accumulated depreciation and impairment loss | (3,361,117) | (3,339,784) |
| Buildings and structures, net | 3,175,131 | 3,472,616 |
| Machinery, equipment and vehicles | 2,326,347 | 2,325,852 |
| Accumulated depreciation | (1,137,582) | (1,169,779) |
| Machinery, equipment and vehicles, net | 1,188,764 | 1,156,072 |
| Land | 5,763,542 | 5,362,300 |
| Leased assets | 903,914 | 843,992 |
| Accumulated depreciation | (444,153) | (417,750) |
| Leased assets, net | 459,760 | 426,241 |
| Construction in progress | 305,038 | 253,355 |
| Other | 1,062,032 | 1,047,813 |
| Accumulated depreciation | (752,478) | (752,204) |
| Other, net | 309,554 | 295,609 |
| Total property, plant and equipment | 27,628,356 | 26,718,077 |
| Intangible assets | | |
| Leasehold right | 327,821 | 327,821 |
| Goodwill | 212,741 | 199,337 |
| Leased assets | 11,363 | 11,564 |
| Other | 267,913 | 333,739 |
| Total intangible assets | 819,840 | 872,462 |
| Investments and other assets | | |
| Investment securities | 454,484 | 439,373 |
| Guarantee deposits | 577,834 | 619,131 |
| Membership | 39,356 | 39,356 |
| Net defined benefit asset | 73,543 | 74,310 |
| Deferred tax assets | 899,404 | 903,501 |
| Other | 1,183,917 | 1,189,090 |
| Allowance for doubtful accounts | (44,069) | (41,919) |
| Total investments and other assets | 3,184,471 | 3,222,843 |
| Total non-current assets | 31,632,668 | 30,813,383 |
| Total assets | 54,414,258 | 54,085,308 |

(Thousand yen)

| | As of March 31, 2019 | As of June 30, 2019 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 5,711,262 | 5,775,975 |
| Short-term loans payable | 4,621,120 | 4,888,160 |
| Current portion of bonds | 160,000 | 160,000 |
| Current portion of long-term loans payable | 5,858,184 | 5,825,229 |
| Lease obligations | 247,716 | 276,542 |
| Income taxes payable | 763,642 | 270,500 |
| Provision for bonuses | 223,416 | 93,973 |
| Provision for directors' bonuses | 19,060 | — |
| Notes payable - facilities | 234,485 | 89,227 |
| Other | 2,464,066 | 2,903,601 |
| Total current liabilities | 20,302,955 | 20,283,209 |
| Non-current liabilities | | |
| Bonds payable | 2,710,000 | 2,710,000 |
| Long-term loans payable | 13,495,882 | 13,018,200 |
| Lease obligations | 967,697 | 1,159,336 |
| Net defined benefit liability | 900,280 | 888,282 |
| Asset retirement obligations | 15,882 | 15,979 |
| Other | 1,445,865 | 1,343,024 |
| Total non-current liabilities | 19,535,608 | 19,134,823 |
| Total liabilities | 39,838,563 | 39,418,033 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 732,130 | 735,227 |
| Capital surplus | 1,226,217 | 1,229,315 |
| Retained earnings | 13,395,332 | 13,457,478 |
| Treasury shares | (1,233,173) | (1,233,209) |
| Total shareholders' equity | 14,120,506 | 14,188,811 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 48,507 | 37,516 |
| Deferred gains or losses on hedges | (30,715) | (29,653) |
| Foreign currency translation adjustment | 55,101 | 80,746 |
| Remeasurements of defined benefit plans | (22,747) | (22,536) |
| Total accumulated other comprehensive income | 50,145 | 66,072 |
| Subscription rights to shares | 296,346 | 296,331 |
| Non-controlling interests | 108,696 | 116,059 |
| Total net assets | 14,575,695 | 14,667,275 |
| Total liabilities and net assets | 54,414,258 | 54,085,308 |

(2) Quarterly consolidated statements of income and statement of comprehensive income

(Quarterly consolidated statements of income)

(For the first quarter consolidated cumulative period)

(Thousand yen)

| | Three months ended June 30, 2018 | Three months ended June 30, 2019 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 9,725,219 | 10,161,523 |
| Cost of sales | 7,217,008 | 7,166,078 |
| Gross profit | 2,508,210 | 2,995,445 |
| Selling, general and administrative expenses | 2,252,726 | 2,445,609 |
| Operating income | 255,483 | 549,836 |
| Non-operating income | | |
| Interest income | 2,256 | 2,872 |
| Dividend income | 16,160 | 4,232 |
| Rent income | 12,741 | 18,622 |
| Contribution for Assets for rent | 11,851 | — |
| Gain on sales of Scrap | 31,194 | 18,312 |
| Foreign exchange gains | 54,989 | — |
| Reversal of allowance for doubtful accounts | — | 6,057 |
| Other | 23,051 | 18,449 |
| Total non-operating income | 152,244 | 68,547 |
| Non-operating expenses | | |
| Interest expenses | 58,515 | 68,966 |
| Commission fee | 16,618 | 15,548 |
| Bond issuance cost | 4,674 | — |
| Loss on valuation of derivatives | 1,357 | 1,939 |
| Foreign exchange losses | — | 64,484 |
| Other | 9,612 | 12,603 |
| Total non-operating expenses | 90,778 | 163,542 |
| Ordinary income | 316,950 | 454,841 |
| Extraordinary income | | |
| Gain on sales of non-current assets | — | 125,404 |
| Total extraordinary income | — | 125,404 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 165 | 1,286 |
| Total extraordinary losses | 165 | 1,286 |
| Profit before income taxes | 316,784 | 578,959 |
| Income taxes - current | 116,888 | 211,902 |
| Income taxes - deferred | 13,297 | (2,497) |
| Total income taxes | 130,185 | 209,404 |
| Profit (loss) | 186,598 | 369,555 |
| Profit (loss) attributable to non-controlling interests | 2,554 | 7,385 |
| Profit (loss) attributable to owners of parent | 184,044 | 362,170 |

(Quarterly consolidated statements of income)
(For the first quarter consolidated cumulative period)

(Thousand yen)

| | Three months ended June 30, 2018 | Three months ended June 30, 2019 |
|--|-------------------------------------|-------------------------------------|
| Profit (loss) | 186,598 | 369,555 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (644) | (11,013) |
| Deferred gains (losses) on hedges | 4,490 | 1,062 |
| Foreign currency translation adjustment | (224,655) | 25,644 |
| Remeasurements of defined benefit plans, net of tax | 700 | 211 |
| Total other comprehensive income | (220,108) | 15,905 |
| Comprehensive income | (33,509) | 385,460 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (36,081) | 378,097 |
| Comprehensive income attributable to non-controlling interests | 2,572 | 7,362 |

(3) Notes on quarterly consolidated financial statements

(Going concern assumption)

Not applicable.

(Notes in case of significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information)

【Segment Information】**I Previous first quarter consolidated cumulative period (from April 1, 2018 to June 30, 2018)****1. Information on amount of net sales and of income/loss for each reportable segment.**

| | (Thousand yen) | | | | | |
|---------------------------------|----------------|-----------------|-------------------|------------|---------------------|---|
| | Sales business | Rental business | Overseas business | Total | Adjustment (Note 1) | Amount allocated to the quarterly consolidated P/L statement (Note 2) |
| Net sales | | | | | | |
| Sales to external customers | 2,853,034 | 5,253,214 | 1,618,970 | 9,725,219 | — | 9,725,219 |
| Inter-segment sales or transfer | 24,322 | 26,093 | 372,486 | 422,903 | (422,903) | — |
| Total | 2,877,357 | 5,279,308 | 1,991,457 | 10,148,122 | (422,903) | 9,725,219 |
| Segment income (loss) | 341,562 | 285,904 | (30,374) | 577,091 | (321,607) | 255,483 |

Notes: 1. Adjusted segment profit (loss) of (321,607) thousand yen includes inter-segment transaction elimination of 88,859 thousand yen and corporate expenses not allocated to individual reportable segments of (410,467) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.

2. Segment income (loss) is in agreement with the operating income (loss) presented on the Quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill, etc. for each reportable segment.

Not applicable.

II Current first quarter consolidated cumulative period (from April 1, 2019 to June 30, 2019)**1. Information on amount of net sales and of income/loss for each reportable segment.**

| | (Thousand yen) | | | | | |
|---------------------------------|----------------|-----------------|-------------------|------------|---------------------|---|
| | Sales business | Rental business | Overseas business | Total | Adjustment (Note 1) | Amount allocated to the quarterly consolidated P/L statement (Note 2) |
| Net sales | | | | | | |
| Sales to external customers | 3,117,345 | 6,021,970 | 1,022,207 | 10,161,523 | — | 10,161,523 |
| Inter-segment sales or transfer | 19,496 | 12,644 | 538,711 | 570,852 | (570,852) | — |
| Total | 3,136,841 | 6,034,615 | 1,560,918 | 10,732,376 | (570,852) | 10,161,523 |
| Segment income (loss) | 309,889 | 643,710 | 11,595 | 965,196 | (415,359) | 549,836 |

Notes: 1. Adjusted segment profit (loss) of (415,359) thousand yen includes inter-segment transaction elimination of 81,514 thousand yen and corporate expenses not allocated to individual reportable segments of (496,874) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.

2. Segment income (loss) is in agreement with the operating income (loss) presented on the Quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill, etc. for each reportable segment.

Not applicable.