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August 6, 2020

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

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 Stock exchange listing: Tokyo
 Stock code: 2445 URL: <https://www.takamiya.co/>
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 Scheduled date to file Quarterly Securities Report: August 7, 2020
 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, 2020 (from April 1, 2020 to June 30, 2020)

(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, 2020	9,660	(4.9)	475	(13.5)	380	(16.4)	237	(34.3)
Three months ended June 30, 2019	10,161	4.5	549	115.2	454	43.5	362	96.8

(Note) Comprehensive income Three months ended June 30, 2020: 259 million yen ((32.6)%)
 Three months ended June 30, 2019: 385 million yen (-%)

	Earnings per share		Diluted earnings per share	
	yen		yen	
Three months ended June 30, 2020	5.11		4.97	
Three months ended June 30, 2019	8.45		8.20	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2020	61,393	18,384	29.2	385.09
As of March 31, 2020	59,282	18,497	30.5	387.68

(Reference) Shareholders equity As of June 30, 2020: 17,933 million yen
 As of March 31, 2020: 18,054 million yen

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Year ended March 31, 2020	—	6.00	—	8.00	14.00
Year ending March 31, 2021	—	—	—	—	—
Year ending March 31, 2021 (forecasts)	—	6.00	—	8.00	14.00

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

Interim dividend 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, 2021 (from April 1, 2020 to March 31, 2021)

Forecast of consolidated financial results for the year ending March 31, 2021 is yet to be determined, because at present it is difficult to correctly and rationally figure out impacts on the Company's operating results by the recent widespread of the new coronavirus infections. Such forecast will be made public promptly, when it becomes possible to figure out.

(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, 2020	46,577,000 shares	As of March 31, 2020	46,577,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	7,020 shares	As of March 31, 2020	7,020 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	46,569,980 shares	Three months ended June 30, 2019	42,873,801 shares
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* 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".

(How to obtain supplementary references regarding quarterly results)

Supplementary references regarding the financial results will be posted on the Company's website as soon as possible.

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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 experienced stagnation of economic activities due to widespread of the new coronavirus infections, which led to rapidly worsening economy and very tough situations.

Fortunately, concerning our Group, impacts of the widespread of the new coronavirus infections were relatively small both domestically and overseas. However, looking at the future, there still remains unpredictable situations both domestically and overseas. For example, overseas on one hand, Republic of the Philippines where a sales subsidiary resides still continues city-wide lockdown, and domestically on the other, there are concerns about occurrence of the second wave.

Amid such an environment, the Group has set out, in its three-years' mid-term management plan during which the year ending March 31, 2021 would be the last period, its mid-term management vision as "Create new value through transformation and aim to become a corporate group that drives qualitative development of the industry", and putting its efforts to four objectives: Strengthen management foundations; Drive innovation in the earning base; Accelerate overseas business development; and Create new growth businesses.

As a result, consolidated performance of the current first consolidated cumulative period was as follows: net sales of 9,660,729,000 yen (decrease by 4.9% YoY); operating income of 475,401,000 yen (decrease by 13.5% YoY); ordinary income of 380,334,000 yen (decrease by 16.4% YoY); and quarterly net profit attributable to owners of parent of 237,862,000 yen (decrease by 34.3% YoY).

Operating results of individual business segments are as follows.

① Sales business

There is still high level of interest in the next generation scaffolding. Inquiries about the system maintained steady growth in both new and on-going projects. However, amid the recent situations of uncertainty for the future, there was a tendency that some customers withhold their final decisions to purchase.

These operations resulted in net sales of 2,701,853,000 yen (decrease by 13.9% YoY) and operating income of 287,228,000 yen (decrease by 7.3% YoY).

② Rental business

Cessation and postponement of construction work were much concerned, but actually not prolonged, so that shipment of equipment could successfully maintain steady growth. In terms of profitability, segment profit rate decreased due to, for example, increase in temporary equipment maintenance cost because of returning after completion of large-scale construction sites, and increase in transportation cost of temporary equipment associated with relocation of equipment center.

These operations resulted in net sales of 6,112,756,000 yen (increase by 1.3% YoY) and operating income of 530,698,000 yen (decrease by 17.6% YoY).

③ Overseas business

DIMENSION-ALL INC. (sales subsidiary in the Philippines) has faced limitation on its business activities due to the city-wide lockdown ordered during the second half of the current first quarter consolidated cumulative period, leading to decreased revenues. Hory Korea and Hory Vietnam, both manufacturing subsidiaries, were not given much impact on their procurement of raw materials and parts, and therefore they could achieve steady performance in manufacture and sales of temporary equipment for Japanese market.

These operations resulted in net sales of 1,376,461,000 yen (decrease by 11.8% YoY) and operating income of 18,918,000 yen (increase by 63.2% YoY).

(2) Descriptions regarding financial position

Total assets was 61,393,153,000 yen at the end of the current first quarter consolidated fiscal period, i.e. increase by 2,110,615,000 yen as compared to the end of previous consolidated fiscal year. This is mainly due to increase in cash and deposits by 3,103,930,000 yen, decrease in notes and accounts receivable - trade by 1,199,391,000 yen.

Total liabilities was 43,008,168,000 yen, i.e. increase by 2,223,436,000 yen since the end of the previous consolidated fiscal year. This is mainly due to increase in short-term loans payable by 2,171,120,000 yen.

Total net assets was 18,384,984,000 yen, i.e. decrease by 112,820,000 yen since the end of the previous consolidated fiscal year. This is mainly due to decrease in retained earnings by 134,697,000 yen because of quarterly net profit attributable to owners of parent of 237,862,000 yen and dividends from surplus of 372,559,000 yen.

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

Again, forecast of consolidated financial results for the year ending March 31, 2021 is yet to be determined, because at present it is difficult to correctly and rationally figure out impacts on the Company's operating results by the recent widespread of the new coronavirus infections. In the construction industry in which the Group operates, there would be various impacts such as temporary suspension of construction sites and extension of work. Forecasts will be made public promptly, when it becomes possible to figure out these impacts.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	7,242,638	10,346,569
Notes and accounts receivable - trade	14,101,176	12,901,785
Merchandise and finished goods	2,933,259	3,122,090
Work in process	781,907	764,564
Raw materials and supplies	1,002,598	993,850
Other	695,502	983,511
Allowance for doubtful accounts	(348,400)	(346,963)
Total current assets	26,408,683	28,765,409
Non-current assets		
Property, plant and equipment		
Assets for rent	39,486,729	39,487,437
Accumulated depreciation-Assets for rent	(24,579,285)	(25,014,423)
Assets for rent, net	14,907,443	14,473,013
Buildings and structures	7,236,727	7,255,575
Accumulated depreciation and impairment loss	(3,438,205)	(3,498,212)
Buildings and structures, net	3,798,521	3,757,363
Machinery, equipment and vehicles	2,579,935	2,684,557
Accumulated depreciation	(1,320,016)	(1,380,415)
Machinery, equipment and vehicles, net	1,259,918	1,304,142
Land	7,839,049	7,840,575
Leased assets	1,063,278	1,076,901
Accumulated depreciation	(512,240)	(553,775)
Leased assets, net	551,038	523,126
Construction in progress	132,830	139,272
Other	1,133,860	1,189,186
Accumulated depreciation	(823,339)	(853,191)
Other, net	310,521	335,994
Total property, plant and equipment	28,799,323	28,373,488
Intangible assets		
Leasehold right	327,821	327,821
Goodwill	159,124	145,720
Other	452,911	566,458
Total intangible assets	939,858	1,040,000
Investments and other assets		
Investment securities	444,763	459,297
Guarantee deposits	691,564	716,473
Net defined benefit asset	42,700	41,317
Deferred tax assets	799,903	824,808
Other	1,189,853	1,206,473
Allowance for doubtful accounts	(34,112)	(34,113)
Total investments and other assets	3,134,672	3,214,255
Total non-current assets	32,873,854	32,627,744
Total assets	59,282,537	61,393,153

(Thousand yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,427,178	5,830,674
Short-term loans payable	5,400,480	7,571,600
Current portion of bonds	421,000	421,000
Current portion of long-term loans payable	5,810,651	5,758,888
Lease obligations	359,292	357,467
Income taxes payable	766,520	253,957
Provision for bonuses	292,189	102,914
Provision for directors' bonuses	8,630	—
Notes payable - facilities	136,537	111,125
Other	2,107,963	2,942,998
Total current liabilities	21,730,443	23,350,626
Non-current liabilities		
Bonds payable	3,599,000	3,599,000
Long-term loans payable	11,823,485	12,482,282
Lease obligations	1,377,246	1,322,903
Net defined benefit liability	945,664	963,725
Asset retirement obligations	12,800	12,878
Other	1,296,091	1,276,753
Total non-current liabilities	19,054,288	19,657,542
Total liabilities	40,784,731	43,008,168
Net assets		
Shareholders' equity		
Capital stock	1,050,114	1,050,114
Capital surplus	1,908,539	1,908,539
Retained earnings	15,186,825	15,052,128
Treasury shares	(3,331)	(3,331)
Total shareholders' equity	18,142,147	18,007,450
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,282	25,592
Deferred gains or losses on hedges	(15,334)	(13,273)
Foreign currency translation adjustment	(23,183)	(22,432)
Remeasurements of defined benefit plans	(65,508)	(63,915)
Total accumulated other comprehensive income	(87,743)	(74,029)
Subscription rights to shares	306,115	306,115
Non-controlling interests	137,286	145,448
Total net assets	18,497,805	18,384,984
Total liabilities and net assets	59,282,537	61,393,153

(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, 2019	Three months ended June 30, 2020
Net sales	10,161,523	9,660,729
Cost of sales	7,166,078	6,854,709
Gross profit	2,995,445	2,806,020
Selling, general and administrative expenses	2,445,609	2,330,618
Operating income	549,836	475,401
Non-operating income		
Interest income	2,872	2,357
Dividend income	4,232	3,829
Rent income	18,622	16,286
Contribution for Assets for rent	—	8,131
Gain on sales of Scrap	18,312	13,965
Reversal of allowance for doubtful accounts	6,057	934
Other	18,449	25,853
Total non-operating income	68,547	71,356
Non-operating expenses		
Interest expenses	68,966	64,942
Commission fee	15,548	16,033
Foreign exchange losses	64,484	67,763
Other	14,543	17,684
Total non-operating expenses	163,542	166,424
Ordinary income	454,841	380,334
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	1,286	5,805
Total extraordinary losses	1,286	5,805
Profit before income taxes	578,959	374,529
Income taxes - current	211,902	159,427
Income taxes - deferred	(2,497)	(30,917)
Total income taxes	209,404	128,509
Profit (loss)	369,555	246,019
Profit (loss) attributable to non-controlling interests	7,385	8,156
Profit (loss) attributable to owners of parent	362,170	237,862

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

(Thousand yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit (loss)	369,555	246,019
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,013)	9,314
Deferred gains (losses) on hedges	1,062	2,060
Foreign currency translation adjustment	25,644	751
Remeasurements of defined benefit plans, net of tax	211	1,592
Total other comprehensive income	15,905	13,719
Comprehensive income	385,460	259,738
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	378,097	251,576
Comprehensive income attributable to non-controlling interests	7,362	8,162

(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, 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) has been aligned 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, 2020 to June 30, 2020)**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	2,662,948	6,102,994	894,787	9,660,729	—	9,660,729
Inter-segment sales or transfer	38,905	9,762	481,674	530,342	(530,342)	—
Total	2,701,853	6,112,756	1,376,461	10,191,071	(530,342)	9,660,729
Segment income (loss)	287,228	530,698	18,918	836,846	(361,444)	475,401

Notes: 1. Adjusted segment profit of (361,444) thousand yen includes inter-segment transaction elimination of 82,228 thousand yen and corporate expenses not allocated to individual reportable segments of (443,673) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.

2. Segment income (loss) has been aligned 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.