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August 5, 2021

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (Based on Japanese GAAP)

Company name: TAKAMIYA CO., LTD.
 Stock exchange listing: Tokyo (1st section)
 Stock code: 2445 URL: <https://www.takamiya.co/>
 Representative: Representative Director, President and Chairman KAZUMASA TAKAMIYA

Scheduled quarterly report submission date: August 6, 2021
 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 First Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021 to June 30, 2021)

(1) Consolidated operating results 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	%
First quarter of the fiscal year ending March 31, 2022	9,242	(4.3)	77	(83.6)	146	-61.5	22	(90.4)
First quarter of the fiscal year ended March 31, 2021	9,660	(4.9)	475	(13.5)	380	(16.4)	237	(34.3)

(Note) Comprehensive income First Quarter of Fiscal Year Ending March 31, 2022: 229 million yen ((1.5)%
 First Quarter of Fiscal Year Ending March 31, 2021: 259 million yen ((32.6)%)

	Quarterly Earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of the fiscal year ending March 31, 2022	0.49	0.48
First quarter of the fiscal year ended March 31, 2021	5.11	4.97

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
First quarter of the fiscal year ending March 31, 2022	56,054	18,626	32.3	388.90
Fiscal year ended March 31, 2021	56,454	18,768	32.3	391.96

(Reference) Shareholders' equity First Quarter of Fiscal Year Ending March 31, 2022: 18,114 million yen
 Fiscal year ended March 31, 2021: 18,253 million yen

2. Cash dividends

	Annual dividends per share				
	End of the first quarter	End of 2nd quarter	End of the third quarter	End of term	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	6.00	-	8.00	14.00
Fiscal year ending March 31, 2022	-	-	-	-	-
Fiscal year ending March 31, 2022 (Forecast)	-	6.00	-	8.00	14.00

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

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
Second quarter (cumulative)	19,700	0.8	400	(63.5)	300	(69.8)	130	(78.1)	2.79
Full year	42,000	8.2	1,800	13.5	1,580	0.7	1,000	16.6	21.47

(Note) Revisions to the most recently announced earnings forecast: None

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Notes

(1) Changes in significant subsidiaries during the current quarter consolidated cumulative period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements
 ① Changes in accounting policies due to revision of accounting standards, etc.: Yes
 ② Changes in accounting policies other than (1) above: None
 ③ Changes in accounting estimates: None

Restatement: None

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 7 of the attached materials.

(4) Number of shares issued (common stock)

① Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2021	46,585,600 shares	As of March 31, 2021	46,577,000 shares
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② Number of treasury shares at the end of the period

As of June 30, 2021	7,020 shares	As of March 31, 2021	7,020 shares
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③ Average number of shares during the period

As of June 30, 2021	46,570,547 shares	As of March 31, 2021	46,569,980 shares
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* The quarterly financial statements are not subject to audit by certified public accountants or auditing firms.

*Explanation of the appropriate use of financial forecasts and other special notes

(Cautionary Note Regarding Forward-Looking Statements, etc.)

The forward-looking statements, including business forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable, and are not intended as a promise by the Company that they will be achieved. Actual results may differ materially due to a variety of factors. Please refer to "1. Qualitative Information on Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022, (3) Explanation of Consolidated Financial Forecast and Other Forward-Looking Statements" on page 2 of the attached materials for the conditions that form the assumptions for the forecast of financial results and cautions concerning the use of the forecast of financial results.

(How to obtain information on financial results)

We are planning to distribute a video presentation of our financial results on our website.

(Change in the unit of presentation of amounts)

The amounts of items and other matters presented in the Company's quarterly consolidated financial statements used to be stated in thousand yen, but from the first quarter of the current fiscal year and the first quarter of the current fiscal year, they are stated in million yen.

For ease of comparison, the figures for the previous consolidated fiscal year and the first quarter of the previous consolidated fiscal year have also been reclassified into million yen.

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Table of contents of attached documents

1. Qualitative information on quarterly results	
(1) Explanation of business results	2
(2) Explanation of financial position	2
(3) Explanation of consolidated financial forecasts and other forward-looking statements	2
2. Quarterly consolidated financial statements and major notes	
(1) Quarterly consolidated balance sheets	3
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	5
Quarterly consolidated statements of income	
For the first quarter consolidated cumulative period.....	5
Quarterly consolidated Statements of comprehensive income	
For the first quarter consolidated cumulative period.....	6
(3) Notes to quarterly consolidated financial statements	7
(Notes on going concern assumption)	7
(Note in the event of a significant change in the amount of shareholders' equity)	7
(Changes in accounting policies)	7
(Segment information)	8

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1. Qualitative information on quarterly results

(1) Explanation of business results for the current fiscal year

During the first quarter of the current fiscal year, the global economy showed signs of recovery mainly in Europe and the U.S., where vaccinations against the new coronavirus are ahead of schedule. However, the degree of improvement in each country depended on the spread of vaccinations, and the outlook remains uncertain as the infection has re-emerged in some countries and regions.

The domestic construction industry, in which our group is involved, started the year under difficult conditions, with suspensions and delays in construction and postponement of construction starts at some private-sector construction sites. Overseas, business activities in the Philippines, where our sales subsidiary is located, have been restricted due to the government's measures to restrict people from leaving the country and moving around.

In this environment, the Group has set up a management vision of "Creating new value through transformation, aiming for sustainable growth by becoming a partner company for our customers" in the mid-term management plan announced on May 31, 2021. In the medium-term management plan, which was announced on May 31, 2010, we have set up a management vision of "Create new value through transformation and aim for sustainable growth by becoming a partner to our customers." and we will work on the following four measures: Develop services that blend hardware and software, with a focus on the Iq System, Strengthen products for maintenance/repairs and infrastructure redevelopment, Nurture businesses beyond the temporary equipment sector, and Redevelop overseas business bases.

As a result, for the first quarter of the current fiscal year, the Company posted net sales of 9,242 million yen (down 4.3% year-on-year), operating income of 77 million yen (down 83.6% year-on-year), ordinary income of 146 million yen (down 61.5% year-on-year), and net income attributable to owners of the parent of 22 million yen (down 90.4% year-on-year). Net income attributable to shareholders of the parent company amounted to 22 million yen (down 90.4% year on year).

Operating results by segment are as follows.

(Sales business)

In the temporary construction segment, interest in next-generation scaffolding remains high, and inquiries for both new and ongoing projects have been strong. However, due to the uncertain future, there were moves to hold off on making a final decision on purchases, and as a result, sales remained at the same level as the previous year.

Outside of the Temporary Construction segment, agri-related sales increased due to the construction of high-functional glass houses.

As a result, net sales were 3,174 million yen (up 17.5% year on year), and operating income was 312 million yen (up 8.7% year on year).

(Rental Business)

In the civil engineering field, the lending volume of temporary equipment decreased due to the completion of large-scale sites in the previous consolidated fiscal year and the suspension, delay, and postponement of construction starts in the private sector. In terms of earnings, the segment profit margin declined due to an increase in the ratio of depreciation and other fixed costs in line with the decrease in the amount of temporary equipment lent.

As a result, net sales were 5,385 million yen (down 11.9% year on year), and operating income was 62 million yen (down 88.2% year on year).

(Overseas Business)

(Philippines), a sales subsidiary, continued to face a difficult situation due to the continued restriction of business activities caused by the measures to restrict people from going out and moving around in Metro Manila. On the other hand, Holly Korea (South Korea) and Holly Vietnam (Vietnam), our manufacturing subsidiaries, were not significantly affected by the procurement of raw materials and parts, and the manufacturing and sales of temporary equipment for Japan remained steady.

As a result, net sales were 1,419 million yen (up 3.1% year on year), and operating income was 47 million yen (up 152.3% year on year).

(2) Explanation of financial position for the current fiscal year

Total assets at the end of the first quarter of the current fiscal year were 56,054 million yen, a decrease of 400 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 869 million yen in notes and accounts receivable-trade, a decrease of 328 million yen in rental assets (net), and an increase of 308 million yen in construction in progress.

Total liabilities amounted to 37,428 million yen, a decrease of 257 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 801 million yen in short-term loans payable, a decrease of 506 million yen in long-term loans payable (including the current portion of long-term loans payable), a decrease of 194 million yen in income taxes payable, a decrease of 195 million yen in provision for bonuses, and a decrease of 262 million yen in notes payable for equipment.

Total net assets amounted to 18,626 million yen, a decrease of 142 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 349 million yen in retained earnings resulting from 22 million yen in net income attributable to owners of the parent and 372 million yen in dividends from surplus, and an increase of 203 million yen in foreign currency translation adjustments.

(3) Explanation of consolidated financial forecasts and other forward-looking statements

There are no changes to the consolidated earnings forecasts for the first half and full year announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2021" on May 12, 2021.

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2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated statements of income

(million yen)

	Fiscal year ended March 31, 2021	First quarter of the fiscal year ending March 31, 2022
Assets		
Current assets		
Cash and deposits	8,032	7,754
Notes and accounts receivable - trade	11,675	—
Merchandise and finished goods	—	10,805
Work in process	3,184	3,369
Raw materials and supplies	893	876
Other	1,023	1,166
Allowance for doubtful accounts	525	780
Total current assets	<u>△427</u>	<u>△414</u>
Non-current assets		
Property, plant and equipment		
Assets for rent		
Accumulated depreciation - Assets for rent	38,687	38,889
Assets for rent, net	<u>△25,475</u>	<u>△26,005</u>
Buildings and structures		
Accumulated depreciation and impairment loss	7,904	8,019
Buildings and structures (net)	<u>△3,755</u>	<u>△3,851</u>
Machinery, equipment and vehicles		
Accumulated depreciation	2,839	2,882
Machinery, equipment and vehicles (net)	<u>△1,608</u>	<u>△1,688</u>
Land	1,231	1,193
Lease assets		
Accumulated depreciation	1,091	1,112
Lease assets, net	<u>△611</u>	<u>△673</u>
Construction in progress	479	439
Other		
Accumulated depreciation	1,354	1,415
Other (net)	<u>△990</u>	<u>△1,026</u>
Total tangible assets	<u>363</u>	<u>389</u>
Intangible assets		
Leasehold right		
Other	327	327
Total intangible fixed assets	<u>498</u>	<u>470</u>
Investments and other assets		
Investment securities		
Guarantee deposits	504	747
Net defined benefit asset	710	711
Deferred tax assets	84	85
Other	774	767
Allowance for doubtful accounts	1,199	1,250
Total investments and other assets	<u>△33</u>	<u>△33</u>
Total non-current assets	<u>3,240</u>	<u>3,529</u>
Total assets	<u>31,547</u>	<u>31,715</u>

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(million yen)

	First quarter of the fiscal year ending March 31, 2022	First quarter of the fiscal year ending March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,668	5,645
Short-term loans payable	3,478	4,279
Current portion of bonds	871	871
Current portion of long term loans payable	6,308	6,166
Lease obligations	368	386
Income taxes payable	353	159
Provision for bonuses	296	100
Notes payable - facilities	344	81
Other	1,864	2,007
Total current liabilities	19,554	19,697
Non-current liabilities		
Bonds payable	3,278	3,278
Long-term debt	11,354	10,989
Lease obligations	1,145	1,046
Provision for directors' retirement benefits	1,001	1,012
Asset retirement obligations	13	13
Other	1,339	1,390
Total non-current liabilities	18,131	17,730
Total liabilities	37,685	37,428
Net assets		
Shareholders' equity		
Capital stock	1,050	1,052
Capital surplus	1,908	1,910
Retained earnings	15,392	15,042
Treasury stock	△3	△3
Total shareholders' equity	18,347	18,002
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55	56
Deferred gains or losses on hedges	△6	△4
Foreign currency translation adjustments	△104	99
Accumulated adjustment for retirement benefits	△38	△38
Total accumulated other comprehensive income	△94	112
Subscription rights to shares	357	353
Non-controlling interests	157	158
Total net assets	18,768	18,626
Total liabilities and net assets	56,454	56,054

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(2) Quarterly consolidated Statements of comprehensive income
(Quarterly consolidated statements of income)

(million yen)

	First quarter of the fiscal year ended March 31, 2021	First quarter of the fiscal year ending March 31, 2022
Net sales	9,660	9,242
Cost of sales	6,854	6,870
Gross profit	2,806	2,372
Selling, general and administrative expenses	2,330	2,294
Operating income	475	77
Non-operating income		
Interest income	2	1
Dividend income	3	4
Rent income	16	20
Insurance income	8	2
Contribution for Assets for rent	13	33
Income from sale of scrap	—	49
Foreign exchange gains	0	—
Other	25	34
Total non-operating income	71	146
Non-operating expenses		
Interest expense	64	53
Payment fee	16	15
Bond issuance expenses	67	—
Bad debt loss	17	7
Other	166	77
Total non-operating expenses	380	146
Ordinary income		
Extraordinary gains		0
Gain on sales of fixed assets	—	0
Total extraordinary income		0
Extraordinary loss	5	0
Loss on disposal of fixed assets	—	30
Impairment loss	—	41
Total extraordinary loss	5	71
Profit before income taxes	374	75
Income taxes - current	159	39
Income taxes - deferred	△30	12
Total income taxes	128	52
Profit	246	23
Profit attributable to non-controlling interests	8	0
Profit attributable to owners of parent	237	22

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(Quarterly consolidated Statements of comprehensive income)

(million yen)

	First quarter of the fiscal year ended March 31, 2021	First quarter of the fiscal year ending March 31, 2022
Net income (loss)	246	23
Other comprehensive income		
Valuation difference on available-for-sale securities	9	1
Deferred gains (losses) on hedges	2	1
Foreign currency translation adjustments	0	203
Remeasurements of defined benefit plans, net of tax	1	0
Total other comprehensive income (loss)	13	206
Comprehensive income	259	229
(Breakdown)		
Comprehensive income attributable to owners of parent	251	229
Comprehensive income attributable to non controlling interests	8	0

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(3) Notes to quarterly consolidated financial statements

(Going concern assumption)

Not applicable.

(Note in the event of a significant change in the amount of shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of accounting standards for revenue recognition)

"Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29, March 31, 2020; hereinafter referred to as "Revenue Recognition Accounting Standard"), etc. was applied from the beginning of the first quarter consolidated accounting period, and the promised goods or When control of the service is transferred to the customer, we will recognize revenue in the amount expected to be received in exchange for the property or service.

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(Segment information)

I. Consolidated cumulative period for the first quarter of the previous fiscal year (from April 1, 2020 to June 30, 2020)

1. Information on sales and profit or loss amounts by reporting segment

(million yen)

	Sales Business	Rental Business	Overseas Business	Total	Adjustment (see Note 1)	Amount allocated on consolidated statements of income (see Note 2)
Net sales						
Net sales to external customers	2,662	6,102	894	9,660	—	9,660
Intersegment sales and transfers	38	9	481	530	(530)	—
Net sales or transfer amount						
Total	2,701	6,112	1,376	10,191	(530)	9,660
Segment income	287	530	18	836	(361)	475

Notes 1. The segment profit adjustment amount of (361) million yen includes the elimination of inter-segment transactions of 82 million yen and company-wide expenses of (443) million yen that are not allocated to each reporting segment. Company-wide expenses are mainly general and administrative expenses that do not belong to the reporting segment.

2. Segment income is adjusted with operating income on the quarterly consolidated income statement.

2. Information on impairment loss or goodwill of fixed assets by reporting segment

Not applicable.

II Consolidated cumulative period for the first quarter of the current fiscal year (from April 1, 2021 to June 30, 2021)

1. Information on sales and profit or loss amounts by reporting segment and revenue decomposition information

(million yen)

	Sales Business	Rental Business	Overseas Business	Total	Adjustment (see Note 1)	Amount allocated on consolidated statements of income (see Note 2)
Net sales						
Income from contracts with customers	3,076	2,971	594	6,641	—	6,641
Other income	—	2,413	187	2,601	—	2,601
Net sales to external customers	3,076	5,384	781	9,242	—	9,242
Intersegment sales and transfers	98	0	637	737	(737)	—
Net sales or transfer amount						
Total	3,174	5,385	1,419	9,979	(737)	9,242
Segment income	312	62	47	422	(344)	77

Notes 1. The segment profit adjustment amount of (344) million yen includes inter-segment transaction elimination of 75 million yen and company-wide expenses of (420) million yen not allocated to each reporting segment. Company-wide expenses are mainly general and administrative expenses that do not belong to the reporting segment.

2. Segment income is adjusted with operating income on the quarterly consolidated income statement.

3. Other income includes leasing income, etc. based on Corporate Accounting Standard No. 13 "Accounting Standard for Lease Transactions".

2. Matters concerning changes in reporting segments, etc.

As described in the change in accounting policy, the accounting standard for revenue recognition was applied from the beginning of the first quarter consolidated accounting period, and the accounting method for revenue recognition was changed. We are changing. The impact of this change will be minor.

3. Information on impairment loss or goodwill of fixed assets by reporting segment

Impairment loss not allocated to the reporting segment was 41 million yen.