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August 5, 2022

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023 (Based on Japanese GAAP)

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

Scheduled quarterly report submission date: August 8, 2022
 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, 2023 (April 1, 2022 to June 30, 2022)

(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, 2023	9,017	(2.4)	181	133.2	436	198.0	313	-
First quarter of the fiscal year ended March 31, 2022	9,242	(4.3)	77	(83.6)	146	(61.5)	22	(90.4)

(Note) Comprehensive income First Quarter of Fiscal Year Ending March 31, 2023 : 311 million yen 35.5%
 First Quarter of Fiscal Year Ending March 31, 2022 : 229 million yen (11.5)%

	Quarterly Earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of the fiscal year ending March 31, 2023	6.73	6.52
First quarter of the fiscal year ended March 31, 2022	0.49	0.48

(2) Consolidated financial condition

	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, 2023	59,473	19,276	31.5	402.01
Fiscal year ended March 31, 2022	59,081	19,337	31.8	403.04

(Reference) Shareholders' equity First Quarter of Fiscal Year Ending March 31, 2023: 18,725 million yen
 Fiscal year ended March 31, 2022: 18,773 million yen

2. Cash dividends

	Annual dividends per share				
	End of the 1Q	End of the 2Q	End of the 3Q	End of term	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	6.00	-	8.00	14.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		6.00	-	8.00	14.00

(Note) Revisions from the most recently announced dividend forecast: None

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

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)	21,600	7.9	650	(14.4)	600	(33.1)	350	29.4	7.51
Full year	45,000	13.1	2,300	36.7	2,150	10.0	1,450	50.2	31.13

(Note) Revisions from 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.: None

② Changes in accounting policies other than (1) above : None

③ Changes in accounting estimates : None

④ Restatement : None

(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, 2022	46,585,600 shares	As of March 31, 2022	46,585,600 shares
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② Number of treasury shares at the end of the period

As of June 30, 2022	7,020 shares	As of March 31, 2022	7,020 shares
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③ Average number of shares during the period (cumulative quarterly)

As of June 30, 2022	46,578,580 shares	As of June 30, 2021	46,570,547 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 quarterly financial results (3) Explanation of consolidated financial forecasts 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 quarterly financial results supplementary materials)

Supplementary materials for the quarterly financial results will be posted on the Company's website.

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1. Qualitative information on quarterly financial results

(1) Explanation of business results

During the first quarter of the consolidated cumulative period under review, the global economy showed signs of recovery as restrictions on economic activity eased due to the impact of the novel coronavirus disease (COVID-19). However, the outlook remains uncertain due to soaring raw material prices, geopolitical risks such as the situation in Russia and Ukraine, and exchange rate fluctuations.

In the domestic construction industry, in which the Group is involved, although some civil engineering related construction starts have been postponed, the private sector construction work, mainly renovation work in the Tokyo metropolitan area, is performing well. Overseas, in the Philippines, the government has lifted restrictions on going out and movement, and there are signs of a recovery in construction investment.

In this environment, the Group has set a management vision of " Create new value through transformation and aim for sustainable growth by becoming a partner to our customers " in the medium-term management plan announced on May 31, 2021. We have designated the current consolidated fiscal year as the first year of the platform, and will provide a business platform that allows customers to utilize our sales, rental, and other business bases as if they were their own. In addition, we will work on four measures: 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 9,017 million yen (down 2.4% year-on-year), operating income of 181 million yen (up 133.2% year-on-year), ordinary income of 436 million yen (up 198.0% year-on-year), and net income attributable to owners of the parent of 313 million yen (up 1,272.6% year-on-year).

Operating results by segment are as follows.

(Sales business)

In the temporary construction sector, interest in the "Iq System" remains high, and inquiries for new procurement, replacement, and additional purchase projects are growing steadily.

On the other hand, in the non-temporary construction sector, construction of large-scale high-performance glass greenhouses for agriculture came to an end in the first half of the previous consolidated fiscal year, and sales decreased compared to the same period of the previous year.

As a result, sales were 2,472 million yen (down 22.1% year-on-year) and operating income was 127 million yen (down 59.1% year-on-year).

(Rental Business)

In private sector construction work, the severe situation continues from the previous consolidated fiscal year, with construction suspended, delayed, and postponed. Meanwhile, the lending volume of the "Iq System" has been growing steadily, mainly for maintenance and repair work in the Tokyo metropolitan area. In the civil engineering sector, although some construction starts have been postponed, the lending volume has increased.

As a result, sales were 5,706 million yen (up 6.0% year-on-year) and operating income was 396 million yen (up 534.4% year-on-year).

(Overseas Business)

At HORY VIETNAM (Vietnam) and Hory Korea (South Korea), the procurement of raw materials and parts has not been significantly affected, and shipments of temporary construction materials to Japan are growing steadily.

At DIMENSION-ALL INC. (Philippines), the government's restrictions on going out and movement have been lifted, and inquiries related to infrastructure construction are increasing.

As a result, sales were 2,043 million yen (up 43.9% year-on-year) and operating income was 105 million yen (up 122.0% year-on-year).

(2) Explanation of financial condition

Total assets at the end of the current first quarter consolidated accounting period were 59,473 million yen, an increase of 392 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,117 million yen in Cash and deposits, a decrease of 330 million yen in Notes and accounts receivable trade and contract assets, and an increase of 865 million yen in Merchandise and finished goods, and an increase of 145 million yen in Raw materials and supplies, and an increase of 286 million yen in Assets for rent, net, and an increase of 190 million yen in Buildings and structures (net).

Total liabilities amounted to 40,197 million yen, an increase of 453 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 564 million yen in short-term loans payable, a decrease of 256 million yen in Income taxes payable.

Total net assets amounted to 19,276 million yen, a decrease of 61 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 59 million yen in retained earnings resulting from 313 million yen in net income attributable to owners of the parent and 372 million yen in dividends from surplus.

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

Regarding the consolidated earnings forecast, there is no change to the consolidated earnings forecast for the second quarter consolidated cumulative period and the full year announced in the "Summary of Financial Results for the Fiscal Year Ending March 2022" dated May 12, 2022.

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2. Quarterly consolidated financial statements and major notes

(1) Quarterly Consolidated Balance Sheet

Million yen

	Fiscal year ended March 31, 2022	First quarter of the fiscal year ending March 31, 2023
Assets		
Current assets		
Cash and deposits	8,836	7,719
Notes and accounts receivable trade and contract assets	10,834	10,503
Merchandise and finished goods	3,748	4,614
Work in process	1,193	1,328
Raw materials and supplies	1,638	1,784
Other	725	877
Allowance for doubtful accounts	(295)	(308)
Total current assets	26,681	26,519
Non-current assets		
Property, plant and equipment		
Assets for rent	38,502	39,506
Accumulated depreciation - Assets for rent	(26,323)	(27,041)
Assets for rent, net	12,179	12,465
Buildings and structures	9,738	10,057
Accumulated depreciation and impairment loss	(4,078)	(4,206)
Buildings and structures (net)	5,659	5,850
Machinery, equipment and vehicles	3,157	3,397
Accumulated depreciation	(1,920)	(2,030)
Machinery, equipment and vehicles (net)	1,237	1,367
Land	7,851	7,856
Lease assets	1,232	1,269
Accumulated depreciation	(820)	(879)
Lease assets, net	411	389
Construction in progress	451	278
Other	1,687	1,737
Accumulated depreciation	(1,148)	(1,207)
Other (net)	539	529
Total tangible assets	28,329	28,737
Intangible assets		
Leasehold right	327	327
Other	459	503
Total intangible fixed assets	787	831
Investments and other assets		
Investment securities	432	479
Guarantee deposits	749	754
Net defined benefit asset	74	75
Deferred tax assets	766	761
Other	1,292	1,349
Allowance for doubtful accounts	(33)	(34)
Total investments and other assets	3,282	3,385
Total non-current assets	32,399	32,954
Total assets	59,081	59,473

Million yen

	Fiscal year ended March 31, 2022	First quarter of the fiscal year ending March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,940	6,856
Short-term loans payable	2,612	3,176
Current portion of bonds	1,047	1,047
Current portion of long term loans payable	6,001	5,895
Lease obligations	374	370
Income taxes payable	440	184
Provision for bonuses	337	112
Notes payable - facilities	147	269
Other	2,132	2,336
Total current liabilities	20,035	20,251
Non-current liabilities		
Bonds payable	4,230	4,182
Long-term debt	11,942	12,021
Lease obligations	905	855
Provision for directors' retirement benefits	1,023	1,028
Asset retirement obligations	19	33
Other	1,585	1,824
Total non-current liabilities	19,708	19,946
Total liabilities	39,744	40,197
Net assets		
Shareholders' equity		
Capital stock	1,052	1,052
Capital surplus	1,910	1,910
Retained earnings	15,705	15,646
Treasury stock	(3)	(3)
Total shareholders' equity	18,665	18,606
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55	57
Deferred gains or losses on hedges	(6)	(4)
Foreign currency translation adjustments	98	105
Accumulated adjustment for retirement benefits	(39)	(39)
Total accumulated other comprehensive income	108	119
Subscription rights to shares	384	384
Non-controlling interests	179	166
Total net assets	19,337	19,276
Total liabilities and net assets	59,081	59,473

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

(Quarterly consolidated statements of income)

(First quarter consolidated cumulative period)

Million yen

	First quarter of the fiscal year ended March 31, 2022	First quarter of the fiscal year ending March 31, 2023
Net sales	9,242	9,017
Cost of sales	6,870	6,366
Gross profit	2,372	2,650
Selling, general and administrative expenses	2,294	2,469
Operating income	77	181
Non-operating income		
Interest income	1	1
Dividend income	4	3
Rent income	20	27
Contribution for Assets for rent	2	-
Income from sale of scrap	33	48
Foreign exchange gains	49	227
Other	34	20
Total non-operating income	146	328
Non-operating expenses		
Interest expense	53	50
Payment fee	15	13
Other	7	9
Total non-operating expenses	77	72
Ordinary income	146	436
Extraordinary gains		
Gain on sales of fixed assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on disposal of fixed assets	0	0
Loss on valuation of investment securities	30	-
Impairment loss	41	-
Total extraordinary loss	71	0
Profit before income taxes	75	436
Income taxes - current	39	123
Income taxes - deferred	12	13
Total income taxes	52	136
Profit	23	300
Profit loss attributable to non controlling Interests	0	(13)
Profit attributable to owners of parent	22	313

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(Quarterly consolidated Statements of comprehensive income)

(First quarter consolidated cumulative period)

Million yen

	First quarter of the fiscal year ended March 31, 2022	First quarter of the fiscal year ending March 31, 2023
Net income (loss)	23	300
Other comprehensive income		
Valuation difference on available-for-sale securities	1	2
Deferred gains (losses) on hedges	1	1
Foreign currency translation adjustments	203	6
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income (loss)	206	11
Comprehensive income	229	311
(Breakdown)		
Comprehensive income attributable to owners of parent	229	324
Comprehensive income attributable to non controlling interests	0	(13)

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(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Segment information)

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

1. 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 (Note 1&2)	Amount allocated on consolidated statements of income (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 Net sales or transfer amount	98	0	637	737	(737)	-
Total	3,174	5,384	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 the elimination of inter-segment transactions of 75 million yen and company-wide expenses of (420) 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.

3. Other income includes lease income based on ASBJ Statement No. 13, "Accounting Standard for Lease Transactions."

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

Impairment loss not allocated to reportable segments is 41 million yen.

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II Consolidated cumulative period for the first quarter of the current fiscal year (from April 1, 2022 to June 30, 2022)

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	2,386	3,128	712	6,228	-	6,228
Other income	-	2,576	212	2,789	-	2,789
Net sales to external customers	2,386	5,706	925	9,017	-	9,017
Intersegment sales and transfers	85	0	1,117	1,203	(1,203)	-
Net sales or transfer amount						
Total	2,472	5,706	2,043	10,221	(1,203)	9,017
Segment income	127	396	105	630	(448)	181

Notes 1. The segment profit adjustment amount of (448) million yen includes inter-segment transaction elimination of 72 million yen and company-wide expenses of (521) 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. Information on impairment loss or goodwill of fixed assets by reporting segment

Not applicable.

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(Significant Subsequent Events)

Merger between consolidated subsidiaries

At the meeting of the Board of Directors held on July 22, 2022, we resolved to conduct an absorption-type merger with our wholly-owned subsidiary TOTAL TOSHISEIBI Co., Ltd., as the surviving company and our wholly-owned subsidiary NEXTECH Co., Ltd., as the merged company, and signed a merger agreement on the same date.

1 Overview of the transaction

(1) Name of the company involved in the merger and details of its business

Name of combined company	TOTAL TOSHISEIBI Co., Ltd.,
Business content	Support work leasing business for civil engineering and design of support work and its technical guidance and rental and sale of temporary equipment for shield work
Name of company to be merged	NEXTECH Co., Ltd.,
Business content	Sale and rental of temporary equipment for civil engineering and construction (Scaffolding, Formwork, Support materials)

(2) Date of establishment

October 1, 2022 (planned)

(3) Legal form of business combination

Absorption-type merger with TOTAL TOSHISEIBI Co., Ltd., as the surviving company and NEXTECH Co., Ltd., as the merged Company

(4) Name of the company after the merger

TOTAL TOSHISEIBI Co., Ltd.,

(5) Other matters related to the outline of the transaction

TOTAL TOSHISEIBI Co., Ltd., is engaged in the rental business of underground shoring materials for redevelopment projects in urban areas and the rental and sales business of temporary materials for shield construction. NEXTECH Co., Ltd., is developing a rental business of stainless steel formwork for civil engineering work, and is expanding its rental business for construction work as well. Both companies have strengths in equipment and technology that specialize in formwork shoring materials.

Through this merger, we aim to expand our platform business and improve our corporate value by strengthening our ability to make technical proposals in the specialized construction field and by efficiently managing our management resources.

2 Overview of accounting treatment to be implemented

Based on “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 January 16, 2019) and “Guidance on Business Combination Accounting Standard and Business Divestiture Accounting Standard” (Accounting Standards Board of Japan Implementation Guidance No. 10 January 16, 2019), we plan to account for transactions under common control.