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November 9, 2022

Summary of Consolidated Financial Results for the Second 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: November ,10 2022
 Dividend payment start date: December ,2 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (from the viewpoint of preventing wider spread of the new coronavirus infections, this meeting will be held by means of video streaming.)

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to September 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	%
Second quarter of the fiscal year ending March 31, 2023	19,799	(1.1)	763	0.5	1,137	26.9	746	176.0
Second quarter of the fiscal year ended March 31, 2022	20,023	2.5	759	(30.8)	896	(9.9)	270	(54.4)

(Note) Comprehensive income Second Quarter of Fiscal Year Ending March 31, 2023: 957 million yen 117.5%(YoY)
 Second Quarter of Fiscal Year Ending March 31, 2022: 440 million yen (31.6%)(YoY)

	Quarterly Earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter of the fiscal year ending March 31, 2023	16.03	15.51
Second quarter of the fiscal year ended March 31, 2022	5.81	5.64

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Second quarter of the fiscal year ending March 31, 2023	61,336	19,973	31.6	415.63
Fiscal year ended March 31, 2022	59,081	19,337	31.8	403.04

(Reference) Shareholders' equity Second Quarter of Fiscal Year Ending March 31, 2023: 19,359 million yen
 Fiscal year ended March 31, 2022: 18,773 million yen

2. Cash dividends

	Annual dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	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	-	6.00			
Fiscal year ending March 31, 2022 (Forecast)			-	8.00	14.00

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2022 (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
Full year	45,000	13.1	2,300	36.7	2,150	10.0	1,450	50.2	31.13

(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.: 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 September 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 September 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

As of September 30, 2022	46,578,580 shares	As of September 30, 2021	46,574,585 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 results, (3) Explanation of Consolidated Financial Forecast and Other Forward-Looking Statements" on page 3 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 supplementary explanatory materials for financial results)

Supplementary materials for financial results are scheduled to be posted on the Company's website.

(How to obtain information on financial results)

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

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1. Qualitative information on quarterly results

(1) Explanation of business results

During the second quarter of the current fiscal year, the global economy showed signs of recovery as restrictions on economic activity because of the novel coronavirus were eased. 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.

The domestic construction industry, in which our group is involved, although some civil engineering projects have postponed the start of construction, the private sector construction work, mainly renovation work in the Tokyo metropolitan area, is performing well. Overseas, in the Philippines, the government's restrictions on going out and movement have been lifted, and construction investment is gradually recovering.

In this environment, the Group has set up a management vision of " Create new value through transformation and aim for sustainable growth by becoming a partner to our customers." in the mid-term management plan announced on May 31, 2021. We have designated the current consolidated fiscal year as the first year of the platform. We provide a business platform that allows customers to use our business bases, including sales and rental, as if they were their own business bases. 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 second quarter of the current fiscal year, the Company posted net sales of 19,799 million yen (down 1.1% year-on-year), operating income of 763 million yen (up 0.5% year-on-year), ordinary income of 1,137 million yen (up 26.9% year-on-year), and net income attributable to owners of the parent of 746 million yen (up 176.0% year-on-year).

Operating results by segment are as follows.

(1) Sales business)

In the Temporary Construction Division, sales were sluggish due to delays in construction due to soaring material prices and concerns about uncertain futures, with some delaying purchases and moving to rentals. Even under these circumstances, interest in the business platform centered on our product "Iq System" is high, and inquiries for new procurement, replacement, and additional purchase projects are still growing steadily. In terms of price, we have been conducting sales price negotiations to respond to soaring raw material prices, and have penetrated the market. Outside of the temporary construction division, construction work for 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, net sales were 6,040 million yen (down 15.3% year-on-year) and operating income was 496 million yen (down 43.1% year-on-year).

(2) Rental Business)

In private sector construction work, the severe situation continues from the previous consolidated fiscal year, with construction suspended, delayed, and postponed. However, the utilization rate of the "Iq System" has remained steady, mainly for maintenance and repair work in the Tokyo metropolitan area. In addition, in the civil engineering field, although some construction starts have been postponed, the utilization rate increased compared to the previous consolidated fiscal year.

As a result, net sales were 11,629 million yen (up 2.9% year on year), and operating income was 1,030 million yen (up 134.0% year on year).

(3) Overseas Business)

At HORY VIETNAM Co.,Ltd. (Vietnam) and Hory Korea Co.,Ltd. (Korea), the procurement of raw materials and parts has not been significantly affected, and shipments of temporary construction equipment to Japan are growing steadily. Hory Korea's domestic sales and rental business also performed well. At DIMENSION-ALL INC. (Philippines) as well, the government's restrictions on going out and movement have been lifted, and inquiries related to infrastructure construction are increasing.

As a result, net sales were 4,462 million yen (up 42.5% year on year), and operating income was 218 million yen (up 20.3% year on year).

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(2) Explanation of financial position

Total assets at the end of the second quarter of the current fiscal year were 61,336 million yen, an increase of 2,255 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in cash and deposit of 1,429 million yen, an increase of 1,193 million yen in Merchandise and finished goods, an increase of 753 million yen in rental assets (net).

Total liabilities amounted to 41,363 million yen, an increase of 1,619 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,042 million yen in short-term loans payable, a decrease in bonds payable (including corporate bonds scheduled to be redeemed within one year) of 273 million yen, an increase in Long-term debt (including Current portion of long term loans payable) of 446 million yen

Total net assets amounted to 19,973 million yen, an increase of 635 million yen from the end of the previous fiscal year. This was mainly due to an increase of 374 million yen in retained earnings resulting from 746 million yen in net income attributable to owners of the parent and 372 million yen in dividends from surplus, and an increase of 225 million yen in foreign currency translation adjustments.

The status of each cash flow and their factors in the current second quarter consolidated cumulative period are as follows.

(Cash flows from operating activities)

Cash flows from operating activities resulted in an outflow of 1,519 million yen (income of 2,573 million yen in the same quarter of the previous fiscal year). This is mainly due to purchase of assets for rent of 334 million yen, increase Trade receivables and contract assets of 756 million yen, increase in inventories of 3,447 million yen, Income before income taxes and minority interests of 1,130 million, Depreciation expenses 2,517 million yen, etc.

(Cash flows from investing activities)

Cash flow from investing activities resulted in an outflow of 560 million yen (1,048 million yen outflow in the same quarter of the previous year). This was mainly due to the purchase of property, plant and equipment of 419 million yen.

(Cash flows from financing activities)

Cash flow from financing activities was an income of 565 million yen (expenditure of 726 million yen in the same quarter of the previous year). The main factors were an increase in short-term loans payable of 962 million yen, income from long-term loans payable of 3,430 million yen, and an expenditure of 2,985 million yen for repayment of long-term loans payable, the redemption of bonds of 273 million yen.

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

We have revised the consolidated financial forecast for the second quarter (cumulative) of the fiscal year ending March 31, 2023. The reason for this is that operating income and profits exceeded the initial plan due to sales growth from the rental business, which has a high profit margin, and foreign exchange gains due to the continued depreciation of the yen. In addition, regarding the consolidated earnings forecast for the fiscal year ending March 31, 2023, we have decided to leave the earnings forecast announced on May 12, 2022 unchanged, taking into consideration future uncertainties such as soaring raw material prices and exchange rate fluctuations. For details, please refer to the "Notice Concerning Revisions to Earnings Forecasts" announced on November 4, 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	Second quarter of the fiscal year ending March 31, 2023
Assets		
Current assets		
Cash and deposits	8,836	7,407
Notes and accounts receivable trade and contract assets	10,834	11,719
Merchandise and finished goods	3,748	4,941
Work in process	1,193	1,471
Raw materials and supplies	1,638	2,044
Other	725	594
Allowance for doubtful accounts	(295)	(303)
Total current assets	26,681	27,876
Non-current assets		
Property, plant and equipment		
Assets for rent	38,502	40,137
Accumulated depreciation - Assets for rent	(26,323)	(27,204)
Assets for rent, net	12,179	12,932
Buildings and structures	9,738	10,197
Accumulated depreciation and impairment loss	(4,078)	(4,315)
Buildings and structures (net)	5,659	5,881
Machinery, equipment and vehicles	3,157	3,466
Accumulated depreciation	(1,920)	(2,067)
Machinery, equipment and vehicles (net)	1,237	1,399
Land	7,851	7,851
Lease assets	1,232	1,297
Accumulated depreciation	(820)	(938)
Lease assets, net	411	358
Construction in progress	451	297
Other	1,687	1,764
Accumulated depreciation	(1,148)	(1,251)
Other (net)	539	513
Total tangible assets	28,329	29,234
Intangible assets		
Leasehold right	327	327
Other	459	478
Total intangible fixed assets	787	805
Investments and other assets		
Investment securities	432	451
Guarantee deposits	749	759
Net defined benefit asset	74	76
Deferred tax assets	766	727
Other	1,292	1,437
Allowance for doubtful accounts	(33)	(32)
Total investments and other assets	3,282	3,420
Total non-current assets	32,399	33,460
Total assets	59,081	61,336

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(million yen)

	Fiscal year ended March 31, 2022	Second quarter of the fiscal year ending March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,940	7,042
Short-term loans payable	2,612	3,654
Current portion of bonds	1,047	1,047
Current portion of long term loans payable	6,001	5,675
Lease obligations	374	351
Income taxes payable	440	369
Provision for bonuses	337	317
Notes payable - facilities	147	301
Other	2,132	2,147
Total current liabilities	20,035	20,907
Non-current liabilities		
Bonds payable	4,230	3,957
Long-term debt	11,942	12,715
Lease obligations	905	796
Provision for directors' retirement benefits	1,023	1,037
Asset retirement obligations	19	33
Other	1,585	1,914
Total non-current liabilities	19,708	20,455
Total liabilities	39,744	41,363
Net assets		
Shareholders' equity		
Capital stock	1,052	1,052
Capital surplus	1,910	1,910
Retained earnings	15,705	16,079
Treasury stock	(3)	(3)
Total shareholders' equity	18,665	19,039
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55	37
Deferred gains or losses on hedges	(6)	(3)
Foreign currency translation adjustments	98	324
Accumulated adjustment for retirement benefits	(39)	(38)
Total accumulated other comprehensive income	108	320
Subscription rights to shares	384	434
Non-controlling interests	179	178
Total net assets	19,337	19,973
Total liabilities and net assets	59,081	61,336

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

(Quarterly consolidated statements of income)

The Second quarter consolidated cumulative period

Million yen

	Second quarter of the fiscal year ended March 31, 2022	Second quarter of the fiscal year ending March 31, 2023
Net sales	20,023	19,799
Cost of sales	14,598	13,908
Gross profit	5,425	5,891
Selling, general and administrative expenses	4,665	5,128
Operating income	759	763
Non-operating income		
Interest income	2	2
Dividend income	7	5
Rent income	41	52
Contribution for Assets for rent	6	-
Income from sale of scrap	70	97
Foreign exchange gains	81	331
Other	84	34
Total non-operating income	294	523
Non-operating expenses		
Interest expense	106	101
Payment fee	33	28
Other	18	19
Total non-operating expenses	158	149
Ordinary income	896	1,137
Extraordinary gains		
Gain on sales of fixed assets	0	0
Gain on sales of investment securities	53	-
Total extraordinary income	54	0
Extraordinary loss		
Loss on disposal of fixed assets	1	7
Loss on valuation of investment securities	269	-
Impairment loss	41	-
Total extraordinary loss	312	7
Profit before income taxes	638	1,130
Income taxes - current	308	323
Income taxes - deferred	51	61
Total income taxes	360	384
Profit	278	745
Profit loss attributable to non controlling Interests	7	(1)
Profit attributable to owners of parent	270	746

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(Quarterly consolidated Statements of comprehensive income)

The Second quarter consolidated cumulative period

(million yen)

	Second quarter of the fiscal year ended March 31, 2022	Second quarter of the fiscal year ending March 31, 2023
Net income (loss)	278	745
Other comprehensive income		
Valuation difference on available-for-sale securities	8	(17)
Deferred gains (losses) on hedges	3	3
Foreign currency translation adjustments	149	225
Remeasurements of defined benefit plans, net of tax	0	1
Total other comprehensive income (loss)	162	212
Comprehensive income	440	957
(Breakdown)		
Comprehensive income attributable to owners of parent	432	958
Comprehensive income attributable to non controlling interests	7	(1)

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(3) Consolidated Statements of Cash Flows

(million yen)

	Second quarter of the fiscal year ended March 31, 2022	Second quarter of the fiscal year ending March 31, 2023
Cash flows from operating activities		
Profit before income taxes	638	1,130
Depreciation	2,374	2,517
Impairment loss	41	-
Loss on retirement of Assets for rent	26	19
Loss on sales of Assets for rent	31	27
Purchase of assets for rent	(394)	(334)
Contribution for Assets for rent	(6)	-
Increase (decrease) in allowance for doubtful accounts	(25)	(8)
Increase (decrease) in provision for bonuses	(11)	(20)
Increase (decrease) in net defined benefit liability	(1)	9
Share-based compensation expenses	30	50
Interest and dividends income	(10)	(8)
Interest expense	106	101
Foreign exchange loss (gain)	(64)	(354)
Loss (gain) on sales of property, plant and equipment	(0)	(0)
Loss on retirement of property, plant and equipment	1	7
Loss (gain) on sales of investment securities	(53)	-
Loss (gain) on valuation of investment securities	269	-
Decrease (increase) in notes and accounts receivable – trade and finished goods	520	(756)
Decrease (increase) in inventories	(709)	(3,447)
Increase (decrease) in notes and accounts payable – trade	395	74
Other	(163)	(32)
Subtotal	2,994	(1,025)
Interest and dividend income received	3	8
Interest expenses paid	(104)	(101)
Income taxes paid	(319)	(400)
Net cash provided by (used in) operating activities	2,573	(1,519)

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(million yen)

	Second quarter of the fiscal year ended March 31, 2022	Second quarter of the fiscal year ending March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(210)	(170)
Proceeds from withdrawal of time deposits	210	170
Purchase of property, plant and equipment	(971)	(419)
Proceeds from sales of tangible fixed assets	16	0
Payments for acquisition of intangible fixed assets	(7)	(94)
Purchase of investment securities	(272)	(44)
Proceeds from sales of investment securities	86	-
Payments of loans receivable	-	(3)
Collection of loans receivable	100	0
Net cash provided by (used in) investing activities	(1,048)	(560)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	535	962
Repayments of lease obligations	(194)	(195)
Proceeds from long-term loans payable	3,000	3,430
Repayments of long-term loans payable	(3,009)	(2,985)
Redemption of bonds	(685)	(273)
Cash dividends paid	(372)	(372)
Net cash provided by (used in) financing activities	(726)	565
Effect of exchange rate change on cash and cash equivalents	18	84
Net increase (decrease) in cash and cash equivalents	816	(1,429)
Cash and cash equivalents at beginning of period	7,712	8,516
Cash and cash equivalents at end of period	8,529	7,087

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(4) 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.

(Segment information)

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

1. Information on the amount of sales and profit or loss by reportable segment, and disaggregated information on earnings

(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	6,892	6,237	1,470	14,600	-	14,600
Other income	-	5,053	369	5,423	-	5,423
Net sales to external customers	6,892	11,291	1,840	20,023	-	20,023
Intersegment sales and transfers Net sales or transfer amount	242	11	1,290	1,544	(1,544)	-
Total	7,134	11,303	3,130	21,568	(1,544)	20,023
Segment income	871	440	181	1,493	(733)	759

Notes 1. The segment profit adjustment amount of (733) million yen includes 144 million yen in inter-segment transaction eliminations and (878) million yen in company-wide expenses not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

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

3. Other income includes lease income, etc. based on Accounting Standard for Lease Transactions, Accounting Standard for Business Accounting Standards No. 13.

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 second quarter of the current fiscal year (from April 1, 2022 to September 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	6,018	6,273	1,706	13,999	—	13,999
Other income	—	5,354	446	5,800	—	5,800
Net sales to external customers	6,018	11,628	2,153	19,799	—	19,799
Intersegment sales and transfers	21	1	2,309	2,331	(2,331)	—
Net sales or transfer amount						
Total	6,040	11,629	4,462	22,131	(2,331)	19,799
Segment income	496	1,030	218	1,745	(981)	763

Notes 1. The segment profit adjustment amount of (981) million yen includes 155 million yen in inter-segment transaction eliminations and (1,137) million yen in company-wide expenses not allocated to each reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

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

3. Other income includes lease income, etc. based on Accounting Standard for Lease Transactions, Accounting Standard for Business Accounting Standards No. 13.

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, the Company resolved to conduct an absorption-type merger with TOTAL TOSHISEIBI Co., Ltd., a wholly owned subsidiary of the Company, as the surviving company, and NEXTECH Co., Ltd., a wholly owned subsidiary of the Company, as the dissolved company. A merger agreement was signed on the same date, and the merger took place on October 1, 2022.

1. Overview of the merger

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

Name of the 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.
About business	Sale and rental of temporary equipment for civil engineering and construction (Scaffolding, Formwork, Support materials)

(2) Date of business combination

October 1, 2022

(3) Legal form of business combination

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

(4) Name of company after combination

TOTAL TOSHISEIBI Co., Ltd.

(5) Other matters related to transaction outline

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.

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 the accounting treatment performed

Based on "Accounting Standard for Business Combinations" (Corporate Accounting Standard No. 21 January 16, 2019) and "Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures" (Corporate Accounting Standard Application Guidance No. 10 January 16, 2019), transactions are accounted for as transactions under common control.