

Summary of Consolidated Financial Results for the Third 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: February 10, 2023
 Dividend payment start date: -
 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 Third Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to December 31, 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	%
Third quarter of the fiscal year ending March 31, 2023	30,686	2.9	1,606	62.8	1,724	54.9	1,176	229.4
Third quarter of the fiscal year ended March 31, 2022	29,824	3.7	986	(37.3)	1,113	(21.9)	357	(58.3)

(Note) Comprehensive income Third Quarter of Fiscal Year Ending March 31, 2023: 1,948 million yen 259.0%(YoY)
 Third Quarter of Fiscal Year Ending March 31, 2022: 542 million yen (45.9)% (YoY)

	Quarterly Earnings per share	Diluted earnings per share
Third quarter of the fiscal year ending March 31, 2023	Yen 25.25	Yen 24.40
Third quarter of the fiscal year ended March 31, 2022	7.67	7.43

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
Third quarter of the fiscal year ending March 31, 2023	Million yen 64,034	Million yen 20,684	% 31.3	Yen 430.66
Fiscal year ended March 31, 2022	59,081	19,337	31.8	403.04

(Reference) Shareholders' equity Third Quarter of Fiscal Year Ending March 31, 2023: 20,059 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
Fiscal year ended March 31, 2022	Yen -	Yen 6.00	Yen -	Yen 8.00	Yen 14.00
Fiscal year ending March 31, 2023	-	6.00			
Fiscal year ending March 31, 2023 (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 December 31, 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 December 31, 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 December 31, 2022	46,578,580 shares	As of December 31, 2021	46,575,921 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.

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1. Qualitative information on quarterly results

(1) Explanation of business results

During the Third 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, the protracted 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 foundation, including sales and rental, as if they were their own business foundation. 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 third quarter of the current fiscal year, the Company posted net sales of 30,686 million yen (up 2.9% year-on-year), operating income of 1,606 million yen (up 62.8% year-on-year), ordinary income of 1,724 million yen (up 54.9% year-on-year), and net income attributable to owners of the parent of 1,176 million yen (up 229.4% year-on-year).

Operating results by segment are as follows.

(1) Sales business

In the Temporary Construction Division, we have negotiated sales prices in order to respond to rising raw material prices, and have been able to receive acceptance. As a result, sales are on a recovery trend. However, due to concerns about delays in construction due to soaring material prices and uncertainty about the future, some companies continued to postpone their purchases and move to rental use, resulting in sluggish sales. Even under these circumstances, interest in the business platform centered on our product "Iq System" is high, and the number of inquiries for new procurement, replacement and additional purchase projects remains strong.

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 9,509 million yen (down 5.4% year-on-year) and operating income was 830 million yen (down 21.5% year-on-year).

(2) Rental Business

In the private sector construction work, the difficult situation has continued since the previous consolidated fiscal year, with construction being interrupted, delayed, and the start of construction being postponed. However, rental demand is high, especially for maintenance and repair work in the Tokyo metropolitan area, and the utilization rate of temporary equipment such as the Iq System, which is a rental asset, is growing steadily. In the civil engineering sector, although there were some delays in construction starts, the utilization rate of rental assets increased compared to the same period of the previous year.

As a result, net sales were 18,090 million yen (up 4.4% year on year), and operating income was 1,894 million yen (up 131.5% 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 for infrastructure-related construction are increasing.

As a result, net sales were 6,772 million yen (up 42.8% year on year), and operating income was 327 million yen (up 53.0% year on year).

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(2) Explanation of financial position

Total assets at the end of the third quarter of the current fiscal year were 64,034 million yen, an increase of 4,953 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 1,872 million yen in Notes and accounts receivable trade and contract assets, an increase of 1,909 million yen in Merchandise and finished goods, and an increase of 1,249 million yen in rental assets (net).

Total liabilities amounted to 43,349 million yen, an increase of 3,605 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 154 million yen in Notes and accounts payable – trade, an increase of 3,096 million yen in short-term loans payable, an increase of 255 million yen in Notes payable – facilities, a decrease of 321 million yen in bonds payable (including corporate bonds scheduled to be redeemed within one year) and a decrease of 59 million yen in Long-term debt (including Current portion of long term loans payable).

Total net assets amounted to 20,684 million yen, an increase of 1,347 million yen from the end of the previous fiscal year. This was mainly due to an increase of 523 million yen in Retained earnings due to 1,176 million yen in profit attributable to owners of parent and 652 million yen in dividends of surplus, an increase of 747 million yen in foreign currency translation adjustments.

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

Regarding the consolidated financial forecast, there is no change to the full-year consolidated financial forecast announced in the "Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022" on May 12, 2022.

In addition, we are currently investigating the impact of the unauthorized access to our server that occurred on December 15, 2022 on our group from the next quarter onwards. At this point in time, we do not anticipate that we will be in a position to revise our earnings forecasts. However, if there is an event that should be announced in the future, such as a significant difference from the forecast, we will promptly disclose it.

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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	Third quarter of the fiscal year ending March 31, 2023
Assets		
Current assets		
Cash and deposits	8,836	8,029
Notes and accounts receivable trade and contract assets	10,834	12,706
Merchandise and finished goods	3,748	5,657
Work in process	1,193	1,553
Raw materials and supplies	1,638	1,819
Other	725	828
Allowance for doubtful accounts	(295)	(306)
Total current assets	26,681	30,290
Non-current assets		
Property, plant and equipment		
Assets for rent	38,502	41,314
Accumulated depreciation - Assets for rent	(26,323)	(27,886)
Assets for rent, net	12,179	13,428
Buildings and structures	9,738	10,056
Accumulated depreciation and impairment loss	(4,078)	(4,253)
Buildings and structures (net)	5,659	5,802
Machinery, equipment and vehicles	3,157	3,634
Accumulated depreciation	(1,920)	(2,147)
Machinery, equipment and vehicles (net)	1,237	1,487
Land	7,851	7,757
Lease assets	1,232	1,327
Accumulated depreciation	(820)	(990)
Lease assets, net	411	337
Construction in progress	451	248
Other	1,687	1,829
Accumulated depreciation	(1,148)	(1,318)
Other (net)	539	510
Total tangible assets	28,329	29,572
Intangible assets		
Leasehold right	327	327
Other	459	447
Total intangible fixed assets	787	775
Investments and other assets		
Investment securities	432	471
Guarantee deposits	749	764
Net defined benefit asset	74	76
Deferred tax assets	766	669
Other	1,292	1,446
Allowance for doubtful accounts	(33)	(32)
Total investments and other assets	3,282	3,396
Total non-current assets	32,399	33,743
Total assets	59,081	64,034

(million yen)

	Fiscal year ended March 31, 2022	Third quarter of the fiscal year ending March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,940	7,094
Short-term loans payable	2,612	5,709
Current portion of bonds	1,047	1,047
Current portion of long term loans payable	6,001	5,600
Lease obligations	374	334
Income taxes payable	440	194
Provision for bonuses	337	254
Notes payable - facilities	147	403
Other	2,132	2,622
Total current liabilities	20,035	23,260
Non-current liabilities		
Bonds payable	4,230	3,909
Long-term debt	11,942	12,284
Lease obligations	905	754
Net defined benefit liabilities	1,023	1,044
Asset retirement obligations	19	33
Other	1,585	2,061
Total non-current liabilities	19,708	20,088
Total liabilities	39,744	43,349
Net assets		
Shareholders' equity		
Capital stock	1,052	1,052
Capital surplus	1,910	1,910
Retained earnings	15,705	16,229
Treasury stock	(3)	(3)
Total shareholders' equity	18,665	19,189
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55	61
Deferred gains or losses on hedges	(6)	0
Foreign currency translation adjustments	98	846
Accumulated adjustment for retirement benefits	(39)	(38)
Total accumulated other comprehensive income	108	870
Subscription rights to shares	384	434
Non-controlling interests	179	190
Total net assets	19,337	20,684
Total liabilities and net assets	59,081	64,034

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

(Quarterly consolidated statements of income)

The Third quarter consolidated cumulative period

Million yen

	Third quarter of the fiscal year ended March 31, 2022	Third quarter of the fiscal year ending March 31, 2023
Net sales	29,824	30,686
Cost of sales	21,713	21,393
Gross profit	8,110	9,293
Selling, general and administrative expenses	7,124	7,686
Operating income	986	1,606
Non-operating income		
Interest income	3	3
Dividend income	10	8
Rent income	62	78
Contribution for Assets for rent	8	-
Income from sale of scrap	113	138
Foreign exchange gains	69	67
Other	111	58
Total non-operating income	379	355
Non-operating expenses		
Interest expense	156	154
Payment fee	51	43
Bond issuance cost	13	-
Other	32	40
Total non-operating expenses	253	238
Ordinary income	1,113	1,724
Extraordinary gains		
Gain on sales of fixed assets	8	17
Gain on sales of investment securities	53	-
Total extraordinary income	61	17
Extraordinary loss		
Loss on disposal of fixed assets	1	22
Loss on valuation of investment securities	284	-
Impairment loss	41	-
Total extraordinary loss	327	22
Profit before income taxes	846	1,719
Income taxes - current	358	422
Income taxes - deferred	117	110
Total income taxes	476	532
Profit	370	1,186
Profit attributable to non controlling Interests	13	10
Profit attributable to owners of parent	357	1,176

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(Quarterly consolidated Statements of comprehensive income)

The Third quarter consolidated cumulative period

(million yen)

	Third quarter of the fiscal year ended March 31, 2022	Third quarter of the fiscal year ending March 31, 2023
Net income (loss)	370	1,186
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	5
Deferred gains (losses) on hedges	4	6
Foreign currency translation adjustments	171	747
Remeasurements of defined benefit plans, net of tax	1	1
Total other comprehensive income (loss)	172	762
Comprehensive income	542	1,948
(Breakdown)		
Comprehensive income attributable to owners of parent	529	1,938
Comprehensive income attributable to non controlling interests	13	10

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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 important subsidiaries during the current consolidated cumulative period)

Not applicable

Although this does not apply to changes in specific subsidiaries, In the third quarter of the consolidated fiscal year under review, our consolidated subsidiary NEXTECH Co., Ltd. was extinguished through an absorption-type merger with another consolidated subsidiary, TOTAL TOSHISEIBI Co., Ltd., as the surviving company, so it has been excluded from the scope of consolidation.

(Segment information)

I. Consolidated cumulative period for the third quarter of the previous fiscal year (from April 1, 2021 to December 31, 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)	Amount allocated on consolidated statements of income (Note 2)
Net sales						
Income from contracts with customers	9,742	9,513	2,210	21,466	-	21,466
Other income	-	7,801	557	8,358	-	8,358
Net sales to external customers	9,742	17,314	2,767	29,824	-	29,824
Intersegment sales and transfers Net sales or transfer amount	312	13	1,976	2,301	(2,301)	-
Total	10,054	17,327	4,743	32,126	(2,301)	29,824
Segment income	1,057	818	214	2,090	(1,103)	986

Notes 1. The segment profit adjustment amount of (1,103) million yen includes 216 million yen in inter-segment transaction eliminations and (1,320) 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 is adjusted with operating income in the quarterly consolidated statement of income.

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 Third quarter of the current fiscal year (from April 1, 2022 to December 31, 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 (Note 1)	Amount allocated on consolidated statements of income (Note 2)
Net sales						
Income from contracts with customers	9,466	9,626	2,467	21,560	—	21,560
Other income	—	8,461	663	9,125	—	9,125
Net sales to external customers	9,466	18,088	3,131	30,686	—	30,686
Intersegment sales and transfers	42	1	3,641	3,686	(3,686)	—
Net sales or transfer amount						
Total	9,509	18,090	6,772	34,372	(3,686)	30,686
Segment income	830	1,894	327	3,052	(1,445)	1,606

Notes 1. The segment profit adjustment amount of (1,445) million yen includes 221 million yen in inter-segment transaction eliminations and (1,667) 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 is adjusted with operating income in the quarterly consolidated statement of income.

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.