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February 8, 2021

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

Company name: TAKAMIYA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 2445 URL: <https://www.takamiya.co/>
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 Scheduled date to file Quarterly Securities Report: February 9, 2021
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2020	28,757	(16.1)	1,573	(43.3)	1,425	(45.5)	856	(51.1)
Nine months ended December 31, 2019	34,291	7.6	2,772	38.2	2,614	33.2	1,750	48.1

(Note) Comprehensive income
 Nine months ended December 31, 2020: 1,004 million yen ((41.6)%)
 Nine months ended December 31, 2019: 1,718 million yen (60.0%)

	Earnings per share		Diluted earnings per share	
	yen		yen	
Nine months ended December 31, 2020	18.39		17.87	
Nine months ended December 31, 2019	39.40		38.30	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2020	58,137	18,901	31.6	394.80
As of March 31, 2020	59,282	18,497	30.5	387.68

(Reference) Shareholders equity
 As of December 31, 2020: 18,385 million yen
 As of March 31, 2020: 18,054 million yen

2. Cash dividends

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

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

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	40,750	(11.5)	2,200	(40.8)	2,000	(43.5)	1,270	(46.4)	27.27

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

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* Notes

(1) Changes in significant subsidiaries during the current quarter consolidated cumulative period
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

① Changes in accounting policies due to revisions to accounting standards and other regulations: No

② Changes in accounting policies due to other reasons: No

③ Changes in accounting estimates: No

④ Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

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

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

Nine months ended December 31, 2020	46,589,980 shares	Nine months ended December 31, 2019	44,417,426 shares
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* Quarterly summary of financial results is not included in a quarterly review by a certified public accountant or an auditing firm.

* Explanation regarding appropriate use of the earnings forecast and other special notes
(notes on descriptions about the future, etc.)

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 3, "1. Qualitative information regarding the financial results for the current quarter: (3) Descriptions regarding future prospects such as consolidated performance forecasts".

(How to obtain supplementary references regarding quarterly results)

Supplementary references regarding the quarterly financial results will be posted on the Company's website (scheduled on February 17).

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1. Qualitative information regarding the current quarter

(1) Descriptions regarding operating results

During the current third quarter consolidated cumulative period, global economy has experienced very tough situations due to widespread of the new coronavirus infections. Although situations and responses differ from one country to another, certain kinds of economic activities have resumed and it was expected that there would be gradual upswing. Looking at the local situation, however, re-expansion of the new coronavirus infections including the variant caused restriction on economic activities and consequently there continues to be very tough situations for us.

In the domestic construction industry in which the Group operates, public works maintained steady growth, whereas private construction sector has faced weakened trend due to, for example, interrupted or delayed construction and postponed commencement of work at some sites, so much attention should be paid to the future trend of construction work. Overseas, at the same time, in the Philippines where a sales subsidiary is located, despite gradual relaxation of curfew and restrictions on movement by the government, there still remains tough situation of uncertainty for the future.

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

As a result, consolidated performance of the current third consolidated cumulative period was as follows: net sales of 28,757,406,000 yen (decrease by 16.1% YoY); operating income of 1,573,140,000 yen (decrease by 43.3% YoY); ordinary income of 1,425,687,000 yen (decrease by 45.5% YoY); and quarterly net profit attributable to owners of parent of 856,372,000 yen (decrease by 51.1% YoY).

Operating results of individual business segments are as follows.

① Sales business

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

These operations resulted in net sales of 7,995,773,000 yen (decrease by 28.9% YoY) and operating income of 839,818,000 yen (decrease by 40.6% YoY).

② Rental business

Shipment of operational temporary equipment decreased because of interrupted or delayed construction work and postponed commencement of work. In terms of profitability, segment profit rate decreased due to, for example, increase in temporary equipment maintenance cost because of returning after completion of large-scale construction sites, and increase in transportation cost of temporary equipment associated with relocation of equipment center.

These operations resulted in net sales of 18,577,021,000 yen (decrease by 4.7% YoY) and operating income of 1,832,124,000 yen (decrease by 20.4% YoY).

③ Overseas business

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

These operations resulted in net sales of 3,868,601,000 yen (decrease by 30.1% YoY) and operating loss of 43,991,000 yen (as opposed to operating income of 300,476,000 yen in the same period of the previous year).

(2) Descriptions regarding financial position

Total assets was 58,137,349,000 yen at the end of the current third quarter consolidated fiscal period, i.e. decrease by 1,145,187,000 yen as compared to the end of the previous consolidated fiscal year.

This is mainly due to increase in cash and deposits by 954,428,000 yen, decrease in notes and accounts receivable - trade by 2,222,073,000 yen, and decrease in assets for rent (net) by 1,149,312,000 yen.

Total liabilities was 39,235,956,000 yen, i.e. decrease by 1,548,775,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to decrease in notes and accounts payable by 915,494,000 yen, increase in short-term loans payable by 2,473,420,000 yen, decrease in income taxes payable by 589,662,000 yen and decrease in long-term loans payable (including current portion) by 2,194,196,000 yen.

Total net assets was 18,901,393,000 yen, i.e. increase by 403,587,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in retained earnings by 204,392,000 yen and increase in foreign currency translation adjustment by 92,641,000 yen.

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

There is no change in the consolidated performance forecasts as announced in "Year-on-Year Differences in Consolidated (Cumulative) Results for the Second Quarter of the Fiscal Year Ending March 31, 2021 And Notice of Full-Year Consolidated Financial Results Forecasts", published on November 6, 2020.

2. Quarterly consolidated financial statements and principal notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	7,242,638	8,197,066
Notes and accounts receivable - trade	14,101,176	11,879,103
Merchandise and finished goods	2,933,259	3,482,761
Work in process	781,907	1,080,040
Raw materials and supplies	1,002,598	1,034,815
Other	695,502	659,471
Allowance for doubtful accounts	(348,400)	(373,215)
Total current assets	26,408,683	25,960,043
Non-current assets		
Property, plant and equipment		
Assets for rent	39,486,729	39,466,508
Accumulated depreciation-Assets for rent	(24,579,285)	(25,708,377)
Assets for rent, net	14,907,443	13,758,131
Buildings and structures	7,236,727	7,905,786
Accumulated depreciation and impairment loss	(3,438,205)	(3,666,228)
Buildings and structures, net	3,798,521	4,239,557
Machinery, equipment and vehicles	2,579,935	2,777,587
Accumulated depreciation	(1,320,016)	(1,536,240)
Machinery, equipment and vehicles, net	1,259,918	1,241,347
Land	7,839,049	7,846,471
Leased assets	1,063,278	1,051,941
Accumulated depreciation	(512,240)	(559,707)
Leased assets, net	551,038	492,233
Construction in progress	132,830	171,932
Other	1,133,860	1,322,469
Accumulated depreciation	(823,339)	(939,018)
Other, net	310,521	383,451
Total property, plant and equipment	28,799,323	28,133,125
Intangible assets		
Leasehold right	327,821	327,821
Goodwill	159,124	118,910
Other	452,911	520,280
Total intangible assets	939,858	967,012
Investments and other assets		
Investment securities	444,763	481,686
Guarantee deposits	691,564	715,311
Net defined benefit asset	42,700	40,441
Deferred tax assets	799,903	642,579
Other	1,189,853	1,230,362
Allowance for doubtful accounts	(34,112)	(33,212)
Total investments and other assets	3,134,672	3,077,168
Total non-current assets	32,873,854	32,177,306
Total assets	59,282,537	58,137,349

(Thousand yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,427,178	5,511,683
Short-term loans payable	5,400,480	7,873,900
Current portion of bonds	421,000	921,000
Current portion of long-term loans payable	5,810,651	5,451,174
Lease obligations	359,292	378,453
Income taxes payable	766,520	176,857
Provision for bonuses	292,189	112,619
Provision for directors' bonuses	8,630	—
Notes payable - facilities	136,537	154,754
Other	2,107,963	2,313,559
Total current liabilities	21,730,443	22,894,002
Non-current liabilities		
Bonds payable	3,599,000	2,913,500
Long-term loans payable	11,823,485	9,988,766
Lease obligations	1,377,246	1,186,245
Net defined benefit liability	945,664	965,331
Asset retirement obligations	12,800	13,035
Other	1,296,091	1,275,075
Total non-current liabilities	19,054,288	16,341,953
Total liabilities	40,784,731	39,235,956
Net assets		
Shareholders' equity		
Capital stock	1,050,114	1,050,114
Capital surplus	1,908,539	1,908,539
Retained earnings	15,186,825	15,391,218
Treasury stock	(3,331)	(3,331)
Total shareholders' equity	18,142,147	18,346,540
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,282	39,815
Deferred gains (losses) on hedges	(15,334)	(8,844)
Foreign currency translation adjustment	(23,183)	69,458
Remeasurements of defined benefit plans	(65,508)	(61,046)
Total accumulated other comprehensive income	(87,743)	39,382
Subscription rights to shares	306,115	357,461
Non-controlling interests	137,286	158,009
Total net assets	18,497,805	18,901,393
Total liabilities and net assets	59,282,537	58,137,349

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

(Quarterly consolidated statements of income)

(For the third quarter consolidated cumulative period)

(Thousand yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	34,291,954	28,757,406
Cost of sales	23,816,172	20,185,915
Gross profit	10,475,781	8,571,490
Selling, general and administrative expenses	7,702,938	6,998,349
Operating income	2,772,843	1,573,140
Non-operating income		
Interest income	7,852	5,649
Dividend income	11,756	10,802
Rent income	55,427	55,968
Contribution for assets for rent	7,559	6,157
Gain on sales of scrap	58,669	43,746
Other	94,738	101,406
Total non-operating income	236,004	223,730
Non-operating expenses		
Interest expenses	200,929	185,335
Commission fee	48,207	51,371
Foreign exchange losses	36,868	76,381
Bad debts expenses	63,206	—
Other	45,142	58,094
Total non-operating expenses	394,355	371,183
Ordinary income	2,614,492	1,425,687
Extraordinary income		
Gain on sales of non-current assets	154,369	4,256
Total extraordinary income	154,369	4,256
Extraordinary losses		
Loss on retirement of non-current assets	2,292	9,168
Impairment loss	53,134	—
Total extraordinary losses	55,426	9,168
Profit before income taxes	2,713,436	1,420,775
Income taxes - current	773,053	397,448
Income taxes - deferred	163,735	146,215
Total income taxes	936,788	543,664
Profit (loss)	1,776,647	877,111
Profit (loss) attributable to non-controlling interests	26,508	20,738
Profit (loss) attributable to owners of parent	1,750,138	856,372

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

(Thousand yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit (loss)	1,776,647	877,111
Other comprehensive income		
Valuation difference on available-for-sale securities	13,172	23,516
Deferred gains (losses) on hedges	12,622	6,489
Foreign currency translation adjustment	(84,716)	92,641
Remeasurements of defined benefit plans, net of tax	370	4,461
Total other comprehensive income	(58,551)	127,109
Comprehensive income	1,718,095	1,004,220
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,691,571	983,498
Comprehensive income attributable to non-controlling interests	26,523	20,722

(3) Notes on quarterly consolidated financial statements

(Going concern assumption)

Not applicable.

(Notes in case of significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information)

【Segment Information】

I Previous third quarter consolidated cumulative period (from April 1, 2019 to December 31, 2019)

1. Information on amount of net sales and of income/loss for each reportable segment.

	Sales business	Rental business	Overseas business	Total	Adjustment (Note 1)	(Thousand yen) Amount allocated to the quarterly consolidated P/L statement (Note 2)
Net sales						
Sales to external customers	11,053,972	19,451,275	3,786,705	34,291,954	—	34,291,954
Inter-segment sales or transfer	192,786	34,626	1,746,215	1,973,627	(1,973,627)	—
Total	11,246,758	19,485,902	5,532,921	36,265,582	(1,973,627)	34,291,954
Segment income (loss)	1,414,854	2,301,445	300,476	4,016,776	(1,243,933)	2,772,843

Notes: 1. Adjusted segment loss of (1,243,933) thousand yen includes inter-segment transaction elimination of 225,686 thousand yen and corporate expenses not allocated to individual reportable segments of (1,469,620) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.

2. Segment income (loss) is in agreement with the operating income (loss) presented on the Quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill, etc. for each reportable segment.

Impairment loss of 53,134,000 yen has not been allocated to reportable segments.

II Current third quarter consolidated cumulative period (from April 1, 2020 to December 31, 2020)

1. Information on amount of net sales and of income/loss for each reportable segment.

	Sales business	Rental business	Overseas business	Total	Adjustment (Note 1)	(Thousand yen) Amount allocated to the quarterly consolidated P/L statement (Note 2)
Net sales						
Sales to external customers	7,892,774	18,549,584	2,315,047	28,757,406	—	28,757,406
Inter-segment sales or transfer	102,998	27,437	1,553,554	1,683,990	(1,683,990)	—
Total	7,995,773	18,577,021	3,868,601	30,441,396	(1,683,990)	28,757,406
Segment income (loss)	839,818	1,832,124	(43,991)	2,627,950	(1,054,809)	1,573,140

Notes: 1. Adjusted segment loss of (1,054,809) thousand yen includes inter-segment transaction elimination of 239,363 thousand yen and corporate expenses not allocated to individual reportable segments of (1,294,173) thousand yen. Corporate expenses comprises mainly of general and administrative expenses not attributable to reportable segments.

2. Segment income (loss) is in agreement with the operating income (loss) presented on the Quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill, etc. for each reportable segment.

Not applicable.