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November 7, 2019

## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

Company name: TAKAMIYA CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 2445 URL: <https://www.takamiya.co/>  
 Representative: Representative Director, President and Chairman KAZUMASA TAKAMIYA  
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 Scheduled date to file Quarterly Securities Report: November 8, 2019  
 Scheduled date to commence dividend payments: December 6, 2019  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

#### (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	%
Six months ended September 30, 2019	22,097	6.6	1,913	76.0	1,773	58.2	1,217	74.2
Six months ended September 30, 2018	20,734	16.0	1,087	35.1	1,121	33.3	698	14.9

(Note) Comprehensive income Six months ended September 30, 2019: 1,171 million yen [106.6%]  
 Six months ended September 30, 2018: 567 million yen [26.8%]

	Earnings per share		Diluted earnings per share	
	yen		yen	
Six months ended September 30, 2019	28.10		27.29	
Six months ended September 30, 2018	16.31		15.83	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2019	57,332	17,687	30.1	370.58
As of March 31, 2019	54,414	14,575	26.0	330.62

(Reference) Shareholders equity As of September 30, 2019: 17,257 million yen  
 As of March 31, 2019: 14,170 million yen

### 2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	4.00	—	7.00	11.00
Year ending March 31, 2020	—	6.00	—	—	—
Year ending March 31, 2020 (forecasts)	—	—	—	8.00	14.00

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

### 3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	45,590	8.1	3,930	44.8	3,690	36.3	2,440	49.0	54.28

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

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4. 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)

① Total number of issued shares at the end of the period (including treasury shares)			
As of September 30, 2019	46,577,000 shares	As of March 31, 2019	45,467,600 shares
② Number of treasury shares at the end of the period			
As of September 30, 2019	7,020 shares	As of March 31, 2019	2,606,971 shares
③ Average number of shares during the period (cumulative from the beginning of the fiscal year)			
Six months ended September 30, 2019	43,335,268 shares	Six months ended September 30, 2018	42,840,715 shares

\* 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 financial results and contents of the briefing)

The Company will hold its financial results briefing for institutional investors and analysts on November 26, 2019 (Tue.). Supplementary references regarding quarterly financial results provided at the time of this briefing will be posted on our website immediately thereafter.

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## 1. Qualitative information regarding the current quarter

### (1) Descriptions regarding operating results

During the current second quarter consolidated cumulative period, global economy has concerns about trade issues between U.S.A. and China, movement of so-called Brexit and others, and the recent situations of uncertainty still remains. Domestically as well, although Japanese economy has shown gradual upswing, we could not make any optimistic prediction for the future due to continued occurrence of natural disasters and other factors.

In the domestic construction industry in which the Group operates, construction work in connection with the forthcoming Olympic/Paralympic Games in Tokyo and large-scale redevelopment work around Tokyo metropolitan area are approaching to the most important part. Furthermore, public work such as reconstruction of infrastructure has got into full swing, so our environment generally remains in a good situation. At the same time, however, shortage of construction workers and stricter safety criteria have still been significant issues for our industry.

Also in the overseas markets, especially in ASEAN region where the Group has its business bases, construction demands are rising vigorously such as public infrastructure/urban development in the Philippines, so our environment remains in a good situation.

Amid such an environment, the Group has set out its mid-term management vision as "To create new values through transformation, towards a company group leading the industry-wide qualitative development", and putting its efforts to four objectives: strengthening its management base; innovating its profitability base; accelerating its overseas development; and creating new promising business.

As a result, consolidated performance of the current second consolidated cumulative period was as follows: net sales of 22,097,559,000 yen (increase by 6.6% YoY); operating income of 1,913,589,000 yen (increase by 76.0% YoY); ordinary income of 1,773,898,000 yen (increase by 58.2% YoY); and quarterly net profit attributable to owners of parent of 1,217,672,000 yen (increase by 74.2% YoY).

Operating results of individual business segments are as follows.

#### ① Sales business

In the context of construction demands rising vigorously and transition from conventional framework scaffolding to the next generation scaffolding associated with stricter safety criteria at construction sites, sales of the "Iq System" and its peripheral components maintained steady growth.

These operations resulted in net sales of 7,556,574,000 yen (increase by 13.8% YoY) and operating income of 1,104,321,000 yen (increase by 21.1% YoY).

#### ② Rental business

Regarding temporary equipment for private construction work, thanks to demands rising vigorously, utilization rate of temporary equipment centered on the "Iq System" remained at a high level. Similarly, shipment of temporary equipment for civil engineering and bridge construction is getting close to its peak, especially those delivered to large-scale sites such as stretching work of the Hokuriku Shinkansen (bullet train). These operations enabled us to have overall rental quantities of temporary equipment including those for private construction work, civil engineering and bridge construction during the current second quarter consolidated cumulative period, remain at a high level continuously since the Company's foundation. As for profitability, efforts devoted to holding down investment in rental temporary equipment and to efficient operation resulted in substantially higher segment income.

These operations resulted in net sales of 12,692,250,000 yen (increase by 13.5% YoY) and operating income of 1,628,221,000 yen (increase by 82.6% YoY).

#### ③ Overseas business

In the solar-related business segment, despite steady growth of our environment for receiving orders, there was no such big project as the previous term and thus amount of sales substantially decreased. With respect to rental business of temporary equipment, our environment for receiving orders has maintained steady growth thanks to demands rising vigorously. As for sales business of temporary equipment, inter-segment sales increased because stable and efficient production systems have been put in place in HORY VIETNAM and HORY KOREA. Also in terms of profitability, although proactive business development has led to increases in depreciation of temporary equipment and in SG&A expenses including land rent, segment income has gradually recovered thanks to improvement in gross profit rate.

These operations resulted in net sales of 3,187,370,000 yen (decrease by 20.7% YoY) and operating income of 48,739,000 yen (increase by 1,565.1% YoY).

**(2) Descriptions regarding financial position**

Total assets was 57,332,803,000 yen at the end of the current second quarter consolidated fiscal period, i.e. increase by 2,918,544,000 yen as compared to the end of previous consolidated fiscal year. This is mainly due to increase in cash and deposits by 1,797,766,000 yen, increase in notes and accounts receivable - trade by 1,710,825,000 yen, and decrease in assets for rent (net) by 1,168,763,000 yen.

Total liabilities was 39,645,796,000 yen, i.e. decrease by 192,767,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in notes and accounts payable by 515,622,000 yen, increase in short-term loans payable by 638,920,000 yen, and decrease in long-term loans payable (including current portion) by 994,883,000 yen.

Total net assets was 17,687,006,000 yen, i.e. increase by 3,111,311,000 yen as compared to the end of the previous consolidated fiscal year. This is mainly due to increase in capital stock by 317,983,000 yen, increase in capital surplus by 682,321,000 yen, increase in retained earnings by 917,647,000 yen, and decrease in treasury shares by 1,229,841,000 yen.

Each cash flow status and factors thereof in the current second quarter consolidated fiscal period consolidated fiscal year are as follows.

**(Cash flows from operating activities)**

Cash flows from operating activities resulted in revenue of 930,216,000 yen (for comparison, it was 1,172,168,000 yen in the same period of the previous year). This is mainly due to, on one hand, purchase of assets for lease of 586,814,000 yen, increase in notes and accounts receivable - trade by 1,841,155,000 yen, and increase in inventories of 588,727,000 yen, but on the other hand, profit before income taxes of 1,897,177,000 yen, and depreciation of 2,366,401,000 yen.

**(Cash flows from investing activities)**

Cash flows from investing activities resulted in expenditure of 599,269,000 yen (for comparison, it was 570,018,000 yen in the same period of the previous year). This is mainly due to purchase of property, plant and equipment of 995,355,000 yen, and proceeds from sales of property, plant and equipment of 525,584,000 yen.

**(Cash flows from financing activities)**

Cash flows from operating activities resulted in revenue of 1,480,907,000 yen (as opposed to expenditure of 172,488,000 yen in the same period of the previous year). This is mainly due to, on one hand, repayments of long-term loans payable of 3,035,753,000 yen, but on the other hand, proceeds from long-term loans payable of 2,130,000,000 yen, proceeds from issuance of common stocks of 619,389,000 yen, and proceeds from disposal of treasury shares of 1,594,216,000 yen.

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

With respect to consolidated performance forecasts, upon considering the performance progress during the current second quarter consolidated cumulative period, etc. and accordingly reviewing the performance forecasts, higher performance could be anticipated than as expected initially, and therefore the full-term performance forecasts which had been announced on May 9, 2019 was amended.

For details, please refer to "Notices concerning revisions to the performance forecasts and to the dividend forecasts" announced on October 28, 2019.

## 2. Quarterly consolidated financial statements and principal notes

## (1) Quarterly consolidated balance sheets

(Thousand yen)

	As of March 31, 2019	As of September 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,734,184	7,531,950
Notes and accounts receivable - trade	11,401,400	13,112,225
Merchandise and finished goods	3,170,300	3,315,550
Work in process	965,979	897,562
Raw materials and supplies	1,001,093	1,030,479
Other	782,944	1,068,538
Allowance for doubtful accounts	(274,311)	(283,412)
<b>Total current assets</b>	<b>22,781,590</b>	<b>26,672,895</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Assets for rent	39,400,960	39,164,615
Accumulated depreciation-Assets for rent	(22,974,395)	(23,906,814)
Assets for rent, net	16,426,564	15,257,801
Buildings and structures	6,536,249	7,106,548
Accumulated depreciation and impairment loss	(3,361,117)	(3,415,531)
Buildings and structures, net	3,175,131	3,691,016
Machinery, equipment and vehicles	2,326,347	2,395,027
Accumulated depreciation	(1,137,582)	(1,213,080)
Machinery, equipment and vehicles, net	1,188,764	1,181,946
Land	5,763,542	5,363,175
Leased assets	903,914	846,778
Accumulated depreciation	(444,153)	(388,877)
Leased assets, net	459,760	457,900
Construction in progress	305,038	256,754
Other	1,062,032	1,072,232
Accumulated depreciation	(752,478)	(772,254)
Other, net	309,554	299,977
<b>Total property, plant and equipment</b>	<b>27,628,356</b>	<b>26,508,572</b>
<b>Intangible assets</b>		
Leasehold right	327,821	327,821
Goodwill	212,741	185,933
Leased assets	11,363	9,844
Other	267,913	331,697
<b>Total intangible assets</b>	<b>819,840</b>	<b>855,295</b>
<b>Investments and other assets</b>		
Investment securities	454,484	486,447
Guarantee deposits	577,834	673,185
Membership	39,356	39,606
Net defined benefit asset	73,543	75,921
Deferred tax assets	899,404	850,200
Other	1,183,917	1,212,305
Allowance for doubtful accounts	(44,069)	(41,625)
<b>Total investments and other assets</b>	<b>3,184,471</b>	<b>3,296,040</b>
<b>Total non-current assets</b>	<b>31,632,668</b>	<b>30,659,908</b>
<b>Total assets</b>	<b>54,414,258</b>	<b>57,332,803</b>

(Thousand yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,711,262	6,226,885
Short-term loans payable	4,621,120	5,260,040
Current portion of bonds	160,000	200,000
Current portion of long-term loans payable	5,858,184	5,726,038
Lease obligations	247,716	281,184
Income taxes payable	763,642	710,444
Provision for bonuses	223,416	257,633
Provision for directors' bonuses	19,060	—
Notes payable - facilities	234,485	229,940
Other	2,464,066	2,203,369
Total current liabilities	20,302,955	21,095,535
Non-current liabilities		
Bonds payable	2,710,000	2,590,000
Long-term loans payable	13,495,882	12,633,144
Lease obligations	967,697	1,157,155
Net defined benefit liability	900,280	897,826
Asset retirement obligations	15,882	16,076
Other	1,445,865	1,256,057
Total non-current liabilities	19,535,608	18,550,260
Total liabilities	39,838,563	39,645,796
<b>Net assets</b>		
Shareholders' equity		
Capital stock	732,130	1,050,114
Capital surplus	1,226,217	1,908,539
Retained earnings	13,395,332	14,312,979
Treasury stock	(1,233,173)	(3,331)
Total shareholders' equity	14,120,506	17,268,302
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	48,507	44,283
Deferred gains or losses on hedges	(30,715)	(25,675)
Foreign currency translation adjustment	55,101	(6,882)
Remeasurements of defined benefit plans	(22,747)	(22,347)
Total accumulated other comprehensive income	50,145	(10,621)
Subscription rights to shares	296,346	306,115
Non-controlling interests	108,696	123,211
Total net assets	14,575,695	17,687,006
Total liabilities and net assets	54,414,258	57,332,803

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

(Quarterly consolidated statements of income)

(For the second quarter consolidated cumulative period)

(Thousand yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	20,734,040	22,097,559
Cost of sales	15,067,017	15,247,365
Gross profit	5,667,022	6,850,193
Selling, general and administrative expenses	4,579,831	4,936,603
Operating income	1,087,191	1,913,589
Non-operating income		
Interest income	4,757	5,757
Dividend income	18,638	6,671
Rent income	25,133	33,175
Contribution for Assets for rent	5,093	7,374
Gain on sales of Scrap	48,471	41,130
Gain on valuation of derivatives	776	—
Foreign exchange gains	66,888	—
Other	44,823	62,587
Total non-operating income	214,581	156,696
Non-operating expenses		
Interest expenses	121,309	135,408
Commission fee	34,421	31,994
Bond issuance cost	4,674	—
Loss on valuation of derivatives	—	1,472
Foreign exchange losses	—	35,394
Bad debts expenses	—	63,206
Other	20,269	28,911
Total non-operating expenses	180,675	296,387
Ordinary income	1,121,097	1,773,898
Extraordinary income		
Gain on sales of non-current assets	—	125,404
Total extraordinary income	—	125,404
Extraordinary losses		
Loss on sales of non-current assets	337	2,125
Total extraordinary losses	337	2,125
Profit before income taxes	1,120,760	1,897,177
Income taxes - current	373,601	620,648
Income taxes - deferred	46,797	44,360
Total income taxes	420,398	665,009
Profit (loss)	700,361	1,232,168
Profit (loss) attributable to non-controlling interests	1,500	14,496
Profit (loss) attributable to owners of parent	698,860	1,217,672

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

(Thousand yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit (loss)	700,361	1,232,168
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,118)	(4,206)
Deferred gains (losses) on hedges	10,877	5,040
Foreign currency translation adjustment	(138,444)	(61,983)
Remeasurements of defined benefit plans, net of tax	1,401	399
Total other comprehensive income	(133,283)	(60,749)
Comprehensive income	567,078	1,171,419
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	565,560	1,156,905
Comprehensive income attributable to non-controlling interests	1,518	14,514

## (3) Consolidated statements of cash flows

(Thousand yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,120,760	1,897,177
Depreciation	2,361,734	2,366,401
Amortization of goodwill	42,485	26,808
Loss on retirement of Assets for rent	60,957	44,948
Loss on sales of Assets for rent	194,902	69,458
Purchase of assets for lease	(870,663)	(586,814)
Contribution for Assets for rent	(5,093)	(7,374)
Increase (decrease) in allowance for doubtful accounts	41,637	16,845
Increase (decrease) in provision for bonuses	16,014	34,217
Increase (decrease) in net defined benefit liability	3,801	(3,957)
Loss (gain) on valuation of derivatives	—	1,472
Share-based compensation expenses	28,076	26,347
Interest and dividend income	(23,395)	(12,428)
Interest expenses	121,309	135,408
Foreign exchange losses (gains)	(65,938)	49,700
Loss (gain) on sales of property, plant and equipment	(281)	(125,404)
Loss on retirement of property, plant and equipment	337	2,125
Decrease (increase) in notes and accounts receivable - trade	(1,461,310)	(1,841,155)
Decrease (increase) in inventories	(1,014,512)	(588,727)
Increase (decrease) in notes and accounts payable - trade	1,033,866	573,447
Bad debts expenses	—	63,206
Other	(35,924)	(418,330)
Subtotal	1,548,763	1,723,371
Interest and dividend income received	32,500	5,009
Interest expenses paid	(120,867)	(132,339)
Income taxes paid	(288,227)	(665,825)
Net cash provided by (used in) operating activities	1,172,168	930,216

(Thousand yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>Cash flows from investing activities</b>		
Payments into time deposits	(190,000)	(210,000)
Proceeds from withdrawal of time deposits	190,000	210,000
Purchase of property, plant and equipment	(520,510)	(995,355)
Proceeds from sales of property, plant and equipment	1,132	525,584
Purchase of intangible assets	(32,688)	(89,412)
Purchase of investment securities	(1,736)	(38,183)
Purchase of memberships	—	(250)
Payments of loans receivable	(20,000)	(6,860)
Collection of loans receivable	3,784	5,209
Net cash provided by (used in) investing activities	(570,018)	(599,269)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(133,284)	686,190
Repayments of lease obligations	(95,034)	(133,073)
Proceeds from long-term loans payable	3,252,160	2,130,000
Repayments of long-term loans payable	(3,144,967)	(3,035,753)
Proceeds from issuance of bonds	294,951	—
Redemption of bonds	(46,250)	(80,000)
Proceeds from issuance of common stock	—	619,389
Purchase of treasury stock	(35)	(36)
Proceeds from disposal of treasury stock	—	1,594,216
Cash dividends paid	(300,027)	(300,024)
Net cash provided by (used in) financing activities	(172,488)	1,480,907
Effect of exchange rate change on cash and cash equivalents	(10,019)	(14,088)
Net increase (decrease) in cash and cash equivalents	419,642	1,797,766
Cash and cash equivalents at beginning of period	4,750,160	5,414,184
Cash and cash equivalents at end of period	5,169,802	7,211,950

**(4) Notes on quarterly consolidated financial statements**

(Going concern assumption)

Not applicable.

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

The Company issued new shares by means of public offering with due date of payment on September 10, 2019, and disposed some of its treasury stock. This resulted in, during the current second quarter cumulative period, increase in capital stock of 306,580,000 yen, increase in capital surplus of 670,918,000 yen, and decrease in treasury stock by 1,229,878,000 yen.

In addition, execution of subscription rights to shares resulted in increases in both capital stock and capital surplus by 11,403,000 yen, respectively.

Consequently, at the end of the current second quarter consolidated cumulative period, capital stock was 1,050,114,000 yen, capital surplus was 1,908,539,000 yen, and treasury stock was 3,331,000 yen.

(Segment information)

**【Segment Information】****I Previous first quarter consolidated cumulative period (from April 1, 2018 to September 30, 2018)****1. Information on amount of net sales and of income/loss for each reportable segment.**

(Thousand yen)						
	Sales business	Rental business	Overseas business	Total	Adjustment (Note 1)	Amount allocated to the quarterly consolidated P/L statement (Note 2)
Net sales						
Sales to external customers	6,555,867	11,084,884	3,093,288	20,734,040	—	20,734,040
Inter-segment sales or transfer	85,661	102,473	926,839	1,114,975	(1,114,975)	—
Total	6,641,529	11,187,358	4,020,128	21,849,015	(1,114,975)	20,734,040
Segment income (loss)	911,646	891,567	2,927	1,806,141	(718,949)	1,087,191

Notes: 1. Adjusted segment income (loss) of (718,949) thousand yen includes inter-segment transaction elimination of 123,259 thousand yen and corporate expenses not allocated to individual reportable segments of (842,209) 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.

**II Current second quarter consolidated cumulative period (from April 1, 2019 to September 30, 2019)****1. Information on amount of net sales and of income/loss for each reportable segment.**

(Thousand yen)						
	Sales business	Rental business	Overseas business	Total	Adjustment (Note 1)	Amount allocated to the quarterly consolidated P/L statement (Note 2)
Net sales						
Sales to external customers	7,431,945	12,668,121	1,997,493	22,097,559	—	22,097,559
Inter-segment sales or transfer	124,629	24,129	1,189,877	1,338,636	(1,338,636)	—
Total	7,556,574	12,692,250	3,187,370	23,436,196	(1,338,636)	22,097,559
Segment income (loss)	1,104,321	1,628,221	48,739	2,781,282	(867,693)	1,913,589

Notes: 1. Adjusted segment income of (867,693) thousand yen includes inter-segment transaction elimination of 156,061 thousand yen and corporate expenses not allocated to individual reportable segments of (1,023,754) 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.