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November 8, 2021

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022 (Based on Japanese GAAP)

Company name: TAKAMIYA CO., LTD.
 Stock exchange listing: Tokyo (1st section)
 Stock code: 2445 URL: <https://www.takamiya.co/>
 Representative: Representative Director, President and Chairman KAZUMASA TAKAMIYA
 Scheduled quarterly report submission date: November 9, 2021
 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, 2022 (April 1, 2021 to September 30, 2021)
 (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, 2022	20,023	2.5	759	(30.8)	896	(9.9)	270	(54.4)
Second quarter of the fiscal year ended March 31, 2021	19,539	(11.6.)	1,097	(42.7)	994	(43.9)	593	(51.2)

(Note) Comprehensive income Second Quarter of Fiscal Year Ending March 31, 2022: 440 million yen ((31.6)%
Second Quarter of Fiscal Year Ending March 31, 2021: 643 million yen ((45.0)%)

	Quarterly Earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter of the fiscal year ending March 31, 2022	5.81	5.64
Second quarter of the fiscal year ended March 31, 2021	12.75	12.40

(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, 2022	56,468	18,867	32.4	393.27
Fiscal year ended March 31, 2021	56,454	18,768	32.3	391.96

(Reference) Shareholders' equity Second Quarter of Fiscal Year Ending March 31, 2022: 18,317 million yen
Fiscal year ended March 31, 2021: 18,253 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, 2021	-	6.00	-	8.00	14.00
Fiscal year ending March 31, 2022	-	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, 2021 to March 31, 2022)

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	42,300	9.0	2,150	35.5	2,170	38.3	1,140	32.9	24.28

(Note) Revisions to the most recently announced earnings forecast: None

For the consolidated earnings forecast, please refer to the " Notice of Revision of Earnings Forecasts" announced on October 29, 2021

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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.: Yes

② Changes in accounting policies other than ① above: None

③ Changes in accounting estimates: None

④ Restatement: None

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Main Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 10 of the attached materials.

(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, 2021	46,585,600 shares	As of March 31, 2021	46,577,000 shares
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② Number of treasury shares at the end of the period

As of September 30, 2021	7,020 shares	As of March 31, 2021	7,020 shares
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③ Average number of shares during the period

As of September 30, 2021	46,574,585 shares	As of March 31, 2021	46,569,980 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 Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022, (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.

(Change in the unit of presentation of amounts)

The amounts of items and other matters presented in the Company's quarterly consolidated financial statements used to be stated in thousand yen, but from the first quarter of the current fiscal year and the first quarter of the current fiscal year, they are stated in million yen.

For ease of comparison, the figures for the previous consolidated fiscal year and the Second quarter of the previous consolidated fiscal year have also been reclassified into million yen.

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1. Qualitative information on quarterly results

(1) Explanation of business results for the current fiscal year

During the second quarter of the current fiscal year, the global economy showed signs of recovery mainly in Europe and the U.S., where vaccinations against the new coronavirus are ahead of schedule. However, the degree of improvement in each country depended on the spread of vaccinations, and the outlook remains uncertain as the infection has re-emerged in some countries and regions.

The domestic construction industry, in which our group is involved, started the year under difficult conditions, with suspensions and delays in construction and postponement of construction starts at some private-sector construction sites. However, recently, a recovery trend was seen mainly in the renovation work in the Tokyo metropolitan area. Overseas, business activities in the Philippines, where our sales subsidiary is located, have been restricted due to the government's measures to restrict people from leaving the country and moving around.

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. and we will work on the following four measures: Develop services that blend hardware and software, with a focus on the Iq System, 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 20,023 million yen (up 2.5% year-on-year), operating income of 759 million yen (down 30.8% year-on-year), ordinary income of 896 million yen (down 9.9% year-on-year), and net income attributable to owners of the parent of 22 million yen (down 90.4% year-on-year). Net income attributable to shareholders of the parent company amounted to 270 million yen (down 54.4% year on year).

Operating results by segment are as follows.

(Sales business)

In the temporary construction segment, interest in next-generation scaffolding remains high, and inquiries for both new and ongoing projects have been strong. In addition, in light of the recent rise in steel prices, there was also last-minute demand before the price revision. In areas other than the temporary equipment division, sales related to agriculture increased due to the construction of high-performance glass houses for agriculture.

As a result, net sales were 7,134 million yen (up 29.0% year-on-year) and operating income was 871 million yen (up 50.8% year-on-year).

(Rental Business)

In the private sector, severe conditions such as interruptions and delays in construction work and postponement of construction work continued, but recently, the utilization rate of temporary equipment has been increasing, mainly in maintenance and repair work in the Tokyo metropolitan area. On the other hand, in the civil engineering field, large-scale sites were completed in the previous consolidated fiscal year, and the utilization rate of rental assets decreased. In terms of profitability, the segment profit margin declined due to an increase in the fixed cost ratio such as depreciation due to the decline in the utilization rate of rental assets.

As a result, net sales were 11,303 million yen (down 9.5% year on year), and operating income was 440 million yen (down 66.3% year on year).

(Overseas Business)

DIMENTION-ALL Inc. (Philippines), a sales subsidiary, continued to face a harsh condition due to the continued restriction of business activities caused by the measures to restrict people from going out and moving around in Metro Manila. On the other hand, Hory Korea (South Korea) and Hory Vietnam (Vietnam), our manufacturing subsidiaries, were not significantly affected by the procurement of raw materials and parts, and the manufacturing and sales of temporary equipment for Japan remained steady.

As a result, net sales were 3,130 million yen (up 18.1% year on year), and operating income was 181 million yen (Operating loss of 44 million yen in the same quarter of the previous year).

(2) Explanation of financial position for the current fiscal year

Total assets at the end of the second quarter of the current fiscal year were 56,468 million yen, an increase of 13 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in cash and deposit of 816 million yen, a decrease of 795 million yen in rental assets (net).

Total liabilities amounted to 37,600 million yen, a decrease of 85 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 561 million yen in short-term loans payable, a decrease in bonds payable (including corporate bonds scheduled to be redeemed within one year) of 685 million yen.

Total net assets amounted to 18,867 million yen, a decrease of 98 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 102 million yen in retained earnings resulting from 270 million yen in net income attributable to owners of the parent and 372 million yen in dividends from surplus, and an increase of 149 million yen in foreign currency translation adjustments.

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 2,573 million yen (for comparison, it was 2,242 million yen in the same period of the previous year). This is mainly due to purchase of assets for rent of 394 million yen, increase in inventories of 709 million yen, profit before income taxes of 638 million yen, depreciation of 2,374 million yen and decrease in notes and accounts receivable – trade and finished goods by 520 million yen.

(Cash flows from investing activities)

Cash flows from investing activities resulted in expenditure of 1,048 yen (for comparison, it was 861 yen in the same period of

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the previous year). This is mainly due to purchase of property, plant and equipment of 598,849,000 yen, and purchase of intangible assets of 971 million yen.

(Cash flows from financing activities)

Cash flows from financing activities resulted in expenditure of 726 million yen (for comparison, it was 649 million yen in the same period of the previous year). This is mainly due to proceeds from long-term loans payable of 3,000 million yen, repayments of long-term loans payable of 3,009 million yen, redemption of bonds of 685 million yen.

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

As a result of reviewing the consolidated earnings forecast in consideration of the progress of the earnings during the first half of the current consolidated cumulative period, the forecast is higher than the initial forecast. Therefore, we have revised the full-year earnings forecast announced on May 12, 2021. For the details, please refer to "Notice of Revision of Earnings Forecasts", announced on October 29, 2021.

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2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated statements of income

(million yen)

	Fiscal year ended March 31, 2021	Second quarter of the fiscal year ending March 31, 2022
Assets		
Current assets		
Cash and deposits	8,032	8,849
Notes and accounts receivable - trade	11,675	—
Notes and accounts receivable trade and contract assets	—	11,184
Merchandise and finished goods	3,184	3,037
Work in process	893	897
Raw materials and supplies	1,023	1,262
Other	525	523
Allowance for doubtful accounts	△427	△411
Total current assets	24,907	25,342
Non-current assets		
Property, plant and equipment		
Assets for rent	38,687	38,188
Accumulated depreciation - Assets for rent	△25,475	△25,771
Assets for rent, net	13,212	12,416
Buildings and structures	7,904	8,179
Accumulated depreciation and impairment loss	△3,755	△3,931
Buildings and structures (net)	4,148	4,247
Machinery, equipment and vehicles	2,839	2,891
Accumulated depreciation	△1,608	△1,740
Machinery, equipment and vehicles (net)	1,231	1,151
Land	7,849	7,805
Lease assets	1,091	1,171
Accumulated depreciation	△611	△715
Lease assets, net	479	456
Construction in progress	195	604
Other	1,354	1,445
Accumulated depreciation	△990	△1,057
Other (net)	363	387
Total tangible assets	27,480	27,070
Intangible assets		
Leasehold right	327	327
Other	498	442
Total intangible fixed assets	826	769
Investments and other assets		
Investment securities	504	487
Guarantee deposits	710	737
Net defined benefit asset	84	86
Deferred tax assets	774	722
Other	1,199	1,285
Allowance for doubtful accounts	△33	△32
Total investments and other assets	3,240	3,285
Total non-current assets	31,547	31,125
Total assets	56,454	56,468

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(million yen)

	Fiscal year ended March 31, 2021	Second quarter of the fiscal year ending March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,668	6,071
Short-term loans payable	3,478	4,040
Current portion of bonds	871	371
Current portion of long term loans payable	6,308	6,013
Lease obligations	368	375
Income taxes payable	353	347
Provision for bonuses	296	284
Notes payable - facilities	344	84
Other	1,864	1,917
Total current liabilities	19,554	19,505
Non-current liabilities		
Bonds payable	3,278	3,092
Long-term debt	11,354	11,628
Lease obligations	1,145	1,026
Provision for directors' retirement benefits	1,001	998
Asset retirement obligations	13	19
Other	1,339	1,390
Total non-current liabilities	18,131	18,095
Total liabilities	37,685	37,600
Net assets		
Shareholders' equity		
Capital stock	1,050	1,052
Capital surplus	1,908	1,910
Retained earnings	15,392	15,290
Treasury stock	(3)	(3)
Total shareholders' equity	18,347	18,249
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55	64
Deferred gains or losses on hedges	(6)	(3)
Foreign currency translation adjustments	(104)	45
Accumulated adjustment for retirement benefits	(38)	(38)
Total accumulated other comprehensive income	(94)	68
Subscription rights to shares	357	384
Non-controlling interests	157	165
Total net assets	18,768	18,867
Total liabilities and net assets	56,454	56,468

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

(million yen)

	Second quarter of the fiscal year ended March 31, 2021	Second quarter of the fiscal year ending March 31, 2022
Net sales	19,539	20,023
Cost of sales	13,734	14,598
Gross profit	5,805	5,425
Selling, general and administrative expenses	4,707	4,665
Operating income	1,097	759
Non-operating income		
Interest income	4	2
Dividend income	6	7
Rent income	35	41
Contribution for Assets for rent	2	6
Income from sale of scrap	28	70
Foreign exchange gains	—	81
Other	83	84
Total non-operating income	161	294
Non-operating expenses		
Interest expense	126	106
Payment fee	33	33
Foreign exchange losses	56	—
Other	48	18
Total non-operating expenses	264	158
Ordinary income	994	896
Extraordinary gains		
Gain on sales of fixed assets	3	0
Gain on sales of investment securities	—	53
Total extraordinary income	3	54
Extraordinary loss		
Loss on disposal of fixed assets	9	1
Loss on valuation of investment securities	—	269
Impairment loss	—	41
Total extraordinary loss	9	312
Profit before income taxes	989	638
Income taxes - current	333	308
Income taxes - deferred	49	51
Total income taxes	382	360
Profit	606	278
Profit attributable to non-controlling interests	12	7
Profit attributable to owners of parent	593	270

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(Quarterly consolidated Statements of comprehensive income)

(million yen)

	Second quarter of the fiscal year ended March 31, 2021	Second quarter of the fiscal year ending March 31, 2022
Net income (loss)	606	278
Other comprehensive income		
Valuation difference on available-for-sale securities	17	8
Deferred gains (losses) on hedges	3	3
Foreign currency translation adjustments	12	149
Remeasurements of defined benefit plans, net of tax	3	0
Total other comprehensive income (loss)	37	162
Comprehensive income	643	440
(Breakdown)		
Comprehensive income attributable to owners of parent	631	432
Comprehensive income attributable to non controlling interests	12	7

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(3) Consolidated Statements of Cash Flows

(million yen)

	Second quarter of the fiscal year ended March 31, 2021	Second quarter of the fiscal year ending March 31, 2022
Cash flows from operating activities		
Profit before income taxes	989	638
Depreciation	2,401	2,374
Impairment loss	—	41
Amortization of goodwill	26	—
Loss on retirement of Assets for rent	48	26
Loss on sales of Assets for rent	12	31
Purchase of assets for lease	(837)	(394)
Contribution for Assets for rent	(2)	(6)
Increase (decrease) in allowance for doubtful accounts	3	(25)
Increase (decrease) in provision for bonuses	(6)	(11)
Increase (decrease) in net defined benefit liability	14	(1)
Share-based compensation expenses	51	30
Interest and dividends income	(11)	(10)
Interest expense	126	106
Foreign exchange loss (gain)	53	(64)
Loss (gain) on sales of property, plant and equipment	(3)	(0)
Loss on retirement of property, plant and equipment	8	1
Loss (gain) on sales of investment securities	—	(53)
Loss (gain) on valuation of investment securities	—	269
Decrease (increase) in notes and accounts receivable - trade	1833	—
Decrease (increase) in notes and accounts receivable – trade and finished goods	—	520
Decrease (increase) in inventories	(745)	(709)
Increase (decrease) in notes and accounts payable - trade	(1,155)	395
Other	185	(163)
Subtotal	2,994	2,994
Interest and dividend income received	14	3
Interest expenses paid	(125)	(104)
Income taxes paid	(640)	(319)
Net cash provided by (used in) operating activities	2,242	2,573

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(million yen)

	Second quarter of the fiscal year ended March 31, 2021	Second quarter of the fiscal year ending March 31, 2022
Cash flows from investing activities		
Payments into time deposits	(210)	(210)
Proceeds from withdrawal of time deposits	210	210
Purchase of property, plant and equipment	(598)	(971)
Proceeds from sales of tangible fixed assets	3	16
Payments for acquisition of intangible fixed assets	(158)	(7)
Purchase of investment securities	(1)	(272)
Proceeds from sales of investment securities	—	86
Payments of loans receivable	(109)	—
Collection of loans receivable	3	100
Other, net	(0)	—
Net cash provided by (used in) investing activities	(861)	(1,048)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,169	535
Repayments of lease obligations	(189)	(194)
Proceeds from long-term loans payable	2,170	3,000
Repayments of long-term loans payable	(2,941)	(3,009)
Redemption of bonds	(185)	(685)
Cash dividends paid	(372)	(372)
Net cash provided by (used in) financing activities	649	(726)
Effect of exchange rate change on cash and cash equivalents	(11)	18
Net increase (decrease) in cash and cash equivalents	2,020	816
Cash and cash equivalents at beginning of period	6,922	7,712
Cash and cash equivalents at end of period	8,942	8,529

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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.

(Changes in accounting policies)

(Application of accounting standards for revenue recognition)

Promised goods or services by applying "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29, March 31, 2020; hereinafter referred to as "Revenue Recognition Accounting Standard") from the beginning of the first quarter consolidated accounting period. When the control of is transferred to the customer, the revenue will be recognized by the amount expected to be received in exchange for the goods or services.

The application of the Revenue Recognition Accounting Standards, etc. follows the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standards, and is cumulative when the new accounting policy is retroactively applied before the beginning of the first quarter consolidated accounting period. The amount of impact is added to or subtracted from retained earnings at the beginning of the first quarter consolidated accounting period, and a new accounting policy is applied from the balance at the beginning of the period. However, the new accounting policy is retroactively applied to contracts that apply the method stipulated in Article 86 of the Revenue Recognition Accounting Standard and recognize almost all revenue amounts in accordance with the previous treatment before the beginning of the first quarter consolidated accounting period. Not applicable.

As a result, the impact on the quarterly consolidated financial statements will be minor.

Due to the application of revenue recognition accounting standards, "Notes receivable and accounts receivable" displayed in "Current assets" in the consolidated balance sheet for the previous consolidated fiscal year will be changed to "Notes receivable, accounts receivable and accounts receivable" from the first quarter consolidated accounting period. We have decided to include it in "contract assets". In accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, the previous consolidated fiscal year has not been reclassified using the new presentation method. Furthermore, in accordance with the transitional treatment stipulated in "Accounting Standards for Quarterly Financial Statements" (Corporate Accounting Standard No. 12, March 31, 2020), paragraphs 28-15, contracts with customers for the previous second quarter consolidated cumulative period It does not include information that decomposes the profits generated from.

(Application of accounting standards for calculation of market value)

"Accounting Standard for Market Value Calculation" (Corporate Accounting Standard No. 30, July 4, 2019; hereinafter referred to as "Market Value Calculation Accounting Standard"), etc. will be applied from the beginning of the first quarter consolidated accounting period, and the market value calculation accounting standard In accordance with the transitional treatment stipulated in Paragraph 19 and "Accounting Standards for Financial Instruments" (Corporate Accounting Standard No. 10 July 4, 2019), the new accounting policies stipulated by the market value calculation accounting standards, etc. , I decided to apply it in the future. This will not affect the quarterly consolidated financial statements.

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(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 sales and profit or loss amounts by reporting segment

(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						
Net sales to external customers	5,436	12,461	1,641	19,539	—	19,539
Intersegment sales and transfers	95	32	1010	1,138	(1,138)	—
Net sales or transfer amount						
Total	5,532	12,494	2,651	20,678	(1,138)	19,539
Segment income	577	1,305	(44)	1,838	(741)	1,097

Notes 1. The segment profit adjustment amount of (741) million yen includes the elimination of inter-segment transactions of 160 million yen and company-wide expenses of (901) million yen that are not allocated to each reporting segment. Company-wide expenses are mainly general and administrative expenses that do not belong to the reporting segment.

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

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

Not applicable.

II Consolidated cumulative period for the second quarter of the current fiscal year (from April 1, 2021 to June 30, 2021)

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	6,892	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	242	11	1,290	1,544	(1,544)	—
Net sales or transfer amount						
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 inter-segment transaction elimination of 144 million yen and company-wide expenses of (878) million yen not allocated to each reporting segment. Company-wide expenses are mainly general and administrative expenses that do not belong to the reporting segment.

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

3. Other income includes leasing income, etc. based on Corporate Accounting Standard No. 13 "Accounting Standard for Lease Transactions".

2. Matters concerning changes in reporting segments, etc.

As described in the change in accounting policy, the accounting standard for revenue recognition was applied from the beginning of the second quarter consolidated accounting period, and the accounting method for revenue recognition was changed. We are changing. The impact of this change will be minor.

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

Impairment loss not allocated to the reporting segment was 41 million yen.