

## Shinwa (3447)

Consolidated Fiscal Year (IFRS)		Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)								
FY03/2020		17,081	2,210	2,139	1,467	104.85	44.00	975.26
FY03/2021		13,885	1,853	1,784	1,231	87.42	35.00	1,019.59
FY03/2022CoE		16,000	2,050	1,977	1,372	100.00	40.00	-
FY03/2021	YoY	(18.7%)	(16.2%)	(16.6%)	(16.0%)	-	-	-
FY03/2022CoE	YoY	15.2%	10.6%	10.8%	11.4%	-	-	-
Consolidated Half Year (IFRS)		Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)								
Q1 to Q2 FY03/2021		6,381	745	711	483	-	-	-
Q3 to Q4 FY03/2021		7,504	1,107	1,072	748	-	-	-
Q1 to Q2 FY03/2022		8,231	1,252	1,217	846	-	-	-
Q3 to Q4 FY03/2022CoE		7,768	797	759	525	-	-	-
Q1 to Q2 FY03/2022	YoY	29.0%	68.1%	71.1%	74.9%	-	-	-
Q3 to Q4 FY03/2022CoE	YoY	3.5%	(28.0%)	(29.2%)	(29.7%)	-	-	-

Source: Company Data, WRJ Calculation

### 1.0 Executive Summary (28 January 2022)

#### Investment and Growth

Shinwa, which mainly manufactures and sells system scaffoldings, has formulated its midterm management plan (FY03/2022 to FY03/2026) and disclosed the contents, calling for prospective revenue of ¥25,000m and operating profit of ¥3,500m for the final year of FY03/2026 as performance target. When setting the FY03/2021 results as the point of origin, the Company is calling for CAGR of 12.5% for revenue and 13.6% for operating profit. The Company is planning to implement cumulative investment as much as ¥10,000m during the said five-year period versus some ¥2,000m over the past four years for the sake of sustainable growth and enhancement of corporate value. The prospective investment comprises ¥5,000m in M&As to create synergies with the existing operations and the remaining ¥5,000m in the launch and reinforcement of rental business, ESG initiatives and the renewal & expansion of manufacturing facilities in Japan and overseas. Meanwhile, the Company, which adopts a proactive stance on shareholder returns, has reconfirmed its policy of maintaining payout ratio of 40% or more, while considering a further share buyback, depending on the capital position in the future, having actually done so in FY03/2022.

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## 2.0 Company Profile

### The Leader of Scaffolding Technology

<b>Company Name</b>	Shinwa Co., Ltd. <a href="#">Company Website</a> <a href="#">IR Information</a> <a href="#">Share price (Japanese)</a>	
<b>Established</b>	11 August 2014	
<b>Listing</b>	20 March 2019: Tokyo and Nagoya Stock Exchange 1st section (ticker: 3447) 21 June 2018: Nagoya Stock Exchange 2nd section 20 March 2018: Tokyo Stock Exchange 2nd section	
<b>Capital</b>	¥153m (as of the end of September 2021)	
<b>No. of Shares</b>	14,103,000 shares, including 380,000 treasury shares (as of the end of Sep. 2021)	
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Boosting up security of footing for construction industry in Japan</li> <li>● Advocating to rank first in the market for system scaffoldings in Japan</li> <li>● First-class production capability in Japan with high readiness and quality</li> </ul>	
<b>Segment</b>	I . Manufacture and Sale of Scaffolding Equipment and Logistics Equipment	
<b>Representatives</b>	President and Representative Director: Kurio Noritake Chairperson and Representative Director: Hiroshi Yamada	
<b>Shareholders</b>	Master Trust Bank of Japan, T. 10.84%, Alinco Inc. 5.02%, Hanwa Co., Ltd. 5.02%, Custody Bank of Japan, T. 4.87%, BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) 4.07% (as of the end of September 2021, but for treasury shares)	
<b>Head Office</b>	Kaizu-city, Gifu-prefecture, JAPAN	
<b>No. of Personnel</b>	Consolidated: 148 (as of the end of September 2021)	

Source: Company Data

## 3.0 Management Philosophy

### PURPOSE of Protecting Lives and Supporting the Future

The Company, which mainly manufactures and sells system scaffoldings, advocates “we protect precious lives through the supply of our products and services” and “we offer our wholehearted support for our personnel to realize their dreams and future visions” as OUR MISSION, while “we strive to become a company that wins the trust of customers” and “we keep growing hand in hand with our customers” as OUR VISION. At the end of the day, the Company also advocates “to protect lives and support the future” as PURPOSE.

Image of Scaffoldings



Source: Company Data

In the first place, the term “ashiba” or scaffolding in Japanese is commonly used as that of representing “place where people can stand to be there”, “place that forms the basis for doing things”, “standpoint”, “foundation”, etc., while representing a simple object to secure footing temporarily constructed for so-called “tobishoku” or artisans specializing in high-altitude operations of construction to carry out their work to achieve the original purpose of constructing buildings as far as the Company’s business is concerned. Meanwhile, the Company leads the market for scaffoldings, represented by system scaffoldings, with its first-class production capability in Japan as well as with high readiness and quality, having consistently contributed to society. In Japan, having accounted for the bulk of revenue for the Company as a whole to date, there is a strong need for robust urban development because of high frequency of natural disasters such as earthquakes, typhoons and heavy rains, according to the Company, while scaffoldings boost up security of footing for construction industry to deploy the urban development.

In other words, the Company suggests that scaffoldings are regarded as one of the essential resources for enhancing the sustainability of Japan's future. Meanwhile, the Company also suggests that there is a major issue remaining here to be solved, i.e., that of so-called “tobishoku” or artisans specializing in high-altitude operations of construction being continually injured and/or killed from falls from scaffoldings. The Company intends to support the development of society by continuing honest efforts for manufacturing of products, including safety measures equipment to cope with this issue.

### History

Date	Events
September 1977	Began business operations as Shinwa Shoten
January 1988	Entered into the market for system scaffoldings
May 2003	Established the Logistics Equipment Division
May 2016	Started manufacturing and selling the next generation scaffoldings Silent Power System (SPS)
October 2017	Began manufacturing and selling overseas in Vietnam
March 2018	Listed on Tokyo Stock Exchange (TSE) 2nd section
June 2018	Listed on Nagoya Stock Exchange (NSE) 2nd section
March 2019	Listing change to TSE 1st section and NSE 1st section
November 2019	Established Guangdong Nisshin-Chuangfu Advanced Construction Materials Co., Ltd. in China

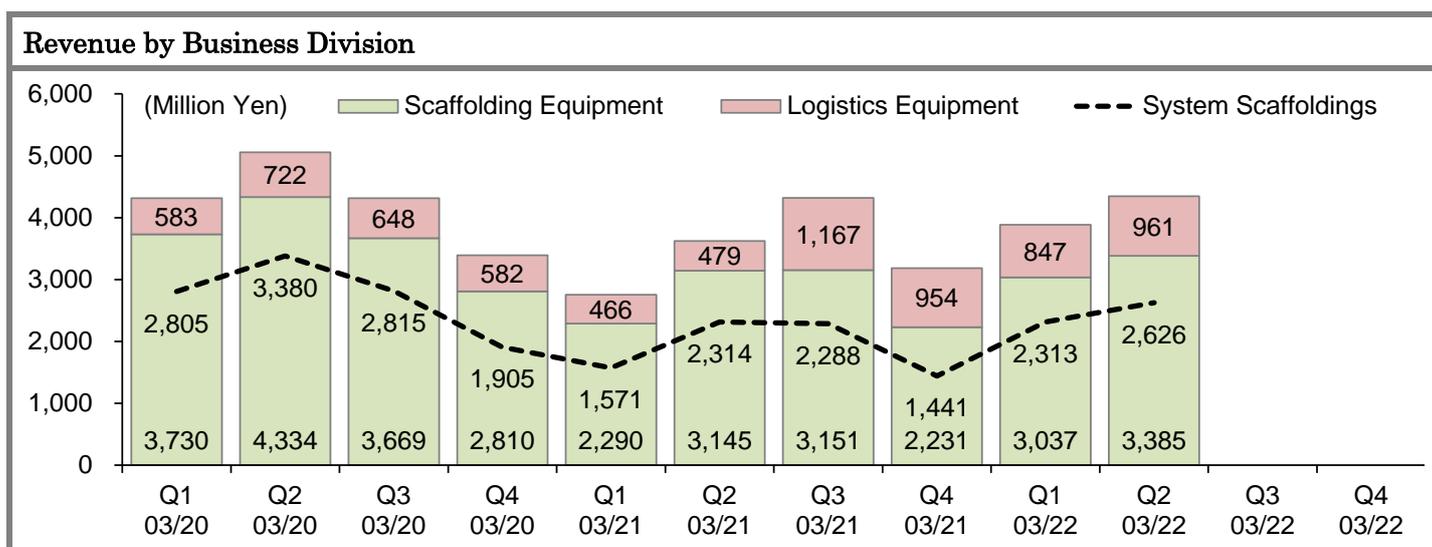
In September 1997, the Company started up its business operations as Shinwa Shoten. The Company in the early days was involved with the manufacture of “jack base” or a component of scaffoldings, while having entered into the marketplace for system scaffoldings with self-developed wedge binding type scaffolding s Shinwa Catcher in January 1988. It is said that Shinwa Catcher has subsequently become the de facto standard for system scaffoldings and has greatly encouraged growth for the Company as a whole. Then, the Company set up Logistics Equipment Division in May 2003, which was followed by the startup of sale and manufacture of next generation scaffoldings Silent Power System (SPS) in May 2016. Now, "system scaffolding" is used as a collective term for wedge binding type scaffoldings Shinwa Catcher and next generation scaffoldings Silent Power System (SPS). Meanwhile, in June 2017, the Company began the manufacture and sale overseas in Vietnam and it was November 2019 that Company established a joint company (Nisshin-Chuangfu Advanced Construction Materials Co., Ltd.) in China and began locally manufacturing and selling system scaffoldings.

Meanwhile, the Company has become a public company with its listing on Tokyo Stock Exchange second section on 20 March 2018. Then, this was followed by listing change to Tokyo Stock Exchange 1 section and Nagoya Stock Exchange 1 section in March 2018, while having announced that it had selected “standard market” on the occasion of upcoming change of market classification on Tokyo Stock Exchange scheduled for 4 April 2022. In view of the fact that it does not satisfy the "prime market" listing standards in terms of “tradable” market capitalization, the Company had made decision to go for “standard market”, where all the listing standards are satisfied, claiming that the Company believes this is the most appropriate choice for the sake of persistently enhance its shareholder value. In fact, the Company says that this is a result of pondering, paying respect to the concept of the new market, the size of the Company and its growth strategy. That is to say, listing on the "prime market" using so-called "transitional measures" is thought to have been intentionally and boldly avoided.

## 4.0 Recent Trading and Prospects

### Q1 to Q2 FY03/2022

In Q1 to Q2 FY03/2022, revenue came in at ¥8,231m (up 29.0% YoY), operating profit ¥1,252m (up 68.1%), profit before tax ¥1,217m (up 71.1%) and profit attributable to owners of parent ¥846m (up 74.9%), while operating profit margin 15.2% (up 3.5% points). At the same time, gross profit came in at ¥2,163m (up 33.5%) and SG&A expenses ¥920m (up 1.3%), implying gross profit margin of 26.3% (up 0.9% points) and revenue to SG&A expenses ratio of 11.2% (down 3.1% points). The increase in SG&A expenses was minimized due to aggressive efforts to cut back on costs and to restrain spendings, according to the Company.

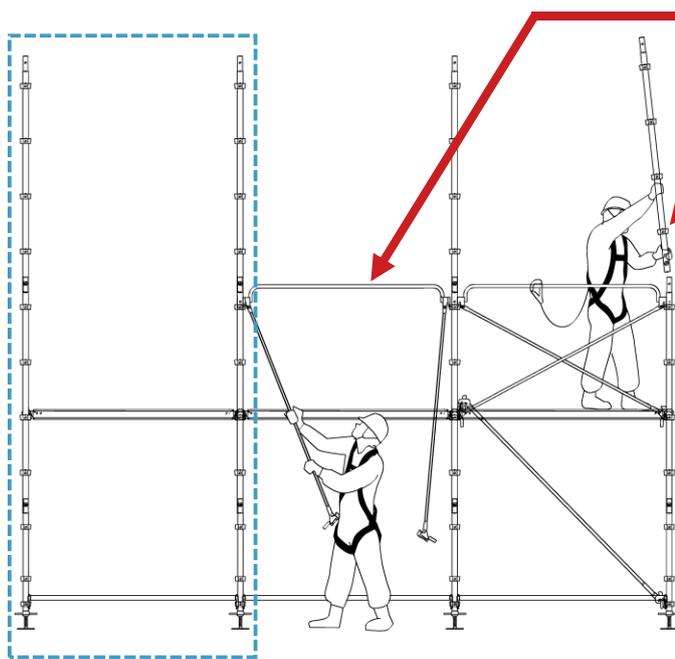


Source: Company Data, WRJ Calculation

It has been revealed that initial Company forecasts (announced on 13 May 2021) were exceeded for revenue and operating profit for Q1 to Q2, having seen a recovery larger than assumptions. For the construction industry in Japan, where the Company's mainstay system scaffoldings are facing, business conditions are showing trends of picking up, particularly in private sector. Meanwhile, the Company, which has continued to steadily capture the recovery in demand accompanying this, has revised up its full-year Company forecasts. In terms of earnings, the price hike of steel, which is the main raw material of system scaffoldings, is continuing and this is a major negative factor. However, in addition to the effects of higher sales, the Company says that revision of selling prices (due to the price hike of steel) and the continued improvement in sales mix are giving positive impacts more than compensating.

Scaffolding Equipment saw revenue of ¥6,422m (up 18.2%). For the mainstay system scaffoldings, revenue came in at ¥4,940m (up 27.1%), having accounted for 76.9% of total in this business division, while the adoption rate increased for high-value added safety measures equipment to improve the safety in construction sites. The Company suggests that safety measures equipment accounted for 23.4% of revenue of system scaffoldings in Q1 to Q2 versus 20.8% during the same period of the previous year. Such improvement in sales mix is pointed out as a factor for improved gross profit margin for the Company as a whole. By the way, “safety measures equipment” comprises Presetting Handrails and Toe Boards, which are both indispensable for the implementation of so-called Handrail Presetting Scaffolding Work to eliminate falls from scaffoldings. In fact, the Company has a market share of 40% or more for safety measures equipment in Japan, while it has become imperative to use safety measures equipment in public work where securement of safety is remarkably emphasized and such demand is expected to remain firm for the future.

## Presetting Handrails in Handrail Presetting Scaffolding Work



1. Install Handrails **first, from the bottom**

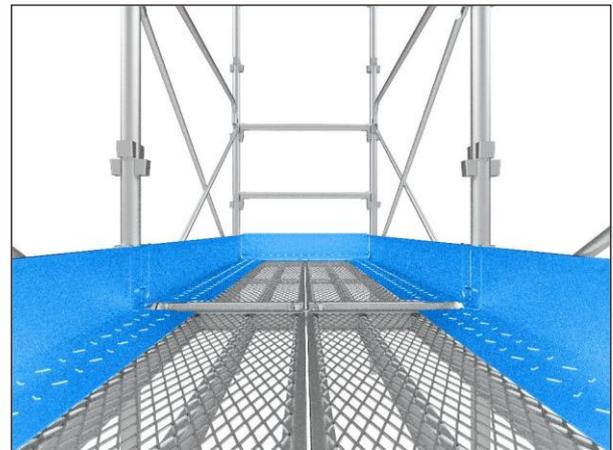


2. After climbing up, **there are already Handrails**



- A safety harness (fall prevention equipment) can be attached
- Strength of the upper levels is increased, and stability is improved
- Noticeably higher sense of security in the mentality of the workers

## Toe Boards in Handrail Presetting Scaffolding Work



### Benefits to install Toe Boards

- ✓ Prevents workers from falling
- ✓ Prevents equipment from accidentally being dropped
- ✓ Reduces workers' psychological worries

Source: Company Data (Japan Construction Occupational Safety and Health Association)

The Company is actively promoting adoptions of Handrail Presetting Scaffolding Work in light of the fact that many of fatalities from accidents at construction sites are accounted for by falls from scaffoldings. According to Japan Construction Occupational Safety and Health Association, the construction industry saw the number of fatalities as many as 309 in CY2018, of which falls from scaffoldings accounted for 136 (44.0%), including falls of equipment on top of workers themselves. With respect to Presetting Handrails, the Company says that “presetting” of “handrails” leads to prevention of falls for workers, while the installation of Toe Boards obviates falls of workers and equipment.

Meanwhile, Logistics Equipment saw revenue of ¥1,808m (up 91.4%). A surge in revenue like this is attributable to booking of revenue on large-scale warehouse-related project for a major e-commerce operator, according to the Company. On a quarterly basis, the said project is inclined to see revenue at intervals, while it appears that the Company saw the revenue concentrated in Q1 to Q2 due to the intervals. Further, the said project this time saw gross profit margin higher than usual, having generated another factor to drive gross profit margin for the Company as a whole.

## Statement of Profit or Loss (Cumulative / Quarterly)

Statement of Profit or Loss (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022		
<b>Revenue</b>	<b>2,756</b>	<b>6,381</b>	<b>10,699</b>	<b>13,885</b>	<b>3,884</b>	<b>8,231</b>	-	-	-	<b>+1,850</b>
Cost of sales	2,089	4,761	7,860	10,263	2,947	6,068	-	-	-	+1,307
Gross profit	667	1,620	2,839	3,621	936	2,163	-	-	-	+543
SG&A expenses	474	908	1,357	1,809	467	920	-	-	-	+11
Other income and expenses (net)	12	33	35	40	3	9	-	-	-	(23)
<b>Operating profit</b>	<b>205</b>	<b>745</b>	<b>1,516</b>	<b>1,853</b>	<b>471</b>	<b>1,252</b>	-	-	-	<b>+507</b>
Financial income and costs (net)	(16)	(33)	(50)	(68)	(18)	(35)	-	-	-	(1)
<b>Profit before tax</b>	<b>188</b>	<b>711</b>	<b>1,465</b>	<b>1,784</b>	<b>453</b>	<b>1,217</b>	-	-	-	<b>+505</b>
Income tax expenses	67	221	(449)	541	142	375	-	-	-	+153
<b>Profit</b>	<b>121</b>	<b>490</b>	<b>1,015</b>	<b>1,242</b>	<b>311</b>	<b>842</b>	-	-	-	<b>+352</b>
Profit attributable to owners of parent	121	483	1,003	1,231	313	846	-	-	-	+362
Profit attributable to non-controlling interests	0	6	12	11	(1)	(3)	-	-	-	(10)
<b>Profit attributable to owners of parent</b>	<b>121</b>	<b>483</b>	<b>1,003</b>	<b>1,231</b>	<b>313</b>	<b>846</b>	-	-	-	<b>+362</b>
Revenue YoY	(36.1%)	(31.9%)	(21.8%)	(18.7%)	+40.9%	+29.0%	-	-	-	-
Operating profit YoY	(56.7%)	(39.0%)	(17.2%)	(16.2%)	+130.1%	+68.1%	-	-	-	-
Profit before tax YoY	(58.7%)	(40.0%)	(17.6%)	(16.6%)	+141.0%	+71.1%	-	-	-	-
Profit YoY	(59.6%)	(39.8%)	(16.8%)	(15.3%)	+157.0%	+71.8%	-	-	-	-
Profit attributable to owners of parent YoY	(59.6%)	(40.6%)	(17.8%)	(16.0%)	+158.6%	+74.9%	-	-	-	-
Gross profit margin	24.2%	25.4%	26.5%	26.1%	24.1%	26.3%	-	-	-	+0.9%
Revenue to SG&A expenses ratio	17.2%	14.2%	12.7%	13.0%	12.0%	11.2%	-	-	-	(3.1%)
Operating profit margin	7.4%	11.7%	14.2%	13.3%	12.1%	15.2%	-	-	-	+3.5%
Profit before tax margin	6.8%	11.2%	13.7%	12.8%	11.7%	14.8%	-	-	-	+3.6%
Profit margin	4.4%	7.7%	9.5%	9.0%	8.0%	10.2%	-	-	-	+2.6%
Profit attributable to owners of parent margin	4.4%	7.6%	9.4%	8.9%	8.1%	10.3%	-	-	-	+2.7%
Income tax expenses / Profit before tax	35.6%	31.1%	(30.7%)	30.3%	31.3%	30.8%	-	-	-	(0.3%)

Statement of Profit or Loss (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	03/2022	03/2022	03/2022	03/2022	03/2022	03/2022	03/2022	03/2022		
<b>Revenue</b>	<b>2,756</b>	<b>3,624</b>	<b>4,318</b>	<b>3,185</b>	<b>3,884</b>	<b>4,347</b>	-	-	-	<b>+723</b>
Cost of sales	2,089	2,671	3,098	2,403	2,947	3,121	-	-	-	+449
Gross profit	667	953	1,219	782	936	1,226	-	-	-	+273
SG&A expenses	474	433	449	451	467	452	-	-	-	+18
Other income and expenses (net)	12	20	1	5	3	6	-	-	-	(14)
<b>Operating profit</b>	<b>205</b>	<b>540</b>	<b>771</b>	<b>336</b>	<b>471</b>	<b>780</b>	-	-	-	<b>+240</b>
Financial income and costs (net)	(16)	(16)	(17)	(17)	(18)	(17)	-	-	-	(0)
<b>Profit before tax</b>	<b>188</b>	<b>523</b>	<b>753</b>	<b>318</b>	<b>453</b>	<b>763</b>	-	-	-	<b>+240</b>
Income tax expenses	67	154	(671)	991	142	232	-	-	-	+78
<b>Profit</b>	<b>121</b>	<b>369</b>	<b>525</b>	<b>226</b>	<b>311</b>	<b>530</b>	-	-	-	<b>+161</b>
Profit attributable to owners of parent	121	362	520	228	313	532	-	-	-	+170
Profit attributable to non-controlling interests	0	6	5	(1)	(1)	(1)	-	-	-	(8)
<b>Profit attributable to owners of parent</b>	<b>121</b>	<b>362</b>	<b>520</b>	<b>228</b>	<b>313</b>	<b>532</b>	-	-	-	<b>+170</b>
Revenue YoY	(36.1%)	(28.3%)	+0.0%	(6.1%)	+40.9%	+20.0%	-	-	-	-
Operating profit YoY	(56.7%)	(27.8%)	+26.6%	(11.1%)	+130.1%	+44.6%	-	-	-	-
Profit before tax YoY	(58.7%)	(28.3%)	+27.4%	(11.8%)	+141.0%	+45.9%	-	-	-	-
Profit YoY	(59.6%)	(28.3%)	+29.4%	(8.0%)	+157.0%	+43.8%	-	-	-	-
Profit attributable to owners of parent YoY	(59.6%)	(29.6%)	+28.0%	(7.4%)	+158.6%	+46.9%	-	-	-	-
Gross profit margin	24.2%	26.3%	28.2%	24.6%	24.1%	28.2%	-	-	-	+1.9%
Revenue to SG&A expenses ratio	17.2%	12.0%	10.4%	14.2%	12.0%	10.4%	-	-	-	(1.6%)
Operating profit margin	7.4%	14.9%	17.9%	10.6%	12.1%	18.0%	-	-	-	+3.1%
Profit before tax margin	6.8%	14.4%	17.5%	10.0%	11.7%	17.6%	-	-	-	+3.1%
Profit margin	4.4%	10.2%	12.2%	7.1%	8.0%	12.2%	-	-	-	+2.0%
Profit attributable to owners of parent margin	4.4%	10.0%	12.0%	7.2%	8.1%	12.3%	-	-	-	+2.2%
Income tax expenses / Profit before tax	35.6%	29.5%	(89.0%)	311.5%	31.3%	30.5%	-	-	-	+1.0%

Source: Company Data, WRJ Calculation

## Revenue by Business Division (Cumulative / Quarterly)

Revenue by Business Division	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	
Wedge binding type scaffoldings	1,180	2,913	4,769	5,821	1,794	3,928	-	-	-	+1,015
Next generation scaffoldings	391	973	1,407	1,798	519	1,012	-	-	-	+38
Other temporary materials	718	1,548	2,410	3,199	723	1,482	-	-	-	(66)
Scaffolding Equipment	2,290	5,436	8,587	10,818	3,037	6,422	-	-	-	+986
Logistics Equipment	466	945	2,112	3,066	847	1,808	-	-	-	+863
<b>Revenue</b>	<b>2,756</b>	<b>6,381</b>	<b>10,699</b>	<b>13,885</b>	<b>3,884</b>	<b>8,231</b>	-	-	-	<b>+1,850</b>
Wedge binding type scaffoldings	(47.1%)	(41.9%)	(35.4%)	(33.5%)	+51.9%	+34.8%	-	-	-	-
Next generation scaffoldings	(31.9%)	(16.9%)	(12.9%)	(16.8%)	+32.7%	+3.9%	-	-	-	-
Other temporary materials	(22.3%)	(17.5%)	(11.8%)	(12.0%)	+0.7%	(4.3%)	-	-	-	-
Scaffolding Equipment	(38.6%)	(32.6%)	(26.8%)	(25.6%)	+32.6%	+18.2%	-	-	-	-
Logistics Equipment	(20.1%)	(27.6%)	+8.1%	+20.9%	+81.7%	+91.4%	-	-	-	-
<b>Revenue (YoY)</b>	<b>(36.1%)</b>	<b>(31.9%)</b>	<b>(21.8%)</b>	<b>(18.7%)</b>	<b>+40.9%</b>	<b>+29.0%</b>	-	-	-	-
Wedge binding type scaffoldings	42.8%	45.7%	44.6%	41.9%	46.2%	47.7%	-	-	-	-
Next generation scaffoldings	14.2%	15.3%	13.2%	13.0%	13.4%	12.3%	-	-	-	-
Other temporary materials	26.0%	24.3%	22.5%	23.0%	18.6%	18.0%	-	-	-	-
Scaffolding Equipment	83.1%	85.2%	80.3%	77.9%	78.2%	78.0%	-	-	-	-
Logistics Equipment	16.9%	14.8%	19.7%	22.1%	21.8%	22.0%	-	-	-	-
<b>Revenue (Composition Ratio)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-	-

Revenue by Business Division	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	
Wedge binding type scaffoldings	1,180	1,732	1,855	1,051	1,794	2,134	-	-	-	+401
Next generation scaffoldings	391	582	433	390	519	492	-	-	-	(89)
Other temporary materials	718	830	861	789	723	758	-	-	-	(71)
Scaffolding Equipment	2,290	3,145	3,151	2,231	3,037	3,385	-	-	-	+240
Logistics Equipment	466	479	1,167	954	847	961	-	-	-	+482
<b>Revenue</b>	<b>2,756</b>	<b>3,624</b>	<b>4,318</b>	<b>3,185</b>	<b>3,884</b>	<b>4,347</b>	-	-	-	<b>+723</b>
Wedge binding type scaffoldings	(47.1%)	(37.8%)	(21.7%)	(22.8%)	+51.9%	+23.2%	-	-	-	-
Next generation scaffoldings	(31.9%)	(2.5%)	(2.4%)	(28.2%)	+32.7%	(15.4%)	-	-	-	-
Other temporary materials	(22.3%)	(12.8%)	+0.9%	(12.7%)	+0.7%	(8.6%)	-	-	-	-
Scaffolding Equipment	(38.6%)	(27.4%)	(14.1%)	(20.6%)	+32.6%	+7.6%	-	-	-	-
Logistics Equipment	(20.1%)	(33.7%)	+80.0%	+63.9%	+81.7%	+100.8%	-	-	-	-
<b>Revenue (YoY)</b>	<b>(36.1%)</b>	<b>(28.3%)</b>	<b>+0.0%</b>	<b>(6.1%)</b>	<b>+40.9%</b>	<b>+20.0%</b>	-	-	-	-
Wedge binding type scaffoldings	42.8%	47.8%	43.0%	33.0%	46.2%	49.1%	-	-	-	-
Next generation scaffoldings	14.2%	16.1%	10.0%	12.3%	13.4%	11.3%	-	-	-	-
Other temporary materials	26.0%	22.9%	20.0%	24.8%	18.6%	17.5%	-	-	-	-
Scaffolding Equipment	83.1%	86.8%	73.0%	70.0%	78.2%	77.9%	-	-	-	-
Logistics Equipment	16.9%	13.2%	27.0%	30.0%	21.8%	22.1%	-	-	-	-
<b>Revenue (Composition Ratio)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-	-

Source: Company Data, WRJ Calculation

## Statement of Financial Position (Quarterly)

Statement of Financial Position	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022		Net Chg.
Cash and cash equivalents	3,073	3,282	4,440	4,738	3,739	3,505	-	-		+222
Trade and other receivables	2,351	2,885	2,935	3,006	3,037	3,596	-	-		+710
Inventories	2,142	2,176	1,777	1,483	1,553	1,852	-	-		(324)
Other	81	31	33	62	69	40	-	-		+9
<b>Total current assets</b>	<b>7,649</b>	<b>8,376</b>	<b>9,186</b>	<b>9,290</b>	<b>8,400</b>	<b>8,995</b>	-	-		<b>+618</b>
Property, plant and equipment	2,269	2,139	2,077	2,054	2,241	2,171	-	-		+31
Right-of-use assets	381	365	359	380	354	370	-	-		+4
Goodwill	9,221	9,221	9,221	9,221	9,221	9,221	-	-		0
Intangible assets	1,252	1,247	1,246	1,237	1,235	1,300	-	-		+53
Other	69	68	68	51	51	52	-	-		(16)
<b>Total non-current assets</b>	<b>13,194</b>	<b>13,043</b>	<b>12,973</b>	<b>12,945</b>	<b>13,105</b>	<b>13,115</b>	-	-		<b>+72</b>
<b>Total assets</b>	<b>20,844</b>	<b>21,420</b>	<b>22,159</b>	<b>22,236</b>	<b>21,505</b>	<b>22,111</b>	-	-		<b>+690</b>
Trade and other payables	699	1,089	882	803	1,107	1,348	-	-		+258
Borrowings	495	530	585	581	525	496	-	-		(33)
Other	499	527	879	1,044	579	686	-	-		+158
<b>Total current liabilities</b>	<b>1,695</b>	<b>2,146</b>	<b>2,347</b>	<b>2,428</b>	<b>2,212</b>	<b>2,531</b>	-	-		<b>+384</b>
Borrowings	5,206	4,960	4,963	4,717	4,720	4,474	-	-		(486)
Other	639	638	646	647	608	609	-	-		(28)
<b>Total non-current liabilities</b>	<b>5,845</b>	<b>5,598</b>	<b>5,609</b>	<b>5,364</b>	<b>5,329</b>	<b>5,083</b>	-	-		<b>(515)</b>
<b>Total liabilities</b>	<b>7,540</b>	<b>7,745</b>	<b>7,957</b>	<b>7,793</b>	<b>7,541</b>	<b>7,614</b>	-	-		<b>(130)</b>
<b>Total equity attributable to owners of parent</b>	<b>13,255</b>	<b>13,619</b>	<b>14,140</b>	<b>14,379</b>	<b>13,900</b>	<b>14,434</b>	-	-		<b>+814</b>
Other	47	54	61	63	63	62	-	-		+7
<b>Total equity</b>	<b>13,303</b>	<b>13,674</b>	<b>14,202</b>	<b>14,443</b>	<b>13,964</b>	<b>14,496</b>	-	-		<b>+821</b>
<b>Total liabilities and equity</b>	<b>20,844</b>	<b>21,420</b>	<b>22,159</b>	<b>22,236</b>	<b>21,505</b>	<b>22,111</b>	-	-		<b>+690</b>
Equity attributable to owners of parent	13,255	13,619	14,140	14,379	13,900	14,434	-	-		+815
Interest bearing debt	5,702	5,490	5,548	5,298	5,245	4,971	-	-		(519)
Net debt	2,628	2,207	1,108	560	1,506	1,465	-	-		(742)
Equity ratio	63.6%	63.6%	63.8%	64.7%	64.6%	65.3%	-	-		-
Net debt equity ratio	19.8%	16.2%	7.8%	3.9%	10.8%	10.2%	-	-		-
ROE (12 months)	10.0%	8.5%	9.0%	8.8%	10.5%	11.4%	-	-		-
ROA (12 months)	8.9%	7.7%	8.3%	8.1%	9.7%	10.5%	-	-		-
Days for inventory turnover	94	74	52	56	48	54	-	-		-
Quick ratio	320%	287%	314%	319%	306%	281%	-	-		-
Current ratio	451%	390%	391%	382%	380%	355%	-	-		-

Source: Company Data, WRJ Calculation

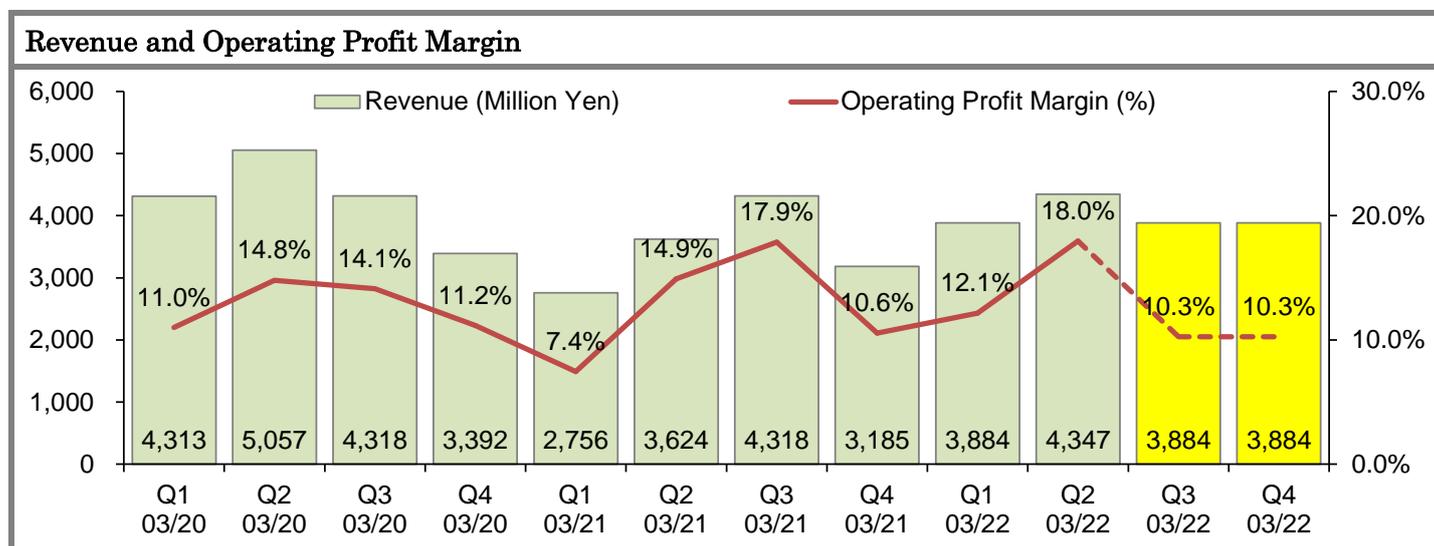
## Statement of Cash Flows (Cumulative / Quarterly)

Statement of Cash Flows	Cons.Act	YoY								
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022		Net Chg.
Cashflows from operating activities	593	1,058	2,256	2,892	144	293	-	-		(765)
Cashflows from Investing activities	(43)	(44)	(112)	(181)	(282)	(342)	-	-		(298)
<b>Cashflows from operating and investing activities</b>	<b>549</b>	<b>1,014</b>	<b>2,143</b>	<b>2,711</b>	<b>(137)</b>	<b>(49)</b>	-	-		<b>(1,063)</b>
Cashflows from financing activities	(595)	(853)	(827)	(1,104)	(864)	(1,185)	-	-		(332)
<b>Statement of Cash Flows</b>	<b>Cons.Act</b>	<b>YoY</b>								
<b>(Million Yen)</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q4</b>	<b>Net Chg.</b>
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	
Cashflows from operating activities	593	465	1,197	635	144	148	-	-		(317)
Cashflows from Investing activities	(43)	(1)	(68)	(68)	(282)	(60)	-	-		(59)
<b>Cashflows from operating and investing activities</b>	<b>549</b>	<b>464</b>	<b>1,129</b>	<b>567</b>	<b>(137)</b>	<b>87</b>	-	-		<b>(377)</b>
Cashflows from financing activities	(595)	(257)	26	(277)	(864)	(321)	-	-		(64)

Source: Company Data, WRJ Calculation

### FY03/2022 Company Forecasts

FY03/2022 Company forecasts (announced on 8 November 2021) are going for prospective revenue of ¥16,000m (up 15.2% YoY), operating profit of ¥2,050m (up 10.6%), profit before tax of ¥1,977m (up 10.8%) and profit attributable to owners of parent of ¥1,372m (up 11.4%), while operating profit margin of 12.8% (down 0.5% points). At the same time, Company forecasts are going for prospective annual dividend of ¥40.00 per share, implying payout ratio of 40.0%.



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2022: H2 Company forecasts, pro rata)

Upward revision has been made from initial Company forecasts (announced on 13 May 2021), by ¥1,000m (6.7%) for revenue, by ¥350m (20.6%) for operating profit, by ¥348m (21.4%) for profit before income tax and ¥244m (21.6%) for profit attributable to owners of the parent. Meanwhile, prospective annual dividend has been revised up by ¥8.00 from ¥32.00 per share to ¥40.00 per share, implying that the Company's basic policy to maintain payout ratio of 40% or more will continue being realized also for FY03/2022.

Meanwhile, the above-mentioned upward revision for full-year Company forecasts basically reflects the upward deviation above assumptions of initial Company forecasts for Q1 to Q2 only. Thus, Company forecasts for H2 have remained unchanged for revenue, while the Company suggests that there is an aspect of negative impacts stemming from price hike of steel being newly assumed for prospective earnings. When we simply estimate, prospective operating profit for H2 has been revised down by some ¥100m, equating 1.3% of prospective revenue during the same period, implying a downward revision made for operating profit margin to a corresponding extent.

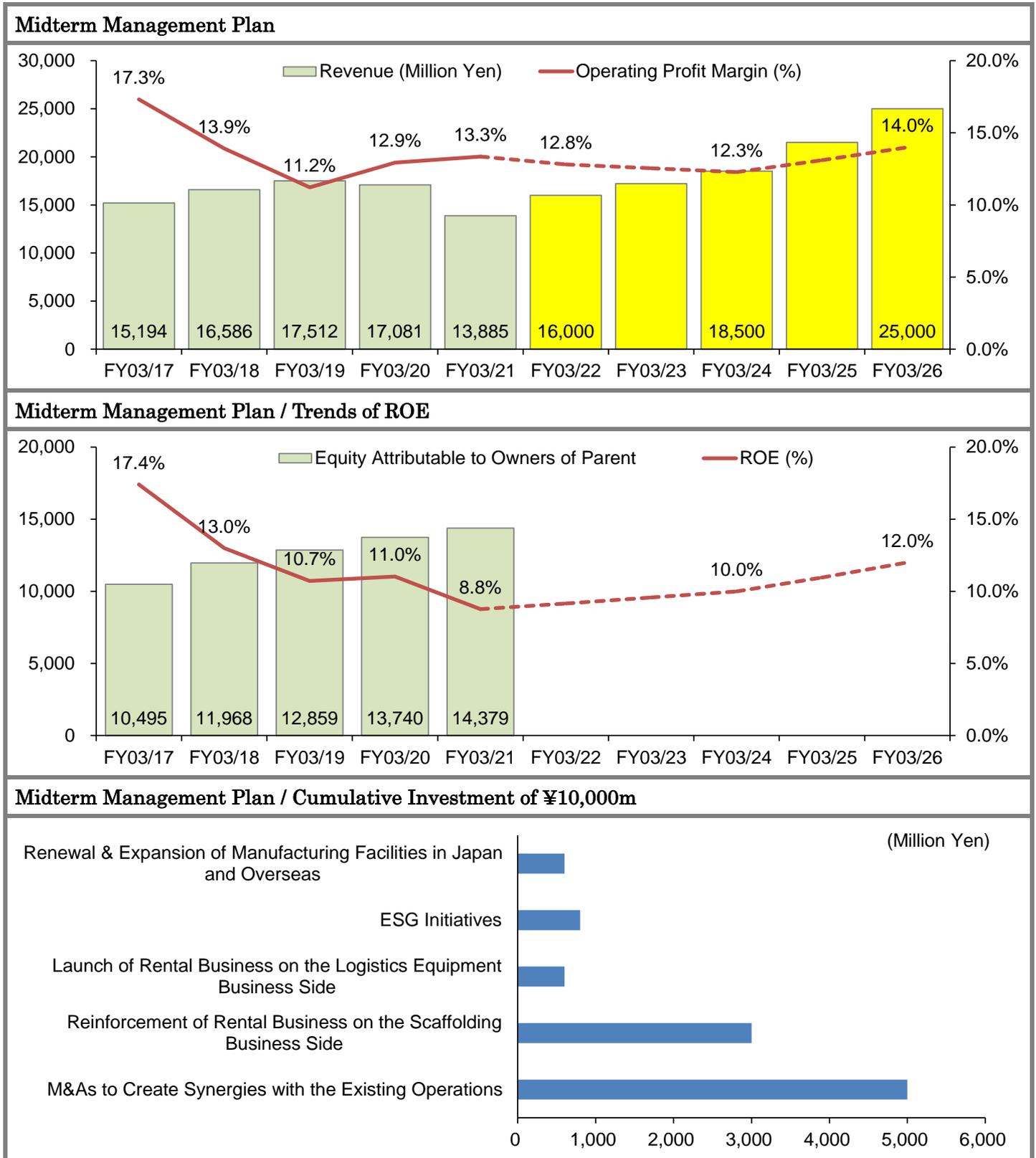
## FY03/2022 Company Forecasts and Actual Results

Cons. Fiscal Year (IFRS) (Million Yen)	Date	Event	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
FY03/2021CoE	13-May-21	Q4 Results	15,000	1,700	1,629	1,128
FY03/2021CoE	12-Aug-21	Q1 Results	15,000	1,700	1,629	1,128
FY03/2021CoE	08-Nov-21	Revision	16,000	2,050	1,977	1,372
		Amount of Gap	1,000	350	348	244
		Rate of Gap	6.7%	20.6%	21.4%	21.6%
FY03/2021CoE	12-Nov-21	Q2 Results	16,000	2,050	1,977	1,372
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY03/2021CoE	13-May-21	Q4 Results	15,000	1,700	1,629	1,128
FY03/2021CoE	12-Nov-21	Q2 Results	16,000	2,050	1,977	1,372
		Amount of Gap	1,000	350	348	244
		Rate of Gap	6.7%	20.6%	21.4%	21.6%
Cons. Half Year (IFRS) (Million Yen)	Date	Event	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
Q1 to Q2 FY03/2021CoE	13-May-21	Q4 Results	7,182	799	763	521
Q1 to Q2 FY03/2021CoE	12-Aug-21	Q1 Results	7,182	799	763	521
Q1 to Q2 FY03/2021CoE	08-Nov-21	Revision	8,231	1,252	1,217	846
		Amount of Gap	1,049	453	454	325
		Rate of Gap	14.6%	56.7%	59.5%	62.4%
Q1 to Q2 FY03/2021Act	12-Nov-21	Q2 Results	8,231	1,252	1,217	846
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q1 to Q2 FY03/2021CoE	13-May-21	Q4 Results	7,182	799	763	521
Q1 to Q2 FY03/2021Act	12-Nov-21	Q2 Results	8,231	1,252	1,217	846
		Amount of Gap	1,049	453	454	325
		Rate of Gap	14.6%	56.7%	59.5%	62.4%
Cons. Half Year (IFRS)	Date	Event	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
Q3 to Q4 FY03/2021CoE	13-May-21	Q4 Results	7,818	901	866	607
Q3 to Q4 FY03/2021CoE	12-Aug-21	Q1 Results	7,818	901	866	607
Q3 to Q4 FY03/2021CoE	08-Nov-21	Revision	7,769	798	760	526
		Amount of Gap	(49)	(103)	(106)	(81)
		Rate of Gap	(0.6%)	(11.4%)	(12.2%)	(13.3%)
Q3 to Q4 FY03/2021CoE	12-Nov-21	Q2 Results	7,769	798	760	526
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q3 to Q4 FY03/2021CoE	13-May-21	Q4 Results	7,818	901	866	607
Q3 to Q4 FY03/2021CoE	12-Nov-21	Q2 Results	7,769	798	760	526
		Amount of Gap	(49)	(103)	(106)	(81)
		Rate of Gap	(0.6%)	(11.4%)	(12.2%)	(13.3%)

Source: Company Data, WRJ Calculation

## Long-Term Prospects

On 14 December 2021, the Company has announced its midterm management plan (FY03/2022 to FY03/2026), calling for prospective revenue of ¥25,000m and operating profit of ¥3,500m for the final year of FY03/2026 as performance target. When setting the FY03/2021 results as the point of origin, the Company is calling for CAGR of 12.5% for revenue and 13.6% for operating profit.

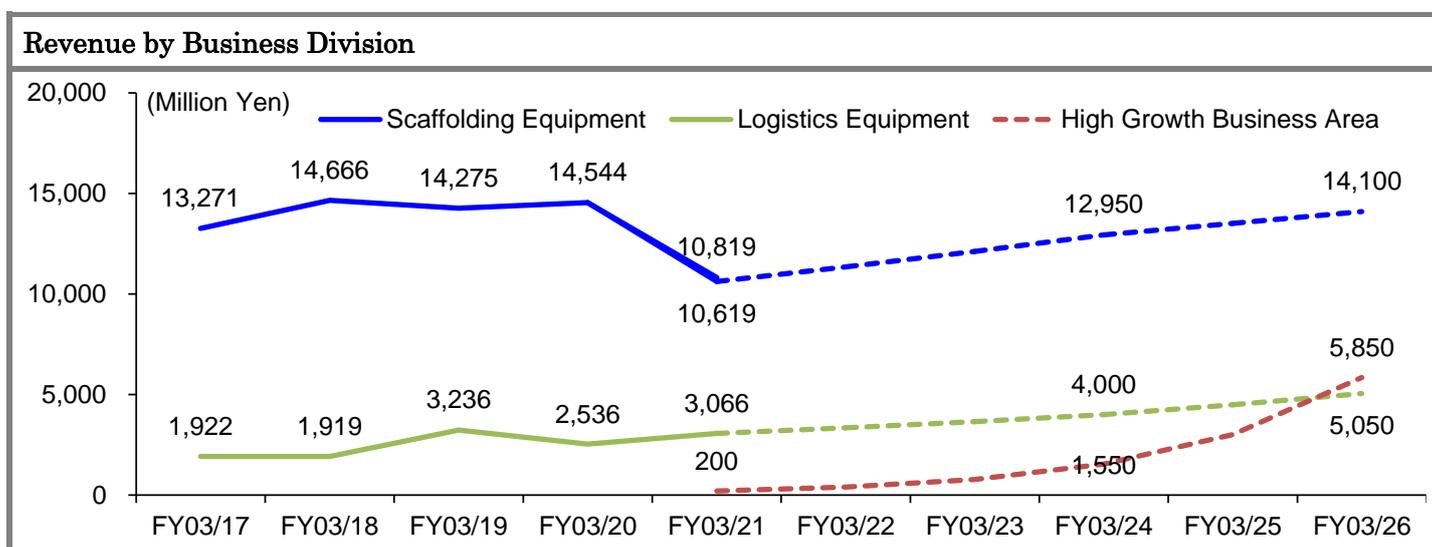


Source: Company Data

Meanwhile, the midterm management plan assumes an ever-increasing trend, albeit gradual, for prospective ROE during its period, calling for 10.0% for FY03/2024 and 12.0% for FY03/2026 versus 8.8% for the FY03/2021 results. In order to achieve this, the Company says it will aggressively implement growth investment. The Company is planning to implement cumulative investment as much as ¥10,000m during the said five-year period versus some ¥2,000m over the past four years for the sake of sustainable growth and enhancement of corporate value. The prospective investment comprises ¥5,000m in M&As to create synergies with the existing operations and the remaining ¥5,000m in the launch and reinforcement of rental business, ESG initiatives and the renewal & expansion of manufacturing facilities in Japan and overseas.

### Midterm Management Plan / Revenue by Business Division

The net increase in revenue for the Company as a whole will be ¥11,115m towards the final year of FY03/2026, when setting the FY03/2021 results as the point of origin, comprising ¥3,481m (31% of total) on the Scaffolding Equipment side, ¥1,984m (18%) on the Logistics Equipment side and ¥5,560m (51%) of High Growth Business Area, implying that High Growth Business Area will play the most important role in the net increase for the Company as a whole, accounting for a bit more than half of total. By the way, it has been newly disclosed that revenue of ¥10,819m on the Scaffolding Equipment Business side for the FY03/2021 results comprise ¥10,619m associated with conventional operations and ¥200m belonging to High Growth Business Area on the occasion of the announcement of the midterm management plan. The above contribution analysis is based on the contents of this new disclosure, as is the case in the analysis to be followed.



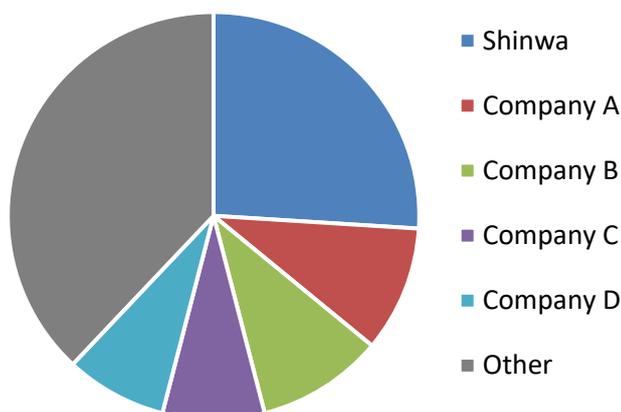
Source: Company Data, WRJ Calculation

### Midterm Management Plan / Scaffolding Equipment

On the Scaffolding Equipment side, the Company is calling for prospective revenue of ¥14,100m for the final fiscal year of FY03/2026, implying CAGR of 5.8%, when setting revenue of ¥10,619m in the FY03/2021 results as the point of origin. The Company says it will promote a switchover from frame scaffoldings to next generation scaffoldings, while also reinforcing rental business for the sake of achieving this target. For FY03/2021, construction work was suspended or postponed and new construction investment projects were delayed due to the impacts of the Declaration of a State of Emergency following the expansion of COVID-19. As a result, revenue on the Scaffolding Equipment Business side was forced to decline sharply. Nevertheless, the Company has seen a turnaround for recovery with revenue of ¥6,422m (up 18.2% YoY) for Q1 to Q2 FY03/2022 as mentioned earlier.

Meanwhile, wedge binding type scaffoldings accounted for 61.2% of revenue on the Scaffolding Equipment Business side for Q1 to Q2 FY03/2022 and 15.8% for next generation scaffoldings, collectively 76.9%, which equated the ratio of revenue of “system scaffoldings” to total, while other temporary materials accounted for the remaining 23.1%. In the first place, the Company has been heavily involved with wedge binding type scaffoldings basically used for low-rise architecture, represented by detached houses, while there is another aspect that the Company has been seen increased revenue by means of launching next generation scaffoldings basically used for mid-rise and/or high-rise architecture, represented by condominiums, large-sized condominium and office buildings to date, having replaced the marketplace for frame scaffoldings that are traditional and/or conventional. Going forwards, the Company is planning to further replace frame scaffoldings as well as expanding a geographical sales area.

**System Scaffoldings : Market Share in Japan**



Source: Company Data

The Company estimates that it has a market share of some 26% (ranked number one) in Japan for system scaffoldings, comprising wedge binding type scaffoldings and next generation scaffoldings, based on a go-it-alone survey conducted by itself. As far as wedge binding type scaffoldings are concerned, the Company has some 40% (ranked number one by far), while 15% for next generation scaffoldings (ranked second). At the same time, the Company is going for an increase of share in the marketplace for next generation scaffoldings, looking to a further switchover from frame scaffoldings that are traditional and/or conventional. Meanwhile, the Company says that it will be possible to enhance own market share also for wedge binding type scaffoldings in line with the strategy to expand a geographical sales area.

In the first place, next generation scaffoldings have been developed for the sake of literally being in charge of work in the next generation era with their capabilities to solve problems of frame scaffoldings that are traditional and/or conventional. In fact, the Company says that it has been seeing a switchover from frame scaffoldings that are traditional and/or conventional to next generation scaffoldings. For example, it is difficult for them to cope with “reinforcement of preventive measures for scaffolding-related falls and fall hazards” emphasized by the Occupational Health and Safety Regulations and they inevitably incur transportation costs relatively higher at the same time. Assuming the storage space of frame scaffoldings which are relatively less packable being 100, the storage space of next generation scaffoldings which are relatively more packable equates some 40, implying a gap in transportation costs to a corresponding extent. On top of this, frame scaffoldings require a skilled technical work when assembling components at the construction sites, while a simple work with the degree of skill not affecting for next generation scaffoldings.

On the other hand, the background to reinforcement of rental business is that demand for rental of scaffoldings is showing an increasing trend. The Company has indicated its stance of aggressively responding to market demand with the twin pillars of sale and rental for scaffoldings. The Company saw revenue of rental business rather limited for Q1 to Q2 FY03/2022, having accounted for a part of other temporary materials (which accounted for 23.1% of revenue on the Scaffolding Equipment side), but it appears that rental business will contribute to increase of revenue on the Scaffolding Equipment side to more than a certain extent during the period of the midterm management plan.

Currently, customers are facing a situation that they tend to suffer from increased burden associated with inventory and that they are making progress in diversification for the ways of procuring scaffoldings, continuously driving demand for rental. According to the Company, customers are seeing increased number of materials indispensable in line with amendments of regulations, while seeing an increased seasonal volatility for the volume of scaffoldings to use, resulting in increased burden associated with inventory. With respect to progress in diversification for the ways of procuring scaffoldings, the Company suggests that this has something to do with increased demand for trial before buying in new products and increased selling prices, driving demand for rental.

The Company is highly cost-competitive for rental business in the first place, running operations of renting scaffoldings manufactured in-house to customers as business model here. In other words, the Company creates added value both as a manufacturer and an operator of rental. By the way, the Company suggests that it will implement investment as much as ¥3,000m or more in rental business, collectively, during the period of the midterm management plan. This means that it will newly hold scaffoldings manufactured in-house as assets for rental as much as ¥3,000m or more, planning to beef up revenue of rental business to a corresponding extent.

#### **Midterm Management Plan / Logistics Equipment**

On the Logistics Equipment side, the Company is calling for prospective revenue of ¥5,050m for the final fiscal year of FY03/2026, implying CAGR of 10.5%, when setting revenue of ¥3,066m in the FY03/2021 results as the point of origin. The Company says it will start up rental business, etc. for the sake of achieving this target. By means of further enhancing the 7 distribution centers currently in operations and pursuing enforcement of contacts with customers at new ones to be set up, the Company is planning to enter into rental business of general-purpose pallets, etc. By the way, it is assumed that rental business on the Logistics Equipment side will be run based on the same business model as that of the Scaffolding Equipment Business side with investment of some ¥600m, collectively, being planned to be implemented.

**Logistics Equipment / Product Portfolio of Custom-made Products Leveraging Proprietary Technology**

**Bulk Container for Fluid Material Transportation**



**Warehouse Rack for E-commerce Operators**



**Trans. Pallet Specialized for Automotive Parts (1)**



**Trans. Pallet Specialized for Automotive Parts (2)**



**Logistics Equipment / Other General-Purpose Products**

**Nesting Rack**



**Mesh Pallet**



**Vanning Slope**



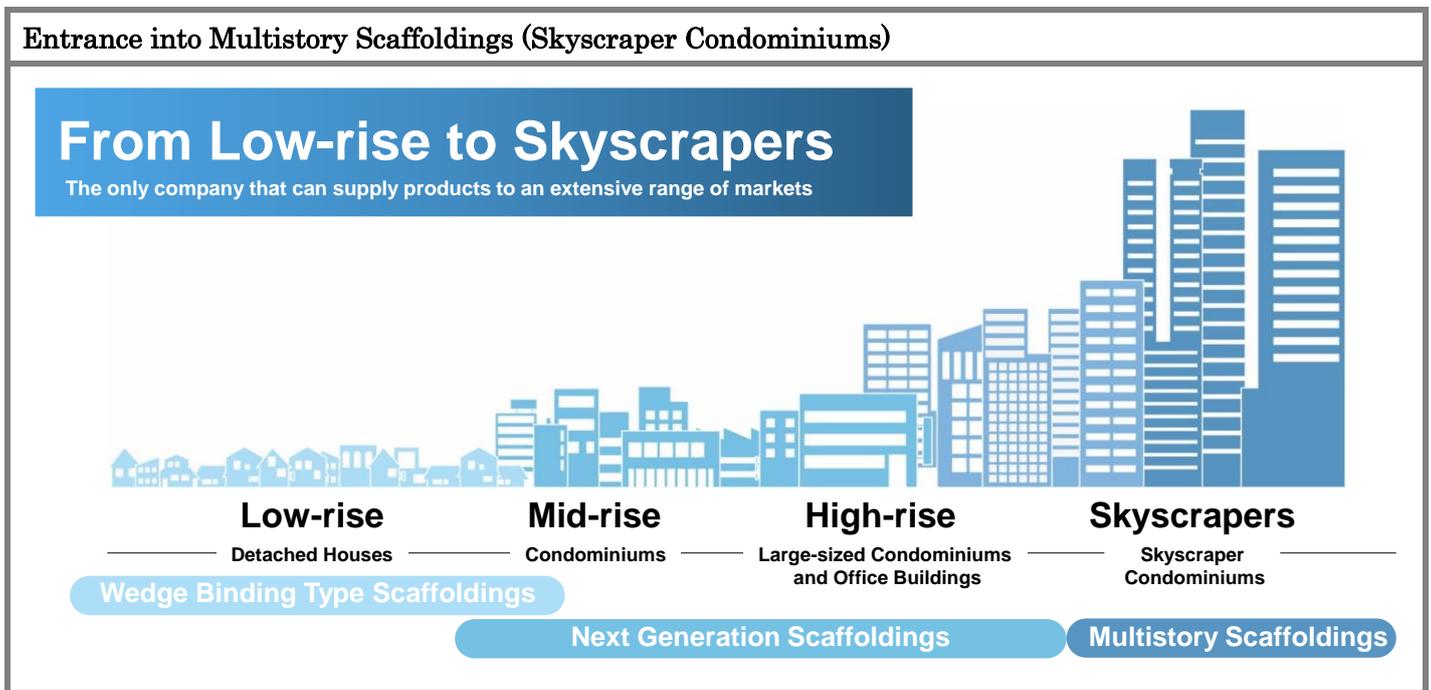
Source: Company Data

The Company manufactures and sells logistics equipment, while the product portfolio comprises that of custom-made products and that of other general-purpose products. Custom-made products are of proprietary technology, while the mainstay products are bulk container for fluid material transportation, warehouse rack for e-commerce operators and transportation pallet specialized for automotive parts (such as engines, transmissions, etc.), while nesting rack, mesh pallet and vanning slope for other general-purpose products and they meet demand for "transportation & storage" in a variety of industries with various shapes.

The Company is going for “reinforcement of EC functions” and “expansion of customer base” on top of above-mentioned “entrance into rental business” as the growth strategy issues. For “reinforcement of EC functions”, the Company is to enhance capabilities of dedicated EC site to an extent of completing all the processes of introducing products, requesting quotations and receiving orders on the Internet. For “expansion of customer base”, meanwhile, the Company will focus on that of warehouse-related. On top of this, the Company also intends to enlarge a channel of sales by means of deepening co-creation relationship, e.g., remitting customers, with alliance partners.

**Midterm Management Plan / High Growth Business Area**

For High Growth Business Area, the Company is calling for prospective revenue of ¥5,650m for the final fiscal year of FY03/2026, implying CAGR of 96.4%, when setting revenue of ¥200m in the FY03/2021 results as the point of origin. The Company says it will penetrate a new market in Japan and enhance its operations overseas, while considering and implementing M&As to create synergies with the existing operations on the Scaffolding Equipment Business side and/or the Logistics Equipment side at the same time, for the sake of achieving this target.



Source: Company Data

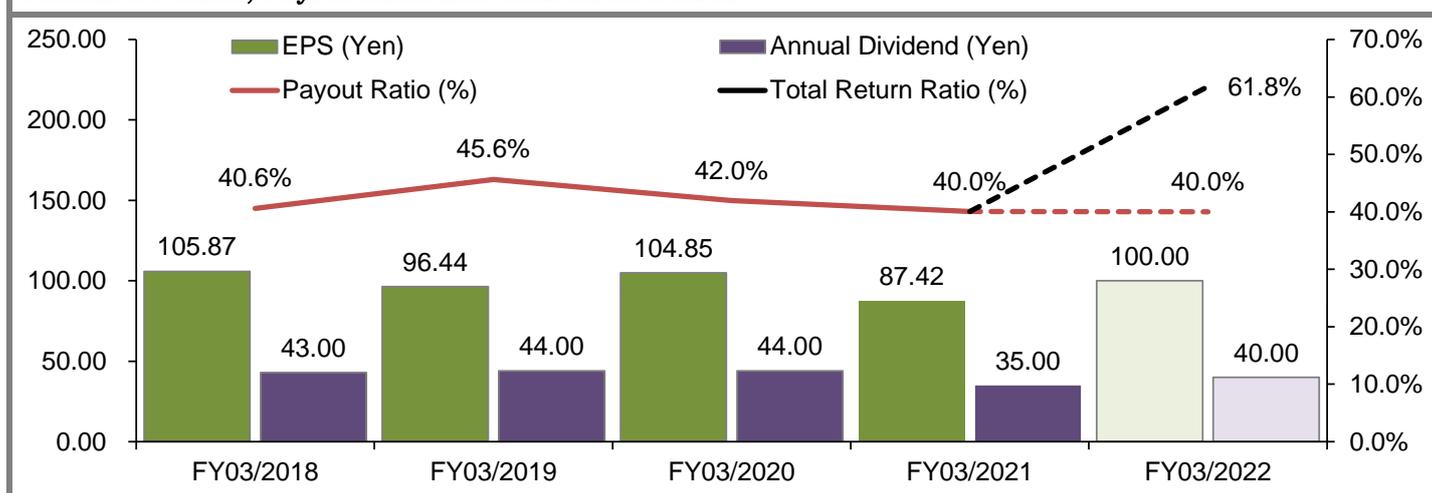
Since the beginning of Q3 FY03/2022, the Company suggests that it has come to a stage of booking revenue of multistory scaffoldings for the first time, while they are classified as one of the constituents to comprise revenue of High Growth Business Area. On top of existing products comprising wedge binding type scaffoldings (low-rise / detached houses) and next generation scaffoldings (mid-rise and high-rise / condominiums, large-sized condominiums and office buildings), the Company has started up being involved with multistory scaffoldings, having become the only company that can supply products to an extensive range of markets. The Company suggests that multistory scaffoldings are applied products of the Company's system scaffoldings (wedge binding type scaffoldings and next generation scaffoldings) as an aspect, while estimating the Company's serviceable obtainable market being equating as much as some ¥20,000m, collectively, in terms of revenue of the Company during the period of the midterm management plan. More importantly, the Company is keen on actually obtaining the demand.

Meanwhile, revenue of ¥200m classified as those of High Growth Business Area in the FY03/2021 results mainly comprises those of operations to manufacture and sell system scaffoldings through a joint company in China, according to the Company. The joint company is based in Huanan area where the local market equates as much as some ¥50,000m for scaffoldings, while the Company's system scaffoldings are far superior to all those same old equivalents currently used locally in term of both margin of safety and workability, implying a high probability for the Company to benefit from steady increase in demand for the future. Further, the Company suggests a prospective penetration into Southeast Asian countries, etc. also being in sight.

#### **Midterm Management Plan / Shareholder Returns**

The Company, which adopts a proactive stance on shareholder returns, has reconfirmed its policy of maintaining payout ratio of 40% or more, while considering a further share buyback, depending on the capital position in the future, having actually done so in FY03/2022. On 20 March 2018, the Company has become a public company in line with the listing on Tokyo Stock Exchange 2nd section and has advocated to go for payout ratio of 40% or more as its dividend policy, having accomplished this target through FY03/2018 to FY03/2021. Meanwhile, this will be the case for FY03/2022 in light of the latest Company forecasts. Meanwhile, the Company is calling for consistent increase in dividend to pay during the period of the midterm management plan, i.e., FY03/2022 to FY03/2026.

### Annual Dividend, Payout Ratio and Total Return Ratio



Source: Company Data, WRJ Calculation

Being keen on actively working to return earnings to shareholders in addition to paying dividend, the Company announced that it had completed buying back shares (380,000 in the number and/or ¥299m) on 31 May 2021. That is to say, when based on prospective profit attributable to owners of parent of ¥1,372m, assumed in the current Company forecasts, the Company is going for total return ratio of 61.8% ( $(¥40.00 \times 13.7\text{m shares} + ¥299\text{m}) \div ¥1,372\text{m}$ ) for FY03/2022.

#### Midterm Management Plan / ESG Initiatives

By developing management that gives a consideration, respectively, to Environment, Society and Governance, the Company aims to achieve sustainable growth from a long-term perspective. Thus, the midterm management plan assumes investment to develop such management with contribution of expenses to more than a certain extent.

With respect to Environment, the Company goes for “efforts for carbon neutrality”, “protection of forest resources & use of non-forest resources” and “promotion of waste material reductions”. For the sake of propelling “efforts for carbon neutrality”, for example, the Company will actively procure green power and introduce photovoltaic power system, cutting back on CO2 emissions associated with the Company. Meanwhile, the Company will also promote electrification of vehicles, represented by company cars, forklifts, etc., which is also expected to be contributing.

With respect to Society, the Company goes for "promotion of social issues as a business", "reinforcement of talent development", "development of workplace environment", "improvement of diversity and inclusion" and "revitalization support for communities", out of which it appears that the Company is keen on "promotion of social issues as a business" in particular, given that there is a direct connection to PURPOSE set forth by the Company, i.e., "to protect lives and support the future". For scaffoldings, the Company will develop new products with a view to reducing environmental impacts, while reinforcing safety assurance and accelerating efforts to further improve efficiency by means of providing construction sites with all those products and services. For logistics equipment, meanwhile, the Company will develop new products also with a view to reducing environmental impacts, while intending to improve efficiency in transportation and storage amongst a variety of industries. On top of this, the Company, advocating "we protect precious lives through the supply of our products and services" and "we offer our wholehearted support for our personnel to realize their dreams and future visions" as OUR MISSION, appears to be particularly keen on "reinforcement of talent development" at the same time.

With respect to Governance, the Company goes for "execution of highly effective governance", "constructive dialogues with investors (enhancement of IR)" and "consideration of implementing share-based compensation". For example, the Company will keep on hiring outside directors with diverse backgrounds and skills in order to achieve "execution of highly effective governance". Meanwhile, the Company will also revitalize the board of directors with a proper way of administration and develop fast and shrewd decision-making as well as aiming to ensure management that is thoroughly conscious of legal compliance.

## 5.0 Financial Statements

### Statement of Profit or Loss

Statement of Profit or Loss (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2017	03/2018	03/2019	03/2020	03/2021	03/2022	Net Chg.
<b>Revenue</b>	<b>15,194</b>	<b>16,586</b>	<b>17,512</b>	<b>17,081</b>	<b>13,885</b>	<b>16,000</b>	<b>+2,114</b>
Cost of sales	10,774	12,410	13,482	12,751	10,263	-	-
Gross profit	4,419	4,175	4,030	4,329	3,621	-	-
SG&A expenses	1,777	1,871	2,073	2,127	1,809	-	-
Other income and expenses (net)	(11)	3	7	8	40	-	-
<b>Operating profit</b>	<b>2,631</b>	<b>2,306</b>	<b>1,963</b>	<b>2,210</b>	<b>1,853</b>	<b>2,050</b>	<b>+196</b>
Financial income and costs (net)	(71)	(67)	(69)	(70)	(68)	(73)	(4)
<b>Profit before tax</b>	<b>2,559</b>	<b>2,238</b>	<b>1,894</b>	<b>2,139</b>	<b>1,784</b>	<b>1,977</b>	<b>+192</b>
Income tax expenses	878	779	563	671	541	605	+63
<b>Profit</b>	<b>1,680</b>	<b>1,459</b>	<b>1,331</b>	<b>1,467</b>	<b>1,242</b>	<b>1,372</b>	<b>+129</b>
Profit attributable to owners of parent	1,680	1,459	1,331	1,467	1,231	1,372	+140
Profit attributable to non-controlling interests	-	-	-	0	11	0	-
<b>Profit attributable to owners of parent</b>	<b>1,680</b>	<b>1,459</b>	<b>1,331</b>	<b>1,467</b>	<b>1,231</b>	<b>1,372</b>	<b>+140</b>
Revenue YoY	+0.5%	+9.2%	+5.6%	(2.5%)	(18.7%)	+15.2%	-
Operating profit YoY	+6.5%	(12.3%)	(14.9%)	+12.5%	(16.2%)	+10.6%	-
Profit before tax YoY	+19.9%	(12.5%)	(15.4%)	+12.9%	(16.6%)	+10.8%	-
Profit YoY	+11.2%	(13.1%)	(8.8%)	+10.2%	(15.3%)	+10.4%	-
Profit attributable to owners of parent YoY	+11.2%	(13.1%)	(8.8%)	+10.2%	(16.0%)	+11.4%	-
Gross profit margin	29.1%	25.2%	23.0%	25.3%	26.1%	-	-
Revenue to SG&A expenses ratio	11.7%	11.3%	11.8%	12.5%	13.0%	-	-
Operating profit margin	17.3%	13.9%	11.2%	12.9%	13.3%	12.8%	(0.5%)
Profit before tax margin	16.8%	13.5%	10.8%	12.5%	12.8%	12.4%	(0.5%)
Profit margin	11.1%	8.8%	7.6%	8.6%	9.0%	8.6%	(0.4%)
Profit attributable to owners of parent margin	11.1%	8.8%	7.6%	8.6%	8.9%	8.6%	(0.3%)
Income tax expenses / Profit before tax	34.3%	34.8%	29.7%	31.4%	30.3%	30.6%	0.3%

Source: Company Data, WRJ Calculation

### Revenue by Business Division

Revenue by Business Division (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2017	03/2018	03/2019	03/2020	03/2021	03/2022	Net Chg.
Wedge binding type scaffoldings	8,731	7,967	8,214	8,748	5,821	-	-
Next generation scaffoldings	466	3,018	2,657	2,160	1,798	-	-
Other temporary materials	4,073	3,680	3,402	3,635	3,199	-	-
Scaffolding Equipment	13,271	14,666	14,275	14,544	10,818	12,600	+1,781
Logistics Equipment	1,922	1,919	3,236	2,536	3,066	3,400	+333
<b>Revenue</b>	<b>15,194</b>	<b>16,586</b>	<b>17,512</b>	<b>17,081</b>	<b>13,885</b>	<b>16,000</b>	<b>+2,114</b>
Wedge binding type scaffoldings	(1.5%)	(8.8%)	+3.1%	+6.5%	(33.5%)	-	-
Next generation scaffoldings	-	+546.6%	(11.9%)	(18.7%)	(16.8%)	-	-
Other temporary materials	(11.4%)	(9.6%)	(7.6%)	+6.8%	(12.0%)	-	-
Scaffolding Equipment	(1.4%)	+10.5%	(2.7%)	+1.9%	(25.6%)	+16.5%	-
Logistics Equipment	+16.4%	(0.1%)	+68.6%	(21.6%)	+20.9%	+10.9%	-
<b>Revenue (YoY)</b>	<b>+0.5%</b>	<b>+9.2%</b>	<b>+5.6%</b>	<b>(2.5%)</b>	<b>(18.7%)</b>	<b>+15.2%</b>	<b>-</b>
Wedge binding type scaffoldings	57.5%	48.0%	46.9%	51.2%	41.9%	-	-
Next generation scaffoldings	3.1%	18.2%	15.2%	12.6%	13.0%	-	-
Other temporary materials	26.8%	22.2%	19.4%	21.3%	23.0%	-	-
Scaffolding Equipment	87.3%	88.4%	81.5%	85.2%	77.9%	78.8%	-
Logistics Equipment	12.7%	11.6%	18.5%	14.8%	22.1%	21.3%	-
<b>Revenue (Composition Ratio)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>

Source: Company Data, WRJ Calculation

## Statement of Financial Position

Statement of Financial Position (Million Yen)	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.CoE FY 03/2022	YoY Net Chg.
Cash and cash equivalents	1,617	1,507	1,742	3,120	4,738	-	-
Trade and other receivables	3,554	4,258	3,817	2,777	3,006	-	-
Inventories	2,218	2,142	2,382	2,405	1,483	-	-
Other	78	168	121	42	62	-	-
<b>Total current assets</b>	<b>7,469</b>	<b>8,077</b>	<b>8,064</b>	<b>8,345</b>	<b>9,290</b>	-	-
Property, plant and equipment	2,217	2,453	2,495	2,370	2,054	-	-
Right-of-use assets	-	-	-	353	380	-	-
Goodwill	9,221	9,221	9,221	9,221	9,221	-	-
Intangible assets	1,239	1,263	1,276	1,258	1,237	-	-
Other	92	68	114	71	51	-	-
<b>Total non-current assets</b>	<b>12,771</b>	<b>13,007</b>	<b>13,108</b>	<b>13,274</b>	<b>12,945</b>	-	-
<b>Total assets</b>	<b>20,241</b>	<b>21,084</b>	<b>21,172</b>	<b>21,620</b>	<b>22,236</b>	-	-
Trade and other payables	1,122	1,468	1,180	739	803	-	-
Borrowings	766	767	494	495	581	-	-
Other	760	615	502	783	1,044	-	-
<b>Total current liabilities</b>	<b>2,649</b>	<b>2,852</b>	<b>2,177</b>	<b>2,018</b>	<b>2,428</b>	-	-
Borrowings	6,621	5,818	5,685	5,202	4,717	-	-
Other	475	445	450	611	647	-	-
<b>Total non-current liabilities</b>	<b>7,096</b>	<b>6,263</b>	<b>6,136</b>	<b>5,814</b>	<b>5,364</b>	-	-
<b>Total liabilities</b>	<b>9,746</b>	<b>9,116</b>	<b>8,313</b>	<b>7,832</b>	<b>7,793</b>	-	-
<b>Total equity attributable to owners of parent</b>	<b>10,495</b>	<b>11,968</b>	<b>12,859</b>	<b>13,740</b>	<b>14,379</b>	-	-
Other	-	-	-	47	63	-	-
<b>Total equity</b>	<b>10,495</b>	<b>11,968</b>	<b>12,859</b>	<b>13,788</b>	<b>14,443</b>	-	-
<b>Total liabilities and equity</b>	<b>20,241</b>	<b>21,084</b>	<b>21,172</b>	<b>21,620</b>	<b>22,236</b>	-	-
Equity attributable to owners of parent	10,495	11,968	12,859	13,740	14,379	-	-
Interest bearing debt	7,387	6,586	6,180	5,698	5,298	-	-
Net debt	5,770	5,078	4,437	2,577	560	-	-
Equity ratio	51.9%	56.8%	60.7%	63.6%	64.7%	-	-
Net debt equity ratio	55.0%	42.4%	34.5%	18.8%	3.9%	-	-
ROE (12 months)	17.4%	13.0%	10.7%	11.0%	8.8%	-	-
ROA (12 months)	13.0%	10.8%	9.0%	10.0%	8.1%	-	-
Days for inventory turnover	75	63	64	69	53	-	-
Quick ratio	195%	202%	255%	292%	319%	-	-
Current ratio	282%	283%	370%	413%	382%	-	-

Source: Company Data, WRJ Calculation

## Statement of Cashflows

Statement of Cash Flows (Million Yen)	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.CoE FY 03/2022	YoY Net Chg.
Cashflows from operating activities	1,757	1,390	1,766	3,121	2,892	-	-
Cashflows from Investing activities	(560)	(651)	(580)	(515)	(181)	-	-
<b>Cashflows from operating and investing activities</b>	<b>1,197</b>	<b>738</b>	<b>1,186</b>	<b>2,606</b>	<b>2,711</b>	-	-
Cashflows from financing activities	(807)	(848)	(951)	(1,227)	(1,104)	-	-

Source: Company Data, WRJ Calculation

## Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	YoY Net Chg.
No. of Shares FY End (thousand shares)	13,788	13,788	13,989	14,089	14,103	-	-
Net Profit / EPS (thousand Shares)	13,789	13,788	13,806	13,994	14,091	-	-
Treasury Shares FY End (thousand shares)	0	0	0	0	0	-	-
Basic Earnings per Share	121.88	105.87	96.44	104.85	87.42	100.00	-
Diluted Earnings per Share	121.88	105.24	95.81	104.21	87.09	-	-
Book Value per Share	761.15	868.04	919.24	975.26	1019.59	-	-
Dividend per Share	0.00	43.00	44.00	44.00	35.00	40.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	YoY Net Chg.
Share Split Factor	1	1	1	1	1	1	-
Basic Earnings per Share	121.88	105.87	96.44	104.85	87.42	100.00	-
Book Value per Share	761.15	868.04	919.24	975.26	1,019.59	-	-
Dividend per Share	0.00	43.00	44.00	44.00	35.00	40.00	-
Payout Ratio	0.0%	40.6%	45.6%	42.0%	40.0%	40.0%	-

Source: Company Data, WRJ Calculation

### Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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