

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)								
FY03/2021		13,885	1,853	1,784	1,231	87.42	35.00	1,019.59
FY03/2022		16,063	2,135	2,063	1,452	105.36	43.00	1,088.87
FY03/2023CoE		17,000	2,200	2,120	1,465	105.43	43.00	-
FY03/2022	YoY	15.7%	15.3%	15.7%	17.9%	-	-	-
FY03/2023CoE	YoY	5.8%	3.0%	2.7%	0.8%	-	-	-
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 FY03/2022		8,231	1,252	1,217	846	-	-	-
Q3 to Q4 FY03/2022		7,831	882	846	606	-	-	-
Q1 to Q2 FY03/2023CoE		8,600	1,090	1,048	730	-	-	-
Q3 to Q4 FY03/2023CoE		8,400	1,110	1,072	735	-	-	-
Q1 to Q2 FY03/2023CoE	YoY	4.5%	(13.0%)	(13.9%)	(13.7%)	-	-	-
Q3 to Q4 FY03/2023CoE	YoY	7.3%	25.7%	26.7%	21.1%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (13 July 2022)


Breakthrough Business

Shinwa, which mainly manufactures and sells system scaffoldings, appears continuing to see performance in line with the assumptions of midterm management plan (FY03/2022 to FY03/2026). Over the said period, the Company is to put growth investment of cumulative ¥10,000m in execution, which is expected to realize CAGR of 12.5% for revenue and 13.6% for operating profit. For FY03/2022, the first year of the plan, the Company was steadily capturing a recovery in demand from the construction industry, mainly that of private sector, having had gone through the impact of coronavirus crisis. As a result, the Company saw substantially increased revenue, including that of the mainstay system scaffoldings. Meanwhile, the Company has succeeded in coping with unexpected hike of steel prices with its measures to flexibly revise selling prices of own products, resulting in a stability for gross profit margin. With respect to assumptions of midterm management plan, the Company is looking to a stable growth for existing business, represented by system scaffoldings, while capability to pursue a high growth potential for breakthrough business at the same time. Enforcing operations to cultivate the market for scaffoldings in South China (Huanan) where the market size is estimated at no less than some ¥50,000m, while the Company is also keen on consistently boosting market share for multistory scaffoldings for it to have just entered into the market. Further, the plan also assumes benefits from M&As to create synergy with existing business and expansion of rental operations as well.

IR Representative: Hiromichi Aoki, Corporate Planning Dept. (81-(0)584-66-4436 / ir@shinwa-jp.com)

2.0 Company Profile

The Leader of Scaffolding Technology

Company Name	Shinwa Co., Ltd. Company Website IR Information Share price (Japanese)	
Established	11 August 2014	
Listing	4 April 2022: TSE Standard Market and NSE Premier Market (ticker: 3447) 20 March 2019: TSE 1st section and NSE 1st section 21 June 2018: Nagoya Stock Exchange 2nd section 20 March 2018: Tokyo Stock Exchange 2nd section	
Capital	¥153m (as of the end of March 2022)	
No. of Shares	14,103,000 shares, including 207,234 treasury shares (as of the end of March 2022)	
Main Features	<ul style="list-style-type: none"> ● Boosting up security of footing for construction industry in Japan ● Advocating to rank first in the market for system scaffoldings in Japan ● First-class production capability in Japan with high readiness and quality 	
Segment	I . Manufacture and Sale of Scaffolding Equipment and Logistics Equipment	
Representatives	President and Representative Director: Kurio Noritake Chairperson and Representative Director: Hiroshi Yamada	
Shareholders	Master Trust Bank of Japan, T. 12.1%, Custody Bank of Japan, T. 5.4%, Alinco Inc. 4.9%, Hanwa Co., Ltd. 4.9%, GOLDMAN SACHS INTERNATIONAL 2.5% (as of the end of March 2022, but for treasury shares)	
Head Office	Kaizu-city, Gifu-prefecture, JAPAN	
No. of Personnel	Consolidated: 144 (as of the end of March 2022)	

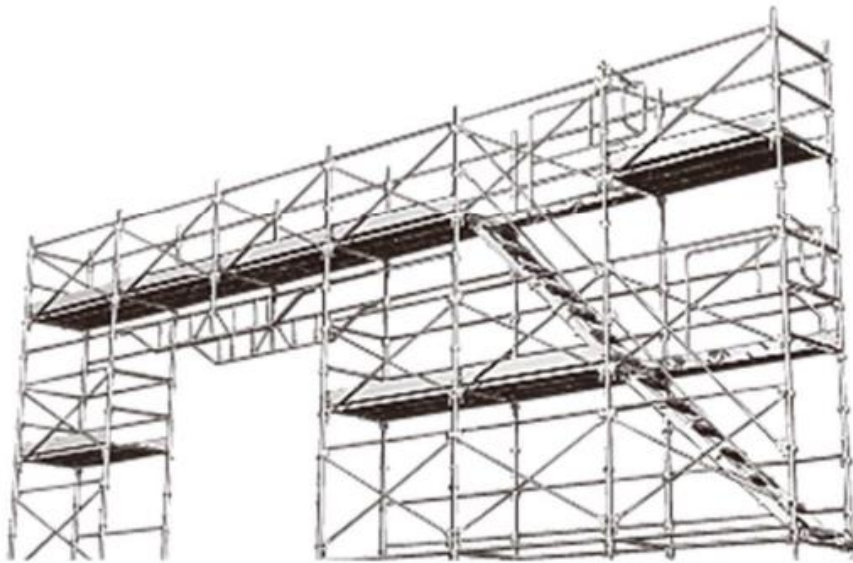
Source: Company Data

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 “protecting lives and support the future” as PURPOSE.

Image of Scaffolding Equipment (effectively equating to 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 (workers) 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 scaffolding equipment (effectively equating to 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 scaffolding equipment (effectively equating to scaffoldings) boost up security of footing for construction industry to deploy the robust urban development.

In other words, the Company suggests that scaffolding equipment (effectively equating to scaffoldings) is 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 (workers) 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 (presetting handrails and toe boards) to cope with this issue.

Company History

Date	Events
September 1977	Began operations as Shinwa Shoten
January 1988	Entered into the market for system scaffoldings
May 2003	Established Logistics Equipment Division
May 2016	Started manufacturing and selling next generation scaffoldings Silent Power System (SPS)
October 2017	Began manufacturing and selling overseas in Vietnam
March 2018	Listed on Tokyo Stock Exchange 2nd section
June 2018	Listed on Nagoya Stock Exchange 2nd section
March 2019	Listing change to Tokyo Stock Exchange 1st section and Nagoya Stock Exchange 1st section
November 2019	Established Guangdong Nisshin-Chuangfu Advanced Construction Materials Co., Ltd. in China
April 2022	Listing change to Tokyo Stock Exchange Standard Market and Nagoya Stock Exchange Premier Market

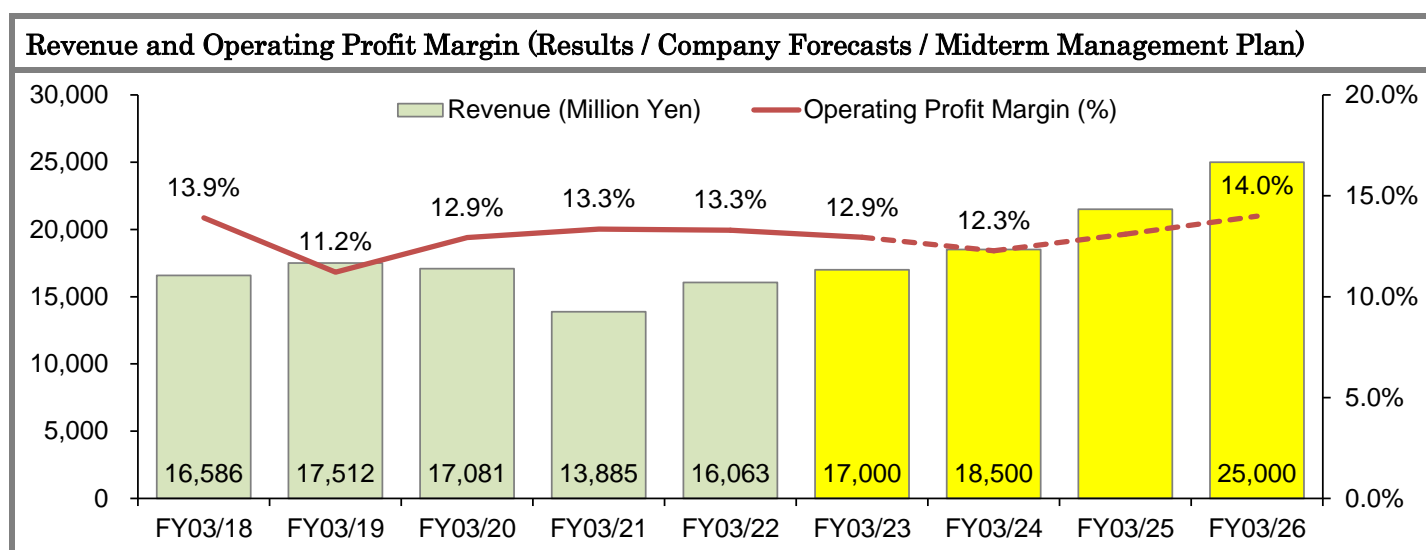
In September 1977, the Company started up its operations as Shinwa Shoten (45 years since the start of business), together with the manufacture of “jack base” or scaffolding equipment. Meanwhile, the Company has entered into the market for system scaffoldings with self-developed wedge binding type scaffoldings Shinwa Catcher in January 1988. According to the Company, Shinwa Catcher has subsequently become the de facto standard for system scaffoldings and has greatly encouraged growth for the Company as a whole. Meanwhile, 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. At the moment, "system scaffoldings" are represented by wedge binding type scaffoldings and next generation scaffoldings. Then, in June 2017, the Company began manufacture and sale overseas in Vietnam and it was November 2019 that it 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 2nd section on 20 March 2018. Following its listing on Nagoya Stock Exchange 2nd section on 21 June 2018, the Company's shares had a listing change to Tokyo Stock Exchange 1st section and Nagoya Stock Exchange 1st section on 20 March 2019. Then, occurring in connection with reorganization of market segments by Tokyo Stock Exchange and Nagoya Stock Exchange on 4 April 2022, the Company's shares had a listing change to Standard Market and Premier Market, respectively. In view of the fact that it did not satisfy 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 were satisfied, arguing 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 the size of itself and its growth strategy, paying respect to the concept of the new market. That is to say, listing on Prime Market using so-called "transitional measures" was avoided intentionally and boldly.

4.0 Recent Trading and Prospects

FY03/2022

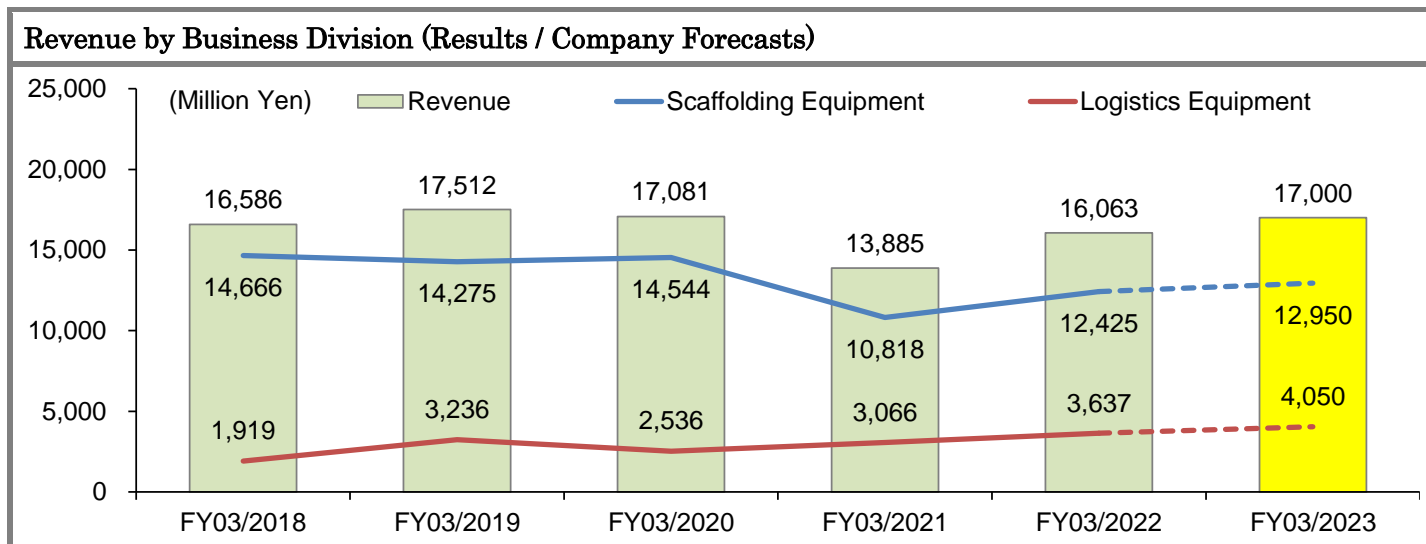
For FY03/2022, revenue came in at ¥16,063m (up 15.7% YoY), operating profit ¥2,135m (up 15.3%), profit before tax ¥2,063m (up 15.7%) and profit attributable to owners of parent ¥1,452m (up 17.9%), while operating profit margin 13.3% (unchanged). Assumptions of midterm management plan (FY03/2022 to FY03/2026 / announced on 14 December 2021) have been slightly exceeded. Revenue was better by ¥63m (0.4%) and by ¥85m (4.1%) for operating profit. Meanwhile, FY03/2023 Company forecasts (announced on 13 May 2022) appear to be in line with assumptions of midterm management plan. By the way, midterm management plan has remained unchanged for its performance target for FY03/2026, the final year of the plan.



Source: Company Data, WRJ Calculation

For FY03/2022, cost of revenue came in at ¥11,941m (up 16.3%), gross profit ¥4,122m (up 13.8%) and SG&A expenses ¥1,978m (up 9.3%), implying cost of revenue to revenue ratio of 74.3% (up 0.4% points), gross profit margin of 25.7% (down 0.4% points) and SG&A expenses to revenue ratio of 12.3% (down 0.7% points). At the same time, other income and expenses declined by ¥48m on a net basis from the previous year (¥40m to minus ¥7m), having made an aspect that operating profit has declined to a corresponding extent. For FY03/2021, there was some grant funding reported as other income, which did not reappear for FY03/2022.

It is unavoidable to be affected by the recent hike in steel prices for the Company being exposed to expenses to procure steel stock for a fairly large part of cost of revenue. However, more importantly, the Company has been seen a stability in gross profit margin as it has been so successful to make a revision on selling prices of own products since H2. Meanwhile, so far in FY03/2023, the Company has made another revision on selling prices of own products given a further hike in steel prices. Consequently, it appears that FY03/2023 Company forecasts assume a continued stability for gross profit margin, while the Company suggests that it is to move into action for making a further revision of selling prices on own products, if steel prices soar further, exceeding assumptions of Company forecasts.



Source: Company Data, WRJ Calculation

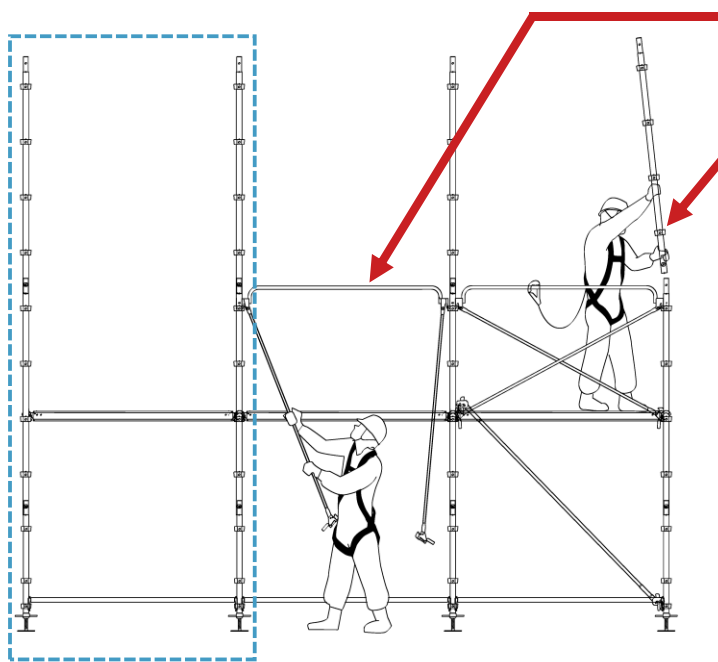
Scaffolding Equipment Division

For FY03/2022, Scaffolding Equipment Division saw revenue of ¥12,425m (up 14.9%). With respect to the mainstay system scaffoldings, comprising wedge binding type scaffoldings and next generation scaffoldings, revenue came in at ¥9,632m (up 26.4%), having accounted for 77.5% of total on the Scaffolding Equipment Division side. In the construction industry where all those products are in demand, there have been trends from the slump caused by coronavirus crisis towards a recovery phase centered on the private sector side, while the Company has been consistently capturing this recovery in demand.

At the same time, the Company suggests that sales mix has improved. With respect to wedge binding type scaffoldings, revenue of so-called safety measures equipment (presetting handrails and toe boards), carrying high added value and thus high gross profit margin, has increased in terms of share out of the total. When setting the revenue of the mainstay products accounting for the majority of revenue of binding type scaffoldings as the denominator, the ratio of safety measures equipment has risen up to 30%, according to the Company. The background to this is that the adoption rate of safety measures equipment has been on the rise in the market due to the growing emphasis on safety at construction sites, while the Company has an overwhelming strength in Japan with market share of 40% together with its products that have an excellent workability.

Meanwhile, FY03/2023 Company forecasts are going for prospective revenue of ¥12,950m (up 4.2%) on the Scaffolding Equipment Division side. According to the Company, demand for value-added products, represented by safety measures equipment, is likely to remain at a high level, while the Company is looking to consistent capturing of demand to more than a certain extent, across the board, at the same time.

Presetting Handrails for Handrail Presetting Scaffolding Work



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

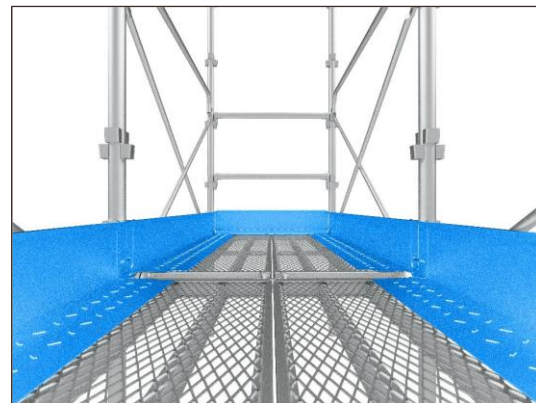
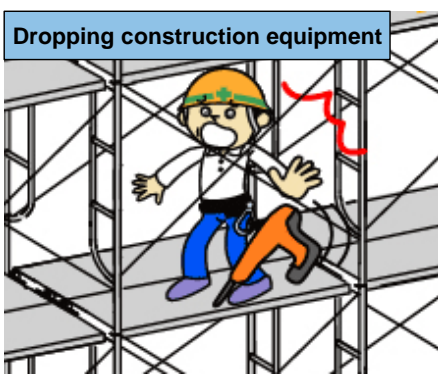
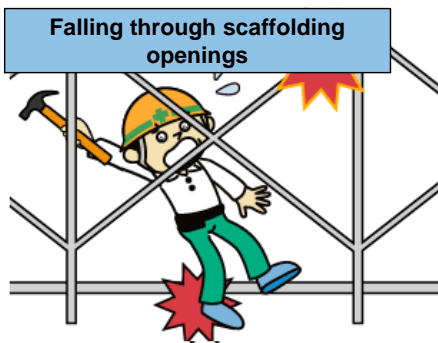


2. After climbing up, **there are already Handrails**



- 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 for 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)

Logistics Equipment Division

For FY03/2022, Logistics Equipment Division saw revenue of ¥3,637m (up 18.6%). Demand for transportation equipment and the large-warehouse-related (represented by racks for logistics warehouses) has picked up due to a recovery in economy and corporate activities, which is raised as a reason for steady increase in revenue as well as that the volume of repeat projects and new projects increased strongly. Elsewhere, there was a stagnation of some supply chain, which led to a shortage of returnable pallets (to be used repeatedly), having also contributed to revenue with generation of additional demand stemming from here. Meanwhile, it is noteworthy in particular that the Company has been seeing a consistently increased demand for the large-warehouse-related (represented by racks for logistics warehouses), accompanying expansion in the market for e-commerce, on which the Company will focus for the future.

Meanwhile, FY03/2023 Company forecasts are going for prospective revenue of ¥4,050m (up 11.3%) on the Logistics Equipment Division side. The Company says that the large-warehouse-related (represented by racks for logistics warehouses) is to remain trending strongly. For transportation equipment, demand for bulk containers for fluid material transportation is expected to pick up in particular. Further, the Company is looking to benefits from its sales activities for acquiring new projects in extensive domains.

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
FY03/2022CoE	13-May-21	Q4 Results	15,000	1,700	1,629	1,128
FY03/2022CoE	12-Aug-21	Q1 Results	15,000	1,700	1,629	1,128
FY03/2022CoE	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%
FY03/2022CoE	12-Nov-21	Q2 Results	16,000	2,050	1,977	1,372
FY03/2022CoE	14-Feb-22	Q3 Results	16,000	2,050	1,977	1,372
FY03/2022Act	13-May-22	Q4 Results	16,063	2,135	2,063	1,452
		Amount of Gap	63	85	86	80
		Rate of Gap	0.4%	4.1%	4.4%	5.8%
FY03/2022CoE	13-May-21	Q4 Results	15,000	1,700	1,629	1,128
FY03/2022Act	13-May-22	Q4 Results	16,063	2,135	2,063	1,452
		Amount of Gap	1,063	435	434	324
		Rate of Gap	7.1%	25.6%	26.6%	28.7%
Cons. Half Year (IFRS) (Million Yen)	Date	Event	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
Q1 to Q2 FY03/2022CoE	13-May-21	Q4 Results	7,182	799	763	521
Q1 to Q2 FY03/2022CoE	12-Aug-21	Q1 Results	7,182	799	763	521
Q1 to Q2 FY03/2022CoE	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 FY03/2022Act	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 FY03/2022CoE	13-May-21	Q4 Results	7,182	799	763	521
Q1 to Q2 FY03/2022Act	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 FY03/2022CoE	13-May-21	Q4 Results	7,818	901	866	607
Q3 to Q4 FY03/2022CoE	12-Aug-21	Q1 Results	7,818	901	866	607
Q3 to Q4 FY03/2022CoE	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 FY03/2022CoE	12-Nov-21	Q2 Results	7,769	798	760	526
Q3 to Q4 FY03/2022CoE	14-Feb-22	Q3 Results	7,769	798	760	526
Q3 to Q4 FY03/2022Act	13-May-22	Q4 Results	7,831	882	846	606
		Amount of Gap	62	84	86	80
		Rate of Gap	0.8%	10.5%	11.3%	15.2%
Q3 to Q4 FY03/2022CoE	13-May-21	Q4 Results	7,818	901	866	607
Q3 to Q4 FY03/2022Act	13-May-22	Q4 Results	7,831	882	846	606
		Amount of Gap	13	(19)	(20)	(1)
		Rate of Gap	0.2%	(2.1%)	(2.3%)	(0.2%)

Source: Company Data, WRJ Calculation

Statement of Profit or Loss (Cumulative / Quarterly)

Statement of Profit or Loss	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		Net Chg.
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	
Revenue	2,756	6,381	10,699	13,885	3,884	8,231	12,630	16,063		+2,177
Cost of revenue	2,089	4,761	7,860	10,263	2,947	6,068	9,279	11,941		+1,677
Gross profit	667	1,620	2,839	3,621	936	2,163	3,351	4,122		+500
SG&A expenses	474	908	1,357	1,809	467	920	1,434	1,978		+169
Other income and expenses (net)	12	33	35	40	3	9	(17)	(7)		(48)
Operating profit	205	745	1,516	1,853	471	1,252	1,899	2,135		+282
Financial income and costs (net)	(16)	(33)	(50)	(68)	(18)	(35)	(56)	(71)		(3)
Profit before tax	188	711	1,465	1,784	453	1,217	1,842	2,063		+279
Income tax expenses	67	221	(449)	541	142	375	578	651		+110
Profit	121	490	1,015	1,242	311	842	1,263	1,411		+168
Profit attributable to owners of parent	121	483	1,003	1,231	313	846	1,291	1,452		+221
Profit attributable to non-controlling interests	0	6	12	11	(1)	(3)	(27)	(40)		(52)
Profit attributable to owners of parent	121	483	1,003	1,231	313	846	1,291	1,452		+221
Revenue YoY	(36.1%)	(31.9%)	(21.8%)	(18.7%)	+40.9%	+29.0%	+18.0%	+15.7%		-
Operating profit YoY	(56.7%)	(39.0%)	(17.2%)	(16.2%)	+130.1%	+68.1%	+25.2%	+15.3%		-
Profit before tax YoY	(58.7%)	(40.0%)	(17.6%)	(16.6%)	+141.0%	+71.1%	+25.7%	+15.7%		-
Profit YoY	(59.6%)	(39.8%)	(16.8%)	(15.3%)	+157.0%	+71.8%	+24.4%	+13.6%		-
Profit attributable to owners of parent YoY	(59.6%)	(40.6%)	(17.8%)	(16.0%)	+158.6%	+74.9%	+28.6%	+17.9%		-
Cost of revenue to revenue ratio	75.8%	74.6%	73.5%	73.9%	75.9%	73.7%	73.5%	74.3%		+0.4%
Gross profit margin	24.2%	25.4%	26.5%	26.1%	24.1%	26.3%	26.5%	25.7%		(0.4%)
SG&A expenses to revenue ratio	17.2%	14.2%	12.7%	13.0%	12.0%	11.2%	11.4%	12.3%		(0.7%)
Operating profit margin	7.4%	11.7%	14.2%	13.3%	12.1%	15.2%	15.0%	13.3%		(0.0%)
Profit before tax margin	6.8%	11.2%	13.7%	12.8%	11.7%	14.8%	14.6%	12.8%		(0.0%)
Profit margin	4.4%	7.7%	9.5%	9.0%	8.0%	10.2%	10.0%	8.8%		(0.2%)
Profit attributable to owners of parent margin	4.4%	7.6%	9.4%	8.9%	8.1%	10.3%	10.2%	9.0%		+0.2%
Income tax expenses / Profit before tax	35.6%	31.1%	(30.7%)	30.3%	31.3%	30.8%	31.4%	31.6%		+1.3%

Statement of Profit or Loss	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		Net Chg.
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	
Revenue	2,756	3,624	4,318	3,185	3,884	4,347	4,398	3,432		+246
Cost of revenue	2,089	2,671	3,098	2,403	2,947	3,121	3,210	2,662		+258
Gross profit	667	953	1,219	782	936	1,226	1,188	770		(11)
SG&A expenses	474	433	449	451	467	452	514	543		+92
Other income and expenses (net)	12	20	1	5	3	6	(27)	9		+4
Operating profit	205	540	771	336	471	780	646	236		(99)
Financial income and costs (net)	(16)	(16)	(17)	(17)	(18)	(17)	(21)	(15)		+2
Profit before tax	188	523	753	318	453	763	624	221		(96)
Income tax expenses	67	154	(671)	991	142	232	203	73		(917)
Profit	121	369	525	226	311	530	421	148		(78)
Profit attributable to owners of parent	121	362	520	228	313	532	445	161		(66)
Profit attributable to non-controlling interests	0	6	5	(1)	(1)	(1)	(23)	(13)		(12)
Profit attributable to owners of parent	121	362	520	228	313	532	445	161		(66)
Revenue YoY	(36.1%)	(28.3%)	+0.0%	(6.1%)	+40.9%	+20.0%	+1.9%	+7.7%		-
Operating profit YoY	(56.7%)	(27.8%)	+26.6%	(11.1%)	+130.1%	+44.6%	(16.2%)	(29.6%)		-
Profit before tax YoY	(58.7%)	(28.3%)	+27.4%	(11.8%)	+141.0%	+45.9%	(17.2%)	(30.4%)		-
Profit YoY	(59.6%)	(28.3%)	+29.4%	(8.0%)	+157.0%	+43.8%	(19.9%)	(34.8%)		-
Profit attributable to owners of parent YoY	(59.6%)	(29.6%)	+28.0%	(7.4%)	+158.6%	+46.9%	(14.4%)	(29.1%)		-
Cost of revenue to revenue ratio	+75.8%	+73.7%	+71.8%	+75.4%	+75.9%	+71.8%	+73.0%	+77.6%		+2.1%
Gross profit margin	24.2%	26.3%	28.2%	24.6%	24.1%	28.2%	27.0%	22.4%		(2.1%)
SG&A expenses to revenue ratio	17.2%	12.0%	10.4%	14.2%	12.0%	10.4%	11.7%	15.8%		+1.7%
Operating profit margin	7.4%	14.9%	17.9%	10.6%	12.1%	18.0%	14.7%	6.9%		(3.7%)
Profit before tax margin	6.8%	14.4%	17.5%	10.0%	11.7%	17.6%	14.2%	6.4%		(3.5%)
Profit margin	4.4%	10.2%	12.2%	7.1%	8.0%	12.2%	9.6%	4.3%		(2.8%)
Profit attributable to owners of parent margin	4.4%	10.0%	12.0%	7.2%	8.1%	12.3%	10.1%	4.7%		(2.4%)
Income tax expenses / Profit before tax	35.6%	29.5%	(89.0%)	311.5%	31.3%	30.5%	32.6%	33.1%		(278.4%)

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	6,052	7,411		+1,589
Next generation scaffoldings	391	973	1,407	1,798	519	1,012	1,613	2,220		+422
Other temporary materials	718	1,548	2,410	3,199	723	1,482	2,167	2,793		(405)
Scaffolding Equipment	2,290	5,436	8,587	10,818	3,037	6,422	9,833	12,425		+1,606
Logistics Equipment	466	945	2,112	3,066	847	1,808	2,797	3,637		+570
Revenue	2,756	6,381	10,699	13,885	3,884	8,231	12,630	16,063		+2,177
Wedge binding type scaffoldings	(47.1%)	(41.9%)	(35.4%)	(33.5%)	+51.9%	+34.8%	+26.9%	+27.3%		-
Next generation scaffoldings	(31.9%)	(16.9%)	(12.9%)	(16.8%)	+32.7%	+3.9%	+14.6%	+23.5%		-
Other temporary materials	(22.3%)	(17.5%)	(11.8%)	(12.0%)	+0.7%	(4.3%)	(10.1%)	(12.7%)		-
Scaffolding Equipment	(38.6%)	(32.6%)	(26.8%)	(25.6%)	+32.6%	+18.2%	+14.5%	+14.9%		-
Logistics Equipment	(20.1%)	(27.6%)	+8.1%	+20.9%	+81.7%	+91.4%	+32.4%	+18.6%		-
Revenue (YoY)	(36.1%)	(31.9%)	(21.8%)	(18.7%)	+40.9%	+29.0%	+18.0%	+15.7%		-
Wedge binding type scaffoldings	42.8%	45.7%	44.6%	41.9%	46.2%	47.7%	47.9%	46.1%		-
Next generation scaffoldings	14.2%	15.3%	13.2%	13.0%	13.4%	12.3%	12.8%	13.8%		-
Other temporary materials	26.0%	24.3%	22.5%	23.0%	18.6%	18.0%	17.2%	17.4%		-
Scaffolding Equipment	83.1%	85.2%	80.3%	77.9%	78.2%	78.0%	77.8%	77.4%		-
Logistics Equipment	16.9%	14.8%	19.7%	22.1%	21.8%	22.0%	22.2%	22.6%		-
Revenue (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		-
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	2,123	1,358		+306
Next generation scaffoldings	391	582	433	390	519	492	601	607		+217
Other temporary materials	718	830	861	789	723	758	685	626		(162)
Scaffolding Equipment	2,290	3,145	3,151	2,231	3,037	3,385	3,410	2,592		+361
Logistics Equipment	466	479	1,167	954	847	961	988	839		(114)
Revenue	2,756	3,624	4,318	3,185	3,884	4,347	4,398	3,432		+246
Wedge binding type scaffoldings	(47.1%)	(37.8%)	(21.7%)	(22.8%)	+51.9%	+23.2%	+14.4%	+29.2%		-
Next generation scaffoldings	(31.9%)	(2.5%)	(2.4%)	(28.2%)	+32.7%	(15.4%)	+38.6%	+55.6%		-
Other temporary materials	(22.3%)	(12.8%)	+0.9%	(12.7%)	+0.7%	(8.6%)	(20.5%)	(20.6%)		-
Scaffolding Equipment	(38.6%)	(27.4%)	(14.1%)	(20.6%)	+32.6%	+7.6%	+8.2%	+16.2%		-
Logistics Equipment	(20.1%)	(33.7%)	+80.0%	+63.9%	+81.7%	+100.8%	(15.3%)	(12.0%)		-
Revenue (YoY)	(36.1%)	(28.3%)	+0.0%	(6.1%)	+40.9%	+20.0%	+1.9%	+7.7%		-
Wedge binding type scaffoldings	42.8%	47.8%	43.0%	33.0%	46.2%	49.1%	48.3%	39.6%		-
Next generation scaffoldings	14.2%	16.1%	10.0%	12.3%	13.4%	11.3%	13.7%	17.7%		-
Other temporary materials	26.0%	22.9%	20.0%	24.8%	18.6%	17.5%	15.6%	18.2%		-
Scaffolding Equipment	83.1%	86.8%	73.0%	70.0%	78.2%	77.9%	77.5%	75.5%		-
Logistics Equipment	16.9%	13.2%	27.0%	30.0%	21.8%	22.1%	22.5%	24.5%		-
Revenue (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		-

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
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	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	2,654	3,460		(1,277)
Trade and other receivables	2,351	2,885	2,935	3,006	3,037	3,596	3,055	2,759		(247)
Inventories	2,142	2,176	1,777	1,483	1,553	1,852	2,297	2,467		+984
Other	81	31	33	62	69	40	123	393		+331
Total current assets	7,649	8,376	9,186	9,290	8,400	8,995	8,130	9,081		(209)
Property, plant and equipment	2,269	2,139	2,077	2,054	2,241	2,171	2,202	2,450		+396
Right-of-use assets	381	365	359	380	354	370	322	324		(56)
Goodwill	9,221	9,221	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	1,354	1,371		+134
Other	69	68	68	51	51	52	55	66		+14
Total non-current assets	13,194	13,043	12,973	12,945	13,105	13,115	13,155	13,434		+488
Total assets	20,844	21,420	22,159	22,236	21,505	22,111	21,286	22,515		+278
Trade and other payables	699	1,089	882	803	1,107	1,348	1,195	1,192		+388
Borrowings	495	530	585	581	525	496	497	1,622		+1,041
Other	499	527	879	1,044	579	686	582	737		(306)
Total current liabilities	1,695	2,146	2,347	2,428	2,212	2,531	2,275	3,552		+1,123
Borrowings	5,206	4,960	4,963	4,717	4,720	4,474	3,482	3,234		(1,482)
Other	639	638	646	647	608	609	607	569		(77)
Total non-current liabilities	5,845	5,598	5,609	5,364	5,329	5,083	4,090	3,804		(1,560)
Total liabilities	7,540	7,745	7,957	7,793	7,541	7,614	6,365	7,357		(436)
Total equity attributable to owners of parent	13,255	13,619	14,140	14,379	13,900	14,434	14,880	15,130		+751
Other	47	54	61	63	63	62	39	27		(35)
Total equity	13,303	13,674	14,202	14,443	13,964	14,496	14,920	15,158		+715
Total liabilities and equity	20,844	21,420	22,159	22,236	21,505	22,111	21,286	22,515		+278
Equity attributable to owners of parent	13,255	13,619	14,140	14,379	13,900	14,434	14,880	15,130		+751
Interest bearing debt	5,702	5,490	5,548	5,298	5,245	4,971	3,979	4,857		(440)
Net debt	2,628	2,207	1,108	560	1,506	1,465	1,325	1,397		+836
Equity ratio	63.6%	63.6%	63.8%	64.7%	64.6%	65.3%	69.9%	67.2%		-
Net debt equity ratio	19.8%	16.2%	7.8%	3.9%	10.8%	10.2%	8.9%	9.2%		-
ROE (12 months)	10.0%	8.5%	9.0%	8.8%	10.5%	11.4%	10.5%	9.8%		-
ROA (12 months)	8.9%	7.7%	8.3%	8.1%	9.7%	10.5%	9.9%	9.2%		-
Days for inventory turnover	94	74	52	56	48	54	65	85		-
Quick ratio	320%	287%	314%	319%	306%	281%	251%	175%		-
Current ratio	451%	390%	391%	382%	380%	355%	357%	256%		-

Source: Company Data, WRJ Calculation

Statement of Cash Flows (Cumulative / Quarterly)

Statement of Cash Flows	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	YoY	
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	Net Chg.
Cashflows from operating activities	593	1,058	2,256	2,892	144	293	699	835		(2,056)
Cashflows from Investing activities	(43)	(44)	(112)	(181)	(282)	(342)	(571)	(817)		(636)
Cashflows from operating and investing activities	549	1,014	2,143	2,711	(137)	(49)	127	18		(2,693)
Cashflows from financing activities	(595)	(853)	(827)	(1,104)	(864)	(1,185)	(2,220)	(1,306)		(202)
Statement of Cash Flows	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	YoY	Net Chg.
(Million Yen)	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	Net Chg.
Cashflows from operating activities	593	465	1,197	635	144	148	406	136		(499)
Cashflows from Investing activities	(43)	(1)	(68)	(68)	(282)	(60)	(228)	(246)		(178)
Cashflows from operating and investing activities	549	464	1,129	567	(137)	87	177	(109)		(677)
Cashflows from financing activities	(595)	(257)	26	(277)	(864)	(321)	(1,034)	913		+1,191

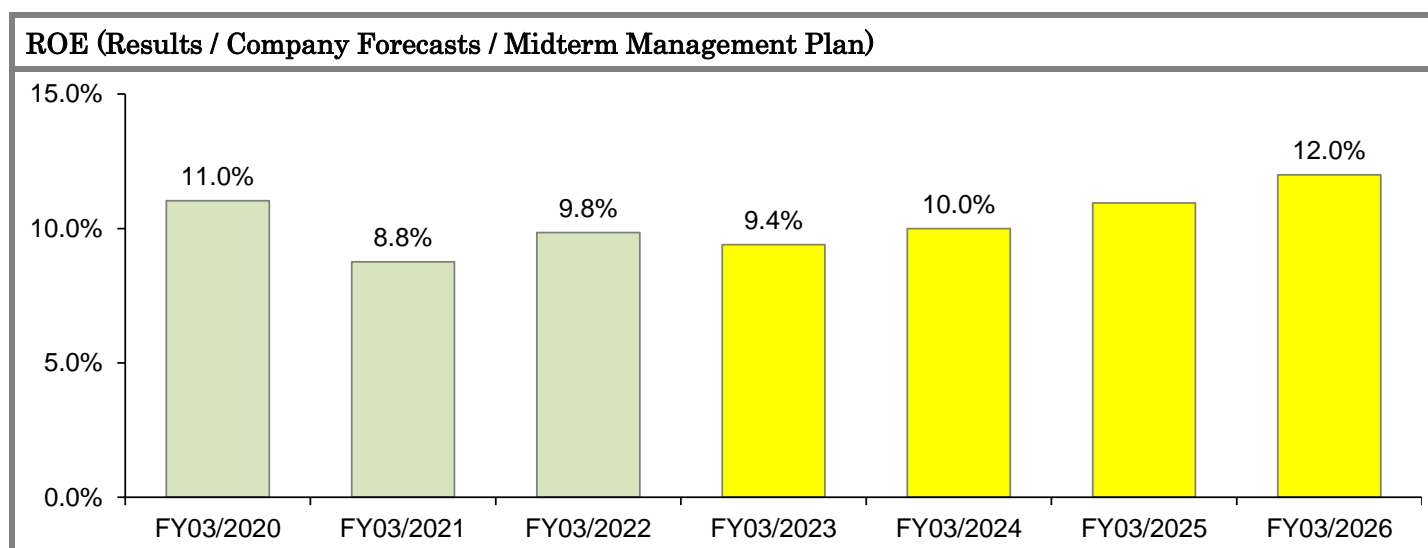
Source: Company Data, WRJ Calculation

FY03/2023 Company Forecasts

FY03/2023 Company forecasts (announced on 13 May 2022) are going for prospective revenue of ¥17,000m (up 5.8% YoY), operating profit of ¥2,200m (up 3.0%), profit before tax of ¥2,120m (up 2.7%) and profit attributable to owners of parent of ¥1,465m (up 0.8%), while operating profit margin of 12.9% (down 0.4% points). At the same time, Company forecasts are going for prospective annual dividend of ¥43.00 per share, implying payout ratio of 40.8%.

Long-Term Prospects

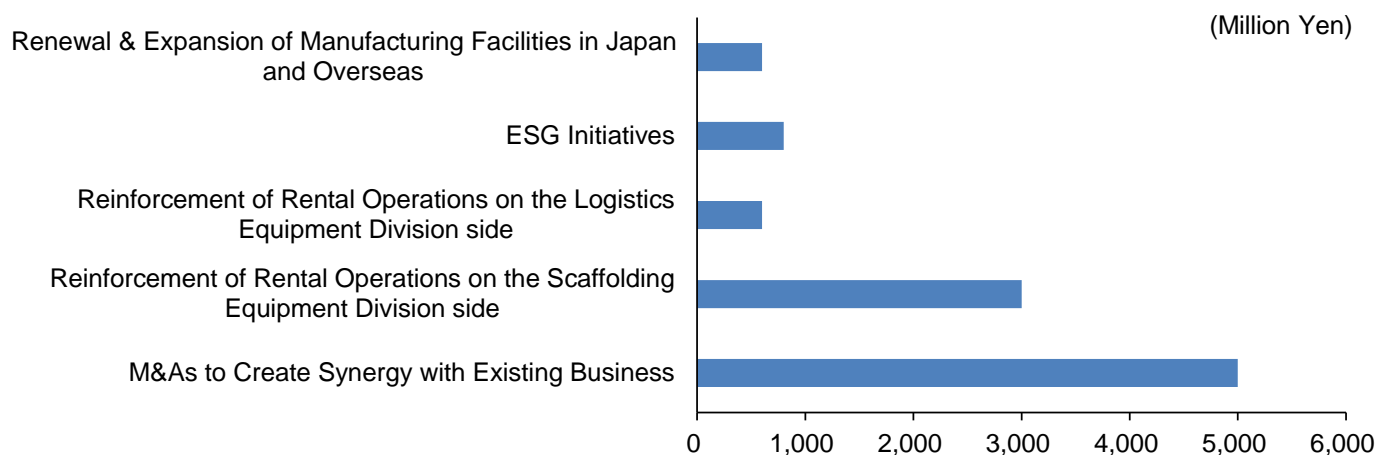
On 14 December 2021, the Company announced its midterm management plan (FY03/2022 to FY03/2026), calling for prospective revenue of ¥25,000m and operating profit of ¥3,500m for the final year of FY03/2026 as performance target. When setting the FY03/2021 results as the point of origin, the Company is calling for CAGR of 12.5% for revenue and 13.6% for operating profit. While the Company saw ROE of 8.8% for FY03/2021, the Company expects ROE of 10.0% for FY03/2024 and ROE of 12.0% for FY03/2026, i.e., calling for a gradual upward trend during the period of midterm management plan. By the way, the Company saw ROE of 9.8% for FY03/2022, the first year of the plan, while FY03/2023 Company forecasts are going for ROE of 9.4%.



Source: Company Data, WRJ Calculation

In order to achieve the above-mentioned target, the Company is to actively enforce growth investment as the measures and policies. According to the Company, the cumulative investment during the four-year period by FY03/2021 equated to some ¥2,000m versus prospective cumulative investment of no less than ¥10,000m planned for the said five-year period, implying a major hoist. Meanwhile, this is expected to realize a sustained growth and thus consistent improvement in corporate value, i.e., providing M&As to create synergy with existing business with investment of ¥5,000m, while the remaining ¥5,000m for reinforcement of rental operations, ESG initiatives and renewal & expansion of manufacturing facilities in Japan and overseas.

Midterm Management Plan / Cumulative Investment of ¥10,000m

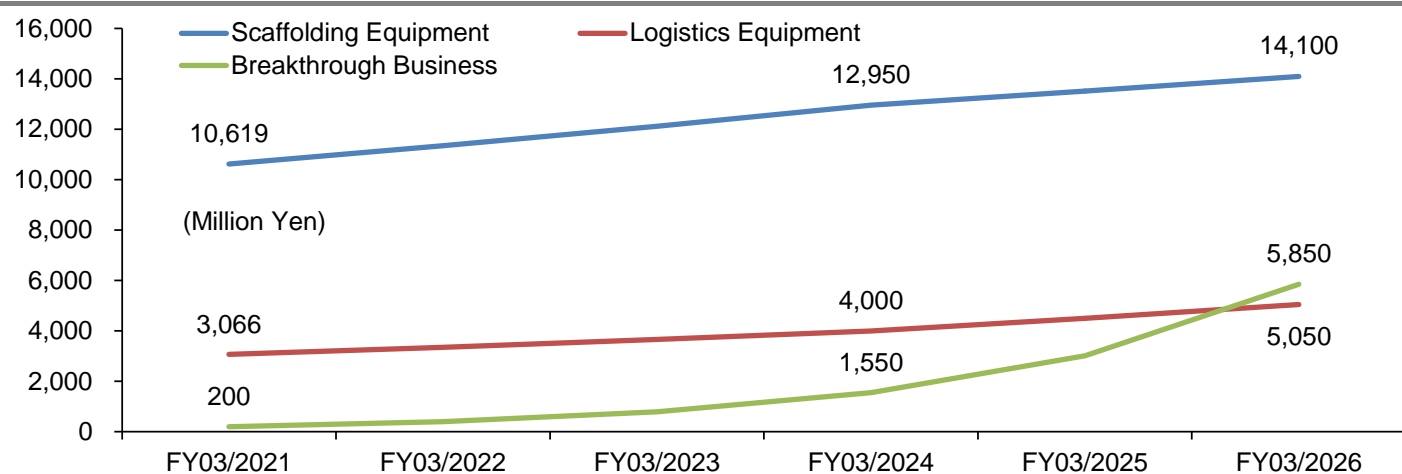


Source: Company Data

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 Division side, ¥1,984m (18%) on the Logistics Equipment Division side and ¥5,560m (51%) for breakthrough business, implying that breakthrough business will play the most important role in the net increase of revenue for the Company as a whole, accounting for a bit more than half of total. By the way, it has been disclosed that revenue of ¥10,819m on the Scaffolding Equipment Division side for the FY03/2021 results comprised ¥10,619m associated with conventional operations and ¥200m associated with breakthrough business at the announcement of midterm management plan. However, the Company has not disclosed the breakdown for the FY03/2022 results so far.

Revenue by Business Division



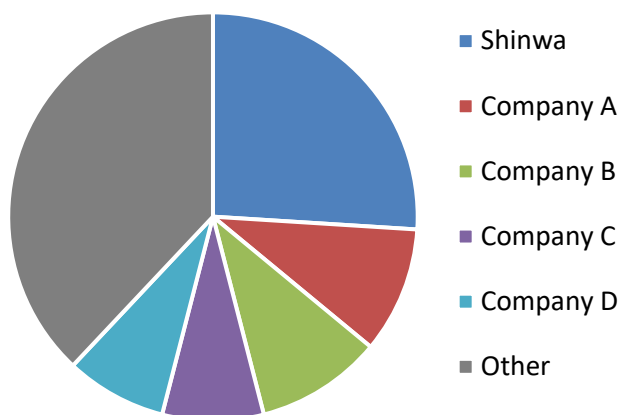
Source: Company Data, WRJ Calculation

Midterm Management Plan / Scaffolding Equipment Division

On the Scaffolding Equipment Division 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 framed scaffoldings to next generation scaffoldings, while reinforcing rental operations at the same time for the sake of achieving the above-mentioned target.

With respect to the Scaffolding Equipment Division side for the FY03/2022 results, including breakthrough business, the Company saw revenue of wedge winding type scaffoldings equating to 59.6% of total and next generation scaffoldings equating to 17.9% of total, collectively 77.5%, while revenue of other temporary materials equating to the remaining 22.5%. In the first place, the Company has been heavily involved with wedge binding type scaffoldings since some time ago, often adopted for construction of low-rise architecture represented by detached houses, while there is an aspect that the revenue has been enhanced by replacing conventional framed scaffoldings by launching next generation scaffoldings, mainly adopted for construction of mid-rise and/or high-rise architecture represented by condominiums and office buildings. By the way, the Company has a limited exposure to framed scaffoldings and the majority of the said replacement just leads to net increase of revenue for the Company. At the same time, the Company is also trying to expand revenue by means of geographically expand the area of its sales activities.

Market Share in Japan for System Scaffoldings (Wedge Binding Type and Next Generation)



Source: Company Data

According to a go-it-alone survey by the Company based on the value of shipment, the Company ranks first in the market of Japan for system scaffoldings (wedge binding type scaffoldings and next generation scaffoldings, collectively). It appears that the Company is by far the largest for wedge binding type scaffoldings and one of the largest for next generation scaffoldings. Meanwhile, as above-mentioned, the Company says that it is going for a replacement of conventional framed scaffoldings by its next generation scaffoldings, which is expected to drive the market share for its next generation scaffoldings. Further, the Company is looking to its strategy to geographically expand the area of its sales activities to drive own market share for its wedge binding type scaffoldings.

In the first place, next generation scaffoldings, which are responsible literally for the next generation, have been developed for the sake of solving problems of conventional framed scaffoldings, actually resulting in an ongoing switchover from conventional framed scaffoldings to next generation scaffoldings, according to the Company. It is bespoken that framed scaffoldings have a difficulty to cope with “reinforcement of preventive measures for scaffolding-related falls and fall hazards” emphasized by the Occupational Health and Safety Regulations and that they inevitably incur transportation costs relatively higher at the same time. Assuming the storage space of framed scaffoldings which are relatively less packable being 100, the storage space of next generation scaffoldings which are relatively more packable equates to some 40, implying a gap in transportation costs to a corresponding extent. On top of this, framed 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.

Meanwhile, the background to reinforcement of rental operations is that demand for rental services of scaffoldings is showing an increasing trend. The Company has indicated its stance of actively responding to demand in the market with the twin pillars of sales operations and rental operations for scaffoldings. Rental operations saw only some part of revenue in other temporary materials equating to 22.5% of revenue on the Scaffolding Equipment Division side for FY03/2022, but it appears that the operations will contribute to revenue for the Company as a whole more than a certain extent during the period of 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 services. 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, meanwhile, the Company suggests that this has something to do with increased demand for trial use prior to buying in for new products and increased procurement prices, driving demand for rental services.

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

Midterm Management Plan / Logistics Equipment Division

On the Logistics Equipment Division 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 is to make progress in reinforcement of rental operations for general-purpose pallets and other products through the measures and policies to enhance customer contact in line with improving functionality in the 7 distribution centers currently being in utilization and openings of new ones, which is expected to lead to the achievement of the above-mentioned target. By the way, the Company runs rental operations on the Logistics Equipment Division side just like those of the Scaffolding Equipment Division side in terms of business model, while planning to invest some ¥600m, cumulatively, on this side.

Logistics Equipment / Product Portfolio of Custom-made Products Leveraging Proprietary Technology		
Bulk Containers for Fluid Material Transportation	Warehouse Racks for E-commerce Operator	
		
Trans. Pallets Specialized in Automotive Parts (a)	Trans. Pallets Specialized in Automotive Parts (b)	
		
Logistics Equipment / Other General-Purpose Products		
Nesting Racks	Mesh Pallets	Vanning Slopes
		

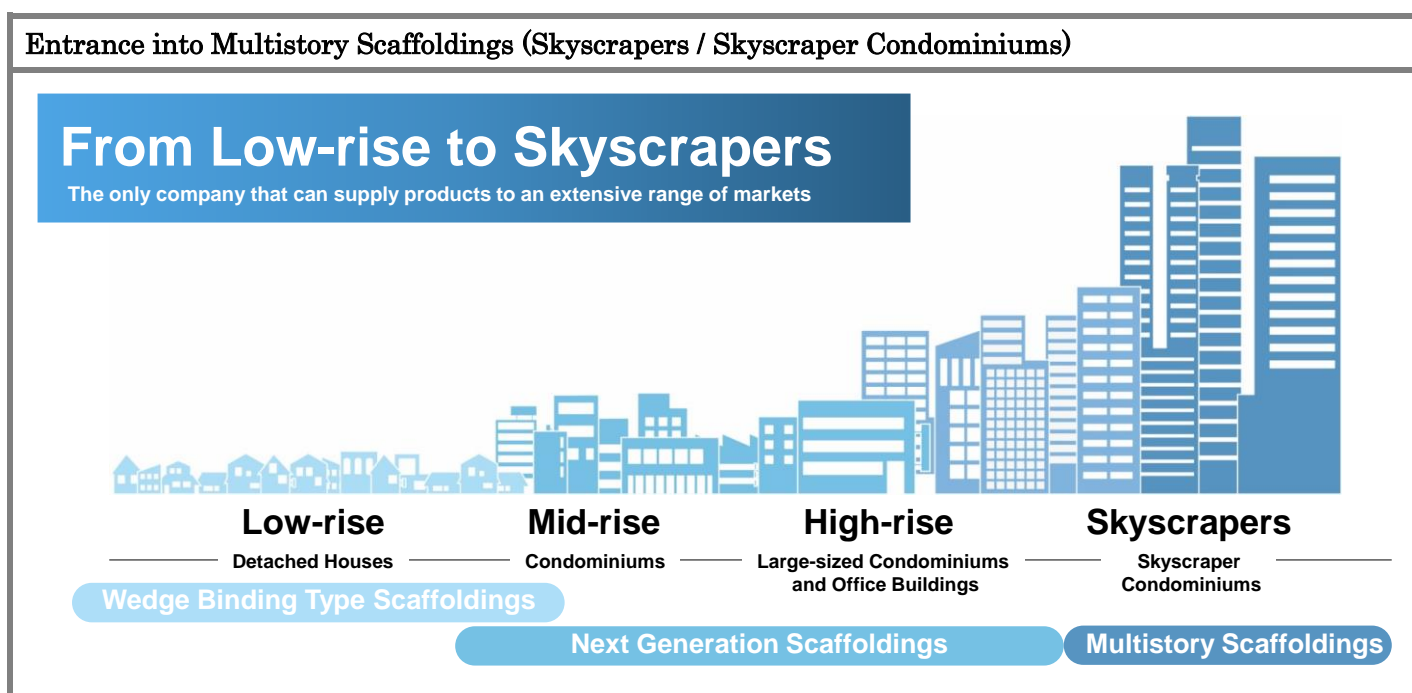
Source: Company Data

The Company manufactures and sells logistics equipment, while the product portfolio comprises custom-made products and other general-purpose products. Custom-made products are of proprietary technology, while the mainstay products are bulk containers for fluid material transportation, warehouse racks for e-commerce operators and transportation pallets specialized in automotive parts (such as engines, transmissions, etc.), while nesting racks, mesh pallets and vaning slopes for other general-purpose products, while all those products respond to demand for "transportation and 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 the above-mentioned "reinforcement of rental operations" as the themes of growth strategy. 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 focuses on the large-warehouse-related (represented by racks for logistics warehouses). On top of this, the Company also intends to enlarge a channel of sales by means of spreading a culture to mutually benefit with alliance partners, e.g., remitting customers one another.

Midterm Management Plan / Breakthrough Business

For breakthrough business, the Company is calling for prospective revenue of ¥5,650m for the final 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 that it will penetrate into new markets in Japan and enhance its operations overseas at the same time, while considering and implementing M&As to create synergy with existing operations on the Scaffolding Equipment Business Division side and/or the Logistics Equipment Division side at the same time for the sake of achieving the above-mentioned target.



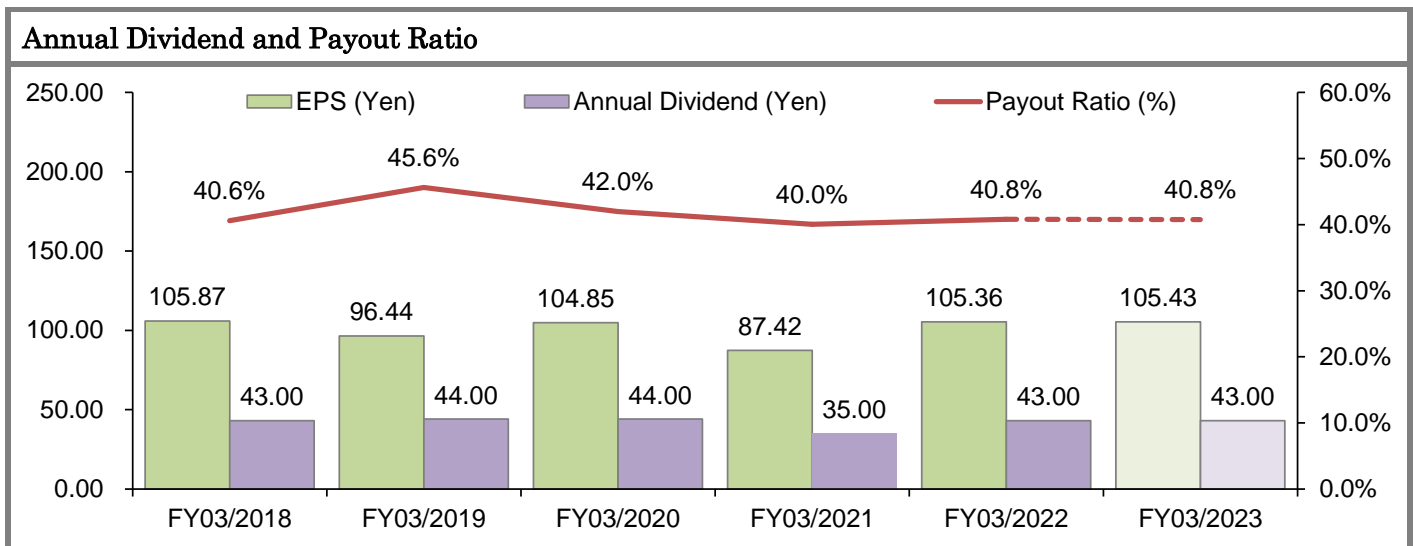
Source: Company Data

Since the beginning of Q3 FY03/2022, the Company suggests that it has come to a stage of booking revenue of multistory scaffoldings, having had done so for the first time then, while this is classified as one of the constituents to comprise revenue of breakthrough business. In addition to 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 (skyscrapers / skyscraper condominiums), having become the only company that can supply products to such 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 to as much as some ¥20,000m during the period of midterm management plan, while the Company is pretty keen on actually obtaining the demand. As far as multistory scaffoldings are concerned, the Company is nothing but a latecomer, but there is a plenty of room for the Company's market share to rise substantially for the future, with the characteristics of high workability, etc. to cut back on construction period, according to the Company.

Meanwhile, revenue of ¥200m classified as that of breakthrough business in the FY03/2021 results mainly comprises that of operations to manufacture and sell system scaffoldings through a joint company in China, according to the Company. This joint company is based in Huanan area where the local market for scaffoldings equates to as much as some ¥50,000m, 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 existing policy of maintaining payout ratio of 40% or more to persist from a long-term perspective. In addition, it has been revealed that the Company is considering an acquisition of own shares as found in the case for FY03/2022 in response to the situation of capital position. On 31 May 2021, the Company announced that it had completed an acquisition of own shares (380,000 in the number and/or ¥299m in value). In other words, the Company saw total return ratio of 61.7% = “(the acquisition of own shares of ¥299m + total amount of dividends of ¥597m) ÷ profit attributable to owner of parent of ¥1,452m” for FY03/2022.



Source: Company Data, WRJ Calculation

On 20 March 2018, the Company went public, with the shares being listed on Tokyo Stock Exchange 2nd section, having advocated for payout ratio of 40% or more as dividend policy, while having achieved this target through FY03/2018 to FY03/2022 with no exceptions. Meanwhile, FY03/2023 Company forecasts are going for another achievement of this target, while the Company suggests that it is trying to get at consistent dividend increase for the period of midterm management plan (FY03/2022 to FY03/2026).

Midterm Management Plan / ESG Initiatives

By developing management that gives a consideration to Environment, Society and Governance, respectively, the Company aims to achieve sustainable growth from a long-term perspective. Thus, it is assumed in midterm management plan that the Company will implement 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 and 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 use green power and introduce photovoltaic power systems, 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 scaffolding equipment (effectively equating to 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 introducing 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	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Revenue	16,586	17,512	17,081	13,885	16,063	17,000	+936
Cost of revenue	12,410	13,482	12,751	10,263	11,941	-	-
Gross profit	4,175	4,030	4,329	3,621	4,122	-	-
SG&A expenses	1,871	2,073	2,127	1,809	1,978	-	-
Other income and expenses (net)	3	7	8	40	(7)	-	-
Operating profit	2,306	1,963	2,210	1,853	2,135	2,200	+64
Financial income and costs (net)	(67)	(69)	(70)	(68)	(71)	(80)	(8)
Profit before tax	2,238	1,894	2,139	1,784	2,063	2,120	+56
Income tax expenses	779	563	671	541	651	541	(110)
Profit	1,459	1,331	1,467	1,242	1,411	1,465	+53
Profit attributable to owners of parent	1,459	1,331	1,467	1,231	1,452	1,465	+12
Profit attributable to non-controlling interests	-	-	0	11	(40)	0	+40
Profit attributable to owners of parent	1,459	1,331	1,467	1,231	1,452	1,465	+12
Revenue YoY	+9.2%	+5.6%	(2.5%)	(18.7%)	+15.7%	+5.8%	-
Operating profit YoY	(12.3%)	(14.9%)	+12.5%	(16.2%)	+15.3%	+3.0%	-
Profit before tax YoY	(12.5%)	(15.4%)	+12.9%	(16.6%)	+15.7%	+2.7%	-
Profit YoY	(13.1%)	(8.8%)	+10.2%	(15.3%)	+13.6%	+3.8%	-
Profit attributable to owners of parent YoY	(13.1%)	(8.8%)	+10.2%	(16.0%)	+17.9%	+0.8%	-
Cost of revenue to revenue ratio	74.8%	77.0%	74.7%	73.9%	74.3%	-	-
Gross profit margin	25.2%	23.0%	25.3%	26.1%	25.7%	-	-
SG&A expenses to revenue ratio	11.3%	11.8%	12.5%	13.0%	12.3%	-	-
Operating profit margin	13.9%	11.2%	12.9%	13.3%	13.3%	12.9%	(0.4%)
Profit before tax margin	13.5%	10.8%	12.5%	12.8%	12.8%	12.5%	(0.4%)
Profit margin	8.8%	7.6%	8.6%	9.0%	8.8%	8.6%	(0.2%)
Profit attributable to owners of parent margin	8.8%	7.6%	8.6%	8.9%	9.0%	8.6%	(0.4%)
Income tax expenses / Profit before tax	34.8%	29.7%	31.4%	30.3%	31.6%	-	-

Source: Company Data, WRJ Calculation

Revenue by Business Division

Revenue by Business Division	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Wedge binding type scaffoldings	7,967	8,214	8,748	5,821	7,411	-	-
Next generation scaffoldings	3,018	2,657	2,160	1,798	2,220	-	-
Other temporary materials	3,680	3,402	3,635	3,199	2,793	-	-
Scaffolding Equipment	14,666	14,275	14,544	10,818	12,425	12,950	+524
Logistics Equipment	1,919	3,236	2,536	3,066	3,637	4,050	+412
Revenue	16,586	17,512	17,081	13,885	16,063	17,000	+936
Wedge binding type scaffoldings	(8.8%)	+3.1%	+6.5%	(33.5%)	+27.3%	-	-
Next generation scaffoldings	+546.6%	(11.9%)	(18.7%)	(16.8%)	+23.5%	-	-
Other temporary materials	(9.6%)	(7.6%)	+6.8%	(12.0%)	(12.7%)	-	-
Scaffolding Equipment	+10.5%	(2.7%)	+1.9%	(25.6%)	+14.9%	+4.2%	-
Logistics Equipment	(0.1%)	+68.6%	(21.6%)	+20.9%	+18.6%	+11.3%	-
Revenue (YoY)	+9.2%	+5.6%	(2.5%)	(18.7%)	+15.7%	+5.8%	-
Wedge binding type scaffoldings	48.0%	46.9%	51.2%	41.9%	46.1%	-	-
Next generation scaffoldings	18.2%	15.2%	12.6%	13.0%	13.8%	-	-
Other temporary materials	22.2%	19.4%	21.3%	23.0%	17.4%	-	-
Scaffolding Equipment	88.4%	81.5%	85.2%	77.9%	77.4%	76.2%	-
Logistics Equipment	11.6%	18.5%	14.8%	22.1%	22.6%	23.8%	-
Revenue (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Statement of Financial Position

Statement of Financial Position (Million Yen)	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.Act FY 03/2022	Cons.CoE FY 03/2023	YoY Net Chg.
Cash and cash equivalents	1,507	1,742	3,120	4,738	3,460	-	-
Trade and other receivables	4,258	3,817	2,777	3,006	2,759	-	-
Inventories	2,142	2,382	2,405	1,483	2,467	-	-
Other	168	121	42	62	393	-	-
Total current assets	8,077	8,064	8,345	9,290	9,081	-	-
Property, plant and equipment	2,453	2,495	2,370	2,054	2,450	-	-
Right-of-use assets	-	-	353	380	324	-	-
Goodwill	9,221	9,221	9,221	9,221	9,221	-	-
Intangible assets	1,263	1,276	1,258	1,237	1,371	-	-
Other	68	114	71	51	66	-	-
Total non-current assets	13,007	13,108	13,274	12,945	13,434	-	-
Total assets	21,084	21,172	21,620	22,236	22,515	-	-
Trade and other payables	1,468	1,180	739	803	1,192	-	-
Borrowings	767	494	495	581	1,622	-	-
Other	615	502	783	1,044	737	-	-
Total current liabilities	2,852	2,177	2,018	2,428	3,552	-	-
Borrowings	5,818	5,685	5,202	4,717	3,234	-	-
Other	445	450	611	647	569	-	-
Total non-current liabilities	6,263	6,136	5,814	5,364	3,804	-	-
Total liabilities	9,116	8,313	7,832	7,793	7,357	-	-
Total equity attributable to owners of parent	11,968	12,859	13,740	14,379	15,130	-	-
Other	-	-	47	63	27	-	-
Total equity	11,968	12,859	13,788	14,443	15,158	-	-
Total liabilities and equity	21,084	21,172	21,620	22,236	22,515	-	-
Equity attributable to owners of parent	11,968	12,859	13,740	14,379	15,130	-	-
Interest bearing debt	6,586	6,180	5,698	5,298	4,857	-	-
Net debt	5,078	4,437	2,577	560	1,397	-	-
Equity ratio	56.8%	60.7%	63.6%	64.7%	67.2%	-	-
Net debt equity ratio	42.4%	34.5%	18.8%	3.9%	9.2%	-	-
ROE (12 months)	13.0%	10.7%	11.0%	8.8%	9.8%	9.4%	-
ROA (12 months)	10.8%	9.0%	10.0%	8.1%	9.2%	-	-
Days for inventory turnover	63	64	69	53	75	-	-
Quick ratio	202%	255%	292%	319%	175%	-	-
Current ratio	283%	370%	413%	382%	256%	-	-

Source: Company Data, WRJ Calculation

Statement of Cashflows

Statement of Cash Flows (Million Yen)	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.Act FY 03/2022	Cons.CoE FY 03/2023	YoY Net Chg.
Cashflows from operating activities	1,390	1,766	3,121	2,892	835	-	-
Cashflows from Investing activities	(651)	(580)	(515)	(181)	(817)	-	-
Cashflows from operating and investing activities	738	1,186	2,606	2,711	18	-	-
Cashflows from financing activities	(848)	(951)	(1,227)	(1,104)	(1,306)	-	-

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 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	FY 03/2023	YoY Net Chg.
No. of Shares FY End (thousand shares)	13,788	13,989	14,089	14,103	14,103	-	-
Net Profit / EPS (thousand Shares)	13,788	13,806	13,994	14,091	13,789	-	-
Treasury Shares FY End (thousand shares)	0	0	0	0	207	-	-
Basic Earnings per Share	105.87	96.44	104.85	87.42	105.36	105.43	-
Diluted Earnings per Share	105.24	95.81	104.21	87.09	105.35	-	-
Book Value per Share	868.04	919.24	975.26	1,019.59	1,088.87	-	-
Dividend per Share	43.00	44.00	44.00	35.00	43.00	43.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
FY 03/2018	FY 03/2019	FY 03/2020	FY 03/2021	FY 03/2022	FY 03/2023	YoY Net Chg.	
Share Split Factor	1	1	1	1	1	1	-
Basic Earnings per Share	105.87	96.44	104.85	87.42	105.36	105.43	-
Book Value per Share	868.04	919.24	975.26	1,019.59	1,088.87	-	-
Dividend per Share	43.00	44.00	44.00	35.00	43.00	43.00	-
Payout Ratio	40.6%	45.6%	42.0%	40.0%	40.8%	40.8%	-

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.

Company name: Walden Research Japan Incorporated

Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN

URL: <https://walden.co.jp/>

E-mail: info@walden.co.jp

Tel: 81-(0)3-3553-3769