

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [IFRS]



May 12, 2023

Company name: Shinwa Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange and Nagoya Stock Exchange

Code number: 3447

URL: <http://www.shinwa-jp.com/en/relation/index.html>

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Scheduled date of Annual General Meeting of Shareholders: June 23, 2023

Scheduled date of filing the annual securities report: June 23, 2023

Scheduled date of commencing dividend payments: June 9, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2023	14,757	(8.1)	1,501	(29.7)	1,434	(30.5)	985	(30.2)
March 31, 2022	16,063	15.7	2,135	15.3	2,063	15.7	1,411	13.6

	Profit attributable to owners of parent		Comprehensive income	
	Million yen	%	Million yen	%
Fiscal year ended				
March 31, 2023	1,007	(30.6)	981	(31.0)
March 31, 2022	1,452	17.9	1,421	13.4

	Basic earnings per share	Diluted earnings per share	Ratio of return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2023	72.49	72.49	6.6	6.5	10.2
March 31, 2022	105.36	105.35	9.8	9.2	13.3

Reference: Share of profit (loss) of investments accounted for using equity method:

Fiscal year ended March 31, 2023: ¥- million

Fiscal year ended March 31, 2022: ¥- million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
As of March 31, 2023	21,294	15,552	15,545	73.0	1,117.56
As of March 31, 2022	22,515	15,158	15,130	67.2	1,088.87

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2023	686	(659)	(1,424)	2,063
March 31, 2022	835	(817)	(1,306)	3,460

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to equity attributable to owners of parent (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2022	—	0.00	—	43.00	43.00	597	40.8	4.1
Fiscal year ended March 31, 2023	—	0.00	—	32.00	32.00	445	44.1	2.9
Fiscal year ending March 31, 2024 (Forecast)	—	16.00	—	16.00	32.00		49.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half	7,332	(17.7)	695	(37.6)	668	(38.0)	460	(38.9)
Full year	15,100	2.3	1,371	(8.7)	1,317	(8.2)	907	(8.0)

	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Yen
First half	460 (38.2)	33.09
Full year	907 (10.0)	65.24

*** Notes:**

(1) Changes in significant subsidiaries during the year under review (changes in specified subsidiaries resulting in change in scope of consolidation): No

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

(3) Total number of issued shares (common shares)

1) Total number of issued share

s at the end of the period (including treasury shares):

March 31, 2023: 14,103,000 shares

March 31, 2022: 14,103,000 shares

2) Total number of treasury shares at the end of the period:

March 31, 2023: 192,518 shares

March 31, 2022: 207,234 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023: 13,903,055 shares

Fiscal year ended March 31, 2022: 13,789,273shares

*These consolidated financial results are outside the scope of audit by Certified Public Accountants or auditing corporations.

*Explanation of the proper use of financial results forecast and other notes

Financial results forecasts were prepared based on information available at the time of the announcement of this document, and actual results may differ from the forecasts owing to a wide range of factors. For the conditions that form the assumptions for the financial results forecasts, please refer to (1) Overview of Operating Results for the Fiscal Year under Review in 1. Overview of Operating Results, etc. on page 2 and (4) Future Outlook in 1. Overview of Operating Results, etc. on page 5 of the Attachment.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2023 (the “fiscal year under review”), the Japanese economy continued to show signs of a gradual recovery in business confidence as a result of various policies and other measures implemented in anticipation of a new phase of the life with corona, although the effects of the novel coronavirus infection were still visible. On the other hand, various uncertainties emerged such as the prolonging situation in Ukraine and the continuing sharp rise in both consumer and resource prices caused by sharp interest rate and exchange rate fluctuations. We must therefore keep a close watch on the risk of an economic downturn.

In the construction industry, which is the main supply destination of our products, total construction investments amounted to 48.5 trillion yen from April 2022 to February 2023 (up 2.4% year on year), showing demand mainly in the private sector, according to “Comprehensive Construction Statistics” published by the Ministry of Land, Infrastructure, Transport and Tourism. Meanwhile, building materials prices continued to rise throughout the fiscal year. The Logistics Equipment Division saw an increasing demand for transportation equipment and large warehousing-related projects in line with the recovery in the economy and business activities.

In such an environment, the Company worked to curb costs while revising sales prices to maintain profitability. In addition, taking seriously the inappropriate conduct by former employees of the Company disclosed on September 28, 2022, the Company has been working to promote measures to prevent recurrence, rebuild its compliance system, and restore customer confidence through a review of its internal system.

As a result of the above, revenue for the fiscal year under review amounted to ¥14,757 million (down 8.1% year on year). Operating profit was ¥1,501 million (down 29.7% year on year). Profit before tax amounted to ¥1,434 million (down 30.5% year on year), and profit attributable to owners of parent amounted to ¥1,007 million (down 30.6% year on year).

As the Group is comprised of a single business segment of the manufacturing and sales business of scaffolding equipment and logistics equipment, information by segment is not provided. The performance of each business Division is as follows.

1) Scaffolding Equipment Division

The Scaffolding Equipment Division develops two product groups: “wedge binding type scaffolding” primarily targeted at low- to mid-rise structures such as detached housing; and “next generation scaffolding” for mid- to high-rise large structures and public works.

During the fiscal year ended March 31, 2023, although demand continued for our mainstay wedge binding type scaffolding, next generation scaffolding and safety equipment against the backdrop of strong demand for construction work projects, the tendency to procure scaffolding equipment on a rental basis increased instead of purchasing, due to factors such as the continuing surge in building materials prices, including our products. As a result, although we revised sales prices, there was a decline in sales volume. In addition, the business sites involved in the aforementioned misconduct saw a significant decline in revenue after revamping their sales and management

systems and focusing on activities to correct their overall business operations as part of measures to address the incident.

As a result, revenue of the Scaffolding Equipment Division amounted to ¥10,391 million (down 16.4% year on year).

2) Logistics Equipment Division

The Logistics Equipment Division offers solutions to increase efficiency in transportation and storage and to improve safety through providing made-to-order products to wide range of industries, including the construction industry, as well as the automobile and distribution warehouses.

During the fiscal year ended March 31, 2023, there were signs of revitalization of production activity and an increase in distribution volume in various industries. Reflecting these situations, demand was strong for repeated projects, leading to stable acquisition of orders. In addition, projects for pallets to transport materials for electrical equipment and projects for logistics equipment for the building materials field, a new industrial sector for the Company, contributed to the increase in revenue.

As a result, revenue of the Logistics Equipment Division amounted to ¥4,365 million (up 20.0% year on year).

(Thousand yen)

Name of product and service		For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Scaffolding equipment	Wedge binding type scaffolding	7,411,143	5,866,146
	Next generation scaffolding	2,220,937	1,713,909
	Other scaffolding equipment	2,793,746	2,811,663
	Subtotal	12,425,827	10,391,719
Logistics equipment	Pallets	3,637,759	4,365,516
	Subtotal	3,637,759	4,365,516
Total		16,063,586	14,757,236

Note: Revenue stated in other scaffolding equipment and pallets includes revenue derived from leases under IFRS 16 of ¥428,229 thousand in the previous fiscal year and ¥538,385 thousand in the fiscal year under review.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets at the end of the fiscal year under review decreased by ¥1,119 million from the end of the previous fiscal year to ¥7,962 million, mainly due to factors such as a decrease in cash and cash equivalents of ¥1,396 million and a decrease in trade and other receivables of ¥308 million, despite an increase in inventories of ¥938 million. Additionally, non-current assets decreased by ¥101 million from the end of the previous fiscal year to ¥13,332 million. The decrease was primarily attributable to a decrease in property, plant and equipment of ¥47 million. As a result, total assets decreased by ¥1,220 million from the end of the previous fiscal year to ¥21,294 million.

(Liabilities)

Current liabilities at the end of the fiscal year under review increased by ¥1,689 million from the end of the previous fiscal year to ¥5,241 million, mainly due to factors such as an increase in borrowings of ¥2,619 million, despite a decrease in trade and other payables of ¥528 million. Additionally, non-current liabilities decreased by ¥3,303 million from the end of the previous fiscal year to ¥501 million. The decrease was primarily attributable to a decrease in borrowings of ¥3,234 million. As a result, total liabilities decreased by ¥1,614 million from the end of the previous fiscal year to ¥5,742 million.

(Equity)

Total equity at the end of the fiscal year under review increased by ¥393 million from the end of the previous fiscal year to ¥15,552 million. This was mainly attributable to factors such as the posting of profit attributable to owners of parent of ¥1,007 million and dividends paid of ¥597 million.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter “cash”) at the end of the fiscal year under review was ¥2,063 million, a decrease of ¥1,396 million from the end of the previous fiscal year.

Cash flows from each activity for the fiscal year under review and their primary factors are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year under review was ¥686 million, a decrease of ¥149 million year on year. The main factors affecting cash inflows were profit before tax of ¥1,434 million, depreciation and amortization of ¥597 million and a decrease in trade and other receivables of ¥280 million. The main factors affecting cash outflows were an increase in inventories of ¥938 million, income taxes paid of ¥769 million, and a decrease in trade and other payables of ¥121 million.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year under review was ¥659 million, a decrease of ¥158 million year on year. The main factors affecting cash outflows were purchase of property, plant and equipment of ¥605 million and purchase of intangible assets of ¥47 million.

(Cash flows from financing activities)

Net cash used in financing activities for the fiscal year under review was ¥1,424 million, an increase of ¥117 million year on year. The main factor affecting cash inflows was proceeds from short-term borrowings of ¥1,422 million, while the main factors affecting cash outflows were repayments of short-term borrowings of ¥1,551 million, dividends paid of ¥599 million, and repayments of long-term borrowings of ¥500 million.

(4) Future Outlook

In December 2021, the Group formulated and announced its “Medium-Term Management Plan” with a five-year implementation period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2026 (the financial targets under the Medium-Term Management Plan were revised on May 12, 2023*). In the next fiscal year, which will be the third year of the plan, we will steadily implement measures in each business segment and also focus on breakthrough areas as we strive to achieve our goal set for the fiscal year ending March 31, 2026.

Currently, however, various uncertainties emerged such as the prolonging situation in Ukraine and the continuing sharp rise in both consumer and resource prices caused by sharp interest rate and exchange rate fluctuations. We must therefore keep a close watch on the risk of an economic downturn. In addition, due to other factors including the stagnation of real estate and construction markets in China, we consider it difficult for the time being to increase sales in overseas markets that the Company targets.

In terms of profit, the price of steel, the main raw material for our products, is expected to remain high for the foreseeable future, and the operating environment will remain severe to the Company.

1) Scaffolding Equipment Division

Regarding the Scaffolding Equipment Division, there will be continued demand for our mainstay wedge binding type scaffolding, next generation scaffolding and safety equipment, and the Company anticipates that demand will continue to exceed a certain level, including other product lines.

Based on these assumptions, the Company expects revenue of the Scaffolding Equipment Division in full year to amount to ¥10,924 million (up 5.1% year on year).

2) Logistics Equipment Division

Regarding the Logistics Equipment Division, in addition to sales continuing to perform steadily in bulk containers for liquid shipping, and warehouse racks for distribution warehouses, the Company will work to increase revenue by expanding sales of new projects in a wide range of fields. On the other hand, revenue from pallets to transport materials for electrical equipment is expected to decrease in the next fiscal year.

Based on these assumptions, the Company expects revenue of the Logistics Equipment Division in full year to come to ¥4,175 million (down 4.4% year on year).

The Company plans to endeavor to reduce costs and control expenditure through all sorts of measures such as reviewing fixed costs and new investment projects.

Based on the above, the Company expects consolidated revenue of ¥15,100 million (down 2.3% year on year), operating profit of ¥1,371 million (down 8.7% year on year), profit before tax of ¥1,317 million (down 8.2% year on year), and profit attributable to owners of parent of ¥907 million (down 10.0% year on year) for the fiscal year ending March 31, 2024, which will be the third year of the plan.

The above forecasts were prepared based on the information available at the time of the announcement of this document, and the actual results, therefore, may differ from the forecasts due to various factors in future.

* Please refer to the “Notice regarding Revision of Financial Targets under the Medium-Term Management Plan” announced on May 12, 2023.

(5) Basic Policy for Distribution of Profits and Dividends for the Fiscal Year under Review and Next Fiscal Year
The Group positions the return of profits to shareholders as one of its most important management issues.

1) Basic policy

The Company's basic policy is to return profits to its shareholders in accordance with operating results, while ensuring internal reserves necessary for stable corporate growth and to respond to changes in the business environment, with a target payout ratio of at least 40%.

2) Number of dividend payments and decision-making body

The Company's basic policy for dividends of surplus was to pay year-end dividends once per year. The Company has recently changed this policy and decided to pay dividends twice a year, an interim dividend and a year-end dividend, with the purpose of enhancing opportunities to return profits to its shareholders in accordance with operating results and encouraging their continuous holding of shares. The payment of an interim dividend will start from the fiscal year ending March 31, 2024.

The Company's Articles of Incorporation stipulate that the Company may pay an interim dividend with the record date being September 30 every year, based on a resolution of the Board of Directors.

In addition, the Company's Articles of Incorporation stipulate that the matters provided in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, shall be resolved by the Board of Directors, unless otherwise stipulated by laws and regulations..

3) Use of internal reserves

The Company intends to use internal reserves to strengthen its financial structure, and as effective investment capital, including capital investment and the development of human resources for further business growth, as it strives to enhance corporate value.

At the Board of Directors meeting held on May 12, 2023, the Company resolved the appropriation of surplus for the fiscal year ended March 31, 2023 with a year-end dividend of ¥32.0 per share. As a result, the payout ratio is 44.1%.

The Company expects to pay an annual dividend of ¥32.0 per share (including an interim dividend of ¥16.00; payout ratio: 49.1%) for the fiscal year ending March 31, 2024, taking into account the payout ratio target of 40% or more and the outlook for the fiscal year ending March 31, 2024, but the dividend amount may change depending on the future economic trend, and the Company's business performance.

2. Basic Stance Concerning Choice of Accounting Standards

The Group positions overseas expansion of its business as one of its key business strategies. Accordingly, the Group applies the International Financial Reporting Standards (IFRS) in order to expand trading opportunities by making it easier for overseas corporations to understand the Group.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

	(Thousand yen)	
	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	3,460,569	2,063,796
Trade and other receivables	2,759,028	2,450,073
Inventories	2,467,765	3,406,646
Other current assets	393,795	41,560
Total current assets	9,081,159	7,962,077
Non-current assets		
Property, plant and equipment	2,450,806	2,403,561
Right-of-use assets	324,090	240,048
Goodwill	9,221,769	9,221,769
Intangible assets	1,371,800	1,387,641
Other financial assets	55,942	68,259
Other non-current assets	10,115	11,537
Total non-current assets	13,434,524	13,332,817
Total assets	22,515,684	21,294,895

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	1,192,304	664,207
Borrowings	1,622,952	4,242,189
Income taxes payable	416,686	122,676
Other financial liabilities	125,254	89,510
Other current liabilities	195,211	122,936
Total current liabilities	3,552,409	5,241,520
Non-current liabilities		
Borrowings	3,234,979	—
Provisions	45,520	45,122
Other financial liabilities	237,062	170,269
Deferred tax liabilities	283,230	281,743
Other non-current liabilities	3,900	3,900
Total non-current liabilities	3,804,693	501,035
Total liabilities	7,357,103	5,742,555
Equity		
Share capital	153,576	153,576
Capital surplus	6,919,802	6,918,346
Retained earnings	8,211,397	8,621,667
Treasury shares	(163,101)	(151,505)
Other components of equity	9,065	3,710
Total equity attributable to owners of parent	15,130,740	15,545,795
Non-controlling interests	27,840	6,543
Total equity	15,158,581	15,552,339
Total liabilities and equity	22,515,684	21,294,895

(2) Consolidated Statements of Profit or Loss and Comprehensive Income
Consolidated Statement of Profit or Loss

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Revenue	16,063,586	14,757,236
Cost of sales	(11,896,592)	(11,257,628)
Gross profit	4,166,993	3,499,607
Selling, general and administrative expenses	(2,023,633)	(1,959,283)
Other income	24,722	26,399
Other expenses	(32,361)	(64,985)
Operating profit	2,135,721	1,501,738
Finance income	503	691
Finance costs	(72,454)	(67,845)
Profit before tax	2,063,770	1,434,584
Income tax expense	(651,882)	(448,690)
Profit	1,411,887	985,894
Profit attributable to		
Owners of parent	1,452,853	1,007,788
Non-controlling interests	(40,966)	(21,893)
Profit	1,411,887	985,894
Earnings per share		
Basic earnings per share (yen)	105.36	72.49
Diluted earnings per share (yen)	105.35	72.49

Consolidated Statement of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,411,887	985,894
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(138)	2,164
Total of items that will not be reclassified to profit or loss	(138)	2,164
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	10,183	1,218
Cash flow hedges	—	(8,140)
Total of items that may be reclassified to profit or loss	10,183	(6,922)
Other comprehensive income, net of tax	10,045	(4,758)
Comprehensive income	1,421,932	981,136
Comprehensive income attributable to		
Owners of parent	1,457,908	1,002,432
Non-controlling interests	(35,976)	(21,296)
Comprehensive income	1,421,932	981,136

(3) Consolidated Statement of Changes in Equity
For the Fiscal Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Thousand yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Equity
					Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Other components of equity			
Balance at beginning of period	153,576	6,969,569	7,252,148	—	—	4,010	4,010	14,379,305	63,816	14,443,121
Profit	—	—	1,452,853	—	—	—	—	1,452,853	(40,966)	1,411,887
Other comprehensive income	—	—	—	—	(138)	5,193	5,055	5,055	4,989	10,045
Comprehensive income	—	—	1,452,853	—	(138)	5,193	5,055	1,457,908	(35,976)	1,421,932
Purchase of treasury shares	—	—	—	(299,267)	—	—	—	(299,267)	—	(299,267)
Disposal of treasury shares – exercise of subscription rights to shares	—	(49,766)	—	136,166	—	—	—	86,400	—	86,400
Dividends	—	—	(493,605)	—	—	—	—	(493,605)	—	(493,605)
Total transactions with owners	—	(49,766)	(493,605)	(163,101)	—	—	—	(706,472)	—	(706,472)
Balance at end of period	153,576	6,919,802	8,211,397	(163,101)	(138)	9,203	9,065	15,130,740	27,840	15,158,581

For the Fiscal Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Thousand yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				Total equity attributable to owners of parent	Non-controlling interests	Equity
					Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Cash flow hedges	Other components of equity			
Balance at beginning of period	153,576	6,919,802	8,211,397	(163,101)	(138)	9,203	—	9,065	15,130,740	27,840	15,158,581
Profit	—	—	1,007,788	—	—	—	—	—	1,007,788	(21,893)	985,894
Other comprehensive income	—	—	—	—	2,164	621	(8,140)	(5,355)	(5,355)	597	(4,758)
Comprehensive income	—	—	1,007,788	—	2,164	621	(8,140)	(5,355)	1,002,432	(21,296)	981,136
Disposal of treasury shares	—	(1,324)	—	3,624	—	—	—	—	2,300	—	2,300
Dividends	—	—	(597,517)	—	—	—	—	—	(597,517)	—	(597,517)
Share-based payment transactions	—	(131)	—	7,971	—	—	—	—	7,839	—	7,839
Total transactions with owners	—	(1,456)	(597,517)	11,596	—	—	—	—	(587,378)	—	(587,378)
Balance at end of period	153,576	6,918,346	8,621,667	(151,505)	2,025	9,825	(8,140)	3,710	15,545,795	6,543	15,552,339

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before tax	2,063,770	1,434,584
Depreciation and amortization	546,418	597,292
Impairment losses	27,378	38,184
Finance income and finance costs	71,950	67,153
Loss (gain) on sale of fixed assets	(449)	(5,396)
Loss on disposal of property, plant and equipment	0	(8,507)
Share-based payment expenses	—	6,654
Decrease (increase) in inventories	(982,441)	(938,641)
Decrease (increase) in trade and other receivables	211,419	280,980
Increase (decrease) in trade and other payables	6,092	(121,167)
Other	(175,950)	132,496
Subtotal	1,768,188	1,500,650
Interest and dividends received	503	691
Interest paid	(41,391)	(45,532)
Income taxes paid	(895,774)	(769,709)
Income taxes refund	4,383	—
Net cash provided by (used in) operating activities	835,909	686,100
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	—	5,507
Purchase of property, plant and equipment	(676,140)	(605,557)
Purchase of intangible assets	(136,324)	(47,803)
Payments for acquisition of financial assets	(5,937)	(12,106)
Other	540	182
Net cash provided by (used in) investing activities	(817,861)	(659,778)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,114,103	1,422,650
Repayments of short-term borrowings	(88,039)	(1,551,350)
Repayments of long-term borrowings	(1,500,000)	(500,000)
Payments of financial expenditures	(12,690)	(12,554)
Proceeds from exercise of share acquisition rights	86,400	2,300
Dividends paid	(497,793)	(599,581)
Purchase of treasury shares	(299,267)	—
Repayments of lease liabilities	(109,546)	(185,521)
Net cash provided by (used in) financing activities	(1,306,834)	(1,424,057)
Effect of exchange rate changes on cash and cash equivalents	11,159	961
Net increase (decrease) in cash and cash equivalents	(1,277,627)	(1,396,773)
Cash and cash equivalents at beginning of period	4,738,197	3,460,569
Cash and cash equivalents at end of period	3,460,569	2,063,796

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in methods of presentation)

Consolidated Statement of Profit or Loss

Effective from the current fiscal year, the Group has recorded a portion of expenses that had previously been classified as “cost of sales” as “selling, general and administrative expenses.” This change was made to more accurately represent the expenses incurred at our equipment distribution center in light of the content of business activities, after the expenses were reviewed to consider the relocation and expansion of the equipment distribution center for the purpose of strengthening the Group’s rental business under the Medium-Term Management Plan. To reflect this change in method of presentation, the consolidated statement of profit or loss for the previous fiscal year has been reclassified.

As a result, ¥44,789 thousand which was presented as “cost of sales” in the consolidated statement of profit or loss for the previous fiscal year has been reclassified as “selling, general and administrative expenses.”

(Segment information)

(1) General information

The Group's main businesses are the manufacturing and sales of scaffolding equipment and logistics equipment. There is a single reporting segment of the manufacturing and sales business of scaffolding equipment and logistics equipment.

(2) Information regarding revenue, profit and loss, and other matters of the reporting segment

This information is omitted, because the Group has a single segment of the manufacturing and sales business of scaffolding equipment and logistics equipment.

(3) Information regarding products and services

Revenue from external customers for each product and service is as follows.

(Thousand yen)

Name of product and service		For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Scaffolding equipment	Wedge binding type scaffolding	7,411,143	5,866,146
	Next generation scaffolding	2,220,937	1,713,909
	Other scaffolding equipment	2,793,746	2,811,663
	Subtotal	12,425,827	10,391,719
Logistics equipment	Pallets	3,637,759	4,365,516
	Subtotal	3,637,759	4,365,516
Total		16,063,586	14,757,236

Note: Revenue stated in other scaffolding equipment and pallets includes revenue derived from leases under IFRS 16 of ¥428,229 thousand in the previous fiscal year and ¥539,490 thousand in the fiscal year under review.

(4) Regional information

The information regarding revenue by region is omitted because revenue in Japan from external customers account for the majority of revenue in the Consolidated Statement of Profit or Loss. In addition, the information regarding non-current assets by region is omitted, because non-current assets belonging to locations in Japan account for the majority of the carrying amount of non-current assets in the Consolidated Statement of Financial Position.

(5) Information regarding major customers

This information is omitted, because no single external customer accounts for more than 10% of the Group's revenue.

(Per share information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit attributable to common shareholders of parent (thousand yen)	1,452,853	1,007,788
Diluted profit (thousand yen)	1,452,853	1,007,788
Weighted average number of common shares issued (shares)	13,789,273	13,903,055
Weighted average number of common shares used to calculate diluted earnings per share (shares)	13,790,867	13,903,055
Basic earnings per share	¥105.36	¥72.49
Diluted earnings per share	¥105.35	¥72.49

Note: Basic earnings per share is calculated by dividing profit attributable to common shareholders of parent by the weighted average number of common shares issued during the fiscal year.

(Significant subsequent events)

There is no relevant information.