



# Revision of Performance Forecasts in the Medium-Term Management Plan



## Revision of Performance Forecasts

We have revised the performance targets for the fiscal year ending March 31, 2024, which is the final year of the medium-term management plan announced on May 31, 2021, as follows:

	Initial Target		Revised Target	(Reference) Actual Results for FYE Mar.31 2023
<b>Sales</b>	<b>60</b> billion yen		<b>48</b> billion yen	41 billion yen
<b>Operating Profit</b>	<b>5</b> billion yen		<b>3.8</b> billion yen	2.2 billion yen
<b>Operating Profit Margin</b>	<b>8.3</b> %		<b>7.9</b> %	5.4 %

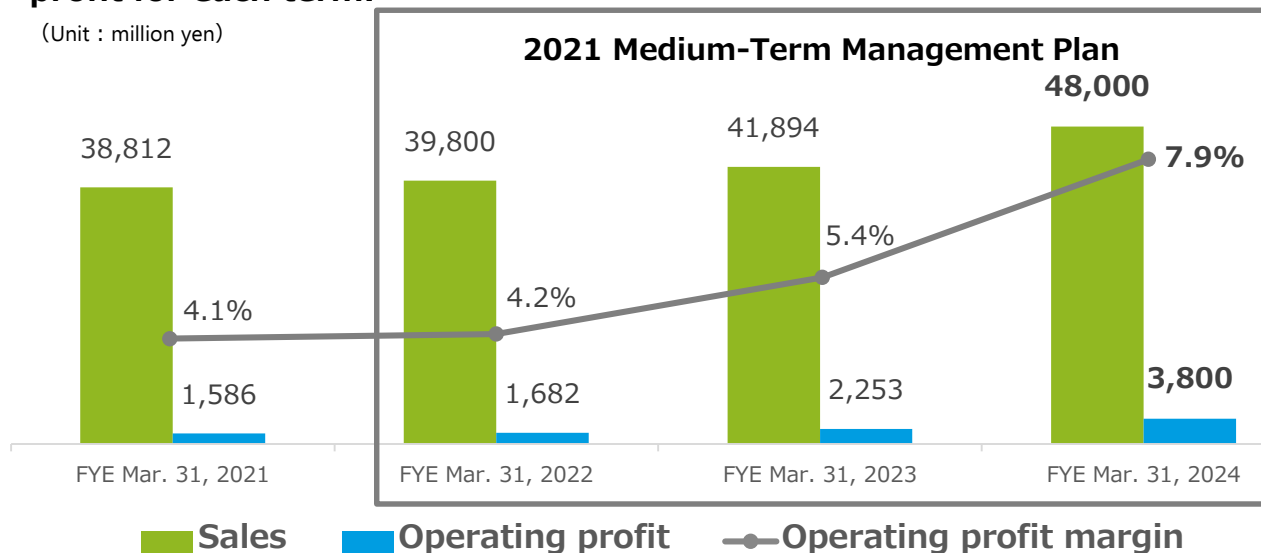
Along with the above revision, we have altered our performance targets by segment, investment policy, and financial policy. (There are no changes to our management vision, basic strategy, fundamental policies, and shareholder return policy.)



## Performance Trends

During the medium-term management plan period, we have seen an increase in both revenue and profit for each term.

(Unit : million yen)



Operating Profit Target

**3.8** billion yen

Decreased by 1.2 billion yen  
from the initial target

(Reference)

The highest profit in the past was in the fiscal year ended Mar. 31, 2020, with an operating profit of 3.7 billion yen.



# Factors for Revision of Performance Forecast

## Main Factors for the Revision of Performance Forecast

### Deviation from the assumptions made at the time of formulating the medium-term management plan

**Main Factor : Due to changes in the market and external environment, economic activity has stalled, leading to interruptions in construction and delays in the start of construction.**

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#### ◆ The prolonged COVID-19 pandemic

The pandemic has lasted longer than anticipated, causing delays in full-scale business activities and leading to various events due to the pandemic. Overseas, the prolonged lockdown in the Philippines has taken time to resume full-scale business activities.

#### ◆ Rapid depreciation of the yen due to US monetary policy.

The rapid depreciation of the yen and subsequent exchange rate fluctuations have led to increased costs in procurement, including the sourcing of raw materials and energy.

#### ◆ The situation between Russia and Ukraine

We did not anticipate the impact of the situation between Russia and Ukraine, and we did not account for the surge in resource prices in our plans. While there is no significant impact on direct procurement, we are experiencing the effects of increased prices for raw materials and energy in our product manufacturing.



# Revisions to performance forecasts factors

Events arising from significant factors

## ◆ Surge in construction materials and raw material prices for products, as well as energy prices.

### Deviation from the assumptions made during formulation.

Due to the simultaneous recovery of business activities coinciding with the end of the COVID-19 pandemic, there has been a sudden surge in demand for steel, leading to a steep increase in steel prices. Additionally, the impact of the situation between Russia and Ukraine has not only resulted in the soaring prices of steel and energy but also caused a rise in procurement costs due to the depreciation of the yen.

### Impact (Segment)

Due to the sharp increase in prices of construction materials necessary for building construction, construction companies have postponed project timelines. (Note: Construction is currently underway).

Furthermore, the soaring prices of steel, the raw material for our temporary equipment, prompted a price adjustment for our sales products. However, immediate acceptance was not achieved, causing customers to defer their purchase decisions. (Note: The price adjustment is gradually being adopted at present).

On the other hand, there has been an increase in temporary rental usage by customers considering the timing of their purchases.

Moreover, the cost has increased due to factors such as the surge in energy prices. Project delays and rising sales prices have resulted in sluggish sales growth.

Rental Segment



Sales Segment



Overseas Segment





# Revisions to performance forecasts factors

Events arising from significant factors

## Labor Shortage

### Deviation from the assumptions made during formulation.

Shortage of construction project managers: Due to the pandemic and the surge in material prices, construction projects that were previously put on hold or delayed are now being initiated, resulting in a shortage of construction project managers who are responsible for managing project schedules, quality, costs, and safety.

Shortage of workers in specific construction fields: Additionally, certain construction sectors are facing a shortage of skilled workers, exacerbating the labor shortage situation.

### Impact (Segment)

Due to the shortage of construction project managers and workers, the initiation of construction projects has become challenging, resulting in delays in project commencement. As a result, the timing of utilizing temporary equipment such as the next-generation scaffolding “Iq systems” has been delayed, impacting both rental and sales activities.

Construction project managers may be required to be present at the site depending on the contract amount, which makes it difficult for them to manage multiple large-scale projects simultaneously. This further delays subsequent projects, creating a cascading effect of delays.

Rental Segment



Sales Segment



Overseas Segment





## Revision of segment sales target

### Segment sales target

	Sales segment	Rental segment	Overseas segment
<b>Initial performance forecast</b> Excluding the adjustment amount of 5 billion yen between segments.	25 billion yen	31 billion yen	9 billion yen
<b>Revised performance forecast.</b>	16.2 billion yen (35% decrease) FYE Mar.31, 2023, the actual results were 13.1 billion yen (24% increase yoy)	27.2 billion yen (12% decrease) FYE Mar.31, 2023, the actual results were 24.7 billion yen (10% increase yoy)	8.9 billion yen (1% decrease) FYE Mar.31, 2023, the actual results were 8.9 billion yen (- yoy)

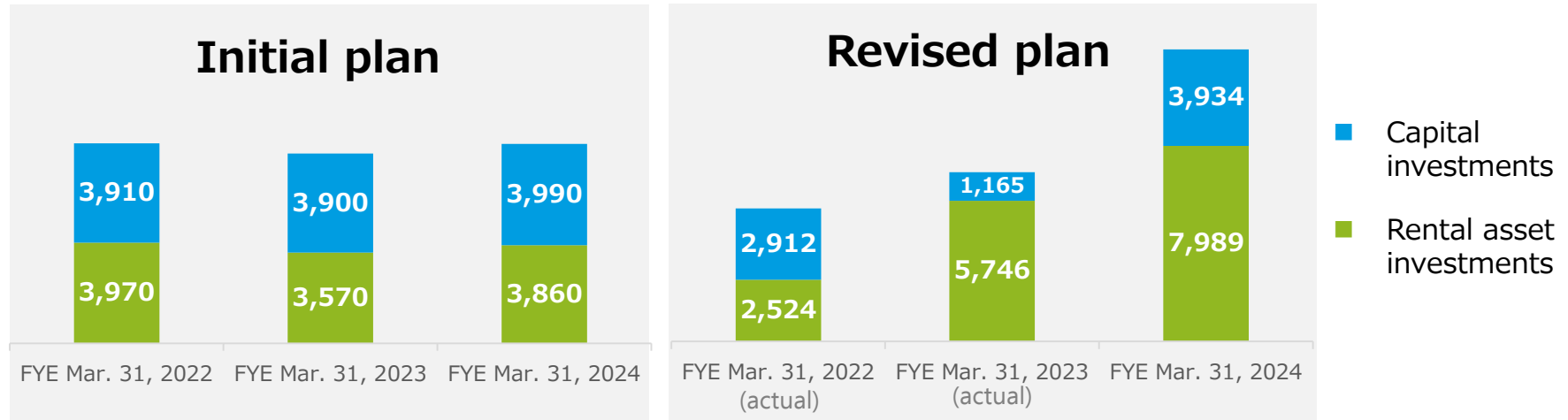


## Investment policy and performance

Capital investments for the related construction project at “Takamiya Lab. West” have experienced a delay of over one year from the initial plan due to difficulties in procuring construction materials. However, these investments will be gradually implemented starting from the fiscal year ending March 31, 2024.

On the other hand, investments aimed at enhancing platform functionality, such as digital transformation, Internet of Things, and productivity improvement, are being executed steadily.

Rental asset investments are strategically carried out in response to market conditions. Investment has been increased to ensure a stable supply of the next-generation scaffolding “Iq System”.







# Investment policy and performance

Factors contributing to the disparity between rental asset and capital investment.



## Fiscal year ended March 31, 2022

- ◆ Rental asset investment (-)... Due to sluggish growth in construction volume, some investments were deferred domestically and internationally.
- ◆ Capital investment (-)... Delay in the construction project at “Takamiya Lab. West” and the maintenance of facility infrastructure.



## Fiscal year ended March 31, 2023

- ◆ Rental asset investment (+)... Increased investment in temporary equipment, including the Iq System, to ensure stable supply to purchasing customers due to strong demand for the Iq System.
- ◆ Capital investment (-)... Delay in the construction project at Takamiya Lab. West and the maintenance of facility infrastructure.



## Fiscal year ending March 31, 2024

- ◆ Rental asset investment (+)... Increased investment in temporary equipment, including the Iq System, to meet strong demand and ensure stable supply to purchasing customers.



## Implemented measures and changes in revenue structure

### Changes in revenue structure due to various investments and external factors

#### ◆ **To expand customer benefits and strengthen the business**

foundation, investments were made in facility infrastructure. This included investments in the web ordering system "OPERA," the automated drawing tool "RABOT," production equipment in domestic and overseas factories, and DX initiatives. These investments aimed to enhance customer benefits and strengthen the manufacturing system. However, the construction project related to Takamiya Lab. West experienced a delay of over one year.

#### ◆ **Investments were also made in talent acquisition and enhancement**

This involved changes in salary structure through the introduction of DX incentives, continued recruitment of new graduates, and other initiatives to strengthen the workforce.

#### ◆ **The surge in raw material prices for sales products led to an increase in costs**



## Implemented measures and changes in revenue structure

### Changes in revenue structure due to various investments and external factors

- ◆ **To enhance the supply capacity and meet the needs of customers, investments in rental assets were increased**

Initially, the investment in rental assets was limited, and the plan was to expand revenue through the sale of products, including the Iq System. However, due to the surge in raw material prices, the product prices were revised, resulting in an increase in temporary rental usage by customers deferring their purchase decisions.





To ensure a stable supply system and meet the demand for rentals, as well as to cater to existing customers who have already purchased the Iq System, additional investments were made in rental assets, including the Iq System. This was done to strengthen the supply capacity and ensure the availability of any shortfall through rental services.

**We are in the phase of investing to strengthen our business foundation and drive revenue growth.**



## Financial policy

Regarding the revision of performance targets and changes in investment policy, we have also made the following adjustments to our financial policy.

	Initial target		Revised target
<b>EBITDA</b>	<b>10</b> billion yen		<b>9.1</b> billion yen
<b>ROA</b>	<b>6.0</b> %		<b>5.4</b> %
<b>ROE</b>	<b>12.0</b> %		<b>11.4</b> %
<b>Equity ratio</b>	<b>35.0</b> %		<b>31.0</b> %

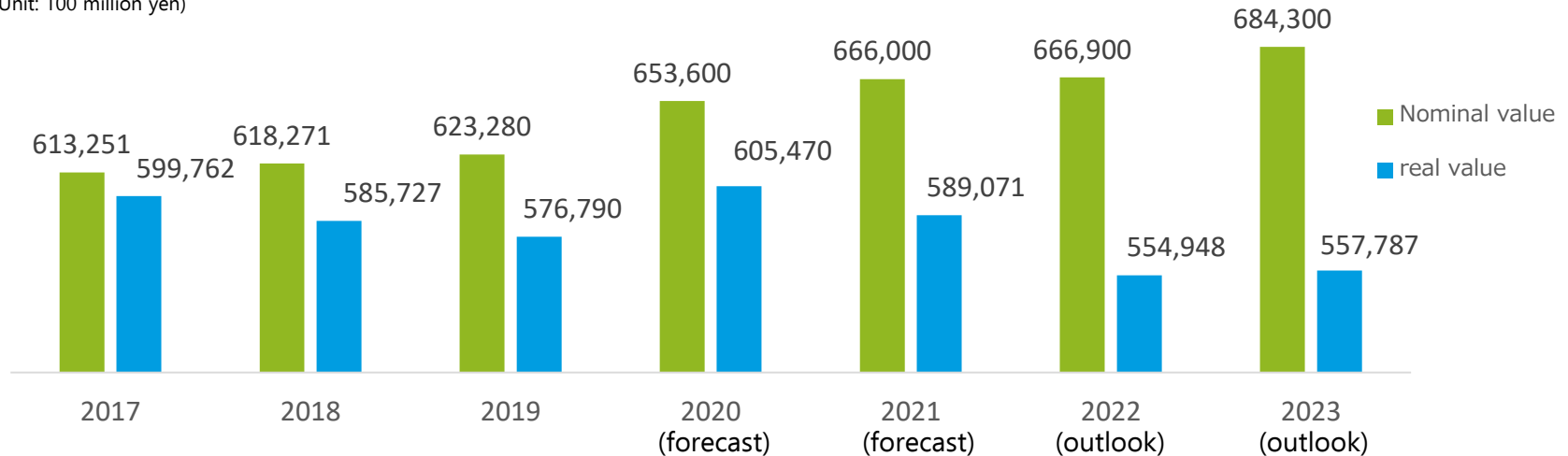


## Reference Information

Domestic construction investment (nominal value and real value).

**In construction investment, the nominal value has increased, but the real value has declined from the fiscal year 2021 to 2022.**

(Unit: 100 million yen)



(Reference) Construction Economic Research Institute, "Outlook for Construction Investment Based on Construction Economic Models," April 12, 2023.

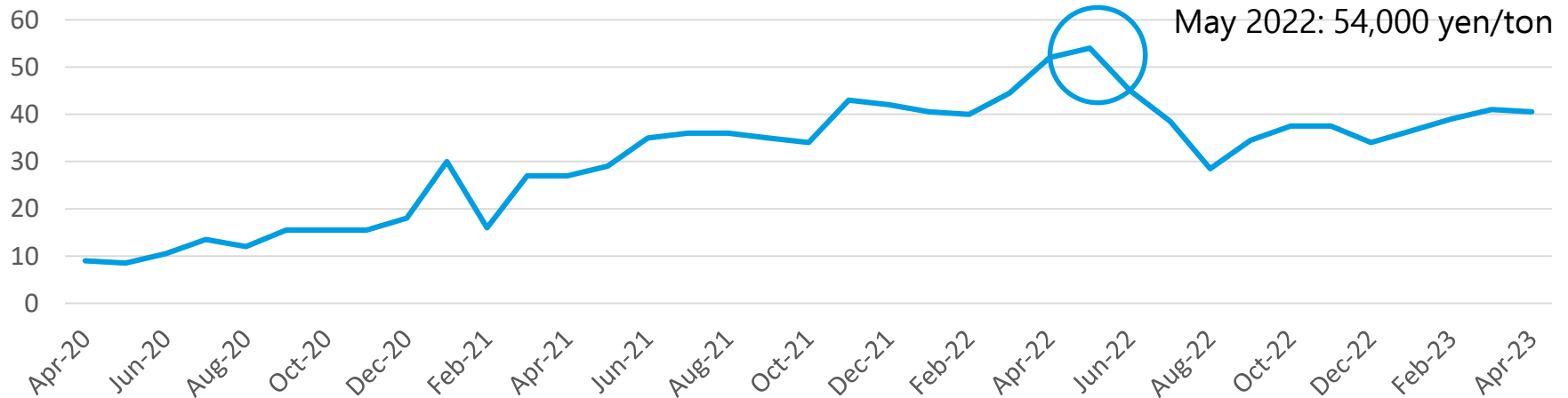


## Reference Information

Iron scrap prices (H2).

**Iron scrap prices peaked in May 2022 but have remained relatively high despite a subsequent decline.**

(thousand yen/ton)



(Source: Sankei Newspaper)



## Reference Information

Foreign exchange rates

**In the fiscal year 2022, there was a rapid depreciation of the yen.**

