Consolidated Financial Results
for the Fiscal Year Ended March 31, 2025
[IFRS]

May 14, 2025

Company name: Shinwa Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange and Nagoya Stock Exchange
Code number: 3447
URL: https://www.shinwa-jp.com/en/relation/index.html
Representative: Kurio Noritake, President and Representative Director
Contact: Mitsuyoshi Hirasawa, Managing Director, Executive Officer, General Manager of Administration Headquarters
Phone: +81-584-66-4436
Scheduled date of Annual General Meeting of Shareholders: June 25, 2025
Scheduled date of filing the annual securities report: June 25, 2025
Scheduled date of commencing dividend payments: June 10, 2025
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, 2025 (April 1, 2024 to March 31, 2025)

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

	Revenue		Operating profit		Profit before tax		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	17,503	38.1	1,622	131.7	1,498	129.6	972	136.7
March 31, 2024	12,678	(14.1)	700	(53.4)	652	(54.5)	411	(58.3)

	Profit attributable to owners of parent		Comprehensive income	
Fiscal year ended	Million yen	%	Million yen	%
March 31, 2025	975	138.0	961	128.8
March 31, 2024	409	(59.3)	420	(57.2)

	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
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	70.17	–	6.3	5.9	9.3
March 31, 2024	29.46	–	2.7	3.1	5.5

Reference: Share of profit (loss) of investments accounted for using equity method:
Fiscal year ended March 31, 2025: ¥– million
Fiscal year ended March 31, 2024: ¥– 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
As of	Million yen	Million yen	Million yen	%	Yen
March 31, 2025	29,967	15,846	15,841	52.9	1,137.85
March 31, 2024	20,675	15,318	15,310	74.0	1,100.69

(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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2025	848	(4,318)	4,536	2,908
March 31, 2024	1,973	(626)	(1,569)	1,843

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, 2024	–	16.00	–	16.00	32.00	445	108.6	2.9
Fiscal year ended March 31, 2025	–	16.00	–	16.00	32.00	445	45.6	2.8
Fiscal year ending March 31, 2026 (Forecast)	–	16.00	–	16.00	32.00		44.5	

Note: Shinwa Co., Ltd. (the “Company”) resolved to repurchase its shares at the Board of Directors meeting held on May 14, 2025. However, the forecasted payout ratio for the fiscal year ending March 31, 2026 does not reflect the impact of the share repurchase.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half	8,800	3.0	880	0.9	840	3.0	550	3.8
Full year	17,800	1.7	1,650	1.7	1,520	1.4	1,000	2.8

	Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Yen
First half	550	3.8	39.58
Full year	1,000	2.6	71.96

Note: We resolved to repurchase its shares at the Board of Directors meeting held on May 14, 2025. However, the basic earnings per share for this period do not reflect the impact of the share repurchase.

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 4 companies, CTR Corporation (currently Yagumi Corporation) and 3 others
Excluded: –

(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: Yes

(3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
March 31, 2025: 14,103,000 shares
March 31, 2024: 14,103,000 shares

2) Total number of treasury shares at the end of the period:
March 31, 2025: 180,434 shares
March 31, 2024: 193,484 shares

3) Average number of shares outstanding during the period:
Fiscal year ended March 31, 2025: 13,895,900 shares
Fiscal year ended March 31, 2024: 13,906,457 shares

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 4 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, 2025 (the “fiscal year under review”), the Japanese economy continued to recover gradually, although there were stalls in some activities, such as consumer spending. Meanwhile, concerns over inflation and soaring prices of materials and resources persisted while trade conditions fluctuated sharply due to U.S. policies. This resulted in extreme uncertainty about the economic outlook, and an unpredictable situation remained.

In the construction industry, which is the main source of demand for our products, construction investments were generally stable, amounting to ¥54.2 trillion between April 2024 and February 2025, up 2.4% from one year earlier, according to “Comprehensive Construction Statistics” published by the Ministry of Land, Infrastructure, Transport and Tourism. However, according to “Building Starts Statistics” by the said ministry, the number of residential and non-residential construction starts during the same period decreased 1.4% from one year earlier to 778,950, and the total floor area of construction starts was down 6.2% from one year earlier to 87,547 thousand square meters. Although construction investments increased, the scale of construction starts was smaller. This is mainly the result of the shortage of construction workers and building materials as well as the increase in their costs.

In this business climate of ever-tightening cost and labor environments despite solid construction demand, scaffolding installation companies, which are the primary customers for wedge binding type scaffolding, continued to refrain from purchasing scaffolding equipment and rent it. Against this backdrop, we took the following countermeasures: we focused on generating sales by fully leveraging our flexible sales proposals; we made the Yagumi Group, one of the largest scaffolding equipment installation companies in Japan, into our subsidiary in April 2024, which contributed to revenue from scaffolding installation works utilizing the company’s abundant human resources; and we promoted business integration to expand services and distribution channels, leading to increased revenue growth opportunities. Furthermore, in October 2024, the Company opened the Sagamihara Equipment Center to meet robust construction demand in the Tokyo metropolitan area, strengthening our supply capabilities in collaboration with our existing Sugito Equipment Center. On the cost front, we worked on reducing expenses on an ongoing basis. In addition, depreciation was reduced by changing the depreciation period for rental assets from three to eight years in order to accelerate investment in the rental business.

As a result of the above, revenue for the fiscal year under review amounted to ¥17,503 million (up 38.1% year on year). Operating profit was ¥1,622 million (up 131.7% year on year). Profit before tax amounted to ¥1,498 million (up 129.6% year on year), and profit attributable to owners of parent amounted to ¥975 million (up 138.0% year on year).

As the Shinwa Group (the “Group”) is comprised of a single business segment of manufacturing and sale of scaffolding equipment and logistics equipment, information by segment is not provided. Instead, the performance of each business division is provided as follows:

1) Scaffolding Equipment Division

The Scaffolding Equipment Division, under the slogan “from manufacturing to installation,” manufactures and sells wedge binding type scaffolding and next-generation scaffolding targeting from detached housing to high-rise construction, and provides high-quality temporary installation services.

During the fiscal year under review, there was strong demand for scaffolding equipment. However, customers continued to rent rather than purchase these products due to a significant increase in prices, which was driven by persistently high raw material costs. Under these circumstances, we focused on various activities to stimulate purchasing by developing sales operation that combined the strengths of both sales and rentals, rather than focusing solely on rentals, and making intensive sales efforts in priority areas. In addition, the Yagumi Group, which became our subsidiary in April 2024, responded to firm construction demand with abundant human resources and steadily secured projects.

As a result, revenue of the Scaffolding Equipment Division amounted to ¥13,028 million (up 45.1% 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 a wide range of industries, including the construction industry, as well as the automobile and distribution warehouses.

During the fiscal year under review, the Division received a large number of orders from a wide range of industries, including large-scale logistics warehouse projects; automobiles; glass, stone, and clay products; and automated warehouse equipment. In addition, the volume of orders for bulk containers for shipping liquids remained strong, contributing revenue.

As a result, revenue of the Logistics Equipment Division amounted to ¥4,474 million (up 21.0% year on year).

(Thousand yen)

Name of product and service		For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Scaffolding equipment	Wedge binding type scaffolding	4,970,563	4,918,826
	Next generation scaffolding	1,434,467	1,165,491
	Installation and rental	1,075,125	4,943,530
	Other sales	1,359,647	1,368,859
	Other	141,380	632,076
	Subtotal	8,981,184	13,028,783
Logistics equipment	Pallets	3,697,534	4,474,242
	Subtotal	3,697,534	4,474,242
Total		12,678,718	17,503,026

Note: Revenue stated in “Installation and rental,” “Pallets,” and “Other” includes revenue arising from leases under IFRS 16 of ¥451,760 thousand for the previous fiscal year and ¥721,549 thousand for 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 increased by ¥2,585 million from the end of the previous fiscal year to ¥9,876 million. This was mainly due to an increase in trade and other receivables of ¥2,184 million, partially offset by a decrease in inventories of ¥743 million. Non-current assets increased by ¥6,706 million from the end of the previous fiscal year to ¥20,090 million. The increase was primarily attributable to an increase in property, plant and equipment of ¥2,674 million and an increase in goodwill of ¥3,042 million. As a result, total assets increased by ¥9,292 million from the end of the previous fiscal year to ¥29,967 million.

(Liabilities)

Current liabilities at the end of the fiscal year under review increased by ¥3,749 million from the end of the previous fiscal year to ¥6,693 million. The increase was primarily attributable to an increase in borrowings of ¥3,098 million. Non-current liabilities increased by ¥5,014 million from the end of the previous fiscal year to ¥7,427 million. The increase was primarily attributable to an increase in borrowings of ¥3,933 million and an increase in other financial liabilities of ¥739 million. As a result, total liabilities increased by ¥8,763 million from the end of the previous fiscal year to ¥14,121 million.

(Equity)
Total equity at the end of the fiscal year under review increased by ¥528 million from the end of the previous fiscal year to ¥15,846 million. This was mainly attributable to factors such as the posting of profit attributable to owners of parent of ¥975 million and dividends paid of ¥445 million.

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

Cash and cash equivalents (hereinafter "net cash") at the end of the fiscal year under review was ¥2,908 million, an increase of ¥1,065 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 ¥848 million, a decrease of ¥1,124 million year on year. Main factors affecting cash inflows were profit before tax of ¥1,498 million, depreciation and amortization of ¥583 million, and a decrease in inventories of ¥759 million. The main factors affecting cash outflows were an increase in trade and other receivables of ¥1,528 million, a decrease in trade and other payables of ¥349 million, and income taxes paid of ¥354 million.

(Cash flows from investing activities)
Net cash used in investing activities for the fiscal year under review was ¥4,318 million, an increase of ¥3,692 million year on year. The main factors affecting cash outflows were purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥2,631 million and purchase of property, plant and equipment of ¥1,631 million.

(Cash flows from financing activities)
Net cash provided by operating activities for the fiscal year under review was ¥4,536 million. The main factors affecting cash inflows include proceeds from long-term borrowings of ¥4,800 million.

(4) Future Outlook

On May 1, 2025, the Group acquired shares in OHTORIKINZOKU KOGYO CO., LTD., making it a sixth consolidated subsidiary. The Company will steadily implement measures in each business division and strive to achieve its goals for the fiscal year ending March 31, 2029, the last year of its current Medium-Term Management Plan, with the aim of creating new value and further enhancing corporate value by mutually generating synergies through the sharing of management resources and strengthening business collaboration within the Group.

1) Scaffolding Equipment Division
In 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. The Company expects full-year revenue of the Scaffolding Equipment Division to amount to ¥13,036 million (up 0.1% year on year) due to expanded sales of infrastructure-related products, development and promotion of high value-added products and services, and continued steady revenue from scaffolding equipment installation services, which is the main business of the Yagumi Group.

2) Logistics Equipment Division
The Logistics Equipment Division provides comprehensive services ranging from planning and manufacturing to installation and maintenance, and has a proven track record of supplying products to a wide range of industries. The Division expects steady sales growth in bulk containers for liquid shipping

and warehouse racks for distribution warehouses. Furthermore, we will strive to acquire more projects with higher added value by proposing additional products or services utilizing aluminum materials, made possible with the acquisition of OHTORIKINZOKU KOGYO as a group subsidiary.

Based on the above, the Company expects full-year revenue of the Logistics Equipment Division to come to ¥4,764 million (up 6.5% 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 ¥17,800 million (up 1.7% year on year), operating profit of ¥1,650 million (up 1.7% year on year), profit before tax of ¥1,520 million (up 1.4% year on year), and profit attributable to owners of parent of ¥1,000 million (up 2.6% year on year) for the fiscal year ending March 31, 2026.

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.

(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 believes that increasing its stock value through enhancing its corporate value aligns with the return of profits common to all shareholders. To this end, we will adopt a progressive dividend policy, ensuring a minimum annual dividend per share of ¥32. This policy is based on a comprehensive consideration of the balance between maintaining internal reserves necessary for future growth investments and improving our financial base, while also providing returns to shareholders through dividends and share repurchases.

2) Number of dividend payments and decision-making body

The Company's basic policy for dividends of surplus is to pay dividends twice a year as interim dividends and year-end dividends.

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, and 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 as effective investment capital, including strategic M&A, and capital investment and the development of human resources for further business growth, as it strives to enhance corporate value. In addition, the Company intends to allocate internal reserves to the repayment of borrowings.

At the Board of Directors meeting held on May 14, 2025, the Company resolved the appropriation of surplus for the fiscal year ended March 31, 2025 with a year-end dividend of ¥16.0 per share. The interim dividend was declared at ¥16.0 per share, resulting in an annual dividend of ¥32.0 per share.

The Company expects to pay an annual dividend of ¥32.00 per share (including an interim dividend of ¥16.00) for the fiscal year ending March 31, 2026, taking into account the outlook for the fiscal year ending

March 31, 2026, but the dividend amount may change depending on the future economic trend and the Company’s business performance.

Note: Please refer to the “Notice Regarding Changes to Dividend Policy” announced on May 14, 2025 for the basic policy on distribution of profits and the use of internal reserves.

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, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	1,843,324	2,908,656
Trade and other receivables	2,225,876	4,410,414
Inventories	3,182,833	2,439,383
Other financial assets	–	21,000
Other current assets	39,396	97,520
Total current assets	7,291,430	9,876,975
Non-current assets		
Property, plant and equipment	2,488,388	5,163,007
Right-of-use assets	204,761	993,946
Goodwill	9,221,769	12,264,652
Intangible assets	1,352,107	1,438,909
Other financial assets	105,080	199,623
Deferred tax assets	–	12,405
Other non-current assets	12,124	18,383
Total non-current assets	13,384,232	20,090,928
Total assets	20,675,663	29,967,904

(Thousand yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	1,045,596	1,603,024
Borrowings	1,490,914	4,589,755
Income taxes payable	59,503	127,790
Other financial liabilities	69,272	123,950
Other current liabilities	278,629	248,781
Total current liabilities	2,943,917	6,693,303
Non-current liabilities		
Borrowings	1,963,658	5,897,270
Provisions	44,236	101,892
Other financial liabilities	143,151	882,894
Deferred tax liabilities	258,339	484,080
Other non-current liabilities	3,900	61,650
Total non-current liabilities	2,413,286	7,427,787
Total liabilities	5,357,204	14,121,090
Equity		
Share capital	153,576	153,576
Capital surplus	6,918,207	6,930,092
Retained earnings	8,363,728	8,885,060
Treasury shares	(147,575)	(137,618)
Other components of equity	22,092	10,697
Total equity attributable to owners of parent	15,310,028	15,841,808
Non-controlling interests	8,430	5,005
Total equity	15,318,459	15,846,814
Total liabilities and equity	20,675,663	29,967,904

(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, 2024	For the fiscal year ended March 31, 2025
Revenue	12,678,718	17,503,026
Cost of sales	(9,880,785)	(13,084,955)
Gross profit	2,797,933	4,418,070
Selling, general and administrative expenses	(2,078,608)	(2,763,210)
Other income	25,318	21,671
Other expenses	(44,515)	(54,251)
Operating profit	700,128	1,622,280
Finance income	1,378	10,475
Finance costs	(48,978)	(134,321)
Profit before tax	652,528	1,498,434
Income tax expense	(241,501)	(525,698)
Profit	411,026	972,736
Profit attributable to:		
Owners of parent	409,665	975,039
Non-controlling interests	1,360	(2,302)
Profit	411,026	972,736
Earnings per share:		
Basic earnings per share (yen)	29.46	70.17

Consolidated Statement of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	411,026	972,736
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	9,693	(11,376)
Total of items that will not be reclassified to profit or loss	9,693	(11,376)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,074	(35)
Cash flow hedges	(1,636)	–
Total of items that may be reclassified to profit or loss	(562)	(35)
Other comprehensive income, net of tax	9,130	(11,411)
Comprehensive income	420,157	961,324
Comprehensive income attributable to:		
Owners of parent	418,270	963,644
Non-controlling interests	1,887	(2,320)
Comprehensive income	420,157	961,324

(3) Consolidated Statement of Changes in Equity

For the Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(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	Total			
Balance at beginning 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
Profit	–	–	409,665	–	–	–	–	–	409,665	1,360	411,026
Other comprehensive income	–	–	–	–	9,693	547	(1,636)	8,604	8,604	526	9,130
Comprehensive income	–	–	409,665	–	9,693	547	(1,636)	8,604	418,270	1,887	420,157
Disposal of treasury shares	–	(139)	–	3,929	–	–	–	–	3,790	–	3,790
Dividends	–	–	(667,605)	–	–	–	–	–	(667,605)	–	(667,605)
Transfers to non-financial assets	–	–	–	–	–	–	9,777	9,777	9,777	–	9,777
Total transactions with owners	–	(139)	(667,605)	3,929	–	–	9,777	9,777	(654,037)	–	(654,037)
Balance at end of period	153,576	6,918,207	8,363,728	(147,575)	11,718	10,373	–	22,092	15,310,028	8,430	15,318,459

For the Fiscal Year Ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(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	Total			
Balance at beginning of period	153,576	6,918,207	8,363,728	(147,575)	11,718	10,373	–	22,092	15,310,028	8,430	15,318,459
Profit	–	–	975,039	–	–	–	–	–	975,039	(2,302)	972,736
Other comprehensive income	–	–	–	–	(11,376)	(17)	–	(11,394)	(11,394)	(17)	(11,411)
Comprehensive income	–	–	975,039	–	(11,376)	(17)	–	(11,394)	963,644	(2,320)	961,324
Disposal of treasury shares	–	(1,947)	–	104,252	–	–	–	–	102,305	–	102,305
Dividends	–	–	(445,104)	–	–	–	–	–	(445,104)	–	(445,104)
Share-based payment transaction	–	(352)	–	9,957	–	–	–	–	9,604	–	9,604
Increase (decrease) by business combination	–	8,602	(8,602)	(104,252)	–	–	–	–	(104,252)	5,226	(99,025)
Changes in ownership interest in subsidiaries	–	5,581	–	–	–	–	–	–	5,581	(6,331)	(750)
Total transactions with owners	–	11,884	(453,707)	9,957	–	–	–	–	(431,865)	(1,104)	(432,970)
Balance at end of period	153,576	6,930,092	8,885,060	(137,618)	342	10,355	–	10,697	15,841,808	5,005	15,846,814

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before tax	652,528	1,498,434
Depreciation and amortization	592,472	583,489
Impairment losses	–	8,017
Finance income and finance costs	47,600	123,845
Loss (gain) on sale of fixed assets	(17,467)	(755)
Loss on disposal of property, plant and equipment	5,661	5,256
Share-based payment expenses	1,184	1,726
Decrease (increase) in inventories	223,814	759,161
Decrease (increase) in trade and other receivables	237,243	(1,528,865)
Increase (decrease) in trade and other payables	395,164	(349,154)
Other	221,655	117,085
Subtotal	2,359,858	1,218,242
Interest and dividends received	1,378	10,475
Interest paid	(25,208)	(100,279)
Income taxes paid	(362,606)	(354,453)
Income taxes refund	142	74,938
Net cash provided by (used in) operating activities	1,973,563	848,923
Cash flows from investing activities		
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(2,631,701)
Proceeds from sale of property, plant and equipment	18,363	1,290
Purchase of property, plant and equipment	(615,669)	(1,631,255)
Purchase of intangible assets	(10,612)	(37,608)
Payments for acquisition of financial assets	(12,862)	(17,747)
Other	(5,337)	(1,560)
Net cash provided by (used in) investing activities	(626,117)	(4,318,582)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,000,000	6,590,000
Repayments of short-term borrowings	(1,000,000)	(5,290,000)
Proceeds from long-term borrowings	2,500,000	4,800,000
Repayments of long-term borrowings	(3,250,000)	(1,012,013)
Payments of financial expenditures	(62,008)	(74,344)
Dividends paid	(667,050)	(445,170)
Proceeds from sale of treasury shares	–	102,305
Repayments of lease liabilities	(90,094)	(133,557)
Other	–	(750)
Net cash provided by (used in) financing activities	(1,569,153)	4,536,470
Effect of exchange rate changes on cash and cash equivalents	1,235	(1,478)
Net increase (decrease) in cash and cash equivalents	(220,471)	1,065,332
Cash and cash equivalents at beginning of period	2,063,796	1,843,324
Cash and cash equivalents at end of period	1,843,324	2,908,656

(5) Notes to Consolidated Financial Statements

(Going concern assumption)

There is no relevant information.

(Changes in accounting estimates)

Changes in useful lives of rental assets

From the fiscal year under review, the useful lives of the Group's rental assets have been changed to reflect the economic useful lives based on the actual usage situation, in anticipation of changes in the usage policy for rental assets. This change has reflected changes in the business environment of the Scaffolding Equipment Division as well as the anticipated development of the rental business following the Yagumi Group becoming our subsidiary.

As a result of this change, gross profit, operating profit, and profit before tax for the fiscal year under review increased by ¥325,687 thousand each.

(Segment information)

(1) General information

The Group mainly engages in the business of manufacturing and sale of scaffolding equipment and logistics equipment. There is a single reportable segment of the manufacturing and sale 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 sale 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, 2024	For the fiscal year ended March 31, 2025
Scaffolding equipment	Wedge binding type scaffolding	4,970,563	4,918,826
	Next generation scaffolding	1,434,467	1,165,491
	Installation and rental	1,075,125	4,943,530
	Other sales	1,359,647	1,368,859
	Other	141,380	632,076
	Subtotal	8,981,184	13,028,783
Logistics equipment	Pallets	3,697,534	4,474,242
	Subtotal	3,697,534	4,474,242
Total		12,678,718	17,503,026

Note: Revenue stated in "Installation and rental," "Pallets," and "Other" includes revenue arising from leases under IFRS 16 of ¥451,760 thousand for the previous fiscal year, and ¥721,549 thousand for the fiscal year under review.

(4) Regional information

The information regarding revenue by region is omitted because revenue in Japan from external customers accounts 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 the carrying amount of non-current assets in the Consolidated Statement of Financial Position consists of non-current assets belonging to locations in Japan.

(Business combinations)

Business combination through acquisition

At the Board of Directors meeting held on March 14, 2024, the Company resolved to acquire all shares of CTR Corporation (formerly Kisaragi Co., Ltd.; "CTR") and entered into a share transfer agreement as of the same date.

Based on this agreement, the Company acquired all shares of CTR on April 1, 2024, making it a subsidiary of the Company.

In conjunction with this share acquisition, Yagumi Corporation and Ikeda Koumuten, which are wholly owned subsidiaries of CTR, have become second-tier subsidiaries of the Company, and Itabashi-gumi Y.K. and Itabashi Transport Y.K., which are second-tier subsidiaries of CTR, have become third-tier subsidiaries of the Company.

1. Overview of the business combination

(1) Name of the acquired company and its line of business

Name of the acquired company: CTR Corporation

Line of business of the acquired company: Consulting services for corporate rehabilitation and corporate management, etc.

(2) Main reasons for the business combination

CTR is one of the largest scaffolding equipment installation companies in the Tokai region and one of the largest in Japan, with Yagumi Corporation as its core subsidiary (hereinafter collectively referred to as the "Yagumi Group" including CTR and its subsidiaries). By incorporating and developing various peripheral businesses, CTR engages in business operations with an eye toward achieving further business growth in the future.

While the Shinwa Group, as a manufacturer, upholds the purpose of "Protecting Lives and Supporting the Future," the Yagumi Group, as users, prides themselves on being "safe workers who are instrumental in ensuring the safety of construction projects." The participation of the Yagumi Group in the Shinwa Group is expected to lead to further business expansion and entry into new fields based on the high affinity of the two Groups. We expect that our mutual collaboration will further contribute to solving social issues surrounding construction, and therefore, have decided to acquire the shares.

Taking the opportunity of making the Yagumi Group a subsidiary, we aim to create new value and further enhance corporate value by mutually generating synergies through the sharing of management resources and strengthening business collaboration within the Shinwa Group.

(3) Date of the business combination

April 1, 2024

(4) Ratio of voting rights acquired

100%

2. Consideration for the acquisition and the details thereof

Cash ¥3,000,000 thousand

3. Amount of acquisition-related expenses and the line item thereof

Acquisition-related expenses for this business combination amounted to ¥76,822 thousand and are included in “Selling, general and administrative expenses” in the consolidated statement of profit or loss for the previous fiscal year.

4. Fair value of assets acquired and liabilities assumed, and goodwill

At the end of the current interim consolidated accounting period, the Company applied provisional accounting treatment because the allocation of the acquisition costs had not yet been completed. As of the end of the fiscal year under review, the allocation of the acquisition costs has been completed. The amount of goodwill incurred based on the finalized allocation of the consideration for the acquisition has been revised as follows.

(Thousand yen)

	Provisional fair value	Revised amount	Revised fair value
Fair value of the consideration paid	3,000,000	–	3,000,000
Cash and cash equivalents	368,298	0	368,298
Trade and other receivables	613,342	164,303	777,646
Inventories	15,712	–	15,712
Property, plant and equipment	1,413,003	124,458	1,537,462
Intangible assets	1,261	138,000	139,261
Other assets	732,070	(107,309)	624,761
Trade and other payables	(1,007,738)	–	(1,007,738)
Borrowings	(2,008,194)	–	(2,008,194)
Other liabilities	(422,066)	(62,799)	(484,865)
Net assets	(294,310)	256,654	(37,656)
Non-controlling interests	(5,226)	–	(5,226)
Goodwill	3,299,536	(256,654)	3,042,882
Total	3,000,000	–	3,000,000

Transactions under common control, etc.

At the Board of Directors meeting held on April 17, 2024, the Company resolved that Yagumi Corporation, our consolidated second-tier subsidiary, would absorb CTR Corporation, our consolidated subsidiary, and Yagumi Corporation completed the absorption on June 1, 2024.

1. Overview of the business combination

(1) Name of the constituent companies and their line of business

Combining company (Surviving company)
Name: Yagumi Corporation (Consolidated second-tier subsidiary of the Company)
Line of business: Contracting and brokering, etc. of scaffolding work
Combined company (Absorbed company)
Name: CTR Corporation (Consolidated subsidiary of the Company)
Line of business: Consulting services for corporate rehabilitation and corporate management, etc.

(2) Date of the business combination

June 1, 2024

(3) Legal form of the business combination

Absorption-type merger with Yagumi Corporation as the surviving company and CTR Corporation as the absorbed company

(4) Company name after the business combination
Yagumi Corporation

(5) Other items related to the transaction overview
This merger aims to streamline the Group's organizational structure and business operations, thereby improving overall management efficiency.

2. Overview of accounting process conducted
A business combination under common control is a business combination in which all of the combining companies or businesses are ultimately controlled by the same company or companies both before and after the business combination, and that control is not transitory. The Group continues to apply accounting treatment for all business combination transactions under common control based on book value.

(Per share information)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit attributable to common shareholders of parent (thousand yen)	409,665	975,039
Weighted average number of common shares outstanding (shares)	13,906,457	13,895,900
Basic earnings per share (yen)	29.46	70.17

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 outstanding during the fiscal year.

(Significant subsequent events)
There is no relevant information.