

Mainly leases wedge lock scaffolding to small-and medium-sized scaffolding construction companies

This report is an English translation of part of the report issued on April 22, 2022.
For inquiries concerning the report, please contact info@stock-r.org

[9223 ASNOVA Sector : Services]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2020	2,724	27.8	236	-	282	53.3	265	4.3x	195.0	1,599.5	0.0
Mar. 2021	2,241	-17.7	-145	-	11	-96.1	15	-94.3	11.7	1,611.2	0.0
Mar. 2022 f	2,698	20.4	195	-	309	28.1x	217	14.5x	160.0	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending March 2022 are the company's forecasts.

Main Business is Leasing Wedge Scaffolding

ASNOVA is engaged in three services, which are the temporary structure equipment rental service, which mainly leases wedge lock scaffolding, the temporary structure equipment sales service, which sells equipment for temporary structures, and other service, which receives orders for scaffolding construction and dismantling work. The temporary structure equipment rental service accounted for 85.1% of net sales in the fiscal year ended March 2021, the temporary structure equipment sales service for 11.7% and other services for 3.2%

1) Temporary Structure Equipment Rental Service

Wedge scaffolding is easy to construct even in narrow spaces or for buildings with complicated shapes by changing the way it is combined, and as it can be easily built with just a hammer, construction and dismantling can be done in a short period of time. In addition, it is easy to store and transport as there are a variety of light-weighted and compact specifications, leading to advantages of shorter construction periods and reductions in costs.

The company's customers are centered on scaffolding construction companies and local building contractors with annual sales of 100 million yen to 300 million yen. Furthermore, the needs for renting equipment for temporary structures is high because it enables customers to cut initial costs as they can start scaffolding construction work with a relatively small number of employees and on a small scale as well as save management fees as customers can use equipment for temporary structures depending on the busyness of the construction work. The company conducts business with over 2,200 scaffolding construction companies, building contractors, etc.

2) Temporary Structure Equipment Sales Service

The company also sells equipment for temporary structures. However, it has no plans to largely expand temporary structure equipment sales including sales of used equipment, and the intention is to stick to focusing its business on temporary structure equipment rental.

The company has set a policy to sell depreciated equipment, which were purchased as for-rent equipment more than six years ago, as used equipment starting from the fiscal year ended March 2021, and the sales amount is to be posted as non-operating income. In the fiscal year ended March 2021, 157 million yen of gain on sales of scaffolding material is posted as non-operating income.

3) Other Services

The company also receives orders for scaffolding construction and dismantling work at construction sites of customers. After contracting the work, it outsources the work to external contractors.

Financial Statements

Statement of income	Fiscal Year	Mar.2020		Mar.2021		Nine months to Dec. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		2,724	100.0	2,241	100.0	2,063	100.0
Cost of sales		1,943	71.3	1,869	83.4	1,412	68.4
Gross profit		780	28.6	372	16.6	651	31.6
Selling, general and administrative expenses		543	19.9	517	23.1	479	23.2
Operating profit		236	8.7	-145	-	172	8.3
Non-operating income		64	2.3	180	8.0	84	4.1
Non-operating expenses		18	0.7	23	1.0	16	0.8
Ordinary profit		282	10.4	11	0.5	240	11.6
Profit before income taxes		404	14.8	5	0.2	276	13.4
Net profit		265	9.7	15	0.7	178	8.6

Balance sheet	Fiscal Year	Mar.2020		Mar.2021		Dec. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		972	16.0	965	18.7	1,202	21.0
Cash and deposits		513	8.4	488	9.4	637	11.1
Accounts receivable-trade		404	6.6	309	6.0	445	7.8
Inventories		35	0.6	49	0.9	30	0.5
Non-current assets		5,108	84.0	4,206	81.3	4,520	79.0
Property, plant and equipment		4,997	82.2	4,087	79.0	4,371	76.4
Intangible assets		49	0.8	42	0.8	39	0.7
Investments and other assets		61	1.0	76	1.5	109	1.9
Total assets		6,081	100.0	5,171	100.0	5,722	100.0
Current liabilities		1,782	29.3	1,537	29.7	1,819	31.8
Accounts payable - trade		20	0.3	7	0.1	62	1.1
Short-term borrowings		750	12.3	600	11.6	700	12.2
Current portion of long-term borrowings		726	11.9	662	12.8	810	14.2
Non-current liabilities		2,118	34.8	1,438	27.8	1,529	26.7
Long-term borrowings		2,047	33.7	1,384	26.8	1,488	26.0
Net assets		2,179	35.8	2,195	42.4	2,374	41.5
Owners' equity		2,179	35.8	2,195	42.4	2,374	41.5

Statement of cash flows	Fiscal Year	Mar.2020	Mar.2021
		(mn yen)	(mn yen)
Cash flows from operating activities		1,138	821
Depreciation		958	992
Cash flows from investing activities		-1,387	40
Cash flows from financing activities		241	-887
Dividends paid		-	-
Net increase in cash and cash equivalents		-7	-25
Cash and cash equivalents		513	288

- 1.Current portion of long-term borrowings for the fiscal years ended March 2020 and March 2021 included 20 million yen of current portion of corporate bonds payable, respectively.
- 2.Current portion of long-term borrowings for the third quarter of the fiscal years ended March 2022 included 10 million yen of current portion of corporate bonds payable.
- 3.Long-term borrowings for the fiscal year ended March 2020 included 20 million yen of corporate bonds payable.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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