

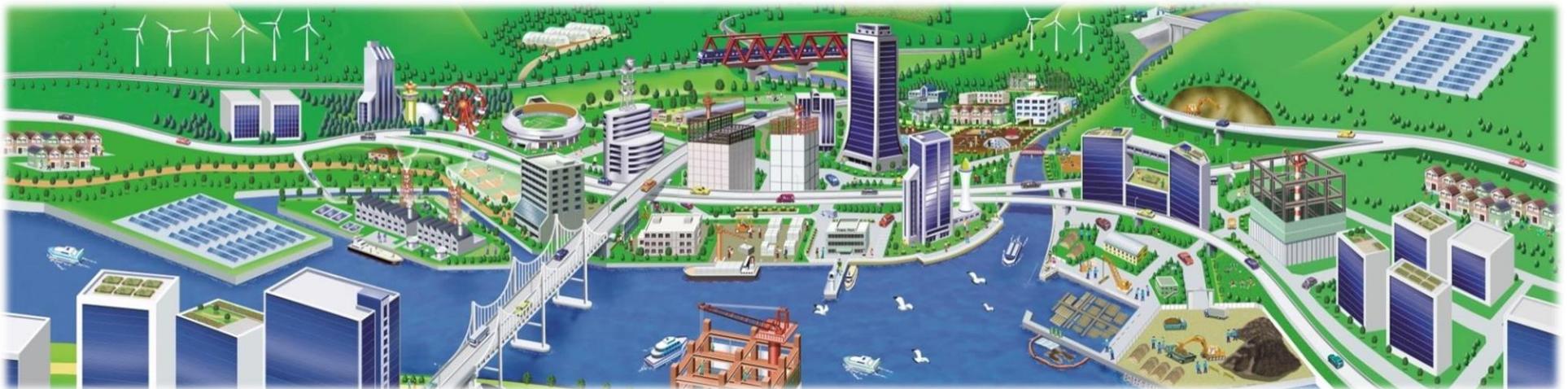
KONDOTECH INC.

Financial Results

Q1 FY2022

August 6, 2021

Securities Code : 7438



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1. Highlights of Q1 FY2022 Financial Results

- Net sales increased due to demand recovery in construction and a sale contribution from Fukoku, which was made a subsidiary in January 2021.
- Operating results decreased due to higher SG&A expenses following the acquisition of two subsidiaries and higher personnel expenses as well as a dip in gross profit margin.

Net sales	14,978 million yen	YoY	+6.1%
Operating income	629 million yen	YoY	△4.6%
Ordinary income	676 million yen	YoY	△0.3%
Profit attributable to owner of parent	390 million yen	YoY	△8.0%
E B I T D A	988 million yen	YoY	+5.6%

Note: EBITDA= Income before income taxes + Interest expenses + Depreciation + Amortization of goodwill

Compliance with the continued listing criteria for the new market segment (Prime Market) of Tokyo Stock Exchange

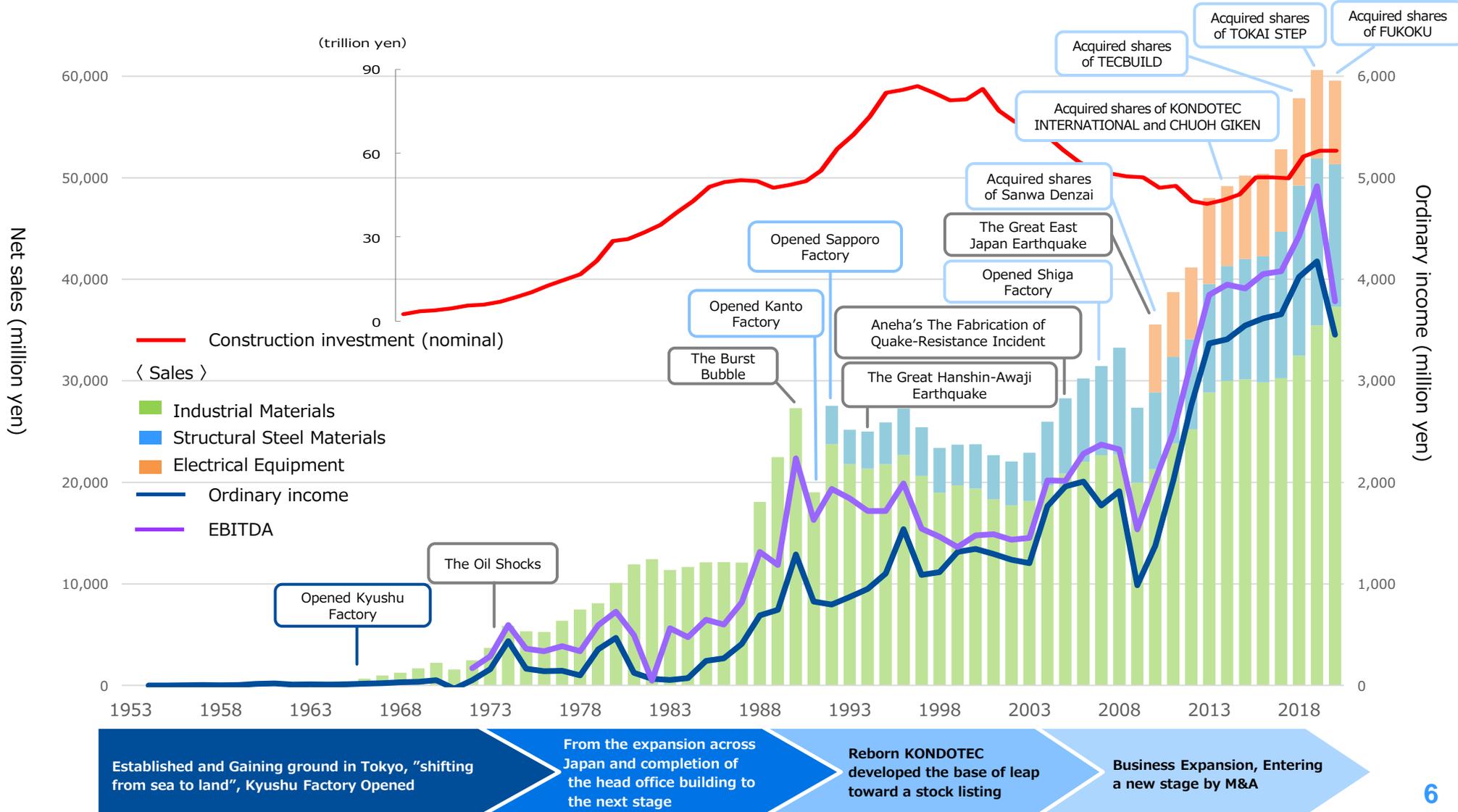
- In July 2021, we have received the result of the initial assessment of compliance with the continued listing criteria in the new market segment from Tokyo Stock Exchange, Inc. and have **met the continued listing criteria for the Prime Market.**
- We will proceed with the application process following a resolution regarding the selection of new market segment.

2. Company Overview

Performance Trends

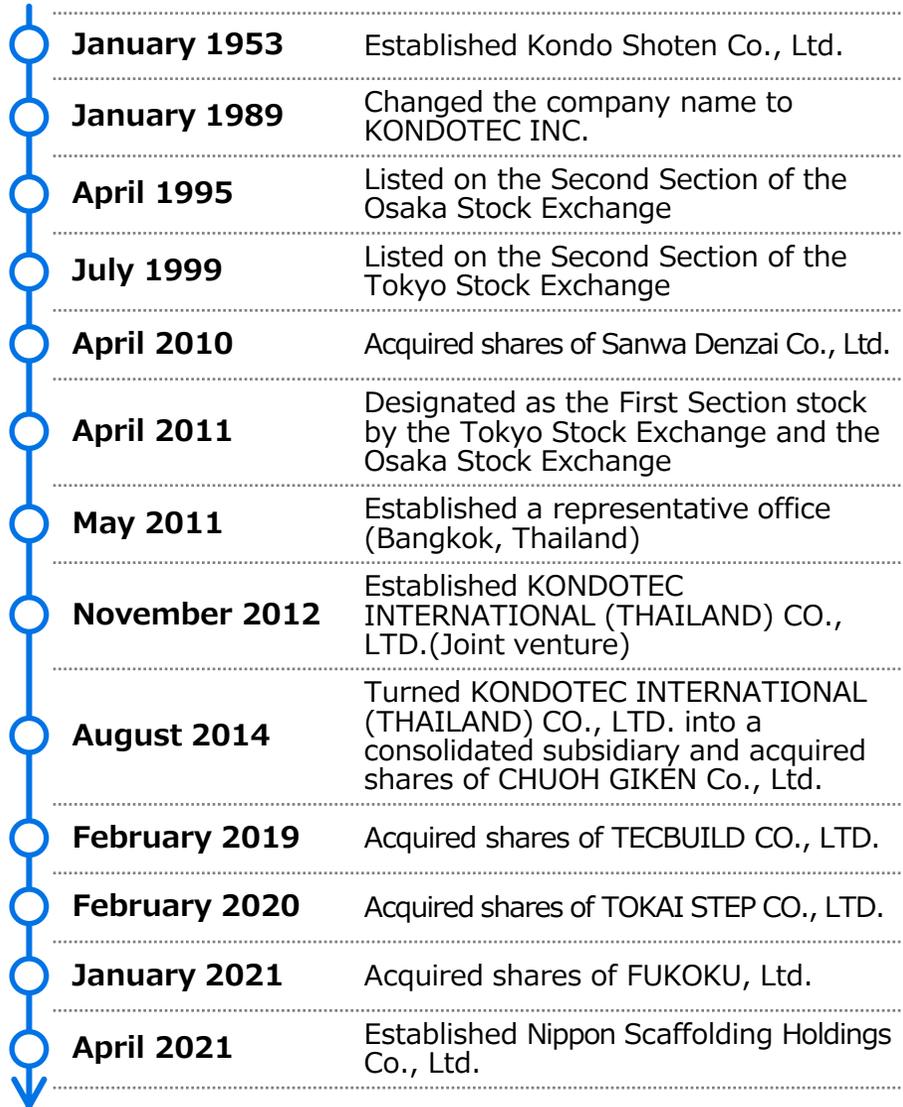


Since establishment in 1953, we have not incurred an ordinary loss as a result of efforts to supply products and merchandise to various industries in response to changes of the times and customer needs.

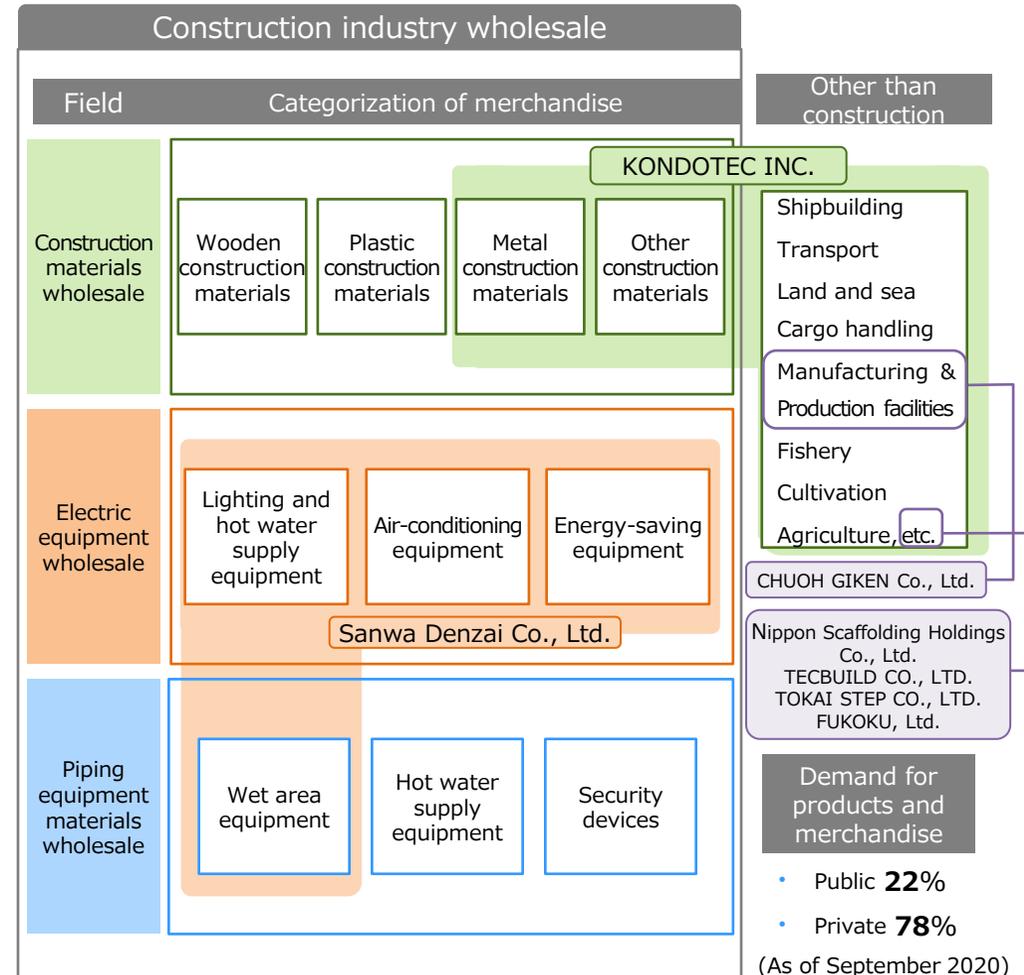


Company name	KONDO TEC INC.
Group companies	Sanwa Denzai Co., Ltd. KONDO TEC INTERNATIONAL (THAILAND) CO., LTD. CHUOH GIKEN Co., Ltd. Nippon Scaffolding Holdings Co., Ltd. TECBUILD CO., LTD. TOKAI STEP CO., LTD. FUKOKU, Ltd. (As of June 30, 2021)
Established	January 1953
President and Representative Director	Katsuhiko Kondo
Head office	2-2-90 Sakaigawa, Nishi-ku, Osaka 550-0024 Japan Tokyo Headquarters : 1-9-3 Minami Suna, Koto-ku, Tokyo
Number of employees	Parent:721 Consolidated:1,140 (As of March 31, 2021)
Capital stock	2,666 million yen
Listed stock market	Tokyo Stock Exchange (First Section) (Securities Code :7438)
Business areas	<ul style="list-style-type: none"> ■ Manufacturing, procurement, sale and rental of industrial materials primarily in the retail hardware business. ■ Manufacturing, procurement and sale of structural steel materials mainly for steel fabricators. ■ Procurement and sales of electrical equipment for electrical work operators and electrical appliance stores.
Major items handled	<ul style="list-style-type: none"> ■ Products Turn buckles, braces, scaffolding chains, screws, anchor bolts, construction materials, machinery and equipment etc. ■ Merchandise Hardware, chains, wire ropes, screws, construction materials, lighting equipment, panel board, air-conditioning equipment, eco items etc.

Company history



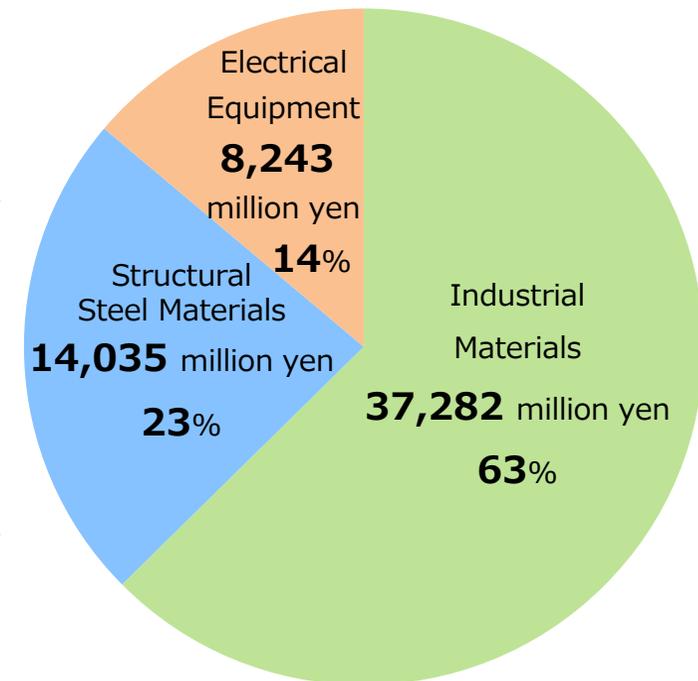
Business areas



Net Sales by Segment

Segment	Main customers	Main products & merchandise
Industrial Materials	<ul style="list-style-type: none"> ■ Hardware stores ■ Wholesalers ■ Home improvement center 	<ul style="list-style-type: none"> ■ Turn buckles ■ Shackles ■ Scaffolding chains ■ Hooks and clips ■ Screws ■ Container bags ■ Tarpaulins ■ Machinery and equipment
Structural Steel Materials	<ul style="list-style-type: none"> ■ Steel fabricators 	<ul style="list-style-type: none"> ■ Turnbuckle braces ■ Anchor bolts ■ High strength bolts ■ Self-supporting Kon-pieces ■ Kon-deck bars ■ Ceramic tabs
Electrical Equipment	<ul style="list-style-type: none"> ■ Electrical work operators ■ Electrical appliance stores 	<ul style="list-style-type: none"> ■ Air-conditioning equipment (Air-conditioners, ventilation fans and duct fans) ■ Lighting equipment (LED lightings, lighting fixtures for housing) ■ Environmentally friendly items (solar power generation, energy-efficient hot water tanks [EcoCute]) ■ Electrical wires, power distribution boards, control panels, various sensors

Net sales by segment (FY2021)



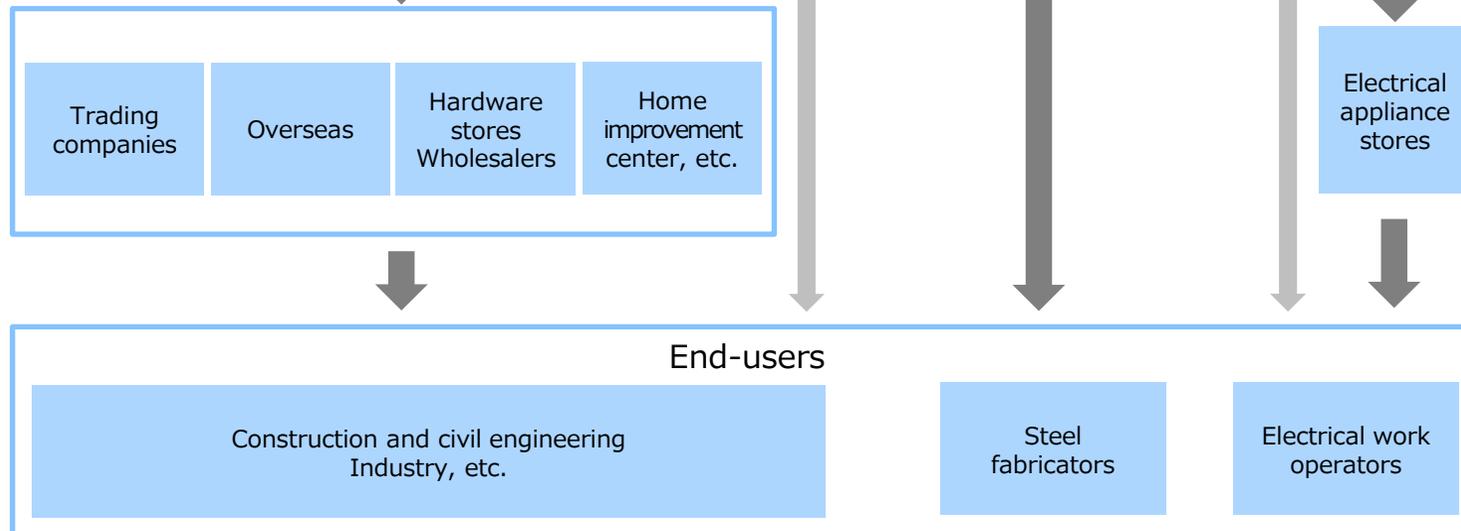
Suppliers



Sales contribution ratio by business segments (FY2021)



Customers



Segment Overview



(As of end March 2021)

Net sales		Consolidated	Industrial Materials	Structural Steel Materials	Electrical Equipment
		59,562 million yen	37,282 million yen	14,035 million yen	8,243 million yen
Note: KONDOTEC and Sanwa Denzai are included in the pie charts.					
Number of operating sites		98	68	17	13
Number of items		Approx. 50,000	Approx. 40,000		Approx. 10,000
Number of customers		Approx. 25,000	Approx. 15,000	Approx. 5,000	Approx. 5,000
New customers	Number of customers	2,526	1,621	627	278
	Net sales (million yen)	2,612	1,230	555	826

Note: Number of customers and new customers include KONDOTEC and Sanwa Denzai.

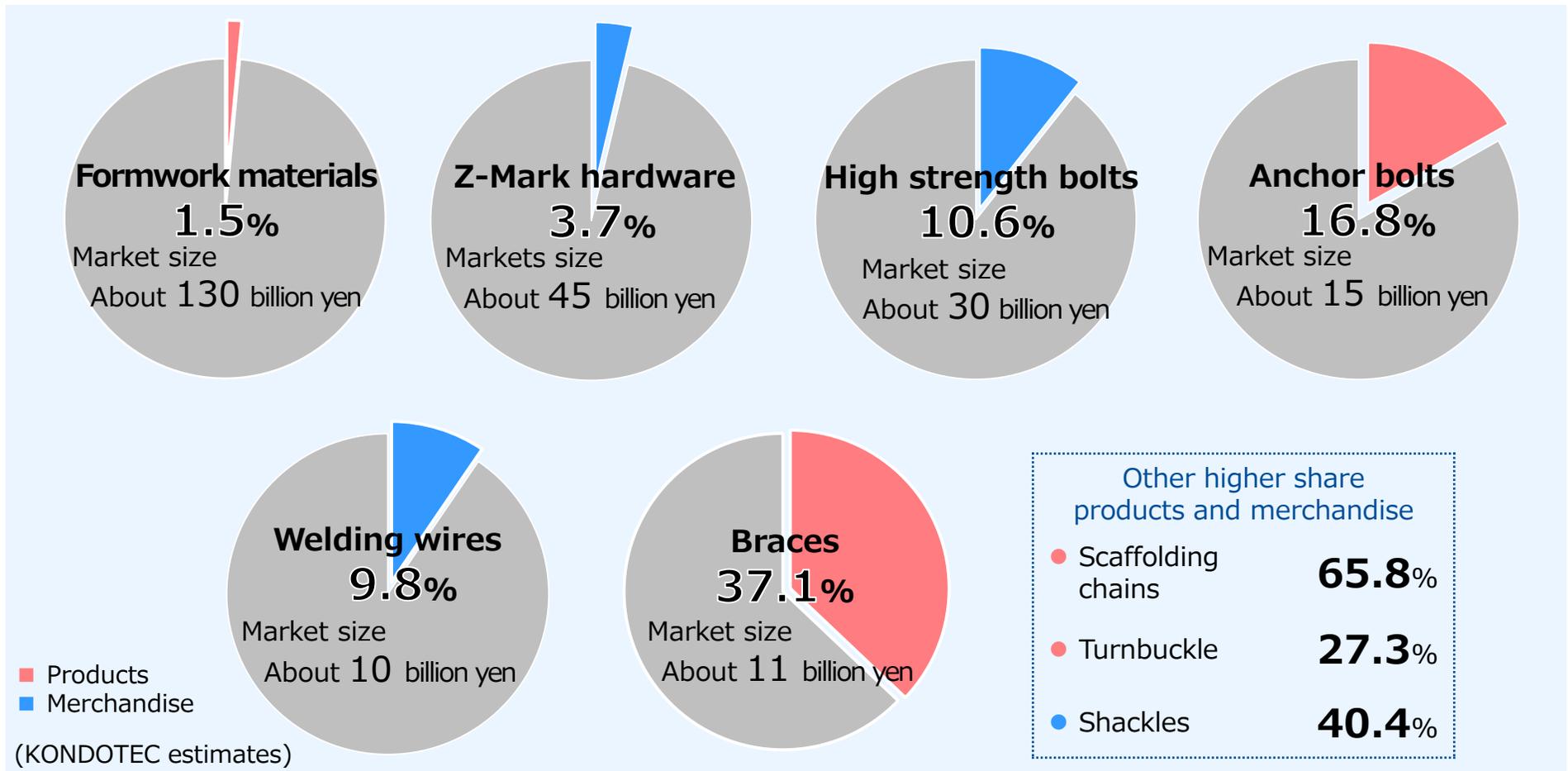
Note: New customers show sum of this year and previous year's results.

Market Size for Main Products and Merchandise



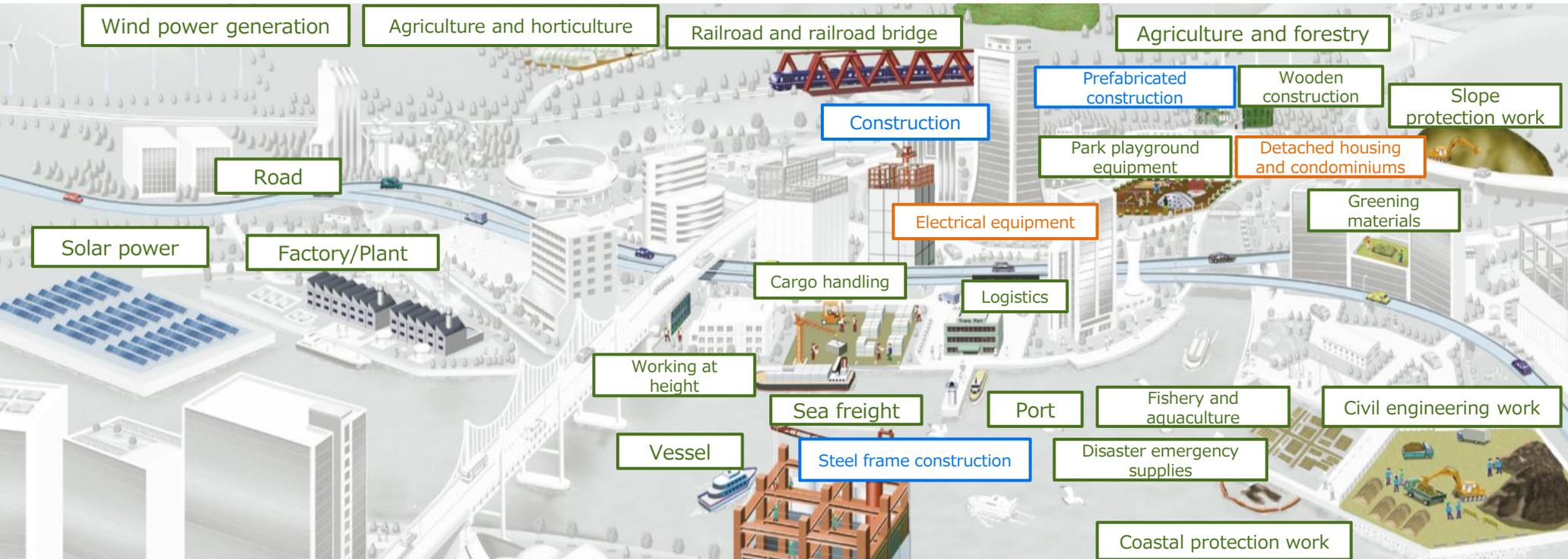
Market size for main products, merchandise and corresponding market shares (As of end March 2020)

- We offer an extensive range of products including higher market shares products and merchandise (such as wire ropes, nets, sheets and screws) and products and merchandise with potential for growth other than the following.



3. Main Products and Merchandise

We supply roughly 50,000 products and merchandise to various industries in response to changes of the times and customer needs.



Construction

The construction field is one of the biggest sales fields. Materials for Steel-frame structures such as turnbuckle braces and round separators for reinforced concrete buildings are main products manufactured in-house. We obtained Z-mark certification and X-mark certification in wooden construction field. We offer various temporary scaffolding materials used in a wide range of constructions.

- Lifting equipment
- Turnbuckle braces
- Steel frame materials
- Foundation materials
- Formwork materials
- Architectural hardware

Railroads

When railroad construction has specific requirements that differ from other constructions, we offer specific products to Japan Railways Group and other railway companies.

- Screws
- Lifting equipment
- Materials for river improvement and slope protection

Civil engineering

There are various fields with growth prospects in civil engineering including infrastructure-related projects (such as road construction and port engineering), slope protection and river engineering. Demand for materials for urgent post-disaster reconstruction is growing along with the increasing frequency of natural disasters in recent years. We keep inventory at all of our operating sites to facilitate quick delivery in the event of a disaster.

- Street materials and greening materials
- Materials for river improvement and slope protection
- Lifting equipment
- Worksite equipment
- Nets and sheets
- Port materials

Turnbuckle Braces

- Turnbuckle braces are connected cornerwise to prevent the collapse of buildings exposed to lateral pressure.
- Turnbuckle braces are used as seismic bracing products in prefabricated steel-frame houses and steel constructions such as shopping centers, factories and warehouses. They can also be seen in everyday locations, including on ceilings of railway station platforms.

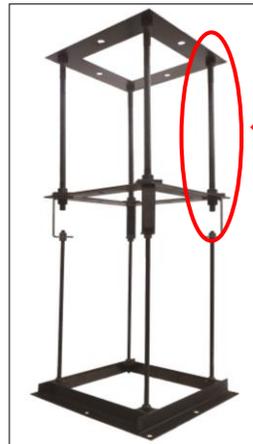


Anchor Bolts

- Anchor bolts are important materials used to connect a building structure to a concrete foundation. Their main purpose is to prevent the building connected to the concrete foundation from tilting and falling over.



After construction work



Anchor frame (Kon-base Eco)



Anchor bolts



Container Bags

- Container bags are used in a wide range of settings such as 1) transportation and storage of feedstuff, fertilizer, plastic pellets, and industrial waste; 2) rubble disposal and decontamination work; and 3) post-disaster reconstruction work (used as large sandbags).



- FUKOKU (which became a subsidiary in January 2021) as well as TECBULID and TOKAI STEP handle assembly and disassembly of scaffolding is used for construction and repairs of warehouses, detached homes and condominiums.

Overpass repair



Condominium construction



4. Q1 FY2022 Financial Results and Analysis

Q1 FY2022 Consolidated Financial Results



(million yen)

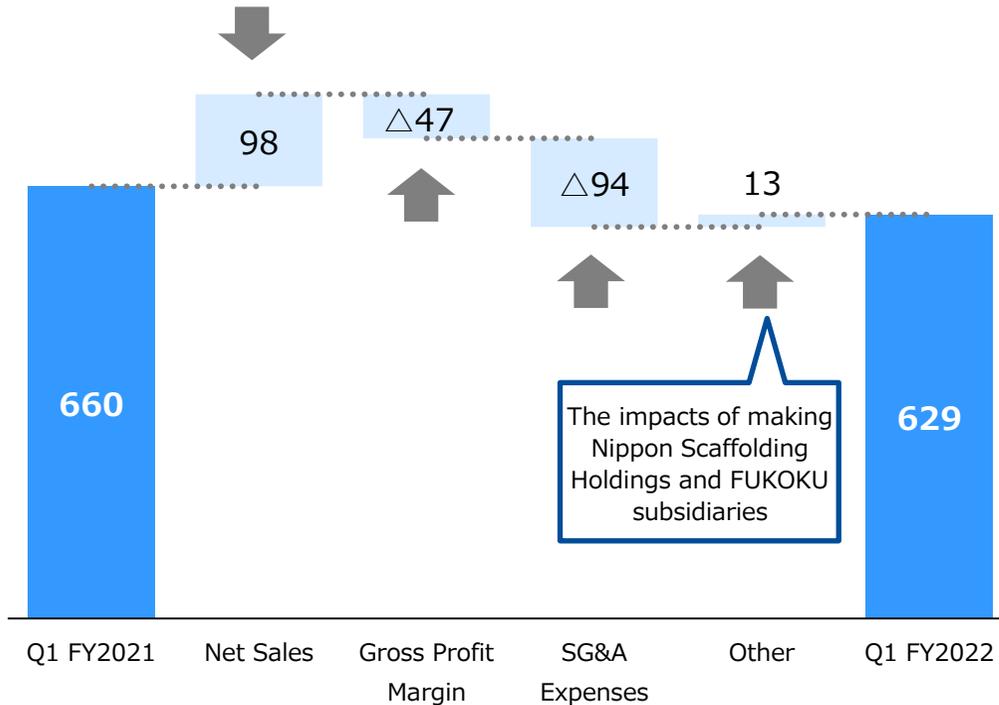
	Q1 FY20201	Q1 FY2022	YoY	
			Amount	%
Net sales	14,112	14,978	+865	+6.1%
Gross profit	3,218	3,373	+155	+4.8%
SG&A expenses	2,557	2,743	+186	+7.3%
Operating income	660	629	△30	△4.6%
Ordinary income	678	676	△2	△0.3%
Profit attributable to owner of parent	424	390	△34	△8.0%
EBITDA	935	988	+52	+5.6%

Note: EBITDA= Income before income taxes + Interest expenses + Depreciation + Amortization of goodwill

Operating Income Analysis (Consolidated)

Operating income analysis

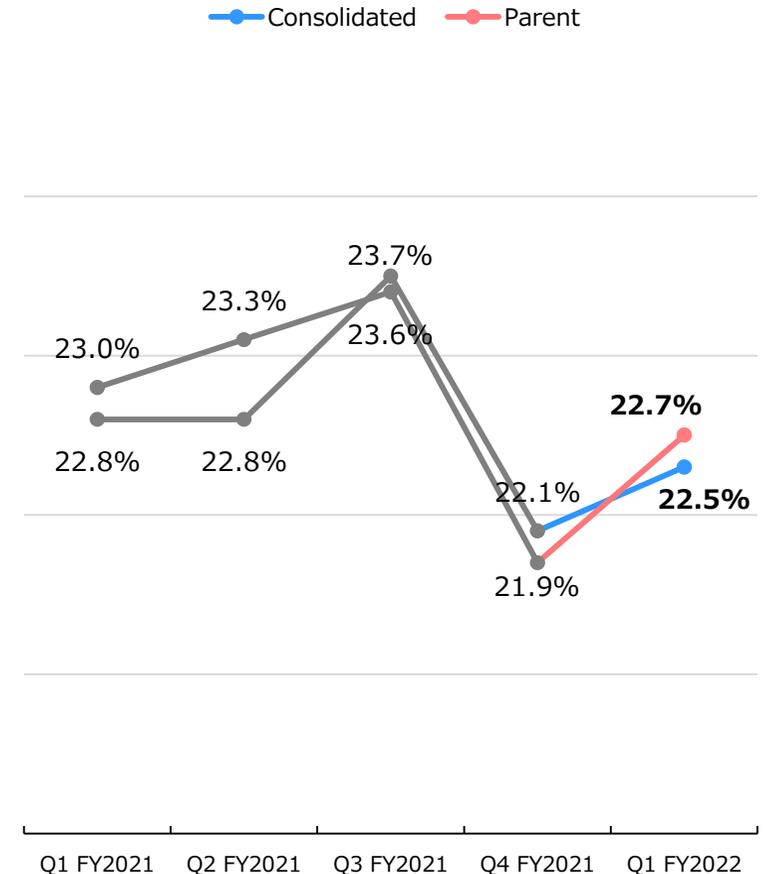
(million yen)



Note: **The following figures do not include Nippon Scaffolding Holdings and FUKOKU.**

Gross Profit Margin	22.8%→22.5%
SG&A expenses	Salaries +27 million yen Bonuses +18 million yen Supplies expenses +13 million yen Freight and packing costs +13 million yen Commission expenses +10 million yen

Quarterly GPM

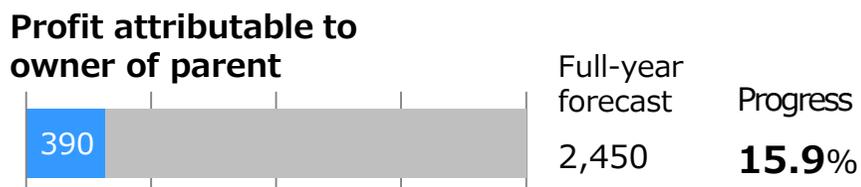
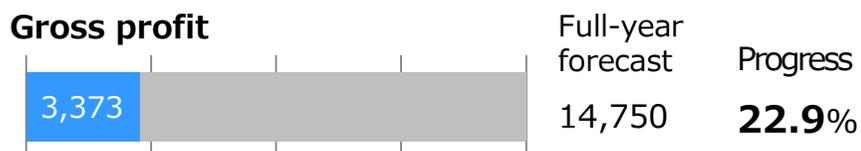
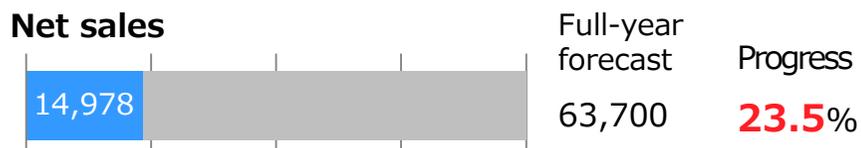


Q1 FY2022 Consolidated Financial Results Progress for FY2022 Forecast

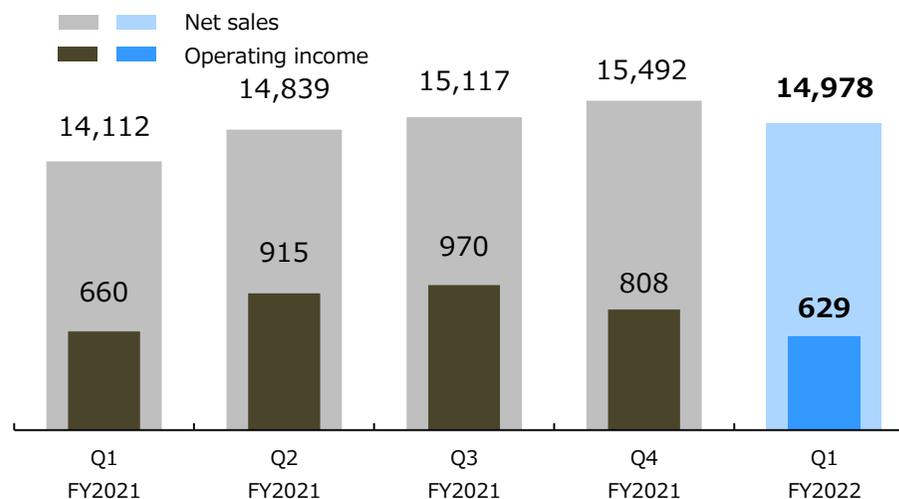


Progress for FY2022 forecast (million yen)

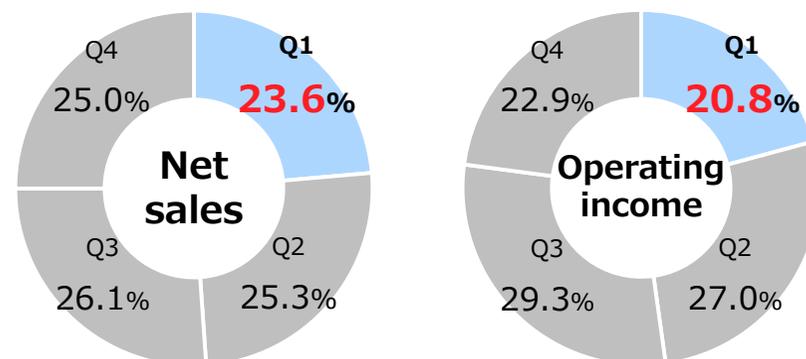
■ Q1 FY2022 ■ Full-year forecast



Net sales and operating income (million yen)



Quarterly percentage breakdown of net sales and operating income (5-year average)



Consolidated Balance Sheet [Assets]



(million yen)

		FY2021	Q1 FY2022	Change
Current assets	Cash and deposits	11,317	10,513	△804
	Notes and receivable –trade, and contract assets	12,372	12,071	△301
	Electronically recorded monetary claims operating	1,984	2,046	+62
	Inventories	4,932	5,555	+622
	Other	962	1,032	+69
	Total current assets	31,569	31,218	△351
Non-current assets	Property, plant and equipment	11,848	12,369	+521
	Intangible assets	5,044	4,988	△55
	Investments and other assets	963	816	△147
	Total non-current-assets	17,856	18,174	+318
Total assets		49,426	49,393	△32

Consolidated Balance Sheet [Liabilities and Net Assets]

(million yen)

		FY2021	Q1 FY2022	Change	
Current liabilities	Notes and accounts payable – trade	3,978	3,935	△42	
	Electronically recorded obligations – operations	8,029	8,517	+487	
	Breakdown Electronically recorded obligations–operations	Repayment before maturity	9,202	9,648	+445
			△1,173	△1,130	+42
	Short-term loans payable	3,110	3,110	–	
	Income taxes payable	596	95	△500	
	Other	3,124	3,409	+285	
Total current liabilities		18,838	19,068	+229	
Non-current liabilities		1,564	1,385	△179	
Total liabilities		20,403	20,453	+49	
Net assets	Shareholder’s equity	30,210	30,204	△5	
	Accumulated other comprehensive income	△1,216	△1,264	△47	
	Subscription rights to shares	28	–	△28	
Total net assets		29,022	28,940	△82	
Total liabilities and net assets		49,426	49,393	△32	

5. Q1 FY2022 Financial Results and Analysis by Segment

Q1 FY2022 Financial Results by Segment



(million yen)

		Q1 FY2021	Q1 FY2022	Change (%)	Full-year forecast	Progress
Industrial Materials	Net sales	8,758	9,528	+8.8%	40,452	23.6%
	Segment profit or loss	393	397	+0.9%	2,265	17.5%
	EBITDA	560	588	+5.1%	–	–
Structural Steel Materials	Net sales	3,467	3,516	+1.4%	14,687	23.9%
	Segment profit or loss	240	217	△9.5%	940	23.1%
	EBITDA	246	227	△7.9%	–	–
Electrical Equipment	Net sales	1,886	1,933	+2.5%	8,560	22.6%
	Segment profit or loss	26	28	+6.6%	214	13.4%
	EBITDA	33	35	+6.4%	–	–

Note: Segment profit or loss has been adjusted with operating income on the quarterly consolidated financial statements.

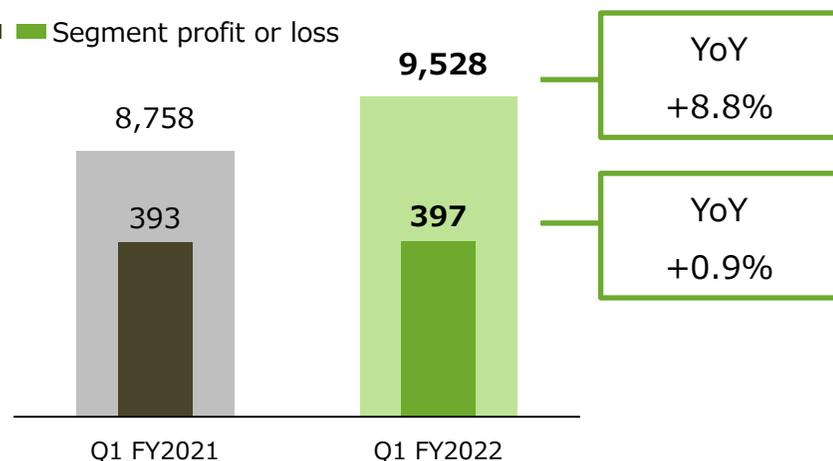
Note: EBITDA= Segment profit or loss + Depreciation + Amortization of goodwill

Net sales and segment profit or loss

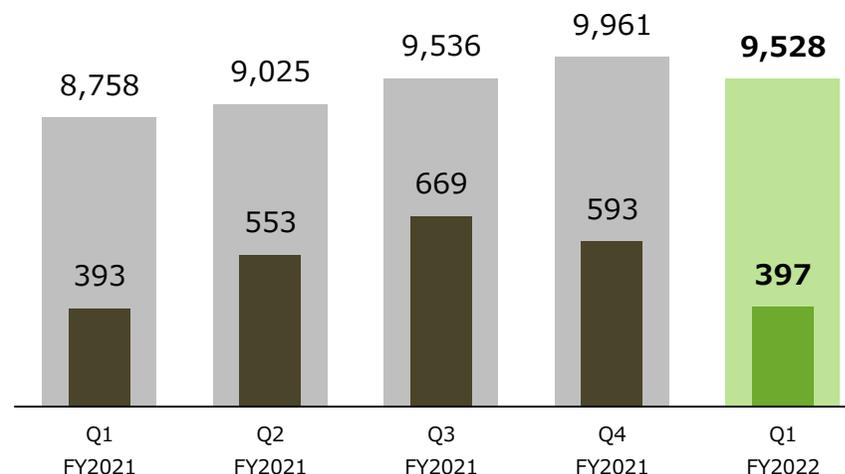
(million yen)

■ YoY

- Net sales
- Segment profit or loss



■ Quarterly



Factors affecting net sales

Net sales increased by about 770 million yen YoY.

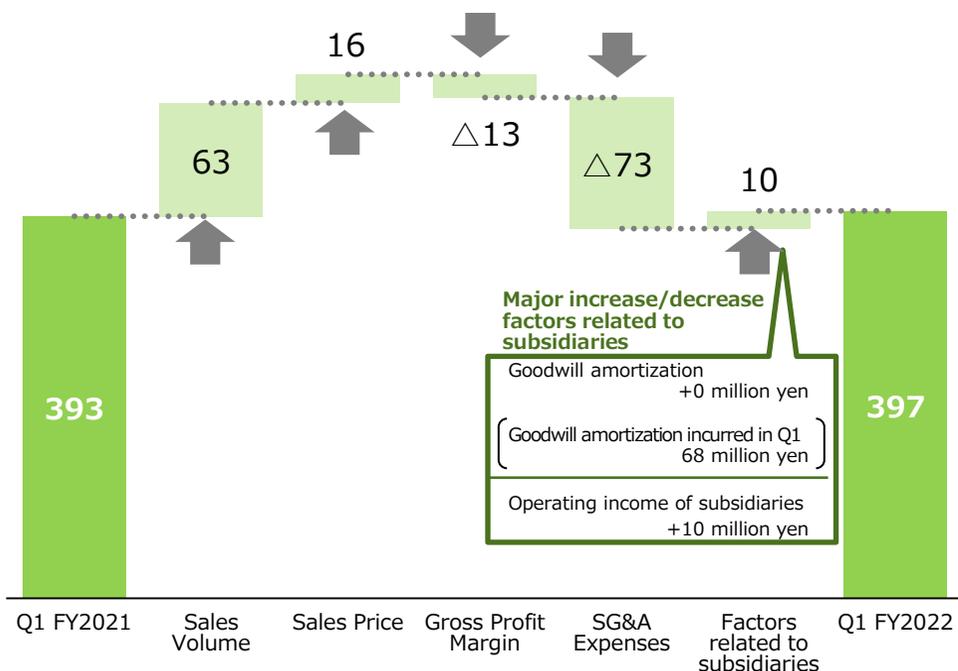
Sales of temporary scaffolding materials, hardware for wooden homes and worksite equipment remained solid, supported by demand recovery in the construction market and the last-minute demand before the price hike. There was also a sales contribution from making Fukoku a subsidiary in January 2021.

Increased/decreased amount in net sales (million yen)

Products (approximate)	△1	scaffolding chains	/ △16	Orders decreased due to the drop in the number of large-scale projects.
Merchandise (approximate)	+440	temporary scaffolding materials	/ +87	Orders increased due to the last-minute demand before the price hike of various materials.
Other	+333	FUKOKU Nippon Scaffolding Holdings	/ +306 / +26	Sales increased on the contributions from new subsidiaries.

Segment profit or loss analysis

(million yen)



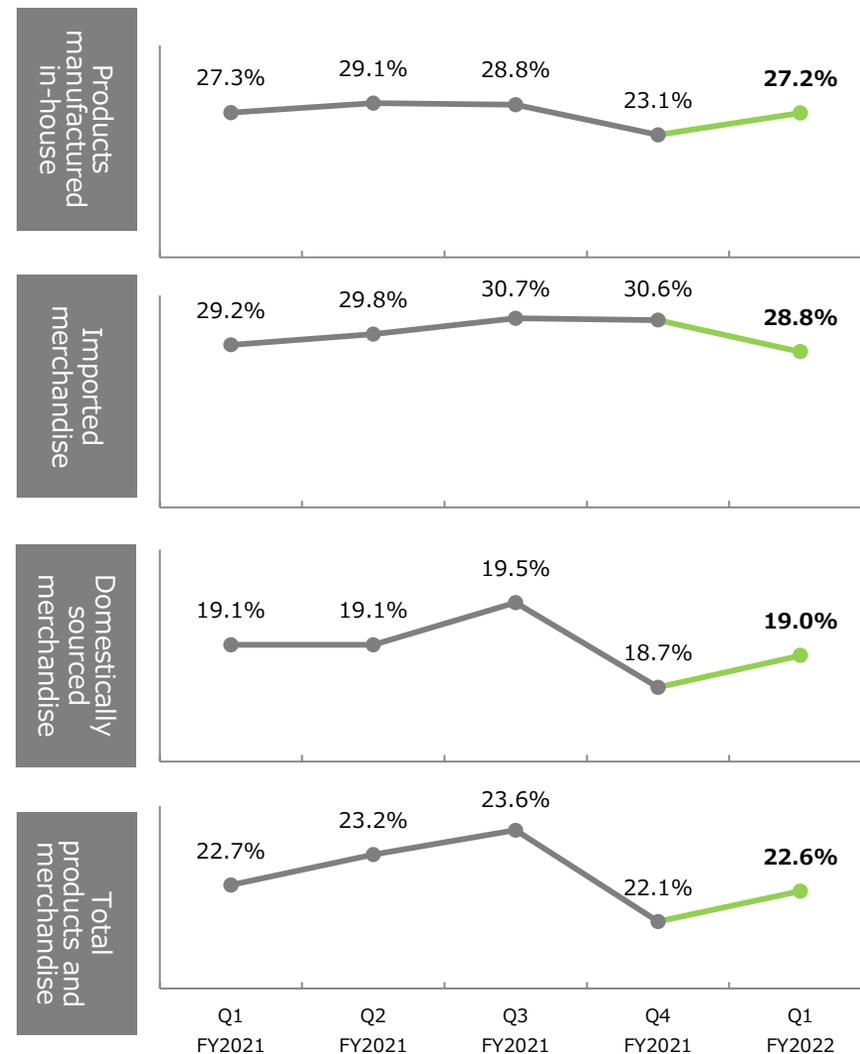
Major increase/decrease factors related to subsidiaries

Goodwill amortization	+0 million yen
(Goodwill amortization incurred in Q1)	68 million yen
Operating income of subsidiaries	+10 million yen

Note: The following figures do not include subsidiaries.

Sales volume	Products +0 million yen Merchandise +63 million yen
Sales price	Products +2 million yen Merchandise +14 million yen
Gross Profit Margin	Products 27.3% → 27.2% Merchandise 22.0% → 21.8% (including imported merchandise and domestically sourced merchandise)
SG&A Expenses	Bonuses +31 million yen Freight and packing costs +8 million yen Salaries +6 million yen

Quarterly GPM

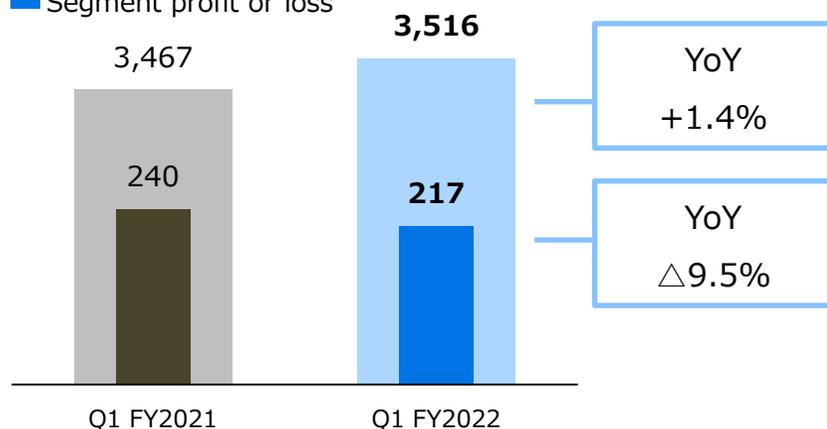


Net sales and segment profit or loss

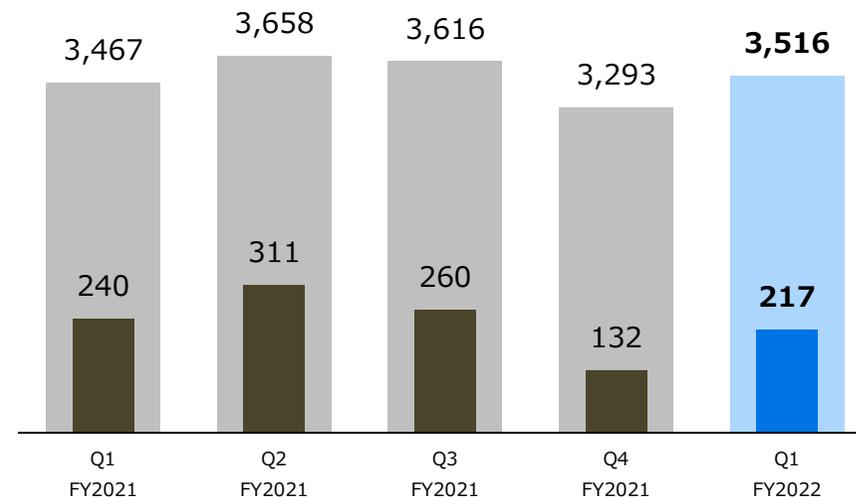
(million yen)

YoY

- Net sales
- Segment profit or loss



Quarterly



Factors affecting net sales

Net sales increased by about 50 million yen YoY.

Sales of machine·tools, high strength bolts and anchor bolts remained firm, supported by recovery in steel frame demand such as large properties

Increased/decreased amount in net sales (million yen)

Products (approximate)	Δ60	Braces	/ Δ88	The number of properties decreased due to the COVID-19 infection.
Merchandise (approximate)	+110	Machine·tools	/ +50	Sales increased due to some large orders.

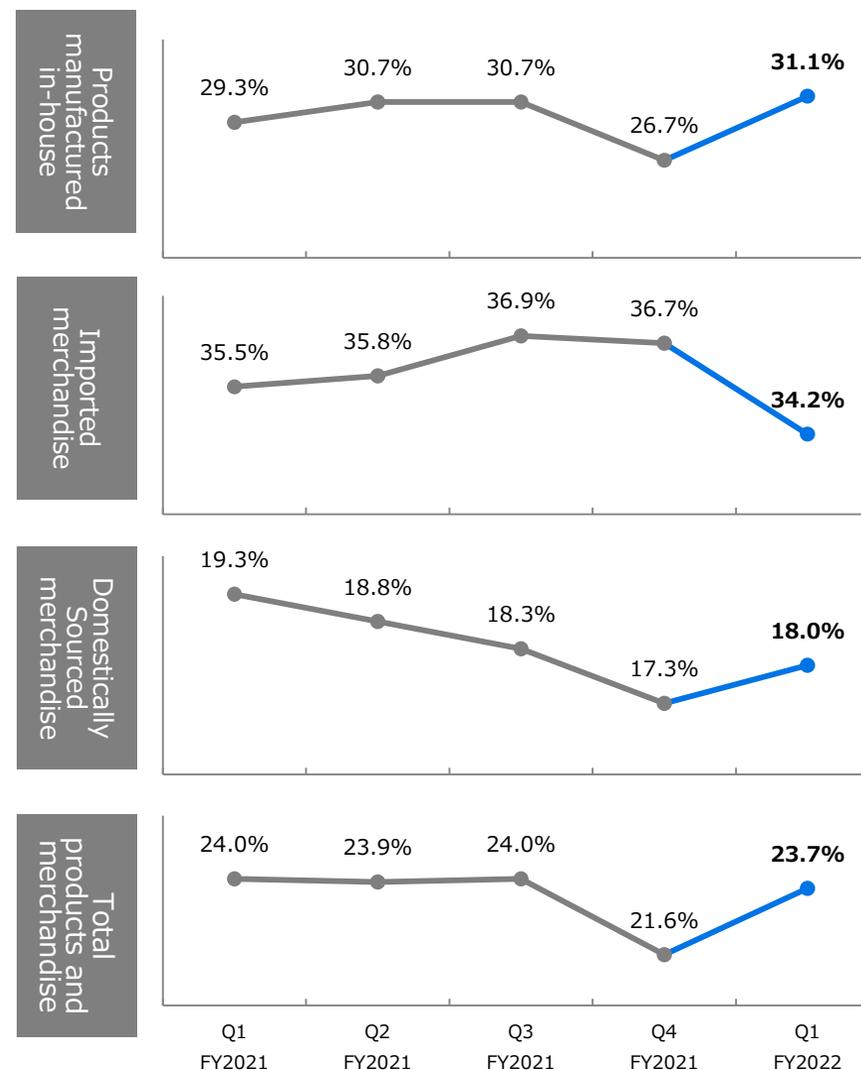
Segment profit or loss analysis

(million yen)



Sales volume	Products △12 million yen Merchandise △7 million yen
Sales price	Products △4 million yen Merchandise +30 million yen
Gross Profit Margin	Products 29.3% → 31.1% Merchandise 21.2% → 20.1% (including imported merchandise and domestically sourced merchandise)
SG&A Expenses	Freight and packing costs +4 million yen Depreciation +3 million yen

Quarterly GPM

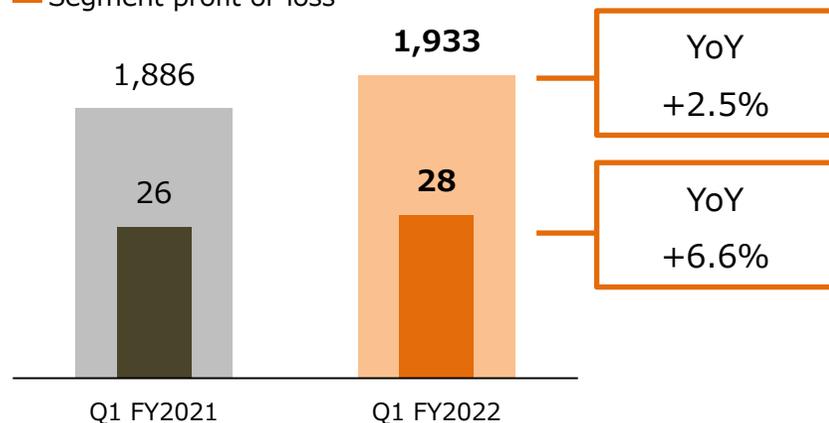


Net sales and segment profit or loss

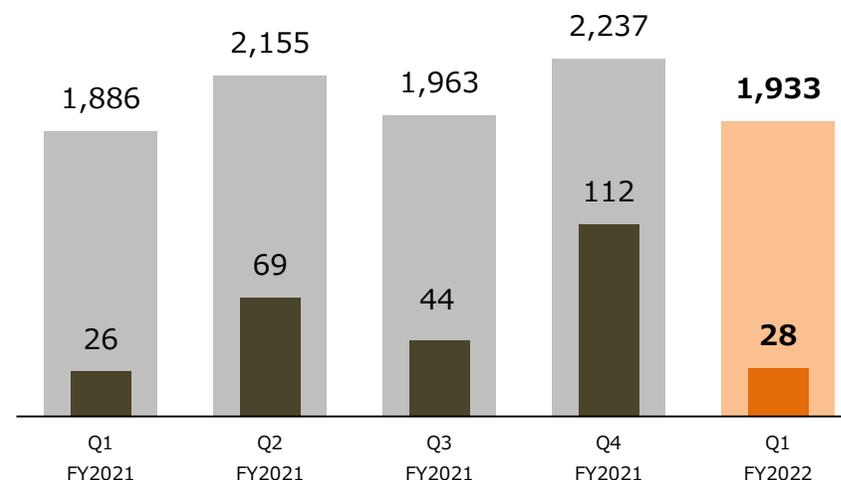
(million yen)

YoY

- Net sales
- Segment profit or loss



Quarterly



Factors affecting net sales

Net sales increased by about 50 million yen YoY.

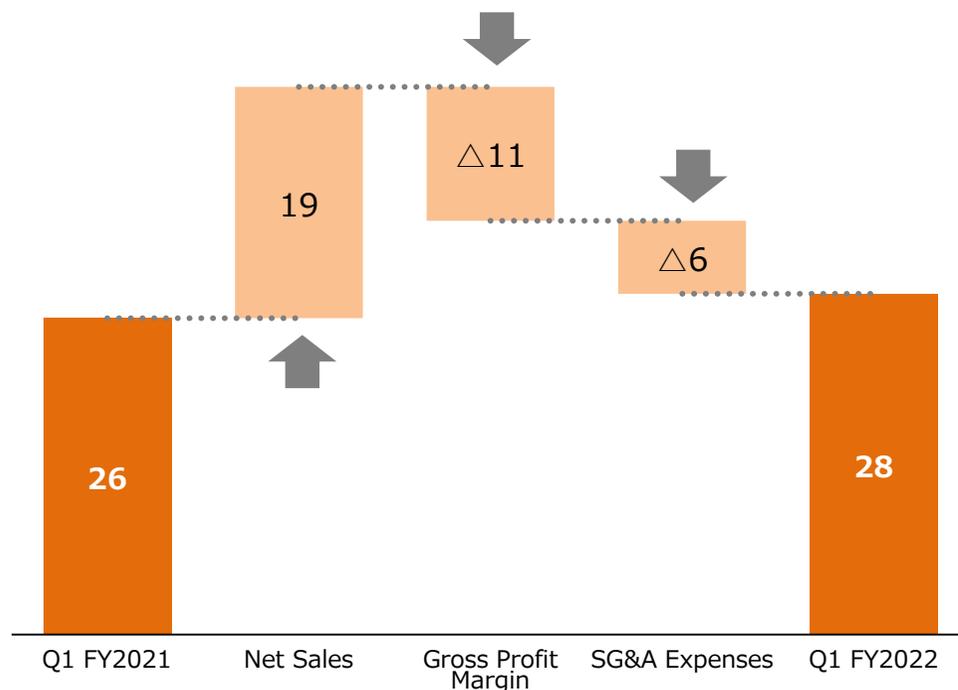
As a result of efforts to strengthen housing equipment business, sales increased due to the expansion into LED light installation service and an increase in unit sales prices, despite sluggishness in the market environment due to delays in construction projects and a drop in capex demand caused by the COVID-19 infection.

Increased/decreased amount in net sales (million yen)

Electrical wires	+58	Sales increased due an increase in unit sales prices
Lighting fixtures	+46	Orders related to detached homes and condominiums remained firm. The number of LED light installations increased.

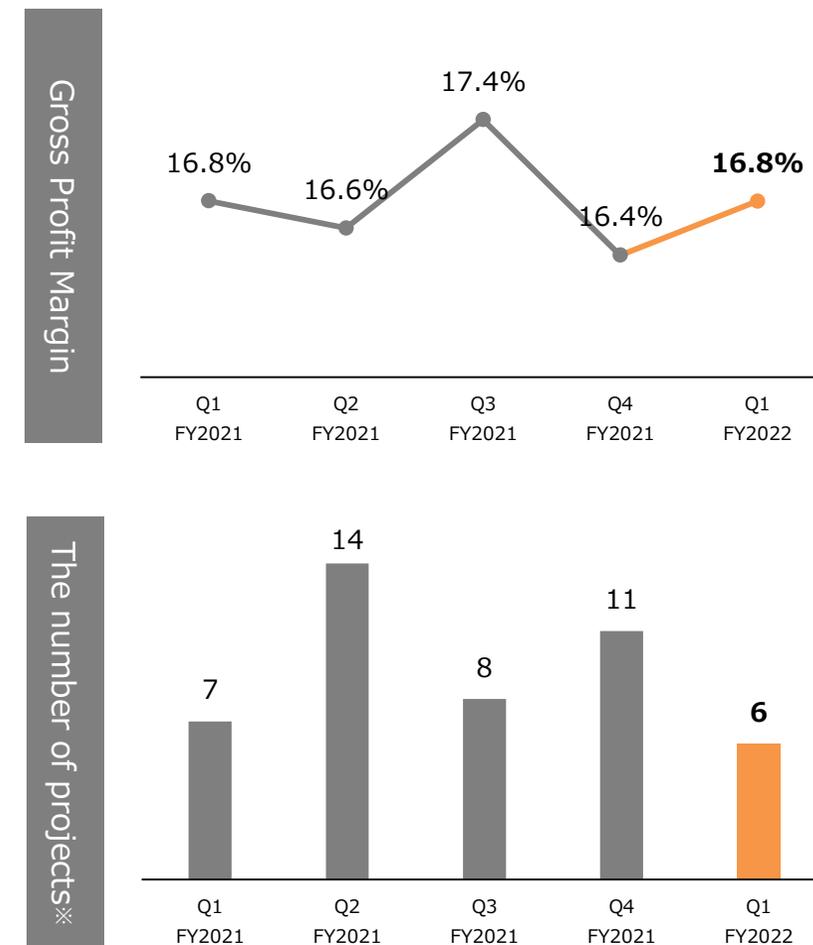
Segment profit or loss analysis

(million yen)



Gross Profit Margin	16.8% → 16.8%
SG&A Expenses	Commission expenses +7 million yen Promotion expenses +4 million yen Bonuses △3 million yen

Quarterly GPM and the number of projects



Note: Orders worth over 5 million yen from electrical work operators.

6. Response to ESG Issues

- In engaging in corporate activities, we recognize that management promoting response to ESG (environment, social and governance) issues will lead to sustainable growth.

		Materiality	Relevant SDGs
Environment	<ul style="list-style-type: none"> Provision of optimal products and merchandise for environment measures 	Expansion of the handling of environment-related products and merchandise	
	<ul style="list-style-type: none"> Business activities paying attention to the environment 	Initiatives for environmental protection and energy-saving Management of emissions (material balance)	
Social	<ul style="list-style-type: none"> Product liability and quality assurance 	Quality control of products and merchandise Stance for security and safety	
	<ul style="list-style-type: none"> Procurement and provision of high-value-added products, merchandise and services 	Provision of better products, merchandise for customers	
	<ul style="list-style-type: none"> Communication with shareholders and investors 	Engagement with shareholders	
	<ul style="list-style-type: none"> Appropriate information disclosure and security 	Stance for information disclosure Information security measures	
	<ul style="list-style-type: none"> Co-existence with local communities 	Operating site opening plan Response to disasters and contributions to them	
	<ul style="list-style-type: none"> Safety measures and work-style reform 	Risk control for disasters and others For employees' health, safety and hygiene	
	<ul style="list-style-type: none"> Human resource development and diversity 	•Policy on human resource development •Diversity •Employee benefits	
Governance	<ul style="list-style-type: none"> Strengthening of corporate governance 	Corporate governance	
	<ul style="list-style-type: none"> Thorough compliance 	Compliance Basic Policy	

- We have established our ESG basic policy and link it to sustainable corporate growth by incorporating it in the management strategy.
- Quality Assurance Department changed the name to SDGs Promotion Department to work actively towards achieving the SDGs targets. In addition to auditing Quality Assurance by formerly Quality Assurance Department, SDGs Promotion Department will explore, research and design initiatives to facilitate achieving the SDGs targets.

Current Specific Initiatives

	Cost Reduction and Risk Management	Enhancement of Corporate Value
Environment	<ul style="list-style-type: none"> ● Implementation of energy-saving measures (LED installations, achieving 10% cut in power usage) ● Acquisition of ISO14001 	<ul style="list-style-type: none"> ● Sale of environment-related merchandise ● Installation of solar power generation
Social	<ul style="list-style-type: none"> ● Acquisition of ISO9001 and compliance with ISO/JIS and other industry standards ● Introduction of the risk control manual ● Holding of Safety and Health Committee 	<ul style="list-style-type: none"> ● Introduction of internal training and “Lifting equipment advisor” system (as an internally certified qualification) ● Maternity leave/childcare leave/support for returning to work/Recruitment of foreign students studying in Japan ● Introduction of Employee stock ownership plan (ESOP) and Employee shareholders association system
Governance	<ul style="list-style-type: none"> ● Prevention of the manifestation of potential costs by the development governance system ● Formulation of a compliance manual 	<ul style="list-style-type: none"> ● Introduction of the performance-based stock option ● Evaluation of the effectiveness of the Board of Directors ● Establishment of a Nomination and Compensation Committee and transition to a Company with an Audit & Supervisory Committee

Improve Productivity and Profitability

Sales Growth and Business Expansion

Sustainable Growth

Environment

Provision of optimal products and merchandise for environment measures

■ Green sweeper

This is a biodegradable high-performance cleaner, water-soluble and phosphate-free, satisfying everything from cleaning power, environment to cost. It does not have a negative effect on metals, rubbers and plastics, either.



■ Hand soap Eco-pro

With the heightened movements especially in the U.S. and Europe to eliminate microbeads (plastic particles in facial cleaners, etc.), this is constituted of highly biodegradable and environment-friendly natural scrubs originating from wood.



■ Oil hunter

This is an eco-mark certified oil absorption mat using recycled materials. It is used for the disposing of oil at the time of marine pollution caused by oil spills and at factories which use oil.



Business activities paying attention to the environment

■ Initiatives for environmental protection and energy-saving

➤ ISO14001 certification for Kanto Factory

We obtained ISO14001 certification for Kanto Factory in March 2020 (already obtained for Shiga Factory in September 2018. We are targeting certification for two other factories). We will continue to work on business activities with full consideration for environmental preservation.

<Certification>



<Annex on certification>



➤ LED installations

In 2015, we completed installing LED lighting in factories and are currently in the process of installing LED lighting in our operating sites. Having completed installation in operating sites we own, we will further proceed with LED installation in operating sites we lease. These LED installations are being carried out in cooperation with Sanwa Denzai Co., Ltd., our subsidiary and wholesaler of electric equipment.

Social

Human resource development and diversity

- We aim to create a working environment in which employees with diverse backgrounds fully demonstrate their respective abilities and are motivated to work.

■ Male-female ratio of new employees with main career track

(※ As of end March 2021)

Year of employment	Male	Female	Total	Nationality of international student (other than Japan)	Number of turnover (※)
April-2021	10 persons	10 persons	20 persons		0 person
April-2020	11 persons	7 persons	18 persons		1 person
April-2019	19 persons	4 persons	23 persons	Brazil	0 person
April-2018	12 persons	6 persons	18 persons	Korea	2 persons
April-2017	8 persons	10 persons	18 persons		4 persons

■ Benefit program

➤ Number of employees taking childcare leave

(As of end March 2021)

	Those who took childcare leave during the period	Those who newly took childcare leave during the period	Those who returned to work during the period
2020.4.1~2021.3.31	3 persons	7 persons	2 persons
2019.4.1~2020.3.31	3 persons	4 persons	4 persons
2018.4.1~2019.3.31	5 persons	2 persons	3 persons

TOPIC Introduction of athlete employees aspiring to participate in the Tokyo Olympic Games

We have been supporting our employees in competitive sports. Athlete employees are devoted to training every day.

Participated in the 105 Japan National Championships and Olympic trial for the Tokyo Olympic Games

In June 2021, four athlete employees participated in the 105th Japan National Championships, which served as qualification for the Tokyo Olympic Games.



◀ Javelin Throw

Kihou Kuze



◀ Discus Throw

Mika Yamamoto



◀ Pole Vault

Yuki Noshi



◀ Hammer Throw

Sara Fujimoto

Governance

Corporate governance

- KONDOTECH recognize that strengthening and enhancing corporate governance through increasing soundness, transparency and efficiency of management and maximizing corporate value is one of the most important management objectives.

Determination of compensation for executive members

A performance-based stock compensation plan, "Board Benefit Trust (BBT)", was introduced for the purpose of increasing incentives for Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) and Executive Officers of the Company to contribute to the improvement of medium to long term earning and corporate value.

Transition to a Company with an Audit & Supervisory Committee

We work to enhance corporate governance and corporate value by increasing soundness and transparency of management. Furthermore, we grant voting rights for the Board of Directors to Directors who are Audit & Supervisory Committee members with the aim of strengthening supervisory functions.

Formulation and announcement of management strategy and management plan

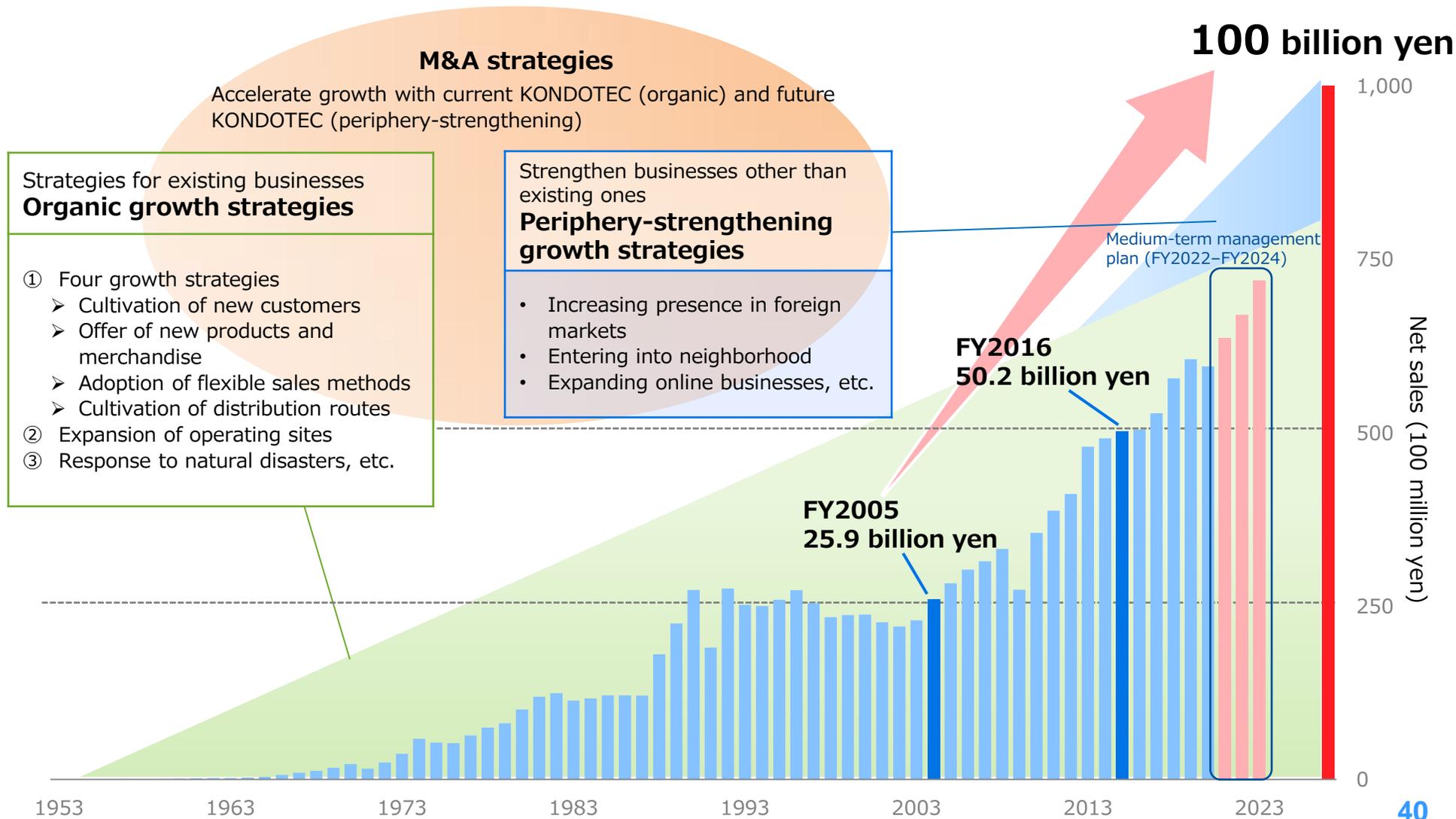
We accurately track its cost of capital (Weighted Average Cost of Capital[WACC]), formulates a medium-term management plan, and publishes a management resources allocation plan that includes growth investments (personnel, capital, investment and strategic investment) aimed at achieving targets for net sales, operating income, ROE, and DOE on our website and other platforms. In addition, we explain concrete measures for achieving its targets at financial results briefings. We review its medium-term plan each year in light of earnings and anticipated social and economic trends. In cases when we revise plans, we explain the changes and the reasons for them at financial results briefings or shareholder meetings.

7. Growth Strategies

Towards Achieving 100 Billion Yen Sales Target



- We target consolidated **sales of 100 billion yen** in the 2020s by strengthening the earnings capability of existing core businesses and expanding into fields with growth prospects.



① Four Growth Strategies

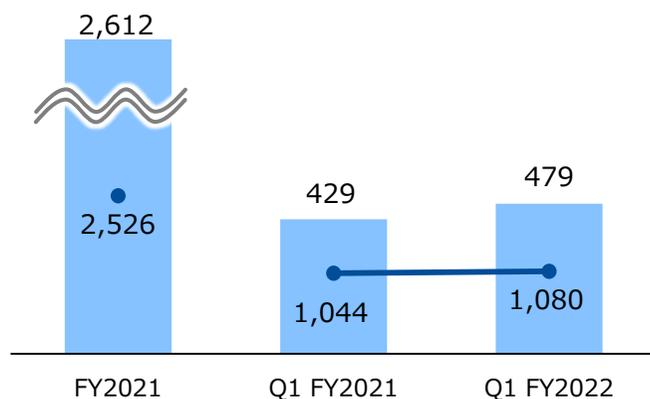
~ Cultivation of New Customers and Offer of New Products and Merchandise ~

Cultivation of new customers

- We achieve a monthly average of one new customer per sales representative. In addition, we exploit a yearly average of 10 dormant customers per sales representative. These activities from the source for 20,000 sales customers.

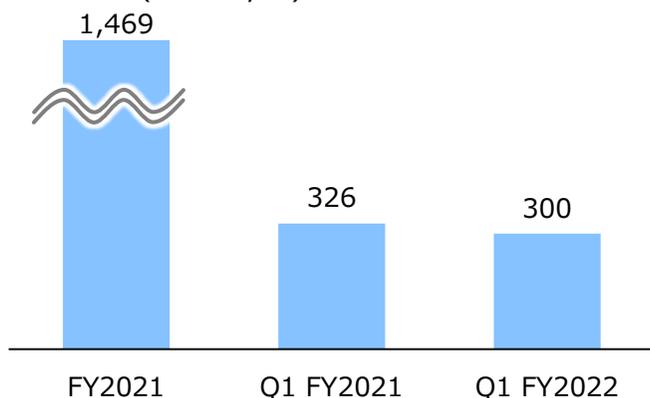
Cultivation of new customers

■ Net sales (million yen) ● New customers



Cultivation of dormant customers

■ Net sales (million yen)



Offer of new products and merchandise

- For the purpose of developing new merchandise, joint New Products and Merchandise Committee meeting are held between the sales division and the manufacturing division periodically to discuss requests from customers and proposals for improvement. We will continue to develop and cultivate products and merchandise with even higher added value in order to offer such products and merchandise.

Net sales (million yen)	Q1 FY2021	Q1 FY2022
KONDO furring bolts	44	48
Hook bolts with square shank	42	30
KT safely harness	4	2
CM lever hoist	4	2



Adoption of flexible sales methods

■ Differentiation strategies

➢ Launch of website, “Tsurikata” for lifting equipment inspection

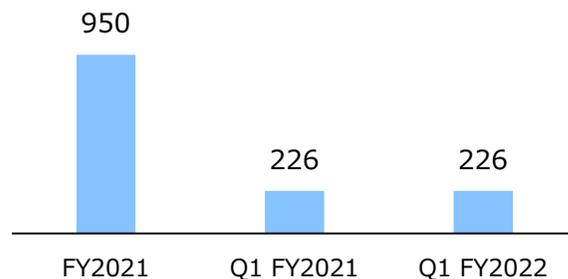
We have launched our website called, “Tsurikata” that allows individual management for lifting equipment to simplify inspection and maintenance of lifting equipment on the website. Traditionally, inspection checklists have been recorded manually on paper, Tsurikata helps to carry out inspection and keep inspection records on mobile devices, including smartphones and tablets.



■ Engaging in anchor bolt installation work

By engaging in anchor bolt installation work and thus gaining early-stage access to construction sites, we are able to rapidly collect information on required construction materials and leverage it in sales.

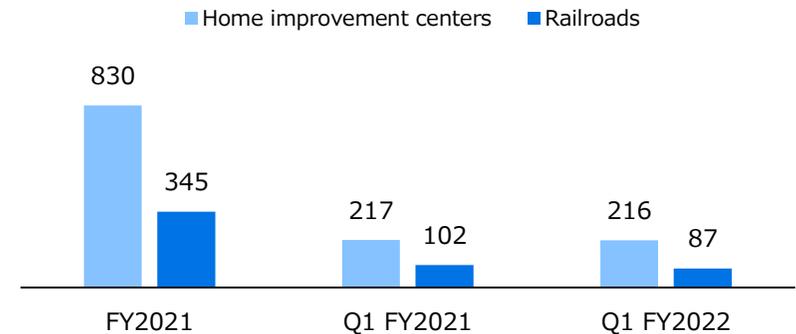
Net sales from anchor construction work (million yen)



Cultivation of distribution routes

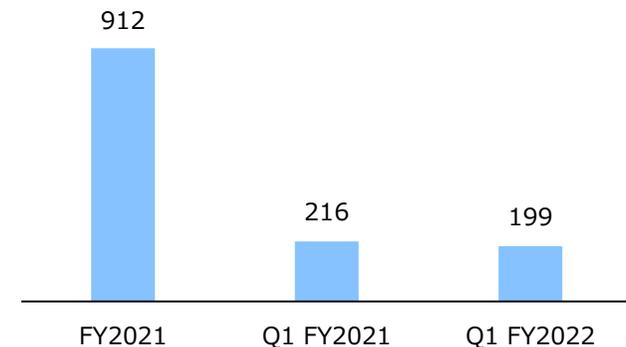
- We are working to expand our business into new sectors, such as Home improvement centers and railroad companies, in addition to the existing sales routes.
- We established the “E-commerce Group” in July 2017 to explore sales through the Internet.

Net sales (million yen)



- We have in place a sales force dedicated to the Tokyo metropolitan area to accommodate bulk purchasing from large trading companies and headquarters of general construction companies from which orders have been increasing in recent years.

Tokyo metropolitan sales (million yen)



② Expansion of Operating Sites

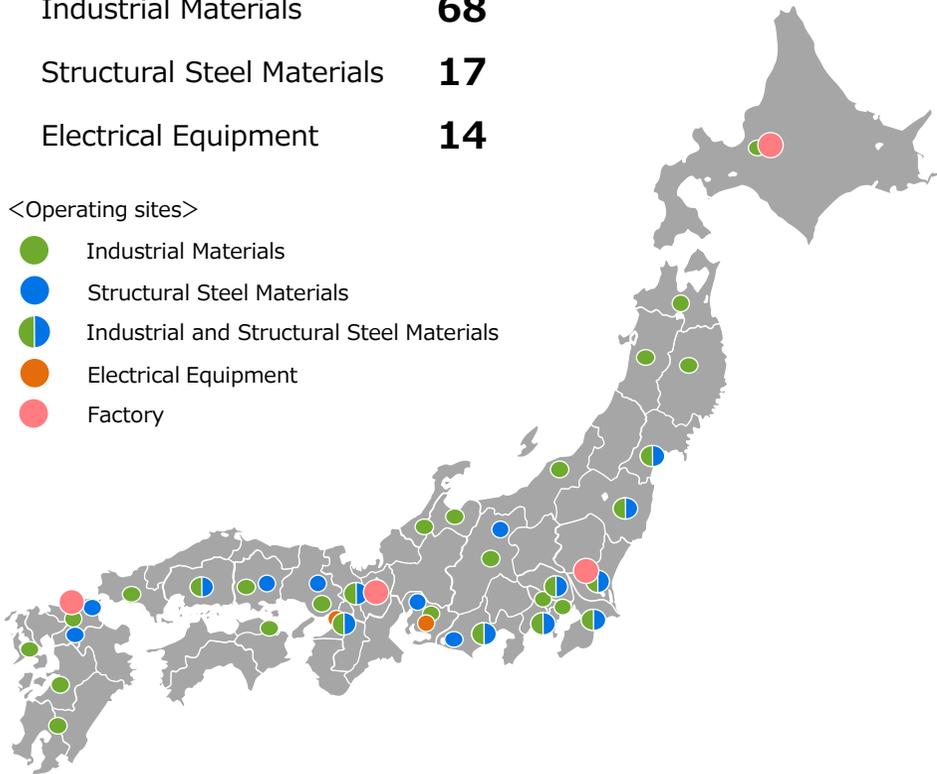
- We strive for expansion of operating sites which maintained a local-community-oriented sales structures in order to respond quickly to customer needs. Recently we opened the Okayama office in April 2018. We will continue to execute quick deliveries in an effort to realize customer-focused management.

Expanding sales network: 99 operating sites (As of end June 2021)

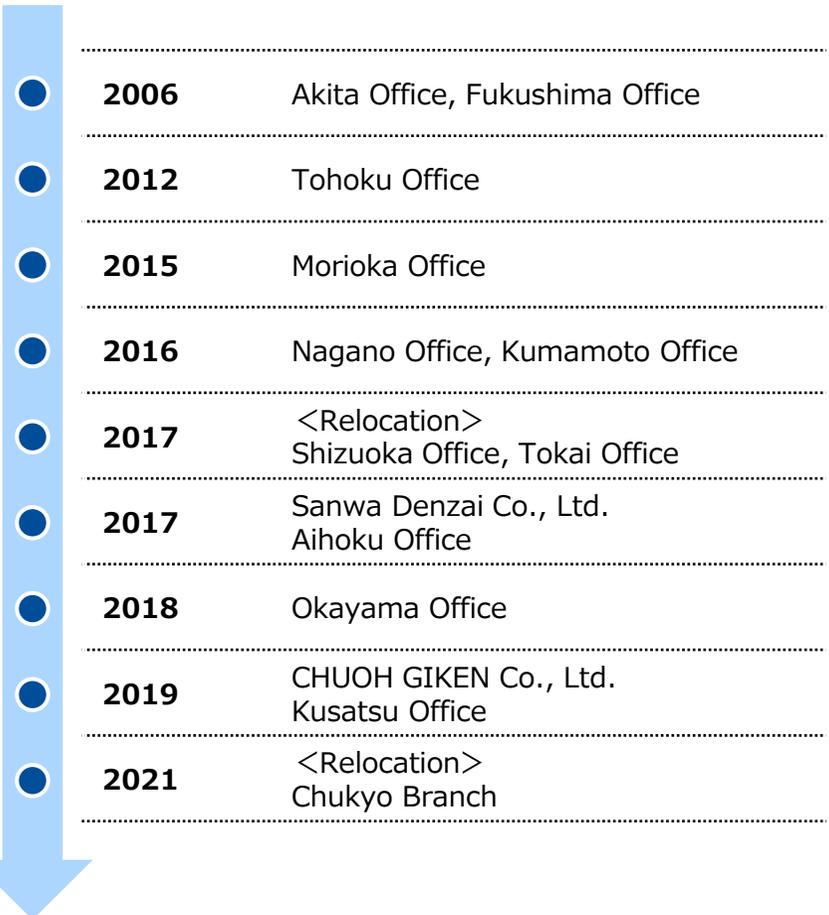
Industrial Materials	68
Structural Steel Materials	17
Electrical Equipment	14

<Operating sites>

- Industrial Materials
- Structural Steel Materials
- Industrial and Structural Steel Materials
- Electrical Equipment
- Factory

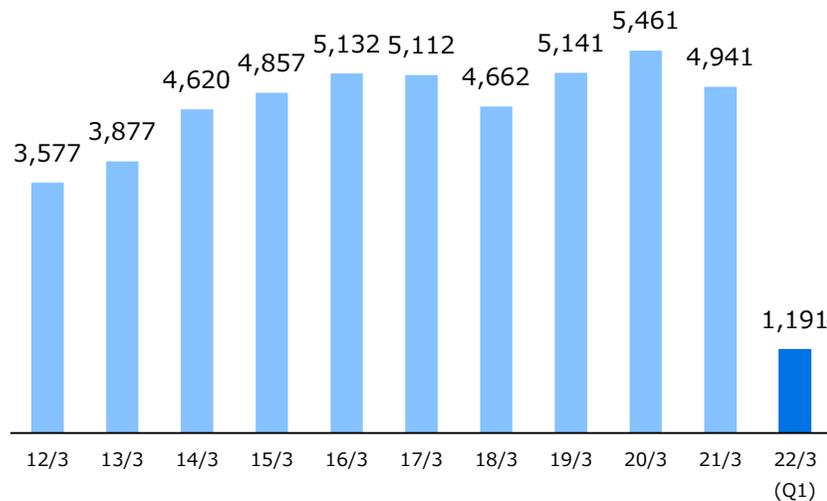


History of operating site network expansion



Response to natural disasters

- We have established a structure that allows it to rapidly respond to demand for products and merchandise that are generally urgently required for reconstruction work in the wake of natural disasters that affect various regions throughout Japan, such as earthquakes or abnormal weather conditions, including extremely heavy rainfall.
- Net sales of disaster-related products and merchandise (million yen)



Related merchandise

Flexible container bags Tarpaulins, Sandbags etc. Net, Sheet etc.



Response to “New stage” published by Ministry of Land, Infrastructure, Transport and Tourism

- The Ministry of Land, Infrastructure, Transport and Tourism has acknowledged that rainfall patterns are clearly changing and is therefore calling on companies to remain alert and prepare for a “new stage” of disaster prevention/mitigation measures.
- To respond to the “New Stage”, we will also focus on advance preparation to minimize damage.

Extraordinary climate in recent years

Heavy rains with hourly rainfall exceeding 50mm have increased across Japan, raining locally, intensively and severely

→ **Recognized as a “New Stage”**

Examples of weather conditions bringing disasters

August 2014 heavy rain	Heavy rainfall in a wide range of areas from west to eastern Japan (Landslide disaster occurred in Hiroshima prefecture)
July 2018 heavy rain	Record-breaking heavy rainfall in a wide range of areas across Japan centered on western Japan
October 2019 Typhoon No.19	Rain storm centered on eastern Japan
July 2020 heavy rain	Heavy rainfall in a wide range of areas centered on northern Kyushu

To respond to the “New Stage”, we need mitigate damage to infrastructures as much as possible and make advance preparations for early recovery.

Source: the website of Ministry of Land, Infrastructure, Transport and Tourism

Periphery-Strengthening Growth Increasing Presence in Foreign Markets



- Based on our view that increasing presence in foreign markets where growth is expected will contribute to enhancing our earning capability, we established a subsidiary in Thailand in November 2012. We executed a capital increase in August 2014, acquired all shares from the two joint venture companies and subsidiary.
- Currently, we are moving ahead with activities to expand our business in ASEAN countries with Thailand as our base location.
- We will further strengthen our sales & marketing capabilities by widening our sales network and reinforcing manpower with a view to increasing the ratio of net sales from our overseas business.

Subsidiary in Thailand

Company name	KONDOTEC INTERNATIONAL (THAILAND) CO.,LTD.
Location	Bangkok, Thailand
Business areas	Import, export and local sale of industrials, structural steel materials and electrical equipment, etc. in Thailand
Paid-in capital	102 million baht (approximately 316 million yen)
Date established	November 1, 2012

Net sales of overseas business (Q1 FY2022)

(million yen)	Q1 FY2021	Q1 FY2022	FY2022 forecast
International Sales Division	4	6	24
Local Subsidiary in Thailand	29	29	210
Total	34	35	234

Note: Amounts of inter-company transaction are not included.

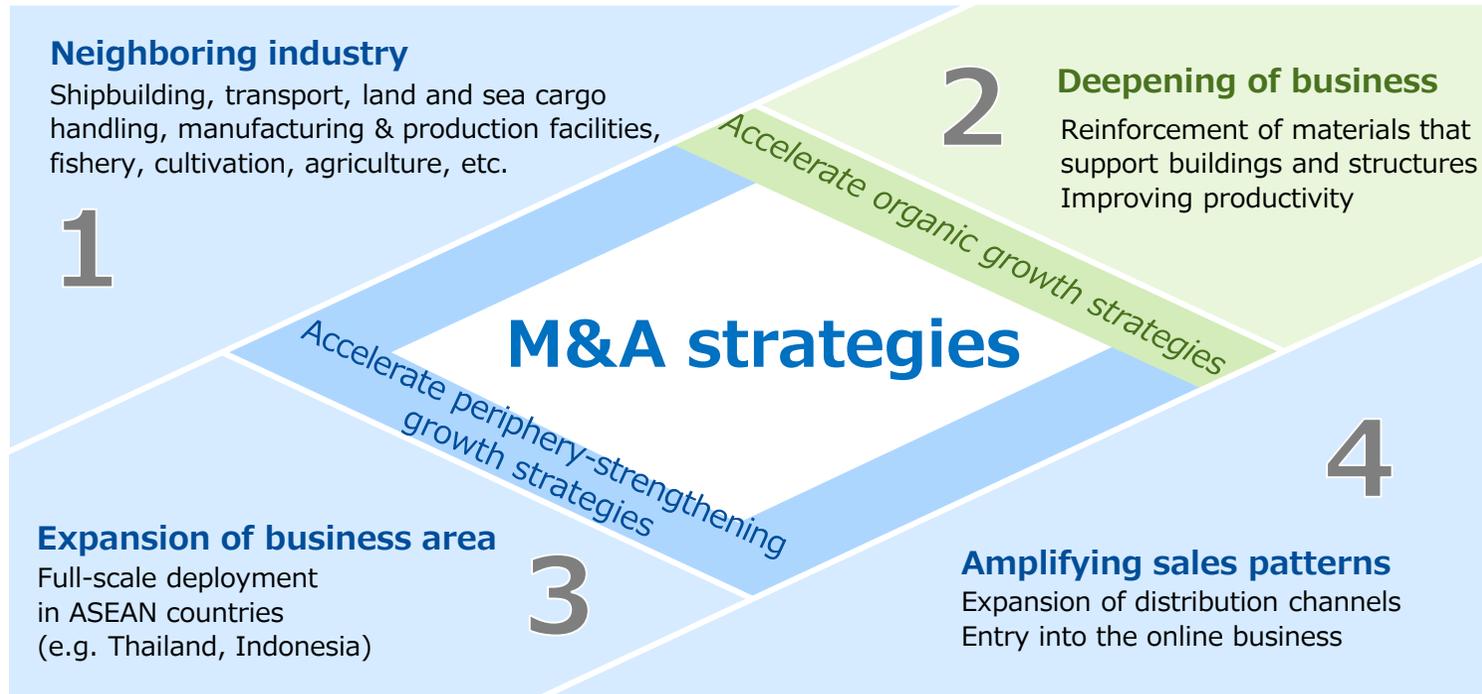
Percentage of sales by country (Q1 FY2022)

ASEAN	83%	Thailand	54%
East Asia/China	14%	Indonesia	17%
Near and Middle East	2%	Singapore	10%
Other countries	1%	Vietnam	2%



- We view that pursuing corporate acquisitions and capital/business tie-ups is an important strategy to strengthen our business platform.

Four perspective in pursuing M&A



1. Neighboring industry

Pursue M&A with companies associated with industries other than the construction industry and promote business expansion.

Actual case :
Sanwa Deazai Co., Ltd.

2. Deepening of business

Pursue M&A with material manufactures, etc.

Actual case :
CHUOH GIKEN Co., Ltd.
TECBUILD CO., LTD.
TOKAI STEP CO., LTD.
FUKOKU, Ltd.

3. Expansion of business area

Pursue M&A with companies that maintain overseas sites to promote business area expansion.

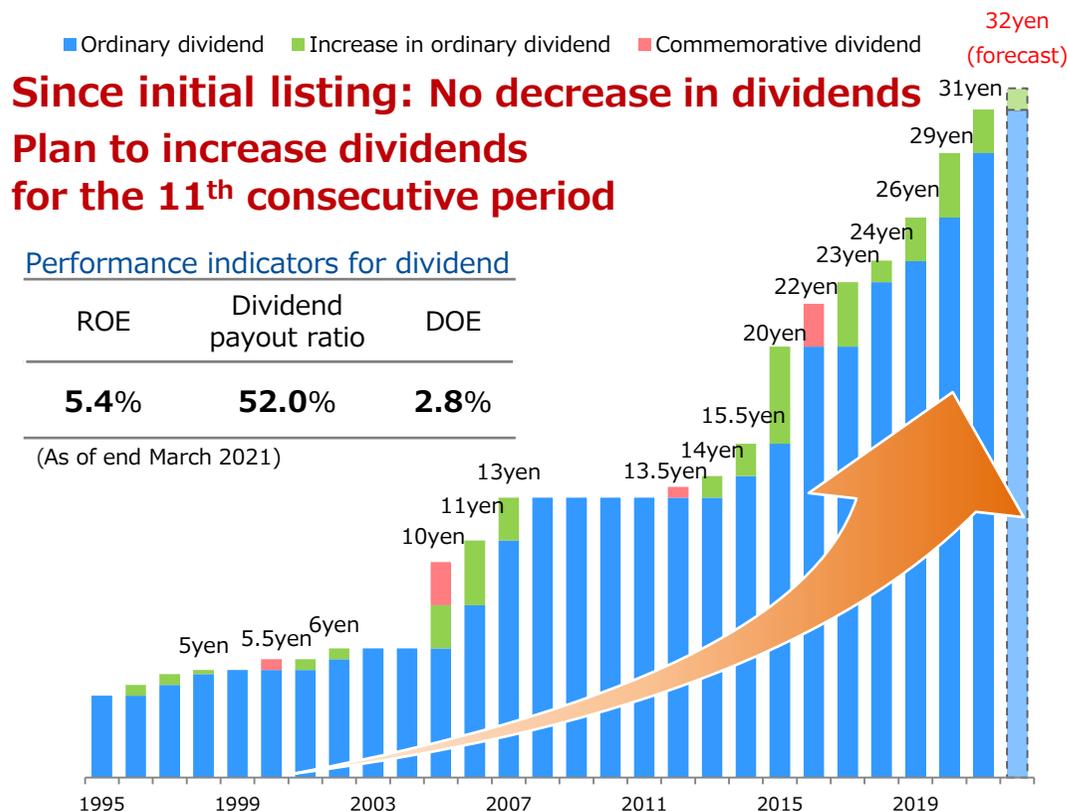
4. Amplifying sales patterns

Pursue M&A with companies that operates different sales patterns from those of KONDOTEC, such as retail, catalog-based selling, and online sales.

8. Shareholder Return

- We target ROE of 10% or more and DOE of 2.5% or more with the aim of continuing to increase dividends.
- Shareholders receive the rice certificate per share once a year.

Transition in dividends



Note: Dividend per share have been retroactively adjusted to reflect the impact of the stock split effective January 1, 2012.

Dividend yield

Closing price on July 30: 997 yen

Dividend yield
3.2%

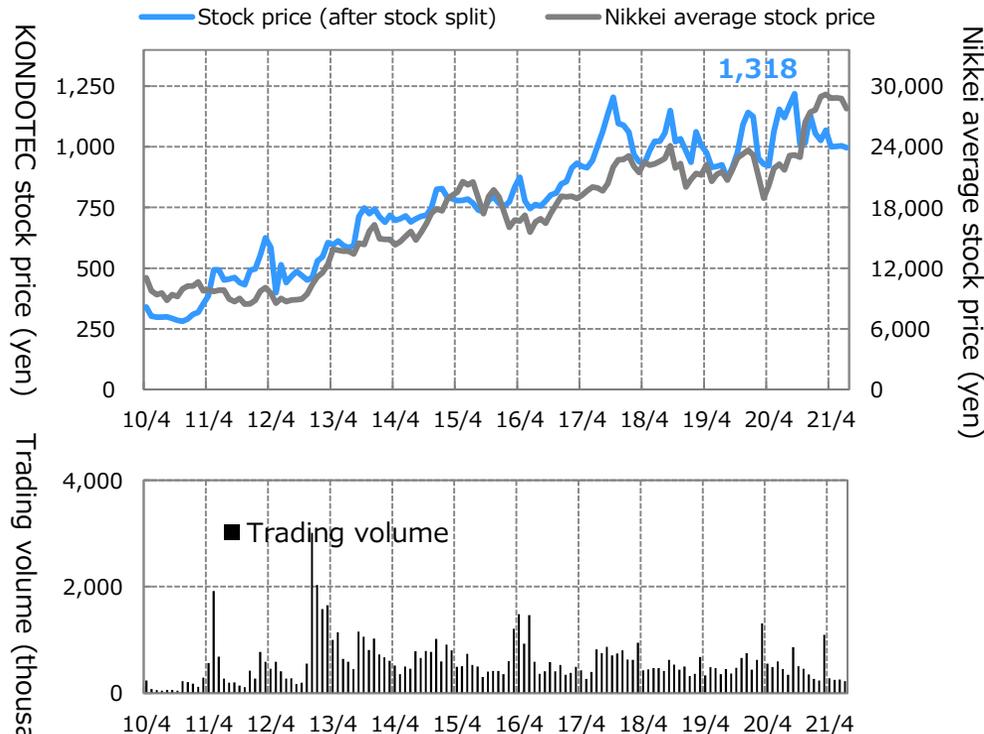
Dividend yield including shareholder incentive plan
~4.1%

Shareholder incentive plan

Number of shares held	Shareholder incentive
100 or more shares, fewer than 1,000 shares	2 kg-rice certificate (equivalent to 880 yen)
1,000 or more shares, fewer than 10,000 shares	5 kg-rice certificate (equivalent to 2,200 yen)
10,000 or more shares	10 kg-rice certificate (equivalent to 4,400 yen)

Note: 1 kg-rice certificate is worth 440 yen.

Transition of stock price



Note: The closing prices and trading volumes have been retroactively adjusted to reflect the impact of the stock split effective January 1, 2012.

Note: In December 2012, KONDOTECH issued new shares through a public offering and third-party allotment.

Closing price on July 30

997 yen

PER : 10.6 PBR : 0.9

EPS : 93.78 yen (FY2022 forecast)

BPS : 1,110.01 yen (As of end March 2021)

Ranking among listed companies

Among **3,858** listed companies ...

ROE	1,274th
Profit attributable to owner of parent	994th
Ordinary income	1,088th
Net assets	1,402nd
Market capitalization	1,555th
PBR	2,235th
PER	2,477th

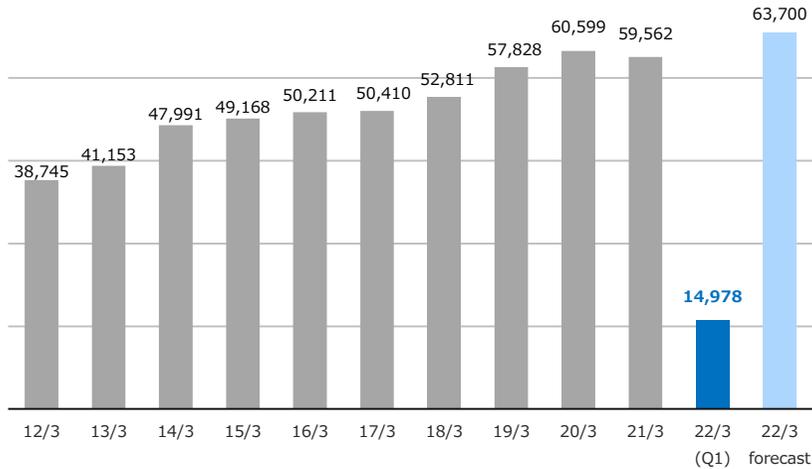
Source: Mizuho Securities Co., Ltd. (As of March 31, 2021)

9. Highlights of Results

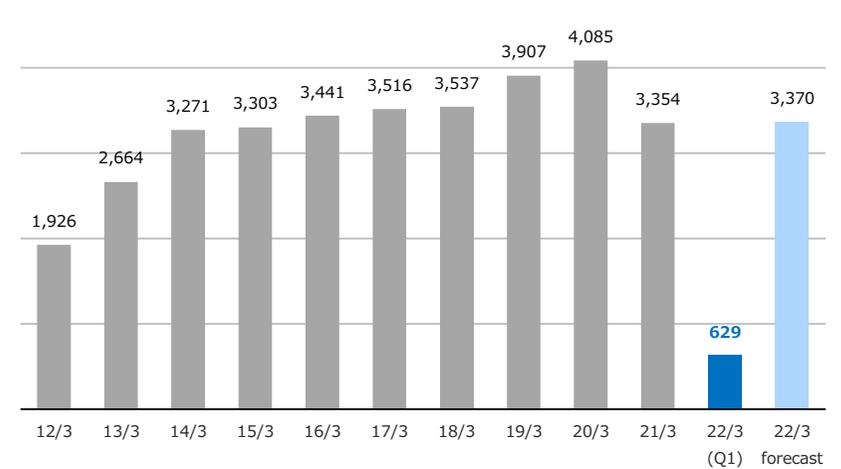
Highlights of Consolidated Financial Results



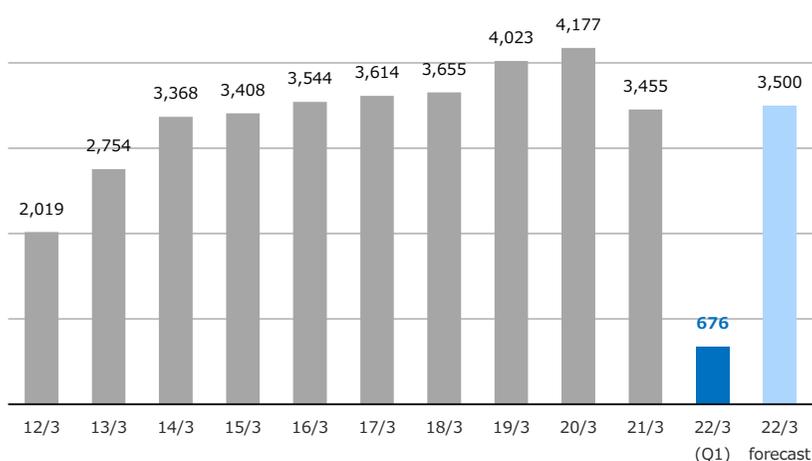
Net sales
(million yen) **14,978** million yen **23.5%** Progress



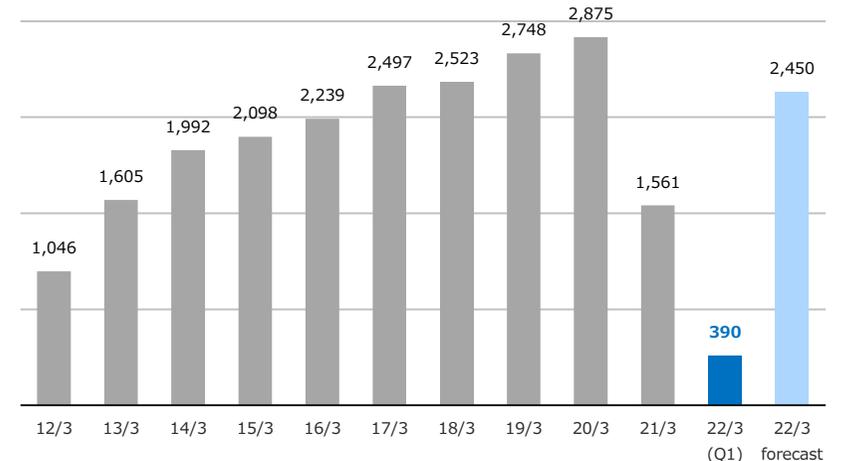
Operating income
(million yen) **629** million yen **18.7%** Progress



Ordinary income
(million yen) **676** million yen **19.3%** Progress



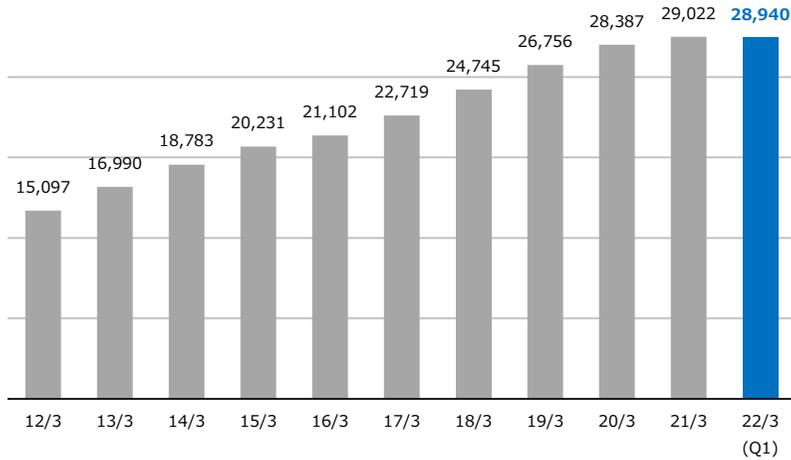
Profit attributable to owner of parent
(million yen) **390** million yen **15.9%** Progress



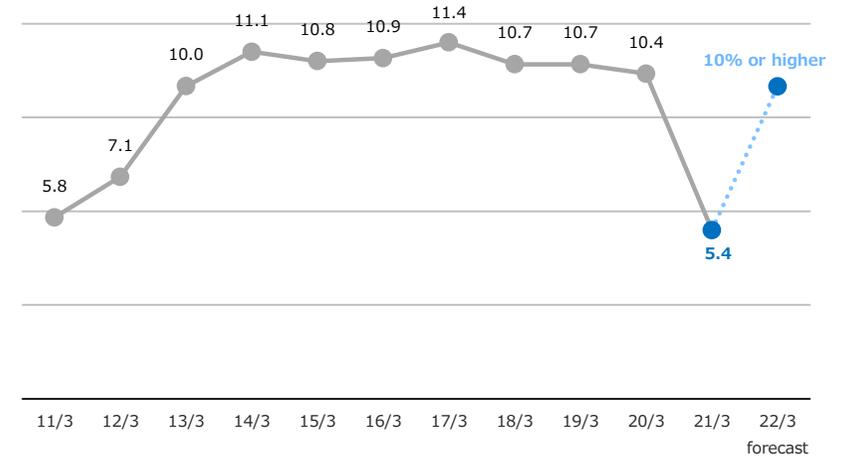
Highlights of Consolidated Financial Results



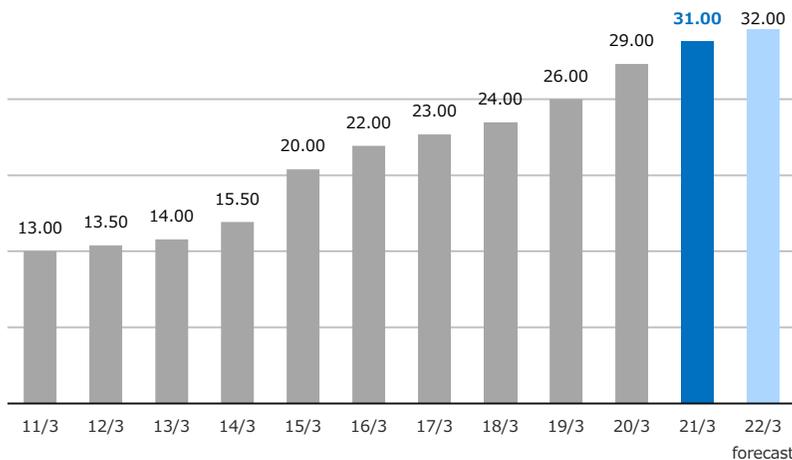
Net assets (million yen) **28,940** million yen



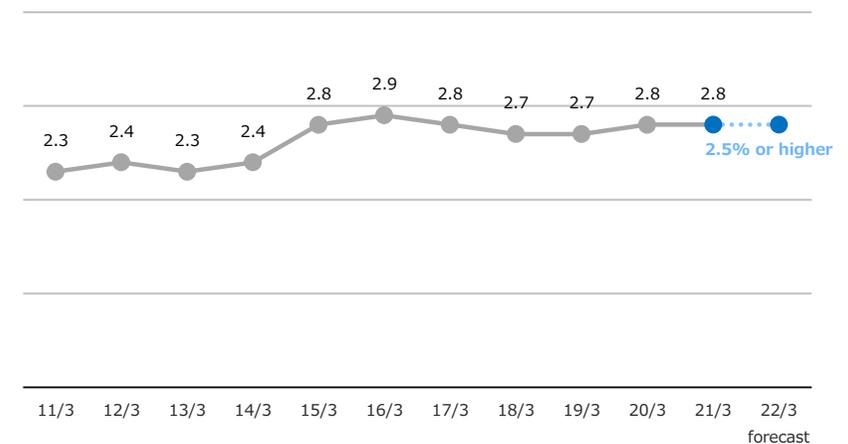
ROE (%) Target **10** % or higher



Dividend per share (yen) **31.00** yen



DOE (%) Target **2.5** % or higher



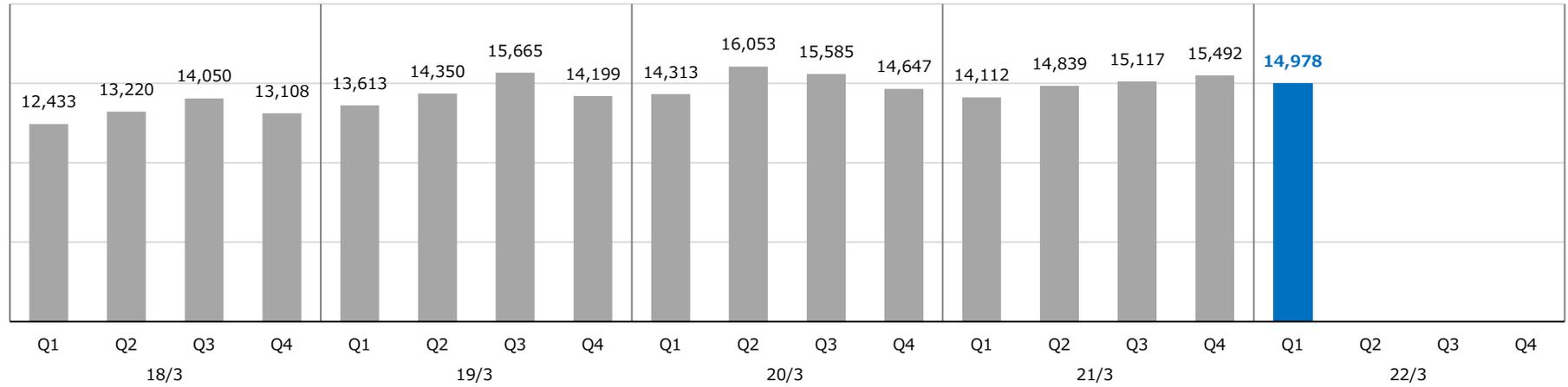
Highlights of Consolidated Financial Results



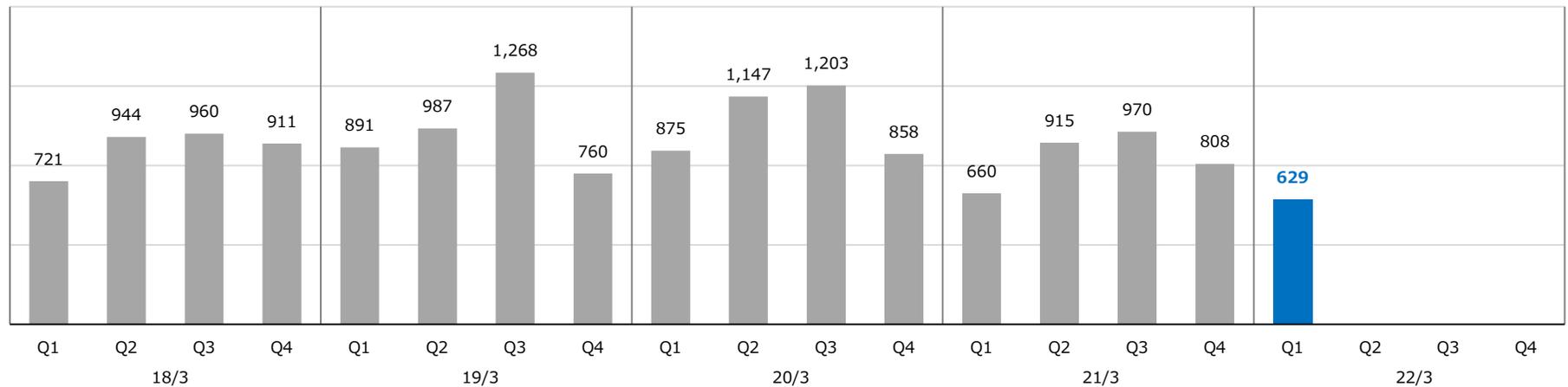
	12/3	13/3	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3 Q1	22/3 (forecast)
Result of Operations (million yen)												
Net sales	38,745	41,153	47,991	49,168	50,211	50,410	52,811	57,828	60,599	59,562	14,978	63,700
Operating profit	1,926	2,664	3,271	3,303	3,441	3,516	3,537	3,907	4,085	3,354	629	3,370
Ordinary income	2,019	2,754	3,368	3,408	3,544	3,614	3,655	4,023	4,177	3,455	676	3,500
Profit attributable to owner of parent	1,046	1,605	1,992	2,098	2,239	2,497	2,523	2,748	2,875	1,561	390	2,450
EBITDA	2,492	3,178	3,846	3,948	3,910	4,052	4,079	4,425	4,916	3,783	988	-
Capital investment	180	566	679	403	842	695	423	981	917	1,097	-	-
Depreciation	428	390	418	449	405	438	423	404	697	897	-	-
Financial Position (million yen)												
Total assets	28,403	31,192	34,481	35,186	34,645	36,524	39,313	43,820	46,335	49,426	49,393	-
Net assets	15,097	16,990	18,783	20,231	21,102	22,719	24,745	26,756	28,387	29,022	28,940	-
Interest-bearing debt	705	808	806	636	508	501	500	853	1,106	3,875	-	-
Cash Flows (million yen)												
Cash flows from operating activities	1,454	2,077	1,887	1,818	1,945	2,737	2,429	2,699	4,385	4,158	-	-
Cash flows from investing activities	△ 1,511	△ 494	△ 660	828	△ 829	△ 646	△ 506	△ 1,551	△ 5,205	△ 2,226	-	-
Cash flows from financing activities	△ 550	426	△ 389	△ 699	△ 1,092	△ 1,032	△ 703	△ 915	△ 992	1,060	-	-
Cash and cash equivalents, end of year	2,790	4,798	5,636	7,626	7,594	8,660	9,893	10,133	8,305	11,317	10,513	-
Per Share Information (yen)												
Profit attributable to owners of parent per share	40.36	60.77	72.13	75.91	81.01	93.29	94.25	102.65	107.46	59.60	14.94	93.80
Net assets per share	582.41	615.12	679.27	730.49	774.18	846.59	922.62	996.99	1,071.09	1,110.01	-	-
Dividend per share	13.50	14.00	15.50	20.00	22.00	23.00	24.00	26.00	29.00	31.00	-	32.00
Financial Indicators												
Gross profit margin (%)	5.0	6.5	6.8	6.7	6.9	7.0	6.7	6.8	6.7	5.6	4.2	4.9
ROE (%)	7.1	10.0	11.1	10.8	10.9	11.4	10.7	10.7	10.4	5.4	-	10% or higher
Equity ratio (%)	53.2	54.5	54.4	57.4	60.8	62.1	62.8	61.0	61.2	58.7	58.6	-
DOE (%)	2.4	2.3	2.4	2.8	2.9	2.8	2.7	2.7	2.8	2.8	-	2.5% or higher
Stock Price Index												
Stock closing price (yen)	625	606	718	786	834	933	939	1,006	929	1,069	1,005	-
Price earnings ratio (times)	15.5	10.0	10.0	10.4	10.3	10.0	10.0	9.8	8.6	17.9	-	-

Consolidated

Net sales (million yen)

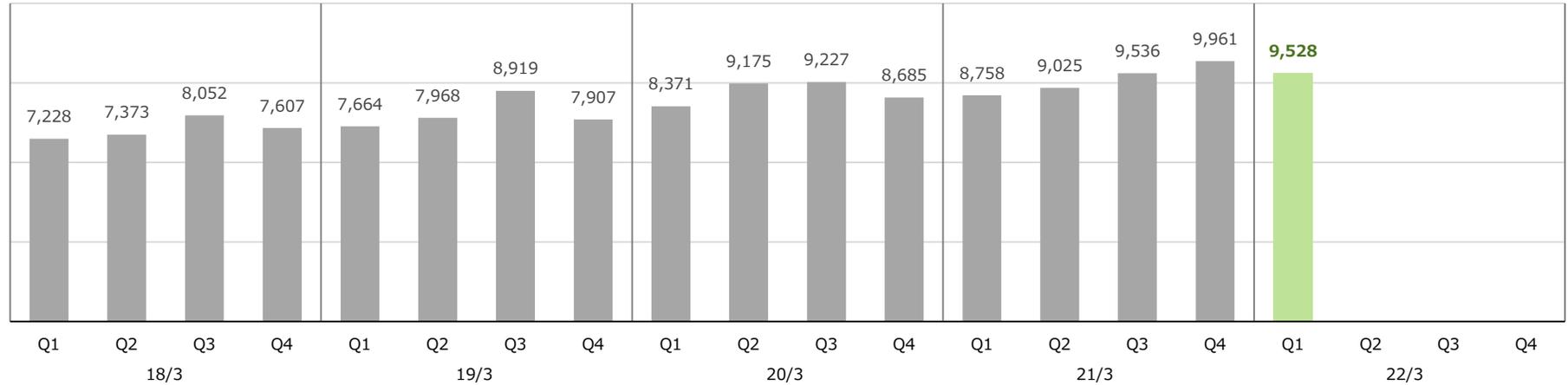


Operating income (million yen)

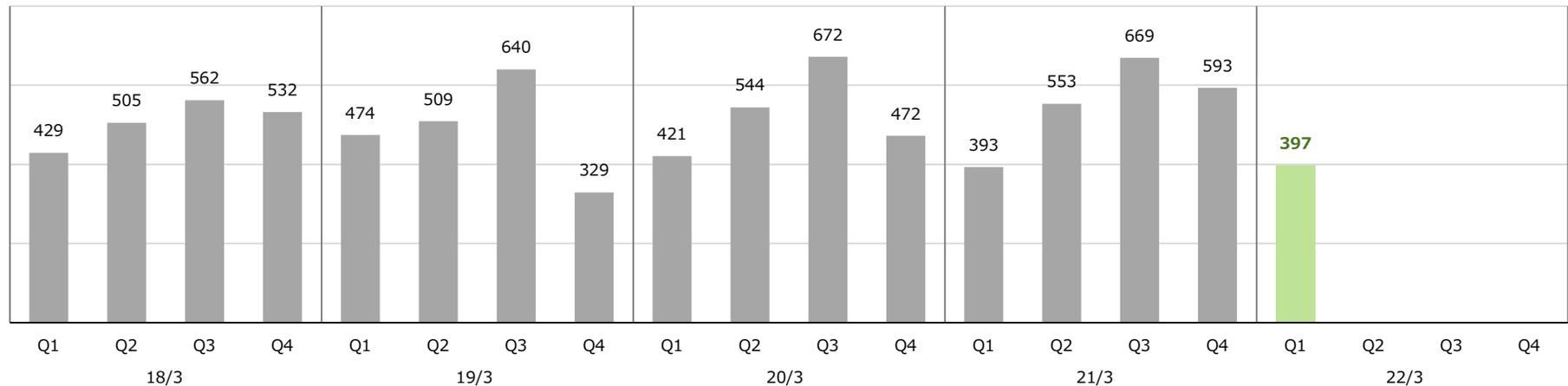


Industrial Materials

Net sales (million yen)

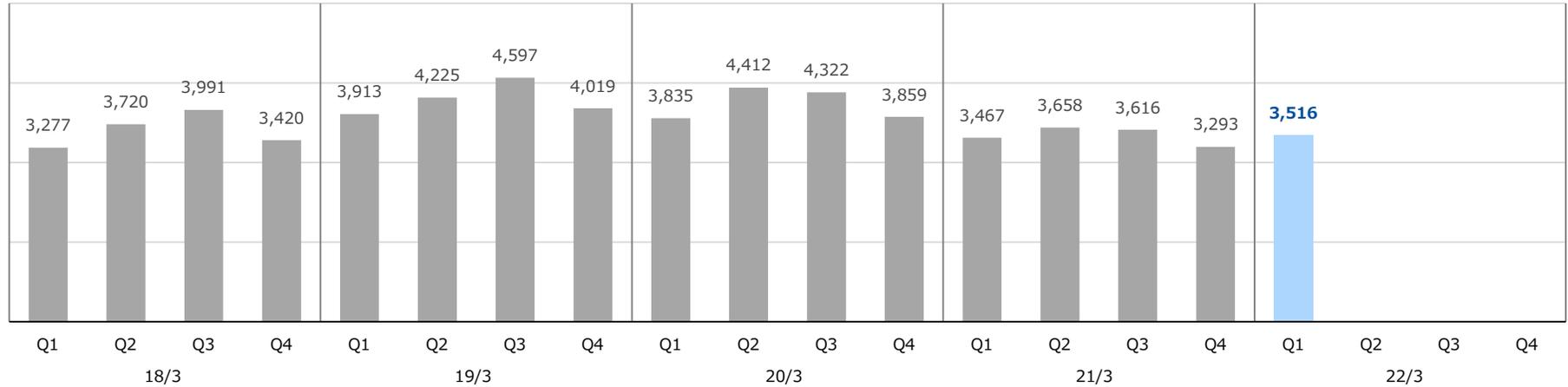


Segment profit or loss (million yen)

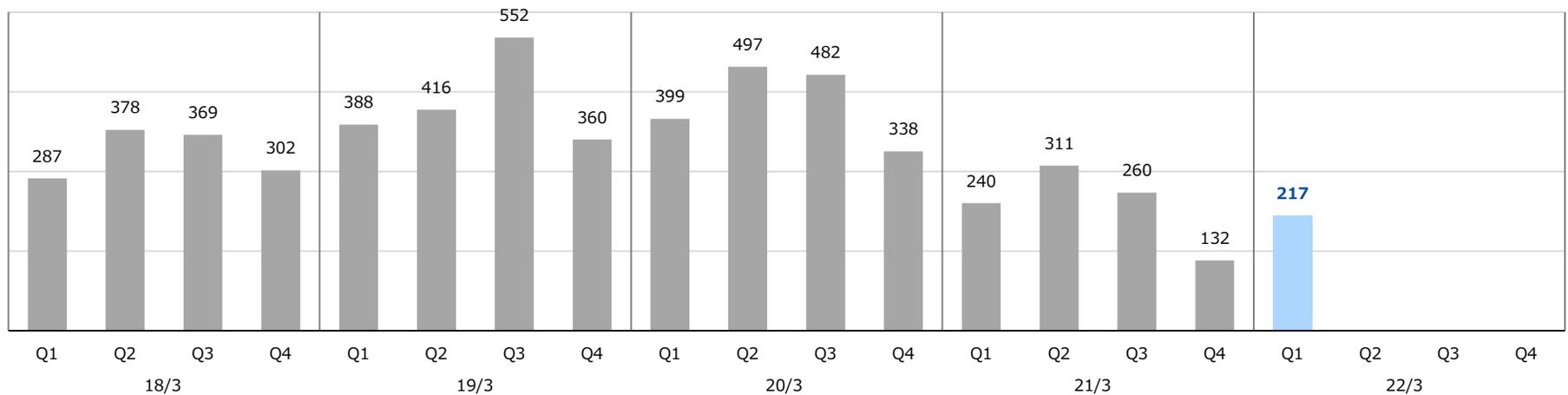


Structural Steel Materials

Net sales (million yen)

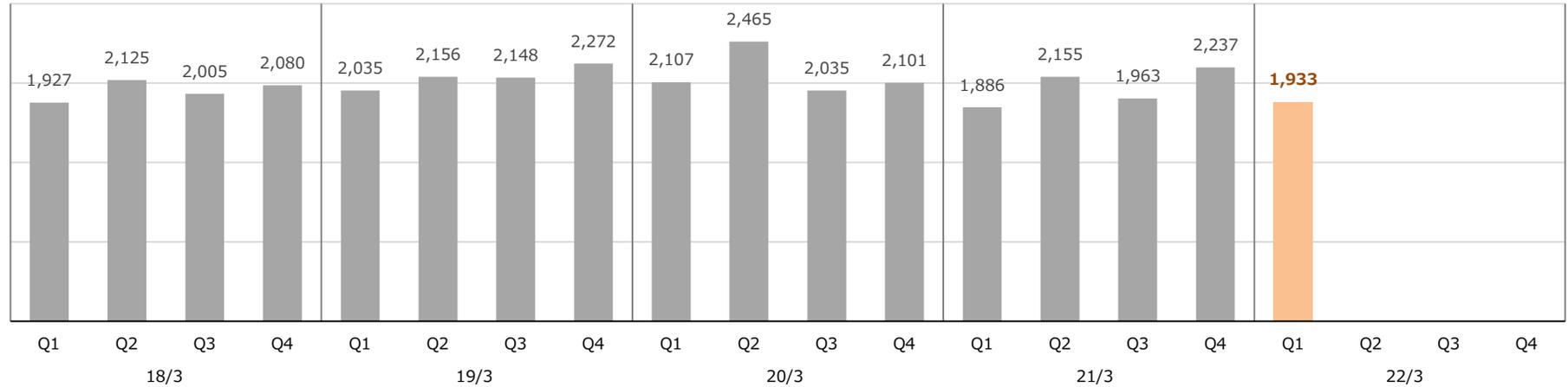


Segment profit or loss (million yen)

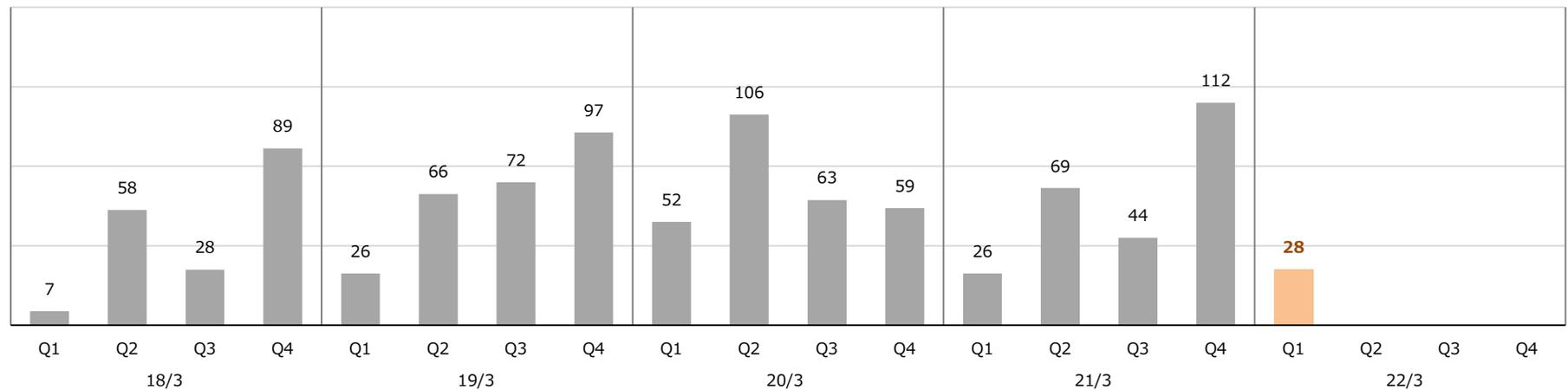


Electrical Equipment

Net sales (million yen)



Segment profit or loss (million yen)



Notes on forward-looking statements

This document contains forward-looking statements and business plans. These statements were made based on economic environment and business policies at the time of the release. Actual results may differ materially from these forward-looking statements due to various factors and changes.







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