Walden Research Japan

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Shinwa (3447)

Consolidated Fiscal Year (IF (Million Yen)	RS) Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2018	16,586	2,306	2,238	1,459	105.9	43.0	868.0
FY03/2019	17,512	1,963	1,894	1,331	96.4	44.0	919.2
FY03/2020CoE	17,000	2,060	1,990	1,400	100.1	44.0	-
FY03/2019 Yo	Y 5.6%	(14.9%)	(15.4%)	(8.8%)	-	-	-
FY03/2020CoE Yo	Y (2.9%)	4.9%	5.0%	5.1%	-	-	-
Consolidated Half Year (IFR	S) Boverne	Operating	Profit	Profit attributable to	EPS	DPS	BPS
(Million Yen)	' Revenue	profit	before tax	owners of parent	(Yen)	(Yen)	(Yen)
Q1 to Q2 FY03/2019	8,624	1,004	974	627	-	-	-
Q3 to Q4 FY03/2019	8,888	959	920	704	-	-	-
Q1 to Q2 FY03/2020	9,370	1,222	1,186	814	-	-	-
Q3 to Q4 FY03/2020CoE	7,629	837	803	585	-	-	-
Q1 to Q2 FY03/2020 Yo	Y 8.7%	21.7%	21.8%	29.9%	-	-	-
Q3 to Q4 FY03/2020Col Yo	Y (14.2%)	(12.7%)	(12.7%)	(16.9%)	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (8 November 2019)

Improved Operating Profit Margin

On 8 November 2019, Shinwa to manufacture and sell temporary materials and distribution equipment released its Q1 to Q2 FY03/2020 results. It has been revealed that operating profit margin recovered significantly in Q2 over Q1. In Q1 to Q2, revenue of the mainstay temporary materials expanded more than initially anticipated, while the effects from the revision on selling prices permeated considerably in Q2, having resulted in operating profit margin recovered to the level prior to the surge of raw material prices, represented by those of steel. Meanwhile, the Company suggests that there has been virtually no acceleration in demand due to the consumption tax hike as well as that trading in H2 will remain rather buoyant in H2. For example, it is spotted that demand for temporary materials may unexpectedly rise due to the effects from typhoons that were violent in the Kanto region, etc. However, from a conservative perspective, the Company has left its FY03/2020 initial Company forecasts unchanged. We are to attend the upcoming results meeting on 22 November as well as interviewing with management afterwards so that we should be able to update Shinwa (3447) Cash Cow with Growth (22 July 2019) and release anew.

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2.0 Company Profile

Manufacturing and Selling Temporary Materials and Distribution Equipment							
Company Name	Shinwa Co., Ltd.						
	Website S 5HINWA ED., LTD.						
	IR Information						
	Share Price (Japanese)						
Established	11 August 2014						
Listing	20 March 2019: Tokyo / Nagoya Stock Exchange 1st section (ticker: 3447)						
	21 June 2018: Nagoya Stock Exchange 2nd section						
	20 March 2018: Tokyo Stock Exchange 2nd section						
Capital	¥150m (as of the end of September 2019)						
No. of Shares	13,988,800 shares (as of the end of September 2019)						
Main Features	• The leader of the market in Japan for wedge binding type scaffolding mainly for						
	detached housing						
	• Next generation scaffolding for mid/high-rise buildings and public works						
	• Involved with distribution equipment as well						
Business Segment	I . Manufacture and Sale of Temporary Materials and Distribution Equipment						
Top Management	Representative Director: Hiroshi Yamada						
Shareholders	GOLDMAN SACHS INTERNATIONAL 12.01%, Master Trust Bank of Japan, T.						
	7.51%, Japan Trustee Services, T. 6.01%, BNY GCM CLIENT ACCOUNT JPRD AC						
	ISG (FE-AC) 4.98% (as of the end of September 2019)						
Headquarters	Kaizu-city, Gifu-prefecture, JAPAN						
No. of Employees	Consolidated: 155, Parent: 132 (as of the end of March 2019)						

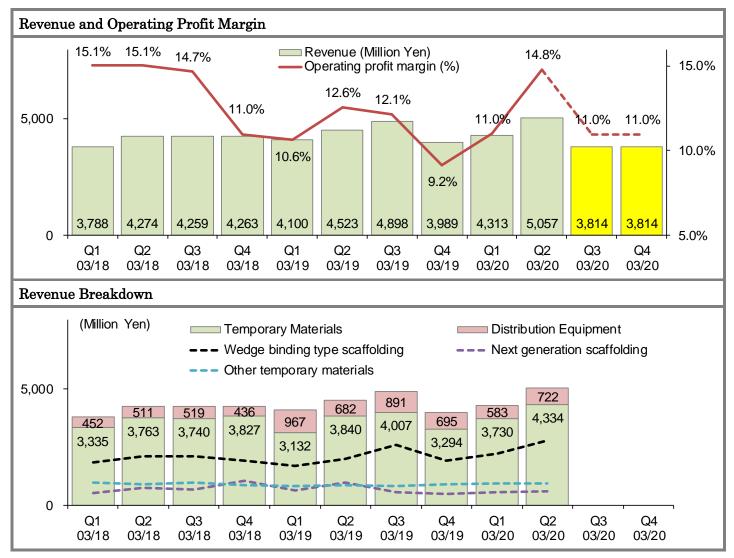
Source: Company Data

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3.0 Recent Trading and Prospects

Q1 to Q2 FY03/2020

In Q1 to Q2 FY03/2020, revenue came in at \$9,370m (up 8.7% YoY), operating profit \$1,222m (up 21.7%), profit before tax \$1,186m (up 21.8%) and profit attributable to owners of parent \$814m (up 29.9%), while operating profit margin 13.0% (up 1.4% points). Compared with Q1 to Q2 initial Company forecasts, revenue was better by \$490m (5.5%) and operating profit by \$92m (8.1%). It appears that revenue better than expected on the Temporary Materials side drove the overshoots.



Source: Company Data, WRJ Calculation

On the Temporary Materials side, revenue came in at \$8,064m (up 15.6%) and \$1,305m (down 20.9%) on the Distribution Equipment side. Meanwhile, revenue on the Temporary Materials side comprised that of \$5,015m (up 35.7%) on wedge binding type scaffolding, that of \$1,172m (down 27.0%) on next generation scaffolding and that of \$1,876m (up 12.2%) on other temporary materials.

On the Temporary Materials side, revenue increased by 15.6% over the same period of the previous year, while the total value of construction investments ("Comprehensive Construction Statistics" by Ministry of Land, Infrastructure, Transport and Tourism) through April to August 2019 increased by 2.4%, implying that the Company is seeing trends of outperformance against the market on a simple comparison basis. With respect to wedge binding type scaffolding, revenue increased fast due to restoration and reconstruction works that have continued in the wake of many natural disasters occurred in FY03/2019. Meanwhile, construction demand has remained firm in both the public and private sectors on the back of vigor in infrastructure maintenance and redevelopment projects in areas outside the Tokyo metropolitan area, favorably compensating for that construction works related to the Tokyo Olympic and Paralympic Games have quieted down. With respect to next generation scaffolding, the Company is keen on measures to beef up revenue going forward, focusing on areas outside the Tokyo metropolitan area where construction projects are expected to increase as well as emphasizing new customer cultivations at the same time. With respect to other temporary materials, it appears that demand is firm due to the same reasons as for wedge binding type scaffolding.

On the Distribution Equipment side, revenue declined due to a decline in the completion of works associated with large-scale projects on distribution warehouse over the same period of the previous year, according to the Company. It appears that demand has remained firm for the mainstay pallets for temporary materials as well as for bulk container cages for liquid transport.

Gross profit came in at ¥2,307m (up 17.9%) and SG&A expenses ¥1,084m (up 13.2%), implying gross profit margin of 24.6% (up 1.9% points) and revenue to SG&A expenses ratio of 11.6% (up 0.5% points). Although procurement prices for steel and other raw materials have remained high, the Company succeeded in utilizing a wide range of raw material procurement routes and in controlling procurement prices through negotiations with suppliers. At the same time, the Company has made a good progress for the revision on selling prices to reflect the rise of raw material prices so far, having resulted in improved gross profit margin. Due mainly to increases of personnel expenses, SG&A expenses increased fast, but this is within the range of assumptions with initial Company forecasts.

FY03/2020 Company Forecasts

FY03/2020 initial Company forecasts have remained unchanged, going for prospective revenue of \$17,000m (down 2.9% YoY), operating profit of \$2,060m (up 4.9%), profit before tax of \$1,990m (up 5.0%) and profit attributable to owners of parent of \$1,400m (up 5.1%), while operating profit margin of 12.1% (up 0.9% points). Company forecasts have also remained unchanged for prospective annual dividend, going for \$44.0 per share, implying payout ratio of 44.0%.

4.0 Financial Statements

Statements of Profit or Loss (Cumulative, Quarterly)

Statements of Profit or Loss	Cons.Act Q1	Cons.Act Q1 to Q2	Cons.Act Q1 to Q3	Cons.Act Q1 to Q4	Cons.Act Q1	Cons.Act Q1 to Q2	Cons.Act Q1 to Q3	Cons.Act Q1 to Q4	YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg
Revenue	4,100	8,624	13,522	17,512	4,313	9,370	-	-	+74
Cost of sales	3,177	6,666	10,440	13,482	3,283	7,063	-		+39
Gross profit	923	1,957	3,081	4,030	1,030	2,307	-		+34
SG&A expenses	490	958	1,493	2,073	555	1,084	-		+126
Other income / expenses (net)	3	5	10	2,010	0	0	-		(5
Operating profit	436	1,004	1,598	1,963	474	1,222	-		+218
Financial income / costs (net)	(15)	(30)	(45)	(69)	(17)	(35)	-		(5
Profit before tax	420	974	1,552	1,894	456	1,186	-		+212
Income tax expenses	158	346	547	563	156	371	-		+25
Profit	261	627	1,005	1,331	299	814	-		+187
Profit attributable to owners of parent	261	627	1,005	1,331	299	814	_		+187
Revenue YoY	+8.2%	+7.0%	+9.7%	+5.6%	+5.2%	+8.7%			1101
Operating profit YoY	(23.6%)	(17.3%)	(13.1%)	(14.9%)	+8.7%	+21.7%			
Profit before tax YoY	(23.0%)	(17.5%)	(13.1%)	(14.9%)	+8.7%	+21.7 %	-		
Profit YoY	(24.0%)	(17.5%)	(13.2%)	(13.4%)	+0.5%	+21.8%	-		
Profit attributable to owners of parent YoY	(28.5%)	(18.1%)	(13.8%)	(8.8%)	+14.6%	+29.9%			
Gross profit margin	22.5%	22.7%	22.8%	23.0%	23.9%	24.6%			+1.9%
	12.0%	11.1%	11.0%	23.0 <i>%</i> 11.8%	23.9 <i>%</i> 12.9%	24.0 <i>%</i> 11.6%	-		+0.5%
Revenue to SG&A expenses ratio							-	-	
Operating profit margin	10.6%	11.6%	11.8%	11.2%	11.0%	13.0%	-	-	+1.4%
Profit before tax margin	10.3%	11.3%	11.5%	10.8%	10.6%	12.7%	-		+1.4%
Profit margin	6.4%	7.3%	7.4%	7.6%	7.0%	8.7%	-		+1.4%
Profit attributable to owners of parent margin	6.4%	7.3%	7.4%	7.6%	7.0%	8.7%	-		+1.4%
Income tax expenses / Profit before tax	37.7%	35.6%	35.2%	29.7%	34.3%	31.3%	-	-	(4.3%
Statements of Profit or Loss	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Yo
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg
Revenue	4,100	4,523	4,898	3,989	4,313	5,057	-	-	+533
Cost of sales	0.477	0 100	o ==o			0 = 0 0			
	3,177	3,489	3,773	3,041	3,283	3,780	-	-	
Gross profit	923	1,034	1,124	3,041 948	1,030	1,277	-	:	+242
Gross profit SG&A expenses	923 490	1,034 467	1,124 535	3,041 948 579	1,030 555	1,277 529	- - -	:	+242 +61
Gross profit SG&A expenses Other income / expenses (net)	923 490 3	1,034 467 1	1,124 535 5	3,041 948 579 (3)	1,030 555 0	1,277 529 0	- - -	-	+242 +61
Gross profit SG&A expenses Other income / expenses (net) Operating profit	923 490 3 436	1,034 467 1 568	1,124 535 5 594	3,041 948 579 (3) 365	1,030 555 0 474	1,277 529 0 748	- - -		+242 +61 (+180
Gross profit SG&A expenses Other income / expenses (net) Operating profit Financial income / costs (net)	923 490 3 436 (15)	1,034 467 1 568 (14)	1,124 535 5 594 (15)	3,041 948 579 (3) 365 (23)	1,030 555 0 474 (17)	1,277 529 0 748 (18)	- - - -	-	+242 +6 ⁴ (0 +180 (3
Gross profit SG&A expenses Other income / expenses (net) Operating profit Financial income / costs (net) Profit before tax	923 490 3 436 (15) 420	1,034 467 1 568 (14) 553	1,124 535 594 (15) 578	3,041 948 579 (3) 365 (23) 341	1,030 555 0 474 (17) 456	1,277 529 0 748 (18) 730	- - - -	-	+242 +61 (+180 (3 +176
Gross profit SG&A expenses Other income / expenses (net) Operating profit Financial income / costs (net) Profit before tax Income tax expenses	923 490 3 436 (15) 420 158	1,034 467 1 568 (14) 553 188	1,124 535 594 (15) 578 200	3,041 948 579 (3) 365 (23) 341 16	1,030 555 0 474 (17) 456 156	1,277 529 0 748 (18) 730 215	- - - - - -		+242 +61 (0 +180 (3) +176 +27
Gross profit SG&A expenses Other income / expenses (net) Operating profit Financial income / costs (net) Profit before tax Income tax expenses Profit	923 490 3 436 (15) 420 158 261	1,034 467 1 568 (14) 553 188 365	1,124 535 5 594 (15) 578 200 378	3,041 948 579 (3) 365 (23) 341 16 325	1,030 555 0 474 (17) 456 156 299	1,277 529 0 748 (18) 730 215 514			+242 +61 () +180 (3) +176 +27 +145
Gross profit SG&A expenses Other income / expenses (net) Operating profit Financial income / costs (net) Profit before tax Income tax expenses Profit Profit attributable to owners of parent	923 490 3 436 (15) 420 158 261 261	1,034 467 1 568 (14) 553 188 365 365	1,124 535 5 594 (15) 578 200 378 378	3,041 948 579 (3) 365 (23) 341 16 325 325	1,030 555 0 474 (17) 456 156 299 299	1,277 529 0 748 (18) 730 215 514 514		-	+290 +242 +61 (0 +180 (3) +176 +27 +145 +145
Gross profit SG&A expenses Other income / expenses (net) Operating profit Financial income / costs (net) Profit before tax Income tax expenses Profit Profit attributable to owners of parent Revenue YoY	923 490 3 436 (15) 420 158 261 261 +8.2%	1,034 467 1 568 (14) 553 188 365 365 +5.8%	1,124 535 5 594 (15) 578 200 378 378 +15.0%	3,041 948 579 (3) 365 (23) 341 16 325 325 (6.4%)	1,030 555 0 474 (17) 456 156 299 299 +5.2%	1,277 529 0 748 (18) 730 215 514 514 +11.8%			+242 +61 () +180 (3) +176 +27 +145
Gross profit SG&A expenses Other income / expenses (net) Operating profit Financial income / costs (net) Profit before tax Income tax expenses Profit Profit attributable to owners of parent Revenue YoY Operating profit YoY	923 490 3 436 (15) 420 158 261 261 +8.2% (23.6%)	1,034 467 1 568 (14) 553 188 365 365 +5.8% (11.8%)	1,124 535 5 594 (15) 578 200 378 378 +15.0% (4.8%)	3,041 948 579 (3) 365 (23) 341 16 325 325 (6.4%) (21.8%)	1,030 555 0 474 (17) 456 156 299 299 +5.2% +8.7%	1,277 529 0 748 (18) 730 215 514 514 514 + 11.8% +31.7%	- - - - - - - - - - - - - - - - - - -		+242 +6' (+180 (3 +176 +27 +145
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Gross profit SG&A expenses Other income / expenses (net) Operating profit Financial income / costs (net) Profit before tax Income tax expenses Profit Income tax expenses Profit Profit attributable to owners of parent Revenue YoY Operating profit YoY Profit before tax YoY Profit toefore tax YoY Profit attributable to owners of parent YoY Gross profit margin Revenue to SG&A expenses ratio Operating profit margin	923 490 3 436 (15) 420 158 261 +8.2% (23.6%) (24.0%) (28.5%) (28.5%) 22.5% 12.0%	1,034 467 1 568 (14) 553 188 365 +5.8% (11.8%) (11.7%) (8.6%) (8.6%) (8.6%) 22.9% 10.3%	1,124 535 5 594 (15) 578 200 378 378 415.0% (4.8%) (4.8%) (5.5%) (5.5%) (5.5%) 23.0% 10.9%	3,041 948 579 (3) 365 (23) 341 16 325 (6.4%) (21.8%) (24.1%) +11.0% +11.0% +11.0% 23.8% 14.5%	1,030 555 0 474 (17) 456 156 299 299 299 +5.2% +8.7% +8.5% +14.6% +14.6% 23.9% 12.9%	1,277 529 0 748 (18) 730 215 514 514 +11.8% +31.7% +31.9% +40.8% +40.8% 25.3% 10.5%	- - - - - - - - - - - - - - - - - - -		+24: +6: () +18: (3) +17: +2: +14: +14: +14: +14: +2:49; +0.19; +2.29;
Gross profit SG&A expenses Other income / expenses (net) Operating profit Financial income / costs (net) Profit before tax Income tax expenses Profit Profit attributable to owners of parent Revenue YoY Operating profit YoY Profit before tax YoY Profit toefore tax YoY Profit attributable to owners of parent YoY Gross profit margin Revenue to SG&A expenses ratio Operating profit margin Profit before tax margin	923 490 3 436 (15) 420 158 261 +8.2% (23.6%) (24.0%) (28.5%) (28.5%) (28.5%) 22.5% 12.0% 10.6%	1,034 467 1 568 (14) 553 188 365 +5.8% (11.8%) (11.7%) (8.6%) (8.6%) (8.6%) 22.9% 10.3% 12.6%	1,124 535 5 594 (15) 578 200 378 378 +15.0% (4.8%) (4.8%) (4.8%) (5.5%) (5.5%) 23.0% 10.9% 12.1%	3,041 948 579 (3) 365 (23) 341 16 325 (6.4%) (21.8%) (24.1%) +11.0% +11.0% +11.0% 23.8% 14.5% 9.2%	1,030 555 0 474 (17) 456 156 299 299 +5.2% +8.7% +8.5% +14.6% ±14.6% 23.9% 12.9% 11.0%	1,277 529 0 748 (18) 730 215 514 514 +11.8% +31.7% +31.9% +40.8% +40.8% 25.3% 10.5% 14.8%	- - - - - - - - - - - - - - - - - - -		+242 +67 (+180 (3 +177 +27 +145 +145 +145 +2.4% +0.1% +2.2% +2.2%
Gross profit SG&A expenses Other income / expenses (net) Operating profit Financial income / costs (net) Profit before tax Income tax expenses Profit Profit attributable to owners of parent Revenue YoY Operating profit YoY Profit before tax YoY Profit YoY	923 490 3 436 (15) 420 158 261 +8.2% (23.6%) (24.0%) (28.5%) (28.5%) (28.5%) 22.5% 12.0% 10.6% 10.3%	1,034 467 1 568 (14) 553 188 365 365 +5.8% (11.8%) (11.7%) (8.6%) (8.6%) (8.6%) 22.9% 10.3% 12.6% 12.2%	1,124 535 5 594 (15) 578 200 378 378 +15.0% (4.8%) (4.8%) (4.8%) (5.5%) (5.5%) 23.0% 10.9% 12.1% 11.8%	3,041 948 579 (3) 365 (23) 341 16 325 (6.4%) (21.8%) (24.1%) +11.0% +11.0% +11.0% 23.8% 14.5% 9.2% 8.6%	1,030 555 0 474 (17) 456 156 299 299 +5.2% +8.7% +8.5% +14.6% ±14.6% 23.9% 12.9% 11.0% 10.6%	1,277 529 0 748 (18) 730 215 514 514 514 +11.8% +31.7% +31.9% +40.8% +40.8% 10.5% 14.8%	- - - - - - - - - - - - - - - - - - -		+242 +6' (+180 (3 +176 +27 +145

Source: Company Data, WRJ Calculation

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Revenue by Division (Cumulative, Quarterly)

Revenue by Division	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.
Wedge binding type scaffolding	1,682	3,696	6,300	8,214	2,230	5,015	-	-	+1,319
Next generation scaffolding	627	1,605	2,173	2,657	575	1,172	-	-	(432)
Other temporary materials	822	1,672	2,507	3,402	924	1,876	-		+204
Temporary Materials	3,132	6,973	10,980	14,275	3,730	8,064	-		+1,091
Distribution Equipment	967	1,650	2,541	3,236	583	1,305	-	-	(344)
Revenue	4,100	8,624	13,522	17,512	4,313	9,370	-	· · · ·	+746
Wedge binding type scaffolding	(8.3%)	(6.7%)	+4.0%	+3.1%	+32.6%	+35.7%	-	-	-
Next generation scaffolding	+17.2%	+25.4%	+11.3%	(11.9%)	(8.4%)	(27.0%)	-		-
Other temporary materials	(14.8%)	(10.0%)	(11.4%)	(7.6%)	+12.4%	+12.2%	-		-
Temporary Materials	(6.1%)	(1.8%)	+1.3%	(2.7%)	+19.1%	+15.6%	-		-
Distribution Equipment	+113.9%	+71.2%	+71.4%	+68.6%	(39.7%)	(20.9%)	-	-	-
Revenue (YoY)	+8.2%	+7.0%	+9.7%	+5.6%	+5.2%	+8.7%	-	-	-
Wedge binding type scaffolding	41.0%	42.9%	46.6%	46.9%	51.7%	53.5%	-	-	-
Next generation scaffolding	15.3%	18.6%	16.1%	15.2%	13.3%	12.5%	-	-	-
Other temporary materials	20.1%	19.4%	18.5%	19.4%	21.4%	20.0%	-	-	-
Temporary Materials	76.4%	80.9%	81.2%	81.5%	86.5%	86.1%	-	-	-
Distribution Equipment	23.6%	19.1%	18.8%	18.5%	13.5%	13.9%	-	-	-
Revenue (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-
Revenue by Division	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.
Wedge binding type scaffolding	1,682								
	1,002	2,013	2,604	1,914	2,230	2,784	-		+771
Next generation scaffolding	627	2,013 977	2,604 568	1,914 484	2,230 575	2,784 596	-	-	+771 (380)
Next generation scaffolding Other temporary materials							-		
. .	627	977	568	484	575	596	- - -	-	(380)
Other temporary materials	627 822	977 850	568 834	484 895	575 924	596 952	- - -	-	(380) +102
Other temporary materials Temporary Materials	627 822 3,132	977 850 3,840	568 834 4,007	484 895 3,294	575 924 3,730	596 952 4,334	- - - -	-	(380) +102 +493
Other temporary materials Temporary Materials Distribution Equipment	627 822 3,132 967	977 850 3,840 682	568 834 4,007 891	484 895 3,294 695	575 924 3,730 583	596 952 4,334 722	- - -	-	(380) +102 +493 +39
Other temporary materials Temporary Materials Distribution Equipment Revenue	627 822 3,132 967 4,100	977 850 3,840 682 4,523	568 834 4,007 891 4,898	484 895 3,294 695 3,989	575 924 3,730 583 4,313	596 952 4,334 722 5,057	- - -	-	(380) +102 +493 +39
Other temporary materials Temporary Materials Distribution Equipment Revenue Wedge binding type scaffolding	627 822 3,132 967 4,100 (8.3%)	977 850 3,840 682 4,523 (5.3%)	568 834 4,007 891 4,898 +24.1%	484 895 3,294 695 3,989 +0.3%	575 924 3,730 583 4,313 +32.6%	596 952 4,334 722 5,057 +38.3%	- - -	-	(380) +102 +493 +39
Other temporary materials Temporary Materials Distribution Equipment Revenue Wedge binding type scaffolding Next generation scaffolding	627 822 3,132 967 4,100 (8.3%) +17.2%	977 850 3,840 682 4,523 (5.3%) +31.3%	568 834 4,007 891 4,898 +24.1% (15.5%)	484 895 3,294 695 3,989 +0.3% (54.5%)	575 924 3,730 583 4,313 +32.6% (8.4%)	596 952 4,334 722 5,057 +38.3% (38.9%)	- - -	-	(380) +102 +493 +39
Other temporary materials Temporary Materials Distribution Equipment Revenue Wedge binding type scaffolding Next generation scaffolding Other temporary materials	627 822 3,132 967 4,100 (8.3%) +17.2% (14.8%)	977 850 3,840 682 4,523 (5.3%) +31.3% (4.8%)	568 834 4,007 891 4,898 +24.1% (15.5%) (13.9%)	484 895 3,294 695 3,989 +0.3% (54.5%) +5.0%	575 924 3,730 583 4,313 +32.6% (8.4%) +12.4%	596 952 4,334 722 5,057 +38.3% (38.9%) +12.1%	- - -	-	(380) +102 +493 +39
Other temporary materials Temporary Materials Distribution Equipment Revenue Wedge binding type scaffolding Next generation scaffolding Other temporary materials Temporary Materials	627 822 3,132 967 4,100 (8.3%) +17.2% (14.8%) (6.1%)	977 850 3,840 682 4,523 (5.3%) +31.3% (4.8%) +2.1%	568 834 4,007 891 4,898 +24.1% (15.5%) (13.9%) +7.1%	484 895 3,294 695 3,989 +0.3% (54.5%) +5.0% (13.9%)	575 924 3,730 583 4,313 +32.6% (8.4%) +12.4% +19.1%	596 952 4,334 722 5,057 +38.3% (38.9%) +12.1% +12.8%	- - -	-	(380) +102 +493 +39
Other temporary materials Temporary Materials Distribution Equipment Revenue Wedge binding type scaffolding Next generation scaffolding Other temporary materials Temporary Materials Distribution Equipment	627 822 3,132 967 4,100 (8.3%) +17.2% (14.8%) (6.1%) +113.9%	977 850 3,840 682 4,523 (5.3%) +31.3% (4.8%) +2.1% +33.5%	568 834 4,007 891 4,898 +24.1% (15.5%) (13.9%) +7.1% +71.6%	484 895 3,294 695 3,989 +0.3% (54.5%) +5.0% (13.9%) +59.2%	575 924 3,730 583 4,313 +32.6% (8.4%) +12.4% +19.1% (39.7%)	596 952 4,334 722 5,057 +38.3% (38.9%) +12.1% +12.8% +5.8%	- - - - - - - - - - - - -	-	(380) +102 +493 +39
Other temporary materials Temporary Materials Distribution Equipment Revenue Wedge binding type scaffolding Next generation scaffolding Other temporary materials Temporary Materials Distribution Equipment Revenue (YoY)	627 822 3,132 967 4,100 (8.3%) +17.2% (14.8%) (6.1%) +113.9% +8.2%	977 850 3,840 682 4,523 (5.3%) +31.3% (4.8%) +2.1% +33.5% +5.8%	568 834 4,007 891 4,898 +24.1% (15.5%) (13.9%) +7.1% +71.6% +15.0%	484 895 3,294 695 3,989 +0.3% (54.5%) +5.0% (13.9%) +59.2% (6.4%)	575 924 3,730 583 4,313 +32.6% (8.4%) +12.4% +19.1% (39.7%) +5.2%	596 952 4,334 722 5,057 +38.3% (38.9%) +12.1% +12.8% +5.8% +11.8%	- - - - - - - - - - - - -	-	(380) +102 +493 +39
Other temporary materials Temporary Materials Distribution Equipment Revenue Wedge binding type scaffolding Next generation scaffolding Other temporary materials Temporary Materials Distribution Equipment Revenue (YoY) Wedge binding type scaffolding	627 822 3,132 967 4,100 (8.3%) +17.2% (14.8%) (6.1%) +113.9% +8.2% 41.0%	977 850 3,840 682 4,523 (5.3%) +31.3% (4.8%) +2.1% +33.5% +5.8%	568 834 4,007 891 4,898 +24.1% (15.5%) (13.9%) +7.1% +71.6% +15.0% 53.2%	484 895 3,294 695 3,989 +0.3% (54.5%) +5.0% (13.9%) +59.2% (6.4%) 48.0%	575 924 3,730 583 4,313 +32.6% (8.4%) +12.4% +19.1% (39.7%) +5.2%	596 952 4,334 722 5,057 +38.3% (38.9%) +12.1% +12.8% +5.8% +11.8%	- - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	(380) +102 +493 +39
Other temporary materials Temporary Materials Distribution Equipment Revenue Wedge binding type scaffolding Next generation scaffolding Other temporary materials Temporary Materials Distribution Equipment Revenue (YoY) Wedge binding type scaffolding Next generation scaffolding	627 822 3,132 967 4,100 (8.3%) +17.2% (14.8%) (6.1%) +113.9% +8.2% 41.0% 15.3%	977 850 3,840 682 4,523 (5.3%) +31.3% (4.8%) +2.1% +33.5% +3.5% +5.8% 44.5% 21.6%	568 834 4,007 891 4,898 +24.1% (15.5%) (13.9%) +7.1% +71.6% +15.0% 53.2% 11.6%	484 895 3,294 695 3,989 +0.3% (54.5%) +5.0% (13.9%) +59.2% (6.4%) 48.0% 12.1%	575 924 3,730 583 4,313 +32.6% (8.4%) +12.4% +19.1% (39.7%) +5.2% 51.7% 13.3%	596 952 4,334 722 5,057 +38.3% (38.9%) +12.1% +12.8% +5.8% +11.8%	- - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	(380) +102 +493 +39
Other temporary materials Temporary Materials Distribution Equipment Revenue Wedge binding type scaffolding Next generation scaffolding Other temporary materials Temporary Materials Distribution Equipment Revenue (YoY) Wedge binding type scaffolding Next generation scaffolding Other temporary materials	627 822 3,132 967 4,100 (8.3%) +17.2% (14.8%) (6.1%) +113.9% +8.2% 41.0% 15.3% 20.1%	977 850 3,840 682 4,523 (5.3%) +31.3% (4.8%) +2.1% +33.5% +5.8% 44.5% 21.6% 18.8%	568 834 4,007 891 4,898 +24.1% (15.5%) (13.9%) +7.1% +71.6% +15.0% 53.2% 11.6% 17.0%	484 895 3,294 695 3,989 +0.3% (54.5%) +5.0% (13.9%) +59.2% (6.4%) 48.0% 12.1% 22.4%	575 924 3,730 583 4,313 +32.6% (8.4%) +12.4% (39.7%) +5.2% 51.7% 13.3% 21.4%	596 952 4,334 722 5,057 +38.3% (38.9%) +12.1% +12.8% +12.8% +11.8% 55.1% 11.8% 18.8%	- - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	(380) +102 +493 +39

Source: Company Data, WRJ Calculation

Statement of Financial Position (Quarterly)

Statement of Financial Position	Cons.Act								
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.
Cash and cash equivalents	909	983	1,237	1,742	1,619	1,863	-	-	+880
Trade and other receivables	3,699	4,003	3,457	3,817	3,634	4,000	-		(2)
Inventories	3,107	3,041	2,683	2,382	2,675	2,429	-		(612)
Other	138	141	85	121	75	24	-		(116)
Total current assets	7,854	8,170	7,465	8,064	8,004	8,318	-		+148
Property, plant and equipment	2,468	2,547	2,550	2,495	2,331	2,338	-		(208)
Right-of-use assets	-	-	-	-	371	369	-		+369
Goodwill	9,221	9,221	9,221	9,221	9,221	9,221	-		-
Intangible assets	1,265	1,260	1,278	1,276	1,270	1,267	-		+6
Other	86	81	82	114	121	109	-		+28
Total non-current assets	13,041	13,110	13,133	13,108	13,315	13,306	-		+195
Total assets	20,896	21,281	20,598	21,172	21,320	21,625	-	-	+344
Trade and other payables	1,396	998	950	1,180	1,370	1,178	-	-	+180
Borrowings	1,058	1,798	918	494	494	494	-		(1,303)
Other	500	563	419	502	543	794	-		+230
Current liabilities	2,956	3,360	2,288	2,177	2,409	2,468	-	-	(892)
Borrowings	5,820	5,436	5,437	5,685	5,689	5,444	-		+8
Other	458	455	458	450	663	640	-		+185
Total non-current liabilities	6,278	5,891	5,896	6,136	6,353	6,085	-		+193
Total liabilities	9,234	9,252	8,185	8,313	8,762	8,553	-		(699)
Total equity attributable to owners of parent	11,661	12,028	12,413	12,859	12,557	13,071	-		+1,043
Total equity	11,661	12,028	12,413	12,859	12,557	13,071	-		+1,043
Total liabilities and equity	20,896	21,281	20,598	21,172	21,320	21,625	-	-	+344
Equity attributable to owners of parent	11,661	12,028	12,413	12,859	12,557	13,071	-	•	+1,043
Interest bearing debt	6,878	7,234	6,356	6,180	6,184	5,939	-		(1,295)
Net debt	5,968	6,251	5,118	4,437	4,565	4,075	-	-	(2,175)
Equity ratio	55.8%	56.5%	60.3%	60.7%	58.9%	60.4%	-	•	-
Net debt equity ratio	51.2%	52.0%	41.2%	34.5%	36.4%	31.2%	-		-
ROE (12 months)	-	-	10.8%	10.7%	11.3%	12.1%	-		-
ROA (12 months)		-	9.7%	9.0%	9.1%	9.8%		-	-
Days for inventory turnover	89	80	65	71	74	59	-	-	-
Quick ratio	156%	148%	205%	255%	218%	238%	-	-	-
Current ratio	266%	243%	326%	370%	332%	337%	-	-	-

Source: Company Data, WRJ Calculation

Statement of Cash Flows (Cumulative, Quarterly)

Statement of Cash Flows	Cons.Act								
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.
Cashflows from operating activities	(234)	(202)	1,091	1,766	587	1,228	-		+1,430
Cashflows from Investing activities	(148)	(358)	(505)	(580)	(90)	(185)	-		+172
Cashflows from operating/investeing activities	(383)	(560)	586	1,186	497	1,042	-		+1,603
Cashflows from financing activities	(214)	35	(856)	(951)	(621)	(921)	-		(957)
Statement of Cash Flows	Cons.Act								
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.
Cashflows from operating activities	(234)	32	1,293	675	587	640	-	-	+608
Cashflows from Investing activities	(148)	(209)	(146)	(75)	(90)	(95)	-	-	+114
Cashflows from operating/investeing activities	(383)	(177)	1,146	600	497	545	-	-	+722
Cashflows from financing activities	(214)	250	(891)	(95)	(621)	(300)	-	-	(551)
Source: Company Data, W/R I Calculation									

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of "IR Information" of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. "IR Information" of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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