

Shinwa (3447)

Consolidated Fiscal Year (IFRS)		Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)								
FY03/2019		17,512	1,963	1,894	1,331	96.44	44.00	919.24
FY03/2020		17,081	2,210	2,139	1,467	104.85	44.00	975.26
FY03/2021CoE		13,900	1,230	1,158	797	56.57	23.00	-
FY03/2020	YoY	(2.5%)	12.5%	12.9%	10.2%	-	-	-
FY03/2021CoE	YoY	(18.6%)	(44.3%)	(45.9%)	(45.7%)	-	-	-
Consolidated Half Year (IFRS)		Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)								
Q1 to Q2 FY03/2020		9,370	1,222	1,186	814	-	-	-
Q3 to Q4 FY03/2020		7,711	987	952	652	-	-	-
Q1 to Q2 FY03/2021CoE		6,130	367	331	215	-	-	-
Q3 to Q4 FY03/2021CoE		7,770	863	827	582	-	-	-
Q1 to Q2 FY03/2021CoE	YoY	(34.6%)	(70.0%)	(72.1%)	(73.6%)	-	-	-
Q3 to Q4 FY03/2021CoE	YoY	0.8%	(12.6%)	(13.2%)	(10.8%)	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (17 July 2020)


Penetration Overseas

Shinwa, mainly manufacturing and selling system scaffolding products, is forced to suffer from adjustments for its short-term business performance due to the impacts stemming from COVID-19. Still, the Company is likely to maintain or strengthen its competitiveness in Japan from a long-term perspective, while its measure to make progress with penetration overseas will drive growth for the future. FY03/2021 Company forecasts assume that the impacts stemming from COVID-19 are to coverage towards the end of Q1, but also that sales in Q2 will remain sluggish as demand for the Company's system scaffolding products, etc. from construction industry will remain coming down during the same period. Conversely, in Q3, Company forecasts are going for a startup of gradual recovery for demand from construction industry, such as renovation works, maintenance and repair works for social infrastructures, etc. Thus, sales as a whole for the Company in H2 will recover roughly to the level during the same period of the previous year. For the sake of penetration overseas on a full-fledged basis, the Company has set up a joint company in China, where the startup of business has been behind the original schedule, also due to the impacts stemming from COVID-19. More importantly, however, this is to improve the Company's growth potential for a post COVID-19 business world.

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2.0 Company Profile

The Leader of Scaffolding Technology

Company Name	Shinwa Co., Ltd. Website IR Information Share Price (Japanese)	
Established	11 August 2014	
Listing	20 March 2019: Tokyo and 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 March 2020)	
No. of Shares	14,089,200 shares (as of the end of March 2020)	
Main Features	<ul style="list-style-type: none"> ● Advocating the No. 1 share (c.30%) in the market of Japan for system scaffolding products ● System scaffolding products, accounting for almost 80% of revenue on the mainstay Scaffolding Equipment side ● First-class productive force in Japan, high readiness and quality 	
Business Segment	I . Manufacture and Sale of Scaffolding Equipment and Logistics Equipment	
Top Management	Representative Director: Hiroshi Yamada	
Shareholders	Goldman Sachs International 11.30%, Master Trust Bank of Japan, T. 7.80%, Japan Trustee Services, T. 5.53%, Alinco Inc. 4.89% (as of the end of March 2020, but for treasury shares)	
Headquarters	Kaizu-city, Gifu-prefecture, JAPAN	
No. of Employees	Consolidated: 161, Parent: 161 (as of the end of March 2020)	

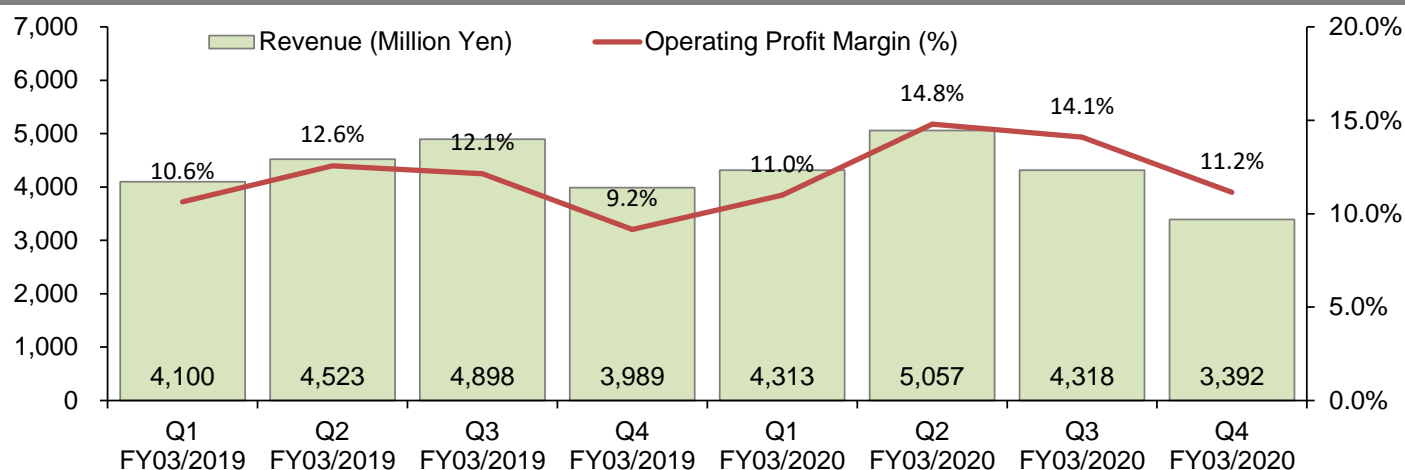
Source: Company Data

3.0 Recent Trading and Prospects

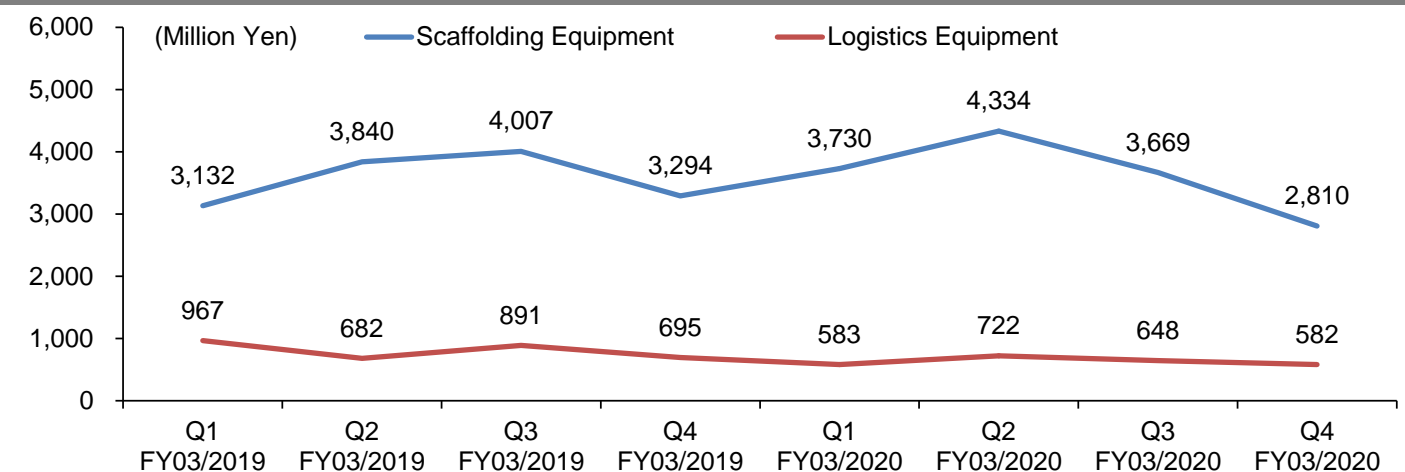
FY03/2020

In FY03/2020, revenue came in at ¥17,081m (down 2.5% YoY), operating profit ¥2,210m (up 12.5%), profit before tax ¥2,139m (up 12.9%) and profit attributable to owners of parent ¥1,467m (up 10.2%), while operating profit margin 12.9% (up 1.7% points). The results were better than initial Company forecasts, by ¥81m (0.5%) for revenue, by ¥150m (7.3%) for operating profit, by ¥149m (7.5%) for profit before tax and by ¥67m (4.8%) for profit attributable to owners of the parent.

Revenue and Operating Profit Margin



Revenue by Division



Source: Company Data, WRJ Calculation

In Q1 to Q3, revenue came in at ¥13,689m (up 1.2% YoY), meaning that the Company had achieved revenue increased over the same period of the previous year, but revenue in Q4 came in at ¥3,392m (down 15.0%), negatively affected by unexpected impacts stemming from COVID-19 having had been actualized, i.e., revenue as a whole for the Company came down sharply. As a consequence, the Company was forced to post a slight decline in revenue for the full-year results, but it was slightly better than assumed in initial Company forecasts. It appears that revenue was running ahead a lot by Q1 to Q3.

By division, revenue on the Scaffolding Equipment side came in at ¥14,544m (up 1.9% YoY) on a full-year basis and on the Logistics Equipment side ¥2,536m (down 21.6%). Meanwhile, gross profit came in at ¥4,329m (up 7.4%) and SG&A expenses ¥2,127m (up 2.6%), implying gross profit margin of 25.3% (up 2.3% points) and revenue to SG&A expenses ratio of 12.5% (up 0.6% points).

The mainstay Scaffolding Equipment, where almost 80% of revenue is accounted for by system scaffolding products, saw revenue of ¥2,810m (down 14.7% YoY) in Q4. Meanwhile, in Q1 to Q3, construction demand had remained firm in both public and private sectors as restoration and reconstruction activities as a result of natural disasters had continued, while infrastructure development and redevelopment projects had been active in regions other than the Tokyo Metropolitan area, given convergence of construction related to the Tokyo Olympic and Paralympic Games. On top of this, demand for safety-measure products to prevent crashes and falls had increased further with an objective to improve the safety in construction sites. Given active corporate efforts to develop and supply all those safety-measure products, such as presetting handrails and baseboards carrying high gross profit margin, the Company had benefited also in this respect on top of the firm trend in the market. Meanwhile, on the Logistics Equipment side, revenue came down due to a decline in large-scale project associated with logistics warehouse, but this was as initially expected.

In FY03/2020, revenue as a whole for the Company came down, albeit not much, while operating profit margin improved, having resulted in steady increase of earnings. Revisions on selling prices have been consistently successful, having driven gross profit margin upwards. Although prices of raw materials, such as steel stocks, remained at high levels, the Company worked well to restrain rising procurement prices by utilizing a wide range of raw materials procurement routes and by negotiating with suppliers, having seen procurement prices within the range of expectations. It appears this has also contributed to improved gross profit margin. Meanwhile, SG&A expenses has increased, mainly due to rising personnel expenses and delivery expenses, but the pace of increase as a whole has been limited.

FY03/2020 Company Forecasts and Results

Cons. Fiscal Year (IFRS) (Million Yen)	Date	Event	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
FY03/2020CoE	10-May-19	Q4 Results	17,000	2,060	1,990	1,400
FY03/2020CoE	09-Aug-19	Q1 Results	17,000	2,060	1,990	1,400
FY03/2020CoE	08-Nov-19	Q2 Results	17,000	2,060	1,990	1,400
FY03/2020CoE	07-Feb-20	Q3 Results	17,000	2,060	1,990	1,400
FY03/2020Act	15-May-20	Q4 Results	17,081	2,210	2,139	1,467
		Amount of Gap	81	150	149	67
		Rate of Gap	0.5%	7.3%	7.5%	4.8%
FY03/2020CoE	10-May-19	Q4 Results	17,000	2,060	1,990	1,400
FY03/2020Act	15-May-20	Q4 Results	17,081	2,210	2,139	1,467
		Amount of Gap	81	150	149	67
		Rate of Gap	0.5%	7.3%	7.5%	4.8%
Cons. Half Year (IFRS) (Million Yen)	Date	Event	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
Q1 to Q2 FY03/2020CoE	10-May-19	Q4 Results	8,880	1,130	1,100	770
Q1 to Q2 FY03/2020CoE	09-Aug-19	Q1 Results	8,880	1,130	1,100	770
Q1 to Q2 FY03/2020Act	08-Nov-19	Q2 Results	9,370	1,222	1,186	814
		Amount of Gap	490	92	86	44
		Rate of Gap	5.5%	8.1%	7.8%	5.7%
Q1 to Q2 FY03/2020CoE	10-May-19	Q4 Results	8,880	1,130	1,100	770
Q1 to Q2 FY03/2020Act	08-Nov-19	Q2 Results	9,370	1,222	1,186	814
		Amount of Gap	490	92	86	44
		Rate of Gap	5.5%	8.1%	7.8%	5.7%
Cons. Half Year (IFRS)	Date	Event	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
Q3 to Q4 FY03/2020CoE	10-May-19	Q4 Results	8,120	930	890	630
Q3 to Q4 FY03/2020CoE	09-Aug-19	Q1 Results	8,120	930	890	630
Q3 to Q4 FY03/2020CoE	08-Nov-19	Q2 Results	7,630	838	804	586
		Amount of Gap	(490)	(92)	(86)	(44)
		Rate of Gap	(6.0%)	(9.9%)	(9.7%)	(7.0%)
Q3 to Q4 FY03/2020CoE	07-Feb-20	Q3 Results	7,630	838	804	586
Q3 to Q4 FY03/2020Act	15-May-20	Q4 Results	7,711	988	953	653
		Amount of Gap	81	150	149	67
		Rate of Gap	1.1%	17.9%	18.5%	11.4%
Q3 to Q4 FY03/2020CoE	10-May-19	Q4 Results	8,120	930	890	630
Q3 to Q4 FY03/2020Act	15-May-20	Q4 Results	7,711	988	953	653
		Amount of Gap	(409)	58	63	23
		Rate of Gap	(5.0%)	6.2%	7.1%	3.7%

Source: Company Data, WRJ Calculation

Statement of Profit or Loss (Cumulative/Quarterly)

Statement of Profit or Loss	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.
Revenue	4,100	8,624	13,522	17,512	4,313	9,370	13,688	17,081	(430)
Cost of sales	3,177	6,666	10,440	13,482	3,283	7,063	10,238	12,751	(730)
Gross profit	923	1,957	3,081	4,030	1,030	2,307	3,450	4,329	+299
SG&A expenses	490	958	1,493	2,073	555	1,084	1,619	2,127	+54
Other income and expenses (net)	3	5	10	7	(0)	0	0	8	+1
Operating profit	436	1,004	1,598	1,963	474	1,222	1,831	2,210	+246
Financial income and costs (net)	(15)	(30)	(45)	(69)	(17)	(35)	(53)	(70)	(1)
Profit before tax	420	974	1,552	1,894	456	1,186	1,778	2,139	+244
Income tax expenses	158	346	547	563	156	371	557	671	+108
Profit	261	627	1,005	1,331	299	814	1,220	1,467	+136
Profit attributable to owners of parent	261	627	1,005	1,331	299	814	1,220	1,467	+135
Profit attributable to non-con. interests	-	-	-	-	-	-	-	0	+0
Profit attributable to owners of parent	261	627	1,005	1,331	299	814	1,220	1,467	+135
Revenue YoY	+8.2%	+7.0%	+9.7%	+5.6%	+5.2%	+8.7%	+1.2%	(2.5%)	-
Operating profit YoY	(23.6%)	(17.3%)	(13.1%)	(14.9%)	+8.7%	+21.7%	+14.6%	+12.5%	-
Profit before tax YoY	(24.0%)	(17.5%)	(13.2%)	(15.4%)	+8.5%	+21.8%	+14.5%	+12.9%	-
Profit YoY	(28.5%)	(18.1%)	(13.8%)	(8.8%)	+14.6%	+29.9%	+21.4%	+10.2%	-
Profit attributable to owners of parent YoY	(28.5%)	(18.1%)	(13.8%)	(8.8%)	+14.6%	+29.9%	+21.4%	+10.2%	-
Gross profit margin	22.5%	22.7%	22.8%	23.0%	23.9%	24.6%	25.2%	25.3%	+2.3%
Revenue to SG&A expenses ratio	12.0%	11.1%	11.0%	11.8%	12.9%	11.6%	11.8%	12.5%	+0.6%
Operating profit margin	10.6%	11.6%	11.8%	11.2%	11.0%	13.0%	13.4%	12.9%	+1.7%
Profit before tax margin	10.3%	11.3%	11.5%	10.8%	10.6%	12.7%	13.0%	12.5%	+1.7%
Profit margin	6.4%	7.3%	7.4%	7.6%	7.0%	8.7%	8.9%	8.6%	+1.0%
Profit attributable to owners of parent margin	6.4%	7.3%	7.4%	7.6%	7.0%	8.7%	8.9%	8.6%	+1.0%
Income tax expenses/Profit before tax	37.7%	35.6%	35.2%	29.7%	34.3%	31.3%	31.3%	31.4%	+1.7%
Statement 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	YoY
(Million Yen)	03/2020	03/2020	03/2020	03/2020	03/2020	03/2020	03/2020	03/2020	Net Chg.
Revenue	4,100	4,523	4,898	3,989	4,313	5,057	4,318	3,392	(597)
Cost of sales	3,177	3,489	3,773	3,041	3,283	3,780	3,174	2,513	(527)
Gross profit	923	1,034	1,124	948	1,030	1,277	1,143	879	(69)
SG&A expenses	490	467	535	579	555	529	534	508	(71)
Other income and expenses (net)	3	1	5	(3)	(0)	0	0	7	+11
Operating profit	436	568	594	365	474	748	609	378	+13
Financial income and costs (net)	(15)	(14)	(15)	(23)	(17)	(18)	(17)	(17)	+5
Profit before tax	420	553	578	341	456	730	591	360	+19
Income tax expenses	158	188	200	16	156	215	185	114	+98
Profit	261	365	378	325	299	514	406	246	(79)
Profit attributable to owners of parent	261	365	378	325	299	514	406	246	(79)
Profit attributable to non-con. interests	-	-	-	-	-	-	-	0	+0
Profit attributable to owners of parent	261	365	378	325	299	514	406	246	(79)
Revenue YoY	+8.2%	+5.8%	+15.0%	(6.4%)	+5.2%	+11.8%	(11.8%)	(15.0%)	-
Operating profit YoY	(23.6%)	(11.8%)	(4.8%)	(21.8%)	+8.7%	+31.7%	+2.5%	+3.6%	-
Profit before tax YoY	(24.0%)	(11.7%)	(4.8%)	(24.1%)	+8.5%	+31.9%	+2.3%	+5.6%	-
Profit YoY	(28.5%)	(8.6%)	(5.5%)	+11.0%	+14.6%	+40.8%	+7.4%	(24.3%)	-
Profit attributable to owners of parent YoY	(28.5%)	(8.6%)	(5.5%)	+11.0%	+14.6%	+40.8%	+7.4%	(24.4%)	-
Gross profit margin	22.5%	22.9%	23.0%	23.8%	23.9%	25.3%	26.5%	25.9%	+2.1%
Revenue to SG&A expenses ratio	12.0%	10.3%	10.9%	14.5%	12.9%	10.5%	12.4%	15.0%	+0.5%
Operating profit margin	10.6%	12.6%	12.1%	9.2%	11.0%	14.8%	14.1%	11.2%	+2.0%
Profit before tax margin	10.3%	12.2%	11.8%	8.6%	10.6%	14.4%	13.7%	10.6%	+2.1%
Profit margin	6.4%	8.1%	7.7%	8.2%	7.0%	10.2%	9.4%	7.3%	(0.9%)
Profit attributable to owners of parent margin	6.4%	8.1%	7.7%	8.2%	7.0%	10.2%	9.4%	7.3%	(0.9%)
Income tax expenses/Profit before tax	37.7%	34.0%	34.6%	4.7%	34.3%	29.5%	31.4%	31.6%	+26.9%

Source: Company Data, WRJ Calculation

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.
Scaffolding Equipment	3,132	6,973	10,980	14,275	3,730	8,064	11,734	14,544	+269
Logistics Equipment	967	1,650	2,541	3,236	583	1,305	1,954	2,536	(700)
Revenue	4,100	8,624	13,522	17,512	4,313	9,370	13,688	17,081	(430)
Scaffolding Equipment	(6.1%)	(1.8%)	+1.3%	(2.7%)	+19.1%	+15.6%	+6.9%	+1.9%	-
Logistics Equipment	+113.9%	+71.2%	+71.4%	+68.6%	(39.7%)	(20.9%)	(23.1%)	(21.6%)	-
Revenue (YoY)	+8.2%	+7.0%	+9.7%	+5.6%	+5.2%	+8.7%	+1.2%	(2.5%)	-
Scaffolding Equipment	76.4%	80.9%	81.2%	81.5%	86.5%	86.1%	85.7%	85.2%	-
Logistics Equipment	23.6%	19.1%	18.8%	18.5%	13.5%	13.9%	14.3%	14.8%	-
Revenue (Composition Ratio)	100.0%	100.0%	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.
Scaffolding Equipment	3,132	3,840	4,007	3,294	3,730	4,334	3,669	2,810	(484)
Logistics Equipment	967	682	891	695	583	722	648	582	(112)
Revenue	4,100	4,523	4,898	3,989	4,313	5,057	4,318	3,392	(597)
Scaffolding Equipment	(6.1%)	+2.1%	+7.1%	(13.9%)	+19.1%	+12.8%	(8.4%)	(14.7%)	-
Logistics Equipment	+113.9%	+33.5%	+71.6%	+59.2%	(39.7%)	+5.8%	(27.2%)	(16.2%)	-
Revenue (YoY)	+8.2%	+5.8%	+15.0%	(6.4%)	+5.2%	+11.8%	(11.8%)	(15.0%)	-
Scaffolding Equipment	76.4%	84.9%	81.8%	82.6%	86.5%	85.7%	85.0%	82.8%	-
Logistics Equipment	23.6%	15.1%	18.2%	17.4%	13.5%	14.3%	15.0%	17.2%	-
Revenue (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Statement of Financial Position (Quarterly)

Statement of Financial Position	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.
Cash and cash equivalents	909	983	1,237	1,742	1,619	1,863	2,255	3,120	+1,377
Trade and other receivables	3,699	4,003	3,457	3,817	3,634	4,000	3,279	2,777	(1,040)
Inventories	3,107	3,041	2,683	2,382	2,675	2,429	2,854	2,405	+23
Other	138	141	85	121	75	24	20	42	(79)
Total current assets	7,854	8,170	7,465	8,064	8,004	8,318	8,410	8,345	+281
Property, plant and equipment	2,468	2,547	2,550	2,495	2,331	2,338	2,346	2,370	(125)
Right-of-use assets	-	-	-	-	371	369	344	353	+353
Goodwill	9,221	9,221	9,221	9,221	9,221	9,221	9,221	9,221	0
Intangible assets	1,265	1,260	1,278	1,276	1,270	1,267	1,261	1,258	(17)
Other	86	81	82	114	121	109	79	71	(43)
Total non-current assets	13,041	13,110	13,133	13,108	13,315	13,306	13,253	13,274	+166
Total assets	20,896	21,281	20,598	21,172	21,320	21,625	21,664	21,620	+448
Trade and other payables	1,396	998	950	1,180	1,370	1,178	953	739	(440)
Borrowings	1,058	1,798	918	494	494	494	495	495	+1
Other	500	563	419	502	543	794	639	783	+280
Total current liabilities	2,956	3,360	2,288	2,177	2,409	2,468	2,088	2,018	(158)
Borrowings	5,820	5,436	5,437	5,685	5,689	5,444	5,448	5,202	(483)
Other	458	455	458	450	663	640	634	611	+161
Total non-current liabilities	6,278	5,891	5,896	6,136	6,353	6,085	6,082	5,814	(322)
Total liabilities	9,234	9,252	8,185	8,313	8,762	8,553	8,170	7,832	(480)
Total equity attributable to owners of parent	11,661	12,028	12,413	12,859	12,557	13,071	13,493	13,740	+881
Other	-	-	-	-	-	-	-	47	+47
Total equity	11,661	12,028	12,413	12,859	12,557	13,071	13,493	13,788	+929
Total liabilities and equity	20,896	21,281	20,598	21,172	21,320	21,625	21,664	21,620	+448
Equity attributable to owners of parent	11,661	12,028	12,413	12,859	12,557	13,071	13,493	13,740	+881
Interest bearing debt	6,878	7,234	6,356	6,180	6,184	5,939	5,943	5,698	(482)
Net debt	5,968	6,251	5,118	4,437	4,565	4,075	3,688	2,577	(1,859)
Equity ratio	55.8%	56.5%	60.3%	60.7%	58.9%	60.4%	62.3%	63.6%	-
Net debt equity ratio	51.2%	52.0%	41.2%	34.5%	36.4%	31.2%	27.3%	18.8%	-
ROE (12 months)	-	-	10.8%	10.7%	11.3%	12.1%	11.9%	11.0%	-
ROA (12 months)	-	-	9.7%	9.0%	9.1%	9.8%	10.0%	10.0%	-
Days for inventory turnover	89	80	65	71	74	59	82	87	-
Quick ratio	156%	148%	205%	255%	218%	238%	265%	292%	-
Current ratio	266%	243%	326%	370%	332%	337%	403%	413%	-

Source: Company Data, WRJ Calculation

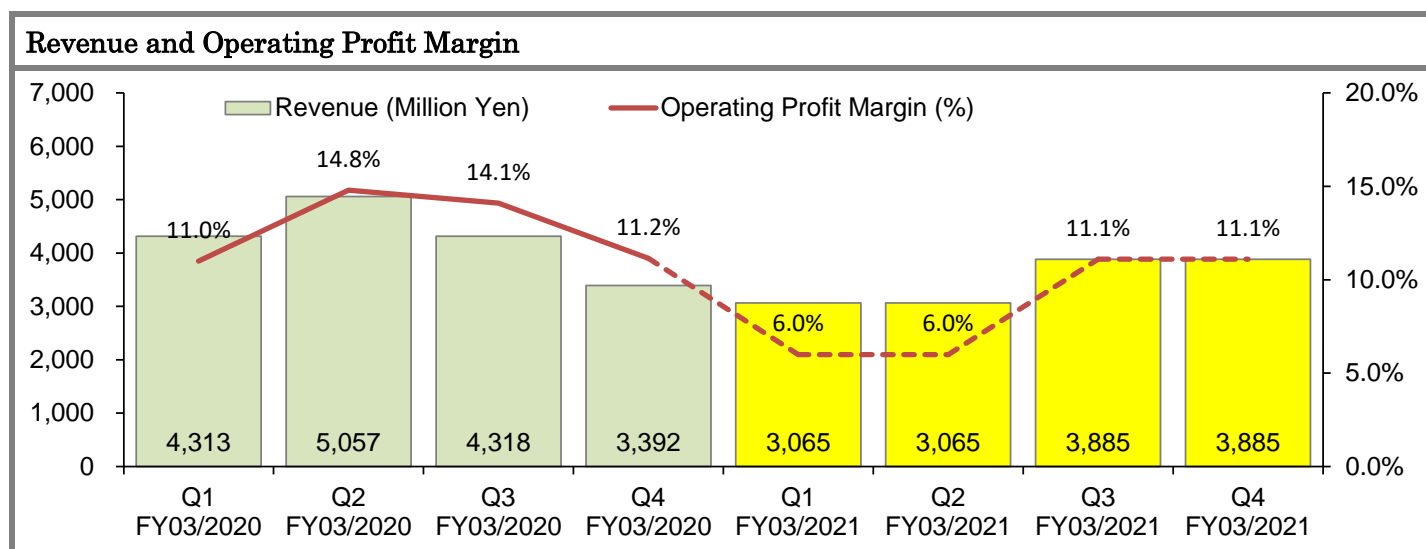
Statement of Cash Flows (Cumulative/Quarterly)

Statement of Cash Flows	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.
Cashflows from operating activities	(234)	(202)	1,091	1,766	587	1,228	1,791	3,121	+1,354
Cashflows from Investing activities	(148)	(358)	(505)	(580)	(90)	(185)	(327)	(515)	+64
Cashflows from operating and investing activities	(383)	(560)	586	1,186	497	1,042	1,463	2,606	+1,419
Cashflows from financing activities	(214)	35	(856)	(951)	(621)	(921)	(951)	(1,227)	(276)
Statement of Cash Flows	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.
Cashflows from operating activities	(234)	32	1,293	675	587	640	562	1,330	+655
Cashflows from Investing activities	(148)	(209)	(146)	(75)	(90)	(95)	(141)	(188)	(113)
Cashflows from operating and investing activities	(383)	(177)	1,146	600	497	545	421	1,142	+542
Cashflows from financing activities	(214)	250	(891)	(95)	(621)	(300)	(29)	(276)	(181)

Source: Company Data, WRJ Calculation

FY03/2021 Company Forecasts

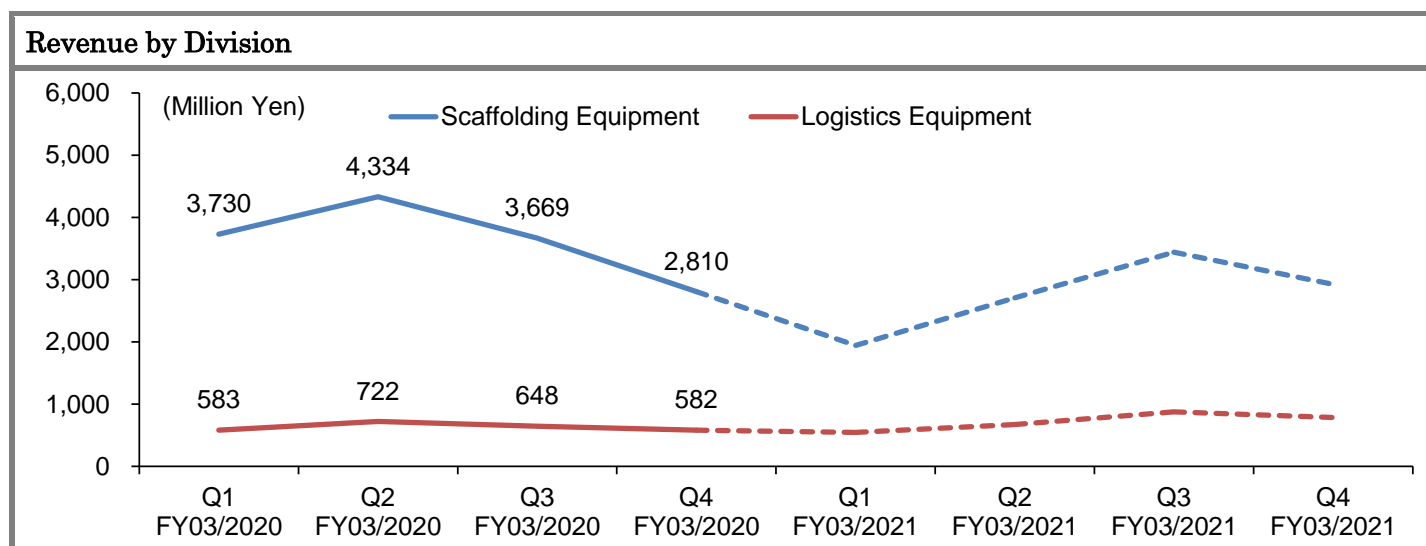
FY03/2021 Company forecasts are going for prospective revenue of ¥13,900m (down 18.6% YoY), operating profit of ¥1,230m (down 44.3%), profit before tax of ¥1,158m (down 45.9%) and profit attributable to owners of parent of ¥797m (down 45.7%), while operating profit margin of 8.8% (down 4.1% points). For Q1 to Q2, Company forecasts are going for prospective revenue of ¥6,130m (down 34.6% YoY), operating profit of ¥367m (down 70.0%) and operating profit margin of 6.0% (down 7.1% points), while revenue of ¥7,770m (up 0.8%), operating profit ¥863m (down 12.6%) and operating profit margin of 11.1% (down 1.7% points) for H2. Meanwhile, prospective annual dividend is ¥23.0 per share, implying payout ratio of 40.7%. The Company's dividend policy is to achieve payout ratio of 40% or more and this will be implemented towards FY03/2021.



Source: Company Data, WRJ Calculation (quarters in FY03/2021: half-year Company forecasts, pro rata)

Company forecasts assume that the impacts stemming from COVID-19 are to coverage towards the end of Q1, but also that sales in Q2 will remain sluggish as demand for the Company's system scaffolding products, etc. from construction industry will remain coming down during the same period. Conversely, in Q3, Company forecasts are going for a startup of gradual recovery for demand from construction industry, such as renovation works, maintenance and repair works for social infrastructures, etc. Thus, sales as a whole for the Company in H2 will recover roughly to the level during the same period of the previous year. Meanwhile, according to the Company, a difference in the timing of the convergence for COVID-19 will affect the business climate to the same extent and thus also affecting the Company's revenue.

Full-year Company forecasts assume prospective revenue of ¥11,018m (down 24.2%) on the Scaffolding Equipment side and ¥2,882m (up 13.6%) on the Logistics Equipment side. On the Scaffolding Equipment side, revenue in Q1 is expected to decline by some 50% over the same period of the previous year, by some 40% in Q2 and by some 10% in Q3. For Q4, Company forecasts are going for revenue roughly unchanged over the same period of the previous year. Meanwhile, on the Logistics Equipment side, revenue in Q1 is expected to decline by some 10% and also by some 10% in Q2, which is expected to be followed by increase by some 30% in Q3 and also by 30% in Q4.



Source: Company Data, WRJ Calculation (quarters in FY03/2021: WRJ estimates)

In line with expansion of the impacts stemming from COVID-19, the government issued emergency declaration on 7 April 2020 (terminated on 25 May). At construction sites, there have been suspensions and postponements of existing construction projects, while new construction projects have been delayed, implying that the impacts stemming from COVID-19 have been enlarging for the Company. On the other hand, demolition works are persisting as well as restoration works for natural disasters occurred in 2019 and thus demand in all those domains is likely to keep the levels to more than a certain extent. Nevertheless, demand is rapidly declining on the Scaffolding Equipment side as a whole, having led to production adjustments, including temporary shutdown of its manufacturing factory.

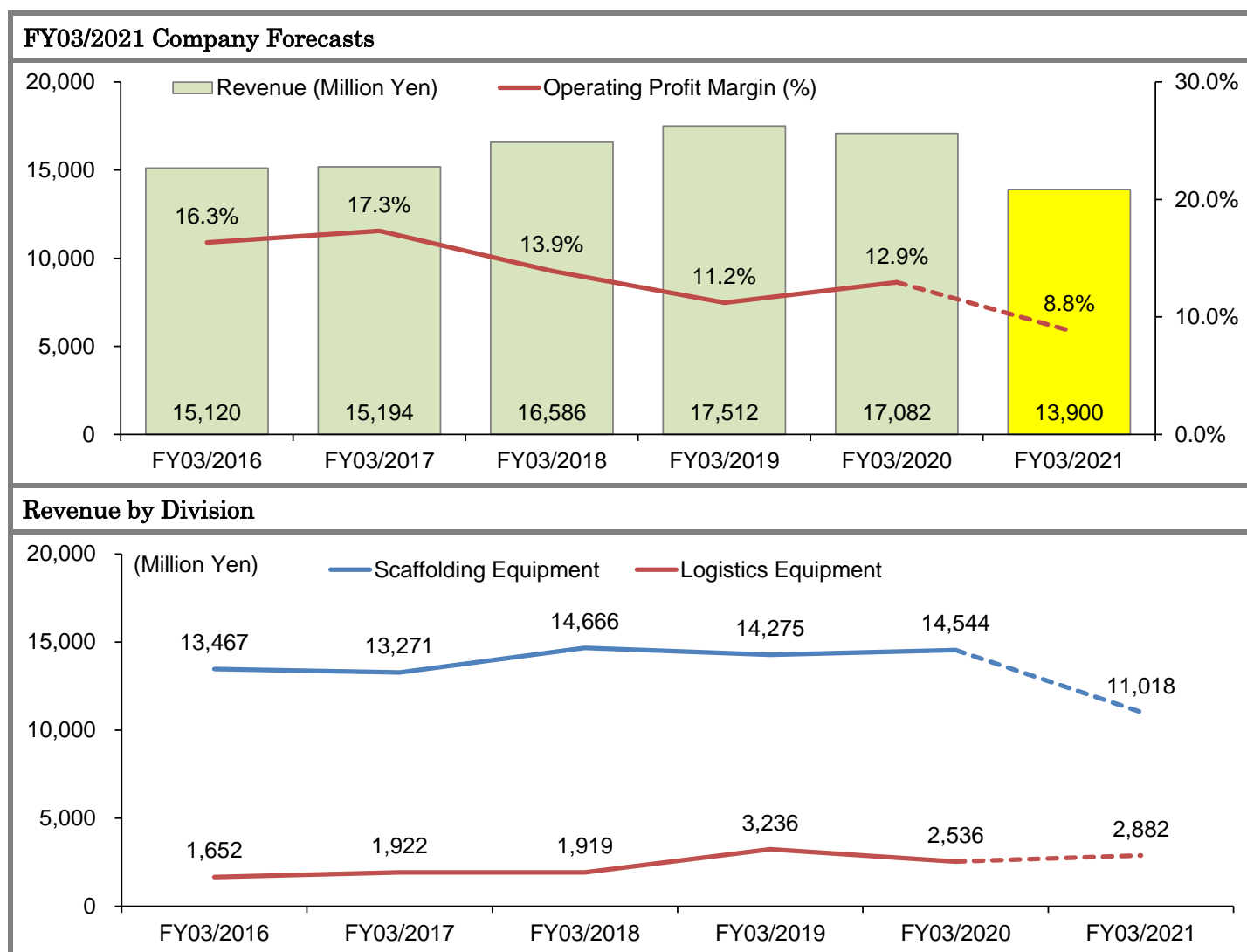
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For Q1, when emergency declaration was issued, revenue on the Scaffolding Equipment side is to suffer from a major adjustment, following that of Q4 FY03/2020. However, Company forecasts are going for increased revenue in Q2 over Q1, assuming that the impacts stemming from COVID-19 are to converge towards the end of Q1. As previously explained, Company forecasts are going for some 40% decline in revenue here for Q2 in terms of comparison with that of the same period of the previous year in line with deceased demand from construction industry, while quarterly revenue on a serial basis is expected to hit the bottom in Q1, as far as we could see.

Meanwhile, on the Logistics Equipment side, Company forecasts are going for firm revenue on a full-year basis. For H2, Company forecasts assume a recovery of export and import trade as well as normalization of investment in logistics equipment. On top of this, Company forecasts assume revenue associated with large-scale project on logistics warehouse and thus revenue in H2 is expected to surge over the same period of the previous year. According to the Company, demand is now plummeting for domains associated with export and import trade, such as pallets for Transport Equipment (automobiles) and liquid-transport bulk containers for Chemical, given the impacts stemming from COVID-19. However, as far as assuming that the impacts stemming from COVID-19 are to converge towards the end of Q1, revenue here should recover towards H2.

Long-Term Prospects

The Company's long-term business performance is likely to depend upon the future development of penetration overseas. In Japan, which has been the traditional field of business, demand for construction continues to be at a certain level or gradually rises, which is to lead to the same trend in demand for the Company's system scaffolding products, which ranks the first in Japan. On the other hand, the impacts stemming from COVID-19 are delaying the timing for the Company to make progress with penetration overseas on a full-fledged basis. From here, there appears to be a certain contribution for a post COVID-19 business world, but just a limited contribution for FY03/2021.



Source: Company Data, WRJ Calculation

As for business environment on the Scaffolding Equipment side, mainly comprising system scaffolding products, it has been spotted that, for example, as the aging of social infrastructures such as road bridges progresses continuously towards the future, construction related to maintenance and repair works is also moving in the same direction. Meanwhile, it has been also spotted that domestic construction investment has been on an increasing trend in both new construction and maintenance & repair during the period by FY2017 due partly to the impacts of Infrastructure Longer-Life Plan. On top of this, almost 40% of detached houses have been built for about 30 years, implying increased demand for rebuilding, renovation, and/or demolition in the near future, while any of those drives demand for system scaffolding products. The other thing is that the fatalities on accidents in the construction industry in FY2018 were 309 people, out of which 136 people (44%) were of crashes and/or falls during works on the scaffolding. In light of this, it has been spotted that demand for safe-and-secure system scaffolding products, which can avoid and reduce crashes and/or falls, will increase for the future.

Meanwhile, the Company established representative office in the Philippines in June 2017 and has a track record of sales to the leading local company in the field of elevator installation works. Then, in October of the same year, the Company established subcontract factory in Vietnam together with a local company and began production of Japanese standard and Japanese quality system scaffolding products. Still, the impacts of both to the Company's business performance appear to have been limited. More importantly, the Company set up a joint company in China on 27 November 2019, which is GUANGDONG NISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS Co., Ltd. This is located in Foshan, Guangdong and Foshan-city is a part of the Guangdong-Hong Kong-Macau Greater Bay Area or economic development promotion region envisioned by the Chinese government, with regional population of 67m and GDP of US\$1.3 trillion in CY2018, being one of the most developed regions in China.

GUANGDONG NISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS Co., Ltd. is represented by the Company's executive vice president Kurio Noritake and is engaged in imports, manufacture and sales of scaffolding equipment. The Company owns 51.0% of registered capital (RMB 25m or roughly ¥400m), while Guangdong Chuangfu Metal Products Co., Ltd. owns 34.0% and ALCONIX CORPORATION owns 15.0%. The former is a local manufacturer to process aluminum in which the latter owns 35%, while it mainly manufactures and sells formworks to set concretes. Meanwhile, ALCONIX CORPORATION forms a general trading house group that handles everything from the distribution of non-ferrous metal raw materials and products to the manufacture of processed products. It runs four strongholds in China and has a variety of local business expertise, together with investment in more than 10 local companies to run the business of manufacture and/or distribution in China.

The background to the establishment of this joint company is that needs are increasing for improvement of safety, of construction efficiency and of considerations on the environment at local construction sites. That is to say, demand for the Company's system scaffolding products that can respond to this is greatly increasing. In particular, in light of strong needs to improve safety, the Company intends to put the philosophy it has advocated in its domestic business development in the first place and foremost in its local operations, i.e., "We will protect precious life through our products and services".

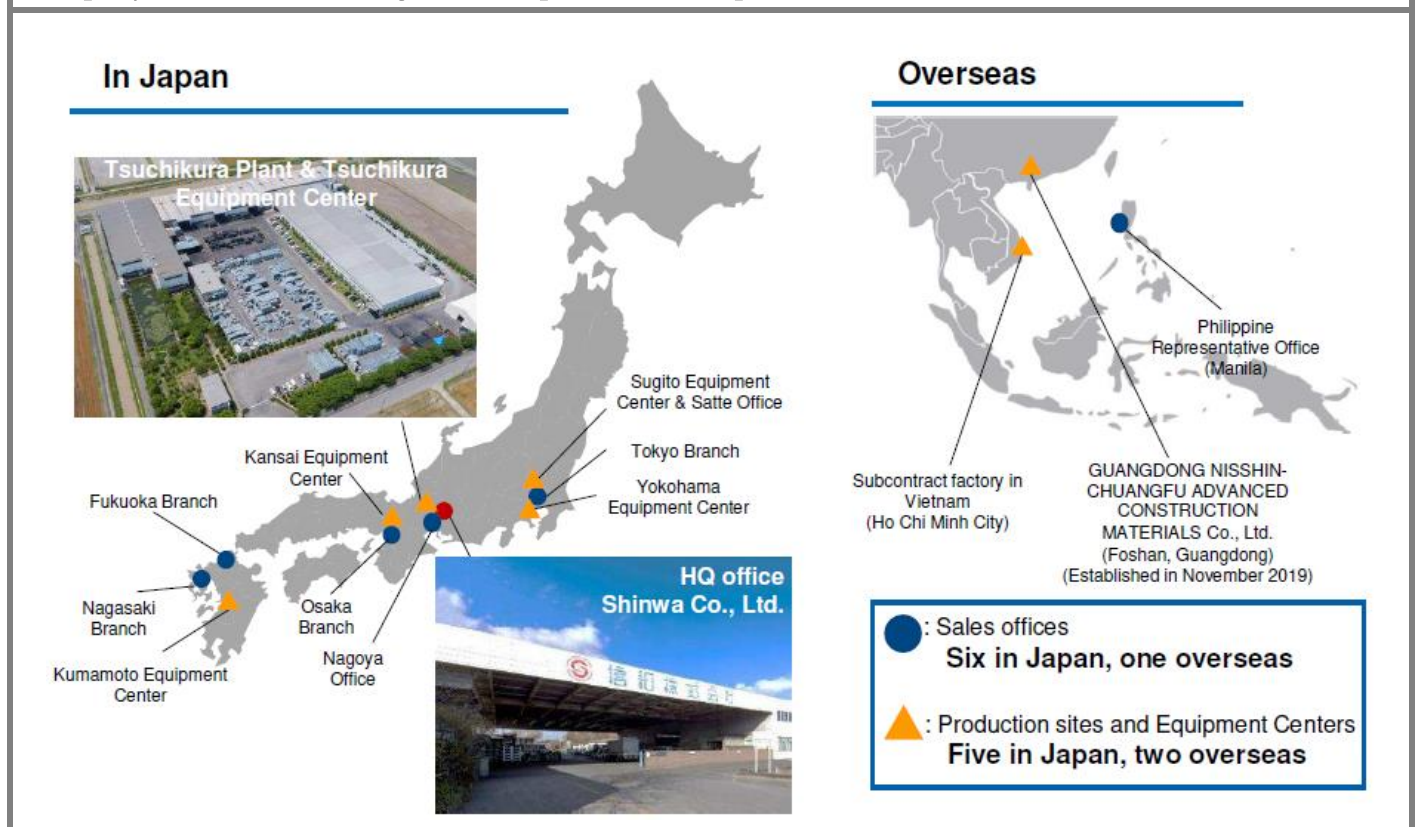
The Company is currently in the process of starting up operations of GUANGDONG NISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS Co., Ltd., through its collaboration with Guangdong Chuangfu Metal Products Co., Ltd. or a local partner and ALCONIX CORPORATION. In the collaboration with Guangdong Chuangfu Metal Products Co., Ltd., the Company is to locally start up the manufacture of system scaffolding products with limited initial investment by means of renting a portion of its factory. Meanwhile, the Company is now trying to sell to local general contractors and so on through the collaboration with ALCONIX CORPORATION which has a variety of local business knowhows, where the Company is to appeal that it intends to manufacture system scaffolding products to cope with local specifications and local safety standards. More importantly, given limited initial investment, the business here is likely to bring some addons in earnings for the Company from the beginning.

4.0 Business Model

The Leader of Scaffolding Technology

The Company manufactures and sells scaffolding equipment and logistics equipment through its 11 strongholds in Japan and three overseas. In Japan, the Company has 6 strongholds for sales and 5 collectively for production and equipment centers, while one for sales and two for production overseas. In Kaizu-city, Gifu-prefecture, where the Company is based, Tsuchikura Factory is run, in charge of the bulk of the manufacture of scaffolding equipment and logistics equipment as a whole for the Company. With system scaffolding products, etc. manufactured here, the Company develops its business as the leader of scaffolding technology in Japan. Although the Company's business development overseas has been limited so far, the Company suggests that GUANGDONG NISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS Co., Ltd. (Foshan, Guangdong), a joint company (51.0% stake) set up in China on 27 November 2019, will start contributing on a full-fledged basis for a post COVID-19 business world.

Company Network (11 Strongholds of Operations in Japan and three Overseas)



Source: Company Data

Scaffolding equipment refers to “ashiba” in Japanese, meaning “places where people can stand to be there” in any case, “places that form the basis for doing things”, “standpoint”, “foundation”, etc., generally speaking. Meanwhile, in the context of the Company's business, the term refers to simple object temporarily constructed to be used to carry out the works to achieve the original purpose to construct buildings. That is to say, it is the place where the workers who perform construction and/or engineering works in the sites place the foot on it. While prefabricated scaffolding products are those to stack up standards made of steel pipes welded to the form of gates, together with basic components such as jack base, crossing braces, steel fabric sheets, etc., system scaffolding products are those assembled as a single system in advance and they can be easily set up without special skills. System scaffolding products account for almost 80% of revenue on the Scaffolding Equipment side.

Based on its own research, the Company advocates that it has the No. 1 share (c.30%) in the market for system scaffolding products in Japan, while holding high readiness and quality owing to first-class production force in Japan. System scaffolding products are defined as "what are indispensable at construction sites" and the Company says that it supports the footing of many construction sites in Japan with them. Following its founding in September 1977, the Company constructed a factory in Hashima-city, Gifu-prefecture in April 1978 or the next year, having started up the manufacture and sales of jack base, i.e., one of the components for scaffolding equipment, which was followed by the startup of the manufacture and sales of system scaffolding products in January 1988 or the 11th year.

Examples of Works with System Scaffolding Products: Housing Construction



Source: Company Data

The Company's system scaffolding products are applied in a wide variety of sites for construction works and engineering works, mainly in Housing Construction. According to the Company, system scaffolding products are equivalent to passenger cars when compared to automobiles. The category of automobiles includes a variety of vehicles such as buses, trucks, motorcycles, bulldozers, etc., while passenger cars form the core of the production volume as a whole. Similarly, in the category of scaffolding equipment, system scaffolding products account for the bulk of the production volume as a whole. In the mainstay Housing Construction, the Company has market share of more than 30% in Japan.

In Japan, about 70% of condominiums and office buildings are midum-rise (typically three to 5 floors), while the Company's systems scaffolding products have market share more than a certain extent in terms of Renovation Works and the same applies to new construction.

For Large-scale Residential Building Repair, the Company holds high market share in the Chubu region where it is based, while not much in the Kanto region, including the Tokyo Metropolitan area. Given the latter, the Company intends to focus on expanding its market share in the Kanto region. With respect to condominiums whose stock is said to equate to 6m units in Japan, it is required to implement regular repair every 12 years after the construction of new buildings and thus demand for repair works is expected to steadily increase in the future, according to the Company.

Examples of Works with System Scaffolding Products

Renovation (midum-rise building)



Large-scale Residential Building Repair



Plant Maintenance



Civil Engineering Works



Road Construction / Maintenance and Repair



Inspection of Important Cultural Property



The New National Stadium, Japan



The Company's system scaffolding products are also used in Plant Maintenance Works. Regular plant inspections are carried out once a year at factories in various industrial areas in Japan, while major repair is carried out once every two years. The Company intends to actively cultivate markets also in this area.

System scaffolding products are used not only for construction but also for Civil Engineering Works. For example, they are used to construct a pile of bridge pier which is one of the lower structures corresponding to the foot of bridge which conveys the load of the upper structure of bridge to the foundation, while system scaffolding products are used also as equipment for storing the concrete when solidifying the bridge pier. On top of this, they are also used in Road Construction / Maintenance and Repair. In other words, system scaffolding products are also used for expressway facilities and their repair.

Elsewhere, system scaffolding products are used in Inspections of Important Cultural Property. For example, the Company's system scaffolding products were used to inspect the stone walls of Nagoya-jo castle keep, which was conducted in CY2018. It was highly regarded for being able to carry out works in a flexible manner in line with the radius (shape of an arc) of the stone walls, etc.

As for individual buildings, the Company says that system scaffolding products were used for The New National Stadium whose completion ceremony was held on 15 December 2019. Initially, prefabricated scaffolding products used to be planned to be adopted, but system scaffolding products have had been applied across the board at the end of the day, given that this was a rush job and the considerations on safety were emphasized. System scaffolding products used to be applied with this building which is 50-meter high and one-kilometer or more in circle for several months.

Tsuchikura Factory



Site area: 40,642 m²

Boasts leading production ability through production of diverse products and speedy launch of products

Reduces procurement costs of raw materials and outsourcing costs

Able to respond flexibly to customer orders

10-ton cargo truck

Approx. **4,280** trucks
(FY2019)

Number of welding robots

132
robots

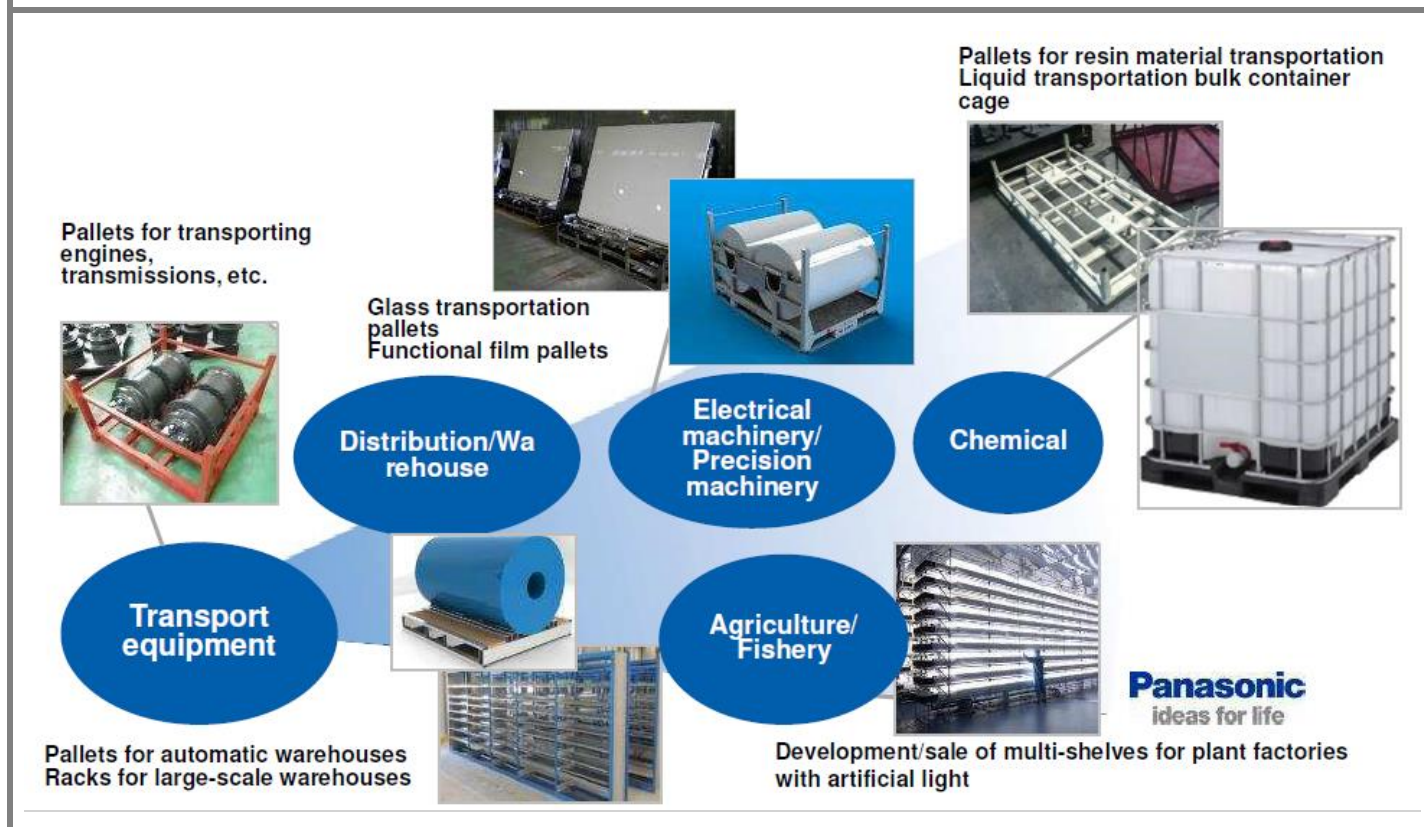
(As of May 1, 2020)



Source: Company Data

Tsuchikura Factory (Kaizu-city, Gifu-prefecture), completed in March 1997, is in charge of the bulk of the manufacture of products with the Company at present. The site area is 40,642 m², which is equivalent to the Tokyo Dome in size, while the Company runs operations to manufacture system scaffolding products, etc. in an intelligent way, by means of utilizing welding robots as many as 132 units efficiently installed. In FY03/2020, the Company saw production volume equating to some 50,000 tons which is by far the largest in comparison with peers in this business. The market for system scaffolding is rather fragmented in that there are some 20 peers.

Products of Logistics Equipment



Source: Company Data

Having had begun the manufacture and sales of systems scaffolding products in January 1988 or the 11th year of the founding, the Company has newly set up production facilities for logistics equipment within Tsuchikura Factory in May 2003 and created Logistics Equipment Division. Originally, the Company started up with the manufacture of pallets for scaffolding equipment, having provided solutions with “conveying and storing”, while it has entered into various niche domains such as Transport Equipment (automobiles), Distribution & Warehouse, Electrical Machinery & Precision Machinery, Agriculture & Fishery and Chemical.

With regards to Transport Equipment (automobiles), the Company sees order intake from major automakers to design and manufacture transport pallets for engines and/or transmissions, for example. The major automakers who place orders with the Company are exporting transport pallets loaded with engines and/or transmissions manufactured in Japan to overseas. Then, the transport pallets made by the Company that have arrived and unloaded are to come back to Japan after being folded, which are so-called returnable transport pallets. On top of this, the Company is also involved with transport pallets that can load large motorcycles as they are.

With regards to Chemical, the Company is involved with liquid-transport bulk containers, for example, which have been codeveloped with a specific major resin manufacturer who procures them only from the Company. They have capability to fill up liquid as much as equating to capacity of 5 drum cans in the space of four drum cans.

With regards to Distribution & Warehouse, the Company is involved with racks for warehouse delivered to a major online retailer, for example, which are characterized by that the size of revenue is considerably large and the revenue has a strong tendency to increase or decrease periodically. In FY03/2020, the revenue came down with a periodical factor and is expected to recover in FY03/2021 with this periodical factor to see a turnaround for its direction. On top of this, the Company has begun provision of servicing to the same customer such as operations to assemble and install warehouse-use racks manufactured by other company overseas as well as to install sensors to robots and to input data to software. To date, the Company has booked limited revenue stemming from here, but believes in a high growth potential for the future.

With regards to Agriculture & Fishery, the Company is involved with multiple shelves for plant factory using artificial light, for example. In response to order intake from a major electronics manufacturer, the Company is also involved with the design and the manufacture of racks for plant factory that uses LEDs.

5.0 Financial Statements

Statement of Profit or Loss

Statement of Profit or Loss	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	03/2016	03/2017	03/2018	03/2019	03/2020	03/2021	Net Chg.
Revenue	15,120	15,194	16,586	17,512	17,081	13,900	(3,181)
Cost of sales	10,992	10,774	12,410	13,482	12,751	-	-
Gross profit	4,128	4,419	4,175	4,030	4,329	-	-
SG&A expenses	1,661	1,777	1,871	2,073	2,127	-	-
Other income and expenses (net)	4	(11)	3	7	8	-	-
Operating profit	2,470	2,631	2,306	1,963	2,210	1,230	(980)
Financial income and costs (net)	(336)	(71)	(67)	(69)	(70)	(72)	(1)
Profit before tax	2,134	2,559	2,238	1,894	2,139	1,158	(981)
Income tax expenses	622	878	779	563	671	354	(317)
Profit	1,511	1,680	1,459	1,331	1,467	804	(663)
Profit attributable to owners of parent	1,511	1,680	1,459	1,331	1,467	797	(670)
Profit attributable to non-con. interests	-	-	-	-	0	7	+6
Profit attributable to owners of parent	1,511	1,680	1,459	1,331	1,467	797	(670)
Revenue YoY	-	+0.5%	+9.2%	+5.6%	(2.5%)	(18.6%)	-
Operating profit YoY	-	+6.5%	(12.3%)	(14.9%)	+12.5%	(44.3%)	-
Profit before tax YoY	-	+19.9%	(12.5%)	(15.4%)	+12.9%	(45.9%)	-
Profit YoY	-	+11.2%	(13.1%)	(8.8%)	+10.2%	(45.2%)	-
Profit attributable to owners of parent YoY	-	+11.2%	(13.1%)	(8.8%)	+10.2%	(45.7%)	-
Gross profit margin	27.3%	29.1%	25.2%	23.0%	25.3%	-	-
Revenue to SG&A expenses ratio	11.0%	11.7%	11.3%	11.8%	12.5%	-	-
Operating profit margin	16.3%	17.3%	13.9%	11.2%	12.9%	8.8%	(4.1%)
Profit before tax margin	14.1%	16.8%	13.5%	10.8%	12.5%	8.3%	(4.2%)
Profit margin	10.0%	11.1%	8.8%	7.6%	8.6%	5.8%	(2.8%)
Profit attributable to owners of parent margin	10.0%	11.1%	8.8%	7.6%	8.6%	5.7%	(2.9%)
Income tax expenses / Profit before tax	29.2%	34.3%	34.8%	29.7%	31.4%	30.6%	(0.8%)

Source: Company Data, WRJ Calculation

Revenue by Division

Revenue by Division	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	03/2016	03/2017	03/2018	03/2019	03/2020	03/2021	Net Chg.
Scaffolding Equipment	13,467	13,271	14,666	14,275	14,544	11,018	(3,526)
Logistics Equipment	1,652	1,922	1,919	3,236	2,536	2,882	+345
Revenue	15,120	15,194	16,586	17,512	17,081	13,900	(3,181)
Scaffolding Equipment	-	(1.4%)	+10.5%	(2.7%)	+1.9%	(24.2%)	-
Logistics Equipment	-	+16.4%	(0.1%)	+68.6%	(21.6%)	+13.6%	-
Revenue (YoY)	-	+0.5%	+9.2%	+5.6%	(2.5%)	(18.6%)	-
Scaffolding Equipment	89.1%	87.3%	88.4%	81.5%	85.2%	79.3%	-
Logistics Equipment	10.9%	12.7%	11.6%	18.5%	14.8%	20.7%	-
Revenue (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Statement of Financial Position

Statement of Financial Position	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	03/2016	03/2017	03/2018	03/2019	03/2020	03/2021	Net Chg.
Cash and cash equivalents	1,227	1,617	1,507	1,742	3,120	-	-
Trade and other receivables	3,490	3,554	4,258	3,817	2,777	-	-
Inventories	1,574	2,218	2,142	2,382	2,405	-	-
Other	87	78	168	121	42	-	-
Total current assets	6,379	7,469	8,077	8,064	8,345	-	-
Property, plant and equipment	2,085	2,217	2,453	2,495	2,370	-	-
Right-of-use assets	-	-	-	-	353	-	-
Goodwill	9,221	9,221	9,221	9,221	9,221	-	-
Intangible assets	1,242	1,239	1,263	1,276	1,258	-	-
Other	71	92	68	114	71	-	-
Total non-current assets	12,620	12,771	13,007	13,108	13,274	-	-
Total assets	19,000	20,241	21,084	21,172	21,620	-	-
Trade and other payables	879	1,122	1,468	1,180	739	-	-
Borrowings	765	766	767	494	495	-	-
Other	672	760	615	502	783	-	-
Total current liabilities	2,317	2,649	2,852	2,177	2,018	-	-
Borrowings	7,384	6,621	5,818	5,685	5,202	-	-
Other	485	475	445	450	611	-	-
Total non-current liabilities	7,870	7,096	6,263	6,136	5,814	-	-
Total liabilities	10,187	9,746	9,116	8,313	7,832	-	-
Total equity attributable to owners of parent	8,812	10,495	11,968	12,859	13,740	-	-
Other	-	-	-	-	47	-	-
Total equity	8,812	10,495	11,968	12,859	13,788	-	-
Total liabilities and equity	19,000	20,241	21,084	21,172	21,620	-	-
Equity attributable to owners of parent	8,812	10,495	11,968	12,859	13,740	-	-
Interest bearing debt	8,149	7,387	6,586	6,180	5,698	-	-
Net debt	6,922	5,770	5,078	4,437	2,577	-	-
Equity ratio	46.4%	51.9%	56.8%	60.7%	63.6%	-	-
Net debt equity ratio	78.5%	55.0%	42.4%	34.5%	18.8%	-	-
ROE (12 months)	20.0%	17.4%	13.0%	10.7%	11.0%	-	-
ROA (12 months)	11.0%	13.0%	10.8%	9.0%	10.0%	-	-
Days for inventory turnover	52	75	63	64	69	-	-
Quick ratio	204%	195%	202%	255%	292%	-	-
Current ratio	275%	282%	283%	370%	413%	-	-

Source: Company Data, WRJ Calculation

Cashflow Statement

Statement of Cash Flows	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	03/2016	03/2017	03/2018	03/2019	03/2020	03/2021	Net Chg.
Cashflows from operating activities	2,353	1,757	1,390	1,766	3,121	-	-
Cashflows from Investing activities	(374)	(560)	(651)	(580)	(515)	-	-
Cashflows from operating and investing activities	1,978	1,197	738	1,186	2,606	-	-
Cashflows from financing activities	(2,514)	(807)	(848)	(951)	(1,227)	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act FY 03/2016	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.CoE FY 03/2021	YoY Net Chg.
No. of Shares FY End (thousand shares)	13,788	13,788	13,788	13,989	14,089	-	-
Net Profit / EPS (thousand Shares)	13,783	13,789	13,788	13,806	13,994	-	-
Treasury Shares FY End (thousand shares)	0	0	0	0	0	-	-
Basic Earnings per Share	109.66	121.88	105.87	96.44	104.85	56.57	-
Diluted Earnings per Share	109.66	121.88	105.24	95.81	104.21	-	-
Book Value per Share	639.14	761.15	868.04	919.24	975.26	-	-
Dividend per Share	0.00	0.00	43.00	44.00	44.00	23.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act FY 03/2016	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.CoE FY 03/2021	YoY Net Chg.
Share Split Factor	1	1	1	1	1	1	-
Basic Earnings per Share	109.66	121.88	105.87	96.44	104.85	56.57	-
Book Value per Share	639.14	761.15	868.04	919.24	975.26	-	-
Dividend per Share	0.00	0.00	43.00	44.00	44.00	23.00	-
Payout Ratio	0.0%	0.0%	40.6%	45.6%	42.0%	40.7%	-

Source: Company Data, WRJ Calculation

6.0 Other Information

By Far the Largest Even in 10 Years

In September 1977, Shinwa Shoten or predecessor of present-day Shinwa Co. Ltd. was founded. Having gone through incorporation and changes of juridical personality for a few times, present-day Shinwa Co. Ltd. was established on 11 August 2014. Having listed on the second section of Tokyo Stock Exchange in March 2018, the Company was also listed on the second section of Nagoya Stock Exchange in June of the same year, which was followed by change of the market to the first section of Tokyo Stock Exchange and the first section of Nagoya Stock Exchange in March 2019. Since the inauguration, the Company has expanded its business scale through contribution to development of customers and to the market for scaffolding equipment as a manufacturer of those represented by system scaffolding products. On top of this, the Company have entered Logistics Equipment in May 2003, based on own metal machining technology, having provided diverse customers with high-quality products, according to the Company.

System scaffolding products or the mainstay on the Scaffolding Equipment side have seen growth together with that of customers across the board in Japan, while the Company advocates that it has the No. 1 share in Japan even now. Meanwhile, under the recent circumstances where existing equipment becoming obsolete and workforce coming down being raised as problems, the Company launches system scaffolding products in the market, extensively incorporating demand from society represented by that of securing safety on works and increasingly sophisticated demand from customers together with its accumulated knowhows on the manufacture and sales for a long time. The Company is keen on persistent self-discipline to realize the manufacture of products with a high pride as the leader also in the future, while further pursuing customer satisfaction, putting up “being by far the largest even in 10 years as manufacturer” as slogan with the Company.

History of Juridical Personality

Date	Events
September 1977	Shinwa Shoten, established in Hashima-city, Gifu-prefecture with objectives to manufacture and sell scaffolding equipment
August 1979	Incorporated and established as Shinwa Co., Ltd. (former Shinwa A) with capital of ¥10m
February 2004	Former Shinwa A, merged by SBI Partners and then identified as Shinwa Co. Ltd. (former Shinwa B) Tsuchikura Equipment Center, established in Tsuchikura Factory
August 2006	Shinwa Co. Ltd. (former Shinwa B), merged by Cosmetics Global Holdings Japan and then identified as Shinwa Co. Ltd. (former Shinwa C) with capital of ¥2,603m
August 2014	River Holdings (present-day Shinwa Co. Ltd.), founded to procure shares from former Shinwa Co., Ltd.
April 2015	Merged with former Shinwa Co., Ltd. (subsidiary, then) and then identified as (present-day) Shinwa Co., Ltd.

History of Business

Date	Events
April 1978	Constructed factory in Hashima-city, Gifu-prefecture
January 1988	Set up division of wedge binding scaffolding and started up manufacturing and selling of SHINWA CATCHER
April 1990	Set up Kanto Branch in Satte-city, Saitama-prefecture (present-day Tokyo Branch: moved to Chiyoda-ku, Tokyo afterwards)
October 1990	Constructed factory in Kaizu-city, Gifu-prefecture
March 1997	Constructed factory (Tsuchikura Factory) in Kaizu-city, Gifu-prefecture
July 2002	Merged with Chubu Shinwa Co., Ltd. in charge of imports, exports and sales of steel materials (capital: ¥20m)
May 2003	Additionally constructed facilities to manufacture logistics equipment in Tsuchikura Factory
December 2003	Entered logistics equipment and started selling logistics equipment to manufacturers of automobiles
January 2004	Head office, moved to Kaizu-city, Gifu-prefecture
July 2007	Set up Osaka sales office in Suita-city, Osaka-prefecture (present-day Osaka Branch)
August 2007	Fully consolidated Shinwa Service Co., Ltd. (Umi-machi, Kasuya-district, Fukuoka-prefecture) as subsidiary with transfer of the shares
August 2008	Tsuchikura Equipment Center, approved as factory to cope with standard of management for aged scaffolding equipment
January 2009	Started up selling Hanging Pallets
March 2010	Capital reduction (to ¥100m) for the sake of solid financial position
October 2010	Satte Equipment Center, approved as factory to cope with standard of management for aged temporary materials
November 2011	Satte Equipment Center, moved to Sugito-machi, Kitakatsushika-district, Saitama-prefecture and then identified as Sugito Equipment Center Started up selling Landing Box or easy lift for works with scaffolding equipment
March 2013	Osaka Branch moved, due to increased business scale
May 2014	Started up selling logistics equipment to a major online retailer
May 2016	Started up manufacturing and selling of next generation scaffolding equipment or Silent Power System (SPS)
February 2017	Started up manufacturing and selling of next generation scaffolding or Darwin (NDS) for a specific major leasing company of temporary materials
June 2017	Opened up representative office in Manila, the Philippines and started up selling own products
October 2017	Started up the manufacture of wedge binding scaffolding by subcontract factory in Ho Chi Minh, Vietnam
March 2018	Listed on the second section of Tokyo Stock Exchange
June 2018	Listed on the second section of Nagoya Stock Exchange
October 2018	Set up Kumamoto Equipment Center of Shinwa Service Co., Ltd. in Kumamoto-city, Kumamoto-prefecture

November 2018	Set up Yokohama Equipment Center in Yokohama-city, Kanagawa-prefecture Set up Kansai Equipment Center in Ikeda-city, Osaka-prefecture
February 2019	Set up Nagoya office in Nagoya-city, Aichi-prefecture
March 2019	Change listing to the first section of Tokyo Stock Exchange Change listing to the first section of Nagoya Stock Exchange
November 2019	Established joint company GUANGDONG NISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS Co., Ltd. in China

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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