

FACT BOOK

FY 2020 Q2

Leader of scaffolding materials technology



Highlights

Consolidated Statements of Income (IFRS)

【First half】

(Million JPY)

| | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--|---------|---------|---------|---------|
| Revenue | 8,062 | 8,624 | 9,370 | 6,381 |
| Operating profit | 1,214 | 1,004 | 1,222 | 745 |
| Profit before tax | 1,180 | 974 | 1,186 | 711 |
| Profit attributable to owners of parent | 766 | 627 | 814 | 483 |
| Operating margin to revenue | 15.1% | 11.6% | 13.0% | 11.7% |
| Profit attributable to owners of parent to revenue | 9.5% | 7.3% | 8.7% | 7.6% |
| EBITDA | 1,415 | 1,264 | 1,551 | 1,058 |

【Second half】

(Million JPY)

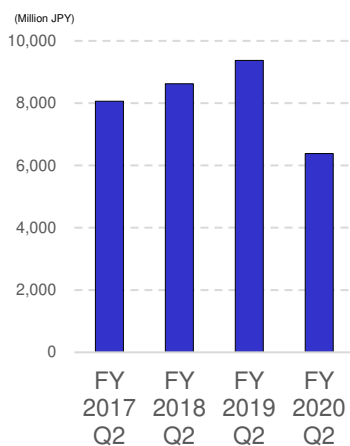
| | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--|---------|---------|---------|---------|
| Revenue | 8,523 | 8,888 | 7,711 | 7,518 |
| Operating profit | 1,091 | 959 | 987 | 804 |
| Profit before tax | 1,058 | 920 | 952 | 768 |
| Profit attributable to owners of parent | 693 | 704 | 652 | 516 |
| Operating margin to revenues | 12.8% | 10.8% | 12.8% | 10.7% |
| Profit attributable to owners of parent to revenue | 8.1% | 7.9% | 8.5% | 6.9% |
| EBITDA | 1,317 | 1,236 | 1,325 | — |

【Full year】

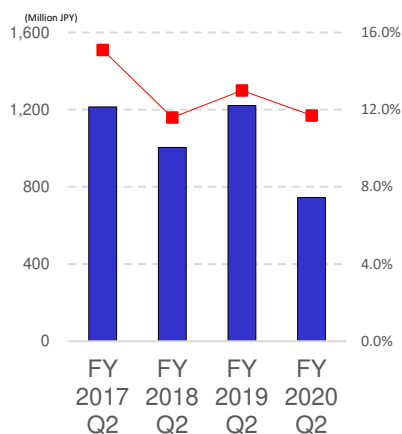
(Million JPY)

| | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--|---------|---------|---------|---------|
| Revenue | 16,586 | 17,512 | 17,081 | 13,900 |
| Operating profit | 2,306 | 1,963 | 2,210 | 1,550 |
| Profit before tax | 2,238 | 1,894 | 2,139 | 1,480 |
| Profit attributable to owners of parent | 1,459 | 1,331 | 1,467 | 1,000 |
| Operating margin to revenues | 13.9% | 11.2% | 12.9% | 11.2% |
| Profit attributable to owners of parent to revenue | 8.8% | 7.6% | 8.6% | 7.2% |
| EBITDA | 2,732 | 2,501 | 2,876 | — |

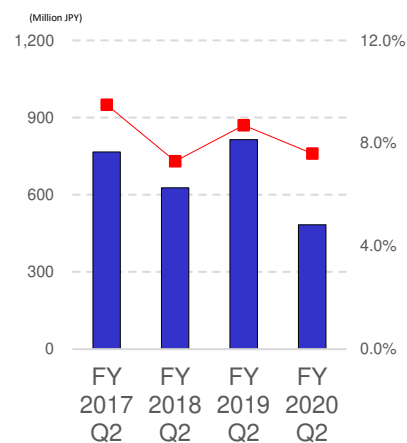
Revenue



Operating profit Operating margin to revenue



Profit Profit attributable to owners of parent to revenue



【First half】

(Million JPY)

| | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------|---------|---------|---------|---------|
| Temporary Materials Division | 7,098 | 6,973 | 8,064 | 5,436 |
| Wedge binding type scaffolding | 3,960 | 3,696 | 5,015 | 2,913 |
| Next generation scaffolding | 1,280 | 1,605 | 1,172 | 973 |
| Other temporary materials | 1,858 | 1,672 | 1,876 | 1,548 |
| Distribution Equipment Division | 963 | 1,650 | 1,305 | 945 |

【Second half】

(Million JPY)

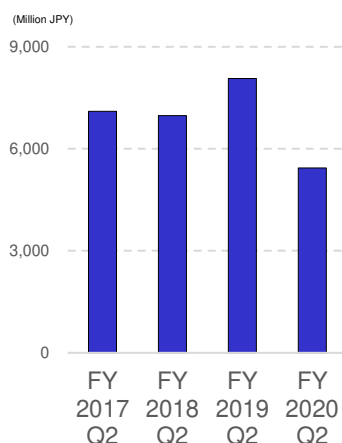
| | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------|---------|---------|---------|---------|
| Temporary Materials Division | 7,567 | 7,301 | 6,480 | 5,581 |
| Wedge binding type scaffolding | 4,007 | 4,518 | 3,733 | — |
| Next generation scaffolding | 1,737 | 1,052 | 988 | — |
| Other temporary materials | 1,822 | 1,730 | 1,758 | — |
| Distribution Equipment Division | 955 | 1,586 | 1,230 | 1,936 |

【Full year】

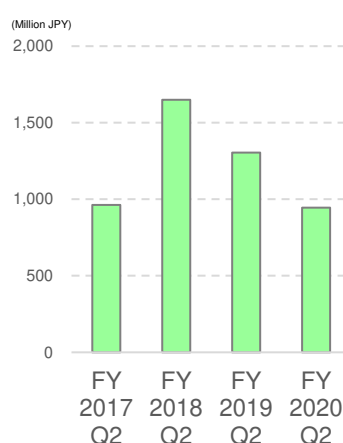
(Million JPY)

| | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------|---------|---------|---------|---------|
| Temporary Materials Division | 14,666 | 14,275 | 14,544 | 11,018 |
| Wedge binding type scaffolding | 7,967 | 8,214 | 8,748 | — |
| Next generation scaffolding | 3,018 | 2,657 | 2,160 | — |
| Other temporary materials | 3,680 | 3,402 | 3,635 | — |
| Distribution Equipment Division | 1,919 | 3,236 | 2,536 | 2,882 |

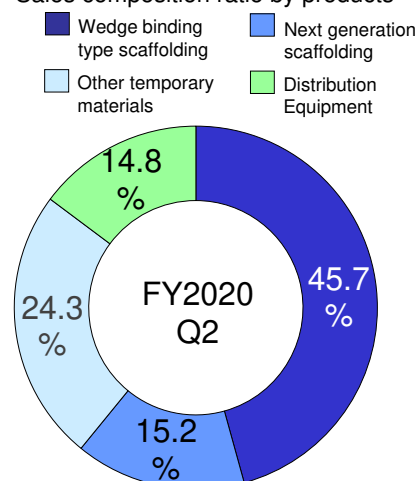
Sales of Temporary Materials Division



Sales of Distribution Equipment Division



Sales composition ratio by products



Highlights

Consolidated Statement of Financial Position (IFRS)

(Million JPY)

| | As of Mar. 31, 2019 | As of Mar. 31, 2020 | As of Sep. 30, 2020 |
|---|---------------------|---------------------|---------------------|
| Total assets | 21,172 | 21,620 | 21,420 |
| Current assets | 8,064 | 8,345 | 8,376 |
| Cash and cash equivalents | 1,742 | 3,120 | 3,282 |
| Trade and other receivables | 3,817 | 2,777 | 2,885 |
| Inventories | 2,382 | 2,405 | 2,176 |
| Other current assets | 121 | 42 | 31 |
| Non-current assets | 13,108 | 13,274 | 13,043 |
| Property, plant and equipment | 2,495 | 2,370 | 2,139 |
| Right-of-use assets | — | 353 | 365 |
| Goodwill | 9,221 | 9,221 | 9,221 |
| Intangible assets | 1,276 | 1,258 | 1,247 |
| Other non-current assets | 114 | 71 | 68 |
| Total liabilities and equity | 21,172 | 21,620 | 21,420 |
| Total non-current liabilities | 8,313 | 7,832 | 7,745 |
| Current liabilities | 2,177 | 2,018 | 2,146 |
| Trade and other payables | 1,180 | 739 | 1,089 |
| Borrowings | 494 | 495 | 530 |
| Income taxes payable | 174 | 432 | 231 |
| Other current liabilities | 327 | 350 | 295 |
| Non-current liabilities | 6,136 | 5,814 | 5,598 |
| Borrowings | 5,685 | 5,202 | 4,960 |
| Provisions | 45 | 45 | 45 |
| Other non-current liabilities | 404 | 565 | 592 |
| Total equity | 12,859 | 13,788 | 13,674 |
| Share capital | 150 | 150 | 150 |
| Capital surplus | 6,915 | 6,951 | 6,966 |
| Retained earnings | 5,793 | 6,640 | 6,504 |
| Other components of equity | — | △ 1 | △ 0 |
| Total equity attributable to owners of parent | 12,859 | 13,740 | 13,619 |
| Non-controlling interests | — | 47 | 54 |

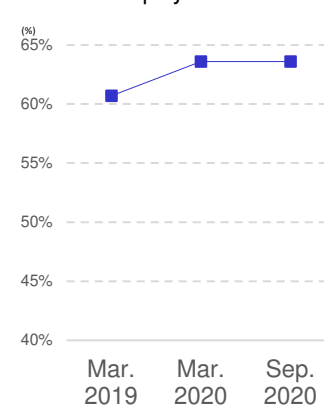
Total equity



Total assets



Equity ratio

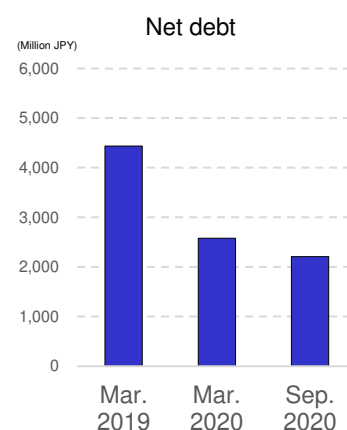
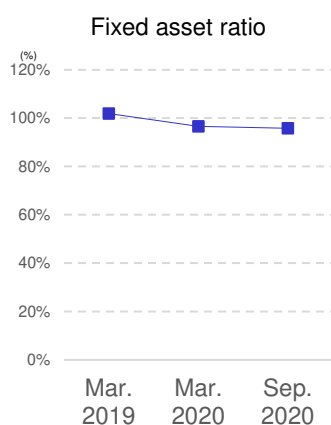
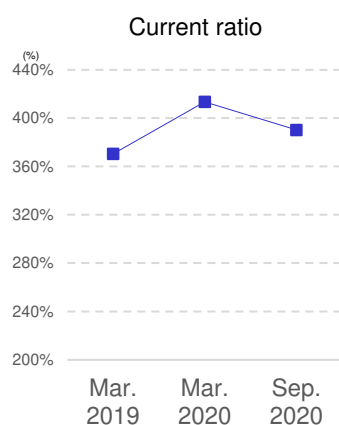


| | As of Mar. 31, 2019 | As of Mar. 31, 2020 | As of Sep. 30, 2020 |
|----------------------------------|---------------------|---------------------|---------------------|
| Equity ratio | 60.7% | 63.6% | 63.6% |
| Current ratio | 370.4% | 413.5% | 390.2% |
| Fixed asset ratio | 101.9% | 96.6% | 95.8% |
| Creditors equity to total assets | 64.7% | 56.8% | 56.6% |
| Net Debt (Million JPY) | 4,437 | 2,577 | 2,207 |
| Debt/Equity ratio (times) | 0.65 | 0.57 | 0.57 |

Consolidated Statements of Cash Flow (IFRS)

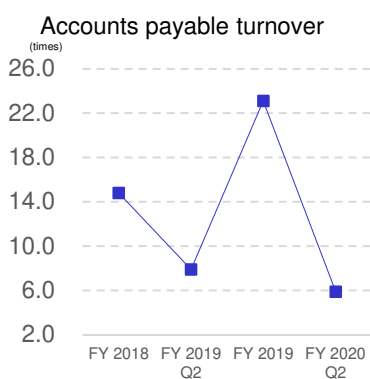
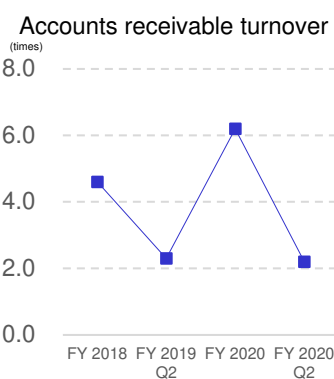
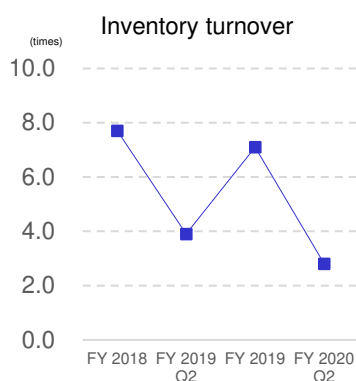
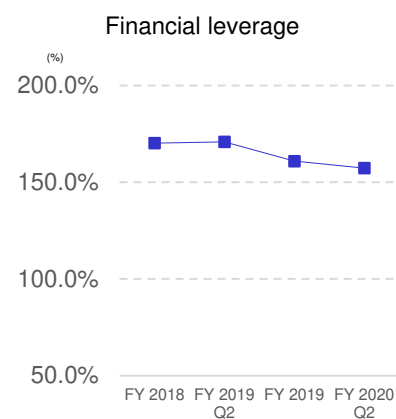
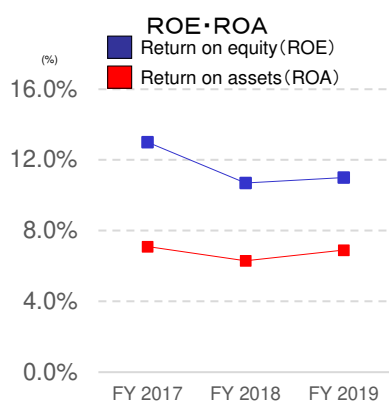
(Million JPY)

| | FY2019 Q2 | FY 2019 | FY2020 Q2 |
|--|-----------|---------|-----------|
| C/F from operating activities | 1,228 | 3,121 | 1,058 |
| C/F from investing activities | △ 185 | △ 515 | △ 44 |
| Free cash flows | 1,042 | 2,606 | 1,014 |
| C/F from financing activities | △ 921 | △ 1,227 | △ 853 |
| Cash and cash equivalents at end of period | 1,863 | 3,120 | 3,282 |



Financial Indicators

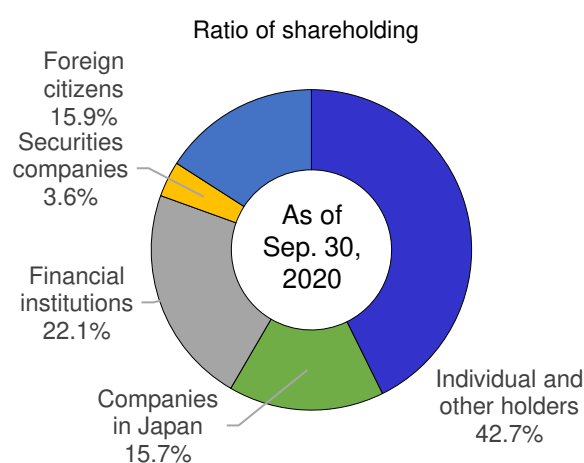
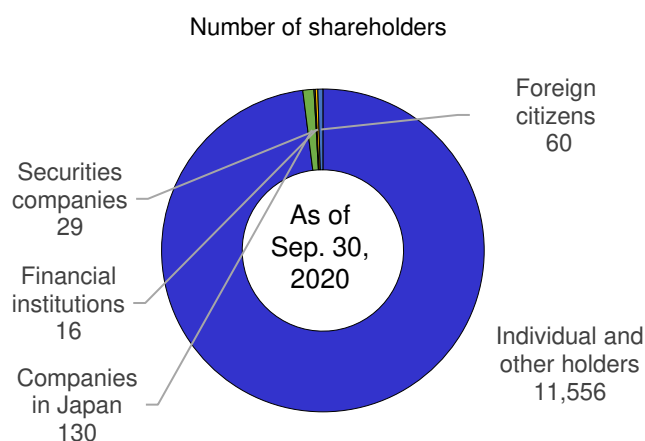
| | FY2018 | FY2019 Q2 | FY2019 | FY2020 Q2 |
|--|--------|-----------|--------|-----------|
| Capital expenditures(Million JPY) | 583 | 238 | 576 | 66 |
| Depreciation(Million JPY) | 544 | 328 | 674 | 346 |
| Number of employees(Consolidated) | 155 | 157 | 161 | 158 |
| Return on equity (ROE) | 10.7% | — | 11.0% | — |
| Return on asset (ROA) | 6.3% | — | 6.9% | — |
| Ratio of profit attributable to owners of parent | 7.6% | 8.7% | 8.6% | 7.6% |
| Total asset turnover ratio(times) | 0.83 | — | 0.80 | — |
| Financial leverage | 170.2% | 170.9% | 160.9% | 157.3% |
| Inventory turnover(times) | 7.7 | 3.9 | 7.1 | 2.8 |
| Accounts receivable turnover(times) | 4.6 | 2.3 | 6.2 | 2.2 |
| Accounts payable turnover (times) | 14.8 | 7.9 | 23.1 | 5.9 |
| Inventory rotation days (days) | 47.2 | 47.0 | 51.2 | 65.7 |
| Accounts receivable days (days) | 79.6 | 78.1 | 59.3 | 82.8 |
| Accounts payable turnover (days) | 24.6 | 23.0 | 15.8 | 31.2 |
| Book value per share (JPY) (BPS) | 919.24 | 934.46 | 975.26 | 966.67 |
| Earnings per share(JPY) (EPS) | 96.44 | 58.25 | 104.85 | 34.33 |
| Dividend per Share (JPY) | 44.00 | — | 44.00 | — |
| Dividend payout ratio | 45.6% | — | 42.0% | — |



Shareholder Composition

| Number of shareholders (people) | As of Mar. 31, 2019 | As of Mar. 31, 2020 | As of Sep. 30, 2020 |
|---|---------------------|---------------------|---------------------|
| Total | 14,043 | 11,836 | 11,791 |
| Individual and other holders | 13,814 | 11,606 | 11,556 |
| Companies in Japan | 158 | 132 | 130 |
| Financial institutions | 6 | 17 | 16 |
| Securities companies | 26 | 29 | 29 |
| National government and local public entities | — | — | — |
| Foreign citizens | 39 | 52 | 60 |

| Number of shares (1,000 shares) | As of Mar. 31, 2019 | As of Mar. 31, 2020 | As of Sep. 30, 2020 |
|---|---------------------|---------------------|---------------------|
| Total | 13,988 | 14,089 | 14,089 |
| Individual and other holders | 6,602 | 5,848 | 6,017 |
| Companies in Japan | 2,274 | 2,214 | 2,217 |
| Financial institutions | 1,839 | 2,680 | 3,117 |
| Securities companies | 116 | 584 | 502 |
| National government and local public entities | — | — | — |
| Foreign citizens | 3,156 | 2,761 | 2,234 |



Market Information

【Construction investments】

| | FY2015 | FY2016 | FY2017 | FY2018 |
|---|---------|---------|---------|---------|
| Quick Estimate of Construction Investment (100 million JPY) | 509,608 | 516,897 | 547,213 | 546,057 |
| New construction works (100 million JPY) | 406,121 | 399,727 | 407,901 | 429,629 |
| Maintenance/Repair works (100 million JPY) | 158,015 | 155,757 | 164,163 | 167,882 |
| New houses (100 million JPY) | 122,900 | 122,898 | 121,120 | 120,442 |
| Reformed houses (100 million JPY) | 32,508 | 29,628 | 30,161 | 30,065 |

Source: Ministry of Land, Infrastructure, Transport and Tourism "Quick Estimate of Construction Investment", "Statistics on Construction Undertaken"

【Market rates of raw materials】

| | FY2016 | FY2017 | FY2018 | FY2019 |
|---------------|--------|--------|--------|--------|
| Zinc (yen/kg) | 305.6 | 386.7 | 353.7 | 313.3 |

Source: Mitsui Mining & Smelting Co., Ltd.

| | FY2016 | FY2017 | FY2018 | FY2019 |
|-----------------------------|--------|--------|--------|--------|
| Scrap iron (yen/kg) | 22.2 | 30.7 | 33.1 | 24.0 |
| Deformed steel bar (yen/kg) | 52.4 | 62.1 | 72.2 | 69.8 |
| H section steel (yen/kg) | 71.7 | 79.3 | 88.0 | 86.9 |

Source: Japan Iron And Steel Recycling Institute

| | Y2016 | Y2017 | Y2018 | Y2019 |
|-----------------------------|-------|-------|-------|-------|
| Coking coal (1,000 yen/ton) | 9.73 | 16.90 | 17.48 | 16.27 |

Source: Trade Statistics of Japan

<Formula>

- Operating margin to revenue (%) = Operating profit / Revenue
- Profit to revenue (%) = Profit / Revenue
- EBITDA (Million JPY) = Operating profit + Other expense - Other income + Depreciation and amortization
- Equity ratio (%) = Total equity / Total liabilities and equity
- Current ratio (%) = Current asset / Current liabilities
- Fixed asset ratio (%) = Non-current liabilities / Total equity
- Creditors' equity to total assets (%) = Total liabilities / Total equity
- Net Debt (Million JPY) = Borrowings - Cash and cash equivalents
- Debt / Equity ratio (times) = Total liabilities / Total equity
- Return on equity = Profit / Average of total equity at the beginning and end of fiscal year
- Return on assets = Profit / Average of total assets at the beginning and end of fiscal year
- Ratio of net profit (%) = Profit / Revenue
- Total asset turnover ratio (times) = Revenue / Average of total assets at the beginning and end of fiscal year
- Financial leverage (%) = Average of total assets at beginning and end of fiscal year / Average of total equity at beginning and end of fiscal year
- Inventory turnover (times) = Revenue / Average of inventory at the beginning and end of fiscal year
- Accounts receivable turnover (times) = Revenue / Trade and other receivables
- Accounts payable turnover (times) = Revenue / Trade and other payables
- Inventory rotation days (days) = Average of inventory at the beginning and end of fiscal year / Revenue
- Accounts receivable days (days) = Average of trade and other receivables at the beginning and end of fiscal year / Revenue
- Accounts payable turnover (days) = Average of trade and other payables at the beginning and end of fiscal year / Revenue
- Book value per share (JPY) = Total equity / Weighted average shares
- Earnings per share (JPY) = Profit / Weighted average shares
- Dividend payout ratio (%) = Cash dividends / Profit

Company Profile

Company outline

| | | |
|------------------------|---|--|
| Name | Shinwa Co., Ltd. | |
| Establishment | August 2014 (Founded in August 1979) | |
| Capital | 150 million yen | |
| Address | 30-7 Hiratacho Bushigawa, Kaizu-shi, Gifu 503-0311 Japan | |
| Stock exchange listing | The first section of Tokyo stock exchange and Nagoya stock exchange | |
| Code number | 3447 | |
| Sales offices | | |
| 【Domestic】 | Tokyo Branch | 1-11, Sakuma-cho, Kanda, Chiyoda-ku, Tokyo |
| | Osaka Branch | 1-23-101, Esaka-cho, Suita-shi, Osaka |
| | Nagoya Office | 2-2-24, Nishiki, Naka-ku, Nagoya-shi, Aichi |
| | Satte Office | 4-5-8, Higashi, Satte-shi, Saitama |
| | Fukuoka Branch | 228-3, Ino, Umi-machi, Kasuya-gun, Fukuoka |
| | Nagasaki Branch | 1910-12, Kuyama-machi, Isahaya-shi, Nagasaki |
| 【Overseas】 | GUANGDONGNISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS CO., LTD. | No.168-5, North of Yangda Road, Lunjiao, Shunde, Foshan, Guangdong, China |
| Equipment Center | Tsuchikura Equipment Center | 478, Aza Ehigashi, Tsuchikura, Hirata-cho, Kaizu-shi, Gifu |
| | Sugito Equipment Center | 39, Hirotonuma, Sugito-cho, Kitakatsushika-gun, Saitama |
| | Yokohama Equipment Center | 2120, Kozukue-cho, Kohoku-ku, Yokohama, Kanagawa |
| | Kansai Equipment Center | 157-1, Nakagawara-cho, Ikeda-shi, Osaka |
| | Kumamoto Equipment Center | 1519-1, Aza Higashita, Kikko, Ueki-machi, Kita-ku, Kumamoto-shi, Kumamoto |
| Plant | Tsuchikura Plant | 478, Aza Ehigashi, Tsuchikura, Hirata-cho, Kaizu-shi, Gifu |

History of Legal Personhood

| | |
|-----------|---|
| Sep. 1977 | Shinwa Shoten opened in Hashima-shi, Gifu, to manufacture and sell temporary materials |
| Aug. 1979 | Shinwa Shoten incorporated to establish Shinwa Co., Ltd. |
| Feb. 2004 | SBI Partners Co., Ltd. absorbs and merges with Shinwa Co., Ltd. through the acquisition of all shares that the founder of Shinwa holds in his company. SBI Partners Co., Ltd. then changes its name to Shinwa Co., Ltd. |
| Aug. 2006 | Cosmetics Global Holdings Japan Co., Ltd. absorbs and merges with Shinwa Co., Ltd. and then changes its name to Shinwa Co., Ltd. |
| Apr. 2015 | River Holdings Co., Ltd. absorbs and merges with its subsidiary ex-Shinwa Co., Ltd. and then changes its name to Shinwa Co., Ltd. |

History of Business

| | |
|-----------|---|
| Sep. 1977 | Shinwa Shoten opened in Hashima-shi, Gifu, to manufacture and sell temporary materials |
| Dec. 2003 | Sale of logistics equipment to auto manufacturers begun to enter into the logistics equipment business |
| Aug. 2007 | Shinwa Service Co., Ltd. (Umi-machi, Kasuya-gun, Fukuoka) made a wholly owned subsidiary through stock transfer |
| May 2016 | Manufacture and sale of next-generation scaffolding "SPS (Silent Power System)" begun |
| Mar. 2018 | Listed on the Second Section of the Tokyo Stock Exchange |
| Jun. 2018 | Listed on the Second Section of the Nagoya Stock Exchange |
| Mar. 2019 | Listed on the First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange |
| Oct. 2019 | Shinwa Service Co., Ltd. (a wholly owned subsidiary) absorbed and merged with |
| Nov. 2019 | GUANGDONGNISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS CO., LTD. established |

【Contact Information】

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