



October 29, 2020

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Notice Regarding Revisions to Financial Results Forecasts (IFRS) and Dividend Forecasts

Shinwa Co., Ltd. (the "Company") announced today that, given the recent trends in its business performance, it has revised its consolidated financial results forecasts for the first six months of the fiscal year ending March 31, 2021 (April 1 to September 30, 2020), as well as its consolidated financial results forecasts and dividend forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021) as follows. Both forecasts were previously announced on May 15, 2020.

1. Revisions to financial results forecasts

Revisions to consolidated financial results forecasts for the first six months of the fiscal year ending March 31, 2021 (April 1, 2020 to September 30, 2020)

| | Revenue | Operating profit | Profit before tax | Profit attributable to owners of parent | Basic earnings per share |
|--|-------------|------------------|-------------------|---|--------------------------|
| | Million yen | Million yen | Million yen | Million yen | Yen |
| Previous forecast (A) | 6,130 | 367 | 331 | 215 | 15.26 |
| Revised forecast (B) | 6,381 | 745 | 711 | 483 | 34.28 |
| Increase/decrease (B-A) | 251 | 378 | 380 | 268 | |
| % change (%) | 4.1 | 103.0 | 114.8 | 124.7 | |
| (Reference) Results for the first six months of the previous fiscal year (The first six months of the year ended March 31, 2020) | 9,370 | 1,222 | 1,186 | 814 | 58.25 |

Revisions to consolidated financial results forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

| | Revenue | Operating profit | Profit before tax | Profit attributable to owners of parent | Basic earnings per share |
|---|-------------|------------------|-------------------|---|--------------------------|
| | Million yen | Million yen | Million yen | Million yen | Yen |
| Previous forecast (A) | 13,900 | 1,230 | 1,158 | 797 | 56.57 |
| Revised forecast (B) | 13,900 | 1,550 | 1,480 | 1,000 | 70.98 |
| Increase/decrease (B-A) | 0 | 320 | 322 | 203 | |
| % change (%) | 0.0 | 26.0 | 27.8 | 25.5 | |
| (Reference) Results for the previous fiscal year (Fiscal year ended March 31, 2020) | 17,081 | 2,210 | 2,139 | 1,467 | 104.85 |

2. Reasons for the revision

The Company had expected that its Scaffolding Equipment Division would see a significant setback in demand for the first six months of the fiscal year ending March 31, 2021, on the assumption that the ongoing spread of COVID-19 would be increasingly felt in the forms of suspension/postponement of work at construction sites, push-back of investments in new construction projects, and otherwise. However, activities at construction sites did not drop as much as expected, and demand for the Company's products, in particular high-value-added lines such as safety devices/equipment, exceeded expectations; given this situation, the Company expects that revenue will overshoot its financial results forecasts announced on May 15, 2020 (hereinafter, the "previous forecasts"). In terms of profit, as the Company endeavored to reduce costs and curb expenditures through all sorts of measures such as reducing directors' compensation and other fixed costs and reviewing new investment projects, combined with the brisk performance of the above-mentioned products, the Company now expects its operating profit, profit before tax, and profit attributable to owners of parent to exceed the previous forecasts.

With regard to consolidated financial results for the fiscal year ending March 31, 2021, the Company now expects its profits to outperform the previous forecasts as it will make continued efforts to reduce costs, although the previous forecasts for revenue remains unchanged.

3. Revision to dividend forecasts

Based on its basic policy to make returns to our shareholders in accordance with operating results while at the same time retaining internal reserves that may be necessary to achieve stable business growth and respond to changes in the business environment in the future, the Company aims for a consolidated dividend payout ratio of 40% or higher.

Given these revisions to the financial results forecasts, the Company has decided to increase its annual dividend by 6 yen per share from the previous dividend forecasts to make it 29 yen per share.

| | Annual dividends (yen) | | |
|--|------------------------|----------|-------|
| | 2nd quarter-end | Year-end | Total |
| Previous forecast | 0.0 | 23.0 | 23.0 |
| Revised forecast | 0.0 | 29.0 | 29.0 |
| Results for the current fiscal year | — | | |
| Results for the previous fiscal year (Fiscal year ended March 31, 2020) | 0.0 | 44.0 | 44.0 |

Note: The above financial results forecasts and dividends forecasts were prepared based on information available at the time of the announcement of this document. The actual results, therefore, may differ from these forecasts due to a variety of future factors.