

# **FY2020 Q2 Supplementary Document**

(November 12, 2020)

***SHINWA CO.,LTD.***





# Financial Overview for FY20-Q2

***SHINWA CO.,LTD.***

# Financial Highlights

## Revenue

**6,381 million yen (year on year  $\triangle$  31.9%)**

Prioritized the health of the employees while also ensuring infection prevention and effective operation of the business.

## Gross profit

**1,620 million yen (year on year  $\triangle$  29.8%)**

Due to the decline in revenue. Gross profit ratio improved 0.8 points year on year to 25.4%

## Operating profit

**745 million yen (year on year  $\triangle$  39.0%)**

Continued to control costs through every possible means. Operating profit ratio recovered to double digits

## Quarterly Profit

**490 million yen (year on year  $\triangle$  39.8%)**

Despite dropping approximately 40% year on year, the decline was smaller compared to the first quarter.

## Topics

- Launch of China's manufacturing subsidiary was delayed due to COVID-19, but manufacturing and sales began in June
- Representative office in the Philippines closed in August taking into consideration the economic and security situation given COVID-19

# Summary of Consolidated P/L Statement

(IFRS-based; million yen)

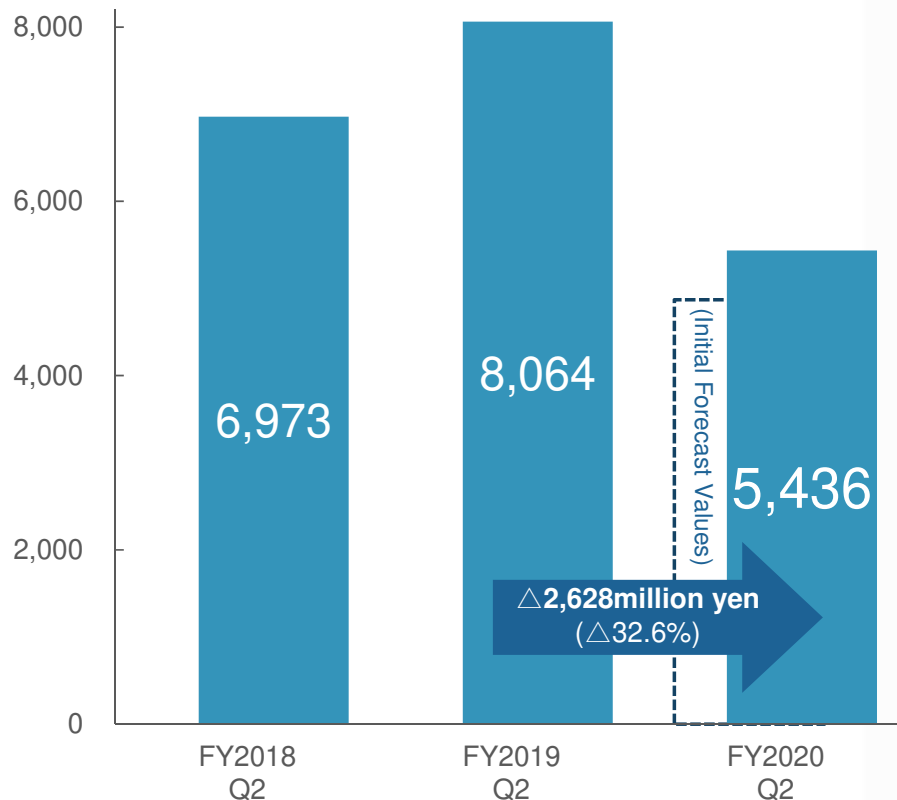
	FY2019 Q2 Actuals	Announced 5/15/20 FY2020 Q2 Initial Forecast	FY2020 Q2 Actuals	Increase/ Decrease	Year-on- Year Rate
Revenue	9,370	6,130	<b>6,381</b>	△2,989	△31.9%
Cost of sales	7,063	—	<b>4,761</b>	△2,301	△32.6%
Gross profit	2,307	—	<b>1,620</b>	△687	△29.8%
Selling, general and administrative expenses, etc.	1,084	—	<b>874</b>	△209	△19.4%
Operating profit	1,222	367	<b>745</b>	△477	△39.0%
Pretax Quarterly Profit	1,186	331	<b>711</b>	△474	△40.0%
Quarterly Profit attributable to owners of parent	814	215	<b>483</b>	△331	△40.6%



# Performance by Division: Scaffolding Equipment

## Revenue Trends

(million yen)



## Consolidated Cumulative Second Quarter

- The impact of the spread of COVID-19 was evident with construction being suspended and postponed as well as new investments in construction projects getting postponed.
- However, the decline was not as drastic as initially assumed.
- Demand for our company's products remained strong.

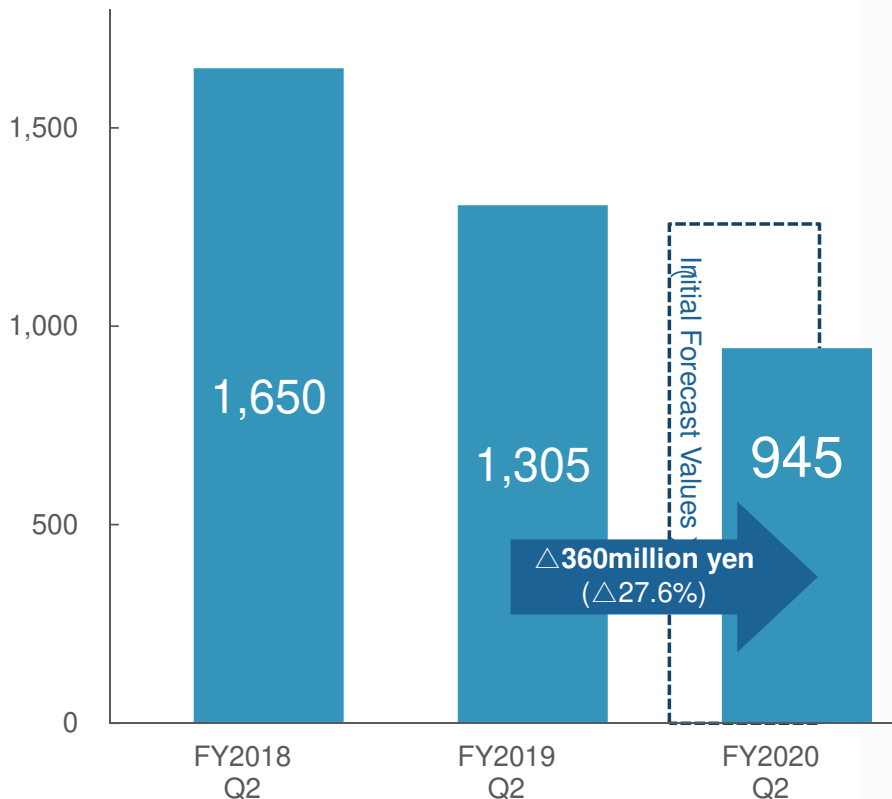


- **Revenue: 5,436 million yen.**  
**Despite a 32.6% drop year on year, the decline was smaller than in Q1.**
- **Results exceeded expectations at the beginning of the term.**

# Performance by Division: Logistics Equipment

## Revenue Trends

(million yen)



## Consolidated Cumulative Second Quarter

- Products relevant to logistics internationally (automobile related, bulk container liquid transportation, etc.) were particularly impacted by the global stagnation in logistics.
- The acceptance inspection for a large warehouse construction project initially scheduled to take place in H1 was postponed to October.

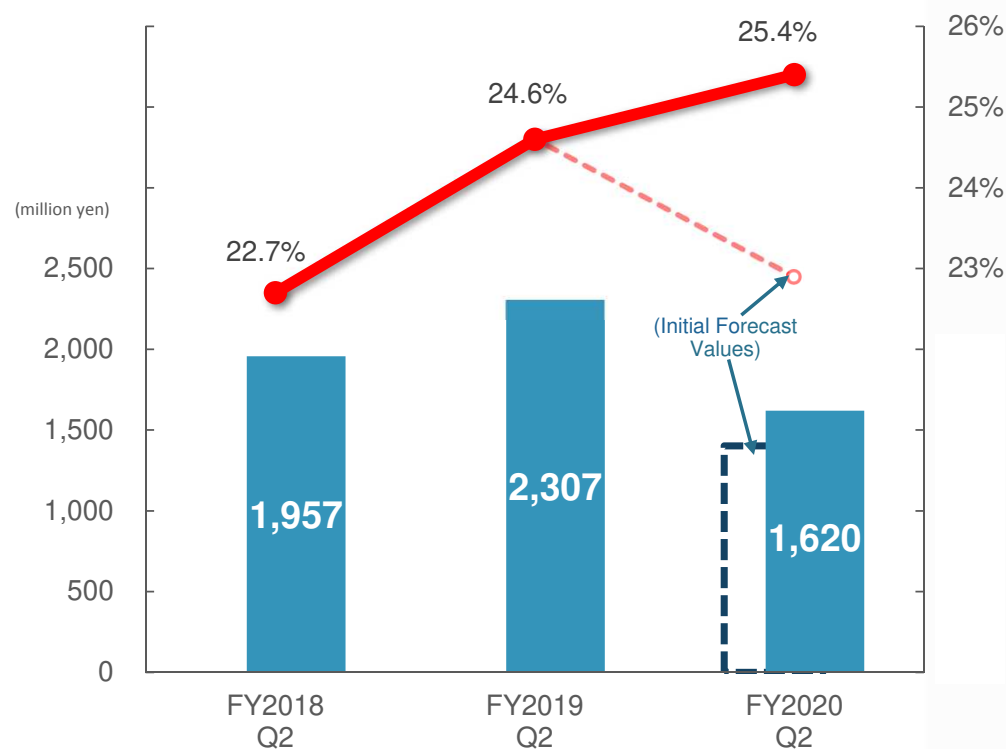


- **Revenue: 945 million yen, a drop of 27.6% year on year. The decline was greater than Q1.**
- **Results fell short of expectations at the beginning of the term.**

# Gross Profit and Operating Profit

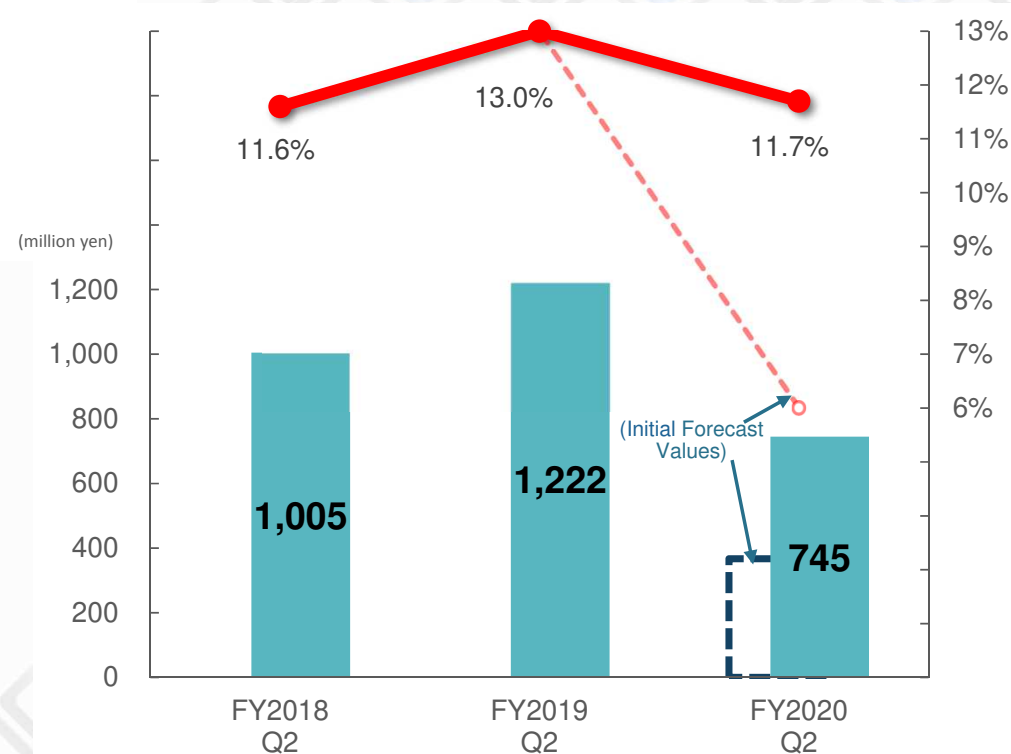
## Gross Profit and Gross Profit Ratio

Gross profit declined due to a fall in revenue.  
However, the demand for high value-added products was strong, and profit ratio improved to exceed the initial forecasted values.



## Operating Profit and Operating Profit Ratio

In addition to improvements in gross profit ratio, operating profit far exceeded the initial forecasted values as a result of cost controls such as reduction in officer compensations and reduction in other fixed costs, etc.





# Business Forecast for FY2020

***SHINWA CO.,LTD.***



# Business Forecast Revisions (Disclosed October 29, 2020)

- For the cumulative second quarter, the scaffolding equipment division trended favorably and was revised upward for the period.
- For the consolidated performance of the full business year, revenue did not change, but profit was forecasted to improve due to continued cost reduction efforts.
- Dividends were increased in line with the upward adjustment in profit.

(IFRS-based; million yen)

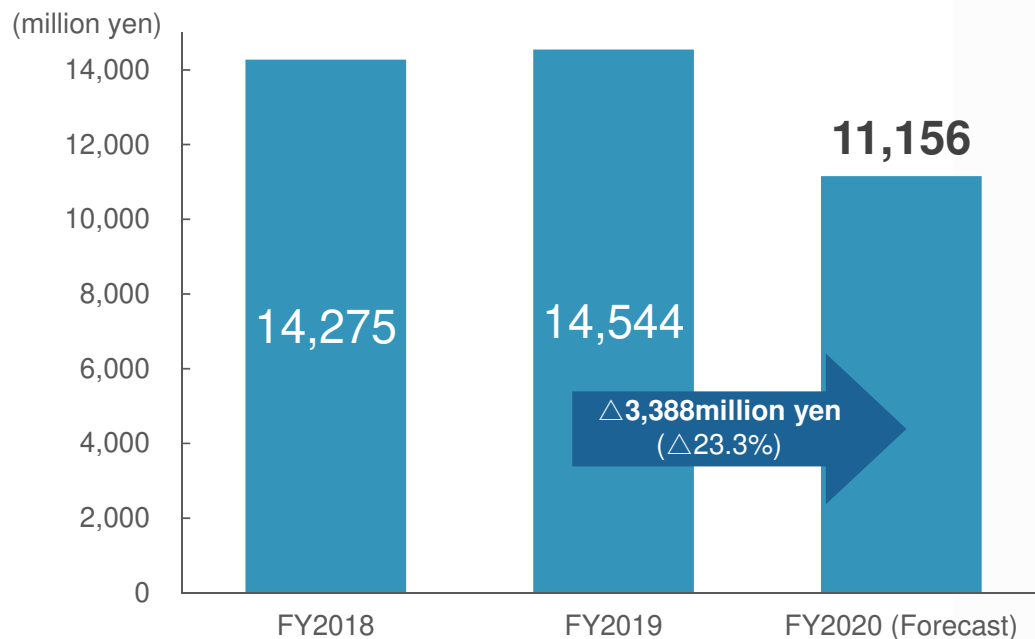
	FY2020 Prior Forecast	FY2020 Revised Forecast	Increase/ Decrease	Year-on-Year Rate
Revenue	13,900	<b>13,900</b>	—	—
Operating Profit	1,230	<b>1,550</b>	+320	+26.0%
Profit before tax	1,158	<b>1,480</b>	+322	+27.8%
Profit Attributable to Owners of Parent Company	797	<b>1,000</b>	+203	+25.5%
Basic Earnings per Share (Yen)	56.57	<b>70.98</b>	+14.41	+25.5%
Dividend per Share (Yen)	23.0	<b>29.0</b>	+6.0	

# Business Forecast: Scaffolding Equipment

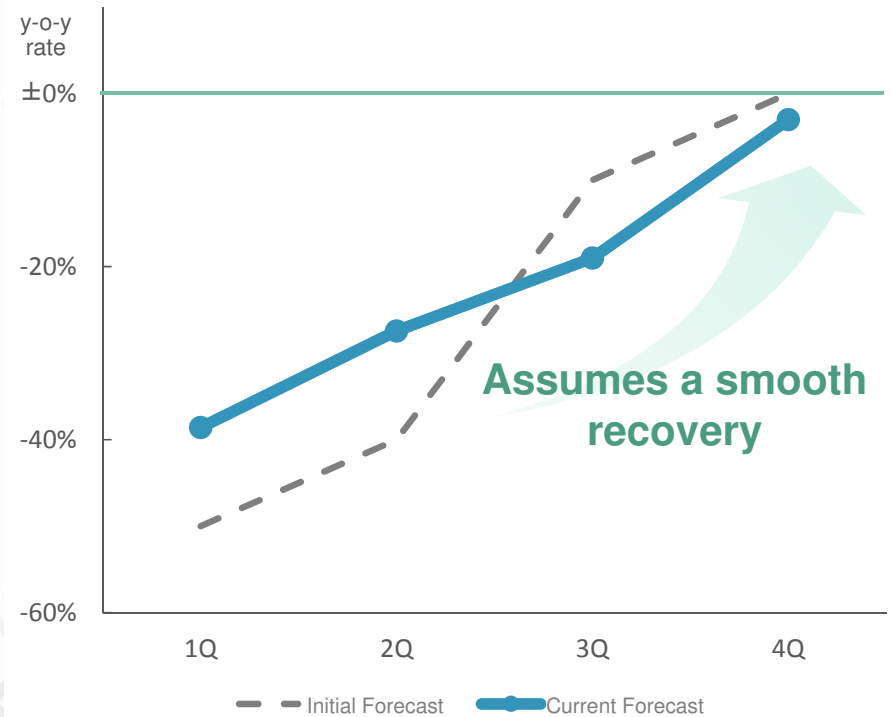
The demand for scaffolding equipment is expected to recover, but expectations regarding capital investments will continue to be cautious.

Revenue for the full business year is forecasted to be 11,156 million yen (down 23.3% year on year)

## Revenue Forecast



## Year-on-Year Comparison of Revenue

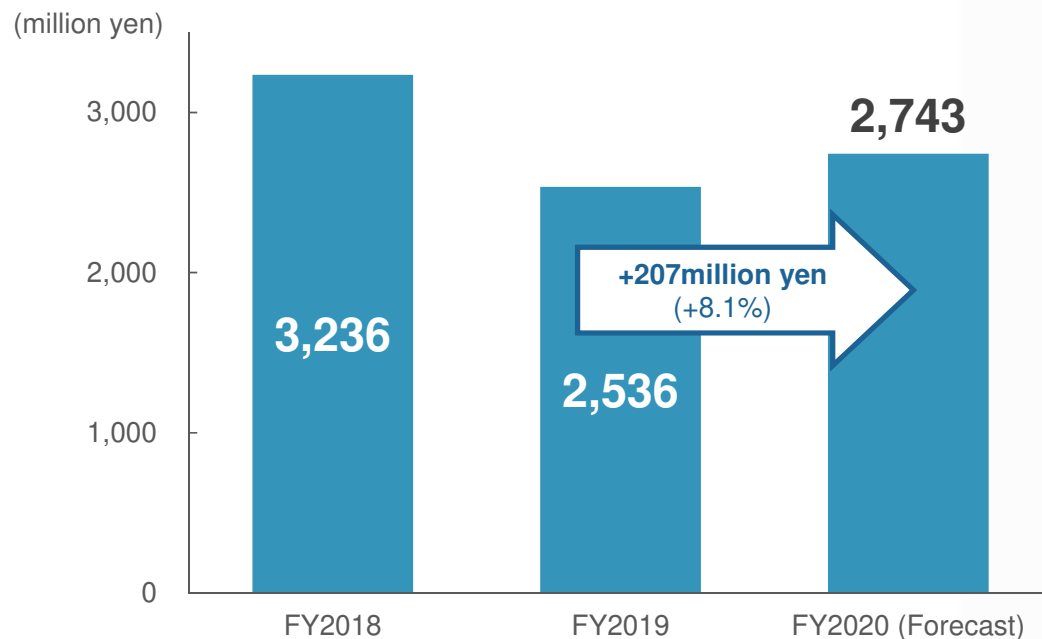


# Business Forecast: Logistics Equipment

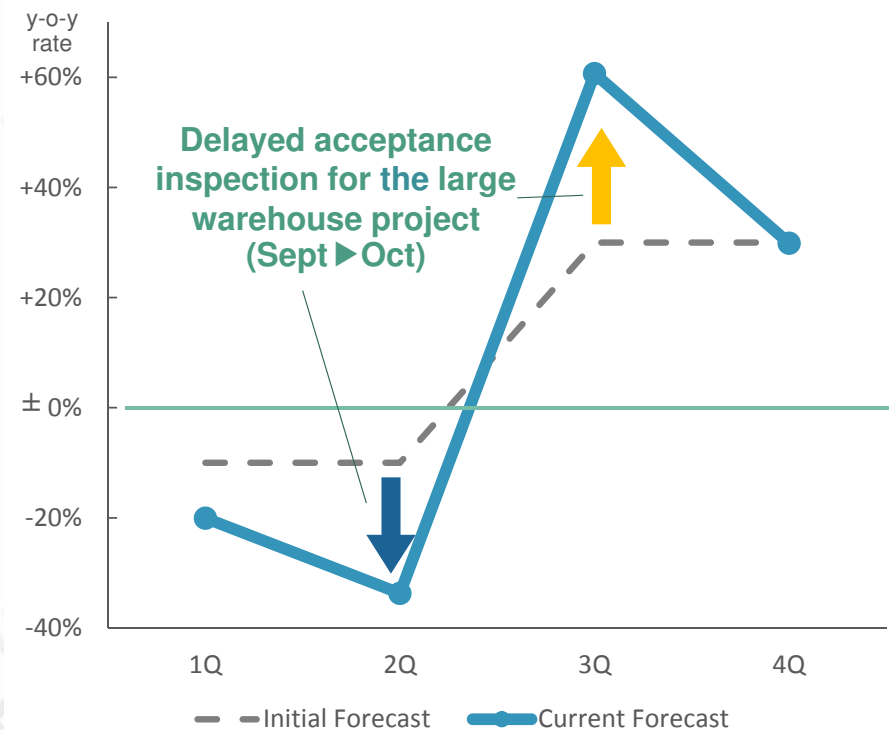
With the recovery of logistics volume both domestically and internationally, investments toward logistics equipment are assumed to gradually return to normal.

Revenue for the full business year is forecasted to be 2,743 million yen (up 8.1% year on year)

## Revenue Forecast



## Year-on-Year Comparison of Revenue





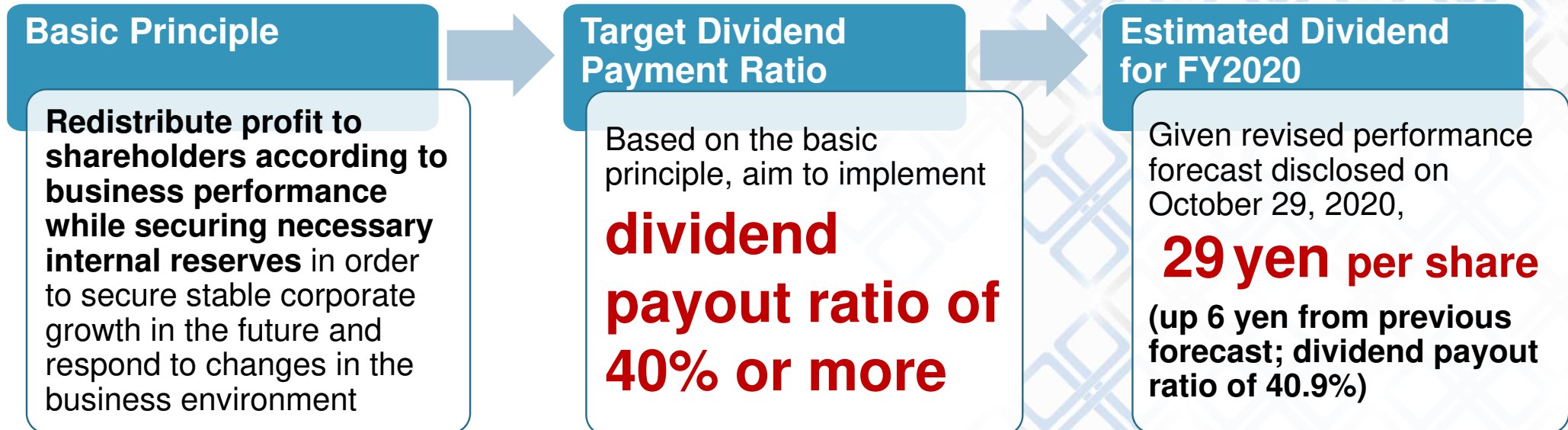
# Return to Shareholders

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# Return to Shareholders

Dividends payment at the end of the term will be revised upward in line with revisions to performance forecasts.



## Use of Internal Reserves

Work toward **reinforcing our financial structure** while also using internal reserves as effective investment funds for **capital investments** and **talent development** to further expand our business, **with the aim to enhance corporate value**

# Disclaimer

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The plans, estimates, strategies, etc. stated in this document are all forecasts based on the information available at the time of this documentation and hence contain risks and uncertainties inherent to such forecasts. Due to such risks and uncertainties, the actual results may differ from the forecasts, etc. herein.

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