

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	1,550	1,480	1,000	70.98	29.00	-
FY03/2020	YoY	(2.5%)	12.5%	12.9%	10.2%	-	-	-
FY03/2021CoE	YoY	(18.6%)	(29.9%)	(30.8%)	(31.8%)	-	-	-
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 FY03/2021		6,381	745	711	483	-	-	-
Q3 to Q4 FY03/2021CoE		7,518	804	768	516	-	-	-
Q1 to Q2 FY03/2021	YoY	(31.9%)	(39.0%)	(40.0%)	(40.6%)	-	-	-
Q3 to Q4 FY03/2021CoE	YoY	(2.5%)	(18.5%)	(19.4%)	(20.9%)	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (15 January 2021)


Paying Out 40% or More

Shinwa, mainly manufacturing and selling system scaffoldings, is minimizing the deterioration in earnings under circumstances inevitably suffering from the impacts stemming from COVID-19, while going for a target payout ratio of 40% or more for FY03/2021 as in the past years. Following the announcement of the lifting of declaration of a state of emergency (25 May 2020), construction work on the construction sites continued to resume and demand for the Company's system scaffoldings and other items recovered. As a result, revenue also showed a recovery in Q2 (July to September) over Q1 (April to June), while earnings even more. For system scaffoldings, it appears that the Company is seeing increased unit selling price as well as improved gross profit margin due to increased adoption rate of high-value added safety-measure equipment to eliminate crash disasters. On top of this, the Company suggests that earnings are driven also by thorough reductions in fixed costs, including those of executive compensation. Meanwhile, from a long-term perspective, the Company expects its manufacturing subsidiary GUANGDONG NISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS Co., Ltd., based in China, will be contributing, given the startup of manufacture and sale in June 2020. In our estimates, when assuming full-scale operations in a few years, its revenue would be as large as equating to some 20% of revenue on the Scaffolding Equipment side at the moment.

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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 September 2020)	
No. of Shares	14,089,200 shares (as of the end of September 2020)	
Main Features	<ul style="list-style-type: none"> ● Advocating the No. 1 market share (some 30%) for system scaffoldings in Japan ● System scaffoldings, accounting for more than 70% of revenue on the Scaffolding Equipment side ● First-class production capability in Japan with high readiness and quality 	
Business Segment	I . Manufacture and Sale of Scaffolding Equipment and Logistics Equipment	
Top Management	President and Representative Director: Hiroshi Yamada	
Shareholders	Master Trust Bank of Japan, T. 9.79%, Custody Bank of Japan, T. 6.69%, Goldman Sachs International 5.69%, Alinco Inc. 4.89%, Hanwa Co. 4.89% (as of the end of September 2020)	
Head Office	Kaizu-city, Gifu-prefecture, JAPAN	
No. of Employees	Consolidated: 158 (as of the end of September, excluding contract employees and part-timers)	

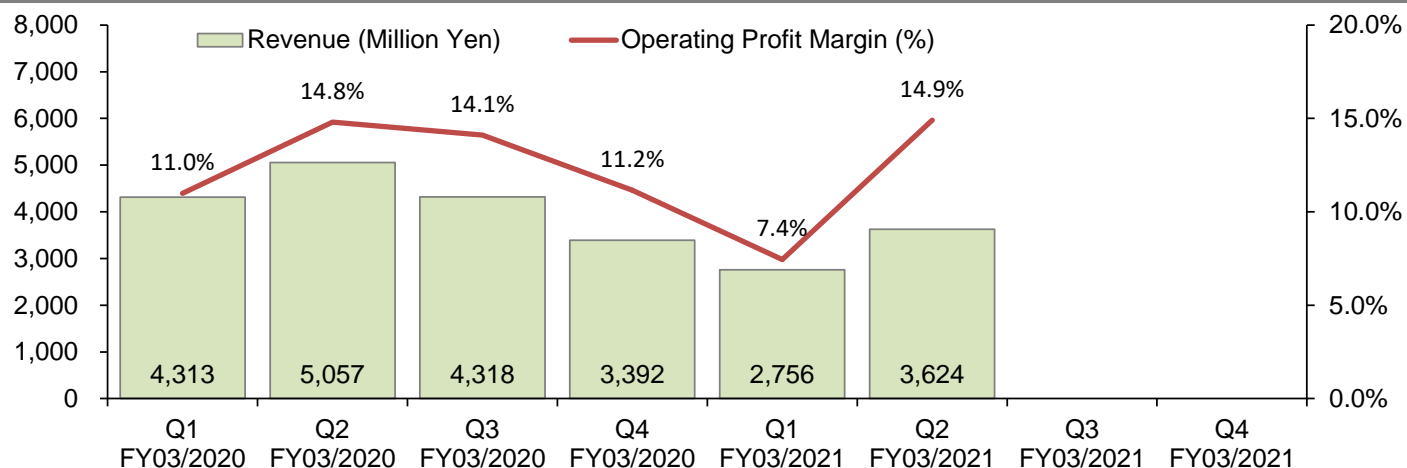
Source: Company Data

3.0 Recent Trading and Prospects

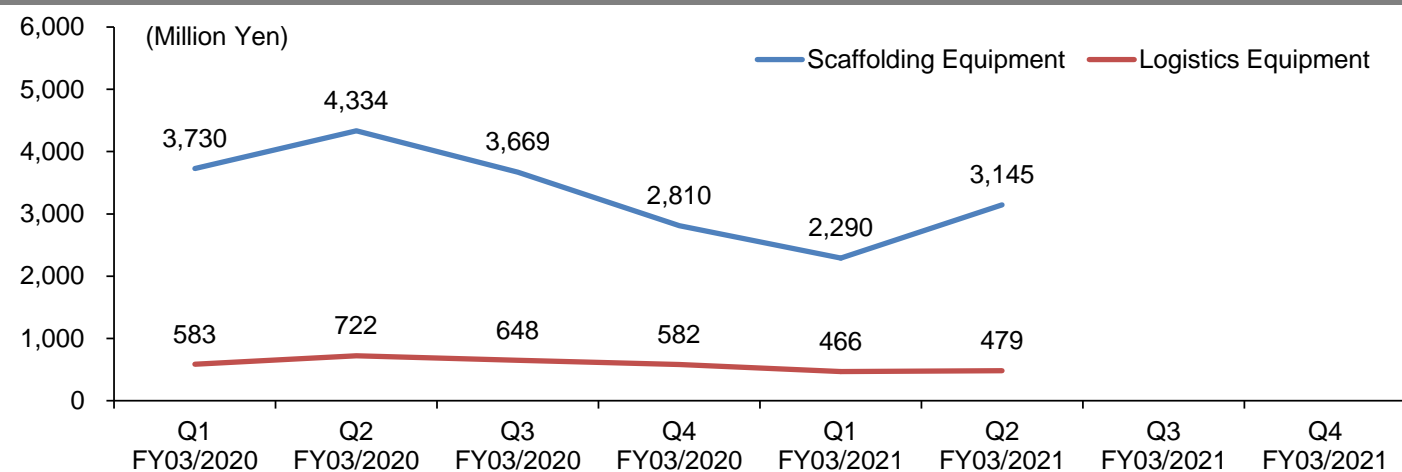
Q1 to Q2 FY03/2021

In Q1 to Q2 FY03/2021, revenue came in at ¥6,381m (down 31.9% YoY), operating profit ¥745m (down 39.0%), profit before tax ¥711m (down 40.0%) and profit attributable to owners of parent ¥483m (down 40.6%), while operating profit margin 11.7% (down 1.4% points).

Revenue and Operating Profit Margin



Revenue by Business Division



Source: Company Data, WRJ Calculation

On the Scaffolding Equipment side, mainly representing the manufacture and sale of system scaffoldings, revenue came in at ¥5,436m (down 32.6%) and accounted for 85.2% of revenue as a whole for the Company. In other words, Scaffolding Equipment has major impacts on performance as a whole for the Company, while more than 70% of revenue on the Scaffolding Equipment side is accounted for by that of system scaffoldings. On the Logistics Equipment side, supplying various custom-made products for storage and transport to a wide range of industries, revenue came in at ¥945m (down 27.6%) and accounted for 14.8% of revenue as a whole for the Company. Given the impacts stemming from COVID-19, demand related to export and import trade declined in particular. In other words, in response to the global logistics stagnation, revenue was sluggish for automotive-industry-use pallets and bulk containers for liquid transport, for example. Further, the Company suggests that it saw acceptance inspection for large-scale warehouse construction project scheduled to be completed by the end of Q2 (July to September) delayed to Q3 (October to December), which had another impact.

In the Company's quarterly performance as a whole on a time-series basis, there is a trend of shrinking in the rate of decline over the same period of the previous year for both revenue and earnings. In Q1(April to June), revenue came in at ¥2,756m (down 36.1%), operating profit ¥205m (down 56.7%) and operating profit margin 7.4% (down 3.6% points), while revenue of ¥3,624m (down 28.3%), operating profit of ¥540m (down 27.8%) and operating profit margin of 14.9% (up 0.1% point) in Q2 (July to September). Meanwhile, revenue and operating profit increased for Q2 over Q1. Consequently, assumptions of FY03/2021 initial Company forecasts (announced on 15 May 2020) were exceeded, i.e., by ¥251m (4.1%) for revenue, by ¥378m (103.0%) for operating profit, by ¥380m (114.8%) for profit before tax and by ¥268m (124.7%) for profit attributable to owners of parent.

Revenue in Q1 to Q2 declined sharply over the same period of the previous year due mainly to the impacts stemming from COVID-19. At various construction sites where the Company's mainstay system scaffoldings and other items were utilized, construction work was suspended and/or postponed, while new projects were frozen. The Company suggests demand for system scaffoldings and other items came down unavoidably on this occasion. However, more importantly, following the announcement of the lifting of declaration of a state of emergency (25 May 2020), construction work on the construction sites continued to resume and demand for the Company's system scaffoldings and other items recovered. Meanwhile, the Company suggests that the impacts stemming from COVID-19 turned out to be rather smaller than expected, having become the key factor why the actual performance better than expected as above-mentioned.

On the other hand, gross profit came in at ¥1,620m (down 29.8%) in Q1 to Q2, while SG&A expenses ¥908m (down 16.3%), implying gross profit margin of 25.4% (up 0.8% points) and revenue to SG&A expenses ratio of 14.2% (up 2.7% points). In line with a sharp decline in revenue, gross profit also declined, but gross profit margin improved, while what is cited as the background to the decline in SG&A expenses is thorough reductions in fixed costs, including those of executive compensation. Thus, assumptions of Company forecasts were exceeded for earnings in particular.

The Company suggests that improvement in gross profit margin was basically attributable to improved sales mix. In other words, the adoption rate was increasing for safety-measure equipment which was indispensable for implementation of so-called Handrail Presetting (a method of construction) to eliminate crash disasters associated with scaffoldings. According to the Company, the adoption rate of safety-measures equipment in system scaffoldings has risen to some 26% (up 9% points YoY), having raised unit selling price of system scaffoldings to a corresponding extent as far as we could see. Meanwhile, it appears that earnings have been driven even more than the impacts to revenue because safety-measure equipment is said to be high-value added.

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)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	Net Chg.
Revenue	4,313	9,370	13,688	17,081	2,756	6,381	-	-	(2,989)
Cost of sales	3,283	7,063	10,238	12,751	2,089	4,761	-	-	(2,301)
Gross profit	1,030	2,307	3,450	4,329	667	1,620	-	-	(687)
SG&A expenses	555	1,084	1,619	2,127	474	908	-	-	(176)
Other income and expenses (net)	(0)	0	0	8	12	33	-	-	+33
Operating profit	474	1,222	1,831	2,210	205	745	-	-	(477)
Financial income and costs (net)	(17)	(35)	(53)	(70)	(16)	(33)	-	-	+2
Profit before tax	456	1,186	1,778	2,139	188	711	-	-	(474)
Income tax expenses	156	371	557	671	67	221	-	-	(150)
Profit	299	814	1,220	1,467	121	490	-	-	(324)
Profit attributable to owners of parent	299	814	1,220	1,467	121	483	-	-	(331)
Profit attributable to non-controlling interests	-	-	-	0	0	6	-	-	+6
Profit attributable to owners of parent	299	814	1,220	1,467	121	483	-	-	(331)
Revenue YoY	+5.2%	+8.7%	+1.2%	(2.5%)	(36.1%)	(31.9%)	-	-	-
Operating profit YoY	+8.7%	+21.7%	+14.6%	+12.5%	(56.7%)	(39.0%)	-	-	-
Profit before tax YoY	+8.5%	+21.8%	+14.5%	+12.9%	(58.7%)	(40.0%)	-	-	-
Profit YoY	+14.6%	+29.9%	+21.4%	+10.2%	(59.6%)	(39.8%)	-	-	-
Profit attributable to owners of parent YoY	+14.6%	+29.9%	+21.4%	+10.2%	(59.6%)	(40.6%)	-	-	-
Gross profit margin	23.9%	24.6%	25.2%	25.3%	24.2%	25.4%	-	-	+0.8%
Revenue to SG&A expenses ratio	12.9%	11.6%	11.8%	12.5%	17.2%	14.2%	-	-	+2.7%
Operating profit margin	11.0%	13.0%	13.4%	12.9%	7.4%	11.7%	-	-	(1.4%)
Profit before tax margin	10.6%	12.7%	13.0%	12.5%	6.8%	11.2%	-	-	(1.5%)
Profit margin	7.0%	8.7%	8.9%	8.6%	4.4%	7.7%	-	-	(1.0%)
Profit attributable to owners of parent margin	7.0%	8.7%	8.9%	8.6%	4.4%	7.6%	-	-	(1.1%)
Income tax expenses/Profit before tax	34.3%	31.3%	31.3%	31.4%	35.6%	31.1%	-	-	(0.2%)

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	03/2021	03/2021	03/2021	03/2021	Net Chg.
Revenue	4,313	5,057	4,318	3,392	2,756	3,624	-	-	(1,432)
Cost of sales	3,283	3,780	3,174	2,513	2,089	2,671	-	-	(1,108)
Gross profit	1,030	1,277	1,143	879	667	953	-	-	(323)
SG&A expenses	555	529	534	508	474	433	-	-	(95)
Other income and expenses (net)	(0)	0	0	7	12	20	-	-	+20
Operating profit	474	748	609	378	205	540	-	-	(208)
Financial income and costs (net)	(17)	(18)	(17)	(17)	(16)	(16)	-	-	+1
Profit before tax	456	730	591	360	188	523	-	-	(206)
Income tax expenses	156	215	185	114	67	154	-	-	(61)
Profit	299	514	406	246	121	369	-	-	(145)
Profit attributable to owners of parent	299	514	406	246	121	362	-	-	(152)
Profit attributable to non-controlling interests	-	-	-	0	0	6	-	-	+6
Profit attributable to owners of parent	299	514	406	246	121	362	-	-	(152)
Revenue YoY	+5.2%	+11.8%	(11.8%)	(15.0%)	(36.1%)	(28.3%)	-	-	-
Operating profit YoY	+8.7%	+31.7%	+2.5%	+3.6%	(56.7%)	(27.8%)	-	-	-
Profit before tax YoY	+8.5%	+31.9%	+2.3%	+5.6%	(58.7%)	(28.3%)	-	-	-
Profit YoY	+14.6%	+40.8%	+7.4%	(24.3%)	(59.6%)	(28.3%)	-	-	-
Profit attributable to owners of parent YoY	+14.6%	+40.8%	+7.4%	(24.4%)	(59.6%)	(29.6%)	-	-	-
Gross profit margin	23.9%	25.3%	26.5%	25.9%	24.2%	26.3%	-	-	+1.0%
Revenue to SG&A expenses ratio	12.9%	10.5%	12.4%	15.0%	17.2%	12.0%	-	-	+1.5%
Operating profit margin	11.0%	14.8%	14.1%	11.2%	7.4%	14.9%	-	-	+0.1%
Profit before tax margin	10.6%	14.4%	13.7%	10.6%	6.8%	14.4%	-	-	+0.0%
Profit margin	7.0%	10.2%	9.4%	7.3%	4.4%	10.2%	-	-	+0.0%
Profit attributable to owners of parent margin	7.0%	10.2%	9.4%	7.3%	4.4%	10.0%	-	-	(0.2%)
Income tax expenses/Profit before tax	34.3%	29.5%	31.4%	31.6%	35.6%	29.5%	-	-	(0.0%)

Source: Company Data, WRJ Calculation

Revenue by Business Division (Cumulative／Quarterly)

Revenue by Business Division	Cons.Act	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)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		Net Chg.
Scaffolding Equipment	3,730	8,064	11,734	14,544	2,290	5,436	-	-		(2,628)
Logistics Equipment	583	1,305	1,954	2,536	466	945	-	-		(360)
Revenue	4,313	9,370	13,688	17,081	2,756	6,381	-	-		(2,989)
Scaffolding Equipment	+19.1%	+15.6%	+6.9%	+1.9%	(38.6%)	(32.6%)	-	-		-
Logistics Equipment	(39.7%)	(20.9%)	(23.1%)	(21.6%)	(20.1%)	(27.6%)	-	-		-
Revenue (YoY)	+5.2%	+8.7%	+1.2%	(2.5%)	(36.1%)	(31.9%)	-	-		-
Scaffolding Equipment	86.5%	86.1%	85.7%	85.2%	83.1%	85.2%	-	-		-
Logistics Equipment	13.5%	13.9%	14.3%	14.8%	16.9%	14.8%	-	-		-
Revenue (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-

Revenue by Business Division	Cons.Act	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	03/2021	03/2021	03/2021	03/2021		Net Chg.
Scaffolding Equipment	3,730	4,334	3,669	2,810	2,290	3,145	-	-		(1,188)
Logistics Equipment	583	722	648	582	466	479	-	-		(243)
Revenue	4,313	5,057	4,318	3,392	2,756	3,624	-	-		(1,432)
Scaffolding Equipment	+19.1%	+12.8%	(8.4%)	(14.7%)	(38.6%)	(27.4%)	-	-		-
Logistics Equipment	(39.7%)	+5.8%	(27.2%)	(16.2%)	(20.1%)	(33.7%)	-	-		-
Revenue (YoY)	+5.2%	+11.8%	(11.8%)	(15.0%)	(36.1%)	(28.3%)	-	-		-
Scaffolding Equipment	86.5%	85.7%	85.0%	82.8%	83.1%	86.8%	-	-		-
Logistics Equipment	13.5%	14.3%	15.0%	17.2%	16.9%	13.2%	-	-		-
Revenue (Composition Ratio)	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)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	Net Chg.
Cash and cash equivalents	1,619	1,863	2,255	3,120	3,073	3,282	-	-	+1,419
Trade and other receivables	3,634	4,000	3,279	2,777	2,351	2,885	-	-	(1,115)
Inventories	2,675	2,429	2,854	2,405	2,142	2,176	-	-	(252)
Other	75	24	20	42	81	31	-	-	+6
Total current assets	8,004	8,318	8,410	8,345	7,649	8,376	-	-	+58
Property, plant and equipment	2,331	2,338	2,346	2,370	2,269	2,139	-	-	(198)
Right-of-use assets	371	369	344	353	381	365	-	-	(3)
Goodwill	9,221	9,221	9,221	9,221	9,221	9,221	-	-	0
Intangible assets	1,270	1,267	1,261	1,258	1,252	1,247	-	-	(20)
Other	121	109	79	71	69	68	-	-	(41)
Total non-current assets	13,315	13,306	13,253	13,274	13,194	13,043	-	-	(263)
Total assets	21,320	21,625	21,664	21,620	20,844	21,420	-	-	(205)
Trade and other payables	1,370	1,178	953	739	699	1,089	-	-	(89)
Borrowings	494	494	495	495	495	530	-	-	+35
Other	543	794	639	783	499	527	-	-	(267)
Total current liabilities	2,409	2,468	2,088	2,018	1,695	2,146	-	-	(321)
Borrowings	5,689	5,444	5,448	5,202	5,206	4,960	-	-	(484)
Other	663	640	634	611	639	638	-	-	(2)
Total non-current liabilities	6,353	6,085	6,082	5,814	5,845	5,598	-	-	(486)
Total liabilities	8,762	8,553	8,170	7,832	7,540	7,745	-	-	(807)
Total equity attributable to owners of parent	12,557	13,071	13,493	13,740	13,255	13,619	-	-	+547
Other	-	-	-	47	47	54	-	-	+54
Total equity	12,557	13,071	13,493	13,788	13,303	13,674	-	-	+602
Total liabilities and equity	21,320	21,625	21,664	21,620	20,844	21,420	-	-	(205)
Equity attributable to owners of parent	12,557	13,071	13,493	13,740	13,255	13,619	-	-	+548
Interest bearing debt	6,184	5,939	5,943	5,698	5,702	5,490	-	-	(448)
Net debt	4,565	4,075	3,688	2,577	2,628	2,207	-	-	(1,867)
Equity ratio	58.9%	60.4%	62.3%	63.6%	63.6%	63.6%	-	-	-
Net debt equity ratio	36.4%	31.2%	27.3%	18.8%	19.8%	16.2%	-	-	-
ROE (12 months)	11.3%	12.1%	11.9%	11.0%	10.0%	8.5%	-	-	-
ROA (12 months)	9.1%	9.8%	10.0%	10.0%	8.9%	7.7%	-	-	-
Days for inventory turnover	74	59	82	87	94	74	-	-	-
Quick ratio	218%	238%	265%	292%	320%	287%	-	-	-
Current ratio	332%	337%	403%	413%	451%	390%	-	-	-

Source: Company Data, WRJ Calculation

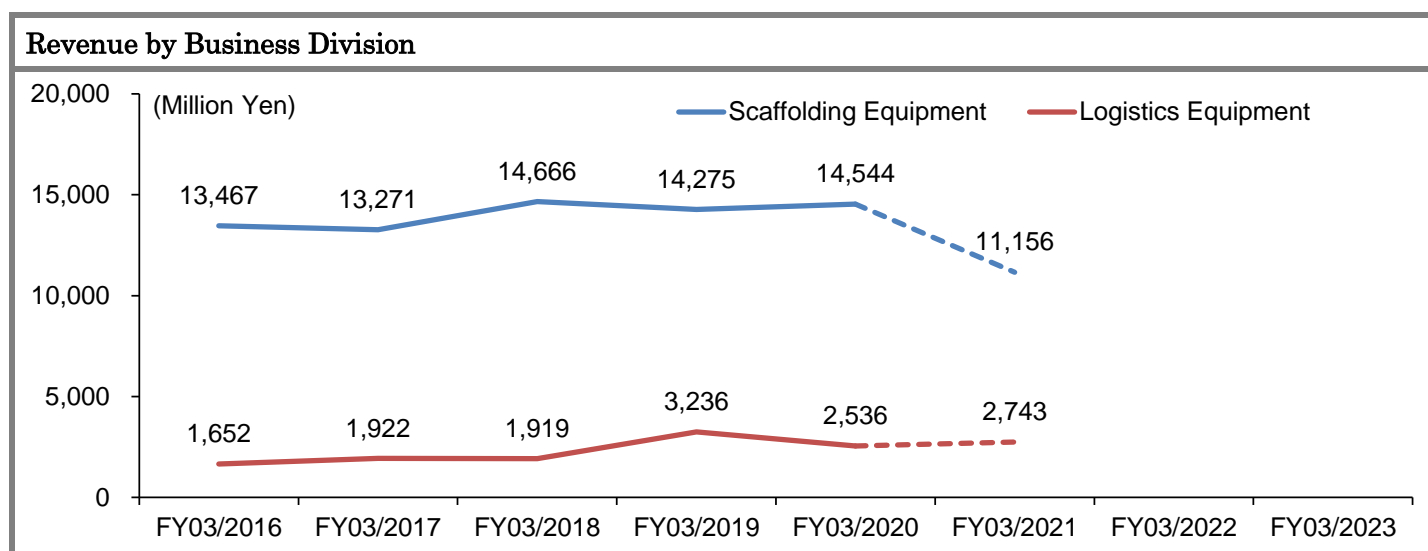
Statement of Cash Flows (Cumulative/Quarterly)

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)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	Net Chg.
Cashflows from operating activities	587	1,228	1,791	3,121	593	1,058	-	-	(169)
Cashflows from Investing activities	(90)	(185)	(327)	(515)	(43)	(44)	-	-	+141
Cashflows from operating and investing activities	497	1,042	1,463	2,606	549	1,014	-	-	(28)
Cashflows from financing activities	(621)	(921)	(951)	(1,227)	(595)	(853)	-	-	+68
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)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	Net Chg.
Cashflows from operating activities	587	640	562	1,330	593	465	-	-	(174)
Cashflows from Investing activities	(90)	(95)	(141)	(188)	(43)	(1)	-	-	+94
Cashflows from operating and investing activities	497	545	421	1,142	549	464	-	-	(80)
Cashflows from financing activities	(621)	(300)	(29)	(276)	(595)	(257)	-	-	+43

Source: Company Data, WRJ Calculation

FY03/2021 Company Forecasts

FY03/2021 Company forecasts (announced on 29 October 2020) are going for prospective revenue of ¥13,900m (down 18.6% YoY), operating profit of ¥1,550m (down 29.9%), profit before tax of ¥1,480m (down 30.8%) and profit attributable to owners of parent of ¥1,000m (down 31.8%), while operating profit margin of 11.2% (down 1.8% points). At the same time, Company forecasts are going for prospective annual dividend of ¥29.00 per share, implying payout ratio of 40.9%. By business division, Company forecasts assume prospective revenue of ¥11,156m (down 23.3%) on the Scaffolding Equipment side and revenue of ¥2,743m (up 8.1%) on the Logistics Equipment side.



Source: Company Data, WRJ Calculation

Compared with initial Company forecasts (announced on 15 May 2020), prospective revenue has remained unchanged, but earnings have been revised up, i.e., by ¥320m (26.0%) for operating profit, by ¥322m (27.8%) for profit before tax and by ¥203m (25.5%) for profit attributable to owners of the parent. Meanwhile, the Company sets “basic principle” to “return earnings to shareholders in line with performance, while securing necessary internal reserves in order to secure stable corporate growth for the future and respond to changes in the business environment”. At the same time, the Company is going for a target of “payout ratio of 40% or more” for its prospective dividend based on this “basic principle”. On the occasion of upward revision for profit attributable to owners of parent this time, the Company has raised prospective annual dividend in light of this. Initial Company forecasts were going for prospective annual dividend of ¥23.00, implying payout ratio of 40.7%, while Company forecasts revised up this time are going for prospective annual dividend of ¥29.00, implying payout ratio of 40.9%, i.e., revised up by ¥6.00, when compared with above-mentioned initial Company forecasts.

On the Scaffolding Equipment side, it was the case that demand for system scaffoldings was to see continued recovery as construction work on the construction sites continued to resume, having had been following the announcement of the lifting of declaration of a state of emergency (25 May 2020). However, the Company came to recognize a cautious stance toward new capital investments in scaffoldings and other items at construction sites. In light of this, the Company slightly lowered the extent of the recovery in demand assumed for H2, compared with that of initial Company forecasts. Still, it appears full-year prospective earnings from here have been revised up, because of earnings much better than expected in the actual results of Q1 to Q2.

On the Logistics Equipment side, Company forecasts assume that investments in logistics equipment will gradually normalize in line with recovery of volume in distribution of goods in Japan and overseas, which is expected to drive revenue in H2 and thus realize increase of full-year revenue as business division, as far as we could gather. With respect to large-scale warehouse construction project where the Company saw acceptance inspection delayed, it appears that the Company has already booked revenue. Nevertheless, it is suggested that it will take some more time for demand to recover with respect to automotive-industry-use pallets and bulk containers for liquid transport.

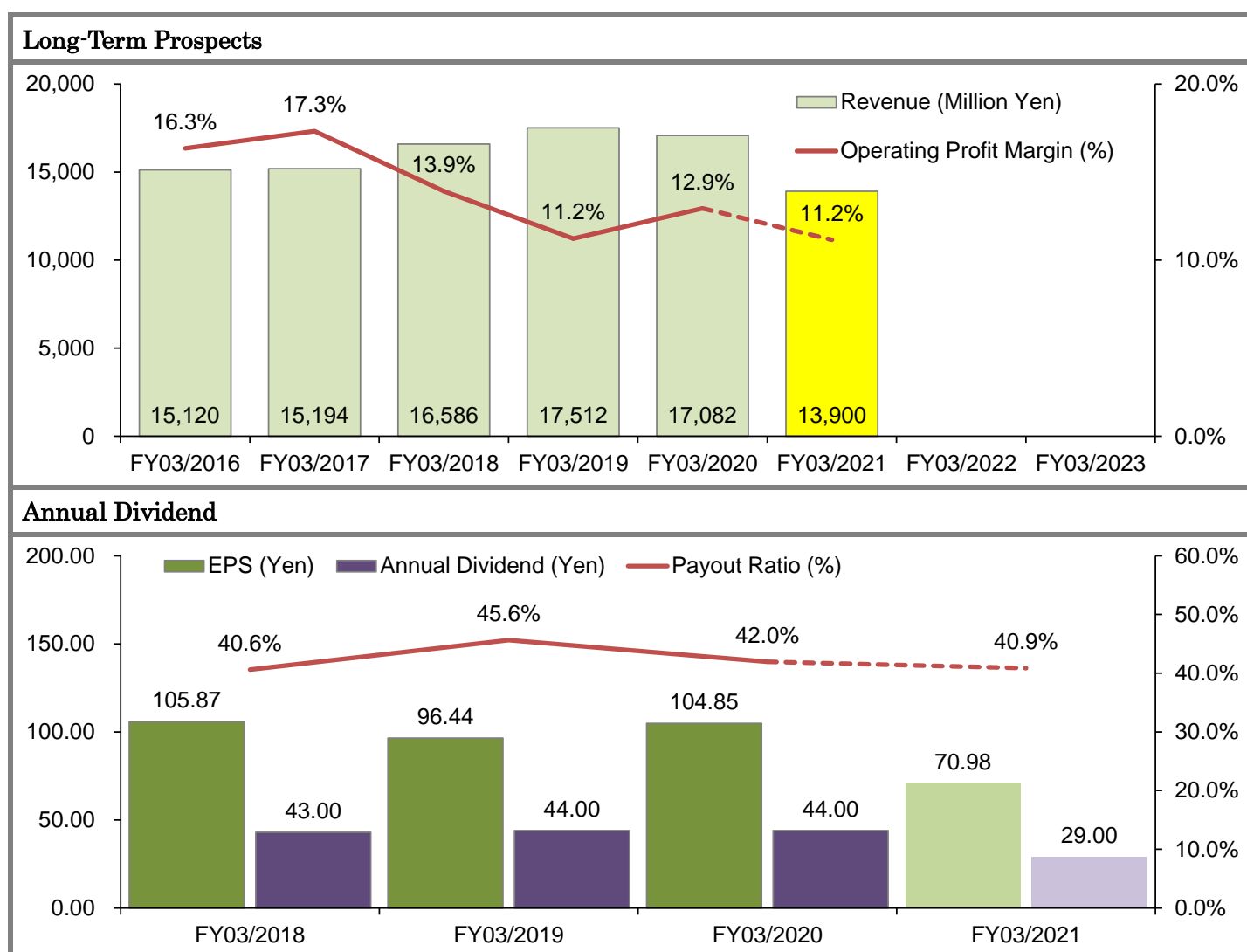
FY03/2021 Company Forecasts and Actual Results

Cons. Fiscal Year (IFRS) (Million Yen)	Date	Event	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
FY03/2021CoE	15-May-20	Q4 Results	13,900	1,230	1,158	797
FY03/2021CoE	07-Aug-20	Q1 Results	13,900	1,230	1,158	797
FY03/2021CoE	29-Oct-20	Revision	13,900	1,550	1,480	1,000
		Amount of Gap	0	320	322	203
		Rate of Gap	0.0%	26.0%	27.8%	25.5%
FY03/2021CoE	12-Nov-20	Q2 Results	13,900	1,550	1,480	1,000
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY03/2021CoE	15-May-20	Q4 Results	13,900	1,230	1,158	797
FY03/2021CoE	12-Nov-20	Q2 Results	13,900	1,550	1,480	1,000
		Amount of Gap	0	320	322	203
		Rate of Gap	0.0%	26.0%	27.8%	25.5%
Cons. Half Year (IFRS) (Million Yen)	Date	Event	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
Q1 to Q2 FY03/2021CoE	15-May-20	Q4 Results	6,130	367	331	215
Q1 to Q2 FY03/2021CoE	07-Aug-20	Q1 Results	6,130	367	331	215
Q1 to Q2 FY03/2021CoE	29-Oct-20	Revision	6,381	745	711	483
		Amount of Gap	251	378	380	268
		Rate of Gap	4.1%	103.0%	114.8%	124.7%
Q1 to Q2 FY03/2021Act	12-Nov-20	Q2 Results	6,381	745	711	483
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q1 to Q2 FY03/2021CoE	15-May-20	Q4 Results	6,130	367	331	215
Q1 to Q2 FY03/2021Act	12-Nov-20	Q2 Results	6,381	745	711	483
		Amount of Gap	251	378	380	268
		Rate of Gap	4.1%	103.0%	114.8%	124.7%
Cons. Half Year (IFRS)	Date	Event	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
Q3 to Q4 FY03/2021CoE	15-May-20	Q4 Results	7,770	863	827	582
Q3 to Q4 FY03/2021CoE	07-Aug-20	Q1 Results	7,770	863	827	582
Q3 to Q4 FY03/2021CoE	29-Oct-20	Revision	7,519	805	769	517
		Amount of Gap	(251)	(58)	(58)	(65)
		Rate of Gap	(3.2%)	(6.7%)	(7.0%)	(11.2%)
Q3 to Q4 FY03/2021CoE	12-Nov-20	Q2 Results	7,519	805	769	517
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q3 to Q4 FY03/2021CoE	15-May-20	Q4 Results	7,770	863	827	582
Q3 to Q4 FY03/2021CoE	12-Nov-20	Q2 Results	7,519	805	769	517
		Amount of Gap	(251)	(58)	(58)	(65)
		Rate of Gap	(3.2%)	(6.7%)	(7.0%)	(11.2%)

Source: Company Data, WRJ Calculation

Long-Term Prospects

In Japan, the Company expects construction demand to remain at the current level or edge up going forward from a long-term perspective and thus likewise demand for the Company's system scaffoldings for which it has the No.1 market share (some 30%) in Japan. Meanwhile, the Company is looking to improvement of its future growth potential by means of developing operations in GUANGDONG NISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS Co., Ltd., which is its manufacturing subsidiary based in China, having started up those of manufacture and sale in June 2020. Given the impacts stemming from COVID-19, the timing of commencing manufacture and sale was delayed in the first place and the expansion of the contribution from here has to be delayed compared with initial expectations. However, we estimate that its revenue would be as large as equating to some 20% of revenue on the Scaffolding Equipment side at the moment, when assuming full-scale operations in a few years. Meanwhile, the Company has been paying dividend in line with the aforementioned "basic principle", implying a direction of actively returning earnings to shareholders from a long-term perspective with a target of "payout ratio of 40% or more".



Source: Company Data, WRJ Calculation

As for business environment on the Scaffolding Equipment side, mainly comprising system scaffoldings, it has been spotted that, for example, as the aging of social infrastructure such as road bridges progresses continuously for the future, construction related to maintenance & repair work is also expected to see the same trends. Meanwhile, it has been also spotted that construction investments in Japan have been on an increasing trend in both new construction and maintenance & repair work during the period by FY2017 due partly to the impacts of Infrastructure Longer-Life Plan. On top of this, some 30 years have passed since the construction for almost 40% of detached houses, implying increased demand for rebuilding, renovation, and/or demolition in the near future. Meanwhile, all those issues are expected to drive demand for system scaffoldings. The other thing is that the fatalities on accidents in the construction industry in FY2018 were 309 in the number of people, out of which 136 (44%) were of crashes and/or falls during work on scaffoldings. In light of this, it has been spotted that demand for high-safety system scaffoldings, which can avoid and reduce crashes and/or falls, will increase for the future. Meanwhile, the adoption of aforementioned safety-measure equipment further enhances the safety.

On 27 November 2019, the Company set up a manufacturing subsidiary based in China, i.e., GUANGDONG NISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS Co., Ltd., which is located in Foshan, Guangdong or a part of economic development promotion region “Guangdong, Hong-Kong and Macau Greater Bay Area”, envisioned by the Chinese government, etc. This region has population of 67m and GDP of US\$1.3 trillion in CY2018, being one of the most developed ones 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 sale of scaffoldings. The Company owns 51.0% in registered capital of RMB 25m (some ¥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 comprehensively handles operations from the distribution of raw materials for non-ferrous metal and products to the manufacture of processed products. It runs four operation bases in China and has a variety of local business expertise, together with investments in more than 10 local companies to run the business of manufacture and/or distribution in China.

The background to the establishment of this manufacturing subsidiary based in China is that needs are increasing for improvement of safety, construction efficiency and considerations on the environment at local construction sites. That is to say, demand for the Company’s system scaffoldings that can respond to this is to increase greatly. In particular, in light of strong needs to improve safety, the Company intends to put forward the philosophy it has advocated in its business developments in Japan with the utmost emphasis for its local operations first of all, i.e., "We will protect precious life through our products and services".

The Company has started 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 has locally started up the manufacture of system scaffoldings with limited initial investments by means of renting a portion of its factory. Meanwhile, the Company is now trying to sell to local general contractors, etc., through the collaboration with ALCONIX CORPORATION which has a variety of local business knowhows, where the Company appeals that it intends to manufacture system scaffoldings to cope with local specifications and local safety standards. More importantly, given limited initial investments, the business here is likely to bring some add-ons in earnings for the Company from the beginning. Still, the size of revenue appears to be limited for FY03/2021 in the first place, as the manufacture and sale have started during the period.

4.0 Business Model

The Leader of Scaffolding Technology

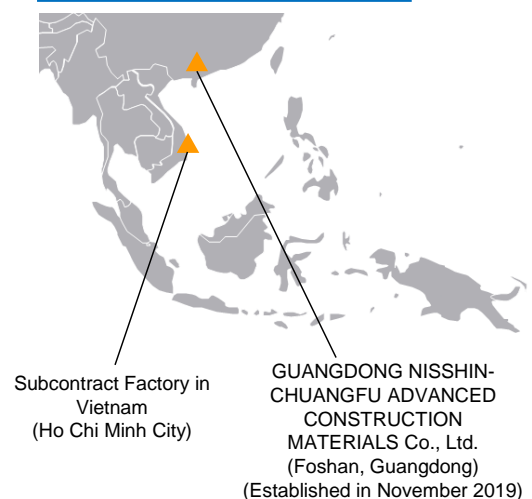
The Company manufactures and sells scaffolding equipment and logistics equipment through its 11 operation bases in Japan and two overseas. With respect to the representative office in Philippines, established in June 2017, the Company has closed it down in August 2020, given prolonged stagnation of local economy and worsening of public security. In Japan, the Company has 6 sales offices and 5 production sites or equipment centers, while two operation bases overseas, i.e., subcontract factory in Vietnam and GUANGDONG NISSHIN-CHUANGFU ADVANCED CONSTRUCTION MATERIALS Co., Ltd. or a manufacturing subsidiary based in China. The Company is based in Kaizu-city, Gifu-prefecture, running Tsuchikura Factory in charge of the bulk of the manufacture of scaffolding equipment and logistics equipment as a whole for the Company. With system scaffoldings, etc. manufactured here, the Company develops its business as the leader of scaffolding technology in Japan.

Developments of Operation Bases (11 in Japan and Two Overseas)

In Japan



Overseas



- : Sales offices
Six in Japan
- ▲ : Production sites and Equipment Centers
Five in Japan, two overseas

Source: Company Data

“Scaffolding equipment” refers to “ashiba” in Japanese, meaning “place where people can stand to be there” in any case, “place that forms the basis for doing things”, “standpoint”, “foundation”, etc., generally speaking. Meanwhile, in the context of the Company's business, the term refers to a simple object temporarily constructed to be used to carry out work to achieve the original purpose of constructing buildings. That is to say, it is the place where workers who perform construction in the sites place the foot on. While framework scaffoldings are those to be set up by stacking up standard made of steel pipes welded to the form of gates put together with basic components such as jack base, crossing braces, steel fabric sheets, etc., system scaffoldings are those assembled as a single system in advance and they can be easily set up with no special skills. System scaffoldings account for more than 70% of revenue on the Scaffolding Equipment side for the Company.

Based on its own proprietary research, the Company advocates that it has the No. 1 market share (some 30%) for system scaffoldings in Japan, while holding high readiness and quality owing to first-class production force in Japan. System scaffoldings are defined as "something indispensable at the 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 set up a factory in Hashima-city, Gifu-prefecture in April 1978 or the next year, having started up the manufacture and sale of jack base, i.e., one of the components for scaffoldings, which was followed by the startup of the manufacture and sale of system scaffoldings in January 1988 or the 11th year.

Examples of Work with System Scaffoldings: Housing Construction



Source: Company Data

The Company's system scaffoldings are used in a wide variety of construction sites, mainly for Housing Construction. According to the Company, system scaffoldings are equivalents 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 scaffoldings account for the bulk of the production volume as a whole. In the mainstay Housing Construction, the Company suggests that it has a high market share in particular.

In Japan, about 70% of condominiums and office buildings are midrise (typically three to 5 floors), while the Company's system scaffoldings have market share more than a certain extent in terms of Renovation Work with them and the same applies to new construction.

For Large-scale Residential Building Repair Work, 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 total stock is said to equate to 6m units in Japan, it is required to implement repair work every 12 years on a regular basis after the construction of new buildings and thus demand for repair work is expected to steadily increase for the future, according to the Company.

Examples of Work with System Scaffoldings

Renovation (midrise building)



Large-scale Residential Building Repair Work



Plant Maintenance Work



Civil Engineering Work



Road Construction / Maintenance and Repair Work



Inspection of Important Cultural Property



The New National Stadium



The Company's system scaffoldings are also used for Plant Maintenance Work. Regular plant inspections are carried out once a year at factories in various industrial areas in Japan, while major repair work is carried out once every two years. The Company intends to actively cultivate market also in this domain.

System scaffoldings are used not only for construction sites but also for Civil Engineering Work. 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 scaffoldings 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 Work. That is to say, system scaffoldings are used also for expressway facilities and their repair work.

Elsewhere, system scaffoldings are used in Inspections of Important Cultural Property. For example, the Company's system scaffoldings were used to inspect the stone walls of Nagoya-jo castle keep, which was conducted in 2018. It was highly regarded for being able to carry out work in a flexible manner in line with the radius (shape of an arc) of the stone walls, etc.

As for specific buildings, the Company says that its system scaffoldings were used for The New National Stadium whose completion ceremony was held on 15 December 2019. Initially, framework scaffoldings used to be planned to be adopted, but system scaffoldings had been adopted across the board at the end of the day, given that this was a rush job and the considerations on safety were emphasized. System scaffoldings used to be set up with this building of 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

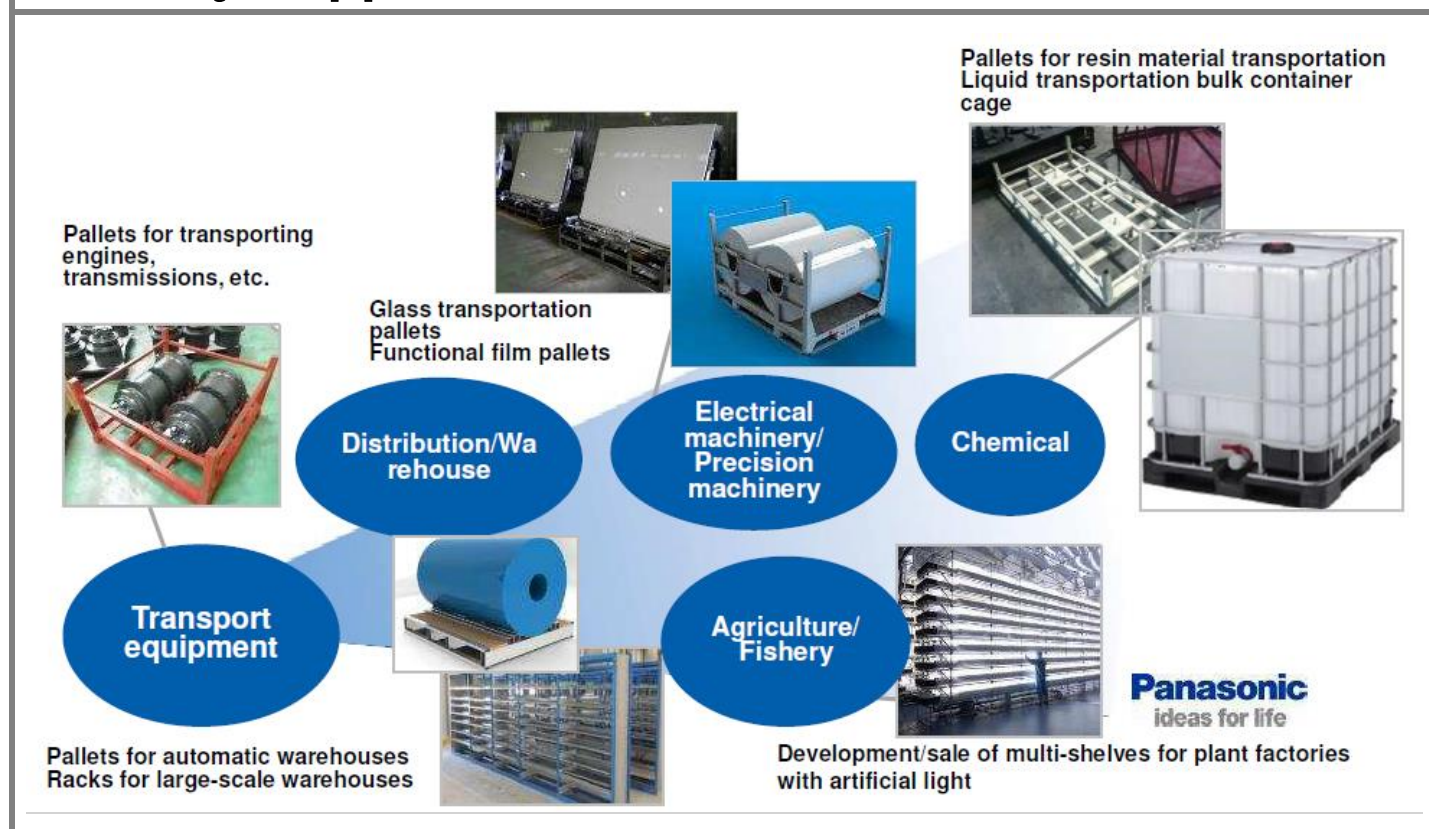
(As of May 1, 2020)



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 as large as 40,642 m², which is equivalent to the Tokyo Dome in size, while the Company runs operations to manufacture system scaffoldings and other items 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 was by far the largest in comparison with trades in this business. The market for system scaffoldings is rather fragmented and there are trades as many as 20 in the number, according to the Company.

Products of Logistics Equipment



Source: Company Data

Having had begun the manufacture and sale of systems scaffoldings in January 1988 or after 11 years in business, the Company newly set up production facilities for logistics equipment within Tsuchikura Factory in May 2003 to start up operations of Logistics Equipment. Originally, the Company started up with the manufacture of pallets for scaffoldings, having provided “conveying and storing” with solutions, while it has entered into various niche domains such as Transport Equipment (automobiles), Distribution & Warehouse, Electrical Machinery & Precision Machinery, Agriculture & Fishery and Chemical, supplying customers in all those domains with custom-made products.

With regard to Transport Equipment (automobiles), the Company sees order intake from a major automaker to design and manufacture transport pallets for engines and/or transmissions, for example. The major automaker, who places orders with the Company, export transport pallets loaded with engines and/or transmissions manufactured in Japan to overseas. Then, the transport pallets that have arrived at the destinations and unloaded come back to Japan after being folded, i.e., 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 regard to Chemical, the Company is involved with bulk containers for liquid transport, 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 regard to Distribution & Warehouse, the Company is involved with racks for warehouse delivered to a major online retailer, for example, where it sees revenue for each construction project on an acceptance inspection basis, resulting in a volatility of short-term revenue. Thus, revenue in Logistics Equipment depends on a periodical factor stemming from here, according to the Company. In FY03/2020, the Company saw decreased revenue in Logistics Equipment due to this factor, while going for a recovery for FY03/2021 as this factor is to see a turnaround for the impacts to revenue. 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 companies overseas as well as to install sensors to robots and to input data to software. To date, the Company has been seeing limited revenue stemming from here, but it believes in a high growth potential for the future.

With regard to Agriculture & Fishery, the Company is involved with multiple shelves for plant factory using artificial light, for example. The Company is also involved with design and manufacture of racks for plant factory using LEDs, in response to orders from a major electronics manufacturer.

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	1,550	(660)
Financial income and costs (net)	(336)	(71)	(67)	(69)	(70)	(70)	+0
Profit before tax	2,134	2,559	2,238	1,894	2,139	1,480	(659)
Income tax expenses	622	878	779	563	671	-	-
Profit	1,511	1,680	1,459	1,331	1,467	1,019	(448)
Profit attributable to owners of parent	1,511	1,680	1,459	1,331	1,467	1,000	(467)
Profit attributable to non-controlling interests	-	-	-	-	0	19	+18
Profit attributable to owners of parent	1,511	1,680	1,459	1,331	1,467	1,000	(467)
Revenue YoY	-	+0.5%	+9.2%	+5.6%	(2.5%)	(18.6%)	-
Operating profit YoY	-	+6.5%	(12.3%)	(14.9%)	+12.5%	(29.9%)	-
Profit before tax YoY	-	+19.9%	(12.5%)	(15.4%)	+12.9%	(30.8%)	-
Profit YoY	-	+11.2%	(13.1%)	(8.8%)	+10.2%	(30.6%)	-
Profit attributable to owners of parent YoY	-	+11.2%	(13.1%)	(8.8%)	+10.2%	(31.8%)	-
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%	11.2%	(1.8%)
Profit before tax margin	14.1%	16.8%	13.5%	10.8%	12.5%	10.6%	(1.9%)
Profit margin	10.0%	11.1%	8.8%	7.6%	8.6%	7.3%	(1.3%)
Profit attributable to owners of parent margin	10.0%	11.1%	8.8%	7.6%	8.6%	7.2%	(1.4%)
Income tax expenses / Profit before tax	29.2%	34.3%	34.8%	29.7%	31.4%	-	-

Source: Company Data, WRJ Calculation

Revenue by Business Division

Revenue by Business 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	11,156	(3,388)
Logistics Equipment	1,652	1,922	1,919	3,236	2,536	2,743	+206
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%	(23.3%)	-
Logistics Equipment	-	+16.4%	(0.1%)	+68.6%	(21.6%)	+8.1%	-
Revenue (YoY)	-	+0.5%	+9.2%	+5.6%	(2.5%)	(18.6%)	-
Scaffolding Equipment	89.1%	87.3%	88.4%	81.5%	85.2%	80.3%	-
Logistics Equipment	10.9%	12.7%	11.6%	18.5%	14.8%	19.7%	-
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	70.98	-
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	29.00	-
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	70.98	-
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	29.00	-
Payout Ratio	0.0%	0.0%	40.6%	45.6%	42.0%	40.9%	-

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 a number of changes of juridical personality, present-day Shinwa Co. Ltd. was established on 11 August 2014. Having had been 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 the scale of its business through contribution to developments of customers and to the market for scaffoldings as a manufacturer of those represented by system scaffoldings. 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 scaffoldings or the mainstay of Scaffolding Equipment have seen growth together with that of customers across the board in Japan, while the Company advocates that it has held the No. 1 market share (some 30%) in Japan to date. Meanwhile, under the recent circumstances where existing equipment becoming obsolete and workforce coming down being raised as problems, the Company launches system scaffoldings in the market, extensively taking in demand from society represented by that of securing safety on work and increasingly sophisticated demand from customers together with its accumulated knowhows on the manufacture and sale 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 level, 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 scaffoldings
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 scaffoldings and started up the manufacture and sale of SHINWA CATCHER
April 1990	Set up Kanto Branch in Satte-city, Saitama-prefecture (present-day Tokyo Branch: moved to Chiyoda-ku, Tokyo afterward)
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 sale of steel materials (capitalized at ¥20m)
May 2003	Constructed additional facilities to manufacture logistics equipment in Tsuchikura Factory
December 2003	Entered logistics equipment and started sale of 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 scaffoldings
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 sale of Landing Box or easy lift for work with scaffoldings
March 2013	Osaka Branch moved, due to increased scale of business
May 2014	Started up sale of logistics equipment to a major online retailer
May 2016	Started up the manufacture and sale of next generation scaffoldings Silent Power System (SPS)
February 2017	Started up the manufacture and sale of next generation scaffoldings Darwin (NDS) for a specific major leasing company of temporary materials
June 2017	Opened up representative office in Manila, the Philippines and started up sale of 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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