

FY2020 Q3

Supplementary Document

(February 12, 2021)

SHINWA CO.,LTD.





Financial Overview for FY20-Q3

SHINWA CO.,LTD.

Financial Highlights

Revenue

10,699 million yen (year on year Δ 21.8%)

After the state of emergency was lifted, demand for construction showed a steady undertone. The year-on-year decline improved from the second quarter.

Gross profit

2,839 million yen (year on year Δ 17.7%)

Though gross profit was down as revenue declined, demand for highly value-added material, such as safety measures equipment, was steady. The gross profit improved 1.3 points year on year to 26.5%.

Operating profit

1,516 million yen (year on year Δ 17.2%)

Continued to reduce costs and minimize expenses through all possible means. The operating profit ratio increased to 14.2% from 11.7% in the second quarter.

Quarterly Profit*

1,003 million yen (year on year Δ 17.8%)

Despite dropping approximately 20% year on year, the decline was smaller compared to the second quarter.

*Quarterly profit that belongs to owners of the parent company

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

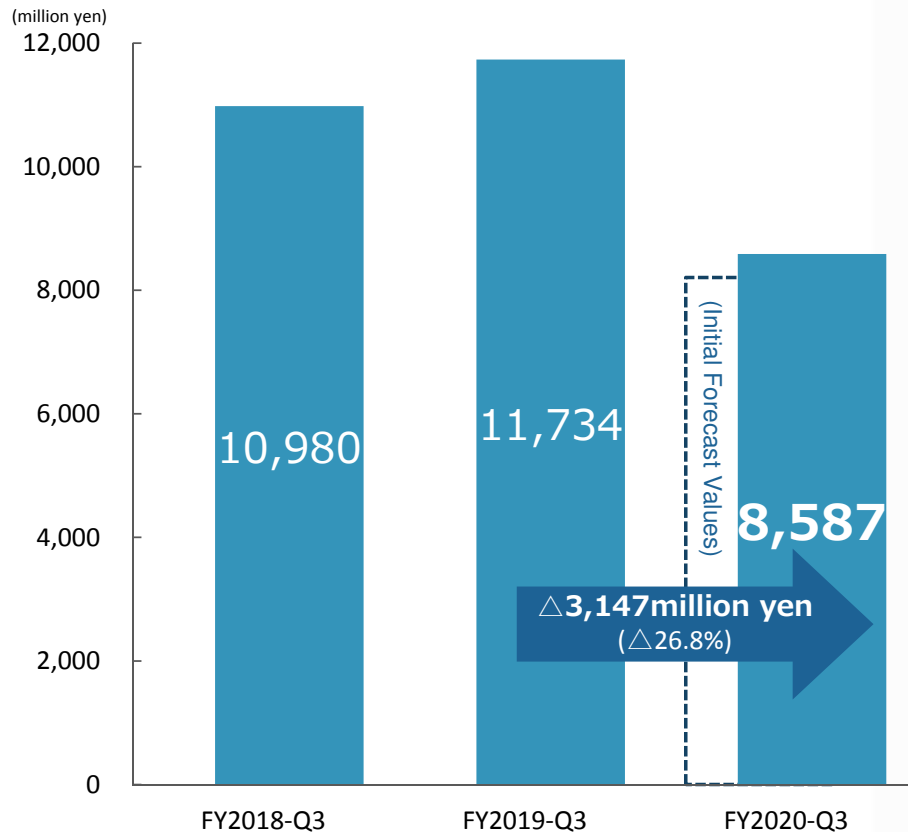
Summary of Consolidated P/L Statement

(IFRS-based; million yen)

	FY2019 Q3 Actuals	FY2020 Q3 Actuals	Increase/ Decrease	Year-on- Year Rate
Revenue	13,688	10,699	△2,988	△21.8%
Cost of sales	10,238	7,860	△2,377	△23.2%
Gross profit	3,450	2,839	△611	△17.7%
Gross profit ratio	25.2%	26.5%	–	+ 1.3pt
Selling, general and administrative expenses, etc.	1,618	1,322	△296	△18.3%
Operating profit	1,831	1,516	△314	△17.2%
Operating profit ratio	13.4%	14.2%	–	+ 0.8pt
Pretax Quarterly Profit	1,778	1,465	△312	△17.6%
Quarterly Profit attributable to owners of parent	1,220	1,003	△217	△17.8%

Performance by Division: Scaffolding Equipment

Revenue Trends



Consolidated Cumulative Third Quarter

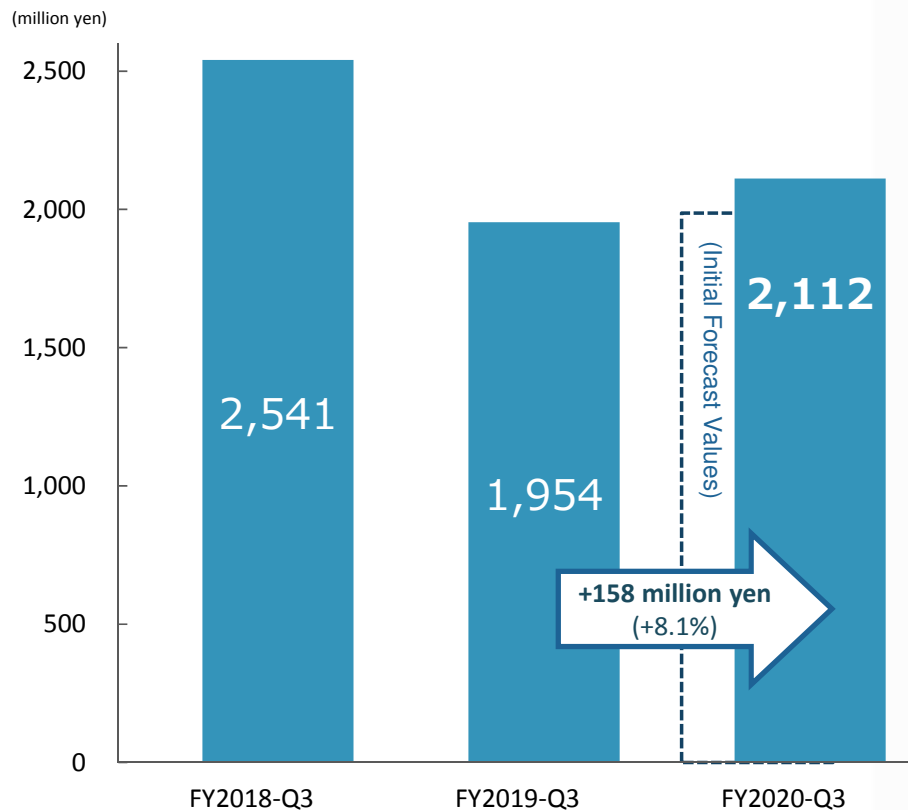
- The impact of the spread of COVID-19 was evident with construction being suspended and postponed as well as new investments in construction projects getting postponed.
- However, the decline was not as drastic as initially assumed.
- Demand for our company's products remained strong.



- **Revenue: 8,587 million yen. Despite a 26.8% drop year on year, the decline was smaller than in Q2.**
- **Results exceeded initial expectations.**

Performance by Division: Logistics Equipment

Revenue Trends



Consolidated Cumulative Third Quarter

- Though impacted by globally stagnant logistics amid Covid-19, logistics equipment showed steadiness as corporate activities slowly recovered.
- The delayed acceptance inspection for the large warehouse project took place in the third quarter as scheduled.

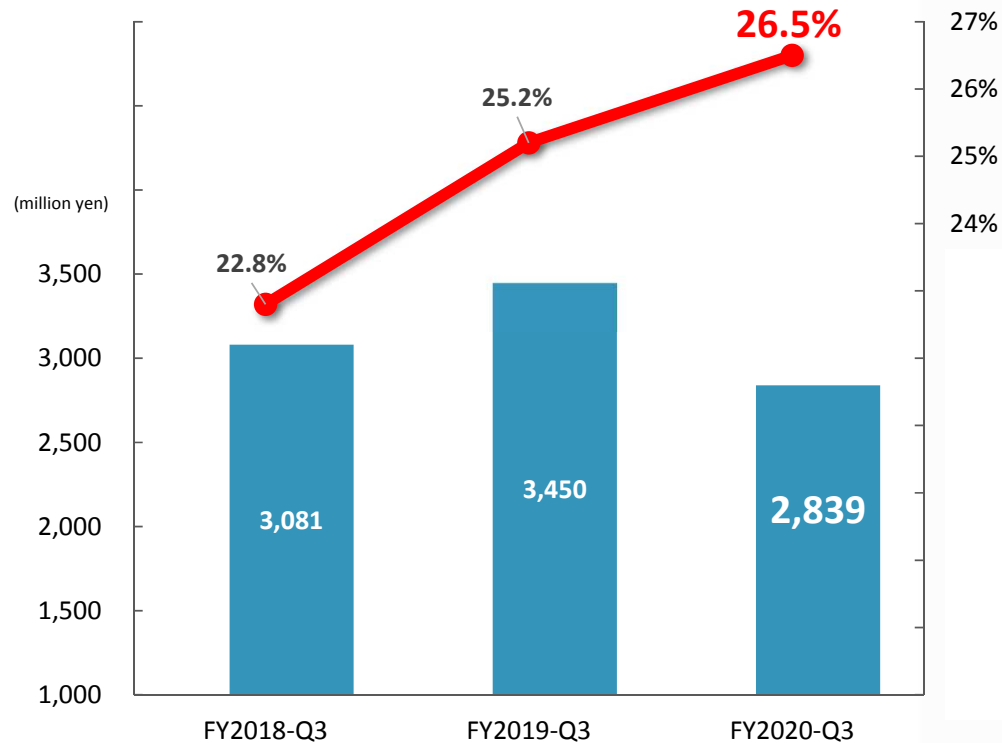


- **Revenue: 2,112 million yen; up 8.1% year on year.**
- **Results exceeded initial expectations.**

Gross Profit and Operating Profit

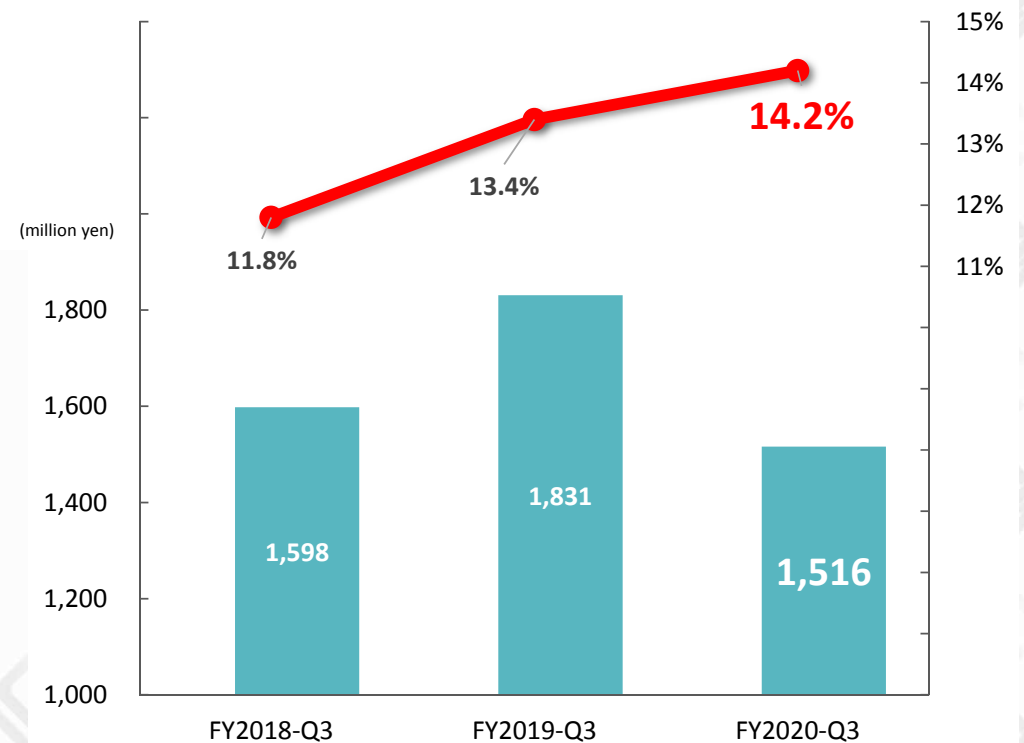
Gross Profit and Gross Profit Ratio

Gross profit declined due to a fall in revenue. However, steady demand for highly value-added products contributed to a rise in the profit ratio.



Operating Profit and Operating Profit Ratio

In addition to the improved gross profit ratio, our efforts to hold down every possible cost, including reduced officers' compensation and decreased fixed costs, resulted in an increase in operating profit.





Business Forecast for FY2020

SHINWA CO.,LTD.

Business Forecast Revisions (Disclosed February 12, 2021)

- In the scaffolding equipment division, demand for highly value-added products, such as safety measures equipment, was higher than expected.
- Continuously working to reduce costs and minimize expenses through all possible means, including reviewing new investment projects.
- Dividends were increased in line with upward adjustment in profit.

(IFRS-based; million yen)

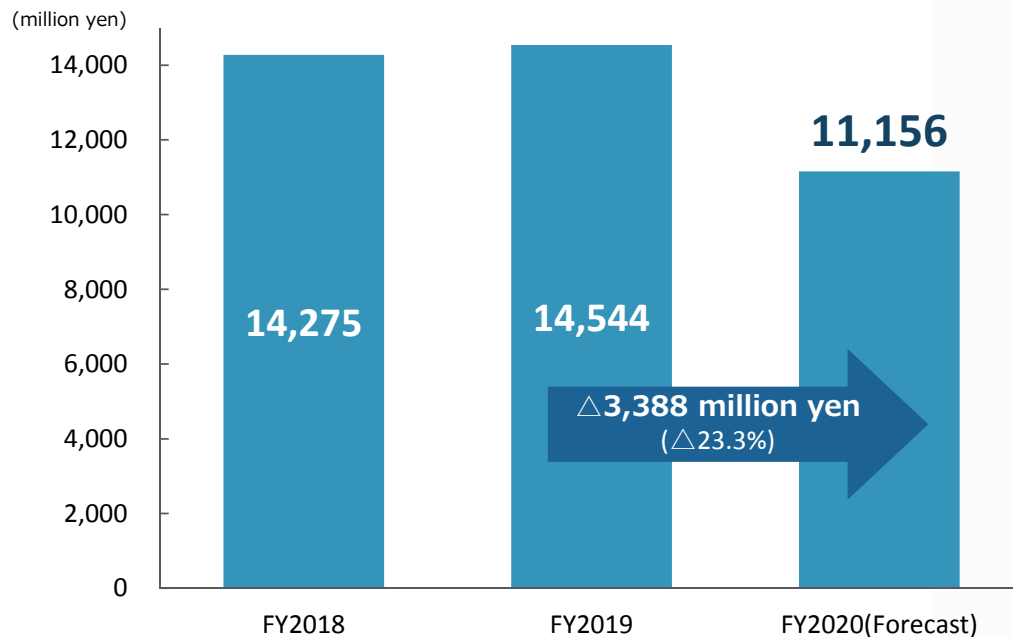
	FY2020 Latest Forecast	FY2020 Revised Forecast	Increase/ Decrease	Year-on-Year Rate
Revenue	13,900	13,900	—	—
Operating Profit	1,550	1,741	+191	+12.3%
Profit before tax	1,480	1,670	+190	+12.8%
Profit Attributable to Owners of Parent Company	1,000	1,150	+150	+15.0%
Basic Earnings per Share (Yen)	70.98	81.62	+10.64	+15.0%
Dividend per Share (Yen)	29.0	33.0	+4.0	

Business Forecast: Scaffolding Equipment

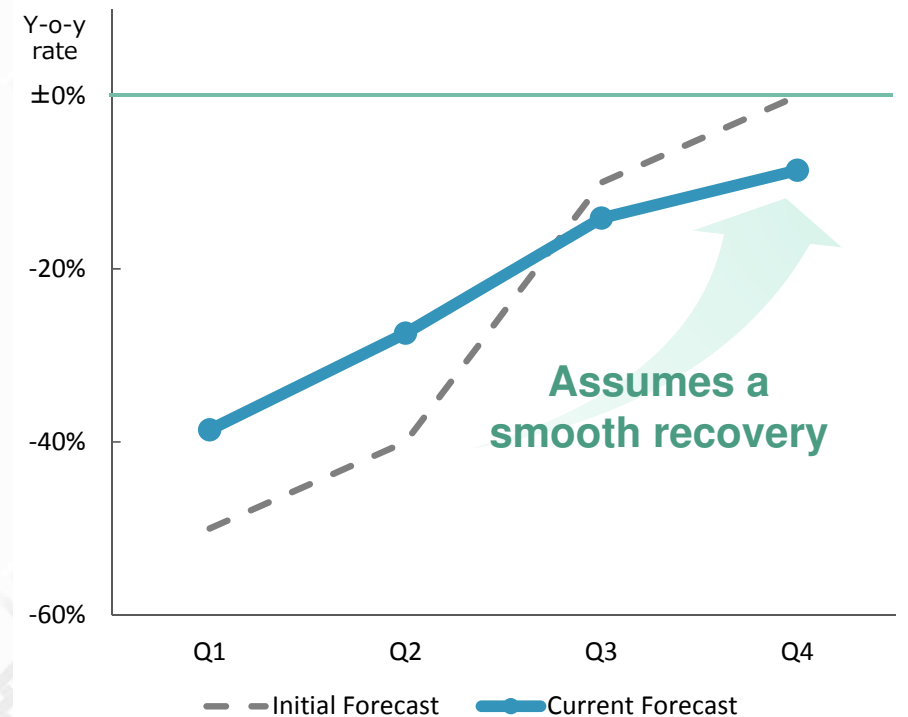
Although the state of emergency was declared in February 2021, no significant delay or hiatus is assumed for construction work. Meanwhile, as investment in equipment will remain cautious, demand is projected to recover at a slow pace.

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



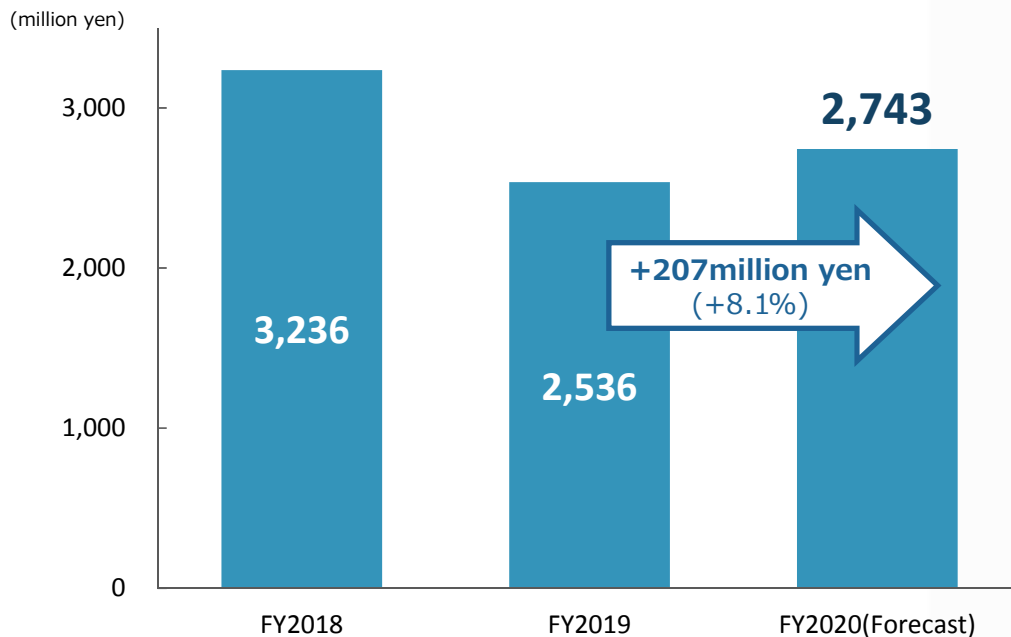
Business Forecast: Logistics Equipment

With the recovery of amount of logistics both in and out of Japan, investments in logistics equipment is assumed to be gradually normalized.

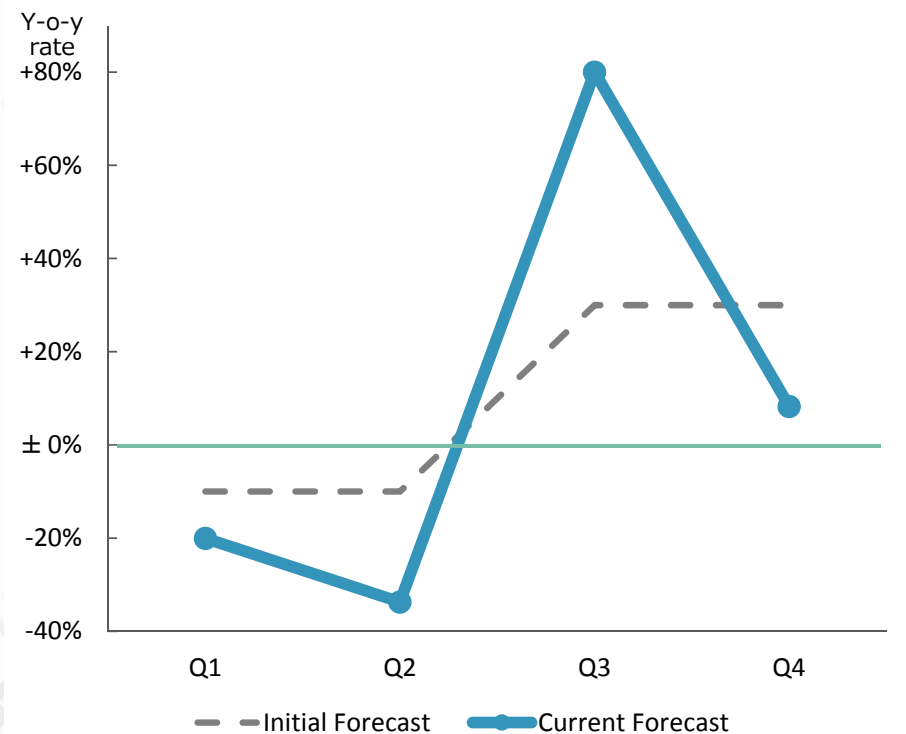
Recently, large-scale orders have been steadily received.

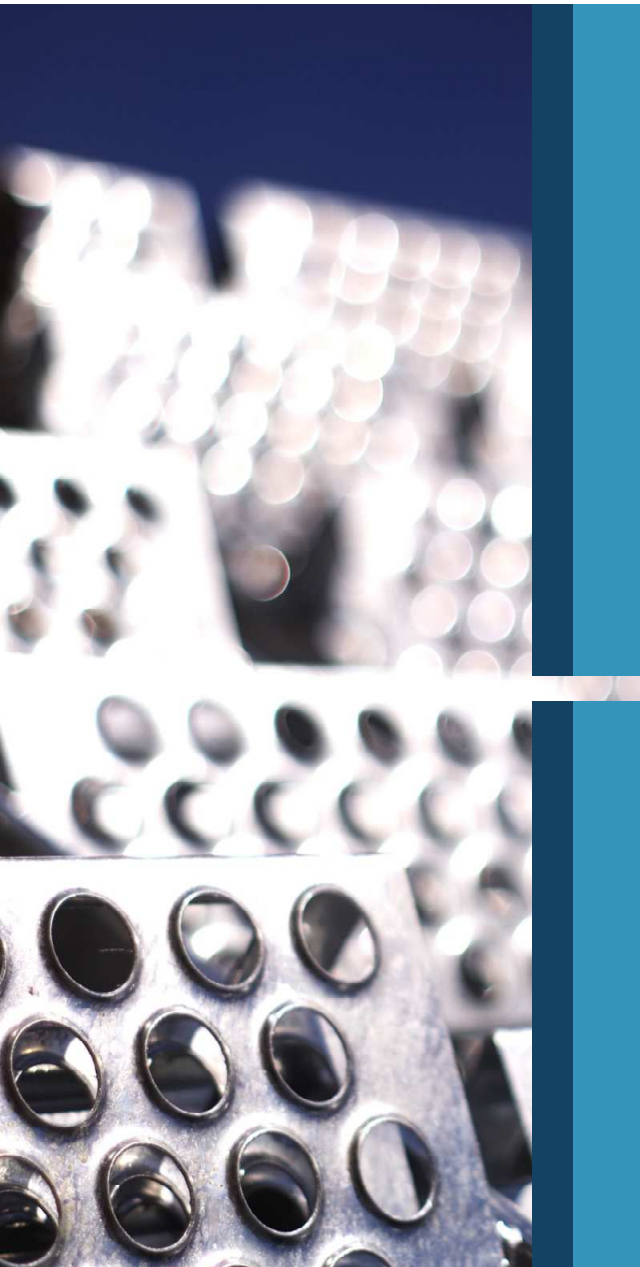
Revenue for the full business year is forecasted to be 2,743 million yen (up 8.1% year on year).

Revenue Forecast



Year-on-Year Comparison of Revenue



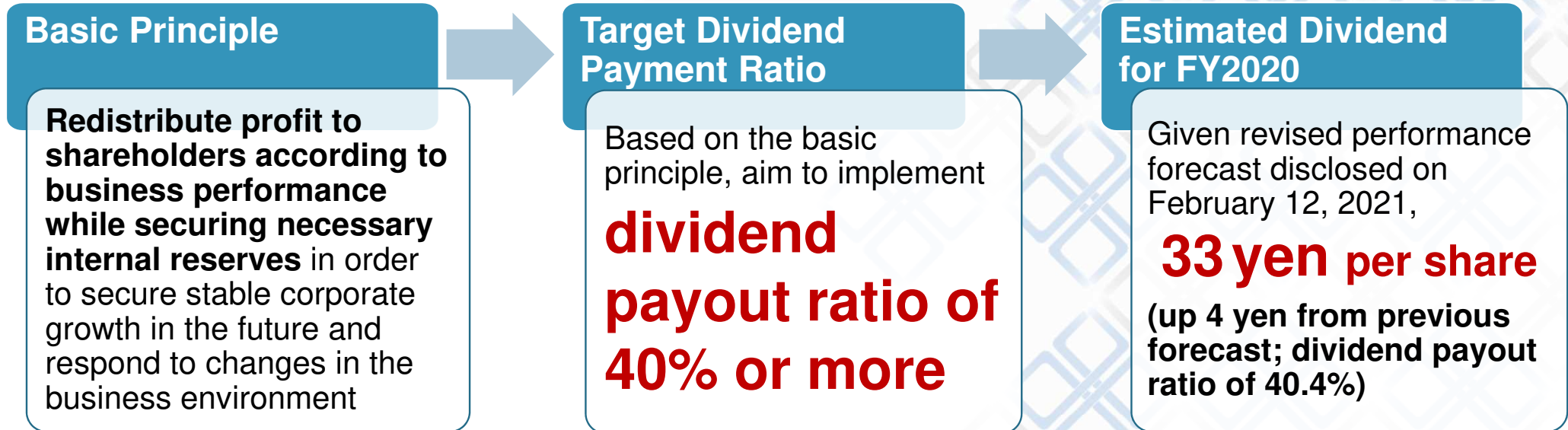


Return to Shareholders

SHINWA CO.,LTD.

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

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.

The information concerning companies other than our company contained in this document is all extracted from publicly available sources; we have not verified the accuracy, adequacy, etc. of such information, and we do not guarantee the accuracy, adequacy, thereof, either.

<Contact Information>

Shinwa Co., Ltd.
Corporate Planning Dept.

Address : 30-7 Hiratacho Bushigawa, Kaizu-shi,
Gifu Pref.
TEL : 0584-66-4436
E-mail : IR@shinwa-jp.com
Persons in charge : Niwa · Aoki