

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)								
FY03/2020		17,081	2,210	2,139	1,467	104.85	44.00	975.26
FY03/2021		13,885	1,853	1,784	1,231	87.42	35.00	1,019.59
FY03/2022CoE		15,000	1,700	1,629	1,128	80.00	32.00	-
FY03/2021	YoY	(18.7%)	(16.2%)	(16.6%)	(16.0%)	-	-	-
FY03/2022CoE	YoY	8.0%	(8.3%)	(8.7%)	(8.4%)	-	-	-
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 FY03/2021		6,381	745	711	483	-	-	-
Q3 to Q4 FY03/2021		7,504	1,107	1,072	748	-	-	-
Q1 to Q2 FY03/2022CoE		7,182	799	763	521	-	-	-
Q3 to Q4 FY03/2022CoE		7,818	901	866	607	-	-	-
Q1 to Q2 FY03/2022CoE	YoY	12.5%	7.2%	7.2%	7.7%	-	-	-
Q3 to Q4 FY03/2022CoE	YoY	4.2%	(18.7%)	(19.2%)	(18.9%)	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (5 July 2021)


Low-rise to Superhigh-rise

Shinwa, mainly manufacturing and selling system scaffoldings, advocates to have come to a stage to be involved with products comprehensively for buildings low-rise to superhigh-rise, claiming that it runs the foremost production & distribution system in the industry. Meanwhile, the Company is planning to raise its growth potential from a long-term perspective by promoting such strengths. In the short-term performance, the contribution from business development in China is expected to be limited, while the hiking of steel prices are starting to give negative impacts following on those of COVID-19. Consequently, the Company's short-term earnings are likely to continue being under pressure. However, demand for system scaffoldings appears to be on a steady recovery trend, while the hiking of steel prices will be gradually passed on to unit selling prices of system scaffoldings and other products. It is the Company's business model to pursue the creation of added value resulting from its operations to supply metalworking products represented by system scaffoldings by means of plating and processing procured steel materials, while the Company suggests that procurement cost of steel materials accounts for roughly half of cost of goods manufactured. In light of this, it should be the case that prospective gross profit margin for the Company hinges on how long it will take to fully pass on the hiking of steel prices to unit selling prices of own products. Meanwhile, the Company will benefit from business development in China in a few years, increasing revenue on the Scaffolding Equipment side mainly comprising system scaffoldings by some 20% as far as we could see.

IR Representative: Hiromichi Aoki, Corporate Planning Dept. (81-(0)584-66-4436 / ir@shinwa-jp.com)

2.0 Company Profile

The Leader of Scaffolding Technology

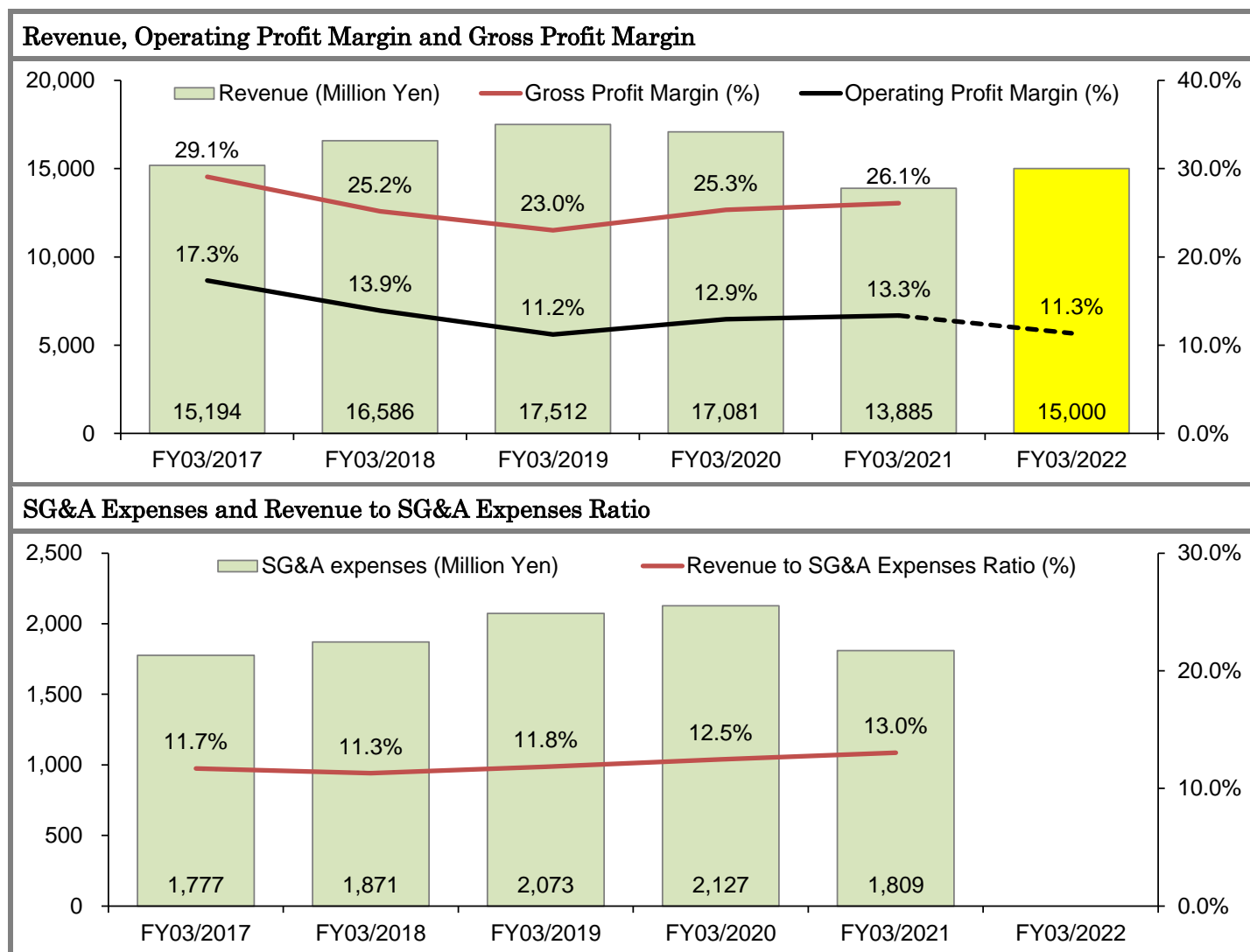
Company Name	Shinwa Co., Ltd. Company Website IR Information Share price (Japanese)	
Established	11 August 2014	
Listing	20 March 2019: Tokyo and Nagoya Stock Exchange 1st section (ticker: 3447) 21 June 2018: Nagoya Stock Exchange 2nd section 20 March 2018: Tokyo Stock Exchange 2nd section	
Capital	¥153m (as of the end of March 2021)	
No. of Shares	14,103,000 shares (as of the end of March 2021)	
Main Features	<ul style="list-style-type: none"> ● Boosting up security of footing for Japan's construction industry ● Advocating to rank first in the market for system scaffoldings in Japan ● First-class production capability in Japan with high readiness and quality 	
Segment	I . Manufacture and Sale of Scaffolding Equipment and Logistics Equipment	
Representatives	Chairperson and Representative Director: Hiroshi Yamada President and Representative Director: Kurio Noritake	
Shareholders	Master Trust Bank of Japan, T. 7.24%, Custody Bank of Japan, T. 6.56%, Alinco Inc. 4.88%, Hanwa Co. 4.88%, BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) 4.44% (as of the end of March 2021)	
Head Office	Kaizu-city, Gifu-prefecture, JAPAN	
No. of Employees	Consolidated: 175 (as of the end of March 2021)	

Source: Company Data

3.0 Recent Trading and Prospects

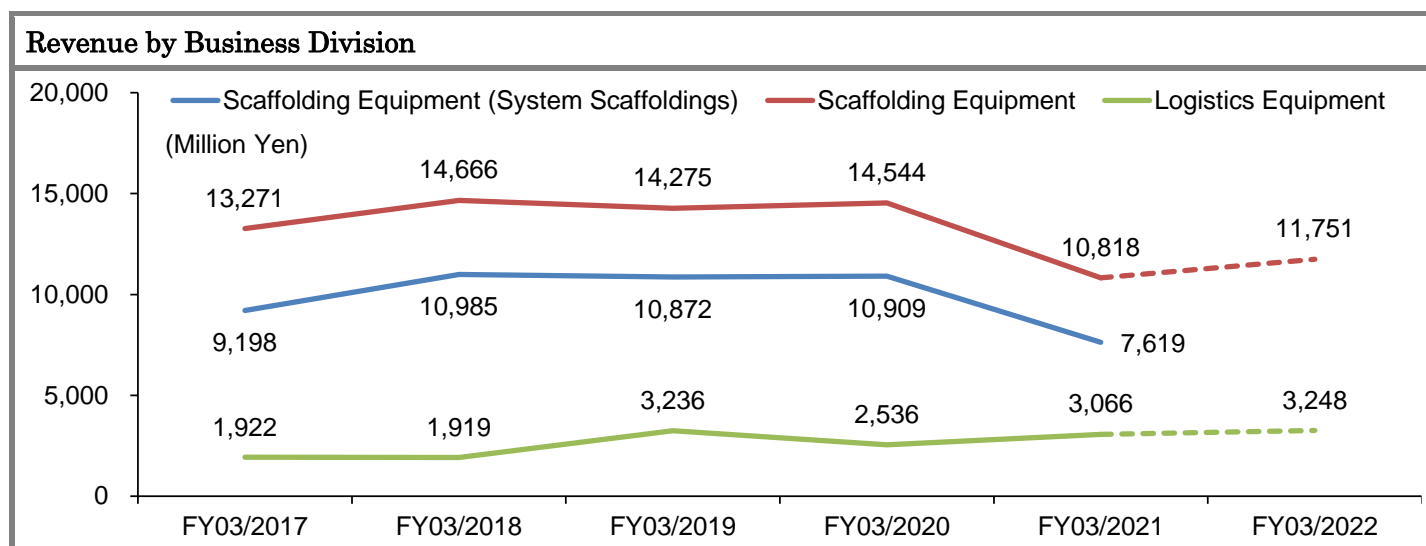
FY03/2021

For FY03/2021, revenue came in at ¥13,885m (down 18.7% YoY), operating profit ¥1,853m (down 16.2%), profit before tax ¥1,784m (down 16.6%) and profit attributable to owners of parent ¥1,231m (down 16.0%), while operating profit margin 13.3% (up 0.4% points).



Source: Company Data, WRJ Calculation

According to the Company, demand for the Company's system scaffoldings and other products has been weak from the mainstay construction industry due to stagnation in society and economy in response to the impacts stemming from COVID-19. In other words, it is suggested that the Company inevitably suffered from weakness in its performance, given such severe business climate. Meanwhile, outlook for FY03/2022 remains uncertain due to the impacts stemming from COVID-19, but the Company says that "we forecast construction work on its own will make a steady progress" and thus FY03/2022 Company forecasts (announced on 13 May 2021) are going for prospective revenue of ¥15,000m (up 8.0% YoY), but operating profit of ¥1,700m (down 8.3%) and operating profit margin of 11.3% (down 2.0% points) due mainly to the hiking of steel prices.



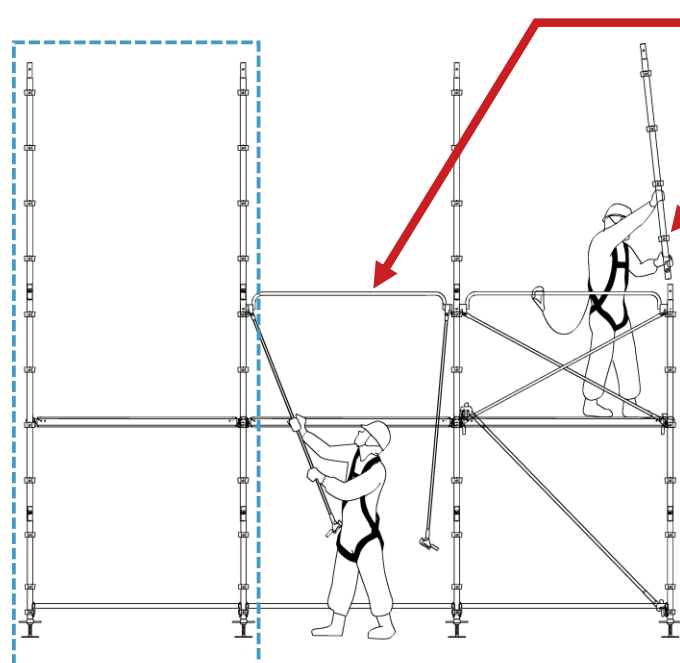
Source: Company Data, WRJ Calculation

On the Scaffolding Equipment side, revenue came in at ¥10,818m (down 25.6%), stemming from manufacture and sale of scaffolding equipment mainly used at construction sites. This business division accounted for 77.9% of revenue as a whole for the Company, comprising 41.9% of wedge binding type scaffoldings, 13.0% of next generation scaffoldings and 23.0% of other scaffolding equipment. By the way, “system scaffoldings” is a generic term for wedge binding type scaffoldings and next generation scaffoldings and they collectively accounted for 54.9% of revenue. For other scaffolding equipment, it appears that materials of conventional framed scaffoldings account for some 70% out of revenue in this category and the remaining some 30% being accounted for by construction work and rental services of scaffoldings.

For FY03/2021, the Company saw revenue declined due to factors such as the suspension and/or postponement of construction work and the postponement of new construction projects given the impacts of the Declaration on Emergencies following the spread of COVID-19. However, safety measures equipment carrying high added value and thus high gross profit margin saw sharply increased ratio to revenue in this business division, having realized gross profit margin improved as a whole for the Company. For the sake of implementing so-called Handrail Presetting Scaffolding Work to eliminate falls from scaffoldings, the Company suggests that safety measures equipment comprising Leading Handrails and Baseboards are indispensable, while they have accounted for no less than collective 25% in revenue of wedge binding type scaffoldings and the Company holds market share of 40% or more for safety measures equipment in Japan, when just roughly speaking. For example, the use of safety measures equipment is becoming absolutely imperative for public work for which securing safety is remarkably emphasized and such demand is expected to remain firm for the future. This is one of the factors behind FY03/2022 Company forecasts going for prospective revenue of ¥11,751m (up 8.6%) on the Scaffolding Equipment side.

The Company is actively promoting adoptions of Handrail Presetting Scaffolding Work in light of the fact that many of fatalities from disasters at construction sites are accounted for by falls from scaffoldings. According to Japan Construction Occupational Safety and Health Association, the construction industry saw the number of fatalities as many as 309 in CY2018, of which falls from scaffoldings accounted for 136 (44.0%), including falls of equipment on top of utility workers themselves. For Leading Handrails, they are “preset” to prevent falls of utility workers, while Baseboards are installed for securing safety of their footing to prevent falls of themselves and equipment.

Handrails of Handrail Presetting Scaffolding Work



1. Install Handrails **first, from the bottom**

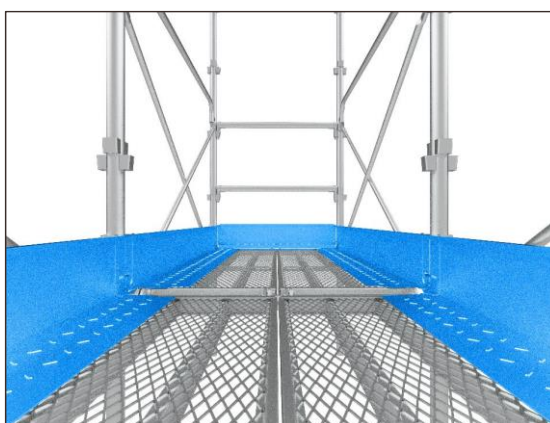
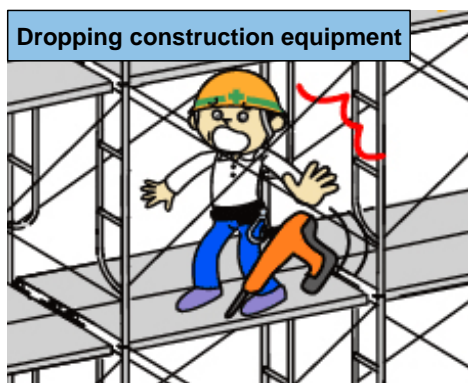
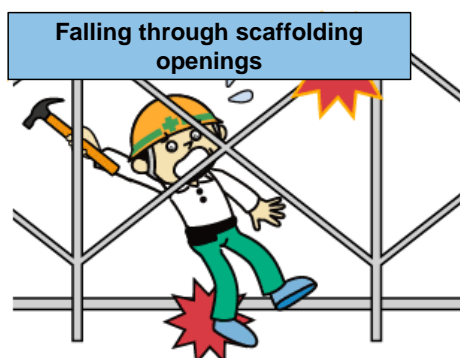


2. After climbing up, **there are already Handrails**



- A safety harness (fall prevention equipment) can be attached
- Strength of the upper levels is increased, and stability is improved
- Noticeably higher sense of security in the mentality of the workers

Baseboards of Handrail Presetting Scaffolding Work



Merits to installing Baseboards

- ✓ Prevents workers from falling
- ✓ Prevents equipment from accidentally being dropped
- ✓ Reduces workers' psychological worries

Meanwhile, on the Logistics Equipment side, revenue came in at ¥3,066m (up 20.9%), stemming from manufacture and sale of custom-made logistics equipment such as storage racks and pallets to provide solutions for storing, housing and conveying goods mainly at factories, distribution warehousing and construction sites, having accounted for 22.1% of revenue as a whole for the Company as a business division. For FY03/2021, despite the global logistics stagnation caused by the impacts stemming from COVID-19, there was a recovery of corporate activities mainly in automobiles and semiconductors by industry, having driven demand for the Company's products. Another driver was that revenue of storage racks increased favorably, following the acquisition of new project in the warehousing domain. On top of this, the Company also spots that demand for liquid bulk containers is trending strongly, suggesting a similar trend to persist for FY03/2022.

FY03/2022 Company forecasts are going for prospective revenue of ¥3,248m (up 5.9%) on the Logistics Equipment side. It appears that the Company is looking to a further growth in warehousing domain in particular. E-Commerce Market Survey by METI (Ministry of Economy, Trade and Industry) suggests that the e-commerce market in Japan continues to expand strongly, while Current Survey on Orders Received for Construction Work (of the largest 50 companies) by MLIT (Ministry of Land, Infrastructure, Transport and Tourism) suggests that orders received for construction work associated with distribution warehousing and facilities continue to show upward trends. According to the Company, the former is driving the latter, while the Company is heavily involved with products and their installation and other issues, suggesting that it will continue benefiting from ongoing favorable increase in demand.

As a whole for the Company, meanwhile, gross profit came in at ¥3,621m (down 16.3%) and SG&A expenses ¥1,809m (down 15.0%), implying gross profit margin of 26.1% (up 0.8% points) and revenue to SG&A expenses ratio of 13.0% (up 0.6% points). On the Logistics Equipment side, the Company suggests that gross profit has increased as revenue increased, but it was not substantial enough to compensate for decreased gross profit on the Scaffolding Equipment side where the Company saw a large exposure in terms of revenue and revenue declined sharply. More importantly, however, the Company saw a major improvement in gross profit margin due to increased adoption rate of safety measures equipment on the Scaffolding Equipment side, having resulted in an improvement in gross profit margin as a whole for the Company. With respect to decrease in SG&A expenses, the Company cites a factor of having thoroughly cut back on fixed costs, including executive compensation. SG&A expenses declined by ¥318m over the previous year, of which ¥98m was related to personnel expenses and ¥219m to general expenses.

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
FY03/2021CoE	12-Feb-21	Q3 Results	13,900	1,741	1,670	1,150
		Amount of Gap	0	191	190	150
		Rate of Gap	0.0%	12.3%	12.8%	15.0%
FY03/2021Act	13-May-21	Q4 Results	13,885	1,853	1,784	1,231
		Amount of Gap	(15)	112	114	81
		Rate of Gap	(0.1%)	6.4%	6.8%	7.0%
FY03/2021CoE	15-May-20	Q4 Results	13,900	1,230	1,158	797
FY03/2021Act	13-May-21	Q4 Results	13,885	1,853	1,784	1,231
		Amount of Gap	(15)	623	626	434
		Rate of Gap	(0.1%)	50.7%	54.1%	54.5%
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
Q3 to Q4 FY03/2021CoE	12-Feb-21	Q3 Results	7,519	996	959	667
		Amount of Gap	0	191	190	150
		Rate of Gap	0.0%	23.7%	24.7%	29.0%
Q3 to Q4 FY03/2021Act	13-May-21	Q4 Results	7,504	1,108	1,073	748
		Amount of Gap	(15)	112	114	81
		Rate of Gap	(0.2%)	11.2%	11.9%	12.1%
Q3 to Q4 FY03/2021CoE	15-May-20	Q4 Results	7,770	863	827	582
Q3 to Q4 FY03/2021Act	13-May-21	Q4 Results	7,504	1,108	1,073	748
		Amount of Gap	(266)	245	246	166
		Rate of Gap	(3.4%)	28.4%	29.7%	28.5%

Source: Company Data, WRJ Calculation

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	10,699	13,885	(3,195)
Cost of sales	3,283	7,063	10,238	12,751	2,089	4,761	7,860	10,263	(2,488)
Gross profit	1,030	2,307	3,450	4,329	667	1,620	2,839	3,621	(707)
SG&A expenses	555	1,084	1,619	2,127	474	908	1,357	1,809	(318)
Other income and expenses (net)	(0)	0	0	8	12	33	35	40	+32
Operating profit	474	1,222	1,831	2,210	205	745	1,516	1,853	(357)
Financial income and costs (net)	(17)	(35)	(53)	(70)	(16)	(33)	(50)	(68)	+1
Profit before tax	456	1,186	1,778	2,139	188	711	1,465	1,784	(355)
Income tax expenses	156	371	557	671	67	221	(449)	541	(130)
Profit	299	814	1,220	1,467	121	490	1,015	1,242	(224)
Profit attributable to owners of parent	299	814	1,220	1,467	121	483	1,003	1,231	(235)
Profit attributable to non-controlling interests	-	-	-	0	0	6	12	11	+10
Profit attributable to owners of parent	299	814	1,220	1,467	121	483	1,003	1,231	(235)
Revenue YoY	+5.2%	+8.7%	+1.2%	(2.5%)	(36.1%)	(31.9%)	(21.8%)	(18.7%)	-
Operating profit YoY	+8.7%	+21.7%	+14.6%	+12.5%	(56.7%)	(39.0%)	(17.2%)	(16.2%)	-
Profit before tax YoY	+8.5%	+21.8%	+14.5%	+12.9%	(58.7%)	(40.0%)	(17.6%)	(16.6%)	-
Profit YoY	+14.6%	+29.9%	+21.4%	+10.2%	(59.6%)	(39.8%)	(16.8%)	(15.3%)	-
Profit attributable to owners of parent YoY	+14.6%	+29.9%	+21.4%	+10.2%	(59.6%)	(40.6%)	(17.8%)	(16.0%)	-
Gross profit margin	23.9%	24.6%	25.2%	25.3%	24.2%	25.4%	26.5%	26.1%	+0.8%
Revenue to SG&A expenses ratio	12.9%	11.6%	11.8%	12.5%	17.2%	14.2%	12.7%	13.0%	+0.6%
Operating profit margin	11.0%	13.0%	13.4%	12.9%	7.4%	11.7%	14.2%	13.3%	+0.4%
Profit before tax margin	10.6%	12.7%	13.0%	12.5%	6.8%	11.2%	13.7%	12.8%	+0.3%
Profit margin	7.0%	8.7%	8.9%	8.6%	4.4%	7.7%	9.5%	9.0%	+0.4%
Profit attributable to owners of parent margin	7.0%	8.7%	8.9%	8.6%	4.4%	7.6%	9.4%	8.9%	+0.3%
Income tax expenses / Profit before tax	34.3%	31.3%	31.3%	31.4%	35.6%	31.1%	(30.7%)	30.3%	(1.1%)
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	4,318	3,185	(206)
Cost of sales	3,283	3,780	3,174	2,513	2,089	2,671	3,098	2,403	(110)
Gross profit	1,030	1,277	1,143	879	667	953	1,219	782	(96)
SG&A expenses	555	529	534	508	474	433	449	451	(56)
Other income and expenses (net)	(0)	0	0	7	12	20	1	5	(2)
Operating profit	474	748	609	378	205	540	771	336	(42)
Financial income and costs (net)	(17)	(18)	(17)	(17)	(16)	(16)	(17)	(17)	(0)
Profit before tax	456	730	591	360	188	523	753	318	(42)
Income tax expenses	156	215	185	114	67	154	(671)	991	+877
Profit	299	514	406	246	121	369	525	226	(19)
Profit attributable to owners of parent	299	514	406	246	121	362	520	228	(18)
Profit attributable to non-controlling interests	-	-	-	0	0	6	5	(1)	(1)
Profit attributable to owners of parent	299	514	406	246	121	362	520	228	(18)
Revenue YoY	+5.2%	+11.8%	(11.8%)	(15.0%)	(36.1%)	(28.3%)	+0.0%	(6.1%)	-
Operating profit YoY	+8.7%	+31.7%	+2.5%	+3.6%	(56.7%)	(27.8%)	+26.6%	(11.1%)	-
Profit before tax YoY	+8.5%	+31.9%	+2.3%	+5.6%	(58.7%)	(28.3%)	+27.4%	(11.8%)	-
Profit YoY	+14.6%	+40.8%	+7.4%	(24.3%)	(59.6%)	(28.3%)	+29.4%	(8.0%)	-
Profit attributable to owners of parent YoY	+14.6%	+40.8%	+7.4%	(24.4%)	(59.6%)	(29.6%)	+28.0%	(7.4%)	-
Gross profit margin	23.9%	25.3%	26.5%	25.9%	24.2%	26.3%	28.2%	24.6%	(1.4%)
Revenue to SG&A expenses ratio	12.9%	10.5%	12.4%	15.0%	17.2%	12.0%	10.4%	14.2%	(0.8%)
Operating profit margin	11.0%	14.8%	14.1%	11.2%	7.4%	14.9%	17.9%	10.6%	(0.6%)
Profit before tax margin	10.6%	14.4%	13.7%	10.6%	6.8%	14.4%	17.5%	10.0%	(0.6%)
Profit margin	7.0%	10.2%	9.4%	7.3%	4.4%	10.2%	12.2%	7.1%	(0.1%)
Profit attributable to owners of parent margin	7.0%	10.2%	9.4%	7.3%	4.4%	10.0%	12.0%	7.2%	(0.1%)
Income tax expenses / Profit before tax	34.3%	29.5%	31.4%	31.6%	35.6%	29.5%	(89.0%)	311.5%	+279.9%

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	
	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	8,587	10,818	(3,726)
Logistics Equipment	583	1,305	1,954	2,536	466	945	2,112	3,066	+530
Revenue	4,313	9,370	13,688	17,081	2,756	6,381	10,699	13,885	(3,195)
Scaffolding Equipment	+19.1%	+15.6%	+6.9%	+1.9%	(38.6%)	(32.6%)	(26.8%)	(25.6%)	-
Logistics Equipment	(39.7%)	(20.9%)	(23.1%)	(21.6%)	(20.1%)	(27.6%)	+8.1%	+20.9%	-
Revenue (YoY)	+5.2%	+8.7%	+1.2%	(2.5%)	(36.1%)	(31.9%)	(21.8%)	(18.7%)	-
Scaffolding Equipment	86.5%	86.1%	85.7%	85.2%	83.1%	85.2%	80.3%	77.9%	-
Logistics Equipment	13.5%	13.9%	14.3%	14.8%	16.9%	14.8%	19.7%	22.1%	-
Revenue (Composition Ratio)	100.0%	100.0%	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	
	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	3,151	2,231	(578)
Logistics Equipment	583	722	648	582	466	479	1,167	954	+371
Revenue	4,313	5,057	4,318	3,392	2,756	3,624	4,318	3,185	(206)
Scaffolding Equipment	+19.1%	+12.8%	(8.4%)	(14.7%)	(38.6%)	(27.4%)	(14.1%)	(20.6%)	-
Logistics Equipment	(39.7%)	+5.8%	(27.2%)	(16.2%)	(20.1%)	(33.7%)	+80.0%	+63.9%	-
Revenue (YoY)	+5.2%	+11.8%	(11.8%)	(15.0%)	(36.1%)	(28.3%)	+0.0%	(6.1%)	-
Scaffolding Equipment	86.5%	85.7%	85.0%	82.8%	83.1%	86.8%	73.0%	70.0%	-
Logistics Equipment	13.5%	14.3%	15.0%	17.2%	16.9%	13.2%	27.0%	30.0%	-
Revenue (Composition Ratio)	100.0%	100.0%	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	4,440	4,738	+1,617
Trade and other receivables	3,634	4,000	3,279	2,777	2,351	2,885	2,935	3,006	+228
Inventories	2,675	2,429	2,854	2,405	2,142	2,176	1,777	1,483	(922)
Other	75	24	20	42	81	31	33	62	+20
Total current assets	8,004	8,318	8,410	8,345	7,649	8,376	9,186	9,290	+945
Property, plant and equipment	2,331	2,338	2,346	2,370	2,269	2,139	2,077	2,054	(316)
Right-of-use assets	371	369	344	353	381	365	359	380	+27
Goodwill	9,221	9,221	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	1,246	1,237	(20)
Other	121	109	79	71	69	68	68	51	(19)
Total non-current assets	13,315	13,306	13,253	13,274	13,194	13,043	12,973	12,945	(328)
Total assets	21,320	21,625	21,664	21,620	20,844	21,420	22,159	22,236	+616
Trade and other payables	1,370	1,178	953	739	699	1,089	882	803	+63
Borrowings	494	494	495	495	495	530	585	581	+85
Other	543	794	639	783	499	527	879	1,044	+260
Total current liabilities	2,409	2,468	2,088	2,018	1,695	2,146	2,347	2,428	+410
Borrowings	5,689	5,444	5,448	5,202	5,206	4,960	4,963	4,717	(485)
Other	663	640	634	611	639	638	646	647	+35
Total non-current liabilities	6,353	6,085	6,082	5,814	5,845	5,598	5,609	5,364	(449)
Total liabilities	8,762	8,553	8,170	7,832	7,540	7,745	7,957	7,793	(38)
Total equity attributable to owners of parent	12,557	13,071	13,493	13,740	13,255	13,619	14,140	14,379	+638
Other	-	-	-	47	47	54	61	63	+16
Total equity	12,557	13,071	13,493	13,788	13,303	13,674	14,202	14,443	+655
Total liabilities and equity	21,320	21,625	21,664	21,620	20,844	21,420	22,159	22,236	+616
Equity attributable to owners of parent	12,557	13,071	13,493	13,740	13,255	13,619	14,140	14,379	+639
Interest bearing debt	6,184	5,939	5,943	5,698	5,702	5,490	5,548	5,298	(399)
Net debt	4,565	4,075	3,688	2,577	2,628	2,207	1,108	560	(2,017)
Equity ratio	58.9%	60.4%	62.3%	63.6%	63.6%	63.6%	63.8%	64.7%	-
Net debt equity ratio	36.4%	31.2%	27.3%	18.8%	19.8%	16.2%	7.8%	3.9%	-
ROE (12 months)	11.3%	12.1%	11.9%	11.0%	10.0%	8.5%	9.0%	8.8%	-
ROA (12 months)	9.1%	9.8%	10.0%	10.0%	8.9%	7.7%	8.3%	8.1%	-
Days for inventory turnover	74	59	82	87	94	74	52	56	-
Quick ratio	218%	238%	265%	292%	320%	287%	314%	319%	-
Current ratio	332%	337%	403%	413%	451%	390%	391%	382%	-

Source: Company Data, WRJ Calculation

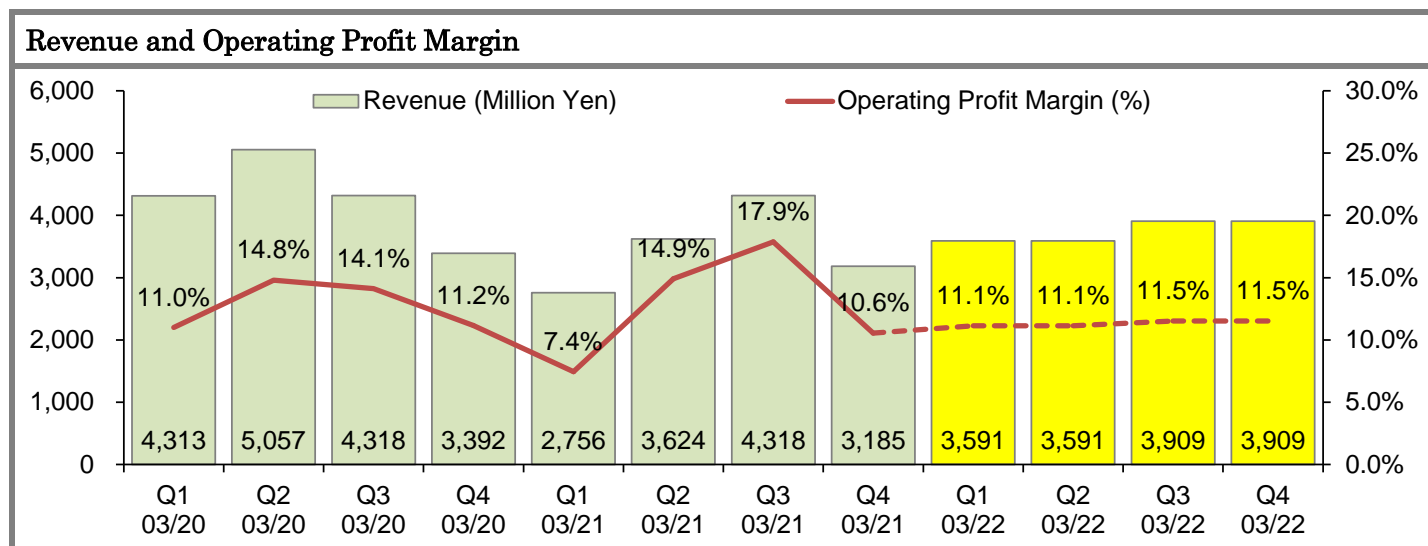
Statement of Cash Flows (Cumulative / Quarterly)

Statement of Cash Flows	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		
Cashflows from operating activities	587	1,228	1,791	3,121	593	1,058	2,256	2,892		(229)
Cashflows from Investing activities	(90)	(185)	(327)	(515)	(43)	(44)	(112)	(181)		+334
Cashflows from operating and investing activities	497	1,042	1,463	2,606	549	1,014	2,143	2,711		+105
Cashflows from financing activities	(621)	(921)	(951)	(1,227)	(595)	(853)	(827)	(1,104)		+123
Statement of Cash Flows	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021		
Cashflows from operating activities	587	640	562	1,330	593	465	1,197	635		(694)
Cashflows from Investing activities	(90)	(95)	(141)	(188)	(43)	(1)	(68)	(68)		+120
Cashflows from operating and investing activities	497	545	421	1,142	549	464	1,129	567		(574)
Cashflows from financing activities	(621)	(300)	(29)	(276)	(595)	(257)	26	(277)		(0)

Source: Company Data, WRJ Calculation

FY03/2022 Company Forecasts

FY03/2022 Company forecasts (announced on 13 May 2021) are going for prospective revenue of ¥15,000m (up 8.0% YoY), operating profit of ¥1,700m (down 8.3%), profit before tax of ¥1,629m (down 8.7%) and profit attributable to owners of parent of ¥1,128m (down 8.4%), while operating profit margin of 11.3% (down 2.0% points).



Source: Company Data, WRJ Calculation (quarters of FY03/2022: half-year Company forecasts, pro rata)

Company forecasts assume steady increase in sales, but it appears that gross profit will remain unchanged in absolute amount over the previous year, resulting in gross profit margin lowered to a corresponding extent. This is mainly attributable to the hiking of steel prices, which is to increase unit procurement prices of steel materials accounting for roughly half of cost of goods manufactured. Meanwhile, SG&A expenses, having had been curtailed substantially for FY03/2021, is now expected to increase, resulting in operating profit lowered to a corresponding extent.

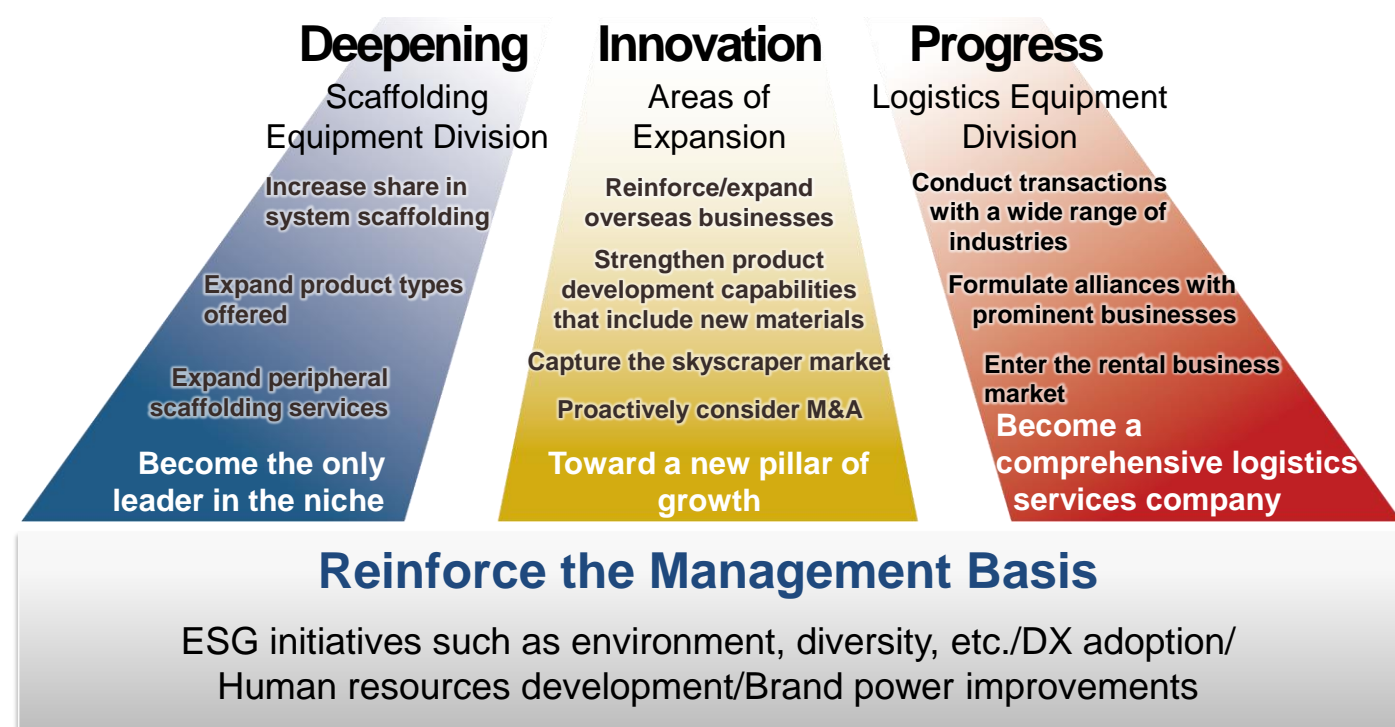
It is the Company's business model to pursue the creation of added value resulting from its operations to supply metalworking products represented by system scaffoldings by means of plating and processing procured steel materials, implying that it cannot be denied that changes in unit procurement cost of steel materials have a major impact to short-term earnings. More importantly, however, the Company is to gradually pass on the hiking of unit procurement prices to unit selling prices of own products. The hiking of steel prices, having been triggered by booming demand in China, is assumed to persist toward the end of the fiscal year with Company forecasts.

Meanwhile, Company forecasts are going for prospective annual dividend of ¥32.00, implying payout ratio of 40.0%, while the Company has implemented repurchase of shares (though 14 May 2021 to 28 May 2021) with an objective of flexibly executing capital policy to correspond to changes in management environment and returning earnings to shareholders, having completed repurchase of common shares as many as 380,000 (¥299m) through a market purchase on the Tokyo Stock Exchange. We estimate that the Company is to see total return ratio of $65.5\% = (\text{¥}32.00 \times 13.7\text{m shares} + \text{¥}299\text{m}) \div \text{¥}1,128\text{m}$ for FY03/2022.

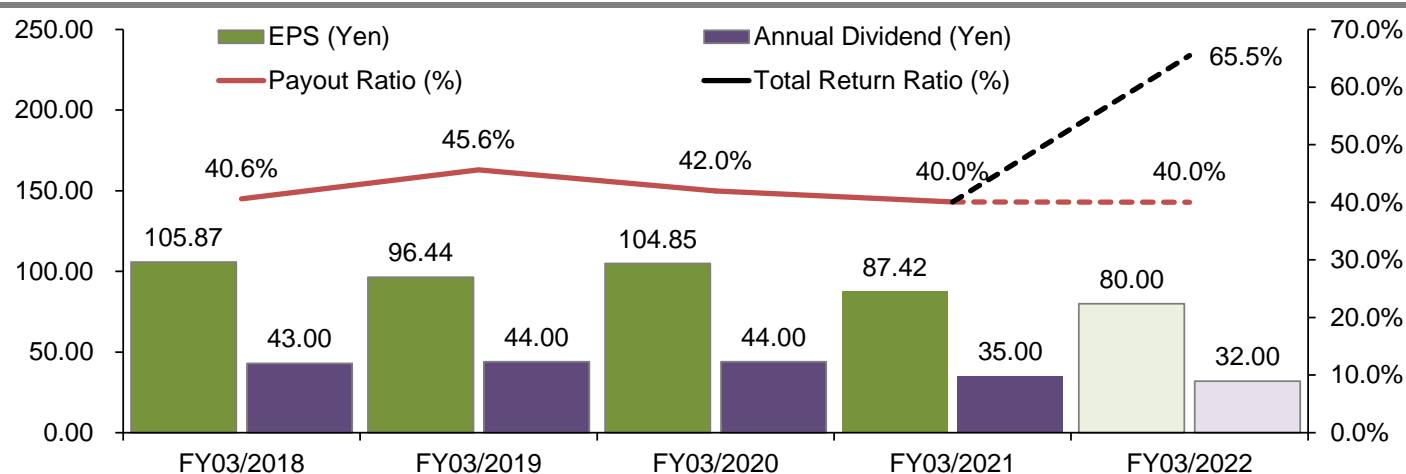
Long-Term Prospects

In Japan, demand for construction is expected to maintain the current level or gradually increase from a long-term perspective. Meanwhile, the Company advocates to beef up its genuine worth with the three “Visions”, i.e., Deepening, Innovation and Progress for the sake of realizing sustainable growth. On the Scaffolding Equipment side, which is currently the mainstay, the Company is set to actively take measures to maintain and strengthen its position as “sole niche leader”. The Company also plans to continue development on the Logistics Equipment side as the second business pillar by implementing measures in anticipation of the transition to comprehensive logistics services.

Beefing up the Genuine Worth of Shinwa with the Three “Visions” to Achieve Sustainable Growth



Annual Dividend, Payout Ratio and Total Return Ratio



Source: Company Data, WRJ Calculation

For the move “toward a new pillar of growth”, it appears that the Company is looking to business development in China a lot. The Company will benefit from business development in China in a few years, increasing revenue on the Scaffolding Equipment side mainly comprising system scaffoldings by some 20% as far as we could see. At the same time, it has been revealed that the Company will actively pay respect to shareholder return by means of paying dividend based on a target of achieving “payout ratio of 40% or more” from a long-term perspective. For FY03/2022, the Company has additionally implemented repurchase of shares and will see total return ratio of 65.5% as mentioned earlier.

According to the Company, new construction, maintenance and repair work related to public facilities (social infrastructures) is in the direction of gradual increase going forward. They have a strong aspect of having been intensively built during a rapid growth period and the need for repair work and/or rebuilding is increasing due to the aging most recently. Meanwhile, the Company also spots that housing stock stood at 53.61m in CY2018, of which 20.90m (39%) was of having been built before CY1990, implying that housing renovation market may surge going forward.

With respect to Guangdong Nisshin-Chuangfu Advanced Construction Materials Co., Ltd., which is a manufacturing subsidiary set up in China on 5 November 2019, the Company says that it has started up its operations to locally manufacture and sell system scaffoldings and other products since June 2020 after a difficulty to do so in response to the spread of COVID-19 for some time. This subsidiary is based in Foshan, Guangdong, which is a part of the Chinese government’s economic development and promotion area called Guangdong-Hong Kong-Macao Greater Bay Area, i.e., one of the top growing areas economically in China with a population of 67m and GDP of US\$1.3 trillion in CY2018.

Guangdong Nisshin-Chuangfu Advanced Construction Materials Co., Ltd. is represented by the Company’s president and representative director Kurio Noritake and is engaged in imports, manufacture and sale of scaffolding equipment. Out of registered capital of RMB25m (some ¥400m), the Company has funded 51.0%, while 34.0% by Guangdong Chuangfu Metal Products Co., Ltd. and 15.0% by Alconix Corporation. The former, funded by the latter by 35%, is a local manufacturer to process aluminum, mainly manufacturing and selling formworks to set concretes. Meanwhile, Alconix Corporation forms a trading house group that comprehensively handles distribution to manufacture of processed products with respect to raw materials for non-ferrous metal and the products, while having set up a useful overseas network through its development of local strongholds and investments in local business of manufacture and distribution across the board overseas, including China.

For Guangdong Nisshin-Chuangfu Advanced Construction Materials Co., Ltd., the Company develops operations as it has been doing in Japan, based on the Company's hitherto known mission to "protect valuable lives through our products and services", for the sake of creating new value. At construction sites in China, demand is growing for the Company's system scaffoldings due to the superiority in security and the Company intends to contribute to enhancing security at local construction sites by proactively responding to this demand. At the same time, the Company will efficiently develop the operations by means of utilizing the resources associated with manufacture and sale of Guangdong Chuangfu Metal Products Co., Ltd. and overseas network held by Alconix Corporation on top of own expertise associated with manufacture. Still, the impacts will be limited for FY03/2022, according to the Company.

4.0 Business Model

The Leader of Scaffolding Technology

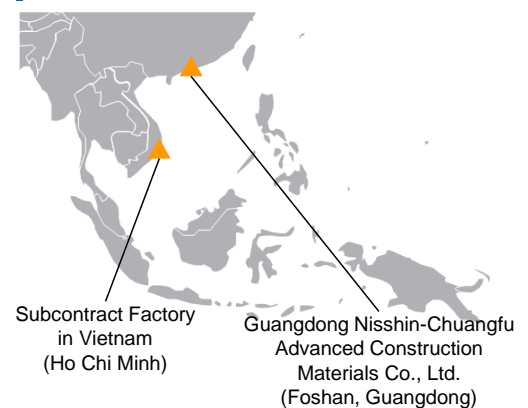
The Company manufactures and sells scaffolding equipment and logistics equipment through its 11 locations in Japan and two overseas. With respect to representative office in Philippines, established in June 2017, the Company closed it down in August 2020, given prolonged stagnation of local economy and deteriorated public security. In Japan, the Company has 6 sales offices and 5 equipment centers (including Tsuchikura Factory counted also as one production site in Japan), while two production sites overseas, i.e., subcontract factory in Vietnam (Ho Chi Minh) and Guangdong Nisshin-Chuangfu Advanced Construction Materials Co., Ltd., or a manufacturing subsidiary based in China (Foshan, Guangdong). 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 the products represented by scaffoldings manufactured here, the Company develops its business as the leader of scaffolding technology in Japan.

Development of Locations (11 in Japan and Two Overseas)

Locations in Japan



Locations Overseas

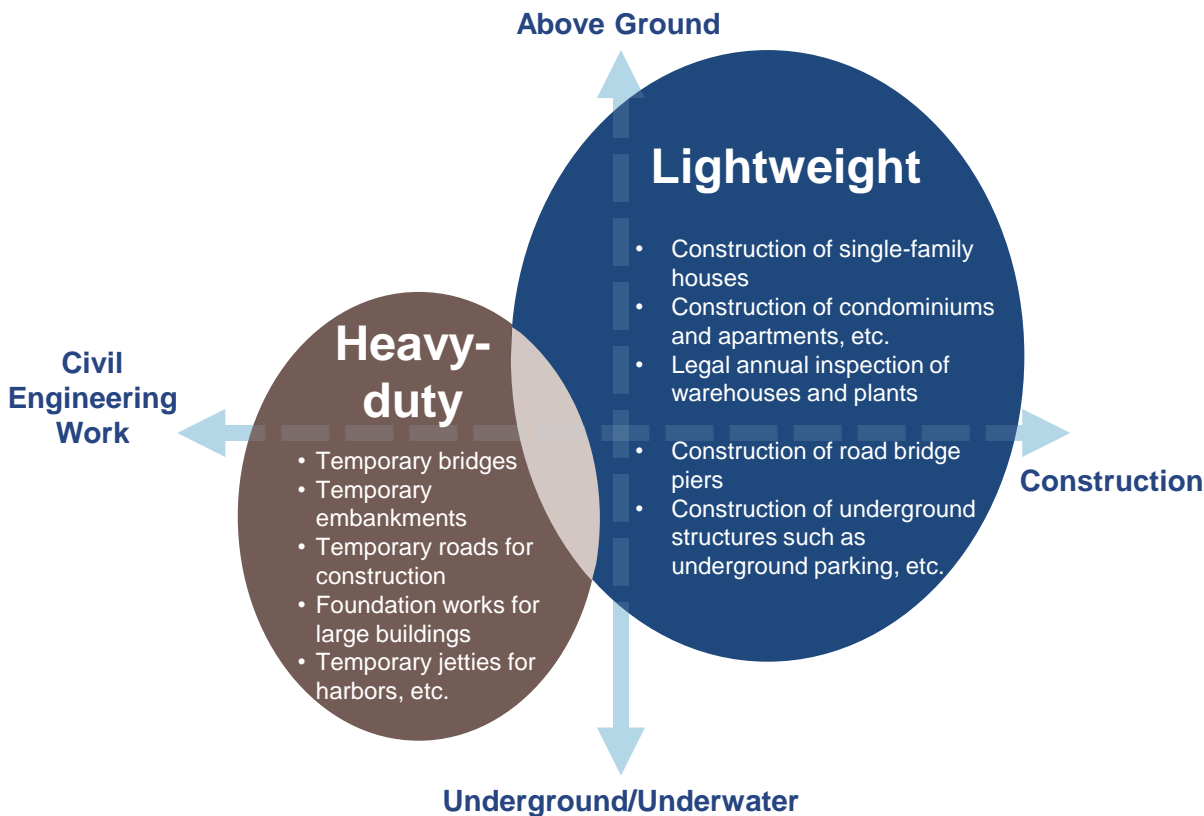


- Sales Offices
6 in Japan
- ▲ Equipment Centers
5 in Japan
- ▲ Production Sites
One in Japan, two overseas

Source: Company Data

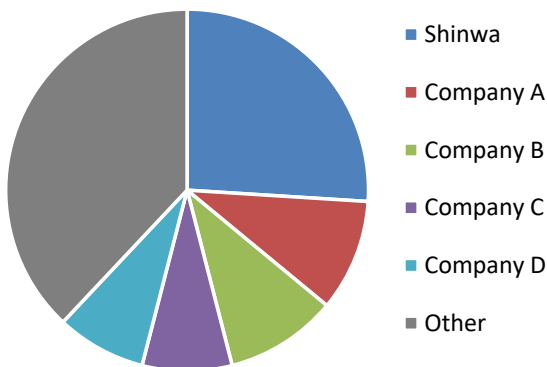
Scaffolding equipment refers to “ashiba” in Japanese, meaning “place where people can stand to be there” in any case, “place that forms the basis for doing things”, “standpoint” and “foundation”, generally speaking. Meanwhile, in the context of the Company's business, the term refers to a simple object 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 utility workers who perform construction in the sites place the foot on. While framed 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 are defined as “something indispensable at construction sites” by the Company.

Lightweight Scaffolding Equipment and Heavy-duty Scaffolding Equipment

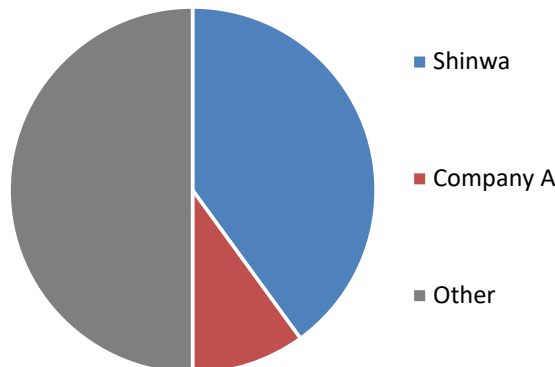


Market Share in Japan

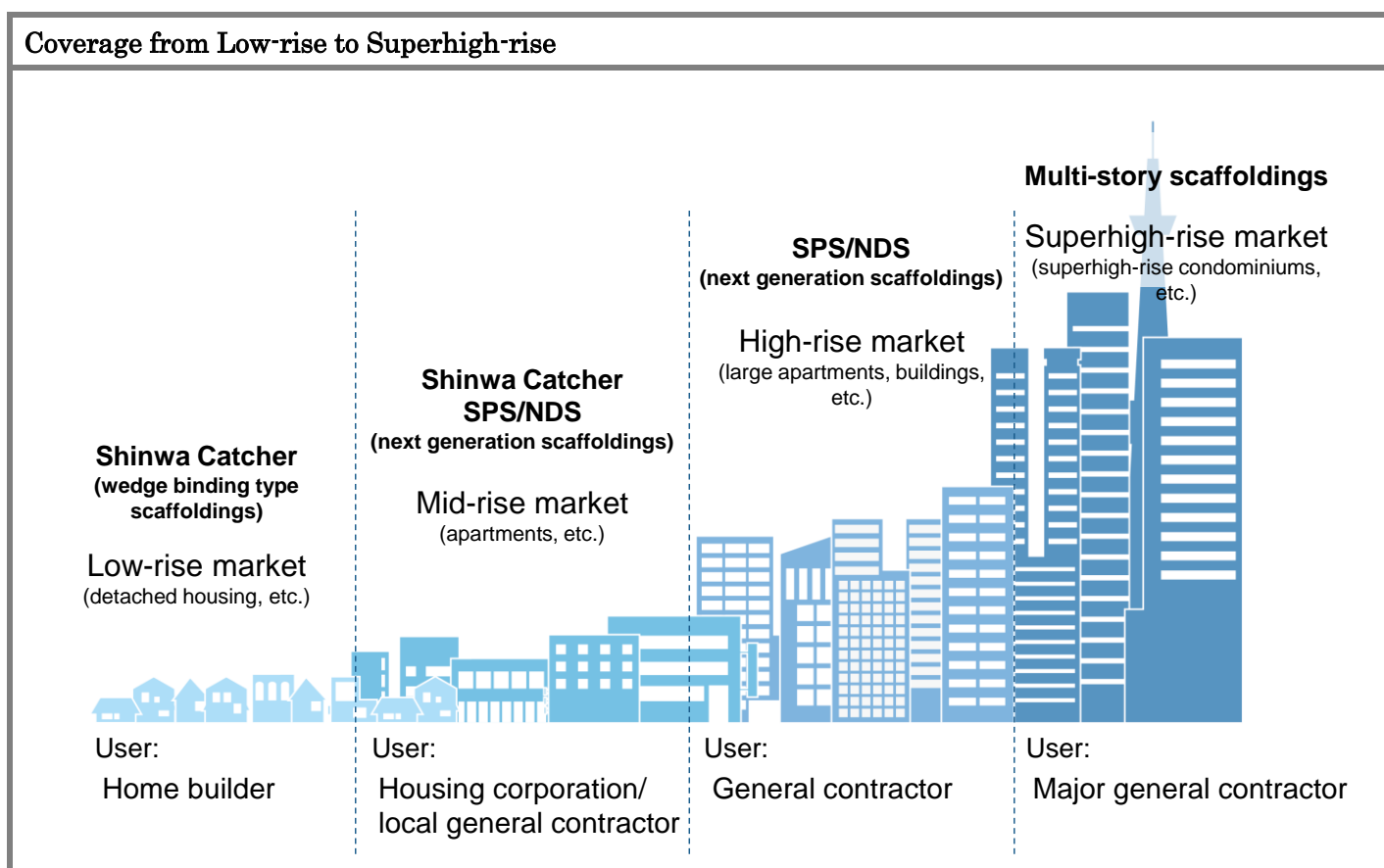
System Scaffoldings



System Scaffoldings (low-rise market)



Scaffolding equipment can be divided broadly into Lightweight Scaffolding Equipment and Heavy-duty Scaffolding Equipment. Lightweight Scaffolding Equipment is used for high-place work primarily in the construction of aboveground buildings comprising detached housing, condominiums and office buildings, being characterized by facts like that it is conveyed by human power and that it has a high degree of versatility. Meanwhile, Heavy-duty Scaffolding Equipment is used for underground work primarily of civil engineering and/or foundation construction associated with bridges and levees, being characterized by facts like that heavy machinery is indispensable for installation and that it has a high degree of specialness and expertness. In terms of market size, Lightweight Scaffolding Equipment is said to be significantly larger than Heavy-duty Scaffolding Equipment, while the Company is deeply involved with system scaffoldings that form the core of Lightweight Scaffolding Equipment. Now, based on its own survey (on a shipment value in CY2019), the Company advocates that it ranks first in Japan with respect to the share of the market for system scaffoldings to hold a large part in the market. In particular, the Company suggests that it commands an overwhelming share in the market for low-rise buildings represented by detached housing.



Source: Company Data

Meanwhile, it is spotted as a unique feature for the Company that the products have come to a stage to be used comprehensively in mid-rise market, high-rise market and superhigh-rise market on top of low-rise market where it has an overwhelming market share. That is to say, the Company's products are used not only for detached housing, but also for new construction, repair work, renovation and maintenance of all types of construction products, including superhigh-rise condominiums and office buildings. In this aspect, the product portfolio is regarded as very broad and this is one of the Company's strengths as well as being a feature.

According to the Company, examples of low-rise market include apartment buildings, etc. on top of detached housing. In this type of housing construction, the Company's system scaffoldings are used in one out of three in the market. Meanwhile, the Company refers to new construction of distribution warehousing as an example of mid-rise market. Currently, many new facilities for distribution warehousing are being constructed mainly in the Tokyo metropolitan area, while the Company's system scaffoldings are frequently used here too. With respect to an example of high-rise market, the Company refers to large-scale condominium repair work. So far, the Company's system scaffoldings have not been adopted very much for this domain, but for this only reason, the potential for market-share expansion for the future is considered to be large.

For superhigh-rise market, the Company refers to an example of superhigh-rise condominium site. Here, it is said that a special scaffolding method (such as lifting scaffoldings by crane) to cope with the properties of superhigh-rise is mandatory, while the Company's products have begun to be used here as well. Further, the Company's products are also used in plant maintenance work and some parts of domains overlapping with those of Heavy-duty Scaffoldings. For plant maintenance work, the Company is looking to a future expansion potential in the market share, while the Company's products are sometimes used also for civil engineering work such as construction of a leg of an expressway and the construction of a new road.

Examples of Work

Housing Construction (low-rise)



Housing Construction (low-rise)



Distribution Warehousing Construction (mid-rise)



Large-Scale Condominium Repair Work (high-rise)



Superhigh-rise Condominium Site



Plant Maintenance Work



Source: Company Data

Tsuchikura Factory



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 products in an intelligent way by means of utilizing welding robots as many as 136 units efficiently installed. For FY03/2021, the Company saw production volume equating to some 30,000 tons, which is by far the largest in comparison with any trade in this business.

The Company provides customers with high readiness and quality on top of first-class production capability in Japan. In terms of the number of items produced by the Company, special order items responding to various requests from customers account for some 60% of total, while they carry gross profit margin higher than ordinary items to the extent of the responding. For ordinary items, the Company is focusing on improvement of productivity as well as pursuing an optimal manufacturing mix with special order items. At the same time, the Company says that it always checks the strengths and welding conditions of products before shipment with the aim of maintaining high quality for products.

Meanwhile, the Company spots that it is another competitive edge to see gross profit margin relatively higher than trades, given that it has the first-class production capability in Japan. With respect to raw material cost (procurement cost of steel materials), accounting for roughly half of cost of goods manufactured, the Company says that is possible to procure them at relatively favorable unit prices from a wide range of suppliers in Japan and overseas with the greatest economies of scale. As a result, the Company sees cost of raw materials is said to be relatively lower. For cost of plating and cost of processing, accounting for some 20% and some 30% of cost of goods manufactured, respectively, the Company says that it takes advantage of many technologically advanced subcontractors. As they are located near Tsuchikura Factory, the Company sees the minimum cost also for transportation ,etc., according to the Company.

Products of Logistics Equipment

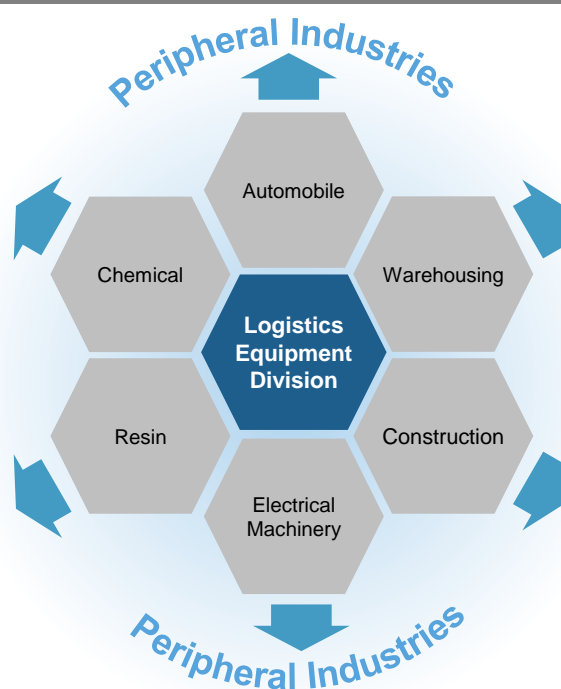
Transporting automobile engines safely to overseas factories



Transporting and storing rolls of film efficiently



Reinforcing containers made of resin in a space-saving and lightweight manner



Source: Company Data

The Company started manufacture and sale of system scaffoldings in January 1988, the 11th year in business, which was followed by setup of production facilities for logistics equipment within Tsuchikura Factory in May 2003, having started up operations on the Logistics Equipment side. Originally, it began by manufacturing and selling pallets used at construction sites, utilizing the Company's expertise in metal processing. To date, meanwhile, the Company has been deeply involved with manufacture and sales of custom-made logistics equipment such as storage racks and pallets to provide solutions for storing, housing and conveying goods mainly at factories and distribution warehousing in any industry.

In the domain of Automobile, the Company mentions pallets in charge of conveying goods overseas such as engines to drive vehicles and transmissions as an example involved. Compared to conventional wooden frame pallets, it takes shorter for packing up, while they are praised for their capability to be reused because they are made of metal. They are so-called returnable pallets, being returned in a folded form from the destinations overseas.

In the domain of Chemical, the Company mentions liquid bulk containers as an example involved. Having been jointly developed with a resin manufacturer that manufactures plastic containers and other products, they have capacity per each to contain a five-drum bulk in a four-drum area. Meanwhile, the Company suggests that they are being continuously mass-produced with dedicated facilities.

In the domain of Warehousing, the Company mentions large-scale project of storage racks in distribution warehousing of a major E-commerce retailer as example involved. For the same customer, the Company is also involved with other operations of only assembling components imported from contract manufacturers overseas for storage racks, while focusing on providing ancillary services in some cases. On top of assembling and installing storage racks at the site, the Company here is involved with installation of sensors to conveying robots and inputting data to software, which are the contents of ancillary services. The Company says that it will continue focusing on all those ancillary services as a new source of growth.

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)	03/2017	03/2018	03/2019	03/2020	03/2021	03/2022	Net Chg.
Revenue	15,194	16,586	17,512	17,081	13,885	15,000	+1,114
Cost of sales	10,774	12,410	13,482	12,751	10,263	-	-
Gross profit	4,419	4,175	4,030	4,329	3,621	-	-
SG&A expenses	1,777	1,871	2,073	2,127	1,809	-	-
Other income and expenses (net)	(11)	3	7	8	40	-	-
Operating profit	2,631	2,306	1,963	2,210	1,853	1,700	(153)
Financial income and costs (net)	(71)	(67)	(69)	(70)	(68)	(71)	(2)
Profit before tax	2,559	2,238	1,894	2,139	1,784	1,629	(155)
Income tax expenses	878	779	563	671	541	501	(40)
Profit	1,680	1,459	1,331	1,467	1,242	1,128	(114)
Profit attributable to owners of parent	1,680	1,459	1,331	1,467	1,231	1,128	(103)
Profit attributable to non-controlling interests	-	-	-	0	11	0	(11)
Profit attributable to owners of parent	1,680	1,459	1,331	1,467	1,231	1,128	(103)
Revenue YoY	+0.5%	+9.2%	+5.6%	(2.5%)	(18.7%)	+8.0%	-
Operating profit YoY	+6.5%	(12.3%)	(14.9%)	+12.5%	(16.2%)	(8.3%)	-
Profit before tax YoY	+19.9%	(12.5%)	(15.4%)	+12.9%	(16.6%)	(8.7%)	-
Profit YoY	+11.2%	(13.1%)	(8.8%)	+10.2%	(15.3%)	(9.2%)	-
Profit attributable to owners of parent YoY	+11.2%	(13.1%)	(8.8%)	+10.2%	(16.0%)	(8.4%)	-
Gross profit margin	29.1%	25.2%	23.0%	25.3%	26.1%	-	-
Revenue to SG&A expenses ratio	11.7%	11.3%	11.8%	12.5%	13.0%	-	-
Operating profit margin	17.3%	13.9%	11.2%	12.9%	13.3%	11.3%	(2.0%)
Profit before tax margin	16.8%	13.5%	10.8%	12.5%	12.8%	10.9%	(2.0%)
Profit margin	11.1%	8.8%	7.6%	8.6%	9.0%	7.5%	(1.4%)
Profit attributable to owners of parent margin	11.1%	8.8%	7.6%	8.6%	8.9%	7.5%	(1.4%)
Income tax expenses / Profit before tax	34.3%	34.8%	29.7%	31.4%	30.3%	30.8%	0.4%

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)	03/2017	03/2018	03/2019	03/2020	03/2021	03/2022	Net Chg.
Scaffolding Equipment	13,271	14,666	14,275	14,544	10,818	11,751	+932
Logistics Equipment	1,922	1,919	3,236	2,536	3,066	3,248	+181
Revenue	15,194	16,586	17,512	17,081	13,885	15,000	+1,114
Scaffolding Equipment	(1.4%)	+10.5%	(2.7%)	+1.9%	(25.6%)	+8.6%	-
Logistics Equipment	+16.4%	(0.1%)	+68.6%	(21.6%)	+20.9%	+5.9%	-
Revenue (YoY)	+0.5%	+9.2%	+5.6%	(2.5%)	(18.7%)	+8.0%	-
Scaffolding Equipment	87.3%	88.4%	81.5%	85.2%	77.9%	78.3%	-
Logistics Equipment	12.7%	11.6%	18.5%	14.8%	22.1%	21.7%	-
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)	03/2017	03/2018	03/2019	03/2020	03/2021	03/2022	Net Chg.
Cash and cash equivalents	1,617	1,507	1,742	3,120	4,738	-	-
Trade and other receivables	3,554	4,258	3,817	2,777	3,006	-	-
Inventories	2,218	2,142	2,382	2,405	1,483	-	-
Other	78	168	121	42	62	-	-
Total current assets	7,469	8,077	8,064	8,345	9,290	-	-
Property, plant and equipment	2,217	2,453	2,495	2,370	2,054	-	-
Right-of-use assets	-	-	-	353	380	-	-
Goodwill	9,221	9,221	9,221	9,221	9,221	-	-
Intangible assets	1,239	1,263	1,276	1,258	1,237	-	-
Other	92	68	114	71	51	-	-
Total non-current assets	12,771	13,007	13,108	13,274	12,945	-	-
Total assets	20,241	21,084	21,172	21,620	22,236	-	-
Trade and other payables	1,122	1,468	1,180	739	803	-	-
Borrowings	766	767	494	495	581	-	-
Other	760	615	502	783	1,044	-	-
Total current liabilities	2,649	2,852	2,177	2,018	2,428	-	-
Borrowings	6,621	5,818	5,685	5,202	4,717	-	-
Other	475	445	450	611	647	-	-
Total non-current liabilities	7,096	6,263	6,136	5,814	5,364	-	-
Total liabilities	9,746	9,116	8,313	7,832	7,793	-	-
Total equity attributable to owners of parent	10,495	11,968	12,859	13,740	14,379	-	-
Other	-	-	-	47	63	-	-
Total equity	10,495	11,968	12,859	13,788	14,443	-	-
Total liabilities and equity	20,241	21,084	21,172	21,620	22,236	-	-
Equity attributable to owners of parent	10,495	11,968	12,859	13,740	14,379	-	-
Interest bearing debt	7,387	6,586	6,180	5,698	5,298	-	-
Net debt	5,770	5,078	4,437	2,577	560	-	-
Equity ratio	51.9%	56.8%	60.7%	63.6%	64.7%	-	-
Net debt equity ratio	55.0%	42.4%	34.5%	18.8%	3.9%	-	-
ROE (12 months)	17.4%	13.0%	10.7%	11.0%	8.8%	-	-
ROA (12 months)	13.0%	10.8%	9.0%	10.0%	8.1%	-	-
Days for inventory turnover	75	63	64	69	53	-	-
Quick ratio	195%	202%	255%	292%	319%	-	-
Current ratio	282%	283%	370%	413%	382%	-	-

Source: Company Data, WRJ Calculation

Statement of Cashflows

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)	03/2017	03/2018	03/2019	03/2020	03/2021	03/2022	Net Chg.
Cashflows from operating activities	1,757	1,390	1,766	3,121	2,892	-	-
Cashflows from Investing activities	(560)	(651)	(580)	(515)	(181)	-	-
Cashflows from operating and investing activities	1,197	738	1,186	2,606	2,711	-	-
Cashflows from financing activities	(807)	(848)	(951)	(1,227)	(1,104)	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.CoE FY 03/2022	YoY Net Chg.
No. of Shares FY End (thousand shares)	13,788	13,788	13,989	14,089	14,103	-	-
Net Profit / EPS (thousand Shares)	13,789	13,788	13,806	13,994	14,091	-	-
Treasury Shares FY End (thousand shares)	0	0	0	0	0	-	-
Basic Earnings per Share	121.88	105.87	96.44	104.85	87.42	80.00	-
Diluted Earnings per Share	121.88	105.24	95.81	104.21	87.09	-	-
Book Value per Share	761.15	868.04	919.24	975.26	1019.59	-	-
Dividend per Share	0.00	43.00	44.00	44.00	35.00	32.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.CoE FY 03/2022	YoY Net Chg.
Share Split Factor	1	1	1	1	1	1	-
Basic Earnings per Share	121.88	105.87	96.44	104.85	87.42	80.00	-
Book Value per Share	761.15	868.04	919.24	975.26	1,019.59	-	-
Dividend per Share	0.00	43.00	44.00	44.00	35.00	32.00	-
Payout Ratio	0.0%	40.6%	45.6%	42.0%	40.0%	40.0%	-

Source: Company Data, WRJ Calculation

6.0 Other Information

Reinforce the Management Basis

In September 1977, Shinwa Shoten or predecessor of the Company 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 listing change to the first section of Tokyo Stock Exchange and the first section of Nagoya Stock Exchange in March 2019. Meanwhile, having had been running operations to manufacture components related to scaffolding equipment in early days, the Company entered the market for system scaffoldings in January 1988, which was followed by the establishment of operations on the Logistics Equipment side in May 2003 by means of leveraging own metal processing technology, having provided a wide range of customers with high quality products to date. Meanwhile, the Company has revealed its intention to actively reinforce the management basis in order to support the three “Visions” for long-term growth, i.e., Deepening, Innovation and Progress.

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 at this stage) and then identified as (present-day) Shinwa Co., Ltd.
October 2019	Merged with Shinwa Service Co., Ltd. for absorption

History of Business

Date	Events
April 1978	Constructed factory in Hashima-city, Gifu-prefecture
January 1988	Set up business division of wedge binding scaffoldings and started up the manufacture and sale of SHINWA CATCHER
April 1990	Set up Kanto Branch in Saito-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 E-commerce 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
August 2020	Closed down representative office in Philippines

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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