



FY 2021 to FY 2025

**Presentation Material for the
Mid-term Corporate Plan
Shinwa Co., Ltd.**

SHINWA CO.,LTD.

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| Chapter 01 |

About Shinwa

SHINWA CO.,LTD.

PURPOSE

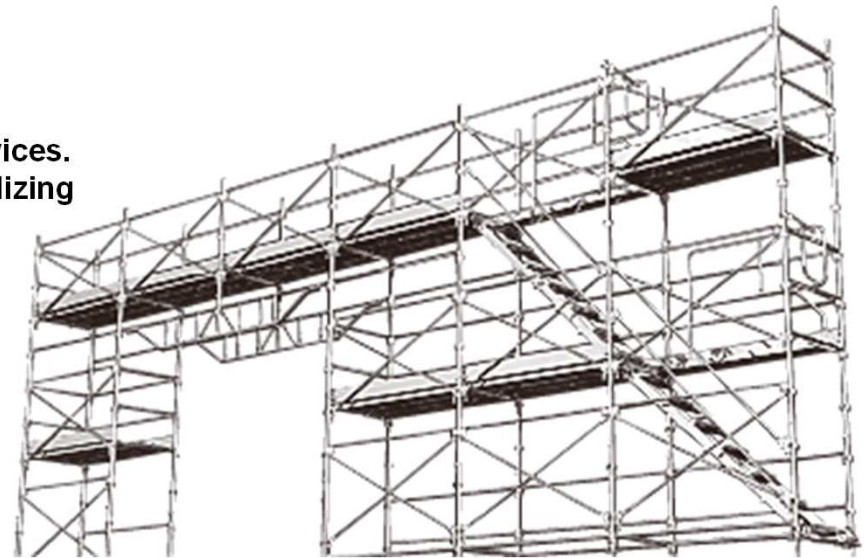
To protect lives and support the future

OUR MISSION

We protect precious lives through the supply of our products and services.
We offer our wholehearted support for our employees' passion for realizing their dreams and future visions.

OUR VISION

We strive to become a company that wins the trust of customers.
We keep growing hand in hand with our customers.



Shinwa's History



SHINWA CO.,LTD.

- 1977** Began business operations as Shinwa Shoten
- 1978** Started manufacturing “Jack Base” scaffolding
- 1988** Entered the system scaffolding market
- 2003** Established the Logistics Equipment Division
- 2016** Started manufacturing and selling the next generation scaffolding Silent Power System (SPS)
- 2017** Began manufacturing and selling overseas
- 2018** Listed on the Second Sections of the Tokyo Stock Exchange (TSE) and the Nagoya Stock Exchange (NSE)
- 2019** Reassigned to the First Sections of TSE and NSE
Established Guangdong Nisshin-Chuangfu Advanced Construction Materials Co., Ltd. in China

Lineage of Shinwa's Scaffolding

Scaffolding forms that gave rise to wedge binding type scaffolding

Wooden (logs) scaffolding

- Scaffolding using wooden or bamboo materials that was used from ancient times to early in the Showa era (1926-1989).
- Currently used on limited occasions, such as repairs of shrines and temples.

Tubular scaffolding

- Scaffolding that uses iron pipes and is stronger than wooden (logs) scaffolding.
- The pipes and their assembly require different fittings, and advanced techniques are necessary for assembly.

Scaffolding forms that gave rise to next generation scaffolding

Frame scaffolding

- Scaffolding that was imported from the United States after World War II.
- Parts are welded together allowing greater strength compared to tubular and wedge binding type scaffolding.
- Since the scaffolding is welded, it cannot be dismantled and has higher transportation and storage costs.

Wedge binding type scaffolding

Shinwa's product: Shinwa Catcher

- Like tubular scaffolding, it requires the assembly of multiple pipes, but fittings for assembly are welded to the pipes in advance.
- Assembly is easy compared to frame scaffolding, allowing a reduction of manpower.
- Because it is assembly-based, transportation costs can be reduced, and storage space can also be minimized.

Next generation scaffolding

Shinwa's product: SPS

- Features of the products are **like** wedge binding type scaffolding.
- Noise generated during assembly is controlled more than wedge binding type scaffolding.
- In addition to the mobility of wedge binding type scaffolding, it comes with enhanced functions that prevent parts from slipping, and **the strength is** an advantage of frame scaffolding.

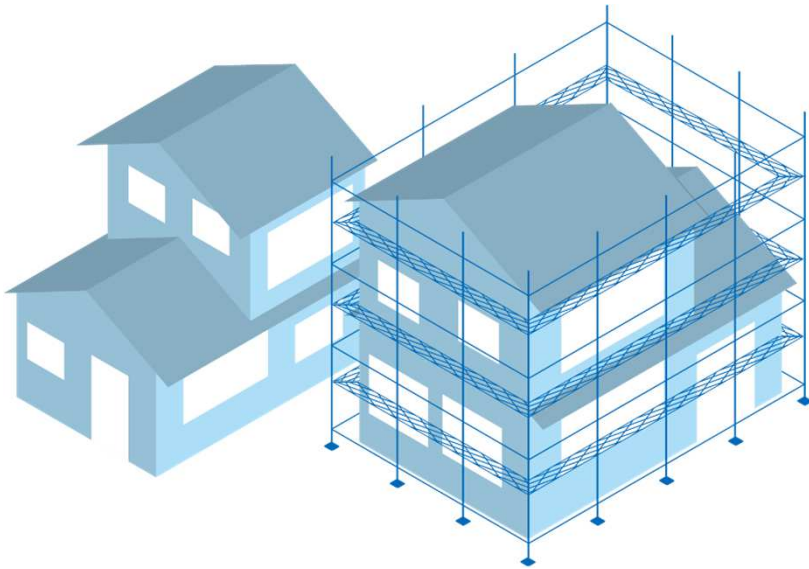
Collective term for wedge binding type scaffolding + next generation scaffolding = system scaffolding*

Main Scaffolding Types Used for Structures 1



Low-rise structures

e.g. single-family residences

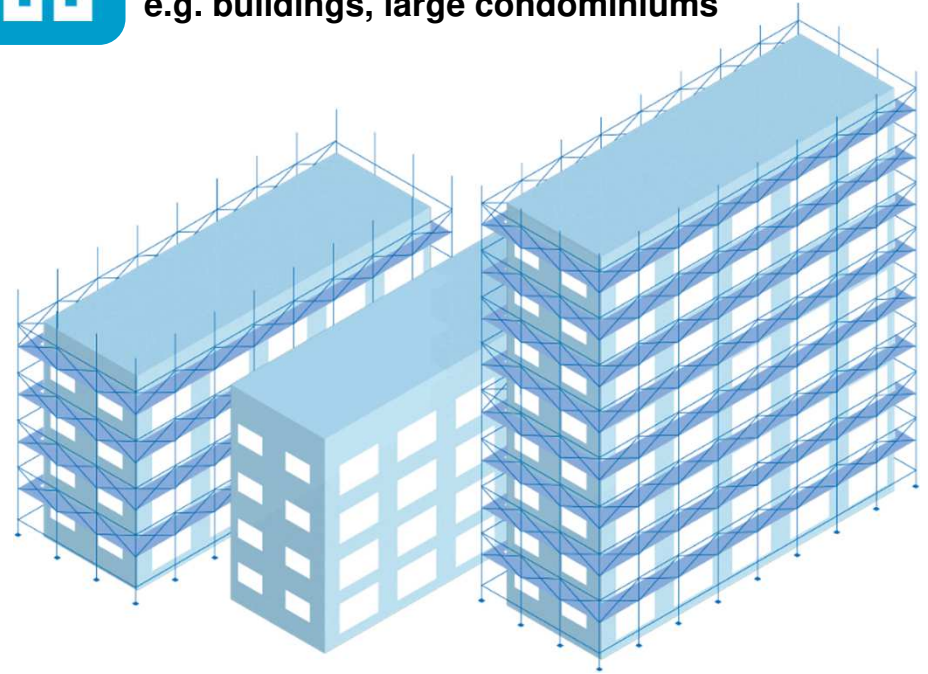


Wedge binding type scaffolding, frame scaffolding



Mid to high-rise structures

e.g. buildings, large condominiums



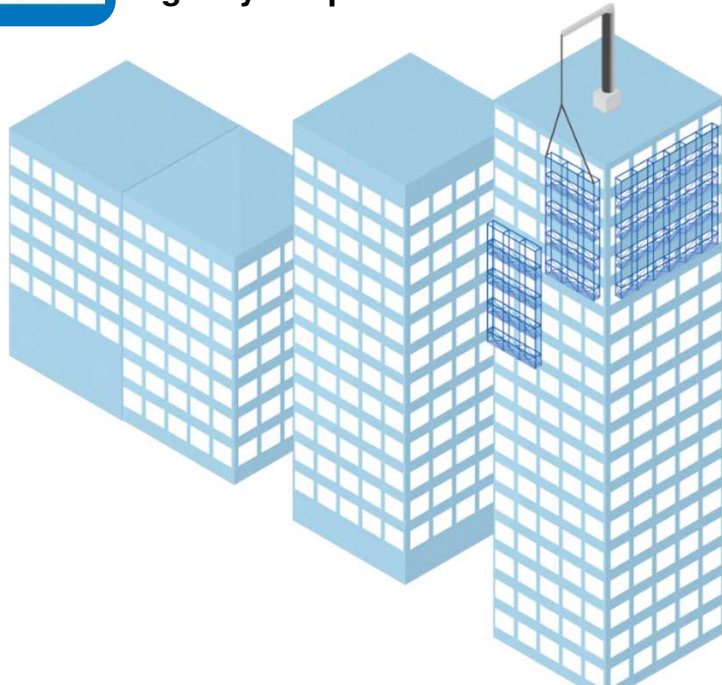
Wedge binding type scaffolding, frame scaffolding,
next generation scaffolding

Main Scaffolding Types Used for Structures 2



Skyscraper structures

e.g. skyscraper condominiums

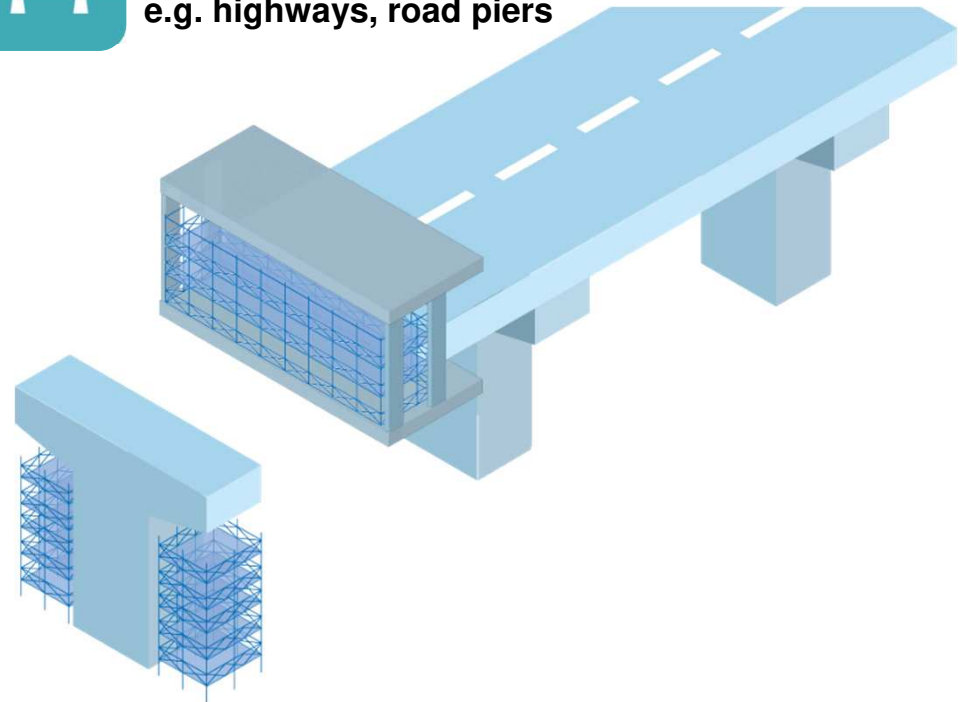


Next generation scaffolding,
multi-story scaffolding



Civil engineering works, bridges

e.g. highways, road piers



Next generation scaffolding, frame scaffolding,
suspended scaffolding

Shinwa's Unique Positioning

From low-rises to skyscrapers

The only company that can supply products to a broad range of markets



Low-rise

Single family residences

Mid-rise

Condominiums

High-rise

Large condominiums,
buildings

Skyscraper

Skyscraper condominiums

Wedge binding type scaffolding

Next generation scaffolding

Multi-story scaffolding

Shinwa's Strengths 1

High operating profit ratio

Realized by:

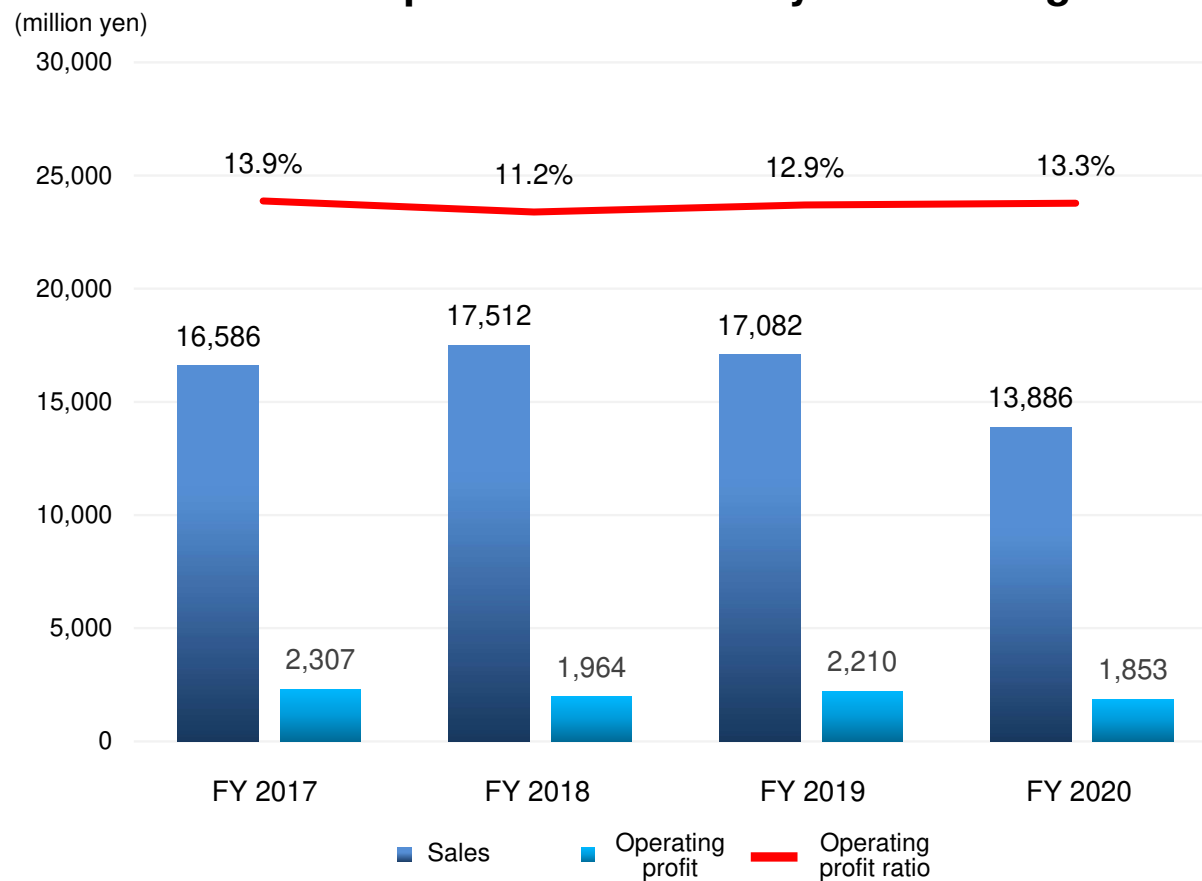
1. Production system that enables supplying high-quality products at appropriate prices

2. Large market share backed by stable relationships with loyal customers

In FY 2020, despite the drop in revenue and profits due to COVID-19, a high profit ratio was achieved.

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Business performance from year of listing



Shinwa's Strengths 2

1 Fast and diverse production enabled by one of Japan's best production capacities

Shinwa retains stable quality and production capacity by using more than 100 welding robots to semi-automate and reduce manpower for production processes. Furthermore, it produces a wide variety of product types to accommodate customer needs.

3 Development capability that accurately identifies changing customer needs

Supported by our fast and diverse production capacity, Shinwa retains the ability to serve customer needs, including tailor-made products that are developed through in-person discussions with customers.

2 Strong confidence in quality based on thorough quality control

Shinwa only supplies products that pass originally developed in-house standards that are more stringent than those of the Scaffolding and Construction Equipment Association of Japan. Periodic destruction testing and the development of production facilities ensure high-quality production.

4 Realization of added value in both tangible and intangible aspects

Shinwa places emphasis not only on the tangible aspects of the business but also the intangible aspects, such as offering user support in construction-related laws and strength calculations as well as acquiring approvals and accreditation from the Scaffolding and Construction Equipment Association of Japan.

| Chapter 02 |

Overview of the mid-term corporate plan

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KPIs in the Mid-term Corporate Plan

1

Target revenue

Grow to
25 billion yen
 by last fiscal year of
 mid-term corporate plan

2

Target ROE

12.0%
 by last fiscal year of
 mid-term corporate plan

3

Target dividend payout ratio

40% or higher

KPI	FY 2020 results	FY 2023 target	FY 2025 target
Revenue (million yen)	13,885	18,500	25,000
Operating profit (million yen)	1,853	2,270	3,500
EBITDA (million yen)	2,467	2,900	4,300
EPS (yen)	87.4	117.0	171.3
ROE	8.8%	10.0%	12.0%
Dividend payout ratio		40.0% or higher	
Share repurchase	-	To be considered based on status of capital*	

Respective Division's Activities in the Mid-term Corporate Plan

Respective division's activities during the mid-term corporate plan period

Scaffolding Equipment Division

- Accelerate conversion from frame scaffolding to next generation scaffolding
- Strengthen rental business

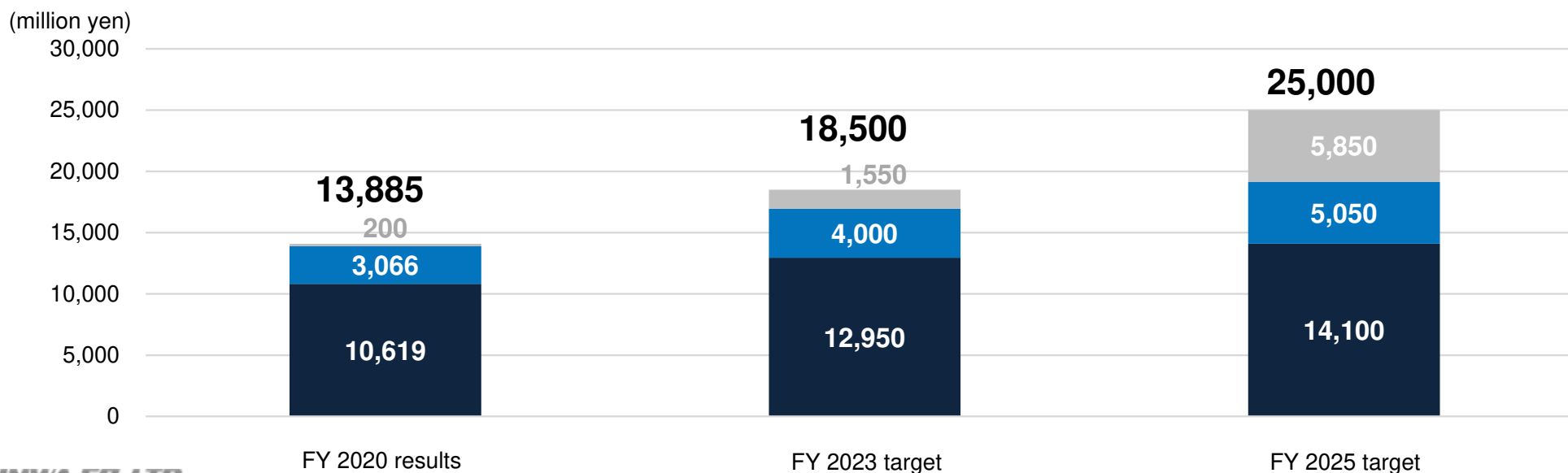
Logistics Equipment Division

- Increase revenue by expanding rental business
- Strengthen co-creation relationships with business alliances

Growing business areas

- Enter into new Japanese markets and strengthen businesses in overseas markets
- Consider M&As with companies that will generate synergistic effects with the current business

Sales plan during the mid-term corporate plan period



| Chapter 03 |

Business strategy

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Scaffolding Equipment Division 1: Overview

FY 2025 target revenue

14.1 billion yen

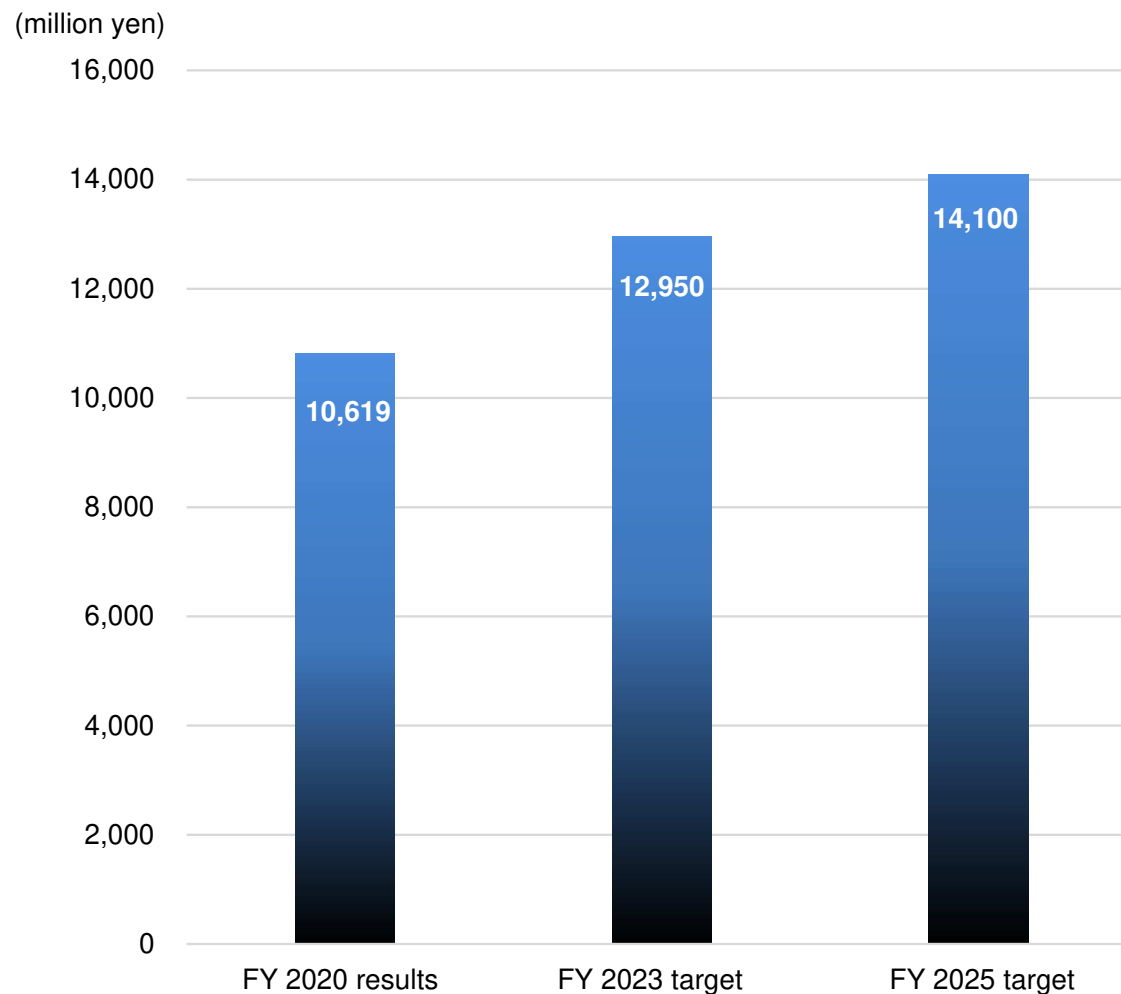
Scaffolding equipment

Overview

Production, sales, and rental of scaffolding equipment used at locations such as constructions sites

Activities

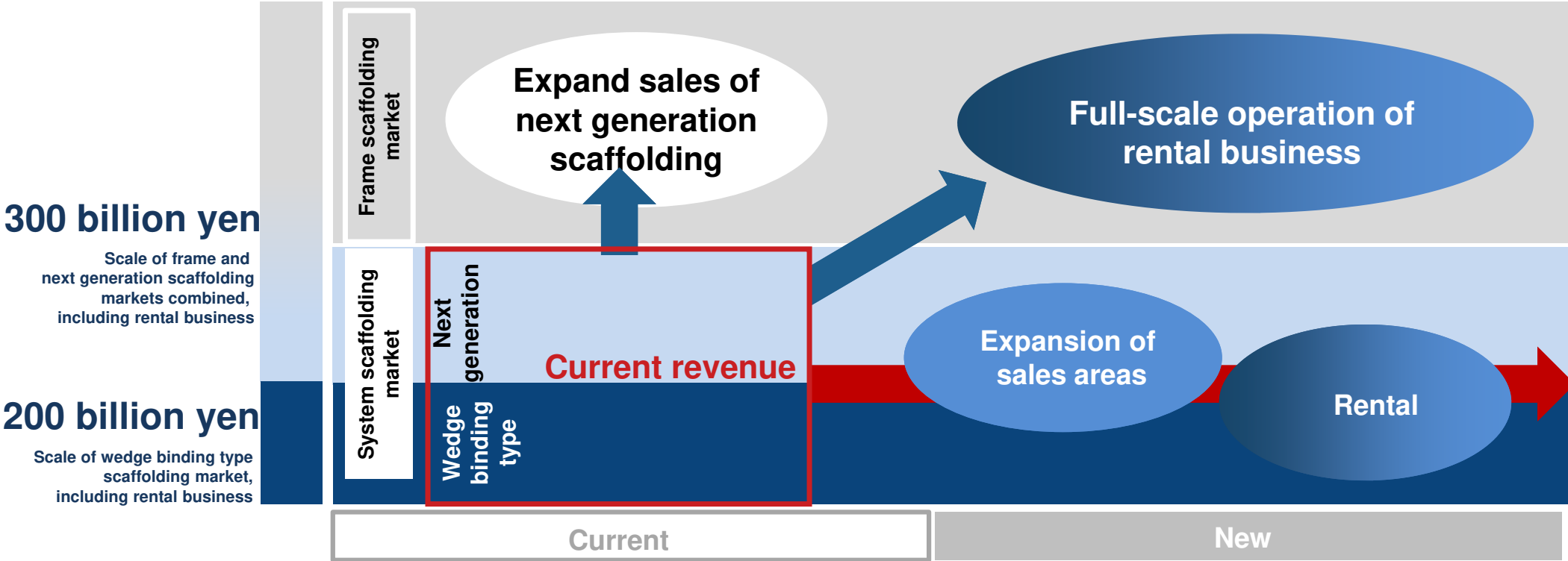
- Accelerate conversion from frame scaffolding to next generation scaffolding
- Strengthen rental business



Scaffolding Equipment Division 2: The Overall Scaffolding Strategy

Attract customers from the frame scaffolding market to the system scaffolding market

Attract customers from the frame scaffolding market through next generation scaffolding and the rental business. Increase our share in Japan by expanding sales areas and expand overseas businesses.



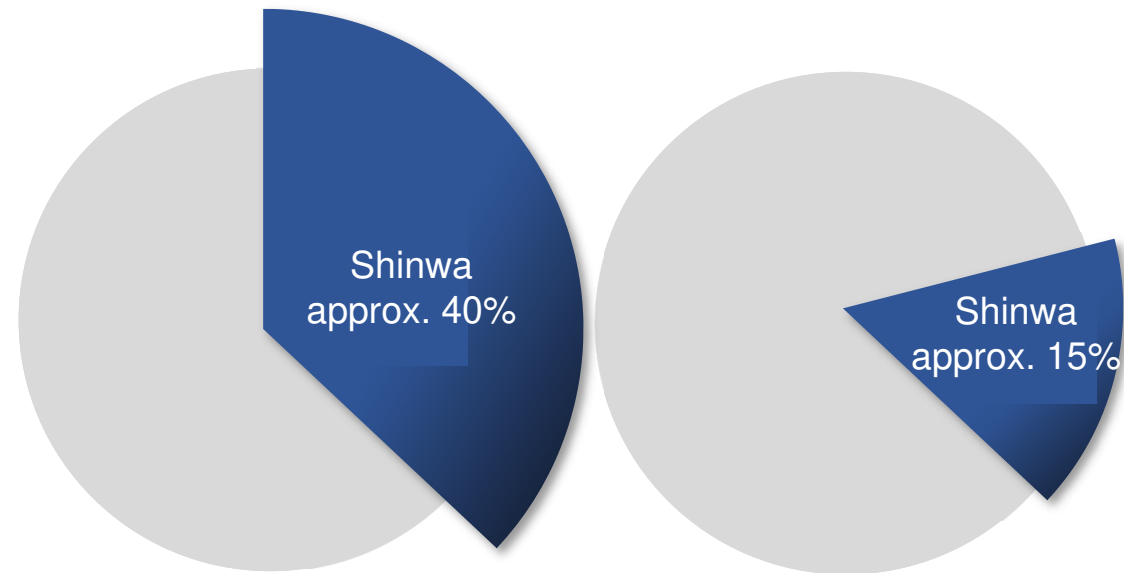
Scaffolding Equipment Division 3: Shinwa's Target Markets

Shinwa's share of the scaffolding markets

Wedge binding type scaffolding market

Sales share: No.1

- In the next generation scaffolding market, there will continue to be much room for growing our share
- In the wedge binding type scaffolding market as well there is room for growing our share



Wedge binding type scaffolding market:
approx. 20 billion yen

Next generation scaffolding market:
approx. 15 billion yen

*Base: shipment value, Source: in-house research

Scaffolding Equipment Division 4: Accelerate Conversion from Frame Scaffolding to Next Generation Scaffolding

**Enhance the function of
scaffolding that protects lives
and aim for further growth of our share**



Background to converting to next generation scaffolding

- Since it is easy to comply with occupational health and safety regulations with next generation scaffolding, construction sites currently using frame scaffolding are converting.
- Compared to frame scaffolding, next generation scaffolding is easy to pack, requires about 40% less storage space, and reduces transportation costs.
- It can be assembled with simple procedures, regardless of skill level.

Issues of frame scaffolding

- Although the 2009 and 2015 amendments of the Occupational Health and Safety Regulations emphasizing the “reinforcement of preventive measures for scaffolding-related falls and fall hazards” require quick responses, it is difficult to do so with frame scaffolding.
- Building materials for frame scaffolding cannot be packed compactly, thus requiring large storage spaces and high transportation costs.
- Frame scaffolding requires experienced workers to perform assembly procedures on site.

Scaffolding Equipment Division 5: Strengthen Rental Business

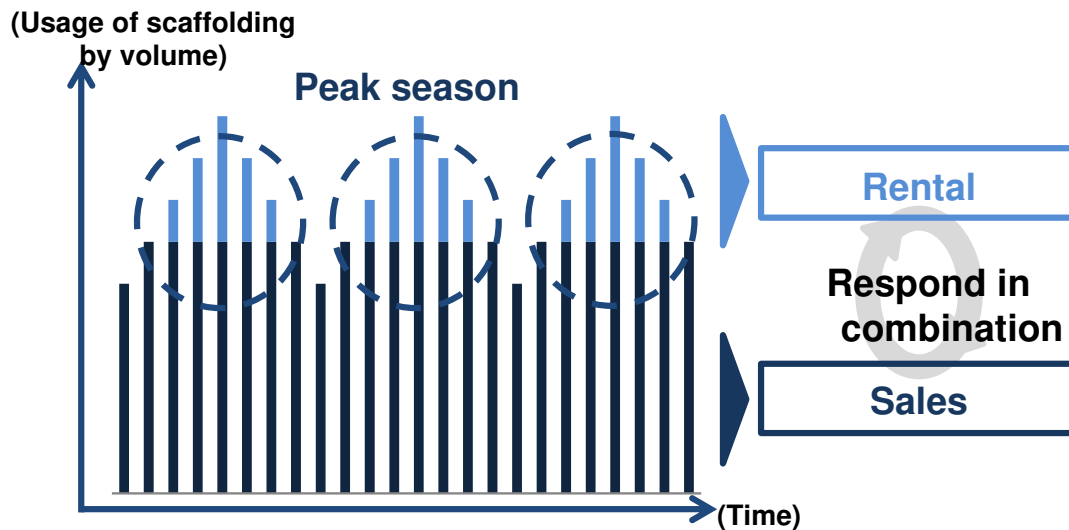
Background of increasing rental service needs

Increase in customers' storage-related issues

- Increase in the number of necessary materials, as required by amendments of laws
- Large seasonal fluctuations in the volume of scaffolding used

Diversification in procurement methods for scaffolding

- Trial needs before purchasing new products
- Needs arising from increasing purchase prices



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Shinwa's benefits in strengthening the rental business

1 High cost-competitiveness

Rental materials are produced in-house

2 High profitability

Depreciation periods of rental materials are short
Product lifetime is considerably long at about 10-15 years

3 Support for the sales business

By combining rental services and sales, customers' needs can be served flexibly

Shinwa plans to invest three billion yen or more in the next five years

Logistics Equipment Division 1: Overview

FY 2025 target revenue

5.05 billion yen

Logistics equipment

Overview

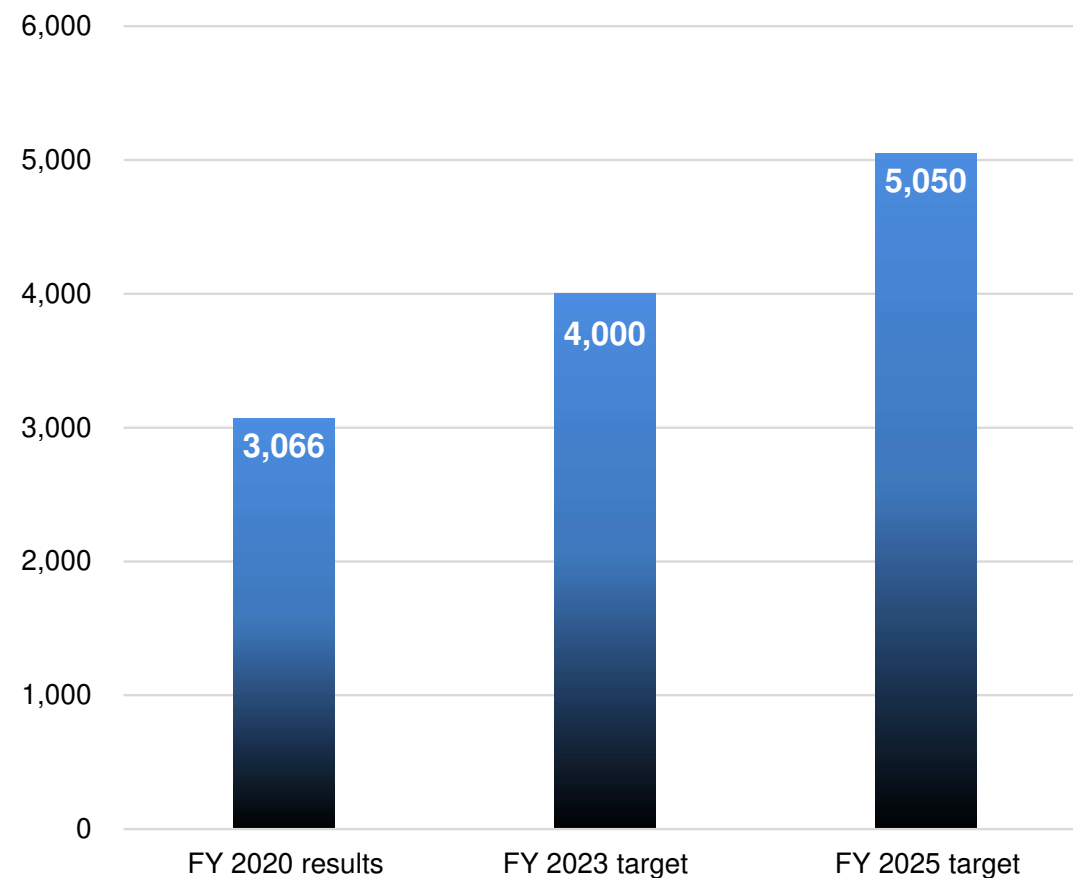
Logistics equipment is a group of tailor-made products that serve transportation and storage needs of various industries handling materials in diverse forms.

Activities

- Expand the rental business of items, such as multi-purpose pallets, by further enhancing the current seven distribution bases; 600 million yen to be invested in the rental area
- Promote co-creation relationships with business alliances during the mid-term corporate plan period

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(million yen)



Logistics Equipment Division 2: Logistics Equipment Product Groups

Tailor-made product groups that leverage Shinwa's original technologies



Transportation pallet specialized for automotive parts



Bulk containers for
fluid material transportation



Warehouse racks for
e-commerce companies

Other multi-purpose products groups



Nesting rack



Mesh pallet



Vanning slope

Logistics Equipment Division 3: Growth Strategy of the Logistics Equipment Division

Strengthen the Logistics Equipment Division's rental business

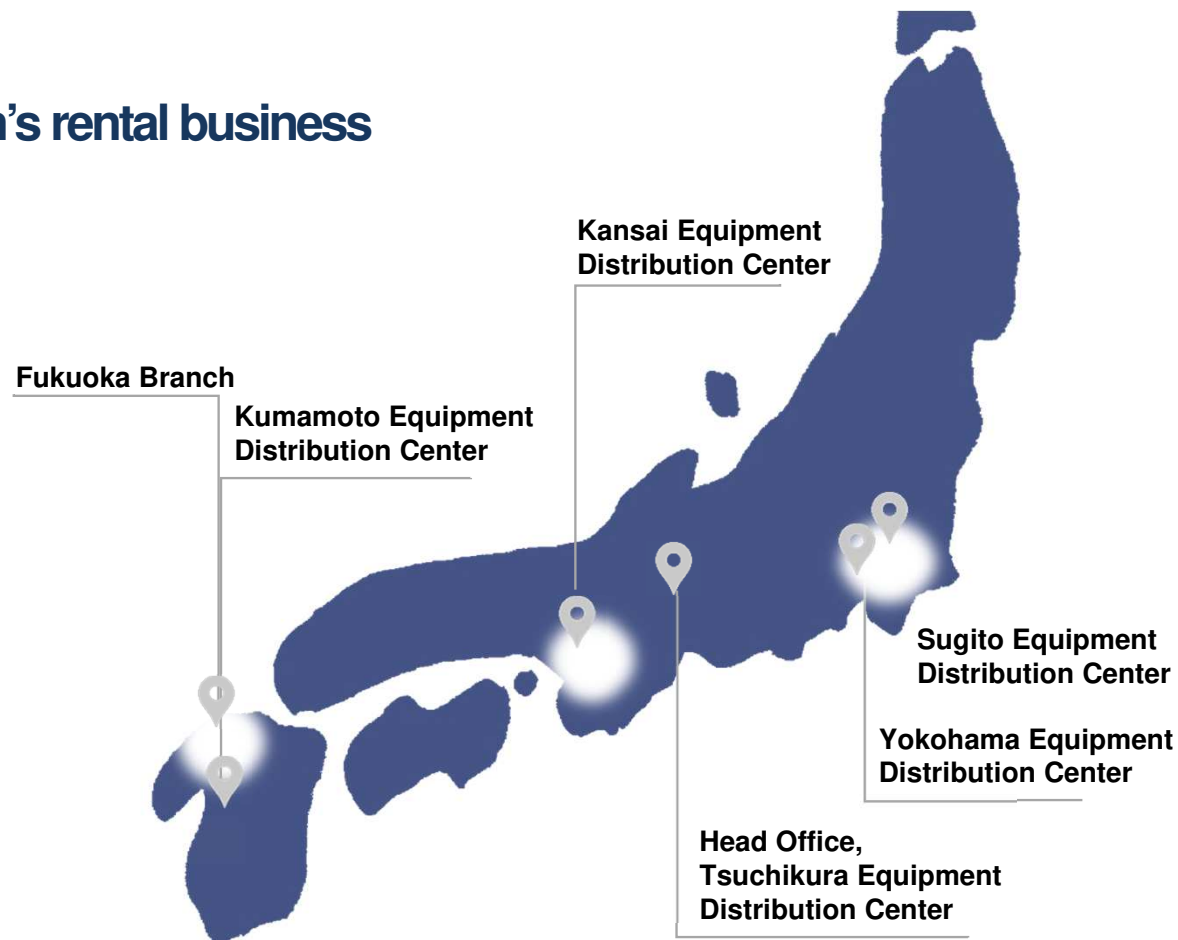
- In addition to the seven distribution bases in Japan, Shinwa plans to open a new distribution base.
- With a focus on the Kanto, Kansai, and Kyushu areas, partnerships with transportation and warehouse-related companies will be strengthened, and Shinwa will enter the rental business market.

Strengthen EC functions

- The specialized EC website will be reinforced enabling the processing of all steps from product introduction to the requests for quotations and the receipt of orders to be performed online.

Increase customers

- Shinwa will expand the warehouse-related business and seek to generate more customers.
- Co-creation relationships with business alliances will be strengthened, and sales channels will also be expanded.



Growing Business Areas 1: Overview

FY 2025 target revenue

5.85 billion yen

Growing business areas

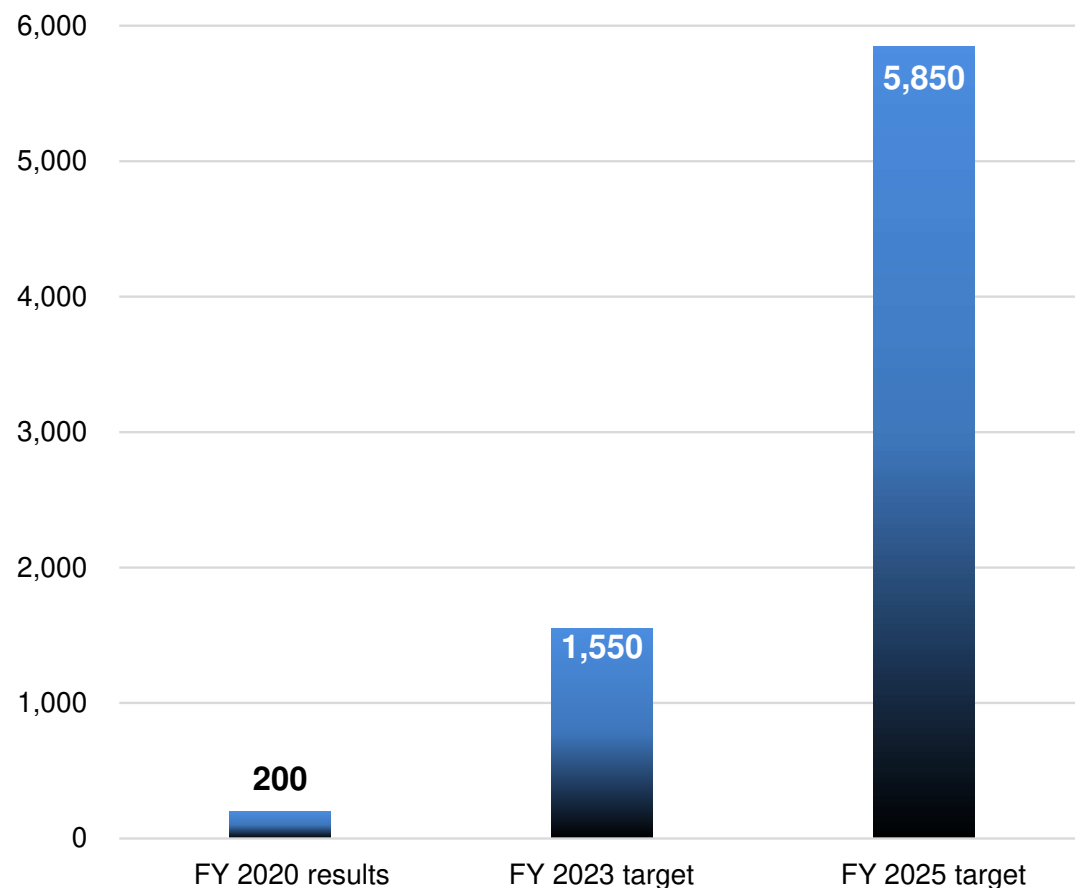
Overview

Includes Chinese business, other overseas businesses, and business areas that Shinwa plans to join going forward

Activities

- In addition to the current low to high-rise market, enter new markets such as the skyscraper and civil engineering works markets
- Actively reinforce overseas businesses going forward
- Consider M&As with companies that can generate synergistic effects with the current business

(million yen)



Growing Business Areas 2: Shinwa's Target Markets

During the mid-term corporate plan period,
**Shinwa will enter the skyscraper scaffolding
market and other markets that in total amount to:**

**approx. 20 billion yen* in
scale**

*In-house estimation of the scale the company can acquire

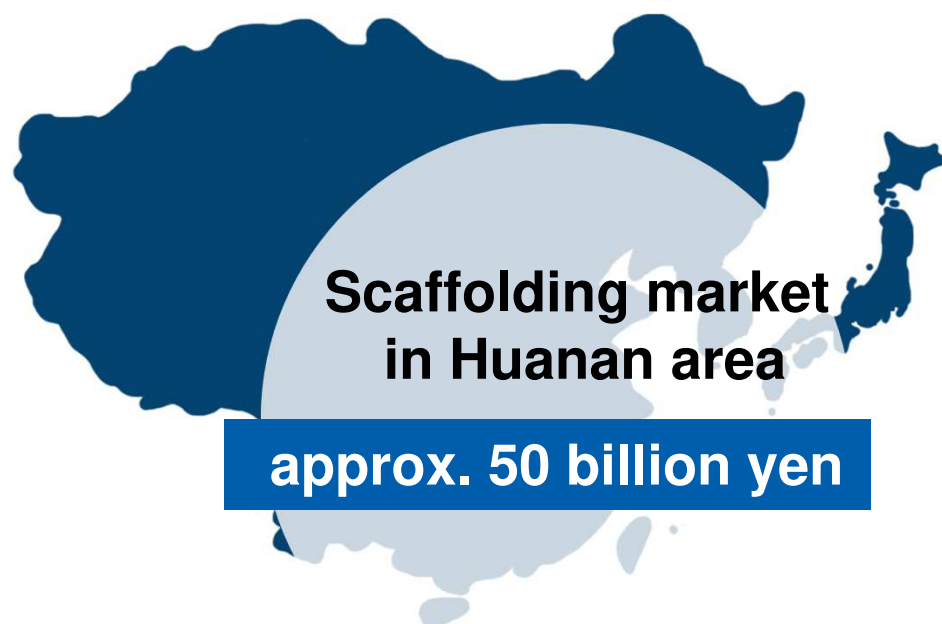


**Shinwa has already started
supplying multi-story scaffolding in the
skyscraper scaffolding market**

**Plans to expand going
forward**

Growing Business Areas 3: Strengthen Overseas Businesses

Following entry into the Chinese market, Shinwa will aim to enter other regions, with a focus on Southeast Asia, during the mid-term corporate plan period



Overseas advancement so far

2017	Established subcontract factory in Vietnam
2019	Established Guangdong Nisshin-Chuangfu Advanced Construction Materials Co., Ltd. and entered market
	Shareholder composition of Guangdong Nisshin-Chuangfu Advanced Construction Materials Co., Ltd.:
	Shinwa: 51.0%
	Guangdong Nisshin-Chuangfu Advanced Construction Materials Co., Ltd.: 34.0%
	Alconix Corporation: 15.0%

- In regions that Shinwa has entered, tubular scaffolding is often used. Especially because bamboo and wooden scaffolding is used, there are issues about the strength, safety, and constructability.
- At construction sites in China, safety standards are becoming more stringent, and the need for system scaffolding which excels in safety and constructability is increasing.
- In Southeast Asian countries, the latent scale of the scaffolding market is larger than that of Japan, and potential sales growth of Shinwa's products can be expected to a considerable extent.

Growing Business Areas 4: Approach to M&A

Identify M&A targets and position them as a new pillar of the business

Sales 13 billion yen

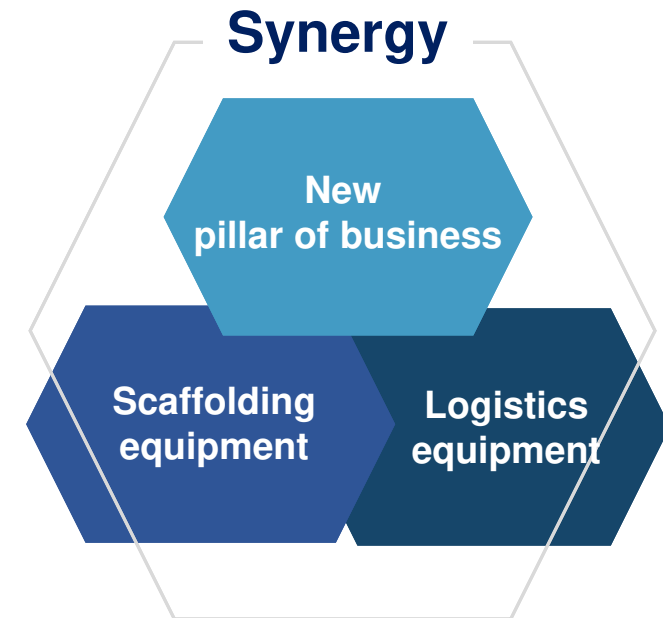
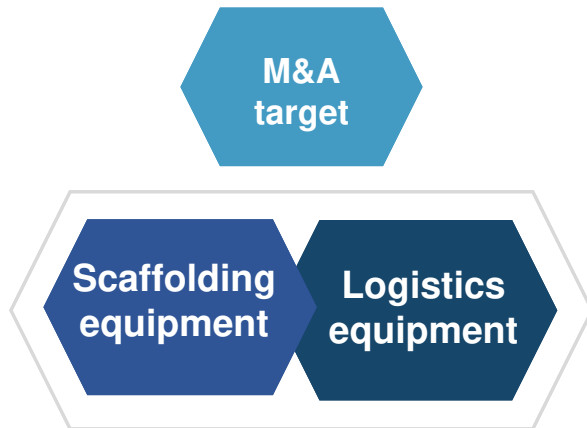
Sales 25 billion yen

Expansion through M&A

Target companies

- Scaffolding equipment
- Construction materials
- Civil engineering works
- Other leading companies in niche areas

Consider a broad range of business areas other than the above as well



Investment Plan for the Mid-term Corporate Plan Period

Facility investment: 5 billion yen

M&A: 5 billion yen

(Cumulative investment of two billion yen in past four fiscal periods)

Examples of investments being considered

1

Reinforcement of rental business by scaffolding and logistics equipment divisions

2

Investment in facilities of overseas businesses

3

Entry into new business areas through M&A

4

ESG-related investments

| Chapter 04 |

Capital strategy

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Basic Policy for the Capital Strategy

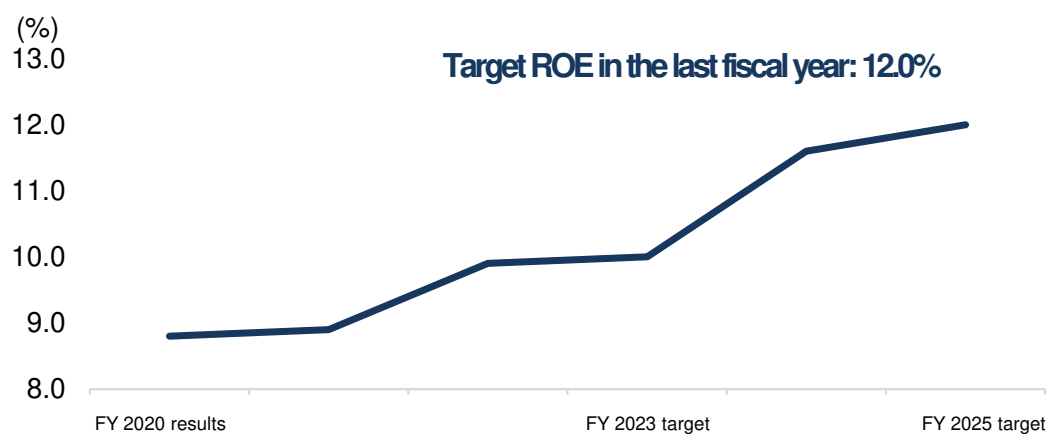
KPIs in capital strategy

Targets of the capital strategy during the mid-term corporate plan period



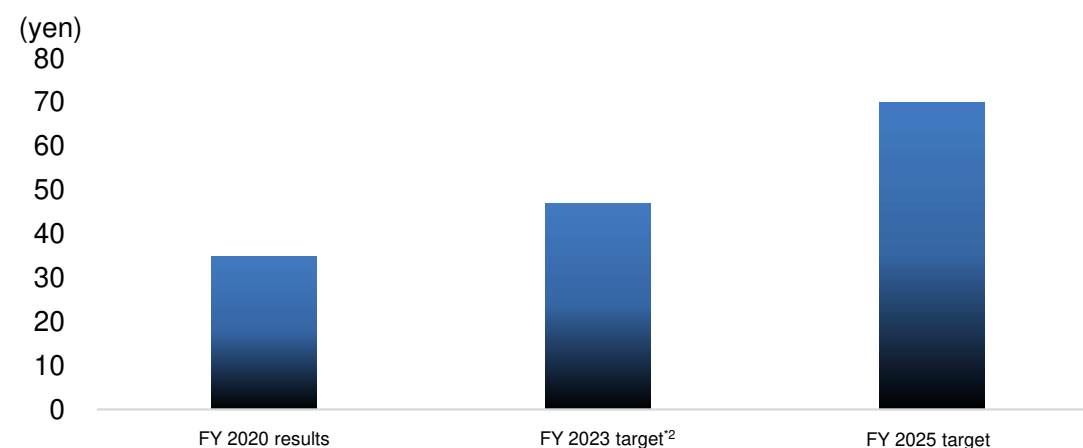
*1: Share repurchases will be considered in accordance with the status of capital

Trends in ROE targets during the mid-term corporate plan period



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Target dividend per share during the mid-term corporate plan period



*2: Aim every year to maintain dividend levels that are equivalent to or higher than the previous year

Procurement and Distribution of Cash



| Chapter 05 |

ESG initiatives

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Environment



Efforts for carbon neutrality

- Promotion of reductions in CO2 emissions
- Promotion of reusable energy procurement and implementation of solar power systems
- Promotion of electricity-powered corporate cars and forklifts

Protection of forest resources, use of non-forest resources

- Promotion of replacing forest resources with non-forest resources (e.g., waste plastic-based products)
- Conversion of paper resources of printing paper, catalog paper, and such to FSC or PEFC-accredited paper

Promotion of waste material reductions

- Monitoring and reduction of industrial waste emission volumes and improving production yield rates by devising production processes
- Reduction of paper purchase volumes through promotion of paperlessness and reuse of paper

Social



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Promotion of solving social issues as a business

- Contribution to the maintenance and advancement of cities and infrastructure while enhancing efficiency at construction sites
- Enhancement of efficiency in various industries' transportation, storage and product development that is mindful of reducing environmental burdens

Reinforcement of talent development

- Reinforcement of improving HR appraisal systems and internal capability development systems
- Strengthening of leadership through training programs for managers
- Review of employment systems and leveraging of senior talents

Development of the workplace environment

- Promotion of activities for safety measures in the workplace environment
- Realization of working styles that are in line with social changes (development of IT environment, promotion of DX)
- Development of a corporate culture that fosters a sense of reward and work engagement

Improvement of diversity and inclusion

- Respect for human rights (expand application of terms of labor to associated companies)
- Promotion of accepting foreign technical trainees
- Provision of work opportunities regardless of gender, nationality, and race

Support revitalization of communities

- Advancement of communities through sponsorship of community sports competitions and media
- Support the development of children

Governance



Execution of highly effective governance

- Acquisition of external officers with diverse experience and skills
- Revitalization of the board of directors and develop fast and shrewd decision-making
- Adherence to corporate management that is attentive to legal compliance

Constructive dialogues with investors (enhancement of IR efforts)

- Financial and business briefings for analysts, institutional investors, and individual investors
- Provide feedback to top management of information acquired from capital markets

Consideration of implementing share-based compensation

- Consideration of share-based compensation with shares, such as those with restrictions on transfers, in order to strengthen corporate management from the shareholder point of view

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 companies 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.



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