

Shinwa (3447)

Consolidated Fiscal Year (IFRS) (Million Yen)		Revenue	Operating income	Profit before income taxes	Profit attributable to owners of the parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2018		16,586	2,306	2,238	1,459	105.9	43.0	868.0
FY03/2019		17,512	1,963	1,894	1,331	96.4	44.0	919.2
FY03/2020CoE		17,000	2,060	1,990	1,400	100.1	44.0	-
FY03/2019		YoY	5.6%	(14.9%)	(15.4%)	(8.8%)	-	-
FY03/2020CoE		YoY	(2.9%)	4.9%	5.0%	5.1%	-	-
Consolidated Half Year (IFRS) (Million Yen)		Revenue	Operating income	Profit before income taxes	Profit attributable to owners of the parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2019		8,624	1,004	974	627	-	-	-
Q3 to Q4 FY03/2019		8,888	959	920	704	-	-	-
Q1 to Q2 FY03/2020CoE		8,880	1,130	1,100	770	-	-	-
Q3 to Q4 FY03/2020CoE		8,120	930	890	630	-	-	-
Q1 to Q2 FY03/2020CoE		YoY	3.0%	12.5%	12.9%	22.7%	-	-
Q3 to Q4 FY03/2020CoE		YoY	(8.6%)	(3.1%)	(3.3%)	(10.5%)	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (22 July 2019)


Cash Cow with Growth

Shinwa, manufacturing/selling temporary construction materials and logistics equipment, is likely to consistently generate free cashflow with a stability over the long term, while being keen on positively paying dividend with funds raised here at the same time. The Company, having seen cumulative free cashflow of ¥5,100m over the past four years, holds unique metal machining technology being the leader of wedge binding scaffolds in Japan, while having maintained profit margin to more than a certain extent (operating profit margin of 11.2%, down 2.7% YoY) in FY03/2019, i.e., even when having suffered from a delay in passing on raw material price hikes to selling prices. Meanwhile, although hinging on impacts from natural disasters and/or all kinds of events represented by the 2020 Tokyo Olympic and Paralympic Games in a short-term view, demand from construction market in Japan will maintain a certain level or edge up in a long-term view, according to the Company. More importantly, the Company is to enter the market of China in FY03/2021 on a full-fledged basis, planning to set up joint company (holding 51% out of capital of 25m renminbi) with local partner company, etc., to start up operations to locally manufacture/sell temporary construction materials. Thus, the Company's operations should have an aspect of growth in the future, rather than just being of value.

IR Representative: Niwa / Aoki, Corporate Planning Department (+81 584 66 4436 / ir@shinwa-jp.com)

2.0 Company Profile

Manufacturing/Selling Temporary Construction Materials and Logistics Equipment

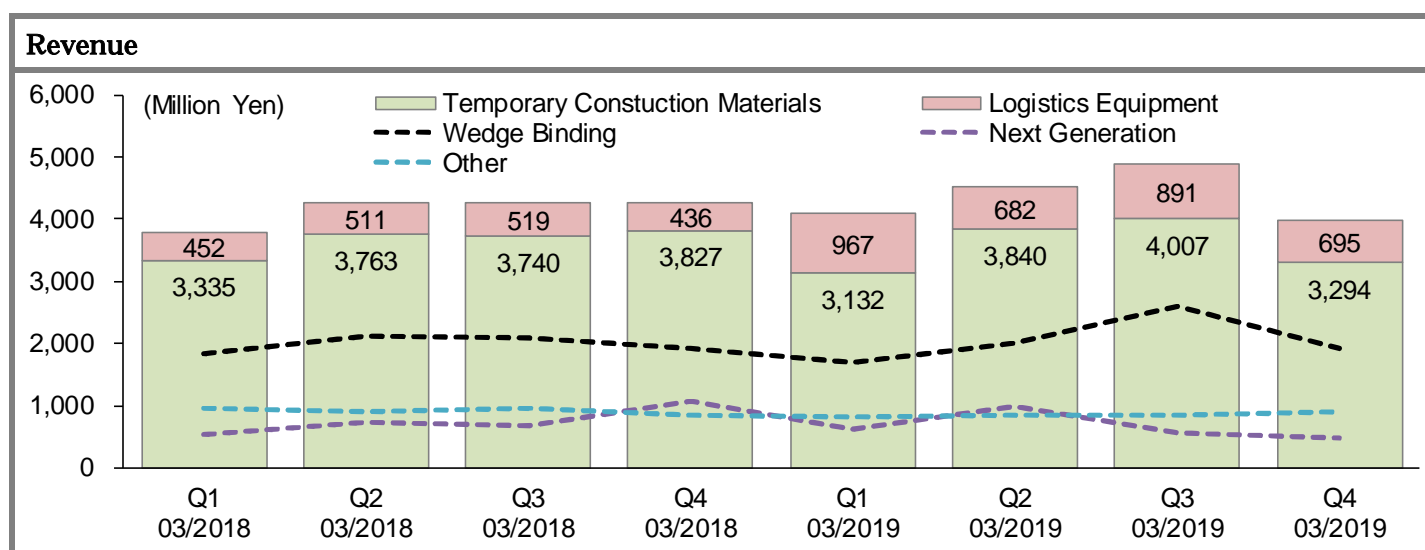
Company Name	Shinwa Co., Ltd. Website IR Information (Japanese) Share Price (Japanese) 
Established	11 August 2014
Listing	20 March 2019: Tokyo/Nagoya Stock Exchange first section (ticker: 3447) 21 June 2018: Nagoya Stock Exchange second section 20 March 2018: Tokyo Stock Exchange second section
Capital	¥150m (as of the end of March 2019)
No. of Shares	13,988,800 shares (as of the end of March 2019)
Main Features	<ul style="list-style-type: none"> ● Leading the market for wedge binding scaffolds, mainly for detached houses, in Japan ● Launched next-generation scaffolds for mid/high-rise buildings ● Also involved with manufacturing/selling of bulk container cages for liquid transport, etc.
Business Segment	. Manufacture/Sale of Temporary Construction Materials and Logistics Equipment
Top Management	Representative Director: Hiroshi Yamada
Shareholders	GOLDMAN SACHS INTERNATIONAL 12.97%, BNY GCM CLIENT 6.02%, Japan Master trust account 5.56% (as of the end of March 2019)
Headquarters	Kaizu-city, Gifu-prefecture, JAPAN
No. of Employees	Consolidated: 155, Parent: 132 (as of the end of March 2019)

Source: Company Data

3.0 Recent Trading and Prospects

FY03/2019 Results

In FY03/2019, revenue came in at ¥17,512m (up 5.6% YoY), operating income ¥1,963m (down 14.9%), profit before income taxes ¥1,894m (down 15.4%) and profit attributable to owners of the parent ¥1,331m (down 8.8%), while operating income margin 11.2% (down 2.7% points). Compared with initial Company forecasts, revenue was better by ¥612m (3.6%), while operating income worse by ¥407m (17.2%), profit before income taxes worse by ¥419m (18.1%) and profit attributable to owners of parent worse by ¥169m (11.3%). On the mainstay Temporary Construction Materials side, sales of wedge binding scaffolds were unexpectedly driven by impacts from natural disasters, while the Company saw surging sales on the Logistics Equipment side. Nevertheless, unexpected price hikes of raw materials more than offset sales better than expected.



Source: Company Data, WRJ Calculation

The Company saw revenue of ¥14,275m (down 2.7%) on the Temporary Construction Materials side and revenue of ¥3,236m (up 68.6%) on the Logistics Equipment side. Meanwhile, revenue on the Temporary Construction Materials side comprised that of ¥8,214m (up 3.1%) on wedge binding scaffolds, that of ¥2,657m (down 11.9%) on next generation scaffolds and that of ¥3,402m (down 7.6%) on other temporary construction materials.

On the Temporary Construction Materials side, the Company runs operations to manufacture/sell temporary construction materials used mainly at construction sites as well as providing rental services of temporary construction materials and the manufacture on an OEM basis. Temporary construction materials are of temporary work platforms or passageways indispensable for works at construction sites and are generally named as “scaffolds”. All those scaffolds are classified into framework scaffolds and system scaffolds first of all, while the latter into wedge binding scaffolds and next-generation scaffolds. Meanwhile, the market for scaffolds as a whole in Japan equates to ¥500,000m on a stock basis, while replacement demand equating to almost ¥40,000m is generated per year, according to the Company. Thus, the Company’s business on the Temporary Construction Materials side is to meet with demand here, while the replacement demand is expected to remain unchanged or to edge up in a long-term view.

**Wedge Binding Scaffolds
(SHINWA CATCHER)**



**Next Generation Scaffolds
(Silent Power System: SPS)**



Source: Company Data

Wedge binding scaffolds (SHINWA CATCHER) with which the Company is most heavily involved are mainly used for detached houses and other low-rise buildings as well as for mid-rise buildings. When compared with framework scaffolds to be stacked by assembly of diverse basic components, wedge binding scaffolds (SHINWA CATCHER), being system scaffolds, are competitive in that they are easy to be installed because all the steel components represented by props, balustrades and treads being light in weight and simple in shapes, which does not require distinguished skills of trained scaffolding craftsmen. In the first place, prior to the manufacture and sale of wedge binding scaffolds (SHINWA CATCHER) by the Company to have stated up in 1998, framework scaffolds based on technology imported from the United States to Japan in 1950's had been used across the board, which has been fully driven out to date because of above-mentioned features as far as those of low-rise buildings represented by detached houses are concerned. At the moment, framework scaffolds are mainly used for high-rise buildings and large-scale facilities.

Meanwhile, wedge binding scaffolds (SHINWA CATCHER) is so compact when being banded together, offering high efficiency for transport to the sites and requiring the least storage spaces. On top of this, they only demand binding wedge by a hammer and not demanding works like tightening a bolt, etc., materializing installation efficiency higher than framework scaffolds and installation period shorter, which is highly appreciated with wedge binding scaffolds.

In the domain of low-rise buildings represented by detached houses and mid-rise buildings where all those wedge binding scaffolds (SHINWA CATCHER) are used, the Company suggests the market in Japan equates to ¥200,000m on a stock basis and they are held by scaffolding operators to install and remove scaffolds. At the same time, the Company suggests utilization rate of 100% here, while estimating replacement demand equating to 10% of the stock held, i.e., ¥20,000m is generated per year. Meanwhile, the Company has cultivated 1,400 scaffolding operators mainly predominant ones as own customers to date, holding the largest market share in the market. As mentioned earlier, revenue of wedge binding scaffolds came in at ¥8,214m (up 3.1%) with the Company. Simply compared with replacement demand of ¥20,000m, the Company roughly estimates that it has market share of 40%, which is by far the largest in Japan.

In FY03/2019, the Company was initially going for decreased revenue of wedge binding scaffolds (SHINWA CATCHER) over the previous year due mainly to shortage of workforce, but revenue picked up sharply in Q3 in line with increased demand associated with disaster recovery, having resulted in increased revenue on a full-year basis at the same time. As far as we could see, FY03/2020 Company forecasts are also going for increased revenue.

Meanwhile, revenue of next generation scaffolds comprises that of Silent Power System (SPS) sold to above-mentioned 1,400 scaffolding operators or customers of wedge binding scaffolds (SHINWA CATCHER) and that of entrusted manufacture of Darwin on an OEM basis dedicated to a specific major leasing company of temporary construction materials. Available also for low-rise buildings represented by detached houses, etc., but are not used for them because of rationality of economy, i.e., they carry high added value and thus high selling prices, while used for mid-rise buildings and high-rise buildings. Including framework scaffolds used for high-rise buildings and large-scale facilities, the market for mid-rise buildings and high-rise buildings equates to ¥300,000m on a stock basis, mainly held by major leasing companies of temporary construction materials in charge of leasing basically for major general contractors, implying that revenue of suppliers inevitably hinge of inventory level of stock with all those major leasing companies of temporary construction materials. According to the Company, utilization rate of stock here is 60% on average throughout a year, implying stock on utilization equates to ¥180,000m, out of which 10% is replaced per year and generating replacement demand equating to ¥18,000m per year. All those major leasing companies are inclined to hold inventory of stock up to the highest level of demand throughout a year, while it appears that the level of demand is rather volatile in a short-term view.

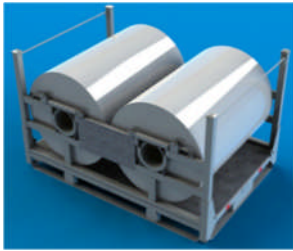
Next generation scaffolds or Silent Power System (SPS), developed by the Company are manufactured in line with standard inch size adopted in existing framework scaffolds and thus just replaceable for them, while being system scaffolds to be assembled with components (props, balustrades, etc.) all light in weight and simple in shapes just like wedge binding scaffolds. Distinguished features, when compared with wedge binding scaffolds, are that they have capability to prevent slipping off for balustrades and equipped with capability of locking for a body of props, so that stability and safety for high-place works are enhanced. On top of this, as being assembled by the use of light hammer made of resin, they generate the least noises when being assembled and dismantled, implying thorough measures to cope with noise problems with construction works at residential areas like those of condos. One more positive feature is that safety is enhanced with next generation scaffolds or Silent Power System (SPS) also with another aspect. Although existing wedge binding scaffolds have a difference in level for footboards, they do not due to structural characteristics of pocket columns. Thus, as was the case with wedge binding scaffolds, next-generation scaffolds or Silent Power System are likely to replace existing framework scaffolds going forward. Meanwhile, this is also true of Darwin manufactured on an OEM basis for a specific major leasing company of temporary construction materials.

In FY03/2019, revenue of next generation scaffolds came in at ¥627m (up 17.2%) in Q1, ¥977m (up 31.3%) in Q2, ¥568m (down 15.5%) in Q3 and ¥484m (down 54.5%) in Q4, having suffered from decreases in H2 over the same period of the previous year. Next generation scaffolds used to see buoyant demand as they provide problems of construction sites with solutions by means of above-mentioned features, i.e., improved efficiency of works, enhanced pursuit of safety and capability to cope with noise problems. However, revenue came down sharply in H2 due to ongoing progress with projects on large-scale facilities represented by New National Stadium Japan for the 2020 Tokyo Olympic/Paralympic Games.

According to the Company, a specific major leasing company of temporary construction materials with which the Company supplies has been seeing a series of returns of Darwin manufactured on an OEM basis from final user or major general contractor in charge of constructing above-mentioned large-scale facilities, etc. Given they are large-scale projects, inventory of Darwin manufactured on an OEM basis has piled up sharply, although temporarily, having led to plummeting revenue with the Company. This is to persist in Q1 FY03/2020, but it appears that FY03/2020 full-year Company forecasts are going for increased revenue over the previous year for next generation scaffolds as a whole.

Meanwhile, with respect to other temporary construction materials, the Company runs operations to manufacture/sell components for framework scaffolds. Revenue came down in FY03/2019, while FY03/2020 Company forecasts are also going for decreased revenue as far as we could see.

Mainstay Products with Logistics Equipment



Pallet for Roll Films



Pallet for LCD-Panel Glasses



Hanging Pallet



Bulk Container Cage for Liquid Transfer

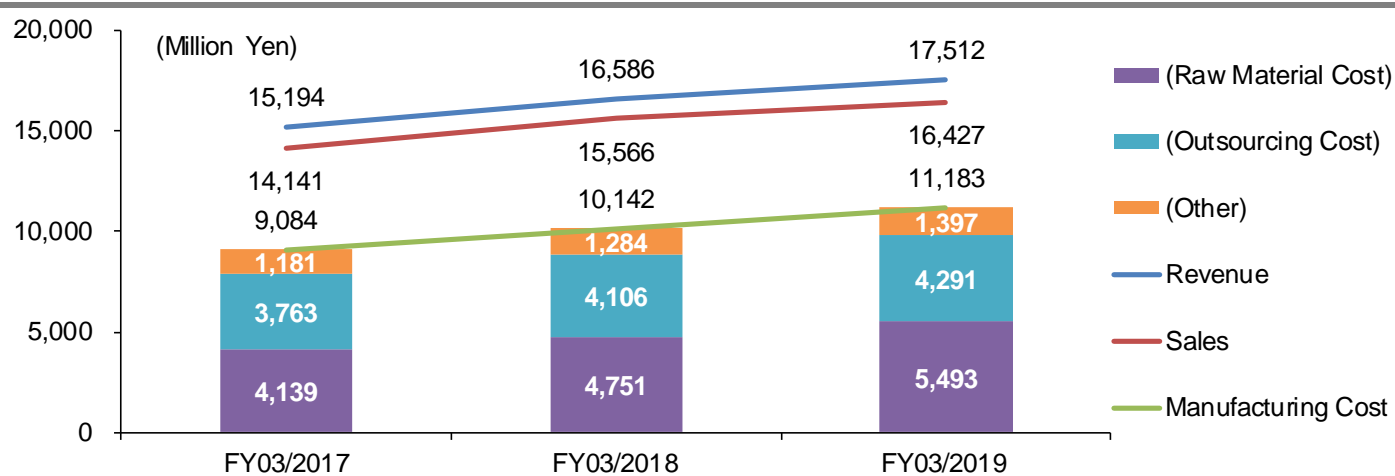
Source: Company Data,

On the Logistics Equipment side, the Company manufactures/sells those of storage and transport for goods mainly at factories, warehouses and construction sites. The Company is keen on manufacturing all those diverse products in line with each application with customers, e.g., pallets to store and transport automobile parts, LCD-panel glasses, etc. as well as other logistics equipment to store goods represented by steel racks. The Company is trying to get at the best products thoroughly coping with needs of customers by means of heavily involved with planning, design, proposal and manufacture of prototype products as well as the manufacture and delivery. Meanwhile, the Company is also involved with pallet products for construction sites represented by hanging pallets, pallets for handrail presetting scaffolding works and pallets exclusively for SHINWA CATCHER.

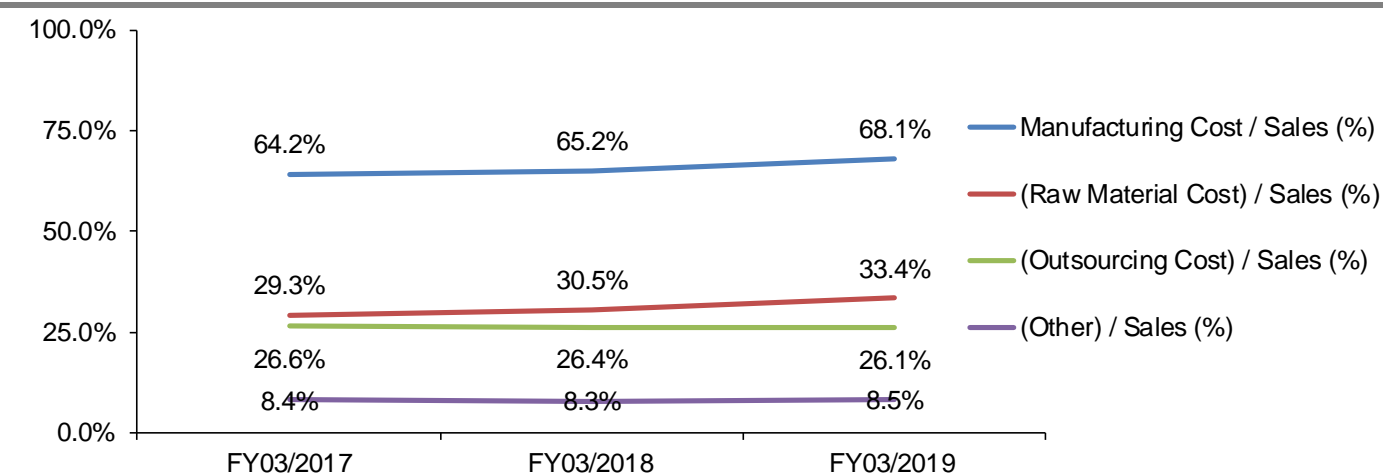
In FY03/2019, the Company has succeeded in gaining repeated order on large-scale warehouse racks for a major Internet sales company, multi-shelf racks for plant factories taking advantage of artificial LED light bulbs, transport equipment for automobile industry, etc., while demand associated with bulk container cages for liquid transport has become more buoyant than before. Nevertheless, FY03/2020 Company forecasts are going for decreased revenue on the Logistic Equipment side. As far as we could see, this has a lot to do with a factor that large-scale project associated with distribution warehouse to have booked revenue in FY03/2019 is not to reappear.

Meanwhile, as a result, revenue with the Company as a whole came in at ¥17,512m (up 5.6%) versus gross profit of ¥4,030m (down 3.5%) and SG&A expenses of ¥2,073m (up 10.8%), implying gross profit margin of 23.0% (down 2.2%) and SG&A expenses ratio of 11.8% (up 0.6% points). In other words, lowered gross profit margin is the key negative factor to have lowered earnings with the Company, which was due mainly to increases of raw material cost in line with price hikes of raw materials. With respect to increases of SG&A expenses, the Company suggests this is due mainly to increases of personnel expenses, including those of share compensations and to increases of taxes and public dues. SG&A expenses increased also as a proportion to revenue, but lowered gross profit margin is more substantial in terms of impacts to earnings. With respect to price hikes of raw materials, the Company has made progress in stages in passing on to selling prices, having resulted in gross profit margin as high as 23.8% in Q4. However, on a full-year basis, the Company did suffer from delayed passing on to selling prices.

Sales and Manufacturing Cost (on a parent basis)

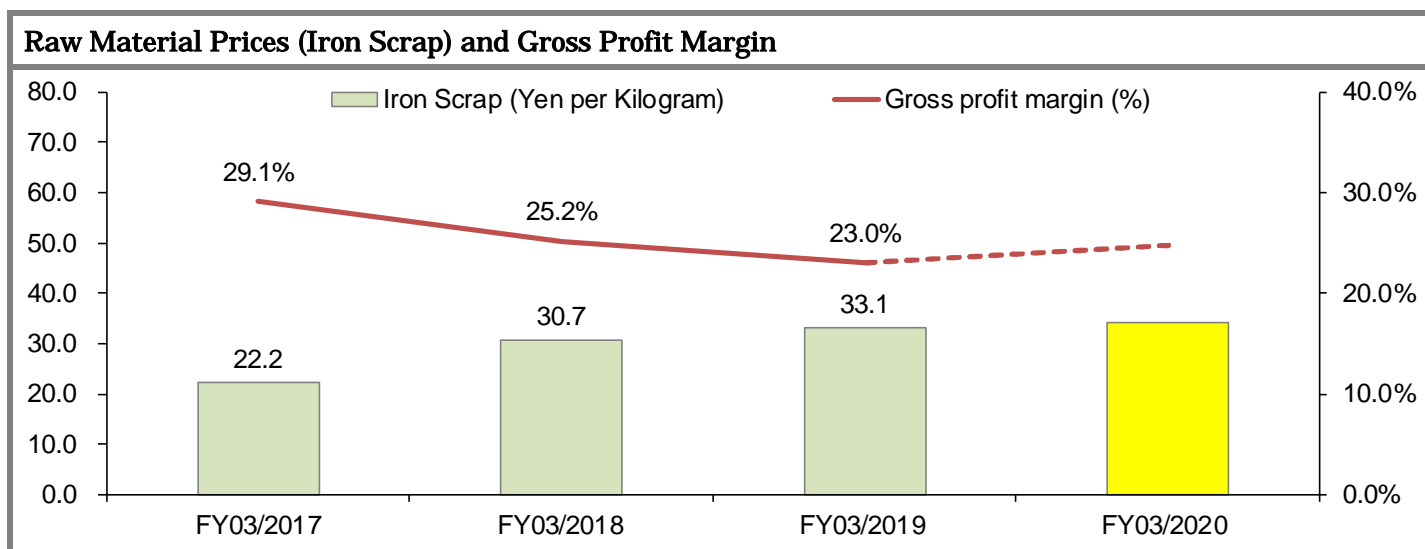


Manufacturing Cost / Sales (on a parent basis)



Source: Company Data, WRJ Calculation

Revenue as a whole for the Company was buoyant in FY03/2018 and then in FY03/2019, which is also true of sales on a parent basis, representing business performance before inclusion of the only subsidiary, i.e., Shinwa Service Co., Ltd. (capita of ¥30m all held). Meanwhile, given the fact that Shinwa Service Co., Ltd. is in charge of selling temporary construction materials and that revenue on a consolidated basis equates to no more than 1.07 times of sales on a parent basis in FY03/2019, it appears that business performance as a whole for the Company is accounted for by that of parent company more than a certain extent. On a parent basis, manufacturing cost came in at ¥11,183m (up 10.3%) versus sales of ¥16,427m (up 5.5%) and the ratio to sales 68.1% (up 2.9%).



Source: Company Data (Japan Iron and Steel Recycling Institute), WRJ Calculation

Meanwhile, the ratio of manufacturing cost to sales increased by 2.9% points in line with increased raw material cost, i.e., ¥5,493m (up 15.6%) and the ratio to sales 33.4% (up 2.9% points). For example, iron scrap prices stood at ¥30.7 per kilogram (up 38.8%) in FY03/2018, which was followed by ¥33.1 per kilogram (up 7.8%) in FY03/2019, implying that increases of the prices are persisting. As far as we could see, this is the key reason why gross profit margin came in at 23.0% (down 2.2% points). More importantly, meanwhile, FY03/2020 Company forecasts are going for improved gross profit margin. Raw material cost is expected to rise further to a certain extent, but the Company suggests price hikes of raw materials have been well passed on to selling price since the beginning of the fiscal year.

FY03/2019 Company Forecasts and Results

Cons. Fiscal Year (IFRS) (Million Yen)	Date	Event	Revenue	Operating income	Profit before income taxes	Profit attributable to owners of the parent
FY03/2019CoE	15-May-18	Q4 Results	16,900	2,370	2,313	1,500
FY03/2019CoE	08-Aug-18	Q1 Results	16,900	2,370	2,313	1,500
FY03/2019CoE	14-Nov-18	Q2 Results	16,900	2,370	2,313	1,500
FY03/2019CoE	08-Feb-19	Q3 Results	16,900	2,370	2,313	1,500
FY03/2019CoE	08-Mar-19	Revision	17,200	1,950	1,890	1,390
		Amount of Gap	300	(420)	(423)	(110)
		Rate of Gap	1.8%	(17.7%)	(18.3%)	(7.3%)
FY03/2019Act	10-May-19	Q4 Results	17,512	1,963	1,894	1,331
		Amount of Gap	312	13	4	(59)
		Rate of Gap	1.8%	0.7%	0.2%	(4.2%)
FY03/2019CoE	15-May-18	Q4 Results	16,900	2,370	2,313	1,500
FY03/2019Act	10-May-19	Q4 Results	17,512	1,963	1,894	1,331
		Amount of Gap	612	(407)	(419)	(169)
		Rate of Gap	3.6%	(17.2%)	(18.1%)	(11.3%)
Cons. Half Year (IFRS) (Million Yen)	Date	Event	Revenue	Operating income	Profit before income taxes	Profit attributable to owners of the parent
Q1 to Q2 FY03/2019CoE	15-May-18	Q4 Results	8,348	1,159	1,130	731
Q1 to Q2 FY03/2019CoE	08-Aug-18	Q1 Results	8,348	1,159	1,130	731
Q1 to Q2 FY03/2019Act	14-Nov-18	Q2 Results	8,624	1,004	974	627
		Amount of Gap	276	(155)	(156)	(104)
		Rate of Gap	3.3%	(13.4%)	(13.8%)	(14.2%)
Q1 to Q2 FY03/2019CoE	15-May-18	Q4 Results	8,348	1,159	1,130	731
Q1 to Q2 FY03/2019Act	14-Nov-18	Q2 Results	8,624	1,004	974	627
		Amount of Gap	276	(155)	(156)	(104)
		Rate of Gap	3.3%	(13.4%)	(13.8%)	(14.2%)
Cons. Half Year (IFRS) (Million Yen)	Date	Event	Revenue	Operating income	Profit before income taxes	Profit attributable to owners of the parent
Q3 to Q4 FY03/2019CoE	15-May-18	Q4 Results	8,552	1,211	1,183	769
Q3 to Q4 FY03/2019CoE	08-Aug-18	Q1 Results	8,552	1,211	1,183	769
Q3 to Q4 FY03/2019CoE	14-Nov-18	Q2 Results	8,276	1,366	1,339	873
		Amount of Gap	(276)	155	156	104
		Rate of Gap	(3.2%)	12.8%	13.2%	13.5%
Q3 to Q4 FY03/2019CoE	08-Feb-19	Q3 Results	8,276	1,366	1,339	873
Q3 to Q4 FY03/2019CoE	08-Mar-19	Revision	8,576	946	916	763
		Amount of Gap	300	(420)	(423)	(110)
		Rate of Gap	3.6%	(30.7%)	(31.6%)	(12.6%)
Q3 to Q4 FY03/2019Act	10-May-19	Q4 Results	8,888	959	920	704
		Amount of Gap	312	13	4	(59)
		Rate of Gap	3.6%	1.4%	0.4%	(7.7%)
Q3 to Q4 FY03/2019CoE	15-May-18	Q4 Results	8,552	1,211	1,183	769
Q3 to Q4 FY03/2019Act	10-May-19	Q4 Results	8,888	959	920	704
		Amount of Gap	336	(252)	(263)	(65)
		Rate of Gap	3.9%	(20.8%)	(22.2%)	(8.5%)

Source: Company Data, WRJ Calculation

Income Statement (Cumulative, Quarterly)

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q1 to Q2 03/2018	Q1 to Q3 03/2018	Q1 to Q4 03/2018	Q1 03/2019	Q1 to Q2 03/2019	Q1 to Q3 03/2019	Q1 to Q4 03/2019		
Revenue	3,788	8,062	12,322	16,586	4,100	8,624	13,522	17,512		+926
Cost of revenue	2,775	5,945	9,109	12,410	3,177	6,666	10,440	13,482		+1,071
Gross profit	1,012	2,117	3,212	4,175	923	1,957	3,081	4,030		(144)
SG&A expenses	440	902	1,375	1,871	490	958	1,493	2,073		+201
Other income / expenses (net)	(1)	0	2	3	3	5	10	7		+3
Operating income	570	1,214	1,839	2,306	436	1,004	1,598	1,963		(342)
Financial revenue / expenses (net)	(17)	(34)	(51)	(67)	(15)	(30)	(45)	(69)		(1)
Profit before taxes	553	1,180	1,788	2,238	420	974	1,552	1,894		(344)
Income tax expenses	187	414	622	779	158	346	547	563		(215)
Profit for the period	365	766	1,166	1,459	261	627	1,005	1,331		(128)
Profit attributable to owner of the parent	365	766	1,166	1,459	261	627	1,005	1,331		(128)
Revenue YoY	-	-	-	+9.2%	+8.2%	+7.0%	+9.7%	+5.6%		-
Operating income YoY	-	-	-	(12.3%)	(23.6%)	(17.3%)	(13.1%)	(14.9%)		-
Profit before taxes YoY	-	-	-	(12.5%)	(24.0%)	(17.5%)	(13.2%)	(15.4%)		-
Profit for the period YoY	-	-	-	(13.1%)	(28.5%)	(18.1%)	(13.8%)	(8.8%)		-
Profit attributable to owner of the parent YoY	-	-	-	(13.1%)	(28.5%)	(18.1%)	(13.8%)	(8.8%)		-
Gross profit margin	26.7%	26.3%	26.1%	25.2%	22.5%	22.7%	22.8%	23.0%		(2.2%)
SG&A expenses ratio	11.6%	11.2%	11.2%	11.3%	12.0%	11.1%	11.0%	11.8%		+0.6%
Operating income margin	15.1%	15.1%	14.9%	13.9%	10.6%	11.6%	11.8%	11.2%		(2.7%)
Profit before taxes margin	14.6%	14.6%	14.5%	13.5%	10.3%	11.3%	11.5%	10.8%		(2.7%)
Profit for the period margin	9.7%	9.5%	9.5%	8.8%	6.4%	7.3%	7.4%	7.6%		(1.2%)
Profit attributable to owner of the parent margin	9.7%	9.5%	9.5%	8.8%	6.4%	7.3%	7.4%	7.6%		(1.2%)
Income tax expenses / Profit before taxes	33.8%	35.1%	34.8%	34.8%	37.7%	35.6%	35.2%	29.7%		(5.1%)

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q2 03/2018	Q3 03/2018	Q4 03/2018	Q1 03/2019	Q2 03/2019	Q3 03/2019	Q4 03/2019		
Revenue	3,788	4,274	4,259	4,263	4,100	4,523	4,898	3,989		(273)
Cost of revenue	2,775	3,169	3,164	3,300	3,177	3,489	3,773	3,041		(259)
Gross profit	1,012	1,105	1,095	962	923	1,034	1,124	948		(14)
SG&A expenses	440	462	472	496	490	467	535	579		+83
Other income / expenses (net)	(1)	1	2	0	3	1	5	(3)		(3)
Operating income	570	644	624	467	436	568	594	365		(102)
Financial revenue / expenses (net)	(17)	(17)	(16)	(16)	(15)	(14)	(15)	(23)		(6)
Profit before taxes	553	627	608	450	420	553	578	341		(108)
Income tax expenses	187	227	207	156	158	188	200	16		(140)
Profit for the period	365	400	400	293	261	365	378	325		+32
Profit attributable to owner of the parent	365	400	400	293	261	365	378	325		+32
Revenue YoY	-	-	-	-	+8.2%	+5.8%	+15.0%	(6.4%)		-
Operating income YoY	-	-	-	-	(23.6%)	(11.8%)	(4.8%)	(21.8%)		-
Profit before taxes YoY	-	-	-	-	(24.0%)	(11.7%)	(4.8%)	(24.1%)		-
Profit attributable to owner of the parent YoY	-	-	-	-	(28.5%)	(8.6%)	(5.5%)	+11.0%		-
Gross profit margin	26.7%	25.9%	25.7%	22.6%	22.5%	22.9%	23.0%	23.8%		+1.2%
SG&A expenses ratio	11.6%	10.8%	11.1%	11.6%	12.0%	10.3%	10.9%	14.5%		+2.9%
Operating income margin	15.1%	15.1%	14.7%	11.0%	10.6%	12.6%	12.1%	9.2%		(1.8%)
Profit before taxes margin	14.6%	14.7%	14.3%	10.6%	10.3%	12.2%	11.8%	8.6%		(2.0%)
Profit for the period margin	9.7%	9.4%	9.4%	6.9%	6.4%	8.1%	7.7%	8.2%		+1.3%
Profit attributable to owner of the parent margin	9.7%	9.4%	9.4%	6.9%	6.4%	8.1%	7.7%	8.2%		+1.3%
Income tax expenses / Profit before taxes	33.8%	36.2%	34.2%	34.8%	37.7%	34.0%	34.6%	4.7%		(30.1%)

Source: Company Data, WRJ Calculation

Revenue by Division (Cumulative, Quarterly)

Revenue by Division	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.
	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	03/2019	
Wedge Binding Scaffolds	1,834	3,960	6,058	7,967	1,682	3,696	6,300	8,214		+247
Next Generation Scaffolds	535	1,280	1,952	3,018	627	1,605	2,173	2,657		(360)
Other Temporary Construction Materials	965	1,858	2,828	3,680	822	1,672	2,507	3,402		(278)
Temporary Construction Materials	3,335	7,098	10,839	14,666	3,132	6,973	10,980	14,275		(390)
Logistics Equipment	452	963	1,483	1,919	967	1,650	2,541	3,236		+1,317
Revenue	3,788	8,062	12,322	16,586	4,100	8,624	13,522	17,512		+926
Wedge Binding Scaffolds	-	-	-	(8.8%)	(8.3%)	(6.7%)	+4.0%	+3.1%		-
Next Generation Scaffolds	-	-	-	+546.6%	+17.2%	+25.4%	+11.3%	(11.9%)		-
Other Temporary Construction Materials	-	-	-	(9.6%)	(14.8%)	(10.0%)	(11.4%)	(7.6%)		-
Temporary Construction Materials	-	-	-	+10.5%	(6.1%)	(1.8%)	+1.3%	(2.7%)		-
Logistics Equipment	-	-	-	(0.1%)	+113.9%	+71.2%	+71.4%	+68.6%		-
Revenue (YoY)	-	-	-	+9.2%	+8.2%	+7.0%	+9.7%	+5.6%		-
Wedge Binding Scaffolds	48.4%	49.1%	49.2%	48.0%	41.0%	42.9%	46.6%	46.9%		-
Next Generation Scaffolds	14.1%	15.9%	15.8%	18.2%	15.3%	18.6%	16.1%	15.2%		-
Other Temporary Construction Materials	25.5%	23.0%	23.0%	22.2%	20.1%	19.4%	18.5%	19.4%		-
Temporary Construction Materials	88.1%	88.0%	88.0%	88.4%	76.4%	80.9%	81.2%	81.5%		-
Logistics Equipment	11.9%	12.0%	12.0%	11.6%	23.6%	19.1%	18.8%	18.5%		-
Revenue (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		-

Revenue by Division	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.
	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	03/2019	
Wedge Binding Scaffolds	1,834	2,126	2,097	1,909	1,682	2,013	2,604	1,914		+5
Next Generation Scaffolds	535	744	672	1,065	627	977	568	484		(580)
Other Temporary Construction Materials	965	892	969	852	822	850	834	895		+42
Temporary Construction Materials	3,335	3,763	3,740	3,827	3,132	3,840	4,007	3,294		(532)
Logistics Equipment	452	511	519	436	967	682	891	695		+258
Revenue	3,788	4,274	4,259	4,263	4,100	4,523	4,898	3,989		(273)
Wedge Binding Scaffolds	-	-	-	-	(8.3%)	(5.3%)	+24.1%	+0.3%		-
Next Generation Scaffolds	-	-	-	-	+17.2%	+31.3%	(15.5%)	(54.5%)		-
Other Temporary Construction Materials	-	-	-	-	(14.8%)	(4.8%)	(13.9%)	+5.0%		-
Temporary Construction Materials	-	-	-	-	(6.1%)	+2.1%	+7.1%	(13.9%)		-
Logistics Equipment	-	-	-	-	+113.9%	+33.5%	+71.6%	+59.2%		-
Revenue (YoY)	-	-	-	-	+8.2%	+5.8%	+15.0%	(6.4%)		-
Wedge Binding Scaffolds	48.4%	49.7%	49.3%	44.8%	41.0%	44.5%	53.2%	48.0%		-
Next Generation Scaffolds	14.1%	17.4%	15.8%	25.0%	15.3%	21.6%	11.6%	12.1%		-
Other Temporary Construction Materials	25.5%	20.9%	22.8%	20.0%	20.1%	18.8%	17.0%	22.4%		-
Temporary Construction Materials	88.1%	88.0%	87.8%	89.8%	76.4%	84.9%	81.8%	82.6%		-
Logistics Equipment	11.9%	12.0%	12.2%	10.2%	23.6%	15.1%	18.2%	17.4%		-
Revenue (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet	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.
(Million Yen)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019		
Cash and cash equivalents	-	-	1,973	1,507	909	983	1,237	1,742		+234
Accounts receivables, etc.	-	-	3,626	4,258	3,699	4,003	3,457	3,817		(440)
Inventory	-	-	2,202	2,142	3,107	3,041	2,683	2,382		+239
Other	-	-	105	168	138	141	85	121		(46)
Current assets	-	-	7,907	8,077	7,854	8,170	7,465	8,064		(13)
Property, plant and equipment	-	-	2,334	2,453	2,468	2,547	2,550	2,495		+42
Goodwill	-	-	9,221	9,221	9,221	9,221	9,221	9,221		0
Intangible assets	-	-	1,251	1,263	1,265	1,260	1,278	1,276		+12
Other	-	-	78	68	86	81	82	114		+46
Non-current assets	-	-	12,885	13,007	13,041	13,110	13,133	13,108		+100
Total Assets	-	-	20,793	21,084	20,896	21,281	20,598	21,172		+87
Accounts payables, etc.	-	-	1,188	1,468	1,396	998	950	1,180		(288)
Short-term loans	-	-	767	767	1,058	1,798	918	494		(273)
Other	-	-	542	615	500	563	419	502		(113)
Current liabilities	-	-	2,497	2,852	2,956	3,360	2,288	2,177		(674)
Long-term loans	-	-	6,202	5,818	5,820	5,436	5,437	5,685		(133)
Other	-	-	429	445	458	455	458	450		+5
Non-current liabilities	-	-	6,631	6,263	6,278	5,891	5,896	6,136		(127)
Total liabilities	-	-	9,129	9,116	9,234	9,252	8,185	8,313		(802)
Equity attributable to owners of the parent	-	-	11,663	11,968	11,661	12,028	12,413	12,859		+890
Total equity	-	-	11,663	11,968	11,661	12,028	12,413	12,859		+890
Total liabilities and equity	-	-	20,793	21,084	20,896	21,281	20,598	21,172		+87
Equity attributable to owners of the parent	-	-	11,663	11,968	11,661	12,028	12,413	12,859		+891
Interest bearing debt	-	-	6,970	6,586	6,878	7,234	6,356	6,180		(406)
Net debt	-	-	4,996	5,078	5,968	6,251	5,118	4,437		(641)
Equity ratio	-	-	56.1%	56.8%	55.8%	56.5%	60.3%	60.7%		+4.0%
Net debt equity ratio	-	-	42.8%	42.4%	51.2%	52.0%	41.2%	34.5%		(7.9%)
ROE (12 months)	-	-	-	13.0%	-	-	10.8%	10.7%		(2.3%)
ROA (12 months)	-	-	-	10.8%	-	-	9.7%	9.0%		(1.9%)
Days for inventory turnover	-	-	64	59	89	80	65	71		-
Quick ratio	-	-	224%	202%	156%	148%	205%	255%		-
Current ratio	-	-	317%	283%	266%	243%	326%	370%		-

Source: Company Data, WRJ Calculation

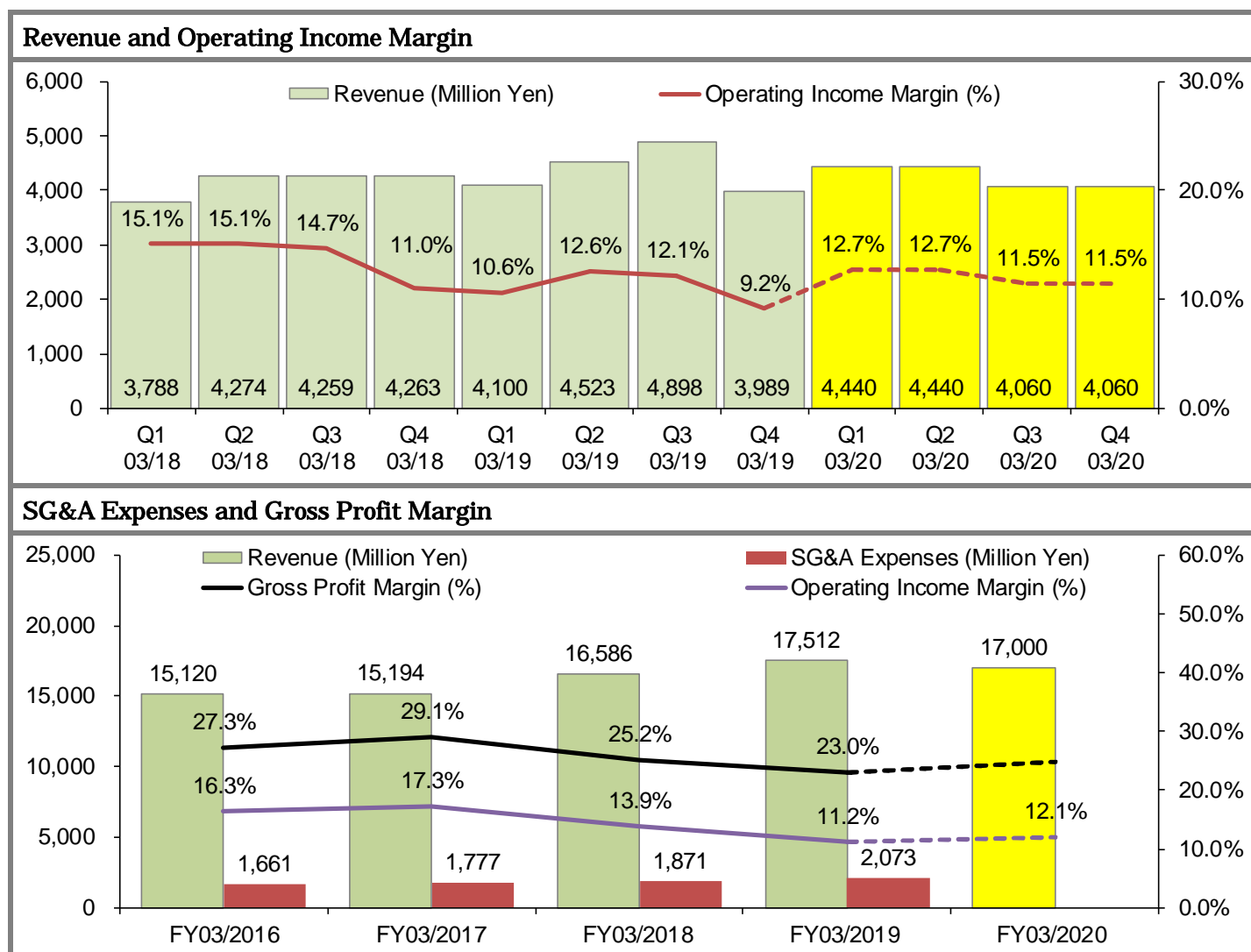
Cashflow Statement (Cumulative, Quarterly)

Cashflow Statement	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.
(Million Yen)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019		
Cashflow from operating activities	81	805	1,237	1,390	(234)	(202)	1,091	1,766		+376
Cashflow from Investing activities	(64)	(240)	(428)	(651)	(148)	(358)	(505)	(580)		+71
Cashflow from operating/investing activities	17	564	809	738	(383)	(560)	586	1,186		+447
Cashflow from financing activities	(11)	(443)	(453)	(848)	(214)	35	(856)	(951)		(103)
Cashflow Statement	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.
(Million Yen)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019		
Cashflow from operating activities	81	723	432	152	(234)	32	1,293	675		+861
Cashflow from Investing activities	(64)	(176)	(187)	(223)	(148)	(209)	(146)	(75)		+40
Cashflow from operating/investing activities	17	547	244	(70)	(383)	(177)	1,146	600		+901
Cashflow from financing activities	(11)	(431)	(10)	(394)	(214)	250	(891)	(95)		(881)

Source: Company Data, WRJ Calculation

FY03/2020 Company Forecasts

FY03/2020 Company forecasts are going for prospective revenue of ¥17,000m (down 2.9% YoY), operating income of ¥2,060m (up 4.9%), profit before income taxes of ¥1,990m (up 5.0%) and profit attributable to owners of the parent of ¥1,400m (up 5.1%), while operating income margin of 12.1% (up 0.9% points). At the same time, Company forecasts are going for prospective revenue of ¥8,800m (up 3.0%), operating income of ¥1,130m (up 12.5%) and operating income margin of 12.7% (up 1.1% points) in Q1 to Q2 versus revenue of ¥8,120m (down 8.6%), operating income of ¥930m (down 3.1%) and operating income margin of 11.5% (up 0.7% points) in H2. Company forecasts are also going for prospective annual dividend of ¥44.0 per share, implying payout ratio of 44.0%.



Source: Company Data, WRJ Calculation (Quarters in FY03/2020: half year Company forecasts pro rata)

FY03/2020 Company forecasts assume prospective revenue of ¥14,363m (up 0.6%) on the Temporary Construction Materials side and that of ¥2,637m (down 18.5%) on the Logistics Equipment side. Meanwhile, it appears that Company forecasts are going for increased revenue on wedge binding scaffolds, increased revenue on next-generation scaffolds and decreased revenue on other temporary construction materials on the mainstay Temporary Construction Materials side. With respect to wedge binding scaffolds, revenue is expected to be firm in line with increased demand associated with renovation and with maintenance and repair works on social infrastructure. Meanwhile, the Company is going for replacement of existing framework scaffolds to go on in regards to next generation scaffolds, driven by increased demand for improved productivity and enhanced safety in line with severe workforce shortage, although there is a concern on impacts from decreased large-scale projects. On the Logistic Equipment side, the Company is going for strengths on bulk container cages for liquid transfer to continue, but suspending order intake on projects carrying low profit margin. On top of this, revenue associated with large-scale warehouse racks for a major Internet sales company is not expected to reappear.

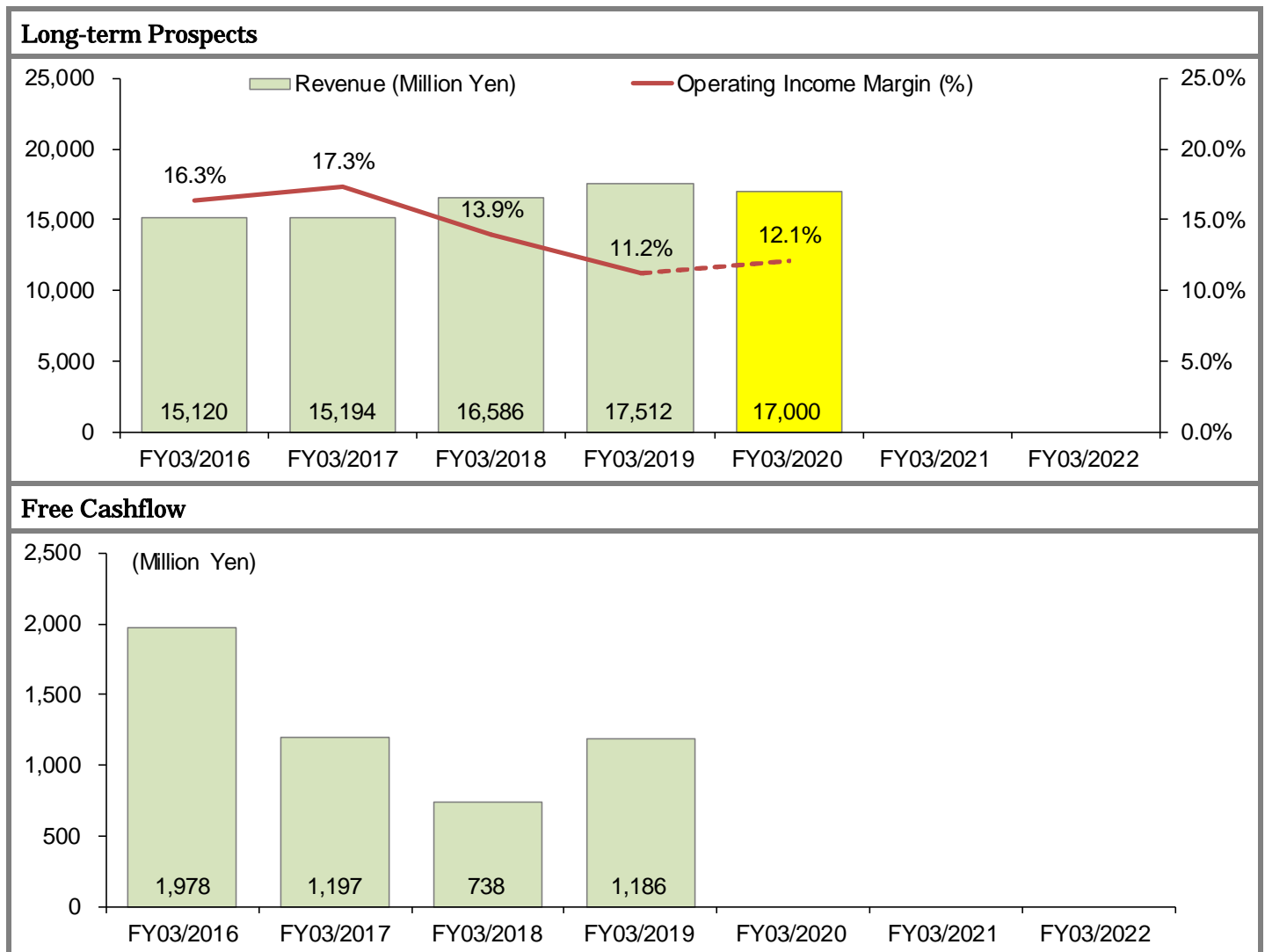
In Q1 to Q2, Company forecasts are going for last minute surge in demand on consumption tax rate hike and reactionary decreases in H2. On top of this, Company forecasts are also going for negative impacts in H2 (October 2019 to March 2020) stemming from anti-terrorism policy associated with the 2020 Tokyo Olympic Games (to be held through 24 July 2020 to 9 August). According to the Company, large-scale construction works in Tokyo will be all suspended prior to the holding of the games, which is to start about half year earlier than the holding.

Meanwhile, Company forecasts are going for increased gross profit margin over the previous year, although going for further increases of raw material prices at the same time This is because increased raw material prices so far have been well passed on to selling prices from the beginning of the fiscal year. For example, Company forecasts are going for decreased revenue in H2 over the same period in the previous year, but increased operating income margin, suggesting that increased selling prices have positive impacts to more than a certain extent.

Lastly, the Company places emphasis on sharing earnings with shareholders as one of the key management issues, going for target payout ratio of 40% or higher as dividend policy, while having done so to date. The Company, listed onto second section of Tokyo Stock Exchange on 20 March 2018, paid fiscal year end dividend of ¥43.0 per share, implying payout ratio of 40.6%, in FY03/2018, which was followed by ¥44.0 and 45.6% in FY03/2019, while going for ¥44.0 and 44.0% in FY03/2020.

Long-Term Prospects

In a long-term view, the Company is likely to maintain or increase revenue and free cashflow. With respect to construction market in Japan to which the Company is exposed will not see any major growth in the future, but demand for temporary construction materials with which the Company is heavily involved will maintain the current levels or edge up going forward. Meanwhile, the Company to hold unique metal machining technology will be able to secure profit margin more than a certain extent. Short-term demand for the Company's temporary construction materials hinges on impacts from natural disasters as well as those of diverse events represented by the 2020 Tokyo Olympic and Paralympic Games, while changes of raw material prices are a risk factor for levels of earnings. Still, longer term, short-term factors associated with revenue should see equalization, while changes of raw material prices should be passed on to selling prices and exposure to the risk reduces. Thus, it looks the Company will be able to generate free cashflow going forward as it did in the past, while having generated cumulative free cashflow equating to ¥5,100m over the past four year.



Source: Company Data, WRJ Calculation

Meanwhile, the Company is to set up joint company in China, planning to locally start up operations to manufacture/sell temporary construction materials. In FY03/2020, the Company is unlikely to see any major impacts stemming from here with its business performance, while the operations here are to take off on a full-fledged basis in FY03/2021 and it appears that the Company is going for target revenue of ¥3,000m in FY03/2022. Looking to progresses to be made here, the Company's operations should have an aspect of growth, which is currently lacking in a sense.

According to the release on 26 March 2019, the Company is to set up joint company in China through three-company co-funding with Alconix Corporation (ticker: 3036), i.e., spinout of nonferrous metal division of Sojitz Group and Guangdong Chuangfu Metal Product Co., Ltd.(Guangdong Province, China). Out of capital of 25m renminbi, the Company holds 51.0%, Guangdong Chuangfu Metal Product Co., Ltd. 34.0% and Alconix Corporation 15.0%, while one of the directors with the Company will be appointed as representative director with this joint company. Meanwhile, on top of manufacturing/selling of temporary construction materials, this joint company is to be involved with imports from Japan as one of the key operations. In China, demand is picking up for scaffolds incorporating features of high safety, implying that a basis for the Company's strengths on next generation scaffolds, etc. to be utilized will be expanding in the future. The Company is now keen on developing scaffolds coping with local standard, trying to meet with local demand as soon as possible.

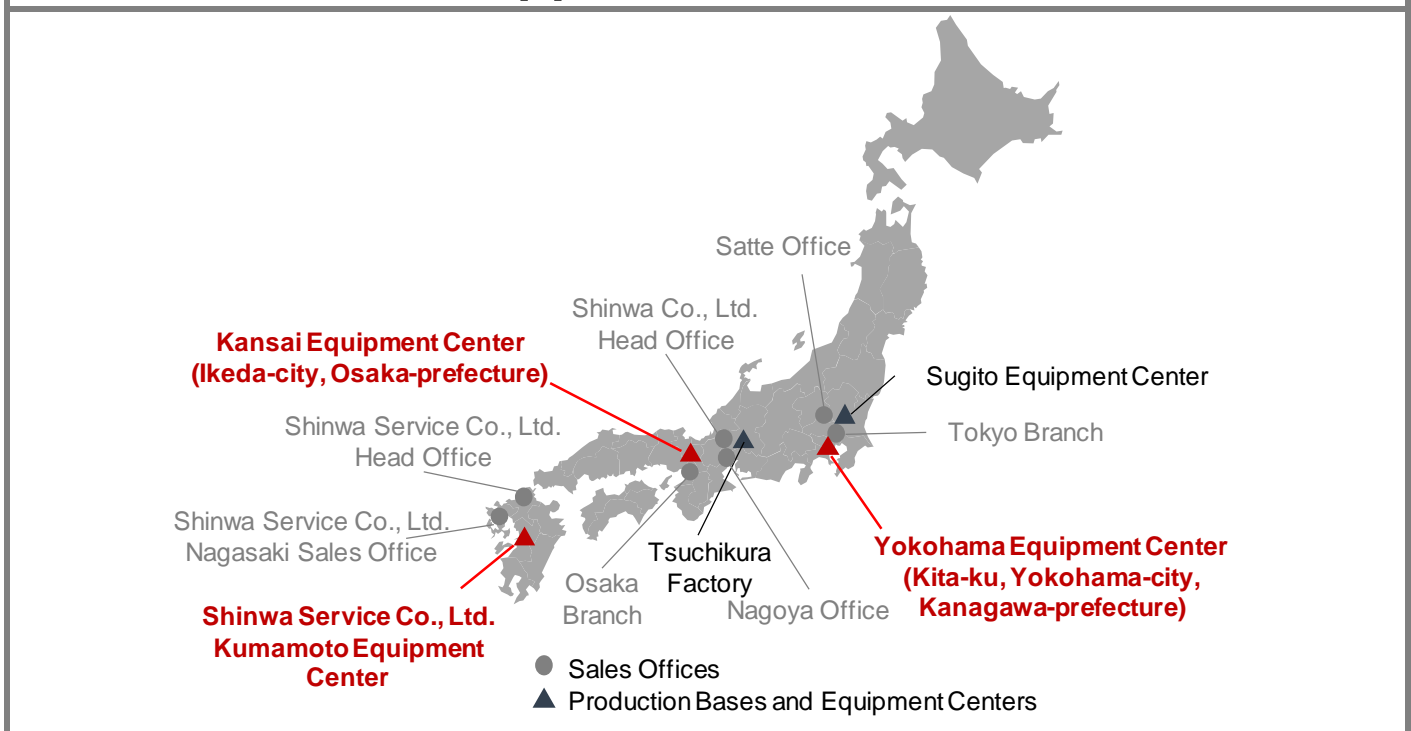
Alconix Corporation or one of the partner companies for this joint company represents a group of trading companies comprehensively involved with operations from distribution to the manufacture of processed products in regards to materials and products for non-ferrous metals, holding diverse knowhows on business operations in China together with its operations to run four business offices in China as well as with its investments in lots of local business of the manufacture and distribution. Meanwhile, the other partner, i.e., Guangdong Chuangfu Metal Product Co., Ltd. is a local company and is one of the equity-accounted affiliates with Alconix Corporation, holding 35% of the capital with it, while being well known in the local market for construction by its extensive involvements with the manufacture of aluminum-related products and with its operations to supply major construction and real estate companies with construction-use aluminum molds. Going forward, there will be a surge in demand for improved safety, improved efficiency of works and considerations on environment in the construction sites of China, while it will be a problem to be solved to cope with local laws and ordinances, safety standards, business practices, etc. to benefit from the growth in the market. Thus, the Company is to set up a joint company through three-company co-funding for the sake of entering the market for China by means of generating new values to contribute to improved safety, improved efficiency of works and considerations on environment at construction sites in China, together with utilization of overseas network held by Alconix Corporation and local resources of the manufacture and sale held by Guangdong Chuangfu Metal Product Co., Ltd.

4.0 Business Model

Manufacturing/Selling Temporary Construction Materials and Logistics Equipment

The Company, having experienced change of the stock market for the shares to trade to first section of Tokyo Stock Exchange and first section of Nagoya Stock Exchange on 20 March 2019, runs operations of manufacturing/ selling temporary construction materials and logistics equipment. For the sake of beefing up operations of temporary construction materials, the Company newly set up three equipment centers, improving convenience with customers by means of cutting back on distribution expenses as well as on delivery time. Meanwhile, the Company is also trying to beef up operations of logistics equipment by means of having set up a new business office for this in the central part of Aichi or “fabrication town”, i.e., Nagoya in order to enhance sales promotions with improved capability of sale and engineering. Meanwhile, for the sake of enhancing corporate governance, the Company set up nomination/compensation committee so that fairness, transparency and objectivity will be enhanced for nomination of directors and executive officers and for their compensations. On 25 June 2019, the Company held the 5th ordinary meeting of shareholders and three in-house directors and four independent outside directors were elected as planned and one of the latter is of female.

Sales Offices, Production Bases and Equipment Centers



Source: Company Data

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Revenue	-	15,120	15,194	16,586	17,512	17,000	(512)
Cost of revenue	-	10,992	10,774	12,410	13,482	-	-
Gross profit	-	4,128	4,419	4,175	4,030	-	-
SG&A expenses	-	1,661	1,777	1,871	2,073	-	-
Other income / expenses (net)	-	4	(11)	3	7	-	-
Operating income	-	2,470	2,631	2,306	1,963	2,060	+96
Financial revenue / expenses (net)	-	(336)	(71)	(67)	(69)	(70)	0
Profit before taxes	-	2,134	2,559	2,238	1,894	1,990	+95
Income tax expenses	-	622	878	779	563	590	+26
Profit for the period	-	1,511	1,680	1,459	1,331	1,400	+68
Profit attributable to owner of the parent	-	1,511	1,680	1,459	1,331	1,400	+68
Revenue YoY	-	-	+0.5%	+9.2%	+5.6%	(2.9%)	-
Operating income YoY	-	-	+6.5%	(12.3%)	(14.9%)	+4.9%	-
Profit before taxes YoY	-	-	+19.9%	(12.5%)	(15.4%)	+5.0%	-
Profit for the period YoY	-	-	+11.2%	(13.1%)	(8.8%)	+5.1%	-
Profit attributable to owner of the parent YoY	-	-	+11.2%	(13.1%)	(8.8%)	+5.1%	-
Gross profit margin	-	27.3%	29.1%	25.2%	23.0%	-	-
SG&A expenses ratio	-	11.0%	11.7%	11.3%	11.8%	-	-
Operating income margin	-	16.3%	17.3%	13.9%	11.2%	12.1%	+0.9%
Profit before taxes margin	-	14.1%	16.8%	13.5%	10.8%	11.7%	+0.9%
Profit for the period margin	-	10.0%	11.1%	8.8%	7.6%	8.2%	+0.6%
Profit attributable to owner of the parent margin	-	10.0%	11.1%	8.8%	7.6%	8.2%	+0.6%
Income tax expenses / Profit before taxes	-	29.2%	34.3%	34.8%	29.7%	-	-

Source: Company Data, WRJ Calculation

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Revenue by Division

Revenue by Division (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Wedge Binding Scaffolds	-	8,867	8,731	7,967	8,214	-	-
Next Generation Scaffolds	-	-	466	3,018	2,657	-	-
Other Temporary Construction Materials	-	4,600	4,073	3,680	3,402	-	-
Temporary Construction Materials	-	13,467	13,271	14,666	14,275	14,363	+87
Logistics Equipment	-	1,652	1,922	1,919	3,236	2,637	(599)
Revenue	-	15,120	15,194	16,586	17,512	17,000	(512)
Wedge Binding Scaffolds	-	-	(1.5%)	(8.8%)	+3.1%	-	-
Next Generation Scaffolds	-	-	-	+546.6%	(11.9%)	-	-
Other Temporary Construction Materials	-	-	(11.4%)	(9.6%)	(7.6%)	-	-
Temporary Construction Materials	-	-	(1.4%)	+10.5%	(2.7%)	+0.6%	-
Logistics Equipment	-	-	+16.4%	(0.1%)	+68.6%	(18.5%)	-
Revenue (YoY)	-	-	+0.5%	+9.2%	+5.6%	(2.9%)	-
Wedge Binding Scaffolds	-	58.6%	57.5%	48.0%	46.9%	49.4%	-
Next Generation Scaffolds	-	0.0%	3.1%	18.2%	15.2%	17.6%	-
Other Temporary Construction Materials	-	30.4%	26.8%	22.2%	19.4%	17.4%	-
Temporary Construction Materials	-	89.1%	87.3%	88.4%	81.5%	84.5%	-
Logistics Equipment	-	10.9%	12.7%	11.6%	18.5%	15.5%	-
Revenue (Composition Ratio)	-	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Cash and cash equivalents	-	1,227	1,617	1,507	1,742	-	-
Accounts receivables, etc.	-	3,490	3,554	4,258	3,817	-	-
Inventory	-	1,574	2,218	2,142	2,382	-	-
Other	-	87	78	168	121	-	-
Current assets	-	6,379	7,469	8,077	8,064	-	-
Property, plant and equipment	-	2,085	2,217	2,453	2,495	-	-
Goodwill	-	9,221	9,221	9,221	9,221	-	-
Intangible assets	-	1,242	1,239	1,263	1,276	-	-
Other	-	71	92	68	114	-	-
Non-current assets	-	12,620	12,771	13,007	13,108	-	-
Total Assets	-	19,000	20,241	21,084	21,172	-	-
Accounts payables, etc.	-	879	1,122	1,468	1,180	-	-
Short-term loans	-	765	766	767	494	-	-
Other	-	672	760	615	502	-	-
Current liabilities	-	2,317	2,649	2,852	2,177	-	-
Long-term loans	-	7,384	6,621	5,818	5,685	-	-
Other	-	485	475	445	450	-	-
Non-current liabilities	-	7,870	7,096	6,263	6,136	-	-
Total liabilities	-	10,187	9,746	9,116	8,313	-	-
Equity attributable to owners of the parent	-	8,812	10,495	11,968	12,859	-	-
Total equity	-	8,812	10,495	11,968	12,859	-	-
Total liabilities and equity	-	19,000	20,241	21,084	21,172	-	-
Equity attributable to owners of the parent	-	8,812	10,495	11,968	12,859	-	-
Interest bearing debt	-	8,149	7,387	6,586	6,180	-	-
Net debt	-	6,922	5,770	5,078	4,437	-	-
Equity ratio	-	46.4%	51.9%	56.8%	60.7%	-	-
Net debt equity ratio	-	78.5%	55.0%	42.4%	34.5%	-	-
ROE (12 months)	-	20.0%	17.4%	13.0%	10.7%	-	-
ROA (12 months)	-	11.0%	13.0%	10.8%	9.0%	-	-
Days for inventory turnover	-	52	75	63	64	-	-
Quick ratio	-	204%	195%	202%	255%	-	-
Current ratio	-	275%	282%	283%	370%	-	-

Source: Company Data, WRJ Calculation

Cashflow Statement

Cashflow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Cashflow from operating activities	-	2,353	1,757	1,390	1,766	-	-
Cashflow from Investing activities	-	(374)	(560)	(651)	(580)	-	-
Cashflow from operating/investing activities	-	1,978	1,197	738	1,186	-	-
Cashflow from financing activities	-	(2,514)	(807)	(848)	(951)	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
No. of Shares FY End (-000 Shares)	-	13,788	13,788	13,788	13,989	-	-
Net Profit / EPS (-000 Shares)	-	13,783	13,789	13,788	13,806	-	-
Treasury Shares FY End (-000 Shares)	-	0	0	0	0	-	-
Basic Earnings Per Share	-	109.66	121.88	105.87	96.44	100.08	-
Diluted Earnings Per Share	-	109.66	121.88	105.24	95.81	-	-
Equity At. to Owners of the Parent Per Share	-	639.14	761.15	868.04	919.24	-	-
Dividend Per Share	-	0.00	0.00	43.00	44.00	44.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Share Split Factor	-	1	1	1	1	-	-
Basic Earnings Per Share	-	109.66	121.88	105.87	96.44	100.08	-
Equity At. to Owners of the Parent Per Share	-	639.14	761.15	868.04	919.24	-	-
Dividend Per Share	-	0.00	0.00	43.00	44.00	44.00	-
Payout Ratio	-	0.0%	0.0%	40.6%	45.6%	44.0%	-

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 changes of juridical personality for a few times, present-day Shinwa Co. Ltd. was established on 11 August 2014. The acquisition implemented for this incurred goodwill of ¥9,221m and it appeared net debt reached some ¥10,000m then because of the use of leveraged buyout. However, the Company has been consistently seen ample free cashflow since then, having cut back on net debt by half to date. As of the end of FY03/2019, net debt equity ratio stood at 34.5%, implying favorable state of financial background or a room to further increase dividend.

Having listed onto second section of Tokyo Stock Exchange in March 2018, the Company was listed also on to second section of Nagoya Stock Exchange in June of the same year, which was followed by change of the market to first section of Tokyo Stock Exchange and first section of Nagoya Stock Exchange in March 2019. Since the inauguration, the Company has expanded its business scale through contribution to developments of customers and the market for temporary construction materials as a manufacturer of temporary construction materials represented by wedge binding scaffolds (SHINWA CATCHER). On top of this, the Company set up division of Logistic Equipment in 2003, based on own metal machining technology, having supplied diverse customers with high-quality products, according to the Company.

Wedge binding scaffolds (SHINWA CATCHER) on the Temporary Construction Materials side have seen growth together with that of customers across the nation in Japan, currently accounting for the largest share in the market. Meanwhile, under the recent circumstances where existing materials becoming obsolete and workforce coming down being raised as problems, the Company has launched next generation scaffolds or Silent Power System (SPS) in the market, extensively incorporating demand from society represented by that of securing safety on works 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 materialize the manufacture of products with a high pride as the leader also in the future, while further pursuing customer satisfaction, putting up “being by far the largest even in 10 years as manufacturer” as its corporate slogan.

History of Juridical Personality

Date	Events
September 1977	Shinwa Shoten, established in Hashima-city, Gifu-prefecture with objectives to manufacture/sell temporary construction materials
August 1979	Incorporated and established as Shinwa Co., Ltd. (ex-Shinwa) with capital of ¥10m
February 2004	Ex-Shinwa , merged by SBI Partners and then identified as Shinwa Co. Ltd. (ex-Shinwa) Tsuchikura Equipment Center, established in Tsuchikura Factory
August 2006	Shinwa Co. Ltd. (ex-Shinwa), merged by Cosmetics Global Holdings Japan and then identified as Shinwa Co. Ltd. (ex-Shinwa) with capital of ¥2,603m
August 2014	River Holdings (present-day Shinwa Co. Ltd.), founded to procure shares from ex-Shinwa Co., Ltd.
April 2015	Merged with ex-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 scaffolds and started up manufacturing/selling of SHINWA CATCHER
April 1990	Set up Kanto Branch in Satte-city, Saitama-prefecture (present-day Tokyo Branch: moved to Chiyoda-ku, Tokyo afterwards)
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 of steel materials and sale (capital: ¥20m)
May 2003	Additionally constructed factory to manufacture logistics equipment in Tsuchikura Factory
December 2003	Entered logistics equipment and started selling 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 temporary construction materials
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 construction materials
November 2011	Satte Equipment Center, moved to Sugito-machi, Kitakatsushika-district, Saitama-prefecture and then identified as Sugito Equipment Center Started up selling Landing Box or easy lift for works with scaffolds
March 2013	Osaka Branch moved, due to increased business scale
May 2014	Started up selling logistics equipment to a major Internet sales company
May 2016	Started up manufacturing/selling of next generation scaffolds or Silent Power System (SPS)
February 2017	Started up manufacturing/selling of next generation scaffolds or Darwin (NDS) for a specific major leasing company of temporary construction materials
June 2017	Set up representative office in Manila, Philippines and started up selling own products
October 2017	Started up the manufacture of wedge binding scaffolds by subcontract factory in Ho Chi Minh, Vietnam
March 2018	Listed onto the second section of Tokyo Stock Exchange
June 2018	Listed onto 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

February 2019 Set up Kansai Equipment Center in Ikeda-city, Osaka-prefecture
Set up Nagoya office in Nagoya-city, Aichi-prefecture
March 2019 Change listing onto first section of Tokyo Stock Exchange
Change listing onto first section of Nagoya Stock Exchange

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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