May 9, 2024

Corporate name: **Shinwa Co., Ltd.**
Representative: Kurio Noritake,
President and Representative Director
Stock exchange listing: Tokyo Standard Market and Nagoya Premier Market (Code number: 3447)
Contact: Mitsuyoshi Hirasawa,
Director, Executive Officer and General Manager of Administration Headquarters
(TEL: +81-584-66-4436)

Notice Regarding the Formulation of the Mid-term Corporate Plan

Shinwa Co., Ltd. (hereinafter, the "Company") announces that a Board of Directors meeting held on May 9, 2024, adopted a new mid-term corporate plan leading up to the fiscal year ending March 31, 2029, and passed a resolution on the plan.

1. Formulation of the mid-term corporate plan

The Group announced on December 14, 2021 that it has formulated the mid-term corporate plan from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2026(*). Subsequently, however, the Group underwent significant environmental changes, such as increasing raw materials and product prices, construction worker shortages, and a downturn in the real estate sector in China. In response to the changes, the Company reviewed its business strategies. On April 1, 2024, the Company acquired the shares of CTR Corporation (Yagumi Group) and made it a subsidiary. The Company then developed a new mid-term corporate plan to increase corporate value by building strong value chains and creating a new temporary structure and construction services.

* On May 12, 2023, the financial targets of the mid-term corporate plan were revised.

2. Plan period

From the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2029

3. Numerical targets

	Targets for the fiscal year ending March 31, 2025	Targets for the fiscal year ending March 31, 2027	Targets for the fiscal year ending March 31, 2029
Revenue (million yen)	16,000	17,500	20,000
Operating profit (million yen)	1,600	1,900	2,400
EBITDA (million yen)	2,300	2,500	3,000
EPS (yen)	71.91	90.51	114.57
ROE	6.4%	7.4%	8.5%
Payout ratio	40.0% or more		

4. Specific measures

See the supplementary material.

SHINWA CO.,LTD.

Shinwa Co., Ltd.
Mid-term Corporate Plan

FY2025/3-FY2029/3

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01

Shinwa Co., Ltd.

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Purpose

Protecting lives and supporting the future

The products and services offered by the Shinwa Group are all directly connected to users' lives and daily lives.

The purpose of our existence is to offer products and services that can be used safely, adding value and safeguarding lives and daily lives.

We aim to consistently provide value to help communities thrive and individuals lead fulfilling
lives, thereby contributing to a sustainable society.



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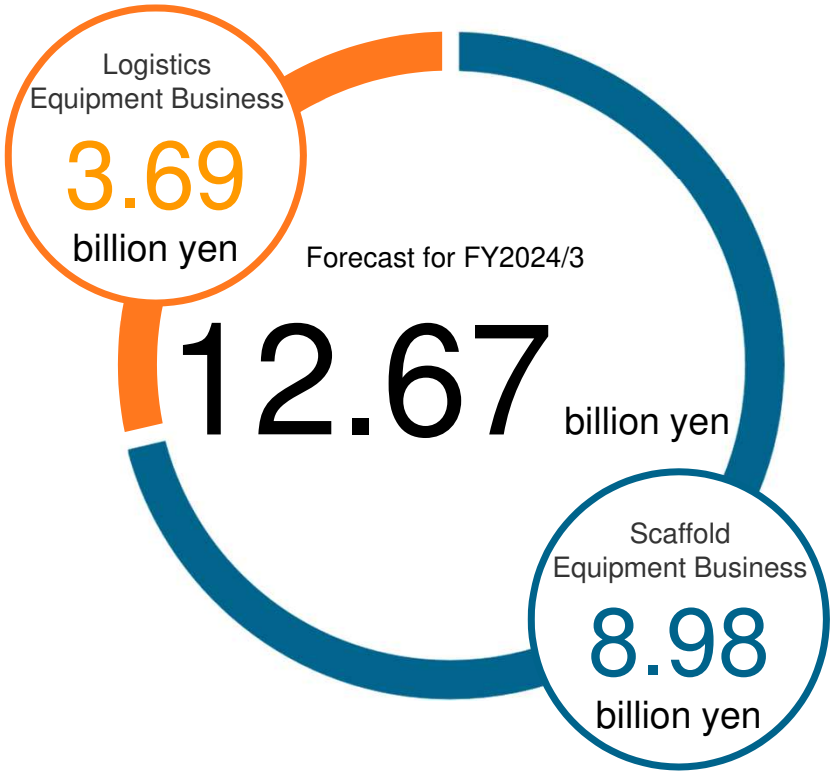
Company overview

Trade name	Shinwa Co., Ltd.
Head office	Kaizu-shi, Gifu
Representative	Kurio Noritake, President and Representative Director
Establishment	September 1977
Share capital	153 million yen
Number of employees	143 (as of March 31, 2024)
Securities code	3447 (Standard Market of the Tokyo Stock Exchange and Premier Market of Nagoya Stock Exchange)

History

1977	Shinwa Shoten begins its business operations.
1978	Starts selling Jack Base scaffolding materials.
1988	Develops Shinwa Catcher. Enters the system scaffold market.
2003	Establishes the Logistics Equipment Division.
2018	Listed on the Tokyo Stock Exchange and Nagoya Stock Exchange
2024	Acquires the shares of a major scaffold construction company, making it a Group company

Business structure



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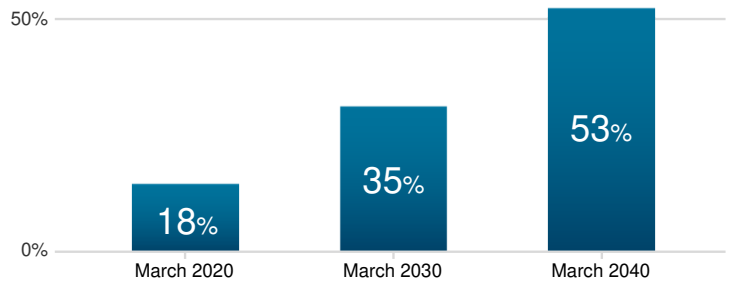
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Social Issues and Shinwa Group's Value Propositions

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Social Issues to Address (1) Aging of Social Infrastructure

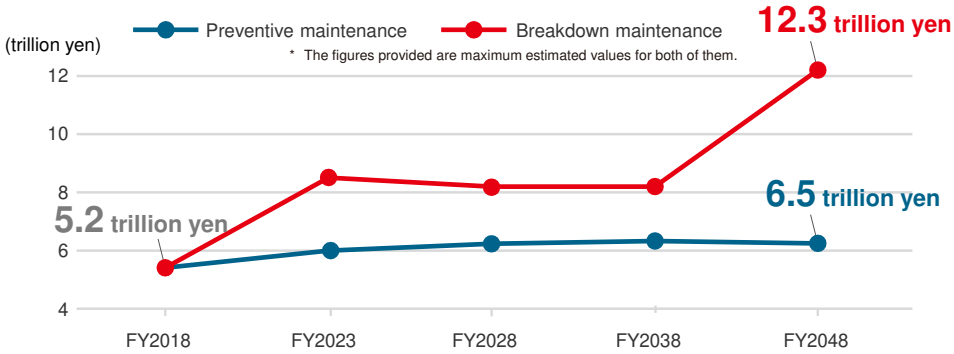
Percentage of infrastructures that were built over 50 years ago



The age of more than half of all infrastructure* is estimated to exceed 50 years in March 2040.

* 730,000 road bridges, 11,000 tunnels, 46,000 river management facilities, 480,000 km of sewer pipes, and 61,000 harbor facilities

Projections for infrastructure maintenance and management expenses



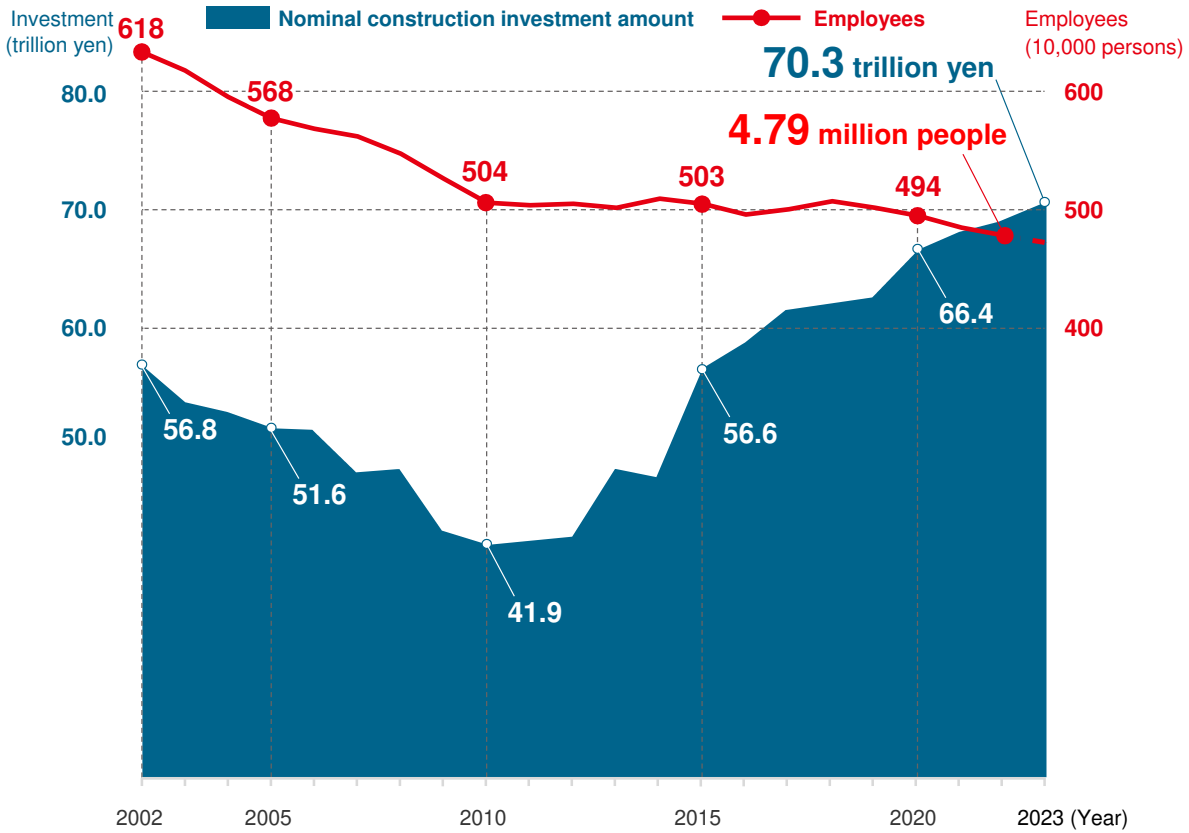
Infrastructure maintenance and management require significant and continual investment for both preventive and corrective maintenance.

Source: "Present State and Future of Social Capital Aging" on Infrastructure Maintenance Information, a website of the Ministry of Land, Infrastructure, Transport and Tourism

Maintaining infrastructures to support essential functions for lives and society, especially preventive maintenance and management, is a crucial aspect of the Fundamental Plan for National Resilience. Long-term strategic business investments are expected to continue.

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Social Issues to Address (2) Decreasing Numbers of Construction Workers



Source: Labor Force Survey of the Ministry of Internal Affairs and Communications, and Estimate of Construction Investment FY2023 of the Ministry of Land, Infrastructure, Transport and Tourism

Construction investments amounted to 70 trillion yen in FY2023.

They have been on an upward trend since FY2010.

In contrast, **the number of construction workers has been decreasing**. The average number in 2022 was 4.79 million.

Construction workers are aging at a faster rate compared to workers in other industries.

▼

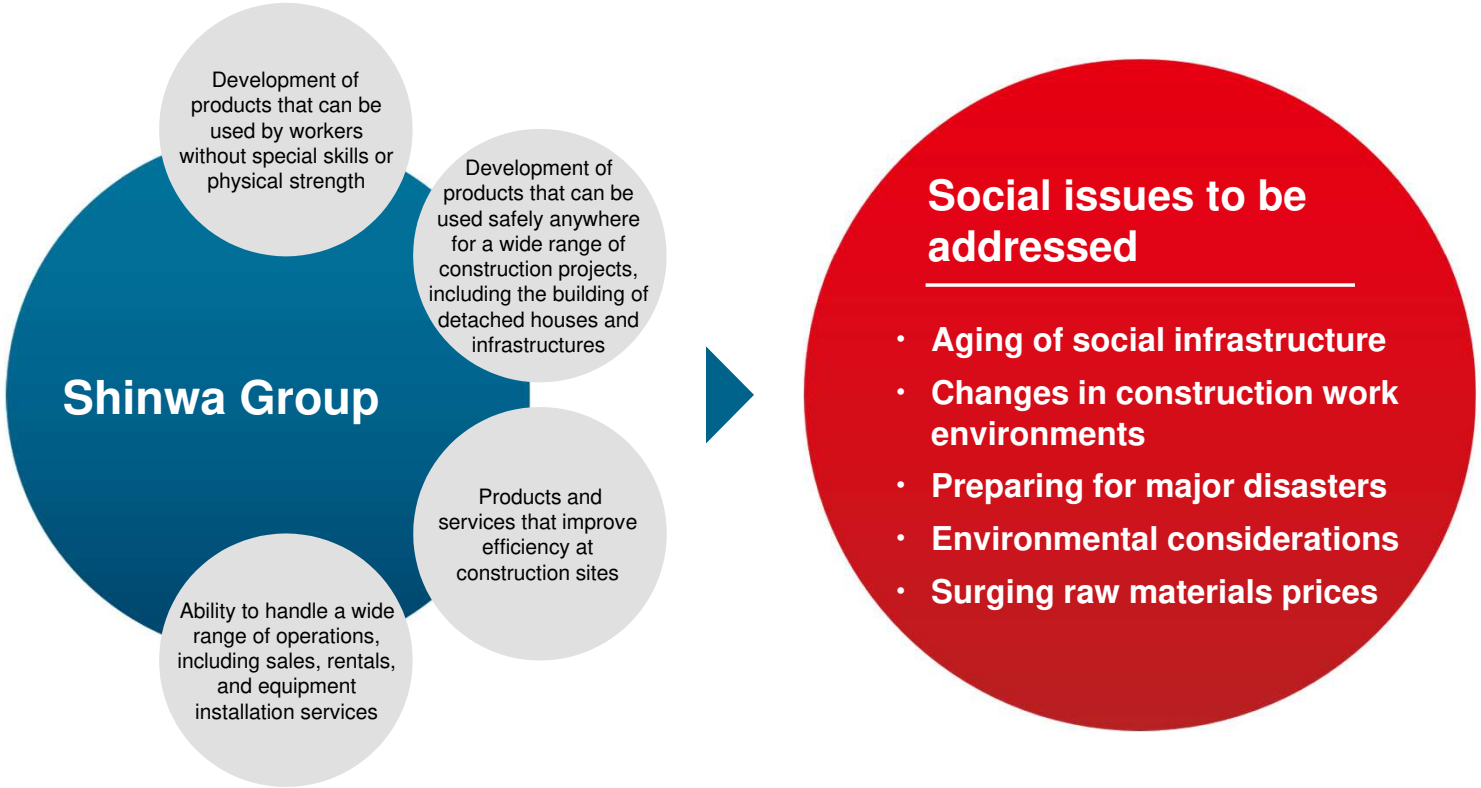
There will be improvements in social institutions to secure workers, including limiting working hours and increasing wages.

▼

More efficient construction work is required.

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Shinwa Group's value propositions



The Shinwa Group will work as one to contribute to solving issues and continue to grow.

Fulfill our purpose of protecting lives and supporting the future in order to address social issues and achieve growth for the Group

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03

Overview of the Mid-term Corporate Plan

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Overview of the Mid-term Corporate Plan

Period of the Mid-term Corporate Plan

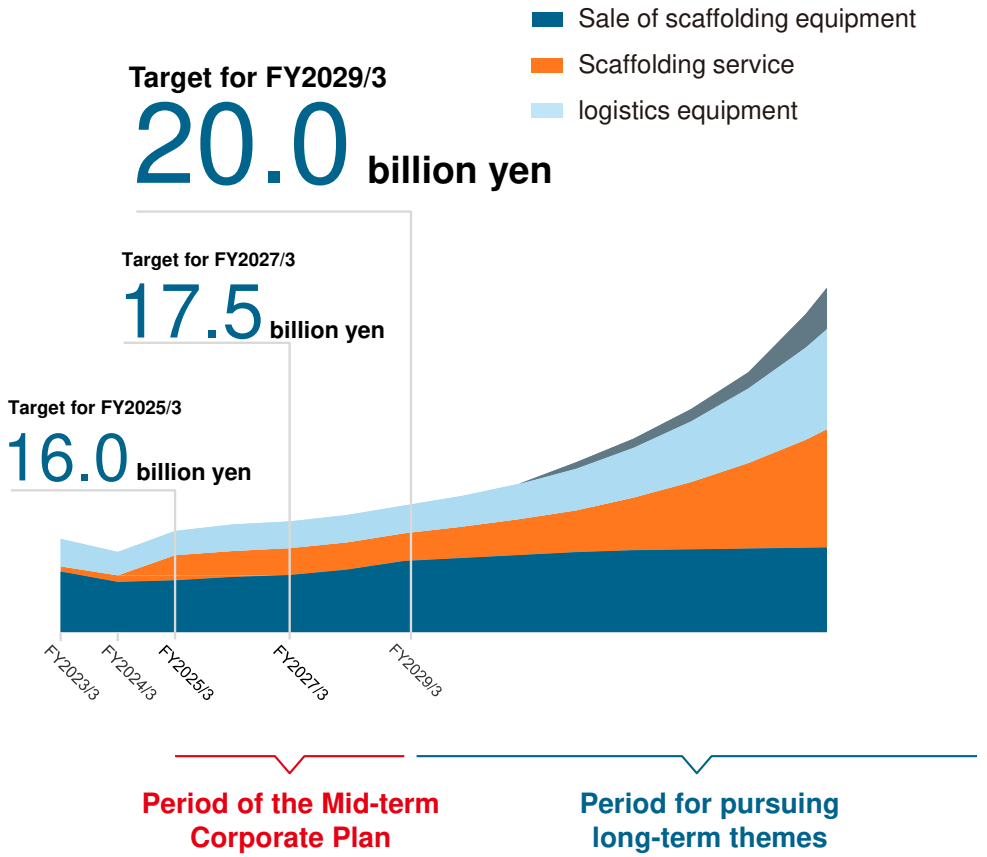
Lay foundations for steady and rapid growth

We aim for consistent growth rather than a sudden jump.
We plan to broaden our business horizons,
create synergies, and enhance them.

Period for pursuing long-term themes

Accelerate growth and expand the business areas

We aim to transform our businesses and generate new value across different businesses, thereby achieving substantial growth.



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Target in the Mid-term Corporate Plan



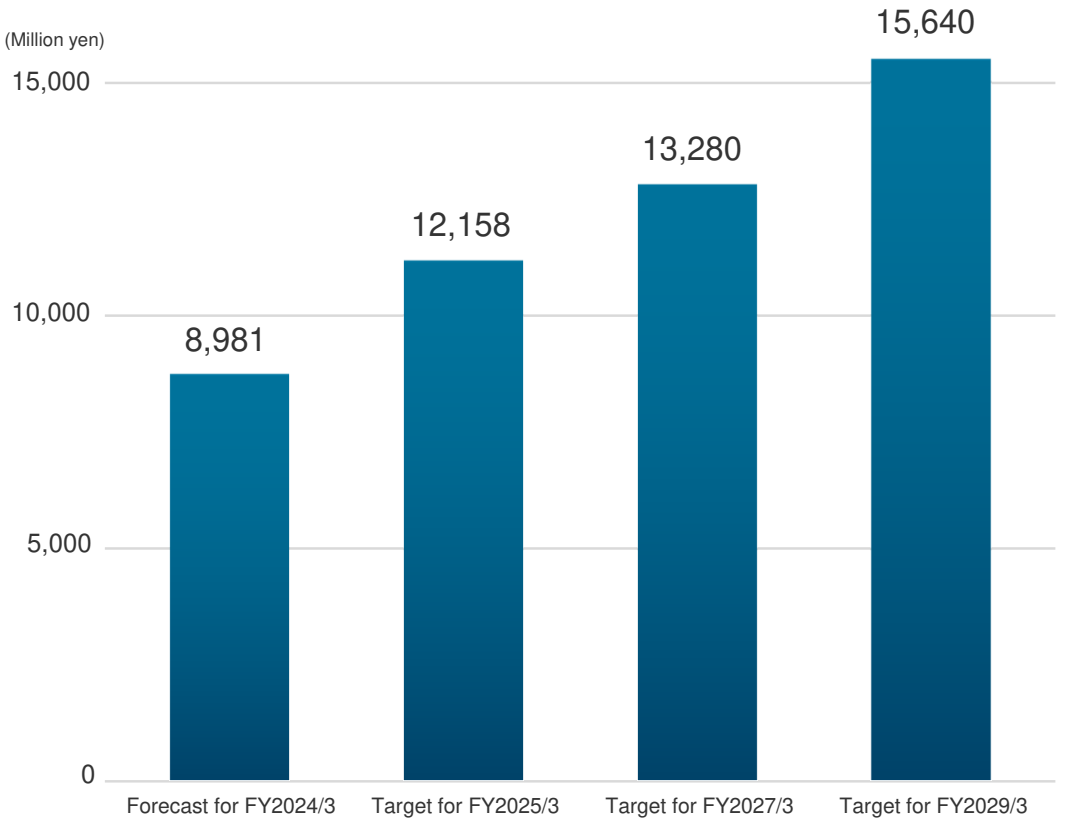
	Forecast for FY2024/3	Target for FY2025/3	Target for FY2027/3	Forecast for FY2029/3
Revenue (million yen)	12,678	16,000	17,500	20,000
Operating profit (million yen)	700	1,600	1,900	2,400
EBITDA (million yen)	1,311	2,300	2,500	3,000
EPS (yen)	29.46	71.91	90.51	114.57
ROE	2.7%	6.4%	7.4%	8.5%
Payout ratio	40% or more	40% or more		

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Targets and Initiatives in Scaffolding Equipment Division

Revenue target for FY2029/3

15,640 million yen



The revenue targets from the fiscal year ending March 2025 include planned revenue in construction-related businesses (approx. 1.2 billion yen in each year).

Overview

Manufacturing, sale, and rental of scaffolding equipment used at construction sites

Scaffolding equipment installation services at construction sites

Measures

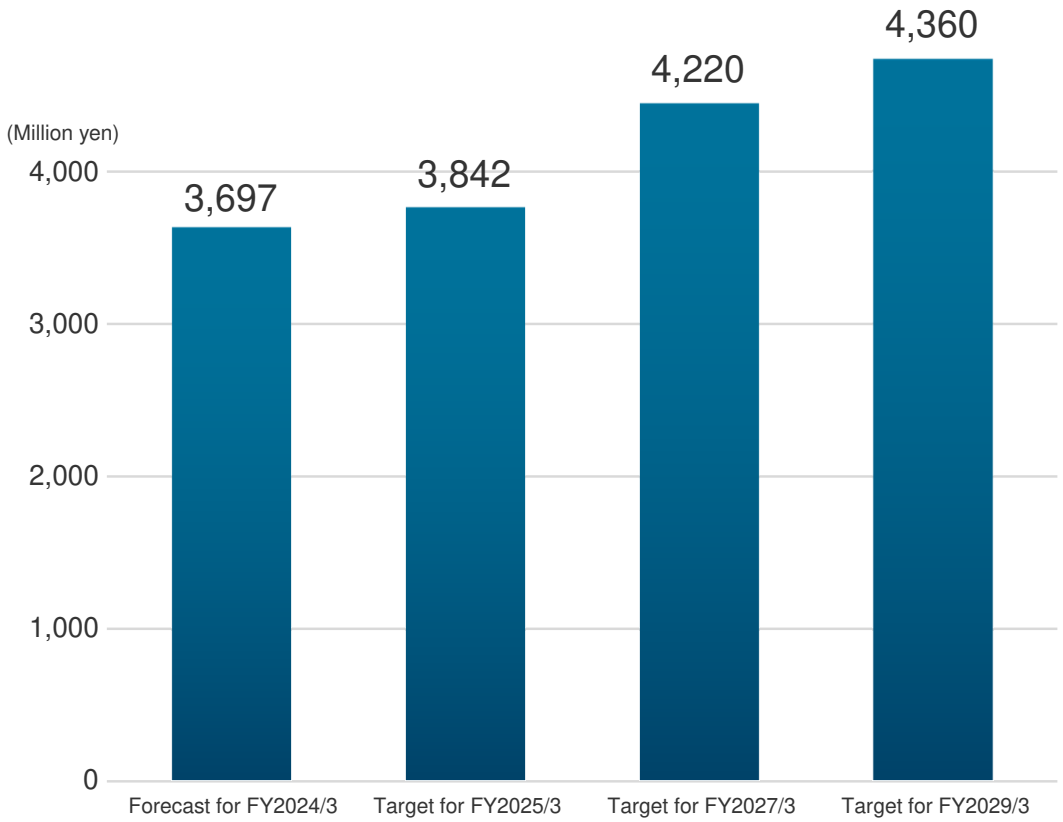
- Increase sales of infrastructure products
- Develop high value-added products and services and promote their sales
- Expand use of wedge binding type scaffolding through equipment installation services
- Strengthen the rental business

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Targets and Initiatives in Logistics Equipment Division

Revenue target for FY2029/3

4,360 million yen



Overview

Manufacturing, sale, and rental of customized transportation and storage equipment for various industries, and ancillary services

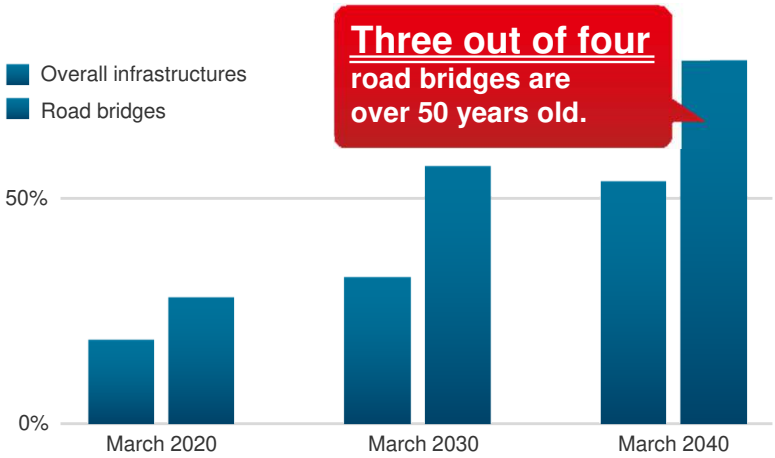
Manufacturing, sale, and rental of multi-purpose logistics equipment

Measures

- Offer solutions, leveraging our development capabilities and expertise. Expand the service areas
- Provide products at low costs and with short delivery times, leveraging our manufacturing and trading capabilities
- Expand the rental business

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Priority Area (1) Suspended System Scaffolds for Bridges



Source: "Present State and Future of Social Capital Aging" on Infrastructure Maintenance Information, a website of the Ministry of Land, Infrastructure, Transport and Tourism

When comparing the speed of aging among overall social infrastructure, **the aging of road bridges is fast.**

⟶ Aging road bridges require immediate preventive maintenance.

- **The use of suspended system scaffolds is increasing in bridge construction work on national roads under the direct supervision of the Ministry of Land, Infrastructure, Transport and Tourism.**
- **The use of suspended system scaffolds was specified for a bridge project by Nippon Expressway Company.**

- **The Company has formed alliances with a major domestic scaffold leasing company and a bridge construction firm and entered the bridge repair market.**
- **The Company aims to quickly promote the use of suspended system scaffolds to improve safety and efficiency and boost sales by utilizing its manufacturing capabilities and the sales channels and expertise of its business partners.**

Scaffolding market

35.0 billion yen

Bridge repairs

(The Company's estimate)

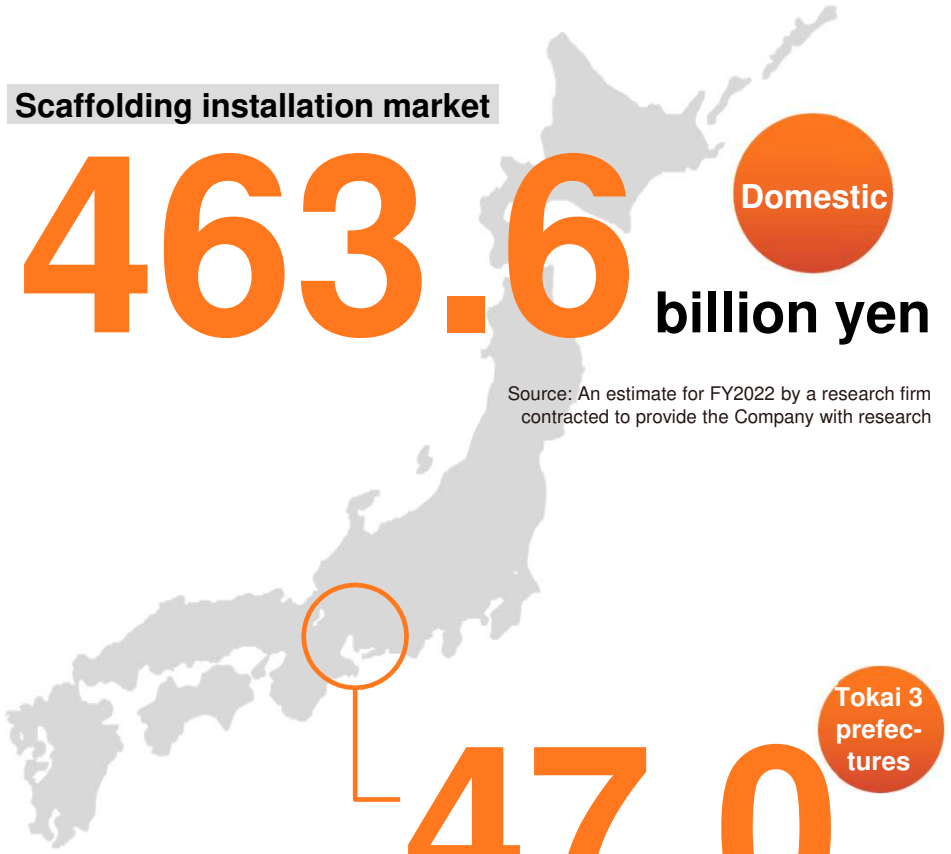
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Priority Area (2) Scaffolding Installation Services

Scaffolding installation market

463.6 billion yen (Domestic)

Source: An estimate for FY2022 by a research firm contracted to provide the Company with research



47.0 billion yen (Tokai 3 prefec-tures)

- Construction investments remain steady. Meanwhile, the number of construction workers is decreasing, and they are aging.
- The prices of construction materials have been rising overall for a considerable amount of time, and there is a significant change in customers' attitudes towards procuring scaffolding equipment.

Leading scaffold manufacturer SHINWA × **One of the nation's leading scaffolding installation service providers** YAGUMI

From manufacturing to installation

Building a strong value chain

The Group aims to expand its market share in sales and installation services and to create new scaffolding and construction services.

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Priority Area (3) Strengthening the Logistics Business and Expanding into New Areas

Strengthening of existing domains

Strengthening the revenue base

Offer low costs and short delivery times to increase repeat projects

Expansion of rental business

Form alliances with leading companies to expand the rental business

Pursuing the convenience

Enhance the e-commerce site and develop other systems to procure equipment through simple and convenient procedures



Expansion into new areas

Labor-saving

Begin selling AGVs (automatic guided vehicles) and providing consulting services Capture the demand for labor-saving in warehouse operations

Overseas development

Develop our system to provide products and services by leveraging our experience in delivering logistics equipment overseas

Actively expending into new areas

Discover needs for transporting and storing specialized goods and offer new value to further expand business areas

We will offer solutions in response to changing social issues.

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04

Capital Policies

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Procurement and allocation of cash

Cash inflows (procurement)

Cash provided by operating activities in the next five fiscal years

7.0 billion yen to 8.0 billion yen

Interest-bearing liabilities

Will actively utilize interest-bearing debt while considering the balance between interest-bearing debt and equity capital.

Cash outflows (allocation)

Investments in the five fiscal years

2.0 billion yen or more

Plan to invest in replacing equipment, expanding business sites, and acquiring rental assets

Shareholder return in the five fiscal years

2.0 billion yen to 3.0 billion yen

Repayment of interest-bearing liabilities

Additional investment

Will actively invest in attractive M&A opportunities.

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Basic policy regarding capital policies

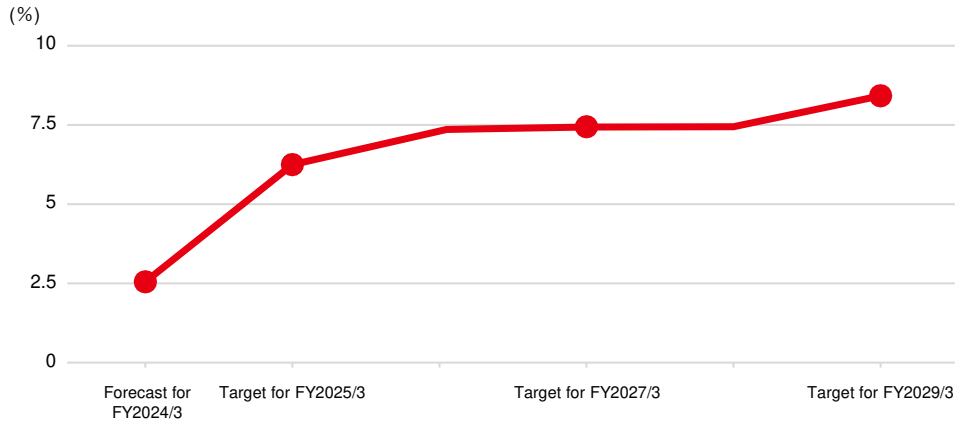
1 ROE target
The last period of the Mid-term Corporate Plan

8.5%

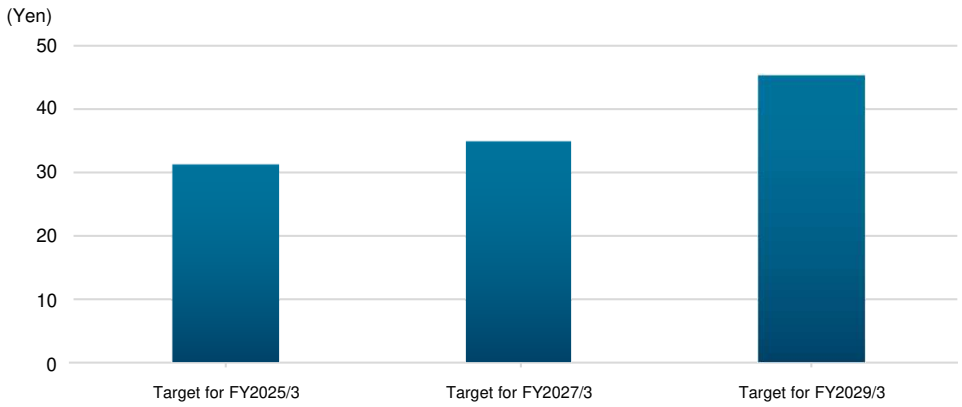
2 Dividend payout ratio target

40% or more

ROE targets in the Mid-term Corporate Plan



Targets for annual dividend per share



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Initiatives to improve PBR

Initiatives	Indicator	Achievements
Increasing profits	Improving ROE (return on equity)	Creating value for the medium to long term Boosting the stock price Improvement of PBR
Shareholder returns	Increasing PER	
Implementing ESG and sustainability practices	Reducing capital cost	
Fostering growth expectations		

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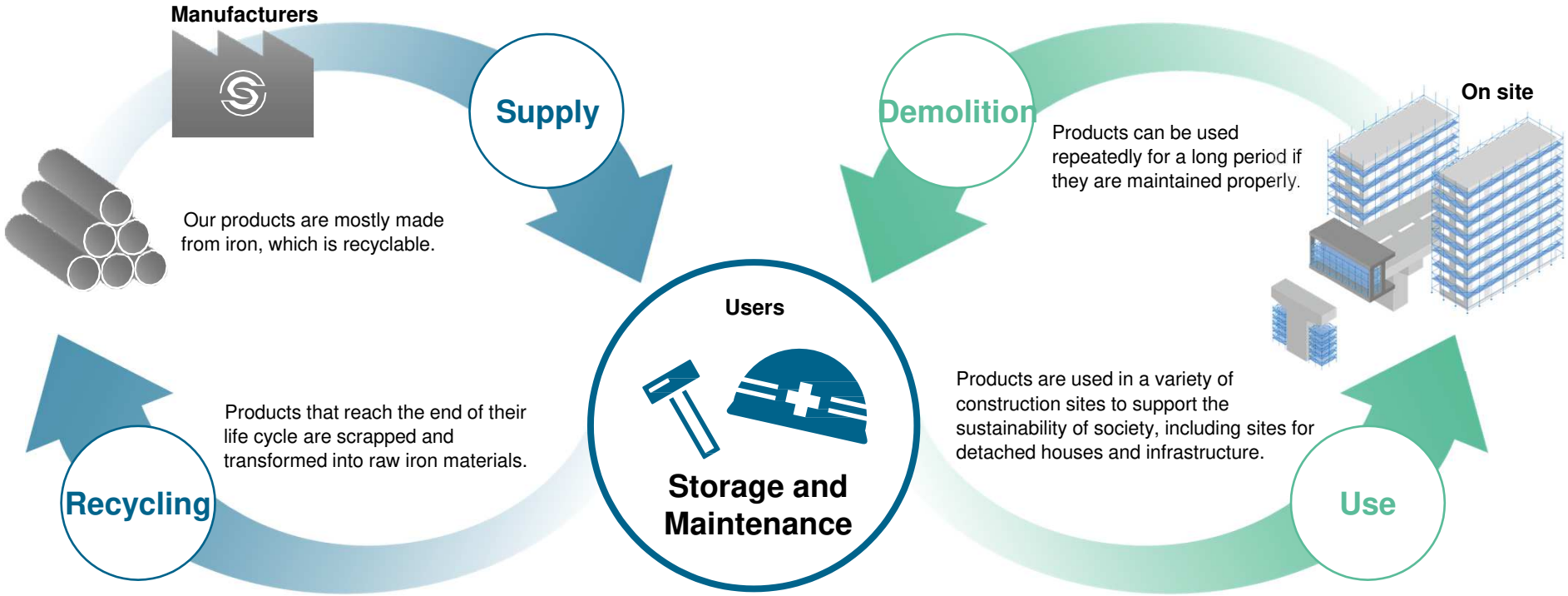
05

Creating a Sustainable Society

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Shinwa Group and sustainability

The growth of the Shinwa Group's business is linked to the sustainable growth of society.



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ESG initiatives



Environment

Contributing to a sustainable society

- Development of products that help reduce environmental impact, an efficient supply of products to industries that operate in a carbon-neutral manner
- Initiatives to reduce CO2 emissions (Vehicle electrification, emissions monitoring)
- Reducing waste (improving the yield rate, going paperless)



Social

Work style reform and promotion of diversity

- Promoting businesses that aim to address social issues
- Strengthened human resource development
- Improvements to the workplace environment
- Promoting diversity and inclusion
- Supporting regional revitalization



Governance

Transparent and sound corporate management

- Effective governance (Appointment of outside directors, etc.)
- Constructive dialogues with investors (promoting investor relations)

Sustainable growth and an enhancement of corporate value

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Human Capital Management Policy

Creating a dynamic and energetic company by effectively utilizing and energizing human resources

Creating a company where employees work for a long time

Creating a work environment with a culture and activities that employees can take pride in

A cheerful atmosphere that enables employees to live vivaciously

Sustainable improvement of corporate value

Creating ideal employees and an ideal organization

Human resource development

- Developing the next generation of employees
- A system for training employees to demonstrate their full potential, and fair.
- Performance-based personnel evaluation

Organizational development

- Building a work environment that allows employees to work energetically
- Implementing a compensation plan that increases job satisfaction
- Events and benefits that help revitalize the organization

DE&I

- Empowering employees regardless of their race or gender
- Building systems to support diverse human resources
- Creating workplaces where employees can collaborate with each other

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Cautionary note

The plans, forecasts, strategies, and other forward-looking statements in this document are based on information available at the time of preparation and inherently involve risks and uncertainties.
Due to the risks and uncertainties, actual results may differ from the projections and forecasts in this document.
The information concerning companies or groups outside the Company is quoted from public information and elsewhere. The Company does not verify in any way or guarantee its accuracy, appropriateness.

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