

**Shinwa Co., Ltd.**  
**Mid-term Corporate Plan**

FY2025/3-FY2029/3

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01  
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**Shinwa Co., Ltd.**

## 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.



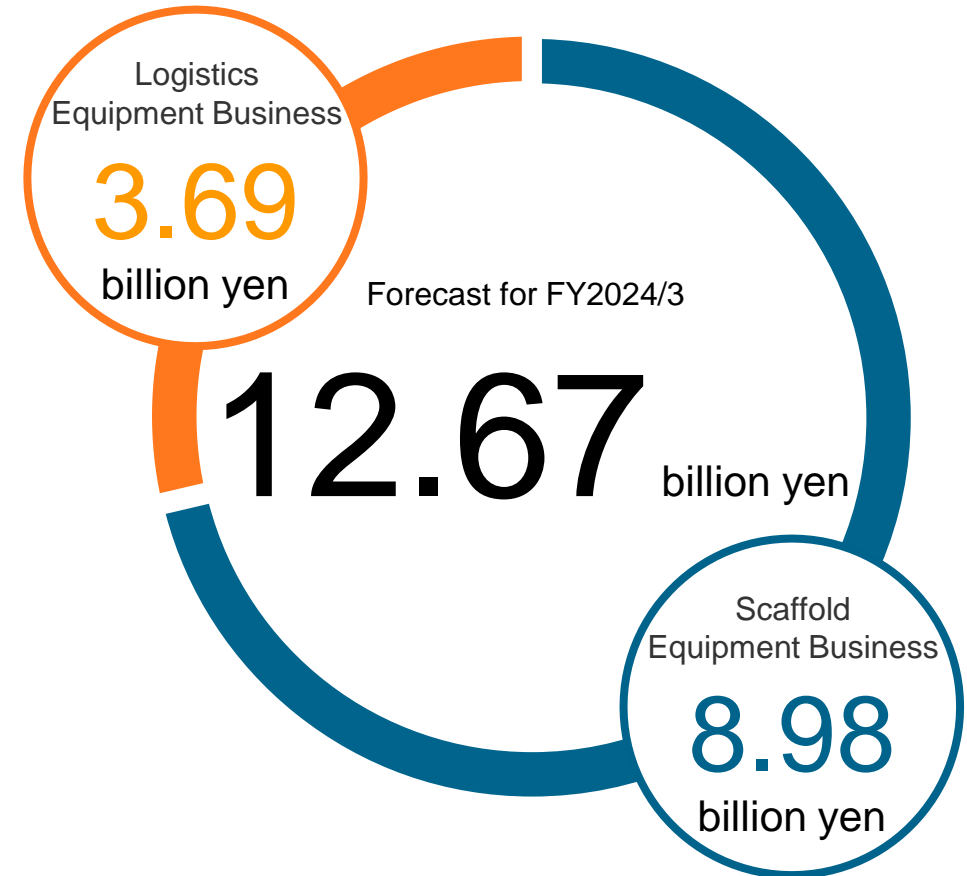
# Company overview

<b>Trade name</b>	Shinwa Co., Ltd.
<b>Head office</b>	Kaizu-shi, Gifu
<b>Representative</b>	Kurio Noritake, President and Representative Director
<b>Establishment</b>	September 1977
<b>Share capital</b>	153 million yen
<b>Number of employees</b>	143 (as of March 31, 2024)
<b>Securities code</b>	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



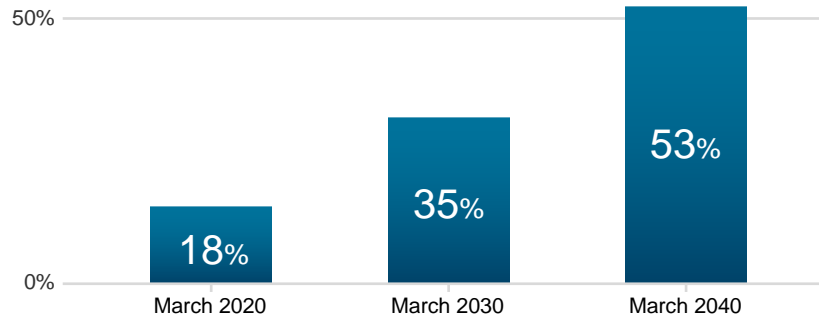
# 02

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## **Social Issues and Shinwa Group's Value Propositions**

# Social Issues to Address (1) Aging of Social Infrastructure

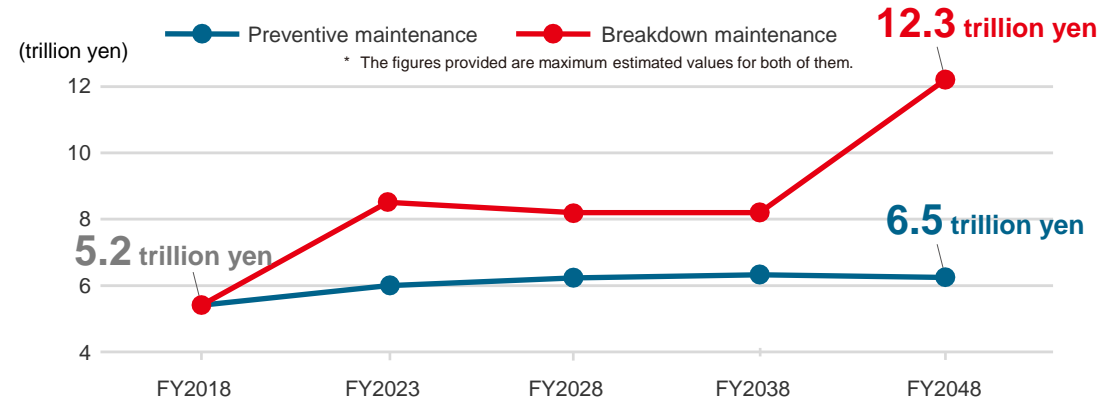
Percentage of infrastructures that were built over 50 years ago



**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

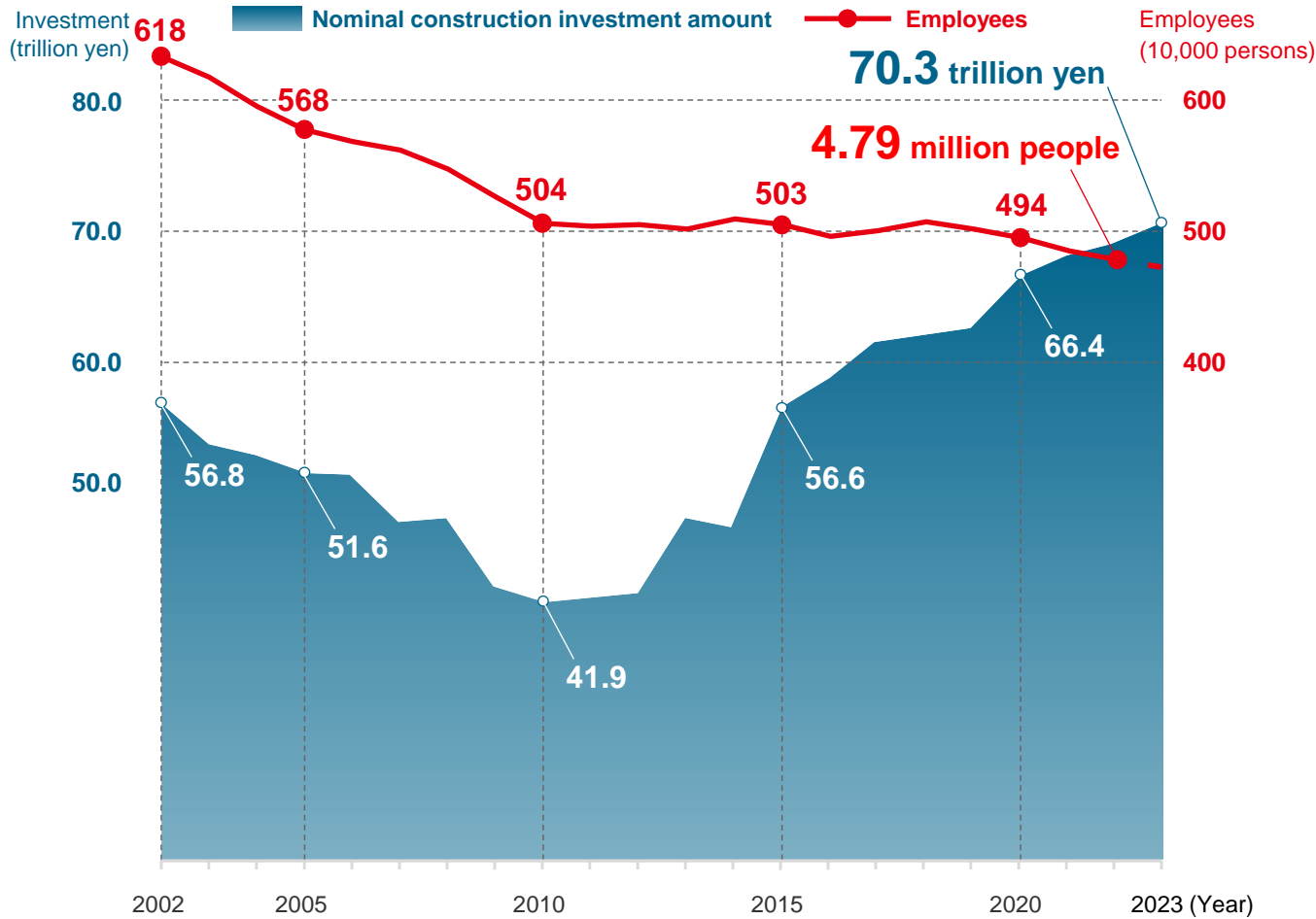


**Infrastructure maintenance and management require significant and continual investment for both preventive and corrective maintenance.**

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.**

# 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.**



# Shinwa Group's value propositions



**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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# Overview of the Mid-term Corporate Plan

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Period of the Mid-term Corporate Plan

Lay foundations for steady and rapid growth

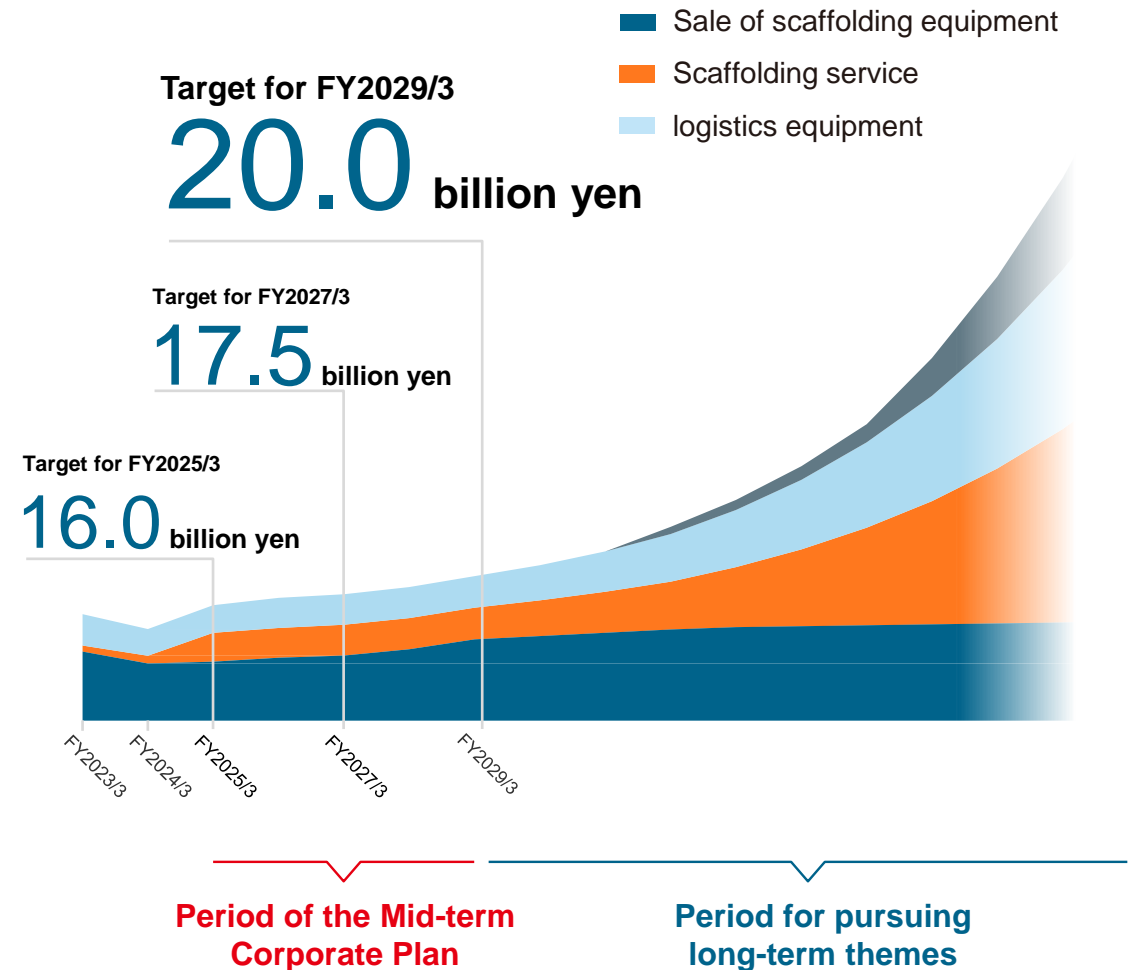
We aim for consistent growth rather than a sudden jump. We plan to broaden our business horizons, create synergies, and enhance them.



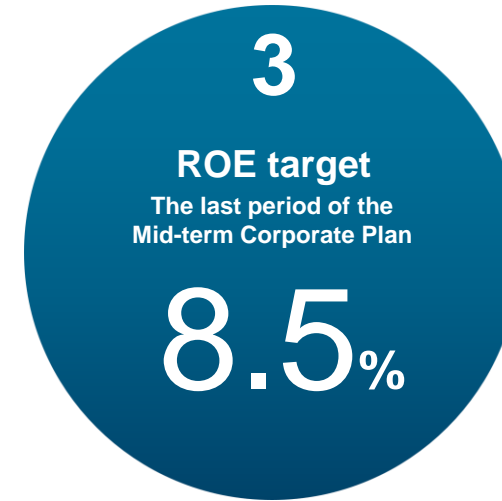
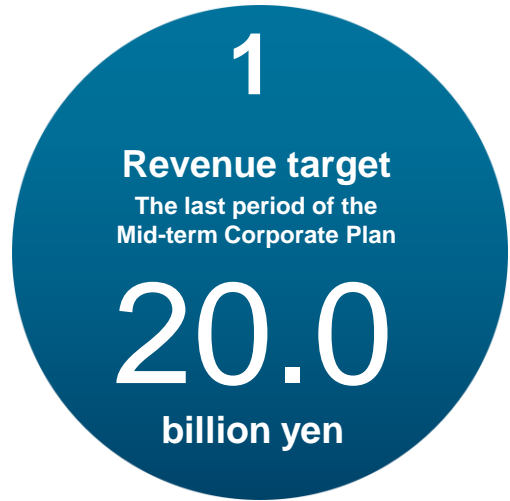
Period for pursuing long-term themes

Accelerate growth and expand the business areas

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



# 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		

# Targets and Initiatives in Scaffolding Equipment Division

## Revenue target for FY2029/3

**15,640** million yen

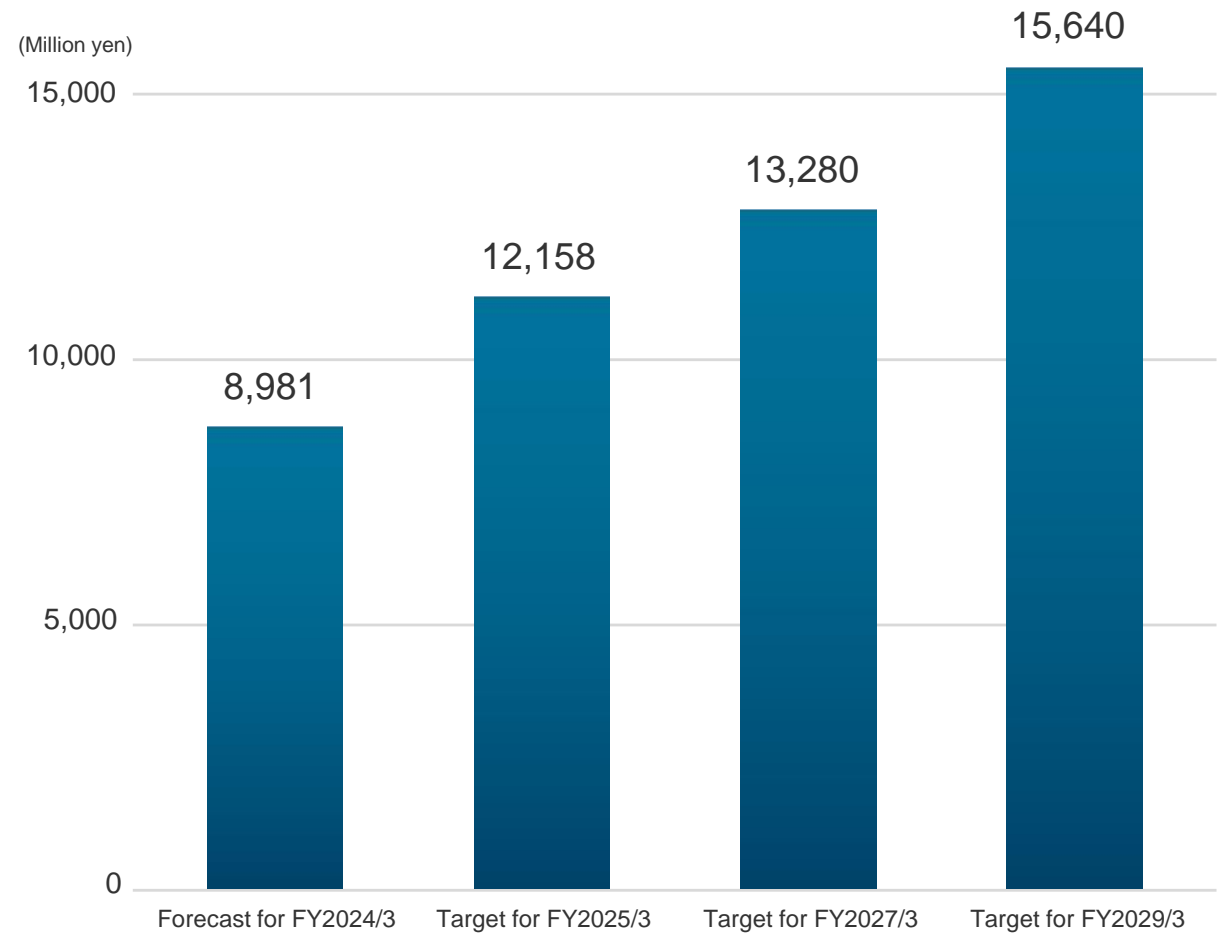
### Overview

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



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).

# Targets and Initiatives in Logistics Equipment Division

## Revenue target for FY2029/3

**4,360** million yen

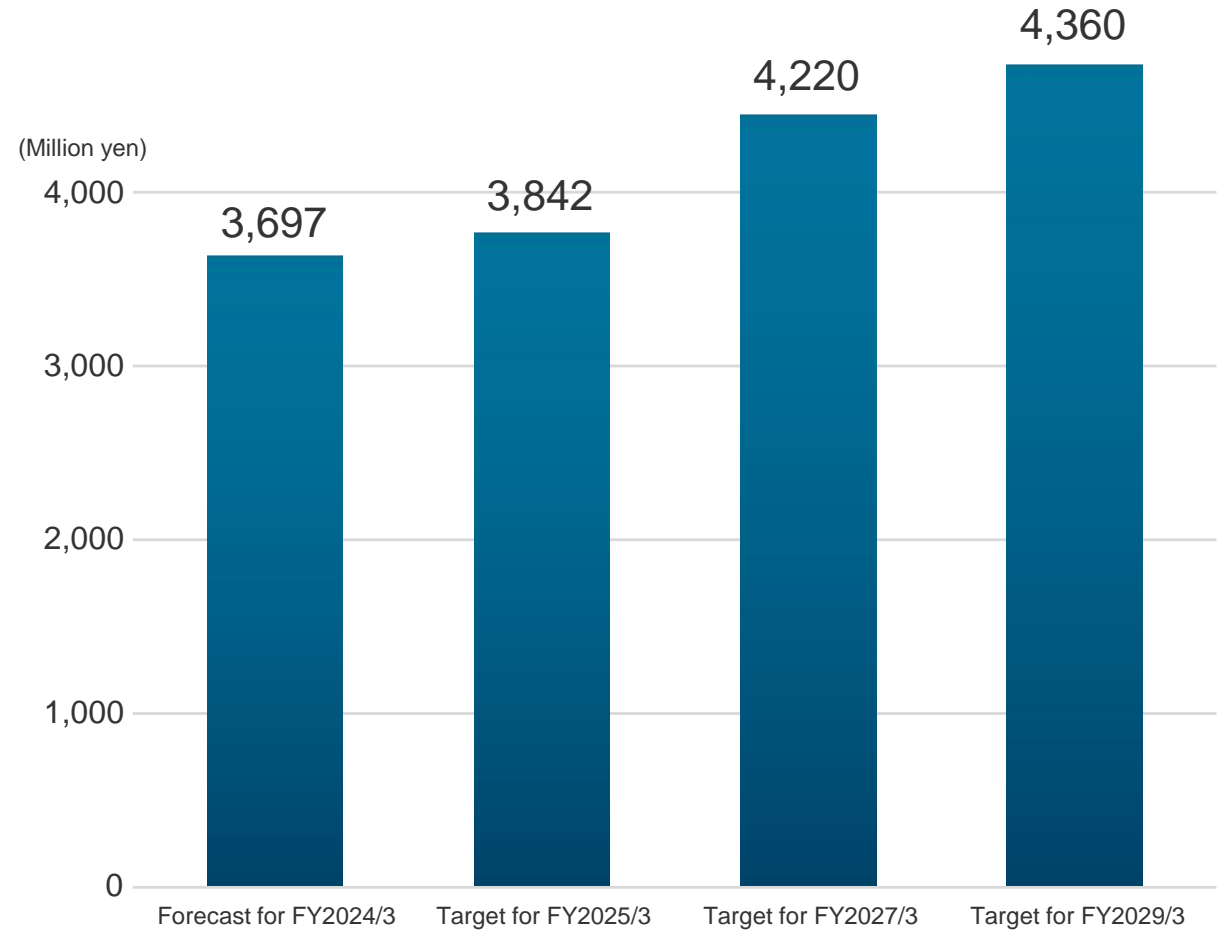
### Overview

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

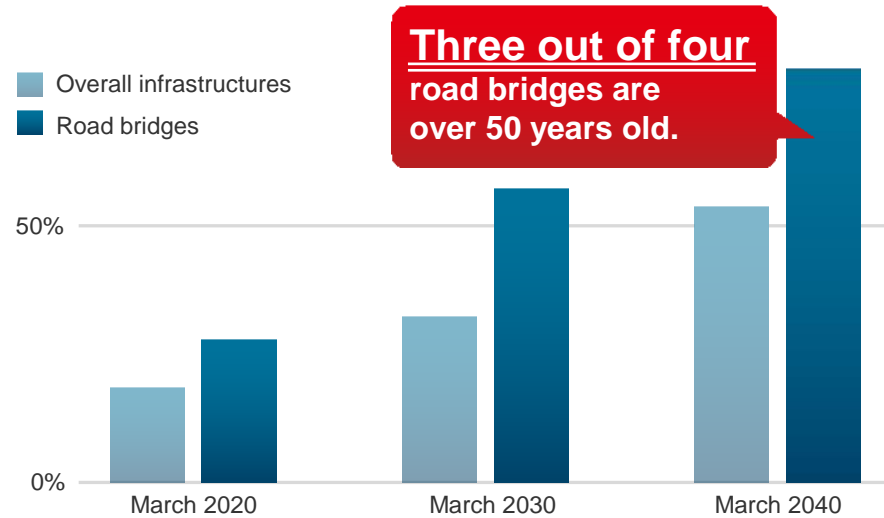
Manufacturing, sale, and rental of multi-purpose logistics equipment

### 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



# 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)

## 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 prefectures**

- 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.



# 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 expanding 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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# Capital Policies

# 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

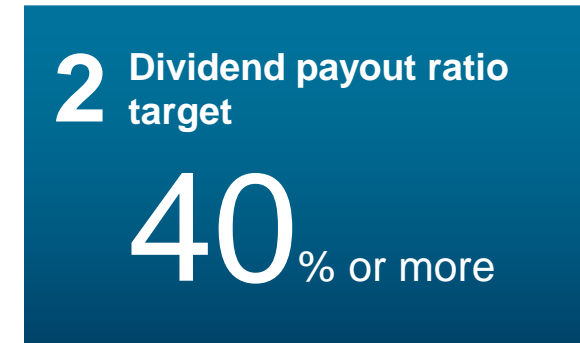
**2.0** billion yen to **3.0** billion yen

Repayment of interest-bearing liabilities

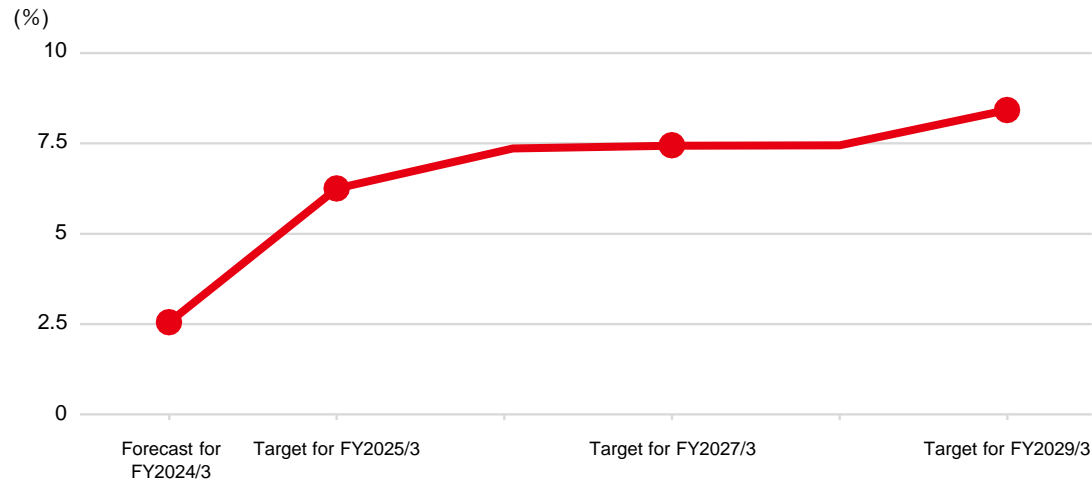
### Additional investment

Will actively invest in attractive M&A opportunities.

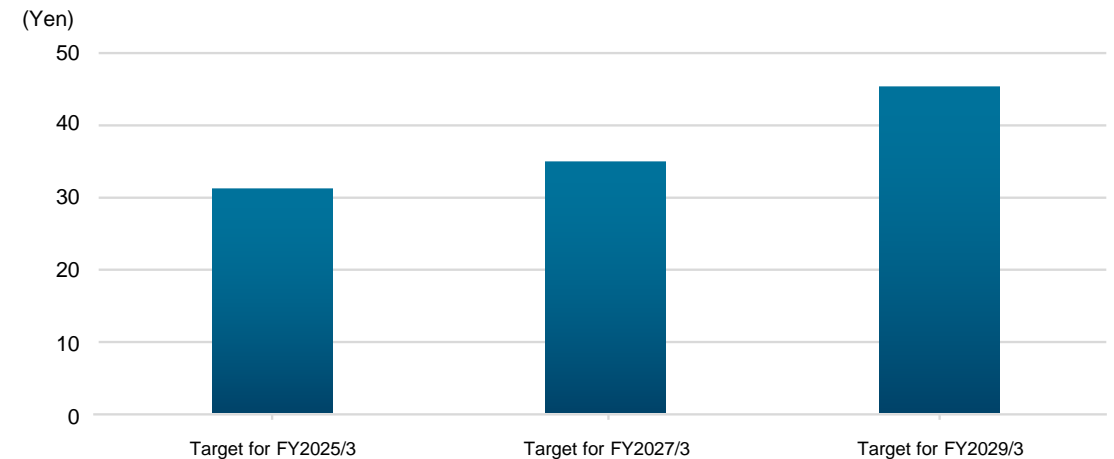
# Basic policy regarding capital policies



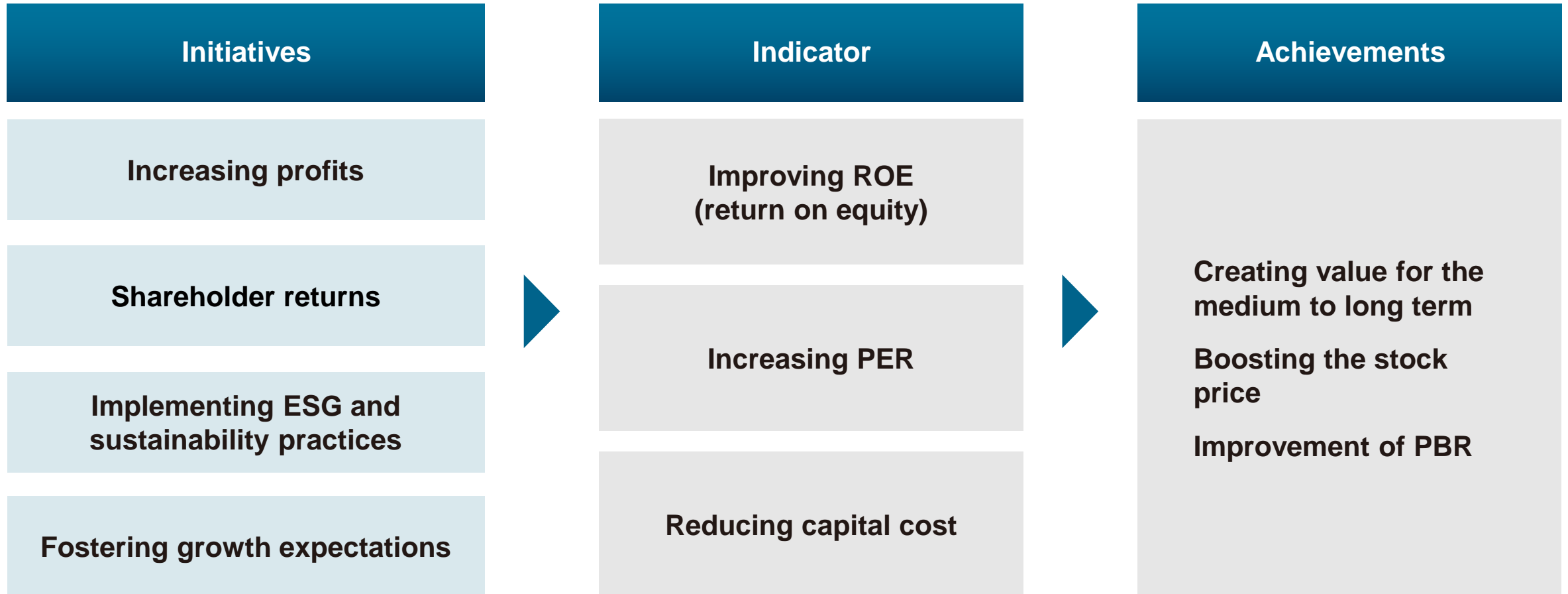
ROE targets in the Mid-term Corporate Plan



Targets for annual dividend per share



# Initiatives to improve PBR

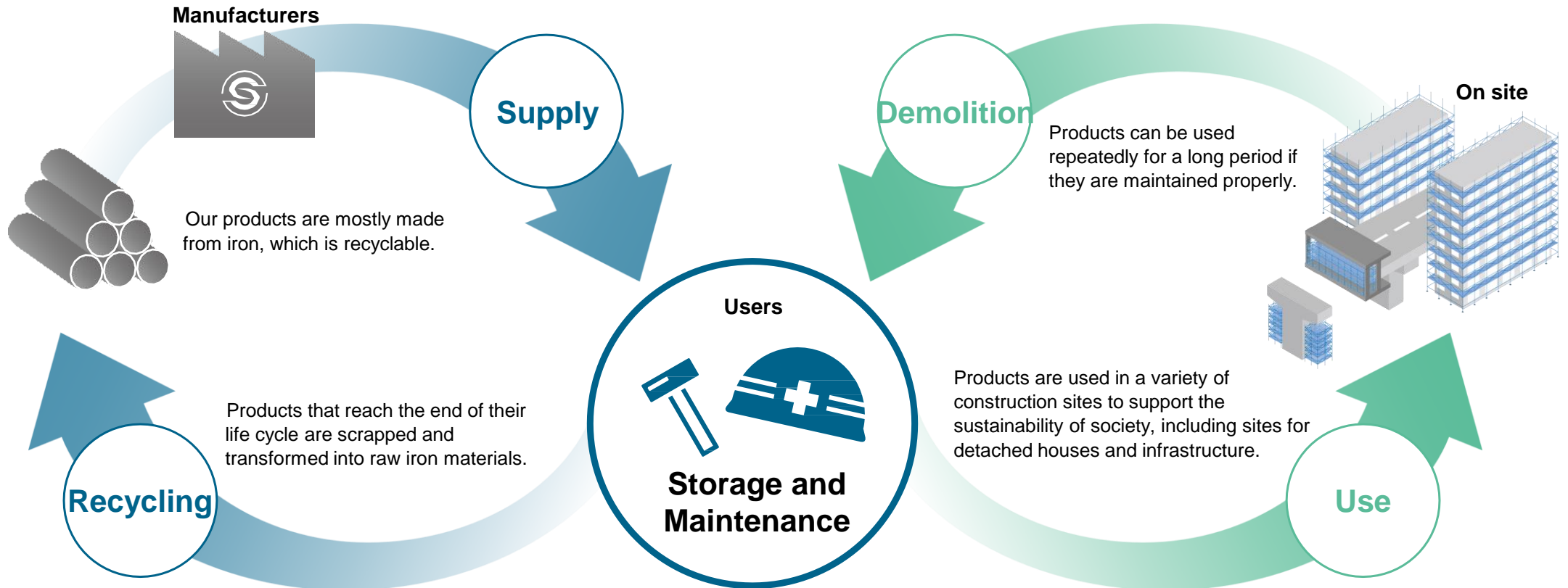


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# Creating a Sustainable Society

# Shinwa Group and sustainability

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



# 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

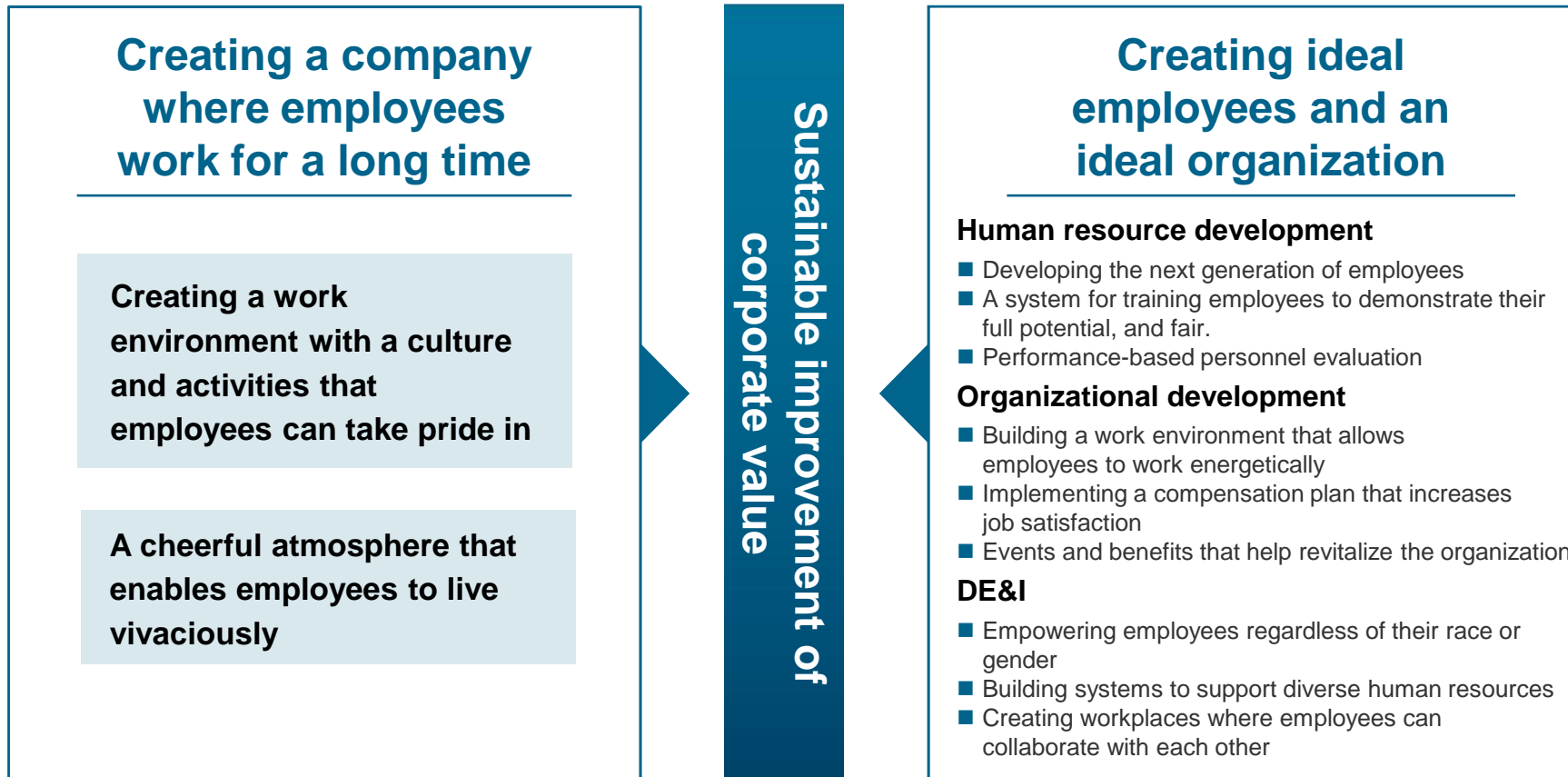
- Effective governance (Appointment of outside directors, etc.)
- Constructive dialogues with investors (promoting investor relations)

**Sustainable growth and an enhancement of corporate value**



# Human Capital Management Policy

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



## 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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