

Consolidated Financial Results for the Second Quarter of Fiscal Year 2020 (April 1, 2020 - September 30, 2020)

October 30, 2020

Name of registrant: ShinMaywa Industries, Ltd.

Stock Exchange Listed: Tokyo

Code number: 7224

(URL: <https://www.shinmaywa.co.jp/>)

Representative: Tatsuyuki Isogawa, President and Chief Executive Officer

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Date of the dividends pay start planned: December 1, 2020

(Amounts less than one million yen are rounded down.)

1. Consolidated Financial Results for the Second Quarter of FY2020 (April 1, 2020 - September 30, 2020)

(1) Consolidated Results of Operations

(%: Changes from the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Second Quarter of FY2020	93,783	(13.2)	3,807	(37.6)	3,824	(34.4)	2,107	(42.6)
Second Quarter of FY2019	108,098	9.7	6,099	50.7	5,826	35.8	3,670	13.2

(Note) Comprehensive income: Second Quarter of FY2020 2,658 million yen [(21.9) %]

Second Quarter of FY2019 3,404 million yen [16.8 %]

	Net income per share for this quarter	Diluted net income per share for this quarter
Second Quarter of FY2020	yen 32.05	yen —
Second Quarter of FY2019	56.30	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
Second Quarter of FY2020	million yen 202,324	million yen 85,021	% 41.6
FY2019	214,157	83,680	38.7

(Reference) Equity: Second Quarter of FY2020 84,173 million yen

FY2019 82,946 million yen

2. Dividends

	Dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Full-year
FY2019	—	yen 66.00	—	yen 21.00	yen 87.00
FY2020	—	19.00	—	—	—
FY2020 (Forecast)	—	—	—	19.00	38.00

(Note) Revision to the plan of dividend announced most recently: None

3. Consolidated Financial Results Forecast for FY2020 (April 1, 2020 - March 31, 2021)

(%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full Year	210,000	(7.6)	8,500	(33.8)	8,700	(29.7)	5,000	(32.2)	76.05

(Note) Revision to the forecast of consolidated financial results announced most recently: None

ShinMaywa Industries, Ltd.

Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	19,342	21,535
Notes and accounts receivable - trade	67,223	49,496
Electronically recorded monetary claims - operating	14,532	12,525
Merchandise and finished goods	3,808	3,971
Work in process	18,562	21,990
Raw materials and supplies	20,127	21,305
Other	3,932	3,392
Allowance for doubtful accounts	(71)	(69)
Total current assets	147,457	134,148
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,306	18,391
Other, net	22,765	20,838
Total property, plant and equipment	38,072	39,229
Intangible assets	2,550	3,690
Investments and other assets		
Other	26,109	25,286
Allowance for doubtful accounts	(32)	(30)
Total investments and other assets	26,077	25,255
Total non-current assets	66,700	68,176
Total assets	214,157	202,324

Consolidated Balance Sheets

(Millions of Yen)

	As of March 31 , 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,464	20,298
Current portion of bonds payable	800	800
Short-term loans payable	1,946	2,046
Current portion of long-term loans payable	2,433	2,259
Income taxes payable	2,366	948
Provision for loss on construction contracts	3,961	3,664
Other	24,551	21,924
Total current liabilities	63,524	51,943
Non-current liabilities		
Bonds payable	3,200	2,800
Long-term loans payable	49,187	48,074
Retirement benefit liability	12,772	12,755
Other	1,793	1,730
Total non-current liabilities	66,953	65,359
Total liabilities	130,477	117,303
Net assets		
Shareholders' equity		
Capital stock	15,981	15,981
Capital surplus	15,780	15,780
Retained earnings	58,587	59,314
Treasury shares	(6,081)	(6,081)
Total shareholders' equity	84,268	84,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	541	923
Revaluation reserve for land	(376)	(376)
Foreign currency translation adjustment	(48)	(228)
Remeasurements of defined benefit plans	(1,439)	(1,139)
Total accumulated other comprehensive income	(1,322)	(821)
Non-controlling interests	734	847
Total net assets	83,680	85,021
Total liabilities and net assets	214,157	202,324

Consolidated Statements of Income

(Millions of Yen)

	Second Quarter of FY2019	Second Quarter of FY2020
Net sales	108,098	93,783
Cost of sales	91,440	79,614
Gross profit	16,658	14,168
Selling, general and administrative expenses	10,558	10,361
Operating income	6,099	3,807
Non-operating income		
Interest income	13	30
Dividend income	103	266
Share of profit of entities accounted for using equity method	146	—
Insurance claim income	152	—
Other	61	105
Total non-operating income	479	402
Non-operating expenses		
Interest expenses	153	107
Share of loss of entities accounted for using equity method	—	13
Foreign exchange losses	127	134
Cost of inactive noncurrent assets	14	22
Borrowing fees	265	43
Loss on securitization of receivables	140	21
Other	50	43
Total non-operating expenses	751	385
Ordinary income	5,826	3,824
Extraordinary income		
Gain on sales of non-current assets	17	—
Gain on bargain purchase	—	90
Total extraordinary income	17	90
Extraordinary losses		
Loss on sales of non-current assets	15	—
Loss on disposal of non-current assets	296	39
Loss on COVID19	—	614
Total extraordinary losses	311	654
Profit before income taxes	5,532	3,259
Income taxes - current	1,185	822
Income taxes - deferred	720	244
Total income taxes	1,905	1,066
Profit	3,627	2,193
Profit (loss) attributable to non-controlling interests	(42)	86
Profit attributable to owners of parent	3,670	2,107

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Second Quarter of FY2019	Second Quarter of FY2020
Profit	3,627	2,193
Other comprehensive income		
Valuation difference on available-for-sale securities	(174)	382
Foreign currency translation adjustment	(128)	(170)
Remeasurements of defined benefit plans, net of tax	122	299
Share of other comprehensive income of entities accounted for using equity method	(42)	(45)
Total other comprehensive income	(223)	465
Comprehensive income	3,404	2,658
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,478	2,608
Comprehensive income attributable to non-controlling interests	(74)	50

Consolidated Statements of Cash Flows

(Millions of Yen)

	Second Quarter of FY2019	Second Quarter of FY2020
Cash flows from operating activities		
Profit before income taxes	5,532	3,259
Depreciation	2,595	2,710
Decrease (increase) in notes and accounts receivable - trade	8,226	20,191
Decrease (increase) in inventories	(3,852)	(4,205)
Increase (decrease) in notes and accounts payable - trade	(4,111)	(7,215)
Other, net	(1,316)	(3,471)
Subtotal	7,073	11,270
Interest and dividend income received	145	303
Interest expenses paid	(151)	(108)
Income taxes paid	(2,407)	(2,261)
Net cash provided by (used in) operating activities	4,660	9,204
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,947)	(2,944)
Purchase of intangible assets	(266)	(290)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,156)
Other, net	125	277
Net cash provided by (used in) investing activities	(5,088)	(4,112)
Cash flows from financing activities		
Proceeds from short-term loans payable	826	122
Repayments of short-term loans payable	(3,000)	—
Repayments of long-term loans payable	(112)	(1,262)
Redemption of bonds	—	(400)
Cash dividends paid	(1,760)	(1,380)
Other, net	(111)	(121)
Net cash provided by (used in) financing activities	(4,157)	(3,042)
Effect of exchange rate change on cash and cash equivalents	(56)	(59)
Net increase (decrease) in cash and cash equivalents	(4,642)	1,990
Cash and cash equivalents at beginning of period	21,952	19,342
Cash and cash equivalents at end of period	17,309	21,332

Segment Information

For the Second Quarter of FY2019 (April 1, 2019 - September 30, 2019)

(Millions of Yen)

	Reportable segments					Others	Total	Adjustments	Consolidated Financial Statements amount
	Aircraft	Special Purpose Truck	Industrial Machinery and Environmental Systems	Parking Systems	Subtotal				
Net Sales:									
Customers	18,870	46,625	15,769	18,574	99,839	8,259	108,098	—	108,098
Inter-segment	—	3	4	20	27	1,079	1,107	(1,107)	—
Total	18,870	46,628	15,773	18,594	99,867	9,338	109,205	(1,107)	108,098
Segment profit (loss)	1,009	3,618	(33)	2,117	6,712	551	7,263	(1,163)	6,099

For the Second Quarter of FY2020 (April 1, 2020 - September 30, 2020)

(Millions of Yen)

	Reportable segments					Others	Total	Adjustments	Consolidated Financial Statements amount
	Aircraft	Special Purpose Truck	Industrial Machinery and Environmental Systems	Parking Systems	Subtotal				
Net Sales:									
Customers	13,251	43,675	14,022	15,437	86,387	7,396	93,783	—	93,783
Inter-segment	—	4	4	13	22	1,159	1,182	(1,182)	—
Total	13,251	43,679	14,026	15,451	86,409	8,555	94,965	(1,182)	93,783
Segment profit (loss)	(167)	3,136	(96)	1,653	4,525	515	5,041	(1,234)	3,807