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Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]

October 29, 2021

Company name: ShinMaywa Industries, Ltd.

Stock exchange listing: Tokyo

Code number: 7224

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

Representative: Tatsuyuki Isogawa, President and Chief Executive Officer

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Scheduled date of filing quarterly securities report: November 11, 2021

Scheduled date of commencing dividend payments: December 01, 2021

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 01, 2021 to September 30, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2021	100,264	6.9	4,438	16.6	4,698	22.9	3,362	59.6
September 30, 2020	93,783	(13.2)	3,807	(37.6)	3,824	(34.4)	2,107	(42.6)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥ 3,564 million [34.1%]
Six months ended September 30, 2020: ¥ 2,658 million [(21.9)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	51.11	-
September 30, 2020	32.05	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2021	214,387	91,818	42.1
March 31, 2021	212,060	88,838	41.5

(Reference) Equity: As of September 30, 2021: ¥ 90,261 million
As of March 31, 2021: ¥ 87,945 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	19.00	-	19.00	38.00
Fiscal year ending March 31, 2022	-	19.00			
Fiscal year ending March 31, 2022 (Forecast)			-	19.00	38.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022(April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	215,000	2.8	9,000	(14.1)	9,400	(15.9)	5,500	0.2	83.54

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2021

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2021: 70,000,000 shares

March 31, 2021: 70,000,000 shares

2) Total number of treasury shares at the end of the period:

September 30, 2021: 4,165,876 shares

March 31, 2021: 4,255,653 shares

3) Average number of shares during the period:

Six months ended September 30, 2021: 65,782,783 shares

Six months ended September 30, 2020: 65,744,985 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of September 30,2021
Assets		
Current assets		
Cash and deposits	23,045	18,134
Notes and accounts receivable - trade	61,137	-
Notes and accounts receivable - trade, and contract assets	-	58,259
Electronically recorded monetary claims - operating	12,610	15,119
Merchandise and finished goods	4,013	4,494
Work in process	20,304	22,685
Raw materials and supplies	18,989	19,701
Other	1,959	3,439
Allowance for doubtful accounts	(55)	(110)
Total current assets	142,004	141,722
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,567	18,518
Other, net	20,745	23,309
Total property, plant and equipment	39,312	41,828
Intangible assets	2,417	2,798
Investments and other assets		
Other	28,353	28,064
Allowance for doubtful accounts	(28)	(27)
Total investments and other assets	28,325	28,037
Total non-current assets	70,055	72,664
Total assets	212,060	214,387

(Million yen)

	As of March 31,2021	As of September 30,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,383	23,449
Current portion of bonds payable	800	800
Short-term loans payable	2,142	5,122
Current portion of long-term loans payable	2,527	2,389
Income taxes payable	2,634	1,201
Provision for loss on construction contracts	3,395	3,139
Other	23,873	23,720
Total current liabilities	59,756	59,824
Non-current liabilities		
Bonds payable	2,400	2,000
Long-term loans payable	46,669	45,678
Retirement benefit liability	12,828	12,982
Other	1,567	2,082
Total non-current liabilities	63,464	62,743
Total liabilities	123,221	122,568
Net assets		
Shareholders' equity		
Capital stock	15,981	15,981
Capital surplus	15,780	15,737
Retained earnings	61,445	63,558
Treasury shares	(6,082)	(5,953)
Total shareholders' equity	87,125	89,324
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,587	1,570
Revaluation reserve for land	(376)	(376)
Foreign currency translation adjustment	139	200
Remeasurements of defined benefit plans	(530)	(457)
Total accumulated other comprehensive income	820	937
Non-controlling interests	893	1,557
Total net assets	88,838	91,818
Total liabilities and net assets	212,060	214,387

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Net sales	93,783	100,264
Cost of sales	79,614	84,778
Gross profit	14,168	15,485
Selling, general and administrative expenses	10,361	11,046
Operating profit	3,807	4,438
Non-operating income		
Interest income	30	28
Dividend income	266	110
Share of profit of entities accounted for using equity method	-	51
Foreign exchange gains	-	103
Other	105	175
Total non-operating income	402	469
Non-operating expenses		
Interest expenses	107	98
Share of loss of entities accounted for using equity method	13	-
Foreign exchange losses	134	-
Cost of inactive noncurrent assets	22	64
Borrowing fees	43	6
Loss on securitization of receivables	21	5
Other	43	34
Total non-operating expenses	385	209
Ordinary profit	3,824	4,698
Extraordinary income		
Gain on bargain purchase	90	486
Total extraordinary income	90	486
Extraordinary losses		
Loss on disposal of non-current assets	39	115
Loss on COVID-19	614	-
Total extraordinary losses	654	115
Profit before income taxes	3,259	5,069
Income taxes - current	822	1,168
Income taxes - deferred	244	473
Total income taxes	1,066	1,642
Profit	2,193	3,426
Profit attributable to non-controlling interests	86	64
Profit attributable to owners of parent	2,107	3,362

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Profit	2,193	3,426
Other comprehensive income		
Valuation difference on available-for-sale securities	382	(16)
Foreign currency translation adjustment	(170)	(58)
Remeasurements of defined benefit plans, net of tax	299	73
Share of other comprehensive income of entities accounted for using equity method	(45)	139
Total other comprehensive income	465	137
Comprehensive income	2,658	3,564
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,608	3,479
Comprehensive income attributable to non-controlling interests	50	85

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from operating activities		
Profit before income taxes	3,259	5,069
Depreciation	2,710	2,663
Decrease (increase) in notes and accounts receivable - trade	20,191	1,518
Decrease (increase) in inventories	(4,205)	(2,126)
Increase (decrease) in notes and accounts payable - trade	(7,215)	(1,243)
Other, net	(3,471)	(4,400)
Subtotal	11,270	1,481
Interest and dividend income received	303	227
Interest expenses paid	(108)	(106)
Income taxes paid	(2,261)	(2,694)
Net cash provided by (used in) operating activities	9,204	(1,092)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,944)	(1,825)
Purchase of intangible assets	(290)	(368)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,156)	(1,429)
Other, net	277	115
Net cash provided by (used in) investing activities	(4,112)	(3,507)
Cash flows from financing activities		
Proceeds from short-term loans payable	122	2,959
Repayments of short-term loans payable	-	(30)
Proceeds from long-term loans payable	-	29
Repayments of long-term loans payable	(1,262)	(1,246)
Redemption of bonds	(400)	(400)
Cash dividends paid	(1,380)	(1,249)
Other, net	(121)	(125)
Net cash provided by (used in) financing activities	(3,042)	(62)
Effect of exchange rate change on cash and cash equivalents	(59)	81
Net increase (decrease) in cash and cash equivalents	1,990	(4,581)
Cash and cash equivalents at beginning of period	19,342	22,667
Cash and cash equivalents at end of period	21,332	18,086

Segment Information

For the Second Quarter of FY2020 (April 01, 2020 - September 30, 2020)

(Million Yen)

	Reportable segments					Others	Total	Adjustments	Consolidated Financial Statements amount
	Aircraft	Special Purpose Truck	Industrial Machinery and Environmental Systems	Parking Systems	Subtotal				
Net Sales:									
External sales	13,251	43,675	14,022	15,437	86,387	7,396	93,783	—	93,783
Intersegment sales or transfer	—	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

For the Second Quarter of FY2021 (April 01, 2021 - September 30, 2021)

(Million Yen)

	Reportable segments					Others	Total	Adjustments	Consolidated Financial Statements amount
	Aircraft	Special Purpose Truck	Industrial Machinery and Environmental Systems	Parking Systems	Subtotal				
Net Sales:									
Japan	6,101	46,711	10,088	16,827	79,728	7,520	87,249	—	87,249
Asia	—	493	4,529	986	6,009	—	6,009	—	6,009
North America	3,881	0	900	—	4,782	—	4,782	—	4,782
Other areas	204	1,163	854	—	2,222	—	2,222	—	2,222
Revenue from contracts with customers	10,187	48,368	16,373	17,814	92,743	7,520	100,264	—	100,264
Other revenue	—	—	—	—	—	—	—	—	—
External sales	10,187	48,368	16,373	17,814	92,743	7,520	100,264	—	100,264
Intersegment sales or transfer	—	11	2	25	39	878	918	(918)	—
Total	10,187	48,379	16,376	17,839	92,782	8,399	101,182	(918)	100,264
Segment profit (loss)	(431)	3,592	192	1,913	5,266	409	5,676	(1,237)	4,438