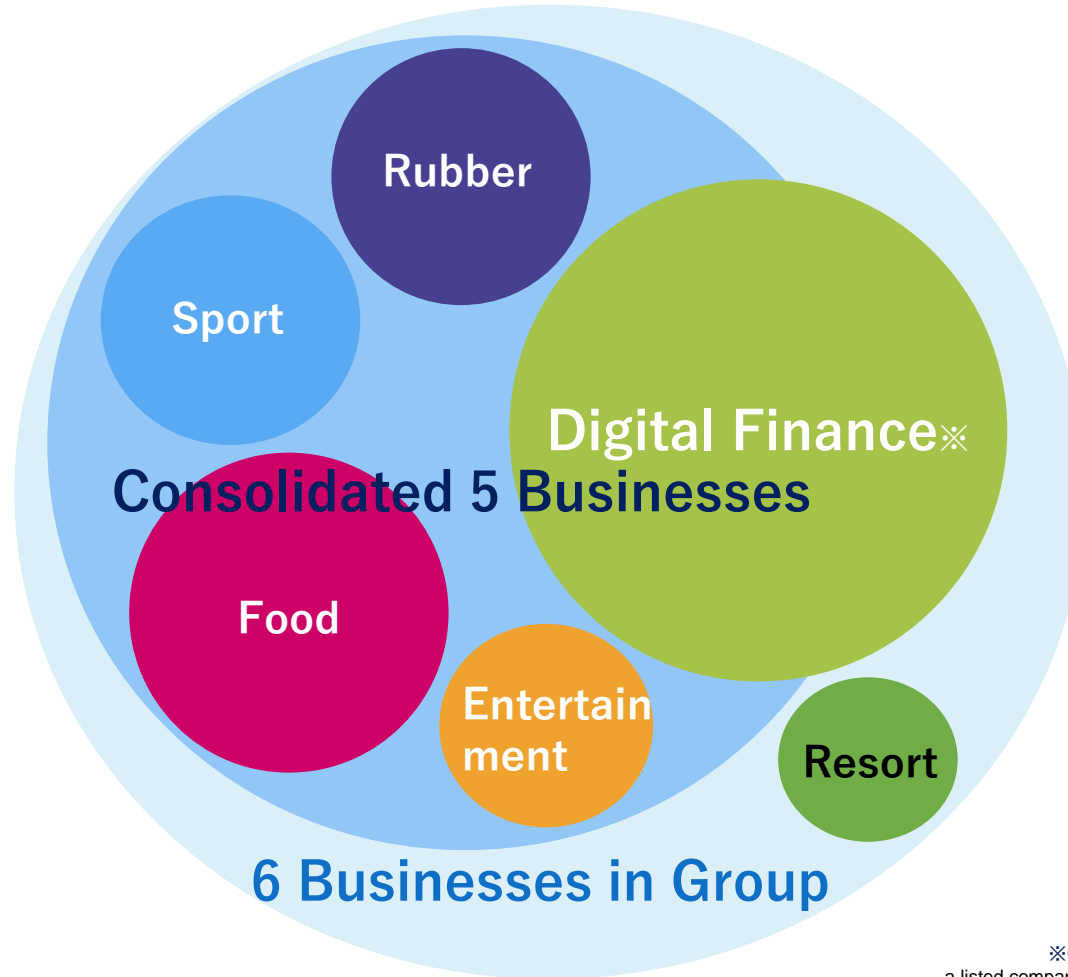




Showa Holdings Co., Ltd.
Business Briefing Session
27 July 2020

6 Businesses in Group



Overview of Group Businesses Impact and countermeasures against the Covid-19 epidemic

Summary of the business performance in FY 2020

Stagnant consolidated profits, though factors vary from business to business

Negative factor

1. Sales in the Digital Finance, the company's largest business, declined as it reduced disbursement until August of last year to cope with legal risks.
2. Legal costs drove down profits (Digital Finance).

Neutral factor

3. Sport business continued in slump from 2017.
4. Rubber business continues to be sluggish.

Positive factor

5. Progress in improving operational efficiency in the Digital Finance business and reducing expenses.
6. Profits in the food business expanded.
7. Profits in the entertainment business have improved.

Impact of Covid-19 epidemic in Q4

Diversified businesses hedge a certain amount of risk

The impact of countermeasures against the Covid-19 epidemic in each country

1. **Digital Finance Business:**

Lockdown led strict restrictions on operations.

Provision of 290 million JPY in special allowance for doubtful accounts to cover future increases in bad debt.

2. **Sport Business:** Revenue decreased due to self-restraint and school closure.

3. **Food Business:** Sales declined, but the effects of business improvements overcame the impact.

4. **Entertainment business:** No impact due to remote work has been promoted for a long time.

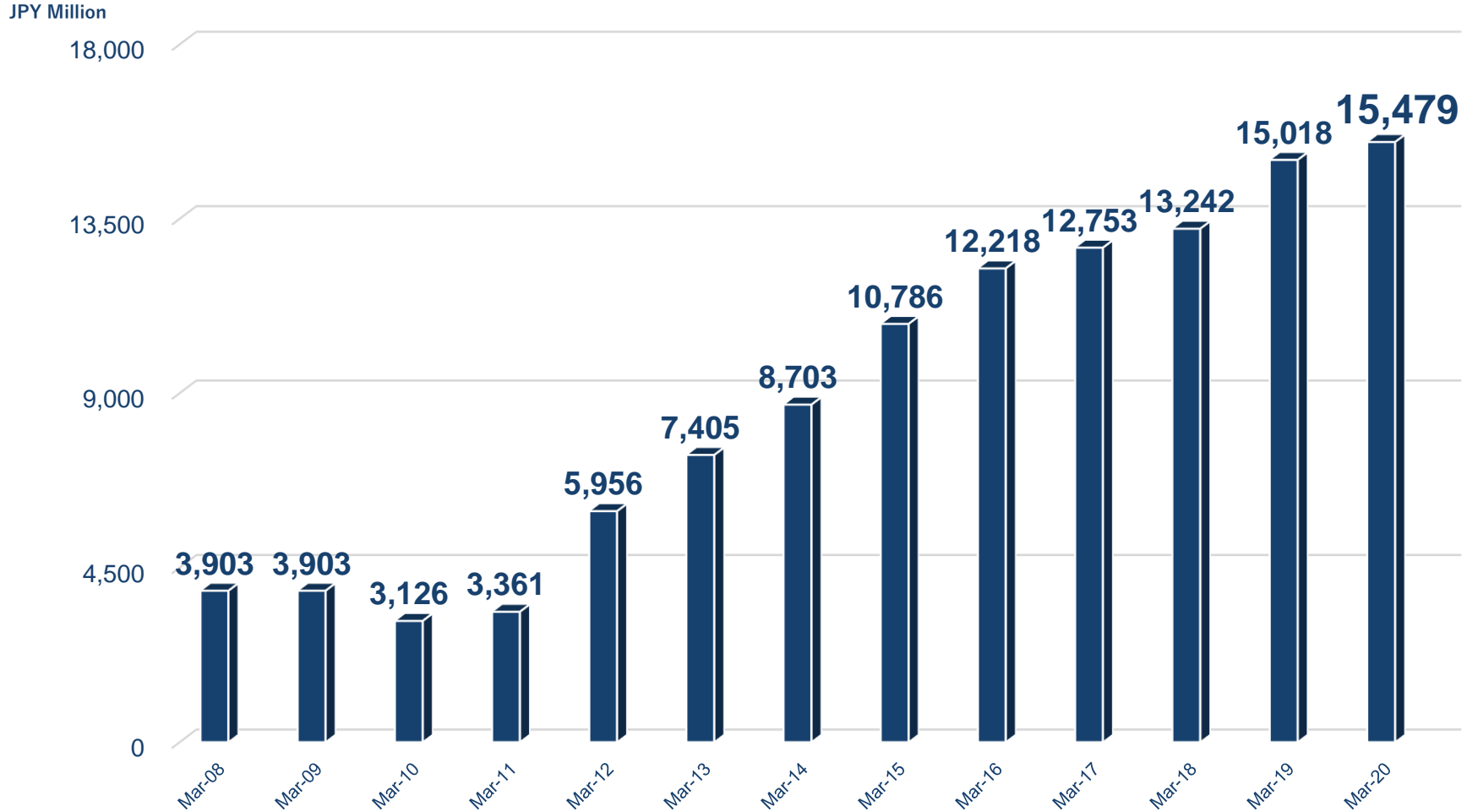
5. **Rubber business:** No impact.

Prospect for the future business performance

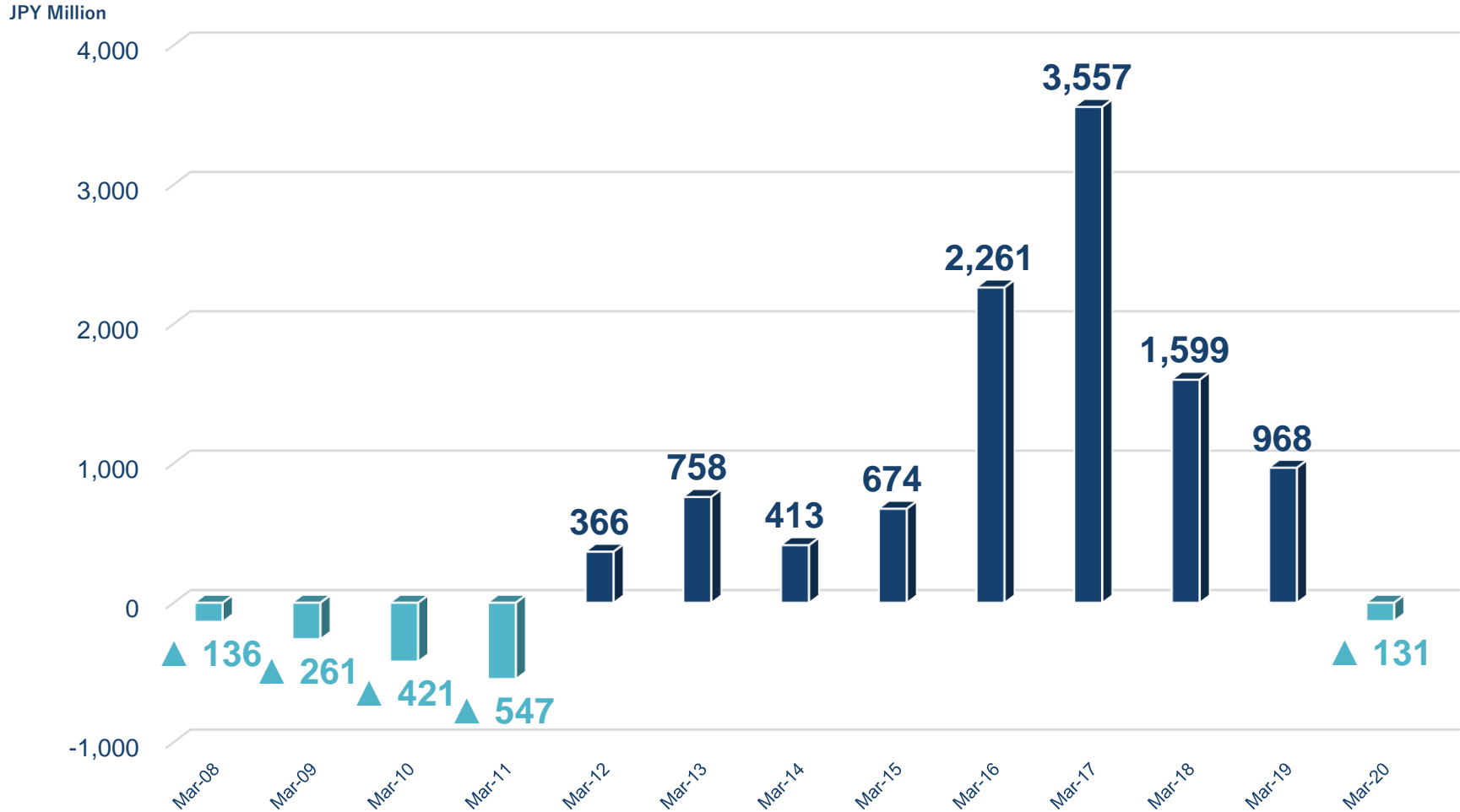
Expecting recovery in Q2 (July-September period)

1. **Digital Finance Business:** The recovery of overdue loans is progressing faster than expected. Sales activities have already resumed.
2. **Food Business:** Profit increasing continuously.
3. **Rubber Business:** While there are concerns about the impact of the recession, the increase of sales expected as a competitor is withdrawing from the market.
4. **Sport Business:** A steady recovery has been in place since June.
5. **Entertainment Business:** Several projects in Q1 delayed. Expecting recovery in following quarters due to strong performance of the titles that the company in charge.

Consolidated Revenue

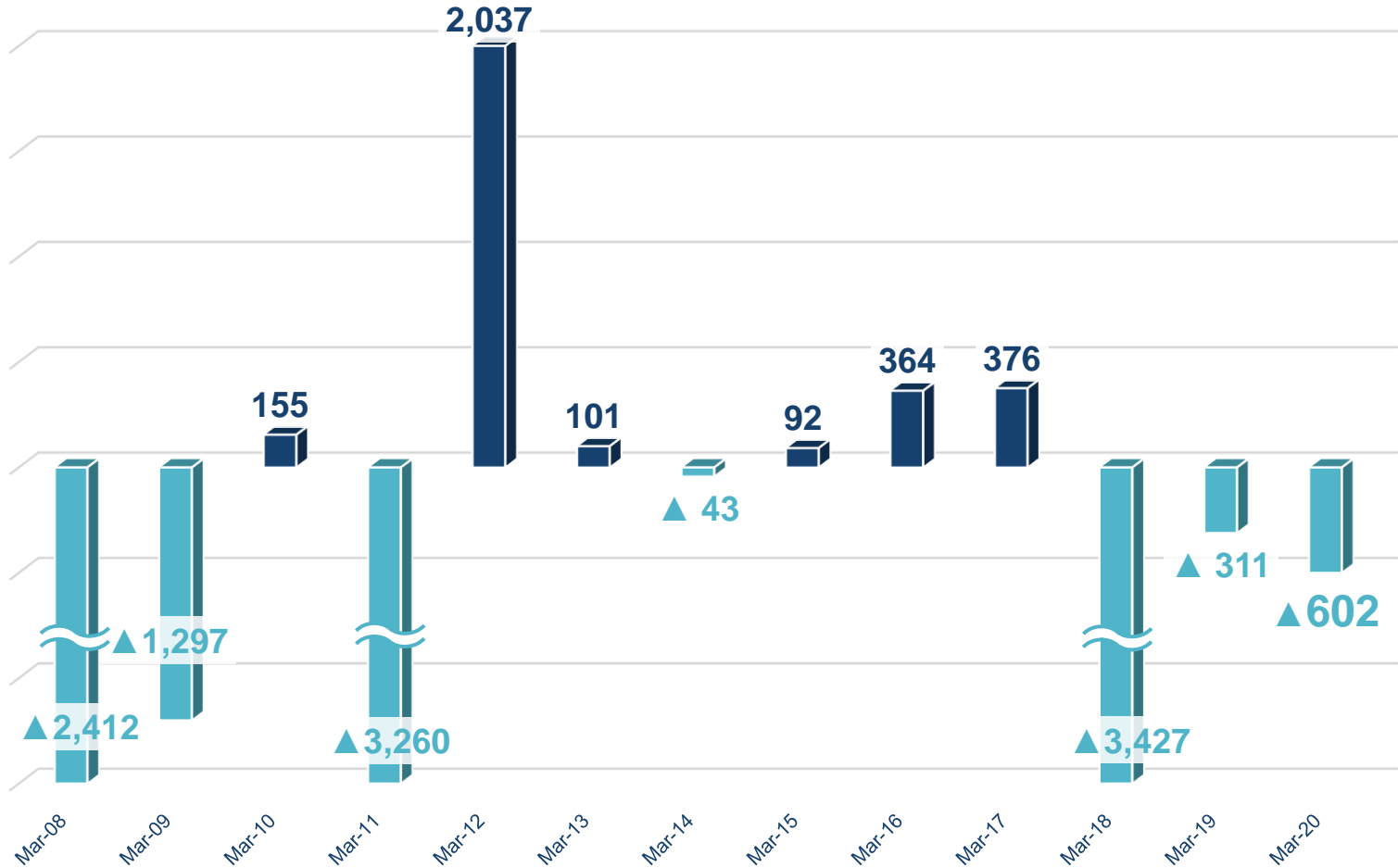


Consolidated Operating Profit



Consolidated Net Profit

JPY Million





Overview of each Business



Digital Finance Business

**Remain close to our customers and contribute to their
life improvement and foster their entrepreneurship
spirit with innovative finance products**

Digital Finance - Leasing Business (Optimization of "Glocal Digital Finance")



Leasing and Hire Purchase

- Providing financial support to the customers who acquire assets such as motorcycles, three-wheeled motorcycles and tractors.
- Expanding business network in collaboration with business partners such as motorcycle dealers.
- Providing financial support by establishing a point of sale (POS) at a partner's store or sales channel.



Digital Finance - Lending Business (Optimization of "Glocal Digital Finance")



Microfinance, Asset back loan and Entrepreneur loan

- Providing small-scale secured and unsecured loans directly to customers.
- Operating and owning small branches as sales channels.
- Providing finance service at customer house in local villages in addition to the operation in the branches.



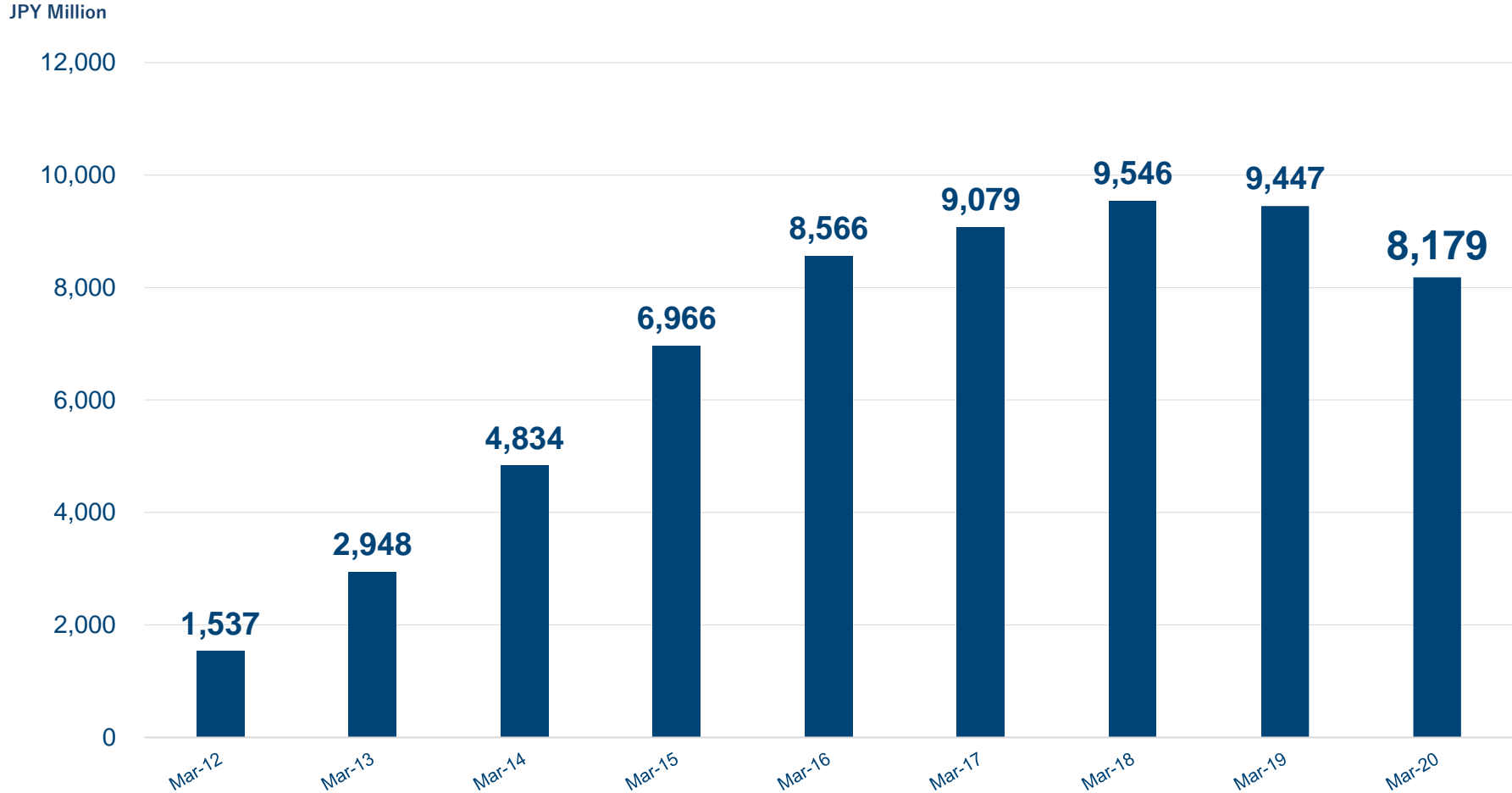
Overview

- Conservative reduction of new disbursement of loans was made, due to ongoing lawsuits.
- After winning a major court case in Thailand in August 2019, the company has shifted back to a policy of business expansion and new contracts are on the rise.

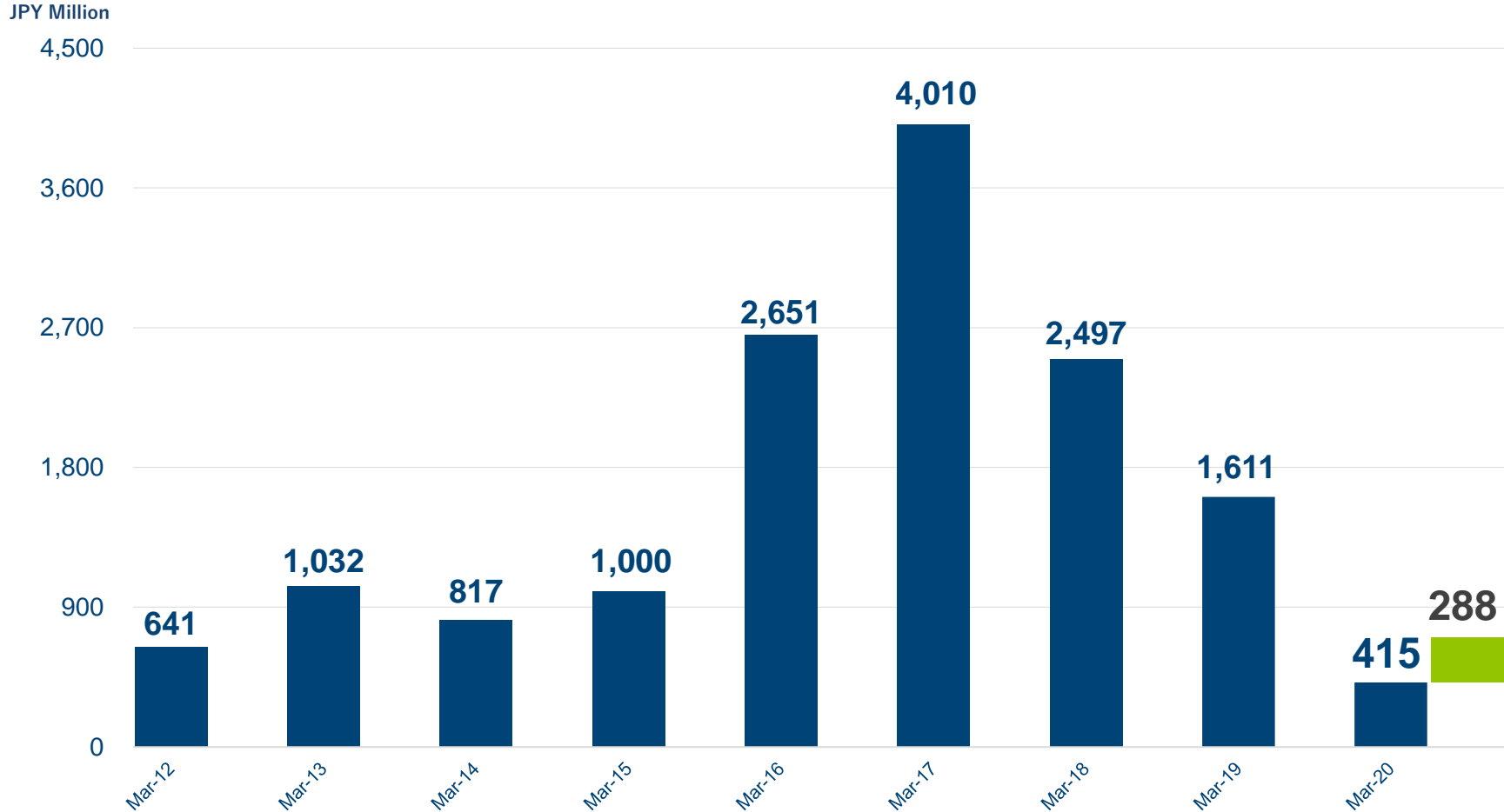
Impact of COVID-19 epidemic

- Temporary suspended operations and implementation of strict credit criteria was made after lockdown in many countries in Southeast Asia, as countermeasures against the epidemic of Covid-19.
- Provided special allowance for NPL (around 288 Million JPY).
- Operation resumed from early May. Along with the relaxation of restrictions in each countries. Improvement of debt collection is under way.

Revenue (Digital Finance Business)



Segment Profit (Digital Finance Business)

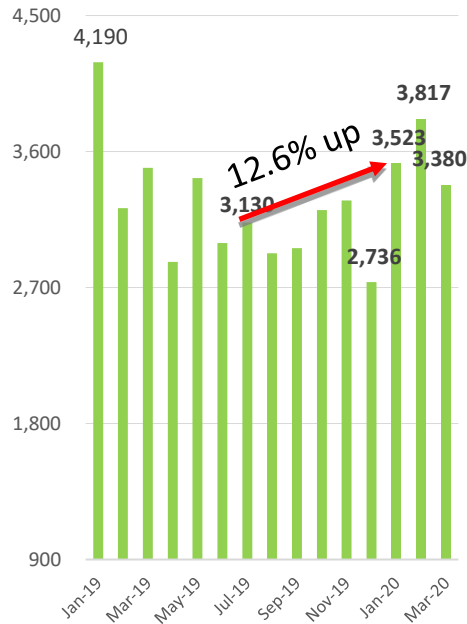


Shift to business re-growth policy from August 2019

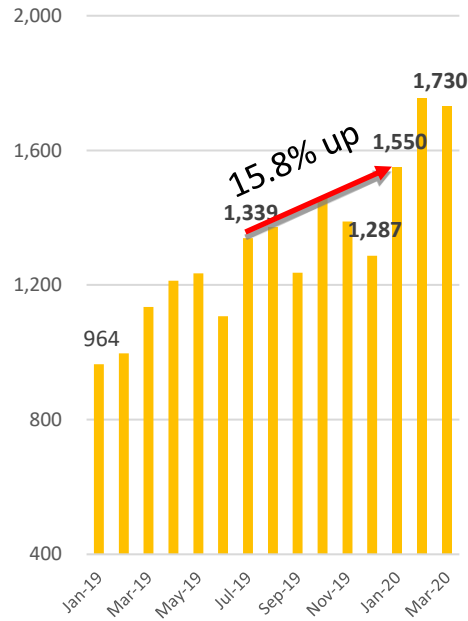


- After winning the case in Thailand, new policy to reboost the disbursement was set.
- Anticipating gradual growth of portfolio after release of lockdown.

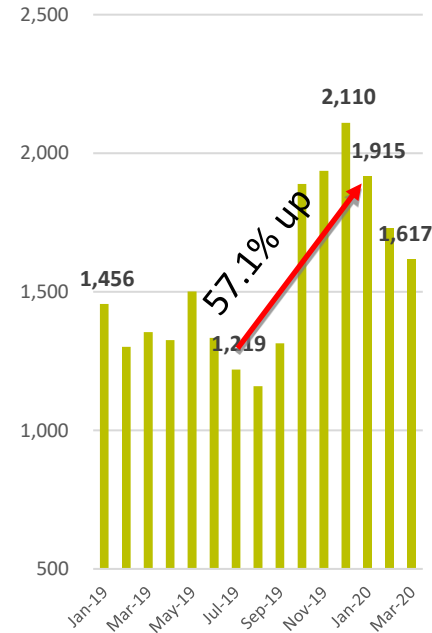
Thailand GL motorcycle
Number of new contract



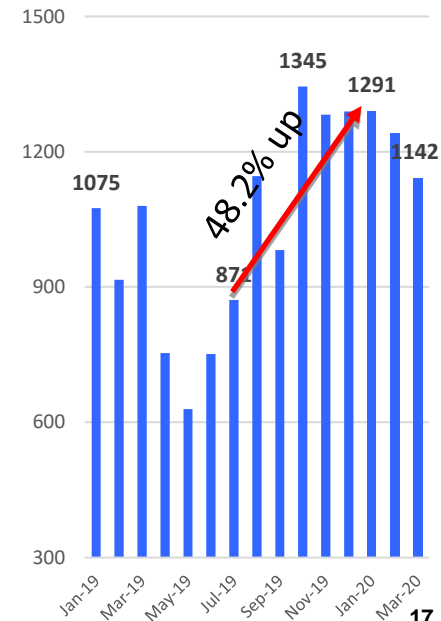
Thailand TNB motorcycle
Asset back loan
Number of new contact



Cambodia
Honda motorcycle
Number of new contract



Myanmar
Honda motorcycle
Number of new contract



Digital Finance Business

Carefully seek a growth trajectory



- The recovery of overdue loans is progressing faster than expected.
- Provision of 290 million JPY in special allowance.
- Sales activities have already resumed.
- **Despite the strong competitiveness over our competitors, the company has adopted a policy to monitor carefully economic trends and other factors for future expansion.**



Food Business

To deliver "Happiness with small bites"
all around the world everyday

Food Business (From a producer of Japanese Sweets to a well-known Brand)



Overview (Food Business)



Overview

- **Up to last year:** Excessive product numbers have reduced production efficiency.
This year: Improving profitability by narrowing down to priority products.
 - **Up to last year:** Low productivity due to the shortage of the skilled workers.
This year: Improving productivity through successful measures to recruit full-time employees.
- ➡ Significantly increased profitability through improvements in both products and human resources.

Impact of COVID-19 epidemic

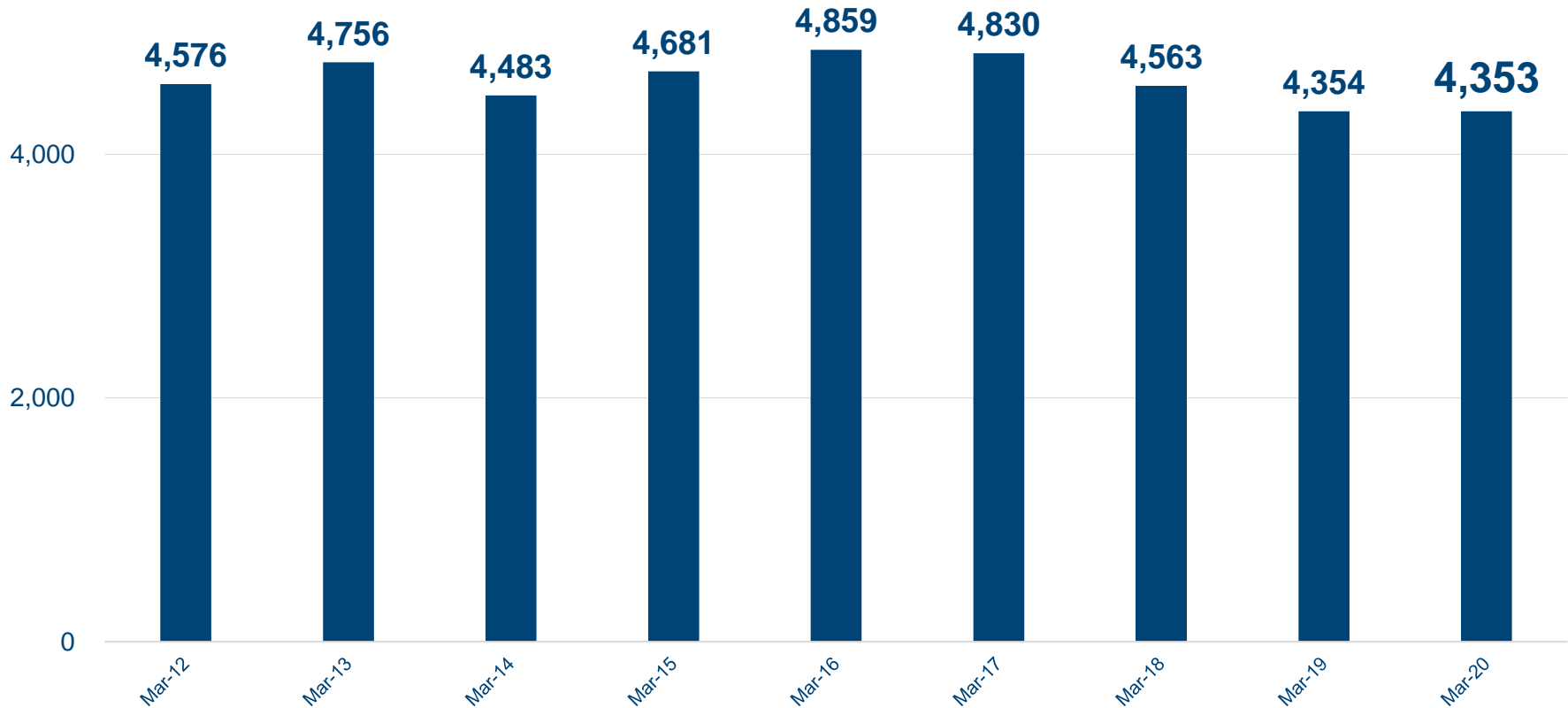
- Revenue is declining due to the impact of Covid-19 epidemic, as a result of the above measures, improvement of profits is realized more than that.
- Increasing visibility by focusing on branding through social media.

Revenue (Food Business)



JPY Million

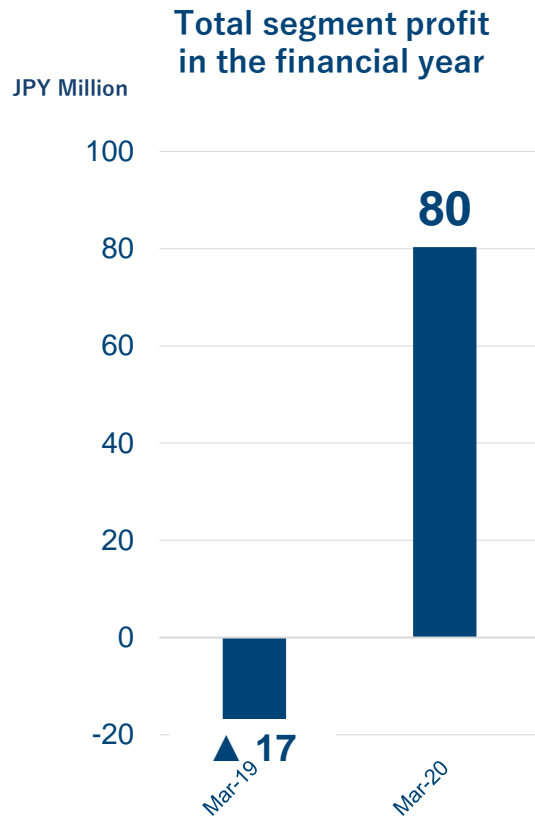
6,000



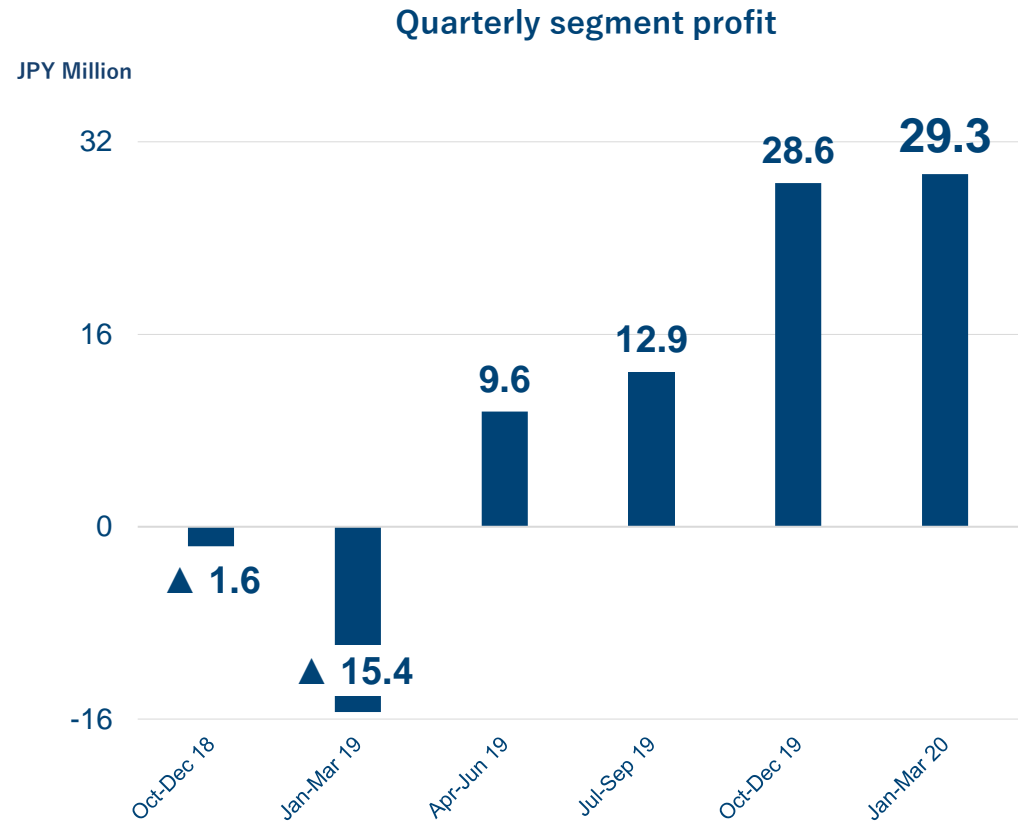
Segment Profit (Food Business)



Successful business transformation undertaken after consolidation in 2019, with significant improvement in profitability.



※Food consolidation from 1 October 2018



Progress of branding through social media



Branding thorough social media has progressed, increasing awareness of the company's products is expected to make a significant contribution to earnings growth over the medium to long term.



Highest record in May



3.30million view

https://twitter.com/tw_asukafoods

YAHOO! ニュース
JAPAN

キーワードを入力



トップ 速報 ライブ 個人 特集 みんなの意見 ランキング

主要 国内 国際 経済 エンタメ スポーツ IT 科学 ライフ

スーパーのわらび餅が100倍おいしく!? 話題の食べ方、理由をメーカーに聞いた...目からウロコのアレンジも

5/14(木) 18:00 配信

まいどニュース



水で洗ったわらび餅。べつとり感が消えて「トットツルツルの食感」に。くのしん (@kuno4n) さん提供

【写真】 えっ、わらび餅がタピオカミルクティーに! ?

話題の食べ方は、今月7日にTwitterユーザーの、くのしん (@kuno4n) さんがつぶやいたもの。これまでに3万リツイート、11.3万いいねを集め、「初めて知り



YAHOO! Covered
JAPAN

in the Yahoo news Japan!

Twitter followers of Asuka Foods



(Followers)



Nihonbashi-honcho Kashidokoro Health Food



日本橋本町菓子処



More delightful
More delicious
More healthy Wagashi



このみの木

Twitter followers of Nihonbashi-honcho Kashidokoro



日本橋本町菓子処

(Followers)




Food Business

To improve profitability and increase revenue



- Expecting maintained high profits with continuous improvement of productivity.
- Sales in current quarter is increasing due to improved recognition in the market.
- **The current policy is expected to continue, with the aim of further increasing profits through increased sales.**



Rubber Business

The guardian that protects the
"Important asset" of customers

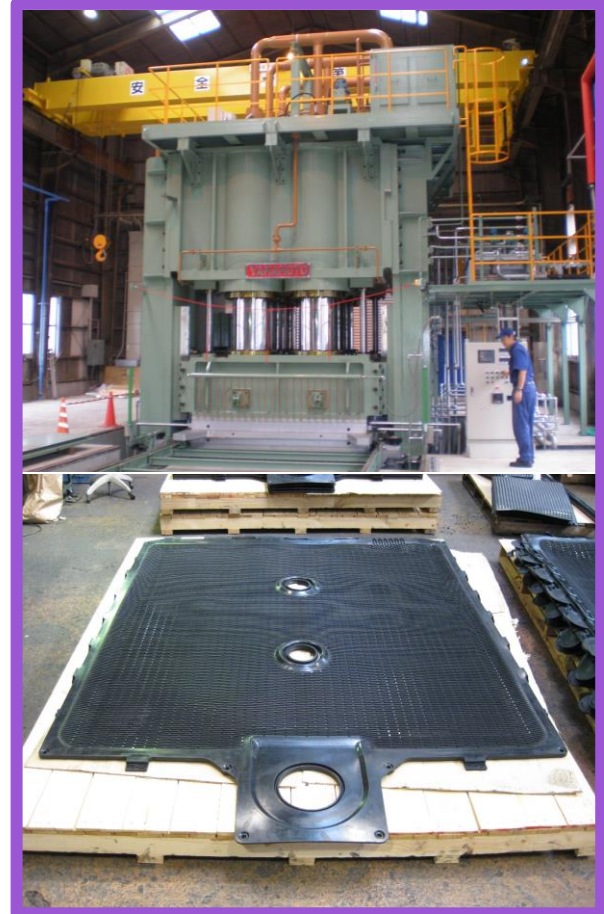
Rubber Business (The guardian that protects the "Important asset" of customers)

SHOWA
SHOWA RUBBER CO.,LTD.

Rubber Lining



Pressing



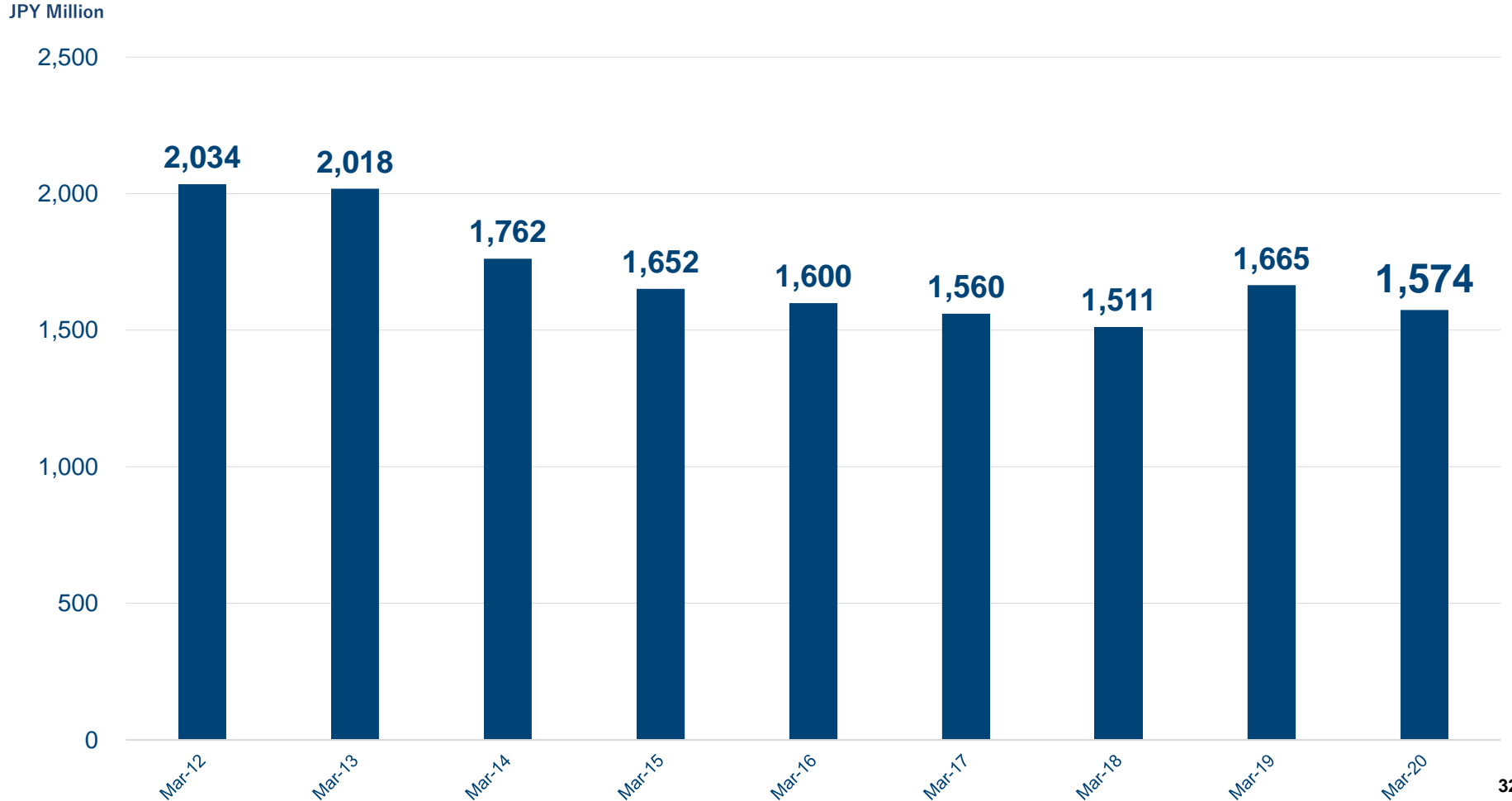
Overview

- Sales had been decreased and profit was negative long term due to shrinking domestic market.

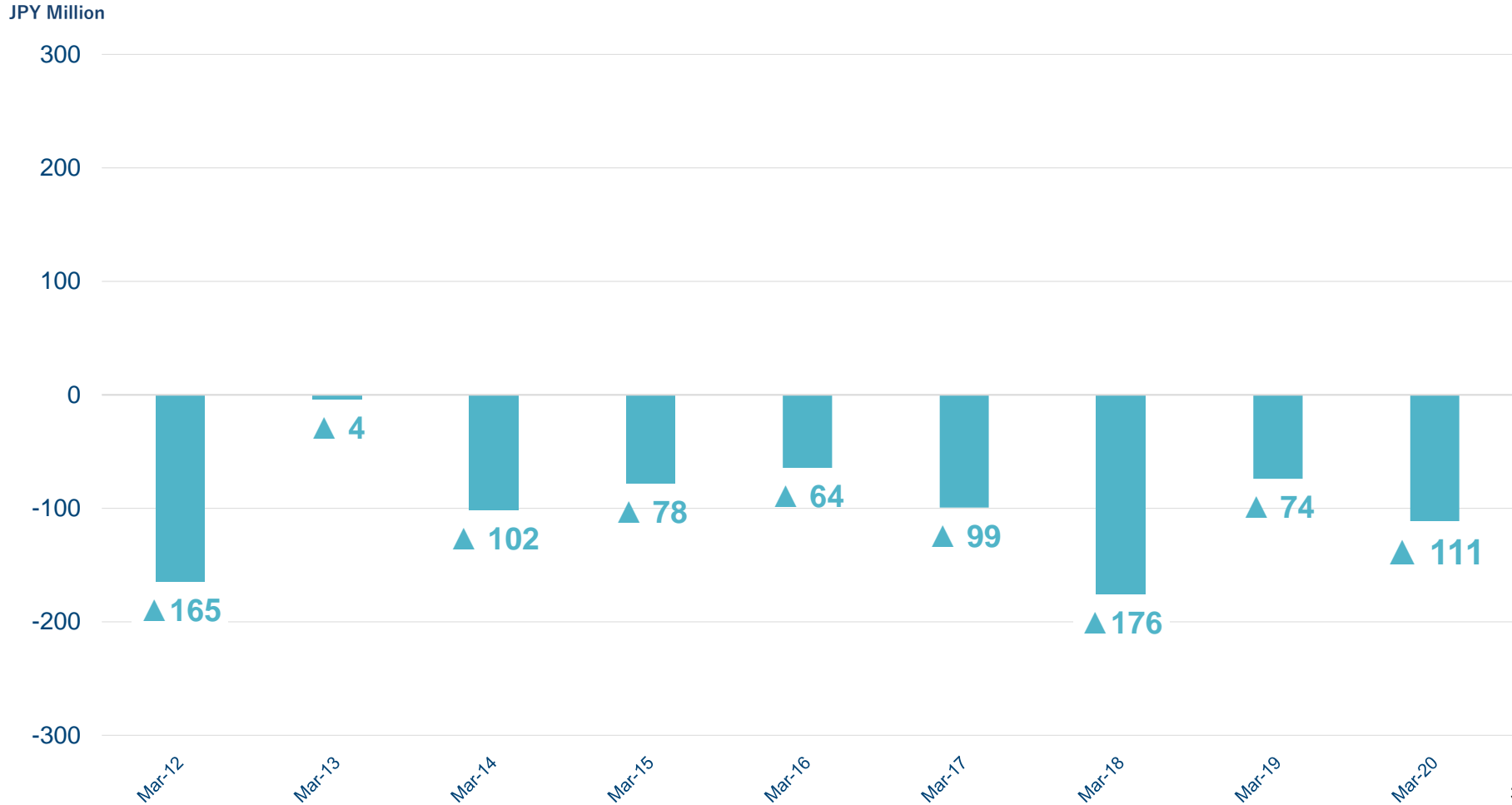
Impact of COVID-19 epidemic

- No impact at the time, but there is a concern about future impact.
- One of the biggest competitor of rubber lining business announced their closure of business.
http://www.daiki-rubber.co.jp/info/information_200326d.pdf
- Expecting significant improvement in sales and profits through capturing their market share.

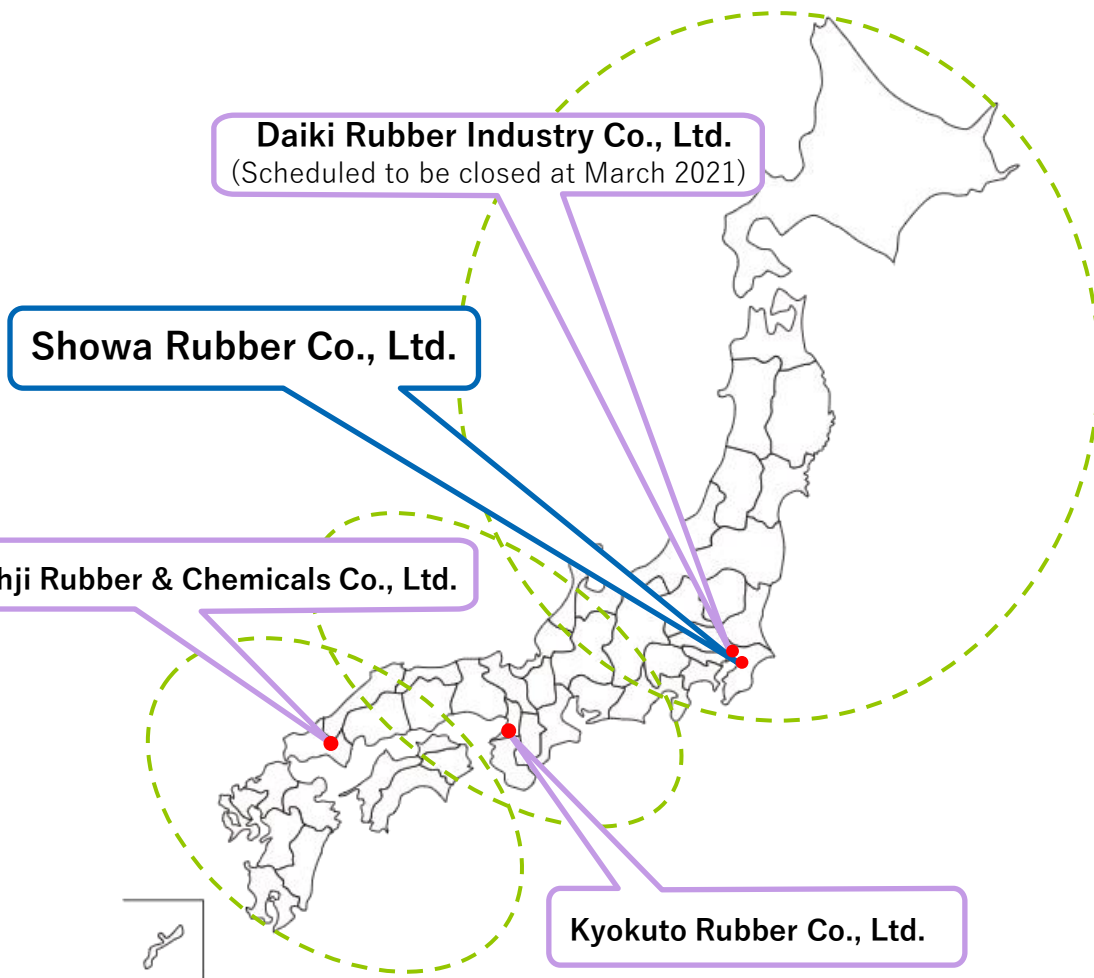
Revenue (Rubber Business)



Segment Profit (Rubber Business)



Major rubber lining operators in Japan



ゴムタイムス プラタイムス
THE GOMUTIMES DIGITAL THE PLASTICS TIMES DIGITAL

HOME | ニュース一覧 | プラスチック | ポリマーTECH | タイプ

TOP > 大機ゴム工業, 日立造船 > 大機ゴム工業が解散へ 日立造船 柏工場売却で

大機ゴム工業が解散へ 日立造船 柏工場売却で

2020年04月03日

[ツイート](#) [Like](#) [Share](#)

日立造船は3月26日、100%子会社である大機ゴム工業を来年3月までに解散すると発表した。

日立造船は、千葉県柏市にある柏工場の売却を3月26日付で決定し、3月30日付で柏工場をSMFLみらいパートナーズに売却する。この売却に伴い、柏工場での生産活動は今年12月末日で終了することとなる。同時に、柏工場内にある大機ゴム工業は、同社唯一の生産拠点を失うこととなり、日立造船と大機ゴム工業は、大機ゴム工業が新たな生産拠点を確保して事業を継続することは非常に困難であるという認識の下、来年3月末日までに解散するという結論に達した。

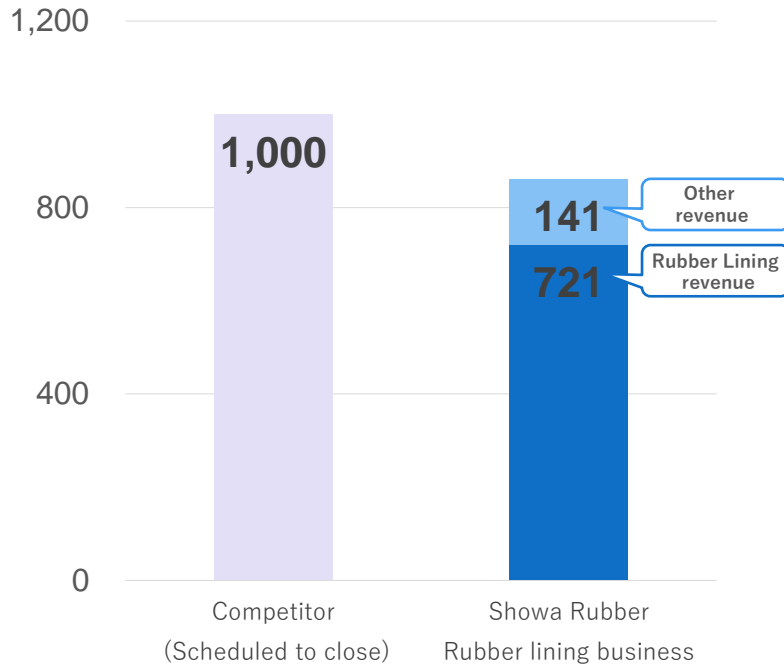
なお、取引先に対しては、大機ゴム工業に注文済みの案件の製作については個別に相談することとし、納入製品の保証期間は変更せず、大機ゴム工業解散後は日立造船が対応することになっている。アフターサービスについても、日立造船のサービス部門が可能な限り要望に応じる。

関連キーワード: 大機ゴム工業・日立造船

Business outlook of Rubber Lining Business

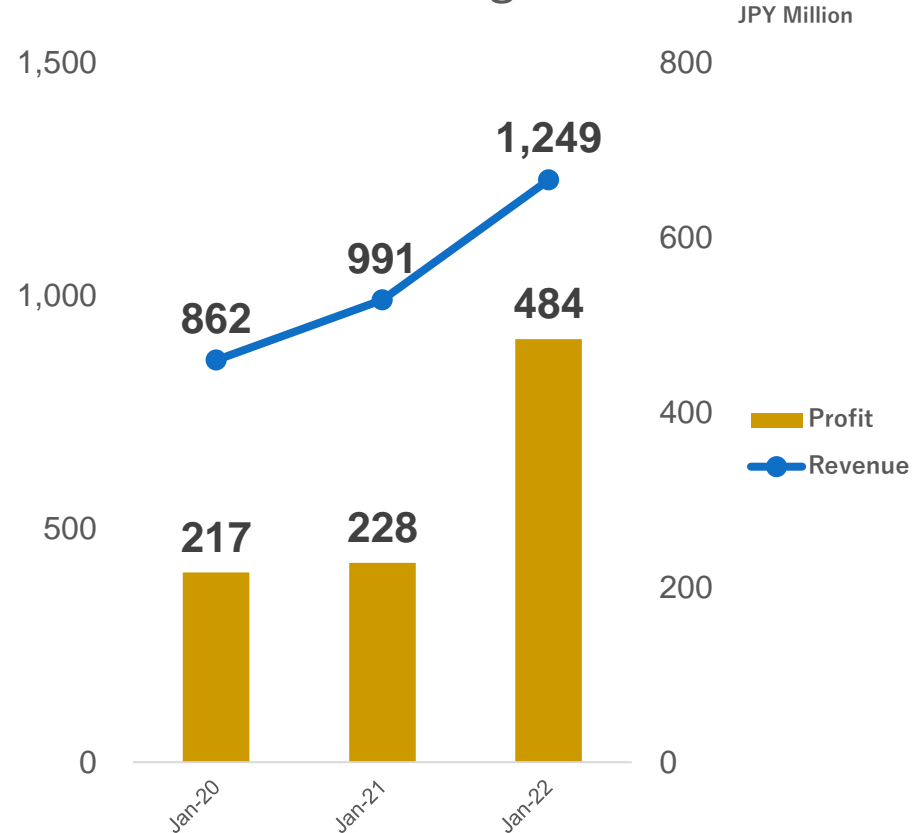
Revenue comparison (Mar-2020)

JPY Million



※Showa Rubber estimation

Revenue and profit outlook (Rubber Lining Business)



Rubber Business

Increase profit through focusing on rubber lining



- Being mindful of the impact of a possible recession.
- Expecting sales growth in the profitable rubber lining business as competitors pull out.
- **Aiming to increase sales and improve profits by concentrating management resources on the rubber lining business.**



Sport Business

Activation of sports communities

Sport Business

(Be the promoter closest to sports communities)



Overview

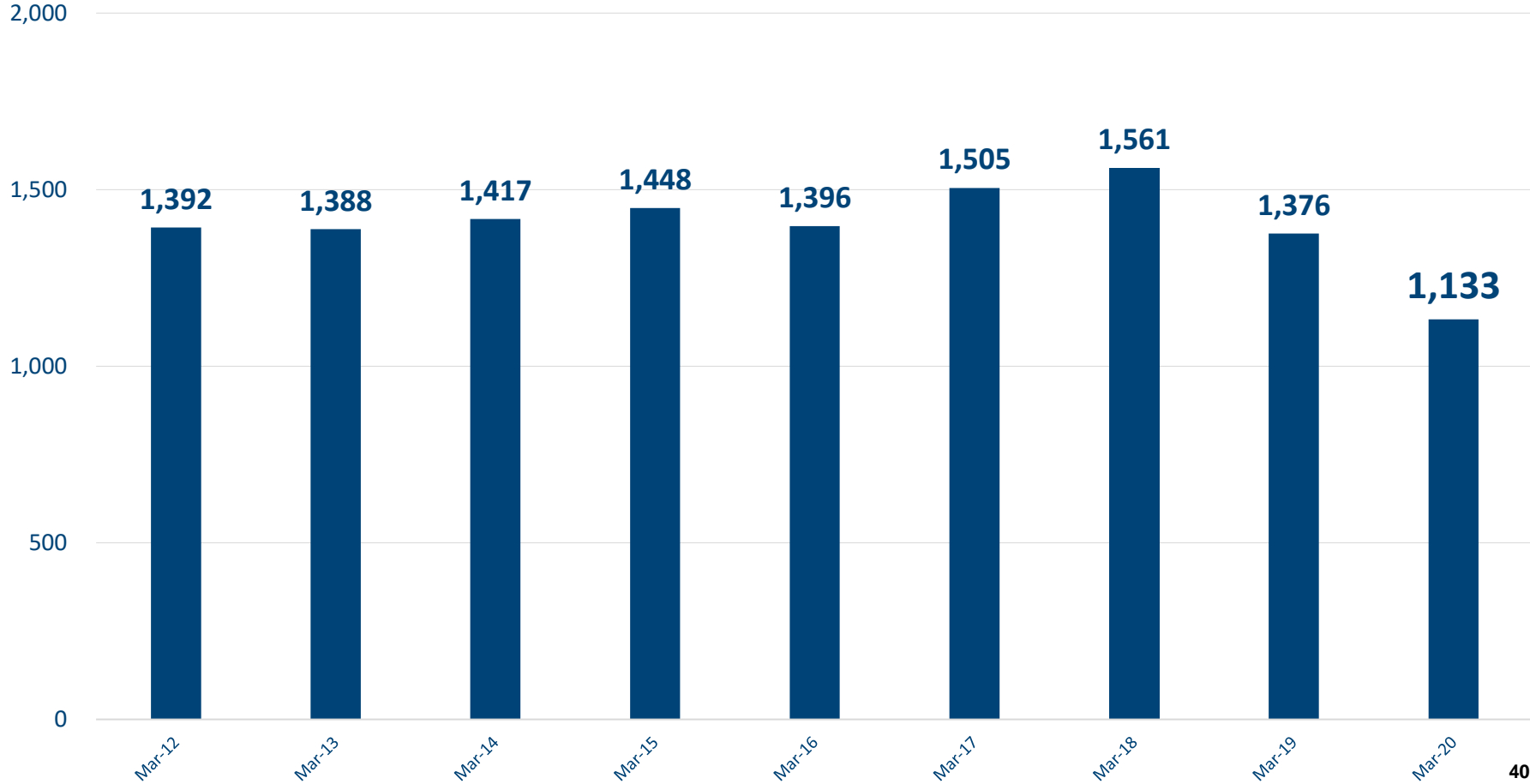
- **Tennis Ball Business:** Sales initiative to improve profitability stalled, market share declined.
- **Tennis Wear Business:** Efforts were made and completed throughout the previous year to normalize excess inventory in FY 2018.
- **Tennis Club Business:** Aggressively expanded the business.

Impact of COVID-19 epidemic

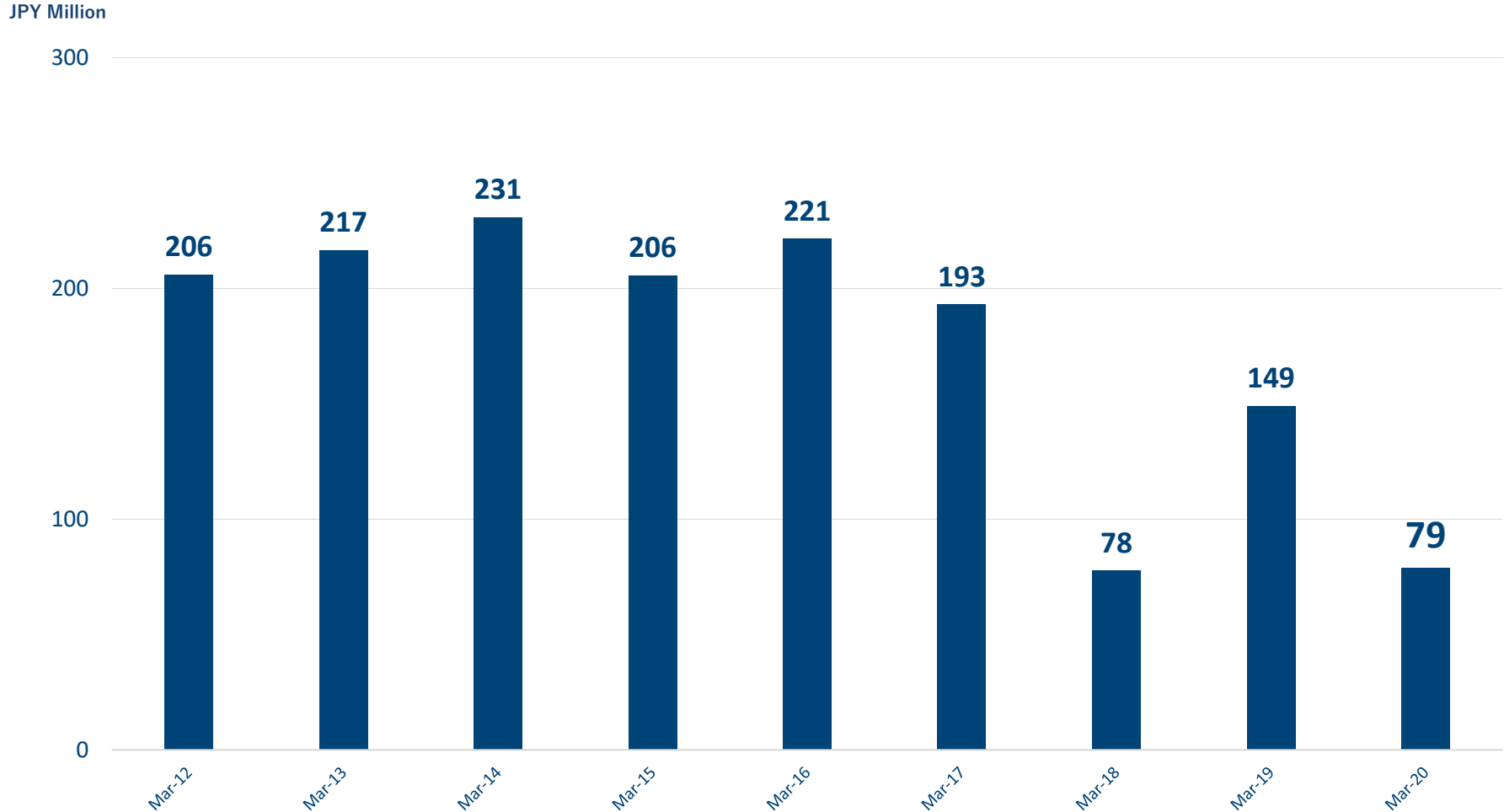
- Sales of tennis balls, tennis wear, and other products plummeted due to the suspension of school and tennis club activities and the closure of sports facilities across the country.
- Tennis club partially closed and heavily affected.
- Expecting recovery through school reopening and new tennis club opening.

Revenue (Sport Business)

JPY Million



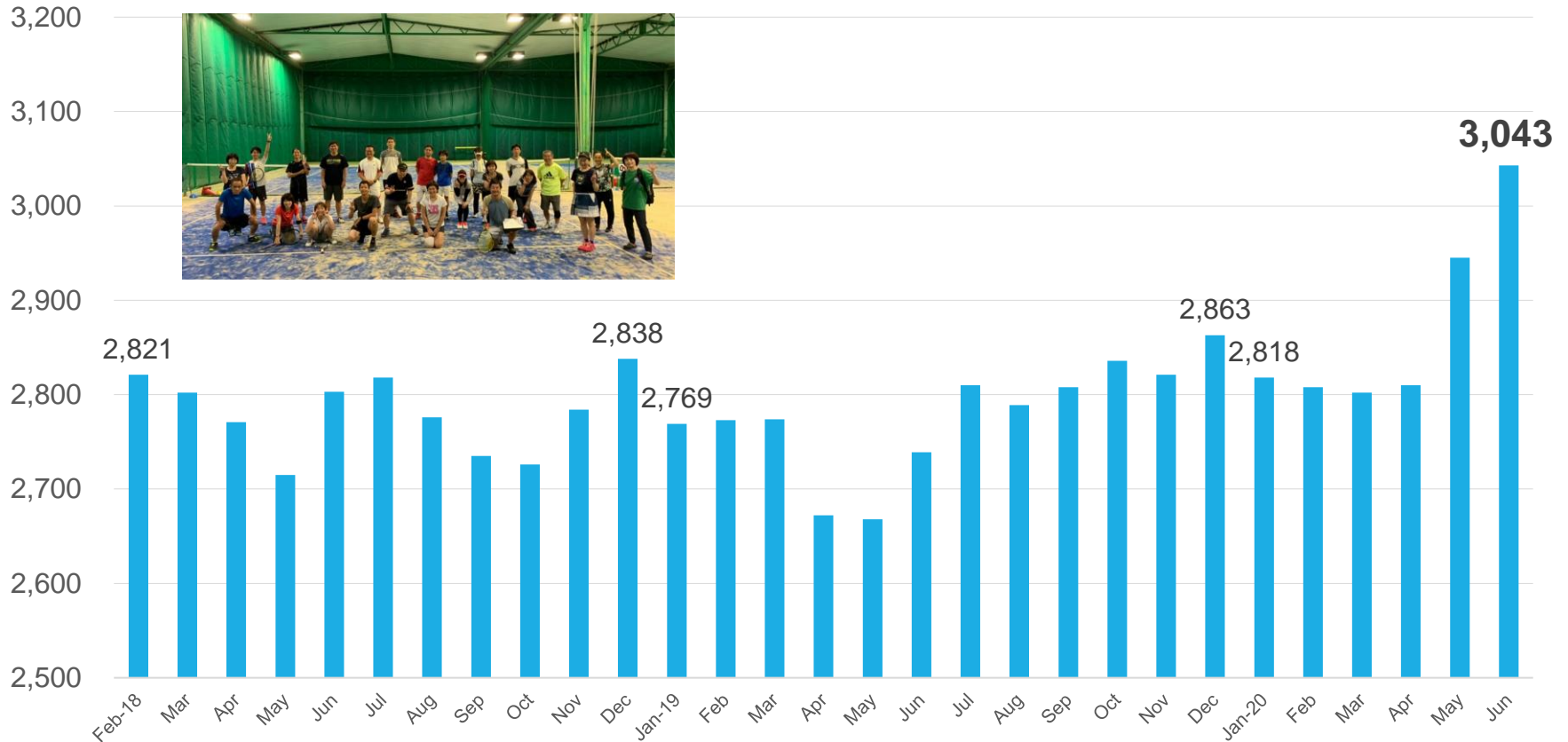
Segment Profit (Sport Business)



Lucent Tennis Club



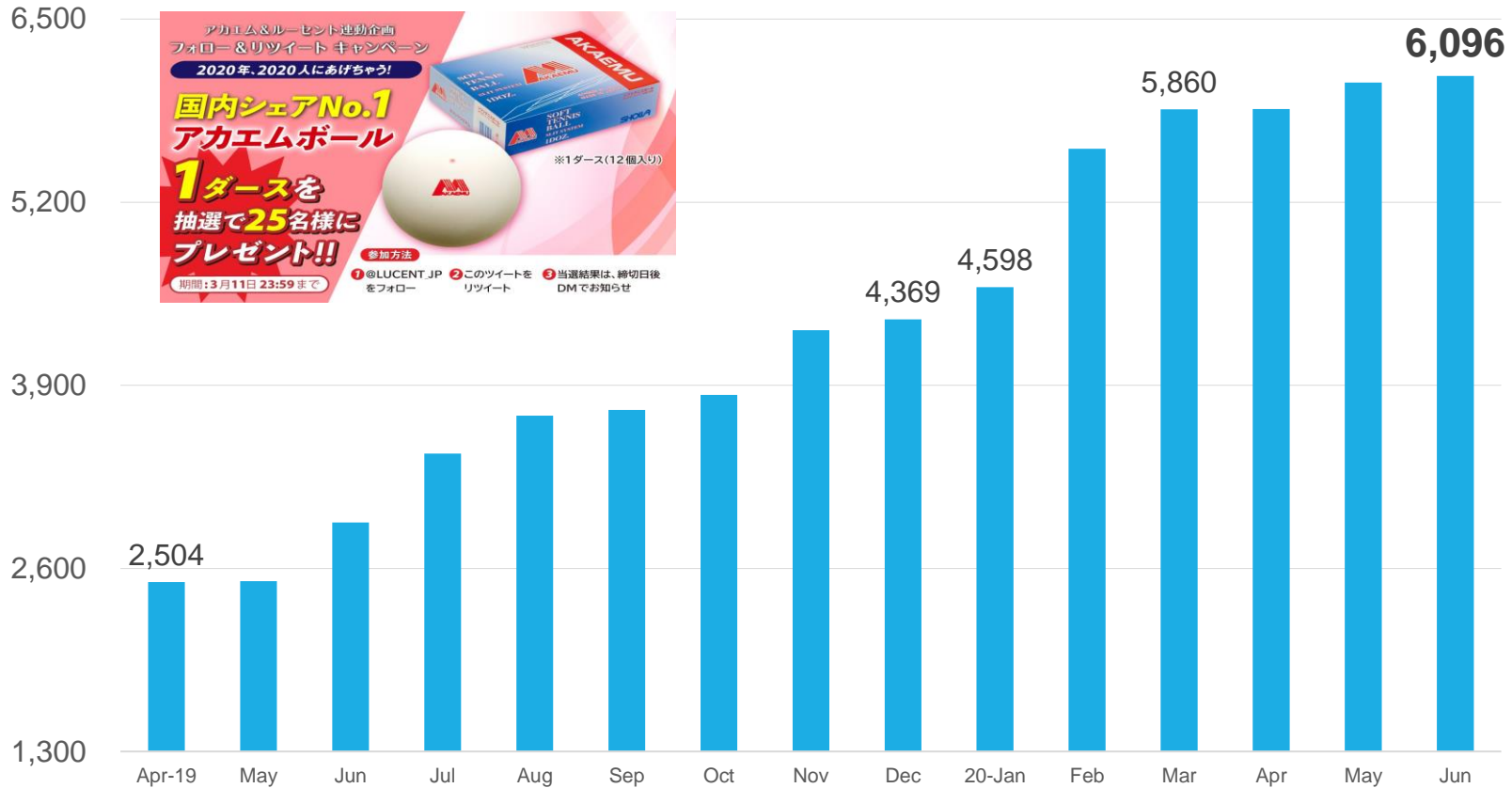
Number of members reached highest in June after overcoming COVID-19



Twitter followers of Lucent



(Followers)



- Social media promotion before the epidemic of Covid-19 improved brand awareness.
- Improving deeper communication with users to regain market share.
- Strong tennis club business continues to open new tennis clubs and soft tennis classes.
- **Expecting further expansions of tennis club business.**



Entertainment Business

Lets make world full of "WakuDoki"

Entertainment Business

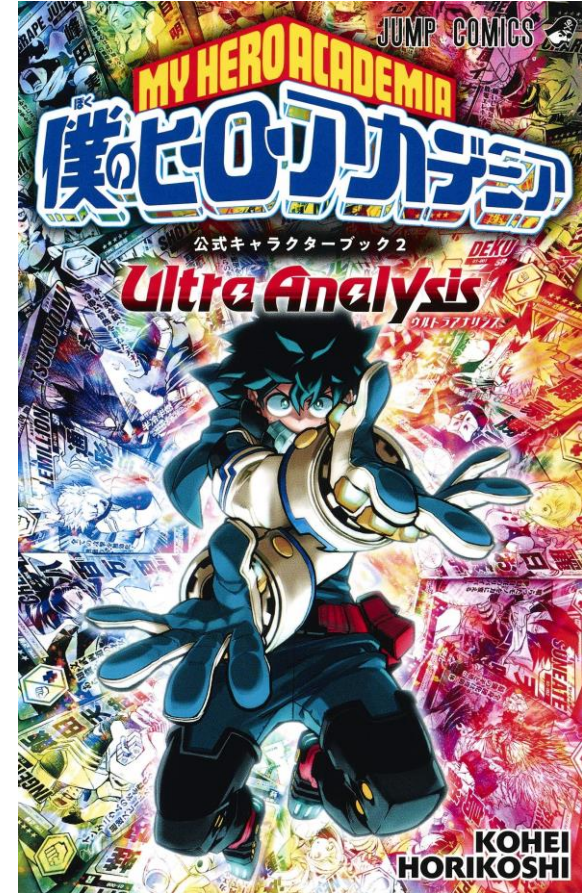
("Anywhere door" of entertainment contents)



Demon Slayer: Kimetsu no Yaiba Official fanbook



Kingdom Official Problem Collection



My Hero Academia
Official Character Book 2 Ultra Analysis 46

Entertainment Business ("Anywhere door" of entertainment contents)



©H.Furudate / Shueisha, "HAIKYU!!" Project, MBS



WIXOSS WXX-11 Reincarnation



Battle Spirits [BS52] Awakening Chapter 1
Reincarnation (Returner)

Overview (Entertainment Business)



Overview

- Sales did not grow over the course of the year.
- Entertainment titles handled in projects such as manga and card games performed well. As a result, book editing royalties and royalty income increased.
- Aiming for full-scale business expansion through further development of overseas business that continued developing.

Impact of COVID-19 epidemic

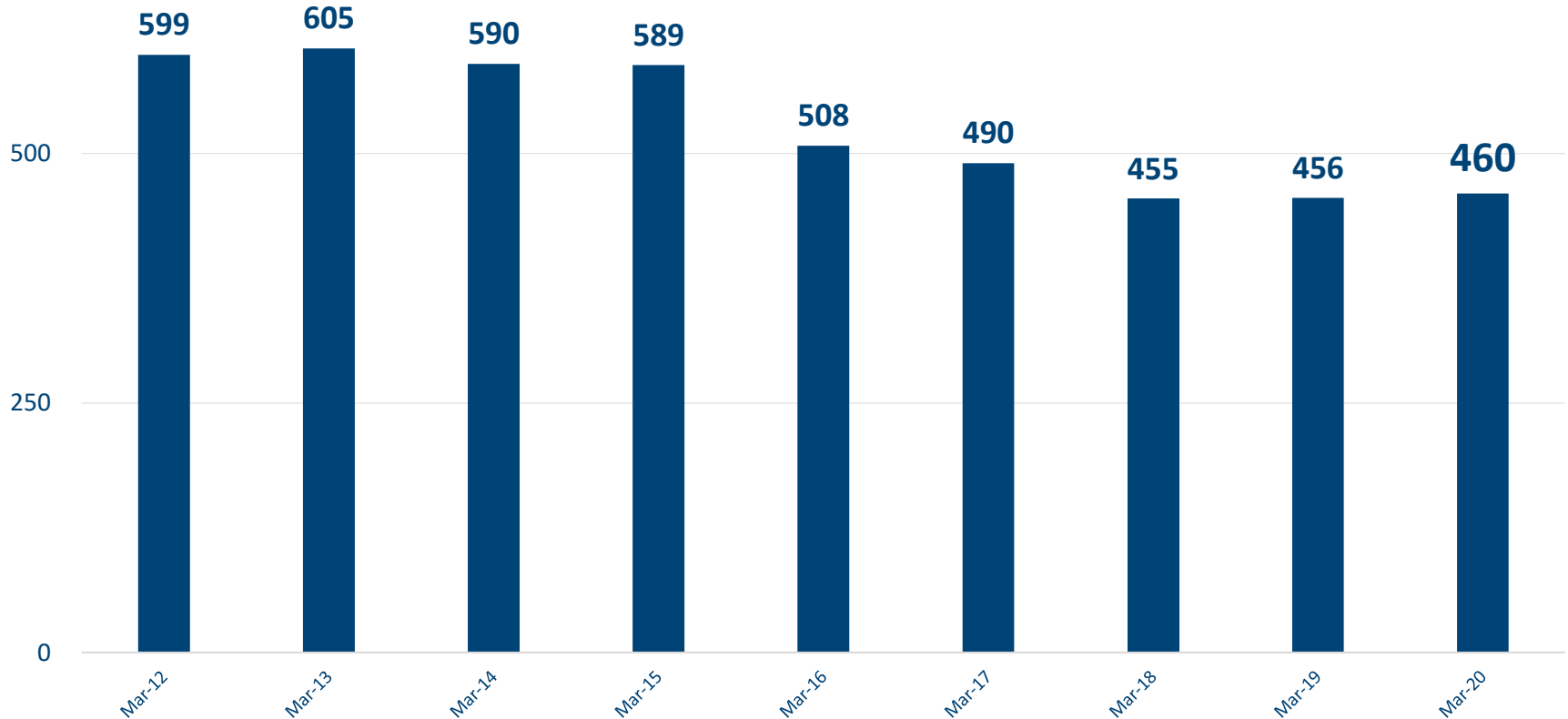
- Since remote work has been promoted for a long time, the impact of the spread of Covid-19 infection is limited.
- Despite the delay of the several projects in Q1, expecting recovery in following quarters due to strong performance of the titles that the company in charge.

Revenue (Entertainment Business)



JPY Million

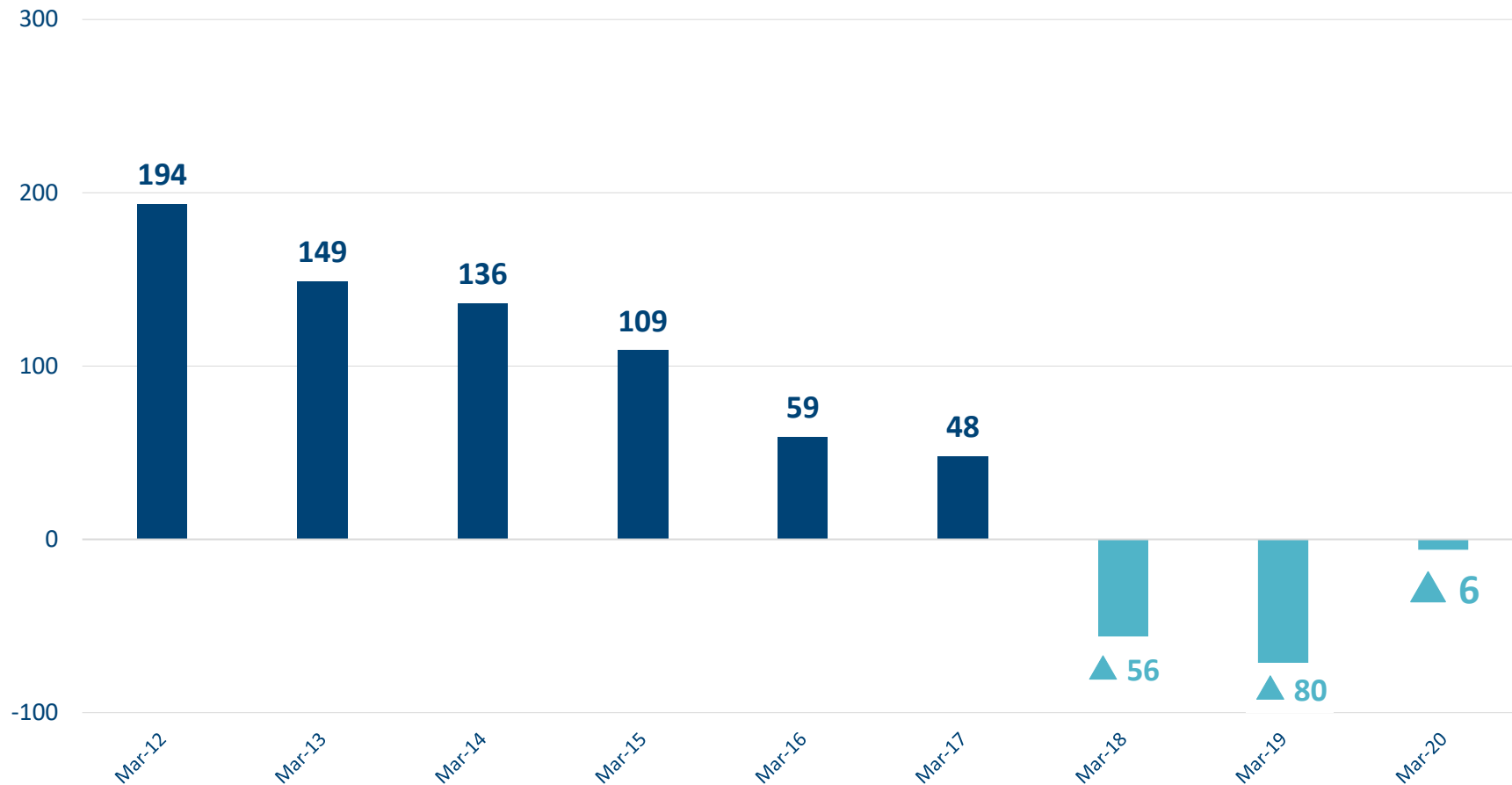
750



Segment Profit (Entertainment Business)



JPY Million

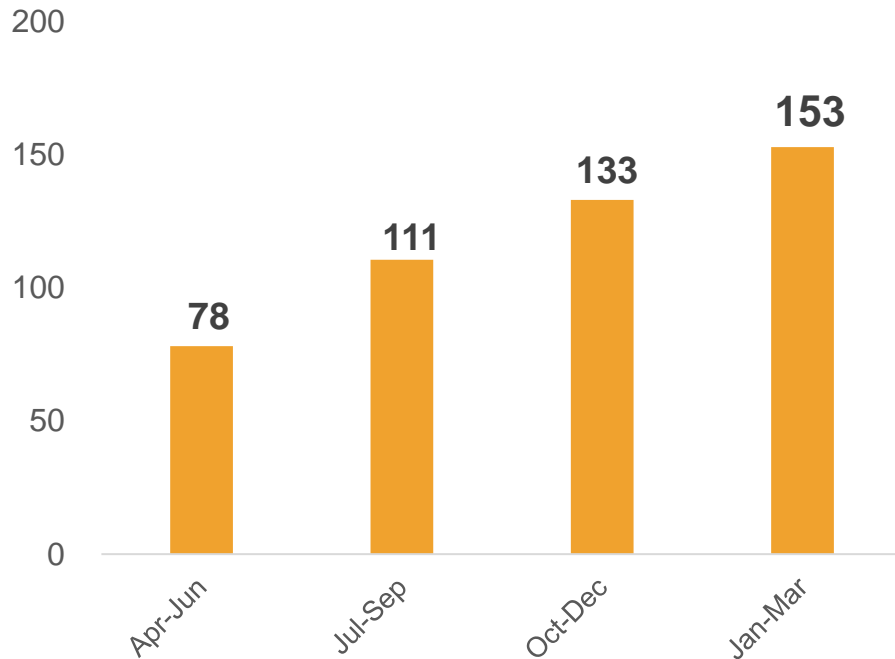


Revenue & profit improved quarterly



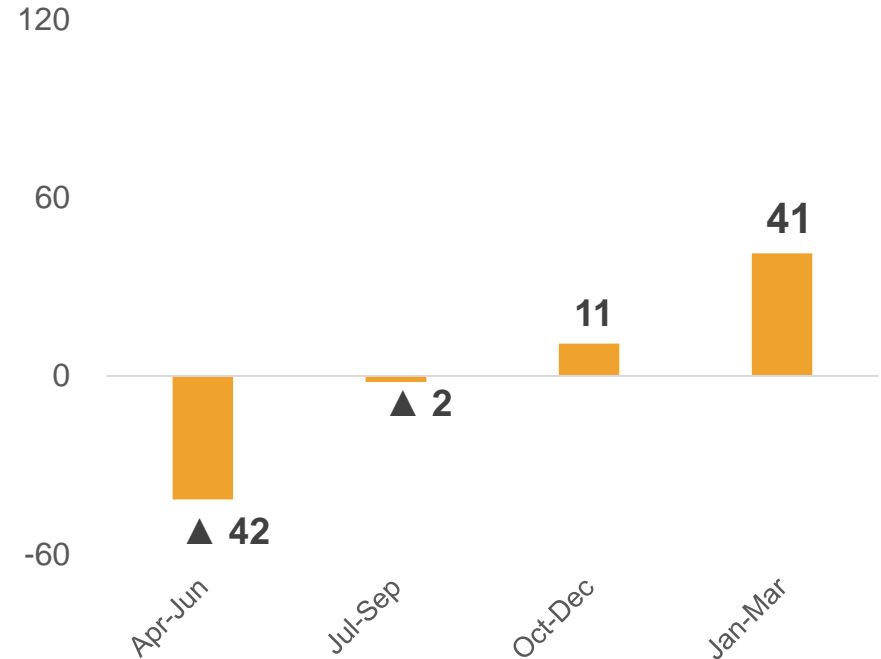
Revenue
(FY 2020)

JPY Million



Segment profit
(FY 2020)

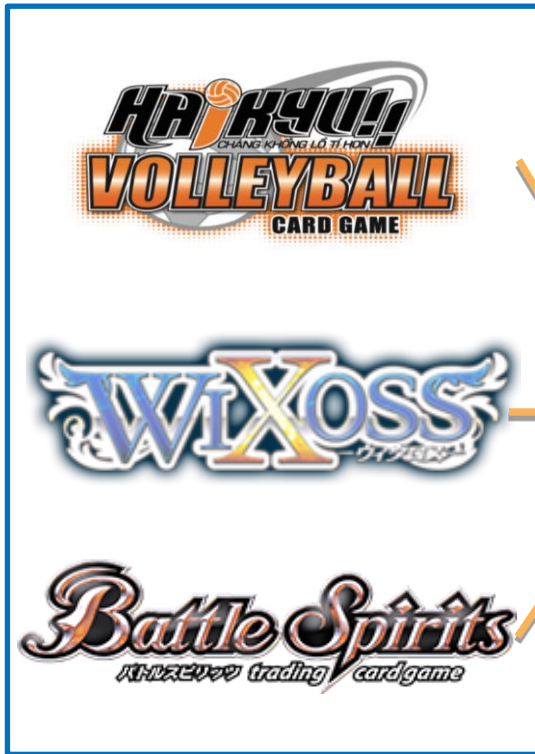
JPY Million



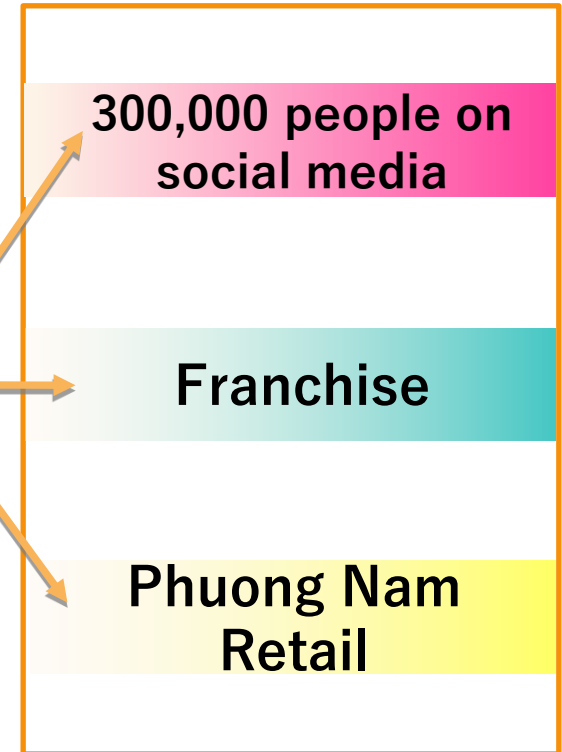
Creating a new TCG distribution channels in Southeast Asia



Title acquisition



Distribution channel



Creating a new TCG distribution channels in Southeast Asia



- **Obtained the distributorship and sales rights for Southeast Asia from major Japanese TCG publishers.**
 - HAIKYU!! Volleyball Card Game (Jan 2018~)
 - WIXOSS (Apr 2020~)
 - Battle Spirits (Jun 2020~)
- **Fostering a community of 300,000 TCG fans in Southeast Asia through social media. (Mar 2017~)**
- **Develop franchise with directly managed store in Indonesia. (May 2020~)**
- **Developed sales channel through partnership with a major bookseller Phuong Nam Retail in Vietnam. (Jun 2020~)**

Franchise development in Indonesia



Indonesia

Franchise stores: **9** stores

(Recruitment of member stores started in May 2020)

Directly managed store: **3** stores



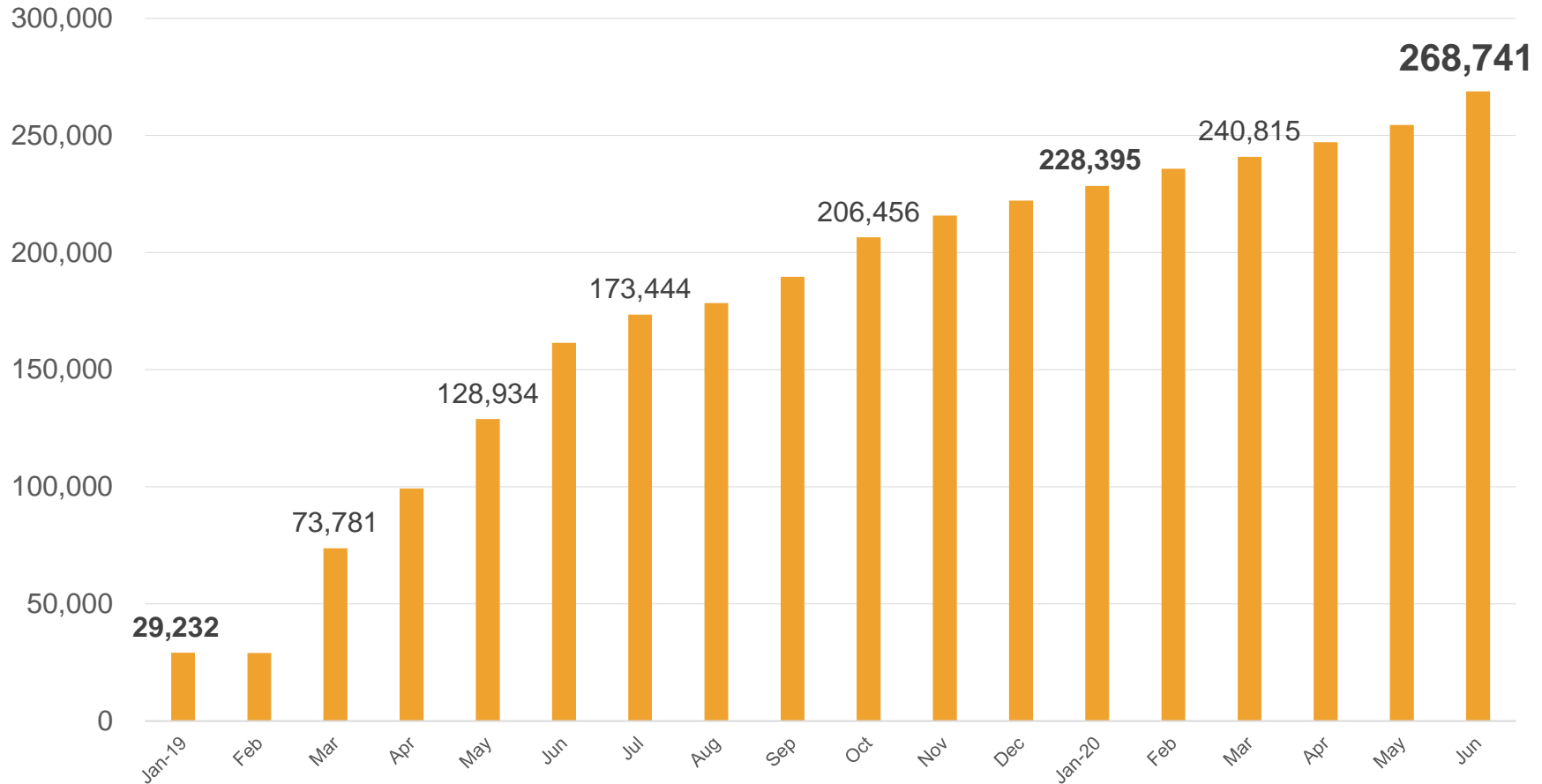
Social media administration

Developing largest TCG community in Asia



(Followers)

TCGnoheya Facebook page followers



Social media administration

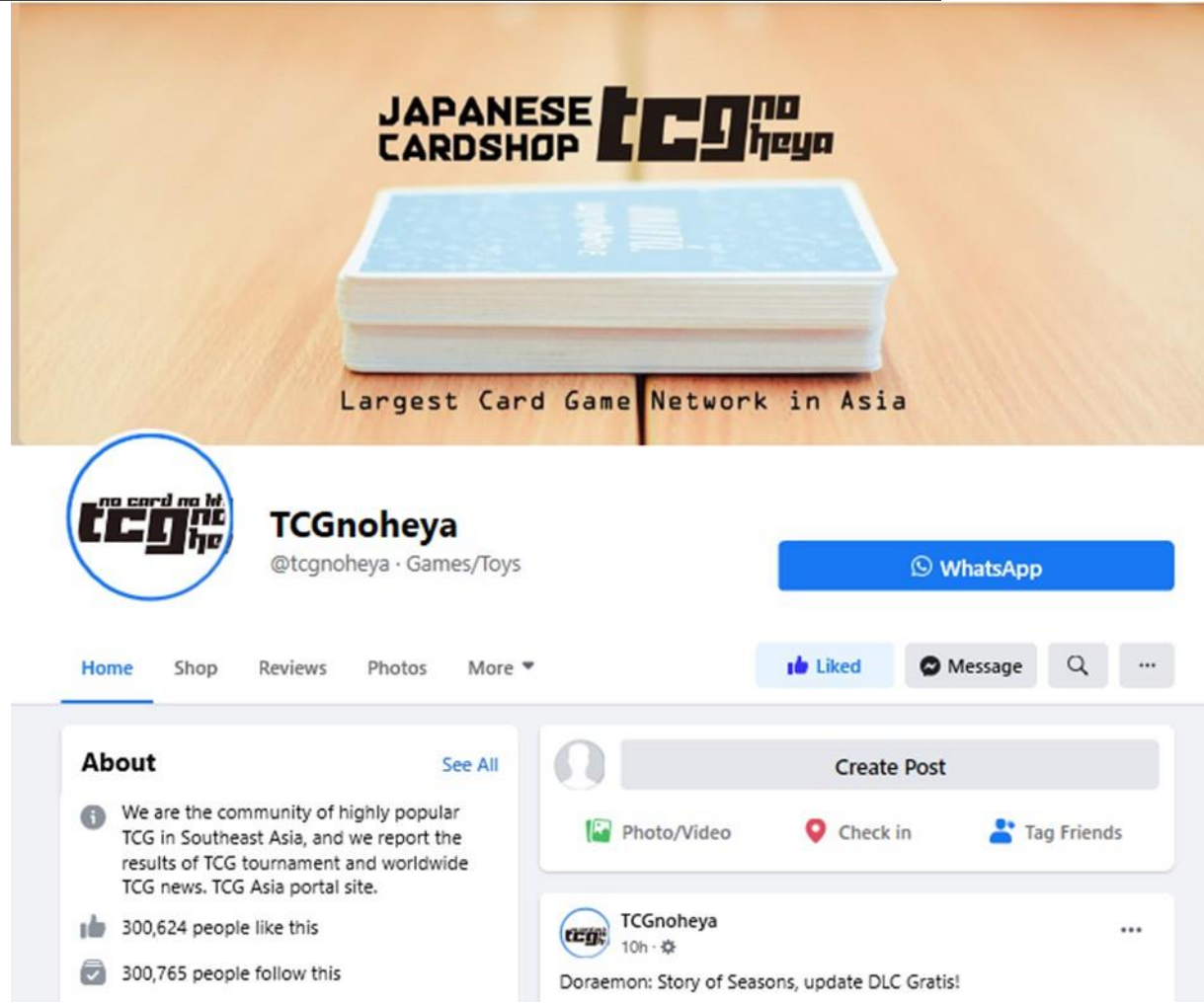
Developing largest TCG community in Asia



26 July 2020
TCGnoheya FB page
followers :

300,765

<https://www.facebook.com/tcgnoheya/>



Entertainment Business (Business in Japan remains strong, Southeast Asia to be profitable)



- Several projects in Q1 delayed.
- The strong performance of the titles that the company in charge.
- Continuing to control expenses.
- New Market Development in Southeast Asia.
- **Accelerate expansion in Southeast Asia while leveraging the strong performance in Japan.**



THANK YOU