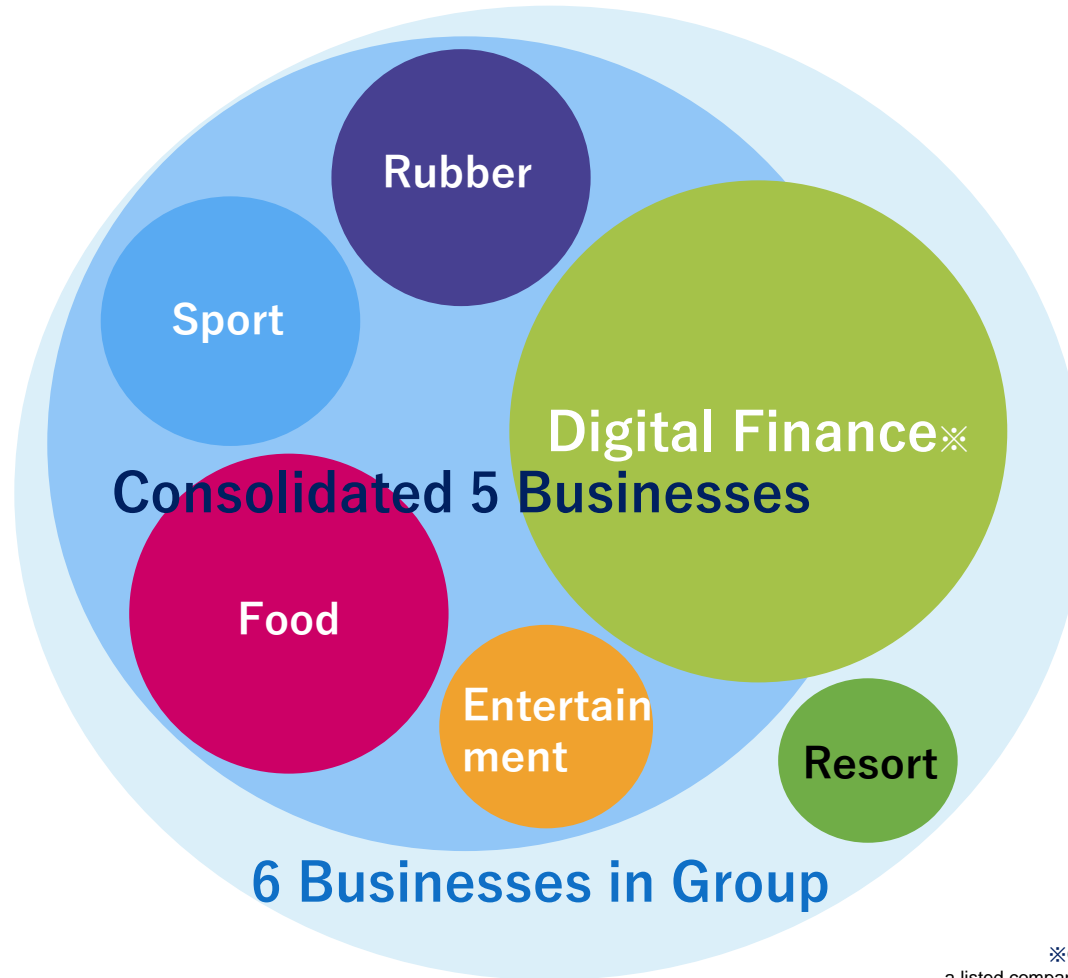




Showa Holdings Co., Ltd.
Business Briefing Session
27 July 2020

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.

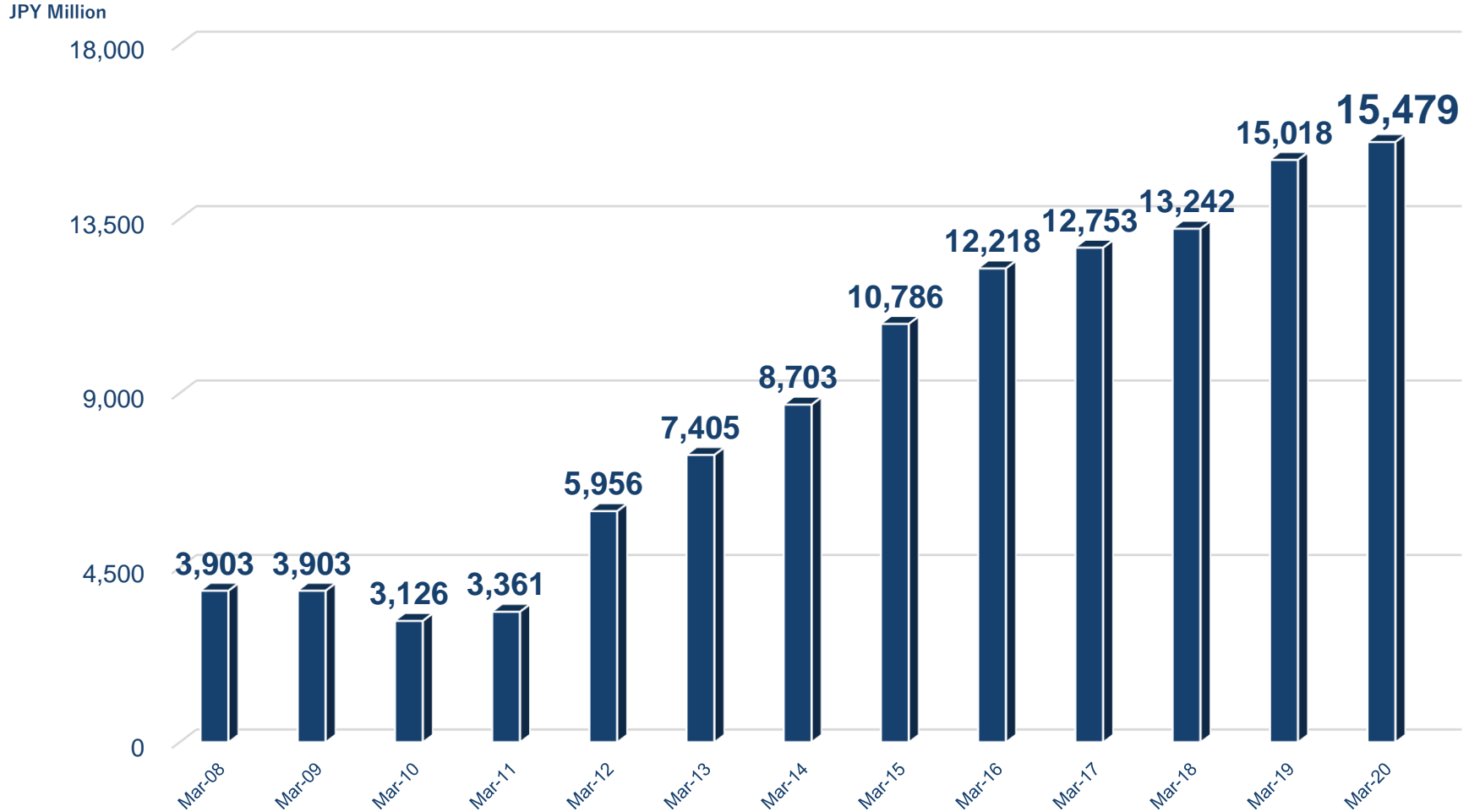
5. **Rubber business:** No impact.

Prospect for the future business performance

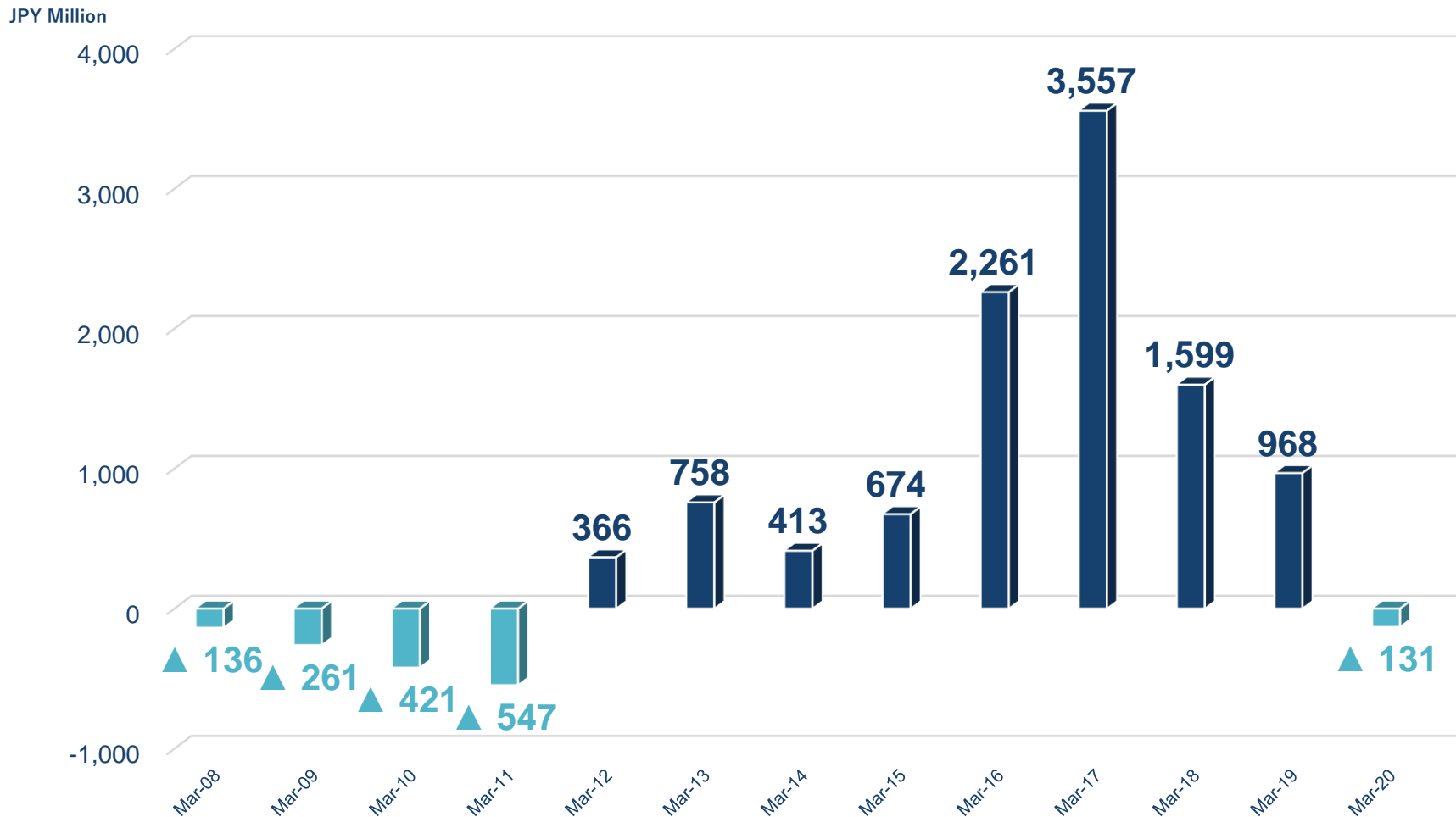
Expecting recovery in Q2 (July-September period)

- 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

