

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

October 27, 2020

Company name: SHINKO ELECTRIC INDUSTRIES CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6967 URL <https://www.shinko.co.jp>
 Representative: President and Representative Director Masami Fujita
 Inquiries: General Manager, Corporate Planning Div. Takahiro Kiyono TEL 026-283-1000
 Scheduled date to file Quarterly Securities Report: November 13, 2020
 Scheduled date to commence dividend payments: November 27, 2020
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2020	84,465	22.0	7,248	—	8,340	—	5,572	—
Six months ended September 30, 2019	69,256	(5.4)	(951)	—	(524)	—	(999)	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	41.25	—
Six months ended September 30, 2019	(7.40)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	221,667	141,626	63.9
As of March 31, 2020	203,979	137,658	67.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	—	12.50	—	12.50	25.00
Year ending March 31, 2021	—	12.50			
Year ending March 31, 2021 (Forecast)			—	12.50	25.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	177,300	19.5	13,500	318.2	14,700	205.4	10,000	271.7	74.02

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2020	135,171,942 shares	As of March 31, 2020	135,171,942 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	81,848 shares	As of March 31, 2020	81,848 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	135,090,094 shares	Six months ended September 30, 2019	135,090,094 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	40,557	49,489
Notes and accounts receivable - trade	41,745	40,115
Securities	125	117
Merchandise and finished goods	1,852	1,819
Work in process	11,018	11,753
Raw materials and supplies	3,692	4,933
Other	5,670	4,952
Allowance for doubtful accounts	(5)	(5)
Total current assets	104,656	113,175
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,883	34,043
Machinery, equipment and vehicles, net	20,264	23,845
Tools, furniture and fixtures, net	1,930	1,824
Land	6,740	6,735
Construction in progress	30,547	35,912
Total property, plant and equipment	93,365	102,361
Intangible assets	1,167	1,128
Investments and other assets		
Investment securities	44	44
Retirement benefit asset	906	1,017
Deferred tax assets	3,465	3,596
Other	380	360
Allowance for doubtful accounts	(7)	(16)
Total investments and other assets	4,789	5,002
Total non-current assets	99,322	108,492
Total assets	203,979	221,667

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	23,464	24,751
Short-term borrowings	21,000	25,000
Accounts payable - other	8,235	12,250
Income taxes payable	294	2,918
Accrued expenses	7,682	9,180
Other	1,097	1,932
Total current liabilities	61,774	76,032
Non-current liabilities		
Retirement benefit liability	3,649	3,541
Other	896	467
Total non-current liabilities	4,546	4,008
Total liabilities	66,320	80,041
Net assets		
Shareholders' equity		
Share capital	24,223	24,223
Capital surplus	24,129	24,129
Retained earnings	94,312	98,195
Treasury shares	(92)	(92)
Total shareholders' equity	142,572	146,456
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Deferred gains or losses on hedges	21	—
Foreign currency translation adjustment	(2,308)	(2,405)
Remeasurements of defined benefit plans	(2,626)	(2,424)
Total accumulated other comprehensive income	(4,914)	(4,829)
Total net assets	137,658	141,626
Total liabilities and net assets	203,979	221,667

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	69,256	84,465
Cost of sales	64,165	71,129
Gross profit	5,091	13,335
Selling, general and administrative expenses	6,043	6,086
Operating profit (loss)	(951)	7,248
Non-operating income		
Interest income	176	50
Foreign exchange gains	163	772
Other	116	309
Total non-operating income	456	1,131
Non-operating expenses		
Interest expenses	5	25
Other	24	14
Total non-operating expenses	29	40
Ordinary profit (loss)	(524)	8,340
Extraordinary losses		
Loss on retirement of non-current assets	646	376
Total extraordinary losses	646	376
Profit (loss) before income taxes	(1,171)	7,963
Income taxes - current	91	2,603
Income taxes - deferred	(263)	(212)
Total income taxes	(172)	2,391
Profit (loss)	(999)	5,572
Profit (loss) attributable to owners of parent	(999)	5,572

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	(999)	5,572
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Deferred gains or losses on hedges	–	(21)
Foreign currency translation adjustment	(411)	(96)
Remeasurements of defined benefit plans, net of tax	166	202
Total other comprehensive income	(244)	84
Comprehensive income	(1,243)	5,656
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,243)	5,656
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	(1,171)	7,963
Depreciation	6,624	6,657
Increase (decrease) in retirement benefit liability	(218)	(219)
Interest and dividend income	(180)	(53)
Interest expenses	5	25
Foreign exchange losses (gains)	179	164
Loss on retirement of property, plant and equipment	646	376
Decrease (increase) in trade receivables	588	1,551
Decrease (increase) in inventories	(97)	(1,953)
Increase (decrease) in trade payables	1,505	1,381
Increase (decrease) in accrued expenses	(169)	1,613
Other, net	352	1,020
Subtotal	8,064	18,527
Interest and dividends received	178	53
Interest paid	(2)	(25)
Income taxes (paid) refund	(1,091)	169
Net cash provided by (used in) operating activities	7,150	18,724
Cash flows from investing activities		
Payments into time deposits	(439)	(397)
Proceeds from withdrawal of time deposits	589	306
Purchase of property, plant and equipment	(16,088)	(11,425)
Purchase of intangible assets	(93)	(97)
Other, net	(328)	(317)
Net cash provided by (used in) investing activities	(16,360)	(11,931)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,400	4,000
Dividends paid	(1,688)	(1,688)
Other, net	(41)	(40)
Net cash provided by (used in) financing activities	12,670	2,270
Effect of exchange rate change on cash and cash equivalents	(367)	(241)
Net increase (decrease) in cash and cash equivalents	3,092	8,822
Cash and cash equivalents at beginning of period	46,315	40,046
Cash and cash equivalents at end of period	49,407	48,868