

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

January 28, 2021

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: February 10, 2021
 Scheduled date to commence dividend payments: –
 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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	135,498	26.0	14,887	–	16,122	–	10,937	–
Nine months ended December 31, 2019	107,506	0.1	53	(98.8)	1,219	(82.7)	64	(97.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	80.97		–	
Nine months ended December 31, 2019	0.48		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	224,839	145,418	64.7
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				
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	182,900	23.3	18,700	479.3	20,000	315.5	13,400	398.1	99.19

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 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)

Nine months ended December 31, 2020	135,090,094 shares	Nine months ended December 31, 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 December 31, 2020
Assets		
Current assets		
Cash and deposits	40,557	41,634
Notes and accounts receivable - trade	41,745	46,045
Securities	125	200
Merchandise and finished goods	1,852	2,292
Work in process	11,018	12,529
Raw materials and supplies	3,692	5,364
Other	5,670	5,930
Allowance for doubtful accounts	(5)	(5)
Total current assets	104,656	113,989
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,883	34,171
Machinery, equipment and vehicles, net	20,264	33,847
Tools, furniture and fixtures, net	1,930	1,959
Land	6,740	6,944
Construction in progress	30,547	28,729
Total property, plant and equipment	93,365	105,653
Intangible assets	1,167	1,085
Investments and other assets		
Investment securities	44	44
Retirement benefit asset	906	1,072
Deferred tax assets	3,465	2,654
Other	380	355
Allowance for doubtful accounts	(7)	(16)
Total investments and other assets	4,789	4,111
Total non-current assets	99,322	110,849
Total assets	203,979	224,839

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	23,464	27,757
Short-term borrowings	21,000	25,000
Accounts payable - other	8,235	9,791
Income taxes payable	294	3,799
Accrued expenses	7,682	7,167
Other	1,097	1,908
Total current liabilities	61,774	75,423
Non-current liabilities		
Retirement benefit liability	3,649	3,495
Other	896	501
Total non-current liabilities	4,546	3,996
Total liabilities	66,320	79,420
Net assets		
Shareholders' equity		
Share capital	24,223	24,223
Capital surplus	24,129	24,129
Retained earnings	94,312	101,872
Treasury shares	(92)	(92)
Total shareholders' equity	142,572	150,132
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)	(2,391)
Remeasurements of defined benefit plans	(2,626)	(2,322)
Total accumulated other comprehensive income	(4,914)	(4,714)
Total net assets	137,658	145,418
Total liabilities and net assets	203,979	224,839

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	107,506	135,498
Cost of sales	98,267	111,330
Gross profit	9,238	24,167
Selling, general and administrative expenses	9,184	9,279
Operating profit	53	14,887
Non-operating income		
Interest income	219	68
Foreign exchange gains	775	737
Other	212	484
Total non-operating income	1,208	1,290
Non-operating expenses		
Interest expenses	13	39
Other	28	15
Total non-operating expenses	42	54
Ordinary profit	1,219	16,122
Extraordinary losses		
Loss on retirement of non-current assets	745	547
Total extraordinary losses	745	547
Profit before income taxes	474	15,575
Income taxes - current	185	3,945
Income taxes - deferred	225	691
Total income taxes	410	4,637
Profit	64	10,937
Profit attributable to owners of parent	64	10,937

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	64	10,937
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	–	(21)
Foreign currency translation adjustment	(194)	(82)
Remeasurements of defined benefit plans, net of tax	251	303
Total other comprehensive income	56	199
Comprehensive income	120	11,137
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	120	11,137
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	474	15,575
Depreciation	10,348	11,927
Increase (decrease) in retirement benefit liability	(323)	(323)
Interest and dividend income	(223)	(70)
Interest expenses	13	39
Foreign exchange losses (gains)	83	294
Loss on retirement of property, plant and equipment	745	517
Decrease (increase) in trade receivables	(2,386)	(4,417)
Decrease (increase) in inventories	(113)	(3,628)
Increase (decrease) in trade payables	2,646	4,456
Increase (decrease) in accrued expenses	(1,807)	(400)
Other, net	362	(185)
Subtotal	9,820	23,783
Interest and dividends received	223	70
Interest paid	(10)	(38)
Income taxes (paid) refund	(1,953)	(208)
Net cash provided by (used in) operating activities	8,079	23,607
Cash flows from investing activities		
Payments into time deposits	(993)	(652)
Proceeds from withdrawal of time deposits	1,082	512
Purchase of property, plant and equipment	(27,699)	(22,128)
Purchase of intangible assets	(157)	(150)
Other, net	(618)	(354)
Net cash provided by (used in) investing activities	(28,385)	(22,773)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	20,400	4,000
Dividends paid	(3,377)	(3,377)
Other, net	(62)	(63)
Net cash provided by (used in) financing activities	16,960	559
Effect of exchange rate change on cash and cash equivalents	(171)	(417)
Net increase (decrease) in cash and cash equivalents	(3,517)	975
Cash and cash equivalents at beginning of period	46,315	40,046
Cash and cash equivalents at end of period	42,797	41,021