

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

July 29, 2021

Company name: SHINKO ELECTRIC INDUSTRIES CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6967 URL <https://www.shinko.co.jp>
 Representative: Representative Director of Board, President Susumu Kurashima
 Inquiries: General Manager, Corporate Planning Div. Takahiro Kiyono TEL 026-283-1000
 Scheduled date to file Quarterly Securities Report: August 11, 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 three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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	%
Three months ended June 30, 2021	58,066	36.9	13,902	271.9	14,569	210.4	10,084	214.7
Three months ended June 30, 2020	42,425	24.7	3,738	–	4,694	–	3,204	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	74.65		–	
Three months ended June 30, 2020	23.72		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	250,530	161,038	64.3
As of March 31, 2021	240,977	153,393	63.7

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, 2021	–	12.50	–	17.50	30.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	17.50	–	17.50	35.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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
Six months ending September 30, 2021	121,600	44.0	26,800	269.7	27,600	230.9	18,800	237.4	139.17
Full year	242,000	28.7	40,600	74.0	39,500	49.0	26,900	49.3	199.13

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021
(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: Yes
- 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 June 30, 2021	135,171,942 shares	As of March 31, 2021	135,171,942 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	81,948 shares	As of March 31, 2021	81,928 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	135,090,007 shares	Three months ended June 30, 2020	135,090,094 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	42,940	41,206
Notes and accounts receivable - trade	51,767	–
Notes and accounts receivable - trade, and contract assets	–	54,059
Securities	116	92
Merchandise and finished goods	2,214	5,429
Work in process	13,372	14,532
Raw materials and supplies	6,179	6,567
Other	7,949	8,458
Allowance for doubtful accounts	(6)	(6)
Total current assets	124,534	130,338
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,441	34,295
Machinery, equipment and vehicles, net	32,278	30,832
Tools, furniture and fixtures, net	1,896	2,054
Land	6,960	6,960
Construction in progress	34,973	41,214
Total property, plant and equipment	110,551	115,358
Intangible assets	1,130	1,080
Investments and other assets		
Investment securities	45	45
Retirement benefit asset	1,266	1,403
Deferred tax assets	3,108	1,982
Other	356	337
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	4,761	3,753
Total non-current assets	116,443	120,192
Total assets	240,977	250,530

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	29,544	32,447
Short-term borrowings	25,000	30,000
Accounts payable - other	10,655	10,312
Income taxes payable	7,575	3,483
Accrued expenses	8,999	7,121
Other	2,697	3,034
Total current liabilities	84,471	86,398
Non-current liabilities		
Retirement benefit liability	2,572	2,581
Other	540	512
Total non-current liabilities	3,112	3,093
Total liabilities	87,584	89,492
Net assets		
Shareholders' equity		
Share capital	24,223	24,223
Capital surplus	24,129	24,129
Retained earnings	108,953	116,307
Treasury shares	(92)	(92)
Total shareholders' equity	157,213	164,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	(245)	(37)
Foreign currency translation adjustment	(1,970)	(1,963)
Remeasurements of defined benefit plans	(1,604)	(1,528)
Total accumulated other comprehensive income	(3,820)	(3,529)
Total net assets	153,393	161,038
Total liabilities and net assets	240,977	250,530

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	42,425	58,066
Cost of sales	35,676	40,773
Gross profit	6,749	17,293
Selling, general and administrative expenses	3,010	3,390
Operating profit	3,738	13,902
Non-operating income		
Interest income	22	11
Insurance claim income	9	203
Foreign exchange gains	755	252
Other	186	241
Total non-operating income	973	709
Non-operating expenses		
Interest expenses	11	14
Other	5	26
Total non-operating expenses	17	41
Ordinary profit	4,694	14,569
Extraordinary losses		
Loss on retirement of non-current assets	144	168
Total extraordinary losses	144	168
Profit before income taxes	4,550	14,401
Income taxes - current	681	3,176
Income taxes - deferred	664	1,139
Total income taxes	1,346	4,316
Profit	3,204	10,084
Profit attributable to owners of parent	3,204	10,084

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	3,204	10,084
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Deferred gains or losses on hedges	(21)	207
Foreign currency translation adjustment	(27)	7
Remeasurements of defined benefit plans, net of tax	101	76
Total other comprehensive income	52	290
Comprehensive income	3,257	10,375
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,257	10,375
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	4,550	14,401
Depreciation	3,142	4,432
Increase (decrease) in retirement benefit liability	(107)	(127)
Interest and dividend income	(24)	(16)
Interest expenses	11	14
Foreign exchange losses (gains)	54	5
Loss on retirement of property, plant and equipment	144	168
Decrease (increase) in trade receivables	(2,691)	(5,055)
Decrease (increase) in inventories	(480)	(2,745)
Increase (decrease) in trade payables	1,302	2,909
Increase (decrease) in accrued expenses	(1,008)	(1,871)
Other, net	204	(338)
Subtotal	5,096	11,777
Interest and dividends received	24	15
Interest paid	(11)	(14)
Income taxes refund (paid)	(26)	(7,003)
Net cash provided by (used in) operating activities	5,083	4,775
Cash flows from investing activities		
Payments into time deposits	(61)	(320)
Proceeds from withdrawal of time deposits	197	66
Purchase of property, plant and equipment	(6,268)	(9,271)
Purchase of intangible assets	(36)	(18)
Other, net	(179)	(73)
Net cash provided by (used in) investing activities	(6,348)	(9,617)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,000	5,000
Dividends paid	(1,538)	(2,160)
Other, net	(20)	(23)
Net cash provided by (used in) financing activities	2,440	2,816
Effect of exchange rate change on cash and cash equivalents	(75)	9
Net increase (decrease) in cash and cash equivalents	1,099	(2,015)
Cash and cash equivalents at beginning of period	40,046	42,508
Cash and cash equivalents at end of period	41,145	40,492