

Translation

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

October 26, 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: November 12, 2021
 Scheduled date to commence dividend payments: November 29, 2021
 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, 2021 (from April 1, 2021 to September 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	%
Six months ended September 30, 2021	125,922	49.1	30,067	314.8	31,559	278.4	21,710	289.6
Six months ended September 30, 2020	84,465	22.0	7,248	–	8,340	–	5,572	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	160.71		–	
Six months ended September 30, 2020	41.25		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	269,587	172,590	64.0
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	–	17.50	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	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
Full year	264,200	40.5	59,400	154.6	61,400	131.6	42,400	135.3	313.86

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 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)

Six months ended September 30, 2021	135,090,001 shares	Six months ended September 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 September 30, 2021
Assets		
Current assets		
Cash and deposits	42,940	52,717
Notes and accounts receivable - trade	51,767	–
Notes and accounts receivable - trade, and contract assets	–	60,642
Securities	116	–
Merchandise and finished goods	2,214	5,353
Work in process	13,372	14,012
Raw materials and supplies	6,179	7,119
Other	7,949	7,338
Allowance for doubtful accounts	(6)	(6)
Total current assets	124,534	147,177
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,441	35,293
Machinery, equipment and vehicles, net	32,278	56,236
Tools, furniture and fixtures, net	1,896	2,541
Land	6,960	6,962
Construction in progress	34,973	15,454
Total property, plant and equipment	110,551	116,488
Intangible assets	1,130	871
Investments and other assets		
Investment securities	45	46
Retirement benefit asset	1,266	1,497
Deferred tax assets	3,108	3,184
Other	356	329
Allowance for doubtful accounts	(16)	(7)
Total investments and other assets	4,761	5,050
Total non-current assets	116,443	122,410
Total assets	240,977	269,587

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	29,544	33,801
Short-term borrowings	25,000	30,000
Accounts payable - other	10,655	8,694
Income taxes payable	7,575	9,771
Accrued expenses	8,999	9,472
Other	2,697	2,168
Total current liabilities	84,471	93,908
Non-current liabilities		
Retirement benefit liability	2,572	2,576
Other	540	511
Total non-current liabilities	3,112	3,088
Total liabilities	87,584	96,996
Net assets		
Shareholders' equity		
Share capital	24,223	24,223
Capital surplus	24,129	24,129
Retained earnings	108,953	127,933
Treasury shares	(92)	(92)
Total shareholders' equity	157,213	176,193
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	(245)	(182)
Foreign currency translation adjustment	(1,970)	(1,969)
Remeasurements of defined benefit plans	(1,604)	(1,452)
Total accumulated other comprehensive income	(3,820)	(3,602)
Total net assets	153,393	172,590
Total liabilities and net assets	240,977	269,587

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, 2020	Six months ended September 30, 2021
Net sales	84,465	125,922
Cost of sales	71,129	88,850
Gross profit	13,335	37,071
Selling, general and administrative expenses	6,086	7,004
Operating profit	7,248	30,067
Non-operating income		
Interest income	50	25
Foreign exchange gains	772	1,016
Other	309	494
Total non-operating income	1,131	1,536
Non-operating expenses		
Interest expenses	25	31
Other	14	13
Total non-operating expenses	40	44
Ordinary profit	8,340	31,559
Extraordinary losses		
Loss on retirement of non-current assets	376	583
Total extraordinary losses	376	583
Profit before income taxes	7,963	30,976
Income taxes - current	2,603	9,280
Income taxes - deferred	(212)	(14)
Total income taxes	2,391	9,265
Profit	5,572	21,710
Profit attributable to owners of parent	5,572	21,710

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	5,572	21,710
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	(21)	63
Foreign currency translation adjustment	(96)	1
Remeasurements of defined benefit plans, net of tax	202	152
Total other comprehensive income	84	217
Comprehensive income	5,656	21,928
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,656	21,928
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	7,963	30,976
Depreciation	6,657	11,649
Increase (decrease) in retirement benefit liability	(219)	(224)
Interest and dividend income	(53)	(30)
Interest expenses	25	31
Foreign exchange losses (gains)	164	(48)
Loss on retirement of property, plant and equipment	376	403
Decrease (increase) in trade receivables	1,551	(11,597)
Decrease (increase) in inventories	(1,953)	(2,706)
Increase (decrease) in trade payables	1,381	4,192
Increase (decrease) in accrued expenses	1,613	480
Other, net	1,020	457
Subtotal	18,527	33,585
Interest and dividends received	53	29
Interest paid	(25)	(30)
Income taxes refund (paid)	169	(7,170)
Net cash provided by (used in) operating activities	18,724	26,414
Cash flows from investing activities		
Payments into time deposits	(397)	(768)
Proceeds from withdrawal of time deposits	306	415
Purchase of property, plant and equipment	(11,425)	(19,201)
Purchase of intangible assets	(97)	(54)
Other, net	(317)	(194)
Net cash provided by (used in) investing activities	(11,931)	(19,803)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,000	5,000
Dividends paid	(1,688)	(2,364)
Other, net	(40)	(47)
Net cash provided by (used in) financing activities	2,270	2,588
Effect of exchange rate change on cash and cash equivalents	(241)	111
Net increase (decrease) in cash and cash equivalents	8,822	9,311
Cash and cash equivalents at beginning of period	40,046	42,508
Cash and cash equivalents at end of period	48,868	51,819