

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

April 27, 2023

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 of ordinary general meeting of shareholders: June 27, 2023
 Scheduled date to file Securities Report: June 28, 2023
 Scheduled date to commence dividend payments: June 28, 2023
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	286,358	5.3	76,712	7.4	78,755	3.9	54,488	3.5
Year ended March 31, 2022	271,949	44.6	71,394	206.0	75,820	186.0	52,628	192.1

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	403.32	–	24.1	22.3	26.8
Year ended March 31, 2022	389.58	–	29.6	27.1	26.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	386,934	251,014	64.9	1,857.90
As of March 31, 2022	319,461	201,997	63.2	1,495.28

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	118,223	(65,199)	(7,197)	115,592
Year ended March 31, 2022	67,173	(42,162)	177	68,758

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	17.50	–	27.50	45.00	6,079	11.6	3.4
Year ended March 31, 2023	–	25.00	–	25.00	50.00	6,755	12.4	3.0
Year ending March 31, 2024 (Forecast)	–	25.00	–	25.00	50.00		28.1	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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, 2023	112,000	(28.7)	8,000	(84.3)	8,000	(85.4)	6,000	(84.2)	44.41
Full year	261,000	(8.9)	35,000	(54.4)	35,000	(55.6)	24,000	(56.0)	177.64

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	135,171,942 shares	As of March 31, 2022	135,171,942 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	65,449 shares	As of March 31, 2022	81,948 shares
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Average number of shares during the period

Year ended March 31, 2023	135,101,481 shares	Year ended March 31, 2022	135,089,997 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	69,475	116,325
Notes receivable - trade	244	222
Accounts receivable - trade	76,389	62,134
Merchandise and finished goods	6,565	10,397
Work in process	18,791	13,755
Raw materials and supplies	9,531	11,014
Other	11,836	12,231
Allowance for doubtful accounts	(6)	(6)
Total current assets	192,828	226,075
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,164	37,885
Machinery, equipment and vehicles, net	55,668	45,434
Tools, furniture and fixtures, net	3,010	3,184
Land	7,202	7,687
Construction in progress	16,953	59,876
Total property, plant and equipment	119,999	154,068
Intangible assets	861	876
Investments and other assets		
Investment securities	47	48
Retirement benefit asset	1,644	2,005
Deferred tax assets	3,755	3,446
Other	332	419
Allowance for doubtful accounts	(7)	(8)
Total investments and other assets	5,771	5,912
Total non-current assets	126,632	160,858
Total assets	319,461	386,934

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	36,961	24,565
Short-term borrowings	30,000	30,000
Accounts payable - other	8,569	13,483
Income taxes payable	19,662	12,073
Accrued expenses	10,816	10,245
Contract liabilities	5,426	41,535
Other	3,390	1,642
Total current liabilities	114,826	133,545
Non-current liabilities		
Retirement benefit liability	2,087	1,847
Other	548	526
Total non-current liabilities	2,636	2,374
Total liabilities	117,463	135,919
Net assets		
Shareholders' equity		
Share capital	24,223	24,223
Capital surplus	24,129	24,173
Retained earnings	156,486	203,882
Treasury shares	(92)	(74)
Total shareholders' equity	204,746	252,205
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	1
Deferred gains or losses on hedges	(414)	14
Foreign currency translation adjustment	(1,316)	(612)
Remeasurements of defined benefit plans	(1,019)	(594)
Total accumulated other comprehensive income	(2,749)	(1,190)
Total net assets	201,997	251,014
Total liabilities and net assets	319,461	386,934

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	271,949	286,358
Cost of sales	185,891	194,664
Gross profit	86,057	91,693
Selling, general and administrative expenses	14,663	14,980
Operating profit	71,394	76,712
Non-operating income		
Interest income	55	432
Foreign exchange gains	3,744	1,233
Miscellaneous income	696	475
Total non-operating income	4,496	2,142
Non-operating expenses		
Interest expenses	62	64
Miscellaneous expenses	9	34
Total non-operating expenses	71	99
Ordinary profit	75,820	78,755
Extraordinary losses		
Loss on retirement of non-current assets	1,076	1,295
Total extraordinary losses	1,076	1,295
Profit before income taxes	74,743	77,460
Income taxes - current	22,739	23,041
Income taxes - deferred	(624)	(69)
Total income taxes	22,115	22,971
Profit	52,628	54,488
Profit attributable to owners of parent	52,628	54,488

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	52,628	54,488
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	(169)	429
Foreign currency translation adjustment	654	704
Remeasurements of defined benefit plans, net of tax	585	424
Total other comprehensive income	1,070	1,558
Comprehensive income	53,698	56,047
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	53,698	56,047
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	24,223	24,129	108,953	(92)	157,213
Cumulative effects of changes in accounting policies			(366)		(366)
Restated balance	24,223	24,129	108,586	(92)	156,846
Changes during period					
Dividends of surplus			(4,728)		(4,728)
Profit attributable to owners of parent			52,628		52,628
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	47,900	(0)	47,900
Balance at end of period	24,223	24,129	156,486	(92)	204,746

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	0	(245)	(1,970)	(1,604)	(3,820)	153,393
Cumulative effects of changes in accounting policies						(366)
Restated balance	0	(245)	(1,970)	(1,604)	(3,820)	153,026
Changes during period						
Dividends of surplus						(4,728)
Profit attributable to owners of parent						52,628
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	0	(169)	654	585	1,070	1,070
Total changes during period	0	(169)	654	585	1,070	48,970
Balance at end of period	0	(414)	(1,316)	(1,019)	(2,749)	201,997

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	24,223	24,129	156,486	(92)	204,746
Changes during period					
Dividends of surplus			(7,092)		(7,092)
Profit attributable to owners of parent			54,488		54,488
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		44		18	62
Net changes in items other than shareholders' equity					
Total changes during period	–	44	47,395	18	47,458
Balance at end of period	24,223	24,173	203,882	(74)	252,205

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	0	(414)	(1,316)	(1,019)	(2,749)	201,997
Changes during period						
Dividends of surplus						(7,092)
Profit attributable to owners of parent						54,488
Purchase of treasury shares						(0)
Disposal of treasury shares						62
Net changes in items other than shareholders' equity	0	429	704	424	1,558	1,558
Total changes during period	0	429	704	424	1,558	49,017
Balance at end of period	1	14	(612)	(594)	(1,190)	251,014

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	74,743	77,460
Depreciation	30,278	34,750
Increase (decrease) in retirement benefit liability	(460)	(354)
Interest and dividend income	(60)	(436)
Interest expenses	62	64
Foreign exchange losses (gains)	(458)	(300)
Loss on retirement of property, plant and equipment	892	1,294
Decrease (increase) in trade receivables	(26,972)	15,193
Decrease (increase) in inventories	(11,014)	(193)
Increase (decrease) in trade payables	6,612	(13,538)
Increase (decrease) in accrued expenses	1,779	(569)
Increase (decrease) in contract liabilities	5,112	36,108
Other, net	(2,240)	(1,251)
Subtotal	78,273	148,226
Interest and dividends received	58	430
Interest paid	(61)	(64)
Income taxes refund (paid)	(11,097)	(30,368)
Net cash provided by (used in) operating activities	67,173	118,223
Cash flows from investing activities		
Payments into time deposits	(1,255)	(1,505)
Proceeds from withdrawal of time deposits	1,119	1,503
Purchase of property, plant and equipment	(41,298)	(63,697)
Purchase of intangible assets	(175)	(255)
Decrease(Increase) in investments and long-term loans receivable	(78)	(188)
Other, net	(474)	(1,054)
Net cash provided by (used in) investing activities	(42,162)	(65,199)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,000	–
Dividends paid	(4,728)	(7,092)
Other, net	(93)	(104)
Net cash provided by (used in) financing activities	177	(7,197)
Effect of exchange rate change on cash and cash equivalents	1,061	1,006
Net increase (decrease) in cash and cash equivalents	26,249	46,833
Cash and cash equivalents at beginning of period	42,508	68,758
Cash and cash equivalents at end of period	68,758	115,592