

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

July 25, 2024

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 commence dividend payments: –
 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 three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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, 2024 | 53,358 | 8.4 | 7,254 | 96.3 | 6,935 | 23.8 | 4,958 | 35.7 |
| Three months ended June 30, 2023 | 49,206 | (38.0) | 3,695 | (85.8) | 5,601 | (80.1) | 3,653 | (81.3) |

| | Earnings per share | Diluted earnings per share |
|----------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Three months ended June 30, 2024 | 36.70 | – |
| Three months ended June 30, 2023 | 27.04 | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|----------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of June 30, 2024 | 397,348 | 270,394 | 68.0 |
| As of March 31, 2024 | 393,750 | 264,977 | 67.3 |

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, 2024 | – | 25.00 | – | 0.00 | 25.00 |
| Year ending March 31, 2025 | – | | | | |
| Year ending March 31, 2025 (Forecast) | | 0.00 | – | 0.00 | 0.00 |

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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, 2024 | 115,000 | 9.4 | 16,000 | 39.5 | 16,000 | 13.7 | 11,000 | 12.5 | 81.41 |
| Full year | 250,000 | 19.1 | 44,000 | 77.3 | 45,000 | 65.1 | 30,000 | 61.2 | 222.03 |

4. Notes

- (1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: 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, 2024 | 135,171,942 shares | As of March 31, 2024 | 135,171,942 shares |
|---------------------|--------------------|----------------------|--------------------|

Number of treasury shares at the end of the period

| | | | |
|---------------------|---------------|----------------------|---------------|
| As of June 30, 2024 | 54,515 shares | As of March 31, 2024 | 54,462 shares |
|---------------------|---------------|----------------------|---------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|----------------------------------|--------------------|----------------------------------|--------------------|
| Three months ended June 30, 2024 | 135,117,469 shares | Three months ended June 30, 2023 | 135,106,493 shares |
|----------------------------------|--------------------|----------------------------------|--------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 82,807 | 76,724 |
| Notes and accounts receivable - trade, and contract assets | 56,716 | 58,292 |
| Merchandise and finished goods | 8,583 | 7,510 |
| Work in process | 14,245 | 16,263 |
| Raw materials and supplies | 7,963 | 8,334 |
| Other | 14,150 | 13,073 |
| Allowance for doubtful accounts | (6) | (6) |
| Total current assets | 184,459 | 180,192 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 78,118 | 78,704 |
| Machinery, equipment and vehicles, net | 38,317 | 39,647 |
| Tools, furniture and fixtures, net | 3,814 | 4,169 |
| Land | 10,255 | 10,276 |
| Construction in progress | 71,478 | 77,846 |
| Total property, plant and equipment | 201,984 | 210,644 |
| Intangible assets | 1,175 | 1,183 |
| Investments and other assets | | |
| Investment securities | 53 | 54 |
| Retirement benefit asset | 2,524 | 2,572 |
| Deferred tax assets | 2,459 | 1,409 |
| Other | 1,102 | 1,299 |
| Allowance for doubtful accounts | (8) | (8) |
| Total investments and other assets | 6,131 | 5,327 |
| Total non-current assets | 209,291 | 217,155 |
| Total assets | 393,750 | 397,348 |

(Millions of yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 28,164 | 28,920 |
| Short-term borrowings | 30,000 | 30,000 |
| Accounts payable - other | 17,306 | 18,891 |
| Income taxes payable | 3,366 | 1,160 |
| Accrued expenses | 10,053 | 8,003 |
| Contract liabilities | 35,912 | 33,768 |
| Other | 2,143 | 4,537 |
| Total current liabilities | 126,946 | 125,281 |
| Non-current liabilities | | |
| Retirement benefit liability | 1,101 | 1,103 |
| Other | 725 | 568 |
| Total non-current liabilities | 1,826 | 1,671 |
| Total liabilities | 128,773 | 126,953 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 24,223 | 24,223 |
| Capital surplus | 24,222 | 24,222 |
| Retained earnings | 215,736 | 220,694 |
| Treasury shares | (61) | (62) |
| Total shareholders' equity | 264,119 | 269,077 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4 | 4 |
| Deferred gains or losses on hedges | (103) | (260) |
| Foreign currency translation adjustment | 513 | 1,100 |
| Remeasurements of defined benefit plans | 443 | 472 |
| Total accumulated other comprehensive income | 857 | 1,316 |
| Total net assets | 264,977 | 270,394 |
| Total liabilities and net assets | 393,750 | 397,348 |

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, 2023 | Three months ended June 30, 2024 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 49,206 | 53,358 |
| Cost of sales | 42,078 | 42,390 |
| Gross profit | 7,128 | 10,968 |
| Selling, general and administrative expenses | 3,432 | 3,713 |
| Operating profit | 3,695 | 7,254 |
| Non-operating income | | |
| Interest income | 155 | 141 |
| Foreign exchange gains | 1,320 | – |
| Other | 448 | 125 |
| Total non-operating income | 1,924 | 267 |
| Non-operating expenses | | |
| Interest expenses | 16 | 26 |
| Foreign exchange losses | – | 555 |
| Other | 1 | 3 |
| Total non-operating expenses | 18 | 585 |
| Ordinary profit | 5,601 | 6,935 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 380 | 62 |
| Total extraordinary losses | 380 | 62 |
| Profit before income taxes | 5,220 | 6,873 |
| Income taxes - current | 201 | 914 |
| Income taxes - deferred | 1,365 | 1,001 |
| Total income taxes | 1,566 | 1,915 |
| Profit | 3,653 | 4,958 |
| Profit attributable to owners of parent | 3,653 | 4,958 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Three months ended June 30, 2023 | Three months ended June 30, 2024 |
|--|-------------------------------------|-------------------------------------|
| Profit | 3,653 | 4,958 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 0 | 0 |
| Deferred gains or losses on hedges | (225) | (157) |
| Foreign currency translation adjustment | 798 | 586 |
| Remeasurements of defined benefit plans, net of tax | 69 | 29 |
| Total other comprehensive income | 643 | 459 |
| Comprehensive income | 4,297 | 5,417 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 4,297 | 5,417 |
| Comprehensive income attributable to non-controlling interests | — | — |

Consolidated statements of cash flows

(Millions of yen)

| | Three months ended June 30, 2023 | Three months ended June 30, 2024 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 5,220 | 6,873 |
| Depreciation | 6,299 | 5,855 |
| Increase (decrease) in retirement benefit liability | (43) | (47) |
| Interest and dividend income | (159) | (146) |
| Interest expenses | 16 | 26 |
| Foreign exchange losses (gains) | (305) | (51) |
| Loss on retirement of property, plant and equipment | 380 | 62 |
| Decrease (increase) in trade receivables | 6,756 | (1,125) |
| Decrease (increase) in inventories | 2,569 | (1,257) |
| Increase (decrease) in trade payables | 314 | 309 |
| Increase (decrease) in accrued expenses | (2,771) | (2,081) |
| Increase (decrease) in contract liabilities | (472) | (2,143) |
| Other, net | 5,491 | 3,123 |
| Subtotal | 23,295 | 9,397 |
| Interest and dividends received | 158 | 145 |
| Interest paid | (16) | (21) |
| Income taxes refund (paid) | (11,324) | (2,908) |
| Net cash provided by (used in) operating activities | 12,112 | 6,613 |
| Cash flows from investing activities | | |
| Payments into time deposits | (350) | (97) |
| Proceeds from withdrawal of time deposits | 368 | 97 |
| Purchase of property, plant and equipment | (11,896) | (12,790) |
| Purchase of intangible assets | (60) | (59) |
| Other, net | (213) | (267) |
| Net cash provided by (used in) investing activities | (12,152) | (13,117) |
| Cash flows from financing activities | | |
| Dividends paid | (3,079) | – |
| Other, net | (27) | (41) |
| Net cash provided by (used in) financing activities | (3,106) | (41) |
| Effect of exchange rate change on cash and cash equivalents | 1,001 | 451 |
| Net increase (decrease) in cash and cash equivalents | (2,145) | (6,094) |
| Cash and cash equivalents at beginning of period | 115,592 | 82,475 |
| Cash and cash equivalents at end of period | 113,446 | 76,380 |