

Translation

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

October 31, 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 file Semi-annual Securities Report: November 13, 2024
 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 six months ended September 30, 2024 (from April 1, 2024 to September 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	%
Six months ended September 30, 2024	108,330	3.1	12,724	10.9	11,565	(17.8)	8,215	(16.0)
Six months ended September 30, 2023	105,109	(33.1)	11,470	(77.5)	14,073	(74.2)	9,780	(74.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	60.80		–	
Six months ended September 30, 2023	72.39		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	390,924	272,982	69.8
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				
Year ended March 31, 2024	–	25.00	–	0.00	25.00
Year ending March 31, 2025	–	0.00	–	–	–
Year ending March 31, 2025 (Forecast)	–	–	–	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
Full year	243,300	15.9	40,700	64.0	40,500	48.6	27,200	46.2	201.31

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Application of special accounting methods for preparing semi-annual 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, 2024	135,171,942 shares	As of March 31, 2024	135,171,942 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	54,549 shares	As of March 31, 2024	54,462 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, 2024	135,117,439 shares	Six months ended September 30, 2023	135,110,828 shares
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Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	82,807	66,693
Notes and accounts receivable - trade, and contract assets	56,716	55,798
Merchandise and finished goods	8,583	6,548
Work in process	14,245	15,792
Raw materials and supplies	7,963	8,328
Other	14,150	16,427
Allowance for doubtful accounts	(6)	(6)
Total current assets	184,459	169,582
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	78,118	77,734
Machinery, equipment and vehicles, net	38,317	38,154
Tools, furniture and fixtures, net	3,814	4,210
Land	10,255	10,235
Construction in progress	71,478	83,634
Total property, plant and equipment	201,984	213,968
Intangible assets	1,175	1,196
Investments and other assets		
Investment securities	53	52
Retirement benefit asset	2,524	2,628
Deferred tax assets	2,459	2,228
Other	1,102	1,275
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	6,131	6,176
Total non-current assets	209,291	221,342
Total assets	393,750	390,924

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	28,164	28,546
Short-term borrowings	30,000	30,000
Accounts payable - other	17,306	11,860
Income taxes payable	3,366	3,489
Accrued expenses	10,053	10,073
Contract liabilities	35,912	31,553
Other	2,143	780
Total current liabilities	126,946	116,305
Non-current liabilities		
Retirement benefit liability	1,101	1,104
Other	725	532
Total non-current liabilities	1,826	1,637
Total liabilities	128,773	117,942
Net assets		
Shareholders' equity		
Share capital	24,223	24,223
Capital surplus	24,222	24,222
Retained earnings	215,736	223,952
Treasury shares	(61)	(62)
Total shareholders' equity	264,119	272,335
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	3
Deferred gains or losses on hedges	(103)	–
Foreign currency translation adjustment	513	141
Remeasurements of defined benefit plans	443	501
Total accumulated other comprehensive income	857	647
Total net assets	264,977	272,982
Total liabilities and net assets	393,750	390,924

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, 2023	Six months ended September 30, 2024
Net sales	105,109	108,330
Cost of sales	86,639	88,203
Gross profit	18,469	20,126
Selling, general and administrative expenses	6,998	7,402
Operating profit	11,470	12,724
Non-operating income		
Interest income	358	294
Compensation income	599	465
Foreign exchange gains	1,451	–
Other	239	131
Total non-operating income	2,648	892
Non-operating expenses		
Interest expenses	33	63
Foreign exchange losses	–	1,966
Other	12	20
Total non-operating expenses	46	2,050
Ordinary profit	14,073	11,565
Extraordinary income		
Subsidy income	–	128
Total extraordinary income	–	128
Extraordinary losses		
Loss on retirement of non-current assets	628	186
Loss on tax purpose reduction entry of non-current assets	–	128
Total extraordinary losses	628	314
Profit before income taxes	13,444	11,378
Income taxes - current	3,338	3,136
Income taxes - deferred	325	26
Total income taxes	3,664	3,163
Profit	9,780	8,215
Profit attributable to owners of parent	9,780	8,215

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	9,780	8,215
Other comprehensive income		
Valuation difference on available-for-sale securities	1	(0)
Deferred gains or losses on hedges	(74)	103
Foreign currency translation adjustment	996	(371)
Remeasurements of defined benefit plans, net of tax	139	58
Total other comprehensive income	1,063	(210)
Comprehensive income	10,843	8,005
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,843	8,005
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	13,444	11,378
Depreciation	12,928	12,378
Increase (decrease) in retirement benefit liability	(91)	(100)
Interest and dividend income	(362)	(299)
Interest expenses	33	63
Foreign exchange losses (gains)	(429)	45
Subsidy income	–	(128)
Loss on retirement of property, plant and equipment	628	186
Loss on tax purpose reduction entry of non-current assets	–	128
Decrease (increase) in trade receivables	3,245	559
Decrease (increase) in inventories	6,068	70
Increase (decrease) in trade payables	798	725
Increase (decrease) in accrued expenses	44	30
Increase (decrease) in contract liabilities	(2,395)	(4,358)
Other, net	1,366	(2,992)
Subtotal	35,279	17,691
Interest and dividends received	365	303
Interest paid	(33)	(53)
Income taxes refund (paid)	(11,424)	(2,990)
Subsidies received	–	128
Net cash provided by (used in) operating activities	24,186	15,077
Cash flows from investing activities		
Payments into time deposits	(778)	(605)
Proceeds from withdrawal of time deposits	675	328
Purchase of property, plant and equipment	(38,197)	(30,023)
Purchase of intangible assets	(230)	(126)
Other, net	(427)	(611)
Net cash provided by (used in) investing activities	(38,959)	(31,038)
Cash flows from financing activities		
Dividends paid	(3,377)	–
Other, net	(52)	(80)
Net cash provided by (used in) financing activities	(3,430)	(80)
Effect of exchange rate change on cash and cash equivalents	1,390	(341)
Net increase (decrease) in cash and cash equivalents	(16,811)	(16,381)
Cash and cash equivalents at beginning of period	115,592	82,475
Cash and cash equivalents at end of period	98,780	66,093