

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

July 29, 2022

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 10, 2022
 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, 2022 (from April 1, 2022 to June 30, 2022)

(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, 2022	79,383	36.7	26,017	87.1	28,189	93.5	19,548	93.8
Three months ended June 30, 2021	58,066	36.9	13,902	271.9	14,569	210.4	10,084	214.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	144.71		–	
Three months ended June 30, 2021	74.65		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	337,422	218,991	64.9
As of March 31, 2022	319,461	201,997	63.2

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, 2022	–	17.50	–	27.50	45.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	25.00	–	25.00	50.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	159,000	26.3	49,000	63.0	53,000	67.9	37,000	70.4	273.89
Full year	322,000	18.4	93,000	30.3	97,000	27.9	67,000	27.3	495.97

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2022
 (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: No
 - 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, 2022	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 June 30, 2022	81,988 shares	As of March 31, 2022	81,948 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, 2022	135,089,965 shares	Three months ended June 30, 2021	135,090,007 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	69,475	65,359
Notes and accounts receivable - trade, and contract assets	76,634	82,958
Merchandise and finished goods	6,565	9,641
Work in process	18,791	18,502
Raw materials and supplies	9,531	10,899
Other	11,836	13,672
Allowance for doubtful accounts	(6)	(6)
Total current assets	192,828	201,027
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,164	37,188
Machinery, equipment and vehicles, net	55,668	55,511
Tools, furniture and fixtures, net	3,010	3,573
Land	7,202	7,700
Construction in progress	16,953	27,359
Total property, plant and equipment	119,999	131,333
Intangible assets	861	851
Investments and other assets		
Investment securities	47	47
Retirement benefit asset	1,644	1,710
Deferred tax assets	3,755	2,108
Other	332	350
Allowance for doubtful accounts	(7)	(7)
Total investments and other assets	5,771	4,209
Total non-current assets	126,632	136,394
Total assets	319,461	337,422

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	36,961	37,328
Short-term borrowings	30,000	30,000
Accounts payable - other	8,569	9,031
Income taxes payable	19,662	7,362
Accrued expenses	10,816	7,970
Other	8,817	24,160
Total current liabilities	114,826	115,853
Non-current liabilities		
Retirement benefit liability	2,087	2,085
Other	548	491
Total non-current liabilities	2,636	2,576
Total liabilities	117,463	118,430
Net assets		
Shareholders' equity		
Share capital	24,223	24,223
Capital surplus	24,129	24,129
Retained earnings	156,486	172,320
Treasury shares	(92)	(92)
Total shareholders' equity	204,746	220,580
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	(414)	(181)
Foreign currency translation adjustment	(1,316)	(451)
Remeasurements of defined benefit plans	(1,019)	(956)
Total accumulated other comprehensive income	(2,749)	(1,588)
Total net assets	201,997	218,991
Total liabilities and net assets	319,461	337,422

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, 2021	Three months ended June 30, 2022
Net sales	58,066	79,383
Cost of sales	40,773	49,531
Gross profit	17,293	29,851
Selling, general and administrative expenses	3,390	3,833
Operating profit	13,902	26,017
Non-operating income		
Interest income	11	39
Foreign exchange gains	252	1,974
Other	444	175
Total non-operating income	709	2,188
Non-operating expenses		
Interest expenses	14	16
Other	26	1
Total non-operating expenses	41	17
Ordinary profit	14,569	28,189
Extraordinary losses		
Loss on retirement of non-current assets	168	320
Total extraordinary losses	168	320
Profit before income taxes	14,401	27,869
Income taxes - current	3,176	6,837
Income taxes - deferred	1,139	1,482
Total income taxes	4,316	8,320
Profit	10,084	19,548
Profit attributable to owners of parent	10,084	19,548

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	10,084	19,548
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Deferred gains or losses on hedges	207	233
Foreign currency translation adjustment	7	864
Remeasurements of defined benefit plans, net of tax	76	63
Total other comprehensive income	290	1,161
Comprehensive income	10,375	20,709
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,375	20,709
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	14,401	27,869
Depreciation	4,432	7,825
Increase (decrease) in retirement benefit liability	(127)	(70)
Interest and dividend income	(16)	(42)
Interest expenses	14	16
Foreign exchange losses (gains)	5	(384)
Loss on retirement of property, plant and equipment	168	320
Decrease (increase) in trade receivables	(5,055)	(5,210)
Decrease (increase) in inventories	(2,745)	(4,037)
Increase (decrease) in trade payables	2,909	(970)
Increase (decrease) in accrued expenses	(1,871)	(2,857)
Other, net	(338)	13,030
Subtotal	11,777	35,486
Interest and dividends received	15	42
Interest paid	(14)	(16)
Income taxes refund (paid)	(7,003)	(18,569)
Net cash provided by (used in) operating activities	4,775	16,942
Cash flows from investing activities		
Payments into time deposits	(320)	(377)
Proceeds from withdrawal of time deposits	66	123
Purchase of property, plant and equipment	(9,271)	(18,493)
Purchase of intangible assets	(18)	(53)
Other, net	(73)	(336)
Net cash provided by (used in) investing activities	(9,617)	(19,137)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,000	–
Dividends paid	(2,160)	(3,390)
Other, net	(23)	(24)
Net cash provided by (used in) financing activities	2,816	(3,414)
Effect of exchange rate change on cash and cash equivalents	9	1,204
Net increase (decrease) in cash and cash equivalents	(2,015)	(4,404)
Cash and cash equivalents at beginning of period	42,508	68,758
Cash and cash equivalents at end of period	40,492	64,353