



新光商事株式会社
Shinko Shoji Co., Ltd.

Earnings Report for Fiscal 2020 (Ending March 31, 2021)

- **Overview of Settlement**
- **Business Status and Activity Report**
- **Earnings forecast**

Jun. 2021

Tatsuya Ogawa, President

Disclaimer

This English translation is only for reference purpose. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

Notes on handling materials

Our forward-looking statements in this presentation are based on information that is available at the moment.

These forward-looking statements are based on management's assumptions and beliefs in light of the risks and uncertainties that may cause actual results to differ materially from those expressed or implied.

Major risks and uncertainties are as follows:

- **Economic conditions and consumption trends in major markets (Japan, Asia, etc.)**
- **Changes in the electronics industry and technological trends**
- **Sharp fluctuations in supply and demand in our major product markets**
- **Substantial fluctuations in the exchange rates of the U.S. dollar and other foreign currencies against the yen**

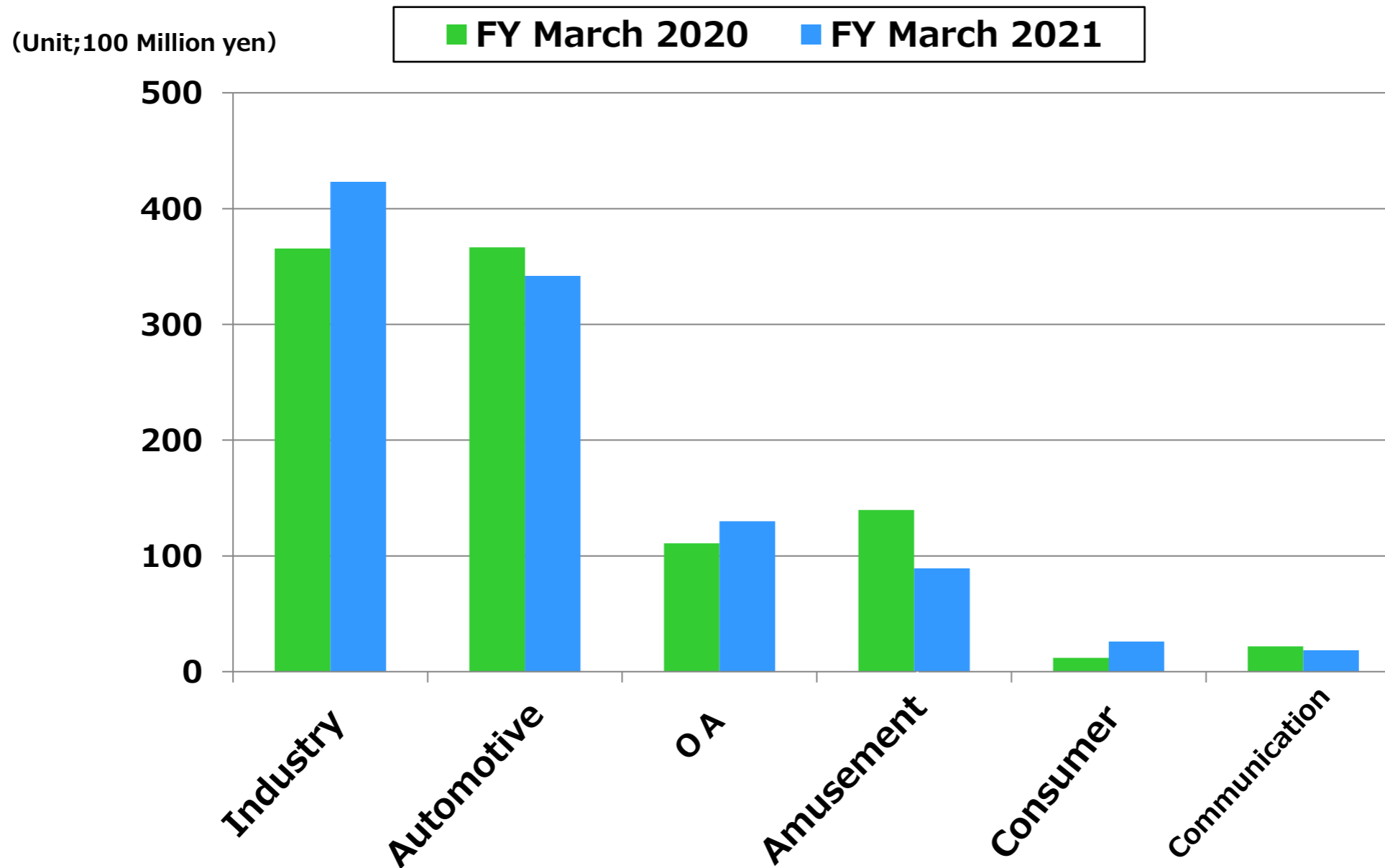
Overview of Settlement

Points of settlement of accounts for the fiscal year ending March 2021

Consolidated sales and net profit increased year-on-year

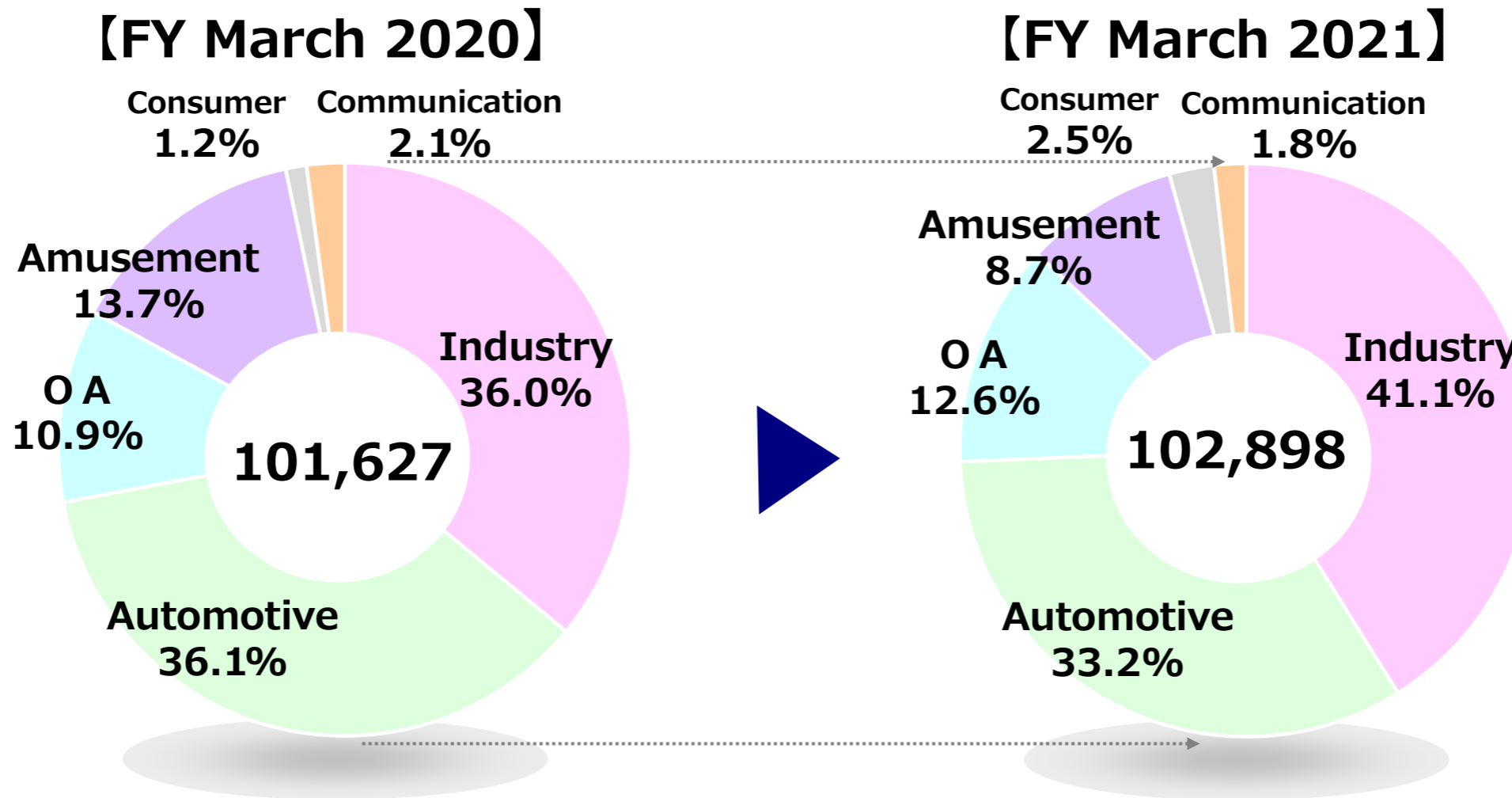
- In the electronics industry, economic activities were depressed and affected by the spread of COVID-19 in the first half of the fiscal year, but in the second half, the market recovered quickly due to the recovery of production mainly in the manufacturing industry and the creation of demand suitable for the new lifestyle. On the other hand, the supply and demand of semiconductor products have become tight.
- Our group has been sluggish in automotive electrical equipment and entertainment equipment-related business. However, sales and profits increased on the bases of consolidated sales and net profit by steadily accumulating earnings in the industrial equipment and OA equipment-related business.

Sales composition by field (amount)



Sales composition by field

(Unit; Million yen)



Overview of Settlement (Comparison with the previous year)

Consolidated sales and net income increased year on year.

(Unit; Million yen)

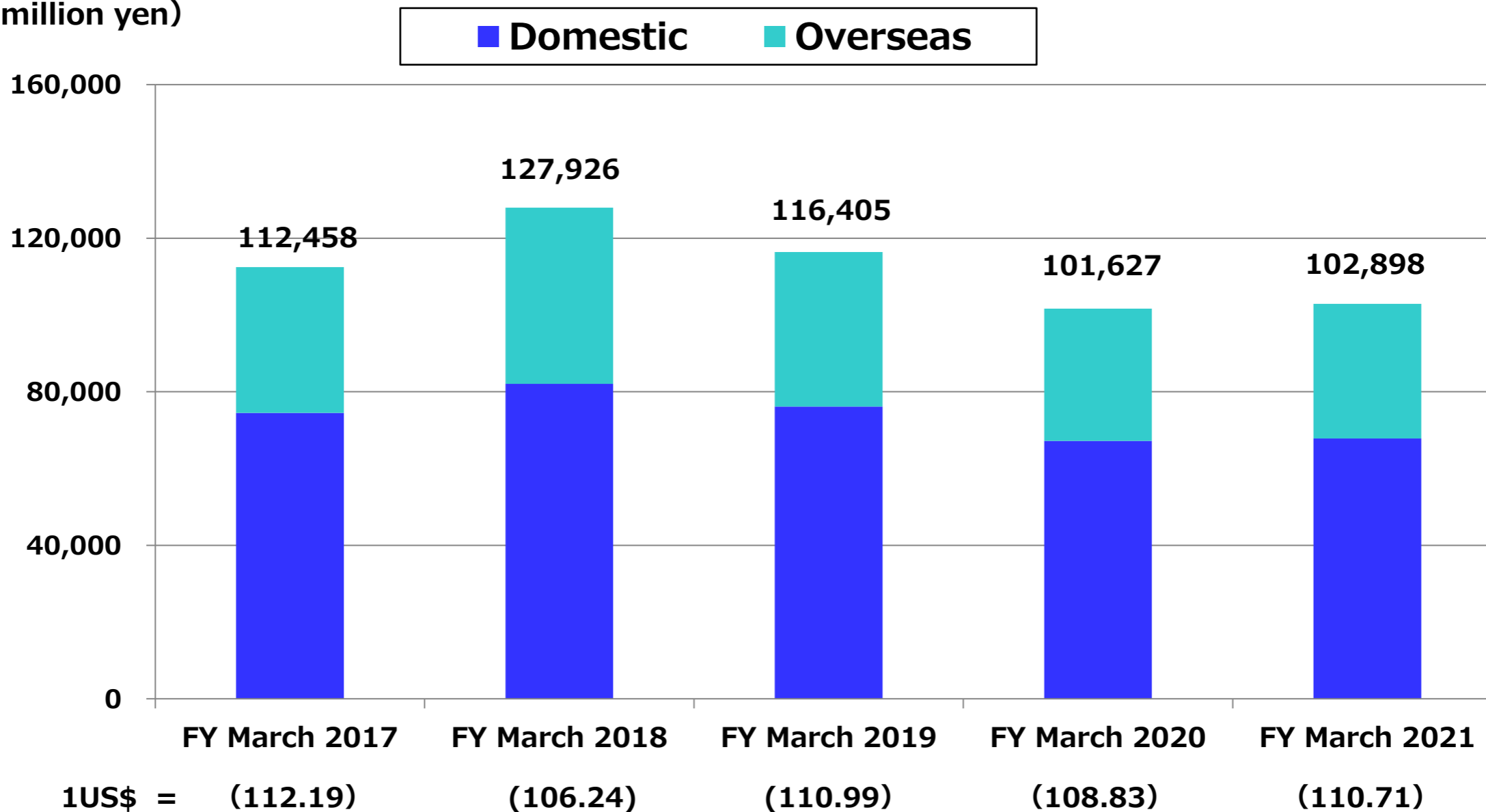
	FY March 2020	FY March 2021	Growth Rate YoY	Increase/ Decrease (YoY)	Forecast (January 31,2020)	Comparison of performance forecasts	
						ration	amount
Net sales	101,627	102,898	101%	1,271	100,000	103%	2,898
Gross Profit	9,760	9,343	96%	△417	-	-	-
Selling, general and administrative expenses	8,149	7,800	96%	△349	-	-	-
Operating income	1,611	1,543	96%	△68	1,300	119%	243
Ordinary income	1,771	1,561	88%	△210	1,300	120%	261
net income	1,236	1,255	102%	19	900	139%	355
Net income per share	¥32.93	¥33.86	-	¥0.93	¥24.26	-	¥9.60
Dividend per share (Year)	1H ¥27.00 2H ¥14.00	1H ¥14.00 2H ¥20.00	-	-	-	-	-

(Note) We conducted a 2-for-1 stock split of common stock on October 1, 2019.

Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

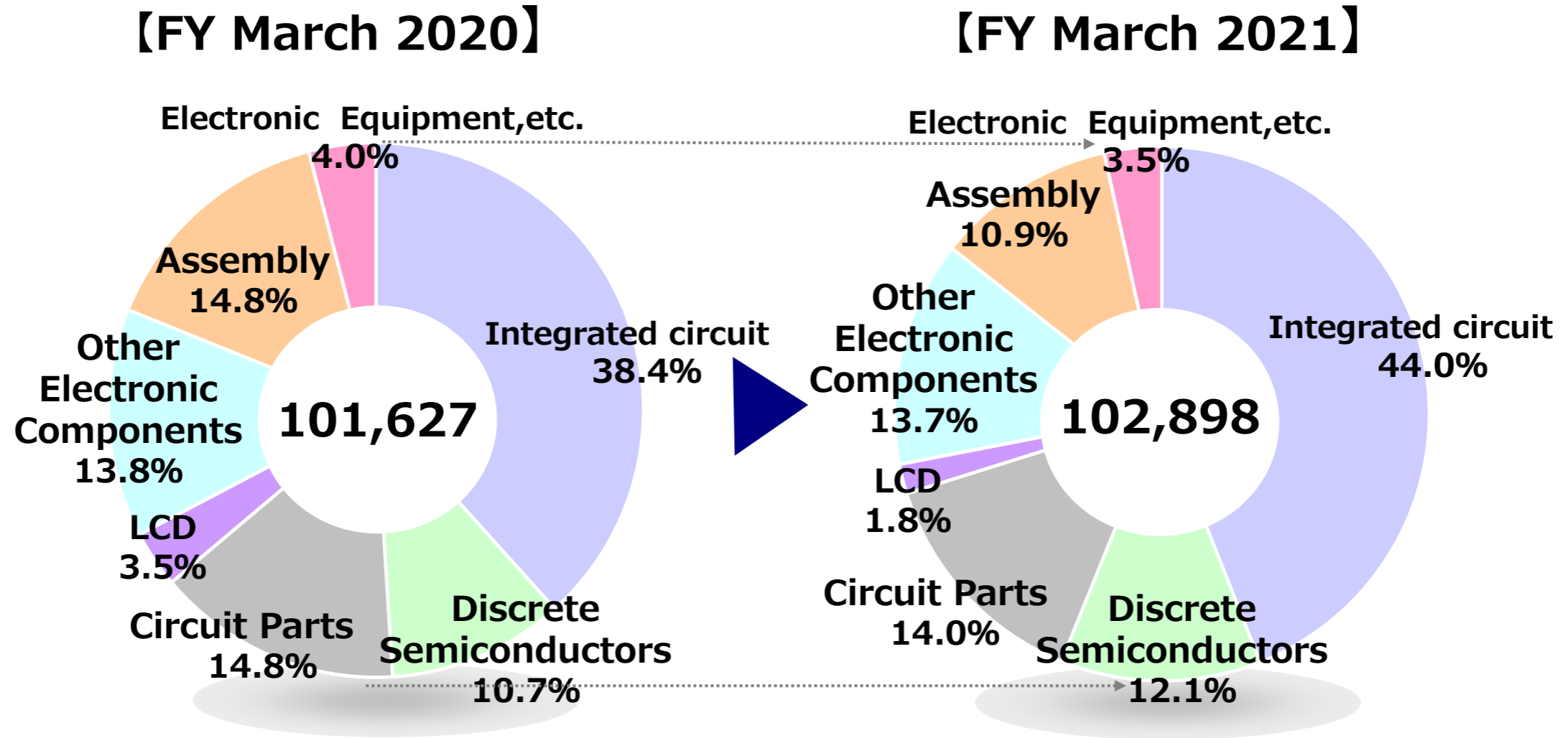
Sales Trends

(million yen)

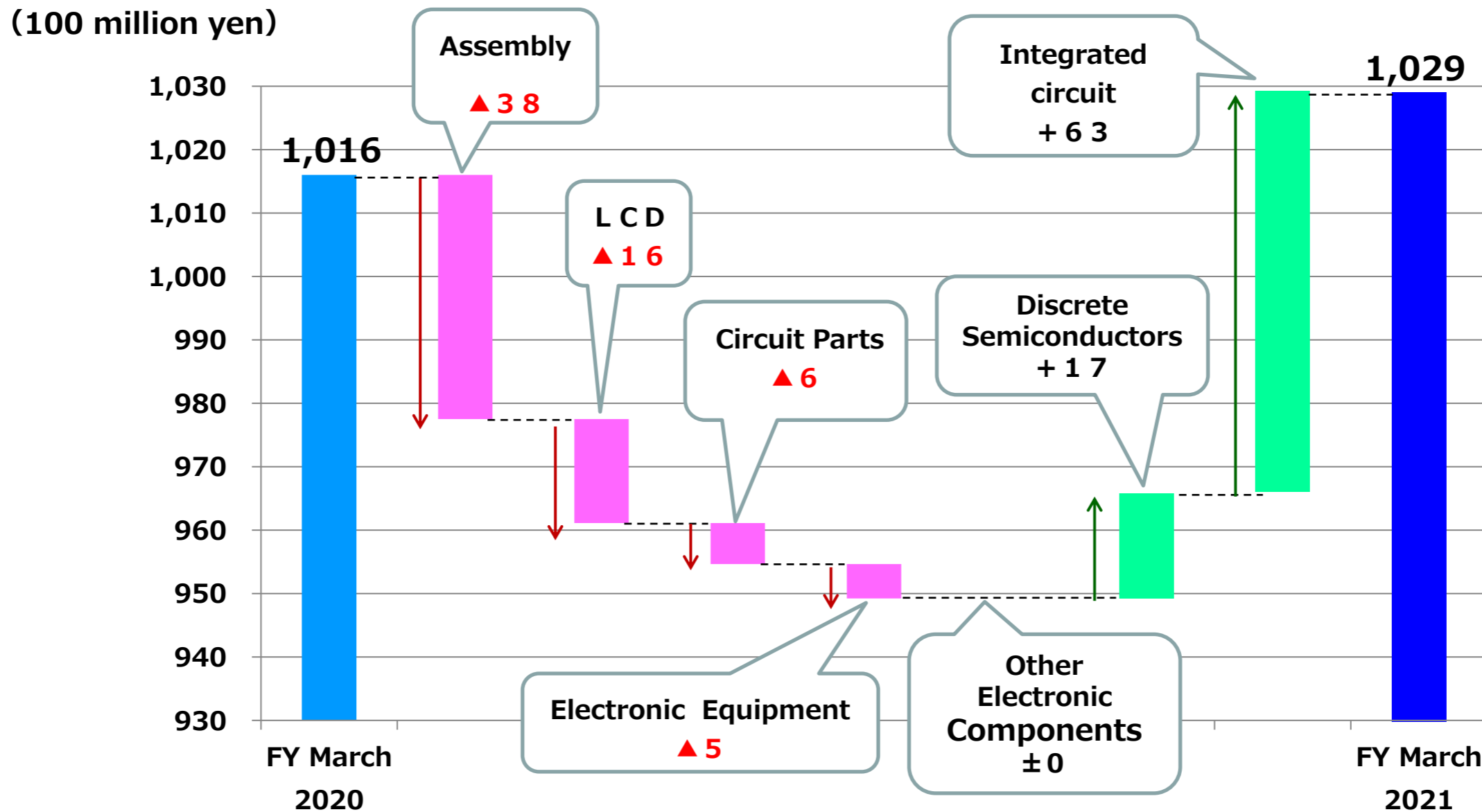


Sales composition ratio by product

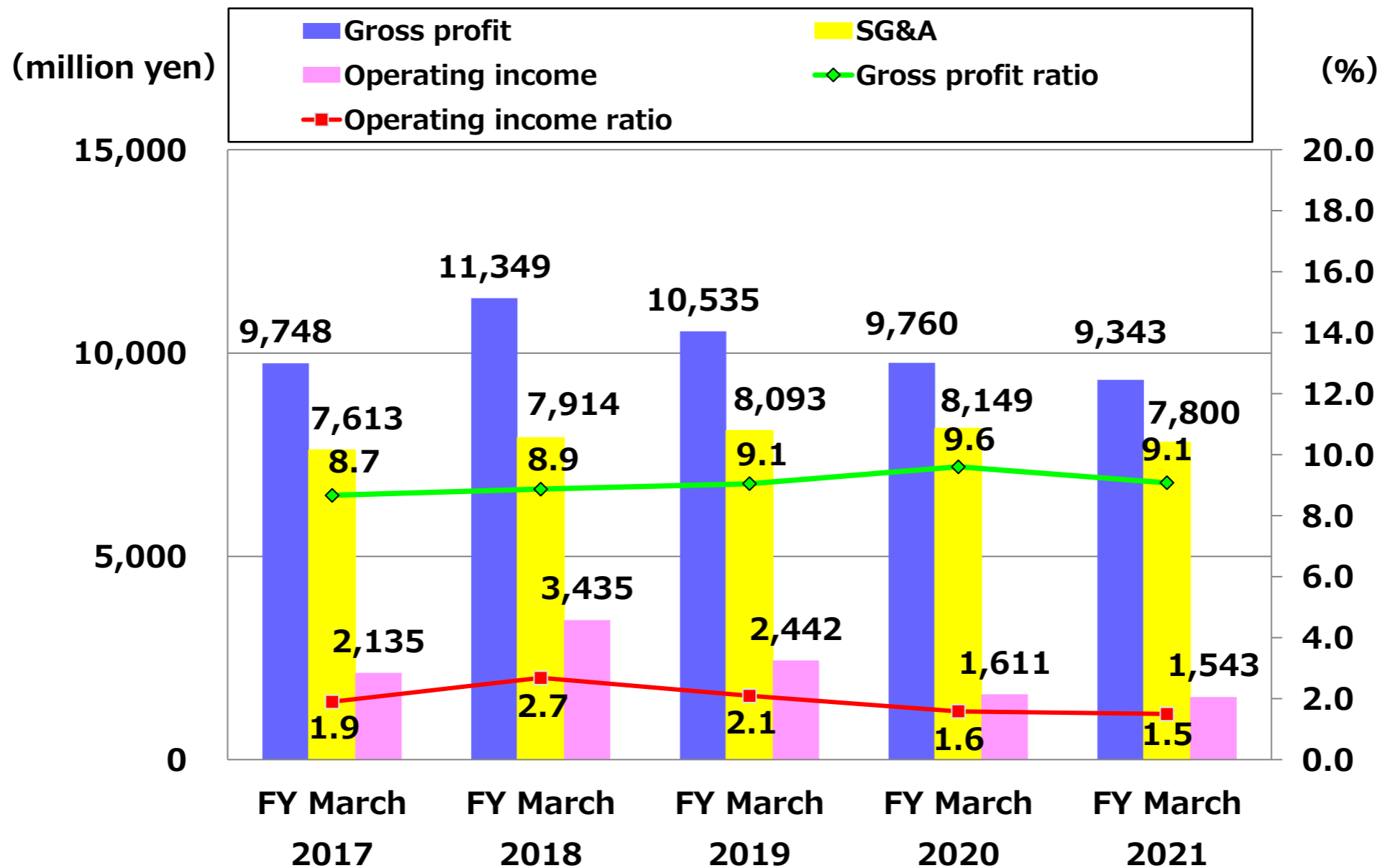
(Unit; Million yen)



Analysis on factor of increase / decrease in sales Compared with the previous year



Gross profit / Gross profit ratio / SG & A Transition

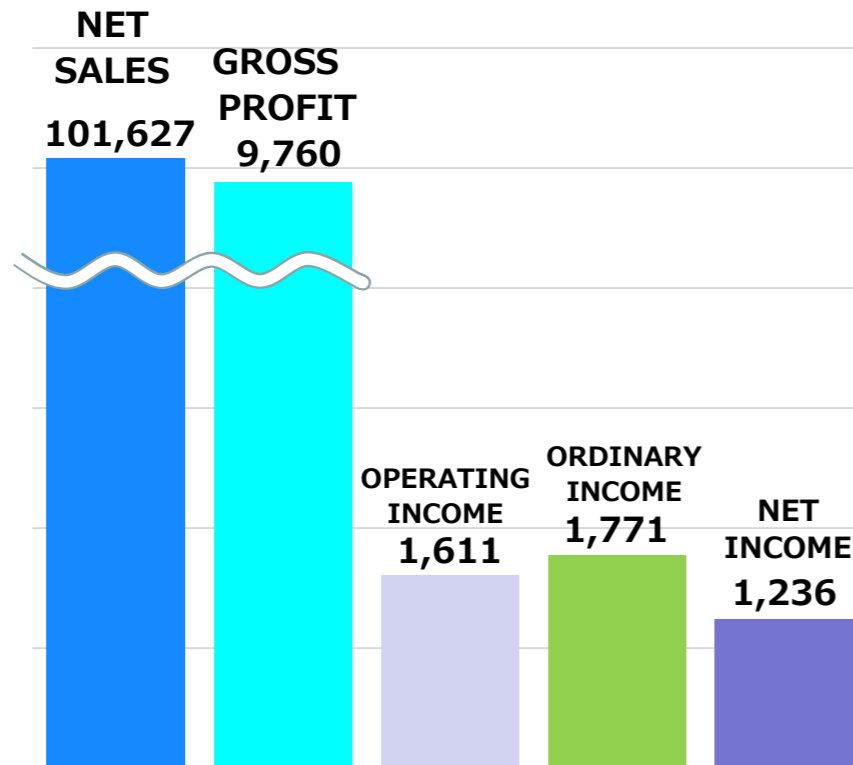


Consolidated income statement

(Unit; Million yen)

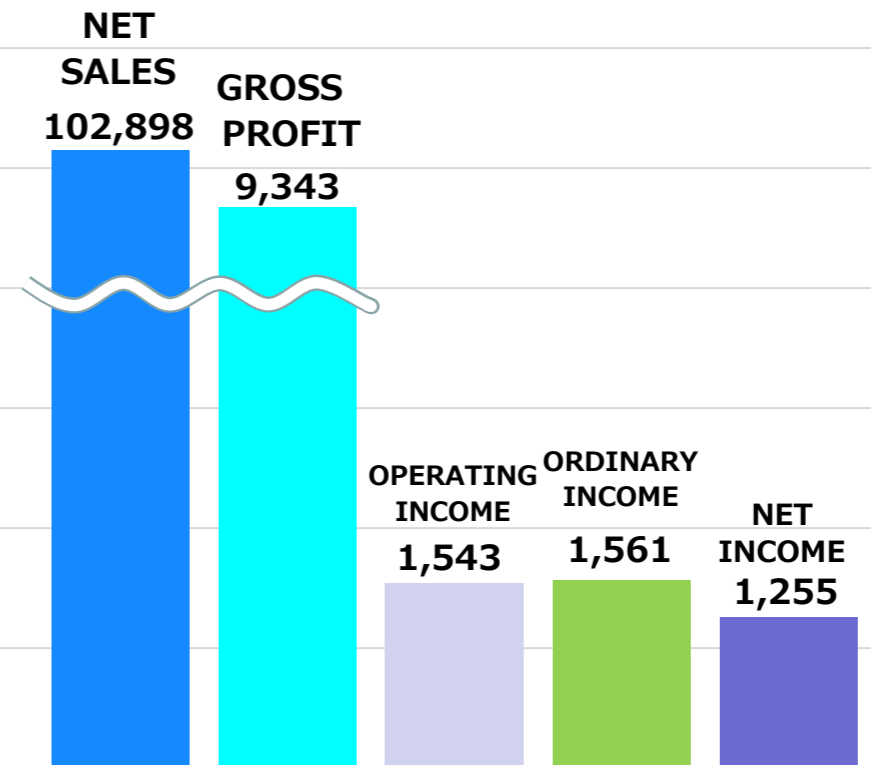
FY March 2020

(April 1,2019~March 31,2020)



FY March 2021

(April 1,2020~March 31,2021)



Summary Balance Sheet 1 (Assets)

(Unit; Million yen)

	FY March 2020	FY March 2021	Increase / decrease
Total assets	71,993	73,489	1,496
Current assets	66,363	66,833	470
Cash and deposits	24,002	17,697	△6,305
Notes and accounts receivable	20,525	23,960	3,435
Products	14,892	16,840	1,948
Accounts receivable	6,706	8,141	1,435
Fixed assets	5,630	6,656	1,026
Tangible fixed assets	855	916	61
Investment securities	2,277	3,242	965

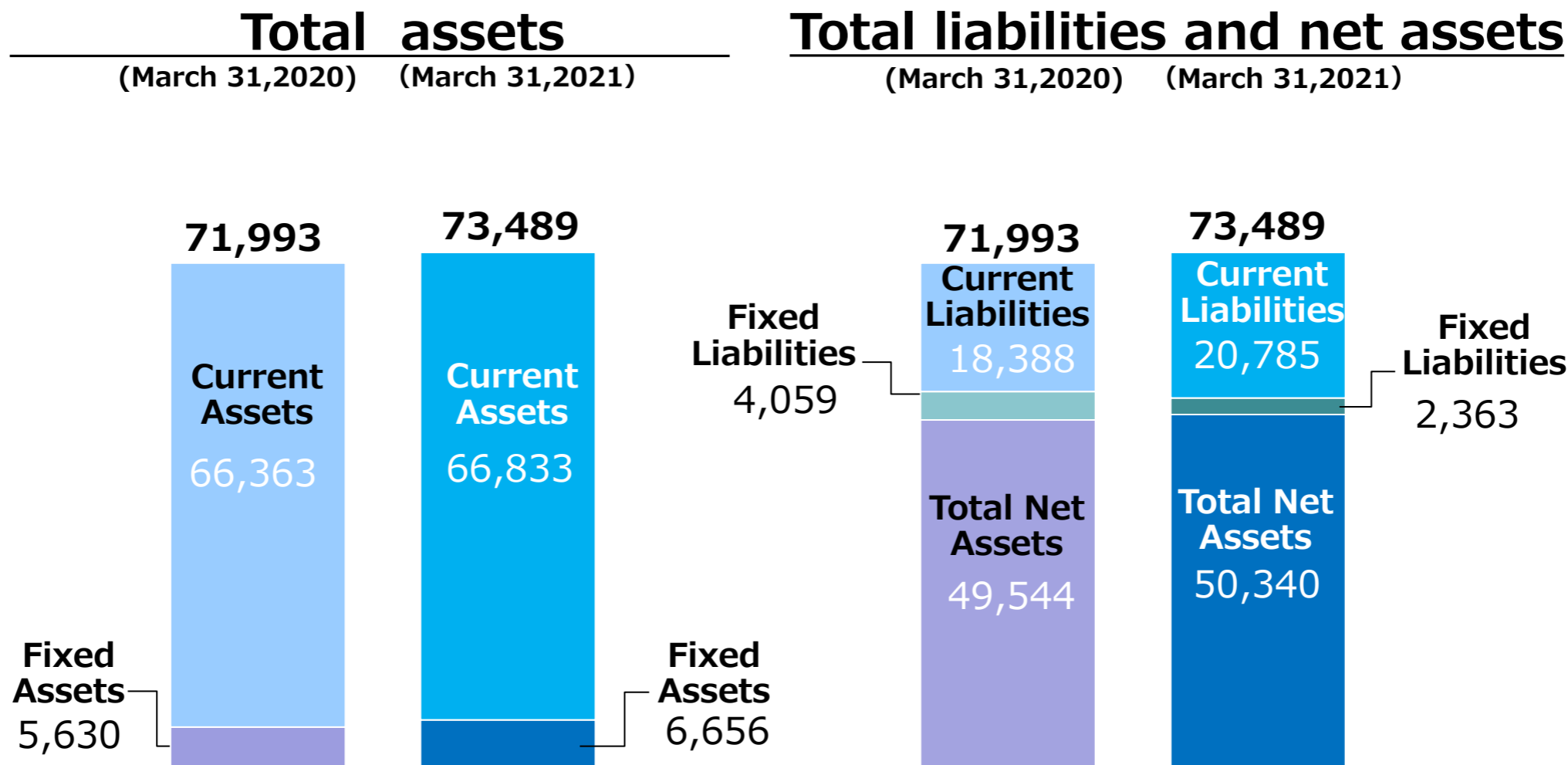
Summary Balance Sheet 2 (Liabilities)

(Unit; Million yen)

	FY March 2020	FY March 2021	Increase / decrease
Total liabilities	22,448	23,149	701
Current liabilities	18,388	20,785	2,397
Trade notes and accounts payable	11,232	11,073	△159
Electronically recorded debt	2,289	2,012	△277
Short-term debt	1,466	1,295	△171
Current portion of long-term debt	600	2,500	1,900
Fixed liabilities	4,059	2,363	△1,696
Long-term debt	2,500	600	△1,900
Total net assets	49,544	50,340	796
Capital and capital surplus	19,289	19,100	△189
Retained earnings	39,064	37,679	△1,385
Treasury stock	△10,122	△8,298	1,824
Total liabilities and net assets	71,993	73,489	1,496
Capital adequacy ratio	68.0%	67.7%	△0.3%

Consolidated Balance Sheet

(Unit; Million yen)



Cash Flows

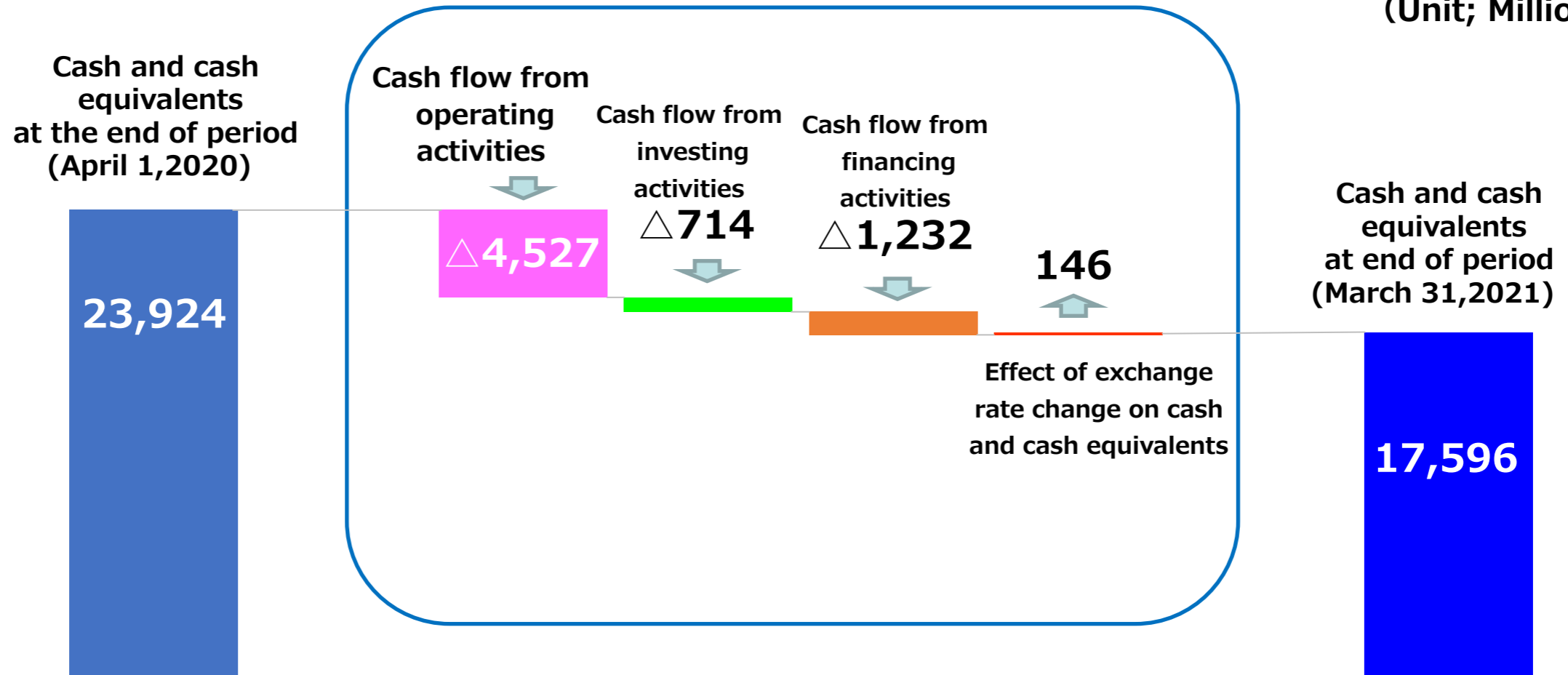
(Unit; Million yen)

	FY March 2019	FY March 2020	Transition
Cash flow from operating activities	6,643	△4,527	△11,170
Cash flow from investing activities	45	△714	△759
Cash flow from financing activities	△2,678	△1,232	1,446
Cash and cash equivalents at end of period	23,924	17,596	△6,328

Consolidated Statements of Cash Flows

FY 2020(April 1,2020~March 31,2021)

(Unit; Million yen)



Dividends

Fiscal year ended March 2021	
Dividend per share	¥ 3 4 . 0 0
Payout ratio	100.4%
Total return ratio	100.4%

(Note) Total return ratio = (dividend amount + treasury stock acquisition price) / consolidated net income x 100

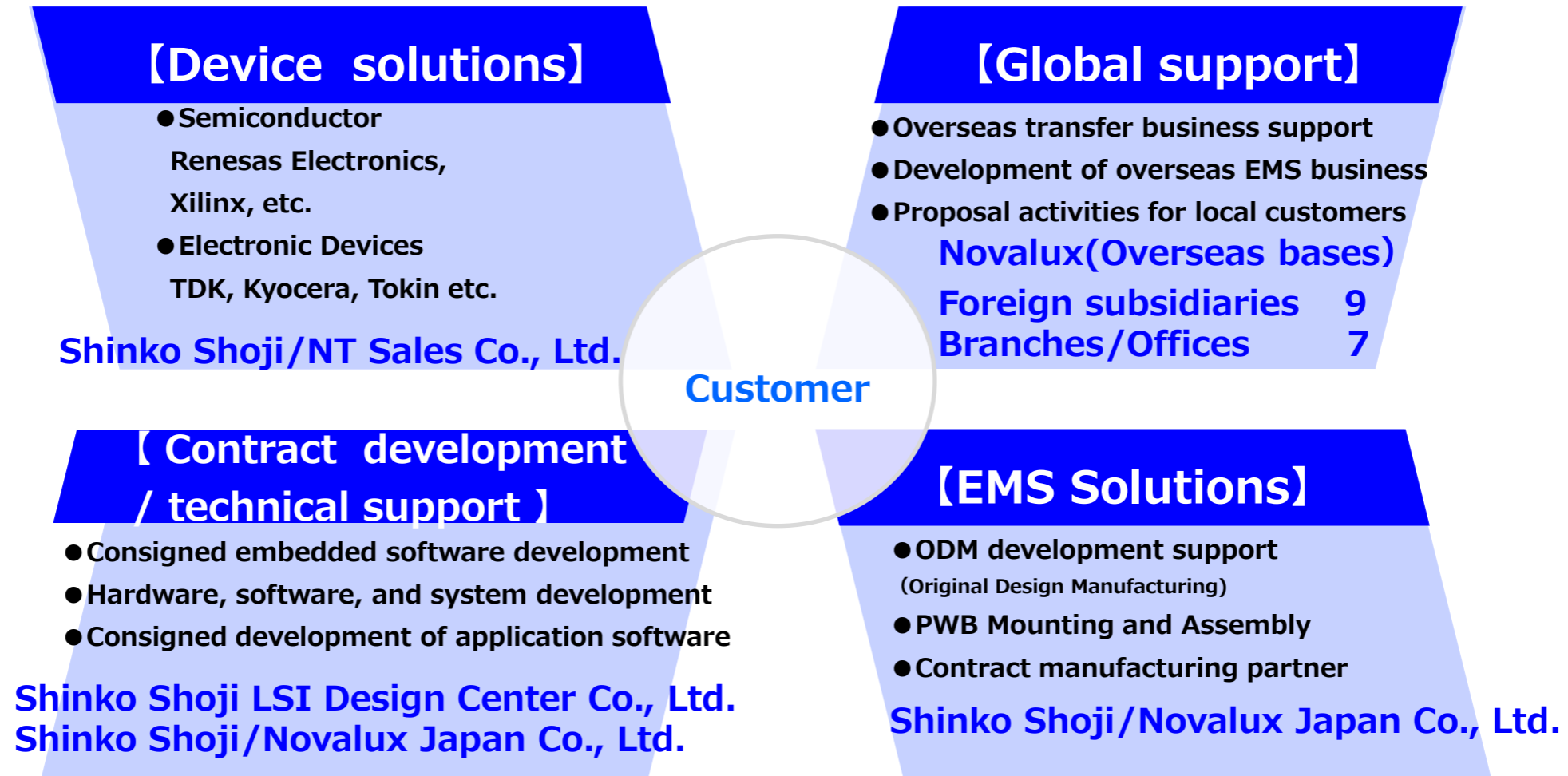
Business Status and Activity Report

Business Status and Activity Report

- 1. Our business area**
2. Business status of Renesas Electronics
3. Sales trends of overseas business
4. Market conditions
5. Future response
6. SDGs Activity

Our business domains

For our customers' success, Shinko Shoji not only offers products and optimal logistics proposals, but also offers business solutions tailored to their needs, such as technical support, development coordination, EMS business, and overseas expansion.



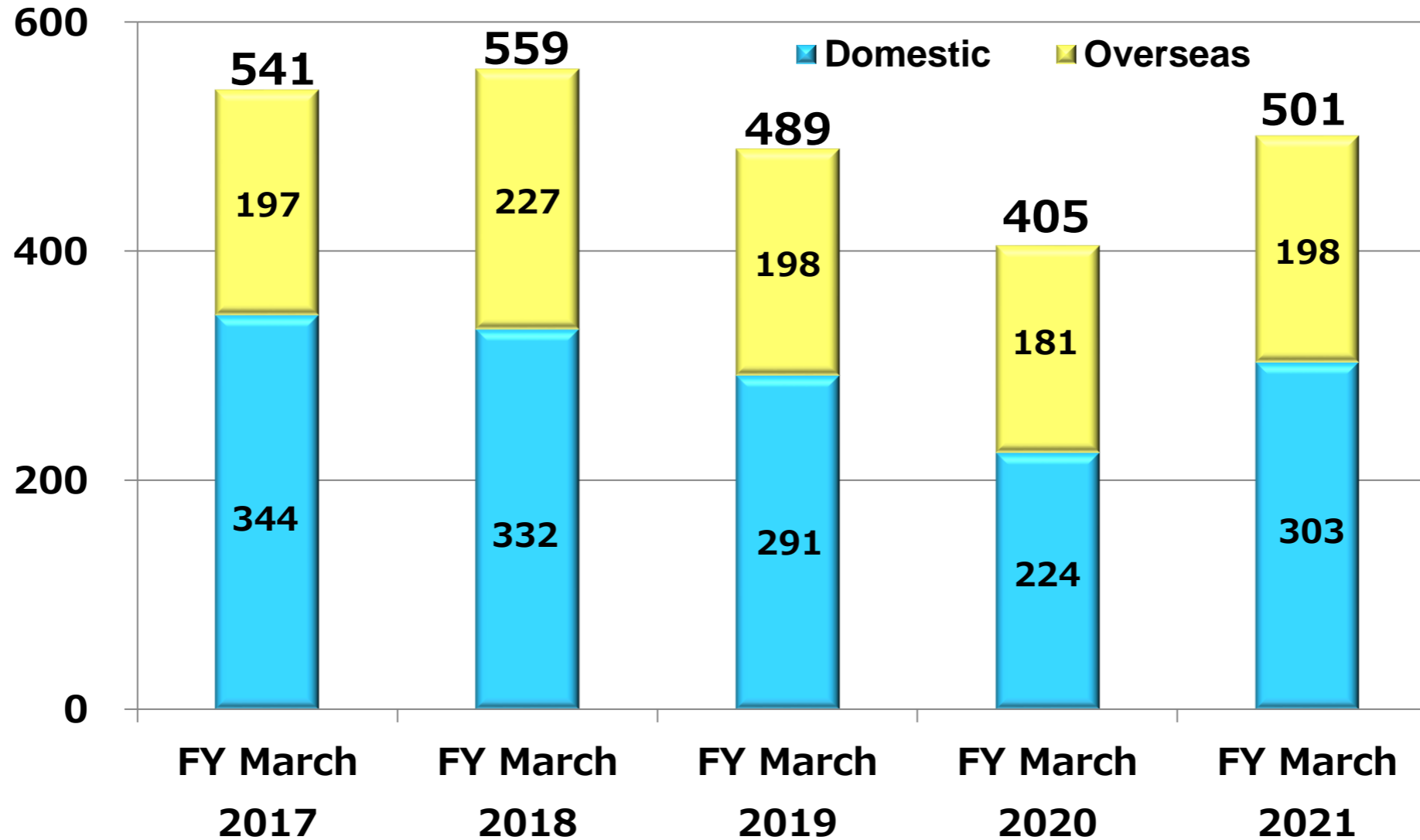
Business Status and Activity Report

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Renesas Electronics Business

(100 million yen)

[Renesas products Sales] (before concatenation elimination)



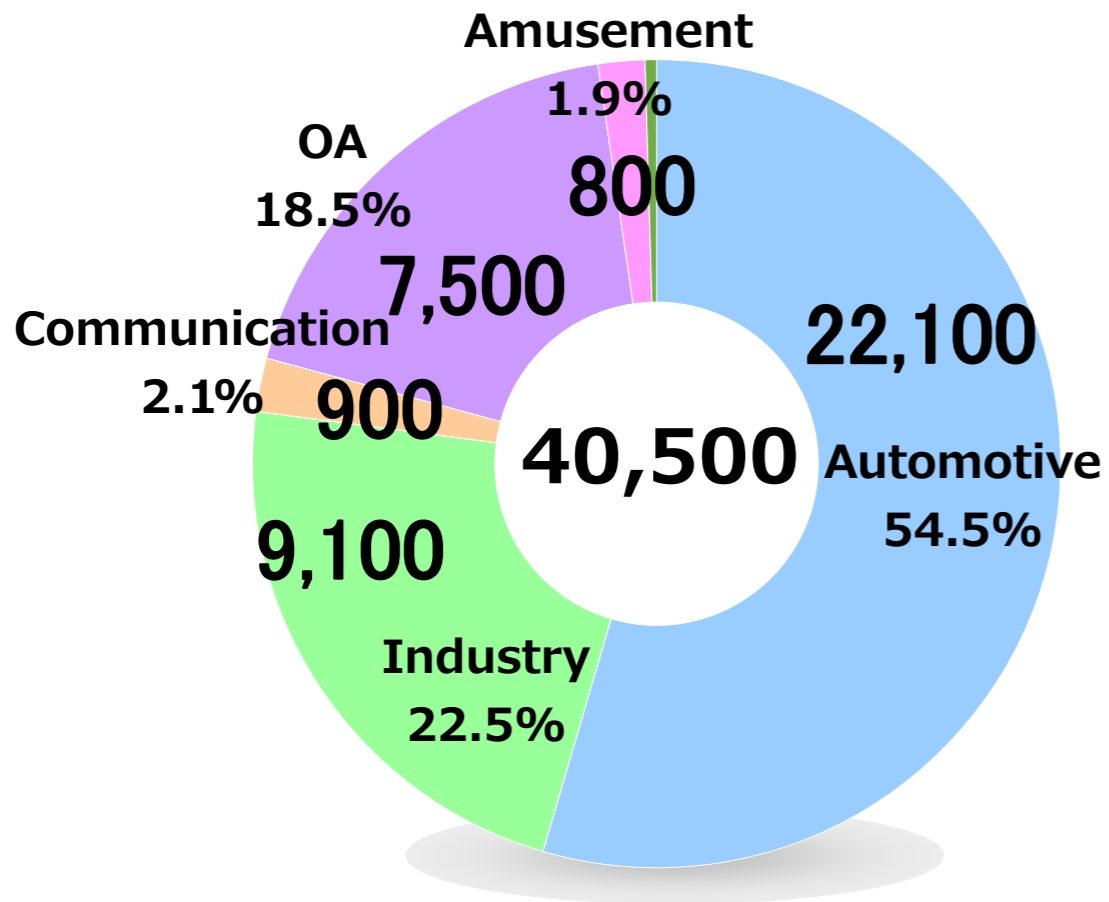
Renesas Electronics Business

【Sales composition ratio by field】

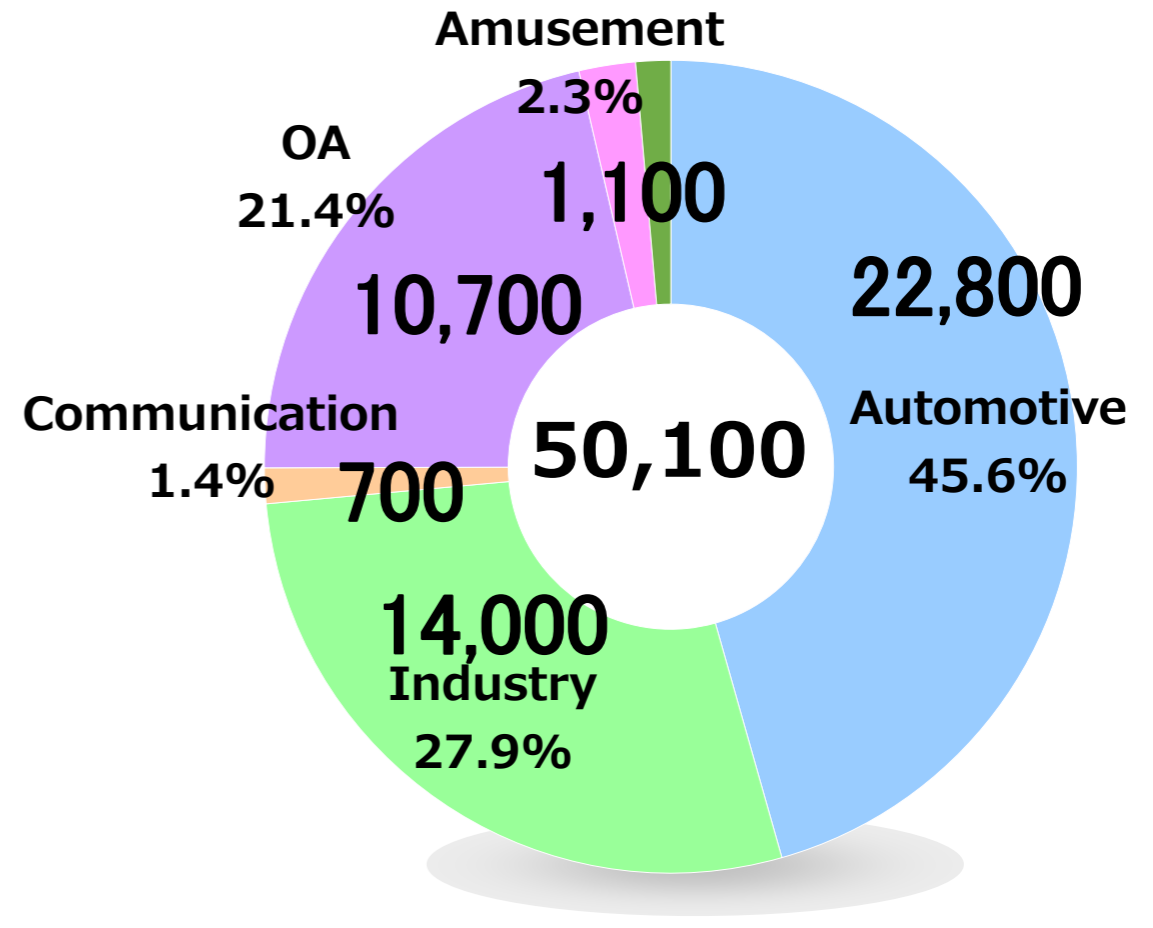
(before concatenation elimination)

(Unit; Million yen)

【FY March 2020】



【FY March 2021】

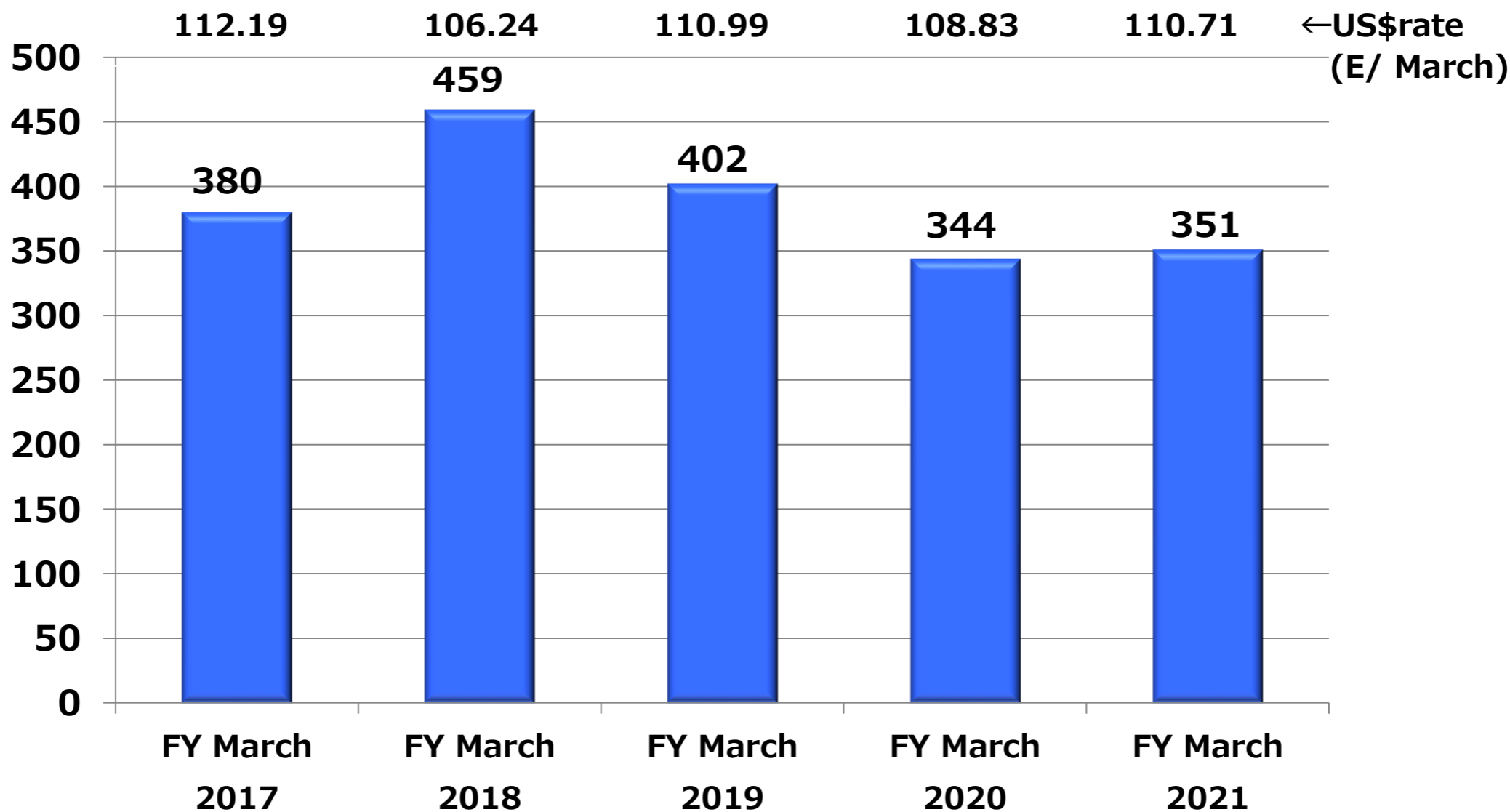


Business Status and Activity Report

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3. Overseas Business Sales Trends

(100 million yen)

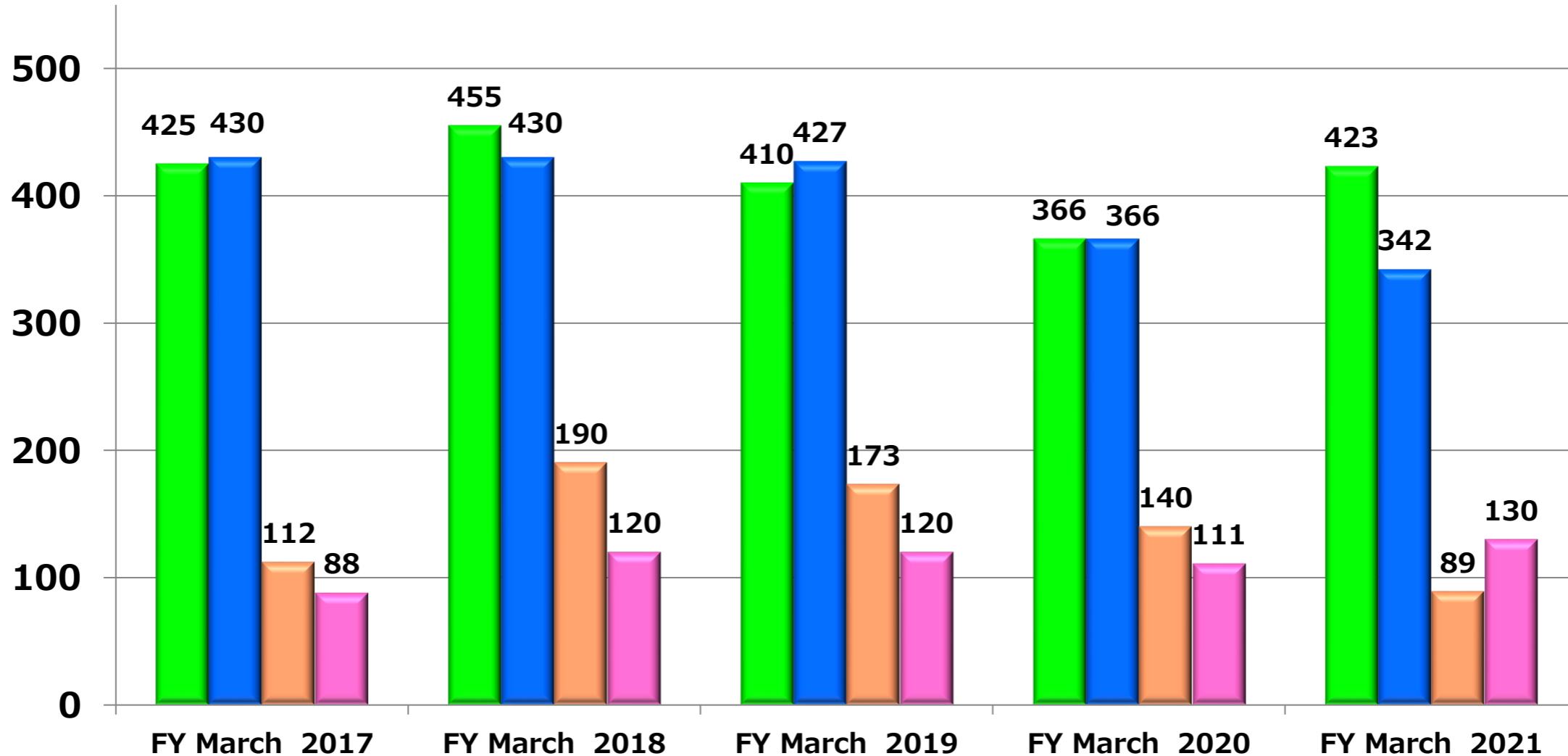


Business Status and Activity Report

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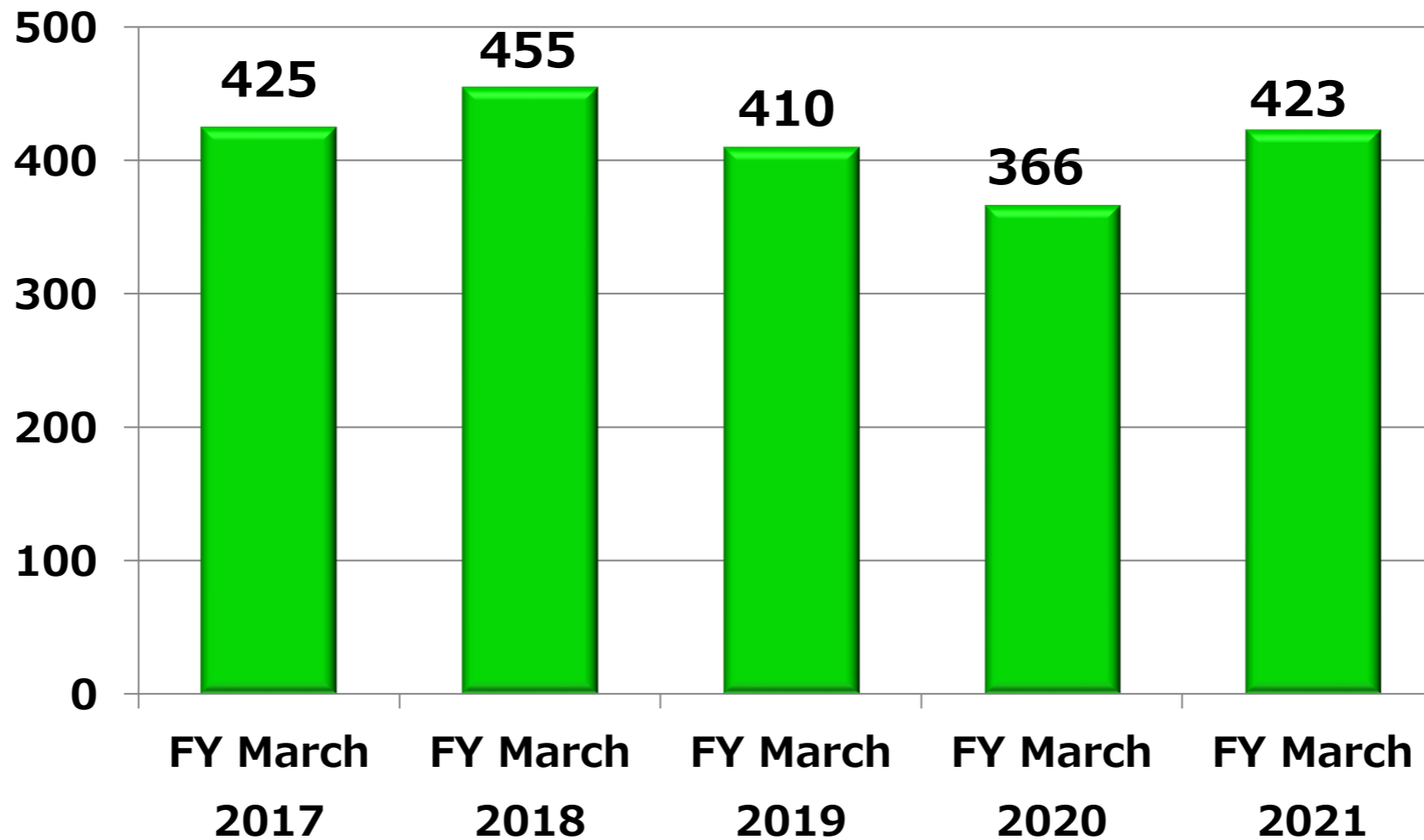
4-1. Core Market Sales Trends

(100 Million Yen)



4-2. Industrial Equipment Business Sales Trends

(100 Million Yen)

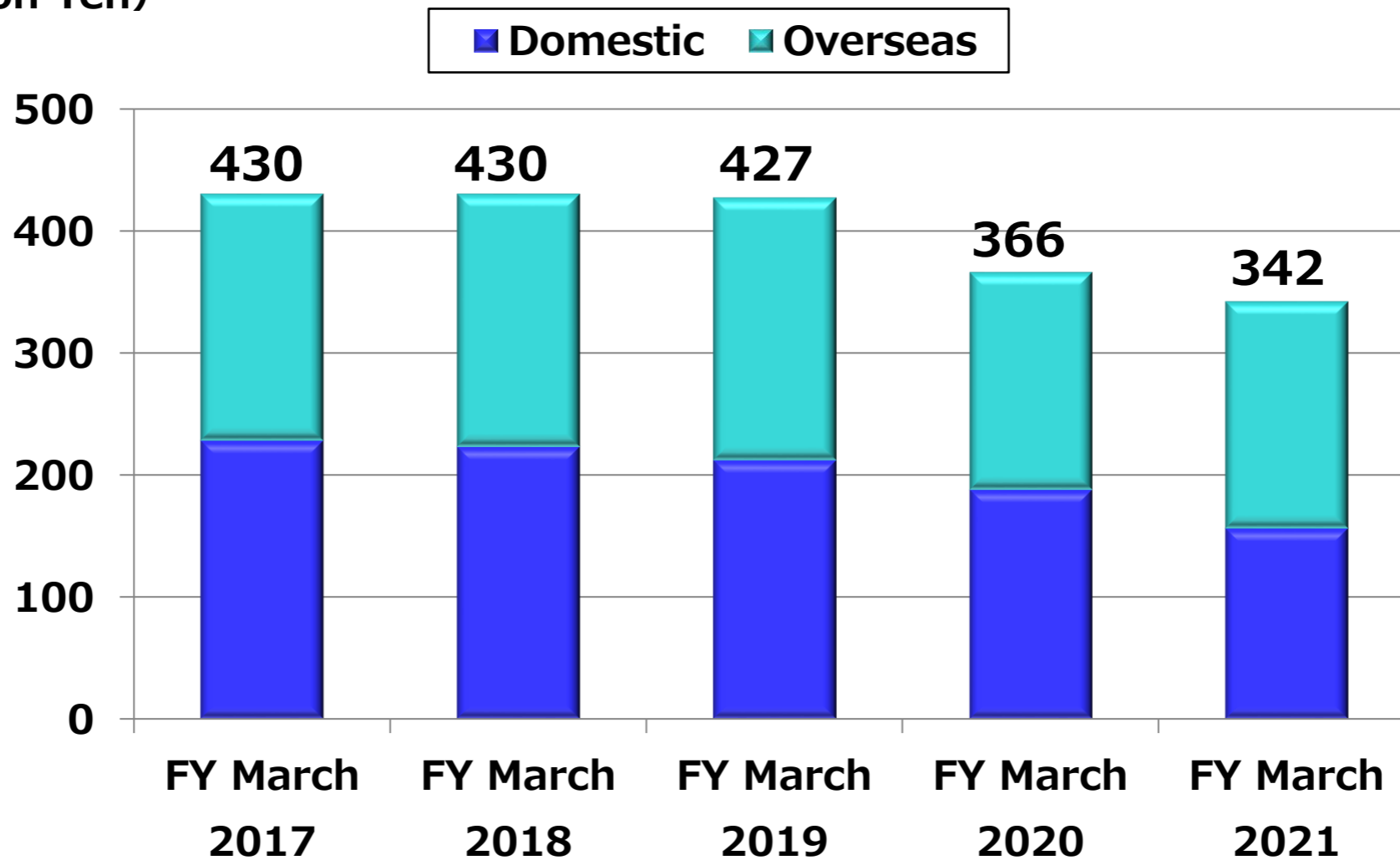


※Customers in the industrial sector

Machine tools, Semiconductor manufacturing equipment, Medical equipment, Smart meters, etc.

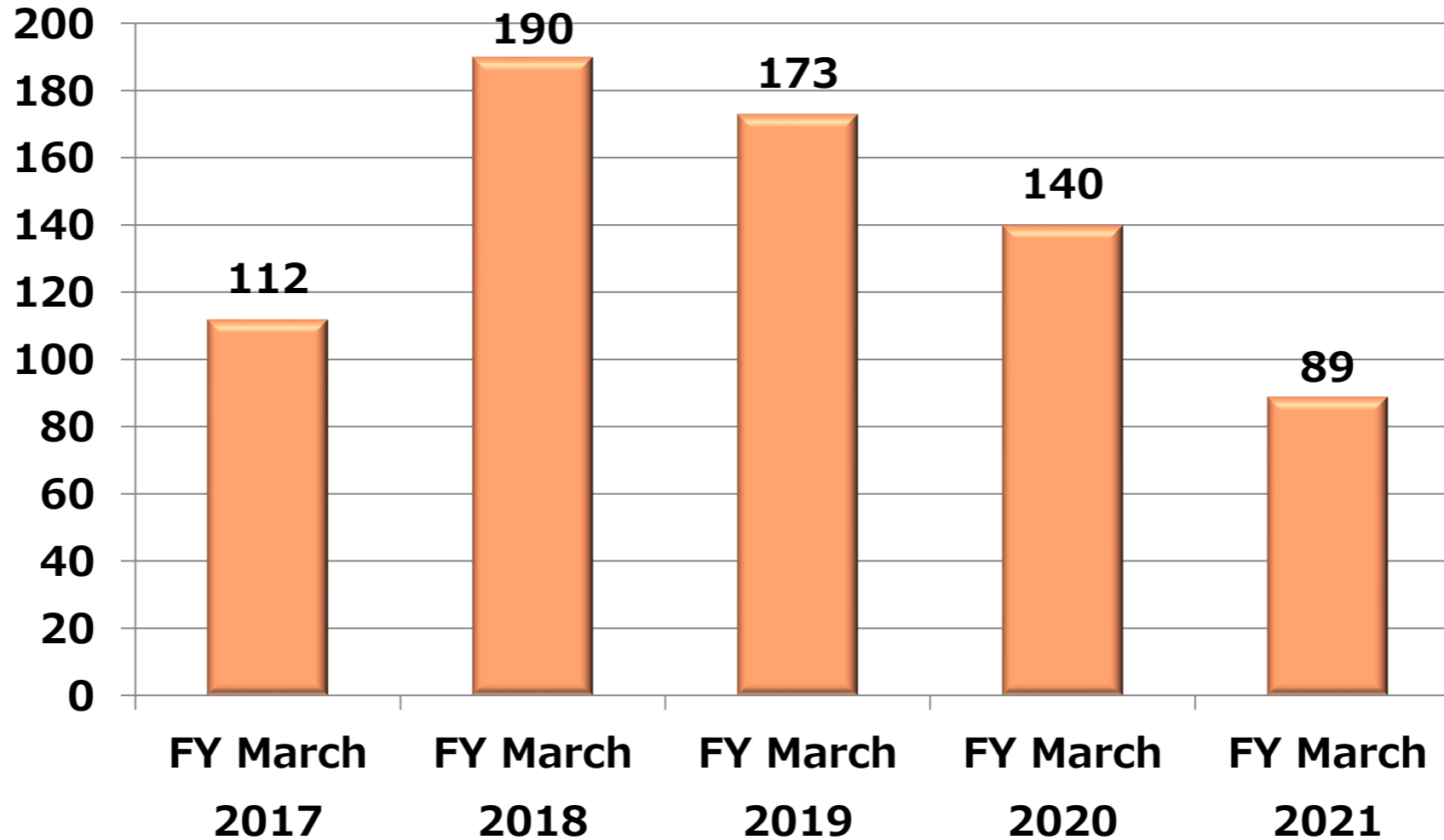
4-3. Automotive Equipment Business Sales Trends

(100 Million Yen)



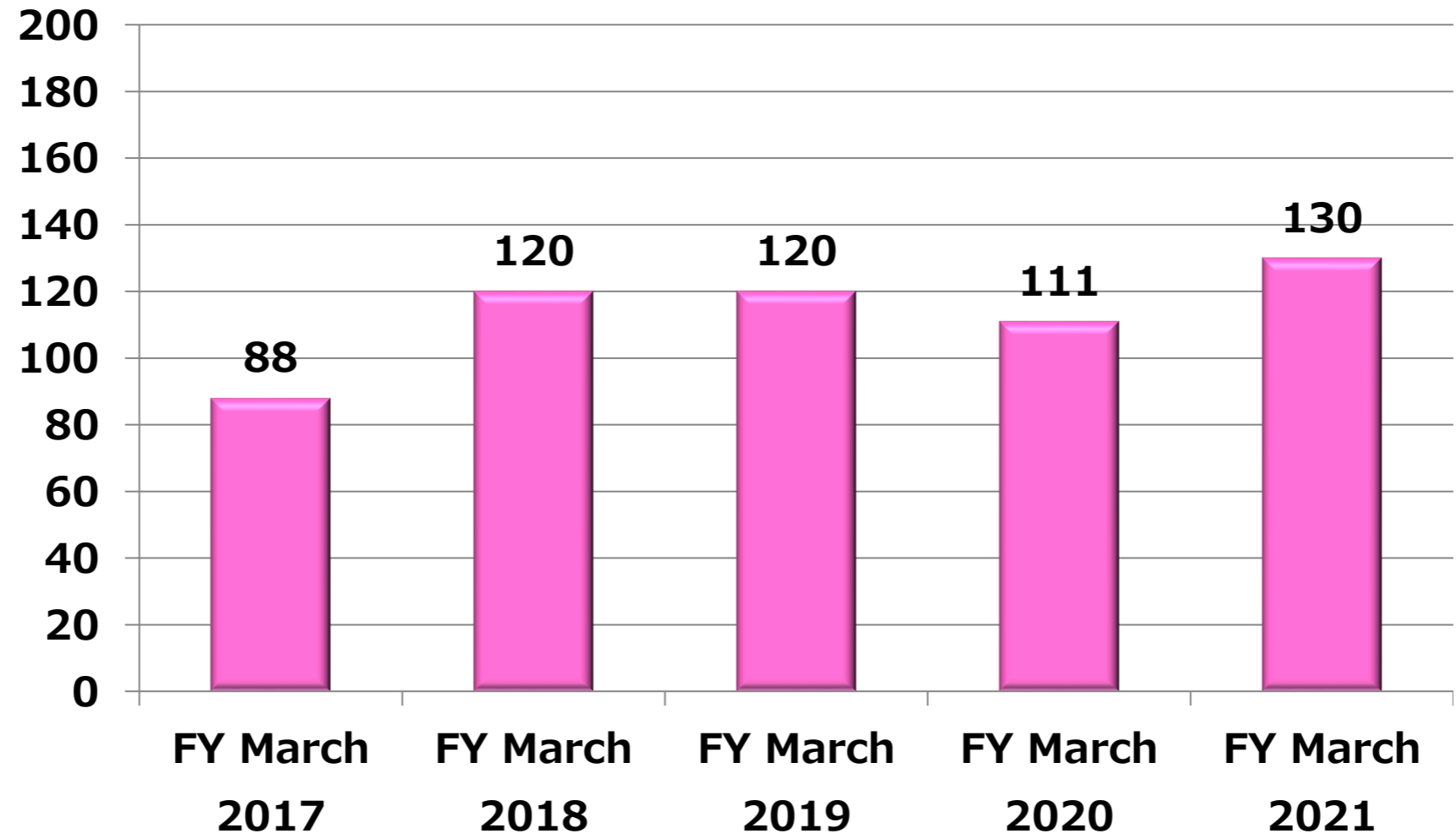
4-4. Amusement Equipment Business Sales Trends

(100 Million Yen)



4-5. O A Equipment Business Sales Trends

(100 Million Yen)



Business Status and Activity Report

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- 5. Future response**
6. SDGs Activity

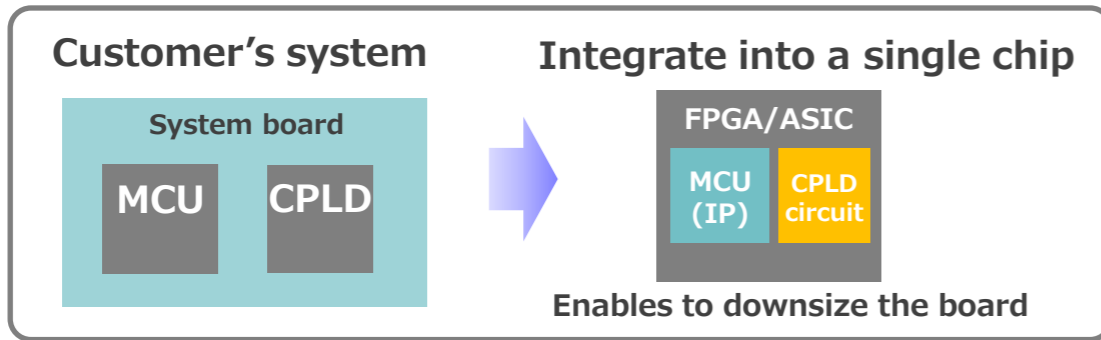
LSI development service utilizing IP

Shinko has begun to provide development service for embedding Renesas CPU into LSI
This service encourages customers to get started with new systems safely

Benefits of utilizing IP

IP enables to cut down total development cost while reducing new development workload

- ① BCP measures :
S/W with past achievements can be reused to develop safely
- ② Optimum structure :
Integrate MCU/peripheral functions into a single chip
- ③ Advanced development :
Activate new systems faster with proven S/W



LSI development support for customers


Shinko Group provides development service to realize short TAT development



[Source : Renesas Electronics Co., Ltd.]

Renesas Electronics IP(MCU) **Shinko Shoji LSI Design Center IP implementation** **Xilinx FPGA**

 **Shinko Shoji LSI Design Center Co.,Ltd.**
 Renesas IP License Partner
 Xilinx Alliance Partner

IP embedded FPGA development board available
 **Shinko IP 検索**

Reinforce Solution for EV market with growth potential

BMS solution has been newly added to EV solution lineup
Enables customers to efficiently develop new BMS system

※BMS : battery management system

Our EV solution lineup

Launched in the market
BLDC Motor Control Inverter
 (12V~24V)

New!
BMS Solution
 Developed in 2020/Nov



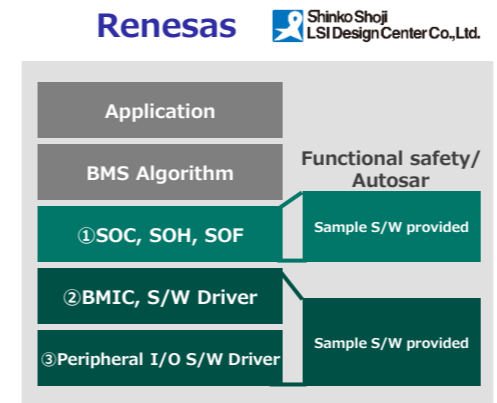
Launched in the market
EV Traction Motor Control Inverter
 (100kW)

Launched in the market
Bidirectional charger
 DC regenerative power supply

Overview of BMS Solution

System control S/W, functional safety/AutoSar development, battery evaluation support are to be provided.
Enables customers to focus on application development.

Software



PUES EV Shinko Shoji LSI Design Center Co., Ltd.

- Customer's battery evaluation
 - Faster customization with sample S/W
 - Provide compliant functional safety, AutoSar development
- Support**



Hardware



Renesas Electronics' battery control system evaluation kit is used in Hardware

Contribute to society with 「No Touch Frame®」 that can be operated without touching



It was used in NEC Magnus Communications' company cafeteria !



ATMs of domestic financial institutions



Order terminal for fast food restaurants



Hospital reception Terminal for revisitors



The No Touch Frame that can be installed later fulfills two customer's wishes that they want to be **「realized immediately」** and **「realized on the same screen as now」** at the same time.

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SDGs Activity



The Shinko Shoji Group will continue to look for new technologies and contribute to society, as an indispensable trading company that connects people to people and people to things.

Diversity



Compliance



Reuse & Recycling



Procurement activity



Safety, Disaster prevention and BCP



Environmental load reduction



Security



**Forecast for the fiscal year
March 2022**

Forecast for the fiscal year ending March 2022

- **Full-year earnings forecast**
- Differences between mid-term management plan and full-year earnings forecast
- Shareholder returns

Full-year earnings forecast

● Until the end of the COVID-19 pandemic, the global and the Japanese economy are likely to remain uncertain. Even though production is recovering in our major markets, such as automotive electrical equipment, industrial equipment, and OA equipment, we are concerned about the impact of the prolonged tight supply and demand of semiconductor products worldwide.

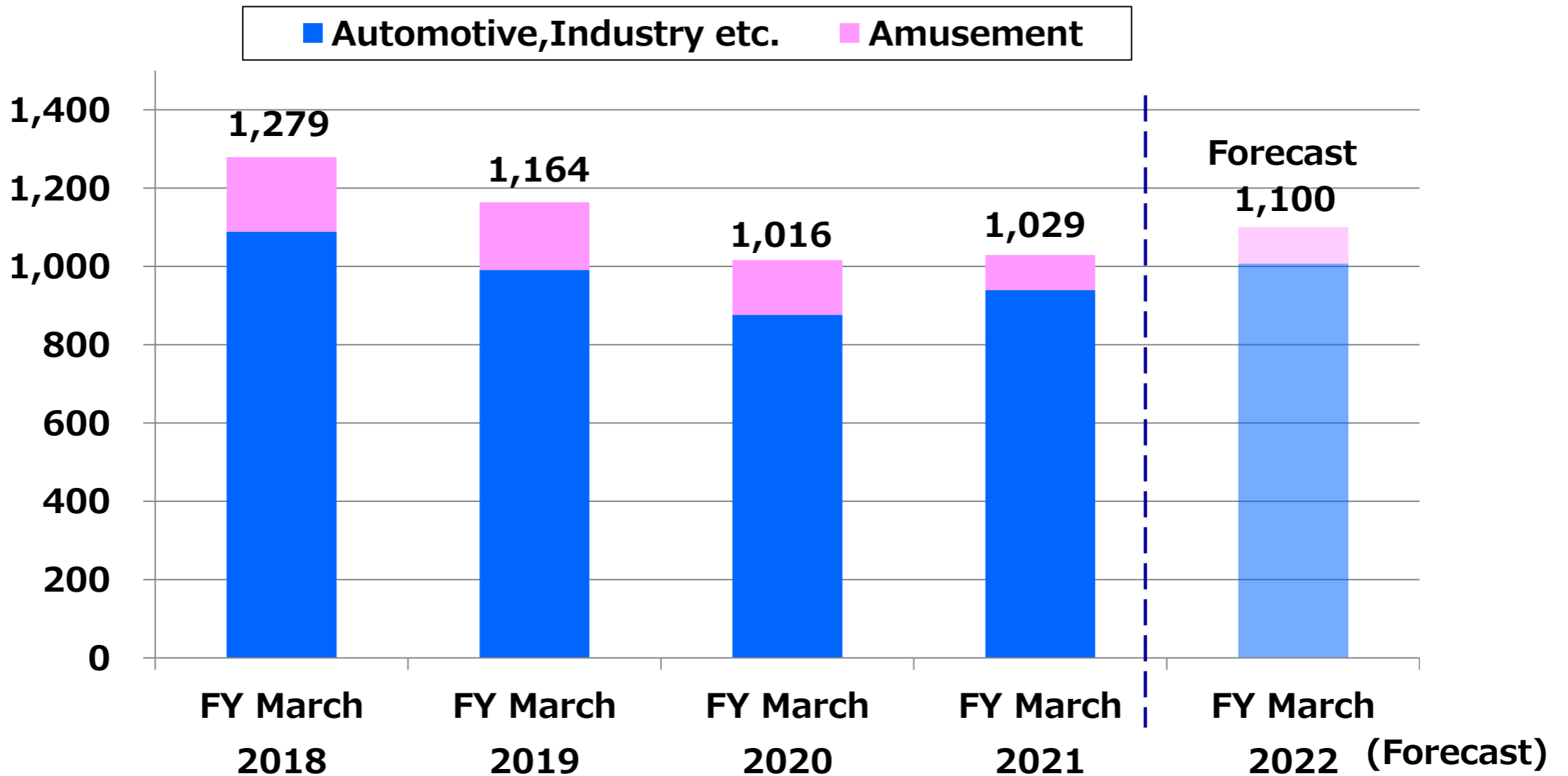
※ Due to the above reason, it is difficult to calculate reasonable earnings forecasts for the second quarter (total), so we only disclose our full-year earnings forecasts.

(Unit; Million yen)

	Results for the fiscal year ending March 2021	Forecast for the fiscal year ending March 2022	YOY	Increase and decrease
Net sales	102,898	110,000	+7%	7,102
Operating income	1,543	1,600	+4%	57
Ordinary income	1,561	1,600	+2%	39
Net income	1,255	1,260	0%	5
Net income per share	¥33.86	¥33.96	-	¥0.10

Earnings forecast (Sales)

(100 Million Yen)

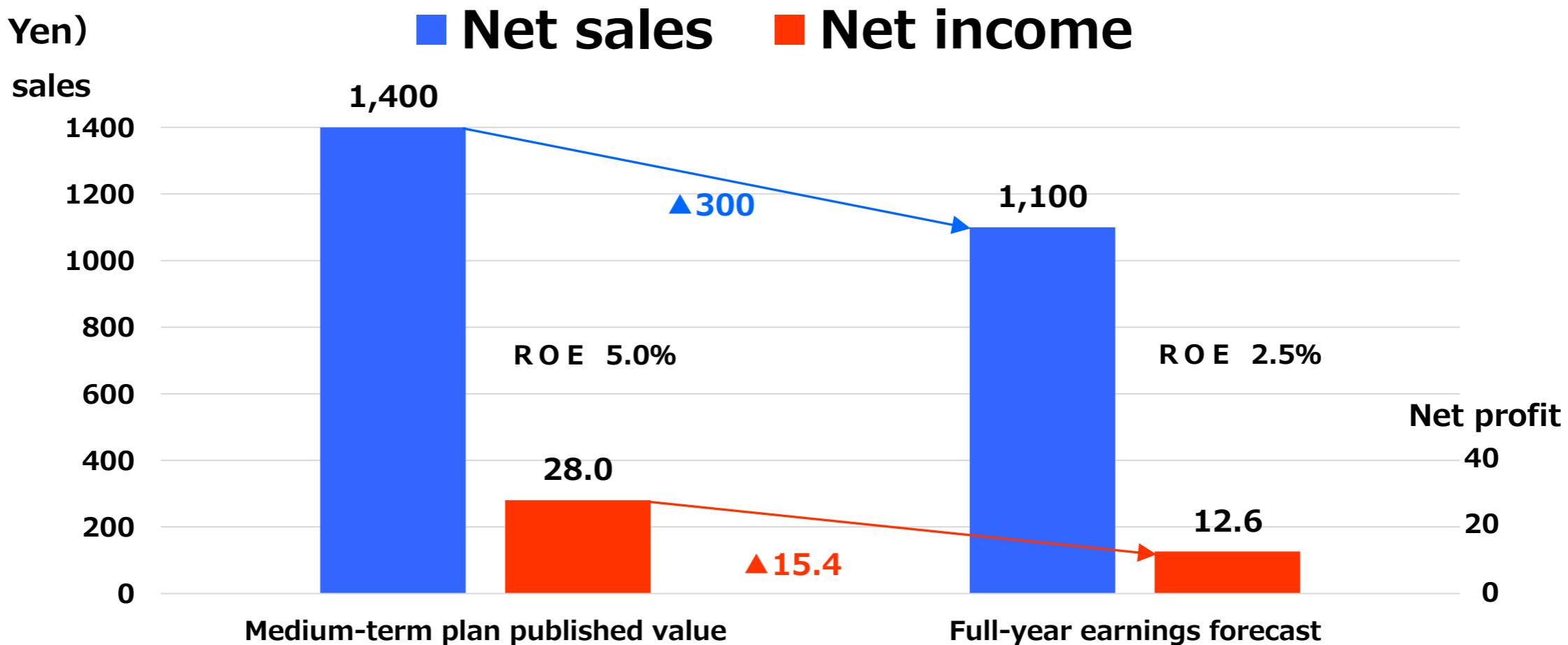


Forecast for the fiscal year ending March 2022

- Full-year earnings forecast
- **Differences between mid-term management plan and full-year earnings forecast**
- Shareholder returns

Mid-term management plan and full-year earnings forecast (the fiscal year ending March 2022)

(100 Million Yen)



Due to dramatic changes in the “economic situation, consumption trends, the supply and demand conditions” between the mid-term plan formulated in 2018 and the current economic situation in 2021, still under recovery stage from COVID 19 pandemic, the published value of the three-year mid-term management plan for March 2022 is not expected to be reached.

Forecast for the fiscal year ending March 2022

- Full-year earnings forecast
- Differences between mid-term management plan and full-year earnings forecast
- **Shareholder returns**

Dividend policy

◆ Dividend policy (med to long-term policy)

In order to meet the dividends expected by our shareholders, we place great importance on returning profits to our shareholders, and at the same time maintain our business foundation and sustainability while paying attention to capital costs.

Therefore, based on the total shareholder return, which is the sum of the dividend amount and the amount of treasury stock purchased, we will set a total return ratio (Note) of 100% or more from the fiscal year ending March 2020 to ending March 2022.

(Note) Total return ratio = (dividend amount + treasury stock acquisition price) / consolidated net income x 100

Returning to shareholders

The dividend for the fiscal year ending March 2022 is planned to be 34 yen, which is the same as the previous fiscal year, based on the full-year earnings forecast.

- Dividend per share

	FY March 2022 forecast
1H	¥ 1 7 . 0 0
2H	¥ 1 7 . 0 0
Annual	¥ 3 4 . 0 0

- A dividend payout ratio of 100.1% scheduled for the fiscal year ending March 2022.

Contact Information

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