



新光商事株式会社
Shinko Shoji Co., Ltd.

Earnings Report for Fiscal 2021 (Ending March 31, 2022)

- **Overview of Settlement**
- **Business Status**
- **Solution proposal to contribute the society**
- **Earnings forecast**

Jun. 2022

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

The prospect in this presentation is based on the information that is available at the present moment.

Because it includes uncertainties and risks, there is a possibility that actual performance will differ significantly from those expressed or implied in this prospect.

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 2022

Our group (the Company and its consolidated subsidiaries) achieved sales' and profits' increase, reflecting strong performance in all of our major fields of business: industrial equipment, automotive electronic equipment, office automation equipment, and entertainment equipment businesses.

- **In the industrial equipment business, sales for industrial robots and semiconductor manufacturing equipment were strong.**
- **In the automotive electronic equipment business, sales were strong following the recovery of production by automakers.**
- **In the OA equipment business, sales were strong reflecting the growing demand for office automation in line with the shift to new lifestyles.**
- **In the entertainment equipment business, sales were steady compared to the previous fiscal year, when it was significantly impacted by the COVID-19 pandemic, and recovered to the level of the fiscal year before last.**

Overview of Settlement (Comparison with the previous year)

We achieved year-on-year increases in both sales and profits for consolidated net sales, operating profit, recurring profit, and current net income.

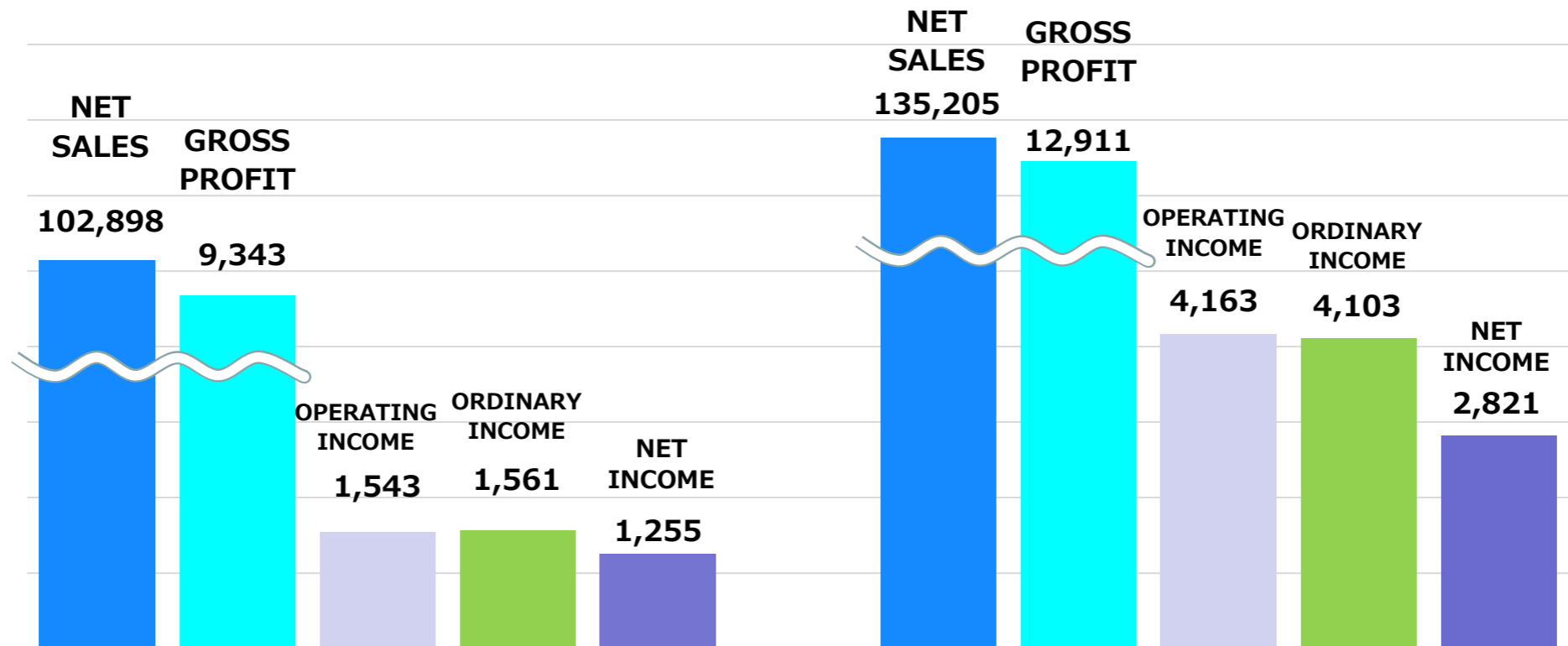
	FY March 2020	FY March 2021	Growth Rate YoY	Increase/ Decrease (YoY)
Net sales	102,898	135,205	+31.4%	32,307
Gross Profit	9,343	12,911	+38.2%	3,568
Selling, general and administrative Expenses	7,800	8,748	+12.2%	948
Operating income	1,543	4,163	+169.7%	2,620
Ordinary income	1,561	4,103	+162.8%	2,542
net income	1,255	2,821	+124.7%	1,566
Net income per share Dividend per share (Year)	¥33.86	¥76.11	-	¥42.25
Net sales Gross Profit	中間¥14.00 期末¥20.00	中間¥23.00 期末¥36.50	-	-

Consolidated income statement

(Unit; Million yen)

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

FY March 2022
(April 1,2021~March 31,2022)

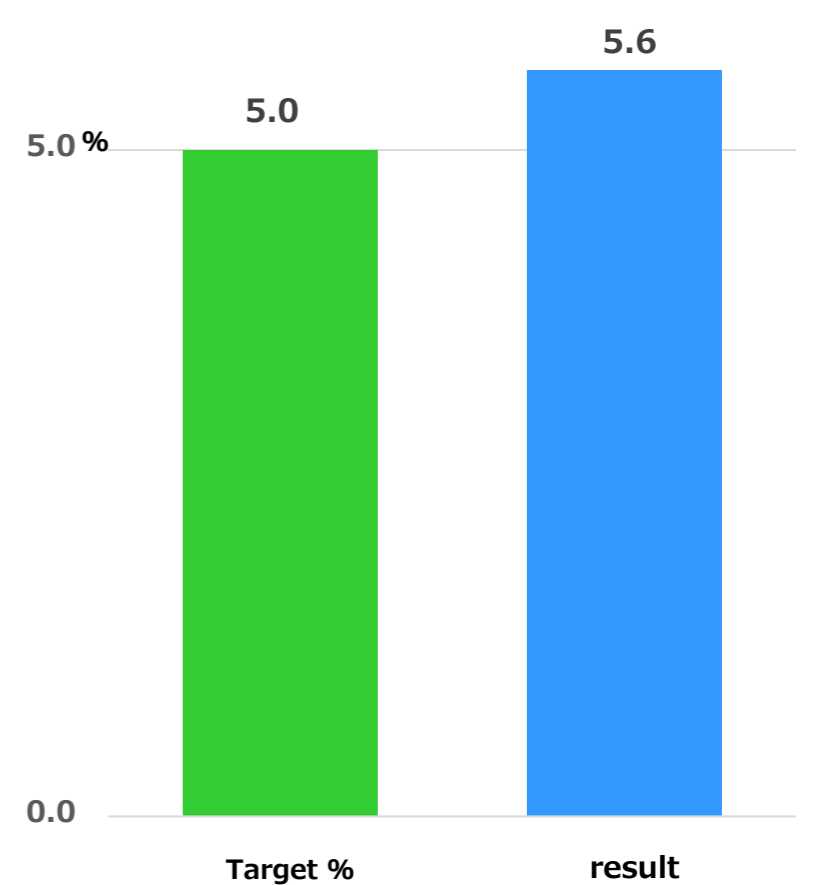
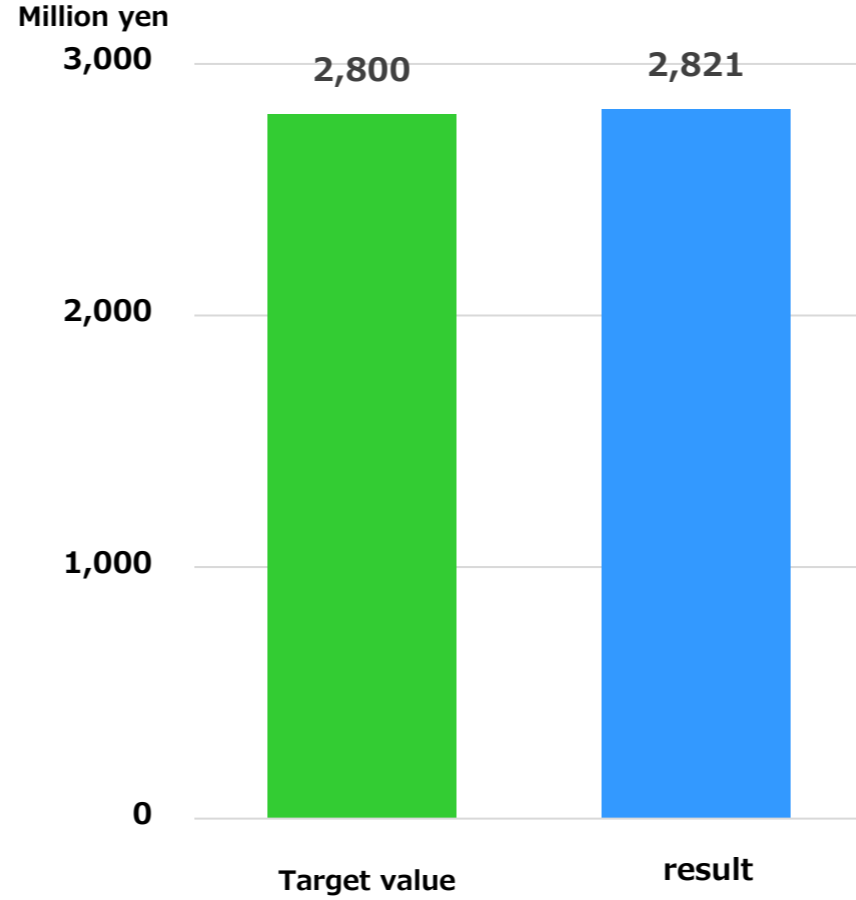
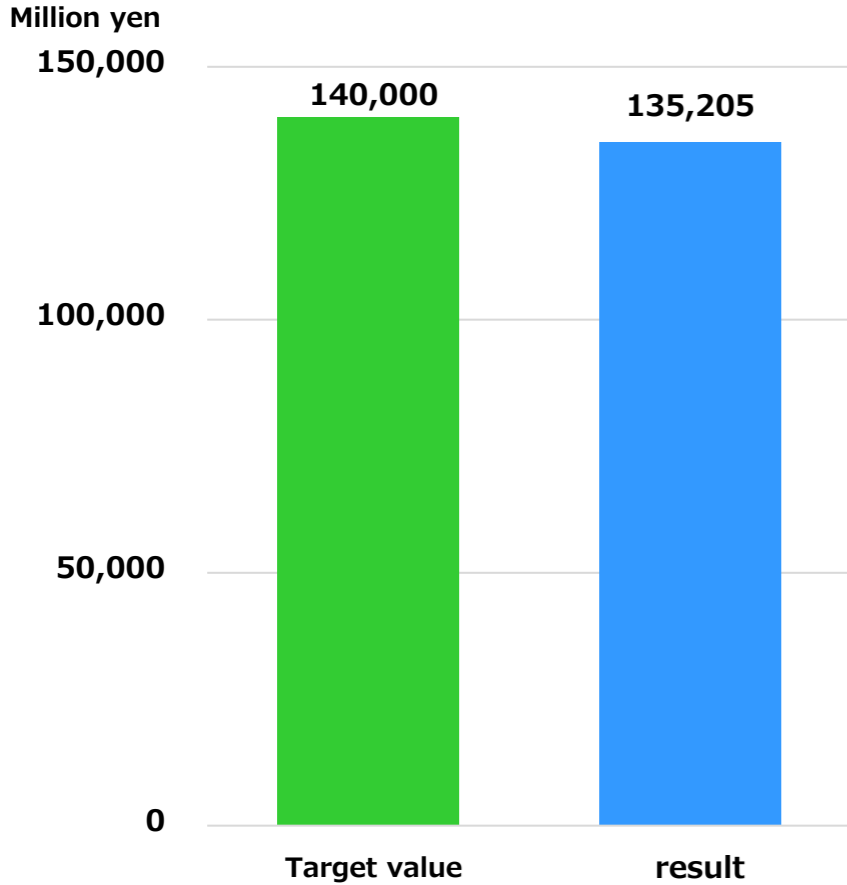


Mid-term management plan (the fiscal year ending March 2022)

(Unit; Million yen)
Sales 135,205
(96.6%)

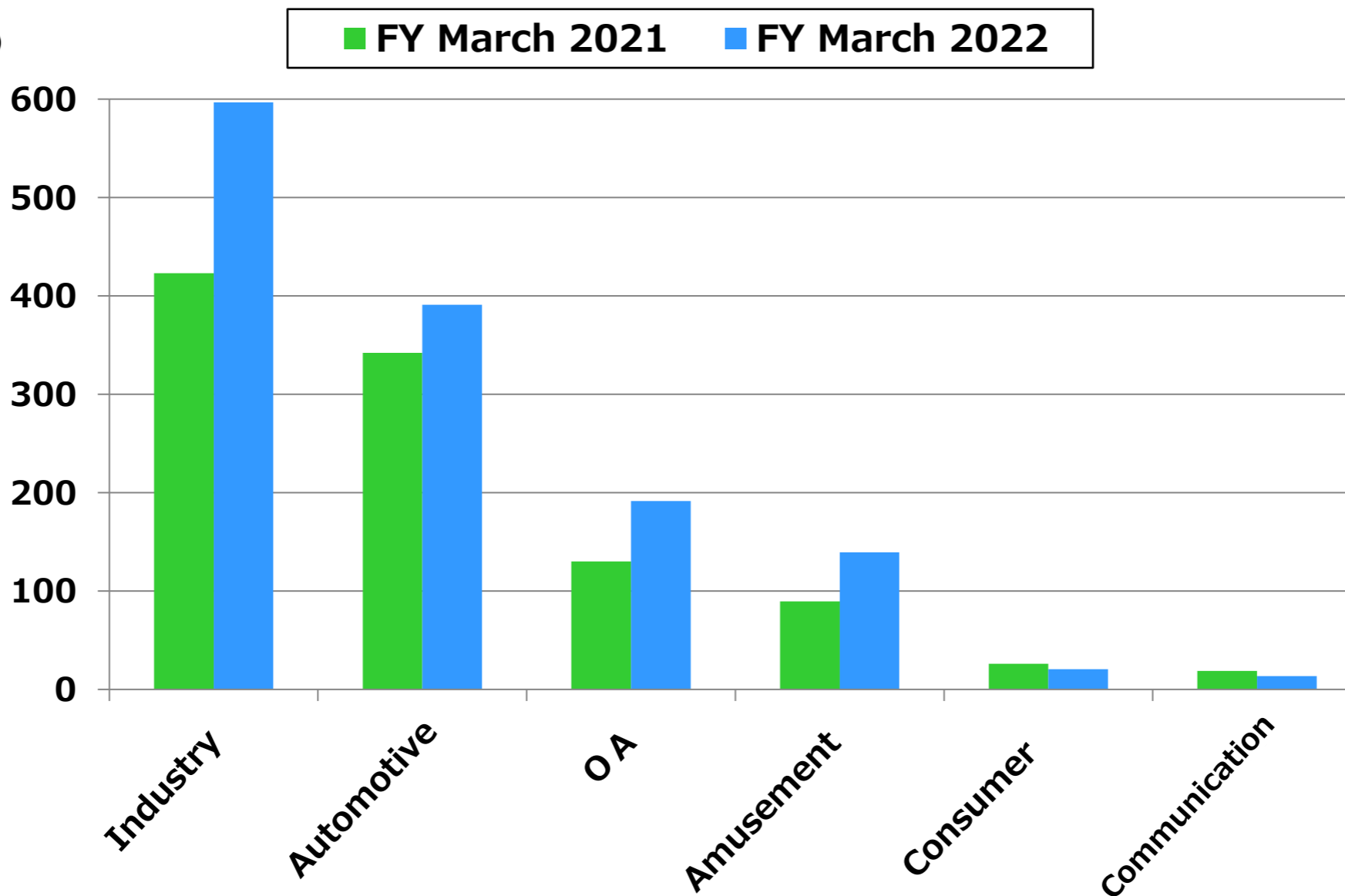
(Unit; Million yen)
Net income 2,821
(100.8%)

ROE 5.6%

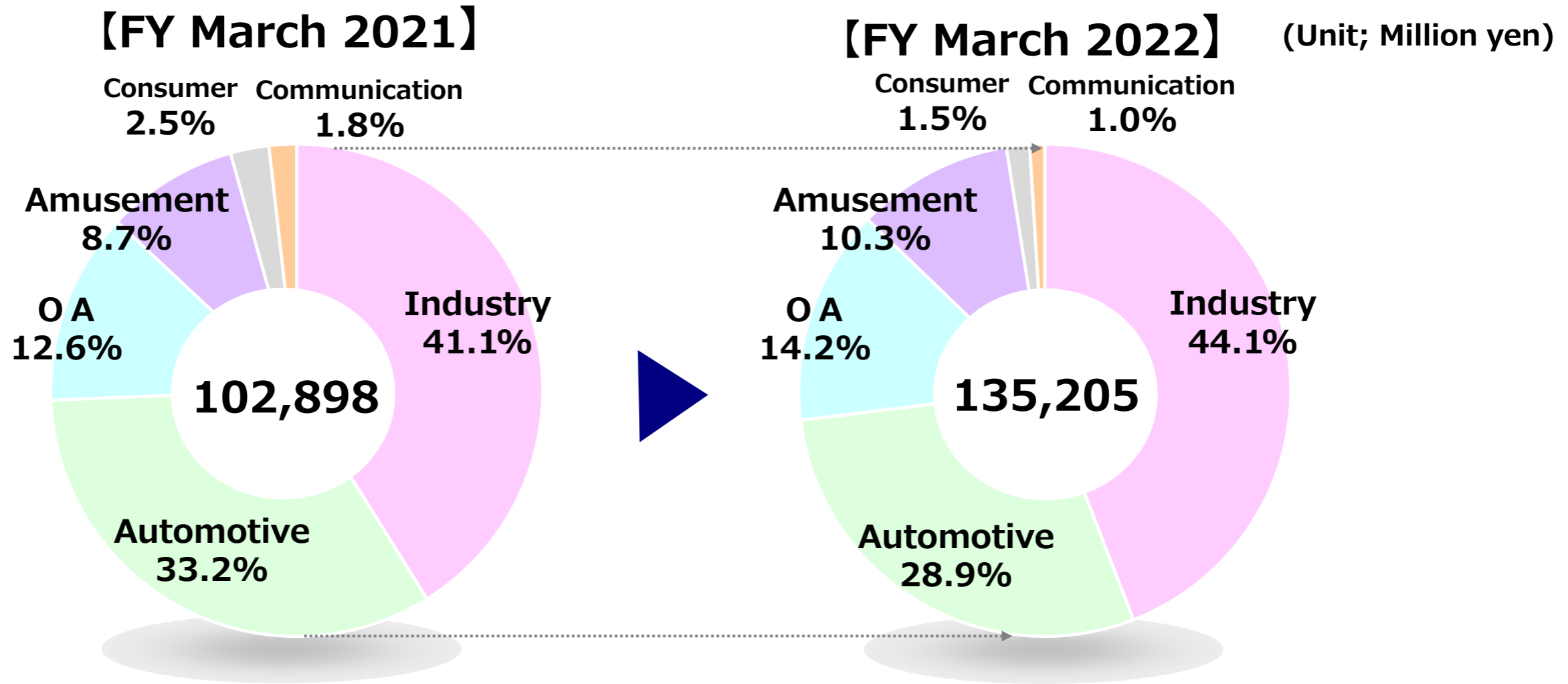


Sales composition ratio by product(amount)

(Unit;100 Million yen)



Sales composition ratio by product

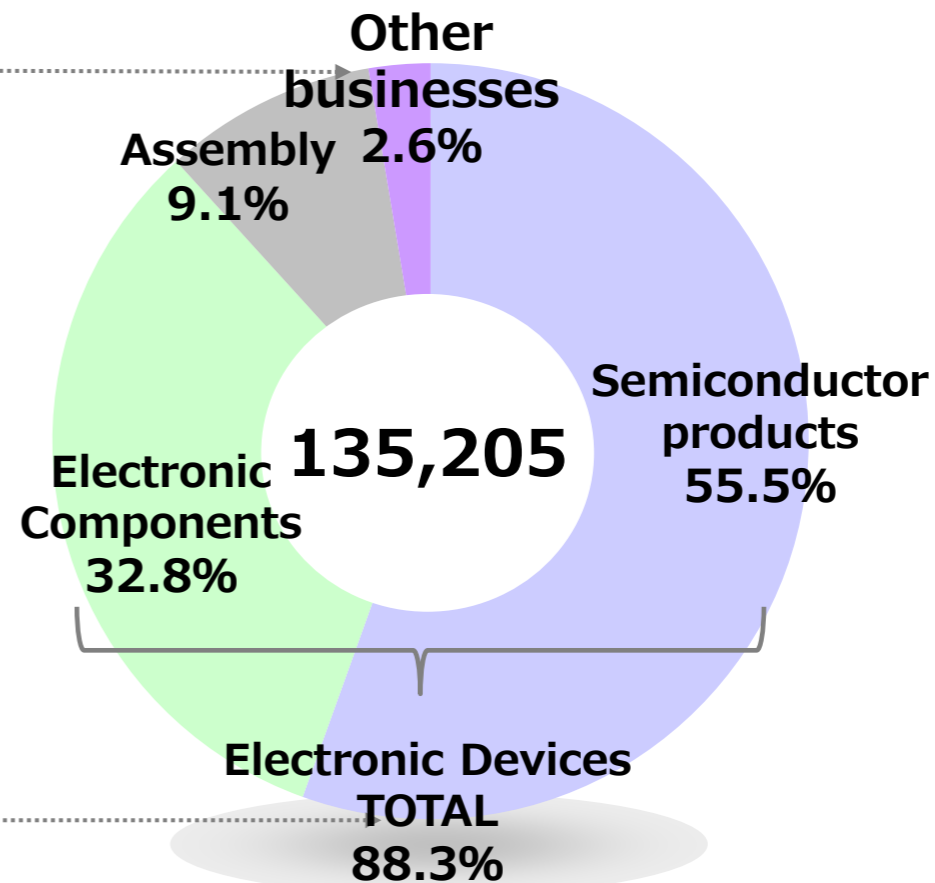
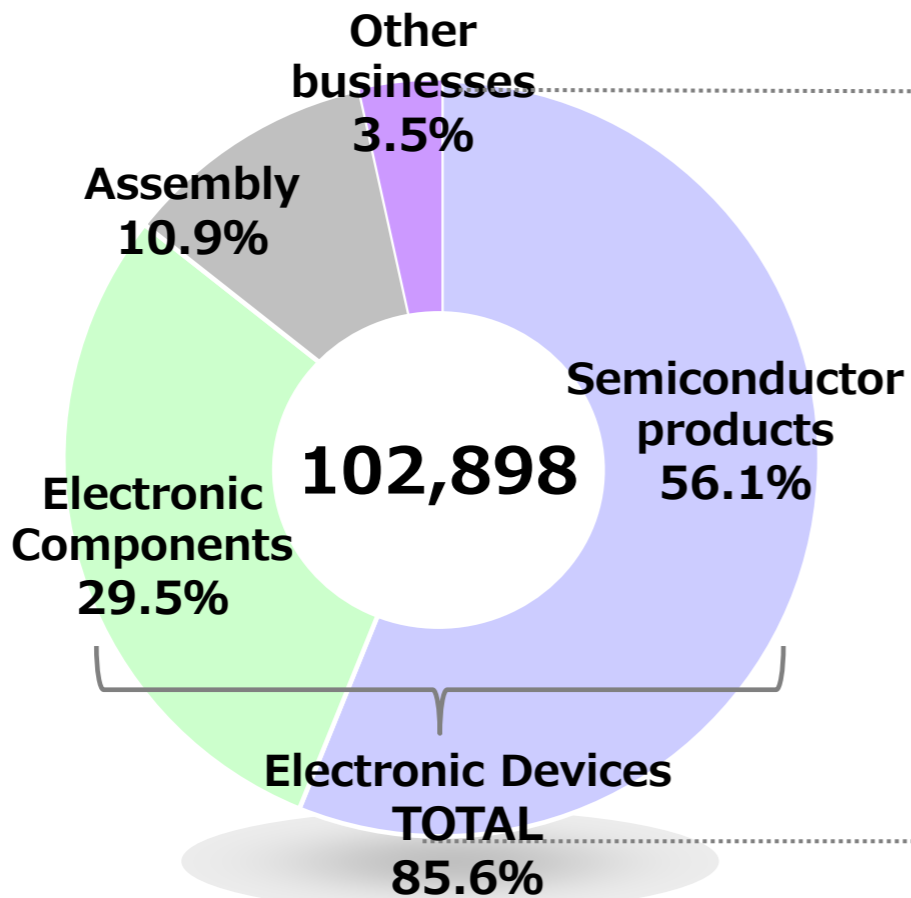


Sales composition ratio by product

【FY March 2021】

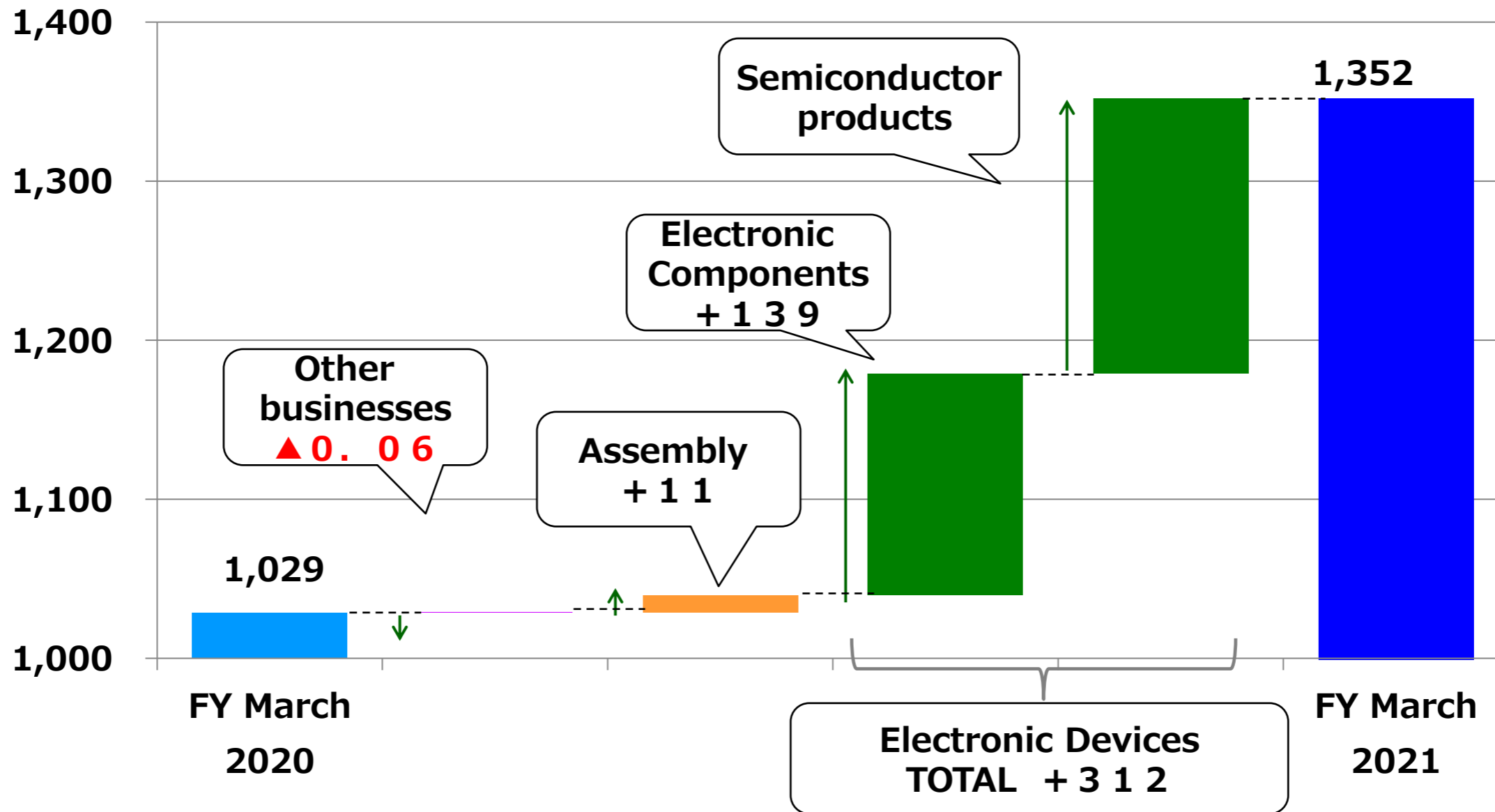
【FY March 2022】

(Unit; Million yen)



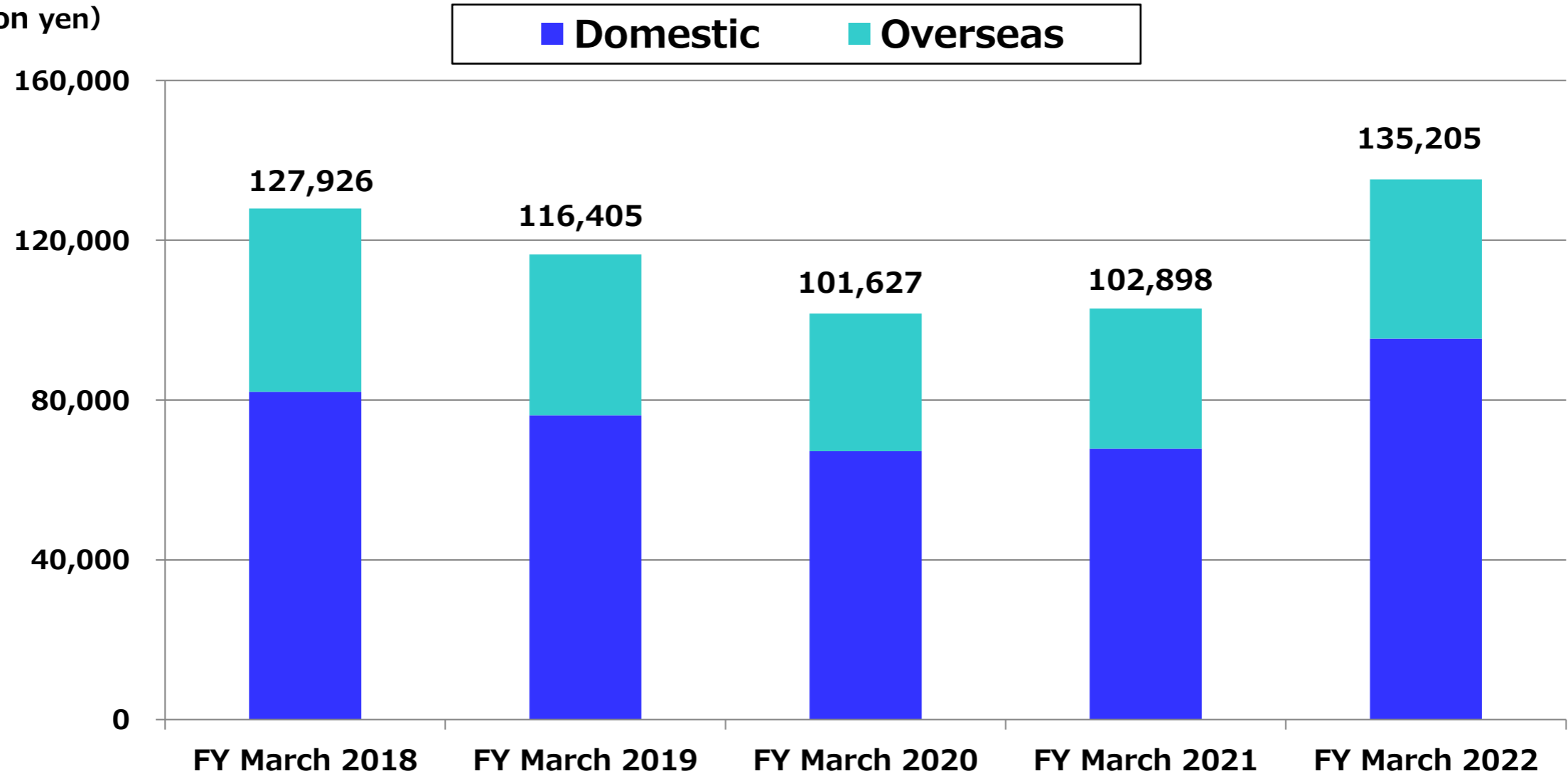
Analysis on factor of increase / decrease in sales Compared with the previous year

(Unit; 100 Million yen)



Trend of Net sales

(Unit; Million yen)



1US\$ = (106.24)

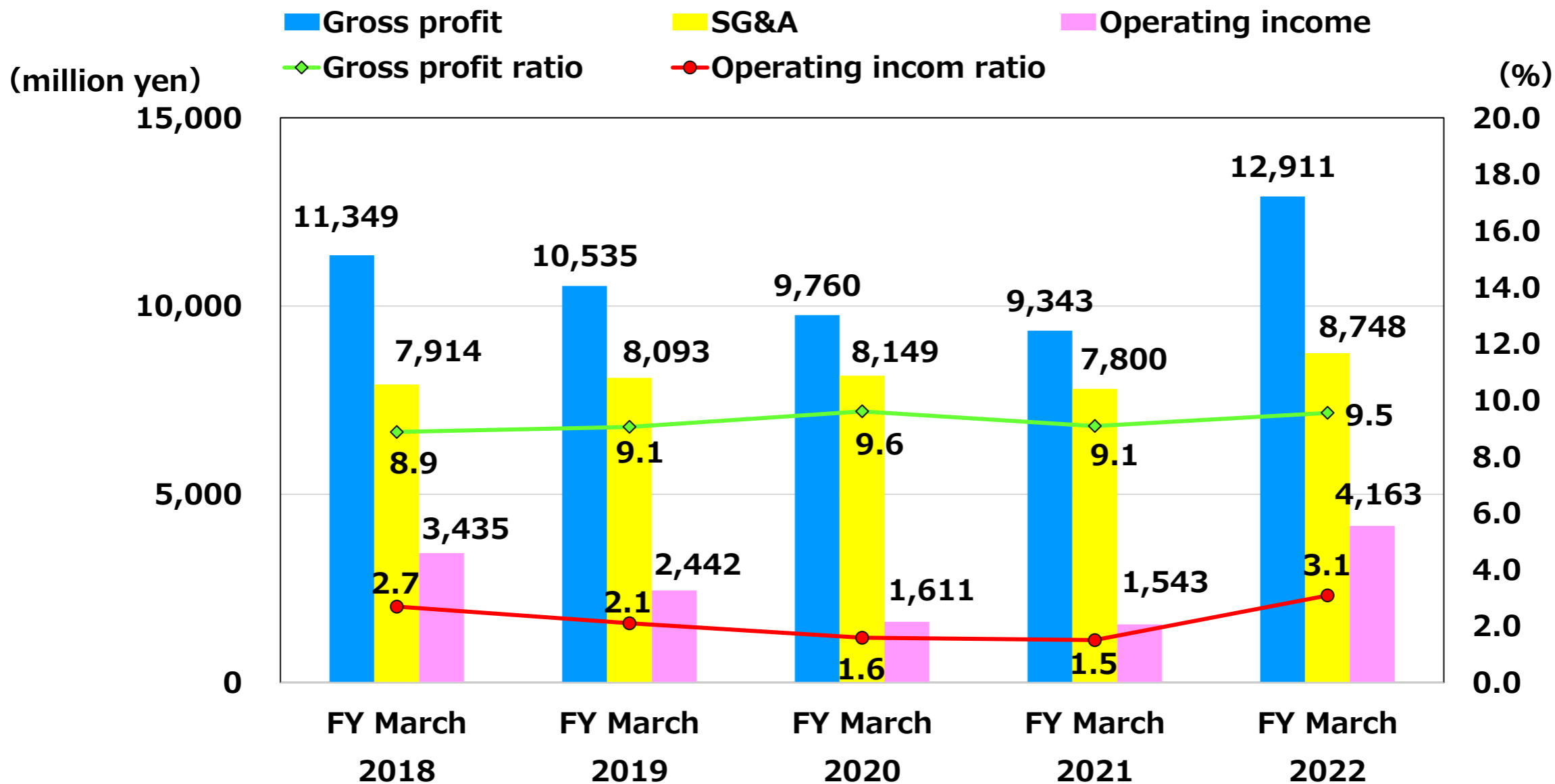
(110.99)

(108.83)

(110.71)

(122.39)

Gross profit / Gross profit ratio / SG & A Transition



Summary Balance Sheet 1 (Assets)

(Unit; Million yen)

	FY March 2021	FY March 2022	Increase / decrease
Total assets	73,489	88,951	15,462
Current assets	66,833	82,370	15,537
Cash and deposits	17,697	10,710	△6,987
Notes receivable, accounts receivable and contract assets	23,960	31,307	7,347
Products	16,840	29,189	12,349
Accounts receivable	8,141	10,895	2,754
Fixed assets	6,656	6,580	△76
Tangible fixed assets	916	810	△106
Investment securities	3,242	3,106	△136

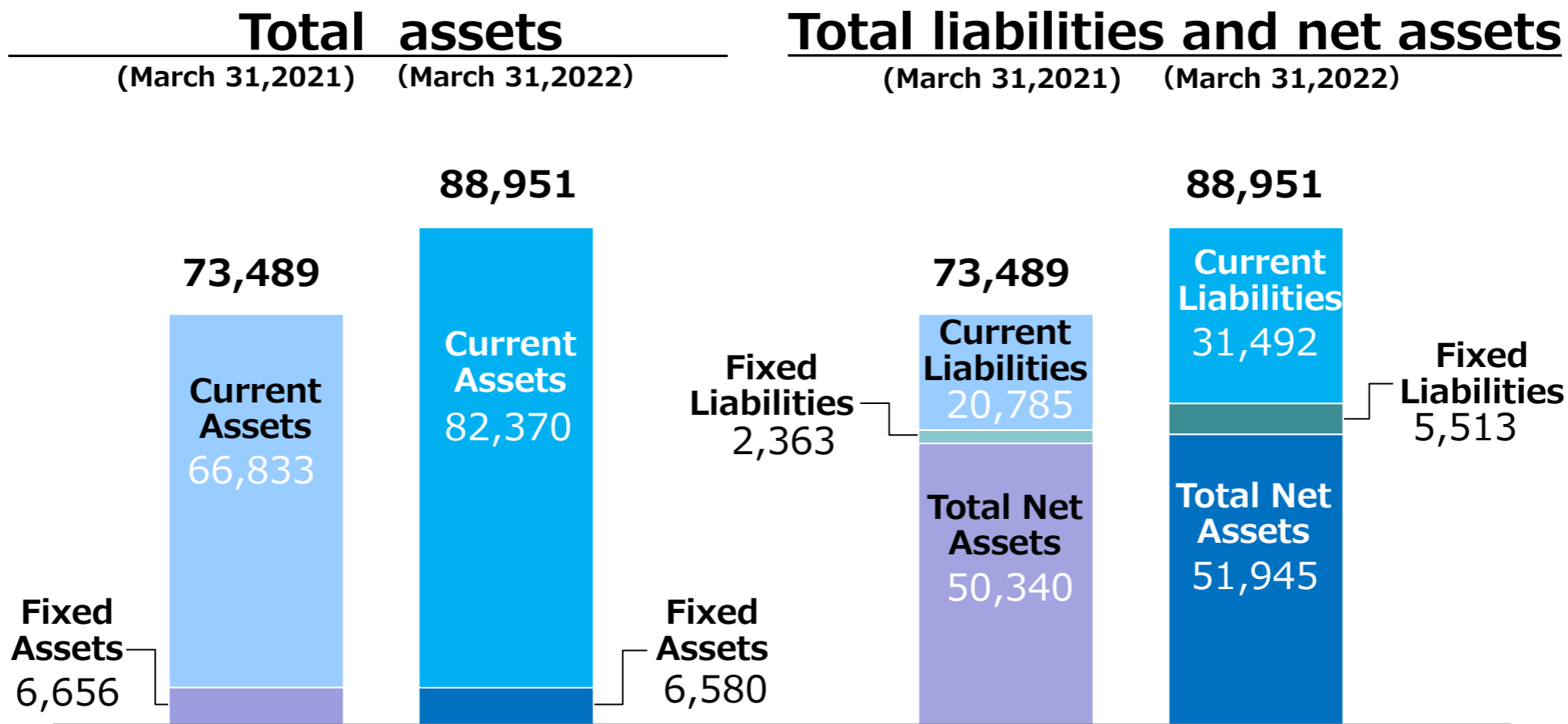
Summary Balance Sheet 2 (Assets)

(Unit; Million yen)

	FY March 2021	FY March 2022	Increase / decrease
Total liabilities	23,149	37,005	13,856
Current liabilities	20,785	31,492	10,707
Trade notes and accounts payable	11,073	17,324	6,251
Electronically recorded debt	2,012	1,978	△34
Short-term debt	1,295	7,444	6,149
Current portion of long-term debt	2,500	-	△2,500
Fixed liabilities	2,363	5,513	3,150
Long-term debt	600	3,800	3,200
Total net assets	50,340	51,945	1,605
Capital and capital surplus	19,100	19,100	0
Retained earnings	37,679	31,225	△6,454
Treasury stock	△8,298	△1,286	7,012
Total liabilities and net assets	73,489	88,951	15,462
Capital adequacy ratio	67.7%	57.8%	△9.9%

Consolidated Balance Sheet

(Unit; Million yen)



Cash Flows

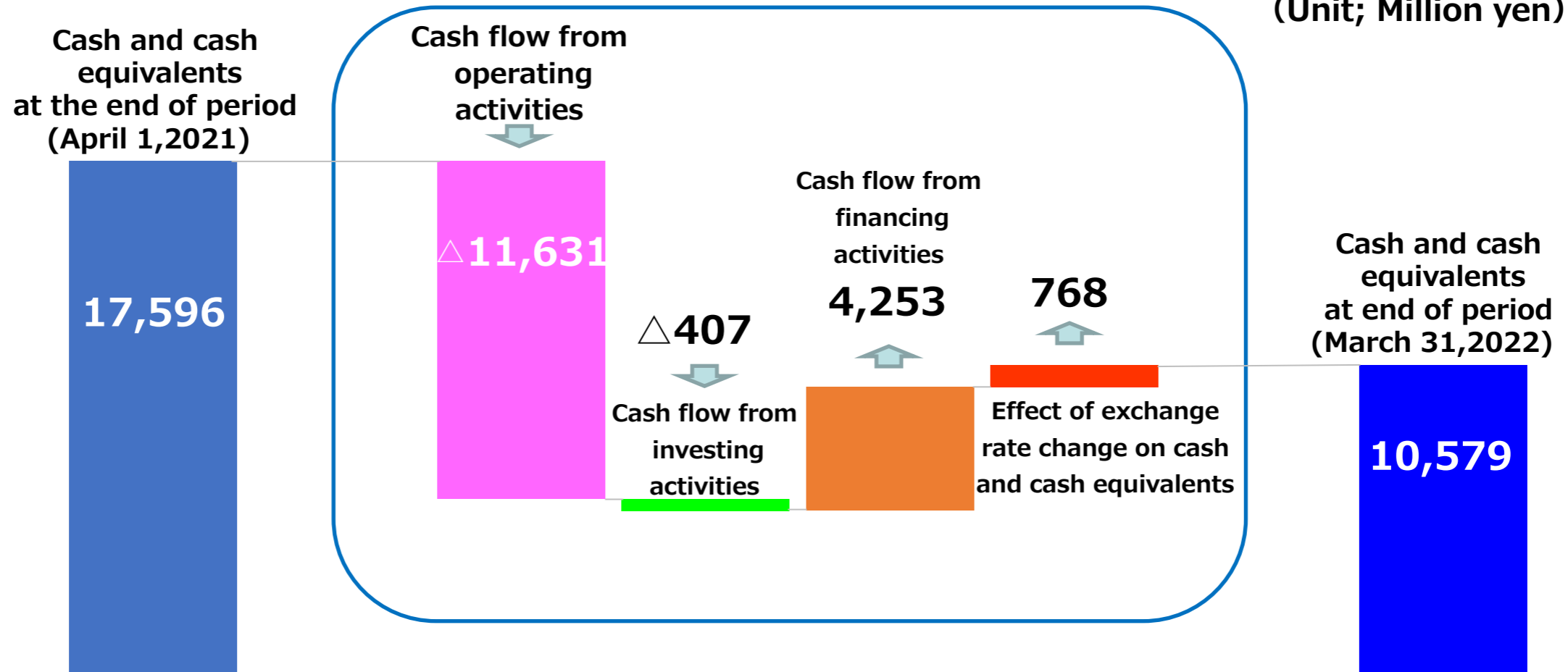
(Unit; Million yen)

	FY March 2021	FY March 2022	Transition
Cash flow from operating activities	△4,527	△11,631	△7,104
Cash flow from investing activities	△714	△407	307
Cash flow from financing activities	△1,232	4,253	5,485
Cash and cash equivalents at end of period	17,596	10,579	△7,017

Consolidated Statements of Cash Flows

FY 2021(April 1,2021~March 31,2022)

(Unit; Million yen)



Dividends

	Fiscal year ended March 2021
Dividend per share	¥ 5 9 . 5 0
Total return ratio	100.3%

***As disclosed on February 14, 2022, the Company conducted a share buyback with a maximum acquisition price of 1 billion yen.**

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

Business Status

Business Status

- 1. Business status of Renesas Electronics**
- 2. Sales trends of overseas business**
- 3. Business situations surrounding our core markets**

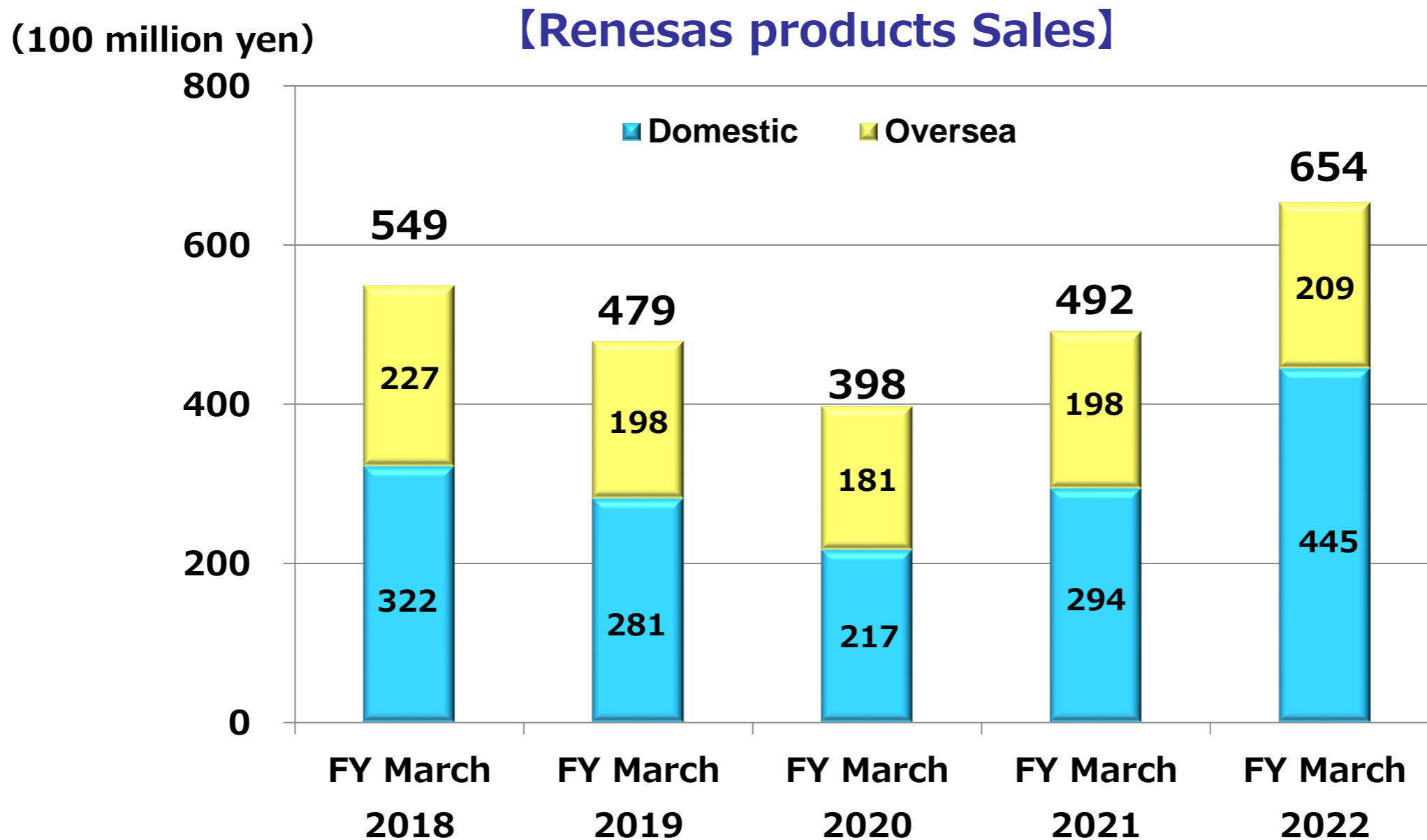
Business Status

1. Business status of Renesas Electronics

2. Sales trends of overseas business

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1-1. Renesas Electronics Business

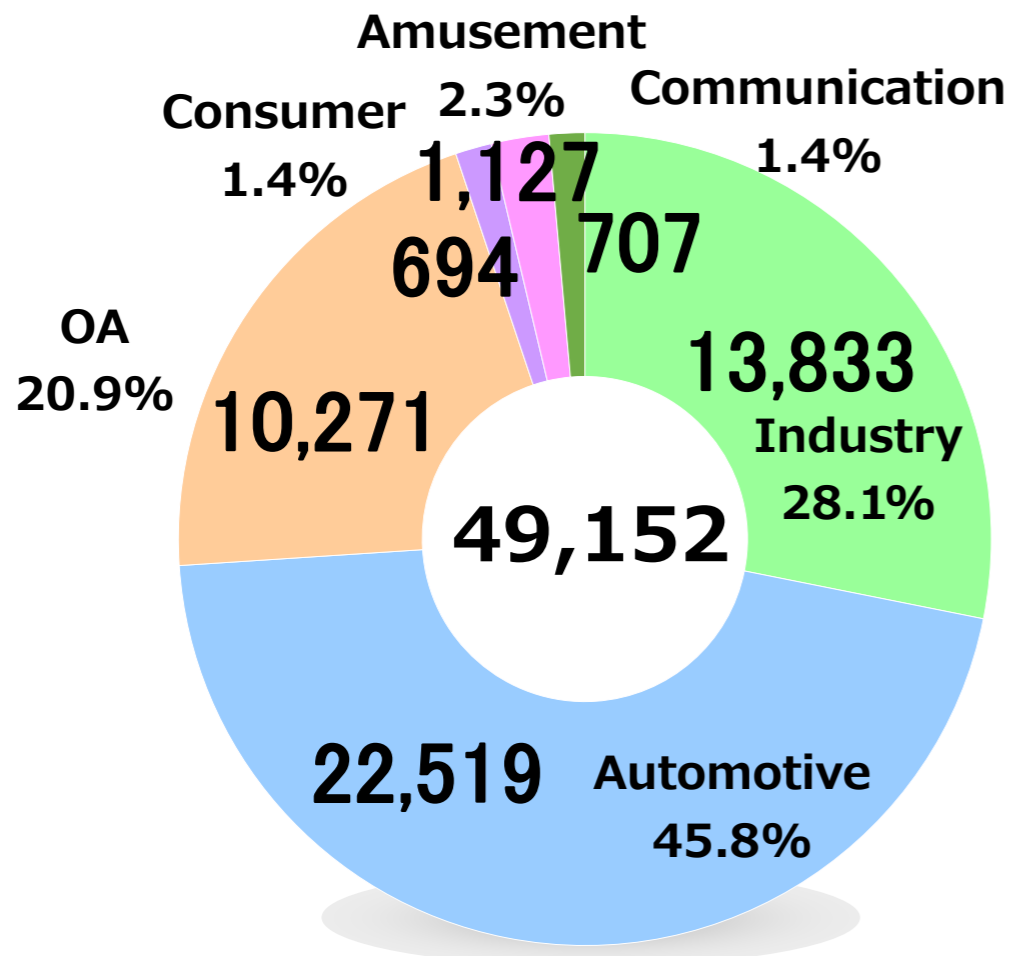


1-2. Renesas Electronics Business

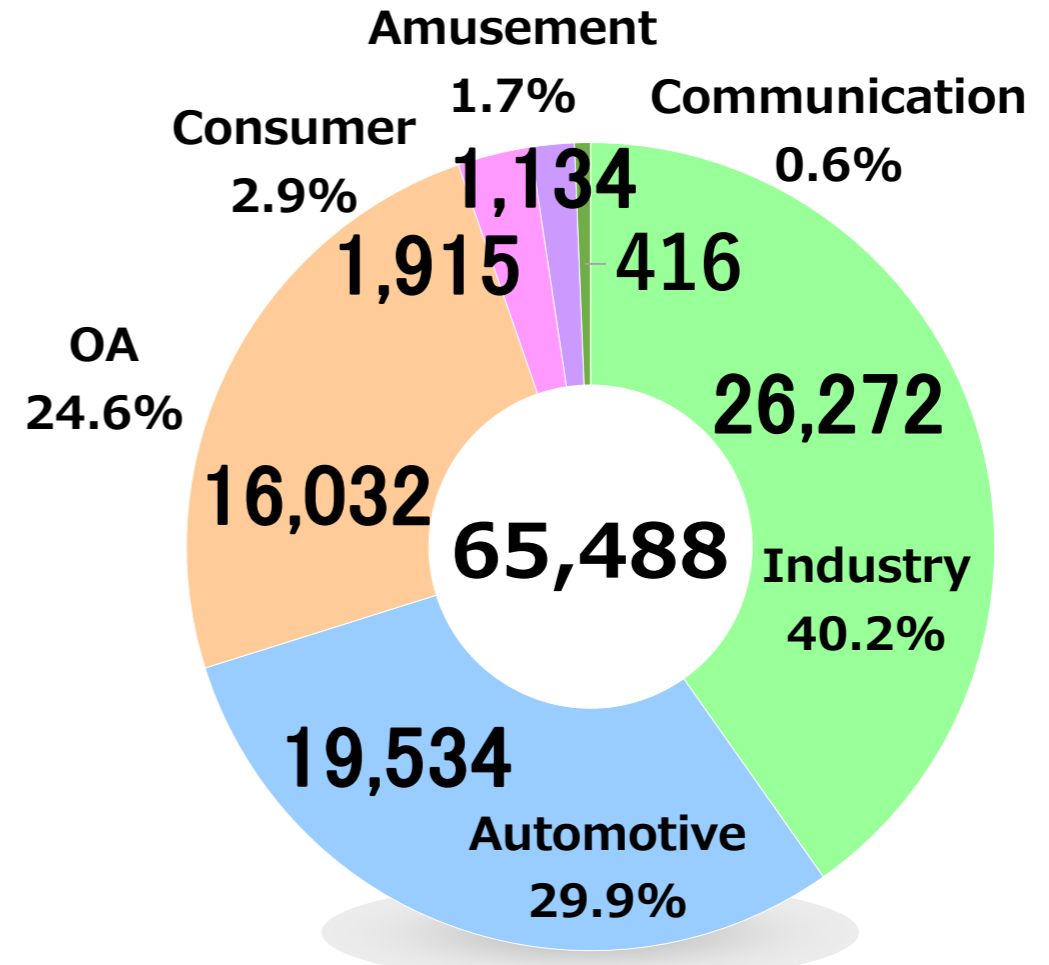
【Sales composition ratio by field】

(Unit; Million yen)

【FY March 2021】



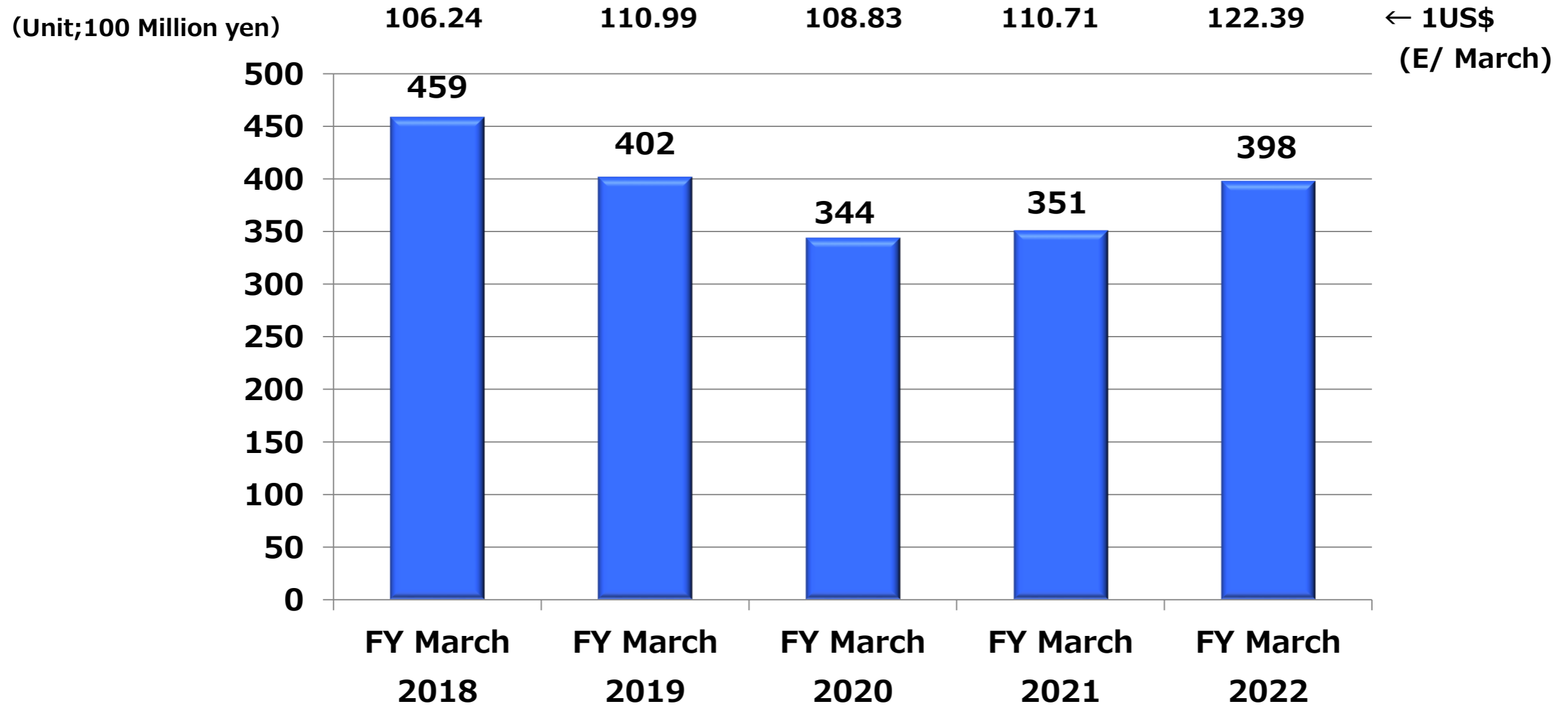
【FY March 2022】



Business Status

1. Business status of Renesas Electronics
- 2. Sales trends of overseas business**
3. Business situations surrounding our core markets

2. Overseas Business Sales Trends

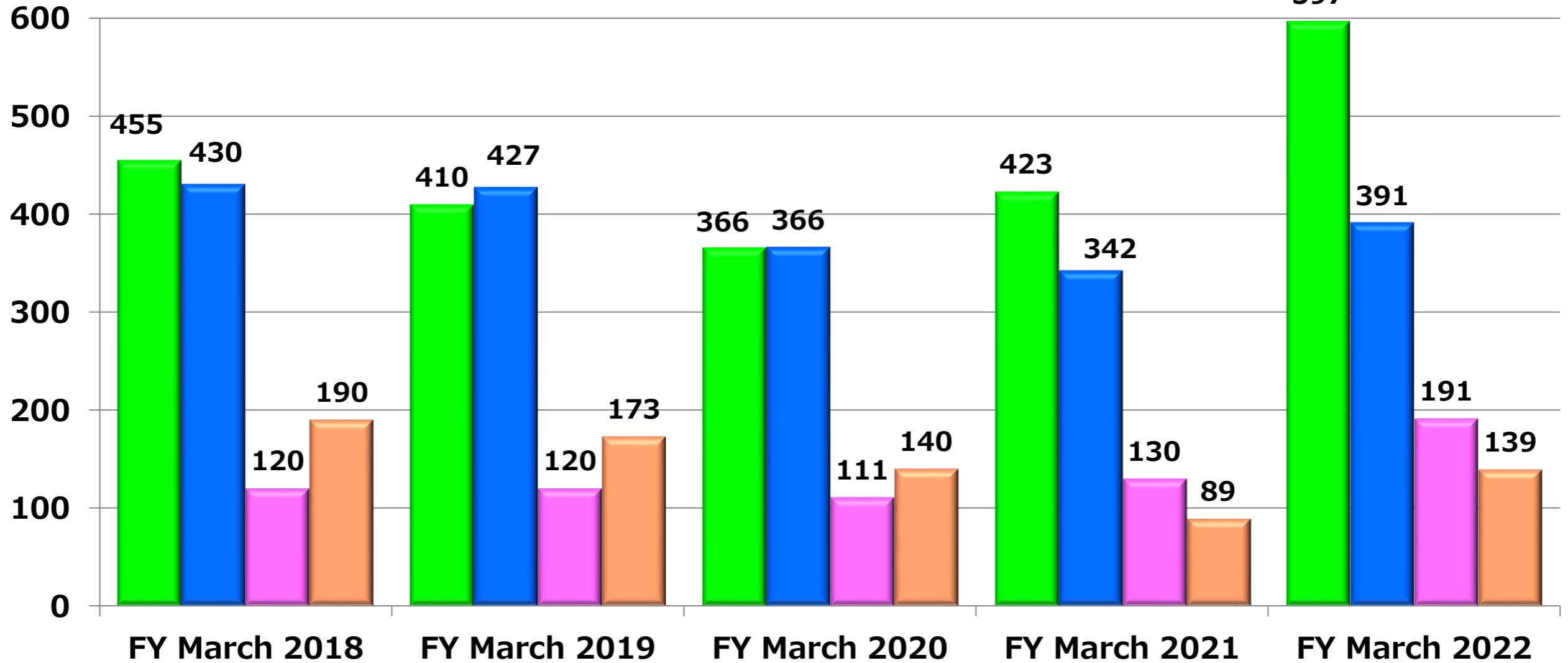


Business Status

1. Business status of Renesas Electronics
2. Sales trends of overseas business
- 3. Business situations surrounding our core markets**

3. Core Market Sales Trends

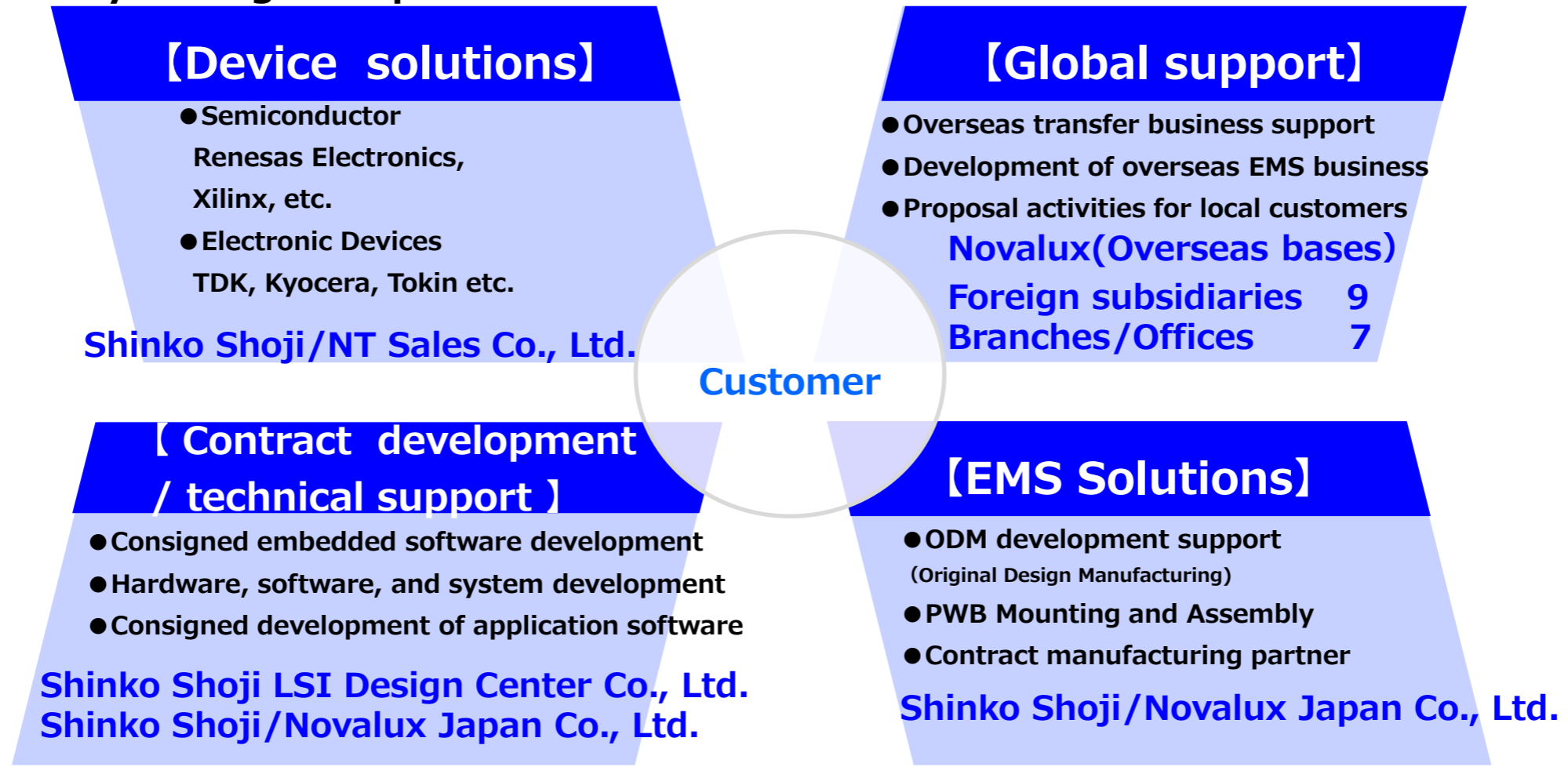
(Unit; 100 Million yen)



Solution proposal to contribute the society

1. Business Areas Beneficial to Society

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. We also contribute to the realization of a sustainable society through the provision of our services.



2. Embedded AI development solutions

Started to provide embedded AI development solutions on Renesas RA MCUs ^{*1} which enable to develop intelligent sensing system quickly

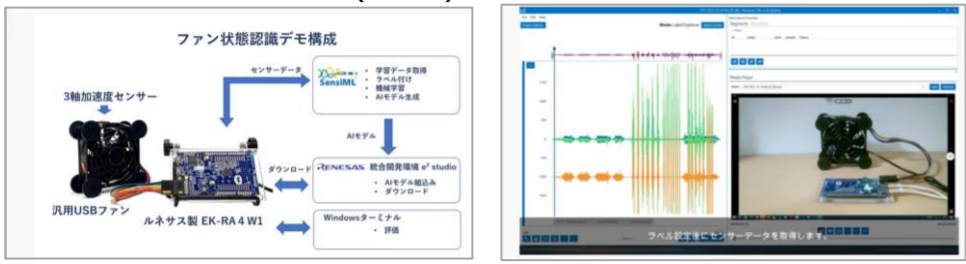
Applications: Industrial (industrial wearable, failure prediction), Consumer (wearable, health monitoring), Agriculture (cultivation monitoring), Infrastructure (stability monitoring, traffic monitoring)

Catch AI installation info at our Web site

① Learn How to install embedded AI at our website

<https://youtu.be/7q8PE-rO7yM>

Devkit, data collection, generating AI algorithm, and tool operation are available on the website (video)



② Tutorials and example apps help to start development immediately

https://www.shinko-sj.co.jp/business/sangyo_eai_tutorial1.php



Embedded AI development service provision



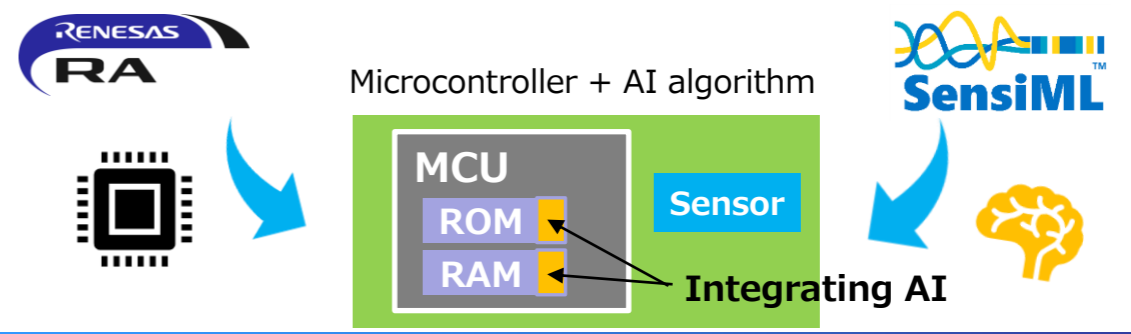
Cooperation with Partner Eco-System of RA Family

Shinko Shoji is a member of the Renesas Partner Network.

Source: Renesas Electronics

<https://www.renesas.com/products/microcontrollers-microprocessors/ra-cortex-m-mcus/ra-partners-overview>

Provide installed AI on RA microcontroller which enable to reduce all resources and time on System development.



*1 : Renesas RA MCUs are "industrial ARM built-in microcontrollers"

3. New Solution Development for Growth Area (EV Control)

Started to provide our EV inverter solution to compact mobility developers.
 New EV solution that contributes downsizing will be available in 2022/4Q.

Our Activity for Compact Mobility

Our solution let developers enable to develop compact mobility traction inverter quickly

Market Trend

- Compact EVs are actively developed in W/W
- JPN OEMs accelerate to develop light-motor EVs
- In India, the shift to 2/3-wheels EV is accelerating



Shinko Original EV Inverter Development Kit



Customers who develop compact mobility*1 and E-Axle*2



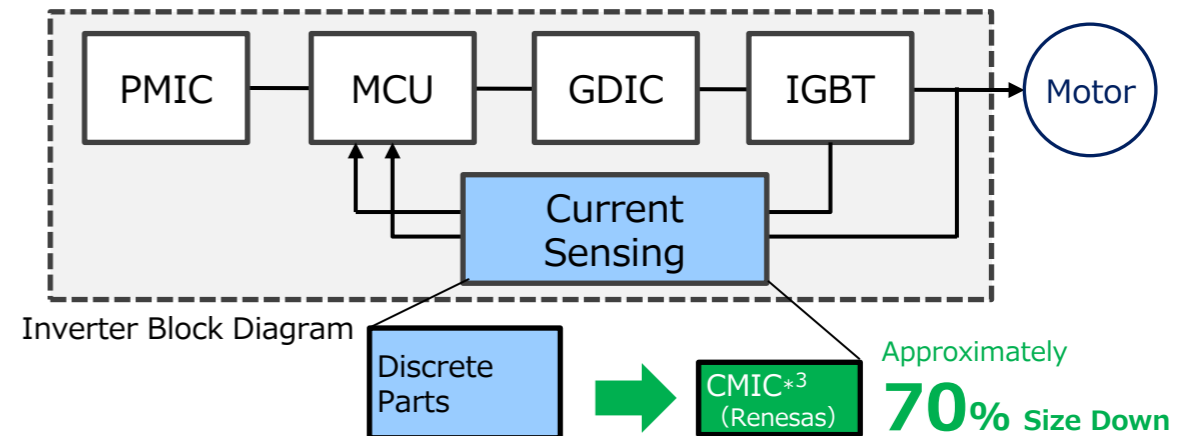
*1 : 2/3-wheels EV, Light-motor EV

Upcoming Solution for Compact EV Inverter

Performed current sensing circuits integration which contributes its cost & size reduction on EV inverter

Problem

- Cost reduction and downsizing of EV inverters
- High efficiency for increasing cruising range
- Accelerate development speed



Achieves miniaturization by integrating multiple parts on "one" chip

*2 : EV traction unit that integrates a motor, inverter, and gear reducer

*3 : Configurable Mixed-signal IC

4. IoT solutions

Azuma Shokai, Atmark Techno, and Shinko Shoji jointly developed the "SOL-GATE," an electric power self-sufficient IoT gateway using solar cell modules. In addition to regular sales, the product is now available on the EC site.

■ Main Components

- Atmark Techno's Armadillo-IoT Gateway A6
- NEC's lithium-ion batteries
- Azuma Safety's solar cells

*This product includes charge/discharge control ECU and circuit protector in a single box.

① Highly reliable power supply design

Uses highly reliable domestically manufactured solar cells and high-performance, long-life lithium-ion storage batteries, contributing to stable operation that can run for up to 5 days even without sunlight

② Casing for safe outdoor installation

IP65 water and dust proof box for safe outdoor installation

③ Adoption of power-saving gateway with robust design

- Uses "Armadillo IoT Gateway A6" for cellular LPWA communication using 4G network with low power consumption.
- Emphasizes robustness
- Enables PoC (Proof of Concept) as well as commercialization as-is.

「Introspection of SOL-GATE」



"We contribute to the local community by providing our IoT solutions."

Target markets

- Agritech (Agricultural IoT)
- meteorological equipment, seismograph
- Landslide monitoring sensor
- Bird and beast damage control equipment
- Mobile LED display etc.

5. "HACLOND" series - temperature sensors to support food hygiene management in compliance with HACCP

Temperature sensors developed for cold storage facilities for foods, including food retail stores, kitchens, and manufacturing plants

Shinko Shoji, TDI Product Solution, and NEC Solution Innovators have jointly developed the "HACLOND" series of temperature sensors to support food hygiene management in compliance with HACCP, which became mandatory in June 2021.

■ About HACCP

- Sanitation management in compliance with HACCP became mandatory in Japan from June 2021.
- Food business operators are obliged to conduct hygiene management including work records and temperature control in all processes.

■ Temperature control system ("HACLOND" series)



■ HACCP-compliant temperature sensor "SMART-AT2"



■ Sensor probe "SMART-SP"



"We contribute to the local community by providing our temperature control system, "HACLOND"."

Target Markets

- Food factories
- Supermarkets
- Restaurants
- Hotels, etc.

6. Contactless Solutions



"No Touch" Frame® with the keyword "contactless" shining through

Developed to meet the needs of people in transition to a new lifestyle

Adopted by many customers

Safe !

Clean !

Easy contactless operation by simply attaching to existing monitors

High operability!

Sunlight resistant!

Ticketing machines

- Chugoku region: Ticket vending machines at a Railway Company
- Kanto region: Ticket vending machines at a Railway Company
- Kanto region: Meal Ticket vending machines at Manufacturers
- Chubu region: Ticketing machines at Medical Institutions
- Chubu Region: Ticketing machines at Municipalities
- Kyushu region: Ticketing machines at Municipalities

A T M

- Chugoku Region: ATMs at Financial Institutions (PoC)
- Koshinetsu Region: ATMs at Financial Institutions (PoC)

Reception terminal

- Kanto Region: Return visit reception machines at Medical Institutions
- Chubu Region: Return visit reception machines at Medical Institutions
- Kinki Region: Return visit reception machines at Medical Institutions

Office-related equipment and others

- Tohoku region: Signages at museums
- Kanto region: Signages at Golf courses
- Kanto region: Information terminals at a Railway Company (PoC)
- Kinki region: Educational image information system at universities
- Kinki region Signages at mass retailers
- Chubu region: Palm vein authentication type time and attendance management system

Future response

Future response

- **Forecast for the fiscal year March 2023**
- **Mid-term management plan**
- **Sustainability**

Future response

- **Forecast for the fiscal year March 2023**
- Mid-term management plan
- Sustainability

Full-year earnings forecast

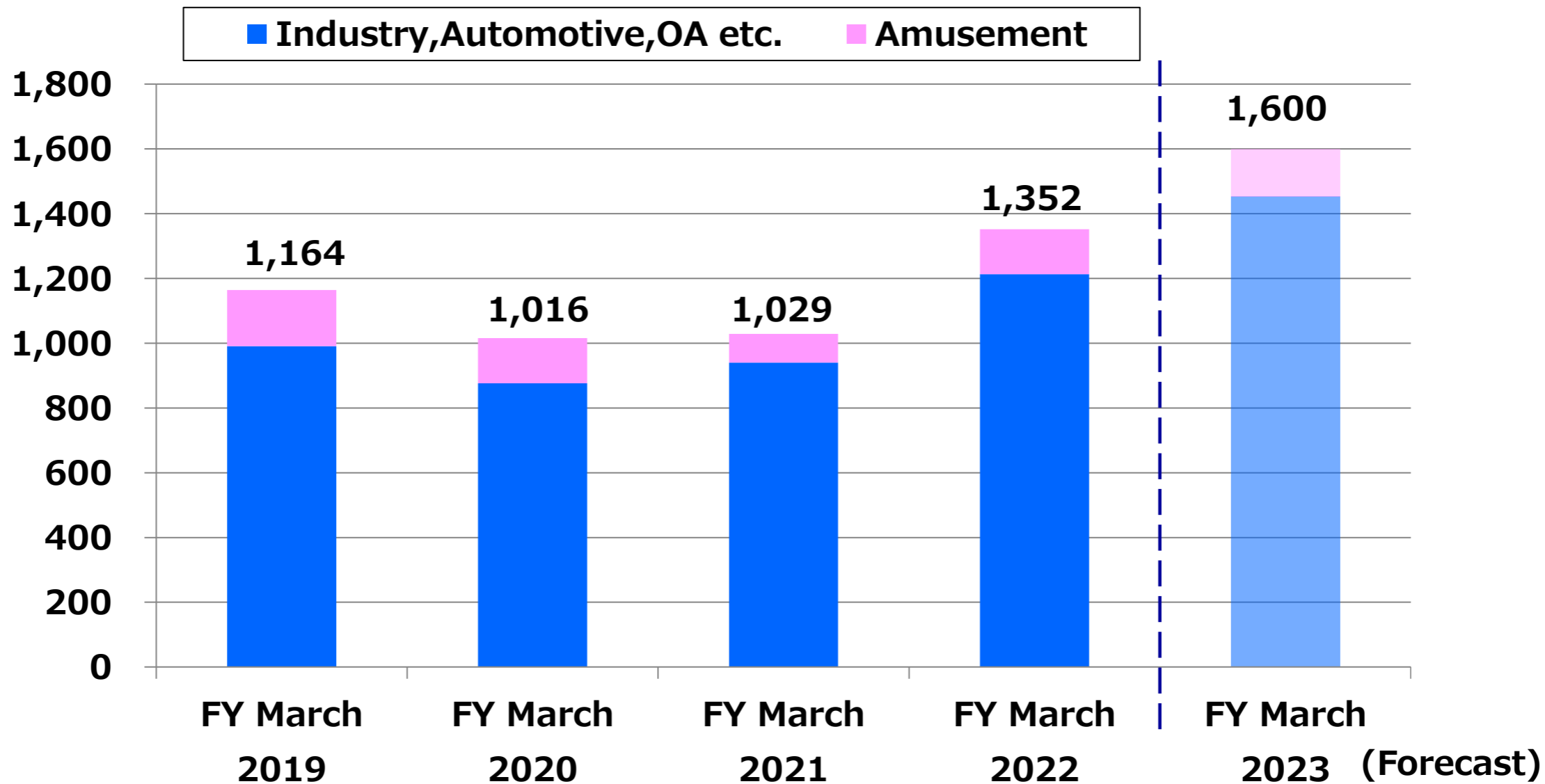
● Production in the Group's main fields of industrial equipment, automotive electronic equipment, office automation equipment, and entertainment equipment businesses is expected to continue to recover. However, attention must be paid to risk factors, including the prolonged tight supply and demand situation for semiconductor products and electronic components, recurrent COVID-19 pandemic outbreak, developments in Ukraine, and global inflation concerns. In view of the difficulty in calculating a reasonable earnings forecast for the second quarter (cumulative) due to the above reasons, we disclose only the earnings forecast for the full year.

(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	135,205	160,000	+ 18.3%	24,795
Operating income	4,163	4,300	+ 3.3%	137
Ordinary income	4,103	4,300	+ 4.8%	197
Net Income	2,821	3,000	+6.3%	179

Earnings forecast (Sales)

(Unit; 100 Million yen)



Returning to shareholders

The dividend for the fiscal year ending March 2023 is planned to be 42 yen below, based on the full-year earnings forecast.

● Dividend per share

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

- 50% of consolidated dividend payout ratio for the fiscal year ending March 2023 (forecast)

Shareholder Return Policy

Our shareholder return policy based on our medium-term management plan for the period from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025 (three years) is as follows:

- Our basic policy is to maintain a consolidated dividend payout ratio of approximately 50%, while balancing stable and continuous dividend payments to shareholders and investment in our growth strategies.**
- Share buy-backs will be considered in a flexible manner, taking into account the market environment and our financial condition.**

***Dividend payout ratio (%) = Dividend per share / Earnings per share**

Future response

- Forecast for the fiscal year March 2023
- **Mid-term management plan**
- Sustainability

Formulation of the Medium-Term Management Plan

The electronics industry, in which our group operates, is in a phase of major transformation, as the demand for new electronic components is expected to grow along with the further development of IoT for DX promotion and the shift to EVs in the automotive industry.

We have formulated a new medium-term management plan in order to respond quickly and optimally in the face of increasingly diverse business challenges.

**Planning period: Fiscal year ending March 31, 2023 to
fiscal year ending March 31, 2025 (3 years)**

Management Philosophy

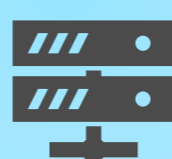
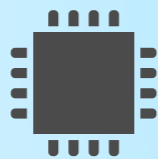
Contribute to the realization of a sustainable society as an electronic parts trading group

Sustainability management where people and the global environment are respected

Enhancement of corporate value

Sustainable growth of society

Enhance and evolve our value by providing a variety of electronics products and services



Era of transformation

• Increased uncertainty

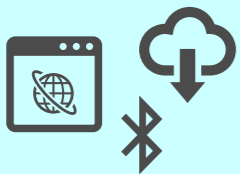
• Diversification of values

• Carbon neutral

• Acceleration of DX

Key Strategies for Growing Markets

Automotive CASE-related growth



Connected



Autonomous



Shared



Electric

Industry Smart factories, DX-related growth



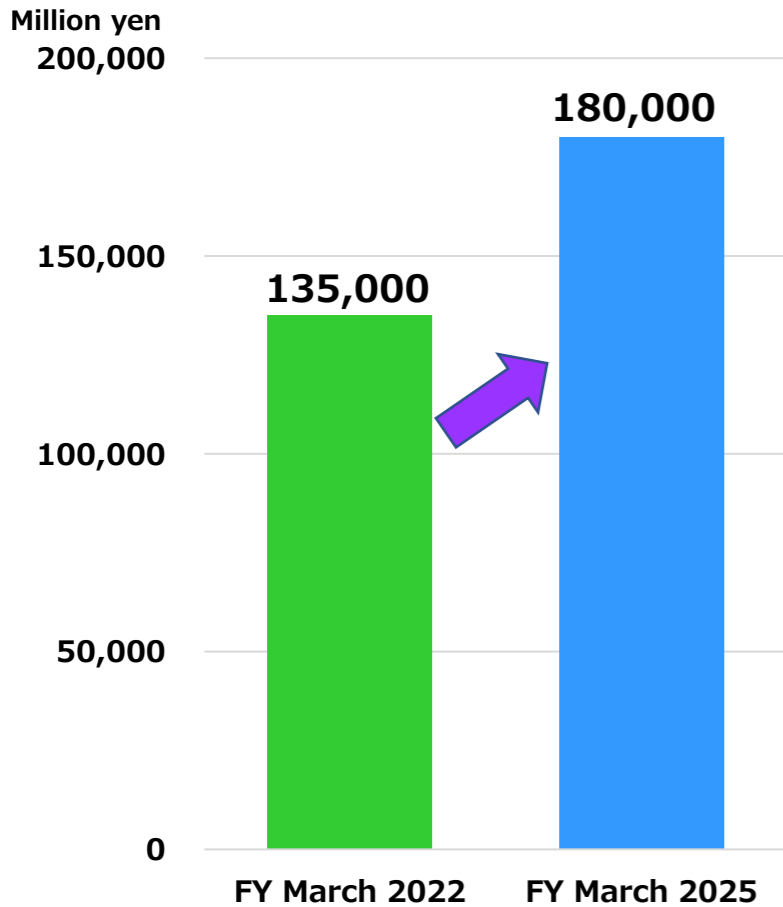
AR · VR



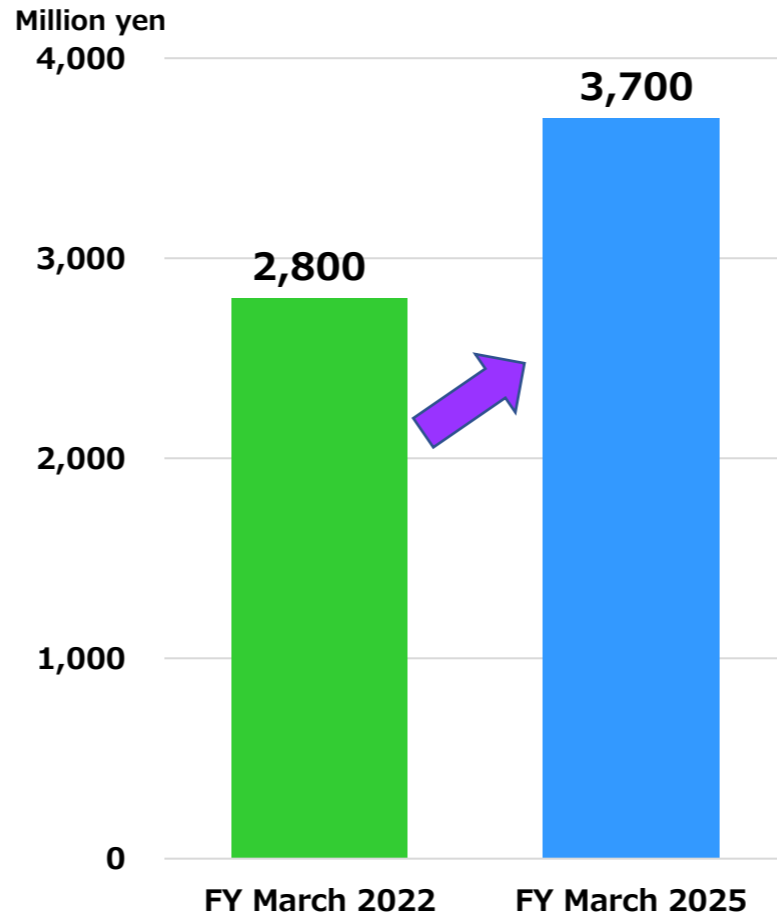
- **Expansion of business scale in major fields**
- **Development and creation of new business fields**
- **Proposing valuable solutions with a wide range of products and services from Japan and abroad**
- **Expand collaboration and co-creation partnerships**
- **M&A efforts to strengthen existing businesses and to develop and create new business fields**

Mid-term management plan (the fiscal year ending March 2025)

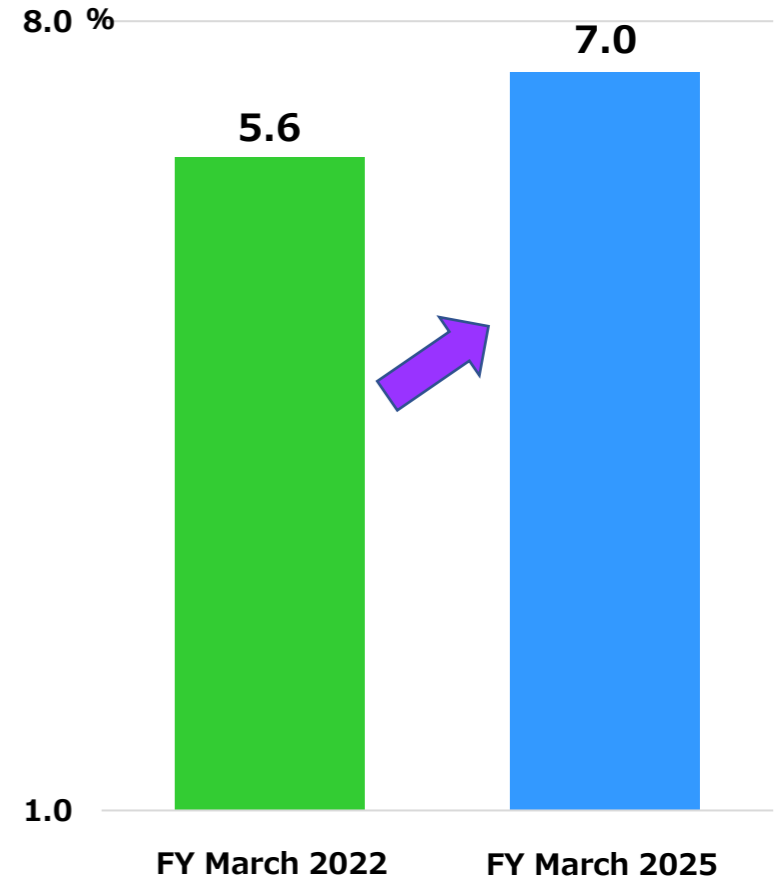
(Unit; Million yen)
Sales
180,000



(Unit; Million yen)
Net income
3,700



ROE
7.0%



Future response

- Forecast for the fiscal year March 2023
- Mid-term management plan
- **Sustainability**

Basic Sustainability Policy

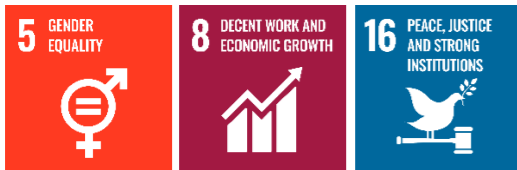
- **We contribute to society's sustainable growth by enhancing the corporate value of our group and achieving further evolution through the practice of our management philosophy, management policy, and environmental policy.**
- **Through dialogue with stakeholders, fair, equitable, and transparent governance, and consideration for human rights, environment, and diversity, we contribute to the realization of a society where people and the global environment are respected.**

SDGs Activity



Shinko Shoji Group is committed to contributing to society through the continuous pursuit of new technologies as a trading company friendly to people and the earth, as we connect people and people, and people to products.

Diversity



Compliance



Reuse & Recycling



Procurement activity



Safety, Disaster prevention and BCP



Environmental load reduction



Security



Contact Information

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