



新光商事 株式
会社
Shinko Shoji Co., Ltd.

Interim Financial Results for the Fiscal Year Ending March 31, 2025

- Overview of Interim Financial Results
- Business Status
- Medium-Term Management Plan and Strategies
- Full-year outlook

November 2024
Tatsuya Ogawa, President

Disclaimer

This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Notes on handling materials

The Forecast 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 Forecast.

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 Interim Financial Results



Overview of Interim Financial Results

In the electronics industry, despite strong demand for AI-related products worldwide, overall demand remains sluggish and the inventory adjustment has continued.

Under these market situations, our group (our-Company and consolidated subsidiaries) also posted lower year-on-year results in all major fields.

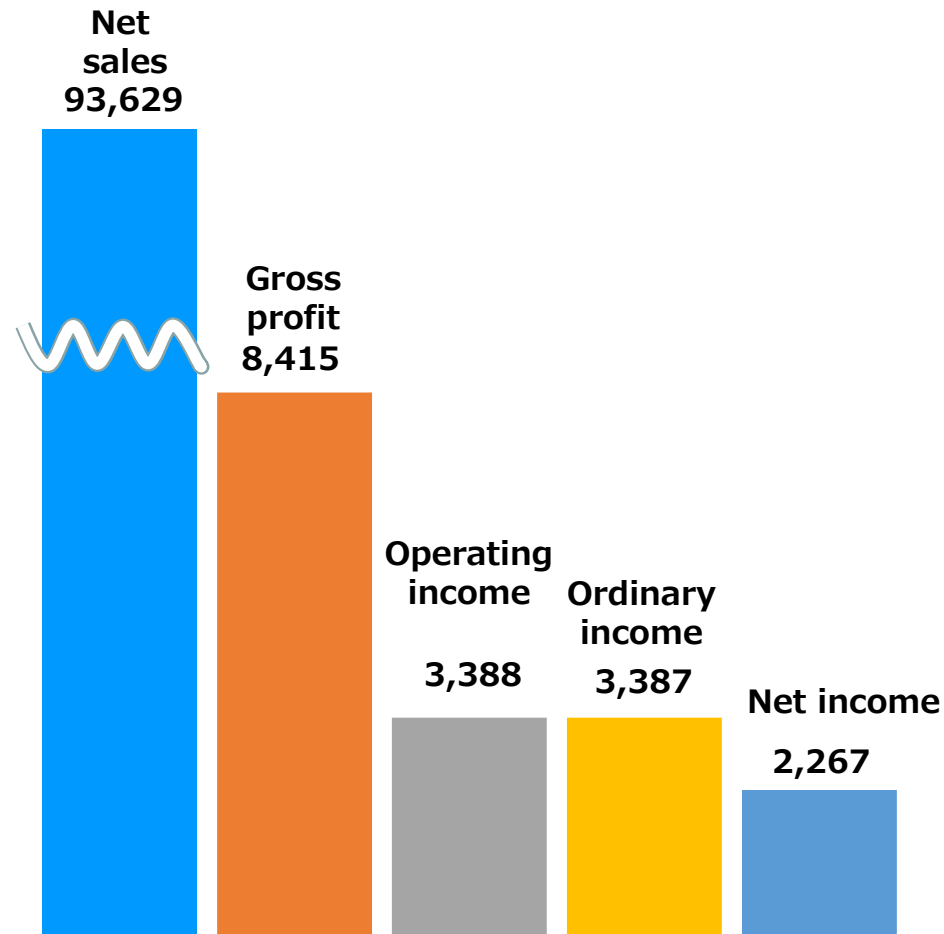
Overview of Interim Financial Results

	1H FYE March/2024 Results	1H FYE March/2025 Results	Growth Rate YoY	Increase/ Decrease (YoY)	(Millions of yen)
Net sales	93,629	64,883	(30.7%)	(28,746)	
Gross Profit	8,415	5,792	(31.2%)	(2,623)	
Selling, general and administrative Expenses	5,027	4,433	(11.8%)	(594)	
Operating income	3,388	1,358	(59.9%)	(2,030)	
Ordinary income	3,387	1,169	(65.5%)	(2,218)	
Net profit	2,267	325	(85.7%)	(1,942)	
Basic earning per share	68.53yen	9.83yen	–	(58.7yen)	

Interim Consolidated income statement

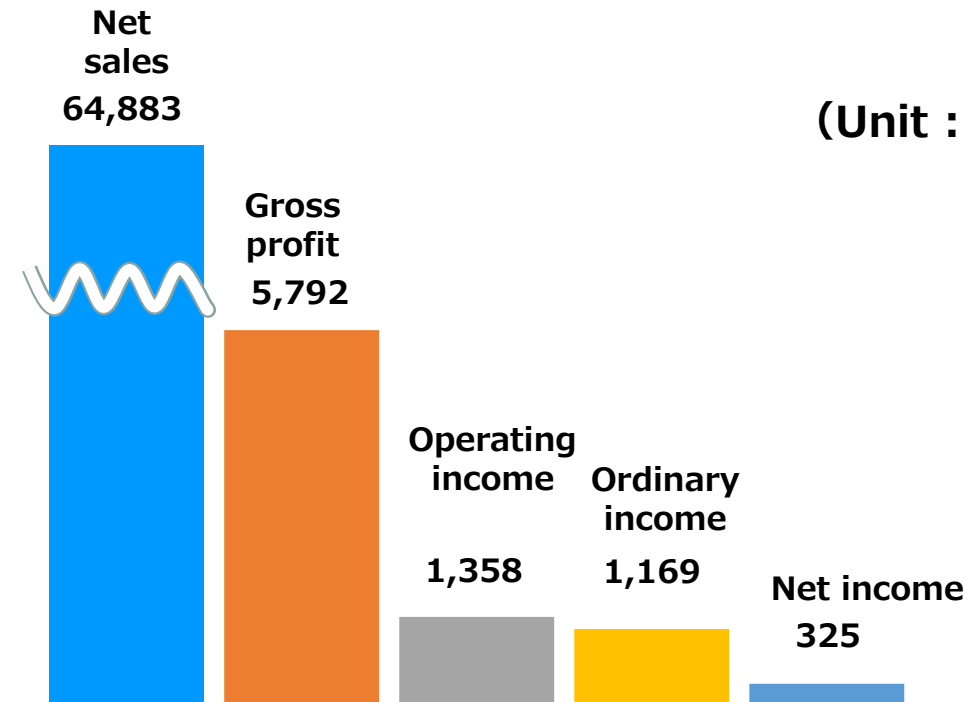
1H/2023

(April 1st, 2023~September 30, 2023)



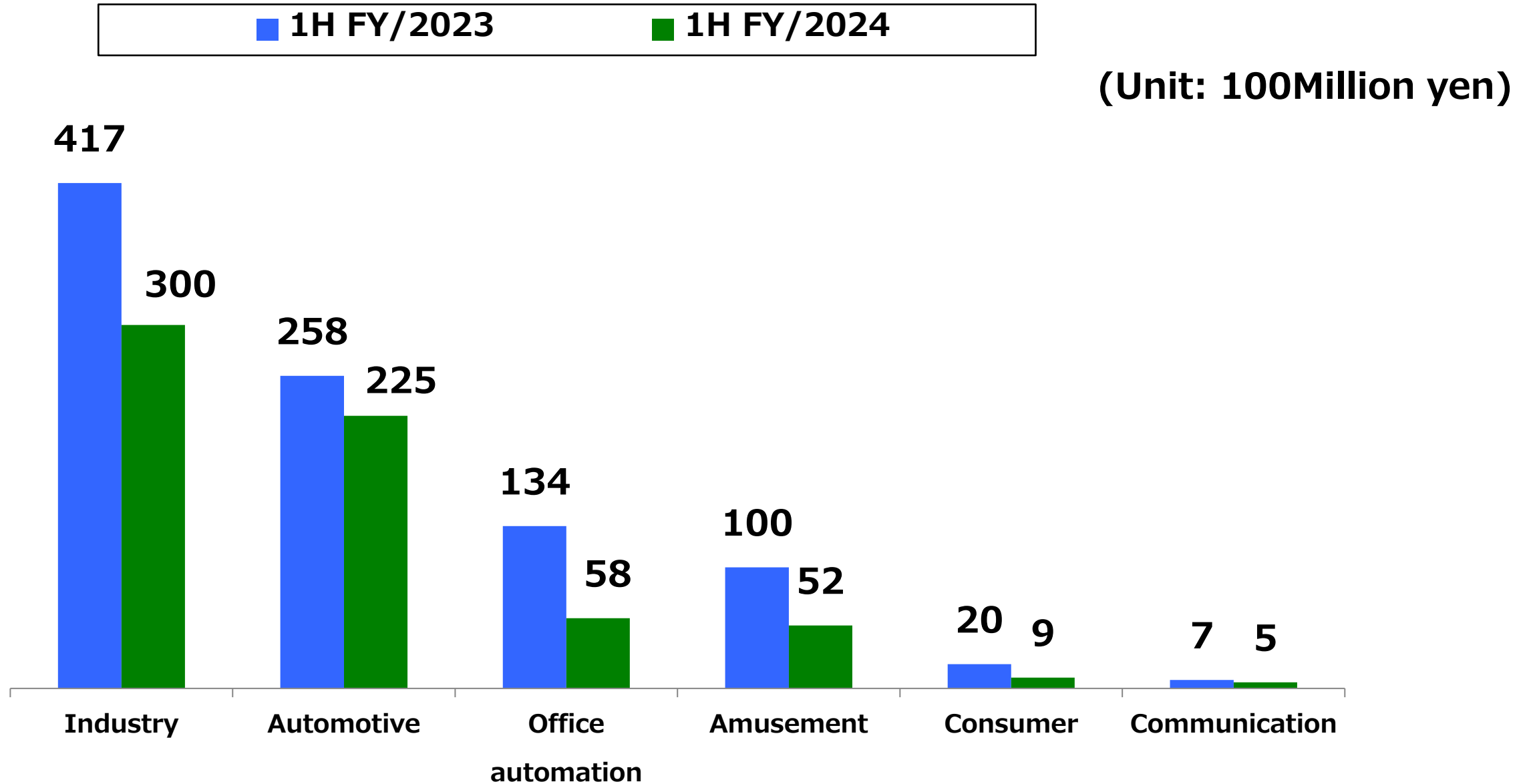
1H/2024

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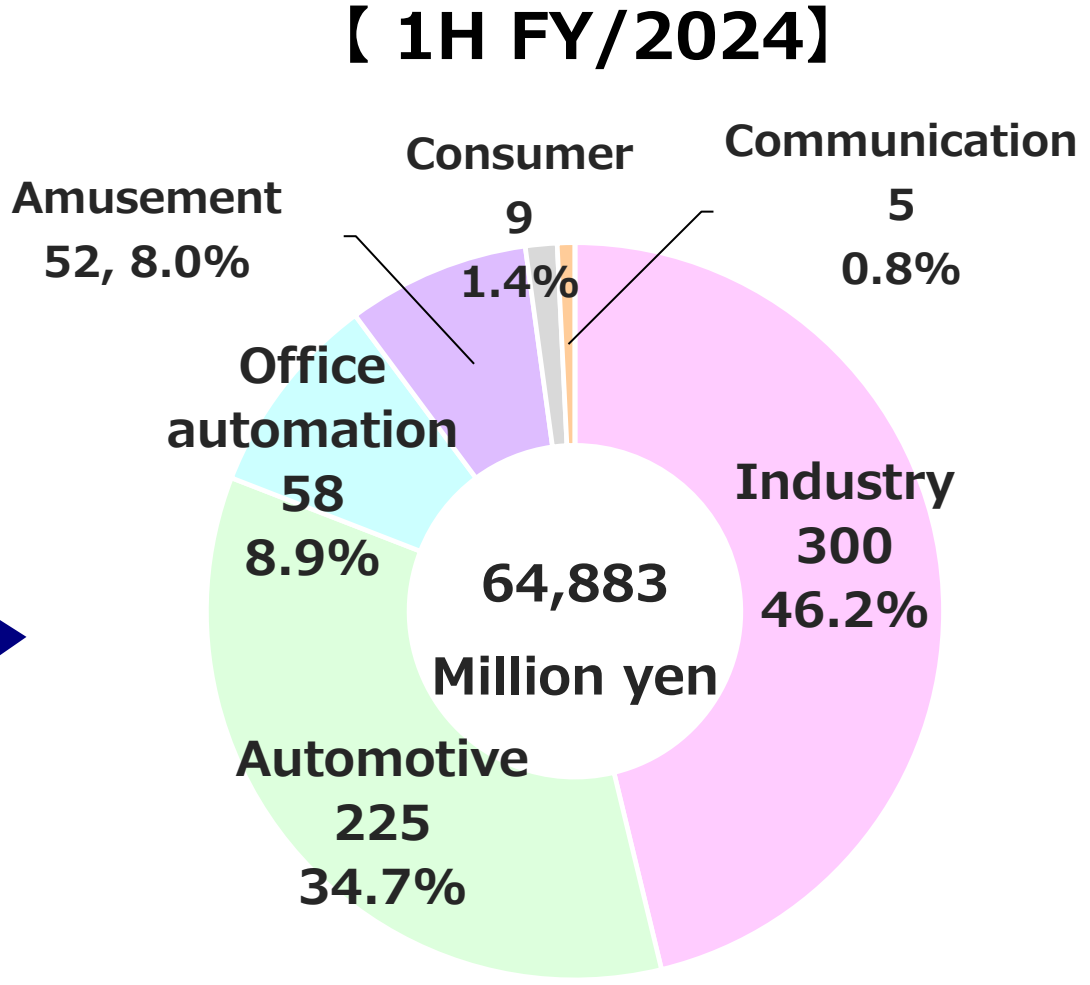
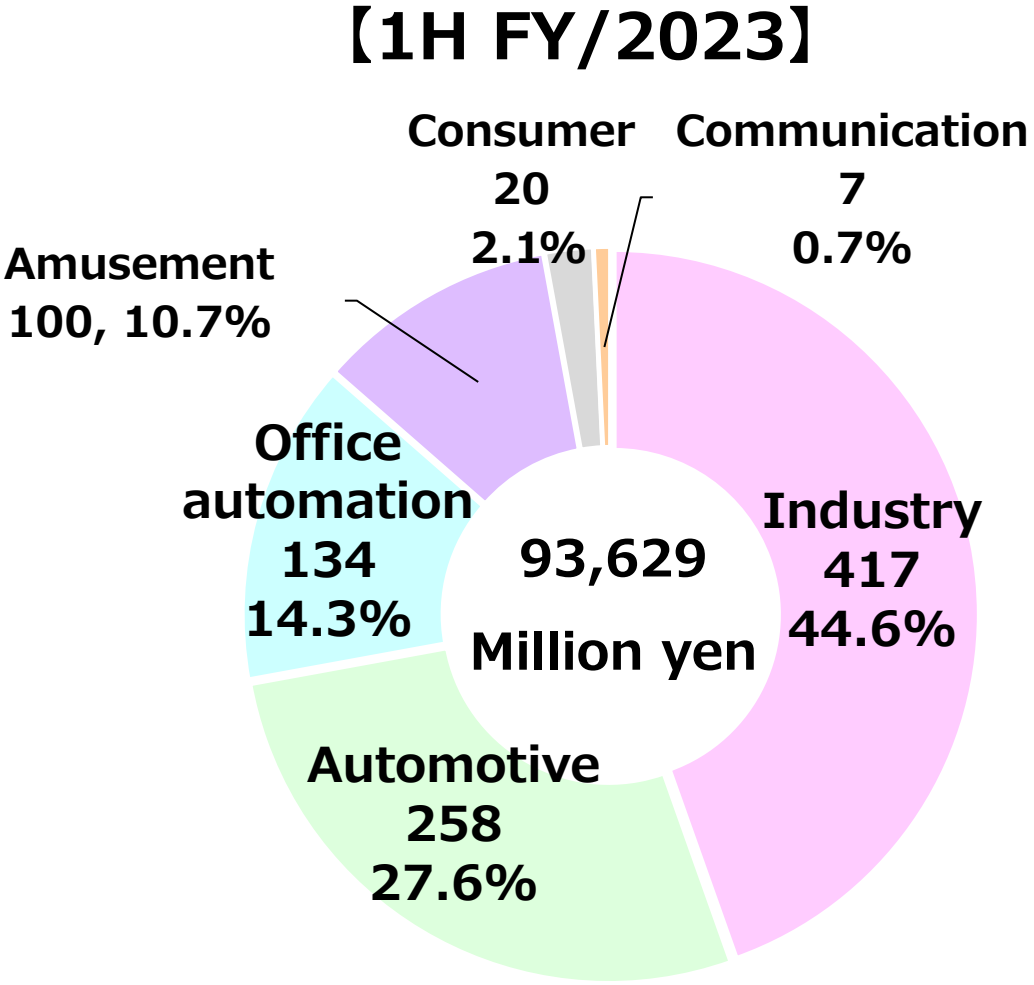


(Unit : Million yen)

Net sales composition ratio by markets(amount)



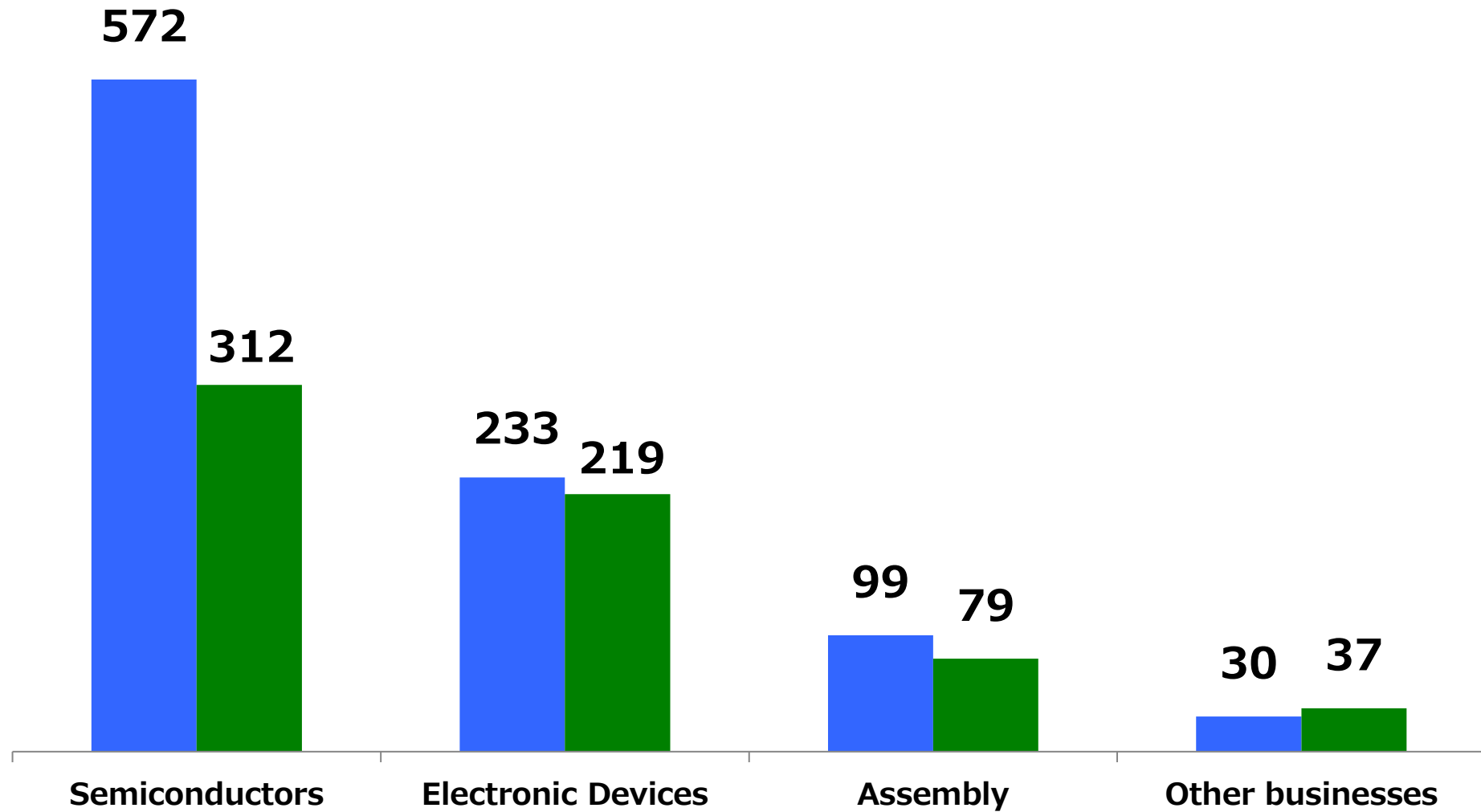
Net sales composition ratio by markets



Pie chart (outer frame) value: in 100 million yen

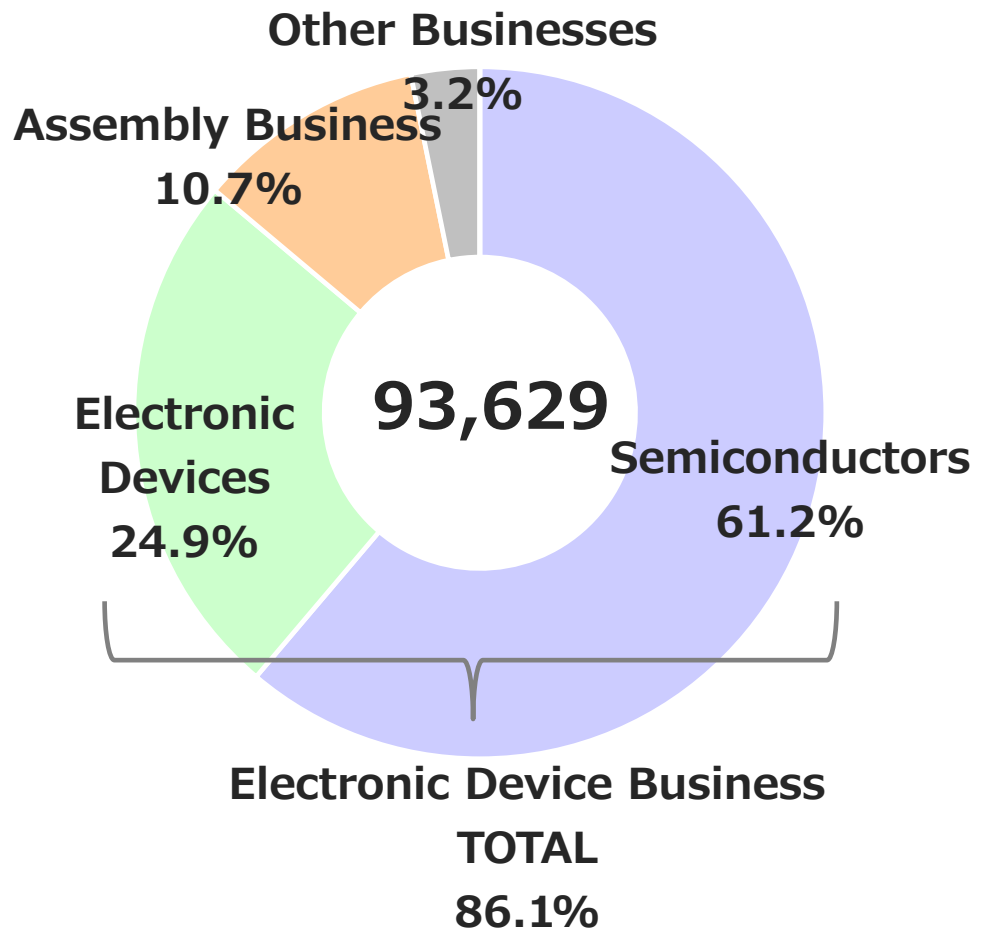
Net sales composition ratio by products(amount)

(Unit : 100 Million yen)

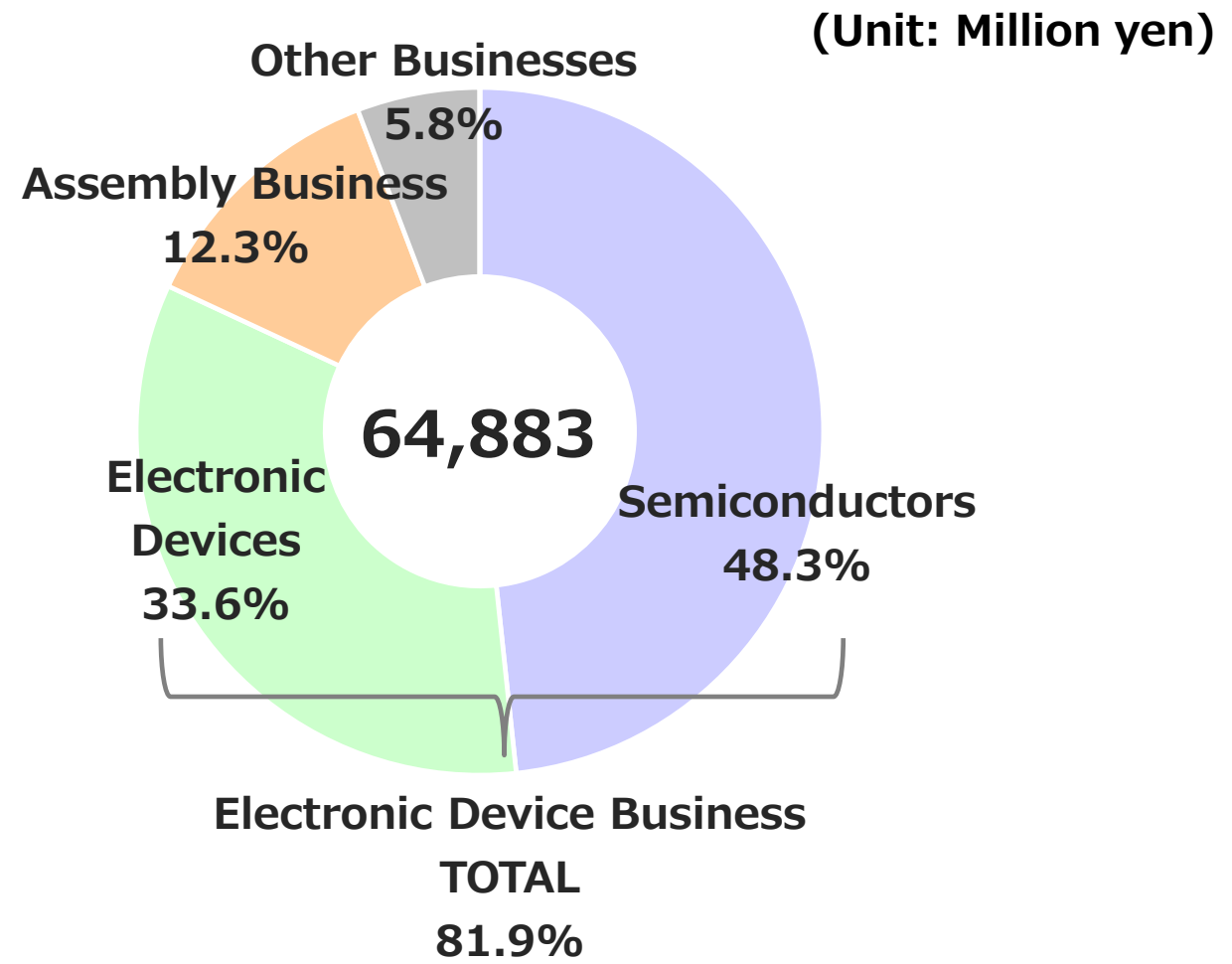


Net sales composition ratio by products

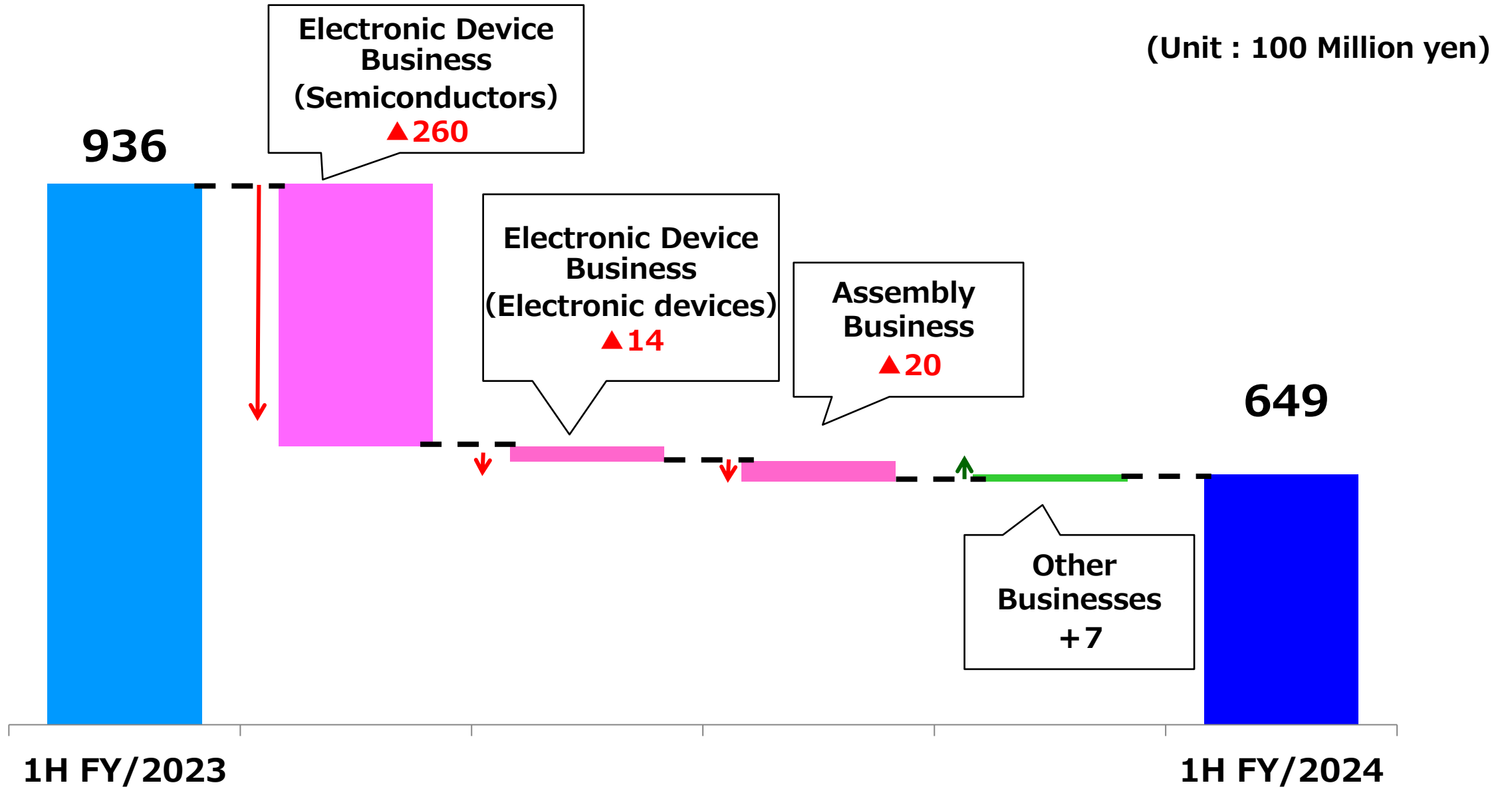
【1H FY/2023】



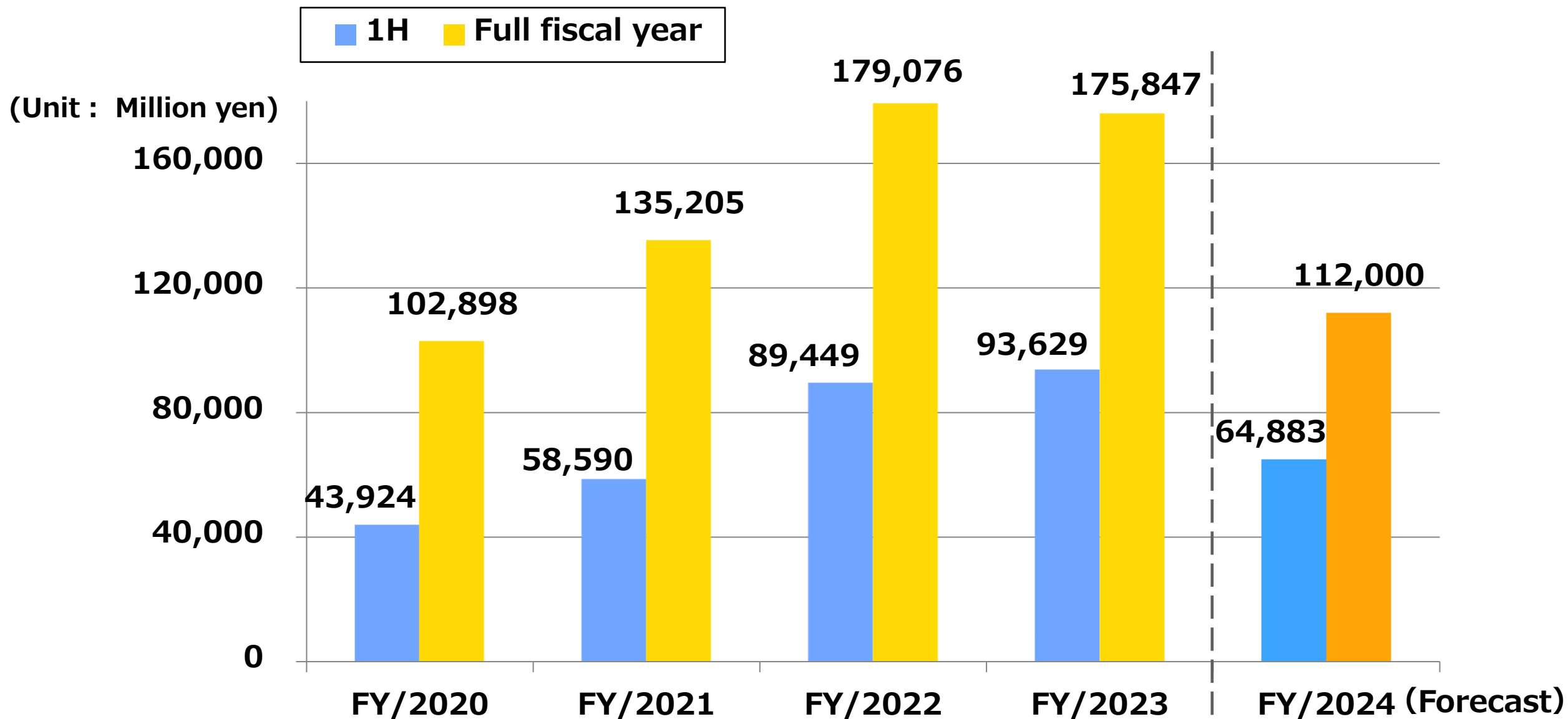
【1H FY/2024】



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

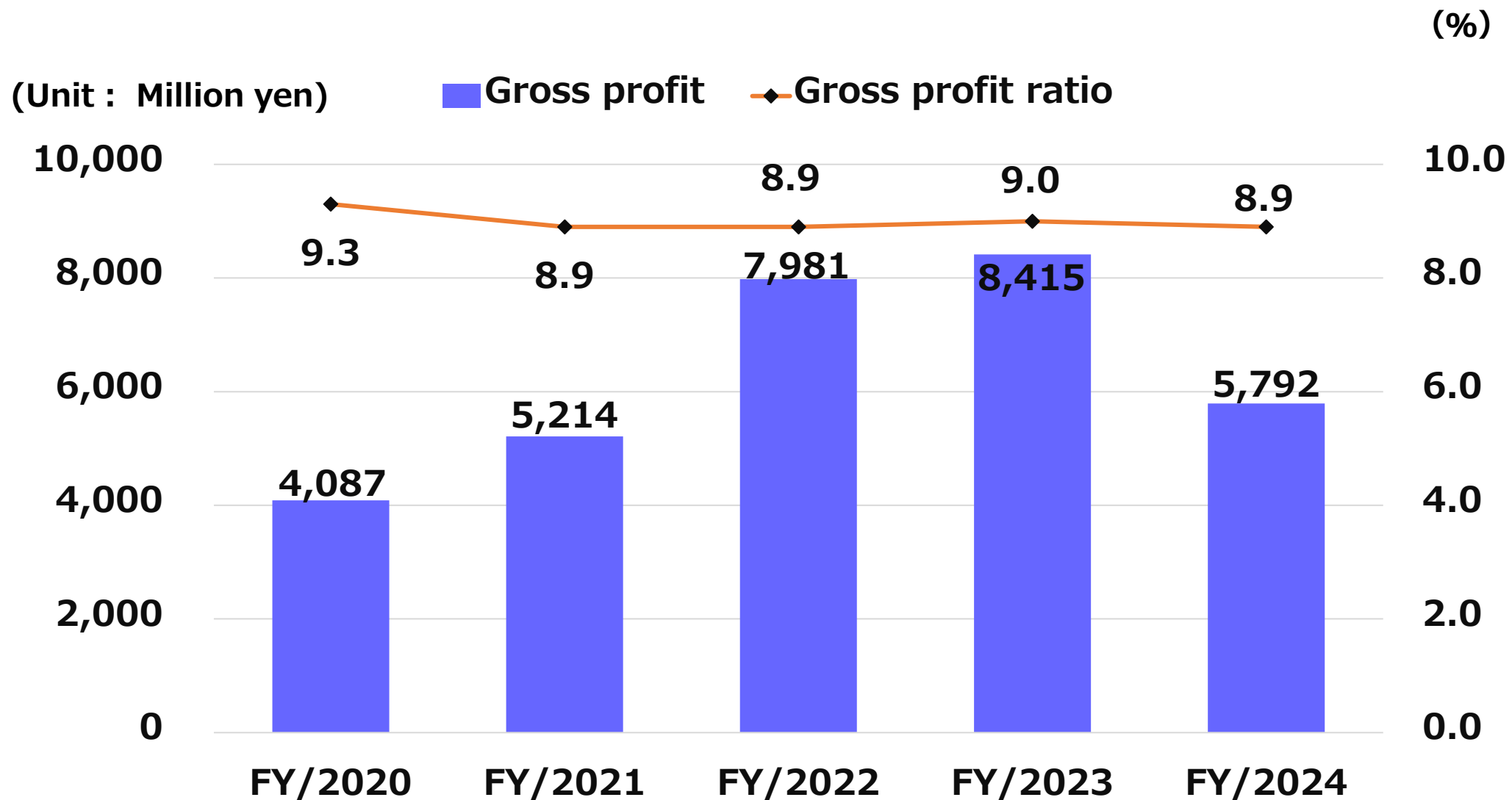


Trend of net sales



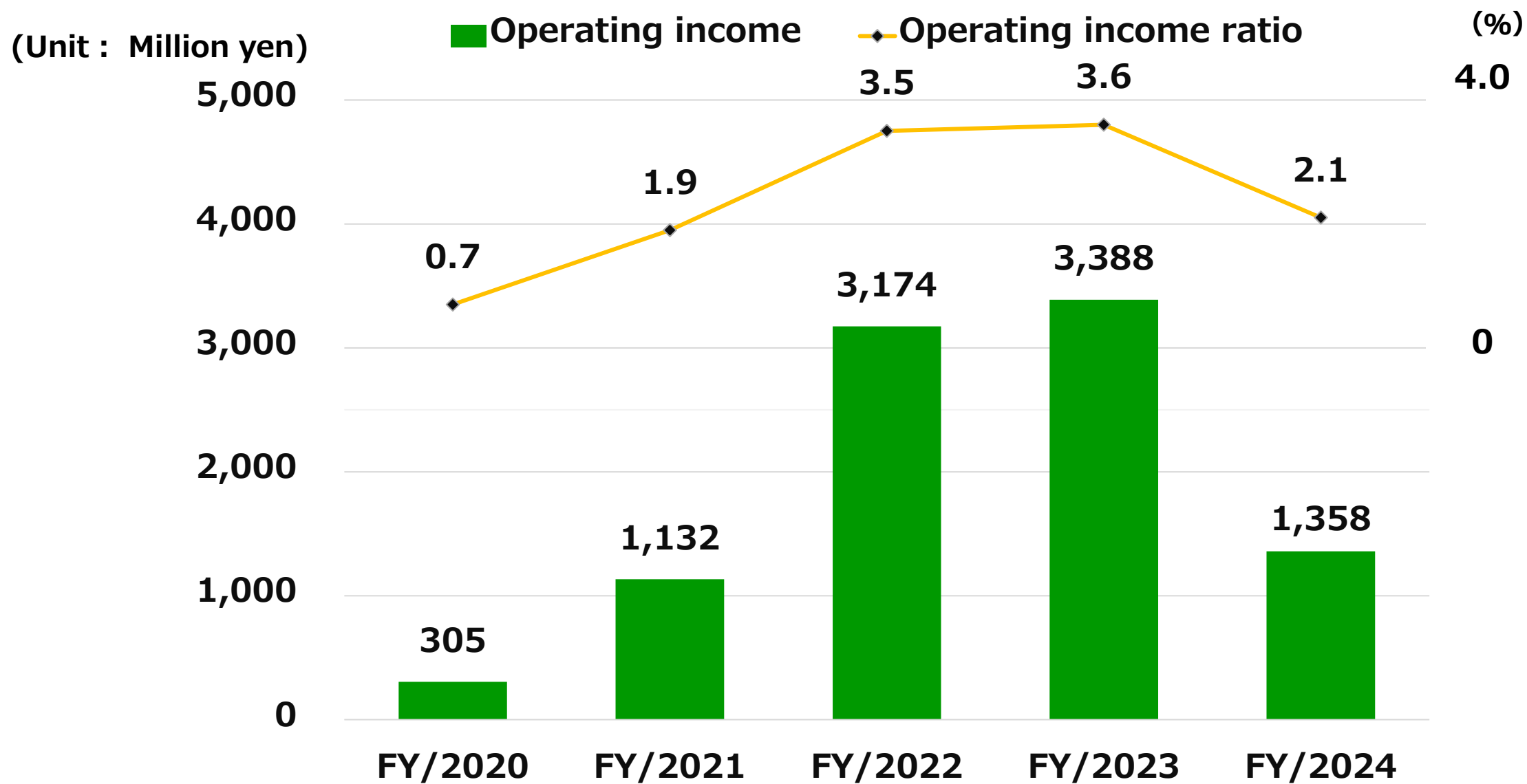
Gross profit / Gross profit ratio

[1H Results]



Operating income / Operating income ratio

【 1H Results 】



Summary Balance Sheet 1 (Assets)

(Unit : Million yen)

	FY March 2024	1H FY March 2025	Increase / decrease
Total assets	99,813	84,811	(15,002)
Current assets	92,829	78,069	(14,760)
Cash and deposits	13,389	17,160	3,771
Notes and accounts receivable –trade, and contract assets	36,410	27,098	(9,312)
Merchandise and finished goods	31,683	23,958	(7,725)
Accounts receivable – other	11,128	9,646	(1,482)
Non-current assets	6,983	6,742	(241)
Property, plant and equipment	693	699	6
Investment securities	4,465	4,398	(67)

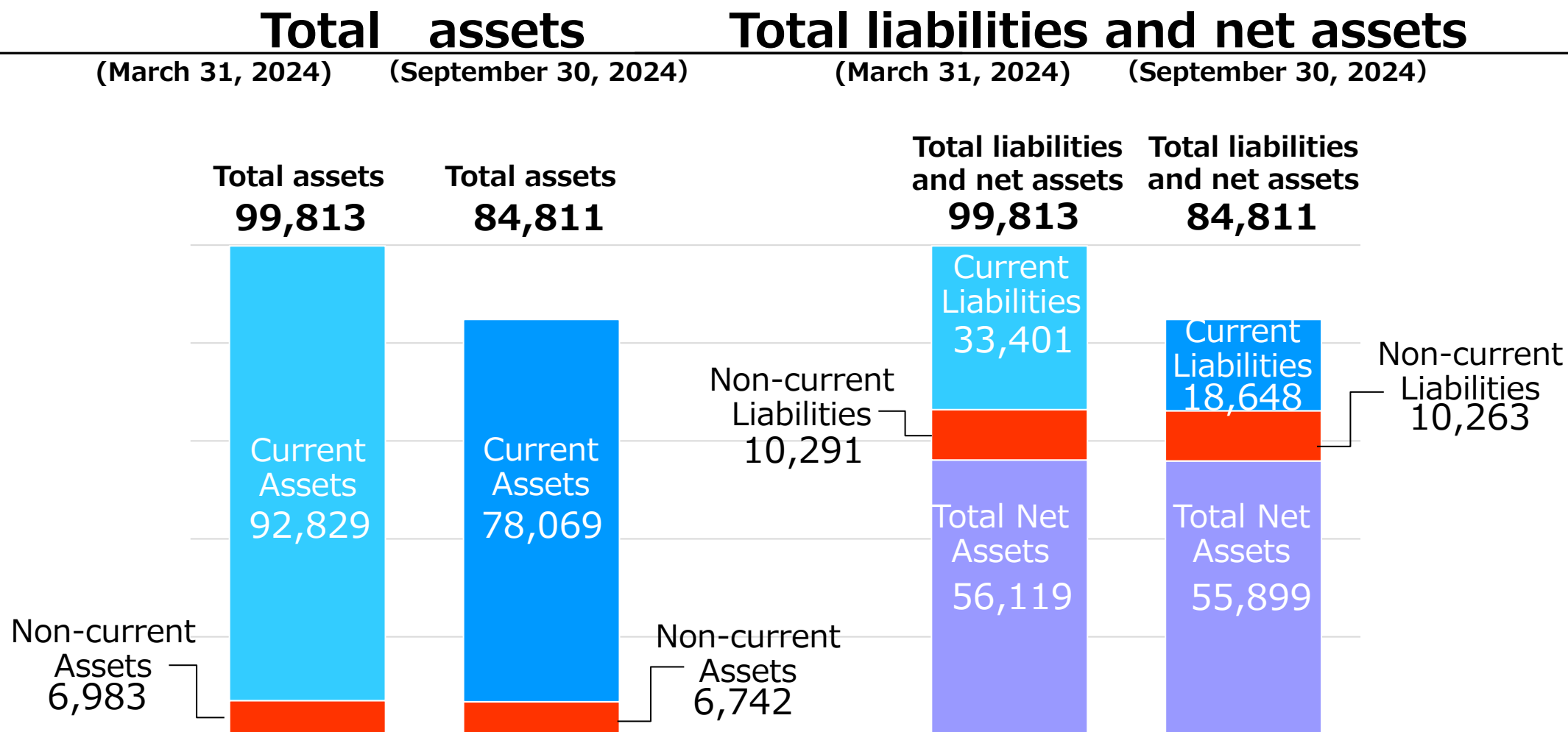
Summary Balance Sheet 2 (Liabilities and net assets)

	FY March 2024	1H FY March 2025	Increase / decrease
Total liabilities	43,693	28,912	(14,781)
Current liabilities	33,401	18,648	(14,753)
Notes and accounts payable – trade	16,354	9,477	(6,877)
Electronically recorded obligations – operating	2,400	2,445	45
Short-term borrowings	8,982	2,195	(6,787)
Current portion of long-term borrowings	700	700	0
Accounts payable - other	1,359	763	(596)
Non-current liabilities	10,291	10,263	(28)
Long-term borrowings	7,800	7,800	0
Total net assets	56,119	55,899	(220)
Capital and capital surplus	19,100	19,117	17
Retained earnings	34,518	34,098	(420)
Treasury shares	(4,585)	(4,595)	(10)
Total liabilities and net assets	99,813	84,811	(15,002)
Equity ratio	55.4%	64.9%	9.5%

(Unit : Million yen)

Interim Consolidated Balance Sheets

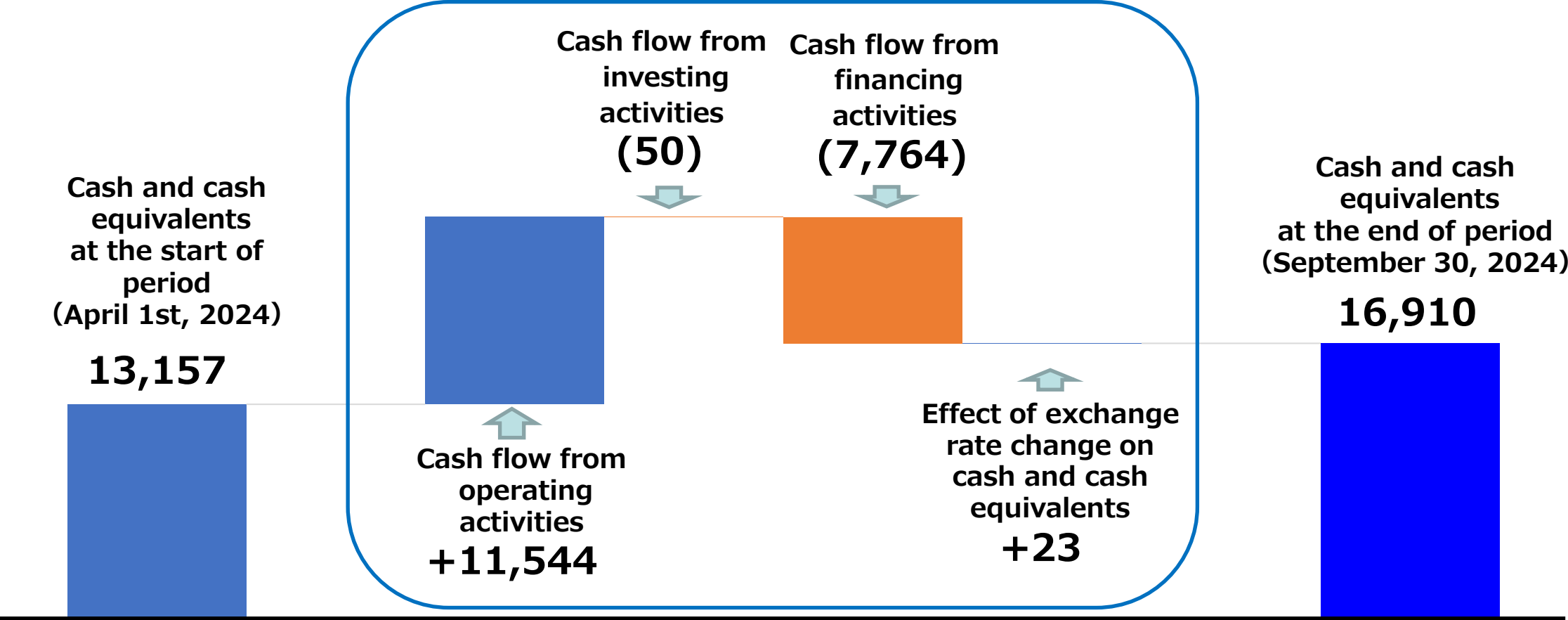
(Unit : Million yen)



Consolidated Statements of Cash Flows

1H/2024 (April 1st, 2024~September 30, 2024)

(Unit : Million yen)



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

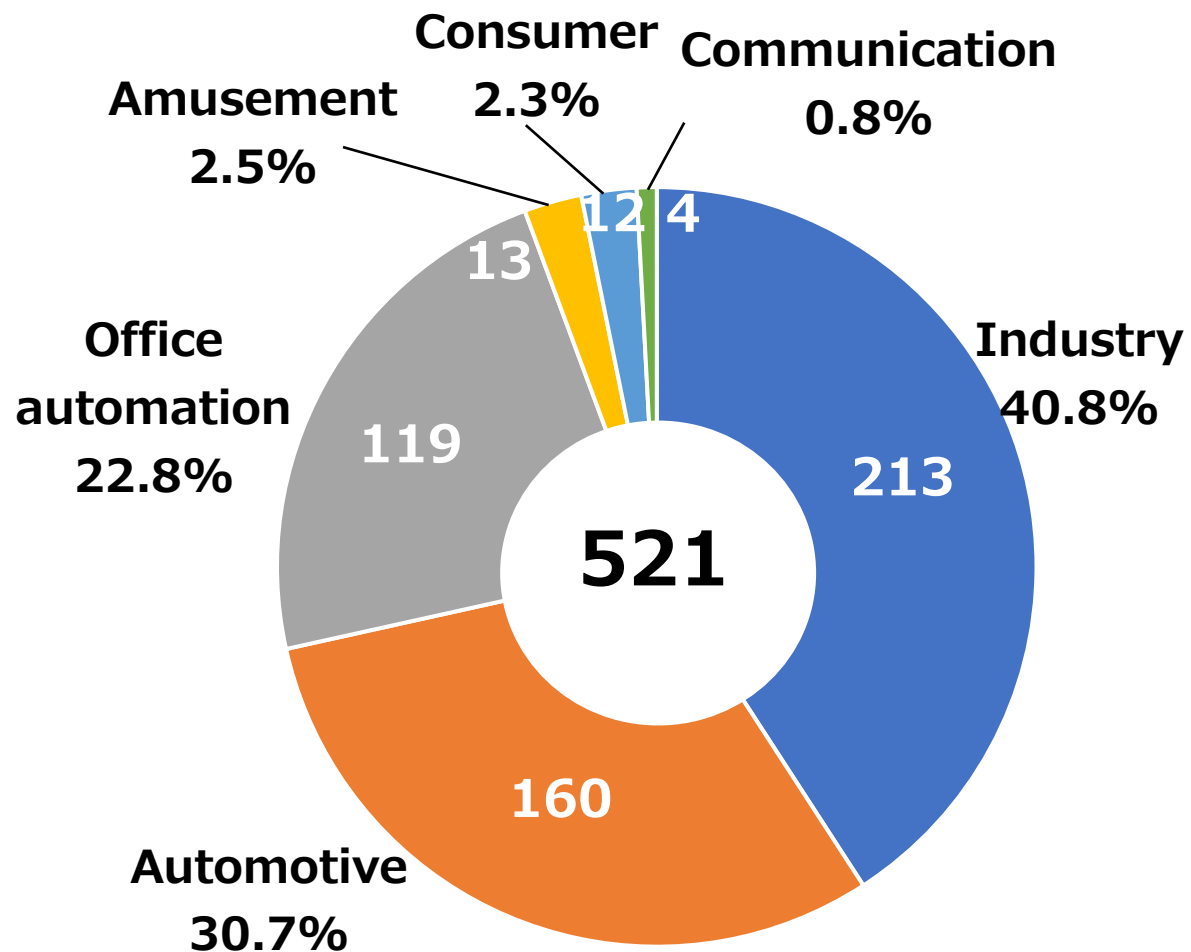
2. Sales trends of overseas business

3. Business situations surrounding our core markets

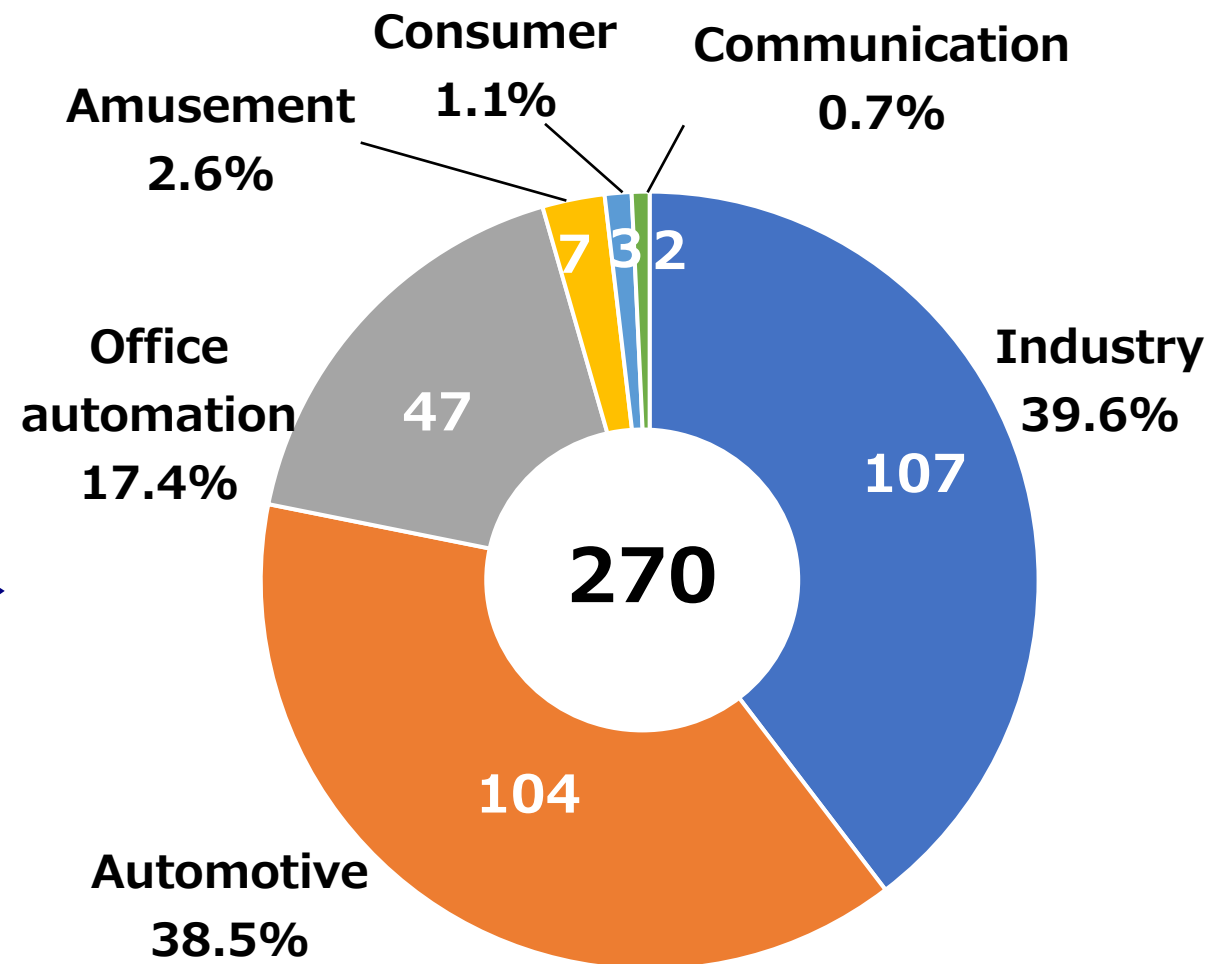
1. Renesas Electronics Business

【Sales comparison of ratio by field】

【1H FY/2023】



【1H FY/2024】



(Unit : 100 Million yen)

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

【Sales of Overseas Subsidiaries】

(Unit : 100 Million yen)

110.71

122.39

133.53

151.41

The end of September 2024

142.73 ←US\$

351

398

555

546

388

FY/2020

FY/2021

FY/2022

FY/2023

FY/2024 (Forecast)

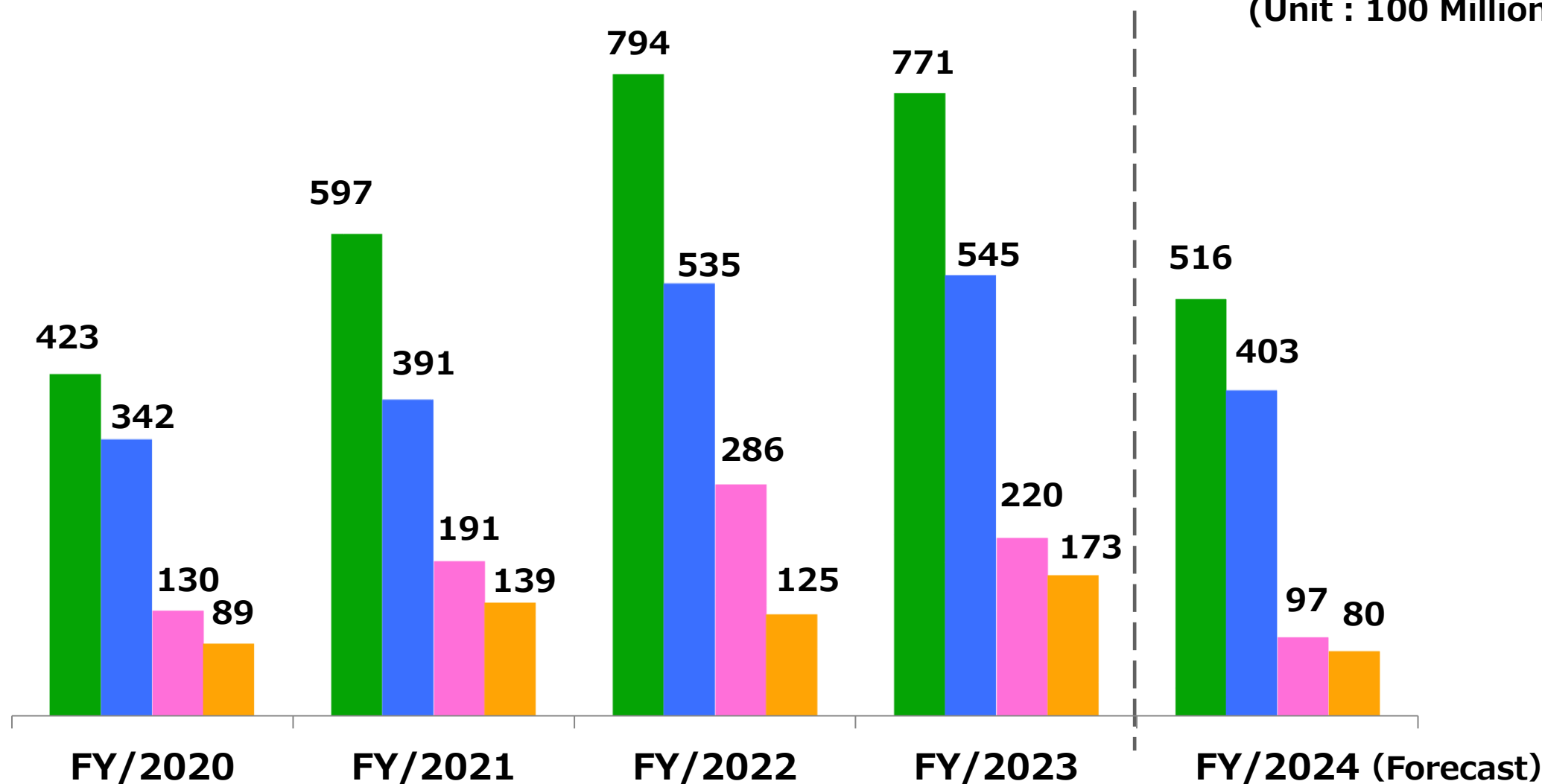
Business Status

1. Business status of Renesas Electronics
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3. Core market sales trends (Full year sales)



(Unit : 100 Million yen)



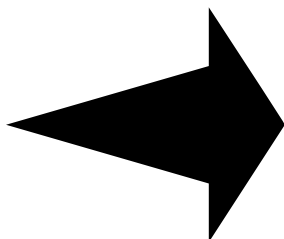
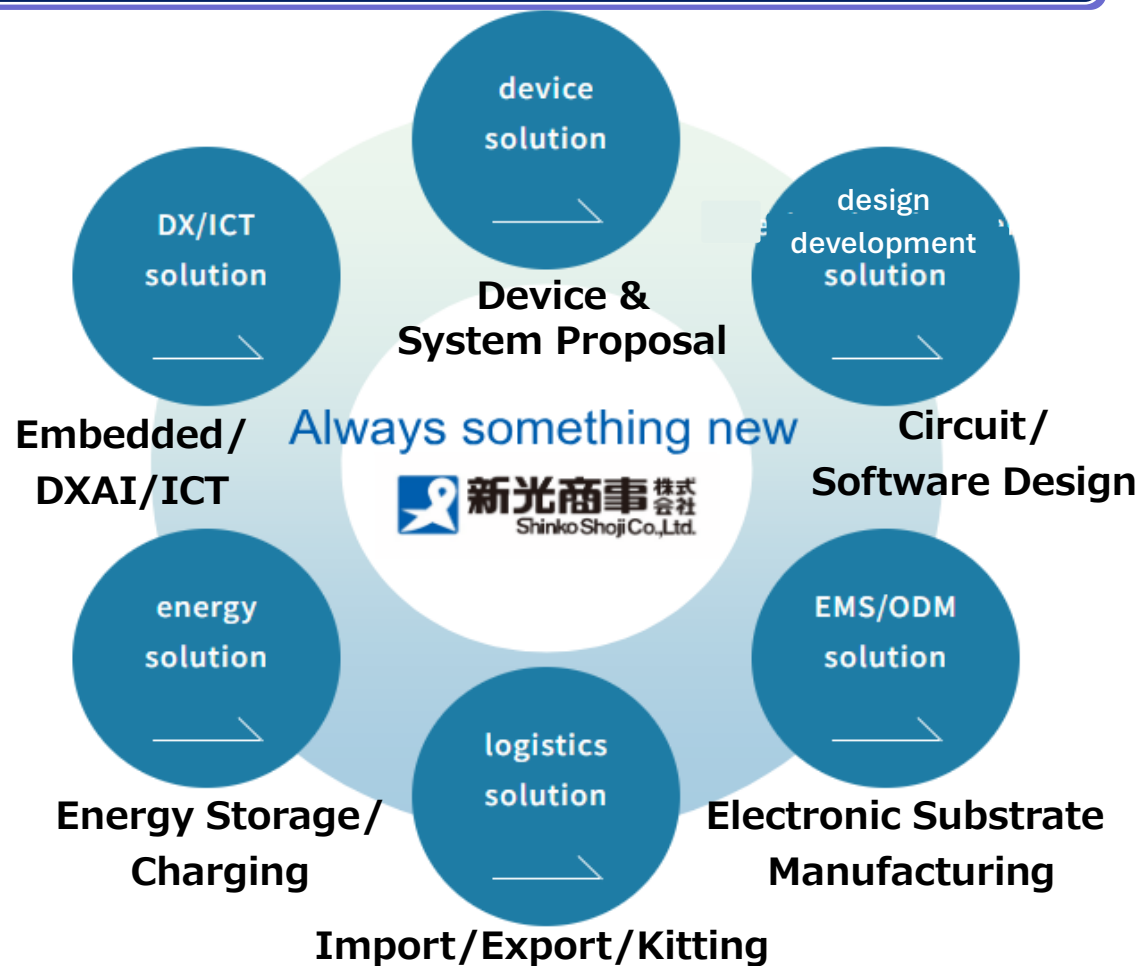
Medium-Term Management Plan and Strategies

Our Business Areas

As a specialized trading company for electronics,
To continue to be our customers' best partner

Solutions provided by Shinko Shoji.Co.,Ltd

Major Markets



Regarding capital and business alliance

We have entered into a capital and business alliance agreement with Restar Corporation.

● Details of business alliance

Shinko and Restar will build a strategic partnership through the business alliance set forth in the Alliance Agreement. We will make organic use of our respective management resources and expertise in our efforts to improve the business efficiency of the corporate group that includes Shinko and Restar and our respective subsidiaries, affiliates, and associated companies. With the objective of the mutual expansion of profits, we will conduct a business alliance in the businesses concerning the sale of semiconductors, electronic components and electronic equipment, the contracted development of software, EMS coordination and solution services.

● Details of capital alliance

Shinko plans to acquire 550,000 common shares of Restar (1.83% of Restar's total issued shares, with a total value of approximately 1.5 billion yen, as of September 30, 2024) through Restar's disposal of treasury shares effected by a private allocation of shares to Shinko.

Restar plans to acquire 1,550,000 common shares of the Company (4.08% of the Company's total issued shares, with a total value of approximately 1.5 billion yen, as of September 30, 2024) from Shinko's existing shareholders.

Concerning Formulation of Medium-Term Management Plan

We have formulated a new three-year medium-term management plan that is based on the verification of Shinko group's unique business environment, in addition to growth investments and M&A, and co-creation synergies with strategic partner companies.

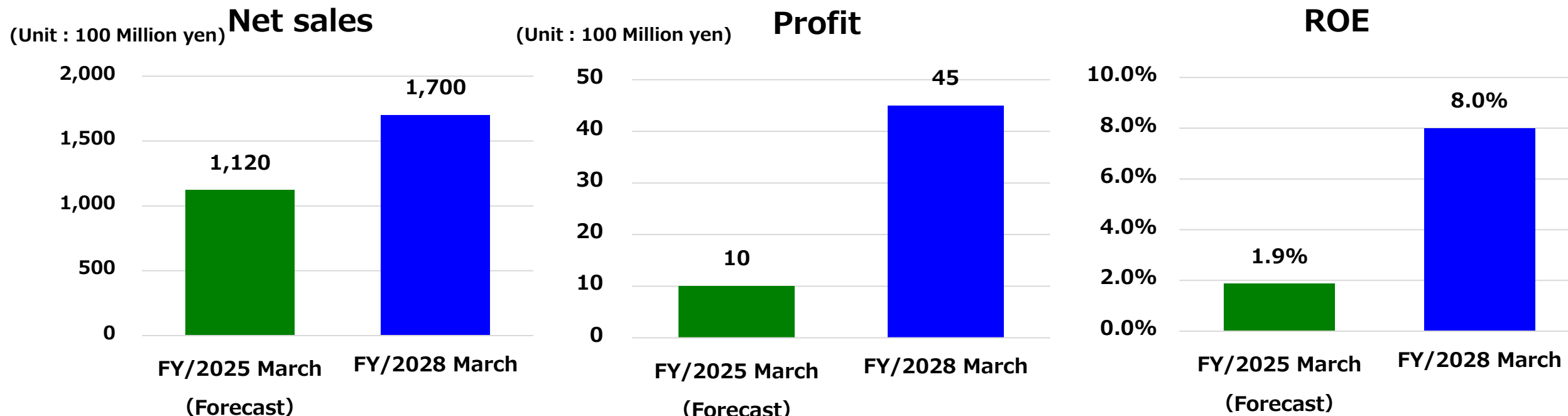
● Management policy

In this era of change, we aim to provide a wide range of electronics products and services. Increase the value of our existence, realizing an evolving electronic parts trading company group.

● Management strategies (priority measures for growth)

- (1) Rebuilding of business portfolio (including co-creation with strategic partners)
- (2) Creation and enlargement of new core merchandise and further expansion of merchandise procured from existing excellent suppliers
- (3) Area strategy, growth investments aimed at the exploration and creation of new business domains, and M&As
- (4) Actions for management focusing on capital cost and share price (toward PBR of 1 or higher)
- (5) Investment in human capital (recruitment of diverse talent, investment in education and training, improvement of employee engagement)
- (6) Environmental initiatives (toward carbon neutrality by 2050)

Important management indicators of Medium-Term Management Plan



■ Period of the plan

Fiscal year ending March 31, 2026
to
Fiscal year ending March 31, 2028
(for three years)

■ Important management indicators

Management indicators	FY/2028 March
Net sales	1,700 billion yen
Profit	45 billion yen
ROE	8.0% or higher

New Semiconductor Supplier Status

We are strongly promoting the development of **new semiconductor suppliers** and aim for early start-up. Negotiations with several companies are ongoing. We will disclose the details as soon as an agreement is reached.

Main customers

- OA customers
- Industrial robot customers
- Blockchain related customers
- Automotive display customers
- Semiconductor manufacturing customers
- Railway signal/traffic signal customers
- Automotive equipment customers
- PLC related customers
- Vending machine related customers
- Smart meter customers
- Amusement equipment customers

 **Shinko Shoji Co.,Ltd.**

Semiconductor category new suppliers

SoC/ASIC	Faraday
	SiMa.ai
MCU	Company A
	Company B
Analog & Power	Company C
	Company D
	Company E

New Semiconductor Supplier [Faraday Technology Corporation]

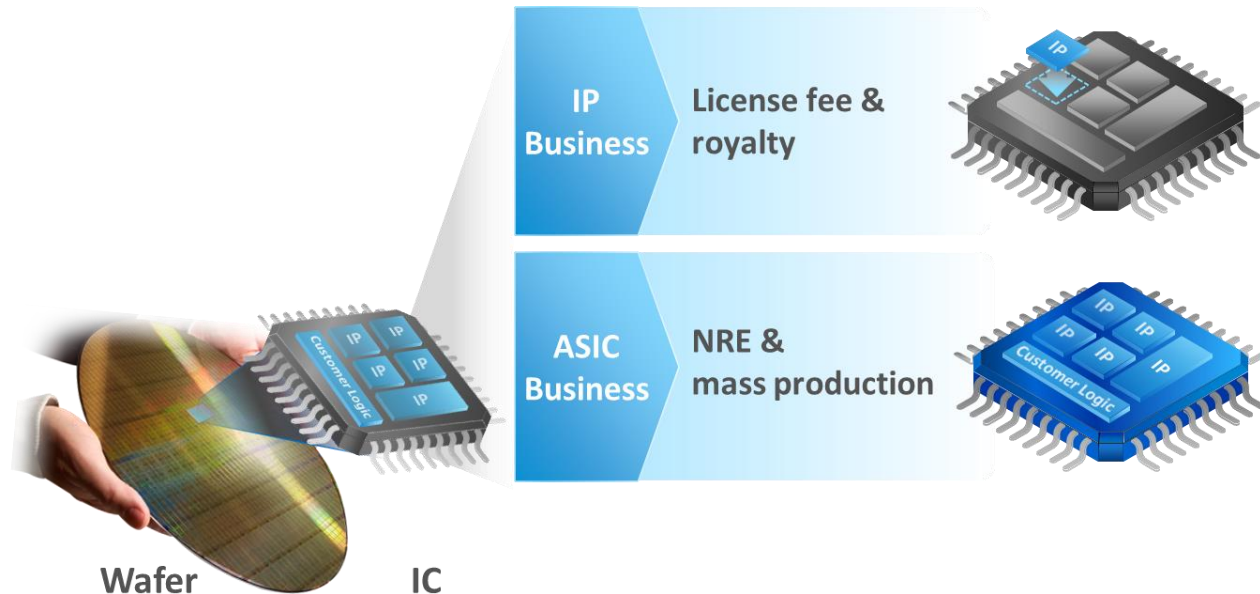
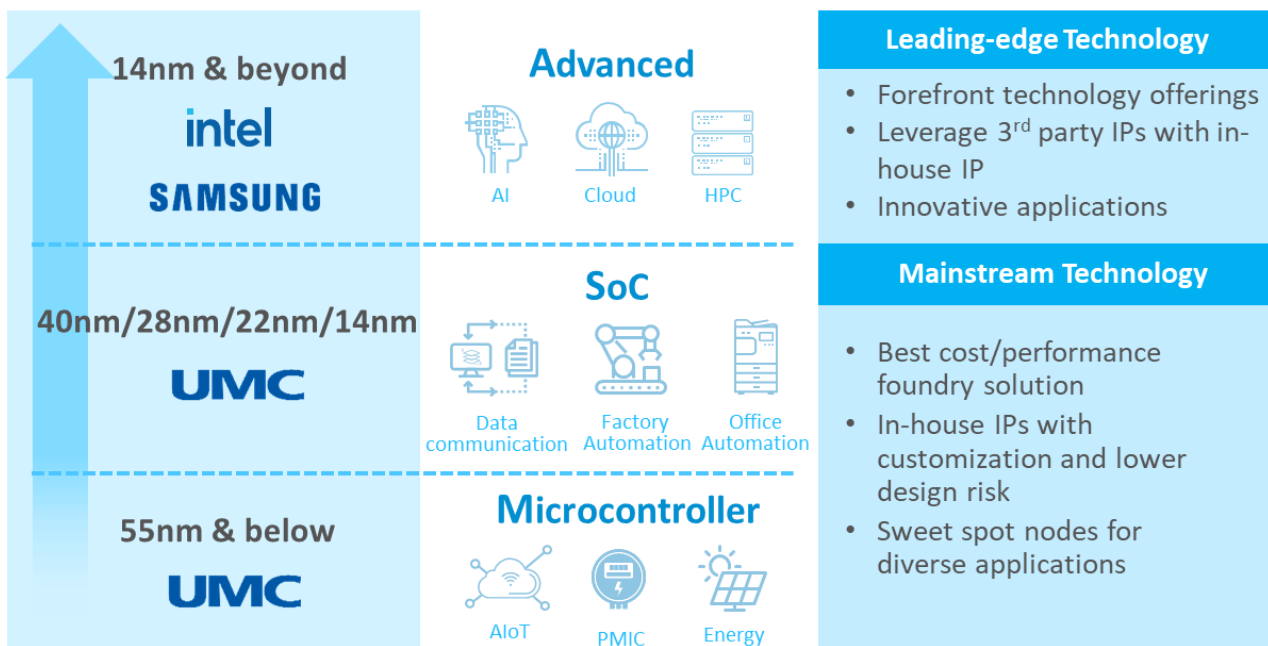
Shinko Shoji is aggressively expanding sales of Faraday's products!
Aiming for business of 15 billion yen in 2027!

Faraday Strategic Foundry Partnership

Faraday Business: IP & ASIC

[Leading Faraday Technology Corporation foundry manufacturer]

- Front-end manufacturer of ASIC devices



[Our company's Faraday Technology Corporation related business]

- Device business selling ASIC devices
- Licensing business to sell IP
- Contract development business to design ASIC devices

Developing new customers & commercial distribution for existing products

Further expand sales of **current products line-up** and promote the development of **new business**.

Main customers

- OA customers
- industrial robot customers
- Blockchain related customers
- Automotive display customers
- Semiconductor manufacturing customers
- Railway signal/traffic signal customers
- Automotive equipment customers
- PLC related customers
- Vending machine related customers
- Smart meter customers
- Amusement equipment customers



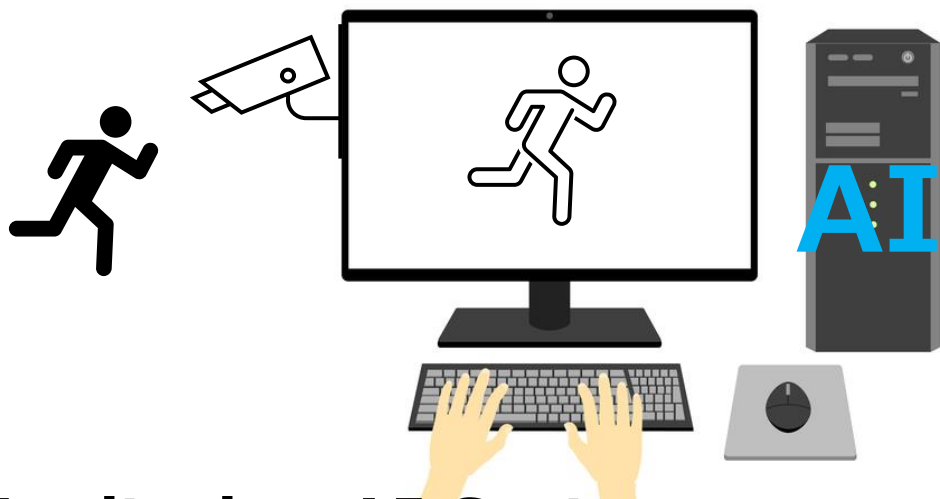
category

- Electronic components (Capacitor/Coil/Resistor etc.)
- Connectors/Harnesses/Fiber Optics
- LCD/LED/Touch Panel/Monitor
- Motor/Servo Controller
- Printed circuit board
- Memory/Memory Module
- PC/Server/Router
- DX/AI/Generative AI/IoT
- EMS business/ODM business
- Software and hardware development

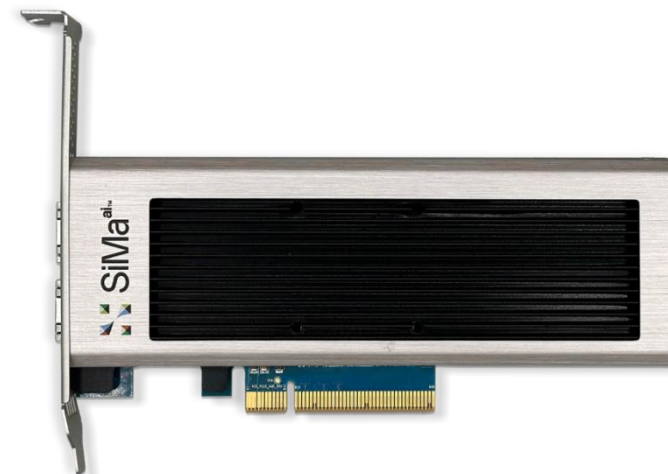
AI (Image Recognition AI) Order Example

Shinko Shoji Receives Orders for Image Recognition AI Board by SiMa Technologies, Inc.(SiMa)!

Application



Products for sale (HHHL Production Board)



HHHL(Half-height,Half-length)Board

Business and Industrial Products PCIe boards to enhance data center or industrial desktop PCs and edge servers.

Monitoring AI System

- "Low power consumption" is the most notable feature for customers to adopt SiMa's image recognition AI board
- AI function is image recognition AI that monitors body posture status

Shinko Shoji is now actively promoting SiMa's product business to 10 and more customers.

Full-year outlook

Business Outlook for the FY March 2025

(Million yen)

	Results for the fiscal year ending March 2023	Forecast for the fiscal year ending March 2025 previous forecast(May,2024)	Forecast for the fiscal year ending March 2025 revised forecast(Oct,2024)	YoY	Increase and decrease
Net sales	175,847	112,000	112,000	(36.3%)	(63,847)
Operating income	4,878	1,000	1,800	(63.1%)	(3,078)
Ordinary income	4,768	1,000	1,600	(66.4%)	(3,168)
Net profit	3,275	1,000	1,000	(69.5%)	(2,775)
Basic earnings per share(yen)	96.53	30.21	31.28	—	(65.25)

Our company's Shareholder Return Policy

Our basic policy is to distribute dividends to shareholders with a target consolidated payout ratio of 50% in consideration of the balance between stable and continuous distribution of dividends to shareholders and investment in the growth strategy.

For the purpose of improving capital efficiency and returning profits to shareholders, The Company will conduct a tender offer for its own shares to improve capital efficiency and to return profits to shareholders. For details, please refer to the Company's website.

Class of shares	Number of shares to be purchased
Common stock	3,773,000 shares

Returning to shareholders

● Dividend per share

	Dividend per share			Consolidated dividend payout ratio
	End of 1H	Year end	Annual	
FY March/2025 Forecast (Published Oct 31, 2024)	7.5 yen	8.0 yen	15.5 yen	49.6%
Results for the previous fiscal year (Year ended March 31, 2024)	26.5 yen	22 yen	48.5 yen	50.2%

Contact Information

Shinko Shoji Co., Ltd.

Director Shuji Isshiki

Tel: (81)-3-6361-8062

Fax: (81)-3-5437-8481

e-mail: shuji.issiki@st.shinko-sj.co.jp

Head Office: Art Village Osaki Central Tower 13F

1-2-2 Osaki Shinagawa-ku Tokyo 141-8540 Japan

HP: <https://www.shinko-sj.co.jp/en/>