



新光商事 株式
会社
Shinko Shoji Co., Ltd.

Earnings Report for Fiscal 2022 (Ending March 31, 2023)

- **Overview of Settlement**
- **Business Status**
- **Proposals for the solutions to social contribution**
- **Future Prospects**

Jun. 2023

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

Overview of Settlement for the Fiscal Year March 2023

Thanks to the good performance of our main business areas including industrial products, automotive electrical products and office automation (OA) products, our group achieved the increase in both revenue and profit.

- In the industrial products, sales related to the robots and the semiconductor manufacturing equipment performed well throughout the period.
- In the automotive electrical products area, sales were strong thanks to increased sales of LCD products.
- In the office automation products area, the sales for home printers showed a strong increase.

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.

(Unit; Million yen)

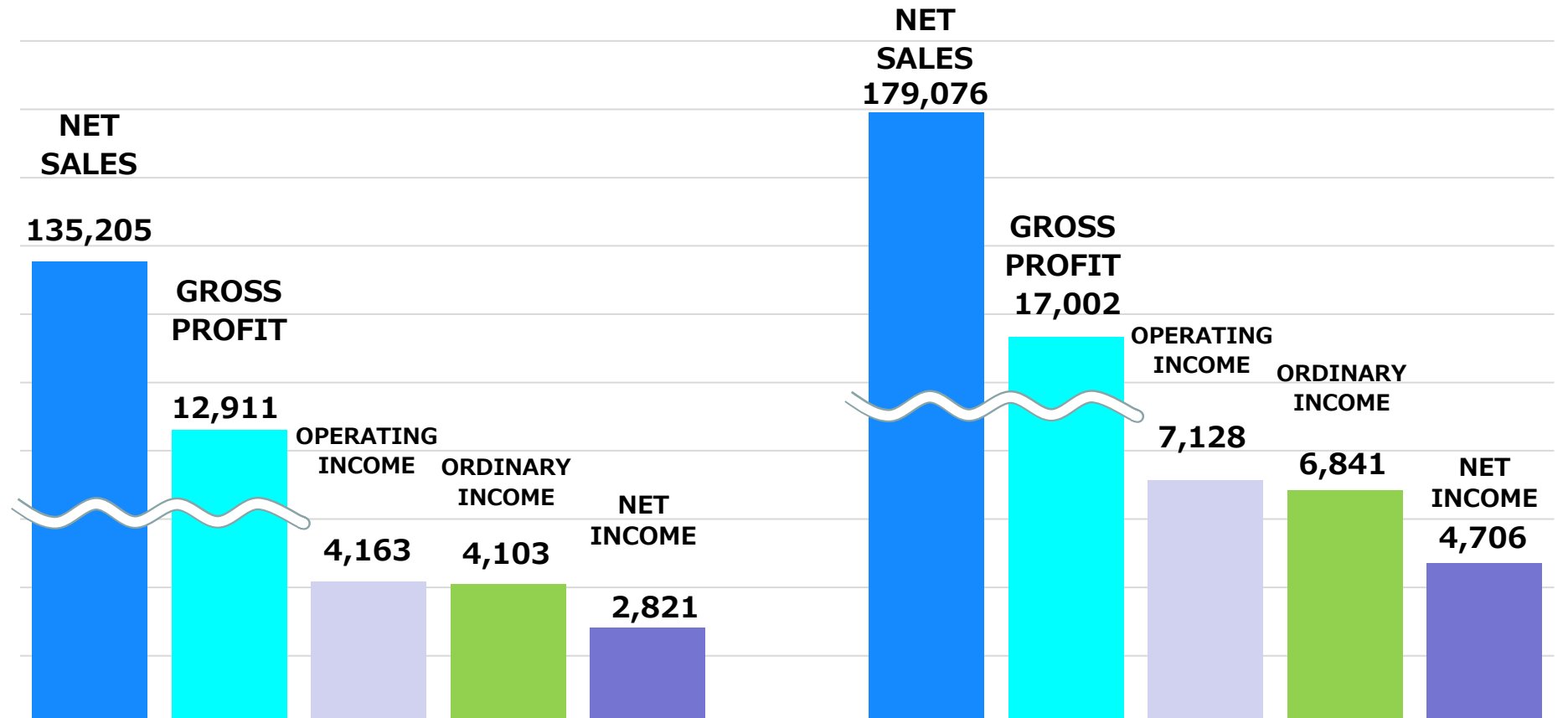
	FY March 2022	FY March 2023	Growth Rate YoY	Increase/ Decrease (YoY)
Net sales	135,205	179,076	+32.4%	43,871
Gross Profit	12,911	17,002	+31.7%	4,091
Selling, general and administrative Expenses	8,748	9,873	+12.9%	1,125
Operating income	4,163	7,128	+71.2%	2,965
Ordinary income	4,103	6,841	+66.7%	2,738
net income	2,821	4,706	+66.8%	1,885
Net income per share	¥76.11	¥137.77	-	¥61.66
Dividend per share (Year)	1 H ¥23.00 2 H ¥36.50	1 H ¥29.00 2 H ¥40.00	-	-

Consolidated income statement

(Unit; Million yen)

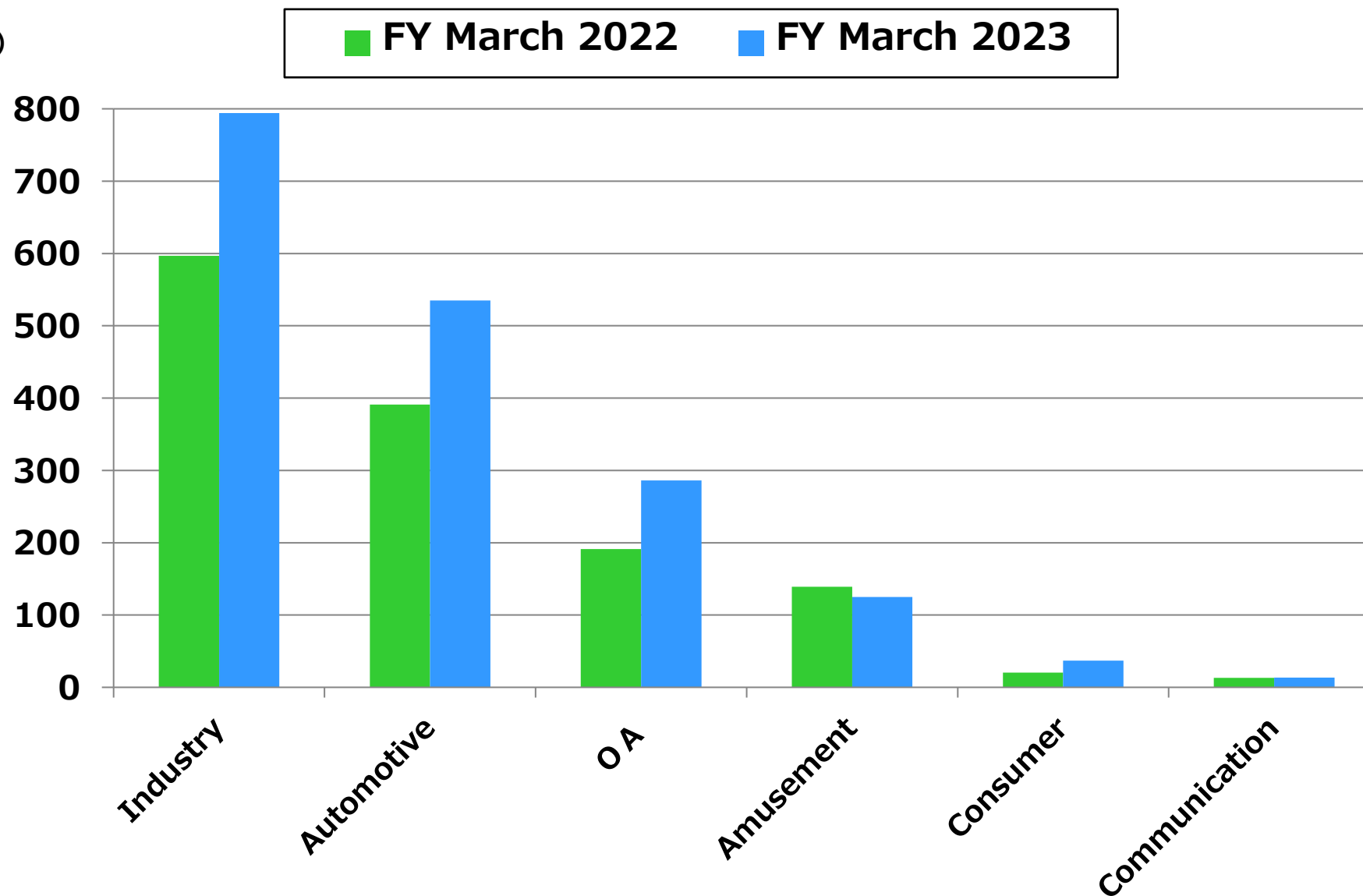
FY March 2022
(April 1,2021~March 31,2022)

FY March 2023
(April 1,2022~March 31,2023)



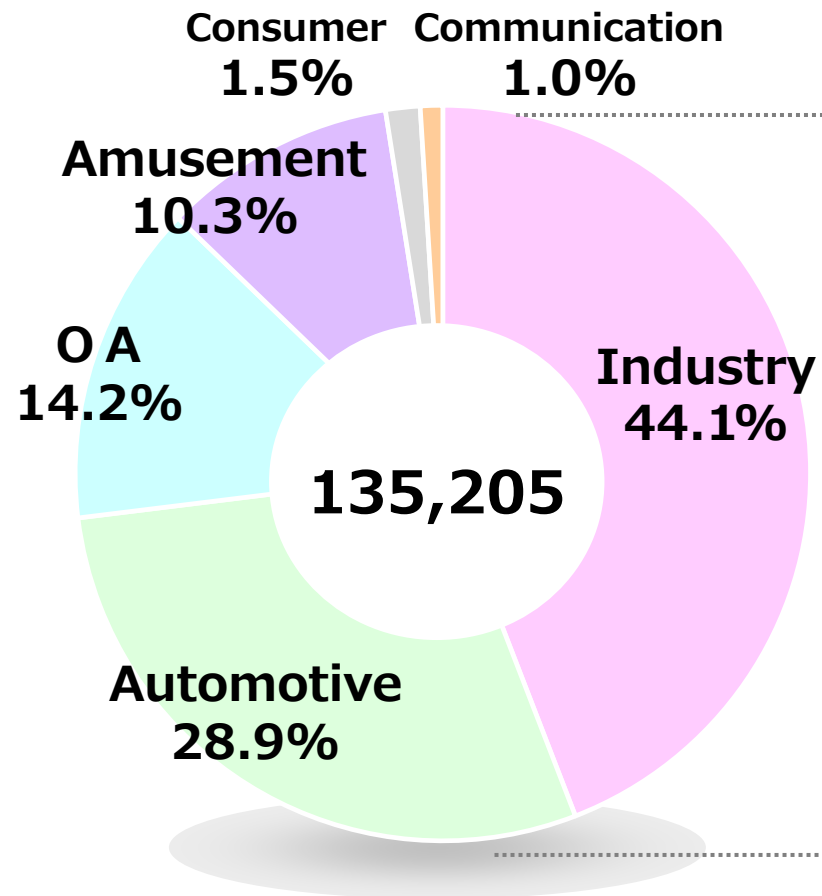
Sales composition ratio by product(amount)

(Unit;100 Million yen)



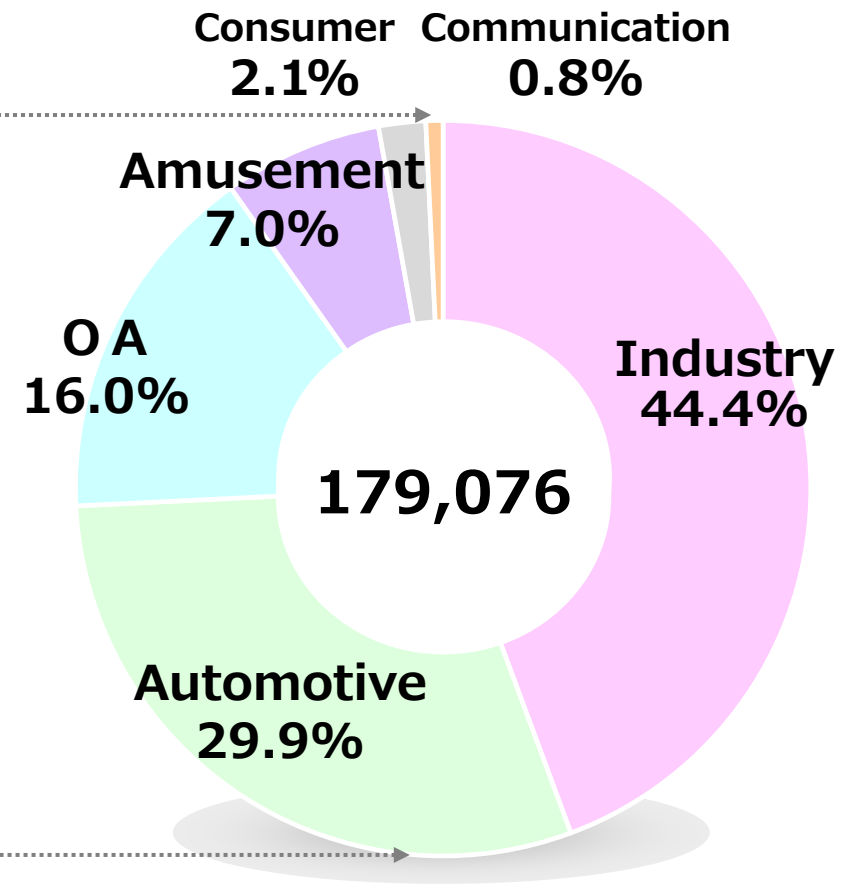
Sales composition ratio by product

【FY March 2022】



【FY March 2023】

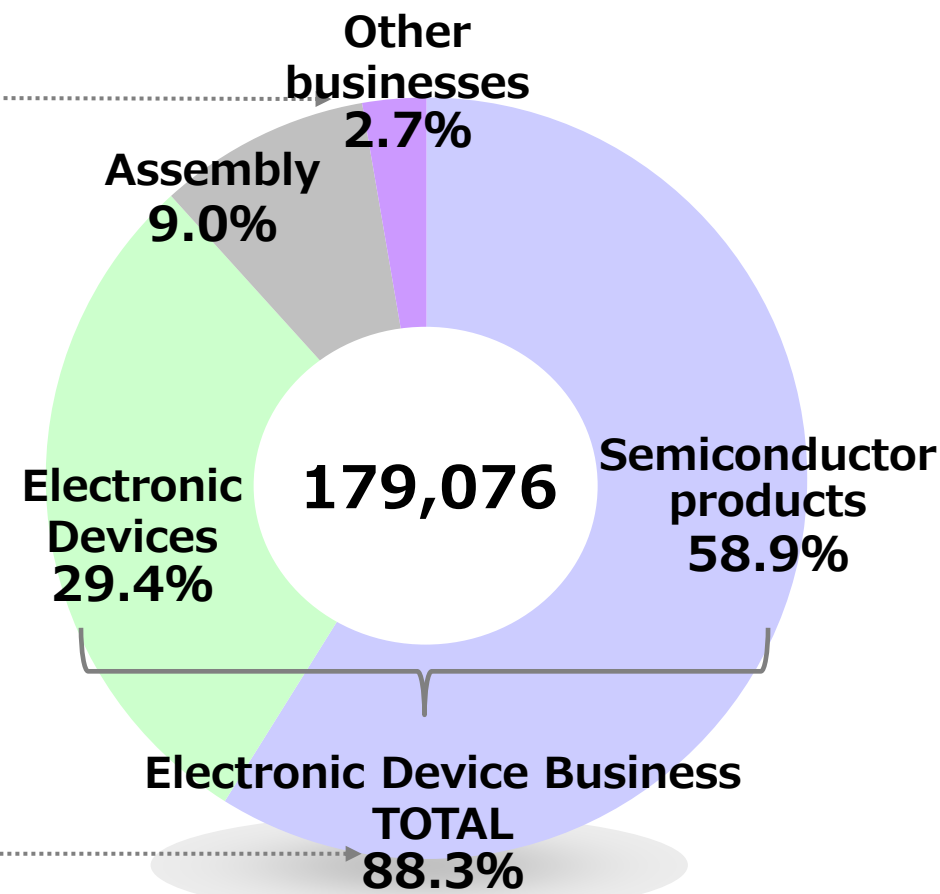
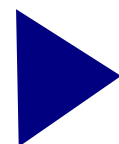
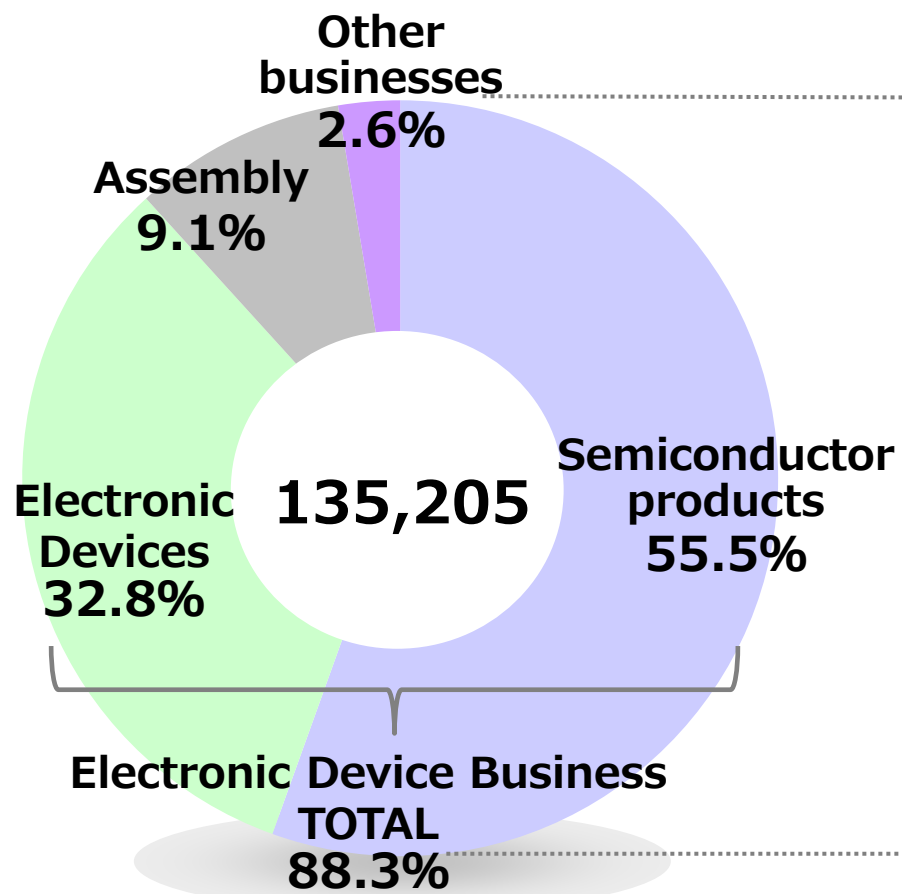
(Unit; Million yen)



Sales composition ratio by product

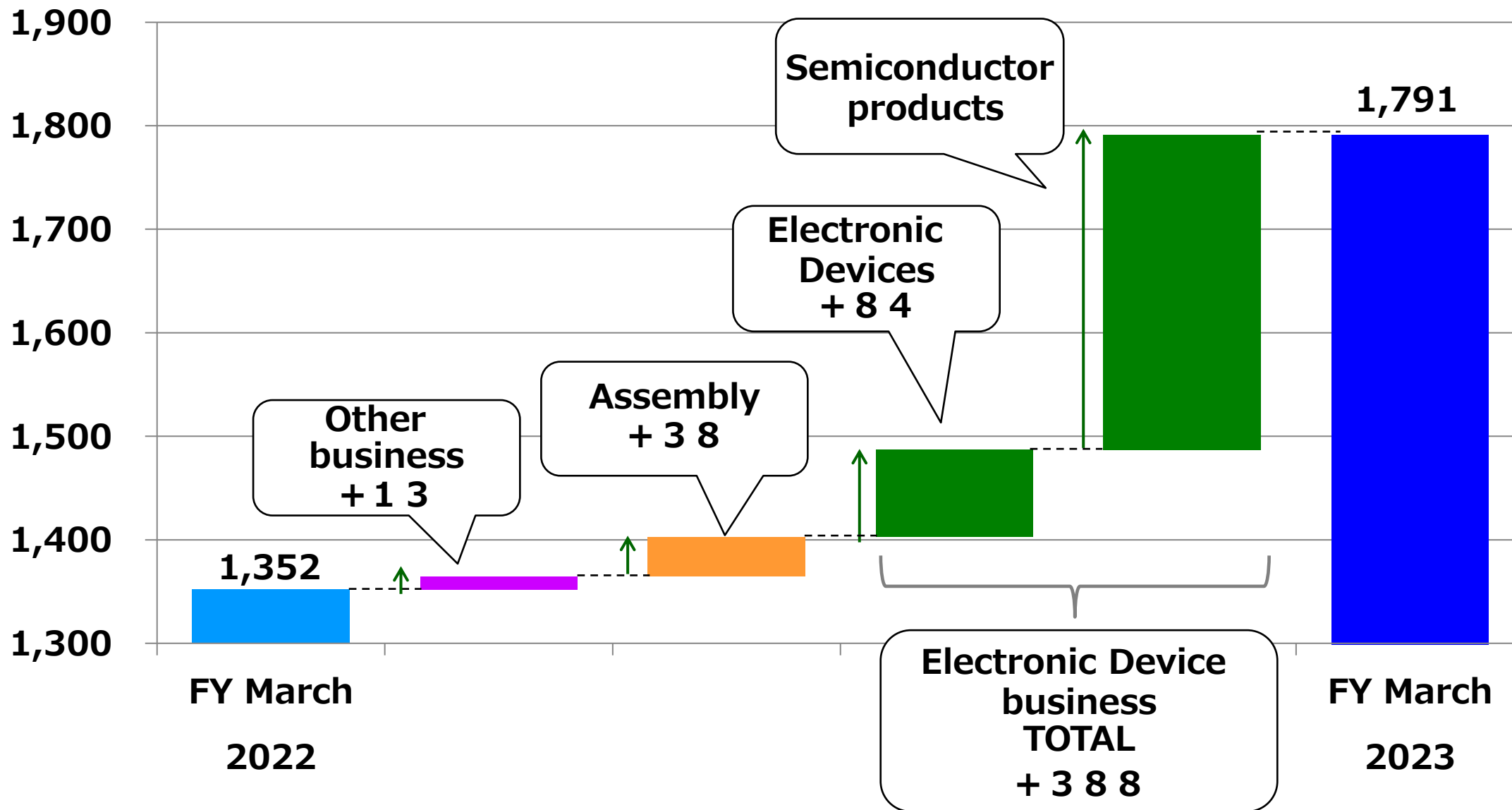
[FY March 2022]

[FY March 2023] (Unit; Million yen)



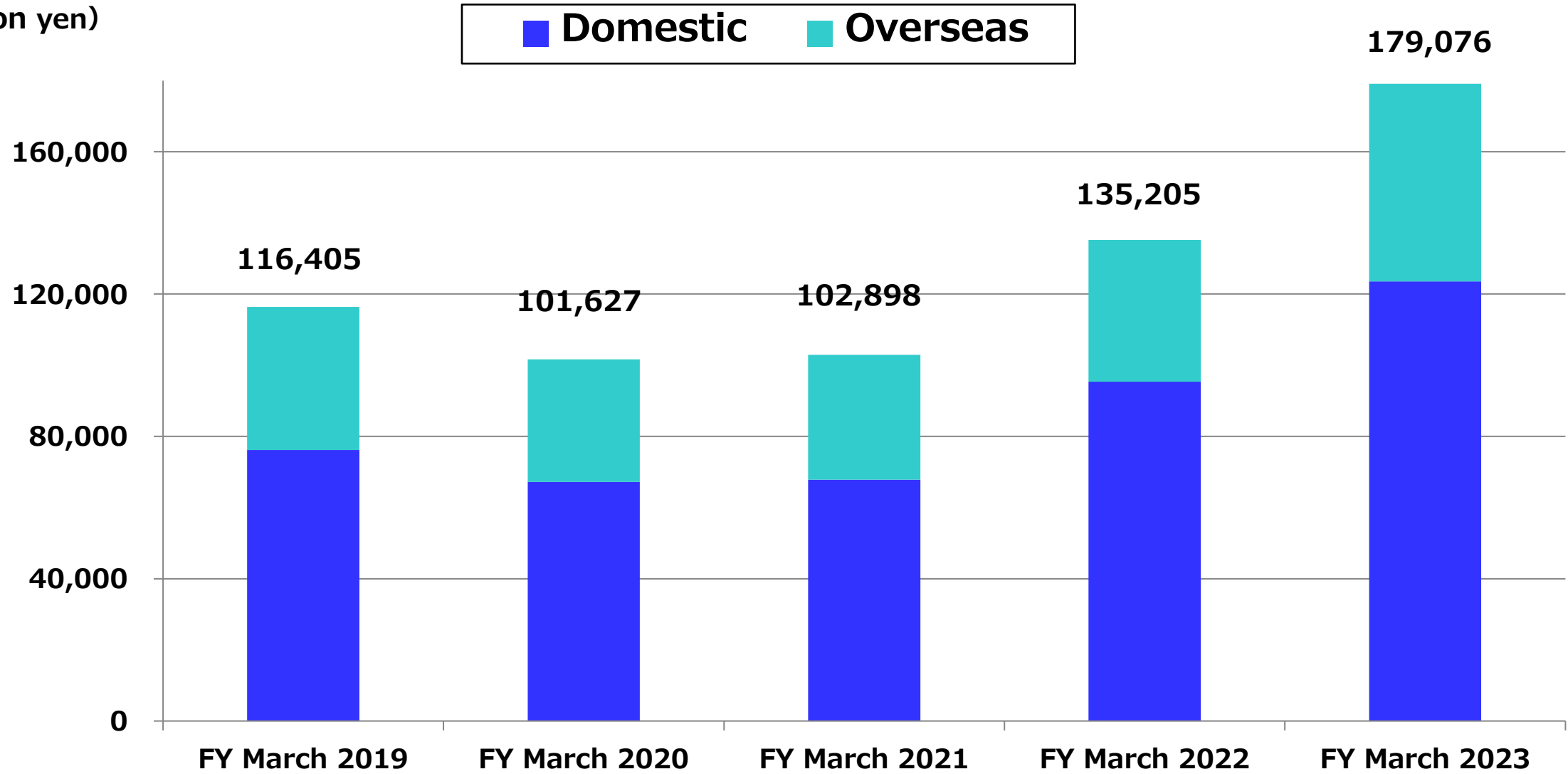
Analysis on factor of increase / decrease in sales Compared with the previous year

(Unit; 100 Million yen)



Trend of Net sales

(Unit; Million yen)



1US\$ = (110.99)

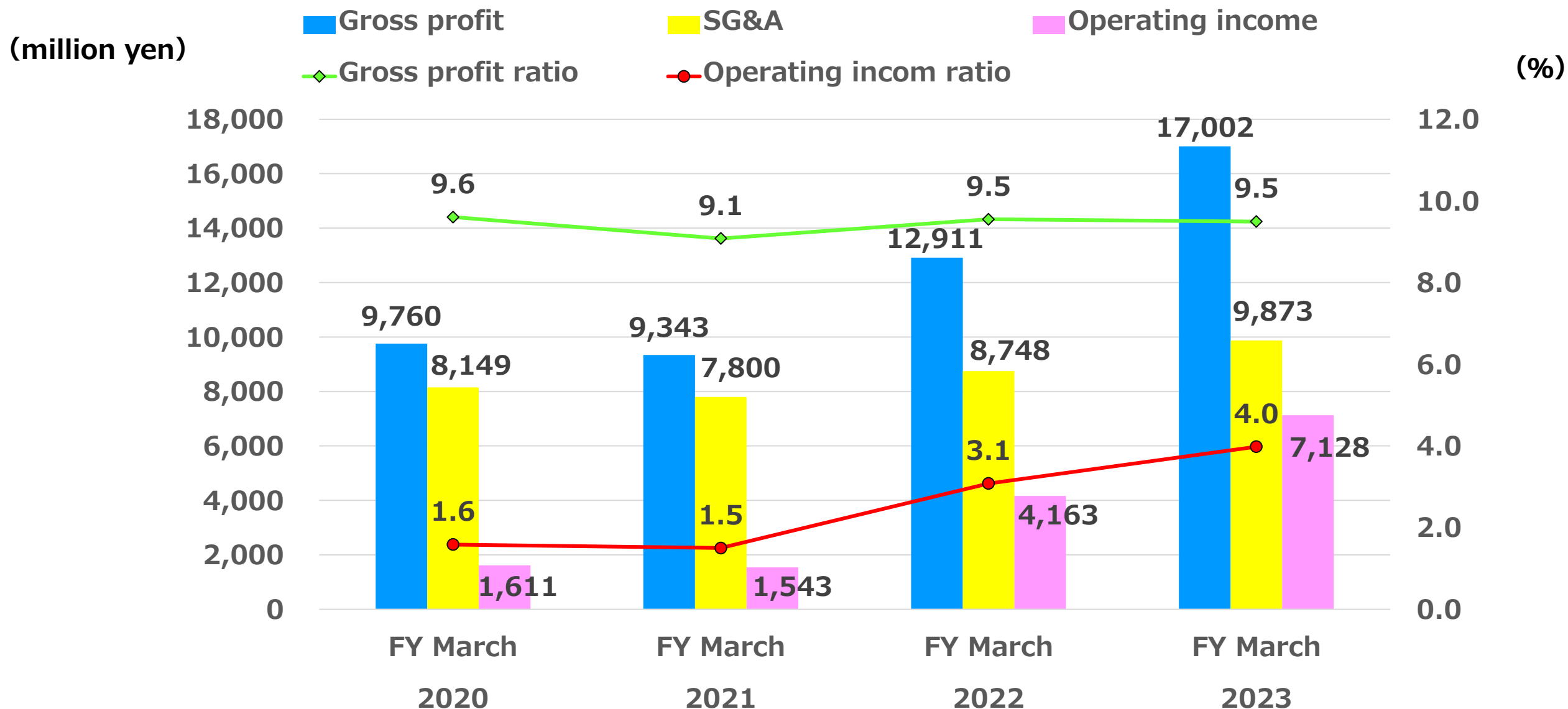
(108.83)

(110.71)

(122.39)

(133.53)

Gross profit / Gross profit ratio / SG & A Transition



Summary Balance Sheet 1 (Assets)

(Unit; Million yen)

	FY March 2022	FY March 2023	Increase / decrease
Total assets	88,951	98,827	9,876
Current assets	82,370	92,720	10,350
Cash and deposits	10,710	10,929	219
Notes receivable, accounts receivable and contract assets	31,307	38,531	7,224
Products	29,189	31,384	2,195
Accounts receivable	10,895	11,679	784
Fixed assets	6,580	6,107	△473
Tangible fixed assets	810	771	△39
Investment securities	3,106	3,458	352

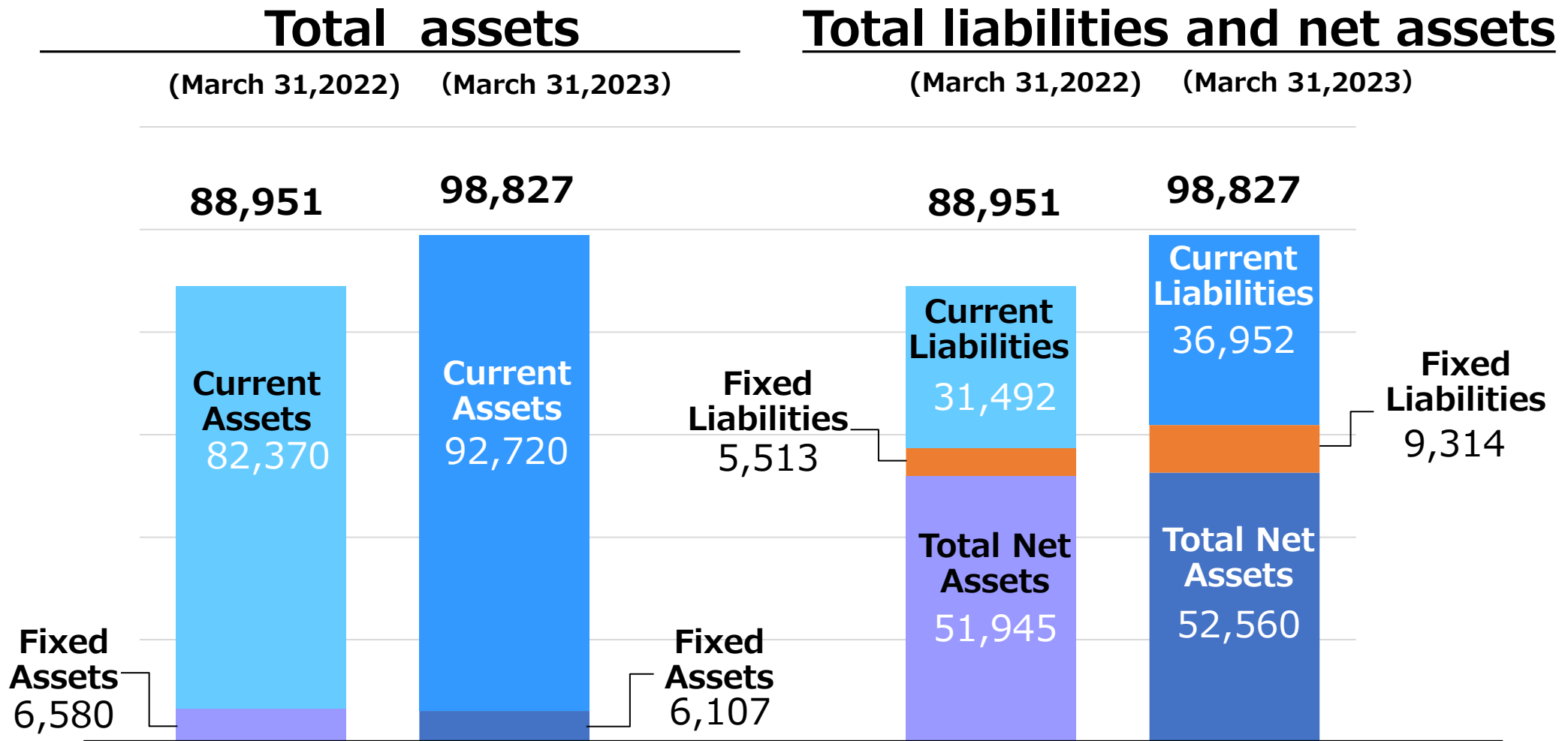
Summary Balance Sheet 2 (Liabilities and Net assets)

(Unit; Million yen)

	FY March 2022	FY March 2023	Increase / decrease
Total liabilities	37,005	46,266	9,261
Current liabilities	31,492	36,952	5,460
Trade notes and accounts payable	17,324	16,061	△1,263
Electronically recorded debt	1,978	2,350	372
Short-term debt	7,444	9,025	1,581
Current portion of long-term debt	-	1,600	1,600
Accounts payable – other	1,705	3,621	1,916
Fixed liabilities	5,513	9,314	3,801
Long-term debt	3,800	7,200	3,400
Total net assets	51,945	52,560	615
Capital and capital surplus	19,100	19,100	0
Retained earnings	31,225	33,577	2,352
Treasury stock	△1,286	△4,608	△3,322
Total liabilities and net assets	88,951	98,827	9,876
Capital adequacy ratio	57.8%	52.5%	△5.3%

Consolidated Balance Sheet

(Unit; Million yen)



Cash Flows

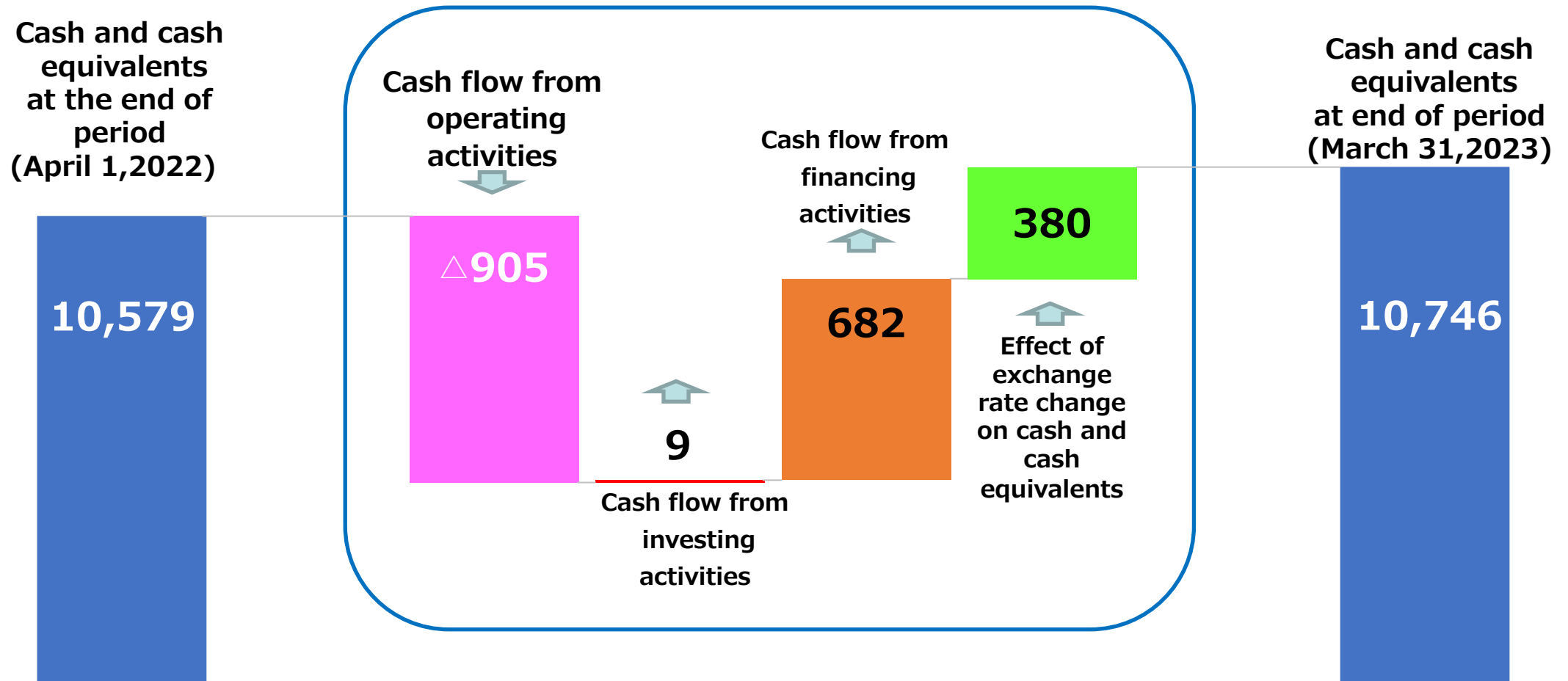
(Unit; Million yen)

	FY March 2022	FY March 2023	Transition
Cash flow from operating activities	△11,628	△905	10,723
Cash flow from investing activities	△407	9	416
Cash flow from financing activities	4,250	682	△3,568
Cash and cash equivalents at end of period	10,579	10,746	167

Consolidated Statements of Cash Flows

FY March 2023 (April 1,2022~March 31,2023)

(Unit; Million yen)



Returning to shareholders

● Dividend per share

	Dividend per share			Total return ratio
	End of 1H	Year end	Annual	
Results for the fiscal year	¥ 29.00	¥40.00	¥69.00	50.1%

	Dividend per share			Total return ratio
	End of 1H	Year end	Annual	
Results for the previous fiscal year (Year ended March 31, 2022)	¥ 23.00	¥ 36.50	¥ 59.50	100.3%

*The results for the previous fiscal year ended March 31, 2022, were based on the dividend policy of "achieving a total payout ratio of 100% or more".

Business Status

Business Status

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

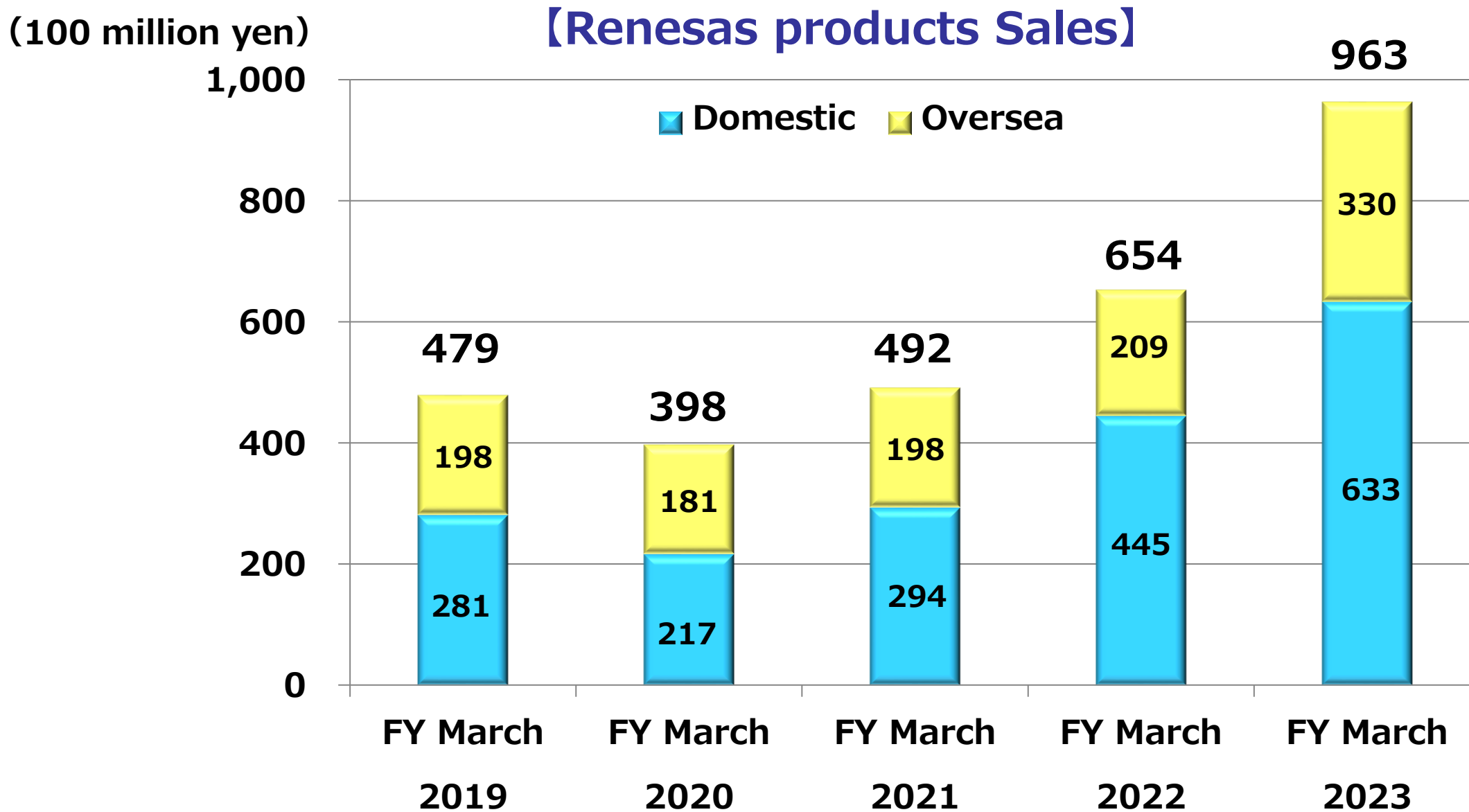
Business Status

1. Business status of Renesas Electronics

2. Sales trends of overseas business

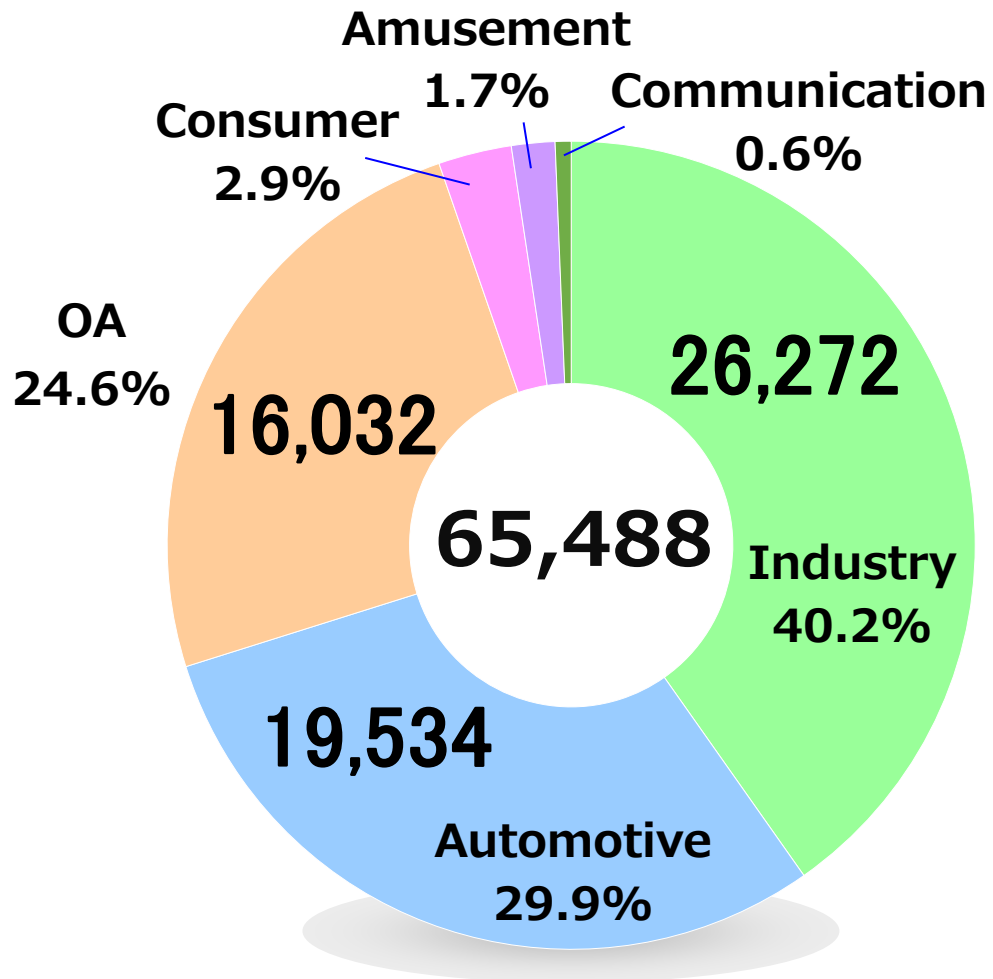
3. Business situations surrounding our core markets

1-1. Renesas Electronics Business



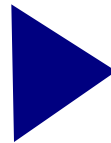
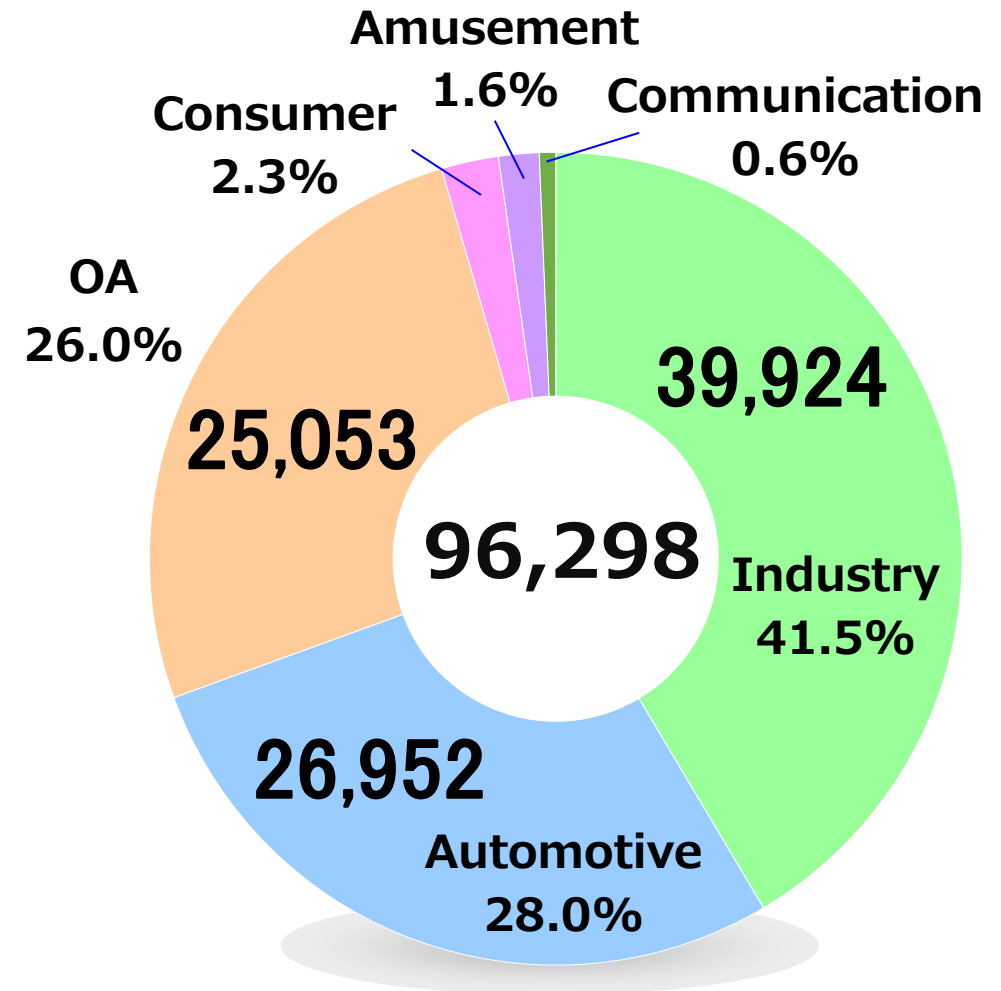
1-2. Renesas Electronics Business

**【Sales composition ratio by field】
【FY March 2022】**



(Unit; Million yen)

【FY March 2023】

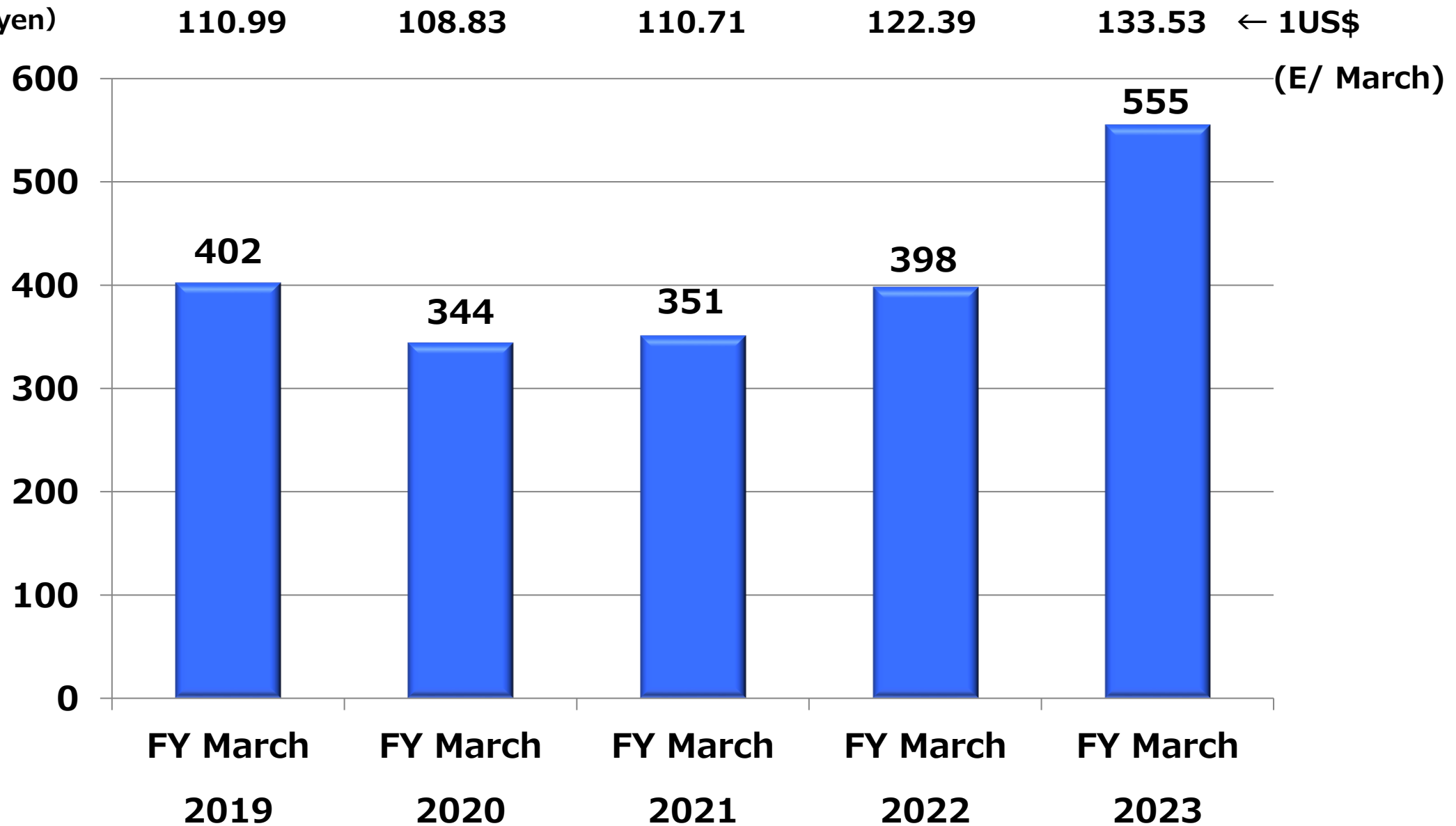


Business Status

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

2. Overseas Business Sales Trends

(Unit;100 Million yen)

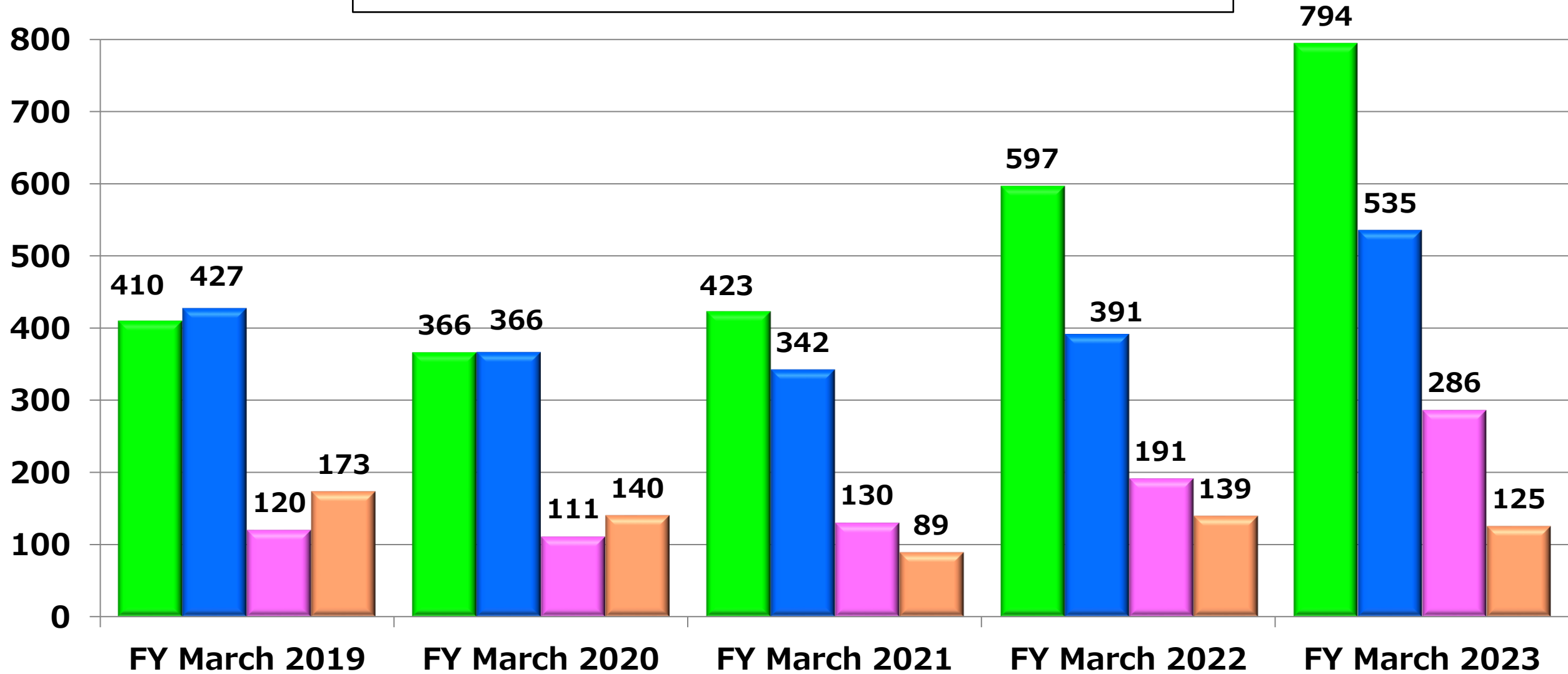


Business Status

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

3. Core Market Sales Trends

(Unit; 100 Million yen)





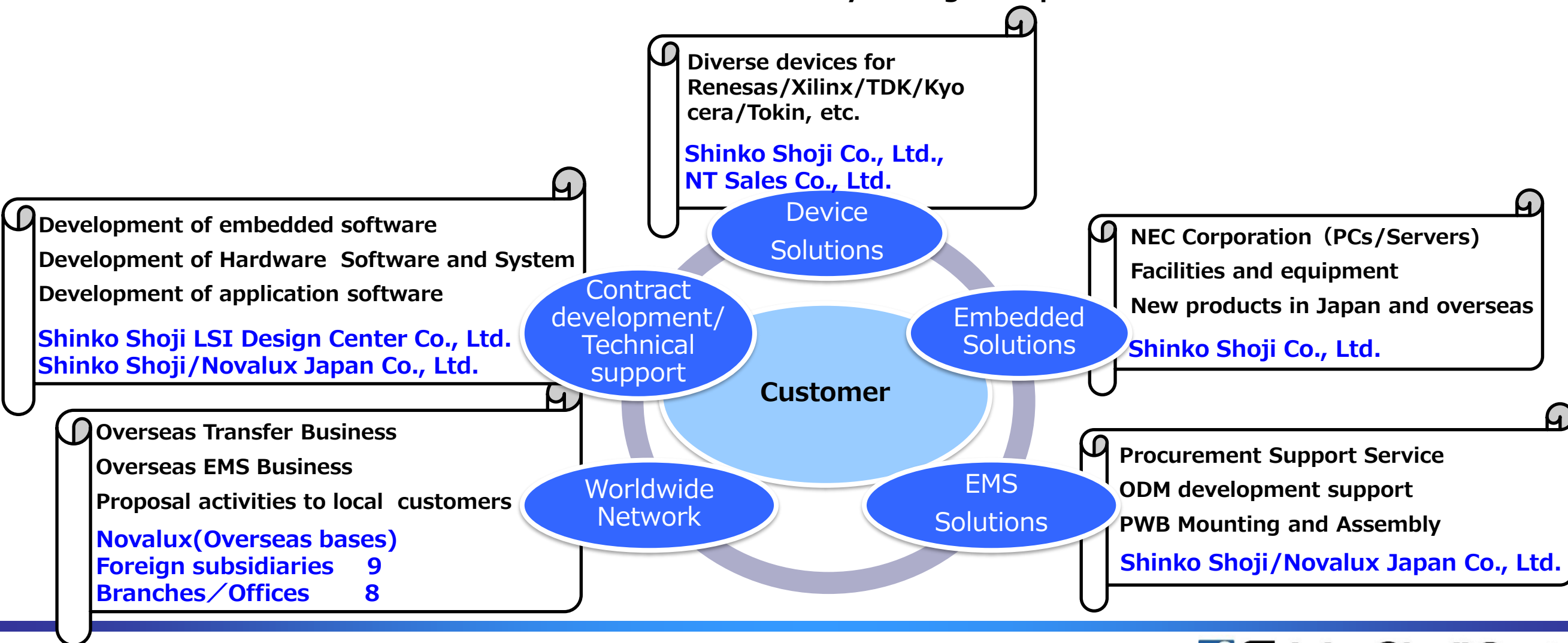
Proposals for the solutions to social contribution



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. Power-Saving Communication Solution Applied for Infrastructures

We added new features to our LoRa technology, which we used while developing a wildlife trap system, with an aim to expand our business in the field of infrastructure.

We will **develop a new LoRa communication system** and contribute to the realization of a smart society.

Wild Animals
Damage Prevention



Shinko Shoji
Col, Ltd.
LoRa system

• 13 gateways installed
(as of April, 2023)

• 355 LoRa trap terminals
Installed (including the ones
scheduled to be installed)

New LoRa System
(under development)
– To be launched in January, 2024 –

Existing LoRa system added with **energy-saving function** and **extensibility**

Realization of long-term operation and multifunction sensing

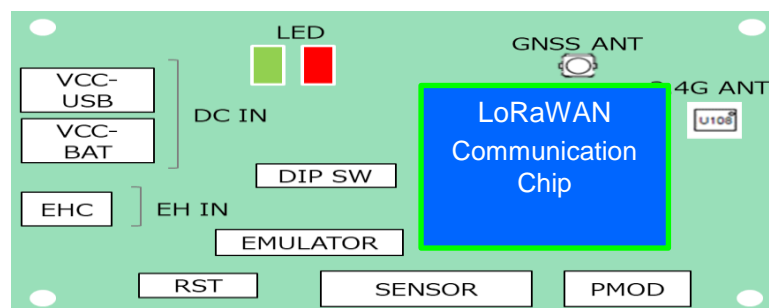
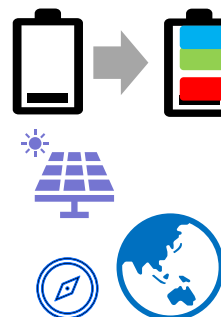


Image of the board configuration used for the evaluation of the new LoRa system

Three Newly-Added Features

- ① **Three times longer battery life**
(compared to our company's previous products)
Reduced maintenance frequency due to low power operation
- ② **Equipped with an energy harvesting function (scheduled)**
The energy harvesting function enables long-term operation
- ③ **Location information function (GNSS)**
Applicable for battery-powered tracking



Application areas/Infrastructure business

As it supports a variety of sensing devices, it can be applied to infrastructure business



Examples of infrastructure application

- ❑ **Piping/Facility maintenance and management**
- ❑ **Supervision of roads/traffic facilities**
- ❑ **Supervision of distribution/transportation**

3. Provision of Diagnostic Imaging Solution

<Example> Quality Control of Working Machinery

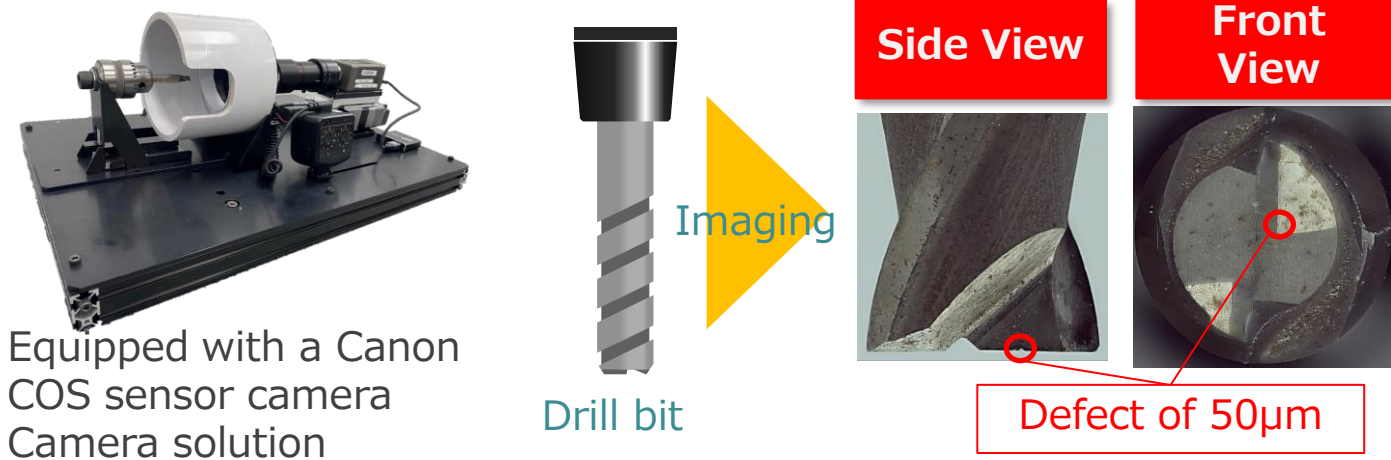
Imaging solution with Canon's CMOS sensor and microscope-level imaging technology (currently under development)

Characteristics of Diagnostic Imaging Solution

Taking advantage of the features of Canon's CMOS sensor, it successfully minimizes overexposure/crushed shadows, while also provides a large depth of field and multiple focusing points.

Canon's CMOS sensor: LI7050 (2M pixel)
Size of detectable defects: 50µm

Allows the imaging of a drill bit with a defect of 50µm



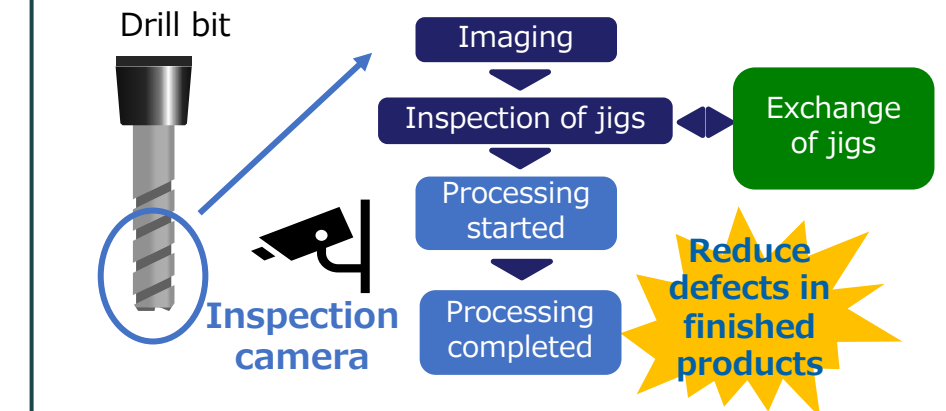
We will apply these technologies to various imaging solutions.

Target Set

Machine/industrial equipment
Quality Control camera 

Jigs with defects, such as chipped edges, can be replaced before used for processing products by being inspected beforehand.

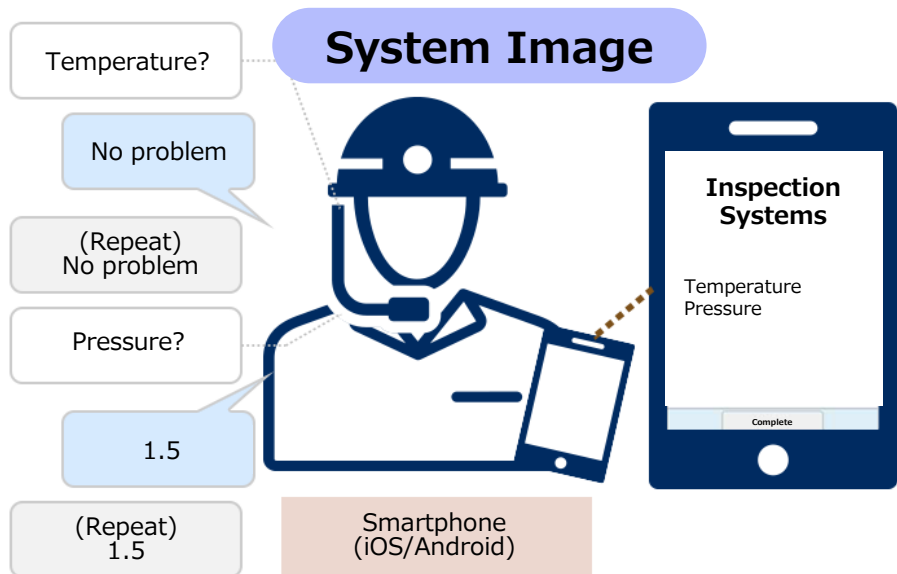
- To reduce the number of defective products -



4. NEC Voice Operation Support Solution

DX solution improve work efficiency and collect results

“Paperless system”, “Productivity improvement”, “Human Resource Development”
DX solution



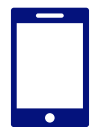
Feature

- Hands-free input**
 - Guidance is available for everyone
- Work management by voice**
 - Hands-free operation
- Improve cycle speed**
 - Faster improvement cycles
 - Visualizing the Problem

Hardware Requirements



Server



Smartphone



Headset

<Target market>

- Manufacturing Plants
- Construction sites
- Logistics warehouses

5. Contactless Solution

Retrofittable Contactless Technology "No Touch" Frame®

Using our own infrared camera module technology, we have developed an original solution that enables "No Touch" (contactless) operation



Application Examples

- Information terminals in public transportation and commercial facilities
- Ticket vending machines at cafes and restaurants
- Reception machines for returning patients
- Automatic payment machines in hotels
- Large-size signage displayed at museums and golf courses

Feature

- Easily makes existing touch panels operable without physical contact
 - ※ We support you all the way from suggesting adequate shapes/forms to advising how to apply according to your purposes
- Is flexible and used with panels of various sizes and shapes
 - ※ Applicable size: 10-80inch
- Low development cost
- An accumulated total of over 400 have been shipped, and many of them have been implemented



Future Prospects

Future Prospects

- **Forecasts for the Fiscal Year Ending March 31,2024,
And Mid-term Management Plan**

Business Outlook for the FY March 2024

(Unit; Million yen)

	Results for the fiscal year ending March 2023	Forecast for the fiscal year ending March 2024	YOY	Increase and decrease
Net sales	179,076	170,000	▲5.1%	▲9,076
Operating income	7,128	5,000	▲29.9%	▲2,128
Ordinary income	6,841	5,000	▲26.9%	▲1,841
Net Income	4,706	3,500	▲25.6%	▲1,206

Shareholder return for the FY March 2024

As for dividends, because our basic dividend policy is to maintain a consolidated dividend payout ratio of 50%, we plan to pay the amount below based on the full-year forecast.

● Dividend per share

	FY March 2024 forecast
1H	¥26.50
2H	¥26.50
Annual	¥53.00
Consolidated dividend payout ratio	50%

Mid-term Management Plan

We almost achieved the numerical goals for the final year, which are the sales of 180 billion yen, net income of 3.7 billion yen and ROE of 7.0%, in the first fiscal year that ended March 31, 2023. Therefore, we have decided to modify the current mid-term Management plan as the following page.

(Unit;100 Million yen)

	Mid-term management plan(FY March 2025)	FY March 2023	The achievement degree
Net Sales	1, 8 0 0	1, 7 9 1	9 9 . 5%
Net Income	3 7	4 7	1 2 7 . 0%
R O E	7 . 0%	9 . 1%	+ 2 . 1

Shareholder Return Policy

- 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

Updates to the Mid-term Management Plan

■ Plan Period (after reviewing)

From FY March 2024 to FY March 2026 (3 years)

■ Key Management Index (after reviewing)

(Unit;100 Million yen)

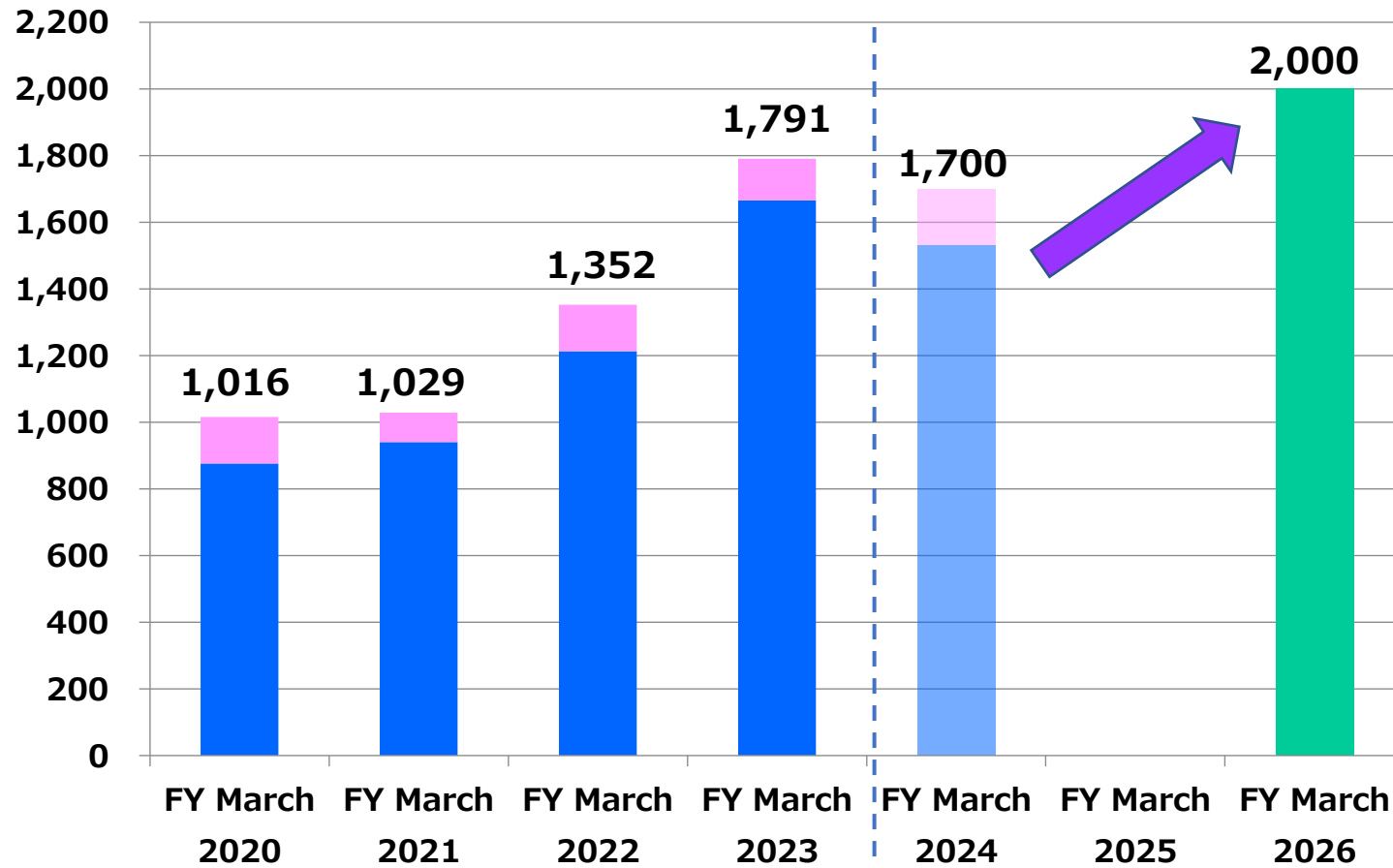
Management Index	FY March 2026
Net Sales	2, 0 0 0
Net Income	5 0
R O E	9.0% or more

■ Shareholder Return Policy

No changes

(Unit;100 Million yen)

■ Industry, Automotive, OA etc. ■ Amusement



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/>