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## Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



July 31, 2023

Company name: Shinko Shoji Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 8141  
 URL: <http://www.shinko-sj.co.jp/>  
 Representative: Tatsuya Ogawa, President and Representative Director  
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 Scheduled date of filing quarterly securities report: August 10, 2023  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: Not available  
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	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, 2023	45,432	9.8	1,730	11.6	1,700	5.3	1,083	2.8
June 30, 2022	41,360	36.2	1,549	132.1	1,614	150.6	1,054	127.0

(Note) Comprehensive income: Three months ended June 30, 2023: 2,455 million yen [3.8%]  
 Three months ended June 30, 2022: 2,366 million yen [310.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	32.76	—
June 30, 2022	29.52	—

The average number of shares during the period used for calculating basic earnings per share is calculated by excluding the number of shares held in own name as well as treasury shares held by the board benefit trust of 510,300 shares for the three months ended June 30, 2022 and 481,800 shares for the three months ended June 30, 2023 and treasury shares held by the employee benefit trust of 347,600 shares for the three months ended June 30, 2022 and 324,025 shares for the three months ended June 30, 2023.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	109,057	53,672	48.5
As of March 31, 2023	98,827	52,560	52.5

(Reference) Equity: As of June 30, 2023: 52,942 million yen

As of March 31, 2023: 51,860 million yen

## 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	29.00	-	40.0	69.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		26.50	-	26.50	53.00

\* Revisions to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		Yen
Full year	170,000	(5.1)	5,000	(29.9)	5,000	(26.9)	3,500	(25.6)		105.81

\* Revisions to the financial results forecast announced most recently: No

**\* Notes:**

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023: No  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes  
(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly Consolidated Financial Statements” on page 8 of the attached document.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly Consolidated Financial Statements” on page 8 of the attached document.
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):  
June 30, 2023: 38,010,566 shares  
March 31, 2023: 38,010,566 shares
  - 2) Total number of treasury shares at the end of the period:  
June 30, 2023: 4,919,405 shares  
March 31, 2023: 4,933,439 shares
  - 3) Average number of shares during the period:  
Three months ended June 30, 2023: 33,083,985 shares  
Three months ended June 30, 2022: 35,703,455 shares
    1. The total number of treasury shares at the end of the period includes the Company’s shares held by the board benefit trust of 481,800 shares for the fiscal year ended March 31, 2023 and 481,800 shares for the three months ended June 30, 2023 and the Company’s shares held by the employee benefit trust of 330,900 shares for the fiscal year ended March 31, 2023 and 316,800 shares for the three months ended June 30, 2023.
    2. Treasury shares excluded for calculation of the average number of shares during the period includes the Company’s shares held by the board benefit trust of 510,300 shares for the three months ended June 30, 2022 and 481,800 shares for the three months ended June 30, 2023 and the Company’s shares held by the employee benefit trust of 347,600 shares for the three months ended June 30, 2022 and 324,025 shares for the three months ended June 30, 2023.

\* This quarterly financial report is outside the scope of audit by certified public accountants or audit firms

**\* Explanation of the proper use of financial results forecast and other notes**

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company has deemed reasonable. These statements are not intended as the Company’s commitment to achieve them, and actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions for financial results forecast and precautions for using financial results forecast, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached document.

## Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results for the Period under Review .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	2
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information .....	3
2. Quarterly Consolidated Financial Statements and Primary Notes .....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	6
Quarterly Consolidated Statements of Income	
Three months ended June 30 .....	6
Quarterly Consolidated Statements of Comprehensive Income	
Three months ended June 30 .....	7
(3) Notes to Quarterly Consolidated Financial Statements .....	8
(Notes on going concern assumption) .....	8
(Notes in the case of significant changes in shareholders' equity) .....	8
(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements) .....	8
(Changes in accounting policies).....	8
(Changes in accounting estimates) .....	8
(Segment information).....	9
(Significant subsequent events) .....	10

## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the three months ended June 30, 2023, the Japanese economy remained highly uncertain due to economic friction between U.S. and China, the prolonged Ukraine war, global inflation, weakening yen, and other factors, although it is recovering due to the lifting of behavioral restrictions followed by the reclassification of COVID-19 as Category V Infectious Disease.

In the electronics industry, long-standing tightened supply and demand for semiconductors and electronic devices is easing, with the exception of certain products, and inventory adjustment due to the recoil from the significant increase in demand caused by COVID-19 are being seen, despite strong demand backed by the shift to EVs and promotion of DX.

Under these situations, our group (our Company and consolidated subsidiaries) has achieved results exceeding those of the same period of the previous year in the businesses related to automotive electronic products, and amusement products.

As a result, the business performances in the three months ended June 30, 2023 were: net sales 45,432 million yen (9.8% increase compared with the same period of the previous year); operating profit 1,730 million yen (11.6% increase); ordinary profit 1,700 million yen (5.3% increase); and profit attributable to owners of parent 1,083 million yen (2.8% increase). Business performances per segment are as follows.

#### Electronic Device Business

The businesses related to industrial products, automotive electronic products, and amusement products remained strong.

As a result of the above, net sales were: semiconductor 26,856 million yen (13.2% increase compared with the same period of the previous year), electronic devices 11,560 million yen (15.9% decrease), and overall 38,417 million yen (2.5% increase).

#### Assembly Business

The businesses related to amusement products remained strong.

As a result of the above, net sales of assembly products were 5,686 million yen (89.8% increase compared with the same period of the previous year).

#### Other Businesses

The businesses related to automotive electronic products and amusement products remained strong.

As a result of the above, net sales of electronic products and contract development of microcomputer software were 1,328 million yen (48.0% increase compared with the same period of the previous year).

### (2) Explanation of Financial Position

#### (Assets)

Total assets at the end of the first quarter of the fiscal year under review increased by 10,230 million yen from the end of the previous period to 109,057 million yen. This is mainly attributable to increases in merchandise and finished goods, accounts receivable - other, and investment securities of 7,912 million yen, 2,931 million yen, and 480 million yen, respectively, despite a decrease in cash and deposits of 1,366 million yen.

#### (Liabilities)

Total liabilities at the end of the first quarter of the fiscal year under review increased by 9,117 million yen from the end of the previous period to 55,384 million yen. This is mainly attributable to increases in notes and accounts payable - trade and electronically recorded obligations - operating of 5,690 million yen and 3,413

million yen, respectively, despite decreases in income taxes payable and provision for bonuses of 668 million yen and 452 million yen, respectively.

(Net assets)

Total net assets at the end of the first quarter of the fiscal year under review increased by 1,112 million yen from the end of the previous period to 53,672 million yen. This is mainly attributable to increases in valuation difference on available-for-sale securities and foreign currency translation adjustment of 331 million yen and 1,006 million yen, respectively, despite a decrease in retained earnings of 271 million yen.

This resulted in an equity ratio of 48.5% (52.5% at the end of the previous year).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Company projects consolidated financial results for the fiscal year ending March 31, 2024 of consolidated net sales of 170,000 million yen, operating profit of 5,000 million yen, ordinary profit of 5,000 million yen, and profit attributable to owners of parent of 3,500 million yen.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	10,929	9,563
Notes and accounts receivable - trade, and contract assets	38,531	38,785
Merchandise and finished goods	31,384	39,297
Work in process	48	52
Accounts receivable - other	11,679	14,610
Other	188	219
Allowance for doubtful accounts	(41)	(43)
Total current assets	92,720	102,485
Non-current assets		
Property, plant and equipment	771	748
Intangible assets	386	349
Investments and other assets		
Investment securities	3,458	3,939
Deferred tax assets	228	251
Other	1,262	1,283
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	4,949	5,474
Total non-current assets	6,107	6,572
Total assets	98,827	109,057
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,061	21,752
Electronically recorded obligations - operating	2,350	5,763
Short-term borrowings	9,025	9,355
Current portion of long-term borrowings	1,600	1,600
Income taxes payable	1,477	808
Accounts payable - other	3,621	3,341
Provision for bonuses	785	333
Provision for bonuses for directors	129	23
Other	1,901	2,847
Total current liabilities	36,952	45,825
Non-current liabilities		
Long-term borrowings	7,200	7,200
Deferred tax liabilities	398	598
Provision for share awards for directors	108	113
Provision for share awards for employees	322	351
Retirement benefit liability	815	815
Other	469	479
Total non-current liabilities	9,314	9,558
Total liabilities	46,266	55,384

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	9,501	9,501
Capital surplus	9,599	9,599
Retained earnings	33,577	33,305
Treasury shares	(4,608)	(4,595)
Total shareholders' equity	48,070	47,811
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,063	1,395
Deferred gains or losses on hedges	(0)	3
Revaluation reserve for land	(61)	(61)
Foreign currency translation adjustment	2,762	3,768
Remeasurements of defined benefit plans	25	24
Total accumulated other comprehensive income	3,789	5,130
Non-controlling interests	700	730
Total net assets	52,560	53,672
Total liabilities and net assets	98,827	109,057



(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Three months ended June 30)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	41,360	45,432
Cost of sales	37,531	41,260
Gross profit	3,828	4,171
Selling, general and administrative expenses	2,278	2,441
Operating profit	1,549	1,730
Non-operating income		
Interest income	2	11
Dividend income	47	58
Purchase discounts	1	0
Foreign exchange gains	18	–
Miscellaneous income	31	18
Total non-operating income	101	87
Non-operating expenses		
Interest expenses	26	43
Foreign exchange losses	–	67
Commission for purchase of treasury shares	9	–
Miscellaneous expenses	0	5
Total non-operating expenses	36	117
Ordinary profit	1,614	1,700
Extraordinary income		
Gain on sale of investment securities	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	–	5
Total extraordinary losses	–	5
Profit before income taxes	1,614	1,695
Income taxes	533	586
Profit	1,081	1,109
Profit attributable to non-controlling interests	27	25
Profit attributable to owners of parent	1,054	1,083

(Quarterly Consolidated Statements of Comprehensive Income)

(Three months ended June 30)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	1,081	1,109
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	332
Deferred gains or losses on hedges	(2)	4
Foreign currency translation adjustment	1,288	1,011
Remeasurements of defined benefit plans, net of tax	3	(1)
Total other comprehensive income	1,285	1,346
Comprehensive income	2,366	2,455
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,332	2,424
Comprehensive income attributable to non-controlling interests	33	30

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

Tax expenses were calculated by rationally estimating the effective tax rate after applying tax effect accounting for profit before income taxes for the fiscal year including the first quarter of the fiscal year under review and multiplying the profit before income taxes for the quarter by said estimated effective tax rate.

(Changes in accounting policies)

Not applicable.

(Changes in accounting estimates)

Not applicable.

(Segment information)

I. For the three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment				Adjustment amount (Note 1)	Consolidated income statement amount (Note 2)
	Electronic device business	Assembly business	Other businesses	Total		
Net sales:						
Sales to external customers	37,467	2,995	897	41,360	–	41,360
Inter-segment sales and transfers	–	–	–	–	–	–
Total	37,467	2,995	897	41,360	–	41,360
Segment profit	1,919	78	70	2,068	(518)	1,549

(Notes) 1. The adjustment amount for segment profit of (518) million yen includes corporate expenses of (518) million yen not allocated to the reportable segments. The corporate expenses are mainly administrative expenses and common expenses not attributed to the reportable segments.

2. Segment profit is reconciled to operating profit in the quarterly consolidated statements of income.

2. Information about loss on impairment of non-current assets and goodwill by reportable segment

(Significant loss on impairment of non-current assets)

Not applicable.

(Significant changes in goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

II. For the three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment				Adjustment amount (Note 1)	Consolidated income statement amount (Note 2)
	Electronic device business	Assembly business	Other businesses	Total		
Net sales:						
Sales to external customers	38,417	5,686	1,328	45,432	–	45,432
Inter-segment sales and transfers	–	–	–	–	–	–
Total	38,417	5,686	1,328	45,432	–	45,432
Segment profit	2,040	114	130	2,285	(554)	1,730

(Notes) 1. The adjustment amount for segment profit of (554) million yen includes corporate expenses of (554) million yen not allocated to the reportable segments. The corporate expenses are mainly administrative expenses and common expenses not attributed to the reportable segments.

2. Segment profit is reconciled to operating profit in the quarterly consolidated statements of income.

2. Information about loss on impairment of non-current assets and goodwill by reportable segment

(Significant loss on impairment of non-current assets)

Not applicable.

(Significant changes in goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

(Significant subsequent events)

Not applicable.