



Financial Results for the First Half of the Fiscal Year Ending March 31, 2021

- **Financial Results**
- **Future measures**
- **Full-year outlook**

NOVEMBER 9, 2020
Tatsuya Ogawa, President
and Representative Director

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 First Half Settlement

Highlights of First Half Fiscal Year March /2021 Results

Sales for our main business fields, including industrial equipment market, automotive electronics market and amusement machine market, have decreased compared with the same period of the previous year due to the downturn in economy caused by COVID-19 pandemic.

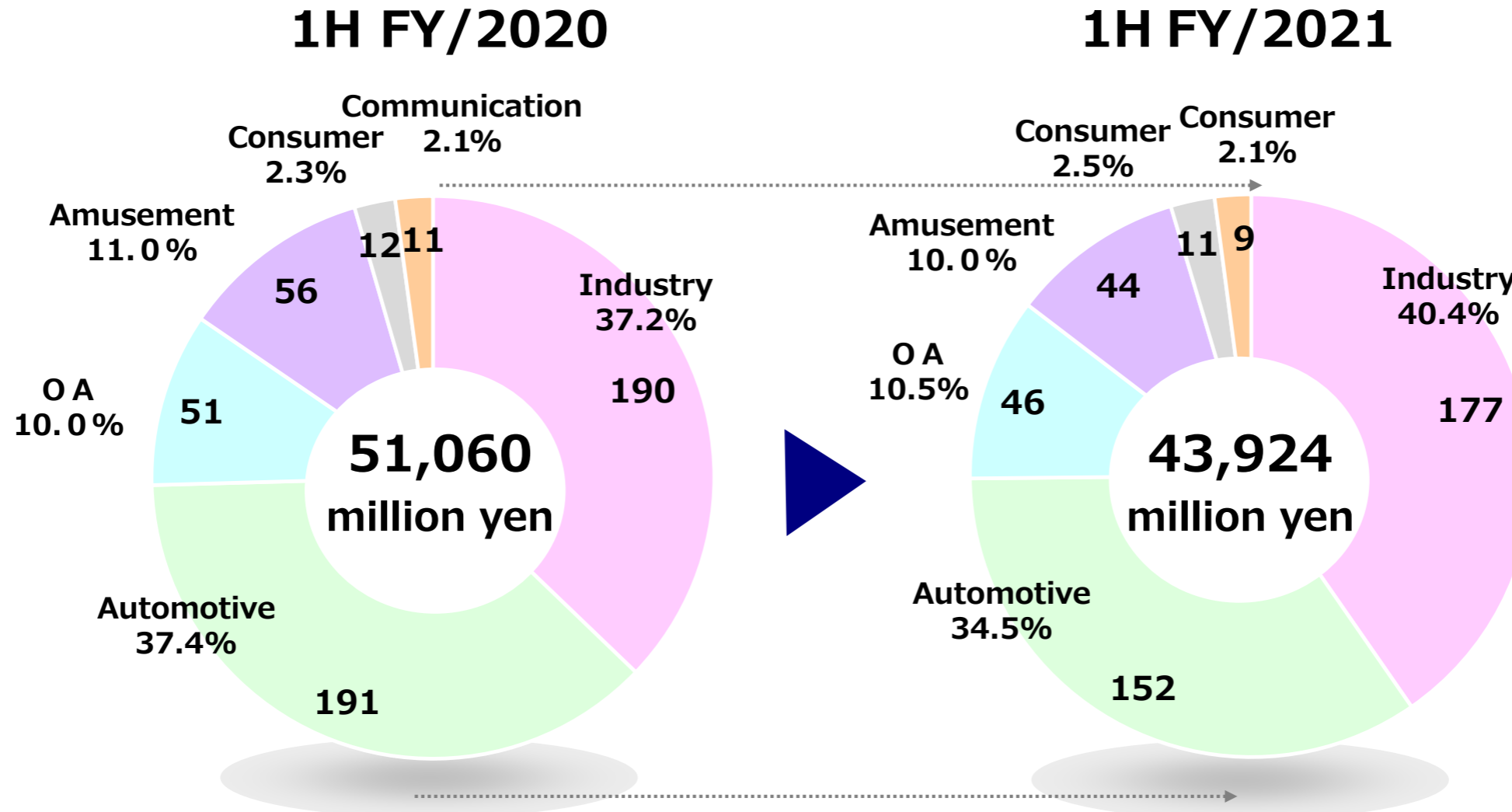
- **Sales for industrial equipment market were weak in most of the area due to the downturn of the market caused by the spread of COVID-19 infection though industrial robots market are relatively steady.**
- **Sales for automotive electronics market were weak due to the suspension of customer factories' operations caused by the spread of COVID-19 infection.**
- **Sales for amusement machine market were weak due to the delay in launching new models as a result of government state of emergency against the spread of COVID-19 infection.**

Overview of First Half Settlement

(Unit; Million yen)

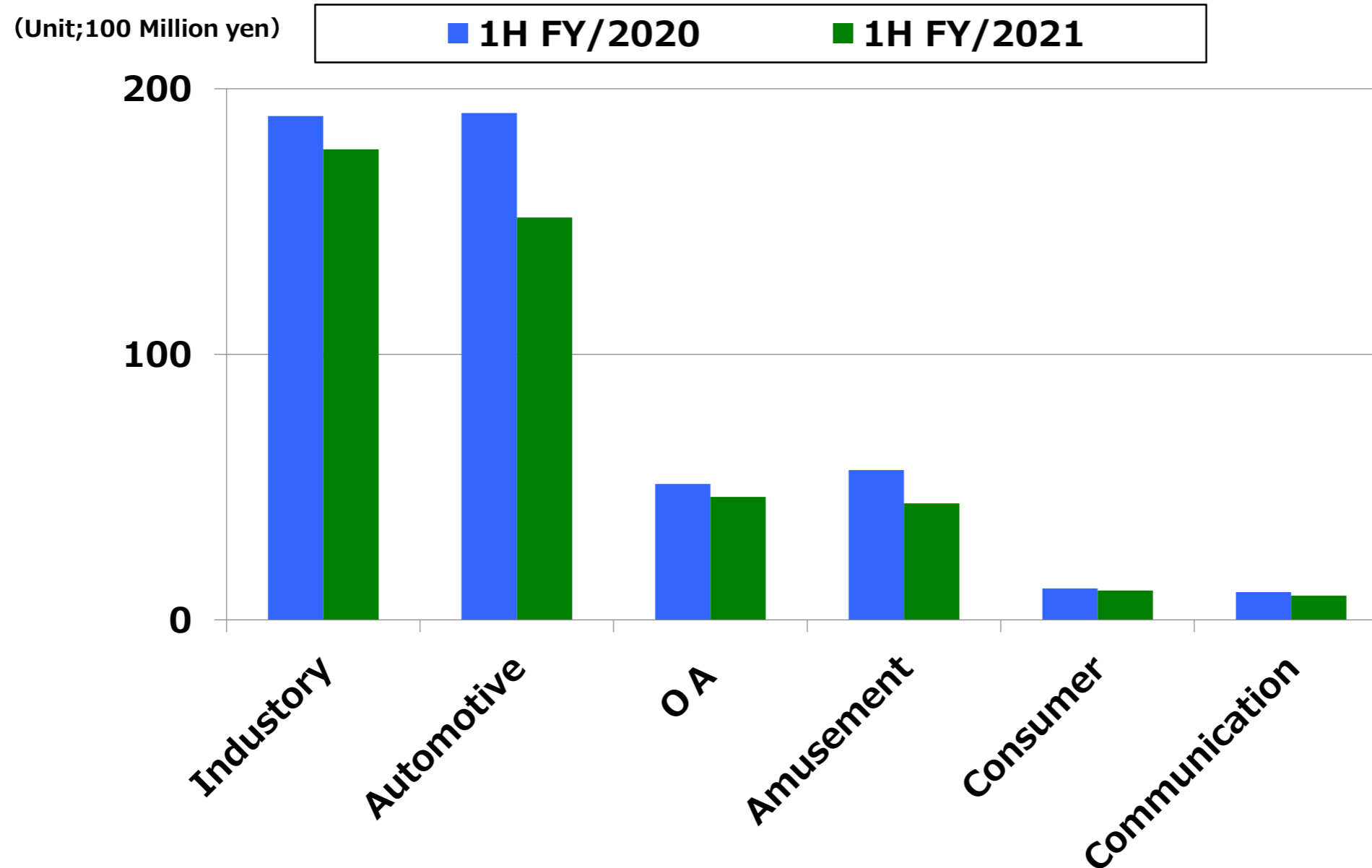
	1H FYE March/2020 Results	1H FYE March/2021 Initial Forecast	1H FYE March/2021 Results	Increase / decrease (Previous year comparison)	Increase / decrease (Initial forecast ratio)
Net sales	51,060	44,000	43,924	△7,136	△76
Gross Profit	4,870	-	4,087	△783	-
Selling, general and administrative expenses	4,149	-	3,781	△368	-
Operating income	721	200	305	△416	105
Ordinary income	706	200	345	△361	145
net income for the 2Q	488	100	188	△300	88
Net income per share	¥ 12.86	¥ 2.70	¥ 5.07	△ ¥ 7.79	¥2.37

Sales composition by field



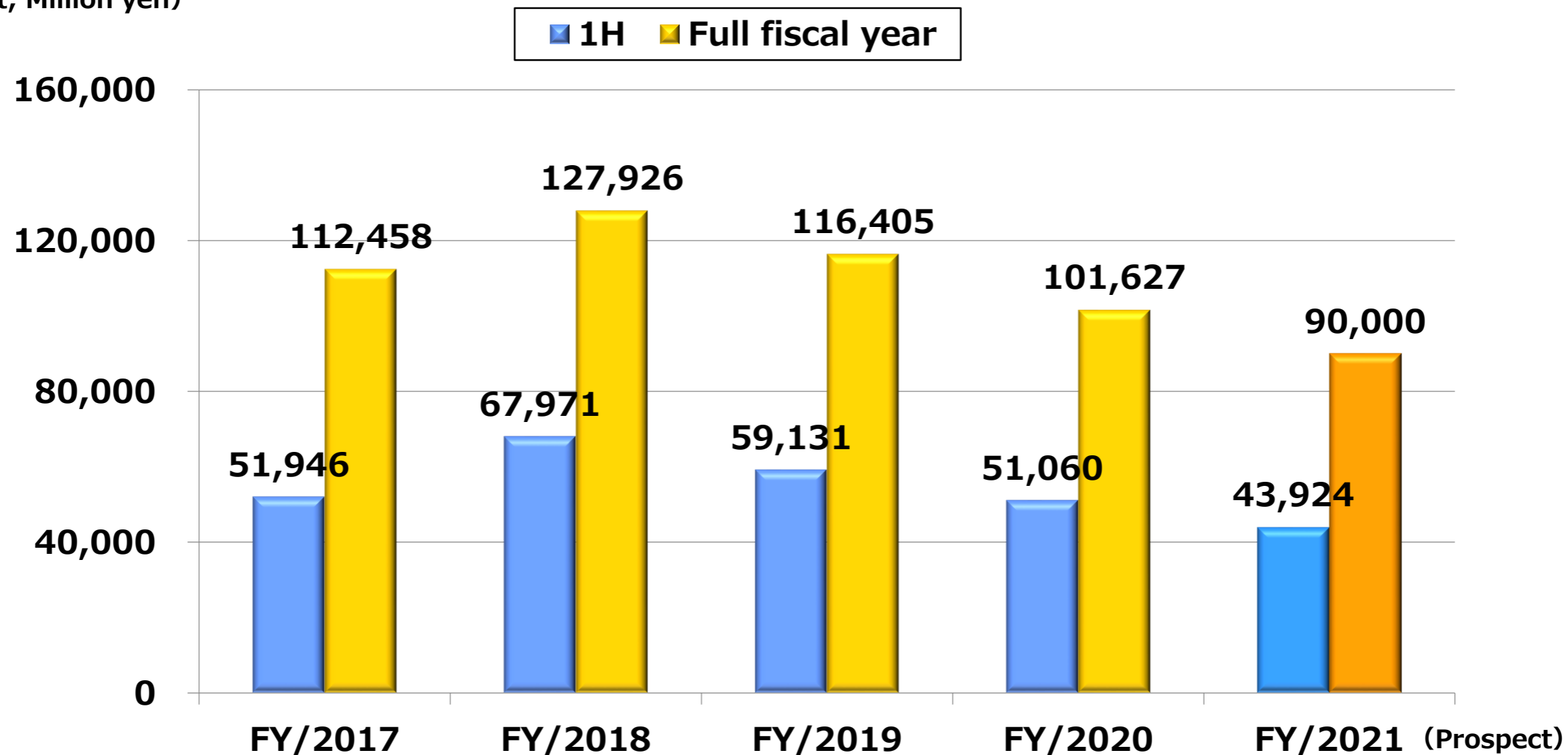
(Pie Chart (Outside Box) Value : 100 million yen)

Sales composition by field (amount)



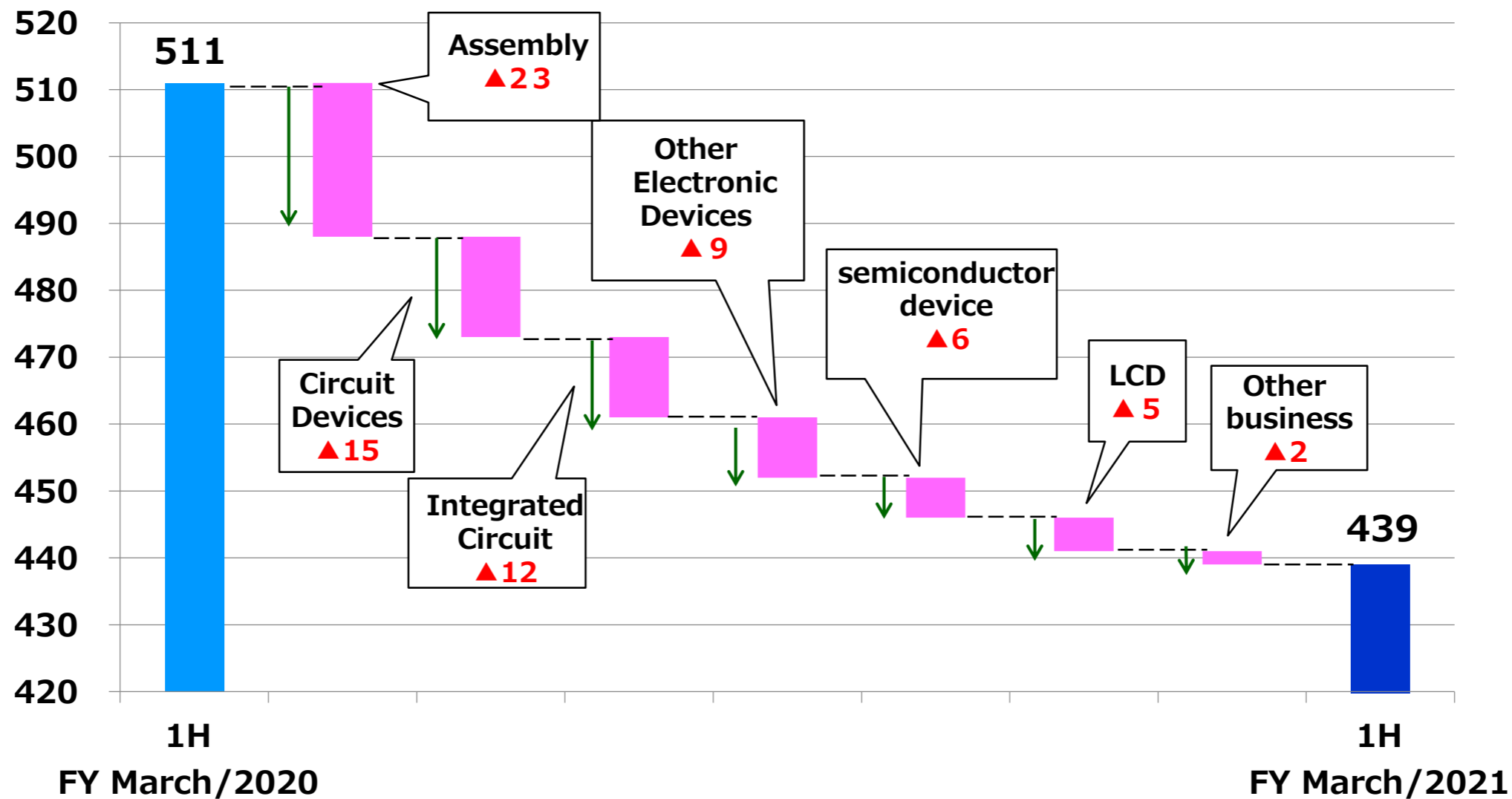
Trend of Net sales

(Unit; Million yen)



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

(Unit; Million yen)

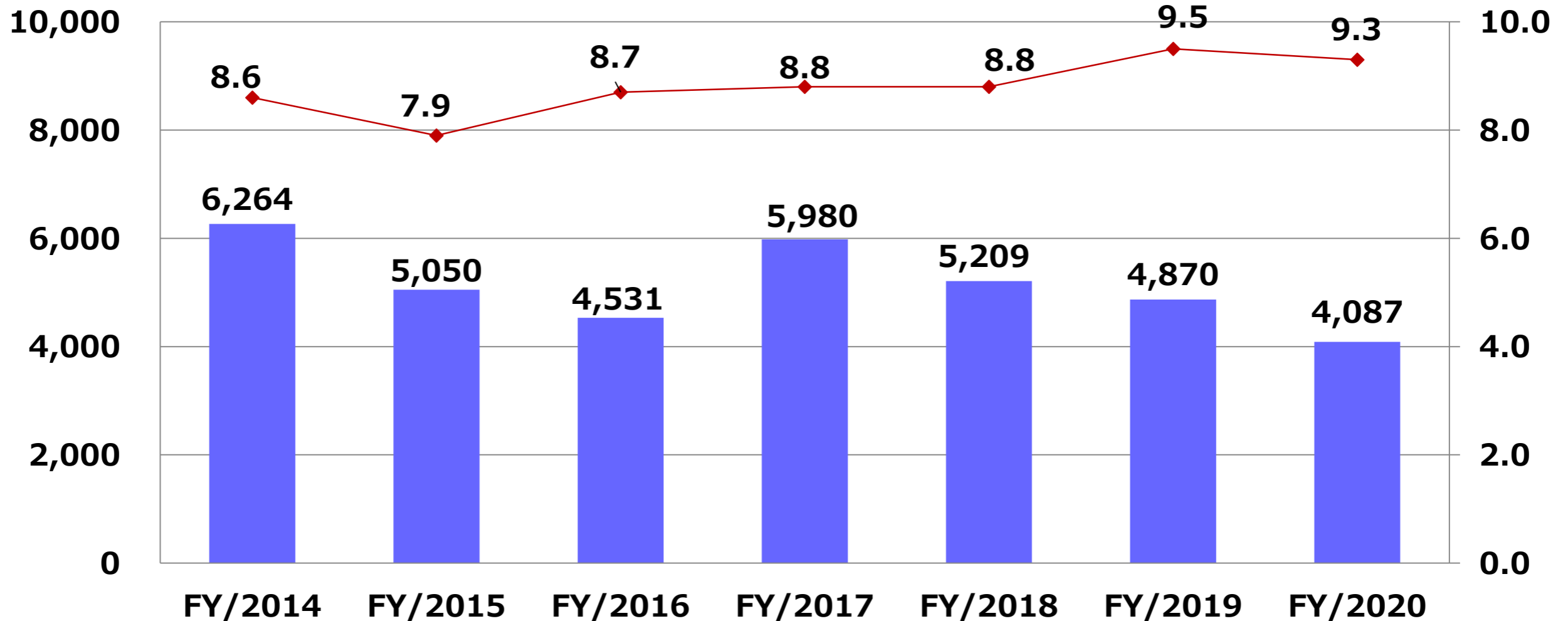


Gross profit / Gross profit ratio

[1H Results]

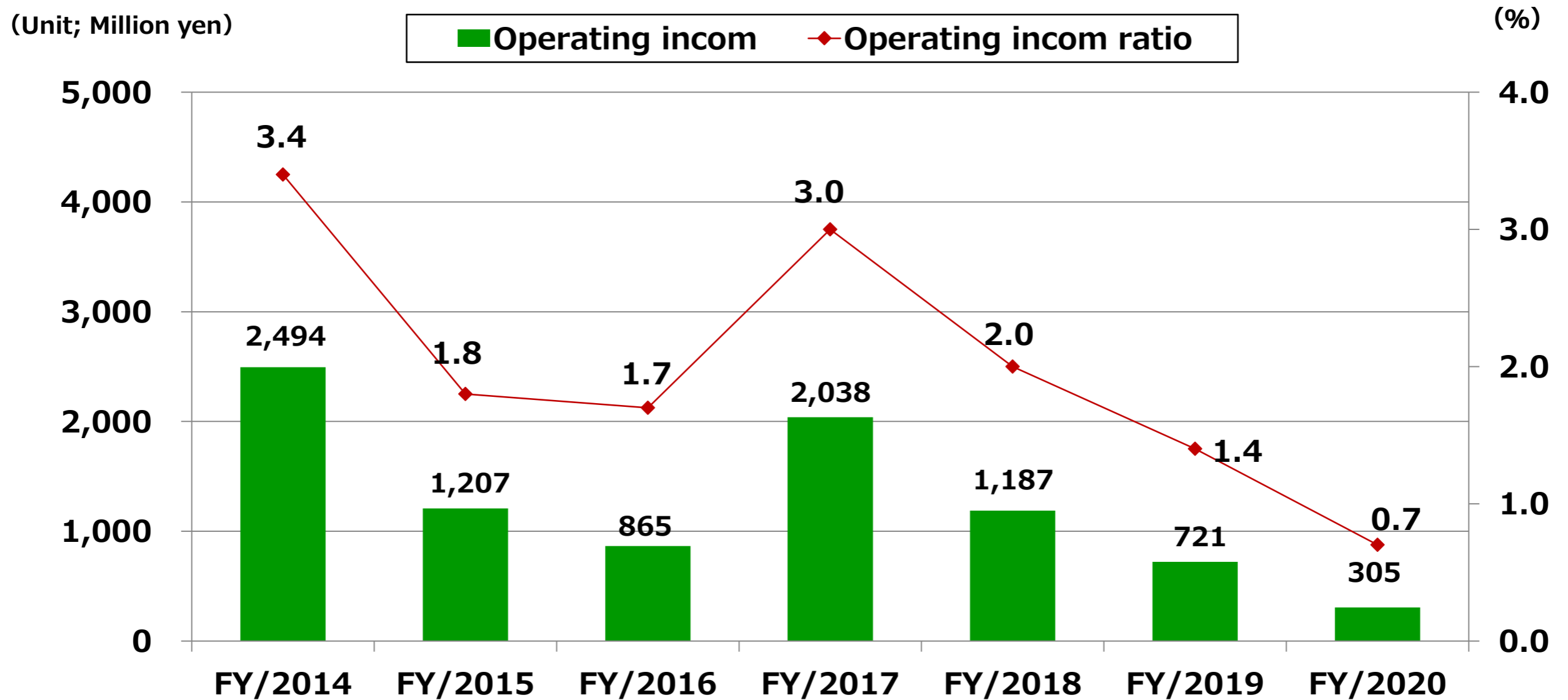
(Unit; Million yen)

(%)



Operating income / Operating income ratio

【1H Results】



Consolidated Statements of Income

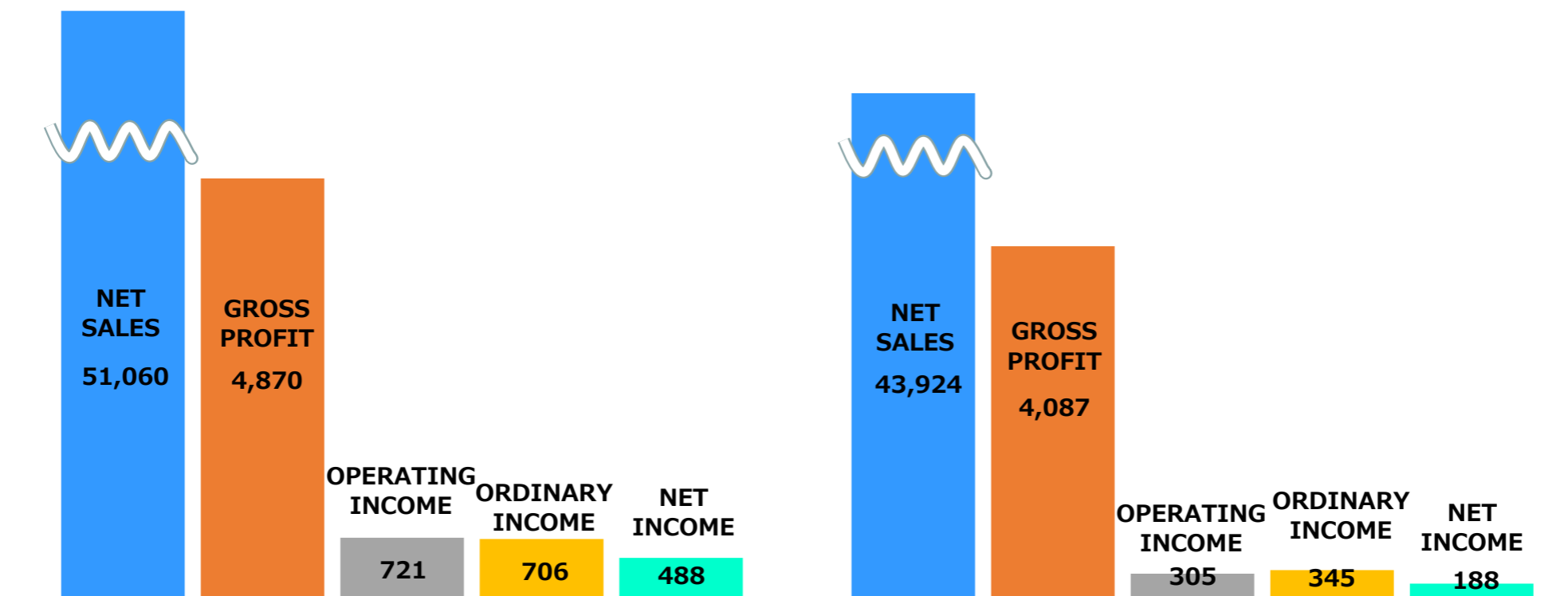
(Unit; Million yen)

1H/2019

(April 1,2019~September 30,2019)

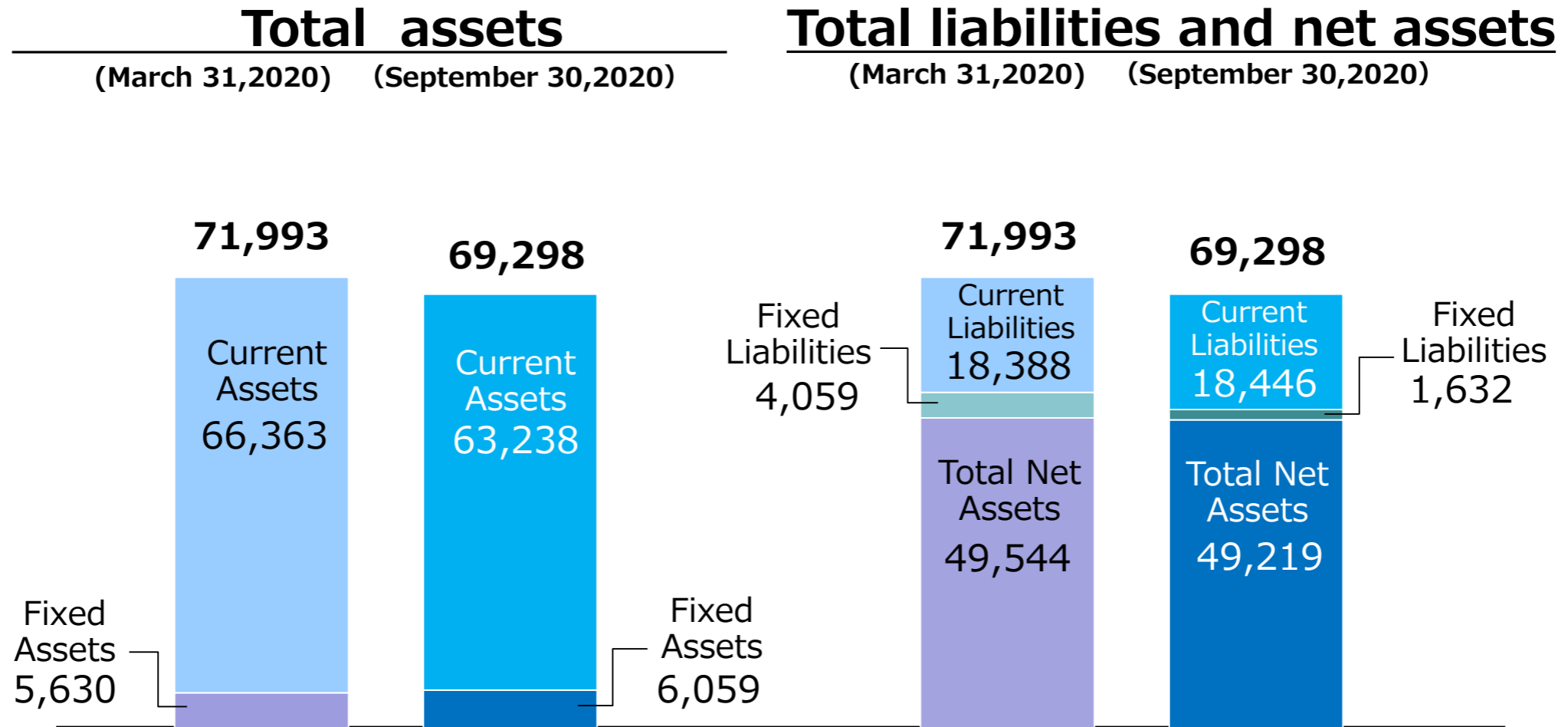
1H/2020

(April 1,2020~September 30,2020)



Consolidated Balance Sheet

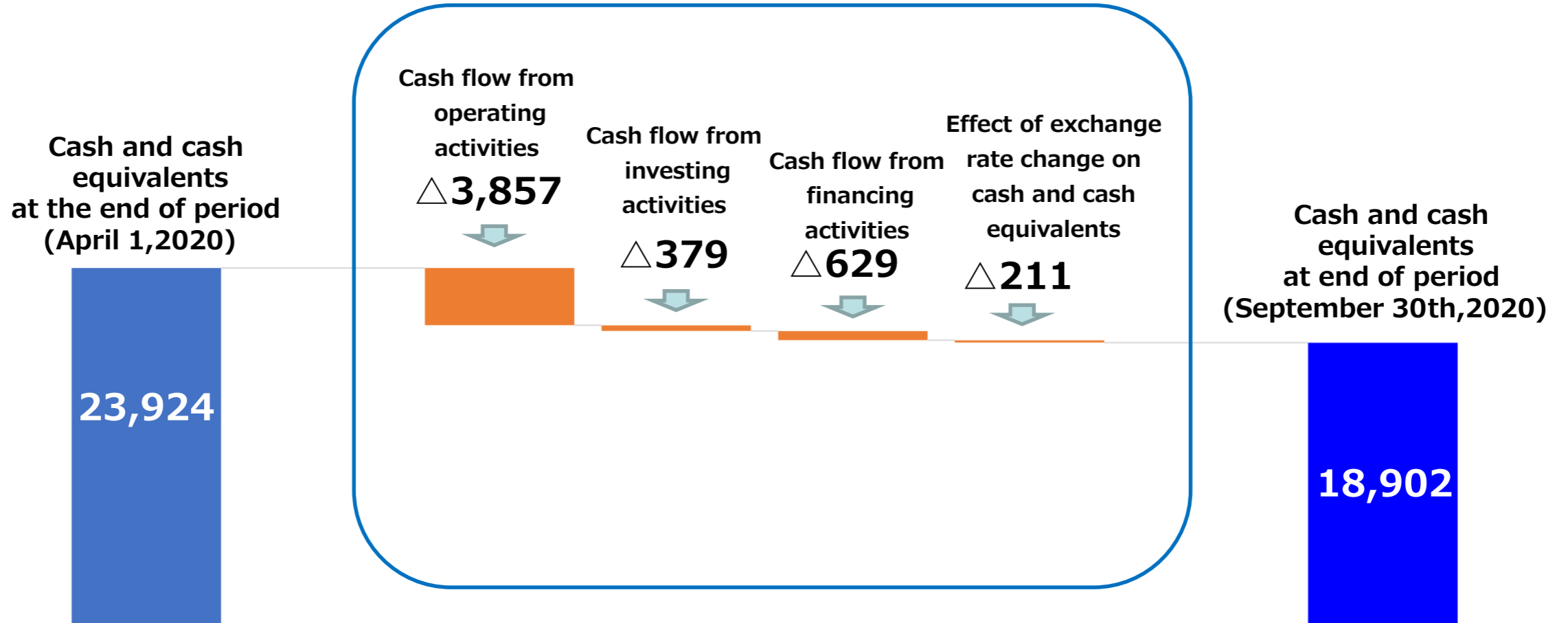
(Unit; Million yen)



Cash Flows

Consolidated Statements of Cash Flows (Unit; Million yen)

1H/2020(April 1,2020~September 30,2020)



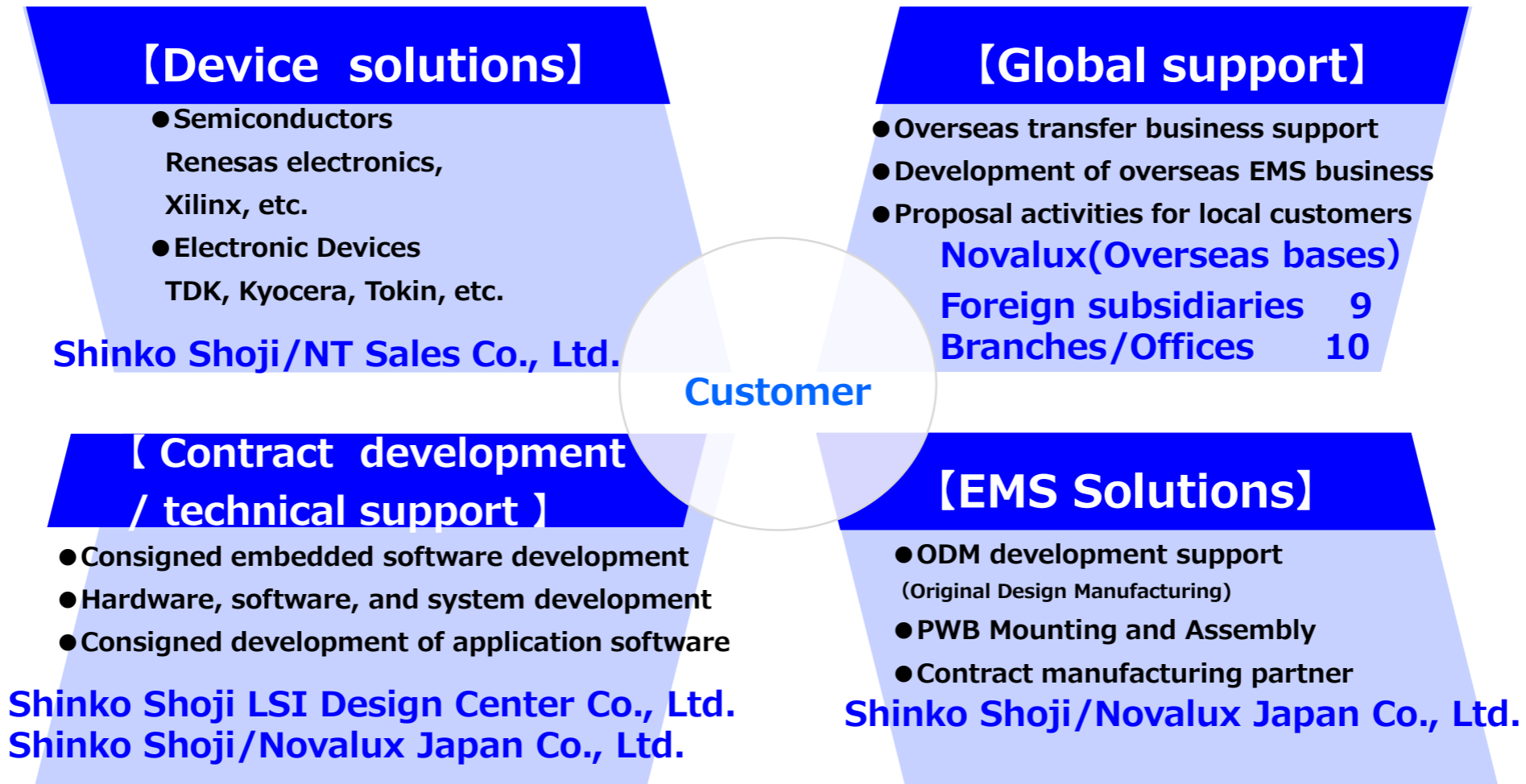
Cancellation of treasury stock

- | | |
|--|-------------------------------|
| 1. Type of shares to be cancelled | Shares of common stock |
| 2. Number of shares to be cancelled | 2, 200, 000 shares |
| (4.43% of the total issued shares before cancellation) | |
| 3. Date of Cancellation | August 7,2020 |
| 4. Total number of issued shares after the cancellation | 47, 510, 566 shares |

Future measures

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.



Future measures

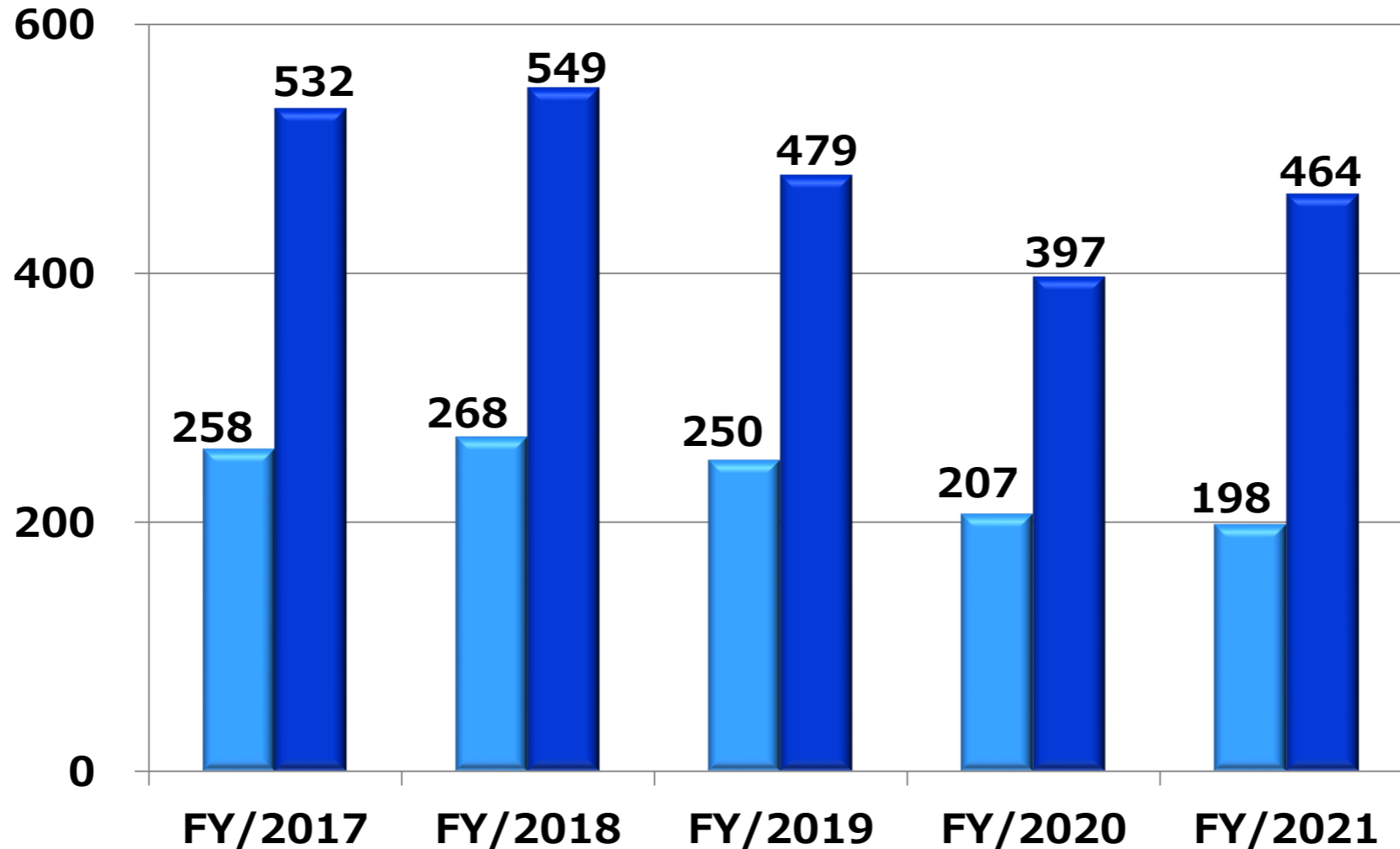
- 1. Renesas Electronics Business**
- 2. Overseas business**
- 3. Core market trends**
- 4. Future actions**

1-1. Business for Renesas Electronics

【Sales trend of Renesas products】

(100 Million Yen)

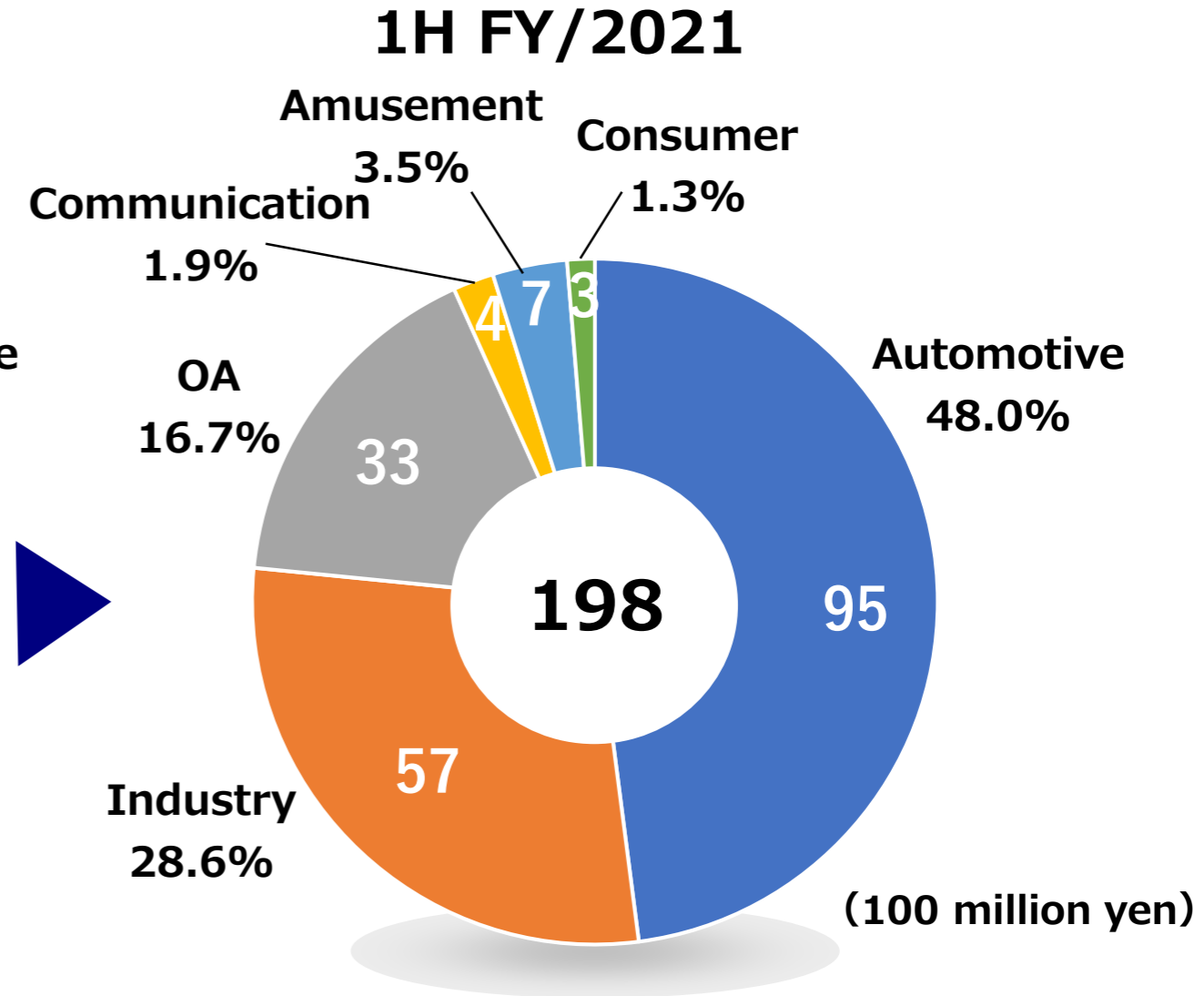
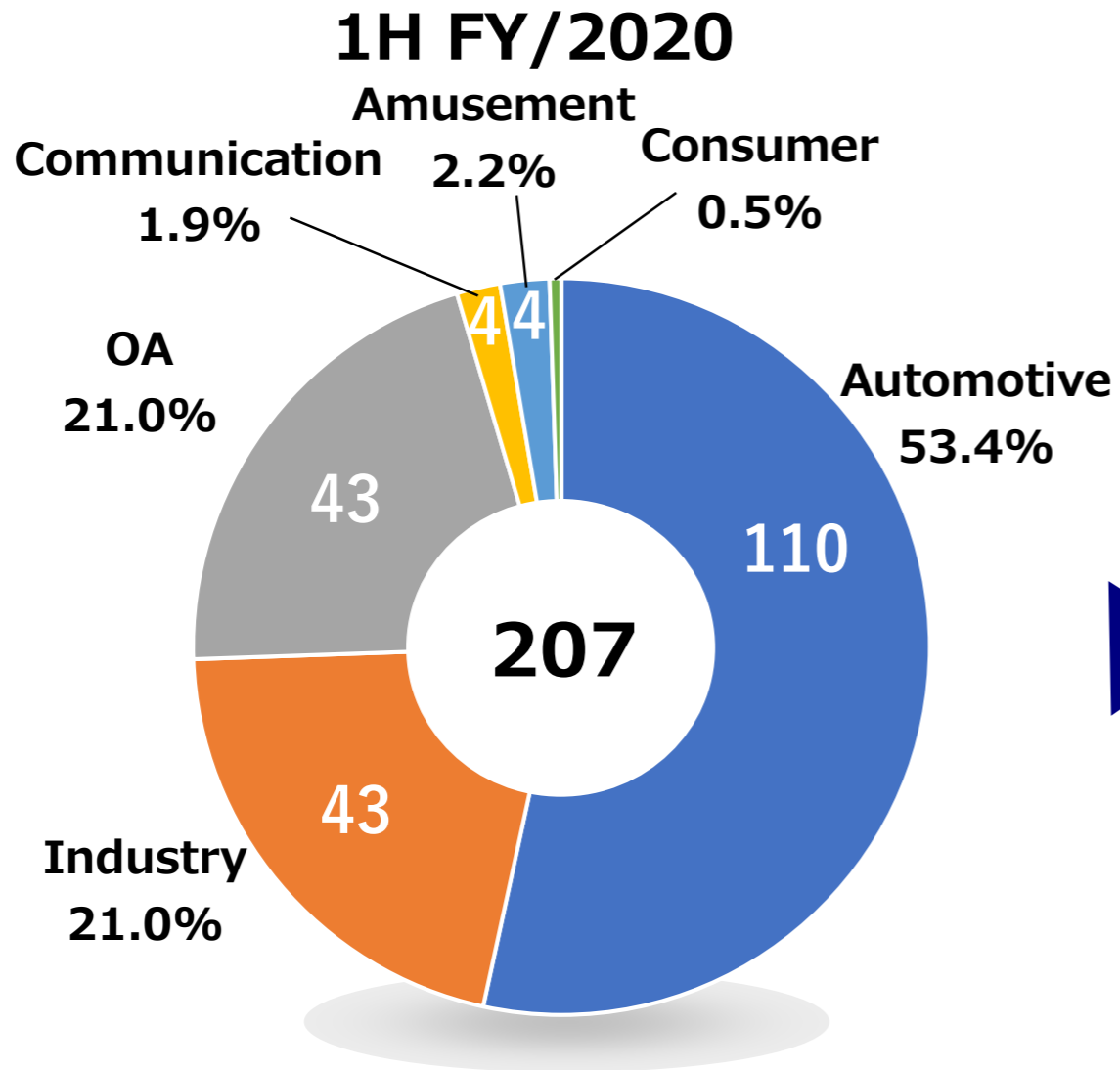
■ 1H ■ Full fiscal year



(Prospect)

1-2. Business for Renesas Electronics

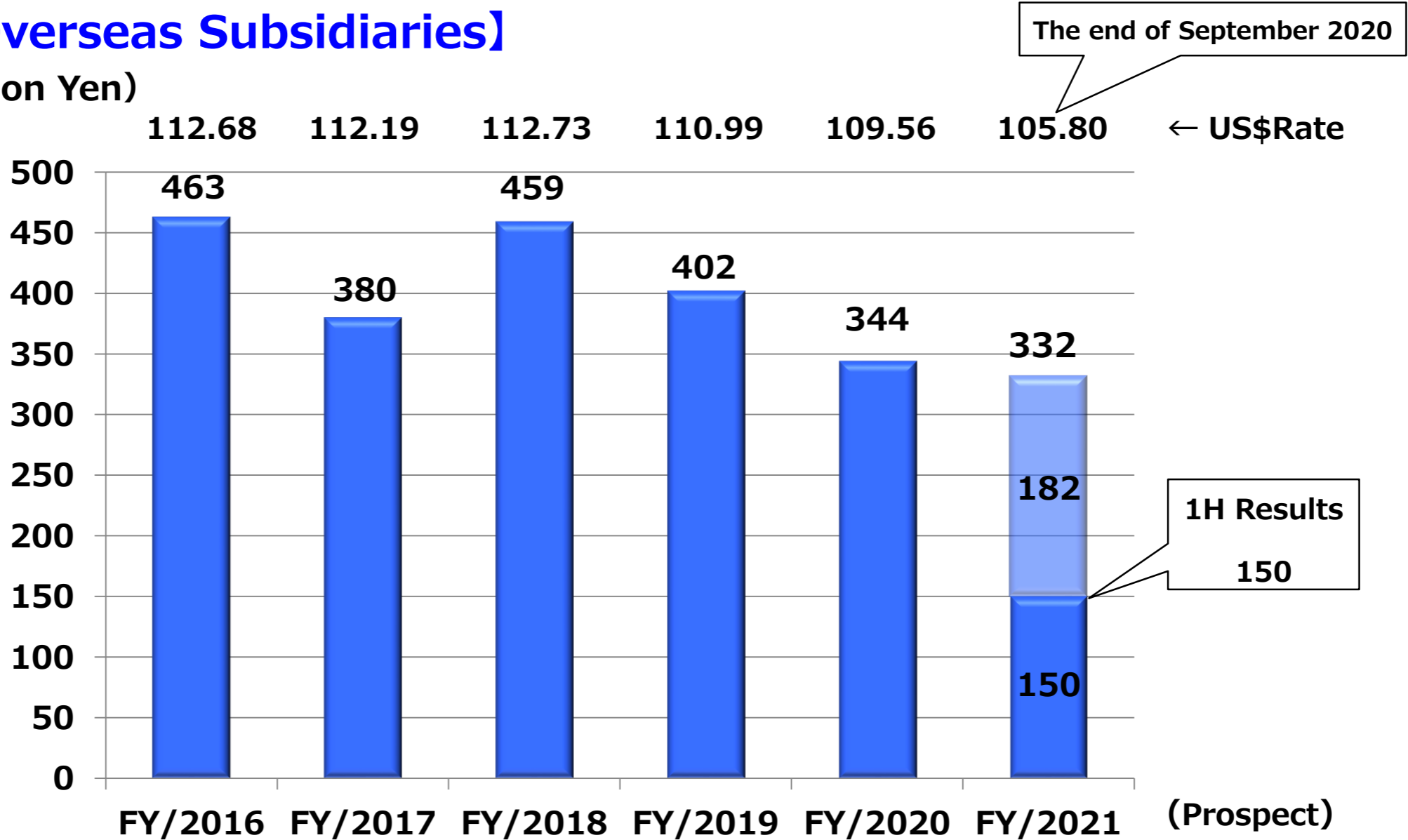
【Sales comparison of Division】



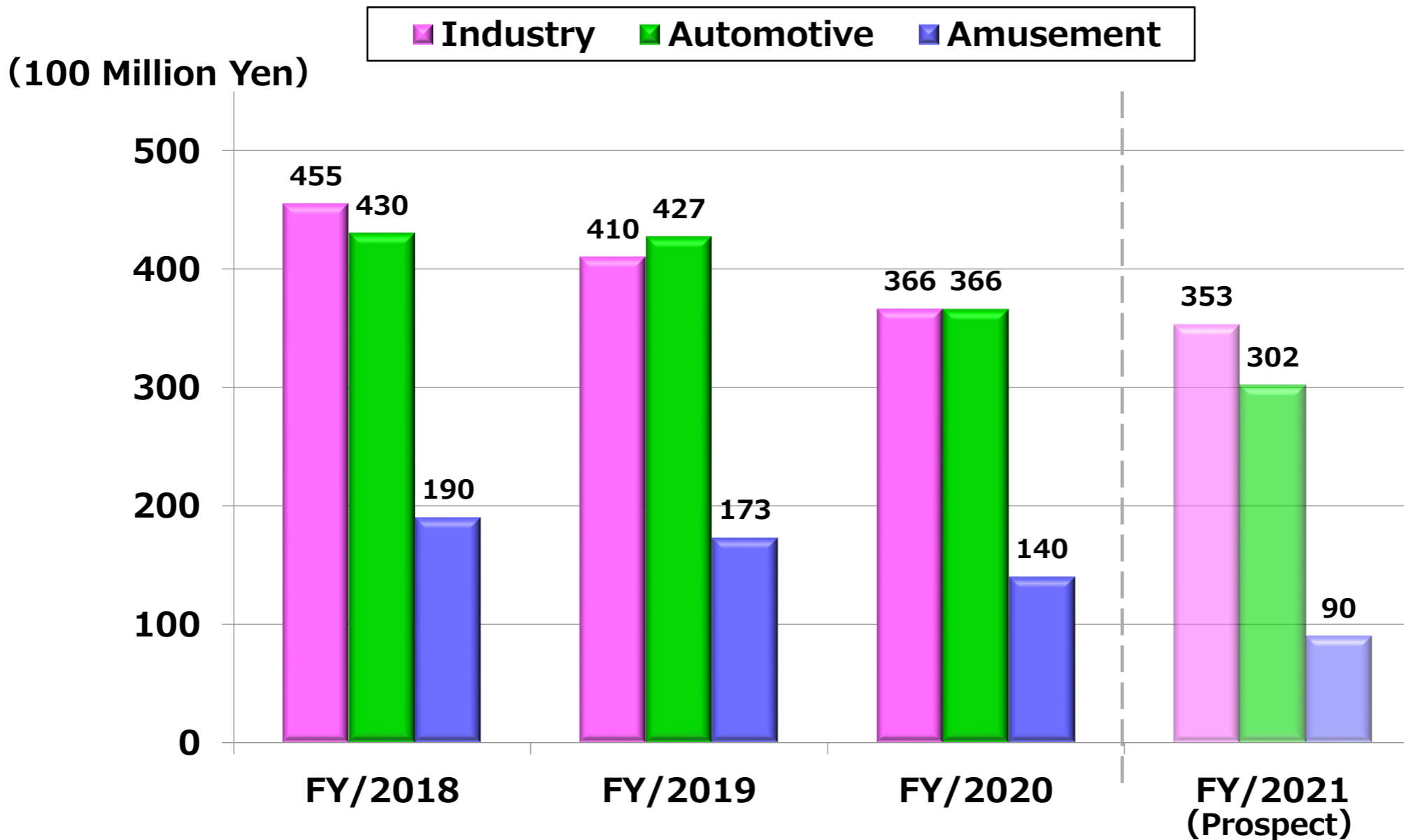
2-1. Overseas business

【Sales of Overseas Subsidiaries】

(100 Million Yen)

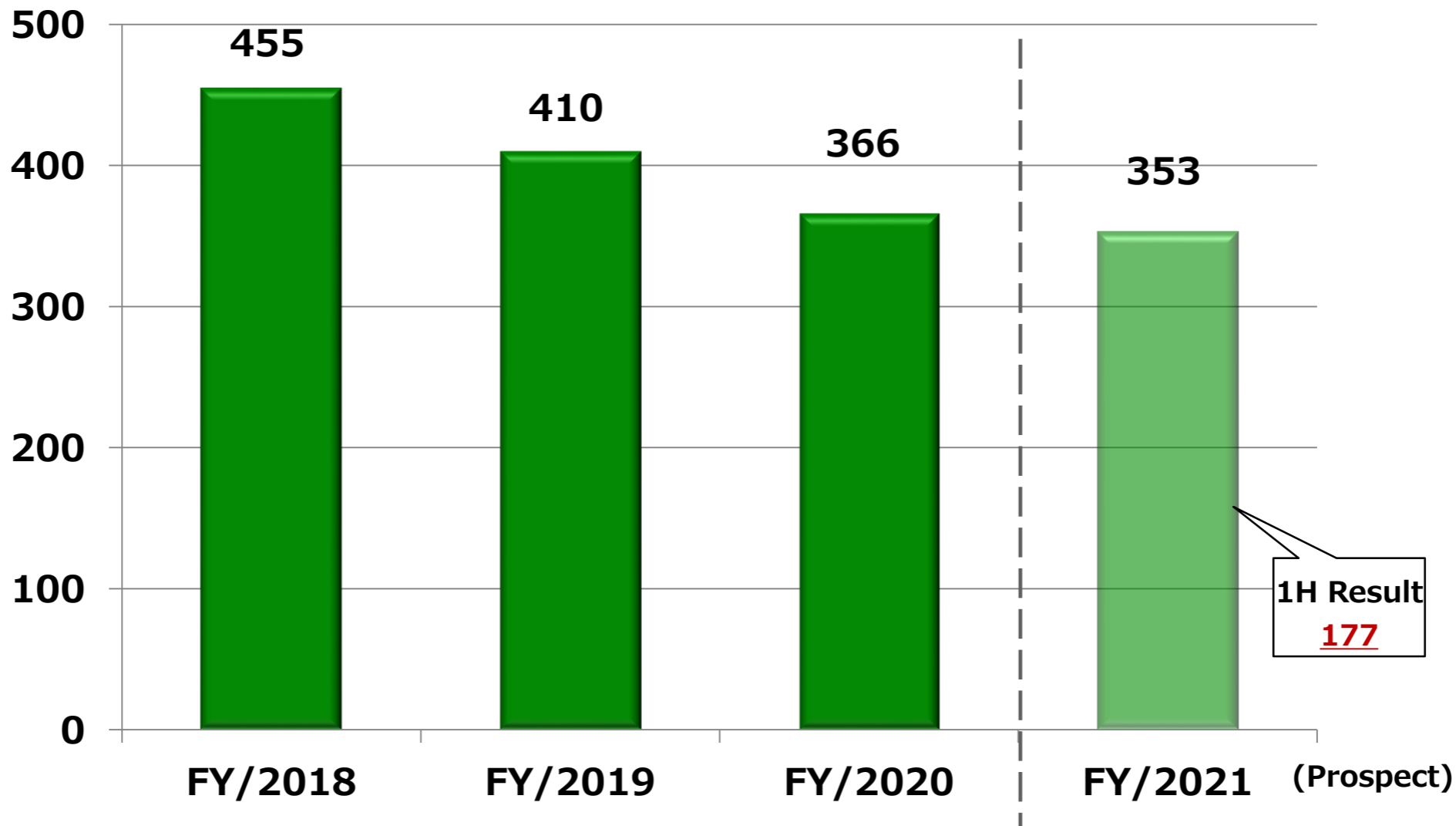


3-1. Core Market Sales Trends



3-7. Industrial Equipment Business Sales Trends

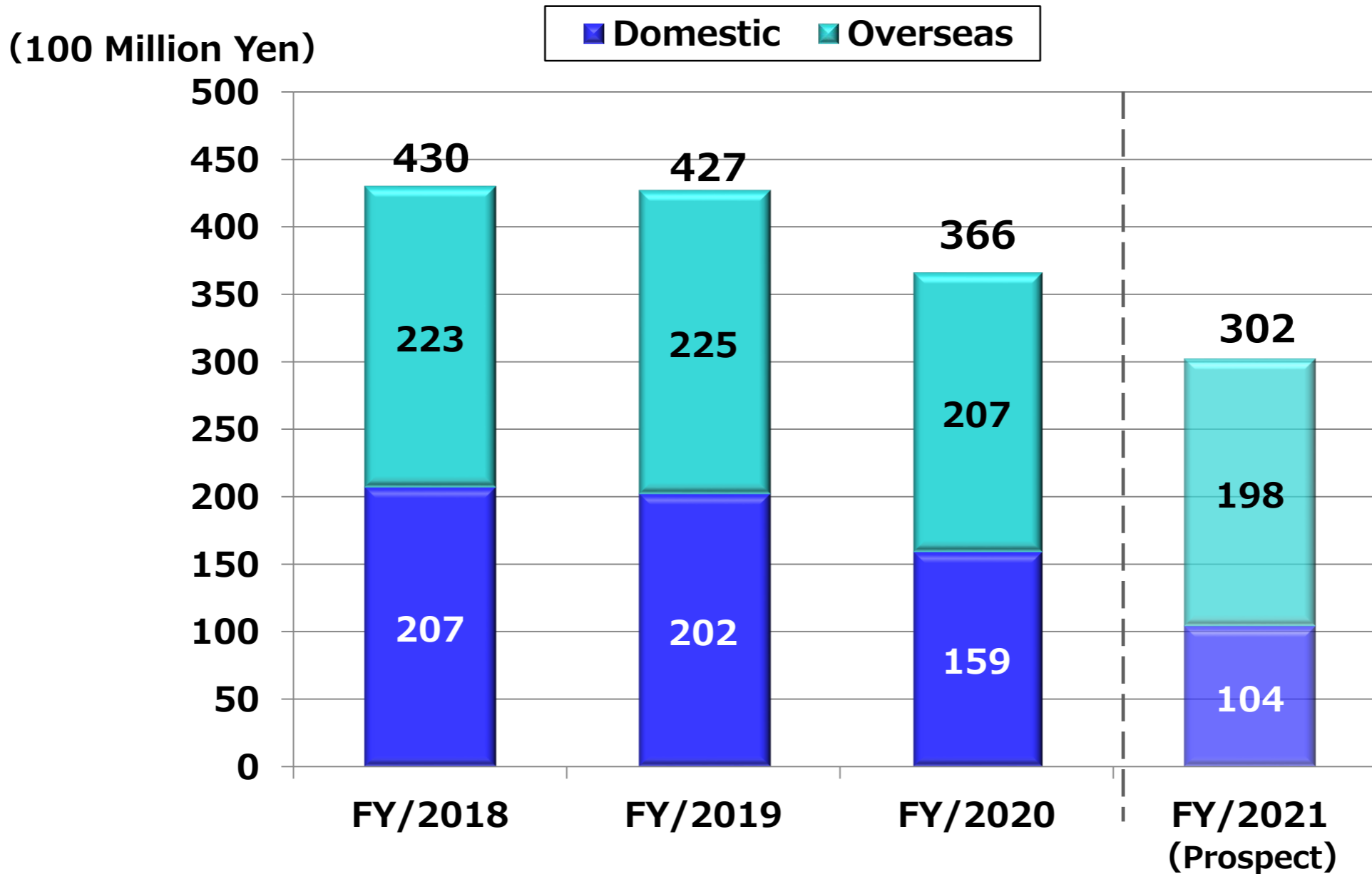
(100 Million Yen)



※Customers in the industrial sector

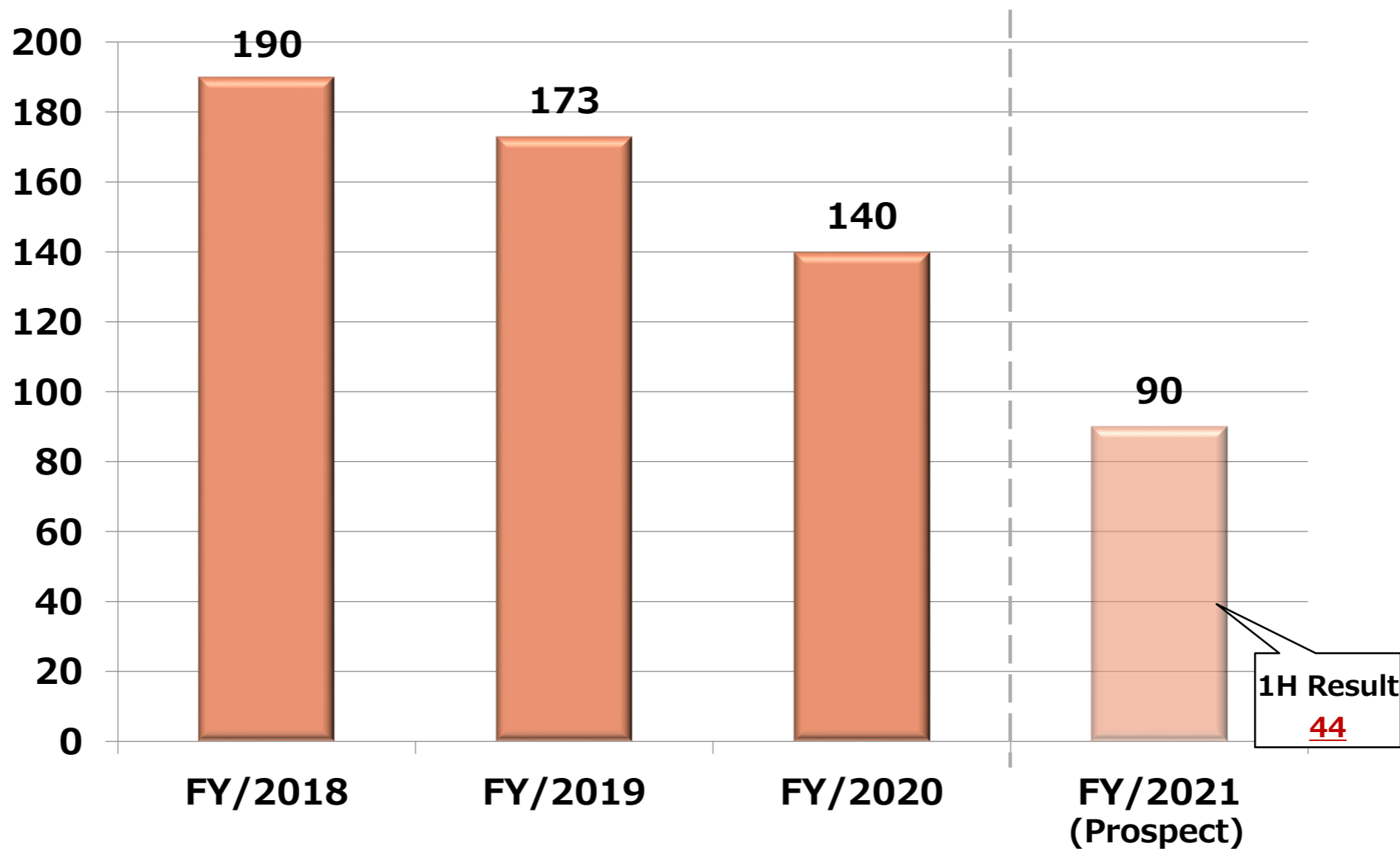
Machine tools, Semiconductor manufacturing equipment, Medical equipment, Smart meters, etc.

3-3. Automotive Equipment Business Sales Trends



3-4. Amusement Equipment Business Sales Trends

(100 Million Yen)











4-1. "IoT Solution" that realizes Society 5.0

Air quality control that is required in industrial/ food/ environmental/ agricultural fields

- ✓ To develop the market with our Sensing Kit that makes invisible gas visible
- ✓ Developed air quality Sensing Kit that utilizes Renesas Electronics GAS Sensor

Air quality control sensing field (Target)

Visualizes air quality in industrial/ food/ environmental/ agricultural fields
To promote realization of SDGs & to develop the market with new sensing technology

 Industrial Field	Fullness of evaporated organic solvent	
 Food Field	Detection of solvent odor Freshness and ripeness of perishable food Detection of odor from refrigerators and trash bins	
 Environmental Field	Indoor air quality control (eCO2 / odor) Outdoor air quality control (.O3 / TVOC)	
 Agricultural Field	Monitor the level of hygiene on a breeding occasion Temperature management (for healthy breeding)	

To improve product quality, safety, convenience and productivity by making invisible air quality visible (digitalization)

Shinko Shoji GAS Sensing Kit

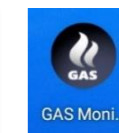
Capable of immediate measurement and development by loading onto customers' devices
To make air quality visible by effect measurement with IoT



Points for development support

- Improve usability with battery-powered
- Enables to monitor sensor status
- Frame around the kit enables to be placed anywhere
- Data stored for long hours (24 hrs)
- Sensors can be chosen by users depending on the purpose

Enables to display sensing status/ measure air quality with our original tool



Visualize sensor status with original waveform tool (Android app)

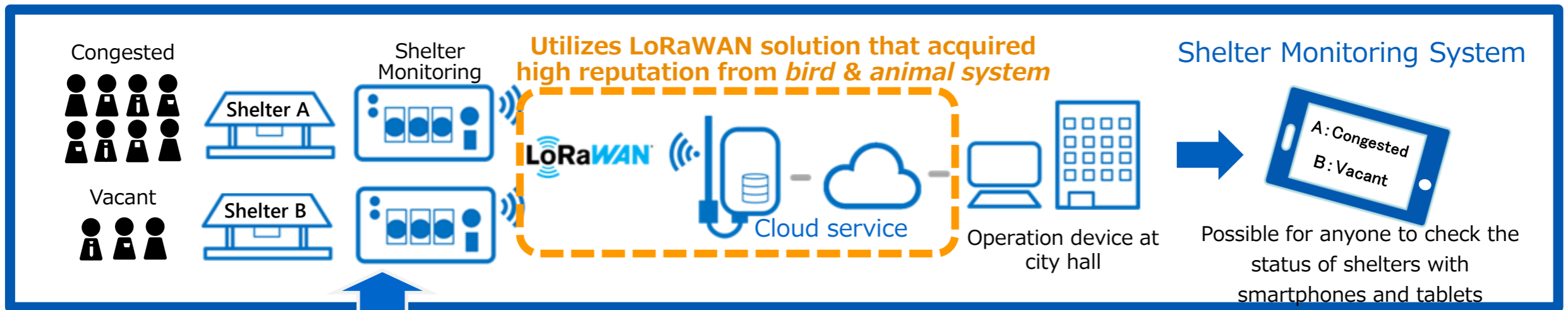
Future prospect: To improve convenience by combining sensing, machine learning and linkage of IoT



4-2. Business proposal that contributes to society (Provision of wireless solution)

~ Progress of commissioned research by National Institute of Information and Communications Technology (NICT) , JAPAN ~

- ✓ To provide Shelter Monitoring System that can promptly grasp the status of shelters in the event of disasters
- ✓ Supports to visualize congestion status that enables to avoid 3Cs in shelters amid the Covid-19 pandemic
- ✓ To realize overall management of shelter information through Shinko Shoji LoRaWAN solution that acquired high reputation from *bird & animal system*



Available details of Shelter Monitoring

- Shelter : Closed/Opened
- Status : Vacant/Slightly congested/Congested
- Emergency : Request Yes/No



Shinko Shoji LoRaWAN board is loaded

Features (Useful tips)

- ✓ Enables to visualize the operation status of shelters in the event of disasters
- ✓ Possible to grasp congestion status of shelters (how crowded the shelters are)
- ✓ Possible to notify emergency requests in the case of injuries
- ✓ Enables to formulate low-cost system by utilizing LPWA
- ✓ Can be operated immediately (It can be put to practical use from the emergency drill stage)

Shelter device, Shelter Monitoring equipped with LoRaWAN wireless

4-3. Non-contact technology that can be retrofitted "No-touch frame / No-touch frame W"

Prevents infection by making the existing touch panel non-contact in the air

- ◆ Supports a wide range of sizes up to 60inch
- ◆ Achieves high operability with patent-pending technology

Company	Use
W	VENDING MACHINE(Restaurant)
J	VENDING MACHINE(Cafeteria in hospital)
I	VENDING MACHINE(Cafeteria in furniture store)



No-touch frame / No-touch frame W

In addition to this, many inquiries from equipment manufacturers.

"Immediately add a non-contact function" • "Maintain user-friendliness"
 New "aerial" non-contact technology that meets these two requirements

4-4. Inspection of social infrastructure and cultural assets (moogle evo)

Visualization of “hard-to-see places”

<case>

- ◆ It can be operated remotely
- ◆ Providing “visible peace of mind” to our customers

Company	Case	Progress
I	Bridge	Carry out
O	Bridge	Carry out
The Japan Termite Control Association	Under the floor of Seikenji-temple	Carry out
T	Power plant equipment	Proposing



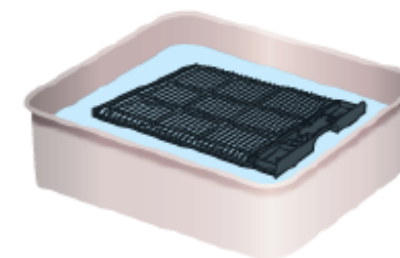
Exhibited at the exhibition "Japan Home & Building Show “
(Tokyo Big Sight from November 11th to 13th, 2020.)

4-5. Photocatalyst sterilizer / deodorizer that protects "living", "society", and "environment"

Protect your life, workplace and social environment with high performance

- ◆ Achieves sterilization and deodorization with Caltech's photocatalytic technology
- ◆ Contribution to new normal society

Place	Use
Hospital	Environmental purification (in waiting room)
Sports gym	Deodorization (in dressing room)
store	Environmental purification (in W.C)



- ◆ For maintenance work, just soak the filter and wash it.

Kaltech Co., Ltd.

Exhibited at the exhibition "FOOD STYLE"
 (Marine Messe Fukuoka from November 11th to 12th, 2020.)

4-6.Remote work utilized effectively for Sales promotion & Technical support

To demonstrate higher performance by developing online demo seminars to promote remote work for sales expansion and extending our presence to customers

Creative sales promotion activities/ formulating remote proposal method

■ To provide *realistic* Solution proposal with online demonstration

Immediately resolve customers' issues under remote environment with online demo development, videos and demonstration that utilizes teleconference system



Customer

■ To provide information on new products and solutions via email magazine right away

Commenced the release of Shinko Shoji email magazine. To provide various contents including details on new products and seminars/solutions to our customers.



Eg. Motor demo



Online demonstration

Extending our presence to customers

■ To provide full online support for customers' development

1. Online seminar : Resolve customers' issues of onsite HR development by formulating online seminars for MCU engineers
2. Remote technical support : To support customers' development by sharing the screen online to work collaboratively for debugging the program

Outlook for the Fiscal Year Ending March 31, 2020

Full fiscal year Forecast

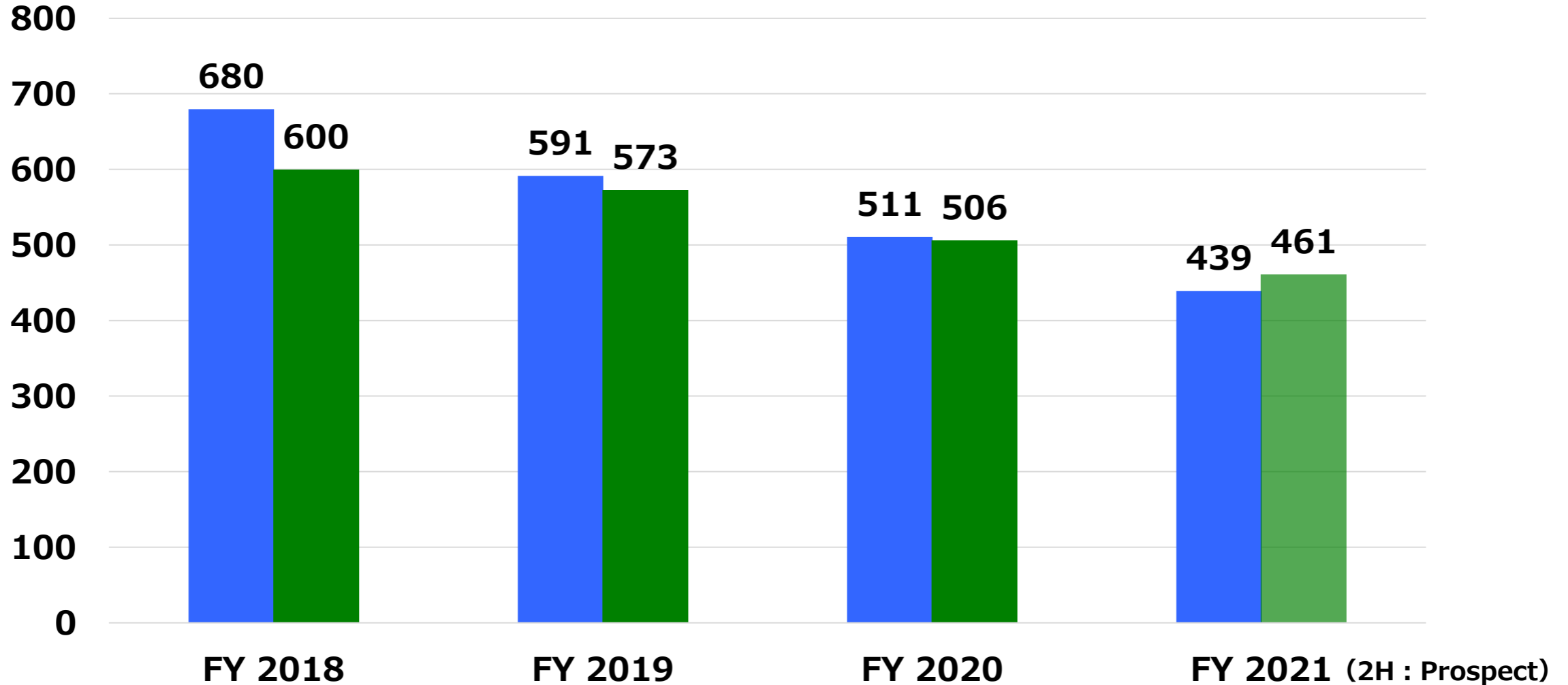
(Unit; Million yen)

	FYE March 31,2020 Results	FYE March 31,2021 Forecast	Comparison with the previous term	Increase / decrease amount
Net sales	101,627	90,000	89%	△11,627
Operating income	1,611	600	37%	△1,011
Ordinary income	1,771	600	34%	△1,171
Net income	1,236	380	31%	△856
Net income per share	¥32.93	¥10.24	—	△¥22.69

Full-year Forecast (Quarterly Sales)

(100 Million Yen)

■ 1H ■ 2H



Our dividend policy

Total shareholder return ratio is 100% during the 3-year period from fiscal year March 2020 to fiscal year March 2022, based on total shareholder return, which includes dividends and share buybacks.

*** Total return ratio = (Dividend amount + Acquisition cost of treasury stock)/Consolidated net income × 100**

Shareholder Returns

● Dividend per share

	Dividend per share			Total return ratio
	End of 1H	Year end	Annual	
FY March/2021 Forecast (Published May 15, 2021)	¥ 14	¥ 14	¥ 28	272.9% (prediction)
Results for the previous fiscal year (Year ended March 31, 2020)	¥ 27	¥ 14	—	210.6%

We conducted a 2-for-1 stock split of common stock on October 1, 2019. For the second quarter dividend for the fiscal year ending March 2020, the actual amount of dividend before the stock split is stated.

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