



**新光商事株式会社**  
Shinko Shoji Co., Ltd.

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## **Financial Results for the First Half of the Fiscal Year Ending March 31, 2022**

- **2<sup>nd</sup> Quarter Overview**
- **Business Status**
- **Proposal of Solutions to Benefit Society**
- **Full-year outlook**

Nov. 2021

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**

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# 2<sup>nd</sup> Quarter Overview

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## March 2022: Points in 2<sup>nd</sup> Quarter Closing

**The sales performance is considerably higher than that of last year in all major categories including industrial equipment, automobile electronics components, OA (office automation) equipment, and entertainment machines.**

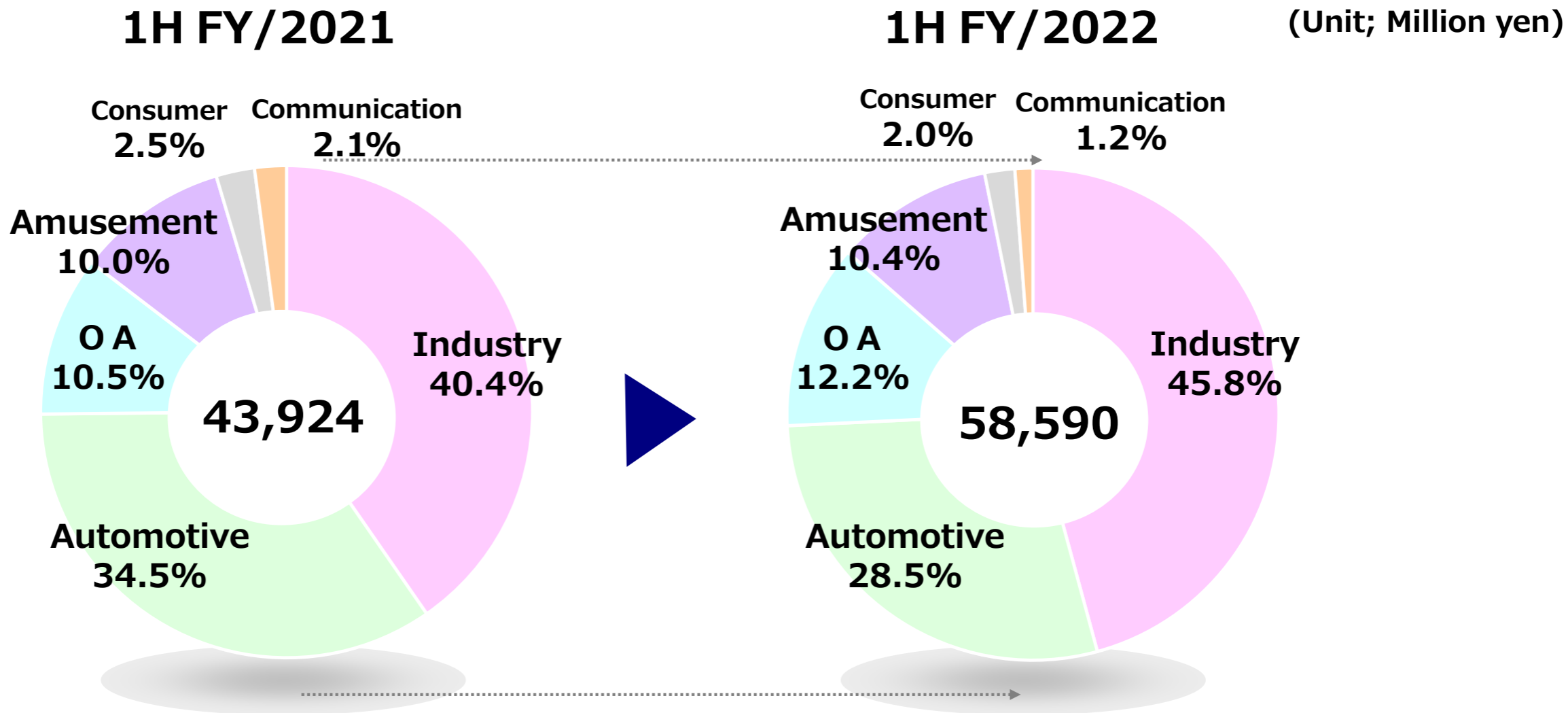
- **In the industrial equipment area, sales related to robots and semiconductor production performed well throughout the period.**
- **In the automobile electronics area, sales performed well throughout the period thanks to the recovery of mass production by automobile companies.**
- **In the OA equipment area, sales performed well throughout the period thanks to good market condition brought by the transition to new life style.**
- **In the entertainment machines area, sales recovered well compared to same period of last year which suffered from cooling of the economy brought by covid-19 spread.**

# Overview of First Half Settlement

(Unit; Million yen)

	1H FYE March/2021 Results	1H FYE March/2022 Results	Rate of increase / decrease (Previous year comparison)	Increase / decrease (Previous year comparison)
Net sales	43,924	58,590	33.4%	14,666
Gross Profit	4,087	5,214	27.6%	1,127
Selling, general and administrative expenses	3,781	4,081	7.9%	300
Operating income	305	1,132	270.5%	827
Ordinary income	345	1,145	231.2%	800
net income for the 2Q	188	800	325.6%	612
Net income per share	¥5.07	¥21.56	–	¥16.49

# Sales composition ratio by product

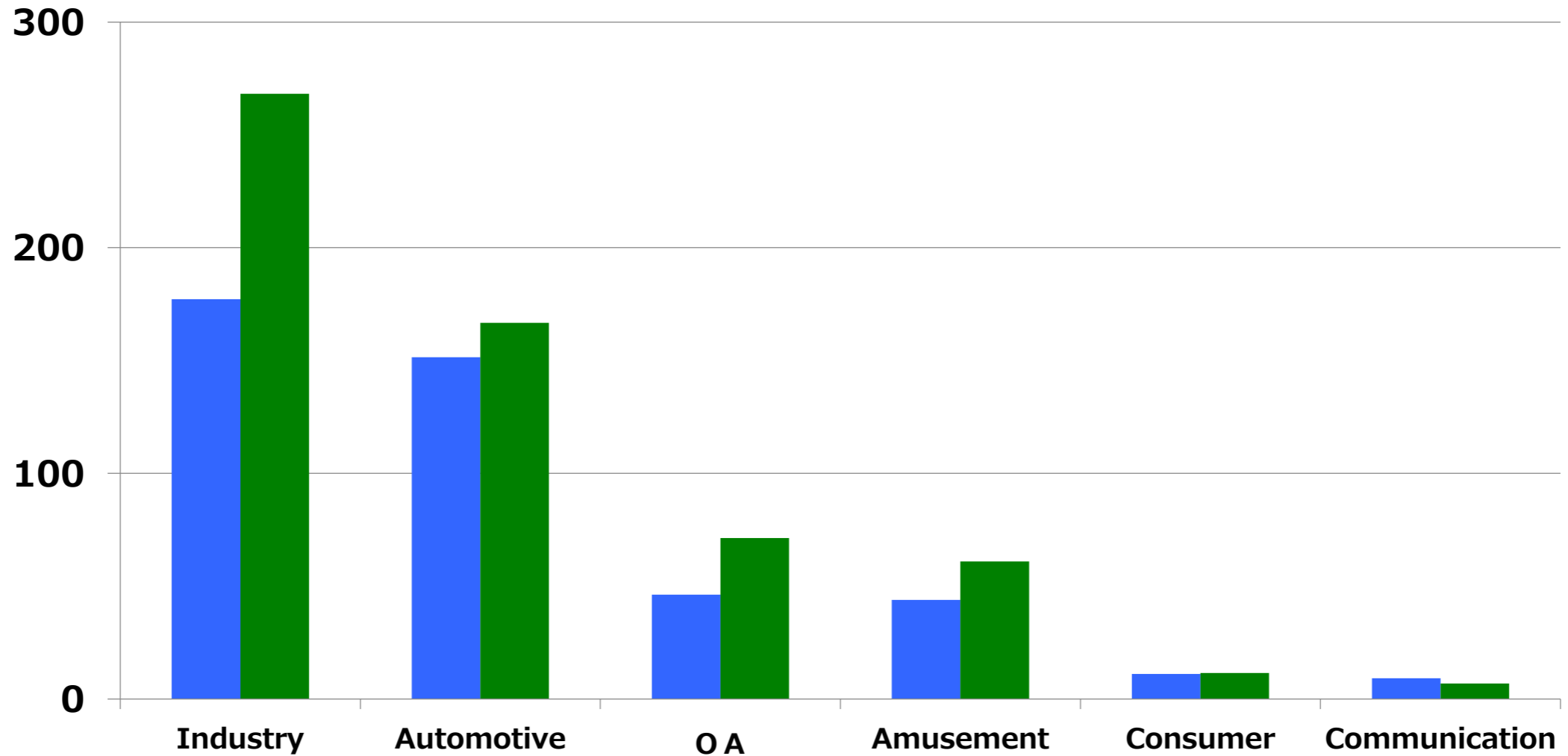


# Sales composition ratio by product(amount)

(Unit;100 Million yen)

■ 1H FY/2021

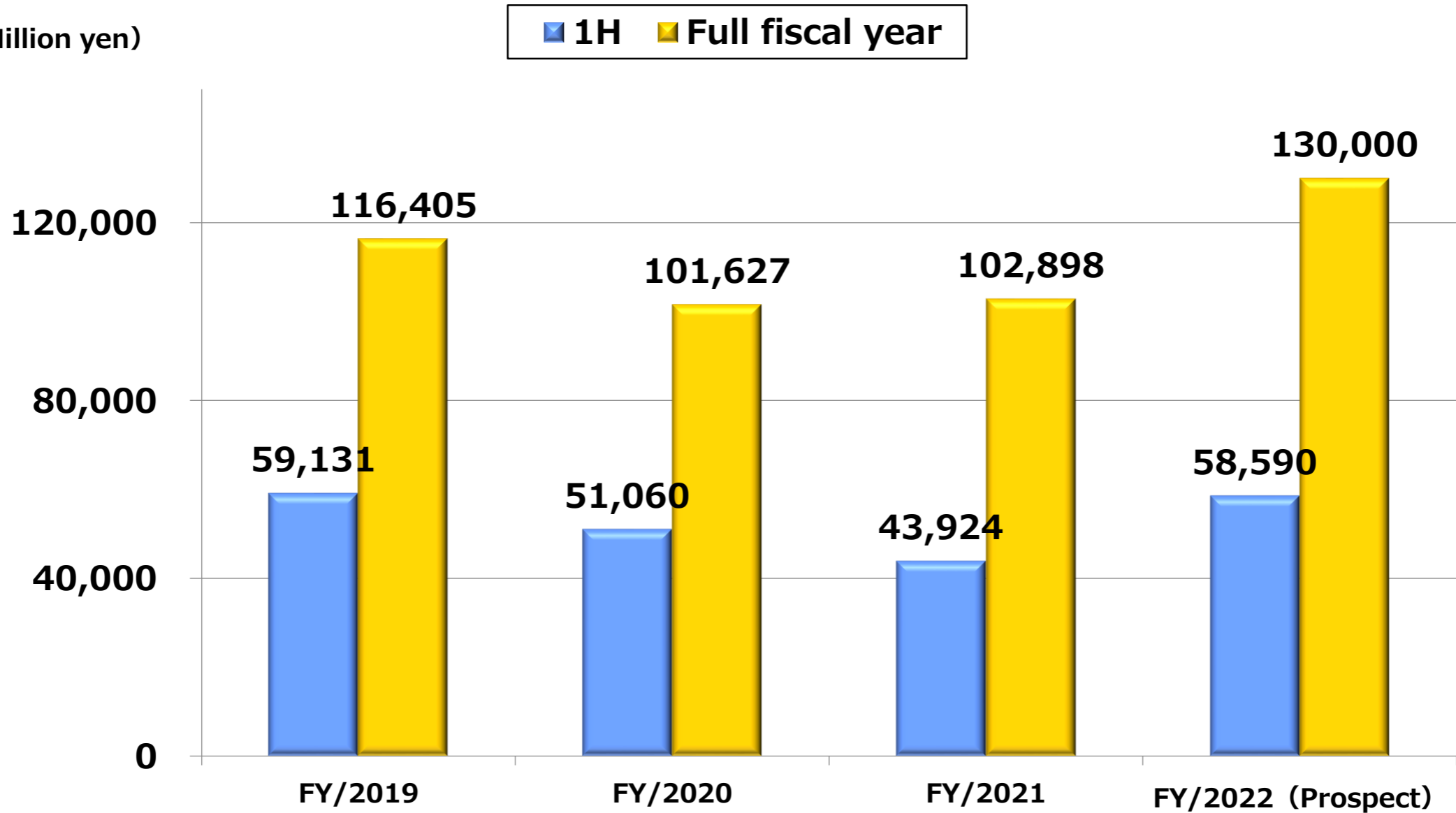
■ 1H FY/2022





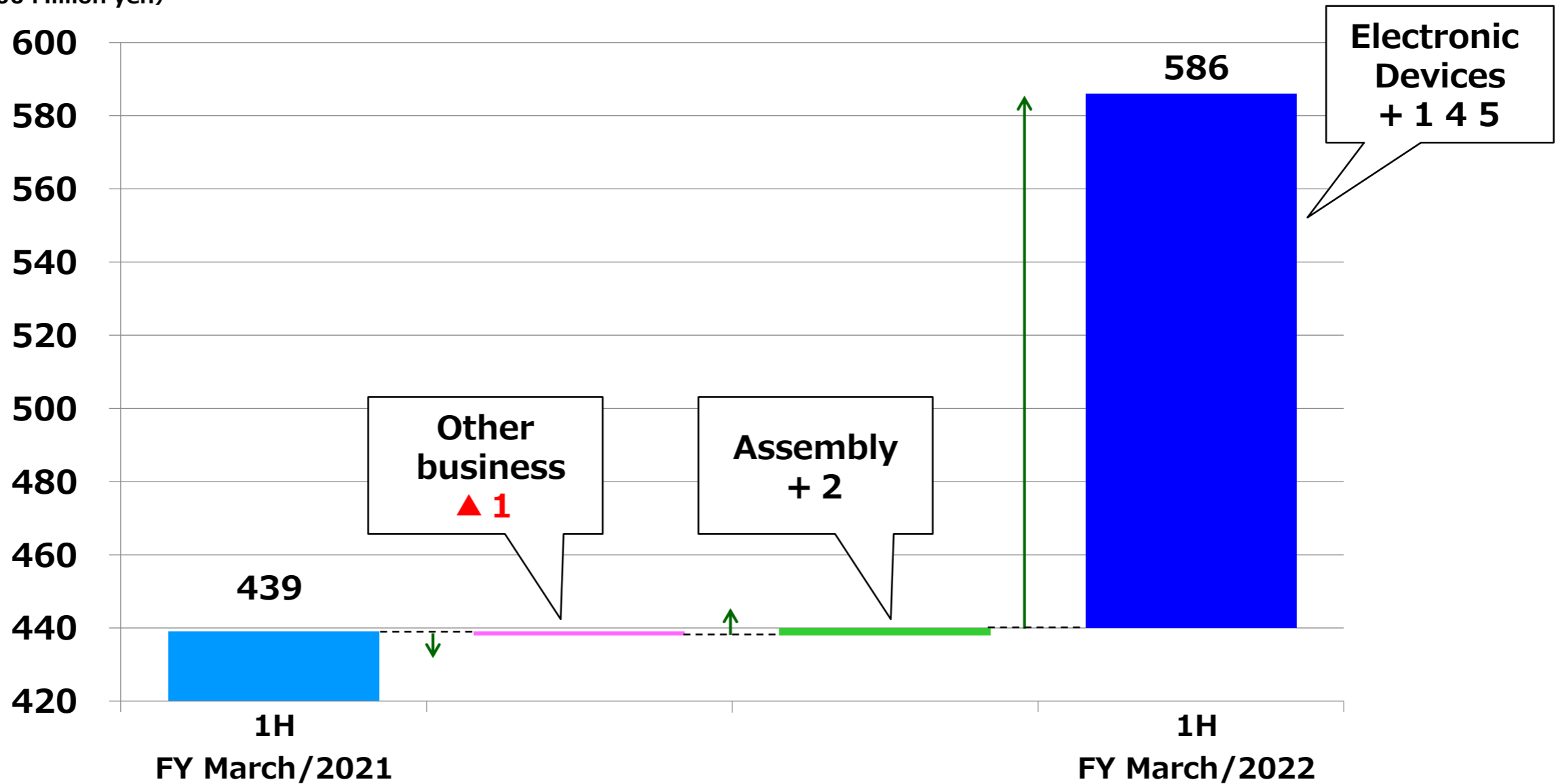
# Trend of Net sales

(Unit; Million yen)



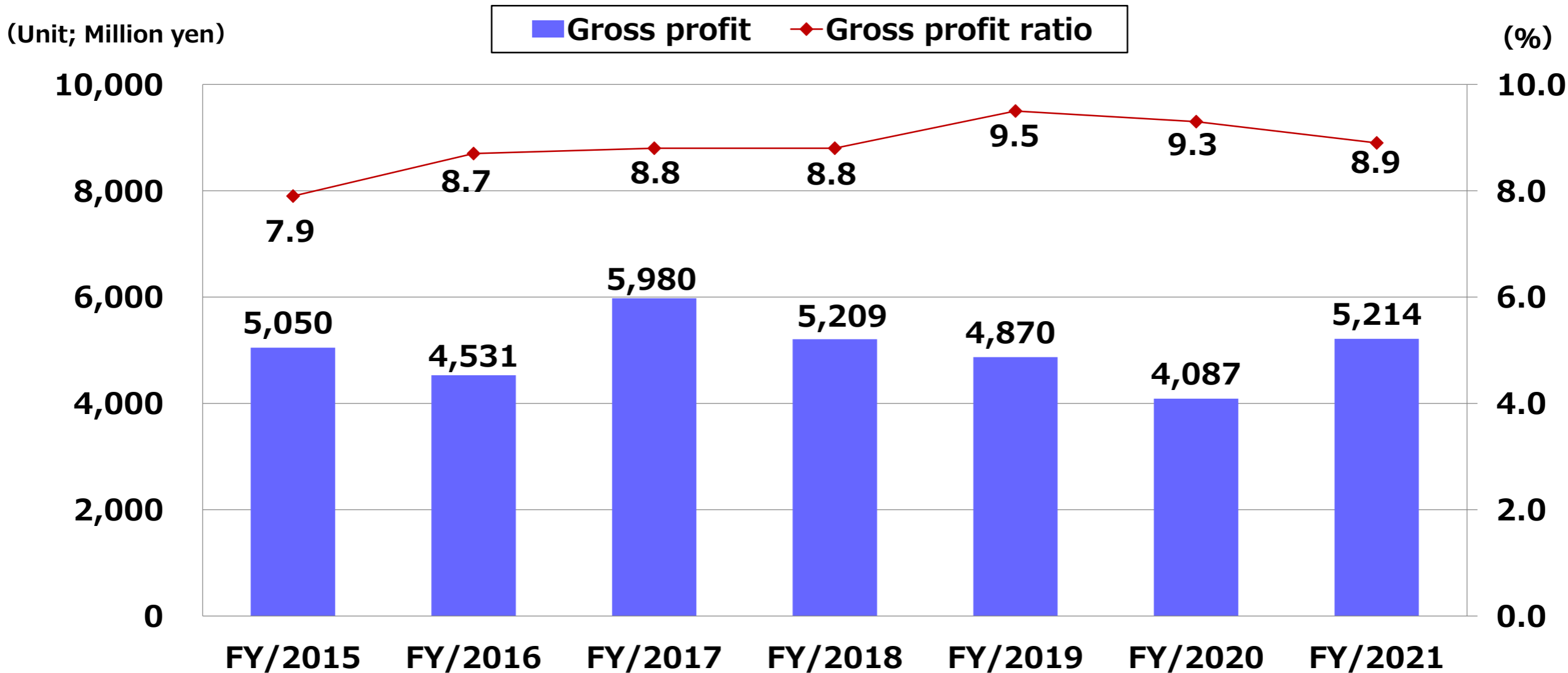
# Analysis on factor of increase / decrease in sales Compared with the previous year

(Unit;100 Million yen)



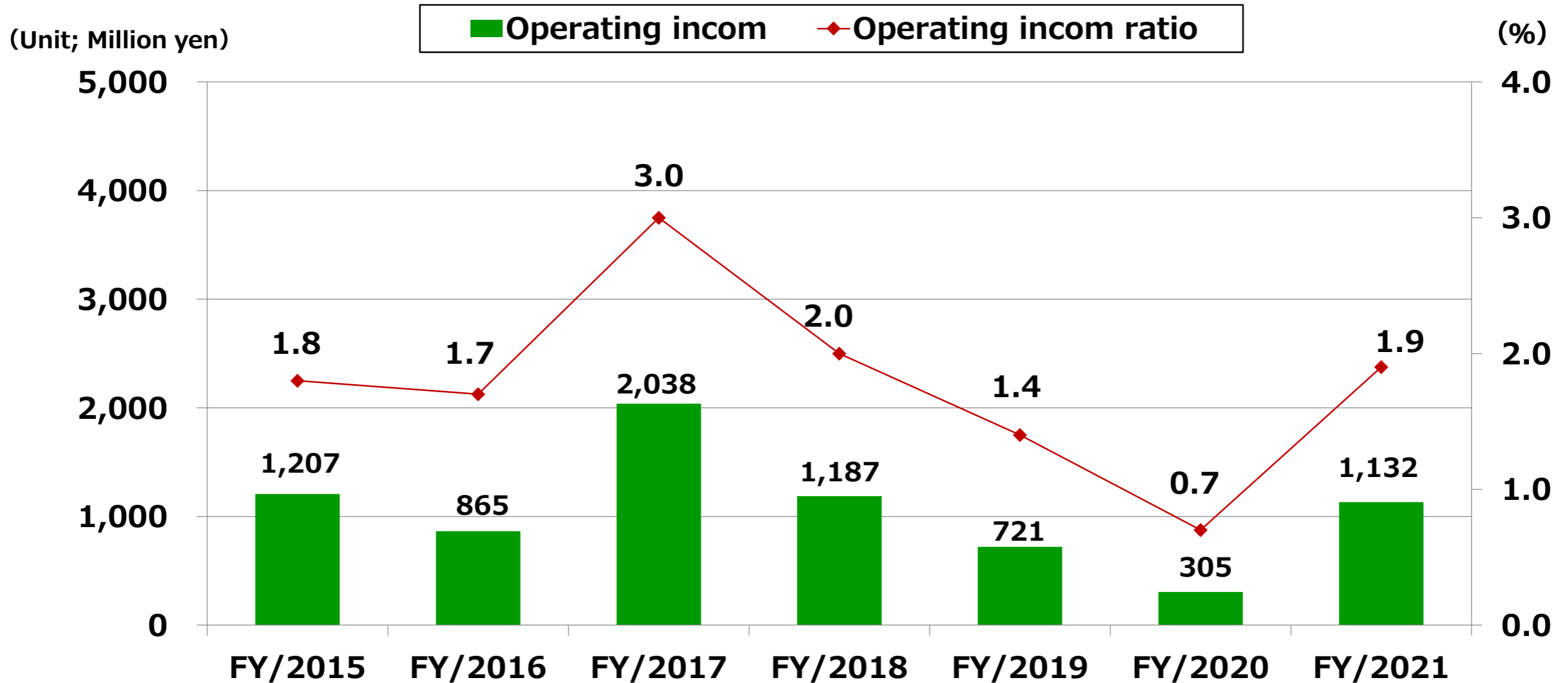
# Gross profit / Gross profit ratio

## 【1H Results】



# Operating income / Operating income ratio

## 【1H Results】



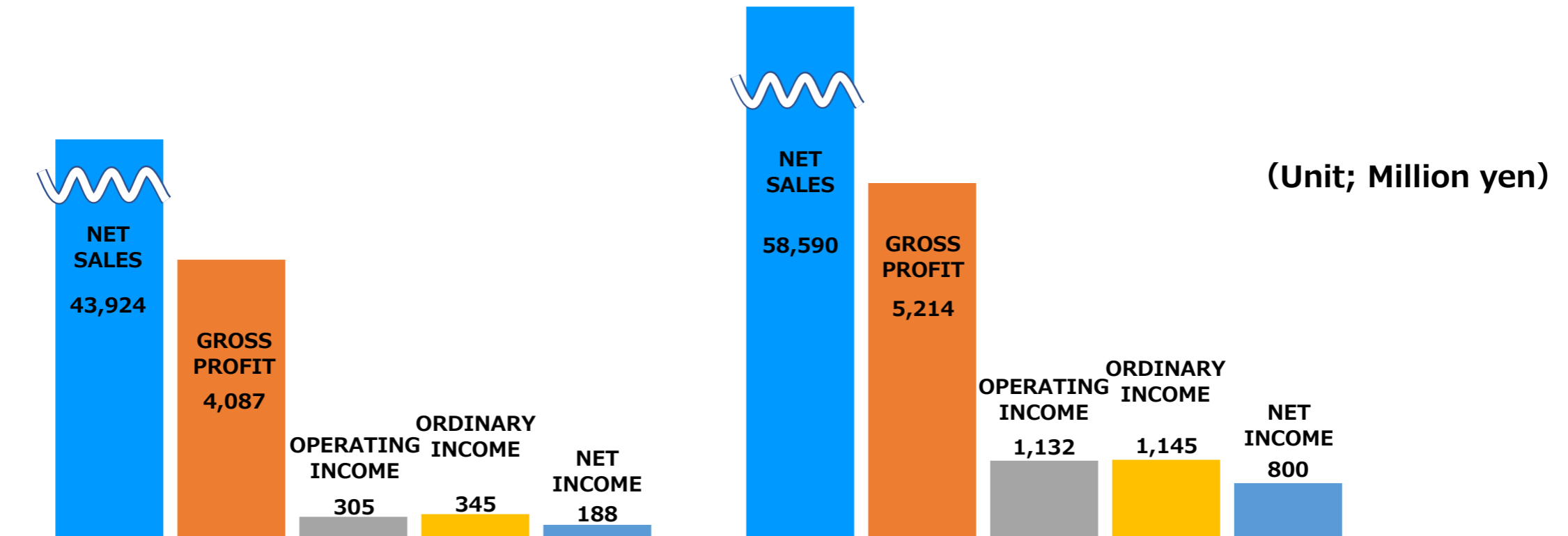
# Consolidated income statement

1H/2021

(April 1,2020~September 30,2020)

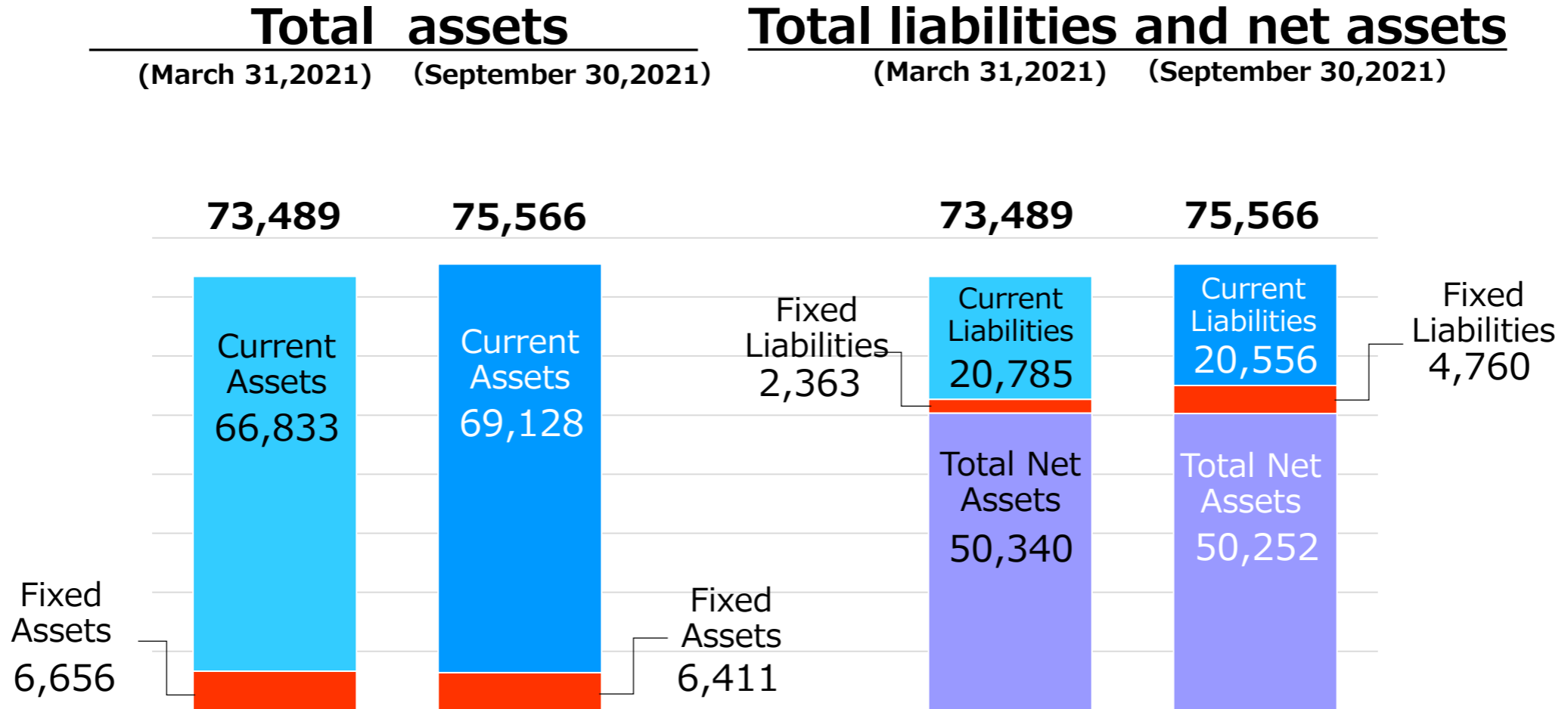
1H/2022

(April 1,2021~September 30,2021)



# Consolidated Balance Sheet

(Unit; Million yen)

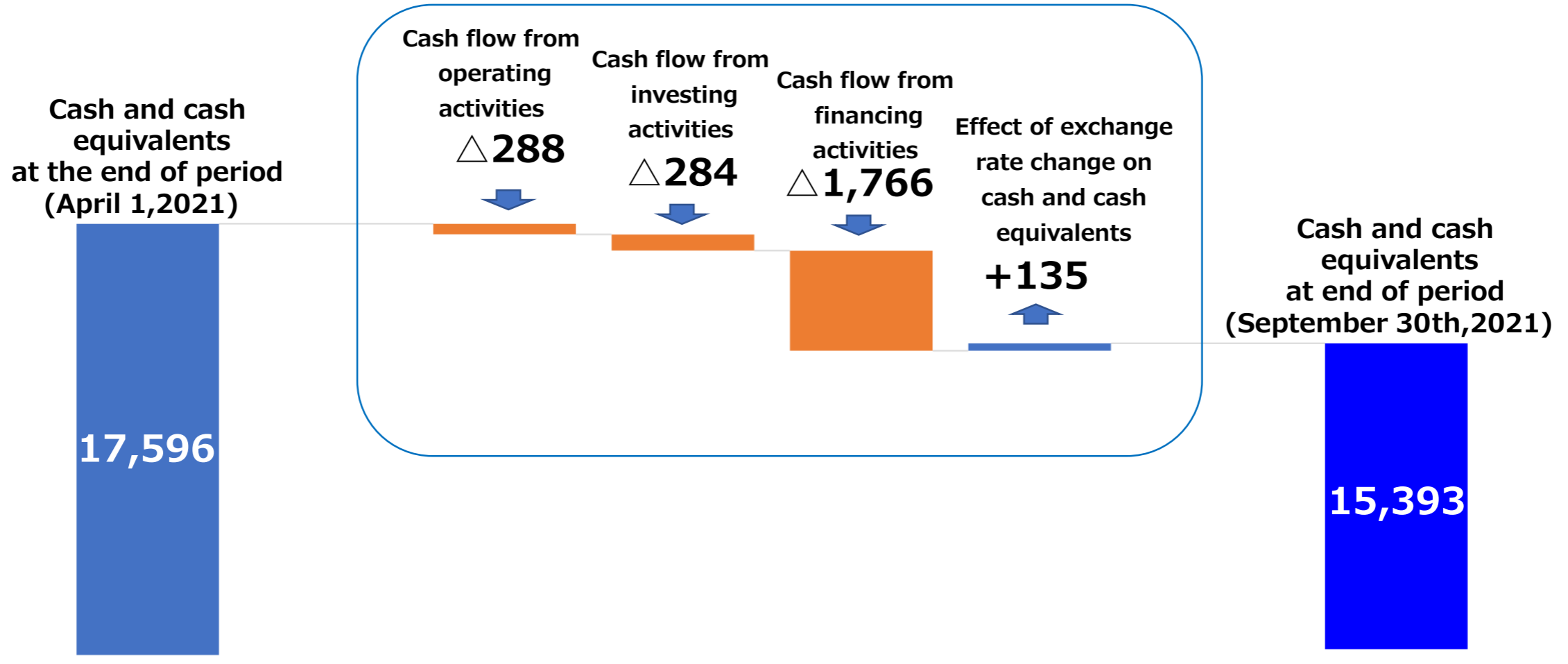


# Cash Flows

## Consolidated Statements of Cash Flows

(Unit; Million yen)

1H/2021(April 1,2021~September 30,2021)



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# Business Status

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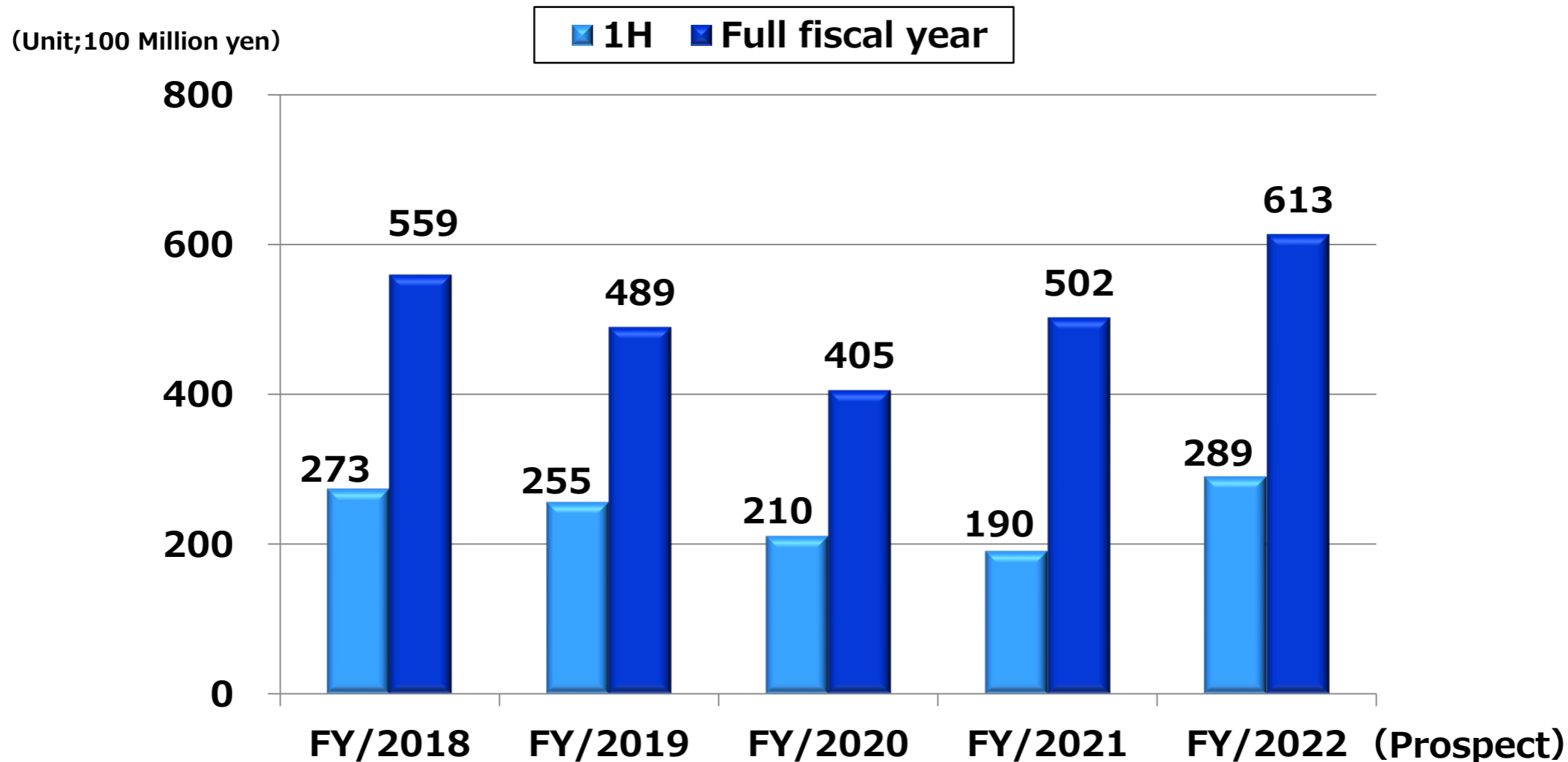


# Business Status

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

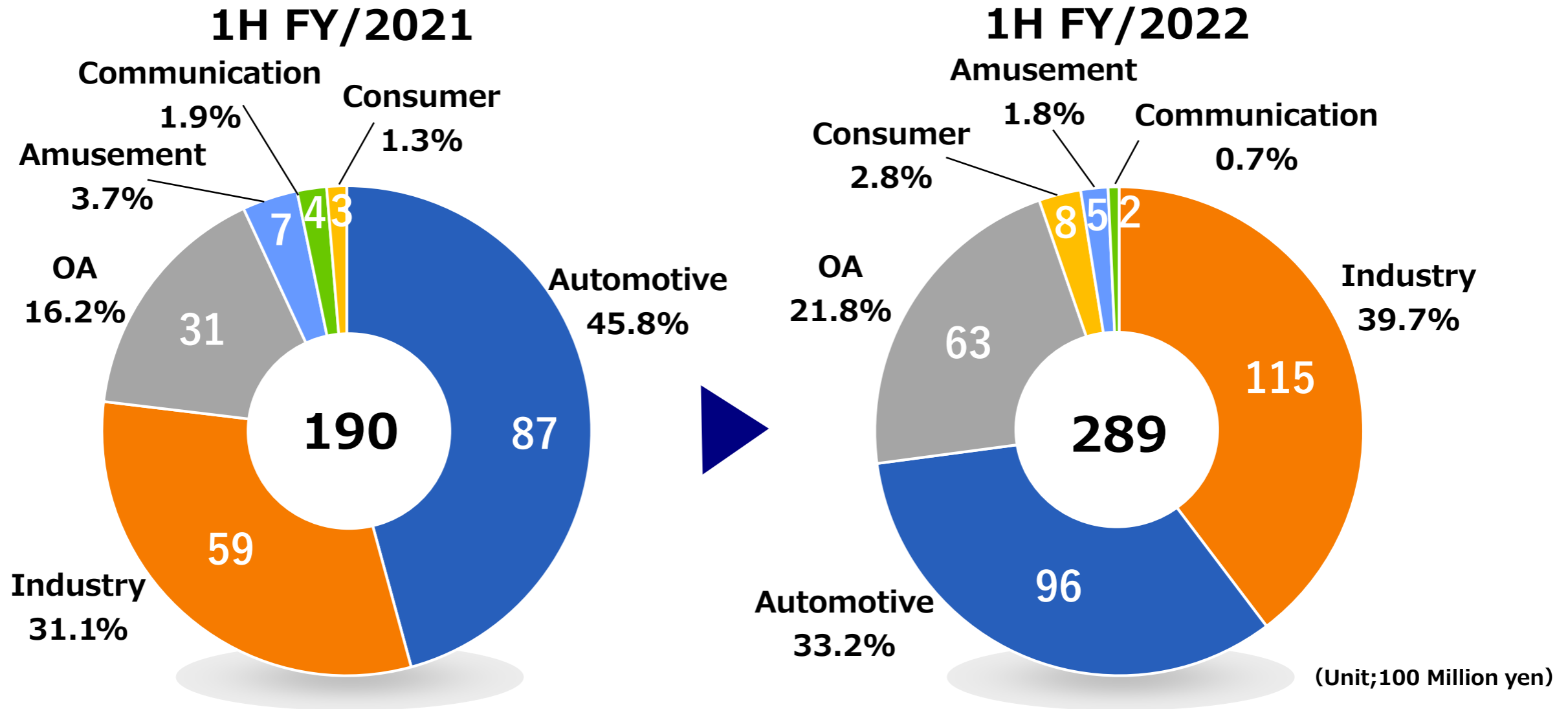
# 1-1. Renesas Electronics Business

【Renesas products Sales】 (before deletion for consolidated accounting)



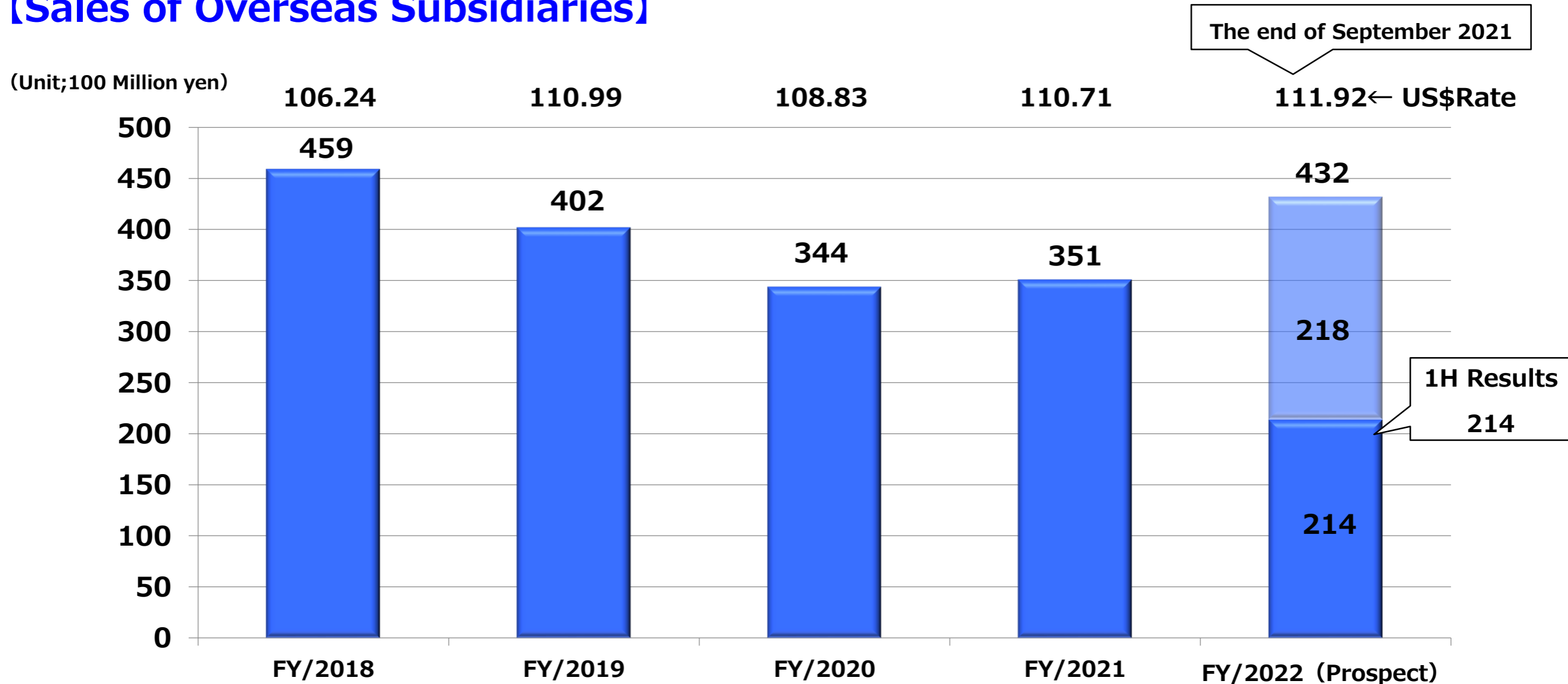
# 1-2. Renesas Electronics Business

【Sales comparison of ratio by field】 (before deletion for consolidated accounting)



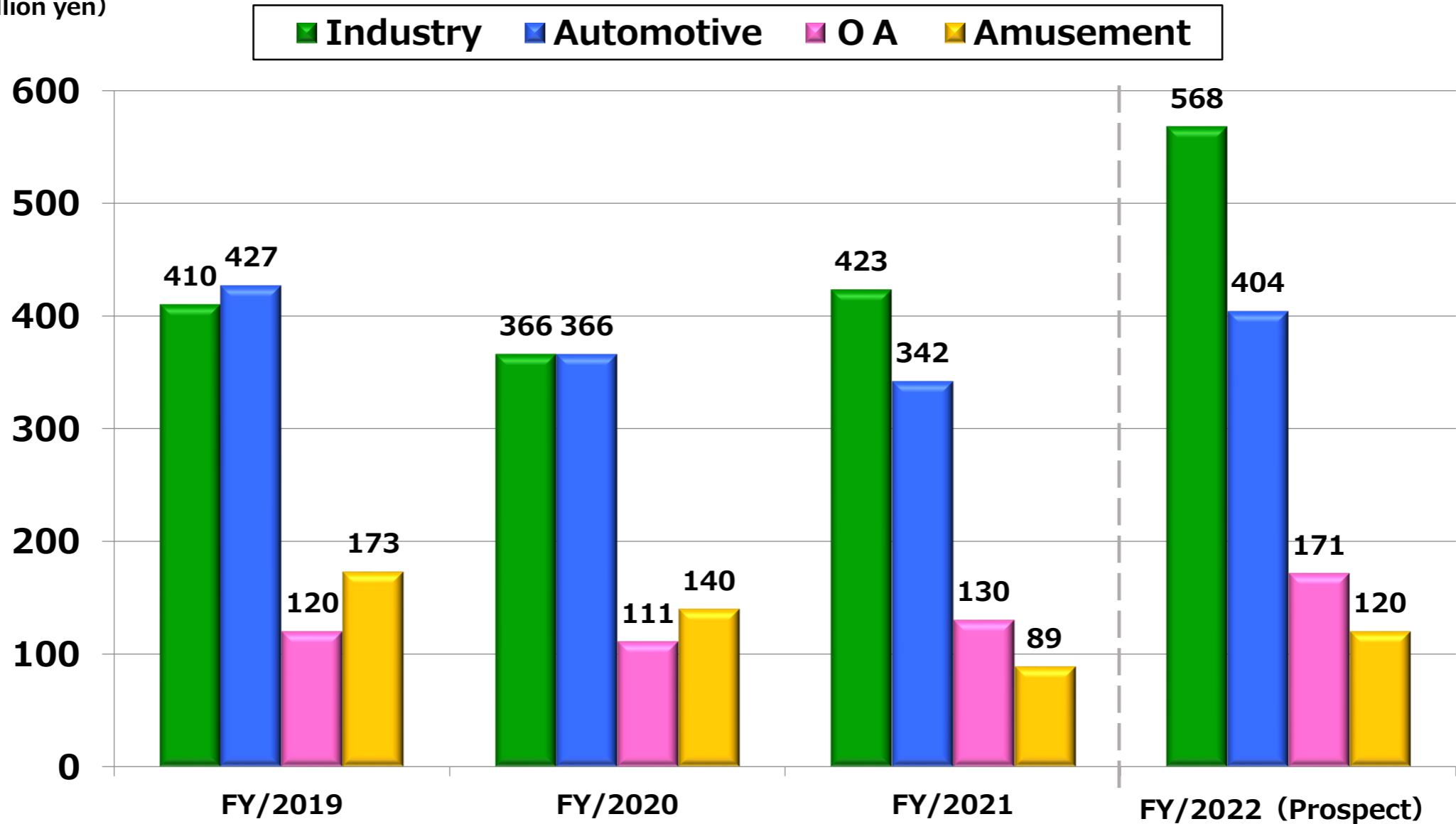
## 2. Overseas Business Sales Trends

### 【Sales of Overseas Subsidiaries】



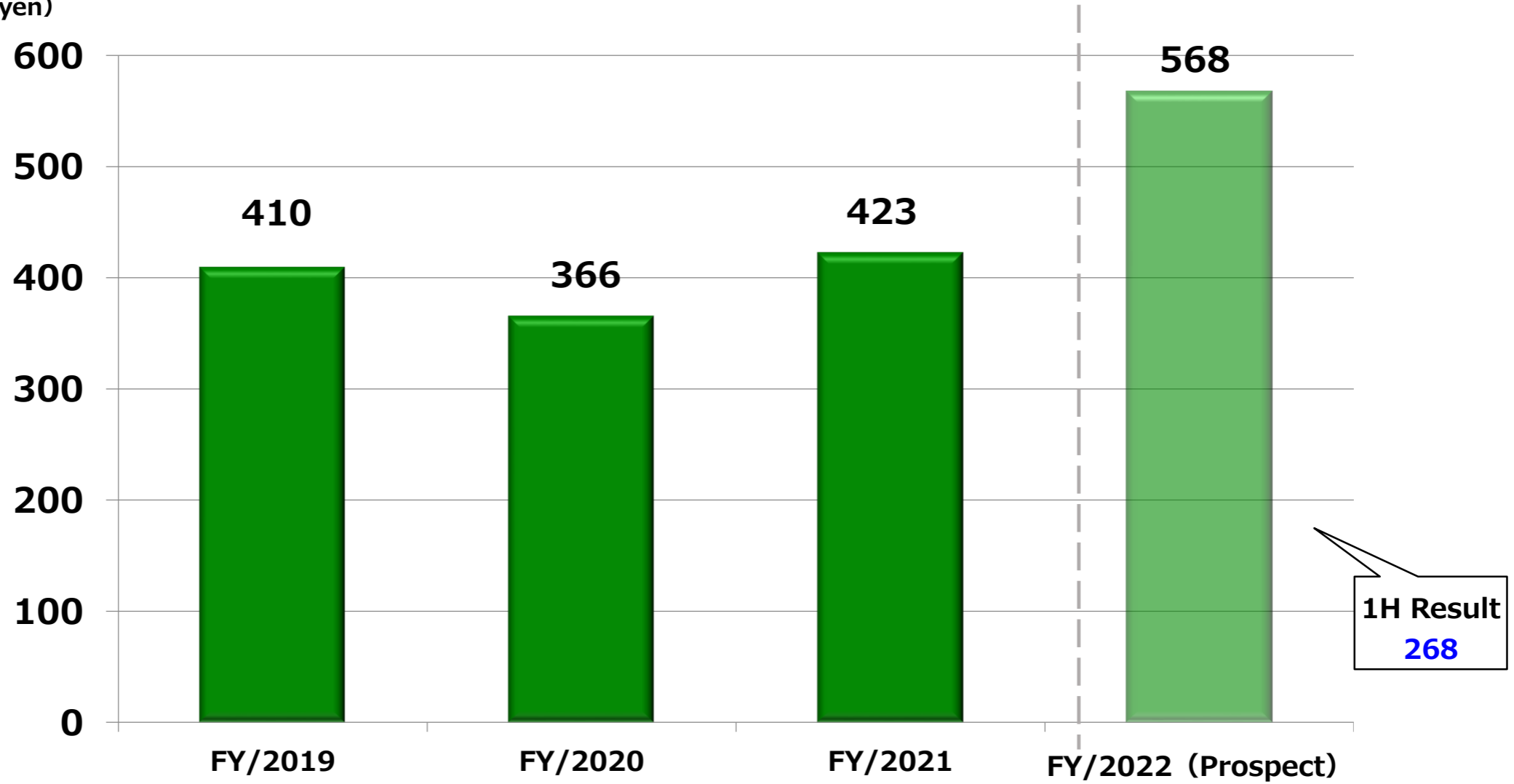
# 3-1. Core Market Sales Trends

(Unit;100 Million yen)



# 3-2. Industrial Equipment Business Sales Trends

(Unit;100 Million yen)

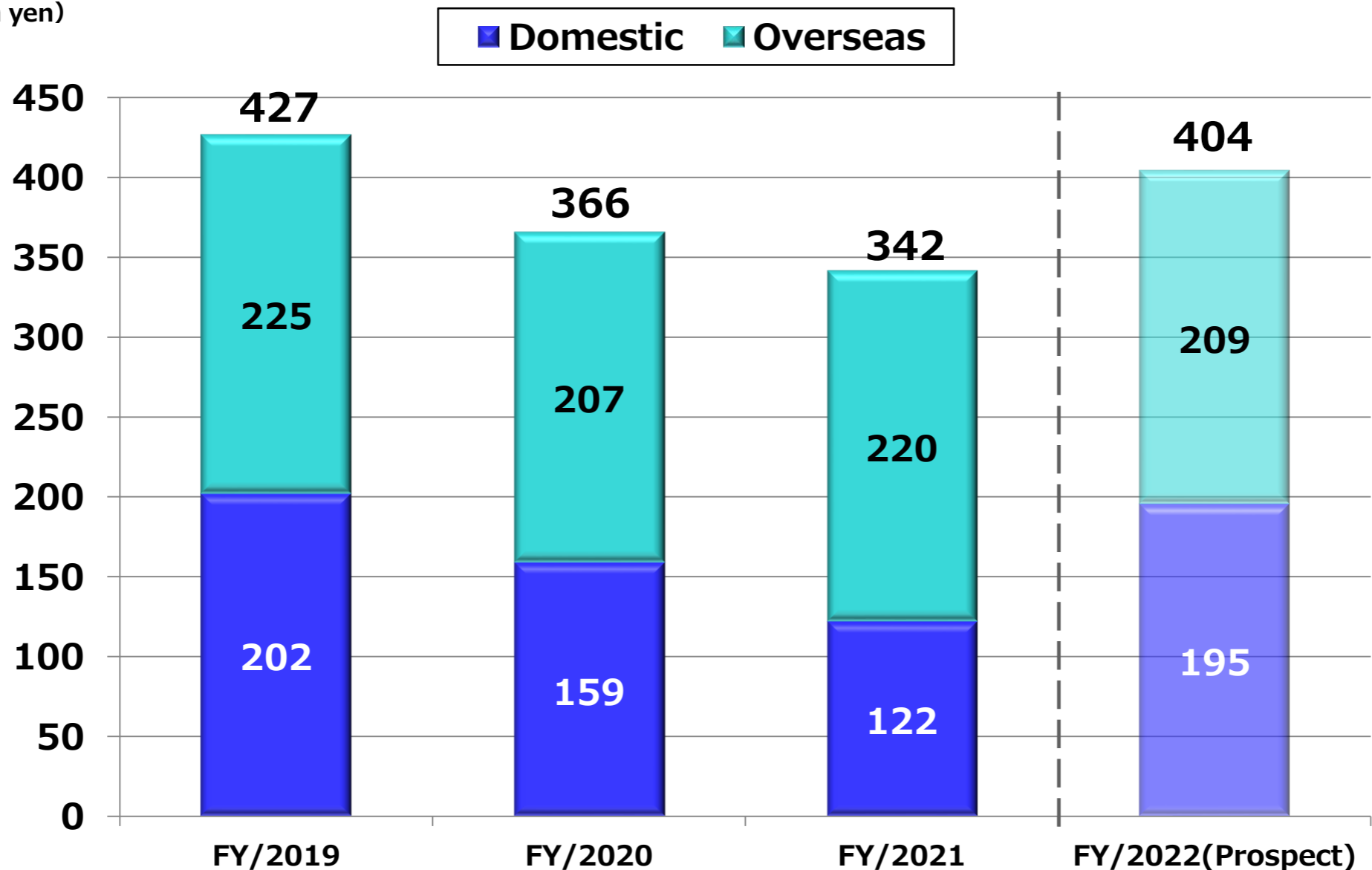


※Customers in the industrial sector

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

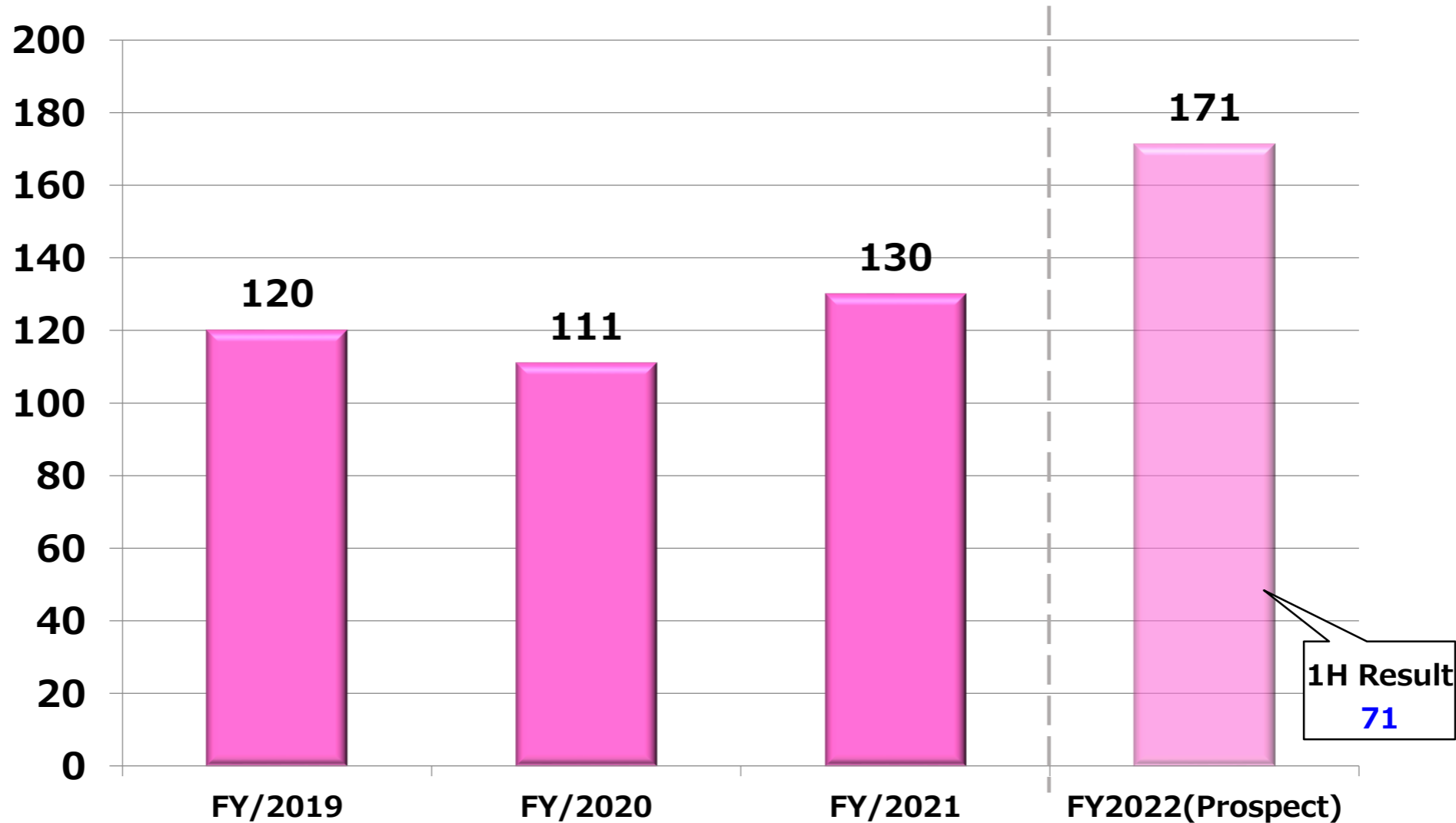
# 3-3. Automotive Equipment Business Sales Trends

(Unit;100 Million yen)



# 3-4.0 A Equipment Business Sales Trends

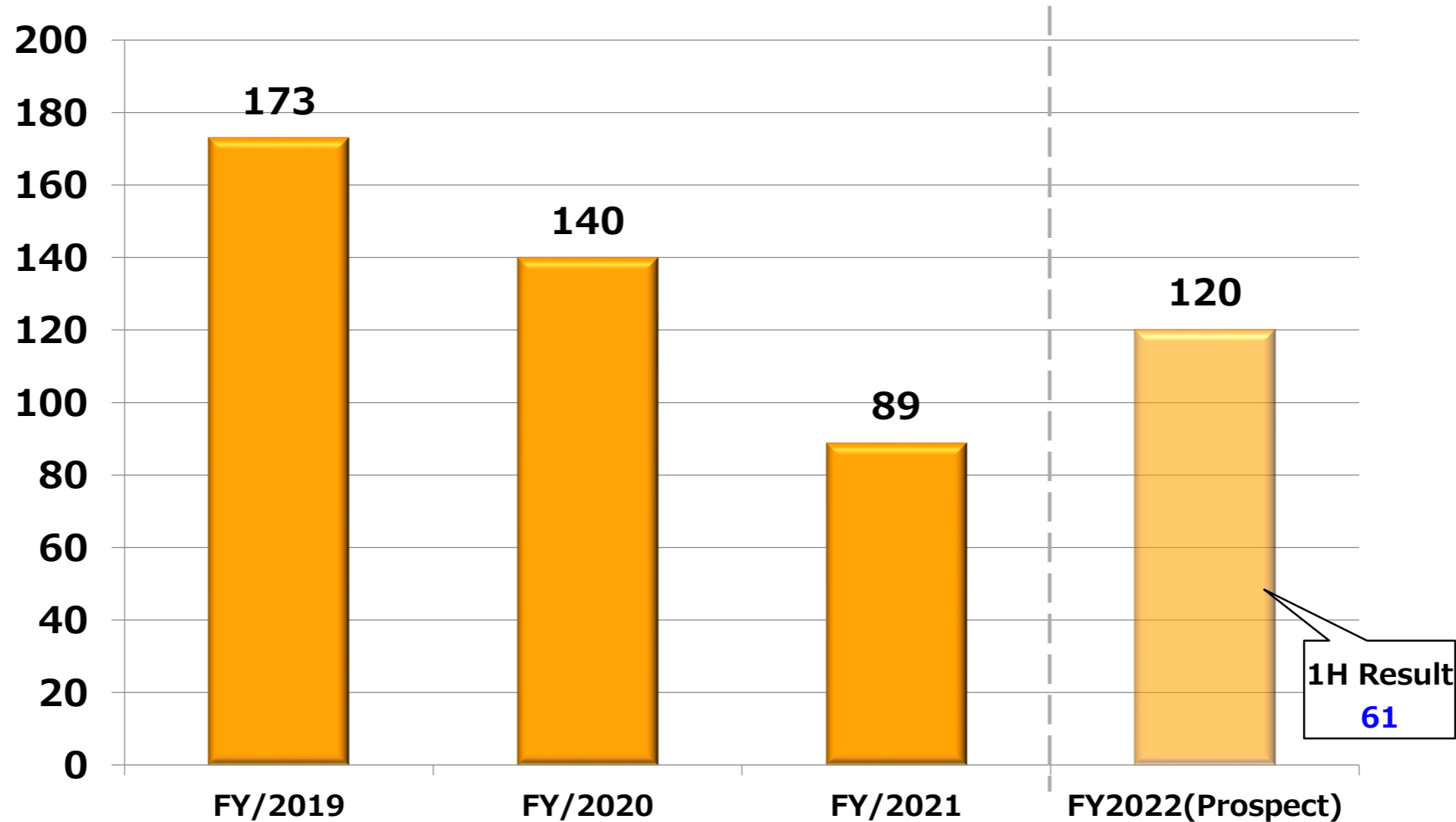
(Unit;100 Million yen)





# 3-5. Amusement Equipment Business Sales Trends

(Unit;100 Million yen)



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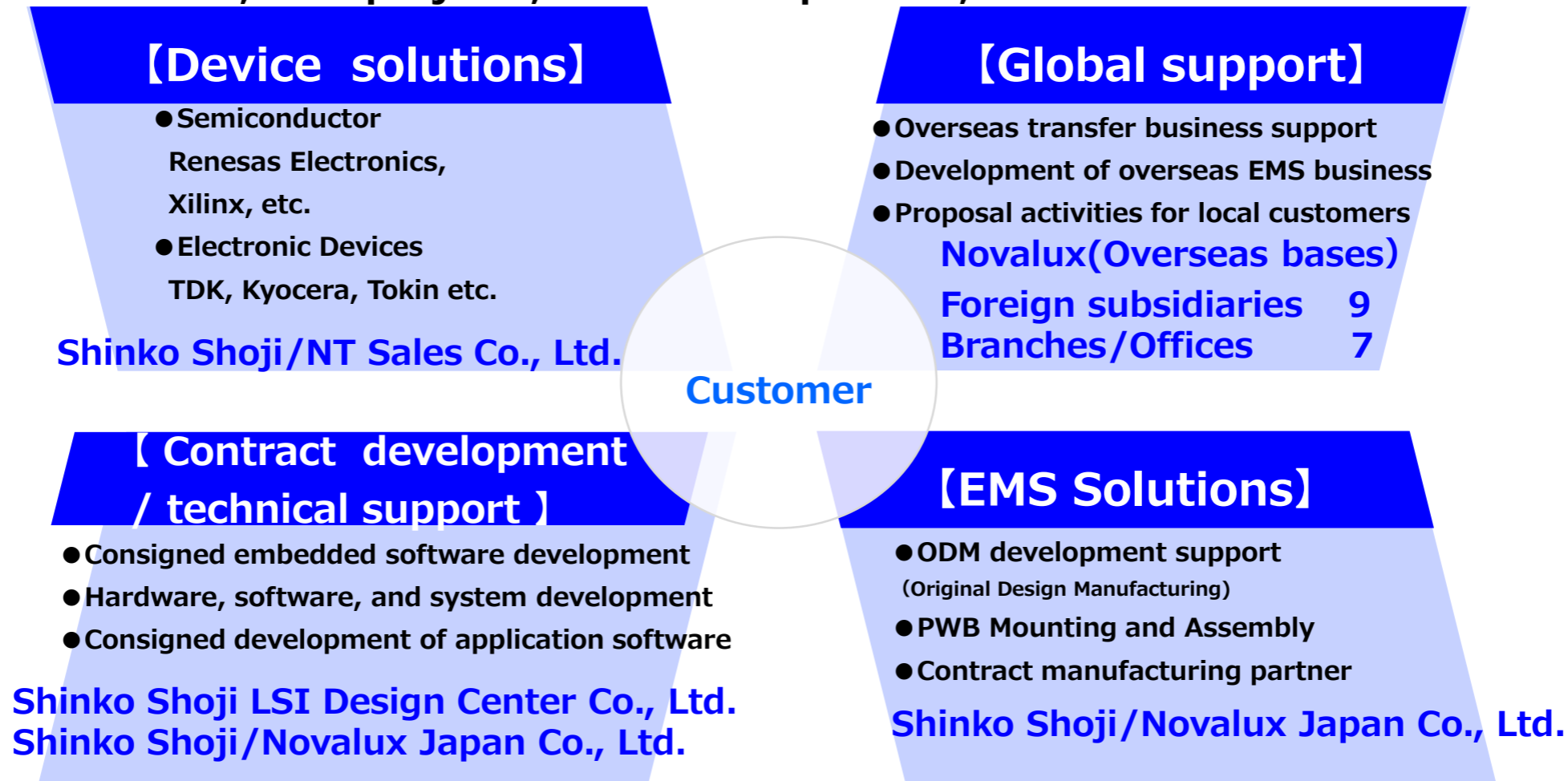
# Proposal of Solutions to Benefit Society

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# 1. Business Areas Beneficial to Society

In our commitment to sustainable society and our customers' business success, we at Shinko Shoji not only deliver products but also propose business solutions customized for customers' needs through optimized logistics, technical supports, coordination of development efforts, EMS projects, overseas expansion, etc.



## 2. Reinforcing solution for supporting AI development with MCUs

**We provide solution that enables straightforward AI implementation with MCU control**

Development solution suitable for wearable devices and other various terminal devices

### Benefits of using AI with MCU

MCU enables AI to determine complicated action states

Only MCU

Determines **easy** actions

Easy detection of simple GO/STOP status



Inactive Active



MCU + AI

Determines **detailed** actions

Time-series data such as vibration enables to determine complicated states

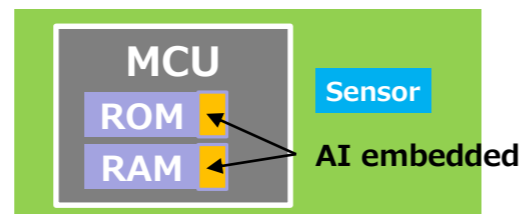


Walk Run Jump Fall Bicycle

Basic configuration of MCU



Configuration of MCU (AI embedded)

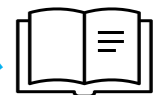


### AI development solution we provide

- Able to use REL MCU development environment
- Able to determine the status of AI with "SensiML" (AI learning support tool)
- Straightforward AI implementation with our original manual

#### Overview of the solution

Board# : EK-RA4W1(REL MCU embedded)  
 Sensor# : PMOD NAV  
 Dev. environment : e2 studio  
 AI determination SW : SensiML  
 Manual : Shinko Shoji original



For those who are implementing MCU for the first time



Our original demo (Fan/motor status detection)

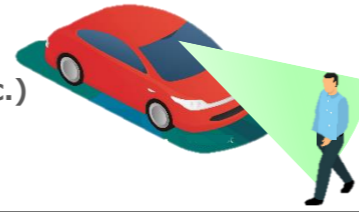
### 3. Business development using high-resolution cameras for advanced driving support

We started to provide high-resolution camera evaluation environment for advanced driving support  
 Provides high detection performance with high-resolution camera and image recognition AI,  
 contributing to improved safety performance of camera systems

#### Business development for in-vehicle sensing cameras

##### Target market/set

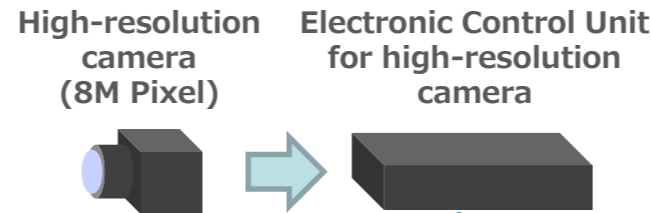
Image recognition camera systems for advanced driving support (front cameras, etc.)  
 -> Camera system to detect obstacles in the direction of travel when driving.



##### High-resolution camera evaluation environment

- > High-resolution camera + Image recognition AI can be evaluated immediately
- > Can detect vehicles up to wide angle (up to 120°) / long distance (up to 160m)
- > Image recognition AI can detect the following :  
 pedestrians / motorcycles / vehicles / traffic signs / traffic signals / white lines / free space, etc.

\*The angle of view and the recognition distance are the results of the current evaluation by the recognition AI manufacturer (under improvement and adjustment).



**Xilinx® Zynq® UltraScale+™ MPSoC**

- 8M Pixel Image Processing
- Image Recognition AI

#### Future Plans

##### 1. Expansion of target markets and sets

Expand to system that requires high-resolution cameras and image recognition

e.g.) Road surveillance camera (wide angle / high speed processing)  
 -> Detects a large number of targets (Pedestrians, motorcycles, vehicles, etc.)

##### 2. Expansion of functions

Improve recognition accuracy by installing image processing IP, and aiming to further improve safety performance

## 4. [Infection Prevention Expo] Shinko Shoji's Original Product: No-touch Frame W

At the 1<sup>st</sup> Infection Prevention Expo (Oct 13 – 15) held in Makuhari Messe, our No-touch Frame W was on display in the booth of Meiko Shokai Co., Ltd.

Meiko Shokai adopted No-touch Frame W, a contactless operation unit attachable on complete devices designed to provide safety to users in this new normal society.

MS Voice Call NEO (a ticketing machine for municipal and hospital receptions) by Meiko Shokai has been receiving excellent reviews from municipalities and hospitals already using the device.

Together with our partner companies, we will promote various infection prevention solutions to benefit society.



(From Meiko Shokai's website)

## 5. Demo of our device adopted by JR East Information Systems Company has launched

An information chassis featuring our **No-touch Frame®** has been installed at Tokyo Station Marunouchi Central Gate

JR East Information System installed an information kiosk featuring No-touch Frame®, which enables contactless operation, and launched demonstration as a prevention measure to counter Covid-19.

The kiosk distinguishes voice commands and provides information on shops and other facilities in the vicinity.



# Demo launched on November 1

We continue to contribute to the society through infection prevention measures with “contactless” as our keyword.

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# **Forecast for the fiscal year March 2022**

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# Full-year earnings forecast

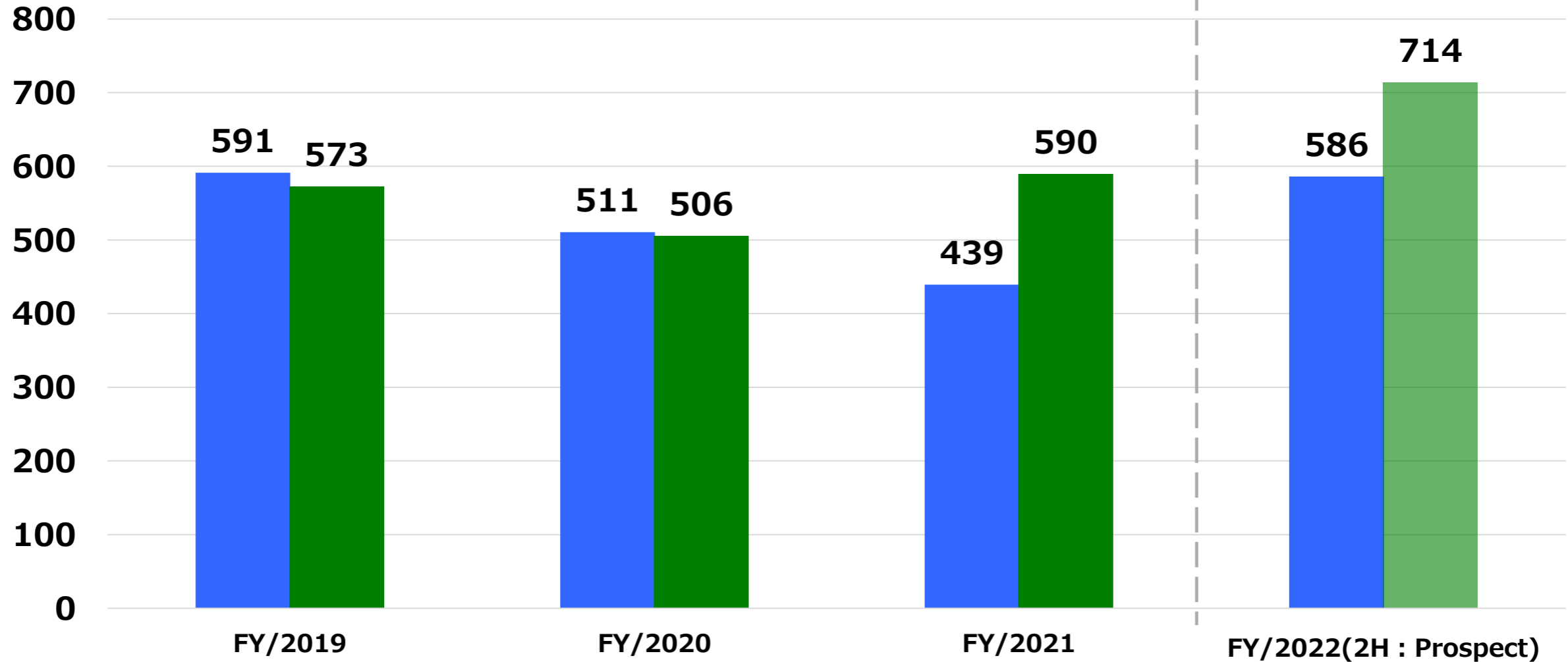
(Unit; Million yen)

	FYE March 31,2021 Results	FYE March 31,2022 Forecast	Rate of increase / decrease (Previous year comparison)	Increase / decrease (Previous year comparison)
Net sales	102,898	130,000	26.3%	27,102
Operating income	1,543	2,600	68.4%	1,057
Ordinary income	1,561	2,600	66.5%	1,039
Net income	1,255	1,700	35.4%	445
Net income per share	¥33.86	¥45.79	—	¥11.93

# Earnings forecast (Sales)

(Unit;100 Million yen)

■ 1H ■ 2H



# Dividend policy

## ◆ Dividend policy (med to long-term policy)

**In order to meet the dividends expected by our shareholders, we place great importance on returning profits to our shareholders, and at the same time maintain our business foundation and sustainability while paying attention to capital costs.**

**Therefore, based on the total shareholder return, which is the sum of the dividend amount and the amount of treasury stock purchased, we will set a total return ratio (Note) of 100% or more from the fiscal year ending March 2020 to ending March 2022.**

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

# Returning to shareholders

## ● Dividend per share

	Dividend per share			Total return ratio
	End of 1H	Year end	Annual	
FY March/2022 Forecast (Published Oct 13, 2021)	¥23	¥23	¥46	100.5%
Results for the previous fiscal year (Year ended March 31, 2021)	¥14	¥20	¥34	100.4%

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