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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]



January 31, 2025

Company name: Shinko Shoji Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 8141
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 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 Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(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	%
Nine months ended December 31, 2024	92,905	(30.3)	1,686	(65.4)	1,727	(63.6)	1,040	(67.6)
December 31, 2023	133,208	0.0	4,878	(7.6)	4,751	(8.8)	3,212	(8.0)

(Note) Comprehensive income: Nine months ended December 31, 2024: 1,773 million yen [(64.5)%]
 Nine months ended December 31, 2023: 4,992 million yen [(1.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	31.73	—
December 31, 2023	97.08	—

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 475,620 shares for the nine months ended December 31, 2023 and 471,500 shares for the nine months ended December 31, 2024 and treasury shares held by the employee benefit trust of 319,030 shares for the nine months ended December 31, 2023 and 614,300 shares for the nine months ended December 31, 2024.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	83,200	54,044	64.0
As of March 31, 2024	99,813	56,119	55.4

(Reference) Equity: As of December 31, 2024: 53,216 million yen

As of March 31, 2024: 55,328 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, 2024	-	26.50	-	22.00	48.50
Fiscal year ending March 31, 2025	-	7.50	-		
Fiscal year ending March 31, 2025 (Forecast)				8.00	15.50

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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	112,000	(36.3)	1,800	(63.1)	1,600	(66.4)	1,000	(68.7)	31.28

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

*** Notes:**

- (1) Significant changes in the scope of consolidation during the period: No
- (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: Yes
 - 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):
December 31, 2024: 38,010,566 shares
March 31, 2024: 38,010,566 shares
 - 2) Total number of treasury shares at the end of the period:
December 31, 2024: 8,276,125 shares
March 31, 2024: 4,904,651 shares
 - 3) Average number of shares during the period:
Nine months ended December 31, 2024: 32,780,838 shares
Nine months ended December 31, 2023: 33,095,117 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 471,500 shares for the fiscal year ended March 31, 2024 and 471,500 shares for the nine months ended December 31, 2024 and the Company’s shares held by the employee benefit trust of 312,300 shares for the fiscal year ended March 31, 2024 and 653,600 shares for the nine months ended December 31, 2024.
 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 475,620 shares for the nine months ended December 31, 2023 and 471,500 shares for the nine months ended December 31, 2024 and the Company’s shares held by the employee benefit trust of 319,030 shares for the nine months ended December 31, 2023 and 614,300 shares for the nine months ended December 31, 2024.
- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

*** 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. Overview of Business Results, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached document.

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1. Overview of Business Results

(1) Overview of Operating Results

During the nine months ended December 31, 2024, despite an ongoing gradual recovery trend, the outlook for the Japanese economy remained uncertain mainly due to changes in monetary policies and unpredictability of the new US administration's economic policy. Meanwhile, in the electronics industry, demand remained weak worldwide except for AI-related products, and the inventory adjustment continued.

Under these situations, our group (our Company and consolidated subsidiaries) posted overall results at a decreased level compared with the same period of the previous year, as the businesses related to industrial products, OA products, automotive electronic products, and amusement products which are our core businesses, have all been performing sluggishly.

As a result, the business performances during the third quarter of the consolidated accounting period were: net sales 92,905 million yen (30.3% decrease compared with the same period of the previous year); operating profit 1,686 million yen (65.4% decrease); ordinary profit 1,727 million yen (63.6% decrease); and profit attributable to owners of parent 1,040 million yen (67.6% decrease). Business performances per segment are as follows.

A portion of net sales of machinery and equipment previously reported in the Electronic Device Business has been reported in the Other Businesses starting from this first quarter of the consolidated accounting period. The net sales for the same period of the previous year were reclassified in accordance with the changed segment for the financial results comparison and analysis.

Electronic Device Business

All businesses, including the businesses related to industrial products, remained sluggish.

As a result of the above, net sales were: semiconductors 42,195 million yen (47.1% decrease compared with the same period of the previous year), electronic devices 32,332 million yen (8.9% decrease), and overall 74,528 million yen (35.4% decrease).

Assembly Business

The Assembly Business as a whole remained almost flat, despite some sluggishness in the businesses related to amusement products.

As a result of the above, net sales of assembly products were 13,078 million yen (2.4% decrease compared with the same period of the previous year).

Other Businesses

Due to increased machinery and equipment, net sales were 5,298 million yen (17.6% increase compared with the same period of the previous year).

(2) Overview of Financial Position

(Assets)

Total assets at the end of the third quarter of the fiscal year under review decreased by 16,613 million yen from the end of the previous period to 83,200 million yen. This is mainly attributable to decreases in Notes and accounts receivable – trade, and contract assets and Merchandise and finished goods of 14,922 million yen and 11,710 million yen, respectively, despite an increase in Cash and deposits of 9,296 million yen.

(Liabilities)

Total liabilities at the end of the third quarter of the fiscal year under review decreased by 14,538 million yen from the end of the previous period to 29,155 million yen. This is mainly attributable to decreases in Notes and accounts payable – trade, Short-term borrowings, and Accounts payable - other of 5,738 million yen, 6,836 million yen, and 959 million yen, respectively.

(Net assets)

Total net assets at the end of the third quarter of the fiscal year under review decreased by 2,074 million yen from the end of the previous period to 54,044 million yen. This is mainly attributable to an increase in Treasury shares of 2,862 million yen, despite an increase in Foreign currency translation adjustment of 997 million yen.

This resulted in an equity ratio of 64.0% (55.4% 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, 2025 of consolidated, which we announced on October 31, 2024, net sales of 112,000 million yen, operating profit of 1,800 million yen, ordinary profit of 1,600 million yen, and profit attributable to owners of parent of 1,000 million yen.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	13,389	22,686
Notes and accounts receivable - trade, and contract assets	36,410	21,488
Merchandise and finished goods	31,683	19,972
Work in process	52	113
Accounts receivable - other	11,128	10,993
Other	206	379
Allowance for doubtful accounts	(41)	(42)
Total current assets	92,829	75,592
Non-current assets		
Property, plant and equipment	693	663
Intangible assets	218	113
Investments and other assets		
Investment securities	4,465	5,293
Deferred tax assets	307	228
Other	1,298	1,310
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	6,071	6,831
Total non-current assets	6,983	7,608
Total assets	99,813	83,200
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,354	10,615
Electronically recorded obligations - operating	2,400	2,522
Short-term borrowings	8,982	2,145
Current portion of long-term borrowings	700	700
Income taxes payable	607	135
Accounts payable - other	1,359	399
Provision for bonuses	590	265
Provision for bonuses for directors	98	45
Other	2,309	2,249
Total current liabilities	33,401	19,079
Non-current liabilities		
Long-term borrowings	7,800	7,800
Deferred tax liabilities	677	602
Provision for share awards for directors	124	133
Provision for share awards for employees	435	426
Retirement benefit liability	802	657
Other	451	454
Total non-current liabilities	10,291	10,075
Total liabilities	43,693	29,155

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	9,501	9,501
Capital surplus	9,599	9,616
Retained earnings	34,518	34,555
Treasury shares	(4,585)	(7,447)
Total shareholders' equity	49,034	46,226
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,850	1,556
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	(61)	(61)
Foreign currency translation adjustment	4,484	5,481
Remeasurements of defined benefit plans	18	13
Total accumulated other comprehensive income	6,293	6,990
Non-controlling interests	791	828
Total net assets	56,119	54,044
Total liabilities and net assets	99,813	83,200

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Nine months ended December 31)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	133,208	92,905
Cost of sales	120,906	84,563
Gross profit	12,301	8,341
Selling, general and administrative expenses	7,423	6,655
Operating profit	4,878	1,686
Non-operating income		
Interest income	43	167
Dividend income	107	118
Purchase discounts	7	14
Miscellaneous income	40	26
Total non-operating income	198	327
Non-operating expenses		
Interest expenses	132	86
Foreign exchange losses	178	149
Miscellaneous expenses	13	49
Total non-operating expenses	325	285
Ordinary profit	4,751	1,727
Extraordinary income		
Gain on sale of investment securities	83	585
Gain on liquidation of subsidiaries and associates	76	-
Total extraordinary income	160	585
Extraordinary losses		
Loss on sale and retirement of non-current assets	8	7
Extra retirement payments	-	362
Total extraordinary losses	8	369
Profit before income taxes	4,903	1,943
Income taxes	1,620	872
Profit	3,282	1,071
Profit attributable to non-controlling interests	69	31
Profit attributable to owners of parent	3,212	1,040

(Quarterly Consolidated Statements of Comprehensive Income)

(Nine months ended December 31)

(Millions of yen)

	For the Nine months ended December 31, 2023	For the Nine months ended December 31, 2024
Profit	3,282	1,071
Other comprehensive income		
Valuation difference on available-for-sale securities	498	(291)
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	1,216	999
Remeasurements of defined benefit plans, net of tax	(4)	(5)
Total other comprehensive income	1,709	701
Comprehensive income	4,992	1,773
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,917	1,736
Comprehensive income attributable to non-controlling interests	74	36

(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 third 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)

(Application of the Accounting Standard for Current Income Taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. have been adopted from the beginning of the nine months ended December 31, 2024.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the nine months ended December 31, 2024. This change in accounting policies was applied retrospectively.

Hence, the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year have been modified retrospectively. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year.

(Changes in accounting estimates)

Not applicable.

(Segment information)

I. For the nine months ended December 31, 2023 (April 1, 2023 to December 31, 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	115,300	13,401	4,505	133,208	–	133,208
Inter-segment sales and transfers	–	–	–	–	–	–
Total	115,300	13,401	4,505	133,208	–	133,208
Segment profit	5,710	548	364	6,623	(1,745)	4,878

(Notes) 1. The adjustment amount for segment profit of (1,745) million yen includes corporate expenses of (1,745) 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 nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)

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	74,528	13,078	5,298	92,905	–	92,905
Inter-segment sales and transfers	–	–	–	–	–	–
Total	74,528	13,078	5,298	92,905	–	92,905
Segment profit	2,420	483	312	3,215	(1,529)	1,686

(Notes) 1. The adjustment amount for segment profit of (1,529) million yen includes corporate expenses of (1,529) 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.

3. Changes in reportable segments

As a result of the review of the performance segment classification, some transactions related to machinery and equipment, which were classified in the Electronic Device Business in the nine months ended December 31, 2023, have been included in the Other Businesses starting in the nine months ended December 31, 2024. The segment information for the nine-month period of the previous fiscal year was prepared in accordance with the changed classification method.

(Notes to Statements of Cash Flows)

Quarterly Consolidated Statements of Cash Flows for the nine months ended December 31, 2024 was not prepared. Depreciation (including amortization of intangible assets but excluding goodwill) and amortization of goodwill are as follows.

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	249	255
Amortization of goodwill	10	9

(Significant subsequent events)

Not applicable.