



新光商事株式会社
Shinko Shoji Co., Ltd.

Financial Results for the First Half of the Fiscal Year Ending March 31, 2023

- **2nd Quarter Overview**
- **Business Status**
- **Proposals for the solutions to social contribution**
- **Full-year outlook**

Nov. 2022

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

2nd Quarter Overview

March 2023: Points in 2nd Quarter Closing

Consolidated Result for the first half period of FY March 2023 exceeded that of last year in every major business areas including industrial equipment, Automotive electronics equipment and office automation equipment areas.

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

Overview of First Half Settlement

(Unit; Million yen)

	1H FYE March/2022 Results	1H FYE March/2023 Results	Rate of increase / decrease (Previous year comparison)	Increase / decrease (Previous year comparison)
Net sales	58,590	89,449	52.7%	30,859
Gross Profit	5,214	7,981	53.1%	2,767
Selling, general and administrative expenses	4,081	4,806	17.8%	725
Operating income	1,132	3,174	180.2%	2,042
Ordinary income	1,145	3,408	197.5%	2,263
net income for the 2Q	800	2,266	183.2%	1,466
Net income per share	¥21.56	¥64.93	—	¥43.37

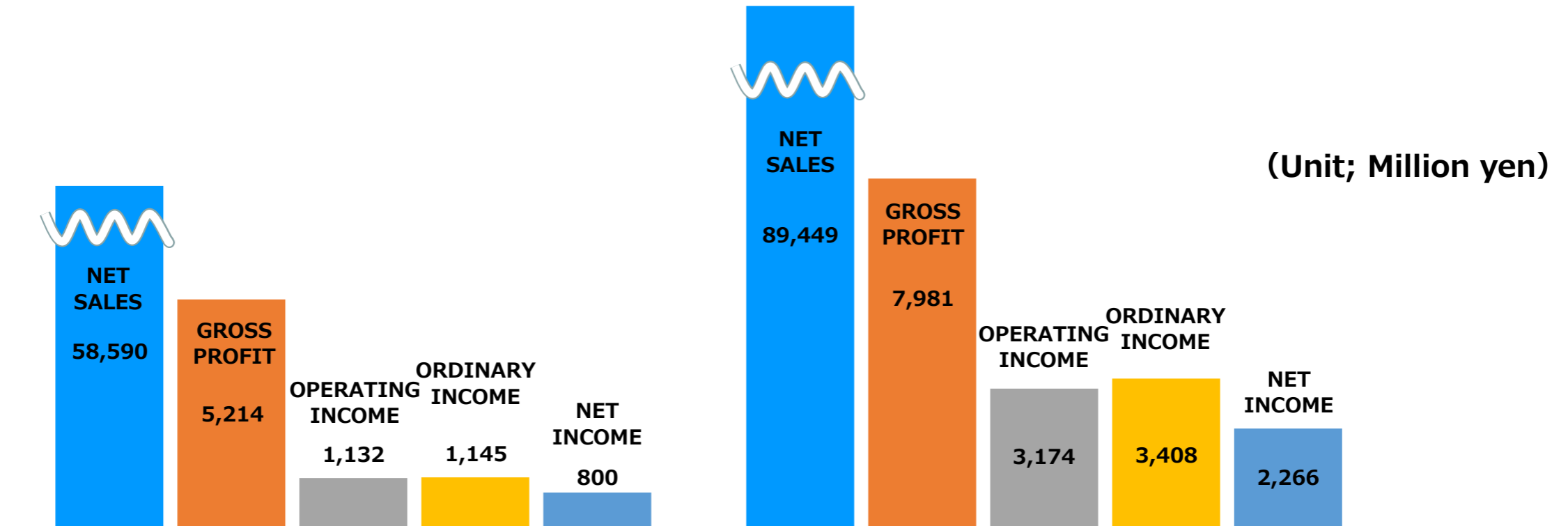
Consolidated income statement

1H/2022

(April 1st,2021~September 30,2021)

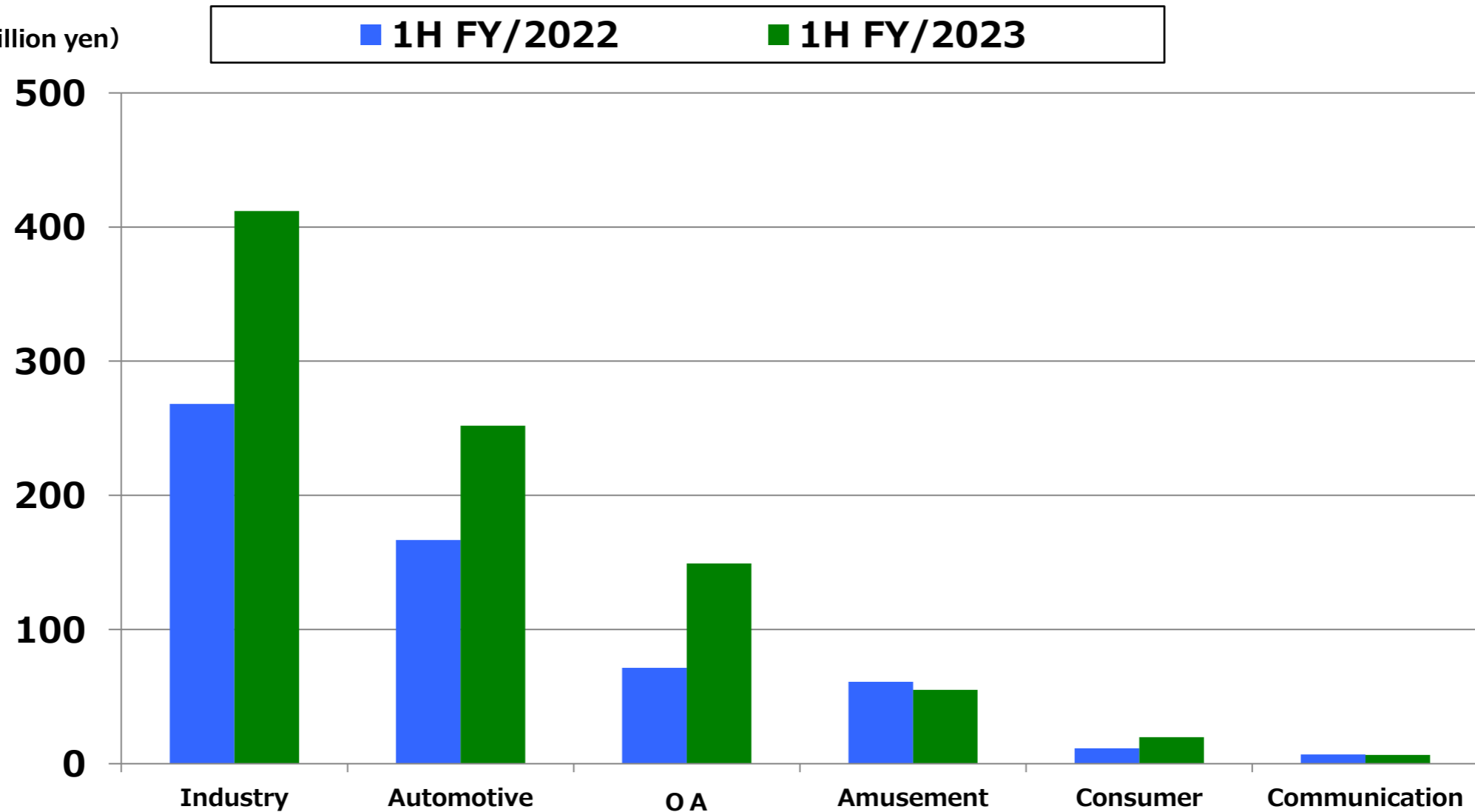
1H/2023

(April 1st,2022~September 30,2022)

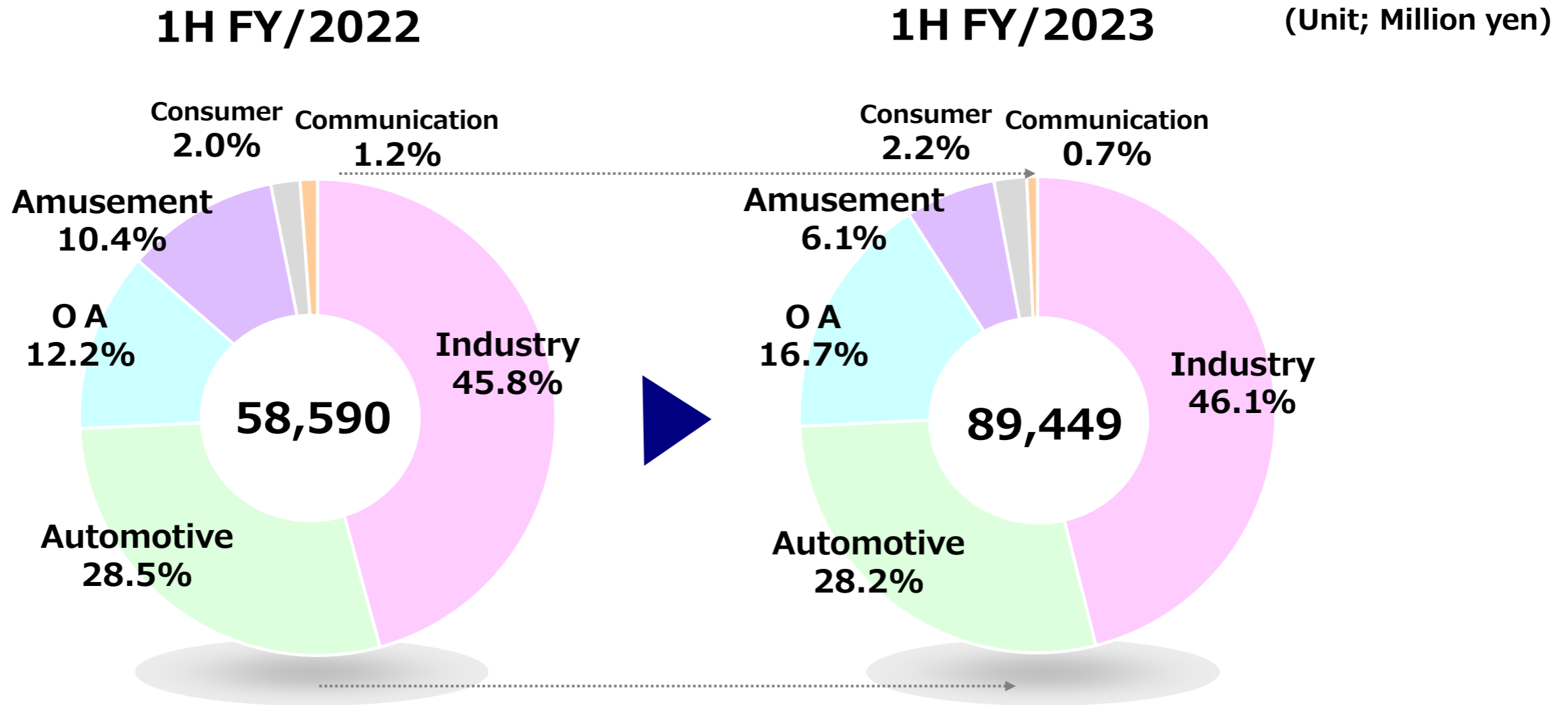


Sales composition ratio by product(amount)

(Unit;100 Million yen)



Sales composition ratio by markets

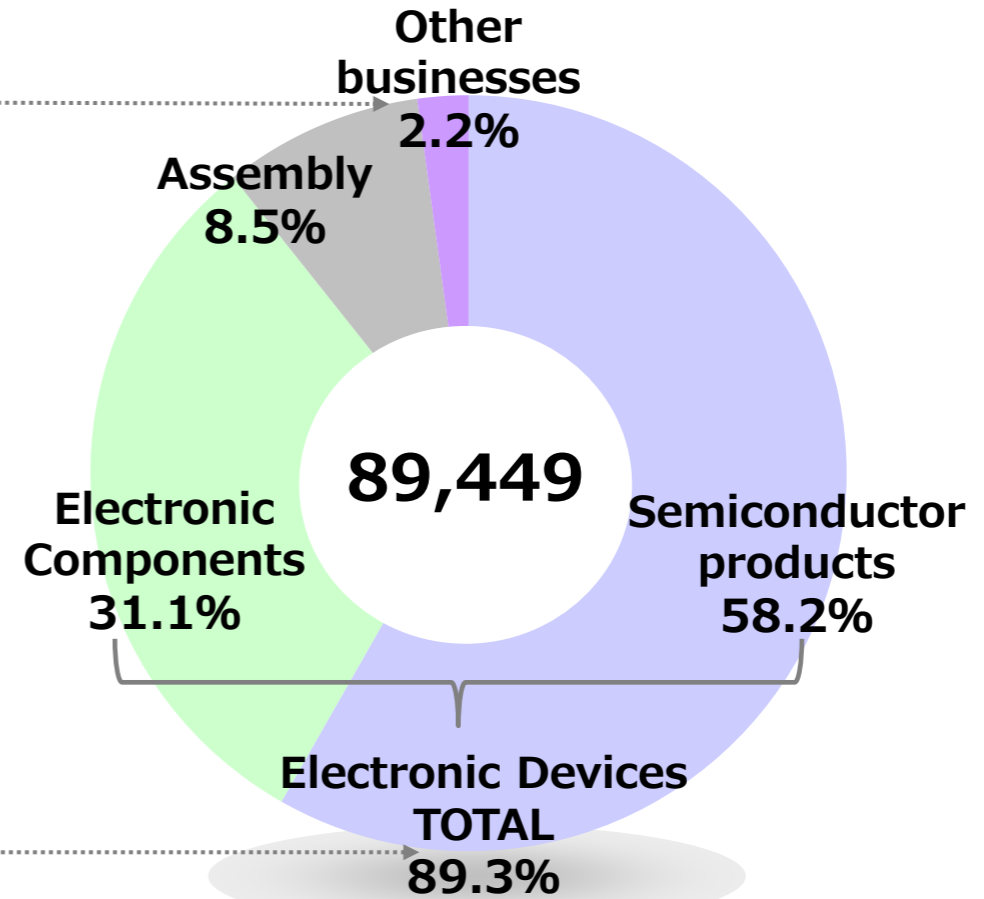
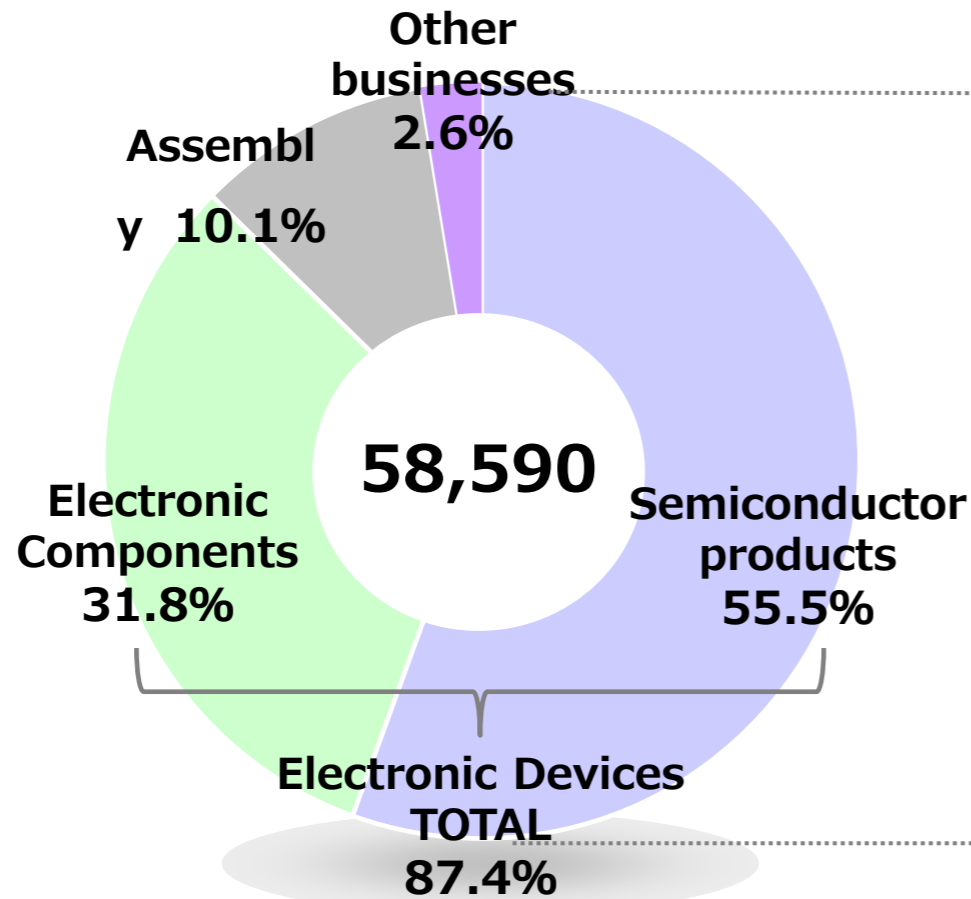


Sales composition ratio by products

1H FY/2022

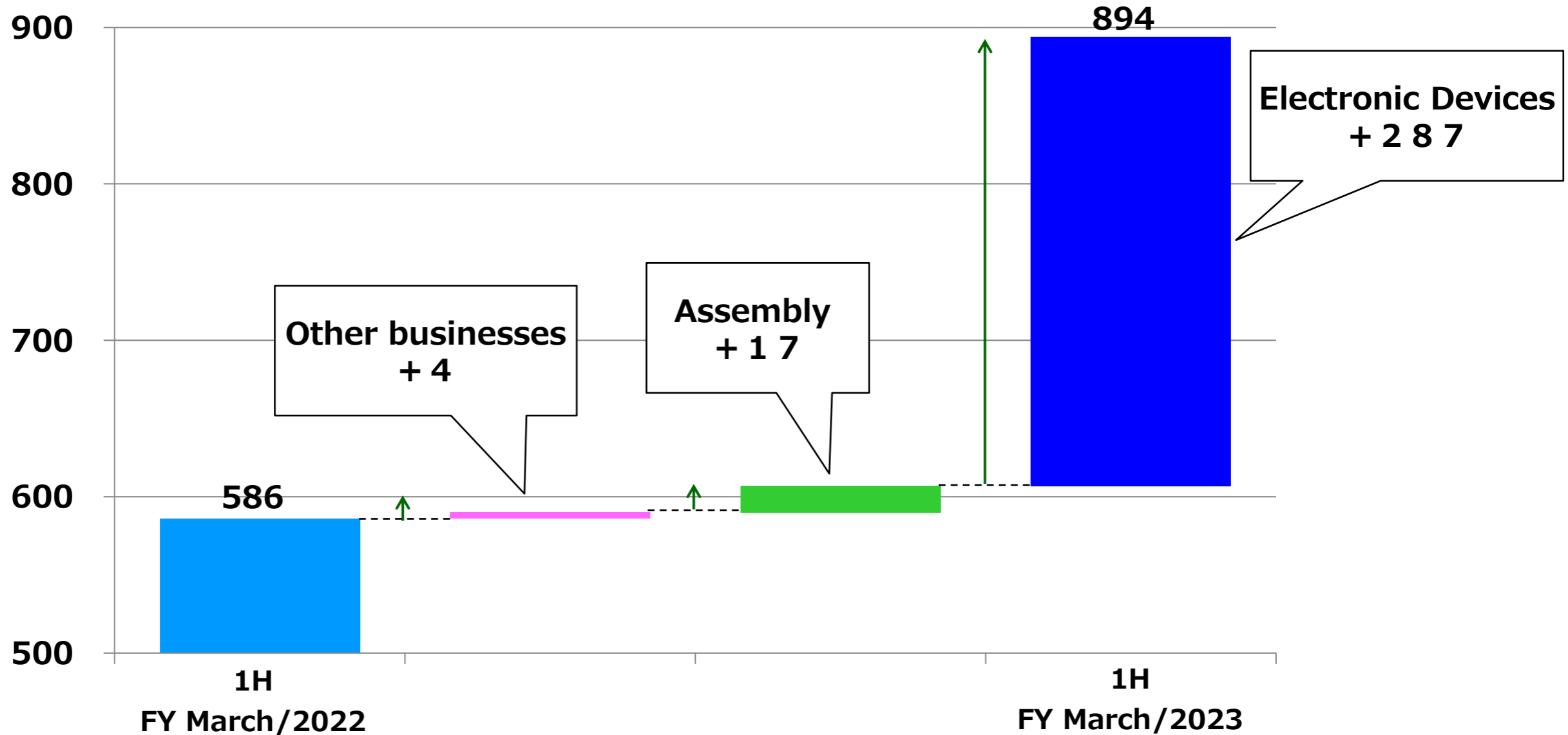
1H FY/2023

(Unit; Million yen)

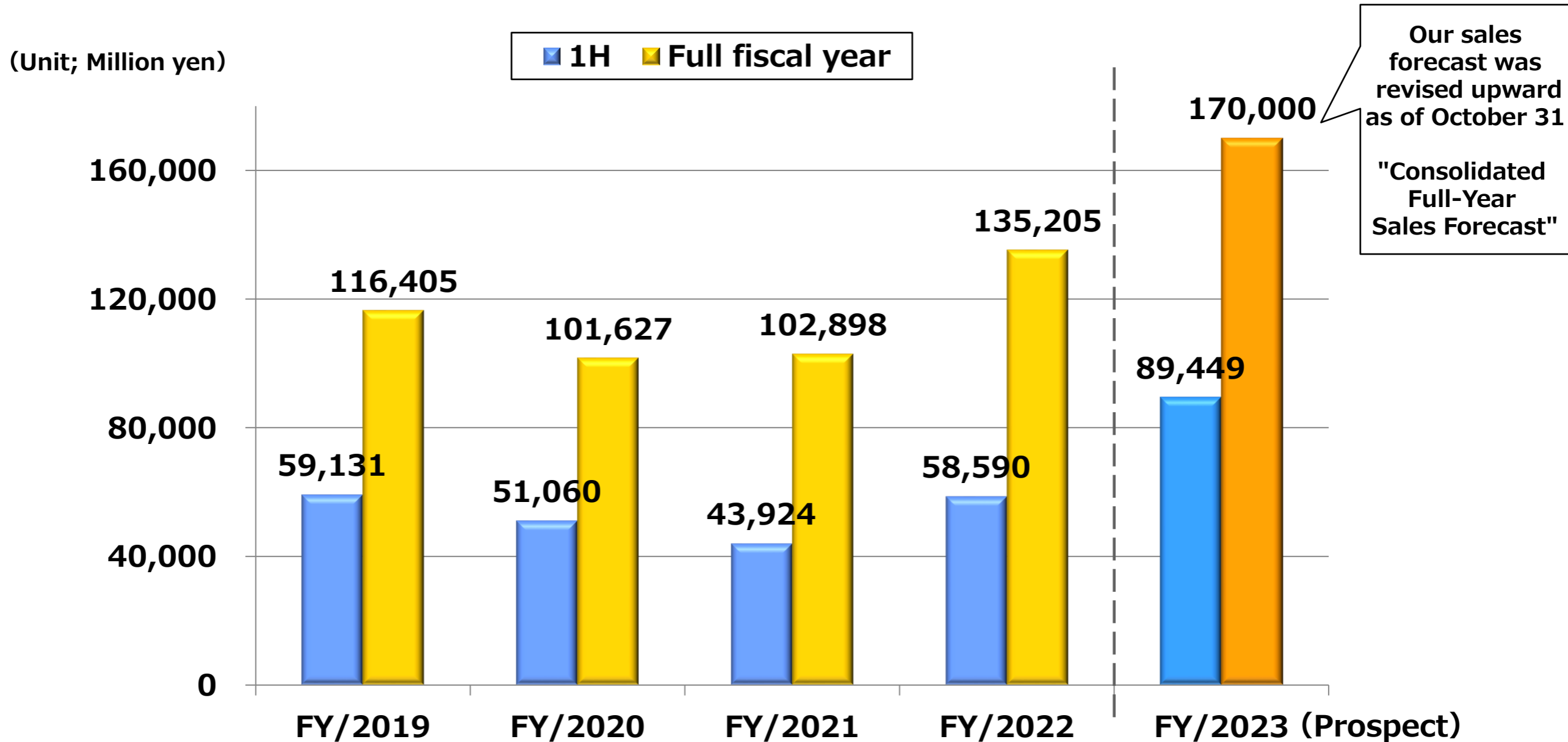


Analysis on factor of increase / decrease in sales Compared with the previous year

(Unit;100 Million yen)

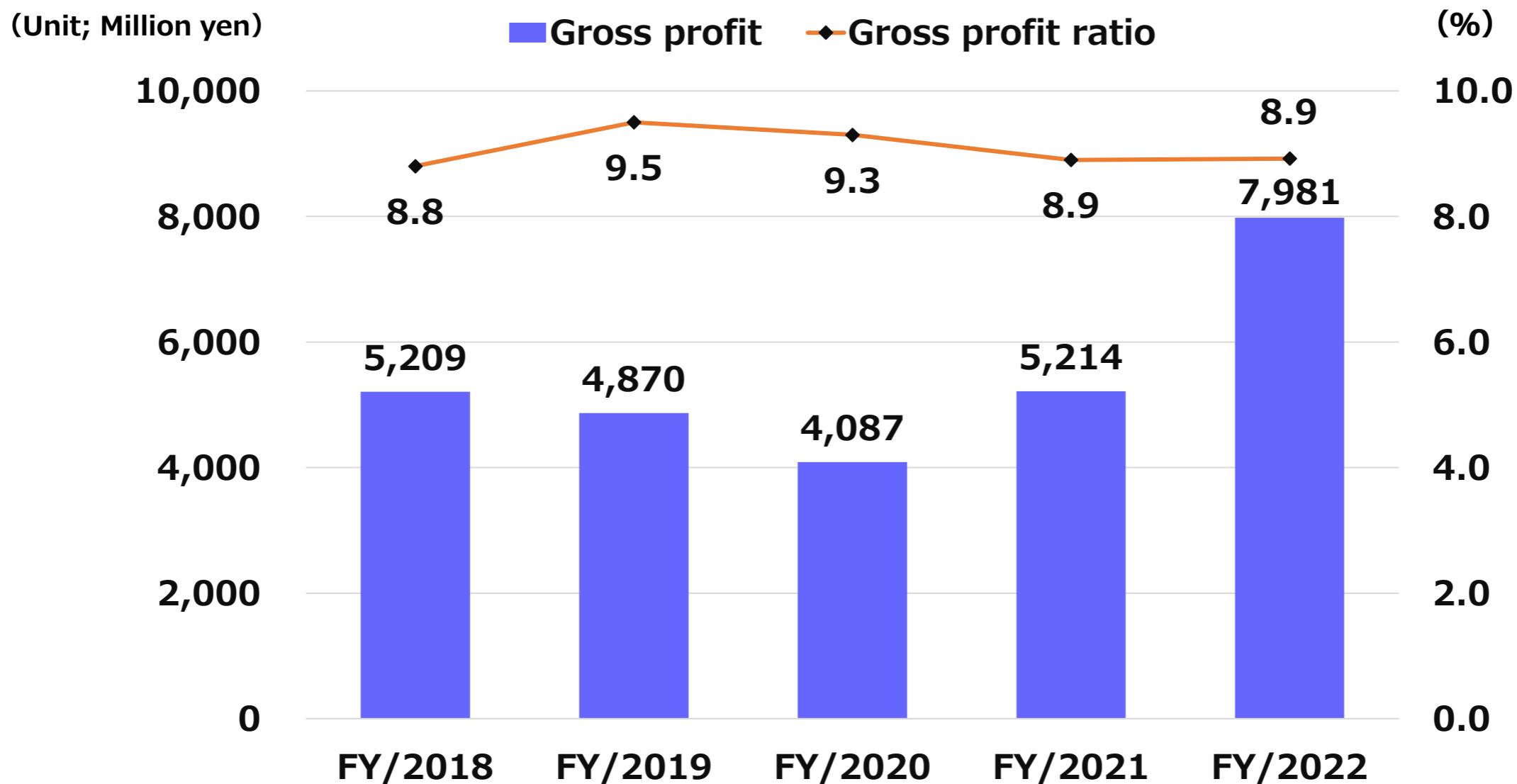


Trend of Net sales



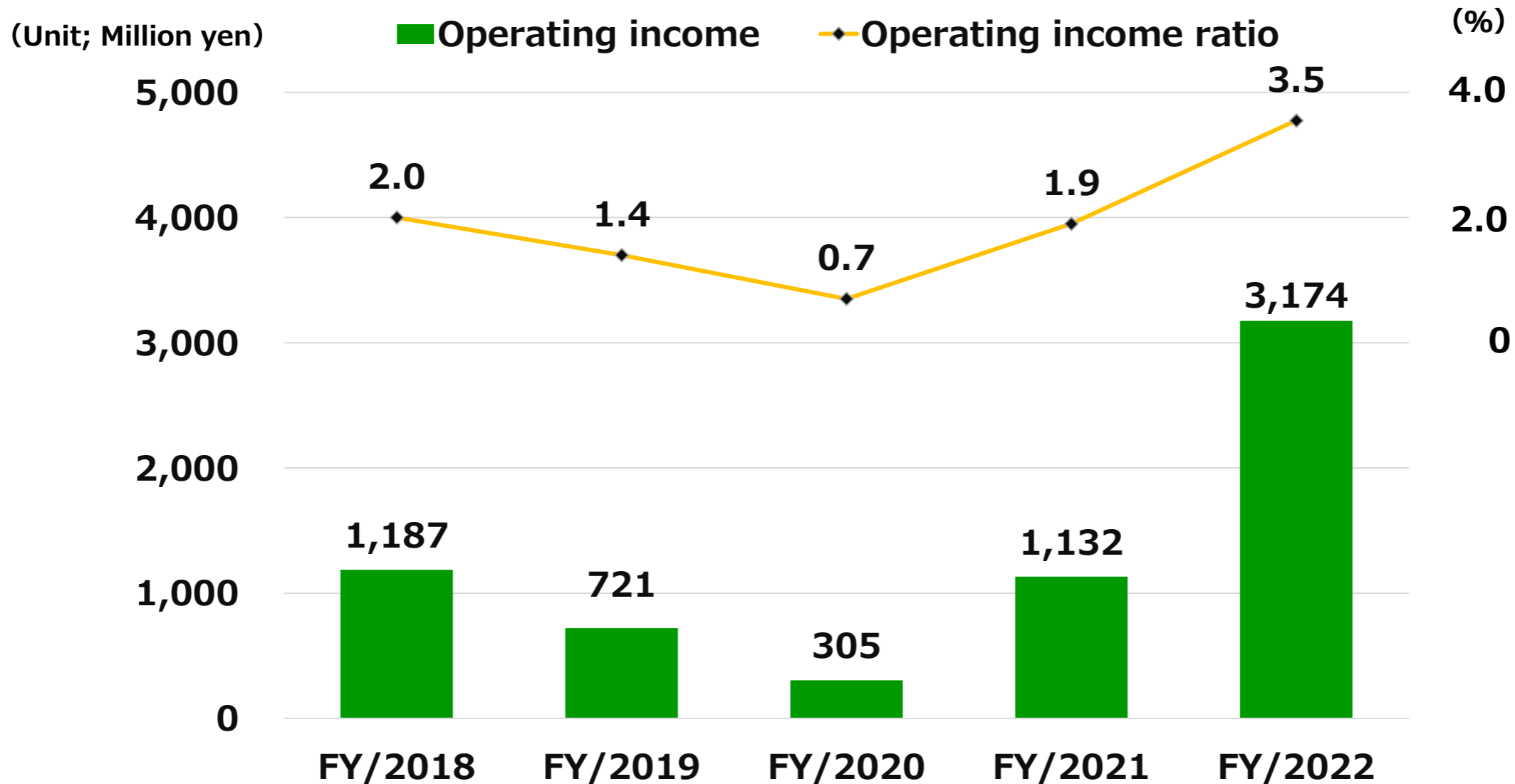
Gross profit / Gross profit ratio

【1H Results】



Operating income / Operating income ratio

【1H Results】



Summary Balance Sheet 1 (Assets)

(Unit; Million yen)

	FY March 2022	FY March 2023	Increase / decrease
Total assets	88,951	99,095	10,144
Current assets	82,370	93,398	11,028
Cash and deposits	10,710	10,864	154
Notes and accounts receivable –trade, and contract assets	31,307	37,918	6,611
Merchandise and finished goods	29,189	33,062	3,873
Accounts receivable – other	10,895	11,294	399
Non-current assets	6,580	5,697	△883
Property, plant and equipment	810	708	△102
Investment securities	3,106	3,170	64

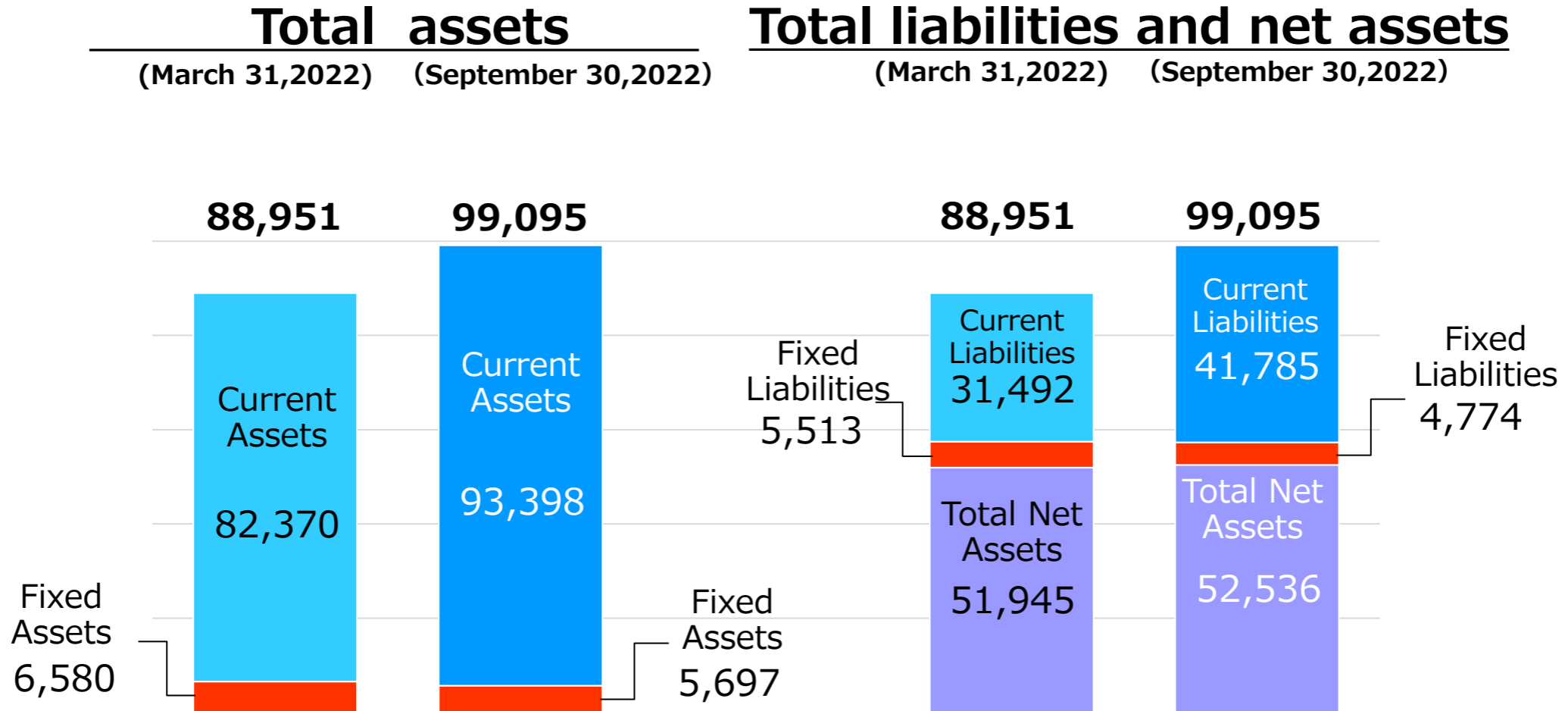
Summary Balance Sheet 2 (Liabilities)

	FY March 2022	FY March 2023	Increase / decrease
Total liabilities	37,005	46,559	9,554
Current liabilities	31,492	41,785	10,293
Notes and accounts payable – trade	17,324	17,070	△254
Electronically recorded obligations - operating	1,978	2,317	339
Short-term borrowings	7,444	14,670	7,226
Current portion of long-term borrowings	-	1,000	1,000
Accounts payable - other	1,705	3,602	1,897
Non-current liabilities	5,513	4,774	△739
Long-term borrowings	3,800	2,800	△1,000
Total net assets	51,945	52,536	591
Capital and capital surplus	19,100	19,100	0
Retained earnings	31,225	32,140	915
Treasury shares	△1,286	△3,850	△2,564
Total liabilities and net assets	88,951	99,095	10,144
Equity ratio	57.8%	52.4%	△5.4%

(Unit; Million yen)

Consolidated Balance Sheet

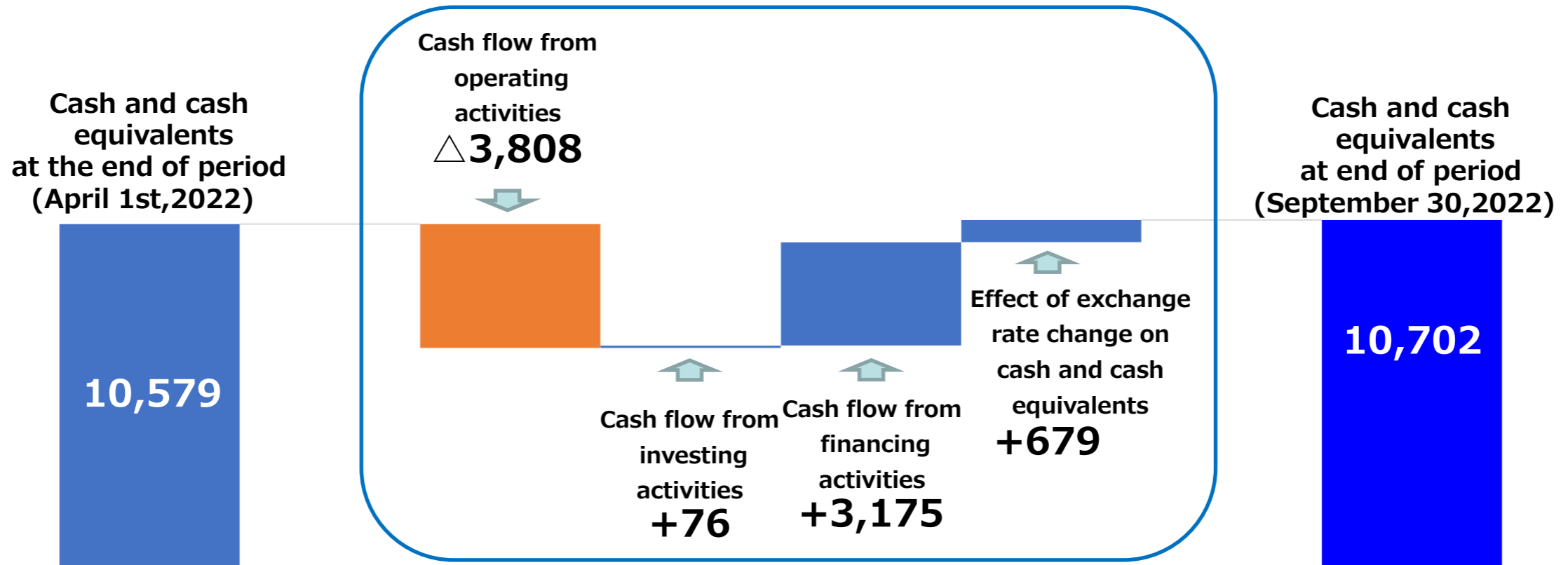
(Unit; Million yen)



Consolidated Statements of Cash Flows

(Unit; Million yen)

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



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

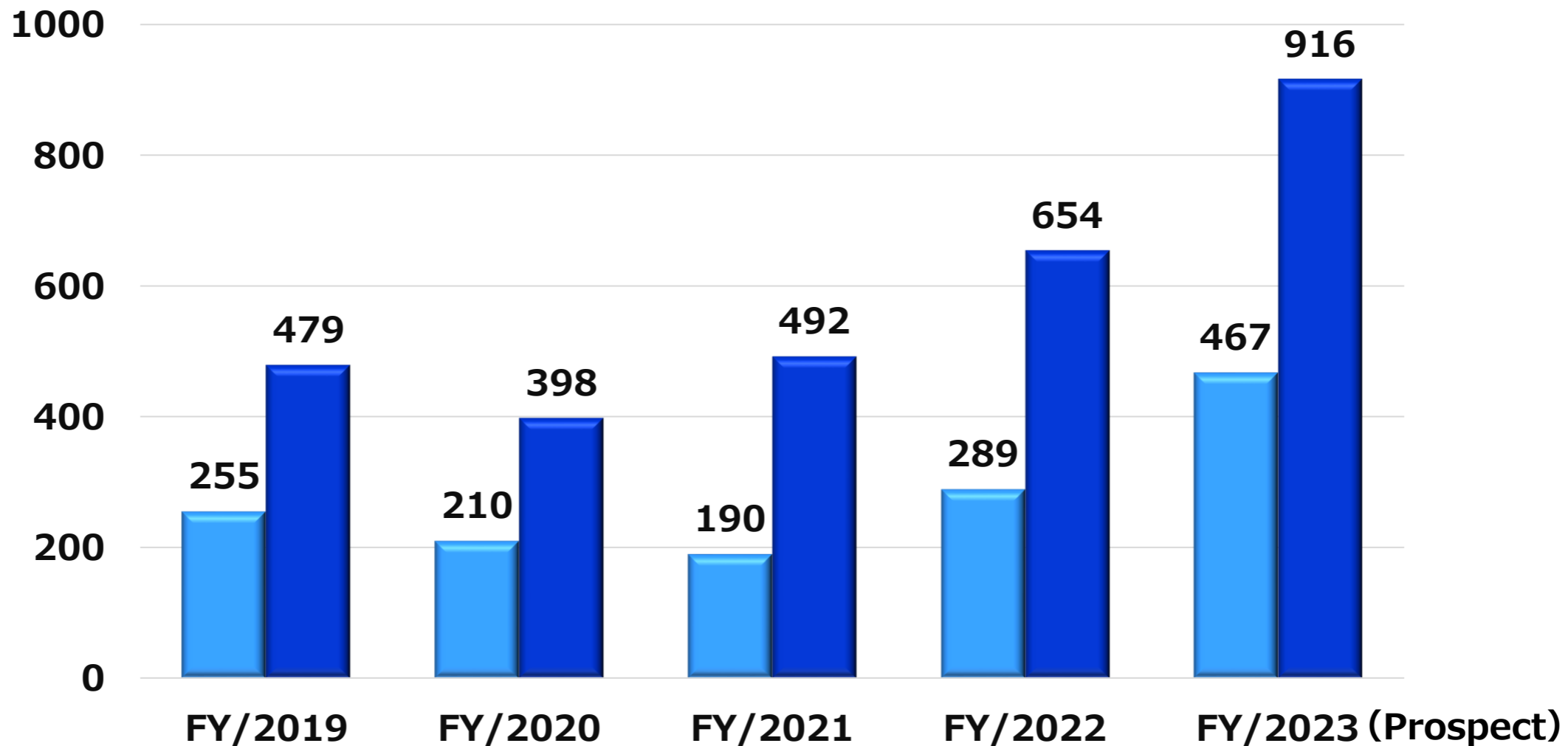
- 1. Business status of Renesas Electronics**
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1-1. Renesas Electronics Business

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

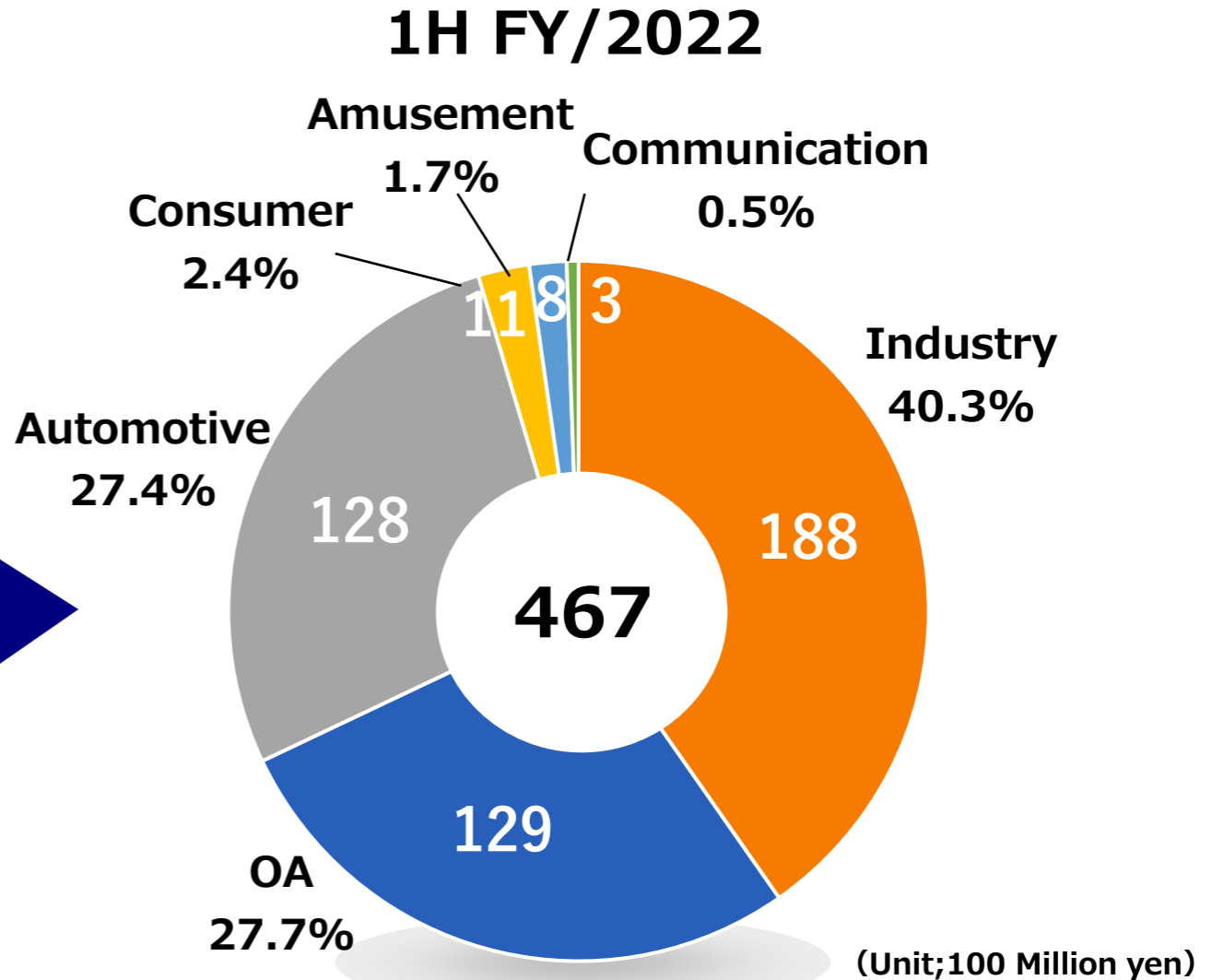
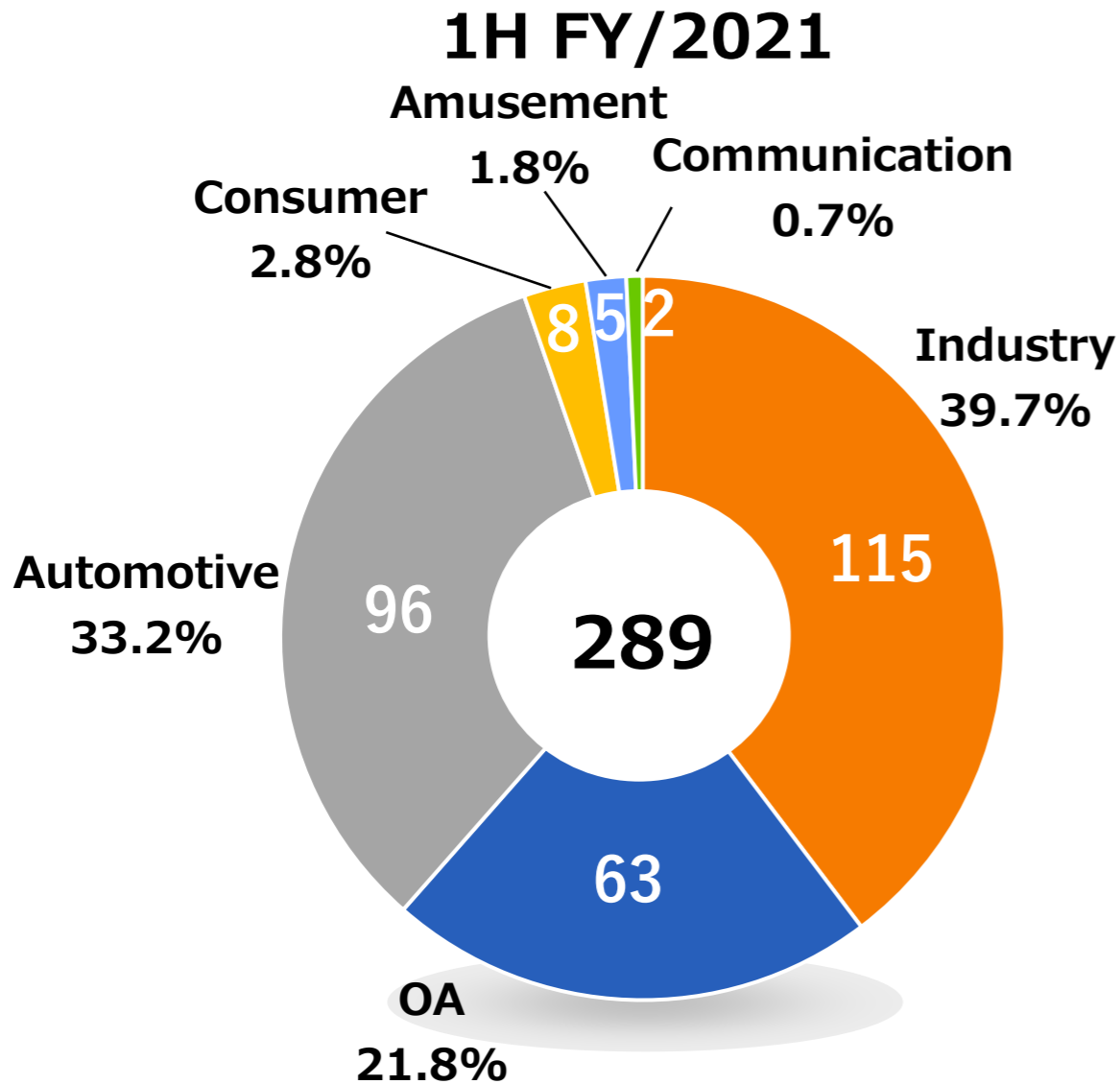
(Unit;100 Million yen)

■ 1H ■ Full fiscal year



1-2. Renesas Electronics Business

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



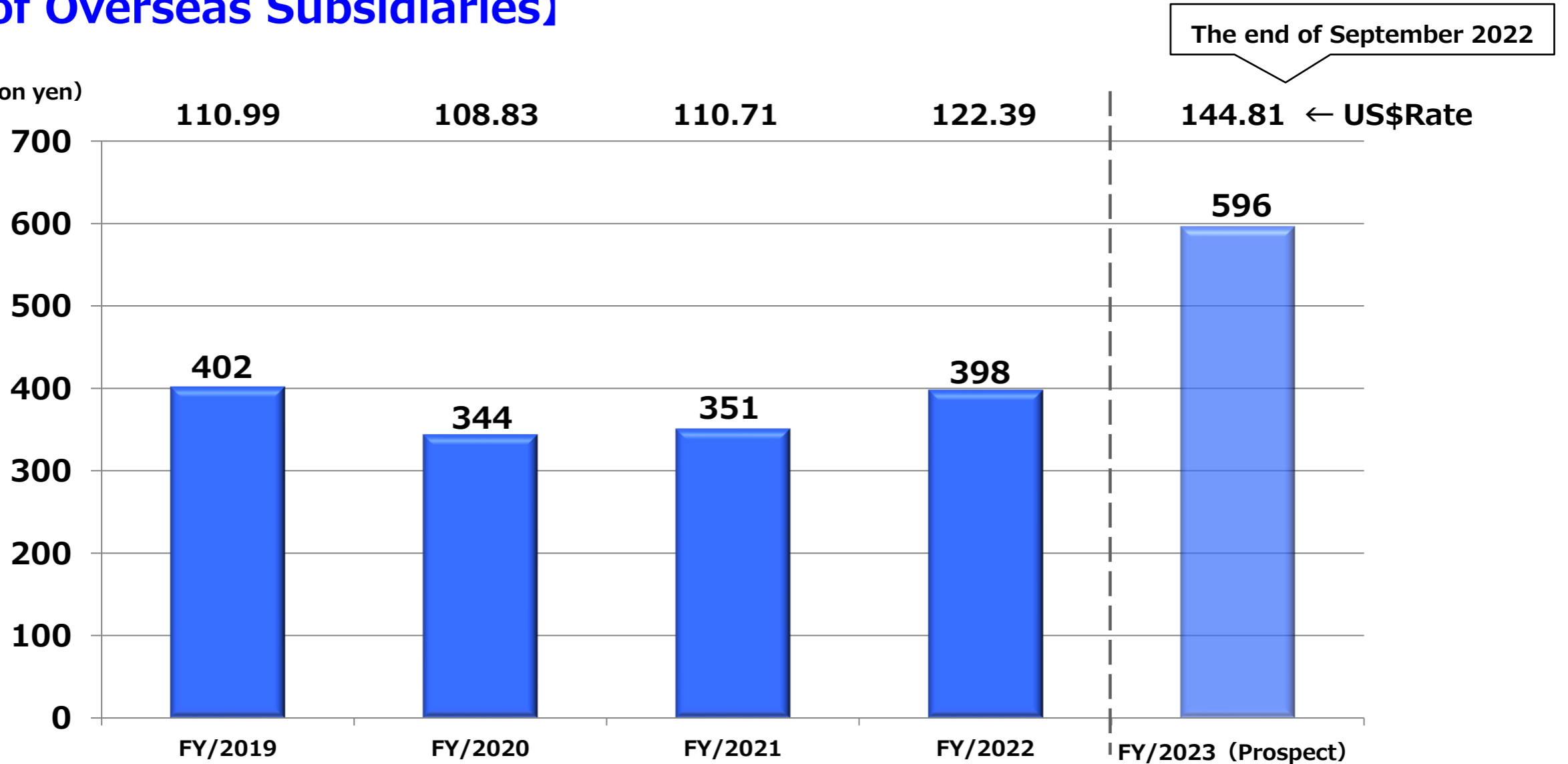
Business Status

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Overseas Business Sales Trends

【Sales of Overseas Subsidiaries】

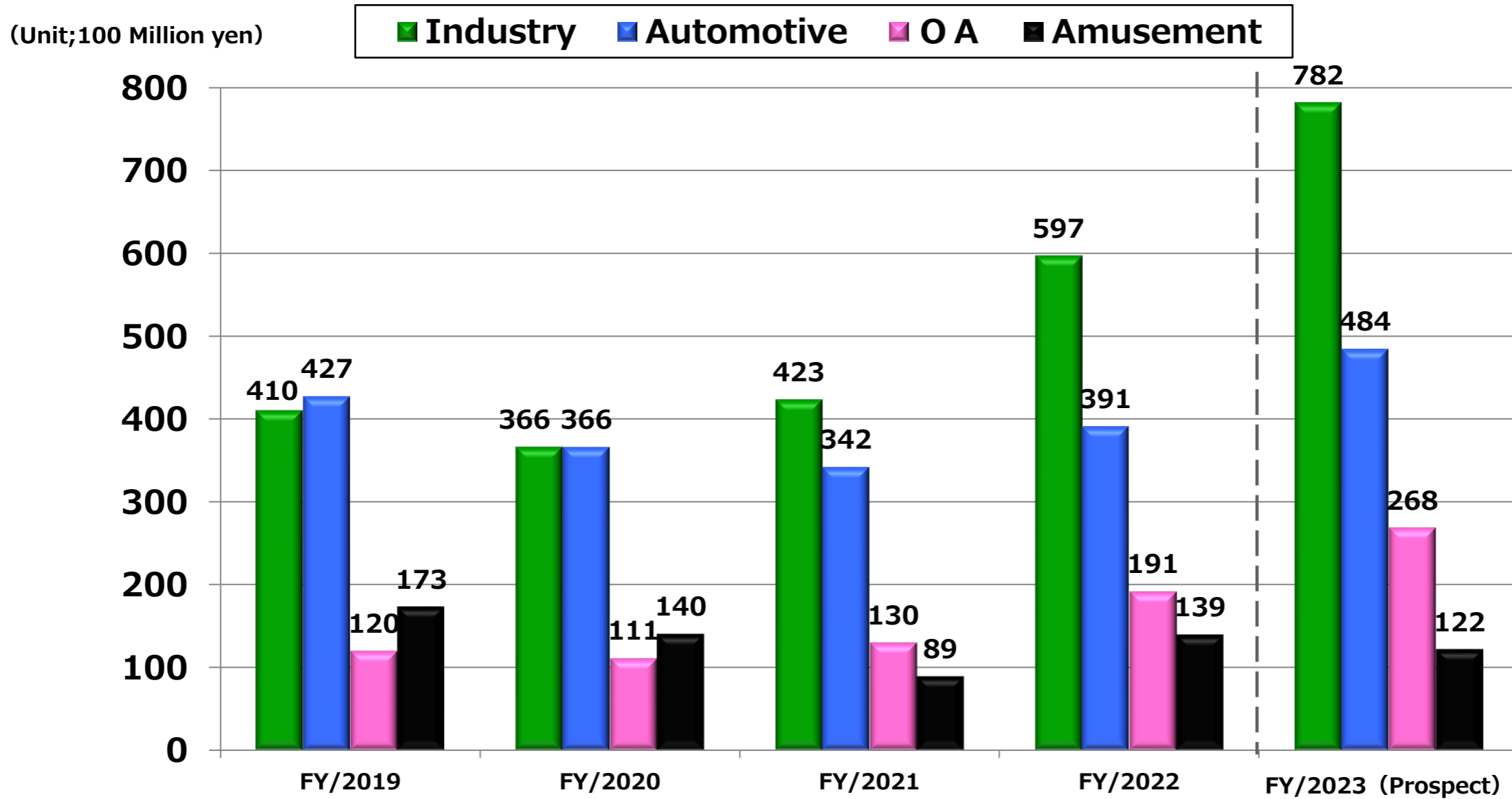
(Unit;100 Million yen)



Business Status

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Core Market Sales Trends



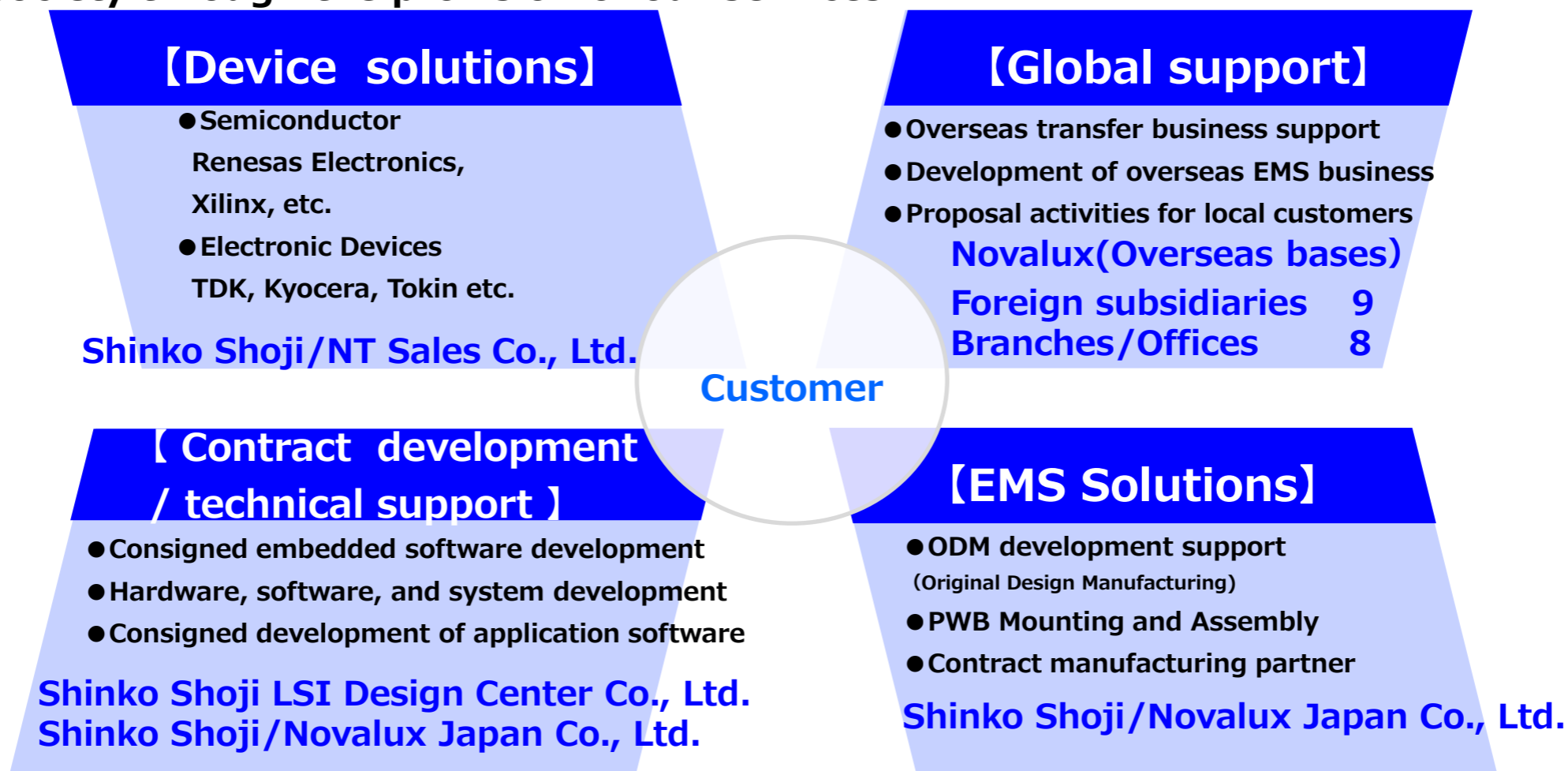


Proposals for the solutions to social contribution



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.



Expanding Renesas Electronics product sales through webinars

Accelerate new business opportunity creations through our unique Webinars

Deliver product information in a timely to discover new

Accelerate New business creation through Webinars

Simultaneous delivery nationwide



Immediate resolution of customer issues



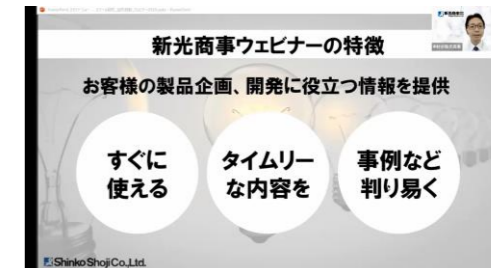
Stream webinar contents on YouTube



Webinars Theme

– Held monthly to deliver seasonal information –

- ① **Must-see! New product ideas can be found! (5/25)**
~How to use Renesas ARM microcontrollers~
- ② **Make a difference with graphics (6/28)**
~From HMI to AI, we will introduce various demo videos~
- ③ **Improve the board mounting efficiency with GPAK (7/28)**
~Introduction of analog custom LSI easily developed with short TAT~
- ④ **Why don't you start using the sensor today? (8/29)**
~Introduce the sensor-types, when to use / how to use them~



Started sales of CANON CMOS Sensors

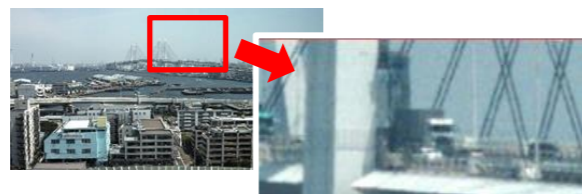
Concluded an agency agreement with CANON Marketing Japan

Started sales of CANON's High-Performance Image Sensors.
 Target for Surveillance Camera, Quality Control for industrial robots and manufacturing lines.

Features of CANON CMOS Sensor

High Image Quality

250M pixel sensor for high-definition distant subjects.



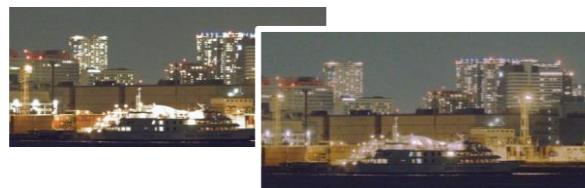
Ultra High Sensitivity

Improve sensitivity in the near-infrared region.
 Shoot at ultra-high sensitivity.



HDR

Shoot high-quality images with a wide dynamic range.



*High Dynamic Range

Target Set

Introduction of vision AI Surveillance camera



High Image Quality



Ultra High Sensitivity

Machine/industrial equipment Quality Control camera



Ultra High Sensitivity



HDR

Solution (Under developing)

① Vision AI evaluation system

<Reducing barriers to introducing AI>

Release date : Feb.of 2023



② Inspection camera development system

<Support the quality monitoring introduction>

Release date : Mar. of 2023



Cooperative business with NEC: Food hygiene management support solution in line with HACCP

We contribute to the environment and society through this service

- Contribute to customers suffering from manpower shortages by introducing automatic temperature control systems.
- Contribute to the SDGs by saving paper resources and reducing storage space by going paperless.
- Realize a safe society and lifestyle by enhancing hygiene management and eliminating food defects.

Our services are well received by customers in the supermarket and food service industry for solving various problems..



“HACLOND®” is a product jointly planned by NEC Solution Innovators, TDI Product Solution, and Shinko Shoji. (*The product's trademark is registered by Shinko Shoji.)

■ Multi-channel temperature sensor "SMART-AT2"



■ 1-channel temperature sensor "SMART-TM2"



■ Temperature control system ("HACLOND" series)



*About HACCP (Hazard Analysis and Critical Control Point)

A hygiene management method where food business operators identify hazards of contamination by food-poisoning bacteria, foreign substances, etc. on their own, and control particularly important processes to eliminate or reduce such hazards throughout the entire process from receiving raw materials to shipping products, in order to ensure product safety.

- All food business operators are required to follow HACCP for hygiene management as of June 1, 2021. (*Cited from the website of the Ministry of Health, Labor and Welfare)

Forecast for the fiscal year March 2023

Full-year earnings forecast

(Unit; Million yen)

	FYE March 31,2022 Results	FYE March 31,2023 Forecast	Rate of increase / decrease (Previous year comparison)	Increase / decrease (Previous year comparison)
Net sales	135,205	170,000	25.7%	34,795
Operating income	4,163	5,600	34.5%	1,437
Ordinary income	4,103	5,600	36.5%	1,497
Net income	2,821	3,900	38.2%	1,079
Net income per share	¥76.11	¥111.73	—	¥35.62

Dividend policy

Our shareholder dividend policy based on our medium-term management plan for the period from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025 (three years) is as follows:

- 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**

Returning to shareholders

● Dividend per share

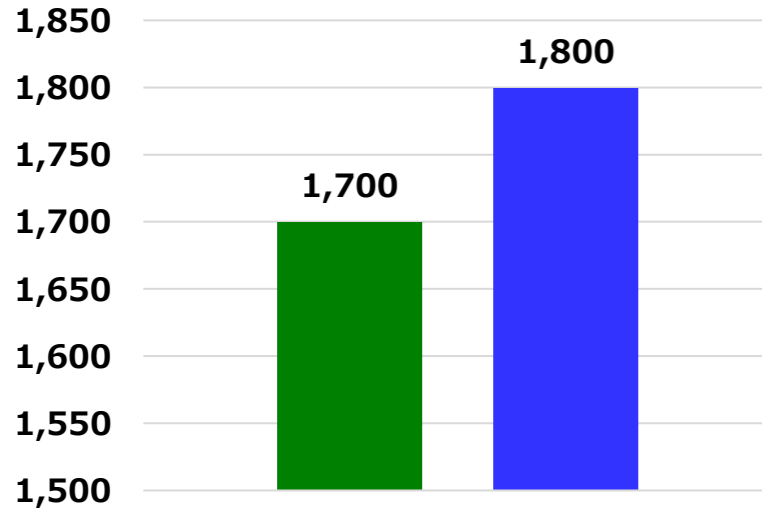
	Dividend per share			Total return ratio
	End of 1H	Year end	Annual	
FY March/2022 Forecast (Published Oct 13, 2021)	¥ 29.00	¥ 29.00	¥ 58.00	50.2%

	Dividend per share			Total return ratio
	End of 1H	Year end	Annual	
Results for the previous fiscal year (Year ended March 31, 2021)	¥ 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".

Forecasts for the Fiscal Year Ending March 31, 2023, And Medium-Term Management Plan

(Unit;100 Million yen)

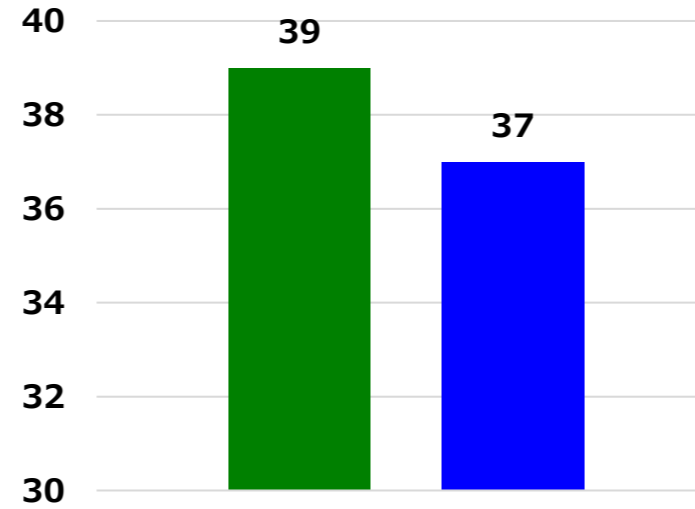


Net sales

■ FY/2023 (Prospect)

■ Mid-term management plan (the fiscal year ending March 2025)

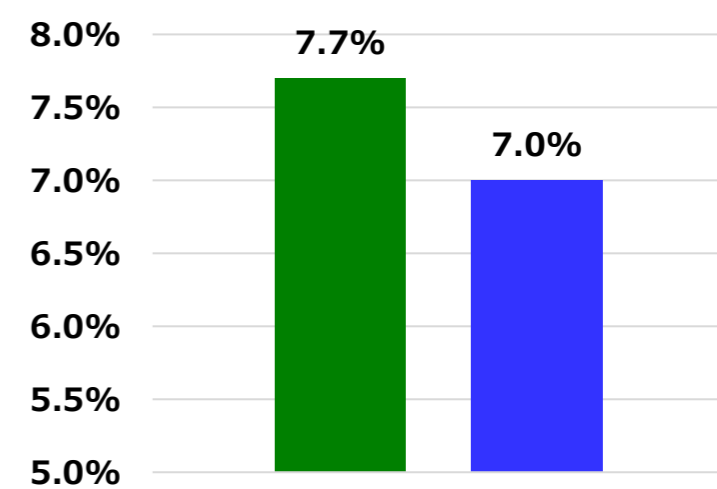
(Unit;100 Million yen)



Net income

■ FY/2023 (Prospect)

■ Mid-term management plan (the fiscal year ending March 2025)



ROE

■ FY/2023 (Prospect)

■ Mid-term management plan (the fiscal year ending March 2025)

• "Net earnings" and "ROE," which are included in the numerical targets of the medium-term management plan (target year: the fiscal year ending March 31, 2025), are expected to be achieved during the fiscal year ending March 31, 2023, the first year of the plan.

• We plan to revise the medium-term management plan and numerical targets at the closing of the fiscal year ending March 31, 2023, in light of market conditions and business circumstances in the following fiscal year and beyond.

Contact Information

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