



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, 2024

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

Nov. 2023

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 2024: Points in 2nd Quarter Closing

Our group (Shinko Shoji and its consolidated subsidiaries) has achieved the performance that exceeds the same period of last year in the following sectors: entertainment products, automotive electrical equipment, and industrial equipment.

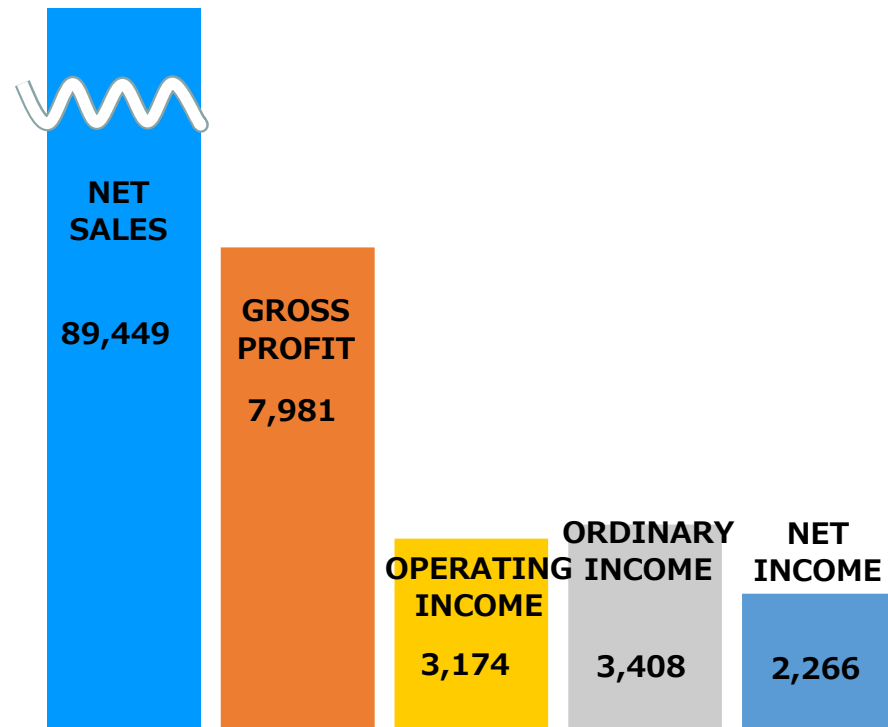
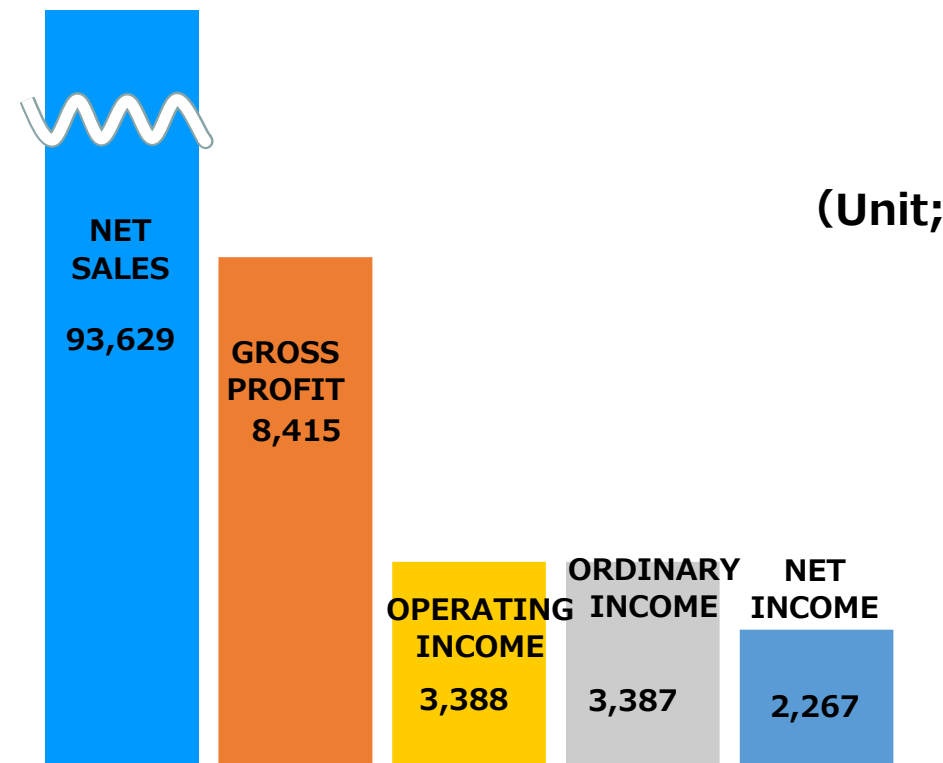
- **The entertainment product sector has been performing well, driven by increased sales of smart gaming machines.**
- **The automotive electrical equipment sector has been performing steadily, thanks to increased sales of LCD products.**
- **The industrial equipment sector has been performing steadily, with robust sales in products for industrial robots and semiconductor manufacturing lines.**

Overview of First Half Settlement

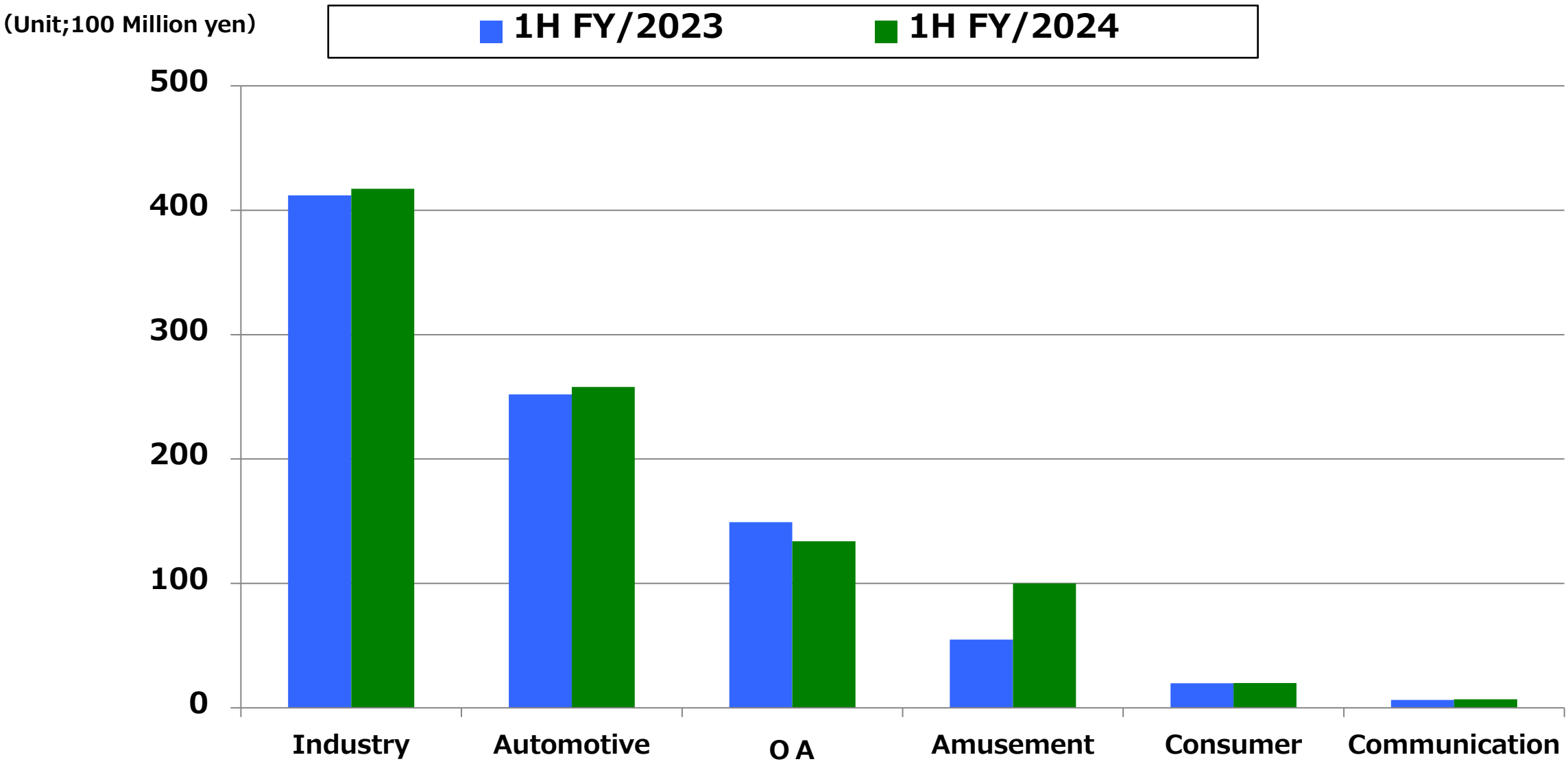
(Unit; Million yen)

	1H FYE March/2023 Results	1H FYE March/2024 Results	Rate of increase / decrease (Previous year comparison)	Increase / decrease (Previous year comparison)
Net sales	89,449	93,629	4.7%	4,180
Gross Profit	7,981	8,415	5.4%	434
Selling, general and administrative expenses	4,806	5,027	4.5%	221
Operating income	3,174	3,388	6.7%	214
Ordinary income	3,408	3,387	▲0.6%	-21
net income for the 2Q	2,266	2,267	0.1%	1
Net income per share	¥64.93	¥68.53	—	¥3.60

Consolidated income statement

1H/2023**(April 1st,2022~September 30,2022)****1H/2024****(April 1st,2023~September 30,2023)****(Unit; Million yen)**

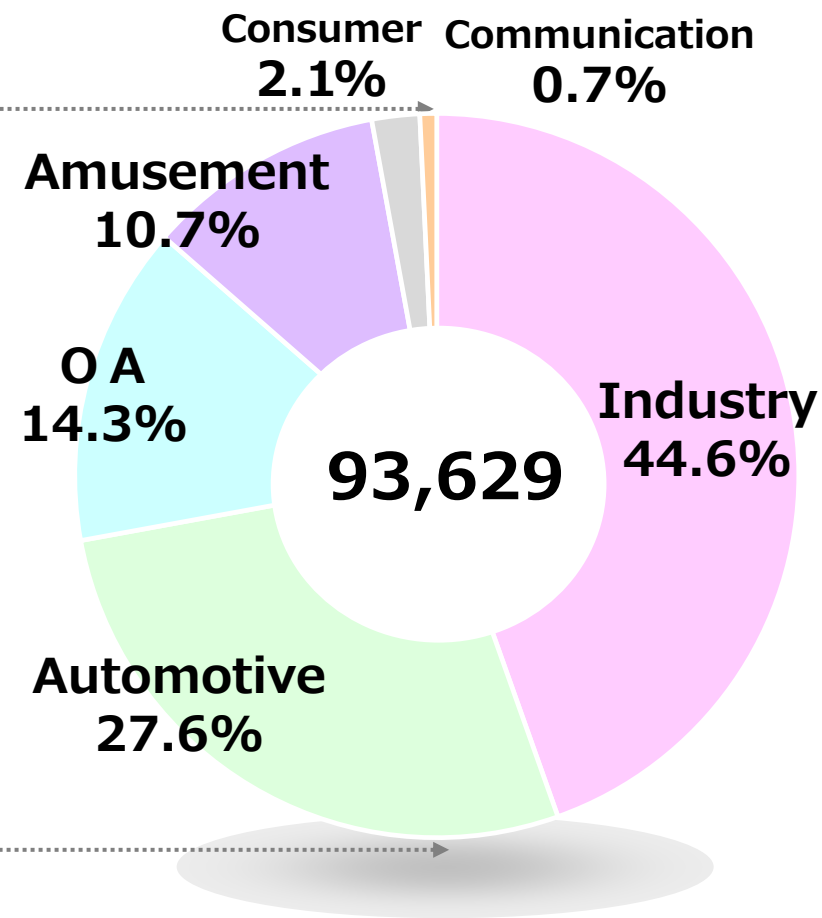
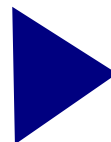
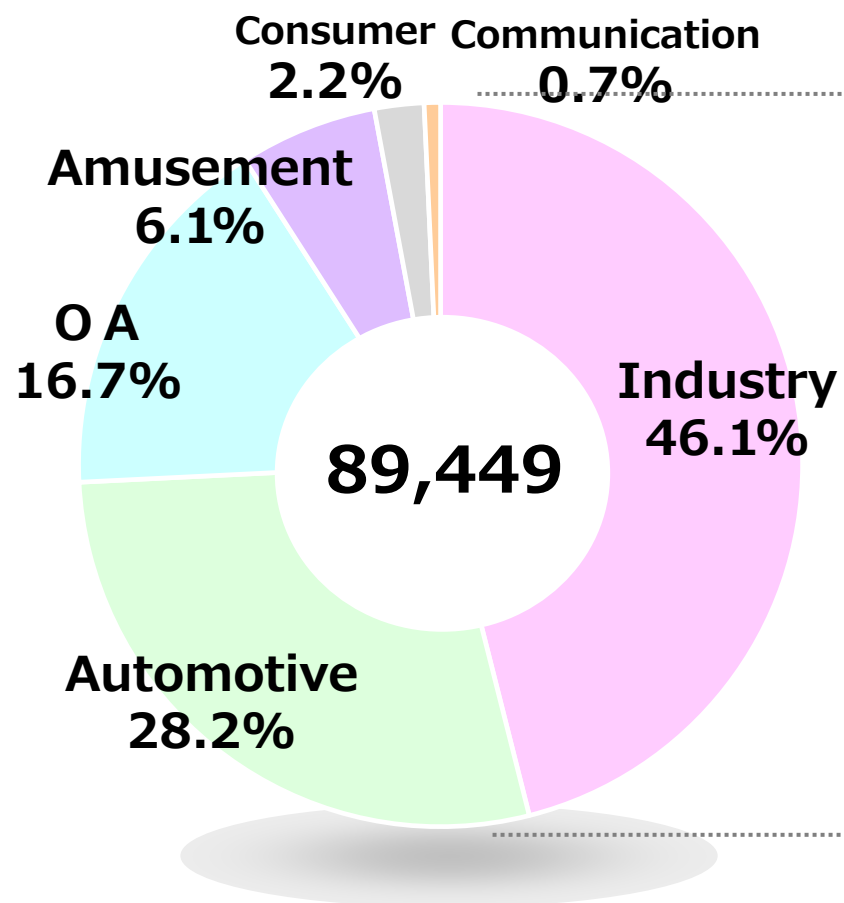
Sales composition ratio by markets(amount)



Sales composition ratio by markets

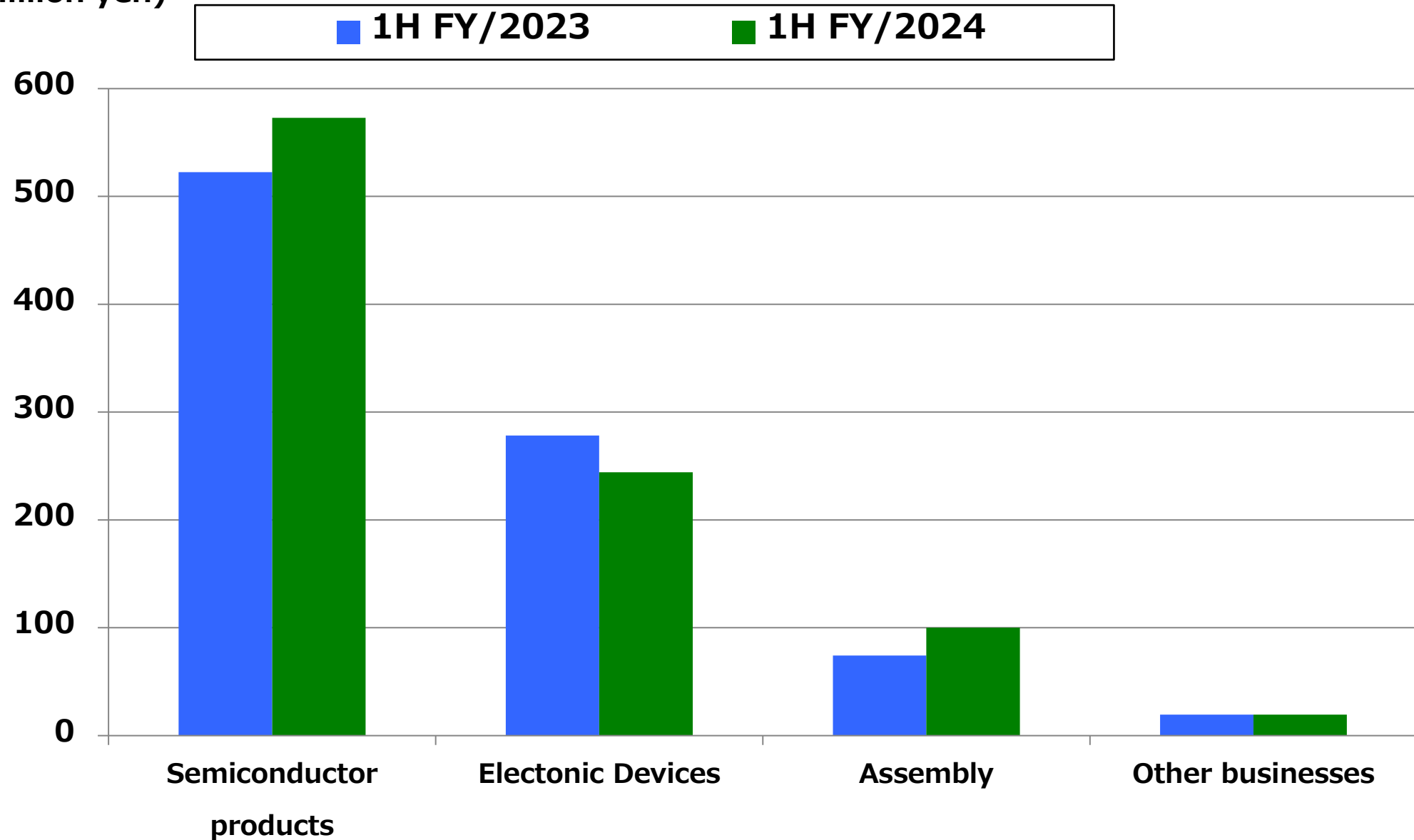
1H FY/2023**1H FY/2024**

(Unit; Million yen)

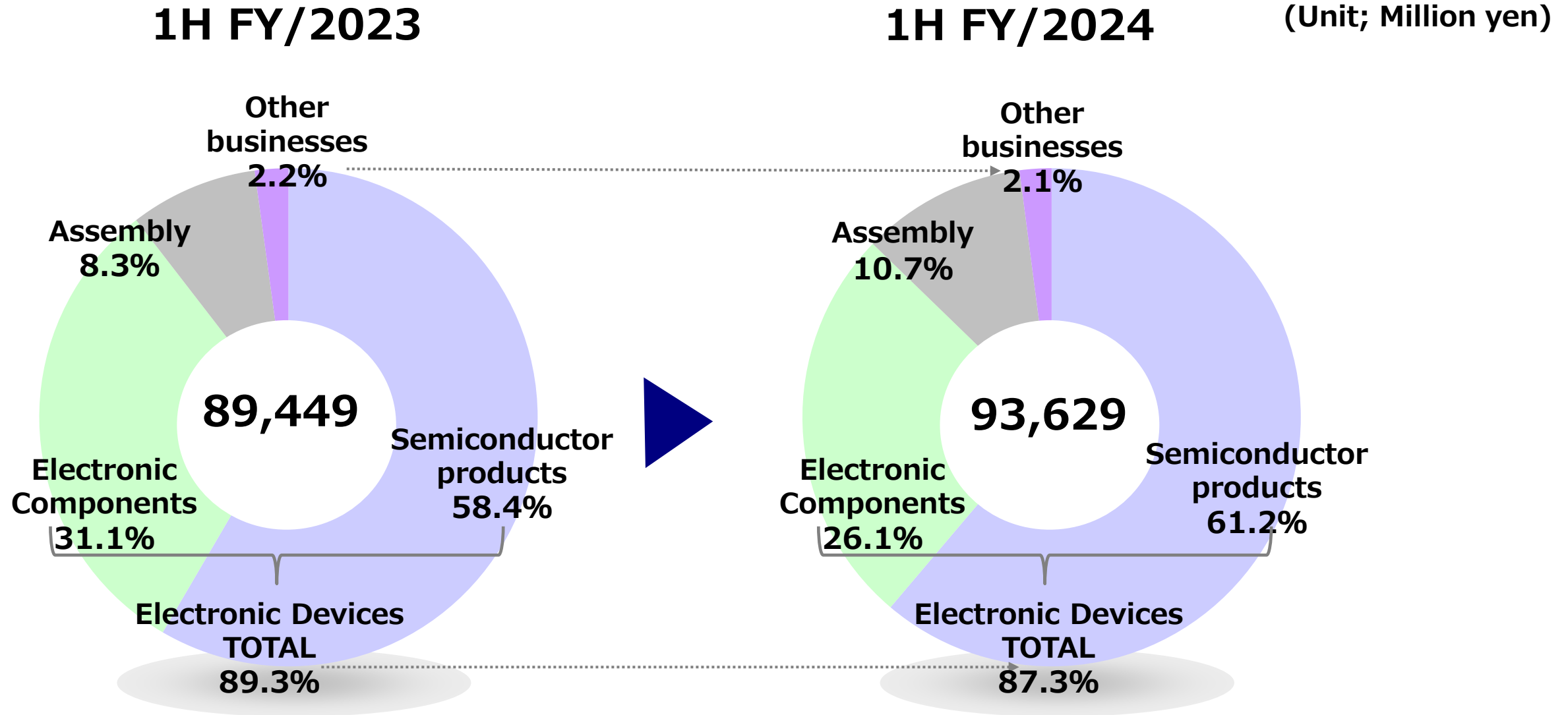


Sales composition ratio by products(amount)

(Unit; Million yen)

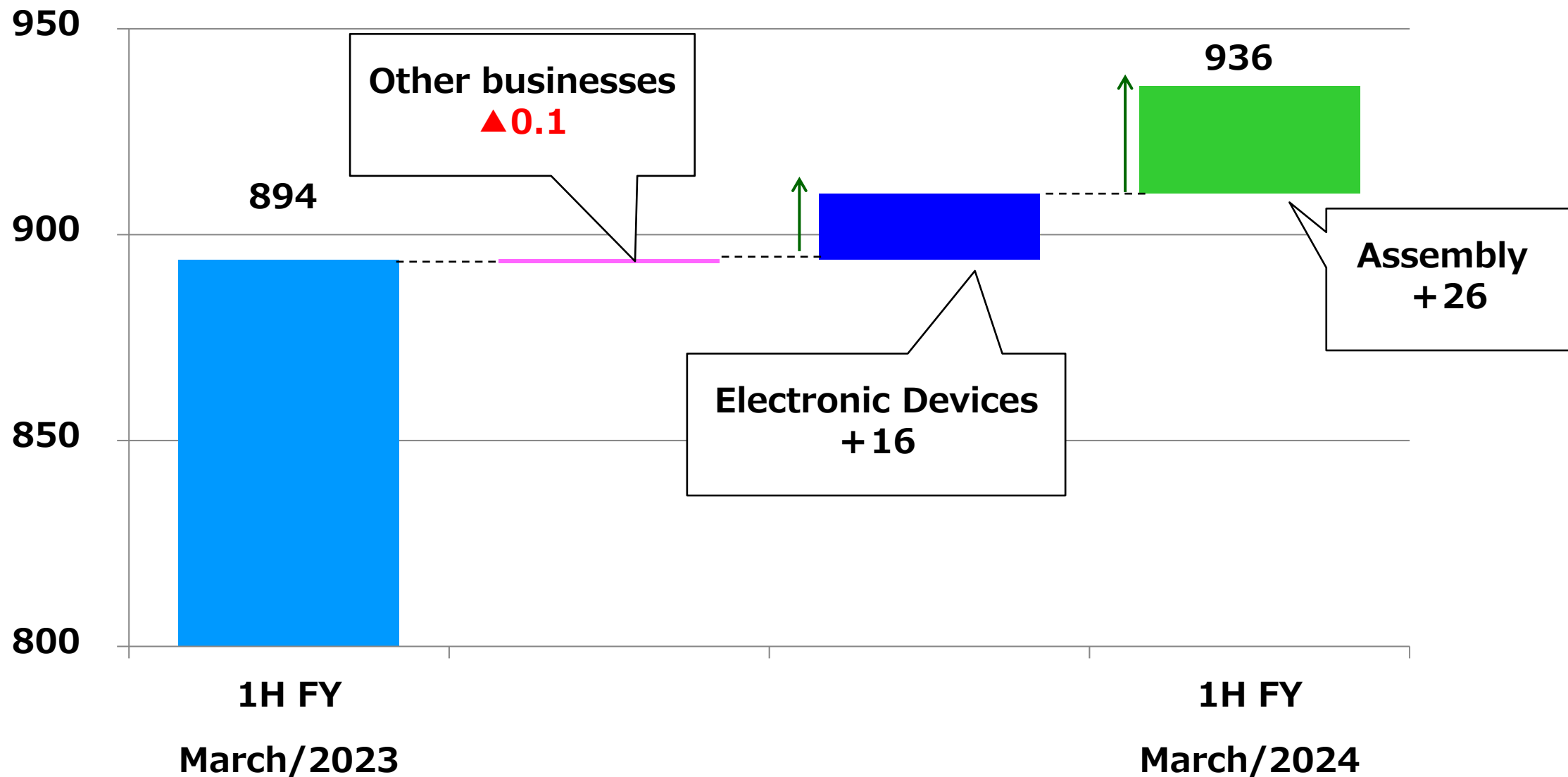


Sales composition ratio by products



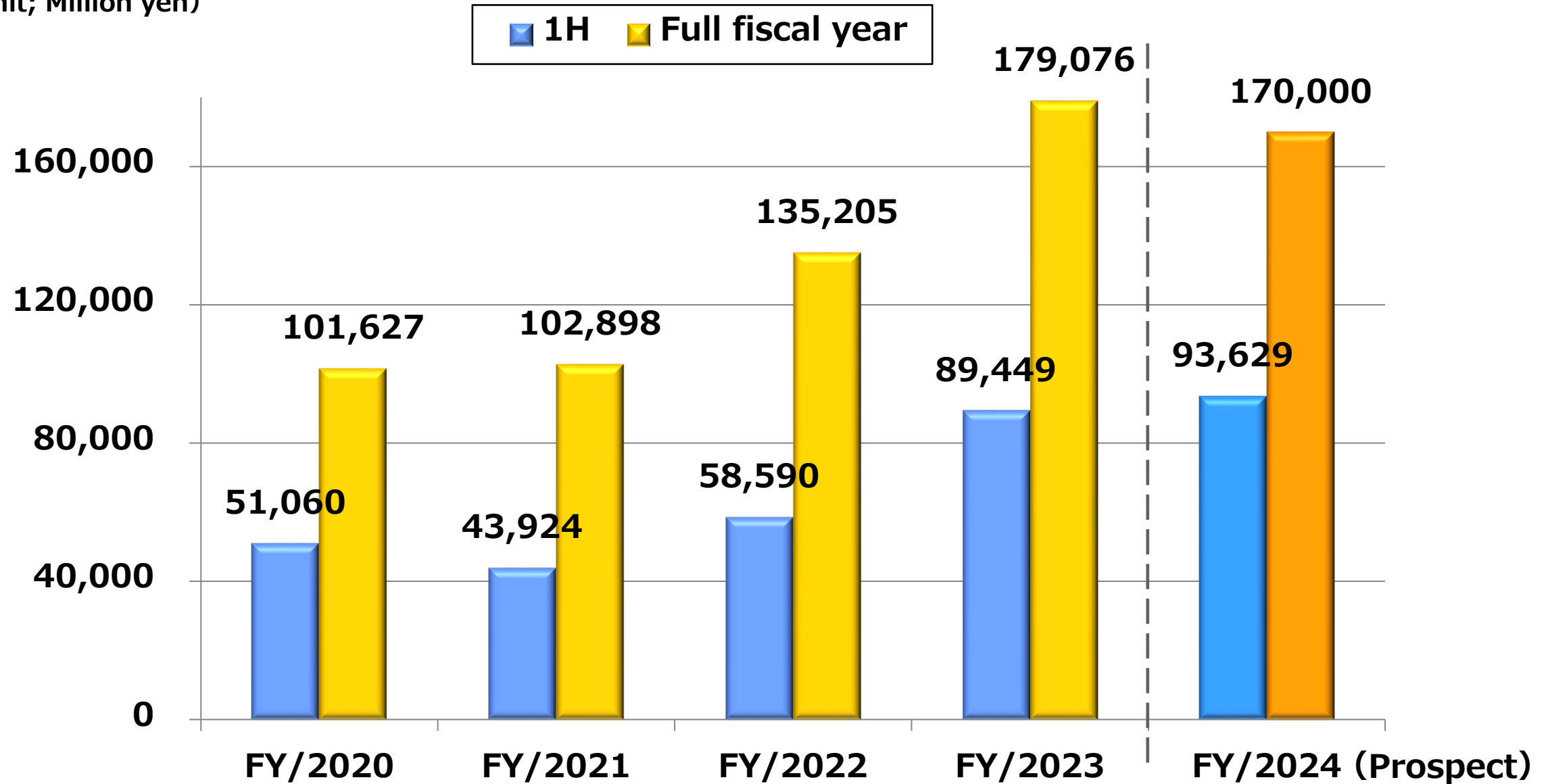
Analysis on factor of increase / decrease in sales Compared with the previous year

(Unit;100 Million yen)



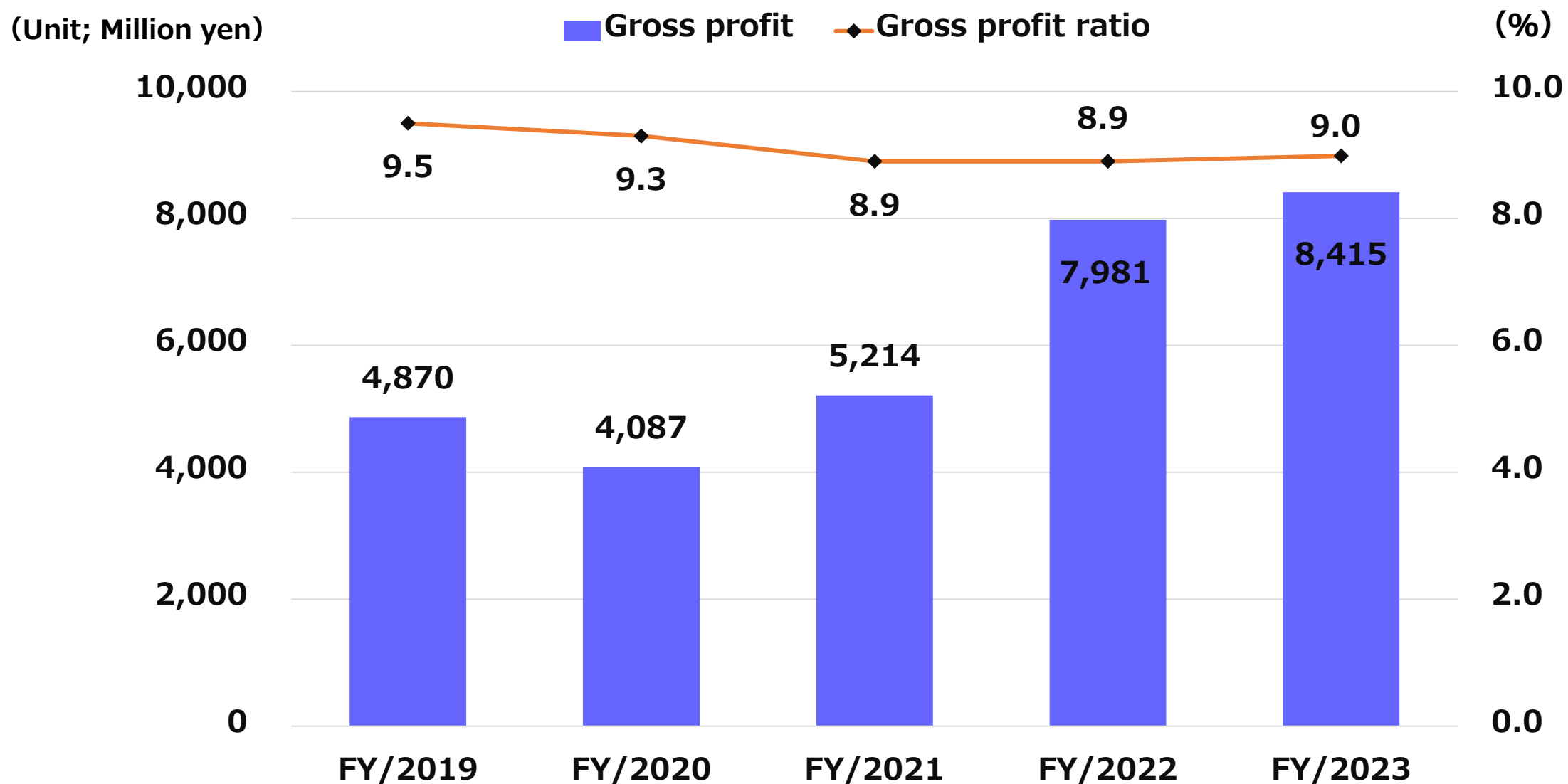
Trend of Net sales

(Unit; Million yen)



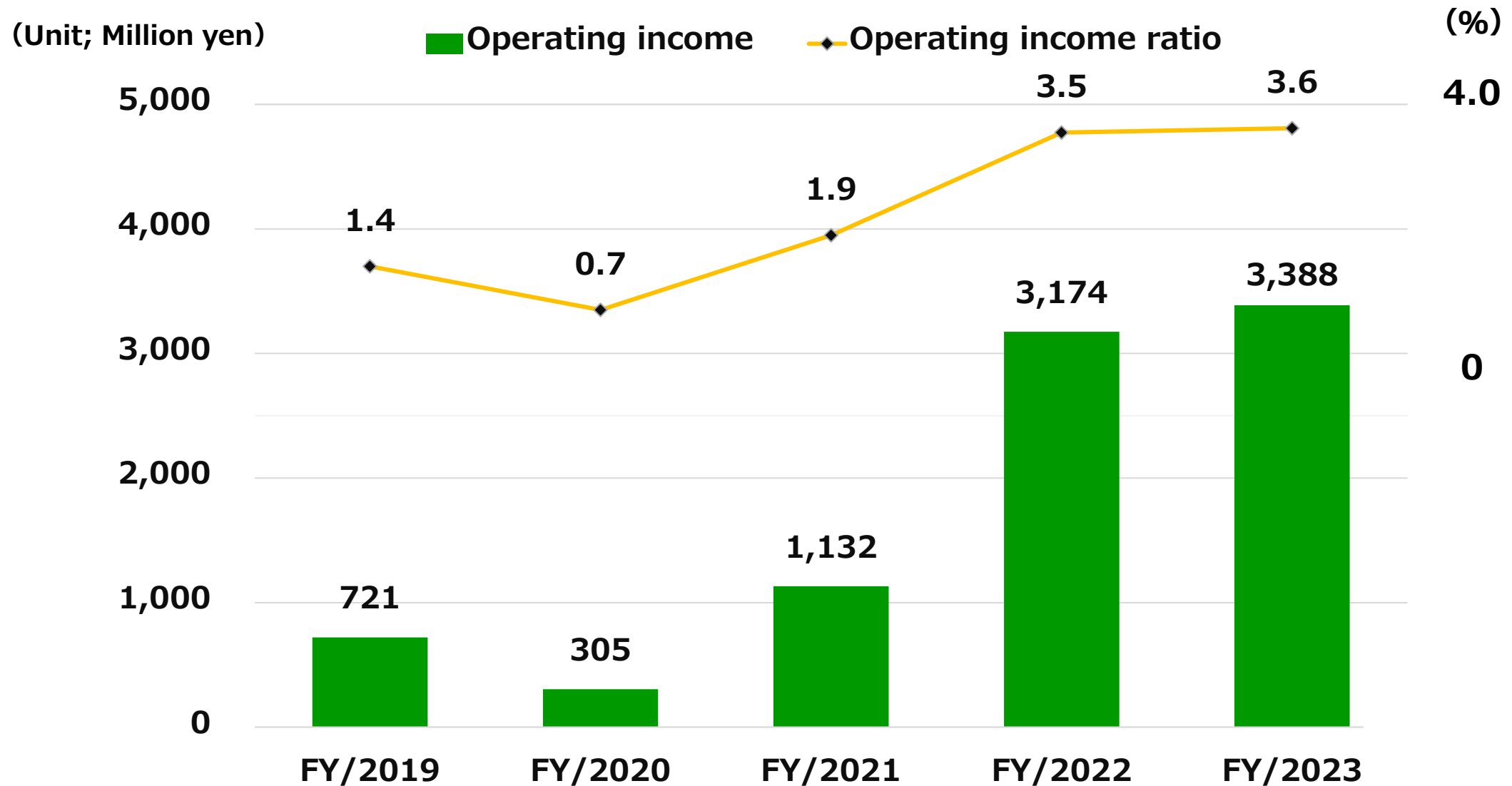
Gross profit / Gross profit ratio

【 1H Results 】



Operating income / Operating income ratio

【 1H Results 】



Summary Balance Sheet 1 (Assets)

(Unit; Million yen)

	FY March 2023	FY March 2024	Increase / decrease
Total assets	98,827	109,243	10,416
Current assets	92,720	102,879	10,159
Cash and deposits	10,929	10,776	△153
Notes and accounts receivable –trade, and contract assets	38,531	40,321	1,790
Merchandise and finished goods	31,384	38,074	6,690
Accounts receivable – other	11,679	13,474	1,795
Non-current assets	6,107	6,364	257
Property, plant and equipment	771	751	△20
Investment securities	3,458	3,740	282

Summary Balance Sheet 2 (Liabilities)

	FY March 2023	FY March 2024	Increase / decrease
Total liabilities	46,266	53,716	7,450
Current liabilities	36,952	43,042	6,090
Notes and accounts payable – trade	16,061	18,261	2,200
Electronically recorded obligations - operating	2,350	3,786	1,436
Short-term borrowings	9,025	13,606	4,581
Current portion of long-term borrowings	1,600	600	△1,000
Accounts payable - other	3,621	2,560	△1,061
Non-current liabilities	9,314	10,674	1,360
Long-term borrowings	7,200	8,200	1,000
Total net assets	52,560	55,527	2,967
Capital and capital surplus	19,100	19,100	0
Retained earnings	33,577	34,489	912
Treasury shares	△4,608	△4,589	19
Total liabilities and net assets	98,827	109,243	10,416
Equity ratio	52.5%	50.1%	△2.4%

(Unit; Million yen)

Consolidated Balance Sheet

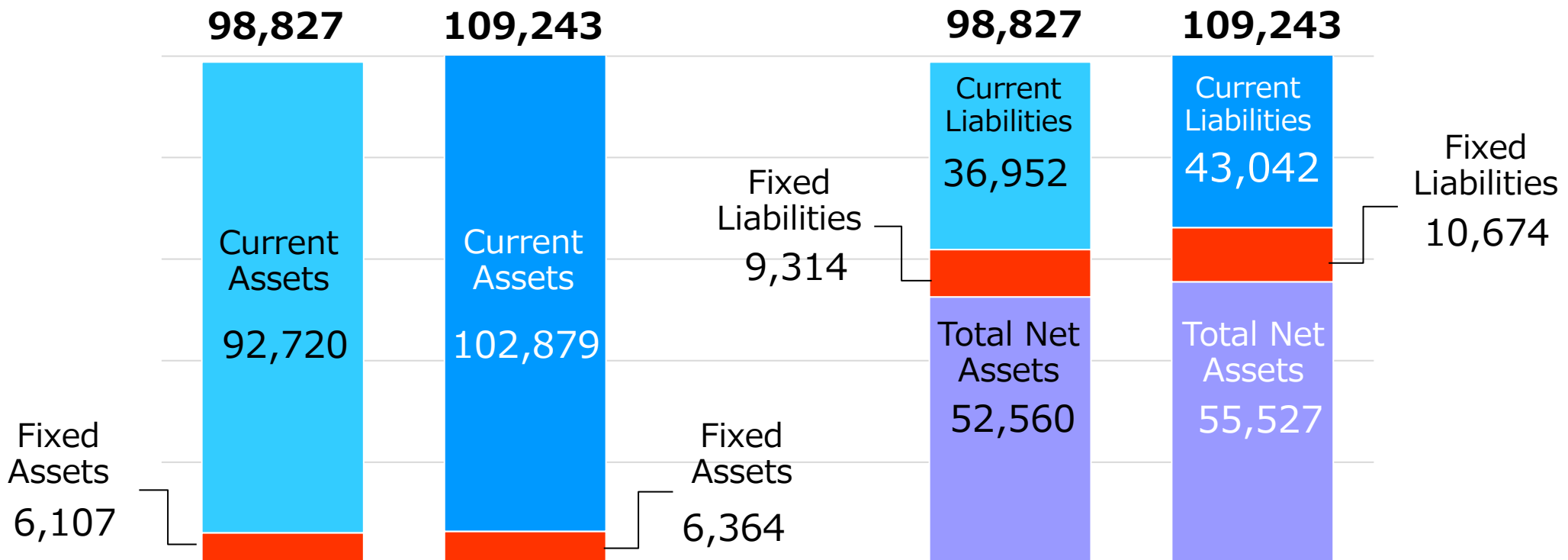
(Unit; Million yen)

Total assets

(March 31,2023) (September 30,2023)

Total liabilities and net assets

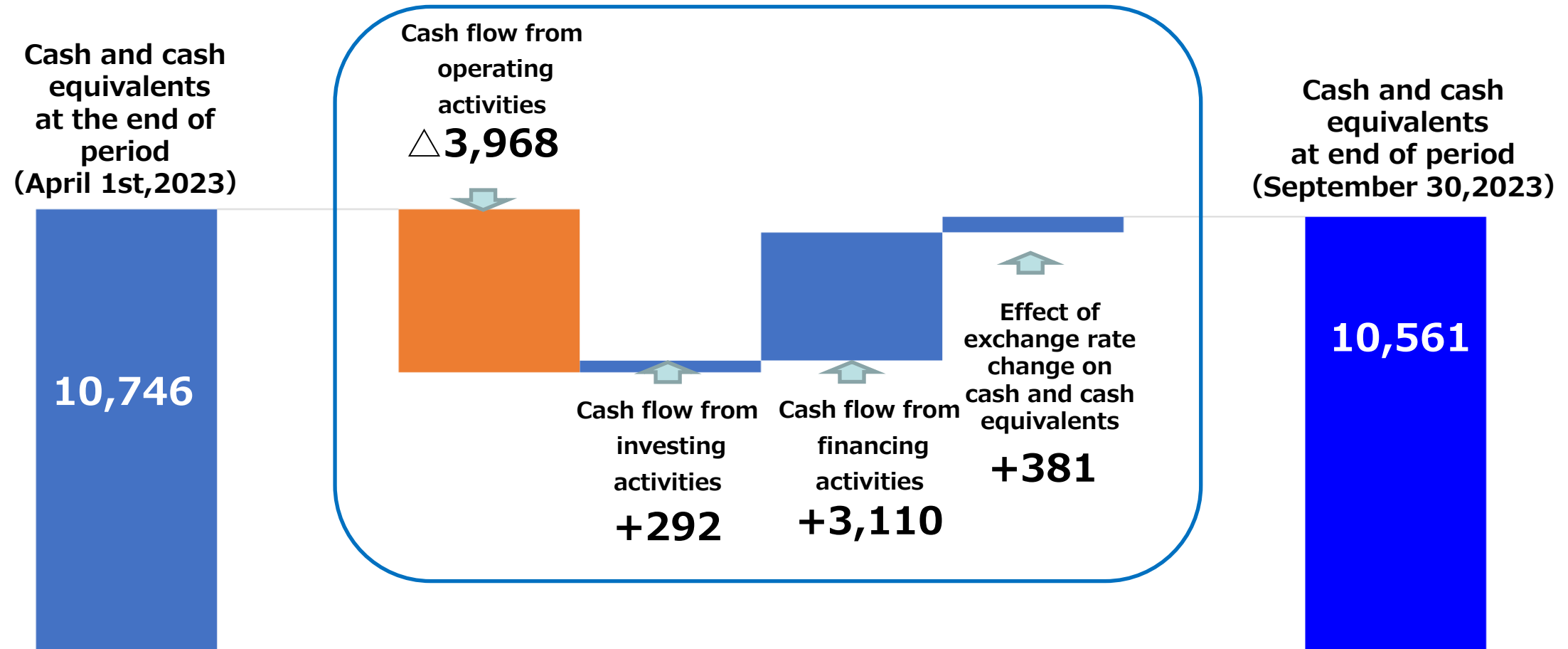
(March 31,2023) (September 30,2023)



Consolidated Statements of Cash Flows

(Unit; Million yen)

1H/2023 (April 1st,2023~September 30,2023)



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

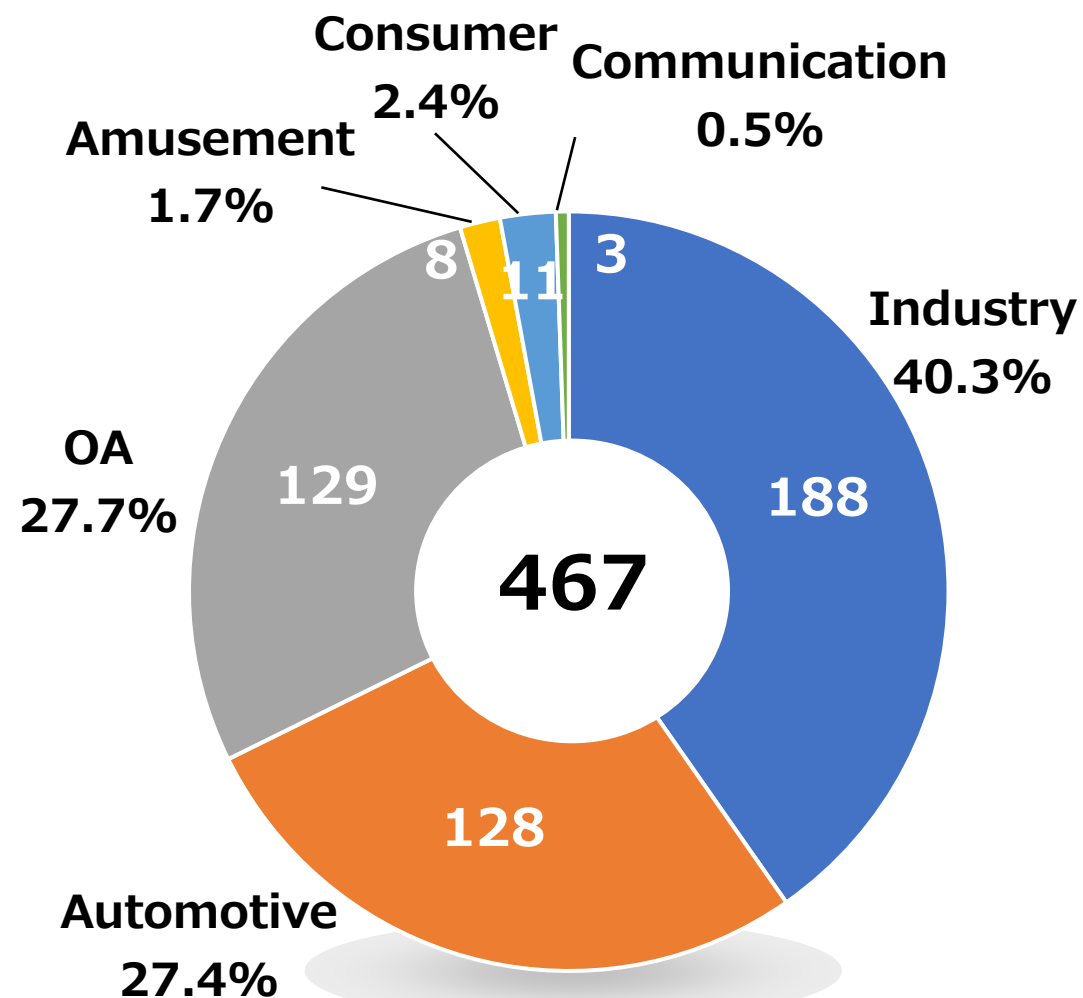
2. Sales trends of overseas business

3. Business situations surrounding our core markets

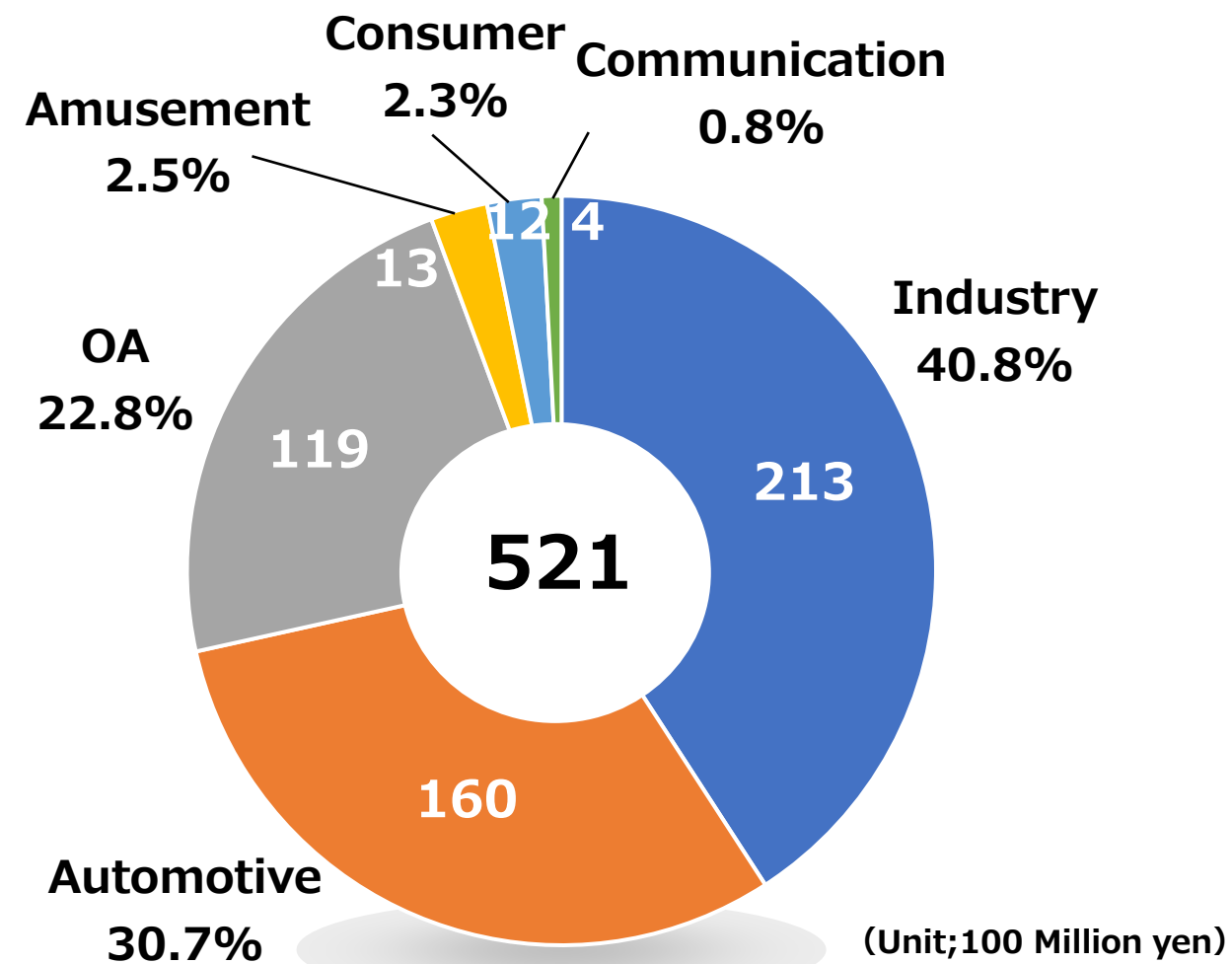
1-1. Renesas Electronics Business

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

1H FY/2022

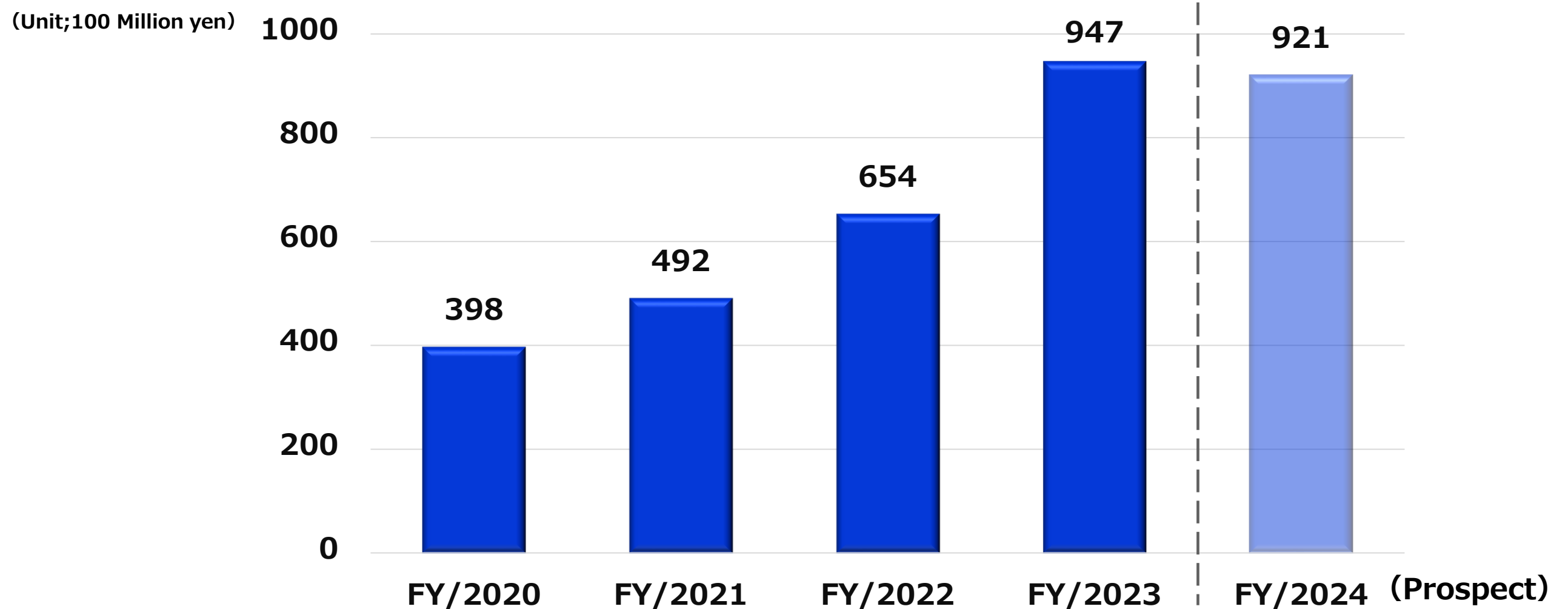


1H FY/2023



1-2. Renesas Electronics Business

【Renesas products Sales for the full fiscal year】
(before deletion for consolidated accounting)



Business Status

1. Business status of Renesas Electronics

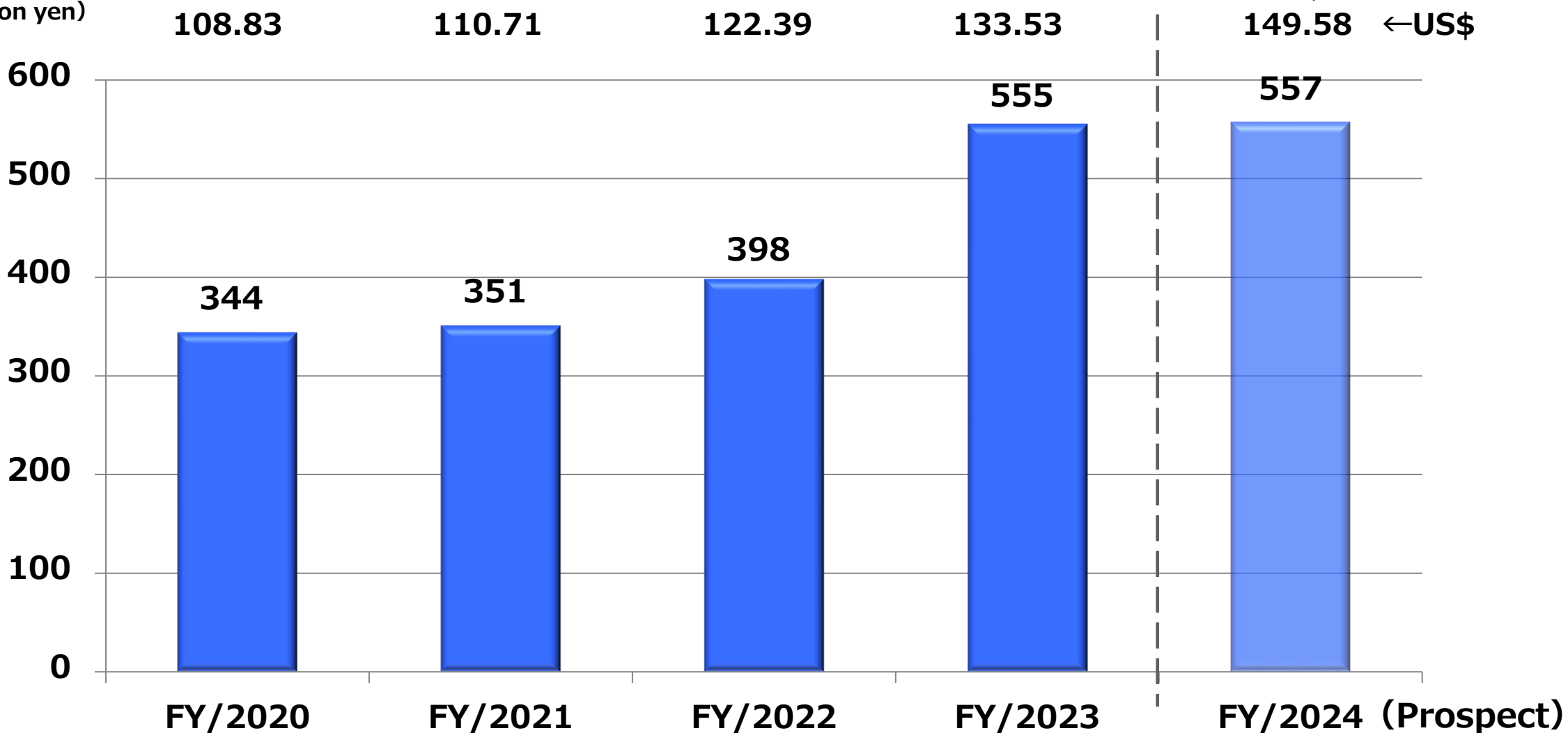
2. Sales trends of overseas business

3. Business situations surrounding our core markets

2. Overseas Business Sales Trends

【Sales of Overseas Subsidiaries】

(Unit;100 Million yen)

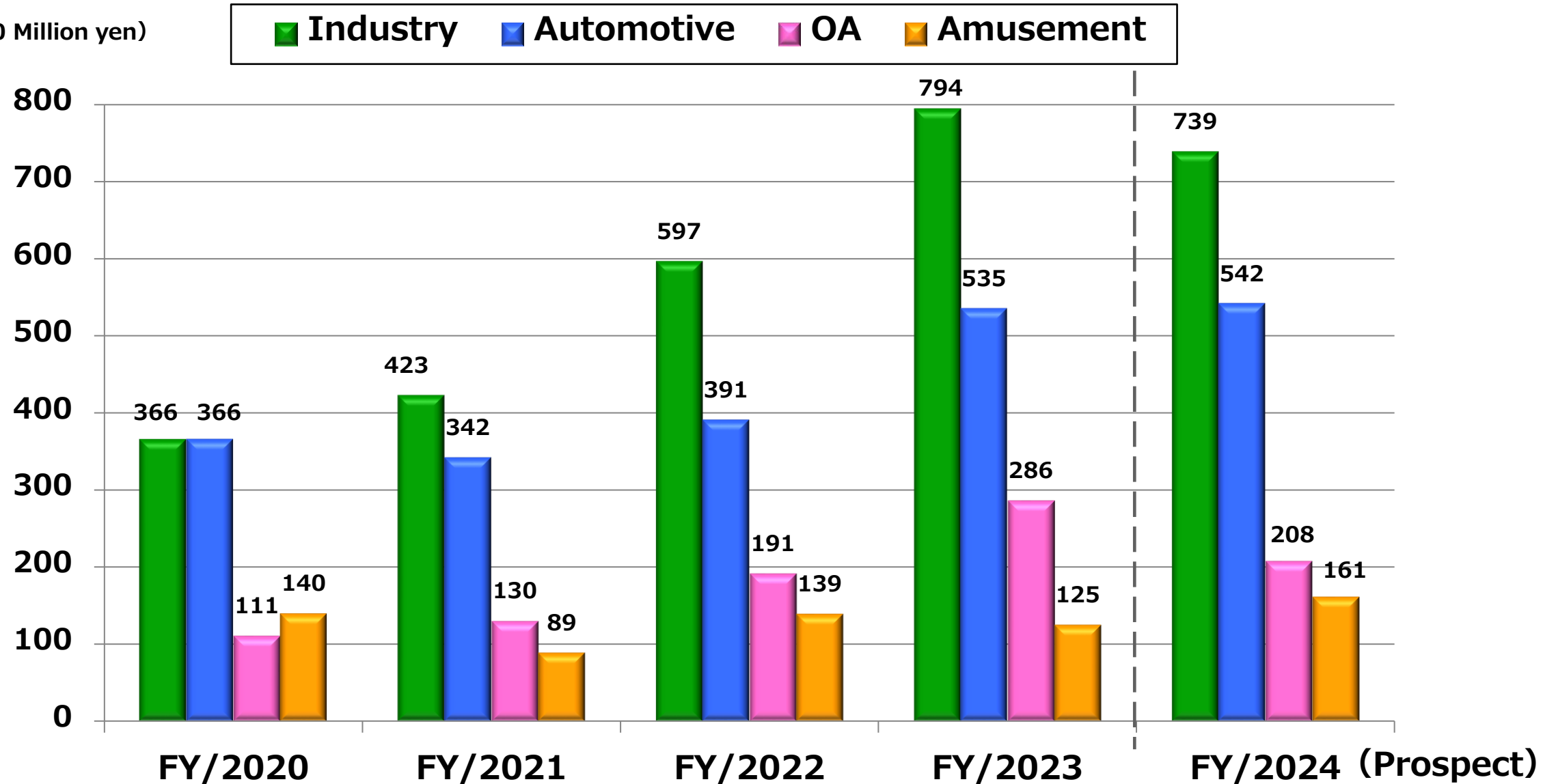


Business Status

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

3. Core Market Sales Trends

(Unit;100 Million yen)

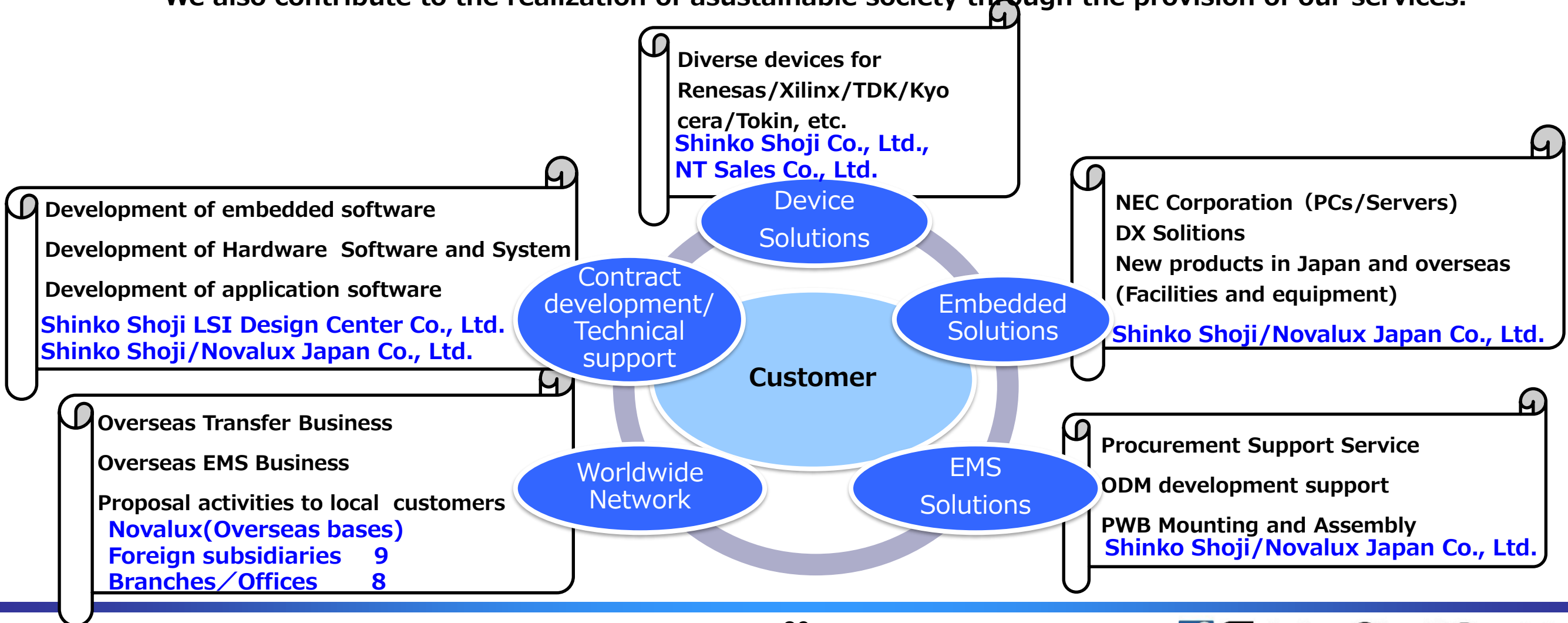


Proposals for the solutions to social contribution

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.



2. New products contributing to society

NEC Platforms, Ltd.

Biomass plastic material "NeCycle"



< Pellet >



< Decorative parts example >

< Product Features >

- 1) Environmentally friendly plastic made from plant resources
- 2) Reduction in CO2 emissions during the manufacturing process compared to other materials (approximately 50% reduction)
- 3) Long-term durability ensured (10 years in general environmental conditions)
- 4) Ability to freely mold "black" with a luxurious finish, similar to lacquer, without the need for painting processes (improves mass production capability)

<Our Initiatives>

Adopted by major cosmetics manufacturer!

Scheduled to be released in the market for cosmetic cases in the fiscal year 2023

Promoting sales activities for new customer acquisition as an SDGs product

Dinnteco International S.L.

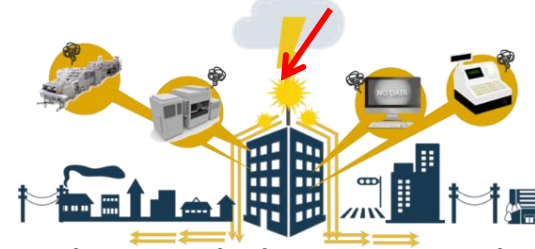
Made in Spain

A lightning rod that does not generate lightning strikes



In the case of traditional lightning rods

Direct lightning strike



Induction lightning can damage connected equipment!

In the case of dinnteco

No generation of lightning phenomena



No worries about equipment damage

~ dinnteco does not generate lightning within its protection range! ~

<Our Initiatives>

We are implementing an approach to prevent damage to equipment in facilities and other locations caused by lightning strikes.

Our approach is focused on customers in regions with frequent lightning damage.

We propose solutions to each customer as a contribution to their safety and peace of mind.

3. Contributing to the Decarbonization of Japanese Industrial Machinery

- On October 26, we signed a memorandum of understanding for strategic cooperation with Sunwoda Mobility Energy Technology Co., Ltd. (SEVB) .
- SEVB is a comprehensive technology company specializing in automotive and stationary lithium-ion batteries within the Sunwoda Group, which has a history of approximately 30 years in lithium-ion batteries. They hold the 5th largest market share* for lithium-ion batteries used in New Energy Vehicles (NEVs) in the Chinese market in 2022.
- Shinko Shoji plans to supply SEVB's lithium-ion battery modules for industrial machinery to major Japanese electric power companies and collaborate to contribute to the decarbonization of construction machinery, agricultural machinery, and other sectors.

* According to MarkLines research



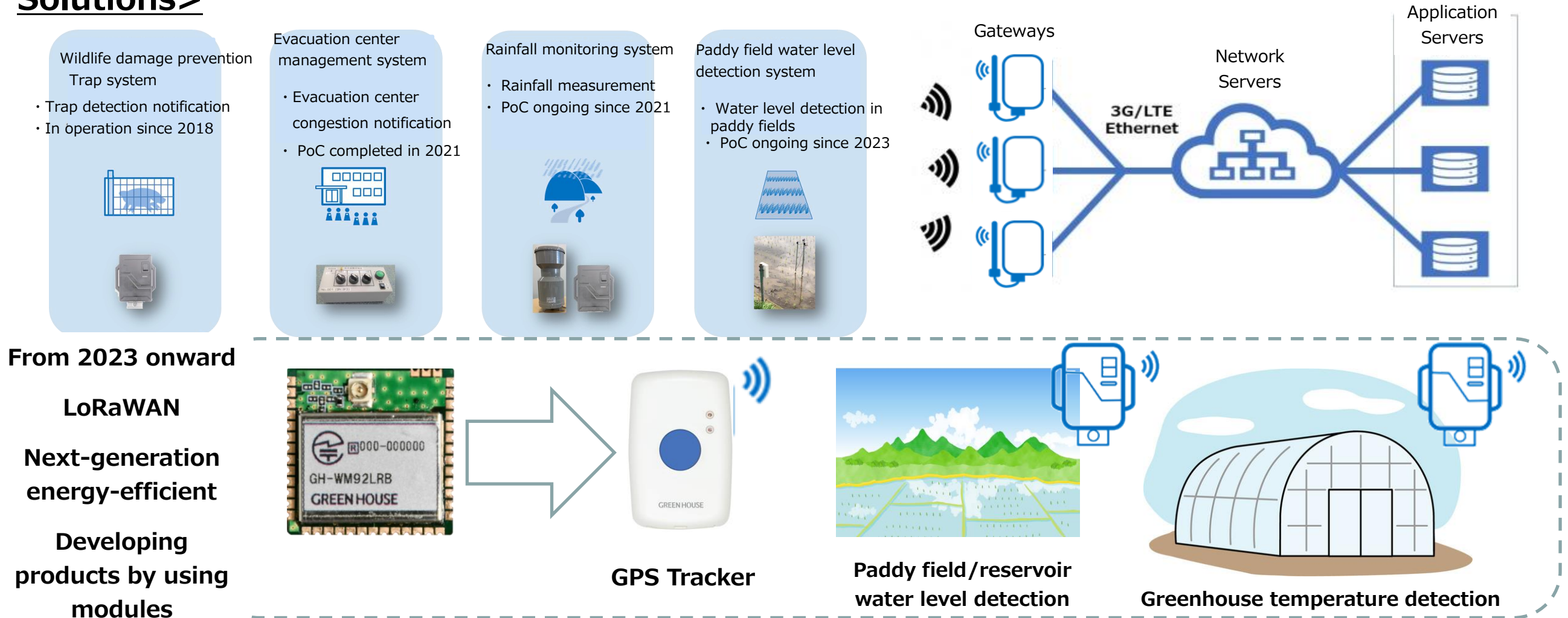
Japan Mobility Show 2023

(Left) Signing Ceremony (10/26) (Right) Exhibition of Lithium-ion Battery Modules for Industrial Machinery

4. LoRaWAN Solutions: Contributing to Society Through IoT in Agriculture

Strongly supporting the resolution of local issues in Ina City

<Co-creation with Ina City Cable Broadcasting Agricultural Cooperative on LoRaWAN Solutions>



Forecast for the fiscal year March 2024

Full-year earnings forecast

(Unit; Million yen)

	FYE March 31,2023 Results	FYE March 31,2024 Forecast	Rate of increase / decrease (Previous year comparison)	Increase / decrease (Previous year comparison)
Net sales	179,076	170,000	△5.1%	△9,076
Operating income	7,128	5,000	△29.9%	△2,128
Ordinary income	6,841	5,000	△26.9%	△1,841
Net income	4,706	3,500	△25.6%	△1,206
Net income per share	¥137.77	¥105.81	—	¥31.96

Dividend policy

Our shareholder return policy for the medium-term management plan (covering a three-year period from March 2024 to March 2026) 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

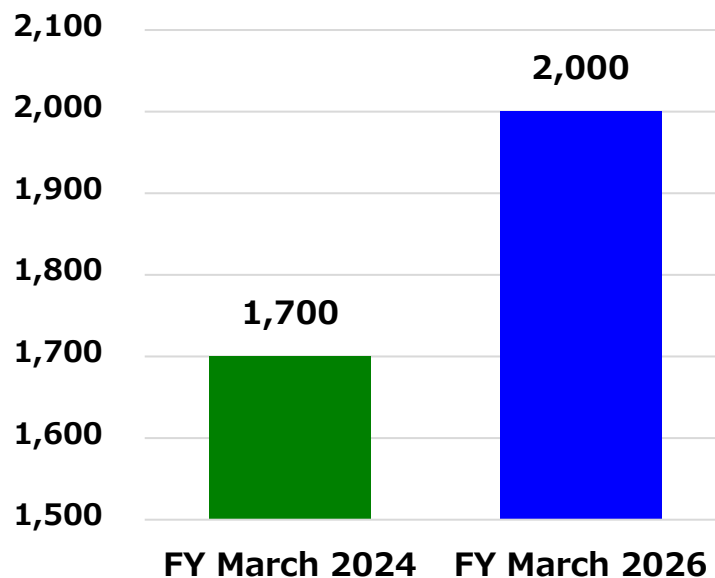
● Dividend per share

	Dividend per share			Consolidated dividend payout ratio
	End of 1H	Year end	Annual	
FY March/2024 Forecast (Published Oct 31, 2023)	¥26.50	¥26.50	¥53.00	50.9%
Results for the previous fiscal year (Year ended March 31, 2023)	¥29.00	¥40.00	¥69.00	50.1%

Forecasts for the Fiscal Year Ending March 31, 2024, And Medium-Term Management Plan

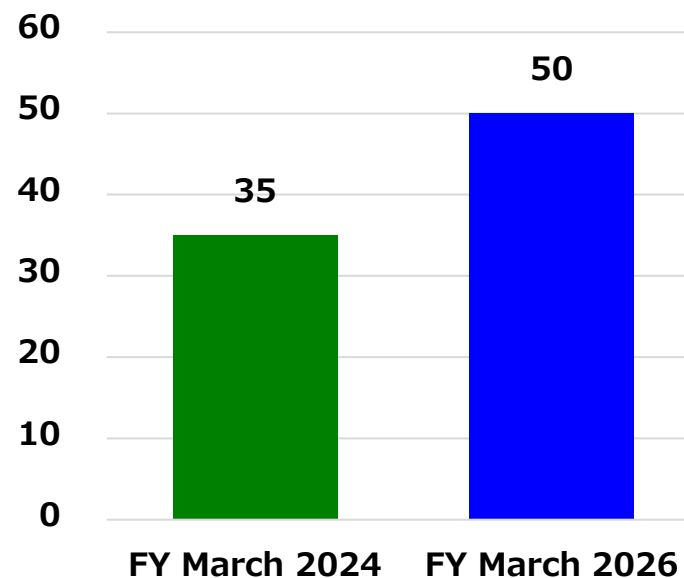
(Unit;100 Million yen)

Net Sales

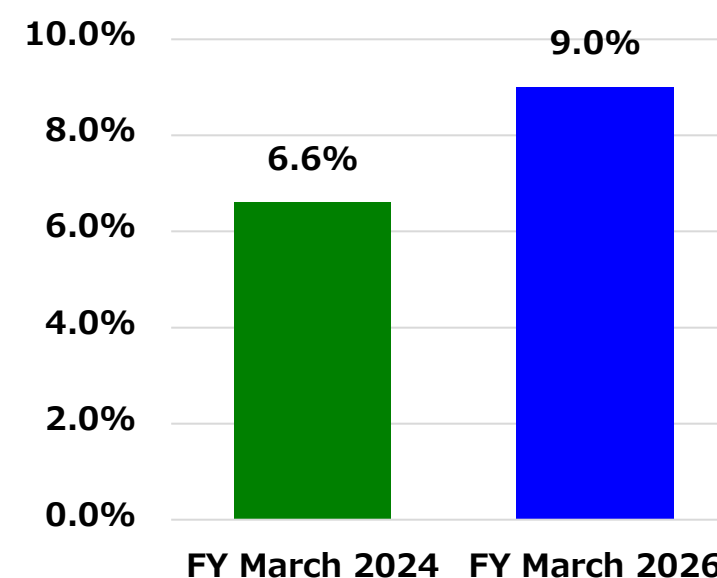


(Unit;100 Million yen)

Net Income



R O E



■ Plan Period

From FY March 2024
to FY March 2026 (3years)

■ Key Management Index (Unit;100 Million yen)

Management Index	FY March 2026
Net Sales	2, 0 0 0
Net Income	5 0
R O E	9.0% or more

Contact Information

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