

Strong in technologies related to semiconductors and image processing

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【 6614 Shikino High-Tech Sector : Electric Appliances】

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Mar. 2019	4,678	-11.3	164	-	169	-57.8	120	-77.1	40.3	185.9	0.0
Mar. 2020	4,531	-3.1	235	43.4	235	38.5	113	-5.7	38.0	225.8	0.0
Mar. 2021 f	4,600	1.5	204	-13.2	210	-10.7	134	17.6	44.3	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending March 2021 are the company's forecasts.
It conducted 1-to-10 stock split on November 11, 2020. Per share indices are adjusted retroactively.

Conducting Manufacturing and Sales of Semiconductor Testing Equipment and Image-Related Devices as well as Circuit Design of Semiconductors

Shikino High-Tech conducts the electronic system business, in which it manufactures and sells semiconductor testing equipment, the microelectronics business, in which it designs semiconductor circuits, and the product development business, in which it manufactures and sells image-related devices, etc.

In the fiscal year ended March 2020, the electronic system business, microelectronics business and product development business accounted for 39.2%, 40.7% and 20.1% of net sales, respectively. As for segment profit margin, the microelectronics business is highly profitable with 13.4% and the electronic system business is at a low level of 2.6% with the heavy burden of depreciation. Meanwhile, the product development business, which is in an up-front investment stage, continues to record losses (Figure 1).

Figure 1: Business Segment

Business segment	Net sales composition	Segment profit margin	Classification	Major product field
Electronic system business	39.2%	2.6%	Semiconductor testing/ equipment-related	Burn-in equipment, burn-in board, semiconductor peripheral equipment, industrial dedicated measurement equipment
Microelectronics business	40.7%	13.4%	LSI design (analog/digital)	Power supply IC, high-speed I/F circuit, image sensor, image processing LSI, FPGA, ASIC
			IP development	JPEG, MIPI, IP core
Product development business	20.1%	-	Various product development	Image-related devices, CMOS camera module, image processing system, image processing module

Note: Figures of net sales composition and segment profit margin indicate those of fiscal year ended March 2020.

Source: Prepared by Stock Research Center based on the notifiable prospectus and hearings.

Relatively High Dependency on Specific Customers

Customers of Shikino High-Tech include Renesas Electronics (6723 TSE First Section) and MEIJI ELECTRIC INDUSTRIES (3388 TSE First Section) in addition to Denso (6902 TSE First Section), which conducts business with the company in all of the electronic system, microelectronics and product development businesses, and Sony LSI Design, which has business transactions with the microelectronics business. Above all, the company is highly dependent on Denso and Sony LSI Design, both continuously having business transactions with the company and each accounting for over 10% of the net sales.

Financial Statements

Statement of income	Fiscal Year	Mar. 2019		Mar. 2020		Nine months to Dec. 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		4,678	100.0	4,531	100.0	3,200	100.0
Cost of sales		3,693	78.9	3,525	77.8	2,528	79.0
Gross profit		985	21.1	1,006	22.2	672	21.0
Selling, general and administrative expenses		820	17.5	770	17.0	577	18.0
Operating profit		164	3.5	235	5.2	94	3.0
Non-operating income		15	-	10	-	8	-
Non-operating expenses		10	-	11	-	5	-
Ordinary profit		169	3.6	235	5.2	97	3.0
Profit before income taxes		168	3.6	169	3.7	97	3.0
Net profit		120	2.6	113	2.5	62	2.0

Balance sheet	Fiscal Year	Mar. 2019		Mar. 2020		Nine months to Dec. 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,753	53.7	1,750	54.6	1,761	55.1
Cash and deposits		203	6.2	223	7.0	297	9.3
Accounts receivable-trade		987	30.2	968	30.2	726	22.7
Inventories		431	13.2	452	14.1	606	18.9
Non-current assets		1,513	46.3	1,457	45.4	1,438	44.9
Property, plant and equipment		896	27.4	873	27.2	848	26.5
Intangible assets		36	1.1	25	0.8	21	0.7
Investments and other assets		580	17.8	558	17.4	568	17.8
Total assets		3,266	100.0	3,208	100.0	3,199	100.0
Current liabilities		1,837	56.2	1,466	45.7	1,411	44.1
Accounts payable-trade		423	13.0	328	10.2	343	10.7
Short-term borrowings		636	19.5	350	10.9	430	13.4
Current portion of long-term borrowings		214	6.6	132	4.1	103	3.2
Non-current liabilities		871	26.7	1,064	33.2	1,035	32.3
Long-term borrowings		144	4.4	286	8.9	216	6.8
Net assets		557	17.1	677	21.1	753	23.6
Owners' equity		557	17.1	677	21.1	753	23.6

Statement of cash flows	Fiscal Year	Mar. 2019	Mar. 2020
		(mn yen)	(mn yen)
Cash flows from operating activities		90	309
Depreciation		96	94
Cash flows from investing activities		-60	-55
Cash flows from financing activities		-77	-234
Dividends paid		-	-
Net increase in cash and cash equivalents		-46	19
Cash and cash equivalents		165	185

Note: Non-consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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