

**Shikino High-Tech (6614 TSE Standard) - - - - - August 4,2022****Manufacture and sale of semiconductor testing and image-related equipment, as well as semiconductor circuit design**

This report is an English translation of part of the report issued on July 29, 2022.  
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**【6614 Shikino High-Tech Sector : Electric Appliances】**

Fiscal Year		Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2021		4,425	-2.3	203	-13.8	209	-11.1	113	-0.6	37.4	295.6	0.0
Mar. 2022		5,359	21.1	396	95.1	416	99.2	327	189.1	75.4	371.6	10.0
Mar. 2023	CE	5,765	7.6	410	3.5	433	4.0	337	3.2	76.5	-	10.0
Mar. 2023	E	5,890	9.9	437	10.2	442	6.1	345	5.4	78.2	439.8	10.0
Mar. 2024	E	6,345	7.7	477	9.2	483	9.3	373	8.1	84.5	514.3	10.0
Mar. 2025	E	6,820	7.5	518	8.6	526	8.9	402	7.8	91.1	595.3	10.0

Note: CE(company expectations),E(Stock Research Center expectations)  
Source: Stock Research Center

**1. Corporate Overview**

Shikino High-Tech operates the electronic systems business (38.1% of net sales for fiscal year ended March 2022) that manufactures and sells semiconductor testing equipment, etc., the microelectronics business (37.1%) that handles the circuit designs, etc. of semiconductors and the product development business (24.8%) that is engaged in the manufacturing and sales of image processing-related equipment, etc. Each of these businesses not only manufactures and sells its own products, but also engages in contract developments.

The microelectronics business, which has no raw material cost burden, has been a source of revenue. The product development business, however, which is in an up-front investment stage of R&D, has continued to post losses.

**2. Financial Analysis**

In the period from fiscal year ended March 2016 to fiscal year ended March 2022, net sales and ordinary profit increased by an annual average of 4.7% and 68.7%, respectively, in spite of the impact of the silicon cycle and fluctuation in customers' capital expenditures. Compared with similar companies, Shikino High-Tech is at a disadvantage in terms of financial stability and size, but it excels with respect to profitability and growth potential.

**3. Non-Financial Analysis**

The source of the company's intellectual capital is its technological capabilities that can meet various customer needs.

**4. Corporate Strategy Analysis**

The company is aiming to achieve sustainable growth by 1) strengthening the competitiveness of its core businesses, 2) accelerating the creation and commercialization of new technologies and products, and 3) expanding into new markets and global strategies.

## **5. Analyst Evaluation**

We forecast a 9.9% year-on-year increase in revenue and a 10.2% increase in operating profit for the fiscal year ending March 2023. This forecast is predicated on an expansion of the electronic systems business due to increased capital investment in power semiconductors and other on-board semiconductors, a return to profitability in the product development business and other factors.

We expect continued growth in Shikino High-Tech's three businesses over the medium term, with a 7.7% year-on-year increase in revenue and a 9.2% increase in operating profit in fiscal year ending March 2024. In fiscal year ending March 2025, it foresees a 7.5% year-on-year increase in revenue and 8.6% increase in operating profit.

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