

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 28, 2020

Company name: Shindengen Electric Manufacturing Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6844 URL <https://www.shindengen.co.jp/>
 Representative: President Yoshinori Suzuki
 Inquiries: Manager of Corporate Planning Group, Yoshiaki Matsumoto TEL 03-3279-4431
 Planning Dept.
 Scheduled date of ordinary general meeting of shareholders: June 26, 2020
 Scheduled date to file Securities Report: June 29, 2020
 Scheduled date to commence dividend payments: June 29, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2020	92,965	(1.8)	1,757	(68.8)	1,598	(73.3)	(4,156)	–
Year ended March 31, 2019	94,703	2.7	5,638	(17.7)	5,980	(16.5)	3,876	(26.8)

Note: Comprehensive income Year ended March 31, 2020 ¥(4,978) million [–%]
 Year ended March 31, 2019 ¥1,590 million [(75.4)%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	(403.48)	–	(7.4)	1.3	1.9
Year ended March 31, 2019	376.41	–	6.5	4.6	6.0

Reference: Share of loss (profit) of entities accounted for using equity method

Year ended March 31, 2020 ¥203 million
 Year ended March 31, 2019 ¥420 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	121,560	53,211	43.8	5,165.32
As of March 31, 2019	128,669	59,470	46.2	5,774.08

Reference: Equity As of March 31, 2020 ¥53,211 million
 As of March 31, 2019 ¥59,470 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	5,828	(9,649)	(2,335)	26,337
Year ended March 31, 2019	3,495	(5,875)	(4,603)	32,505

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	–	0.00	–	125.00	125.00	1,287	33.2	2.2
Year ended March 31, 2020	–	0.00	–	62.50	62.50	643	–	1.1
Year ending March 31, 2021 (Forecast)	–	0.00	–	–	–		–	

*Forecast of cash dividend for year ending March 31, 2021 have not yet been determined.

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

In this situation where the end of the novel coronavirus disease (COVID-19) cannot be foreseen, the financial results forecast for the year ending March 31, 2021 have not been determined as it is difficult to reasonably calculate the impact of COVID-19 on the Group. The forecasts will be disclosed promptly once it is possible to do so.

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2020	10,338,884 shares	As of March 31, 2019	10,338,884 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	37,120 shares	As of March 31, 2019	39,387 shares
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Average number of shares during the period

Year ended March 31, 2020	10,301,264 shares	Year ended March 31, 2019	10,299,714 shares
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(Reference)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net Sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year Ended March 31, 2020	77,481	(3.6)	(2,706)	—	(181)	—	(4,693)	—
Year Ended March 31, 2019	80,380	2.8	1,522	(33.8)	3,797	(11.2)	2,448	(24.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year Ended March 31, 2020	(455.67)		—	
Year Ended March 31, 2019	237.73		—	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	94,844	37,694	39.7	3,659.03
As of March 31, 2019	102,859	44,595	43.4	4,329.87

Reference: Equity As of March 31, 2020 ¥37,694 million
 As of March 31, 2019 ¥44,595 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Explanation of proper use of financial results forecast, and other special matters

(Caution concerning forward-looking statements)

In this situation where the end of COVID-19 cannot be foreseen, the financial results forecast for the year ending March 31, 2021 have not been determined as it is difficult to reasonably calculate the impact of COVID-19 on the Group. The forecasts will be disclosed promptly once it is possible to do so.

(How to obtain a copy of the supplementary material on financial results and earnings results briefing materials)

In order to prevent the spread of infection of COVID-19, the Company will cancel the holding of the financial results meeting for the year ended March 31, 2020 at the venue, and plans to post videos, filmed beforehand, and materials explaining the financial results on the Company's website at a later date.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	25,505	26,337
Notes and accounts receivable - trade	19,044	18,957
Securities	7,000	–
Merchandise and finished goods	8,430	7,638
Work in process	4,704	4,559
Raw materials and supplies	10,624	11,184
Other	4,583	4,836
Allowance for doubtful accounts	(18)	(18)
Total current assets	79,874	73,494
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,094	8,045
Machinery, equipment and vehicles, net	8,699	9,948
Land	5,769	5,372
Leased assets, net	948	1,102
Construction in progress	2,201	5,326
Other, net	1,782	1,594
Total property, plant and equipment	27,495	31,388
Intangible assets		
Software	955	819
Leased assets	0	19
Other	553	449
Total intangible assets	1,509	1,287
Investments and other assets		
Investment securities	13,673	12,455
Deferred tax assets	5,505	2,137
Other	659	843
Allowance for doubtful accounts	(48)	(48)
Total investments and other assets	19,789	15,388
Total non-current assets	48,795	48,065
Total assets	128,669	121,560

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,283	16,094
Short-term borrowings	5,750	4,525
Current portion of bonds payable	975	1,475
Lease obligations	280	336
Income taxes payable	62	150
Provision for bonuses	1,111	931
Other	6,668	5,917
Total current liabilities	30,131	29,429
Non-current liabilities		
Bonds payable	6,300	4,825
Long-term borrowings	13,725	15,200
Lease obligations	745	873
Deferred tax liabilities	128	777
Retirement benefit liability	15,305	14,781
Provision for product warranties	2,690	2,276
Asset retirement obligations	141	140
Other	32	44
Total non-current liabilities	39,067	38,918
Total liabilities	69,199	68,348
Net assets		
Shareholders' equity		
Share capital	17,823	17,823
Capital surplus	7,738	7,738
Retained earnings	35,695	30,251
Treasury shares	(145)	(137)
Total shareholders' equity	61,111	55,675
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,719	792
Foreign currency translation adjustment	(1,659)	(1,759)
Remeasurements of defined benefit plans	(1,702)	(1,496)
Total accumulated other comprehensive income	(1,641)	(2,463)
Total net assets	59,470	53,211
Total liabilities and net assets	128,669	121,560

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	94,703	92,965
Cost of sales	75,482	78,413
Gross profit	19,220	14,552
Selling, general and administrative expenses	13,581	12,794
Operating profit	5,638	1,757
Non-operating income		
Interest income	168	138
Dividend income	370	381
Share of profit of entities accounted for using equity method	420	203
Royalty income	23	19
Other	143	148
Total non-operating income	1,126	891
Non-operating expenses		
Interest expenses	238	199
Foreign exchange losses	340	567
Other	206	283
Total non-operating expenses	784	1,050
Ordinary profit	5,980	1,598
Extraordinary losses		
Business restructuring expenses	164	–
Impairment loss	85	472
Total extraordinary losses	249	472
Profit before income taxes	5,731	1,125
Income taxes - current	709	1,004
Income taxes - deferred	1,144	4,277
Total income taxes	1,854	5,281
Profit (loss)	3,876	(4,156)
Profit attributable to		
Profit (loss) attributable to owners of parent	3,876	(4,156)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,913)	(927)
Foreign currency translation adjustment	(930)	104
Remeasurements of defined benefit plans, net of tax	575	205
Share of other comprehensive income of entities accounted for using equity method	(18)	(204)
Total other comprehensive income	(2,286)	(822)
Comprehensive income	1,590	(4,978)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,590	(4,978)
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	17,823	7,738	33,106	(143)	58,524	3,632	(710)	(2,278)	644	59,169
Changes during period										
Dividends of surplus			(1,287)		(1,287)					(1,287)
Loss attributable to owners of parent			3,876		3,876					3,876
Purchase of treasury shares				(2)	(2)					(2)
Disposal of treasury shares					–					–
Net changes in items other than shareholders' equity						(1,913)	(949)	575	(2,286)	(2,286)
Total changes during period	–	–	2,589	(2)	2,587	(1,913)	(949)	575	(2,286)	301
Balance at end of period	17,823	7,738	35,695	(145)	61,111	1,719	(1,659)	(1,702)	(1,641)	59,470

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	17,823	7,738	35,695	(145)	61,111	1,719	(1,659)	(1,702)	(1,641)	59,470
Changes during period										
Dividends of surplus			(1,287)		(1,287)					(1,287)
Loss attributable to owners of parent			(4,156)		(4,156)					(4,156)
Purchase of treasury shares				(1)	(1)					(1)
Disposal of treasury shares		(0)		10	9					9
Net changes in items other than shareholders' equity						(927)	(100)	205	(822)	(822)
Total changes during period	–	(0)	(5,443)	8	(5,436)	(927)	(100)	205	(822)	(6,258)
Balance at end of period	17,823	7,738	30,251	(137)	55,675	792	(1,759)	(1,496)	(2,463)	53,211

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	5,731	1,125
Depreciation	4,971	5,176
Loss on retirement of property, plant and equipment	37	27
Increase (decrease) in provision for bonuses	(21)	(179)
Increase (decrease) in provision for product warranties	(1,723)	(413)
Increase (decrease) in retirement benefit liability	37	(201)
Interest and dividend income	(539)	(519)
Interest expenses	238	199
Bond issuance costs	62	5
Decrease (increase) in trade receivables	(9)	110
Decrease (increase) in inventories	(4,059)	346
Increase (decrease) in trade payables	1,101	933
Decrease (increase) in consumption taxes refund receivable	(378)	241
Decrease (increase) in accounts receivable - other	17	(9)
Impairment loss	85	472
Other, net	(394)	(920)
Subtotal	5,156	6,394
Interest and dividends received	565	517
Interest paid	(239)	(204)
Income taxes paid	(1,988)	(878)
Other, net	0	—
Net cash provided by (used in) operating activities	3,495	5,828
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,989)	(9,048)
Proceeds from sales of property, plant and equipment	5	21
Purchase of intangible assets	(320)	(212)
Proceeds from sales of investment securities	0	—
Other, net	428	(410)
Net cash provided by (used in) investing activities	(5,875)	(9,649)
Cash flows from financing activities		
Proceeds from long-term borrowings	2,500	6,000
Repayments of long-term borrowings	(7,475)	(5,750)
Proceeds from issuance of bonds	2,437	—
Redemption of bonds	(500)	(980)
Purchase of treasury shares	(2)	(1)
Repayments of lease obligations	(277)	(315)
Dividends paid	(1,287)	(1,287)
Net cash provided by (used in) financing activities	(4,603)	(2,335)
Effect of exchange rate change on cash and cash equivalents	(136)	(11)
Net increase (decrease) in cash and cash equivalents	(7,120)	(6,167)
Cash and cash equivalents at beginning of period	39,625	32,505
Cash and cash equivalents at end of period	32,505	26,337

Segment Information

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Reporting segment overview

The Company's reportable operating segments are components of an entity for which separate financial information is available and evaluated regularly by the board of directors in determining the allocation of management resources and in assessing performance.

The Shindengen Group formulates comprehensive domestic and overseas strategies for the products that its business divisions provide.

The Shindengen Group's business is organized into two reportable segments—Electronic Device Business and Car Electronics Business—which form the base of its business divisions.

The Electronic Device Business manufactures diodes, thyristors, power MOSFETs, power ICs and power modules. The Car Electronics Business mainly manufactures electronics components for motorcycles and automobiles, along with general purpose sine wave inverters.

The classification of the Company's reportable segments has changed. Prior to this change, the reportable segments were the Electronic Device Business, Car Electronics Business and Energy System & Solutions Business. Following the change, the reportable segments are the Electronic Device Business and Car Electronics Business segments. This change was due to the Company's structural shift to better suit the scale of the Energy System & Solutions Business, which now is classified under the Other category.

2. Method of calculating sales, income (loss), identifiable assets/liabilities and other items by reporting segment

The accounting method for business segments reported is based on the same method applied to consolidated financial statements. Income by reporting segment is the amount based on operating income. In addition, inter-segment sales and transfers are primarily based on market prices or manufacturing costs.

3. Net sales, income (loss), identifiable assets/liabilities and other items by reporting segment

	Millions of yen						
	Year ended March 31, 2020						
	Electronic Devices Business	Car Electronics Business	Total	Other (Notes 2)	Total	Adjustments (Notes 3)	Financial Statement Amount (Notes 4)
Net Sales							
Outside customers	¥ 30,989	¥ 51,637	¥ 82,626	¥10,338	¥92,965	¥ —	¥ 92,965
Inter-segment	6,494	2	6,497	—	6,497	(6,497)	—
Total	37,484	51,640	89,124	10,338	99,463	(6,497)	92,965
Segment income (loss)	(241)	6,022	5,780	(121)	5,659	(3,901)	1,757
Segment assets	37,680	33,553	71,233	6,717	77,951	43,608	121,560
Other items							
Depreciation and amortization	2,986	1,647	4,634	202	4,836	339	5,176
Increases in property, plant and equipment and intangible assets	3,103	1,668	4,771	67	4,839	4,562	9,402

- Notes:
1. Amounts under one million yen are omitted.
 2. The "Other" category includes activities not included in the reporting segments, and includes the Energy Systems & Solutions Business and solenoids.
 3. Details of adjustments are below:
 - (1) ¥(3,901) million posted under "Adjustments" includes "Corporate expenses" that have not been allocated to each reporting segment. "Corporate expenses" are primarily general and administrative expenses that cannot be attributed to any reporting segment.
 - (2) Segment assets totaling ¥43,608 million posted under "Adjustments" comprise corporate assets of ¥ 43,581 million not allocated to each reporting segment and other adjustments of ¥ 27 million.
 - (3) Depreciation and amortization totaling ¥ 339 million posted under "Adjustments" mainly comprises corporate expenses not attributable to each reporting segment.

- (4) The increases in property, plant and equipment and intangible assets amounting to ¥ 4,562 million posted under “Adjustments” primarily comprises corporate assets not attributable to each reporting segment.
4. Segment income (loss) is adjusted to the operating income stated on the consolidated statements of income and consolidated statements of comprehensive income.