

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

Company name: Shindengen Electric Manufacturing Co., Ltd
 Stock exchange listing: Tokyo
 Stock code: 6844 URL <https://www.shindengen.co.jp/>
 Representative: President Nobuyoshi Tanaka
 Inquiries: Manager of Corporate Planning Group, Isao Matsubara TEL 048-483-5311
 Planning Dept.
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 30, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	101,007	9.6	3,621	(34.9)	4,326	(25.8)	1,644	(72.1)
Year ended March 31, 2022	92,168	14.6	5,562	–	5,828	–	5,902	–

Note: Comprehensive income Year ended March 31, 2023 ¥6,333 million [(18.9)%]
 Year ended March 31, 2022 ¥7,808 million [–%]

	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, 2023	159.56	–	2.7	3.2	3.6
Year ended March 31, 2022	572.70	–	11.1	4.4	6.0

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

Year ended March 31, 2023 ¥25 million
 Year ended March 31, 2022 ¥165 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, 2023	138,092	62,539	45.3	6,066.34
As of March 31, 2022	135,041	57,229	42.4	5,552.41

Reference: Equity As of March 31, 2023 ¥62,539 million
 As of March 31, 2022 ¥57,229 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, 2023	2,736	(4,088)	(3,549)	25,147
Year ended March 31, 2022	8,290	(7,907)	1,273	29,161

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, 2022	–	0.00	–	100.00	100.00	1,030	17.5	1.9
Year ended March 31, 2023	–	0.00	–	130.00	130.00	1,340	81.5	2.2
Year ending March 31, 2024 (Forecast)	–	0.00	–	130.00	130.00		70.5	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	54,300	12.8	800	(45.9)	800	(64.4)	(300)	–	(29.10)
Full year	112,200	11.1	3,500	(3.4)	3,500	(19.1)	1,900	15.5	184.30

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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: Yes

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, 2023	10,338,884 shares	As of March 31, 2022	10,338,884 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	29,678 shares	As of March 31, 2022	31,820 shares
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Average number of shares during the period

Year ended March 31, 2023	10,308,757 shares	Year ended March 31, 2022	10,306,719 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	81,793	3.7	(631)	—	1,324	(70.7)	307	(92.8)
Year ended March 31, 2022	78,842	14.7	2,921	—	4,517	60.5	4,275	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2023	29.88		—	
Year ended March 31, 2022	414.83		—	

(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, 2023	107,926		42,159		39.1		4,089.48	
As of March 31, 2022	111,353		42,712		38.4		4,143.97	

Reference: Equity As of March 31, 2023 ¥42,159 million
 As of March 31, 2022 ¥42,712 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)

The forward-looking statements, including the financial results forecast shown in this document, are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may also differ materially due to various factors.

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

The Company plans to hold a presentation of the financial results for securities analysts and institutional investors on May 19, 2023.

The earnings results briefing materials distributed at the meeting will be posted promptly on the Company website after the meeting is held.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	29,613	25,147
Notes and accounts receivable - trade	18,919	19,421
Merchandise and finished goods	8,790	11,318
Work in process	5,561	6,085
Raw materials and supplies	13,938	17,465
Other	5,156	6,026
Allowance for doubtful accounts	(22)	(23)
Total current assets	81,958	85,440
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,962	17,287
Machinery, equipment and vehicles, net	8,907	9,266
Land	4,560	4,357
Leased assets, net	905	693
Construction in progress	1,753	1,820
Other, net	1,984	2,126
Total property, plant and equipment	36,073	35,553
Intangible assets		
Software	454	622
Leased assets	8	2
Other	284	59
Total intangible assets	747	684
Investments and other assets		
Investment securities	14,807	14,876
Deferred tax assets	703	659
Retirement benefit asset	36	90
Other	760	831
Allowance for doubtful accounts	(46)	(42)
Total investments and other assets	16,262	16,414
Total non-current assets	53,083	52,652
Total assets	135,041	138,092

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,657	17,668
Short-term borrowings	5,100	5,895
Current portion of bonds payable	1,450	1,500
Lease liabilities	331	375
Income taxes payable	414	239
Provision for bonuses	951	965
Asset retirement obligations	–	80
Other	4,907	5,737
Total current liabilities	29,813	32,462
Non-current liabilities		
Bonds payable	3,850	2,350
Long-term borrowings	28,275	26,780
Lease liabilities	874	629
Deferred tax liabilities	334	2,707
Retirement benefit liability	12,217	8,594
Provision for product warranties	1,589	1,180
Asset retirement obligations	803	801
Other	55	47
Total non-current liabilities	47,999	43,091
Total liabilities	77,812	75,553
Net assets		
Shareholders' equity		
Share capital	17,823	17,823
Capital surplus	7,733	7,733
Retained earnings	29,949	30,563
Treasury shares	(117)	(109)
Total shareholders' equity	55,388	56,010
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,396	2,559
Foreign currency translation adjustment	(871)	893
Remeasurements of defined benefit plans	314	3,076
Total accumulated other comprehensive income	1,840	6,528
Total net assets	57,229	62,539
Total liabilities and net assets	135,041	138,092

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	92,168	101,007
Cost of sales	73,528	83,222
Gross profit	18,639	17,784
Selling, general and administrative expenses	13,077	14,163
Operating profit	5,562	3,621
Non-operating income		
Interest income	62	198
Dividend income	363	404
Share of profit of entities accounted for using equity method	165	25
Foreign exchange gains	140	428
Royalty income	3	3
Other	157	359
Total non-operating income	893	1,420
Non-operating expenses		
Interest expenses	245	253
Other	381	462
Total non-operating expenses	627	715
Ordinary profit	5,828	4,326
Extraordinary income		
Gain on sale of investment securities	1,033	67
Gain on sale of non-current assets	64	–
Total extraordinary income	1,098	67
Extraordinary losses		
Impairment losses	–	320
Loss on valuation of investments in capital of subsidiaries and associates	68	–
Loss on valuation of investment securities	36	–
Loss on sale of investment securities	0	–
Total extraordinary losses	105	320
Profit before income taxes	6,821	4,073
Income taxes - current	1,376	1,150
Income taxes - deferred	(458)	1,277
Total income taxes	918	2,428
Profit	5,902	1,644

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit attributable to		
Profit attributable to owners of parent	5,902	1,644
Other comprehensive income		
Valuation difference on available-for-sale securities	(501)	162
Foreign currency translation adjustment	1,663	1,749
Remeasurements of defined benefit plans, net of tax	599	2,761
Share of other comprehensive income of entities accounted for using equity method	143	15
Total other comprehensive income	1,905	4,688
Comprehensive income	7,808	6,333
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,808	6,333
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(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	7,731	24,046	(122)	49,478	2,897	(2,678)	(284)	(65)	49,413
Changes during period										
Dividends of surplus			–		–					–
Profit attributable to owners of parent			5,902		5,902					5,902
Purchase of treasury shares				(1)	(1)					(1)
Disposal of treasury shares		2		7	9					9
Net changes in items other than shareholders' equity						(501)	1,807	599	1,905	1,905
Total changes during period	–	2	5,902	5	5,910	(501)	1,807	599	1,905	7,815
Balance at end of period	17,823	7,733	29,949	(117)	55,388	2,396	(871)	314	1,840	57,229

Fiscal year ended March 31, 2023

(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	7,733	29,949	(117)	55,388	2,396	(871)	314	1,840	57,229
Changes during period										
Dividends of surplus			(1,030)		(1,030)					(1,030)
Profit attributable to owners of parent			1,644		1,644					1,644
Purchase of treasury shares				(1)	(1)					(1)
Disposal of treasury shares		(0)		9	9					9
Net changes in items other than shareholders' equity						162	1,764	2,761	4,688	4,688
Total changes during period	–	(0)	614	7	621	162	1,764	2,761	4,688	5,310
Balance at end of period	17,823	7,733	30,563	(109)	56,010	2,559	893	3,076	6,528	62,539

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,821	4,073
Depreciation	5,548	5,714
Increase (decrease) in provision for bonuses	187	13
Increase (decrease) in provision for product warranties	(307)	(409)
Increase (decrease) in retirement benefit liability	233	213
Interest and dividend income	(426)	(603)
Interest expenses	245	253
Decrease (increase) in trade receivables	267	352
Decrease (increase) in inventories	(4,440)	(5,470)
Increase (decrease) in trade payables	1,373	(470)
Decrease (increase) in consumption taxes refund receivable	796	(1,656)
Decrease (increase) in accounts receivable - other	14	395
Impairment losses	–	320
Loss (gain) on sale of investment securities	(1,032)	(67)
Other, net	(312)	739
Subtotal	8,969	3,398
Interest and dividends received	463	611
Interest paid	(245)	(253)
Income taxes paid	(896)	(1,020)
Net cash provided by (used in) operating activities	8,290	2,736
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,931)	(4,731)
Proceeds from sale of property, plant and equipment	324	48
Purchase of intangible assets	(155)	(188)
Proceeds from sale of investment securities	1,143	123
Proceeds from sale of shares of subsidiaries and associates	–	149
Other, net	(289)	511
Net cash provided by (used in) investing activities	(7,907)	(4,088)
Cash flows from financing activities		
Proceeds from long-term borrowings	8,300	4,400
Repayments of long-term borrowings	(5,125)	(5,100)
Redemption of bonds	(1,525)	(1,455)
Purchase of treasury shares	(1)	(1)
Repayments of lease liabilities	(374)	(361)
Dividends paid	–	(1,030)
Net cash provided by (used in) financing activities	1,273	(3,549)
Effect of exchange rate change on cash and cash equivalents	858	886
Net increase (decrease) in cash and cash equivalents	2,515	(4,014)
Cash and cash equivalents at beginning of period	26,646	29,161
Cash and cash equivalents at end of period	29,161	25,147

Notes Pertaining to Going Concern Assumption

None

Changes in accounting estimates

Changes to number of years of expense processing for differences in actuarial valuation related to retirement benefits

The number of years of expense processing related to retirement benefits was previously processed as 15 years based on the average remaining number of years of employment of employees, however in some consolidated subsidiaries where the average remaining number of years of employment of employees is less than 15 years, this has been changed to 12 years from the relevant 1st quarter consolidated accounting period.

As a result the operating profit, ordinary profit, and tax, etc. adjusted previous quarter net earnings for the current consolidated accounting period have each been reduced by 30 million yen.

Additional Information

Revision of retirement benefit system

Shindengen and some consolidated subsidiaries have revised portions of the retirement benefit system on September 1, 2022.

As a result, liabilities for retirement benefits and retirement benefit expenses decreased by 3,898 million yen and 258 million yen, respectively, while accumulated retirement benefit adjustments and deferred tax liabilities increased by 2,525 million yen and 1,114 million yen, respectively, during the current consolidated accounting period.

Sell stocks of a subsidiary

Shindengen has concluded an agreement to transfer all shares of NAPINO AUTO AND ELECTRONICS LIMITED (Hereinafter "NAPINO") held by Shindengen to an affiliate of NAPINO on 30th March,2023.

(1)Reason for transfer of shares

Since 2001, Shindengen has invested in and collaborated with NAPINO, which conducted business with major manufacturers in India, in order to expand our business in the India two-wheel vehicle market. In 2012, Shindengen established the 100% wholly owned subsidiary SHINDENGEN INDIA PRIVATE LIMITED, and steadily expanded our business in India. However, in recent years the shift to EV in the India two-wheel vehicle market has accelerated, and Shindengen has thus agreed to sell our shares in NAPINO, which we primarily invested in for the development of internal combustion engine applications.

(2)Share transfer to

VRAHEJA TRADING PRIVATE LIMITED

(3)Share transfer date

May 31, 2023

(4)Summary of NAPINO

①Name : NAPINO AUTO AND ELECTRONICS LIMITED

②Main Business : Manufacturing and sales of electric equipment

③Shindengen's shareholding ratio : 22.57%

(5)Profit and loss

We expect to record an extraordinary loss of 341 million yen as a loss on sale of investments for the fiscal year ending March 2024.

Segment Information

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

	Millions of yen						
	Year ended March 31, 2023						
	Electronic Device	Car Electronics	Total	Other (Notes 1)	Total	Adjustments (Notes 2)	Quarterly Consolidated Statements of Income and Comprehensive Income (Notes 3)
Net Sales							
Outside customers	¥ 37,232	¥56,984	¥94,216	¥ 6,790	¥ 101,007	—	¥101,007
Inter-segment	6,879	5	6,885	—	6,885	(6,885)	—
Total	44,112	56,989	101,101	6,790	107,892	(6,885)	101,007
Segment income	¥2,944	¥ 5,281	¥8,226	¥(72)	¥8,153	¥ (4,532)	¥ 3,621
Segment assets	47,366	45,721	93,088	8,981	102,069	36,023	138,092
Other items							
Depreciation and amortization	3,131	2,160	5,292	237	5,530	184	5,714
Increases in property, plant and equipment and intangible assets	2,596	2,007	4,604	178	4,782	141	4,924

Notes: 1. The “Other” category includes activities not included in the reporting segments, such as the Energy Systems & Solutions Business and solenoids.

2. Details of adjustments are below:

- (1) ¥ (4,532) 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 ¥36,023 million posted under “Adjustments” comprise corporate assets of ¥ 35,781 million not allocated to each reporting segment and other adjustments of ¥ 241 million.
- (3) Depreciation and amortization totaling ¥ 184 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 ¥ 141 million posted under “Adjustments” primarily comprises corporate assets not attributable to each reporting segment.

3. Segment income is adjusted to the operating income stated on the consolidated statements of income and consolidated statements of comprehensive income.