

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2022
(Based on Japanese GAAP)**

November 8, 2022

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 Isao matsubara TEL 048-483-5311
 Group, Planning Dept.
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2022	48,124	4.9	1,479	(57.6)	2,244	(33.8)	1,540	(54.8)
Six months ended September 30, 2021	45,882	30.0	3,487	–	3,390	–	3,404	–

Note: Comprehensive income Six months ended September 30, 2022 ¥6,878 million [84.1%]
 Six months ended September 30, 2021 ¥3,736 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	149.42		–	
Six months ended September 30, 2021	330.31		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	140,400	63,085	44.9
As of March 31, 2022	135,041	57,229	42.4

Reference: Equity As of September 30, 2022 ¥63,085 million
 As of March 31, 2022 ¥57,229 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	0.00	–	100.00	100.00
Year ending March 31, 2023	–	0.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	130.00	130.00

Note: Revision of cash dividend forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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
Full year	107,400	16.5	4,800	(13.7)	5,400	(7.4)	4,300	(27.2)	417.12

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2022	10,338,884 shares	As of March 31, 2022	10,338,884 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2022	29,476 shares	As of March 31, 2022	31,820 shares
--------------------------	---------------	----------------------	---------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	10,308,251 shares	Six months ended September 30, 2021	10,306,340 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

* Quarterly financial results reports are exempt from quarterly reviews 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 differ materially due to various factors.

(How to obtain a copy of the earnings results briefing materials)

The Company plans to hold a meeting for analysts and institutional investors on November 15, 2022 (Tuesday). The earnings results briefing materials distributed at the meeting will be posted promptly on the Company website after the meeting is held.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	29,613	28,901
Notes and accounts receivable - trade	18,919	19,084
Merchandise and finished goods	8,790	12,670
Work in process	5,561	6,263
Raw materials and supplies	13,938	16,272
Other	5,156	4,226
Allowance for doubtful accounts	(22)	(25)
Total current assets	81,958	87,393
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,962	17,879
Machinery, equipment and vehicles, net	8,907	9,549
Land	4,560	4,654
Leased assets, net	905	857
Construction in progress	1,753	1,696
Other, net	1,984	2,129
Total property, plant and equipment	36,073	36,766
Intangible assets		
Software	454	459
Leased assets	8	5
Other	284	212
Total intangible assets	747	677
Investments and other assets		
Investment securities	14,807	14,028
Deferred tax assets	703	761
Other	797	815
Allowance for doubtful accounts	(46)	(42)
Total investments and other assets	16,262	15,562
Total non-current assets	53,083	53,006
Total assets	135,041	140,400

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,657	17,307
Short-term borrowings	5,100	5,200
Current portion of bonds payable	1,450	1,500
Lease liabilities	331	427
Income taxes payable	414	522
Provision for bonuses	951	990
Other	4,907	6,293
Total current liabilities	29,813	32,241
Non-current liabilities		
Bonds payable	3,850	3,050
Long-term borrowings	28,275	28,975
Lease liabilities	874	781
Deferred tax liabilities	334	1,223
Retirement benefit liability	12,217	8,714
Provision for product warranties	1,589	1,482
Asset retirement obligations	803	793
Other	55	53
Total non-current liabilities	47,999	45,073
Total liabilities	77,812	77,315
Net assets		
Shareholders' equity		
Share capital	17,823	17,823
Capital surplus	7,733	7,733
Retained earnings	29,949	30,458
Treasury shares	(117)	(108)
Total shareholders' equity	55,388	55,906
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,396	1,799
Foreign currency translation adjustment	(871)	2,390
Remeasurements of defined benefit plans	314	2,987
Total accumulated other comprehensive income	1,840	7,178
Total net assets	57,229	63,085
Total liabilities and net assets	135,041	140,400

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	45,882	48,124
Cost of sales	36,020	39,539
Gross profit	9,861	8,584
Selling, general and administrative expenses	6,373	7,105
Operating profit	3,487	1,479
Non-operating income		
Interest income	31	53
Dividend income	189	212
Foreign exchange gains	–	695
Share of profit of entities accounted for using equity method	86	35
Royalty income	3	3
Other	98	88
Total non-operating income	408	1,088
Non-operating expenses		
Interest expenses	121	122
Foreign exchange losses	196	–
Restoration cost	–	69
Other	188	130
Total non-operating expenses	506	323
Ordinary profit	3,390	2,244
Extraordinary income		
Gain on sale of investment securities	1,025	–
Gain on sale of non-current assets	64	–
Total extraordinary income	1,089	–
Extraordinary losses		
Loss on valuation of investment securities	36	–
Total extraordinary losses	36	–
Profit before income taxes	4,443	2,244
Income taxes - current	972	805
Income taxes - deferred	66	(101)
Total income taxes	1,039	703
Profit	3,404	1,540
Profit attributable to		
Profit attributable to owners of parent	3,404	1,540
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	(570)	(597)
Foreign currency translation adjustment	835	3,053
Remeasurements of defined benefit plans, net of tax	54	2,673
Share of other comprehensive income of entities accounted for using equity method	13	208
Total other comprehensive income	332	5,338
Comprehensive income	3,736	6,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,736	6,878
Comprehensive income attributable to non-controlling interests	–	–

Notes Pertaining to Going Concern Assumption

None

Notes on Significant Changes in the Amount of Shareholders' Equity

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 2nd quarter consolidated accounting period have each been reduced by 15 million yen.

Additional Information

Impact of COVID-19 infections on accounting estimates

There have been no significant changes during the 2nd quarter consolidated accounting period regarding to the impact of COVID-19 infections on operations noted in the FY2021 Annual Securities Report (Important Accounting Estimates).

Revision of retirement benefit system

Our company 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 3,833 million yen and 41 million yen, respectively, while accumulated retirement benefit adjustments and deferred tax liabilities increased by 2,630 million yen and 1,161 million yen, respectively, during the current 2nd quarter consolidated accounting period.

Segment Information

Year ended September 30, 2022 (April 1, 2022 to September 30, 2022)

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

Millions of yen							
Year ended September 30, 2022							
	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	¥ 19,011	¥26,511	¥45,523	¥ 2,600	¥ 48,124	—	¥48,124
Inter-segment	3,196	—	3,196	—	3,196	(3,196)	—
Total	22,208	26,511	48,720	2,600	51,320	(3,196)	48,124
Segment income							
	¥1,830	¥ 2,229	¥4,060	¥(234)	¥3,825	¥ (2,346)	¥ 1,479

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

2. ¥ (2,346) 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.

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

2. Changes in reporting segments, etc.

The Company's reporting segments comprise product segments based on the business divisions. Effective April 1, 2022, the segmentation of product administration was changed in part.

As a result, some product groups were transferred from the Car Electronics Business to the Other Business, starting in the first quarter ended June 30, 2022.