

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, 2020 (Based on Japanese GAAP)

November 6, 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 to file Quarterly Securities Report: November 12, 2020
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	35,288	(22.3)	(1,954)	–	(2,046)	–	(4,994)	–
Six months ended September 30, 2019	45,431	(2.5)	994	(66.2)	991	(68.9)	907	(61.0)

Note: Comprehensive income Six months ended September 30, 2020 ¥(5,072) million [–%]
 Six months ended September 30, 2019 ¥658 million [(13.8)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	(484.71)		–	
Six months ended September 30, 2019	88.05		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	126,819	47,504	37.5
As of March 31, 2020	121,560	53,211	43.8

Reference: Equity As of September 30, 2020 ¥47,504 million
 As of March 31, 2020 ¥53,211 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, 2020	–	0.00	–	62.50	62.50
Year ending March 31, 2021	–	0.00			
Year ending March 31, 2021 (Forecast)			–	0.00	0.00

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

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

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	76,288	(17.9)	(3,154)	–	(3,146)	–	(7,194)	–	(698.12)

Note: Revision of consolidated financial results forecast most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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: No
- 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, 2020	10,338,884 shares	As of March 31, 2020	10,338,884 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2020	33,054 shares	As of March 31, 2020	37,120 shares
--------------------------	---------------	----------------------	---------------

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

Six months ended September 30, 2020	10,303,794 shares	Six months ended September 30, 2019	10,300,728 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 13, 2020 (Friday). 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, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	26,337	34,112
Notes and accounts receivable - trade	18,957	13,760
Merchandise and finished goods	7,638	9,625
Work in process	4,559	4,956
Raw materials and supplies	11,184	12,682
Other	4,836	3,336
Allowance for doubtful accounts	(18)	(17)
Total current assets	73,494	78,456
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,045	6,408
Machinery, equipment and vehicles, net	9,948	8,961
Land	5,372	5,242
Leased assets, net	1,102	964
Construction in progress	5,326	9,101
Other, net	1,594	1,783
Total property, plant and equipment	31,388	32,461
Intangible assets		
Software	819	744
Leased assets	19	16
Other	449	285
Total intangible assets	1,287	1,046
Investments and other assets		
Investment securities	12,455	13,321
Deferred tax assets	2,137	761
Other	843	819
Allowance for doubtful accounts	(48)	(48)
Total investments and other assets	15,388	14,854
Total non-current assets	48,065	48,362
Total assets	121,560	126,819

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,094	11,202
Short-term borrowings	4,525	22,125
Current portion of bonds payable	1,475	1,575
Lease obligations	336	346
Income taxes payable	150	81
Provision for bonuses	931	795
Other	5,917	7,489
Total current liabilities	29,429	43,615
Non-current liabilities		
Bonds payable	4,825	4,050
Long-term borrowings	15,200	12,875
Lease obligations	873	890
Deferred tax liabilities	777	880
Retirement benefit liability	14,781	14,672
Provision for product warranties	2,276	2,143
Asset retirement obligations	140	140
Other	44	46
Total non-current liabilities	38,918	35,699
Total liabilities	68,348	79,315
Net assets		
Shareholders' equity		
Share capital	17,823	17,823
Capital surplus	7,738	7,731
Retained earnings	30,251	24,613
Treasury shares	(137)	(122)
Total shareholders' equity	55,675	50,046
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	792	1,421
Foreign currency translation adjustment	(1,759)	(2,593)
Remeasurements of defined benefit plans	(1,496)	(1,370)
Total accumulated other comprehensive income	(2,463)	(2,541)
Total net assets	53,211	47,504
Total liabilities and net assets	121,560	126,819

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

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	45,431	35,288
Cost of sales	38,159	31,481
Gross profit	7,272	3,807
Selling, general and administrative expenses	6,278	5,762
Operating profit (loss)	994	(1,954)
Non-operating income		
Interest income	70	42
Dividend income	196	162
Share of profit of entities accounted for using equity method	147	–
Royalty income	19	15
Subsidy income	–	94
Other	74	64
Total non-operating income	509	379
Non-operating expenses		
Interest expenses	92	107
Foreign exchange losses	294	227
Share of loss of entities accounted for using equity method	–	16
Other	126	120
Total non-operating expenses	513	472
Ordinary profit (loss)	991	(2,046)
Extraordinary losses		
Impairment loss	9	1,357
Loss due to new coronavirus infection	–	148
Total extraordinary losses	9	1,506
Profit (loss) before income taxes	982	(3,553)
Income taxes - current	581	266
Income taxes - deferred	(506)	1,175
Total income taxes	75	1,441
Profit (loss)	907	(4,994)
Profit attributable to		
Profit (loss) attributable to owners of parent	907	(4,994)
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	629
Foreign currency translation adjustment	(265)	(820)
Remeasurements of defined benefit plans, net of tax	119	126
Share of other comprehensive income of entities accounted for using equity method	(100)	(13)
Total other comprehensive income	(248)	(77)
Comprehensive income	658	(5,072)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	658	(5,072)
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

Additional Information

With the spreading of COVID-19, the demand of our mainstay mobility products have dropped significantly. Under this circumstance and with consideration of other economic forecasts, we are setting accounting estimates, such as realizability of deferred tax assets, as this impact of COVID-19 will continue till the end of fiscal 2020.

Segment Information

Year ended September 30, 2020 (April 1, 2020 to September 30, 2020)

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

Millions of yen							
Year ended September 30, 2020							
	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	¥ 13,110	¥ 18,069	¥ 31,180	¥ 4,108	¥ 35,288	¥ —	¥ 35,288
Inter-segment	2,173	0	2,173	—	2,173	(2,173)	—
Total	15,283	18,070	33,354	4,108	37,462	(2,173)	35,288
Segment income (loss)	¥ (672)	¥ 295	¥ 376	¥ 98	¥(278)	¥ (1,676)	¥ (1,954)

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

2. ¥ (1,676) 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 (loss) is adjusted to the operating income stated on the consolidated statements of income and consolidated statements of comprehensive income.

2. Fixed asset impairment loss and amortization of goodwill, etc. related information by reporting segment

In the current 2nd quarter accounting period, it has been decided to cease research and development functions and business operation functions at the Hanno Factory, and cease operations at the Koma Factory, so the fixed asset book values have been reduced to the recoverable amounts, and the reduction amounts have been allocated as impairment losses under "other" and as company-wide assets which are not otherwise allotted in each reporting segment.

The reported amounts of these impairment losses are 104 million yen under "Other" and 1,253 million yen under company-wide assets not allocated to each reporting segment.