

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

February 8, 2021

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: February 10, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	57,333	(17.0)	(1,291)	–	(1,320)	–	(4,088)	–
Nine months ended December 31, 2019	69,096	(2.5)	1,989	(55.3)	2,001	(57.9)	1,626	(54.2)

Note: Comprehensive income
 Nine months ended December 31, 2020 ¥(4,111) million [–%]
 Nine months ended December 31, 2019 ¥2,342 million [166.1%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	(396.80)		–	
Nine months ended December 31, 2019	157.86		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	127,025	48,464	38.2
As of March 31, 2020	121,560	53,211	43.8

Reference: Equity
 As of December 31, 2020 ¥48,464 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	79,500	(14.5)	(1,600)	–	(2,100)	–	(5,815)	–	(564.30)

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

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2020	10,338,884 shares	As of March 31, 2020	10,338,884 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	33,217 shares	As of March 31, 2020	37,120 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2020	10,304,437 shares	Nine months ended December 31, 2019	10,301,098 shares
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* 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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	26,337	33,136
Notes and accounts receivable - trade	18,957	16,756
Merchandise and finished goods	7,638	8,542
Work in process	4,559	4,805
Raw materials and supplies	11,184	11,444
Other	4,836	3,819
Allowance for doubtful accounts	(18)	(20)
Total current assets	73,494	78,482
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,045	6,156
Machinery, equipment and vehicles, net	9,948	8,580
Land	5,372	5,184
Leased assets, net	1,102	975
Construction in progress	5,326	9,267
Other, net	1,594	1,826
Total property, plant and equipment	31,388	31,991
Intangible assets		
Software	819	674
Leased assets	19	14
Other	449	272
Total intangible assets	1,287	962
Investments and other assets		
Investment securities	12,455	14,237
Deferred tax assets	2,137	565
Other	843	835
Allowance for doubtful accounts	(48)	(48)
Total investments and other assets	15,388	15,588
Total non-current assets	48,065	48,542
Total assets	121,560	127,025

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,094	12,638
Short-term borrowings	4,525	22,150
Current portion of bonds payable	1,475	1,550
Lease obligations	336	331
Income taxes payable	150	52
Provision for bonuses	931	–
Other	5,917	7,368
Total current liabilities	29,429	44,090
Non-current liabilities		
Bonds payable	4,825	3,675
Long-term borrowings	15,200	11,825
Lease obligations	873	914
Deferred tax liabilities	777	1,115
Retirement benefit liability	14,781	14,724
Provision for product warranties	2,276	2,028
Asset retirement obligations	140	140
Other	44	45
Total non-current liabilities	38,918	34,469
Total liabilities	68,348	78,560
Net assets		
Shareholders' equity		
Share capital	17,823	17,823
Capital surplus	7,738	7,731
Retained earnings	30,251	25,519
Treasury shares	(137)	(122)
Total shareholders' equity	55,675	50,951
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	792	2,180
Foreign currency translation adjustment	(1,759)	(3,347)
Remeasurements of defined benefit plans	(1,496)	(1,320)
Total accumulated other comprehensive income	(2,463)	(2,486)
Total net assets	53,211	48,464
Total liabilities and net assets	121,560	127,025

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

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	69,096	57,333
Cost of sales	57,690	49,958
Gross profit	11,405	7,375
Selling, general and administrative expenses	9,416	8,666
Operating profit (loss)	1,989	(1,291)
Non-operating income		
Interest income	102	58
Dividend income	315	263
Share of profit of entities accounted for using equity method	180	38
Royalty income	19	15
Other	95	220
Total non-operating income	712	596
Non-operating expenses		
Interest expenses	141	159
Foreign exchange losses	357	315
Other	201	150
Total non-operating expenses	700	625
Ordinary profit (loss)	2,001	(1,320)
Extraordinary income		
Gain on sales of investment securities	–	333
Total extraordinary income	–	333
Extraordinary losses		
Impairment loss	12	1,357
Loss related to COVID-19	–	147
Total extraordinary losses	12	1,504
Profit (loss) before income taxes	1,989	(2,492)
Income taxes - current	776	346
Income taxes - deferred	(413)	1,250
Total income taxes	363	1,596
Profit (loss)	1,626	(4,088)
Profit attributable to		
Profit (loss) attributable to owners of parent	1,626	(4,088)
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	832	1,388
Foreign currency translation adjustment	(212)	(1,535)
Remeasurements of defined benefit plans, net of tax	185	176
Share of other comprehensive income of entities accounted for using equity method	(88)	(51)
Total other comprehensive income	716	(22)
Comprehensive income	2,342	(4,111)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,342	(4,111)
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 December 31, 2020 (April 1, 2020 to December 31, 2020)

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

	Millions of yen						Quarterly Consolidated Statements of Income and Comprehensive Income (Notes 3)
	Year ended December 31 2020						
	Electronic Device	Car Electronics	Total	Other (Notes 1)	Total	Adjustments (Notes 2)	
Net Sales							
Outside customers	¥ 20,867	¥ 29,568	¥ 50,436	¥ 6,897	¥ 57,333	¥ —	¥ 57,333
Inter-segment	3,438	1	3,439	—	3,439	(3,439)	—
Total	24,306	29,569	53,875	6,897	60,773	(3,439)	57,333
Segment income (loss)	¥ (121)	¥ 915	¥ 793	¥ 429	¥ 1,223	¥ (2,515)	¥ (1,291)

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

2. ¥ (2,515) 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.