

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

August 5, 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 048-483-5311  
 Planning Dept.  
 Scheduled date to file Quarterly Securities Report: August 6, 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 three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

#### (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	%
Three months ended June 30, 2021	22,499	17.9	1,635	–	1,559	–	1,741	–
Three months ended June 30, 2020	19,078	(15.0)	(434)	–	(602)	–	(733)	–

Note: Comprehensive income Three months ended June 30, 2021 ¥2,171 million [–%]  
 Three months ended June 30, 2020 ¥(1,661) million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	168.98		–	
Three months ended June 30, 2020	(71.19)		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	129,659	51,583	39.8
As of March 31, 2021	127,806	49,413	38.7

Reference: Equity As of June 30, 2021 ¥51,583 million  
 As of March 31, 2021 ¥49,413 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, 2021	–	0.00	–	0.00	0.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	0.00	–	100.00	100.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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, 2021	45,800	29.8	3,100	–	3,000	–	3,100	–	300.81
Full year	94,600	17.6	5,900	–	5,800	–	5,800	–	562.81

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

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021  
(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: Yes
- 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 June 30, 2021	10,338,884 shares	As of March 31, 2021	10,338,884 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	33,553 shares	As of March 31, 2021	33,380 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	10,305,447 shares	Three months ended June 30, 2020	10,301,731 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, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	26,646	31,278
Notes and accounts receivable - trade	18,589	18,357
Merchandise and finished goods	7,593	7,879
Work in process	4,500	4,676
Raw materials and supplies	10,976	11,446
Other	5,989	2,788
Allowance for doubtful accounts	(21)	(22)
Total current assets	74,273	76,404
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,594	18,061
Machinery, equipment and vehicles, net	8,596	8,574
Land	4,535	4,540
Leased assets, net	1,237	1,188
Construction in progress	13,217	2,026
Other, net	1,909	2,184
Total property, plant and equipment	36,090	36,575
Intangible assets		
Software	648	622
Leased assets	13	12
Other	294	253
Total intangible assets	956	887
Investments and other assets		
Investment securities	15,370	14,531
Deferred tax assets	334	332
Other	829	976
Allowance for doubtful accounts	(48)	(48)
Total investments and other assets	16,485	15,792
Total non-current assets	53,532	53,255
Total assets	127,806	129,659

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	14,443	15,473
Short-term borrowings	5,125	5,375
Current portion of bonds payable	1,525	1,500
Lease obligations	464	444
Income taxes payable	48	152
Provision for bonuses	763	–
Other	9,301	9,472
<b>Total current liabilities</b>	<b>31,670</b>	<b>32,418</b>
<b>Non-current liabilities</b>		
Bonds payable	5,300	4,925
Long-term borrowings	25,075	23,675
Lease obligations	1,065	1,042
Deferred tax liabilities	406	478
Retirement benefit liability	12,760	12,852
Provision for product warranties	1,897	1,827
Asset retirement obligations	170	802
Other	47	54
<b>Total non-current liabilities</b>	<b>46,722</b>	<b>45,657</b>
<b>Total liabilities</b>	<b>78,393</b>	<b>78,076</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	17,823	17,823
Capital surplus	7,731	7,731
Retained earnings	24,046	25,787
Treasury shares	(122)	(123)
<b>Total shareholders' equity</b>	<b>49,478</b>	<b>51,219</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,897	2,428
Foreign currency translation adjustment	(2,678)	(1,798)
Remeasurements of defined benefit plans	(284)	(265)
<b>Total accumulated other comprehensive income</b>	<b>(65)</b>	<b>364</b>
<b>Total net assets</b>	<b>49,413</b>	<b>51,583</b>
<b>Total liabilities and net assets</b>	<b>127,806</b>	<b>129,659</b>

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

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	19,078	22,499
Cost of sales	16,522	17,693
Gross profit	2,556	4,805
Selling, general and administrative expenses	2,991	3,170
Operating profit (loss)	(434)	1,635
Non-operating income		
Interest income	23	17
Dividend income	133	185
Share of profit of entities accounted for using equity method	–	8
Royalty income	14	3
Other	32	52
Total non-operating income	204	267
Non-operating expenses		
Interest expenses	52	59
Foreign exchange losses	194	172
Share of loss of entities accounted for using equity method	60	–
Other	64	111
Total non-operating expenses	372	343
Ordinary profit (loss)	(602)	1,559
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
Loss due to new coronavirus infection	79	–
Total extraordinary losses	79	36
Profit (loss) before income taxes	(681)	2,612
Income taxes - current	239	606
Income taxes - deferred	(188)	265
Total income taxes	51	871
Profit (loss)	(733)	1,741
Profit attributable to		
Profit (loss) attributable to owners of parent	(733)	1,741
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	777	(469)
Foreign currency translation adjustment	(1,747)	905
Remeasurements of defined benefit plans, net of tax	68	18
Share of other comprehensive income of entities accounted for using equity method	(25)	(25)
Total other comprehensive income	(928)	429
Comprehensive income	(1,661)	2,171
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,661)	2,171
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 to accounting policy

#### Application of Accounting Standards on Revenue Recognition, etc.

From the beginning of the 1st quarter consolidated accounting period, the "Accounting Standards on Revenue Recognition" (Corporate Accounting Standards No. 29, March 31, 2020. Hereinafter referred to as the "Revenue Recognition Accounting Standards".) will be applied, which will recognize the amounts of money expected to be received in exchanges for goods or services as revenue at the point that control of said promised goods or services is transferred to the customer. This will result in a portion of the expenditure paid to suppliers for the purposes of sales promotions, and which was originally accounted for as distribution costs and general administrative costs, being instead accounted for as deductions from sales starting from the beginning of the 1st quarter consolidated accounting period. In addition, regarding transactions where Shindengen acts as distributor in sales of products to customers, originally the entire amount of the counter value received from customers was recognized as revenue, however now the net amount, minus the amount paid to third parties from the total amount of the relevant counter value, will instead be recognized as the revenue. The application of the Revenue Recognition Accounting Standards, etc. is in accordance with the transient handling specified in the provisions of Item 84 of the Revenue Recognition Accounting Standards, and the cumulative amount of financial impact if the new accounting policy is retroactively applied to periods before the start of this 1st quarter consolidated accounting period, will be used to adjust the accumulated earnings at the start of this 1st quarter consolidated accounting period, with the new accounting policy be applied from the relevant opening balance for the period.

As a result, the sales for the relevant 1st quarter consolidated accounting period will decrease to 236 million yen, while cost of goods sold will decrease to 233 million yen, and both distribution costs and general administrative costs will decrease to 2 million yen, however this will have no impact on the operating income, ordinary income, or pre-tax adjustment net income for the quarter. This will also have no impact on the accumulated earnings balance for the relevant period. In addition, in accordance with the transient handling stipulated in Revenue Recognition Accounting Standards Item 89-2, no reclassification via new indication methods will be carried out for the previous consolidated accounting fiscal year.

#### Application of Accounting Standards on Fair Value Accounting, etc.

In the future, the Accounting Standards on Fair Value Accounting will be applied, however this will have no impact on the quarter consolidated financial statements.

### Additional Information

#### Method of depreciation of tangible fixed assets

Shindengen uses the fixed amount methods as the method of depreciation of tangible fixed assets.

#### Impact of COVID-19 infections on accounting estimates

There have been no significant changes during the 1st quarter consolidated accounting period regarding to the impact of COVID-19 infections on operations noted in the FY2020 Annual Securities Report (Important Accounting Estimates).

## Segment Information

Year ended June 30, 2021 (April 1, 2021 to June 30, 2021)

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

Millions of yen							
Year ended June 30, 2021							
	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	¥ 9,065	¥11,704	¥20,770	¥ 1,729	¥ 22,499	—	¥22,499
Inter-segment	1,536	0	1,537	—	1,537	(1,537)	—
<b>Total</b>	<b>10,602</b>	<b>11,704</b>	<b>22,307</b>	<b>1,729</b>	<b>24,037</b>	<b>(1,537)</b>	<b>22,499</b>
Segment income							
	¥1,499	¥ 985	¥2,485	¥ 99	¥2,584	¥ (949)	¥ (1,635)

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

2. ¥ (949) 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.

As stated in the Changes to accounting policy, from the beginning of the 1<sup>st</sup> quarter consolidated accounting period, the Revenue Recognition Accounting Standards will be applied.

As a result, net sales for 1st quarter consolidated accounting period decreased by 2 million yen in the Electronic Device segment, 0 million yen in the Car Electronics segment, and 233 million yen in the Other segment respectively, compared to before the application of the Revenue Recognition Accounting Standards.

There is no impact of this change on segment income.