

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 12, 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 Group, Isao matsubara TEL 048-483-5311  
 Planning Dept.  
 Scheduled date of ordinary general meeting of shareholders: June 29, 2022  
 Scheduled date to file Securities Report: June 30, 2022  
 Scheduled date to commence dividend payments: June 30, 2022  
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	92,168	14.6	5,562	–	5,828	–	5,902	–
Year ended March 31, 2021	80,437	(13.5)	(1,080)	–	(1,164)	–	(5,561)	–

Note: Comprehensive income Year ended March 31, 2022 ¥7,808 million [–%]  
 Year ended March 31, 2021 ¥(3,163) 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, 2022	572.70	–	11.1	4.4	6.0
Year ended March 31, 2021	(539.73)	–	(10.8)	(0.9)	(1.3)

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

Year ended March 31, 2022 ¥165 million  
 Year ended March 31, 2021 ¥103 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, 2022	135,041	57,229	42.4	5,552.41
As of March 31, 2021	127,806	49,413	38.7	4,794.83

Reference: Equity As of March 31, 2022 ¥57,229 million  
 As of March 31, 2021 ¥49,413 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, 2022	8,290	(7,907)	1,273	29,161
Year ended March 31, 2021	(3,618)	(5,675)	9,936	26,646

## 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, 2021	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 2022	–	0.00	–	100.00	100.00	1,030	17.5	1.9
Year ending March 31, 2023 (Forecast)	–	0.00	–	130.00	130.00		28.5	

## 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
Six months ending September 30, 2022	51,500	12.2	2,400	(31.2)	2,400	(29.2)	2,000	(41.3)	194.04
Full year	108,000	17.2	5,700	2.5	5,700	(2.2)	4,700	(20.4)	456.01

## 4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

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, 2022	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 March 31, 2022	31,820 shares	As of March 31, 2021	33,380 shares
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Average number of shares during the period

Year ended March 31, 2022	10,306,719 shares	Year ended March 31, 2021	10,304,706 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	78,842	14.7	2,921	–	4,517	60.5	4,275	–
Year ended March 31, 2021	68,742	(11.3)	(2,510)	–	2,815	–	(234)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2022	414.83		–	
Year ended March 31, 2021	(22.73)		–	

(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, 2022	111,353		42,712		38.4		4,143.97	
As of March 31, 2021	111,345		38,930		35.0		3,777.60	

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

As of March 31, 2021 ¥38,930 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, 2022.

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, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	26,646	29,613
Notes and accounts receivable - trade	18,589	18,919
Merchandise and finished goods	7,593	8,790
Work in process	4,500	5,561
Raw materials and supplies	10,976	13,938
Other	5,989	5,156
Allowance for doubtful accounts	(21)	(22)
Total current assets	74,273	81,958
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,594	17,962
Machinery, equipment and vehicles, net	8,596	8,907
Land	4,535	4,560
Leased assets, net	1,237	905
Construction in progress	13,217	1,753
Other, net	1,909	1,984
Total property, plant and equipment	36,090	36,073
Intangible assets		
Software	648	454
Leased assets	13	8
Other	294	284
Total intangible assets	956	747
Investments and other assets		
Investment securities	15,370	14,807
Deferred tax assets	334	703
Retirement benefit asset	—	36
Other	829	760
Allowance for doubtful accounts	(48)	(46)
Total investments and other assets	16,485	16,262
Total non-current assets	53,532	53,083
Total assets	127,806	135,041

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	14,443	16,657
Short-term borrowings	5,125	5,100
Current portion of bonds payable	1,525	1,450
Lease liabilities	464	331
Income taxes payable	48	414
Provision for bonuses	763	951
Other	9,301	4,907
<b>Total current liabilities</b>	<b>31,670</b>	<b>29,813</b>
<b>Non-current liabilities</b>		
Bonds payable	5,300	3,850
Long-term borrowings	25,075	28,275
Lease liabilities	1,065	874
Deferred tax liabilities	406	334
Retirement benefit liability	12,760	12,217
Provision for product warranties	1,897	1,589
Asset retirement obligations	170	803
Other	47	55
<b>Total non-current liabilities</b>	<b>46,722</b>	<b>47,999</b>
<b>Total liabilities</b>	<b>78,393</b>	<b>77,812</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	17,823	17,823
Capital surplus	7,731	7,733
Retained earnings	24,046	29,949
Treasury shares	(122)	(117)
<b>Total shareholders' equity</b>	<b>49,478</b>	<b>55,388</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,897	2,396
Foreign currency translation adjustment	(2,678)	(871)
Remeasurements of defined benefit plans	(284)	314
<b>Total accumulated other comprehensive income</b>	<b>(65)</b>	<b>1,840</b>
<b>Total net assets</b>	<b>49,413</b>	<b>57,229</b>
<b>Total liabilities and net assets</b>	<b>127,806</b>	<b>135,041</b>

## Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	80,437	92,168
Cost of sales	69,017	73,528
Gross profit	11,419	18,639
Selling, general and administrative expenses	12,499	13,077
Operating profit (loss)	(1,080)	5,562
Non-operating income		
Interest income	79	62
Dividend income	326	363
Share of profit of entities accounted for using equity method	103	165
Foreign exchange gains	–	140
Royalty income	15	3
Subsidies for employment adjustment	148	–
Other	161	157
Total non-operating income	835	893
Non-operating expenses		
Interest expenses	216	245
Financing expenses	548	4
Foreign exchange losses	45	–
Other	108	377
Total non-operating expenses	919	627
Ordinary profit (loss)	(1,164)	5,828
Extraordinary income		
Gain on sale of investment securities	333	1,033
Gain on sale of non-current assets	2	64
Total extraordinary income	335	1,098
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and associates	–	68
Loss on valuation of investment securities	41	36
Loss on sale of investment securities	–	0
Impairment losses	1,586	–
Office relocation expenses	1,025	–
Extra retirement payments	901	–
Loss on sale of non-current assets	368	–
Loss related to COVID-19	147	–
Loss on valuation of shares of subsidiaries and associates	99	–
Loss on support to subsidiaries and associates	77	–
Total extraordinary losses	4,248	105
Profit (loss) before income taxes	(5,076)	6,821
Income taxes - current	533	1,376
Income taxes - deferred	(49)	(458)
Total income taxes	484	918
Profit (loss)	(5,561)	5,902

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit attributable to		
Profit (loss) attributable to owners of parent	(5,561)	5,902
Other comprehensive income		
Valuation difference on available-for-sale securities	2,105	(501)
Foreign currency translation adjustment	(996)	1,663
Remeasurements of defined benefit plans, net of tax	1,212	599
Share of other comprehensive income of entities accounted for using equity method	77	143
Total other comprehensive income	2,398	1,905
Comprehensive income	(3,163)	7,808
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,163)	7,808
Comprehensive income attributable to non-controlling interests	–	–

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(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	7,738	30,251	(137)	55,675	792	(1,759)	(1,496)	(2,463)	53,211
Changes during period										
Dividends of surplus			(643)		(643)					(643)
Profit attributable to owners of parent			(5,561)		(5,561)					(5,561)
Purchase of treasury shares				(1)	(1)					(1)
Disposal of treasury shares		(6)		15	9					9
Net changes in items other than shareholders' equity						2,105	(918)	1,212	2,398	2,398
Total changes during period	–	(6)	(6,205)	14	(6,197)	2,105	(918)	1,212	2,398	(3,798)
Balance at end of period	17,823	7,731	24,046	(122)	49,478	2,897	(2,678)	(284)	(65)	49,413

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



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(5,076)	6,821
Depreciation	4,735	5,548
Loss on retirement of property, plant and equipment	48	48
Increase (decrease) in provision for bonuses	(167)	187
Increase (decrease) in provision for product warranties	(379)	(307)
Increase (decrease) in retirement benefit liability	(241)	233
Interest and dividend income	(406)	(426)
Interest expenses	216	245
Bond issuance costs	53	-
Decrease (increase) in trade receivables	40	267
Decrease (increase) in inventories	(31)	(4,440)
Increase (decrease) in trade payables	(1,358)	1,373
Decrease (increase) in consumption taxes refund receivable	(1,219)	796
Decrease (increase) in accounts receivable - other	(344)	14
Impairment losses	1,586	-
Loss related to COVID-19	147	-
Loss (gain) on sale of investment securities	(333)	(1,032)
Other, net	(462)	(361)
Subtotal	(3,191)	8,969
Interest and dividends received	419	463
Interest paid	(216)	(245)
Income taxes paid	(629)	(896)
Net cash provided by (used in) operating activities	(3,618)	8,290
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,197)	(8,931)
Proceeds from sale of property, plant and equipment	326	324
Purchase of intangible assets	(184)	(155)
Purchase of investment securities	(49)	-
Proceeds from sale of investment securities	507	1,143
Other, net	(78)	(289)
Net cash provided by (used in) investing activities	(5,675)	(7,907)
Cash flows from financing activities		
Proceeds from long-term borrowings	15,000	8,300
Repayments of long-term borrowings	(4,525)	(5,125)
Proceeds from issuance of bonds	1,946	-
Redemption of bonds	(1,475)	(1,525)
Purchase of treasury shares	(1)	(1)
Repayments of lease liabilities	(364)	(374)
Dividends paid	(643)	-
Net cash provided by (used in) financing activities	9,936	1,273
Effect of exchange rate change on cash and cash equivalents	(333)	858
Net increase (decrease) in cash and cash equivalents	308	2,515
Cash and cash equivalents at beginning of period	26,337	26,646
Cash and cash equivalents at end of period	26,646	29,161

## Notes Pertaining to Going Concern Assumption

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 current consolidated accounting period will decrease to 971 million yen, while cost of goods sold will decrease to 931 million yen, and both distribution costs and general administrative costs will decrease to 39 million yen, however this will have no impact on the operating income, ordinary income, or pre-tax adjustment net income. 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 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.

## Segment Information

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

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

	Millions of yen						Financial Statement Amount (Notes 3)
	Year ended March 31, 2022						
	Electronic Device	Car Electronics	Total	Other (Notes 1)	Total	Adjustments (Notes 2)	
Net Sales							
Outside customers	¥36,381	¥47,072	¥83,453	¥ 8,714	¥ 92,168	—	¥92,168
Inter-segment	5,889	2	5,892	—	5,892	(5,892)	—
<b>Total</b>	<b>42,271</b>	<b>47,074</b>	<b>89,346</b>	<b>8,714</b>	<b>98,060</b>	<b>(5,892)</b>	<b>92,168</b>
Segment income	5,038	3,709	8,747	696	9,443	(3,881)	5,562
Segment assets	42,937	42,425	85,362	8,109	93,472	41,568	135,041
Other items							
Depreciation and amortization	3,100	1,989	5,089	214	5,304	244	5,548
Increases in property, plant and equipment and intangible assets	2,179	2,740	4,920	229	5,150	146	5,297

Notes: 1. Amounts under one million yen are omitted.

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

3. Details of adjustments are below:

(1) ¥ (3,881) 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 ¥41,568 million posted under “Adjustments” comprise corporate assets of ¥ 41,248 million not allocated to each reporting segment and other adjustments of ¥ 320 million.

(3) Depreciation and amortization totaling ¥ 244 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 ¥ 146 million posted under “Adjustments” primarily comprises corporate assets not attributable to each reporting segment.

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

5. Changes in reporting segments, etc.

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

As a result, net sales for current consolidated accounting period decreased by 26 million yen in the Electronic Device segment, 9 million yen in the Car Electronics segment, and 935 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.