

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

August 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 Group, Isao matsubara TEL 048-483-5311
 Planning Dept.
 Scheduled date to file Quarterly Securities Report: August 10, 2022
 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, 2022 (from April 1, 2022 to June 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	%
Three months ended June 30, 2022	23,566	4.7	1,356	(17.1)	1,977	26.8	1,332	(23.5)
Three months ended June 30, 2021	22,499	17.9	1,635	–	1,559	–	1,741	–

Note: Comprehensive income Three months ended June 30, 2022 ¥2,635 million [21.4%]
 Three months ended June 30, 2021 ¥2,171 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	129.28	–
Three months ended June 30, 2021	168.98	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	134,664	58,833	43.7
As of March 31, 2022	135,041	57,229	42.4

Reference: Equity As of June 30, 2022 ¥58,833 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	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	0.00	–	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
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

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

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 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 June 30, 2022	10,338,884 shares	As of March 31, 2022	10,338,884 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	31,903 shares	As of March 31, 2022	31,820 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, 2022	10,307,011 shares	Three months ended June 30, 2021	10,305,447 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, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	29,613	28,972
Notes and accounts receivable - trade	18,919	18,281
Merchandise and finished goods	8,790	10,684
Work in process	5,561	5,856
Raw materials and supplies	13,938	15,180
Other	5,156	3,032
Allowance for doubtful accounts	(22)	(22)
Total current assets	81,958	81,984
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,962	17,951
Machinery, equipment and vehicles, net	8,907	9,420
Land	4,560	4,610
Leased assets, net	905	928
Construction in progress	1,753	1,220
Other, net	1,984	2,098
Total property, plant and equipment	36,073	36,229
Intangible assets		
Software	454	523
Leased assets	8	6
Other	284	191
Total intangible assets	747	721
Investments and other assets		
Investment securities	14,807	14,337
Deferred tax assets	703	590
Other	797	846
Allowance for doubtful accounts	(46)	(46)
Total investments and other assets	16,262	15,728
Total non-current assets	53,083	52,679
Total assets	135,041	134,664

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,657	17,287
Short-term borrowings	5,100	5,300
Current portion of bonds payable	1,450	1,425
Lease liabilities	331	436
Income taxes payable	414	132
Provision for bonuses	951	–
Other	4,907	5,071
Total current liabilities	29,813	29,653
Non-current liabilities		
Bonds payable	3,850	3,500
Long-term borrowings	28,275	26,675
Lease liabilities	874	815
Deferred tax liabilities	334	426
Retirement benefit liability	12,217	12,386
Provision for product warranties	1,589	1,538
Asset retirement obligations	803	775
Other	55	61
Total non-current liabilities	47,999	46,177
Total liabilities	77,812	75,831
Net assets		
Shareholders' equity		
Share capital	17,823	17,823
Capital surplus	7,733	7,733
Retained earnings	29,949	30,250
Treasury shares	(117)	(117)
Total shareholders' equity	55,388	55,690
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,396	2,052
Foreign currency translation adjustment	(871)	753
Remeasurements of defined benefit plans	314	336
Total accumulated other comprehensive income	1,840	3,142
Total net assets	57,229	58,833
Total liabilities and net assets	135,041	134,664

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

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	22,499	23,566
Cost of sales	17,693	18,584
Gross profit	4,805	4,982
Selling, general and administrative expenses	3,170	3,626
Operating profit	1,635	1,356
Non-operating income		
Interest income	17	26
Dividend income	185	208
Foreign exchange gains	–	429
Share of profit of entities accounted for using equity method	8	42
Royalty income	3	3
Other	52	41
Total non-operating income	267	750
Non-operating expenses		
Interest expenses	59	62
Foreign exchange losses	172	–
Other	111	66
Total non-operating expenses	343	129
Ordinary profit	1,559	1,977
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	2,612	1,977
Income taxes - current	606	313
Income taxes - deferred	265	331
Total income taxes	871	645
Profit	1,741	1,332
Profit attributable to		
Profit attributable to owners of parent	1,741	1,332
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	(469)	(344)
Foreign currency translation adjustment	905	1,480
Remeasurements of defined benefit plans, net of tax	18	21
Share of other comprehensive income of entities accounted for using equity method	(25)	144
Total other comprehensive income	429	1,302
Comprehensive income	2,171	2,635
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,171	2,635
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 1st quarter consolidated accounting period have each been reduced by 7 million yen.

Additional Information

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 FY2021 Annual Securities Report (Important Accounting Estimates).

Segment Information

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

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

Millions of yen							
Year ended June 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	¥ 9,382	¥13,009	¥22,391	¥ 1,175	¥ 23,566	—	¥23,566
Inter-segment	1,549	—	1,549	—	1,549	(1,549)	—
Total	10,932	13,009	23,941	1,175	25,116	(1,549)	23,566
Segment income							
	¥1,690	¥ 1,041	¥2,731	¥(177)	¥2,554	¥ (1,197)	¥ 1,356

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

2. ¥ (1,197) 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.