

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 6, 2020

Company name: Sansha Electric Manufacturing Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6882 URL <https://www.sansha.co.jp>
 Representative: Representative Director, President Hajimu Yoshimura
 Corporate Planning Department
 Inquiries: General Manager Hiroyuki Maruyama TEL 06-6321-0321
 Scheduled date to file Quarterly Securities Report: November 6, 2020
 Scheduled date to commence dividend payments: December 2, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(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	8,897	(24.9)	13	(92.8)	21	(85.4)	(27)	–
Six months ended September 30, 2019	11,842	0.5	181	(78.8)	146	(82.5)	110	(83.6)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	(1.92)	–
Six months ended September 30, 2019	7.79	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	23,425	18,389	78.5	1,309.07
As of March 31, 2020	24,051	18,489	76.9	1,316.15

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	–	8.00	–	5.00	13.00
Year ending March 31, 2021	–	5.00	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	–	–

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	21,000	(4.0)	400	55.9	400	64.5	280	–	19.93

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	14,950,000 shares	As of March 31, 2020	14,950,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	902,122 shares	As of March 31, 2020	902,122 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	14,047,878 shares	Six months ended September 30, 2019	14,142,878 shares
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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	4,659	5,005
Notes and accounts receivable - trade	6,217	5,407
Electronically recorded monetary claims - operating	1,247	1,065
Merchandise and finished goods	2,906	3,052
Work in process	709	867
Raw materials and supplies	1,648	1,610
Other	247	263
Allowance for doubtful accounts	(24)	(24)
Total current assets	17,611	17,247
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,220	2,105
Machinery, equipment and vehicles, net	657	685
Land	2,090	2,090
Leased assets, net	247	241
Construction in progress	180	63
Other, net	314	300
Total property, plant and equipment	5,710	5,485
Intangible assets		
Goodwill	99	68
Other	183	143
Total intangible assets	282	211
Investments and other assets		
Investment securities	35	35
Deferred tax assets	165	161
Retirement benefit asset	109	156
Other	136	127
Total investments and other assets	446	479
Total non-current assets	6,440	6,177
Total assets	24,051	23,425

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,318	2,139
Electronically recorded obligations - operating	177	169
Accounts payable - other	799	613
Accrued expenses	557	510
Income taxes payable	106	105
Provision for bonuses	362	447
Provision for product warranties	63	47
Provision for loss on order received	24	24
Other	477	332
Total current liabilities	4,889	4,388
Non-current liabilities		
Lease obligations	96	82
Directors' retirement benefits payable	388	388
Deferred tax liabilities	90	69
Retirement benefit liability	48	49
Other	49	57
Total non-current liabilities	673	647
Total liabilities	5,562	5,035
Net assets		
Shareholders' equity		
Share capital	2,774	2,774
Capital surplus	2,698	2,698
Retained earnings	13,975	13,877
Treasury shares	(925)	(925)
Total shareholders' equity	18,522	18,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	3
Foreign currency translation adjustment	7	(2)
Remeasurements of defined benefit plans	(45)	(37)
Total accumulated other comprehensive income	(33)	(35)
Total net assets	18,489	18,389
Total liabilities and net assets	24,051	23,425

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	11,842	8,897
Cost of sales	9,394	7,064
Gross profit	2,448	1,832
Selling, general and administrative expenses	2,266	1,819
Operating profit	181	13
Non-operating income		
Interest income	5	3
Dividend income	3	1
Rental income	7	7
Subsidy income	0	10
Gain on valuation of derivatives	19	–
Other	8	16
Total non-operating income	44	38
Non-operating expenses		
Interest expenses	4	1
Commission expenses	4	–
Loss on valuation of derivatives	–	11
Foreign exchange losses	67	14
Other	3	3
Total non-operating expenses	79	30
Ordinary profit	146	21
Profit before income taxes	146	21
Income taxes - current	156	68
Income taxes - deferred	(120)	(19)
Total income taxes	35	48
Profit (loss)	110	(27)
Profit (loss) attributable to owners of parent	110	(27)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	110	(27)
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(230)	(10)
Remeasurements of defined benefit plans, net of tax	(21)	7
Total other comprehensive income	(251)	(2)
Comprehensive income	(141)	(29)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(141)	(29)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	146	21
Depreciation	517	474
Amortization of goodwill	31	31
Increase (decrease) in allowance for doubtful accounts	41	(0)
Increase (decrease) in provision for bonuses	(8)	84
Increase (decrease) in provision for product warranties	(1)	(16)
Increase (decrease) in provision for loss on order received	(11)	(0)
Decrease (increase) in retirement benefit asset	(42)	(35)
Increase (decrease) in retirement benefit liability	4	0
Interest and dividend income	(8)	(4)
Interest expenses	4	1
Decrease (increase) in trade receivables	149	1,006
Decrease (increase) in inventories	1,321	(263)
Increase (decrease) in trade payables	(1,789)	(194)
Increase (decrease) in accrued expenses	(151)	(47)
Increase (decrease) in accrued consumption taxes	2	(131)
Other, net	(114)	(105)
Subtotal	91	821
Interest and dividends received	8	4
Interest paid	(4)	(1)
Income taxes paid	(189)	(69)
Net cash provided by (used in) operating activities	(93)	754
Cash flows from investing activities		
Purchase of property, plant and equipment	(410)	(314)
Proceeds from sales of property, plant and equipment and intangible assets	0	6
Purchase of intangible assets	(26)	(16)
Net cash provided by (used in) investing activities	(435)	(324)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(100)	–
Repayments of lease obligations	(64)	(52)
Dividends paid	(255)	(70)
Purchase of treasury shares	(0)	–
Net cash provided by (used in) financing activities	(420)	(123)
Effect of exchange rate change on cash and cash equivalents	(83)	39
Net increase (decrease) in cash and cash equivalents	(1,034)	345
Cash and cash equivalents at beginning of period	5,963	4,659
Increase (decrease) in cash and cash equivalents resulting from accounting term alterations of subsidiaries	(71)	–
Cash and cash equivalents at end of period	4,857	5,005