

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 7, 2023

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
 General Manager
 Inquiries: Corporate Planning Division Hiroyuki Maruyama TEL 06-6321-0321
 Operating Officer
 Scheduled date to file Quarterly Securities Report: November 8, 2023
 Scheduled date to commence dividend payments: December 4, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	13,812	7.0	1,127	266.5	1,174	364.5	827	515.3
Six months ended September 30, 2022	12,904	21.2	307	(28.1)	252	(41.6)	134	(58.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	62.19		-	
Six months ended September 30, 2022	10.46		-	

(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, 2023	32,888	22,109	67.2	1,662.38
As of March 31, 2023	29,083	21,065	72.4	1,583.87

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	-	8.00	-	22.00	30.00
Year ending March 31, 2024	-	10.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	30.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	31,000	10.4	2,500	53.4	2,500	51.4	1,750	41.0	131.58

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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, 2023	14,950,000 shares	As of March 31, 2023	14,950,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,650,022 shares	As of March 31, 2023	1,650,022 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, 2023	13,299,978 shares	Six months ended September 30, 2022	12,847,878 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,959	4,940
Notes receivable - trade	551	437
Accounts receivable - trade	7,735	6,994
Electronically recorded monetary claims - operating	1,568	2,364
Merchandise and finished goods	3,105	4,615
Work in process	1,789	2,449
Raw materials and supplies	3,181	3,230
Other	649	480
Allowance for doubtful accounts	(31)	(37)
Total current assets	22,510	25,475
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,846	1,724
Machinery, equipment and vehicles, net	694	666
Land	2,238	2,238
Leased assets, net	375	974
Construction in progress	110	328
Other, net	234	206
Total property, plant and equipment	5,499	6,138
Intangible assets		
Goodwill	22	19
Other	101	128
Total intangible assets	123	147
Investments and other assets		
Investment securities	32	44
Deferred tax assets	336	369
Retirement benefit asset	384	429
Other	196	283
Total investments and other assets	949	1,127
Total non-current assets	6,572	7,413
Total assets	29,083	32,888

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,875	4,390
Electronically recorded obligations - operating	375	516
Short-term borrowings	–	1,000
Accounts payable - other	1,169	1,128
Accrued expenses	679	749
Income taxes payable	345	427
Contract liabilities	58	262
Provision for bonuses	614	698
Provision for product warranties	58	52
Provision for loss on orders received	51	56
Other	289	474
Total current liabilities	7,519	9,755
Non-current liabilities		
Lease liabilities	190	707
Directors' retirement benefits payable	68	68
Deferred tax liabilities	133	120
Retirement benefit liability	54	73
Other	51	53
Total non-current liabilities	498	1,023
Total liabilities	8,017	10,779
Net assets		
Shareholders' equity		
Share capital	2,774	2,774
Capital surplus	2,698	2,755
Retained earnings	16,033	16,567
Treasury shares	(1,540)	(1,597)
Total shareholders' equity	19,965	20,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11	21
Foreign currency translation adjustment	1,109	1,599
Remeasurements of defined benefit plans	(21)	(10)
Total accumulated other comprehensive income	1,100	1,609
Total net assets	21,065	22,109
Total liabilities and net assets	29,083	32,888

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, 2022	Six months ended September 30, 2023
Net sales	12,904	13,812
Cost of sales	10,344	10,247
Gross profit	2,559	3,564
Selling, general and administrative expenses	2,252	2,437
Operating profit	307	1,127
Non-operating income		
Interest income	6	6
Dividend income	0	0
Rental income	7	6
Subsidy income	–	24
Gain on valuation of derivatives	61	49
Other	22	12
Total non-operating income	98	100
Non-operating expenses		
Interest expenses	2	11
Foreign exchange losses	150	39
Other	0	1
Total non-operating expenses	153	53
Ordinary profit	252	1,174
Profit before income taxes	252	1,174
Income taxes - current	169	395
Income taxes - deferred	(51)	(48)
Total income taxes	118	347
Profit	134	827
Profit attributable to owners of parent	134	827

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	134	827
Other comprehensive income		
Valuation difference on available-for-sale securities	1	9
Foreign currency translation adjustment	574	490
Remeasurements of defined benefit plans, net of tax	(3)	10
Total other comprehensive income	572	509
Comprehensive income	707	1,336
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	707	1,336

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	252	1,174
Depreciation	432	474
Amortization of goodwill	3	3
Increase (decrease) in allowance for doubtful accounts	(25)	4
Increase (decrease) in provision for bonuses	25	79
Increase (decrease) in provision for product warranties	(5)	(6)
Increase (decrease) in provision for loss on orders received	135	4
Decrease (increase) in retirement benefit asset	(47)	(14)
Increase (decrease) in retirement benefit liability	4	2
Interest and dividend income	(7)	(7)
Interest expenses	2	11
Decrease (increase) in trade receivables	238	270
Decrease (increase) in inventories	(745)	(2,019)
Increase (decrease) in trade payables	42	527
Increase (decrease) in accrued expenses	9	63
Other, net	(140)	507
Subtotal	171	1,074
Interest and dividends received	7	6
Interest paid	(2)	(11)
Income taxes paid	(139)	(312)
Net cash provided by (used in) operating activities	37	757
Cash flows from investing activities		
Purchase of property, plant and equipment	(312)	(563)
Proceeds from sale of property, plant and equipment and intangible assets	1	–
Purchase of intangible assets	(25)	(8)
Net cash provided by (used in) investing activities	(336)	(572)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	1,000
Repayments of lease liabilities	(53)	(62)
Dividends paid	(218)	(291)
Net cash provided by (used in) financing activities	(271)	646
Effect of exchange rate change on cash and cash equivalents	210	148
Net increase (decrease) in cash and cash equivalents	(360)	980
Cash and cash equivalents at beginning of period	5,026	3,959
Cash and cash equivalents at end of period	4,665	4,939