

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 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 of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 28, 2023
 Scheduled date to commence dividend payments: June 8, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	28,088	23.9	1,629	23.8	1,651	25.7	1,241	8.2
Year ended March 31, 2022	22,675	16.7	1,316	215.9	1,313	197.7	1,147	130.5

	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, 2023	95.33	–	6.1	5.9	5.8
Year ended March 31, 2022	83.30	–	5.9	5.1	5.8

(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, 2023	29,083	21,065	72.4	1,583.87
As of March 31, 2022	27,146	19,810	73.0	1,541.90

(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, 2023	(198)	(799)	(189)	3,959
Year ended March 31, 2022	940	(317)	(1,666)	5,026

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, 2022	–	8.00	–	17.00	25.00	330	30.0	1.7
Year ended March 31, 2023	–	8.00	–	22.00	30.00	395	31.5	1.9
Year ending March 31, 2024 (Forecast)	–	10.00	–	30.00	40.00		38.0	

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	30,500	8.6	2,000	22.7	2,000	21.1	1,400	12.8	105.26

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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: No

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, 2023	14,950,000 shares	As of March 31, 2022	14,950,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	1,650,022 shares	As of March 31, 2022	2,102,122 shares
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Average number of shares during the period

Year ended March 31, 2023	13,021,763 shares	Year ended March 31, 2022	13,770,955 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,026	3,959
Notes receivable - trade	838	551
Accounts receivable - trade	6,364	7,735
Electronically recorded monetary claims - operating	1,242	1,568
Merchandise and finished goods	2,634	3,105
Work in process	1,591	1,789
Raw materials and supplies	2,618	3,181
Other	562	649
Allowance for doubtful accounts	(59)	(31)
Total current assets	20,819	22,510
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,866	1,846
Machinery, equipment and vehicles, net	517	694
Land	2,238	2,238
Leased assets, net	295	375
Construction in progress	79	110
Other, net	262	234
Total property, plant and equipment	5,259	5,499
Intangible assets		
Goodwill	28	22
Other	114	101
Total intangible assets	143	123
Investments and other assets		
Investment securities	24	32
Deferred tax assets	255	336
Retirement benefit asset	508	384
Other	135	196
Total investments and other assets	924	949
Total non-current assets	6,326	6,572
Total assets	27,146	29,083

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,470	3,875
Electronically recorded obligations - operating	337	375
Accounts payable - other	913	1,169
Accrued expenses	609	679
Income taxes payable	195	345
Contract liabilities	388	58
Provision for bonuses	565	614
Provision for product warranties	57	58
Provision for loss on orders received	40	51
Other	326	289
Total current liabilities	6,905	7,519
Non-current liabilities		
Lease liabilities	101	190
Directors' retirement benefits payable	68	68
Deferred tax liabilities	161	133
Retirement benefit liability	52	54
Other	48	51
Total non-current liabilities	431	498
Total liabilities	7,336	8,017
Net assets		
Shareholders' equity		
Share capital	2,774	2,774
Capital surplus	2,698	2,698
Retained earnings	15,226	16,033
Treasury shares	(1,903)	(1,540)
Total shareholders' equity	18,795	19,965
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5	11
Foreign currency translation adjustment	901	1,109
Remeasurements of defined benefit plans	107	(21)
Total accumulated other comprehensive income	1,014	1,100
Total net assets	19,810	21,065
Total liabilities and net assets	27,146	29,083

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	22,675	28,088
Cost of sales	17,227	21,600
Gross profit	5,447	6,488
Selling, general and administrative expenses	4,131	4,858
Operating profit	1,316	1,629
Non-operating income		
Interest income	10	12
Dividend income	2	1
Rental income	14	13
Electricity sale income	6	7
Gain on valuation of derivatives	–	44
Other	50	37
Total non-operating income	83	116
Non-operating expenses		
Interest expenses	10	4
Loss on valuation of derivatives	8	–
Foreign exchange losses	63	88
Other	4	1
Total non-operating expenses	87	94
Ordinary profit	1,313	1,651
Extraordinary income		
Gain on sale of investment securities	7	–
Total extraordinary income	7	–
Profit before income taxes	1,320	1,651
Income taxes - current	228	463
Income taxes - deferred	(55)	(53)
Total income taxes	173	409
Profit	1,147	1,241
Profit attributable to owners of parent	1,147	1,241

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,147	1,241
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	6
Foreign currency translation adjustment	609	207
Remeasurements of defined benefit plans, net of tax	(46)	(128)
Total other comprehensive income	557	85
Comprehensive income	1,704	1,327
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,704	1,327

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,774	2,698	14,332	(925)	18,879
Changes during period					
Dividends of surplus			(252)		(252)
Profit attributable to owners of parent			1,147		1,147
Purchase of treasury shares				(978)	(978)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	894	(978)	(83)
Balance at end of period	2,774	2,698	15,226	(1,903)	18,795

	Accumulated other comprehensive income				Total net assets
	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	11	291	153	457	19,336
Changes during period					
Dividends of surplus					(252)
Profit attributable to owners of parent					1,147
Purchase of treasury shares					(978)
Net changes in items other than shareholders' equity	(5)	609	(46)	557	557
Total changes during period	(5)	609	(46)	557	473
Balance at end of period	5	901	107	1,014	19,810

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,774	2,698	15,226	(1,903)	18,795
Changes during period					
Dividends of surplus			(321)		(321)
Profit attributable to owners of parent			1,241		1,241
Purchase of treasury shares				(1,506)	(1,506)
Disposal of treasury shares		(113)		1,869	1,755
Transfer of loss on disposal of treasury shares		113	(113)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	806	362	1,169
Balance at end of period	2,774	2,698	16,033	(1,540)	19,965

	Accumulated other comprehensive income				Total net assets
	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	5	901	107	1,014	19,810
Changes during period					
Dividends of surplus					(321)
Profit attributable to owners of parent					1,241
Purchase of treasury shares					(1,506)
Disposal of treasury shares					1,755
Transfer of loss on disposal of treasury shares					-
Net changes in items other than shareholders' equity	6	207	(128)	85	85
Total changes during period	6	207	(128)	85	1,255
Balance at end of period	11	1,109	(21)	1,100	21,065

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,320	1,651
Depreciation	920	885
Amortization of goodwill	39	6
Increase (decrease) in allowance for doubtful accounts	0	(28)
Increase (decrease) in provision for bonuses	105	47
Increase (decrease) in provision for product warranties	7	1
Increase (decrease) in provision for loss on orders received	20	11
Decrease (increase) in retirement benefit asset	(114)	(60)
Increase (decrease) in retirement benefit liability	2	2
Interest and dividend income	(12)	(13)
Interest expenses	10	4
Loss (gain) on sale of investment securities	(7)	-
Loss (gain) on sale of property, plant and equipment	(1)	(2)
Decrease (increase) in trade receivables	(286)	(1,338)
Decrease (increase) in inventories	(1,662)	(1,177)
Increase (decrease) in trade payables	1,177	387
Increase (decrease) in accrued expenses	(23)	68
Increase (decrease) in Accrued Directors Retirement Benefits	(444)	-
Other, net	72	(341)
Subtotal	1,124	103
Interest and dividends received	11	13
Interest paid	(10)	(4)
Income taxes paid	(184)	(311)
Net cash provided by (used in) operating activities	940	(198)
Cash flows from investing activities		
Purchase of property, plant and equipment	(303)	(758)
Proceeds from sale of property, plant and equipment	1	2
Purchase of intangible assets	(35)	(43)
Proceeds from sale of intangible assets	0	-
Proceeds from sale of investment securities	21	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(0)	-
Net cash provided by (used in) investing activities	(317)	(799)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9)	-
Repayments of long-term borrowings	(298)	-
Purchase of treasury shares	(978)	(1,506)
Proceeds from sale of treasury shares	-	1,755
Dividends paid	(253)	(321)
Repayments of finance lease liabilities	(127)	(116)
Net cash provided by (used in) financing activities	(1,666)	(189)
Effect of exchange rate change on cash and cash equivalents	198	120
Net increase (decrease) in cash and cash equivalents	(844)	(1,066)
Cash and cash equivalents at beginning of period	5,870	5,026
Cash and cash equivalents at end of period	5,026	3,959