

Financial Section

Five-Year Summary (Consolidated)

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
(Years ended March 31)

	Millions of yen				
	2021	2022	2023	2024	2025
Net sales	80,437	92,168	101,007	102,261	105,830
Operating profit (loss)	(1,080)	5,562	3,621	1,278	128
Profit (loss) before income taxes	(5,076)	6,821	4,073	1,506	(1,754)
Profit (loss) attributable to owners of parent	(5,561)	5,902	1,644	(712)	(2,436)
Basic earnings per share	(539.73)	572.70	159.56	(69.08)	(236.15)
Annual dividend per share	0.00	100.00	130.00	130.00	65.00
Total assets	127,806	135,041	138,092	144,669	136,496
Current assets	74,273	81,958	85,440	89,095	84,189
Non-current assets	36,090	36,073	35,553	35,121	35,150
Shareholders' equity	49,478	55,388	56,010	53,970	50,205
Cash flows from operating activities	(3,618)	8,290	2,736	2,206	(2,179)
Cash flows from investing activities	(5,675)	(7,907)	(4,088)	(1,776)	(4,528)
Cash flows from financing activities	9,936	1,273	(3,549)	(252)	(186)
Cash and cash equivalents at end of period	26,646	29,161	25,147	26,340	20,397

Management’s Discussion and Analysis

Scope of Consolidation

At the conclusion of the fiscal year ended March 31, 2025 (fiscal 2024), the Shindengen Group included the Company, 19 consolidated subsidiaries, one non-consolidated subsidiaries and one affiliated company accounted for under the equity method.

Operating Results

Performance Overview

The 16th Medium Term Business Plan (for the three-year period ended March 31, 2025) designates three management policies: earnings structure construction, building a foundation for expansion of growth businesses, and focusing resources on product groups that can reduce greenhouse gas emissions. Under these policies, the Shindengen Group has been working to develop a business structure for the start of operations at Shindengen India’s second plant in 2027, with the aim of expanding local

production capacity and strengthening competitiveness by targeting growth areas such as the Indian automotive market. In addition, we implemented structural reforms to improve the profitability of our Electronic Device segment; streamlined our production, sales, and logistics systems; and reduced personnel as part of our efforts to build a foundation aimed at the realization of Long-Term Vision 2030.

Under these circumstances, consolidated net sales increased 3.5% year on year to ¥105,830 million, reflecting growth in the Car Electronics and Energy Systems & Solutions segments, despite a decrease in the Electronic Device segment stemming mainly from the economic slowdown in China. On the earnings front, despite the positive effects of the depreciation of the yen and the reversal of the provision for product warranties in the Energy Systems & Solutions segment, operating profit amounted to ¥128 million, down 89.9% year on year, due to rising raw material prices and the recording of loss on revaluation of inventory and loss on disposal

of fixed assets associated with structural reforms in the Electronic Device segment. Ordinary loss amounted to ¥523 million, compared with profit of ¥1,660 million in the previous fiscal year, mainly due to foreign exchange losses. Loss attributable to owners of parent expanded to ¥2,436 million,

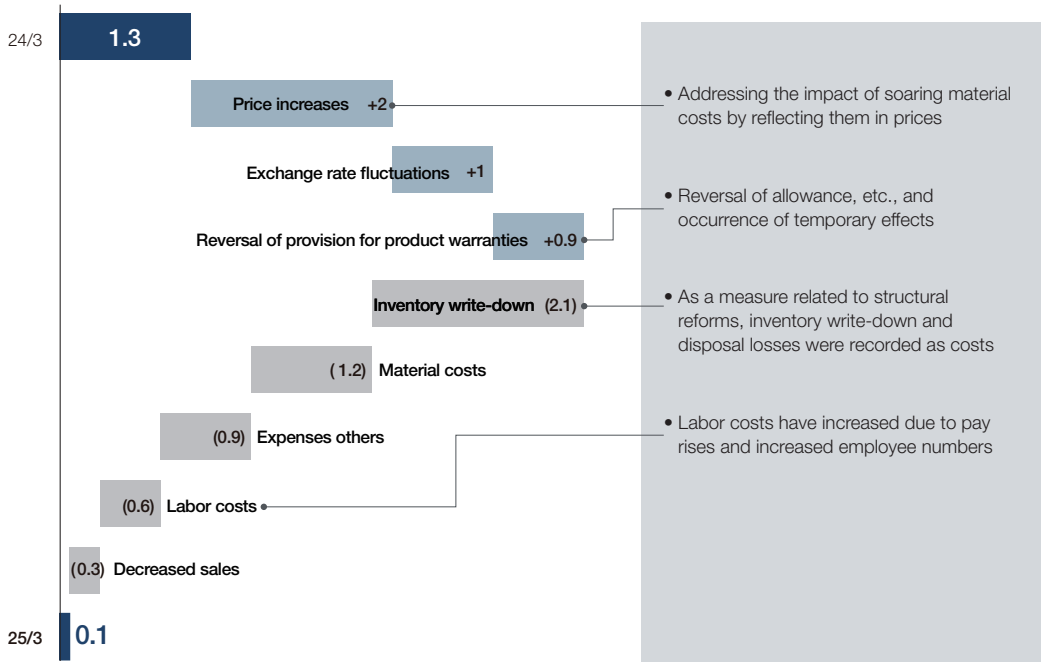
compared with ¥712 million in the previous fiscal year, reflecting a decrease in deferred tax assets and significant impact from extraordinary losses associated with structural reforms in the Electronic Device segment.

Operating Results

	(Millions of Yen)			
	Fiscal 2023	Fiscal 2024	Change	Change (%)
Net sales	102,261	105,830	3,569	3.5
Operating profit	1,278	128	(1,150)	(89.9)
Profit (loss) attributable to owners of parent	(712)	(2,436)	(1,724)	—

Analysis of Change in Operating Profit

(Billions of Yen)



Operating Conditions by Business Segment

Electronic Device

In the Electronic Device segment, net sales amounted to ¥31,098 million, down 3.6% year on year, resulting in an operating loss of ¥2,247 million, compared with a loss of ¥1,193 million in the previous fiscal year.

While sales of products for automotive applications remained strong, sales of products for home appliances and industrial equipment continued to face difficult conditions due to economic sluggishness and intensifying

price competition in China, resulting in an overall decline in sales for the segment. In terms of earnings, in addition to the impact of lower revenues, the recording of loss on revaluation of inventory and loss on disposal of fixed assets associated with structural reforms had an impact, resulting in a significant decline in profits.

Car Electronics

In the Car Electronics segment, net sales amounted to ¥65,541 million, up 3.6% year on year, and operating profit came to ¥5,666 million, down 19.3% year on year.

Sales increased due to continued strong sales of mainstay motorcycle products in India and Indonesia, as well as growth in automobile products and the effects of yen depreciation. In terms of earnings, despite the positive effect of foreign exchange rates, there was a decrease in profits due to factors such as the sharp rise in raw material prices and the impact of product mix.

Energy Systems & Solutions

In the Energy Systems & Solutions segment, net sales amounted to ¥9,037 million, up 36.9% year on year, and operating profit came to ¥1,324 million, compared with operating loss of ¥115 million in the previous fiscal year.

Sales increased due to growth in rectifiers for telecommunications infrastructure and EV chargers. In terms of earnings, profits increased due to the impact of increased sales of rectifiers for telecommunications infrastructure, as well as the reversal of product warranty reserves.

Other

Other net sales amounted to ¥153 million, up 12.2% year on year, and operating profit came to ¥42 million, down 6.3% year on year.

Earnings and Expenses

Fiscal 2024 operating profit was ¥128 million, down 89.9% year on year, and operating margin declined from 1.3% in the previous fiscal year to 0.1%. This decrease in operating profit was mainly due to decreased sales in the Electronic Device segment and lower operating rates.

Net other income and expense included ¥639 million in dividend income, ¥380 million in interest income, and ¥99 million in equity in earnings of affiliates, which contributed to an overall increase in earnings. However, there were also expenses such as ¥1,177 million in foreign exchange losses and ¥369 million in interest expenses. Under extraordinary income, the Company recorded a gain on sale of investment securities of ¥182 million, and under extraordinary loss, the Company recorded business restructuring expenses of ¥1,412 million. As a result, net other income and expenses came to ¥1,883 million, and loss before income taxes and minority interests was ¥1,754 million. After subtracting income taxes, loss attributable to owners of the parent amounted to ¥2,436 million, and loss per share increased from ¥69.08 in fiscal 2023 to ¥236.15 in fiscal 2024. As a result, the net profit margin declined from 0.7% in fiscal 2023 to -2.3% in fiscal 2024, and ROE decreased from -1.1% in fiscal 2023 to -3.6% in fiscal 2024.

Comprehensive loss came to ¥3,444 million, compared with comprehensive income of ¥9,706 million in the previous fiscal year.

Segment Operating Profit

	Fiscal 2023	Fiscal 2024	Change	Change (%)
Electronic Device	(1,193)	(2,247)	(1,054)	—
Car Electronics	7,020	5,666	(1,354)	(19.3)
Energy Systems & Solutions	(115)	1,324	1,439	—
Other	44	42	(2)	(6.3)
Adjustments and eliminations*	(4,478)	(4,656)	(178)	—
Total	1,278	128	(1,150)	(89.9)

* Adjustments to segment profit or loss of ¥4,656 million and ¥4,478 million include corporate expenses not allocated to the reportable segments. Corporate expenses comprise mainly general and administration expenses not attributable to the reportable segments.

Financial Position

Assets, Liabilities and Net Assets

Total assets as of March 31, 2025 stood at ¥136,496 million, down ¥8,173 million year on year. This was mainly due to a decrease in cash and deposits and investment securities.

Total liabilities at the end of the fiscal year were down ¥3,400 million year on year to ¥70,352 million. This was mainly attributable to a decrease in notes and accounts payable.

Total net assets at the end of the fiscal year under review stood at ¥66,144 million, down ¥4,773 million from a year prior. This was mainly due to a decrease in capital surplus.

As a result, net assets per share were ¥6,411.20.

Cash Flows

Cash and cash equivalents (net cash) at the end of the fiscal year under review stood at ¥20,397 million, a decrease of ¥5,942 million from the end of fiscal 2023. This was the result of ¥2,179 million in net cash used by operating activities, ¥4,528 million in net cash used in investing activities, and ¥186 million in net cash used in financing activities.

Net cash used in operating activities was ¥2,179 million, compared with net cash provided by operating activities of ¥2,206 million in the previous fiscal year. This was mainly due to depreciation and amortization expenses of ¥5,379 million, loss before income taxes of ¥1,754 million, and a decrease in trade payables of ¥3,543 million.

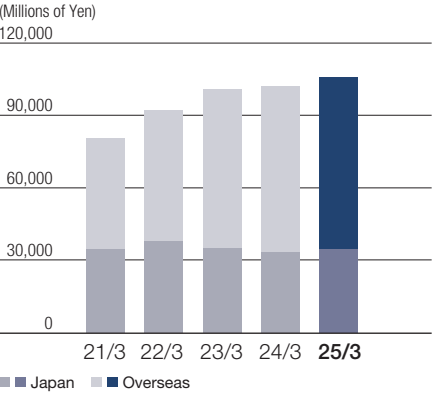
Net cash used in investing activities was ¥4,528 million, compared with ¥1,776 million in the previous fiscal year. This was mainly due to expenditures of ¥4,624 million for the acquisition of property, plant and equipment.

Net cash used in financing activities was ¥186 million, compared with ¥252 million in the previous fiscal year. This was mainly due to the scheduled repayments of ¥7,495 million in long-term borrowings, ¥1,027 million used for redemption of bonds, and ¥1,340 million used for dividend payments, despite proceeds of ¥10,000 million from long-term borrowings.

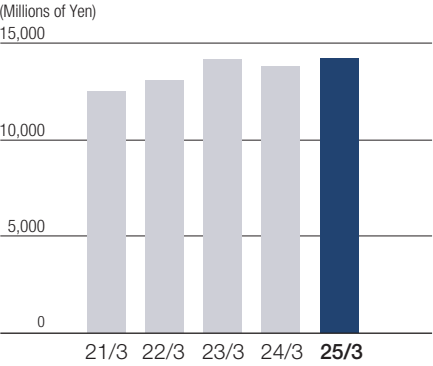
Segment Net Sales

	Fiscal 2023	Fiscal 2024	Change	Change (%)
Electronic Device	32,242	31,098	(1,144)	(3.6)
Car Electronics	63,281	65,541	2,260	3.6
Energy Systems & Solutions	6,600	9,037	2,437	36.9
Other	136	153	17	12.2
Total	102,261	105,830	3,569	3.5

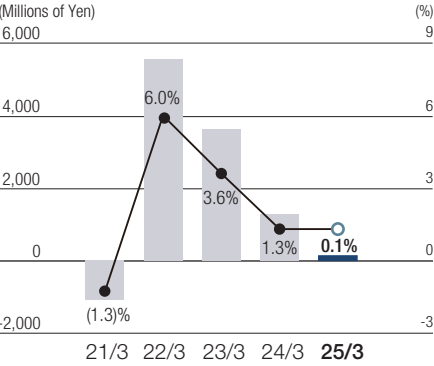
Net Sales



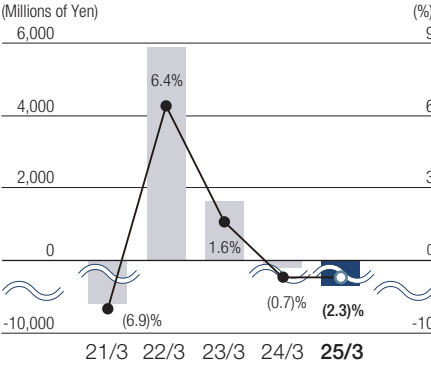
Selling, General and Administrative Expenses



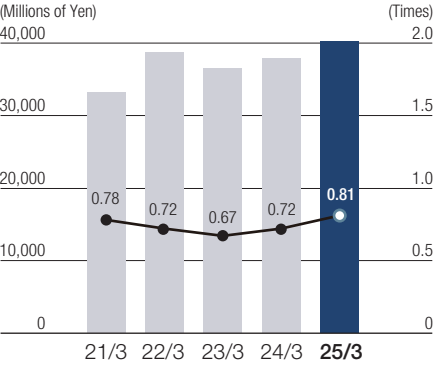
Operating Profit (loss)
Operating Profit Margin



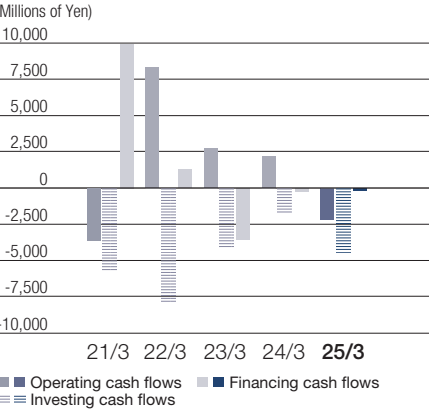
Profit (loss) Attributable to Owners of Parent, Ratio to Net Sales



Interest-Bearing Debt D/E Ratio



Cash Flows



Consolidated Balance Sheets

Millions of yen		
	Fiscal 2023 (ended March 31, 2024)	Fiscal 2024 (ended March 31, 2025)
ASSETS		
Current assets:		
Cash and deposits	26,340	20,397
Notes and accounts receivable—trade	18,066	18,949
Merchandise and finished goods	11,905	12,039
Work in process	6,679	6,306
Raw materials and supplies	19,899	19,636
Other	6,228	6,885
Allowance for doubtful accounts	(25)	(25)
Total current assets	89,095	84,189
Non-current assets		
Property, plant and equipment:		
Buildings and structures, net	16,683	16,175
Machinery, equipment and vehicles, net	9,188	9,028
Land	4,256	4,373
Lease assets, net	606	514
Construction in progress	2,063	2,724
Other, net	2,324	2,334
Total property, plant and equipment	35,121	35,150
Intangible assets:		
Software	579	506
Other	35	41
Total intangible assets	614	548
Investments and other assets:		
Investment securities	18,473	14,913
Deferred tax assets	324	268
Retirement benefit assets	145	500
Other	935	969
Allowance for doubtful accounts	(41)	(45)
Total investments and other assets	19,837	16,607
Total non-current assets	55,573	52,307
Total assets	144,669	136,496

Millions of yen		
	Fiscal 2023 (ended March 31, 2024)	Fiscal 2024 (ended March 31, 2025)
LIABILITIES		
Current liabilities:		
Notes and accounts payable—trade	16,402	13,844
Short-term borrowings	6,355	9,260
Current portion of bonds payable	1,025	525
Lease liabilities	445	295
Income taxes payable	472	215
Provision for bonuses	839	803
Other	5,570	5,977
Total current liabilities	31,110	30,920
Non-current liabilities:		
Bonds payable	1,325	800
Long-term borrowings	29,225	28,825
Lease liabilities	527	576
Deferred tax liabilities	3,761	2,785
Retirement benefit liability	5,694	5,176
Provision for product warranties	1,207	329
Asset retirement obligations	860	892
Other	39	46
Total non-current liabilities	42,641	39,431
Total liabilities	73,752	70,352
Net assets:		
Shareholders' equity:		
Share capital	17,823	17,823
Capital surplus	7,732	7,729
Retained earnings	28,510	24,733
Treasury stock	(95)	(80)
Total shareholders' equity	53,970	50,205
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	6,627	4,098
Foreign currency translation adjustment	3,347	5,072
Remeasurements of defined benefit plans	6,971	6,767
Total accumulated other comprehensive income	16,946	15,938
Total net assets	70,917	66,144
Total liabilities and net assets	144,669	136,496

Consolidated Statements of Income

Millions of yen		
	Fiscal 2023	Fiscal 2024
	April 1, 2023 - March 31, 2024	April 1, 2024 - March 31, 2025
Net sales	102,261	105,830
Cost of sales	87,213	91,478
Gross profit	15,047	14,352
Selling, general and administrative expenses	13,768	14,223
Operating profit	1,278	128
Non-operating income:		
Interest income	275	380
Dividend income	465	639
Share of profit of entities accounted for using equity method	76	99
Royalty income	2	1
Foreign exchange gains	70	—
Other	161	162
Total non-operating income	1,051	1,282
Non-operating expenses:		
Interest expenses	290	369
Foreign exchange losses	—	1,177
Other	380	387
Total non-operating expenses	670	1,935
Ordinary profit (loss)	1,660	(523)
Extraordinary income		
Gain on sales of investment securities	294	182
Total extraordinary income	294	182
Extraordinary loss:		
Business structure improvement expenses	—	1,412
Impairment loss	151	—
Loss on sales of investments in associates	296	—
Total extraordinary loss	447	1,412
Profit (loss) before income taxes	1,506	(1,754)
Corporate, inhabitant, and enterprise income taxes	1,596	1,216
Income taxes for prior periods	149	—
Adjustments to corporate income tax, etc.	472	(535)
Total corporate income tax, etc.	2,219	681
Net loss	(712)	(2,436)

Millions of yen		
	Fiscal 2023	Fiscal 2024
	April 1, 2023 - March 31, 2024	April 1, 2024 - March 31, 2025
(Breakdown)		
Profit (loss) attributable to owners of parent	(712)	(2,436)
Other comprehensive income:		
Valuation difference on available-for-sale securities	4,067	(2,529)
Foreign currency translation adjustment	2,186	1,724
Remeasurements of defined benefit plans	3,895	(204)
Share of other comprehensive income of entities accounted for using equity method	268	0
Total other comprehensive income	10,418	(1,008)
Comprehensive income	9,706	(3,444)
(Breakdown)		
Profit attributable to owners of parent:	9,706	(3,444)
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Statements of Changes in Net Assets

Fiscal 2023 (April 1, 2023 to March 31, 2024)

										Millions of yen
	Shareholders' equity					Accumulated other comprehensive income (loss)				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	
Balance at April 1, 2023	17,823	7,733	30,563	(109)	56,010	2,559	893	3,076	6,528	62,539
Changes during period										
Cash dividends paid			(1,340)		(1,340)					(1,340)
Profit attributable to owners of parent			(712)		(712)					(712)
Purchase of treasury stock				(0)	(0)					(0)
Disposal of treasury stock		(1)		14	12					12
Net changes in items other than those in shareholders' equity						4,068	2,454	3,895	10,418	10,418
Total changes during period		(1)	(2,052)	13	(2,040)	4,068	2,454	3,895	10,418	8,377
Balance at March 31, 2024	17,823	7,732	28,510	(95)	53,970	6,627	3,347	6,971	16,946	70,917

Fiscal 2024 (April 1, 2024 to March 31, 2025)

										Millions of yen
	Shareholders' equity					Accumulated other comprehensive income (loss)				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	
Balance at April 1, 2024	17,823	7,732	28,510	(95)	53,970	6,627	3,347	6,971	16,946	70,917
Changes during period										
Cash dividends paid			(1,340)		(1,340)					(1,340)
Profit attributable to owners of parent			(2,436)		(2,436)					(2,436)
Purchase of treasury stock				(0)	(0)					(0)
Disposal of treasury stock		(3)		16	12					12
Net changes in items other than those in shareholders' equity						(2,528)	1,724	(204)	(1,008)	(1,008)
Total changes during period		(3)	(3,776)	15	(3,764)	(2,528)	1,724	(204)	(1,008)	(4,773)
Balance at March 31, 2025	17,823	7,729	24,733	(80)	50,205	4,098	5,072	6,767	15,938	66,144

Consolidated Statements of Cash Flows

	Millions of yen	
	Fiscal 2023	Fiscal 2024
	April 1, 2023 - March 31, 2024	April 1, 2024 - March 31, 2025
Operating activities:		
Profit (loss) before income taxes and other adjustments	1,506	(1,754)
Depreciation and amortization	5,528	5,379
Business restructuring expenses	—	1,412
Increase (decrease) in provision for bonuses	(125)	(36)
Increase (decrease) in provision for product warranties	27	(877)
Increase (decrease) in retirement benefit liability	(125)	(407)
Interest and dividend income	(740)	(1,019)
Interest expenses	290	369
Decrease (increase) in trade receivables	2,059	(284)
Decrease (increase) in inventories	(2,590)	1,227
Increase (decrease) in trade payables	(2,305)	(3,543)
Decrease (increase) in consumption taxes refund receivable	—	(611)
Increase (decrease) in accrued consumption taxes	144	13
Decrease (increase) in accounts receivable—other	(87)	109
Impairment loss	151	—
Loss (gain) on sales of investment securities	1	(182)
Other, net	(499)	(758)
Sub total	3,233	(963)
Interest and dividend income	747	1,026
Interest expenses	(288)	(370)
Income taxes paid	(1,485)	(1,528)
Payments of business restructuring expenses	—	(343)
Net cash provided by (used in) operating activities	2,206	(2,179)

	Millions of yen	
	Fiscal 2023	Fiscal 2024
	April 1, 2023 - March 31, 2024	April 1, 2024 - March 31, 2025
Investing activities:		
Purchase of property, plant and equipment	(4,290)	(4,624)
Proceeds from sales of property, plant and equipment	26	37
Purchase of intangible assets	(157)	(136)
Proceeds from sales of investment securities	2,716	184
Other	(72)	10
Net cash used in investing activities	(1,776)	(4,528)
Financing activities:		
Proceeds from long-term borrowings	8,800	10,000
Repayments of long-term borrowings	(5,895)	(7,495)
Redemption of bonds	(1,504)	(1,027)
Purchase of treasury stock	(0)	(0)
Repayment of lease liabilities	(311)	(322)
Dividends paid	(1,340)	(1,340)
Net cash used in financing activities	(252)	(186)
Effect of exchange rate change on cash and cash equivalents	1,015	951
Net (decrease) increase in cash and cash equivalents	1,193	(5,942)
Cash and cash equivalents at beginning of period	25,147	26,340
Cash and cash equivalents at end of the year	26,340	20,397