

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 5, 2018

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, Yoshiaki Matsumoto TEL 03-3279-4431  
 Planning Dept.  
 Scheduled date to file Quarterly Securities Report: November 14, 2018  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

#### (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, 2018	46,595	5.7	2,944	(28.4)	3,188	(26.8)	2,324	(34.6)
Six months ended September 30, 2017	44,070	0.8	4,113	208.8	4,355	619.9	3,553	643.2

Note: Comprehensive income Six months ended September 30, 2018 ¥764 million [(79.6)%]  
 Six months ended September 30, 2017 ¥3,740 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	225.72		–	
Six months ended September 30, 2017	344.97		–	

\* Effective October 1, 2017, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, earnings per share have been calculated as if this consolidation of common shares was conducted at the beginning of the previous fiscal year.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	131,965	58,644	44.4
As of March 31, 2018	133,706	59,169	44.3

Reference: Equity As of September 30, 2018 ¥58,644 million  
 As of March 31, 2018 ¥59,169 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, 2018	–	0.00	–	125.00	125.00
Year ending March 31, 2019	–	0.00			
Year ending March 31, 2019 (Forecast)			–	125.00	125.00

Note: Revision of cash dividend forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	96,700	4.9	5,800	(15.4)	6,300	(12.1)	4,800	(9.3)	466.02

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

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018 (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, 2018	10,338,884 shares	As of March 31, 2018	10,338,884 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	39,171 shares	As of March 31, 2018	38,934 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, 2018	10,299,878 shares	Six months ended September 30, 2017	10,301,241 shares
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\* Effective October 1, 2017, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, total number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares during the period have been calculated as if this consolidation of common shares was conducted at the beginning of the previous fiscal year.

\* 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.

(How to obtain a copy of the earnings results briefing materials)

The Company plans to hold a presentation for securities analysts and institutional investors on November 12, 2018 (Monday). The earnings results briefing materials distributed at the meeting will be posted promptly on the Company website after the meeting is held.

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	33,058	31,613
Notes and accounts receivable - trade	19,336	18,213
Securities	7,000	7,000
Merchandise and finished goods	7,243	7,660
Work in process	3,709	4,501
Raw materials and supplies	9,094	9,551
Other	3,981	3,301
Allowance for doubtful accounts	(20)	(18)
Total current assets	83,403	81,823
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,295	7,974
Machinery, equipment and vehicles, net	7,642	7,986
Land	5,878	5,785
Leased assets, net	836	894
Construction in progress	1,540	1,964
Other, net	1,742	1,705
Total property, plant and equipment	25,936	26,310
Intangible assets		
Software	972	982
Leased assets	6	2
Other	696	564
Total intangible assets	1,675	1,549
Investments and other assets		
Investment securities	16,032	15,436
Deferred tax assets	6,016	6,215
Other	688	678
Allowance for doubtful accounts	(46)	(47)
Total investments and other assets	22,690	22,283
Total non-current assets	50,303	50,142
Total assets	133,706	131,965

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	14,495	15,541
Short-term loans payable	7,425	7,000
Current portion of bonds	500	725
Lease obligations	257	265
Income taxes payable	933	555
Provision for bonuses	1,132	1,129
Other	6,564	5,210
Total current liabilities	31,308	30,427
Non-current liabilities		
Bonds payable	4,775	6,850
Long-term loans payable	17,025	14,825
Lease obligations	658	707
Deferred tax liabilities	100	106
Net defined benefit liability	16,084	15,969
Provision for product warranties	4,414	4,269
Asset retirement obligations	142	141
Other	29	23
Total non-current liabilities	43,228	42,893
Total liabilities	74,537	73,321
<b>Net assets</b>		
Shareholders' equity		
Capital stock	17,823	17,823
Capital surplus	7,738	7,738
Retained earnings	33,106	34,143
Treasury shares	(143)	(144)
Total shareholders' equity	58,524	59,560
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,632	3,090
Foreign currency translation adjustment	(710)	(1,854)
Remeasurements of defined benefit plans	(2,278)	(2,151)
Total accumulated other comprehensive income	644	(915)
Total net assets	59,169	58,644
<b>Total liabilities and net assets</b>	<b>133,706</b>	<b>131,965</b>

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

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	44,070	46,595
Cost of sales	33,866	36,841
Gross profit	10,203	9,754
Selling, general and administrative expenses	6,090	6,809
Operating profit	4,113	2,944
Non-operating income		
Interest income	51	73
Dividend income	166	189
Share of profit of entities accounted for using equity method	186	263
Royalty income	50	22
Other	96	75
Total non-operating income	551	625
Non-operating expenses		
Interest expenses	157	126
Foreign exchange losses	16	107
Other	135	147
Total non-operating expenses	309	381
Ordinary profit	4,355	3,188
Extraordinary losses		
Business structure improvement expenses	–	164
Total extraordinary losses	–	164
Profit before income taxes	4,355	3,024
Income taxes - current	901	703
Income taxes - deferred	(100)	(4)
Total income taxes	801	699
Profit	3,553	2,324
Profit attributable to		
Profit attributable to owners of parent	3,553	2,324
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	398	(542)
Foreign currency translation adjustment	(333)	(1,075)
Remeasurements of defined benefit plans, net of tax	131	126
Share of other comprehensive income of entities accounted for using equity method	(9)	(69)
Total other comprehensive income	187	(1,560)
Comprehensive income	3,740	764
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,740	764
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

### Segment Information

Year ended Sep 30, 2018 (April 1, 2018 to Sep 30, 2018)

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

	Millions of yen						Quarterly Consolidated Statements of Income and Comprehensive Income (Notes 3)
	Year ended Sep 30, 2018						
	Devices Business	Car Electronics Business	Total	Other (Notes 1)	Total	Adjustments (Notes 2)	
Net Sales							
Outside customers	¥ 17,185	¥ 25,401	¥ 42,587	¥ 4,008	¥ 46,595	¥ —	¥46,595
Inter-segment	3,248	21	3,269	—	3,269	(3,269)	—
Total	20,433	25,422	45,856	4,008	49,865	(3,269)	46,595
Segment income (loss)	¥ 1,753	¥ 3,911	¥ 5,664	¥ (434)	¥ 5,230	¥ (2,285)	¥ 2,944

Notes: 1. The "Other" category includes activities not included in the reporting segments, and includes the Energy System Business and solenoids.

2. ¥ (2,285) 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 (loss) 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.

Effective April 1, 2018, the Company changed its reportable segments. Prior to this change, the reportable segments were the Power Device, Car Electronics and Next Generation Energy segments. Following the change, the reportable segments are the Power Device and Car Electronics segments.

The Power Device business manufactures diodes, thyristors, MOSFET, high-withstand voltage power ICs and power modules. The Car Electronics business mainly manufactures electronics components for motorcycles and automobiles, along with general purpose inverters. The products formerly classified as belonging to the Next Generation Energy, which includes power conditioners for photovoltaic generators, power storage systems, recharging stands for electric vehicles and power supplies for information and communication equipment, are now included in Others as part of Energy System Business. This change was due to the Company's structural shift to better suit the scale of the Energy System Business.