

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

August 7, 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: August 10, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2018 (from April 1, 2018 to June 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	%
Three months ended June 30, 2018	23,238	4.6	1,739	(24.2)	1,929	(22.1)	1,341	(37.2)
Three months ended June 30, 2017	22,208	(0.3)	2,295	119.6	2,476	329.1	2,135	392.1

Note: Comprehensive income Three months ended June 30, 2018 ¥ (475) million [–%]
 Three months ended June 30, 2017 ¥1,516 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2018	130.24		–	
Three months ended June 30, 2017	207.28		–	

* 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 June 30, 2018	127,931		57,406		44.9	
As of March 31, 2018	133,706		59,169		44.3	

Reference: Equity As of June 30, 2018 ¥57,406 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				
Year ended March 31, 2018	–	0.00	–	125.00	125.00
Year ending March 31, 2019	–	–	–	–	–
Year ending March 31, 2019 (Forecast)	–	0.00	–	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)

	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
Six months ending September 30, 2018	47,000	6.6	2,900	(29.5)	3,200	(26.5)	2,400	(32.5)	233.01
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 three months ended June 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 June 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 June 30, 2018	38,958 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)

Three months ended June 30, 2018	10,299,941 shares	Three months ended June 30, 2017	10,301,357 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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	33,058	30,660
Notes and accounts receivable - trade	19,336	18,499
Securities	7,000	7,000
Merchandise and finished goods	7,243	7,092
Work in process	3,709	4,223
Raw materials and supplies	9,094	8,866
Other	3,981	2,292
Allowance for doubtful accounts	(20)	(18)
Total current assets	83,403	78,617
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,295	8,116
Machinery, equipment and vehicles, net	7,642	8,062
Land	5,878	5,812
Leased assets, net	836	958
Construction in progress	1,540	1,451
Other, net	1,742	1,712
Total property, plant and equipment	25,936	26,114
Intangible assets		
Software	972	1,037
Leased assets	6	4
Other	696	575
Total intangible assets	1,675	1,617
Investments and other assets		
Investment securities	16,032	14,849
Deferred tax assets	6,016	6,105
Other	688	674
Allowance for doubtful accounts	(46)	(46)
Total investments and other assets	22,690	21,582
Total non-current assets	50,303	49,314
Total assets	133,706	127,931

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,495	15,060
Short-term loans payable	7,425	7,237
Current portion of bonds	500	600
Lease obligations	257	276
Income taxes payable	933	119
Provision for bonuses	1,132	–
Other	6,564	5,645
Total current liabilities	31,308	28,940
Non-current liabilities		
Bonds payable	4,775	4,625
Long-term loans payable	17,025	15,500
Lease obligations	658	766
Deferred tax liabilities	100	100
Net defined benefit liability	16,084	16,080
Provision for product warranties	4,414	4,341
Asset retirement obligations	142	142
Other	29	28
Total non-current liabilities	43,228	41,584
Total liabilities	74,537	70,525
Net assets		
Shareholders' equity		
Capital stock	17,823	17,823
Capital surplus	7,738	7,738
Retained earnings	33,106	33,160
Treasury shares	(143)	(143)
Total shareholders' equity	58,524	58,578
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,632	2,722
Foreign currency translation adjustment	(710)	(1,684)
Remeasurements of defined benefit plans	(2,278)	(2,209)
Total accumulated other comprehensive income	644	(1,172)
Total net assets	59,169	57,406
Total liabilities and net assets	133,706	127,931

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

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	22,208	23,238
Cost of sales	16,855	18,067
Gross profit	5,353	5,171
Selling, general and administrative expenses	3,057	3,431
Operating profit	2,295	1,739
Non-operating income		
Interest income	20	28
Dividend income	109	125
Royalty income	50	22
Share of profit of entities accounted for using equity method	105	159
Other	44	39
Total non-operating income	329	374
Non-operating expenses		
Interest expenses	83	66
Foreign exchange losses	37	64
Other	28	53
Total non-operating expenses	149	184
Ordinary profit	2,476	1,929
Extraordinary losses		
Business structure improvement expenses	–	162
Total extraordinary losses	–	162
Profit before income taxes	2,476	1,767
Income taxes - current	269	141
Income taxes - deferred	71	283
Total income taxes	340	425
Profit	2,135	1,341
Profit attributable to		
Profit attributable to owners of parent	2,135	1,341
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	(248)	(910)
Foreign currency translation adjustment	(442)	(951)
Remeasurements of defined benefit plans, net of tax	72	68
Share of other comprehensive income of entities accounted for using equity method	0	(22)
Total other comprehensive income	(618)	(1,816)
Comprehensive income	1,516	(475)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,516	(475)
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 June 30, 2018 (April 1, 2018 to June 30, 2018)

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

Millions of yen							
Year ended June 30, 2018							
	Devices Business	Car Electronics Business	Total	Other (Notes 1)	Total	Adjustments (Notes 2)	Quarterly Consolidated Statements of Income and Comprehensive Income (Notes 3)
Net Sales							
Outside customers	¥ 8,709	¥ 12,749	¥ 21,459	¥ 1,779	¥ 23,238	¥ —	¥ 23,238
Inter-segment	1,595	9	1,604	—	1,604	(1,604)	—
Total	10,304	12,759	23,064	1,779	24,843	(1,604)	23,238
Segment income (loss)	¥ 1,251	¥ 2,013	¥ 3,265	¥ (346)	¥ 2,919	¥ (1,179)	¥ 1,739

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

2. ¥ (1,179) 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.