

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)

February 8, 2019

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: February 13, 2019
 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 nine months ended December 31, 2018 (from April 1, 2018 to December 31, 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	%
Nine months ended December 31, 2018	70,881	4.4	4,446	(26.5)	4,750	(26.2)	3,547	(28.4)
Nine months ended December 31, 2017	67,901	4.0	6,052	140.0	6,435	217.7	4,952	219.9

Note: Comprehensive income
 Nine months ended December 31, 2018 ¥880 million [(86.5)%]
 Nine months ended December 31, 2017 ¥6,524 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2018	344.44		–	
Nine months ended December 31, 2017	480.76		–	

* 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 December 31, 2018	130,893	58,759	44.9
As of March 31, 2018	133,706	59,169	44.3

Reference: Equity
 As of December 31, 2018 ¥58,759 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	–	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 nine months ended December 31, 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 December 31, 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 December 31, 2018	39,367 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)

Nine months ended December 31, 2018	10,299,782 shares	Nine months ended December 31, 2017	10,301,047 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 December 31, 2018
Assets		
Current assets		
Cash and deposits	33,058	28,852
Notes and accounts receivable - trade	19,336	18,851
Securities	7,000	7,000
Merchandise and finished goods	7,243	8,307
Work in process	3,709	4,514
Raw materials and supplies	9,094	10,046
Other	3,981	4,411
Allowance for doubtful accounts	(20)	(19)
Total current assets	83,403	81,964
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,295	7,923
Machinery, equipment and vehicles, net	7,642	8,518
Land	5,878	5,776
Leased assets, net	836	846
Construction in progress	1,540	2,160
Other, net	1,742	1,701
Total property, plant and equipment	25,936	26,927
Intangible assets		
Software	972	924
Leased assets	6	1
Other	696	537
Total intangible assets	1,675	1,463
Investments and other assets		
Investment securities	16,032	13,239
Deferred tax assets	6,016	6,638
Other	688	706
Allowance for doubtful accounts	(46)	(46)
Total investments and other assets	22,690	20,538
Total non-current assets	50,303	48,929
Total assets	133,706	130,893

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,495	15,873
Short-term loans payable	7,425	6,237
Current portion of bonds	500	850
Lease obligations	257	260
Income taxes payable	933	213
Provision for bonuses	1,132	–
Other	6,564	6,305
Total current liabilities	31,308	29,740
Non-current liabilities		
Bonds payable	4,775	6,575
Long-term loans payable	17,025	14,650
Lease obligations	658	659
Deferred tax liabilities	100	118
Net defined benefit liability	16,084	16,006
Provision for product warranties	4,414	4,211
Asset retirement obligations	142	141
Other	29	30
Total non-current liabilities	43,228	42,393
Total liabilities	74,537	72,133
Net assets		
Shareholders' equity		
Capital stock	17,823	17,823
Capital surplus	7,738	7,738
Retained earnings	33,106	35,366
Treasury shares	(143)	(145)
Total shareholders' equity	58,524	60,782
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,632	1,457
Foreign currency translation adjustment	(710)	(1,410)
Remeasurements of defined benefit plans	(2,278)	(2,069)
Total accumulated other comprehensive income	644	(2,022)
Total net assets	59,169	58,759
Total liabilities and net assets	133,706	130,893

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

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	67,901	70,881
Cost of sales	52,541	56,158
Gross profit	15,360	14,723
Selling, general and administrative expenses	9,307	10,277
Operating profit	6,052	4,446
Non-operating income		
Interest income	80	115
Dividend income	264	304
Share of profit of entities accounted for using equity method	289	352
Royalty income	50	22
Other	137	107
Total non-operating income	822	903
Non-operating expenses		
Interest expenses	240	186
Foreign exchange losses	22	231
Other	176	180
Total non-operating expenses	439	598
Ordinary profit	6,435	4,750
Extraordinary losses		
Business structure improvement expenses	–	164
Total extraordinary losses	–	164
Profit before income taxes	6,435	4,586
Income taxes - current	1,284	791
Income taxes - deferred	198	248
Total income taxes	1,483	1,039
Profit	4,952	3,547
Profit attributable to		
Profit attributable to owners of parent	4,952	3,547
Profit attributable to non-controlling interests	–	–
Other comprehensive income		
Valuation difference on available-for-sale securities	1,353	(2,174)
Foreign currency translation adjustment	(11)	(644)
Remeasurements of defined benefit plans, net of tax	189	208
Share of other comprehensive income of entities accounted for using equity method	40	(56)
Total other comprehensive income	1,572	(2,667)
Comprehensive income	6,524	880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,524	880
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 Dec 31, 2018 (April 1, 2018 to Dec 31, 2018)

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

Millions of yen							
Year ended Dec 31, 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	¥26,006	¥38,457	¥64,463	¥6,417	¥70,881	¥ —	¥70,881
Inter-segment	4,914	32	4,947	—	4,947	(4,947)	—
Total	30,921	38,490	69,411	6,417	75,829	(4,947)	70,881
Segment income (loss)	¥2,517	¥5,885	¥8,403	¥(511)	¥7,891	¥(3,445)	¥4,446

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

2. ¥(3,445) 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.