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Notice Concerning Extraordinary Loss and Revisions to Operating Results Forecasts

Tabuchi Electric Co., Ltd. hereby announces some revisions of financial results forecast for the first half of the fiscal year ending March 31, 2019. As of August 10, 2018, we described our financial forecast for the first half of the fiscal year was undetermined at "Financial Results Summary for the First Quarter of the Fiscal Year Ended March 31, 2019 [Japan GAAP] (Consolidated)" and "Notice concerning an estimate of Extraordinary Loss (Impairment Loss) and revisions of Operating Results Forecasts", however, based on reviewing the business turnaround ADR procedure, we decided to revise our earnings forecast including revised the valuation of assets, etc. and recorded impairment loss on structural reform and fixed assets as follows.

1. Contents of extraordinary loss

(1) Structural reform expenses

As part of management improvement, we reevaluate inventory assets in energy-solution business due to business restructuring, in the event we expect to record an extraordinary loss of 2,230 million yen on devaluation of inventories of the Company and its subsidiaries.

(2) Impairment loss

Based on "Accounting Standard for Impairment of Fixed Assets", taking future collectability of fixed assets owned by the Company and its subsidiaries into consideration, we expect to record an impairment loss of 664 million yen on machinery and equipment as extraordinary loss. Since an impairment loss of 84 million yen has already been recorded in the first quarter consolidated accounting period, the rest of the impairment loss to be recorded on the second quarter consolidated accounting period will be 579 million yen.

2. Revision of Consolidated Operating Results Forecast for the First Half of the fiscal year ending March 31, 2019 (From April 1, 2018 to September 30, 2018)

	Net sales	Operating income	Ordinary income	Net income attributable to parent company shareholders	Net income per share
Original forecast (A) (Announced on August 10, 2018)	million yen —	million yen —	million yen —	million yen —	yen —
Revised forecast (B)	12,500	(1,000)	(800)	(3,700)	(91.54)

Change(B-A)	—	—	—	—	
Percentage change (%)	—	—	—	—	
(Reference) Last year's result (The first half of the fiscal year ending March 31, 2018)	13,751	(2,171)	(2,141)	(4,426)	(109.53)

Reasons for the Revision

As of May 31, 2018, we announced the second quarter earnings forecast for the current fiscal year, and on August 10, 2018, described the consolidated earnings forecast for the second quarter (cumulative) was undetermined. This time we will disclose it based on recent circumstances. Net sales and operating income fell short of the forecasts dated May 31, 2018 due to decrease of amusement power supplies and inverters for solar power generation, etc., however, ordinary income almost remained unchanged from the original earnings forecast.

Meanwhile, the Company and one domestic subsidiary reassessed the assets and other factors while developing the business turnaround plan with consultation of the financial institution applying the business turnaround ADR procedure, and consequently we posted extraordinary losses of 2,230 million yen of impairment loss on inventories and 664 million yen of the impairment loss on fixed assets mainly as structural reform expenses in connection with energy-solution business, and revised our earnings forecast as described above.

Although the proposed business revitalization plan affects the Company's business forecasts, it has not reached the conclusion of agreement with the trading financial institution that is the subject creditor yet, so the consolidated business forecast for the fiscal year is to be determined and we will announce after the approval of business revitalization plan.

* Since these forecasts are based on the information available at the present time, there are various uncertainties about forecasts, and actual results may differ from these forecasts.