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Company Name: Tabuchi Electric Co., Ltd.  
 Representative: President Toshihiro Kaihoshi  
 (Securities code: 6624 TSE First Section)  
 Contact: Masao Sasano  
 Corporate Director, Executive Corporate officer and Manager,  
 Management Control Division  
 (TEL: +81-6-4807-3500)

**Notice concerning an estimate of Extraordinary Loss (Impairment Loss) and revisions of Operating Results Forecasts**

Tabuchi Electric Co., Ltd. (Head Office: Yodogawa, Osaka; President and Chief Executive Officer: Toshihiro Kaihoshi) hereby announces that, although the Company revised its earnings forecast for the current fiscal year on October 27, 2017, we recorded an impairment loss on fixed assets as part of management improvement measures, and recent trends in the domestic solar power generation market We also announced that we have further revised our earnings forecasts as described below, taking into consideration the various management improvement measures and others

1. Contents of extraordinary loss

Impairment loss

During the third quarter of the current consolidated fiscal year, It is expected to record an extraordinary loss of 1,882 million yen through impairment treatment of part of buildings, etc. of overseas subsidiaries and common assets of Tabuchi Electric Co., Ltd. based on "Accounting Standard for Impairment of Fixed Assets". We already posted a loss of 2,220 million yen in the second quarter consolidated cumulative period for the same purpose already, so we are planning to post an extraordinary loss totaling 4,102 million yen in the third quarter consolidated cumulative period.

2. Revision of Consolidated Operating Results Forecast for the fiscal year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

	Net sales	Operating income	Ordinary income	Net income attributable to parent company shareholders	Net income per share
Previous forecast (A) (Announced on October 27, 2017)	million yen 28,300	million yen (2,000)	million yen (2,100)	million yen (4,300)	yen (106.39)
Revised forecast (B)	27,500	(3,900)	(4,000)	(7,800)	(192.99)
Change(B-A)	(800)	(1,900)	(1,900)	(3,500)	
Percentage change (%)	(2.8)	—	—	—	
(Reference) Previous year's result (The first half of the Fiscal year ending March 31, 2017)	26,156	(3,333)	(3,415)	(5,782)	(143.07)

Reasons for the Revision

In the second half, sales of power supplies for amusement machine have increased substantially, but in the domestic photovoltaic inverter market, new certifications are stagnating due to procedural problems in the revised FIT law. We have greatly affected not only low voltage transaction power generation projects which our main field, but also housing projects and high voltage transaction power generation projects. On the other hand, in the North American market, we launched a new model of PV inverter with storage system, but sales did not reach full scale. In terms of profits, the decline in gross profit margin due to declining selling prices due to intensified competition and the additional recording of inventory valuation losses of 1,500 million yen are the main reasons for lower profits. In addition, impairment accounting is applied to some of the above-mentioned overseas subsidiaries' buildings and common assets of Tabuchi Electric Corporation.

Through these measures, we expect sales of 27,500 million yen for the full year, an operating loss of 3,900 million yen, an ordinary loss of 4,000 million yen, and a net loss of 7,800 million yen.

The exchange rate is assumed to be 110 yen per dollar.

### 3. Formulation of medium-term management plan

In order to realize reform of profit structure and recovery of business performance, we have continued efforts to promote business improvement measures in the past, and have achieved certain results in preventing the decrease in sales and reducing expenses. However, as consolidated settlements for the full year in the fiscal year ending March 31, 2018 are expected to be in the deficit for the second consecutive term, in order to promote fundamental reform of the business structure, we set a new start for fiscal 2018. We have formulated the new medium-term management plan "MBP 2022" with the target fiscal year 2022.

#### (1) Redefinition of business area

We are positioning the new automotive business as the third business field with "distinctive devices" and "unique power solution technology" aimed at advanced power electronics technology, and we will begin full-fledged efforts, and in addition to existing energy solutions business, we also promote initiatives that respond to changes in the business environment for the power and device business.

##### ① Energy Solutions Business division

- i) Reconstruction of domestic business base (Prioritization for residential and storage systems expected to grow in the future)
- ii) Developed to the Global Distributed Energy Resources (DER) market
- iii) Strengthening cost effectiveness through platformization

##### ② Power supply & device Business division

- i) Steady expansion of transformer, coil for consumer, industrial, and automotive fields
- ii) New development to PDIC applied products cultivated from power supply for amusement machine

##### ③ Automotive power electronics development

- i) Full-scale entry into automotive related business such as in-vehicle equipment and wireless power supply equipment, making full use of proprietary power electronics technology cultivated through PV inverter

#### 2) Business promotion through customer orientation

We work closely with customers, planning, development, production, sales and after-sales service of products that truly appreciate at the site of use, sincerely facing various needs and fulfilling their needs

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