

**SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP]
(CONSOLIDATED)
Financial Results for the Fiscal Year Ended March 31, 2020**

May 29, 2020

Company Name: Yamaichi Electronics Co., Ltd.

Code: 6941 Tokyo Stock Exchange 1st section URL: <http://www.yamaichi.co.jp>
 President: Yoshitaka Ota
 Managing Director: Kazuhiro Matsuda Tel: (03)3734-0115
 Scheduled date of ordinary general meeting of shareholders: June 25, 2020
 Scheduled date of securities report submission: June 25, 2020
 Scheduled date of dividend payment commencement: June 26, 2020
 Supplementary materials for the quarterly financial statements: Yes
 Presentation to explain for the quarterly financial statements: Yes (for institutional investors and analysts)

1. Consolidated Financial Highlights for the Fiscal Year Ended March 31, 2020

(1) Consolidated Operating Results (aggregated) (Percentage figures represent changes from the same period of the previous year.)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2020	27,008	2.3	3,064	5.4	3,080	8.8	2,653	13.2
Year ended March 31, 2019	26,391	△13.0	2,908	△32.5	2,830	△34.1	2,344	△30.4

Notes: Comprehensive income : Year ended March 31, 2020 ¥ 2,281 million (15.1%) : Year ended March 31, 2019 ¥ 1,982 million (△42.7%)

	Net profit per share	Diluted net profit per share	Return on equity	Return on assets	Operating income ratio
	Yen	Yen	%	%	%
Year ended March 31, 2020	123.06	—	11.8	10.1	11.3
Year ended March 31, 2019	105.38	105.03	10.6	9.5	11.0

Notes: Share of loss of entities accounted for using equity method: Year ended March 31, 2020: ¥ △2 million; Year ended March 31, 2019: ¥ △1 million.

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	31,893	23,354	72.3	1,076.86
As of March 31, 2019	29,308	22,288	75.2	1,004.27

Notes: Treasury Equity as of March 31, 2020: ¥ 23,056 million, as of March 31, 2019: ¥ 22,051 million.

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	4,697	△1,495	△2,100	9,259
Year ended March 31, 2019	4,278	△1,074	△2,168	8,318

2. Dividends

	Dividends per share			Total dividends	Dividend payout	Dividend on equity
	Interim	Year-end	Total			
Year ended March 31, 2019	Yen 10.00	Yen 22.00	Yen 32.00	Millions of Yen 706	% 30.4	% 3.2
Year ended March 31, 2020	10.00	28.00	38.00	813	30.9	3.7
Forecast); Year ending March 31, 2021	—	—	—		—	

Note: The Company's Articles of Incorporation stipulate that the end of the second quarter and the end of the financial term are dividend record dates. However, the expected dividend amounts on the record dates have not been decided at the moment. We will promptly announce the amounts as soon as we can expect the same.

3. Consolidated Financial Forecast for the fiscal year ending in March 2021 (April 1, 2020 through March 31, 2021)

Regarding the consolidated financial results forecast for the fiscal year ending in March 2021, we expect that a difficult situation will continue as there is concern that the world's economic activity will slow down due to the spread of COVID-19 infections. Accordingly, it is difficult to estimate the results properly and reasonably at the moment. We will promptly disclose the forecast when it is possible.

4. Other

(1) Changes in Significant Subsidiaries during Current Quarter Consolidated Period

(Changes in Specified Subsidiaries with Change in Scope of Consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to revisions of accounting standards etc.: Yes

2) Changes in accounting policies other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury shares) at term end:

March 31, 2020	23,329,775 shares
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March 31, 2019	23,329,775 shares
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2) Number of treasury shares at term end:

March 31, 2020	1,919,449 shares
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March 31, 2019	1,371,827 shares
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3) Average number of outstanding shares:

March 31, 2020	21,563,014 shares
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March 31, 2019	22,249,313 shares
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* This summary of consolidated financial results for the fiscal year falls outside the scope of fiscal year review procedures to be performed by certified public accountants or an audit firm.

* Explanation of the appropriate use of performance forecasts and other related items

All forecasts in this presentation are based on information currently available to the management and on assumptions judged to be reasonable. The Company's actual results may differ substantially from such statements due to various risks and uncertainties.

5. Overview of Business Results

(1) Summary of Business Results

The global economy remained uncertain in the current consolidated fiscal year due to prolonged US-China trade friction, the withdrawal of the United Kingdom from the EU, and an increased geopolitical risk in the Middle East. What is more, the economy deteriorated rapidly with novel coronavirus infection, which has expanded since the beginning of this year. Concerning the future situation, the outlook for the normalization of economic activities after the settlement of the infectious disease is uncertain, and a high degree of uncertainty will continue.

Under these circumstances, the Yamaichi Electronics Group aimed to grow into a corporate group to provide products and services with which customers will be satisfied based on its three-year medium-term business plan (fiscal year ended March 2018 to the fiscal year ended March 2020). From the perspective of creating products that will create the future under our global collaboration, we worked on growth strategy and structural reform to be included in the core of our strategy to strengthen our management foundation and expand profits. The expansion of novel coronavirus infection in the fourth quarter adversely affected the operation of the supply chain in China and the production base in the Philippines. Compared with the forecast of consolidated business results for the fiscal year ending March 31, 2020, which was announced on February 3, 2020, our net sales dropped approximately 500 million yen.

As a result, our business performance in the consolidated fiscal year marked net sales of 27,008 million yen (an increase of 2.3% year on year), operating income of 3,064 million yen (an increase of 5.4% year on year), ordinary income of 3,080 million yen (an increase of 8.8% year on year), and profit attributable to owners of parent of 2,653 million yen (an increase of 13.2% year on year).

Our business performance on a segment-by-segment basis is shown below.

[Test Solutions Business]

Despite a recovered demand for memory semiconductor sockets from the second quarter and favorable sales of products for smartphones, we were adversely affected by a delay in the recovery of automobile demand.

As a result, however, our business performance resulted in net sales of 11,875 million yen (an increase of 6.6% year on year), and operating income was 1,514 million yen (an increase of 34.3% year on year).

[Connector Solutions Business]

Although our sales of connector products for communications equipment were steady, our sales of connector products for on-vehicle equipment and industrial equipment were adversely affected by continued inventory adjustments and production adjustments by major overseas customers.

Furthermore, our business performance was adversely affected by the impact on the supply chain due to the spread of COVID-19 infection in the fourth quarter.

As a result, our business performance resulted in net sales of 13,908 million yen (a decrease of 1.6% year on year), and operating income was 1,527 million yen (a decrease of 12.4% year on year).

[Optics-related Business]

Our sales of filter products for medical equipment, industrial equipment, and smartphones were firm, but some products were adversely affected by lower selling prices.

As a result, our business performance resulted in net sales of 1,224 million yen (an increase of 9.3% year on year), and operating income was 24 million yen (an increase of 0.3% year on year).

(2) Overview of the financial condition for the current term

Since the beginning of the first quarter of the consolidated cumulative period, our overseas consolidated subsidiaries have adopted IFRS 16 Leases and ASU 2016-02 lease accounting standards. Both of which are financial reporting standards (hereinafter referred to as “IFRS 16 etc.”) promulgated by the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) of the United States, respectively.

(Assets)

Our current assets at the end of the consolidated fiscal year were 18,954 million yen, an increase of 1,325 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 940 million yen in cash and deposits and an increase of 429 million yen in notes and accounts receivable due to an increase of net sales. Our non-current assets amounted to 12,939 million yen, an increase of 1,260 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in right-of-use assets of 1,814 million yen as a result of the adoption of IFRS 16 etc. though the investment securities decreased by 258 million yen due to the sale of shares held.

Accordingly, our total assets amounted to 31,893 million yen, an increase of 2,585 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Our current liabilities at the end of the consolidated fiscal year amounted to 6,696 million yen, an increase of 614 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 200 million yen increase in notes and accounts payable because of an increase of 276 million in sales and lease obligations, which involved an increase in purchases, and due to the adoption of IFRS 16 etc. Our non-current liabilities amounted to 1,842 million yen due to the adoption of IFRS 16 etc., an increase of 904 million yen from the end of the previous consolidated fiscal year.

As a result, our total liabilities amounted to 8,539 million yen, an increase of 1,519 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

The total net assets at the end of the current consolidated fiscal year were 23,354 million yen, an increase of 1,066 million yen from the end of the previous consolidated fiscal year. This mainly resulted from a recorded profit attributable to owners of parent of 2,653 million yen although there was dividend of surplus of 697 million yen and the acquisition of treasury shares that amounted to 599 million yen acquired following a resolution of the Board of Directors.

As a result, the equity ratio was 72.3% (75.2% at the end of the previous consolidated fiscal year).

(3) Overview of cash flows for the current term

Our cash and cash equivalents (hereinafter referred to as “funds”) for the consolidated fiscal year increased by 940 million yen compared with the end of the previous consolidated fiscal year, and the funds at the end of the consolidated fiscal year amounted 9,259 million yen.

The status of each cash flow and its factors during the consolidated fiscal year are as follows:

(Cash flows from operating activities)

The funds provided by operating activities amounted to 4,697 million yen (an increase of 9.8% year on year). This was mainly due to the profit before income taxes of 3,187 million yen.

(Cash flows from investing activities)

The funds used for investing activities amounted to 1,495 million yen (an increase of 39.3% year on year). This was mainly due to the purchase of property, plant and equipment of 1,731 million yen although there were proceeds from sales of investment securities of 252 million yen.

(Cash flows from financing activities)

The funds used for financing activities amounted to 2,100 million yen (a decrease of 3.1% year on year). This was mainly due to cash dividends paid of 695 million yen and the purchase of treasury shares of 599 million yen.

(4) Future Prospect

Regarding the forecast of the consolidated financial results for the fiscal year ending March 2021, it is expected that the difficult situation will continue as there is concern that economic activity will slow down worldwide due to the spread of COVID-19 infection. Therefore, we have not determined the forecast yet as it is difficult to estimate the same properly and reasonably at this moment.

We will promptly announce the forecast when it is possible.

We will announce the dividend forecast for the fiscal year ending March 2021 at the same time together with the earnings forecast.

6. Basic policy on the selection of accounting standards

With consideration of the period comparability of consolidated financial statements and the comparability between companies, the Yamaichi Electronics Group holds a policy to prepare consolidated financial statements under Japanese standards for the time being.

However, taking into account the trends in the application of international accounting standards by other companies in the same industry, we plan to study the application of International Financial Reporting Standards in the future.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	8,318,859	9,259,338
Notes and accounts receivable	4,008,785	4,438,009
Electronically recorded monetary claims	477,280	471,967
Merchandise and finished goods	1,620,339	1,447,299
Work in process	245,458	234,176
Raw materials and supplies	1,809,261	1,897,760
Other	1,163,052	1,223,904
Allowance for doubtful accounts	△14,063	△18,195
Total current assets	17,628,972	18,954,261
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,681,537	2,699,499
Machinery, equipment and vehicles	1,981,224	1,613,276
Tools, furniture and fixtures	1,463,007	1,507,243
Land	3,378,187	3,377,943
Lease assets	25,022	14,178
Right-of-use assets	—	1,814,957
Construction in progress	344,775	354,992
Total property, plant and equipment	9,873,754	11,382,091
Intangible fixed assets		
Software	106,195	105,059
Other	41,783	27,272
Total intangible fixed assets	147,978	132,331
Investments and other assets		
Investment securities	477,971	219,242
Deferred tax assets	123,096	213,111
Net defined benefit asset	742,295	683,513
Other	348,426	309,038
Allowance for doubtful accounts	△34,471	△0
Total investments and other assets	1,657,316	1,424,905
Total non-current assets	11,679,049	12,939,328
Deferred assets	358	—
Total assets	29,308,380	31,893,590

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	1,284,159	1,484,585
Current portion of bonds	22,500	—
Short-term loans payable	2,521,416	2,423,620
Current portion of long-term loans payable	368,364	299,930
Lease obligations	30,279	306,732
Income taxes payable	302,195	393,549
Provision for bonuses	330,719	393,567
Other	1,222,383	1,394,893
Total current liabilities	6,082,017	6,696,879
Non-current liabilities		
Long-term loans payable	549,930	250,000
Lease obligations	21,398	1,161,792
Deferred tax liabilities	42,561	—
Provision for director's retirement benefits	36,309	67,853
Net defined benefit liability	33,210	33,400
Asset retirement obligations	20,516	20,988
Other	234,323	308,451
Total non-current liabilities	938,249	1,842,486
Total liabilities	7,020,267	8,539,365
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,084,103	10,084,103
Capital surplus	1,793,091	1,775,084
Retained earnings	12,403,936	14,360,379
Treasury shares	△1,627,435	△2,183,721
Total shareholders' equity	22,653,695	24,035,845
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	111,662	6,355
Foreign currency translation adjustments	△559,166	△825,391
Remeasurements of defined benefit plans	△154,549	△160,789
Total amount of other comprehensive income	△602,054	△979,825
Subscription rights to shares	116,977	181,487
Non-controlling interests	119,495	116,717
Total net assets	22,288,113	23,354,225
Total liabilities and total net assets	29,308,380	31,893,590

Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Amount	Amount
Net sales	26,391,989	27,008,329
Cost of sales	17,467,078	17,648,690
Gross profit	8,924,911	9,359,639
Selling, general and administrative expenses	6,016,789	6,295,065
Operating income	2,908,121	3,064,573
Non-operating income		
Interest income	15,921	11,681
Dividend income	28,209	17,967
Gain on sales of scraps	27,729	16,684
Subsidy income	1,373	2,581
Insurance Claim income	4,309	49,548
Other	36,150	30,722
Total non-operating income	113,693	129,185
Non-operating expenses		
Interests expenses	68,539	70,423
Foreign exchange losses	84,562	3,615
Share of loss of entities accounted for using equity method	1,890	2,209
Other	36,794	37,494
Total non-operating expenses	191,787	113,743
Ordinary profit	2,830,027	3,080,015

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Amount	Amount
Extraordinary income		
Gain on sales of non-current assets	14,189	2,959
Gain on sales of investment securities	352,062	124,183
Total extraordinary income	366,251	127,142
Extraordinary losses		
Loss on disasters	—	19,918
Total extraordinary losses	—	19,918
Profit before income taxes	3,196,278	3,187,239
Income taxes	848,560	530,428
Profit	2,347,718	2,656,811
Profit attributable to non-controlling interests	3,156	3,189
Profit attributable to owners of parent	2,344,562	2,653,621
Profit	2,347,718	2,656,811
Other comprehensive income		
Valuation difference on available-for-sale securities	△565,127	△105,306
Foreign currency translation adjustments	231,892	△264,851
Re-measurements of defined benefit plans	△22,614	△6,240
Share of other comprehensive Income of entities accounted for using equity method	△9,649	986
Total other comprehensive income	△365,498	△375,411
Comprehensive income	1,982,220	2,281,399
(Attribute to)		
Comprehensive income attributable to owners of the parent	1,975,208	2,275,850
Comprehensive income attributable to non-controlling interests	7,012	5,549

Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Amount	Amount
Cash Flows from Operating Activities		
Profit before income taxes	3,196,278	3,187,239
Depreciation	1,685,806	2,058,711
Interest and dividends income	△44,130	△29,648
Interest expenses	68,539	70,423
Exchange loss (△gain)	113,925	56,503
Share of loss (△profit) of entities accounted for using equity method	1,890	2,209
Loss (△gain) on sales of non-current assets	△14,189	△2,959
Loss (△gain) on sales of investment securities	△352,062	△124,183
Decrease (△increase) in notes and accounts receivable-trade	1,329,122	△544,464
Decrease (△increase) in inventories	△205,821	1,805
Increase (△decrease) in notes and accounts payable-trade	△372,769	231,679
Increase (△decrease) in accounts payable-other	△71,107	146,122
Increase (△decrease) in provision for bonuses	△185,313	99,017
Decrease (△increase) in net defined benefit asset	35,400	58,782
Increase (△decrease) in net defined benefit liability	11,971	571
Increase (△decrease) in provision for directors' retirement benefits	△7,215	32,622
Other, net	46,862	23,102
Sub total	5,237,189	5,267,535
Interest and dividends income received	44,320	28,392
Interest expenses paid	△68,131	△56,650
Income taxes paid	△934,871	△542,273
Net Cash provided by Operating Activities	4,278,506	4,697,003

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Amount	Amount
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	△1,602,512	△1,731,276
Proceeds from sales of property, plant and equipment	14,328	6,912
Proceeds from sales of investment securities	593,882	252,279
Payments of loans receivable	△900	—
Purchase of insurance funds	△12,215	△5,089
Other, net	△66,650	△18,494
Net Cash used in Investing Activities	△1,074,066	△1,495,667
Cash flows from Financing Activities		
Net increase (decrease) in short-term loans payable	507,534	△65,522
Repayment of long-term loans payable	△492,054	△368,364
Redemption of bonds	△35,000	△22,500
Repayments of lease obligations	△296,016	△365,907
Purchase of treasury shares	△999,966	△599,976
Cash dividends paid	△899,516	△695,463
Dividends paid to non-controlling interests	—	△8,327
Proceeds from exercise of share options	46,118	25,368
Other	238	123
Net Cash used in Financing Activities	△2,168,662	△2,100,569
Effect of exchange rates changes on cash and cash equivalents	94,215	△160,287
Net increase of cash and cash equivalents	1,129,993	940,478
Cash and Cash Equivalents at beginning of period	7,188,866	8,318,859
Cash and Cash Equivalents at the end of period	8,318,859	9,259,338