

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Three Quarters (April 1 to December 31, 2019) of the Fiscal Year Ending March 31, 2020

February 03, 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 securities report submission: February 07, 2020

Scheduled date of dividend payment commencement: —

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 Results for the First Three Quarters (April 1 to December 31, 2019) of the Fiscal Year Ending March 31, 2020

(1) Consolidated Operating Results (aggregated)

(Percentage figures represent changes from the same period of 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	%
First three quarters ended								
December 31, 2019	20,454	△1.8	2,557	△6.1	2,534	△6.8	2,146	11.0
December 31, 2018	20,833	△10.8	2,725	△22.1	2,718	△23.3	1,933	△31.5

Note : Comprehensive income First three quarters ended December 31, 2019 ¥1,949 million (7.1%)
First three quarters ended December 31, 2018 ¥1,820 million (△48.5%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
First three quarters ended		
December 31, 2019	99.29	—
December 31, 2018	86.53	86.21

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	31,305	23,006	72.6	1,061.36
As of March 31, 2019	29,308	22,288	75.2	1,004.27

Reference: Shareholders' equity as of December 31, 2019: ¥ 22,724 million; as of March 31, 2019: ¥22,051 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	10.00	—	22.00	32.00
Year ending March 31, 2020	—	10.00	—		
Forecast: Year ending March 31, 2020				28.00	38.00

Note: Modifications in the dividend projection from the latest announcement: Yes

3. Forecast of Consolidated Operating Results for the year ending March 31, 2020

(Percentage figures represent changes from the same period of previous year.)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2020	27,500	4.2	3,300	13.5	3,250	14.8	2,700	15.2	125.21

Note: Modifications in forecasts of consolidated operating results from the latest announcement: Yes

4. Other

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

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

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: No

(3) 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

(4) Number of outstanding shares (common stock)

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

December 31, 2019	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:

December 31, 2019	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 (during the third quarter ended December 31):

December 31, 2019	21,613,540 shares
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December 31, 2018	22,348,966 shares
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* This summary of quarterly consolidated financial results falls outside the scope of quarterly 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. Qualitative Information on Quarter Financial Results

(1) Summary of Business Results

In the third quarter of the current consolidated cumulative period, much uncertainty remains concerning the future of the global economy due to prolonged trade-friction issues between U.S. and China, and issues over Britain's exit from the EU, an increase in geopolitical risks in the Middle East. In Japan, the employment environment continued to improve, however the recovery of the economy was moderate due to sluggish exports.

Under these circumstances, from the perspective of cooperating globally and creating products that will connect with the future, we have worked on incorporating growth strategy and structural reform into the core of our policy to strengthen our management foundation and expand profits. These efforts have been based on our three-year medium-term management plan (ending in March 2020) with the continuous aim of growing into a corporate group that can provide products and services that satisfy our customers.

As a result, our business performance in the consolidated cumulative period marked net sales of 20,454 million yen (a decrease of 1.8% year on year), operating profit of 2,557 million yen (a decrease of 6.1% year on year), ordinary profit of 2,534 million yen (a decrease of 6.8% year on year), and profit attributable to owners of parent of 2,146 million yen (an increase of 11.0% year on year).

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

[Test Solutions Business]

The demand for sockets for memory semiconductors has recovered after the second quarter and our sales of connector products for communications equipment were steady, however the effect by a delay in recovery of demand for automobiles has been continued.

As a result, our business performance resulted in net sales of 9,098 million yen (a decrease of 1.6% year on year) and operating profit of 1,303 million yen (a decrease of 7.5% year on year).

[Connector Solutions Business]

Our sales of connector products for communications equipment were steady. Although, our sales of connector products for on-vehicle equipment and industrial equipment were affected due to major foreign customers' continued inventory adjustments and production adjustments. In profitability, it was increased as a result of productivity improvement and cost reduction including fixed cost.

As a result, our business performance resulted in net sales of 10,460 million yen (a decrease of 2.4% year on year) and operating profit of 1,297 million yen (an increase of 1.9% year on year).

[Optics-related Business]

Our sales of optics-related products, including filter products for medical equipment, optical communications equipment and for industrial equipment were steady. However, some products were affected by selling price cuts.

As a result, our business performance resulted in net sales of 895 million yen (an increase of 2.5% year on year) and operating loss of 1 million yen (operating profit 37 million yen in the same period of the previous year).

(2) Explanation of Financial Conditions

Since the beginning of the current consolidated first quarter, 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 third quarter were 18,327 million yen, an increase of 698 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts receivable by 980 million yen due to an increase in net sales, despite a decrease in cash and deposits by 219 million yen due to acquisition of treasury shares and the distribution of surplus. Non-current assets amounted to 12,978 million yen, an increase of 1,299 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,583 million in property, plant and equipment because of the adoption of IFRS 16 etc. though the amount of our investment securities decreased by 220 million yen due to the sales of shares held.

As a result, the value of the total assets amounted to 31,305 million yen, an increase of 1,997 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Our current liabilities at the end of the consolidated third quarter amounted to 6,353 million yen, an increase of 271 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in other current liabilities of 473 million yen due to the adoption of IFRS 16, etc. despite of a decrease in both short-term loans payable of 103 million yen and provision for bonuses of 86 million yen. Non-current liabilities amounted to 1,946 million yen because of the adoption of IFRS 16 etc., which was an increase of 1,008 million yen from the end of the previous consolidated fiscal year.

As a result, our total liabilities amounted to 8,299 million yen, an increase of 1,279 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

Our total net assets at the end of the consolidated third quarter were 23,006 million yen, an increase of 718 million yen from the corresponding figure at the end of the previous fiscal year. This was mainly resulted from the profit attributable to owners of parent amounted to 2,146 million yen although there were distribution of surplus of 697 million yen and an increase of 599 million yen in acquisition of treasury shares by the resolution of the Board of Directors.

As a result, the equity ratio amounted to 72.6% (75.2% at the end of the previous fiscal year).

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2019	As of December 31, 2019
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	8,318,859	8,099,377
Notes and accounts receivable	4,008,785	4,989,686
Electronically recorded monetary claims	477,280	523,090
Merchandise and finished goods	1,620,339	1,657,805
Work in process	245,458	241,932
Raw materials and supplies	1,809,261	1,765,007
Other	1,163,052	1,068,443
Allowance for doubtful accounts	△14,063	△18,121
Total current assets	17,628,972	18,327,221
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,681,537	2,753,290
Machinery, equipment and vehicles	1,981,224	1,563,972
Tools, furniture and fixtures	1,463,007	1,482,324
Land	3,378,187	3,381,713
Lease assets	25,022	16,723
Construction in progress	344,775	359,438
Other	—	1,899,733
Total property, plant and equipment	9,873,754	11,457,196
Intangible fixed assets	147,978	107,634
Investments and other assets		
Investment securities	477,971	257,187
Deferred tax assets	123,096	116,533
Net defined benefit asset	742,295	731,729
Other	348,426	308,127
Allowance for doubtful accounts	△34,471	△0
Total investments and other assets	1,657,316	1,413,578
Total non-current assets	11,679,049	12,978,408
Deferred assets	358	—
Total assets	29,308,380	31,305,630

(Thousands of yen)

	As of March 31, 2019	As of December 31, 2019
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	1,284,159	1,248,952
Current portion of bonds	22,500	—
Short-term loans payable	2,889,780	2,785,911
Income taxes payable	302,195	302,301
Provision for bonuses	330,719	243,777
Provision for directors' bonuses	—	46,500
Other	1,252,662	1,725,711
Total current liabilities	6,082,017	6,353,153
Non-current liabilities		
Long-term loans payable	549,930	291,630
Provision for director's retirement benefits	36,309	35,007
Net defined benefit liability	33,210	34,272
Asset retirement obligations	20,516	20,870
Deferred tax liabilities	42,561	42,153
Other	255,721	1,522,415
Total non-current liabilities	938,249	1,946,348
Total liabilities	7,020,267	8,299,502
(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	13,852,863
Treasury shares	△1,627,435	△2,183,721
Total shareholders' equity	22,653,695	23,528,329
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	111,662	6,670
Foreign currency translation adjustments	△559,166	△667,892
Remeasurements of defined benefit plans	△154,549	△143,027
Total amount of other comprehensive income	△602,054	△804,250
Subscription rights to shares	116,977	164,988
Non-controlling interests	119,495	117,059
Total net assets	22,288,113	23,006,127
Total liabilities and net assets	29,308,380	31,305,630

Consolidated Statements of Income

(Thousands of yen)

	3Q period of previous year (From April 1, 2018 to December 31, 2018)	3Q period of current year (From April 1, 2019 to December 31, 2019)
	Amount	Amount
Net sales	20,833,631	20,454,080
Cost of sales	13,491,662	13,166,544
Gross profit	7,341,969	7,287,536
Selling, general and administrative expenses	4,616,768	4,729,779
Operating income	2,725,200	2,557,756
Non-operating income		
Interest income	9,061	8,691
Dividend income	26,091	6,666
Share of profit of entities accounted for using equity Method	2,416	1,900
Gain on sales of scraps	22,050	13,563
Subsidy income	876	2,077
Insurance claim income	—	49,091
Other	22,199	21,244
Total non-operating income	82,696	103,234
Non-operating expenses		
Interest expenses	35,481	50,852
Foreign exchange losses	37,721	36,868
Other	16,383	39,142
Total non-operating expenses	89,586	126,864
Ordinary profit	2,718,310	2,534,126
Extraordinary income		
Gain on sales of non-current assets	14,089	2,873
Gain on sales of investment securities	—	123,183
Total extraordinary income	14,089	126,057
Extraordinary losses		
Loss on disaster	—	19,769
Total extraordinary losses	—	19,769
Profit before income taxes	2,732,399	2,640,414
Income taxes	796,147	491,867
Profit	1,936,251	2,148,546
Profit attributable to non-controlling interests	2,416	2,440
Profit attributable to owners of parent	1,933,835	2,146,105

(Thousands of yen)

	3Q period of previous year (From April 1, 2018 to December 31, 2018)	3Q period of current year (From April 1, 2019 to December 31, 2019)
	Amount	Amount
Profit	1,936,251	2,148,546
Other comprehensive income		
Valuation difference on available-for-sale securities	△344,099	△104,992
Foreign currency translation adjustments	229,123	△99,642
Remeasurements of defined benefit plans	3,101	11,521
Share of other comprehensive income of entities accounted for using equity method	△3,712	△5,631
Total other comprehensive income	△115,587	△198,744
Comprehensive income	1,820,664	1,949,801
(Attribute to)		
Comprehensive income attributable to owners of Parent	1,813,835	1,943,909
Comprehensive income attributable to non-controlling interests	6,829	5,891