

# SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

## Financial Results for the First Three Quarters ( April 1 to December 31, 2018 ) of the Fiscal Year Ending March 31, 2019

February 04, 2019

### 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 12, 2019

Scheduled date of dividend payment commencement: —

Supplementary materials for the quarterly financial statements: Yes

Presentation to explain for the quarterly financial statements: Yes

### 1. Consolidated Financial Results for the First Three Quarters (April 1 to December 31, 2018) of the Fiscal Year Ending March 31, 2018

#### (1) Consolidated Operating Results (aggregated)

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

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three quarters ended December 31, 2018	20,833	△10.8	2,725	△22.1	2,718	△23.3	1,933	△31.5
December 31, 2017	23,366	17.2	3,496	49.6	3,542	52.1	2,822	71.5

Note : Comprehensive income First three quarters ended December 31, 2018 ¥1,820 million (△48.5%)  
First three quarters ended December 31, 2017 ¥3,535 million ( 87.2%)

	Net profit per share	Diluted net profit per share
First three quarters ended	Yen	Yen
December 31, 2018	86.53	86.21
December 31, 2017	127.56	125.05

#### (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, 2018	29,360	22,159	74.7	997.77
As of March 31, 2018	30,431	22,185	72.4	973.56

Reference: Shareholders' equity as of December 31, 2018: ¥ 21,939 million; as of March 31, 2018: ¥22,021 million

### 2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	—	5.00	—	30.00	35.00
Year ending March 31, 2019	—	10.00	—	—	—
Forecast: Year ending March 31, 2019	—	—	—	20.00	30.00

Note: Modifications in the dividend projection from the latest announcement: No

### 3. Forecast of Consolidated Operating Results for the year ending March 31, 2019

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

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Year ending March 31, 2019	26,760	△11.8	2,900	△32.7	2,900	△32.4	2,180	△35.3	97.99	97.99

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): Yes

Excluding one: Yamaichi Electronics Shenzhen Co., Ltd

(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 shares outstanding (common stock)

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

December 31, 2018 23,329,775 shares

March 31, 2018 23,329,775 shares

2) Number of shares of treasury stock at term end:

December 31, 2018 1,341,327 shares

March 31, 2018 710,224 shares

3) Average number of outstanding shares (during the third quarter ended December 31):

December 31, 2018 22,348,966 shares

December 31, 2017 22,130,486 shares

#### \* Status of Performance of Quarterly Review Procedures

This summary of financial statements is exempt from quarterly review procedures required by Financial Instruments and Exchange Act. A part of quarterly review for securities report based on Financial Instruments and Exchange Act have not finished at the time of disclosure of this summary of financial statements.

#### \* 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. 1. Qualitative Information on Quarter Financial Results

### (1) Explanation of Business Results

We were concerned about the influence of expansion of trade friction between countries and regions on the global economy for the third quarter consolidated period. Although the United States maintained economic steadiness against the backdrop of an increase in capital investment, improvements in the employment environment, and increased personal consumption, some deceleration was seen at the end of the year. Also, in Europe, which maintained steadiness until the end of the year, the economy became uncertain at the end of the year. In Japan, there was a gradual recovery trend, but the impact of the world economy is of our concern.

Under these circumstances, the Yamaichi Electronics Group launched its three-year medium-term management plan (from March 2018 through March 2020) with the aim to continue growing into a corporate group to provide products and services with which customers will be satisfied. From the perspective of creating products that will create the future under our global collaboration, we have worked on growth strategy and structural reform to be included in the core of our strategy to strengthen our management foundation and expand profits.

As a result, our business performance in the third quarter consolidated period marked a sales figure of 20,833 million yen (a decrease of 10.8% year on year), operating profit of 2,725 million yen (a decrease of 22.1% year on year), ordinary profit of 2,718 million yen (a decrease of 23.3% year on year), and profit attributable to owners of parent of 1,933 million yen (a decrease of 31.5% year on year).

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

#### [Test Solutions Business]

We were affected by a declined demand for memory sockets for smartphones. Furthermore, our products for automotive equipment were affected by major domestic and overseas customers' production adjustments.

As a result, our business performance resulted in a sales figure of 9,247 million yen (a decrease of 19.6% year on year) and operating profit was 1,409 million yen (a decrease of 52.8% 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 by major foreign customers' inventory and production adjustments, we achieved significant growth in terms of profitability as a result of an effect of improving productivity.

As a result, our business performance resulted in a sales figure of 10,712 million yen (an increase of 1.5% year on year) and operating profit of 1,272 million yen (an increase of 206.3% year on year).

### [Optics-related Business]

Our sales of high-added-value products, including filter products for optical communications equipment and industrial equipment, were steady. We made improvements in terms of production, but we were affected by production adjustments to some products.

As a result, our business performance resulted in a sales figure of 873 million yen (a decrease of 33.5% year on year) and operating profit was 37 million yen (a decrease of 63.9% year on year).

## (2) Explanation of Financial Conditions

Partial Amendments to the Accounting Standard for Tax Effect Accounting (Statement No. 28 of the Corporate Accounting Standards, issued on February 16, 2018) have been applied since the beginning of the first quarter consolidated period. The figures are compared on the basis of the performance at the end of the previous consolidated fiscal year with retroactive adjustments.

### (Assets)

Our current assets at the end of this quarter of the consolidated fiscal year were 17,166 million yen, a decrease of 635 million yen from the end of the previous consolidated fiscal year. This was mainly due to a reduction of the notes and accounts receivable by 704 million yen and a reduction of electronically recorded monetary claims by 245 million yen as a result of a decrease in sales. Our fixed assets amounted to 12,193 million yen, a decrease of 433 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 496 million yen in investment securities as a result of the decline in the market value of the shares held.

Accordingly, the value of the total assets amounted to 29,360 million yen, a decrease of 1,070 million yen from the end of the previous consolidated fiscal year.

### (Liabilities)

Our current liabilities at the end of the quarter consolidated fiscal year amounted to 6,068 million yen, a reduction of 794 million yen from the end of the previous consolidated fiscal year. This was mainly due to a reduction of 542 million yen in notes and accounts payable due to a decrease in sales although our short-term loans payable increased by 396 million yen, a decrease in income taxes payable of 301 million yen, and a decrease in provision for bonuses of 283 million yen. Our fixed liabilities amounted to 1,133 million yen, a decrease of 249 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 276 million in long-term borrowings.

As a result, our total liabilities amounted to 7,201 million yen, a decrease of 1,044 million yen from the corresponding figure at the end of the previous consolidated fiscal year.

### (Net Assets)

Our net assets at the end of the quarter consolidated fiscal year totaled 22,159 million yen, a decrease of 25 million yen from the corresponding figure at the end of the previous consolidated fiscal year. This mainly resulted from a dividend of a surplus of 901 million yen and an increase of treasury shares by 988 million yen due to the acquisition of treasury shares by the resolution of the Board of Directors although there was a recorded profit attributable to owners of parent of 1,933 million yen.

As a result, the equity ratio amounted to 74.7% (72.4% at the end of the previous consolidated fiscal year).

### (3) Explanation about Future Forecast Information, including Consolidated Earnings Forecast

Regarding the consolidated earnings forecast for the full fiscal year ending March 31, 2019, which we announced on November 5, 2018, we hereby revise the same as follows with consideration of the environment of the semiconductors and electronic component-related market in which the Group is expanding its business and the most recent business trends.

#### Revision of Forecast for Consolidated Financial Results for the Full Fiscal Year Ending March 31, 2019

(From April 01, 2018 through March 31, 2019)

	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net profit per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
<b>Previously announced forecast (A)</b>	29,000	4,000	3,900	3,100	138.63
<b>Corrected forecast for this time (B)</b>	26,760	2,900	2,900	2,180	97.99
<b>Increase (B-A)</b>	△2,240	△1,100	△1,000	△920	—————
<b>Rate of change (%)</b>	△7.7	△27.5	△25.6	△29.7	—————
<b>(Reference) Previous results</b> (Fiscal year ended March 31, 2018)	30,340	4,307	4,292	3,367	151.23

## Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2018	As of December 31, 2018
	Amount	Amount
<b>(ASSETS)</b>		
<b>Current assets</b>		
Cash and deposits	7,188,866	7,509,644
Notes and accounts receivable-trade	5,075,232	4,370,743
Electronically recorded monetary claims	724,178	478,929
Merchandise and finished goods	1,579,760	1,639,662
Work in process	208,301	179,905
Raw materials and supplies	1,678,423	1,809,538
Other	1,365,786	1,193,803
Allowance for doubtful accounts	△ 18,069	△ 15,580
<b>Total current assets</b>	17,802,479	17,166,647
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	2,764,346	2,721,799
Machinery, equipment and vehicles	1,765,945	1,913,717
Tools, furniture and fixtures	1,370,172	1,557,781
Land	3,373,252	3,379,555
Lease assets	29,631	27,753
Construction in progress	448,136	258,779
<b>Total tangible fixed assets</b>	9,751,484	9,859,386
<b>Intangible fixed assets</b>	121,016	118,468
<b>Total intangible fixed assets</b>	121,016	118,468
<b>Investments and other assets</b>		
Investment securities	1,540,759	1,043,953
Deferred tax assets	147,752	113,092
Net defined benefit asset	777,695	766,995
Other	373,569	326,324
Allowance for doubtful accounts	△ 84,674	△ 34,471
<b>Total investments and other assets</b>	2,755,101	2,215,893
<b>Total fixed assets</b>	12,627,602	12,193,749
<b>Deferred assets</b>	1,218	573
<b>Total assets</b>	30,431,300	29,360,970

(Thousands of yen)

	As of March 31, 2018	As of December 31, 2018
	Amount	Amount
<b>(LIABILITIES)</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,675,748	1,133,698
Current portion of bonds	35,000	40,000
Short-term loans payable	2,435,734	2,832,364
Income taxes payable	634,955	333,485
Provision for bonuses	519,631	236,610
Provision for directors' bonuses	—	40,000
Other	1,562,023	1,452,093
<b>Total current liabilities</b>	<b>6,863,093</b>	<b>6,068,252</b>
<b>Long-term liabilities</b>		
Bonds payable	22,500	—
Long-term borrowings	918,294	642,021
Allowance for director's retirement benefits	45,356	44,146
Net defined benefit liability	20,933	25,736
Asset retirement obligations	20,055	20,400
Deferred tax liabilities	100,772	169,223
Other	255,011	231,882
<b>Total long-term liabilities</b>	<b>1,382,924</b>	<b>1,133,412</b>
<b>Total liabilities</b>	<b>8,246,017</b>	<b>7,201,664</b>
<b>(NET ASSETS)</b>		
<b>Shareholders' equity</b>		
Capital stock	10,084,103	10,084,103
Capital surplus	1,814,155	1,808,054
Retained earnings	10,961,019	11,993,208
Treasury shares - at cost	△605,140	△1,593,262
<b>Total shareholders' equity</b>	<b>22,254,138</b>	<b>22,292,103</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	676,789	332,689
Foreign currency translation adjustments	△777,554	△556,556
Provision for retirement translation adjustment	△131,935	△128,833
<b>Total valuation and translation adjustments</b>	<b>△232,700</b>	<b>△352,700</b>
Subscription rights to shares	51,362	100,590
Non-controlling interests	112,482	119,311
<b>Total net assets</b>	<b>22,185,283</b>	<b>22,159,305</b>
<b>Total liabilities and net assets</b>	<b>30,431,300</b>	<b>29,360,970</b>

## Consolidated Statements of Income

(Thousands of yen)

	3Q period of previous year (From April 1, 2017 to December 31, 2017)	3Q period of current year (From April 1, 2018 to December 31, 2018)
	Amount	Amount
<b>Net sales</b>	23,366,713	20,833,631
<b>Cost of sales</b>	15,229,937	13,491,662
<b>Gross profit</b>	8,136,776	7,341,969
<b>Selling, general and administrative expenses</b>	4,640,272	4,616,768
<b>Operating profit</b>	3,496,504	2,725,200
<b>Non-operating income</b>		
Interest income	5,485	9,061
Dividend income	24,312	26,091
Foreign exchange gains	16,313	—
Share of profit of entities accounted for using equity Method	—	2,416
Gain on sales of scraps	28,975	22,050
Subsidy income	1,998	876
Other	28,705	22,199
<b>Total non-operating income</b>	105,790	82,696
<b>Non-operating expenses</b>		
Interest expenses	25,031	35,481
Foreign exchange losses	—	37,721
Other	34,708	16,383
<b>Total non-operating expenses</b>	59,740	89,586
<b>Ordinary profit</b>	3,542,554	2,718,310
<b>Extraordinary income</b>		
Gain on sales of non-current assets	13,289	14,089
Gain on sales of investment securities	71,196	—
<b>Total extraordinary income</b>	84,486	14,089
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	218	—
Extra retirement payment	12,393	—
Impairment loss	92,026	—
<b>Total extraordinary losses</b>	104,637	—
<b>Profit before income taxes</b>	3,522,403	2,732,399
<b>Income taxes</b>	698,273	796,147
<b>Profit attributable to non-controlling interests</b>	1,223	2,416
<b>Profit attributable to owners of parent</b>	2,822,905	1,933,835



(Thousands of yen)

	3Q period of previous year (From April 1, 2017 to December 31, 2017)	3Q period of current year (From April 1, 2018 to December 31, 2018)
	Amount	Amount
<b>Profit before non-controlling interests</b>	2,824,129	1,936,251
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	364,780	△344,099
Foreign currency translation adjustments	341,743	229,123
Remeasurements of defined benefit plans	2,381	3,101
Share of other comprehensive income of entities accounted for using equity method	2,705	△3,712
<b>Total other comprehensive income</b>	711,610	△115,587
<b>Comprehensive income</b>	3,535,740	1,820,664
Comprehensive income attributable to owners of parent	3,531,778	1,813,835
Comprehensive income attributable to non-controlling interests	3,961	6,829