

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Quarter (April 1 to June 30, 2019) of the Fiscal Year Ending March 31, 2020

August 05, 2019

Company Name: Yamaichi Electronics Co., Ltd.

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 Scheduled date of securities report submission: August 09, 2019
 Scheduled date of dividend payment commencement: —
 Supplementary materials for the quarterly financial statements: Yes
 Presentation to explain for the quarterly financial statement: Yes

1. Consolidated Financial Results for the First Quarter (April 01 to June 30, 2019) of the Fiscal Year Ending March 31, 2020

(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	%
1Q ended June 30, 2019	6,129	△20.7	509	△62.2	469	△66.5	477	△54.5
1Q ended June 30, 2018	7,733	△4.7	1,347	△7.0	1,403	△4.5	1,050	△15.4

Note: Comprehensive income First quarter ended June 30, 2019 ¥ 171 million (△83.8 %)
 First quarter ended June 30, 2018 ¥ 1,058 million (△22.2 %)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
1Q ended June 30, 2019	21.78		—	
1Q ended June 30, 2018	46.62		46.40	

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2019	30,235	21,831	71.4	990.30
As of March 31, 2019	29,308	22,288	75.2	1,004.27

Reference: Shareholders' equity as of June 30, 2019: ¥ 21,579 million as of March 31, 2019: ¥ 22,051 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen				
Year ended March 31, 2019	—	10.00	—	22.00	32.00
Year ending March 31, 2020	—				
Forecast: Year ending March 31, 2020			10.00	—	19.00

Note: Modifications in the dividend projection from the latest announcement: None

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 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
Half year ending Sep.30, 2019	13,280	△9.0	1,230	△46.5	1,150	△52.4	900	△52.3	41.41
Year ending March 31, 2020	27,500	4.2	2,800	△3.7	2,700	△4.6	2,100	△10.4	97.19

Note: Modifications in forecasts of consolidated operating results from the latest announcement: None

4. Other

- (1) Changes in significant subsidiaries during current quarter consolidated period: No
(changes in specified subsidiaries with change in scope of consolidation)
- (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:
- | | |
|----------------|-------------------|
| June 30, 2019 | 23,329,775 shares |
| March 31, 2019 | 23,329,775 shares |
- 2) Number of treasury shares at term end:
- | | |
|----------------|------------------|
| June 30, 2019 | 1,538,727 shares |
| March 31, 2019 | 1,371,827 shares |
- 3) Average number of outstanding shares (during the first quarter ended June 30):
- | | |
|---------------|-------------------|
| June 30, 2019 | 21,936,202 shares |
| June 30, 2018 | 22,535,410 shares |

* 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.

1. Qualitative Information on Quarter Financial Results

(1) Summary of Business Results

During the first quarter of the current consolidated cumulative period, stable economic growth was sustained in the United States. However, the global economy showed a downturn in the overall economy due to several unfavorable factors, including slowing economic growth in China resulting trade friction, issues over Britain's exit from the EU, and an increase in geopolitical risks in the Middle East. Also, the unstable world economy has affected Japan's economy.

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 a sales figure of 6,129 million yen (a decrease of 20.7% year on year), operating profit of 509 million yen (a decrease of 62.2% year on year), ordinary profit of 469 million yen (a decrease of 66.5% year on year), and profit attributable to owners of parent of 477 million yen (a decrease of 54.5% year on year).

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

[Test Solutions Business]

A declined demand for smartphones affected our sales of CPU sockets and memory sockets.

As a result, our business performance resulted in net sales of 2,328 million yen (a decrease of 35.9% year on year) and operating profit of 104 million yen (a decrease of 87.1% 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 adjustments and production adjustments

As a result, our business performance resulted in net sales of 3,479 million yen (a decrease of 7.9% year on year) and operating profit of 461 million yen (a decrease of 12.4% year on year).

[Optics-related Business]

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

As a result, our business performance resulted in net sales of 321 million yen (a decrease of 0.4% year on year) and operating profit of 5 million yen (a decrease of 60.9% year on 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 first quarter were 17,203 million yen, a decrease of 425 million yen from the end of the previous consolidated fiscal year. This was mainly due to a reduction of the amount of cash and deposits by 1,243 million yen as a result of the acquisition of treasury shares and the distribution of surplus although there was an increase of 587 million yen in notes and accounts receivable. Non-current assets 13,031 million yen, an increase of 1,352 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,573 million in property, plant and equipment because of the adoption of IFRS 16 etc. though the amount of our investment securities decreased by 217 million yen due to the sales of shares held.

As a result, the value of the total assets amounted to 30,235 million yen, an increase of 926 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Our current liabilities at the end of the consolidated first quarter amounted to 6,175 million yen, an increase of 93 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 369 million yen in current liabilities because of the adoption of IFRS 16 etc. although the amount of income taxes payable decreased by 125 million yen and provision for bonuses decreased by 118 million yen. Non-current liabilities amounted to 2,227 million yen because of the adoption of IFRS 16 etc., which was an increase of 1,289 million yen from the end of the previous consolidated fiscal year.

As a result, our total liabilities amounted to 8,403 million yen, an increase of 1,383 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

Our total net assets at the end of the consolidated first quarter were 21,831 million yen, a decrease of 456 million yen from the corresponding figure at the end of the previous fiscal year. This was mainly due to dividend of surplus of 483 million yen and an increase of 142 million yen in purchase of treasury shares by the resolution of the Board of Directors although the profit attributable to owners of parent amounted to 477 million yen.

As a result, the equity ratio amounted to 71.4% (75.2% at the end of the previous fiscal year).

(3) Future Prospects, including Consolidated Business Forecasts

The consolidated performance forecast for the consolidated second quarter and full year announced on May 15, 2019 in the summary of financial results at the end of March 2019 remain unchanged.

Consolidated Balance Sheets

(Thousand of yen)

	As of March 31, 2019	As of June 30, 2019
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	8,318,859	7,074,871
Notes and accounts receivable	4,008,785	4,596,560
Electronically recorded monetary claims	477,280	373,472
Merchandise and finished goods	1,620,339	1,806,067
Work in process	245,458	227,970
Raw materials and supplies	1,809,261	1,839,678
Other	1,163,052	1,306,564
Allowance for doubtful accounts	△14,063	△21,416
Total current assets	17,628,972	17,203,767
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,681,537	2,605,329
Machinery, equipment and vehicles	1,981,224	1,582,180
Tools, furniture and fixtures	1,463,007	1,415,772
Land	3,378,187	3,376,320
Lease assets	25,022	21,812
Construction in progress	344,775	451,966
Other	—	1,993,834
Total property, plant and equipment	9,873,754	11,447,216
Intangible fixed assets	147,978	140,681
Investments and other assets		
Investment securities	477,971	260,728
Deferred tax assets	123,096	137,806
Net defined benefit asset	742,295	741,588
Other	348,426	304,123
Allowance for doubtful accounts	△34,471	△821
Total investments and other assets	1,657,316	1,443,425
Total non-current assets	11,679,049	13,031,324
Deferred assets	358	143
Total assets	29,308,380	30,235,235

(Thousand of yen)

	As of March 31, 2019	As of June 30, 2019
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	1,284,159	1,295,421
Current portion of bonds	22,500	22,500
Short-term loans payable	2,889,780	2,838,566
Income taxes payable	302,195	176,920
Provision for bonuses	330,719	212,373
Provision for directors' bonuses	—	7,500
Other	1,252,662	1,622,360
Total current liabilities	6,082,017	6,175,642
Non-current liabilities		
Long-term loans payable	549,930	460,339
Provision for director's retirement benefits	36,309	35,714
Net defined benefit liability	33,210	34,023
Asset retirement obligations	20,516	20,634
Deferred tax liabilities	42,561	64,392
Other	255,721	1,612,574
Total non-current liabilities	938,249	2,227,677
Total liabilities	7,020,267	8,403,320
(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	12,398,660
Treasury shares	△1,627,435	△1,769,498
Total shareholders' equity	22,653,695	22,488,349
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	111,662	5,333
Foreign currency translation adjustments	△559,166	△763,402
Remeasurements of defined benefit plans	△154,549	△150,684
Total amount of other comprehensive income	△602,054	△908,752
Subscription rights to shares	116,977	131,990
Non-controlling interests	119,495	120,327
Total net assets	22,288,113	21,831,914
Total liabilities and total net assets	29,308,380	30,235,235

Consolidated Statements of Income

(Thousand of yen)

	1Q period of previous year (From April 1, 2018 to June 30, 2018)	1Q period of current year (From April 1, 2019 to June 30, 2019)
	Amount	Amount
Net sales	7,733,800	6,129,154
Cost of sales	4,860,154	4,046,488
Gross profit	2,873,645	2,082,666
Selling, general and administrative expenses	1,526,291	1,572,886
Operating profit	1,347,354	509,779
Non-operating income		
Interest income	2,500	2,311
Dividend income	11,358	2,279
Foreign exchange gains	45,118	—
Share of profit of entities accounted for using equity method	—	1,726
Gain on sales of scraps	9,091	5,271
Subsidy income	659	221
Other	5,506	11,917
Total non-operating income	74,235	23,727
Non-operating expenses		
Interests expenses	10,259	17,525
Foreign exchange losses	—	37,006
Share of loss of entities accounted for using equity method	413	—
Other	5,231	9,415
Total non-operating expenses	17,903	63,947
Ordinary profit	1,403,686	469,559
Extraordinary income		
Gain on sales of non-current assets	78	713
Gain on sales of investment securities	—	123,183
Total extraordinary income	78	123,896
Profit before income taxes	1,403,764	593,456
Income taxes	352,382	114,821
Profit	1,051,381	478,635
Profit attributable to non-controlling interests	840	835
Profit attributable to owners of parent	1,050,541	477,799

(Thousand of yen)

	1Q period of previous year (From April 1, 2018 to June 30, 2018)	1Q period of current year (From April 1, 2019 to June 30, 2019)
	Amount	Amount
Profit	1,051,381	478,635
Other comprehensive income		
Unrealized gains on available-for-sale securities	△108,489	△106,328
Foreign currency translation adjustments	121,054	△204,248
Remeasurements of defined benefit plans	1,361	3,865
Share of other comprehensive income of entities accounted for using equity method	△6,718	9
Total other comprehensive income	7,207	△306,702
Comprehensive income	1,058,589	171,932
(Attribute to)		
Comprehensive income attributable to owners of parent	1,055,557	171,100
Comprehensive income attributable to non-controlling interests	3,031	831