

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Three Quarters (April 1 to December 31, 2017) of the Fiscal Year Ending March 31, 2018

February 05, 2018

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 13, 2018

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, 2017) 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		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three quarters ended								
December 31, 2017	23,366	17.2	3,496	49.6	3,542	52.1	2,822	71.5
December 31, 2016	19,931	Δ3.1	2,336	Δ3.2	2,329	Δ5.9	1,646	Δ0.3

Note : Comprehensive income First three quarters ended December 31, 2017 ¥3,535 million (87.2%)
First three quarters ended December 31, 2016 ¥1,888 million (26.4 %)

	Net profit per share	Diluted net profit per share
First three quarters ended	Yen	Yen
December 31, 2017	127.56	125.05
December 31, 2016	74.97	74.50

(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, 2017	32,126	22,440	69.3	981.37
As of March 31, 2017	27,892	18,482	65.7	848.06

Reference: Shareholders' equity as of December 31, 2017: ¥ 22,266 million; as of March 31, 2017: ¥18,337 million

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	—	0.00	—	20.00	20.00
Year ending March 31, 2018	—	5.00	—	—	—
Forecast: Year ending March 31, 2018	—	—	—	22.00	27.00

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

3. Forecast of Consolidated Operating Results for the year ending March 31, 2018

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

	Net Sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2018	29,800	12.5%	3,900	43.7%	3,800	48.3%	2,950	41.1%	132.48

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

4. Other

(1) Changes in significant subsidiaries during the period: No

(changes in specified subsidiaries resulting in the change in consolidation scope)

(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.: No

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, 2017	23,329,775 shares
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March 31, 2017	23,289,775 shares
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2) Number of shares of treasury stock at term end:

December 31, 2017	640,524 shares
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March 31, 2017	1,666.438 shares
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3) Average number of outstanding shares (during the third quarter ended December 31):

December 31, 2017	22,130,486 shares
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December 31, 2016	21,959,650 shares
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* 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 this Quarterly Financial Results

(1) Explanation of Business Results

In the third quarter of our current consolidated cumulative period, the global economy remained firm against the backdrop of the recovery of corporate performance and increasing personal consumption in the United States and Europe. The gradual recovery trend of the Japanese economy continued as a result of improvements in employment and corporate performance.

Under these circumstances, the Yamaichi Electronics Group started its three-year mid-term management plan (from March 2018 through March 2020) to continue aiming to grow into a corporate group that can provide products and services to further satisfy customers. From the perspective of cooperating globally and creating products that will lead to the future, the Yamaichi Electronics Group has been working on the reinforcement of its management base and a revenue expansion while promoting its growth strategy and structural reform as its core strategic plans in achieving this management goal.

As a result, its business performance in the third quarter of the current consolidated cumulative period marked a sales figure of 23,366 million yen (an increase of 17.2% year on year), operating profit of 3,496 million yen (an increase of 49.6% year on year), ordinary profit of 3,542 million yen (an increase of 52.1% year on year) and profit attributable of owners of parent of 2,822 million yen (an increase of 71.5% year on year). Our business performance on a segment-by-segment basis is shown below.

[Test Solutions Business]

There was a favorable demand for memory semiconductors for smartphones and data centers. Furthermore, our investments in semiconductors progressed steadily towards the functional sophistication of automobiles, and our sales of burn-in sockets and test socket products for inspection use progressed favorably.

As a result, our business performance resulted in a sales figure of 11,494 million yen (an increase of 22.6% year on year) and operating profit was 2,983 million yen (an increase of 77.7% year on year).

[Connector Solutions Business]

There was a steady demand for connector products for automobiles, industrial equipment, and medical equipment, which resulted in a sales increase. However, the profit and loss were affected by sales price adjustments.

As a result, our business performance resulted in a sales figure 10,559 million yen (an increase of 9.5% year on year) and operating profit was 415 million yen (a decrease of 23.3% year on year).

[Optics-related Business]

There was a steady demand for filter products for optical communications equipment.

Furthermore, improvements in our profitability made progress as a result of increased sales along with our cost reduction activities.

As a result, our business performance resulted in a sales figure 1,312 million yen (an increase of 44.3% year on year) and operating profit was 104 million yen (an increase of 76.2% year on year).

(2) Financial Conditions

(Assets)

Our current assets at the end of the third quarter of the current consolidated accounting period reached 18,911 million yen, an increase of 3,507 million yen from the corresponding figure at the end of the previous consolidated fiscal year. This was mainly due to an increase in sales and an increase in cash and deposits by 2,626 million yen as a result of an increase in sales, the exercise of stock options, and an increase of 924 million yen in trade notes and accounts receivable because of an increase in sales. The fixed assets totaled 13,213 million yen, an increase of 726 million yen from the corresponding figure at the end of the previous consolidated fiscal year. This was mainly due to an increase in investment securities by 397 million yen as a result of an increase in the market value of shares held although some of capital holdings were sold out.

Accordingly, the value of the total assets amounted to 32,126 million yen, an increase of 4,233 million yen from the corresponding figure at the end of the previous consolidated fiscal year.

(Liabilities)

The value of our current liabilities at the end of the third quarter of the current consolidated accounting period amounted to 7,769 million yen, an increase of 236 million yen from the corresponding figure at the end of the previous consolidated fiscal year. This was mainly due to an increase of 425 million yen in income taxes payable although reserve for bonus decreased by 163 million yen. Our fixed liabilities amounted to 1,916 million yen, an increase of 39 million yen from the corresponding figure at the end of the previous consolidated fiscal year.

As a result, the value of our total liabilities amounted to 9,686 million yen, an increase of 275 million yen from the corresponding figure at the end of the previous consolidated fiscal year.

(Net Assets)

Our total net assets at the end of the third quarter of the current consolidated accounting period amounted to 22,440 million yen, an increase of 3,957 million yen from the corresponding figure at the end of the previous consolidated fiscal year. This was mainly caused by a recorded profit attributable of owners of parent of 2,822 million yen though there was a dividend of a surplus of 544 million yen. Furthermore, there was a decrease in our treasury shares by 679 million yen due to the

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This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

disposal of treasury shares by the exercise of a stock option and an increase in valuation difference on available-for-sale securities by 364 million yen due to a market price rise of shares held.

As a result, the equity ratio amounted to 69.3% (65.7% at the end of the previous consolidated fiscal year).

(3) Explanation about Forecast Information, including Forecast of Consolidated Performance

As announced today on the notice on revising the full-year earnings forecasts and dividend forecasts for the fiscal year ending on March 31, 2018, we revise our earlier consolidated earnings forecast for the full fiscal year ending March 31, 2018, announced on August 7, 2017.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2017	As of December 31, 2017
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	5,729,669	8,356,219
Notes and accounts receivable-trade	4,802,338	5,726,529
Merchandise and finished goods	1,491,799	1,542,006
Work in process	225,842	177,758
Raw materials and supplies	1,721,531	1,756,377
Deferred tax assets	500,143	368,944
Other	946,989	1,000,734
Allowance for doubtful accounts	△ 13,971	△ 16,861
Total current assets	15,404,342	18,911,708
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,985,420	2,906,324
Machinery, equipment and vehicles	1,656,901	1,936,013
Tools, furniture and fixtures	1,443,848	1,469,168
Land	3,594,816	3,509,118
Lease assets	46,448	33,929
Construction in progress	243,485	388,884
Total tangible fixed assets	9,970,921	10,243,439
Intangible fixed assets	99,862	87,528
Total intangible fixed assets	99,862	87,528
Investments and other assets		
Investment securities	1,320,651	1,718,410
Deferred tax assets	55,864	79,085
Net defined benefit asset	793,853	789,818
Other	336,330	383,059
Allowance for doubtful accounts	△ 90,933	△ 88,020
Total investments and other assets	2,415,766	2,882,354
Total fixed assets	12,486,550	13,213,322
Deferred assets	2,078	1,433
Total assets	27,892,971	32,126,464

(Thousands of yen)

	As of March 31, 2017	As of December 31, 2017
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable-trade	1,868,979	1,645,934
Current portion of bonds	35,000	35,000
Short-term loans payable	3,567,784	3,511,554
Income taxes payable	138,292	563,435
Provision for bonuses	412,440	249,287
Provision for directors' bonuses	50,000	45,000
Other	1,460,719	1,719,662
Total current liabilities	7,533,216	7,769,873
Long-term liabilities		
Bonds payable	57,500	40,000
Long-term borrowings	737,018	870,395
Allowance for director's retirement benefits	66,614	74,937
Net defined benefit liability	31,924	37,320
Asset retirement obligations	19,604	19,942
Deferred tax liabilities	593,195	639,543
Other	371,198	234,203
Total long-term liabilities	1,877,054	1,916,342
Total liabilities	9,410,271	9,686,216
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,047,063	10,084,103
Capital surplus	1,586,633	1,811,869
Retained earnings	8,138,171	10,416,233
Treasury shares - at cost	△1,103,811	△424,342
Total shareholders' equity	18,668,057	21,887,863
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	440,116	804,897
Foreign currency translation adjustments	△633,019	△291,309
Remeasurements of defined benefit plans	△137,297	△134,916
Total valuation and translation adjustments	△330,201	378,672
Subscription rights to shares	10,210	35,118
Non-controlling interests	134,633	138,594
Total net assets	18,482,699	22,440,248
Total liabilities and net assets	27,892,971	32,126,464

Consolidated Statements of Income

(Thousands of yen)

	3Q period of previous year (From April 1, 2016 to December 31, 2016)	3Q period of current year (From April 1, 2017 to December 31, 2017)
	Amount	Amount
Net sales	19,931,710	23,366,713
Cost of sales	13,567,392	15,229,937
Gross profit	6,364,317	8,136,776
Selling, general and administrative expenses	4,027,410	4,640,272
Operating income	2,336,907	3,496,504
Non-operating income		
Interest income	4,452	5,485
Dividend income	22,156	24,312
Foreign exchange gains	21,130	16,313
Gain on sales of scraps	27,183	28,975
Subsidy income	980	1,998
Other	18,128	28,705
Total non-operating income	94,031	105,790
Non-operating expenses		
Interest expenses	26,767	25,031
Provision of allowance for doubtful accounts	39,410	-
Other	34,933	34,708
Total non-operating expenses	101,112	59,740
Ordinary income	2,329,826	3,542,554
Extraordinary income		
Gain on sales of fixed assets	1,436	13,289
Gain on sales of investment securities	-	71,196
Total extraordinary income	1,436	84,486
Extraordinary losses		
Loss on sales of non-current assets	57	218
Extra retirement payment	-	12,393
Impairment loss	-	92,026
Total extraordinary losses	57	104,637
Income before income taxes	2,331,204	3,522,403
Income taxes	684,364	698,273
Minority interests	522	1,223
Net income	1,646,317	2,822,905

(Thousands of yen)

	3Q period of previous year (From April 1, 2016 to December 31, 2016)	3Q period of current year (From April 1, 2017 to December 31, 2017)
	Amount	Amount
Income before minority interests	1,646,840	2,824,129
Other comprehensive income		
Valuation difference on available-for-sale securities	98,998	364,780
Foreign currency translation adjustments	170,697	341,743
Remeasurements of defined benefit plans	1,443	2,381
Share of other comprehensive income of entities accounted for using equity method	△29,169	2,705
Total other comprehensive income	241,970	711,610
Comprehensive income	1,888,810	3,535,740
attribute to		
Comprehensive income attribute to owners of the parent	1,888,287	3,531,778
Comprehensive income attribute to minority interests	522	3,961