

THIRD QUARTER BRIEF REPORT OF FINANCIAL RESULTS [IFRS] (Consolidated)
 (Year ending March 31, 2019)

February 6, 2019

Registered

Company Name: **MINEBEA MITSUMI Inc.** Common Stock Listings: Tokyo and Nagoya

Code No: 6479 URL: <http://www.minebeamitsumi.com/>

Representative: Yoshihisa Kainuma Representative Director, CEO & COO

Contact: Satoshi Yoneda Executive Officer, General Manager of Accounting Department

Quarterly report filing date: February 8, 2019

Phone: (03) 6758-6711

Expected date of payment for dividends: —

Preparation of supplementary explanation material for quarterly financial results : Yes

Holding of presentation meeting for quarterly financial results : Yes (For Analyst)

(Amounts less than one million yen have been rounded.)

1. Business Performance (April 1, 2018 through December 31, 2018)

(1) Consolidated Results of Operations (Year-to-date) (%: Changes from corresponding period of previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change	Profit before income taxes (millions of yen)	% Change
Nine months ended Dec. 31, 2018	698,938	6.4	65,039	4.1	64,609	5.3
Nine months ended Dec. 31, 2017	657,167	—	62,449	—	61,359	—

	Profit for the period (millions of yen)	% Change	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Comprehensive income for the period (millions of yen)	% Change
Nine months ended Dec. 31, 2018	51,352	5.4	51,033	5.2	48,820	(26.9)
Nine months ended Dec. 31, 2017	48,711	—	48,512	—	66,805	—

	Earnings per share, basic (yen)	Earnings per share, diluted (yen)
Nine months ended Dec. 31, 2018	121.83	119.17
Nine months ended Dec. 31, 2017	115.17	112.66

(2) Consolidated Financial Position

	Total assets (millions of yen)	Total equity (millions of yen)	Total equity attributable to owners of the parent (millions of yen)	Equity ratio attributable to owners of the parent (%)
As of Dec. 31, 2018	778,713	391,318	383,986	49.3
As of Mar. 31, 2018	703,558	363,221	356,091	50.6

2. Dividends

	Annual dividends				
	End of first quarter (yen)	End of second quarter (yen)	End of third quarter (yen)	Year-end (yen)	For the year (yen)
Year ended Mar. 31, 2018	—	13.00	—	13.00	26.00
Year ending Mar. 31, 2019	—	14.00	—		
Year ending Mar. 31, 2019 (Forecast)				14.00	28.00

(Notes) Changes from the latest dividend forecast: None

While we plan to increase the year-end dividend 1 yen over what it was last fiscal year and make it 14 yen per share, we will finalize the amount in light of our performance for this fiscal year with the aim of achieving a consolidated-basis dividend payout ratio of around 20%.

3. Prospect for Consolidated Forecast for the Fiscal Year (April 1, 2018 through March 31, 2019)

(%: Changes from corresponding period of previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change
Year ending Mar. 31, 2019	900,000	2.1	75,000	8.8

	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Earnings per share, basic (yen)
Year ending Mar. 31, 2019	60,000	19.2	143.68

(Notes) Changes from the latest consolidated results forecast: Yes

* Notes

(1) Changes in significant subsidiaries during the period (Changes in certain subsidiaries resulting in change in the scope of consolidation): None

(2) Changes in accounting policies, or changes in accounting estimates

1. Changes in accounting policies required by IFRS: Yes

2. Changes in accounting policies other than 1: None

3. Changes in accounting estimates: None

(3) Number of shares outstanding (Common stock)

1. Number of shares outstanding at the end of each period (Including treasury stock)

As of December 31, 2018: 427,080,606 shares

As of March 31, 2018: 427,080,606 shares

2. Number of treasury shares at the end of each period

As of December 31, 2018: 13,262,670 shares

As of March 31, 2018: 7,732,295 shares

3. Average number of shares (Quarterly cumulative period)

Nine months ended December 31, 2018: 418,864,164 shares

Nine months ended December 31, 2017: 421,215,907 shares

* These quarterly financial results are not subject to quarterly review procedures by a certified public accountant or an audit corporation.

* Explanation for appropriate use of financial forecasts and other special remarks

(Caution Concerning Forward-Looking Statements)

The aforementioned forecasts are based on the information available as of the date when this information is disclosed as well as on the assumptions as of the disclosing date of this information related to unpredictable parameters that will most likely affect our future business performance. As such, this is not intended for the Company to give assurance that the said forecast number would be achieved. In other words, our actual performances are likely to differ greatly from these estimates depending on a variety of factors that will take shape from now on. As for the assumptions used for these forecasts and other related items, please refer to “1. Qualitative information related to the financial results for the quarter,” “(3) Explanation of Consolidated Forecast and Other Forecasts”) on page 6 of the documents attached hereunder.

(Investor Briefing Materials for Analysts)

Investor briefing materials will be made available via our corporate website (<http://www.minebeamitsumi.com/>) on Wednesday, February 6, 2019.

(Adoption of International Financial Reporting Standards (IFRS))

Our Group have adopted International Financial Reporting Standards (hereinafter referred to as "IFRS") from the first quarter of the fiscal year ending March 31, 2019.

In addition, financial results for the third quarter of the previous fiscal year and for the previous fiscal year are also represented under the IFRS.

Our Group has set the date of transition to the IFRS as April 1, 2014 in the Registration Statement on Form F-4 (the "F-4") that our Group filed with the U.S. Securities and Exchange Commission (the "SEC") on November 14, 2016. Our Group has started to prepare its consolidated financial statements by adopting the IFRS since the consolidated fiscal year ended March 31, 2016. For this reason, the preparation of the consolidated financial statements for this consolidated fiscal year do not fall under a first-time adoption of the IFRS. Therefore, our Group did not prepare the reconciliations from the Japanese GAAP to the IFRS, which are required by IFRS 1 to be prepared upon the first-time adoption of the IFRS. The provisions regarding the first-time adoption, provided in IFRS 1, were adopted to the consolidated financial statements for the consolidated fiscal year ended March 31, 2016 in F-4, and the reconciliations from the Japanese GAAP to the IFRS have been prepared for the date of the transition to the IFRS, the consolidated fiscal year ended March 31, 2015, and the consolidated fiscal year ended March 31, 2016. A copy of the registration statement on F-4 can be reviewed and obtained on EDGAR, the SEC's Electric Data Gathering, Analysis, and Retrieval system.

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1. Qualitative information related to the financial results for the quarter

Our Group have adopted the IFRS from the first quarter of this fiscal year ending March 31, 2019. Accordingly, for the purposes of comparative analysis, financial results for the third quarter of the previous fiscal year and for the previous fiscal year have been adjusted in line with the IFRS.

(1) Explanation of Operating Results

During the period under review (April 1, 2018 through December 31, 2018), the Japanese economy showed a gradual recovery, reflecting solid consumer spending and corporate earnings. However, there was increasing uncertainty over the future due to exchange rate fluctuations arising from trade friction between the United States and China and other such factors. The U.S. economy was strong against a backdrop of improving employment conditions, but there is increasing concern about future economic trends due to rising long-term interest rates, trade friction with China, and other developments. In Europe, there was an overall economic slowdown against a backdrop of increasing political instability as represented by Brexit and the demonstrations in France. In Asia, there was increasing uncertainty over the future of the Chinese economy due to decreased infrastructure spending and concern about further intensification of trade friction with the United States. Overall, there has been an economic slowdown in China.

Working against this backdrop, the MinebeaMitsumi Group concentrated on cutting costs, creating high-value-added products, developing new technologies, and enhancing its marketing approach to boost profitability further.

As a result, net sales were up 41,771 million yen (6.4 %) year on year to 698,938 million yen, the highest ever for the third quarter. Operating income was up 2,590 million yen (4.1%) year on year to 65,039 million yen, profit before income taxes was up 3,250 million yen (5.3 %) to 64,609 million yen, and profit for the period attributable to owners of the parent was up 2,521 million yen (5.2 %) to 51,033 million yen.

Performance by segment was as follows:

The main products in our Machined components segment include our anchor product line, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc. as well as fasteners for aircraft. Sales of ball bearings increased as demand soared for energy-efficient models and safety devices in the automobile market and for fan motors, thereby raising sales volume. Rod-end bearing sales increased owing to favorable orders in the small and medium aircraft market. On the other hand, although our market share remains strong, pivot assembly sales were down due to decreased volume resulting from the negative impact of the shrinking HDD market.

As a result, net sales were up 13,637 million yen (10.6 %) year on year to 142,802 million yen, and operating income was up 6,076 million yen (19.6 %) to 37,063 million yen.

The core products of our Electronic devices and components segment include electronic devices (devices such as LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers (fan motors), precision motors, and special devices. Sales of stepping motors and other motors were up owing to favorable trends primarily in the automobile market. Demand for our LED backlights for LCDs that offer a technological advantage in thin devices remained strong, but sales were down due to the slowdown of smartphone demand.

As a result, net sales were down 56,688 million yen (-16.2 %) year on year to 293,552 million yen, and operating income was down 6,557 million yen (-28.5 %) to 16,480 million yen.

The main products in the MITSUMI business segment are semiconductor devices, optical devices, mechanical components, high frequency components and power supply components. Almost all products performed well, including game console and other mechanism components, switches, products for smartphones such as protection IC, antennas, communication modules and connectors. On the other hand, sales of camera actuators were down due to the slowdown of smartphone demand.

As a result, net sales were up 84,850 million yen (47.9 %) year on year to 262,103 million yen, and operating income was up 4,119 million yen (21.3 %) to 23,468 million yen.

Machines produced in-house are the main products in our Other business segment. Net sales were down 28 million yen (-5.4%) year on year to 481 million yen, and the operating loss increased 62 million yen year on year to total 162 million yen.

In addition to the figures noted above, 11,810 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. The total amount of adjustments was 10,824 million yen for the third quarter of the previous fiscal year.

(2) Explanation of Financial Position

1. Assets, liabilities and equity

Our Group sees “strengthening our financial position” as a top priority and is taking various steps, such as efficient controlling capital investments, asset management, and reducing interest-bearing debt.

Total assets at the end of the third quarter were 778,713 million yen, up 75,155 million yen from the end of the previous fiscal year. The main reason for this uptick was an increase in cash and cash equivalents, trade and other receivables and property, plant and equipment.

Total liabilities at the end of the third quarter were 387,395 million yen, up 47,058 million yen from the end of the previous fiscal year. The main reason for this was an increase in trade and other payables.

Equity came to 391,318 million yen, bringing the equity ratio attributable to owners of the parent down 1.3 points from the end of the previous fiscal year to 49.3%.

2. Cash flows

Cash and cash equivalents at the end of the third quarter were 108,985 million yen, up 20,208 million yen from the end of the previous fiscal year.

Cash flows from various business activities for the first three quarters and other relevant factors are as follows:

Net cash provided by operating activities amounted to 68,519 million yen (compared to 57,773 million yen in the same period of the previous year). This was primarily due to increases and decreases in profit before income taxes, depreciation and amortization, trade and other receivables, inventories, and trade and other payables. Net cash used in investing activities amounted to 45,123 million yen (compared to 39,137 million yen in the same period of the previous year). This was primarily due to purchase of property, plant and equipment. Net cash provided in financing activities amounted to 3,285 million yen (compared to use of 16,562 million yen in the same period of the previous year). This was primarily due to increase and decrease in short-term borrowings, repayments of long-term borrowings, purchase of treasury stock and dividends paid.

(3) Explanation of Consolidated Forecast and Other Forecasts

It is difficult to get a clear picture of where the global economy is headed from the fourth quarter of this fiscal year due to the trade policies of the United States and other countries, fluctuating exchange rates and geopolitical risks.

Moreover, a discrepancy has arisen between the initial forecast and actual sales of LED backlights for LCDs and camera actuators in conjunction with the rapid decline in smartphone demand.

Given this backdrop, we have reviewed our consolidated full-year forecast and made the following revisions based on our best estimate of current market conditions as well as our performance during the first nine-month period.

Revisions to the full-year consolidated business forecast for the fiscal year ending March 31, 2019

(From April 1, 2018 to March 31, 2019)

	Net sales (millions of yen)	Operating income (millions of yen)	Profit for the period attributable to owners of the parent (millions of yen)
Previous forecast (A) (announced on November 7, 2018)	940,000	85,000	67,000
Revised forecast (B)	900,000	75,000	60,000
Difference (B – A)	(40,000)	(10,000)	(7,000)

Sharing profits with our shareholders is job one at MinebeaMitsumi. That's why our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders. Dividends, while reflecting performance, are determined in light of the overall business environment and with an eye to maintaining a stable and continuous distribution of profits.

Working in line with our basic policy, we paid the interim dividend of 14 yen per share, up 1 yen over what it was last fiscal year. We also made a purchase of treasury stock in the amount of 10,632 million yen. While we plan to increase the year-end dividend 1 yen over what it was last fiscal year and make it 14 yen per share, we will finalize the amount in light of our performance for this fiscal year with the aim of achieving a consolidated-basis dividend payout ratio of around 20%.

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Amount: millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	88,777	108,985
Trade and other receivables	160,350	183,863
Inventories	150,774	156,813
Other financial assets	21,818	22,664
Other current assets.....	9,018	16,190
Total current assets	430,737	488,515
Non-current assets		
Property, plant and equipment.....	224,016	241,413
Goodwill	8,509	8,398
Intangible assets	9,997	9,528
Other financial assets	16,546	13,066
Deferred tax assets.....	13,505	14,503
Other non-current assets.....	248	3,290
Total non-current assets.....	272,821	290,198
Total assets	703,558	778,713

(Amount: millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	107,027	139,060
Bonds and borrowings	80,738	99,164
Other financial liabilities	1,748	5,762
Income taxes payable	7,458	7,980
Provisions	391	244
Other current liabilities	42,230	36,503
Total current liabilities	239,592	288,713
Non-current liabilities		
Bonds and borrowings	75,733	74,921
Other financial liabilities	5,393	5,154
Net defined benefit liabilities	16,092	14,177
Provisions	411	1,323
Deferred tax liabilities	1,709	1,562
Other non-current liabilities	1,407	1,545
Total non-current liabilities	100,745	98,682
Total liabilities	340,337	387,395
Equity		
Common stock	68,259	68,259
Capital surplus	134,615	135,856
Treasury stock	(9,496)	(19,871)
Retained earnings	154,778	193,048
Other components of equity	7,935	6,694
Total equity attributable to owners of the parent	356,091	383,986
Non-controlling interests	7,130	7,332
Total equity	363,221	391,318
Total liabilities and equity	703,558	778,713

(2) Condensed Quarterly Consolidated Statements of Income
and Condensed Quarterly Consolidated Statements of Comprehensive Income
(Condensed Quarterly Consolidated Statements of Income)

Nine months ended December 31

(Amount: millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	657,167	698,938
Cost of sales	521,846	562,981
Gross profit	135,321	135,957
Selling, general and administrative expenses	73,375	70,755
Other income	1,396	1,948
Other expenses	893	2,111
Operating income	62,449	65,039
Finance income	1,027	1,112
Finance expenses	2,117	1,542
Profit before income taxes	61,359	64,609
Income taxes	12,648	13,257
Profit for the period	48,711	51,352
Profit for the period attributable to:		
Owners of the parent	48,512	51,033
Non-controlling interests	199	319
Profit for the period	48,711	51,352
Earnings per share (EPS)		
Basic (Yen)	115.17	121.83
Diluted (Yen)	112.66	119.17

Three months ended December 31

(Amount: millions of yen)

	Three months ended December 31, 2017	Three months ended December 31, 2018
Net sales	224,389	249,570
Cost of sales	177,900	194,639
Gross profit	46,489	54,931
Selling, general and administrative expenses	25,557	22,782
Other income	395	571
Other expenses	276	1,596
Operating income	21,051	31,124
Finance income	342	237
Finance expenses	693	1,028
Profit before income taxes	20,700	30,333
Income taxes	3,578	6,039
Profit for the period	17,122	24,294
Profit for the period attributable to:		
Owners of the parent	16,998	24,177
Non-controlling interests	124	117
Profit for the period	17,122	24,294
Earnings per share (EPS)		
Basic (Yen)	40.55	57.92
Diluted (Yen)	39.66	56.63

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

Nine months ended December 31

(Amount: millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit for the period.....	48,711	51,352
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax:		
Net changes in revaluation of equity instruments measured at fair value through other comprehensive income.....	1,632	(1,562)
Remeasurement of defined benefit plans.....	—	(1,434)
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations	16,944	607
Cash flow hedges	(482)	(143)
Other comprehensive income, net of tax	18,094	(2,532)
Comprehensive income for the period	66,805	48,820
Comprehensive income attributable to:		
Owners of the parent.....	66,117	48,358
Non-controlling interests.....	688	462
Comprehensive income for the period	66,805	48,820

Three months ended December 31

(Amount: millions of yen)

	Three months ended December 31, 2017	Three months ended December 31, 2018
Profit for the period.....	17,122	24,294
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax:		
Net changes in revaluation of equity instruments measured at fair value through other comprehensive income.....	894	(922)
Remeasurement of defined benefit plans.....	—	(1,434)
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations	5,940	(9,372)
Cash flow hedges	(354)	(86)
Other comprehensive income, net of tax	6,480	(11,814)
Comprehensive income for the period	23,602	12,480
Comprehensive income attributable to:		
Owners of the parent.....	23,214	12,503
Non-controlling interests.....	388	(23)
Comprehensive income for the period	23,602	12,480

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

(Amount: millions of yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Foreign currency translation reserve	Cash flow hedge reserve
Balance as of April 1, 2017	68,259	140,731	(1,345)	112,638	313	968
Profit for the period				48,512		
Other comprehensive income					16,455	(482)
Comprehensive income for the period	—	—	—	48,512	16,455	(482)
Purchase of treasury stock			(8,373)			
Disposal of treasury stock		872	180			
Dividends				(8,411)		
Increase of consolidated subsidiaries						
Transactions with non-controlling interests		(4,715)				
Share-based payment transactions		(8)	8			
Total transactions with owners	—	(3,851)	(8,185)	(8,411)	—	—
Balance as of December 31, 2017	68,259	136,880	(9,530)	152,739	16,768	486

	Equity attributable to owners of the parent			Non- controlling interests	Total equity
	Other components of equity		Total		
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	Subtotal			
Balance as of April 1, 2017	2,755	4,036	324,319	5,029	329,348
Profit for the period			48,512	199	48,711
Other comprehensive income	1,632	17,605	17,605	489	18,094
Comprehensive income for the period	1,632	17,605	66,117	688	66,805
Purchase of treasury stock			(8,373)		(8,373)
Disposal of treasury stock			1,052		1,052
Dividends			(8,411)	(24)	(8,435)
Increase of consolidated subsidiaries			—	3,339	3,339
Transactions with non-controlling interests			(4,715)		(4,715)
Share-based payment transactions			0		0
Total transactions with owners	—	—	(20,447)	3,315	(17,132)
Balance as of December 31, 2017	4,387	21,641	369,989	9,032	379,021

(Amount: millions of yen)

	Equity attributable to owners of the parent					
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Foreign currency translation reserve	Cash flow hedge reserve
Balance as of April 1, 2018	68,259	134,615	(9,496)	154,778	4,280	99
Profit for the period				51,033		
Other comprehensive income					464	(143)
Comprehensive income for the period	—	—	—	51,033	464	(143)
Purchase of treasury stock		(64)	(10,634)			
Disposal of treasury stock		1,193	246			
Dividends				(11,329)		
Transactions with non-controlling interests		125				
Share-based payment transactions		(13)	13			
Transfer from other components of equity to retained earnings				(1,434)		
Total transactions with owners	—	1,241	(10,375)	(12,763)	—	—
Balance as of December 31, 2018	68,259	135,856	(19,871)	193,048	4,744	(44)

	Equity attributable to owners of the parent				Non- controlling interests	Total equity
	Other components of equity			Total		
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	Remeasurement reserve for defined benefit plans	Subtotal			
Balance as of April 1, 2018	3,556	—	7,935	356,091	7,130	363,221
Profit for the period				51,033	319	51,352
Other comprehensive income	(1,562)	(1,434)	(2,675)	(2,675)	143	(2,532)
Comprehensive income for the period	(1,562)	(1,434)	(2,675)	48,358	462	48,820
Purchase of treasury stock				(10,698)		(10,698)
Disposal of treasury stock				1,439		1,439
Dividends				(11,329)	(32)	(11,361)
Transactions with non-controlling interests				125	(228)	(103)
Share-based payment transactions				0		0
Transfer from other components of equity to retained earnings		1,434	1,434	—		—
Total transactions with owners	—	1,434	1,434	(20,463)	(260)	(20,723)
Balance as of December 31, 2018	1,994	—	6,694	383,986	7,332	391,318

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Amount: millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from operating activities:		
Profit before income taxes	61,359	64,609
Depreciation and amortization	22,528	26,227
Share-based payment expenses	2,467	(362)
Interest income and dividends income	(874)	(975)
Interest expenses	1,139	814
Loss (gain) on sale and disposal of property, plant and equipment	49	(519)
Decrease (increase) in trade and other receivables	(12,535)	(22,336)
Decrease (increase) in inventories	(23,011)	(5,791)
Increase (decrease) in trade and other payables	20,064	32,089
Other	(4,246)	(12,300)
Subtotal	66,940	81,456
Interest received	673	805
Dividends received	150	147
Interest paid	(617)	(1,294)
Income taxes paid	(9,856)	(12,595)
Income taxes refund	483	—
Net cash flows provided by operating activities	57,773	68,519
Cash flows from investing activities:		
Decrease (increase) in time deposits	(1,713)	(2,489)
Purchase of property, plant and equipment	(29,948)	(42,741)
Proceeds from sales of property, plant and equipment	839	1,341
Purchase of intangible assets	(560)	(800)
Purchase of securities	(1,411)	(1,249)
Proceeds from sale and redemption of securities	1,278	1,070
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(7,718)	—
Other	96	(255)
Net cash flows used in investing activities	(39,137)	(45,123)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	5,648	23,488
Proceeds from long-term borrowings	—	1,100
Repayments of long-term borrowings	(6,361)	(7,101)
Acquisition of non-controlling interests	—	(103)
Proceeds from disposal of treasury stock	1,052	1,439
Purchase of treasury stock	(8,373)	(10,698)
Dividends paid	(8,411)	(11,329)
Dividends paid to non-controlling interests	(24)	(32)
Other	(93)	(49)
Net cash flows used in financing activities	(16,562)	(3,285)
Effect of exchange rate changes on cash and cash equivalents	2,864	97
Increase (decrease) in cash and cash equivalents	4,938	20,208
Cash and cash equivalents at beginning of period	78,950	88,777
Cash and cash equivalents at end of period	83,888	108,985

(5) Notes on Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Change in Accounting Policy)

The significant accounting policies applied by our Group in this condensed quarterly financial statement are the same as those applied in the consolidated financial statements for the previous fiscal year, except for the following.

Income tax related to the condensed quarterly financial statements is calculated based on the estimated average annual effective tax rate.

Our Group has applied the following standards since the first quarter of this fiscal year.

	IFRS	Outline of establishment and amendment
IFRS 15	Revenue from Contracts with Customers	Amendment of accounting procedures for revenue recognition

We have adopted IFRS 15, "Revenue from Contracts with Customers" (released on May 2014) and "Clarifications to IFRS 15" (released on April 2016) (hereinafter, totally, "IFRS 15") since the first quarter of this fiscal year.

In accordance with the adoption of IFRS 15, we recognize revenue under the following five-step approach for contracts with customers, excluding interest and dividend income, etc. under IFRS 9 "Financial Instruments."

Step 1 : Identify the contract(s) with a customer

Step 2 : Identify the performance obligations in the contract

Step 3 : Determine the transaction price

Step 4 : Allocate the transaction price to the performance obligations in the contract

Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

In applying IFRS 15, we have adopted the method of recognizing the cumulative effect of the adoption of this standard at the commencement date of adoption. The effect of this adoption on our Group's performance and financial position is immaterial.

(Segment Information)

1. Information related to sales and income (loss) by reportable segments

(Nine months ended December 31, 2017)

(Amount: millions of yen)

	Reportable segment			Other *1	Adjustments *2	Consolidated
	Machined components	Electronic devices and components	MITSUMI business			
Net sales						
Net sales to customers	129,165	350,240	177,253	509	—	657,167
Net sales to other segment	5,593	4,398	848	2,224	(13,063)	—
Total	134,758	354,638	178,101	2,733	(13,063)	657,167
Segment profit (loss)	30,987	23,037	19,349	(100)	(10,824)	62,449
Finance income	—	—	—	—	—	1,027
Finance expenses	—	—	—	—	—	2,117
Profit before income taxes	—	—	—	—	—	61,359

(Nine months ended December 31, 2018)

(Amount: millions of yen)

	Reportable segment			Other *1	Adjustments *2	Consolidated
	Machined components	Electronic devices and components	MITSUMI business			
Net sales						
Net sales to customers	142,802	293,552	262,103	481	—	698,938
Net sales to other segment	4,233	7,649	943	2,442	(15,267)	—
Total	147,035	301,201	263,046	2,923	(15,267)	698,938
Segment profit (loss)	37,063	16,480	23,468	(162)	(11,810)	65,039
Finance income	—	—	—	—	—	1,112
Finance expenses	—	—	—	—	—	1,542
Profit before income taxes	—	—	—	—	—	64,609

(Notes) *1. The classification of "Other" refers to business units not included in the reportable segments.

Their products are mainly machines made in-house.

*2. The amount of the adjustment is as follows.

Adjustments to segment income are corporate expenses such as general and administrative expenses in addition to research and development expenses that do not belong to the reportable segments (-10,824 million yen the first nine months of last fiscal year, -11,810 million yen the first nine months of this fiscal year).