

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

November 7, 2018

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

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Quarterly report filing date: November 12, 2018 Phone: (03) 6758-6711

Expected date of payment for dividends: December 3, 2018

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 September 30, 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
Six months ended Sep. 30, 2018	449,368	3.8	33,915	(18.1)	34,276	(15.7)
Six months ended Sep. 30, 2017	432,778	—	41,398	—	40,659	—

	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
Six months ended Sep. 30, 2018	27,058	(14.3)	26,856	(14.8)	36,340	(15.9)
Six months ended Sep. 30, 2017	31,589	—	31,514	—	43,203	—

	Earnings per share, basic (yen)	Earnings per share, diluted (yen)
Six months ended Sep. 30, 2018	64.00	62.62
Six months ended Sep. 30, 2017	74.63	73.01

(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 Sep. 30, 2018	764,345	394,957	387,374	50.7
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: Yes

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	940,000	6.6	85,000	23.4

	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Earnings per share, basic (yen)
Year ending Mar. 31, 2019	67,000	33.1	159.64

(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 September 30, 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 September 30, 2018: 7,282,530 shares

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

3. Average number of shares (Quarterly cumulative period)

Six months ended September 30, 2018: 419,592,117 shares

Six months ended September 30, 2017: 422,260,926 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, November 7, 2018.

(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 second 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 second 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 first half of the fiscal year (April 1, 2018 to September 30, 2018), the Japanese economy continued a gradual recovery against a backdrop of solid employee compensation and corporate earnings despite a short-term drop in consumer spending and corporate production activities due to the aftermath of natural disasters, including heavy rainfall in western Japan and Hokkaido eastern Iburi earthquake. Despite concern over trade friction with China resulting from the launch of additional tariffs, the U.S. Economy remained firm against a backdrop of improved employment conditions and domestic revenue. In Europe, corporate exports were down against a backdrop of stagnation in emerging economies, but overall the economy continued to expand due to improvements in employee compensation. In Asia, there was increasing uncertainty about the future course of the Chinese economy. Consumer spending remained robust in response to favorable employment and income conditions, but there were signs of cutbacks in corporate production and investment against a backdrop of trade friction with the U.S.

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 16,590 million yen (3.8%) year on year to 449,368 million yen, the highest ever for the second quarter. Operating income was down 7,483 million yen (-18.1%) year on year to 33,915 million yen, profit before income taxes was down 6,383 million yen (-15.7%) to 34,276 million yen, and profit for the period attributable to owners of the parent was down 4,658 million yen (-14.8%) to 26,856 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. External sales quantity of ball bearings reached a record high on a monthly basis in July, reaching 215 million units as demand for energy-efficiency and safety devices in the automobile market soared and as demand for fan motors soared. Rod-end bearing sales increased in response to a recovery in orders in the small and medium aircraft market despite continued decline in production of large models in the civil aircraft market. Pivot assembly sales were also up as our market share remained steady despite the negative impact of the shrinking HDD market.

As a result, net sales were up 12,254 million yen (14.7%) year on year to 95,435 million yen, and operating income was up 3,897 million yen (19.2%) to 24,205 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 market growth as a whole.

As a result, net sales were down 58,775 million yen (-24.7%) year on year to 179,142 million yen, and operating income was down 12,231 million yen (-67.4%) to 5,914 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 market growth as a whole.

As a result, net sales were up 63,166 million yen (56.7%) year on year to 174,482 million yen, and operating income was up 616 million yen (6.2%) to 10,484 million yen.

Machines produced in-house are the main products in our Other business segment. Net sales were down 55 million yen (-15.3%) year on year to 309 million yen, and the operating loss increased 8 million yen year on year to total 159 million yen.

In addition to the figures noted above, 6,529 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. The total amount of adjustments was 6,772 million yen for the second 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 second quarter were 764,345 million yen, up 60,787 million yen from the end of the previous fiscal year. The main reason for this uptick was an increase in inventories and property, plant and equipment.

Total liabilities at the end of the second quarter were 369,388 million yen, up 29,051 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 394,957 million yen, bringing the equity ratio attributable to owners of the parent up 0.1 points from the end of the previous fiscal year to 50.7%.

2. Cash flows

Cash and cash equivalents at the end of the second quarter were 86,725 million yen, down 2,052 million yen from the end of the previous fiscal year.

Cash flows from various business activities during the first fiscal half and relevant factors were as follows:

Net cash provided by operating activities amounted to 23,075 million yen (compared to 34,329 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 31,909 million yen (compared to 22,599 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 5,318 million yen (compared to use of 11,827 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 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 third quarter of this fiscal year due to the trade policies of each country, fluctuating exchange rates and geopolitical risks.

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 six-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 August 3, 2018)	940,000	85,000	66,000
Revised forecast (B)	940,000	85,000	67,000
Difference (B-A)	—	—	1,000

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 have increased the interim dividend by 1 yen from what it was last fiscal year to make it 14 yen per share. 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 September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	88,777	86,725
Trade and other receivables	160,350	174,512
Inventories	150,774	176,791
Other financial assets	21,818	22,614
Other current assets.....	9,018	11,733
Total current assets	430,737	472,375
Non-current assets		
Property, plant and equipment.....	224,016	244,439
Goodwill	8,509	8,664
Intangible assets	9,997	9,822
Other financial assets	16,546	14,380
Deferred tax assets.....	13,505	14,353
Other non-current assets.....	248	312
Total non-current assets.....	272,821	291,970
Total assets	703,558	764,345

(Amount: millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	107,027	122,036
Bonds and borrowings	80,738	91,561
Other financial liabilities	1,748	2,572
Income taxes payable	7,458	8,512
Provisions	391	302
Other current liabilities	42,230	43,711
Total current liabilities	239,592	268,694
Non-current liabilities		
Bonds and borrowings	75,733	75,491
Other financial liabilities	5,393	5,103
Net defined benefit liabilities	16,092	16,569
Provisions	411	437
Deferred tax liabilities	1,709	1,668
Other non-current liabilities	1,407	1,426
Total non-current liabilities	100,745	100,694
Total liabilities	340,337	369,388
Equity		
Common stock	68,259	68,259
Capital surplus	134,615	135,341
Treasury stock	(9,496)	(9,342)
Retained earnings	154,778	176,182
Other components of equity	7,935	16,934
Total equity attributable to owners of the parent	356,091	387,374
Non-controlling interests	7,130	7,583
Total equity	363,221	394,957
Total liabilities and equity	703,558	764,345

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

Six months ended September 30

(Amount: millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	432,778	449,368
Cost of sales	343,946	368,342
Gross profit	88,832	81,026
Selling, general and administrative expenses	47,818	47,973
Other income	1,001	1,377
Other expenses	617	515
Operating income	41,398	33,915
Finance income	685	875
Finance expenses	1,424	514
Profit before income taxes	40,659	34,276
Income taxes	9,070	7,218
Profit for the period	31,589	27,058
Profit for the period attributable to:		
Owners of the parent	31,514	26,856
Non-controlling interests	75	202
Profit for the period	31,589	27,058
Earnings per share (EPS)		
Basic (Yen)	74.63	64.00
Diluted (Yen)	73.01	62.62

Three months ended September 30

(Amount: millions of yen)

	Three months ended September 30, 2017	Three months ended September 30, 2018
Net sales	237,709	236,330
Cost of sales	188,580	192,679
Gross profit	49,129	43,651
Selling, general and administrative expenses	24,440	24,474
Other income	491	877
Other expenses	480	430
Operating income	24,700	19,624
Finance income	280	485
Finance expenses	497	3
Profit before income taxes	24,483	20,106
Income taxes	5,498	4,036
Profit for the period	18,985	16,070
Profit for the period attributable to:		
Owners of the parent	18,911	15,970
Non-controlling interests	74	100
Profit for the period	18,985	16,070
Earnings per share (EPS)		
Basic (Yen)	44.91	38.04
Diluted (Yen)	43.92	37.21

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

Six months ended September 30

(Amount: millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit for the period.....	31,589	27,058
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.....	738	(640)
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations	11,004	9,979
Cash flow hedges	(128)	(57)
Other comprehensive income, net of tax	11,614	9,282
Comprehensive income for the period	43,203	36,340
Comprehensive income attributable to:		
Owners of the parent.....	42,903	35,855
Non-controlling interests.....	300	485
Comprehensive income for the period	43,203	36,340

Three months ended September 30

(Amount: millions of yen)

	Three months ended September 30, 2017	Three months ended September 30, 2018
Profit for the period.....	18,985	16,070
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.....	177	(130)
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations	7,370	10,377
Cash flow hedges	(138)	359
Other comprehensive income, net of tax	7,409	10,606
Comprehensive income for the period	26,394	26,676
Comprehensive income attributable to:		
Owners of the parent.....	26,223	26,422
Non-controlling interests.....	171	254
Comprehensive income for the period	26,394	26,676

(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				31,514		
Other comprehensive income					10,779	(128)
Comprehensive income for the period	—	—	—	31,514	10,779	(128)
Purchase of treasury stock			(8,363)			
Disposal of treasury stock		508	115			
Dividends				(2,963)		
Increase of consolidated subsidiaries						
Transactions with non-controlling interests		(4,715)				
Share-based payment transactions		(8)	8			
Total transactions with owners	—	(4,215)	(8,240)	(2,963)	—	—
Balance as of September 30, 2017	68,259	136,516	(9,585)	141,189	11,092	840

	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			31,514	75	31,589
Other comprehensive income	738	11,389	11,389	225	11,614
Comprehensive income for the period	738	11,389	42,903	300	43,203
Purchase of treasury stock			(8,363)		(8,363)
Disposal of treasury stock			623		623
Dividends			(2,963)	(24)	(2,987)
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	—	—	(15,418)	3,315	(12,103)
Balance as of September 30, 2017	3,493	15,425	351,804	8,644	360,448

(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				26,856		
Other comprehensive income					9,696	(57)
Comprehensive income for the period	—	—	—	26,856	9,696	(57)
Purchase of treasury stock			(2)			
Disposal of treasury stock		739	143			
Dividends				(5,452)		
Share-based payment transactions		(13)	13			
Total transactions with owners	—	726	154	(5,452)	—	—
Balance as of September 30, 2018	68,259	135,341	(9,342)	176,182	13,976	42

	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, 2018	3,556	7,935	356,091	7,130	363,221
Profit for the period			26,856	202	27,058
Other comprehensive income	(640)	8,999	8,999	283	9,282
Comprehensive income for the period	(640)	8,999	35,855	485	36,340
Purchase of treasury stock			(2)		(2)
Disposal of treasury stock			882		882
Dividends			(5,452)	(32)	(5,484)
Share-based payment transactions			0		0
Total transactions with owners	—	—	(4,572)	(32)	(4,604)
Balance as of September 30, 2018	2,916	16,934	387,374	7,583	394,957

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Amount: millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities:		
Profit before income taxes	40,659	34,276
Depreciation and amortization	14,797	16,631
Share-based payment expenses	1,039	113
Interest income and dividends income	(583)	(624)
Interest expenses	906	518
Loss (gain) on sale and disposal of property, plant and equipment	43	(583)
Decrease (increase) in trade and other receivables	(29,427)	(10,136)
Decrease (increase) in inventories	(35,936)	(22,768)
Increase (decrease) in trade and other payables	43,312	11,892
Other	4,996	(180)
Subtotal	39,806	29,139
Interest received	438	517
Dividends received	93	85
Interest paid	(412)	(564)
Income taxes paid	(5,752)	(6,102)
Income taxes refund	156	—
Net cash flows provided by operating activities	34,329	23,075
Cash flows from investing activities:		
Decrease (increase) in time deposits	(954)	(1,539)
Purchase of property, plant and equipment	(17,561)	(30,643)
Proceeds from sales of property, plant and equipment	721	1,038
Purchase of intangible assets	(387)	(510)
Purchase of securities	(710)	(635)
Proceeds from sale and redemption of securities	689	477
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(4,392)	—
Other	(5)	(97)
Net cash flows used in investing activities	(22,599)	(31,909)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	4,112	15,263
Proceeds from long-term borrowings	—	1,100
Repayments of long-term borrowings	(5,158)	(6,401)
Proceeds from disposal of treasury stock	623	882
Purchase of treasury stock	(8,363)	(2)
Dividends paid	(2,963)	(5,452)
Dividends paid to non-controlling interests	(24)	(32)
Other	(54)	(40)
Net cash flows used in financing activities	(11,827)	5,318
Effect of exchange rate changes on cash and cash equivalents	1,690	1,464
Increase (decrease) in cash and cash equivalents	1,593	(2,052)
Cash and cash equivalents at beginning of period	78,950	88,777
Cash and cash equivalents at end of period	80,543	86,725

(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

(Six months ended September 30, 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	83,181	237,917	111,316	364	—	432,778
Net sales to other segment	4,189	2,803	576	765	(8,333)	—
Total	87,370	240,720	111,892	1,129	(8,333)	432,778
Segment profit (loss)	20,308	18,145	9,868	(151)	(6,772)	41,398
Finance income	—	—	—	—	—	685
Finance expenses	—	—	—	—	—	1,424
Profit before income taxes	—	—	—	—	—	40,659

(Six months ended September 30, 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	95,435	179,142	174,482	309	—	449,368
Net sales to other segment	2,795	6,033	620	1,636	(11,084)	—
Total	98,230	185,175	175,102	1,945	(11,084)	449,368
Segment profit (loss)	24,205	5,914	10,484	(159)	(6,529)	33,915
Finance income	—	—	—	—	—	875
Finance expenses	—	—	—	—	—	514
Profit before income taxes	—	—	—	—	—	34,276

(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 (-6,772 million yen the first half of last fiscal year, -6,529 million yen the first half of this fiscal year).