Consolidated Financial Statements

Consolidated Balance Sheet

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2019 and 2018

(Millions of yen)

		As of March 31, 2018		As of March 31, 2019
Assets				
Current assets				
Cash and deposits		49,700		56,430
Notes and accounts receivable - trade	*2	56,933	*2	62,745
Merchandise and finished goods		19,310		21,065
Work in process		21,118		25,907
Raw materials and supplies		11,666		13,974
Other		5,875		5,972
Allowance for doubtful accounts		(278)		(238)
Total current assets		164,326		185,858
Non-current assets				
Property, plant and equipment				
Buildings and structures		81,602		94,768
Machinery, equipment and vehicles		245,007		263,270
Tools, furniture and fixtures		22,661		26,089
Land		9,422		11,022
Construction in progress		6,501		10,468
Accumulated depreciation		(254,749)		(280,102)
Total property, plant and equipment		110,446		125,517
Intangible assets				
Goodwill		–		5,837
Other		1,309		1,219
Total intangible assets		1,309		7,056
Investments and other assets				
Investment securities	*1	7,169	*1	4,760
Retirement benefit asset		–		16
Deferred tax assets		2,048		3,864
Other		2,188		2,119
Allowance for doubtful accounts		(318)		(332)
Total investments and other assets		11,087		10,428
Total non-current assets		122,843		143,003
Total assets		287,170		328,861

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,389	25,031
Short-term loans payable	20,737	23,152
Current portion of long-term loans payable	5,160	2,477
Accounts payable - other	12,792	13,405
Income taxes payable	1,684	5,085
Provision for bonuses	3,663	4,167
Provision for bonuses for directors (and other officers)	231	258
Other	7,808	8,420
Total current liabilities	77,467	81,997
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	20,039	–
Long-term loans payable	8,882	28,415
Deferred tax liabilities	5,047	4,771
Provision for retirement benefits for directors (and other officers)	131	132
Retirement benefit liability	2,865	3,742
Other	2,617	3,847
Total non-current liabilities	39,584	40,910
Total liabilities	117,052	122,907
Net assets		
Shareholders' equity		
Capital stock	23,557	33,575
Capital surplus	41,518	49,904
Retained earnings	113,984	135,217
Treasury shares	(3,302)	(4,613)
Total shareholders' equity	175,756	214,083
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,896	1,519
Deferred gains or losses on hedges	(15)	2
Foreign currency translation adjustment	(9,028)	(9,703)
Remeasurements of defined benefit plans	167	(401)
Total accumulated other comprehensive income	(5,980)	(8,583)
Share acquisition rights	342	453
Total net assets	170,118	205,953
Total liabilities and net assets	287,170	328,861

Consolidated Statement of Income

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2019 and 2018

(Millions of yen)

		Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2019
Net sales		244,117		274,349
Cost of sales	*1	182,165	*1	192,084
Gross profit		61,952		82,264
Selling, general and administrative expenses	*2, *3	41,730	*2, *3	47,026
Operating profit		20,221		35,237
Non-operating income				
Interest income		269		382
Dividend income		126		142
Foreign exchange gains		–		190
Subsidy income		2,058		451
Other		345		329
Total non-operating income		2,799		1,496
Non-operating expenses				
Interest expenses		238		349
Share of loss of entities accounted for using equity method		264		786
Foreign exchange losses		1,649		–
Share issuance cost		–		144
Depreciation of inactive non-current assets		206		194
Loss from suspended operation		–		655
Other		108		252
Total non-operating expenses		2,467		2,382
Ordinary profit		20,553		34,351
Extraordinary income				
Gain on sales of non-current assets	*4	21	*4	16
Gain on sales of investment securities		–		1,535
Gain on step acquisitions		–		249
Other		–		24
Total extraordinary income		21		1,825
Extraordinary losses				
Loss on sales and retirement of non-current assets	*5	358	*5	494
Impairment loss	*6	396	*6	4,614
Loss on valuation of investment securities		0		52
Business structure improvement expenses		–	*7	2,235
Head office transfer cost		95		–
Other		0		668
Total extraordinary losses		850		8,066
Profit before income taxes		19,724		28,110
Income taxes - current		4,113		5,983
Income taxes - deferred		(744)		(1,560)
Total income taxes		3,369		4,422
Profit		16,355		23,687
Profit attributable to owners of parent		16,355		23,687

Consolidated Statement of Comprehensive Income

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2019 and 2018

(Millions of yen)

		Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2019
Profit		16,355		23,687
Other comprehensive income				
Valuation difference on available-for-sale securities		656		(1,377)
Deferred gains or losses on hedges		(36)		17
Foreign currency translation adjustment		733		(674)
Remeasurements of defined benefit plans, net of tax		536		(568)
Total other comprehensive income	*	1,889	*	(2,602)
Comprehensive income		18,245		21,084
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		18,245		21,084

Consolidated Statement of Changes In Equity

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2019 and 2018

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	23,557	41,518	99,985	(3,309)	161,752
Changes of items during period					
Dividends of surplus			(2,356)		(2,356)
Profit attributable to owners of parent			16,355		16,355
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		7	6
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(0)	13,998	6	14,004
Balance at end of current period	23,557	41,518	113,984	(3,302)	175,756

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,239	21	(9,762)	(368)	(7,870)	268	154,150
Changes of items during period							
Dividends of surplus							(2,356)
Profit attributable to owners of parent							16,355
Purchase of treasury shares							(0)
Disposal of treasury shares							6
Net changes of items other than shareholders' equity	656	(36)	733	536	1,889	73	1,963
Total changes of items during period	656	(36)	733	536	1,889	73	15,968
Balance at end of current period	2,896	(15)	(9,028)	167	(5,980)	342	170,118

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	23,557	41,518	113,984	(3,302)	175,756
Changes of items during period					
Conversion of convertible bond-type bonds with share acquisition rights	10,017	10,017			20,035
Dividends of surplus			(2,454)		(2,454)
Profit attributable to owners of parent			23,687		23,687
Purchase of treasury shares				(3,001)	(3,001)
Disposal of treasury shares		(0)		59	59
Change by share exchanges		(1,631)		1,631	–
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	10,017	8,386	21,233	(1,310)	38,326
Balance at end of current period	33,575	49,904	135,217	(4,613)	214,083

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,896	(15)	(9,028)	167	(5,980)	342	170,118
Changes of items during period							
Conversion of convertible bond-type bonds with share acquisition rights							20,035
Dividends of surplus							(2,454)
Profit attributable to owners of parent							23,687
Purchase of treasury shares							(3,001)
Disposal of treasury shares							59
Change by share exchanges							–
Change in ownership interest of parent due to transactions with non-controlling interests							(0)
Net changes of items other than shareholders' equity	(1,377)	17	(674)	(568)	(2,602)	111	(2,491)
Total changes of items during period	(1,377)	17	(674)	(568)	(2,602)	111	35,835
Balance at end of current period	1,519	2	(9,703)	(401)	(8,583)	453	205,953

Consolidated Statement of Cash Flows

TAIYO YUDEN CO., LTD. and Subsidiaries
March 31, 2019 and 2018

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	19,724	28,110
Depreciation	25,589	26,547
Impairment loss	396	4,614
Business structure improvement expenses	–	2,235
Head office transfer cost	95	–
Amortization of goodwill	–	473
Increase (decrease) in allowance for doubtful accounts	(12)	(29)
Increase (decrease) in provision for bonuses	439	430
Increase (decrease) in provision for bonuses for directors (and other officers)	154	26
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5	(1)
Interest and dividend income	(395)	(524)
Interest expenses	238	349
Share of loss (profit) of entities accounted for using equity method	264	786
Share issuance cost	–	144
Loss (gain) on sales and retirement of non-current assets	336	478
Loss (gain) on sales of investment securities	–	(1,535)
Loss (gain) on step acquisitions	–	(249)
Subsidy income	(1,818)	(209)
Loss (gain) on valuation of investment securities	0	52
Decrease (increase) in notes and accounts receivable - trade	(3,775)	(1,340)
Decrease (increase) in inventories	(3,162)	(6,263)
Increase (decrease) in notes and accounts payable - trade	(1,452)	(4,062)
Other, net	1,760	682
Subtotal	38,388	50,716
Interest and dividend income received	370	514
Interest expenses paid	(240)	(299)
Business structure improvement expenses paid	–	(2,235)
Payments for head office transfer cost	(58)	–
Payments for loss related to anti-monopoly act	–	(2,681)
Income taxes (paid) refund	(4,515)	(3,047)
Net cash provided by (used in) operating activities	33,944	42,967
Cash flows from investing activities		
Purchase of non-current assets	(26,549)	(42,562)
Proceeds from sales of non-current assets	70	38
Decrease (increase) in time deposits	(1,840)	1,028
Proceeds from sales of investment securities	55	2,536
Proceeds from subsidy income	1,418	312
Purchase of shares of subsidiaries and associates	–	(258)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	*2 5,148
Other, net	(73)	173
Net cash provided by (used in) investing activities	(26,918)	(33,581)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,456	(12,673)
Proceeds from long-term loans payable	10,000	22,024
Repayments of long-term loans payable	(11,087)	(5,194)
Purchase of treasury shares	(0)	(3,001)
Cash dividends paid	(2,352)	(2,449)
Repayments of lease obligations	(62)	(117)
Other, net	0	(191)
Net cash provided by (used in) financing activities	953	(1,603)
Effect of exchange rate change on cash and cash equivalents	(236)	34
Net increase (decrease) in cash and cash equivalents	7,743	7,816
Cash and cash equivalents at beginning of period	36,094	43,837
Cash and cash equivalents at end of period	*1 43,837	*1 51,654