

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Quarter (April 1 to June 30, 2021) of the Fiscal Year Ending March 31, 2022

August 06, 2021

Company Name: Yamaichi Electronics Co., Ltd.

Code: 6941 Tokyo Stock Exchange 1st section URL: <http://www.yamaichi.co.jp>

President: Junichi Kameya

Managing Director : Kazuhiro Matsuda Tel: (03)3734-0115

Scheduled date of securities report submission: August 13, 2021

Scheduled date of dividend payment commencement: —

Supplementary materials for the quarterly financial statements: Yes

Presentation to explain for the quarterly financial statement: Yes (for institutional Investors and analysts)

1. Consolidated Financial Results for the First Quarter (April 01 to June 30, 2021) of the Fiscal Year Ending March 31, 2022

(1) Consolidated Operating Results (aggregated)

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

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter ended June 30, 2021	8,901	36.9	1,808	145.9	1,840	176.6	1,445	206.7
First Quarter ended June 30, 2020	6,503	6.1	735	44.2	665	41.8	471	△1.3

Note: Comprehensive income First quarter ended June 30, 2021 ¥ 1,491 million (211.0%)

First quarter ended June 30, 2020 ¥ 479 million (178.8%)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
First Quarter ended June 30, 2021	67.59		—	
First Quarter ended June 30, 2020	22.02		—	

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year. Figures for first quarter ended June 30, 2021 are stated after the application of the said accounting standards, etc.

(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, 2021	36,692	26,347	71.0	1,223.10
As of March 31, 2021	35,463	25,655	71.5	1,183.69

Reference: Shareholders' equity as of June 30, 2021: ¥ 26,034 million ; as of March 31, 2021: ¥ 25,343 million.

Note: The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year. Figures for as of June 30, 2021 are stated after the application of the said accounting standards, etc.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Year ended March 31, 2021	—	10.00	—	27.00	37.00
Year ending March 31, 2022	—				
Forecast: Year ending March 31, 2022		15.00	—	25.00	40.00

Note: Modifications in the dividend projection from the latest announcement: No

3. Forecast of Consolidated Operating Results for the year ending March 31, 2022

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

	Net Sales		Operating income		Ordinary income		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, 2021	16,880	20.0	3,020	42.9	2,970	45.3	2,300	41.1	108.00
Year ending March 31, 2022	31,160	12.6	4,300	34.7	4,200	33.6	3,200	23.4	150.63

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

We have adopted a system of the company's acquisition of treasury shares in accordance with the resolution made by the board of directors' meeting, and a system of disposal of treasury shares as restricted stocks remuneration. Net profit per share in the Forecast of Consolidated Operating Results is calculated taking into account the impact of the relevant purchase and disposal of treasury shares.

4. Other

(1) Changes in significant subsidiaries during current quarter consolidated period

(changes in specified subsidiaries with change in scope of consolidation); No

(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, 2021 23,329,775 shares

March 31, 2021 23,329,775 shares

2) Number of treasury shares at term end:

June 30, 2021 2,044,476 shares

March 31, 2021 1,919,540 shares

3) Average number of outstanding shares (during the first quarter ended June 30):

June 30, 2021 21,390,703 shares

June 30, 2020 21,410,326 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 Quarterly Financial Results

(1) Summary of Business Results

The global economy during the first quarter of the current consolidated cumulative period showed a gradual recovery as novel coronavirus (COVID-19) vaccinations progressed despite regional differences, economic activity resumed in stages in the United States and Europe seeing economic recovery, and China proceeded with its economic normalization from the COVID-19 disaster. However, it remains difficult to control the pandemic due to the delay in the spread of the vaccine, and the production adjustment of automobiles and other electronic equipment due to the shortage of semiconductor continues, it is expected that the global market will remain uncertain.

Under these circumstances, however, the Yamaichi Electronics Group's new three-year medium-term business plan (from the fiscal year ending March 2021 to the fiscal year ending March 2023), which began in fiscal 2020, will be tackled as the same in basic policy from the previous medium-term business plan. We aim to grow into a corporate group that can provide products and services that satisfy our customers. From the perspective of creating products that will create the future under our global collaboration, we are working to achieve our management goal. We will continue to promote growth strategy and structural reform.

As a result, our business performance in the first quarter of the current consolidated cumulative period marked net sales of 8,901 million yen (an increase of 36.9 % year on year), operating profit of 1,808 million yen (an increase of 145.9 % year on year), ordinary profit of 1,840 million yen (an increase of 176.6 % year on year), and profit attributable to owners of parent of 1,445 million yen (an increase of 206.7 % year on year).

In addition, "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as "Revenue Recognition Accounting Standards"), etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year. Net sales for the first quarter of the current consolidated fiscal year were increased by 9 million yen. Operating profit, ordinary profit and profit before income taxes of first quarter period of current year were increased by 7 million yen each. Our business performance on a segment-by-segment basis is shown below.

[Test Solutions Business]

In addition to our strong sales of test socket products for smartphones, sales of burn-in sockets products for NAND as well as products for automotive ADAS, PCs, and servers were also strong.

As a result, our business performance resulted in net sales of 4,551 million yen (an increase of 47.9 % year on year), and the operating profit was 1,456 million yen (an increase of 180.8 % year on year).

In addition, due to the application of Revenue Recognition Accounting Standards, etc., net sales were increased by 9 million yen and operating profit was increased by 7 million yen.

[Connector Solutions Business]

Our product sales for in-vehicle equipment and industrial equipment showed strong sales due to demand recovery. However, product sales for telecommunications equipment remained in a difficult situation, because inventory adjustments and production adjustments by major customers due to the US-China trade friction continued.

As a result, our business performance resulted in net sales of 3,964 million yen (an increase of 32.8 %

year on year), and the operating profit was 299 million yen (an increase of 30.6 % year on year).

[Optics-related Business]

In addition to our sales of high value filter products, etc., for medical equipment and industrial equipment was firm, a progress in productivity improvements led to improved profits.

As a result, our business performance resulted in net sales of 386 million yen (a decrease of 12.5 % year on year), and the operating profit was 54 million yen (an increase of 52.4 % year on year).

(2) Explanation of Financial Conditions

(Assets)

Our current assets at the end of the first quarter of the consolidated cumulative period were 21,874 million yen, an increase of 1,229 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of notes and accounts receivable by 1,077 million yen for increase in net sales, although the amount of cash and deposits decreased by 283 million yen for dividends of surplus and acquisition of treasury shares. Non-current assets amounted to 14,817 million yen (14,818 million yen at the end of the previous consolidated fiscal year)

As a result, our total assets amounted to 36,692 million yen, an increase of 1,228 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Our current liabilities at the end of the first quarter of the consolidated cumulative period amounted to 7,489 million yen, an increase of 245 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 228 million yen in notes and accounts payable for increase in purchases due to increase in net sales, although the amount of short-term borrowings decreased by 218 million yen. Our non-current liabilities amounted to 2,855 million yen, an increase of 291 million yen from the end of the previous consolidated fiscal year, due to increases in long-term borrowings etc.

As a result, our total liabilities amounted to 10,344 million yen, an increase of 536 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

Our total net assets at the end of the first quarter of the consolidated cumulative period were 26,347 million yen, an increase of 691 million yen from the end of the previous consolidated fiscal year. This was mainly due to the recorded profit attributable to owners of parent of 1,445 million yen, although there were 578 million yen for dividends of surplus and 213 million yen for acquisition of treasury shares.

As a result, the equity ratio was 71.0 % (71.5 % at the end of the previous fiscal year).

(3) Risk Information on the COVID-19 pandemic

To prevent the spread of infection, the Group continues to improve the work system and environment that enable telework. However, if the infectious disease spreads further and prolongs, it may further affect the Group's business performance and financial condition. The suspension of factory operations and refraining from business activities might be considered.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	9,471,217	9,187,294
Notes and accounts receivable	5,120,304	6,197,798
Electronically recorded monetary claims	296,227	355,326
Merchandise and finished goods	2,063,548	2,278,602
Work in process	236,236	248,581
Raw materials and supplies	1,894,147	2,183,869
Other	1,579,539	1,439,722
Allowance for doubtful accounts	△16,045	△16,535
Total current assets	20,645,175	21,874,659
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,609,061	2,577,023
Machinery, equipment and vehicles	2,069,244	2,036,689
Tools, furniture and fixtures	1,693,858	1,779,994
Land	3,412,785	3,412,785
Lease assets	36,993	33,478
Right-of-use assets	2,954,360	2,931,224
Construction in progress	381,060	400,741
Total property, plant and equipment	13,157,365	13,171,937
Intangible fixed assets	125,543	143,077
Investments and other assets		
Investment securities	247,900	271,519
Deferred tax assets	235,717	171,420
Net defined benefit asset	712,106	710,660
Other	339,668	348,740
Allowance for doubtful accounts	△0	△0
Total investments and other assets	1,535,391	1,502,341
Total non-current assets	14,818,300	14,817,356
Total assets	35,463,476	36,692,015

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	1,684,659	1,912,938
Short-term borrowings	2,949,540	2,731,280
Lease obligations	440,736	394,598
Income taxes payable	344,539	408,816
Provision for bonuses	367,196	393,672
Provision for directors' bonuses	—	27,500
Other	1,457,713	1,620,696
Total current liabilities	7,244,386	7,489,500
Non-current liabilities		
Long-term borrowings	10,000	305,000
Lease obligations	2,101,335	2,110,950
Provision for director's retirement benefits	45,822	38,357
Provision for loss on litigation	90,860	92,106
Retirement benefit liability	27,451	27,496
Asset retirement obligations	21,470	25,314
Other	266,606	256,101
Total non-current liabilities	2,563,547	2,855,326
Total liabilities	9,807,933	10,344,826
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,084,103	10,084,103
Capital surplus	1,775,084	1,775,084
Retained earnings	16,139,513	16,999,979
Treasury shares	△2,183,859	△2,397,473
Total shareholders' equity	25,814,841	26,461,693
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	8,556	9,185
Foreign currency translation adjustments	△394,214	△358,052
Remeasurements of defined benefit plans	△86,046	△78,679
Total amount of other comprehensive income	△471,704	△427,546
Subscription rights to shares	184,520	184,100
Non-controlling interests	127,884	128,940
Total net assets	25,655,542	26,347,188
Total liabilities and total net assets	35,463,476	36,692,015

Consolidated Statements of Income

(Thousands of yen)

	1Q period of previous year (From April 1, 2020 to June 30, 2020)	1Q period of current year (From April 1, 2021 to June 30, 2021)
	Amount	Amount
Net sales	6,503,205	8,901,523
Cost of sales	4,220,063	5,341,081
Gross profit	2,283,142	3,560,442
Selling, general and administrative expenses	1,547,841	1,752,379
Operating profit	735,301	1,808,062
Non-operating income		
Interest income	1,194	1,386
Dividend income	4,459	—
Foreign exchange gains	—	27,607
Share of profit of entities accounted for using equity method	—	12,450
Gain on sales of scraps	3,876	1,990
Subsidy income	11,320	4,178
Other	5,655	4,121
Total non-operating income	26,506	51,734
Non-operating expenses		
Interest expenses	11,306	15,829
Foreign exchange losses	30,376	—
Share of loss of entities accounted for using equity method	2,973	—
Factory relocation expenses	50,006	—
Other	1,495	3,083
Total non-operating expenses	96,158	18,913
Ordinary profit	665,649	1,840,884
Extraordinary income		
Gain on sales of non-current assets	160	112
Total extraordinary income	160	112
Extraordinary losses		
Loss on sales of non-current assets	—	40
Total extraordinary losses	—	40
Profit before income taxes	665,809	1,840,956
Current income taxes	132,596	332,342
Deferred income taxes	60,863	61,737
Income taxes	193,460	394,080
Profit	472,349	1,446,876

(Thousands of yen)

	1Q period of previous year (From April 1, 2020 to June 30, 2020)	1Q period of current year (From April 1, 2021 to June 30, 2021)
	Amount	Amount
Profit attributable to non-controlling interests	887	1,051
Profit attributable to owners of parent	471,461	1,445,825

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	1Q period of previous year (From April 1, 2020 to June 30, 2020)	1Q period of current year (From April 1, 2021 to June 30, 2021)
	Amount	Amount
Profit	472,349	1,446,876
Other comprehensive income		
Valuation difference on available-for-sale securities	314	628
Foreign currency translation adjustments	△182	25,959
Remeasurements of defined benefit plans	8,752	7,367
Share of other comprehensive income of entities accounted for using equity method	△1,851	10,207
Total other comprehensive income	7,032	44,162
Comprehensive income	479,381	1,491,039
(Attribute to)		
Comprehensive income attributable to owners of parent	477,384	1,489,983
Comprehensive income attributable to non-controlling interests	1,997	1,055