

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Two Quarters (April 01 to September 30, 2021) of the Fiscal Year Ending March 31, 2022

November 5, 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: November 12, 2021

Scheduled date of dividend payment commencement: November 30, 2021

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 Two Quarters (April 01 to September 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 two quarters ended September 30, 2021 | 18,562 | 32.0 | 3,677 | 74.0 | 3,761 | 84.0 | 2,979 | 82.8 |
| September 30, 2020 | 14,064 | 4.3 | 2,113 | 24.4 | 2,043 | 23.7 | 1,629 | 11.0 |

Note: Comprehensive income First two quarters ended September 30, 2021 ¥3,020 million (85.3%)

First two quarters ended September 30, 2020 ¥1,630 million (57.3%)

| | Net profit per share | Diluted net profit per share |
|---|----------------------|------------------------------|
| | Yen | Yen |
| First two quarters ended September 30, 2021 | 140.00 | — |
| September 30, 2020 | 76.13 | — |

Note: The “Accounting Standard for Revenue Recognition (ASRR)” (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 the first two quarters ended September 30, 2021 are after applying the ASRR, etc.

(2) Consolidated Financial Positions

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of September 30, 2021 | 38,609 | 27,620 | 70.8 | 1,292.70 |
| As of March 31, 2021 | 35,463 | 25,655 | 71.5 | 1,183.69 |

Reference: Shareholders' equity as of September 30, 2021: ¥27,322 million; as of March 31, 2021: ¥25,343 million.

2. Dividends

| | Dividends per share | | | | |
|--------------------------------------|---------------------|-------|-----|-------|-------|
| | 1Q | 2Q | 3Q | 4Q | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2021 | — | 10.00 | — | 27.00 | 37.00 |
| Year ending March 31, 2022 | — | 15.00 | | | |
| Forecast: Year ending March 31, 2022 | | | — | 48.00 | 63.00 |

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

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 |
|----------------------------|-----------------|------|------------------|------|-----------------|------|---|------|----------------------|
| Year ending March 31, 2022 | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| | 36,000 | 30.1 | 5,600 | 75.4 | 5,700 | 81.3 | 4,400 | 69.7 | 207.46 |

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

We purchase treasury shares and dispose of treasury shares as remuneration for restricted stock transfers based on resolutions by the Board of Directors. Net profit per share in the Forecast of Consolidated Operating Results considers the impact of this 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 :

September 30, 2021 23,329,775 shares

March 31, 2021 23,329,775 shares

2) Number of treasury shares at term end:

September 30, 2021 2,193,999 shares

March 31, 2021 1,919,540 shares

3) Average number of outstanding shares (during the second quarter ended September 30):

September 30, 2021 21,282,462 shares

September 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) Explanation for Business Performance

During the second quarter of the current consolidated cumulative period, the global economy showed signs of recovery with the gradual resumption of economic activities in the United States and Europe, where novel coronavirus (COVID-19) vaccinations comparatively progressed. However, the future remains uncertain. This uncertainty is due to the re-emergence of infection caused by corona mutant strains in countries, including developed countries, a global shortage of semiconductors, the slowdown of the Chinese economy, and the rise in prices of goods and energy caused by soaring crude oil prices.

Under these circumstances, 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 continue to address the basic policies of the previous medium-term business plan. We aim to grow into a corporate group that can provide products and services that satisfy our customers. We are working to achieve our management goal by creating products that will create the future under our global collaboration. We will continue to promote growth strategy and structural reform.

As a result, our business performance in the second quarter of the current consolidated cumulative period marked net sales of 18,562 million yen (an increase of 32.0% year on year), operating profit of 3,677 million yen (an increase of 74.0% year on year), ordinary profit of 3,761 million yen (an increase of 84.0% year on year), and profit attributable to owners of parent of 2,979 million yen (an increase of 82.8% year on year).

Our business performance on a segment-by-segment basis is shown below.

[Test Solutions Business]

Our sales of products for smartphones were strong. In addition, the sales of automotive products, PC and server products, and burn-in socket products for memory devices were strong. Furthermore, we reinforced our in-house production of parts and reviewed our production system to make improvements in productivity and production quality.

As a result, our business performance resulted in net sales of 9,586 million yen (an increase of 35.4% year on year), and the operating profit was 3,012 million yen (an increase of 75.7% year on year).

[Connector Solutions Business]

Our sales of products for automotive and industrial equipment were strong due to demand recovery. However, the product sales for telecommunications equipment remained difficult because major customers' inventory and production adjustments due to the US-China trade friction continued. Furthermore, the cost of raw materials and corona-related expenses increased. However, the impact was kept to a minimum by improvements in productivity and production quality.

As a result, our business performance resulted in net sales of 8,180 million yen (an increase of 33.2% year on year), and the operating profit was 643 million yen (an increase of 79.5% year on year).

[Optics-related Business]

Our sales of high value-added filter products for medical equipment and industrial equipment were strong. In addition, progress in productivity improvements led to improved profits.

As a result, our business performance resulted in net sales of 794 million yen (a decrease of 5.5% year on year), and the operating profit was 82 million yen (an increase of 19.6% year on year)

(2) Explanation of Financial Conditions

(Assets)

At the end of the second quarter of the consolidated cumulative period, our current assets amounted to 23,786 million yen, increasing 3,141 million yen from the end of the previous consolidated fiscal year.

This result was mainly due to an increase of 971 million yen in cash and deposits resulting from increases in orders received and net sales, and increases in trade receivables of 1,539 million yen, and 907 million yen in inventories. Our non-current assets amounted to 14,823 million yen, an increase of 5 million yen from the end of the previous consolidated fiscal year.

As a result, our total assets amounted to 38,609 million yen, increasing 3,146 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

At the end of the second quarter of the consolidated cumulative period, our current liabilities amounted to 8,208 million yen, increasing 964 million yen from the end of the previous consolidated fiscal year. This result was mainly due to an increase of 369 million yen in income taxes payable and an increase of 421 million yen in provision for bonuses, despite a decrease of 202 million yen in short-term borrowings. Our non-current liabilities amounted to 2,780 million yen, an increase of 216 million yen from the end of the previous consolidated fiscal year, due to increases of 290 million yen in long-term borrowings etc.

As a result, our total liabilities amounted to 10,989 million yen, increasing 1,181 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

At the end of the second quarter of the consolidated cumulative period, our total net assets were 27,620 million yen, an increase of 1,964 million yen from the end of the previous consolidated fiscal year. This result was mainly due to profit attributable to owners of parent of 2,979 million yen, despite 578 million yen for dividends of surplus and 500 million yen for the acquisition of treasury shares.

As a result, the equity ratio was 70.8% (71.5% at the end of the previous fiscal year).

(3) Overview of Cash Flow for the Fiscal Period

At the end of the second quarter of the consolidated cumulative period, our cash and cash equivalents (hereafter referred to as “funds”) increased by 972 million yen from the end of the previous consolidated fiscal year. The funds resulted in 10,421 million yen at the end of the second quarter of the consolidated cumulative period.

The status of each cash flow and its factors at the end of the second quarter of the consolidated cumulative period are as follows:

(Cash flow from operating activities)

The funds provided by operating activities resulted in 3,316 million yen (an increase of 178.7% year on year). This result was mainly due to profit before income taxes by 3,761 million yen.

(Cash flow from investment activities)

Due to our investing activities, the funds used amounted to 1,155 million yen (an increase of 19.6% year on year). This result was mainly due to an expenditure of 1,132 million yen for the acquisition of tangible assets,

(Cash flow from financial activities)

Due to our financial activities, the funds used amounted to 1,227 million yen (an increase of 53.7% year on year). This result was mainly due to payment for dividends of 576 million yen and the purchase of treasury shares of 500 million yen.

(4) Risk Information on the COVID-19 Pandemic

To prevent the spread of infection, the Group continues to improve the work system and environment, making telework possible. 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 September 30, 2021 |
|--|----------------------|--------------------------|
| | Amount | Amount |
| (ASSETS) | | |
| Current assets | | |
| Cash and deposits | 9,471,217 | 10,443,054 |
| Notes and accounts receivable | 5,120,304 | 6,516,032 |
| Electronically recorded monetary claims | 296,227 | 439,898 |
| Merchandise and finished goods | 2,063,548 | 2,576,885 |
| Work in process | 236,236 | 248,305 |
| Raw materials and supplies | 1,894,147 | 2,276,560 |
| Other | 1,579,539 | 1,304,231 |
| Allowance for doubtful accounts | △16,045 | △18,666 |
| Total current assets | 20,645,175 | 23,786,300 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 2,609,061 | 2,569,116 |
| Machinery, equipment and vehicles | 2,069,244 | 1,991,486 |
| Tools, furniture and fixtures | 1,693,858 | 1,833,943 |
| Land | 3,412,785 | 3,405,051 |
| Leased assets | 36,993 | 36,783 |
| Right-of-use assets | 2,954,360 | 2,828,433 |
| Construction in progress | 381,060 | 487,722 |
| Total property, plant and equipment | 13,157,365 | 13,152,537 |
| Intangible fixed assets | 125,543 | 151,577 |
| Investments and other assets | | |
| Investment securities | 247,900 | 281,205 |
| Deferred tax assets | 235,717 | 187,777 |
| Net defined benefit asset | 712,106 | 715,115 |
| Other | 339,668 | 335,239 |
| Allowance for doubtful accounts | △0 | △0 |
| Total investments and other assets | 1,535,391 | 1,519,338 |
| Total non-current assets | 14,818,300 | 14,823,454 |
| Total assets | 35,463,476 | 38,609,755 |

(Thousands of yen)

| | As of March 31, 2021 | As of September 30, 2021 |
|---|----------------------|--------------------------|
| | Amount | Amount |
| (LIABILITIES) | | |
| Current liabilities | | |
| Notes and accounts payable | 1,684,659 | 1,858,174 |
| Short-term borrowings | 2,949,540 | 2,746,600 |
| Lease obligations | 440,736 | 364,155 |
| Income taxes payable | 344,539 | 713,926 |
| Provision for bonuses | 367,196 | 788,257 |
| Provision for directors' bonuses | — | 55,000 |
| Other | 1,457,713 | 1,682,859 |
| Total current liabilities | 7,244,386 | 8,208,974 |
| Non-current liabilities | | |
| Long-term borrowings | 10,000 | 300,000 |
| Lease obligations | 2,101,335 | 2,037,376 |
| Provision for director's retirement benefits | 45,822 | 37,855 |
| Provision for loss on litigation | 90,860 | 90,902 |
| Retirement benefit liability | 27,451 | 33,645 |
| Asset retirement obligations | 21,470 | 25,487 |
| Other | 266,606 | 255,239 |
| Total non-current liabilities | 2,563,547 | 2,780,506 |
| Total liabilities | 9,807,933 | 10,989,480 |
| (NET ASSETS) | | |
| Shareholders' equity | | |
| Capital stock | 10,084,103 | 10,084,103 |
| Capital surplus | 1,775,084 | 1,787,791 |
| Retained earnings | 16,139,513 | 18,533,758 |
| Treasury shares | △2,183,859 | △2,654,160 |
| Total shareholders' equity | 25,814,841 | 27,751,492 |
| Amount of other comprehensive income | | |
| Valuation difference on available-for-sale securities | 8,556 | 9,656 |
| Foreign currency translation adjustments | △394,214 | △367,616 |
| Remeasurments of defined benefit plans | △86,046 | △71,311 |
| Total amount of other comprehensive income | △471,704 | △429,271 |
| Subscription rights to shares | 184,520 | 181,996 |
| Non-controlling interests | 127,884 | 116,057 |
| Total net assets | 25,655,542 | 27,620,274 |
| Total liabilities and total net assets | 35,463,476 | 38,609,755 |

Consolidated Statements of Income

(Thousands of Yen)

| | 2Q period of previous year (From April 1, 2020 to September 30, 2020) | 2Q period of current year (From April 1, 2021 to September 30, 2021) |
|---|---|--|
| | Amount | Amount |
| Net sales | 14,064,028 | 18,562,377 |
| Cost of sales | 8,869,581 | 11,351,017 |
| Gross profit | 5,194,446 | 7,211,359 |
| Selling, general and administrative expenses | 3,080,820 | 3,534,068 |
| Operating profit | 2,113,625 | 3,677,291 |
| Non-operating income | | |
| Interests income | 2,986 | 3,836 |
| Dividend income | 4,459 | 2,934 |
| Foreign exchange gains | — | 70,444 |
| Share of profit of entities accounted for using equity method | — | 17,550 |
| Gain on sales of scraps | 8,281 | 4,189 |
| Subsidy income | 15,818 | 5,427 |
| Insurance claim income | 52 | 574 |
| Other | 19,297 | 13,754 |
| Total non-operating income | 50,896 | 118,712 |
| Non-operating expenses | | |
| Interest expenses | 19,751 | 30,523 |
| Foreign exchange losses | 40,418 | — |
| Share of loss of entities accounted for using equity method | 494 | — |
| Factory relocation expenses | 54,473 | — |
| Other | 5,769 | 4,416 |
| Total non-operating expenses | 120,907 | 34,939 |
| Ordinary profit | 2,043,614 | 3,761,063 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 225 | 122 |
| Total extraordinary income | 225 | 122 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | — | 40 |
| Total extraordinary losses | — | 40 |
| Profit before income taxes | 2,043,839 | 3,761,146 |
| Current income taxes | 393,582 | 747,170 |
| Deferred income taxes | 18,655 | 31,955 |
| Income taxes | 412,238 | 779,126 |
| Profit | 1,631,601 | 2,982,019 |

(Thousands of yen)

| | 2Q period of previous year (From April 1, 2020 to September 30, 2020) | 2Q period of current year (From April 1, 2021 to September 30, 2021) |
|---|---|--|
| | Amount | Amount |
| Profit attributable to non-controlling interests | 1,659 | 2,415 |
| Profit attributable to owners of parent | 1,629,942 | 2,979,604 |

Consolidated Statements of Comprehensive Income

(Thousands of yen)

| | 2Q period of previous year (From April 1, 2020 to September 30, 2020) | 2Q period of current year (From April 1, 2021 to September 30, 2021) |
|---|---|--|
| | Amount | Amount |
| Profit | 1,631,601 | 2,982,019 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 314 | 1,100 |
| Foreign currency translation adjustments | △18,755 | 17,017 |
| Remeasurements of defined benefit plans | 17,504 | 14,734 |
| Share of other comprehensive income of entities accounted for using equity method | △552 | 5,323 |
| Total other comprehensive income | △1,489 | 38,175 |
| Comprehensive income | 1,630,112 | 3,020,195 |
| (Attribute to) | | |
| Comprehensive income attributable to owners of parent | 1,626,235 | 3,022,036 |
| Comprehensive income attributable to non-controlling interests | 3,876 | △1,841 |

Consolidated Statements of Cash Flows

(Thousands of yen)

| | Previous year (From April 1, 2020 to September 30, 2020) | Current year (From April 1, 2021 to September 30, 2021) |
|--|--|---|
| | Amount | Amount |
| Cash flows from operating activities | | |
| Income before income taxes | 2,043,839 | 3,761,146 |
| Depreciation | 989,279 | 1,136,523 |
| Interest and dividends income | △7,446 | △6,770 |
| Interest expenses | 19,751 | 30,523 |
| Exchange loss (△gain) | 18,038 | △47,962 |
| Decrease (△increase) in notes and accounts receivable | △760,446 | △1,528,567 |
| Decrease (△increase) in inventories | △583,941 | △890,708 |
| Increase (△decrease) in notes and accounts payable | △168,329 | 171,594 |
| Other, net | △67,345 | 1,111,046 |
| Sub total | 1,483,399 | 3,736,825 |
| Interest and dividends received | 7,152 | 6,424 |
| Interest expenses paid | △19,775 | △30,629 |
| Income taxes paid | △280,733 | △395,861 |
| Net cash provided by operating activities | 1,190,043 | 3,316,758 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | △892,084 | △1,132,361 |
| Proceeds from sales of property, plant and equipment | 225 | 1,517 |
| Other, net | △74,062 | △24,637 |
| Net cash used in investing activities | △965,921 | △1,155,480 |
| Cash flows from financing activities | | |
| Net increase (△decrease) in short-term borrowings | 189,613 | — |
| Proceeds from long-term borrowings | — | 300,000 |
| Repayments of long-term borrowings | △179,182 | △230,000 |
| Purchase of treasury shares | — | △500,044 |
| Cash dividends paid | △597,991 | △576,769 |
| Other, net | △210,950 | △220,743 |
| Net cash used in financing activities | △798,510 | △1,227,557 |
| Effect of exchange rates changes on cash and cash equivalents | △55,256 | 38,901 |
| Net increase (△decrease) of cash and cash equivalents | △629,645 | 972,621 |
| Cash and cash equivalents at beginning of period | 9,259,338 | 9,448,653 |
| Cash and cash equivalents at end of period | 8,629,693 | 10,421,275 |