

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Three Quarters (April 1 to December 31, 2021) of the Fiscal Year

Ending March 31, 2022

February 4, 2022

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: February 10, 2022

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 Three Quarters (April 1 to December 31, 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 three quarters ended December 31, 2021	28,712	38.1	5,995	126.1	6,164	138.0	4,847	149.3
December 31, 2020	20,794	1.7	2,652	3.7	2,590	2.2	1,944	△9.4

Note: Comprehensive income First three quarters ended December 31, 2021 ¥5,105 million (161.1%)

First three quarters ended December 31, 2020 ¥1,955 million (0.3%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
First three quarters ended December 31, 2021	228.32	—
December 31, 2020	90.83	—

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 three quarters ended December 31, 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 December 31, 2021	40,864	29,388	71.2	1,376.15
As of March 31, 2021	35,463	25,655	71.5	1,183.69

Reference: Shareholders' equity as of December 31, 2021: ¥29,085 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				65.00	80.00

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

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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
Year ending March 31, 2022	38,500	39.1	7,500	134.9	7,700	144.9	5,600	116.0	264.04

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 :

December 31, 2021 23,329,775 shares

March 31, 2021 23,329,775 shares

2) Number of treasury shares at term end:

December 31, 2021 2,194,085 shares

March 31, 2021 1,910,540 shares

3) Average number of outstanding shares (during the first three quarters ended December 31):

December 31, 2021 21,233,380 shares

December 31, 2020 21,410,322 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 third quarter of the current consolidated cumulative period, the global economy showed signs of recovery with the gradual resumption of economic activities in each country, where novel coronavirus (COVID-19) vaccinations comparatively progressed. However, the outlook for the future remains uncertain due to the re-emergence of infections caused by coronary mutant strains worldwide, as well as a global shortage in semiconductors, the slowdown of the Chinese economy, and rising prices of goods and energy caused by soaring crude oil prices.

Under these circumstances, in the electronic components industry where the Yamaichi Electronics Group operates, demand for various semiconductors and electronic components increased in line with the increasing functionality of smartphones and other mobile devices and a capacity expansion of data centers. Also, demand for semiconductors and various electronic components for automotive use increased to enhance the functionality of automobiles, including driving safety and automatic driving.

The Group aims to respond quickly to diversifying market needs, including the growing demand for semiconductors resulting from a global shortage in semiconductors and the recovery of investment in the industrial equipment market in Europe, which is the Group's major market. Accordingly, the Group has made efforts to minimize the impact of cost increases in raw material and transportation costs by strengthening its production system, reducing costs, and improving product quality.

As a result, our business performance in the third quarter of the current consolidated cumulative period marked net sales of 28,712 million yen (an increase of 38.1% year on year), operating profit of 5,995 million yen (an increase of 126.1% year on year), ordinary profit of 6,164 million yen (an increase of 138.0% year on year), and profit attributable to owners of parent of 4,847 million yen (an increase of 149.3% year on year).

We have applied the Accounting Standard for Revenue Recognition under Statement No. 29, March 31, 2020, of the Accounting Standards Board of Japan (ASBJ) since the beginning of the first quarter of the current fiscal year. Our net sales for the third quarter of the current consolidated cumulative period increased by 9 million yen, and operating profit, ordinary profit, and profit before income taxes increased by 7 million yen each.

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

[Test Solutions Business]

Our sales of automotive products, PC and server products, and burn-in socket products for memory devices were strong, in addition to our sales of products for smartphones.

As a result, our business performance resulted in net sales of 14,835 million yen (an increase of 46.6% year on year), and operating profit amounted to 4,961 million yen (an increase of 129.1% year on year).

[Connector Solutions Business]

Our sales of products for automotive and industrial equipment were strong due to demand recovery. Although the impact of the economic friction between the U.S. and China continues, the sales of products for telecommunication equipment turned to increase against the backdrop of expanding demand for high-speed, high-capacity transmission, mainly in the U.S. and Europe.

As a result, our business performance resulted in net sales of 12,593 million yen (an increase of 33.6% year on year), and the operating profit was 951 million yen (an increase of 127.4% year on year).

[Optics-related Business]

In addition to steady sales of high value-added filter products for medical and industrial equipment, our progress in productivity improvement led to a profit increase.

As a result, our business performance resulted in net sales of 1,283 million yen (an increase of 3.0% year on year), and the operating profit was 185 million yen (an increase of 93.4% year on year).

(2) Explanation of Financial Conditions

(Assets)

At the end of the third quarter of the current consolidated cumulative period, our current assets were 26,312 million yen, increasing 5,667 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 2,143 million yen in cash and deposits resulting from an increase in orders and net sales, an increase of 2,070 million yen in trade receivables, and an increase of 1,647 million yen in inventories. Our non-current assets amounted to 14,551 million yen, a decrease of 266 million yen from the end of the previous consolidated fiscal year.

As a result, our total assets amounted to 40,864 million yen, an increase of 5,400 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

At the end of the third quarter of the current consolidated cumulative period, our current liabilities were 8,688 million yen, increasing 1,443 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 457 million yen in notes and accounts payable resulting from increased purchases accompanying an increase in orders and net sales, an increase of 452 million yen in income taxes payable, and an increase of 288 million yen in provision for bonuses. Our non-current liabilities amounted to 2,786 million yen, an increase of 223 million yen from the end of the previous consolidated fiscal year, mainly due to an increase of 290 million yen in long-term borrowings.

As a result, our total liabilities amounted to 11,475 million yen, an increase of 1,667 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

At the end of the third quarter of the consolidated cumulative period, our total net assets were

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29,388 million yen, increasing 3,733 million yen from the end of the previous consolidated fiscal year.

This was mainly due to profit attributable to owners of parent of 4,847 million yen, despite 895 million yen for dividends of surplus and 500 million yen for the acquisition of treasury shares.

As a result, the equity ratio was 71.2 % (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, 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 December 31, 2021
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	9,471,217	11,614,308
Notes and accounts receivable	5,120,304	6,881,984
Electronically recorded monetary claims	296,227	604,821
Merchandise and finished goods	2,063,548	3,123,866
Work in process	236,236	248,092
Raw materials and supplies	1,894,147	2,469,698
Other	1,579,539	1,391,592
Allowance for doubtful accounts	△16,045	△22,160
Total current assets	20,645,175	26,312,203
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,609,061	2,579,122
Machinery, equipment and vehicles	2,069,244	2,008,546
Tools, furniture and fixtures	1,693,858	1,807,863
Land	3,412,785	3,411,615
Leased assets	36,993	33,647
Right-of-use assets	2,954,360	2,741,809
Construction in progress	381,060	546,305
Total property, plant and equipment	13,157,365	13,128,911
Intangible fixed assets	125,543	193,504
Investments and other assets		
Investment securities	247,900	65,562
Deferred tax assets	235,717	123,925
Net defined benefit asset	712,106	719,472
Other	339,668	320,444
Allowance for doubtful accounts	△0	△0
Total investments and other assets	1,535,391	1,229,405
Total non-current assets	14,818,300	14,551,821
Total assets	35,463,476	40,864,025

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	1,684,659	2,142,383
Short-term borrowings	2,949,540	2,783,300
Lease obligations	440,736	381,543
Income taxes payable	344,539	796,937
Provision for bonuses	367,196	655,666
Provision for directors' bonuses	—	102,500
Other	1,457,713	1,825,864
Total current liabilities	7,244,386	8,688,195
Non-current liabilities		
Long-term borrowings	10,000	300,000
Lease obligations	2,101,335	1,961,285
Provision for director's retirement benefits	45,822	45,864
Provision for loss on litigation	90,860	90,944
Retirement benefit liability	27,451	41,855
Asset retirement obligations	21,470	25,784
Deferred tax liabilities	—	62,645
Other	266,606	258,604
Total non-current liabilities	2,563,547	2,786,982
Total liabilities	9,807,933	11,475,178
(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	20,085,107
Treasury shares	△2,183,859	△2,654,347
Total shareholders' equity	25,814,841	29,302,654
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	8,556	10,678
Foreign currency translation adjustments	△394,214	△163,434
Remeasurments of defined benefit plans	△86,046	△63,944
Total amount of other comprehensive income	△471,704	△216,700
Subscription rights to shares	184,520	181,996
Non-controlling interests	127,884	120,896
Total net assets	25,655,542	29,388,846
Total liabilities and total net assets	35,463,476	40,864,025

Consolidated Statements of Income

(Thousands of Yen)

	3Q period of previous year (From April 1, 2020 to December 31, 2020)	3Q period of current year (From April 1, 2021 to December 31, 2021)
	Amount	Amount
Net sales	20,794,093	28,712,046
Cost of sales	13,609,408	17,247,352
Gross profit	7,184,685	11,464,694
Selling, general and administrative expenses	4,532,572	5,469,186
Operating profit	2,652,112	5,995,507
Non-operating income		
Interests income	4,742	5,689
Dividend income	4,529	3,004
Foreign exchange gains	—	153,555
Share of profit of entities accounted for using equity method	12,551	22,232
Gain on sales of scraps	14,068	7,278
Subsidy income	20,687	5,738
Insurance claim income	1,938	1,523
Other	23,301	23,218
Total non-operating income	81,819	222,241
Non-operating expenses		
Interest expenses	24,219	44,890
Foreign exchange losses	55,772	—
Factory relocation expenses	55,071	—
Other	8,220	8,025
Total non-operating expenses	143,284	52,916
Ordinary profit	2,590,647	6,164,833
Extraordinary income		
Gain on sales of non-current assets	1,076	5,063
Gain on sales of investment securities	—	17,131
Total extraordinary income	1,076	22,194
Extraordinary losses		
Loss on sales of non-current assets	—	40
Provision for loss on litigation	85,659	—
Total extraordinary losses	85,659	40
Profit before income taxes	2,506,065	6,186,987
Current income taxes	486,016	1,170,602
Deferred income taxes	72,834	164,931
Income taxes	558,850	1,335,534
Profit	1,947,215	4,851,453

(Thousands of yen)

	3Q period of previous year (From April 1, 2020 to December 31, 2020)	3Q period of current year (From April 1, 2021 to December 31, 2021)
	Amount	Amount
Profit attributable to non-controlling interests	2,546	3,463
Profit attributable to owners of parent	1,944,668	4,847,990

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	3Q period of previous year (From April 1, 2020 to December 31, 2020)	3Q period of current year (From April 1, 2021 to December 31, 2021)
	Amount	Amount
Profit	1,947,215	4,851,453
Other comprehensive income		
Valuation difference on available-for-sale securities	628	2,122
Foreign currency translation adjustments	△18,204	244,972
Remeasurements of defined benefit plans	26,256	22,101
Share of other comprehensive income of entities accounted for using equity method	△444	△14,658
Total other comprehensive income	8,236	254,538
Comprehensive income	1,955,451	5,105,991
(Attribute to)		
Comprehensive income attributable to owners of parent	1,951,808	5,102,994
Comprehensive income attributable to non-controlling interests	3,643	2,997