

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the Fiscal Year Ended March 31, 2022

May 13, 2022

Company Name: Yamaichi Electronics Co., Ltd.

Code: 6941 URL: <https://www.yamaichi.co.jp>

President: Junichi Kameya

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

Scheduled date of ordinary general meeting of shareholders: June 28, 2022

Scheduled date of securities report submission: June 28, 2022

Scheduled date of dividend payment commencement: June 29, 2022

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 Highlights for the Fiscal Year Ended 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
Year ended March 31, 2022	39,574	43.0	8,375	162.4	8,746	178.2	6,771
Year ended March 31, 2021	27,673	2.5	3,192	4.2	3,143	2.1	2,592

Note: Comprehensive income Year ended March 31, 2022 ¥7,708 million (147.7%)

Year ended March 31, 2021 ¥3,112 million (36.4%)

	Net profit per share	Diluted net profit per share	Return on equity	Return on assets	Operating income ratio
	Yen	Yen	%	%	%
Year ended March 31, 2022	319.25	—	23.7	21.6	21.2
Year ended March 31, 2021	121.10	—	10.7	9.3	11.5

Notes: Share of profit (Δloss) of entities accounted for using equity method:

Year ended March 31, 2022: ¥22 million; Year ended March 31, 2021: ¥12million.

Note: We have applied the Accounting Standard for Revenue Recognition (ASRR) 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. Each figure for the fiscal year ended March 31, 2022, resulted after the application of the ASRR.

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	45,372	31,993	69.8	1,499.07
As of March 31, 2021	35,463	25,655	71.5	1,183.69

Reference: Shareholders' equity as of March 31, 2022: ¥31,685million; as of March 31, 2021: ¥25,343 million.

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	7,637	Δ2,283	Δ1,774	13,548
Year ended March 31, 2021	3,724	Δ2,352	Δ1,358	9,448

2. Dividends

	Dividends per share					Total dividends	Dividend payout	Dividend on equity
	1Q	2Q	3Q	4Q	Total			
	Yen	Yen	Yen	Yen	Yen	Millions	%	%
Year ended March 31, 2021	—	10.00	—	27.00	37.00	792	30.6	3.3
Year ended March 31, 2022	—	15.00	—	81.00	96.00	2,029	30.1	7.2
Forecast; Year ending March 31, 2023	—	35.00	—	42.00	77.00		30.1	

Note: The year-end dividend per share for the fiscal year ended March 31, 2022, has been changed from 65 yen to 81 yen.

3. Forecast of Consolidated Operating Results for the year ending March 31, 2023

(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 September 30, 2022	21,200	14.2	4,350	18.3	4,350	15.7	3,150	149.03
Year ending March 31, 2023	40,300	1.8	7,400	△11.6	7,400	△15.4	5,400	255.48

4. Other

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

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

(2) 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

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares (including treasury shares) at term end :

March 31, 2022 23,329,775 shares

March 31, 2021 23,329,775 shares

2) Number of treasury shares at term end:

March 31, 2022 2,193,285 shares

March 31, 2021 1,919,540 shares

3) Average number of outstanding shares:

March 31, 2022 21,209,406 shares

March 31, 2021 21,410,307 shares

* Summaries of financial statements are not subject to audit by certified public accountants or auditing firms.

* Explanation of the appropriate use of earnings forecasts and other special notes

The forward-looking statements in this document, including earnings forecasts, are based on information currently available to us and certain assumptions that are judged to be reasonable. We do not commit to achieving these forecasts. Furthermore, actual results may differ significantly due to various factors. Please see “(4) Future Prospects” under “1. Overview of Business Results” on page 5 of the attachment for the assumptions for the forecasts and notes on using the forecasts.

1. Overview of Business Results

(1) Summary of Business Results

Compared to the previous year, vaccination against novel coronavirus (COVID-19) infections progressed in major countries. The global economy showed a pickup due to the relaxation of behavioral restrictions in the latest consolidated fiscal year. However, the global economy remained uncertain as a result of the global shortage of semiconductors, the slowdown of the Chinese economy, and in the latter half of the period, the rapid depreciation of the yen due to a change in monetary policy direction to counter rising inflation caused by rising energy and resource prices, as well as heightened geopolitical risks.

Under these circumstances, the Yamaichi Electronics Group has responded speedily to diversifying market needs. It has responded to the growing demand for semiconductors due to the global shortage of semiconductors and the demand expansion due to the recovery of investment in the European industrial equipment market, the Yamaichi Electronics Group's main market. We have continued our efforts to minimize the impact of cost increases in raw material and transportation costs by strengthening our production system and promoting cost reduction and quality improvement.

As a result, the Group posted its highest-ever operating income for a full-year consolidated period. Our business performance in the consolidated fiscal year marked net sales of 39,574 million yen (an increase of 43.0% year on year), operating profit of 8,375 million yen (an increase of 162.4% year on year), ordinary profit of 8,746 million yen (an increase of 178.2% year on year), and profit attributable to owners of parent of 6,771 million yen (an increase of 161.2% year on year).

We have applied the ASRR under Statement No. 29, March 31, 2020, of the ASBJ since the beginning of the current fiscal year. The Group's net sales increased by 8 million yen, and operating income, ordinary income, and profit before income taxes each increased by 7 million yen in the consolidated fiscal year.

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

[Test Solutions Business]

In the test socket field, products for smartphones performed well. In addition, the sales of new products for automobiles and PC servers grew strongly. In the burn-in socket field, the sales of new products for automotive and memory applications, especially for NAND applications, grew significantly due to a global shortage of semiconductors. The business as a whole performed well.

As a result, our business performance resulted in net sales of 20,688million yen (an increase of 57.0% year on year), and the operating profit was 6,970 million yen (an increase of 166.7% year on year).

[Connector Solutions Business]

Our products for industrial equipment and in-vehicle equipment performed well in Europe and the U.S. as a result of a recovery in demand. Products for telecommunications equipment continue to be affected by the economic friction between the U.S. and China. However, the sales of products for the U.S. market remained at the same level as the previous fiscal year due to a significant increase in demand for high-speed, large-capacity transmission.

As a result, our business performance resulted in net sales of 17,098 million yen (an increase of 32.9% year on year), and the operating profit was 1,348 million yen (an increase of 145.7% year on year).

[Optics-related Business]

Our sales of high value-added filter products and other medical and industrial equipment products remained strong. In addition, our productivity improvements led to improved profits.

As a result, our business performance resulted in net sales of 1,787 million yen (an increase of 9.8% year on year), and the operating profit was 172 million yen (an increase of 66.4% year on year).

(2) Overview of the Financial Condition for the Fiscal Year

(Assets)

At the end of the consolidated fiscal year, our current assets were 30,227 million yen, an increase of 9,582 million yen from the end of the previous consolidated fiscal year. This value was mainly due to an increase in cash and deposits of 4,102 million yen resulting from an increase in orders and sales, an increase in trade receivables of 3,064 million yen, and an increase in inventories of 2,194 million yen. The non-current assets amounted to 15,144 million yen, an increase of 326 million yen from the end of the previous fiscal year.

As a result, our total assets amounted to 45,372 million yen, an increase of 9,908 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

At the end of the consolidated fiscal year, our current liabilities were 10,675 million yen, an increase of 3,430 million yen from the end of the previous fiscal year. This result was mainly because of an increase in notes and accounts payable-trade of 693 million yen due to increased purchases resulting from higher sales and an increase in income taxes payable of 1,316 million yen. The non-current liabilities amounted to 2,703 million yen, an increase of 140 million yen from the end of the previous fiscal year.

As a result, our total liabilities amounted to 13,378 million yen, an increase of 3,570 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

At the end of the consolidated fiscal year, our total net assets were 31,993 million yen, an increase of 6,337 million yen from the end of the previous consolidated fiscal year. This result was mainly due to profit attributable to owners of parent of 6,771 million yen, despite payment for dividends from a surplus of 895 million yen and the acquisition of treasury stock of 500 million yen.

As a result, the equity ratio was 69.8% (71.5% at the end of the previous fiscal year).

(3) Overview of Cash Flow for the Fiscal Period

During the consolidated cumulative period, our cash and cash equivalents (hereafter referred to as “funds”) increased by 4,100 million yen from the end of the previous consolidated fiscal year. The funds resulted in 13,548 million yen at the end of the consolidated fiscal year.

The status of each cash flow and its factors during the consolidated cumulative period are below.

(Cash flow from operating activities)

The funds obtained from sales activities resulted in 7,637 million yen (an increase of 105.1% year on year). This result was mainly due to an increase in profit before income taxes by 8,765 million yen.

(Cash flow from investing activities)

Due to our investing activities, the funds used amounted to 2,283 million yen (a decrease of 2.9% year on year). This result was mainly due to the purchase of property, plant and equipment of 2,325 million yen.

(Cash flow from financing activities)

Due to our financing activities, the funds used amounted to 1,774 million yen (an increase of 30.6% year-on-year). This result was mainly due to the dividends paid of 893 million yen, repayments of lease obligations of 432 million yen, and purchase of treasury shares of 500 million yen.

(4) Future Prospects

Vaccination against COVID-19 is underway in many countries. However, in some areas, the spread of mutant strains is causing problems with business activities due to behavior restrictions. In addition to the above, we expect the situation to remain unpredictable due to the ongoing economic friction between the U.S. and China, the sharp depreciation of the yen, soaring energy and resource prices, and the rising geopolitical risks.

Under these circumstances, as for the outlook for our consolidated business results for the fiscal year ending March 2023, we expect a sales of 40,300 million yen (an increase of 1.8% year on year), an operating profit of 7,400 million yen (a decrease of 11.6% year on year), and an ordinary profit of 7,400 million yen (a decrease of 15.4% year on year). The profit attributable to owners of parent is expected to be 5,400 million yen (a decrease of 20.2% year on year).

The forecast assumption is based on exchange rates of 120.00 yen to the U.S. dollar and 132.00 yen to the euro.

(5) Risk Information on the COVID-19 Pandemic

To prevent the spread of infection, the Group continues to improve the work system and environment, enabling telework. However, the infectious disease may spread further and become prolonged. In that case, the Group's business performance and financial position will be further affected by the suspension of plant operations and voluntary restraint of business activities.

2. Basic Concept of the Selection of Accounting Standards

We consider the period comparability of consolidated financial statements and the comparability between companies. Therefore, the Group will prepare consolidated financial statements based on Japanese standards for the time being.

In the future, we will consider applying international accounting standards based on the trends in applying international accounting standards of other companies in the same industry in Japan.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	9,471,217	13,573,533
Notes and accounts receivable	5,120,304	7,933,832
Electronically recorded monetary claims	296,227	547,058
Securities	-	10,000
Merchandise and finished goods	2,063,548	3,288,602
Work in process	236,236	348,994
Raw materials and supplies	1,894,147	2,750,954
Other	1,579,539	1,794,180
Allowance for doubtful accounts	△16,045	△19,202
Total current assets	20,645,175	30,227,953
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,609,061	2,763,159
Machinery, equipment and vehicles	2,069,244	2,310,764
Tools, furniture and fixtures	1,693,858	1,777,285
Land	3,412,785	3,419,865
Leased assets	36,993	82,284
Right-of-use assets	2,954,360	2,741,809
Construction in progress	381,060	506,612
Total property, plant and equipment	13,157,365	13,601,782
Intangible fixed assets		
Software	101,696	196,129
Other	23,846	48,794
Total intangible fixed assets	125,543	244,923
Investments and other assets		
Investment securities	247,900	57,116
Deferred tax assets	235,717	201,863
Net defined benefit asset	712,106	733,178
Other	339,668	305,436
Allowance for doubtful accounts	△0	△0
Total investments and other assets	1,535,391	1,297,594
Total non-current assets	14,818,300	15,144,301
Total assets	35,463,476	45,372,254

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	1,684,659	2,377,829
Short-term borrowings	2,709,540	2,886,860
Current portion of long-term borrowings	240,000	10,000
Lease obligations	440,736	357,819
Income taxes payable	344,539	1,661,054
Provision for bonuses	367,196	1,025,852
Other	1,457,713	2,355,848
Total current liabilities	7,244,386	10,675,263
Non-current liabilities		
Long-term borrowings	10,000	300,000
Lease obligations	2,101,335	2,045,101
Provision for director's retirement benefits	45,822	10,585
Provision for loss on litigation	90,860	98,962
Retirement benefit liability	27,451	24,026
Asset retirement obligations	21,470	26,225
Other	266,606	198,725
Total non-current liabilities	2,563,547	2,703,626
Total liabilities	9,807,933	13,378,889
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,084,103	10,084,103
Capital surplus	1,775,084	1,788,562
Retained earnings	16,139,513	22,008,155
Treasury shares	△2,183,859	△2,653,379
Total shareholders' equity	25,814,841	31,227,440
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	8,556	11,700
Foreign currency translation adjustments	△394,214	499,274
Remeasurments of defined benefit plans	△86,046	△53,268
Total amount of other comprehensive income	△471,704	457,705
Subscription rights to shares	184,520	181,987
Non-controlling interests	127,884	126,230
Total net assets	25,655,542	31,993,364
Total liabilities and total net assets	35,463,476	45,372,254

Consolidated Statements of Income

(Thousands of Yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
	Amount	Amount
Net sales	27,673,633	39,574,601
Cost of sales	18,481,911	23,692,854
Gross profit	9,191,721	15,881,746
Selling, general and administrative expenses	5,999,460	7,506,708
Operating profit	3,192,260	8,375,037
Non-operating income		
Interests income	12,033	9,882
Dividend income	4,529	3,004
Foreign exchange gains	6,062	365,527
Share of profit of entities accounted for using equity method	12,935	22,232
Gain on sales of scraps	18,239	10,761
Subsidy income	22,992	7,774
Insurance claim income	1,789	1,918
Other	23,286	34,246
Total non-operating income	101,869	455,348
Non-operating expenses		
Interest expenses	73,757	66,780
Factory relocation expenses	47,078	—
Other	29,769	17,292
Total non-operating expenses	150,606	84,072
Ordinary profit	3,143,523	8,746,313
Extraordinary income		
Gain on sales of non-current assets	1,958	5,355
Gain on sales of investment securities	—	17,131
Total extraordinary income	1,958	22,486
Extraordinary losses		
Loss on sales of non-current assets	—	310
Provision for loss on litigation	86,590	3,125
Total extraordinary losses	86,590	3,435
Profit before income taxes	3,058,892	8,765,364
Current income taxes	511,831	1,974,639
Deferred income taxes	△48,971	15,313
Income taxes	462,860	1,989,953
Profit	2,596,032	6,775,411

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
	Amount	Amount
Profit attributable to non-controlling interests	3,306	4,374
Profit attributable to owners of parent	2,592,726	6,771,037

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
	Amount	Amount
Profit	2,596,032	6,775,411
Other comprehensive income		
Valuation difference on available-for-sale securities	2,200	3,143
Foreign currency translation adjustments	436,549	912,104
Remeasurements of defined benefit plans	74,743	32,777
Share of other comprehensive income of entities accounted for using equity method	2,489	△14,658
Total other comprehensive income	515,982	933,367
Comprehensive income	3,112,014	7,708,779
(Attribute to)		
Comprehensive income attributable to owners of parent	3,100,847	7,700,447
Comprehensive income attributable to non-controlling interests	11,167	8,331

Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
	Amount	Amount
Cash Flows from Operating Activities		
Profit before income taxes	3,058,892	8,765,364
Depreciation	2,253,185	2,493,996
Interest and dividends income	△16,563	△12,887
Interest expenses	73,757	66,780
Exchange loss (△gain)	△63,808	△384,676
Share of loss (△profit) of entities accounted for using equity method	△12,935	△22,232
Loss (△gain) on sales of non-current assets	△1,958	△5,045
Loss (△gain) on sales of investment securities	—	△17,131
Decrease (△increase) in notes and accounts receivable-trade	△296,547	△2,564,342
Decrease (△increase) in inventories	△473,151	△1,835,342
Increase (△decrease) in notes and accounts payable-trade	131,237	593,777
Increase (△decrease) in accounts payable-other	△58,408	70,356
Increase (△decrease) in provision for bonuses	△31,384	651,859
Decrease (△increase) in net defined benefit asset	△28,592	△21,072
Increase (△decrease) in net defined benefit liability	△11,823	△5,002
Increase (△decrease) in provision for directors' retirement benefits	△22,031	△35,236
Other, net	△157,500	670,574
Sub total	4,342,368	8,409,737
Interest and dividends income received	16,009	20,087
Interest expenses paid	△73,758	△66,871
Income taxes paid	△560,083	△725,595
Net Cash provided by Operating Activities	3,724,536	7,637,357

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
	Amount	Amount
Cash Flows from Investing Activities		
Payments into time deposits	△21,386	△1,353
Purchase of property, plant and equipment	△2,277,496	△2,325,068
Proceeds from sales of property, plant and equipment	481	5,992
Proceeds from sales of investment securities	—	204,207
Payments of loans receivable	△26,075	△10,338
Purchase of insurance funds	△3,544	△3,815
Other, net	△24,611	△153,362
Net Cash used in Investing Activities	△2,352,634	△2,283,738
Cash flows from Financing Activities		
Net increase (△decrease) in short-term borrowings	248,760	—
Repayment of long-term borrowings	—	300,000
Redemption of bonds	△299,930	△240,000
Repayments of finance lease obligations	△495,179	△432,472
Purchase of treasury shares	△138	△500,231
Cash dividends paid	△812,324	△893,429
Dividends paid to non-controlling interests	—	△9,986
Proceeds from exercise of employee share options	—	1,730
Other, net	△24	—
Net Cash used in Financing Activities	△1,358,836	△1,774,388
Effect of exchange rates changes on cash and cash equivalents	176,248	520,979
Net increase (△decrease) of cash and cash equivalents	189,314	4,100,210
Cash and Cash Equivalents at beginning of period	9,259,338	9,448,653
Cash and Cash Equivalents at the end of period	9,448,653	13,548,863