

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Quarter (April 1 to June 30, 2022) of the Fiscal Year Ending March 31, 2023

August 05, 2022

Company Name: Yamaichi Electronics Co., Ltd.

Stock listing: Tokyo Stock Exchange – Prime Market

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

President: Junichi Kameya

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

Scheduled date of securities report submission: August 12, 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 Quarter (April 01 to June 30, 2022) of the Fiscal Year Ending March 31, 2023

(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, 2022	13,187	48.1	3,232	78.8	3,658	98.7	2,589	79.1
First Quarter ended June 30, 2021	8,901	36.9	1,808	145.9	1,840	176.6	1,445	206.7

Note: Comprehensive income First quarter ended June 30, 2022 ¥3,708 million (148.7%)

First quarter ended June 30, 2021 ¥1,491 million (211.0%)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
First Quarter ended June 30, 2022	122.69		—	
First Quarter ended June 30, 2021	67.59		—	

(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, 2022	47,199	33,680	70.7	1,591.14
As of March 31, 2022	45,372	31,993	69.8	1,499.07

Reference: Shareholders' equity as of June 30, 2022: ¥33,364 million; as of March 31, 2022: ¥31,685 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Year ended March 31, 2022	— Yen	15.00 Yen	— Yen	81.00 Yen	96.00 Yen
Year ending March 31, 2023	—				
Forecast; Year ending March 31, 2023		35.00	—	42.00	77.00

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

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	27,300	47.1	6,350	72.7	6,800	80.8	4,800	61.1	229.02
Year ending March 31, 2023	—	—	—	—	—	—	—	—	—

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

Regarding the full-year consolidated earnings forecast, due to the difficulty of formulating an appropriate and rational plan at this time, we have temporarily withdrawn the consolidated earnings forecast announced on May 13, 2022, leaving it undetermined.

We purchase treasury shares 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 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, 2022 23,329,775 shares

March 31, 2022 23,329,775 shares

2) Number of treasury shares at term end:

June 30, 2022 2,360,610 shares

March 31, 2022 2,193,285 shares

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

June 30, 2022 21,109,525 shares

June 30, 2021 21,390,703 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 first quarter of the current consolidated cumulative period, the global economy showed signs of picking up due to progress in COVID-19 vaccinations and the easing of behavioral restrictions. However, economic recovery stalled due to the lockdown in some areas of China. In addition, the prolonged problems in Ukraine and the rapid depreciation of the yen due to a change in the direction of monetary policies in response to growing inflation caused by rising energy and resource prices, among other factors, have increased uncertainty about the future.

Under these circumstances, the Yamaichi Electronics Group has responded speedily to diversifying market needs. Specifically, it has responded to increased demand for semiconductors due to a global shortage in semiconductors and increased demand for industrial equipment due to the recovery of investment in the European industrial equipment market, our main market, to meet the growing demand. We have continued 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 achieved its highest quarterly operating results ever. Our business performance in the consolidated cumulative period marked net sales of 13,187 million yen (an increase of 48.1% year on year), operating profit of 3,232 million yen (an increase of 78.8% year on year), ordinary profit of 3,658 million yen (an increase of 98.7% year on year), and profit attributable to the owners of parent of 2,589 million yen (an increase of 79.1% year on year).

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

[Test Solutions Business]

In the field of test sockets, in addition to the mainstay products for smartphones, our new automotive products and PC and servers products performed well. In the burn-in sockets field, the sales of our new products for NAND and DRAM memory applications were favorable. As a result, the business as a whole performed well.

As a result, our business performance resulted in net sales of 7,425 million yen (an increase of 63.2% year on year), and the operating profit was 2,672 million yen (an increase of 83.4% year on year).

[Connector Solutions Business]

Our products for industrial equipment performed well mainly in Europe, a major market, due to a recovery in demand. Products for telecommunications equipment continued to be affected by the trade friction between the U.S. and China. Nevertheless, demand for high-speed, large-capacity transmission grew strongly, especially in the U.S. However, our sales of products for in-vehicle equipment remained at the same level as the previous year, affected by inventory and production adjustments at major customers due to the shortage of semiconductors.

As a result, our business performance resulted in net sales of 5,231 million yen (an increase of 32.0% year on year), and operating profit was 433 million yen (an increase of 44.6% year on year).

[Optics-related Business]

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

As a result, our business performance resulted in net sales of 530 million yen (an increase of 37.4% year on year), and operating profit was 96 million yen (an increase of 77.4% year on year).

(2) Explanation of Financial Condition

(Assets)

At the end of the first quarter of the consolidated cumulative period, our current assets were 31,618 million yen, increasing 1,390 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts receivable of 2,251 million yen resulting from an increase in net sales, despite a decrease in cash and deposits of 1,445 million yen due to the payment of dividends of surplus and purchase of treasury shares. Our non-current assets amounted to 15,581 million yen, an increase of 437 million yen from the end of the previous fiscal year.

As a result, our total assets amounted to 47,199 million yen, an increase of 1,827 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

At the end of the first quarter of the consolidated cumulative period, our current liabilities amounted to 10,723 million yen, increasing 47 million yen from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts payable of 362 million yen due to an increase in purchase of goods resulting from increasing net sales and an increase in short-term borrowings of 207 million yen, despite a decrease in income taxes payable of 431 million yen due to the payment of income taxes. Our non-current liabilities amounted to 2,796 million yen, an increase of 92 million yen from the end of the previous fiscal year, mainly due to an increase in lease obligations.

As a result, our total liabilities amounted to 13,519 million yen, an increase of 140 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

At the end of the first quarter of the consolidated cumulative period, our total net assets were 33,680 million yen, increasing 1,687 million yen from the end of the previous consolidated fiscal year. This was mainly due to profit attributable to owners of parent of 2,589 million yen, regardless of dividends of surplus of 1,712 million yen and purchase of treasury shares of 308 million yen.

As a result, the equity ratio was 70.7% (69.8% at the end of the previous fiscal year).

(3) Explanation of consolidated earnings forecasts and other forward-looking information

Concerning our forecast of the consolidated financial results for the second quarter of the cumulative period ending March 31, 2023, based on the results for the first quarter and the future market environment surrounding the Group, we have revised the earnings forecast announced on May 13, 2022.

As for the full-year consolidated earnings forecast for March 31, 2023, the economic and market environment has changed significantly. Therefore, we have determined that it is necessary to review our plans for the second half of the fiscal year by closely examining the environmental trends surrounding our business. Therefore, the consolidated earnings forecast announced on May 13, 2022, has been temporarily withdrawn and is undetermined.

(4) Risk information on COVID-19

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

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	13,573,533	12,128,023
Notes and accounts receivable	7,933,832	10,185,407
Electronically recorded monetary claims	547,058	484,644
Securities	10,000	10,000
Merchandise and finished goods	3,288,602	3,298,639
Work in process	348,994	406,540
Raw materials and supplies	2,750,954	3,372,291
Other	1,794,180	1,765,467
Allowance for doubtful accounts	△19,202	△33,010
Total current assets	30,227,953	31,618,003
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,763,159	2,908,518
Machinery, equipment and vehicles	2,310,764	2,486,837
Tools, furniture and fixtures	1,777,285	1,855,534
Land	3,419,865	3,431,980
Leased assets	82,284	44,391
Right-of-use assets	2,741,809	2,857,387
Construction in progress	506,612	515,540
Total property, plant and equipment	13,601,782	14,100,190
Intangible fixed assets	244,923	235,406
Investments and other assets		
Investment securities	57,116	60,812
Deferred tax assets	201,863	118,616
Net defined benefit asset	733,178	742,018
Other	305,436	324,626
Allowance for doubtful accounts	△0	△0
Total investments and other assets	1,297,594	1,246,073
Total non-current assets	15,144,301	15,581,670
Total assets	45,372,254	47,199,674

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	2,377,829	2,739,992
Short-term borrowings	2,896,860	3,103,860
Lease obligations	357,819	347,536
Income taxes payable	1,661,054	1,230,009
Provision for bonuses	1,025,852	923,444
Provision for directors' bonuses	—	56,500
Other	2,355,848	2,321,694
Total current liabilities	10,675,263	10,723,037
Non-current liabilities		
Long-term borrowings	300,000	300,000
Lease obligations	2,045,101	2,111,706
Provision for director's retirement benefits	10,585	11,047
Provision for loss on litigation	98,962	103,284
Retirement benefit liability	24,026	31,378
Asset retirement obligations	26,225	26,770
Other	198,725	211,853
Total non-current liabilities	2,703,626	2,796,042
Total liabilities	13,378,889	13,519,080
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,084,103	10,084,103
Capital surplus	1,788,562	1,788,562
Retained earnings	22,008,155	22,886,071
Treasury shares	△2,653,379	△2,961,762
Total shareholders' equity	31,227,440	31,796,974
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	11,700	14,215
Foreign currency translation adjustments	499,274	1,599,865
Remeasurments of defined benefit plans	△53,268	△46,155
Total amount of other comprehensive income	457,705	1,567,925
Subscription rights to shares	181,987	181,145
Non-controlling interests	126,230	134,548
Total net assets	31,993,364	33,680,594
Total liabilities and total net assets	45,372,254	47,199,674

Consolidated Statements of Income

(Thousands of Yen)

	1Q period of previous year (From April 1, 2021 to June 30, 2021)	1Q period of current year (From April 1, 2022 to June 30, 2022)
	Amount	Amount
Net sales	8,901,523	13,187,122
Cost of sales	5,341,081	7,629,307
Gross profit	3,560,442	5,557,815
Selling, general and administrative expenses	1,752,379	2,324,981
Operating profit	1,808,062	3,232,834
Non-operating income		
Interests income	1,386	2,537
Foreign exchange gains	27,607	426,994
Share of profit of entities accounted for using equity method	12,450	—
Gain on sales of scraps	1,990	3,241
Subsidy income	4,178	1,823
Other	4,121	10,101
Total non-operating income	51,734	444,698
Non-operating expenses		
Interest expenses	15,829	17,982
Other	3,083	1,519
Total non-operating expenses	18,913	19,502
Ordinary profit	1,840,884	3,658,030
Extraordinary income		
Gain on sales of non-current assets	112	343
Total extraordinary income	112	343
Extraordinary losses		
Loss on sales of non-current assets	40	—
Total extraordinary losses	40	—
Profit before income taxes	1,840,956	3,658,374
Current income taxes	332,342	984,713
Deferred income taxes	61,737	82,548
Income taxes	394,080	1,067,262
Profit	1,446,876	2,591,111
Profit attributable to non-controlling interests	1,051	1,140
Profit attributable to owners of parent	1,445,825	2,589,971

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	1Q period of previous year (From April 1, 2021 to June 30, 2021)	1Q period of current year (From April 1, 2022 to June 30, 2022)
	Amount	Amount
Profit	1,446,876	2,591,111
Other comprehensive income		
Valuation difference on available-for-sale securities	628	2,515
Foreign currency translation adjustments	25,959	1,107,768
Remeasurements of defined benefit plans	7,367	7,113
Share of other comprehensive income of entities accounted for using equity method	10,207	—
Total other comprehensive income	44,162	1,117,397
Comprehensive income	1,491,039	3,708,509
(Attribute to)		
Comprehensive income attributable to owners of parent	1,489,983	3,700,191
Comprehensive income attributable to non-controlling interests	1,055	8,317