

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Three Quarters (April 1 to December 31, 2022) of the Fiscal Year

Ending March 31, 2023

February 3, 2023

Company Name: Yamaichi Electronics Co., Ltd.

Code: 6941

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, 2023

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, 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 three quarters ended December 31, 2022	37,057	29.1	7,854	31.0	8,285	34.4	5,873	21.2
December 31, 2021	28,712	38.1	5,995	126.1	6,164	138.0	4,847	149.3

Note: Comprehensive income First three quarters ended December 31, 2022 ¥6,803 million (33.2%)

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

	Net profit per share	Diluted net profit per share
	Yen	Yen
First three quarters ended December 31, 2022	281.37	—
December 31, 2021	228.32	—

(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, 2022	49,949	35,658	70.8	1,705.07
As of March 31, 2022	45,372	31,993	69.8	1,499.07

Reference: Shareholders' equity as of December 31, 2022: ¥35,357 million; as of March 31, 2022: ¥31,685 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	—	15.00	—	81.00	96.00
Year ending March 31, 2022	—	35.00	—		
Forecast: Year ending March 31, 2023				52.00	87.00

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

ENGLISH TRANSLATION OF JAPANESE — LANGUAGE DOCUMENT.
 This is a translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall take precedence.

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
Year ending March 31, 2023	46,400	17.2	8,250	△1.5	8,600	△1.7	6,000	△11.4	287.90

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.

Please refer to “(3) Explanation of future forecast information such as consolidated earnings forecast” on page 5 for revisions to the consolidated earnings forecast.

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, 2022 23,329,775 shares

March 31, 2022 23,329,775 shares

2) Number of treasury shares at term end:

December 31, 2022 2,593,345 shares

March 31, 2022 2,193,285 shares

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

December 31, 2022 20,874,707 shares

December 31, 2021 21,233,380 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, economic activity resumed in earnest with the shift to the living with COVID-19, mainly in the United States and European countries. At the same time, however, the global economy experienced inflation worldwide due to rising energy and resource prices stemming from the Ukraine crisis and other factors. This situation was compounded by a change in the direction of monetary policy, mainly in the U.S. and European countries. This change led to a sharp depreciation of the yen. In Japan, while prices continued to rise, the exchange rate environment remained unstable as the Bank of Japan's interest rate policy shift caused a sharp appreciation of the yen, reversing the trend of the yen's depreciation and uncertainty about the future of the global economy increased.

Under these circumstances, the Yamaichi Electronics Group has responded speedily to diversifying market needs, such as increased demand for semiconductors due to the global shortage of semiconductors and increased demand due to the recovery of investment in the European industrial equipment market, which is our main market. We have continued to minimize the impact of cost increases in raw material and transportation costs by strengthening our production system and promoting cost reductions and quality improvements. In the third quarter, conditions for logic semiconductors for automotive applications remained tight. However, in the memory semiconductor market, inventories increased due to a decline in demand, and prices plummeted, which led to production adjustments and a review of capital expenditures. The memory market has changed into a difficult situation.

As a result, the Group's consolidated operating results for the third quarter of a consolidated cumulative period were as follows: Net sales of 37,057 million yen (an increase of 29.1% year on year), operating profit of 7,854 million yen (an increase of 31.0% year on year), ordinary profit of 8,285 million yen (an increase of 34.4% year on year), and profit attributable to the owners of parent of 5,873 million yen (an increase of 21.2% year on year).

[Test Solutions Business]

In the test socket field, new products for automobiles and PCs, as well as the mainstay products for smartphones, sold well. However, the business was affected by a significant production adjustment in smartphone products in the third quarter though new logic products for automotive applications performed well in the burn-in socket field. However, capital expenditures for memory semiconductor sockets were reviewed due to market deterioration, and these factors resulted in a difficult third quarter.

As a result, our business performance resulted in net sales of 19,822 million yen (an increase of 33.6% year on year), and the operating profit was 6,341 million yen (an increase of 27.8% year on year).

[Connector Solutions Business]

Products for industrial equipment performed well mainly in Europe, a major market, due to a recovery in demand. In addition, products for telecommunications equipment performed well due to growth in demand for high-speed, large-capacity transmission, mainly from the U.S. market, despite the continuing impact of economic friction between the United States and China. Overall, products for in-vehicle equipment showed a recovery trend. However, the business was affected by inventory and production adjustments due to a shortage of semiconductors for some customers. Therefore, our achievements were below the plan.

As a result, our business performance resulted in net sales of 15,875 million yen (an increase of 26.1% year on year), and the operating profit was 1,326 million yen (an increase of 39.4% 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. However, some customers in the medical device market were affected by production adjustments in the third quarter.

As a result, our business performance resulted in net sales of 1,359 million yen (an increase of 5.9% year on year), and the operating profit was 154 million yen (a decrease of 16.5% year on year).

(2) Explanation of Financial Condition

(Assets)

At the end of this quarter, our current assets were 33,326 million yen, increasing 3,098 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 2,237 million yen in cash and deposits resulting from an increase of the net sales. Our non-current assets amounted to 16,623 million yen, increasing 1,478 million yen from the end of the previous consolidated fiscal year. This was mainly due to the acquisition of land for a new manufacturing plant of our consolidated subsidiary, Pricon Microelectronics, Inc.

As a result, the value of the total assets amounted to 49,949 million yen, an increase of 4,576 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Our current liabilities at the end of this quarter amounted to 11,413 million yen, an increase of 738 million yen from the end of the previous fiscal year. This was mainly due to an increase of 757 million yen in short-term borrowings. Our non-current liabilities amounted to 2,877 million yen, an increase of 173 million yen from the end of the previous fiscal year.

As a result, our total liabilities amounted to 14,291 million yen, increasing 912 million yen from the end of the previous consolidated fiscal year.

(Net assets)

At the end of this quarter, our total net assets were 35,658 million yen, increasing 3,664 million yen from the end of the previous consolidated fiscal year. This was mainly due to profit attributable to the owners of parent of 5,873 million yen, despite the payment of dividends from a surplus of 2,437 million yen and the purchase of treasury stock for 697 million yen.

As a result, the equity ratio amounted to 70.8% (69.8% at the end of the previous fiscal year).

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

In the connector solutions business, the sales of products for the industrial and telecommunications equipment markets exceeded the full-year forecast announced on November 4, 2022. Accordingly, as shown below, we have revised our consolidated earnings forecast for the fiscal year ending March 31, 2023, which was announced on November 4, 2022.

	Net sales	Operating profit	Ordinary profit	Profit attributable to the owners of parent	Net profit per share
Previous forecast (A)	million yen 45,750	million yen 8,000	million yen 8,600	million yen 6,000	yen sen 287.90
Revised forecast (B)	46,400	8,250	8,600	6,000	287.90
Change (B-A)	650	250	—	—	————
Percentage change (%)	1.4	3.1	—	—	————
(Reference) Results for the previous period (Year ended March 31, 2022)	39,574	8,375	8,746	6,771	319.25

The exchange rates assumed in the consolidated earnings forecast are US \$1 = 135 yen and 1 euro = 140 yen.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	13,573,533	15,811,269
Notes and accounts receivable	7,933,832	7,102,559
Electronically recorded monetary claims	547,058	523,987
Securities	10,000	10,000
Merchandise and finished goods	3,288,602	3,800,380
Work in process	348,994	290,415
Raw materials and supplies	2,750,954	3,191,922
Other	1,794,180	2,662,166
Allowance for doubtful accounts	△19,202	△66,613
Total current assets	30,227,953	33,326,089
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,763,159	2,944,424
Machinery, equipment and vehicles	2,310,764	2,735,710
Tools, furniture and fixtures	1,777,285	1,826,822
Land	3,419,865	4,154,598
Leased assets	82,284	46,764
Right-of-use assets	2,741,809	2,784,760
Construction in progress	506,612	662,253
Total property, plant and equipment	13,601,782	15,155,333
Intangible fixed assets	244,923	230,495
Investments and other assets		
Investment securities	57,116	58,092
Deferred tax assets	201,863	100,037
Net defined benefit asset	733,178	778,263
Other	305,436	300,815
Allowance for doubtful accounts	△0	△0
Total investments and other assets	1,297,594	1,237,208
Total non-current assets	15,144,301	16,623,036
Total assets	45,372,254	49,949,126

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	2,377,829	2,225,095
Short-term borrowings	2,896,860	3,653,941
Lease obligations	357,819	313,031
Income taxes payable	1,661,054	1,548,186
Provision for bonuses	1,025,852	981,793
Provision for directors' bonuses	—	153,500
Other	2,355,848	2,538,085
Total current liabilities	10,675,263	11,413,633
Non-current liabilities		
Long-term borrowings	300,000	422,500
Lease obligations	2,045,101	2,076,394
Provision for director's retirement benefits	10,585	11,034
Provision for loss on litigation	98,962	103,161
Retirement benefit liability	24,026	45,024
Asset retirement obligations	26,225	27,076
Other	198,725	192,222
Total non-current liabilities	2,703,626	2,877,414
Total liabilities	13,378,889	14,291,048
(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	25,443,735
Treasury shares	△2,653,379	△3,351,311
Total shareholders' equity	31,227,440	33,965,089
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	11,700	12,329
Foreign currency translation adjustments	499,274	1,411,524
Remeasurments of defined benefit plans	△53,268	△31,928
Total amount of other comprehensive income	457,705	1,391,924
Subscription rights to shares	181,987	179,462
Non-controlling interests	126,230	121,600
Total net assets	31,993,364	35,658,077
Total liabilities and total net assets	45,372,254	49,949,126

Consolidated Statements of Income

(Thousands of Yen)

	3Q period of previous year (From April 1, 2021 to December 31, 2021)	3Q period of current year (From April 1, 2022 to December 31, 2022)
	Amount	Amount
Net sales	28,712,046	37,057,234
Cost of sales	17,247,352	22,488,749
Gross profit	11,464,694	14,568,484
Selling, general and administrative expenses	5,469,186	6,714,105
Operating profit	5,995,507	7,854,379
Non-operating income		
Interests income	5,689	16,664
Dividend income	3,004	5,634
Foreign exchange gains	153,555	501,267
Share of profit of entities accounted for using equity method	22,232	—
Gain on sales of scraps	7,278	9,728
Subsidy income	5,738	8,639
Insurance claim income	1,523	2,749
Other	23,218	25,214
Total non-operating income	222,241	569,897
Non-operating expenses		
Interest expenses	44,890	80,215
Factory relocation expenses	—	53,270
Other	8,025	5,007
Total non-operating expenses	52,916	138,493
Ordinary profit	6,164,833	8,285,782
Extraordinary income		
Gain on sales of non-current assets	5,063	362
Gain on sales of investment securities	17,131	—
Total extraordinary income	22,194	362
Extraordinary losses		
Loss on sales of non-current assets	40	—
Total extraordinary losses	40	—
Profit before income taxes	6,186,987	8,286,145
Current income taxes	1,170,602	2,324,500
Deferred income taxes	164,931	95,265
Income taxes	1,335,534	2,419,766
Profit	4,851,453	5,866,378

(Thousands of yen)

	3Q period of previous year (From April 1, 2021 to December 31, 2021)	3Q period of current year (From April 1, 2022 to December 31, 2022)
	Amount	Amount
Profit attributable to non-controlling interests	3,463	△7,033
Profit attributable to owners of parent	4,847,990	5,873,412

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	3Q period of previous year (From April 1, 2021 to December 31, 2021)	3Q period of current year (From April 1, 2022 to December 31, 2022)
	Amount	Amount
Profit	4,851,453	5,866,378
Other comprehensive income		
Valuation difference on available-for-sale securities	2,122	628
Foreign currency translation adjustments	244,972	914,653
Remeasurements of defined benefit plans	22,101	21,340
Share of other comprehensive income of entities accounted for using equity method	△14,658	—
Total other comprehensive income	254,538	936,622
Comprehensive income	5,105,991	6,803,001
(Attribute to)		
Comprehensive income attributable to owners of parent	5,102,994	6,807,631
Comprehensive income attributable to non-controlling interests	2,997	△4,629