

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the Fiscal Year Ended March 31, 2023

May 12, 2023

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, 2023

Scheduled date of securities report submission: June 28, 2023

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, 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	%
Year ended March 31, 2023	46,985	18.7	9,134	9.1	9,450	8.1	7,212	6.5
Year ended March 31, 2022	39,574	43.0	8,375	162.4	8,746	178.2	6,771	161.2

Note: Comprehensive income Year ended March 31, 2023 ¥8,160 million (5.9%)

Year ended March 31, 2022 ¥7,708 million (147.7%)

	Net profit per share	Diluted net profit per share	Return on equity	Return on assets	Operating income ratio
	Yen	Yen	%	%	%
Year ended March 31, 2023	346.08	—	21.1	19.7	19.4
Year ended March 31, 2022	319.25	—	23.7	21.6	21.2

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

Year ended March 31, 2023: ¥ - million; Year ended March 31, 2022: ¥ 22million.

(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, 2023	50,368	37,013	72.9	1,770.47
As of March 31, 2022	45,372	31,993	69.8	1,499.07

Reference: Shareholders' equity as of March 31, 2023: ¥36,713million; as of March 31, 2022: ¥31,685 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, 2023	10,846	Δ4,858	Δ3,355	16,734
Year ended March 31, 2022	7,637	Δ2,283	Δ1,774	13,548

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.

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, 2022	—	15.00	—	81.00	96.00	2,029	30.1	7.2
Year ended March 31, 2023	—	35.00	—	69.00	104.00	2,156	30.1	6.4
Forecast; Year ending March 31, 2024	—	25.00	—	41.00	66.00		30.4	

Note: The year-end dividend per share for the fiscal year ended March 31, 2023, has been changed from 52 yen to 69 yen.

3. Forecast of Consolidated Operating Results for the year ending March 31, 2024

(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, 2023	19,670	△27.6	2,450	△63.3	2,410	△66.9	1,700	△67.6	81.98
Year ending March 31, 2024	42,000	△10.6	6,600	△27.7	6,440	△31.9	4,500	△37.6	217.01

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, 2023 23,329,775 shares

March 31, 2022 23,329,775 shares

2) Number of treasury shares at term end:

March 31, 2023 2,593,423 shares

March 31, 2022 2,193,285 shares

3) Average number of outstanding shares:

March 31, 2023 20,840,607 shares

March 31, 2022 21,209,406 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. Overview of Business Results (4) Future Prospects” 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

The global economy underwent various changes during the consolidated fiscal year under review. While economic activities began to normalize in many countries due to a shift towards policies to live with COVID-19, global inflation was on the rise, driven by increasing energy and resource prices linked to the prolonged crisis in Ukraine. On top of this, central banks worldwide started to shift their monetary policies, leading to significant fluctuations in exchange rates. Coupled with the bankruptcy of US financial institutions and the crisis in European financial institutions, this situation led to heightened financial instability and an increased level of uncertainty about the future of the global economy.

The Yamaichi Electronics Group swiftly adapted to an evolving market landscape. This evolution was influenced by factors such as a global semiconductor shortage that spurred increased demand, and a rebound in investment in the European industrial equipment market, a crucial segment for the Group. In response to these changes, we fortified our production system, promoted cost-reduction measures, and improved quality to mitigate the impact of rising raw material and transportation costs. Despite robust demand for automotive logic semiconductors in the latter half of the year, we saw an uptick in inventories due to dwindling demand in the memory semiconductor market. The increase in inventories led to a sharp price drop, necessitating production adjustments and reviewing our capital investments. A slump in smartphone market demand further complicated the situation, which required additional production adjustments. These developments primarily impacted our semiconductor-related business, leading to a challenging operating environment.

Under these circumstances, our business performance in the consolidated fiscal year marked net sales of 46,985 million yen (an increase of 18.7% year on year), operating profit of 9,134 million yen (an increase of 9.1% year on year), ordinary profit of 9,450 million yen (an increase of 8.1% year on year), and profit attributable to the owners of parent of 7,212 million yen (an increase of 6.5% year on year).

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

[Test Solutions Business]

In the test socket segment, we saw steady growth from our core products for smartphones and new products aimed at the automotive and PC markets. However, entering the latter half of the fiscal year, we felt a significant impact from major production adjustments in smartphone products. In the burn-in socket segment, despite the steady performance of new logic products for the automotive applications, the market for memory semiconductor sockets worsened, leading to a review of capital investments. As a consequence, the latter half of the fiscal year became challenging.

As a result, our business performance resulted in net sales of 24,203 million yen (an increase of 17.0% year on year), and the operating profit was 7,093 million yen (an increase of 1.8% year on year).

[Connector Solutions Business]

Our products for industrial equipment demonstrated strong performance, particularly in Europe—our key market—due to a resurgence in demand. Despite the ongoing economic friction between the U.S. and China, we witnessed increased demand for high-speed, high-capacity transmission in our

telecommunications equipment segment, primarily in Europe and the U.S. Furthermore, our automotive equipment segment showed robust performance due to a recovery in production by major clients and the commencement of new product shipments.

As a result, our business performance resulted in net sales of 21,081 million yen (an increase of 23.3% year on year), and the operating profit was 1,630 million yen (an increase of 21.0% year on year).

[Optics-related business]

Sales of our high-value-added filter products catered to the medical and industrial equipment sectors showed steady performance. However, in the latter half of the fiscal year, we felt the impact of production adjustments made by certain customers in the medical equipment market.

As a result, our business performance resulted in net sales of 1,700 million yen (a decrease of 4.9% year on year), and the operating profit was 181 million yen (an increase of 4.8% year on year).

Based on our three-year medium-term management plan (fiscal years ended March 2021 to March 2023), our Group is striving to evolve into an enterprise capable of delivering products and services that meet our customers' satisfaction. Viewing through the lens of global collaboration and the creation of future-oriented products, we have centered our strategy around growth strategies and structural reforms, aiming to bolster our management foundation and expand profits. As demonstrated in the table below, thanks to a robust semiconductor market, we met all our publicized targets, with our net sales and operating profit notably exceeding our goals.

Item	Third medium-term management plan Target	FY2020 Actual	FY2021 Actual	FY2022 Actual	Third medium-term management plan total	Rate of achievement
Net sales	88.3 billion yen (3-year cumulative total)	27.6 billion yen	39.5 billion yen	46.9 billion yen	114.2 billion yen	129%
Operating profit	11.1 billion yen (3-year cumulative total)	3.1 billion yen	8.3 billion yen	9.1 billion yen	20.7 billion yen	186%
Capital investment	10 billion yen (3-year cumulative total)	3.8 billion yen	2.7 billion yen	4.5 billion yen	11.1 billion yen	111%
Dividend payout ratio	30.0% or more	30.6%	30.1%	30.1%	—	Accomplished
ROE	10.0% or more	10.7%	23.7%	21.1%	—	Accomplished

(2) Overview of Financial Position for the Current Period

(Assets)

The current assets at the end of this consolidated fiscal year amounted to 32,694 million yen, representing an increase of 2,466 million yen from the end of the previous consolidated fiscal year. The value was mainly due to an increase in cash and deposits of 3,657 million yen resulting from increased sales and progress in trade receivables collection. Noncurrent assets amounted to 17,674 million yen, an increase of 2,529 million yen from the end of previous fiscal year. This was mainly due to an increase of 809 million yen in machinery, equipment and vehicles stemming from the acquisition of production facilities, an increase of 430 million yen in construction in progress owing to the construction of a new building at our Sakura Plant, and an increase of 762 million yen in land due to the acquisition of new production plant land by our consolidated subsidiary, Pricon Microelectronics, Inc.

As a result, our total assets amounted to 50,368 million yen, an increase of 4,996 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Our current liabilities at the end of this consolidated fiscal year were 10,428 million yen, a decrease of 246 million yen from the end of the previous consolidated fiscal year. Our non-current liabilities amounted to 2,926 million yen, an increase of 222 million yen from the end of the previous fiscal year. This result was mainly due to an increase of 150 million yen in long-term borrowings.

As a result, our total liabilities amounted to 13,355 million yen, a decrease of 23 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

Our total net assets at the end of this fiscal year amounted to 37,013 million yen, marking an increase of 5,020 million yen from the end of the previous fiscal year. The increase primarily stemmed from the profit attributable to the owners of parent, which totaled 7,212 million yen, despite the distribution of dividends of surplus of 2,437 million yen and the purchase of treasury shares of 698 million yen.

As a result, the equity ratio was 72.9% (69.8% at the end of the previous fiscal year).

(3) Overview of Cash Flows for the Fiscal Period

Our cash and cash equivalents (hereinafter referred to as “funds”) increased by 3,186 million yen from the end of the previous consolidated fiscal year to 16,734 million yen at the end of the consolidated fiscal year.

The status of each cash flow and its factors during the current consolidated fiscal year are as follows:

(Cash flows from operating activities)

The funds obtained from operating activities resulted in 10,846 million yen (an increase of 42.0% year on year). This result was mainly due to an increase in profit before income taxes of 9,450 million yen.

(Cash flows from investing activities)

The funds used in investing activities amounted to 4,858 million yen (an increase of 112.7% year on year). This result was mainly due to the purchase of property, plant, and equipment of 4,235 million yen.

(Cash flows from financing activities)

The funds used in financing activities amounted to 3,355 million yen (an increase of 89.1% year on year). This result was mainly due to the dividends paid of 2,433 million yen, repayments of lease obligation of 403 million yen, and purchase of treasury shares of 698 million yen.

(4) Future Prospects

As for the outlook for the global economy, the transition to policies to live with COVID-19 in various countries is expected to accelerate the normalization of economic activities further. On the other hand, geopolitical risks, high prices of energy and resources, inflation, ongoing economic friction between the

U.S. and China, and financial instability are expected to continue to make the situation unpredictable.

Under these circumstances, the Yamaichi Electronics Group has formulated a new three-year medium-term management plan (fiscal years ending March 2024 to March 2026) that will commence in April 2023. The Group will continue to aim to grow into a corporate group that can provide products and services that satisfy customers. In achieving this management goal, we will work from the perspective of creating products that lead to the future through global cooperation and further deepen our growth strategy and structural reforms. We aim to evolve into a company that can meet the needs of our customers. At the same time, we will further strengthen our financial position, reinforce our management base for future growth, and aim to become a company with dreams for the future as our management goal.

Regarding the forecast for the full-year consolidated performance for the fiscal year ending in March 2024, we anticipate net sales of 42,000 million yen (a decrease of 10.6% year on year), operating profit of 6,600 million yen (a decrease of 27.7% year on year), ordinary profit of 6,440 million yen (a decrease of 31.9% year on year), and profit attributable to the owners of parent of 4,500 million yen (a decrease of 37.6% year on year).

The forecast assumption is based on exchange rates of 130.00 yen to the U.S. dollar and 138.00 yen to the euro.

2. Basic Concept of the Selection of Accounting Standards

For the time being, the Group's policy is to prepare its consolidated financial statements in accordance with Japanese Generally Accepted Accounting Principles (J-GAAP), considering the comparability of the consolidated financial statements from period to period and the comparability among companies.

We intend to consider the application of International Financial Reporting Standards in the future based on trends in the application of International Financial Reporting Standards by other domestic companies in the same industry.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	13,573,533	17,230,607
Notes	70,861	41,854
Electronically recorded monetary claims	547,058	556,310
Accounts receivable	7,862,971	6,107,037
Securities	10,000	—
Merchandise and finished goods	3,288,602	3,321,857
Work in process	348,994	309,519
Raw materials and supplies	2,750,954	2,916,382
Other	1,794,180	2,244,823
Allowance for doubtful accounts	△19,202	△33,600
Total current assets	30,227,953	32,694,792
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,763,159	2,937,356
Machinery, equipment and vehicles	2,310,764	3,119,923
Tools, furniture and fixtures	1,777,285	1,766,225
Land	3,419,865	4,181,931
Leased assets	82,284	43,227
Right-of-use assets	2,741,809	2,827,041
Construction in progress	506,612	937,358
Total property, plant and equipment	13,601,782	15,813,063
Intangible fixed assets		
Software	196,129	184,568
Other	48,794	44,930
Total intangible fixed assets	244,923	229,499
Investments and other assets		
Investment securities	57,116	58,210
Deferred tax assets	201,863	313,385
Net defined benefit asset	733,178	766,773
Other	305,436	493,264
Allowance for doubtful accounts	△0	△0
Total investments and other assets	1,297,594	1,631,633
Total non-current assets	15,144,301	17,674,197
Total assets	45,372,254	50,368,989

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	2,377,829	2,220,414
Short-term borrowings	2,886,860	3,060,860
Current portion of long-term borrowings	10,000	40,000
Lease obligations	357,819	337,870
Income taxes payable	1,661,054	1,493,465
Provision for bonuses	1,025,852	1,158,368
Other	2,355,848	2,117,860
Total current liabilities	10,675,263	10,428,839
Non-current liabilities		
Long-term borrowings	300,000	450,000
Lease obligations	2,045,101	2,111,457
Deferred tax liabilities	—	19,957
Provision for director's retirement benefits	10,585	—
Provision for loss on litigation	98,962	105,492
Retirement benefit liability	24,026	37,696
Asset retirement obligations	26,225	27,332
Other	198,725	174,227
Total non-current liabilities	2,703,626	2,926,165
Total liabilities	13,378,889	13,355,004
(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	26,782,778
Treasury shares	△2,653,379	△3,351,466
Total shareholders' equity	31,227,440	35,303,978
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	11,700	12,486
Foreign currency translation adjustments	499,274	1,452,885
Remeasurments of defined benefit plans	△53,268	△56,297
Total amount of other comprehensive income	457,705	1,409,074
Subscription rights to shares	181,987	178,200
Non-controlling interests	126,230	122,731
Total net assets	31,993,364	37,013,985
Total liabilities and total net assets	45,372,254	50,368,989

Consolidated Statements of Income

(Thousands of Yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	Amount	Amount
Net sales	39,574,601	46,985,438
Cost of sales	23,692,854	29,230,744
Gross profit	15,881,746	17,754,693
Selling, general and administrative expenses	7,506,708	8,620,245
Operating profit	8,375,037	9,134,448
Non-operating income		
Interests income	9,882	29,644
Dividend income	3,004	5,634
Foreign exchange gains	365,527	428,152
Share of profit of entities accounted for using equity method	22,232	—
Gain on sales of scraps	10,761	24,439
Subsidy income	7,774	28,135
Insurance claim income	1,918	3,072
Other	34,246	42,501
Total non-operating income	455,348	561,579
Non-operating expenses		
Interest expenses	66,780	164,303
Factory relocation expenses	—	63,060
Other	17,292	18,182
Total non-operating expenses	84,072	245,545
Ordinary profit	8,746,313	9,450,481
Extraordinary income		
Gain on sales of non-current assets	5,355	485
Gain on sales of investment securities	17,131	—
Total extraordinary income	22,486	485
Extraordinary losses		
Loss on sales of non-current assets	310	—
Provision for loss on litigation	3,125	—
Total extraordinary losses	3,435	—
Profit before income taxes	8,765,364	9,450,966
Current income taxes	1,974,639	2,336,878
Deferred income taxes	15,313	△89,354
Income taxes	1,989,953	2,247,524
Profit	6,775,411	7,203,442

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	Amount	Amount
Profit attributable to non-controlling interests	4,374	△9,012
Profit attributable to owners of parent	6,771,037	7,212,455

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	Amount	Amount
Profit	6,775,411	7,203,442
Other comprehensive income		
Valuation difference on available-for-sale securities	3,143	785
Foreign currency translation adjustments	912,104	959,125
Remeasurements of defined benefit plans	32,777	△3,028
Share of other comprehensive income of entities accounted for using equity method	△14,658	—
Total other comprehensive income	933,367	956,882
Comprehensive income	7,708,779	8,160,325
(Attribute to)		
Comprehensive income attributable to owners of parent	7,700,447	8,163,824
Comprehensive income attributable to non-controlling interests	8,331	△3,498

Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	Amount	Amount
Cash Flows from Operating Activities		
Profit before income taxes	8,765,364	9,450,966
Depreciation	2,493,996	2,658,418
Interest and dividends income	△12,887	△35,278
Interest expenses	66,780	164,303
Exchange loss (△gain)	△384,676	△457,968
Share of loss (△profit) of entities accounted for using equity method	△22,232	—
Loss (△gain) on sales of non-current assets	△5,045	△485
Loss (△gain) on sales of investment securities	△17,131	—
Decrease (△increase) in notes and accounts receivable-trade	△2,564,342	2,368,207
Decrease (△increase) in inventories	△1,835,342	262,264
Increase (△decrease) in notes and accounts payable-trade	593,777	△281,102
Increase (△decrease) in accounts payable-other	70,356	△96,871
Increase (△decrease) in provision for bonuses	651,859	122,014
Decrease (△increase) in net defined benefit asset	△21,072	△33,316
Increase (△decrease) in net defined benefit liability	△5,002	15,658
Increase (△decrease) in provision for directors' retirement benefits	△35,236	△10,585
Other, net	670,574	△639,023
Sub total	8,409,737	13,487,200
Interest and dividends income received	20,087	30,846
Interest expenses paid	△66,871	△163,777
Income taxes paid	△725,595	△2,507,349
Net Cash provided by Operating Activities	7,637,357	10,846,919

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	Amount	Amount
Cash Flows from Investing Activities		
Payments into time deposits	△1,353	△476,855
Purchase of property, plant and equipment	△2,325,068	△4,235,664
Proceeds from sales of property, plant and equipment	5,992	8,469
Proceeds from sales of investment securities	204,207	—
Payments of loans receivable	△10,338	△20,589
Purchase of insurance funds	△3,815	—
Other, net	△153,362	△133,634
Net Cash used in Investing Activities	△2,283,738	△4,858,275
Cash flows from Financing Activities		
Repayment of long-term borrowings	300,000	200,000
Redemption of bonds	△240,000	△20,000
Repayments of finance lease obligations	△432,472	△403,892
Purchase of treasury shares	△500,231	△698,086
Cash dividends paid	△893,429	△2,433,682
Dividends paid to non-controlling interests	△9,986	—
Proceeds from exercise of employee share options	1,730	—
Net Cash used in Financing Activities	△1,774,388	△3,355,662
Effect of exchange rates changes on cash and cash equivalents	520,979	553,023
Net increase (△decrease) of cash and cash equivalents	4,100,210	3,186,005
Cash and Cash Equivalents at beginning of period	9,448,653	13,548,863
Cash and Cash Equivalents at the end of period	13,548,863	16,734,869

Notes Regarding Significant Subsequent Events

Purchase of Treasury Shares and Cancellation of Treasury Shares

The Board of Directors, at a meeting held on May 12, 2023, resolved matters relating to the purchase of treasury shares pursuant to Article 156 of the Companies Act as applied pursuant to Article 165, paragraph 3 of the said Act, and matters relating to the cancellation of treasury shares pursuant to Article 178 of the said Act.

1. Reason for purchase and cancellation of treasury shares

To enhance shareholder returns by implementing agile capital policies that respond to business environment changes and improve capital efficiency.

2. Details of matters relating to the purchase

(1) Type of shares to be acquired: Common shares of the Company

(2) Total number of shares to be acquired: 400,000 (maximum)

(Ratio to the total number of shares issued (excluding treasury shares): 1.92%)

(3) Purchase period: From May 29, 2023 to September 30, 2023

(4) Total purchase amount: 700,000,000 yen (maximum)

3. Details of matters relating to the cancellation

(1) Class of shares to be canceled: Common shares

(2) Number of shares to be canceled: 1,500,000

(Percentage of total outstanding shares before cancellation: 6.42%)

(3) Total number of outstanding shares after cancellation: 21,829,775

(4) Scheduled cancellation date May 26, 2023