

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the Second Quarter (April 1 to September 30, 2023) of the Fiscal Year Ending March 31, 2024

November 07, 2023

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: +81-3-3734-0115

Scheduled date of securities report submission: November 14, 2023

Scheduled date of dividend payment commencement: December 06, 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 Results for the Second Quarter (April 01 to September 30, 2023) of the Fiscal Year Ending March 31, 2024

(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	%
Second Quarter ended September 30, 2023	18,606	△31.5	1,570	△76.5	1,665	△77.1	1,198	△77.1
September 30, 2022	27,166	46.4	6,667	81.3	7,286	93.7	5,244	76.0

Note: Comprehensive income Second quarter ended September 30, 2023 ¥2,715 million (△60.4%)

Second quarter ended September 30, 2022 ¥6,854 million (127.0%)

	Net profit per share		Diluted net profit per share	
	Yen	Yen	Yen	Yen
Second Quarter ended September 30, 2023	58.24	—	—	—
September 30, 2022	250.41	—	—	—

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	50,408	37,467	74.0	1,823.96
As of March 31, 2023	50,368	37,013	72.9	1,770.47

Reference: Shareholders' equity as of September 30, 2023: ¥37,287 million; as of March 31, 2023: ¥36,713 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Year ended March 31, 2023	—	35.00	—	69.00	104.00
Year ending March 31, 2024	—	18.00	—	—	—
Forecast; Year ending March 31, 2024	—	—	—	12.00	30.00

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

Regarding the revision of the dividend forecast, please refer to the "Notice Regarding Distribution of Interim Dividends from Surplus and Revision of Year-End Dividend Forecasts" announced on November 7, 2023.

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
Year ending March 31, 2024	38,440	△18.2	2,900	△68.3	2,850	△69.8	2,000	△72.3	97.50

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

We made acquisition and retirement of 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 and cancellation of treasury shares.

Regarding revisions to the consolidated earnings forecast, please refer to the "Notice of Revision of Full-Year Earnings Forecasts for the Fiscal Year Ending March 31, 2024" announced on November 7, 2023.

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

* Changes in Accounting Policies (Application of accounting treatment and disclosure of issuance and holding of electronically recorded transfer securities representation rights, etc.)

We adopted "Handling of Accounting and Disclosure of Issuance and Holding of Electronically Recorded Transfer Securities Indication Rights, etc." (Practical Report No. 43, August 26, 2022, Business Accounting Standards Board) from the beginning of the first quarter consolidated accounting period. There is no impact on the quarterly consolidated financial statements.

(4) Number of outstanding shares (common stock)

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

September 30, 2023 21,829,775 shares

March 31, 2023 23,329,775 shares

2) Number of treasury shares at term end:

September 30, 2023 1,386,398 shares

March 31, 2023 2,593,423 shares

3) Average number of outstanding shares (during the second quarter ended September 30):

September 30, 2023 20,581,879 shares

September 30, 2022 20,944,216 shares

* Note for remarkable change of the amount for the total, shareholder's equity

Our treasury shares increased by 699,928 thousand yen during the current second quarter consolidated cumulative period due to the acquisition of 307,300 shares of treasury shares based on the resolution of the Board of Directors held on May 12, 2023.

In addition, due to the retirement of 1,500,000 shares of treasury shares based on the resolution of the Board of Directors held on the same day, treasury shares decreased by 1,958,678 thousand yen, capital surplus decreased by 164,928 thousand yen, and retained earnings decreased by 1,746,620 thousand yen.

As a result, at the end of the current second quarter consolidated accounting period, capital surplus was

1,623,633 thousand yen, retained earnings was 24,803,985 thousand yen, and treasury shares was 2,092,715 thousand yen.

* 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.

Qualitative Information on Quarterly Financial Results

(1) Explanation for Business Performance

In the second quarter of the current consolidated cumulative period, the global economy is on a gradual recovery path as countries adapted to living with COVID-19 and accelerating towards normalization of their economic activities compared to the same period last year. However, the future remains opaque with ongoing concerns such as an economic slowdown due to the long-haul monetary tightening by central banks in the midst of prolonged inflation worldwide and an economic slowdown in due to the Chinese sluggish real estate market and falling exports, elevated resource costs linked to the drawn-out Ukrainian issue and escalating new geopolitical risks.

The Yamaichi Electronics Group has faced impacts on revenue and profit margins due to production adjustments and investment curtailments stemming from reduced demand in the semiconductor markets for mobile devices and memory in the midst of the semiconductor market slump that has continued since the second half of the previous fiscal year. Despite our ongoing efforts to mitigate the effects of rising costs brought on by the surge in energy prices in addition to the rising prices of raw materials and high transportation costs, these situations had an impact on our profits.

Under these circumstances, the Group's consolidated business results for the second quarter of the current consolidated cumulative period were as follows: Net sales of 18,606 million yen (a decrease of 31.5% year-on-year), operating profit of 1,570 million yen (a decrease of 76.5% year-on-year), ordinary profit of 1,665 million yen (a decrease of 77.1% year-on-year), and profit attributable to the owners of parent of 1,198 million yen (a decrease of 77.1% year-on-year).

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

[Test Solutions Business]

In the test socket segment, our flagship smartphone products encountered challenging conditions amidst a downturn in market demand. The weak PC market due to a backlash from the COVID-19 pandemic-driven surge in demand also impacted the segment. In the burn-in socket segment, demand for our products catering to automotive logic semiconductors remained generally stable despite adjustments among certain customers. Nevertheless, our memory semiconductor products continued to face headwinds from capital investment reassessments in response to the market downturn, posing challenges for the business overall.

As a result, our business performance resulted in net sales of 7,979 million yen (a decrease of 48.7% year-on-year), and the operating profit was 848 million yen (a decrease of 85.1% year-on-year).

[Connector Solutions Business]

Our products for in-vehicle devices performed well due to an increase in production by major customers and the effect of new product launches. Our products for industrial equipment were affected by inventory adjustments at some customers in Europe, a major market, and products for telecommunications equipment were affected by inventory adjustments at major customers in North America, despite firm sales in Europe due to increased demand for high-speed, large-capacity transmission amid the continuing impact of economic friction between the United States and China.

As a result, our business performance resulted in net sales of 9,902 million yen (a decrease of 6.8% year-on-year), and the operating profit was 555 million yen (a decrease of 27.4% year-on-year).

[Optics-related Business]

We were affected by inventory and production adjustments by some of our customers, including filter products for consumer electronics and high-value-added medical equipment.

As a result, our business performance resulted in net sales of 724 million yen (a decrease of 25.8% year-on-year), and the operating loss was 5 million yen (our operating profit was 135 million yen in the same period of the previous year).

(2) Explanation of Financial Condition

1) Assets, liabilities, and net assets

(Assets)

At the end of this quarter of the current consolidated cumulative period, our current assets amounted to 30,890 million yen, decreasing 1,804 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,373 million yen in cash and deposits resulting from the payment of dividends from surplus and the purchase of treasury stock. Our non-current assets totaled 19,518 million yen, increasing 1,844 million yen from the end of the previous consolidated fiscal year, mainly due to an increase in construction in progress resulting from the construction of a new building at our Sakura Plant and a new manufacturing plant of our consolidated subsidiary, Pricon Microelectronics, Inc.

As a result, our total assets amounted to 50,408 million yen, an increase of 39 million yen from the end of the previous fiscal year.

(Liabilities)

Our current liabilities at the end of this quarter of the current consolidated cumulative period amounted to 9,677 million yen, decreasing 751 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 640 million yen in income taxes payable and a decrease of 533 million yen in the provision for bonuses. Our non-current liabilities amounted to 3,263 million yen, increasing 337 million yen from the end of the previous consolidated fiscal year.

As a result, our total liabilities amounted to 12,941 million yen, a decrease of 413 million yen from the end of the previous fiscal year.

(Net assets)

At the end of this quarter of the current consolidated cumulative period, our total net assets amounted to 37,467 million yen, increasing 453 million yen from the end of the previous fiscal year. This was mainly due to profit attributable to the owners of parent of 1,198 million yen and an increase in foreign currency translation adjustment of 1,443 million yen due to yen depreciation, despite dividends from a surplus of 1,430 million yen and the purchase of treasury stock of 699 million yen.

As a result, the equity ratio amounted to 74.0% (72.9% at the end of the previous fiscal year).

2) Situation of each cash flow

The amount of cash and cash equivalents (hereafter referred to as “the funds”) for this second quarter of the current consolidated cumulative period decreased by 1,059 million yen from the end of the previous consolidated fiscal year, resulting in 15,675 million yen at the end of this second quarter.

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

(Cash flow from sales activities)

The funds obtained from the sales operations amounted to 2,394 million yen (a decrease of 53.9% year-on-year). This was mainly due to profit before income taxes of 1,830 million yen.

(Cash flow from investing activities)

The cash outflows from investing activities totaled 1,372 million yen (a decrease of 8.7% year-on-year). This was mainly due to purchase of property, plant and equipment of 1,618 million yen.

(Cash flow from financing activities)

The funds spent for financing activities was 2,830 million yen (an increase of 41.6% year-on-year). This was mainly due to dividends paid of 1,426 million yen and purchase of treasury shares of 699 million yen.

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

With regard to the consolidated earnings forecast for the fiscal year ending March 31, 2024, the semiconductor market environment has changed significantly since the time of the forecast at the beginning of the fiscal year. Due to the difficulty in formulating an appropriate and reasonable plan for the second half of the fiscal year, the consolidated earnings forecast announced on May 12, 2023, was temporarily withdrawn and undetermined on August 4, 2023 (when the first quarter financial results were announced).

We have continued to engage with key clients in refining our plan for the latter half of the fiscal year. The recovery in mobile devices, especially smartphones, is lagging behind our initial expectations, suggesting a challenging outlook for the remainder of the year. Nevertheless, we anticipate growth in semiconductor demand for automotive applications, including autonomous driving and ADAS systems, along with renewed investment in memory semiconductors. On the financial side, we are bracing for rising costs due to higher energy prices, raw materials, transportation, and expenditures associated with new plant construction.

For details, please refer to the Notice of Revision of Full-Year Earnings Forecasts for the Fiscal Year Ending March 31, 2024, released on November 7, 2023.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	17,230,607	15,857,164
Notes and accounts receivable	6,148,892	6,117,486
Electronically recorded monetary claims	556,310	578,446
Merchandise and finished goods	3,321,857	3,458,414
Work in process	309,519	306,001
Raw materials and supplies	2,916,382	3,025,495
Other	2,244,823	1,594,957
Allowance for doubtful accounts	△33,600	△47,557
Total current assets	32,694,792	30,890,408
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,937,356	3,013,115
Machinery, equipment and vehicles	3,119,923	3,029,136
Tools, furniture and fixtures	1,766,225	1,940,614
Land	4,181,931	4,254,341
Leased assets	43,227	221,525
Right-of-use assets	2,827,041	2,913,229
Construction in progress	937,358	2,268,794
Total property, plant and equipment	15,813,063	17,640,757
Intangible fixed assets	229,499	308,481
Investments and other assets		
Investment securities	58,210	66,226
Deferred tax assets	313,385	157,094
Net defined benefit asset	766,773	798,911
Other	493,264	546,874
Allowance for doubtful accounts	△0	△0
Total investments and other assets	1,631,633	1,569,107
Total non-current assets	17,674,197	19,518,346
Total assets	50,368,989	50,408,755

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	2,220,414	2,125,397
Short-term borrowings	3,100,860	2,783,060
Lease obligations	337,870	396,086
Income taxes payable	1,493,465	852,801
Provision for bonuses	1,158,368	625,147
Provision for directors' bonuses	—	45,000
Other	2,117,860	2,850,256
Total current liabilities	10,428,839	9,677,749
Non-current liabilities		
Long-term borrowings	450,000	450,000
Lease obligations	2,111,457	2,318,731
Provision for loss on litigation	105,492	114,382
Retirement benefit liability	37,696	58,396
Asset retirement obligations	27,332	28,180
Other	194,185	293,800
Total non-current liabilities	2,926,165	3,263,491
Total liabilities	13,355,004	12,941,241
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,084,103	10,084,103
Capital surplus	1,788,562	1,623,633
Retained earnings	26,782,778	24,803,985
Treasury shares	△3,351,466	△2,092,715
Total shareholders' equity	35,303,978	34,419,006
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	12,486	14,451
Foreign currency translation adjustments	1,452,885	2,896,451
Remeasurments of defined benefit plans	△56,297	△42,070
Total amount of other comprehensive income	1,409,074	2,868,832
Subscription rights to shares	178,200	—
Non-controlling interests	122,731	179,675
Total net assets	37,013,985	37,467,514
Total liabilities and total net assets	50,368,989	50,408,755

Consolidated Statements of Income

(Thousands of Yen)

	2Q period of previous year (From April 1, 2022 to September 30, 2022)	2Q period of current year (From April 1, 2023 to September 30, 2023)
	Amount	Amount
Net sales	27,166,808	18,606,738
Cost of sales	15,868,494	12,854,509
Gross profit	11,298,313	5,752,228
Selling, general and administrative expenses	4,630,762	4,182,211
Operating profit	6,667,551	1,570,017
Non-operating income		
Interests income	8,430	43,268
Dividend income	5,648	11,562
Foreign exchange gains	675,593	138,206
Gain on sales of scraps	7,092	6,826
Subsidy income	4,328	2,516
Other	21,850	37,792
Total non-operating income	722,945	240,173
Non-operating expenses		
Interest expenses	45,499	130,441
Equipment relocation expenses	53,270	4,100
Other	5,018	10,130
Total non-operating expenses	103,788	144,671
Ordinary profit	7,286,707	1,665,519
Extraordinary income		
Gain on sales of non-current assets	355	2,567
Gain on reversal of stock acquisition rights	—	162,218
Total extraordinary income	355	164,785
Profit before income taxes	7,287,063	1,830,304
Current income taxes	2,181,272	289,831
Deferred income taxes	△148,120	295,961
Income taxes	2,033,152	585,792
Profit	5,253,911	1,244,512
Profit attributable to non-controlling interests	9,332	45,876
Profit attributable to owners of parent	5,244,578	1,198,635

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	2Q period of previous year (From April 1, 2022 to September 30, 2022)	2Q period of current year (From April 1, 2023 to September 30, 2023)
	Amount	Amount
Profit	5,253,911	1,244,512
Other comprehensive income		
Valuation difference on available-for-sale securities	2,200	1,964
Foreign currency translation adjustments	1,584,462	1,454,633
Remeasurements of defined benefit plans	14,226	14,226
Total other comprehensive income	1,600,890	1,470,824
Comprehensive income	6,854,801	2,715,337
(Attribute to)		
Comprehensive income attributable to owners of parent	6,839,992	2,658,392
Comprehensive income attributable to non-controlling interests	14,809	56,944

Consolidated Statements of Cash Flows

(Thousands of yen)

	2Q period of previous year (From April 1, 2022 to September 30, 2022)	2Q period of current year (From April 1, 2023 to September 30, 2023)
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	7,287,063	1,830,304
Depreciation	1,213,148	1,297,943
Interest and dividends income	△14,079	△54,831
Interest expenses	45,499	130,441
Exchange loss (△gain)	△922,441	△236,423
Gain on reversal of stock acquisition rights	—	△162,218
Decrease (△increase) in notes and accounts receivable	△496,215	495,364
Decrease (△increase) in inventories	△152,821	212,413
Increase (△decrease) in notes and accounts payable	△88,477	△250,219
Other, net	△32,893	163,685
Sub total	6,838,783	3,426,461
Interest and dividends received	12,801	59,485
Interest expenses paid	△45,296	△130,795
Income taxes paid	△1,617,889	△961,097
Net cash provided by operating activities	5,188,398	2,394,053
Cash flows from investing activities		
Purchase of property, plant and equipment	△1,478,184	△1,618,624
Proceeds from sales of property, plant and equipment	914	2,845
Other, net	△26,454	243,489
Net cash used in investing activities	△1,503,724	△1,372,288
Cash flows from financing activities		
Net increase (△decrease) in short-term borrowings	657,661	△523,400
Repayments of long-term borrowings	△10,000	△20,000
Purchase of treasury shares	△697,867	△699,928
Cash dividends paid	△1,708,463	△1,426,937
Other, net	△240,320	△159,834
Net cash used in financing activities	△1,998,990	△2,830,100
Effect of exchange rates changes on cash and cash equivalents	1,115,858	748,856
Net increase (△decrease) of cash and cash equivalents	2,801,542	△1,059,478
Cash and cash equivalents at beginning of period	13,548,863	16,734,869
Cash and cash equivalents at end of period	16,350,405	15,675,390