

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the Third Quarter (April 1 to December 31, 2023) of the Fiscal Year Ending March 31, 2024

February 6, 2024

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: February 13, 2024

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 Third Quarter (April 1 to December 31, 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	%
Third Quarter ended December 31, 2023	27,015	△27.1	1,927	△75.5	1,915	△76.9	1,388	△76.4
December 31, 2022	37,057	29.1	7,854	31.0	8,285	34.4	5,873	21.2

Note: Comprehensive income Third quarter ended December 31, 2023 ¥2,414 million (△64.5%)

Third quarter ended December 31, 2022 ¥6,803 million (33.2%)

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
Third Quarter ended December 31, 2023	67.60		—	
December 31, 2022	281.37		—	

(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, 2023	48,003	36,798	76.3	1,791.87
As of March 31, 2023	50,368	37,013	72.9	1,770.47

Reference: Shareholders' equity as of December 31, 2023: ¥36,631 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: No

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
Year ending March 31, 2024	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	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: No

We make 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.

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:

December 31, 2023 21,829,775 shares

March 31, 2023 23,329,775 shares

2) Number of treasury shares at term end:

December 31, 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):

December 31, 2023 20,535,544 shares

December 31, 2022 20,874,707 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.

Qualitative Information on Quarterly Financial Results

(1) Explanation for Business Performance

In the third quarter of the current consolidated cumulative period, the global economy showed a gradual recovery trend as restrictions on economic activities due to the COVID-19 disaster were lifted and normalization progressed in many countries. However, there were concerns of an economic slowdown due to monetary tightening by central banks around the world amid prolonged global inflation and a slowdown in China due to a sluggish real estate market and declining exports. In addition, the outlook remains uncertain due to such factors as high resource prices associated with the protracted Ukrainian issue and the rise of new geopolitical risks.

Under these circumstances, the Yamaichi Electronics Group has been affected by production adjustments and investment restraints due to sluggish demand in the mobile device and memory semiconductor markets since the second half of the previous fiscal year, which has had an impact on sales and profits. Our efforts to curb the impact of cost increases due to soaring raw material and energy prices, as well as increased overhead expenses associated with the launch of new plants in Japan and the Philippines, continued, but this had an impact on our profits.

Under these circumstances, the Group's consolidated business results for the third quarter of the current consolidated cumulative period were as follows: Net sales of 27,015 million yen (a decrease of 27.1% year-on-year), operating profit of 1,927 million yen (a decrease of 75.5% year-on-year), ordinary profit of 1,915 million yen (a decrease of 76.9% year-on-year), and profit attributable to the owners of parent of 1,388 million yen (a decrease of 76.4% year-on-year).

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

[Test Solutions Business]

In the test socket field, we faced challenging conditions due to the downturn in demand for our core smartphone-related products, as well as the impact of the sluggish PC market affected by a backlash from the COVID-19 pandemic-driven surge in demand. In the burn-in sockets field, demand for our products catering to automotive logic semiconductors remained generally stable despite adjustments among certain customers. Our products for memory semiconductors were on a recovery track as some investment resumed. However, the test solutions business as a whole experienced a difficult transition.

As a result, our business performance resulted in net sales of 11,566 million yen (a decrease of 41.6% year-on-year), and the operating profit was 1,134 million yen (a decrease of 82.1% 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 made by some customers in Europe, a major market. Our 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 14,453 million yen (a decrease of 9.0% year-on-year), and the operating profit was 672 million yen (a decrease of 49.3% year-on-year).

[Optical-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 994 million yen (a decrease of 26.8% year-on-year), and the operating loss was 33 million yen (our operating profit was 154 million yen in the same period of the previous year).

(2) Explanation of Financial Condition

(Assets)

At the end of this quarter of the current consolidated cumulative period, our current assets amounted to 28,414 million yen, decreasing 4,279 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 3,456 million yen in cash and deposits resulting from expenditures for the construction of a new building at our Sakura Factory and a new manufacturing plant of our consolidated subsidiary, Pricon Microelectronics, Inc., as well as dividends from surplus and acquisition of treasury stock. Our non-current assets totaled 19,588 million yen, increasing 1,914 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 the manufacturing plant.

As a result, our total assets amounted to 48,003 million yen, a decrease of 2,365 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 7,994 million yen, decreasing 2,434 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 849 million yen in income taxes payable and a decrease of 746 million yen in the provision for bonuses. Our non-current liabilities amounted to 3,210 million yen, increasing 284 million yen from the end of the previous consolidated fiscal year.

As a result, our total liabilities amounted to 11,204 million yen, a decrease of 2,150 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 36,798 million yen, decreasing 215 million yen from the end of the previous fiscal year. This was mainly due to profit attributable to the owners of parent of 1,388 million yen and an increase in foreign currency translation adjustment of 958 million yen due to yen depreciation, offset by dividends from a surplus of 1,798 million yen and purchase of treasury stock of 699 million yen.

As a result, the equity ratio amounted to 76.3% (72.9% at the end of the previous fiscal year).

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

There is no change to the consolidated earnings forecast (full year) and year-end dividend forecast for the fiscal year ending March 31, 2024, which were announced on November 7, 2023.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	17,230,607	13,773,827
Notes and accounts receivable	6,148,892	5,883,240
Electronically recorded monetary claims	556,310	545,493
Merchandise and finished goods	3,321,857	3,141,405
Work in process	309,519	320,916
Raw materials and supplies	2,916,382	3,133,993
Other	2,244,823	1,661,696
Allowance for doubtful accounts	△33,600	△45,579
Total current assets	32,694,792	28,414,994
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,937,356	2,974,550
Machinery, equipment and vehicles	3,119,923	3,036,193
Tools, furniture and fixtures	1,766,225	1,863,170
Land	4,181,931	4,227,069
Leased assets	43,227	56,056
Right-of-use assets	2,827,041	2,966,042
Construction in progress	937,358	2,562,068
Total property, plant and equipment	15,813,063	17,685,151
Intangible fixed assets	229,499	343,178
Investments and other assets		
Investment securities	58,210	66,075
Deferred tax assets	313,385	157,560
Net defined benefit asset	766,773	808,479
Other	493,264	528,162
Allowance for doubtful accounts	△0	△0
Total investments and other assets	1,631,633	1,560,277
Total non-current assets	17,674,197	19,588,608
Total assets	50,368,989	48,003,602

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	2,220,414	1,760,614
Short-term borrowings	3,100,860	2,732,810
Lease obligations	337,870	381,941
Income taxes payable	1,493,465	644,456
Provision for bonuses	1,158,368	411,702
Provision for directors' bonuses	—	22,500
Other	2,117,860	2,040,261
Total current liabilities	10,428,839	7,994,287
Non-current liabilities		
Long-term borrowings	450,000	420,000
Lease obligations	2,111,457	2,269,384
Provision for loss on litigation	105,492	113,745
Retirement benefit liability	37,696	62,921
Asset retirement obligations	27,332	28,291
Other	194,185	316,094
Total non-current liabilities	2,926,165	3,210,437
Total liabilities	13,355,004	11,204,724
(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	24,625,570
Treasury shares	△3,351,466	△2,092,715
Total shareholders' equity	35,303,978	34,240,591
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	12,486	14,372
Foreign currency translation adjustments	1,452,885	2,411,870
Remeasurements of defined benefit plans of defined benefit plans	△56,297	△34,957
Total amount of other comprehensive income	1,409,074	2,391,285
Subscription rights to shares	178,200	—
Non-controlling interests	122,731	167,000
Total net assets	37,013,985	36,798,878
Total liabilities and total net assets	50,368,989	48,003,602

Consolidated Statements of Income

(Thousands of Yen)

	3Q period of previous year (From April 1, 2022 to December 31, 2022)	3Q period of current year (From April 1, 2023 to December 31, 2023)
	Amount	Amount
Net sales	37,057,234	27,015,318
Cost of sales	22,488,749	18,944,746
Gross profit	14,568,484	8,070,572
Selling, general and administrative expenses	6,714,105	6,143,154
Operating profit	7,854,379	1,927,417
Non-operating income		
Interests income	16,664	55,043
Dividend income	5,634	11,562
Foreign exchange gains	501,267	59,639
Gain on sales of scraps	9,728	9,805
Subsidy income	8,639	3,381
Other	27,963	45,705
Total non-operating income	569,897	185,137
Non-operating expenses		
Interest expenses	80,215	179,656
Equipment relocation expenses	53,270	6,108
Other	5,007	10,804
Total non-operating expenses	138,493	196,568
Ordinary profit	8,285,782	1,915,986
Extraordinary income		
Gain on sales of non-current assets	362	3,827
Gain on reversal of stock acquisition rights	—	162,218
Total extraordinary income	362	166,045
Profit before income taxes	8,286,145	2,082,032
Current income taxes	2,324,500	302,041
Deferred income taxes	95,265	353,183
Income taxes	2,419,766	655,225
Profit	5,866,378	1,426,806
Profit attributable to non-controlling interests or loss attributable to non-controlling interests	△7,033	38,604
Profit attributable to owners of parent	5,873,412	1,388,201

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	3Q period of previous year (From April 1, 2022 to December 31, 2022)	3Q period of current year (From April 1, 2023 to December 31, 2023)
	Amount	Amount
Profit	5,866,378	1,426,806
Other comprehensive income		
Valuation difference on available-for-sale securities	628	1,886
Foreign currency translation adjustments	914,653	964,648
Remeasurements of defined benefit plans	21,340	21,340
Total other comprehensive income	936,622	987,875
Comprehensive income	6,803,001	2,414,681
(Attribute to)		
Comprehensive income attributable to owners of parent	6,807,631	2,370,412
Comprehensive income attributable to non-controlling interests	△4,629	44,268