

# SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)

Financial Results for the First Two Quarters (April 01 to September 30, 2020) of the Fiscal Year

Ending March 31, 2021

November 06, 2020

## Company Name: Yamaichi Electronics Co., Ltd.

Code: 6941 Tokyo Stock Exchange 1st section URL: <http://www.yamaichi.co.jp>

President: Yoshitaka Ota

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

Scheduled date of securities report submission: November 13, 2020

Scheduled date of dividend payment commencement: November 30, 2020

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 Two Quarters (April 01 to September 30, 2020) of the Fiscal Year Ending March 31, 2021

### (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 two quarters ended September 30, 2020	14,064	4.3	2,113	24.4	2,043	23.7	1,629	11.0
September 30, 2019	13,480	△7.6	1,698	△26.2	1,652	△31.6	1,468	△22.2

Note: Comprehensive income First two quarters ended September 30, 2020 ¥1,630 million (57.3%)

First two quarters ended September 30, 2019 ¥1,036 million (△51.7%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
First two quarters ended September 30, 2020	76.13	—
September 30, 2019	67.60	—

### (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, 2020	33,926	24,389	71.0	1,124.82
As of March 31, 2020	31,893	23,354	72.3	1,076.86

Reference: Shareholders' equity as of September 30, 2020: ¥24,082 million; as of March 31, 2020: ¥23,056 million.

## 2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	—	10.00	—	28.00	38.00
Year ending March 31, 2021	—	10.00			
Forecast: Year ending March 31, 2021			—	20.00	30.00

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

## 3. Forecast of Consolidated Operating Results for the year ending March 31, 2021

(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, 2021	27,000	△0.0	3,000	△2.1	2,850	△7.5	2,150	△19.0	100.42

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

#### 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. : No

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 :

September 30, 2020	23,329,775 shares
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March 31, 2020	23,329,775 shares
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2) Number of treasury shares at term end:

September 30, 2020	1,919,449 shares
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March 31, 2020	1,919,449 shares
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3) Average number of outstanding shares (during the second quarter ended September 30):

September 30, 2020	21,410,326 shares
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September 30, 2019	21,715,699 shares
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\* 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.

## 5. Qualitative Information on Quarterly Financial Results

### (1) Explanation for Business Performance

In the global economy during the second quarter of the current consolidated cumulative period, each country's economic activities stagnated at the beginning of the period. The economy slowed sharply due to the continuous worldwide spread of novel coronavirus (COVID-19) infection. From the latter half of the first quarter, economic activities were gradually resuming in each country, and there were signs of economic recovery. However, in addition to COVID-19, the situation was generally difficult due to the effects of the growing US-China trade conflict.

Under these circumstances, our main plant in the Philippines was affected by COVID-19, and the plant suspended production activities in the first quarter. However, after confirming and coordinating with the government and giving top priority to ensuring its employees' safety, the plant worked on the early resumption of production activities, gradually secured employees, recovered production activities, and has been continuing production.

As a result, our business performance in the second quarter of the current consolidated cumulative period marked net sales of 14,064 million yen (an increase of 4.3% year on year), operating profit of 2,113 million yen (an increase of 24.4% year on year), ordinary profit of 2,043 million yen (an increase of 23.7% year on year), and profit attributable to owners of parent of 1,629 million yen (an increase of 11.0% year on year).

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

#### [Test Solutions Business]

In addition to the strong sales of products used for smartphones, the market's demand for DRAM semiconductor sockets has been strong since the second quarter of the previous fiscal year. However, we were affected by a delay in the recovery of automobile demand due to the spread of COVID-19.

As a result, our business performance resulted in net sales of 7,079 million yen (an increase of 19.3% year on year), and operating profit was 1,715 million yen (an increase of 106.0% year on year).

#### [Connector Solutions Business]

The sales of products for telecommunications equipment were affected by inventory adjustments and production adjustments by major customers due to the US-China trade conflict. Furthermore, while inventory and production adjustments continued for our flagship European market customers, the sales of products for in-vehicle devices were affected by the suspension of major customers' operations due to the spread of COVID-19.

As a result, our business performance resulted in net sales of 6,144 million yen (a decrease of 11.3% year on year), and operating profit was 358 million yen (a decrease of 61.4% year on year).

## [Optics-related Business]

Our sales of filter products for medical equipment and industrial equipment were firm. Besides, the sales of filter products for smartphones were also favorable.

As a result, our business performance resulted in net sales of 840 million yen (an increase of 36.0% year on year). The operating profit was 68 million yen (operating loss of 3 million yen in the same period of the previous year).

## (2) Explanation of Financial Conditions

### 1) Assets, liabilities, and net assets

#### (Assets)

At the end of the second quarter of the current consolidated cumulative period, our current assets were 19,690 million yen, an increase of 736 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 939 million yen in notes and accounts receivable and an increase of 598 million yen in merchandise and finished goods due to an increase in orders and sales in the latter part of the first half of the current fiscal year, regardless of a decrease of cash and deposits by 629 million yen due to influential factors, including dividends of surplus. Our non-current assets amounted to 14,235 million yen, an increase of 1,296 million yen from the end of the previous consolidated fiscal year. This was mainly due to the recorded right-of-use assets of 978 million yen under a land and building lease agreement for the factory relocation of Yamaichi Electronics Deutschland Manufacturing GmbH, a manufacturing subsidiary.

As a result, the value of the total assets amounted to 33,926 million yen, an increase of 2,032 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 7,000 million yen, an increase of 303 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 113 million yen in income taxes payable and an increase of 202 million yen in short-term borrowings. Our non-current liabilities amounted to 2,536 million yen, an increase of 694 million yen from the end of the previous consolidated fiscal year, due to the recorded lease obligations for the land and building lease agreement for the factory relocation of Yamaichi Electronics Deutschland Manufacturing GmbH, a manufacturing subsidiary.

As a result, our total liabilities amounted to 9,536 million yen, an increase of 997 million yen from the end of the previous consolidated fiscal year.

#### (Net Assets)

At the end of the second quarter of the consolidated cumulative period, our total net assets were 24,389 million yen, an increase of 1,035 million yen from the end of the previous consolidated fiscal year. This increment was mainly due to profit attributable to owners of parent of 1,629 million yen, regardless of dividends of surplus of 599 million yen.

As a result, the equity ratio amounted to 71.0% (72.3% at the end of the previous fiscal year).

## 2) Cash flow

Cash and cash equivalents (hereafter referred to as “funds”) during the second quarter of the consolidated cumulative period decreased by 629 million yen from the end of the previous consolidated fiscal year, and funds at the end of the second quarter of the consolidated fiscal year resulted in 8,629 million.

The status of each cash flow and their factors during the second quarter of the current consolidated cumulative period are as follows:

### (Cash flow from operating activities)

The funds obtained from operating activities resulted in 1,190 million yen (down 21.5% year-on-year). This was mainly due to increase in notes and accounts receivables of 760 million yen and increase in inventories of 583 million yen, though the profit before income taxes was 2,043 million yen.

### (Cash flow from investing activities)

As a result of our investing activities, the funds used amounted to 965 million yen (up 55.8% year-on-year). This was mainly due to purchase of property, plant and equipment of 892 million yen.

### (Cash flow from financing activities)

As a result of our financing activities, the funds used amounted to 798 million yen (down 46.0% year-on-year). This was mainly due to dividends paid of 597 million yen.

## (3) Explanation about Forecast Information, including Consolidated Earnings Forecast

Regarding the consolidated financial forecast for the fiscal year ending March 2021, it is difficult to predict the end of COVID-19. Furthermore, the future outlook is expected to remain uncertain due to the effects of the growing US-China trade friction. The uncertainty of the future will remain. Therefore, we have not announced our future forecast information due to difficulty in proper and rational calculation. However, we have calculated the consolidated earnings forecast based on the information and forecasts available at the moment.

The full-year earnings forecast is made on the premise that the exchange rate is 105 yen to the US dollar.

## Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
	Amount	Amount
<b>(ASSETS)</b>		
<b>Current assets</b>		
Cash and deposits	9,259,338	8,629,693
Notes and accounts receivable	4,438,009	5,377,407
Electronically recorded monetary claims	471,967	295,781
Merchandise and finished goods	1,447,299	2,045,560
Work in process	234,176	240,784
Raw materials and supplies	1,897,760	1,882,585
Other	1,223,904	1,239,801
Allowance for doubtful accounts	△18,195	△20,732
<b>Total current assets</b>	<b>18,954,261</b>	<b>19,690,881</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	2,699,499	2,606,691
Machinery, equipment and vehicles	1,613,276	1,701,027
Tools, furniture and fixtures	1,507,243	1,568,450
Land	3,377,943	3,381,829
Leased assets	14,178	23,311
Right-of-use assets	1,814,957	2,874,451
Construction in progress	354,992	545,568
<b>Total property, plant and equipment</b>	<b>11,382,091</b>	<b>12,701,330</b>
<b>Intangible fixed assets</b>	<b>132,331</b>	<b>137,238</b>
<b>Investments and other assets</b>		
Investment securities	219,242	218,677
Deferred tax assets	213,111	188,545
Net defined benefit asset	683,513	666,186
Other	309,038	323,461
Allowance for doubtful accounts	△0	△0
<b>Total investments and other assets</b>	<b>1,424,905</b>	<b>1,396,871</b>
<b>Total non-current assets</b>	<b>12,939,328</b>	<b>14,235,440</b>
<b>Total assets</b>	<b>31,893,590</b>	<b>33,926,322</b>

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
	Amount	Amount
<b>(LIABILITIES)</b>		
<b>Current liabilities</b>		
Notes and accounts payable	1,484,585	1,331,489
Short-term borrowings	2,723,550	2,926,047
Lease obligations	306,732	398,061
Income taxes payable	393,549	507,173
Provision for bonuses	393,567	409,836
Provision for directors' bonuses	—	35,000
Other	1,394,893	1,392,606
<b>Total current liabilities</b>	<b>6,696,879</b>	<b>7,000,215</b>
<b>Non-current liabilities</b>		
Long-term borrowings	250,000	20,000
Lease obligations	1,161,792	2,113,098
Provision for director's retirement benefits	67,853	70,475
Retirement benefit liability	33,400	32,131
Asset retirement obligations	20,988	21,229
Other	308,451	279,606
<b>Total non-current liabilities</b>	<b>1,842,486</b>	<b>2,536,541</b>
<b>Total liabilities</b>	<b>8,539,365</b>	<b>9,536,757</b>
<b>(NET ASSETS)</b>		
<b>Shareholders' equity</b>		
Capital stock	10,084,103	10,084,103
Capital surplus	1,775,084	1,775,084
Retained earnings	14,360,379	15,390,832
Treasury shares	△2,183,721	△2,183,721
<b>Total shareholders' equity</b>	<b>24,035,845</b>	<b>25,066,299</b>
<b>Amount of other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,355	6,670
Foreign currency translation adjustments	△825,391	△846,917
Remeasurments of defined benefit plans	△160,789	△143,285
<b>Total amount of other comprehensive income</b>	<b>△979,825</b>	<b>△983,532</b>
<b>Subscription rights to shares</b>	<b>181,487</b>	<b>186,204</b>
<b>Non-controlling interests</b>	<b>116,717</b>	<b>120,593</b>
<b>Total net assets</b>	<b>23,354,225</b>	<b>24,389,564</b>
<b>Total liabilities and total net assets</b>	<b>31,893,590</b>	<b>33,926,322</b>

## Consolidated Statements of Income

(Thousands of Yen)

	2Q period of previous year ( From April 1, 2019 to September 30, 2019 )	2Q period of current year ( From April 1, 2020 to September 30, 2020 )
	Amount	Amount
<b>Net sales</b>	13,480,514	14,064,028
<b>Cost of sales</b>	8,643,331	8,869,581
<b>Gross profit</b>	4,837,182	5,194,446
<b>Selling, general and administrative expenses</b>	3,138,652	3,080,820
<b>Operating profit</b>	1,698,530	2,113,625
<b>Non-operating income</b>		
Interest income	6,446	2,986
Dividend income	6,596	4,459
Share of profit of entities accounted for using equity method	764	—
Gain on Sales of scraps	9,998	8,281
Subsidy income	1,618	15,818
Insurance claim income	29,284	52
Other	16,676	19,297
<b>Total non-operating income</b>	71,385	50,896
<b>Non-operating expenses</b>		
Interest expenses	35,705	19,751
Foreign exchange losses	51,916	40,418
Share of loss of entities accounted for using equity method	—	494
Factory relocation expenses	—	54,473
Other	29,777	5,769
<b>Total non-operating expenses</b>	117,399	120,907
<b>Ordinary Profit</b>	1,652,516	2,043,614
<b>Extraordinary income</b>		
Gain on sales of non-current assets	2,469	225
Gain on sales of investment securities	123,183	—
<b>Total extraordinary income</b>	125,652	225
<b>Profit before income taxes</b>	1,778,169	2,043,839
<b>Current income taxes</b>	334,899	393,582
<b>Differed income taxes</b>	△26,380	18,655
<b>Total income taxes</b>	308,519	412,238
<b>Profit</b>	1,469,650	1,631,601
<b>Profit attributable to non-controlling interests</b>	1,604	1,659
<b>Profit attributable to owners of parent</b>	1,468,045	1,629,942

(Thousands of yen)

	2Q period of previous year ( From April 1, 2019 to September 30, 2019 )	2Q period of current year ( From April 1, 2020 to September 30, 2020 )
	Amount	Amount
<b>Profit</b>	1,469,650	1,631,601
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	△106,249	314
Foreign currency translation adjustments	△329,148	△18,755
Remeasurements of defined benefit plans	8,178	17,504
Share of other comprehensive income of entities accounted for using equity method	△6,108	△552
<b>Total other comprehensive income</b>	△433,329	△1,489
<b>Comprehensive income</b>	1,036,321	1,630,112
(Attribute to)		
Comprehensive income attributable to owners of parent	1,035,821	1,626,235
Comprehensive income attributable to non-controlling interests	499	3,876

## Consolidated Statements of Cash Flows

(Thousands of yen)

	2Q period of previous year ( From April 1, 2019 to September 30, 2019 )	2Q period of current year ( From April 1, 2020 to September 30, 2020 )
	Amount	Amount
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,778,169	2,043,839
Depreciation	898,661	989,279
Interest and dividends income	△13,042	△7,446
Interest expenses	35,705	19,751
Exchange loss (△gain)	67,734	18,038
Decrease(△increase) in notes and accounts receivable	△1,363,122	△760,446
Decrease (△increase) in inventories	△266,765	△583,941
Increase (△decrease) in notes and accounts payable	202,722	△168,329
Other, net	431,368	△67,345
<b>Sub total</b>	<b>1,771,432</b>	<b>1,483,399</b>
Interest and dividends received	12,659	7,152
Interest expenses paid	△35,966	△19,775
Income taxes paid	△232,412	△280,733
<b>Net cash provided by operating activities</b>	<b>1,515,713</b>	<b>1,190,043</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△833,629	△892,084
Proceeds from sales of property, plant and equipment	6,442	225
Proceeds from sales of investment securities	211,279	—
Other, net	△3,917	△74,062
<b>Net cash used in investing activities</b>	<b>△619,825</b>	<b>△965,921</b>
<b>Cash flows from Financing activities</b>		
Net increase (△decrease) in short-term borrowings	3,535	189,613
Repayments of long-term borrowings	△184,182	△179,182
Purchase of treasury shares	△599,945	—
Cash dividends paid	△481,690	△597,991
Proceeds from exercise of share options	25,368	—
Other, net	△240,961	△210,950
<b>Net cash used in financing activities</b>	<b>△1,477,875</b>	<b>△798,510</b>
<b>Effect of exchange rates changes on cash and cash equivalents</b>	<b>△143,352</b>	<b>△55,256</b>
<b>Net increase (△decrease) of cash and cash equivalents</b>	<b>△725,340</b>	<b>△629,645</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,318,859</b>	<b>9,259,338</b>
<b>Cash and cash equivalents at end of period</b>	<b>7,593,519</b>	<b>8,629,693</b>