

SUMMARY OF FINANCIAL STATEMENTS [Japan GAAP] (CONSOLIDATED)
Financial Results for the First Three Quarters (April 1 to December 31, 2020) of the Fiscal
Year Ending March 31, 2021

February 05, 2021

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: February 12, 2021

Scheduled date of dividend payment commencement: —

Supplementary materials for the quarterly financial statements: Yes

Presentation to explain for the quarterly financial statements: Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the First Three Quarters (April 1 to December 31, 2020) of the Fiscal Year Ending March 31, 2021

(1) Consolidated Operating Results (aggregated)

(Percentage figures represent changes from the same period of 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, 2020	20,794	1.7	2,652	3.7	2,590	2.2	1,944	△9.4
December 31, 2019	20,454	△1.8	2,557	△6.1	2,534	△6.8	2,146	11.0

Note: Comprehensive income First three quarters ended December 31, 2020 ¥1,955 million (0.3%)
 First three quarters ended December 31, 2019 ¥1,949 million (7.1%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
First three quarters ended		
December 31, 2020	90.83	—
December 31, 2019	99.29	—

(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, 2020	33,749	24,499	71.7	1,130.03
As of March 31, 2020	31,893	23,354	72.3	1,076.86

Reference: Shareholders' equity as of December 31, 2020: ¥ 24,194 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: No

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	27,400	1.5	3,100	1.2	3,000	△2.6	2,200	△17.1	102.75

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:

December 31, 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:

December 31, 2020	1,919,490 shares
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March 31, 2020	1,919,449 shares
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3) Average number of outstanding shares (during the third quarter ended December 31):

December 31, 2020	21,410,322 shares
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December 31, 2019	21,613,540 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

The Japanese economy in the third quarter of the current consolidated cumulative period showed signs of recovery due to preventive measures against spread of novel coronavirus (COVID-19) and the recovered economic activities overseas. However, due to the re-spread of infection starting in December, the government declared a state of emergency and the current condition remains severe. Looking at overseas economies, while Chinese economy showed remarkable and rapid recovery, the US and European markets have been sluggish due to restricted economic activities. Therefore, it is expected that the global market will remain uncertain.

Under these circumstances, our business performance in the third quarter of the current consolidated cumulative period marked net sales of 20,794 million yen (an increase of 1.7% year on year), operating profit of 2,652 million yen (an increase of 3.7% year on year), ordinary profit of 2,590 million yen (an increase of 2.2% year on year), and profit attributable to owners of parent of 1,944 million yen (a decrease of 9.4% 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 sales of sockets for PC, server and sockets for memory have been firm. Furthermore, demand for sockets for vehicle has gradually recovered from the third quarter, resulting in strong trend in this business segment.

As a result, our business performance resulted in net sales of 10,121 million yen (an increase of 11.2% year on year), and operating profit was 2,165 million yen (an increase of 66.1% year on year).

[Connector Solutions Business]

Our sales of products for communications equipment were also affected by our primary customers' inventory adjustments and production adjustments due to the effects of US-China trade friction. Furthermore, in addition to our primary customers' inventory and production adjustments continuing in the European market, our sales of products for on-vehicle equipment were affected by the suspension of operations of major customers due to the spread of COVID-19.

In the third quarter, our sales of products for on-vehicle equipment and industrial equipment turned recovering; however, our sales of products for communication equipment remained severe due to the US-China trade friction.

As a result, our business performance resulted in net sales of 9,425 million yen (a decrease of 9.9% year on year), and operating profit was 418 million yen (a decrease of 67.7% year on year).

[Optics-related Business]

Our sales of optics-related products, including filter products for medical equipment and industrial equipment, has been strong; moreover, items including filter products for smart phones showed a strong trend.

As a result, our business performance resulted in net sales of 1,246 million yen (an increase of 39.2% year on year), and operating profit was 95 million yen (operating loss of 1 million yen in the same period of the previous year).

(2) Explanation of Financial Conditions

(Assets)

Our current assets at the end of the third quarter of the consolidated cumulative period were 19,319 million yen, an increase of 365 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in merchandise and finished goods by 473 million yen due to added inventory in preparation for impact on production activities by the spread of COVID-19, despite a decrease in cash and deposits by 223 million yen due to dividends of surplus. Our non-current assets amounted to 14,430 million yen, an increase of 1,491 million yen from the end of the previous consolidated fiscal year. This was mainly due to the recording of machinery, equipment and vehicles of 279 million yen due to the installation of solar power generation and power storage equipment for ESG and BCP at Sakura Factory and the recording of a right-of-use asset of 987 million yen under the land and building lease agreement for the factory relocation of Yamaichi Electronics Deutschland Manufacturing GmbH, a manufacturing subsidiary.

As a result, our total assets amounted to 33,749 million yen, an increase of 1,856 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Our current liabilities at the end of the third quarter of the consolidated cumulative period were 6,682 million yen, a decrease of 14 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 219 million yen in notes and accounts payable, regardless of an increase of 160 million yen in short-term borrowings. Our non-current liabilities amounted to 2,568 million yen, an increase of 725 million yen from the end of the previous consolidated fiscal year, due to the recording of 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 9,250 million yen, an increase of 711 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

Our total net assets at the end of the third quarter of the consolidated cumulative period were 24,499 million yen, an increase of 1,144 million yen from the end of the previous consolidated fiscal year. This was mainly due to the recorded profit attributable to owners of parent of 1,944 million yen, regardless of dividends of surplus of 813 million yen.

As a result, the equity ratio was 71.7% (72.3% at the end of the previous fiscal year).

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

Regarding the consolidated financial forecast for the fiscal year ending March 2021, we revised the forecast of consolidated operating results announced on November 6, 2020.

Forecast of Consolidated Operating Results for the Year Ending March 2021 (From April 1, 2020 to March 31, 2021)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net profit per share
Previous forecast (A)	Millions of yen 27,000	Millions of yen 3,000	Millions of yen 2,850	Millions of yen 2,150	Yen 100.42
Revised forecast (B)	27,400	3,100	3,000	2,200	102.75
Change (B-A)	400	100	150	50	————
Change rate (%)	1.5	3.3	5.3	2.3	————
(Reference) Actual results for the previous fiscal year (ending March 2020)	27,008	3,064	3,080	2,653	123.06

(Note) All forecasts in this presentation are based on information available to the management and expectations as of the date of this presentation. The Company's actual results may differ from the forecasts due to various risks and uncertainties

(4) Risk information on COVID-19 infection

Our group continues to improve the working system and environment that enable telecommuting as a measure to prevent the spread of the infection. However, if the infection further spreads and continues remaining, it may force us to suspend the operation of our plants and restrict our business activities, which may impact the business performance and the financial condition of our group.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2020	As of December 31, 2020
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	9,259,338	9,035,599
Notes and accounts receivable	4,438,009	4,440,001
Electronically recorded monetary claims	471,967	301,137
Merchandise and finished goods	1,447,299	1,921,265
Work in process	234,176	235,527
Raw materials and supplies	1,897,760	1,869,176
Other	1,223,904	1,539,216
Allowance for doubtful accounts	△18,195	△22,655
Total current assets	18,954,261	19,319,268
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,699,499	2,557,076
Machinery, equipment and vehicles	1,613,276	2,008,724
Tools, furniture and fixtures	1,507,243	1,691,730
Land	3,377,943	3,401,880
Lease assets	14,178	30,839
Right-of-use assets	1,814,957	2,855,901
Construction in progress	354,992	393,294
Total property, plant and equipment	11,382,091	12,939,448
Intangible fixed assets	132,331	135,255
Investments and other assets		
Investment securities	219,242	232,318
Deferred tax assets	213,111	135,116
Net defined benefit asset	683,513	658,111
Other	309,038	330,159
Allowance for doubtful accounts	△0	△0
Total investments and other assets	1,424,905	1,355,705
Total non-current assets	12,939,328	14,430,409
Total assets	31,893,590	33,749,678

(Thousands of yen)

	As of March 31, 2020	As of December 31, 2020
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	1,484,585	1,264,634
Short-term borrowing	2,723,550	2,884,010
Lease obligations	306,732	425,811
Income taxes payable	393,549	264,615
Provision for bonuses	393,567	257,210
Provision for directors' bonuses	—	42,500
Other	1,394,893	1,543,618
Total current liabilities	6,696,879	6,682,401
Non-current liabilities		
Long-term borrowings	250,000	15,000
Lease obligations	1,161,792	2,075,457
Provision for director's retirement benefits	67,853	72,053
Provision for loss on litigation	—	88,865
Retirement benefit liability	33,400	28,214
Asset retirement obligations	20,988	21,350
Differed tax liabilities	—	3,529
Other	308,451	263,752
Total non-current liabilities	1,842,486	2,568,223
Total liabilities	8,539,365	9,250,624
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,084,103	10,084,103
Capital surplus	1,775,084	1,775,084
Retained earnings	14,360,379	15,491,455
Treasury shares	△2,183,721	△2,183,785
Total shareholders' equity	24,035,845	25,166,858
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	6,355	6,984
Foreign currency translation adjustments	△825,391	△845,137
Remeasurements of defined benefit plans	△160,789	△134,533
Total amount of other comprehensive income	△979,825	△972,686
Subscription rights to shares	181,487	184,520
Non-controlling interests	116,717	120,360
Total net assets	23,354,225	24,499,053
Total liabilities and net assets	31,893,590	33,749,678

Consolidated Statements of Income

(Thousands of yen)

	3Q period of previous year (From April 1, 2019 to December 31, 2019)	3Q period of current year (From April 1, 2020 to December 31, 2020)
	Amount	Amount
Net sales	20,454,080	20,794,093
Cost of sales	13,166,544	13,609,408
Gross profit	7,287,536	7,184,685
Selling, general and administrative expenses	4,729,779	4,532,572
Operating profit	2,557,756	2,652,112
Non-operating income		
Interest income	8,691	4,742
Dividend income	6,666	4,529
Share of profit of entities accounted for using equity Method	1,900	12,551
Gain on sales of scraps	13,563	14,068
Subsidy income	2,077	20,687
Insurance claim income	49,091	1,938
Other	21,244	23,301
Total non-operating income	103,234	81,819
Non-operating expenses		
Interest expenses	50,852	24,219
Foreign exchange losses	36,868	55,772
Factory relocation expenses	—	55,071
Other	39,142	8,220
Total non-operating expenses	126,864	143,284
Ordinary profit	2,534,126	2,590,647
Extraordinary income		
Gain on sales of non-current assets	2,873	1,076
Gain on sales of investment securities	123,183	—
Total extraordinary income	126,057	1,076
Extraordinary losses		
Loss on disaster	19,769	—
Provision for loss on litigation	—	85,659
Total extraordinary losses	19,769	85,659
Profit before income taxes	2,640,414	2,506,065
Current income taxes	468,889	486,016
Deferred income taxes	22,978	72,834
Income taxes	491,867	558,850
Profit	2,148,546	1,947,215
Profit attributable to non-controlling interests	2,440	2,546
Profit attributable to owners of parent	2,146,105	1,944,668

(Thousands of yen)

	3Q period of previous year (From April 1, 2019 to December 31, 2019)	3Q period of current year (From April 1, 2020 to December 31, 2020)
	Amount	Amount
Profit	2,148,546	1,947,215
Other comprehensive income		
Valuation difference on available-for-sale securities	△104,992	628
Foreign currency translation adjustments	△99,642	△18,204
Remeasurements of defined benefit plans	11,521	26,256
Share of other comprehensive income of entities accounted for using equity method	△5,631	△444
Total other comprehensive income	△198,744	8,236
Comprehensive income	1,949,801	1,955,451
(Attribute to)		
Comprehensive income attributable to owners of Parent	1,943,909	1,951,808
Comprehensive income attributable to non-controlling interests	5,891	3,643