

FY2024 Second Quarter (Semi-Annual) Consolidated Financial Statements [Japan GAAP]

(Period ended September 30, 2024)

November 06, 2024

Company Name: Yamaichi Electronics Co., Ltd.

Stock listing: Tokyo Stock Exchange – Prime Market

Code: 6941 URL: <https://www.yamaichi.co.jp/en/>

President: Junichi Kameya

Managing Director : Kazuhiro Matsuda Tel: +81-3-3734-0115

Scheduled date of semi-annual report submission: November 13, 2024

Scheduled date of dividend payment commencement: November 29, 2024

Supplementary materials for the financial statements: Yes

Presentation to explain for the financial statement: Yes (for institutional Investors and analysts)

1. Consolidated Financial Results for the Second Quarter (April 01 to September 30, 2024) of the Fiscal Year Ending March 31, 2025

(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, 2024	27,577	48.2	6,833	335.3	6,162	270.0	4,091	241.4
September 30, 2023	18,606	△31.5	1,570	△76.5	1,665	△77.1	1,198	△77.1

Note: Comprehensive income Second quarter ended September 30, 2024 ¥3,336 million (22.9%)

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

	Net profit per share		Diluted net profit per share	
	Yen		Yen	
Second Quarter ended September 30, 2024	200.77		—	
September 30, 2023	58.24		—	

(2) Consolidated Financial Positions

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2024	54,769		40,613		73.9	
As of March 31, 2024	51,062		38,264		74.6	

Reference: Shareholders' equity as of September 30, 2024: ¥40,458 million; as of March 31, 2024: ¥38,074 million.

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Year ended March 31, 2024	—	18.00	—	13.00	31.00
Year ending March 31, 2025	—	35.00			
Forecast; Year ending March 31, 2025			—	54.00	89.00

Note: Modifications in the dividend projection from the latest announcement: No

3. Forecast of Consolidated Operating Results for the year ending March 31, 2025

(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, 2025	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	48,700	33.7	8,800	200.0	8,600	195.1	6,000	191.2	296.39

Note: Modifications in forecasts of consolidated operating results from the latest announcement: No

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 disposal of treasury shares.

4. Other

(1) Changes in accounting policies due to revisions to accounting standards, etc.: 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 Standards for Corporate Taxes, Resident Taxes, and Business Taxes, etc.")

The "Accounting Standards for Corporate Taxes, Resident Taxes, and Business Taxes, etc." (Corporate Accounting Standards No. 27, October 28, 2022, hereinafter referred to as the "2022 Revised Accounting Standards"), etc. have been applied from the beginning of this interim consolidated accounting period. With regard to the amendments to the classification of corporate tax, etc. (taxation on other comprehensive income), we follow the transitional treatment set forth in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standards and the transitional treatment set forth in the proviso of paragraph 65-2(2) of the "Guidelines for the Implementation of Accounting Standards for Tax-Effect Accounting" (Corporate Accounting Standards Implementation Guideline No. 28, October 28, 2022, hereinafter referred to as the "2022 Revised Implementation Guideline"). The change in accounting policy has no impact on the interim consolidated financial statements. In addition, the 2022 revised application guidelines for the amendments related to the review of the treatment in consolidated financial statements when profits and losses on sales of subsidiary shares, etc. between consolidated companies are deferred for tax purposes have been applied from the beginning of this interim consolidated accounting period. The change in accounting policy has been applied retroactively, and the interim consolidated financial statements and consolidated financial statements for the previous interim consolidated accounting period and the previous consolidated accounting year are retroactively applied. The change in accounting policy has no impact on the interim consolidated financial statements for the previous interim consolidated accounting period and the consolidated financial statements for the previous consolidated accounting year.

(4) Number of outstanding shares (common stock)

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

September 30, 2024	21,829,775 shares
March 31, 2024	21,829,775 shares

2) Number of treasury shares at term end:

September 30, 2024	1,636,798 shares
March 31, 2024	1,386,398 shares

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

September 30, 2024	20,381,162 shares
September 30, 2023	20,581,879 shares

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

The Company acquired 265,400 treasury shares based on a resolution of the Board of Directors meeting held on May 14, 2024, resulting in an increase of 755,771 thousand yen in treasury shares during the current interim consolidated accounting period. In addition, the Company disposed of 15,000 treasury shares as restricted stock compensation based on a resolution of the Board of Directors meeting held on the same day, resulting in an increase of 24,373 thousand yen in capital surplus and a decrease of 23,626 thousand yen in treasury shares during the current interim consolidated accounting period.

As a result, capital surplus was 1,648,007 thousand yen and treasury shares were 2,824,861 thousand yen at the end of the current interim consolidated accounting period.

* 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

During the second quarter of the consolidated cumulative period, the global economy faced ongoing inflation, which led to worldwide monetary tightening. Despite this, the U.S. economy remained robust, primarily driven by consumer spending. However, the prolonged slump in the manufacturing sector in Europe and sluggish domestic demand in China led to continued economic stagnation. Additionally, the outlook remains uncertain due to factors such as unstable foreign exchange rates caused by differing monetary policies, high resource prices resulting from the prolonged Ukraine crisis, and increasing geopolitical risks centered around the Middle East.

Amidst these conditions, the Group aimed to meet the growing global demand for semiconductors by establishing a stable supply system for semiconductor sockets and by efficiently responding to diversified customer needs, including connectors for communication equipment, automotive devices, and industrial machinery. To this end, we commenced operations at the Sakura Factory Building No. 2 in Japan and Third Factory in the Philippines, enhancing both production efficiency and capacity.

As a result, our business performance for the second quarter of the consolidated cumulative period reached record highs for both sales and profits, with net sales of 27,577 million yen (an increase of 48.2% year on year), operating profit of 6,833 million yen (an increase of 335.3% year on year), and ordinary profit of 6,162 million yen (an increase of 270.0% year on year), and profit attributable to the owners of parent of 4,091 million yen (an increase of 241.4% year on year).

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

[Test Solutions Business]

In the test socket field, sales of our mainstay products for smartphones remained strong. In the burn-in socket field, our products for logic semiconductors, particularly for automotive use, performed well. Additionally, products for memory semiconductors, targeting data centers including those for AI, showed strong performance due to the resumption of investment in DRAMs.

As a result, our business performance resulted in net sales of 17,157 million yen (an increase of 115.0% year on year) and operating profit of 6,376 million yen (an increase of 651.1% year on year).

[Connector Solutions Business]

Products for communications equipment showed strong performance, particularly for data centers, after the inventory adjustments at major customers had run their course, despite the ongoing impact of economic friction between the United States and China. Our products for in-vehicle equipment performed steadily due to the introduction of new products. Products for industrial machinery were affected by prolonged inventory adjustments by European customers, our main market.

As a result, our business performance resulted in net sales of 9,848 million yen (a decrease of 0.5% year on year) and operating profit of 527 million yen (a decrease of 5.1% year on year).

[Optics-related Business]

We were affected by inventory adjustments and production adjustments at some customers for filter products for consumer devices and high-value-added medical equipment.

As a result, net sales were 572 million yen (a decrease of 21.0% year on year), and we recorded an operating loss of 40 million yen (our operating loss was 5 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 33,556 million yen, increasing 3,841 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,354 million yen in cash and deposits, despite dividend payments from retained earnings and share buybacks, as well as a decrease in inventories of 474 million yen, resulting from higher net sales. Our non-current assets totaled 21,212 million yen, a decrease of 134 million yen from the end of the previous consolidated fiscal year, mainly due to the impairment loss of 292 million yen on property, plant, and equipment at our consolidated subsidiary, Koshin Kogaku Co., Ltd.

As a result, our total assets amounted to 54,769 million yen, an increase of 3,707 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 10,896 million yen, increasing by 1,664 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,418 million yen in income taxes payable and an increase of 663 million yen in the provision for bonuses, despite a decrease of 695 million yen in notes and accounts payable. Our non-current liabilities amounted to 3,259 million yen, decreasing by 306 million yen from the end of the previous consolidated fiscal year.

As a result, our total liabilities amounted to 14,156 million yen, an increase of 1,358 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 40,613 million yen, an increase of 2,348 million yen from the end of the previous fiscal year. This was mainly due to an interim profit attributable to the owners of the parent of 4,091 million yen, despite a decrease in foreign currency translation adjustment of 732 million yen due to yen appreciation, as well as dividends of surplus of 265 million yen and the purchase of treasury shares of 755 million yen.

As a result, the equity ratio was 73.9% (74.6% at the end of the previous fiscal year).

2) Status of cash flows

The amount of cash and cash equivalents (hereinafter referred to as “the funds”) increased by 4,182 million yen from the end of the previous fiscal year, resulting in the funds totaled 17,255 million yen at the end of this consolidated cumulative period.

The status and factors of each cash flow for this consolidated cumulative period are as follows:

(Cash flows from sales activities)

The funds obtained from sales activities amounted to 8,123 million yen (an increase of 239.3% year on year). This was mainly due to the profit before income taxes of 5,882 million yen.

(Cash flows from investing activities)

The funds used in investing activities amounted to 1,970 million yen (an increase of 43.6% year on year). This was primarily due to the purchase of property, plant, and equipment of 1,565 million yen.

(Cash flows from financing activities)

The funds used in financing activities amounted to 1,539 million yen (a decrease of 45.6% year on year). This was mainly due to the dividends paid of 266 million yen and the purchase of treasury shares of 755 million yen.

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

There are no changes to the full-year consolidated earnings forecast or year-end dividend forecast for the fiscal year ending March 2025 from the figures announced on August 6, 2024.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	13,104,279	17,458,648
Notes and accounts receivable	7,055,880	7,423,651
Electronically recorded monetary claims	529,117	332,917
Merchandise and finished goods	2,895,435	2,922,072
Work in process	341,136	328,966
Raw materials and supplies	3,644,036	3,155,303
Other	2,176,346	1,981,739
Allowance for doubtful accounts	△30,838	△46,528
Total current assets	29,715,393	33,556,770
Non-current assets		
Property, plant and equipment		
Buildings and structures (Net amount)	5,733,361	5,581,289
Machinery, equipment and vehicles (Net amount)	3,196,016	3,132,538
Tools, furniture and fixtures (Net amount)	1,860,595	2,079,164
Land	4,278,067	4,218,910
Leased assets (Net amount)	54,753	54,052
Right-of-use assets (Net amount)	3,281,071	3,165,856
Construction in progress	683,117	430,850
Total property, plant and equipment	19,086,984	18,662,662
Intangible fixed assets	517,309	762,963
Investments and other assets		
Investment securities	67,697	64,928
Deferred tax assets	277,662	321,273
Net defined benefit asset	850,179	868,113
Other	546,826	532,638
Allowance for doubtful accounts	△0	△0
Total investments and other assets	1,742,366	1,786,953
Total non-current assets	21,346,660	21,212,579
Total assets	51,062,054	54,769,350

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
	Amount	Amount
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	2,454,537	1,758,755
Short-term borrowings	2,799,870	2,739,110
Lease obligations	404,659	390,840
Income taxes payable	908,989	2,327,540
Provision for bonuses	423,977	1,087,782
Provision for directors' bonuses	—	89,000
Other	2,239,739	2,503,663
Total current liabilities	9,231,773	10,896,693
Non-current liabilities		
Long-term borrowings	410,000	390,000
Lease obligations	2,298,822	2,278,500
Provision for loss on litigation	162,423	158,632
Retirement benefit liability	65,291	70,540
Asset retirement obligations	28,739	30,609
Other	600,784	331,237
Total non-current liabilities	3,566,062	3,259,521
Total liabilities	12,797,836	14,156,215
(NET ASSETS)		
Shareholders' equity		
Capital stock	10,084,103	10,084,103
Capital surplus	1,623,633	1,648,007
Retained earnings	25,297,550	29,123,675
Treasury shares	△2,092,715	△2,824,861
Total shareholders' equity	34,912,571	38,030,924
Amount of other comprehensive income		
Valuation difference on available-for-sale securities	15,316	13,508
Foreign currency translation adjustments	3,156,806	2,424,721
Remeasurments of defined benefit plans	△10,407	△10,432
Total amount of other comprehensive income	3,161,715	2,427,797
Non-controlling interests	189,930	154,412
Total net assets	38,264,217	40,613,135
Total liabilities and total net assets	51,062,054	54,769,350

Consolidated Statements of Income

(Thousands of Yen)

	2Q period of previous year (From April 1, 2023 to September 30, 2023)	2Q period of current year (From April 1, 2024 to September 30, 2024)
	Amount	Amount
Net sales	18,606,738	27,577,864
Cost of sales	12,854,509	15,794,142
Gross profit	5,752,228	11,783,721
Selling, general and administrative expenses	4,182,211	4,950,001
Operating profit	1,570,017	6,833,720
Non-operating income		
Interests income	43,268	19,888
Dividend income	11,562	6,110
Foreign exchange gains	138,206	—
Gain on sales of scraps	6,826	7,024
Subsidy income	2,516	4,045
Insurance proceeds	284	19,704
Other	37,508	28,488
Total non-operating income	240,173	85,262
Non-operating expenses		
Interest expenses	130,441	95,617
Foreign exchange loss	—	556,831
Loss on disposal of fixed assets	7,820	25,305
Equipment relocation expenses	4,100	72,057
Other	2,309	6,220
Total non-operating expenses	144,671	756,032
Ordinary profit	1,665,519	6,162,950
Extraordinary income		
Gain on sales of non-current assets	2,567	11,657
Gain on reversal of stock acquisition rights	162,218	—
Total extraordinary income	164,785	11,657
Extraordinary loss		
Impairment loss	—	292,270
Total extraordinary losses	—	292,270
Profit before income taxes	1,830,304	5,882,337
Current income taxes	289,831	2,033,710
Deferred income taxes	295,961	△231,253
Income taxes	585,792	1,802,457
Interim net profit	1,244,512	4,079,879
Interim net profit or interim net loss (△) attributable to non-controlling interests	45,876	△12,008
Interim net profit attributable to parent company shareholders	1,198,635	4,091,888

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	2Q period of previous year (From April 1, 2023 to September 30, 2023)	2Q period of current year (From April 1, 2024 to September 30, 2024)
	Amount	Amount
Profit	1,244,512	4,079,879
Other comprehensive income		
Valuation difference on available-for-sale securities	1,964	△1,807
Foreign currency translation adjustments	1,454,633	△741,748
Remeasurements of defined benefit plans	14,226	△24
Total other comprehensive income	1,470,824	△743,580
Comprehensive income	2,715,337	3,336,299
(Attribute to)		
Comprehensive income attributable to owners of parent	2,658,392	3,357,970
Comprehensive income attributable to non-controlling interests	56,944	△21,671

Consolidated Statements of Cash Flows

(Thousands of Yen)

	2Q period of previous year (From April 1, 2023 to September 30, 2023)	2Q period of current year (From April 1, 2024 to September 30, 2024)
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	1,830,304	5,882,337
Depreciation	1,297,943	1,539,185
Interest and dividends income	△54,831	△25,998
Interest expenses	130,441	95,617
Exchange loss (△gain)	△236,423	308,726
Loss on disposal of fixed assets	7,820	25,305
Gain on reversal of stock acquisition rights	△162,218	—
Impairment Loss	—	292,270
Decrease (△increase) in notes and accounts receivable	495,364	△462,983
Decrease (△increase) in inventories	212,413	304,236
Increase (△decrease) in notes and accounts payable	△250,219	△659,729
Other, net	155,864	1,530,191
Sub total	3,426,461	8,829,159
Interest and dividends received	59,485	25,986
Interest expenses paid	△130,795	△96,090
Income taxes paid	△961,097	△635,558
Net cash provided by operating activities	2,394,053	8,123,496
Cash flows from investing activities		
Purchase of property, plant and equipment	△1,618,624	△1,565,510
Proceeds from sales of property, plant and equipment	2,845	12,095
Other, net	243,489	△417,087
Net cash used in investing activities	△1,372,288	△1,970,502
Cash flows from financing activities		
Net increase (△decrease) in short-term borrowings	△523,400	—
Repayments of long-term borrowings	△20,000	△20,000
Purchase of treasury shares	△699,928	△755,771
Cash dividends paid	△1,426,937	△266,309
Other, net	△159,834	△497,034
Net cash used in financing activities	△2,830,100	△1,539,115
Effect of exchange rates changes on cash and cash equivalents	748,856	△431,028
Net increase (△decrease) of cash and cash equivalents	△1,059,478	4,182,849
Cash and cash equivalents at beginning of period	16,734,869	13,072,396
Cash and cash equivalents at the end of the interim period	15,675,390	17,255,246

Significant Subsequent Events

On October 14, 2024, we confirmed that some servers of our consolidated subsidiaries, Yamaichi Electronics Deutschland GmbH and Yamaichi Electronics Deutschland Manufacturing GmbH, had been affected by ransomware.

System recovery has been completed, and we are currently investigating and protecting the system with the cooperation of external experts.

We are currently examining the impact of this matter on our Group's future business performance. If we expect a significant impact on our business performance in the future, we will promptly disclose such information.