



FINANCIAL RESULTS

(Summary version)

FY2021 Third Quarter
(April 1, 2021 – December 31, 2021)

UMC Electronics Co., Ltd.

1. Explanation for Quarterly Financial Results

The following future matters were determined at the end of the third quarter of the current consolidated fiscal year. From the beginning of FY2021, UMC Electronics and its consolidated subsidiaries (hereinafter collectively referred to "the Group") has applied "Accounting Standards for Revenue Recognition" (Accounting Standards No. 29) and "Guidelines for Applying Accounting Standards for Revenue Recognition" (Accounting Standards No. 30). Therefore, the following statements regarding business results are explained without describing the amount of increase or decrease and the ratio (%) from the previous year.

(1) Explanation for Business Results

As for the global economic situation during the third quarter of the current consolidated cumulative period, economic activity has normalized due to the spread of vaccination mainly in developed countries, and the economic recovery has progressed. On the other hand, there are concerns about the impact on the economy due to the prolonged trade friction between the United States and China and the shortage of supplies of semiconductors and other materials. In Japan, although the new coronavirus has converged and the state of emergency has been lifted in October, a new mutant strain with strong infectivity has emerged again. There are still concerns that certain restrictions will be imposed on economic activity.

As a result, Net sales for the first half of the current consolidated cumulative period were 100,805 million yen. Operating income was 656 million yen (1,025 million yen in the same period of the previous year), and ordinary income was 1,001 million yen (936 million yen in the same period of the previous year). Net income attributable to owners of the parent was 733 million yen (27 million yen in the same period of the previous year).

The Group operates two segments: the EMS business and the Other business. Segment information is not provided in this document because the EMS business accounts for an overwhelming majority of the Group's.

Net sales for the EMS business by product category and Net sales for the Other business are as

follows. Net sales shown below are the figures after the elimination of inter-company transactions.

① EMS business

Net sales of the EMS business, which is the main business of the Group, were 100,330 million yen. The results by product category are outlined below.

(Automotive equipment)

Net sales were 61,204 million yen due to growth in products such as parts for electric compressors for electric vehicles, power control units and DC-DC converters, despite delays in recovery due to reduced production by automakers due to semiconductor shortages and re-expansion of COVID-19S in some areas.

(Industrial equipment)

Net sales were 15,644 million yen due to investment in advanced technology, investment to increase production capacity, growth in 5G-related demand, and expansion of demand due to energy conservation policies in China, despite the end of production of some FA equipment.

(Office automation equipment)

Net sales were 21,786 million yen due to an increase in transaction volume of major customers in China and continued strong demand at home, despite the impact of the suspension of operations due to the COVID-19 at a major customer factory in Vietnam for products for multifunction devices.

(Consumer equipment)

Net sales were 752 million yen due to a decrease in orders from existing Japanese customers.

(Information equipment)

There is no Net sales in the current third quarter consolidated cumulative period due to the end of production of optical pickup related products.

(Others)

Net sales were 941 million yen, and amusement equipment is the main product.

② Other businesses

Net sales of the dispatching business were 474 million yen.

(2) Explanation for Financial Condition

Total assets amounted to 71,829 million yen, an increase of 4,471 million yen from the end of the previous consolidated fiscal year, mainly due to a decrease in notes and accounts receivable and an increase in inventories.

Liabilities amounted to 55,901 million yen, an increase of 3,467 million yen from the end of the previous consolidated fiscal year, mainly due to a decrease in accounts payable, an increase in short-term borrowings, and an increase in long-term borrowings.

Net assets amounted to 15,927 million yen, an increase of 1,004 million yen from the end of the previous consolidated fiscal year, mainly due to an increase in retained earnings and an increase in foreign currency translation adjustment.

(3) Explanation for Forecasts for FY2021 (April 1, 2021 - March 31, 2022)

There are no changes in the forecasts of consolidated financial results from the forecast announced on May 17, 2021. Our projections are based on exchange rates of 105 yen to the U.S. dollar.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	9,170	9,474
Notes and accounts receivable - trade	19,017	16,372
Finished goods	1,648	2,054
Work in process	483	787
Raw materials and supplies	15,022	19,975
Accounts receivable - other	984	686
Consumption taxes receivable	1,667	1,685
Other	341	2,539
Allowance for doubtful accounts	(4)	(10)
Total current assets	48,332	53,567
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,243	5,082
Machinery, equipment and vehicles, net	6,779	6,643
Other, net	5,854	5,800
Total property, plant and equipment	17,877	17,526
Intangible assets	272	184
Investments and other assets	875	551
Total non-current assets	19,025	18,262
Total assets	67,357	71,829

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,601	23,406
Short-term borrowings	12,642	16,446
Current portion of long-term borrowings	1,284	1,099
Income taxes payable	158	94
Provision for bonuses	688	615
Provision for product warranties	587	—
Other	4,456	5,531
Total current liabilities	46,419	47,193
Non-current liabilities		
Long-term borrowings	3,925	6,643
Retirement benefit liability	966	901
Deferred tax liabilities	113	107
Other	1,009	1,056
Total non-current liabilities	6,014	8,708
Total liabilities	52,434	55,901
Net assets		
Shareholders' equity		
Share capital	4,729	4,729
Capital surplus	10,472	10,472
Retained earnings	(83)	649
Treasury shares	(0)	(0)
Total shareholders' equity	15,118	15,851
Accumulated other comprehensive income		
Foreign currency translation adjustment	(233)	53
Remeasurements of defined benefit plans	(43)	(39)
Total accumulated other comprehensive income	(277)	13
Share acquisition rights	29	29
Non-controlling interests	52	32
Total net assets	14,923	15,927
Total liabilities and net assets	67,357	71,829

Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	103,340	100,805
Cost of sales	97,308	95,692
Gross profit	6,031	5,112
Selling, general and administrative expenses	5,006	4,456
Operating profit	1,025	656
Non-operating income		
Interest income	6	15
Dividend income	1	1
Rental income from land and buildings	198	198
Foreign exchange gains	160	499
Other	109	97
Total non-operating income	476	812
Non-operating expenses		
Interest expenses	423	254
Other	141	213
Total non-operating expenses	565	467
Ordinary profit	936	1,001
Extraordinary income		
Gain on sale of non-current assets	6	32
Insurance claim income	41	—
Total extraordinary income	48	32
Extraordinary losses		
Loss on retirement of non-current assets	9	11
Loss on sale of non-current assets	5	—
Impairment losses	90	11
Surcharges	396	—
Extra retirement payments	52	—
Total extraordinary losses	553	23
Profit before income taxes	430	1,011
Income taxes	396	298
Profit	34	712
Profit or loss attributable to non-controlling	7	(21)
Profit attributable to owners of parent	27	733

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	34	712
Other comprehensive income		
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	346	286
Remeasurements of defined benefit plans, net of tax	4	5
Total other comprehensive income	351	292
Comprehensive income	385	1,004
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	377	1,024
Comprehensive income attributable to non-controlling interests	7	(20)