

May 16, 2022

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

Company Name: UMC Electronics Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities Code: 6615
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 Scheduled date of Annual General Meeting of Shareholders: June 29, 2022
 Scheduled date to file Annual Securities Report: June 30, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing session: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(% indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
Fiscal Year Ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	134,550	(1.2)	1,498	74.8	2,093	87.4	1,570	—
March 31, 2021	136,179	(3.4)	857	—	1,117	—	(97)	—

Note: Comprehensive income: For the fiscal year ended March 31, 2022; ¥2,163 million [— %]

For the fiscal year ended March 31, 2021; ¥98 million [— %]

	Basic Earnings per share	Diluted Earnings per share	Return on Equity	Ratio of Ordinary Profit to Total Assets	Ratio of Operating Profit to Net Sales
Fiscal Year Ended	Yen	Yen	%	%	%
March 31, 2022	55.56	55.47	9.9	3.0	1.1
March 31, 2021	(5.04)	—	(1.1)	1.7	0.6

Reference: Share of PL entities accounted for using equity method: For the fiscal year ended March 31, 2022; ¥ — million

For the fiscal year ended March 31, 2021; ¥ — million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-Asset Ratio	Net Assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	73,368	17,086	23.2	353.72
March 31, 2021	67,357	14,923	22.0	277.29

Reference: Equity: As of March 31, 2022: ¥17,002 million

As of March 31, 2021: ¥14,841 million

(3) Consolidated Cash Flow

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Fiscal Year Ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	(3,510)	(2,088)	6,095	7,933
March 31, 2021	2,592	(1,951)	4,528	9,170

2. Dividends

	Annual Dividends per share					Dividends (Total)	Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	First Quarter -End	Second Quarter-End	Third Quarter -End	Fiscal Year-End	Total			
Fiscal Year Ended March 31, 2021	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	—	—	—
Fiscal Year Ending March 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal Year Ending March 31, 2023 (Forecast)	—	—	—	—	—		—	

(Note) The aforementioned “Dividends” pertains to common stock. Please refer to “Dividends for class shares” described below for cash dividends of (unlisted) class shares whose legal relations are different from common stock we issue.

3. Consolidated Financial Results Forecast for the Fiscal Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(% indicate quarter-on-quarter changes.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	150,000	11.5	1,800	20.2	1,800	(14.0)	1,400	(10.9)	49.50

*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: Yes
 - (iv) Restatement: None
- (3) Number of Issued Shares (Common Shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	28,277,620 shares
As of March 31, 2021	28,277,620 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2022	47 shares
As of March 31, 2021	47 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	28,277,573 shares
Fiscal year ended March 31, 2021	19,344,358 shares

*Yearly financial results reports are exempt from audits conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The statements regarding the future, such as the business perspective, described in this material are based on our currently available information and certain assumptions that we deem reasonable, and it is probable that actual business results may largely differ due to various factors. Regarding conditions whose assumptions are attributable to business forecasts as well as precautions upon using business forecasts, please refer to “1. Overview of Business Results (4) Future Perspectives” on page 3 in the attached file.

(Reference) Dividends for class shares

Dividends per share for class shares whose legal relations are different from common share are indicated in the following.

Type A Prioritized Stock	Annual Dividends per share				
	First Quarter- End	Second Quarter- End	Third Quarter- End	Fiscal Year- End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ending March 31, 2022	—	—	—	0.00	0.00
Fiscal Year Ending March 31, 2023 (Forecast)	—	—	—	—	—

1. Overview of Business Results

"Accounting Standards for Revenue Recognition" (Accounting Standards No. 29 issued on March 31, 2020) and "Guidelines for Implementing Accounting Standards for Revenue Recognition" (Accounting Standards Implementation Guidance No. 30 issued on March 26, 2021) have been implemented since the beginning of this consolidated accounting period. Therefore, the following business results are described without the amount of increase/decrease and the year-on-year comparison from the previous year (%).

(1) Overview of Business Results for this Fiscal Year

As for the world economy in this consolidated fiscal year, economic activities have been progressively normalized as COVID-19 vaccinations have been prevailing. On the other hand, there have been concerns on further material supply shortages such as semiconductors and on soaring of raw material and energy prices triggered by the Russia-Ukraine issue as well as the US and China prolonged trade friction issue. Despite a reboot of manufacturing activities due to steady overseas demand primarily in developed countries, Japan has been experiencing an increasing uncertainty as the situation is continuously unpredictable with the emergence of COVID-19 new variants and destabilizing world situations.

Under such circumstances, net sales for this consolidated fiscal year were 134,550 million yen. (136,179 million yen compared to that of the previous consolidated fiscal year) Regarding profit/loss, operating profit was 1,498 million yen (857 million yen compared to that of the previous consolidated fiscal year) and ordinary profit was 2,093 million yen (1,117 million yen compared to that of the previous consolidated fiscal year). Net income attributable to owners of the parent was 1,570 million yen (net loss attributable to shareholders of the parent was 97 million yen in the previous consolidated fiscal year).

We are engaged in the EMS business and other businesses. Segment information is omitted since most of them are from the EMS business.

Net sales of EMS business by product and of other businesses are shown as in the following. Net sales figures are after eliminating consolidated offsets.

① EMS Business

Net sales of the EMS business, which is our main business, were 133,921 million yen. The results by product category are outlined below.

(Automotive Equipment)

Net sales were 81,133 million yen due to growth in products such as electric compressor parts for electric vehicles, power control units, and DC-DC converters, despite delays in recovery because of reduced production by automakers with semiconductor shortages and re-expansion of COVID-19 in some areas.

(Industrial Equipment)

Net sales were 21,907 million yen as some FA equipment ended its production, although demand has been expanding due to energy conservation policies in China along with investment in advanced technology, investment for increasing production capacity, and growth in 5G-related demand.

(Office Automation Equipment)

Net sales were 28,775 million yen due to an increase in transaction volume of major customers in China and continued favorable demand for remote work while there was an impact of operation suspension due to COVID-19 at our major customer Plant in Vietnam for products of Multifunction Printers.

(Consumer Equipment)

Net sales were 848 million yen due to a decrease in orders from existing Japanese customers.

(Information Equipment)

There were no net sales in this consolidated accounting period due to the end of production of optical pickup-related products.

(Others)

Net sales were 1,256 million yen whose main product is amusement equipment.

② Other Businesses

Net sales for the staffing business were 629 million yen.

(2) Overview of Financial Condition for this Fiscal Year

Assets, liabilities, and net assets

Total assets at the end of this consolidated fiscal year were 73,368 million yen. This was primarily due to an increase in inventories despite a decrease in trade receivables.

Liabilities were 56,281 million yen. This was primarily due to a decrease in accounts payable while an increase in short-term and long-term borrowings.

Net assets were 17,086 million yen. This was primarily due to an increase in retained earnings.

(3) Overview of Cash Flow for this Period

Consolidated cash and cash equivalents for this consolidated fiscal year were 7,933 million yen.

(Cash Flow through Sales Activities)

Cash flow through operating activities amounted to 3,510 million yen expenditure (2,592 million yen income in the previous consolidated fiscal year). This was primarily due to a decrease in trade receivables, while there was a decrease in trade payables and an increase in inventories.

(Cash Flow through Investment Activities)

Cash flows through investing activities amounted to 2,088 million yen expenditure (1,951 million yen expenditure in the previous consolidated fiscal year). This was primarily due to expenditures for acquisitions in property, plant, and equipment.

(Cash Flow through Financial Activities)

Cash flows through financing activities amounted to 6,095 million yen income (4,528 million yen income in the previous consolidated fiscal year). This was primarily due to an increase in long-term as well as an increase in short-term borrowings.

(4) Future Perspectives

As for the business environment which surrounds our Group, there are yet no signs of an end to COVID-19 despite ongoing economic activities for normalization. The future outlook is becoming increasingly uncertain as soaring prices of natural resources are triggered by geopolitical risks such as the Russia-Ukraine issue. Besides that, a part of the uncertainty lies in the risks of soaring logistic costs and production constraints associated with long-lasting material shortages such as semiconductors. In addition, an acceleration of global efforts for carbon neutrality realization and digitalization progression are allowing to boost the speed of change in the fields of politics, economy, and technology.

Besides, it is estimated that an increasing trend for products for semiconductors and automobiles would continue despite an increased intensification of competition between companies at each destined customer for the EMS business, which is our primary Group business.

Accordingly, our assumed budget for the following fiscal year is 150,000 million yen for consolidated net sales (11.5% increase compared to the previous consolidated fiscal year), 1,800 million yen for operating profit (20.2% increase compared to the previous consolidated fiscal year), and 1,800 million yen for ordinary profit (14.0% decrease compared to previous consolidated fiscal year). 1,400 million yen for net income attributable to owners of the parent company (10.9% decrease compared to the previous consolidated fiscal year). Now, the assumed exchange rate for the US dollar is 113 yen.

2. Basic Concept Regarding Accounting Standard Selection

We are inclined to elaborate on consolidated financial statements based on Japanese standards for the time being as period comparability of consolidated financial statements and comparability between companies are taken into account.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	9,170	7,933
Notes and accounts receivable - trade	19,017	—
Notes and accounts receivable - trade, and contract assets	—	16,441
Finished goods	1,648	1,608
Work in process	483	698
Raw materials and supplies	15,022	22,365
Accounts receivable - other	984	789
Consumption taxes refund receivable	1,667	1,526
Other	341	2,914
Allowance for doubtful accounts	(4)	(7)
Total current assets	48,332	54,268
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,398	12,482
Accumulated depreciation	(6,155)	(7,214)
Buildings and structures, net	5,243	5,267
Machinery, equipment and vehicles	21,319	24,278
Accumulated depreciation	(14,540)	(17,403)
Machinery, equipment and vehicles, net	6,779	6,875
Tools, furniture and fixtures	3,609	2,789
Accumulated depreciation	(2,876)	(2,322)
Tools, furniture and fixtures, net	732	466
Land	4,243	4,287
Leased assets	1,075	932
Accumulated depreciation	(677)	(657)
Leased assets, net	397	274
Right-of-use asset	404	637
Accumulated depreciation	(86)	(135)
Right-of-use asset, net	318	501
Construction in progress	161	464
Total property, plant and equipment	17,877	18,138
Intangible assets		
Software	191	110
Goodwill	80	44
Other	0	0
Total intangible assets	272	155
Investments and other assets		
Long-term prepaid expenses	270	322
Deferred tax assets	230	395
Other	374	87
Total investments and other assets	875	805
Total non-current assets	19,025	19,099
Total assets	67,357	73,368

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,601	22,399
Short-term borrowings	12,642	18,018
Current portion of long-term borrowings	1,284	1,092
Lease liabilities	361	387
Income taxes payable	158	325
Accounts payable - other	1,306	2,745
Accrued expenses	1,388	1,552
Provision for bonuses	688	633
Provision for product warranties	587	—
Other	1,400	619
Total current liabilities	46,419	47,772
Non-current liabilities		
Long-term borrowings	3,925	6,375
Lease liabilities	986	828
Retirement benefit liability	966	873
Deferred tax liabilities	113	136
Other	22	293
Total non-current liabilities	6,014	8,508
Total liabilities	52,434	56,281
Net assets		
Shareholders' equity		
Share capital	4,729	4,729
Capital surplus	10,472	10,472
Retained earnings	(83)	1,487
Treasury shares	(0)	(0)
Total shareholders' equity	15,118	16,689
Accumulated other comprehensive income		
Foreign currency translation adjustment	(233)	343
Remeasurements of defined benefit plans	(43)	(30)
Total accumulated other comprehensive income	(277)	312
Share acquisition rights	29	29
Non-controlling interests	52	54
Total net assets	14,923	17,086
Total liabilities and net assets	67,357	73,368

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	136,179	134,550
Cost of sales	128,526	126,875
Gross profit	7,652	7,674
Selling, general and administrative expenses	6,795	6,176
Operating profit	857	1,498
Non-operating income		
Interest income	11	20
Dividend income	1	1
Rental income from land and buildings	265	264
Foreign exchange gains	542	752
Other	241	132
Total non-operating income	1,062	1,172
Non-operating expenses		
Interest expenses	590	310
Other	212	266
Total non-operating expenses	802	576
Ordinary profit	1,117	2,093
Extraordinary income		
Gain on sale of non-current assets	9	33
Insurance claim income	113	—
Gain on reversal of share acquisition rights	90	—
Total extraordinary income	212	33
Extraordinary losses		
Loss on sale of non-current assets	9	—
Loss on retirement of non-current assets	104	26
Impairment losses	377	74
Surcharge	396	—
Extra retirement payments	132	—
Loss on valuation of investments in capital of subsidiaries and associates	3	—
Total extraordinary losses	1,023	101
Profit before income taxes	307	2,025
Income taxes - current	361	610
Income taxes - deferred	37	(156)
Total income taxes	398	454
Profit (loss)	(91)	1,571
Profit attributable to non-controlling interests	5	0
Profit (loss) attributable to owners of parent	(97)	1,570

(Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	(91)	1,571
Other comprehensive income		
Deferred gains or losses on hedges	1	—
Foreign currency translation adjustment	197	576
Remeasurements of defined benefit plans, net of tax	(8)	14
Total other comprehensive income	190	591
Comprehensive income	98	2,163
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	94	2,161
Comprehensive income attributable to non-controlling interests	4	1

(3) Consolidated Statement of Changes in Equity

For the Fiscal Year Ended March 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,729	10,472	(11,486)	(0)	3,716
Changes during period					
Issuance of new shares	5,750	5,750	—	—	11,500
Loss attributable to owners of parent	—	—	(97)	—	(97)
Purchase of treasury shares	—	—	—	(0)	(0)
Decrease in Capital stock and Capital surplus	(5,750)	5,750	—	—	—
Decrease in Other capital surplus	—	(11,500)	11,500	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	—	—	11,403	(0)	11,403
Balance at end of period	4,729	10,472	(83)	(0)	15,118

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(1)	(430)	(37)	(468)	119	47	3,414
Changes during period							
Issuance of new shares	—	—	—	—	—	—	11,500
Loss attributable to owners of parent	—	—	—	—	—	—	(97)
Purchase of treasury shares	—	—	—	—	—	—	(0)
Decrease in Capital stock and Capital surplus	—	—	—	—	—	—	—
Decrease in Other capital surplus	—	—	—	—	—	—	—
Net changes in items other than shareholders' equity	1	197	(6)	191	(90)	4	105
Total changes during period	1	197	(6)	191	(90)	4	11,508
Balance at end of period	—	(233)	(43)	(277)	29	52	14,923

For the Fiscal Year Ended March 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,729	10,472	(83)	(0)	15,118
Changes during period					
Issuance of new shares	—	—	—	—	—
Loss attributable to owners of parent	—	—	1,570	—	1,570
Purchase of treasury shares	—	—	—	—	—
Decrease in Capital stock and Capital surplus	—	—	—	—	—
Decrease in Other capital surplus	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	—	—	1,570	—	1,570
Balance at end of period	4,729	10,472	1,487	(0)	16,689

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	—	(233)	(43)	(277)	29	52	14,923
Changes during period							
Issuance of new shares	—	—	—	—	—	—	—
Loss attributable to owners of parent	—	—	—	—	—	—	1,570
Purchase of treasury shares	—	—	—	—	—	—	—
Decrease in Capital stock and Capital surplus	—	—	—	—	—	—	—
Decrease in Other capital surplus	—	—	—	—	—	—	—
Net changes in items other than shareholders' equity	—	576	13	590	—	1	592
Total changes during period	—	576	13	590	—	1	2,163
Balance at end of period	—	343	(30)	312	29	54	17,086

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	307	2,025
Depreciation	2,931	2,800
Impairment losses	377	74
Gain on reversal of share acquisition rights	(90)	—
Amortization of goodwill	35	35
Increase (decrease) in provision for bonuses	131	(71)
Increase (decrease) in retirement benefit liability	(70)	(82)
Increase (decrease) in allowance for doubtful accounts	1	2
Increase (decrease) in provision for product warranties	145	(587)
Interest and dividend income	(13)	(22)
Interest expenses	590	310
Foreign exchange losses (gains)	49	1,139
Loss (gain) on sale of investment securities	3	—
Loss (gain) on sale of non-current assets	(0)	(33)
Loss on retirement of non-current assets	104	26
Decrease (increase) in trade receivables	(1,651)	4,991
Decrease (increase) in inventories	797	(5,552)
Increase (decrease) in trade payables	287	(7,169)
Decrease (increase) in accounts receivable - other	(544)	(124)
Increase (decrease) in accounts payable - other	(72)	1,885
Other, net	253	(2,468)
Subtotal	3,572	(2,817)
Interest and dividends received	97	4
Interest paid	(667)	(294)
Income taxes paid	(411)	(403)
Net cash provided by (used in) operating activities	2,592	(3,510)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,700)	(2,438)
Purchase of intangible assets	(157)	(8)
Proceeds from sale of property, plant and equipment	48	289
Proceeds from sale of investment securities	16	12
Payments of guarantee deposits	(79)	—
Other, net	(78)	56
Net cash provided by (used in) investing activities	(1,951)	(2,088)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,774)	4,309
Proceeds from long-term borrowings	1,707	7,000
Repayments of long-term borrowings	(5,447)	(4,859)
Repayments of lease liabilities	(455)	(354)
Proceeds from issuance of shares	11,500	—
Other, net	(0)	—
Net cash provided by (used in) financing activities	4,528	6,095
Effect of exchange rate change on cash and cash equivalents	(220)	(1,733)
Net increase (decrease) in cash and cash equivalents	4,949	(1,237)
Cash and cash equivalents at beginning of period	4,220	9,170
Cash and cash equivalents at end of period	9,170	7,933