

May 15, 2023

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (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, 2023
 Scheduled date to file Annual Securities Report: June 30, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(Percentages 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, 2023	161,706	20.2	2,222	48.3	1,179	(43.7)	637	(59.4)
March 31, 2022	134,550	(1.2)	1,498	74.8	2,093	87.4	1,570	—

Note: Comprehensive income: For the fiscal year ended March 31, 2023; ¥ 955 million [(55.8) %]
 For the fiscal year ended March 31, 2022; ¥2,163 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, 2023	22.54	22.54	3.6	1.5	1.4
March 31, 2022	55.56	55.47	9.9	3.0	1.1

Reference: Share of PL entities accounted for using equity method: For the fiscal year ended March 31, 2023; ¥ — million
 For the fiscal year ended March 31, 2022; ¥ — 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, 2023	84,785	18,010	21.2	387.91
March 31, 2022	73,368	17,086	23.2	353.72

Reference: Equity: As of March 31, 2023: ¥17,969 million
 As of March 31, 2022: ¥17,002 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, 2023	362	(8,761)	10,143	9,750
March 31, 2022	(3,510)	(2,088)	6,095	7,933

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, 2022	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	—	—	—
Fiscal Year Ending March 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal Year Ending March 31, 2024 (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, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year 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	153,000	(5.4)	2,500	12.5	2,000	69.5	1,500	135.4	53.05

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Note on changes in significant subsidiaries during the period

(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: None

(iv) Restatement: None

Note on changes in accounting policies, changes in accounting estimates, and restatement

(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, 2023	28,277,620 shares
As of March 31, 2022	28,277,620 shares

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

As of March 31, 2023	86 shares
As of March 31, 2022	47 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	28,277,542 shares
Fiscal year ended March 31, 2022	28,277,573 shares

Note on number of Issued 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, 2023	—	0.00	—	0.00	0.00
Fiscal Year Ending March 31, 2024 (Forecast)	—	—	—	—	—

1. Overview of Business Results

(1) Overview of Business Results for this Fiscal Year

In the global economic situation during this consolidated cumulative period, energy and resource prices remain high as tight supply and demand of semiconductors and other components as well as the excessive currency volatility, and global high-inflation continued, while economic activities recovered from the impact of the COVID-19. On the other hand, the outlook remains uncertain while the zero-corona policy in China has been deactivated and the economy is on a recovery trend with mainly domestic demand.

In Japan, the economy is slightly recovering with the effectiveness of various policies for COVID-19, yet the outlook for the economy continues to be unpredictable due to concerns about progressively soaring prices against a backdrop of persistently high prices of imported raw materials as well as a downturn in the international economy caused by monetary tightening.

Under such circumstances, net sales for this consolidated fiscal year have resulted in 161,706 million yen. (an increase of 20.2% compared to the same period of the previous year) Regarding profit/loss, operating profit has been 2,222 million yen (an increase of 48.3% compared to the same period of the previous year) and ordinary profit has been 1,179 million yen (a decrease of 43.7% compared to the same period of the previous year). Net income attributable to owners of the parent has been 637 million yen (a decrease of 59.4% compared to the same period of the previous 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.

i) EMS Business

Net sales of the EMS business, which is our major business, have been 161,003 million yen (an increase of 20.2% compared to the same period of the previous year). The results by product category are outlined below.

(Automotive Equipment)

Products such as electric compressor components, in-vehicle chargers, and DC-DC converters for electrified vehicles have grown with the expansion of the electrified vehicle market despite production cuts by automobile manufacturers due to a shortage of components such as semiconductors. As a result, sales have been 82,110 million yen (an increase of 1.2% compared to the same period of the previous year).

(Industrial Equipment)

Investment in advanced technology, investment in production capacity expansion, and demand for inverters and other control equipment have grown, and sales have resulted in 31,279 million yen (an increase of 42.8% compared to the same period of the previous year).

(Office Automation Equipment)

The impact of COVID-19 in Vietnam in the previous consolidated fiscal year has been largely alleviated. In addition, due to continuing demand trend of remote work, the transaction volume of products for MFP (Multifunction printer) and laser printers has remained steady as sales have resulted in 46,665 million yen (an increase of 62.2% compared to the same period of the previous year).

(Consumer Equipment)

Net sales have been 297 million yen (a decrease of 64.9% compared to the same period of the previous year) due to a decrease in orders from existing Japanese customers.

(Others)

Amusement equipment is the primary product, and net sales have been 649 million yen (a decrease of 48.3% compared to the same period of the previous year).

ii) Other Businesses

Net sales for the staffing business have been 703 million yen (an increase of 11.8% compared to the same period of the previous year).

(2) Overview of Financial Condition for this Fiscal Year

Assets, liabilities, and net assets

Total assets at the end of this consolidated fiscal year have been 84,785 million yen (an increase of 11,417 million yen compared to the end of the previous consolidated fiscal year). This was primarily due to an increase in investment property (net) and inventories.

Liabilities have been 66,775 million yen (an increase of 10,493 million yen compared to the end of the previous consolidated fiscal year). This was primarily due to an increase in short-term and long-term borrowings.

Net assets have been 18,010 million yen (an increase of 923 million yen compared to the end of the previous consolidated fiscal year). 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 have been 9,750 million yen.

(Cash Flow through Sales Activities)

Cash flow through operating activities has amounted to 362 million yen income (3,510 million yen expenditure in the previous consolidated fiscal year). This was primarily due to profit before income taxes and depreciation, etc.

(Cash Flow through Investment Activities)

Cash flows through investing activities has amounted to 8,761 million yen expenditure (2,088 million yen expenditure in the previous consolidated fiscal year). This was primarily due to purchase of investment property.

(Cash Flow through Financial Activities)

Cash flows through financing activities amounted to 10,143 million yen income (6,095 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

While economic activity is recovering from the impact of the coronavirus infections, energy and resource prices continuously remain high due to the prolonged situation in Ukraine and the emergence of geopolitical risks such as the U.S.-China conflict. As for the future global economic situation, the unforeseeable situation is anticipated to continue due to uncertain trends such as global high inflation and tight supply-demand balance for parts such as semiconductors. In addition, certain efforts not only with individual electronic components but also with the entire supply chain are required, aiming at a sustainable society.

As a result, intense competition has been continuing among the customers of the EMS business, which is the Group's main business. However, the electronic components market is expected to expand due to rising demand for in-vehicle equipment, semiconductors, and capital investment-related demand with increasing performance of electronic components and with the likeliness of advance in equipment sophistication and of increase in the number of components to be mounted on board.

Accordingly, our assumed budget for the following fiscal year is 153,000 million yen for consolidated net sales (5.4% decrease compared to previous consolidated fiscal year), 2,500 million yen for operating profit (12.5% increase compared to the previous consolidated fiscal year), and 2,000 million yen for ordinary profit (69.5% increase compared to the previous consolidated fiscal year). 1,500 million yen for net income attributable to owners of the parent company (135.4% increase compared to the previous consolidated fiscal year). Now, the assumed exchange rate for the US dollar is 135 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.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,933	9,749
Notes and accounts receivable - trade, and contract assets	16,441	16,971
Finished goods	1,608	2,806
Work in process	698	596
Raw materials and supplies	22,365	23,859
Accounts receivable - other	789	952
Consumption taxes refund receivable	1,526	1,765
Other	2,914	2,333
Allowance for doubtful accounts	(7)	—
Total current assets	54,268	59,036
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,482	15,262
Accumulated depreciation	(7,214)	(8,311)
Buildings and structures, net	5,267	6,950
Machinery, equipment and vehicles	24,278	26,830
Accumulated depreciation	(17,403)	(19,647)
Machinery, equipment and vehicles, net	6,875	7,182
Tools, furniture and fixtures	2,789	2,901
Accumulated depreciation	(2,322)	(2,536)
Tools, furniture and fixtures, net	466	365
Land	2,235	2,295
Leased assets	932	34
Accumulated depreciation	(657)	(28)
Leased assets, net	274	6
Right-of-use asset	637	760
Accumulated depreciation	(135)	(244)
Right-of-use asset, net	501	516
Construction in progress	464	312
Total property, plant and equipment	16,086	17,629
Intangible assets		
Software	110	69
Software in progress	—	119
Goodwill	44	8
Other	0	0
Total intangible assets	155	197
Investments and other assets		
Long-term prepaid expenses	322	315
Deferred tax assets	395	420
Investment property, net	2,052	7,039
Other	87	146
Total investments and other assets	2,858	7,921
Total non-current assets	19,099	25,749
Total assets	73,368	84,785

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,399	21,076
Short-term borrowings	18,018	24,613
Current portion of long-term borrowings	1,092	1,487
Lease liabilities	387	291
Income taxes payable	325	444
Accounts payable - other	2,745	3,015
Accrued expenses	1,552	1,502
Provision for bonuses	633	655
Other	619	567
Total current liabilities	47,772	53,655
Non-current liabilities		
Long-term borrowings	6,375	11,350
Lease liabilities	828	494
Retirement benefit liability	873	848
Deferred tax liabilities	136	101
Other	293	325
Total non-current liabilities	8,508	13,119
Total liabilities	56,281	66,775
Net assets		
Shareholders' equity		
Share capital	4,729	4,729
Capital surplus	10,472	10,484
Retained earnings	1,487	2,124
Treasury shares	(0)	(0)
Total shareholders' equity	16,689	17,338
Accumulated other comprehensive income		
Foreign currency translation adjustment	343	633
Remeasurements of defined benefit plans	(30)	(2)
Total accumulated other comprehensive income	312	630
Share acquisition rights	29	29
Non-controlling interests	54	11
Total net assets	17,086	18,010
Total liabilities and net assets	73,368	84,785

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	134,550	161,706
Cost of sales	126,875	153,443
Gross profit	7,674	8,262
Selling, general and administrative expenses	6,176	6,040
Operating profit	1,498	2,222
Non-operating income		
Interest income	20	53
Dividend income	1	1
Rental income from land and buildings	264	1,204
Foreign exchange gains	752	—
Other	132	224
Total non-operating income	1,172	1,484
Non-operating expenses		
Interest expenses	310	695
Rental expenses	55	866
Foreign exchange losses	—	889
Other	210	75
Total non-operating expenses	576	2,526
Ordinary profit	2,093	1,179
Extraordinary income		
Gain on sale of non-current assets	33	64
Total extraordinary income	33	64
Extraordinary losses		
Loss on sale of non-current assets	—	53
Loss on retirement of non-current assets	26	25
Impairment losses	74	59
Total extraordinary losses	101	138
Profit before income taxes	2,025	1,105
Income taxes - current	610	524
Income taxes - deferred	(156)	(56)
Total income taxes	454	467
Profit (loss)	1,571	637
Profit attributable to non-controlling interests	0	0
Profit (loss) attributable to owners of parent	1,570	637

(Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss)	1,571	637
Other comprehensive income		
Foreign currency translation adjustment	576	289
Remeasurements of defined benefit plans, net of tax	14	28
Total other comprehensive income	591	318
Comprehensive income	2,163	955
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,161	955
Comprehensive income attributable to non-controlling interests	1	0

(3) Consolidated Statement of Changes in Equity
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
	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	—	—	—	—	—	—
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

For the Fiscal Year Ended March 2023 (April 1, 2022 to March 31, 2023)

(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	1,487	(0)	16,689
Changes during period	—	—	—	—	—
Issuance of new shares	—	11	—	—	11
Loss attributable to owners of parent	—	—	637	—	637
Purchase of treasury shares	—	—	—	(0)	(0)
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	—	11	637	(0)	648
Balance at end of period	4,729	10,484	2,124	(0)	17,338

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	343	(30)	312	29	54	17,086
Changes during period	—	—	—	—	—	—
Issuance of new shares	—	—	—	—	—	11
Loss attributable to owners of parent	—	—	—	—	—	637
Purchase of treasury shares	—	—	—	—	—	(0)
Net changes in items other than shareholders' equity	289	28	318	—	(43)	274
Total changes during period	289	28	318	—	(43)	923
Balance at end of period	633	(2)	630	29	11	18,010

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,025	1,105
Depreciation	2,800	3,243
Impairment losses	74	59
Amortization of goodwill	35	35
Increase (decrease) in provision for bonuses	(71)	14
Increase (decrease) in retirement benefit liability	(82)	(2)
Increase (decrease) in allowance for doubtful accounts	2	(8)
Increase (decrease) in provision for product warranties	(587)	—
Interest and dividend income	(22)	(55)
Interest expenses	310	695
Foreign exchange losses (gains)	1,139	693
Loss (gain) on sale of non-current assets	(33)	(10)
Loss on retirement of non-current assets	26	25
Decrease (increase) in trade receivables	4,991	(12)
Decrease (increase) in inventories	(5,552)	(1,454)
Increase (decrease) in trade payables	(7,169)	(2,564)
Decrease (increase) in accounts receivable - other	(124)	(134)
Increase (decrease) in accounts payable - other	1,885	(468)
Other, net	(2,468)	315
Subtotal	(2,817)	1,476
Interest and dividends received	4	59
Interest paid	(294)	(699)
Income taxes paid	(403)	(473)
Net cash provided by (used in) operating activities	(3,510)	362
Cash flows from investing activities		
Purchase of investment property	—	(5,280)
Purchase of property, plant and equipment	(2,438)	(3,000)
Purchase of intangible assets	(8)	(177)
Proceeds from sale of property, plant and equipment	289	82
Proceeds from sale of investment securities	12	13
Payments of guarantee deposits	—	(31)
Other, net	56	(368)
Net cash provided by (used in) investing activities	(2,088)	(8,761)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,309	5,269
Proceeds from long-term borrowings	7,000	7,500
Repayments of long-term borrowings	(4,859)	(2,220)
Purchase of treasury shares	—	0
Repayments of lease liabilities	(354)	(405)
Net cash provided by (used in) financing activities	6,095	10,143
Effect of exchange rate change on cash and cash equivalents	(1,733)	72
Net increase (decrease) in cash and cash equivalents	(1,237)	1,817
Cash and cash equivalents at beginning of period	9,170	7,933
Cash and cash equivalents at end of period	7,933	9,750