

February 14, 2023

Summary of Consolidated Financial Results for the Third Quarter Ended December 31, 2022 (Under Japanese GAAP)

Company Name: UMC Electronics Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities Code: 6615
 URL: <https://www.umc.co.jp>
 Representative: Kota Otoshi, President Representative Director
 Inquiries: Shigeaki Chiba, Accounting & Finance Department General Manager
 Telephone: +81-48-724-0001
 Scheduled date to file quarterly securities report: February 14, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing session: None

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

1. Financial Highlights for FY2023 Third Quarter (April 1, 2022 - December 31, 2022)

(1) Consolidated Financial Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third Quarter Ended December 31, 2022	126,166	25.2	1,568	138.8	696	(30.5)	343	(53.2)
December 31, 2021	100,805	(2.5)	656	(35.9)	1,001	6.9	733	—

Note: Comprehensive income: For the third quarter ended December 31, 2022: ¥ 16 million [(98.4 %)]
 For the third quarter ended December 31, 2021: ¥1,004 million [160.4 %]

	Basic Earnings per share	Diluted Earnings per share
	Yen	Yen
Third Quarter Ended December 31, 2022	12.15	12.15
December 31, 2021	25.93	25.87

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-Asset Ratio
As of	Millions of yen	Millions of yen	%
December 31, 2022	89,963	17,070	18.9
March 31, 2022	73,368	17,086	23.2

Reference: Equity: As of December 31, 2022: ¥17,030 million
 As of March 31, 2022: ¥17,002 million

2. Dividends

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

(Notes) 1. Changes in the dividend forecast from the latest announcement: None
 2. The amount of dividends for the fiscal year ending March 2023 is undefined.

3. Forecasts of Consolidated Financial Results for FY2023 (April 1, 2022 - March 31, 2023)

(Percentages indicate year-on-year changes.)

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

(Notes) Changes in the forecast from the latest announcement: None

*Notes

- (1) Changes in significant subsidiaries during this period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting processing specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to reasons other than (i): None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of Issued Shares (Common Shares)

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

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

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2022	28,277,544 shares
Six months ended December 31, 2021	28,277,573 shares

*Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

*Regarding proper use of performance forecasts and other special matters

The statements regarding the future such as the performance perspective described in this document are based on our currently available information and certain assumptions that we deem reasonable. Actual business results may differ significantly due to numerous factors. Regarding assumed conditions for performance forecasts as well as precautions upon using performance forecasts, please refer to “1. Overview of this Quarterly Financial Results (3) Overview of Forecast for FY2023 on page 4 in the document.

1. Overview of this Quarterly Financial Results

Matters concerning the future in the text are defined at the end of this current quarterly consolidated accounting period.

(1) Overview of Business Results

In the global economic situation during the third quarter 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. In addition, the outlook remains uncertain as developments after the significant easing of the zero-corona policy are attracting attention in China.

In Japan, the effects of various policies for COVID-19 are anticipated, 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.

Overall, total consolidated net sales during this period of FY2023 (the nine months from April 1 to December 31, 2022) have resulted in 126,166 million yen (an increase of 25.2% compared to the same period of the previous year). In terms of profit and loss, operating profit has been 1,568 million yen (an increase of 138.8% compared to the same period of the previous year). Ordinary profit has been 696 million yen (a decrease of 30.5% compared to the same period of the previous year). Quarterly profit attributable to owners of parent has been 343 million yen (a decrease of 53.2% compared to the same period of the previous year).

We are engaged in the EMS business and other businesses. Since most of our business is with EMS, segment information is omitted.

Net sales of EMS business by product and of other businesses are shown as in the following. The amount of net sales is based on figures after eliminating consolidated offsets.

i) EMS Business

Net sales of the EMS business, which is our major business, have been 125,641 million yen (an increase of 25.2% 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 64,641 million yen (an increase of 5.6% 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 23,410 million yen (an increase of 49.6% 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 36,769 million yen (an increase of 68.8% compared to the same period of the previous year).

(Consumer Equipment)

Net sales have been 192 million yen (a decrease of 74.5% 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 628 million yen (a decrease of 33.3% compared to the same period of the previous year).

ii) Other Businesses

Net sales for the staffing business have been 525 million yen (an increase of 10.6% compared to the same period of the previous year).

(2) Overview of Financial Condition

Assets, liabilities, and net assets

At the end of the third quarter of FY2023, consolidated total assets have been 89,963 million yen (an increase of 16,595 million yen compared to the end of the previous consolidated fiscal year). It was mainly due to an increase in cash and deposits, inventories, and investments and other assets.

Liabilities have been 72,892 million yen (an increase of 16,610 million yen compared to the end of the previous consolidated fiscal year). It was mainly due to an increase in accounts payable-trade, short-term borrowings, and long-term borrowings.

Net assets have been 17,070 million yen (a decrease of 15 million yen compared to the end of the previous consolidated fiscal year). While retained earnings have increased, it was mainly due to a decrease in foreign currency translation adjustments.

(3) Overview of Forecast for FY2023

There has been no change with the May 16, 2022 released forecasts for FY2023 consolidated financial results. Our projections are based on exchange rates of 113 yen to the U.S. dollar for the forecasts.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY2022 (As of March 31, 2022)	FY2023 Third Quarter (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	7,933	12,382
Notes and accounts receivable – trade, and contract assets	16,441	18,356
Finished goods	1,608	3,197
Work in process	698	824
Raw materials and supplies	22,365	24,101
Accounts receivable - other	789	1,174
Consumption taxes refund receivable	1,526	1,773
Other	2,914	2,672
Allowance for doubtful accounts	(7)	—
Total current assets	54,268	64,483
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,267	6,632
Machinery, equipment and vehicles, net	6,875	7,115
Other, net	5,996	3,698
Total property, plant and equipment	18,138	17,446
Intangible assets	155	117
Investments and other assets	805	7,915
Total non-current assets	19,099	25,479
Total assets	73,368	89,963
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,399	26,602
Short-term borrowings	18,018	23,798
Current portion of long-term borrowings	1,092	1,487
Income taxes payable	325	455
Provision for bonuses	633	649
Other	5,304	6,320
Total current liabilities	47,772	59,314
Non-current liabilities		
Long-term borrowings	6,375	11,746
Retirement benefit liability	873	872
Deferred tax liabilities	136	74
Other	1,122	884
Total non-current liabilities	8,508	13,578
Total liabilities	56,281	72,892
Net assets		
Shareholders' equity		
Share capital	4,729	4,729
Capital surplus	10,472	10,484
Retained earnings	1,487	1,830
Treasury shares	(0)	(0)
Total shareholders' equity	16,689	17,044
Accumulated other comprehensive income		
Foreign currency translation adjustment	343	13
Remeasurements of defined benefit plans	(30)	(28)
Total accumulated other comprehensive income	312	(14)
Share acquisition rights	29	29
Non-controlling interests	54	10
Total net assets	17,086	17,070
Total liabilities and net assets	73,368	89,963

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

(Millions of yen)

	FY2022 Third Quarter (April 1, 2021 - December 31, 2021)	FY2023 Third Quarter (April 1, 2022 - December 31, 2022)
Net sales	100,805	126,166
Cost of sales	95,692	120,025
Gross profit	5,112	6,141
Selling, general and administrative expenses	4,456	4,573
Operating profit	656	1,568
Non-operating income		
Interest income	15	38
Dividend income	1	1
Rental income from land and buildings	198	903
Foreign exchange gains	499	—
Other	97	195
Total non-operating income	812	1,138
Non-operating expenses		
Interest expenses	254	430
Rental expenses	—	647
Foreign exchange losses	—	875
Other	213	56
Total non-operating expenses	467	2,010
Ordinary profit	1,001	696
Extraordinary income		
Gain on sale of non-current assets	32	49
Total extraordinary income	32	49
Extraordinary losses		
Loss on retirement of non-current assets	11	23
Loss on sale of non-current assets	—	8
Impairment losses	11	6
Total extraordinary losses	23	38
Profit before income taxes	1,011	707
Income taxes	298	364
Profit	712	343
Loss attributable to non-controlling interests	(21)	(0)
Profit attributable to owners of parent	733	343

(Quarterly Comprehensive Income)

(Millions of yen)

	FY2022 Third Quarter (April 1, 2021 - December 31, 2021)	FY2023 Third Quarter (April 1, 2022 - December 31, 2022)
Profit	712	343
Other comprehensive income		
Foreign currency translation adjustment	286	(329)
Remeasurements of defined benefit plans, net of tax	5	2
Total other comprehensive income	292	(327)
Comprehensive income	1,004	16
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,024	16
Comprehensive income attributable to non- controlling interests	(20)	(0)