

Consolidated Financial Review

For 3rd Quarter, Ended December 31, 2023 [Japanese GAAP]



Feb. 13, 2024
Listed Market: TSE Prime

Company name: Y.A.C. HOLDINGS CO., LTD.
Code number: 6298
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Application of U.S. GAAP: None.

For reference only

The Japanese version of this Financial Review is the original, English version is essentially a translation from Japanese.
The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

Amounts are rounded down to the nearest million yen unless otherwise stated.

1. Financial highlights for the 3rd quarter ended Dec.31, 2023 (4/01/2023-12/31/2023)

(Percentage is the rate of increase or decrease from the previous corresponding period)

(1) Consolidated operating results.

	Net sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Mil yen	%	Mil yen	%	Mil yen	%	Mil yen	%
Nine months ended Dec.31, 2023.	17,571	4.7	1,070	20.0	1,058	15.9	730	36.4
Nine months ended Dec. 31, 2022.	16,781	5.0	891	-1.5	913	-1.9	535	-12.6

Note: Comprehensive income.

Nine months ended Dec. 31, 2023. ¥1,070 million (44.2%)
Nine months ended Dec. 31, 2022. ¥742 million (2.9%)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Dec. 31, 2023	79.55		79.10	
Nine months ended Dec. 31, 2022	58.49		58.15	

(2) Consolidated financial position.

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
Dec.31, 2023.	44,036	16,308	36.9
Mar.31, 2023.	38,740	15,977	41.1

Note: Equity

As of Dec. 31, 2023. ¥16,270million
As of Mar. 31, 2023. ¥15,939 million

2. Cash Dividends.

	Cash dividend per share				
	1st quarter-end	2nd quarter-end	3 rd quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	---	25.00	---	50.00	75.00
Fiscal year ending Mar. 31, 2024	---	35.00	---		
Fiscal year ending Mar. 31, 2024 (forecast)				40.00	75.00

Note: Revision of cash dividends in year under review: None.

3. Corporate estimates for the year ending March 31, 2024. (4/01/2023-3/31/2024)

(Percentage is the rate of increase or decrease from the previous financial year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Mill. Yen	%	Mill. Yen	%	Mill. Yen	%	Mill. Yen	%	Yen
Fiscal year ending Mar. 31, 2024.	30,000	24.4	3,000	100.5	2,900	88.1	2,100	128.0	228.64

Note: Revision of corporate estimate in year: None.

Notes:

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation):

New comer--- ,Excluded: One, Y.A.C. TECHNOLOGIES CO., LTD.

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements:
None.

(3) Changes of accounting policies, changes in accounting estimates and retrospective restatement

- ① Changes of accounting policies accompanied by revision of accounting standard etc.: None.
- ② Changes of accounting policies other than ① : None.
- ③ Changes in accounting estimates : None.
- ④ Retrospective restatement : None.

(4) Number of issued shares outstanding (Common shares)

- ① Number of issued shares outstanding as of end of period (including treasury stock)
As of Dec. 31, 2023. 9,758,947 shares As of Mar. 31, 2023. 9,758,947 shares
- ② Number of treasury stock as of end of period
As of Dec. 31, 2023. 569,080shares As of Mar. 31, 2023. 583,942 shares
- ③ Average number of issued shares outstanding
Nine months ended Dec. 31, 2023. 9,182,807 shares Nine months ended Dec. 31, 2022. 9,154,615 shares

*This quarterly financial report is exempt from quarterly review procedure.

*Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this document are based on the information currently available to us and certain assumptions that are regarded as legitimate. We do not promise that the forecasts or estimates will be accurate. Large discrepancies may be seen in the actual results due to various factors. Please refer to P 5 “(3) “Description of Financial Estimate such as Consolidated Business Results” for the assumptions used and other notes.

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1. Qualitative Information, Financial Statements.

(1) Description of Status of Consolidated Business Results.

During the current third quarter consolidated cumulative period (April 1, 2023 to December 31, 2023), the global economy is expected to emerge from the coronavirus shock. Although there were some steady movements in some areas due to the accompanying increase in economic activity, overall sales remained sluggish, uncertainty due to increasing geopolitical risks such as prolonged military invasion of Russia into Ukraine and the increasingly tense situation in the Middle East, and China's real estate market and sluggish personal demand, persistent inflation in developed countries, and continued monetary tightening by central banks. There are growing concerns about a recession.

Under these economic conditions, our group strives to develop and sell equipment that meets every time-changing customer needs.

As a result, the business results for the current third quarter consolidated cumulative period were as follows: Sales amounted to 17,571 million yen (4.7% increase compared to the same quarter of the previous year) operating income was 1,070 million yen (20.0% increase compared to the same quarter of the previous year), ordinary income was 1,058 million yen (15.9% increase compared to the same quarter of the previous year) and quarterly net income attributable to owners of parent was 730 million yen (36.4% increase compared to the same quarter of the previous year).

Each segment result was as follows.

(Mechatronics related business)

Sales of various automatic conveyance equipment such as clean conveyors and ion beam milling equipment were steady, but sales of taping equipment and automatic machines for 5G related electronic components were stagnant due to factors such as postponement of capital investment by customer situations. As a result, sales decreased but profits increased.

As a result, sales in the mechatronics-related business were 7,287 million yen (down 3.9% from the same quarter of the previous year), net profit was 816 million yen (17.5% increase compared to the same quarter of the previous year).

(Display related business)

Sales decreased due to stagnant sales of dry etching equipment, but sales of far-infrared heat treatment equipment went steady, in addition to these on April 1, 2023, we implemented a merger between subsidiaries within the segment and achieved profitability by efficient relocation.

As a result, sales in the display-related business were 3,405 million yen (down 2.9% from the same quarter of the previous year), resulting in a Profit was 350 million yen (compared to a segment loss of 181 million yen in the same quarter of the previous year).

(Industrial equipment related business)

Although we focused on medical linen, apparel, and packaging machines for e-commerce but capital investment for home cleaning equipment went slow and addition to this postponement of capital investment for automatic optical inspection equipment and business went slow.

As a result, sales in the industrial equipment business were 783 million yen (up 15.7% from the same quarter of the previous year), resulting in a segment loss was 327 million yen (compared to a segment loss of 51 million yen in the same quarter of the previous year).

(Electronic equipment related business)

Sales and profits increased due to strong sales of communication control equipment for electric power companies and sales of dialyzer.

As a result, sales in the electronic equipment-related business were 6,094 million yen (up 21.6% from the same quarter of the previous year), and segment profit was 598 million yen (71.2% increase compared to the same quarter of the previous year).

(2) Description of Consolidated Financial Position.

(Assets)

Current assets at the end of the third quarter of the current fiscal year were 33,318 million yen, an increase of 3,209 million yen compared to the end of the previous fiscal year.

Increased. The main increasing factors were increases of 2,248 million yen in work in process and 658 million yen in cash and deposits, and the main decreasing factors were a decrease of 173 million yen in other current assets and a decrease of 103 million yen in merchandise and products.

Fixed assets were 10,718 million yen increased by 2,086 million yen compared to the end of the previous fiscal year. The main factors for the increase were investment securities of 1,317 million yen and goodwill of 526 million yen. As a result, total assets were 44,036 million yen, compared to the end of the previous fiscal year increased by 5,296 million yen.

(Liabilities)

Current liabilities were 16,107 million yen, an increase of 2,426 million yen compared to the end of the previous fiscal year. The main increasing reason is an increase of 1,922 million yen in short term borrowings and an increase of 480 million yen in notes and account payable trade.

The main decreasing factor is a decrease of 204 million yen in provision for bonuses and 189 million yen in corporate taxes payable corporate taxes payable. Fixed liabilities were 11,620 million yen, an increase of 2.538 billion yen compared to the end of the previous fiscal year. The main factors for the increase were increases in corporate bonds of 2,050 million yen and long-term loans payable of 389 million yen.

As a result, total debt was 27,728 million yen, an increase of 4,965 million yen compared to the end of the previous fiscal year.

(Net assets)

Net assets were 16,308 million yen, an increase of 330 million yen compared to the end of the previous consolidated fiscal year. As a result, the capital adequacy ratio was 36.9%, and net assets per share were 1,770.48 yen.

(3)Description of Financial Estimate such as Consolidated Business Results Forecast.

Regarding the consolidated financial results forecast for the fiscal year ending March 2024 (full year), the full year consolidated financial forecast announced on November 13, 2023 has not changed.

2. Consolidated Financial Information.

(1) Consolidated Balance Sheets.

(Millions of yen)

	As of Mar. 31, 2023	This financial period. As of Dec. 31, 2023
Assets		
Current assets		
Cash and deposits	6,628	7,287
Trade note and accounts receivable	11,282	11,489
Securities	0	0
Merchandise and finished goods	1,371	1,267
Work in process	7,695	9,943
Raw materials and supplies	2,114	2,485
Others	1,136	962
Allowance for doubtful accounts	-121	-119
Total current assets	30,108	33,318
Noncurrent assets		
Tangible fixed assets		
Building and structures	5,107	5,155
Accumulated depreciation	-3,466	-3,555
Building and structures(net)	1,641	1,600
Machinery, equipment, and vehicles	2,489	2,794
Accumulated depreciation	-2,000	-2,266
Machinery, equipment, and vehicles(net)	489	528
Tools, equipment, and fixtures	3,751	3,849
Accumulated depreciation	-3,388	-3,519
Tools, equipment, and fixtures(net)	363	330
Land	3,961	4,025
Leased assets	406	436
Accumulated depreciation	-194	-230
Leased assets(net)	212	205
Construction in progress account	743	752
Total tangible fixed assets	7,412	7,442
Intangible assets		
Goodwill	---	526
Soft wares	51	48
Leased assets	101	107
Telephone subscription rights	20	20
Others	15	229
Total intangible assets	189	932
Investments and other assets		
Investment securities	308	1,626
Long-term lending	9	26
Differed income taxes	563	436
Long-term retention receivables	242	244
Others	171	275
Allowance for doubtful accounts	-264	-266
Total investments and other assets	1,030	2,343
Total noncurrent assets	8,631	10,718
Total assets	38,740	44,036

(Millions of yen)

	As of Mar. 31, 2023	This financial period As of Dec. 31, 2023
Liabilities		
Current liabilities		
Notes and account payable trade	5,252	5,732
Short-term loans payable	6,713	8,635
Lease obligations	89	71
Income taxes payable	370	181
Provision for bonuses	425	221
Provision for product warranties	62	83
Expense payable	297	366
Advances received	171	218
Others	296	595
Total current liabilities	13,680	16,107
Fixed liabilities		
Bonds payable	500	2,550
Long-term loans payable	6,827	7,216
Lease obligations	250	271
Deferred tax payable	79	116
Obligations related to retirement benefits	1,321	1,306
Asset retirement obligations	54	45
Provision for business liquidation losses	20	3
Others	28	110
Total fixed liabilities	9,082	11,620
Total liabilities	22,763	27,728
Net Assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,668	3,697
Retained earnings	9,879	9,829
Treasury stock	-497	-484
Total shareholders' equity	15,852	15,843
Accumulated other comprehensive income		
Valuation difference on available-for-sale security	-2	139
Foreign currency translation adjustment	91	288
Pension liabilities adjustment	-1	(0)
Total accumulated other comprehensive income	87	426
Subscription rights to shares	37	37
Total net assets	15,977	16,308
Total liabilities and net assets	38,740	44,036

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

(Millions of yen)

	The previous corresponding period. (Apr.1, 2022 to Dec.31,2022)	Nine months ended Dec.31, 2023. (Apr. 1, 2023 to Dec.31, 2023)
Net sales	16,781	17,571
Cost of sales	12,584	12,757
Gross profit	4,196	4,814
Selling, g & a expenses		
Salary & directors' compensation	1,349	1,483
Provision for bonuses	38	39
Fringe benefit expenses	52	59
Rent expenses	139	147
Outsourcing expenses	132	111
R&D expenses	274	251
Depreciations	107	180
Others	1,212	1,469
Total selling, g & a expenses	3,304	3,744
Operating income (loss)	891	1,070
Non-operating income		
Interest income	6	2
Dividend income	52	4
Foreign exchange gains	---	19
Gain on sale of investment securities	---	12
Rents income	12	9
Subsidies	---	48
Equity in profits of affiliates accounted for by the equity method	0	0
Others	30	23
Total non-operating income	102	120
Non-operating expenses		
Interest expenses	60	80
Corporate bond issue costs	---	38
Foreign exchange losses	10	---
Others	10	14
Total non-operating losses	81	132
Ordinary income (loss)	913	1,058
Extraordinary income		
Income on disposal of fixed assets	---	13
Negative goodwill gain	---	145
Benefits from the transfer of stocks of affiliated companies	---	118
Others	0	
Total extraordinary income	0	277
Extraordinary loss		
Losses on disposal of fixed assets	4	1
Others	---	0
Total extraordinary loss	4	1
Income (loss) before income tax	909	1,333
Income taxes	226	482
Income tax adjustment	147	120
Total income tax	373	603
Profit (loss) for the period	535	730
Profit attributable to owners of parent	535	730

Consolidated Statements of Comprehensive Income.

(Millions of yen)

	The previous corresponding period. (Apr.1, 2022 to Dec. 31, 2022)	Nine months ended Dec. 31, 2023. (Apr.1, 2023 to Dec.31, 2023)
Profit(loss)for the period	535	730
Other comprehensive income(loss)		
Valuation difference on available- for sale securities	(0)	141
Foreign currency translation adjustments	210	197
Pension liability adjustments	(3)	0
Total other comprehensive income (loss)	206	339
Comprehensive income (Loss)	742	1,070
Attributable to:		
Owners of parent	742	1,070
Non-controlling interest (loss)	---	---

(3) Notes on Quarterly Financial Report.

(Notes concerning Going Concern Assumption.)

None.

(Notes concerning Major Changes in Shareholders Equity.)

None.

(Adoption of Special Accounting Methods for Preparation of Quarterly Financial Statements.)

None.

(Changes of Accounting Policies.)

None.

(Changes in Significant Consolidated Subsidiaries.)

Effective April 1, 2023, YAC Denko Co., Ltd., a consolidated subsidiary, became the surviving company of the absorption-type merger with Y.A.C.TECHNOLOGIES CO., LTD., which was a consolidated subsidiary. In addition, Y.A.C.TECHNOLOGIES Co., LTD. became an extinguished company and has been excluded from the scope of consolidation from the first quarter of this consolidated accounting period. The impact on our consolidated business results will be minimal because of this merger is a merger between consolidated subsidiaries in the same segment,

(Changes in Accounting Estimates.)

None.

(Additional Information.)

None.

(Segment Information.)

I . The previous corresponding period. (Apr.1, 2022 to Dec.31, 2022)

1. Information on sales and income or loss in reportable segment.

	Reportable segments				Total	Adjustment Note 1	Posted on consolidated statement of income. Note 2
	Mechatronics related business.	Display related business.	Industrial machinery related business.	Electronics related business.			
Sales							
Sales to outside customer	7,586	3,506	677	5,011	16,781	---	16,781
Intersegment sales and transfers	0	23	0	0	24	-24	---
Total	7,587	3,530	677	5,012	16,806	-24	16,781
Segment income (loss)	694	(181)	(51)	349	810	81	891

Notes

(Millions of Yen)

1. Segment income (loss) adjustment of ¥81 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥790 million from consolidated subsidiaries belong to each reportable segment. Moreover, corporate expense is general and administration division's expense ¥709 million.
2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

2. Information on impairment losses of fixed assets and goodwill in reportable segments.

Significant impairment losses related to fixed assets: None.
Significant changes in goodwill amount: None.
Significant income related to negative goodwill: None.

II . This financial period (Apr.1, 2023 to Dec.31, 2023)

1. Information on sales and income or loss in reportable segment.

(Millions of Yen)

	Reportable segments				Total	Adjustment Note 1	Posted on consolidated statement of income. Note 2
	Mechatronics related business.	Display related business.	Industrial machinery related business.	Electronics related business.			
Sales							
Sales to outside customer	7,287	3,405	783	6,094	17,571	---	17,571
Intersegment sales and transfers	0	29	0	0	30	-30	---
Total	7,287	3,435	783	6,095	17,601	-30	17,571
Segment income (loss)	816	350	(327)	598	1,438	(367)	1,070

Notes

1. Segment income (loss) adjustment of ¥367 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥317 million from consolidated subsidiaries belong to each reportable segment. And corporate expense is general and administration division's expense ¥685 million.

2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

2. Information on impairment losses of fixed assets and goodwill in reportable segments.

(Significant impairment losses related to fixed assets): None.

(Significant changes in goodwill amount):

In the industrial equipment-related business, we acquired shares of JE International Co., Ltd. and GD Tech Co., Ltd. As a result of the acquisition and inclusion in the scope of consolidation, goodwill has been generated current second quarter consolidated cumulative period and the increase in goodwill was 526 million yen

(Significant income related to negative goodwill)

In the electronic equipment-related business, we acquired the shares of Hosho Sangyo Co., Ltd. during the second quarter of the current consolidated cumulative period. As a result, a gain on negative goodwill was recognized. The gain on negative goodwill recorded was 145 million yen.

But the gain on negative goodwill is an extraordinary profit, so It is not included in the segment profit shown above.

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