

Consolidated Financial Review



For the 2nd Quarter Ended Sep. 30, 2023 [Japanese GAAP]

Nov.13, 2023

Listed Market: TSE Prime

Company name: Y.A.C. HOLDINGS CO., LTD.
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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.

1. Financial highlights for 2nd quarter ended Sep.30, 2023(4/01/2023—9/30/2023)

(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	%
Six months ended Sep.30,2023	11,506	4.8	710	50.2	861	49.1	700	115.1
Six months ended Sep.30,2022	10,976	-0.9	473	-34.0	577	-20.9	325	-37.9

Note: Comprehensive income

Six months ended Sep.30, 2023 ¥957 million (73.0 %)

Six months ended Sep.30, 2022 ¥553 million (-11.3%)

	Profit per share		Diluted profit per share	
	Yen		Yen	
Six months ended Sep.30,2023	76.30		75.86	
Six months ended Sep.30,2022	35.61		35.41	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
As of Sep.30, 2023	42,165	16,517	39.1
As of Mar.31, 2023	38,740	15,977	41.1

Note: Equity

As of Sep. 30, 2023: ¥16,479 million

As of Mar. 31, 2023: ¥15,939 million

2. Cash Dividends

	Cash dividends per share				
	1st quarter end	2nd quarter end	3 rd quarter end	Year-end	Annual
	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 the latest forecast of cash dividends: None

3. Business result forecast for the year ending Mar. 31, 2024 (4/01/2023-3/31/2024)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Profit for the period per share
	Mil. Yen	%	Mil Yen	%	Mil. Yen	%	Mil. 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 under review: Yes.

Notes

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

Yes: New 1 Company, Excluded 1 Company 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 Sep. 30, 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 Sep. 30, 2023:	569,080 shares	As of Mar. 31, 2023:	583,942 shares
③ Average number of issued shares outstanding			
Six months ended Sep. 30, 2023:	9,179,258 shares	Six months ended Sep. 30, 2022:	9,144,364 shares

*Indication of quarterly review procedure implementation status

This quarterly financial report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Law.

*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 Estimates Information such as Consolidated Business Results Forecasts.

Table of Contents

1. Qualitative Information on Financial Statements.	4-5
(1) Description of Consolidated Business Results.	4
(2) Description of Consolidated Financial Position.	4-5
(3) Description of Financial Estimates Information such as Consolidated Business Results Forecasts.	5
2. Consolidated Financial Information	6-12
Consolidated Statements of Income.	6-7
Consolidated Statements of Comprehensive Income.	8-9
(3) Notes on Quarterly Financial Report.	8
(Note concerning Going Concern Assumption.)	9
(Note concerning Major Changes in Shareholder's Equity.)	10
(Adoption of Special Accounting Methods for Preparation of Quarterly Financial Statements.)	10
(Changes of Accounting Policies.)	10
(Changes in Significant Consolidated Subsidiaries.)	10
(Changes in Accounting Estimates.)	10
(Additional Information.)	10
(Segment Information.)	11-12

1. Qualitative Information on Financial Statements.

(1) Description of Consolidated Business Results.

During the six months started from Apr.1, 2023, regarding the world economy was gradually recovered caused by improved correspondence to infectious disease and economic activity is revitalized. Meanwhile, in Russia due to factors such as the prolonged military invasion to Ukraine, the increasingly tense situation in the Middle East, and stagnation in consumer spending and the real estate market in China, and so there are growing concerns about recession.

Under these circumstances, we have been endeavoring to develop and start to sell new equipment which catchup customers every changing needs.

As a result, consolidated those six months our business result was as follows. Net sales amounted to ¥11,506 million (4.8% increased compared to the previous corresponding period), operating income marked ¥710 million (50.2% increased compared to the previous corresponding period), ordinary income marked ¥861 million (49.1% increased compared to the previous corresponding period), profit attributable to owners of parent marked ¥700 million (115.1% increased compared to the previous corresponding period).

Each segment result was as follows.

(Mechatronics related business segment)

Sales of various automatic conveyance equipment such as clean conveyors and ion beam milling equipment were strong, however sales movement of electronic parts such as 5G, taping equipment sales were sluggish caused by delayed capital investment due to customer convenience and results were decrease in revenue increase in profit.

As a result, net sales of mechatronics related business segment amounted to ¥4,978 million (3.9 % decreased compared to the previous corresponding period) and segment income marked ¥580 million. (23.7 % increased compared to the previous corresponding period.)

(Display related business segment)

Sales decreased significantly due to stagnation in sales of dry etching equipment, but sales of far-infrared heat treatment equipment increased a big and segment profit improved significantly.

As a result, net sales of display related business segment amounted to ¥1,973 million (21.5% decreased compared to the previous corresponding period) and segment income marked ¥248million (the corresponding period of the previous financial year was -¥131 million).

(Industrial machinery related business segment)

Our main business model is changing from home cleaning business to medical linen business and paper packaging business for the e-commerce industry, in addition, we are aiming to expand our business over a wide range of areas, including the conversion of our business to the manufacturing and sales of AI optical inspection equipment. However, material cost increased and income decreased.

As a result, net sales of industrial machinery related business amounted to ¥493 million (18.5% increased compared to the previous corresponding period) and segment income marked -¥244million (the previous corresponding period segment income marked -¥17 million).

(Electronics related business segment)

The sales of equipment for electric power industry and dialyzer went well without break, and sales and profit increased.

As a result, net sales of electronics related business amounted to ¥4,060 million (41.7% increased compared to the previous corresponding period) and segment income marked ¥362 million (249.5% increased compared to the previous corresponding period).

(2) Description of Consolidated Financial Position.

(Assets)

Current assets as of Sep.30, 2023 stood at ¥31,592million, an increase of ¥1,483 million compared to the previous financial year-end. This is due to decrease of ¥795 million in cash and deposit and ¥122 million in merchandise and finished goods but increase of ¥1,982 million

in work in process and ¥245 million in raw material and supplies. Noncurrent assets stood at ¥10,573 million, an increase of ¥1,941 million compared to the previous financial year-end. This is due to increase of ¥1,279 million in investment securities and ¥547 million in good will. As a result, total assets as of Sep.30, 2023 increased by ¥3,424 million from the previous financial year-end to ¥42,165 million.

(Liabilities)

Current liabilities as of Sep.30, 2023 stood at ¥17,272 million, an increase of ¥3,592 million compared to the previous financial year-end. Fixed liabilities as of Sep.30, 2023 stood at ¥8,375 million, a decrease of ¥707 million compared to the previous financial year-end. A main decrease was ¥856 million in long-term loans payable. As a result, total liabilities as of Sep.30, 2023 increased by ¥2,884 million from the previous financial year-end to ¥25,648 million.

(Net assets)

Total net assets as of Sep.30, 2023 amounted to ¥16,517 million, an increase of ¥539 million compared to the previous financial year-end. As a result, equity ratio as of Sep.30, 2023 was 39.1% and net assets per share came to ¥1,793.22.

(3) Description of Financial Estimates Information such as Consolidated Business Results Forecasts.

Due to increased demand for automotive-related products, orders were strong in the semiconductor industry, however because of delays in parts delivery and cost increase sales, operating income, ordinary income, net income attributable to parent company shareholders for the fiscal year ending March 2024, are forecasted to be lower than the previous announcement (announced on May 11, 2023), and. We have changed our consolidated earnings forecast.

For details, please refer to the "Announcement on Consolidated Financial Forecast Revision" released today.

2. Consolidated Financial Information.

(1) Consolidated Balance Sheets.

(Millions of yen)

	As of Mar.31, 2023.	As of Sep.30, 2023.
(Assets)		
Current assets		
Cash and deposits	6,628	5,832
Trade notes and accounts receivable	11,282	11,405
Securities	0	0
Merchandise and finished goods	1,371	1,249
Work in process	7,695	9,677
Raw materials and supplies	2,114	2,360
Others	1,136	1,183
Allowance for doubtful accounts	-121	-117
Total current assets	30,108	31,592
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	5,107	5,148
Accumulated depreciation	-3,466	-3,520
Building and structures(net)	1,641	1,627
Machinery, equipment, and vehicles	2,489	2,755
Accumulated depreciation	-2,000	-2,218
Machinery, equipment, and vehicles (net)	489	537
Tools, equipment, and fixtures	3,751	3,829
Accumulated depreciation	-3,388	-3,474
Tools, equipment, and fixtures(net)	363	355
Land	3,961	4,025
Leased assets	406	423
Accumulated depreciation	-194	-220
Leased assets(net)	212	203
Construction in progress	743	521
Total tangible fixed assets	7,412	7,270
Intangible assets		
Good will	---	547
Soft wares	51	50
Leased assets	101	111
Telephone subscription rights	20	20
Others	15	242
Total intangible assets	189	973
Investments and other assets		
Investment securities	308	1,587
Long-term lending	9	6
Differed income taxes	563	492
Long-term retention receivables	242	244
Others	171	263
Allowance for doubtful accounts	-264	-266
Total investments and other assets	1,030	2,329
Total noncurrent assets	8,631	10,573
Total assets	38,740	42,165

(Millions of yen)

	As of Mar.31, 2023.	As of Sep.30, 2023.
Liabilities		
Current liabilities		
Notes and accounts payable trade	5,252	6,032
Short-term loans payable	6,713	9,244
Lease obligations	89	81
Income taxes payable	370	368
Provision for bonuses	425	384
Provision for products warranty	62	75
Expense payable	297	328
Advances received	171	266
Others	296	491
Total current liabilities	13,680	17,272
Fixed liabilities		
Bonds payable	500	550
Long-term loans payable	6,827	5,970
Lease obligations	250	271
Deferred tax payable	79	88
Obligations related to retirement benefits	1,321	1,329
Asset retirement obligation	54	45
Provision for business restructuring	20	8
Others	28	111
Total fixed liabilities	9,082	8,375
Total liabilities	22,763	25,648
Net assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,668	3,697
Retained earnings	9,879	10,120
Treasury stock	-497	-484
Total shareholders' equity	15,852	16,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-2	103
Foreign currency translation adjustment	91	242
Pension liability adjustments	-1	-1
Total accumulated other comprehensive income	87	344
Subscription rights to shares	37	37
Total net assets	15,977	16,517
Total liabilities and net assets	38,740	42,165

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

(Millions of yen)

	The previous corresponding period. (Apr.1,2022 to Sep.30,2022)	Six months ended Sep.30, 2023. (Apr.1,2023 to Sep.30,2023)
Net sales	10,976	11,506
Cost of sales	8,304	8,316
Gross profit	2,671	3,189
Selling, g&a expenses		
Salary & directors' compensation	893	977
Provision for bonuses	86	74
Fringe benefit expenses	35	37
Rent expenses	90	98
Outsourcing expenses	75	78
R&D expenses	191	159
Depreciation	70	117
Others	754	935
Total selling, g&a expenses	2,198	2,479
Operating income (loss)	473	710
Non-operating income		
Interest income	2	1
Dividend's income	51	2
Foreign exchange gains	75	119
Rents income	8	8
Subsidies	---	40
Equity method investment income	---	2
Others	20	40
Total non-operating income	158	215
Non-operating expenses		
Interest expenses	42	50
Foreign exchange losses	---	2
Equity in losses of affiliates accounted for by the equity method	4	---
Others	7	11
Total non-operating losses	54	64
Ordinary income (loss)	577	861
Extraordinary income		
Income on disposal of fixed assets	---	13
Reversal of reserve for business consolidation loss	---	145
Others	---	118
Total extraordinary income	---	276
Extraordinary loss		
Loss on disposal of fixed assets		
Others	2	1
Total extraordinary loss	2	1
Profit (loss) before income tax	574	1,136
Income taxes	186	395
Income tax adjustment	63	40
Total income tax	249	435
Profit (loss) for the period	325	700
Profit attributable owners of parent	325	700

Consolidated Statements of Comprehensive Income.

(Millions of yen)

	The previous corresponding period. (Apr.1,2022 to Sep.30,2022)	Six months ended Sep.30, 2022. (Apr.1,2023 to Sep.30,2023)
Profit (loss) for the period	325	700
Other comprehensive income		
Valuation difference on available- for sale securities	-3	105
Foreign currency translation adjustment	233	151
Pension liabilities adjustment	-2	0
Total other comprehensive income(loss)	227	257
Comprehensive income(loss)	553	957
Comprehensive income(loss) attributable to:		
Owners of parent	553	957
Non-controlling interest	---	---

(3) Notes on Quarterly Financial Report.

(Note concerning Going Concern Assumption.)

None

(Note 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.)

[Segment Information.]

I . The previous corresponding period (Apr.1, 2022 to Sep.30, 2022.)

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	5,179	2,513	416	2,866	10,976	---	10,976
Intersegment sales and transfers	0	14	0	0	15	-15	---
Total	5,180	2,528	416	2,866	10,991	-15	10,976
Segment income (loss)	469	(131)	(17)	103	424	48	473

Notes

1. Segment income (loss) adjustment of (¥48)million is the corporate income and expenses not apportioned in each reportable segment. Corporate income, mainly comprise management fee from consolidated subsidiaries which belong to each reportable segment is ¥530 million. Moreover, corporate expense of ¥481 million is mainly expenses of general and administration division, which does not belong to reportable segment.
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 Sep.30, 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	4,978	1,973	493	4,060	11,506	---	11,506
Intersegment sales and transfers	0	20	---	0	21	-21	---
Total	4,978	1,994	493	4,060	11,528	-21	11,506
Segment income (loss)	580	248	(244)	362	946	(236)	710

Notes

1. Segment income (loss) adjustment of (¥236) million is the corporate income and expenses not apportioned in each reportable segment. Corporate income, mainly comprise management fee from consolidated subsidiaries which belong to each reportable segment is ¥269 million. In addition corporate expense of ¥505 million is mainly expenses of general and administration division which does not belong to reportable segment.
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 547 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.

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

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