

Consolidated Financial Review

For the 1st Quarter Ended Jun. 30, 2023 [Japanese GAAP]



Aug. 10, 2023

Listed Market: TSE Prime

Company name: Y.A.C. HOLDINGS Co., Ltd.
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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.

1. Financial highlights for the 1st quarter ended Jun.30, 2023 (4/01/2023—6/30/2023)

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

(1) Consolidated operating results

	Net sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
	Mill. yen	%	Mill. yen	%	Mill. yen	%	Mill. yen	%
Three months ended Jun.30, 2023	4,792	-2.2	11	-75.5	112	-15.7	25	-67.5
Three months ended Jun. 30, 2022	4,900	3.2	45	-62.7	133	13.5	78	139.3

Note: Comprehensive income

Three months ended Jun. 30, 2023 ¥202 million (-4.6 %)
 Three months ended Jun. 30, 2022 ¥212 million (104.1%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2023	2.79		2.78	
Three months ended Jun. 30, 2022	8.64		8.57	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mill. yen	Mill. yen	%
Jun. 30, 2023	41,300	15,721	38.0
Mar. 31, 2023	38,740	15,977	41.1

Note: Equity

As of Jun. 30, 2023: ¥15,683 million
 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	---				
Fiscal year ending Mar. 31, 2024 (forecast)		35.00	---	40.00	75.00

Note: Revision of cash dividends in year under review is 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 attributable to owners of parent		Net income per share
	Mill. Yen	%	Mill. Yen	%	Mill. Yen	%	Mill. Yen	%	Yen
Fiscal year ending Mar. 31, 2024	37,000	53.4	3,700	147.3	3,600	133.5	2,300	149.7	249.91

Note: Revision of corporate estimate in year under review: None

Notes

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

Joined: --- (Company name) , Excluded: One company (Company name) 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 Jun. 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 Jun. 30, 2023:	583,942 shares	As of Mar. 31, 2023:	583,942 shares
③ Average number of issued shares outstanding			
Three months ended Jun. 30, 2023:	9,175,005 shares	Three months ended Jun. 30, 2022:	9,129,537 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) Qualitative information regarding consolidated business results forecast" for the assumptions used and other notes.

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1. Qualitative Information on Financial Results for the Current Quarter.

(1) Qualitative information regarding the status of consolidated business results.

During the first quarter of the financial year, three months ended June 30, 2023 (April 1, 2023 to June 30, 2023), the global economy was still calm but recovering, as the response to the infectious disease such as covid-19 progresses and economic activities return to normal. On the other hand, the future remains uncertain due to soaring prices of raw materials and energy due to the prolonged situation in Russia and Ukraine, persistently high food prices, fears of economic recession due to monetary tightening in Europe and the United States, and slowing economic growth in P.R.China.

The business environment surrounding Our Group was although Impact on production activities however due to shortages of parts such as semiconductors in the supply chain has settled down, but because of a decline in gross profit due to soaring material prices, inventory adjustment due to customer convenience, delayed delivery and business remained weaker.

For future growth, our Group acquired companies through share acquisitions, and implemented business integration, and endeavor to expand sales and improve profitability.

As a result, our consolidated business results of these three months ended Jun 30, 2023, were net sales of ¥4,792 million (2.2% decreased compared to the corresponding period of the previous year), operating income of ¥11 million (75.5% decreased compared to the corresponding period of the previous year), ordinary income of ¥112 million (15.7% decreased compared to the corresponding period of the previous year), profit attributable to owners of parent of ¥25 million (67.5% decreased compared to the corresponding period of the previous year).

Each segment result was as follows.

(Mechatronics related business)

Sales of taping machines and automatic taping machines for electronic parts such as 5G and automotive parts such as EVs stagnated due to postponement of new capital investment influenced by customer's business circumstances, but sales of various automatic transport equipment such as clean conveyors and ion beam milling were strong. Sales and profit increased due to both strong revenue and profit.

As a result, sales in the mechatronics-related business amounted to 2,217 million yen (2.3% increased compared to the corresponding period of the previous year). Segment income was 183 million yen (103.5% increased compared to the corresponding period of the previous year).

(Display related business)

Although sales decreased significantly due to sluggish sales of dry etching equipment, segment profit improved significantly due to steady sales expansion of far-infrared heat treatment equipment.

As a result, sales of Display related business were ¥523 million (59.4% decreased compared to the corresponding period of the previous year) and segment profit was ¥56 million (the corresponding period of the previous year was minus ¥89 million)

(Industrial machinery related business)

We are planning to expand our business over a wide area by shifting our business model from the home cleaning business to the medical linen business and the paper packaging business for the e-commerce industry, as well as developing the manufacture and sale of AI optical inspection equipment. Due to the postponement of new capital investment by customers, results were forced to increase sales and decrease profits.

As a result, sales of Industrial machine related business were ¥220 million (47.1% increased compared to the corresponding period of the previous year) and segment profit was minus ¥152 million (the corresponding period of the previous year was minus ¥33 million).

(Electronics related business)

Sales of control and communication equipment for electric power companies was below expectation, but sales of dialyzer went favorably.

As a result, sales of Electronics related business were ¥1,830 million (41.6% increased compared to the corresponding period of the previous year) and segment profit was ¥58

million (16.9% increased compared to the corresponding period of the previous year).

(2) Qualitative information regarding changes in consolidated financial position.

(Assets)

Current asset as of Jun 30, 2023 were ¥41,300 million, an increase of ¥2,559 million compared to the previous financial year-end. As a breakdown of this, current assets were ¥30,643 million and increased by ¥534 million compared to the previous financial year-end. This is mainly due to an increase of ¥1,923 million in work in process and an increase of ¥222 million in raw materials and supplies and main decrease were ¥1,110 million in cash and deposits and ¥915 million in trade note and accounts receivables. Noncurrent assets were ¥10,656 million, an increase of ¥2,025 million compared to the previous financial year-end. This is mainly due to an increase ¥1,218 million in investment securities, ¥568 million in good will and decrease ¥217 million in construction progress.

(Liabilities)

Current liabilities as of Jun. 30, 2023 were ¥25,579 million, an increase of ¥2,816 million compared to the previous financial year-end. As a breakdown of this, current liabilities were ¥16,825 million and increased by ¥3,145 million compared to the previous financial year-end. This is mainly due to an increase ¥1,883 million, an increase of ¥613 million in notes and accounts payable trade and a decrease of ¥238 million in income tax payable. Fixed liabilities as of Jun. 30, 2023 were ¥8,753 million, a decrease of ¥328 million compared to the previous financial year-end. The major factor was a decrease of ¥493 million in long-term loans payable.

(Net assets)

Total net assets as of Jun. 30, 2023 were ¥15,721 million, a decrease of ¥256 million compared to the previous financial year-end. As a result, equity ratio as of Jun 30, 2023 was 38.0% (the previous financial year-end was 41.1 %).

(3) Qualitative information regarding consolidated business results forecast.

Consolidated twelve months business result forecasts ending at Mar.31, 2024 and cash dividend forecast remain the same as consolidated business results and dividend forecast, which announced on May. 11, 2023.

2. Consolidated Financial Information and Major Notes.

(1) Consolidated Balance Sheets.

(Millions of yen)

	As of Mar. 31, 2023	As of Jun 30, 2023
(Assets)		
Current assets		
Cash and deposits	6,628	5,518
Trade note and accounts receivable	11,282	10,367
Securities	0	0
Merchandise and finished goods	1,371	1,410
Work in process	7,695	9,618
Raw materials and supplies	2,114	2,336
Others	1,136	1,503
Allowance for doubtful accounts	-121	-113
Total current assets	30,108	30,643
Non-current assets		
Tangible fixed assets		
Buildings and structures	5,107	5,171
Accumulated depreciations	-3,466	-3,512
Building and structures(net)	1,641	1,658
Machinery, equipment and vehicles	2,489	2,696
Accumulated depreciations	-2,000	-2,152
Machinery, equipment and vehicles(net)	489	544
Tools, equipment and fixtures	3,751	3,815
Accumulated depreciations	-3,388	-3,427
Tools, equipment and fixtures(net)	363	387
Land	3,961	4,025
Leased assets	406	423
Accumulated depreciation	-194	-222
Leased assets(net)	212	201
Construction in progress	743	525
Total tangible fixed assets	7,412	7,343
Intangible assets		
Good will	---	568
Soft wares	51	51
Leased assets	101	109
Telephone subscription rights	20	20
Others	15	256
Total intangible assets	189	1,006
Investments and other assets		
Investment securities	308	1,526
Long-term lending	9	7
Differed income taxes	563	578
Long-term retentions receivable	242	244
Others	171	215
Allowance for doubtful accounts	-264	-266
Total investments and other assets	1,030	2,307
Total noncurrent assets	8,631	10,656
Total assets	38,740	41,300

(Millions of yen)

	As of Mar. 31, 2023	As of Jun 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable trade	5,252	5,865
Short-term loans payable	6,713	8,597
Lease obligations	89	87
Income tax payable	370	131
Provision for bonuses	425	602
Provision for products warranty	62	72
Expense payable	297	305
Advances received	171	195
Others	296	967
Total current liabilities	13,680	16,825
Fixed liabilities		
Bond payable	500	550
Long-term loans payable	6,827	6,334
Lease obligations	250	259
Deferred tax payable	79	89
Obligations related to retirement benefits	1,321	1,338
Asset retirement obligation	54	55
Provision for business liquidation losses	20	14
Others	28	111
Total fixed liability	9,082	8,753
Total liabilities	22,763	25,579
Net assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,668	3,668
Retained earnings	9,879	9,466
Treasury stock	-497	-497
Total shareholders' equity	15,852	15,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-2	94
Foreign currency translation adjustment	91	171
Pension liability adjustments	-1	-1
Total accumulated other comprehensive income	87	264
Subscription rights to shares	37	37
Total net assets	15,977	15,721
Total liabilities and net assets	38,740	41,300

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

(Millions of yen)

	The previous corresponding period (Apr.1, 2022 to Jun. 30, 2022)	Three months ended Jun. 30, 2023 (Apr. 1, 2023 to Jun. 30, 2023)
Net sales	4,900	4,792
Cost of sales	3,775	3,501
Gross profit	1,125	1,290
Selling, g&a expenses		
Salary & directors' compensation	442	487
Provision for bonuses	44	58
Fringe benefit expenses	19	19
Rent expenses	44	49
Outsourcing expenses	18	44
R&D expenses	95	77
Depreciations	34	55
Others	380	487
Total selling, g&a expenses	1,080	1,279
Operating income(loss)	45	11
Non-operating income		
Interest income	1	0
Dividends income	50	1
Foreign exchange gains	48	72
Rents income	4	4
Subsidy income	---	40
Investment gain of equity methods	---	4
Others	7	9
Total non-operating income	111	132
Non-operating expenses		
Interest expenses	17	23
	---	2
Investment loss on equity method	2	---
Others	4	5
Total non-operating losses	24	31
Ordinary income(loss)	133	112
Extraordinary income		
Others	0	---
Total extraordinary income	0	---
Extraordinary loss		
Losses on disposal of fixed assets	0	0
Total extraordinary loss	0	0
Income (Loss) before income tax	133	112
Income taxes	66	118
Income tax adjustment	-12	-31
Total income tax	54	86
Profit (Loss)	78	25
Profit (loss) attributable to owners of parent	78	25

Consolidated Statements of Comprehensive Income.

(Millions of yen)

	The previous corresponding period (Apr.1, 2022 to Jun.30, 2022)	Three months ended Jun. 30, 2023. (Apr.1, 2023 to Jun. 30, 2023)
Income (Loss) before minority interests	78	25
Other comprehensive income		
Valuation difference on available-for sale securities	-1	96
Foreign currency translation adjustment	137	80
Pension liability adjustments	-1	0
Total other comprehensive Income (Loss)	133	176
Comprehensive income (Loss)	212	202
(Comprehensive income (Loss) attribute to)		
Owners of parent	212	202
Non controlling interests	---	---

(3) Notes on Quarterly Financial Information.

(Notes Concerning Going Concern Assumption)

None

(Notes Concerning Major Changes in Shareholders' Equity)

None

(Changes of Accounting Policy)

None

(Changes in Important Subsidiaries during the Current Consolidated Cumulative Period)

On April 1, 2023 as the effective date, consolidated subsidiary Y.A.C. DENKO Co., Ltd became the surviving company in the absorption-type merger, through with Y.A.C. TECHNOLOGIES CO., Ltd., which used to be a subsidiary company, as a dissolved company. YAC TECHNOLOGIES CO., Ltd. was excluded from the consolidation from the first quarter consolidated accounting period.

As this merger is a merger between consolidated subsidiaries in the same segment, the impact on the Company's consolidated performance will be minor.

(Changes in Accounting Estimate)

None

(Additional Information)

None

(Segment Information and Others)**[Segment information]**

I. The previous corresponding period (Apr. 1, 2022 to Jun. 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	2,168	1,289	150	1,292	4,900	---	4,900
Intersegment sales and transfers	---	4	0	0	4	-4	---
Total	2,168	1,294	150	1,292	4,905	-4	4,900
Segment income (loss)	90	(89)	(33)	49	17	28	45

Notes

1. Segment income (loss) adjustment of ¥28 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥270 million. From consolidated subsidiaries, belong to each reportable segment. In addition, corporate expense is general and administration division's expense ¥242 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 Jun.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	2,217	523	220	1,830	4,792	---	4,792
Intersegment sales and transfers	0	13	---	0	14	-14	---
Total	2,218	537	220	1,830	4,806	-14	4,792
Segment income (loss)	183	56	(152)	58	146	(134)	11

Notes

1. Segment income (loss) adjustment of -134 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥167 million from consolidated subsidiaries belong to each segment. In addition, corporate expense is general and administration division's expense ¥302million.
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>

Company acquired shares of JE International Co., Ltd. and GD Tech Co., Ltd. in the industrial machinery related business.

Due to the acquisition and inclusion in the scope of consolidation, Goodwill was generated. In the current first quarter consolidated accounting period, the increase in goodwill is 568 million yen.

<Significant income related to negative goodwill :> None.

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