

Consolidated Financial Review

For the 3rd Quarter, Ended December 31, 2021 [Japanese GAAP]



Feb. 10, 2022
Listed Market: TSE 1st section

Company name: Y.A.C. HOLDINGS CO., LTD.
Code number: TSE 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, 2021 (4/01/2021-12/31/2021)

(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, 2021.	15,975	-9.8	905	233.2	930	228.2	612	526.7
Nine months ended Dec. 31, 2020.	17,706	8.6	271	---	283	---	97	---

Note: Comprehensive income

Nine months ended Dec. 31, 2021. ¥721 million (595.2%)
Nine months ended Dec. 31, 2020. ¥103 million (---%)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Dec. 31, 2021	67.26		66.78	
Nine months ended Dec. 31, 2020	10.78		10.69	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
Dec.31, 2021.	36,434	14,736	40.3
Mar.31, 2021.	37,508	14,125	37.5

Note: Equity

As of Dec. 31, 2021. ¥14,691 million
As of Mar. 31, 2021. ¥14,074 million

2. Cash Dividends

	Cash dividend per share				
	The 1st quarter	The 2nd quarter	The 3 rd quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021.	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31, 2022.	---	12.00	---		
Fiscal year ending Mar. 31, 2022 (forecast)				24.00	36.00

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

3. Corporate estimates for the year ending March 31, 2022. (4/01/2021-3/31/2022)

(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, 2022.	26,000	7.5	1,800	147.5	1,700	129.8	1,100	225.9	120.57

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): None.

(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.: Yes.
- ② Changes of accounting policies other than ① : None.
- ③ Changes in accounting estimates : Yes.
- 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, 2021. 9,758,947 shares As of Mar. 31, 2021. 9,758,947 shares

② Number of treasury stock as of end of period

As of Dec. 31, 2021. 629,341 shares As of Mar. 31, 2021. 672,594 shares

③ Average number of issued shares outstanding

Nine months ended Dec. 31, 2021. 9,110,272 shares Nine months ended Dec. 31, 2020. 9,071,912 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, Financial Statements

(1) Qualitative Information regarding the Status of Consolidated Business Results

During the nine months started from Apr.1, 2021, economic measures worked effectively mainly in the developed countries where vaccination of COVID-19 has progressed but in the developing countries, economic recovery has been slow because of COVID-19 vaccination stagnant and fiscal tightness, and polarization of world economy became clear. In Japan, vaccination of COVID-19 has steadily progressed and there seemed to recover economy but because of disturbance of supply chains and geographical risks, movement of present economic recovery became slowdown. In the semiconductor business, nevertheless disturbance of supply chains has prolonged and production went down influenced by hike of material and logistic cost caused by wide span of material lack, but new capital investment went steadily without break, caused by continued demand in the automobiles and other industries, demand for PC and game consoles backed by nesting demand, increasing 5G compatible terminals with the background of expanding the 5G service area of mobile phones and new capital investment by developed countries' countries strategies. Under these economic atmospheres, our group has endeavored to strengthen solution proposal capability and as well worked for acquiring and strengthening materials. Our business results of this nine months ended Dec.31, 2021 was as follows.

Net sales amounted to ¥15,975 million (decreased by 9.8% compared to the same period of the previous financial year) which sales realization delayed caused by disturbance of supply chains. Because of our efforts to promote efficient management, operating income marked ¥905 million (increased by 233.2% compared to the same period of the previous financial year), ordinary income marked ¥930 million (increased by 228.2% compared to the same period of the previous financial year) and profit attributable to owners of parent marked ¥612million (increased by 526.7% compared to the same period of the previous financial year).

Each segment result was as follows.

(Mechatronics related business segment)

Because of stable demand for taping equipment for manufacturing of 5G related electronics and new capital investment of power semiconductor manufacturing facilities, business went well.

As a result, net sales of mechatronics related business amounted to ¥8,483 million (increased by 22.5% compared to the same period of the previous financial year) and segment income marked ¥839 million (increased by 327.8% compared to the same period of the previous financial year).

(Display related business segment)

Because of postponing of new capital investment for our major products such as manufacturing equipment for middle size panel, business stayed sluggish.

As a result, net sales of display related business amounted to ¥1,606 million (decreased by 72.4% compared to the same period of the previous financial year) and segment loss marked ¥276 million (the same period of the previous financial year, segment loss marked ¥144 million)

Moreover because of adoption of the "Accounting Standard for Revenue Recognition" net sales for this consolidated cumulative period decreased by ¥146 million and segment income decreased by ¥42 million.

(Industrial machinery related business segment)

Marketing efforts of packaging machine for medical linen supply business, apparel and EC commerce moved steadily but new capital investment of home cleaning business did not recover, and business went slow.

As a result, net sales of industrial machinery related business segment amounted to ¥689 million (increased by 17.2% compared to the same period of the previous financial year) and segment loss marked ¥111 million (the same period of the previous financial year segment loss marked ¥121million.)

(Electronics related business segment)

Business of control communication equipment for electric power companies and dialyzer continuously went steadily.

As a result, net sales of electronics related business segment amounted to ¥5,195 million (increased by 18.9% compared to the same period of the previous financial year) and segment income marked ¥307 million (increased by 84.1% compared to the same period of the previous financial year)

(2) Qualitative Information regarding changes in Consolidated Financial Position (Assets)

Current assets as of Dec. 31,2021 stood at ¥28,319 million decreased by ¥847 million compared to the previous financial year end. The major increased item was work in process by ¥496 million and

major decreased item was cash and deposits by ¥1,436. Noncurrent assets amounted to ¥8,115 million decreased by ¥226 million compared to the previous financial year end.

As a result, total assets as of Dec.31, 2021 stood at ¥36,434 million decreased by ¥1,073 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Dec.31, 2021 stood at ¥13,529 million decreased by ¥1,859 million compared to the previous financial year end. The major increased item was notes and account payable trade by ¥1,470 million, and major decreased items were short-term loans payable by ¥2,166 million and advances received by ¥680 million.

Noncurrent liabilities stood at ¥8,168 million increased by ¥175 million compared to the previous financial year end. The major increased item was long-term loans payable by ¥331 million, and major decreased item was provision for business liquidation losses by ¥230 million.

As a result, total liabilities as of Dec.31, 2021 stood at ¥21,697 million decreased by ¥1,684 million compared to the previous financial year end.

(Net assets)

Total net assets as of Dec.31, 2021 stood at ¥14,736 million increased by ¥610 million compared to the previous financial year end.

As a result, equity ratio at the end of 3rd quarter came to 40.3% and net assets per share came to ¥1,609.25.

(3) Qualitative Information regarding Consolidated Business Results Forecast

Consolidated twelve-months business result forecasts ending at Mar.31, 2022 remains the same as consolidated business results forecast which announced on Jan.19, 2022.

(4) Our basic policy for SDGs

Our group consider that SDGs is one of the important management issues and we have newly established “SDGs management promotion committee” which committee chair is Mr. MOMOSE takefumi, representative director of our company and promote SDGs management. We publicly announced that through our HP on December 24, 2021.

Our group will actively work for solving various important social and environmental issues through mainly “SDGs management promotion committee”.

2. Consolidated Financial Information

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2021.	This financial period. As of Dec. 31, 2021.
Assets		
Current assets		
Cash and deposits	10,009	8,573
Trade note and accounts receivable	10,195	10,156
Securities	0	0
Merchandise and finished goods	1,291	1,251
Work in process	5,688	6,185
Raw materials and supplies	1,397	1,472
Others	647	741
Allowance for doubtful accounts	-63	-62
Total current assets	29,166	28,319
Noncurrent assets		
Tangible fixed assets		
Building and structures	5,031	5,061
Accumulated depreciation	-3,180	-3,284
Building and structures(net)	1,851	1,777
Machinery, equipment, and vehicles	2,434	2,454
Accumulated depreciation	-1,875	-1,963
Machinery, equipment, and vehicles(net)	558	490
Tools, equipment, and fixtures	3,574	3,620
Accumulated depreciation	-3,189	-3,288
Tools, equipment, and fixtures(net)	385	332
Land	3,597	3,597
Leased assets	303	320
Accumulated depreciation	-145	-169
Leased assets(net)	158	151
Construction in progress account	188	431
Total tangible fixed assets	6,739	6,780
Intangible assets		
Goodwill	179	89
Soft wares	60	46
Leased assets	30	19
Telephone subscription rights	20	20
Others	14	21
Total intangible assets	305	197
Investments and other assets		
Investment securities	442	416
Long-term lending	0	13
Differed income taxes	672	525
Long-term retention receivables	166	165
Others	205	203
Allowance for doubtful accounts	-190	-187
Total investments and other assets	1,296	1,137
Total noncurrent assets	8,341	8,115
Total assets	37,508	36,434

(Millions of yen)

	As of Mar. 31, 2021.	This financial period As of Dec. 31, 2021.
Liabilities		
Current liabilities		
Notes and account payable trade	3,937	5,407
Short-term loans payable	9,175	7,009
Lease obligations	70	68
Income taxes payable	248	27
Provision for bonuses	374	196
Provision for product warranties	71	69
Expense payable	418	316
Advances received	856	175
Others	237	259
Total current liabilities	15,388	13,529
Fixed liabilities		
Bonds payable	500	500
Long-term loans payable	5,588	5,920
Expense payable long term	1	---
Lease obligations	138	118
Deferred tax payable	90	75
Obligations related to retirement benefits	1,157	1,267
Asset retirement obligations	48	49
Provision for business liquidation losses	439	209
Others	28	28
Total fixed liabilities	7,993	8,168
Total liabilities	23,382	21,697
Net Assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,637	3,649
Retained earnings	8,452	8,911
Treasury stock	-574	-536
Total shareholders' equity	14,316	14,826
Accumulated other comprehensive income		
Valuation difference on available-for-sale security	1	-4
Foreign currency translation adjustment	-248	-135
Pension liabilities adjustment	4	5
Total accumulated other comprehensive income	-242	-134
Subscription rights to shares	51	44
Total net assets	14,125	14,736
Total liabilities and net assets	37,508	36,434

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

(Millions of yen)

	The previous corresponding period. (Apr.1, 2020 to Dec.31,2020)	Nine months ended Dec.31,2021. (Apr. 1, 2021 to Dec.31, 2021)
Net sales	17,706	15,975
Cost of sales	14,177	11,763
Gross profit	3,529	4,211
Selling, g & a expenses		
Salary & directors' compensation	1,375	1,336
Provision for bonuses	24	25
Fringe benefit expenses	53	56
Rent expenses	146	129
Outsourcing expenses	81	62
R&D expenses	331	355
Depreciations	132	117
Others	1,113	1,223
Total selling, g & a expenses	3,258	3,306
Operating income (loss)	271	905
Non-operating income		
Interest income	8	7
Dividend income	39	29
Foreign exchange gains	---	7
Rents income	12	12
Subsidy income	74	---
Insurance proceeds received	---	5
Others	33	60
Total non-operating income	169	122
Non-operating expenses		
Interest expenses	74	60
Foreign exchange losses	39	---
Equity in losses of affiliates accounted for by the equity method	---	5
Others	43	31
Total non-operating losses	157	97
Ordinary income (loss)	283	930
Extraordinary income		
Income on disposal of fixed assets	43	4
Reversal of reserve for business consolidation loss	---	90
Income on disposal of investment securities	---	5
Others	7	3
Total extraordinary income	50	104
Extraordinary loss		
Losses on disposal of fixed assets	23	14
Business restructuring expenses	13	---
Others	0	0
Total extraordinary loss	36	15
Income (loss) before income tax	297	1,019
Income taxes	148	274
Income tax adjustment	68	132
Total income tax	216	407
Profit (loss) for the period	81	612
Profit (loss) attributable to non-controlling interest.	(16)	---
Profit attributable to owners of parent	97	612

Consolidated Statements of Comprehensive Income

(Millions of yen)

	The previous corresponding period. (Apr.1, 2020 to Dec. 31, 2020)	Nine months ended Dec. 31, 2021. (Apr.1, 2021 to Dec.31, 2021)
Profit(loss)for the period	81	612
Other comprehensive income(loss)		
Valuation difference on available- for sale securities	17	(6)
Foreign currency translation adjustments	6	112
Pension liability adjustments	(1)	1
Total other comprehensive income (loss)	22	108
Comprehensive income (Loss)	103	721
Attributable to:		
Owners of parent	119	721
Non-controlling interest (loss)	(16)	---

(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)

<Adoption of "Accounting Standard for Revenue Recognition," >

The Company has adopted the "Accounting Standard for Revenue Recognition" ASBJ Statement No. 29, March 31, 2020 (hereinafter "Accounting Standard for Revenue Recognition") from the beginning of the first quarter of this financial year and we recognizes revenue of goods or services, which based on the amount estimated to be received in exchange for such goods or services at the time when control of the contracted goods or services is transferred to the customer.

As a result, in case of export sales which our group is obliged to install in contracts with customers, in the past domestic consolidated subsidiaries used to recognize revenue when we received an acceptance from a customer, but now we will be obliged to recognize "delivery of equipment" and "Installation and on-site adjustment work" as a separate and independent performance obligation. We have changed to a method of recognizing each revenue when the delivery of the equipment is completed and when the installation adjustment on site is completed. Regarding the application of Revenue Recognition Accounting Standards, we follow the transitional treatment stipulated in the proviso of paragraph 84 of Revenue Recognition Accounting Standard. Therefore, the cumulative effect of retroactively applying the new accounting policy before the beginning of the first quarter of this consolidated accounting period is added to or subtracted from the retained earnings at the beginning of the first quarter of this consolidated financial period, and the new accounting policy is adopted from the balance at the beginning of this financial period.

We are applying a new accounting policy. However, we apply the method stipulated in Article 86 of the Accounting Standard for Revenue Recognition. Therefore, we have not retroactively applied the new accounting policy to previous handled contracts that recognized almost all revenue amounts prior to the beginning of the first quarter of this consolidated financial period.

As a result, net sales for this consolidated cumulative period decreased by ¥146 million, cost of sales decreased by ¥103 million, and operating income, ordinary income, and net income before adjustment for taxes decreased by ¥42 million each. In addition, the balance of retained earnings at the beginning of the current period has increased by ¥46 million.

In accordance with the transition provision in Article 89-2 of the Accounting Standard for Revenue Recognition, the Company has not reclassified financial statements for the previous fiscal year by using the new presentation method. Furthermore, in accordance with the transitional treatment stipulated in "Accounting Standards for Quarterly Financial Statements" (Corporate Accounting Standard No. 12, March 31, 2020) paragraphs 28-15, we have not stated each profit separately generated from each separate independent obligation of each contract with customers for the previous cumulative consolidated 3rd quarter.

<Adoption of "Accounting Standard for Fair Value Measurement," >

We have adopted the "Accounting Standard for Fair Value Measurement" ASBJ Statement No. 30, July 4, 2019 (hereinafter "Accounting Standard for Fair Value Measurement") from the beginning of the first quarter of this financial year. We have prospectively adopted new accounting policies based on the Accounting Standard for Fair Value Measurement. in accordance with the transition provisions in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019). There is no impact of these changes on quarterly consolidated financial statements.

(Changes in accounting estimates)

<Evaluation rule for inventories>

Our group have internal rule for evaluation of merchandise and finished goods, and raw materials and supplies that regularly discount those valuation at a fixed rate if it exceeds a certain period of time after acquisition. Based on this, consolidated balance sheet figures are based on this devalued amount.

Therefore, considering the Group's inventory holding status, sales performance status and others, we have changed such certain period and discount rate related to the devaluation of the book value in order to appropriately reflect the fact of declining profitability of inventories in the financial condition and business results

Due to this change, impact for operating income, ordinary income, and net income before adjustment for taxes of this current consolidated cumulative period is minor

(Additional Information)

None.

(Segment Information)

I. The previous corresponding period (Apr.1, 2020 to Dec.31, 2020)

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	6,927	5,820	588	4,369	17,706	---	17,706
Intersegment sales and transfers	---	4	---	2	7	-7	---
Total	6,927	5,825	588	4,372	17,714	-7	17,706
Segment income (loss)	196	(144)	(121)	167	97	173	271

Notes

1. Segment income (loss) adjustment of ¥173 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥684 million from consolidated subsidiaries belong to each reportable segment. And corporate expense is general and administration division's expense ¥510 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, 2021 to Dec.31, 2021)

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	8,483	1,606	689	5,195	15,975	---	15,975
Intersegment sales and transfers	0	6	19	0	25	-25	---
Total	8,484	1,612	709	5,195	16,001	-25	15,975
Segment income (loss)	839	(276)	(111)	307	759	145	905

Notes

1. Segment income (loss) adjustment of ¥145 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥726 million from consolidated subsidiaries belong to each reportable segment. And corporate expense is general and administration division's expense ¥580 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.

3. Items on changes of reportable segment.

As described in the change of accounting policy, Accounting Standard for the Revenue Recognition was adopted from the beginning of the first quarter of this consolidated accounting period. Due to the change in the accounting method for revenue recognition, the method for measuring profit or loss in the business segment has also changed.

As a result of this change, sales of the "display-related business" decreased by ¥146 million and segment income decreased by ¥42 million compared to the conventional method.

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