

Consolidated Financial Review

For the 1st Quarter Ended Jun. 30, 2020 [Japanese GAAP]



Aug. 7, 2020

Listed Market: TSE 1st Section

Company name: Y.A.C. HOLDINGS Co., Ltd.
 Code number: TSE 6298
 URL: <https://www.yac.co.jp>
 Representatives: MOMOSE Takefumi, President
 Inquiries: HATAKEYAMA Osamu, Director and General Manager Finance Div.
 Telephone number: +81-42-546-1161

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, 2020 (4/01/2020—6/30/2020)

(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, 2020	5,279	-1.3	-1	---	10	---	-23	---
Three months ended Jun. 30, 2019	5,351	0.9	-378	---	-409	---	-458	---

Note: Comprehensive income

Three months ended Jun. 30, 2020 -¥43 million (--- %)
 Three months ended Jun. 30, 2019 -¥458 million (--- %)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2020	-2.54		---	
Three months ended Jun. 30, 2019	-50.92		---	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mill. yen	Mill. yen	%
Jun. 30, 2020	40,448	13,930	33.8
Mar. 31, 2020	39,135	14,065	35.3

Note: Equity

As of Jun. 30, 2020: ¥13,686 million
 As of Mar. 31, 2020: ¥13,818 million

2. Cash Dividends

	Cash dividend per share				
	1st quarter end	2nd quarter end	3 rd quarter end	Year-end	Annual
	Yen				
Fiscal year ended Mar. 31, 2020	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31, 2021	---				
Fiscal year ending Mar. 31, 2021 (forecast)		---	---	---	---

Note: Revision of cash dividends in year under review is none. Cash dividends forecast of the financial year ending Mar.31, 2021 is not determined at this moment but will be disclosed when it become possible to do.

3. Corporate estimates for the year ending March 31, 2021 (4/01/2020-3/31/2021)

(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, 2021	---	---	---	---	---	---	---	---	---

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

The consolidated business forecast for the fiscal year ending March 31, 2021 has not been determined at this time, as it is difficult to reasonably calculate the impact of the COVID-19 under the condition that COVID-19 are still going on. We will promptly disclose business forecast when it becomes possible to do.

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.: 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, 2020:	9,758,947 shares	As of Mar. 31, 2020:	9,758,947 shares
----------------------	------------------	----------------------	------------------

② Number of treasury stock as of end of period

As of Jun. 30, 2020:	703,031 shares	As of Mar. 31, 2020:	702,714 shares
----------------------	----------------	----------------------	----------------

③ Average number of issued shares outstanding

Three months ended Jun. 30, 2020:	9,056,153 shares	Three months ended Jun. 30, 2019:	9,012,439 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 forecasts" for the assumptions used and other notes.

Table of Contents

1. Qualitative Information, Financial Statements.	4-5
(1) Qualitative information regarding the status of consolidated business results.	4
(2) Qualitative information regarding changes in consolidated financial position.	4-5
(3) Qualitative information regarding consolidated business results forecast.	5
2. Consolidated Financial Information.	6-11
(1) Consolidated Balance Sheets.	6-7
(2) Consolidated Statements of Income and Comprehensive Income.	8-9
Consolidated Statements of Income.	8
Consolidated Statements of Comprehensive Income.	9
(3) Notes on quarterly financial report.	10
(Notes Concerning Going Concern Assumption.)	10
(Notes Concerning Major Changes in Shareholders' Equity.)	10
(Changes of Accounting Policy.)	10
(Changes in Accounting Estimates.)	10
(Additional information.)	10
(Segment Information and others)	10-11

1. Qualitative Information on Financial Results for the Current Quarter

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

During the three months started from Apr.1, 2020, nevertheless there are some differences in countries and areas, influenced by pandemic of COVID-19, all over the world, including Japan, economic activities have been forced to be restricted and world economy has suddenly decelerated.

In each business area which we belong to, for example in FPD business, manufacturing plan have delayed in P.R.C., which is a major manufacturing market, because of city lockdown. Then after manufacturing activities started to recover with restarting of economic activities but foreigners, including Japanese, are still restricted freely to travel to P.R.C.. In semiconductor business, there were big decreases in automobile semiconductor and industrial semiconductor but demand for telework related items, AI and IoT are expected.

Under these economic atmospheres, our group has endeavored to develop and commercialize new products which grasp customers' constantly changing needs.

As a result, our consolidated business result of this three months period ended Jun 30, 2020, were net sales of ¥5,279 million (1.3% decreased compared to the corresponding period of the previous year), operating income of minus ¥1 million (the corresponding period of the previous year was minus ¥378 million), ordinary income of ¥10 million (the corresponding period of the previous financial year was minus ¥409 million), profit attributable to owners of parent of minus ¥23 million (the corresponding period of the previous financial year was minus ¥458 million).

Each segment result was as follows.

(Mechatronics related business)

After suspended economic activities at the previous financial year end, economic activities restarted and our business kept recovery trend nevertheless weak. Especially, laser annealing equipment for manufacturing of power semiconductor and taping machine for smart phone. As a result, sales of Mechatronics related business were ¥2,452 million (33.7% increased compared to the corresponding period of the previous year) and segment profit was ¥123 million (the corresponding period of the previous year was minus ¥80 million).

(Display related business)

In P.R.C. which is a main manufacturing market, manufacturing plan have delayed because of city lockdown and business went sluggish.

As a result, sales of Display related business were ¥1,134 million (31.3% decreased compared to the corresponding period of the previous year) and segment profit was minus ¥138 million (the corresponding period of the previous year was minus ¥261 million).

(Industrial machinery related business)

Domestic market has been influenced by self-restraint and tele-work and overseas market which we mainly promote in P.R.C. market is nearly the same situation and business atmosphere in domestic as well as overseas are very severe.

As a result, sales of Industrial machine related business were ¥223 million (50.3% decreased compared to the corresponding period of the previous year) and segment profit was minus ¥47 million (the corresponding period of the previous year was minus ¥14 million).

(Electronics related business)

The sales of dialyzer went well and business went stably.

As a result, sales of Electronics related business were ¥1,468 million (3.7% increased compared to the corresponding period of the previous year) and segment profit was ¥1 million (the corresponding period of the previous year was minus ¥43 million).

(2) Qualitative information regarding changes in consolidated financial position

(Assets)

Current assets as of Jun 30, 2020 were ¥31,852 million, an increase of ¥1,300 million

compared to the previous financial year end. The major increase were ¥2,172 million in cash and deposits and ¥411 million work in process and a major decrease was ¥1,695 million in trade note and accounts receivable. Noncurrent assets were ¥8,595 million an increase of ¥12 million compared to the previous financial year end. As a result, total assets as of Jun. 30, 2020 were ¥40,448 million, an increase of ¥1,313 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Jun. 30, 2020 were ¥19,320 million, an increase of ¥1,873 million compared to the previous financial year end. The major increases were ¥2,333 million in short-term loans payable and ¥210 million in notes and accounts payable-trade and main decrease was ¥715 million in advance received.

Fixed liabilities as of Jun. 30, 2020 were ¥7,196 million, a decrease of ¥426 million compared to the previous financial year end. The main decrease was ¥386 million in long term loan payable. As a result, total liabilities as of Jun.30, 2020 were ¥26,517 million, an increase of ¥1,447 million compared to the previous financial year end.

(Net assets)

Total net assets as of Jun. 30, 2020 were ¥13,930 million, a decrease of ¥134 million compared to the previous financial year end. As a result, equity ratio as of Jun 30, 2020 was 33.8% (the previous financial year end was 35.3 %)

(3) Qualitative information regarding consolidated business results forecasts

Because of worldwide pandemic of COVID-19, economic activities in each country including Japan are restricted and it is difficult to forecast the new capital investments and manufacturing activities of our clients. Therefore, we will promptly disclose the consolidated business forecast for the fiscal year ending March 31, 2021 when it becomes reasonably possible to do.

2. Consolidated financial information

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2020	As of Jun 30, 2020
(Assets)		
Current assets		
Cash and deposits	6,531	8,703
Trade note and accounts receivable	12,469	10,774
Securities	0	0
Merchandise and finished goods	1,073	1,121
Work in process	8,341	8,753
Raw materials and supplies	1,423	1,486
Others	859	1,083
Allowance for doubtful accounts	-148	-70
Total current assets	30,552	31,852
Non current assets		
Tangible fixed assets		
Buildings and structures	5,165	4,777
Accumulated depreciation	-3,206	-2,887
Building and structures(net)	1,959	1,889
Machinery, equipment and vehicles	2,202	2,122
Accumulated depreciation	-1,739	-1,554
Machinery, equipment and vehicles(net)	462	567
Tools, equipment and fixtures	3,483	3,303
Accumulated depreciation	-3,067	-2,881
Tools, equipment and fixtures(net)	415	422
Land	3,610	3,600
Leased assets	264	259
Accumulated depreciation	-111	-118
Leased assets(net)	153	141
Construction in progress	157	165
Total tangible fixed assets	6,759	6,787
Intangible assets		
Good will	299	269
Soft wares	80	78
Leased assets	44	41
Telephone subscription rights	20	20
Others	5	5
Total intangible assets	450	414
Investments and other assets		
Investment securities	393	406
Long-term lending	1	1
Differed income taxes	781	804
Long-term retentions receivable	188	188
Others	221	206
Allowance for doubtful accounts	-213	-213
Total investments and other assets	1,373	1,393
Total noncurrent assets	8,583	8,595
Total assets	39,135	40,448

(Millions of yen)

	As of Mar. 31, 2020	As of Jun 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,754	5,965
Short-term loans payable	8,322	10,656
Lease obligations	66	63
Provision for bonuses	363	356
Provision for products warranty	82	69
Expense payable	404	357
Advances received	1,603	887
Current portion of bonds payable	700	700
Others	148	265
Total current liabilities	17,446	19,320
Fixed liabilities		
Long-term loans payable	5,439	5,053
Expense payable long term	81	77
Lease obligations	158	141
Deferred tax payable	96	97
Obligations related to retirement benefits	1,160	1,185
Asset retirement obligation	63	48
Provision for business liquidation losses	592	565
Others	30	28
Total fixed liability	7,623	7,196
Total liabilities	25,070	26,517
Net assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,635	3,635
Retained earnings	8,296	8,183
Treasury stock	-600	-600
Total shareholders' equity	14,132	14,019
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-27	-21
Foreign currency translation adjustment	-298	-321
Pension liability adjustments	11	10
Total accumulated other comprehensive income	-314	-332
Subscription rights to shares	51	51
Non controlling interests	195	192
Total net assets	14,065	13,930
Total liabilities and net assets	39,135	40,448

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Millions of yen)

	The previous corresponding period (Apr.1, 2019 to Jun. 30, 2019)	Three months ended Jun. 30, 2020 (Apr. 1, 2020 to Jun. 30, 2020)
Net sales	5,351	5,279
Cost of sales	4,577	4,260
Gross profit	774	1,018
Selling, g&a expenses		
Salary & directors' compensation	432	459
Provision for bonuses	59	30
Fringe benefit expenses	20	20
Rent expenses	43	52
Outsourcing expenses	28	30
R&D expenses	117	101
Depreciations	55	43
Others	395	280
Total selling, g&a expenses	1,153	1,020
Operating income(loss)	(378)	(1)
Non-operating income		
Interest income	2	2
Dividends income	19	43
Rents income	3	4
Others	13	17
Total non-operating income	39	68
Non-operating expenses		
Interest expenses	23	30
Foreign exchange losses	41	10
Others	4	16
Total non-operating losses	69	56
Ordinary income(loss)	(409)	10
Extraordinary income		
Income on disposal of fixed assets	0	34
Others	---	4
Total extraordinary income	0	38
Extraordinary loss		
Losses on disposal of fixed assets	0	3
Others	0	0
Total extraordinary loss	0	3
Income (Loss) before income tax	(409)	45
Income taxes	17	94
Income tax adjustment	33	-23
Total income tax	51	70
Profit (Loss)	(461)	(25)
Profit (Loss) attributable to non controlling interests	(2)	(2)
Profit attributable to owners of parent (loss)	(458)	(23)

Consolidated statements of comprehensive income

(Millions of yen)

	The previous corresponding period (Apr.1, 2019 to Jun.30, 2019)	Three months ended Jun. 30, 2020 (Apr.1, 2020 to Jun. 30, 2020)
Income(Loss) before minority interests	(461)	(25)
Other comprehensive income		
Valuation difference on available-for sale securities	-6	5
Foreign currency translation adjustment	8	-23
Pension liability adjustments	0	-0
Total other comprehensive Income (Loss)	2	(18)
Comprehensive income (Loss)	(458)	(43)
(comprehensive income(Loss) attribute to)		
Owners of parent	(455)	(41)
Non controlling interests	(2)	(2)

(3) Notes on consolidated financial information.**(Notes concerning going concern assumption)**

None

(Notes concerning major changes in shareholders' equity)

None

(Changes of accounting policies)

None

(Changes in accounting estimates)

None

(Additional information)

None

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

I . The previous corresponding period (Apr. 1, 2019 to Jun. 30, 2019)

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	1,833	1,651	449	1,416	5,351	---	5,351
Intersegment sales and transfers	0	0	---	0	1	-1	---
Total	1,833	1,652	449	1,416	5,353	-1	5,351
Segment income (loss)	(80)	(261)	(14)	(43)	(399)	20	(378)

Notes

1. Segment income (loss) adjustment of ¥20 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥197 million from consolidated subsidiaries belong to each segment. And corporate expense is general and administration division's expense ¥176 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, 2020 to Jun.30, 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	2,452	1,134	223	1,468	5,279	---	5,279
Intersegment sales and transfers	---	1	---	2	4	-4	---
Total	2,452	1,136	223	1,471	5,283	-4	5,279
Segment income (loss)	123	(138)	(47)	1	(60)	58	(1)

Notes

1. Segment income (loss) adjustment of ¥58 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥208 million. From consolidated subsidiaries belong to each reportable segment. And corporate expense is general and administration division's expense ¥149 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