

Consolidated Financial Review



For the 2nd Quarter Ended Sep. 30, 2020 [Japanese GAAP]

Nov.13, 2020

Listed Market: TSE 1st

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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, 2020 (4/01/2020—9/30/2020) (Percentage is the rate of increase or decrease from the previous corresponding period)

(1) Consolidated operating results

(Millions of yen)

	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, 2020	12,230	2.3	311	---	307	---	273	---
Six months ended Sep. 30, 2019	11,952	-25.2	-553	---	-622	---	-710	---

Note: Comprehensive income

Six months ended Sep. 30, 2020 ¥256 million (--- %)
 Six months ended Sep. 30, 2019 - ¥776 million (---%)

	Profit per share	Diluted profit per share
Six months ended Sep. 30, 2020	Yen 30.16	Yen 29.93
Six months ended Sep. 30, 2019	-78.71	---

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mil yen	Mil yen	%
As of Sep. 30, 2020	39,511	14,255	35.5
As of Mar. 31, 2020	39,135	14,065	35.3

Note: Equity

As of Sep. 30, 2020: ¥14,011 million
 As of Mar. 31, 2020: ¥13,818 million

2. Cash Dividends

	Cash dividends 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 2020	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31 2021	---	10.00			
Fiscal year ending Mar. 31, 2021 (forecast)			---	10.00	20.00

Note: Revision of the latest forecast of cash dividends: Yes.

Please refer to "Announcement on Consolidated Business Results Forecast and Cash Dividend Forecast" announced on Nov.13, 2020.

3. Business result forecast for the year ending Mar. 31, 2021(4/01/2020-3/31/2021)

(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
	Mill. Yen	%	Mill Yen	%	Mill. Yen	%	Mill Yen	%	Yen
Fiscal year ending Mar. 31, 2021	27,000	23.2	800	---	700	---	500	---	55.36

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):
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 Sep. 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 Sep. 30, 2020:	672,204 shares	As of Mar. 31, 2020:	702,714 shares
③ Average number of issued shares outstanding			
Six months ended Sep. 30, 2020:	9,064,456 shares	Six months ended Sep. 30, 2019:	9,023,683 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.

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1. Qualitative Information on Financial Statements

(1) Description of consolidated business results

During the six months started from Apr.1, 2020, after the sudden depress caused by pandemic of COVID-19, generally world economy has been gently picking up influenced by resume of economic activities, nevertheless there are differences of degree on each country and area Regarding each industry which we belong to, such as FPD industry, new capital investments activities had stagnated by lockdown in P.R.C., which is major market. But after that, with resumption of economic activities it became possible to travel under certain constraints, and activities of new capital investment has been recovering gradually. In semiconductor industry, we can see the sign of recovery in sudden depressed in-vehicle equipment and we can expect new demand for 5G related, AI related, IoT related equipment and re-mote home work related system which are applicable for new life style.

Under these economic atmospheres, our group has endeavored to develop and commercialize new products to grasp every minute changing client's needs.

As a result, consolidated this six month our business result was as follows. Net sales amounted to ¥12,230 million (2.3% increased compared to the previous corresponding period), operating income marked ¥311 million (the corresponding period of the previous financial year was -¥553 million), ordinary income marked ¥307 million, (the corresponding period of the previous financial year was -¥622 million), profit attributable to owners of parent marked ¥273 million (the corresponding period of the previous financial year was -¥710 million).

Each segment result was as follows.

(Mechatronics related business segment.)

Mechatronics related business moved generally recovering and Laser Annealing Equipment business for power semiconductor and Taping Machine business for smartphone business went well.

As a result, net sales of mechatronics related business segment amounted to ¥5,132 million (20.1 % increased compared to the previous corresponding period) and segment income marked ¥281 million. (257.6 % increased compared to the previous corresponding period.)

(Display related business segment)

New capital investment activities of our clients in P.R.C. started to move gradually, which has been stagnated, with economic activities resume.

As a result, net sales of display related business segment amounted to ¥3,669 million (4.2% increased compared to the previous corresponding period) and segment income marked -¥87 million (the corresponding period of the previous financial year was -¥566million).

(Industrial machinery related business segment)

Domestic market of cleaning related equipment was influenced by "Self-restrain" and "Stay-home and remote-work" and overseas business that we mainly operate in P.R.C. was the same as domestic market. Therefore, business atmosphere was very severe in both markets.

As a result, net sales of industrial machinery related business amounted to ¥408 million (56.9% decreased compared to the previous corresponding period) and segment income marked -¥78 million (the previous corresponding period segment income marked -¥13 million).

(Electronics related business segment)

Business for electric power company and business of dialyzer went well.

As a result, net sales of electronics related business amounted to ¥3,019 million (6.0% decreased compared to the previous corresponding period) and segment income marked ¥79 million (the corresponding period of the previous financial year was -¥98million).

(2) Description of consolidated financial position.

(Assets)

Current assets as of Sep. 30, 2020 were ¥30,958 million, an increase of ¥406 million compared to the previous financial year end. A major increase was ¥2,585 million in cash and deposits. The major decrease were ¥1,371 million in trade note and accounts receivable and ¥635 million in work in process. Noncurrent assets were ¥8,553 million a decrease of ¥29 million compared to the previous financial year end. A main decrease was ¥59 million in goodwill. As a result, total assets as of Sep. 30, 2020 increased by ¥376 million from the previous financial year end, to ¥39,511 million.

(Liabilities)

Current liabilities as of Sep. 30, 2020 were ¥19,009 million, an increase of ¥1,563 million compared to the previous financial year end. The major increases were ¥2,616 million in short-term loans payable and ¥123 million in advances received. A major decrease was ¥1,237 million in notes and accounts payable trade.

Fixed liabilities as of Sep. 30, 2020 were ¥6,246 million, a decrease of ¥1,377 million compared to the previous financial year end. A main decrease was ¥1,276 million in long term loan payable. As a result, total liabilities as of Sep.30, 2020 increased by ¥186 million from the previous financial year end to ¥25,256 million.

(Net assets)

Total net assets as of Sep. 30, 2020 were ¥14,255 million, an increase of ¥190 million compared to the previous financial year end. As a result, equity ratio at the end of the 2nd quarter was 35.5% and net assets per share came to ¥1,541.96.

(3) Description of financial estimates information such as consolidated business results forecasts

Regarding the business results forecast for 12 months ending Mar.31, 2021, although caused by pandemic of COVID-19 our business activities were constrained and unpredictable situation has continued, we calculated based on our consolidated business results of the 2nd quarter, present forecast that expansion of demand in semiconductor business for 5G communication related, AI and IoT is expected and information present available. And based on that business results forecast, we forecasted cash dividend.

Furthermore, regarding qualitative information of consolidated business results forecasts may change tremendously affected by the time of convergence of COVID-19 and changes of domestic and overseas economic atmosphere. Therefore, we will promptly disclose when significant change event would occur.

Please refer to the “Announcement on Consolidated Business Forecast and cash dividend” announced on Nov. 13, 2020.

2. Consolidated financial information

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2020	As of Sep. 30, 2020
(Assets)		
Current assets		
Cash and deposits	6,531	9,116
Trade note and accounts receivable	12,469	11,098
Securities	0	0
Merchandise and finished goods	1,073	1,111
Work in process	8,341	7,706
Raw materials and supplies	1,423	1,439
Others	859	555
Allowance for doubtful accounts	-148	-70
Total current assets	30,552	30,958
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	5,165	5,050
Accumulated depreciation	-3,206	-3,143
Building and structures(net)	1,959	1,906
Machinery, equipment and vehicles	2,202	2,357
Accumulated depreciation	-1,739	-1,802
Machinery, equipment and vehicles(net)	462	555
Tools, equipment and fixtures	3,483	3,535
Accumulated depreciation	-3,067	-3,138
Tools, equipment and fixtures(net)	415	397
Land	3,610	3,597
Leased assets	264	264
Accumulated depreciation	-111	-124
Leased assets(net)	153	140
Construction in progress	157	183
Total tangible fixed assets	6,759	6,779
Intangible assets		
Good will	299	239
Soft wares	80	72
Leased assets	44	37
Telephone subscription rights	20	20
Others	5	12
Total intangible assets	450	382
Investments and other assets		
Investment securities	393	407
Long-term lending	1	1
Differed income taxes	781	790
Long-term retention receivables	188	188
Others	221	217
Allowance for doubtful accounts	-213	-213
Total investments and other assets	1,373	1,391
Total noncurrent assets	8,583	8,553
Total assets	39,135	39,511

(Millions of yen)

	As of Mar. 31, 2020.	As of Sep. 30, 2020.
Liabilities		
Current liabilities		
Notes and accounts payable trade	5,754	4,517
Short-term loans payable	8,322	10,939
Lease obligations	66	60
Income taxes payable	---	121
Provision for bonuses	363	354
Provision for products warranty	82	57
Expense payable	404	351
Advances received	1,603	1,726
Current portion of bond payable	700	700
Others	148	181
Total current liabilities	17,446	19,009
Fixed liabilities		
Long-term loans payable	5,439	4,162
Expense payable long term	81	77
Lease obligations	158	138
Deferred tax payable	96	89
Obligations related to retirement benefits	1,160	1,162
Asset retirement obligation	63	49
Provision for business restructuring	592	537
Others	30	28
Total fixed liabilities	7,623	6,246
Total liabilities	25,070	25,256
Net assets		
Shareholders' equity		
Capital stock	2,801	2,801
Capital surplus	3,635	3,633
Retained earnings	8,296	8,479
Treasury stock	-600	-574
Total shareholders' equity	14,132	14,339
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-27	-21
Foreign currency translation adjustment	-298	-317
Pension liability adjustments	11	10
Total accumulated other comprehensive income	-314	-328
Subscription rights to shares	51	51
Non controlling interests	195	192
Total net assets	14,065	14,255
Total liabilities and net assets	39,135	39,511

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

(Millions of yen)

	The previous corresponding period. (Apr.1, 2019 to Sep. 30, 2019)	Six months ended Sep. 30, 2020. (Apr. 1, 2020 to Sep. 30, 2020)
Net sales	11,952	12,230
Cost of sales	10,128	9,790
Gross profit	1,824	2,440
Selling, g&a expenses		
Salary & directors' compensation	878	908
Provision for bonuses	91	73
Fringe benefit expenses	37	35
Rent expenses	86	98
Outsourcing expenses	90	56
R&D expenses	244	211
Depreciation	96	87
Others	853	657
Total selling, g&a expenses	2,378	2,128
Operating income (loss)	(553)	311
Non-operating income		
Interest income	6	5
Dividends income	21	38
Rents income	6	8
Others	33	46
Total non-operating income	68	98
Non-operating expenses		
Interest expenses	45	51
Foreign exchange losses	56	23
Others	35	28
Total non-operating losses	137	102
Ordinary income (loss)	(622)	307
Extraordinary income		
Income on disposal of fixed assets	0	43
Income on disposal of investments in securities	28	---
Others	0	4
Total extraordinary income	29	47
Extraordinary loss		
Loss on disposal of fixed assets	1	3
Liquidation loss of affiliates.	20	---
Business restructuring expenses	18	---
Others	4	0
Total extraordinary loss	44	4
Profit (loss) before income tax	(636)	350
Income taxes	20	96
Income tax adjustment	67	-17
Total income tax	87	79
Profit (loss) for the period	(724)	270
Profit (loss) attributable to:		
Non-controlling interest.	(14)	(2)
Owners of parent	(710)	273

Consolidated statements of comprehensive income

(Millions of yen)

	The previous corresponding period. (Apr.1, 2019 to Sep.30, 2019)	Six months ended Sep. 30, 2020. (Apr.1, 2020 to Sep. 30, 2020)
Profit (loss) for the period	(724)	270
Other comprehensive income		
Valuation difference on available-for sale securities	-32	6
Foreign currency translation adjustment	-20	-19
Pension liabilities adjustment	1	-0
Total other comprehensive income(loss)	(52)	(13)
Comprehensive income(loss)	(776)	256
Comprehensive income(loss) attributable to:		
Owners of parent.	(762)	259
Non-controlling interest.	(14)	(2)

(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 accounting estimates.)

None.

(Additional information.)

None.

(Segment information)

[Segment information]

I . The previous corresponding period (Apr. 1, 2019 to Sep. 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	4,272	3,521	947	3,211	11,952	---	11,952
Intersegment sales and transfers	0	2	---	3	6	-6	---
Total	4,273	3,523	947	3,215	11,959	-6	11,952
Segment income (loss)	78	(566)	(13)	(98)	(600)	46	(553)

Notes

1. Segment income (loss) adjustment of ¥46 million is the corporate income and expenses not apportioned in each reportable segment. Corporate income mainly comprises management fee from consolidated subsidiaries which belong to each reportable segment is ¥429 million. And corporate expense of ¥383 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, 2020 to Sep.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	5,132	3,669	408	3,019	12,230	---	12,230
Intersegment sales and transfers	---	2	---	2	5	-5	---
Total	5,132	3,672	408	3,022	12,236	-5	12,230
Segment income (loss)	281	(87)	(78)	79	195	116	311

Notes

1. Segment income (loss) adjustment of ¥116 million is the corporate income and expenses not apportioned in each reportable segment. Corporate income mainly comprises management fee from consolidated subsidiaries which belong to each reportable segment is ¥454 million. And corporate expense of ¥338 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.