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(ZIP6298)

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Medium-term management plan (from the financial year 2021 to 2023)

We are pleased to inform you that the Board of Directors meeting held today resolved to decide and announce the medium-term management plan (FY2021-2023) as follows. Our company was founded by the current president in May 1973 and will celebrate its 50th anniversary in May 2023. With this as our today's goal, we have made this medium-term management plan.

1. Basic strategy.

(1) Basic theme.

a) Seeking high-profit management by letting gross margin increase and in the final year, 10% or more of operating income ratio.

b) Aiming efficiency-oriented management and in the final year, 35 million yen or more sales per person.

c) Completing mass-produced new products collaborating with SDGs and in the final year, 20% or more of sales.

2. Reform theme.

a) Marketing reform (doing everything make to order sales and promoting proposal type sales).

We will promote products development that gives peace of mind and affluence to our lives while embodying the various needs of our customers as a "Flexible high technology company group".

b) Efficient management within the group.

We will aim to establish highly efficient management by consolidating companies, businesses, and systems within the group.

c) We will improve of Chinese business model.

We will improve each company's each corresponding to chines business, which is the largest market, from the viewpoint of efficiency and debt collection.

2. Numerical target (consolidated).

(Millions of ¥)

Financial year		Year of 2021	Year of 2022	Year of 2023
Sales (consolidated)		30,000	33,000	37,000
Segment	Mechatronics related	13,470	14,290	16,000
	Display related	5,690	7,120	8,000
	Industrial machinery related	3,720	4,020	4,500
	Electronics related	7,120	7,570	8,500
Operating income		1,600	2,310	3,700
Operating income ratio		5.3%	7.0%	10.0%

(※) Detail figure of year 2021 will be disclosed by “Consolidated financial review for the year ending Mar.31, 2021”.

.3. Current situation by segment, issues, and measures.

(1) Mechatronics-related business.

a) Current situation and issues.

The market which this segment is following is expected to expand significantly with the progress of cloud-related, EV, and digital shifts. Responding to increasing demand for cloud-related HDD manufacturing equipment that is exclusively selling, rapid deployment of power semiconductors and electronic components (laser annealers, carrier tapes, automation equipment, cutting equipment, etc.) and sales promotion of corona-related products, etc. Those will be issues.

b) Measures.

- Development of HDD process equipment for next-generation, and added value development by installing IoT and AI.

- Deep cultivation in the power semiconductor market, application development of equipment for the 5G and sensor markets.
- Timely market launch of developing medical-related wet process equipment and collaborative robot applied automation equipment, etc.
- In addition, we will work to strengthen the competitiveness of our products and ensure a stable supply through collaboration between domestic and overseas bases.

(2) Display-related business.

a) Current situation and issues.

In the flat panel display (FPD) industry, investment in liquid crystal displays (LCD) for large TVs has settled down, and investment in organic EL displays (OLED) is currently in the adjustment phase, regardless efforts are being made for mass production development of large substrates. In this related business, we will overcome this situation by specializing in fields where we can utilize our strengths (withdrawal from the WET business in the previous fiscal year, etc.), expand (expanding the application of heat treatment equipment), and continue to strengthen our constitution.

b) Measures.

We will brush up our products in terms of both technology and cost, increase our market share and develop it into a base business by actively developing maintenance and services by proposal-type sales.

On the other hand, for dramatic expansion, we will promote product development through collaboration between our core technology and technologies of other companies and penetrate markets other than the FPD industry.

(3) Industrial equipment related business.

a) Current situation and issues.

The home cleaning market has shrunk sharply due to the corona stagnation, but demand for linen supplies in related industries, especially medical linen supplies, has increased significantly. In addition, film packaging, which is the core technology for cleaning finisher, is expected to create a new market in the EC logistics industry, where many eco-friendly films and papers are handled due to the trend of decarbonization and de-plasticization. Acceleration to entry into both markets is issue.

b) Measures.

In the medical linen supply, we will provide "safety and security" by automating and

improving the accuracy of the inspection function at the time of arrival check, which has been developed since last year. Regarding EC logistics, we will contribute to society as a part of decarbonization and de-plasticization by applying our core technology.

(4) Electronic equipment related business.

a) Current situation.

We anticipate that dialyzer will continue to expand due to increasing global demand for diabetes. Due to the COVID-19, the adjustment of production cuts for old models and the introduction of new models to the market had a negative impact, but sales of old models recovered from the latter half of the third quarter of this year, and new models will be launched around autumn next year. The issues are to steadily obtain certification in the newly penetrated country and to secure the next product.

On the other hand, demand for electric power control and communication equipment is still strong, but the market is not expanding rapidly. Therefore, the issue in this field is that entry into renewable energy, which is expected to grow in the future, is the key word for further growth.

b) Measures.

In the medical field, improving the quality of existing dialyzer and reducing costs is of utmost importance, while we will work to develop new products that make use of our technology.

In the electricity market, we will develop equipment for renewable energy centered on offshore wind power and focus on developing communication equipment that will lead to automation of maintenance.

<p>The contents of this document include assumptions, outlooks, and forecasts based on plans, and are not intended to be realized by the Company. Actual performance may vary due to various factors.</p>
