

<Translation>



November 5, 2021

Consolidated Financial Results for the Six Months Ended September 30, 2021 <under Japanese GAAP>

Company Name: YUSHIN PRECISION EQUIPMENT CO., LTD.

Listing: First Section of the Tokyo Stock Exchange

Securities code: 6482

URL: <https://www.ype.co.jp/en/>

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Scheduled date to submit quarterly report: November 12, 2021

Scheduled date to commence dividend payments: December 1, 2021

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing: Yes (for Analysts)

(Amounts less than one million yen are omitted, unless otherwise noted)

1. Consolidated Business Results for the Six Months Ended September 30, 2021

(from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2021	9,722	20.4	1,349	54.8	1,420	57.8	1,030	56.1
September 30, 2020	8,072	(22.1)	871	(30.6)	900	(23.2)	659	(21.3)

Note: Comprehensive income Six months ended September 30, 2021: 1,020 million yen [46.4 %]

Six months ended September 30, 2020: 697 million yen [9.4 %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	30.26	-
September 30, 2020	19.39	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	34,981	29,768	84.5
As of March 31, 2021	34,688	29,199	83.5

Reference: Equity capital

As of September 30, 2021: 29,545 million yen

As of March 31, 2021: 28,962 million yen

2. Cash Dividends

	Annual dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	-	5.00	-	13.00	18.00
FY2022	-	9.00			
FY2022 (Forecast)			-	9.00	18.00

Note: Revisions to projected dividends most recently announced: None

3. Consolidated Earnings Forecasts for the FY2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2022	20,000	8.3	2,600	3.1	2,630	0.8	1,840	0.7	54.06

Note: Revisions to projected results most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries accompanying changes in scope of consolidation): None

(2) Adoption of the special accounting methods: Yes

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes related to quarterly consolidated financial statements < Adoption of special accounting methods for preparation of quarterly financial statements >” on page 7 of [Attached Material] for further information.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| 2) Changes in accounting policies due to other reasons: | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatement: | None |

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes related to quarterly consolidated financial statements < Change in accounting policy >” on page 7 of [Attached Material] for further information.

(4) Number of issued shares (Common stock)

1) Number of issued shares at the end of the period (including shares of treasury shares)	As of Sept. 30, 2021	35,638,066 Shares	As of March 31, 2021	35,638,066 Shares
2) Number of treasury shares at the end of the period	As of Sept. 30, 2021	1,602,646 Shares	As of March 31, 2021	1,602,518 Shares
3) Average number of outstanding shares during the period	Six months ended Sept. 30, 2021	34,035,509 Shares	Six months ended Sept. 30, 2020	34,035,612 Shares

* This “Consolidated Financial Results for the Six Months” report is not subject to quarterly review procedures by certified public accountant or by auditing firm.

* Cautionary statement with respect to forward-looking statements and other special remarks

The forecasts above are based on the information currently available. A number of factors could cause actual results to differ materially from expectations. For more information about these assumptions and notes regarding the use of earnings forecasts, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation on the forecast information including consolidated earnings forecast and others” on page 2 of [Attached Material].

* Disclaimer:

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation on the business results

With regard to the global economy during the first half of the current fiscal year, the world economy has shown a recovery trend toward positive growth, partly due to the fact that vaccinations against COVID-19 have progressed worldwide, and restrictions on business activities have been eased in an increasing number of regions. However, the future outlook still remains uncertain due to concerns about the reemergence of the infectious diseases, as well as the negative impact of the global shortage of semiconductors on production activities and soaring ocean freight rates.

Under these circumstances, YUSHIN group has continued to develop new customers on a global scale, while paying careful attention to the spread of COVID-19, with the safety of our customers, business partners, and employees as our top priority. As a result, orders received during the first half of the current fiscal year increased significantly compared to the first half of the previous fiscal year. As for the consolidated business results for the first half of the current fiscal year, sales of custom-ordered equipment decreased compared to the same period of the previous year due to the slow recovery of large orders, while sales of take-out robots increased in Japan and Asia due to the recovery of capital investment appetite, and sales continued to be strong in China and North America. As a result, consolidated net sales increased by 20.4% year on year, to 9,722 million yen. As for profits, operating profit increased by 54.8% year on year to 1,349 million yen due to the increase in consolidated net sales and improvement in the gross profit margin. Ordinary profit increased by 57.8% to 1,420 million yen and profit attributable to owners of parent increased by 56.1% to 1,030 million yen year on year.

In July 2021, the Company launched RC-SE series of take-out robots equipped with the environmentally friendly "Smart ECO Vacuum" function, and SX-41 high-speed side-entry take-out robot for clean rooms, which is expected to be used in the medical and other fields.

(2) Explanation on the financial condition

<Assets>

Total assets increased by 292 million yen from the end of the previous fiscal year to 34,981 million yen. This was mainly due to increase of "Raw materials and supplies" by 408 million yen.

<Liabilities>

Total liabilities decreased by 276 million yen from the end of the previous fiscal year to 5,212 million yen. This was mainly due to decrease of "Notes and accounts payable - trade" by 244 million yen.

<Net assets>

Net assets increased by 569 million yen from the end of the previous fiscal year to 29,768 million yen.

(3) Explanation on the forecast information including consolidated earnings forecast and others

At this time, there are no changes to the full-year Consolidated Earnings Forecasts for the fiscal year ending March 31, 2022 that was announced in Consolidated Financial Results released on May 11, 2021.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
<ASSETS>		
Current assets		
Cash and deposits	11,690,730	11,799,612
Notes and accounts receivable - trade	5,563,680	5,081,078
Merchandise and finished goods	1,007,401	1,295,709
Work in process	987,869	1,055,044
Raw materials and supplies	2,987,777	3,396,256
Other	308,866	379,283
Allowance for doubtful accounts	(36,825)	(10,491)
Total current assets	22,509,500	22,996,493
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,166,174	3,988,967
Land	6,129,718	6,271,521
Other, net	235,666	224,439
Total property, plant and equipment	10,531,559	10,484,929
Intangible assets	254,601	205,082
Investments and other assets		
Investment securities	285,724	246,397
Retirement benefit asset	296,727	290,710
Deferred tax assets	621,419	640,094
Other	209,365	191,252
Allowance for doubtful accounts	(20,224)	(73,463)
Total investments and other assets	1,393,012	1,294,990
Total non-current assets	12,179,174	11,985,002
Total assets	34,688,675	34,981,496

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
<LIABILITIES>		
Current liabilities		
Notes and accounts payable - trade	2,773,198	2,529,034
Accounts payable - other	542,158	461,780
Income taxes payable	400,497	343,350
Advances received	789,464	1,045,556
Provision for bonuses	282,429	301,509
Provision for bonuses for directors	42,800	16,950
Provision for product warranties	162,715	123,525
Other	328,688	224,557
Total current liabilities	5,321,953	5,046,264
Non-current liabilities		
Retirement benefit liability	87,948	89,933
Deferred tax liabilities	35,955	33,987
Other	43,415	42,505
Total non-current liabilities	167,319	166,426
Total liabilities	5,489,273	5,212,691
<NET ASSETS>		
Shareholders' equity		
Capital stock	1,985,666	1,985,666
Capital surplus	2,024,597	2,024,597
Retained earnings	25,848,552	26,436,097
Treasury shares	(1,355,222)	(1,355,329)
Total shareholders' equity	28,503,594	29,091,032
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103,840	76,508
Foreign currency translation adjustment	290,333	317,300
Remeasurements of defined benefit plans	64,753	60,381
Total accumulated other comprehensive income	458,927	454,190
Non-controlling interests	236,879	223,582
Total net assets	29,199,402	29,768,805
Total liabilities and net assets	34,688,675	34,981,496

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income**Quarterly consolidated statements of income****First six months**

	(Thousands of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	8,072,037	9,722,592
Cost of sales	4,717,131	5,448,562
Gross profit	3,354,905	4,274,029
Selling, general and administrative expenses	2,483,521	2,924,865
Operating profit	871,384	1,349,164
Non-operating income		
Interest income	3,296	3,425
Dividend income	2,889	2,860
Purchase discounts	3,385	3,927
Foreign exchange gains	323	-
Subsidy income	10,590	-
Surrender value of insurance policies	-	71,930
Other	8,899	10,746
Total non-operating income	29,383	92,889
Non-operating expenses		
Sales discounts	267	-
Foreign exchange losses	-	20,697
Other	62	755
Total non-operating expenses	330	21,453
Ordinary profit	900,438	1,420,600
Extraordinary income		
Gain on sales of non-current assets	414	708
Total extraordinary income	414	708
Extraordinary losses		
Loss on sales and retirement of non-current assets	0	202
Total extraordinary losses	0	202
Profit before income taxes	900,853	1,421,106
Income taxes	230,959	381,017
Profit	669,893	1,040,089
Profit attributable to non-controlling interests	10,038	10,081
Profit attributable to owners of parent	659,855	1,030,007

Quarterly consolidated statements of comprehensive income**First six months**

	(Thousands of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	669,893	1,040,089
Other comprehensive income		
Valuation difference on available-for-sale securities	34,386	(27,332)
Foreign currency translation adjustments	(1,503)	12,395
Remeasurements of defined benefit plans, net of tax	(5,577)	(4,371)
Total other comprehensive income	27,304	(19,309)
Comprehensive income	697,198	1,020,779
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	686,779	1,025,270
Comprehensive income attributable to non-controlling interests	10,418	(4,490)

(3) Notes related to quarterly consolidated financial statements**< Notes related to going concern assumption >**

None

< Notes in the event of significant changes in shareholders' equity >

None

< Change in accounting policy >**<Application of accounting standards, etc., related to revenue recognition>**

YUSHIN Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020; hereinafter, "Accounting Standard for Revenue Recognition") from the beginning of the consolidated first quarter under review. In accordance with the Accounting Standard for Revenue Recognition, when control of a promised good or service is transferred to the customer, revenue will be recognized at the amount expected to be received in exchange for the good or service.

When applying the Accounting Standard for Revenue Recognition, etc., we comply with the transitional treatment stipulated in the provisions of Paragraph 84 of the Standard. The cumulative impact of retroactively applying the new accounting policy prior to the beginning of consolidated first quarter under review is added or subtracted to the retained earnings at the beginning of the consolidated first quarter under review and the new accounting policy is applied from the beginning balance.

This has no effect on profit and loss for the first half of the current fiscal year and on the balance of retained earnings at the beginning of the period by applying Accounting Standard for Revenue Recognition.

<Application of accounting standards, etc., for calculation of fair value >

YUSHIN Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019; hereinafter, "Fair Value Accounting Standards") and others from the beginning of the first quarter ended June 30, 2021. In accordance with the transitional treatment set forth in Article 19 of Fair Value Accounting Standards and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company has applied prospectively a new accounting policy prescribed by Fair Value Accounting Standards and others. This has no effect on the quarterly consolidated financial statements.

< Adoption of special accounting methods for preparation of quarterly financial statements >**Calculation method for tax expenses**

The effective tax rate on profit before income taxes for the consolidated fiscal year after the application of tax effect accounting is reasonably estimated, and this estimated rate is applied to net profit before income taxes for the quarterly period under review

< Segment information >

First Six Months of FY2021 (from April 1, 2020 to September 30, 2020)

Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustment *1	Amounts shown on quarterly consolidated statements of income *2
	Japan	U.S.A.	Asia	Europe			
Net sales							
Sales to customers	3,558,379	1,682,566	1,643,445	1,187,646	8,072,037	-	8,072,037
Inter-segment sales or transfers	1,984,585	4,495	102,065	3,202	2,094,348	(2,094,348)	-
Total	5,542,964	1,687,061	1,745,510	1,190,848	10,166,385	(2,094,348)	8,072,037
Segment profit	274,254	260,407	100,201	201,998	836,861	34,523	871,384

*Notes 1: The 34,523 thousand yen adjustment to segment profit includes 16,601 thousand yen eliminations for inter-segment transaction and 17,921 thousand yen inventory adjustments.

*Notes 2: Segment profit is adjusted to be consistent with operating profit shown on the quarterly consolidated statements of income.

First Six Months of FY2022 (from April 1, 2021 to September 30, 2021)

Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Total	Adjustment *1	Amounts shown on quarterly consolidated statements of income *2
	Japan	U.S.A.	Asia	Europe			
Net sales							
Sales to customers	4,767,489	1,934,555	2,580,446	440,101	9,722,592	-	9,722,592
Inter-segment sales or transfers	2,317,070	2,479	215,027	1,785	2,536,362	(2,536,362)	-
Total	7,084,559	1,937,035	2,795,473	441,886	12,258,955	(2,536,362)	9,722,592
Segment profit	808,142	265,152	300,444	62,168	1,435,908	(86,744)	1,349,164

*Notes 1: The (86,744) thousand yen adjustment to segment profit is inventory adjustments.

*Notes 2: Segment profit is adjusted to be consistent with operating profit shown on the quarterly consolidated statements of income.

3. Supplemental Information

(1) Orders, backlog and sales

a. Orders

1) Order received

(Thousands of yen)

Products	First Six Months of FY2021	First Six Months of FY2022	Change (%)
Take-out robots	5,571,468	7,601,276	136.4
Custom-ordered equipment	1,364,768	1,707,457	125.1
Parts and maintenance service	1,451,154	1,683,066	116.0
Total	8,387,391	10,991,800	131.1

2) Backlog of orders

(Thousands of yen)

Products	As of September 30, 2020	As of September 30, 2021	Change (%)
Take-out robots	2,684,985	3,784,474	140.9
Custom-ordered equipment	1,780,469	1,854,376	104.2
Parts and maintenance service	240,121	261,972	109.1
Total	4,705,576	5,900,823	125.4

b. Net sales

(Thousands of yen)

Products	First Six Months of FY2021	First Six Months of FY2022	Change (%)
Take-out robots	5,006,631	6,817,537	136.2
Custom-ordered equipment	1,645,759	1,276,855	77.6
Parts and maintenance service	1,419,646	1,628,199	114.7
Total	8,072,037	9,722,592	120.4

(2) Overseas Sales

First Six Months of FY2021 (from April 1, 2020 to September 30, 2020)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	1,676,757	2,195,792	1,244,265	197,437	5,314,253
II Consolidated net sales					8,072,037
III Ratio of overseas sales to consolidated net sales (%)	20.8	27.2	15.4	2.4	65.8

First Six Months of FY2022 (from April 1, 2021 to September 30, 2021)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	1,871,794	3,498,535	341,799	290,002	6,002,133
II Consolidated net sales					9,722,592
III Ratio of overseas sales to consolidated net sales (%)	19.3	36.0	3.5	3.0	61.7