

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities Code: 6482
June 2, 2022

Dear Shareholders,

**Notice of Convocation for
the 49th Ordinary General Meeting of Shareholders**

We would like to express our deepest appreciation for your continued support and patronage.

Notice is hereby given that the 49th Ordinary General Meeting of Shareholders of YUSHIN PRECISION EQUIPMENT CO., LTD. will be held as set out below:

If you do not expect to attend the meeting in person, you may exercise your voting rights in writing or via electromagnetic means (the Internet and others). Please refer to the enclosed Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5 p.m. on Tuesday, June 21, 2022 (JST) at the latest.

Details

1. **Date and Time:** Wednesday, June 22, 2022 at 10 a.m.
2. **Place:** Conference Room on the 6th Floor,
Head Office of YUSHIN PRECISION EQUIPMENT CO., LTD.
555 Kuzetonoshiro-cho, Minami-ku, Kyoto
3. **Objectives of the Meeting:**
Matters to be reported:
 - a) Business Report and Consolidated Financial Statements for the 49th Fiscal Year (from April 1, 2021 to March 31, 2022) as well as the audit reports from the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements
 - b) Report on the Non-Consolidated Financial Statements for the 49th Fiscal Year (from April 1, 2021 to March 31, 2022)

Agenda for resolution:

- Proposal 1:** Partial Amendments to the Articles of Incorporation
Proposal 2: Election of Eight (8) Directors

Sincerely Yours,

Takayo Kotani
Representative Director and President
YUSHIN PRECISION EQUIPMENT CO., LTD.
555 Kuzetonoshiro-cho, Minami-ku,
Kyoto, Japan

Notes:

If any changes have been made to the matters appearing in the Reference Documents for the General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements or Consolidated Financial Statements, such changes will be posted on the Company's website: (<https://www.ype.co.jp>)

Of the documents required to be appended to this Notice of Convocation as attachments, "Consolidated Statements of Changes in Net Assets", "Basis of Preparing Consolidated Financial Statements and other Notes", "Statements of Changes in Net Assets" and "Significant Accounting Policies and other notes", have been posted on the Company's website (<https://www.ype.co.jp>) in accordance with laws and regulations and Articles of Incorporation, and are therefore not included in the attached documents. Besides, "Consolidated Statements of Changes in Net Assets", "Basis of Preparing Consolidated Financial Statements and other Notes", "Statements of Changes in Net Assets" and "Significant Accounting Policies and other notes" were audited by the Accounting Auditor and the Corporate Auditor as part of the Consolidated Financial Statements and the Non-consolidated Financial Statements in preparing the Audit Report.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

The amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Law for Partial Amendment of the Companies act (Law No. 70 of 2019) will be enforced on September 1, 2022. The Company proposes to amend its Articles of Incorporation in preparation for the introduction of an electronic delivery system for the materials of the General Meeting of Shareholders, as follows.

- (1) Paragraph 1, Article 14 of the proposed amendment stipulates that electronic provision measures shall be taken with respect to the information contained in the Reference Documents for the General Meeting of Shareholders, etc.
- (2) Paragraph 2, Article 14 of the proposed amendment establishes provisions for limiting the scope of matters to be stated in the document to be provided to shareholders who request for delivery of documents.
- (3) Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders (Article 14 of the current Articles of Incorporation) shall be no longer necessary, and therefore they shall be deleted.
- (4) In conjunction with the above-mentioned addition and deletion, the Supplementary Provisions concerning the effective date, etc. shall be established.

2. Details of the proposed amendment

The details of the proposed amendment are as follows:

(Amendments are underlined)

| Current Articles of Incorporation | Proposed Amendment |
|---|--|
| <p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders)</u></p> <p><u>Article 14:</u> <u>When the Company convenes the General Meeting of Shareholders, the Company discloses reference documents for the General Meeting of Shareholders, business reports and information to be described or indicated in financial statements and consolidated financial statements through the Internet in accordance with the provisions stipulated in the Ordinance of the Ministry of Justice and those documents or information can be deemed as provided to the shareholders.</u></p> | <p>(deleted)</p> |
| <p>(Newly established)</p> | <p><u>(Measures of Electronic Provision, etc.)</u></p> <p><u>Article 14:</u> <u>The Company provides information containing in the reference documents for the General Meeting of Shareholders, etc. by electronic means when the Company convenes a General Meeting of Shareholders.</u></p> |

(Measures of Electronic Provision, etc.)

Article 14:

2.

Of the matters in regard to measures of Electronic Provision, the Company shall not need to provide all or part of the documents stipulated in the ordinance of the Ministry of Justice to the shareholders who request the documents to be provided in writing before the record date entitled to exercise voting rights.

(Supplementary provision)

(Transitional measures of Electronic Provision providing documents for the General Meeting of Shareholders)

Article 1:

The deletion of Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders) and addition of the proposed amendment of Article 14 (Measures of Electronic Provision, etc.) shall take effect as of September 1, 2022.

2.

Notwithstanding the provision of the preceding paragraph, Article 14 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders) shall be still effective for the General Meeting of Shareholders held within six (6) months from September 1, 2022.

3.


This supplementary Provision of this section shall be deleted on the date after six (6) months passed since September 1, 2022 or the date after three (3) months passed since the date of the General Meeting of the Shareholders in the preceding paragraph, whichever comes later.

Proposal 2: Election of Eight (8) Directors



The terms of all Directors (8 members) will expire at the conclusion of this General Meeting of Shareholders.


The Company therefore requests Shareholders to vote for these eight (8) candidates for Directors. The candidates for the position of Directors are as follows.

| No. | Name | | Current position in the Company | Areas of responsibility, and representation of other organizations |
|-----|-------------------|---------------------------------------|---------------------------------------|---|
| 1 | Takayo Kotani | Reappointment | Representative Director and President | |
| 2 | Yasushi Kitagawa | Reappointment | Executive Managing Director | General Manager of Manufacturing Division and General Manager of Purchasing Division |
| 3 | Kota Oda | Reappointment | Managing Director | General Manager of General Affairs Department |
| 4 | Tomohiro Inano | Reappointment | Director | General Manager of Sales Division |
| 5 | Masahito Fukui | Reappointment | Director | General Manager of Corporate Management Department |
| 6 | Yasuo Nishiguchi | Reappointment External Independent | Director | Chairman of YAMADA Consulting Group Co., Ltd. |
| 7 | Hiroshi Matsuhisa | Reappointment External Independent | Director | Professor emeritus at Kyoto University |
| 8 | Reiko Nakayama | Reappointment External Independent | Director | Director of LUCKLAND CO., LTD. (Audits Committee) Outside Director of Mandom Corporation |

| No. | Name (Date of birth) | Career summary, position, areas of responsibility, and representation of other organizations |
|---|--|--|
| 1 |  <p>Takayo Kotani (August 26, 1977)</p> | <div style="text-align: right; border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <p>April 2008 Joined the Company October 2008 Manager of R&D Section April 2009 General Manager of R&D Department April 2019 Executive Officer and General Manager of R&D Department June 2019 Executive Officer and General Manager of R&D Division June 2020 Managing Director and General Manager of R&D Division October 2020 Director, Executive Vice President and General Manager of R&D Division June 2021 Representative Director and President (to present)</p> |
| <p>Number of shares held: 1,968,532 shares</p> <p>Reasons for appointment: Takayo Kotani has been involved in R&D, promotion of development strategies and management, and has a wealth of experience and achievements. Her achievements have been recognized socially, such as receiving the Japan Society of Mechanical Engineers Prize for the development of robot technology. Since June 2021, she has served as Representative Director and President, providing leadership in formulating management strategies for sustainable growth and strengthening the organizational structure of the Company. The Company has renominated her for Director because can be expected to strengthen the decision-making and supervisory functions of the Board of Directors.</p> | | |
| 2 |  <p>Yasushi Kitagawa (August 12, 1958)</p> | <div style="text-align: right; border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <p>September 2007 Joined the Company November 2007 Deputy General Manager of Manufacturing Division April 2008 Deputy General Manager of Manufacturing Division and Quality Assurance Department April 2009 Executive Officer, Deputy General Manager of Manufacturing Division and Quality Assurance Department August 2009 Executive Officer, General Manager of Manufacturing Division and Quality Assurance Department June 2010 Director and General Manager of Manufacturing Division and Quality Assurance Department June 2013 Managing Director and General Manager of Manufacturing Division and Quality Assurance Department June 2017 Executive Managing Director and General Manager of Manufacturing Division and Quality Assurance Department July 2020 Executive Managing Director and General Manager of Manufacturing Division June 2021 Executive Managing Director and General Manager of Manufacturing Division and General Manager of Purchasing Division (to present)</p> |
| <p>Reasons for appointment: 4,800 shares</p> <p>Reasons for appointment: Yasushi Kitagawa has been engaged in management and operation of production, thus having a wealth of experience in the business. The Company has renominated him for Director because can be expected to strengthen the decision-making and supervisory functions of the Board of Directors.</p> | | |

| No. | Name (Date of birth) | Career summary, position, areas of responsibility, and representation of other organizations | | |
|-----|--|---|--|---------------|
| 3 |  Kota Oda (June 10, 1978) | October 2015 April 2019 June 2020 June 2021 | Joined the Company as General Manager of General Affairs Department Executive Officer and General Manager of General Affairs Department Director and General Manager of General Affairs Department Managing Director and General Manager of General Affairs Department (to present) | Reappointment |
| | | Number of shares held: 10,000 shares Reasons for appointment: Kota Oda has been involved in management and operation of general affairs, human resources, work style reform promotion, governance strengthening and compliance strengthening, etc., thus having a wealth of experience in the business. The Company has renominated him for Director because can be expected to strengthen the decision-making and supervisory functions of the Board of Directors. | | |
| 4 |  Tomohiro Inano (December 13, 1962) | June 1989 August 2005 April 2008 July 2009 February 2010 March 2011 March 2014 June 2017 | Joined the Company General Manager of YUSHIN PRECISION EQUIPMENT TRADING (SHENZHEN) CO., LTD. General Manager of Chinese Area and YUSHIN PRECISION EQUIPMENT TRADING (SHENZHEN) CO., LTD. Assistant to General Manager of Sales Division Deputy General Manager of Sales Division General Manager of Sales Division Executive Officer and General Manager of Sales Division Director and General Manager of Sales Division (to present) | Reappointment |
| | | Reasons for appointment: 3,400 shares Reasons for appointment: Tomohiro Inano has been involved in management and operation of sales, thus having a wealth of experience in the business. The Company has renominated him for Director because can be expected to strengthen the decision-making and supervisory functions of the Board of Directors. | | |
| 5 |  Masahito Fukui (June 30, 1960) | October 2013 July 2015 April 2017 April 2020 June 2020 | Joined the Company as General Manager of Internal Audit Office General Manager of Accounting Department Executive Officer and General Manager of Corporate Management Department and General Manager of Accounting Department Executive Officer and General Manager of Corporate Management Department Director and General Manager of Corporate Management Department (to present) | Reappointment |
| | | Number of shares held: 5,000 shares Reasons for appointment: Masahito Fukui has been involved in management and operation of group accounting and finance, IT system management, and auditing, etc., thus having a wealth of experience in the business. The Company has renominated him for Director because can be expected to strengthen the decision-making and supervisory functions of the Board of Directors. | | |

| No. | Name (Date of birth) | Career summary, position, areas of responsibility, and representation of other organizations |
|---|--|---|
| 6 |  <p>Yasuo Nishiguchi (October 9, 1943)</p> | <div style="text-align: right;"> Reappointment External Independent </div> <p>March 1975 Joined Kyoto Ceramic Co., Ltd.(currently Kyocera Corporation) June 1987 Director June 1992 Senior Managing Director and Representative Director June 1997 Executive Vice president and Representative Director June 1999 President and Representative Director June 2003 President and Representative Director and President and Executive Officer June 2005 Chairman of the Board and Representative Director, and Chief Executive Officer April 2006 Advisor and Director June 2009 Retired from the office of Director June 2014 External Director of the Company (to present) March 2015 Chairman and CEO of Socionext Inc. June 2016 Outside Director of YAMADA Consulting Group Co., Ltd. March 2018 Retired from Chairman and CEO of Socionext Inc. April 2020 Chairman of YAMADA Consulting Group Co., Ltd. (to present)</p> |
| <p>Number of shares held: 42,600 shares</p> | | |
| <p>Reasons for selection as a candidate for External Director and expected role: The Company has renominated Yasuo Nishiguchi as a candidate for External Director to continue to utilize his knowledge and experience in all aspects of management, which he has cultivated through his key positions as President and Representative Director and the Chairman of Kyocera Corporation, in the management of the Company. He is expected to strengthen the functions of the Board of Directors of the Company by providing management advice and supervision from an independent standpoint, utilizing his specialized knowledge as a person with management experience.</p> | | |
| 7 |  <p>Hiroshi Matsuhisa (August 5, 1947)</p> | <div style="text-align: right;"> Reappointment External Independent </div> <p>June 1976 Research Assistant of school of precision engineering in Faculty of Engineering at Kyoto University October 1987 Assistant professor April 1994 Professor (transferred to graduate school of department of Mechanical Engineering and Science by a reorganization in 1995) April 2012 Professor emeritus at Kyoto University (to present) June 2014 External Director of the Company (to present) June 2016 Outside Corporate Auditor of Technology Seed Incubation Co., Ltd. June 2018 Retired from Outside Corporate Auditor of Technology Seed Incubation Co., Ltd.</p> |
| <p>Number of shares held: 15,000 shares</p> | | |
| <p>Reasons for selection as a candidate for External Director and expected role: The Company has renominated Hiroshi Matsuhisa as a candidate for External Director to continue to utilize his expertise as an academic expert in engineering in the management of the Company. He is expected to strengthen the functions of the Board of Directors of the Company by providing advice and supervision of management from an independent standpoint. Although he has no experience for business administration directly, the Company judges that he has the ability to perform duty properly as an External Director of the Company as mentioned above.</p> | | |

| No. | Name (Date of birth) | Career summary, position, areas of responsibility, and representation of other organizations |
|---|---|--|
| 8 |  Reiko Nakayama (April 2, 1959) | <div style="text-align: right;"> Reappointment External Independent </div> <p>April 1983 Joined Japan Associated Finance Co., Ltd. (currently JAFCO Group Co., Ltd.)</p> <p>January 1997 Joined Marusan Securities Co., Ltd.</p> <p>March 2000 General Manager of Investment information</p> <p>October 2004 General Manager of Underwriting</p> <p>October 2008 Part-time Director of LivTech, Inc.</p> <p>February 2009 Director and Head of Administrative H.Q. of LivTech, Inc.</p> <p>March 2013 Retired from the office of Director of LivTech, Inc.</p> <p>March 2015 Outside Director of LUCKLAND CO., LTD.</p> <p>March 2016 Director of LUCKLAND CO., LTD. (Audits Committee) (to present)</p> <p>June 2018 External Director of the Company (to present)</p> <p>June 2019 Outside Director of Mandom Corporation (to present)</p> |
| <p>Number of shares held: 15,062 shares</p> <p>Reasons for selection as a candidate for External Director and expected role: The Company has renominated Reiko Nakayama as a candidate for External Director to continue to apply her abundant insight based on her experience as a general manager of an underwriting department of a securities company, an officer in charge of administration of an operating company, and an External Director to the management of the Company. She is expected to strengthen the functions of the Company's Board of Directors by providing management advice and supervision from an independent standpoint.</p> | | |

Note:

1. The candidates for Directors have no special interests in the Company.
2. Takayo Kotani's registered name is Takayo Oda.
3. Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are candidates of External Directors.
4. Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are the present External Directors of the Company. Yasuo Nishiguchi and Hiroshi Matsuhisa, their term of office as Director of the Company is respectively eight (8) years at the closing of this General Meeting of Shareholders, Reiko Nakayama, her term of office as Director of the Company is four (4) year at the closing of this General Meeting of Shareholders
5. The Company has registered Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama as Independent Officers provided in the rules of the Tokyo Stock Exchange. If Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are reappointed, the Company plans to continue to make them Independent Officers.
6. The Company has concluded an agreement with Yasuo Nishiguchi, Hiroshi Matsuhisa, and Reiko Nakayama to limit their liabilities for damages under Paragraph 1, Article 423 of the Companies Act in accordance with the provisions of Paragraph 1, Article 427 of the Companies Act. The maximum amount of liability for damages under such agreement shall be the minimum amount of liability under Paragraph 1, Article 425 of the Companies Act. If the reappointment of Yasuo Nishiguchi, Hiroshi Matsuhisa, and Reiko Nakayama is approved, the agreement will be continued.
7. The Company has concluded an indemnification agreement with Takayo Kotani, Yasushi Kitagawa, Kota Oda, Tomohiro Inano, Masahito Fukui, Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama to guarantee the expenses set forth in Paragraph 1, Article 430-2 of the Companies Act and the loss set forth in Item 1 and 2 of that paragraph to the extent stipulated by laws and ordinances. If the reappointment of each candidate is approved, the Company plans to continue the agreement with each person.
8. The Company has concluded Directors and Officers Liability Insurance (hereinafter referred to as "D&O Insurance") as stipulated in Paragraph 1, Article 430-3 of the Companies Act with an insurance company. The insurance will cover any damages, etc. (However, damages that fall under the reasons for exemption specified in the insurance contract are excluded.) that the Corporate Auditors, etc. are liable for damages due to their work. The Company bears the entire premium for D&O insurance. If Takayo Kotani, Yasushi Kitagawa, Kota Oda, Tomohiro Inano, Masahito Fukui, Yasuo Nishiguchi, Hiroshi Matsuhisa, and Reiko Nakayama are reappointed, they will continue to be insured by D&O insurance. The contract period for D&O insurance is one year, and it will be renewed after a resolution by the Board of Directors before the expiration of the period.

Reference information
Skills Matrix of the Directors and Corporate Auditors

The following table shows primary skills (knowledge, experience, capability) of the Directors and Corporate Auditors upon Proposal 2 is approved.

| Name | Position | Gender | Management | Development, Engineering, and Quality | Human resource Development and Sustainability | Sales and Marketing | Global | Finance and Accounting | IT and DX | Governance, Risk management and Compliance |
|-------------------|---------------------------------------|--------|------------|---------------------------------------|---|---------------------|--------|------------------------|-----------|--|
| Takayo Kotani | Representative Director and President | Female | ✓ | ✓ | | | ✓ | | | ✓ |
| Yasushi Kitagawa | Executive Managing Director | Male | ✓ | ✓ | | | ✓ | | ✓ | |
| Kota Oda | Managing director | Male | ✓ | | ✓ | | | | | ✓ |
| Tomohiro Inano | Director | Male | ✓ | | | ✓ | ✓ | | | |
| Masahito Fukui | Director | Male | ✓ | | | | ✓ | ✓ | ✓ | |
| Yasuo Nishiguchi | External Director | Male | ✓ | | ✓ | ✓ | | | ✓ | ✓ |
| Hiroshi Matsuhisa | External Director | Male | | ✓ | ✓ | | | | ✓ | |
| Reiko Nakayama | External Director | Female | ✓ | | | | | ✓ | | ✓ |
| Katsumi Noda | Full-time Corporate Auditor | Male | ✓ | ✓ | | ✓ | | | | ✓ |
| Hiroho Kamakura | External Corporate Auditor | Male | ✓ | | | | | ✓ | | ✓ |
| Naohiro Tsuda | External Corporate Auditor | Male | ✓ | | | | | ✓ | | ✓ |

This table shows the three primary skills of each personnel excluding “Management.”

This table does not show all knowledge or experience of each director and auditor.

Business Report

(from April 1, 2021 to March 31, 2022)

1. Current Business Conditions

| | |
|---|---|
| <p style="background-color: #e1f5fe; padding: 5px;">Net sales</p> <p style="font-size: 1.5em; font-weight: bold; margin: 10px 0;">20,874 million yen</p> <p>13.0% Y/Y</p> | <p style="background-color: #e1f5fe; padding: 5px;">Operating profit</p> <p style="font-size: 1.5em; font-weight: bold; margin: 10px 0;">2,890 million yen</p> <p>14.6% Y/Y</p> |
| <p style="background-color: #e1f5fe; padding: 5px;">Ordinary profit</p> <p style="font-size: 1.5em; font-weight: bold; margin: 10px 0;">3,085 million yen</p> <p>18.3% Y/Y</p> | <p style="background-color: #e1f5fe; padding: 5px;">Profit attributable to owners of parent</p> <p style="font-size: 1.5em; font-weight: bold; margin: 10px 0;">2,112 million yen</p> <p>15.6% Y/Y</p> |

(1) Progress and achievements

With regard to the global economy during this consolidated fiscal year ended March 31, 2022, 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 negative impacts on productions associated with a lack of semiconductors at a worldwide level and the rising ocean freight rates, as well as harmful effects caused by geopolitical risks.

Under these circumstances, YUSHIN Group has continued business activities on a global scale while paying close attention to the possibility of COVID-19 infection and placing the safety of its customers, business partners and employees as its first priority.

As a result, orders received during this consolidated fiscal year ended March 31, 2022 significantly increased comparing previous consolidated fiscal year.

As for the consolidated business results for this fiscal year ended March 31, 2022, sales of custom-ordered equipment decreased year on year due to a slow recovery in a large project but sales of take-out robots increased with results of focusing on sales of new models and keeping on-time delivery in difficulties of parts procurements. In regard to regional sales, YUSHIN Group increased sales of take-out robots in Japan and Asia, and also maintained a good sales performance in China and North America. As a result, Net sales increased by 13.0% year on year to 20,874 million yen.

Operating profit increased by 14.6% year on year to 2,890 million yen due to the increase in Net sales.

Ordinary profit increased by 18.3% year on year to 3,085 million yen due to rise of Foreign exchange gains and Profit attributable to owners of parent increased by 15.6% year on year to 2,112 million yen.

In addition, YUSHIN Group launched “RC-SE” series, with equipped “Smart ECO Vacuum” function contributing energy saving, and “SX-41” high-speed side-entry robot, expecting running in a clean room for medical relating productions in July 2021, and also released “YD” series, with environment friendly functions, which is a successor model of the main take-out robot, “YC” series in November 2021.

Consolidated net sales by product category

(Thousands of yen)

| Years ended March 31 | 2021 | | 2022 | | Y/Y |
|-------------------------------|------------|-------|------------|-------|-------|
| Product | Amount | % | Amount | % | % |
| Take-out robots | 11,904,506 | 64.4 | 14,282,738 | 68.4 | 20.0 |
| Custom-ordered equipment | 3,422,063 | 18.5 | 3,124,841 | 15.0 | (8.7) |
| Parts and maintenance service | 3,147,394 | 17.0 | 3,467,065 | 16.6 | 10.2 |
| Total | 18,473,964 | 100.0 | 20,874,646 | 100.0 | 13.0 |

Reference information

Current trend of business performances

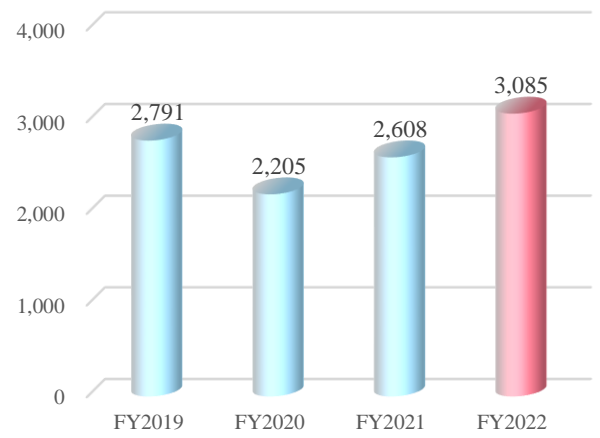
Net Sales

(millions of yen)



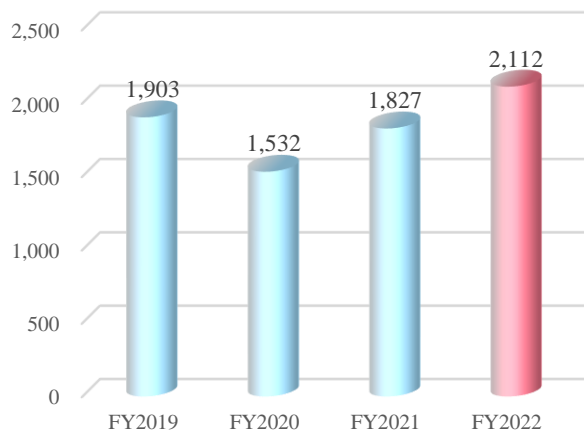
Ordinary profit

(millions of yen)



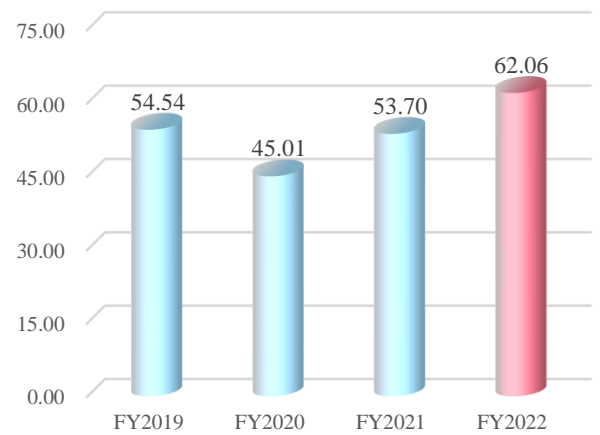
Profit attributable to owners of parent

(millions of yen)



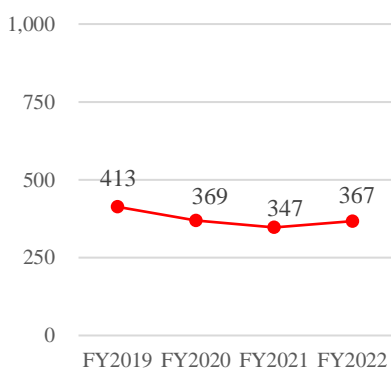
Earnings per share

(yen)



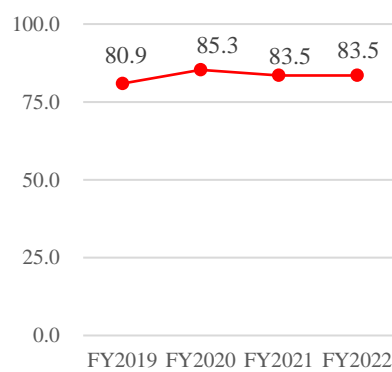
R&D Expenditure

(millions of yen)



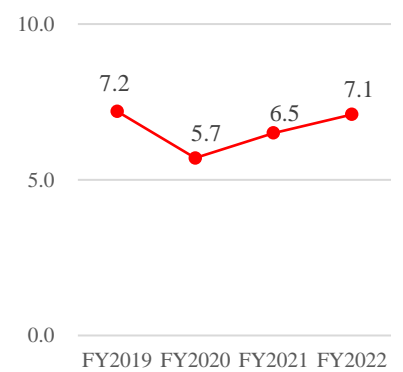
Equity Ratio

(%)



ROE

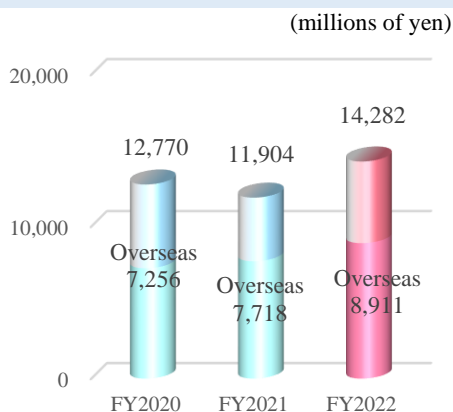
(%)



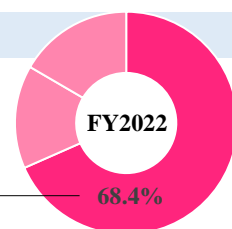
Reference information Sales information

Sales by Product category

Take-out Robots

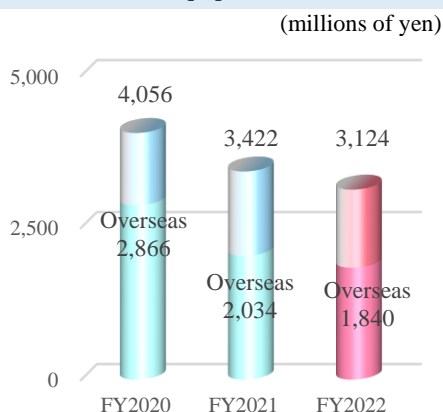


Sales Ratio
Take-out Robots

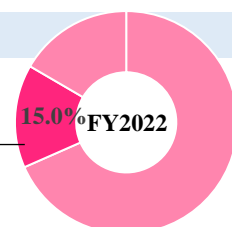


- increased by 2,378 million yen (20.0%) from previous FY to 14,282 million yen
- grew as capital investment recovered after economic activity restarted.

Custom-Ordered Equipment

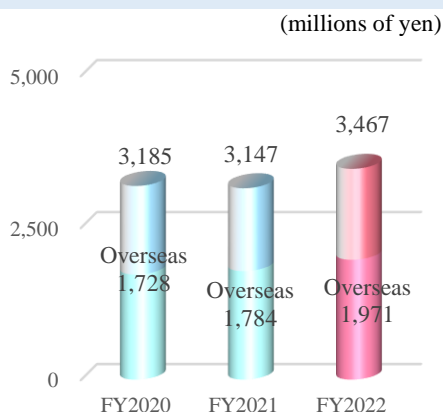


Sales Ratio
Custom-ordered Equipment

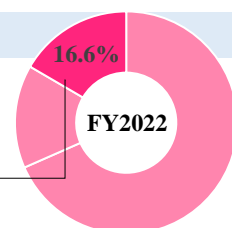


- decreased by 297 million yen (8.7%) from previous FY to 3,124 million yen.
- Medical related sales did not grow, but demand for automation in various industries is increasing.

Parts and maintenance service



Sales Ratio
Parts and maintenance service



- increased by 319 million yen (10.2%) from previous FY to 3,467 million yen.
- increased as COVID-19 restrictions were relaxed.

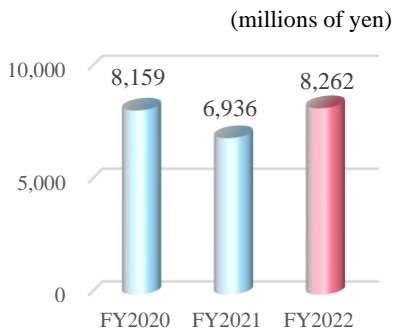
Reference information

Sales information

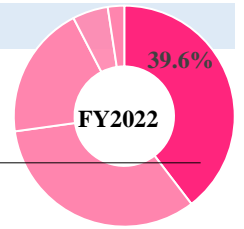
Sales by Regions

● Network in Japan ● Subsidiaries, Branches and Representative office ● Sole Agents

Japan

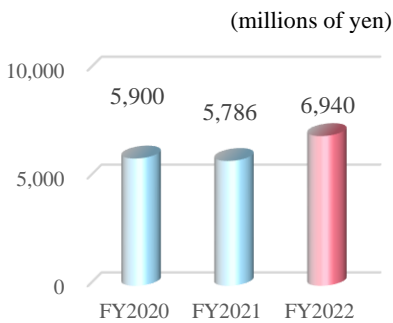


Sales Ratio
Japan

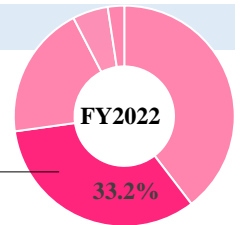


- increased by 1,325 million yen (19.1%) from previous FY to 8,262 million yen.
- grew as capital expenditure recovered.

Asia

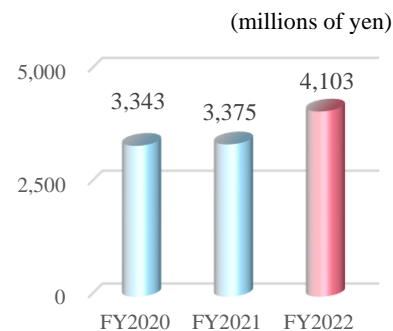


Sales Ratio
Asia

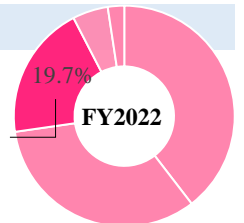


- increased by 1,154 million yen (19.9%) from previous FY to 6,940 million yen.
- Take-out robot sales grew as the demand in China recovered.

North America

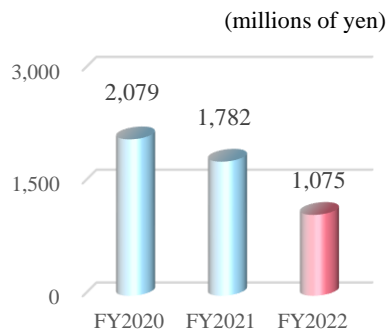


Sales Ratio
North America

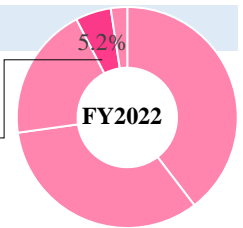


- increased by 728 million yen (21.6%) from previous FY to 4,103 million yen.
- Take-out robot sales for medical and sundry grew while automotive was stagnant.

Europe

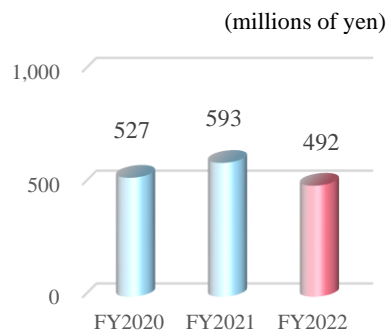


Sales Ratio Europe

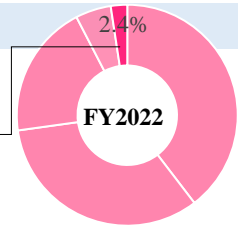


- decreased by 706 million yen (39.7%) from previous FY to 1,075 million yen.
- Custom-ordered equipment for medical remained slow due to COVID-19 situation.

Other areas



Sales Ratio Other areas



- decreased by 101 million yen (17.0%) from previous FY to 492 million yen.

Recovery from COVID-19

In FY ended March 2022, although the impact of the new coronavirus infection (COVID-19) lingered in some regions, demand for take-out robot significantly recovered in many regions due to a recovery in capital expenditures after economic activities restarted. In particular, models tailored to local customer needs were playing an active role, particularly in China and the Asian region. Demand for high-value-added models also increased in the United States and Europe.

In addition, we have been developing and commencing sales of take-out robots with enhanced functions that are friendly to the global environment and new models for the medical field, which is becoming increasingly important. Yushin Group contributes to the society and environmental conservation of the next generation by delivering to our customers' factories the take-out robots that are equipped with the performance and functions required in the world in the future.

(2) Capital investment

The total amount of capital investment YUSHIN Group made during this consolidated fiscal year ended March 31, 2022 was 846 million yen. It was mostly for the cost to acquire the neighboring land, 654 million yen.

(3) Financing activities

No material items to report.

(4) Assets and operating results FY2019 – FY2022

| Years ended March 31, | FY2019 | FY2020 | FY2021 | FY2022 |
|--|------------|------------|------------|------------|
| Net sales (thousands of yen) | 21,833,399 | 20,011,700 | 18,473,964 | 20,874,646 |
| Ordinary profit (thousands of yen) | 2,791,364 | 2,205,033 | 2,608,925 | 3,085,275 |
| Profit attributable to owners of parent (thousands of yen) | 1,903,435 | 1,532,851 | 1,827,868 | 2,112,238 |
| Earnings per share (yen) | 54.54 | 45.01 | 53.70 | 62.06 |
| Total assets (thousands of yen) | 33,197,260 | 31,933,368 | 34,688,675 | 36,892,986 |
| Net assets (thousands of yen) | 27,117,484 | 27,471,961 | 29,199,402 | 31,047,712 |
| Book value per share (yen) | 783.03 | 800.04 | 850.95 | 904.77 |

Notes: Earnings per share is calculated based on the average number of issued shares during the fiscal year and Book value per share are calculated based on the number of issued shares at the end of the fiscal year.

(5) Issues to be addressed

With regard to the external environment surrounding YUSHIN Group, it is expected that uncertainty still remains due to such factors as the prolonged COVID-19 infection and geopolitical risks as well as the global logistics disruption. However, in the medium- and long-term, the worldwide trend of production automation continues in consideration of labor safety and implementation of production efficiency.

Under this environment, YUSHIN Group will continue to capitalize on changes in the business environment swiftly and aim for further development as a leading company in take-out robot industry, based on management philosophy of "Look outward far and wide, constantly seek technological innovation and give back to society for all it has given us." To this end, YUSHIN Group will work to expand sales of the robots by enhancing product appeal and strengthen global sales development. For custom-ordered equipment, in response to rising demand for automation both domestically and overseas due to labor shortages and rising labor costs, YUSHIN Group will continue to work to expand sales and develop new businesses.

To improve organization strength, YUSHIN Group will develop human resources and strengthen organization structure and IT system, and then improve productivity by enhancing quality, efficiency and speed in operations.

Furthermore, YUSHIN Group will also work to instill corporate identity(CI) created for clarifying the stance required in order to inherit the strengths and good qualities of YUSHIN and usher in a new era.

YUSHIN Group will increase its effort for the risk management including COVID-19 infection control and disaster prevention in order to continue providing customers with the products and services. YUSHIN Group will also analyze climate change risks and consider the countermeasures.

(6) Status of major subsidiaries

| Name | Location | Capital stock | Percentage of shareholding | Major operations |
|---|------------------------------|-------------------|----------------------------|--|
| YUSHIN KOREA CO., LTD. | Siheung-Shi, South Korea | KRW350 million | 100% | Sales and maintenance & repair of the Company products. Manufacturing, sales and maintenance & repair of Custom-ordered equipment |
| YUSHIN PRECISION EQUIPMENT TRADING (SHANGHAI) CO., LTD. | Shanghai, China | US\$200,000 | 100% | Sales and maintenance & repair of the Company products |
| YUSHIN PRECISION EQUIPMENT TRADING (SHENZHEN) CO., LTD. | Shenzhen, Guangdong, China | US\$400,000 | 100% | Sales and maintenance & repair of the Company products |
| YUSHIN PRECISION EQUIPMENT (TAIWAN) CO., LTD. | Taipei City, Taiwan (R.O.C.) | NT\$5 million | 100% | Sales and maintenance & repair of the Company products |
| PT. YUSHIN PRECISION EQUIPMENT INDONESIA | Bekasi, Indonesia | IDR2,841 million | 99% | Sales and maintenance & repair of the Company products |
| YUSHIN PRECISION EQUIPMENT (VIETNAM) CO., LTD. | Hanoi, Vietnam | US\$300,000 | 100% | Sales and maintenance & repair of the Company products |
| YUSHIN PRECISION EQUIPMENT SDN. BHD. | Selangor, Malaysia | MYR1 million | 100% | Sales and maintenance & repair of the Company products |
| YUSHIN PRECISION EQUIPMENT (THAILAND) CO., LTD. | Bangkok, Thailand | THB8 million | 49% | Sales and maintenance & repair of the Company products. Manufacturing, sales and maintenance & repair of Custom-ordered equipment |
| YUSHIN PRECISION EQUIPMENT (INDIA) PVT. LTD. | Chennai, India | INR17.4 million | 97.9% | Sales and maintenance & repair of the Company products |
| YUSHIN EUROPE GMBH | Bayern, Germany | EUR25,000 | 100% | Sales and maintenance & repair of the Company products |
| YUSHIN AUTOMATION LTD. | Worcestershire, U.K. | GBP150,000 | 95.6% | Sales and maintenance & repair of the Company products |
| YUSHIN AMERICA, INC. | Rhode Island, U.S.A. | US\$8,000 | 100% | Sales and maintenance & repair of the Company products. Manufacturing, sales and maintenance & repair of Custom-ordered equipment |
| GUANGZHOU YUSHIN PRECISION EQUIPMENT CO., LTD. | Guangzhou, Guangdong, China | RMB13.742 million | 100% | Manufacturing of the Company products |

(7) Major operations (as of March 31, 2022)

Development, manufacture and sale of Cartesian robots and other industrial equipment and systems for factory automation.

(8) Main sales offices and factories (as of March 31, 2022)

| Name | Location |
|------------------------------------|------------------------------|
| Head Office | Minami-ku, Kyoto-city |
| Fushimi Factory | Fushimi-ku, Kyoto-city |
| Technical Center | Minami-ku, Kyoto-city |
| Higashi-Nihon General Sales Office | Kita-ku, Saitama-city |
| Nishi-Kanto Sales Office | Atsugi-city, Kanagawa |
| Nagano Sales Office | Shiojiri-city, Nagano |
| Tohoku Sales Office | Fukushima-city, Fukushima |
| Tsukuba Sales Office | Tsukuba-city, Ibaraki |
| Chubu General Sales Office | Toyokawa-city, Aichi |
| Shizuoka Sales Office | Suruga-ku, Shizuoka-city |
| Nagoya-Nishi Sales Office | Kuwana-city, Mie |
| Nishi-Nihon General Sales Office | Minami-ku, Kyoto-city |
| Toyama Sales Office | Toyama-city, Toyama |
| Hiroshima Sales Office | Asaminami-ku, Hiroshima-city |
| Fukuoka Sales Office | Hakata-ku, Fukuoka-city |
| Philippines Representative Office | Makati City, Philippines |

(9) Employees (as of March 31, 2022)

| Number of employees | Increase from the end of previous FY |
|---------------------|--------------------------------------|
| 692 (55) | 11 |

Note: The number of employees represents full-timers only (including seconded employees to the Company). Part-timers and other irregular employees are represented separately as their average annual number indicated in parentheses ().

(10) Major creditors (as of March 31, 2022)

No items to report.

(11) Other important matters pertaining to the status

No items to report.

2. Matters Pertaining to the Shares of the Company (as of March 31, 2022)

| | |
|---|-------------------|
| (1) Number of shares authorized: | 80,000,000 |
| (2) Total number of issued shares: | 35,638,066 |
| (3) Number of shareholders: | 5,316 |
| (4) Major shareholders: | |

| Name | Number of shares held (thousands of shares) | Shareholding ratio (%) |
|--|--|------------------------|
| Yushin Industry Co., Ltd. | 11,992 | 35.2 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 2,958 | 8.7 |
| Takayo Oda | 1,968 | 5.8 |
| Miki Murata | 1,847 | 5.4 |
| Custody Bank of Japan, Ltd. (Trust Account) | 1,380 | 4.1 |
| The Kyoto Chuo Shinkin Bank, Ltd. | 1,088 | 3.2 |
| Mayumi Kotani | 1,040 | 3.1 |
| RBC IST 15 PCT NON LENDING ACCOUNT-CLIENT ACCOUNT | 862 | 2.5 |
| MUFG Bank, Ltd. | 849 | 2.5 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 839 | 2.5 |

Note:

1. The company holds 1,602,804 shares of treasury shares, but is excluded from the major shareholders shown above.
2. Shareholding ratio is calculated excluding the treasury shares.

3. Matters Pertaining to Officers of the Company

(1) Directors and Corporate Auditors (as of March 31, 2022)

| Position | Name | Responsibilities and representation of other organization |
|---------------------------------------|-------------------|--|
| Representative Director and President | Takayo Kotani | |
| Executive Managing Director | Yasushi Kitagawa | General Manager of Manufacturing Division and General Manager of Purchasing Division |
| Managing Director | Kota Oda | General Manager of General Affairs Department |
| Director | Tomohiro Inano | General Manager of Sales Division |
| Director | Masahito Fukui | General Manager of Corporate Management Department |
| Director | Yasuo Nishiguchi | Chairman of YAMADA Consulting Group Co., Ltd. |
| Director | Hiroshi Matsuhisa | Professor emeritus of Kyoto University |
| Director | Reiko Nakayama | Director of LUCKLAND CO., LTD. (Audits Committee) Outside Director of Mandom Corporation |
| Full-time Corporate Auditor | Katsumi Noda | |
| Corporate Auditor | Hiroho Kamakura | Certified Public Accountant Outside Corporate Auditor of Trusco Nakayama Corporation Outside Corporate Auditor of FUJIO FOOD SYSTEM CO., LTD. Outside Corporate Auditor of SymEnergy Inc. |
| Corporate Auditor | Naohiro Tsuda | Attorney Senior Partner of Naniwabashi Law Office LPC Outside Corporate Auditor of TOYO SHUTTER CO., LTD. |

Notes:

1. Directors, Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are External Directors stipulated in Item 15, Article 2 of the Companies Act.
2. Corporate Auditors, Hiroho Kamakura and Naohiro Tsuda are External Corporate Auditors stipulated in Item 16, Article 2 of the Companies Act.
3. Corporate Auditor, Hiroho Kamakura is a Certified Public Accountant and has specialist knowledge in finance and accounting.
4. The Company has designated Director, Yasuo Nishiguchi, Director, Hiroshi Matsuhisa, Director, Reiko Nakayama, Corporate Auditor, Hiroho Kamakura and Corporate Auditor, Naohiro Tsuda as Independent Officers as prescribed by the Tokyo Stock Exchange and reported to the Exchange.

5. Change of Directors and Corporate Auditor during the period under review

| Name | Before change | After change | Date of change |
|---------------------|---|--|----------------|
| Mayumi Kotani | Representative Director and President | Honorary Chairperson | June 22, 2022 |
| Takayo Kotani | Director and Executive Vice President and General Manager of R&D Division | Representative Director and President | June 22, 2022 |
| Satoshi Kimura | Executive Managing Director and General Manager of Purchasing Division | Non-full-time Corporate Advisor | June 22, 2022 |
| Yasushi Kitagawa | Executive Managing Director and General Manager of Manufacturing Division | Executive Managing Director and General Manager of Manufacturing Division and General Manager of Purchasing Division | June 22, 2022 |
| Kota Oda | Director and General Manager of General Affairs Department | Managing Director and General Manager of General Affairs Department | June 22, 2022 |
| Naohiro Tsuda | --- | External Corporate Auditor | June 22, 2022 |
| Yoshihisa Nakanishi | Full-time Corporate Auditor | Resigned | June 22, 2022 |
| Michitoshi Morimoto | External Corporate Auditor | Resigned | June 22, 2022 |

6. The Company has concluded an agreement with Yasuo Nishiguchi, Hiroshi Matsuhisa, Reiko Nakayama, Katsumi Noda, Hiroho Kamakura and Naohiro Tsuda to limit their liability for damages under Paragraph 1, Article 423 of the Companies Act in accordance with the provisions of Paragraph 1, Article 427 of the Companies Act. The maximum amount of liability for damages under such agreement shall be the minimum amount of liability under Paragraph 1, Article 425 of the Companies Act.
7. The Company has concluded an indemnification agreement with Takayo Kotani, Yasushi Kitagawa, Kota Oda, Tomohiro Inano, Masahito Fukui, Yasuo Nishiguchi, Hiroshi Matsuhisa, Reiko Nakayama, Katsumi Noda, Hiroho Kamakura and Naohiro Tsuda to guarantee the expenses set forth in Item 1, Article 430-2 of the Companies Act and the loss set forth in Item 2 of that paragraph to the extent stipulated by laws and ordinances.
8. The Company has concluded Directors and Officers Liability Insurance (hereinafter referred to as "D&O Insurance") as stipulated in Paragraph 1, Article 430-3 of the Companies Act with an insurance company. The scope of insured persons under the D&O insurance is Directors, Corporate Auditors, Executive Officers and Employees. The insurance will cover the damages, etc. (However, damages that fall under the disclaimer stipulated in the insurance contract are excluded) when the insured persons become liable for damages due to business operations. The Company bears the entire premium for D&O insurance.

(2) Policy for Determining the Content of Remuneration and the Other for Directors

1. Policy under this consolidated fiscal year ended in March, 2021

At a meeting of the Board of Directors held on February 5, 2021, the Company passed a resolution on the policy for deciding the details of remuneration, etc. for each individual director. The Board of Directors has consulted the Nomination and Compensation Committee regarding the details of the resolution and received its report.

The Board of Directors has confirmed that the method of determining the content of remuneration, etc. and the content of remuneration, etc. determined are consistent with the relevant decision policy and that the report from the Nomination and Compensation Committee has been respected, and has determined that the content of remuneration, etc. for individual Directors for the relevant fiscal year is in line with the relevant decision policy.

- [1] Policy on determining the amount of remuneration, etc. for each individual director and the method of calculation thereof

Remuneration for Directors of the Company consists of fixed remuneration and performance-linked remuneration, the level of which is determined in consideration of business performance and other factors. Remuneration, etc., for External Directors consists of fixed remuneration, and it is our policy not to pay performance-linked remuneration from the viewpoint of independence for business execution.

- [2] Details of the performance indicators pertaining to the performance-linked remuneration, etc. and the method of calculating the amount or number of such performance-linked remuneration, etc.

The performance-linked remuneration is indexed to ordinary income, which is a financial figure that indicates the earnings status of the Company.

- [3] Policy on determining the ratio of remuneration, etc. to the amount of remuneration, etc. for each individual director

The Company's current remuneration system for Directors consists of fixed remuneration (basic remuneration) and performance-linked remuneration, with performance-linked remuneration based on short-term performance. The remuneration composition ratio for Directors is set based on the level of companies with similar business scale and related performance and business categories as the Company.

- [4] Policy on determining the timing and conditions of remuneration, etc. to be paid to Directors

The basic remuneration for Directors of the Company is fixed monthly remuneration, which is determined by comprehensively taking into account the duties they are in charge of, the performance of each fiscal year, and the degree of their contribution. Bonuses for directors are paid once a year in accordance with performance indicators and the degree of achievement of targets for a single fiscal year.

- [5] Matters concerning the delegation of decision on the details of individual remuneration, etc. of Directors

The Nomination and Compensation Committee, which is an advisory body to the Board of Directors, deliberates on the remuneration system for Directors and other matters, reports to the Board of Directors or expresses its opinions, and the President and Representative Director, who is entrusted by the Board of Directors, decides the amount of remuneration, etc. for Directors based on the above calculation policy.

The contents delegated to the representative directors is the amount of basic remuneration for each director and the evaluation and allocation of bonuses based on business performance. The Nomination and Compensation Committee is chaired by External Director Yasuo Nishiguchi, and its other members consisted of Representative Director and President Mayumi Kotani, Director and Executive Vice President Takayo Kotani, External Director Hiroshi Matsuhisa, External Director Reiko Nakayama, External Corporate Auditor Hiroho Kamakura, and External Corporate Auditor Michitoshi Morimoto on or before June 21, 2021, and have consisted of Representative Director and President Takayo Kotani, External Director Hiroshi Matsuhisa, External Director Reiko Nakayama, External Corporate Auditor Hiroho Kamakura, and External Corporate Auditor Naohiro Tsuda on or after June 22, 2021

No other non-monetary remuneration for Directors is treated.

2. Future Considerations

At the meeting of the Board of Directors held on March 7, 2022, the Company reviewed the compensation system for directors based on the resolution approved at the General Meeting of Shareholders and adopted a new policy.

Under the new policy, the objectivity and fairness of the compensation decision-making process have been enhanced, and the Company has clarified its policy of establishing a system of medium-to long-term performance-linked compensation in accordance with the degree of achievement of the plan and the enhancement of corporate value while advancing the formulation and implementation of the medium-term management plan.

The new executive compensation system has been implemented since April 2022, and the monthly remuneration is scheduled to begin from July 2022, and short-term performance bonuses and medium-term performance and stock price-linked bonuses are scheduled to begin from June 2023.

(3) Total remuneration and other payments made to Directors and Corporate Auditors

| Classification | Total remuneration and other payments (Thousands of yen) | Total amount by type of remuneration and other payments (Thousands of yen) | | | Number of target Directors/ Corporate Auditors |
|---|--|--|---------------------------------------|---------------------------------|--|
| | | Fixed remuneration | Performance-linked remuneration, etc. | Non-monetary remuneration, etc. | |
| Directors (Excluding External Directors) | 187,950 | 155,550 | 32,400 | - | 7 |
| External Directors | 16,800 | 16,800 | - | - | 3 |
| Subtotal | 204,750 | 172,350 | 32,400 | - | 10 |
| Corporate Auditors (Excluding External Corporate Auditors) | 15,000 | 15,000 | - | - | 2 |
| External Corporate Auditors | 8,700 | 8,700 | - | - | 3 |
| Subtotal | 23,700 | 23,700 | - | - | 5 |
| Total | 228,450 | 196,050 | 32,400 | - | 15 |

Notes:

1. The 48th Ordinary General Meeting of Shareholders held on June 22, 2021 resolved total remuneration for all Directors within 700,000 thousand yen per year (including remuneration for External Directors within 100,000 thousand yen.) At the end of the General Meeting of Shareholders, the number of Directors was eight (8) (including three (3) External Directors.) There are currently no Directors who have concurrent employment positions.
2. The 43rd Ordinary General Meeting of Shareholders held on June 20, 2016 resolved total remuneration for all Corporate Auditors within 100,000 thousand yen per year. At the end of the General Meeting of Shareholders, the number of Corporate Auditors was four (4.)
3. The index related to executive bonuses, such as performance-linked remuneration, is ordinary profit, and the Company has selected this index because it is a financial figure that indicates the profit status of the Company. The calculation method of performance-linked remuneration, etc. is determined by multiplying the index by a certain coefficient for each position after comprehensively considering the duties in charge, performance of each period, contribution level, etc. (The target of the index related to performance-linked remuneration for the current fiscal year is 2,100,000 thousand yen, and the actual result is 2,604,428 thousand yen.)
4. The procedure for determining the amount of remuneration for officers is as follows: The Nomination and Compensation Committee first deliberates on the remuneration system for directors, and then reports or gives opinions to the Board of Directors. Then, Representative Director and President (Mayumi Kotani on or before June 21, 2021, Takayo Kotani on or after June 22, 2021) who has been entrusted by the Board of Directors, makes the decision within the upper limit resolved at the General Meeting of Shareholders, taking into consideration their duties, achievements and contributions for each term. The reason for delegating to the Representative Director is that the Company has determined that it is suitable for evaluating the duties of each Director, taking into consideration the business performance of the Company as a whole. In addition, the Nomination and Compensation Committee deliberates on important policies in advance to determine the delegated content.
5. Other than the remunerations mentioned above, based on the resolution of the 33rd Ordinary General Meeting of Shareholders held on June 29, 2006, the Company paid a retirement benefit of 66,780 thousand yen to a retired director at the end of the 48th Ordinary General Meeting of the Shareholders. The plan for retirement benefits for directors and corporate auditors was terminated at the 33rd Ordinary General Meeting of Shareholders held on June 29, 2006, and no additional reserve has been recorded since then. The amount of 66,780 thousand yen had been reserved according to the period during which she was appointed as a director before June 2006.

(4) External Directors and External Corporate Auditors

- [1] Important position at other organizations and the relationship between the Company and other organizations.
- Yasuo Nishiguchi is the Chairman of YAMADA Consulting Group Co., Ltd. There is no special relationship between the Company and YAMADA Consulting Group Co., Ltd.
 - Hiroshi Matsuhisa is a professor emeritus of Kyoto University. There is no special relationship between the Company and Kyoto University.
 - Reiko Nakayama is the Director of LUCKLAND CO., LTD. (Audits Committee) and the Outside Director of Mandom Corporation. There is no special relationship between the Company and LUCKLAND CO., LTD. and Mandom Corporation.
 - Hiroho Kamakura is the Outside Corporate Auditor of Trusco Nakayama Corporation, FUJIO FOOD SYSTEM CO., LTD. and SymEnergy Inc. There is no special relationship between the Company and Trusco Nakayama Corporation, FUJIO FOOD SYSTEM CO., LTD., and SymEnergy Inc.
 - Naohiro Tsuda is a Senior Partner of Naniwabashi Law Office LPC and an Outside Corporate Auditor of TOYO SHUTTER CO., LTD. There is no special relationship between the Company and Naniwabashi Law Office LPC and TOYO SHUTTER CO., LTD.

[2] The following describes the activities during the period under review.

| Position and Name | Attendance, Remarks and Outline of Duties Performed Regarding the Roles Expected of External Directors |
|-----------------------------|--|
| Director, Yasuo Nishiguchi | In the period under review, Yasuo Nishiguchi attended all of 13 Meetings of Board of Directors. Based on his wide knowledge and experience across the running a company which he had cultivated through holding prominent corporate positions such as President and Representative Director, and Chairman of the Board and Representative Director at Kyocera Corporation, he supervises and advises management from a professional and independent standpoint. He plays an appropriate role in ensuring the adequacy of decision making. Also, as a member of the Nomination and Compensation Committee, he attended all of 4 Committee Meetings held in the current fiscal year and leads the supervisory function in the process of selecting executive candidates and determining executive compensation, etc. from an objective standpoint. |
| Director, Hiroshi Matsuhisa | In the period under review, Hiroshi Matsuhisa attended all of 13 Meetings of Board of Directors. Based on the specialized knowledge by the person with academic standing in engineering, he supervises and advises management from a professional and independent standpoint. He plays an appropriate role in ensuring the adequacy of decision making. Also, as a member of the Nomination and Compensation Committee, he attended all of 4 Committee Meetings held in the current fiscal year and take on the supervisory function in the process of selecting executive candidates and determining executive compensation, etc. from an objective standpoint. |
| Director, Reiko Nakayama | In the period under review, Reiko Nakayama attended all of 13 Meetings of Board of Directors. Based on her experience of securities company underwriter, and management executive officer and outside officers of operating companies, she supervises and advises management from a professional and independent standpoint. She plays an appropriate role in ensuring the adequacy of decision making. Also, as a member of the Nomination and Compensation Committee, she attended all of 4 Committee Meetings held in the current fiscal year and take on the supervisory function in the process of selecting executive candidates and determining executive compensation, etc. from an objective standpoint. |

| Position and Name | Attendance and Remark |
|------------------------------------|---|
| Corporate Auditor, Hiroho Kamakura | In the period under review, Hiroho Kamakura attended 12 of 13 Meetings of Board of Directors and all of 8 Meetings of the Board of Corporate Auditors. Based on the specialized knowledge as a Certified Public Accountant, he asked questions to clarify ambiguities that arose with respect to matters reported or resolved, and provided opinions. Additionally, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report on regular basis, he also regularly exchanged opinions with top management. Also, as a member of the Nomination and Compensation Committee, he attended all of 4 Committee Meetings held in the current fiscal year and expressed his opinions on the legality. |
| Corporate Auditor, Naohiro Tsuda | Naohiro Tsuda attended all of 10 Meetings of Board of Directors and all of 6 Meetings of the Board of Corporate Auditors held after he took up his position on June 22, 2021. Based on the specialized knowledge as an attorney, he asked questions to clarify ambiguities that arose with respect to matters reported or resolved, and provided opinions. Additionally, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report on regular basis, he also regularly exchanged opinions with top management. Also, as a member of the Nomination and Compensation Committee, he attended all of 2 Committee Meetings held after he took up his position in the current fiscal year and expressed his opinions the on legality. |

Note:

In addition to the frequency of convening meetings of the Board of Directors described above, there were 5 times of written resolutions adopted, deeming that there have been resolutions of the Board of Directors Meetings pursuant to Article 370 of the Companies Act and Article 24 of the Articles of Incorporation.

4. Matters Pertaining to Accounting Auditor

(1) Name of Accounting Auditor: Grant Thornton Taiyo LLC

Note: Deloitte Touche Tohmatsu LLC resigned at the end of the 48th Ordinary General Meeting of Shareholders. They were the accounting auditor of the Company.

(2) Amount of compensation and other payments for the Accounting Auditor

| | |
|--|---------------------|
| The amount of compensation and other payments payable to the Accounting Auditor for the reporting year | 30,000 thousand yen |
| Total amount of monetary and other property benefits payable by the Company and its subsidiaries | 30,000 thousand yen |

Notes1: In the audit contract between the Company and the Accounting Auditor, audit fees pursuant to the Companies Act and those pursuant to the Financial Instruments and Exchange Act are not clearly separated and this separation is practically impossible. Therefore, the amount of compensation and other payments to the Accounting Auditor is represented as the total payment.

2: Upon receipt of the necessary materials and reports from the Directors, in-house related departments and Accounting Auditor, the Board of Corporate Auditors acknowledged the details of the audit and status of the course of accounting duties by the Accounting Auditor, the grounds for calculation of the estimated remuneration for auditing, and reviews of the audit calculation. As a result, the Board of Corporate Auditors believes that the audit remuneration presented by the Accounting Auditor was appropriate and gave consent under Paragraph 1, Article 399 of the Companies Act.

(3) Policy for making decisions regarding the dismissal or non-reappointment of Accounting Auditor

The Board of Corporate Auditors will determine the content of the proposals relating to the dismissal or non-reappointment of the Accounting Auditor, to be submitted to the General Meeting of Shareholders, should the execution of the Accounting Auditor's duties be impeded, is deemed necessary by the Board of Corporate Auditors,

The Board of Corporate Auditors will dismiss the Accounting Auditor should it determine that same corresponds to the provisions in each item of Paragraph 1, Article 340 of the Companies Act, with the agreement of all the members of the Board of Corporate Auditors. In such a case, a Corporate Auditor appointed by the Board of Corporate Auditors will report the fact of and the reason for the dismissal of the Accounting Auditor to the first General Meeting of Shareholders called after the dismissal.

(4) Outline of the Contents of the Contract for Limitation of Liability

Based on the provisions of Paragraph 1, Article 427 of the Companies Act, Grant Thornton Taiyo LLC, which is an Accounting Auditor, has entered into a contract for limitation of liability for damages under Paragraph 1, Article 423, of the Companies Act. The maximum amount of liability for damages based on the contract is the minimum amount stipulated by law.

5. Matters Pertaining to the Development of Systems to Ensure a Properness of Operations

The Company has established the basic policy of Internal Control System for the development of a system to ensure that the execution of duties by Directors conforms to laws and regulations, and the Articles of Incorporation as well as other systems that ensure the properness of operations of the Company, as follows. (Board of Directors Resolution on June 12, 2015) The main points of the basic policy are as follows.

(1) System to ensure that business execution of Directors and employees complies with laws and regulations and the Articles of Incorporation.

The Company raises the awareness for and holds training on legal compliance to increase awareness of compliance as well as establishes “Whistle-Blowing Regulations” providing the procedure for reporting violations.

(2) System for keeping and managing the information on business execution of the Company’s Directors.

Information is kept and managed according to laws and regulations, and internal regulations (“Document Regulations,” “Contract management rules,” “Internal Information Management Regulations,” “Basic policy on information security”, “Information System Management Regulations”, “Personal Information Management Regulations”, “Personal Information Protection Policy (Privacy Policy)”, “Regulations for the Proper Handling of Specific Personal Information”, etc.)

(3) Regulations on and other systems for risk management of losses of the Company and our subsidiaries.

Risk of currently estimated losses is managed by setting a committee and making discussion according to degree of its significance. Events delivering losses to the Company would be reported to Directors and Corporate Auditors by the Executive in charge and discussed and managed by all executives.

(4) System to ensure effective business execution by Directors of the Company and our subsidiaries.

Effective business execution by Directors is ensured by followings.

- [1] The Board of Directors determines significant matters and oversees business execution by Directors.
- [2] Information is shared among Directors, Executives, and Corporate Auditors at executive meetings.
- [3] Notice of significant matters on management, understanding of status and business instructions are conducted at management meetings and YSM management meetings.
- [4] At the subsidiaries meetings, the information regarding the Company and its subsidiaries is shared and significant matters are discussed at the Board of Directors of the Company to resolve issues.

(5) The systems to ensure appropriate works of the corporate group consisting of the Company and its subsidiaries, and to make reports to the Company on matters concerning business execution by Directors of subsidiaries.

The Internal Control System is developed as well as “Subsidiaries Management Regulations” obligates subsidiaries to make periodic reports relating to business results, fiscal conditions and other significant information of subsidiaries.

At the subsidiaries meetings, the information regarding the Company and its subsidiaries is shared and significant matters are discussed at the Board of Directors of the Company to resolve issues.

(6) System to ensure effective Corporate Auditors’ audit.

Corporate Auditors attend the Board of Directors meetings and required significant meetings including management conference as well as read major approval documents and other significant documents concerning business execution and receives explanation from Directors and employees of the Company and Directors of subsidiaries as necessary.

(7) System on employees assisting works of the Company's Corporate Auditors when Corporate Auditors require allocation of the assisting employees.

Employees assisting the work of the Company's Corporate Auditors can be allocated as staff as necessary. Corporate Auditor has the authority to give instructions and orders to his or her Corporate Auditor staff.

(8) System to ensure that those reporting to the Board of Corporate Auditors and Corporate Auditors, etc. are not unfavorably treated for the reason of the report.

The Company ensures that executives and employees reporting to Board of Corporate Auditors and Corporate Auditors are not treated unfavorably because of the report and thoroughly inform the whole company of this.

In the "Whistle-Blowing Regulations," it is prescribed to prohibit dismissal and give other unfavorable treatment for the reason of the report.

(9) Matters on the policy for dealing with expenses or debts resulting from business execution of the Company's Corporate Auditors.

The Company, when Corporate Auditors require the Company to make advance payment in respect of business execution according to Article 388 of the Companies Act, immediately deals with the relevant expenses and debts unless it is considered unnecessary to make advance payments.

(10) Systems on Eliminating Anti-Social Forces

The Company assumes a resolute attitude to anti-social forces threatening order and security of civil society as well as closely exchanges information and cooperates with the relevant specialized agencies including police against anti-social forces and thoroughly informs employees of the above policy.

In order to improve the effectiveness and efficiency of operations, to ensure reliability of financial reports, and to expansively develop the operations of the internal control system aimed at securing assets and compliance to laws and regulations pertaining to business activities according to the Basic Policy for Internal Control System, The Internal Control Regulations and the Committee of Internal Control Operations Regulations have been enacted.

The scope of responsibility of the Board of Directors and Corporate Auditors as well as the system for implementation and details of activities for executives and employees, and the procedures for evaluation and reporting were clarified in the internal control Regulations. Furthermore, basic policy on the maintenance and operation of Internal Control is formulated. The structure of the committee aimed at facilitating internal control as well as how to promote its mission and activities were clarified in the Committee of Internal Control Operations Regulations, and the activities are promoted.

6. Overview of the Business Operations of Systems to Ensure a Properness of Operations

Major operational status of the Internal Control System executed by the YUSHIN Group in the current consolidated fiscal year is as follows.

(1) Status of addressing compliance

The Company enhances to strengthen and ensure compliance through establishing regulations and activities, as follows.

- [1] Regarding company rules and regulations, the Company provides information concerning recent trends in relevant laws and regulations, and implements and ensures company regulations (“Office Regulations”, “Contract management rules”, “Internal Information Management Regulations”, “Basic policy on information security”, “Information System Management Regulations”, “Personal Information Management Regulations”, “Personal Information Protection Policy (Privacy Policy)”, “Regulations for the Proper Handling of Specific Personal Information”, “Harassment Prevention Regulations”, etc.) And the Company also compiled “YUSHIN Organizational Knowledge Book” (Y-Book) as an organization’s knowledge collection to improve operation quality, maintaining disciplines, and instill awareness of compliance.
- [2] As for enlightenment and training, the Company is conducting enlightenment and training on compliance, important rules and insider trading prevention, and is working to instill compliance awareness. The Company also conducts an internal questionnaire on power harassment, and based on the results, it is working to create an environment that prevents harassment.
- [3] In order to prevent compliance violations from occurring, detect violations at an early stage, and respond promptly and effectively when a violation is discovered, the Company has established internal and external contacts to provide opportunities for reporting and to strengthen their operation.
- [4] In addition, as a response to the revision of the Electronic Book Maintenance Act, the Company has introduced a system for storing electronic transaction data and begun the operation. The Company has also established rules concerning the preparation of operating procedures, and has once again clarified how to handle important documents and confidential matters of the Company, and is working to ensure that all employees are fully aware of these rules within the Company.

(2) Status of addressing the risk management of losses

For the risk management overall, the Committee of Internal Control offers consultations for implementation of companywide measures. If any event causing damage to the Company arises, the Director in charge immediately reports to the Board of Directors and the Board of Corporate Auditors, and all executives will offer consultations to take action, while efforts to avoid risks are also being enhanced by having the Corporate Auditors conduct inspections and hearings on any event that is seen to have the risk of causing damage.

In addition, to minimize risks that may occur, the Company has prepared the "Yushin Disaster Prevention and Business Continuity Plan (BCP Manual)", and regularly conducts drills on disaster and personal safety confirmation systems, etc. as a confirmation of operations.

Moreover, the Company has established relevant regulations and provide education to protect information assets and personal information.

(3) Status of addressing to conducting proper and efficient execution of assigned duties

Assigned duties of the Directors are executed efficiently as described below.

- [1] Board of Directors determines significant matters and supervise the status of business execution of the Directors.
- [2] The Nomination and Remuneration Committee has been established as an advisory body aiming to increase the objectivity, appropriateness and transparency of the composition of the Board of Directors and the nomination and remuneration of Directors, etc. to link the medium- to long-term growth of the Company group and increase its corporate value. The selection of candidates of Directors and Corporate Auditors and the compensation system for directors are discussed by the Nomination and Remuneration Committee, and a report or opinion is given to the Board of Directors
- [3] In order to further improve the functions of the Board of Directors, the Company is conducting an internal questionnaire on the analysis and evaluation of the effectiveness of the Board of Directors as a whole, and analyzing and evaluating the results to make improvements.
- [4] Significant matters are discussed among Directors, Executive Officers and Corporate Auditors at the executive meetings thereby sharing such significant information.
- [5] Significant matters relating to the corporate management are communicated at management meetings.

The operating status of the Company is monitored and necessary guidance is provided.

(4) Status of addressing the proper operations of the business group consisting of the Company and its subsidiaries

In order to promote the development of the internal control system, “Internal Control Regulations” and “Committee of Internal Control Operations Regulations” have been enacted at the Board of Directors’ meeting held on February 7, 2018. Specifically, the scope of responsibilities of the Board of Directors and Corporate Auditors concerning internal control, as well as the system for implementation (supervision, actual system for implementation, etc.) and details of activities (policy, process to promote the development of operations, etc.) for executives and employees and the procedures for evaluation and reporting (scope of target, procedure, correction measures in case of deficiencies, etc.) were clarified by “Internal Control Regulations”, while the structure of the committee aimed at facilitating internal control, as well as how to promote its mission and activities (supervision, system for implementation, scope of target activities, education, etc.) were clarified in “Committee of Internal Control Operations Regulations.” Based on “Internal Control Regulations”, along with the basic policy on the development and operation of Internal Control, the Company has enacted a basic plan for conducting evaluations and are promoting activities. Furthermore, the Company’s subsidiaries hold meetings three (3) times a year so as to share information relating to the Company and its subsidiaries and monitoring status of business operations.

(5) Ensuring of effectiveness of Corporate Auditors’ audit

Corporate Auditors conduct audits pursuant to the audit policies and the audit schedule as prescribed by the Board of Corporate Auditors by attending the Board of Directors and executive meeting, management meeting and other meetings. Corporate Auditors conduct interviews on the status of execution of duties by the Directors and the Internal Audit Office and then inspect significant decisions as noted in the documentation, such as the approval documents, contracts and agreements. Corporate Auditors also investigate the statuses of business operations, corporate properties and fraudulent acts relating to the performance of Directors’ duties, infringement of rights and violations of laws and regulations, and the Articles of Incorporation.

At conducting audit, Corporate Auditors utilize the expertise of the external corporate auditors, and keep internal coordination with the Internal Audit Office. Other than that, Corporate Auditors develop the standards and guidelines called “Audit Practice Standards relating to the Internal Control System” for Corporate Auditors conducting audits of the Company’s Internal Control System, and conduct audits pursuant to such practice standards.

7. Policy Concerning Decisions on the Dividends of Surplus

The YUSHIN Group manages its businesses considering the return of profits to shareholders as one of its important managerial issues.

To that effect, it is the basic policy of the YUSHIN Group to proactively return profits to shareholders by maintaining a stable operational base, improving its ROE and effectuating dividends based on the performance results of each respective fiscal year. Specifically, the YUSHIN Group has a target at the realization of 30% and more of dividend payout ratio to consolidated Profit attributable to owners of the parent.

For this fiscal year, the year-end dividend is decided to be 10 yen per share. This makes the full-year dividend of 19 yen per year with the interim dividend of 9 yen per share.

Consolidated Financial Statements

Consolidated Balance Sheets (as of March 31, 2022)

(Thousands of yen)

| Account | Amount | Account | Amount |
|---------------------------------------|-------------------|--|--------------------|
| ASSETS | | LIABILITIES | |
| Current assets | 24,500,630 | Current liabilities | 5,668,885 |
| Cash and deposits | 12,404,898 | Notes and accounts payable - trade | 1,710,595 |
| Notes and accounts receivable - trade | 5,905,288 | Electronically recorded obligations - operating | 935,700 |
| Merchandise and finished goods | 1,074,756 | Accounts payable - other | 519,785 |
| Work in process | 1,203,508 | Accrued expenses | 236,362 |
| Raw materials and supplies | 3,571,482 | Income taxes payable | 560,244 |
| Consumption taxes receivable | 87,049 | Advances received | 1,162,547 |
| Prepaid expenses | 170,071 | Provision for bonuses | 300,053 |
| Other | 91,445 | Provision for bonuses for directors | 32,400 |
| Allowance for doubtful accounts | (7,869) | Provision for product warranties | 137,341 |
| | | Other | 73,854 |
| Non-current assets | 12,392,355 | Non-current liabilities | 176,388 |
| Property, plant and equipment | 10,926,037 | Retirement benefit liability | 100,402 |
| Buildings | 3,755,406 | Deferred tax liabilities | 24,179 |
| Structures | 94,048 | Other | 51,807 |
| Machinery equipment and Vehicles | 119,383 | | |
| Tools, furniture and fixtures | 131,560 | Total liabilities | 5,845,274 |
| Land | 6,812,488 | | |
| Leased assets | 1,090 | NET ASSETS | |
| Construction in progress | 12,058 | Shareholders' equity | 29,866,827 |
| | | Share capital | 1,985,666 |
| Intangible assets | 186,751 | Capital surplus | 2,024,597 |
| Telephone subscription right | 11,430 | Retained earnings | 27,212,010 |
| Software | 101,051 | Treasury shares | (1,355,446) |
| Others | 74,270 | Total accumulated other comprehensive income | 927,367 |
| Investments and other assets | 1,279,566 | Valuation difference on available-for-sale securities | 88,637 |
| Investment securities | 263,848 | Foreign currency translation adjustment | 796,769 |
| Retirement benefit asset | 264,457 | Remeasurements of defined benefit plans | 41,960 |
| Deferred tax assets | 647,939 | Non-controlling interests | 253,516 |
| Other | 181,809 | Total net assets | 31,047,712 |
| Allowance for doubtful accounts | (78,488) | Total liabilities and net assets | 36,892,986 |
| Total assets | 36,892,986 | | |

Consolidated Statements of Income (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

| Account | Amount | |
|---|---------|-------------------|
| Net sales | | 20,874,646 |
| Cost of sales | | 11,883,001 |
| Gross profit | | 8,991,644 |
| Selling, general and administrative expenses | | 6,100,809 |
| Operating profit | | 2,890,835 |
| Non-operating income | | |
| Interest and dividends income | 12,432 | |
| Purchase discounts | 7,963 | |
| Foreign exchange gains | 96,608 | |
| Surrender value of insurance policies | 71,930 | |
| Other | 6,795 | 195,729 |
| Non-operating expenses | | |
| Other | 1,289 | 1,289 |
| Ordinary profit | | 3,085,275 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1,311 | 1,311 |
| Extraordinary loss | | |
| Loss on sales and retirement of non-current assets | 221 | 221 |
| Profit before income taxes | | 3,086,364 |
| Income taxes - current | 958,781 | |
| Income taxes – deferred | (6,320) | 952,461 |
| Profit | | 2,133,903 |
| Profit attributable to non-controlling interests | | 21,664 |
| Profit attributable to owners of parent | | 2,112,238 |

Non-Consolidated Financial Statements

Balance Sheets (as of March 31, 2022)

(Thousands of yen)

| Account | Amount | Account | Amount |
|---|-------------------|--|--------------------|
| ASSETS | | LIABILITIES | |
| Current assets | 18,983,304 | Current liabilities | 4,133,455 |
| Cash and deposits | 9,282,145 | Notes payable - trade | 31,806 |
| Notes receivable - trade | 1,618,841 | Electronically recorded obligations - operating | 935,700 |
| Accounts receivable - trade | 3,841,921 | Accounts payable - trade | 1,571,001 |
| Merchandise and finished goods | 503,929 | Accounts payable - other | 413,659 |
| Work in process | 1,012,546 | Accrued expenses | 144,531 |
| Raw materials and supplies | 2,119,796 | Income taxes payable | 467,613 |
| Prepaid expenses | 71,775 | Advances received | 142,973 |
| Consumption taxes receivable | 87,049 | Provision for bonuses | 293,000 |
| Other | 445,399 | Provision for bonuses for directors | 32,400 |
| Allowance for doubtful accounts | (100) | Provision for product warranties | 83,000 |
| Non-current assets | 12,437,330 | Other | 17,767 |
| Property, plant and equipment | 10,069,861 | Total liabilities | 4,133,455 |
| Buildings | 3,320,553 | NET ASSETS | |
| Structures | 94,048 | Shareholders' equity | 27,198,542 |
| Machinery and equipment | 35,355 | Share capital | 1,985,666 |
| Vehicles | 62 | Capital surplus | 2,023,903 |
| Tools, furniture and fixtures | 93,807 | Legal capital surplus | 2,023,903 |
| Land | 6,512,884 | Retained earnings | 24,544,419 |
| Leased assets | 1,090 | Legal retained earnings | 286,314 |
| Construction in progress | 12,058 | Other retained earnings | 24,258,104 |
| Intangible assets | 108,549 | Reserve for dividend equalization | 1,000,000 |
| Telephone subscription right | 11,430 | General reserve | 8,700,000 |
| Software | 97,119 | Retained earnings brought forward | 14,558,104 |
| Investments and other assets | 2,258,919 | Treasury shares | (1,355,446) |
| Investment securities | 263,848 | Valuation and translation adjustments | 88,637 |
| Stocks of subsidiaries and affiliates | 851,320 | Valuation difference on available-for-sale securities | 88,637 |
| Investments in capital of subsidiaries and affiliates | 297,873 | Total net assets | 27,287,179 |
| Deferred tax assets | 590,364 | Total liabilities and net assets | 31,420,635 |
| Other | 255,903 | | |
| Allowance for doubtful accounts | (390) | | |
| Total assets | 31,420,635 | | |

Statements of Income (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

| Account | Amount | |
|---|----------|-------------------|
| Net sales | | 15,088,961 |
| Cost of sales | | 9,147,111 |
| Gross profit | | 5,941,850 |
| Selling, general and administrative expenses | | 4,125,385 |
| Operating profit | | 1,816,464 |
| Non-operating income | | |
| Interest income | 2,929 | |
| Dividend income | 644,382 | |
| Purchase discounts | 7,963 | |
| Foreign exchange gains | 52,961 | |
| Surrender value of insurance policies | 71,930 | |
| Other | 8,884 | 789,051 |
| Non-operating expenses | | |
| Other | 1,088 | 1,088 |
| Ordinary profit | | 2,604,428 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 369 | 369 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 202 | |
| Loss on valuation of shares of subsidiaries | 22,274 | 22,477 |
| Profit before income taxes | | 2,582,320 |
| Income taxes - current | 649,783 | |
| Income taxes - deferred | (20,734) | 629,049 |
| Profit | | 1,953,271 |

[Certified copy of the Accounting Auditors' Report concerning consolidated statutory report]
(There is no TRANSLATION. Please refer to INDEPENDENT AUDITORS' REPORT written in Japanese.)

[Certified copy of the Accounting Auditors' Report concerning non-consolidated statutory report]
(There is no TRANSLATION. Please refer to INDEPENDENT AUDITORS' REPORT written in Japanese.)

Audit Report

Regarding the performance of duties by the Directors for the fiscal year from April 1, 2021 to March 31, 2022, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Corporate Auditor.

1. Auditing Methods adopted by the Corporate Auditors and Board of Corporate Auditors and Details of Such Methods

(1) The Board of Corporate Auditors established auditing policies, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and the Accounting Auditors regarding performance of their duties, and requested explanations as necessary.

(2) Each Corporate Auditor complied with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with the Directors, the Internal Audit Office, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and conducted audits as follows.

[1] Participated in the Board of Directors' Meetings and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, requested explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal offices. In addition, with respect to subsidiaries, we communicated and exchanged information with Directors, Corporate Auditors, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.

[2] We received periodic reports and requested explanations as necessary from the Directors, other relevant personnel and expressed our opinion about conditions of construction and application on the content of the resolution of the Board of Directors and system actually placed as "Internal Control System" in accordance to this resolution, which is stipulated in Paragraphs 1 and 3, Article 100 of the Enforcement Regulation of the Companies Act as a system required to ensure the compliance of laws and regulations, and the Articles of Incorporation in the execution of businesses by the Directors and necessity to ensure a properness of operation in the business group consisting of the Company and its subsidiaries written in the business report.

[3] We monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditors regarding the performance of their duties and requested explanations as necessary. In addition, we received notice from the Accounting Auditors that "the system for ensuring that duties are performed properly" (matters set forth in each Item of Article 131 of the Company Accounting Rules) is appropriately established in accordance with "Quality Control Standard on Audit" (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

Based on the above methods, we examined the business report and its supporting schedules, the non-consolidated financial statements (Balance Sheets, Statements of Income, and Statements of Changes in Net Assets) and its supporting schedules, and the consolidated financial statements (Balance Sheets, Statements of Income, and Statements of Changes in Net Assets) related to the relevant business year.

2. Audit Results

(1) Results of Audit of Business Report and Other Relevant Documents

- [1] In our opinion, the business report and supporting schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.
- [2] With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
- [3] In our opinion, resolutions of the Board of Directors for the Internal Control System are fair. And also the contents of the business report about the Internal Control System, and the Director's activities and implementation have no issues to be pointed out.

(2) Results of Audit of Financial Statements and Supporting Schedules

In our opinion, the methods and results employed and rendered by the Accounting Auditors, Grant Thornton Taiyo LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by the Accounting Auditors, Grant Thornton Taiyo LLC, are fair and reasonable.

May 16, 2022

Board of Corporate Auditors,
YUSHIN PRECISION EQUIPMENT CO., LTD.

| | |
|-----------------------------|------------------------|
| Full-time Corporate Auditor | Katsumi Noda [SEAL] |
| External Corporate Auditor | Hiroho Kamakura [SEAL] |
| External Corporate Auditor | Naohiro Tsuda [SEAL] |

Topics

YD series launched - main product

The Company launched YD series, its main product and changed from YC series in November 2021, focusing on four themes (environmental impact reduction, productivity improvement, more operator friendliness, and less downtime) that are often requested by customers, and have equipped YD series with those functions to realize customers' requests.

As for the environmental load reduction, which are expected to be increasingly required in the future, the Company has developed Smart ECO Vacuum, which reduces CO₂ emissions by significantly reducing air consumption (up to 78% reduction), ECO Monitor, which displays power and air consumption status in real time, and Ecology Mode, which automatically slows down and adjusts the running speed of take-out robots.

In addition, the Company has prepared a lot of functions that contribute to improving the productivity of customers. They enjoy popularity among our users. The one of the functions of YD series includes third-generation CFRP that was improved from CFRP used in the YC-series to reduce vibrational magnitude by 13% and a take-out diagnostic function that assists in determining the source of the take-out failure.



<YD Series>

Exhibited at FIP in France

The Company exhibited YD series, the main take-out robot, at FIP Exhibition in Lyon, France in April 2022. This is the first exhibition for the Company in France. The visitors put high value on the robots for its eco-friendliness, high-speed, vibration damping, and clean room compatibility. Europe is where the demand for injection molding related equipment is high, and the Company is trying to expand its sales to grow more in global market. The Company is planning to exhibit at K2022 (Dusseldorf, Germany), the largest exhibition for the plastic-industry in the world, in autumn 2022.



Sustainability Initiatives

Based on YUSHIN management philosophy, the Company aims to achieve sustainable growth and maximize corporate value over the medium-and-long term while earning the trust of our shareholders and all other stakeholders.

The Company recognizes that addressing sustainability issues is one of the important management issues. The Company strives to develop products that contribute to energy conservation at customers' plants, and to reduce electricity consumption and CO₂ emissions in our activities. Through these efforts, we aim to manage our business with minimal environmental impact.

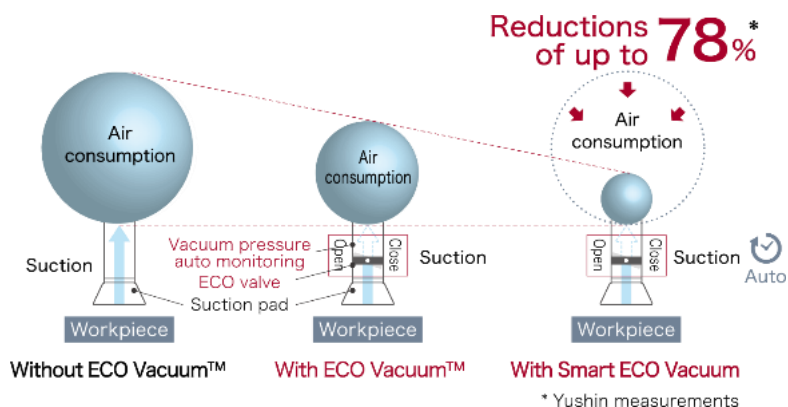
The Company believes that these ideas and initiatives are closely related to the United Nations Sustainable Development Goals (SDGs.) The Company will continue to strive to strengthen sustainability through our business activities.

1. Continuous Development of Energy-Saving Products

As part of the Company's Environmental Action Policy, all of its employees are committed to making environmental contributions in product developments and to reducing environmental impacts.

The Company continues to develop energy-saving products as a manufacturer of production equipment operating 24/7 at customers' plants.

RC-SE series, launched in July 2021, incorporates SmartECO Vacuum(PAT.P), which evolved from the ECO Vacuum®, the Company's proprietary technology to reduce the air consumption. By lowering the consumption up to 78%, the model has successfully reduced electrical usage on air compressors.

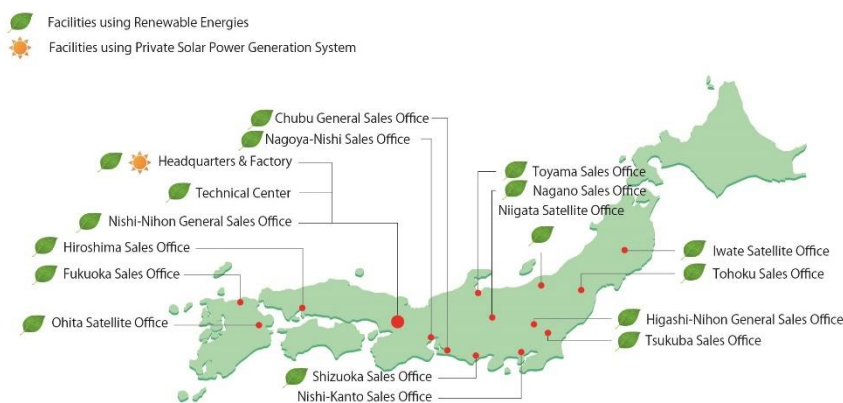


Smart ECO Vacuum

2. Addressing Climate Change

Since April 2022, the Company has been converting 100% of the electricity used at the HQs, Technical Center, and all domestic local offices contracted directly with power supply companies. The Company has achieved this by buying electricity generated by renewable energy sources, and consuming solar power generated in our plant.

In addition, the Company announced our support to the recommendations of Task Force on Climate-related Financial Disclosures (TCFD) in April 2022.



Power source map