

Consolidated Financial Results for the Six Months Ended September 30, 2023 <under Japanese GAAP>

Company Name: **YUSHIN PRECISION EQUIPMENT CO., LTD.**

Listing: Standard Market of the Tokyo Stock Exchange

Securities code: 6482

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

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Scheduled date to submit quarterly report: November 14, 2023

Scheduled date to commence dividend payments: December 1, 2023

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing: Yes (for Analysts)

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

1. Consolidated Business Results for the Six Months Ended September 30, 2023

(from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	9,975	(3.7)	693	(35.7)	840	(32.8)	539	(39.0)
September 30, 2022	10,355	6.5	1,078	(20.1)	1,251	(11.9)	884	(14.1)

Note: Comprehensive income Six months ended September 30, 2023: 1,373 million yen [(4.0) %]

Six months ended September 30, 2022: 1,431 million yen [40.2 %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	15.85	-
September 30, 2022	25.99	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	43,408	33,238	75.9
As of March 31, 2023	40,843	32,586	79.0

Reference: Equity capital

As of September 30, 2023: 32,928 million yen

As of March 31, 2023: 32,277 million yen

2. Cash Dividends

	Annual dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	-	10.00	-	20.00	30.00
FY2024	-	10.00			
FY2024 (Forecast)			-	10.00	20.00

Note 1: Revisions to projected dividends most recently announced: None

Note 2: Breakdown of dividends 4Q in FY2023

Ordinary dividends: 10.00 yen

Commemorative dividends: 10.00 yen (the 50th anniversary of the establishment)

3. Consolidated Earnings Forecasts for the FY2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2024	23,000	2.8	2,400	(9.1)	2,400	(13.9)	1,600	(16.8)	47.01

Note: Revisions to projected results most recently announced: None

* Notes

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

(2) Adoption of the special accounting methods: Yes

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

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

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

(4) Number of issued shares (Common stock)

1) Number of issued shares at the end of the period (including shares of treasury shares)	As of Sept. 30, 2023	35,638,066 Shares	As of March 31, 2023	35,638,066 Shares
2) Number of treasury shares at the end of the period	As of Sept. 30, 2023	1,603,136 Shares	As of March 31, 2023	1,603,076 Shares
3) Average number of outstanding shares during the period	Six months ended Sept. 30, 2023	34,034,947 Shares	Six months ended Sept. 30, 2022	34,035,205 Shares

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

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

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation on the business results

With regard to the global economy in the first half of the current fiscal year, although some parts of the global economy are showing signs of recovery, the outlook remains uncertain due to soaring resource prices caused by geopolitical risks and the downward pressure on the economy caused by global monetary tightening.

Under these circumstances, YUSHIN Group has continued to develop new customers on a global scale and expand the business of custom-ordered equipment for the medical field. However, orders mainly in Japan and China, for take-out robots, were sluggish and orders for custom-ordered equipment for the medical field decreased compared to the first half of the previous fiscal year. During the fiscal year under review, the sales increased in Europe, partly due to WEMO AUTOMATION AB, which became a subsidiary in the first quarter of the current fiscal year, while the sales in Japan and Asia decreased, compared to the first half of the previous fiscal year. As a result, consolidated Net sales decreased by 3.7% year on year to 9,975 million yen. As for the profit, Operating profit decreased by 35.7% year on year to 693 million yen due to an increase in personnel costs as a result of aggressive investments in human resources in addition to a deterioration in the gross profit margin caused due to an decrease in consolidated Net sales and escalating raw material prices, while the increase in sea transportation costs was eased. Ordinary profit decreased by 32.8% year on year to 840 million yen despite Foreign exchange gains, and Profit attributable to owners of parent decreased by 39.0% year on year to 539 million yen.

During the first half of the current fiscal year, YUSHIN launched PA-50LC, a low height, high performance palletizing robot.

(2) Explanation on the financial condition

<Assets>

Total assets increased by 2,565 million yen from the end of the previous fiscal year to 43,408 million yen. This was mainly due to increase of Customer-related intangible assets by 1,581 million yen.

<Liabilities>

Total liabilities increased by 1,913 million yen from the end of the previous fiscal year to 10,170 million yen. This was mainly due to increase of Advances received by 1,320 million yen.

<Net assets>

Net assets increased by 652 million yen from the end of the previous fiscal year to 33,238 million yen.

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

At this time, there are no changes to the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2024 that was announced in Consolidated Financial Results released on May 10, 2023.

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

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<ASSETS>		
Current assets		
Cash and deposits	16,169,066	14,402,870
Notes and accounts receivable - trade	5,471,088	5,428,901
Merchandise and finished goods	1,288,257	1,331,539
Work in process	1,338,876	2,034,078
Raw materials and supplies	3,760,970	4,632,076
Other	620,761	1,015,059
Allowance for doubtful accounts	(10,601)	(9,922)
Total current assets	28,638,417	28,834,603
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,609,396	3,653,192
Land	6,821,488	6,847,766
Other, net	315,638	343,086
Total property, plant and equipment	10,746,522	10,844,046
Intangible assets		
Goodwill	-	517,794
Customer-related intangible assets	-	1,581,765
Other	192,975	205,783
Total intangible assets	192,975	2,305,343
Investments and other assets		
Investment securities	307,324	432,597
Retirement benefit asset	215,986	209,898
Deferred tax assets	649,980	608,035
Other	141,492	226,585
Allowance for doubtful accounts	(49,464)	(52,541)
Total investments and other assets	1,265,319	1,424,577
Total non-current assets	12,204,817	14,573,966
Total assets	40,843,235	43,408,570

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<LIABILITIES>		
Current liabilities		
Notes and accounts payable - trade	1,733,016	1,810,759
Electronically recorded obligations - operating	890,045	822,060
Accounts payable - other	586,065	672,379
Income taxes payable	275,103	180,110
Advances received	3,721,457	5,041,485
Provision for bonuses	310,344	326,262
Provision for bonuses for directors	29,840	16,500
Provision for product warranties	256,644	225,245
Other	210,302	382,876
Total current liabilities	8,012,820	9,477,679
Non-current liabilities		
Retirement benefit liability	164,600	117,196
Deferred tax liabilities	6,260	385,794
Other	73,254	189,555
Total non-current liabilities	244,116	692,546
Total liabilities	8,256,936	10,170,225
<NET ASSETS>		
Shareholders' equity		
Share capital	1,985,666	1,985,666
Capital surplus	2,024,597	2,024,597
Retained earnings	28,454,129	28,312,801
Treasury shares	(1,355,632)	(1,355,675)
Total shareholders' equity	31,108,761	30,967,390
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	118,852	205,917
Foreign currency translation adjustment	1,043,867	1,754,164
Remeasurements of defined benefit plans	5,780	1,051
Total accumulated other comprehensive income	1,168,500	1,961,133
Non-controlling interests	309,036	309,820
Total net assets	32,586,298	33,238,344
Total liabilities and net assets	40,843,235	43,408,570

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

	(Thousands of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	10,355,594	9,975,578
Cost of sales	6,040,583	5,862,477
Gross profit	4,315,011	4,113,100
Selling, general and administrative expenses	3,236,460	3,419,363
Operating profit	1,078,550	693,737
Non-operating income		
Interest income	3,148	9,853
Dividend income	4,147	4,860
Purchase discounts	4,082	3,658
Foreign exchange gains	150,879	105,858
Other	11,863	23,799
Total non-operating income	174,120	148,029
Non-operating expenses		
Other	870	1,142
Total non-operating expenses	870	1,142
Ordinary profit	1,251,800	840,624
Extraordinary income		
Gain on sales of non-current assets	149	5,037
Total extraordinary income	149	5,037
Extraordinary losses		
Loss on sales and retirement of non-current assets	352	30,186
Total extraordinary losses	352	30,186
Profit before income taxes	1,251,598	815,474
Income taxes	342,792	248,607
Profit	908,805	566,867
Profit attributable to non-controlling interests	24,245	27,495
Profit attributable to owners of parent	884,559	539,371

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

	(Thousands of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	908,805	566,867
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,795)	87,065
Foreign currency translation adjustments	537,457	724,339
Remeasurements of defined benefit plans, net of tax	(5,152)	(4,728)
Total other comprehensive income	522,508	806,675
Comprehensive income	1,431,313	1,373,543
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,399,043	1,332,005
Comprehensive income attributable to non-controlling interests	32,270	41,537

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

None

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

None

< Adoption of special accounting methods for preparation of quarterly financial statements >

Calculation method for tax expenses

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

< Segment information >

First Six Months of FY2023 (from April 1, 2022 to September 30, 2022)

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

(Thousands of yen)

	Reportable segment				Total	Adjustment *1	Amounts shown on quarterly consolidated statements of income *2
	Japan	U.S.A.	Asia	Europe			
Net sales							
Sales to customers	5,218,452	2,270,123	2,579,205	287,813	10,355,594	-	10,355,594
Inter-segment sales or transfers	2,228,625	4,276	170,138	3,715	2,406,755	(2,406,755)	-
Total	7,447,078	2,274,399	2,749,344	291,528	12,762,350	(2,406,755)	10,355,594
Segment profit or (loss)	757,775	186,812	289,825	(68,349)	1,166,064	(87,513)	1,078,550

*Notes 1: The (87,513) thousand yen adjustment to segment profit or loss is the 1,284 thousand yen of inter-segment transaction eliminations, and the (88,797) thousand yen of inventory adjustments.

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

First Six Months of FY2024 (from April 1, 2023 to September 30, 2023)

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

(Thousands of yen)

	Reportable segment				Total	Adjustment *1	Amounts shown on quarterly consolidated statements of income *2
	Japan	U.S.A.	Asia	Europe			
Net sales							
Sales to customers	4,546,040	2,343,681	2,237,838	848,018	9,975,578	-	9,975,578
Inter-segment sales or transfers	1,898,253	4,377	198,645	8,592	2,109,867	(2,109,867)	-
Total	6,444,293	2,348,058	2,436,483	856,610	12,085,446	(2,109,867)	9,975,578
Segment profit or (loss)	380,671	340,170	196,488	(66,735)	850,595	(156,858)	693,737

*Notes 1: The (156,858) thousand yen adjustment to segment profit or loss is the (85,983) thousand yen of inter-segment transaction eliminations, and the (70,875) thousand yen of inventory adjustments.

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

3. Supplemental Information**(1) Orders, backlog and sales**

a. Orders

1) Order received

(Thousands of yen)

Products	First Six Months of FY2023	First Six Months of FY2024	Change (%)
Robots	7,983,860	6,735,977	84.4
Custom-ordered equipment	2,631,742	2,231,454	84.8
Parts and maintenance services	1,855,703	2,271,229	122.4
Total	12,471,306	11,238,661	90.1

2) Backlog of orders

(Thousands of yen)

Products	As of September 30, 2022	As of September 30, 2023	Change (%)
Robots	4,236,969	3,538,026	83.5
Custom-ordered equipment	3,174,174	7,200,725	226.9
Parts and maintenance services	294,106	510,986	173.7
Total	7,705,250	11,249,739	146.0

b. Net sales

(Thousands of yen)

Products	First Six Months of FY2023	First Six Months of FY2024	Change (%)
Robots	6,867,708	6,683,874	97.3
Custom-ordered equipment	1,667,159	1,278,252	76.7
Parts and maintenance services	1,820,726	2,013,450	110.6
Total	10,355,594	9,975,578	96.3

(2) Overseas Sales

First Six Months of FY2023 (from April 1, 2022 to September 30, 2022)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
Overseas sales	2,291,099	3,417,996	158,873	255,955	6,123,924
Consolidated net sales					10,355,594
Ratio of overseas sales to consolidated net sales (%)	22.1	33.0	1.5	2.5	59.1

First Six Months of FY2024 (from April 1, 2023 to September 30, 2023)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
Overseas sales	2,125,000	3,043,866	685,754	543,110	6,397,732
Consolidated net sales					9,975,578
Ratio of overseas sales to consolidated net sales (%)	21.3	30.5	6.9	5.4	64.1