

<Translation>



February 5, 2020

Consolidated Financial Results for the Nine Months Ended December 31, 2019 <under Japanese GAAP>

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

Listing: First Section of the Tokyo Stock Exchange

Securities code: 6482

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

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Scheduled date to submit quarterly report: February 14, 2020

Scheduled date to commence dividend payments: -

Preparation of supplementary materials on the quarterly financial results: None

Holding of quarterly financial results briefing: None

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

1. Consolidated Business Results for the Nine Months Ended December 31, 2019

(from April 1, 2019 to December 31, 2019)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes)

Nine months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2019	15,194	(4.9)	1,631	(14.9)	1,576	(15.0)	1,126	(15.3)
December 31, 2018	15,981	4.8	1,916	19.3	1,854	9.7	1,329	15.3

Note: Comprehensive income Nine months ended December 31, 2019: 1,092 million yen [(17.4) %]

Nine months ended December 31, 2018: 1,321 million yen [(6.7) %]

Nine months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2019	33.06	-
December 31, 2018	38.03	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	32,369	27,267	83.4
As of March 31, 2019	33,197	27,117	80.9

Reference: Equity capital

As of December 31, 2019: 27,011 million yen

As of March 31, 2019: 26,861 million yen

2. Cash Dividends

	Annual dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	-	8.00	-	9.00	17.00
FY2020	-	8.00			
FY2020 (Forecast)			-	10.00	18.00

Note: Revisions to projected dividends most recently announced: None

3. Consolidated Earnings Forecast for the FY2020 (from April 1, 2019 to March 31, 2020)

(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
FY2020	20,000	(8.4)	2,300	(16.7)	2,250	(19.4)	1,550	(18.6)	45.50

Note: Revisions to projected results most recently announced: Yes

*** 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)

- Number of issued shares at the end of the period (including shares of treasury shares)
- Number of shares of treasury shares at the end of the period
- Average number of outstanding shares during the period

As of Dec. 31, 2019	35,638,066 shares	As of March 31, 2019	35,638,066 Shares
As of Dec. 31, 2019	1,602,448 Shares	As of March 31, 2019	1,333,548 Shares
Nine months ended Dec. 31, 2019	34,064,608 shares	Nine months ended Dec. 31, 2018	34,974,056 shares

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

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

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

* Disclaimer:

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation on the business results

As for the global economy during the nine month ended December 31, 2019, there was some agreement on trade friction between the U.S. and China. On the other hand, the uncertainty over the future has led to a decline in capital investment willingness around the world, and the environment surrounding YUSHIN Group continues to be unpredictable.

In these circumstances, YUSHIN Group has continued to work on developing new customers on a global scale, but orders remained weak Y/Y during the nine months ended December 31, 2019.

The business results for the nine months ended December 31, 2019 are as follows. While sales of Custom-ordered equipment in Europe increased significantly Y/Y, sales of Take-out robots declined Y/Y as capital investment in Asia, mainly China, and Japan did not improve. As a result, the consolidated net sales decreased by 4.9% year on year to 15,194 million yen. Selling, general and administrative expenses decreased Y/Y due to the ongoing improving business efficiency, but Operating profit decreased by 14.9% year on year to 1,631 million yen due to a decrease in sales. Ordinary profit decreased by 15.0% year on year to 1,576 million yen due to foreign exchange losses. As a result, profit attributable to owners of parent decreased by 15.3% year on year to 1,126 million yen.

(2) Explanation on the financial condition

<Assets>

Total assets decreased by 828 million yen from the end of the previous fiscal year to 32,369 million yen. This was mainly due to decrease of “Notes and accounts receivable - trade” by 1,052 million yen.

<Liabilities>

Total liabilities decreased by 977 million yen from the end of the previous fiscal year to 5,101 million yen. This was mainly due to decrease of “Income taxes payable” by 465 million yen.

<Net assets>

Net assets increased by 149 million yen from the end of the previous fiscal year to 27,267 million yen.

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

Even after the financial results announced on November 7, 2019, although there has been some agreement on trade friction between the U.S. and China, the sense of slowdown in China's economic growth has increased. In addition, uncertainty about the global economy outlook has been further intensified because of an increase in geopolitical risks due to the conflict between the U.S. and Iran, and the future impact of the outbreak of the coronavirus in China.

As a result, companies' willingness for capital investment has further declined, and orders have been worse than expected, especially for Take-out robots. Accordingly, for Net sales, Operating profit, Ordinary profit and Profit attributable to owners of parent, the consolidated earnings forecast for the FY2020 released on November 7, 2019 has been revised as follows.

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous Forecast (A) (November 7, 2019)	Millions of yen 21,000	Millions of yen 2,650	Millions of yen 2,600	Millions of yen 1,850	Yen 54.29
Revised Forecast (B)	20,000	2,300	2,250	1,550	45.50
Change (B-A)	(1,000)	(350)	(350)	(300)	-
Percentage Change (%)	(4.8)	(13.2)	(13.5)	(16.2)	-
FY2019 (Reference)	21,833	2,760	2,791	1,903	54.54

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2019	As of December 31, 2019
<ASSETS>		
Current assets		
Cash and deposits	6,362,933	7,865,954
Notes and accounts receivable - trade	6,844,705	5,791,748
Merchandise and finished goods	717,394	1,142,116
Work in process	1,696,139	1,142,176
Raw materials and supplies	3,619,833	3,177,691
Other	742,175	517,319
Allowance for doubtful accounts	(18,327)	(21,984)
Total current assets	19,964,853	19,615,023
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,995,284	4,679,277
Land	6,130,716	6,121,368
Other, net	282,464	267,947
Total property, plant and equipment	11,408,464	11,068,592
Intangible assets	429,392	359,678
Investments and other assets		
Investment securities	218,062	226,082
Retirement benefit asset	294,037	288,193
Deferred tax assets	705,335	639,142
Other	196,910	193,254
Allowance for doubtful accounts	(19,795)	(20,881)
Total investments and other assets	1,394,549	1,325,791
Total non-current assets	13,232,406	12,754,063
Total assets	33,197,260	32,369,086

(Thousands of yen)

	As of March 31, 2019	As of December 31, 2019
<LIABILITIES>		
Current liabilities		
Notes and accounts payable - trade	2,367,211	2,149,199
Accounts payable - other	492,256	492,855
Income taxes payable	523,827	58,742
Advances received	1,755,449	1,520,337
Provision for bonuses	273,647	137,681
Provision for bonuses for directors	37,520	25,312
Provision for product warranties	147,609	156,403
Other	262,543	345,103
Total current liabilities	5,860,064	4,885,637
Non-current liabilities		
Provision for retirement benefits for directors	66,780	66,780
Retirement benefit liability	65,723	67,198
Deferred tax liabilities	37,324	34,979
Other	49,882	47,259
Total non-current liabilities	219,710	216,217
Total liabilities	6,079,775	5,101,854
<NET ASSETS>		
Shareholders' equity		
Share capital	1,985,666	1,985,666
Capital surplus	2,023,903	2,023,903
Retained earnings	23,579,393	24,124,650
Treasury shares	(1,039,026)	(1,355,163)
Total shareholders' equity	26,549,936	26,779,056
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	56,815	62,389
Foreign currency translation adjustment	184,923	104,980
Remeasurements of defined benefit plans	69,743	64,676
Total accumulated other comprehensive income	311,482	232,046
Non-controlling interests	256,066	256,128
Total net assets	27,117,484	27,267,231
Total liabilities and net assets	33,197,260	32,369,086

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**Quarterly consolidated statements of income****Nine months ended December**

(Thousands of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	15,981,981	15,194,072
Cost of sales	9,568,519	9,200,764
Gross profit	6,413,461	5,993,308
Selling, general and administrative expenses	4,496,590	4,362,230
Operating profit	1,916,871	1,631,077
Non-operating income		
Interest income	4,396	5,031
Dividend income	5,159	6,646
Purchase discounts	10,421	8,097
Other	19,148	7,511
Total non-operating income	39,125	27,286
Non-operating expenses		
Sales discounts	660	746
Foreign exchange losses	99,301	80,119
Other	1,516	544
Total non-operating expenses	101,479	81,411
Ordinary profit	1,854,517	1,576,952
Extraordinary income		
Gain on sales of non-current assets	733	4,513
Total extraordinary income	733	4,513
Extraordinary losses		
Loss on sales and retirement of non-current assets	9,298	1,185
Other	204	1,000
Total extraordinary losses	9,503	2,185
Profit before income taxes	1,845,746	1,579,281
Income taxes	472,416	416,732
Profit	1,373,330	1,162,548
Profit attributable to non-controlling interests	43,339	36,264
Profit attributable to owners of parent	1,329,991	1,126,284

Quarterly consolidated statements of comprehensive income
Nine months ended December

(Thousands of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	1,373,330	1,162,548
Other comprehensive income		
Valuation difference on available-for-sale securities	(43,829)	5,573
Foreign currency translation adjustment	(4,530)	(70,995)
Remeasurements of defined benefit plans, net of tax	(3,168)	(5,066)
Total other comprehensive income	(51,528)	(70,487)
Comprehensive income	1,321,802	1,092,061
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,278,673	1,046,848
Comprehensive income attributable to non-controlling interests	43,128	45,212

(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 income before income tax for the consolidated fiscal year after the application of tax effect accounting is reasonably estimated, and this estimated rate is applied to net income for the quarterly period under review.

< Segment information >

Nine Months of FY2019 (from April 1, 2018 to December 31, 2018)

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	8,756,696	2,622,963	3,851,698	750,621	15,981,981	-	15,981,981
Inter-segment sales or transfers	3,786,231	17,154	202,889	3,129	4,009,405	(4,009,405)	-
Total	12,542,928	2,640,117	4,054,588	753,751	19,991,386	(4,009,405)	15,981,981
Segment profit	1,324,917	250,105	403,077	78,919	2,057,020	(140,149)	1,916,871

*Notes 1: The (140,149) thousand yen adjustment to segment profit includes eliminations for inter-segment transactions of 20,270 thousand yen and inventory adjustments of (160,420) thousand yen.

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

Nine Months of FY2020 (from April 1, 2019 to December 31, 2019)

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	8,174,041	2,251,295	3,010,181	1,758,554	15,194,072	-	15,194,072
Inter-segment sales or transfers	2,967,712	10,669	230,296	1,148	3,209,826	(3,209,826)	-
Total	11,141,753	2,261,965	3,240,477	1,759,703	18,403,899	(3,209,826)	15,194,072
Segment profit	888,203	217,770	255,291	96,938	1,458,204	172,872	1,631,077

*Notes 1: The 172,872 thousand yen adjustment to segment profit includes eliminations for inter-segment transactions of 18,319 thousand yen and inventory adjustments of 154,552 thousand yen.

*Notes 2: Segment profit is adjusted to be consistent with operating income 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	Nine Months of FY2019	Nine Months of FY2020	Change (%)
Take-out robots	12,137,313	9,352,113	77.1
Custom-ordered equipment	2,970,034	2,561,152	86.2
Parts and maintenance service	2,629,517	2,308,221	87.8
Total	17,736,865	14,221,487	80.2

2) Backlog of orders

(Thousands of yen)

Products	As of December 31, 2018	As of December 31, 2019	Change (%)
Take-out robots	3,720,061	2,350,676	63.2
Custom-ordered equipment	3,245,933	2,824,301	87.0
Parts and maintenance service	325,817	203,019	62.3
Total	7,291,812	5,377,997	73.8

b. Net sales

(Thousands of yen)

Products	Nine Months of FY2019	Nine Months of FY2020	Change (%)
Take-out robots	11,384,963	10,005,969	87.9
Custom-ordered equipment	2,046,010	2,857,354	139.7
Parts and maintenance service	2,551,006	2,330,748	91.4
Total	15,981,981	15,194,072	95.1

(2) Overseas sales

Nine Months of FY2019 (from April 1, 2018 to December 31, 2018)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	2,464,272	5,925,934	727,854	507,556	9,625,619
II Consolidated net sales					15,981,981
III Ratio of overseas sales to consolidated net sales (%)	15.4	37.1	4.6	3.2	60.2

Nine Months of FY2020 (from April 1, 2019 to December 31, 2019)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	2,730,763	4,750,765	1,196,910	413,391	9,091,830
II Consolidated net sales					15,194,072
III Ratio of overseas sales to consolidated net sales (%)	18.0	31.3	7.9	2.7	59.8