



YUSHIN

Annual Report
2020

Year Ended March 31, 2020



YUSHIN PRECISION EQUIPMENT CO., LTD.

Securities Identification Code : 6482

できない、無理だ、は出発点

Impossible mark the starting point of a challenge.



Susumu Kotani, YUSHIN's Founder

Outline of YUSHIN PRECISION EQUIPMENT

Our name "YUSHIN", means to be both conscientious and trustworthy in Japanese. As these terms suggest, our goal is to be a company that earns and deserves the trust of customers. This is why we work constantly to develop products and systems based on what we call "Heartful Technology", that reaches heart to heart.

Since 1973, we have been striving to make the molding process more efficient, focusing on the development and manufacturing of Take-out robots for plastic injection molding products. To us, the words "impossible" or "it can't be done" mark the starting point of a challenge.

To be successful, we must continue to introduce innovative products, for instance, ultra-high speed robots and factory automation systems for bringing new capabilities into the customers.

As an innovator in the plastic molding process, YUSHIN intends to continue developing equipment that will improve quality, and simplify the molding new types of products. Taking advance with automation for plastic molding plants, YUSHIN has been expanding its service network throughout the world.

YUSHIN also conducts its business so as to live up to the trust and expectations of its customers, shareholders, suppliers, employees, local communities and all other stakeholders.



— Serving society through developing plastics industry —

Message from the President

Our goal is to provide safety and security to molding factories around the world through our robots and to support the realization of energy-saving and highly productive manufacturing.

We believe that this attitude will contribute to the creation of a more prosperous society, and we will continue to take on the challenge of creating new value.

● **Result for FY 2020 (Year ending March 31, 2020)**

Regarding the global economy during this fiscal year under review, due to uncertainties about the future, including trade friction between the United States and China, the willingness of companies to make capital investments has been declining globally. Furthermore, since the beginning of 2020, the spread of COVID-19 worldwide has slowed down the economic activities of each country. As a result, concerns over the global economic slowdown have intensified, and the environment surrounding us has become even more severe.

Under these circumstances, YUSHIN Group has continued to develop new customer base on global scale. However, orders received during this fiscal year have remained lower compared to the previous fiscal year. Regarding the outcome for this fiscal year under review, sales of custom-ordered equipment increased significantly, especially in the medical field overseas. On the other hand, sales of take-out robots did not grow from the beginning of the period in Asia due to the restraint of capital investment, and the sales in Japan also slowed down from the second half. As a result, the consolidated net sales decreased by 8.3% year on year to 20,011 million yen. Operating profit decreased 16.3% year-on-year to 2,309 million yen, although expenses were suppressed due to cost reductions by streamlining operations and reductions in depreciation expenses. Ordinary profit decreased 21.0% year on year to 2,205 million yen due to foreign exchange losses, and Profit attributable to

owners of parent decreased 19.5% year on year to 1,532 million yen.

Research and development expenses for FY2020 amounted to ¥369 million (¥413 million in the previous year). In order to develop products that meet the needs of a wide range of industries around the world, we are working in parallel on multiple R&D themes belonging to the respective stages of Basic Research, Element Development, and Applied Development. As a result, in FY2020, we released MKA, a large take-out robot for the U.S. market, and the additional functions of INTU LINE, an IoT function launched in 2017.

The equity ratio increased by 4.4pt. from 80.9% at the end of the FY2019 to 85.3%, maintaining a strong financial position capable of responding to changes in the business environment.

With respect to shareholder returns, we believe that improving our consolidated performance and raising the level of ordinary dividends will help us meet the expectations of our shareholders. At the same time, we aim to achieve a consolidated dividend payout ratio of 30% or more in order to achieve stable and sustainable shareholder returns. In FY2020, in light of our performance and the above policy, we paid an interim dividend of 8 yen per share and a year-end dividend of 10 yen per share, for a total annual dividend of 18 yen per share. This is an increase of ¥1 from the previous year, resulting in a consolidated dividend payout ratio of approximately 40%.

● Prospects for FY2021 (Year ending March 31, 2021)

For FY2021, we forecast lower revenues and profits based on the premise that the outlook for the year ahead is highly uncertain due to the continued decline in global appetite for capital investment, coupled with the spread of COVID-19. Net sales are expected to fall 15% to 17,000 million yen. This is due to the fact that although sales of our mainstay take-out robot business are solid in the medical and container industries, we expect capital investment in other industries to remain sluggish, and therefore we are forecasting a 20% decline in sales of take-out robot to ¥10,200 million. In the custom-ordered equipment, the forecast is for a 6% decline in sales to 3,800 million yen although sales to the medical field are expected to be strong. In the parts and maintenance services, we forecast a 6% year-on-year decline in sales to 3,000 million yen. Taking these declines in sales into account, we are forecasting a 30% decrease in operating income to 1,600 million yen.

Regarding research and development expenses, we forecast 390 million yen. It is our policy to prioritize investment in research and development, which will determine our future corporate value, to a certain amount each year, no matter what the environment. Going forward, we will work to develop take-out robots suitable for each region of the global market and promote services that utilize IoT and AI.

As for shareholder returns, we aim to achieve a consolidated dividend payout ratio of 30% or more, but we expect net income to decline significantly in FY2021. In order to consider stable shareholder returns, we have not yet decided on a dividend forecast.



August 2020

Mayumi Kotani
President and
Representative Director

● Medium-Term Management Plan

We have set a medium-term management goal of achieving consolidated net sales of 30 billion yen and ordinary income of 5 billion yen or more. In order to achieve these goals, we will (1) strengthen our product capabilities, (2) strengthen our global development, and (3) develop new businesses.

(1) To strengthen our product capabilities, we will expand the "active vibration control" and "IoT" technologies of our flagship take-out robot model, FRA, and further enhance our AI-based service

system. Also while most of our customers have been plastic injection molding factories, we will develop products that meet the automation needs of various industries and promote sales. In July 2020, we launched the PA series of space-saving palletizing robots for use in packing and distribution sites.

(2) With regard to further strengthening our global expansion, we have commenced operations at our European subsidiary established in Munich, Germany, in June 2019. We will continue to expand

Message from the President

our sales channels and service system in Europe. In addition, we introduced a new large robot to the robust U.S. market.

(3) To develop new businesses, in response to the growing need for automation in Japan and overseas, we will work to create new businesses that complement or synergize with our existing businesses. We will also continue to work on expanding sales of custom-ordered medical-related equipment.

Furthermore, to promote these initiatives, we will (4) strengthen cooperation between departments, (5) improve work efficiency, productivity, and cost reduction activities, and (6) secure and train human resources to support global expansion.

● ROE Target

Although we have not set clear targets, we would like to improve ROE by focusing on increasing net income.

● Corporate Governance: Aims of Establishing the Nomination and Remuneration Committee

The Nomination and Compensation Committee has been established as an advisory body to the Board of Directors in order to increase the appropriateness and transparency of the nomination and remuneration of directors, and to link this to the medium- to long-term growth of the Group and the enhancement of corporate value. The Nomination and Compensation Committee is chaired by Yasuo Nishiguchi, an outside director. The other members of the committee are the President and Representative Director, two outside directors and two outside corporate auditors, for a total of six members.

● Impact of plastic environmental issues

In our opinion, the environmental impact of plastics on our business is minimal at this time.

In recent years, the environmental impact of plastic products has become an issue, and as a company involved in the plastics industry, we cannot afford to be indifferent to this issue.

Firstly, the fishing nets, ropes, plastic bags and straws, which are considered to be the main source of drifted plastic waste, do not have a direct impact on our business because they are not the injection-molded products that our robots are working on.

When considering the segregation of injection-molded plastics, they can be divided into two categories: durable goods (home appliances, car parts, etc.) and non-durable goods (food trays, spoons, etc.). Durable goods are a field where the advantages of plastic can be used, and it is difficult to see how plastic will be replaced by other materials in this field at this time. This is an area where we expect our robots to continue to play an active role. On the other hand, in non-durable goods, we are seeking to replace some paper products and use bioplastics (e.g., biodegradable plastics). Although some materials will be replaced in some areas, bioplastics will continue to be produced by injection molding, which will continue to be the market for our take-out robots.

We should also not forget the benefits of plastics. The medical industry, for example, has been using disposable plastics for syringes and drip infusions for "hygiene" reasons. From the perspective of "weight reduction," many parts of automobiles, especially EVs, are made of plastic, both interior and exterior.

● Future Prospects and Issues

We expect the economic uncertainty associated with the spread of COVID-19 to continue for some time to come. However, even in this environment, our subsidiaries in the United States and South Korea are receiving an increasing number of orders from factories that produce test kits and disinfection solution containers and pumps. We will continue to support our customers who are busy with production around the clock with our equipment. We will continue to provide services to our customers on a global basis while making employee safety our top priority.

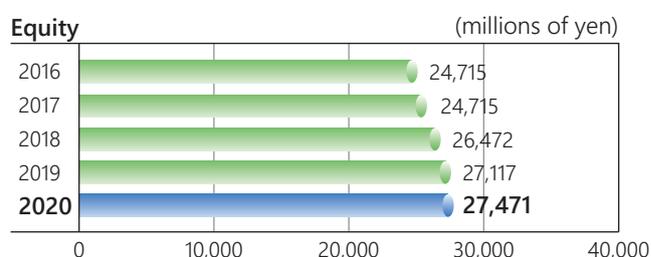
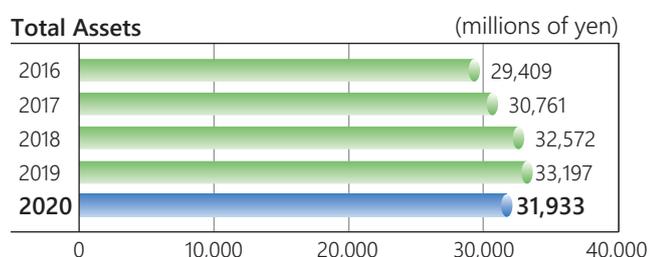
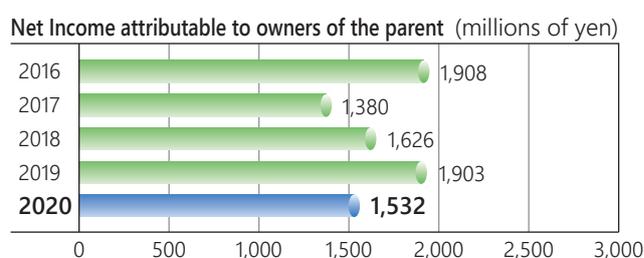
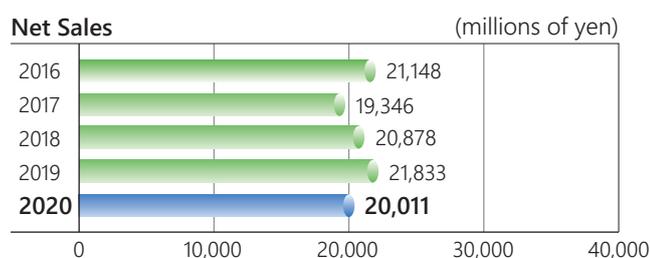
Going forward, we will continue to challenge ourselves to create value that only Yushin can provide, freeing people from the simple labor of the plastics industry and supporting the realization of energy-saving and highly productive manufacturing.

Consolidated Financial Highlights

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
Years Ended March 31

	Millions of Yen					Thousands of U.S. Dollars
	2020	2019	2018	2017	2016	2020
For the year:						
Net sales	¥ 20,011	¥ 21,833	¥ 20,878	¥ 19,346	¥ 21,148	\$ 183,593
Operating income	2,309	2,760	2,358	2,112	3,086	21,188
Income before income taxes	2,208	2,783	2,438	2,009	2,858	20,261
Net income attributable to owners of the parent	1,532	1,903	1,626	1,380	1,908	14,062
R&D Expenses	369	413	598	619	510	3,385
At Year end:						
Total assets	31,933	33,197	32,572	30,761	29,409	292,966
Equity	27,471	27,117	26,472	25,451	24,715	252,036
Per share of common stock:						
	Yen					U.S. Dollars
Net income	¥ 45.01	¥ 54.54	¥ 46.51	¥ 39.46	¥ 54.57	\$ 0.41
Cash dividends	18.00	17.00	33.00	36.00	36.00	0.16
Equity	800.04	783.03	750.37	722.19	700.77	
Equity ratio:						
	%					
Return on assets	4.7 %	5.8 %	5.1 %	4.6 %	6.5 %	
Return on equity	5.7	7.2	6.3	5.6	7.9	

Notes: The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year, retroactively adjusted for stock splits, including those stock splits made after year-end.
Cash dividends per share are dividends applicable to the respective years including dividends to be paid after the end of the year.
The computation of equity per share is based on the number of shares of common stock outstanding each end of year, retroactively adjusted for stock splits, including those stock splits made after year-end.
Translations of Japanese Yen amounts into U.S. dollar amounts are made at the rate of ¥109 to \$1.



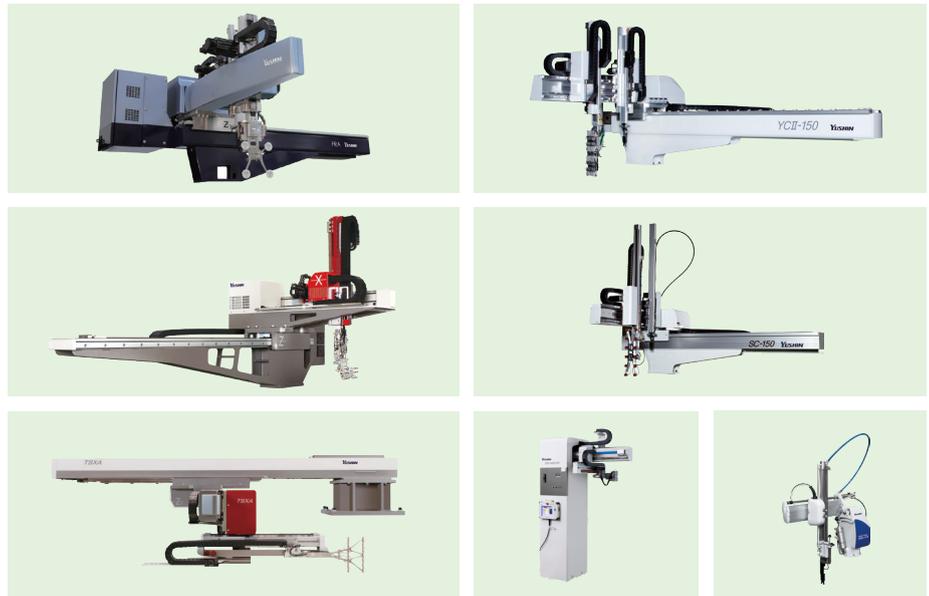
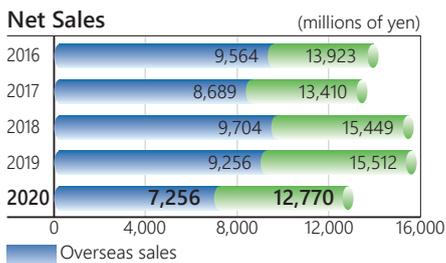
Estimates, Forecasts, and Plans

The performance estimates, forecasts of the business environment, and business plans contained in this publication are based on the information available at the time of compilation. Statements herein regarding these performance estimates, forecasts of the business environment, and business plans may contain inaccurate elements. In addition, there is a possibility of unknown risks, uncertainties, and contingencies emerging that may invalidate these performance estimates, forecasts of the business environment, and business plans. As a result, the reader is requested to understand that actual results / performance, the business environment and business plans in the future may differ materially from the content of this publication.

Review of Operations

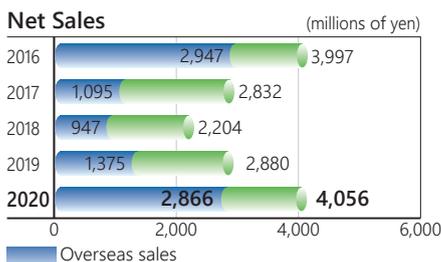
● Take-out Robots

Net sales of Take-out Robots decreased by 2,742 million yen (17.7%) from the previous FY to 12,770 million yen.



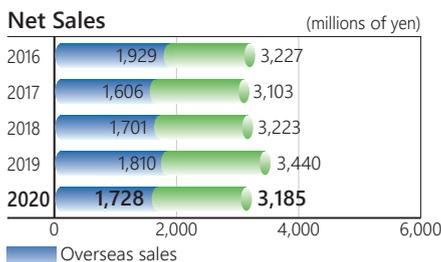
● Custom-ordered Equipment

Net sales of Custom-ordered Equipment increased by 1,175 million yen (40.8%) from the previous FY to 4,056 million yen.

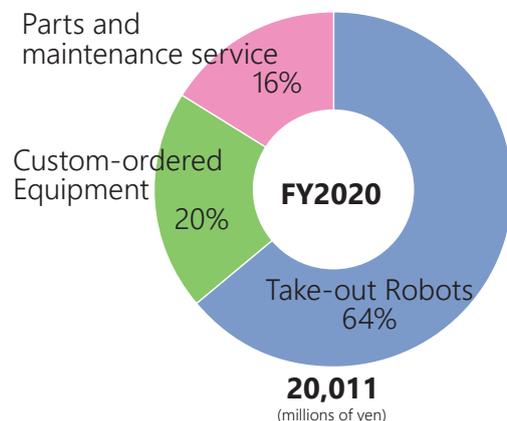


● Parts and Maintenance Service

Net sales of Parts and Maintenance Service decreased by 254 million yen (7.4%) from the previous FY to 3,185 million yen.



Sales Composition by Products





● Performance of Geographic Segments

<Japan>

Net sales decreased by 15.6% from the previous FY to 14,751 million yen and operating profit decreased by 37.6% from the previous FY to 1,276 million yen.

<North America>

Net sales decreased by 15.4% from the previous FY to 2,912 million yen and operating profit decreased by 12.3% to 269 million yen.

<Asia>

Net sales decreased by 23.0% from the previous FY to 4,003 million yen and operating profit decreased by 46.1% to 287 million yen.

<Europe>

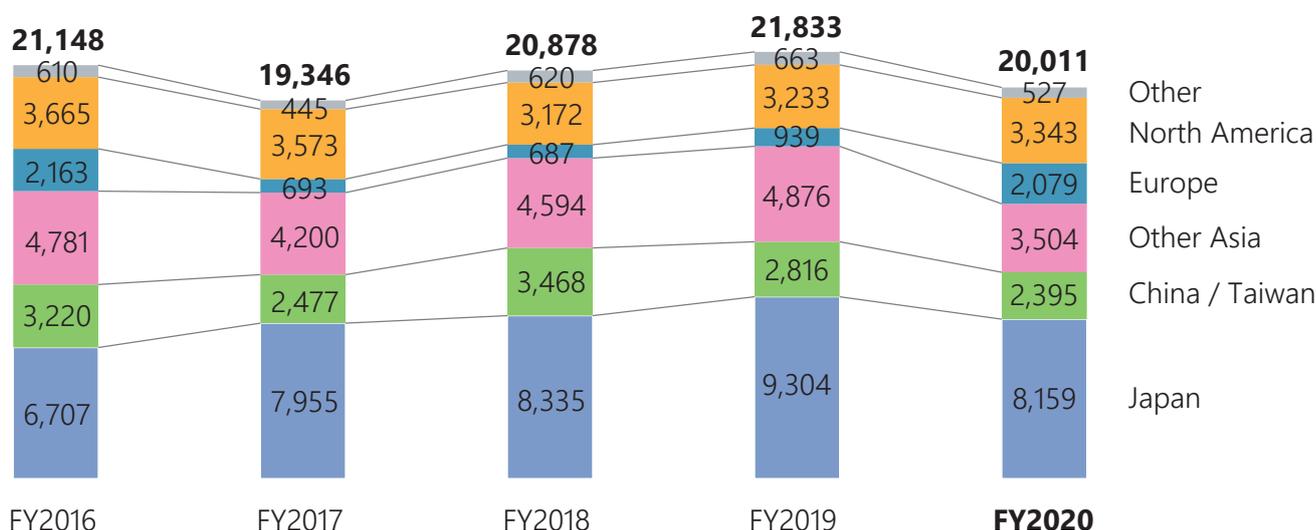
Net sales increased by 187.4% from the previous FY to 2,637 million yen and operating profit increased by 181.7% from the previous FY to 230 million yen.

● Overseas Sales

Overseas sales simply indicate YUSHIN's world sales to countries and areas other than Japan. Overseas sales decreased by 5.4% year on year to 11,851 million yen from the previous fiscal year. And the ratio of overseas sales to the total net sales was 59.2%.

● Sales Composition by Region

(millions of yen)



● Support for COVID-19

As COVID-19 rages around the world, our subsidiaries in the United States and South Korea are increasing their support for the medical industry and are committed to supporting our customers. Our robots are also used extensively in the medical and packaging industries, where they are involved in manufacturing high-demand products such as medical testing equipment, medical packaging, and plastic containers and caps for disinfection wipes and sprays. Customers manufacturing these products today are ramping up production around the clock. Our U.S. subsidiary, YUSHIN AMERICA, Inc. is a certified provider of medical product manufacturing

equipment and continues to provide equipment and maintenance to our customers without interruption. YUSHIN will continue to serve its customers on a global basis while keeping employee safety as its top priority.



<YUSHIN AMERICA, INC.>

● Palletizing Robot

YUSHIN has developed the compact palletizing robot "PA" series, which are mainly used in the field of packaging and logistics. Palletizing robots are expected to be used not only in the manufacturing industry, but also in logistics sites where there is a need for rapid automation due to lack of manpower. In such fields, we can utilize the technological capabilities we have accumulated in the plastic injection molding industry over many years. The "PA" series will be lined up with two models, the "PA-20" that supports a payload capacity of 20 kg and the "PA-40" that supports a payload capacity of 40 kg, to meet a wide range of customer needs.

1. Compact & Free Access

"PA" series realize the miniaturization of the installation space by maximizing the advantages of the cartesian robot, and secures the freedom of layout by the cantilever structure with fewer stanchions placed around it. Customers can effectively utilize the limited space with few obstacles when automating the existing space.

2. Easy and Quick Installation

"PA" series have inherited the intuitive operation in addition to the simple operation using the touch panel controller that has a high reputation in the field of the molding industry. In addition, we support swift start-up of production lines and quick maintenance of the robot through optimal robot hand design and technical service bases nationwide.



E
Environment

< Environmental Load Reduction >

- Development of energy - saving products
(Won the JMF's Energy-Efficient Machinery Award)

Uses

26%

less electricity than
conventional model

Uses

75%

less air than
conventional model



Standard Take-out Robot - YC

- Promotion of environmental management system (ISO14001)

S
Social

< Working Style Reform of Customer Factories >

- Providing factory automation system

< Safety and Security >

- Sale of the world's highest safety standard equipped robot

< Improvement of Working Environment >

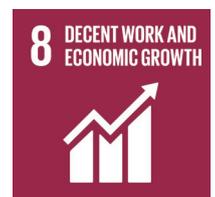
- Working style support team
- System of maternity leave and shorter working hours
(more than statutory)
- Working support for mothers "Yushin Mama's meeting"

G
Governance

< Strengthen the Governance System >

- Of the 10 directors, 3 are external directors
- Improvement of board of directors by effectiveness evaluation

Related SDGs Items



ESG - Governance

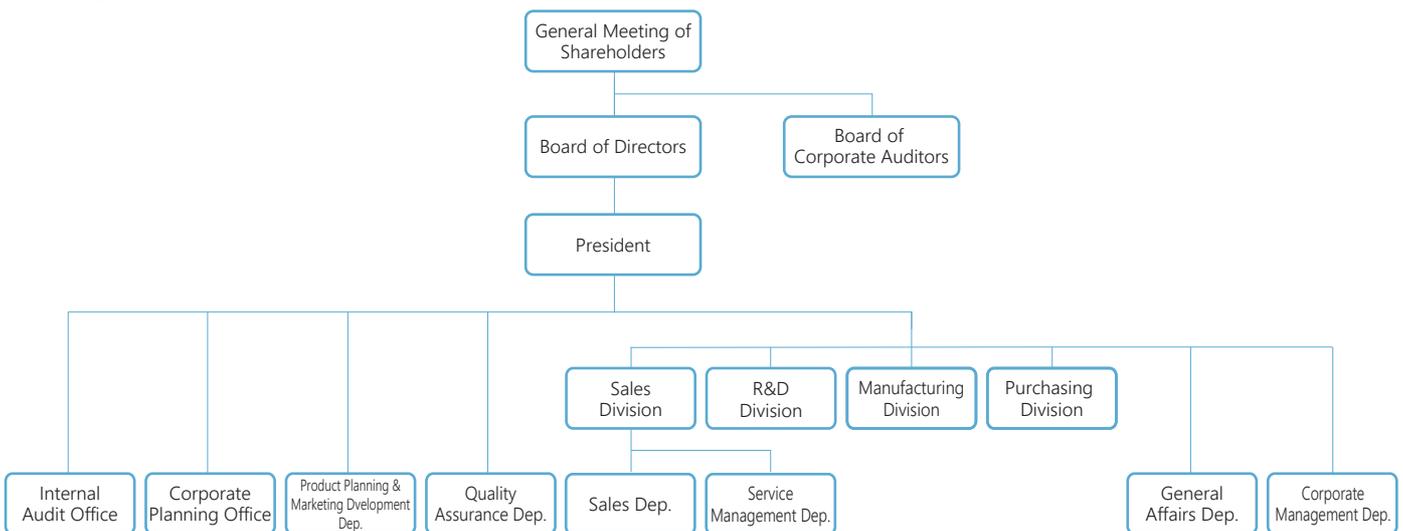
● Basic Views on Corporate Governance

YUSHIN PRECISION EQUIPMENT CO., LTD. (hereinafter referred to as "The Company") aims at achieving sustainable growth and maximizing the enterprise value for medium- and long-term under the management philosophy with obtaining credibility from all stakeholders surrounding YUSHIN including shareholders. We strive to strengthen corporate governance with the basic policy of following five items.

1. The Company respects the rights of shareholders and ensures equality, as well as strives to improve the environment for executing rights appropriately and protect rights.
2. The Company strives to sincerely cooperate with stakeholders excluding our shareholders with good sense.
3. The Company strives to ensure the transparency by appropriately making disclosure according to laws and regulations and voluntarily providing information excluding the disclosure.
4. The Board of Directors strives to execute its roles and duties appropriately for transparent/fair and flexible decision-making.
5. The Company strives to positively communicate with shareholders after sharing the direction of its stable growth for long-term.

● Organization Chart

(As of August, 2020)

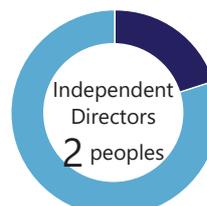


● Progress of Board of Directors

Under rapidly changing business environment and advancement of globalization, the Company appoints candidates of Directors with a focus on balance among knowledge, experience and expertise, diversity and global viewpoints. Now 10 Directors, including 3 External Directors and 2 of them are independent Directors, take office. The Company will keep the number of the board members that immediate decision-making can be conducted with each member providing his or her expertise and exchanging opinions each other.

External Directors now analyze and evaluate whole of the Board of Directors. To further improve the functions of the Board of Directors, analysis and evaluation of effectiveness of the whole Board including their methods are currently examined.

Board of Directors
10 peoples

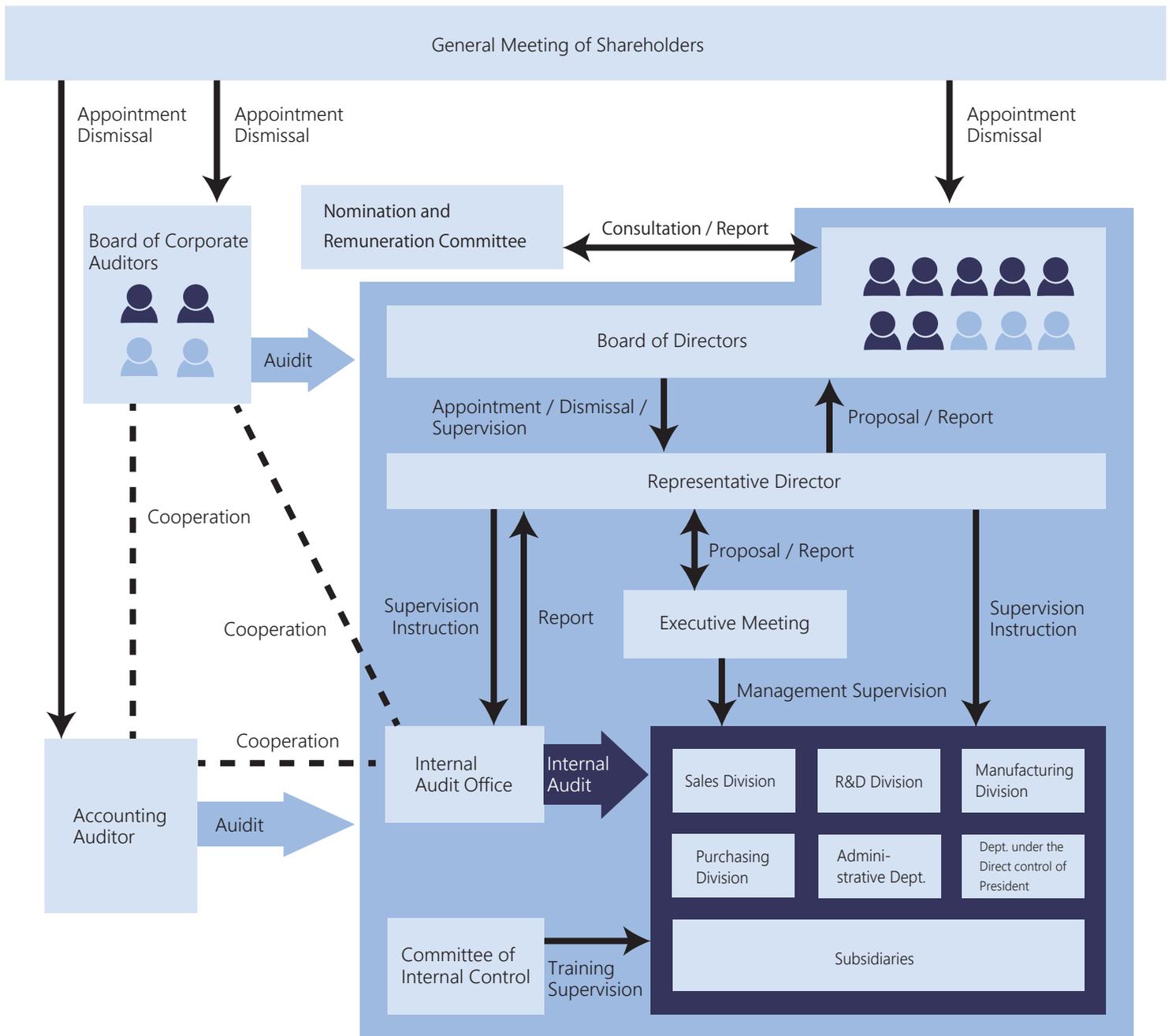


Board of Auditors
4 peoples



● **Chart of Corporate Governance System**

 Internal Director / Auditor
 External Director / Auditor



3. Yasushi Kitagawa

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
(To the present)

4. Takayo Kotani

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
(To the present)

5. Tomohiro Inano

June 1989 Joined the Company
August 2003 General Manager of YUSHIN PRECISION EQUIPMENT TRADING (SHENZHEN) CO., LTD.
April 2008 General Manager of Chinese Area
and YUSHIN PRECISION EQUIPMENT TRADING (SHENZHEN) CO., LTD.
July 2009 Assistant to General Manager of Sales Division
February 2010 Deputy General Manager of Sales Division
March 2011 General Manager of Sales Division
March 2014 Executive Officer
and General Manager of Sales Division
June 2017 Director
and General Manager of Sales Division
(To the present)

6. Masahito Fukui

October 2013 Joined the Company
as General Manager of Internal Audit Office
July 2015 General Manager of Accounting Department
July 2017 Executive Officer and General Manager of Corporate Management Department and
General Manager of Accounting Department
April 2020 Executive Officer and General Manager of Corporate Management Department
June 2020 Director and General Manager of Corporate Management Department
(To the present)

7. Kota Oda

October 2015 Joined the Company as General Manager of General Affairs Department
April 2019 Executive Officer and General Manager of General Affairs Department
June 2020 Director and General Manager of General Affairs Department
(To the present)

8. Yasuo Nishiguchi

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 the present)
March 2015 Chairman and CEO of Socionext Inc.
June 2016 External Director of
YAMADA Consulting Group Co., Ltd.
March 2018 Retired from Chairman and CEO
of Socionext Inc.
April 2020 Chairman and Director of
YAMADA Consulting Group Co., Ltd.
(To the present)

9. Hiroshi Matsuhisa

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
June 2014	External Director of the Company (To the present)
June 2016	External Corporate Auditor of Technology Seed Incubation Co., Ltd.
June 2018	Retired from External Corporate Auditor of Technology Seed Incubation Co., Ltd.

10. Reiko Nakayama

April 1983	Joined Japan Associated Finance Co., Ltd. (currently JAFCO Co., Ltd)
January 1997	Joined Marusan Securities Co., Ltd.
March 2000	General Manager of Investment information
October 2004	General Manager of Underwriting
October 2008	Part-time Director of LivTech, Inc.
February 2009	Director and Head of Administrative H.Q. of LivTech, Inc.
March 2013	Retired from the office of Director of LivTech, Inc.
March 2015	External Director of LUCKLAND CO.,LTD
March 2016	Director of LUCKLAND CO.,LTD (Audits Committee) (To the present)
June 2018	External Director of the Company (To the present)
June 2019	External Director of Mandam Corporation (To the present)

● Auditors

11. Yoshihisa Nakanishi

March 2008	Joined the Company
April 2008	General Manager of Personnel Affairs Section
June 2008	General Manager of Accounting Department
July 2015	General Manager of Internal Audit Office
July 2017	Corporate Auditor of the Company (To the present)

12. Katsumi Noda

April 1982	Joined the Company
March 1999	Manager of Manufacturing Section 3
December 2001	Manager of Sales Engineering Department
April 2005	Manager of System Engineering Department
October 2010	General Manager of System Engineering Dept.
October 2019	Mandatory Retired Continue to work as fixed-term employee
July 2020	Corporate Auditor of the Company (To the present)

13. Hiroho Kamakura

November 1971	Joined Tohmatsu Aoki & Co. (currently "Deloitte Touche Tohmatsu LLC")
May 1973	Registered as CPA
July 2012	External Corporate Auditor of Trusco Nakayama Corporation (To the present)
July 2012	External Corporate Auditor of the Company (To the present)
March 2013	External Corporate Auditor of FUJIO FOOD SYSTEM CO., LTD. (To the present)
February 2018	External Corporate Auditor of SymEnergy Inc. (To the present)

14. Michitoshi Morimoto

April 1981	Joined FUJITEC Co., Ltd.
February 1982	Joined Osaka Research Institute of Industrial Science and Technology
February 1987	Joined Matsushita Electric Industrial Co., Ltd. (Panasonic Corporation)
October 1990	Joined Nomura Research Institute, Ltd.
January 2016	Joined Human Holdings Co., Ltd. Executive officer (CIO)
November 2016	Retired from the Human Holdings Co., Ltd.
July 2017	External Corporate Auditor of the Company (To the present)

● Overview of the Board of Directors / Auditors

	Name	Positions	Independence	Attendance at Board of Directors in FY2019	Attendance at Board of Auditors in FY2019
1	Mayumi Kotani	President and Representative Director	—	13/13	—
2	Satoshi Kimura	Executive Managing Director	—	13/13	—
3	Yasushi Kitagawa	Executive Managing Director	—	13/13	—
4	Takayo Kotani	Managing Director	—	—	—
5	Tomohiro Inano	Director	—	13/13	—
6	Masahito Fukui	Director	—	—	—
7	Kota Oda	Director	—	—	—
8	Yasuo Nishiguchi	External Director	×	13/13	—
9	Hiroshi Matsuhisa	External Director	●	13/13	—
10	Reiko Nakayama	External Director	●	13/13	—
11	Yoshihisa Nakanishi	Full-time Corporate Auditor	—	13/13	5/6
12	Katsumi Noda	Full-time Corporate Auditor	—	—	—
13	Hiroho Kamakura	External Corporate Auditor	●	12/13	6/6
14	Michitoshi Morimoto	External Corporate Auditor	●	13/13	6/6

● Officers

15. Naoki Tsuji

September 2015 Joined the Company
 May 2016 Manager of Product Planning and Marketing Development Office
 April 2019 Executive Officer and General Manager of Product Planning and Marketing Development Department (To the present)

16. Miki Murata

February 2003 Joined the Company
 October 2005 Manager of Sales Administration
 August 2007 Manager of Corporate Planning Office
 April 2020 Executive Officer and General Manager of Corporate Planning Office (To the present)

Dialogue between Directors



Reiko Nakayama
<External Director>

Yasuo Nishiguchi
<External Director>

Mayumi Kotani
<President and Representative Director>

-Special Meeting- Growth Strategies of YUSHIN

*Two experienced external directors and the president
exchanged opinions on what is needed
for the future of YUSHIN.*

Kotani :

Since our founding, we have consistently developed our business by specializing in factory automation, especially robots to take plastic products out of injection molding machines. In the process, we received many technical requests from client companies. This has led to the accumulation of new technologies and businesses. The spread of COVID-19 has been occurring, and it is undeniable that this will have a significant impact on our company. However, by using the technology we have developed, we can produce products that are suited to the new era of coexisting with the virus. We feel this is an opportunity. We specialize in automation, and we believe that we have an affinity with the need to reduce the number of people in the factory.

Nishiguchi :

That's exactly what it is. Companies always try to set up new businesses and use them as a new source of revenue, but the path is not flat, and many businesses fail. However, our current core businesses were also new businesses when we were founded. While remembering that time, now that the company has grown in size, the president needs to lead the way in developing new businesses and has to support the person in charge.

Kotani :

About a year ago, we started an executive meeting to flesh out the internal improvements, and to launch the next business. In the meeting, we discussed about how we are going to sell a conventional product which we have not been cultivating the market eagerly. This product is called the PA series which can load and unload cardboard boxes or cases on and off pallets. The robot is simple and easy to handle and does not take up much space. Although it does not move at high speed like a take-out robot, it can load and unload boxes in a factory or a warehouse without requiring a lot of manpower. It is exactly what people need today. We believe this product will enable us to attract new customers from different industries.

Nishiguchi :

The product you just mentioned looks very promising. I think there is a lot of needs for this product in situations where people are loading and unloading manually. It is important to re-raise why you

decided to start working on this existing product now. I feel that our company is now being asked to develop a clear growth strategy, both internally and externally. In order to take our company to the next stage, we must not only expand our existing mainstay products, but also developing new pillars is necessary. To make it a new pillar, we need to set clear goals and think through how we can achieve them. We should have a strong awareness of the goal and strengthen the organization to achieve it.

Nakayama :

From my experience as a securities analyst, I would say that our company's investor relations is subdued. For the first few years after we went public, we were perceived as a high-growth venture with a niche top and the company has received a commensurate evaluation, so we didn't have to do anything. I feel that we have now entered a period of stability in terms of performance. In addition, what investors are looking for in a company today is becoming more diverse and complex, so it is important to communicate in a way that is easy to understand.



Dialogue between Directors

First and foremost, we need to set a clear goal of "what and how by when" and set numerical targets and explain it properly to the outside world. If we can actually get our business results there, our reputation in the stock market will change. These days, it's not enough to simply increase sales and profits. Cash flow and capital cost are also emphasized as a goal of corporate management from the shareholders' perspective. Furthermore, various things are now required, such as significance of the company's existence in society, awareness of stakeholders and consideration for the environment. And not only shareholders but also young people of the future see the companies in terms of their contribution to society not only in terms of name recognition and salary. We will have to account for all of those things in total. I know our company is committed to making it easy for all employees to work and to improving the working environment of the company and the plant.



Kotani :

Yes, even with the system that we take for granted, it seems that there are many things that we are fortunate compared to other companies. It is easy for employees to take leave for childbirth and childcare and shortened work hours. It is not unusual for men to take childcare leave and shortened work hours as well. In addition to offices and plants, we also consider the livability of the cafeteria and bathrooms in our headquarters plant. Under the state of

emergency, employees are required to work from home as much as possible to prevent the spread of the COVID-19.

Nakayama :

As an outside director of the company, I believe my role is to further strengthen the company's governance from an investor's perspective and to provide advice on how to improve corporate value. We have recently established a new Nomination and Compensation Committee. I would like to take this opportunity to create a remuneration system in which directors are more aware of their responsibilities and are incentivized to achieve their goals. I would also like to see our future executive candidates develop that mindset early on. Directors and other executives of listed companies tend to focus on setting annual budgets and executing them. However, this alone will not increase corporate value. From a medium- to long-term perspective, we should have a strong awareness of "What do we want to do with this company, and what must be done to achieve this? "

Nishiguchi :

Today, the president, a founding member of the company, is leading the company. But eventually, directors and officers who do not know hard work of the founding will be leading the company. Fortunately, we have plenty of cash to spare. I would like you to have the guts to invest in employees who want to take on the challenge of starting a new business from new ideas. In the end, it is people who launch new businesses. Now is a great time to train people with creativity.



Messages from New Directors and an Auditor

Takayo Kotani, Dr.Eng. - <Managing Director, R&D Div.>

I would like to contribute to the aim of being a company that can continue to provide products and services that makes our customers at manufacturing plants around the world say "I'm glad I chose YUSHIN". For that aim, I place great importance on the daily accumulation of persistent efforts while thinking of the future and the sharing of correct information both inside and outside the company.



Masahito Fukui - <Director, Corporate Management Dept.>

At a time when social and economic uncertainty is increasing on a global scale due to the pandemic, I am keenly aware of the importance of my role and responsibility. I will make every effort as a business manager to realize sustainable growth based on our corporate culture.



Kota Oda - <Director, General Affairs Dept.>

On a global scale, we need to respond flexibly to significant socio-economic change such as COVID-19 pandemic. For surviving unforeseeable future, it is important to develop our business resilience. Also, for the purpose of sustainable growth, it is vital to build capabilities through organizational change and to improve the ability of the organization's people. I would like to contribute to create an environment where our members can collaborate actively and work productively with a feeling of greater enrichment.



Katsumi Noda - <Auditor>

To ensure that YUSHIN continues to grow in a sound and sustainable manner and to live up to the trust of society, I will continue to strive to maintain our corporate governance system through conducting audits of the company. I will make use of my experience in R&D, design, manufacturing and sales at YUSHIN to develop the company and enhance its corporate value by providing information at meetings and conducting audits from the multiple perspective.



Global Network (As of August, 2020)



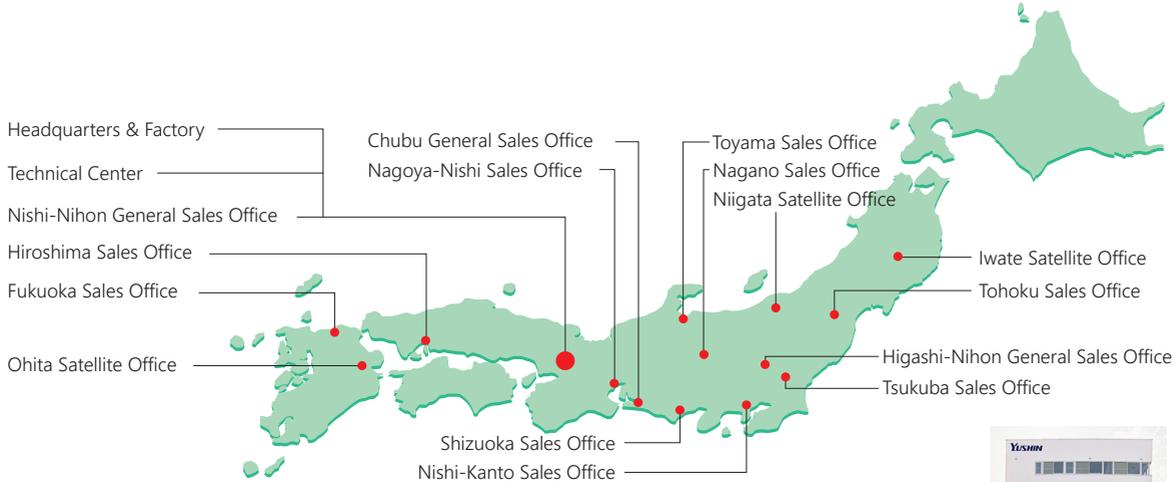
Headquarters & Factory



USA



Korea



Chubu General Sales Office



Higashi-Nihon General Sales Office



Malaysia



Taiwan



Thailand



UK



China (Shenzhen)



China (Shanghai)



Vietnam



China (Guangzhou)

● Headquarters & Factory

YUSHIN PRECISION EQUIPMENT CO., LTD.

555 Kuzetonoshiro-cho, Minami-ku, Kyoto, Japan 612-8205
TEL: +(81)75-933-9555 FAX: +(81)75-934-4033

● Technical Center

487 Kuzetsukiyama-cho, Minami-ku, Kyoto, Japan 601-8203
TEL: +(81)75-933-9555 FAX: +(81)75-922-3151

■ Subsidiaries

■ South Korea

■ YUSHIN KOREA CO., LTD.
TEL: +(82)31-433-9655~6 FAX: +(82)31-433-9663

■ DAEGU BRANCH
TEL: +(82)53-951-9442 FAX: +(82)53-951-9443

■ China

■ YUSHIN PRECISION EQUIPMENT TRADING (SHANGHAI) CO., LTD.
TEL: +(86)21-6440-1586~7 FAX: +(86)21-6440-1806

■ YUSHIN PRECISION EQUIPMENT TRADING (SHANGHAI) CO., LTD.
TIANJIN BRANCH
TEL: +(86)22-8823-8713 FAX: +(86)22-8823-8517

■ YUSHIN PRECISION EQUIPMENT TRADING (SHENZHEN) CO., LTD.
TEL: +(86)755-8358-0139 FAX: +(86)755-8358-0159

■ GUANGZHOU YUSHIN PRECISION EQUIPMENT CO., LTD.
TEL: +(86)20-8269-0091 FAX: +(86)20-8269-0001

■ Taiwan

■ YUSHIN PRECISION EQUIPMENT (TAIWAN) CO., LTD.
TEL: +(886)2-2585-0507 FAX: +(886)2-2585-0527

■ TAICHUNG BRANCH
TEL: +(886)4-2265-8155 FAX: +(886)4-2265-2602

■ Indonesia

■ PT. YUSHIN PRECISION EQUIPMENT INDONESIA
TEL: +(62)21-8835-8185 FAX: +(62)21-8835-8186

■ Vietnam

■ YUSHIN PRECISION EQUIPMENT (VIETNAM) CO., LTD.
TEL: +(84)243-767-3844 FAX: +(84)243-767-3845

■ YUSHIN PRECISION EQUIPMENT (VIETNAM) CO., LTD.
HO CHI MINH REPRESENTATIVE OFFICE
TEL: +(84)283-899-0662 FAX: +(84)283-899-0648

■ Malaysia

■ YUSHIN PRECISION EQUIPMENT SDN. BHD.
TEL: +(60)3-5880-5445 FAX: +(60)3-5879-3151

■ JOHOR BAHRU OFFICE
TEL: +(60)7-598-5450 FAX: +(60)7-598-0102

■ Thailand

■ YUSHIN PRECISION EQUIPMENT (THAILAND) CO., LTD.
TEL: +(66)2-662-2580 FAX: +(66)2-662-2583

■ India

■ YUSHIN PRECISION EQUIPMENT (INDIA) PVT. LTD.
TEL: +(91)44-4231-8005 FAX: +(91)44-4231-8006

■ GURGAON BRANCH
TEL: +(91)124-474-8229 FAX: +(91)124-474-8230

■ Germany

■ YUSHIN EUROPE GMBH
TEL: +(49)89-89-796-713 FAX: +(49)89-89-743-737

■ UK

■ YUSHIN AUTOMATION LIMITED
TEL: +(44)-1527-558-218 FAX: +(44)-1527-558-219

■ U.S.A.

■ YUSHIN AMERICA, INC.
TEL: +(1)401-463-1800 FAX: +(1)401-463-1820

■ YUSHIN AMERICA, INC. NORTH CAROLINA OFFICE

■ YUSHIN AMERICA, INC. GEORGIA OFFICE

■ YUSHIN AMERICA, INC. OHIO OFFICE

■ YUSHIN AMERICA, INC. TEXAS NORTH OFFICE

■ YUSHIN AMERICA, INC. TEXAS OFFICE

■ YUSHIN AMERICA, INC. CALIFORNIA OFFICE

(MEXICO)

■ YUSHIN AMERICA, INC. MEXICO BRANCH
TEL: +(52)477-761-2696 FAX: +(52)477-761-2696

■ Representative office

■ Philippines

■ YUSHIN PRECISION EQUIPMENT CO., LTD.
PHILIPPINES REPRESENTATIVE OFFICE
TEL: +(63)2-8893-7546 FAX: +(63)2-8856-9616

■ Sole Agents

■ New Zealand

■ TASMAN MACHINERY LTD.
TEL: +(64)9-379-5716 FAX: +(64)9-379-9915

■ Australia

■ TASMAN MACHINERY PTY LTD.
TEL: +(61)3-8587-8200

■ Turkey

■ TEKKAN PLASTIK SAN. ve TIC. A.S.
TEL: +(90)216-593-00-29 FAX: +(90)216-593-00-38

■ Canada

■ EN-PLAS, INC.
TEL: +(1)416-286-3030 FAX: +(1)416-286-5963

Consolidated Balance Sheet

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
March 31, 2020

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
CURRENT ASSETS:			
Cash and cash equivalents (Note 9)	¥ 5,652	¥ 4,669	\$ 51,862
Short-term investments (Note 9)	2,993	1,693	27,460
Receivables (Note 9) :			
Trade notes	1,584	1,824	14,532
Trade accounts	3,826	5,020	35,106
Allowance for doubtful receivables	(19)	(18)	(176)
Inventories (Note 4)	5,058	6,033	46,411
Other current assets	295	742	2,710
Total current assets	<u>19,391</u>	<u>19,964</u>	<u>177,907</u>
 PROPERTY, PLANT AND EQUIPMENT:			
Land	6,107	6,130	56,034
Buildings and structures	8,911	8,899	81,758
Machinery and equipment	583	572	5,349
Furniture and fixtures	1,550	1,537	14,223
Construction in progress	10	8	93
Total	<u>17,163</u>	<u>17,148</u>	<u>157,459</u>
Accumulated depreciation	<u>(6,257)</u>	<u>(5,739)</u>	<u>(57,404)</u>
Net property, plant and equipment	<u>10,905</u>	<u>11,408</u>	<u>100,054</u>
 INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 9)	159	218	1,467
Insurance funds	143	143	1,319
Asset for retirement benefits (Note 5)	285	294	2,619
Deferred tax assets (Note 7)	658	705	6,040
Other assets	387	462	3,557
Total investments and other assets	<u>1,635</u>	<u>1,823</u>	<u>15,004</u>
 TOTAL	<u>¥ 31,933</u>	<u>¥ 33,197</u>	<u>\$ 292,966</u>

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
CURRENT LIABILITIES:			
Payables (Note 9) :			
Trade notes	¥ 20	¥ 92	\$ 189
Trade accounts	1,677	2,274	15,391
Construction and other	418	492	3,837
Advances from customers	1,270	1,755	11,654
Income taxes payable (Note 9)	137	523	1,265
Accrued expenses	495	505	4,544
Warranty reserve	178	147	1,636
Other current liabilities (Note 7).....	52	67	478
Total current liabilities	4,250	5,860	38,998
LONG-TERM LIABILITIES:			
Liability for retirement benefits to directors (Note 5)	66	66	612
Liability for retirement benefits (Note 5)	62	65	577
Deferred tax liabilities (Note 7)	34	37	315
Other	46	49	426
Total long-term liabilities	210	219	1,932
EQUITY (Notes 2.o. and 6):			
Common stock - authorized, 80,000,000 shares; issued, 35,638,066 shares in 2020 and 2019	1,985	1,985	18,217
Capital surplus	2,023	2,023	18,567
Retained earnings	24,531	23,579	225,057
Treasury stock - at cost, 1,602,454 shares in 2020 and 1,333,548 shares in 2019	(1,355)	(1,039)	(12,432)
Accumulated other comprehensive income:			
Unrealized gains on available-for-sale securities	16	56	150
Foreign currency translation adjustments	(34)	184	(316)
Defined retirement benefit plan	62	69	570
Total	27,229	26,861	249,814
Noncontrolling interests	242	256	2,222
Total equity	27,471	27,117	252,036
TOTAL	¥ 31,933	¥ 33,197	\$ 292,966

* See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
Year Ended March 31, 2020

	Thousands					Millions of Yen					
	Outstanding Number of Shares of Common Stock* (Note 12)	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Noncontrolling Interests	Total Equity
						Unrealized Gains on Available-for- Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plan			
BALANCE, APRIL 1, 2018	34,974	¥ 1,985	¥ 2,023	¥ 22,270	¥ (354)	¥ 97	¥ 164	¥ 56	¥ 26,243	¥ 228	¥ 26,472
Net income				1,903					1,903		1,903
Cash dividends, ¥ 17 per share ..				(594)					(594)		(594)
Purchase of treasury stock	(669)				(684)				(684)		(684)
Net change in the year						(40)	20	12	(6)	27	20
BALANCE, MARCH 31, 2019	34,304	1,985	2,023	23,579	(1,039)	56	184	69	26,861	256	27,117
Net income				1,532					1,532		1,532
Cash dividends, ¥ 17 per share ..				(581)					(581)		(581)
Purchase of treasury stock	(268)				(316)				(316)		(316)
Net change in the year						(40)	(219)	(7)	(267)	(13)	(281)
BALANCE, MARCH 31, 2020	34,035	¥ 1,985	¥ 2,023	¥ 24,531	¥ (1,355)	¥ 16	¥ (34)	¥ 62	¥ 27,229	¥ 242	¥ 27,471

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Noncontrolling Interests	Total Equity
					Unrealized Gains on Available-for- Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plan			
BALANCE, MARCH 31, 2019	\$ 18,217	\$ 18,567	\$ 216,324	\$ (9,532)	\$ 521	\$ 1,696	\$ 639	\$ 246,435	\$ 2,349	\$ 248,784
Net income			14,062					14,062		14,062
Cash dividends, \$0.16 per share ..			(5,330)					(5,330)		(5,330)
Purchase of treasury stock				(2,900)				(2,900)		(2,900)
Net change in the year					(370)	(2,012)	(69)	(2,452)	(127)	(2,579)
BALANCE, MARCH 31, 2010	\$ 18,217	\$ 18,567	\$ 225,057	\$ (12,432)	\$ 150	\$ (316)	\$ 570	\$ 249,814	\$ 2,222	\$ 252,036

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
Years Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
OPERATING ACTIVITIES:			
Income before income taxes	¥ 2,208	¥ 2,783	\$ 20,261
Adjustments for:			
Income taxes - paid	(1,007)	(933)	(9,244)
Depreciation and amortization	705	782	6,468
Increase (decrease) in provision for doubtful receivables ..	4	(1)	41
Changes in assets and liabilities:			
Decrease (Increase) in trade receivables	1,307	175	11,995
Increase in inventories	813	(540)	7,465
Decrease in trade payables	(537)	(518)	(4,935)
Other - net	64	544	592
Total adjustments	1,349	(492)	(12,382)
Net cash provided by operating activities	3,558	2,291	32,645
INVESTING ACTIVITIES:			
Increase in short-term investments	(2,952)	(1,653)	(27,087)
Decrease in short-term investments	1,650	1,850	15,137
Purchases of property, plant and equipment	(144)	(193)	(1,326)
Proceeds from sales of property, plant and equipment	10	8	94
Purchases of investment securities		(0)	
Other - net	(39)	(73)	(359)
Net cash used in investing activities	(1,475)	(61)	(13,540)
FINANCING ACTIVITIES:			
Dividends paid	(581)	(594)	(5,332)
Dividends paid to noncontrolling interests	(49)	(38)	(453)
Purchase of treasury stock	(316)	(684)	(2,900)
Net cash used in financing activities	(946)	(1,316)	(8,686)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(151)	(7)	(1,391)
NET INCREASE IN CASH AND CASH EQUIVALENTS	983	905	9,026
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,669	3,763	42,835
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 5,652	¥ 4,669	\$ 51,862

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

YUSHIN PRECISION EQUIPMENT CO., LTD. and Subsidiaries
Years Ended March 31, 2020

● 1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2019 consolidated financial statements to conform to the classifications used in 2020.

The fiscal year-end dates of all consolidated subsidiaries except for Yushin Precision Equipment (India) Pvt. Ltd. are different from that of the

consolidated balance sheet date of March 31. They are dated December 31, and the financial statements of these subsidiaries as of the provisional closing date of March 31 are used for consolidation purposes.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Yushin Precision Equipment Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥109 to \$1, the approximate rate of exchange at March 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million yen and one thousand U.S. dollars are rounded down, except for per-share data. Therefore, total or subtotal amounts may not correspond with the aggregation of such account balances.

● 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The consolidated financial statements as of March 31, 2020, include the accounts of the Company and all of its subsidiaries (together, the "Group").

Under the control concept, those companies in which the Company is able to directly exercise control over operations are fully consolidated.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

Yushin Europe GmbH was established during the year ended March 31, 2020, and therefore became consolidated subsidiary of the Company.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements - Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. Cash Equivalents - Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of

changes in value. Cash equivalents include time deposits which mature or become due within three months of the date of acquisition.

d. Inventories - Inventories are principally stated at the lower of cost, determined by the specific identification method for finished products and work in process, and by the average method for raw materials and supplies, or net selling value.

e. Securities - Securities are investment securities in the consolidated balance sheet. All investment securities are classified as available-for-sale securities, which are not classified as either trading securities or held-to-maturity debt securities, and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. Property, Plant and Equipment - Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Group is principally computed by the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 7 to 40 years for buildings and structures and from 5 to 12 years for machinery and equipment.

g. Long-Lived Assets - The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. Warranty Reserve - In order to provide for future warranty expenses for the Group's products, a warranty reserve is estimated and recorded principally on the basis of the Company's historical experience.

i. Retirement Benefits - The Company has a funded defined benefit pension plan and a funded defined contribution pension plan covering substantially all of its employees. Certain subsidiaries have an unfunded defined benefit plan or an unfunded defined contribution plan. The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses that are yet to be

recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 to 16 years, no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

Retirement benefits to directors are provided at the estimated amount which would be required if all directors retired at the balance sheet date. The Company terminated its retirement benefit plan for directors on June 29, 2006, and no additional provisions have been recorded since then. As of March 31, 2020 and 2019, the balance of the liability for retirement benefits to directors was ¥66 million (\$612 thousand), and ¥66 million provided in proportion to the term that present directors had been in place before June 29, 2006.

j. Research and Development Costs - Research and development costs are charged to income as incurred.

k. Bonuses to Directors - Bonuses to directors are accrued at the year-end to which such bonuses are attributable.

l. Income Taxes - The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

m. Foreign Currency Transactions - All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

n. Foreign Currency Financial Statements - The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.

o. Per-Share Information - Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not disclosed as there are no outstanding potentially dilutive securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

p. Accounting Changes and Error Corrections - Under ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows: (1) Changes in Accounting Policies – When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation – When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates – A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and

is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors – When an error in prior-period financial statements is discovered, those statements are restated.

q. New Accounting Pronouncements - On March 31, 2020, ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 19, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments." The core principle of the standard and guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2018. The Company is in the process of determining the period from which the Company will apply the accounting standard and guidance. The Company is currently evaluating the effect that the adoption of the accounting standard and guidance will have on its consolidated financial statements.

● 3. SECURITIES

(1) Investment Securities

The costs and aggregate fair values of investment securities as of March 31, 2020 and 2019, were as follows:

Securities classified as:	Millions of Yen							
	2020				2019			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:								
Equity securities	¥ 136	¥ 25	¥ 1	¥ 159	¥ 136	¥ 81		¥ 218

Securities classified as:	Thousands of U.S. Dollars			
	2020			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	\$ 1,250	\$ 234	\$ 17	\$ 1,467

(2) Proceeds and realized gains on available-for-sale securities which were sold during the year ended March 31, 2019, were as follows:

Available-for-sale:	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 0	¥ 0	

For the year ended March 31, 2020, the proceeds, realized gains, and realized losses are not disclosed since there were no available-for-sale securities sold during the year ended March 31, 2020.

● 4. INVENTORIES

Inventories at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Finished products	¥ 772	¥ 717	\$ 7,088
Work in process	1,120	1,696	10,280
Raw materials and supplies	3,165	3,619	29,041
Total	¥ 5,058	¥ 6,033	\$ 46,411

● 5. RETIREMENT AND PENSION PLANS

The Company has severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment or annuity payments from a trustee.

The Company has a funded defined benefit pension plan and a funded defined contribution pension plan for employees which cover approximately 50% each of their benefits. Certain subsidiaries have an unfunded defined benefit plan or an unfunded defined contribution plan.

(1) The changes in defined benefit obligations for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Balance at beginning of year (as previously reported) ...	¥ 714	¥ 638	\$ 6,554
Current service cost	63	63	581
Interest cost	1	1	11
Actuarial losses (gains)	4	10	44
Benefits paid	(12)	(4)	(112)
Other	(10)	4	(94)
Balance at end of year	¥ 761	¥ 714	\$ 6,984

(2) The changes in plan assets for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Balance at beginning of year	¥ 942	¥ 861	\$ 8,649
Expected return on plan assets	9	8	86
Actuarial gains (losses)	3	35	33
Contributions from the employer	42	41	392
Benefits paid	(14)	(4)	(134)
Balance at end of year	¥ 983	¥ 942	\$ 9,027

(3) Reconciliations between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligations and plan assets as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Funded defined benefit obligations	¥ 698	¥ 648	\$ 6,407
Plan assets	(983)	(942)	(9,027)
Total	(285)	(294)	(2,619)
Unfunded defined benefit obligations	62	65	577
Net assets arising from defined benefit obligations	¥ (222)	¥ (228)	\$ (2,042)

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Liability for retirement benefits	¥ 62	¥ 65	\$ 577
Asset for retirement benefits	(285)	(294)	(2,619)
Net assets arising from defined benefit obligations	¥ (222)	¥ (228)	\$ (2,042)

(4) The components of net periodic benefit costs for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Service cost	¥ 63	¥ 63	\$ 581
Interest cost	1	1	11
Expected return on plan assets	(9)	(8)	(86)
Recognized actuarial gains	9	6	89
Net periodic benefit costs	¥ 65	¥ 62	\$ 596

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plan for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Actuarial gains (losses)	¥ (10)	¥ 18	\$ (99)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plan as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unrecognized actuarial gains	¥ 89	¥ 100	\$ 820

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2020 and 2019, consisted of the following:

	2020	2019
Domestic debt investments	0.0 %	0.0 %
Domestic equity investments	9.4	17.3
Foreign debt investments	12.0	8.2
Foreign equity investments	15.9	28.4
General accounts	2.9	3.1
Others	59.8	43.0
Total	100.0 %	100.0 %

Others mainly consists of short-term funds and alternative.

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2020 and 2019, were set forth as follows:

	2020	2019
Discount rate	0.2 %	0.2 %
Expected rate of return on plan assets	1.0 %	1.0 %

(9) Defined contribution plans

The contributions to the defined contribution pension plan of the Company and the defined contribution plan of certain subsidiary were ¥63 million (\$578 thousand) and ¥60 million for the years ended March 31, 2020 and 2019, respectively.

● 6. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are

presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

7. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.5% each for the years ended March 31, 2020 and 2019.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Deferred tax assets:			
Inventories	¥ 281	¥ 340	\$ 2,585
Depreciation	297	255	2,733
Software	133	159	1,227
Enterprise tax payable	9	27	83
Accrued bonuses	83	83	764
Warranty reserve	19	26	181
Retirement benefits to directors	20	20	186
Other	77	70	712
Less valuation allowance	(10)		(100)
Total	¥ 912	¥ 983	\$ 8,375
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	¥ 175	¥ 178	\$ 1,608
Asset for retirement benefits	59	59	548
Unrealized gains on available-for-sale securities	7	24	66
Defined retirement benefit plan	27	30	250
Other	19	22	177
Total	¥ 288	¥ 315	\$ 2,650
Net deferred tax assets	¥ 623	¥ 668	\$ 5,724

Deferred tax assets (liabilities) are included in the consolidated balance sheets as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Investments and other assets - Deferred tax assets	¥ 658	¥ 705	\$ 6,040
Long-term liabilities - Deferred tax liabilities	(34)	(37)	(315)
Net deferred tax assets	¥ 623	¥ 668	\$ 5,724

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2020, is as follows:

	2020
Normal effective statutory tax rate	30.5 %
Expenses not deductible for income tax purposes	0.4
Per-capita inhabitant tax	0.7
Difference in income tax rates applicable to income in certain foreign countries	(2.9)
Undistributed earnings of foreign subsidiaries	0.1
Tax credit for research and development expenses	(1.2)
Other - net	0.9
Actual effective tax rate	28.5

For the year ended March 31, 2019, a reconciliation is not disclosed since the difference of the normal effective statutory tax rate and actual effective tax rate is less than 5.0% of the normal effective statutory tax rate.

● 8. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥369 million (\$3,385 thousand) and ¥413 million for the years ended March 31, 2020 and 2019, respectively.

● 9. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for Financial Instruments

The Group does not use financial instruments for speculative purposes based on its capital financing plan. Cash surpluses, if any, are invested in low-risk financial assets, including short-term time deposits. Funds on hand are used to fund ongoing operations. Derivatives are not used for speculative purposes, but to manage exposure to financial risks.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates. Investment securities are exposed to the risk of market price fluctuations. Payment terms of payables, such as trade notes and trade accounts, are primarily less than four months. Payment terms of income taxes payable and payables – construction and other are primarily less than one year.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables based on internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. Investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

(4) Fair Value of Financial Instruments

	Millions of Yen			Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains/Losses	Carrying Amount	Fair Value	Unrealized Gains/Losses
March 31, 2020						
Cash and cash equivalents	¥ 5,652	¥ 5,652		\$ 51,862	\$ 51,862	
Short-term investments	2,993	2,993		27,460	27,460	
Receivables	5,410	5,410		49,639	49,639	
Investment securities	159	159		1,467	1,467	
Total	¥ 14,216	¥ 14,216		\$ 130,429	\$ 130,429	
Payables	¥ 2,116	¥ 2,116		\$ 19,419	\$ 19,419	
Income taxes payable	137	137		1,265	1,265	
Total	¥ 2,254	¥ 2,254		\$ 20,684	\$ 20,684	

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains/Losses
March 31, 2019			
Cash and cash equivalents	¥ 4,669	¥ 4,669	
Short-term investments	1,693	1,693	
Receivables	6,844	6,844	
Investment securities	218	218	
Total	¥ 13,425	¥ 13,425	
Payables	¥ 2,859	¥ 2,859	
Income taxes payable	523	523	
Total	¥ 3,383	¥ 3,383	

Cash and Cash Equivalents, Short-Term Investments, Receivables and Payables, and Income Taxes Payable

The carrying values of cash and cash equivalents, short-term investments, receivables and payables, and income taxes payable approximate fair value because of their short maturities.

Investment Securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments. Fair value information for investment securities by classification is included in Note 3.

(5) Maturity Analysis for Financial Assets with Contractual Maturities

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2020				
Cash and cash equivalents	¥ 5,652			
Short-term investments	2,993			
Receivables	5,410			
Total	¥ 14,056			

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2019				
Cash and cash equivalents	¥ 4,669			
Short-term investments	1,693			
Receivables	6,844			
Total	¥ 13,207			

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2020				
Cash and cash equivalents	\$ 51,862			
Short-term investments	27,460			
Receivables	49,639			
Total	\$ 128,962			

● 10. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unrealized gains on available-for-sale securities:			
Amount arising during the year	¥ (58)	¥ (58)	\$ (532)
Reclassification adjustments to profit or loss		0	
Amount before income tax effect	(58)	(57)	(532)
Income tax effect	17	17	162
Total	¥ (40)	¥ (40)	\$ (370)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ (230)	¥ 26	\$ (2,112)
Amount before income tax effect	(230)	26	(2,112)
Total	¥ (230)	¥ 26	\$ (2,112)
Defined retirement benefit plan:			
Adjustments arising during the year	¥ (1)	24	\$ (10)
Reclassification adjustments to profit or loss	(9)	(6)	(89)
Amount before income tax effect	(10)	18	(99)
Income tax effect	3	(5)	30
Total	¥ (7)	12	\$ (69)
Total other comprehensive loss	¥ (278)	¥ (1)	\$ (2,551)

● 11. NET INCOME PER SHARE

Details of the basic net income per share (EPS) for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2020	Net Income	Weighted-Average Shares	EPS	
Basic EPS				
Net income available to common shareholders	¥ 1,532	34,057	¥ 45.01	\$ 0.41
Year Ended March 31, 2019				
Basic EPS				
Net income available to common shareholders	¥ 1,903	34,901	¥ 54.54	

Diluted net income per share is not disclosed as there are no outstanding potentially dilutive securities.

● 12. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2020, was approved at the Company's Board of Directors meeting held on May 14, 2020:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥ 10 (\$ 0.09) per share	¥ 340	\$ 3,122

● 13. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and for which such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Company carries out the development, production, sales, and after-sales maintenance of take-out robots for injection-molded products and peripheral equipment, including labor-saving systems. In the domestic market, these operations are handled by the Company; overseas markets – U.S.A., Asia (South Korea, Taiwan, China, Indonesia, Vietnam, Malaysia, Thailand, and India) and Europe (UK and Germany) – are serviced by local subsidiaries, including Yushin America Inc. (U.S.A.), Yushin Korea Co., Ltd. (Asia), and Yushin Automation Limited (Europe). The local subsidiaries are independently managed units, with separately drafted strategies and activities.

Accordingly, the Company's operations, based on its production, sales, and after-sales maintenance setups, are geographically grouped into four reportable segments: Japan, Asia, Europe, and the U.S.A.

(2) Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment

The accounting procedure for the reportable segments is described in Note 2, "Summary of significant accounting policies." Segment profit by reportable segment is calculated based on operating income. Intersegment sales and transfers are based on a realized market price basis.

(3) Information about Sales, Profit, Assets and Other Items is as Follows:

	Millions of Yen						
	2020						
	Reportable Segment						
	Japan	Asia	Europe	U.S.A.	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥ 10,757	¥ 3,718	¥ 2,636	¥ 2,899	¥ 20,011		¥ 20,011
Intersegment sales or transfers	3,993	284	1	12	4,292	¥ (4,292)	
Total	¥ 14,751	¥ 4,003	¥ 2,637	¥ 2,912	¥ 24,304	¥ (4,292)	¥ 20,011
Segment profit	¥ 1,276	¥ 287	¥ 230	¥ 269	¥ 2,064	¥ 245	¥ 2,309
Segment assets	19,988	3,662	1,830	2,185	27,666	4,266	31,933
Other:							
Depreciation	628	24	16	34	703	1	705
Increase in property, plant and equipment and intangible assets	144	10	23	19	198		198

		Millions of Yen						
		2019						
		Reportable Segment					Reconciliations	Consolidated
		Japan	Asia	Europe	U.S.A.	Total		
Sales:								
	Sales to external customers	¥ 12,851	¥ 4,924	¥ 914	¥ 3,412	¥ 21,833		¥ 21,833
	Intersegment sales or transfers	4,892	275	3	28	5,200	¥ (5,200)	
	Total	¥ 17,474	¥ 5,200	¥ 917	¥ 3,441	¥ 27,033	¥ (5,200)	¥ 21,833
	Segment profit	¥ 2,045	¥ 533	¥ 81	¥ 307	¥ 2,967	¥ (206)	¥ 2,760
	Segment assets	22,684	3,987	2,051	2,159	30,883	2,313	33,197
Other:								
	Depreciation	702	25	16	34	778	4	782
	Increase in property, plant and equipment and intangible assets	210	20	18	7	256		256

		Thousands of U.S. Dollars						
		2020						
		Reportable Segment					Reconciliations	Consolidated
		Japan	Asia	Europe	U.S.A.	Total		
Sales:								
	Sales to external customers	\$ 98,694	\$ 34,112	\$ 24,185	\$ 26,600	\$ 183,593		\$ 183,593
	Intersegment sales or transfers	36,637	2,612	14	119	39,384	\$ (39,384)	
	Total	\$ 135,332	\$ 36,725	\$ 24,199	\$ 26,719	\$ 222,977	\$ (39,384)	\$ 183,593
	Segment profit	\$ 11,708	\$ 2,638	\$ 2,117	\$ 2,471	\$ 18,935	\$ 2,252	\$ 21,188
	Segment assets	183,383	33,600	16,789	20,048	253,821	39,145	292,966
Other:								
	Depreciation	5,767	223	150	312	6,453	14	6,468
	Increase in property, plant and equipment and intangible assets	1,327	100	215	181	1,824		1,824

Note 1: Reconciliations for the year ended March 31, 2020, are as follows:

- (1) Reconciliations to segment profit of ¥245 million (\$2,252 thousand) include eliminations for intersegment transactions of ¥35 million (\$324 thousand) and inventory reconciliation of ¥210 million (\$1,927 thousand).
- (2) Reconciliations to segment assets of ¥4,266 million (\$39,145 thousand) include eliminations for intersegment transactions of ¥(2,552) million (\$23,419 thousand) and operating funds of surplus assets held by the Company (cash and deposits and others) of ¥6,819 million (\$62,564 thousand) and others.
- (3) Reconciliations to depreciation of ¥1 million (\$14 thousand) include eliminations for equipment related to research and development activities that do not belong to the reportable segments.

Note 2: Segment profit is reconciled to be consistent with operating income shown in the consolidated statements of income.

(4) Information about Products and Services

		Millions of Yen			
		2020			
		Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Services	Total
Sales to external customers		¥ 12,770	¥ 4,056	¥ 3,185	¥ 20,011

		Millions of Yen			
		2019			
		Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Services	Total
Sales to external customers	¥ 15,512	¥ 2,880	¥ 3,440	¥ 21,833

		Thousands of U.S. Dollars			
		2020			
		Take-Out Robots	Custom-Ordered Equipment	Parts and Maintenance Services	Total
Sales to external customers	\$ 117,157	\$ 37,211	\$ 29,224	\$ 183,593

(5) Information about Geographical Areas

a. Sales

Millions of Yen						
2020						
Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
¥ 8,159	¥ 2,395	¥ 3,504	¥ 2,079	¥ 3,343	¥ 527	¥ 20,011

Millions of Yen						
2019						
Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
¥ 9,304	¥ 2,816	¥ 4,876	¥ 939	¥ 3,233	¥ 663	¥ 21,833

Thousands of U.S. Dollars						
2020						
Japan	China Taiwan	Other Asia	Europe	North America	Other	Total
\$ 74,861	\$ 21,975	\$ 32,154	\$ 19,081	\$ 30,677	\$ 4,843	\$ 183,593

Note: Sales are classified by country or region based on the location of customers.

b. Property, plant and equipment

Information is omitted because property, plant and equipment in Japan accounted for over 90% of property, plant and equipment on the consolidated balance sheet.

(6) Information about Major Customers

Information is omitted because there were no customers that accounted for 10% or more of total net sales recorded in the consolidated statement of income.

Independent Auditor's Report



Deloitte Touche Tohmatsu LLC
Shijokarasuma FT Square
20 Naginataboko-cho
Karasuma-higashiiru, Shijo-dori
Shimogyo-ku, Kyoto 600-8008
Japan

Tel: +81 (75) 222 0181
Fax: +81 (75) 231 2703
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Yushin Precision Equipment Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Yushin Precision Equipment Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Member of
Deloitte Touche Tohmatsu Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 18, 2020

Company Profile

(As of March 31, 2020)

Company Name : YUSHIN PRECISION EQUIPMENT CO., LTD.

Establishment : October 1973

Capital : 1,985 million yen

Head Office : 555 Kuzetonoshiro-cho, Minami-ku, Kyoto, Japan 601-8205

Phone : +(81)75-933-9555 Fax : +(81)75-934-4033

Number of Employees : 689 (Including consolidated subsidiaries) and 414 (Yushin Precision Equipment Co., Ltd. only)

Listed Stock Exchange : First Section, Tokyo

Securities Identification Code : 6482

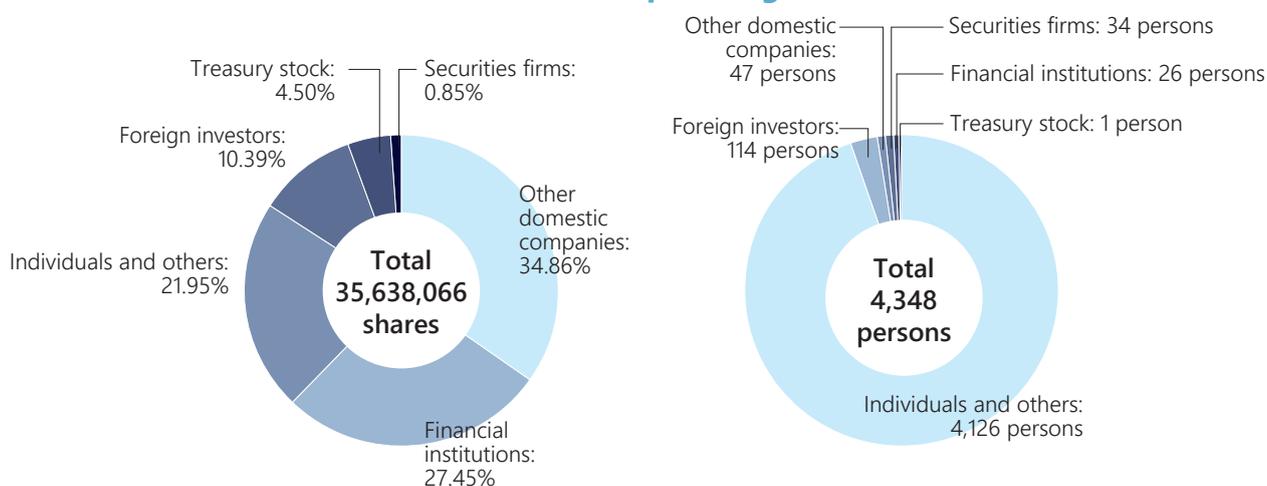
Major Shareholders

(As of March 31, 2020)

	Number of Shares held (thousand)	Percentage of Shares held (%)
Yushin Industry Co., Ltd.	11,992	35.23
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,703	7.94
Miki Murata	1,847	5.43
Takayo Kotani	1,846	5.43
Japan Trustee Service Bank, Ltd. (Trust Accounts)	1,251	3.68
The Kyoto Chuo Shinkin Bank, Ltd.	1,088	3.20
Mayumi Kotani	1,040	3.06
MUFG Bank, Ltd.	849	2.50
The Bank of Kyoto, Ltd.	704	2.07
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation, Retirement and severance benefit trust account)	648	2.01

Note: "Percentage of Shares held (%)" is calculated after deducting the number of treasury stock (1,602,454 shares).

Distribution of ownership among shareholders



YUSHIN PRECISION EQUIPMENT CO., LTD.

555 Kuzetonosiro-cho, Minami-ku, Kyoto

601-8205 JAPAN

www.yushin.com

