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Securities Code: 6482
June 2, 2021

Dear Shareholders,

Notice of Convocation for the 48th Ordinary General Meeting of Shareholders

We would like to express our deepest condolences.

Notice is hereby given that the 48th Ordinary General Meeting of Shareholders of YUSHIN PRECISION EQUIPMENT CO., LTD. will be held as set out below:

If you do not expect to attend the meeting in person, you may exercise your voting rights in writing or via electromagnetic means (the Internet and others). Please refer to the enclosed Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5 p.m. on Monday, June 21, 2021 (JST) at the latest.

Please confirm the “Information on Exercise of Voting Rights via the Internet and others” on page 2 and 3 when voting via electromagnetic means.

Details

1. **Date and Time:** Tuesday, June 22, 2021 at 10 a.m.
2. **Place:** Conference Room on the 6th Floor,
Head Office of YUSHIN PRECISION EQUIPMENT CO., LTD.
555 Kuzetonoshiro-cho, Minami-ku, Kyoto
3. **Objectives of the Meeting:**
Matters to be reported:
 - a) Business Report and Consolidated Financial Statements for the 48th Fiscal Year (from April 1, 2020 to March 31, 2021) as well as the audit reports from the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements
 - b) Report on the Non-Consolidated Financial Statements for the 48th Fiscal Year (from April 1, 2020 to March 31, 2021)

Agenda for resolution:

- Proposal 1:** Partial Amendments to the Articles of Incorporation
- Proposal 2:** Election of Eight (8) Directors
- Proposal 3:** Election of One (1) Corporate Auditor
- Proposal 4:** Election of One (1) Substitute Corporate Auditor
- Proposal 5:** Election of Accounting Auditor
- Proposal 6:** Revision of Remuneration for Directors

Sincerely Yours,

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

Notes:

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

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

Besides, "Consolidated Statements of Changes in Net Assets", "Basis of Preparing Consolidated Financial Statements and other Notes", "Statements of Changes in Net Assets" and "Significant Accounting Policies and other notes" were audited by the Accounting Auditor and the Corporate Auditor as part of the Consolidated Financial Statements and the Non-consolidated Financial Statements in preparing the Audit Report.

<Information on Exercise of Voting Rights via the Internet and others>

Shareholders exercising voting rights via the Internet are asked to kindly note the following matters. Exercising the voting rights by post or via the Internet is unnecessary if you attend the meeting in person.

1. About the voting rights exercise site

- (1) Shareholders can exercise their voting rights only by accessing on the voting rights exercise site designated by the Company (<https://www.evotetr.mufg.jp/>) via PC, smartphone or mobile phone. (However, please note that you cannot exercise your voting rights via the Internet on the designated website between the hours of 2:00 a.m. and 5:00 a.m.)
- (2) Please note that you may not be able to exercise your voting rights via PC or smartphone depending on the Internet settings configured on your PC or smartphone, such as firewalls, etc. that are in place to regulate your Internet connections, anti-virus software that has been installed on your PC or smartphone, the use of a proxy server or not designating TLS.
- (3) When exercising voting rights via mobile phone, for security reasons, you cannot vote using mobile handsets that cannot send TLS encrypted information or that cannot send information of the mobile phone used.
- (4) A voting deadline is 5:00 p.m. on Monday, June 21, 2021. Shareholders are cordially requested to exercise their voting rights as early as possible. Please call Help Desk as mentioned below with any inquiries.

2. Methods of exercising of voting rights via the Internet

(1) PC, mobile phone method

- On the voting rights exercise site designated by the Company (<https://www.evotetr.mufg.jp/>), please enter the "login ID" and "temporary password" indicated on the enclosed Voting Rights Exercise Form and enter your approval or disapproval of each of the proposals in accordance with instructions on the screen.
- Please note that, in order to prevent unauthorized access to the designated website by individuals other than shareholders (persons impersonating shareholders) and to prevent the alteration of votes, we request that you change your "temporary password" to a permanent password on the designated website for the exercise of voting rights, when you exercise your voting rights via the Internet.
- New "login ID" and "temporary password" will be advised for each notice of convocation for Ordinary General Meeting of Shareholders.

(2) Smartphone method

- Please scan the QR code located on the Voting Rights Exercise Form. You can simply login to the website for exercising voting rights without entering your voting code and password.
- Note that your voting rights can be exercised only once by using the QR code method for security reason. Please enter "login ID" and "temporary password" when you use QR code for second and subsequent times.
- Depending on the model of your smartphone, you may not be able to log in with the QR code. If you cannot do login with the QR code, please exercise your voting rights by 2. (1) PC, mobile phone method.

*"QR code" is a registered trademark of DENSO WAVE INCORPORATED.

3. Treatment when you exercise your voting rights more than one time
 - (1) If you exercise your voting rights both by post and via the Internet, the voting via the Internet shall be deemed valid.
 - (2) If you exercise your voting rights more than once via Internet, the last exercise of voting rights shall be deemed valid. If you exercise your voting rights redundantly via PC, smartphone and mobile phone, the last exercise of voting rights shall be deemed valid.
4. Costs associated with accessing the website for the exercise of voting rights

All costs associated with accessing the website for the exercise of voting rights (cost of Internet connections etc.) are to be borne by the shareholder. Also, when voting via mobile phone etc. all packet communication fees and other costs incurred in the use of a smartphone or a mobile phone are also to be borne by the shareholder.

Inquiries about the system

Mitsubishi UFJ Trust and Banking Corporation

Transfer Agent Department (Help Desk)

Phone: 0120-173-027 (9:00 a.m. to 9:00 p.m. (Japan Time); toll free only within Japan)

<For Institutional Investors>

Institutional investors may use “The Platform for Electronic Exercise of Votes for Institutional Investors” of ICJ Ltd.as another way of exercising voting rights.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

- (1) The number of Directors as stipulated in Article 18 of the current Articles of Incorporation shall be changed from ten (10) to fifteen (15) or less in order to further strengthen the management base and further expand and enhance corporate governance.
- (2) Other necessary amendments will be made to Article 29, Paragraph 3 of the current Articles of Incorporation.

2. Details of the proposed amendment

The details of the proposed amendment are as follows:

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendment
<p>(Number of directors) Article 18. There shall be within <u>10</u> directors of the Company.</p>	<p>(Number of directors) Article 18. There shall be within <u>15</u> directors of the Company.</p>
<p>(Term of auditors) Article 29. (Omission of the provisions) 2. (Omission of the provisions) 3. The effective period of the resolution for the election of substitute Auditors elected in accordance with Article 329, Paragraph <u>2</u> of the Companies Act shall be until the <u>close</u> of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four (4) years after their election. 4. (Omission of the provisions)</p>	<p>(Term of auditors) Article 29. (Unchanged) 2. (Unchanged) 3. The effective period of the resolution for the election of substitute Auditors elected in accordance with Article 329, Paragraph <u>3</u> of the Companies Act shall be until the <u>commencement</u> of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four (4) years after their election. 4. (Unchanged)</p>



Proposal 2: Election of Eight (8) Directors

The terms of all Directors (10 members) will expire at the conclusion of this General Meeting of Shareholders.



The Company therefore requests the election of Director by two (2) and Shareholders are asked to vote for these eight (8) candidates for Directors.


The candidates for the position of Directors are as follows.

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

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations
1	 <p>Takayo Kotani (Name on family register: Takayo Oda) (August 26, 1977)</p>	<p style="text-align: right;">Reappointment</p> <p>April 2008 Joined the Company October 2008 Manager of R&D Section April 2009 General Manager of R&D Department April 2019 Executive Officer and General Manager of R&D Department June 2019 Executive Officer and General Manager of R&D Division June 2020 Managing Director and General Manager of R&D Division October 2020 Director, Executive Vice President and General Manager of R&D Division (to present)</p>
<p>Number of shares held: 1,872,532 shares</p> <p>Reasons for appointment: Takayo Kotani has been involved in R&D, promotion of development strategies and management, and has a wealth of experience and achievements. Her achievements have been recognized socially, such as receiving the Japan Society of Mechanical Engineers Prize for the development of robot technology. Since October 2020, she has served as Executive Vice President, providing leadership in formulating management strategies for sustainable growth and strengthening the organizational structure of the Company. The Company renominates her for Director because can be expected to strengthen the decision-making and supervisory functions of the Board of Directors.</p>		
2	 <p>Yasushi Kitagawa (August 12, 1958)</p>	<p style="text-align: right;">Reappointment</p> <p>September 2007 Joined the Company November 2007 Deputy General Manager of Manufacturing Division April 2008 Deputy General Manager of Manufacturing Division and Quality Assurance Department April 2009 Executive Officer, Deputy General Manager of Manufacturing Division and Quality Assurance Department August 2009 Executive Officer, General Manager of Manufacturing Division and Quality Assurance Department June 2010 Director and General Manager of Manufacturing Division and Quality Assurance Department June 2013 Managing Director and General Manager of Manufacturing Division and Quality Assurance Department June 2017 Executive Managing Director and General Manager of Manufacturing Division and Quality Assurance Department July 2020 Executive Managing Director and General Manager of Manufacturing Division (to present)</p>
<p>Reasons for appointment: 4,800 shares</p> <p>Reasons for appointment: Yasushi Kitagawa has been engaged in management and operation of production, thus having a wealth of experience in the business. The Company renominates him for Director because can be expected to strengthen the decision-making and supervisory functions of the Board of Directors.</p>		

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	
3	 Tomohiro Inano (December 13, 1962)	June 1989 August 2003 April 2008 July 2009 February 2010 March 2011 March 2014 June 2017	Joined the Company General Manager of YUSHIN PRECISION EQUIPMENT TRADING (SHENZHEN) CO., LTD. General Manager of Chinese Area and YUSHIN PRECISION EQUIPMENT TRADING (SHENZHEN) CO., LTD. Assistant to General Manager of Sales Division Deputy General Manager of Sales Division General Manager of Sales Division Executive Officer and General Manager of Sales Division Director and General Manager of Sales Division (to present)
		<p style="text-align: right;">Reappointment</p> <p>Reasons for appointment: 3,400 shares</p> <p>Reasons for appointment: Tomohiro Inano has been involved in management and operation of sales, thus having a wealth of experience in the business. The Company renominates him for Director because can be expected to strengthen the decision-making and supervisory functions of the Board of Directors.</p>	
4	 Masahito Fukui (June 30, 1960)	October 2013 July 2015 April 2017 April 2020 June 2020	Joined the Company as General Manager of Internal Audit Office General Manager of Accounting Department Executive Officer and General Manager of Corporate Management Department and General Manager of Accounting Department Executive Officer and General Manager of Corporate Management Department Director and General Manager of Corporate Management Department (to present)
		<p style="text-align: right;">Reappointment</p> <p>Number of shares held: 2,200 shares</p> <p>Reasons for appointment: Masahito Fukui has been involved in management and operation of group accounting and finance, IT system management, and auditing, etc., thus having a wealth of experience in the business. The Company renominates him for Director because can be expected to strengthen the decision-making and supervisory functions of the Board of Directors.</p>	
5	 Kota Oda (June 10, 1978)	October 2015 April 2019 June 2020	Joined the Company as General Manager of General Affairs Department Executive Officer and General Manager of General Affairs Department Director and General Manager of General Affairs Department (to present)
		<p style="text-align: right;">Reappointment</p> <p>Number of shares held: 6,000 shares</p> <p>Reasons for appointment: Kota Oda has been involved in management and operation of general affairs, human resources, work style reform promotion, governance strengthening and compliance strengthening, etc., thus having a wealth of experience in the business. The Company renominates him for Director because can be expected to strengthen the decision-making and supervisory functions of the Board of Directors.</p>	

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations
6	 <p>Yasuo Nishiguchi (October 9, 1943)</p>	<div style="text-align: right;"> Reappointment External Independent </div> <p>March 1975 Joined Kyoto Ceramic Co., Ltd.(currently Kyocera Corporation) June 1987 Director June 1992 Senior Managing Director and Representative Director June 1997 Executive Vice president and Representative Director June 1999 President and Representative Director June 2003 President and Representative Director and President and Executive Officer June 2005 Chairman of the Board and Representative Director, and Chief Executive Officer April 2006 Advisor and Director June 2009 Retired from the office of Director June 2014 External Director of the Company (to present) March 2015 Chairman and CEO of Socionext Inc. June 2016 Outside Director of YAMADA Consulting Group Co., Ltd. March 2018 Retired from Chairman and CEO of Socionext Inc. April 2020 Chairman of YAMADA Consulting Group Co., Ltd. (to present)</p>
Number of shares held: 39,600 shares		
<p>Reasons for selection as a candidate for External Director and expected role: The Company has renominated Yasuo Nishiguchi as a candidate for External Director to continue to utilize his knowledge and experience in all aspects of management, which he has cultivated through his key positions as President and Representative Director and the Chairman of Kyocera Corporation, in the management of the Company. He is expected to strengthen the functions of the Board of Directors of the Company by providing management advice and supervision from an independent standpoint, utilizing his specialized knowledge as a person with management experience.</p>		
7	 <p>Hiroshi Matsuhisa (August 5, 1947)</p>	<div style="text-align: right;"> Reappointment External Independent </div> <p>June 1976 Research Assistant of school of precision engineering in Faculty of Engineering at Kyoto University October 1987 Assistant professor April 1994 Professor (transferred to graduate school of department of Mechanical Engineering and Science by a reorganization in 1995) April 2012 Professor emeritus at Kyoto University (to present) June 2014 External Director of the Company (to present) June 2016 Outside Corporate Auditor of Technology Seed Incubation Co., Ltd. June 2018 Retired from Outside Corporate Auditor of Technology Seed Incubation Co., Ltd.</p>
Number of shares held: 10,000 shares		
<p>Reasons for selection as a candidate for External Director and expected role: The Company has renominated Hiroshi Matsuhisa as a candidate for External Director to continue to utilize his expertise as an academic expert in engineering in the management of the Company. He is expected to strengthen the functions of the Board of Directors of the Company by providing advice and supervision of management from an independent standpoint. Although he has no experience for business administration directly, the Company judges that he has the ability to perform duty properly as an External Director of the Company as mentioned above.</p>		

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations
8	 Reiko Nakayama (April 2, 1959)	<div style="text-align: right;"> Reappointment External Independent </div> <p>April 1983 Joined Japan Associated Finance Co., Ltd. (currently JAFCO Co., Ltd)</p> <p>January 1997 Joined Marusan Securities Co., Ltd.</p> <p>March 2000 General Manager of Investment information</p> <p>October 2004 General Manager of Underwriting</p> <p>October 2008 Part-time Director of LivTech, Inc.</p> <p>February 2009 Director and Head of Administrative H.Q. of LivTech, Inc.</p> <p>March 2013 Retired from the office of Director of LivTech, Inc.</p> <p>March 2015 Outside Director of LUCKLAND CO.,LTD</p> <p>March 2016 Director of LUCKLAND CO.,LTD (Audits Committee) (to present)</p> <p>June 2018 External Director of the Company (to present)</p> <p>June 2019 Outside Director of Mandom Corporation (to present)</p>
<p>Number of shares held: 10,062 shares</p> <p>Reasons for selection as a candidate for External Director and expected role: The Company has renominated Reiko Nakayama as a candidate for External Director to continue to apply her abundant insight based on her experience as a general manager of an underwriting department of a securities company, an officer in charge of administration of an operating company, and an External Director to the management of the Company. She is expected to strengthen the functions of the Company's Board of Directors by providing management advice and supervision from an independent standpoint.</p>		

Note:

1. The candidates for Directors have no special interests in the Company.
2. Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are candidates of External Directors.
3. Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are the present External Directors of the Company. Yasuo Nishiguchi and Hiroshi Matsuhisa term of office as Director of the Company is respectively seven (7) years at the closing of this General Meeting of Shareholders, Reiko Nakayama term of office as Director of the Company is three (3) year at the closing of this General Meeting of Shareholders
4. The Company has registered Hiroshi Matsuhisa and Reiko Nakayama as Independent Officers provided in the rules of the Tokyo Stock Exchange and submitted notice to this effect to the Exchange. If Hiroshi Matsuhisa and Reiko Nakayama are reappointed, the Company plans to continue to make them Independent Officers. In addition, Yasuo Nishiguchi satisfies the requirements for Independent Officers as stipulated by the Tokyo Stock Exchange, and the Company plans to appoint him as an Independent Officer in the event that he is reappointed.
5. The Company's Articles of Incorporation stipulate that the Company may enter into agreements with Directors (excluding those who are Executive Directors, etc.) to limit their liability for damages due to negligence of their duties. IF Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are reappointed, the Company will conclude a contract for limitation of liability with them to limit their liability to the amount stipulated in laws and regulations.
6. If Takayo Kotani, Yasushi Kitagawa, Tomohiro Inano, Masahito Fukui, Kota Oda, Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are reappointed, the Company plans to enter into an indemnity agreement with each of them to the effect that the Company will indemnify them for the expenses set forth in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the loss set forth in Item 2 of the same Paragraph to the extent provided by law.
7. The Company has concluded Directors and Officers Liability Insurance (hereinafter referred to as "D&O Insurance") as stipulated in Article 430-3, Paragraph 1 of the Companies Act with the insurance company. The insurance company will cover any damages, etc. (However, damages that fall under the reasons for exemption specified in the insurance contract are excluded.) that the Corporate Auditors, etc. are liable for damages due to their work. The Company bears the entire premium for D&O insurance. If Takayo Kotani, Yasushi Kitagawa, Tomohiro Inano, Masahito Fukui, Kota Oda, Yasuo Nishiguchi, Hiroshi Matsuhisa, and Reiko Nakayama are reappointed, they will continue to be insured by D&O insurance. The contract period for D&O insurance is one year, and it will be renewed after a resolution by the Board of Directors before the expiration of the period.


Proposal 3: Election of One (1) Corporate Auditor

The terms of Corporate Auditors, Yoshihisa Nakanishi and Michitoshi Morimoto will expire at the conclusion of this General Meeting of Shareholders.

The Company therefore requests the election of one (1) new Corporate Auditor.

The Board of Corporate Auditors has consented to this proposition.

The candidate for the position of Corporate Auditor is as follows:

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations	New	External	Independent
1	 Naohiro Tsuda (August 14, 1956)	April 1990 Registered as attorney April 1990 Joined Honda Mutsushi Law Office. October 1995 Joined Naniwabashi Law Office (currently "Naniwabashi Law Office LPC") June 2003 Outside Corporate Auditor of TOYO SHUTTER CO., LTD. (to present) June 2009 Senior Partner of Naniwabashi Law Office LPC (to present)			
Number of shares held: - shares					
The reason for the nomination as an External Corporate Auditor: The Company nominates Naohiro Tsuda as a candidate for External Corporate Auditor because it is expected that the auditing function will be strengthened by utilizing his specialized knowledge as an attorney and his abundant knowledge of corporate legal affairs in the Company's auditing. Although he has no experience for business administration directly, the Company judges that he has the ability to perform duty properly as an External Corporate Auditor of the Company as mentioned above.					


- Note: 1 Naohiro Tsuda is candidate of new Corporate Auditor.
- 2 Naohiro Tsuda has no special interests in the Company.
- 3 Naohiro Tsuda satisfies the requirements for Independent Officers as stipulated by the Tokyo Stock Exchange, and the Company plans to appoint him as an Independent Officer in the event that he is appointed.
- 4 The Company's Articles of Incorporation stipulate that the Company may enter into agreements with Corporate Auditors to limit their liability for damages due to negligence of their duties. If Tetsuya Nonaka is appointed, the Company will conclude a contract for limitation of liability with him to limit his liability to the amount stipulated in laws and regulations.
- 5 If Naohiro Tsuda is appointed, the Company plans to enter into an indemnity agreement with him to the effect that the Company will indemnify him for the expenses set forth in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the loss set forth in Item 2 of the same Paragraph to the extent provided by law.
- 6 The Company has concluded Directors and Officers Liability Insurance (hereinafter referred to as "D&O Insurance") as stipulated in Article 430-3, Paragraph 1 of the Companies Act with the insurance company. The insurance company will cover any damages, etc. (However, damages that fall under the reasons for exemption specified in the insurance contract are excluded.) that the Corporate Auditors, etc. are liable for damages due to their work. The Company bears the entire premium for D&O insurance. If Naohiro Tsuda is appointed as a Corporate Auditor, he will be insured by D & O Insurance.
- The contract period for D&O insurance is one year, and it will be renewed after a resolution by the Board of Directors before the expiration of the period.

Proposal 4: Election of One (1) Substitute Corporate Auditor

In case the number of Corporate Auditors required by law is insufficient, the Company requests the election of one (1) Substitute Corporate Auditor.

The Board of Corporate Auditors has consented to this proposition.

The candidate for the position of substitute Corporate Auditor is as follows:

No.	Name (Date of birth)	Career summary, position, areas of responsibility, and representation of other organizations
1	 Tetsuya Nonaka (September 25, 1976)	<div style="text-align: right;"> New External Independent </div> October 2004 October 2004 Registered as attorney Joined Naniwabashi Law Office (currently “Naniwabashi Law Office LPC”) (to present)
<p>Number of shares held: - shares</p> <p>The reason for the nomination as a substitute External Corporate Auditor: The Company nominates Tetsuya Nonaka as a candidate for Substitute External Corporate Auditor because it is expected that the auditing function will be strengthened by utilizing his specialized knowledge as an attorney and his abundant knowledge of corporate legal affairs in the Company’s auditing. Although he has no experience for business administration directly, the Company judges that he has the ability to perform duty properly as an External Corporate Auditor of the Company as mentioned above.</p>		

Note: 1 Tetsuya Nonaka is candidate of substitute Corporate Auditor.

2 Tetsuya Nonaka has no special interests in the Company.

3 Tetsuya Nonaka satisfies the requirements for Independent Officers as stipulated by the Tokyo Stock Exchange, and the Company plans to appoint him as an Independent Officer in the event that he is appointed.

4 The Company's Articles of Incorporation stipulate that the Company may enter into agreements with Corporate Auditors to limit their liability for damages due to negligence of their duties. If Tetsuya Nonaka is appointed, the Company will conclude a contract for limitation of liability with him to limit his liability to the amount stipulated in laws and regulations.

5 If Tetsuya Nonaka is appointed, the Company plans to enter into an indemnity agreement with him to the effect that the Company will indemnify him for the expenses set forth in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the loss set forth in Item 2 of the same Paragraph to the extent provided by law.

6 The Company has concluded Directors and Officers Liability Insurance (hereinafter referred to as "D&O Insurance") as stipulated in Article 430-3, Paragraph 1 of the Companies Act with the insurance company. The insurance company will cover any damages, etc. (However, damages that fall under the reasons for exemption specified in the insurance contract are excluded.) that the Corporate Auditors, etc. are liable for damages due to their work. The Company bears the entire premium for D&O insurance. If Tetsuya Nonaka is appointed as a Corporate Auditor, he will be insured by D & O Insurance.

The contract period for D&O insurance is one year, and it will be renewed after a resolution by the Board of Directors before the expiration of the period.

Proposal 5: Election of Accounting Auditor

The terms of Accounting Auditor “Deloitte Touche Tohmatsu LLC” will expire at the conclusion of this General Meeting of Shareholders. The Company therefore requests the election of new Accounting Auditor.

The Board of Corporate Auditors has consented to this proposition.

The reason why the Board of Corporate Auditors has selected “Grant Thornton Taiyo LLC” as a candidate for Accounting Auditor is that it can be expected to audit from a new perspective by changing the Accounting Auditor. In addition, they have many audit records of companies engaged in the machinery manufacturing industry, which is the main business of the Group, and we can expect audits based on an understanding of the Group's business activities. Also, they have the expertise, independence, quality control system, etc. required for Accounting Auditors. As a result of comprehensive consideration of these factors, the Board of Corporate Auditors has determined that it is appropriate to appoint as an Accounting Auditor of the Company.

The candidate for the position of Accounting Auditor is as follows:

(as of March 31, 2021)

Name	Grant Thornton Taiyo LLC			
Office	Main Office	1-2-7 Motoakasaka, Minato-ku, Tokyo		
Profile	Capital		580 million yen	
	Members	Managing partner / Partner		84 person
		Specified partner		4 person
		CPA		308 person
		Passed CPA exam, etc.		227 person
		Other professions		199 person
		Office worker		85 person
	Total (excluding part-time)		907 person	
	Number of Audited Companies		984 companies	

Note: The Company's Articles of Incorporation stipulate that the Company may enter into agreements with Accounting Auditor to limit their liability for damages due to negligence of their duties. If “Grant Thornton Taiyo LLC” is appointed, the Company will conclude a contract for limitation of liability with them to limit their liability to the amount stipulated in laws and regulations.

Proposal 6: Revision of Remuneration for Directors

The amount of remuneration for the Directors of the Company has been resolved at the 43rd Ordinary General Meeting of Shareholders held on June 20, 2016 to be within 500,000 thousand yen (of which 100,000 thousand yen or less for External Directors) per year.

In order to prepare for the payment of remuneration according to future business performance and financial conditions, and to establish a remuneration level suitable for securing excellent human resources, the Company will change the remuneration of Directors within 700,000 thousand yen (of which 100,000 thousand yen or less for External Directors) per year.

This revision of the remuneration amount will be revised in consideration of the above circumstances. The Nomination and Remuneration Committee of the Company also submitted an opinion that it is appropriate in line with the decision policy (Overview is described on page 21 of the business report) regarding the content of individual remuneration, etc. of Directors resolved by the Board of Directors of the Company. In addition, even if this proposal is approved, there are no plans to change the policy. Based on the above, the Company has determined that the content of this proposal is appropriate. In addition, as in the past, the amount of remuneration for Directors does not include salaries for employees who also serve as employees. Currently, there are 10 Directors (including 3 External Directors). If Proposal No. 2 "Election of Eight (8) Directors" is approved as originally proposed, the number of Directors will be 8 (including 3 External Directors).

Business Report

(from April 1, 2020 to March 31, 2021)

1. Current Business Conditions

(1) Progress and achievements

Regarding the global economy during this fiscal year under review, as a result of the global spread of COVID-19 infection, business activities continue to be greatly restricted and the global economy is in a severe situation of negative growth. Although business sentiment has been improving due to the increase in vaccination rates, the global situation remains uncertain as there is still no prospect of global convergence.

Under these circumstances, YUSHIN Group has continued to develop new customers on a global scale, while paying careful attention to the spread of COVID-19, with the safety of our customers, business partners and employees as our top priority. As a result, from the third quarter of the consolidated fiscal year, both domestic and overseas orders began to pick up, and the recovery trend in capital investment was particularly noticeable in China and some other Asian countries. As for the business results for the consolidated fiscal year, sales in North America were strong, mainly in the medical field, and sales in China and South Korea also increased compared to the same period of the previous year, mainly in the medical field, while sales of take-out robots in Japan decreased compared to the same period of the previous year due to a decline in capital investment. Sales of Custom-ordered equipment in Europe decreased from the same period of the previous fiscal year, despite a certain level of sales, due to a small number of large projects. As a result, consolidated net sales decreased by 7.7% year on year to 18,473 million yen. In terms of profits, operating profit increased by 9.2% from the previous fiscal year to 2,522 million yen, due to the improvement in gross profit margin and cost reduction efforts, despite the decrease in sales. Ordinary profit increased by 18.3% to 2,608 million yen due to foreign exchange gains, and profit attributable to owners of parent increased by 19.2% to 1,827 million yen.

In addition, in June 2020, we started sales of the space-saving palletizing robot "PA" series, which is mainly used in packaging and distribution sites. We will aim to expand sales to markets other than the plastic injection molding industry. In March 2021, we also started sales of the "LA" series take-out robots for large molding machines.

Consolidated net sales by product category

(Thousands of yen)

Years ended March 31,	2020		2021		Y/Y
Product	Amount	%	Amount	%	%
Take-out robots	12,770,127	63.8	11,904,506	64.4	(6.8)
Custom-ordered equipment	4,056,072	20.3	3,422,063	18.5	(15.6)
Parts and maintenance service	3,185,499	15.9	3,147,394	17.0	(1.2)
Total	20,011,700	100.0	18,473,964	100.0	(7.7)

(2) Capital investment

The total amount of capital investment for the YUSHIN Group effectuated over the course of the period under review was 125 million yen mainly for the mold price in H.Q. at 14 million yen.

(3) Financing activities

No material items to report.

(4) Assets and operating results 2018 - 2021

Years ended March 31,	2018	2019	2020	2021
Net sales (thousands of yen)	20,878,651	21,833,399	20,011,700	18,473,964
Ordinary profit (thousands of yen)	2,432,690	2,791,364	2,205,033	2,608,925
Profit attributable to owners of parent (thousands of yen)	1,626,768	1,903,435	1,532,851	1,827,868
Earnings per share (yen)	46.51 (Note 2)	54.54	45.01	53.70
Total assets (thousands of yen)	32,572,888	33,197,260	31,933,368	34,688,675
Net assets (thousands of yen)	26,472,034	27,117,484	27,471,961	29,199,402
Book value per share (yen)	750.37 (Note 2)	783.03	800.04	850.95

Notes:

- Earnings per share is calculated based on the average number of issued shares during the fiscal year and Book value per share are calculated based on the number of issued shares at the end of the fiscal year.
- The Company carried out a stock split on April 1, 2018, at a ratio of two shares per one common share. Accordingly, Earnings per share and Book value per share has been calculated presuming that this stock split was carried out at the start of the consolidated fiscal year ended on March 31, 2018.

(5) Issues to be addressed

As for the business environment surrounding the YUSHIN Group, the prolongation of U.S.-China trade friction and the global spread of COVID-19, the outlook is likely to remain uncertain.

Under these circumstances, the YUSHIN Group will continue to swiftly grasp changes in the business environment and aim to develop itself further as a leading company across the board in the Take-out robot industry with the YUSHIN Group philosophy “Through the ongoing creation of innovative technology, we make a far-reaching contribution to society on a global scale”.

As for issues to be addressed, in the Take-out robot, we will expand sales of Take-out robots which is differentiated by strengthening product power and strengthen our sales capabilities worldwide. In the new business area, the YUSHIN Group must develop and bring new products to the market in the business area where the YUSHIN Group can manifest technological and/or sales synergies in order to establish multiple core businesses. In addition to these efforts, we will strengthen organizational development and human resource development, and strive for sustainable growth.

Specific effort for the 49th (FY2022), we will strive to increase our market share by expanding sales of take-out robot developed in the 48th fiscal year that are suitable for each region of the global market, and we will further accelerate robot development to further strengthen our product capabilities. We will also further accelerate the development of robots to further strengthen our product capabilities.

For Custom-ordered equipment, we will continue to expand sales and develop new businesses in response to the growing need for automation in Japan and overseas due to the shortage of manpower and hygiene considerations. We will continue to strive to expand sales and develop new businesses. In particular, we will focus on sales of the "PA" series of palletizing robots, which were launched in the 48th fiscal year and are expected to expand the user base.

To strengthen our organizational strength, we will improve productivity by strengthening cooperation among departments, enhancing IT systems, and improving the quality, efficiency, and speed of our operations.

Furthermore, we will work to improve the corporate brand value by instilling the corporate identity (CI), which was compiled to clarify the attitude necessary to open up a new era, while inheriting the strengths and advantages of the YUSHIN group.

Regarding crisis management, we will continue to take thoroughly prevent COVID-19, strengthen our internal system including disaster prevention, and strive to maintain the provision of products and services to our customers.

(6) Status of major subsidiaries

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

(7) Major operations (as of March 31, 2021)

The YUSHIN Group is mainly engaged in the development, manufacture and sale of Take-out robots for plastic injection molding products and stock systems as well as factory automation systems for molding plants.

(8) Main sales offices and factories (as of March 31, 2021)

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

(9) Employees (as of March 31, 2021)

Number of employees	Increase from the end of previous FY
681 (54)	(8)

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

(10) Major creditors (as of March 31, 2021)

No items to report.

(11) Other important matters pertaining to the status

No items to report.

2. Matters Pertaining to the Shares of the Company (as of March 31, 2021)

- (1) **Number of shares authorized:** 80,000,000
(2) **Total number of issued shares:** 35,638,066
(3) **Number of shareholders:** 4,320
(4) **Major shareholders:**

Name	Number of shares held (thousand)	Percentage of shares held (%)
Yushin Industry Co., Ltd.	11,992	35.2
Takayo Oda	1,872	5.5
Miki Murata	1,847	5.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,660	4.9
Custody Bank of Japan, Ltd. (Trust Account)	1,514	4.4
The Kyoto Chuo Shinkin Bank, Ltd.	1,088	3.2
Mayumi Kotani	1,040	3.1
RBC IST 15 PCT NON LENDING ACCOUNT-CLIENT ACCOUNT	862	2.5
MUFG Bank, Ltd.	849	2.5
STATE STREET BANK AND TRUST COMPANY 505001	830	2.4

Note:

1. The company holds 1,602,518 shares of treasury shares but is excluded from this number.
2. Shareholding ratio is calculated by deducting treasury shares.

3. Matters Pertaining to Officers of the Company

(1) Directors and Corporate Auditors (as of March 31, 2021)

Position	Name	Responsibilities and representation of other organization
Representative Director and President	Mayumi Kotani	
Director and Executive Vice President	Takayo Kotani	General Manager of R&D Division
Executive Managing Director	Satoshi Kimura	General Manager of Purchase Division
Executive Managing Director	Yasushi Kitagawa	General Manager of Manufacturing Division
Director	Tomohiro Inano	General Manager of Sales Division
Director	Masahito Fukui	General Manager of Corporate Management Department
Director	Kota Oda	General Manager of General Affairs Department
Director	Yasuo Nishiguchi	Chairman of YAMADA Consulting Group Co., Ltd.
Director	Hiroshi Matsuhisa	Professor emeritus of Kyoto University
Director	Reiko Nakayama	Director of LUCKLAND CO.,LTD (Audits Committee) Outside Director of Mandom Corporation
Full-time Corporate Auditor	Yoshihisa Nakanishi	
Full-time Corporate Auditor	Katsumi Noda	
Corporate Auditor	Hiroho Kamakura	Certified Public Accountant Outside Corporate Auditor of Trusco Nakayama Corporation Outside Corporate Auditor of FUJIO FOOD SYSTEM CO., LTD. Outside Corporate Auditor of SymEnergy Inc.
Corporate Auditor	Michitoshi Morimoto	

Notes:

- Directors, Yasuo Nishiguchi, Hiroshi Matsuhisa and Reiko Nakayama are External Directors stipulated in Item 15, Article 2 of the Companies Act.
- Corporate Auditors, Hiroho Kamakura and Michitoshi Morimoto are External Corporate Auditors stipulated in Item 16, Article 2 of the Companies Act.
- Corporate Auditor, Hiroho Kamakura is a Certified Public Accountant and has specialist knowledge in finance and accounting.
- The Company has designated Director, Hiroshi Matsuhisa, Director, Reiko Nakayama, Corporate Auditor, Hiroho Kamakura and Corporate Auditor, Michitoshi Morimoto as Independent Officers as prescribed by the Tokyo Stock Exchange and submitted notices to this effect to the exchange.
- Change of Directors and Corporate Auditor during the period under review

Name	Before change	After change	Date of change
Takayo Kotani	Executive officer General Manager of R&D Division	Managing Director General Manager of R&D Division	June 24, 2020
	Managing Director General Manager of R&D Division	Director and Executive Vice President and General Manager of R&D Division	October 1, 2020
Yasushi Kitagawa	Executive Managing Director General Manager of Manufacturing Division and Quality Assurance Department	Executive Managing Director General Manager of Manufacturing Division	July 1, 2020
Masahito Fukui	Executive officer General Manager of Corporate Management Department	Director General Manager of Corporate Management Department	June 24, 2020
Kota Oda	Executive officer General Manager of General Affairs Department	Director General Manager of General Affairs Department	June 24, 2020
Yasuo Nishiguchi	Outside Director of YAMADA Consulting Group Co., Ltd.	Chairman of YAMADA Consulting Group Co., Ltd.	April 1, 2020
Katsumi Noda	System Engineering Department	Full-time Corporate Auditor	June 24, 2020

6. The Company has concluded Directors and Officers Liability Insurance (hereinafter referred to as "D&O Insurance") as stipulated in Article 430-3, Paragraph 1 of the Companies Act with the insurance company. The scope of insured persons under the D&O insurance is Directors, Corporate Auditors, Executive Officers and Employees. The insurance company will cover the damages, etc. (However, damages that fall under the disclaimer stipulated in the insurance contract are excluded) when the insured is liable for damages due to business. The Company bears the entire premium for D&O insurance.

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

1. Current Policy

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

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

- (a) Policy on determining the amount of remuneration, etc. for each individual director and the method of calculation thereof

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

- (b) Details of the performance indicators pertaining to the performance-linked remuneration, etc. and the method of calculating the amount or number of such performance-linked remuneration, etc.

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

- (c) Policy on determining the ratio of remuneration, etc. to the amount of remuneration, etc. for each individual director

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

- (d) Policy on determining the timing and conditions of remuneration, etc. to be paid to Directors

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

- (e) Matters concerning the delegation of decision on the details of individual remuneration, etc. of Directors

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

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

No other non-monetary remuneration for Directors is treated.

2. Future Considerations

- As for the future policy of the remuneration system for directors and corporate auditors, the Company will consider the details of the system based on objective and transparent procedures, and the setting of a level of remuneration that will attract, motivate and retain excellent human resources, while obtaining

reports and opinions from the Nomination and Compensation Committee.

- In addition, while formulating and executing the medium-term management plan, the Company will concretize the system structure of medium- to long-term performance-linked remuneration (how cash remuneration and stock remuneration should be, the ratio of basic remuneration to performance-linked remuneration, etc.) in accordance with the degree of achievement of the plan and the increase in corporate value.

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

Classification	Total remuneration and other payments (Thousands of yen)	Total amount by type of remuneration and other payments (Thousands of yen)			Number of target Directors/ Corporate Auditors
		Fixed remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (Excluding External Directors)	197,888	155,088	42,800	-	7
External Directors	16,800	16,800	-	-	3
Subtotal	214,688	171,888	42,800	-	10
Corporate Auditors (Excluding External Corporate Auditors)	21,000	21,000	-	-	2
External Corporate Auditors	9,600	9,600	-	-	2
Subtotal	30,600	30,600	-	-	4
Total	245,288	202,488	42,800	-	14

Notes:

1. The 43rd Ordinary General Meeting of Shareholders held on June 20, 2016 resolved total remuneration for all Directors within 500,000 thousand yen per year (including remuneration for External Directors within 100,000 thousand yen) and total remuneration for all Corporate Auditors within 100,000 thousand yen per year.
At the end of the General Meeting of Shareholders, the number of Directors is 6 (including 2 External Directors) and the number of Corporate Auditors is 4.
There are currently no Directors who have concurrent employment positions.
2. The index related to executive bonuses, such as performance-linked remuneration, is ordinary profit, and we have selected this index because it is a financial figure that indicates the profit status of the company. The calculation method of performance-linked remuneration, etc. is determined by multiplying the index by a certain coefficient for each position after comprehensively considering the duties in charge, performance of each period, contribution level, etc. (The target of the index related to performance-linked remuneration for the current fiscal year is 2,200,000 thousand yen, and the actual result is 1,972,280 thousand yen.)
3. With respect to the provision for retirement benefits for Directors and Corporate Auditors, the plan for retirement benefits for Directors and Corporate Auditors was terminated at the 33rd Ordinary General Meeting of Shareholders held on June 29, 2006, and no additional provision has been recorded since then. As of the end of March 2021, one of the incumbent directors had reserved 66,780 thousand yen according to the period during which she was appointed as a Director before June 2006. She is scheduled to retire at the 48th Ordinary General Meeting of Shareholders held on June 22, 2021, and is expected to be paid in full during the 49th term.
4. The procedure for determining the amount of remuneration for officers is as follows: The Nomination and Compensation Committee first deliberates on the remuneration system for directors, and then reports or gives opinions to the Board of Directors. Then, Representative Director and President - Mayumi Kotani, who has been entrusted by the Board of Directors, makes the decision within the upper limit resolved at the General Meeting of Shareholders, taking into consideration their duties, achievements and contributions for each term. The reason for delegating to the Representative Director is that we have determined that it is suitable for evaluating the duties of each Director, taking into consideration the business performance of the Company as a whole. In addition, the Nomination and Compensation Committee deliberates on important policies in advance to determine the delegated content.

(4) External Directors and External Corporate Auditors

- a. Important position at other organizations and the relationship between the company and other organizations.
- Yasuo Nishiguchi is the Chairman of YAMADA Consulting Group Co., Ltd. There is no special relationship between the Company and YAMADA Consulting Group Co., Ltd.
 - Hiroshi Matsuhisa is a professor emeritus of Kyoto University. There is no special relationship between the Company and Kyoto University.
 - Reiko Nakayama is the Director of LUCKLAND CO., LTD (Audits Committee) and the Outside Director of Mandom Corporation. There is no special relationship between the Company and LUCKLAND CO., LTD. and Mandom Corporation.
 - Hiroho Kamakura is the Outside Corporate Auditor of Trusco Nakayama Corporation, FUJIO FOOD SYSTEM CO., LTD. and SymEnergy Inc. There is no special relationship between the Company and Trusco Nakayama Corporation, FUJIO FOOD SYSTEM CO., LTD., and SymEnergy Inc.
- b. The following describes the activities during the period under review.

Status and Name	Attendance, Remarks and Outline of Duties Performed Regarding the Roles Expected of External Directors
Director, Yasuo Nishiguchi	In the period under review, Yasuo Nishiguchi attended all of 13 Meetings of Board of Directors. Based on his wide knowledge and experience across the running a company which he had cultivated through holding prominent corporate positions such as President and Representative Director, and Chairman of the Board and Representative Director at Kyocera Corporation, he supervises and advises management from a professional standpoint. He plays an appropriate role in ensuring the adequacy of decision making. Also, as a member of the Nomination and Compensation Committee, he attended all of 4 Committee Meetings held in the current fiscal year and lead the supervisory function in the process of selecting executive candidates and determining executive compensation, etc from an objective standpoint.
Director, Hiroshi Matsuhisa	In the period under review, Hiroshi Matsuhisa attended 12 of 13 Meetings of Board of Directors. Based on the specialized knowledge by the person with academic standing in engineering, he supervises and advises management from a professional and independent standpoint. He plays an appropriate role in ensuring the adequacy of decision making. Also, as a member of the Nomination and Compensation Committee, he attended all of 4 Committee Meetings held in the current fiscal year and take on the supervisory function in the process of selecting executive candidates and determining executive compensation, etc from an objective standpoint.
Director, Reiko Nakayama	In the period under review, Reiko Nakayama attended all of 13 Meetings of Board of Directors. Based on her experience of securities company underwriter, and management executive officer and outside officers of operating companies, she supervises and advises management from a professional and independent standpoint. She plays an appropriate role in ensuring the adequacy of decision making. Also, as a member of the Nomination and Compensation Committee, he attended all of 4 Committee Meetings held in the current fiscal year and take on the supervisory function in the process of selecting executive candidates and determining executive compensation, etc from an objective standpoint.

Status and Name	Attendance and Remark
Corporate Auditor, Hiroho Kamakura	In the period under review, Hiroho Kamakura attended all of 13 Meetings of Board of Directors and all of 7 Meetings of the Board of Corporate Auditors. Based on the specialized knowledge as a Certified Public Accountant, he asked questions to clarify ambiguities that arose with respect to matters reported or resolved, and provided opinions. Additionally, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report on regular basis, he also regularly exchanged opinions with top management. Also, as a member of the Nomination and Compensation Committee, he attended all of 4 Committee Meetings held in the current fiscal year and expressed his opinions on legality.
Corporate Auditor, Michitoshi Morimoto	In the period under review, Michitoshi Morimoto attended all of 13 Meetings of Board of Directors and all of 7 Meetings of the Board of Corporate Auditors. Based on the specialized knowledge of corporate information technology/system strategy, he asked questions to clarify ambiguities that arose with respect to matters reported or resolved, and provided opinions. Additionally, he perused the reports of the internal auditing results, exchanged opinions concerning auditing, and participated in joint discussions on important matters. In addition to receiving the Accounting Auditor's detailed report on regular basis, he also regularly exchanged opinions with top management. Also, as a member of the Nomination and Compensation Committee, he attended all of 4 Committee Meetings held in the current fiscal year and expressed his opinions on legality.

Note:

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

4. Matters Pertaining to Accounting Auditor

(1) **Name of Accounting Auditor:** Deloitte Touche Tohmatsu LLC

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

The amount of compensation and other payments payable to the Accounting Auditor for the reporting year	35,200 thousand yen
Total amount of monetary and other property benefits payable by the Company and its subsidiaries	37,000 thousand yen

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

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

(3) **Non-audit services**

Advice and guidance on international operations.

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

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

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

(5) **Outline of the Contents of the Contract for Limitation of Liability**

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

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

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

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

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

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

Information is kept and managed according to laws and regulations, and internal regulations (“Document Regulations,” “Contract management rules,” “Internal Information Management Regulations,” “Basic policy on information security” and “Information System Management Regulations,” etc.).

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

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

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

Effective business execution by Directors is ensured by followings.

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

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

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

Significant matters are discussed to solve issues at the Board of Directors.

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

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

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

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

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

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

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

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

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

(10) Systems on Eliminating Anti-Social Forces

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

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

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

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

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

(1) Status of addressing compliance

The Company is endeavoring to spread awareness of compliance across the YUSHIN Group through education and workshops. “YUSHIN Organizational Knowledge Book “(Y-Book) is used as an organization’s knowledge collection to improve business quality, maintaining disciplines, and instill awareness of compliance. In addition, the Company has enacted the Whistle-Blowing Regulations that prescribes the procedures to report on violations and has set up an external contact point for internal reporting.

Moreover, efforts have been made to provide information concerning recent trends in relevant laws and regulations, as well as to develop and make thoroughly available internal regulations (Office Regulations, Contract management rules, Internal Information Management Regulations, Basic policy on information security, Information System Management Regulations, etc.) In this fiscal year, we established the "Basic Policy on Information Security" in order to properly manage and operate all information assets. The purpose is to protect information assets based on laws and regulations, implement appropriate management, and improve the information security system (Appointment of information security manager), etc. In addition, we have established "Contract Management Regulations" for the purpose of properly fulfilling contracts. By establishing basic matters related to contract business, we will prevent the occurrence of business disputes with third parties. The management of contracts of the YUSHIN Group has been changed to system-based management from this fiscal year in order to improve the efficiency and quality of operations related to contract management. We also provide training on compliance, such as rules regarding the

handling of contracts.

In addition, based on appropriate rules, we are strengthening efforts that lead to operational efficiency and productivity improvement, such as expanding the digitization of operations and promoting the digitization of documents.

(2) Status of addressing the risk management of losses

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

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

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

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

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

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

(5) Ensuring of effectiveness of Corporate Auditors' audit

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

and violations of laws and regulations, and the Articles of Incorporation.

At conducting audit, Corporate Auditors utilize the expertise as the Certified Public Accountant and the expert in corporate IT / System strategy, who are External Corporate Auditors, and keeps internal coordination with the Internal Audit Office. Other than that, Corporate Auditors develops the standards and guidelines for the course of action by Corporate Auditors conducting audits of the Company's Internal Control System, including the "Audit Practice Standards relating to the Internal Control System," and Corporate Auditors conduct its audits pursuant to such practice standards.

7. Policy Concerning Decisions on the Dividends of Surplus

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

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

For this fiscal year, a full-year dividend is 18 yen per share, consisting of an interim dividend of 5 yen per share and a year-end dividend of 13 yen per share.

Consolidated Balance Sheets

(as of March 31, 2021)

(Thousands of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	22,509,500	Current liabilities	5,321,953
Cash and deposits	11,690,730	Notes and accounts payable - trade	1,933,977
Notes and accounts receivable - trade	5,563,680	Electronically recorded obligations - operating	839,221
Merchandise and finished goods	1,007,401	Accounts payable - other	542,158
Work in process	987,869	Accrued expenses	258,548
Raw materials and supplies	2,987,777	Income taxes payable	400,497
Consumption taxes receivable	71,912	Advances received	789,464
Prepaid expenses	122,918	Provision for bonuses	282,429
Other	114,035	Provision for bonuses for directors	42,800
Allowance for doubtful accounts	(36,825)	Provision for product warranties	162,715
Non-current assets	12,179,174	Other	70,139
Property, plant and equipment	10,531,559	Non-current liabilities	167,319
Buildings	4,041,649	Retirement benefit liability	87,948
Structures	124,524	Deferred tax liabilities	35,955
Machinery equipment and Vehicles	116,036	Other	43,415
Tools, furniture and fixtures	94,997	Total liabilities	5,489,273
Land	6,129,718		
Leased assets	2,630	NET ASSETS	
Construction in progress	22,001	Shareholders' equity	28,503,594
Intangible assets	254,601	Share capital	1,985,666
Telephone subscription right	11,430	Capital surplus	2,024,597
Software	173,405	Retained earnings	25,848,552
Others	69,765	Treasury shares	(1,355,222)
Investments and other assets	1,393,012	Total accumulated other comprehensive income	458,927
Investment securities	285,724	Valuation difference on available-for-sale securities	103,840
Retirement benefit asset	296,727	Foreign currency translation adjustment	290,333
Deferred tax assets	621,419	Remeasurements of defined benefit plans	64,753
Other	209,365	Non-controlling interests	236,879
Allowance for doubtful accounts	(20,224)	Total net assets	29,199,402
Total assets	34,688,675	Total liabilities and net assets	34,688,675

Consolidated Statements of Income

(from April 1, 2020 to March 31, 2021)

(Thousands of yen)

Account	Amount	
Net sales		18,473,964
Cost of sales		10,598,790
Gross profit		7,875,173
Selling, general and administrative expenses		5,353,032
Operating profit		2,522,141
Non-operating income		
Interest and dividends income	11,882	
Purchase discounts	6,846	
Foreign exchange gains	34,653	
Subsidy income	15,552	
Other	19,384	88,319
Non-operating expenses		
Sales discounts	606	
Other	928	1,535
Ordinary profit		2,608,925
Extraordinary income		
Gain on sales of non-current assets	1,964	1,964
Extraordinary loss		
Loss on sales and retirement of non-current assets	74	74
Profit before income taxes		2,610,815
Income taxes - current	744,942	
Income taxes - deferred	8,029	752,971
Profit		1,857,844
Profit attributable to non-controlling interests		29,975
Profit attributable to owners of parent		1,827,868

Balance Sheets
(as of March 31, 2021)

(Thousands of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	17,654,094	Current liabilities	3,843,529
Cash and deposits	8,794,229	Notes payable - trade	45,003
Notes receivable - trade	1,090,504	Electronically recorded obligations - operating	839,221
Accounts receivable - trade	4,375,299	Accounts payable - trade	1,591,154
Merchandise and finished goods	345,889	Accounts payable - other	468,819
Work in process	1,959,083	Accrued expenses	128,020
Raw materials and supplies	792,614	Income taxes payable	299,045
Prepaid expenses	75,929	Advances received	73,486
Consumption taxes receivable	71,912	Provision for bonuses	275,000
Other	148,931	Provision for bonuses for directors	42,800
Allowance for doubtful accounts	(300)	Provision for product warranties	62,000
Non-current assets	12,288,751	Other	18,977
Property, plant and equipment	9,718,895	Non-current liabilities	1,199
Buildings	3,627,585	Other	1,199
Structures	124,524	Total liabilities	3,844,728
Machinery and equipment	44,920	NET ASSETS	
Vehicles	299	Shareholders' equity	25,994,276
Tools, furniture and fixtures	53,411	Share capital	1,985,666
Land	5,843,521	Capital surplus	2,023,903
Leased assets	2,630	Legal capital surplus	2,023,903
Construction in progress	22,001	Retained earnings	23,339,928
Intangible assets	181,043	Legal retained earnings	286,314
Telephone subscription right	11,430	Other retained earnings	23,053,614
Software	169,613	Reserve for dividend equalization	1,000,000
Investments and other assets	2,388,812	General reserve	8,700,000
Investment securities	285,724	Retained earnings brought forward	13,353,614
Stocks of subsidiaries and affiliates	873,594	Treasury shares	(1,355,222)
Investments in capital of subsidiaries and affiliates	297,873	Valuation and translation adjustments	103,840
Deferred tax assets	562,957	Valuation difference on available-for-sale securities	103,840
Other	368,662	Total net assets	26,098,117
Total assets	29,942,846	Total liabilities and net assets	29,942,846

Statements of Income
(from April 1, 2020 to March 31, 2021)

(Thousands of yen)

Account	Amount	
Net sales		13,337,772
Cost of sales		8,327,720
Gross profit		5,010,051
Selling, general and administrative expenses		3,723,889
Operating profit		1,286,162
Non-operating income		
Interest income	3,170	
Dividend income	639,230	
Purchase discounts	6,846	
Foreign exchange gains	11,609	
Subsidy income	15,552	
Other	10,769	687,177
Non-operating expenses		
Sales discounts	606	
Other	452	1,058
Ordinary profit		1,972,280
Extraordinary losses		
Loss on sales and retirement of non-current assets	46	
Loss on valuation of shares of subsidiaries	72,115	72,162
Profit before income taxes		1,900,118
Income taxes - current	453,216	
Income taxes - deferred	(23,863)	429,353
Profit		1,470,764

INDEPENDENT AUDITOR'S REPORT

May 12, 2021

To the Board of Directors of
YUSHIN PRECISION EQUIPMENT CO., LTD.:

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Mitsuhiro Takasaki [SEAL]

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Hideki Yasuda [SEAL]

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of YUSHIN PRECISION EQUIPMENT CO., LTD. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2021, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2020 to March 31, 2021, and the related notes.

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, 2021, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in 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 these 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.

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.

Auditor's Responsibility for 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. 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.

- 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.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

INDEPENDENT AUDITOR'S REPORT

May 12, 2021

To the Board of Directors of
YUSHIN PRECISION EQUIPMENT CO., LTD.:

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Mitsuhiro Takasaki [SEAL]

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Hideki Yasuda [SEAL]

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of YUSHIN PRECISION EQUIPMENT CO., LTD. (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2021, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 48th fiscal year from April 1, 2020 to March 31, 2021, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and its financial performance for the year then ended in accordance with accounting principles generally accepted in 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 Nonconsolidated Financial Statements section of our report. We are independent of the Company 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 Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated 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 nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company'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.

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 Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the nonconsolidated 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. 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 nonconsolidated 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 nonconsolidated 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.
- 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 Company'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 Company'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 nonconsolidated 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 Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report

Regarding the performance of duties by the Directors for the fiscal year from April 1, 2020 to March 31, 2021, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Corporate Auditor.

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

- (1) The Board of Corporate Auditors established auditing policies, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and the Accounting Auditors regarding performance of their duties, and requested explanations as necessary.
- (2) Each Corporate Auditor complied with the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with the Directors, the Internal Audit Office, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and conducted audits as follows.
 - [1] Participated in the Board of Directors' Meetings and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, requested explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal offices. In addition, with respect to subsidiaries, we communicated and exchanged information with Directors, Corporate Auditors, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.
 - [2] We received periodic reports and requested explanations as necessary from the Directors, other relevant personnel and expressed our opinion about conditions of construction and application on the content of the resolution of the Board of Directors and system actually placed as "Internal Control System" in accordance to this resolution, which is stipulated in Paragraphs 1 and 3, Article 100 of the Enforcement Regulation of the Companies Act as a system required to ensure the compliance of laws and regulations, and the Articles of Incorporation in the execution of businesses by the Directors and necessity to ensure a properness of operation in the business group consisting of the Company and its subsidiaries written in the business report.
 - [3] We monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditors regarding the performance of their duties and requested explanations as necessary. In addition, we received notice from the Accounting Auditors that "the system for ensuring that duties are performed properly" (matters set forth in each Item of Article 131 of the Company Accounting Rules) is appropriately established in accordance with "Quality Control Standard on Audit" (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

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

2. Audit Results

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

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

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

In our opinion, the methods and results employed and rendered by the Accounting Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by the Accounting Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

May 13, 2021

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

Full-time Corporate Auditor	Yoshihisa Nakanishi [SEAL]
Full-time Corporate Auditor	Katsumi Noda [SEAL]
External Corporate Auditor	Hiroho Kamakura [SEAL]
External Corporate Auditor	Michitoshi Morimoto [SEAL]

End of submitted documents