

<Translation>



November 7, 2019

Consolidated Financial Results for the Six Months Ended September 30, 2019 <under Japanese GAAP>

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

Listing: First Section of the Tokyo Stock Exchange

Securities code: 6482

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

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Scheduled date to submit quarterly report: November 14, 2019

Scheduled date to commence dividend payments: December 2, 2019

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing: Yes (for Analysts)

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

1. Consolidated Business Results for the Six Months Ended September 30, 2019

(from April 1, 2019 to September 30, 2019)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes)

Six months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2019	10,364	(2.1)	1,255	4.4	1,172	(4.6)	838	(2.7)
September 30, 2018	10,586	8.7	1,203	21.5	1,228	18.2	861	15.6

Note: Comprehensive income Six months ended September 30, 2019: 637 million yen [(36.4) %]

Six months ended September 30, 2018: 1,001 million yen [13.8 %]

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2019	24.61	-
September 30, 2018	24.63	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	31,897	27,085	84.2
As of March 31, 2019	33,197	27,117	80.9

Reference: Equity capital

As of September 30, 2019: 26,846 million yen

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

2. Cash Dividends

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

Note: Revisions to projected dividends most recently announced: None

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

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2020	21,000	(3.8)	2,650	(4.0)	2,600	(6.9)	1,850	(2.8)	54.29

Note: Revisions to projected results most recently announced: Yes

* Notes

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

(2) Adoption of the special accounting methods: Yes

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

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

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

(4) Number of issued shares (Common stock)

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

As of Sept. 30, 2019	35,638,066 shares	As of March 31, 2019	35,638,066 Shares
As of Sept. 30, 2019	1,602,248 shares	As of March 31, 2019	1,333,548 Shares
Six months ended Sept. 30, 2019	34,076,975 shares	Six months ended Sept. 30, 2018	34,974,090 shares

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

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

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

* Disclaimer:

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation on the business results

As for the global economy during the six month ended September 30, 2019, in the U.S., the manufacturing industry's business conditions index deteriorated and began to show a slowdown, and China has also seen a marked slowdown in economic growth. Furthermore, there is growing uncertainty about the future, such as trade friction between the U.S. and China, and the UK's departure from the EU, and the decline in corporate capital investment appetite has become apparent. In addition, the appreciation of the yen due to interest rate cuts in Europe and the U.S. has kept the environment surrounding YUSHIN Group unpredictable.

In these circumstances, YUSHIN Group has continued to work on developing new customers on a global scale, but orders remained weak Y/Y during the six months ended September 30, 2019.

The business results for the six months ended September 30, 2019 are as follows. While sales of Custom-ordered equipment in Europe increased significantly Y/Y, sales of Take-out robots declined Y/Y due to a decrease in capital investment mainly in China. As a result, the consolidated net sales decreased by 2.1% year on year to 10,364 million yen. Operating profit increased by 4.4% year on year to 1,255 million yen due to a decrease in selling, general and administrative expenses as business efficiency improved, and ordinary profit decreased by 4.6% year on year to 1,172 million yen due to foreign exchange losses. As a result, profit attributable to owners of parent decreased by 2.7% year on year to 838 million yen.

Besides, we established YUSHIN EUROPE GMBH, a wholly owned subsidiary in Germany, with the aim of expanding sales channels in the European market and its service network, and started operations in June 2019.

(2) Explanation on the financial condition

<Assets>

Total assets decreased by 1,299 million yen from the end of the previous fiscal year to 31,897 million yen.

This was mainly due to decrease of "Notes and accounts receivable - trade" by 1,169 million yen.

<Liabilities>

Total liabilities decreased by 1,266 million yen from the end of the previous fiscal year to 4,812 million yen.

This was mainly due to decrease of "Advances received" by 652 million yen.

<Net assets>

Net assets decreased by 32 million yen from the end of the previous fiscal year to 27,085 million yen.

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

Orders, particularly for Take-out robots, are declining due to the uncertainty about the global economic outlook and the decline in corporate capital investment in facilities. Accordingly, for Net sales, Operating profit, Ordinary profit and Profit attributable to owners of parent, the consolidated earnings forecast for the FY2020 released on May 10, 2019 has been revised as follows.

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous Forecast (A) (May 10, 2019)	Millions of yen 22,000	Millions of yen 2,800	Millions of yen 2,800	Millions of yen 1,950	Yen 56.84
Revised Forecast (B)	21,000	2,650	2,600	1,850	54.29
Change (B-A)	(1,000)	(150)	(200)	(100)	-
Percentage Change (%)	(4.5)	(5.4)	(7.1)	(5.1)	-
FY2019 (Reference)	21,833	2,760	2,791	1,903	54.54

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

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
<ASSETS>		
Current assets		
Cash and deposits	6,362,933	7,608,414
Notes and accounts receivable - trade	6,844,705	5,674,918
Merchandise and finished goods	717,394	804,109
Work in process	1,696,139	1,405,562
Raw materials and supplies	3,619,833	3,298,669
Other	742,175	282,441
Allowance for doubtful accounts	(18,327)	(14,653)
Total current assets	19,964,853	19,059,461
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,995,284	4,786,780
Land	6,130,716	6,109,513
Other	282,464	260,009
Total property, plant and equipment	11,408,464	11,156,303
Intangible assets	429,392	383,088
Investments and other assets		
Investment securities	218,062	205,392
Retirement benefit asset	294,037	290,366
Deferred tax assets	705,335	631,233
Other	196,910	192,111
Allowance for doubtful accounts	(19,795)	(20,164)
Total investments and other assets	1,394,549	1,298,940
Total non-current assets	13,232,406	12,838,332
Total assets	33,197,260	31,897,793

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
<LIABILITIES>		
Current liabilities		
Notes and accounts payable - trade	2,367,211	2,153,380
Accounts payable - other	492,256	461,544
Income taxes payable	523,827	218,867
Advances received	1,755,449	1,102,792
Provision for bonuses	273,647	280,862
Provision for bonuses for directors	37,520	16,875
Provision for product warranties	147,609	123,124
Other	262,543	244,050
Total current liabilities	5,860,064	4,601,497
Non-current liabilities		
Provision for retirement benefits for directors	66,780	66,780
Retirement benefit liability	65,723	62,167
Deferred tax liabilities	37,324	35,298
Other	49,882	47,038
Total non-current liabilities	219,710	211,284
Total liabilities	6,079,775	4,812,782
<NET ASSETS>		
Shareholders' equity		
Capital stock	1,985,666	1,985,666
Capital surplus	2,023,903	2,023,903
Retained earnings	23,579,393	24,109,301
Treasury shares	(1,039,026)	(1,354,956)
Total shareholders' equity	26,549,936	26,763,914
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	56,815	48,009
Foreign currency translation adjustment	184,923	(32,111)
Remeasurements of defined benefit plans	69,743	66,365
Total accumulated other comprehensive income	311,482	82,263
Non-controlling interests	256,066	238,832
Total net assets	27,117,484	27,085,011
Total liabilities and net assets	33,197,260	31,897,793

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

	(Thousands of yen)	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	10,586,849	10,364,957
Cost of sales	6,437,841	6,236,156
Gross profit	4,149,007	4,128,801
Selling, general and administrative expenses	2,945,828	2,873,206
Operating profit	1,203,178	1,255,595
Non-operating income		
Interest income	2,999	3,153
Dividend income	2,538	3,819
Purchase discounts	6,950	5,313
Other	17,408	7,469
Total non-operating income	29,896	19,755
Non-operating expenses		
Sales discounts	435	278
Foreign exchange losses	3,789	101,908
Other	0	549
Total non-operating expenses	4,224	102,737
Ordinary profit	1,228,851	1,172,613
Extraordinary income		
Gain on sales of non-current assets	722	3,565
Total extraordinary income	722	3,565
Extraordinary losses		
Loss on sales and retirement of non-current assets	9,278	349
Total extraordinary losses	9,278	349
Profit before income taxes	1,220,295	1,175,829
Income taxes	323,823	310,851
Profit	896,472	864,977
Profit attributable to non-controlling interests	34,961	26,328
Profit attributable to owners of parent	861,511	838,648

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

	(Thousands of yen)	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	896,472	864,977
Other comprehensive income		
Valuation difference on available-for-sale securities	1,218	(8,805)
Foreign currency translation adjustments	106,362	(215,751)
Remeasurements of defined benefit plans, net of tax	(2,112)	(3,377)
Total other comprehensive income	105,468	(227,934)
Comprehensive income	1,001,940	637,043
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	960,778	609,430
Comprehensive income attributable to non-controlling interests	41,162	27,612

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

None

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

None

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

Calculation method for tax expenses

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

< Segment information >

First Six Months of FY2019 (from April 1, 2018 to September 30, 2018)

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

(Thousands of yen)

	Reportable segment				Total	Adjustment *1	Amounts shown on quarterly consolidated statements of income *2
	Japan	U.S.A.	Asia	Europe			
Net sales							
Sales to customers	5,759,160	1,767,171	2,647,225	413,290	10,586,849	-	10,586,849
Inter-segment sales or transfers	2,386,511	11,282	143,882	3,129	2,544,805	(2,544,805)	-
Total	8,145,672	1,778,453	2,791,108	416,419	13,131,654	(2,544,805)	10,586,849
Segment profit	778,850	151,830	304,441	31,881	1,267,003	(63,825)	1,203,178

*Notes 1: The (63,825) thousand yen adjustment to segment profit includes 5,694 thousand yen eliminations for inter-segment transaction and (69,519) thousand yen inventory adjustments.

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

First Six Months of FY2020 (from April 1, 2019 to September 30, 2019)

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

(Thousands of yen)

	Reportable segment				Total	Adjustment *1	Amounts shown on quarterly consolidated statements of income *2
	Japan	U.S.A.	Asia	Europe			
Net sales							
Sales to customers	5,375,455	1,582,980	2,014,493	1,392,028	10,364,957	-	10,364,957
Inter-segment sales or transfers	1,828,216	9,443	148,882	190	1,986,732	(1,986,732)	-
Total	7,203,671	1,592,423	2,163,376	1,392,218	12,351,690	(1,986,732)	10,364,957
Segment profit	476,618	158,667	190,422	166,323	992,033	263,561	1,255,595

*Notes 1: The 263,561 thousand yen adjustment to segment profit includes 16,200 thousand yen eliminations for inter-segment transaction and 247,360 thousand yen inventory adjustments.

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

3. Supplemental Information

(1) Orders, backlog and sales

a. Orders

1) Order received

(Thousands of yen)

Products	First Six Months of FY2019	First Six Months of FY2020	Change (%)
Take-out robots	8,272,842	6,778,191	81.9
Custom-ordered equipment	1,604,414	1,853,172	115.5
Parts and maintenance service	1,781,783	1,591,083	89.3
Total	11,659,040	10,222,447	87.7

2) Backlog of orders

(Thousands of yen)

Products	As of September 30, 2018	As of September 30, 2019	Change (%)
Take-out robots	3,549,567	2,973,763	83.8
Custom-ordered equipment	2,728,948	2,983,266	109.3
Parts and maintenance service	330,603	251,042	75.9
Total	6,609,118	6,208,072	93.9

b. Net sales

(Thousands of yen)

Products	First Six Months of FY2019	First Six Months of FY2020	Change (%)
Take-out robots	7,690,986	6,808,961	88.5
Custom-ordered equipment	1,197,376	1,990,408	166.2
Parts and maintenance service	1,698,486	1,565,588	92.2
Total	10,586,849	10,364,957	97.9

(2) Overseas Sales

First Six Months of FY2019 (from April 1, 2018 to September 30, 2018)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	1,610,706	4,042,449	589,602	364,502	6,607,260
II Consolidated net sales					10,586,849
III Ratio of overseas sales to consolidated net sales (%)	15.2	38.2	5.6	3.4	62.4

First Six Months of FY2020 (from April 1, 2019 to September 30, 2019)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	2,097,139	3,124,774	781,914	274,504	6,278,332
II Consolidated net sales					10,364,957
III Ratio of overseas sales to consolidated net sales (%)	20.2	30.1	7.5	2.6	60.6