

<Translation>



February 3, 2021

Consolidated Financial Results for the Nine Months Ended December 31, 2020 <under Japanese GAAP>

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

Listing: First Section of the Tokyo Stock Exchange

Securities code: 6482

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

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Scheduled date to submit quarterly report: February 12, 2021

Scheduled date to commence dividend payments: -

Preparation of supplementary materials on the quarterly financial results: None

Holding of quarterly financial results briefing: None

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

1. Consolidated Business Results for the Nine Months Ended December 31, 2020

(from April 1, 2020 to December 31, 2020)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2020	12,713	(16.3)	1,515	(7.1)	1,567	(0.6)	1,128	0.2
December 31, 2019	15,194	(4.9)	1,631	(14.9)	1,576	(15.0)	1,126	(15.3)

Note: Comprehensive income Nine months ended December 31, 2020: 1,227 million yen [12.4 %]

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2020	33.15	-
December 31, 2019	33.06	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	33,054	28,151	84.5
As of March 31, 2020	31,933	27,471	85.3

Reference: Equity capital

As of December 31, 2020: 27,923 million yen

As of March 31, 2020: 27,229 million yen

2. Cash Dividends

	Annual dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	-	8.00	-	10.00	18.00
FY2021	-	5.00			
FY2021 (Forecast)				9.00	14.00

Note: Revisions to projected dividends most recently announced: Yes

3. Consolidated Earnings Forecast for the FY2021 (from April 1, 2020 to March 31, 2021)

(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
FY2021	17,500	(12.6)	2,100	(9.1)	2,150	(2.5)	1,530	(0.2)	44.95

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)

1) Number of issued shares at the end of the period (including shares of treasury shares)	As of Dec. 31, 2020	35,638,066 shares	As of March 31, 2020	35,638,066 Shares
2) Number of shares of treasury shares at the end of the period	As of Dec. 31, 2020	1,602,476 shares	As of March 31, 2020	1,602,454 Shares
3) Average number of outstanding shares during the period	Nine months ended Dec. 31, 2020	34,035,605 shares	Nine months ended Dec. 31, 2019	34,064,608 shares

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

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

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

* Disclaimer:

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation on the business results

During the nine month ended December 31, 2020, the global economy has been in a severe situation with negative growth due to the continued significant restrictions on corporate activities caused by the global spread of COVID-19. The outlook for the global economy remains uncertain due to concerns about the prolonged impact of COVID-19 on the economy, as there is still no prospect of an end to the disease.

Under these circumstances, YUSHIN Group has placed the safety of its customers, business partners and employees as its first priority and has continued to develop new customers on a global scale while paying close attention to the possibility of COVID-19 infection. The number of orders received during the nine months of FY2021 was sluggish compared to the same period of the previous year. However, in the third quarter, orders are on an upward trend both in Japan and overseas. In particular, in some Asian countries, including China, capital investment is on a recovery trend, and orders are recovering.

During the nine months ended December 31, 2020, sales of take-out robots in Japan decreased compared to the same period of the previous year due to a decline in the appetite for capital investment, although sales in North America were strong, mainly in the medical field. In Europe, sales of Custom-ordered equipment decreased compared to the same period of the previous year due to the difference in the timing of deliveries, despite a certain amount of sales. As a result, Consolidated net sales were down 16.3% year on year, to 12,713 million yen. On the profit front, despite continued efforts to reduce expenses, Operating profit fell 7.1% to 1,515 million yen due to the decline in consolidated net sales. On the other hand, Profit attributable to owners of parent increase 0.2% year on year to 1,128 million yen due to foreign exchange profit.

(2) Explanation on the financial condition

<Assets>

Total assets increased by 1,121 million yen from the end of the previous fiscal year to 33,054 million yen.

This was mainly due to increase of "Cash and deposits" by 1,889 million yen.

<Liabilities>

Total liabilities increased by 441 million yen from the end of the previous fiscal year to 4,903 million yen. This was mainly due to increase of "Notes and accounts payable - trade" by 484 million yen.

<Net assets>

Net assets increased by 679 million yen from the end of the previous fiscal year to 28,151 million yen.

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

As a result of reviewing the earnings forecast based on the latest earnings trends, etc., the earnings forecast for the FY2021 announced in the Consolidated Financial Results released on August 5, 2020 has been revised upward. For details, please see "Revision to the Forecast for the Earnings and Dividends" announced today.

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

	(Thousands of yen)	
	As of March 31, 2020	As of December 31, 2020
<ASSETS>		
Current assets		
Cash and deposits	8,646,219	10,536,031
Notes and accounts receivable - trade	5,410,654	5,048,375
Merchandise and finished goods	772,690	1,083,161
Work in process	1,120,628	1,180,939
Raw materials and supplies	3,165,533	2,766,155
Other	295,409	302,369
Allowance for doubtful accounts	(19,247)	(24,493)
Total current assets	19,391,889	20,892,540
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,554,294	4,244,349
Land	6,107,772	6,120,360
Other, net	243,910	232,221
Total property, plant and equipment	10,905,978	10,596,931
Intangible assets	358,333	276,215
Investments and other assets		
Investment securities	159,973	224,204
Retirement benefit asset	285,556	278,927
Deferred tax assets	658,373	600,450
Other	193,669	204,668
Allowance for doubtful accounts	(20,403)	(19,071)
Total investments and other assets	1,277,168	1,289,179
Total non-current assets	12,541,479	12,162,326
Total assets	31,933,368	33,054,866

(Thousands of yen)

	As of March 31, 2020	As of December 31, 2020
<LIABILITIES>		
Current liabilities		
Notes and accounts payable - trade	1,698,391	2,183,316
Accounts payable - other	418,287	468,966
Income taxes payable	137,914	122,789
Advances received	1,270,310	1,228,577
Provision for bonuses	267,606	163,663
Provision for bonuses for directors	23,410	25,425
Provision for product warranties	178,399	142,142
Other	256,484	350,446
Total current liabilities	4,250,803	4,685,327
Non-current liabilities		
Provision for retirement benefits for directors	66,780	66,780
Retirement benefit liability	62,919	78,770
Deferred tax liabilities	34,438	31,062
Other	46,466	41,314
Total non-current liabilities	210,603	217,926
Total liabilities	4,461,407	4,903,253
<NET ASSETS>		
Shareholders' equity		
Share capital	1,985,666	1,985,666
Capital surplus	2,023,903	2,024,597
Retained earnings	24,531,217	25,149,019
Treasury shares	(1,355,167)	(1,355,183)
Total shareholders' equity	27,185,619	27,804,100
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,443	61,084
Foreign currency translation adjustment	(34,487)	4,642
Remeasurements of defined benefit plans	62,169	53,802
Total accumulated other comprehensive income	44,125	119,528
Non-controlling interests	242,216	227,982
Total net assets	27,471,961	28,151,612
Total liabilities and net assets	31,933,368	33,054,866

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**Quarterly consolidated statements of income****Nine months ended December 31**

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	15,194,072	12,713,267
Cost of sales	9,200,764	7,342,974
Gross profit	5,993,308	5,370,293
Selling, general and administrative expenses	4,362,230	3,854,677
Operating profit	1,631,077	1,515,615
Non-operating income		
Interest income	5,031	4,697
Dividend income	6,646	5,743
Purchase discounts	8,097	4,941
Foreign exchange gains	-	14,234
Subsidy income	-	14,276
Other	7,511	8,296
Total non-operating income	27,286	52,190
Non-operating expenses		
Sales discounts	746	456
Foreign exchange losses	80,119	-
Other	544	130
Total non-operating expenses	81,411	586
Ordinary profit	1,576,952	1,567,220
Extraordinary income		
Gain on sales of non-current assets	4,513	1,927
Total extraordinary income	4,513	1,927
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,185	27
Other	1,000	-
Total extraordinary losses	2,185	27
Profit before income taxes	1,579,281	1,569,120
Income taxes	416,732	424,311
Profit	1,162,548	1,144,809
Profit attributable to non-controlling interests	36,264	16,473
Profit attributable to owners of parent	1,126,284	1,128,336

Quarterly consolidated statements of comprehensive income
Nine months ended December 31

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	1,162,548	1,144,809
Other comprehensive income		
Valuation difference on available-for-sale securities	5,573	44,640
Foreign currency translation adjustment	(70,995)	46,361
Remeasurements of defined benefit plans, net of tax	(5,066)	(8,366)
Total other comprehensive income	(70,487)	82,635
Comprehensive income	1,092,061	1,227,444
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,046,848	1,203,739
Comprehensive income attributable to non-controlling interests	45,212	23,704

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

None

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

None

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

Calculation method for tax expenses

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

< Segment information >

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

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

(Thousands of yen)

	Reportable segment				Total	Adjustment *1	Amounts shown on quarterly consolidated statements of income *2
	Japan	U.S.A.	Asia	Europe			
Net sales							
Sales to customers	8,174,041	2,251,295	3,010,181	1,758,554	15,194,072	-	15,194,072
Inter-segment sales or transfers	2,967,712	10,669	230,296	1,148	3,209,826	(3,209,826)	-
Total	11,141,753	2,261,965	3,240,477	1,759,703	18,403,899	(3,209,826)	15,194,072
Segment profit	888,203	217,770	255,291	96,938	1,458,204	172,872	1,631,077

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

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

Nine Months of FY2021 (from April 1, 2020 to December 31, 2020)

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	5,681,592	2,664,065	2,982,280	1,385,328	12,713,267	-	12,713,267
Inter-segment sales or transfers	3,111,182	6,301	162,596	3,202	3,283,282	(3,283,282)	-
Total	8,792,774	2,670,367	3,144,876	1,388,530	15,996,549	(3,283,282)	12,713,267
Segment profit	598,340	390,752	215,039	279,042	1,483,174	32,441	1,515,615

*Notes 1: The 32,441 thousand yen adjustment to segment profit includes eliminations for inter-segment transactions of 2,940 thousand yen and inventory adjustments of 29,501 thousand yen.

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

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

a. Orders

1) Order received

(Thousands of yen)

Products	Nine Months of FY2020	Nine Months of FY2021	Change (%)
Take-out robots	9,352,113	8,941,710	95.6
Custom-ordered equipment	2,561,152	2,173,976	84.9
Parts and maintenance service	2,308,221	2,296,588	99.5
Total	14,221,487	13,412,275	94.3

2) Backlog of orders

(Thousands of yen)

Products	As of December 31, 2019	As of December 31, 2020	Change (%)
Take-out robots	2,350,676	2,902,680	123.5
Custom-ordered equipment	2,824,301	1,946,754	68.9
Parts and maintenance service	203,019	239,795	118.1
Total	5,377,997	5,089,230	94.6

b. Net sales

(Thousands of yen)

Products	Nine Months of FY2020	Nine Months of FY2021	Change (%)
Take-out robots	10,005,969	8,159,178	81.5
Custom-ordered equipment	2,857,354	2,288,682	80.1
Parts and maintenance service	2,330,748	2,265,406	97.2
Total	15,194,072	12,713,267	83.7

(2) Overseas sales

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

(Thousands of yen)

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

Nine Months of FY2021 (from April 1, 2020 to December 31, 2020)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	2,592,962	3,881,366	1,430,167	408,045	8,312,542
II Consolidated net sales					12,713,267
III Ratio of overseas sales to consolidated net sales (%)	20.4	30.5	11.3	3.2	65.4