

<Translation>



February 13, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 <Under Japanese GAAP>

Company Name: YUSHIN PRECISION EQUIPMENT CO., LTD.

Listing: Standard Market of the Tokyo Stock Exchange

Securities code: 6482

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

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Scheduled date to submit quarterly report: February 14, 2024

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, 2023

(From April 1, 2023 to December 31, 2023)

(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, 2023	16,411	1.2	1,309	(35.1)	1,421	(34.7)	920	(41.4)
December 31, 2022	16,219	4.8	2,016	(4.6)	2,176	(2.8)	1,570	(3.7)

Note: Comprehensive income Nine months ended December 31, 2023: 1,637 million yen [(9.4)%]

Nine months ended December 31, 2022: 1,807 million yen [0.3%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	27.06	-
December 31, 2022	46.14	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	41,825	33,161	78.5
As of March 31, 2023	40,843	32,586	79.0

Reference: Equity capital

As of December 31, 2023: 32,833 million yen

As of March 31, 2023: 32,277 million yen

2. Cash Dividends

	Annual dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	—	10.00	—	20.00	30.00
FY2024	—	10.00	—		
FY2024 (Forecast)				10.00	20.00

Note 1: Revisions to projected dividends most recently announced: None

Note 2: Breakdown of dividends 4Q in FY2023

Ordinary dividends: 10.00 yen

Commemorative dividends: 10.00 yen (the 50th anniversary of the establishment)

3. Consolidated Earnings Forecast for the FY2024 (From April 1, 2023 to March 31, 2024)

(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
FY2024	23,000	2.8	2,400	(9.1)	2,400	(13.9)	1,600	(16.8)	47.01

Note: Revisions to projected results most recently announced: None

* 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, 2023	35,638,066 Shares	As of March 31, 2023	35,638,066 Shares
2) Number of shares of treasury shares at the end of the period	As of Dec. 31, 2023	1,603,179 Shares	As of March 31, 2023	1,603,076 Shares
3) Average number of outstanding shares during the period	Nine months ended Dec. 31, 2023	34,034,929 Shares	Nine months ended Dec. 31, 2022	34,035,154 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

With regard to the global economy in the nine months of the current fiscal year, although some parts of the global economy are showing signs of recovery, the outlook remains uncertain due to soaring resource prices caused by geopolitical risks and the downward pressure on the economy caused by global monetary tightening.

Under these circumstances, YUSHIN Group has continued to develop new customers on a global scale and expand the business of custom-ordered equipment for the medical field. However, orders for take-out robots were sluggish worldwide, partly due to sluggish demand for IMMs. With regard to custom-ordered equipment for the medical field, orders received decreased compared to the nine months of the previous fiscal year, when there was a particularly high concentration of orders, but YUSHIN maintains a strong order backlog and expects to generate sales in the fourth quarter of the current financial year and in the next financial year onwards.

During the fiscal year under review, the sales increased in Europe, partly due to WEMO AUTOMATION AB, which became a subsidiary in the first quarter of the current fiscal year, while the sales in Japan and Asia decreased, compared to the nine months of the previous fiscal year. As a result, consolidated Net sales increased by 1.2% year on year to 16,411 million yen. As for the profit, Operating profit decreased by 35.1% year on year to 1,309 million yen, partly due to aggressive investment in human resources, even as the gross profit margin deteriorated due to soaring raw material prices. Ordinary profit decreased by 34.7% year on year to 1,421 million yen despite Foreign exchange gains, and Profit attributable to owners of parent decreased by 41.4% year on year to 920 million yen.

(2) Explanation on the financial condition

<Assets>

Total assets increased by 982 million yen from the end of the previous fiscal year to 41,825 million yen. This was mainly due to increase of “Customer-related intangible assets” by 1,616 million yen.

<Liabilities>

Total liabilities increased by 407 million yen from the end of the previous fiscal year to 8,664 million yen. This was mainly due to increase of “Deferred tax liabilities” by 369 million yen.

<Net assets>

Net assets increased by 575 million yen from the end of the previous fiscal year to 33,161 million yen.

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

At this time, there are no changes to the full-year Consolidated Earnings Forecasts for the fiscal year ending March 31, 2024 that was announced in Consolidated Financial Results released on May 10, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2023	As of December 31, 2023
<ASSETS>		
Current assets		
Cash and deposits	16,169,066	13,300,468
Notes and accounts receivable - trade	5,471,088	5,048,982
Merchandise and finished goods	1,288,257	1,228,591
Work in process	1,338,876	2,032,913
Raw materials and supplies	3,760,970	4,738,206
Other	620,761	953,463
Allowance for doubtful accounts	(10,601)	(7,535)
Total current assets	28,638,417	27,295,090
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,609,396	3,613,134
Land	6,821,488	6,843,111
Other, net	315,638	334,066
Total property, plant and equipment	10,746,522	10,790,313
Intangible assets		
Goodwill	-	518,285
Customer-related intangible assets	-	1,616,290
Other	192,975	187,824
Total intangible assets	192,975	2,322,400
Investments and other assets		
Investment securities	307,324	431,338
Retirement benefit asset	215,986	206,631
Deferred tax assets	649,980	588,041
Other	141,492	254,100
Allowance for doubtful accounts	(49,464)	(62,036)
Total investments and other assets	1,265,319	1,418,074
Total non-current assets	12,204,817	14,530,788
Total assets	40,843,235	41,825,879

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
<LIABILITIES>		
Current liabilities		
Notes and accounts payable - trade	1,733,016	1,987,322
Electronically recorded obligations - operating	890,045	590,853
Accounts payable - other	586,065	646,986
Income taxes payable	275,103	124,716
Advances received	3,721,457	3,726,821
Provision for bonuses	310,344	200,200
Provision for bonuses for directors	29,840	24,750
Provision for product warranties	256,644	227,181
Other	210,302	460,090
Total current liabilities	8,012,820	7,988,920
Non-current liabilities		
Retirement benefit liability	164,600	117,417
Deferred tax liabilities	6,260	376,246
Other	73,254	181,701
Total non-current liabilities	244,116	675,366
Total liabilities	8,256,936	8,664,287
<NET ASSETS>		
Shareholders' equity		
Share capital	1,985,666	1,985,666
Capital surplus	2,024,597	2,024,597
Retained earnings	28,454,129	28,354,012
Treasury shares	(1,355,632)	(1,355,703)
Total shareholders' equity	31,108,761	31,008,573
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	118,852	205,041
Foreign currency translation adjustment	1,043,867	1,620,977
Remeasurements of defined benefit plans	5,780	(1,312)
Total accumulated other comprehensive income	1,168,500	1,824,706
Non-controlling interests	309,036	328,311
Total net assets	32,586,298	33,161,591
Total liabilities and net assets	40,843,235	41,825,879

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

	(Thousands of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	16,219,298	16,411,561
Cost of sales	9,122,457	9,671,539
Gross profit	7,096,840	6,740,021
Selling, general and administrative expenses	5,079,932	5,430,271
Operating profit	2,016,908	1,309,749
Non-operating income		
Interest income	4,690	17,196
Dividend income	8,379	10,305
Purchase discounts	6,168	4,463
Foreign exchange gains	127,000	67,672
Other	14,523	14,368
Total non-operating income	160,764	114,007
Non-operating expenses		
Other	1,095	1,757
Total non-operating expenses	1,095	1,757
Ordinary profit	2,176,577	1,421,999
Extraordinary income		
Gain on sales of non-current assets	149	5,114
Total extraordinary income	149	5,114
Extraordinary losses		
Loss on sales and retirement of non-current assets	22,717	30,205
Total extraordinary losses	22,717	30,205
Profit before income taxes	2,154,009	1,396,908
Income taxes	538,941	432,169
Profit	1,615,067	964,739
Profit attributable to non-controlling interests	44,839	43,807
Profit attributable to owners of parent	1,570,228	920,932

Quarterly consolidated statements of comprehensive income
Nine months ended December 31

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	1,615,067	964,739
Other comprehensive income		
Valuation difference on available-for-sale securities	25,918	86,189
Foreign currency translation adjustment	173,819	593,391
Remeasurements of defined benefit plans, net of tax	(7,729)	(7,093)
Total other comprehensive income	192,008	672,488
Comprehensive income	1,807,076	1,637,227
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,755,586	1,577,139
Comprehensive income attributable to non-controlling interests	51,490	60,088

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

< Segment information >

Nine Months of FY2023 (From April 1, 2022 to December 31, 2022)

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	7,684,209	3,691,266	4,082,404	761,417	16,219,298	-	16,219,298
Inter-segment sales or transfers	3,647,412	18,912	212,751	4,957	3,884,034	(3,884,034)	-
Total	11,331,622	3,710,179	4,295,155	766,375	20,103,332	(3,884,034)	16,219,298
Segment profit (loss)	1,227,549	458,684	383,610	(13,373)	2,056,471	(39,563)	2,016,908

*Notes 1: The (39,563) thousand yen adjustment to segment profit or loss includes eliminations for inter-segment transactions of (7,109) thousand yen and inventory adjustments of (32,453) thousand yen.

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

Nine Months of FY2024 (From April 1, 2023 to December 31, 2023)

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	7,029,179	3,548,231	3,420,007	2,414,141	16,411,561	-	16,411,561
Inter-segment sales or transfers	3,098,142	14,356	274,267	19,584	3,406,351	(3,406,351)	-
Total	10,127,322	3,562,587	3,694,275	2,433,726	19,817,912	(3,406,351)	16,411,561
Segment profit	736,130	457,658	243,056	50,718	1,487,564	(177,815)	1,309,749

*Notes 1: The (177,815) thousand yen adjustment to segment profit or loss includes eliminations for inter-segment transactions of (71,953) thousand yen and inventory adjustments of (105,861) 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 FY2023	Nine Months of FY2024	Change (%)
Robots	11,686,212	10,078,267	86.2
Custom-ordered equipment	7,469,838	3,306,801	44.3
Parts and maintenance services	2,953,255	3,323,738	112.5
Total	22,109,307	16,708,807	75.6

2) Backlog of orders

(Thousands of yen)

Products	As of December 31, 2022	As of December 31, 2023	Change (%)
Robots	4,161,482	3,362,262	80.8
Custom-ordered equipment	6,982,442	6,445,627	92.3
Parts and maintenance services	335,622	476,012	141.8
Total	11,479,548	10,283,902	89.6

b. Net sales

(Thousands of yen)

Products	Nine Months of FY2023	Nine Months of FY2024	Change (%)
Robots	10,645,548	10,201,928	95.8
Custom-ordered equipment	2,696,986	3,108,697	115.3
Parts and maintenance services	2,876,763	3,100,934	107.8
Total	16,219,298	16,411,561	101.2

(2) Overseas sales

Nine months of FY2023 (from April 1, 2022 to December 31, 2022)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	3,758,202	5,295,194	387,684	536,823	9,977,905
II Consolidated net sales					16,219,298
III Ratio of overseas sales to consolidated net sales (%)	23.2	32.6	2.4	3.3	61.5

Nine months of FY2024 (from April 1, 2023 to December 31, 2023)

(Thousands of yen)

	North America	Asia	Europe	Other areas	Total
I Overseas sales	3,738,545	4,505,473	1,817,090	842,360	10,903,469
II Consolidated net sales					16,411,561
III Ratio of overseas sales to consolidated net sales (%)	22.8	27.5	11.1	5.1	66.4