



SECOND QUARTER BRIEF REPORT OF FINANCIAL RESULTS

[under Japanese GAAP](Consolidated)

(Year ending December 31, 2019)

August 8, 2019

Registered

Company Name : U-Shin Ltd.

URL : <http://www.u-shin.co.jp/>

Representative : Kanae Okabe

Representative Director, President and CEO

Contact : Kazuya Tao

Executive Officer, Executive General Manager of Accounting and Finance Division

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Quarterly report filing date : —

Expected data of payment for dividends : —

Preparation of supplementary explanation material for quarterly financial results : None

Holding of presentation meeting for quarterly financial results : None

(Amounts less than one million yen have been omitted)

1. Business performance (January 1, 2019 through June 30, 2019)

(1) Consolidated Results of Operations (Year-to-date) (%: Changes from corresponding period of previous fiscal year)

| | Net sales (millions of yen) | % Change | Operation income (millions of yen) | % Change | Ordinary income (millions of yen) | % Change |
|--------------------------------|--------------------------------|-------------|---------------------------------------|-------------|--------------------------------------|-------------|
| Six months ended Jun. 30, 2019 | 69,917 | (12.6) | 1,674 | (49.1) | 1,491 | (35.8) |
| Six months ended Jun. 30, 2018 | 80,013 | — | 3,288 | — | 2,324 | — |

| | Net income attributable to owners of the parent (millions of yen) | % Change | Net income per share (yen) | Diluted net income per share (yen) |
|--------------------------------|---|-------------|-------------------------------|---------------------------------------|
| Six months ended Jun. 30, 2019 | (1,378) | — | (41.63) | — |
| Six months ended Jun. 30, 2018 | 982 | — | 31.05 | — |

(Notes) Comprehensive Income: Six months ended June 30, 2019: (472) million yen - %

Six months ended June 30, 2018: (692) million yen - %

Along with a change of accounting period to December 31 from November 30 at the fiscal year ended December 31, 2017, the comparing period is different for the previous second quarter (January 1, 2018 through June 30, 2018). Therefore, percentage changes from the same period of the year ended on December 31, 2017 are not shown.

(2) Consolidated Financial Position

| | Total assets (millions of yen) | Net assets (millions of yen) | Equity ratio (%) |
|---------------------|-----------------------------------|---------------------------------|---------------------|
| As of Jun. 30, 2019 | 120,206 | 24,614 | 20.5 |
| As of Dec. 31, 2018 | 117,238 | 25,456 | 21.7 |

(Reference) Shareholders' equity: As of June 30, 2019: 24,592 million yen

As of December 31, 2018: 25,433 million yen

(Note) The Company has been applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, on February 16, 2018) from the beginning of the first three months ended March 31, 2019. Figures of total assets and equity ratio related to the period ended December 31, 2018 have had the accounting standard applied retroactively.

2. Dividends

| | Annual Report | | | | |
|---------------------------|----------------------------|-----------------------------|----------------------------|----------------|--------------------|
| | End of first quarter (yen) | End of second quarter (yen) | End of third quarter (yen) | Year-end (yen) | For the year (yen) |
| Year ended Dec. 31, 2018 | — | 0.00 | — | 0.00 | 0.00 |
| Year ending Dec. 31, 2019 | — | 0.00 | | | |

(Note) The Company was concluded tender offer for the Company's common stock by MINEBEA MITSUMI Inc. as of April 10, 2019, and MINEBEA MITSUMI became a parent company and the largest major shareholder of the Company. After that, the Company submitted proposals regarding a share consolidation, the abolishment of share unit number provisions, and a partial amendment to the Articles of Incorporation at an extraordinary general meeting of shareholders held on July 8, 2019, and all of them were approved and passed as proposed.

As the result, the common shares of the Company came to fall under the delisting criteria prescribed in the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., and the Company Shares were delisted on August 5, 2019. Therefore, forecast of consolidated results and dividend for FY2019 is not stated.

* Notes

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes

Newly consolidated: None

Excluded from consolidation: One company (Name of company) YUHSHIN U.S.A. LTD.

(Significant changes in scope of consolidation for the six months ended June 30, 2019)

At the first quarter, a specified subsidiary of the Company, YUHSHIN U.S.A. LTD. completed necessary procedures in accordance with local laws, and completed the liquidation as of March 5, 2019. Therefore, YUHSHIN U.S.A. LTD. no longer fall into a specified subsidiary of the Company from the first quarter, and was excluded from scope of consolidation.

(2) Application of accounting peculiar to preparation of quarterly consolidation financial statement : None

(3) Changes in accounting policy, changes in accounting estimates, and restatements

1. Changes in accounting policy associated with revision of accounting standards, etc: Yes

2. Change in accounting policy other than 1: None

3. Changes in accounting estimates: None

4. Restatements: None

(Changes in accounting policy)

IFRS 16 (Leases) has been adopted since the beginning of first quarter for the consolidated overseas subsidiaries. In adopting IFRS 16, the Company used a transition method by which the cumulative effect of initially adopting this standard was recognized at the date of initial application.

Along with this method, for leases previously classified as operating leases adopting IAS 17, were recognized as tangible fixed assets and

lease obligations at the date of initial application of IFRS 16.

The effect of the change on profits and losses for the second-quarter cumulative period of the fiscal year under review is insignificant.

(4) Number of shares outstanding (Common stock)

1. Number of shares outstanding at end of period (Including treasury stock)

As of June 30, 2019: 33,791,586 shares

As of December 31, 2018: 33,791,586 shares

2. Number of treasury shares at end of period

As of June 30, 2019: 672,647 shares

As of December 31, 2018: 672,202 shares

3. Average number of shares (Quarterly cumulative period)

Six months ended June 30, 2019: 33,119,161 shares

Six months ended June 30, 2018: 31,637,092 shares

* Other special matters

As stated in "2. Dividends," the Company was delisted from Tokyo Stock Exchange as of August 5, 2019.

This summary of financial results was prepared in accordance with the quarterly financial results announcement.

Consolidated Quarterly Financial Statements and Major Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

| | Year ended December 31, 2018 (as of December 31,2018) | Second-quarter period of the year ending December 31,2019 (as of June 30, 2019) |
|--|---|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 21,698 | 22,513 |
| Notes and accounts receivable – trade | 24,199 | 24,730 |
| Electronically recorded monetary claims - operating | 3,085 | 6,306 |
| Merchandise and finished goods | 6,944 | 6,408 |
| Work in process | 1,696 | 1,669 |
| Raw materials and supplies | 7,884 | 7,149 |
| Other | 5,360 | 5,187 |
| Allowance for doubtful accounts | (738) | (712) |
| Total current assets | 70,133 | 73,252 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 12,677 | 14,080 |
| Machinery, equipment and vehicles, net | 7,514 | 7,346 |
| Tools, furniture and fixtures, net | 3,715 | 3,864 |
| Land | 8,543 | 9,414 |
| Construction in progress | 3,055 | 2,270 |
| Total property, plant and equipment | 35,506 | 36,975 |
| Intangible assets | 892 | 770 |
| Investments and other assets | | |
| Investment securities | 6,659 | 6,099 |
| Other | 4,126 | 3,191 |
| Allowance for doubtful accounts | (83) | (83) |
| Total investments and other assets | 10,702 | 9,207 |
| Total non-current assets | 47,102 | 46,953 |
| Deferred assets | 2 | 0 |
| Total assets | 117,238 | 120,206 |

(Millions of yen)

| | Year ended December 31, 2018 (as of December 31, 2018) | Second-quarter period of the year ending December 31, 2019 (as of June 30, 2019) |
|---|--|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable – trade | 18,114 | 18,318 |
| Electronically recorded obligations - operating | 7,280 | 7,023 |
| Short-term loans payable | 13,506 | 26,343 |
| Current portion of bonds | 200 | 100 |
| Current portion of long-term loans payable | 8,838 | 18,703 |
| Provision for product warranties | 762 | 3,994 |
| Other provision | 1,771 | 2,449 |
| Other | 17,252 | 10,822 |
| Total current liabilities | 67,726 | 87,754 |
| Non-current liabilities | | |
| Long-term loans payable | 19,784 | 3,385 |
| Provision | 404 | 377 |
| Net defined benefit liability | 3,210 | 3,242 |
| Other | 656 | 832 |
| Total non-current liabilities | 24,055 | 7,837 |
| Total liabilities | 91,782 | 95,591 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 15,206 | 15,206 |
| Capital surplus | 15,308 | 15,308 |
| Retained earnings | (2,832) | (4,580) |
| Treasury stock | (513) | (514) |
| Total shareholders' equity | 27,168 | 25,420 |
| Accumulated other comprehensive income | | |
| Unrealized gain on available-for-sale securities | 1,626 | 1,422 |
| Deferred gains or losses on hedges | (154) | - |
| Foreign currency translation adjustments | (3,149) | (2,199) |
| Remeasurements of defined benefit plans | (57) | (50) |
| Total accumulated other comprehensive income | (1,734) | (828) |
| Non-controlling interests | 23 | 22 |
| Total net assets | 25,456 | 24,614 |
| Total liabilities and net assets | 117,238 | 120,206 |

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
(For the consolidated second-quarter cumulative period)

(Millions of yen)

| | Second-quarter cumulative period of the year ended December 31, 2018 (January 1, 2018 through June 30, 2018) | Second-quarter cumulative period of the year ended December 31, 2019 (January 1, 2019 through June 30, 2019) |
|--|--|--|
| Net sales | 80,013 | 69,917 |
| Cost of sales | 70,788 | 62,047 |
| Gross profit | 9,225 | 7,869 |
| Selling, general and administrative expenses | 5,936 | 6,194 |
| Operating profit | 3,288 | 1,674 |
| Non-operating income | | |
| Interest and dividend income | 254 | 196 |
| Foreign exchange gains | - | 143 |
| Other | 135 | 124 |
| Total non-operating income | 390 | 465 |
| Non-operating expenses | | |
| Interest expenses | 214 | 144 |
| Commitment line fee | 243 | 11 |
| Interest rate swap expenses | - | 252 |
| Foreign exchange losses | 489 | - |
| Amortization of bond with warrants | 130 | - |
| Other | 276 | 240 |
| Total non-operating expenses | 1,354 | 648 |
| Ordinary profit | 2,324 | 1,491 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 6 | 89 |
| Gain on sales of investment securities | 867 | 735 |
| Other | 17 | 78 |
| Total extraordinary income | 891 | 902 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 6 | 11 |
| Impairment loss | 70 | 45 |
| Loss on product warranties | 105 | 2,503 |
| Loss on business structure improvement | 348 | 413 |
| Loss on reversal of foreign currency translation adjustments | - | 582 |
| Other | 26 | 1 |
| Total extraordinary losses | 558 | 3,559 |
| Profit (loss) before income taxes | 2,657 | (1,164) |
| Income taxes - current | 1,330 | 203 |
| Income taxes - deferred | 343 | 10 |
| Total income taxes | 1,674 | 214 |
| Profit (loss) | 983 | (1,378) |
| Profit (loss) attributable to non-controlling interests | 1 | (0) |
| Profit (loss) attributable to owners of parent | 982 | (1,378) |

Consolidated Quarterly Statements of Comprehensive Income
(For the consolidated second-quarter cumulative period)

(Millions of yen)

| | Second-quarter cumulative period of the year ended December 31, 2018 (January 1, 2018 through June 30, 2018) | Second-quarter cumulative period of the year ended December 31, 2019 (January 1, 2019 through June 30, 2019) |
|--|--|--|
| Profit (Loss) | 983 | (1,378) |
| Other comprehensive income | | |
| Unrealized gain on available-for-sale securities | (1,062) | (204) |
| Deferred gains or losses on hedges | 1 | 154 |
| Foreign currency translation adjustments | (606) | 949 |
| Remeasurements of defined benefit plans, net of tax | (8) | 7 |
| Total other comprehensive income | (1,676) | 906 |
| Comprehensive income | (692) | (472) |
| Comprehensive income attributable to | | |
| Owners of parent | (693) | (471) |
| Non-controlling interests | 1 | (0) |

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.