

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**

May 27, 2020

Company name: Shibaura Machine Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6104 URL <https://www.shibaura-machine.co.jp>
 Representative: President and Chief Operating Officer Shigetomo Sakamoto
 Public Relations & Investor Relations
 Inquiries: Department Minoru Aoki TEL 055-926-5072
 Senior Manager
 Scheduled date of ordinary general meeting of shareholders: June 29, 2020
 Scheduled date to file Securities Report: June 29, 2020
 Scheduled date to commence dividend payments: June 15, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

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	%
Year ended March 31, 2020	116,761	(0.5)	3,529	(8.0)	3,825	(31.4)	7,338	79.9
Year ended March 31, 2019	117,405	0.5	3,834	(17.4)	5,573	(20.2)	4,079	(18.7)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	304.06	–	8.6	2.5	3.0
Year ended March 31, 2019	169.03	–	5.0	3.7	3.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	154,283	87,018	56.4	3,605.47
As of March 31, 2019	150,724	83,197	55.2	3,447.10

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	5,312	19,772	(1,964)	48,011
Year ended March 31, 2019	(2,176)	(1,493)	(1,785)	25,592

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	–	7.50	–	37.50	–	1,810	44.4	2.2
Year ended March 31, 2020	–	42.50	–	42.50	85.00	2,051	28.0	2.4
Year ending March 31, 2021 (Forecast)	–	37.50	–	37.50	199.30		–	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2020	42,000	(29.5)	(2,200)	–	(3,000)	–	(3,000)	–	(124.30)
Full year	92,000	(21.2)	(1,400)	–	(2,400)	–	(2,600)	–	(107.73)

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2020	29,977,106 shares	As of March 31, 2019	29,977,106 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	5,841,960 shares	As of March 31, 2019	5,841,537 shares
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Average number of shares during the period

Year ended March 31, 2020	24,135,286 shares	Year ended March 31, 2019	24,135,956 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	25,592	47,907
Notes and accounts receivable - trade	37,405	36,064
Securities	—	104
Merchandise and finished goods	12,153	9,052
Work in process	29,793	26,877
Raw materials and supplies	73	67
Other	3,909	2,340
Allowance for doubtful accounts	(89)	(49)
Total current assets	108,838	122,364
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,350	39,014
Accumulated depreciation	(28,052)	(28,429)
Buildings and structures, net	11,297	10,584
Machinery, equipment and vehicles	24,185	24,224
Accumulated depreciation	(21,964)	(22,073)
Machinery, equipment and vehicles, net	2,220	2,151
Land	6,460	7,049
Leased assets	264	240
Accumulated depreciation	(160)	(150)
Leased assets, net	104	89
Construction in progress	130	135
Other	7,428	7,327
Accumulated depreciation	(6,877)	(6,797)
Other, net	550	529
Total property, plant and equipment	20,765	20,541
Intangible assets		
Other	641	561
Total intangible assets	641	561
Investments and other assets		
Investment securities	18,379	6,560
Long-term loans receivable	16	13
Deferred tax assets	703	3,142
Other	1,726	2,149
Allowance for doubtful accounts	(345)	(1,048)
Total investments and other assets	20,479	10,816
Total non-current assets	41,885	31,918
Total assets	150,724	154,283

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,207	21,279
Short-term borrowings	10,090	10,090
Income taxes payable	466	7,218
Accrued expenses	4,854	5,351
Provision for product warranties	604	720
Advances received	7,842	6,403
Other	1,423	1,941
Total current liabilities	53,488	53,006
Non-current liabilities		
Long-term borrowings	4,300	4,300
Long-term accounts payable - other	5	5
Deferred tax liabilities	66	2
Provision for retirement benefits for directors (and other officers)	32	41
Retirement benefit liability	9,475	9,770
Asset retirement obligations	51	52
Other	105	85
Total non-current liabilities	14,037	14,258
Total liabilities	67,526	67,264
Net assets		
Shareholders' equity		
Share capital	12,484	12,484
Capital surplus	11,538	11,538
Retained earnings	71,983	77,359
Treasury shares	(16,375)	(16,376)
Total shareholders' equity	79,630	85,006
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,844	2,334
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	1,711	843
Remeasurements of defined benefit plans	(988)	(1,165)
Total accumulated other comprehensive income	3,566	2,012
Total net assets	83,197	87,018
Total liabilities and net assets	150,724	154,283

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	117,405	116,761
Cost of sales	84,493	83,301
Gross profit	32,912	33,459
Selling, general and administrative expenses		
Sales commission	1,579	1,486
Packing and transportation costs	3,839	3,595
Provision for product warranties	495	625
Employees' salaries and allowances	11,883	11,914
Retirement benefit expenses	669	652
Depreciation	730	746
Rent expenses	805	804
Travel and transportation expenses	1,408	1,238
Research and development expenses	1,246	1,682
Outsourcing expenses	495	588
Other	5,923	6,596
Total selling, general and administrative expenses	29,078	29,930
Operating profit	3,834	3,529
Non-operating income		
Interest income	60	43
Dividend income	322	512
Rental income	51	50
Share of profit of entities accounted for using equity method	1,241	728
Foreign exchange gains	335	76
Other	210	271
Total non-operating income	2,222	1,683
Non-operating expenses		
Interest expenses	81	81
Brand fee expense	113	124
Outsourcing expenses	20	862
Other	267	318
Total non-operating expenses	483	1,387
Ordinary profit	5,573	3,825
Extraordinary income		
Gain on sales of non-current assets	4	6
Gain on sales of shares of subsidiaries and associates	–	10,135
Gain on sales of investment securities	186	26
Total extraordinary income	190	10,168
Extraordinary losses		
Loss on disposal of non-current assets	21	103
Loss on valuation of investment securities	–	311
Impairment loss	–	19
Extra retirement payments	–	911
Total extraordinary losses	21	1,345
Profit before income taxes	5,742	12,648
Income taxes - current	1,507	7,621
Income taxes - deferred	155	(2,312)
Total income taxes	1,662	5,309
Profit	4,079	7,338
Profit attributable to owners of parent	4,079	7,338

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	4,079	7,338
Other comprehensive income		
Valuation difference on available-for-sale securities	(804)	(536)
Deferred gains or losses on hedges	(2)	0
Foreign currency translation adjustment	104	(867)
Remeasurements of defined benefit plans, net of tax	128	(228)
Share of other comprehensive income of entities accounted for using equity method	(29)	77
Total other comprehensive income	(603)	(1,554)
Comprehensive income	3,475	5,784
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,475	5,784
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,484	11,538	69,514	(16,373)	77,164
Changes during period					
Dividends of surplus			(1,749)		(1,749)
Profit attributable to owners of parent			4,079		4,079
Purchase of treasury shares				(2)	(2)
Increase by merger			138		138
Decrease by business combination					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,468	(2)	2,466
Balance at end of period	12,484	11,538	71,983	(16,375)	79,630

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,684	2	1,606	(1,123)	4,170	81,334
Changes during period						
Dividends of surplus						(1,749)
Profit attributable to owners of parent						4,079
Purchase of treasury shares						(2)
Increase by merger						138
Decrease by business combination						
Net changes in items other than shareholders' equity	(839)	(2)	104	134	(603)	(603)
Total changes during period	(839)	(2)	104	134	(603)	1,862
Balance at end of period	2,844	0	1,711	(988)	3,566	83,197

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,484	11,538	71,983	(16,375)	79,630
Changes during period					
Dividends of surplus			(1,930)		(1,930)
Profit attributable to owners of parent			7,338		7,338
Purchase of treasury shares				(1)	(1)
Increase by merger					
Decrease by business combination			(31)		(31)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	5,376	(1)	5,375
Balance at end of period	12,484	11,538	77,359	(16,376)	85,006

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,844	0	1,711	(988)	3,566	83,197
Changes during period						
Dividends of surplus						(1,930)
Profit attributable to owners of parent						7,338
Purchase of treasury shares						(1)
Increase by merger						
Decrease by business combination						(31)
Net changes in items other than shareholders' equity	(510)	0	(867)	(176)	(1,554)	(1,554)
Total changes during period	(510)	0	(867)	(176)	(1,554)	3,820
Balance at end of period	2,334	0	843	(1,165)	2,012	87,018

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	5,742	12,648
Depreciation	1,868	1,781
Impairment loss	–	19
Extra retirement payments	–	911
Increase (decrease) in allowance for doubtful accounts	289	662
Increase (decrease) in provision for product warranties	7	115
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2	8
Increase (decrease) in retirement benefit liability	291	66
Interest and dividend income	(383)	(556)
Interest expenses	81	81
Loss (gain) on sales of investment securities	(186)	(26)
Loss (gain) on sales of shares of subsidiaries and associates	–	(10,135)
Loss (gain) on valuation of investment securities	–	311
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	17	96
Share of loss (profit) of entities accounted for using equity method	(1,241)	(728)
Decrease (increase) in trade receivables	1,128	1,341
Decrease (increase) in inventories	(8,332)	6,023
Increase (decrease) in trade payables	(1,652)	(6,973)
Increase (decrease) in advances received	2,719	(1,438)
Increase (decrease) in accrued expenses	(385)	495
Increase (decrease) in deposits received	30	(279)
Increase (decrease) in accounts payable - other	(305)	(301)
Other, net	(528)	1,577
Subtotal	(835)	5,702
Interest and dividends received	654	827
Interest paid	(89)	(80)
Income taxes (paid) refund	(1,906)	(1,137)
Net cash provided by (used in) operating activities	(2,176)	5,312
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,101)	(1,424)
Proceeds from sales of property, plant and equipment	7	13
Purchase of intangible assets	(74)	(92)
Purchase of investment securities	(99)	–
Proceeds from sales of investment securities	167	208
Purchase of shares of subsidiaries and associates	(400)	(98)
Proceeds from sales of shares of subsidiaries and associates	–	21,525
Payments for investments in capital of subsidiaries and associates	–	(379)
Decrease (increase) in short-term loans receivable	0	(3)
Collection of long-term loans receivable	3	3
Other, net	5	20
Net cash provided by (used in) investing activities	(1,493)	19,772

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Proceeds from long-term borrowings	4,300	–
Repayments of long-term borrowings	(4,300)	–
Purchase of treasury shares	(2)	(1)
Dividends paid	(1,749)	(1,930)
Other, net	(33)	(33)
Net cash provided by (used in) financing activities	(1,785)	(1,964)
Effect of exchange rate change on cash and cash equivalents	111	(701)
Net increase (decrease) in cash and cash equivalents	(5,344)	22,419
Cash and cash equivalents at beginning of period	30,798	25,592
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	138	–
Cash and cash equivalents at end of period	25,592	48,011