

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 9, 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 03(3509)0444
 Senior Manager
 Scheduled date to file Quarterly Securities Report: November 9, 2020
 Scheduled date to commence dividend payments: December 2, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 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	%
Six months ended September 30, 2020	42,307	(29.0)	(315)	–	(705)	–	(1,052)	–
Six months ended September 30, 2019	59,586	0.2	1,637	1.1	2,405	(10.9)	1,620	(16.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	(43.59)		–	
Six months ended September 30, 2019	67.15		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2020	134,376		82,361		61.3	
As of March 31, 2020	154,283		87,018		56.4	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2020	–	42.50	–	42.50	85.00
Year ending March 31, 2021	–	37.50	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	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
Full year	92,000	(21.2)	(1,400)	–	(2,400)	–	(2,600)	–	(107.73)

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2020	29,977,106 shares	As of March 31, 2020	29,977,106 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	5,831,215 shares	As of March 31, 2020	5,841,960 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	24,138,213 shares	Six months ended September 30, 2019	24,135,385 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	47,907	37,304
Notes and accounts receivable - trade	36,064	28,419
Securities	104	638
Merchandise and finished goods	9,052	8,935
Work in process	26,877	24,699
Raw materials and supplies	67	61
Other	2,340	1,864
Allowance for doubtful accounts	(49)	(38)
Total current assets	122,364	101,887
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,014	39,032
Accumulated depreciation and impairment loss	(28,429)	(28,634)
Buildings and structures, net	10,584	10,397
Machinery, equipment and vehicles	24,224	24,455
Accumulated depreciation and impairment loss	(22,073)	(22,000)
Machinery, equipment and vehicles, net	2,151	2,454
Land	7,049	7,043
Leased assets	240	265
Accumulated depreciation and impairment loss	(150)	(148)
Leased assets, net	89	116
Construction in progress	135	78
Other	7,327	7,256
Accumulated depreciation and impairment loss	(6,797)	(6,756)
Other, net	529	500
Total property, plant and equipment	20,541	20,591
Intangible assets		
Other	561	535
Total intangible assets	561	535
Investments and other assets		
Investment securities	6,560	7,034
Long-term loans receivable	13	9
Deferred tax assets	3,142	3,183
Other	2,149	2,177
Allowance for doubtful accounts	(1,048)	(1,043)
Total investments and other assets	10,816	11,362
Total non-current assets	31,918	32,489
Total assets	154,283	134,376

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,279	17,360
Short-term borrowings	10,090	10,340
Income taxes payable	7,218	164
Accrued expenses	5,351	2,123
Provision for bonuses	–	1,005
Provision for product warranties	720	627
Advances received	6,403	5,255
Other	1,941	1,748
Total current liabilities	53,006	38,625
Non-current liabilities		
Long-term borrowings	4,300	4,050
Long-term accounts payable - other	5	5
Deferred tax liabilities	2	0
Provision for retirement benefits for directors (and other officers)	41	51
Retirement benefit liability	9,770	8,965
Asset retirement obligations	52	53
Other	85	263
Total non-current liabilities	14,258	13,390
Total liabilities	67,264	52,015
Net assets		
Shareholders' equity		
Share capital	12,484	12,484
Capital surplus	11,538	11,538
Retained earnings	77,359	72,273
Treasury shares	(16,376)	(16,346)
Total shareholders' equity	85,006	79,950
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,334	2,674
Deferred gains or losses on hedges	0	5
Foreign currency translation adjustment	843	795
Remeasurements of defined benefit plans	(1,165)	(1,065)
Total accumulated other comprehensive income	2,012	2,410
Total net assets	87,018	82,361
Total liabilities and net assets	154,283	134,376

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	59,586	42,307
Cost of sales	42,583	30,923
Gross profit	17,003	11,384
Selling, general and administrative expenses	15,366	11,700
Operating profit (loss)	1,637	(315)
Non-operating income		
Interest income	26	32
Dividend income	219	113
Rental income	24	22
Share of profit of entities accounted for using equity method	546	–
Foreign exchange gains	28	–
Subsidies for employment adjustment	–	222
Other	99	106
Total non-operating income	945	498
Non-operating expenses		
Interest expenses	40	43
Brand fee expense	56	0
Outsourcing expenses	–	485
Foreign exchange losses	–	50
Other	79	307
Total non-operating expenses	177	887
Ordinary profit (loss)	2,405	(705)
Extraordinary income		
Gain on sales of non-current assets	1	4
Total extraordinary income	1	4
Extraordinary losses		
Loss on disposal of non-current assets	24	31
Extra retirement payments	–	264
Total extraordinary losses	24	296
Profit (loss) before income taxes	2,383	(997)
Income taxes - current	817	238
Income taxes - deferred	(54)	(184)
Total income taxes	762	54
Profit (loss)	1,620	(1,052)
Profit (loss) attributable to owners of parent	1,620	(1,052)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	1,620	(1,052)
Other comprehensive income		
Valuation difference on available-for-sale securities	119	340
Deferred gains or losses on hedges	(0)	5
Foreign currency translation adjustment	(676)	(48)
Remeasurements of defined benefit plans, net of tax	63	100
Share of other comprehensive income of entities accounted for using equity method	(9)	–
Total other comprehensive income	(502)	398
Comprehensive income	1,117	(653)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,117	(653)
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	2,383	(997)
Depreciation	870	833
Extra retirement payments	–	264
Increase (decrease) in allowance for doubtful accounts	643	(16)
Increase (decrease) in provision for bonuses	–	1,005
Increase (decrease) in provision for product warranties	57	(92)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	10
Increase (decrease) in retirement benefit liability	(23)	(704)
Interest and dividend income	(246)	(146)
Interest expenses	40	43
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	22	27
Share of loss (profit) of entities accounted for using equity method	(546)	–
Decrease (increase) in trade receivables	(835)	7,644
Decrease (increase) in inventories	138	2,300
Increase (decrease) in trade payables	(1,011)	(3,970)
Increase (decrease) in advances received	(1,532)	(1,147)
Increase (decrease) in accrued expenses	(71)	(3,227)
Increase (decrease) in deposits received	(100)	(17)
Increase (decrease) in accounts payable - other	(159)	249
Other, net	1,375	547
Subtotal	1,007	2,606
Interest and dividends received	517	145
Interest paid	(40)	(44)
Income taxes paid	(645)	(7,067)
Extra retirement payments	–	(1,049)
Net cash provided by (used in) operating activities	838	(5,408)
Cash flows from investing activities		
Purchase of property, plant and equipment	(499)	(415)
Proceeds from sales of property, plant and equipment	1	6
Purchase of intangible assets	(43)	(89)
Proceeds from sales of investment securities	164	–
Purchase of shares of subsidiaries and associates	(98)	–
Payments for investments in capital of subsidiaries and associates	(379)	–
Decrease (increase) in short-term loans receivable	(2)	(0)
Collection of long-term loans receivable	1	3
Other, net	13	(75)
Net cash provided by (used in) investing activities	(843)	(571)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Dividends paid	(905)	(4,025)
Other, net	(16)	(16)
Net cash provided by (used in) financing activities	(922)	(4,042)
Effect of exchange rate change on cash and cash equivalents	(589)	(46)
Net increase (decrease) in cash and cash equivalents	(1,517)	(10,068)
Cash and cash equivalents at beginning of period	25,592	48,011
Cash and cash equivalents at end of period	24,074	37,943