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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 8, 2023

Company name: SHIBAURA MACHINE CO., LTD.

Stock exchange listing: Tokyo

Code number: 6104

URL: <https://www.shibaura-machine.co.jp>

Representative: Shigetomo Sakamoto

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Scheduled date of filing quarterly securities report: November 8, 2023

Scheduled date of commencing dividend payments: December 4, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

President and Chief Operating Officer

Public Relations & Investor Relations Department Senior
Manager

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

| | 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, 2023 | 81,915 | 39.0 | 8,164 | 388.6 | 9,035 | 318.9 | 14,359 | 677.1 |
| September 30, 2022 | 58,952 | 9.8 | 1,670 | (29.7) | 2,156 | (8.2) | 1,847 | 3.1 |

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 18,124 million [457.2%]
Six months ended September 30, 2022: ¥ 3,252 million [44.5%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| Six months ended September 30, 2023 | Yen 594.24 | Yen - |
| September 30, 2022 | 76.49 | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|--------------------------|----------------------------|----------------------------|------------------------|
| As of September 30, 2023 | Millions of yen 232,119 | Millions of yen 105,573 | 45.5 |
| March 31, 2023 | 205,100 | 89,118 | 43.5 |

(Reference) Equity: As of September 30, 2023: ¥ 105,573 million
As of March 31, 2023: ¥ 89,118 million

2. Dividends

| | Annual dividends | | | | |
|---|--------------------|--------------------|--------------------|----------|--------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2023 | - | 37.50 | - | 70.00 | 107.50 |
| Fiscal year ending March 31, 2024 | - | 70.00 | | | |
| Fiscal year ending March 31, 2024 (Forecast) | | | - | 70.00 | 140.00 |

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2024 :

| | |
|------------------------|-------|
| Commemorative dividend | - yen |
| Special dividend | - yen |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

| | 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 |
| Full year | 180,000 | 46.1 | 15,000 | 160.2 | 14,500 | 174.7 | 18,000 | 179.4 | 744.95 |

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

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

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

September 30, 2023: 26,977,106 shares

March 31, 2023: 26,977,106 shares

2) Number of treasury shares at the end of the period:

September 30, 2023: 2,809,845 shares

March 31, 2023: 2,814,565 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 24,164,533 shares

Six months ended September 30, 2022: 24,157,944 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 50,855 | 46,819 |
| Notes and accounts receivable - trade, and contract assets | 26,201 | 25,392 |
| Merchandise and finished goods | 39,086 | 52,330 |
| Work in process | 41,142 | 45,703 |
| Raw materials and supplies | 46 | 42 |
| Other | 16,016 | 16,174 |
| Allowance for doubtful accounts | (60) | (69) |
| Total current assets | 173,288 | 186,393 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 36,484 | 47,756 |
| Accumulated depreciation and impairment | (27,266) | (27,775) |
| Buildings and structures, net | 9,217 | 19,980 |
| Machinery, equipment and vehicles | 24,248 | 24,836 |
| Accumulated depreciation and impairment | (21,177) | (21,499) |
| Machinery, equipment and vehicles, net | 3,071 | 3,337 |
| Land | 6,643 | 6,717 |
| Leased assets | 783 | 1,329 |
| Accumulated depreciation and impairment | (425) | (513) |
| Leased assets, net | 357 | 816 |
| Construction in progress | 448 | 984 |
| Other | 7,190 | 7,288 |
| Accumulated depreciation and impairment | (6,651) | (6,780) |
| Other, net | 538 | 508 |
| Total property, plant and equipment | 20,277 | 32,344 |
| Intangible assets | | |
| Other | 821 | 772 |
| Total intangible assets | 821 | 772 |
| Investments and other assets | | |
| Investment securities | 8,214 | 10,941 |
| Long-term loans receivable | 4 | 3 |
| Deferred tax assets | 1,497 | 516 |
| Other | 1,505 | 1,671 |
| Allowance for doubtful accounts | (508) | (524) |
| Total investments and other assets | 10,712 | 12,608 |
| Total non-current assets | 31,812 | 45,725 |
| Total assets | 205,100 | 232,119 |

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 36,544 | 41,685 |
| Short-term borrowings | 14,011 | 11,383 |
| Income taxes payable | 521 | 2,409 |
| Accrued expenses | 2,468 | 3,079 |
| Provision for bonuses | 1,904 | 1,999 |
| Provision for product warranties | 1,033 | 921 |
| Contract liabilities | 48,755 | 51,143 |
| Other | 1,761 | 1,821 |
| Total current liabilities | 107,001 | 114,443 |
| Non-current liabilities | | |
| Long-term accounts payable - other | 5 | 5 |
| Deferred tax liabilities | 0 | 2,721 |
| Provision for retirement benefits for directors (and other officers) | 48 | 23 |
| Retirement benefit liability | 8,392 | 8,366 |
| Asset retirement obligations | 361 | 361 |
| Other | 172 | 624 |
| Total non-current liabilities | 8,981 | 12,103 |
| Total liabilities | 115,982 | 126,546 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 12,484 | 12,484 |
| Capital surplus | 11,538 | 11,538 |
| Retained earnings | 64,594 | 77,270 |
| Treasury shares | (7,889) | (7,876) |
| Total shareholders' equity | 80,727 | 93,417 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,065 | 6,012 |
| Foreign currency translation adjustment | 4,478 | 6,315 |
| Remeasurements of defined benefit plans | (152) | (172) |
| Total accumulated other comprehensive income | 8,390 | 12,155 |
| Total net assets | 89,118 | 105,573 |
| Total liabilities and net assets | 205,100 | 232,119 |

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

| | For the six months ended September 30, 2022 | For the six months ended September 30, 2023 |
|--|--|--|
| Net sales | 58,952 | 81,915 |
| Cost of sales | 40,799 | 55,494 |
| Gross profit | 18,152 | 26,421 |
| Selling, general and administrative expenses | 16,481 | 18,256 |
| Operating profit | 1,670 | 8,164 |
| Non-operating income | | |
| Interest income | 44 | 181 |
| Dividend income | 201 | 227 |
| Rental income | 26 | 23 |
| Foreign exchange gains | 409 | 566 |
| Other | 158 | 148 |
| Total non-operating income | 840 | 1,149 |
| Non-operating expenses | | |
| Interest expenses | 69 | 90 |
| Outsourcing expenses | 48 | 36 |
| Other | 237 | 152 |
| Total non-operating expenses | 355 | 278 |
| Ordinary profit | 2,156 | 9,035 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 1 | 10,789 |
| Gain on sale of investment securities | - | 68 |
| Total extraordinary income | 1 | 10,857 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 9 | 10 |
| Loss on valuation of investments in capital of subsidiaries and associates | 194 | - |
| Total extraordinary losses | 203 | 10 |
| Profit before income taxes | 1,954 | 19,882 |
| Income taxes - current | 598 | 2,610 |
| Income taxes - deferred | (492) | 2,912 |
| Total income taxes | 106 | 5,522 |
| Profit | 1,847 | 14,359 |
| Profit attributable to owners of parent | 1,847 | 14,359 |

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

| | For the six months ended September 30, 2022 | For the six months ended September 30, 2023 |
|--|--|--|
| Profit | 1,847 | 14,359 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (532) | 1,947 |
| Foreign currency translation adjustment | 1,889 | 1,837 |
| Remeasurements of defined benefit plans, net of tax | 46 | (19) |
| Total other comprehensive income | 1,404 | 3,764 |
| Comprehensive income | 3,252 | 18,124 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 3,252 | 18,124 |
| Comprehensive income attributable to non-controlling interests | - | - |

Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

| | For the six months ended September 30, 2022 | For the six months ended September 30, 2023 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,954 | 19,882 |
| Depreciation | 1,042 | 1,022 |
| Increase (decrease) in allowance for doubtful accounts | 19 | 25 |
| Increase (decrease) in provision for bonuses | (21) | 95 |
| Increase (decrease) in provision for product warranties | 224 | (111) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (20) | (25) |
| Increase (decrease) in retirement benefit liability | 68 | (46) |
| Interest and dividend income | (246) | (409) |
| Interest expenses | 69 | 90 |
| Loss (gain) on sale of investment securities | - | (68) |
| Loss on valuation of investments in capital of subsidiaries and affiliates | 194 | - |
| Loss (gain) on sale and retirement of property, plant and equipment and intangible assets | 8 | (10,778) |
| Decrease (increase) in trade receivables | (594) | 809 |
| Decrease (increase) in inventories | (13,114) | (17,800) |
| Increase (decrease) in trade payables | 5,543 | 5,023 |
| Increase (decrease) in contract liabilities | 5,751 | 2,345 |
| Increase (decrease) in accrued expenses | 443 | 598 |
| Increase (decrease) in deposits received | 82 | 74 |
| Increase (decrease) in accounts payable - other | 344 | 35 |
| Other, net | (3,384) | (820) |
| Subtotal | (1,635) | (59) |
| Interest and dividends received | 240 | 451 |
| Interest paid | (50) | (55) |
| Income taxes refund (paid) | (660) | (397) |
| Net cash provided by (used in) operating activities | (2,106) | (60) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,303) | (1,234) |
| Proceeds from sale of property, plant and equipment | 1 | 1 |
| Purchase of intangible assets | (213) | (24) |
| Proceeds from sale of investment securities | - | 115 |
| Decrease (increase) in short-term loans receivable | 0 | 4 |
| Proceeds from collection of long-term loans receivable | 0 | 0 |
| Other, net | (68) | 47 |
| Net cash provided by (used in) investing activities | (1,583) | (1,088) |
| Cash flows from financing activities | | |
| Proceeds from short-term borrowings | 20 | 638 |
| Repayments of long-term borrowings | (250) | (3,300) |
| Purchase of treasury shares | (0) | (0) |
| Dividends paid | (905) | (1,691) |
| Other, net | (66) | (146) |
| Net cash provided by (used in) financing activities | (1,201) | (4,499) |
| Effect of exchange rate change on cash and cash equivalents | 1,676 | 1,613 |
| Net increase (decrease) in cash and cash equivalents | (3,214) | (4,035) |
| Cash and cash equivalents at beginning of period | 51,710 | 50,855 |
| Cash and cash equivalents at end of period | 48,496 | 46,819 |