

# Sumitomo Heavy Industries, Ltd.

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## CONSOLIDATED FINANCIAL REPORT

For the Three-Month Period from April 1 to June 30, 2020

*All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document has been translated from the Japanese original as a guide to non-Japanese investors, and contains forward-looking statements that are based on management's estimates, assumptions, and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Amounts shown in this financial statement have been rounded to the nearest million yen.*

**Summary of Consolidated Financial Results**  
**For the Three-Month Period from April 1 to June 30, 2020**  
 Presented July 31, 2020

**Sumitomo Heavy Industries, Ltd.**

|  |   |
|--|---|
| Listed exchanges   | Tokyo Stock Exchange  |
| Stock code   | 6302  |
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| Scheduled date for submitting quarterly report                               | August 7, 2020  |
| Scheduled date of payment of cash dividends                                  | —   |
| Availability of supplementary explanations for quarterly financial statement | No  |
| Holding of meeting to explain quarterly financial statement                  | No  |

**1. FY2020 First Quarter Consolidated Results (April 1, 2020, to June 30, 2020)**

**(1) Business Results**

(Units: millions of yen)

|   | First Quarter<br>April 1 to June 30, 2020 |          | First Quarter<br>April 1 to June 30, 2019 |          |
|---|---|----------|---|----------|
|   |   | % change |   | % change |
| Net sales   | 180,657                                   | (11.5)   | 204,181                                   | 0.7      |
| Operating profit  | 7,006                                     | (48.2)   | 13,531                                    | (21.4)   |
| Ordinary profit   | 5,693                                     | (57.3)   | 13,339                                    | (21.7)   |
| Profit attributable to owners of parent                     | 2,603                                     | (70.8)   | 8,907                                     | (18.1)   |
| Profit attributable to owners of parent ratio (yen)         | 21.25                                     |          | 72.69                                     |          |
| Fully diluted profit attributable to owners of parent ratio | —   |          | —   |          |

Note: Comprehensive income:

Fiscal quarter ended June 30, 2020: (2,566) million yen, (— %)

Fiscal quarter ended June 30, 2019: 10,057 million yen, (128.2%)

## (2) Financial Position

(Units: millions of yen)

|                  | End of First Quarter<br>As of June 30, 2020 | End of Previous Full Year<br>March 31, 2020 |
|------------------|---|---|
| Total assets     | 980,386                                     | 996,111                                     |
| Total net assets | 471,438                                     | 477,648                                     |
| Equity ratio (%) | 46.8  | 46.6  |

Reference: Equity:

Fiscal quarter ended June 30, 2020: 459,115million yen

Fiscal year ended March 31, 2020: 464,457 million yen

(Note) In the three months ended June 30, 2020, a provisional accounting treatment related to a business combination was finalized and consolidated financial statements for the previous consolidated fiscal year reflect the finalized provisional accounting treatment.

## 2. Dividends

(Unit: yen)

|                            | Year Ended March 31,<br>2020 | Year Ending March 31,<br>2021 | Year Ending March 31,<br>2021 (forecast) |
|----------------------------|------------------------------|-------------------------------|--|
| Annual dividends per share |                              |                               |  |
| First quarter              | —                            | —                             | —  |
| Second quarter             | 56                           | —                             | —  |
| Third quarter              | —                            | —                             | —  |
| End of term                | 35                           | —                             | —  |
| Annual dividends           | 91                           | —                             | —  |

(Note) Dividends forecasts for the fiscal year ending March 31, 2021 remain undetermined due to difficulty in calculating forecasts for the full-year consolidated results as of now.

## 3. FY2020 Consolidated Forecasts (April 1, 2020, to March 31, 2021)

(Units: millions of yen)

|   | Full Year<br>April 1, 2020, to March 31, 2021 |
|---|---|
|   | % change                                      |
| Net sales   |   |
| Operating profit                                    |   |
| Ordinary profit                                     |   |
| Profit attributable to owners of parent             |   |
| Profit attributable to owners of parent ratio (yen) |   |

With regard to forecasts for consolidated results for the fiscal year ending March 31, 2021, due to the impact of the global COVID-19 pandemic, we currently have difficulty in making a reasonable estimate of such results and therefore the forecasts remain undetermined. We will promptly disclose the forecasts when it becomes possible to calculate them.

## Additional Notes

- (1) Transfers of important subsidiaries during the three months ended June 30, 2020: None  
(moves of specific subsidiaries due to change in scope of consolidation)
- Newly consolidated: —  
Excluded from consolidation: —
- (2) Special accounting measures applied in the quarterly consolidated financial report: Applicable
- (3) Changes to accounting policies, changes to accounting estimates, and retrospective restatements
- (i) Changes to accounting policies due to revisions to accounting standards: None  
(ii) Changes to accounting policies not otherwise stated in (i): None  
(iii) Changes to accounting estimates: None  
(iv) Retrospective restatements: None
- (4) Number of shares issued (share capital)
- (i) Number of shares issued at end of fiscal period (including treasury shares):
- |                      |                    |
|----------------------|--------------------|
| As of June 30, 2020  | 122,905,481 shares |
| As of March 31, 2020 | 122,905,481 shares |
- (ii) Number of treasury shares at end of fiscal period:
- |                      |                |
|----------------------|----------------|
| As of June 30, 2020  | 389,796 shares |
| As of March 31, 2020 | 389,392 shares |
- (iii) Average number of shares during fiscal period (cumulative quarterly period):
- |                     |                    |
|---------------------|--------------------|
| As of June 30, 2020 | 122,515,795 shares |
| As of June 30, 2019 | 122,524,923 shares |

\* The Quarterly Summary of Financial Results is not subject to the Quarterly Review by a Certified Public Accountant or an Independent Auditor

### Explanations and Other Special Items regarding the Pertinent Reasons for the Earnings Forecast

Earnings forecasts and outlooks concerning future financial results are believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast and outlook due to a variety of factors. For information on the assumptions that form the basis of the earnings forecast and items to note concerning the use of earnings forecasts, please refer to the *Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates* in the *Supplementary Materials* section beginning on page 5.

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# **I. Qualitative Information regarding Current Quarterly Consolidated Business Performance**

## **1. Explanation of Business Performance**

As for the business environment surrounding the Group during the first quarter of the current consolidated fiscal year under review, the spread of COVID-19 infections resulted in issuance of a declaration of an emergency situation in Japan, which dampened various activities, and turning to overseas regions, pandemic lockdowns were enforced, leading to a deterioration in the economic environment. These and other factors prompted a global downturn in demand for machinery. Also, uncertainty over the global economy increased mainly due to escalation of trade disputes between the US and China, ongoing geopolitical risks, fluctuations in oil prices and their slump in addition to the aforementioned factors.

In this business environment, the Group moved forward with responsive measures to COVID-19, such as securing safety of employees and providing the maximum cooperation to meet social demands, and worked to implement a short-term business continuity plan (BCP) including maintenance of production in the case of an employee being infected, maintain the business amid declining orders, ensure continuation of factory operations, and carry out other activities.

Under these conditions, orders decreased in the Machinery Components, Precision Machinery and Construction Machinery segments and amounted to JPY174.7 billion, a 9% decrease as compared to the previous fiscal year. In addition, sales declined in all segments except for the Industrial Machinery and Environmental Facilities & Plants segments. In total, the Group posted a sales figure of JPY180.7 billion, a 12% decrease as compared to the previous fiscal year.

Turning to income, profits decreased in the Machinery Components, Construction Machinery and Ships segments. As a result, operating profit was JPY7.0 billion, a 48% decrease as compared to the previous fiscal year, and ordinary profit was JPY5.7 billion, a 57% decrease as compared to the previous fiscal year. Quarterly profit attributable to the shareholders of the parent company also decreased by 71% as compared to the previous fiscal year to finish at JPY2.6 billion.

Conditions in each business segment of the Group were as follows:

### **(i) Machinery Components**

Orders and sales decreased as the impact of spread of COVID-19 infections was seen all around the world. In addition, a decrease in sales resulted in operating loss. As a result, orders decreased by 4% as compared to the previous fiscal year to finish at JPY32.9 billion, while sales decreased by 11% as compared to the previous fiscal year to finish at JPY28.4 billion. Further, the segment posted operating loss of JPY0.2 billion.

### **(ii) Precision Machinery**

For the plastic machinery business, orders, sales and operating profit all decreased as there was a decline in demand from the electric and electronic sector in China and from Japan and Europe due partially to the spread of COVID-19 infections. With regard to other product areas, orders decreased as compared to the previous fiscal year, but sales and operating profit increased because demand for semiconductor-related products was strong. As a result, orders decreased by 21% as compared to the previous fiscal year to finish at JPY33.6 billion, sales came to JPY38.3 billion, down 9% from the previous fiscal year, and operating profit increased by 5% as compared to the previous fiscal year to finish at JPY3.6 billion.

### **(iii) Construction Machinery**

With regard to the hydraulic excavator business, the spread of COVID-19 infections dampened demand from across the world except for Japan, resulting in a decrease in all of orders, sales and operating profit. As the new coronavirus also impacted the mobile crane business, prompting a drop in demand, and a slump in oil prices resulted in weaker demand from the North America. Thus, orders, sales and operating profit all decreased. As a result of the above, orders across the segment decreased by 29% as compared to the previous fiscal year to finish at JPY50.1 billion, while sales decreased by 26% as compared to the previous fiscal year to finish at JPY52.3 billion. The segment posted an operating profit of JPY1.1 billion, an 81% decrease as compared to the previous fiscal year.

**(iv) Industrial Machinery**

With regard to the material handling business, order intake increased due to a rise in orders for large-scale projects, and both orders and operating profit increased because of a backlog of orders. For other product areas, the spread of COVID-19 infections dampened marketing activities, which, along with other factors, led to a decrease in orders, and because of a reduced backlog of orders from the previous fiscal year, sales also decreased. However, operating profit increased due to a change in a model composition in sales. As a result of the above, orders across the segment increased by 4% as compared to the previous fiscal year to finish at JPY21.3 billion, while sales increased by 22% as compared to the previous fiscal year to finish at JPY22.2 billion. The segment posted an operating profit of JPY1.9 billion, a 188% increase as compared to the previous fiscal year.

**(v) Ships**

Amid the continuing sluggish market during the first quarter of the current consolidated fiscal year under review, the segment booked an order for one new vessel, one vessel more than in the previous fiscal year. The segment delivered one vessel, one vessel more than in the previous fiscal year, but the number of ship repair projects declined, resulting in reduced sales and operating loss. As a result of the above, orders across the segment increased by 79% as compared to the previous fiscal year to finish at JPY7.9 billion, while sales decreased by 20% as compared to the previous fiscal year to finish at JPY7.6 billion. The segment also posted an operating loss of JPY1.2 billion.

**(vi) Environmental Facilities & Plants**

Orders in the energy plant business increased partly because orders were received for large-scale projects for biomass-fueled power generation plants in Europe, and sales and operating profit increased due primarily to a backlog of orders in Japan. With respect to the water treatment plant business, orders decreased partly because the number of projects for waste water treatment equipment declined from the previous fiscal year. However, sales and operating profit increased because of a backlog of orders. As a result of the above, orders across the segment increased by 55% as compared to the previous fiscal year to finish at JPY27.6 billion, while sales increased by 2% as compared to the previous fiscal year to finish at JPY30.5 billion. The segment posted an operating profit of JPY1.4 billion, a 63% increase as compared to the previous fiscal year.

**(vii) Others**

Orders decreased by 35% to JPY1.3 billion, sales decreased by 9% to JPY1.4 billion, and operating profit increased by 28% to JPY0.3 billion from the previous fiscal year, respectively.

## **2. Explanation of the Group's Consolidated Financial Position**

### **1. Condition of Assets, Liabilities, and Net Assets**

Total assets at the end of the first quarter of the current consolidated fiscal year under review (ended June 30, 2020) amounted to JPY980.4 billion, a decrease of JPY15.7 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to decreases of JPY21.6 billion in trade notes and accounts receivable and JPY6.5 billion in cash and deposits, while inventory assets increased by JPY10.7 billion.

Total liabilities declined to JPY508.9 billion, a decrease of JPY9.5 billion as compared to the end of the previous consolidated fiscal year. This was partly because notes and accounts payable – trade decreased by JPY13.4 billion.

Net assets amounted to JPY471.4 billion, a decrease of JPY6.2 billion as compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of JPY6.2 billion in foreign currency translation adjustments.

As a result of the above, the shareholders' equity ratio increased by 0.2 points from the end of the previous consolidated fiscal year to finish at 46.8%.

## **2. Cash Flow Condition**

Cash and cash equivalents at the end of the first quarter of the current consolidated fiscal year under review came to JPY77.7 billion, a decrease of JPY6.0 billion from the end of the previous consolidated fiscal year. Cash flows for the three months ended June 30, 2020 and the factors contributing to increases or decreases in cash flows are as follows.

### **(Cash Flow from Operating Activities)**

Cash flow from operating activities increased by JPY3.9 billion during the three months ended June 30, 2020 and decreased by JPY9.7 billion from the same period of the previous fiscal year. This is partly because a decrease in notes and accounts receivable slowed down and income before tax decreased, although there was a decrease in payment of corporate and other taxes.

### **(Cash Flow from Investing Activities)**

Cash flow from investing activities decreased by JPY13.4 billion during the three months ended June 30, 2020 and cash outflow increased by JPY4.6 billion from the same period of the previous fiscal year. This is partly attributable to an increase in expenses for acquiring the shares of, and money invested in, a subsidiary, which results in a change in the scope of consolidation.

### **(Cash Flow from Financing Activities)**

Cash flow from financing activities increased by JPY4.2 billion during the three months ended June 30, 2020 and cash inflow increased by JPY14.9 billion from the same period of the previous fiscal year. The main reason for the cash inflow was an increase in interest-bearing debts.

## **3. Explanation of the Consolidated Earnings Forecast and Other Forward-Looking Estimates**

With regard to forecasts for results for the fiscal year ending March 31, 2021, mainly the Machinery Components, Precision Machinery and Construction Machinery segments where a short lead time after order receipt is offered have been greatly affected by the global COVID-19 pandemic, and because currently there are a lot of uncertainties, we have difficulty in making a reasonable estimate of such results and therefore the forecasts remain undetermined. We will promptly disclose the forecasts when it becomes possible to calculate them.



## II. Quarterly Consolidated Financial Statements and Key Explanatory Notes

### 1. Quarterly Consolidated Balance Sheets

(Units: millions of yen)

|                                    | End of Full Year<br>As of March 31, 2020 | End of First Quarter<br>As of June 30, 2020 |
|------------------------------------|--|---|
|                                    | Amount                                   | Amount                                      |
| Assets                             |  |   |
| Current assets                     |  |   |
| Cash and deposits                  | 87,067                                   | 80,560                                      |
| Notes and accounts receivable      | 271,406                                  | 249,763                                     |
| Inventory assets                   | 200,978                                  | 211,656                                     |
| Other                              | 36,673                                   | 35,574                                      |
| Allowance for doubtful accounts    | (3,341)                                  | (3,250)                                     |
| Total current assets               | 592,784                                  | 574,304                                     |
| Fixed assets                       |  |   |
| Tangible fixed assets              |  |   |
| Land                               | 107,535                                  | 107,315                                     |
| Other (net)                        | 160,530                                  | 161,807                                     |
| Total tangible fixed assets        | 268,066                                  | 269,121                                     |
| Intangible fixed assets            |  |   |
| Goodwill                           | 28,831                                   | 30,948                                      |
| Other                              | 45,280                                   | 44,836                                      |
| Total intangible fixed assets      | 74,111                                   | 75,784                                      |
| Investments and other assets       |  |   |
| Other                              | 65,448                                   | 65,402                                      |
| Allowance for doubtful accounts    | (4,297)                                  | (4,225)                                     |
| Total investments and other assets | 61,151                                   | 61,177                                      |
| Total Fixed assets                 | 403,327                                  | 406,083                                     |
| Total assets                       | 996,111                                  | 980,386                                     |

(Units: millions of yen)

|   | End of Full Year<br>As of March 31, 2020 | End of First Quarter<br>As of June 30, 2020 |
|---|--|---|
|   | Amount                                   | Amount                                      |
| <b>Liabilities</b>                                    |  |   |
| <b>Current liabilities</b>                            |  |   |
| Notes and accounts payable - trade                    | 158,489                                  | 145,140                                     |
| Short-term loans payable                              | 28,139                                   | 35,798                                      |
| Current portion of long-term loans payable            | 4,499                                    | 4,493                                       |
| Commercial Papers                                     | 35,000                                   | 32,000                                      |
| Provision for construction warranties                 | 13,742                                   | 13,004                                      |
| Other provision amount                                | 4,233                                    | 4,047                                       |
| Other   | 121,554                                  | 117,781                                     |
| <b>Total current liabilities</b>                      | <b>365,657</b>                           | <b>352,262</b>                              |
| <b>Fixed Liabilities</b>                              |  |   |
| Bonds payable   | 30,000                                   | 30,000                                      |
| Long-term debt due after one year                     | 27,032                                   | 32,163                                      |
| Allowance   | 154                                      | 153   |
| Defined benefit liability                             | 53,628                                   | 53,134                                      |
| Deferred income taxes on revaluation                  | 20,628                                   | 20,628                                      |
| Other   | 21,365                                   | 20,609                                      |
| <b>Total non-current liabilities</b>                  | <b>152,806</b>                           | <b>156,686</b>                              |
| <b>Total liabilities</b>                              | <b>518,463</b>                           | <b>508,948</b>                              |
| <b>Net assets</b>                                     |  |   |
| <b>Shareholders' equity</b>                           |  |   |
| Capital stock   | 30,872                                   | 30,872                                      |
| Capital surplus                                       | 26,070                                   | 26,070                                      |
| Retained earnings                                     | 367,229                                  | 366,984                                     |
| Treasury shares                                       | (1,080)                                  | (1,081)                                     |
| <b>Total Shareholders' equity</b>                     | <b>423,091</b>                           | <b>422,845</b>                              |
| <b>Accumulated other comprehensive income</b>         |  |   |
| Valuation difference on available-for-sale securities | 2,410                                    | 3,253                                       |
| Deferred gains or losses on hedges                    | (532)                                    | (383)                                       |
| Revaluation reserve for land                          | 40,626                                   | 40,626                                      |
| Foreign currency translation adjustments              | 4,911                                    | (1,326)                                     |

|  | End of Full Year<br>As of March 31, 2020 | End of First Quarter<br>As of June 30, 2020 |
|--|--|---|
|  | Amount                                   | Amount                                      |
| Remeasurements of defined benefit plans      | (6,049)                                  | (5,900)                                     |
| Total accumulated other comprehensive income | 41,366                                   | 36,270                                      |
| Non-controlling interests                    | 13,191                                   | 12,323                                      |
| Total net assets                             | 477,648                                  | 471,438                                     |
| Total liabilities and net assets             | 996,111                                  | 980,386                                     |

## 2. Quarterly Consolidated Income Statements and Quarterly Consolidated Statement of Comprehensive Income

### Quarterly Consolidated Income Statements

Three months ended June 30, 2020

(Units: millions of yen)

|   | Previous First Quarter<br>April 1, 2019 to<br>June 30, 2019 | Present First Quarter<br>April 1, 2020 to<br>June 30, 2020 |
|---|---|--|
|   | Amount  | Amount   |
| Net sales                                       | 204,181   | 180,657  |
| Cost of sales                                   | 156,592   | 140,755  |
| Gross income                                    | 47,589  | 39,901   |
| Selling, general and administrative expenses    | 34,058  | 32,895   |
| Operating profit                                | 13,531  | 7,006  |
| Non-operating profit                            |   |  |
| Interest income                                 | 223   | 221  |
| Dividend income                                 | 400   | 199  |
| Other   | 598   | 452  |
| Total non-operating profit                      | 1,221   | 872  |
| Non-operating expenses                          |   |  |
| Interest expenses                               | 247   | 284  |
| Foreign exchange losses                         | 361   | 1,025  |
| Other   | 804   | 876  |
| Total non-operating expenses                    | 1,412   | 2,185  |
| Ordinary profit                                 | 13,339  | 5,693  |
| Profit before income taxes                      | 13,339  | 5,693  |
| Income taxes                                    | 3,826   | 2,964  |
| Profit  | 9,513   | 2,729  |
| Profit attributable to no-controlling interests | 606   | 126  |
| Profit attributable to owners of parent         | 8,907   | 2,603  |

**Quarterly Consolidated Statement of Comprehensive Income**  
**Three months ended June 30, 2020**

(Units: millions of yen)

|   | Previous First Quarter<br>April 1, 2019 to June 30, 2019 | Present First Quarter<br>April 1, 2020 to June 30, 2020 |
|---|--|---|
|   | Amount   | Amount  |
| Profit  | 9,513  | 2,729   |
| Other comprehensive income  |  |   |
| Valuation difference on available-for-sale securities                             | (362)  | 843   |
| Deferred gains or losses on hedges  | 267  | 148   |
| Foreign currency translation adjustments  | 415  | (6,433)   |
| Adjustment to retirement benefits   | 222  | 144   |
| Share of other comprehensive income of entities accounted for using equity method | 2  | 2   |
| Total other comprehensive income  | 544  | (5,296)   |
| Comprehensive income  | 10,057   | (2,566)   |
| (Breakdown)   |  |   |
| Quarterly comprehensive income attributable to owners of parent                   | 9,430  | (2,493)   |
| Quarterly comprehensive income attributable to non-controlling interests          | 627  | (74)  |

### **3. Items of Special Note Concerning the Quarterly Consolidated Financial Statements**

#### **(Significant Events or Conditions that Question the Premise of a Going Concern)**

There are no applicable items.

#### **(Notes regarding Significant Fluctuations to Shareholders' Equity)**

There are no applicable items.

#### **(Application of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements)**

(Calculation of tax expenses)

The effective tax rate expected to be imposed on pretax profit (after tax effect accounting) applicable to the consolidated fiscal year in which the first quarter of the current consolidated fiscal year under review is included was estimated based on reasonable assumptions, and tax expenses were calculated by multiplying the quarterly pretax profit by the estimated effective tax rate.

#### **(Changes to Accounting Policies)**

There are no applicable items.

#### **(Subsequent Events of Significant Importance)**

There are no applicable items.

### III. Supplemental Information

#### 1. Orders Received, Sales, and Balance of Orders Received, by Segment

##### (1) Orders Received

(Units: millions of yen)

| Segment                           | April 1, 2019 to<br>June 30, 2019 | April 1, 2020 to<br>June 30, 2020 | Y/Y Change |        |
|-----------------------------------|-----------------------------------|-----------------------------------|------------|--------|
|                                   | Amount                            | Amount                            | Amount     | %      |
| Machinery Components              | 34,085                            | 32,868                            | (1,217)    | (3.6)  |
| Precision Machinery               | 42,527                            | 33,634                            | (8,893)    | (20.9) |
| Construction Machinery            | 70,567                            | 50,132                            | (20,435)   | (29.0) |
| Industrial Machinery              | 20,413                            | 21,305                            | 893        | 4.4    |
| Ships                             | 4,406                             | 7,898                             | 3,492      | 79.3   |
| Environmental Facilities & Plants | 17,791                            | 27,561                            | 9,770      | 54.9   |
| Others                            | 2,015                             | 1,317                             | (697)      | (34.6) |
| Total                             | 191,804                           | 174,716                           | (17,087)   | (8.9)  |

##### (2) Sales and operating profit/loss

(Units: millions of yen)

| Segment                           | April 1, 2019 to<br>June 30, 2019 |                          | April 1, 2020 to<br>June 30, 2020 |                          | Y/Y Change |                          |
|-----------------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|------------|--------------------------|
|                                   | Sales                             | Operating<br>profit/loss | Sales                             | Operating<br>profit/loss | Sales      | Operating<br>profit/loss |
| Machinery Components              | 31,912                            | 1,881                    | 28,395                            | (190)                    | (3,517)    | (2,070)                  |
| Precision Machinery               | 41,923                            | 3,441                    | 38,290                            | 3,605                    | (3,633)    | 163                      |
| Construction Machinery            | 71,151                            | 5,792                    | 52,325                            | 1,124                    | (18,825)   | (4,668)                  |
| Industrial Machinery              | 18,235                            | 644                      | 22,172                            | 1,857                    | 3,937      | 1,213                    |
| Ships                             | 9,452                             | 621                      | 7,574                             | (1,177)                  | (1,878)    | (1,798)                  |
| Environmental Facilities & Plants | 29,954                            | 886                      | 30,493                            | 1,449                    | 540        | 562                      |
| Others                            | 1,554                             | 286                      | 1,407                             | 433                      | (147)      | 147                      |
| Adjustment                        | —                                 | (21)                     | —                                 | (94)                     | —          | (73)                     |
| Total                             | 204,181                           | 13,531                   | 180,657                           | 7,006                    | (23,525)   | (6,524)                  |

### (3) Balance of Orders Received

(Units: millions of yen)

| Segment                           | End of Full Year<br>As of March 31, 2020 | April 1, 2020 to<br>June 30, 2020 | Y/Y Change     |              |
|-----------------------------------|--|-----------------------------------|----------------|--------------|
|                                   | Amount                                   | Amount                            | Amount         | %            |
| Machinery Components              | 33,419                                   | 37,891                            | 4,473          | 13.4         |
| Precision Machinery               | 87,101                                   | 82,444                            | (4,656)        | (5.3)        |
| Construction Machinery            | 59,063                                   | 56,870                            | (2,193)        | (3.7)        |
| Industrial Machinery              | 97,754                                   | 96,888                            | (866)          | (0.9)        |
| Ships                             | 37,135                                   | 37,460                            | 324            | 0.9          |
| Environmental Facilities & Plants | 246,087                                  | 243,155                           | (2,932)        | (1.2)        |
| Others                            | 1,296                                    | 1,207                             | (89)           | (6.9)        |
| <b>Total</b>                      | <b>561,855</b>                           | <b>555,915</b>                    | <b>(5,940)</b> | <b>(1.1)</b> |

Business segments of the Company are categorized as follows.

| Businesses                        | Main Products  |
|-----------------------------------|--|
| Machinery Components              | Power transmission, control equipment, motors, inverters   |
| Precision Machinery               | Plastics machinery, film forming machines, semiconductor production equipment, laser processing systems, cryogenic equipment, precision positioning equipment, precision forgings, control components, defense equipment, machining tools                            |
| Construction Machinery            | Hydraulic excavators, mobile cranes, road machinery  |
| Industrial Machinery              | Ion accelerators, medical machines and equipment, forging press machines, material handling systems, logistics systems, automated parking systems, turbines, pumps   |
| Ships                             | Ships  |
| Environmental Facilities & Plants | Private power generation facilities, boilers, industrial waste treatment facilities, air pollution control equipment, water and sewage treatment systems, process equipment, pressure vessels, mixing vessels, air-conditioning equipment, food processing machinery |



## 2. (Summary) Quarterly Consolidated Cash Flows Statement

(Units: millions of yen)

|  | Previous First<br>Quarter<br>April 1, 2019 to<br>June 30, 2019 | Present First<br>Quarter<br>April 1, 2020 to<br>June 30, 2020 | Y/Y Change |
|--|--|---|------------|
| Profit before income taxes                                   | 13,339   | 5,693   | (7,646)    |
| Depreciation   | 6,896  | 7,362   | 465        |
| (Increase) decrease in notes and accounts<br>receivable      | 31,863   | 21,695  | (10,167)   |
| (Increase) decrease in inventories                           | (18,020)   | (10,883)  | 7,137      |
| Increase (decrease) in notes and accounts<br>payable - trade | (7,222)  | (12,963)  | (5,741)    |
| Payments for income taxes                                    | (11,660)   | (3,649)   | 8,012      |
| Other  | (1,612)  | (3,360)   | (1,747)    |
| Cash flows from operating activities                         | 13,583   | 3,896   | (9,687)    |
| Purchase of fixed assets                                     | (10,349)   | (8,547)   | 1,802      |
| Other  | 1,483  | (4,883)   | (6,367)    |
| Cash flows from investing activities                         | (8,865)  | (13,430)  | (4,565)    |
| Increase (decrease) in loans payable                         | (2,259)  | 9,448   | 11,707     |
| Cash dividends paid  | (7,373)  | (4,158)   | 3,215      |
| Other  | (1,122)  | (1,135)   | (13)       |
| Cash flows from financing activities                         | (10,754)   | 4,155   | 14,909     |
| Other  | 973  | (595)   | (1,567)    |
| Cash and cash equivalents at beginning of year               | 69,776   | 83,630  | 13,854     |
| Cash and cash equivalents at end of quarter                  | 64,712   | 77,656  | 12,944     |