

Consolidated Financial Results for the Nine Months Ended December 31, 2019 (IFRS)

AMADA HOLDINGS CO., LTD.

Listed on the First Section of the TSE

Stock Code: 6113

(URL <https://www.amadaholdings.co.jp>)

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Scheduled date to file quarterly securities report: February 12, 2020

Scheduled date to commence dividend payments: —

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results briefing: Yes (for investment analysts and institutional investors)

(Amounts less than one million yen are truncated.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(1) Operating Results (Cumulative)

Percentages indicate year-on-year increase (decrease).

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
Nine months ended December 31, 2019	228,354	(3.1)	25,044	(16.8)	26,117	(15.4)	18,114	(16.9)	17,898
Nine months ended December 31, 2018	235,727	13.4	30,084	15.1	30,861	5.0	21,795	5.7	21,571

Note: Comprehensive income:

Nine months ended December 31, 2019:

¥17,261 millions (5.8) %

Nine months ended December 31, 2018:

¥18,318 millions (36.1) %

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2019	50.21	50.21
Nine months ended December 31, 2018	59.00	59.00

Note: In the first quarter ended June 30, 2019, the Company finalized a provisional accounting treatment related to business combinations.

The figures in nine months ended December 31, 2018, reflect the finalization of the provisional accounting treatment.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
As of December 31, 2019	570,917	443,051	439,108	76.9
As of March 31, 2019	567,861	445,280	441,431	77.7

Note: In the first quarter ended June 30, 2019, the Company finalized a provisional accounting treatment related to business combinations.

The figures in the fiscal year ended March 31, 2019, reflect the finalization of the provisional accounting treatment.

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	21.00	—	25.00	46.00
Fiscal year ended March 31, 2020	—	24.00	—		
Fiscal year ended March 31, 2020 (Forecast)				24.00	48.00

Notes: Revision to dividend forecasts most recently announced: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year increase (decrease)

	Revenue		Operating profit		Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
Fiscal year ending March 31, 2020 (Forecast)	320,000	(5.4)	34,500	(23.6)	24,500	(26.4)

Note: Revision to consolidated financial forecasts most recently announced: Yes

In the first quarter ended June 30, 2019, the Company finalized a provisional accounting treatment related to business combinations.

The figures in the fiscal year ended March 31, 2019, reflect the finalization of the provisional accounting treatment. Therefore, comparisons with the previous term are also done using the finalized figures.

4. Other Items

- (1) Changes in the scope of consolidation for significant subsidiaries during the nine months ended December 31, 2019: None
(Changes in specified subsidiaries resulting in change in the scope of consolidation)
- (2) Changes in accounting policies and changes in accounting estimates:
 - 1) Changes in accounting policies required by IFRS: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
- (3) Number of shares issued (common stock)
 - 1) Number of shares issued at end of period (including treasury shares)

As of December 31, 2019	368,115,217 shares
As of March 31, 2019	368,115,217 shares
 - 2) Number of treasury shares at end of period

As of December 31, 2019	12,979,177 shares
As of March 31, 2019	11,503,611 shares
 - 3) Average number of shares during period

Nine months ended December 31, 2019	356,449,061 shares
Nine months ended December 31, 2018	365,628,865 shares

*These quarterly consolidated financial results are outside the scope of the quarterly review procedures by a certified public accountant or an auditing firm.

* Explanation regarding the appropriate use of financial results forecast and other special notes

The consolidated financial forecasts mentioned in this document and other forward-looking statements are based on information available to and on certain reasonable assumptions by the Company as of today. Accordingly, actual results may differ significantly from the forecasts herein due to various factors.

Condensed Quarterly Consolidated Financial Statements and Primary Notes

Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen; amounts less than one million yen are truncated.)

Item	Period	As of March 31, 2019	As of December 31, 2019
(Assets)			
Current assets:			
Cash and cash equivalents		56,295	51,485
Trade and other receivables		140,965	117,505
Inventories		100,391	115,701
Other financial assets		19,939	12,345
Other current assets		9,571	11,560
Total current assets		327,164	308,598
Non-current assets:			
Property, plant and equipment		130,914	151,255
Goodwill		4,811	4,727
Intangible assets		14,623	14,942
Investments accounted for using equity method		1,638	1,855
Other financial assets		65,734	65,100
Deferred tax assets		13,953	13,182
Other non-current assets		9,021	11,255
Total non-current assets		240,697	262,319
Total asset		567,861	570,917

(Millions of yen; amounts less than one million yen are truncated.)

Item	Period	
	As of March 31, 2019	As of December 31, 2019
(Liabilities and Equity)		
Liabilities		
Current liabilities:		
Trade and other payables	65,917	55,587
Borrowings	5,366	16,235
Income taxes payable	7,918	2,112
Other financial liabilities	931	4,415
Provisions	1,900	1,822
Other current liabilities	23,961	23,638
Total current liabilities	105,997	103,811
Non-current assets:		
Borrowings	4,556	4,509
Other financial liabilities	2,907	10,169
Retirement benefit liability	2,855	2,906
Provisions	6	6
Deferred tax liabilities	2,198	2,605
Other non-current liabilities	4,060	3,858
Total non-current liabilities	16,584	24,055
Total liabilities	122,581	127,866
Equity		
Share capital	54,768	54,768
Capital surplus	153,119	153,111
Retained earnings	243,596	244,021
Treasury shares	(11,608)	(13,489)
Other components of equity	1,555	696
Total equity attributable to owners of parent	441,431	439,108
Non-controlling interests	3,848	3,942
Total equity	445,280	443,051
Total liabilities and equity	567,861	570,917

Condensed Quarterly Consolidated Statement of Profit or Loss

Nine months ended December 31, 2018 and 2019

(Millions of yen; amounts less than one million yen are truncated.)

Item	Period	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue		235,727	228,354
Cost of sales		(131,524)	(130,515)
Gross profit		104,203	97,839
Selling, general and administrative expenses		(74,679)	(73,559)
Other income		1,009	1,270
Other expenses		(448)	(505)
Operating profit		30,084	25,044
Finance income		1,208	1,489
Finance costs		(659)	(735)
Share of profit of investments accounted for using equity method		226	319
Profit before tax		30,861	26,117
Income tax expense		(9,065)	(8,003)
Profit		21,795	18,114
Profit attributable to:			
Owners of parent		21,571	17,898
Non-controlling interests		223	216
Profit		21,795	18,114
Earnings per share			
Basic earnings per share (Yen)		59.00	50.21
Diluted earnings per share (Yen)		59.00	50.21

Condensed Quarterly Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2018 and 2019

(Millions of yen; amounts less than one million yen are truncated.)

Item	Period	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit		21,795	18,114
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Equity financial assets measured at fair value through other comprehensive income		(1,441)	2,420
Total of items		(1,441)	2,420
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(1,964)	(3,226)
Debt financial assets measured at fair value through other comprehensive income		(36)	(23)
Share of other comprehensive income of investments accounted for using equity method		(33)	(22)
Total of items		(2,034)	(3,273)
Total other comprehensive income		(3,476)	(853)
Comprehensive income		18,318	17,261
Comprehensive income attributable to:			
Owners of parent		18,154	17,039
Non-controlling interests		164	221
Comprehensive income		18,318	17,261

Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

(Millions of yen; amounts less than one million yen are truncated.)

	Equity attributable to owners of parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				Total		
					Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total			
Balance at April 1, 2018	54,768	163,217	224,850	(11,695)	529	2,351	70	2,950	434,091	3,615	437,707
Profit	—	—	21,571	—	—	—	—	—	21,571	223	21,795
Other comprehensive income	—	—	—	—	(1,478)	(1,905)	(33)	(3,417)	(3,417)	(59)	(3,476)
Comprehensive income	—	—	21,571	—	(1,478)	(1,905)	(33)	(3,417)	18,154	164	18,318
Dividends	—	—	(15,729)	—	—	—	—	—	(15,729)	(158)	(15,887)
Purchase of treasury shares	—	—	—	(1,654)	—	—	—	—	(1,654)	—	(1,654)
Disposal of treasury shares (including through the exercise of share options)	—	0	—	0	—	—	—	—	0	—	0
Increase/(decrease) due to newly consolidated subsidiaries	—	—	—	—	—	—	—	—	—	77	77
Total transactions with owners	—	0	(15,729)	(1,654)	—	—	—	—	(17,384)	(80)	(17,465)
Balance at December 31, 2018	54,768	163,217	230,692	(13,349)	(949)	446	36	(466)	434,861	3,699	438,561

Nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(Millions of yen; amounts less than one million yen are truncated.)

	Equity attributable to owners of parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				Total		
					Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total			
Balance at April 1, 2019	54,768	153,119	243,596	(11,608)	651	888	15	1,555	441,431	3,848	445,280
Profit	—	—	17,898	—	—	—	—	—	17,898	216	18,114
Other comprehensive income	—	—	—	—	2,396	(3,231)	(22)	(858)	(858)	5	(853)
Comprehensive income	—	—	17,898	—	2,396	(3,231)	(22)	(858)	17,039	221	17,261
Dividends	—	—	(17,473)	—	—	—	—	—	(17,473)	(127)	(17,601)
Purchase of treasury shares	—	—	—	(1,900)	—	—	—	—	(1,900)	—	(1,900)
Disposal of treasury shares (including through the exercise of share options)	—	(7)	—	19	—	—	—	—	11	—	11
Increase/(decrease) due to newly consolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	—	(7)	(17,473)	(1,881)	—	—	—	—	(19,363)	(127)	(19,490)
Balance at December 31, 2019	54,768	153,111	244,021	(13,489)	3,047	(2,343)	(7)	696	439,108	3,942	443,051

Condensed Quarterly Consolidated Statement of Cash Flows

Nine months ended December 31, 2018 and 2019

(Millions of yen; amounts less than one million yen are truncated.)

Item	Period	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Cash flows from operating activities			
Profit before tax		30,861	26,117
Depreciation and amortization		9,121	11,877
Finance income and finance costs		(549)	(1,362)
Share of profit of investments accounted for using equity method		(226)	(319)
Loss (gain) on sales and retirement of fixed assets		169	46
Decrease (increase) in inventories		(18,591)	(15,516)
Decrease (increase) in trade and other receivables		15,123	23,019
Increase (decrease) in trade and other payables		1,449	(10,365)
Increase (decrease) in retirement benefit liability		(831)	(956)
Increase (decrease) in provisions		16	(59)
Other		(4,560)	2,672
Subtotal		31,981	35,155
Interest received		786	660
Dividends received		352	184
Interest paid		(104)	(94)
Income taxes paid		(13,968)	(16,353)
Net cash provided by (used in) operating activities		19,046	19,552
Cash flows from investing activities			
Net decrease (increase) in time deposits		(1,006)	6,101
Purchase of securities		(1,000)	—
Proceeds from sale of marketable securities		5,900	3,309
Purchase of investment securities		(5,803)	(3,254)
Proceeds from sale of investment securities		861	5,938
Purchase of property, plant and equipment		(10,728)	(20,276)
Proceeds from sale of property, plant and equipment		253	261
Purchase of intangible assets		(3,129)	(3,820)
Payments from purchase of shares of subsidiaries resulting in change in scope of consolidation		(12,513)	—
Other		133	(1,038)
Net cash provided by (used in) investing activities		(27,032)	(12,779)
Cash flows from financing activities			
Proceeds from short-term borrowings		380	—
Repayments of short-term borrowings		(431)	(143)
Net increase (decrease) in short-term borrowings		2,323	12,116
Proceeds from long-term borrowings		1,119	11
Repayments of long-term borrowings		(240)	(1,135)
Repayments of lease liabilities		(38)	(1,875)
Payments for purchase of treasury shares		(1,654)	(1,900)
Dividends paid		(15,718)	(17,533)
Dividends paid to non-controlling interests		(158)	(127)
Other		0	11
Net cash provided by (used in) financing activities		(14,418)	(10,575)
Effect of exchange rate changes on cash and cash equivalents		(875)	(1,007)
Effect of cash and cash equivalents included in assets held for sale		(109)	—
Net increase (decrease) in cash and cash equivalents		(23,389)	(4,810)
Cash and cash equivalents at beginning of period		80,464	56,295
Cash and cash equivalents at end of period		57,074	51,485

Segment Information

Nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

Millions of yen; amounts less than one million yen are truncated.)

	Metalworking Machinery	Metal Machine Tools	Other	Total	Reconciliations	Consolidated
Revenue						
Revenue from external customers	189,814	45,125	788	235,727	—	235,727
Intersegment revenue	5	6	—	11	(11)	—
Total	189,819	45,131	788	235,739	(11)	235,727
Segment profit	23,357	6,422	304	30,084	—	30,084
Finance income						1,208
Finance costs						(659)
Share of profit of investments accounted for using equity method						226
Profit before tax						30,861

Notes:

1. The “Other” classification refers to businesses not included within reportable segments. It principally comprises real estate leasing.
2. Segment profit is adjusted from operating profit.
3. In the first quarter ended June 30, 2019, the Company finalized a provisional accounting treatment related to business combinations.
The financial figures in nine months ended December 31, 2018, reflect the finalization of the provisional accounting treatment.

Nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

Millions of yen; amounts less than one million yen are truncated.)

	Metalworking Machinery	Metal Machine Tools	Other	Total	Reconciliations	Consolidated
Revenue						
Revenue from external customers	181,271	46,150	932	228,354	—	228,354
Intersegment revenue	5	3	—	8	(8)	—
Total	181,276	46,154	932	228,363	(8)	228,354
Segment profit	19,212	5,212	619	25,044	—	25,044
Finance income						1,489
Finance costs						(735)
Share of profit of investments accounted for using equity method						319
Profit before tax						26,117

Notes:

1. The “Other” classification refers to businesses not included within reportable segments. It principally comprises real estate leasing.
2. Segment profit is adjusted from operating profit.

Supplementary Information

Status of Orders Received and Sales (Consolidated)

1. Orders Received

(Millions of yen; amounts less than one million yen are truncated.)

Period Divisions	Nine months ended December 31, 2018				Nine months ended December 31, 2019			
	Orders received		Balance of outstanding orders		Orders received		Balance of outstanding orders	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%		%
Sheet Metal Division	174,937	70.5	67,566	70.1	166,197	71.3	64,533	75.2
Micro Welding Division	26,607	10.7	10,412	10.8	20,590	8.8	6,739	7.8
Cutting Division	28,528	11.5	5,842	6.1	26,996	11.6	5,118	6.0
Stamping Presses Division	10,816	4.4	8,648	9.0	14,548	6.2	7,303	8.5
Grinding Division	6,517	2.6	3,860	4.0	4,004	1.7	2,107	2.5
Others	787	0.3	3	0.0	930	0.4	—	—
Total	248,195	100.0	96,333	100.0	233,268	100.0	85,801	100.0

2. Sales Results

(Millions of yen; amounts less than one million yen are truncated.)

Period Divisions	Nine months ended December 31, 2018		Nine months ended December 31, 2019	
	Amount	Ratio	Amount	Ratio
		%		%
Sheet Metal Division	168,012	71.3	158,632	69.5
Micro Welding Division	21,801	9.2	22,639	9.9
Cutting Division	27,873	11.9	26,835	11.7
Stamping Presses Division	11,574	4.9	14,302	6.3
Grinding Division	5,677	2.4	5,013	2.2
Others	788	0.3	932	0.4
Total	235,727	100.0	228,354	100.0

Note: For “Status of Orders Received and Sales,” amounts exclude consumption tax.

Status of Sales revenue to Customers by Geographic Region

(Millions of yen; amounts less than one million yen are truncated.)

Period Regions	Nine months ended December 31, 2018		Nine months ended December 31, 2019		Percentage change
	Amount	Ratio	Amount	Ratio	
		%		%	%
Japan	98,798	41.9	99,718	43.7	0.9
Overseas	136,929	58.1	128,636	56.3	(6.1)
North America	48,609	20.6	50,732	22.2	4.4
Europe	45,012	19.1	42,599	18.6	(5.4)
Asia and other regions	43,307	18.4	35,304	15.5	(18.5)
Total	235,727	100.0	228,354	100.0	(3.1)