

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 5, 2019

Company name: Howa Machinery, Ltd.  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 6203 URL <http://www.howa.co.jp/>  
 Representative: President, Managing Director Takahiro Tsukamoto  
 Inquiries: Managing Director Hiromitsu Ishihara TEL 052-408-1001  
 Scheduled date to file Quarterly Securities Report: November 14, 2019  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	9,761	(3.4)	388	26.3	385	14.8	274	(4.9)
Six months ended September 30, 2018	10,108	9.9	307	–	335	–	288	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	22.18		–	
Six months ended September 30, 2018	23.15		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	24,269	15,147	62.4	1,222.67
As of March 31, 2019	24,354	15,279	62.7	1,232.96

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, 2019	–	0.00	–	20.00	20.00
Year ending March 31, 2020	–	0.00			
Year ending March 31, 2020 (Forecast)			–	20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	20,000	(10.4)	480	(53.8)	500	(54.9)	360	(68.2)	29.07

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019  
(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: Yes
- (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: Yes
- Changes in accounting estimates: Yes
- 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, 2019	12,548,134 shares	As of March 31, 2019	12,548,134 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	163,631 shares	As of March 31, 2019	163,445 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, 2019	12,384,573 shares	Six months ended September 30, 2018	12,472,461 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	3,338	3,008
Notes and accounts receivable - trade	7,425	5,656
Electronically recorded monetary claims - operating	1,057	2,455
Merchandise and finished goods	149	314
Work in process	4,191	4,748
Raw materials and supplies	353	375
Other	224	258
Allowance for doubtful accounts	(15)	(0)
Total current assets	16,724	16,816
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,311	2,247
Other, net	1,476	1,465
Total property, plant and equipment	3,787	3,713
Intangible assets	100	87
Investments and other assets		
Investment securities	3,264	3,118
Other	524	581
Allowance for doubtful accounts	(46)	(46)
Total investments and other assets	3,742	3,653
Total non-current assets	7,630	7,453
Total assets	24,354	24,269
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	3,131	2,605
Electronically recorded obligations - operating	–	574
Short-term borrowings	813	871
Accounts payable - other	27	237
Accrued expenses	776	724
Income taxes payable	171	110
Accrued consumption taxes	22	161
Provision for bonuses	342	342
Provision for loss on construction contracts	26	11
demolition expenses for non-current assets	17	–
Other provisions	–	8
Other	254	202
Total current liabilities	5,584	5,850

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Non-current liabilities		
Long-term borrowings	879	1,050
Deferred tax liabilities	396	358
Provision for environmental safety measures	87	87
Retirement benefit liability	1,727	1,053
Asset retirement obligations	88	88
Other	312	634
Total non-current liabilities	3,490	3,272
Total liabilities	9,075	9,122
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Capital surplus	0	0
Retained earnings	5,207	5,234
Treasury shares	(151)	(152)
Total shareholders' equity	14,075	14,102
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	911	809
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	103	102
Remeasurements of defined benefit plans	179	128
Total accumulated other comprehensive income	1,194	1,039
Non-controlling interests	9	4
Total net assets	15,279	15,147
Total liabilities and net assets	24,354	24,269

**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, 2018	Six months ended September 30, 2019
Net sales	10,108	9,761
Cost of sales	8,314	7,841
Gross profit	1,794	1,920
Selling, general and administrative expenses	1,486	1,532
Operating profit	307	388
Non-operating income		
Interest income	2	0
Dividend income	61	59
Miscellaneous income	23	17
Total non-operating income	87	77
Non-operating expenses		
Interest expenses	2	2
Maintenance cost for idle assets	12	12
Foreign exchange losses	12	39
Miscellaneous loss	32	26
Total non-operating expenses	59	80
Ordinary profit	335	385
Extraordinary income		
Gain on revision of retirement benefit plan	–	20
Other	3	0
Total extraordinary income	3	21
Extraordinary losses		
Loss on product safety measures	–	11
Farewell ceremony expenses	–	23
Other	0	10
Total extraordinary losses	0	45
Profit before income taxes	338	360
Income taxes	50	90
Profit	287	269
Loss attributable to non-controlling interests	(0)	(4)
Profit attributable to owners of parent	288	274

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	287	269
Other comprehensive income		
Valuation difference on available-for-sale securities	62	(101)
Deferred gains or losses on hedges	(3)	(0)
Foreign currency translation adjustment	(3)	(0)
Remeasurements of defined benefit plans, net of tax	(18)	(51)
Total other comprehensive income	36	(154)
Comprehensive income	324	115
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	325	120
Comprehensive income attributable to non-controlling interests	(0)	(4)