

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

August 4, 2022

Company name: Howa Machinery, Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 6203 URL <https://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: August 10, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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	%
Three months ended June 30, 2022	3,847	(13.5)	74	(61.2)	244	(23.2)	220	(18.0)
Three months ended June 30, 2021	4,446	9.6	191	–	318	853.6	269	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	18.36		–	
Three months ended June 30, 2021	21.72		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	27,142	16,825	62.0	1,398.18
As of March 31, 2022	27,673	16,890	61.0	1,403.57

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, 2022	–	0.00	–	20.00	20.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	0.00	–	20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	19,700	0.0	230	(76.7)	280	(78.5)	230	(78.4)	18.63

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2022
(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: Yes
- 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 June 30, 2022	12,548,134 shares	As of March 31, 2022	12,548,134 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	514,353 shares	As of March 31, 2022	514,353 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	12,033,781 shares	Three months ended June 30, 2021	12,396,934 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	4,419	4,506
Notes and accounts receivable - trade, and contract assets	5,550	3,960
Electronically recorded monetary claims - operating	2,140	2,131
Investments in leases	1,129	1,122
Merchandise and finished goods	264	271
Work in process	4,933	5,737
Raw materials and supplies	495	534
Other	313	397
Allowance for doubtful accounts	(0)	(0)
Total current assets	19,248	18,661
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,975	1,946
Other, net	1,753	1,806
Total property, plant and equipment	3,728	3,753
Intangible assets	568	615
Investments and other assets		
Investment securities	3,494	3,470
Retirement benefit asset	174	187
Other	496	492
Allowance for doubtful accounts	(37)	(37)
Total investments and other assets	4,127	4,112
Total non-current assets	8,425	8,481
Total assets	27,673	27,142
Liabilities		
Current liabilities		
Accounts payable - trade	2,624	2,226
Electronically recorded obligations - operating	505	539
Short-term borrowings	882	872
Accounts payable - other	212	123
Accrued expenses	758	953
Income taxes payable	148	48
Accrued consumption taxes	30	22
Contract liabilities	1,182	1,368
Provision for bonuses	320	166
Provision for loss on construction contracts	26	43
Provision for loss on orders received	17	4
Other	70	141
Total current liabilities	6,778	6,509

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Non-current liabilities		
Long-term borrowings	2,211	2,048
Deferred tax liabilities	278	272
Retirement benefit liability	954	929
Asset retirement obligations	92	92
Other	468	465
Total non-current liabilities	4,005	3,808
Total liabilities	10,783	10,317
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Retained earnings	7,062	7,042
Treasury shares	(427)	(427)
Total shareholders' equity	15,654	15,635
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,080	1,062
Deferred gains or losses on hedges	(0)	(33)
Foreign currency translation adjustment	102	109
Remeasurements of defined benefit plans	52	51
Total accumulated other comprehensive income	1,235	1,190
Total net assets	16,890	16,825
Total liabilities and net assets	27,673	27,142

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	4,446	3,847
Cost of sales	3,566	3,041
Gross profit	880	806
Selling, general and administrative expenses	688	732
Operating profit	191	74
Non-operating income		
Interest income	0	0
Dividend income	47	59
Subsidy income	52	16
Foreign exchange gains	30	100
Miscellaneous income	15	12
Total non-operating income	146	189
Non-operating expenses		
Interest expenses	3	2
Maintenance cost for idle assets	5	5
Insurance expenses	5	4
Miscellaneous losses	5	5
Total non-operating expenses	19	18
Ordinary profit	318	244
Extraordinary income		
Gain on sale of non-current assets	1	0
Other	0	0
Total extraordinary income	1	0
Extraordinary losses		
Other	0	-
Total extraordinary losses	0	-
Profit before income taxes	319	245
Income taxes	49	24
Profit	269	220
Profit attributable to owners of parent	269	220

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	269	220
Other comprehensive income		
Valuation difference on available-for-sale securities	14	(17)
Deferred gains or losses on hedges	2	(32)
Foreign currency translation adjustment	(2)	6
Remeasurements of defined benefit plans, net of tax	44	(1)
Total other comprehensive income	59	(45)
Comprehensive income	328	175
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	328	175
Comprehensive income attributable to non-controlling interests	—	—