

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 14, 2023

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: February 14, 2023  
 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	13,358	(0.5)	358	(50.9)	545	(43.2)	467	(41.2)
Nine months ended December 31, 2021	13,431	2.1	729	82.7	960	42.4	795	39.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	38.83		–	
Nine months ended December 31, 2021	64.11		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	26,590	17,358	65.3	1,441.07
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	–	0.00	–		
Year ending March 31, 2023 (Forecast)				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	19,300	(2.0)	230	(76.7)	400	(69.3)	350	(67.1)	29.07

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2022	502,709 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)

Nine months ended December 31, 2022	12,041,545 shares	Nine months ended December 31, 2021	12,405,514 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	4,419	3,982
Notes and accounts receivable - trade, and contract assets	5,550	3,929
Electronically recorded monetary claims - operating	2,140	1,506
Investments in leases	1,129	1,106
Merchandise and finished goods	264	1,447
Work in process	4,933	4,201
Raw materials and supplies	495	1,316
Other	313	321
Allowance for doubtful accounts	(0)	–
Total current assets	19,248	17,813
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,975	1,890
Other, net	1,753	1,819
Total property, plant and equipment	3,728	3,710
Intangible assets	568	554
Investments and other assets		
Investment securities	3,494	3,811
Retirement benefit asset	174	211
Other	496	526
Allowance for doubtful accounts	(37)	(37)
Total investments and other assets	4,127	4,512
Total non-current assets	8,425	8,777
Total assets	27,673	26,590
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,624	2,369
Electronically recorded obligations - operating	505	406
Short-term borrowings	882	952
Accounts payable - other	212	57
Accrued expenses	758	740
Income taxes payable	148	23
Accrued consumption taxes	30	24
Contract liabilities	1,182	360
Provision for bonuses	320	155
Provision for loss on construction contracts	26	109
Provision for loss on orders received	17	–
Other	70	121
Total current liabilities	6,778	5,321

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Non-current liabilities		
Long-term borrowings	2,211	2,097
Deferred tax liabilities	278	367
Retirement benefit liability	954	895
Asset retirement obligations	92	93
Other	468	457
Total non-current liabilities	4,005	3,910
Total liabilities	10,783	9,231
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Capital surplus	–	0
Retained earnings	7,062	7,289
Treasury shares	(427)	(417)
Total shareholders' equity	15,654	15,892
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,080	1,301
Deferred gains or losses on hedges	(0)	(3)
Foreign currency translation adjustment	102	119
Remeasurements of defined benefit plans	52	49
Total accumulated other comprehensive income	1,235	1,466
Total net assets	16,890	17,358
Total liabilities and net assets	27,673	26,590

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	13,431	13,358
Cost of sales	10,509	10,637
Gross profit	2,922	2,721
Selling, general and administrative expenses	2,192	2,362
Operating profit	729	358
Non-operating income		
Interest income	0	1
Dividend income	106	125
Subsidy income	131	46
Foreign exchange gains	37	41
Miscellaneous income	23	25
Total non-operating income	299	240
Non-operating expenses		
Interest expenses	9	8
Maintenance cost for idle assets	17	15
Insurance expenses	14	14
Miscellaneous losses	26	15
Total non-operating expenses	68	53
Ordinary profit	960	545
Extraordinary income		
Gain on sale of non-current assets	2	5
Other	0	0
Total extraordinary income	2	6
Extraordinary losses		
Loss on sale of non-current assets	–	1
Loss on valuation of investment securities	4	–
Other	1	0
Total extraordinary losses	6	1
Profit before income taxes	956	550
Income taxes	161	82
Profit	795	467
Profit attributable to owners of parent	795	467

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	795	467
Other comprehensive income		
Valuation difference on available-for-sale securities	10	221
Deferred gains or losses on hedges	(0)	(3)
Foreign currency translation adjustment	(3)	16
Remeasurements of defined benefit plans, net of tax	43	(3)
Total other comprehensive income	50	230
Comprehensive income	845	698
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	845	698