

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 15, 2024

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 of ordinary general meeting of shareholders: June 26, 2024  
 Scheduled date to file Securities Report: June 26, 2024  
 Scheduled date to commence dividend payments: June 27, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

#### (1) Consolidated operating results

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	%
Year ended March 31, 2024	19,786	0.2	388	(14.1)	466	(25.2)	(873)	–
Year ended March 31, 2023	19,738	0.2	452	(54.2)	622	(52.1)	524	(50.6)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	(72.49)	–	(5.0)	1.6	2.0
Year ended March 31, 2023	43.56	–	3.1	2.3	2.3

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	30,289	17,334	57.2	1,438.82
As of March 31, 2023	27,623	17,354	62.8	1,440.76

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	(1,071)	(871)	2,483	3,826
Year ended March 31, 2023	(506)	(608)	22	3,265

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	0.00	–	20.00	20.00	240	45.9	1.4
Year ended March 31, 2024	–	0.00	–	20.00	20.00	240	(27.6)	1.4
Year ending March 31, 2025 (Forecast)	–	0.00	–	20.00	20.00		35.5	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	24,100	21.8	760	95.6	790	69.5	680	-	56.41

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	12,548,134 shares	As of March 31, 2023	12,548,134 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	500,678 shares	As of March 31, 2023	502,796 shares
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Average number of shares during the period

Year ended March 31, 2024	12,054,070 shares	Year ended March 31, 2023	12,042,507 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,330	3,897
Notes receivable - trade	560	1,463
Electronically recorded monetary claims - operating	1,205	2,340
Accounts receivable - trade	4,842	3,490
Contract assets	1,458	1,346
Investments in leases	1,099	1,068
Merchandise and finished goods	1,116	1,242
Work in process	3,550	4,196
Raw materials and supplies	1,296	1,420
Other	315	567
Allowance for doubtful accounts	(0)	(0)
<b>Total current assets</b>	<b>18,776</b>	<b>21,033</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	11,786	11,838
Accumulated depreciation	(9,881)	(10,645)
Buildings and structures, net	1,904	1,192
Machinery, equipment and vehicles	12,850	12,990
Accumulated depreciation	(11,901)	(12,329)
Machinery, equipment and vehicles, net	948	661
Tools, furniture and fixtures	1,815	1,869
Accumulated depreciation	(1,633)	(1,753)
Tools, furniture and fixtures, net	182	116
Land	502	502
Leased assets	178	178
Accumulated depreciation	(33)	(45)
Leased assets, net	145	132
Construction in progress	221	588
<b>Total property, plant and equipment</b>	<b>3,905</b>	<b>3,193</b>
<b>Intangible assets</b>		
Software and other	521	405
Software in progress	–	1
<b>Total intangible assets</b>	<b>521</b>	<b>406</b>
<b>Investments and other assets</b>		
Investment securities	3,792	5,035
Retirement benefit asset	176	245
Other	485	407
Allowance for doubtful accounts	(35)	(32)
<b>Total investments and other assets</b>	<b>4,419</b>	<b>5,655</b>
<b>Total non-current assets</b>	<b>8,846</b>	<b>9,255</b>
<b>Total assets</b>	<b>27,623</b>	<b>30,289</b>

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	2,538	2,429
Electronically recorded obligations - operating	652	796
Short-term borrowings	1,452	2,032
Lease liabilities	14	14
Accounts payable - other	147	101
Accrued expenses	649	601
Income taxes payable	63	62
Accrued consumption taxes	24	48
Contract liabilities	426	218
Provision for bonuses	338	304
Provision for loss on construction contracts	109	0
Provision for loss on orders received	2	-
Provision for product warranties	97	73
Other	54	51
Total current liabilities	6,571	6,733
Non-current liabilities		
Long-term borrowings	1,908	4,066
Lease liabilities	144	130
Deferred tax liabilities	383	799
Retirement benefit liability	858	819
Asset retirement obligations	93	93
Other	309	312
Total non-current liabilities	3,697	6,222
Total liabilities	10,269	12,955
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Capital surplus	0	0
Retained earnings	7,346	6,231
Treasury shares	(417)	(416)
Total shareholders' equity	15,949	14,835
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,289	2,341
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	105	113
Remeasurements of defined benefit plans	10	42
Total accumulated other comprehensive income	1,405	2,498
Total net assets	17,354	17,334
Total liabilities and net assets	27,623	30,289

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	19,738	19,786
Cost of sales	16,111	16,298
Gross profit	3,627	3,488
Selling, general and administrative expenses	3,174	3,100
Operating profit	452	388
Non-operating income		
Interest income	2	2
Dividend income	134	147
Subsidy income	48	3
Foreign exchange gains	7	40
Miscellaneous income	48	43
Total non-operating income	242	238
Non-operating expenses		
Interest expenses	11	17
Insurance expenses	18	16
Maintenance cost for idle assets	20	20
Commission for syndicated loans	–	66
Miscellaneous losses	21	40
Total non-operating expenses	72	160
Ordinary profit	622	466
Extraordinary income		
Gain on sale of non-current assets	6	7
Total extraordinary income	6	7
Extraordinary losses		
Impairment losses	–	1,342
Loss on sale and retirement of non-current assets	1	0
Total extraordinary losses	1	1,342
Profit (loss) before income taxes	627	(868)
Income taxes - current	75	64
Income taxes - deferred	26	(59)
Total income taxes	102	5
Profit (loss)	524	(873)
Profit (loss) attributable to owners of parent	524	(873)

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	524	(873)
Other comprehensive income		
Valuation difference on available-for-sale securities	209	1,052
Deferred gains or losses on hedges	(0)	1
Foreign currency translation adjustment	3	7
Remeasurements of defined benefit plans, net of tax	(42)	31
Total other comprehensive income	169	1,093
Comprehensive income	694	219
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	694	219

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,019	–	7,062	(427)	15,654
Changes during period					
Dividends of surplus			(240)		(240)
Profit attributable to owners of parent			524		524
Restricted stock payment		0		9	10
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					–
Total changes during period	–	0	283	9	294
Balance at end of period	9,019	0	7,346	(417)	15,949

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,080	(0)	102	52	1,235	16,890
Changes during period						
Dividends of surplus					–	(240)
Profit attributable to owners of parent					–	524
Restricted stock payment					–	10
Purchase of treasury shares					–	(0)
Net changes in items other than shareholders' equity	209	(0)	3	(42)	169	169
Total changes during period	209	(0)	3	(42)	169	464
Balance at end of period	1,289	(0)	105	10	1,405	17,354

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,019	0	7,346	(417)	15,949
Changes during period					
Dividends of surplus			(240)		(240)
Loss attributable to owners of parent			(873)		(873)
Restricted stock payment		(0)		10	10
Purchase of treasury shares				(9)	(9)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(0)	(1,114)	1	(1,113)
Balance at end of period	9,019	0	6,231	(416)	14,835

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,289	(0)	105	10	1,405	17,354
Changes during period						
Dividends of surplus					–	(240)
Loss attributable to owners of parent					–	(873)
Restricted stock payment					–	10
Purchase of treasury shares					–	(9)
Net changes in items other than shareholders' equity	1,052	1	7	31	1,093	1,093
Total changes during period	1,052	1	7	31	1,093	(20)
Balance at end of period	2,341	0	113	42	2,498	17,334



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	627	(868)
Depreciation	506	596
Impairment losses	–	1,342
Subsidy income	(48)	(3)
Increase (decrease) in allowance for doubtful accounts	(2)	(2)
Increase (decrease) in provision for bonuses	17	(33)
Decrease (increase) in net defined benefit asset/liability	(140)	(49)
Increase (decrease) in accrued payments due to change in retirement benefit plan	(117)	–
Increase (decrease) in provision for loss on construction contracts	82	(109)
Increase (decrease) in provision for loss on orders received	(15)	(2)
Increase (decrease) in provision for product warranties	19	(24)
Interest and dividend income	(137)	(150)
Interest expenses	11	17
Foreign exchange losses (gains)	5	(3)
Loss (gain) on sale and retirement of property, plant and equipment	(4)	(7)
Loss (gain) on sale of short-term and long-term investment securities	–	1
Decrease (increase) in accounts receivable - trade, and contract assets	(329)	(560)
Decrease (increase) in investments in leases	30	30
Decrease (increase) in inventories	(266)	(880)
Increase (decrease) in trade payables	23	(3)
Increase (decrease) in contract liabilities	(765)	(209)
Increase (decrease) in accrued consumption taxes	(5)	23
Decrease (increase) in other current assets	3	(249)
Increase (decrease) in other current liabilities	(49)	(31)
Other, net	13	50
Subtotal	(542)	(1,129)
Interest and dividends received	137	149
Subsidies received	53	3
Interest paid	(11)	(17)
Income taxes paid	(143)	(77)
Net cash provided by (used in) operating activities	(506)	(1,071)
Cash flows from investing activities		
Payments into time deposits	(57)	(99)
Proceeds from withdrawal of time deposits	51	94
Purchase of property, plant and equipment	(561)	(1,134)
Proceeds from sale of property, plant and equipment	56	8
Purchase of intangible assets	(74)	(29)
Purchase of investment securities	(7)	(7)
Proceeds from sale and redemption of investment securities	0	275
Loan advances	(12)	–
Other, net	(4)	22
Net cash provided by (used in) investing activities	(608)	(871)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	500	450
Proceeds from long-term borrowings	500	3,200
Repayments of long-term borrowings	(732)	(912)
Net decrease (increase) in treasury shares	10	1
Dividends paid	(240)	(241)
Repayments of lease liabilities	(14)	(14)
Net cash provided by (used in) financing activities	22	2,483
Effect of exchange rate change on cash and cash equivalents	(2)	20
Net increase (decrease) in cash and cash equivalents	(1,095)	561
Cash and cash equivalents at beginning of period	4,360	3,265
Cash and cash equivalents at end of period	3,265	3,826