

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

August 5, 2021

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 16, 2021  
 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, 2021 (from April 1, 2021 to June 30, 2021)

(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, 2021	4,446	9.6	191	–	318	853.6	269	–
Three months ended June 30, 2020	4,059	(14.0)	(43)	–	33	(77.8)	2	(98.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	21.72		–	
Three months ended June 30, 2020	0.17		–	

(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, 2021	26,016	16,173	62.2	1,304.65
As of March 31, 2021	26,461	16,114	60.9	1,299.91

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, 2021	–	0.00	–	20.00	20.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	0.00	–	20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	18,600	(0.9)	430	(22.5)	450	(51.0)	380	(60.8)	30.66

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021  
 (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: Yes
- 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, 2021	12,548,134 shares	As of March 31, 2021	12,548,134 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	151,200 shares	As of March 31, 2021	151,179 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, 2021	12,396,934 shares	Three months ended June 30, 2020	12,384,333 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,462	4,320
Notes and accounts receivable - trade	5,536	–
Notes and accounts receivable - trade, and contract assets	–	4,804
Electronically recorded monetary claims - operating	3,218	2,030
Investments in leases	1,159	1,151
Merchandise and finished goods	246	255
Work in process	4,203	4,585
Raw materials and supplies	427	460
Other	341	405
Allowance for doubtful accounts	(0)	(0)
Total current assets	18,595	18,013
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,123	2,080
Other, net	1,661	1,691
Total property, plant and equipment	3,784	3,772
Intangible assets	310	396
Investments and other assets		
Investment securities	3,185	3,228
Retirement benefit asset	114	127
Other	511	518
Allowance for doubtful accounts	(40)	(40)
Total investments and other assets	3,770	3,833
Total non-current assets	7,865	8,003
Total assets	26,461	26,016
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,322	2,463
Electronically recorded obligations - operating	381	520
Short-term borrowings	1,799	876
Accounts payable - other	293	227
Accrued expenses	838	1,030
Income taxes payable	134	69
Accrued consumption taxes	20	20
Provision for bonuses	315	162
Provision for loss on construction contracts	13	5
Other	114	497
Total current liabilities	6,233	5,873

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Non-current liabilities		
Long-term borrowings	2,354	2,211
Deferred tax liabilities	157	167
Retirement benefit liability	1,065	1,019
Asset retirement obligations	91	91
Other	444	480
Total non-current liabilities	4,112	3,969
Total liabilities	10,346	9,842
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Retained earnings	6,271	6,270
Treasury shares	(140)	(140)
Total shareholders' equity	15,150	15,150
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	866	881
Deferred gains or losses on hedges	(3)	(1)
Foreign currency translation adjustment	101	99
Remeasurements of defined benefit plans	(1)	43
Total accumulated other comprehensive income	964	1,023
Total net assets	16,114	16,173
Total liabilities and net assets	26,461	26,016

**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, 2020	Three months ended June 30, 2021
Net sales	4,059	4,446
Cost of sales	3,368	3,566
Gross profit	690	880
Selling, general and administrative expenses	734	688
Operating profit (loss)	(43)	191
Non-operating income		
Interest income	0	0
Dividend income	45	47
Subsidy income	74	52
Foreign exchange gains	–	30
Miscellaneous income	9	15
Total non-operating income	129	146
Non-operating expenses		
Interest expenses	1	3
Maintenance cost for idle assets	4	5
Foreign exchange losses	33	–
Insurance expenses	4	5
Miscellaneous losses	7	5
Total non-operating expenses	51	19
Ordinary profit	33	318
Extraordinary income		
Gain on sale of non-current assets	9	1
Other	0	0
Total extraordinary income	9	1
Extraordinary losses		
Loss on valuation of investment securities	35	–
Other	0	0
Total extraordinary losses	36	0
Profit before income taxes	7	319
Income taxes	4	49
Profit	2	269
Loss attributable to non-controlling interests	(0)	–
Profit attributable to owners of parent	2	269

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

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	2	269
Other comprehensive income		
Valuation difference on available-for-sale securities	133	14
Deferred gains or losses on hedges	(0)	2
Foreign currency translation adjustment	1	(2)
Remeasurements of defined benefit plans, net of tax	(11)	44
Total other comprehensive income	123	59
Comprehensive income	125	328
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	125	328
Comprehensive income attributable to non-controlling interests	(0)	—