

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 4, 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: November 15, 2021
 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, 2021 (from April 1, 2021 to September 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	%
Six months ended September 30, 2021	8,592	3.9	475	606.6	625	179.7	522	171.3
Six months ended September 30, 2020	8,266	(15.3)	67	(82.7)	223	(42.0)	192	(29.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	42.11		–	
Six months ended September 30, 2020	15.54		–	

(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, 2021	26,910	16,493	61.3	1,329.10
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	–	0.00			
Year ending March 31, 2022 (Forecast)			–	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	19,800	5.5	750	35.2	900	(2.1)	750	(22.6)	60.47

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2021	138,372 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)

Six months ended September 30, 2021	12,403,368 shares	Six months ended September 30, 2020	12,390,656 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	3,462	4,849
Notes and accounts receivable - trade	5,536	–
Notes and accounts receivable - trade, and contract assets	–	4,820
Electronically recorded monetary claims - operating	3,218	1,320
Investments in leases	1,159	1,144
Merchandise and finished goods	246	493
Work in process	4,203	5,383
Raw materials and supplies	427	440
Other	341	330
Allowance for doubtful accounts	(0)	(0)
Total current assets	18,595	18,781
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,123	2,045
Other, net	1,661	1,717
Total property, plant and equipment	3,784	3,763
Intangible assets	310	461
Investments and other assets		
Investment securities	3,185	3,300
Retirement benefit asset	114	140
Other	511	503
Allowance for doubtful accounts	(40)	(40)
Total investments and other assets	3,770	3,903
Total non-current assets	7,865	8,128
Total assets	26,461	26,910
Liabilities		
Current liabilities		
Accounts payable - trade	2,322	2,549
Electronically recorded obligations - operating	381	542
Short-term borrowings	1,799	892
Accounts payable - other	293	194
Accrued expenses	838	763
Income taxes payable	134	155
Accrued consumption taxes	20	21
Provision for bonuses	315	319
Provision for loss on construction contracts	13	22
Other	114	692
Total current liabilities	6,233	6,154

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Non-current liabilities		
Long-term borrowings	2,354	2,547
Deferred tax liabilities	157	173
Retirement benefit liability	1,065	972
Asset retirement obligations	91	91
Other	444	475
Total non-current liabilities	4,112	4,261
Total liabilities	10,346	10,416
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Retained earnings	6,271	6,522
Treasury shares	(140)	(128)
Total shareholders' equity	15,150	15,413
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	866	939
Deferred gains or losses on hedges	(3)	(1)
Foreign currency translation adjustment	101	98
Remeasurements of defined benefit plans	(1)	43
Total accumulated other comprehensive income	964	1,080
Total net assets	16,114	16,493
Total liabilities and net assets	26,461	26,910

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, 2020	Six months ended September 30, 2021
Net sales	8,266	8,592
Cost of sales	6,715	6,655
Gross profit	1,551	1,937
Selling, general and administrative expenses	1,484	1,461
Operating profit	67	475
Non-operating income		
Interest income	0	0
Dividend income	52	54
Subsidy income	147	92
Foreign exchange gains	–	32
Miscellaneous income	15	20
Total non-operating income	215	200
Non-operating expenses		
Interest expenses	4	6
Maintenance cost for idle assets	9	12
Foreign exchange losses	21	–
Insurance expenses	9	10
Miscellaneous losses	14	20
Total non-operating expenses	59	49
Ordinary profit	223	625
Extraordinary income		
Gain on sale of investment securities	72	–
Gain on sale of non-current assets	10	2
Subsidies for employment adjustment	45	–
Other	0	0
Total extraordinary income	128	2
Extraordinary losses		
Loss related to COVID-19	110	–
Other	4	1
Total extraordinary losses	115	1
Profit before income taxes	236	626
Income taxes	44	104
Profit	192	522
Loss attributable to non-controlling interests	(0)	–
Profit attributable to owners of parent	192	522

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	192	522
Other comprehensive income		
Valuation difference on available-for-sale securities	84	72
Deferred gains or losses on hedges	(1)	1
Foreign currency translation adjustment	0	(3)
Remeasurements of defined benefit plans, net of tax	(22)	44
Total other comprehensive income	61	115
Comprehensive income	254	637
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	254	637
Comprehensive income attributable to non-controlling interests	(0)	–