

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 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: February 14, 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	13,431	2.1	729	82.7	960	42.4	795	39.1
Nine months ended December 31, 2020	13,156	(6.8)	399	(23.0)	674	17.8	571	48.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2021	64.11	–
Nine months ended December 31, 2020	46.12	–

(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, 2021	26,949	16,701	62.0	1,345.84
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	Yen	Yen	Yen	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 nine months ended December 31, 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 December 31, 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 December 31, 2021	138,232 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)

Nine months ended December 31, 2021	12,405,514 shares	Nine months ended December 31, 2020	12,392,726 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,462	4,869
Notes and accounts receivable - trade	5,536	–
Notes and accounts receivable - trade, and contract assets	–	3,912
Electronically recorded monetary claims - operating	3,218	1,920
Investments in leases	1,159	1,137
Merchandise and finished goods	246	613
Work in process	4,203	5,643
Raw materials and supplies	427	460
Other	341	322
Allowance for doubtful accounts	(0)	(0)
Total current assets	18,595	18,879
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,123	2,015
Other, net	1,661	1,689
Total property, plant and equipment	3,784	3,704
Intangible assets	310	521
Investments and other assets		
Investment securities	3,185	3,206
Retirement benefit asset	114	152
Other	511	524
Allowance for doubtful accounts	(40)	(40)
Total investments and other assets	3,770	3,843
Total non-current assets	7,865	8,069
Total assets	26,461	26,949
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,322	2,617
Electronically recorded obligations - operating	381	568
Short-term borrowings	1,799	892
Accounts payable - other	293	199
Accrued expenses	838	709
Income taxes payable	134	134
Accrued consumption taxes	20	22
Provision for bonuses	315	166
Provision for loss on construction contracts	13	10
Other	114	891
Total current liabilities	6,233	6,212

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Non-current liabilities		
Long-term borrowings	2,354	2,374
Deferred tax liabilities	157	130
Retirement benefit liability	1,065	966
Asset retirement obligations	91	92
Other	444	472
Total non-current liabilities	4,112	4,035
Total liabilities	10,346	10,247
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Retained earnings	6,271	6,795
Treasury shares	(140)	(128)
Total shareholders' equity	15,150	15,686
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	866	877
Deferred gains or losses on hedges	(3)	(4)
Foreign currency translation adjustment	101	98
Remeasurements of defined benefit plans	(1)	42
Total accumulated other comprehensive income	964	1,015
Total net assets	16,114	16,701
Total liabilities and net assets	26,461	26,949

**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, 2020	Nine months ended December 31, 2021
Net sales	13,156	13,431
Cost of sales	10,591	10,509
Gross profit	2,565	2,922
Selling, general and administrative expenses	2,165	2,192
Operating profit	399	729
Non-operating income		
Interest income	0	0
Dividend income	98	106
Subsidy income	241	131
Foreign exchange gains	–	37
Miscellaneous income	21	23
Total non-operating income	361	299
Non-operating expenses		
Interest expenses	7	9
Maintenance cost for idle assets	14	17
Foreign exchange losses	28	–
Insurance expenses	14	14
Miscellaneous losses	20	26
Total non-operating expenses	86	68
Ordinary profit	674	960
Extraordinary income		
Gain on sale of investment securities	79	–
Gain on sale of non-current assets	11	2
Subsidies for employment adjustment	45	–
Other	2	0
Total extraordinary income	139	2
Extraordinary losses		
Loss on valuation of investment securities	–	4
Loss related to COVID-19	110	–
Other	4	1
Total extraordinary losses	115	6
Profit before income taxes	698	956
Income taxes	126	161
Profit	571	795
Loss attributable to non-controlling interests	(0)	–
Profit attributable to owners of parent	571	795

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

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	571	795
Other comprehensive income		
Valuation difference on available-for-sale securities	151	10
Deferred gains or losses on hedges	(1)	(0)
Foreign currency translation adjustment	0	(3)
Remeasurements of defined benefit plans, net of tax	(34)	43
Total other comprehensive income	116	50
Comprehensive income	687	845
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	687	845
Comprehensive income attributable to non-controlling interests	(0)	–