

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 6, 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: November 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	9,971	10.8	166	(32.9)	258	(40.3)	211	(45.1)
Six months ended September 30, 2022	8,995	4.7	247	(47.9)	432	(31.0)	384	(26.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	17.51		–	
Six months ended September 30, 2022	31.91		–	

(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, 2023	29,843	18,025	60.4	1,494.83
As of March 31, 2023	27,623	17,354	62.8	1,440.76

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, 2023	–	0.00	–	20.00	20.00
Year ending March 31, 2024	–	0.00			
Year ending March 31, 2024 (Forecast)			–	20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	(2.2)	260	(42.6)	400	(35.8)	330	(37.1)	27.38

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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: No
- 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 September 30, 2023	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 September 30, 2023	489,936 shares	As of March 31, 2023	502,796 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, 2023	12,051,779 shares	Six months ended September 30, 2022	12,039,604 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,330	2,686
Notes and accounts receivable - trade, and contract assets	6,862	7,162
Electronically recorded monetary claims - operating	1,205	2,452
Investments in leases	1,099	1,083
Merchandise and finished goods	1,116	1,117
Work in process	3,550	3,841
Raw materials and supplies	1,296	1,436
Other	315	361
Allowance for doubtful accounts	(0)	(0)
Total current assets	18,776	20,141
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,904	1,858
Other, net	2,000	2,319
Total property, plant and equipment	3,905	4,177
Intangible assets	521	472
Investments and other assets		
Investment securities	3,792	4,496
Retirement benefit asset	176	173
Other	485	416
Allowance for doubtful accounts	(35)	(35)
Total investments and other assets	4,419	5,050
Total non-current assets	8,846	9,701
Total assets	27,623	29,843
Liabilities		
Current liabilities		
Accounts payable - trade	2,538	2,182
Electronically recorded obligations - operating	652	759
Short-term borrowings	1,452	2,192
Accounts payable - other	147	97
Accrued expenses	649	722
Income taxes payable	63	92
Accrued consumption taxes	24	16
Contract liabilities	426	336
Provision for bonuses	338	335
Provision for loss on construction contracts	109	57
Provision for loss on orders received	2	0
Provision for product warranties	97	85
Other	68	94
Total current liabilities	6,571	6,973

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Non-current liabilities		
Long-term borrowings	1,908	2,782
Deferred tax liabilities	383	671
Retirement benefit liability	858	849
Asset retirement obligations	93	93
Other	453	446
Total non-current liabilities	3,697	4,844
Total liabilities	10,269	11,818
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Capital surplus	0	0
Retained earnings	7,346	7,316
Treasury shares	(417)	(407)
Total shareholders' equity	15,949	15,929
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,289	1,970
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	105	115
Remeasurements of defined benefit plans	10	8
Total accumulated other comprehensive income	1,405	2,095
Total net assets	17,354	18,025
Total liabilities and net assets	27,623	29,843

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, 2022	Six months ended September 30, 2023
Net sales	8,995	9,971
Cost of sales	7,165	8,188
Gross profit	1,829	1,783
Selling, general and administrative expenses	1,582	1,617
Operating profit	247	166
Non-operating income		
Interest income	1	1
Dividend income	66	70
Subsidy income	33	0
Foreign exchange gains	104	50
Miscellaneous income	17	21
Total non-operating income	222	144
Non-operating expenses		
Interest expenses	5	7
Maintenance cost for idle assets	10	10
Insurance expenses	9	8
Withholding tax burden loss	–	13
Miscellaneous losses	12	13
Total non-operating expenses	38	53
Ordinary profit	432	258
Extraordinary income		
Gain on sale of non-current assets	4	3
Total extraordinary income	4	3
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	0
Total extraordinary losses	1	0
Profit before income taxes	435	261
Income taxes	51	50
Profit	384	211
Profit attributable to owners of parent	384	211

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	384	211
Other comprehensive income		
Valuation difference on available-for-sale securities	(54)	680
Deferred gains or losses on hedges	(41)	0
Foreign currency translation adjustment	20	9
Remeasurements of defined benefit plans, net of tax	(2)	(1)
Total other comprehensive income	(78)	690
Comprehensive income	306	901
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	306	901