

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 5, 2019

Company name: Howa Machinery, Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 6203 URL <http://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 9, 2019
 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, 2019 (from April 1, 2019 to June 30, 2019)

(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, 2019	4,721	(7.1)	112	(28.5)	150	(27.3)	124	(31.8)
Three months ended June 30, 2018	5,083	19.1	157	–	207	–	183	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	10.08		–	
Three months ended June 30, 2018	14.64		–	

(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, 2019	23,492	14,966	63.7	1,207.74
As of March 31, 2019	24,354	15,279	62.7	1,232.96

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, 2019	–	0.00	–	20.00	20.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	0.00	–	20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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
Six months ending September 30, 2019	10,500	3.9	280	(8.9)	300	(10.7)	250	(13.4)	20.12
Full year	21,700	(2.8)	800	(22.9)	860	(22.4)	750	(33.8)	60.35

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019
 (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: Yes
- Changes in accounting estimates: Yes
- 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, 2019	12,548,134 shares	As of March 31, 2019	12,548,134 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	163,530 shares	As of March 31, 2019	163,445 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, 2019	12,384,604 shares	Three months ended June 30, 2018	12,516,273 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	3,338	2,355
Notes and accounts receivable - trade	7,425	6,358
Electronically recorded monetary claims - operating	1,057	2,105
Merchandise and finished goods	149	252
Work in process	4,191	4,457
Raw materials and supplies	353	373
Other	224	223
Allowance for doubtful accounts	(15)	(8)
Total current assets	16,724	16,117
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,311	2,264
Other, net	1,476	1,469
Total property, plant and equipment	3,787	3,733
Intangible assets	100	97
Investments and other assets		
Investment securities	3,264	3,034
Other	524	554
Allowance for doubtful accounts	(46)	(46)
Total investments and other assets	3,742	3,543
Total non-current assets	7,630	7,374
Total assets	24,354	23,492
Liabilities		
Current liabilities		
Accounts payable - trade	3,131	2,405
Electronically recorded obligations - operating	–	488
Short-term borrowings	813	677
Accounts payable - other	27	230
Accrued expenses	776	1,105
Income taxes payable	171	48
Accrued consumption taxes	22	64
Provision for bonuses	342	178
Provision for loss on construction contracts	26	28
demolition expenses for non-current assets	17	17
Other	254	302
Total current liabilities	5,584	5,546

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Non-current liabilities		
Long-term borrowings	879	765
Deferred tax liabilities	396	330
Provision for environmental safety measures	87	87
Retirement benefit liability	1,727	1,066
Asset retirement obligations	88	88
Other	312	641
Total non-current liabilities	3,490	2,979
Total liabilities	9,075	8,526
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Capital surplus	0	0
Retained earnings	5,207	5,084
Treasury shares	(151)	(151)
Total shareholders' equity	14,075	13,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	911	753
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	103	104
Remeasurements of defined benefit plans	179	147
Total accumulated other comprehensive income	1,194	1,004
Non-controlling interests	9	8
Total net assets	15,279	14,966
Total liabilities and net assets	24,354	23,492

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, 2018	Three months ended June 30, 2019
Net sales	5,083	4,721
Cost of sales	4,170	3,853
Gross profit	913	867
Selling, general and administrative expenses	755	754
Operating profit	157	112
Non-operating income		
Interest income	1	0
Dividend income	61	53
Miscellaneous income	14	12
Total non-operating income	76	65
Non-operating expenses		
Interest expenses	1	1
Maintenance cost for idle assets	6	5
Foreign exchange losses	2	8
Miscellaneous loss	17	12
Total non-operating expenses	27	27
Ordinary profit	207	150
Extraordinary income		
Gain on revision of retirement benefit plan	–	20
Other	2	0
Total extraordinary income	2	20
Extraordinary losses		
Other	0	2
Total extraordinary losses	0	2
Profit before income taxes	209	169
Income taxes	26	45
Profit	182	124
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	183	124

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	182	124
Other comprehensive income		
Valuation difference on available-for-sale securities	(136)	(157)
Deferred gains or losses on hedges	(1)	(0)
Foreign currency translation adjustment	(2)	0
Remeasurements of defined benefit plans, net of tax	(9)	(32)
Total other comprehensive income	(149)	(189)
Comprehensive income	32	(65)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	33	(64)
Comprehensive income attributable to non-controlling interests	(0)	(0)