

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

February 4, 2021

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: February 15, 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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(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, 2020	13,156	(6.8)	399	(23.0)	674	17.8	571	48.0
Nine months ended December 31, 2019	14,112	(10.5)	518	(17.8)	572	(15.1)	386	(51.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	46.12		–	
Nine months ended December 31, 2019	31.18		–	

(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, 2020	25,639	15,439	60.2	1,245.40
As of March 31, 2020	24,114	14,991	62.2	1,210.30

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, 2020	–	0.00	–	20.00	20.00
Year ending March 31, 2021	–	0.00	–		
Year ending March 31, 2021 (Forecast)				20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	(8.5)	300	(61.4)	560	(31.7)	470	(20.5)	37.93

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2020
(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: 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 December 31, 2020	12,548,134 shares	As of March 31, 2020	12,548,134 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	151,277 shares	As of March 31, 2020	163,798 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, 2020	12,392,726 shares	Nine months ended December 31, 2019	12,384,537 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	3,514	3,827
Notes and accounts receivable - trade	6,131	5,621
Electronically recorded monetary claims - operating	1,400	1,605
Investments in leases	–	1,166
Merchandise and finished goods	121	359
Work in process	4,747	4,985
Raw materials and supplies	400	436
Other	298	608
Allowance for doubtful accounts	(0)	(0)
Total current assets	16,614	18,611
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,439	2,166
Other, net	1,904	1,677
Total property, plant and equipment	4,343	3,843
Intangible assets	45	158
Investments and other assets		
Investment securities	2,580	2,496
Other	574	572
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	3,111	3,025
Total non-current assets	7,500	7,027
Total assets	24,114	25,639
Liabilities		
Current liabilities		
Accounts payable - trade	2,667	2,103
Electronically recorded obligations - operating	526	402
Short-term borrowings	748	1,839
Accounts payable - other	235	305
Accrued expenses	784	761
Income taxes payable	73	58
Accrued consumption taxes	232	18
Provision for bonuses	330	153
Provision for loss on construction contracts	2	13
Provision for environmental safety measures	57	55
Other	193	190
Total current liabilities	5,852	5,903

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Non-current liabilities		
Long-term borrowings	1,281	2,497
Deferred tax liabilities	202	267
Retirement benefit liability	1,084	993
Asset retirement obligations	89	90
Other	612	448
Total non-current liabilities	3,270	4,297
Total liabilities	9,122	10,200
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Retained earnings	5,551	5,873
Treasury shares	(152)	(140)
Total shareholders' equity	14,418	14,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	446	598
Deferred gains or losses on hedges	1	–
Foreign currency translation adjustment	102	102
Remeasurements of defined benefit plans	18	(15)
Total accumulated other comprehensive income	570	686
Non-controlling interests	2	–
Total net assets	14,991	15,439
Total liabilities and net assets	24,114	25,639

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, 2019	Nine months ended December 31, 2020
Net sales	14,112	13,156
Cost of sales	11,293	10,591
Gross profit	2,819	2,565
Selling, general and administrative expenses	2,300	2,165
Operating profit	518	399
Non-operating income		
Interest income	0	0
Dividend income	108	98
Subsidy income	0	241
Miscellaneous income	35	21
Total non-operating income	144	361
Non-operating expenses		
Interest expenses	4	7
Maintenance cost for idle assets	17	14
Foreign exchange losses	30	28
Miscellaneous loss	38	35
Total non-operating expenses	90	86
Ordinary profit	572	674
Extraordinary income		
Gain on sales of investment securities	–	79
Gain on sales of non-current assets	4	11
Subsidies for employment adjustment	–	45
Gain on revision of retirement benefit plan	20	–
Other	0	2
Total extraordinary income	25	139
Extraordinary losses		
Impairment loss	48	2
Loss related to COVID-19	–	110
Loss on product safety measures	11	–
Farewell ceremony expenses	23	–
Other	13	2
Total extraordinary losses	97	115
Profit before income taxes	499	698
Income taxes	118	126
Profit	381	571
Loss attributable to non-controlling interests	(4)	(0)
Profit attributable to owners of parent	386	571

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	381	571
Other comprehensive income		
Valuation difference on available-for-sale securities	52	151
Deferred gains or losses on hedges	(1)	(1)
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	(70)	(34)
Total other comprehensive income	(19)	116
Comprehensive income	362	687
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	366	687
Comprehensive income attributable to non-controlling interests	(4)	(0)