

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 14, 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: November 14, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	8,995	4.7	247	(47.9)	432	(31.0)	384	(26.5)
Six months ended September 30, 2021	8,592	3.9	475	606.6	625	179.7	522	171.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	31.91		–	
Six months ended September 30, 2021	42.11		–	

(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, 2022	26,670	16,966	63.6	1,408.50
As of March 31, 2022	27,673	16,890	61.0	1,403.57

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, 2022	–	0.00	–	20.00	20.00
Year ending March 31, 2023	–	0.00			
Year ending March 31, 2023 (Forecast)			–	20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	(2.0)	230	(76.7)	400	(69.3)	350	(67.1)	29.07

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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: 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, 2022	12,548,134 shares	As of March 31, 2022	12,548,134 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	502,707 shares	As of March 31, 2022	514,353 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, 2022	12,039,604 shares	Six months ended September 30, 2021	12,403,368 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	4,419	4,783
Notes and accounts receivable - trade, and contract assets	5,550	4,513
Electronically recorded monetary claims - operating	2,140	1,237
Investments in leases	1,129	1,114
Merchandise and finished goods	264	1,300
Work in process	4,933	3,833
Raw materials and supplies	495	1,200
Other	313	274
Allowance for doubtful accounts	(0)	(0)
Total current assets	19,248	18,258
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,975	1,928
Other, net	1,753	1,836
Total property, plant and equipment	3,728	3,764
Intangible assets	568	584
Investments and other assets		
Investment securities	3,494	3,420
Retirement benefit asset	174	199
Other	496	480
Allowance for doubtful accounts	(37)	(37)
Total investments and other assets	4,127	4,063
Total non-current assets	8,425	8,412
Total assets	27,673	26,670
Liabilities		
Current liabilities		
Accounts payable - trade	2,624	2,197
Electronically recorded obligations - operating	505	418
Short-term borrowings	882	962
Accounts payable - other	212	69
Accrued expenses	758	740
Income taxes payable	148	94
Accrued consumption taxes	30	24
Contract liabilities	1,182	607
Provision for bonuses	320	314
Provision for loss on construction contracts	26	126
Provision for loss on orders received	17	2
Other	70	128
Total current liabilities	6,778	5,688

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Non-current liabilities		
Long-term borrowings	2,211	2,285
Deferred tax liabilities	278	259
Retirement benefit liability	954	917
Asset retirement obligations	92	92
Other	468	461
Total non-current liabilities	4,005	4,015
Total liabilities	10,783	9,704
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Retained earnings	7,062	7,206
Capital surplus	–	0
Treasury shares	(427)	(417)
Total shareholders' equity	15,654	15,808
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,080	1,025
Deferred gains or losses on hedges	(0)	(41)
Foreign currency translation adjustment	102	122
Remeasurements of defined benefit plans	52	50
Total accumulated other comprehensive income	1,235	1,157
Total net assets	16,890	16,966
Total liabilities and net assets	27,673	26,670

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, 2021	Six months ended September 30, 2022
Net sales	8,592	8,995
Cost of sales	6,655	7,165
Gross profit	1,937	1,829
Selling, general and administrative expenses	1,461	1,582
Operating profit	475	247
Non-operating income		
Interest income	0	1
Dividend income	54	66
Subsidy income	92	33
Foreign exchange gains	32	104
Miscellaneous income	20	17
Total non-operating income	200	222
Non-operating expenses		
Interest expenses	6	5
Maintenance cost for idle assets	12	10
Insurance expenses	10	9
Miscellaneous losses	20	12
Total non-operating expenses	49	38
Ordinary profit	625	432
Extraordinary income		
Gain on sale of non-current assets	2	4
Other	0	0
Total extraordinary income	2	4
Extraordinary losses		
Loss on sale of non-current assets	–	1
Other	1	0
Total extraordinary losses	1	1
Profit before income taxes	626	435
Income taxes	104	51
Profit	522	384
Profit attributable to owners of parent	522	384

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	522	384
Other comprehensive income		
Valuation difference on available-for-sale securities	72	(54)
Deferred gains or losses on hedges	1	(41)
Foreign currency translation adjustment	(3)	20
Remeasurements of defined benefit plans, net of tax	44	(2)
Total other comprehensive income	115	(78)
Comprehensive income	637	306
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	637	306