

Translation

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

August 7, 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: August 10, 2023
 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, 2023 (from April 1, 2023 to June 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	%
Three months ended June 30, 2023	4,610	19.8	43	(41.2)	133	(45.3)	104	(52.9)
Three months ended June 30, 2022	3,847	(13.5)	74	(61.2)	244	(23.2)	220	(18.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	8.64		–	
Three months ended June 30, 2022	18.36		–	

(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, 2023	28,865	17,622	61.1	1,463.03
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	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	0.00	–	20.00	20.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		0.00	–	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	19,800	0.3	180	(60.2)	260	(58.2)	210	(60.0)	17.44

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 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 June 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 June 30, 2023	502,818 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)

Three months ended June 30, 2023	12,045,324 shares	Three months ended June 30, 2022	12,033,781 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	3,330	3,143
Notes and accounts receivable - trade, and contract assets	6,862	6,120
Electronically recorded monetary claims - operating	1,205	1,998
Investments in leases	1,099	1,091
Merchandise and finished goods	1,116	1,338
Work in process	3,550	3,890
Raw materials and supplies	1,296	1,397
Other	315	502
Allowance for doubtful accounts	(0)	(0)
Total current assets	18,776	19,483
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,904	1,890
Other, net	2,000	2,059
Total property, plant and equipment	3,905	3,949
Intangible assets	521	500
Investments and other assets		
Investment securities	3,792	4,371
Retirement benefit asset	176	174
Other	485	421
Allowance for doubtful accounts	(35)	(35)
Total investments and other assets	4,419	4,932
Total non-current assets	8,846	9,382
Total assets	27,623	28,865
Liabilities		
Current liabilities		
Accounts payable - trade	2,538	2,561
Electronically recorded obligations - operating	652	756
Short-term borrowings	1,452	1,962
Accounts payable - other	147	243
Accrued expenses	649	1,046
Income taxes payable	63	52
Accrued consumption taxes	24	21
Contract liabilities	426	323
Provision for bonuses	338	172
Provision for loss on construction contracts	109	34
Provision for loss on orders received	2	2
Provision for product warranties	97	89
Other	68	114
Total current liabilities	6,571	7,381

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Non-current liabilities		
Long-term borrowings	1,908	1,910
Deferred tax liabilities	383	555
Retirement benefit liability	858	851
Asset retirement obligations	93	93
Other	453	450
Total non-current liabilities	3,697	3,861
Total liabilities	10,269	11,242
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Capital surplus	0	0
Retained earnings	7,346	7,209
Treasury shares	(417)	(417)
Total shareholders' equity	15,949	15,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,289	1,696
Deferred gains or losses on hedges	(0)	(3)
Foreign currency translation adjustment	105	107
Remeasurements of defined benefit plans	10	9
Total accumulated other comprehensive income	1,405	1,810
Total net assets	17,354	17,622
Total liabilities and net assets	27,623	28,865

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, 2022	Three months ended June 30, 2023
Net sales	3,847	4,610
Cost of sales	3,041	3,758
Gross profit	806	851
Selling, general and administrative expenses	732	808
Operating profit	74	43
Non-operating income		
Interest income	0	1
Dividend income	59	61
Subsidy income	16	0
Foreign exchange gains	100	29
Miscellaneous income	12	16
Total non-operating income	189	108
Non-operating expenses		
Interest expenses	2	3
Maintenance cost for idle assets	5	4
Insurance expenses	4	4
Miscellaneous losses	5	5
Total non-operating expenses	18	17
Ordinary profit	244	133
Extraordinary income		
Gain on sale of non-current assets	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	–	0
Total extraordinary losses	–	0
Profit before income taxes	245	135
Income taxes	24	31
Profit	220	104
Profit attributable to owners of parent	220	104

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	220	104
Other comprehensive income		
Valuation difference on available-for-sale securities	(17)	406
Deferred gains or losses on hedges	(32)	(2)
Foreign currency translation adjustment	6	2
Remeasurements of defined benefit plans, net of tax	(1)	(0)
Total other comprehensive income	(45)	405
Comprehensive income	175	509
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	175	509