

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 14, 2024

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: February 14, 2024
 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, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	14,423	8.0	196	(45.2)	270	(50.4)	212	(54.6)
Nine months ended December 31, 2022	13,358	(0.5)	358	(50.9)	545	(43.2)	467	(41.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	17.61		–	
Nine months ended December 31, 2022	38.83		–	

(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, 2023	29,824	17,975	60.3	1,490.73
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 nine months ended December 31, 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 December 31, 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 December 31, 2023	490,009 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)

Nine months ended December 31, 2023	12,053,906 shares	Nine months ended December 31, 2022	12,041,545 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	3,330	3,653
Notes and accounts receivable - trade, and contract assets	6,862	5,299
Electronically recorded monetary claims - operating	1,205	2,602
Investments in leases	1,099	1,076
Merchandise and finished goods	1,116	1,302
Work in process	3,550	4,367
Raw materials and supplies	1,296	1,454
Other	315	380
Allowance for doubtful accounts	(0)	(0)
Total current assets	18,776	20,135
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,904	1,824
Other, net	2,000	2,448
Total property, plant and equipment	3,905	4,273
Intangible assets	521	446
Investments and other assets		
Investment securities	3,792	4,416
Retirement benefit asset	176	171
Other	485	416
Allowance for doubtful accounts	(35)	(35)
Total investments and other assets	4,419	4,969
Total non-current assets	8,846	9,689
Total assets	27,623	29,824
Liabilities		
Current liabilities		
Accounts payable - trade	2,538	2,220
Electronically recorded obligations - operating	652	789
Short-term borrowings	1,452	2,137
Accounts payable - other	147	34
Accrued expenses	649	643
Income taxes payable	63	56
Accrued consumption taxes	24	12
Contract liabilities	426	303
Provision for bonuses	338	167
Provision for loss on construction contracts	109	2
Provision for loss on orders received	2	1
Provision for product warranties	97	76
Other	68	110
Total current liabilities	6,571	6,557

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Non-current liabilities		
Long-term borrowings	1,908	3,274
Deferred tax liabilities	383	642
Retirement benefit liability	858	838
Asset retirement obligations	93	93
Other	453	443
Total non-current liabilities	3,697	5,291
Total liabilities	10,269	11,849
Net assets		
Shareholders' equity		
Share capital	9,019	9,019
Capital surplus	0	0
Retained earnings	7,346	7,317
Treasury shares	(417)	(407)
Total shareholders' equity	15,949	15,930
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,289	1,913
Deferred gains or losses on hedges	(0)	(2)
Foreign currency translation adjustment	105	124
Remeasurements of defined benefit plans	10	8
Total accumulated other comprehensive income	1,405	2,044
Total net assets	17,354	17,975
Total liabilities and net assets	27,623	29,824

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, 2022	Nine months ended December 31, 2023
Net sales	13,358	14,423
Cost of sales	10,637	11,854
Gross profit	2,721	2,569
Selling, general and administrative expenses	2,362	2,372
Operating profit	358	196
Non-operating income		
Interest income	1	2
Dividend income	125	139
Subsidy income	46	0
Foreign exchange gains	41	42
Miscellaneous income	25	28
Total non-operating income	240	212
Non-operating expenses		
Interest expenses	8	12
Maintenance cost for idle assets	15	15
Insurance expenses	14	12
Commission for syndicated loans	–	66
Miscellaneous losses	15	31
Total non-operating expenses	53	137
Ordinary profit	545	270
Extraordinary income		
Gain on sale of non-current assets	6	5
Total extraordinary income	6	5
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	0
Total extraordinary losses	1	0
Profit before income taxes	550	276
Income taxes	82	63
Profit	467	212
Profit attributable to owners of parent	467	212

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	467	212
Other comprehensive income		
Valuation difference on available-for-sale securities	221	624
Deferred gains or losses on hedges	(3)	(1)
Foreign currency translation adjustment	16	19
Remeasurements of defined benefit plans, net of tax	(3)	(2)
Total other comprehensive income	230	639
Comprehensive income	698	851
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	698	851