

Consolidated Financial Results for the Third Quarter Ended December 31, 2023 [Japanese GAAP] (Unaudited)



February 14, 2024

Company name: HIRANO TECSEED Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6245
 URL: <https://www.hirano-tec.co.jp/>
 Representative: Kaoru Okada, President and Director
 Contact: Masashi Hara, Director and Executive Officer Operating Officer, General Affairs Division
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 Scheduled date of filing quarterly securities report: February 14, 2024
 Scheduled date of commencing dividend payments: —
 Supplemental Explanatory Materials for Quarterly Account Settlement: Yes
 Explanatory Meeting for Quarterly Account Settlement to be held: None

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2023	34,709	14.8	2,638	13.9	2,740	13.2	1,924	14.9
Nine months ended December 31, 2022	30,228	9.7	2,316	(27.4)	2,421	(26.3)	1,675	(33.7)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥2,419 million (up 36.1%)
 Nine months ended December 31, 2022: ¥1,778 million (down 29.4%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended December 31, 2023	127.64	—
Nine months ended December 31, 2022	111.17	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of December 31, 2023	57,292	37,596	65.6
As of March 31, 2023	60,522	35,997	59.5

(Reference) Equity: As of December 31, 2023: ¥37,596 million
 As of March 31, 2023: ¥35,997 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 28.00	Yen —	Yen 28.00	Yen 56.00
Fiscal year ending March 31, 2024	—	28.00	—		
Fiscal year ending March 31, 2024 (Forecast)				60.00	88.00

(Note) Revisions of the most recently announced cash dividend forecast: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	41,000	(3.4)	2,920	(5.6)	3,000	(6.8)	2,100	(6.4)	139.34

(Note) Revisions of the most recently announced financial results forecast: None

Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New: 1 company (Company name) HIRANO AMERICA, INC. Exclusion: - (Company name) -

(2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to the revisions of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Restatement: No

(4) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury stock):

December 31, 2023:	15,394,379 shares
March 31, 2023:	15,394,379 shares
- 2) Total number of treasury stock at the end of the period:

December 31, 2023:	312,384 shares
March 31, 2023:	323,149 shares
- 3) Average number of shares during the period:

Nine months ended December 31, 2023:	15,076,613 shares
Nine months ended December 31, 2022:	15,067,017 shares

* This quarterly financial results report is outside the scope of quarterly review to be conducted by certified public accountants or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

Performance forecasts and other forward-looking statements contained in this report are based on information available on the date of this report's release. Because of various factors in the future, however, actual results may differ from the forecasts.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	11,744,679	12,065,139
Notes and accounts receivable - trade, and contract assets	27,309,645	* 27,280,488
Electronically recorded monetary claims - operating	419,661	* 1,185,518
Securities	2,299,889	—
Work in process	311,393	283,419
Raw materials and supplies	335,991	433,020
Other	5,803,417	3,466,606
Allowance for doubtful accounts	△66,174	△59,923
Total current assets	48,158,505	44,654,269
Non-current assets		
Property, plant and equipment	7,408,703	7,386,229
Intangible assets	672,204	590,045
Investments and other assets		
Investment securities	3,630,312	4,047,448
Other	652,692	614,344
Total investments and other assets	4,283,004	4,661,792
Total non-current assets	12,363,912	12,638,068
Total assets	60,522,418	57,292,337

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,442,662	2,848,694
Electronically recorded obligations - operating	4,735,159	5,585,521
Short-term borrowings	10,100,000	5,150,000
Current portion of long-term borrowings	508,416	366,804
Income taxes payable	91,766	114,582
Advances received	1,911,118	1,795,436
Provision for bonuses	260,420	93,136
Provision for product warranties	35,677	39,387
Other	2,343,288	2,399,280
Total current liabilities	23,428,508	18,392,843
Non-current liabilities		
Long-term borrowings	493,300	253,960
Provision for retirement benefits for directors (and other officers)	67,120	76,472
Retirement benefit liability	452,112	466,351
Asset retirement obligations	16,453	16,703
Other	67,820	489,945
Total non-current liabilities	1,096,806	1,303,433
Total liabilities	24,525,314	19,696,276
Net assets		
Shareholders' equity		
Share capital	1,847,821	1,847,821
Capital surplus	1,359,730	1,371,312
Retained earnings	32,099,353	33,179,556
Treasury shares	△376,502	△363,959
Total shareholders' equity	34,930,403	36,034,730
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,124,666	1,625,956
Foreign currency translation adjustment	—	△15,916
Remeasurements of defined benefit plans	△57,966	△48,710
Total accumulated other comprehensive income	1,066,700	1,561,329
Total net assets	35,997,103	37,596,060
Total liabilities and net assets	60,522,418	57,292,337

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	30,228,920	34,709,629
Cost of sales	25,378,010	28,866,129
Gross profit	4,850,909	5,843,500
Selling, general and administrative expenses	2,534,873	3,204,517
Operating profit	2,316,036	2,638,982
Non-operating income		
Interest income	2,665	1,204
Dividend income	86,055	99,180
Other	37,375	46,210
Total non-operating income	126,096	146,596
Non-operating expenses		
Interest expenses	10,019	42,983
Loss on retirement of non-current assets	8,781	1,480
Other	1,768	182
Total non-operating expenses	20,569	44,645
Ordinary profit	2,421,562	2,740,933
Extraordinary losses		
Loss on valuation of investment securities	572	—
Total extraordinary losses	572	—
Profit before income taxes	2,420,989	2,740,933
Income taxes - current	657,650	549,829
Income taxes - deferred	88,329	266,610
Total income taxes	745,980	816,440
Profit	1,675,009	1,924,493
Profit attributable to owners of parent	1,675,009	1,924,493

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	1,675,009	1,924,493
Other comprehensive income		
Valuation difference on available-for-sale securities	83,621	501,289
Foreign currency translation adjustment	—	△15,916
Remeasurements of defined benefit plans, net of tax	19,870	9,255
Total other comprehensive income	103,491	494,629
Comprehensive income	1,778,501	2,419,122
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,778,501	2,419,122
Comprehensive income attributable to non-controlling interests	—	—

4. Production, Orders Received, and Sales

(1) Production

Production performance by segment for the nine months ended December 31, 2023 is as follows

Name of segment	Production (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	23,657,058	+24.8
Industrial machinery	4,427,242	(20.7)
Others	781,828	(7.3)
Total	28,866,129	+13.7

(Note) The above amount is calculated based on production costs and includes outsourcing production.

(2) Orders Received

The status of orders received by segment for the nine months ended December 31, 2023 is as follows

Name of segment	Orders received (Thousand yen)	Changes from the previous corresponding period (%)	Backlog of orders (Thousand yen)	Changes from the end of the previous fiscal year (%)
Coating and laminating machinery	12,650,481	(69.2)	53,564,456	(22.3)
Industrial machinery	3,375,516	+9.3	7,597,237	(22.1)
Others	1,211,352	(36.5)	1,272,035	+2.4
Total	17,237,350	(62.5)	62,433,729	(21.9)

(Note) The above amount is calculated based on sales prices.

(3) Sales

Sales performance by segment for the nine months ended December 31, 2023 is as follows

Name of segment	Sales (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	27,998,339	+31.3
Industrial machinery	5,529,266	(29.4)
Others	1,182,024	+9.3
Total	34,709,629	+14.8

(Note) The above amount is calculated based on sales prices.