



Consolidated Financial Results 3Q FY2023

February 14, 2024

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- **Results Highlights**
 - **3Q FY2023 Results**
 - **3Q FY2023 Results by Segment**
 - **FY2023 Outlook**

Company Name	HIRANO TECSEED Co., Ltd.
Representative	Kaoru Okada, President
Paid-in Capital	¥1,847,821,000 (as of end-December 2023)
Headquarters	101-1, Kawai, Kawai-cho, Kitakatsuragi-gun, Nara Pref. 636-0051, Japan
Group Companies (wholly-owned)	• HIRANO GIKENKOGYO Co., Ltd. • HIRANO K&E Co., Ltd., HIRANO AMERICA, INC.
Number of Employees	317 (Consolidated: 414, as of end-December 2023)
Securities Code	6245 (Industry: Machinery)

3Q FY2023 results

	3Q FY2023	YoY
Net Sales	¥34,709mn	¥4,480mn + 14.8%
Operating Income	¥2,638mn	¥322mn + 13.9%
Operating Income Margin	7.6%	-0.1pts

FY2023 earnings forecasts

	FY2023 forecasts	YoY
Net Sales	¥41,000mn	-¥1,423mn -3.4%
Operating Income	¥2,920mn	-¥173mn -5.6%
Operating Income Margin	7.1%	-0.2pts

Topics

- | | |
|---------------------------|---|
| 3Q FY2023 results | <ul style="list-style-type: none"> ✓ Net sales rise in the Coating and Laminating Machinery Segment on working through the order backlog despite recent sluggish conditions in the EV market ✓ Net sales fall in the Industrial Machinery Segment owing in part to longer negotiations despite rise in demand for film making systems for semiconductor materials applications ✓ Operating income margin flat YoY due to inability to offset higher costs, particularly for industrial materials and personnel, despite acquisition of high-profitability orders |
| FY2023 earnings forecasts | <ul style="list-style-type: none"> ✓ Expect slight YoY decline in net sales as a consequence of sales booking postponement resulting from change in clients' delivery locations and specifications ✓ Expect decline in operating income owing to higher industrial materials, personnel, and outsourcing costs, but aim to improve income via standardization and sharing of components/equipment, productivity improvement, and pass through of higher equipment value added into prices ✓ Reiterate full-year net sales and operating income guidance |



3Q FY2023 Results

Overview of 3Q FY2023 Results

1Q–3Q FY2023 results

(Unit: ¥million)	1Q–3Q FY22 a	1Q–3Q FY23 b	Change b-a	YoY % (b-a)/a
Orders	46,022	17,237	-28,785	-62.5%
Net Sales	30,228	34,709	+4,480	+14.8%
Operating Income	2,316	2,638	+322	+13.9%
Operating Income Margin	7.7%	7.6%	-0.1%	-
Ordinary Income	2,421	2,740	+319	+13.2%
Ordinary Income Margin	8.0%	7.9%	-0.1%	-
Net Income	1,675	1,924	+249	+14.9%
Net Income Margin	5.5%	5.5%	+0.0	-

3Q FY2023 results overview

- ✓ Orders: Down in 3Q as adjustments for changes in clients' delivery locations, etc. overlapped with a fallback from strong advance orders in FY2022 and earlier, particularly for EV-use lithium-ion battery coating equipment, and decline in clients' order appetite as they monitored market conditions for geopolitical risk.
- ✓ Net sales: Up in the Coating and Laminating Machinery Segment on working through the order backlog despite recent sluggish conditions in the EV market, but down in the Industrial Machinery Segment owing in part to longer negotiations despite rise in demand for film making systems for semiconductor materials applications such as MLCC and polyimide films
- ✓ Operating income: Slight rise in income due to higher sales, although margin falls owing to sharply higher costs (mainly for industrial materials and personnel)
- ✓ Ordinary income: Down on higher interest payments on borrowing
- ✓ Net income: Flat as lower ordinary income offsets slight rise in operating income

3Q FY2023 Results by Segment



(Unit: ¥million)

	1Q-3Q FY22		1Q-3Q FY23		Change b-a	YoY % (b-a)/a
	a		b			
Consolidated total	Orders	46,022	17,237		-28,785	-62.5%
	Net Sales	30,228	34,709		+4,480	+14.8%
	Operating Income* ¹	2,316	2,638		+322	+13.9%
	Operating Income Margin	7.7%	7.6%		-0.1%	-
Coating and Laminating Machinery Segment	Orders	41,028	12,650		-28,377	-69.2%
	Net Sales	21,316	27,998		+6,681	+31.3%
	Operating Income* ²	1,165	2,593		+1,427	+122.5%
	Operating Income Margin	5.5%	9.3%		+3.8%	-
Industrial Machinery Segment	Orders	3,088	3,375		+287	+9.3%
	Net Sales	7,831	5,529		-2,302	-29.4%
	Operating Income* ²	1,835	851		-984	-53.6%
	Operating Income Margin	23.4%	15.4%		-8.0%	-
Others, Adjustments	Orders	1,906	1,211		-695	-36.5%
	Net Sales	1,080	1,182		+101	+9.3%
	Operating Income* ²	94	278		+184	+194.6%
	Operating Income Margin	8.8%	23.6%		+14.8%	-

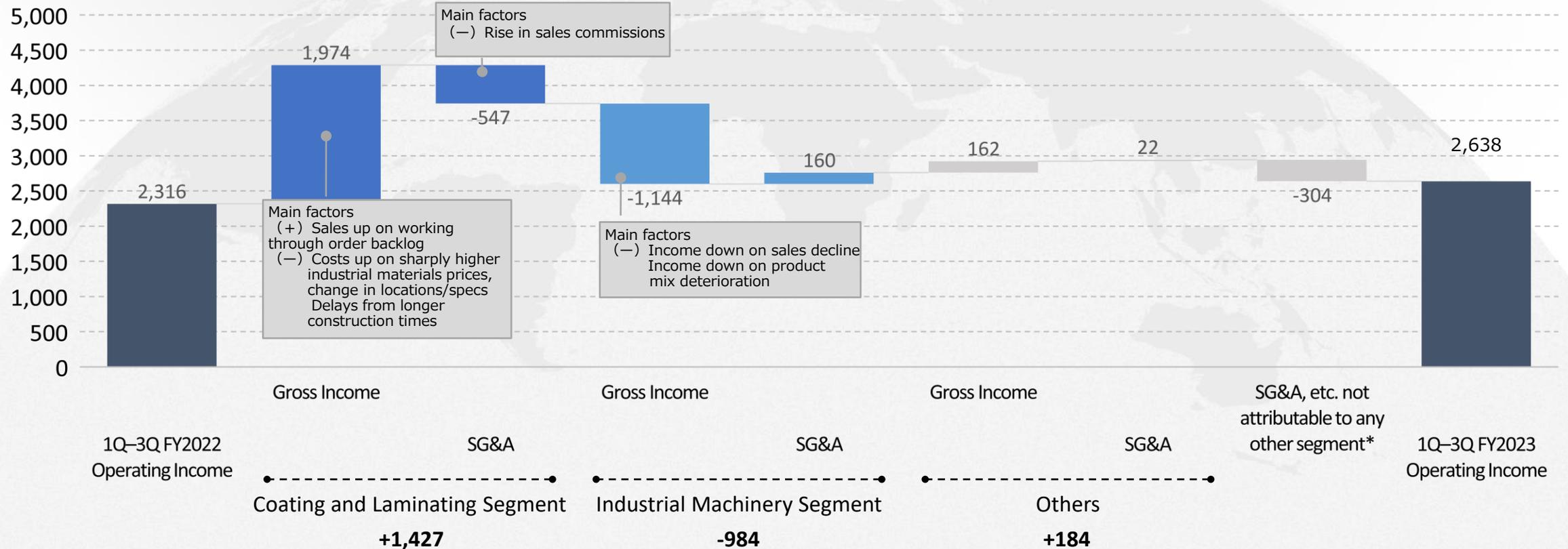
*1 : After adjustment for SG&A not assignable to any reporting segment

*2 : Operating income equivalent to segment profit in the quarterly results report

Factors for Change in 3Q FY2023 Operating Income

Factors for change in operating income

(Unit: ¥million)



(Unit: ¥million)	End-FY2022	End-3Q FY2023	
	Value	Value	Change
Current Assets	48,158	44,654	-3,504
Fixed Assets	12,363	12,638	+274
Tangible Fixed Assets	7,408	7,386	-22
Intangible Fixed Assets	672	590	-82
Investments and Other Assets	4,283	4,661	+378
Total Assets	60,522	57,292	-3,230
Current Liabilities	23,428	18,392	-5,035
Fixed Liabilities	1,096	1,303	+206
Net Assets	35,997	37,596	+1,598
Equity Ratio	59.5%	65.6%	+6.1pts

Assets

Current Assets Down ¥3,504mn

- ✓ Electronically recorded monetary claims up ¥765mn
- ✓ Marketable securities down ¥2,299mn
- ✓ Advance payments down ¥1,648mn

Fixed Assets Up ¥274mn

- ✓ Investments and other assets up ¥378mn
- ✓ Intangible fixed assets down ¥82mn

Liabilities

Current Liabilities Down ¥5,035mn

- ✓ Short-term borrowings down ¥4,950mn

Fixed Liabilities Up ¥206mn

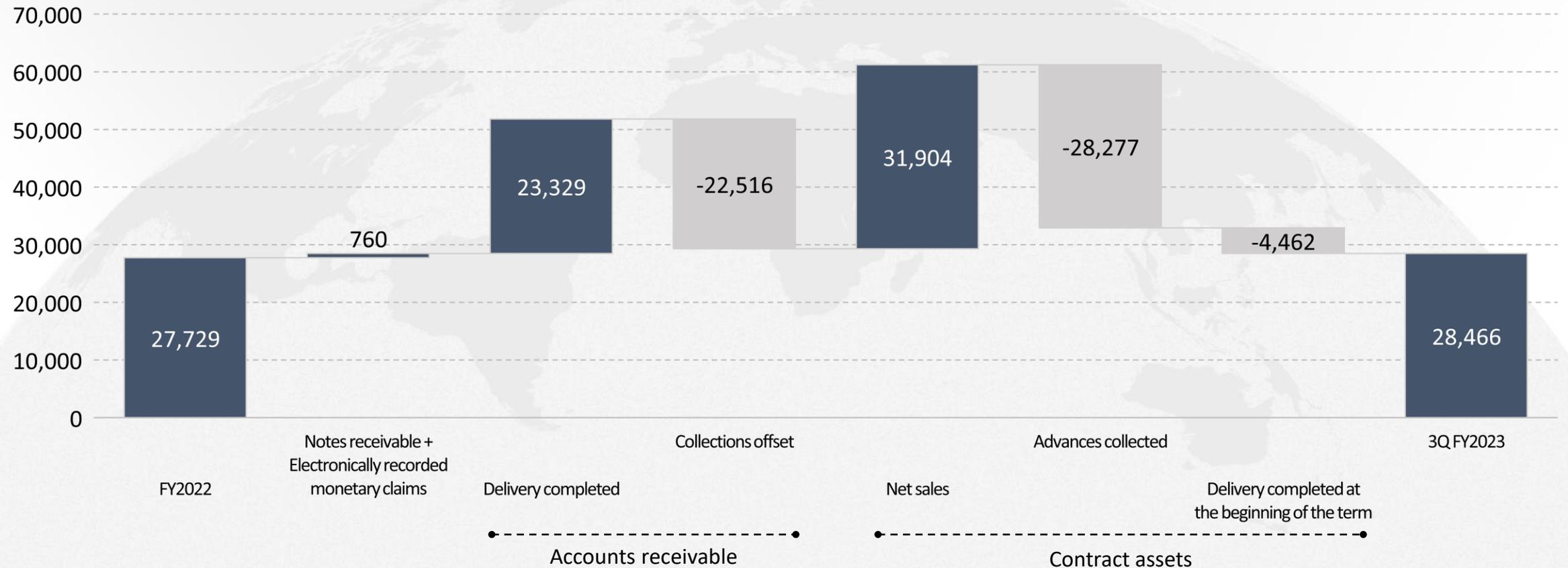
- ✓ Deferred tax liabilities up ¥424mn
- ✓ Long-term borrowings down ¥239mn

Net Assets

Net Assets Up ¥1,598mn

Change in Notes and Accounts Receivable - Trade, and Contract Assets, and Electronically Recorded Monetary Claims - Operating

(Unit: ¥million)

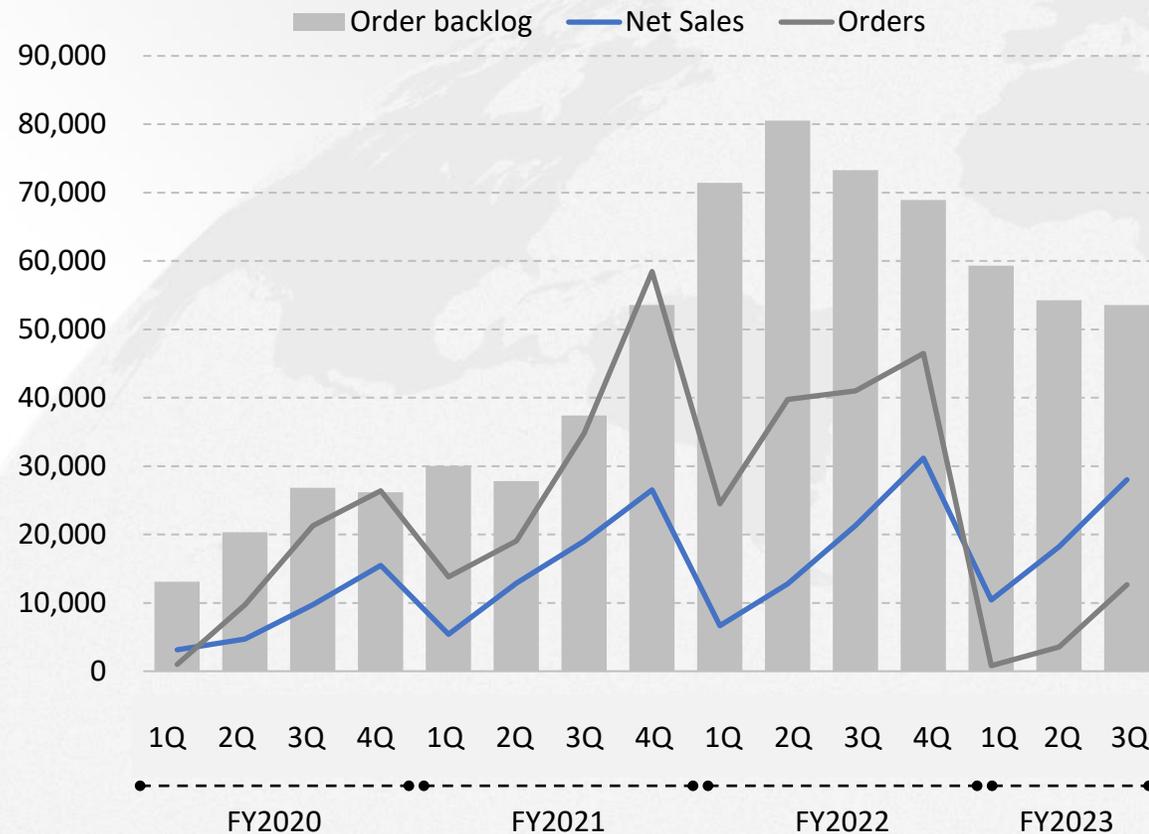




3Q FY2023 Results by Segment

Order backlog, net sales, and orders in the Coating and Laminating Machinery Segment

(Unit: ¥million)



Highlights in the Coating and Laminating Machinery Segment

Market conditions

- ✓ Growth slowing in the lithium-ion battery market (particularly in the EV market), but expect growth to continue in the long term, with particularly strong prospects in North America, Asia, and Europe

Orders

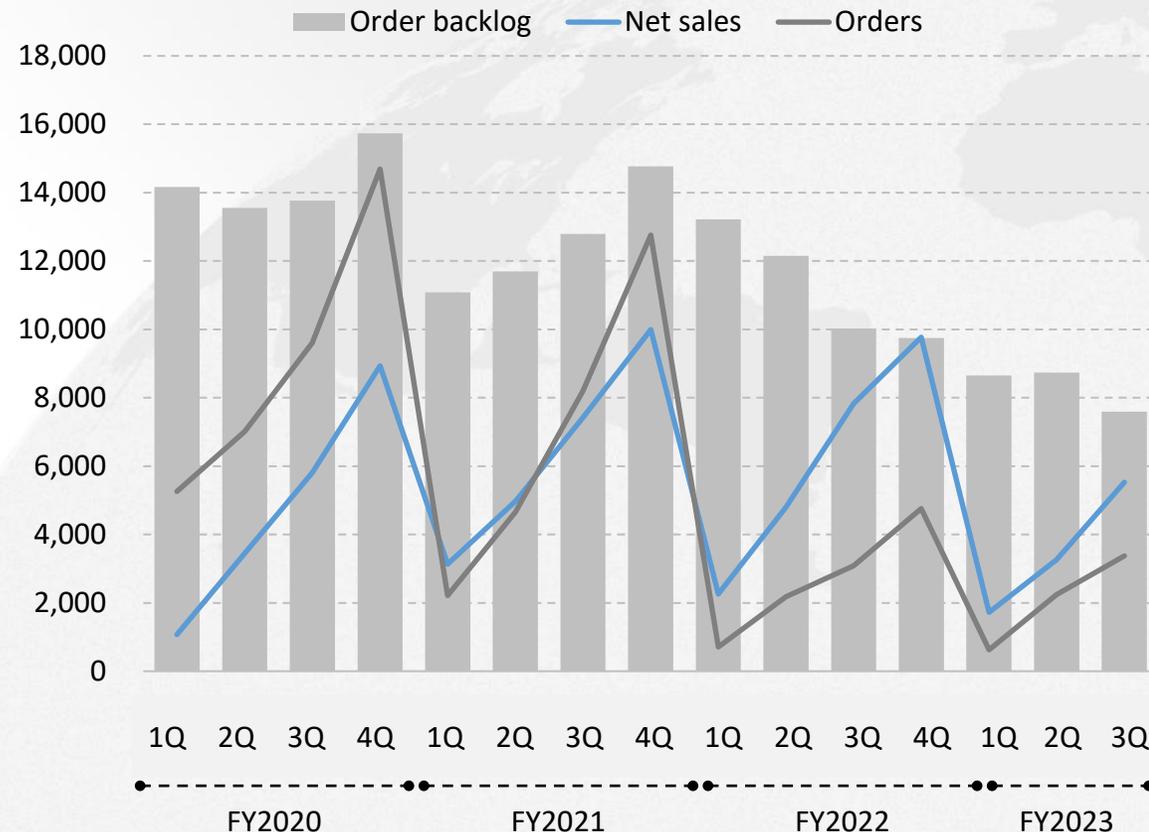
- ✓ Orders decline on fall in appetite for new capex due to advanced orders in FY2022 and in reaction to slower EV market growth
- ✓ While monitoring client trends, aim to work through the order backlog, develop and strengthen business partnerships, boost production capacity, and pursue sharing and standardization of components

Net sales

- ✓ Net sales up YoY, mainly in energy-related areas, on some progress in working through order backlog
- ✓ Continuing price negotiations with clients

Order backlog, net sales, and orders in the Industrial Machinery Segment

(Unit: ¥million)



Highlights in the Industrial Machinery Segment

- Market conditions**

 - ✓ Market being driven by film making systems for semiconductor materials applications, such as MLCC and polyimide films
 - ✓ Market sluggish on impact of Chinese economic conditions, but expect long-term growth and capex investment by sector majors

- Orders**

 - ✓ MLCC orders up slightly YoY on receipt of orders from clients in regions such as Japan and China
 - ✓ Inquiries for polyimide films from these same clients, working on turning these into orders

- Net sales**

 - ✓ Net sales down YoY despite film making systems for electronic materials applications becoming the main focus



FY2023 Outlook

FY2023 Earnings Forecasts

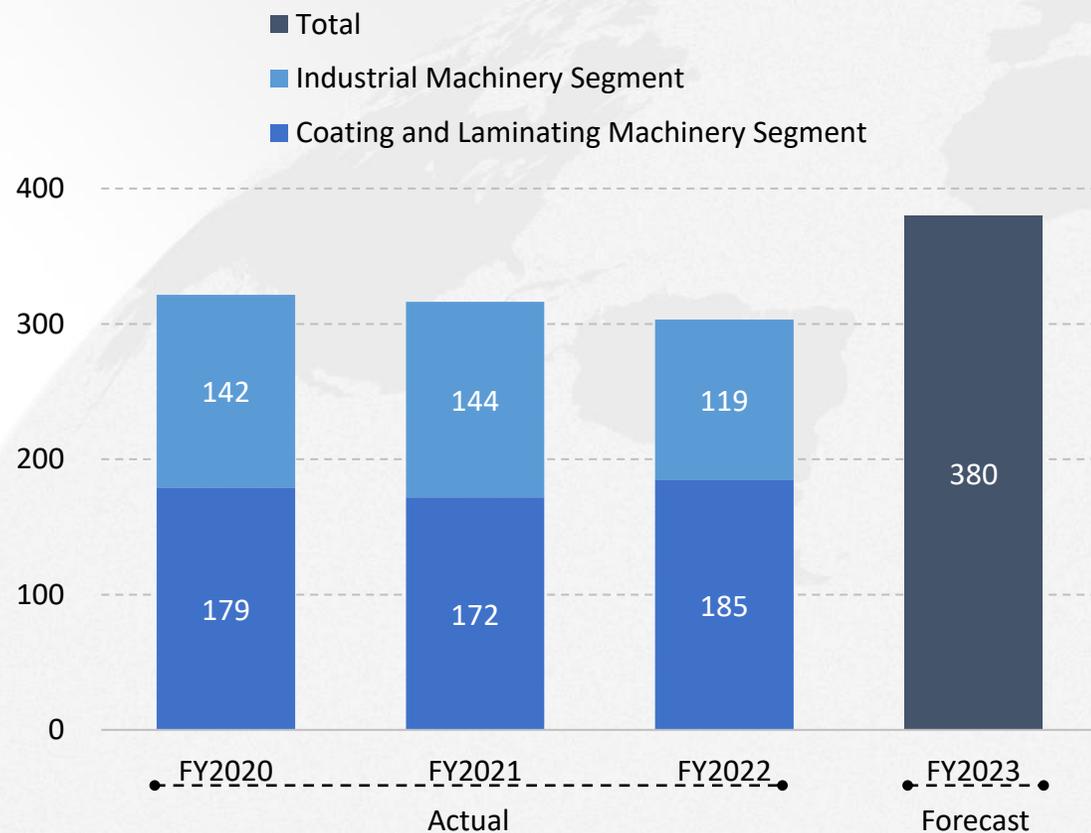


(Unit: ¥million)	FY2022	FY2023 Forecast	YoY	
	a	b	Change b-a	YoY % (b-a)/a
Net Sales	42,423	41,000	-1,423	-3.4%
Operating Income	3,093	2,920	-173	-5.6%
Operating Income Margin	7.3%	7.1%	-0.2pts	-
Ordinary Income	3,219	3,000	-219	-6.8%
Ordinary Income Margin	7.6%	7.3%	-0.3pts	-
Net Income	2,243	2,100	-143	-6.4%
Net Income Margin	5.3%	5.1%	-0.2pts	-
ROE	6.4%	5.8%	-0.6pts	
Dividends Per Share	¥56	¥88	¥32	
Interim	¥28	¥28	¥0	
Year-end	¥28	¥60	¥32	

FY2023 R&D Expenditure, Capex, and Depreciation Expenses

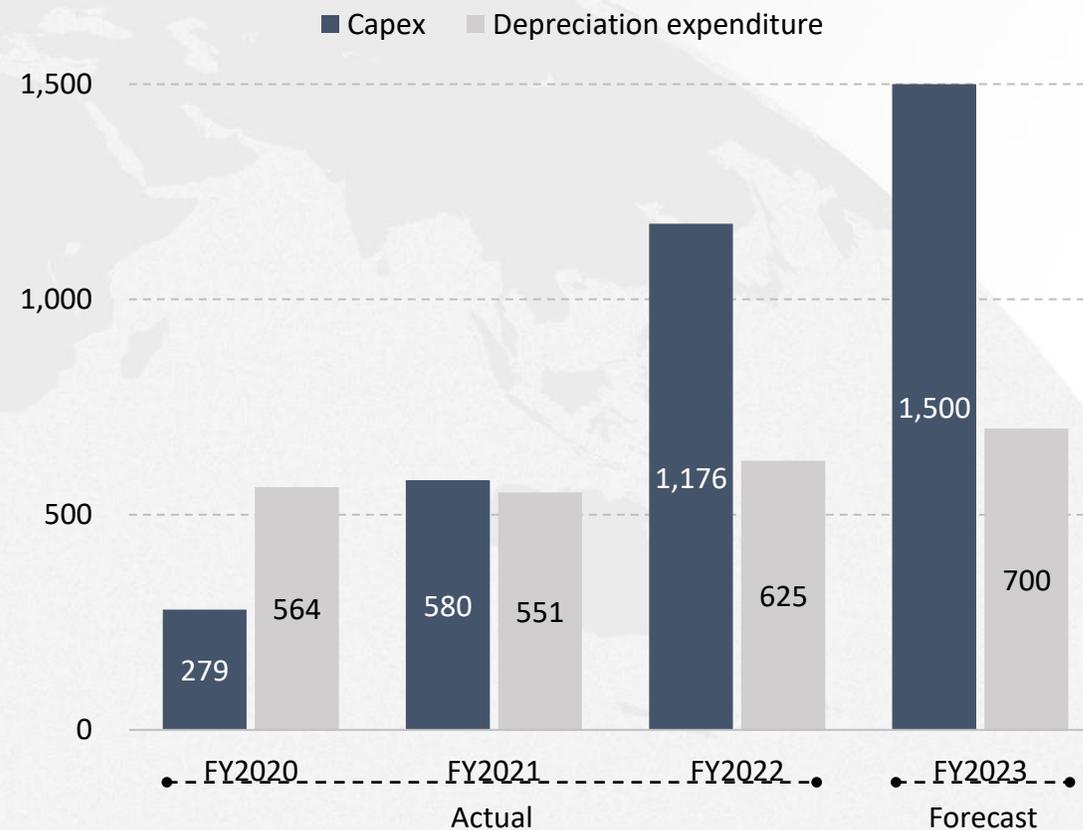
R&D expenditure

(Unit: ¥million)



Capex and depreciation expenditure (consolidated)

(Unit: ¥million)



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