

Consolidated Financial Results
for the Second Quarter Ended September 30, 2024
[Japanese GAAP] (Unaudited)



November 12, 2024

Company name: HIRANO TECSEED Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 6245

URL: <https://www.hirano-tec.co.jp/en/>

Representative: Kaoru Okada, President and Director

Contact: Masashi Hara, Director and Executive Officer Operating Officer, Corporate Division

Phone: +81-745-57-0681

Scheduled date of filing semi-annual securities report: November 14, 2024

Scheduled date of commencing dividend payments: December 3, 2024

Supplemental Explanatory Materials for Account Settlement: Yes

Explanatory Meeting for Account Settlement to be held: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(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	%
Six months ended September 30, 2024	24,388	9.1	1,024	33.1	1,201	47.6	867	53.8
Six months ended September 30, 2023	22,346	22.3	769	(48.6)	814	(47.7)	564	(47.7)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥998 million (down 3.2%)
Six months ended September 30, 2023: ¥1,031 million (up 11.9%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2024	57.37	—
Six months ended September 30, 2023	37.42	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2024	63,742	38,675	60.7
As of March 31, 2024	62,929	38,562	61.3

(Reference) Equity: As of September 30, 2024: ¥38,675 million
As of March 31, 2024: ¥38,562 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen —	Yen 28.00	Yen —	Yen 60.00	Yen 88.00
Fiscal year ending March 31, 2025	—	45.00			
Fiscal year ending March 31, 2025 (Forecast)			—	45.00	90.00

(Note) Revisions of the most recently announced cash dividend forecast: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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	44,000	(6.3)	2,900	(10.4)	3,000	(11.6)	2,100	(13.9)	139.25

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

Notes

(1) Significant changes in the scope of consolidation during the period under review: No

(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: Yes
- 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):

September 30, 2024: 15,394,379 shares

March 31, 2024: 15,394,379 shares

2) Total number of treasury stock at the end of the period:

September 30, 2024: 270,063 shares

March 31, 2024: 281,056 shares

3) Average number of shares during the period:

Six months ended September 30, 2024: 15,116,351 shares

Six months ended September 30, 2023: 15,074,306 shares

* This semi-annual financial results report is outside the scope of 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.

How to view supplementary materials for the second quarterly financial results

Supplementary materials to be distributed at this event will be disclosed on Wednesday, November 27, 2024 using the Timely Disclosure network (TDnet), and available on the Company's website.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	14,279,509	10,442,754
Notes and accounts receivable - trade, and contract assets	※ 30,092,299	34,692,886
Electronically recorded monetary claims - operating	※ 944,932	314,040
Work in process	212,138	311,173
Raw materials and supplies	382,003	363,656
Advance payments to suppliers	1,785,311	2,957,324
Other	2,010,748	1,449,989
Allowance for doubtful accounts	△67,734	△72,829
Total current assets	49,639,209	50,458,995
Non-current assets		
Property, plant and equipment	7,511,235	7,557,155
Intangible assets	560,185	479,777
Investments and other assets		
Investment securities	4,483,115	4,522,089
Other	735,822	724,500
Total investments and other assets	5,218,937	5,246,590
Total non-current assets	13,290,359	13,283,522
Total assets	62,929,568	63,742,518

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,680,865	6,851,843
Electronically recorded obligations - operating	5,384,362	4,033,696
Short-term borrowings	6,000,000	7,050,000
Current portion of long-term borrowings	451,840	508,416
Income taxes payable	706,874	310,208
Advances received	3,252,184	2,090,775
Provision for bonuses	279,676	279,567
Provision for product warranties	34,662	59,903
Other	2,175,034	2,449,766
Total current liabilities	22,965,499	23,634,176
Non-current liabilities		
Long-term borrowings	491,460	503,284
Provision for retirement benefits for directors (and other officers)	62,750	58,016
Retirement benefit liability	442,135	453,550
Asset retirement obligations	16,786	16,956
Other	388,531	400,800
Total non-current liabilities	1,401,663	1,432,608
Total liabilities	24,367,162	25,066,784
Net assets		
Shareholders' equity		
Share capital	1,847,821	1,847,821
Capital surplus	1,389,886	1,398,360
Retained earnings	33,693,483	33,653,935
Treasury shares	△327,459	△314,253
Total shareholders' equity	36,603,732	36,585,864
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,960,455	2,030,353
Foreign currency translation adjustment	△16,238	40,200
Remeasurements of defined benefit plans	14,457	19,315
Total accumulated other comprehensive income	1,958,673	2,089,869
Total net assets	38,562,405	38,675,734
Total liabilities and net assets	62,929,568	63,742,518

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	22,346,252	24,388,430
Cost of sales	19,316,132	20,954,721
Gross profit	3,030,120	3,433,708
Selling, general and administrative expenses	※ 2,260,298	※ 2,409,046
Operating profit	769,821	1,024,661
Non-operating income		
Interest income	7,581	745
Dividend income	55,423	71,532
Insurance claim income	—	29,160
Recoveries of written off receivables	—	60,000
Other	19,135	60,102
Total non-operating income	82,141	221,540
Non-operating expenses		
Interest expenses	37,528	33,914
Loss on retirement of non-current assets	0	7,966
Other	61	2,423
Total non-operating expenses	37,589	44,304
Ordinary profit	814,373	1,201,897
Extraordinary losses		
Loss on sale of investment securities	—	7,369
Total extraordinary losses	—	7,369
Profit before income taxes	814,373	1,194,528
Income taxes - current	321,122	349,522
Income taxes - deferred	△70,775	△22,246
Total income taxes	250,346	327,276
Profit	564,026	867,251
Profit attributable to owners of parent	564,026	867,251

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	564,026	867,251
Other comprehensive income		
Valuation difference on available-for-sale securities	458,976	69,898
Foreign currency translation adjustment	1,909	56,439
Remeasurements of defined benefit plans, net of tax	6,170	4,858
Total other comprehensive income	467,056	131,195
Comprehensive income	1,031,083	998,447
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,031,083	998,447
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	814,373	1,194,528
Depreciation	363,612	401,191
Amortization of long-term prepaid expenses	13,868	12,483
Increase (decrease) in provision for bonuses	9,462	△109
Increase (decrease) in allowance for doubtful accounts	1,251	5,019
Increase (decrease) in provision for retirement benefits for directors (and other officers)	6,234	△4,733
Increase (decrease) in provision for product warranties	4,772	25,241
Decrease (increase) in retirement benefit asset	6,677	3,360
Increase (decrease) in retirement benefit liability	4,500	8,309
Interest and dividend income	△63,005	△72,277
Interest expenses	37,528	33,914
Loss (gain) on sale of property, plant and equipment	—	1,531
Loss on retirement of non-current assets	0	7,966
Loss (gain) on sale of investment securities	—	7,369
Decrease (increase) in accounts receivable - trade, and contract assets	△1,582,759	△3,656,543
Recoveries of written off receivables	—	△60,000
Decrease (increase) in inventories	△162,415	△103,906
Increase (decrease) in advances received	△152,181	△1,274,220
Increase (decrease) in trade payables	△192,223	505,692
Increase (decrease) in accounts payable - other	264,028	233,825
Increase (decrease) in accrued expenses	△12,006	△14,426
Decrease (increase) in advance payments to suppliers	1,359,125	△1,060,654
Decrease (increase) in consumption taxes refund receivable	991,184	826,491
Increase (decrease) in accrued consumption taxes	15,822	△68,023
Other, net	△148,744	18,969
Subtotal	1,579,106	△3,029,001
Interest and dividends received	63,007	72,277
Interest paid	△37,528	△33,914
Income taxes paid	△57,717	△772,111
Income taxes refund	125,831	5,686
Net cash provided by (used in) operating activities	1,672,700	△3,757,063

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from investing activities		
Payments into time deposits	△1,000	△1,000
Proceeds from withdrawal of time deposits	46,000	36,000
Proceeds from sale of securities	300,000	—
Purchase of property, plant and equipment	△532,623	△433,606
Proceeds from sale of property, plant and equipment	—	1,805
Purchase of intangible assets	△7,245	△8,293
Purchase of investment securities	△2,891	△1,194
Proceeds from sale of investment securities	595	43,365
Proceeds from written of receivables	—	60,000
Other, net	△35,146	△37,155
Net cash provided by (used in) investing activities	△232,311	△340,078
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△3,982,500	1,050,000
Proceeds from long-term borrowings	—	320,000
Repayments of long-term borrowings	△253,968	△251,600
Dividends paid	△421,743	△906,056
Other, net	△1,245	△7,824
Net cash provided by (used in) financing activities	△4,659,457	204,518
Effect of exchange rate change on cash and cash equivalents	3,784	90,868
Net increase (decrease) in cash and cash equivalents	△3,215,284	△3,801,754
Cash and cash equivalents at beginning of period	13,161,663	13,741,509
Cash and cash equivalents at end of period	※ 9,946,379	※ 9,939,754

3. Production, Orders Received, and Sales

(1) Production

Production performance by segment for the six months ended September 30, 2024 is as follows

Name of segment	Production (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	17,855,315	+11.7
Industrial machinery	2,514,800	(3.7)
Others	584,605	(18.2)
Total	20,954,721	+8.5

(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 six months ended September 30, 2024 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	16,126,071	+350.4	51,256,259	(8.1)
Industrial machinery	1,719,794	(23.5)	4,828,098	(20.2)
Others	721,481	(16.9)	902,740	(9.6)
Total	18,567,347	+177.3	56,987,099	(9.3)

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

(3) Sales

Sales performance by segment for the six months ended September 30, 2024 is as follows

Name of segment	Sales (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	20,629,907	+13.2
Industrial machinery	2,941,263	(9.8)
Others	817,259	(4.7)
Total	24,388,430	+9.1

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