

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.