



# Consolidated Financial Results 2Q FY2024

November 27, 2024

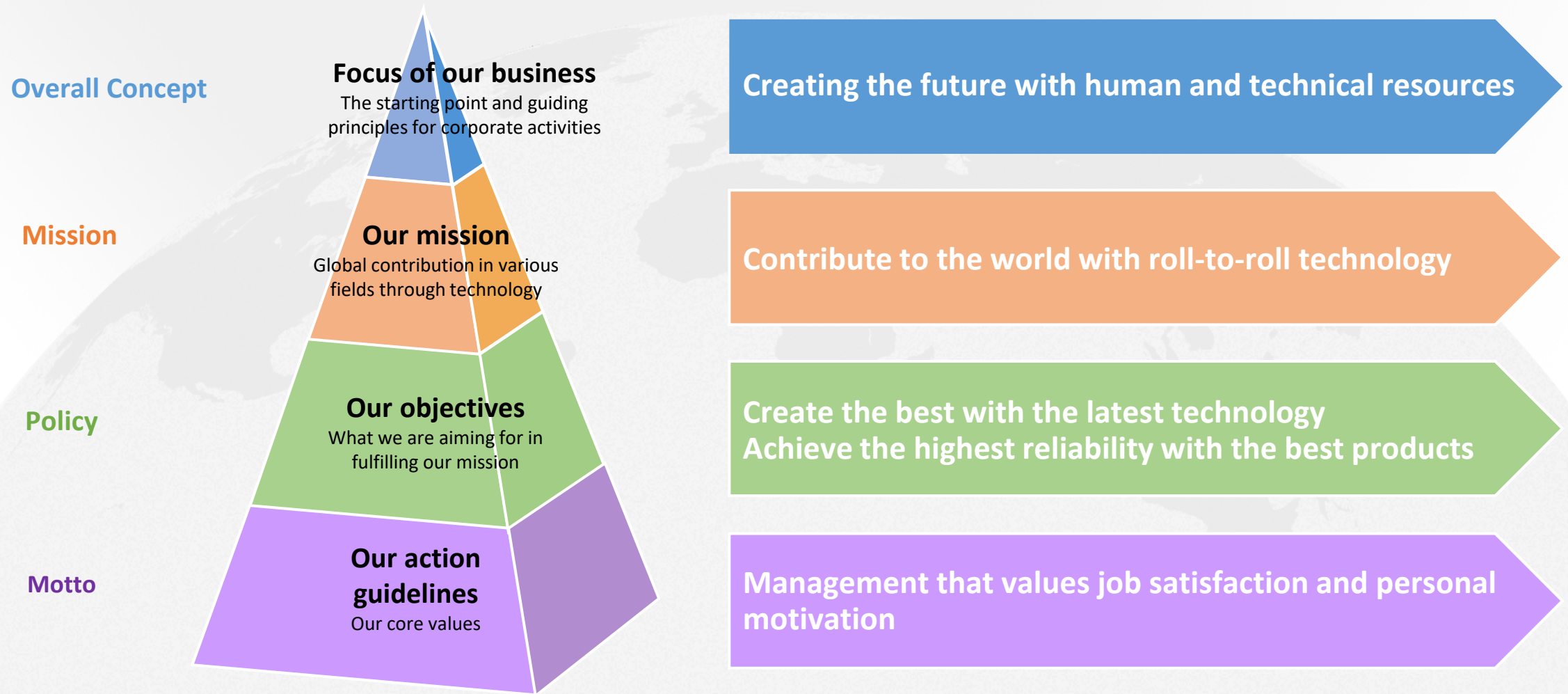
- **Company Profile and Business Model Characteristics**
- **Results Highlights**
- **2Q FY2024 Results**
- **2Q FY2024 Results by Segment**
- **FY2024 Outlook**
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# Company Profile and Business Model Characteristics



Company Name	HIRANO TECSEED Co., Ltd.
Representative	Kaoru Okada, President
Paid-in Capital	¥1,847,821,000 (as of end-September 2024)
Headquarters	101-1, Kawai, Kawai-cho, Kitakatsuragi-gun, Nara Pref. 636-0051, Japan
Group Companies (wholly-owned)	• HIRANO GIKEN KOGYO Co., Ltd. • HIRANO K&E Co., Ltd., HIRANO AMERICA, INC.
Number of Employees	Consolidated: 419 (Parent 319) (as of end-September 2024)
Securities Code	6245 (Industry: Machinery)



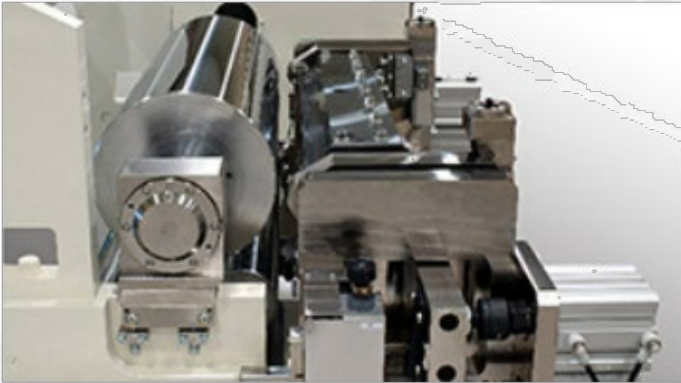
## Coating Technology



## Drying Technology



## Feeder Technology



Formation of a thin and uniform liquid coating on the surface of all types of material, including paper, plastic film, and metal foil



The liquid film coated on the material is fixed and transformed into a functional material

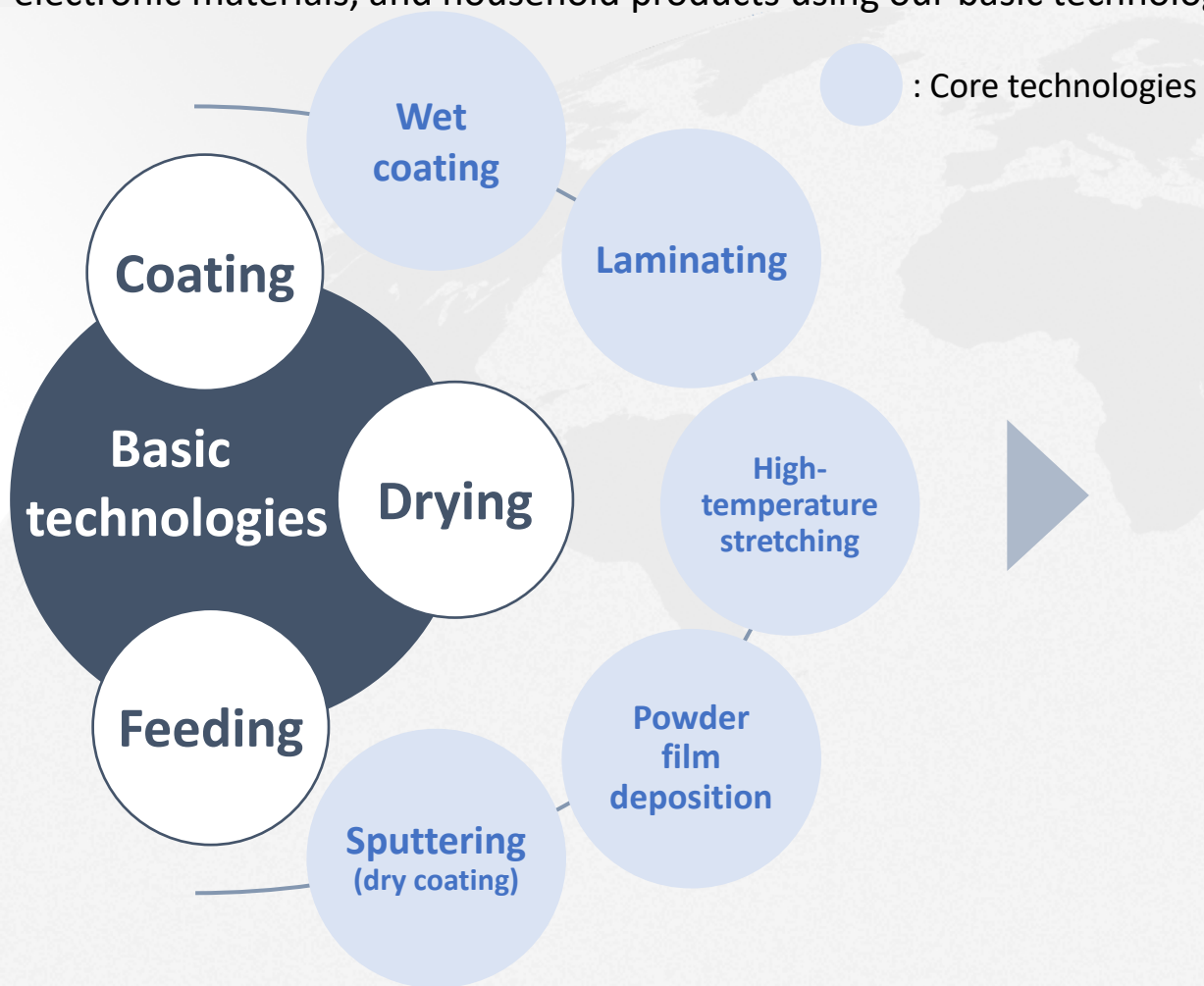


Precise control and stable mass production using a series of processes for unwinding, feeding, and rewinding thin materials without damaging them



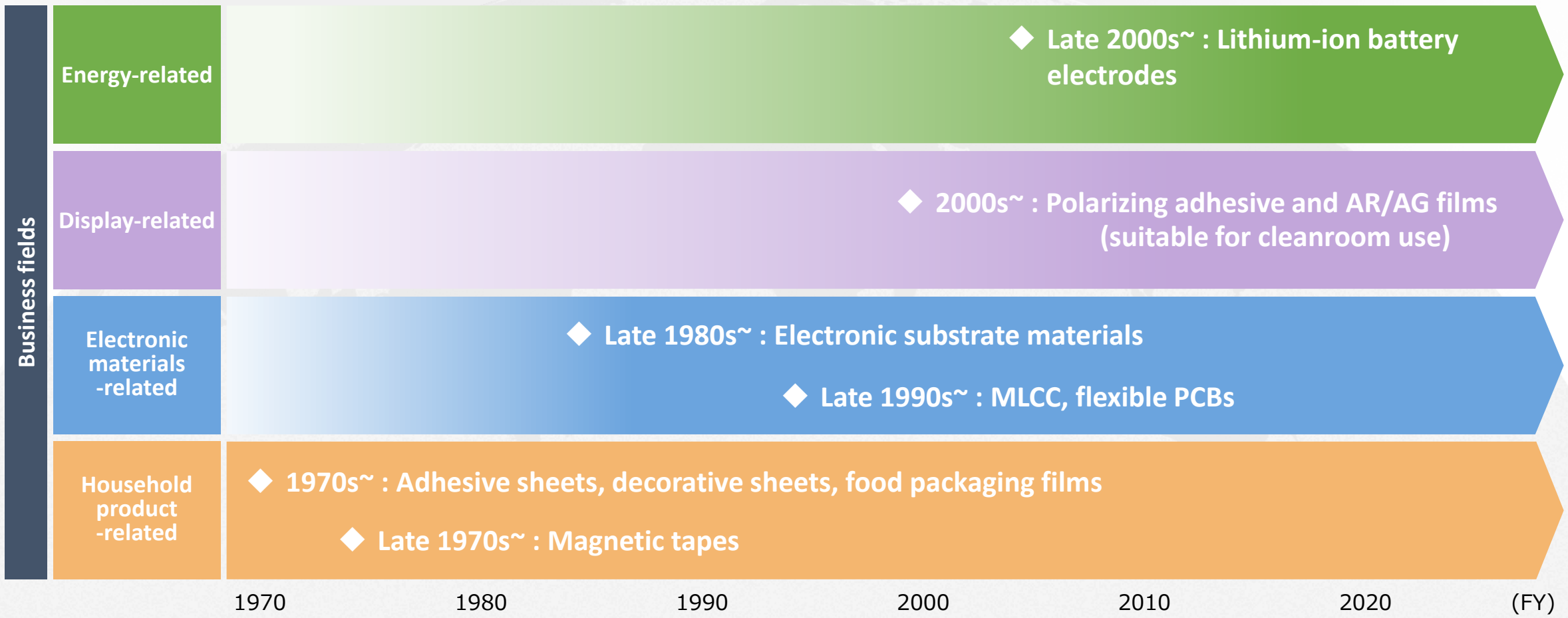
# Core Technologies and End Products by Application

Providing a production line for the four application areas of energy, displays, electronic materials, and household products using our basic technologies and core technologies



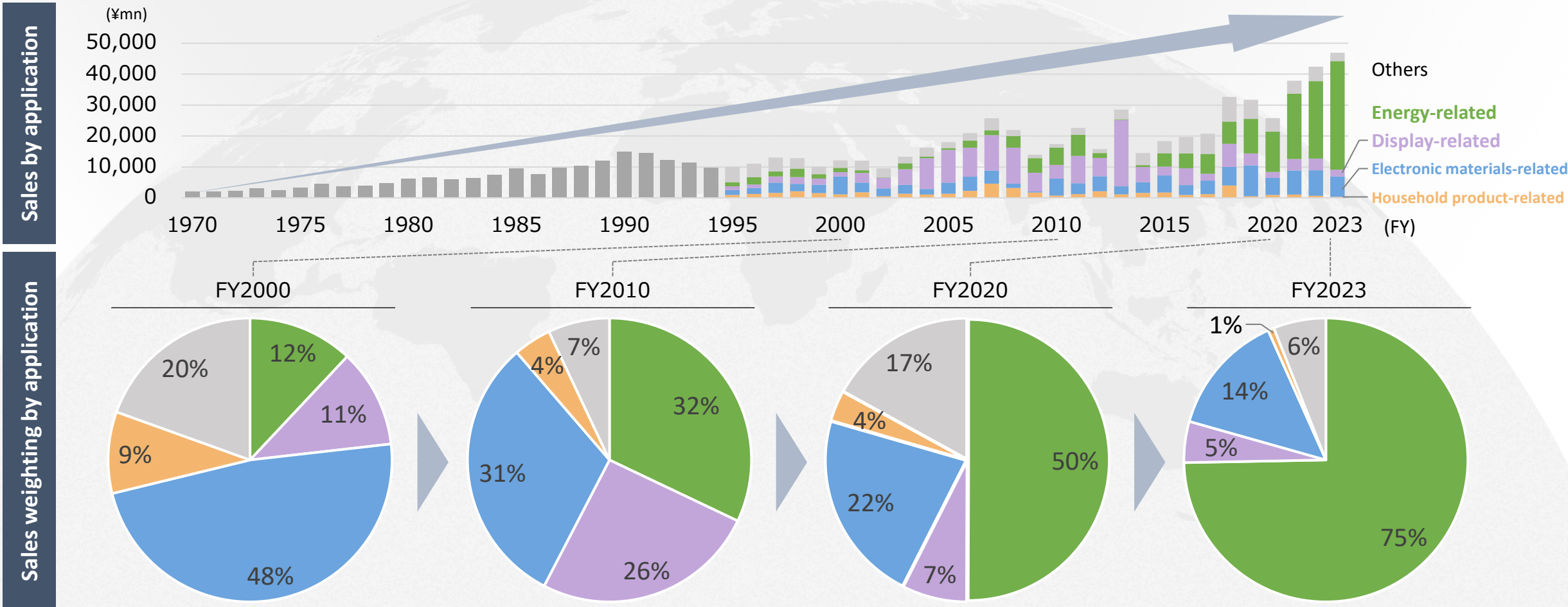
# Expansion in business fields

Expansion in applicable business fields as a result of continued adaptation to customers' mass production needs





Creating long-term growth while adapting to the needs of the times. Energy-related areas now account for around 75% of total sales.





▲ Universal Coater P-FF

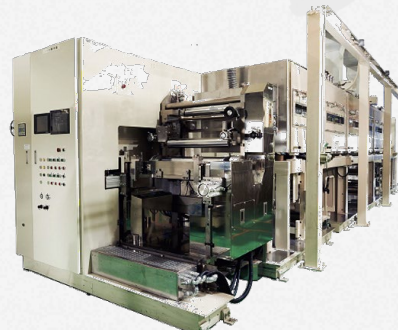
▲ Hybrid Coater



▲ Multicoater M-200DL



▲ Sheet Forming Multicoater  
M-600SF



▲ Lithium-ion Battery Electrode  
Coater R-800DB

Our research and development facility (Technicum) is a place that

**takes on the challenge of new technological development along with customers.**

Technicum has been involved in the development of numerous mass-production technologies for high-performance materials, including intermittent coating technology for lithium-ion batteries.



# Results Highlights



## 2Q FY2024 results

	2Q FY2024	YoY	Full-year forecast achievement rate
Net Sales	24,388 mn	+ 9.1 %	55.4 %
Operating Income	1,024 mn	+ 33.1 %	35.3 %
Operating Income Margin	4.2 %	+ 0.8 pts	—

## FY2024 earnings forecasts

	Forecasts	YoY
Net Sales	44,000 mn	-6.3 %
Operating Income	2,900 mn	-10.4 %
Operating Income Margin	6.6 %	-0.3 pts

## Topics

### 2Q FY2024 results

- ✓ Net sales and operating income up YoY on progress working through order backlog and supplementary work despite the impact of changes in customers' capex plans resulting from slower growth in the EV sector. Ongoing negotiations with some customers on cost transfers also contribute to 2Q sales and income growth.
- ✓ Operating income forecast achievement rate only 35.3%, in part due to stubbornly high materials prices and rise in outsourcing costs for medium- and long-term projects already booked as orders.

### FY2024 earnings forecasts

- ✓ Reiterate our initial FY2024 full-year forecasts



# 2Q FY2024 Results

# Overview of 2Q FY2024 Results

## Overview of 2Q FY2024 Results

(Unit: ¥million)	2Q FY2023	2Q FY2024	Change	YoY(%)	FY2024 forecasts	Forecast achievement rate
	a	B	b-a	(b-a)/a		
Orders	6,696	18,567	+11,870	+177.3%	-	-
Net Sales	22,346	24,388	+2,042	+9.1%	44,000	55.4%
Gross Profit	3,030	3,433	+403	+13.3%	-	-
Gross Profit Margin	13.6%	14.1%	+0.5pts	-	-	-
Operating Income	769	1,024	+254	+33.1%	2,900	35.3%
Operating Income Margin	3.4%	4.2%	+0.8pts	-	6.6%	-
Ordinary Income	814	1,201	+387	+47.6%	3,000	40.0%
Ordinary Income Margin	3.6%	4.9%	+1.3pts	-	6.8%	-
Net Income	564	867	+303	+53.8%	2,100	41.3%
Net Income Margin	2.5%	3.6%	+1.0pts	-	4.8%	-

## 2Q FY2024 results overview

- ✓ Orders: Up 177.3% YoY on solid orders for supplementary work in North America despite the impact of weak electrode coating equipment orders resulting from slower growth in the EV sector.
- ✓ Net sales: Up 9.1% YoY in part on progress working through the order backlog. The majority of sales were from lithium-ion battery electrode coating equipment and supplementary work in the Coating and Laminating Machinery Segment.
- ✓ Operating income: Up 33.1% YoY in part on cost transfers via negotiations with customers. Full-year forecast achievement rate only 35.3% owing to sharply higher costs and cost increases from changes in delivery schedules and locations.



## 2Q FY2024 Results by Segment

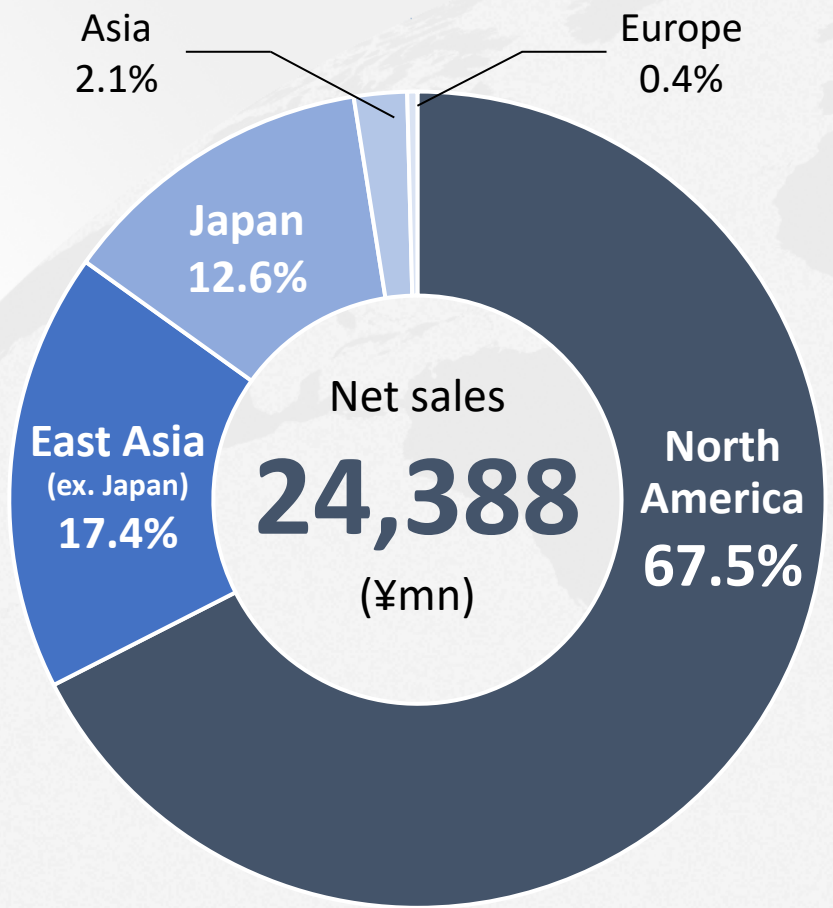


(Unit: ¥million)		2Q FY2023	2Q FY2024	Change	YoY (%)
		a	b	b-a	(b-a)/a
Coating and Laminating Machinery Segment	Orders	3,580	16,126	+12,545	+350.4%
	Net Sales	18,227	20,629	+2,402	+13.2%
	Segment income* <sup>1</sup>	918 (5.0%)	1,364 (6.6%)	+445 (+1.6pts)	+48.6%
Industrial Machinery Segment	Orders	2,247	1,719	-527	-23.5%
	Net Sales	3,261	2,941	-319	-9.8%
	Segment income* <sup>1</sup>	504 (15.5%)	244 (8.3%)	-260 (-7.2pts )	-51.6%
Others, Adjustments	Orders	868	721	-147	-16.9%
	Net Sales	857	817	-40	-4.7%
	Segment income* <sup>1</sup>	47 (5.5%)	149 (18.2%)	+101 (+12.7pts )	+215.0%
Consolidated total	Orders	6,696	18,567	+11,870	+177.3%
	Net Sales	22,346	24,388	+2,042	+9.1%
	Total income from reporting segments	1,470	1,757	+287	+19.5%
	All-company costs	+700	+732	+32	+4.6%
	Operating Income* <sup>2</sup> (%)	769 (3.4%)	1,024 (4.2%)	+254 (+0.8pts)	+33.1%

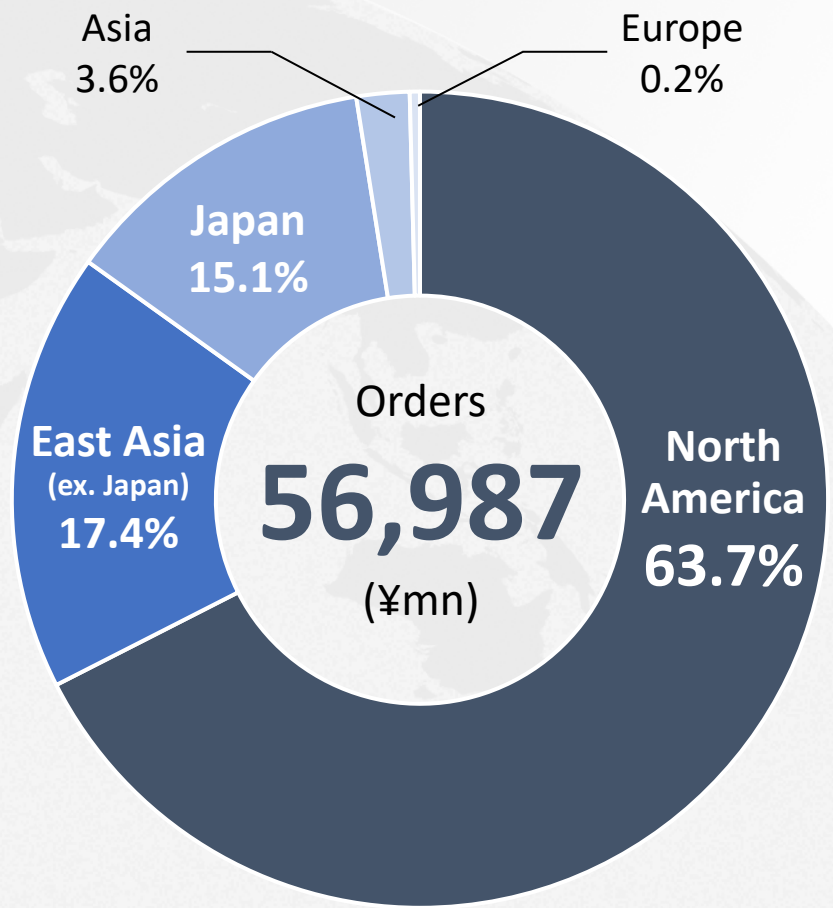
\* 1 : Operating income equivalent to segment profit in the quarterly results report

\* 2 : After adjustment for SG&A costs not assignable to any reporting segment

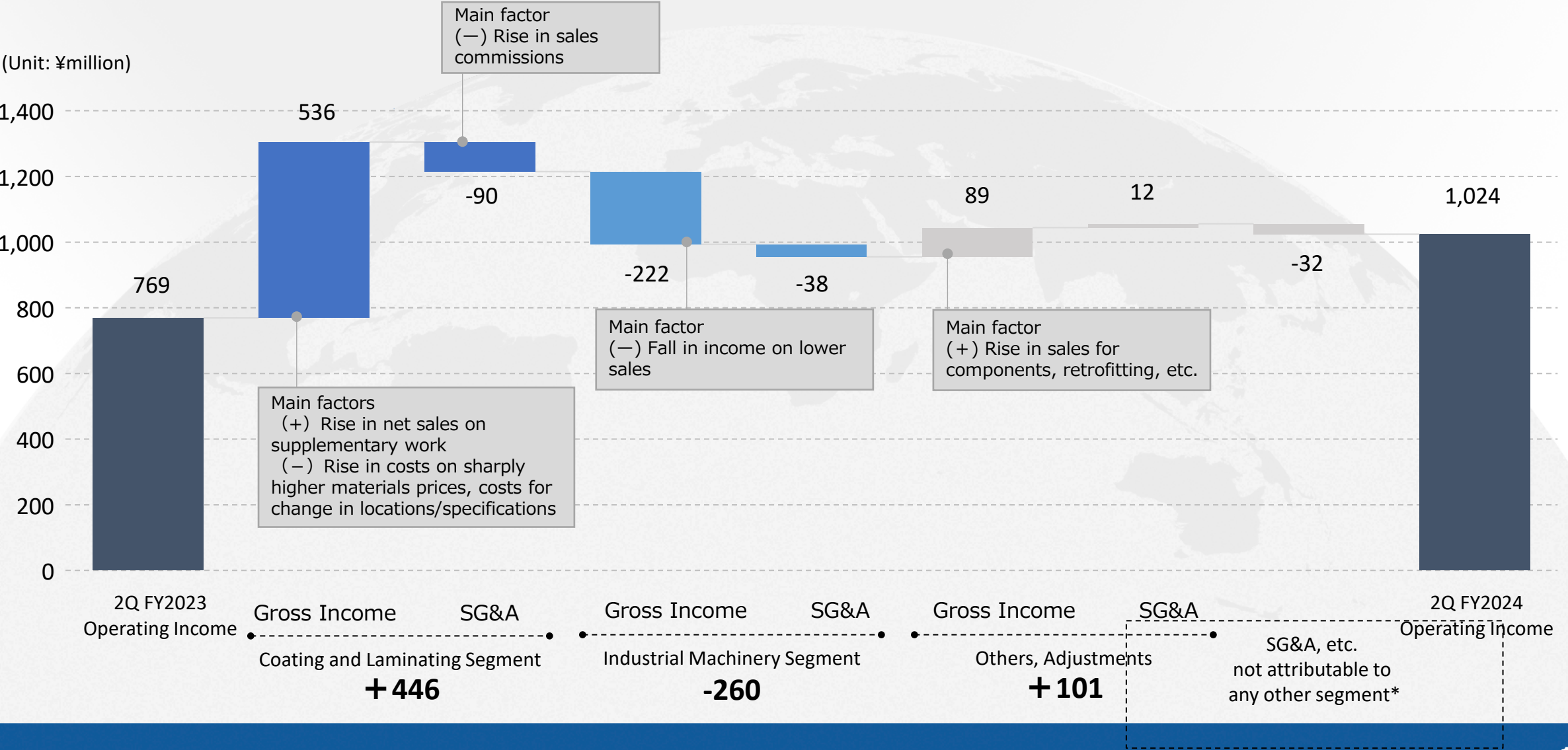
**Net sales by region**



**Orders by region**



# Factors for Change in 2Q FY2024 Operating Income





## 2Q FY2024 Balance Sheet

(Unit: ¥million)

	End-FY2023	End-2Q FY2024	
	Value	Value	Change
Current Assets	49,639	50,458	+819
Fixed Assets	13,290	13,283	-6
Tangible Fixed Assets	7,511	7,557	+45
Intangible Fixed Assets	560	479	-80
Investments and Other Assets	5,218	5,246	+27
Total Assets	62,929	63,742	+812
Current Liabilities	22,965	23,634	+668
Fixed Liabilities	1,401	1,432	+30
Net Assets	38,562	38,675	+113
Equity Ratio	61.3%	60.7%	-0.6pts

### Assets (vs. end-FY2023)

Current Assets Up ¥819mn

- ✓ Accounts receivable and contract assets up ¥3,969mn
- ✓ Advance payments up ¥1,172mn
- ✓ Cash and deposits down ¥3,836mn

Fixed Assets Down ¥6mn

- ✓ Tangible fixed assets up ¥45mn
- ✓ Intangible fixed assets down ¥80mn
- ✓ Investments and other assets up ¥27mn

### Liabilities (vs. end-FY2023)

Current Liabilities Up ¥668mn

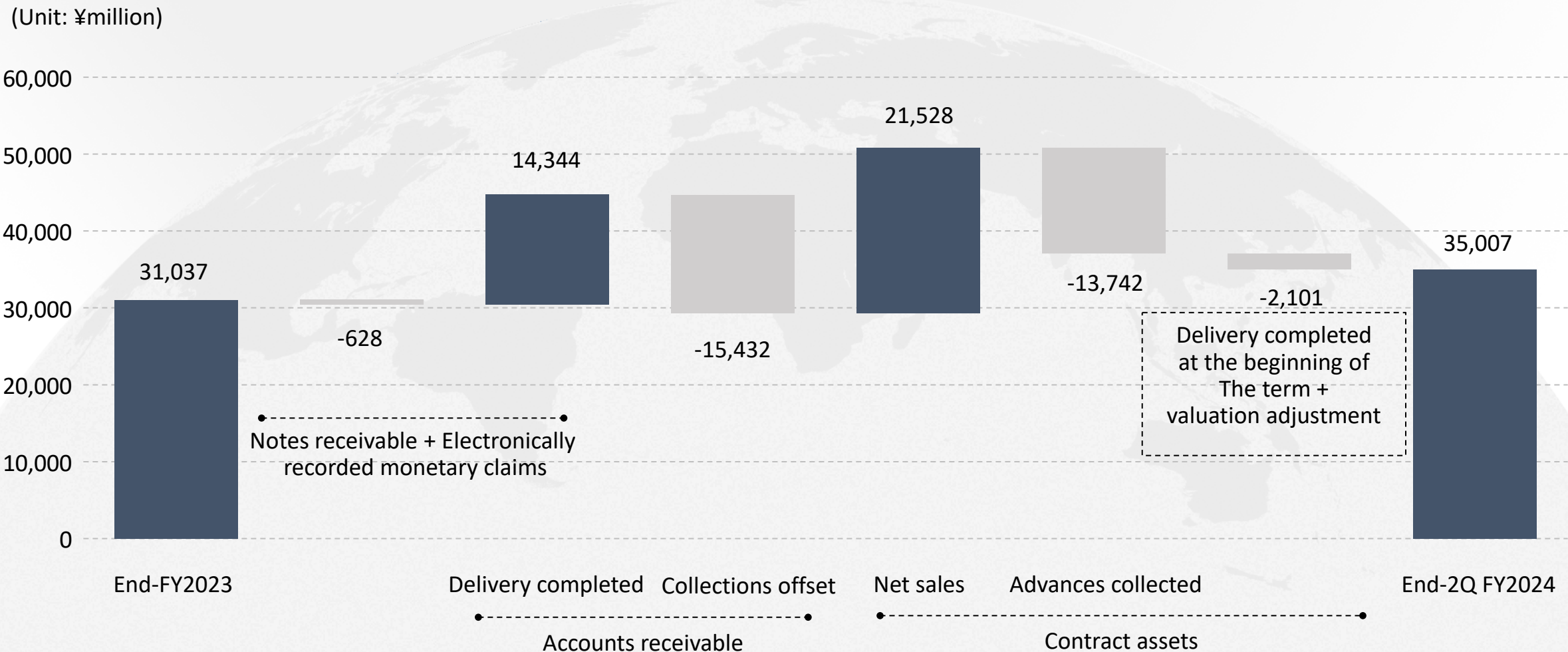
- ✓ Procurement liabilities up ¥820mn
- ✓ Short-term borrowings up ¥1,050mn
- ✓ Advances collected down ¥1,161mn

Fixed Liabilities Up ¥30mn

### Net Assets (vs. end-FY2023)

Net Assets Up ¥113mn

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



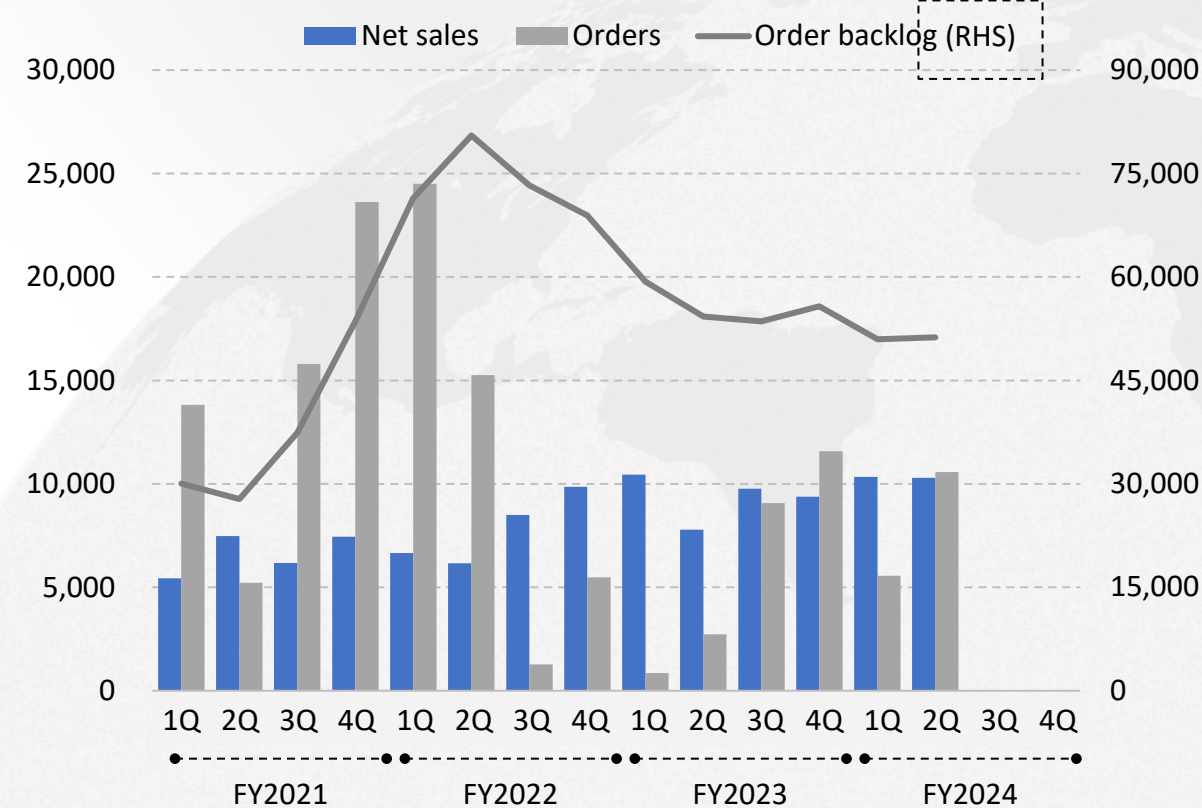


# 2Q FY2024 Results by Segment



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

(Unit: ¥million)

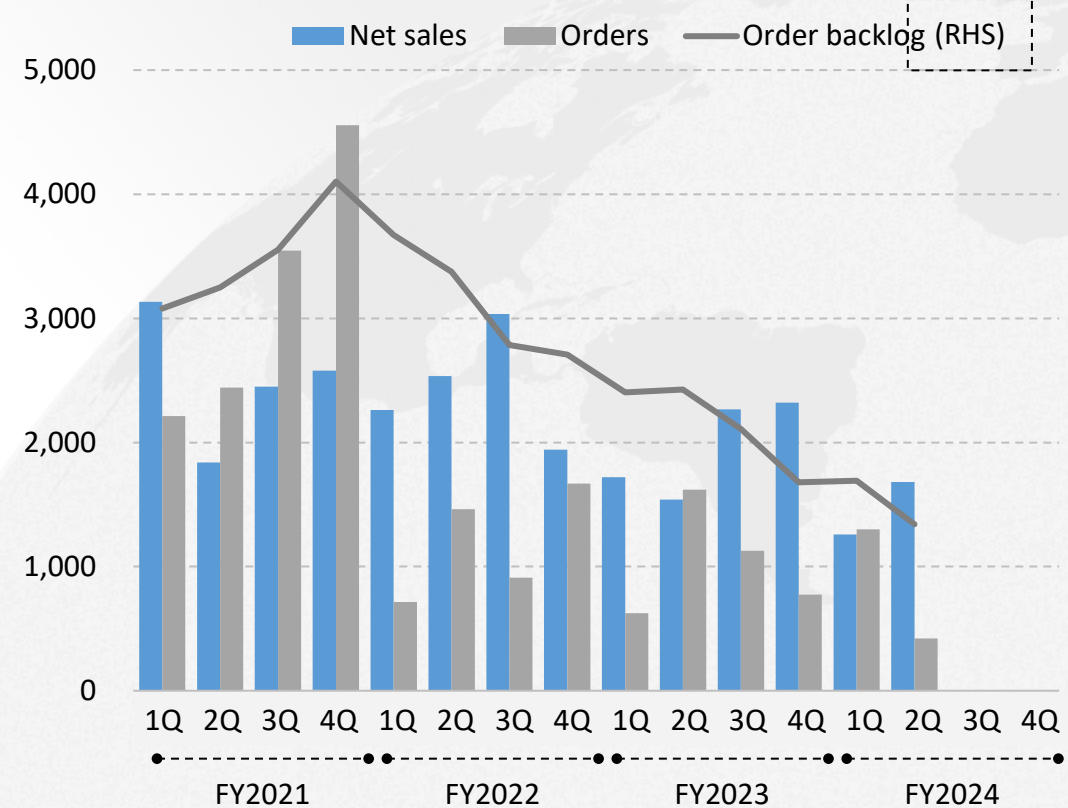


Highlights in the Coating and Laminating Machinery Segment

- ✓ Growth in the lithium-ion battery market (especially the EV market) continues to slow
- ✓ Market more sluggish than expected owing to major revisions in customers' capex plans, including adjusting plant construction plans and pushing back deliveries
- ✓ Machinery orders continue to decline on advanced orders since FY2021 and decline in customers' appetite for new capex in reaction as they monitor recent uncertainty in EV-related markets
- ✓ Due to expansion in work undertaken at the request of customers, receipt of orders for supplementary work including equipment mounting platforms and electrical work
- ✓ Progress on working through order projects, mainly in energy-related areas
- ✓ As well as increase in supplementary work (such as machinery mountings and electrical work), contribution to profit from ongoing negotiations on cost transfers with some customers

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

(Unit: ¥million)



## Highlights in the Industrial Machinery Segment

- ✓ **Market conditions**  
Lackluster momentum despite investment appetite, particularly film making systems for electronic materials applications such as MLCC and polyimide films
- ✓ **Orders**  
Inquiries from industry majors in regions such as Japan, Southeast Asia, and China, but order volume remained only flat YoY  
Focus on early capture of orders for film making systems for electronic materials applications
- ✓ **Net Sales**  
Production volume down and sales weak despite film making systems for electronic materials applications become the main focus



# FY2024 Outlook



# FY2024 Earnings Forecasts



(Unit: ¥million)

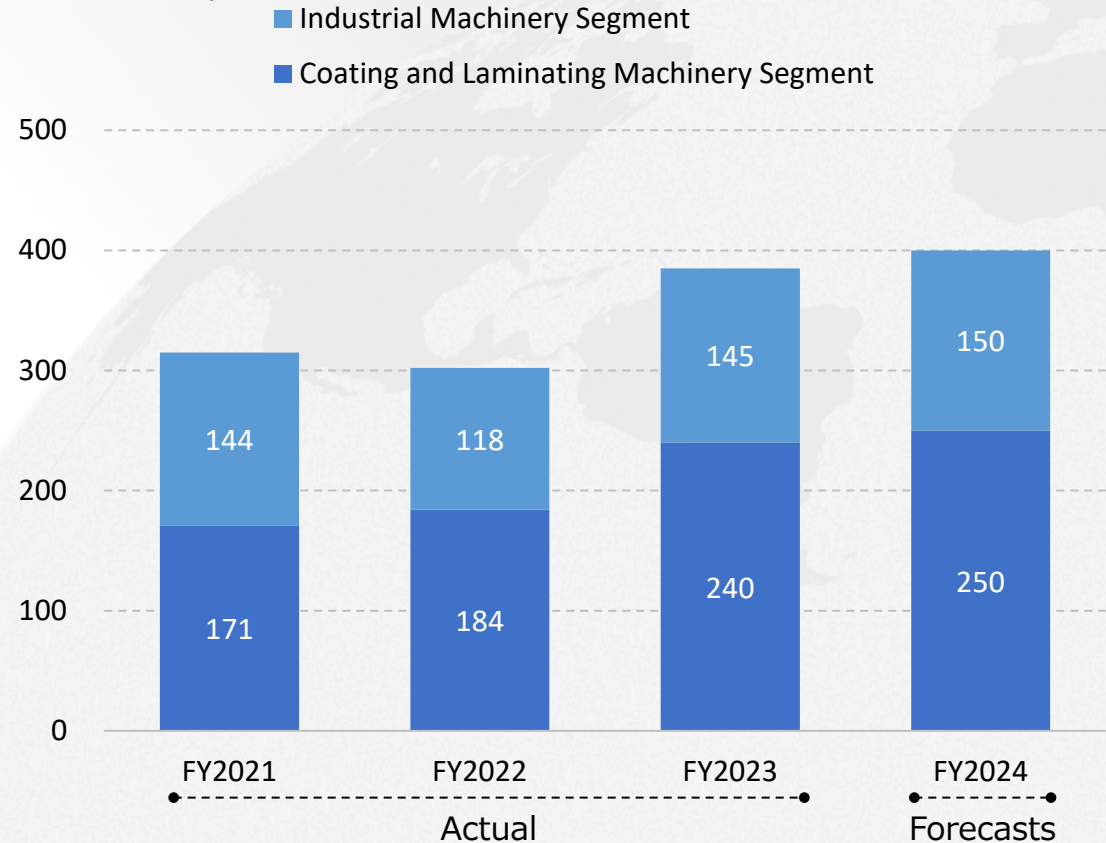
	FY2023	FY2024 Forecasts	YoY	
	a	b	Change b-a	YoY% (b-a)/a
Net Sales	46,946	44,000	-2,946	-6.3%
Operating Income	3,236	2,900	-336	-10.4%
Operating Income Margin	6.9%	6.6%	-0.3%	-
Ordinary Income	3,394	3,000	-394	-11.6%
Ordinary Income Margin	7.2%	6.8%	-0.4%	-
Net Income	2,438	2,100	-338	-13.9%
Net Income Margin	5.2%	4.8%	-0.4%	-
ROE	6.5%	5.5%	-1.0pts	
Dividends Per Share	88円	90円	+2円	

# FY2024 R&D Expenditure, Capex, and Depreciation Expenses for growth investment



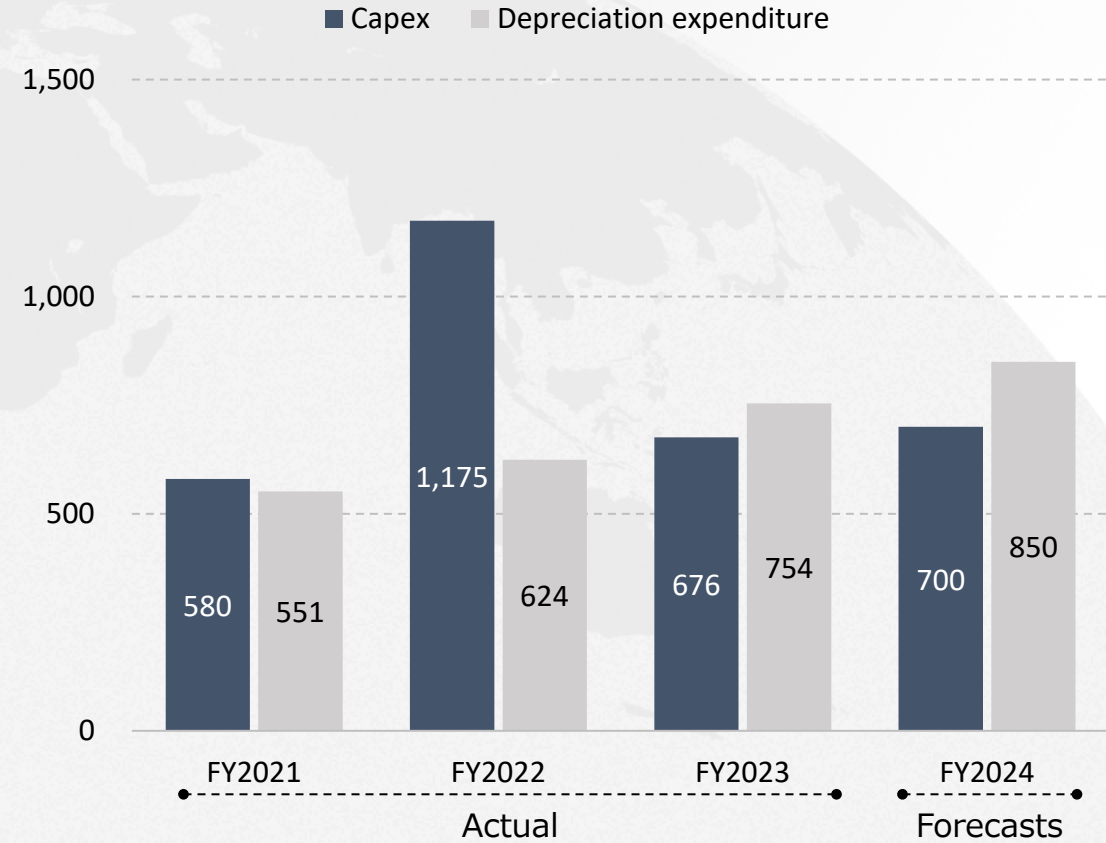
R&D expenditure

(Unit: ¥million)



Capex and depreciation expenditure (consolidated)

(Unit: ¥million)

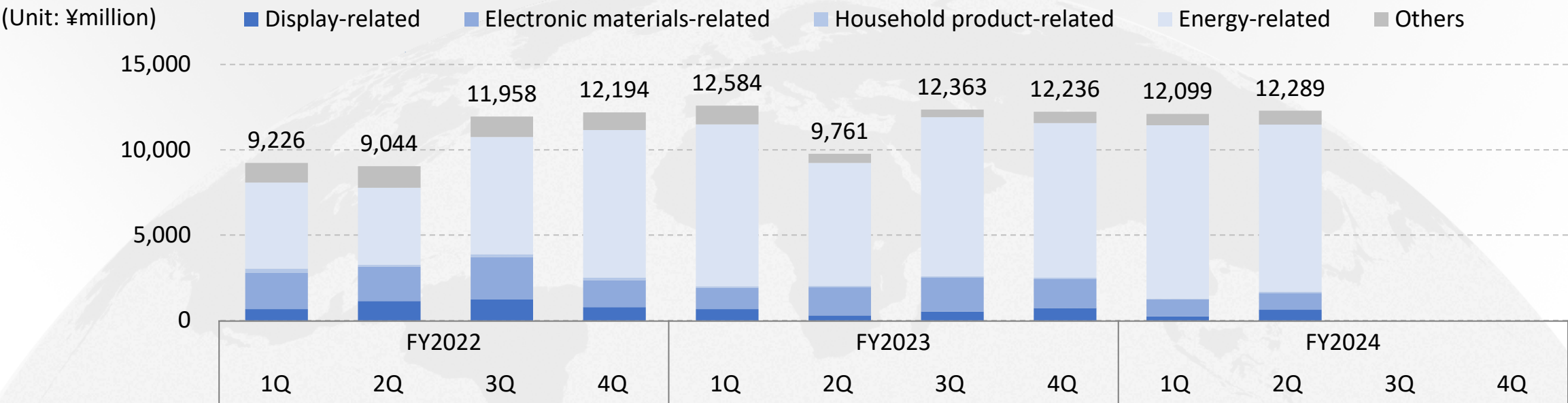




# Appendix

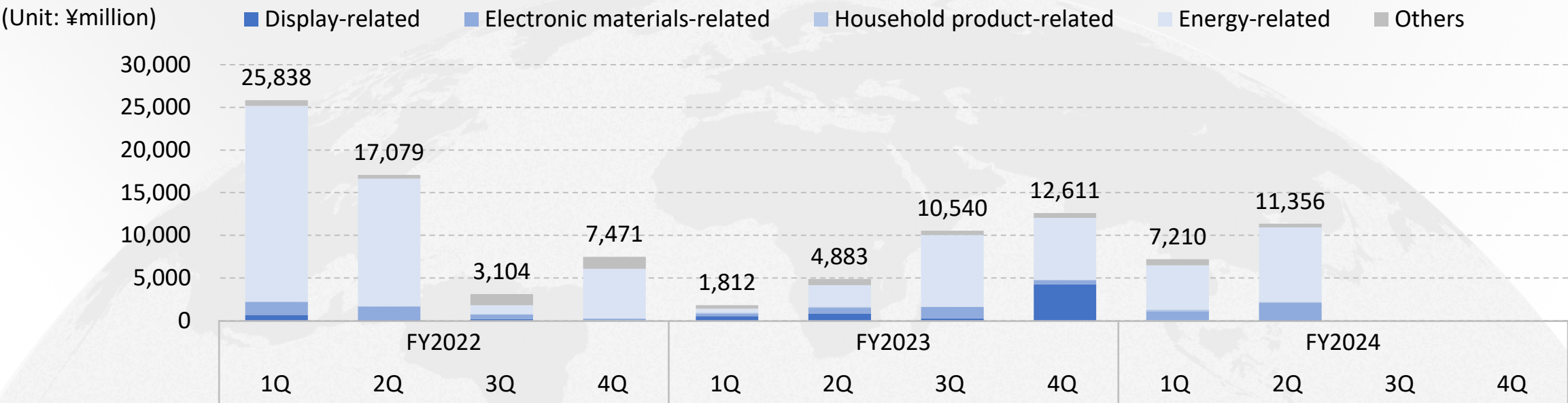


By Application ① Net Sales (quarterly)



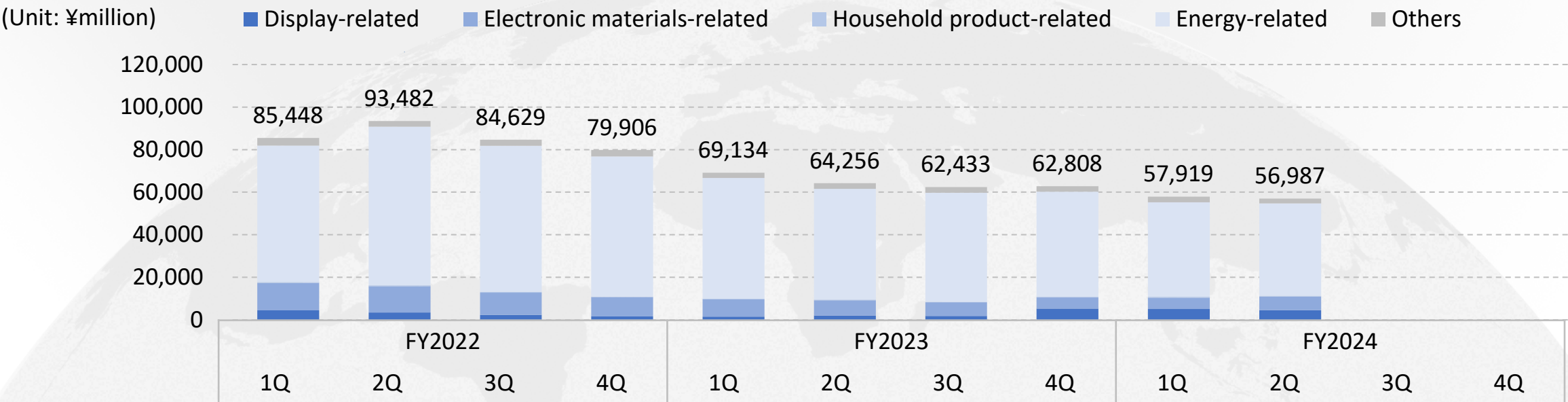
Sales weighting	Others	12.4%	14.0%	10.1%	8.5%	8.7%	5.5%	3.7%	5.5%	5.4%	6.6%
	Energy-related	54.6%	50.0%	57.4%	70.8%	75.4%	73.8%	75.5%	74.0%	83.9%	79.7%
	Household product-related	2.8%	1.2%	1.4%	1.3%	0.7%	0.8%	0.4%	0.7%	0.3%	0.7%
	Electronic materials-related	23.0%	22.2%	20.9%	13.0%	10.0%	16.9%	16.2%	13.9%	8.2%	8.0%
	Display-related	7.2%	12.7%	10.2%	6.4%	5.3%	3.0%	4.3%	5.9%	2.1%	5.1%

By Application ② Orders (quarterly)



Order weighing	Others	2.6%	2.6%	41.3%	18.5%	23.0%	14.6%	4.7%	4.4%	10.0%	3.9%
	Energy-related	88.6%	87.4%	34.3%	77.6%	24.1%	52.2%	79.8%	57.6%	72.3%	76.5%
	Household product-related	0.2%	0.4%	1.2%	0.9%	6.5%	2.1%	0.3%	0.4%	2.4%	1.2%
	Electronic materials-related	6.0%	9.1%	17.3%	2.5%	16.3%	13.7%	12.8%	3.9%	15.2%	17.7%
	Display-related	2.4%	0.5%	5.8%	0.5%	30.1%	17.4%	2.4%	33.7%	0.1%	0.7%

By Application ③ Order Backlog (quarterly)



Order backlog weighting	Others	4.2%	2.9%	3.3%	3.9%	3.6%	4.1%	4.3%	4.1%	4.6%	4.0%
	Energy-related	75.0%	79.7%	81.2%	82.4%	82.2%	81.2%	82.1%	78.7%	76.8%	76.2%
	Household product-related	0.6%	0.5%	0.4%	0.3%	0.4%	0.5%	0.4%	0.4%	0.6%	0.8%
	Electronic materials-related	15.0%	13.2%	12.3%	11.3%	11.7%	11.0%	10.3%	8.3%	9.2%	11.1%
	Display-related	5.3%	3.7%	2.8%	2.1%	2.2%	3.2%	2.9%	8.5%	8.8%	8.0%



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November 27, 2024

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