

Consolidated Financial Results
for the Third Quarter Ended December 31, 2017
[Japanese GAAP] (Unaudited)



February 9, 2018

Company name: HIRANO TECSEED Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6245
 URL: <http://www.hirano-tec.co.jp/>
 Representative: Kaoru Okada, President and Director
 Contact: Munenori Yasui, Director and General Manager, General Affairs Division
 Phone: +81-745-57-0681
 Scheduled date of filing quarterly securities report: February 13, 2018
 Scheduled date of commencing dividend payments: -
 Supplemental Explanatory Materials for Quarterly Account Settlement: None
 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, 2017 (April 1, 2017 to December 31, 2017)

(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, 2017	17,494	52.1	2,478	71.9	2,542	70.9	1,782	50.6
Nine months ended December 31, 2016	11,501	5.3	1,441	125.1	1,487	110.4	1,184	158.0

(Note) Comprehensive income: Nine months ended December 31, 2017: ¥2,024 million (45.0 %)
 Nine months ended December 31, 2016: ¥1,396 million (189.3 %)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended December 31, 2017	118.50	—
Nine months ended December 31, 2016	78.71	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of December 31, 2017	34,340	24,728	72.0
As of March 31, 2017	33,714	23,140	68.6

(Reference) Equity: As of December 31, 2017: ¥24,728 million
 As of March 31, 2017: ¥23,140 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	12.00	—	16.00	28.00
Fiscal year ending March 31, 2018	—	13.00	—		
Fiscal year ending March 31, 2018 (Forecast)				17.00	30.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% 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	21,000	6.9	2,950	(2.4)	3,000	(2.5)	2,100	(8.0)	139.59

(Note) Revisions of the most recently announced financial results forecast: Yes

Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	10,786,126	10,487,415
Notes and accounts receivable - trade	7,334,472	※ 7,711,834
Electronically recorded monetary claims - operating	265,890	※ 529,113
Securities	2,399,983	778,997
Work in process	4,815,976	5,124,439
Raw materials and supplies	82,428	99,780
Other	717,398	412,079
Allowance for doubtful accounts	△3,415	△3,801
Total current assets	26,398,862	25,139,859
Non-current assets		
Property, plant and equipment	3,952,232	3,965,171
Intangible assets	111,394	92,868
Investments and other assets		
Investment securities	2,711,820	4,652,380
Other	540,564	489,780
Total investments and other assets	3,252,385	5,142,160
Total non-current assets	7,316,012	9,200,200
Total assets	33,714,875	34,340,059

(Thousands of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,924,696	2,364,939
Electronically recorded obligations - operating	2,031,712	2,511,378
Short-term loans payable	—	150,000
Current portion of long-term loans payable	640,392	478,221
Income taxes payable	489,489	339,874
Advances received	2,125,160	1,599,009
Provision for bonuses	189,009	151,090
Provision for product warranties	80,692	69,545
Other	638,494	745,458
Total current liabilities	9,119,647	8,409,518
Non-current liabilities		
Long-term loans payable	686,144	367,067
Provision for directors' retirement benefits	90,540	74,315
Net defined benefit liability	549,874	525,793
Asset retirement obligations	14,594	14,815
Other	113,293	220,039
Total non-current liabilities	1,454,446	1,202,030
Total liabilities	10,574,094	9,611,548
Net assets		
Shareholders' equity		
Capital stock	1,847,821	1,847,821
Capital surplus	1,339,722	1,339,722
Retained earnings	20,068,060	21,414,528
Treasury shares	△407,646	△408,218
Total shareholders' equity	22,847,958	24,193,854
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	504,665	726,709
Remeasurements of defined benefit plans	△211,842	△192,051
Total accumulated other comprehensive income	292,823	534,657
Total net assets	23,140,781	24,728,511
Total liabilities and net assets	33,714,875	34,340,059

(2) Consolidated statements of income and Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	11,501,385	17,494,573
Cost of sales	8,822,082	13,601,899
Gross profit	2,679,303	3,892,673
Selling, general and administrative expenses	1,237,426	1,413,855
Operating profit	1,441,877	2,478,817
Non-operating income		
Interest income	8,237	3,311
Dividend income	42,692	48,221
Other	24,404	34,680
Total non-operating income	75,334	86,213
Non-operating expenses		
Interest expenses	6,054	5,987
Sales discounts	2,526	6,232
Compensation expenses	20,500	—
Other	729	10,625
Total non-operating expenses	29,810	22,845
Ordinary profit	1,487,401	2,542,185
Extraordinary income		
Gain on sales of investment securities	7,819	—
Total extraordinary income	7,819	—
Profit before income taxes	1,495,220	2,542,185
Income taxes - current	227,056	749,750
Income taxes - deferred	84,080	9,697
Total income taxes	311,136	759,447
Profit	1,184,084	1,782,738
Profit attributable to owners of parent	1,184,084	1,782,738

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	1,184,084	1,782,738
Other comprehensive income		
Valuation difference on available-for-sale securities	188,609	222,043
Remeasurements of defined benefit plans, net of tax	23,400	19,790
Total other comprehensive income	212,009	241,833
Comprehensive income	1,396,093	2,024,572
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,396,093	2,024,572
Comprehensive income attributable to non-controlling interests	—	—

Production, Orders Received, and Sales

(1) Production

Production performance by segment for the third quarter ended December 31, 2017 is as follows

Name of segment	Production (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	6,335,692	+59.6
Industrial machinery	6,105,587	+46.6
Others	1,160,619	+69.1
Total	13,601,899	+54.2

(Notes) 1. The above amount is calculated based on production costs and includes outsourcing production.

2. The above amount does not include consumption taxes.

(2) Orders Received

The status of orders received by segment for the third quarter ended December 31, 2017 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	10,987,638	+18.7	12,898,687	+30.1
Industrial machinery	17,506,891	+189.9	17,114,908	+129.7
Others	2,043,385	+57.9	891,934	+79.2
Total	30,537,916	+84.1	30,905,530	+73.0

(Notes) 1. The above amount is calculated based on sales prices.

2. The above amount does not include consumption taxes.

(3) Sales

Sales performance by segment for the third quarter ended December 31, 2017 is as follows

Name of segment	Sales (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	8,003,927	+67.3
Industrial machinery	7,841,534	+38.0
Others	1,649,110	+59.2
Total	17,494,573	+52.1

(Notes) 1. The above amount is calculated based on sales prices.

2. The above amount does not include consumption taxes.