

**Consolidated Financial Results**  
**for the Fiscal Year Ended March 31, 2019**  
**[Japanese GAAP] (Unaudited)**



May 10, 2019

Company name: HIRANO TECSEED Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6245  
 URL: <https://www.hirano-tec.co.jp/>  
 Representative: Kaoru Okada, President and Director  
 Contact: Masashi Hara, Director and General Manager, General Affairs Division  
 Phone: +81-745-57-0681  
 Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2019  
 Scheduled date of commencing dividend payments: June 27, 2019  
 Scheduled date of filing annual securities report: June 26, 2019  
 Supplemental Explanatory Materials for Account Settlement: None  
 Explanatory Meeting for Account Settlement to be held: None

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

**1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)**

(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	%
Fiscal year ended March 31, 2019	32,659	57.5	4,839	65.5	4,895	64.1	3,425	64.0
Fiscal year ended March 31, 2018	20,738	5.5	2,924	(3.2)	2,982	(3.0)	2,088	(8.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2019: ¥3,278 million (up 47.7%)

Fiscal year ended March 31, 2018: ¥2,219 million (down 12.4%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 31, 2019	227.68	—	13.0	12.1	14.8
Fiscal year ended March 31, 2018	138.81	—	8.7	8.4	14.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2019: ¥ - million

Fiscal year ended March 31, 2018: ¥ - million

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2019	43,734	27,675	63.3	1,839.70
As of March 31, 2018	37,445	24,923	66.6	1,656.75

(Reference) Equity: As of March 31, 2019: ¥27,675 million

As of March 31, 2018: ¥24,923 million

(Note) The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 issued on February 16, 2018) and relevant Guidance were adopted from the beginning of the consolidated fiscal year ended March 31, 2019. Figures for the previous consolidated fiscal year are those obtained after retrospectively applying this accounting standard and relevant guidance.

**(3) Consolidated Cash Flows**

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2019	11,001	(3,353)	(847)	15,140
Fiscal year ended March 31, 2018	(601)	(1,675)	(530)	8,341

**2. Dividends**

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
Fiscal year ended March 31, 2018	—	13.00	—	17.00	30.00	451	21.6	1.9
Fiscal year ended March 31, 2019	—	18.00	—	27.00	45.00	676	19.8	2.6
Fiscal year ending March 31, 2020 (Forecast)	—	18.00	—	18.00	36.00		—	

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)**

(% 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
First half (cumulative total)	15,000	11.7	2,960	69.1	3,000	67.8	2,000	75.6	132.95
Full year	30,000	(8.1)	3,950	(18.4)	4,000	(18.3)	2,700	(21.2)	179.48

**Notes**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to the revisions of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Restatement: No

(3) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury stock):
 

March 31, 2019:	15,394,379 shares
March 31, 2018:	15,394,379 shares
- 2) Total number of treasury stock at the end of the period:
 

March 31, 2019:	350,783 shares
March 31, 2018:	350,783 shares

## 3) Average number of shares during the period:

Fiscal year ended March 31, 2019:	15,043,596 shares
Fiscal year ended March 31, 2018:	15,043,726 shares

(Reference) Outline of Non-consolidated Financial Results

**Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)**

(1) Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2019	23,993	46.5	3,048	46.8	3,264	32.8	2,344	26.6
Fiscal year ended March 31, 2018	16,377	22.9	2,077	31.9	2,459	47.9	1,851	55.4

	Basic earnings per share	Diluted earnings per share
	yen	yen
Fiscal year ended March 31, 2019	155.85	—
Fiscal year ended March 31, 2018	123.09	—

## (2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2019	33,290	19,627	59.0	1,304.72
As of March 31, 2018	27,433	17,980	65.5	1,195.22

(Reference) Equity: As of March 31, 2019: ¥19,627 million

As of March 31, 2018: ¥17,980 million

(Note) The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 issued on February 16, 2018) and relevant Guidance were adopted from the beginning of the fiscal year ended March 31, 2019. Figures for the previous fiscal year are those obtained after retrospectively applying this accounting standard and relevant guidance.

\* This financial results report is outside the scope of auditing 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.

## Consolidated Financial Statements

## (1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	10,280,211	12,910,891
Notes and accounts receivable - trade	7,461,326	6,429,902
Electronically recorded monetary claims - operating	1,587,838	620,922
Securities	600,000	7,268,957
Work in process	8,524,989	7,102,636
Raw materials and supplies	99,808	105,010
Advance payments - trade	101,573	179,887
Other	364,243	253,485
Allowance for doubtful accounts	△6,165	△3,239
Total current assets	29,013,826	34,868,453
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,171,700	3,181,542
Accumulated depreciation	△1,922,379	△2,005,516
Buildings and structures, net	1,249,320	1,176,025
Machinery, equipment and vehicles	2,964,423	3,020,647
Accumulated depreciation	△2,521,648	△2,641,083
Machinery, equipment and vehicles, net	442,775	379,564
Land	2,125,248	2,094,910
Leased assets	15,314	15,314
Accumulated depreciation	△7,491	△10,275
Leased assets, net	7,822	5,038
Construction in progress	1,372	848,544
Other	613,927	642,206
Accumulated depreciation	△480,558	△493,047
Other, net	133,369	149,159
Total property, plant and equipment	3,959,908	4,653,243
Intangible assets		
Software	74,907	74,957
Software in progress	14,860	2,530
Telephone subscription right	516	516
Total intangible assets	90,283	78,004
Investments and other assets		
Investment securities	3,888,774	3,658,390
Long-term prepaid expenses	49,738	65,073
Deferred tax assets	-	85,791
Other	442,617	325,920
Total investments and other assets	4,381,130	4,135,175
Total non-current assets	8,431,323	8,866,423
Total assets	37,445,150	43,734,877

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,564,132	2,910,998
Electronically recorded obligations - operating	2,652,175	3,476,254
Current portion of long-term loans payable	584,932	561,804
Lease obligations	3,063	3,071
Accounts payable - other	383,104	635,846
Accrued expenses	109,433	128,444
Income taxes payable	509,539	1,090,278
Advances received	3,063,444	5,357,988
Provision for bonuses	198,050	211,250
Provision for product warranties	67,389	52,622
Other	73,517	665,916
Total current liabilities	11,208,782	15,094,475
Non-current liabilities		
Long-term loans payable	649,824	354,220
Lease obligations	5,859	2,788
Deferred tax liabilities	29,002	3,703
Provision for retirement benefits for directors (and other officers)	79,470	83,330
Retirement benefit liability	533,266	505,284
Asset retirement obligations	14,888	15,188
Other	575	255
Total non-current liabilities	1,312,886	964,771
Total liabilities	12,521,669	16,059,246
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,847,821	1,847,821
Capital surplus	1,339,722	1,339,722
Retained earnings	21,719,994	24,618,569
Treasury shares	△408,218	△408,218
Total shareholders' equity	24,499,320	27,397,895
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	621,205	448,135
Remeasurements of defined benefit plans	△197,044	△170,400
Total accumulated other comprehensive income	424,160	277,735
Total net assets	24,923,481	27,675,630
Total liabilities and net assets	37,445,150	43,734,877

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

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	20,738,206	32,659,939
Cost of sales	16,031,740	25,714,990
Gross profit	4,706,465	6,944,948
Selling, general and administrative expenses		
Sales commission	219,365	378,401
Salaries and allowances	521,494	493,996
Remuneration for directors (and other officers)	110,449	120,192
Provision for bonuses	45,272	60,607
Retirement benefit expenses	41,849	49,394
Provision for retirement benefits for directors (and other officers)	25,700	29,010
Legal and employee benefits expenses	125,850	138,051
Transportation and communication expenses	108,344	116,036
Depreciation	146,648	144,252
Rent expenses	32,239	33,079
Provision of allowance for doubtful accounts	2,750	△2,926
Other	402,340	544,960
Total selling, general and administrative expenses	1,782,303	2,105,057
Operating profit	2,924,161	4,839,890
Non-operating income		
Interest income	5,044	3,897
Dividend income	48,754	51,948
Purchase discounts	7,388	7,590
Other	36,522	25,939
Total non-operating income	97,709	89,376
Non-operating expenses		
Interest expenses	7,480	9,864
Sales discounts	9,661	22,162
Loss on sales of securities	14,273	—
Loss on retirement of non-current assets	4,076	233
Other	3,960	1,977
Total non-operating expenses	39,452	34,237
Ordinary profit	2,982,418	4,895,029
Extraordinary income		
Gain on sales of non-current assets	—	1,025
Total extraordinary income	—	1,025
Extraordinary losses		
Impairment loss	10,100	—
Total extraordinary losses	10,100	—
Profit before income taxes	2,972,318	4,896,055
Income taxes - current	938,208	1,528,111
Income taxes - deferred	△54,094	△57,157
Total income taxes	884,113	1,470,954
Profit	2,088,204	3,425,100
Profit attributable to owners of parent	2,088,204	3,425,100

## (Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	2,088,204	3,425,100
Other comprehensive income		
Valuation difference on available-for-sale securities	116,539	△173,069
Remeasurements of defined benefit plans, net of tax	14,797	26,644
Total other comprehensive income	131,337	△146,425
Comprehensive income	2,219,541	3,278,675
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,219,541	3,278,675
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets  
 Previous fiscal year (From April 1, 2017 to March 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,847,821	1,339,722	20,068,060	△407,646	22,847,958
Changes of items during period					
Dividends of surplus			△436,270		△436,270
Profit attributable to owners of parent			2,088,204		2,088,204
Purchase of treasury shares				△571	△571
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	1,651,934	△571	1,651,362
Balance at end of current period	1,847,821	1,339,722	21,719,994	△408,218	24,499,320

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	504,665	△211,842	292,823	23,140,781
Changes of items during period				
Dividends of surplus			—	△436,270
Profit attributable to owners of parent			—	2,088,204
Purchase of treasury shares			—	△571
Net changes of items other than shareholders' equity	116,539	14,797	131,337	131,337
Total changes of items during period	116,539	14,797	131,337	1,782,699
Balance at end of current period	621,205	△197,044	424,160	24,923,481



Current fiscal year(From April 1,2018 to March 31,2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,847,821	1,339,722	21,719,994	△408,218	24,499,320
Changes of items during period					
Dividends of surplus			△526,525		△526,525
Profit attributable to owners of parent			3,425,100		3,425,100
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	2,898,574	—	2,898,574
Balance at end of current period	1,847,821	1,339,722	24,618,569	△408,218	27,397,895

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	621,205	△197,044	424,160	24,923,481
Changes of items during period				
Dividends of surplus			—	△526,525
Profit attributable to owners of parent			—	3,425,100
Net changes of items other than shareholders' equity	△173,069	26,644	△146,425	△146,425
Total changes of items during period	△173,069	26,644	△146,425	2,752,149
Balance at end of current period	448,135	△170,400	277,735	27,675,630

## (4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	2,972,318	4,896,055
Depreciation	322,533	316,248
Amortization of long-term prepaid expenses	17,062	25,064
Increase (decrease) in provision for bonuses	9,041	13,200
Increase (decrease) in allowance for doubtful accounts	2,750	△2,926
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△11,070	3,860
Increase (decrease) in provision for product warranties	△13,303	△14,767
Increase (decrease) in retirement benefit liability	5,838	4,838
Interest and dividend income	△53,798	△55,846
Interest expenses	7,480	9,864
Loss (gain) on sales of non-current assets	—	△637
Loss on retirement of non-current assets	4,076	233
Decrease (increase) in notes and accounts receivable - trade	△510,518	4,292,885
Decrease (increase) in inventories	△3,847,838	1,375,291
Increase (decrease) in notes and accounts payable - trade	1,260,098	92,630
Increase (decrease) in accounts payable - other	△81,043	230,660
Increase (decrease) in accrued expenses	12,730	19,011
Decrease (increase) in consumption taxes refund receivable	159,772	320,714
Increase (decrease) in accrued consumption taxes	△4,174	319,553
Other, net	27,762	67,668
Subtotal	279,716	11,913,601
Interest and dividend income received	53,798	55,810
Interest expenses paid	△7,480	△9,864
Income taxes paid	△928,671	△960,349
Income taxes refund	1,214	2,476
Net cash provided by (used in) operating activities	△601,423	11,001,674
Cash flows from investing activities		
Payments into time deposits	△902,000	△2,000
Proceeds from withdrawal of time deposits	902,000	302,000
Purchase of securities	△600,000	△3,799,959
Proceeds from sales of securities	100,000	1,000,000
Purchase of property, plant and equipment	△192,229	△957,377
Proceeds from sales of property, plant and equipment	715	45,261
Purchase of intangible assets	△18,069	△24,072
Purchase of investment securities	△1,754,148	△4,582
Proceeds from sales and redemption of investment securities	752,657	1,787
Other, net	35,638	85,341
Net cash provided by (used in) investing activities	△1,675,435	△3,353,601

Cash flows from financing activities		
Proceeds from long-term loans payable	550,000	320,000
Repayments of long-term loans payable	△641,780	△638,732
Cash dividends paid	△435,173	△525,892
Other, net	△3,657	△3,063
Net cash provided by (used in) financing activities	△530,611	△847,687
Effect of exchange rate change on cash and cash equivalents	1,571	△743
Net increase (decrease) in cash and cash equivalents	△2,805,898	6,799,641
Cash and cash equivalents at beginning of period	11,147,110	8,341,211
Cash and cash equivalents at end of period	8,341,211	15,140,853

## Production, Orders Received, and Sales

## (1) Production

Production performance by segment for the current consolidated fiscal year is as follows

(Thousand yen)

Name of segment	Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (April 1, 2018 to March 31, 2019)
Coating and laminating machinery	6,962,299	12,184,176
Industrial machinery	7,543,790	12,507,904
Others	1,525,651	1,022,909
Total	16,031,740	25,714,990

(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 current consolidated fiscal year is as follows

(Thousand yen)

Name of segment	Orders received		Backlog of orders	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Coating and laminating machinery	17,069,156	12,103,206	18,080,681	15,566,198
Industrial machinery	21,921,024	17,569,977	19,668,333	20,988,204
Others	2,366,542	2,155,286	731,690	1,094,834
Total	41,356,723	31,828,471	38,480,705	37,649,236

(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 current consolidated fiscal year is as follows

(Thousand yen)

Name of segment	Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (April 1, 2018 to March 31, 2019)
Coating and laminating machinery	8,903,452	14,617,690
Industrial machinery	9,702,242	16,250,106
Others	2,132,511	1,792,142
Total	20,738,206	32,659,939

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

2. The above amount does not include consumption taxes.