

Consolidated Financial Results for the Second Quarter Ended September 30, 2019 [Japanese GAAP] (Unaudited)



November 8, 2019

Company name: HIRANO TECSEED Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6245
 URL: <https://www.hirano-tec.co.jp/>
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 Scheduled date of filing quarterly securities report: November 11, 2019
 Scheduled date of commencing dividend payments: December 3, 2019
 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 Second Quarter Ended September 30, 2019 (April 1, 2019 to September 30, 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	%
Six months ended September 30, 2019	15,852	18.0	2,796	59.8	2,839	58.8	1,918	68.4
Six months ended September 30, 2018	13,431	17.8	1,750	16.4	1,788	15.7	1,139	7.7

(Note) Comprehensive income: Six months ended September 30, 2019: ¥2,074 million (up 75.4%)
 Six months ended September 30, 2018: ¥1,182 million (up 1.9%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2019	127.51	—
Six months ended September 30, 2018	75.72	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2019	43,256	29,353	67.9
As of March 31, 2019	43,734	27,675	63.3

(Reference) Equity: As of September 30, 2019: ¥29,353 million
 As of March 31, 2019: ¥27,675 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, 2019	—	18.00	—	27.00	45.00
Fiscal year ending March 31, 2020	—	18.00	—	—	—
Fiscal year ending March 31, 2020 (Forecast)	—	—	—	18.00	36.00

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

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
Full year	30,000	(8.1)	3,950	(18.4)	4,000	(18.3)	2,700	(21.2)	179.48

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

Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	12,910,891	12,262,442
Notes and accounts receivable - trade	6,429,902	7,044,049
Electronically recorded monetary claims - operating	620,922	419,103
Securities	7,268,957	3,499,991
Work in process	7,102,636	7,253,793
Raw materials and supplies	105,010	188,651
Other	433,372	1,748,042
Allowance for doubtful accounts	△3,239	△14,248
Total current assets	34,868,453	32,401,828
Non-current assets		
Property, plant and equipment	4,653,243	6,272,813
Intangible assets	78,004	86,361
Investments and other assets		
Investment securities	3,658,390	3,987,554
Other	476,785	508,265
Total investments and other assets	4,135,175	4,495,820
Total non-current assets	8,866,423	10,854,995
Total assets	43,734,877	43,256,823

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,910,998	2,954,983
Electronically recorded obligations - operating	3,476,254	3,708,158
Short-term borrowings	—	50,000
Current portion of long-term borrowings	561,804	532,446
Income taxes payable	1,090,278	871,591
Advances received	5,357,988	2,838,921
Provision for bonuses	211,250	217,000
Provision for product warranties	52,622	58,558
Other	1,433,278	1,563,489
Total current liabilities	15,094,475	12,795,149
Non-current liabilities		
Long-term borrowings	354,220	512,332
Provision for retirement benefits for directors (and other officers)	83,330	36,700
Retirement benefit liability	505,284	477,867
Asset retirement obligations	15,188	15,342
Other	6,747	65,991
Total non-current liabilities	964,771	1,108,232
Total liabilities	16,059,246	13,903,382
Net assets		
Shareholders' equity		
Share capital	1,847,821	1,847,821
Capital surplus	1,339,722	1,342,142
Retained earnings	24,618,569	26,130,894
Treasury shares	△408,218	△401,008
Total shareholders' equity	27,397,895	28,919,850
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	448,135	567,931
Remeasurements of defined benefit plans	△170,400	△134,340
Total accumulated other comprehensive income	277,735	433,591
Total net assets	27,675,630	29,353,441
Total liabilities and net assets	43,734,877	43,256,823

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

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	13,431,188	15,852,937
Cost of sales	10,658,102	11,660,820
Gross profit	2,773,085	4,192,117
Selling, general and administrative expenses	※ 1,022,834	※ 1,395,176
Operating profit	1,750,251	2,796,940
Non-operating income		
Interest income	1,838	2,665
Dividend income	27,452	31,466
Other	22,631	15,844
Total non-operating income	51,922	49,976
Non-operating expenses		
Interest expenses	4,850	3,694
Sales discounts	6,975	2,331
Other	1,922	1,589
Total non-operating expenses	13,748	7,615
Ordinary profit	1,788,425	2,839,301
Extraordinary income		
Gain on sales of non-current assets	1,025	—
Total extraordinary income	1,025	—
Extraordinary losses		
Loss on valuation of investment securities	—	60,011
Total extraordinary losses	—	60,011
Profit before income taxes	1,789,451	2,779,289
Income taxes - current	589,075	909,991
Income taxes - deferred	61,259	△49,203
Total income taxes	650,334	860,787
Profit	1,139,116	1,918,501
Profit attributable to owners of parent	1,139,116	1,918,501

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	1,139,116	1,918,501
Other comprehensive income		
Valuation difference on available-for-sale securities	23,363	119,796
Remeasurements of defined benefit plans, net of tax	19,843	36,059
Total other comprehensive income	43,207	155,856
Comprehensive income	1,182,323	2,074,358
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,182,323	2,074,358
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,789,451	2,779,289
Depreciation	154,945	141,439
Amortization of long-term prepaid expenses	10,495	14,324
Increase (decrease) in provision for bonuses	6,334	5,750
Increase (decrease) in allowance for doubtful accounts	△2,223	11,009
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△7,993	△46,630
Increase (decrease) in provision for product warranties	9,517	5,936
Increase (decrease) in retirement benefit liability	△3,735	△6,952
Interest and dividend income	△29,291	△34,131
Interest expenses	4,850	3,694
Loss (gain) on sales of non-current assets	△637	—
Loss on retirement of non-current assets	35	287
Loss (gain) on valuation of investment securities	—	60,011
Decrease (increase) in trade receivables	4,777,995	△2,931,396
Decrease (increase) in inventories	△1,874,429	△245,844
Increase (decrease) in trade payables	1,331,309	△518,822
Increase (decrease) in accounts payable - other	278,749	388,108
Increase (decrease) in accrued expenses	△14,600	△28,624
Decrease (increase) in consumption taxes refund receivable	297,694	△672,271
Increase (decrease) in accrued consumption taxes	52,430	△294,949
Other, net	△189,551	57,507
Subtotal	6,591,346	△1,312,265
Interest and dividends received	29,291	34,127
Interest paid	△4,850	△3,694
Income taxes paid	△498,548	△1,104,884
Income taxes refund	2,476	2,706
Net cash provided by (used in) operating activities	6,119,715	△2,384,010
Cash flows from investing activities		
Payments into time deposits	△1,000	△1,000
Proceeds from withdrawal of time deposits	1,000	1,000
Purchase of securities	△300,000	△1,700,000
Proceeds from sales of securities	100,000	3,000,000
Purchase of property, plant and equipment	△125,372	△1,523,449
Proceeds from sales of property, plant and equipment	45,261	—
Purchase of intangible assets	△12,975	△23,089
Purchase of investment securities	△2,269	△251,622
Proceeds from sales of investment securities	893	744
Other, net	99,474	△4,458
Net cash provided by (used in) investing activities	△194,988	△501,874

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	50,000	50,000
Proceeds from long-term borrowings	320,000	450,000
Repayments of long-term borrowings	△317,966	△321,246
Purchase of treasury shares	—	△179
Dividends paid	△255,875	△405,672
Other, net	△1,530	△1,534
Net cash provided by (used in) financing activities	△205,372	△228,632
Effect of exchange rate change on cash and cash equivalents	△487	△2,902
Net increase (decrease) in cash and cash equivalents	5,718,866	△3,117,419
Cash and cash equivalents at beginning of period	8,341,211	15,140,853
Cash and cash equivalents at end of period	※ 14,060,078	※ 12,023,434

Production, Orders Received, and Sales

(1) Production

Production performance by segment for the second quarter ended September 30, 2019 is as follows

Name of segment	Production (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	6,623,947	+38.5
Industrial machinery	4,669,353	(15.4)
Others	367,519	+4.2
Total	11,660,820	+9.4

(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 second quarter ended September 30, 2019 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	10,374,695	+148.4	17,338,891	+11.4
Industrial machinery	918,942	(91.9)	13,953,580	(33.5)
Others	593,309	(34.6)	930,775	(15.0)
Total	11,886,947	(27.5)	32,223,246	(14.4)

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

2. The above amount does not include consumption taxes.

3. With regard to the industrial machinery segment, the backlog of orders at the end of the previous fiscal year adjusted after adding and subtracting the orders received and the net sales for the second quarter ended September 30, 2019 does not correspond to the backlog of orders at the end of the second quarter ended September 30, 2019. This is because 1,460,000 thousand yen has been reduced from the backlog of orders as a result of freezing of a customer's investment plans.

(3) Sales

Sales performance by segment for the second quarter ended September 30, 2019 is as follows

Name of segment	Sales (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	8,602,002	+53.2
Industrial machinery	6,493,566	(9.2)
Others	757,368	+13.7
Total	15,852,937	+18.0

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

2. The above amount does not include consumption taxes.