

Consolidated Financial Results
for the Third Quarter Ended December 31, 2019
[Japanese GAAP] (Unaudited)



February 7, 2020

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 filing quarterly securities report: February 10, 2020
 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, 2019 (April 1, 2019 to December 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 | % |
| Nine months ended December 31, 2019 | 22,128 | (2.0) | 2,956 | (8.0) | 3,041 | (6.8) | 2,113 | (1.3) |
| Nine months ended December 31, 2018 | 22,571 | 29.0 | 3,213 | 29.7 | 3,263 | 28.4 | 2,140 | 20.1 |

(Note) Comprehensive income: Nine months ended December 31, 2019: ¥2,377 million (up 23.4%)
 Nine months ended December 31, 2018: ¥1,926 million (down 4.8%)

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | yen | yen |
| Nine months ended December 31, 2019 | 140.44 | — |
| Nine months ended December 31, 2018 | 142.28 | — |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|-------------------------|--------------|-------------|--------------|
| | million yen | million yen | % |
| As of December 31, 2019 | 43,886 | 29,386 | 67.0 |
| As of March 31, 2019 | 43,734 | 27,675 | 63.3 |

(Reference) Equity: As of December 31, 2019: ¥29,386 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 |
| Fiscal year ended March 31, 2019 | Yen — | Yen 18.00 | Yen — | Yen 27.00 | Yen 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

Production, Orders Received, and Sales

(1) Production

Production performance by segment for the third quarter ended December 31, 2019 is as follows

| Name of segment | Production (Thousand yen) | Changes from the previous corresponding period (%) |
|----------------------------------|------------------------------|--|
| Coating and laminating machinery | 8,713,645 | +9.6 |
| Industrial machinery | 7,670,291 | (14.5) |
| Others | 845,605 | +7.3 |
| Total | 17,229,542 | (2.7) |

(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, 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 | 13,070,383 | +39.8 | 17,494,926 | +12.4 |
| Industrial machinery | 1,544,151 | (90.7) | 11,398,544 | (45.7) |
| Others | 954,003 | (37.5) | 736,005 | (32.8) |
| Total | 15,568,538 | (43.3) | 29,629,477 | (21.3) |

(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 third quarter ended December 31, 2019 does not correspond to the backlog of orders at the end of the third quarter ended December 31, 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 third quarter ended December 31, 2019 is as follows

| Name of segment | Sales (Thousand yen) | Changes from the previous corresponding period (%) |
|----------------------------------|-------------------------|--|
| Coating and laminating machinery | 11,141,655 | +21.8 |
| Industrial machinery | 9,673,810 | (20.6) |
| Others | 1,312,832 | +5.0 |
| Total | 22,128,298 | (2.0) |

- (Notes) 1. The above amount is calculated based on sales prices.
2. The above amount does not include consumption taxes.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2019 | As of December 31, 2019 |
|--|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 12,910,891 | 11,207,078 |
| Notes and accounts receivable - trade | 6,429,902 | 6,978,565 |
| Electronically recorded monetary claims - operating | 620,922 | 506,817 |
| Securities | 7,268,957 | 2,999,963 |
| Work in process | 7,102,636 | 8,621,789 |
| Raw materials and supplies | 105,010 | 209,869 |
| Other | 433,372 | 1,473,996 |
| Allowance for doubtful accounts | △3,239 | △19,880 |
| Total current assets | 34,868,453 | 31,978,200 |
| Non-current assets | | |
| Property, plant and equipment | 4,653,243 | 6,726,286 |
| Intangible assets | 78,004 | 103,386 |
| Investments and other assets | | |
| Investment securities | 3,658,390 | 4,505,483 |
| Other | 476,785 | 573,630 |
| Total investments and other assets | 4,135,175 | 5,079,113 |
| Total non-current assets | 8,866,423 | 11,908,786 |
| Total assets | 43,734,877 | 43,886,987 |

(Thousands of yen)

| | As of March 31, 2019 | As of December 31, 2019 |
|--|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,910,998 | 2,420,366 |
| Electronically recorded obligations - operating | 3,476,254 | 3,865,839 |
| Short-term borrowings | — | 150,000 |
| Current portion of long-term borrowings | 561,804 | 490,547 |
| Income taxes payable | 1,090,278 | 400,964 |
| Advances received | 5,357,988 | 3,681,860 |
| Provision for bonuses | 211,250 | 165,202 |
| Provision for product warranties | 52,622 | 63,431 |
| Other | 1,433,278 | 2,251,875 |
| Total current liabilities | 15,094,475 | 13,490,086 |
| Non-current liabilities | | |
| Long-term borrowings | 354,220 | 423,848 |
| Provision for retirement benefits for directors (and other officers) | 83,330 | 39,140 |
| Retirement benefit liability | 505,284 | 463,784 |
| Asset retirement obligations | 15,188 | 15,418 |
| Other | 6,747 | 68,648 |
| Total non-current liabilities | 964,771 | 1,010,839 |
| Total liabilities | 16,059,246 | 14,500,926 |
| 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 | 26,054,700 |
| Treasury shares | △408,218 | △401,116 |
| Total shareholders' equity | 27,397,895 | 28,843,548 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 448,135 | 669,817 |
| Remeasurements of defined benefit plans | △170,400 | △127,305 |
| Total accumulated other comprehensive income | 277,735 | 542,512 |
| Total net assets | 27,675,630 | 29,386,060 |
| Total liabilities and net assets | 43,734,877 | 43,886,987 |

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

(Thousands of yen)

| | Nine months ended December 31, 2018 | Nine months ended December 31, 2019 |
|--|--|--|
| Net sales | 22,571,055 | 22,128,298 |
| Cost of sales | 17,709,963 | 17,229,542 |
| Gross profit | 4,861,092 | 4,898,756 |
| Selling, general and administrative expenses | 1,647,150 | 1,942,680 |
| Operating profit | 3,213,941 | 2,956,075 |
| Non-operating income | | |
| Interest income | 2,139 | 3,226 |
| Dividend income | 51,814 | 59,688 |
| Other | 23,078 | 37,683 |
| Total non-operating income | 77,033 | 100,598 |
| Non-operating expenses | | |
| Interest expenses | 7,232 | 5,890 |
| Sales discounts | 17,449 | 6,628 |
| Other | 2,295 | 2,376 |
| Total non-operating expenses | 26,976 | 14,894 |
| Ordinary profit | 3,263,998 | 3,041,779 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1,025 | — |
| Total extraordinary income | 1,025 | — |
| Extraordinary losses | | |
| Loss on valuation of investment securities | — | 6,736 |
| Total extraordinary losses | — | 6,736 |
| Profit before income taxes | 3,265,024 | 3,035,042 |
| Income taxes - current | 1,063,286 | 1,104,949 |
| Income taxes - deferred | 61,391 | △183,112 |
| Total income taxes | 1,124,677 | 921,837 |
| Profit | 2,140,347 | 2,113,205 |
| Profit attributable to owners of parent | 2,140,347 | 2,113,205 |

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

| | Nine months ended December 31, 2018 | Nine months ended December 31, 2019 |
|--|--|--|
| Profit | 2,140,347 | 2,113,205 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | △243,235 | 221,681 |
| Remeasurements of defined benefit plans, net of tax | 29,765 | 43,094 |
| Total other comprehensive income | △213,470 | 264,776 |
| Comprehensive income | 1,926,876 | 2,377,982 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,926,876 | 2,377,982 |
| Comprehensive income attributable to non-controlling interests | — | — |