

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP] (Unaudited)



May 19, 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
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 Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2020
 Scheduled date of commencing dividend payments: June 29, 2020
 Scheduled date of filing annual securities report: June 29, 2020
 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, 2020 (April 1, 2019 to March 31, 2020)

(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, 2020	31,682	(3.0)	3,684	(23.9)	3,773	(22.9)	2,351	(31.3)
Fiscal year ended March 31, 2019	32,659	57.5	4,839	65.5	4,895	64.1	3,425	64.0

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥2,317 million (down 29.3%)
 Fiscal year ended March 31, 2019: ¥3,278 million (up 47.7%)

	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, 2020	156.29	—	8.3	8.8	11.6
Fiscal year ended March 31, 2019	227.68	—	13.0	12.1	14.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2020: ¥ - million
 Fiscal year ended March 31, 2019: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2020	42,208	29,325	69.5	1,948.55
As of March 31, 2019	43,734	27,675	63.3	1,839.70

(Reference) Equity: As of March 31, 2020: ¥29,325 million
 As of March 31, 2019: ¥27,675 million

(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, 2020	(3,090)	155	(598)	11,605
Fiscal year ended March 31, 2019	11,001	(3,353)	(847)	15,140

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, 2019	—	18.00	—	27.00	45.00	676	19.8	2.6
Fiscal year ended March 31, 2020	—	18.00	—	28.00	46.00	692	29.4	2.4
Fiscal year ending March 31, 2021 (Forecast)	—	15.00	—	15.00	30.00		—	

Details of the year-end dividends for the fiscal year ended March 31, 2020:

Ordinary dividend: ¥18.00

Commemorative dividend: ¥10.00 (to commemorate the completion of the Kizugawa Factory construction)

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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)	12,000	(24.3)	950	(66.0)	1,000	(64.8)	720	(62.5)	47.84
Full year	23,000	(27.4)	1,950	(47.1)	2,000	(47.0)	1,420	(39.6)	94.35

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, 2020: 15,394,379 shares

March 31, 2019: 15,394,379 shares

2) Total number of treasury stock at the end of the period:

March 31, 2020: 344,601 shares

March 31, 2019: 350,783 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2020: 15,047,406 shares

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

(Reference) Outline of Non-consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)**(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, 2020	28,524	18.9	2,433	(20.2)	2,856	(12.5)	1,843	(21.4)
Fiscal year ended March 31, 2019	23,993	46.5	3,048	46.8	3,264	32.8	2,344	26.6

	Basic earnings per share	Diluted earnings per share
	yen	yen
Fiscal year ended March 31, 2020	122.51	—
Fiscal year ended March 31, 2019	155.85	—

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2020	33,261	20,733	62.3	1,377.63
As of March 31, 2019	33,290	19,627	59.0	1,304.72

(Reference) Equity: As of March 31, 2020: ¥20,733 million

As of March 31, 2019: ¥19,627 million

* 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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	12,910,891	10,544,482
Notes and accounts receivable - trade	6,429,902	7,982,602
Electronically recorded monetary claims - operating	620,922	584,676
Securities	7,268,957	4,399,975
Work in process	7,102,636	6,645,639
Raw materials and supplies	105,010	185,186
Advance payments - trade	179,887	444,882
Other	253,485	1,020,013
Allowance for doubtful accounts	△3,239	△48,017
Total current assets	34,868,453	31,759,441
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,181,542	5,776,062
Accumulated depreciation	△2,005,516	△2,150,153
Buildings and structures, net	1,176,025	3,625,908
Machinery, equipment and vehicles	3,020,647	3,622,279
Accumulated depreciation	△2,641,083	△2,610,496
Machinery, equipment and vehicles, net	379,564	1,011,783
Land	2,094,910	2,099,292
Leased assets	15,314	18,902
Accumulated depreciation	△10,275	△13,156
Leased assets, net	5,038	5,745
Construction in progress	848,544	13,397
Other	642,206	720,841
Accumulated depreciation	△493,047	△552,057
Other, net	149,159	168,783
Total property, plant and equipment	4,653,243	6,924,910
Intangible assets		
Software	74,957	119,141
Software in progress	2,530	65,421
Telephone subscription right	516	516
Other	—	1,266
Total intangible assets	78,004	186,347
Investments and other assets		
Investment securities	3,658,390	2,606,141
Long-term prepaid expenses	65,073	62,965
Deferred tax assets	85,791	360,360
Other	325,920	308,264
Total investments and other assets	4,135,175	3,337,730
Total non-current assets	8,866,423	10,448,988
Total assets	43,734,877	42,208,430

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,910,998	2,589,063
Electronically recorded obligations - operating	3,476,254	3,120,837
Current portion of long-term borrowings	561,804	523,860
Lease obligations	3,071	2,810
Accounts payable - other	635,846	1,680,073
Accrued expenses	128,444	124,286
Income taxes payable	1,090,278	873,757
Advances received	5,357,988	1,984,083
Provision for bonuses	211,250	223,870
Provision for product warranties	52,622	93,046
Other	665,916	581,935
Total current liabilities	15,094,475	11,797,624
Non-current liabilities		
Long-term borrowings	354,220	472,940
Lease obligations	2,788	3,327
Deferred tax liabilities	3,703	—
Provision for retirement benefits for directors (and other officers)	83,330	41,580
Retirement benefit liability	505,284	480,365
Asset retirement obligations	15,188	22,605
Other	255	64,762
Total non-current liabilities	964,771	1,085,580
Total liabilities	16,059,246	12,883,205
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	26,293,249
Treasury shares	△408,218	△401,116
Total shareholders' equity	27,397,895	29,082,097
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	448,135	382,282
Remeasurements of defined benefit plans	△170,400	△139,155
Total accumulated other comprehensive income	277,735	243,127
Total net assets	27,675,630	29,325,225
Total liabilities and net assets	43,734,877	42,208,430

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

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	32,659,939	31,682,031
Cost of sales	25,714,990	25,371,814
Gross profit	6,944,948	6,310,217
Selling, general and administrative expenses		
Sales commission	378,401	918,353
Salaries and allowances	508,268	478,810
Remuneration for directors (and other officers)	120,192	144,325
Provision for bonuses	46,335	43,468
Retirement benefit expenses	49,394	37,770
Provision for retirement benefits for directors (and other officers)	29,010	35,470
Legal and other welfare expenses	138,051	123,832
Travel, transportation and communication expenses	116,036	111,564
Depreciation	144,252	163,502
Rent expenses	33,079	36,807
Commission expenses	255,610	146,049
Provision of allowance for doubtful accounts	△2,926	44,778
Other	289,349	340,952
Total selling, general and administrative expenses	2,105,057	2,625,687
Operating profit	4,839,890	3,684,529
Non-operating income		
Interest income	3,897	5,354
Dividend income	51,948	60,042
Purchase discounts	7,590	5,870
Gain on sales of non-current assets	—	14,513
Gain on sales of securities	—	1,668
Other	25,939	26,949
Total non-operating income	89,376	114,400
Non-operating expenses		
Interest expenses	9,864	8,198
Sales discounts	22,162	7,539
Loss on retirement of non-current assets	233	9,362
Other	1,977	26
Total non-operating expenses	34,237	25,126
Ordinary profit	4,895,029	3,773,803
Extraordinary income		
Gain on sales of non-current assets	1,025	—
Total extraordinary income	1,025	—
Extraordinary losses		
Loss on valuation of investment securities	—	8,630
Total extraordinary losses	—	8,630
Profit before income taxes	4,896,055	3,765,173
Income taxes - current	1,528,111	1,642,327
Income taxes - deferred	△57,157	△228,908
Total income taxes	1,470,954	1,413,418
Profit	3,425,100	2,351,754
Profit attributable to owners of parent	3,425,100	2,351,754

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	3,425,100	2,351,754
Other comprehensive income		
Valuation difference on available-for-sale securities	△173,069	△65,852
Remeasurements of defined benefit plans, net of tax	26,644	31,244
Total other comprehensive income	△146,425	△34,608
Comprehensive income	3,278,675	2,317,146
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,278,675	2,317,146
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets
 Previous fiscal year (From April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,847,821	1,339,722	21,719,994	△408,218	24,499,320
Changes during period					
Dividends of surplus			△526,525		△526,525
Profit attributable to owners of parent			3,425,100		3,425,100
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	2,898,574	—	2,898,574
Balance at end of 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 period	621,205	△197,044	424,160	24,923,481
Changes during period				
Dividends of surplus			—	△526,525
Profit attributable to owners of parent			—	3,425,100
Net changes in items other than shareholders' equity	△173,069	26,644	△146,425	△146,425
Total changes during period	△173,069	26,644	△146,425	2,752,149
Balance at end of period	448,135	△170,400	277,735	27,675,630

Current fiscal year(From April 1,2019 to March 31,2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,847,821	1,339,722	24,618,569	△408,218	27,397,895
Changes during period					
Dividends of surplus			△677,074		△677,074
Profit attributable to owners of parent			2,351,754		2,351,754
Purchase of treasury shares				△287	△287
Disposal of treasury shares		2,420		7,388	9,809
Net changes in items other than shareholders' equity					—
Total changes during period	—	2,420	1,674,680	7,101	1,684,202
Balance at end of period	1,847,821	1,342,142	26,293,249	△401,116	29,082,097

	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 period	448,135	△170,400	277,735	27,675,630
Changes during period				
Dividends of surplus			—	△677,074
Profit attributable to owners of parent			—	2,351,754
Purchase of treasury shares			—	△287
Disposal of treasury shares			—	9,809
Net changes in items other than shareholders' equity	△65,852	31,244	△34,608	△34,608
Total changes during period	△65,852	31,244	△34,608	1,649,594
Balance at end of period	382,282	△139,155	243,127	29,325,225

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	4,896,055	3,765,173
Depreciation	316,248	426,775
Amortization of long-term prepaid expenses	25,064	32,180
Increase (decrease) in provision for bonuses	13,200	12,620
Increase (decrease) in allowance for doubtful accounts	△2,926	44,778
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3,860	△41,750
Increase (decrease) in provision for product warranties	△14,767	40,424
Increase (decrease) in retirement benefit liability	4,838	△11,424
Interest and dividend income	△55,846	△65,397
Interest expenses	9,864	8,198
Loss (gain) on sales of non-current assets	△637	△14,513
Loss on retirement of non-current assets	233	9,362
Loss (gain) on valuation of investment securities	—	8,630
Decrease (increase) in trade receivables	1,998,340	△1,516,454
Decrease (increase) in inventories	1,375,291	359,406
Increase (decrease) in advances received	2,294,544	△3,373,904
Increase (decrease) in trade payables	170,945	△677,353
Increase (decrease) in accounts payable - other	230,660	1,062,253
Increase (decrease) in accrued expenses	19,011	△4,157
Decrease (increase) in advance payments - trade	△78,314	△264,995
Decrease (increase) in consumption taxes refund receivable	320,714	△864,365
Increase (decrease) in accrued consumption taxes	319,553	△293,546
Other, net	67,668	92,061
Subtotal	11,913,601	△1,266,000
Interest and dividends received	55,810	65,367
Interest paid	△9,864	△8,198
Income taxes paid	△960,349	△1,884,802
Income taxes refund	2,476	2,706
Net cash provided by (used in) operating activities	11,001,674	△3,090,927
Cash flows from investing activities		
Payments into time deposits	△2,000	△2,000
Proceeds from withdrawal of time deposits	302,000	2,000
Purchase of securities	△3,799,959	△3,799,959
Proceeds from sales of securities	1,000,000	5,500,000
Purchase of property, plant and equipment	△957,377	△2,358,685
Proceeds from sales of property, plant and equipment	45,261	18,500
Purchase of intangible assets	△24,072	△140,382
Purchase of investment securities	△4,582	△554,721
Proceeds from sales and redemption of investment securities	1,787	1,502,542

Other, net	85,341	△11,521
Net cash provided by (used in) investing activities	△3,353,601	155,772
Cash flows from financing activities		
Proceeds from long-term borrowings	320,000	720,000
Repayments of long-term borrowings	△638,732	△639,224
Purchase of treasury shares	—	△287
Dividends paid	△525,892	△675,885
Other, net	△3,063	△3,310
Net cash provided by (used in) financing activities	△847,687	△598,706
Effect of exchange rate change on cash and cash equivalents	△743	△1,518
Net increase (decrease) in cash and cash equivalents	6,799,641	△3,535,380
Cash and cash equivalents at beginning of period	8,341,211	15,140,853
Cash and cash equivalents at end of period	15,140,853	11,605,473

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, 2018 to March 31, 2019)	Current consolidated fiscal year (April 1, 2019 to March 31, 2020)
Coating and laminating machinery	12,184,176	13,103,139
Industrial machinery	12,507,904	10,973,122
Others	1,022,909	1,295,552
Total	25,714,990	25,371,814

(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	12,103,206	15,131,533	15,566,198	15,279,272
Industrial machinery	17,569,977	4,800,862	20,988,204	9,978,418
Others	2,155,286	1,396,090	1,094,834	578,001
Total	31,828,471	21,328,486	37,649,236	25,835,691

(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 current fiscal year does not correspond to the backlog of orders at the end of the current fiscal year. 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 current consolidated fiscal year is as follows

(Thousand yen)

Name of segment	Previous consolidated fiscal year (April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (April 1, 2019 to March 31, 2020)
Coating and laminating machinery	14,617,690	15,418,459
Industrial machinery	16,250,106	14,350,648
Others	1,792,142	1,912,923
Total	32,659,939	31,682,031

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

2. The above amount does not include consumption taxes.