

Consolidated Financial Results
for the Second Quarter Ended September 30, 2020
[Japanese GAAP] (Unaudited)



November 6, 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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 Phone: +81-745-57-0681
 Scheduled date of filing quarterly securities report: November 10, 2020
 Scheduled date of commencing dividend payments: December 2, 2020
 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, 2020 (April 1, 2020 to September 30, 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	%
Six months ended September 30, 2020	8,952	(43.5)	660	(76.4)	716	(74.8)	471	(75.4)
Six months ended September 30, 2019	15,852	18.0	2,796	59.8	2,839	58.8	1,918	68.4

(Note) Comprehensive income: Six months ended September 30, 2020: ¥605 million (down 70.8%)
 Six months ended September 30, 2019: ¥2,074 million (up 75.4%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2020	31.32	—
Six months ended September 30, 2019	127.51	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2020	41,559	29,520	71.0
As of March 31, 2020	42,208	29,325	69.5

(Reference) Equity: As of September 30, 2020: ¥29,520 million
 As of March 31, 2020: ¥29,325 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	Yen —	Yen 18.00	Yen —	Yen 28.00	Yen 46.00
Fiscal year ending March 31, 2021	—	15.00			
Fiscal year ending March 31, 2021 (Forecast)			—	15.00	30.00

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

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
Full year	23,000	(27.4)	1,950	(47.1)	2,000	(47.0)	1,420	(39.6)	94.35

(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, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	10,544,482	12,146,427
Notes and accounts receivable - trade	7,982,602	5,594,392
Electronically recorded monetary claims - operating	584,676	448,461
Securities	4,399,975	2,999,992
Work in process	6,645,639	9,006,135
Raw materials and supplies	185,186	169,498
Other	1,464,895	838,111
Allowance for doubtful accounts	△48,017	△55,546
Total current assets	31,759,441	31,147,474
Non-current assets		
Property, plant and equipment	6,924,910	6,821,821
Intangible assets	186,347	205,572
Investments and other assets		
Investment securities	2,606,141	2,730,542
Other	731,589	654,527
Total investments and other assets	3,337,730	3,385,069
Total non-current assets	10,448,988	10,412,463
Total assets	42,208,430	41,559,937

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,589,063	2,149,012
Electronically recorded obligations - operating	3,120,837	2,769,053
Short-term borrowings	—	50,000
Current portion of long-term borrowings	523,860	437,812
Income taxes payable	873,757	157,039
Advances received	1,984,083	3,355,438
Provision for bonuses	223,870	227,480
Provision for product warranties	93,046	81,645
Other	2,389,106	1,924,298
Total current liabilities	11,797,624	11,151,780
Non-current liabilities		
Long-term borrowings	472,940	296,620
Provision for retirement benefits for directors (and other officers)	41,580	46,730
Retirement benefit liability	480,365	457,788
Asset retirement obligations	22,605	15,651
Other	68,089	70,753
Total non-current liabilities	1,085,580	887,543
Total liabilities	12,883,205	12,039,323
Net assets		
Shareholders' equity		
Share capital	1,847,821	1,847,821
Capital surplus	1,342,142	1,343,972
Retained earnings	26,293,249	26,343,222
Treasury shares	△401,116	△391,896
Total shareholders' equity	29,082,097	29,143,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	382,282	500,849
Remeasurements of defined benefit plans	△139,155	△123,355
Total accumulated other comprehensive income	243,127	377,493
Total net assets	29,325,225	29,520,614
Total liabilities and net assets	42,208,430	41,559,937

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

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	15,852,937	8,952,949
Cost of sales	11,660,820	7,287,961
Gross profit	4,192,117	1,664,987
Selling, general and administrative expenses	1,395,176	1,004,855
Operating profit	2,796,940	660,132
Non-operating income		
Interest income	2,665	4,968
Dividend income	31,466	42,244
Other	15,844	41,455
Total non-operating income	49,976	88,668
Non-operating expenses		
Interest expenses	3,694	3,940
Sales discounts	2,331	5,297
Loss on retirement of non-current assets	287	21,600
Other	1,302	1,578
Total non-operating expenses	7,615	32,416
Ordinary profit	2,839,301	716,384
Extraordinary losses		
Loss on valuation of investment securities	60,011	—
Total extraordinary losses	60,011	—
Profit before income taxes	2,779,289	716,384
Income taxes - current	909,991	208,942
Income taxes - deferred	△49,203	36,075
Total income taxes	860,787	245,018
Profit	1,918,501	471,366
Profit attributable to owners of parent	1,918,501	471,366

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	1,918,501	471,366
Other comprehensive income		
Valuation difference on available-for-sale securities	119,796	118,566
Remeasurements of defined benefit plans, net of tax	36,059	15,799
Total other comprehensive income	155,856	134,366
Comprehensive income	2,074,358	605,733
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,074,358	605,733
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	2,779,289	716,384
Depreciation	141,439	271,205
Amortization of long-term prepaid expenses	14,324	15,253
Increase (decrease) in provision for bonuses	5,750	3,610
Increase (decrease) in allowance for doubtful accounts	11,009	7,529
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△46,630	5,150
Increase (decrease) in provision for product warranties	5,936	△11,401
Increase (decrease) in retirement benefit liability	△6,952	371
Interest and dividend income	△34,131	△47,213
Interest expenses	3,694	3,940
Loss (gain) on sales of non-current assets	—	△44
Loss on retirement of non-current assets	287	21,600
Loss (gain) on valuation of investment securities	60,011	—
Decrease (increase) in trade receivables	△412,329	2,524,424
Decrease (increase) in inventories	△245,844	△2,379,451
Increase (decrease) in advances received	△2,519,067	1,371,355
Increase (decrease) in trade payables	275,888	△791,834
Increase (decrease) in accounts payable - other	388,108	74,073
Increase (decrease) in accrued expenses	△28,624	△20,321
Decrease (increase) in advance payments - trade	△794,711	179,938
Decrease (increase) in consumption taxes refund receivable	△672,271	521,339
Increase (decrease) in accrued consumption taxes	△294,949	△25,677
Other, net	57,507	△317,637
Subtotal	△1,312,265	2,122,596
Interest and dividends received	34,127	47,176
Interest paid	△3,694	△3,940
Income taxes paid	△1,104,884	△865,661
Income taxes refund	2,706	9,171
Net cash provided by (used in) operating activities	△2,384,010	1,309,342
Cash flows from investing activities		
Payments into time deposits	△1,000	△1,000
Proceeds from withdrawal of time deposits	1,000	101,000
Purchase of securities	△1,700,000	△2,399,974
Proceeds from sales of securities	3,000,000	1,700,000
Purchase of property, plant and equipment	△1,523,449	△427,054
Proceeds from sales of property, plant and equipment	—	45
Purchase of intangible assets	△23,089	△39,319
Purchase of investment securities	△251,622	△2,412
Proceeds from sales of investment securities	744	48,685
Other, net	△4,458	△58,037
Net cash provided by (used in) investing activities	△501,874	△1,078,066

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	50,000	50,000
Proceeds from long-term borrowings	450,000	—
Repayments of long-term borrowings	△321,246	△262,368
Purchase of treasury shares	△179	—
Dividends paid	△405,672	△420,271
Other, net	△1,534	△1,850
Net cash provided by (used in) financing activities	△228,632	△634,490
Effect of exchange rate change on cash and cash equivalents	△2,902	5,166
Net increase (decrease) in cash and cash equivalents	△3,117,419	△398,047
Cash and cash equivalents at beginning of period	15,140,853	11,605,473
Cash and cash equivalents at end of period	12,023,434	11,207,425

Production, Orders Received, and Sales

(1) Production

Production performance by segment for the second quarter ended September 30, 2020 is as follows

Name of segment	Production (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	3,933,448	(40.6)
Industrial machinery	2,726,311	(41.6)
Others	628,202	+70.9
Total	7,287,961	(37.5)

(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, 2020 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	9,748,017	(6.0)	20,319,713	+33.0
Industrial machinery	7,019,687	+663.9	13,550,868	+35.8
Others	622,956	+5.0	402,821	(30.3)
Total	17,390,660	+46.3	34,273,403	+32.7

(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 second quarter ended September 30, 2020 is as follows

Name of segment	Sales (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	4,707,576	(45.3)
Industrial machinery	3,447,237	(46.9)
Others	798,135	+5.4
Total	8,952,949	(43.5)

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

2. The above amount does not include consumption taxes.