

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP] (Unaudited)



May 14, 2021

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 25, 2021
 Scheduled date of commencing dividend payments: June 28, 2021
 Scheduled date of filing annual securities report: June 28, 2021
 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, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	25,800	(18.6)	2,560	(30.5)	2,661	(29.5)	1,785	(24.1)
Fiscal year ended March 31, 2020	31,682	(3.0)	3,684	(23.9)	3,773	(22.9)	2,351	(31.3)

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥2,365 million (up 2.1%)
 Fiscal year ended March 31, 2020: ¥2,317 million (down 29.3%)

	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, 2021	118.63	—	5.9	6.3	9.9
Fiscal year ended March 31, 2020	156.29	—	8.3	8.8	11.6

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2021	42,699	31,054	72.7	2,062.35
As of March 31, 2020	42,208	29,325	69.5	1,948.55

(Reference) Equity: As of March 31, 2021: ¥31,054 million
 As of March 31, 2020: ¥29,325 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, 2021	1,971	668	(723)	13,548
Fiscal year ended March 31, 2020	(3,090)	155	(598)	11,605

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, 2020	—	18.00	—	28.00	46.00	692	29.4	2.4
Fiscal year ended March 31, 2021	—	15.00	—	22.00	37.00	557	31.2	1.8
Fiscal year ending March 31, 2022 (Forecast)	—	20.00	—	20.00	40.00		—	

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, 2022 (April 1, 2021 to March 31, 2022)

(% 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)	18,000	—	1,600	—	1,700	—	1,100	—	73.07
Full year	32,000	—	3,100	—	3,200	—	2,050	—	136.17

(Note) The Company will adopt Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending March 31, 2022. Figures above reflect the accounting standard, and changes from the previous corresponding period are not presented.

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, 2021: 15,394,379 shares

March 31, 2020: 15,394,379 shares

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

March 31, 2021: 336,776 shares

March 31, 2020: 344,601 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2021: 15,054,619 shares

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

(Reference) Outline of Non-consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	22,835	(19.9)	1,930	(20.7)	2,310	(19.1)	1,648	(10.6)
Fiscal year ended March 31, 2020	28,524	18.9	2,433	(20.2)	2,856	(12.5)	1,843	(21.4)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Fiscal year ended March 31, 2021	109.52	—
Fiscal year ended March 31, 2020	122.51	—

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2021	32,421	22,261	68.7	1,478.42
As of March 31, 2020	33,261	20,733	62.3	1,377.63

(Reference) Equity: As of March 31, 2021: ¥22,261 million

As of March 31, 2020: ¥20,733 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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	10,544,482	10,967,359
Notes and accounts receivable - trade	7,982,602	7,364,763
Electronically recorded monetary claims - operating	584,676	582,102
Securities	4,399,975	4,699,983
Work in process	6,645,639	6,869,127
Raw materials and supplies	185,186	127,503
Advance payments to suppliers	444,882	717,630
Other	1,020,013	914,121
Allowance for doubtful accounts	△48,017	△56,396
Total current assets	31,759,441	32,186,194
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,776,062	5,692,854
Accumulated depreciation	△2,150,153	△2,247,546
Buildings and structures, net	3,625,908	3,445,308
Machinery, equipment and vehicles	3,622,279	3,633,819
Accumulated depreciation	△2,610,496	△2,733,051
Machinery, equipment and vehicles, net	1,011,783	900,768
Land	2,099,292	2,099,292
Leased assets	18,902	15,936
Accumulated depreciation	△13,156	△4,843
Leased assets, net	5,745	11,092
Construction in progress	13,397	15,922
Other	720,841	808,357
Accumulated depreciation	△552,057	△593,587
Other, net	168,783	214,770
Total property, plant and equipment	6,924,910	6,687,155
Intangible assets		
Software	119,141	123,645
Software in progress	65,421	247,877
Telephone subscription right	516	516
Other	1,266	1,179
Total intangible assets	186,347	373,220
Investments and other assets		
Investment securities	2,606,141	2,970,115
Long-term prepaid expenses	62,965	58,742
Deferred tax assets	360,360	92,865
Other	308,264	330,715
Total investments and other assets	3,337,730	3,452,438
Total non-current assets	10,448,988	10,512,813
Total assets	42,208,430	42,699,008

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,589,063	2,730,838
Electronically recorded obligations - operating	3,120,837	2,866,562
Current portion of long-term borrowings	523,860	451,480
Lease obligations	2,810	3,187
Accounts payable - other	1,680,073	1,935,064
Accrued expenses	124,286	116,713
Income taxes payable	873,757	58,848
Advances received	1,984,083	2,085,760
Provision for bonuses	223,870	232,100
Provision for product warranties	93,046	81,000
Other	581,935	75,756
Total current liabilities	11,797,624	10,637,310
Non-current liabilities		
Long-term borrowings	472,940	471,460
Lease obligations	3,327	7,905
Provision for retirement benefits for directors (and other officers)	41,580	51,880
Retirement benefit liability	480,365	394,898
Asset retirement obligations	22,605	15,808
Other	64,762	65,658
Total non-current liabilities	1,085,580	1,007,610
Total liabilities	12,883,205	11,644,921
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	27,431,870
Treasury shares	△401,116	△392,077
Total shareholders' equity	29,082,097	30,231,587
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	382,282	903,807
Remeasurements of defined benefit plans	△139,155	△81,307
Total accumulated other comprehensive income	243,127	822,500
Total net assets	29,325,225	31,054,087
Total liabilities and net assets	42,208,430	42,699,008

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

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	31,682,031	25,800,869
Cost of sales	25,371,814	20,815,452
Gross profit	6,310,217	4,985,417
Selling, general and administrative expenses		
Sales commission	918,353	877,554
Salaries and allowances	478,810	496,906
Remuneration for directors (and other officers)	144,325	156,187
Provision for bonuses	43,468	45,823
Retirement benefit expenses	37,770	38,744
Provision for retirement benefits for directors (and other officers)	35,470	10,300
Legal and other welfare expenses	123,832	127,391
Travel, transportation and communication expenses	111,564	47,869
Depreciation	163,502	157,401
Rent expenses	36,807	37,371
Commission expenses	146,049	138,536
Provision of allowance for doubtful accounts	44,778	8,379
Other	340,952	282,834
Total selling, general and administrative expenses	2,625,687	2,425,300
Operating profit	3,684,529	2,560,116
Non-operating income		
Interest income	5,354	7,919
Dividend income	60,042	70,620
Purchase discounts	5,870	4,525
Gain on sale of non-current assets	14,513	44
Gain on sale of securities	1,668	—
Foreign exchange gains	4,169	27,313
Other	22,779	31,331
Total non-operating income	114,400	141,755
Non-operating expenses		
Interest expenses	8,198	6,743
Sales discounts	7,539	9,405
Loss on retirement of non-current assets	9,362	22,261
Other	26	1,658
Total non-operating expenses	25,126	40,068
Ordinary profit	3,773,803	2,661,803
Extraordinary losses		
Loss on valuation of investment securities	8,630	45,878
Loss on sale of investment securities	—	29,571
Total extraordinary losses	8,630	75,449
Profit before income taxes	3,765,173	2,586,353
Income taxes - current	1,642,327	752,624
Income taxes - deferred	△228,908	47,849
Total income taxes	1,413,418	800,473
Profit	2,351,754	1,785,879
Profit attributable to owners of parent	2,351,754	1,785,879

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	2,351,754	1,785,879
Other comprehensive income		
Valuation difference on available-for-sale securities	△65,852	521,524
Remeasurements of defined benefit plans, net of tax	31,244	57,848
Total other comprehensive income	△34,608	579,373
Comprehensive income	2,317,146	2,365,252
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,317,146	2,365,252
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets
 Previous 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

Current fiscal year(From April 1,2020 to March 31,2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,847,821	1,342,142	26,293,249	△401,116	29,082,097
Changes during period					
Dividends of surplus			△647,259		△647,259
Profit attributable to owners of parent			1,785,879		1,785,879
Purchase of treasury shares				△181	△181
Disposal of treasury shares		1,829		9,220	11,049
Net changes in items other than shareholders' equity					—
Total changes during period	—	1,829	1,138,620	9,038	1,149,489
Balance at end of period	1,847,821	1,343,972	27,431,870	△392,077	30,231,587

	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	382,282	△139,155	243,127	29,325,225
Changes during period				
Dividends of surplus			—	△647,259
Profit attributable to owners of parent			—	1,785,879
Purchase of treasury shares			—	△181
Disposal of treasury shares			—	11,049
Net changes in items other than shareholders' equity	521,524	57,848	579,373	579,373
Total changes during period	521,524	57,848	579,373	1,728,862
Balance at end of period	903,807	△81,307	822,500	31,054,087

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,765,173	2,586,353
Depreciation	426,775	563,896
Amortization of long-term prepaid expenses	32,180	34,802
Increase (decrease) in provision for bonuses	12,620	8,230
Increase (decrease) in allowance for doubtful accounts	44,778	8,379
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△41,750	10,300
Increase (decrease) in provision for product warranties	40,424	△12,046
Increase (decrease) in retirement benefit liability	△11,424	△1,856
Interest and dividend income	△65,397	△78,540
Interest expenses	8,198	6,743
Loss (gain) on sale of non-current assets	△14,513	△44
Loss on retirement of non-current assets	9,362	22,261
Loss (gain) on valuation of investment securities	8,630	45,878
Decrease (increase) in trade receivables	△1,516,454	620,413
Decrease (increase) in inventories	359,406	△268,565
Increase (decrease) in advances received	△3,373,904	101,676
Increase (decrease) in trade payables	△677,353	△112,499
Increase (decrease) in accounts payable - other	1,062,253	267,860
Increase (decrease) in accrued expenses	△4,157	△7,573
Decrease (increase) in advance payments to suppliers	△264,995	△272,748
Decrease (increase) in consumption taxes refund receivable	△864,365	154,491
Increase (decrease) in accrued consumption taxes	△293,546	△26,007
Other, net	92,061	△167,857
Subtotal	△1,266,000	3,483,546
Interest and dividends received	65,367	78,473
Interest paid	△8,198	△6,743
Income taxes paid	△1,884,802	△1,593,059
Income taxes refund	2,706	9,171
Net cash provided by (used in) operating activities	△3,090,927	1,971,388

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Payments into time deposits	△2,000	△502,000
Proceeds from withdrawal of time deposits	2,000	822,000
Purchase of securities	△3,799,959	△3,799,949
Proceeds from sale of securities	5,500,000	5,400,000
Purchase of property, plant and equipment	△2,358,685	△529,407
Proceeds from sale of property, plant and equipment	18,500	45
Purchase of intangible assets	△140,382	△222,090
Purchase of investment securities	△554,721	△604,891
Proceeds from sale and redemption of investment securities	1,502,542	179,422
Other, net	△11,521	△74,188
Net cash provided by (used in) investing activities	155,772	668,941
Cash flows from financing activities		
Proceeds from long-term borrowings	720,000	450,000
Repayments of long-term borrowings	△639,224	△523,860
Purchase of treasury shares	△287	△181
Dividends paid	△675,885	△646,006
Other, net	△3,310	△3,912
Net cash provided by (used in) financing activities	△598,706	△723,959
Effect of exchange rate change on cash and cash equivalents	△1,518	26,499
Net increase (decrease) in cash and cash equivalents	△3,535,380	1,942,869
Cash and cash equivalents at beginning of period	15,140,853	11,605,473
Cash and cash equivalents at end of period	11,605,473	13,548,342

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, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
Coating and laminating machinery	13,103,139	12,950,044
Industrial machinery	10,973,122	6,915,604
Others	1,295,552	949,802
Total	25,371,814	20,815,452

(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	15,131,533	26,378,420	15,279,272	26,172,532
Industrial machinery	4,800,862	14,694,606	9,978,418	15,734,510
Others	1,396,090	1,304,208	578,001	505,014
Total	21,328,486	42,377,235	25,835,691	42,412,057

(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, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
Coating and laminating machinery	15,418,459	15,485,160
Industrial machinery	14,350,648	8,938,514
Others	1,912,923	1,377,194
Total	31,682,031	25,800,869

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

2. The above amount does not include consumption taxes.