

Consolidated Financial Results
for the Second Quarter Ended September 30, 2021
[Japanese GAAP] (Unaudited)



November 12, 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
 Contact: Masashi Hara, Director and General Manager, General Affairs Division
 Phone: +81-745-57-0681
 Scheduled date of filing quarterly securities report: November 15, 2021
 Scheduled date of commencing dividend payments: December 2, 2021
 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, 2021 (April 1, 2021 to September 30, 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	%
Six months ended September 30, 2021	18,605	—	2,720	—	2,789	—	1,988	—
Six months ended September 30, 2020	8,952	(43.5)	660	(76.4)	716	(74.8)	471	(75.4)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥1,943 million (-%)
 Six months ended September 30, 2020: ¥605 million (down 70.8%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2021	132.04	—
Six months ended September 30, 2020	31.32	—

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. was adopted from the beginning of the first quarter ended June 30, 2021. Accordingly, each figure for the six months ended September 30, 2021 reflects the adoption of the accounting standard, etc., and percentage changes from the previous corresponding period are not provided.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2021	49,456	33,598	67.9
As of March 31, 2021	42,699	31,054	72.7

(Reference) Equity: As of September 30, 2021: ¥33,598 million
 As of March 31, 2021: ¥31,054 million

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. was adopted from the beginning of the first quarter ended June 30, 2021. Accordingly, each figure for the six months ended September 30, 2021 reflects the adoption of the accounting standard, etc.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen —	Yen 15.00	Yen —	Yen 22.00	Yen 37.00
Fiscal year ending March 31, 2022	—	28.00			
Fiscal year ending March 31, 2022 (Forecast)			—	28.00	56.00

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

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	
Full year	35,000	—	4,300	—	4,400	—	3,100	—	205.87	

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

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. was adopted from the beginning of the fiscal year ending March 31, 2022. The figures above reflect the adoption of the accounting standard, etc., and percentage changes from the previous fiscal year and from the previous corresponding period are not provided.

Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - 1) Changes in accounting policies due to the revisions of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement: No
- (4) Total number of issued shares (common stock)
 - 1) Total number of issued shares at the end of the period (including treasury stock):

September 30, 2021:	15,394,379 shares
March 31, 2021:	15,394,379 shares
 - 2) Total number of treasury stock at the end of the period:

September 30, 2021:	331,516 shares
March 31, 2021:	336,776 shares
 - 3) Average number of shares during the period:

Six months ended September 30, 2021:	15,058,326 shares
Six months ended September 30, 2020:	15,052,041 shares

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.

* This quarterly financial results report is outside the scope of quarterly review to be conducted by certified public accountants or an audit corporation.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	10,967,359	12,735,698
Notes and accounts receivable - trade	7,364,763	—
Notes and accounts receivable - trade, and contract assets	—	17,364,180
Electronically recorded monetary claims - operating	582,102	879,455
Securities	4,699,983	5,299,981
Work in process	6,869,127	204,005
Raw materials and supplies	127,503	131,760
Other	1,631,752	2,122,387
Allowance for doubtful accounts	△56,396	△61,116
Total current assets	32,186,194	38,676,352
Non-current assets		
Property, plant and equipment	6,687,155	6,792,921
Intangible assets	373,220	569,165
Investments and other assets		
Investment securities	2,970,115	2,833,137
Other	482,323	585,053
Total investments and other assets	3,452,438	3,418,190
Total non-current assets	10,512,813	10,780,277
Total assets	42,699,008	49,456,630

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,730,838	2,546,110
Electronically recorded obligations - operating	2,866,562	5,362,517
Short-term borrowings	—	50,000
Current portion of long-term borrowings	451,480	508,416
Income taxes payable	58,848	1,354,790
Advances received	2,085,760	2,454,983
Provision for bonuses	232,100	233,700
Provision for product warranties	81,000	68,479
Other	2,130,721	2,221,695
Total current liabilities	10,637,310	14,800,691
Non-current liabilities		
Long-term borrowings	471,460	483,284
Provision for retirement benefits for directors (and other officers)	51,880	50,860
Retirement benefit liability	394,898	434,278
Asset retirement obligations	15,808	15,967
Other	73,563	72,565
Total non-current liabilities	1,007,610	1,056,956
Total liabilities	11,644,921	15,857,648
Net assets		
Shareholders' equity		
Share capital	1,847,821	1,847,821
Capital surplus	1,343,972	1,353,184
Retained earnings	27,431,870	30,006,555
Treasury shares	△392,077	△386,076
Total shareholders' equity	30,231,587	32,821,485
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	903,807	855,037
Remeasurements of defined benefit plans	△81,307	△77,541
Total accumulated other comprehensive income	822,500	777,496
Total net assets	31,054,087	33,598,981
Total liabilities and net assets	42,699,008	49,456,630

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

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	8,952,949	18,605,393
Cost of sales	7,287,961	14,450,163
Gross profit	1,664,987	4,155,230
Selling, general and administrative expenses	1,004,855	1,434,284
Operating profit	660,132	2,720,946
Non-operating income		
Interest income	4,968	1,698
Dividend income	42,244	47,539
Other	41,455	28,980
Total non-operating income	88,668	78,218
Non-operating expenses		
Interest expenses	3,940	4,166
Sales discounts	5,297	—
Loss on retirement of non-current assets	21,600	2,037
Loss on sale of investment securities	—	2,384
Other	1,578	791
Total non-operating expenses	32,416	9,380
Ordinary profit	716,384	2,789,783
Extraordinary income		
Gain on sale of investment securities	—	53,450
Subsidy income	—	30,000
Total extraordinary income	—	83,450
Profit before income taxes	716,384	2,873,234
Income taxes - current	208,942	1,326,387
Income taxes - deferred	36,075	△441,502
Total income taxes	245,018	884,884
Profit	471,366	1,988,349
Profit attributable to owners of parent	471,366	1,988,349

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	471,366	1,988,349
Other comprehensive income		
Valuation difference on available-for-sale securities	118,566	△48,769
Remeasurements of defined benefit plans, net of tax	15,799	3,765
Total other comprehensive income	134,366	△45,003
Comprehensive income	605,733	1,943,346
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	605,733	1,943,346
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	716,384	2,873,234
Depreciation	271,205	267,487
Amortization of long-term prepaid expenses	15,253	15,003
Increase (decrease) in provision for bonuses	3,610	1,600
Increase (decrease) in allowance for doubtful accounts	7,529	4,720
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5,150	△1,019
Increase (decrease) in provision for product warranties	△11,401	△12,521
Decrease (increase) in retirement benefit asset	—	△54,219
Increase (decrease) in retirement benefit liability	371	43,191
Interest and dividend income	△47,213	△49,238
Interest expenses	3,940	4,166
Loss (gain) on sale of non-current assets	△44	△214
Loss on retirement of non-current assets	21,600	2,037
Loss (gain) on sale of investment securities	—	△51,066
Decrease (increase) in trade receivables	2,524,424	—
Decrease (increase) in trade receivables and contract assets	—	△3,002,373
Decrease (increase) in inventories	△2,379,451	△145,917
Increase (decrease) in advances received	1,371,355	1,345,593
Increase (decrease) in trade payables	△791,834	2,311,227
Increase (decrease) in accounts payable - other	74,073	△232,154
Increase (decrease) in accrued expenses	△20,321	△8,772
Decrease (increase) in advance payments to suppliers	179,938	△775,855
Decrease (increase) in consumption taxes refund receivable	521,339	295,465
Increase (decrease) in accrued consumption taxes	△25,677	128,373
Other, net	△317,637	△70,629
Subtotal	2,122,596	2,888,119
Interest and dividends received	47,176	49,238
Interest paid	△3,940	△4,166
Income taxes paid	△865,661	△93,592
Income taxes refund	9,171	110,953
Net cash provided by (used in) operating activities	1,309,342	2,950,552

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from investing activities		
Payments into time deposits	△1,000	△1,000
Proceeds from withdrawal of time deposits	101,000	1,000
Purchase of securities	△2,399,974	△1,500,000
Proceeds from sale of securities	1,700,000	600,000
Purchase of property, plant and equipment	△427,054	△284,989
Proceeds from sale of property, plant and equipment	45	215
Purchase of intangible assets	△39,319	△215,523
Purchase of investment securities	△2,412	△303,974
Proceeds from sale of investment securities	48,685	421,205
Other, net	△58,037	7,123
Net cash provided by (used in) investing activities	△1,078,066	△1,275,943
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	50,000	50,000
Proceeds from long-term borrowings	—	320,000
Repayments of long-term borrowings	△262,368	△251,240
Purchase of treasury shares	—	△220
Dividends paid	△420,271	△330,462
Other, net	△1,850	4,627
Net cash provided by (used in) financing activities	△634,490	△207,295
Effect of exchange rate change on cash and cash equivalents	5,166	1,024
Net increase (decrease) in cash and cash equivalents	△398,047	1,468,337
Cash and cash equivalents at beginning of period	11,605,473	13,548,342
Cash and cash equivalents at end of period	11,207,425	15,016,679

Production, Orders Received, and Sales

(1) Production

Production performance by segment for the second quarter ended September 30, 2021 is as follows

Name of segment	Production (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	10,281,365	—
Industrial machinery	3,617,910	—
Others	550,887	—
Total	14,450,163	—

(Notes) 1. The above amount is calculated based on production costs and includes outsourcing production.

2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. was adopted from the beginning of the first quarter ended June 30, 2021. Accordingly, percentage changes in the amount of production from the second quarter ended September 30, 2020, before the adoption of the accounting standard, etc. are not provided.

(2) Orders Received

The status of orders received by segment for the second quarter ended September 30, 2021 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	19,046,314	+95.4	27,797,516	—
Industrial machinery	4,656,364	(33.7)	11,694,923	—
Others	625,208	+0.4	371,345	—
Total	24,327,887	+39.9	39,863,784	—

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

2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. was adopted from the beginning of the first quarter ended June 30, 2021. Accordingly, percentage changes from the previous fiscal year’s backlog of orders before the adoption of the accounting standard, etc. are not provided. The cumulative effect of applying the accounting standard was added to or deducted from backlog of orders at the beginning of the first quarter ended June 30, 2021. As a result, the beginning balance of backlog of orders decreased by ¥8,270 million.

(3) Sales

Sales performance by segment for the second quarter ended September 30, 2021 is as follows

Name of segment	Sales (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	12,903,419	—
Industrial machinery	4,970,521	—
Others	731,453	—
Total	18,605,393	—

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

2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. was adopted from the beginning of the first quarter ended June 30, 2021. Accordingly, percentage changes in the amount of sales from the second quarter ended September 30, 2020, before the adoption of the accounting standard, etc. are not provided.