

Consolidated Financial Results for the Third Quarter Ended December 31, 2021 [Japanese GAAP] (Unaudited)



February 10, 2022

Company name: HIRANO TECSEED Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6245
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 Scheduled date of filing quarterly securities report: February 14, 2022
 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, 2021 (April 1, 2021 to December 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	%
Nine months ended December 31, 2021	27,566	—	3,190	—	3,285	—	2,525	—
Nine months ended December 31, 2020	16,664	(24.7)	1,223	(58.6)	1,314	(56.8)	822	(61.1)

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥2,517 million (-%)
 Nine months ended December 31, 2020: ¥1,155 million (down 51.4%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended December 31, 2021	167.67	—
Nine months ended December 31, 2020	54.63	—

(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 nine months ended December 31, 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 December 31, 2021	48,431	33,751	69.7
As of March 31, 2021	42,699	31,054	72.7

(Reference) Equity: As of December 31, 2021: ¥33,751 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 nine months ended December 31, 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):

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

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

Nine months ended December 31, 2021:	15,059,687 shares
Nine months ended December 31, 2020:	15,053,724 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 December 31, 2021
Assets		
Current assets		
Cash and deposits	10,967,359	12,203,049
Notes and accounts receivable - trade	7,364,763	—
Notes and accounts receivable - trade, and contract assets	—	※ 16,711,634
Electronically recorded monetary claims - operating	582,102	※ 1,005,814
Securities	4,699,983	5,085,994
Work in process	6,869,127	210,439
Raw materials and supplies	127,503	159,535
Other	1,631,752	2,260,585
Allowance for doubtful accounts	△56,396	△61,316
Total current assets	32,186,194	37,575,738
Non-current assets		
Property, plant and equipment	6,687,155	6,734,965
Intangible assets	373,220	563,174
Investments and other assets		
Investment securities	2,970,115	2,985,843
Other	482,323	572,154
Total investments and other assets	3,452,438	3,557,998
Total non-current assets	10,512,813	10,856,137
Total assets	42,699,008	48,431,876

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,730,838	3,061,246
Electronically recorded obligations - operating	2,866,562	4,323,046
Short-term borrowings	—	150,000
Current portion of long-term borrowings	451,480	470,956
Income taxes payable	58,848	939,521
Advances received	2,085,760	2,730,788
Provision for bonuses	232,100	268,612
Provision for product warranties	81,000	66,999
Other	2,130,721	1,691,834
Total current liabilities	10,637,310	13,703,005
Non-current liabilities		
Long-term borrowings	471,460	393,760
Provision for retirement benefits for directors (and other officers)	51,880	53,465
Retirement benefit liability	394,898	442,077
Asset retirement obligations	15,808	16,047
Other	73,563	71,748
Total non-current liabilities	1,007,610	977,099
Total liabilities	11,644,921	14,680,104
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	30,121,559
Treasury shares	△392,077	△386,076
Total shareholders' equity	30,231,587	32,936,488
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	903,807	890,941
Remeasurements of defined benefit plans	△81,307	△75,658
Total accumulated other comprehensive income	822,500	815,283
Total net assets	31,054,087	33,751,771
Total liabilities and net assets	42,699,008	48,431,876

(2) Consolidated Statements of income and Comprehensive Income

(Consolidated Statements of Income)

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	16,664,399	27,566,792
Cost of sales	13,712,678	22,138,048
Gross profit	2,951,721	5,428,744
Selling, general and administrative expenses	1,728,319	2,238,702
Operating profit	1,223,401	3,190,041
Non-operating income		
Interest income	6,185	3,051
Dividend income	70,255	76,616
Other	51,906	49,078
Total non-operating income	128,346	128,746
Non-operating expenses		
Interest expenses	5,526	6,279
Foreign exchange losses	—	17,503
Sales discounts	8,152	—
Other	23,192	9,573
Total non-operating expenses	36,870	33,356
Ordinary profit	1,314,876	3,285,431
Extraordinary income		
Gain on sale of investment securities	—	53,450
Subsidy income	—	30,000
Total extraordinary income	—	83,450
Extraordinary losses		
Loss on valuation of investment securities	93,207	—
Total extraordinary losses	93,207	—
Profit before income taxes	1,221,669	3,368,882
Income taxes - current	316,254	1,276,106
Income taxes - deferred	83,099	△432,337
Total income taxes	399,353	843,769
Profit	822,315	2,525,113
Profit attributable to owners of parent	822,315	2,525,113

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	822,315	2,525,113
Other comprehensive income		
Valuation difference on available-for-sale securities	309,101	△12,865
Remeasurements of defined benefit plans, net of tax	23,699	5,648
Total other comprehensive income	332,801	△7,216
Comprehensive income	1,155,116	2,517,896
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,155,116	2,517,896
Comprehensive income attributable to non-controlling interests	—	—

Production, Orders Received, and Sales

(1) Production

Production performance by segment for the third quarter ended December 31, 2021 is as follows

Name of segment	Production (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	15,810,694	—
Industrial machinery	5,527,475	—
Others	799,879	—
Total	22,138,048	—

- (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 third quarter ended December 31, 2020, before the adoption of the accounting standard, etc. are not provided.

(2) Orders Received

The status of orders received by segment for the third quarter ended December 31, 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	34,846,580	+63.8	37,413,854	—
Industrial machinery	8,201,816	(14.6)	12,789,975	—
Others	942,829	(7.7)	361,894	—
Total	43,991,226	+37.9	50,565,724	—

- (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 third quarter ended December 31, 2021 is as follows

Name of segment	Sales (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	19,087,346	—
Industrial machinery	7,420,921	—
Others	1,058,524	—
Total	27,566,792	—

- (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 third quarter ended December 31, 2020, before the adoption of the accounting standard, etc. are not provided.