

Consolidated Financial Results
for the Second Quarter Ended September 30, 2022
[Japanese GAAP] (Unaudited)



November 11, 2022

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 filing quarterly securities report: November 14, 2022
 Scheduled date of commencing dividend payments: December 2, 2022
 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, 2022 (April 1, 2022 to September 30, 2022)

(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, 2022	18,270	(1.8)	1,496	(45.0)	1,557	(44.2)	1,078	(45.8)
Six months ended September 30, 2021	18,605	—	2,720	—	2,789	—	1,988	—

(Note) Comprehensive income: Six months ended September 30, 2022: ¥921 million (down 52.6%)
 Six months ended September 30, 2021: ¥1,943 million (-%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2022	71.59	—
Six months ended September 30, 2021	132.04	—

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. was adopted from the beginning of the first quarter of the previous fiscal year. Accordingly, each figure for the second quarter 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, 2022	49,284	34,979	71.0
As of March 31, 2022	50,461	34,463	68.3

(Reference) Equity: As of September 30, 2022: ¥34,979 million
 As of March 31, 2022: ¥34,463 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	28.00	—	28.00	56.00
Fiscal year ending March 31, 2023	—	28.00			
Fiscal year ending March 31, 2023 (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, 2023 (April 1, 2022 to March 31, 2023)

(% 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	42,000	10.9	3,400	(14.7)	3,500	(15.1)	2,600	(16.2)	172.61

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

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, 2022:	15,394,379 shares
March 31, 2022:	15,394,379 shares
- 2) Total number of treasury stock at the end of the period:

September 30, 2022:	323,119 shares
March 31, 2022:	331,562 shares
- 3) Average number of shares during the period:

Six months ended September 30, 2022:	15,065,202 shares
Six months ended September 30, 2021:	15,058,326 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, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	12,020,286	10,155,546
Notes and accounts receivable - trade, and contract assets	20,822,629	20,806,775
Electronically recorded monetary claims - operating	303,164	501,437
Securities	3,999,982	2,399,794
Work in process	199,334	286,928
Raw materials and supplies	155,955	199,827
Other	1,514,775	3,487,060
Allowance for doubtful accounts	△62,606	△62,748
Total current assets	38,953,521	37,774,622
Non-current assets		
Property, plant and equipment	6,756,356	6,817,731
Intangible assets	596,390	604,516
Investments and other assets		
Investment securities	3,378,641	3,229,069
Other	777,033	858,351
Total investments and other assets	4,155,674	4,087,421
Total non-current assets	11,508,421	11,509,669
Total assets	50,461,942	49,284,292

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,225,200	3,142,347
Electronically recorded obligations - operating	4,542,091	4,827,177
Short-term borrowings	—	50,000
Current portion of long-term borrowings	428,596	452,636
Income taxes payable	1,480,764	441,257
Advances received	3,302,697	2,525,460
Provision for bonuses	244,430	251,225
Provision for product warranties	65,639	47,046
Other	1,814,795	1,493,156
Total current liabilities	15,104,214	13,230,305
Non-current liabilities		
Long-term borrowings	309,136	480,648
Provision for retirement benefits for directors (and other officers)	56,070	61,594
Retirement benefit liability	441,888	446,941
Asset retirement obligations	16,127	16,290
Other	70,932	69,299
Total non-current liabilities	894,154	1,074,774
Total liabilities	15,998,368	14,305,080
Net assets		
Shareholders' equity		
Share capital	1,847,821	1,847,821
Capital surplus	1,353,184	1,359,730
Retained earnings	30,699,978	31,356,790
Treasury shares	△386,226	△376,429
Total shareholders' equity	33,514,758	34,187,912
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,023,437	852,673
Remeasurements of defined benefit plans	△74,621	△61,374
Total accumulated other comprehensive income	948,815	791,298
Total net assets	34,463,574	34,979,211
Total liabilities and net assets	50,461,942	49,284,292

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

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	18,605,393	18,270,832
Cost of sales	14,450,163	15,257,941
Gross profit	4,155,230	3,012,891
Selling, general and administrative expenses	※ 1,434,284	※ 1,515,926
Operating profit	2,720,946	1,496,964
Non-operating income		
Interest income	1,698	1,836
Dividend income	47,539	49,716
Other	28,980	18,811
Total non-operating income	78,218	70,364
Non-operating expenses		
Interest expenses	4,166	2,866
Loss on retirement of non-current assets	2,037	5,732
Loss on sale of investment securities	2,384	—
Other	791	1,562
Total non-operating expenses	9,380	10,161
Ordinary profit	2,789,783	1,557,168
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	—	463
Total extraordinary losses	—	463
Profit before income taxes	2,873,234	1,556,705
Income taxes - current	1,326,387	446,481
Income taxes - deferred	△441,502	31,653
Total income taxes	884,884	478,134
Profit	1,988,349	1,078,570
Profit attributable to owners of parent	1,988,349	1,078,570

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,988,349	1,078,570
Other comprehensive income		
Valuation difference on available-for-sale securities	△48,769	△170,763
Remeasurements of defined benefit plans, net of tax	3,765	13,247
Total other comprehensive income	△45,003	△157,516
Comprehensive income	1,943,346	921,053
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,943,346	921,053
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,873,234	1,556,705
Depreciation	267,487	278,497
Amortization of long-term prepaid expenses	15,003	12,198
Increase (decrease) in provision for bonuses	1,600	6,795
Increase (decrease) in allowance for doubtful accounts	4,720	142
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△1,019	5,524
Increase (decrease) in provision for product warranties	△12,521	△18,593
Decrease (increase) in retirement benefit asset	△54,219	△2,716
Increase (decrease) in retirement benefit liability	43,191	4,635
Interest and dividend income	△49,238	△51,552
Interest expenses	4,166	2,866
Loss (gain) on sale of non-current assets	△214	—
Loss on retirement of non-current assets	2,037	5,732
Loss (gain) on valuation of investment securities	—	463
Loss (gain) on sale of investment securities	△51,066	—
Decrease (increase) in trade receivables and contract assets	△3,002,373	△182,419
Decrease (increase) in inventories	△145,917	△135,620
Increase (decrease) in advances received	1,345,593	△777,237
Increase (decrease) in trade payables	2,311,227	202,232
Increase (decrease) in accounts payable - other	△232,154	△140,871
Increase (decrease) in accrued expenses	△8,772	△37,872
Decrease (increase) in advance payments to suppliers	△775,855	△1,500,457
Decrease (increase) in consumption taxes refund receivable	295,465	△408,148
Increase (decrease) in accrued consumption taxes	128,373	△149,085
Other, net	△70,629	△146,892
Subtotal	2,888,119	△1,475,675
Interest and dividends received	49,238	51,547
Interest paid	△4,166	△2,866
Income taxes paid	△93,592	△1,435,716
Income taxes refund	110,953	12,810
Net cash provided by (used in) operating activities	2,950,552	△2,849,900

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from investing activities		
Payments into time deposits	△1,000	△1,000
Proceeds from withdrawal of time deposits	1,000	1,000
Purchase of securities	△1,500,000	△699,800
Proceeds from sale of securities	600,000	800,000
Purchase of property, plant and equipment	△284,989	△255,554
Proceeds from sale of property, plant and equipment	215	—
Purchase of intangible assets	△215,523	△50,885
Purchase of investment securities	△303,974	△103,268
Proceeds from sale of investment securities	421,205	691
Other, net	7,123	△30,049
Net cash provided by (used in) investing activities	△1,275,943	△338,866
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	50,000	50,000
Proceeds from long-term borrowings	320,000	450,000
Repayments of long-term borrowings	△251,240	△254,448
Purchase of treasury shares	△220	△93
Dividends paid	△330,462	△422,207
Other, net	4,627	△1,245
Net cash provided by (used in) financing activities	△207,295	△177,994
Effect of exchange rate change on cash and cash equivalents	1,024	2,029
Net increase (decrease) in cash and cash equivalents	1,468,337	△3,364,732
Cash and cash equivalents at beginning of period	13,548,342	13,801,268
Cash and cash equivalents at end of period	15,016,679	10,436,535

Production, Orders Received, and Sales

(1) Production

Production performance by segment for the second quarter ended September 30, 2022 is as follows

Name of segment	Production (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	11,277,511	+9.7
Industrial machinery	3,480,228	(3.8)
Others	500,201	(9.2)
Total	15,257,941	+5.6

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

(2) Orders Received

The status of orders received by segment for the second quarter ended September 30, 2022 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	39,758,222	+108.7	80,525,124	+50.3
Industrial machinery	2,178,699	(53.2)	12,150,582	(17.7)
Others	980,986	+56.9	807,125	+68.4
Total	42,917,908	+76.4	93,482,831	+35.8

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

(3) Sales

Sales performance by segment for the second quarter ended September 30, 2022 is as follows

Name of segment	Sales (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	12,821,402	(0.6)
Industrial machinery	4,796,202	(3.5)
Others	653,227	(10.7)
Total	18,270,832	(1.8)

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