

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2023
[Japanese GAAP] (Unaudited)



May 12, 2023

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 Executive Officer Operating Officer General Affairs Division
 Phone: +81-745-57-0681
 Scheduled date of Ordinary General Meeting of Shareholders: June 27, 2023
 Scheduled date of commencing dividend payments: June 28, 2023
 Scheduled date of filing annual securities report: June 28, 2023
 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, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	42,423	12.0	3,093	(22.4)	3,219	(21.9)	2,243	(27.7)
Fiscal year ended March 31, 2022	37,866	—	3,986	—	4,122	—	3,103	—

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥2,361 million (down 26.9%)
 Fiscal year ended March 31, 2022: ¥3,229 million (—%)

	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, 2023	148.87	—	6.4	5.8	7.3
Fiscal year ended March 31, 2022	206.07	—	9.3	8.8	10.5

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. was adopted from the beginning of the previous fiscal year. Accordingly, each figure for the fiscal year ended March 31, 2022, 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	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2023	60,522	35,997	59.5	2,388.46
As of March 31, 2022	50,461	34,463	68.3	2,287.99

(Reference) Equity: As of March 31, 2023: ¥35,997 million
 As of March 31, 2022: ¥34,463 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, 2023	(10,249)	90	9,518	13,161
Fiscal year ended March 31, 2022	2,300	(1,119)	(934)	13,801

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, 2022	—	28.00	—	28.00	56.00	843	27.2	2.6
Fiscal year ended March 31, 2023	—	28.00	—	28.00	56.00	843	37.6	2.4
Fiscal year ending March 31, 2024 (Forecast)	—	28.00	—	28.00	56.00		40.2	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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)	19,000	4.0	1,040	(30.5)	1,100	(29.4)	750	(30.5)	49.76
Full year	41,000	(3.4)	2,920	(5.6)	3,000	(6.8)	2,100	(6.4)	139.34

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: Yes
- 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, 2023: 15,394,379 shares

March 31, 2022: 15,394,379 shares

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

March 31, 2023: 323,149 shares

March 31, 2022: 331,562 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023: 15,067,989 shares

Fiscal year ended March 31, 2022: 15,060,409 shares

(Reference) Outline of Non-consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	41,093	15.7	2,816	(16.0)	3,060	(15.1)	2,182	(22.6)
Fiscal year ended March 31, 2022	35,513	—	3,353	—	3,606	—	2,819	—

	Basic earnings per share	Diluted earnings per share
	yen	yen
Fiscal year ended March 31, 2023	144.84	—
Fiscal year ended March 31, 2022	187.24	—

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2023	50,892	26,670	52.4	1,769.64
As of March 31, 2022	40,445	25,202	62.3	1,673.15

(Reference) Equity: As of March 31, 2023: ¥26,670 million

As of March 31, 2022: ¥25,202 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	12,020,286	11,744,679
Notes and accounts receivable - trade, and contract assets	20,822,629	27,309,645
Electronically recorded monetary claims - operating	303,164	419,661
Securities	3,999,982	2,299,889
Work in process	199,334	311,393
Raw materials and supplies	155,955	335,991
Advance payments to suppliers	775,554	3,499,729
Other	739,221	2,303,688
Allowance for doubtful accounts	△62,606	△66,174
Total current assets	38,953,521	48,158,505
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,035,780	6,919,424
Accumulated depreciation	△2,453,326	△2,679,880
Buildings and structures, net	3,582,453	4,239,543
Machinery, equipment and vehicles	3,646,701	3,771,253
Accumulated depreciation	△2,881,610	△2,905,848
Machinery, equipment and vehicles, net	765,091	865,404
Land	2,099,292	2,099,292
Leased assets	12,456	12,456
Accumulated depreciation	△4,550	△7,041
Leased assets, net	7,905	5,414
Construction in progress	116,718	23,509
Other	859,027	921,265
Accumulated depreciation	△674,132	△745,726
Other, net	184,894	175,538
Total property, plant and equipment	6,756,356	7,408,703
Intangible assets		
Software	119,512	514,263
Software in progress	475,267	156,418
Telephone subscription right	516	516
Other	1,092	1,006
Total intangible assets	596,390	672,204
Investments and other assets		
Investment securities	3,378,641	3,630,312
Long-term prepaid expenses	59,848	62,995
Retirement benefit asset	69,065	72,467
Deferred tax assets	332,445	170,917
Other	315,673	346,312
Total investments and other assets	4,155,674	4,283,004
Total non-current assets	11,508,421	12,363,912
Total assets	50,461,942	60,522,418

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,225,200	3,442,662
Electronically recorded obligations - operating	4,542,091	4,735,159
Short-term borrowings	—	10,100,000
Current portion of long-term borrowings	428,596	508,416
Lease liabilities	2,491	2,491
Accounts payable - other	1,399,414	1,848,234
Accrued expenses	171,277	159,030
Income taxes payable	1,480,764	91,766
Advances received	3,302,697	1,911,118
Provision for bonuses	244,430	260,420
Provision for product warranties	65,639	35,677
Other	241,611	333,531
Total current liabilities	15,104,214	23,428,508
Non-current liabilities		
Long-term borrowings	309,136	493,300
Lease liabilities	5,414	2,923
Provision for retirement benefits for directors (and other officers)	56,070	67,120
Retirement benefit liability	441,888	452,112
Asset retirement obligations	16,127	16,453
Other	65,518	64,897
Total non-current liabilities	894,154	1,096,806
Total liabilities	15,998,368	24,525,314
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	32,099,353
Treasury shares	△386,226	△376,502
Total shareholders' equity	33,514,758	34,930,403
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,023,437	1,124,666
Remeasurements of defined benefit plans	△74,621	△57,966
Total accumulated other comprehensive income	948,815	1,066,700
Total net assets	34,463,574	35,997,103
Total liabilities and net assets	50,461,942	60,522,418

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	37,866,565	42,423,860
Cost of sales	30,809,604	35,744,717
Gross profit	7,056,960	6,679,143
Selling, general and administrative expenses		
Sales commission	1,357,053	1,766,679
Salaries and allowances	573,170	573,132
Remuneration for directors (and other officers)	169,672	184,399
Provision for bonuses	48,176	52,042
Retirement benefit expenses	45,356	44,639
Provision for retirement benefits for directors (and other officers)	11,050	11,050
Legal and other welfare expenses	140,522	138,999
Travel, transportation and communication expenses	54,632	71,896
Depreciation	161,869	162,065
Rent expenses	42,827	45,442
Commission expenses	177,347	—
Provision of allowance for doubtful accounts	6,210	3,568
Other	282,144	531,489
Total selling, general and administrative expenses	3,070,033	3,585,405
Operating profit	3,986,927	3,093,738
Non-operating income		
Interest income	3,776	4,133
Dividend income	76,794	86,833
Purchase discounts	8,255	6,722
Insurance claim income	50,000	3,256
Other	28,488	64,299
Total non-operating income	167,316	165,244
Non-operating expenses		
Interest expenses	8,102	27,893
Foreign exchange losses	16,997	—
Loss on retirement of non-current assets	3,452	9,308
Other	3,594	1,923
Total non-operating expenses	32,147	39,125
Ordinary profit	4,122,096	3,219,857
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	—	625
Total extraordinary losses	—	625
Profit before income taxes	4,205,547	3,219,232
Income taxes - current	1,788,025	868,516
Income taxes - deferred	△686,011	107,586
Total income taxes	1,102,014	976,102
Profit	3,103,533	2,243,129
Profit attributable to owners of parent	3,103,533	2,243,129

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,103,533	2,243,129
Other comprehensive income		
Valuation difference on available-for-sale securities	119,629	101,229
Remeasurements of defined benefit plans, net of tax	6,685	16,655
Total other comprehensive income	126,315	117,884
Comprehensive income	3,229,848	2,361,013
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,229,848	2,361,013
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (From April 1, 2021 to March 31, 2022)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,847,821	1,343,972	27,431,870	△392,077	30,231,587
Cumulative effects of changes in accounting policies			917,602		917,602
Restated balance	1,847,821	1,343,972	28,349,473	△392,077	31,149,190
Changes during period					
Dividends of surplus			△753,027		△753,027
Profit attributable to owners of parent			3,103,533		3,103,533
Purchase of treasury shares				△370	△370
Disposal of treasury shares		9,211		6,221	15,433
Net changes in items other than shareholders' equity					—
Total changes during period	—	9,211	2,350,505	5,850	2,365,568
Balance at end of period	1,847,821	1,353,184	30,699,978	△386,226	33,514,758

(Thousands of yen)

	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	903,807	△81,307	822,500	31,054,087
Cumulative effects of changes in accounting policies			—	917,602
Restated balance	903,807	△81,307	822,500	31,971,690
Changes during period				
Dividends of surplus			—	△753,027
Profit attributable to owners of parent			—	3,103,533
Purchase of treasury shares			—	△370
Disposal of treasury shares			—	15,433
Net changes in items other than shareholders' equity	119,629	6,685	126,315	126,315
Total changes during period	119,629	6,685	126,315	2,491,883
Balance at end of period	1,023,437	△74,621	948,815	34,463,574

Current fiscal year (From April 1, 2022 to March 31, 2023)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,847,821	1,353,184	30,699,978	△386,226	33,514,758
Changes during period					
Dividends of surplus			△843,754		△843,754
Profit attributable to owners of parent			2,243,129		2,243,129
Purchase of treasury shares				△166	△166
Disposal of treasury shares		6,545		9,890	16,436
Net changes in items other than shareholders' equity					—
Total changes during period	—	6,545	1,399,375	9,724	1,415,645
Balance at end of period	1,847,821	1,359,730	32,099,353	△376,502	34,930,403

(Thousands of yen)

	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	1,023,437	△74,621	948,815	34,463,574
Changes during period				
Dividends of surplus			—	△843,754
Profit attributable to owners of parent			—	2,243,129
Purchase of treasury shares			—	△166
Disposal of treasury shares			—	16,436
Net changes in items other than shareholders' equity	101,229	16,655	117,884	117,884
Total changes during period	101,229	16,655	117,884	1,533,529
Balance at end of period	1,124,666	△57,966	1,066,700	35,997,103

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,205,547	3,219,232
Depreciation	551,076	624,838
Amortization of long-term prepaid expenses	32,550	33,578
Increase (decrease) in provision for bonuses	12,330	15,990
Increase (decrease) in allowance for doubtful accounts	6,210	3,568
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4,190	11,050
Increase (decrease) in provision for product warranties	△15,361	△29,962
Decrease (increase) in retirement benefit asset	△68,467	10,800
Increase (decrease) in retirement benefit liability	56,217	20,304
Interest and dividend income	△80,571	△90,966
Interest expenses	8,102	27,893
Loss (gain) on sale of non-current assets	△704	△399
Loss on retirement of non-current assets	3,452	9,308
Loss (gain) on valuation of investment securities	—	625
Loss (gain) on sale of investment securities	△51,066	—
Decrease (increase) in trade receivables and contract assets	△5,884,531	△6,603,513
Decrease (increase) in inventories	△200,804	△306,513
Increase (decrease) in advances received	2,193,308	△1,391,579
Increase (decrease) in trade payables	2,169,891	410,530
Increase (decrease) in accounts payable - other	△693,789	406,519
Increase (decrease) in accrued expenses	54,564	△12,247
Decrease (increase) in advance payments to suppliers	△57,923	△2,724,175
Decrease (increase) in consumption taxes refund receivable	138,251	△1,456,167
Increase (decrease) in accrued consumption taxes	149,085	△149,085
Other, net	50,086	11,508
Subtotal	2,581,644	△7,958,863
Interest and dividends received	80,571	90,861
Interest paid	△8,102	△27,893
Income taxes paid	△464,838	△2,366,431
Income taxes refund	110,953	12,810
Net cash provided by (used in) operating activities	2,300,228	△10,249,516

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	△1,000	△1,000
Proceeds from withdrawal of time deposits	1,000	837,000
Purchase of securities	△2,100,000	△799,800
Proceeds from sale of securities	1,300,000	1,300,000
Purchase of property, plant and equipment	△549,837	△888,026
Proceeds from sale of property, plant and equipment	705	400
Purchase of intangible assets	△264,830	△184,903
Purchase of investment securities	△606,605	△106,135
Proceeds from sale and redemption of investment securities	1,121,657	1,382
Other, net	△20,673	△68,067
Net cash provided by (used in) investing activities	△1,119,583	90,849
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	10,100,000
Proceeds from long-term borrowings	320,000	770,000
Repayments of long-term borrowings	△505,208	△506,016
Purchase of treasury shares	△370	△166
Dividends paid	△751,540	△843,284
Other, net	3,033	△2,491
Net cash provided by (used in) financing activities	△934,084	9,518,041
Effect of exchange rate change on cash and cash equivalents	6,366	1,020
Net increase (decrease) in cash and cash equivalents	252,925	△639,604
Cash and cash equivalents at beginning of period	13,548,342	13,801,268
Cash and cash equivalents at end of period	13,801,268	13,161,663

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, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Coating and laminating machinery	22,323,029	27,352,807
Industrial machinery	7,484,540	7,196,644
Others	1,002,034	1,195,265
Total	30,809,604	35,744,717

(Notes) 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 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	58,466,959	46,503,222	53,588,303	68,912,314
Industrial machinery	12,757,932	4,757,080	14,768,084	9,750,986
Others	1,336,139	2,233,810	479,367	1,242,707
Total	72,561,030	53,494,113	68,835,756	79,906,008

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

(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, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Coating and laminating machinery	26,533,276	31,179,211
Industrial machinery	9,998,927	9,774,178
Others	1,334,362	1,470,470
Total	37,866,565	42,423,860

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