



Consolidated Financial Results FY2023

May 15, 2024

- **Results Highlights**
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Company Name	HIRANO TECSEED Co., Ltd.
Representative	Kaoru Okada, President
Paid-in Capital	¥1,847,821,000 (as of end-March 2024)
Headquarters	101-1, Kawai, Kawai-cho, Kitakatsuragi-gun, Nara Pref. 636-0051, Japan
Group Companies (wholly-owned)	• HIRANO GIKENKOGYO Co., Ltd. • HIRANO K&E Co., Ltd., HIRANO AMERICA, INC.
Number of Employees	314 (Consolidated: 413, as of end-March 2024)
Securities Code	6245 (Industry: Machinery)

FY2023 results

	FY2023	YoY
Net Sales	¥46,946mn	¥4,522mn + 10.7%
Operating Income	¥3,236mn	¥142mn + 4.6%
Operating Income Margin	6.9%	-0.4pts
ROE	6.5%	+0.1pts

FY2024 earnings forecasts

	FY2024 forecasts	YoY
Net Sales	¥44,000mn	¥-2,946mn -6.3%
Operating Income	¥2,900mn	¥-336mn -10.4%
Operating Income Margin	6.6%	-0.3pts
ROE	5.5%	-1.0pts

Topics

FY2023 results

- ✓ Net sales rise in the Coating and Laminating Machinery Segment on working through the order backlog for lithium-ion battery application orders and the impact of price negotiations.
- ✓ Operating income rises in the Industrial Machinery Segment despite decline in net sales thanks to improved gross income mix from increase in weighting of MLCC and polyimide film sales.
- ✓ All-company operating income margin falls as ongoing efforts to renegotiate prices and cut costs and the contribution of high-margin orders is insufficient to offset the effects of sharply higher prices for main industrial materials and labor expenses.

FY2024 earnings forecasts

- ✓ Expect decline in net sales and income owing to change in capex trends at customers, especially in the lithium-ion battery industry.
- ✓ Despite a likely decline in capital efficiency due to lower YoY income because of change in market conditions, we are committed to raising ROE throughout the life of the next medium-term management plan by implementing the plan's key initiatives.



FY2023 Results

Overview of 1Q-4Q FY2023 Results

(Unit: ¥million)	1Q-4Q FY2022	1Q-4Q FY2023	Change	YoY(%)
	a	b	b-a	(b-a)/a
Orders	53,494	29,848	-23,645	-44.2%
Net Sales	42,423	46,946	+4,522	+10.7%
Operating Income	3,093	3,236	+142	+4.6%
Operating Income Margin	7.3%	6.9%	-0.4pts	-
Ordinary Income	3,219	3,394	+174	+5.4%
Ordinary Income Margin	7.6%	7.2%	-0.4pts	-
Net Income	2,243	2,438	+195	+8.7%
Net Income Margin	5.3%	5.2%	-0.1pts	-

FY2023 results overview

- ✓ Orders: Down as adjustments for changes in clients' delivery locations, etc. overlapped with a fallback from strong advance orders in FY2022 and earlier, particularly for EV-use lithium-ion battery coating equipment, and decline in clients' order appetite as they monitored market conditions.
- ✓ Net sales: Up in the Coating and Laminating Machinery Segment on working through the order backlog for lithium-ion battery applications, but down in the Industrial Machinery Segment despite film making systems for semiconductor materials applications such as MLCC and polyimide films becoming the main focus.
- ✓ Operating income: Up on increase in net sales, but operating income margin down as price negotiations and initiatives to cut costs through productivity increases are insufficient to offset sharply higher costs (mainly for industrial materials and personnel).
- ✓ Ordinary income: Ordinary income margin down despite rise in ordinary income from increase in net sales.
- ✓ Net income: Net income margin down despite rise in net income from increase in net sales

FY2023 Results by Segment



(Unit: ¥million)

		1Q-4Q FY2022	1Q-4Q FY2023	Change	YoY %
		A	b	b-a	(b-a)/a
Consolidated total	Orders	53,494	29,848	-23,645	-44.2%
	Net Sales	42,423	46,946	+4,522	+10.7%
	Operating Income* ¹	3,093	3,236	+142	+4.6%
	Operating Income Margin	7.3%	6.9%	-0.4%	-
Coating and Laminating Machinery Segment	Orders	46,503	24,222	-22,280	-47.9%
	Net Sales	31,179	37,374	+6,195	+19.9%
	Operating Income* ²	1,985	3,168	+1,183	+59.6%
	Operating Income Margin	6.4%	8.5%	+2.1pts	-
Industrial Machinery Segment	Orders	4,757	4,149	-607	-12.8%
	Net Sales	9,774	7,850	-1,923	-19.7%
	Operating Income* ²	2,069	1,257	-811	-39.2%
	Operating Income Margin	21.1%	16.0%	-5.1pts	-
Others, Adjustments	Orders	2,233	1,476	-757	-33.9%
	Net Sales	1,470	1,720	+250	+17.0%
	Operating Income* ²	82	269	+187	+227.7%
	Operating Income Margin	5.6%	15.7%	+10.1pts	-

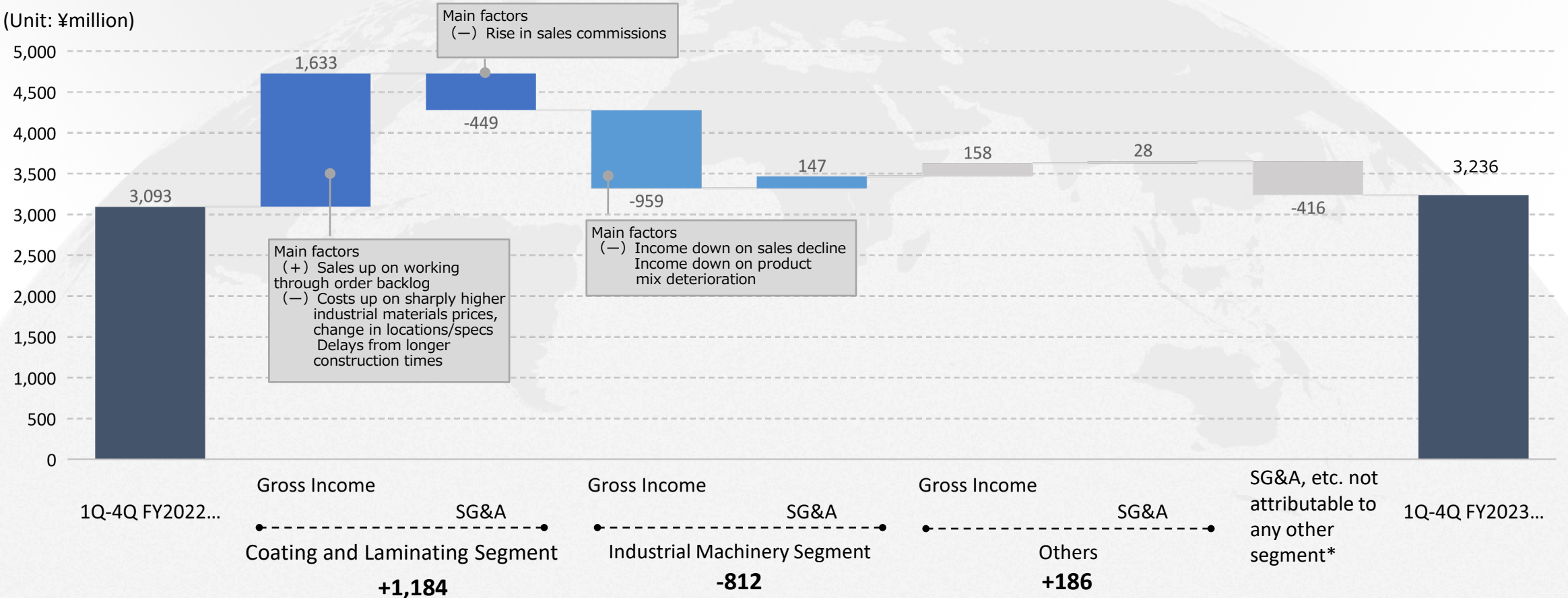
* 1 : After adjustment for SG&A not assignable to any reporting segment

* 2 : Operating income equivalent to segment profit in the quarterly results report

Factors for Change in FY2023 Operating Income

Factors for Change in FY2023 Operating Income

(Unit: ¥million)



(Unit: ¥million)

	End-FY2022	1Q-4Q FY2023	
	Value	Value	Change
Current Assets	48,158	49,639	+1,480
Fixed Assets	12,363	13,290	+926
Tangible Fixed Assets	7,408	7,511	+102
Intangible Fixed Assets	672	560	-112
Investments and Other Assets	4,283	5,218	+935
Total Assets	60,522	62,929	+2,407
Current Liabilities	23,428	22,965	-463
Fixed Liabilities	1,096	1,401	+304
Net Assets	35,997	38,562	+2,565
Equity Ratio	59.5%	61.3%	+1.8pts

Assets

Current Assets Up ¥1,480mn

- ✓ Notes receivable, accounts receivable, and contract assets up ¥2,782mn
- ✓ Electronically recorded monetary claims up ¥525mn
- ✓ Marketable securities down ¥2,299mn
- ✓ Other current assets down ¥2,007mn

Fixed Assets Up ¥926mn

- ✓ Investment securities up ¥852mn

Liabilities

Current Liabilities Down ¥463mn

- ✓ Short-term borrowings down ¥4,100mn

Fixed Liabilities Up ¥304mn

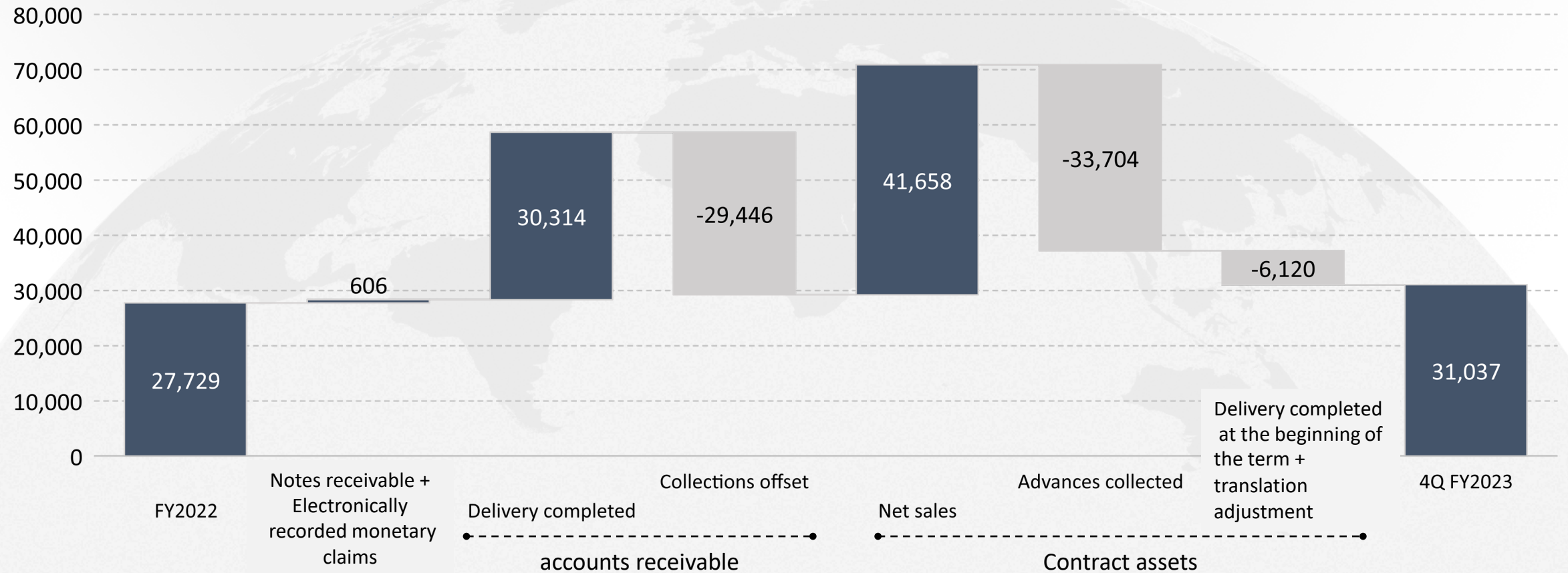
- ✓ Other fixed liabilities up ¥320mn

Net Assets

Net Assets Up ¥2,565mn

Change in Notes and Accounts Receivable - Trade, and Contract Assets, and Electronically Recorded Monetary Claims - Operating

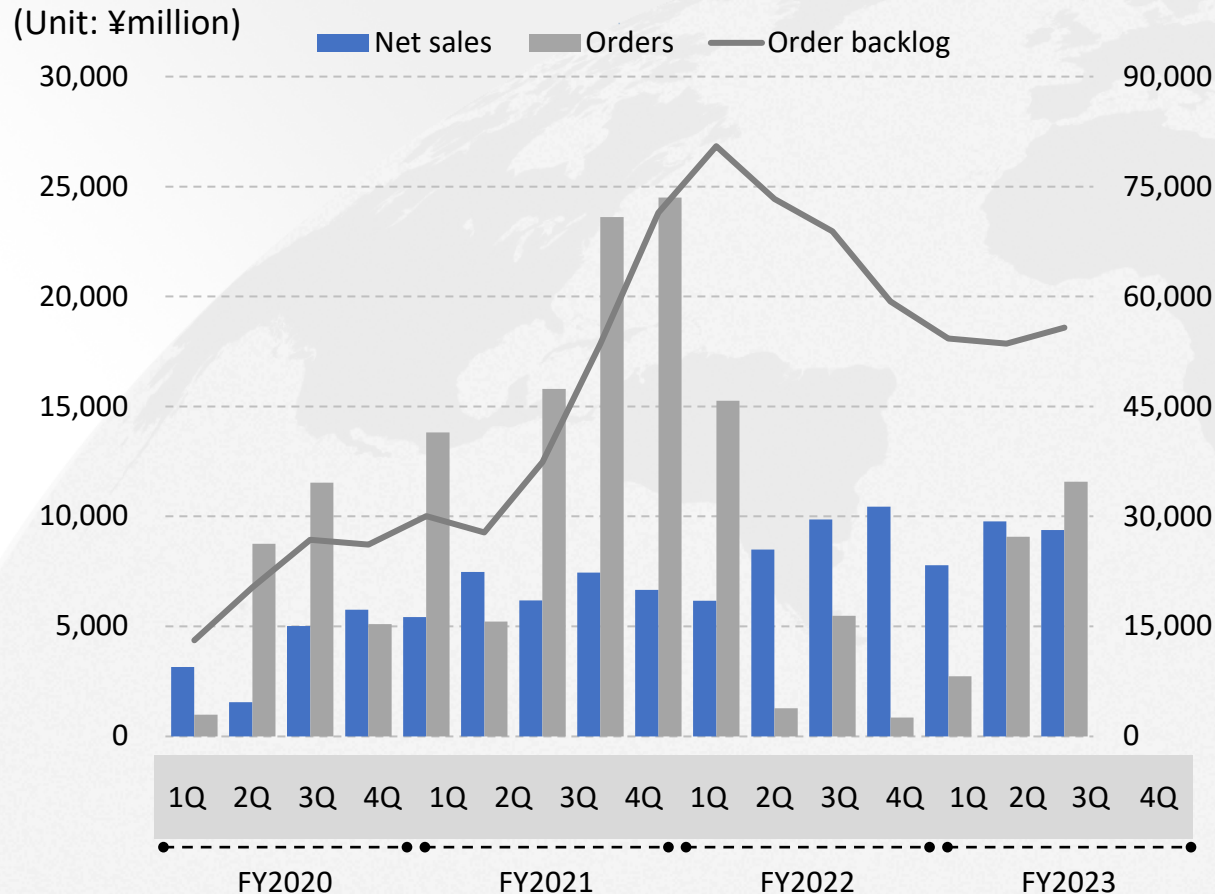
(Unit: ¥million)





FY2023 Results by Segment

Order backlog, net sales, and orders in the Coating and Laminating Machinery Segment



Highlights in the Coating and Laminating Machinery Segment

- Market conditions**

 - ✓ Growth slowing in the lithium-ion battery market (particularly in the EV market), but expect solid growth in the long term, with particularly strong prospects in North America, Asia, and Europe

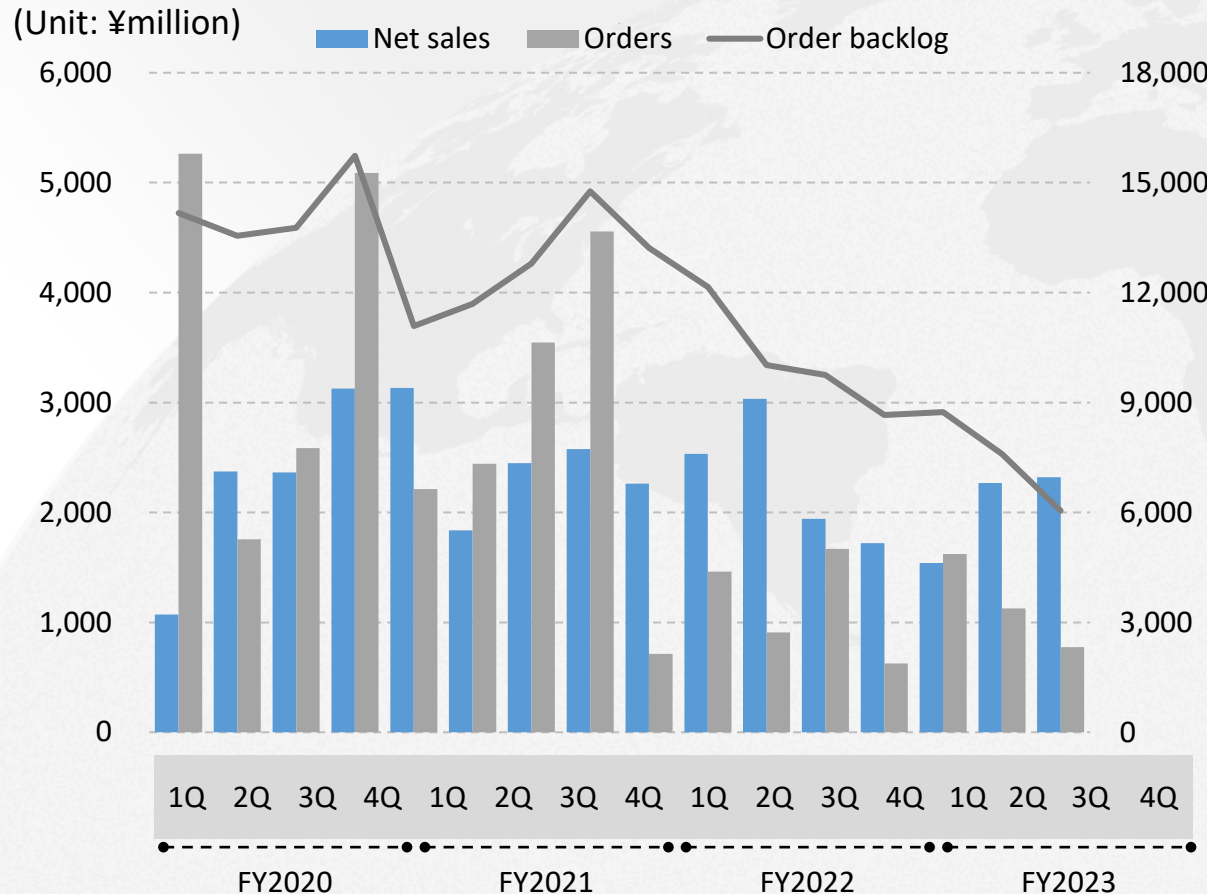
- Orders**

 - ✓ Orders decline YoY on fall in customers' appetite for new capex due to advanced orders in FY2022 and in reaction to slower EV market growth
 - ✓ While monitoring client trends, worked through the order backlog, and pursued productivity improvement by developing and strengthening business partnerships that boost production capacity, and by sharing and standardization of components

- Net Sales**

 - ✓ Net sales up YoY, mainly in energy-related areas, on some progress in working through order backlog
 - ✓ Continuing price negotiations with clients, which has contributed to higher sales for some projects

Order backlog, net sales, and orders in the Industrial Machinery Segment



Highlights in the Industrial Machinery Segment

- Market conditions

 - ✓ Market being driven by film making systems for semiconductor materials applications, such as MLCC and polyimide films
 - ✓ Market sluggish on impact of Chinese economic conditions, but expect long-term growth and capex investment by sector majors

- Orders

 - ✓ MLCC orders down slightly YoY after inquiries from clients in regions such as Japan and China
 - ✓ Client inquiries for polyimide films also working on turning these into orders

- Net Sales

 - ✓ Net sales down YoY as film making systems for electronic materials applications become the main focus



FY2024 Outlook

FY2024 Earnings Forecasts



(Unit: ¥million)	FY2023	FY2024 Forecast	YoY	
	a	b	Change b-a	YoY % (b-a)/a
Net Sales	46,946	44,000	-2,946	-6.3%
Operating Income	3,236	2,900	-336	-10.4%
Operating Income Margin	6.9%	6.6%	-0.3%	-
Ordinary Income	3,394	3,000	-394	-11.6%
Ordinary Income Margin	7.2%	6.8%	-0.4%	-
Net Income	2,438	2,100	-338	-13.9%
Net Income Margin	5.2%	4.8%	-0.4%	-
ROE	6.5%	5.5%	-1.0pts	
Dividends Per Share	¥88	¥90円	+¥2	
Interim	¥28	¥45円	+¥17	
Year-end	¥60	¥45円	-¥15	

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