



# Consolidated Financial Results 1Q FY2024

August 9, 2024

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<b>Company Name</b>	HIRANO TECSEED Co., Ltd.
<b>Representative</b>	Kaoru Okada, President
<b>Paid-in Capital</b>	¥1,847,821,000 (as of end-June 2024)
<b>Headquarters</b>	101-1, Kawai, Kawai-cho, Kitakatsuragi-gun, Nara Pref. 636-0051, Japan
<b>Group Companies (wholly-owned)</b>	• HIRANO GIKENKOGYO Co., Ltd. • HIRANO K&E Co., Ltd., HIRANO AMERICA, INC.
<b>Number of Employees</b>	Consolidated 421 (Parent: 321), (as of end-June 2024)
<b>Securities Code</b>	6245 (Industry: Machinery)



# Results Highlights



## 1Q FY2024 results

(Unit: ¥million)

	1Q FY2024	YoY
Net Sales	¥12,099	-¥485 -3.9%
Operating Income	¥292	-¥336 -53.5%
Operating Income Margin	2.4%	-2.6pts

## FY2024 earnings forecasts

(Unit: ¥million)

	FY2024 forecast	YoY
Net Sales	¥44,000	-¥2,946 -6.3%
Operating Income	¥2,900	-¥336 -10.4%
Operating Income Margin	6.6%	-0.3pts

## Topics

### 1Q FY2024 results

- ✓ Net sales trending down on change in capex plans due to slower growth in the EV sector, but still comparatively firm thanks to expansion in scope of installation work in North America
- ✓ Operating income margin falls due to stubbornly high materials prices for medium- and long-term orders received in earlier fiscal years and sharp increase in outsourcing costs

### FY2024 earnings forecasts

- ✓ Forecast lower YoY net sales and profit due to change in customers' capex behavior, particularly for lithium-ion batteries
- ✓ Commitment to raise ROE throughout the life of the next medium-term plan via initiatives focused on key plan themes despite expecting a fall in capital efficiency as market price changes are likely to produce a YoY decline earnings in FY2025



# 1Q FY2024 Results

# Overview of 1Q FY2024 Results

## Overview of 1Q FY2024 Results

(Unit: ¥million)	1Q FY2023 a	1Q FY2024 b	Change b-a	YoY (b-a)/a
Orders	1,812	7,210	5,397	297.7%
Net Sales	12,584	12,099	-485	-3.9%
Operating Income	629	292	-336	-53.5%
Operating Income Margin	5.0%	2.4%	-2.6pts	-
Ordinary Income	675	427	-247	-36.7%
Ordinary Income Margin	5.4%	3.5%	-1.8pts	-
Net Income	467	328	-139	-29.8%
Net Income Margin	3.7%	2.7%	-1.0pts	-

## 1Q FY2024 results overview

- ✓ Orders rise in 1Q on increase orders on expansion in scope of installation work in North America and despite sluggish demand for lithium-ion battery-use anode coating equipment owing to slower momentum in the EV sector
- ✓ Net sales comparatively firm, mostly for lithium-ion battery-use anode coating equipment in the Coating and Laminating Machinery Segment
- ✓ Operating income margin falls on sharply higher CoGS (mainly outsourcing and personnel costs) as well as rise in costs from changes in delivery schedules and locations

## Initiatives to improve orders and profitability from 2Q FY2024

- ✓ Strengthen order acquisition for installation work in North America
- ✓ Strengthen efforts for a wide range of existing markets, such as electronics and optical films, while responding to demand for EV-use lithium-ion battery applications
  - Renegotiate order prices and reduce costs via the sharing and standardization of components and equipment
  - Initiatives including raising value added by increasing equipment functionality

# 1Q FY2024 Results by Segment



(Unit: ¥million)

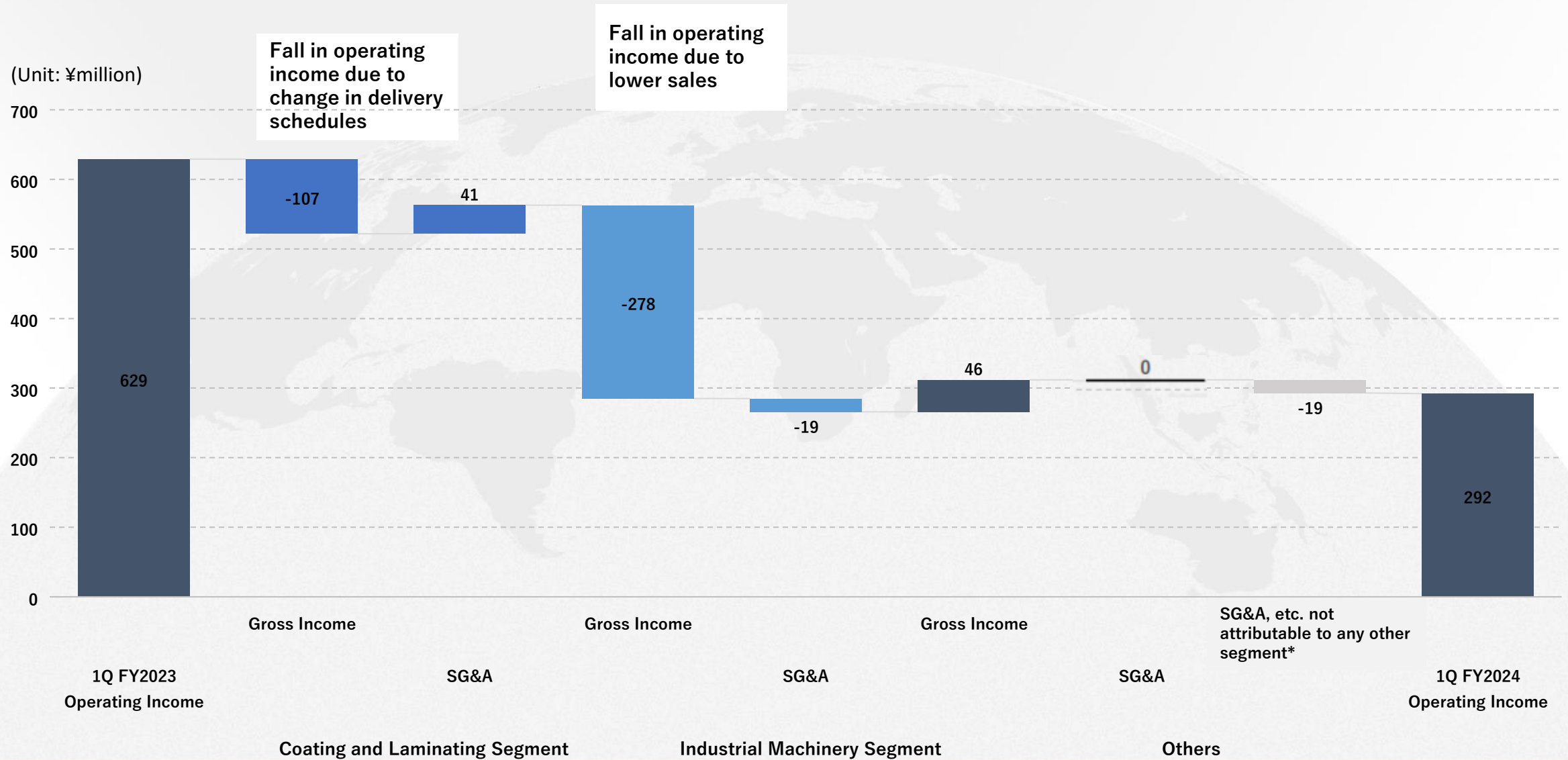
	1Q FY2023	1Q FY2024	Change	YoY	
	a	b	b-a	(b-a)/a	
Consolidated total	Orders	1,812	7,210	5,397	+297.7%
	Net Sales	12,584	12,099	-485	-3.9%
	Operating Income* <sup>1</sup>	629* <sup>1</sup>	292* <sup>1</sup>	-336	-53.5%
	Operating Income Margin	5.0%	2.4%	-2.6pts	-
Coating and Laminating Machinery Segment	Orders	849	5,555	4,706	+554.2%
	Net Sales	10,441	10,332	-109	-1.0%
	Operating Income* <sup>2</sup>	650	584	-66	-10.2%
	Operating Income Margin	6.2%	5.7%	-0.6pts	-
Industrial Machinery Segment	Orders	626	1,299	672	107.3%
	Net Sales	1,720	1,260	-460	-26.8%
	Operating Income* <sup>2</sup>	287	-10	-298	-
	Operating Income Margin	16.7%	-0.8%	-17.6pts	-
Others, Adjustments	Orders	337	355	18	+5.5%
	Net Sales	422	506	83	+19.9%
	Operating Income* <sup>2</sup>	20	67	47	+235.2%
	Operating Income Margin	4.7%	13.3%	8.5pts	-

\* 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 1Q FY2024 Operating Income



# 1Q FY2024 Balance Sheet

(Unit: ¥million)	End-FY2023	1Q FY2024	
	Value	Value	Change
Current Assets	49,639	50,529	+889
Fixed Assets	13,290	13,672	+382
Tangible Fixed Assets	7,511	7,552	+41
Intangible Fixed Assets	560	522	-37
Investments and Other Assets	5,218	5,596	+378
Total Assets	62,929	64,201	+1,272
Current Liabilities	22,965	24,480	+1,514
Fixed Liabilities	1,401	1,442	+41
Net Assets	38,562	38,279	-283
Equity Ratio (%)	61.3	59.6	-1.7pts

## Assets

### Current Assets Up ¥889mn

- ✓ Accounts receivable and contract assets up ¥4,525mn, advance payments up ¥106mn
- ✓ Cash and deposits down ¥4,214mn

### Fixed Assets Up ¥382mn

- ✓ Tangible fixed asset up ¥41mn, investments and other assets up ¥378mn, intangible fixed assets down ¥37mn

## Liabilities

### Current Liabilities Up ¥1,514mn

- ✓ Procurement liabilities up ¥378mn, short-term borrowings up ¥2,200mn
- ✓ Advances collected down ¥941mn, tax and other liabilities down ¥476mn

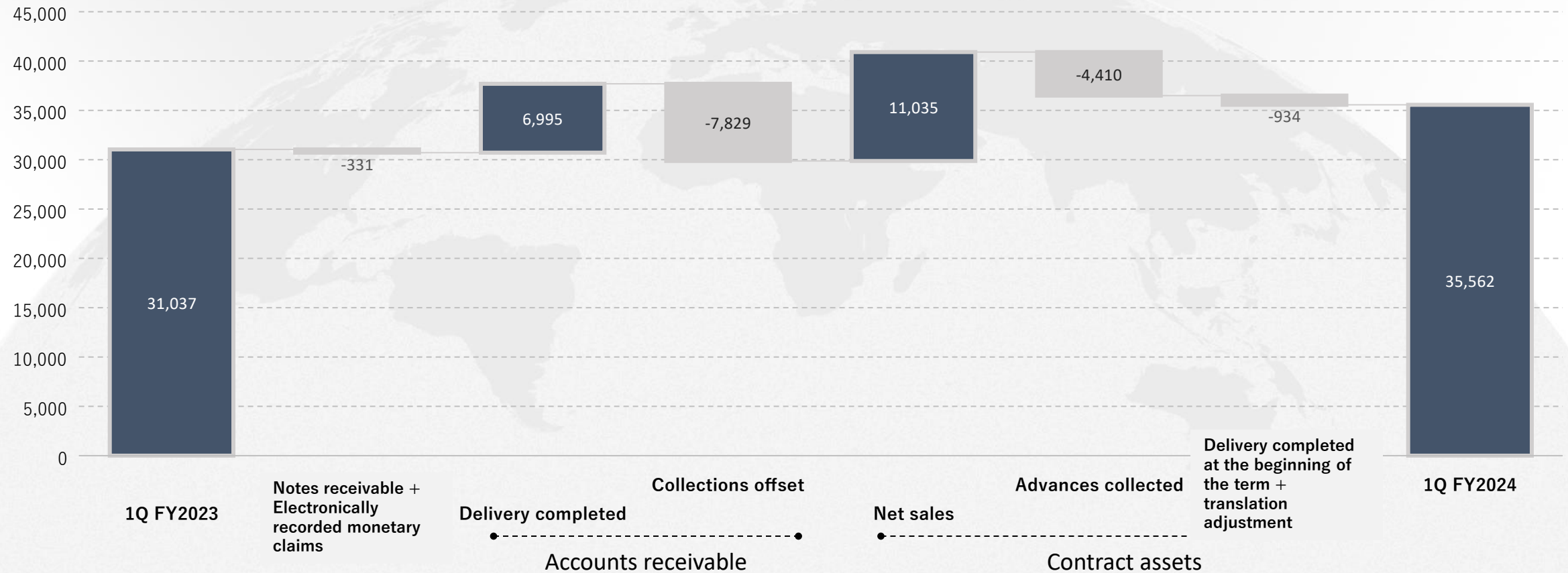
### Fixed Liabilities Up ¥41mn

## Net Assets

Net Assets Down ¥283mn

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

(Unit: ¥million)





# 1Q FY2024 Results by Segment

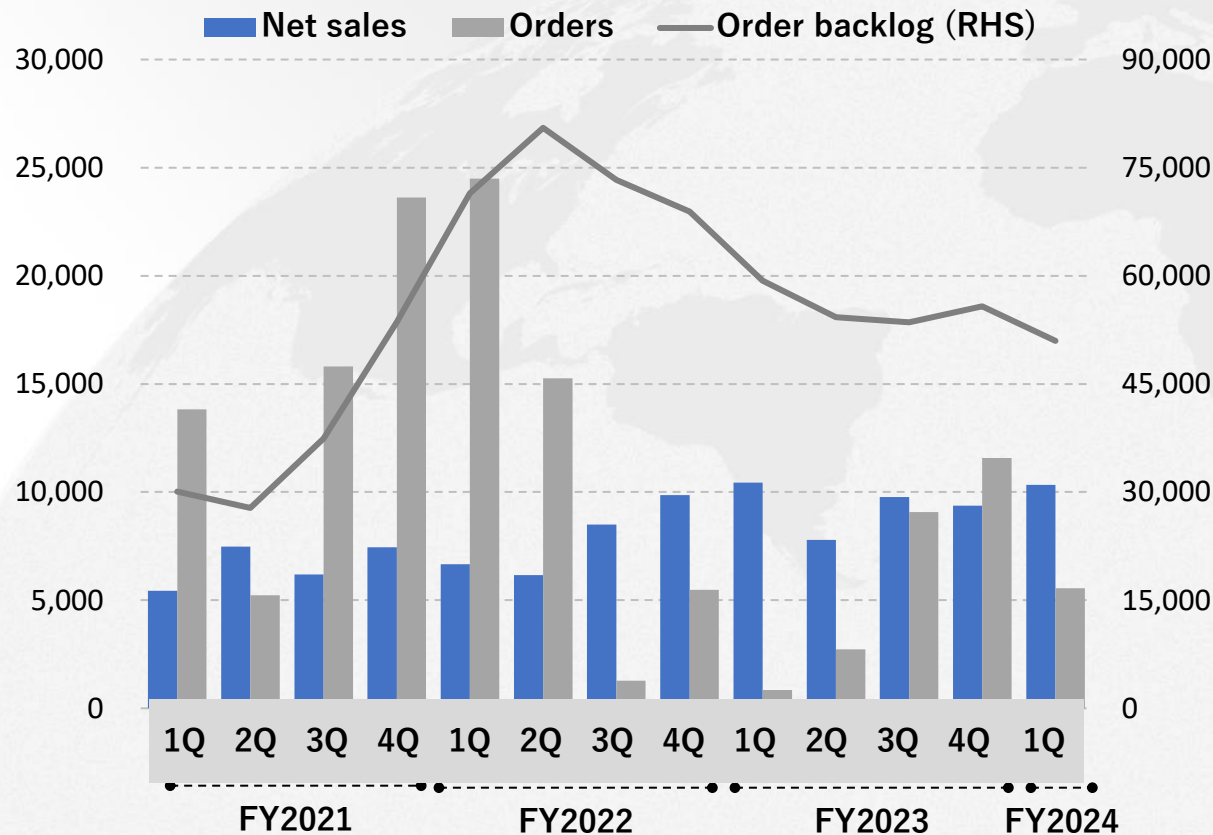


# Order Backlog, Net Sales, and Orders in the Coating and Laminating Machinery Segment



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

(Unit: ¥million)



## Highlights in the Coating and Laminating Machinery Segment

### Market conditions

- ✓ Expect medium-to-long-term growth in the lithium-ion battery market (EV market), but demand is falling as market approaches a temporary plateau

### Orders

- ✓ Orders for coating and laminating machinery were sluggish owing to changes in design plans for EV-use lithium-ion batteries, but segment orders rose overall on orders for installation work in North America
- ✓ Target order acquisition in high value-added areas

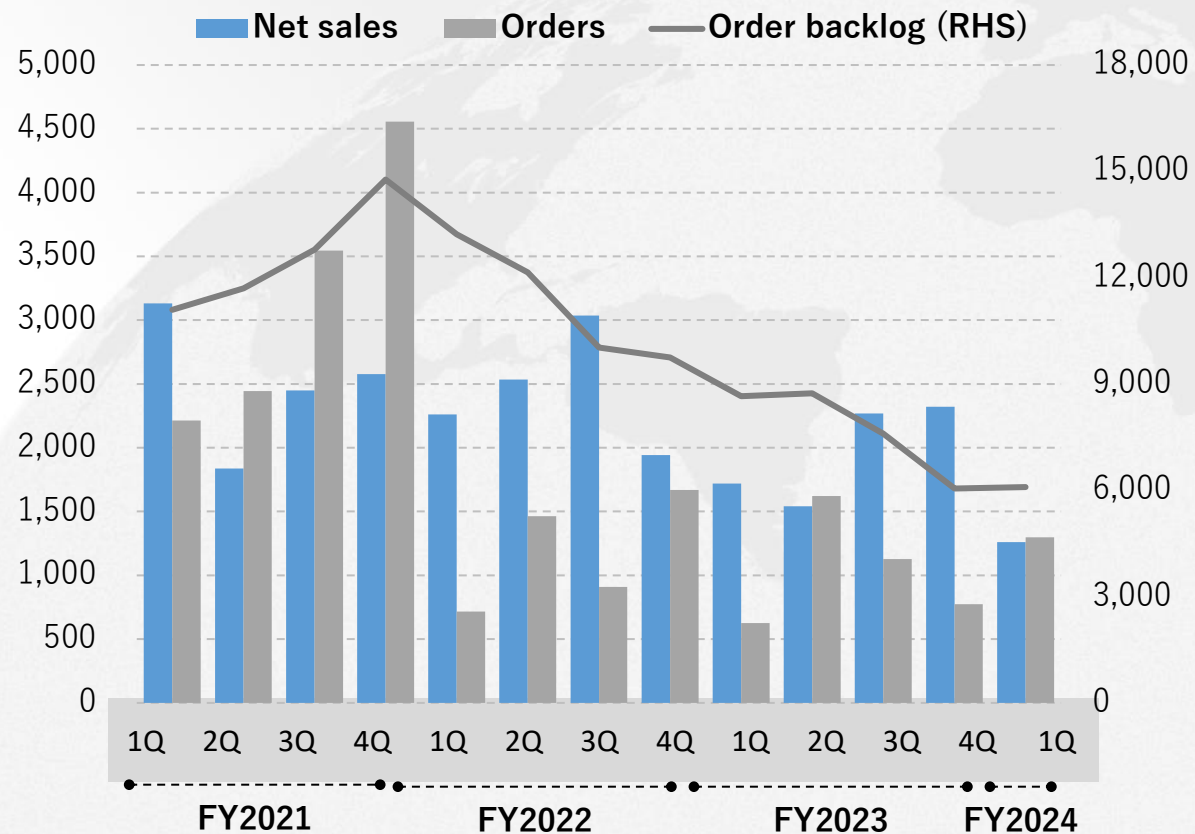
### Net Sales

- ✓ We are working through order projects at around the same pace as last year, mainly in energy-related areas

# Order Backlog, Net Sales, and Orders in the Industrial Machinery Segment

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

(Unit: ¥million)



## Highlights in the Industrial Machinery Segment

### Market conditions

- ✓ Expect demand for industrial materials applications, particularly film making systems for semiconductor materials applications such as MLCC

### Orders

- ✓ Orders coming in from clients in regions such as Japan and Southeast Asia, but volume is sluggish

### Net Sales

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



# FY2024 Outlook

## Overall Conditions

- ✓ Aim to strengthen orders in new demand areas, especially to make sure no opportunities are overlooked, while monitoring clients' capex trends for medium- and long-term growth
- ✓ Despite an improvement in the trend toward longer delivery times, such as for electrification products, as delivery times for some components continue to grow, we target further reduction in delivery times via strict process control to reduce adjustments and rework between processes
- ✓ Greater operational efficiency via the introduction of new systems
- ✓ Aim to develop new markets by cooperation initiatives with academia and sharing of cutting-edge research insights

## Coating and Laminating Segment

- ✓ Despite an approaching temporary demand plateau for lithium-ion batteries, we expect continued growth in the medium- and long-term. In particular, we have established a North American base to respond to market demand in the region. We are continuing to strengthen turnkey contract and after-sales maintenance services.
- ✓ We have strong technical expertise for lithium-ion battery-use anode coating machinery that is well regarded by leading global battery manufacturers, so we aim to make further progress on shortening design periods by sharing and standardizing components and on increasing production capacity via development of business partners

## Industrial Machinery Segment

- ✓ Earnings growth is being driven by film making systems for semiconductor materials applications, such as MLCC (multi-layer ceramic capacitors) and polyimide films
- ✓ Policy is focused on maintaining and expanding our share of the MLCC market, where market growth is expected to continue



# FY2024 Earnings Forecasts

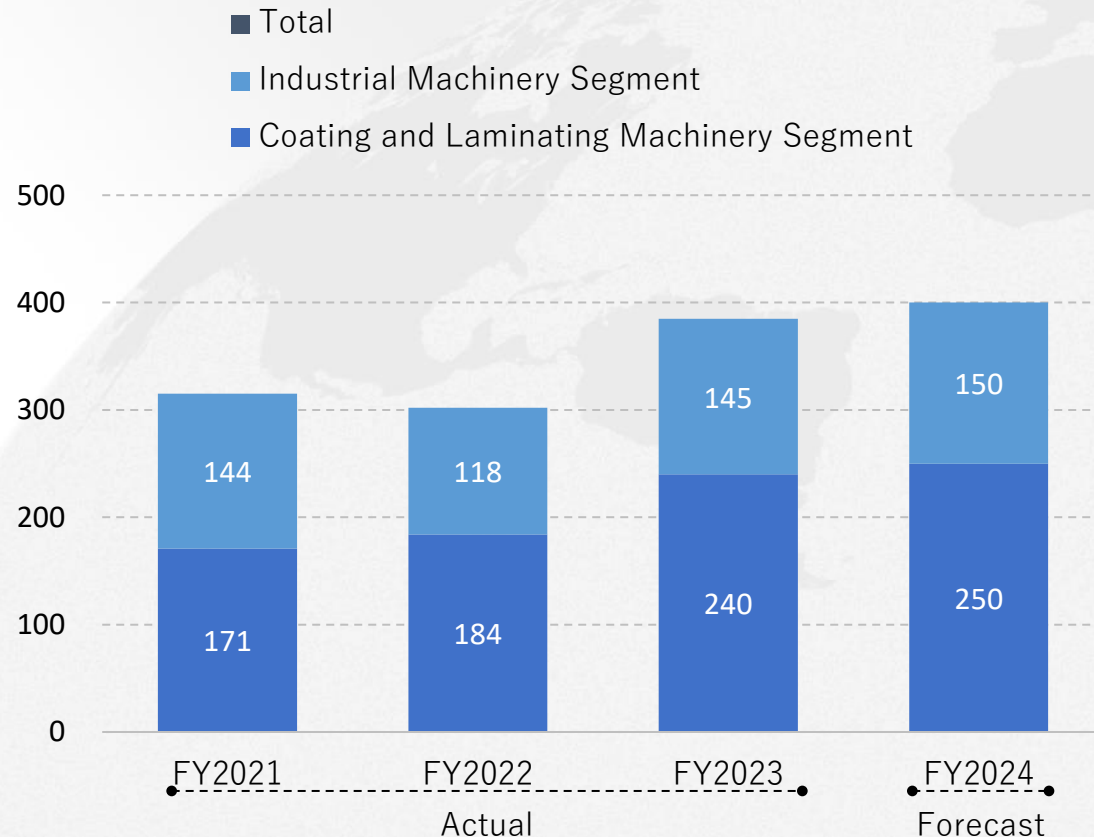


(Unit: ¥million)	FY2023	FY2024 Forecast	YoY	
	a	b	Change b-a	YoY % (b-a)/a
Net Sales	46,946	44,000	-2,946	-6.3%
Operating Income	3,236	2,900	-336	-10.4%
Operating Income Margin	6.9%	6.6%	-0.3pts	-
Ordinary Income	3,394	3,000	-394	-11.6%
Ordinary Income Margin	7.2%	6.8%	-0.4pts	-
Net Income	2,438	2,100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

# FY2024 R&D Expenditure, Capex, and Depreciation Expenses for growth investment

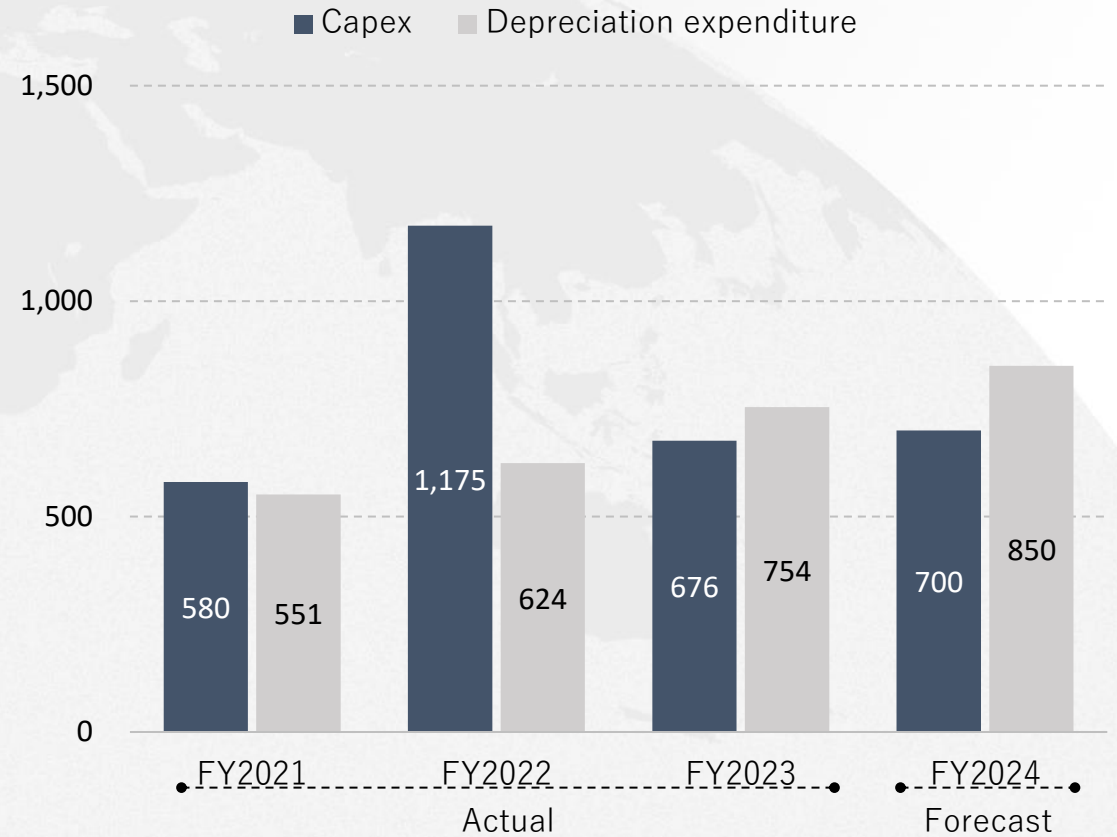
## R&D expenditure

(Unit: ¥million)



## Capex and depreciation expenditure (consolidated)

(Unit: ¥million)

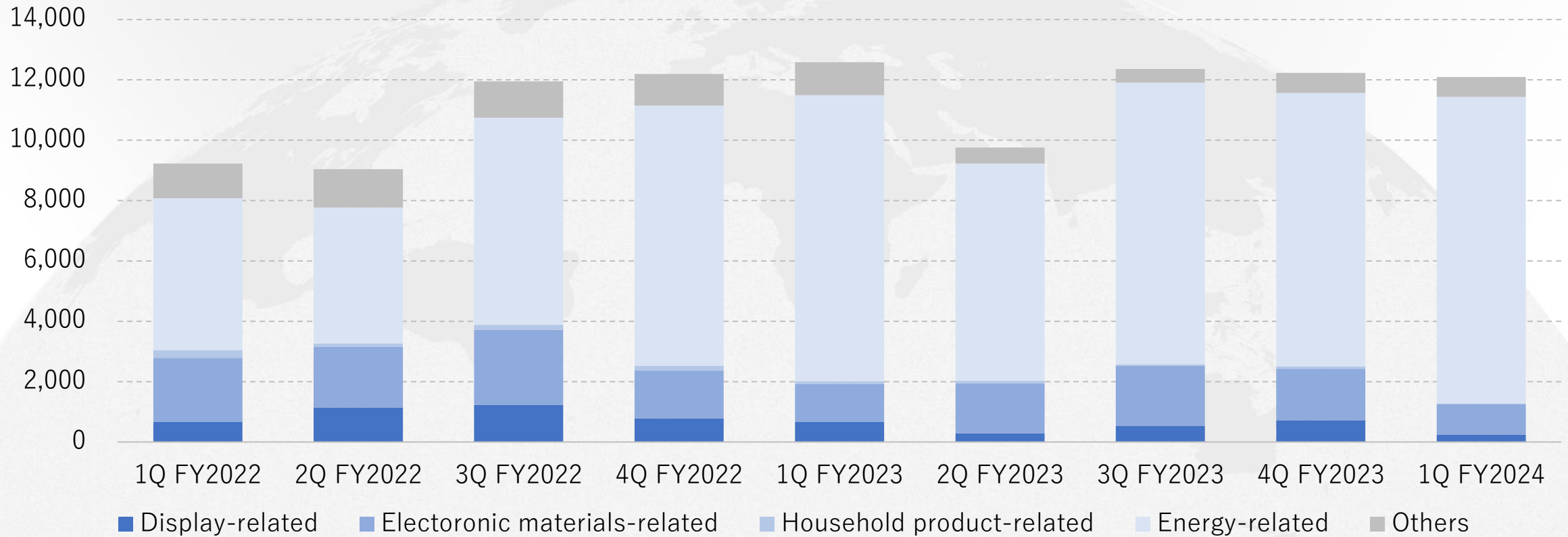




# Appendix

# By Application ① Net Sales (quarterly)

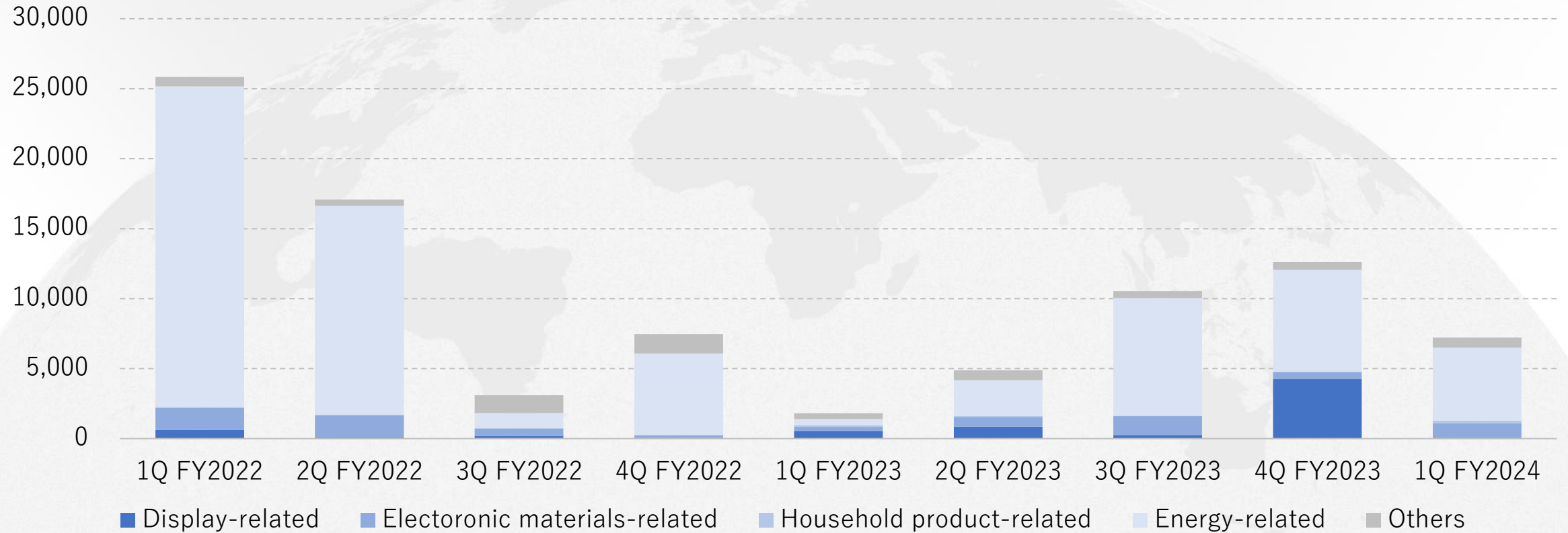
(Unit: ¥million)





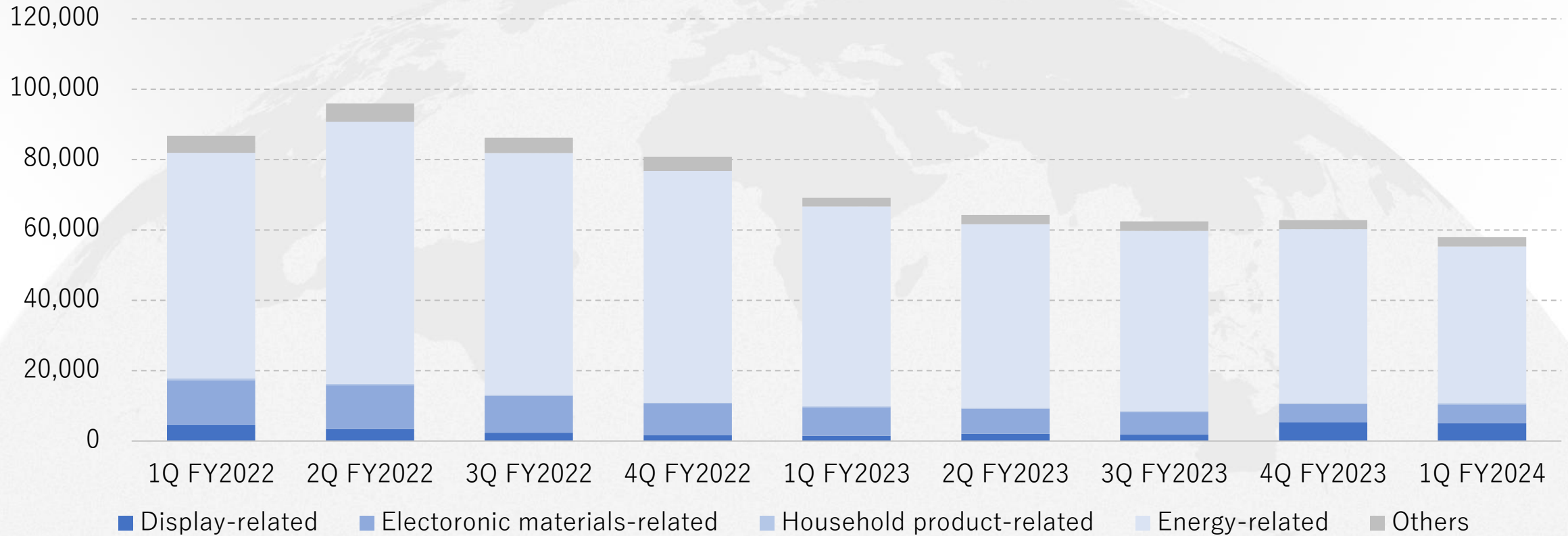
## By Application ② Orders (quarterly)

(Unit: ¥million)



## By Application ③ Order Backlog (quarterly)

(Unit: ¥million)



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