

November 11, 2024
HIRATA Corporation

Q&A Summary for FY2024 2Q Financial Results

(Held on November 11, 2024)

【Our company explainers】

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【Explanation contents】

- FY2024 2Q Results
- FY2024 Full Year Forecasts
- Shareholder Returns
- Status of New Business Initiatives

【Question-and-Answer session】

Q1	Compared to Q1, the profit margin has improved in Q2, what are the factors behind this?
A	In Q1, while the development elements exceeded expectations for certain highly innovative projects, leading to a deterioration in the cost ratio, the cost ratio improved in Q2 as the development phase was completed.
Q2	How has the risk of not meeting performance forecasts due to customer investment delays changed compared to the beginning of the period?
A	Orders are steadily being received, and the proportion of unreceived orders for projects included in the full year forecast has decreased, so the risk has decreased.

Q3	What is the factory's operating rate?
A	The operating rate has been maintained at a high level. As there is a need for increased production in the second half of the year, we will optimize the allocation of internal resources and utilize external resources such as partner companies. Additionally, we are also promoting local production in our Chinese subsidiary.
Q4	What is the market environment for automobiles?
A	Although there is a global sense of slowdown in EVs, particularly in the U.S. market, investment in internal combustion engine-related facilities is becoming more active. However, HIRATA has a track record of receiving orders for both EVs and internal combustion engines, so we can respond to either direction without any issues.
Q5	What is the impact of the U.S. presidential election on HIRATA's business?
A	The United States is an important market for us as well, but depending on the policies of the new administration, there are risks such as potential increases in tariffs for exports to the U.S., so we are closely monitoring the situation.
Q6	The profit level for automobiles is higher than the same period last year, but will this level be maintained in the future?
A	Since it is influenced by the profit margins of individual projects, I cannot make a definitive statement; however, in this half year financial result, there has been progress in improving profit margins due to advancements in price pass-through and increased proficiency in battery projects.
Q7	Regarding the recovery of the semiconductor market, the previous earnings presentation indicated a recovery in the second half of the year, but this time there was an explanation of a recovery trend in Q2. What is the current situation?
A	HIRARA recognizes that our customers are on a recovery trend and some orders, particularly for wafer transport, have been advanced. In particular, the growth is being driven by generative AI. However, there

	are customers, such as semiconductor manufacturers in North America, whose recovery is lagging, so overall, we are hopeful for future recovery.
Q8	Sales progress for other automatic labor-saving equipment is lagging behind the full year performance forecast. How does HIRATA plan to make up for this?
A	Some projects in other automatic labor-saving equipment have been excluded from this year's plan due to factors such as customer investment delays. HIRATA aims to achieve the full year forecast by addressing other projects in the available production space and covering them with the automotive and semiconductor segments.
Q9	What discussions took place leading up to the decision to acquire treasury stock?
A	Discussions have focused on improving capital efficiency and returning profits to shareholders. HIRATA is also mindful of the stock price. In determining the amount, we considered these factors and used the total return ratio as one of the criteria for judgment.
Q10	Is there a possibility of increasing the dividend?
A	At this point, nothing has been decided, but HIRATA would like to consider the allocation for growth investments and the levels of dividend payout ratios of other companies as we move forward with our discussions.

End