

Hirata

The Global Production Engineering Company



Consolidated Financial Results for the Six Months Ended September 30, 2022

Hirata Corporation

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Financial Results

The Six-month Period Ended September 30, 2022 (April 1, 2022 - September 30, 2022)



Hirata

Financial Results

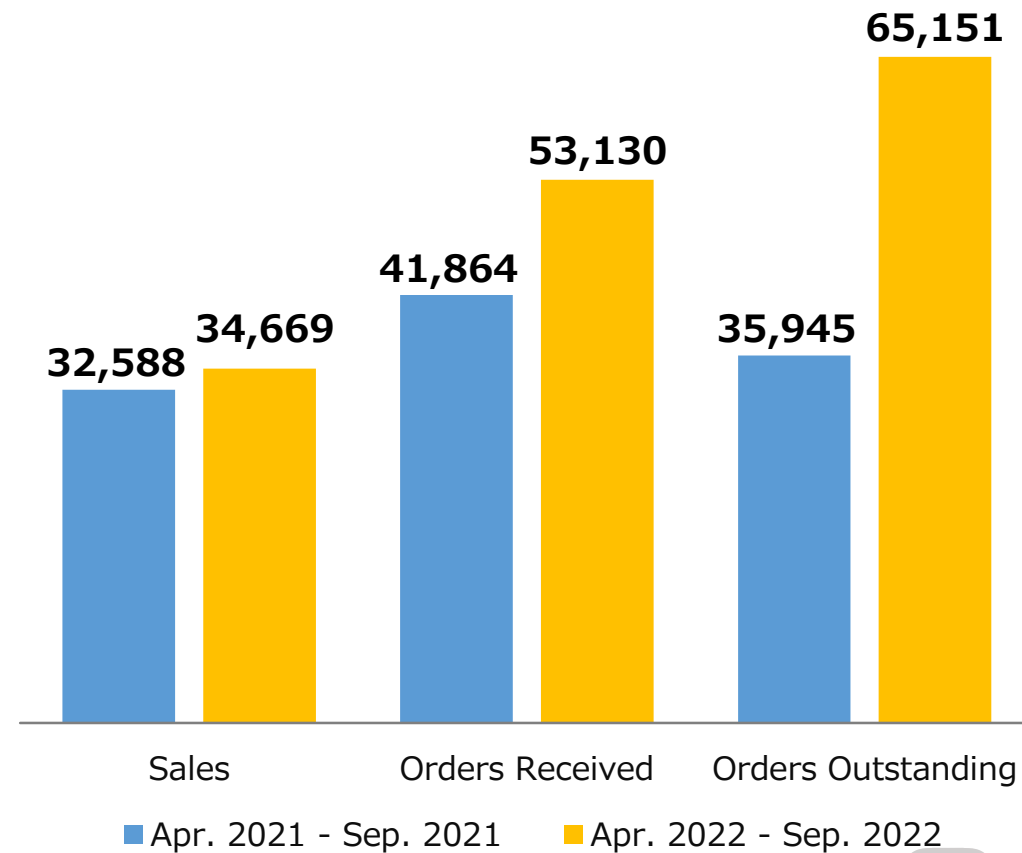
Overview

Net sales increased from the same period of the previous fiscal year due to the easing of restrictions on activities by overseas affiliates. In terms of profit, the cost of sales ratio remained the same as the same period of the previous fiscal year due to the controlling of outsourcing costs by expanding in-house production, despite the impact of higher raw material and other costs. On the other hand, profit decreased from the same period of the previous fiscal year due to an increase in selling, general and administrative expenses, etc.

(Units in millions of Yen)

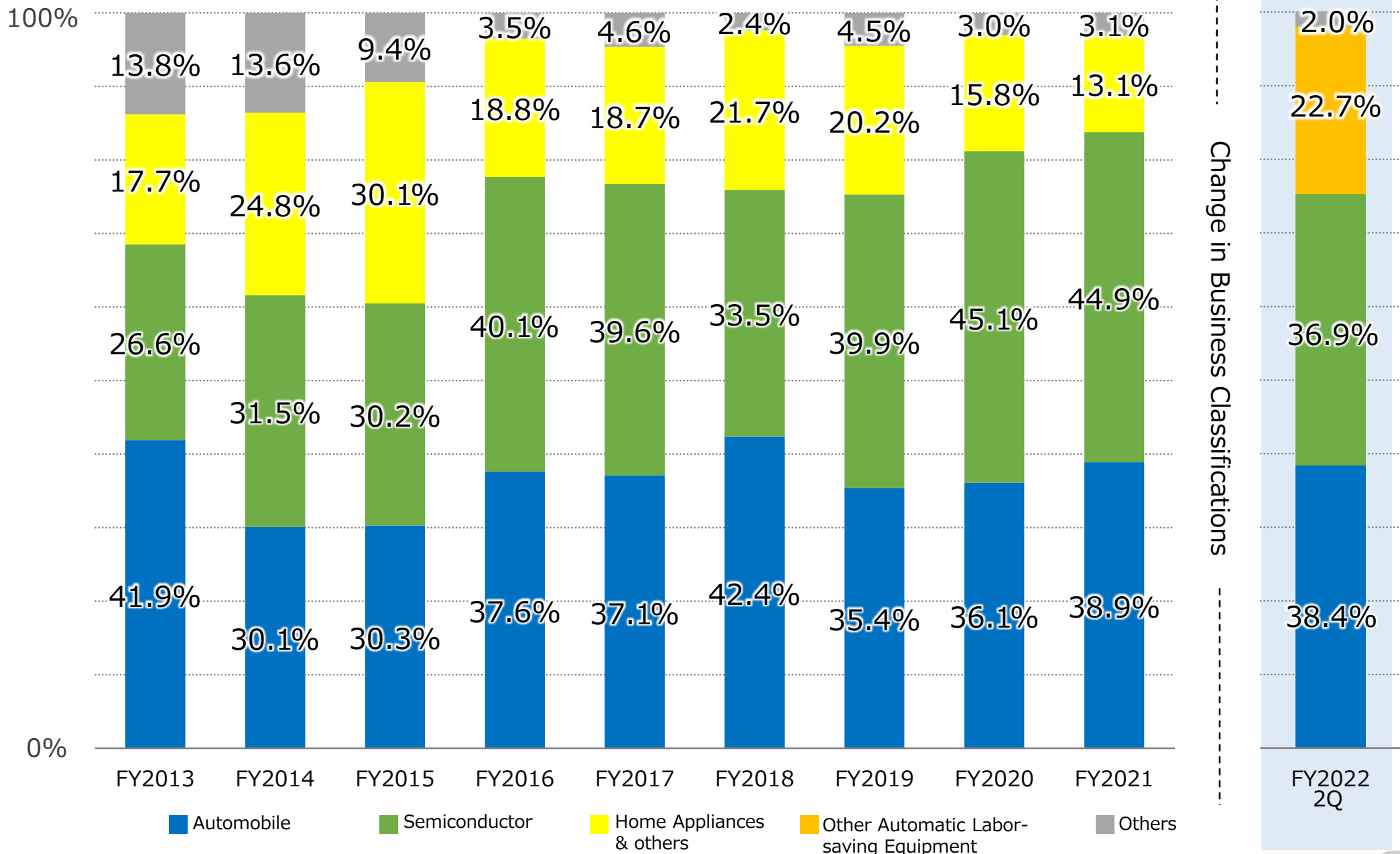
	Apr. 2020 – Sep. 2020	Apr. 2021 – Sep. 2021	YoY Change
Sales	32,588	34,669	+6.4%
Operating Income	2,527	2,377	Δ 5.9%
Ordinary Income	2,810	2,255	Δ 19.8%
Quarterly net income attributable to owners of the parent company	1,983	1,743	Δ 12.1%
Orders Received	41,864	53,130	+26.9%
Orders Outstanding	35,945	65,151	+81.3%

(Units in millions of Yen)



Financial Results

Breakdown of Sales by Business Segment



Change in Business Classifications

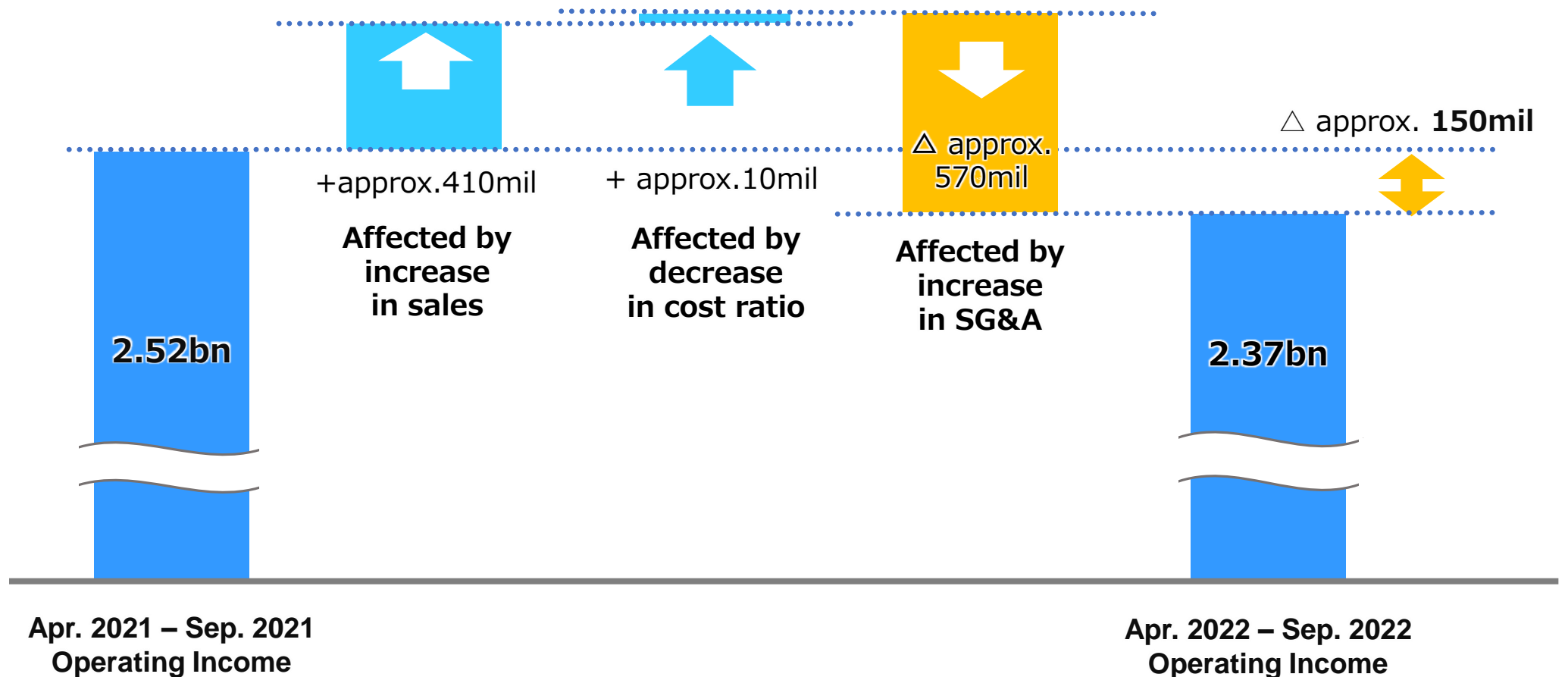
※We changed our business classifications effective from the first quarter of the current fiscal year. For details, please refer to page 9 of this document.

Financial Results

Factor Analysis on Changing Operating Income

(Units in millions of Yen)

	Sales	Cost of Sales	Cost to Sales Ratio	Selling, General and Administrative Expenses	Operating Income	Operating Income Ratio
Apr. 2021 – Sep. 2021	32,588	26,102	80.1%	3,959	2,527	7.7%
Apr. 2022 – Sep. 2022	34,669	27,756	80.1%	4,534	2,377	6.9%



Balance Sheet

(Units in millions of Yen)

Assets	Apr. 2021 – Mar. 2022	Apr. 2022 – Sep. 2022	YoY Change
Current Assets	67,003	74,661	+7,657
Fixed Assets	32,482	33,841	+1,359
Tangible Fixed Assets	23,526	24,256	+730
Intangible Fixed Assets	499	645	+146
Investment and other assets	8,456	8,939	+483
Total Assets	99,485	108,503	+9,017

Liabilities	Apr. 2021 – Mar. 2022	Apr. 2022 – Sep. 2022	YoY Change
Current Liabilities	31,612	37,939	+6,327
Fixed Liabilities	12,935	13,576	+640
Total Liabilities	44,547	51,515	+6,968

Net Assets			
Total Net Assets	54,938	56,987	+2,049
Capital Ratio	54.8%	52.1%	△2.7pt

Main impact factors

Assets

Trade receivables	+3,507
Inventories	+2,675
Cash and deposits	+1,411

Liabilities/Net Assets

Debt with interest	+5,691
Contract liabilities	+1,639
Foreign currency translation adjustments	+1,154

Assumed Exchange Rate, etc.

Assumed Exchange Rate

(Units in Yen)

Assumed Exchange Rate	From Apr. 1, 2022 to Sep. 30, 2022 (Actual Rate)	From Oct. 1, 2022 (Applied Assumption Rate)
Exchange Rate (against USD)	116.76	125.00(until orders received on October 31) 135.00(from orders received on November 1)

Transition of Our Stock Prices

(Units in Yen)

Transition of Our Stock Prices	FY2020 (Apr. 1, 2020 to Mar. 31, 2021)	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)	FY2022(Apr. 1, 2022 to Mar. 31, 2023)		
			July	August	September
High	8,850	7,690	4,870	4,875	4,700
Low	4,110	4,795	4,055	4,500	4,100
End of Period	6,860	5,400	4,745	4,570	4,120

PER/PBR/ROE

PER/PBR/ROE	FY2020 (Apr. 1, 2020 to Mar. 31, 2021)	FY2021 (Apr. 1, 2021 to Mar. 31, 2022)	FY2022 (Apr. 1, 2022 to Sep. 30, 2022)
PER (x)	17.47	20.90	— ※
PBR (x)	1.38	1.03	0.76
ROE (%)	8.32	5.06	— ※

※PER and ROE will be disclosed at the time of the financial results.

※The figures are calculated after the application of accounting standards for revenue recognition, etc., effective from the fiscal year ended March 31, 2022.

Overview by Business Segment

Sales, Orders Received and Outstanding by Business Segment

(Units in millions of Yen)

	Business Segment	FY2020 (Apr. 2021 - Sep. 2021)	FY2021 (Apr. 2022 - Sep. 2022)	YoY Change
Sales	Automobile	13,302	13,330	+0.2%
	Semiconductor	8,698	12,797	+47.1%
	Other Automatic Labor-saving Equipment	9,617	7,860	△18.3%
	Others	971	680	△29.9%
	Total	32,588	34,669	+6.4%
Orders Received	Automobile	16,378	18,598	+13.6%
	Semiconductor	15,060	20,325	+35.0%
	Other Automatic Labor-saving Equipment	9,465	13,132	+38.7%
	Others	960	1,074	+11.9%
	Total	41,864	53,130	+26.9%
Orders Outstanding	Automobile	16,556	29,043	+75.4%
	Semiconductor	11,884	24,188	+103.5%
	Other Automatic Labor-saving Equipment	7,128	11,122	+56.0%
	Others	375	798	+112.3%
	Total	35,945	65,151	+81.3%

Overview by Business Segment

Classification Review of Business Segment

We have changed our business segment started from April 2022 as below:

- Previous segment : Automobile, Semiconductor, Home Appliances and others, and others
- Current segment: **Automobile, Semiconductor, Other Automatic Labor-saving Equipment, and Others**

We have also reclassified OLED and LCD, previously included in Semiconductor-related segment, to Other Automatic Labor-saving Equipment segment. In conjunction with this change, we have changed our disclosure segments from geographic to business fields.

Automobile

EDU, Motor, Battery, IGBT·Inverter, Engine, Transmission, FCV, and others

Semiconductor

Wafer(EFEM, Sorter, Wafer robot, FOUF opener) ,PLP, and others

Other Automatic Labor-saving Equipment

Related to OLED and LCD, Logistics, Medical, Chemistry & Physics devices, Industrial Robots, Home Appliances, FA Component, and others

Others

Solar power generation business, and point business and customer management system business by affiliated companies

Sales and Operating Income by Business Segment

(Units in millions of Yen)

	Automobile		Semiconductor		Other Automatic Labor-saving Equipment		Others		Consolidation elimination		Total	
	FY2021 2Q	FY2022 2Q	FY2021 2Q	FY2022 2Q	FY2021 2Q	FY2022 2Q	FY2021 2Q	FY2022 2Q	FY2021 2Q	FY2022 2Q	FY2021 2Q	FY2022 2Q
Sales	13,302	13,330	8,698	12,797	9,617	7,860	976	681	△4	△0	32,588	34,669
Operating Income	△73	486	1,364	1,433	1,135	464	98	△9	2	2	2,527	2,377
Operating Income Ratio	△0.5%	3.6%	15.7%	11.2%	11.8%	5.9%	10.1%	△1.5%	-	-	7.8%	6.9%

Overview by Business Segment

Quarterly Progress Rate of Sales by Business Segment

Current Period

(Units in millions of Yen)

	1 st Quarter (Apr. – Jun.)	2 nd Quarter (Jul. – Sep.)	3 rd Quarter (Oct. – Dec.)	4 th Quarter (Jan. – Mar.)	Cumulative Total Value	Projected figures at the end of the fiscal year announced on Nov. 11	Progression Rate
Sales	16,739	17,929			34,669	80,000	43.3%
Automobile	6,298	7,031			13,330	32,000	41.7%
Semiconductor	6,430	6,366			12,797	30,000	42.7%
Other Automatic Labor-saving Equipment	3,536	4,323			7,860	16,000	49.1%
Others	474	206			680	2,000	34.0%

※We announced the revision of our full year earnings forecast on November 11, 2022. For details, please refer to page 14 of this document.

Overview by Business Segment

Business Update on EV/Wafer transfer/Organic EL Businesses

(Units in millions of Yen)

	Amount of Orders Received			Amount of Sales		
	Apr. – Sep. 2021	Apr. – Sep. 2022	YoY Change	Apr. – Sep. 2021	Apr. – Sep. 2022	YoY Change
Electric Vehicle (EV)	12,644	15,295	+21.0%	6,887	7,884	+14.5%
Wafer transfer	8,618	10,553	+22.5%	5,645	6,752	+19.6%
Organic EL	2,140	2,650	+23.8%	3,313	1,662	△49.8%

● Electric Vehicle (EV)

The sales of EV business accounted for about 59% of its total automobile related sales. Compared to the same period last year, orders received increased by approximately 2.652 billion yen and sales increased by approximately 997 million yen.

● Wafer transfer

The sales of wafer transfer business accounted for about 53% of its total semiconductor related sales. Compared to the same period last year, orders received increased by approximately 1.935 billion yen and sales increased by approximately 1.106 billion yen.

● Organic EL

The sales of organic EL business accounted for about 21% of its total other automatic labor-saving equipment sales. Compared to the same period last year, orders received increased by approximately 510 million yen and sales decreased by approximately 1.651 billion yen.

Topics – Receipt of Large-Scale POs / Receiving Awards

– Receipt of Large-scale Purchase Orders for Electric Vehicle Related Equipment

As disclosed on July 25, 2022, Hirata received two large-scale orders for EV-related production equipment. The expected value of the orders is over 10 billion yen for 2 lines of EDU(Electric Drive Unit) assembly facilities for electric vehicles. The sales of this project will be recognized in stages until the project completion by the percentage-of-completion method. Some of the business performance from this project is already factored into the forecast for this current fiscal year. The remainder is expected to contribute to our fiscal performance in subsequent years.

– Receiving Regional Special Award from JATCO

Hirata received FY2022 Regional Special Award from JATCO Ltd in July. Hirata Corporation and Hirata Automated Machinery (Shanghai) Co., Ltd., one of our group companies, collaborated to remodel and launch the new CVT line, which was delivered to the customer's Mexico base in 2013, and was highly evaluated. This is the second consecutive year that Hirata has received awards, having previously received the Global Special Award last year.



– Receiving Best Supplier Award 2022 from Canon Tokki

Hirata received Best Supplier Award 2022 from Canon Tokki Corporation in April. At the same time, we also received a letter of appreciation for our response to a major project for organic EL production facility. We participated in this project, which started in 2018, from the prototype stage. We were in charge of the largest scope of production among the partner companies, and worked on the project from production to on-site start-up support over a long period of time.



Forecast for FYE March 2023

The Six-month Period Ended September 30, 2022 (April 1, 2022 - September 30, 2022)



Hirata

(Units in millions of Yen)

Full Year Earnings Forecast

We announced the revision of our full year earnings forecast on November 11, 2022.

	FY2021 Actual figures		FY2022 Forecast announced on May 13, 2022		FY2022 Forecast announced on November 11, 2022	
Sales	67,087		80,000		80,000	
Automobile	26,109		33,000		32,000	
Semiconductor	20,928		28,000		30,000	
Other Automatic Labor-saving Equipment	18,002		16,000		16,000	
Others	2,046		3,000		2,000	
Operating Income (margin)	3,856	(5.7%)	3,000	(3.8%)	5,000	(6.3%)
Ordinary Income (margin)	4,258	(6.3%)	2,900	(3.6%)	5,000	(6.3%)
Profit attributable to owners of the parent company (margin)	2,682	(4.0%)	2,000	(2.5%)	3,500	(4.4%)

※Net sales by business segment for FY2021 are shown after the change in business segmentation, which is effective from FY2022.

Revision of Full-Year Earnings Forecast

- Net sales are expected to be at the same level as the forecast at the beginning of the period. On the other hand, despite the impact of soaring raw material prices and logistics costs, each profit was revised upward to a level well above the initial forecast as a result of efforts to reduce cost of sales and to control SG&A expenses by reviewing each project in the administrative and overhead departments including R&D expenses that had been planned.

Transition and Forecast of Dividends and Dividend Ratio per Share

(Unit in Yen)

	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Dividends per Share	125.00	40.00	65.00	65.00	85.00
Dividend Ratio(%)	28.4	23.8	16.6	25.2	25.2

Note: Dividend ratio is on a consolidated basis.

About Dividend Forecast

We fully consider profit return to our shareholders as one of the highest priority issue. So, we endeavor to pay dividend stably and continually to be more than 20% of the consolidated dividend ratio as a guide by strengthening our financial characteristic and also taking into consideration our consolidated performance and business deployment.

Based on our dividend policy, we have revised our dividend forecast for the next fiscal year to 85 yen, taking into consideration the profit level based on our earnings forecast and the dividend payout ratio of the previous fiscal year.

Reference Data

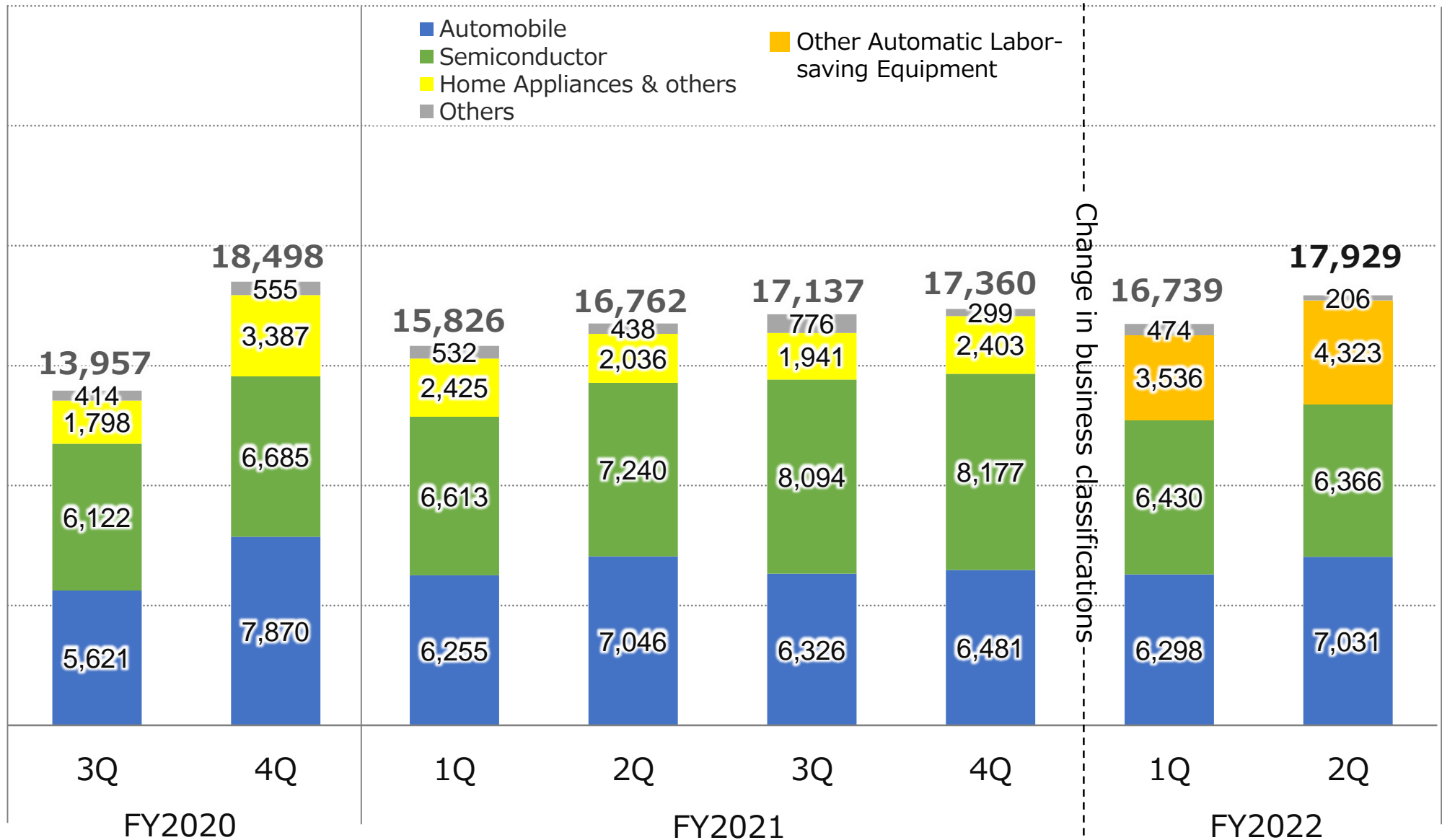
The Six-month Period Ended September 30, 2022 (April 1, 2022 - September 30, 2022)



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Quarterly Trends of Sales by Business Unit

(Units in millions of Yen)

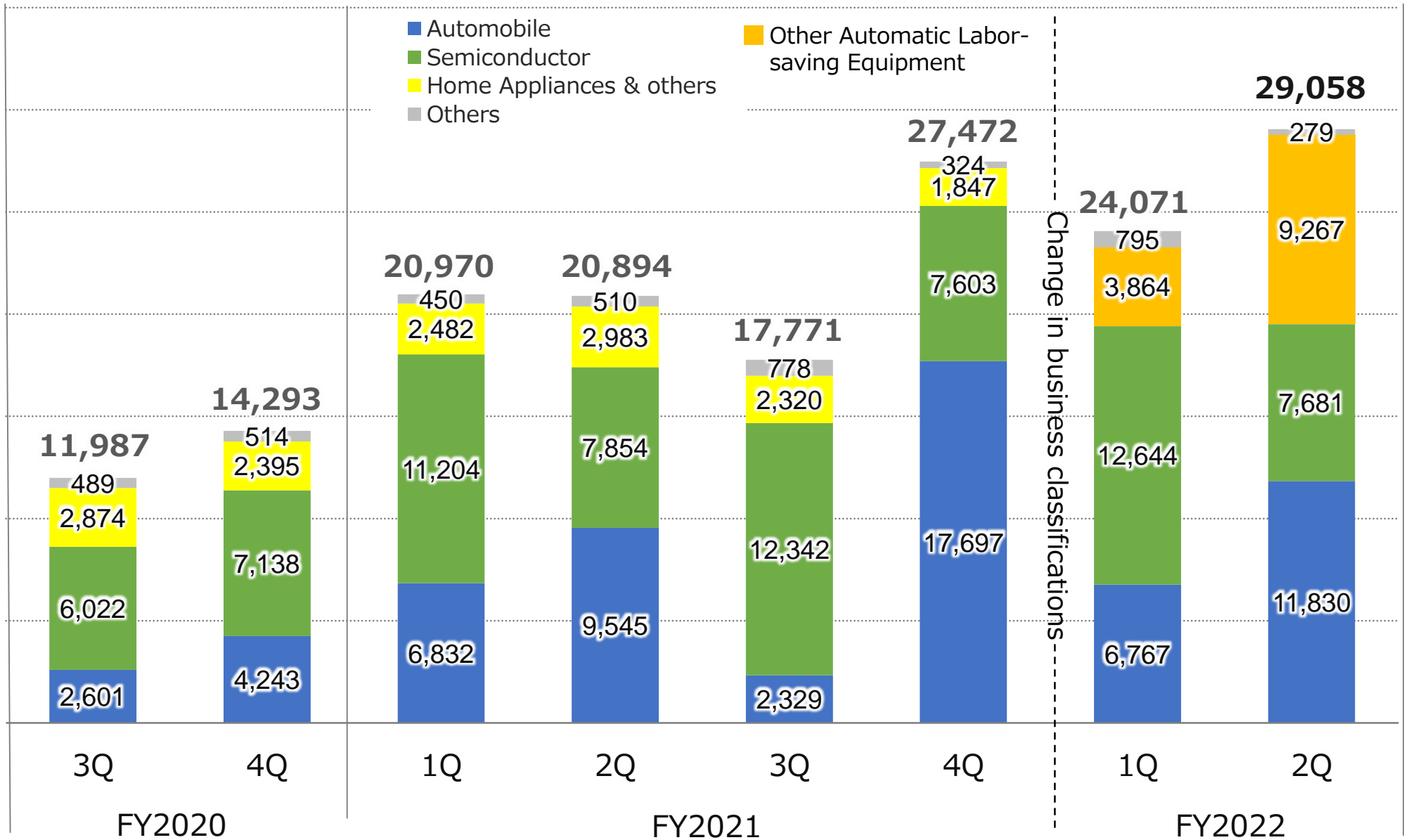


※The figures are calculated after the application of accounting standards for revenue recognition, etc., effective from the fiscal year ended March 31, 2022.

※The figures until the fiscal year ended March 2022 are presented under the former business classifications.

Quarterly Trends of Received Orders by Business Unit

(Units in millions of Yen)

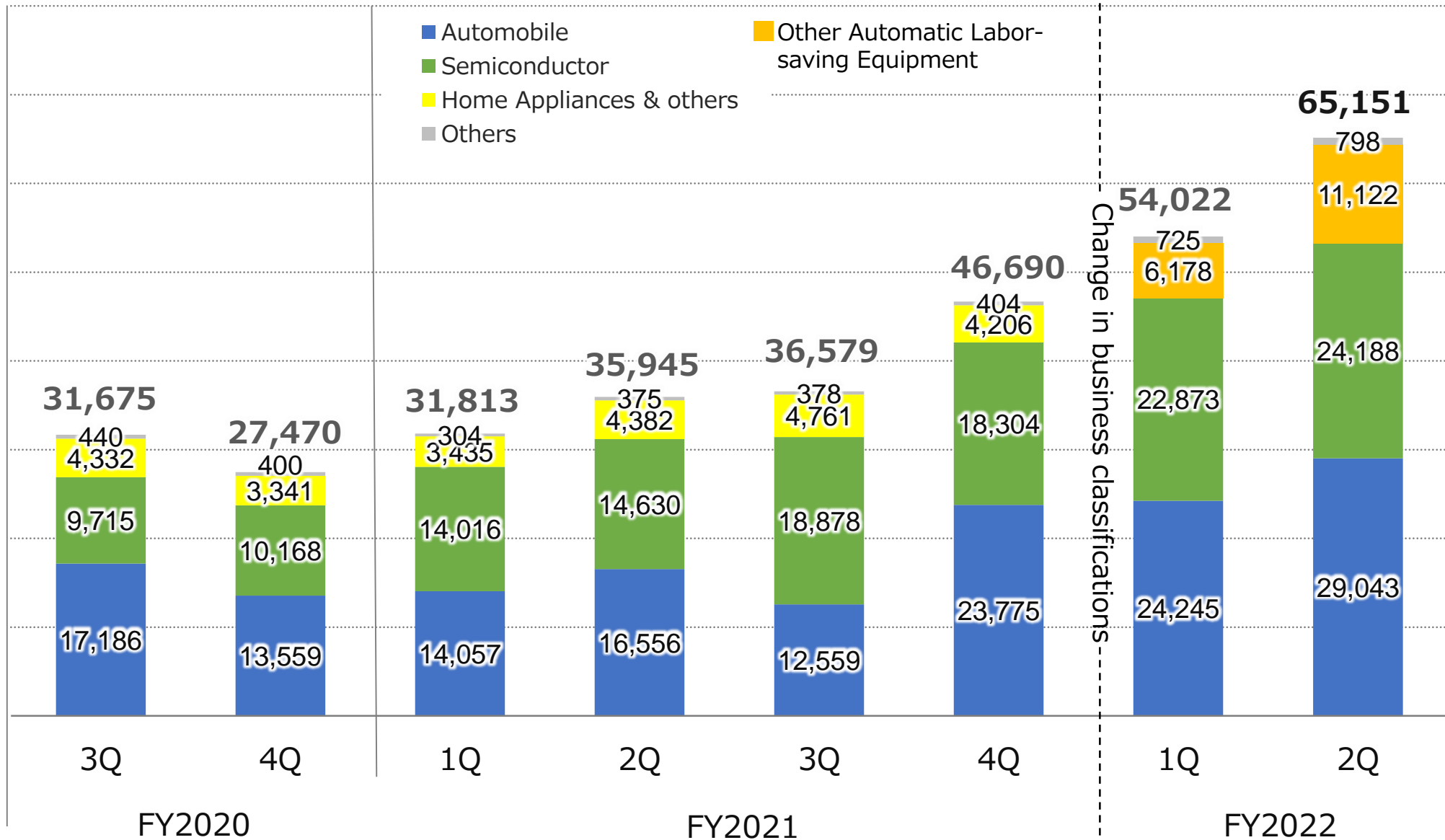


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※The figures until the fiscal year ended March 2022 are presented under the former business classifications.

Quarterly Trends of Orders Outstanding by Business Unit

(Units in millions of Yen)



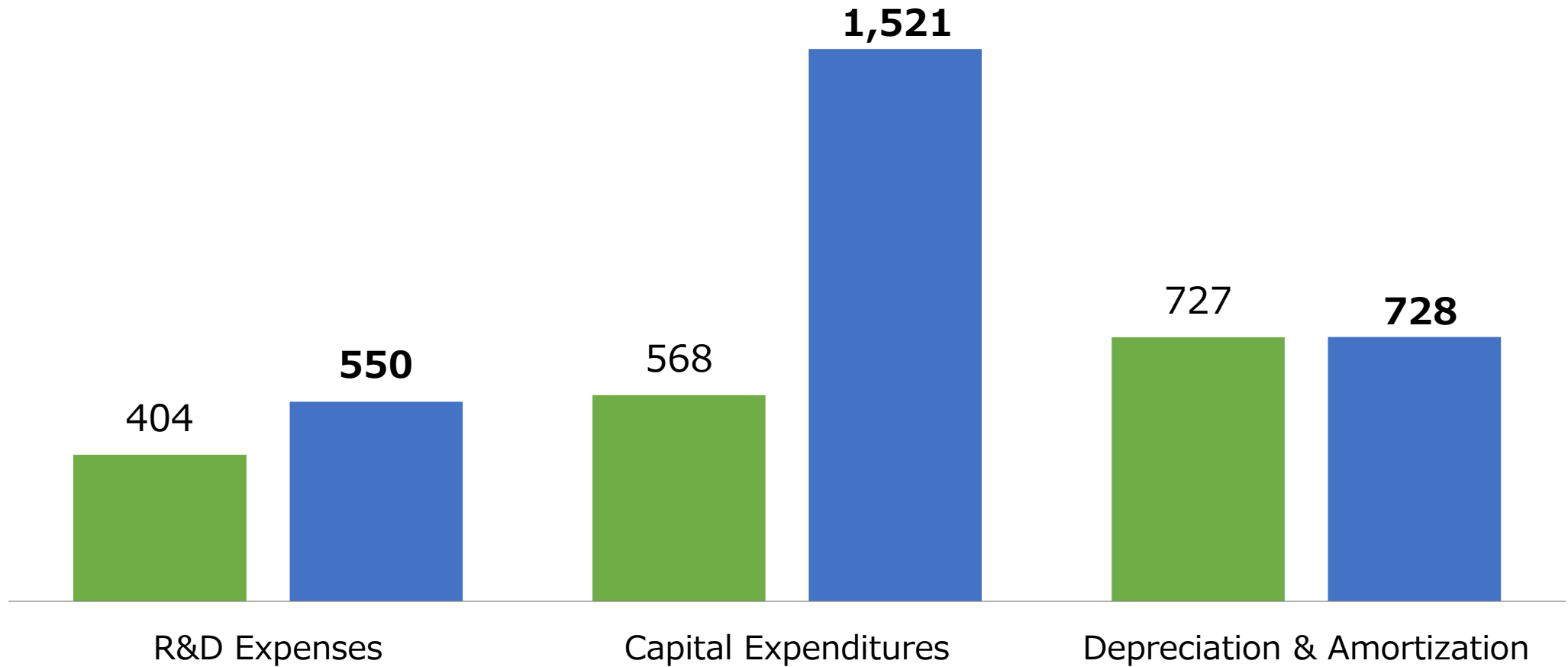
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R&D, CAPEX, Depreciation and Amortization

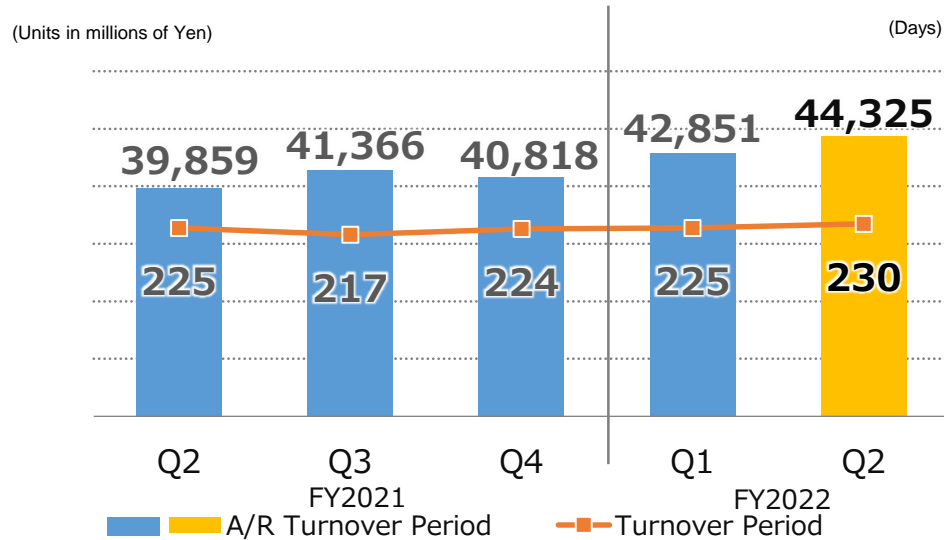
(Units in millions of Yen)

- Apr. - Sep. 2021
- Apr. - Sep. 2022

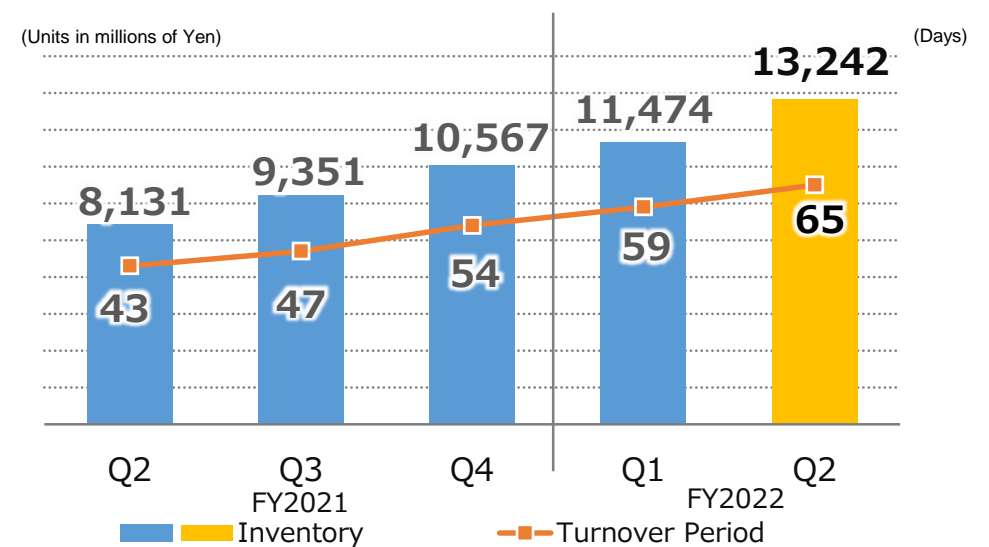


Reference Data

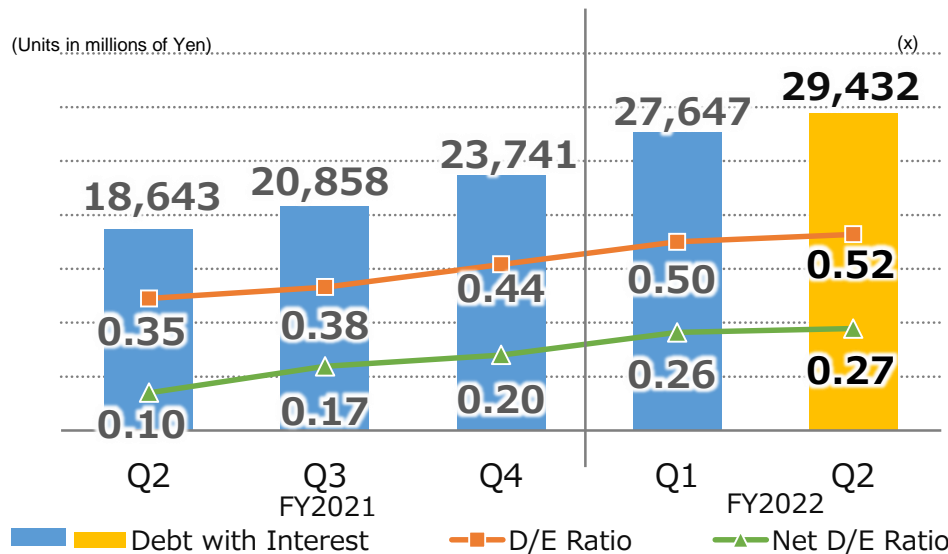
Account Receivables/Turnover Period



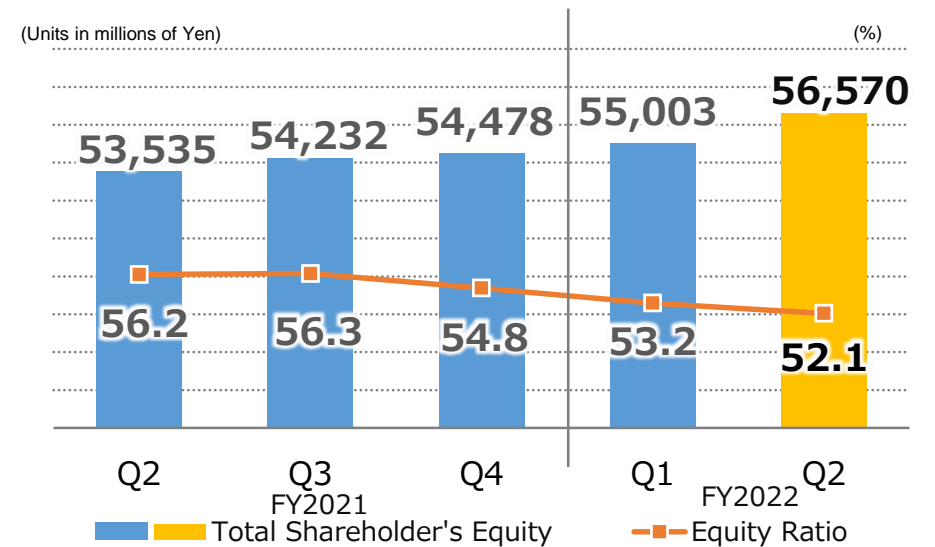
Inventory/Turnover Period



Debt with Interest/Debt Equity Ratio/Net Debt Equity Ratio



Total Shareholder's Equity/Equity Ratio



※ Accounts receivable turnover period and Inventory turnover period list its average number of each quarter.

Forecasts and other forward-looking statements presented here represent judgment we made based on information available at the time this presentation was prepared, and involve risks or uncertainties, such as economic conditions, competition with rival companies, and exchange rate. Readers should understand, therefore, that actual results may be significantly different from forecasts referred to or stated here due to changes in business environments and other factors.