

# Hirata

The Global Production Engineering Company



## Financial Results for the Fiscal Year Ended March 31, 2023

May, 2023

## Hirata Corporation (6258)

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.

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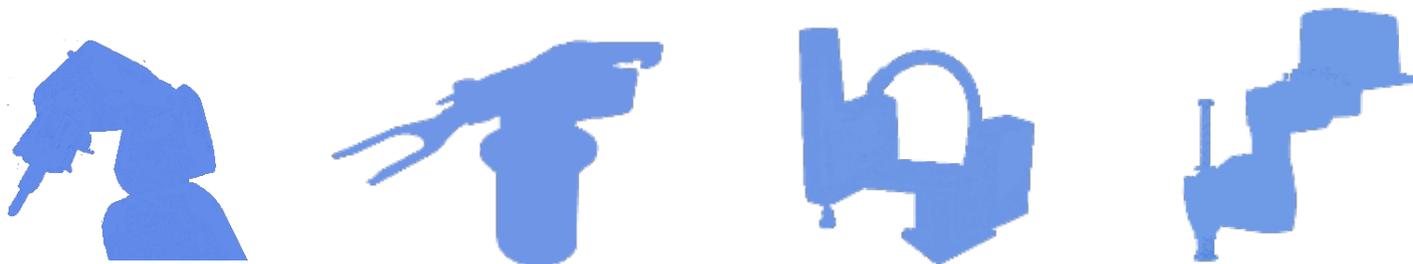
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※FY2022 : From April 1, 2022 to March 31, 2023  
FY2023 : From April 1, 2023 to March 31, 2024

# I . FY2022 Full Year Results (Consolidated)



**Hirata**

# I. FY2022 Full Year Results (Consolidated)

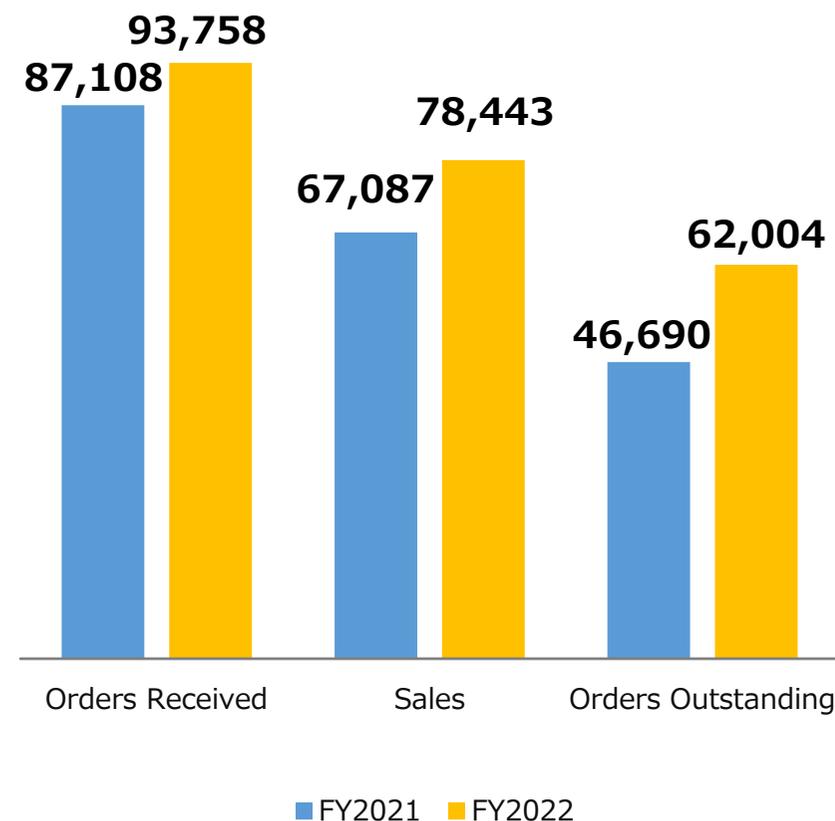
## Consolidated Results

- Sales : Orders received and sales remained strong against the backdrop of the market environment particularly in the automobile- and semiconductor-related businesses, resulting in a year-on-year increase in sales.
- Operating Profit : In addition to the increase in sales, a reduction in the cost of sales ratio resulted in an increase in profit compared to the previous year.

(Units in millions of Yen)

	FY2021	FY2022	YoY Change	
			Amount of +/-	Percentage of +/-
Orders Received	87,108	<b>93,758</b>	+6,649	+7.6%
Sales	67,087	<b>78,443</b>	+11,356	+16.9%
Operating Profit (profit ratio)	3,856 (5.7%)	<b>5,920 (7.5%)</b>	+2,064 (+1.8pt)	+53.5%
Ordinary Profit	4,258	<b>5,802</b>	+1,544	+36.3%
Profit attributable to owners of parent	2,682	<b>4,269</b>	+1,587	+59.2%
Orders Outstanding	46,690	<b>62,004</b>	+15,314	+32.8%

(Units in millions of Yen)

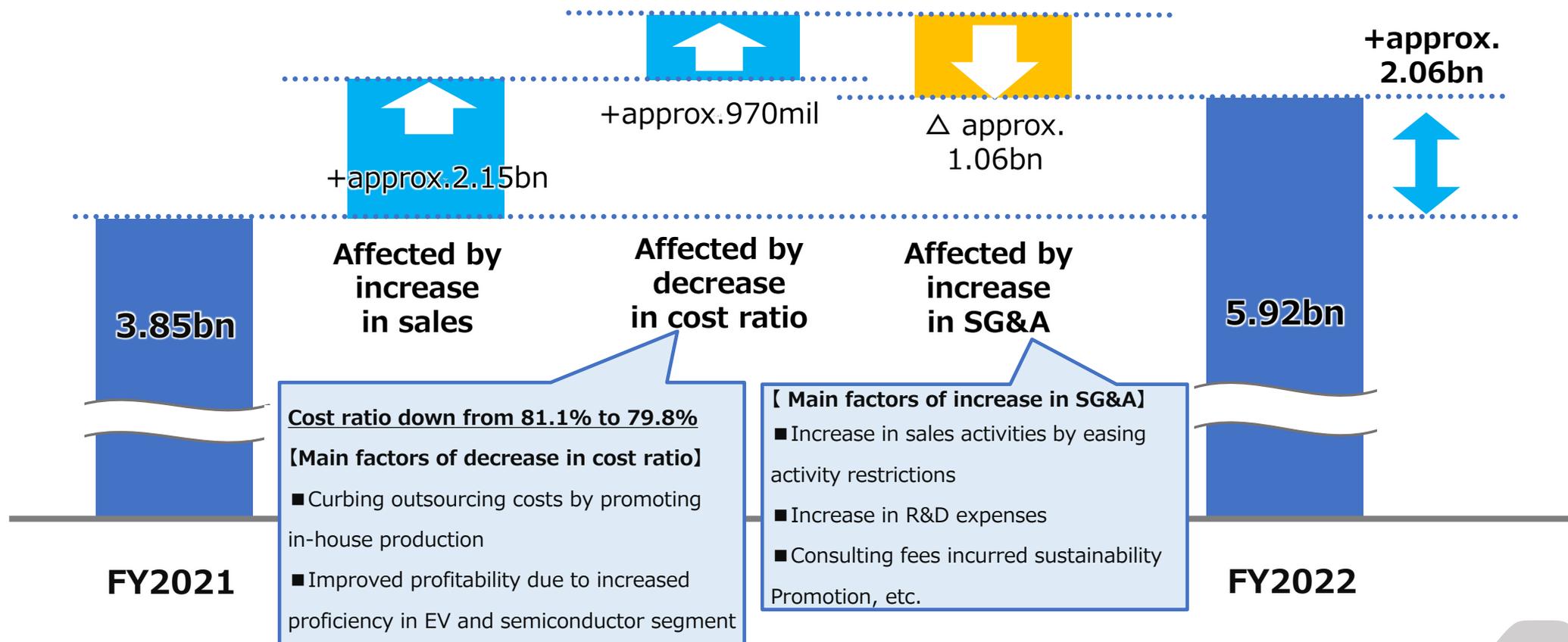


# I. FY2022 Full Year Results (Consolidated)

## Factor Analysis on Changing Consolidated Operating Profit

- Operating income increased approximately 2.06billion yen from the previous year.
- (Main factors for increase) The increase in sales and the reduction of outsourcing costs by promoting in-house production contributed to a reduction of the cost of sales ratio.
- (Main factors for decrease) SG&A expenses increased due to higher R&D expenses and expenses incurred for sustainability promotion, etc.

(Units in Yen)



# I. FY2022 Full Year Results (Consolidated)

## Sales, Received Orders, and Outstanding Orders by Business Segment

(Units in millions of Yen)

	Business Segment	FY2021	FY2022	YoY Change	
				Amount of +/-	Percentage of +/-
Orders Received	Automobile	36,405	<b>38,165</b>	+1,760	+4.8%
	Semiconductor	32,066	<b>34,047</b>	+1,980	+6.2%
	Other Automatic Labor-saving Equipment	16,572	<b>19,123</b>	+2,550	+15.4%
	Others	2,064	<b>2,422</b>	+358	+17.3%
	Total	87,108	<b>93,758</b>	+6,649	+7.6%
Sales	Automobile	26,109	<b>30,298</b>	+4,189	+16.0%
	Semiconductor	20,928	<b>28,954</b>	+8,025	+38.3%
	Other Automatic Labor-saving Equipment	18,002	<b>16,952</b>	△1,050	△5.8%
	Others	2,046	<b>2,238</b>	+191	+9.4%
	Total	67,087	<b>78,443</b>	+11,356	+16.9%
Orders Outstanding	Automobile	23,775	<b>31,642</b>	+7,866	+33.1%
	Semiconductor	16,660	<b>21,753</b>	+5,092	+30.6%
	Other Automatic Labor-saving Equipment	5,850	<b>8,021</b>	+2,170	+37.1%
	Others	404	<b>588</b>	+184	+45.6%
	Total	46,690	<b>62,004</b>	+15,314	+32.8%

# I. FY2022 Full Year Results (Consolidated)

## Details of Received Orders and Sales by Business Segment

- **Automobile** : Both orders and sales for EV remained steady as a result of strong capital investment in EV against the backdrop of global efforts to become carbon neutral.
- **Semiconductor** : Despite a slowdown in semiconductor market, the backlog of orders from the previous fiscal year, as well as capital investment demand in the field of legacy generation semiconductors, ensured a high level of orders and sales in the current fiscal year.

(Units in millions of Yen)

			FY2021		FY2022		YoY Change	
			Actual results	Segment Breakdown	Actual results	Segment Breakdown	Amount of +/-	Percentage of +/-
Received Orders	Automotive	<b>EV</b>	18,198	50.0%	<b>30,239</b>	<b>79.2%</b>	+12,040	+66.2%
		Others	18,206	50.0%	7,926	20.8%	△10,280	△56.5%
	Semiconductor	<b>Wafer Transfer</b>	19,939	62.2%	<b>19,731</b>	<b>58.0%</b>	△208	△1.0%
		Others	12,127	37.8%	14,316	42.0%	+2,189	+18.1%
	Other Automatic Labor-saving Equipment	<b>Organic EL</b>	5,748	34.7%	<b>4,739</b>	<b>24.8%</b>	△1,008	△17.6%
		Others	10,823	65.3%	14,383	75.2%	+3,559	+32.9%
Sales	Automotive	<b>EV</b>	14,010	53.7%	<b>19,723</b>	<b>65.1%</b>	+5,712	+40.8%
		Others	12,099	46.3%	10,575	34.9%	△1,523	△12.6%
	Semiconductor	<b>Wafer Transfer</b>	13,637	65.2%	<b>15,398</b>	<b>53.2%</b>	+1,760	+12.9%
		Others	7,291	34.8%	13,556	46.8%	+6,265	+85.9%
	Other Automatic Labor-saving Equipment	<b>Organic EL</b>	6,209	34.5%	<b>5,529</b>	<b>32.6%</b>	△679	△10.9%
		Others	11,793	65.5%	11,422	67.4%	△370	△3.1%

# I. FY2022 Full Year Results (Consolidated)

## Operating Profit and Operating Profit Ratio by Business Segment

- **Automobile** : Operating profit ratio improved significantly due to cost ratio reductions.
- **Semiconductor** : The significant increase in sales contributed to the increase in operating income.

(Units in millions of Yen)

	Automobile		Semiconductor		Other Automatic Labor-saving Equipment		Others		Consolidation elimination		Total	
	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022
Sales	26,109	<b>30,298</b>	20,928	<b>28,954</b>	18,002	<b>16,952</b>	2,051	<b>2,238</b>	△5	△0	67,087	<b>78,443</b>
Operating income	599	<b>1,559</b>	2,440	<b>3,445</b>	712	<b>930</b>	97	△19	6	4	3,856	<b>5,920</b>
Operating income ratio	2.3%	<b>5.1%</b>	11.7%	<b>11.9%</b>	4.0%	<b>5.5%</b>	4.7%	△0.9%	-	-	5.7%	<b>7.5%</b>

## Countermeasures for Impact of External Environment on Business

Major External Environment	Impact on Business	Countermeasures
Soaring raw material prices/Insufficient supply of raw materials and components	<ul style="list-style-type: none"> <li>•Deterioration of cost ratio due to price hikes</li> <li>•Longer procurement lead time (It also affects production lead time)</li> </ul>	<ul style="list-style-type: none"> <li>•Advance arrangement of parts and materials</li> <li>•Price revision from new orders and reflection in quotations</li> <li>•Developing new suppliers globally</li> <li>•Sourcing from regions with low currency impact</li> <li>•Design change</li> </ul>
Lockdown in China	<ul style="list-style-type: none"> <li>•Difficulty in procurement of parts and materials</li> </ul>	
Rapid exchange rate fluctuations	<ul style="list-style-type: none"> <li>•Increase in procurement costs of overseas procured goods(raw materials and components) due to yen depreciation</li> </ul>	

# I. FY2022 Full Year Results (Consolidated)

## Balance Sheet · Key Management Indicators

(Units in millions of Yen)

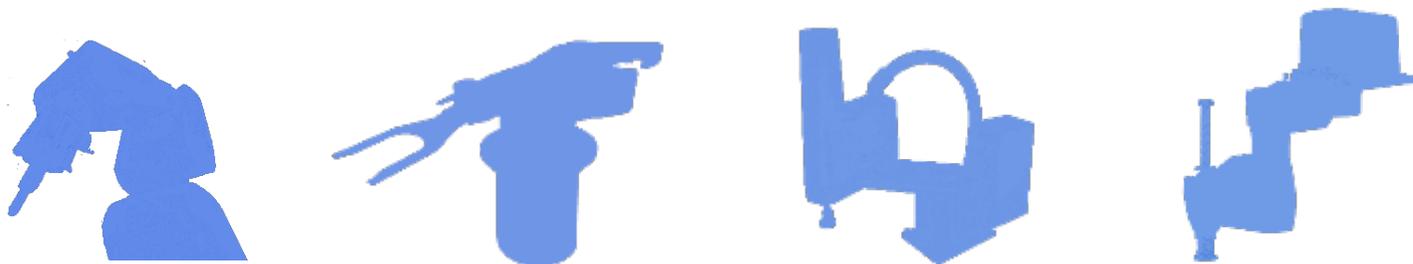
Assets	FY2021	FY2022	YoY Change
Current Assets	67,003	<b>79,655</b>	<b>+12,651</b>
Cash and deposits	12,939	11,134	△1,804
Trade receivables, etc.	40,818	51,435	+10,617
Inventories	10,567	14,219	+3,652
Others	2,678	2,865	+187
Tangible Assets	32,482	<b>34,867</b>	<b>+2,385</b>
Tangible Fixed Assets	23,526	24,302	+776
Intangible Fixed Assets	499	749	+249
Investment and other assets	8,456	9,815	+1,359
<b>Total Assets</b>	<b>99,485</b>	<b>114,522</b>	<b>+15,036</b>

Liabilities	FY2021	FY2022	YoY Change
Current Liabilities	31,612	<b>43,193</b>	<b>+11,581</b>
Fixed Liabilities	12,935	<b>11,754</b>	△1,181
<b>Total Liabilities</b>	<b>44,547</b>	<b>54,947</b>	<b>+10,399</b>

Net Assets	FY2021	FY2022	YoY Change
<b>Total Net Assets</b>	<b>54,938</b>	<b>59,575</b>	<b>+4,637</b>

Key Management Indicators	FY2021	FY2022	YoY Change
PBR	1.03x	<b>1.20x</b>	<b>+0.17x</b>
ROE	5.1%	<b>7.5%</b>	<b>+2.4pt</b>
Equity Ratio	54.8%	<b>51.7%</b>	△3.1pt

## II. FY2023 Full Year Forecasts (Consolidated)



**Hirata**

## II. FY2023 Full Year Forecasts (Consolidated)

### Full Year Forecast

■ Sales:90 billion yen, Operating income:5.4 billion yen  
Forecast for increase in sales and decrease in income

(Units in millions of Yen)

	FY2022		FY2023		YoY change	
	Actual results		Full year forecast		Amount of +/-	Percentage of +/-
<b>Sales</b>	78,443	-	<b>90,000</b>	-	<b>+11,556</b>	<b>+14.7%</b>
Automobile	30,298	-	38,000	-	+7,701	+25.4%
Semiconductor	28,954	-	31,000	-	+2,045	+7.1%
Other Automatic Labor-saving Equipment	16,952	-	18,000	-	+1,047	+6.2%
Others	2,238	-	3,000	-	+761	+34.1%
<b>Operating profit (%)</b>	5,920	(7.5%)	<b>5,400</b>	<b>(6.0%)</b>	<b>△520</b>	<b>△8.8%</b>
<b>Ordinary profit (%)</b>	5,802	(7.4%)	<b>5,500</b>	<b>(6.1%)</b>	<b>△302</b>	<b>△5.2%</b>
Profit attributable to owners of parent(%)	4,269	(5.4%)	<b>3,900</b>	<b>(4.3%)</b>	<b>△369</b>	<b>△8.7%</b>

## II. FY2023 Full Year Forecasts (Consolidated)

### Key Points of Full Year Forecasts (Sales)

We have a record-high order backlog at the beginning of the period and expect a favorable environment for orders to continue in the EV's and semiconductor market, etc. Therefore, we forecast a year-on-year increase in revenues.

(Units in millions of Yen)

	FY2022 Actual results	FY2023 Full year forecast	YoY change	
			Amount of +/ -	Percentage of +/ -
Sales	78,443	90,000	+11,556	+14.7%

### <Future outlook by segment>

#### 【Automobile-related business】

- A global shift to EV is accelerating toward the realization of a decarbonized society, and orders are expected to continue accompanying the expansion of capital investment in the EV market.

#### 【Semiconductor-related business】

- Although the overall semiconductor market is in a global inventory adjustment phase, the impact on us is limited. Therefore, we expect receiving orders as demand recovers from the second half of 2023.

- Continued capital investment is expected to continue in power semiconductors for automotive applications, especially EVs.

#### 【Other Automatic Labor-saving Equipment】

- Capital investment in FPD related business is expected to decline due to manufacturers' postponement of investment as a result of the deterioration in the Flat Panel Display market.

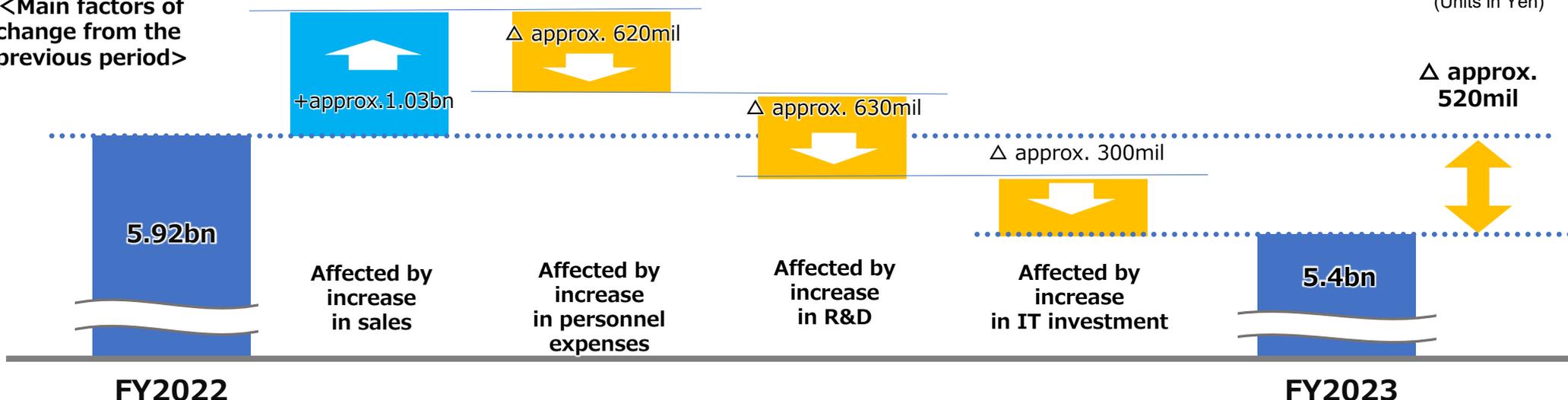
# II. FY2023 Full Year Forecasts (Consolidated)

## Key Points of Full Year Forecasts (Operating income)

We will aggressively invest in human resources, products, and IT infrastructure in order to enhance profitability and strengthen the management base for next phase of growth. Therefore, we forecast a year-on-year decrease in profit

<Main factors of change from the previous period>

(Units in Yen)



Details of profit and loss impact	Impact amount	Details
① Human capital investment	+620 million yen	<ul style="list-style-type: none"> <li>Recruitment will be increased for future increase in demand.</li> <li>Increased personnel costs to cope with rapidly rising prices and to acquire stable human resources.</li> </ul>
② R&D investment	+630 million yen	<ul style="list-style-type: none"> <li>Accelerate development of next-generation products in existing businesses</li> <li>Accelerate the development of infrastructure for biological genetic resources research</li> </ul>
③ System investment	+300 million yen	<ul style="list-style-type: none"> <li>Updating core systems such as ERP, PLM and so on to further improve operational efficiency, productivity, and quality.</li> </ul>

※ERP(Enterprise Resources Planning) : This is a system to manage accounting, sales, inventory control, production, etc. across the board.

※PLM(Product Lifecycle Management) : This system centrally manages information on product design, procurement, manufacturing, sales, and maintenance associated with production activities.

## II. FY2023 Full Year Forecasts (Consolidated)

### Transition and Forecast of Dividends and Dividend Ratio per Share

(Units in Yen)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Dividends per Share	125.00	40.00	65.00	65.00	<b>90.00</b>	<b>90.00</b>
Dividend Ratio(%)	28.4	23.8	16.6	25.2	<b>21.9</b>	<b>24.0</b>

Note: Dividend ratio is on a consolidated basis.

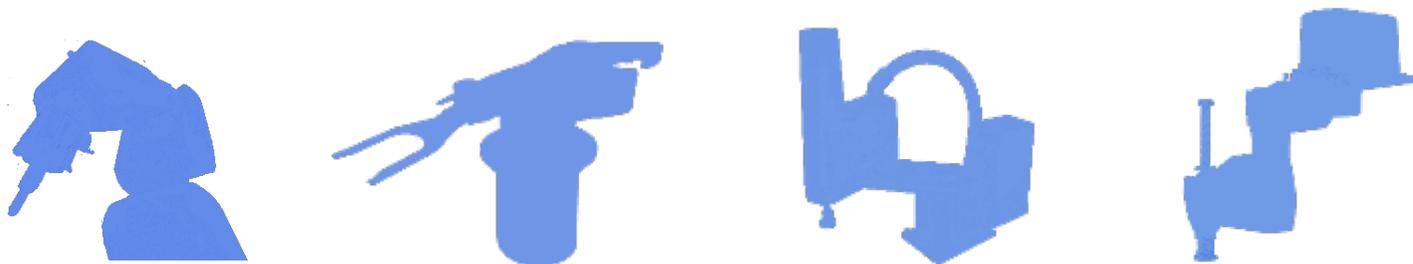
### About Dividend Forecast

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.

As for the annual dividends for the current fiscal year, we decided to pay 90 yen per share after comprehensively considering the aforementioned basic policy and the business environment in which we are operating. We forecast a dividend of 90 yen per share for the next fiscal year.

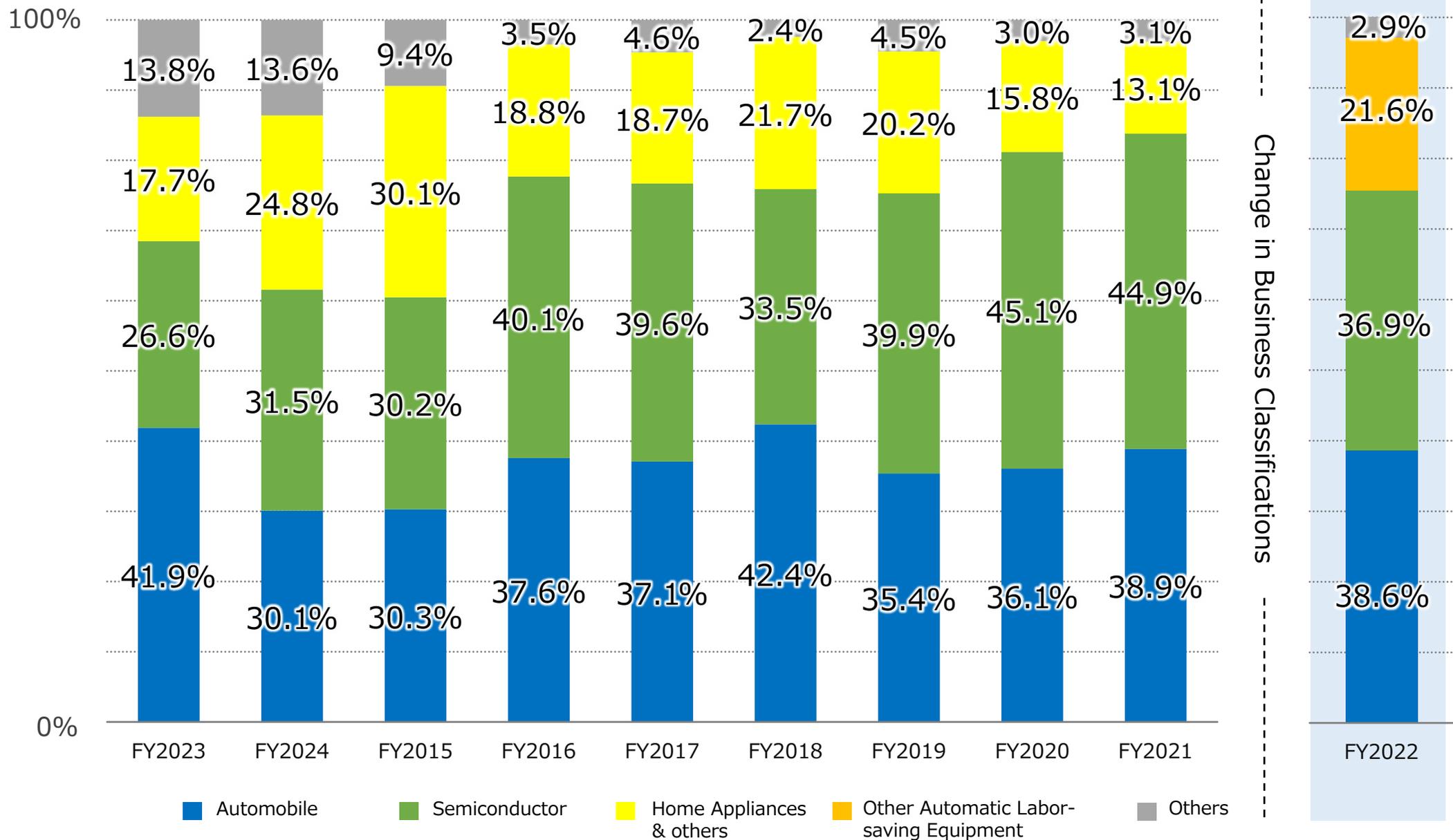
# III. Reference Data

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# III. Reference Data

## Breakdown of Sales by Business Segment

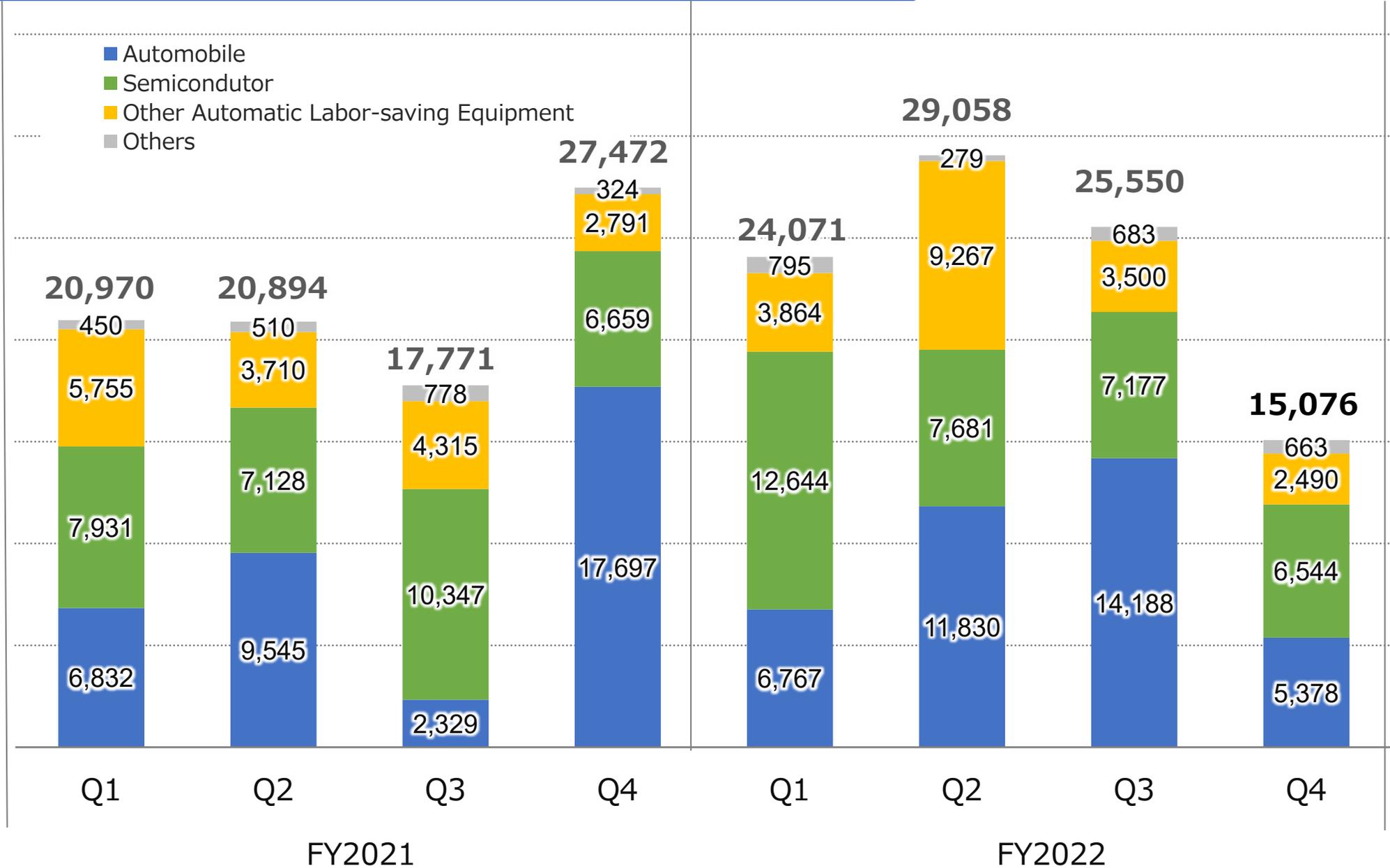


※We changed our business classifications effective from the first quarter of FY2022.

# III. Reference Data

## Quarterly Trends of Received Orders by Business Segment

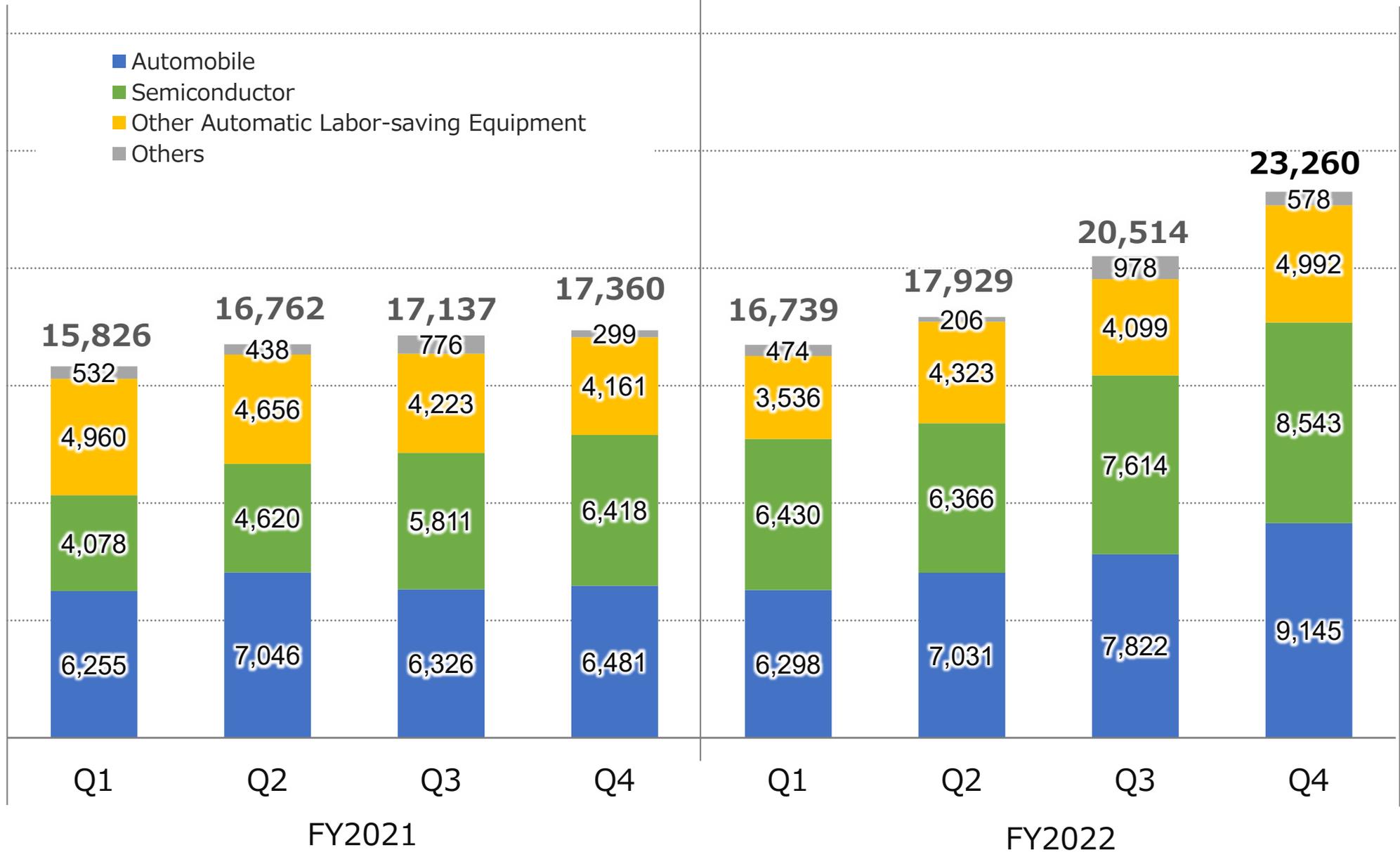
(Units in millions of Yen)



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## Quarterly Trends of Sales by Business Segment

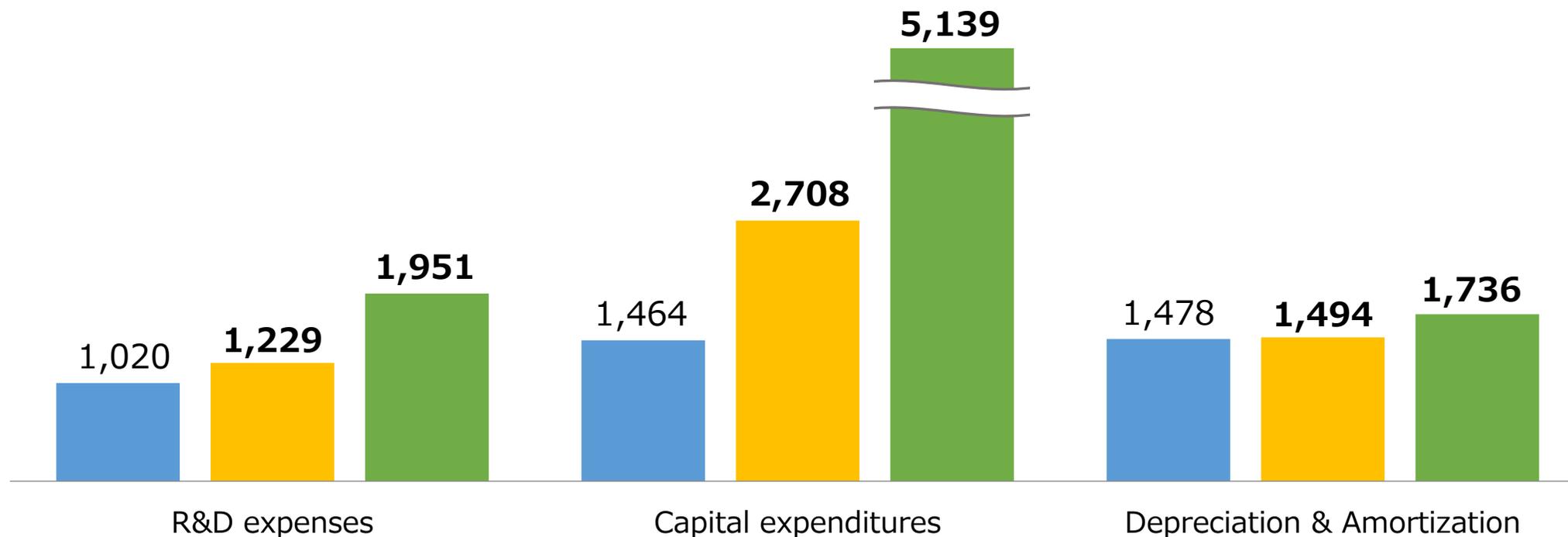
(Units in millions of Yen)



## R&D, CAPEX, Depreciation and Amortization

■ FY2021    ■ FY2022    ■ Forecast for FY2023

(Units in millions of Yen)



Investment plan		Investment impact (FY2023 plan)
R&D expenses	R&D of existing businesses	Approx.1.38 billion yen
	Research of biogenetic resources	Approx.560 million yen
Capital investment	Increase production capacity and productivity	Approx.2.43 billion yen
	Research and development facilities	Approx.1.37 billion yen

## Strengthening ESG management initiatives

### Actual records for FY2022

2022 April	<ul style="list-style-type: none"> <li>● We moved to the prime market of Tokyo Stock Exchange.</li> </ul>
May	<ul style="list-style-type: none"> <li>● We announced a new medium term management plan.                     <ul style="list-style-type: none"> <li>• We established “Strengthening ESG Management Initiatives” as a basic policy.</li> <li>• We identified 10 materiality (key issues).</li> </ul> </li> </ul>
June	<ul style="list-style-type: none"> <li>● Two female directors and one female auditor were appointed.</li> <li>● We disclosed a skill matrix.</li> </ul>
October	<ul style="list-style-type: none"> <li>● We established Hirata group human rights policy.</li> </ul>
November	<ul style="list-style-type: none"> <li>● We expressed our support for TCFD proposal and disclosed items requested for disclosure.</li> <li>● We revised our procurement basic policy.</li> <li>● We revised Hirata CSR procurement guide line.</li> </ul>
December	<ul style="list-style-type: none"> <li>● We published the first issue of the Integrated Report.</li> </ul>
2023 February	<ul style="list-style-type: none"> <li>● The Board of Directors approved the transition to a company with an Audit Committee.</li> </ul>

### Plan for FY2023

- Sustainability promotion committee will be in full swing.
  - We set up five working groups based on the identified 10 materiality (key issues).
  - We held the first committee meeting in April, 2023.

**Sustainability promotion committee**

- 1. Green Factory WG**
- 2. Green Market/Product WG**
- 3. Brings out the best in every person WG**
- 4. Supply Chain WG**
- 5. Corporate Governance WG**

- We move to a company with an audit committee.
  - We move to a company with an audit committee after approval at the General Meeting of Shareholders on June 23.
  - We will strengthen the supervisory function of the Board of Directors and further enhance the monitoring system by making Audit and Supervisory Committee members, who are responsible for auditing the execution of duties by directors, member of the Board of Directors.

## Receipt of Large-Scale POs disclosed in 2022

### 1. Receipt of a Large-scale Purchase Order for Electric Vehicle Related Equipment (July 2022)

- The expected value of the order is over 10 billion yen for EDU(Electric Drive Unit) assembly facilities for electric vehicles.
- Some of the business performance from this project is expected to contribute to our fiscal performance in FY2023 onwards.

### 2. Receipt of a Large-scale Purchase Order from a startup manufacturer in North America for Electric Vehicle Related Equipment (November 2022)

- The expected value of the order is over 7.5 billion yen for EDU(Electric Drive Unit) assembly facilities for electric vehicles.
- Some of the business performance from this project is expected to contribute to our fiscal performance in FY2023 onwards.

### <List of Large-scale Purchase Orders Hirata disclosed in the last two years>

Business Segment	Date of Disclosure		Equipment Overview	Amount of Money
Automobile	2021	Sep.	EDU(Electric Drive Unit) assembly facilities for electric vehicles for a startup manufacturer in North America	Approx. 4 billion yen
	2022	Jan.	Internal combustion engine equipment	Approx. 5.8 billion yen
		Jul.	2 lines of EDU(Electric Drive Unit) assembly facilities for electric vehicles	Over 10 billion yen
		Nov.	EDU(Electric Drive Unit) assembly facilities for electric vehicles for a startup manufacturer in North America	Over 7.5 billion yen

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.