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August 10, 2023

Consolidated Financial Results for the Three Months Ended June 30, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange, Prime Market
 Securities code: 6258
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 Scheduled date to file quarterly securities report: August 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	19,155	14.4	1,503	48.6	1,580	37.1	1,105	35.3
June 30, 2022	16,739	5.8	1,011	(24.3)	1,152	(11.1)	817	(11.0)

Note: Comprehensive income For the three months ended June 30, 2023: ¥1,266 million [7.0%]
 For the three months ended June 30, 2022: ¥1,183 million [(11.7)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	106.48	–
June 30, 2022	78.71	78.69

Note: The amount of diluted earnings per share in the three months ended June 30, 2023 is not provided because there are no potential shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	117,579	59,901	50.6
March 31, 2023	114,522	59,575	51.7

Reference: Equity
 As of June 30, 2023: ¥59,522 million
 As of March 31, 2023: ¥59,179 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	0.00	–	90.00	90.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		0.00	–	90.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	90,000	14.7	5,400	(8.8)	5,500	(5.2)	3,900	(8.7)	375.60

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023	10,756,090 shares
As of March 31, 2023	10,756,090 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2023	371,852 shares
As of March 31, 2023	371,852 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	10,384,238 shares
Three months ended June 30, 2022	10,381,222 shares

Note: Number of treasury shares at the end of period includes the number of the Company's shares held by the trust account of the stock delivery trust for officers (63,000 shares as of March 31, 2023 and 63,000 shares as of June 30, 2023).

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements in this material, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed reasonable. Actual results may differ significantly due to various factors. For the assumptions underlying the forecast, please refer to "Qualitative information on quarterly financial results for the period" on page 2 of the Attached Materials.

The supplementary materials of the quarterly financial results will be posted on the Company's website.

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1. Qualitative information on quarterly financial results for the period

(1) Explanation of operating results

During the three-month period, the economic situation surrounding the Group remained uncertain outlook due to the prolonged conflict in Ukraine, global inflation, and monetary tightening in various countries. In the U.S., capital investment slowed due to the sluggish manufacturing industry, but the economy remained firm as favorable employment conditions supported consumer spending. In Europe, consumer spending was sluggish due to high inflation, and monetary tightening continued to exert downward pressure on the economy. In China, although consumer spending recovered rapidly due to the lifting of the zero-COVID policy, the real estate market and exports were sluggish and the economy showed a decelerating trend. In Japan, capital investment increased moderately against the backdrop of improved corporate earnings. In addition, personal consumption also maintained a recovery trend due to favorable employment conditions.

In this business environment, entering the second year of the Mid-Term Management Plan (FY2022–FY2024), the Group will continue to implement a variety of measures to further accelerate efforts under the four basic policies of “Business expansion in growth markets,” “Strengthening competitiveness as a global company,” “Strengthening ESG management initiatives,” and “Realization of management in line with the new normal era.”

During the three-month period, both net sales and profit increased from the same period of the previous fiscal year due to a significant increase in sales of electric vehicle (EV)-related production equipment and an improvement in the cost of sales ratio of semiconductor-related production equipment. As a result, net sales for the three-month period were ¥19,155 million (up 14.4% year on year), operating profit was ¥1,503 million (up 48.6% year on year), ordinary profit was ¥1,580 million (up 37.1% year on year), and profit attributable to owners of parent was ¥1,105 million (up 35.3% year on year).

Segment information is as follows.

(i) Automobile-related business

In the automobile-related business, both net sales and profits remained firm due to increased capital investment from automobile manufacturers as a result of the accelerated global EV shift. As a result, net sales were ¥8,079 million (up 28.3% year on year), and operating profit was ¥498 million (up 184.0% year on year).

(ii) Semiconductor-related business

In the semiconductor-related business, although the overall semiconductor market is slowing down, the impact on the Group has been limited, and semiconductor equipment manufacturers continued to make capital investments, resulting in firm net sales and profits. As a result, net sales were ¥7,765 million (up 20.8% year on year), and operating profit was ¥1,096 million (up 85.0% year on year).

(iii) Other automatic labor-saving equipment

In the other automatic labor-saving equipment, both net sales and profits were weak due to a decrease in capital investment in equipment related to organic electroluminescence (organic EL) and the postponement of investment plans by home appliance manufacturers. As a result, net sales were ¥2,811 million (down 20.5% year on year), and operating loss was ¥70 million (operating profit of ¥251 million for the same period of the previous fiscal year).

(2) Explanation of financial position

(Assets)

Total assets at the end of the first quarter of the current fiscal year increased ¥3,056 million from the end of the previous fiscal year to ¥117,579 million. The main breakdown was an increase of ¥703 million in trade receivables (notes and accounts receivable - trade, and contract assets, and electronically recorded monetary claims - operating), an increase of ¥1,290 million in property, plant, and equipment from machinery and equipment at the Kumamoto Plant, and an increase of ¥504 million in investment securities.

(Liabilities)

Liabilities increased ¥2,730 million from the end of the previous fiscal year to ¥57,677 million. The main breakdown was a decrease of ¥1,096 million in trade payables (notes and accounts payable - trade and electronically recorded obligations - operating) and an increase of ¥3,503 million in debt with interest (short-term borrowings and long-term borrowings) due to increased demand for funds in response to rising capital investment and production.

(Net assets)

Net assets increased ¥326 million from the end of the previous fiscal year to ¥59,901 million. The main breakdown was an increase of ¥165 million in retained earnings due to the recording of ¥1,105 million in profit attributable to owners of parent and ¥940 million in dividends paid. As a result, the equity-to-asset ratio fell to 50.6% from 51.7% at the end of the previous fiscal year.

(3) Explanation of future forecast information such as consolidated financial results forecasts

There is no change to the earnings forecasts for the fiscal year ending March 31, 2024, disclosed on May 12, 2023.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	11,134,387	11,368,689
Notes and accounts receivable - trade, and contract assets	42,972,283	42,993,893
Electronically recorded monetary claims - operating	8,463,652	9,145,923
Inventories	14,219,410	14,517,840
Other	2,875,248	2,623,389
Allowance for doubtful accounts	(9,751)	(9,863)
Total current assets	79,655,230	80,639,873
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,888,319	10,799,023
Machinery, equipment and vehicles, net	1,828,466	2,715,381
Tools, furniture and fixtures, net	847,437	1,016,218
Land	9,850,292	9,854,423
Construction in progress	887,729	1,207,598
Total property, plant and equipment	24,302,245	25,592,645
Intangible assets		
Leasehold interests in land	25,781	25,781
Software	434,557	488,967
Other	289,491	320,975
Total intangible assets	749,829	835,723
Investments and other assets		
Investment securities	2,328,139	2,832,542
Distressed receivables	1,019	1,042
Retirement benefit asset	6,182,143	6,419,878
Deferred tax assets	239,430	225,182
Other	1,389,633	1,357,713
Allowance for doubtful accounts	(324,884)	(324,886)
Total investments and other assets	9,815,482	10,511,473
Total non-current assets	34,867,558	36,939,842
Total assets	114,522,788	117,579,715

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,966,957	6,136,271
Electronically recorded obligations - operating	4,800,696	4,534,685
Short-term borrowings	12,612,145	14,664,375
Current portion of long-term borrowings	9,407,156	9,574,324
Accounts payable - other	942,786	851,056
Accrued expenses	3,276,392	2,274,990
Income taxes payable	781,179	225,391
Contract liabilities	3,033,178	3,071,242
Provision for bonuses	88,247	27,293
Provision for bonuses for directors (and other officers)	123,306	-
Provision for product warranties	376,614	434,190
Provision for loss on construction contracts	138,227	136,324
Other	646,237	1,527,953
Total current liabilities	43,193,125	43,458,099
Non-current liabilities		
Long-term borrowings	7,738,188	9,022,690
Provision for share awards for directors (and other officers)	125,514	142,100
Deferred tax liabilities	749,791	1,089,268
Deferred tax liabilities for land revaluation	2,023,008	2,023,008
Other	1,117,516	1,942,742
Total non-current liabilities	11,754,017	14,219,809
Total liabilities	54,947,143	57,677,909
Net assets		
Shareholders' equity		
Share capital	2,633,962	2,633,962
Capital surplus	14,319,556	14,319,556
Retained earnings	37,381,654	37,547,057
Treasury shares	(2,429,350)	(2,429,350)
Total shareholders' equity	51,905,823	52,071,226
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	668,114	1,027,493
Deferred gains or losses on hedges	198,362	(116,471)
Revaluation reserve for land	4,500,520	4,500,520
Foreign currency translation adjustment	1,667,364	1,796,799
Remeasurements of defined benefit plans	239,726	242,852
Total accumulated other comprehensive income	7,274,089	7,451,194
Non-controlling interests	395,732	379,385
Total net assets	59,575,645	59,901,806
Total liabilities and net assets	114,522,788	117,579,715

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

(Quarterly consolidated statement of income) (cumulative)

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	16,739,911	19,155,239
Cost of sales	13,545,387	15,014,977
Gross profit	3,194,524	4,140,261
Selling, general and administrative expenses	2,182,617	2,636,374
Operating profit	1,011,906	1,503,886
Non-operating income		
Interest income	14,286	11,793
Dividend income	176	1,184
Foreign exchange gains	-	38,541
Subsidy income	209,087	3,833
Rental income	14,785	34,851
Gain on sale of scrap metal	11,482	7,761
Other	19,916	8,152
Total non-operating income	269,735	106,118
Non-operating expenses		
Interest expenses	20,326	26,975
Foreign exchange losses	80,957	-
Other	27,865	2,894
Total non-operating expenses	129,149	29,869
Ordinary profit	1,152,491	1,580,135
Extraordinary income		
Gain on sale of non-current assets	3,063	1,019
Gain on sale of investment securities	-	15,364
Total extraordinary income	3,063	16,384
Extraordinary losses		
Loss on retirement of non-current assets	0	106
Loss on sale of non-current assets	-	135
Total extraordinary losses	0	242
Profit before income taxes	1,155,554	1,596,278
Income taxes	352,576	509,525
Profit	802,978	1,086,752
Loss attributable to non-controlling interests	(14,094)	(18,972)
Profit attributable to owners of parent	817,072	1,105,725

(Quarterly consolidated statement of comprehensive income) (cumulative)

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	802,978	1,086,752
Other comprehensive income		
Valuation difference on available-for-sale securities	5,787	359,378
Deferred gains or losses on hedges	(95,246)	(314,834)
Foreign currency translation adjustment	474,748	132,081
Remeasurements of defined benefit plans, net of tax	(5,065)	3,105
Total other comprehensive income	380,223	179,731
Comprehensive income	1,183,202	1,266,483
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,190,166	1,282,830
Comprehensive income attributable to non-controlling interests	(6,964)	(16,346)

**(3) Notes on quarterly consolidated financial statements
(Notes on going concern assumption)**

Not applicable.

(Notes when there is a significant change in the amount of shareholders' equity)

Not applicable.

(Segment information)

I Three months ended June 30, 2022

- Information on the amount of net sales and profit or loss by reportable segment, and information on the decomposition of revenue

(Thousands of yen)

	Reportable segments				Others (Note)	Total
	Automobile- related business	Semiconductor- related business	Other automatic labor-saving equipment	Total		
Net sales						
Goods or services transferred at a point in time	404,680	4,394,805	1,032,257	5,831,743	467,615	6,299,359
Goods or services transferred over time	5,894,057	2,035,651	2,504,219	10,433,927	–	10,433,927
Revenue from contracts with customers	6,298,737	6,430,456	3,536,476	16,265,671	467,615	16,733,286
Other revenue	–	–	–	–	6,625	6,625
Sales to external customers	6,298,737	6,430,456	3,536,476	16,265,671	474,240	16,739,911
Intersegment sales and transfers	–	–	–	–	377	377
Total	6,298,737	6,430,456	3,536,476	16,265,671	474,618	16,740,289
Segment profit (loss)	175,573	592,969	251,390	1,019,933	(9,167)	1,010,766

Note: The “Others” classification is a segment that is not included in reportable segments and includes the solar power generation related operations and the point and customer management system related operations of the Company’s subsidiary.

- Difference between the total amount of profit or loss of reportable segments and the amount recorded in the quarterly consolidated statement of income, and the main details of the difference (matters concerning variance adjustment)

(Thousands of yen)

Profit	Amount
Reportable segment total	1,019,933
Profit of the “Others” classification	(9,167)
Elimination of intersegment transactions	1,140
Operating profit in the quarterly consolidated statement of income	1,011,906

II Three months ended June 30, 2023

1. Information on the amount of net sales and profit or loss by reportable segment, and information on the decomposition of revenue

(Thousands of yen)

	Reportable segments				Others (Note)	Total
	Automobile- related business	Semiconductor- related business	Other automatic labor-saving equipment	Total		
Net sales						
Goods or services transferred at a point in time	106,993	6,379,161	1,149,593	7,635,748	466,390	8,102,138
Goods or services transferred over time	7,972,278	1,386,748	1,662,404	11,021,431	26,608	11,048,040
Revenue from contracts with customers	8,079,271	7,765,909	2,811,998	18,657,180	492,998	19,150,179
Other revenue	–	–	–	–	5,060	5,060
Sales to external customers	8,079,271	7,765,909	2,811,998	18,657,180	498,058	19,155,239
Intersegment sales and transfers	–	–	–	–	129	129
Total	8,079,271	7,765,909	2,811,998	18,657,180	498,188	19,155,368
Segment profit (loss)	498,573	1,096,945	(70,335)	1,525,184	(22,437)	1,502,746

Note: The “Others” classification is a segment that is not included in reportable segments and includes the solar power generation related operations and the point and customer management system related operations of the Company’s subsidiary.

2. Difference between the total amount of profit or loss of reportable segments and the amount recorded in the quarterly consolidated statement of income, and the main details of the difference (matters concerning variance adjustment)

(Thousands of yen)

Profit	Amount
Reportable segment total	1,525,184
Profit of the “Others” classification	(22,437)
Elimination of intersegment transactions	1,140
Operating profit in the quarterly consolidated statement of income	1,503,886

3. Supplementary Information

Status of production, orders received, and sales

(1) Production results

The table below shows production results by segment in the three-month period.

Name of segment	Three months ended June 30, 2023 (Thousands of yen)	Year-on-year (%)
Automobile-related business	8,185,246	121.9
Semiconductor-related business	7,874,122	122.6
Other automatic labor-saving equipment	3,055,286	78.6
Others	506,598	97.9
Total	19,621,253	111.9

Note: Amounts are based on selling prices and manufacturing costs before intersegment transfers.

(2) Orders received

The table below shows orders received by segment in the three-month period.

Name of segment	Orders received (Thousands of yen)	Year-on-year (%)	Order backlog (Thousands of yen)	Year-on-year (%)
Automobile-related business	12,355,840	182.6	35,919,045	148.2
Semiconductor-related business	9,223,690	72.9	23,210,922	101.5
Other automatic labor-saving equipment	2,406,389	62.3	7,615,521	123.3
Others	582,027	73.2	672,184	92.7
Total	24,567,948	102.1	67,417,674	124.8

Note: Amounts are based on selling prices.

(3) Sales results

The table below shows sales results by segment in the three-month period.

Name of segment	Three months ended June 30, 2023 (Thousands of yen)	Year-on-year (%)
Automobile-related business	8,079,271	128.3
Semiconductor-related business	7,765,909	120.8
Other automatic labor-saving equipment	2,811,998	79.5
Others	498,058	105.0
Total	19,155,239	114.4

Note: Intersegment transactions are offset and eliminated.