

Hirata

The Global Production Engineering Company



Quarterly Financial Results for the Three-month Period Ended June 30, 2023

August, 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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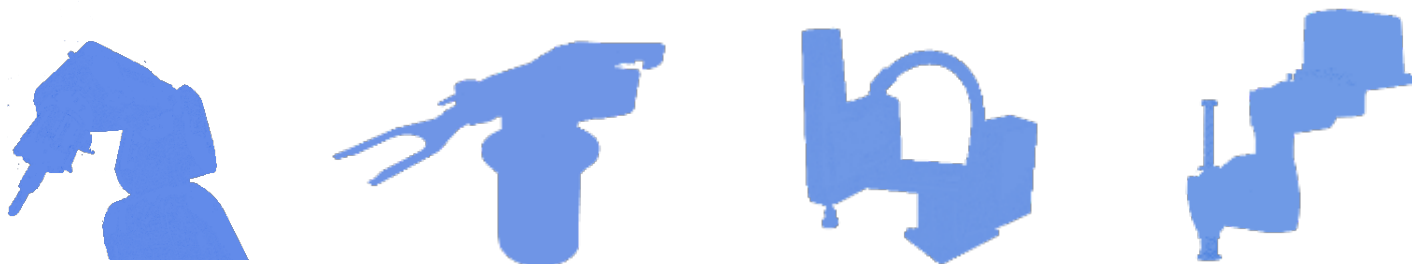
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※FY2023 First Quarter : From April 1, 2023 to June 30, 2023
FY2023 Full Year : From April 1, 2023 to March 31, 2024

I . FY2023 First Quarter Results (Consolidated)



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I . FY2023 First Quarter Results (Consolidated)

Financial Summary (accumulation for the first quarter)

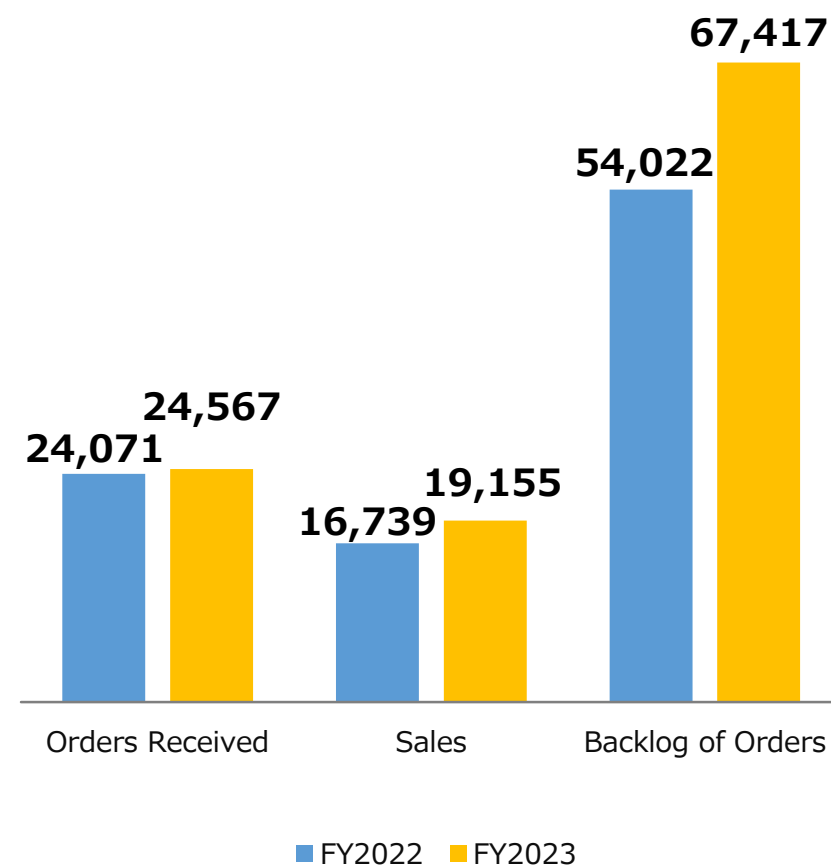
■ **Sales** : Sales remained strong in a favorable order environment, and sales in the automobile- and semiconductor-related segments increased year-on-year.

■ **Operating Profit** : Operating profit increased over the same period of the previous year due to higher sales in the automobile- and semiconductor-related segments and improved operating margin.

(Units in millions of Yen)

	FY2022	FY2023	YoY Change	
			Amount of +/-	Percentage of +/-
Orders Received	24,071	24,567	+496	+2.1%
Sales	16,739	19,155	+2,415	+14.4%
Operating Profit (profit ratio)	1,011 (6.0%)	1,503 (7.9%)	+491 (+ 1.9pt)	+48.6%
Ordinary Profit	1,152	1,580	+427	+37.1%
Profit attributable to owners of parent	817	1,105	+288	+35.3%
Backlog of Orders	54,022	67,417	+13,395	+24.8%

(Units in millions of Yen)

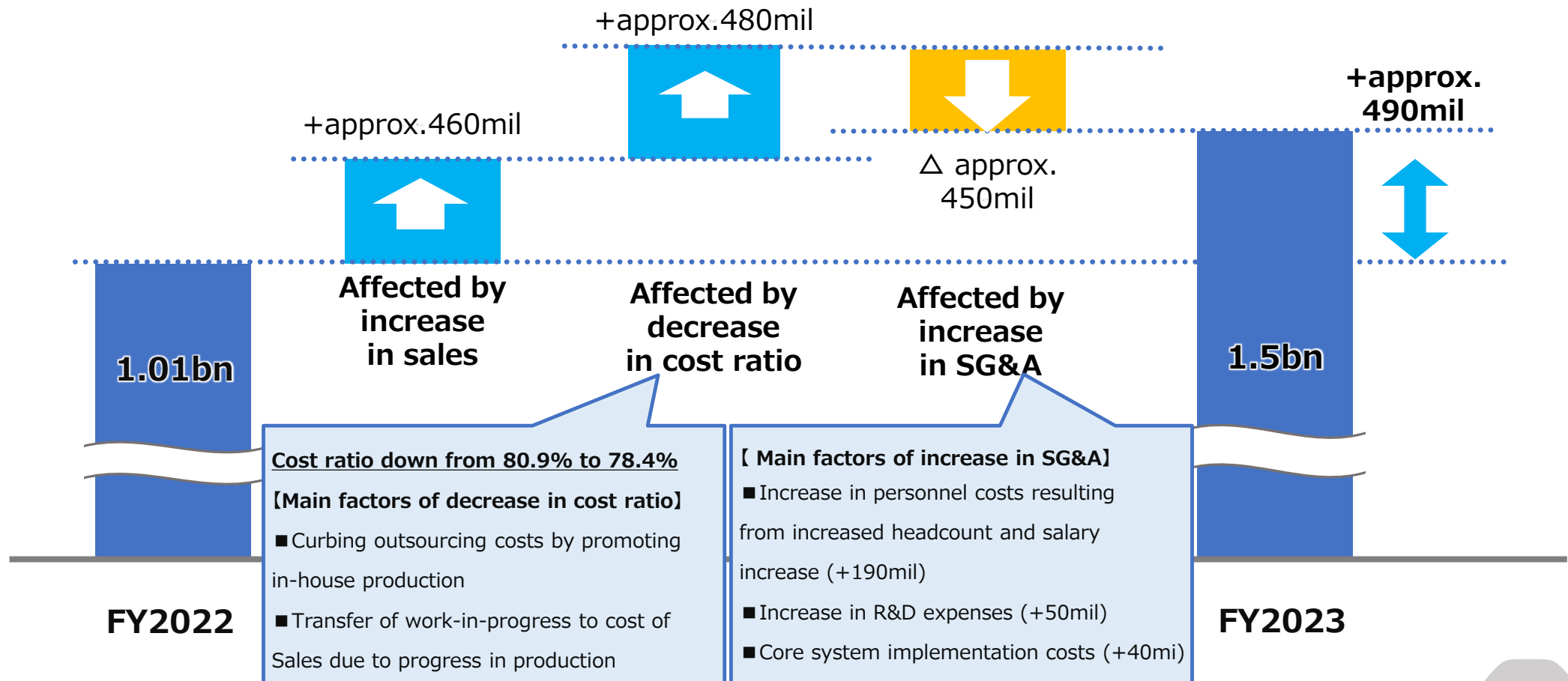


I . FY2023 First Quarter Results (Consolidated)

Factor Analysis on Changing Operating Profit (accumulation for the first quarter)

- Operating profit increased approximately 490 million 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 personnel costs resulting from increased headcount and salary increases, etc.

(Units in Yen)



I . FY2023 First Quarter Results (Consolidated)

Sales, Received Orders, and Backlog of Orders by Business Segment (accumulation for the first quarter)

(Units in millions of Yen)

	Business Segment	FY2022	FY2023	YoY Change	
				Amount of +/-	Percentage of +/-
Orders Received	Automobile	6,767	12,355	+5,587	+82.6%
	Semiconductor	12,644	9,223	△3,420	△27.1%
	Other Automatic Labor-saving Equipment	3,864	2,406	△1,457	△37.7%
	Others	795	582	△213	△26.8%
	Total	24,071	24,567	+496	+2.1%
Sales	Automobile	6,298	8,079	+1,780	+28.3%
	Semiconductor	6,430	7,765	+1,335	+20.8%
	Other Automatic Labor-saving Equipment	3,536	2,811	△724	△20.5%
	Others	474	498	+23	+5.0%
	Total	16,739	19,155	+2,415	+14.4%
Backlog of Orders	Automobile	24,245	35,919	+11,674	+48.2%
	Semiconductor	22,873	23,210	+336	+1.5%
	Other Automatic Labor-saving Equipment	6,178	7,615	+1,437	+23.3%
	Others	725	672	△53	△7.3%
	Total	54,022	67,417	+13,395	+24.8%

I . FY2023 First Quarter Results (Consolidated)

Details of Received Orders and Sales by Business Segment (accumulation for the first quarter)

- **Automobile** : Both orders and sales increased year-on-year due to continued strong EV-related capital investment and orders for large EV-related projects.
- **Semiconductor** : Orders decreased from the same period of the previous year, but maintained a high level due to demand for legacy semiconductors, etc. Sales of wafer transfer-related products were particularly strong, backed by an abundant backlog of orders at the beginning of the period, and increased year-on-year.

(Units in millions of Yen)

			FY2022		FY2023		YoY Change	
			Actual results	Segment Breakdown	Actual results	Segment Breakdown	Amount of +/-	Percentage of +/-
Received Orders	Automotive	EV	6,085	89.9%	11,315	91.6%	+5,229	+85.9%
		Others	682	10.1%	1,040	8.4%	+358	+52.5%
	Semiconductor	Wafer Transfer	5,791	45.8%	5,151	55.9%	△639	△11.0%
		Others	6,852	54.2%	4,072	44.1%	△2,780	△40.6%
	Other Automatic Labor-saving Equipment	Organic EL	256	6.6%	170	7.1%	△85	△33.4%
Others		3,607	93.4%	2,235	92.9%	△1,371	△38.0%	
Sales	Automotive	EV	3,460	54.9%	6,141	76.0%	+2,681	+77.5%
		Others	2,838	45.1%	1,937	24.0%	△901	△31.7%
	Semiconductor	Wafer Transfer	3,270	50.9%	4,588	59.1%	+1,317	+40.3%
		Others	3,159	49.1%	3,177	40.9%	+17	+0.6%
	Other Automatic Labor-saving Equipment	Organic EL	1,000	28.3%	508	18.1%	△491	△49.1%
Others		2,536	71.7%	2,303	81.9%	△233	△9.2%	

I . FY2023 First Quarter Results (Consolidated)

Operating Profit and Operating Profit Ratio by Business Segment (accumulation for the first quarter)

- **Automobile** : Operating profit ratio improved due to higher EV-related sales and increased proficiency.
- **Semiconductor** : The profit margin improved due to an increase in the sales composition of the relatively profitable wafer transfer related business.

(Units in millions of Yen)

	Automobile		Semiconductor		Other Automatic Labor-saving Equipment		Others		Consolidation elimination		Total	
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
Sales	6,298	8,079	6,430	7,765	3,536	2,811	474	498	△0	△0	16,739	19,155
Operating Profit	175	498	592	1,096	251	△70	△9	△22	1	1	1,011	1,503
Operating Profit Ratio	2.8%	6.2%	9.2%	14.1%	7.1%	△2.5%	△1.9%	△4.5%	-	-	6.0%	7.9%

Countermeasures for Impact of External Environment on Business

Major External Environment	Impact on Business	Countermeasures for negative impact
-Soaring raw materials and component prices -Insufficient supply of components	<p>【Negative impact】</p> <ul style="list-style-type: none"> •Component prices remain high. •Procurement lead time has passed its peak and is gradually improved. 	<ul style="list-style-type: none"> •Advance arrangement of parts and materials •Promotion of standardization •Price revision from new orders and reflection in quotations •Developing new suppliers globally •Design change
Exchange rate	<p>【Positive impact】</p> <ul style="list-style-type: none"> •Increased price competitiveness relative to overseas competitors due to yen depreciation (2024) <p>【Negative impact】</p> <ul style="list-style-type: none"> •Increase in procurement costs of overseas procured goods(raw materials and components) due to yen depreciation 	

I . FY2023 First Quarter Results (Consolidated)

Balance Sheet

(Units in millions of Yen)

Assets	FY2022	FY2023 1Q	YoY Change
Current Assets	79,655	80,639	+984
Cash and deposits	11,134	11,368	+234
Trade receivables, etc.	51,435	52,139	+703
Inventories	14,219	14,517	+298
Others	2,865	2,613	△251
Tangible Assets	34,867	36,939	+2,072
Tangible fixed Assets	24,302	25,592	+1,290
Intangible fixed Assets	749	835	+85
Investment and other assets	9,815	10,511	+695
Total Assets	114,522	117,579	+3,056

Liabilities	FY2022	FY2023 1Q	YoY Change
Current Liabilities	43,193	43,458	+264
Fixed Liabilities	11,754	14,219	+2,465
Total Liabilities	54,947	57,677	+2,730

Net Assets	FY2022	FY2023 1Q	YoY Change
Total Net Assets	59,575	59,901	+326

II. FY2023 Full Year Forecasts (Consolidated)



Hirata

II. FY2023 Full Year Forecasts (Consolidated)

Full Year Forecast

※There is no change to the full year forecast announced on May 12, 2023.

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

(Units in millions of Yen)

	FY2022		FY2023		YoY change	
	Actual results		Full year forecast		Amount of +/-	Percentage of +/-
Sales	78,443	-	90,000	-	+11,556	+14.7%
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	+34.0%
Operating Profit (%)	5,920	(7.5%)	5,400	(6.0%)	△520	△8.8%
Ordinary Profit (%)	5,802	(7.4%)	5,500	(6.1%)	△302	△5.2%
Profit attributable to owners of parent(%)	4,269	(5.4%)	3,900	(4.3%)	△369	△8.7%

II. FY2023 Full Year Forecasts (Consolidated)

Key Points of Full Year Forecasts (Sales)

Semiconductor related business : Although the overall market recovery is expected to be slower than projected at the beginning of the period, the impact on our sales is expected to be limited, and we have not changed our sales forecast.

(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 (as of the first quarter)>

【 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 FY2024.

- 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 panel manufacturers' postponement of investment as a result of the deterioration in the Flat Panel Display market.

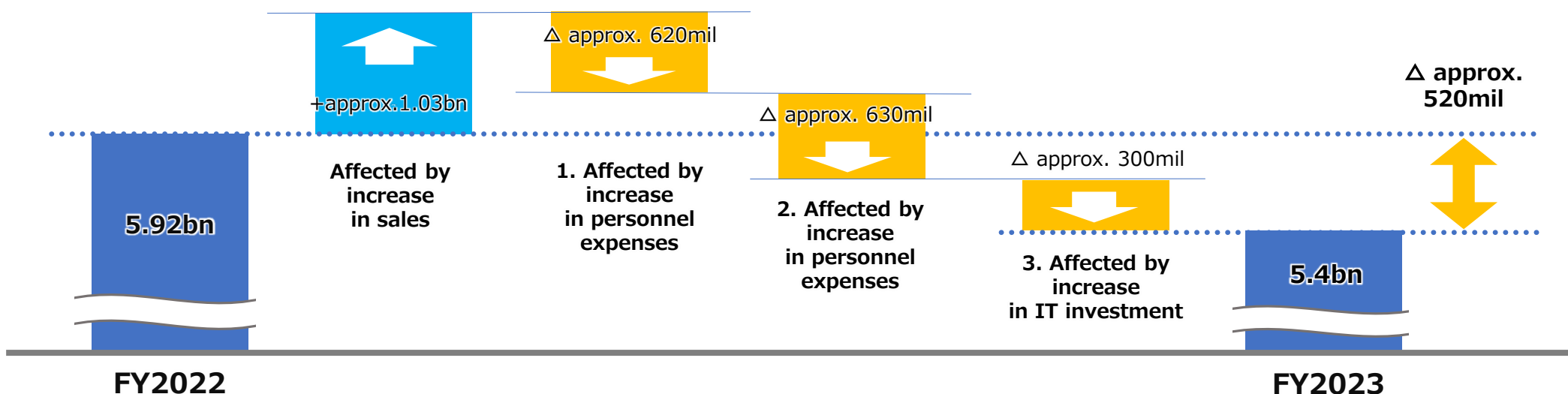
- Capital investment is expected to recovery in home appliances related fields.

II. FY2023 Full Year Forecasts (Consolidated)

Key Points of Full Year Forecasts (Operating profit)

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>



Details of profit and loss impact	Impact amount		Details
	Plan for FY2023	Actual results for Q1	
1. Human capital investment	△620 million yen	△190 million yen	<ul style="list-style-type: none"> Recruitment will be increased for future increase in demand. Increased personnel costs to cope with rapidly rising prices and to acquire stable human resources.
2. R&D investment	△630 million yen	△50 million yen	<ul style="list-style-type: none"> Accelerate development of next-generation products in existing businesses Accelerate the development of infrastructure for biological genetic resources research
3. System investment	△300 million yen	△40 million yen	<ul style="list-style-type: none"> Updating core systems such as ERP*, PLM* and so on to further improve operational efficiency, productivity, and quality.

※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	90.00	90.00
Dividend Ratio(%)	28.4	23.8	16.6	25.2	21.9	24.0

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.

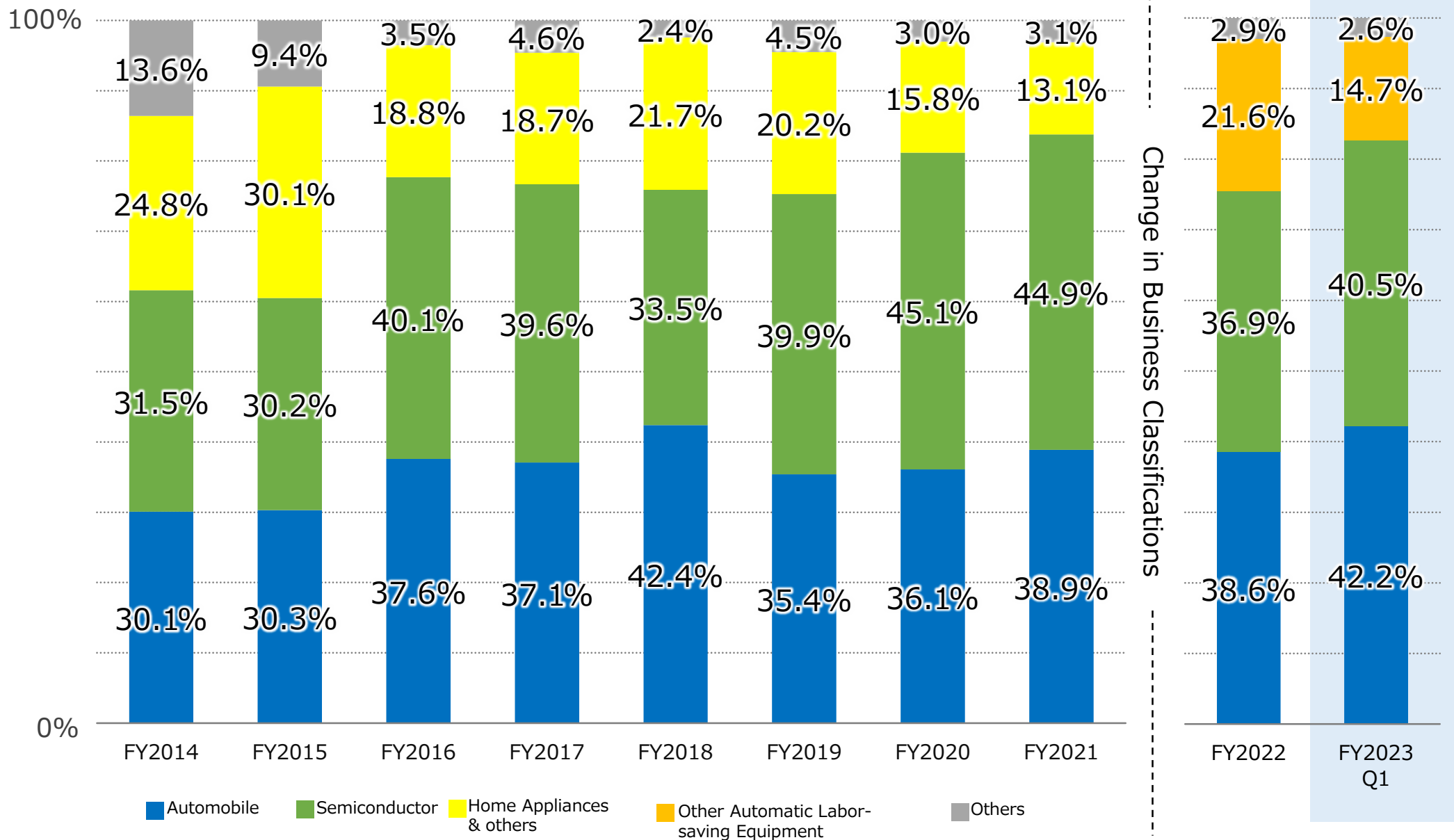
As for the annual dividends for the current fiscal year, we forecast a dividend of 90 yen per share.

III. Reference Data



III. Reference Data

Sales Composition Ratio by Business Segment

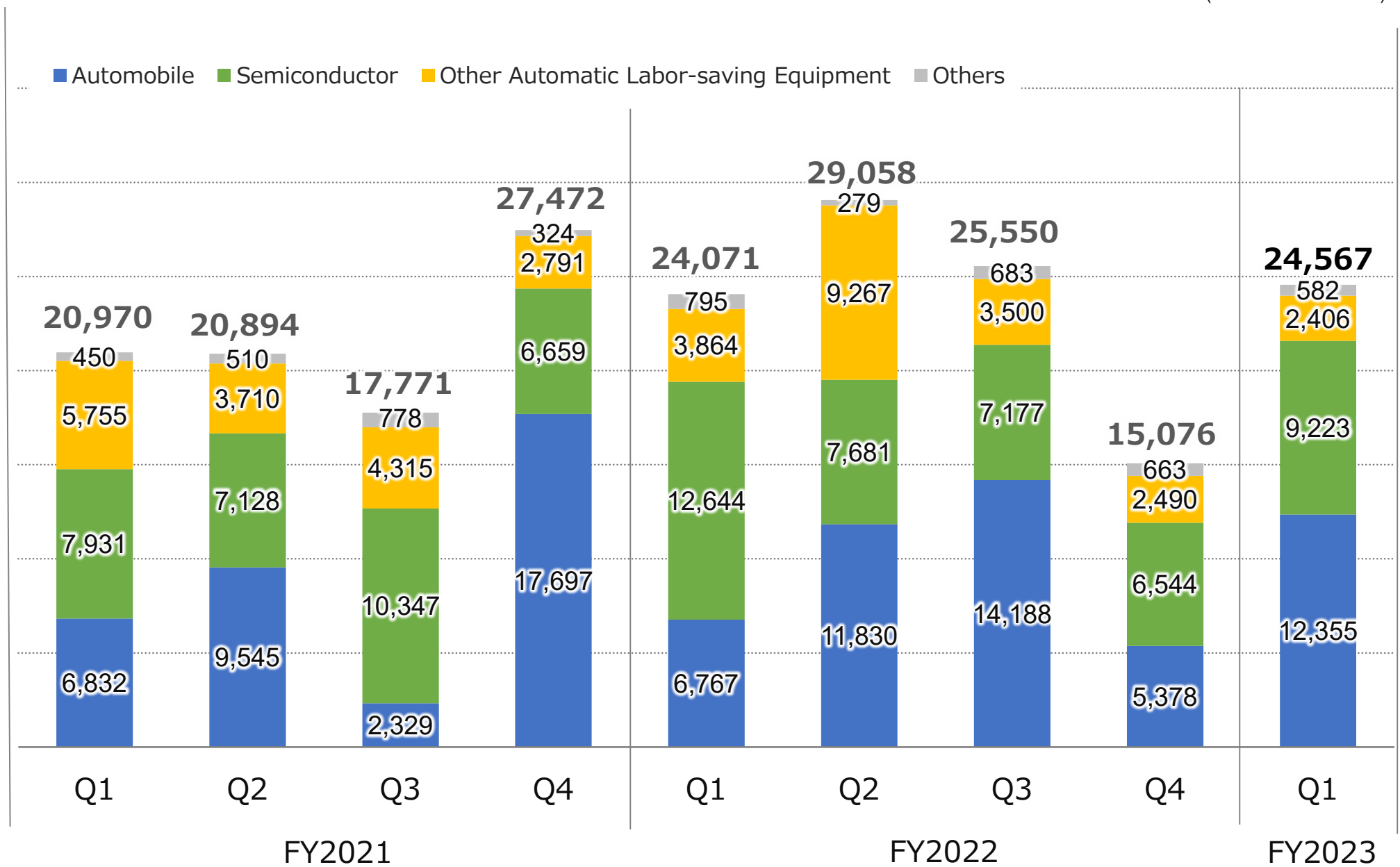


※We changed our business classifications effective from FY2022.

III. Reference Data

Quarterly Trends (Received Orders) by Business Segment

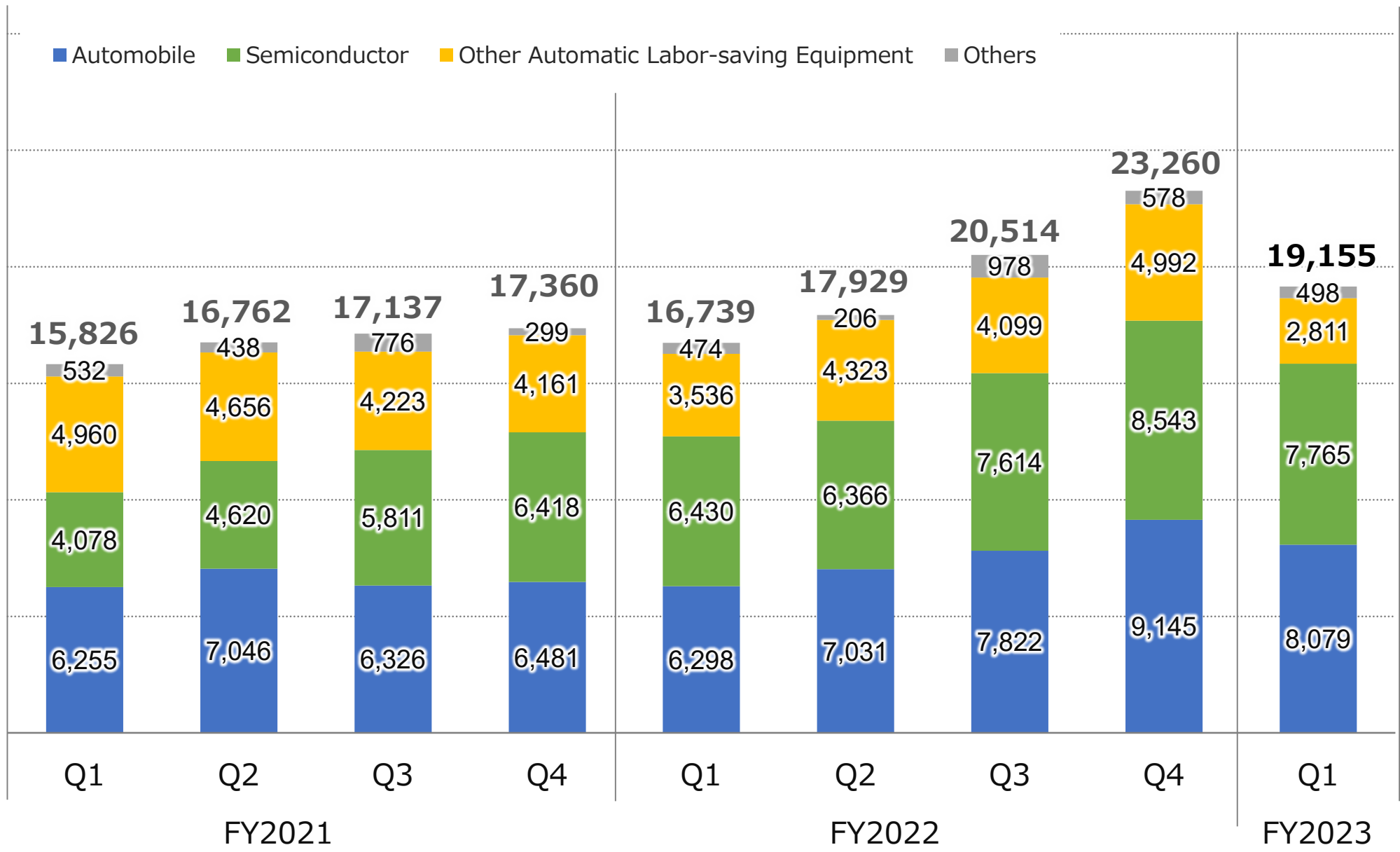
(Units in millions of Yen)



III. Reference Data

Quarterly Trends (Sales) by Business Segment

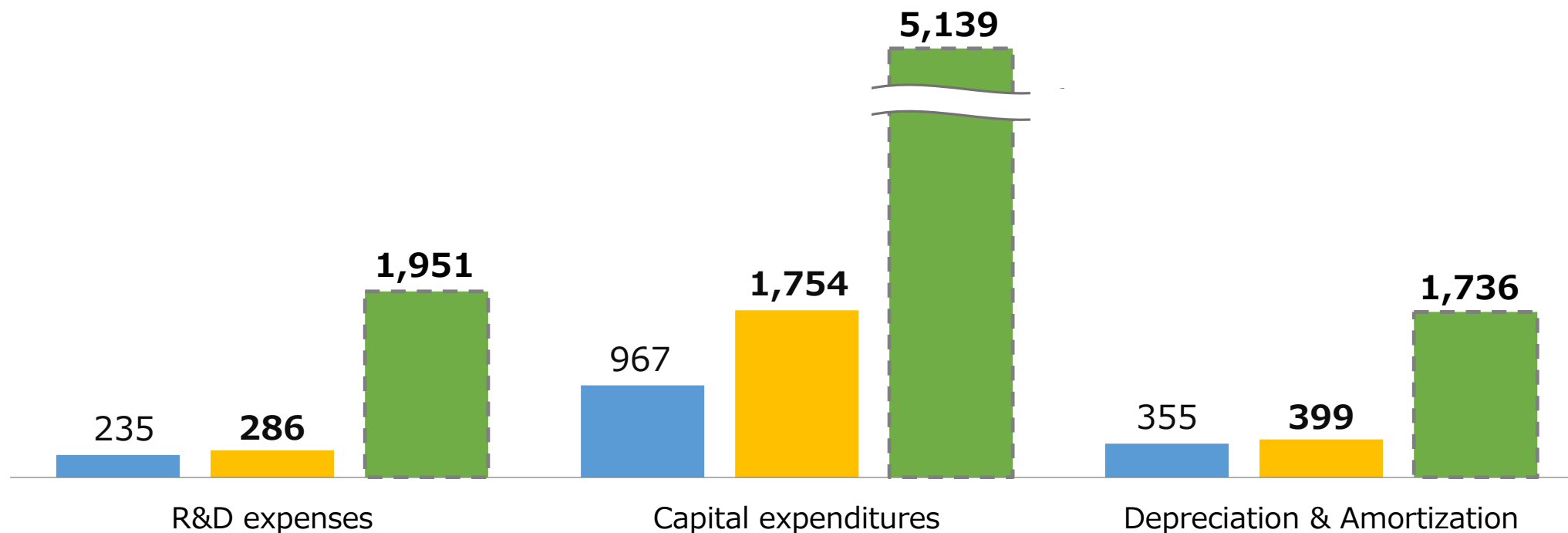
(Units in millions of Yen)



R&D, CAPEX, Depreciation and Amortization

■ FY2022 ■ FY2023 ■ Forecast for FY2023

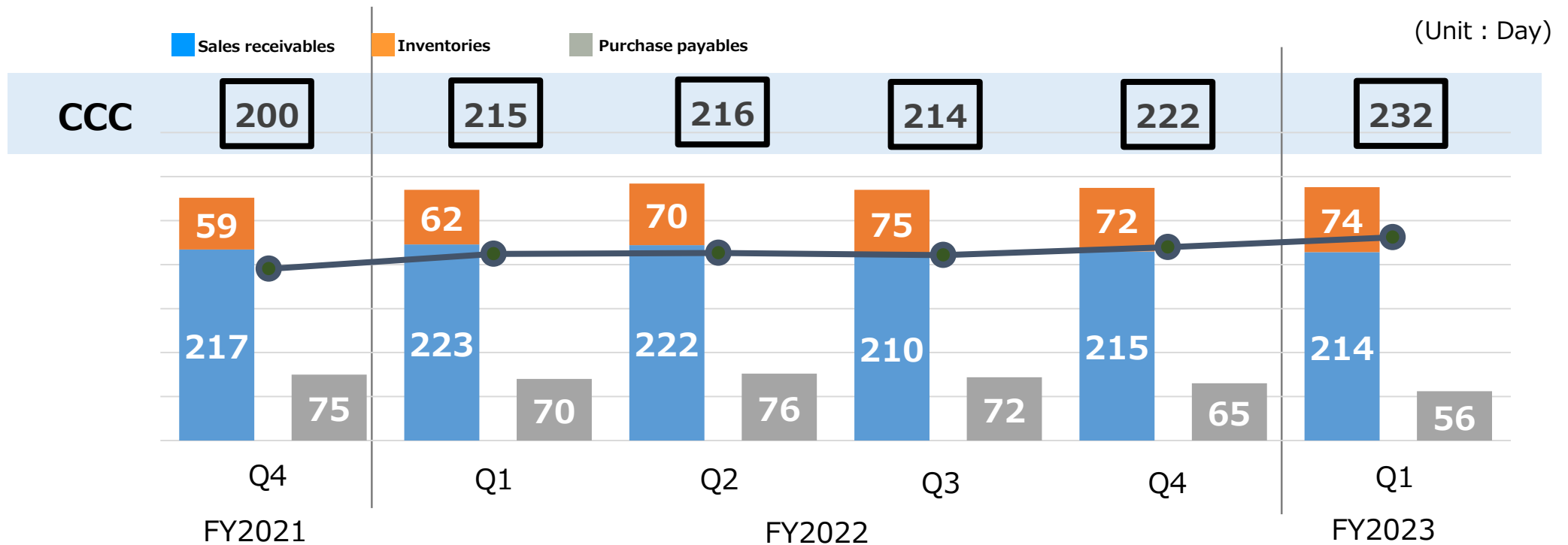
(Units in millions of Yen)



Main items		Investment impact (FY2023 plan)	Results for Q1 FY2023
R&D expenses	Next generation product development in existing businesses	Approx.1.38 billion yen	Approx.210 million yen
	Research of biogenetic resources	Approx.560 million yen	Approx.70 million yen
Capital investment	Increase production capacity and productivity	Approx.2.43 billion yen	Approx.550 million yen
	Research and development facilities	Approx.1.37 billion yen	Approx.990 million yen

Transition of CCC(Cash Conversion Cycle)

Although receivables turnover decreased due to progress in sales, CCC deteriorated year-on-year due to an increase in inventory turnover and a decrease in accounts payable turnover caused by a change in payment policy, despite a decrease in receivables turnover due to progress in sales.



<Countermeasures>

- We continue to negotiate with customers to set and increase advance payments for larger projects and projects with long delivery time, and to collect accounts receivable early.
- We strive to improve procurement lead time and promote inventory reduction.

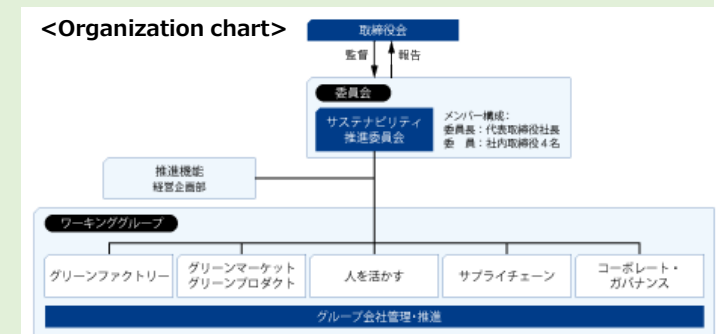
Response to the Assumed Major External Environment

Assumed major external environment (FY2023)	Assumed opportunities / risks	Major countermeasures
Carbon Neutral Initiatives in each country	<p>[Opportunity] Increase in capital expenditures related to our core automobile and semiconductor businesses</p> <p>[Risk] Lack of factory and human resources to take orders</p>	<ul style="list-style-type: none"> • Position EV and semiconductor as growth markets and concentrate resources on them. • Upfront investment in people and goods with an eye to future orders (Increase in number of personnel hired, Kansai factory reconstruction, Shichijo factory extension) • Improve QCD of existing projects in order to continue to win business from existing customers.
Increased demand due to U.S. Inflation Reduction Act (IRA)		
Establishment of new technology in the battery field	<p>[Opportunity] Demonstrate superiority through new technology tracking</p> <p>[Risk] Failure to keep up with technological innovation, and a decline in technological superiority</p>	<ul style="list-style-type: none"> • Conduct research and development in collaboration with battery related companies
Soaring raw materials and component prices	<p>[Risk] Decrease in competitiveness due to price hikes of our products</p>	<ul style="list-style-type: none"> • Reflecting price revisions and quotations from new orders • Development of new high value-added products
Shortage of parts and materials	<p>[Risk] Sales decline and deterioration of cost ratio due to production schedule delays and extended production lead times</p>	<ul style="list-style-type: none"> • Reduction in the number of required parts and materials through standardization, and securing inventory through advance arrangement

Strengthening ESG management initiatives

Sustainability promotion committee is in full swing.

- Sustainability promotion committee, which is ESG-related company-wide meeting chaired by the President and Representative Director, is in full swing and held meeting in April and July.
- Progress reports and activity plans of each working group are discussed.
- Progress will be disclosed in the integrated report, etc., as appropriate.



Selected as a component of “FTSE Blossom Japan Sector Relative Index”

- We are selected as a component of “FTSE Blossom Japan Sector Relative Index” for the first time.
- The Index is an ESG index calculated by FTSE Russell Inc.. It assesses the quality of responses to risks and opportunities related to the transition to a low-carbon economy. (605 companies are selected as of June 2023.)



**FTSE Blossom
Japan Sector
Relative Index**

Receipt of Large-Scale POs disclosed in FY2023

Receipt of a Large-scale Purchase Order for Electric Vehicle Related Equipment (June 2023)

- The expected value of the order is over 8 billion yen for EDU(Electric Drive Unit) assembly facilities for electric vehicles.
- Some of the business performance from this project will be reflected in the FY2023 forecast, and a portion is expected to contribute to the financial results in FY2024 onwards.

<List of Large-scale Purchase Orders Hirata disclosed in the last three 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
	2023	Jun.	EDU(Electric Drive Unit) assembly facilities for electric vehicles	Over 8 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.