

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 1, 2023

Company name: HIRAKAWA HEWTECH CORP.
 Stock exchange listing: Tokyo
 Stock code: 5821 URL <https://www.hewtech.co.jp>
 Representative: CEO Yuichi Shino
 Inquiries: Accounting Div. Manager Kazuaki Hoshi TEL 03-3457-1400
 Scheduled date to file Quarterly Securities Report: August 4, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

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	7,149	(7.0)	477	(20.5)	825	(7.1)	581	(37.5)
Three months ended June 30, 2022	7,689	13.2	601	12.0	888	81.0	930	177.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	41.39		–	
Three months ended June 30, 2022	66.26		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	44,474	35,771	80.4	2,546.31
As of March 31, 2023	44,269	34,134	77.1	2,429.61

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	–	14.00	–	22.00	36.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		18.00	–	18.00	36.00

3. Forecast of consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	32,000	(0.7)	2,750	(11.4)	2,800	(20.0)	2,100	(28.9)	149.49

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2023	17,627,800 shares	As of March 31, 2023	17,627,800 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	3,580,463 shares	As of March 31, 2023	3,580,463 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	14,047,337 shares	Three months ended June 30, 2022	14,047,385 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	9,224	10,142
Notes and accounts receivable - trade, and contract assets	9,125	8,073
Securities	100	–
Merchandise and finished goods	2,843	2,728
Work in process	891	873
Raw materials and supplies	5,761	5,824
Other	508	604
Allowance for doubtful accounts	(3)	(3)
Total current assets	28,451	28,242
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,872	5,097
Machinery, equipment and vehicles, net	5,819	6,067
Land	885	891
Other, net	1,019	782
Total property, plant and equipment	12,597	12,840
Intangible assets	969	1,010
Investments and other assets	2,250	2,381
Total non-current assets	15,817	16,231
Total assets	44,269	44,474

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,859	2,120
Short-term borrowings	2,064	1,719
Income taxes payable	485	297
Provision for bonuses	75	112
Other	1,338	1,279
Total current liabilities	6,823	5,530
Non-current liabilities		
Long-term borrowings	1,171	932
Retirement benefit liability	2,040	2,086
Provision for retirement benefits for directors (and other officers)	47	47
Other	52	105
Total non-current liabilities	3,311	3,172
Total liabilities	10,134	8,702
Net assets		
Shareholders' equity		
Share capital	1,555	1,555
Capital surplus	1,459	1,459
Retained earnings	28,622	28,895
Treasury shares	(2,340)	(2,340)
Total shareholders' equity	29,296	29,569
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	648	726
Foreign currency translation adjustment	4,153	5,445
Remeasurements of defined benefit plans	31	28
Total accumulated other comprehensive income	4,832	6,199
Non-controlling interests	4	2
Total net assets	34,134	35,771
Total liabilities and net assets	44,269	44,474

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	7,689	7,149
Cost of sales	5,978	5,504
Gross profit	1,711	1,644
Selling, general and administrative expenses	1,110	1,166
Operating profit	601	477
Non-operating income		
Interest income	4	31
Dividend income	9	10
Foreign exchange gains	258	292
Other	25	27
Total non-operating income	298	362
Non-operating expenses		
Interest expenses	5	8
Loss on disposal of machinery and equipment	4	5
Other	1	0
Total non-operating expenses	11	14
Ordinary profit	888	825
Extraordinary income		
Gain on sale of non-current assets	564	–
Total extraordinary income	564	–
Extraordinary losses		
Reversal of foreign currency translation adjustment	144	–
Total extraordinary losses	144	–
Profit before income taxes	1,307	825
Income taxes - current	305	232
Income taxes - deferred	71	14
Total income taxes	377	246
Profit	930	579
Loss attributable to non-controlling interests	–	(2)
Profit attributable to owners of parent	930	581

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	930	579
Other comprehensive income		
Valuation difference on available-for-sale securities	(98)	77
Foreign currency translation adjustment	1,739	1,292
Remeasurements of defined benefit plans, net of tax	(2)	(3)
Total other comprehensive income	1,637	1,367
Comprehensive income	2,568	1,946
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,568	1,948
Comprehensive income attributable to non-controlling interests	–	(2)