

Translation

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

November 2, 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: November 7, 2023
 Scheduled date to commence dividend payments: December 8, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 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 | % |
| Six months ended September 30, 2023 | 14,260 | (10.9) | 772 | (39.3) | 1,106 | (35.3) | 677 | (52.9) |
| Six months ended September 30, 2022 | 16,006 | 14.3 | 1,273 | 15.4 | 1,710 | 61.0 | 1,436 | 92.2 |

| | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2023 | 48.20 | – |
| Six months ended September 30, 2022 | 102.26 | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of September 30, 2023 | 46,303 | 36,499 | 78.8 | 2,597.62 |
| 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 | Yen | Yen | Yen | Yen |
| Year ended March 31, 2023 | – | 14.00 | – | 22.00 | 36.00 |
| Year ending March 31, 2024 | – | 18.00 | – | – | – |
| Year ending March 31, 2024 (Forecast) | – | – | – | 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 six months ended September 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 September 30, 2023 | 17,627,800 shares | As of March 31, 2023 | 17,627,800 shares |
|--------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|--------------------------|------------------|----------------------|------------------|
| As of September 30, 2023 | 3,580,507 shares | As of March 31, 2023 | 3,580,463 shares |
|--------------------------|------------------|----------------------|------------------|

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

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Six months ended September 30, 2023 | 14,047,321 shares | Six months ended September 30, 2022 | 14,047,385 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,224 | 11,369 |
| Notes and accounts receivable - trade, and contract assets | 9,125 | 8,464 |
| Securities | 100 | – |
| Merchandise and finished goods | 2,843 | 2,816 |
| Work in process | 891 | 874 |
| Raw materials and supplies | 5,761 | 5,646 |
| Other | 508 | 453 |
| Allowance for doubtful accounts | (3) | (4) |
| Total current assets | 28,451 | 29,620 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 4,872 | 5,119 |
| Machinery, equipment and vehicles, net | 5,819 | 6,126 |
| Land | 885 | 894 |
| Other, net | 1,019 | 1,122 |
| Total property, plant and equipment | 12,597 | 13,264 |
| Intangible assets | 969 | 1,019 |
| Investments and other assets | 2,250 | 2,399 |
| Total non-current assets | 15,817 | 16,682 |
| Total assets | 44,269 | 46,303 |

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,859 | 1,768 |
| Short-term borrowings | 2,064 | 2,013 |
| Income taxes payable | 485 | 527 |
| Provision for bonuses | 75 | 237 |
| Other | 1,338 | 1,680 |
| Total current liabilities | 6,823 | 6,226 |
| Non-current liabilities | | |
| Long-term borrowings | 1,171 | 1,368 |
| Retirement benefit liability | 2,040 | 2,092 |
| Provision for retirement benefits for directors (and other officers) | 47 | 48 |
| Other | 52 | 68 |
| Total non-current liabilities | 3,311 | 3,577 |
| Total liabilities | 10,134 | 9,803 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,555 | 1,555 |
| Capital surplus | 1,459 | 1,459 |
| Retained earnings | 28,622 | 28,991 |
| Treasury shares | (2,340) | (2,340) |
| Total shareholders' equity | 29,296 | 29,664 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 648 | 749 |
| Foreign currency translation adjustment | 4,153 | 6,050 |
| Remeasurements of defined benefit plans | 31 | 25 |
| Total accumulated other comprehensive income | 4,832 | 6,824 |
| Non-controlling interests | 4 | 9 |
| Total net assets | 34,134 | 36,499 |
| Total liabilities and net assets | 44,269 | 46,303 |

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

Consolidated statements of income (cumulative)

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|---|--|--|
| Net sales | 16,006 | 14,260 |
| Cost of sales | 12,453 | 11,070 |
| Gross profit | 3,552 | 3,189 |
| Selling, general and administrative expenses | 2,278 | 2,417 |
| Operating profit | 1,273 | 772 |
| Non-operating income | | |
| Interest income | 11 | 64 |
| Dividend income | 20 | 21 |
| Foreign exchange gains | 379 | 228 |
| Other | 50 | 48 |
| Total non-operating income | 462 | 362 |
| Non-operating expenses | | |
| Interest expenses | 13 | 16 |
| Loss on disposal of machinery and equipment | 5 | 9 |
| Other | 6 | 2 |
| Total non-operating expenses | 25 | 28 |
| Ordinary profit | 1,710 | 1,106 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 564 | – |
| Gain on sale of investment securities | – | 9 |
| Total extraordinary income | 564 | 9 |
| Extraordinary losses | | |
| Reversal of foreign currency translation adjustment | 144 | – |
| Provision of allowance for doubtful accounts | 3 | – |
| Total extraordinary losses | 148 | – |
| Profit before income taxes | 2,126 | 1,115 |
| Income taxes - current | 697 | 466 |
| Income taxes - deferred | (7) | (32) |
| Total income taxes | 689 | 433 |
| Profit | 1,436 | 681 |
| Profit attributable to non-controlling interests | – | 4 |
| Profit attributable to owners of parent | 1,436 | 677 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Six months ended September 30, 2022 | Six months ended September 30, 2023 |
|--|--|--|
| Profit | 1,436 | 681 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (151) | 100 |
| Foreign currency translation adjustment | 2,328 | 1,897 |
| Remeasurements of defined benefit plans, net of tax | (5) | (6) |
| Total other comprehensive income | 2,171 | 1,992 |
| Comprehensive income | 3,607 | 2,674 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 3,607 | 2,669 |
| Comprehensive income attributable to non-controlling interests | 0 | 4 |