

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 9, 2024

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 of ordinary general meeting of shareholders: June 27, 2024
 Scheduled date to file Securities Report: June 27, 2024
 Scheduled date to commence dividend payments: June 7, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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 | % |
| Year ended March 31, 2024 | 29,326 | (9.0) | 1,667 | (46.3) | 2,081 | (40.6) | 1,444 | (51.1) |
| Year ended March 31, 2023 | 32,224 | 15.9 | 3,103 | 58.6 | 3,501 | 72.5 | 2,955 | 96.6 |

| | Earnings per share | Diluted earnings per share | Profit attributable to owners of parent/equity | Ordinary profit/total assets | Operating profit/net sales |
|---------------------------|--------------------|----------------------------|--|------------------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Year ended March 31, 2024 | 102.80 | – | 4.0 | 4.6 | 5.7 |
| Year ended March 31, 2023 | 210.40 | – | 9.2 | 8.2 | 9.6 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2024 | 46,551 | 37,483 | 80.5 | 2,668.35 |
| As of March 31, 2023 | 44,269 | 34,134 | 77.1 | 2,429.61 |

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Year ended March 31, 2024 | 4,200 | (1,348) | (763) | 10,221 |
| Year ended March 31, 2023 | 1,597 | (677) | (1,678) | 7,499 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|------------------------------|--------------------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Year ended March 31, 2023 | – | 14.00 | – | 22.00 | 36.00 | 505 | 17.1 | 1.6 |
| Year ended March 31, 2024 | – | 18.00 | – | 18.00 | 36.00 | 505 | 35.0 | 1.4 |
| Year ending March 31, 2025 (Forecast) | – | 22.00 | – | 23.00 | 45.00 | | 38.5 | |

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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 | 31,300 | 6.7 | 1,940 | 16.3 | 2,210 | 6.2 | 1,640 | 13.6 | 116.75 |

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) 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

(3) Number of issued shares (common shares)

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

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of March 31, 2024 | 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 March 31, 2024 | 3,580,507 shares | As of March 31, 2023 | 3,580,463 shares |
|----------------------|------------------|----------------------|------------------|

Average number of shares during the period

| | | | |
|---------------------------|-------------------|---------------------------|-------------------|
| Year ended March 31, 2024 | 14,047,307 shares | Year ended March 31, 2023 | 14,047,367 shares |
|---------------------------|-------------------|---------------------------|-------------------|

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,224 | 12,691 |
| Notes receivable - trade | 2,087 | 1,961 |
| Accounts receivable - trade | 7,038 | 5,883 |
| Securities | 100 | – |
| Merchandise and finished goods | 2,843 | 2,655 |
| Work in process | 891 | 895 |
| Raw materials and supplies | 5,761 | 4,620 |
| Other | 508 | 397 |
| Allowance for doubtful accounts | (3) | (3) |
| Total current assets | 28,451 | 29,102 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 11,159 | 11,905 |
| Accumulated depreciation | (6,286) | (6,852) |
| Buildings and structures, net | 4,872 | 5,052 |
| Machinery, equipment and vehicles | 16,131 | 17,481 |
| Accumulated depreciation | (10,312) | (11,492) |
| Machinery, equipment and vehicles, net | 5,819 | 5,989 |
| Tools, furniture and fixtures | 3,964 | 4,041 |
| Accumulated depreciation | (3,398) | (3,449) |
| Tools, furniture and fixtures, net | 565 | 591 |
| Land | 885 | 895 |
| Construction in progress | 372 | 611 |
| Other | 81 | 146 |
| Total property, plant and equipment | 12,597 | 13,286 |
| Intangible assets | 969 | 1,003 |
| Investments and other assets | | |
| Investment securities | 1,718 | 2,076 |
| Deferred tax assets | 116 | 666 |
| Other | 457 | 457 |
| Allowance for doubtful accounts | (41) | (41) |
| Total investments and other assets | 2,250 | 3,158 |
| Total non-current assets | 15,817 | 17,448 |
| Total assets | 44,269 | 46,551 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,859 | 1,588 |
| Short-term borrowings | 2,064 | 1,713 |
| Income taxes payable | 485 | 530 |
| Contract liabilities | 6 | 7 |
| Provision for bonuses | 75 | 73 |
| Other | 1,332 | 1,620 |
| Total current liabilities | 6,823 | 5,534 |
| Non-current liabilities | | |
| Long-term borrowings | 1,171 | 1,493 |
| Retirement benefit liability | 2,040 | 1,894 |
| Provision for retirement benefits for directors (and other officers) | 47 | 54 |
| Other | 52 | 90 |
| Total non-current liabilities | 3,311 | 3,534 |
| Total liabilities | 10,134 | 9,068 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,555 | 1,555 |
| Capital surplus | 1,459 | 1,412 |
| Retained earnings | 28,622 | 29,505 |
| Treasury shares | (2,340) | (2,340) |
| Total shareholders' equity | 29,296 | 30,132 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 648 | 926 |
| Foreign currency translation adjustment | 4,153 | 6,402 |
| Remeasurements of defined benefit plans | 31 | 21 |
| Total accumulated other comprehensive income | 4,832 | 7,350 |
| Non-controlling interests | 4 | – |
| Total net assets | 34,134 | 37,483 |
| Total liabilities and net assets | 44,269 | 46,551 |

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 32,224 | 29,326 |
| Cost of sales | 24,395 | 22,795 |
| Gross profit | 7,828 | 6,530 |
| Selling, general and administrative expenses | | |
| Remuneration for directors (and other officers) | 158 | 159 |
| Salaries and bonuses | 1,798 | 1,901 |
| Retirement benefit expenses | 82 | 61 |
| Depreciation | 235 | 267 |
| Research and development expenses | 222 | 160 |
| Other | 2,227 | 2,312 |
| Total selling, general and administrative expenses | 4,725 | 4,862 |
| Operating profit | 3,103 | 1,667 |
| Non-operating income | | |
| Interest income | 52 | 181 |
| Dividend income | 39 | 41 |
| Subsidy income | 22 | 33 |
| Penalty income | 47 | – |
| Foreign exchange gains | 214 | 162 |
| Other | 70 | 76 |
| Total non-operating income | 446 | 494 |
| Non-operating expenses | | |
| Interest expenses | 27 | 41 |
| Loss on disposal of machinery and equipment | 15 | 17 |
| Extra retirement payments | – | 11 |
| Other | 6 | 9 |
| Total non-operating expenses | 49 | 80 |
| Ordinary profit | 3,501 | 2,081 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 564 | – |
| Gain on sale of investment securities | 3 | 29 |
| Total extraordinary income | 567 | 29 |
| Extraordinary losses | | |
| Loss on sale of investment securities | – | 0 |
| Loss on valuation of investment securities | 17 | – |
| Loss on litigation | – | 435 |
| Provision of allowance for doubtful accounts | 3 | – |
| Reversal of foreign currency translation adjustment | 144 | – |
| Total extraordinary losses | 166 | 436 |
| Profit before income taxes | 3,901 | 1,674 |
| Income taxes - current | 894 | 885 |
| Income taxes - deferred | 49 | (650) |
| Total income taxes | 944 | 234 |
| Profit | 2,957 | 1,439 |
| Profit (loss) attributable to non-controlling interests | 1 | (4) |
| Profit attributable to owners of parent | 2,955 | 1,444 |

Consolidated statements of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Profit | 2,957 | 1,439 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 35 | 277 |
| Foreign currency translation adjustment | 1,113 | 2,249 |
| Remeasurements of defined benefit plans, net of tax | (4) | (9) |
| Total other comprehensive income | 1,144 | 2,517 |
| Comprehensive income | 4,102 | 3,957 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 4,097 | 3,961 |
| Comprehensive income attributable to non-controlling interests | 4 | (4) |

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,555 | 1,459 | 26,053 | (2,340) | 26,727 |
| Changes during period | | | | | |
| Purchase of shares of consolidated subsidiaries | | | | | |
| Dividends of surplus | | | (386) | | (386) |
| Profit attributable to owners of parent | | | 2,955 | | 2,955 |
| Purchase of treasury shares | | | | (0) | (0) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | – | 2,569 | (0) | 2,569 |
| Balance at end of period | 1,555 | 1,459 | 28,622 | (2,340) | 29,296 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 613 | 3,042 | 35 | 3,690 | – | 30,418 |
| Changes during period | | | | | | |
| Purchase of shares of consolidated subsidiaries | | | | | | |
| Dividends of surplus | | | | | | (386) |
| Profit attributable to owners of parent | | | | | | 2,955 |
| Purchase of treasury shares | | | | | | (0) |
| Net changes in items other than shareholders' equity | 35 | 1,110 | (4) | 1,142 | 4 | 1,146 |
| Total changes during period | 35 | 1,110 | (4) | 1,142 | 4 | 3,716 |
| Balance at end of period | 648 | 4,153 | 31 | 4,832 | 4 | 34,134 |

Fiscal year ended March 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,555 | 1,459 | 28,622 | (2,340) | 29,296 |
| Changes during period | | | | | |
| Purchase of shares of consolidated subsidiaries | | (46) | | | (46) |
| Dividends of surplus | | | (561) | | (561) |
| Profit attributable to owners of parent | | | 1,444 | | 1,444 |
| Purchase of treasury shares | | | | (0) | (0) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | (46) | 882 | (0) | 835 |
| Balance at end of period | 1,555 | 1,412 | 29,505 | (2,340) | 30,132 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 648 | 4,153 | 31 | 4,832 | 4 | 34,134 |
| Changes during period | | | | | | |
| Purchase of shares of consolidated subsidiaries | | | | | | (46) |
| Dividends of surplus | | | | | | (561) |
| Profit attributable to owners of parent | | | | | | 1,444 |
| Purchase of treasury shares | | | | | | (0) |
| Net changes in items other than shareholders' equity | 277 | 2,249 | (9) | 2,517 | (4) | 2,512 |
| Total changes during period | 277 | 2,249 | (9) | 2,517 | (4) | 3,348 |
| Balance at end of period | 926 | 6,402 | 21 | 7,350 | – | 37,483 |

Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,901 | 1,674 |
| Depreciation | 1,464 | 1,509 |
| Loss on reversal of foreign currency translation adjustment | 144 | – |
| Increase (decrease) in retirement benefit liability | (6) | (210) |
| Increase (decrease) in allowance for doubtful accounts | – | (0) |
| Interest and dividend income | (91) | (222) |
| Interest expenses | 27 | 41 |
| Foreign exchange losses (gains) | (83) | (514) |
| Loss (gain) on sale of non-current assets | (564) | – |
| Loss (gain) on valuation of investment securities | 17 | – |
| Loss (gain) on sale of investment securities | (3) | (28) |
| Decrease (increase) in trade receivables | (869) | 1,932 |
| Decrease (increase) in inventories | (2,163) | 1,999 |
| Increase (decrease) in trade payables | (360) | (1,577) |
| Decrease (increase) in advance payments to suppliers | 696 | 34 |
| Increase decrease in others | 89 | 240 |
| Subtotal | 2,200 | 4,878 |
| Interest and dividends received | 91 | 222 |
| Interest paid | (27) | (41) |
| Income taxes paid | (667) | (857) |
| Net cash provided by (used in) operating activities | 1,597 | 4,200 |
| Cash flows from investing activities | | |
| Payments into time deposits | (2,420) | (3,461) |
| Proceeds from withdrawal of time deposits | 1,458 | 3,035 |
| Proceeds from sale and redemption of securities | 200 | 100 |
| Purchase of property, plant and equipment | (1,870) | (1,077) |
| Proceeds from sale of property, plant and equipment | 2,129 | 5 |
| Purchase of intangible assets | (53) | (19) |
| Purchase of investment securities | (131) | (29) |
| Proceeds from sale of investment securities | 9 | 97 |
| Payments for other investments | (1) | (2) |
| Proceeds form other investments | 2 | 4 |
| Net cash provided by (used in) investing activities | (677) | (1,348) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | – | (100) |
| Proceeds from long-term borrowings | 584 | 2,066 |
| Repayments of long-term borrowings | (1,802) | (2,041) |
| Purchase of treasury shares | (0) | (0) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | – | (57) |
| Dividends paid | (386) | (561) |
| Other payments | (74) | (69) |
| Net cash provided by (used in) financing activities | (1,678) | (763) |
| Effect of exchange rate change on cash and cash equivalents | 386 | 632 |
| Net increase (decrease) in cash and cash equivalents | (371) | 2,721 |
| Cash and cash equivalents at beginning of period | 7,871 | 7,499 |
| Cash and cash equivalents at end of period | 7,499 | 10,221 |