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Consolidated Financial Results for the Nine Months Ended December 31, 2021 [Japanese GAAP]

February 2, 2022

Company name: SEIREN CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Securities code: 3569

URL: <https://www.seiren.com/english/>

Representative: Tatsuo Kawada, Representative Director, Chairman and C.E.O.

Contact: Koji Kawada, Director and Managing Executive Officer, Division Manager, Corporate Strategy Planning Division

Phone: +81-776-35-2111

Scheduled date of filing quarterly securities report: February 14, 2022

Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2021	80,103	13.0	8,137	38.8	8,785	45.1	6,562	86.1
December 31, 2020	70,911	(22.2)	5,860	(26.3)	6,055	(28.9)	3,526	(42.1)

Note: Comprehensive income: Nine months ended December 31, 2021: 9,047 million yen [368.6%]

Nine months ended December 31, 2020: 1,930 million yen [(57.7)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	122.33		104.68	
December 31, 2020	63.74		63.08	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of December 31, 2021	151,604		88,159		57.2		1,616.63	
As of March 31, 2021	144,702		80,897		55.0		1,484.52	

Reference: Equity: As of December 31, 2021: 86,757 million yen

As of March 31, 2021: 79,623 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	18.00	–	18.00	36.00
Fiscal year ending March 31, 2022	–	18.00	–		
Fiscal year ending March 31, 2022 (Forecast)				18.00	36.00

Note: Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	109,000	10.4	10,400	21.2	11,000	16.4	7,700	23.2	143.51

Note: Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
 Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Principal Notes, (4) Notes to Quarterly Consolidated Financial Statements (Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)” on page 10 of the attachments to the Japanese version of this document.

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of shares outstanding (common shares)

1) Total number of shares outstanding at the end of the period (including treasury shares):

December 31, 2021: 64,633,646 shares

March 31, 2021: 64,633,646 shares

2) Total number of treasury shares at the end of the period:

December 31, 2021: 10,967,960 shares

March 31, 2021: 10,997,660 shares

3) Average number of shares during the period:

Nine months ended December 31, 2021: 53,649,576 shares

Nine months ended December 31, 2020: 55,335,829 shares

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The financial results forecasts and other forward-looking statements herein are based on information available to the Company as of the date of publication of this document and certain assumptions deemed reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. For notes on financial results forecasts, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation on Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the attachments to the Japanese version of this document.

Quarterly Consolidated Financial Statements and Principal Notes
(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	42,337	41,952
Notes and accounts receivable - trade	26,300	–
Notes and accounts receivable - trade, and contract assets	–	26,242
Securities	298	398
Merchandise and finished goods	10,085	12,237
Work in process	2,916	3,238
Raw materials and supplies	4,646	5,787
Other	1,689	2,394
Allowance for doubtful accounts	(6)	(8)
Total current assets	88,267	92,244
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,830	20,396
Machinery, equipment and vehicles, net	9,244	9,571
Tools, furniture and fixtures, net	445	419
Land	11,958	12,037
Leased assets	203	124
Construction in progress	849	4,220
Total property, plant and equipment	43,532	46,769
Intangible assets		
Goodwill	964	842
Other	2,704	3,055
Total intangible assets	3,668	3,897
Investments and other assets		
Other	9,340	8,800
Allowance for doubtful accounts	(107)	(106)
Total investments and other assets	9,233	8,693
Total non-current assets	56,434	59,360
Total assets	144,702	151,604

(Million yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,176	15,426
Short-term borrowings	4,521	6,899
Income taxes payable	858	809
Provision for bonuses	1,270	488
Other	4,190	5,846
Total current liabilities	26,018	29,471
Non-current liabilities		
Bonds with share acquisition rights	15,420	15,352
Long-term borrowings	14,406	11,013
Provision for retirement benefits for directors (and other officers)	131	131
Retirement benefit liability	6,406	6,475
Other	1,421	1,001
Total non-current liabilities	37,785	33,973
Total liabilities	63,804	63,445
Net assets		
Shareholders' equity		
Share capital	17,520	17,520
Capital surplus	16,794	16,788
Retained earnings	60,329	64,961
Treasury shares	(14,424)	(14,385)
Total shareholders' equity	80,219	84,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,461	2,086
Foreign currency translation adjustment	(3,098)	(245)
Remeasurements of defined benefit plans	41	31
Total accumulated other comprehensive income	(595)	1,873
Share acquisition rights	618	732
Non-controlling interests	655	669
Total net assets	80,897	88,159
Total liabilities and net assets	144,702	151,604

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Net sales	70,911	80,103
Cost of sales	50,762	56,340
Gross profit	20,149	23,762
Selling, general and administrative expenses	14,288	15,625
Operating profit	5,860	8,137
Non-operating income		
Interest income	189	196
Dividend income	126	135
Subsidies for employment adjustment	595	90
Foreign exchange gains	–	45
Other	232	229
Total non-operating income	1,144	697
Non-operating expenses		
Interest expenses	39	25
Foreign exchange losses	838	–
Other	72	23
Total non-operating expenses	950	49
Ordinary profit	6,055	8,785
Extraordinary income		
Gain on sale of non-current assets	8	35
Total extraordinary income	8	35
Extraordinary losses		
Loss on disposal of non-current assets	34	21
Cost for idle operation	1,083	–
Other	18	0
Total extraordinary losses	1,136	21
Profit before income taxes	4,927	8,799
Income taxes	1,420	2,209
Profit	3,506	6,589
Profit (loss) attributable to non-controlling interests	(20)	26
Profit attributable to owners of parent	3,526	6,562

Quarterly Consolidated Statement of Comprehensive Income
 Nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Profit	3,506	6,589
Other comprehensive income		
Valuation difference on available-for-sale securities	576	(375)
Foreign currency translation adjustment	(2,150)	2,842
Remeasurements of defined benefit plans, net of tax	(1)	(9)
Total other comprehensive income	(1,575)	2,457
Comprehensive income	1,930	9,047
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,996	9,031
Comprehensive income attributable to non-controlling interests	(65)	15

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	4,927	8,799
Depreciation	3,502	3,526
Loss (gain) on disposal of non-current assets	25	(14)
Increase (decrease) in allowance for doubtful accounts	(5)	0
Increase (decrease) in provision for bonuses	(710)	(782)
Increase (decrease) in retirement benefit liability	174	54
Interest and dividend income	(316)	(332)
Interest expenses	39	25
Foreign exchange losses (gains)	964	(63)
Decrease (increase) in trade receivables	(961)	1,154
Decrease (increase) in inventories	1,263	(3,120)
Increase (decrease) in trade payables	310	(482)
Increase (decrease) in accrued consumption taxes	(230)	(19)
Other, net	950	49
Subtotal	9,933	8,795
Interest and dividends received	321	263
Interest paid	(39)	(25)
Income taxes refund (paid)	(1,755)	(2,141)
Net cash provided by (used in) operating activities	8,459	6,892
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,155)	(4,943)
Proceeds from sale of property, plant and equipment	26	42
Purchase of short-term and long-term investment securities	(25)	(336)
Proceeds from sale and redemption of short-term and long-term investment securities	24	518
Net decrease (increase) in time deposits	2,052	564
Other, net	(94)	(470)
Net cash provided by (used in) investing activities	(171)	(4,625)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(11)	6
Proceeds from long-term borrowings	5,000	–
Repayments of long-term borrowings	(1,070)	(1,022)
Proceeds from issuance of bonds with share acquisition rights	15,450	–
Purchase of treasury shares	(3,000)	–
Dividends paid	(1,998)	(1,931)
Dividends paid to non-controlling interests	(4)	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(12)	(2)
Other, net	(78)	(82)
Net cash provided by (used in) financing activities	14,274	(3,032)
Effect of exchange rate change on cash and cash equivalents	(957)	944
Net increase (decrease) in cash and cash equivalents	21,605	178
Cash and cash equivalents at beginning of period	16,747	39,498
Increase in cash and cash equivalents resulting from merger	0	–
Cash and cash equivalents at end of period	38,353	39,676