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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 12, 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: Tomofumi Katsuki, Director and Managing Executive Officer and Chief Administrative Officer (CAO)

Phone: +81-776-35-2111

Scheduled date of general shareholders' meeting: June 21, 2022

Scheduled date of commencing dividend payments: June 22, 2022

Scheduled date of filing securities report: June 22, 2022

Availability of supplementary explanatory materials on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

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

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

(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	%
Fiscal year ended March 31, 2022	109,771	11.2	10,901	27.1	11,927	26.2	8,553	36.8
March 31, 2021	98,688	(17.9)	8,580	(18.3)	9,451	(16.0)	6,252	(26.9)

Note: Comprehensive income: Fiscal year ended March 31, 2022: ¥12,757 million [111.9%]

Fiscal year ended March 31, 2021: ¥6,019 million [(17.8)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	159.43	136.36	10.1	7.9	9.9
March 31, 2021	113.80	108.38	7.9	7.0	8.7

Reference: Equity in earnings of affiliated companies:

Fiscal year ended March 31, 2022: ¥ – million

Fiscal year ended March 31, 2021: ¥ – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	155,493	91,845	58.2	1,685.37
As of March 31, 2021	144,702	80,897	55.0	1,484.52

Reference: Equity: As of March 31, 2022: ¥90,446 million

As of March 31, 2021: ¥79,623 million

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2022	9,712	(8,652)	(6,623)	35,451
March 31, 2021	12,958	(1,889)	12,317	39,498

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2021	–	18.00	–	18.00	36.00	1,965	31.6	2.5
Fiscal year ended March 31, 2022	–	18.00	–	20.00	38.00	2,039	23.8	2.4
Fiscal year ending March 31, 2023 (Forecast)	–	20.00	–	20.00	40.00		24.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% 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
First half	59,000	11.0	5,400	(1.2)	5,400	(10.4)	3,900	(13.3)	72.67
Full year	125,000	13.9	12,500	14.7	12,600	5.6	8,800	2.9	163.98

* Notes:

(1) Changes in significant subsidiaries during the fiscal year under review (Changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) 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

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

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

March 31, 2022: 64,633,646 shares

March 31, 2021: 64,633,646 shares

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

March 31, 2022: 10,967,984 shares

March 31, 2021: 10,997,660 shares

3) Average number of shares during the year:

Year ended March 31, 2022: 53,653,289 shares

Year ended March 31, 2021: 54,943,558 shares

* These consolidated financial results are outside the scope of audit 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. Overview of Operating Results, etc. (4) Future Outlook” on page 4 of the attachments to the Japanese version of this document.

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

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	42,337	38,808
Notes and accounts receivable - trade	26,300	-
Notes and accounts receivable - trade, and contract assets	-	28,921
Securities	298	785
Merchandise and finished goods	10,085	12,963
Work in process	2,916	3,594
Raw materials and supplies	4,646	5,963
Other	1,689	2,483
Allowance for doubtful accounts	(6)	(8)
Total current assets	88,267	93,513
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,421	56,006
Accumulated depreciation	(33,591)	(34,729)
Buildings and structures, net	20,830	21,277
Machinery, equipment and vehicles	73,661	78,358
Accumulated depreciation	(64,416)	(67,319)
Machinery, equipment and vehicles, net	9,244	11,038
Tools, furniture and fixtures	4,448	4,629
Accumulated depreciation	(4,003)	(4,194)
Tools, furniture and fixtures, net	445	435
Land	11,958	12,544
Leased assets	559	509
Accumulated depreciation	(355)	(405)
Leased assets, net	203	103
Construction in progress	849	4,155
Total property, plant and equipment	43,532	49,553
Intangible assets		
Goodwill	964	801
Other	2,704	3,140
Total intangible assets	3,668	3,941
Investments and other assets		
Investment securities	6,894	5,663
Deferred tax assets	1,552	1,919
Other	892	1,011
Allowance for doubtful accounts	(107)	(109)
Total investments and other assets	9,233	8,485
Total non-current assets	56,434	61,980
Total assets	144,702	155,493

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,176	15,648
Short-term borrowings	4,521	3,813
Accounts payable - other	1,273	3,221
Income taxes payable	858	1,478
Provision for bonuses for directors (and other officers)	72	108
Provision for bonuses	1,270	1,233
Other	2,844	4,103
Total current liabilities	26,018	29,607
Non-current liabilities		
Bonds with share acquisition rights	15,420	15,330
Long-term borrowings	14,406	10,609
Deferred tax liabilities	149	398
Provision for retirement benefits for directors (and other officers)	131	131
Retirement benefit liability	6,406	6,485
Other	1,271	1,087
Total non-current liabilities	37,785	34,041
Total liabilities	63,804	63,648
Net assets		
Shareholders' equity		
Share capital	17,520	17,520
Capital surplus	16,794	16,786
Retained earnings	60,329	66,952
Treasury shares	(14,424)	(14,385)
Total shareholders' equity	80,219	86,873
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,461	2,005
Foreign currency translation adjustment	(3,098)	1,487
Remeasurements of defined benefit plans	41	79
Total accumulated other comprehensive income	(595)	3,572
Share acquisition rights	618	787
Non-controlling interests	655	610
Total net assets	80,897	91,845
Total liabilities and net assets	144,702	155,493

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	98,688	109,771
Cost of sales	70,792	77,647
Gross profit	27,895	32,123
Selling, general and administrative expenses	19,315	21,221
Operating profit	8,580	10,901
Non-operating income		
Interest income	280	273
Dividend income	134	142
Subsidies for employment adjustment	736	106
Foreign exchange gains	–	219
Subsidy income	115	198
Other	136	156
Total non-operating income	1,402	1,096
Non-operating expenses		
Interest expenses	49	30
Foreign exchange losses	392	–
Other	88	39
Total non-operating expenses	530	70
Ordinary profit	9,451	11,927
Extraordinary income		
Gain on sale of non-current assets	10	35
Total extraordinary income	10	35
Extraordinary losses		
Loss on disposal of non-current assets	79	230
Cost for idle operation	1,164	–
Other	18	27
Total extraordinary losses	1,262	257
Profit before income taxes	8,199	11,705
Income taxes - current	2,199	3,048
Income taxes - deferred	(229)	68
Total income taxes	1,969	3,116
Profit	6,229	8,589
Profit (loss) attributable to non-controlling interests	(22)	35
Profit attributable to owners of parent	6,252	8,553

Consolidated Statement of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	6,229	8,589
Other comprehensive income		
Valuation difference on available-for-sale securities	1,035	(456)
Foreign currency translation adjustment	(1,286)	4,586
Remeasurements of defined benefit plans, net of tax	41	38
Total other comprehensive income	(209)	4,168
Comprehensive income	6,019	12,757
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,077	12,721
Comprehensive income attributable to non-controlling interests	(57)	35

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,520	16,805	56,068	(11,533)	78,860
Changes during period					
Dividends of surplus			(1,998)		(1,998)
Profit attributable to owners of parent			6,252		6,252
Disposal of treasury shares		(10)		108	98
Purchase of treasury shares				(3,000)	(3,000)
Increase by merger			7		7
Purchase of shares of consolidated subsidiaries		(0)			(0)
Net changes in items other than shareholders' equity					—
Total changes during period	—	(10)	4,261	(2,891)	1,358
Balance at end of period	17,520	16,794	60,329	(14,424)	80,219

	Accumulated other comprehensive income				Share acquisition rights	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	1,426	(1,847)	0	(420)	557	728	79,726
Changes during period							
Dividends of surplus							(1,998)
Profit attributable to owners of parent							6,252
Disposal of treasury shares							98
Purchase of treasury shares							(3,000)
Increase by merger							7
Purchase of shares of consolidated subsidiaries							(0)
Net changes in items other than shareholders' equity	1,035	(1,251)	41	(175)	60	(72)	(187)
Total changes during period	1,035	(1,251)	41	(175)	60	(72)	1,170
Balance at end of period	2,461	(3,098)	41	(595)	618	655	80,897

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,520	16,794	60,329	(14,424)	80,219
Changes during period					
Dividends of surplus			(1,931)		(1,931)
Profit attributable to owners of parent			8,553		8,553
Disposal of treasury shares		(6)		39	33
Purchase of treasury shares				(0)	(0)
Increase by merger					—
Purchase of shares of consolidated subsidiaries		(1)			(1)
Net changes in items other than shareholders' equity					—
Total changes during period	—	(7)	6,622	39	6,654
Balance at end of period	17,520	16,786	66,952	(14,385)	86,873

	Accumulated other comprehensive income				Share acquisition rights	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	2,461	(3,098)	41	(595)	618	655	80,897
Changes during period							
Dividends of surplus							(1,931)
Profit attributable to owners of parent							8,553
Disposal of treasury shares							33
Purchase of treasury shares							(0)
Increase by merger							—
Purchase of shares of consolidated subsidiaries							(1)
Net changes in items other than shareholders' equity	(456)	4,586	38	4,168	169	(44)	4,292
Total changes during period	(456)	4,586	38	4,168	169	(44)	10,947
Balance at end of period	2,005	1,487	79	3,572	787	610	91,845

(4) Consolidated Statement of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	8,199	11,705
Depreciation	4,720	4,863
Loss (gain) on sale of non-current assets	19	(35)
Loss on retirement of non-current assets	49	230
Increase (decrease) in allowance for doubtful accounts	(38)	1
Increase (decrease) in provision for bonuses	53	33
Increase (decrease) in retirement benefit liability	175	133
Interest and dividend income	(414)	(415)
Interest expenses	49	30
Foreign exchange losses (gains)	524	(76)
Decrease (increase) in trade receivables	(19)	(704)
Decrease (increase) in inventories	993	(4,003)
Increase (decrease) in trade payables	246	(718)
Other, net	(11)	939
Subtotal	14,548	11,984
Interest and dividends received	389	324
Interest paid	(49)	(31)
Income taxes paid	(1,929)	(2,565)
Net cash provided by (used in) operating activities	12,958	9,712
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,052)	(7,536)
Proceeds from sale of property, plant and equipment	22	47
Purchase of short-term and long-term investment securities	(533)	(911)
Proceeds from sale and redemption of short-term and long-term investment securities	224	818
Net decrease (increase) in time deposits	1,605	(517)
Purchase of intangible assets	(174)	(553)
Other, net	18	0
Net cash provided by (used in) investing activities	(1,889)	(8,652)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(261)	6
Proceeds from long-term borrowings	5,000	–
Repayments of long-term borrowings	(2,708)	(4,512)
Proceeds from issuance of bonds with share acquisition rights	15,416	–
Purchase of treasury shares	(3,000)	(0)
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)	(81)
Other, net	(114)	(103)
Net cash provided by (used in) financing activities	12,317	(6,623)
Effect of exchange rate change on cash and cash equivalents	(636)	1,411
Net increase (decrease) in cash and cash equivalents	22,750	(4,152)
Cash and cash equivalents at beginning of period	16,747	39,498
Increase in cash and cash equivalents resulting from merger	0	105
Cash and cash equivalents at end of period	39,498	35,451