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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]



August 4, 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)

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Scheduled date of filing quarterly securities report: August 9, 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 Three Months Ended June 30, 2022 (April 1, 2022 - June 30, 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	%
Three months ended June 30, 2022	30,899	12.6	2,924	(10.4)	3,715	9.9	2,707	10.1
June 30, 2021	27,445	29.8	3,262	124.1	3,382	255.5	2,460	866.2

Note: Comprehensive income: Three months ended June 30, 2022: ¥7,034 million [40.9%]

Three months ended June 30, 2021: ¥4,990 million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	50.41	43.21
June 30, 2021	45.86	39.30

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	160,694	97,858	60.1	1,793.34
As of March 31, 2022	155,493	91,845	58.2	1,685.37

Reference: Equity: As of June 30, 2022: ¥96,635 million

As of March 31, 2022: ¥90,446 million

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, 2022	—	18.00	—	20.00	38.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		20.00	—	20.00	40.00

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

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	4,400	(19.5)	5,700	(5.4)	4,100	(8.9)	76.22
Full year	125,000	13.9	11,500	5.5	12,900	8.2	9,000	5.2	167.18

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): None

(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: None

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):

June 30, 2022: 64,633,646 shares

March 31, 2022: 64,633,646 shares

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

June 30, 2022: 10,747,684 shares

March 31, 2022: 10,967,984 shares

3) Average number of shares during the period:

Three months ended June 30, 2022: 53,720,737 shares

Three months ended June 30, 2021: 53,639,811 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, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	38,808	37,227
Notes and accounts receivable - trade	-	-
Notes and accounts receivable - trade, and contract assets	28,921	32,104
Securities	785	781
Merchandise and finished goods	12,963	13,307
Work in process	3,594	3,567
Raw materials and supplies	5,963	6,556
Other	2,483	3,085
Allowance for doubtful accounts	(8)	(9)
Total current assets	93,513	96,621
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,277	22,418
Machinery, equipment and vehicles, net	11,038	11,608
Tools, furniture and fixtures, net	435	503
Land	12,544	12,677
Leased assets	103	82
Construction in progress	4,155	4,319
Total property, plant and equipment	49,553	51,611
Intangible assets		
Goodwill	801	760
Other	3,140	3,211
Total intangible assets	3,941	3,972
Investments and other assets		
Other	8,594	8,598
Allowance for doubtful accounts	(109)	(109)
Total investments and other assets	8,485	8,489
Total non-current assets	61,980	64,072
Total assets	155,493	160,694

(Million yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,648	16,966
Short-term borrowings	3,813	5,126
Income taxes payable	1,478	1,026
Provision for bonuses	1,233	493
Other	7,433	6,825
Total current liabilities	29,607	30,438
Non-current liabilities		
Bonds with share acquisition rights	15,330	15,307
Long-term borrowings	10,609	8,832
Provision for retirement benefits for directors (and other officers)	131	119
Retirement benefit liability	6,485	6,521
Other	1,485	1,616
Total non-current liabilities	34,041	32,397
Total liabilities	63,648	62,835
Net assets		
Shareholders' equity		
Share capital	17,520	17,520
Capital surplus	16,786	16,769
Retained earnings	66,952	68,586
Treasury shares	(14,385)	(14,092)
Total shareholders' equity	86,873	88,783
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,005	2,056
Foreign currency translation adjustment	1,487	5,721
Remeasurements of defined benefit plans	79	75
Total accumulated other comprehensive income	3,572	7,852
Share acquisition rights	787	567
Non-controlling interests	610	654
Total net assets	91,845	97,858
Total liabilities and net assets	155,493	160,694

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
Three months ended June 30

(Million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	27,445	30,899
Cost of sales	19,145	22,322
Gross profit	8,300	8,576
Selling, general and administrative expenses	5,037	5,652
Operating profit	3,262	2,924
Non-operating income		
Interest income	55	70
Dividend income	75	75
Foreign exchange gains	–	504
Subsidies for employment adjustment	51	8
Subsidy income	89	109
Other	54	52
Total non-operating income	325	820
Non-operating expenses		
Interest expenses	8	8
Foreign exchange losses	187	–
Other	10	20
Total non-operating expenses	205	28
Ordinary profit	3,382	3,715
Extraordinary income		
Gain on sale of non-current assets	23	0
Total extraordinary income	23	0
Extraordinary losses		
Loss on disposal of non-current assets	1	0
Loss on valuation of investment securities	195	–
Total extraordinary losses	196	0
Profit before income taxes	3,208	3,715
Income taxes	728	992
Profit	2,480	2,722
Profit attributable to non-controlling interests	20	14
Profit attributable to owners of parent	2,460	2,707

Quarterly Consolidated Statement of Income
Three months ended June 30

(Million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit	2,480	2,722
Other comprehensive income		
Valuation difference on available-for-sale securities	(94)	50
Foreign currency translation adjustment	2,607	4,265
Remeasurements of defined benefit plans, net of tax	(3)	(4)
Total other comprehensive income	2,510	4,311
Comprehensive income	4,990	7,034
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,962	6,987
Comprehensive income attributable to non-controlling interests	28	46

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,208	3,715
Depreciation	1,120	1,225
Loss (gain) on valuation of investment securities	195	–
Loss (gain) on disposal of non-current assets	(21)	0
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(771)	(740)
Increase (decrease) in retirement benefit liability	1	18
Interest and dividend income	(130)	(146)
Interest expenses	8	8
Foreign exchange losses (gains)	(110)	(474)
Decrease (increase) in trade receivables	889	(1,802)
Decrease (increase) in inventories	(848)	47
Increase (decrease) in trade payables	(1,078)	487
Increase (decrease) in accrued consumption taxes	30	87
Other, net	(145)	390
Subtotal	2,345	2,816
Interest and dividends received	108	117
Interest paid	(8)	(10)
Income taxes refund (paid)	(792)	(1,212)
Net cash provided by (used in) operating activities	1,653	1,710
Cash flows from investing activities		
Purchase of property, plant and equipment	(998)	(2,994)
Proceeds from sale of property, plant and equipment	32	0
Purchase of short-term and long-term investment securities	(12)	(14)
Proceeds from sale and redemption of short-term and long-term investment securities	518	–
Net decrease (increase) in time deposits	310	443
Other, net	(96)	(10)
Net cash provided by (used in) investing activities	(246)	(2,575)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	–
Proceeds from long-term borrowings	–	–
Repayments of long-term borrowings	(344)	(463)
Dividends paid	(965)	(1,073)
Dividends paid to non-controlling interests	–	(2)
Other, net	(26)	(22)
Net cash provided by (used in) financing activities	(1,336)	(1,562)
Effect of exchange rate change on cash and cash equivalents	956	1,290
Net increase (decrease) in cash and cash equivalents	1,025	(1,137)
Cash and cash equivalents at beginning of period	39,498	35,451
Cash and cash equivalents at end of period	40,523	34,314