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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



November 10, 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 filing quarterly securities report: November 11, 2022

Scheduled date of commencing dividend payments: November 30, 2022

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly 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 Six Months Ended September 30, 2022 (April 1, 2022 - September 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	%
Six months ended September 30, 2022	60,564	14.0	5,164	(5.5)	7,065	17.3	5,174	15.0
September 30, 2021	53,131	22.2	5,464	92.1	6,023	100.7	4,498	260.4

Note: Comprehensive income: Six months ended September 30, 2022: ¥13,369 million [89.4%]

Six months ended September 30, 2021: ¥7,060 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	96.27	82.60
September 30, 2021	83.85	71.79

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2022	163,917	103,599	62.4	1,909.11
As of March 31, 2022	155,493	91,845	58.2	1,685.37

Reference: Equity: As of September 30, 2022: ¥102,348 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	—	23.00			
Fiscal year ending March 31, 2023 (Forecast)			—	23.00	46.00

Note: Revision to the forecast for dividends announced most recently: Yes

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
Full year	127,000	15.7	12,300	12.8	14,300	19.9	10,100	18.1	188.13

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 9 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):

September 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:

September 30, 2022: 11,023,084 shares

March 31, 2022: 10,967,984 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 53,750,577 shares

Six months ended September 30, 2021: 53,644,729 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 3 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 September 30, 2022
Assets		
Current assets		
Cash and deposits	38,808	35,842
Notes and accounts receivable - trade, and contract assets	28,921	32,445
Securities	785	1,274
Merchandise and finished goods	12,963	13,702
Work in process	3,594	4,158
Raw materials and supplies	5,963	7,351
Other	2,483	3,351
Allowance for doubtful accounts	(8)	(9)
Total current assets	93,513	98,118
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,277	22,907
Machinery, equipment and vehicles, net	11,038	11,749
Tools, furniture and fixtures, net	435	542
Land	12,544	12,793
Leased assets	103	61
Construction in progress	4,155	5,443
Total property, plant and equipment	49,553	53,499
Intangible assets		
Goodwill	801	720
Other	3,140	3,300
Total intangible assets	3,941	4,020
Investments and other assets		
Other	8,594	8,389
Allowance for doubtful accounts	(109)	(109)
Total investments and other assets	8,485	8,280
Total non-current assets	61,980	65,799
Total assets	155,493	163,917

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,648	16,081
Short-term borrowings	3,813	1,923
Income taxes payable	1,478	1,524
Provision for bonuses	1,233	1,287
Other	7,433	6,497
Total current liabilities	29,607	27,314
Non-current liabilities		
Bonds with share acquisition rights	15,330	15,285
Long-term borrowings	10,609	9,576
Provision for retirement benefits for directors (and other officers)	131	119
Retirement benefit liability	6,485	6,577
Other	1,485	1,445
Total non-current liabilities	34,041	33,003
Total liabilities	63,648	60,318
Net assets		
Shareholders' equity		
Share capital	17,520	17,520
Capital surplus	16,786	16,807
Retained earnings	66,952	71,053
Treasury shares	(14,385)	(14,724)
Total shareholders' equity	86,873	90,656
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,005	1,922
Foreign currency translation adjustment	1,487	9,698
Remeasurements of defined benefit plans	79	70
Total accumulated other comprehensive income	3,572	11,692
Share acquisition rights	787	567
Non-controlling interests	610	683
Total net assets	91,845	103,599
Total liabilities and net assets	155,493	163,917

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
Six months ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	53,131	60,564
Cost of sales	37,323	44,098
Gross profit	15,808	16,466
Selling, general and administrative expenses	10,343	11,302
Operating profit	5,464	5,164
Non-operating income		
Interest income	111	143
Dividend income	82	84
Foreign exchange gains	127	1,457
Subsidies for employment adjustment	73	14
Subsidy income	107	136
Other	83	134
Total non-operating income	586	1,970
Non-operating expenses		
Interest expenses	17	17
Other	10	52
Total non-operating expenses	27	69
Ordinary profit	6,023	7,065
Extraordinary income		
Gain on sale of non-current assets	35	0
Total extraordinary income	35	0
Extraordinary losses		
Loss on disposal of non-current assets	18	10
Other	0	–
Total extraordinary losses	18	10
Profit before income taxes	6,040	7,055
Income taxes	1,509	1,852
Profit	4,531	5,202
Profit attributable to non-controlling interests	33	27
Profit attributable to owners of parent	4,498	5,174

Quarterly Consolidated Statement of Income
Six months ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	4,531	5,202
Other comprehensive income		
Valuation difference on available-for-sale securities	(250)	(82)
Foreign currency translation adjustment	2,785	8,258
Remeasurements of defined benefit plans, net of tax	(6)	(8)
Total other comprehensive income	2,528	8,167
Comprehensive income	7,060	13,369
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,022	13,293
Comprehensive income attributable to non-controlling interests	37	75

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	6,040	7,055
Depreciation	2,294	2,531
Loss (gain) on disposal of non-current assets	(17)	10
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(29)	53
Increase (decrease) in retirement benefit liability	26	67
Interest and dividend income	(193)	(227)
Interest expenses	17	17
Foreign exchange losses (gains)	(277)	(1,086)
Decrease (increase) in trade receivables	2,587	(1,046)
Decrease (increase) in inventories	(1,735)	(744)
Increase (decrease) in trade payables	(1,095)	(948)
Increase (decrease) in accrued consumption taxes	(151)	107
Other, net	(533)	(133)
Subtotal	6,932	5,655
Interest and dividends received	148	176
Interest paid	(17)	(19)
Income taxes refund (paid)	(1,305)	(1,878)
Net cash provided by (used in) operating activities	5,758	3,934
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,506)	(4,497)
Proceeds from sale of property, plant and equipment	42	2
Purchase of short-term and long-term investment securities	(222)	(24)
Proceeds from sale and redemption of short-term and long-term investment securities	518	50
Net decrease (increase) in time deposits	729	1,639
Other, net	(140)	(23)
Net cash provided by (used in) investing activities	(1,580)	(2,853)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5	–
Repayments of long-term borrowings	(670)	(2,922)
Purchase of treasury shares	–	(726)
Dividends paid	(965)	(1,073)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2)	–
Other, net	(60)	(47)
Net cash provided by (used in) financing activities	(1,693)	(4,770)
Effect of exchange rate change on cash and cash equivalents	1,008	2,362
Net increase (decrease) in cash and cash equivalents	3,493	(1,326)
Cash and cash equivalents at beginning of period	39,498	35,451
Cash and cash equivalents at end of period	42,991	34,124