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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 15, 2023

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 20, 2023

Scheduled date of commencing dividend payments: June 21, 2023

Scheduled date of filing securities report: June 21, 2023

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, 2023 (April 1, 2022 - March 31, 2023)

(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, 2023	132,364	20.6	12,831	17.7	15,345	28.7	11,023	28.9
March 31, 2022	109,771	11.2	10,901	27.1	11,927	26.2	8,553	36.8

Note: Comprehensive income: Fiscal year ended March 31, 2023: ¥16,894 million [32.4%]

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

	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, 2023	205.43	176.39	11.3	9.5	9.7
March 31, 2022	159.43	136.36	10.1	7.9	9.9

Reference: Equity in earnings of affiliated companies:

Fiscal year ended March 31, 2023: ¥ – million

Fiscal year ended March 31, 2022: ¥ – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	167,795	105,785	62.3	1,951.14
As of March 31, 2022	155,493	91,845	58.2	1,685.37

Reference: Equity: As of March 31, 2023: ¥104,508 million

As of March 31, 2022: ¥90,446 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, 2023	12,943	(9,614)	(7,009)	34,141
March 31, 2022	9,712	(8,652)	(6,623)	35,451

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, 2022	–	18.00	–	20.00	38.00	2,039	23.8	2.4
Fiscal year ended March 31, 2023	–	23.00	–	23.00	46.00	2,464	22.4	2.5
Fiscal year ending March 31, 2024 (Forecast)	–	23.00	–	23.00	46.00		24.2	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% 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	65,600	8.3	5,500	6.5	6,300	(10.8)	4,600	(11.1)	85.88
Full year	135,000	2.0	13,000	1.3	13,800	(10.1)	10,200	(7.5)	190.43

* 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: None

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, 2023: 64,633,646 shares

March 31, 2022: 64,633,646 shares

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

March 31, 2023: 11,070,927 shares

March 31, 2022: 10,967,984 shares

3) Average number of shares during the year:

Year ended March 31, 2023: 53,663,877 shares

Year ended March 31, 2022: 53,653,289 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	38,808	38,782
Notes and accounts receivable - trade, and contract assets	28,921	33,075
Securities	785	1,091
Merchandise and finished goods	12,963	13,618
Work in process	3,594	4,313
Raw materials and supplies	5,963	7,291
Other	2,483	2,912
Allowance for doubtful accounts	(8)	(16)
Total current assets	93,513	101,068
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,006	60,048
Accumulated depreciation	(34,729)	(37,267)
Buildings and structures, net	21,277	22,780
Machinery, equipment and vehicles	78,358	82,926
Accumulated depreciation	(67,319)	(71,207)
Machinery, equipment and vehicles, net	11,038	11,718
Tools, furniture and fixtures	4,629	4,960
Accumulated depreciation	(4,194)	(4,470)
Tools, furniture and fixtures, net	435	489
Land	12,544	12,778
Leased assets	509	324
Accumulated depreciation	(405)	(287)
Leased assets, net	103	36
Construction in progress	4,155	6,363
Total property, plant and equipment	49,553	54,167
Intangible assets		
Goodwill	801	638
Other	3,140	2,464
Total intangible assets	3,941	3,102
Investments and other assets		
Investment securities	5,663	7,117
Deferred tax assets	1,919	1,539
Other	1,011	905
Allowance for doubtful accounts	(109)	(106)
Total investments and other assets	8,485	9,456
Total non-current assets	61,980	66,726
Total assets	155,493	167,795

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,648	17,450
Short-term borrowings	3,813	2,061
Accounts payable - other	3,221	1,942
Income taxes payable	1,478	1,702
Provision for bonuses for directors (and other officers)	108	110
Provision for bonuses	1,233	1,375
Other	4,103	5,664
Total current liabilities	29,607	30,307
Non-current liabilities		
Bonds with share acquisition rights	15,330	15,240
Long-term borrowings	10,609	8,563
Deferred tax liabilities	398	381
Provision for retirement benefits for directors (and other officers)	131	119
Retirement benefit liability	6,485	6,632
Other	1,087	765
Total non-current liabilities	34,041	31,701
Total liabilities	63,648	62,009
Net assets		
Shareholders' equity		
Share capital	17,520	17,520
Capital surplus	16,786	16,807
Retained earnings	66,952	75,669
Treasury shares	(14,385)	(14,830)
Total shareholders' equity	86,873	95,167
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,005	2,953
Foreign currency translation adjustment	1,487	6,303
Remeasurements of defined benefit plans	79	84
Total accumulated other comprehensive income	3,572	9,341
Share acquisition rights	787	567
Non-controlling interests	610	709
Total net assets	91,845	105,785
Total liabilities and net assets	155,493	167,795

(2) Consolidated Statements of Income and Comprehensive Income
 Consolidated Statement of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	109,771	132,364
Cost of sales	77,647	95,623
Gross profit	32,123	36,741
Selling, general and administrative expenses	21,221	23,910
Operating profit	10,901	12,831
Non-operating income		
Interest income	273	349
Dividend income	142	151
Subsidies for employment adjustment	106	17
Foreign exchange gains	219	1,729
Other	354	353
Total non-operating income	1,096	2,600
Non-operating expenses		
Interest expenses	30	37
Other	39	49
Total non-operating expenses	70	86
Ordinary profit	11,927	15,345
Extraordinary income		
Gain on sale of non-current assets	35	15
Total extraordinary income	35	15
Extraordinary losses		
Loss on disposal of non-current assets	230	50
Loss on valuation of investment securities	-	214
Business structure improvement expenses of subsidiaries	-	137
Other	27	-
Total extraordinary losses	257	402
Profit before income taxes	11,705	14,957
Income taxes - current	3,048	3,914
Income taxes - deferred	68	(40)
Total income taxes	3,116	3,874
Profit	8,589	11,083
Profit (loss) attributable to non-controlling interests	35	59
Profit attributable to owners of parent	8,553	11,023

Consolidated Statement of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	8,589	11,083
Other comprehensive income		
Valuation difference on available-for-sale securities	(456)	947
Foreign currency translation adjustment	4,586	4,858
Remeasurements of defined benefit plans, net of tax	38	4
Total other comprehensive income	4,168	5,810
Comprehensive income	12,757	16,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,721	16,792
Comprehensive income attributable to non-controlling interests	35	101

(3) Consolidated Statements of Changes in Equity

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)
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)
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

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,520	16,786	66,952	(14,385)	86,873
Changes during period					
Dividends of surplus			(2,306)		(2,306)
Profit attributable to owners of parent			11,023		11,023
Disposal of treasury shares		20		387	408
Purchase of treasury shares				(832)	(832)
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	20	8,717	(444)	8,293
Balance at end of period	17,520	16,807	75,669	(14,830)	95,167

	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	2,005	1,487	79	3,572	787	610	91,845
Changes during period							
Dividends of surplus							(2,306)
Profit attributable to owners of parent							11,023
Disposal of treasury shares							408
Purchase of treasury shares							(832)
Purchase of shares of consolidated subsidiaries							-
Net changes in items other than shareholders' equity	947	4,816	4	5,768	(220)	98	5,647
Total changes during period	947	4,816	4	5,768	(220)	98	13,940
Balance at end of period	2,953	6,303	84	9,341	567	709	105,785

(4) Consolidated Statement of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	11,705	14,957
Depreciation	4,863	5,313
Loss (gain) on sale of non-current assets	(35)	(15)
Loss on retirement of non-current assets	230	50
Loss on valuation of investment securities	-	214
Business structure improvement expenses of subsidiaries	-	137
Increase (decrease) in allowance for doubtful accounts	1	3
Increase (decrease) in provision for bonuses	33	144
Increase (decrease) in retirement benefit liability	133	141
Interest and dividend income	(415)	(500)
Interest expenses	30	37
Foreign exchange losses (gains)	(76)	(1,588)
Decrease (increase) in trade receivables	(704)	(2,823)
Decrease (increase) in inventories	(4,003)	(1,224)
Increase (decrease) in trade payables	(718)	879
Other, net	939	776
Subtotal	11,984	16,505
Interest and dividends received	324	401
Interest paid	(31)	(38)
Income taxes paid	(2,565)	(3,925)
Net cash provided by (used in) operating activities	9,712	12,943
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,536)	(8,319)
Proceeds from sale of property, plant and equipment	47	38
Purchase of short-term and long-term investment securities	(911)	(1,469)
Proceeds from sale and redemption of short-term and long-term investment securities	818	850
Net decrease (increase) in time deposits	(517)	(1,282)
Purchase of intangible assets	(553)	(35)
Other, net	0	604
Net cash provided by (used in) investing activities	(8,652)	(9,614)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6	-
Repayments of long-term borrowings	(4,512)	(3,797)
Purchase of treasury shares	(0)	(832)
Dividends paid	(1,931)	(2,306)
Dividends paid to non-controlling interests	-	(2)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(81)	-
Other, net	(103)	(70)
Net cash provided by (used in) financing activities	(6,623)	(7,009)
Effect of exchange rate change on cash and cash equivalents	1,411	2,370
Net increase (decrease) in cash and cash equivalents	(4,152)	(1,309)
Cash and cash equivalents at beginning of period	39,498	35,451
Increase in cash and cash equivalents resulting from merger	105	-
Cash and cash equivalents at end of period	35,451	34,141