

Translation

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



May 12, 2023

(Updated on May 19, 2023)

Company name: Seika Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 8061
 URL: <https://seika.com/ir/en/>
 Representative: Akihiko Sakurai, President and Chief Executive Officer
 Contact: Tomoaki Hasegawa, Director, Senior Executive Officer, General Administration
 Phone: +81-3-5221-7101
 Scheduled date of annual general meeting of shareholders: June 27, 2023
 Scheduled date of commencing dividend payments: June 28, 2023
 Scheduled date of filing annual securities report: June 28, 2023
 Availability of supplementary briefing materials for financial results: No
 Schedule of financial results briefing session: Yes

(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 to March 31, 2023)

(1) Consolidated Operating Results (% indicates year-on-year change.)

	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	93,311	9.4	4,636	21.2	6,286	62.0	5,001	122.6
March 31, 2022	85,307	18.6	3,824	48.2	3,879	33.5	2,246	(17.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥5,840 million [150.8%]

Fiscal year ended March 31, 2022: ¥2,328 million [(47.1)%]

Sales from agent transactions are shown net of the corresponding purchases. Sales under the old accounting standards are shown below as "Gross sales":

Fiscal year ended	Gross sales	Year-on-year change
March 31, 2023	¥175,741 million	30.9 %
March 31, 2022	¥134,261 million	(1.5)%

	Profit per share	Diluted profit per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	415.79	414.84	15.4	6.8	5.0
March 31, 2022	186.85	186.20	7.6	3.8	4.5

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2023: ¥1,213 million

Fiscal year ended March 31, 2022: ¥(265) million

Share of profit (loss) of entities accounted for using equity method for the fiscal year ended March 31, 2023 includes an amount equivalent to negative goodwill of ¥1,714 million generated as a result of the additional acquisition of shares in TVE Co., Ltd., making it an equity method affiliate of the Company.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2023	79,990	35,736	43.7	<u>2,907.20</u>
March 31, 2022	104,865	31,101	28.7	2,516.57

(Reference) Equity: As of March 31, 2023: ¥34,994 million

As of March 31, 2022: ¥30,105 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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	(731)	(1,068)	(4,816)	10,653
March 31, 2022	4,971	1,125	(3,304)	17,000

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			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	—	25.00	—	40.00	65.00	778	34.8	2.7
March 31, 2023	—	35.00	—	55.00	90.00	1,085	21.6	3.3
Fiscal year ending March 31, 2024 (Forecast)	—	40.00	—	40.00	80.00		33.2	

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

(% indicates year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
First half	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	42,500	5.1	1,400	(3.1)	1,600	31.4	1,000	18.4	83.09
	95,000	1.8	3,700	(20.2)	4,300	(31.6)	2,900	(42.0)	241.24

Sales from agent transactions are shown net of the corresponding purchases. Sales under the old accounting standards are shown below as “Gross sales”:

	Gross sales	Year-on-year change
First half	¥ 100,000million	45.2%
Full year	¥ 200,000million	13.8%

* Notes:

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

Newly added: — (Name of subsidiary)

Excluded: — (Name of subsidiary)

(2) Changes in accounting policies, changes in accounting estimates and restatement

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

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Restatement: No

(3) Number of outstanding shares (common shares)

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

As of March 31, 2023:	12,320,650 shares
As of March 31, 2022:	12,320,650 shares

2) Number of treasury shares at the end of the period:

As of March 31, 2023:	<u>283,532</u> shares
As of March 31, 2022:	357,800 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023:	12,028,000 shares
Fiscal year ended March 31, 2022:	12,022,521 shares

(Reference) Overview of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results

(% indicates year-on-year change.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	66,587	15.2	2,072	66.7	2,404	(32.0)	1,549	(38.0)
March 31, 2022	57,802	8.4	1,243	(8.7)	3,538	100.8	2,500	(5.1)

Sales from agent transactions are shown net of the corresponding purchases. Sales under the old accounting standards are shown below as "Gross sales":

Fiscal year ended	Gross sales	Year-on-year change
March 31, 2023	¥149,017 million	39.6 %
March 31, 2022	¥106,756 million	(9.3)%

Fiscal year ended	Profit per share	Diluted profit per share
	Yen	Yen
March 31, 2023	128.66	128.37
March 31, 2022	207.76	207.04

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	59,738	23,165	38.4	1,902.31
March 31, 2022	86,740	22,147	25.2	1,825.53

(Reference) Equity: As of March 31, 2023: ¥22,947 million

As of March 31, 2022: ¥21,864 million

* These financial results are outside the scope of audits by certified public accountants or audit firms.

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

The financial results forecasts in this document are based on information available to the Company as of the date of disclosure of this document. Actual results may differ from these forecasts due to various factors in the future.

The disclosure of non-consolidated financial results forecasts is omitted in view of its materiality.

4. Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	17,334	10,653
Notes and accounts receivable – trade, and contract assets	36,029	35,809
Investments in leases	109	64
Securities	157	100
Merchandise and finished goods	5,362	8,216
Work in process	457	406
Raw materials and supplies	1,188	1,620
Advance payments to suppliers	28,551	3,718
Other	687	972
Allowance for doubtful accounts	(132)	(133)
Total current assets	89,746	61,429
Non-current assets		
Property, plant and equipment		
Buildings and structures	839	1,073
Machinery, equipment and vehicles	225	232
Tools, furniture and fixtures	289	383
Fixed assets for rent, net	669	683
Leased assets	110	103
Land	609	2,101
Construction in progress	—	15
Total property, plant and equipment	2,743	4,591
Intangible assets		
Goodwill	346	253
Right to use facilities	117	118
Software	321	314
Other	7	12
Total intangible assets	793	698
Investments and other assets		
Investment securities	10,439	12,052
Long-term loans receivable	36	29
Deferred tax assets	582	602
Other	544	604
Allowance for doubtful accounts	(20)	(18)
Total investments and other assets	11,582	13,271
Total non-current assets	15,119	18,561
Total assets	104,865	79,990

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable – trade	31,602	31,417
Short-term borrowings	5,506	2,006
Lease liabilities	39	35
Accounts payable – other	1,645	1,219
Income taxes payable	660	1,160
Advances received from customers	29,354	3,150
Provision for bonuses	650	714
Provision for bonuses for directors	79	119
Other	871	648
Total current liabilities	70,409	40,473
Non-current liabilities		
Long-term borrowings	27	23
Lease liabilities	79	76
Retirement benefit liability	2,572	2,617
Provision for retirement benefits for directors	22	22
Deferred tax liabilities	249	619
Other	403	421
Total non-current liabilities	3,354	3,781
Total liabilities	73,764	44,254
Net assets		
Shareholders' equity		
Share capital	6,728	6,728
Capital surplus	2,097	2,040
Retained earnings	18,734	22,813
Treasury shares	(564)	(435)
Total shareholders' equity	26,994	31,146
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,813	3,140
Foreign currency translation adjustment	296	692
Remeasurements of defined benefit plans	1	15
Total accumulated other comprehensive income	3,111	3,847
Share acquisition rights	282	218
Non-controlling interests	713	524
Total net assets	31,101	35,736
Total liabilities and net assets	104,865	79,990

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	85,307	93,311
Cost of sales	67,280	73,370
Gross profit	18,026	19,941
Selling, general and administrative expenses	14,202	15,304
Operating profit	3,824	4,636
Non-operating income		
Interest income	19	17
Dividend income	259	240
Gain on sale of securities	7	15
Share of profit of entities accounted for using equity method	—	1,213
Foreign exchange gains	67	75
Other	107	135
Total non-operating income	460	1,697
Non-operating expenses		
Interest expenses	62	30
Loss on sale of notes receivable – trade	20	4
Share of loss of entities accounted for using equity method	265	—
Other	57	13
Total non-operating expenses	405	47
Ordinary profit	3,879	6,286
Extraordinary income		
Gain on sale of non-current assets	166	55
Gain on sale of investment securities	3	655
Total extraordinary income	170	711
Profit before income taxes	4,050	6,998
Income taxes - current	1,300	1,727
Income taxes - deferred	416	201
Total income taxes	1,717	1,928
Net profit	2,333	5,069
Profit attributable to owners of parent	2,246	5,001
Profit attributable to non-controlling interests	86	68
Other comprehensive income		
Valuation difference on available-for-sale securities	(394)	323
Foreign currency translation adjustment	379	430
Remeasurements of defined benefit plans, net of tax	8	13
Share of other comprehensive income of entities accounted for using equity method	1	3
Total other comprehensive income	(4)	770
Comprehensive income	2,328	5,840
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,236	5,737
Comprehensive income attributable to non-controlling interests	91	102

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,728	2,097	17,907	(844)	25,888
Changes during period					
Dividends of surplus			(606)		(606)
Purchase of shares of consolidated subsidiaries					—
Profit attributable to owners of parent			2,246		2,246
Purchase of treasury shares				(568)	(568)
Disposal of treasury shares			(0)	0	0
Cancellation of treasury shares			(809)	809	—
Exercise of share acquisition rights			(4)	38	34
Net changes in items other than shareholders' equity					
Total changes during period	—	—	826	279	1,105
Balance at end of period	6,728	2,097	18,734	(564)	26,994

	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	3,206	(78)	(7)	3,120	258	621	29,889
Changes during period							
Dividends of surplus							(606)
Purchase of shares of consolidated subsidiaries							—
Profit attributable to owners of parent							2,246
Purchase of treasury shares							(568)
Disposal of treasury shares							0
Cancellation of treasury shares							—
Exercise of share acquisition rights							34
Net changes in items other than shareholders' equity	(392)	374	8	(9)	24	91	106
Total changes during period	(392)	374	8	(9)	24	91	1,212
Balance at end of period	2,813	296	1	3,111	282	713	31,101

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,728	2,097	18,734	(564)	26,994
Changes during period					
Dividends of surplus			(901)		(901)
Purchase of shares of consolidated subsidiaries		(56)			(56)
Profit attributable to owners of parent			5,001		5,001
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares			(0)	0	0
Cancellation of treasury shares					—
Exercise of share acquisition rights			(20)	139	119
Net changes in items other than shareholders' equity					
Total changes during period	—	(56)	4,079	129	4,152
Balance at end of period	6,728	2,040	22,813	(435)	31,146

	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	2,813	296	1	3,111	282	713	31,101
Changes during period							
Dividends of surplus							(901)
Purchase of shares of consolidated subsidiaries							(56)
Profit attributable to owners of parent							5,001
Purchase of treasury shares							(10)
Disposal of treasury shares							0
Cancellation of treasury shares							—
Exercise of share acquisition rights							119
Net changes in items other than shareholders' equity	326	395	13	736	(64)	(188)	482
Total changes during period	326	395	13	736	(64)	(188)	4,635
Balance at end of period	3,140	692	15	3,847	218	524	35,736

(4) Consolidated Statements 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	4,050	6,998
Depreciation	437	491
Share-based payment expenses	58	54
Amortization of goodwill	146	98
Share of loss (profit) of entities accounted for using equity method	265	(1,213)
Increase (decrease) in allowance for doubtful accounts	(20)	(6)
Increase (decrease) in provision for bonuses	92	64
Increase (decrease) in provision for bonuses for directors	41	39
Increase (decrease) in retirement benefit liability	2	65
Increase (decrease) in provision for retirement benefits for directors	(3)	0
Loss (gain) on sale of securities	(7)	(15)
Loss (gain) on sale of non-current assets	(166)	(55)
Loss (gain) on sale of investment securities	(3)	(655)
Interest and dividend income	(278)	(257)
Interest expenses	62	30
Decrease (increase) in trade receivables	195	389
Decrease (increase) in investments in leases	12	45
Decrease (increase) in inventories	737	(2,958)
Decrease (increase) in advance payments to suppliers	(7,866)	24,839
Increase (decrease) in trade payables	(1,154)	(234)
Increase (decrease) in advances received from customers	7,381	(26,232)
Decrease (increase) in consumption taxes refund receivable	64	(347)
Increase (decrease) in accrued consumption taxes	487	(488)
Increase/decrease in other assets/liabilities	811	(254)
Subtotal	5,347	398
Interest and dividends received	260	271
Interest paid	(62)	(31)
Income taxes refund (paid)	(696)	(1,396)
Other, net	123	26
Net cash provided by (used in) operating activities	4,971	(731)

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(17)	—
Proceeds from withdrawal of time deposits	1,450	358
Purchase of securities	(3,078)	(352)
Proceeds from sale of securities	3,117	422
Purchase of investment securities	(240)	(169)
Proceeds from sale of investment securities	131	1,460
Purchase of shares of associates	—	(598)
Purchase of property, plant and equipment	(370)	(2,356)
Proceeds from sale of property, plant and equipment	268	249
Purchase of intangible assets	(155)	(85)
Proceeds from sale of intangible assets	1	3
Loan advances	(19)	(11)
Proceeds from collection of loans receivable	14	19
Payments of guarantee deposits	(12)	(35)
Proceeds from refund of guarantee deposits	37	27
Other, net	(1)	(0)
Net cash provided by (used in) investing activities	1,125	(1,068)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(860)	(3,506)
Repayments of long-term borrowings	(1,226)	—
Dividends paid	(607)	(898)
Purchase of treasury shares	(568)	(0)
Proceeds from sale of treasury shares	0	0
Dividends paid to non-controlling interests	—	(70)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(295)
Other, net	(42)	(44)
Net cash provided by (used in) financing activities	(3,304)	(4,816)
Effect of exchange rate change on cash and cash equivalents	171	269
Net increase (decrease) in cash and cash equivalents	2,964	(6,346)
Cash and cash equivalents at beginning of period	14,035	17,000
Cash and cash equivalents at end of period	17,000	10,653