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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



November 8, 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 filing quarterly securities report: November 13, 2023

Scheduled date of commencing dividend payments: November 29, 2023

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, 2023 (April 1, 2023 - September 30, 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	%
Six months ended September 30, 2023	66,664	10.1	6,027	16.7	8,037	13.8	5,757	11.3
Six months ended September 30, 2022	60,564	14.0	5,164	(5.5)	7,065	17.3	5,174	15.0

Note: Comprehensive income: Six months ended September 30, 2023: ¥ 12,451 million [(6.9)%]

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

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
Six months ended September 30, 2023	107.37	92.26
Six months ended September 30, 2022	96.27	82.60

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2023	180,828	117,172	64.1	2,158.88
As of March 31, 2023	167,795	105,785	62.3	1,951.14

Reference: Equity: As of September 30, 2023: ¥115,899 million

As of March 31, 2023: ¥104,508 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, 2023	–	23.00	–	23.00	46.00
Fiscal year ending March 31, 2024	–	23.00			
Fiscal year ending March 31, 2024 (Forecast)			–	23.00	46.00

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

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
Full year	140,000	5.8	13,300	3.7	15,500	1.0	11,100	0.7	206.89

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, 2023: 64,633,646 shares

March 31, 2023: 64,633,646 shares

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

September 30, 2023: 10,948,502 shares

March 31, 2023: 11,070,927 shares

3) Average number of shares during the period:

Six months ended September 30, 2023: 53,622,280 shares

Six months ended September 30, 2022: 53,750,577 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, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	38,782	43,764
Notes and accounts receivable - trade, and contract assets	33,075	37,145
Securities	1,091	1,406
Merchandise and finished goods	13,618	13,169
Work in process	4,313	4,106
Raw materials and supplies	7,291	7,393
Other	2,912	4,242
Allowance for doubtful accounts	(16)	(18)
Total current assets	101,068	111,210
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,780	26,637
Machinery, equipment and vehicles, net	11,718	13,313
Tools, furniture and fixtures, net	489	500
Land	12,778	13,050
Leased assets	36	13
Construction in progress	6,363	2,396
Total property, plant and equipment	54,167	55,911
Intangible assets		
Goodwill	638	557
Other	2,464	3,137
Total intangible assets	3,102	3,694
Investments and other assets		
Other	9,562	10,119
Allowance for doubtful accounts	(106)	(106)
Total investments and other assets	9,456	10,012
Total non-current assets	66,726	69,618
Total assets	167,795	180,828

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,450	19,577
Short-term borrowings	2,061	2,541
Income taxes payable	1,702	1,922
Provision for bonuses	1,375	1,380
Other	7,717	7,974
Total current liabilities	30,307	33,396
Non-current liabilities		
Bonds with share acquisition rights	15,240	15,195
Long-term borrowings	8,563	7,050
Provision for retirement benefits for directors (and other officers)	119	119
Retirement benefit liability	6,632	6,686
Other	1,146	1,208
Total non-current liabilities	31,701	30,259
Total liabilities	62,009	63,656
Net assets		
Shareholders' equity		
Share capital	17,520	17,520
Capital surplus	16,807	16,876
Retained earnings	75,669	80,195
Treasury shares	(14,830)	(14,664)
Total shareholders' equity	95,167	99,928
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,953	3,741
Foreign currency translation adjustment	6,303	12,156
Remeasurements of defined benefit plans	84	73
Total accumulated other comprehensive income	9,341	15,971
Share acquisition rights	567	506
Non-controlling interests	709	765
Total net assets	105,785	117,172
Total liabilities and net assets	167,795	180,828

(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, 2022	For the six months ended September 30, 2023
Net sales	60,564	66,664
Cost of sales	44,098	48,495
Gross profit	16,466	18,168
Selling, general and administrative expenses	11,302	12,141
Operating profit	5,164	6,027
Non-operating income		
Interest income	143	382
Dividend income	84	95
Foreign exchange gains	1,457	1,100
Subsidies for employment adjustment	14	–
Subsidy income	136	389
Other	134	85
Total non-operating income	1,970	2,052
Non-operating expenses		
Interest expenses	17	27
Other	52	15
Total non-operating expenses	69	42
Ordinary profit	7,065	8,037
Extraordinary income		
Gain on sale of non-current assets	0	19
Total extraordinary income	0	19
Extraordinary losses		
Loss on disposal of non-current assets	10	6
Total extraordinary losses	10	6
Profit before income taxes	7,055	8,050
Income taxes	1,852	2,265
Profit	5,202	5,785
Profit attributable to non-controlling interests	27	27
Profit attributable to owners of parent	5,174	5,757

Quarterly Consolidated Statement of Income
Six months ended September 30

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	5,202	5,785
Other comprehensive income		
Valuation difference on available-for-sale securities	(82)	788
Foreign currency translation adjustment	8,258	5,888
Remeasurements of defined benefit plans, net of tax	(8)	(10)
Total other comprehensive income	8,167	6,666
Comprehensive income	13,369	12,451
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,293	12,387
Comprehensive income attributable to non-controlling interests	75	63

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	7,055	8,050
Depreciation	2,531	2,578
Loss (gain) on disposal of non-current assets	10	(12)
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	53	5
Increase (decrease) in retirement benefit liability	67	38
Interest and dividend income	(227)	(477)
Interest expenses	17	27
Foreign exchange losses (gains)	(1,086)	(1,893)
Decrease (increase) in trade receivables	(1,046)	(2,153)
Decrease (increase) in inventories	(744)	2,082
Increase (decrease) in trade payables	(948)	985
Increase (decrease) in accrued consumption taxes	107	(76)
Other, net	(133)	(240)
Subtotal	5,655	8,914
Interest and dividends received	176	427
Interest paid	(19)	(9)
Income taxes refund (paid)	(1,878)	(2,129)
Net cash provided by (used in) operating activities	3,934	7,202
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,497)	(2,167)
Proceeds from sale of property, plant and equipment	2	21
Purchase of short-term and long-term investment securities	(24)	(29)
Proceeds from sale and redemption of short-term and long-term investment securities	50	–
Net decrease (increase) in time deposits	1,639	323
Other, net	(23)	(19)
Net cash provided by (used in) investing activities	(2,853)	(1,870)
Cash flows from financing activities		
Repayments of long-term borrowings	(2,922)	(1,032)
Purchase of treasury shares	(726)	(0)
Dividends paid	(1,073)	(1,231)
Other, net	(47)	(33)
Net cash provided by (used in) financing activities	(4,770)	(2,298)
Effect of exchange rate change on cash and cash equivalents	2,362	2,272
Net increase (decrease) in cash and cash equivalents	(1,326)	5,306
Cash and cash equivalents at beginning of period	35,451	34,141
Cash and cash equivalents at end of period	34,124	39,448