

Translation

Notice: This is a translation of part of the original document in Japanese and is only for reference purposes. In the event of any discrepancies between this translated document and the original Japanese document, the latter shall prevail.

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



August 5, 2022

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 filing quarterly securities report: August 5, 2022
Scheduled date of commencing dividend payments: –
Availability of supplementary briefing materials on quarterly financial results: No
Schedule of quarterly financial results briefing session: No

(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 year-on-year change.)

| | 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 | 20,597 | 4.4 | 854 | 20.6 | 806 | 20.8 | 439 | 19.9 |
| June 30, 2021 | 19,721 | 17.4 | 708 | 0.8 | 667 | (20.3) | 366 | (20.7) |

(Note) Comprehensive income: Three months ended June 30, 2022: ¥836 million [133.4%]

Three months ended June 30, 2021: ¥358 million [(49.9)%]

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

| Three months ended | Gross sales | Year-on-year change |
|--------------------|-----------------|---------------------|
| June 30, 2022 | ¥31,013 million | (3.4)% |
| June 30, 2021 | ¥32,119 million | (27.1)% |

| | Profit per share | | Diluted profit per share | |
|----------------------------------|------------------|--|--------------------------|--|
| | Yen | | Yen | |
| Three months ended June 30, 2022 | 36.64 | | 36.55 | |
| June 30, 2021 | 30.19 | | 30.08 | |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|----------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of June 30, 2022 | 103,911 | 31,107 | 29.3 |
| As of March 31, 2022 | 104,865 | 31,101 | 28.7 |

(Reference) Equity: As of June 30, 2022: ¥30,426 million

As of March 31, 2022: ¥30,105 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 | – | 25.00 | – | 40.00 | 65.00 |
| Fiscal year ending March 31, 2023 | – | | | | |
| Fiscal year ending March 31, 2023 (Forecast) | | 35.00 | – | 35.00 | 70.00 |

(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 year-on-year change.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Profit per share |
|------------|-------------|------|------------------|-------|-----------------|-------|---|------|------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 50,000 | 23.6 | 1,600 | 22.7 | 1,500 | 14.0 | 1,000 | 43.1 | 83.32 |
| Full year | 95,000 | 11.4 | 3,700 | (3.3) | 3,700 | (4.6) | 2,500 | 11.3 | 208.30 |

(Note) Revision to the financial results forecast announced most recently: None

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 | ¥77,000 million | 11.5% |
| Full year | ¥170,000 million | 26.6% |

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: No
(Changes in specified subsidiaries resulting in changes in the scope of consolidation):
Newly added: — (Name of subsidiary)
Excluded: — (Name of subsidiary)
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) 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
- (4) Number of outstanding shares (common shares)
- 1) Number of outstanding shares at the end of the period (including treasury shares):
- | | |
|-----------------------|-------------------|
| As of June 30, 2022: | 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 June 30, 2022: | 318,170 shares |
| As of March 31, 2022: | 357,800 shares |
- 3) Average number of shares during the period:
- | | |
|-----------------------------------|-------------------|
| Three months ended June 30, 2022: | 12,001,091 shares |
| Three months ended June 30, 2021: | 12,145,440 shares |

* These quarterly financial results are outside the scope of quarterly review 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.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2022 | As of June 30, 2022 |
|---|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 17,334 | 13,942 |
| Notes and accounts receivable - trade, and contract assets | 36,029 | 33,205 |
| Investments in leases | 109 | 97 |
| Securities | 157 | 239 |
| Merchandise and finished goods | 5,362 | 7,780 |
| Work in process | 457 | 393 |
| Raw materials and supplies | 1,188 | 1,359 |
| Advance payments to suppliers | 28,551 | 31,231 |
| Other | 687 | 662 |
| Allowance for doubtful accounts | (132) | (128) |
| Total current assets | 89,746 | 88,785 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 839 | 844 |
| Machinery, equipment and vehicles | 225 | 216 |
| Tools, furniture and fixtures | 289 | 296 |
| Fixed assets for rent, net | 669 | 685 |
| Leased assets | 110 | 108 |
| Land | 609 | 609 |
| Construction in progress | — | 24 |
| Total property, plant and equipment | 2,743 | 2,785 |
| Intangible assets | | |
| Goodwill | 346 | 325 |
| Right to use facilities | 117 | 114 |
| Software | 321 | 315 |
| Other | 7 | 7 |
| Total intangible assets | 793 | 762 |
| Investments and other assets | | |
| Investment securities | 10,439 | 10,399 |
| Long-term loans receivable | 36 | 37 |
| Deferred tax assets | 582 | 620 |
| Other | 544 | 540 |
| Allowance for doubtful accounts | (20) | (19) |
| Total investments and other assets | 11,582 | 11,578 |
| Total non-current assets | 15,119 | 15,126 |
| Total assets | 104,865 | 103,911 |

(Million yen)

| | As of March 31, 2022 | As of June 30, 2022 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 31,602 | 31,428 |
| Short-term borrowings | 5,506 | 4,506 |
| Lease liabilities | 39 | 40 |
| Accounts payable | 1,645 | 1,221 |
| Income taxes payable | 660 | 388 |
| Advances received | 29,354 | 30,252 |
| Provision for bonuses | 650 | 533 |
| Provision for bonuses for directors | 79 | 7 |
| Other | 871 | 968 |
| Total current liabilities | 70,409 | 69,346 |
| Non-current liabilities | | |
| Long-term borrowings | 27 | 27 |
| Lease liabilities | 79 | 76 |
| Retirement benefit liability | 2,572 | 2,601 |
| Provision for retirement benefits for directors | 22 | 17 |
| Deferred tax liabilities | 249 | 340 |
| Other | 403 | 393 |
| Total non-current liabilities | 3,354 | 3,457 |
| Total liabilities | 73,764 | 72,804 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 6,728 | 6,728 |
| Capital surplus | 2,097 | 2,040 |
| Retained earnings | 18,734 | 18,685 |
| Treasury shares | (564) | (500) |
| Total shareholders' equity | 26,994 | 26,952 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,813 | 2,893 |
| Foreign currency translation adjustment | 296 | 579 |
| Remeasurements of defined benefit plans | 1 | 0 |
| Total accumulated other comprehensive income | 3,111 | 3,473 |
| Share acquisition rights | 282 | 228 |
| Non-controlling interests | 713 | 452 |
| Total net assets | 31,101 | 31,107 |
| Total liabilities and net assets | 104,865 | 103,911 |

(2) Quarterly Consolidated Statements of Income and Comprehensive 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 | 19,721 | 20,597 |
| Cost of sales | 15,579 | 16,183 |
| Gross profit | 4,141 | 4,414 |
| Selling, general and administrative expenses | 3,433 | 3,559 |
| Operating profit | 708 | 854 |
| Non-operating income | | |
| Interest income | 3 | 4 |
| Dividend income | 17 | 21 |
| Gain on sale of securities | 8 | 0 |
| Foreign exchange gains | 0 | 57 |
| Other | 20 | 45 |
| Total non-operating income | 50 | 129 |
| Non-operating expenses | | |
| Interest expenses | 15 | 9 |
| Share of loss of entities accounted for using equity method | 64 | 157 |
| Other | 12 | 11 |
| Total non-operating expenses | 92 | 178 |
| Ordinary profit | 667 | 806 |
| Extraordinary income | | |
| Gain on sale of investment securities | — | 2 |
| Total extraordinary income | — | 2 |
| Profit before income taxes | 667 | 808 |
| Income taxes - current | 308 | 336 |
| Income taxes - deferred | (30) | 19 |
| Total income taxes | 277 | 355 |
| Net profit | 389 | 452 |
| Profit attributable to owners of parent | 366 | 439 |
| Profit attributable to non-controlling interests | 22 | 13 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (267) | 82 |
| Foreign currency translation adjustment | 232 | 304 |
| Remeasurements of defined benefit plans, net of tax | 1 | (0) |
| Share of other comprehensive income of entities accounted for using equity method | 2 | (2) |
| Total other comprehensive income | (31) | 383 |
| Comprehensive income | 358 | 836 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 326 | 802 |
| Comprehensive income attributable to non-controlling interests | 31 | 34 |