

Translation

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



November 10, 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 filing quarterly securities report: November 10, 2023
Scheduled date of commencing dividend payments: December 11, 2023
Availability of supplementary briefing materials on quarterly financial results: No
Schedule of quarterly financial results briefing session: Yes

(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 year-on-year change.)

	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	40,043	(1.0)	2,051	42.0	2,243	84.2	1,465	73.5
Six months ended September 30, 2022	40,452	(0.0)	1,444	10.7	1,217	(7.4)	844	20.9

(Note) Comprehensive income: Six months ended September 30, 2023: ¥3,414 million [119.6%]

Six months ended September 30, 2022: ¥1,555 million [85.0%]

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

Six months ended	Gross sales	Year-on-year change
September 30, 2023	¥96,861 million	40.7 %
September 30, 2022	¥68,866 million	(0.2)%

	Profit per share	Diluted profit per share
Six months ended	Yen	Yen
September 30, 2023	121.57	121.06
September 30, 2022	70.31	70.15

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	87,741	38,633	43.0
As of March 31, 2023	79,990	35,736	43.7

(Reference) Equity: As of September 30, 2023: ¥37,763 million

As of March 31, 2023: ¥34,994 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	–	35.00	–	55.00	90.00
Fiscal year ending March 31, 2024	–	60.00			
Fiscal year ending March 31, 2024 (Forecast)			–	60.00	120.00

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

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

(% indicates year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	85,000	(8.9)	4,500	(3.0)	5,000	(20.5)	3,400	(32.0)	282.09

(Note) Revision to the financial results forecast announced most recently: Yes

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
Full year	¥200,000 million	13.8%

*** 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: No
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 September 30, 2023: | 12,320,650 shares |
| As of March 31, 2023: | 12,320,650 shares |
- 2) Number of treasury shares at the end of the period:
- | | |
|---------------------------|----------------|
| As of September 30, 2023: | 270,334 shares |
| As of March 31, 2023: | 283,532 shares |
- 3) Average number of shares during the period:
- | | |
|--------------------------------------|-------------------|
| Six months ended September 30, 2023: | 12,055,980 shares |
| Six months ended September 30, 2022: | 12,013,112 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, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	10,653	7,899
Notes and accounts receivable – trade, and contract assets	35,809	39,140
Investments in leases	64	48
Securities	100	100
Merchandise and finished goods	8,216	9,073
Work in process	406	496
Raw materials and supplies	1,620	1,737
Advance payments to suppliers	3,718	8,969
Other	972	768
Allowance for doubtful accounts	(133)	(141)
Total current assets	61,429	68,092
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,073	1,088
Machinery, equipment and vehicles	232	284
Tools, furniture and fixtures	383	417
Fixed assets for rent	683	689
Leased assets	103	79
Land	2,101	2,045
Construction in progress	15	-
Total property, plant and equipment	4,591	4,604
Intangible assets		
Goodwill	253	207
Right to use facilities	118	118
Software	314	317
Other	12	42
Total intangible assets	698	686
Investments and other assets		
Investment securities	12,052	13,176
Long-term loans receivable	29	34
Deferred tax assets	602	591
Other	604	573
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	13,271	14,358
Total non-current assets	18,561	19,649
Total assets	79,990	87,741

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable – trade	31,417	32,996
Short-term borrowings	2,006	7
Lease liabilities	35	20
Accounts payable – other	1,219	1,265
Income taxes payable	1,160	503
Advances received from customers	3,150	8,489
Provision for bonuses	714	722
Provision for bonuses for directors	119	43
Other	648	788
Total current liabilities	40,473	44,837
Non-current liabilities		
Long-term borrowings	23	22
Lease liabilities	76	63
Retirement benefit liability	2,617	2,606
Provision for retirement benefits for directors	22	19
Deferred tax liabilities	619	1,133
Other	421	426
Total non-current liabilities	3,781	4,271
Total liabilities	44,254	49,108
Net assets		
Shareholders' equity		
Share capital	6,728	6,728
Capital surplus	2,040	2,040
Retained earnings	22,813	23,693
Treasury shares	(435)	(414)
Total shareholders' equity	31,146	32,047
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,140	4,293
Foreign currency translation adjustment	692	1,415
Remeasurements of defined benefit plans	15	7
Total accumulated other comprehensive income	3,847	5,716
Share acquisition rights	218	250
Non-controlling interests	524	619
Total net assets	35,736	38,633
Total liabilities and net assets	79,990	87,741

(2) Quarterly Consolidated Statements of Income and Comprehensive 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	40,452	40,043
Cost of sales	31,841	29,837
Gross profit	8,610	10,206
Selling, general and administrative expenses	7,166	8,154
Operating profit	1,444	2,051
Non-operating income		
Interest income	8	9
Dividend income	82	95
Gain on sale of securities	11	2
Share of profit of entities accounted for using equity method	-	39
Foreign exchange gains	59	52
Other	65	52
Total non-operating income	227	251
Non-operating expenses		
Interest expenses	17	7
Share of loss of entities accounted for using equity method	421	-
Other	14	51
Total non-operating expenses	453	59
Ordinary profit	1,217	2,243
Extraordinary income		
Gain on sale of investment securities	369	48
Gain on sale of shares of subsidiaries and associates	-	16
Compensation income	-	52
Total extraordinary income	369	117
Extraordinary losses		
Loss on valuation of investment securities	-	85
Total extraordinary losses	-	85
Profit before income taxes	1,587	2,274
Income taxes - current	589	731
Income taxes - deferred	121	39
Total income taxes	711	770
Net profit	876	1,503
Profit attributable to owners of parent	844	1,465
Profit attributable to non-controlling interests	31	38
Other comprehensive income		
Valuation difference on available-for-sale securities	77	1,129
Foreign currency translation adjustment	603	763
Remeasurements of defined benefit plans, net of tax	(0)	(7)
Share of other comprehensive income of entities accounted for using equity method	(0)	25
Total other comprehensive income	679	1,911
Comprehensive income	1,555	3,414
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,484	3,334
Comprehensive income attributable to non-controlling interests	70	80