

Translation

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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]



November 12, 2024

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: Hirohisa Masuda, Director, Managing Executive Officer in charge of administration
Phone: +81-3-5221-7101
Scheduled date of filing semi-annual securities report: November 12, 2024
Scheduled date of commencing dividend payments: December 9, 2024
Availability of supplementary briefing materials on 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 Six Months Ended September 30, 2024 (April 1, 2024 - September 30, 2024)

(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, 2024	44,514	11.2	2,921	42.4	4,266	90.2	5,027	243.1
Six months ended September 30, 2023	40,043	(1.0)	2,051	42.0	2,243	84.2	1,465	73.5

(Note) Comprehensive income: Six months ended September 30, 2024: ¥4,076 million [19.4%]

Six months ended September 30, 2023: ¥3,414 million [119.6%]

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, 2024	¥153,681 million	58.7%
September 30, 2023	¥96,861 million	40.7%

	Profit per share	Diluted profit per share
Six months ended	Yen	Yen
September 30, 2024	417.94	414.54
September 30, 2023	121.57	121.06

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	110,168	45,896	40.8
As of March 31, 2024	118,543	43,180	35.7

(Reference) Equity: As of September 30, 2024: ¥44,928 million

As of March 31, 2024: ¥42,264 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, 2024	–	60.00	–	90.00	150.00
Fiscal year ending March 31, 2025	–	90.00			
Fiscal year ending March 31, 2025 (Forecast)			–	120.00	210.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% 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
Full year	93,000	7.2	5,700	2.2	7,400	18.3	7,100	58.2	591.43

(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	¥282,000 million	37.3%

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added: Two companies (Company name: FORMOSA SEIKA CORPORATION, Shipyard Tanaka Co., Ltd.)

Excluded: — (Company name:)

(2) Accounting methods adopted particularly for the preparation of semi-annual 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 September 30, 2024: 12,320,650 shares

As of March 31, 2024: 12,320,650 shares

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

As of September 30, 2024: 341,144 shares

As of March 31, 2024: 270,720 shares

3) Average number of shares during the period:

Six months ended September 30, 2024: 12,030,139 shares

Six months ended September 30, 2023: 12,055,980 shares

(Note) The number of treasury shares excluded from the calculation of the number of treasury shares at the end of the period and average number of shares during the period include the shares of the Company owned by The Master Trust Bank of Japan, Ltd. (Trust Account) as trust assets for distributing stock to officers.

* These second-quarterly (semi-annual) financial results are outside the scope of 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. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	10,428	13,197
Notes and accounts receivable - trade, and contract assets	53,475	58,624
Investments in leases	34	23
Securities	100	105
Merchandise and finished goods	7,805	7,787
Work in process	442	480
Raw materials and supplies	1,708	1,924
Advance payments to suppliers	21,021	4,580
Other	736	899
Allowance for doubtful accounts	(153)	(157)
Total current assets	95,599	87,465
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,084	1,188
Machinery, equipment and vehicles	252	290
Tools, furniture and fixtures	441	483
Fixed assets for rent, net	674	687
Leased assets	163	146
Land	2,039	2,106
Construction in progress	2	7
Total property, plant and equipment	4,658	4,911
Intangible assets		
Goodwill	156	117
Right to use facilities	118	120
Software	348	332
Other	18	6
Total intangible assets	642	576
Investments and other assets		
Investment securities	16,413	15,910
Long-term loans receivable	34	33
Deferred tax assets	586	645
Other	637	664
Allowance for doubtful accounts	(30)	(37)
Total investments and other assets	17,642	17,215
Total non-current assets	22,943	22,702
Total assets	118,543	110,168

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	44,588	49,702
Short-term borrowings	7	12
Lease liabilities	41	41
Accounts payable - other	1,861	1,252
Income taxes payable	788	1,831
Advances received	20,791	5,075
Provision for bonuses	940	1,001
Provision for bonuses for directors	123	120
Other	1,003	743
Total current liabilities	70,146	59,782
Non-current liabilities		
Long-term borrowings	18	27
Lease liabilities	133	116
Retirement benefit liability	2,558	2,629
Provision for retirement benefits for directors	22	42
Provision for share awards	–	30
Deferred tax liabilities	2,012	1,169
Other	470	473
Total non-current liabilities	5,216	4,490
Total liabilities	75,362	64,272
Net assets		
Shareholders' equity		
Share capital	6,728	6,728
Capital surplus	2,040	2,040
Retained earnings	25,992	29,930
Treasury shares	(415)	(647)
Total shareholders' equity	34,345	38,051
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,509	4,693
Foreign currency translation adjustment	1,370	2,177
Remeasurements of defined benefit plans	38	5
Total accumulated other comprehensive income	7,918	6,876
Share acquisition rights	250	225
Non-controlling interests	666	742
Total net assets	43,180	45,896
Total liabilities and net assets	118,543	110,168

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	40,043	44,514
Cost of sales	29,837	32,408
Gross profit	10,206	12,105
Selling, general and administrative expenses	8,154	9,184
Operating profit	2,051	2,921
Non-operating income		
Interest income	9	9
Dividend income	95	85
Gain on sale of securities	2	0
Share of profit of entities accounted for using equity method	39	1,170
Foreign exchange gains	52	1
Other	52	100
Total non-operating income	251	1,368
Non-operating expenses		
Interest expenses	7	3
Other	51	20
Total non-operating expenses	59	23
Ordinary profit	2,243	4,266
Extraordinary income		
Gain on sale of investment securities	48	2,778
Gain on sale of shares of subsidiaries and associates	16	–
Compensation income	52	–
Total extraordinary income	117	2,778
Extraordinary losses		
Loss on valuation of investment securities	85	–
Total extraordinary losses	85	–
Profit before income taxes	2,274	7,044
Income taxes - current	731	1,986
Income taxes - deferred	39	(18)
Total income taxes	770	1,968
Net Profit	1,503	5,076
Profit attributable to		
Profit attributable to owners of parent	1,465	5,027
Profit attributable to non-controlling interests	38	48
Other comprehensive income		
Valuation difference on available-for-sale securities	1,129	(1,932)
Foreign currency translation adjustment	763	849
Remeasurements of defined benefit plans, net of tax	(7)	(34)
Share of other comprehensive income of entities accounted for using equity method	25	117
Total other comprehensive income	1,911	(999)
Comprehensive income	3,414	4,076
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,334	3,985
Comprehensive income attributable to non-controlling interests	80	90

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,274	7,044
Depreciation	271	319
Share-based payment expenses	50	–
Amortization of goodwill	50	52
Increase (decrease) in allowance for doubtful accounts	(0)	3
Increase (decrease) in provision for bonuses	22	60
Increase (decrease) in provision for bonuses for directors	(75)	(2)
Increase (decrease) in retirement benefit liability	(11)	21
Increase (decrease) in provision for retirement benefits for directors	(3)	(4)
Increase (decrease) in provision for share awards	–	30
Loss (gain) on sale of securities	(2)	(0)
Loss (gain) on sale of investment securities	(48)	(2,778)
Loss (gain) on valuation of investment securities	85	–
Loss (gain) on sale of shares of subsidiaries and associates	(16)	–
Interest and dividend income	(104)	(95)
Interest expenses	7	3
Share of loss (profit) of entities accounted for using equity method	(39)	(1,170)
Decrease (increase) in trade receivables	(3,279)	(4,898)
Decrease (increase) in inventories	(623)	275
Decrease (increase) in advance payments to suppliers	(5,214)	16,461
Increase (decrease) in trade payables	1,742	4,963
Increase (decrease) in accounts payable - other	(211)	(257)
Increase (decrease) in advances received	5,287	(15,875)
Decrease (increase) in consumption taxes refund receivable	330	16
Increase (decrease) in accrued consumption taxes	234	(334)
Increase/decrease in other assets/liabilities	(176)	(382)
Subtotal	551	3,454
Interest and dividends received	168	190
Interest paid	(8)	(3)
Income taxes refund (paid)	(1,437)	(1,037)
Other, net	21	73
Net cash provided by (used in) operating activities	(704)	2,677

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from investing activities		
Payments into time deposits	–	(51)
Proceeds from withdrawal of time deposits	–	70
Purchase of securities	(29)	(10)
Proceeds from sale of securities	31	4
Purchase of property, plant and equipment	(304)	(337)
Proceeds from sale of property, plant and equipment	12	5
Purchase of investment securities	(0)	–
Proceeds from sale of investment securities	176	3,205
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	29	–
Loan advances	(10)	(3)
Proceeds from collection of loans receivable	3	4
Purchase of shares of associates	–	(1,813)
Proceeds from sales of shares of associates	–	37
Proceeds from refund of guarantee deposits	39	4
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	55
Other, net	(86)	(75)
Net cash provided by (used in) investing activities	(137)	1,094
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,000)	–
Repayments of long-term borrowings	(3)	(152)
Dividends paid	(661)	(1,080)
Purchase of treasury shares	(0)	(259)
Dividends paid to non-controlling interests	(5)	(22)
Other, net	(23)	(21)
Net cash provided by (used in) financing activities	(2,694)	(1,535)
Effect of exchange rate change on cash and cash equivalents	334	432
Net increase (decrease) in cash and cash equivalents	(3,201)	2,667
Cash and cash equivalents at beginning of period	10,653	10,428
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	447	46
Cash and cash equivalents at end of period	7,899	13,142