

Translation

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 13, 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 annual general meeting of shareholders: June 28, 2022
 Scheduled date of commencing dividend payments: June 29, 2022
 Scheduled date of filing annual securities report: June 29, 2022
 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, 2022 (April 1, 2021 to March 31, 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	%
Fiscal year ended								
March 31, 2022	85,307	18.6	3,824	48.2	3,879	33.5	2,246	(17.5)
March 31, 2021	71,933	—	2,581	(8.1)	2,906	(6.9)	2,721	—

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥2,328 million [(47.1) %]
 Fiscal year ended March 31, 2021: ¥4,401 million [— %]

The Company adopted the *Accounting Standard for Revenue Recognition* (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year ended March 31, 2022. Net sales for the fiscal year ended March 31, 2021 reflect a retroactive application of these accounting standards. Accordingly, the Company does not disclose year-on-year change in net sales for the fiscal year ended March 31, 2021 compared to the fiscal year ended March 31, 2020, as the latter was before the standards were applied.

Upon the application of these accounting standards, sales from agent transactions previously recorded on a gross basis are now shown net of the corresponding cost of sales.

Net sales under the old accounting standards are shown below as “Gross sales”:

Fiscal year ended	Gross sales	Year-on-year change
March 31, 2022	¥134,261 million	(1.5) %
March 31, 2021	¥136,273 million	(3.1) %

	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, 2022	186.85	186.20	7.6	3.8	4.5
March 31, 2021	221.87	221.52	10.0	3.1	3.6

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

Fiscal year ended March 31, 2022: ¥(265) million
 Fiscal year ended March 31, 2021: ¥63 million

The Company adopted the *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year ended March 31, 2022. The ratio of operating profit to net sales for the fiscal year ended March 31, 2021 reflects a retroactive application of these accounting standards.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	104,865	31,101	28.7	2,516.57
March 31, 2021	97,458	29,889	29.8	2,365.06

(Reference) Equity: As of March 31, 2022: ¥30,105 million

As of March 31, 2021: ¥29,009 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, 2022	4,971	1,125	(3,304)	17,000
March 31, 2021	4,137	(1,566)	(1,903)	14,035

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, 2021	—	20.00	—	25.00	45.00	552	20.3	2.0
March 31, 2022	—	25.00	—	40.00	65.00	778	34.8	2.7
Fiscal year ending March 31, 2023 (Forecast)	—	35.00	—	35.00	70.00		33.6	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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	50,000	23.6	1,600	22.7	1,500	14.0	1,000	43.1	83.32
	95,000	11.4	3,700	(3.3)	3,700	(4.6)	2,500	11.3	208.30

The Company adopted the *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020) and other standards, and sales from agent transactions are shown net of the corresponding cost of sales.

Net 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 (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, 2022:	12,320,650 shares
As of March 31, 2021:	12,820,650 shares

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

As of March 31, 2022:	357,800 shares
As of March 31, 2021:	554,878 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2022:	12,022,521 shares
Fiscal year ended March 31, 2021:	12,266,613 shares

(Reference) Overview of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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, 2022	57,802	8.4	1,243	(8.7)	3,538	100.8	2,500	(5.1)
March 31, 2021	53,347	—	1,361	(23.5)	1,762	(13.9)	2,634	—

The Company adopted the *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year ended March 31, 2022. Net sales for the fiscal year ended March 31, 2021 reflect a retroactive application of these accounting standards. Accordingly, the Company does not disclose year-on-year change in net sales for the fiscal year ended March 31, 2021 compared to the fiscal year ended March 31, 2020, as the latter was before the standards were applied.

Upon the application of these accounting standards, sales from agent transactions previously recorded on a gross basis are now shown net of the corresponding cost of sales.

Net sales under the old accounting standards are shown below as “Gross sales”:

Fiscal year ended	Gross sales	Year-on-year change
March 31, 2022	¥106,756 million	(9.3) %
March 31, 2021	¥117,688 million	(4.7) %

Fiscal year ended	Profit per share	Diluted profit per share
	Yen	Yen
March 31, 2022	207.76	207.04
March 31, 2021	214.55	214.21

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	86,740	22,147	25.2	1,825.53
March 31, 2021	80,167	21,172	26.1	1,703.06

(Reference) Equity: As of March 31, 2022: ¥21,864 million

As of March 31, 2021: ¥20,913 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.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	15,763	17,334
Notes and accounts receivable – trade, and contract assets	36,159	36,029
Investments in leases	121	109
Securities	157	157
Merchandise and finished goods	6,089	5,362
Work in process	364	457
Raw materials and supplies	1,183	1,188
Advance payments to suppliers	20,639	28,551
Other	1,044	687
Allowance for doubtful accounts	(151)	(132)
Total current assets	81,371	89,746
Non-current assets		
Property, plant and equipment		
Buildings and structures	929	839
Machinery, equipment and vehicles	227	225
Tools, furniture and fixtures	297	289
Fixed assets for rent, net	671	669
Leased assets	85	110
Land	604	609
Construction in progress	1	—
Total property, plant and equipment	2,816	2,743
Intangible assets		
Goodwill	490	346
Right to use facilities	105	117
Software	233	321
Other	4	7
Total intangible assets	834	793
Investments and other assets		
Investment securities	11,271	10,439
Long-term loans receivable	31	36
Deferred tax assets	587	582
Other	564	544
Allowance for doubtful accounts	(19)	(20)
Total investments and other assets	12,436	11,582
Total non-current assets	16,087	15,119
Total assets	97,458	104,865

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,730	31,602
Short-term borrowings	6,365	5,506
Current portion of long-term borrowings	1,200	—
Lease liabilities	31	39
Accounts payable - other	969	1,645
Income taxes payable	184	660
Advances received from customers	21,913	29,354
Provision for bonuses	557	650
Provision for bonuses for directors	38	79
Other	544	871
Total current liabilities	64,536	70,409
Non-current liabilities		
Long-term borrowings	53	27
Lease liabilities	59	79
Retirement benefit liability	2,581	2,572
Provision for retirement benefits for directors	25	22
Deferred tax liabilities	4	249
Other	308	403
Total non-current liabilities	3,032	3,354
Total liabilities	67,568	73,764
Net assets		
Shareholders' equity		
Share capital	6,728	6,728
Capital surplus	2,097	2,097
Retained earnings	17,907	18,734
Treasury shares	(844)	(564)
Total shareholders' equity	25,888	26,994
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,206	2,813
Foreign currency translation adjustment	(78)	296
Remeasurements of defined benefit plans	(7)	1
Total accumulated other comprehensive income	3,120	3,111
Share acquisition rights	258	282
Non-controlling interests	621	713
Total net assets	29,889	31,101
Total liabilities and net assets	97,458	104,865

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	71,933	85,307
Cost of sales	57,260	67,280
Gross profit	14,672	18,026
Selling, general and administrative expenses	12,091	14,202
Operating profit	2,581	3,824
Non-operating income		
Interest income	16	19
Dividend income	228	259
Gain on sale of securities	9	7
Share of profit of entities accounted for using equity method	63	—
Foreign exchange gains	112	67
Other	95	107
Total non-operating income	525	460
Non-operating expenses		
Interest expenses	135	62
Loss on sale of notes receivable - trade	12	20
Share of loss of entities accounted for using equity method	—	265
Other	52	57
Total non-operating expenses	200	405
Ordinary profit	2,906	3,879
Extraordinary income		
Gain on sale of non-current assets	—	166
Gain on sale of investment securities	10	3
Total extraordinary income	10	170
Extraordinary losses		
Loss on valuation of investment securities	15	—
Loss on sale of shares of subsidiaries and associates	70	—
Total extraordinary losses	86	—
Profit before income taxes	2,831	4,050
Income taxes - current	697	1,300
Income taxes - deferred	(670)	416
Total income taxes	27	1,717
Net Profit	2,804	2,333
Profit attributable to owners of parent	2,721	2,246
Profit attributable to non-controlling interests	82	86
Other comprehensive income		
Valuation difference on available-for-sale securities	1,388	(394)
Foreign currency translation adjustment	204	379
Remeasurements of defined benefit plans, net of tax	4	8
Share of other comprehensive income of entities accounted for using equity method	(0)	1
Total other comprehensive income	1,597	(4)
Comprehensive income	4,401	2,328
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,318	2,236
Comprehensive income attributable to non-controlling interests	82	91

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,728	2,097	15,738	(849)	23,714
Changes during period					
Dividends of surplus			(552)		(552)
Profit attributable to owners of parent			2,721		2,721
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			—	—	—
Cancellation of treasury shares			—	—	—
Exercise of share acquisition rights			(0)	6	6
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,168	4	2,173
Balance at end of period	6,728	2,097	17,907	(844)	25,888

	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	1,818	(283)	(11)	1,523	202	470	25,911
Changes during period							
Dividends of surplus							(552)
Profit attributable to owners of parent							2,721
Purchase of treasury shares							(1)
Disposal of treasury shares							—
Cancellation of treasury shares							—
Exercise of share acquisition rights							6
Net changes in items other than shareholders' equity	1,387	205	4	1,597	56	151	1,804
Total changes during period	1,387	205	4	1,597	56	151	3,978
Balance at end of period	3,206	(78)	(7)	3,120	258	621	29,889

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)
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)
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

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,831	4,050
Depreciation	365	437
Share-based payment expenses	62	58
Amortization of goodwill	239	146
Share of loss (profit) of entities accounted for using equity method	(63)	265
Increase (decrease) in allowance for doubtful accounts	(288)	(20)
Increase (decrease) in provision for bonuses	41	92
Increase (decrease) in provision for bonuses for directors	38	41
Increase (decrease) in retirement benefit liability	81	2
Increase (decrease) in provision for retirement benefits for directors	2	(3)
Loss (gain) on sale of securities	(9)	(7)
Loss (gain) on sale of non-current assets	—	(166)
Loss (gain) on valuation of investment securities	15	—
Loss (gain) on sale of investment securities	(10)	(3)
Loss (gain) on sale of shares of subsidiaries and associates	70	—
Interest and dividend income	(244)	(278)
Interest expenses	135	62
Decrease (increase) in trade receivables	4,582	195
Decrease (increase) in investments in leases	26	12
Decrease (increase) in inventories	(862)	737
Decrease (increase) in advance payments to suppliers	(1,793)	(7,866)
Increase (decrease) in trade payables	(2,436)	(1,154)
Increase (decrease) in advances received	2,756	7,381
Decrease (increase) in consumption taxes refund receivable	(49)	64
Increase (decrease) in accrued consumption taxes	(347)	487
Increase/decrease in other assets/liabilities	257	811
Subtotal	5,400	5,347
Interest and dividends received	249	260
Interest paid	(142)	(62)
Income taxes refund (paid)	(1,395)	(696)
Other, net	25	123
Net cash provided by (used in) operating activities	4,137	4,971

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from investing activities		
Payments into time deposits	(7)	(17)
Proceeds from withdrawal of time deposits	—	1,450
Purchase of securities	(1,431)	(3,078)
Proceeds from sale of securities	1,443	3,117
Purchase of investment securities	(197)	(240)
Proceeds from sale of investment securities	352	131
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,286)	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	172	—
Purchase of property, plant and equipment	(511)	(370)
Proceeds from sale of property, plant and equipment	12	268
Purchase of intangible assets	(103)	(155)
Proceeds from sale of intangible assets	1	1
Loan advances	(1)	(19)
Proceeds from collection of loans receivable	12	14
Payments of guarantee deposits	(25)	(12)
Proceeds from refund of guarantee deposits	3	37
Other, net	(0)	(1)
Net cash provided by (used in) investing activities	(1,566)	1,125
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(620)	(860)
Repayments of long-term borrowings	(669)	(1,226)
Dividends paid	(555)	(607)
Purchase of treasury shares	(1)	(568)
Proceeds from sale of treasury shares	0	0
Other, net	(57)	(42)
Net cash provided by (used in) financing activities	(1,903)	(3,304)
Effect of exchange rate change on cash and cash equivalents	21	171
Net increase (decrease) in cash and cash equivalents	689	2,964
Cash and cash equivalents at beginning of period	13,346	14,035
Cash and cash equivalents at end of period	14,035	17,000