

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: SE Corporation
 Stock exchange listing: Tokyo
 Stock code: 3423 URL <https://www.se-corp.com/>
 Representative: President Ichiro Miyahara
 Inquiries: Managing Executive Officer Hisahiro Nojima TEL 03-3340-5500
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 28, 2023
 Scheduled date to commence dividend payments: June 29, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	25,452	5.4	1,336	(32.6)	1,376	(30.9)	870	(46.1)
Year ended March 31, 2022	24,150	5.9	1,982	67.2	1,992	66.0	1,614	155.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	28.82	–	8.6	5.6	5.3
Year ended March 31, 2022	53.66	–	17.3	8.4	8.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	25,493	10,428	40.7	343.81
As of March 31, 2022	23,665	9,953	41.9	329.31

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	(637)	(656)	749	4,395
Year ended March 31, 2022	2,309	(367)	(1,253)	4,935

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	0.00	–	14.00	14.00	421	26.1	4.5
Year ended March 31, 2023	–	0.00	–	13.00	13.00	392	45.1	3.9
Year ending March 31, 2024 (Forecast)	–	0.00	–	13.00	13.00		85.4	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	26,013	2.2	779	(41.7)	800	(41.9)	460	(47.1)	15.23

4. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: Yes
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	31,256,600 shares	As of March 31, 2022	31,256,600 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	1,048,528 shares	As of March 31, 2022	1,148,528 shares
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Average number of shares during the period

Year ended March 31, 2023	30,183,072 shares	Year ended March 31, 2022	30,083,072 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,172,731	4,630,583
Notes receivable - trade	1,600,927	1,631,385
Accounts receivable - trade	3,352,518	4,133,771
Contract assets	652,143	1,583,263
Electronically recorded monetary claims - operating	1,836,476	1,649,844
Merchandise and finished goods	690,744	758,452
Work in process	601,230	678,279
Raw materials and supplies	1,351,872	1,674,450
Other	563,705	518,470
Allowance for doubtful accounts	(28,895)	(27,671)
Total current assets	15,793,456	17,230,829
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,131,496	5,557,452
Accumulated depreciation	(2,943,593)	(3,074,318)
Buildings and structures, net	2,187,902	2,483,134
Machinery, equipment and vehicles	4,363,039	4,601,729
Accumulated depreciation	(3,656,764)	(3,812,912)
Machinery, equipment and vehicles, net	706,275	788,817
Tools, furniture and fixtures	1,135,578	1,119,310
Accumulated depreciation	(1,061,034)	(1,030,920)
Tools, furniture and fixtures, net	74,544	88,390
Land	2,968,586	3,054,542
Leased assets	642,648	611,986
Accumulated depreciation	(244,652)	(270,224)
Leased assets, net	397,995	341,761
Construction in progress	101,245	88,006
Total property, plant and equipment	6,436,550	6,844,652
Intangible assets		
Goodwill	118,693	72,898
Other	95,288	109,023
Total intangible assets	213,982	181,922
Investments and other assets		
Investment securities	217,520	215,212
Deferred tax assets	702,104	707,108
Other	325,146	342,452
Allowance for doubtful accounts	(23,480)	(28,254)
Total investments and other assets	1,221,290	1,236,518
Total non-current assets	7,871,822	8,263,093
Total assets	23,665,278	25,493,923

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,618,344	3,768,761
Electronically recorded obligations - operating	2,214,437	2,550,907
Short-term borrowings	300,522	600,522
Current portion of long-term borrowings	1,343,351	1,476,214
Income taxes payable	573,514	169,506
Contract liabilities	100,762	124,463
Provision for bonuses	171,879	176,722
Other	1,187,781	1,172,700
Total current liabilities	9,510,593	10,039,798
Non-current liabilities		
Long-term borrowings	2,634,544	3,468,330
Provision for retirement benefits for directors (and other officers)	548,590	572,080
Retirement benefit liability	421,199	434,565
Asset retirement obligations	156,193	171,003
Lease liabilities	434,960	374,109
Other	5,500	5,500
Total non-current liabilities	4,200,987	5,025,588
Total liabilities	13,711,580	15,065,386
Net assets		
Shareholders' equity		
Share capital	1,228,057	1,228,057
Capital surplus	1,012,350	1,026,676
Retained earnings	7,810,207	8,258,713
Treasury shares	(211,030)	(192,656)
Total shareholders' equity	9,839,585	10,320,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64,796	63,320
Deferred gains or losses on hedges	611	55
Remeasurements of defined benefit plans	9,882	1,779
Total accumulated other comprehensive income	75,290	65,154
Non-controlling interests	38,822	42,590
Total net assets	9,953,698	10,428,536
Total liabilities and net assets	23,665,278	25,493,923

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	24,150,209	25,452,377
Cost of sales	17,034,543	18,773,360
Gross profit	7,115,666	6,679,017
Selling, general and administrative expenses	5,133,283	5,342,410
Operating profit	1,982,382	1,336,606
Non-operating income		
Interest income	85	144
Dividend income	7,632	8,123
Commission income	7,509	6,946
Rental income from buildings	8,496	8,496
Foreign exchange gains	–	493
Reversal of allowance for doubtful accounts	694	54
Gain on sale of scraps	41,537	46,550
Other	22,768	28,080
Total non-operating income	88,724	98,888
Non-operating expenses		
Interest expenses	27,035	27,977
Sales discounts	17,442	21,400
Foreign exchange losses	27,733	–
Donations	4,019	3,206
Other	2,615	6,695
Total non-operating expenses	78,845	59,280
Ordinary profit	1,992,261	1,376,215
Extraordinary income		
Gain on sale of non-current assets	818	8,762
Gain on sale of investment securities	402,690	–
Insurance claim income	584	–
Total extraordinary income	404,093	8,762
Extraordinary losses		
Loss on sale of non-current assets	40	–
Loss on retirement of non-current assets	10,043	3,550
Retirement benefits for directors (and other officers)	4,420	1,500
Loss on valuation of investments in capital	1,000	–
Total extraordinary losses	15,504	5,050
Profit before income taxes	2,380,849	1,379,927
Income taxes - current	798,546	507,059
Income taxes - deferred	(38,899)	(919)
Total income taxes	759,647	506,140
Profit	1,621,202	873,786
Profit attributable to non-controlling interests	6,904	3,767
Profit attributable to owners of parent	1,614,298	870,019

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,621,202	873,786
Other comprehensive income		
Valuation difference on available-for-sale securities	(264,407)	(1,476)
Deferred gains or losses on hedges	611	(556)
Remeasurements of defined benefit plans, net of tax	(13,758)	(8,102)
Total other comprehensive income	(277,554)	(10,135)
Comprehensive income	1,343,648	863,651
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,336,744	859,883
Comprehensive income attributable to non-controlling interests	6,904	3,767

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,228,057	1,000,924	6,434,118	(229,403)	8,433,696
Cumulative effects of changes in accounting policies			61,870		61,870
Restated balance	1,228,057	1,000,924	6,495,989	(229,403)	8,495,567
Changes during period					
Dividends of surplus			(300,080)		(300,080)
Profit attributable to owners of parent			1,614,298		1,614,298
Disposal of treasury shares		11,426		18,373	29,800
Net changes in items other than shareholders' equity					
Total changes during period	–	11,426	1,314,218	18,373	1,344,018
Balance at end of period	1,228,057	1,012,350	7,810,207	(211,030)	9,839,585

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	329,204	–	23,641	352,845	20,999	8,807,541
Cumulative effects of changes in accounting policies					10,918	72,789
Restated balance	329,204	–	23,641	352,845	31,918	8,880,330
Changes during period						
Dividends of surplus						(300,080)
Profit attributable to owners of parent						1,614,298
Disposal of treasury shares						29,800
Net changes in items other than shareholders' equity	(264,407)	611	(13,758)	(277,554)	6,904	(270,650)
Total changes during period	(264,407)	611	(13,758)	(277,554)	6,904	1,073,367
Balance at end of period	64,796	611	9,882	75,290	38,822	9,953,698

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,228,057	1,012,350	7,810,207	(211,030)	9,839,585
Changes during period					
Dividends of surplus			(421,513)		(421,513)
Profit attributable to owners of parent			870,019		870,019
Disposal of treasury shares		14,326		18,373	32,700
Net changes in items other than shareholders' equity					
Total changes during period	–	14,326	448,506	18,373	481,206
Balance at end of period	1,228,057	1,026,676	8,258,713	(192,656)	10,320,791

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	64,796	611	9,882	75,290	38,822	9,953,698
Changes during period						
Dividends of surplus						(421,513)
Profit attributable to owners of parent						870,019
Disposal of treasury shares						32,700
Net changes in items other than shareholders' equity	(1,476)	(556)	(8,102)	(10,135)	3,767	(6,367)
Total changes during period	(1,476)	(556)	(8,102)	(10,135)	3,767	474,838
Balance at end of period	63,320	55	1,779	65,154	42,590	10,428,536

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,380,849	1,379,927
Depreciation	489,490	572,288
Amortization of goodwill	45,794	45,794
Loss on retirement of non-current assets	10,043	3,550
Increase (decrease) in allowance for doubtful accounts	(694)	3,549
Increase (decrease) in provision for bonuses	23,542	4,842
Increase (decrease) in retirement benefit liability	(4,336)	2,255
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(17,960)	23,490
Interest and dividend income	(7,717)	(8,268)
Interest expenses	27,035	27,977
Decrease (increase) in trade receivables	839,170	(1,556,198)
Decrease (increase) in inventories	(369,583)	(467,334)
Increase (decrease) in trade payables	(102,179)	472,475
Increase (decrease) in accounts payable - other	26,123	25,349
Increase (decrease) in advances received	(167,687)	82,671
Loss (gain) on sale of investment securities	(402,690)	–
Other, net	16,511	(318,098)
Subtotal	2,785,712	294,274
Interest and dividends received	7,439	7,978
Proceeds from insurance income	3,000	–
Interest paid	(27,634)	(28,647)
Income taxes paid	(506,151)	(967,624)
Extra retirement payments	(4,420)	(1,500)
Other, net	51,443	57,576
Net cash provided by (used in) operating activities	2,309,389	(637,942)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	77,379	2,002
Payments into time deposits	(4,003)	–
Purchase of property, plant and equipment	(605,223)	(914,910)
Purchase of intangible assets	(45,744)	(36,646)
Proceeds from sale of property, plant and equipment	818	25,105
Payments of guarantee deposits	(5,544)	(3,256)
Proceeds from refund of guarantee deposits	25,426	5,047
Proceeds from sale of investment securities	173,776	279,575
Decrease (increase) in investments and other assets	1,113	(17,693)
Proceeds from collection of loans receivable	360	160
Proceeds from cancellation of insurance funds	14,448	4,446
Net cash provided by (used in) investing activities	(367,193)	(656,169)

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(10,000)	300,000
Proceeds from long-term borrowings	1,110,000	2,310,000
Repayments of long-term borrowings	(1,779,876)	(1,343,351)
Redemption of bonds	(188,000)	-
Repayments of finance lease liabilities	(85,479)	(96,519)
Dividends paid	(299,690)	(420,990)
Net cash provided by (used in) financing activities	(1,253,046)	749,139
Effect of exchange rate change on cash and cash equivalents	7,000	4,827
Net increase (decrease) in cash and cash equivalents	696,149	(540,145)
Cash and cash equivalents at beginning of period	4,239,579	4,935,728
Cash and cash equivalents at end of period	4,935,728	4,395,583