

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

February 5, 2020

Company name: SE Corporation
 Stock exchange listing: Tokyo
 Stock code: 3423 URL <http://www.se-corp.com/>
 Representative: President Ichiro Miyahara
 Inquiries: Corporate Director Executive Officer Hisahiro Nojima TEL 03-3340-5500
 Scheduled date to file Quarterly Securities Report: February 13, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(1) Consolidated operating results (cumulative)

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	%
Nine months ended December 31, 2019	16,373	3.8	483	(23.4)	443	(26.3)	105	(68.6)
Nine months ended December 31, 2018	15,778	11.4	631	13.7	601	(6.1)	334	(15.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2019	3.51		–	
Nine months ended December 31, 2018	11.18		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	22,656	8,362	36.7	278.36
As of March 31, 2019	23,093	8,712	37.6	289.98

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	0.00	–	10.00	10.00
Year ending March 31, 2020	–	0.00	–		
Year ending March 31, 2020 (Forecast)				10.00	10.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	22,800	1.7	1,153	3.0	1,150	6.6	677	(3.2)	22.66

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of December 31, 2019	31,256,600 shares	As of March 31, 2019	31,256,600 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	1,348,528 shares	As of March 31, 2019	1,348,528 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2019	29,908,072 shares	Nine months ended December 31, 2018	29,908,072 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	5,132,395	4,611,987
Notes and accounts receivable - trade	7,552,636	6,717,244
Merchandise and finished goods	569,387	641,893
Work in process	624,925	836,864
Raw materials and supplies	1,140,554	1,473,145
Other	200,720	403,667
Allowance for doubtful accounts	(25,120)	(29,930)
Total current assets	15,195,500	14,654,872
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,617,309	1,642,777
Machinery, equipment and vehicles, net	595,416	679,360
Tools, furniture and fixtures, net	68,524	77,877
Land	2,788,898	2,788,898
Leased assets, net	136,679	277,987
Construction in progress	7,427	294,779
Total property, plant and equipment	5,214,256	5,761,682
Intangible assets		
Goodwill	274,082	232,020
Other	82,172	78,677
Total intangible assets	356,254	310,697
Investments and other assets		
Investment securities	1,608,296	1,353,893
Other	747,158	603,185
Allowance for doubtful accounts	(28,348)	(28,275)
Total investments and other assets	2,327,106	1,928,804
Total non-current assets	7,897,617	8,001,184
Total assets	23,093,118	22,656,056

(Thousands of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,838,269	4,461,907
Electronically recorded obligations - operating	1,248,076	1,246,435
Short-term borrowings	300,522	920,522
Current portion of long-term borrowings	1,270,408	1,283,528
Current portion of bonds	177,000	177,000
Income taxes payable	158,694	107,312
Provision for bonuses	115,677	57,672
Provision for loss on construction contracts	–	381
Other	1,211,300	1,271,220
Total current liabilities	9,319,948	9,525,979
Non-current liabilities		
Bonds payable	365,000	276,500
Long-term borrowings	3,356,175	3,101,508
Provision for retirement benefits for directors (and other officers)	613,210	518,115
Retirement benefit liability	416,950	415,358
Asset retirement obligations	153,616	146,344
Other	155,581	309,479
Total non-current liabilities	5,060,533	4,767,304
Total liabilities	14,380,481	14,293,284
Net assets		
Shareholders' equity		
Share capital	1,228,057	1,228,057
Capital surplus	991,898	991,898
Retained earnings	6,633,655	5,935,503
Treasury shares	(247,777)	(247,777)
Total shareholders' equity	8,605,833	7,907,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,610	382,671
Foreign currency translation adjustment	(3,303)	–
Remeasurements of defined benefit plans	40,510	34,782
Total accumulated other comprehensive income	66,817	417,454
Non-controlling interests	39,985	37,636
Total net assets	8,712,636	8,362,772
Total liabilities and net assets	23,093,118	22,656,056

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	15,778,058	16,373,364
Cost of sales	11,851,471	12,322,926
Gross profit	3,926,587	4,050,437
Selling, general and administrative expenses	3,295,532	3,567,252
Operating profit	631,054	483,184
Non-operating income		
Interest income	195	118
Dividend income	5,159	5,558
Commission income	6,594	7,704
Rental income from buildings	6,822	6,781
Foreign exchange gains	3,108	–
Reversal of allowance for doubtful accounts	4,595	286
Other	35,118	28,162
Total non-operating income	61,595	48,611
Non-operating expenses		
Interest expenses	32,269	25,916
Sales discounts	13,527	14,296
Foreign exchange losses	–	1,904
Donations	3,130	3,166
Share of loss of entities accounted for using equity method	38,591	37,279
Other	3,552	5,726
Total non-operating expenses	91,072	88,291
Ordinary profit	601,577	443,504
Extraordinary income		
Gain on sales of non-current assets	3,107	1,299
Gain on sales of investment securities	4,413	–
Total extraordinary income	7,520	1,299
Extraordinary losses		
Loss on sales of non-current assets	62	3,502
Loss on retirement of non-current assets	578	413
Loss on sales of investment securities	–	18,735
Loss on valuation of investment securities	3,050	–
Loss on sales of golf club memberships	130	–
Retirement benefits for directors (and other officers)	3,000	47,700
Loss on disaster	–	3,219
Total extraordinary losses	6,821	73,569
Profit before income taxes	602,276	371,235
Income taxes	262,292	268,548
Profit	339,984	102,686
Profit (loss) attributable to non-controlling interests	5,679	(2,348)
Profit attributable to owners of parent	334,304	105,034

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	339,984	102,686
Other comprehensive income		
Valuation difference on available-for-sale securities	(43,275)	353,061
Remeasurements of defined benefit plans, net of tax	(4,864)	(5,728)
Share of other comprehensive income of entities accounted for using equity method	(33,710)	3,303
Total other comprehensive income	(81,851)	350,636
Comprehensive income	258,132	453,323
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	252,453	455,671
Comprehensive income attributable to non-controlling interests	5,679	(2,348)