

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 5, 2019

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: August 9, 2019  
 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 three months ended June 30, 2019 (from April 1, 2019 to June 30, 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	%
Three months ended June 30, 2019	5,583	24.9	333	–	323	–	124	–
Three months ended June 30, 2018	4,470	13.1	20	–	7	–	(59)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	4.16		–	
Three months ended June 30, 2018	(1.99)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2019	22,482	8,513	37.7	283.14
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	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	0.00	–	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 three months ended June 30, 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 June 30, 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 June 30, 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)

Three months ended June 30, 2019	29,908,072 shares	Three months ended June 30, 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 June 30, 2019
Assets		
Current assets		
Cash and deposits	5,132,395	5,047,510
Notes and accounts receivable - trade	7,552,636	6,884,124
Merchandise and finished goods	569,387	548,915
Work in process	624,925	563,572
Raw materials and supplies	1,140,554	1,329,006
Other	200,720	165,325
Allowance for doubtful accounts	(25,120)	(21,854)
Total current assets	15,195,500	14,516,601
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,617,309	1,604,578
Machinery, equipment and vehicles, net	595,416	596,751
Tools, furniture and fixtures, net	68,524	68,785
Land	2,788,898	2,788,898
Leased assets, net	136,679	254,778
Construction in progress	7,427	27,131
Total property, plant and equipment	5,214,256	5,340,923
Intangible assets		
Goodwill	274,082	260,061
Other	82,172	80,358
Total intangible assets	356,254	340,420
Investments and other assets		
Investment securities	1,608,296	1,557,027
Other	747,158	760,658
Allowance for doubtful accounts	(28,348)	(32,856)
Total investments and other assets	2,327,106	2,284,830
Total non-current assets	7,897,617	7,966,174
Total assets	23,093,118	22,482,775

(Thousands of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	4,838,269	4,380,348
Electronically recorded obligations - operating	1,248,076	1,330,439
Short-term borrowings	300,522	400,522
Current portion of long-term borrowings	1,270,408	1,238,489
Current portion of bonds	177,000	177,000
Income taxes payable	158,694	114,743
Provision for bonuses	115,677	62,232
Provision for loss on construction contracts	–	6,859
Other	1,211,300	1,468,759
<b>Total current liabilities</b>	<b>9,319,948</b>	<b>9,179,394</b>
<b>Non-current liabilities</b>		
Bonds payable	365,000	365,000
Long-term borrowings	3,356,175	3,076,443
Provision for retirement benefits for directors (and other officers)	613,210	497,505
Retirement benefit liability	416,950	413,680
Asset retirement obligations	153,616	153,886
Other	155,581	283,856
<b>Total non-current liabilities</b>	<b>5,060,533</b>	<b>4,790,371</b>
<b>Total liabilities</b>	<b>14,380,481</b>	<b>13,969,766</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,228,057	1,228,057
Capital surplus	991,898	991,898
Retained earnings	6,633,655	6,459,047
Treasury shares	(247,777)	(247,777)
<b>Total shareholders' equity</b>	<b>8,605,833</b>	<b>8,431,225</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	29,610	13,066
Foreign currency translation adjustment	(3,303)	(14,645)
Remeasurements of defined benefit plans	40,510	38,601
<b>Total accumulated other comprehensive income</b>	<b>66,817</b>	<b>37,022</b>
<b>Non-controlling interests</b>	<b>39,985</b>	<b>44,761</b>
<b>Total net assets</b>	<b>8,712,636</b>	<b>8,513,009</b>
<b>Total liabilities and net assets</b>	<b>23,093,118</b>	<b>22,482,775</b>

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	4,470,557	5,583,942
Cost of sales	3,361,212	4,113,481
Gross profit	1,109,344	1,470,460
Selling, general and administrative expenses	1,089,233	1,137,385
Operating profit	20,111	333,074
Non-operating income		
Interest income	31	41
Dividend income	3,081	3,428
Commission income	2,264	1,401
Rental income from buildings	2,274	2,274
Foreign exchange gains	2,818	–
Reversal of allowance for doubtful accounts	4,140	692
Other	10,781	8,460
Total non-operating income	25,392	16,298
Non-operating expenses		
Interest expenses	11,596	9,106
Sales discounts	4,291	4,779
Foreign exchange losses	–	2,735
Donations	186	58
Share of loss of entities accounted for using equity method	21,281	8,848
Other	487	608
Total non-operating expenses	37,843	26,137
Ordinary profit	7,660	323,236
Extraordinary income		
Gain on sales of non-current assets	175	–
Total extraordinary income	175	–
Extraordinary losses		
Loss on sales of non-current assets	62	–
Loss on retirement of non-current assets	480	313
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
Total extraordinary losses	6,722	48,013
Profit before income taxes	1,113	275,223
Income taxes	63,597	145,974
Profit (loss)	(62,484)	129,249
Profit (loss) attributable to non-controlling interests	(3,079)	4,776
Profit (loss) attributable to owners of parent	(59,404)	124,472

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit (loss)	(62,484)	129,249
Other comprehensive income		
Valuation difference on available-for-sale securities	14,912	(16,544)
Remeasurements of defined benefit plans, net of tax	(1,621)	(1,909)
Share of other comprehensive income of entities accounted for using equity method	(54,707)	(11,341)
Total other comprehensive income	(41,416)	(29,794)
Comprehensive income	(103,900)	99,454
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(100,820)	94,677
Comprehensive income attributable to non-controlling interests	(3,079)	4,776