

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**

May 15, 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 of ordinary general meeting of shareholders: June 26, 2020
 Scheduled date to file Securities Report: June 26, 2020
 Scheduled date to commence dividend payments: June 29, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	22,839	1.9	1,064	(4.9)	1,063	(1.5)	270	(61.4)
Year ended March 31, 2019	22,412	11.0	1,120	17.4	1,079	2.6	699	2.9

	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, 2020	9.04	—	3.2	4.7	4.7
Year ended March 31, 2019	23.40	—	8.2	4.7	5.0

(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, 2020	22,031	8,326	37.6	277.14
As of March 31, 2019	23,093	8,712	37.6	289.98

(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, 2020	(135)	(874)	(699)	3,105
Year ended March 31, 2019	774	(158)	(900)	4,817

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, 2019	—	0.00	—	10.00	10.00	299	42.7	3.5
Year ended March 31, 2020	—	0.00	—	10.00	10.00	299	110.6	3.5
Year ending March 31, 2021 (Forecast)	—	0.00	—	10.00	10.00		74.7	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	23,000	0.7	728	(31.6)	700	(34.1)	400	48.1	13.38

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

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, 2020	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 March 31, 2020	1,348,528 shares	As of March 31, 2019	1,348,528 shares
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Average number of shares during the period

Year ended March 31, 2020	29,908,072 shares	Year ended March 31, 2019	29,908,072 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	5,132,395	3,433,500
Notes and accounts receivable - trade	7,552,636	8,266,341
Merchandise and finished goods	569,387	554,175
Work in process	624,925	668,710
Raw materials and supplies	1,140,554	1,293,291
Other	200,720	178,691
Allowance for doubtful accounts	(25,120)	(28,773)
Total current assets	15,195,500	14,365,936
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,287,292	4,716,584
Accumulated depreciation	(2,669,982)	(2,742,859)
Buildings and structures, net	1,617,309	1,973,725
Machinery, equipment and vehicles	3,991,662	4,194,233
Accumulated depreciation	(3,396,246)	(3,425,474)
Machinery, equipment and vehicles, net	595,416	768,758
Tools, furniture and fixtures	1,041,426	1,050,779
Accumulated depreciation	(972,902)	(978,272)
Tools, furniture and fixtures, net	68,524	72,506
Land	2,788,898	2,788,898
Leased assets	208,914	430,616
Accumulated depreciation	(72,234)	(107,297)
Leased assets, net	136,679	323,318
Construction in progress	7,427	8,415
Total property, plant and equipment	5,214,256	5,935,623
Intangible assets		
Goodwill	274,082	217,999
Other	82,172	73,991
Total intangible assets	356,254	291,991
Investments and other assets		
Investment securities	1,608,296	644,310
Deferred tax assets	445,798	526,518
Other	301,360	290,209
Allowance for doubtful accounts	(28,348)	(23,547)
Total investments and other assets	2,327,106	1,437,490
Total non-current assets	7,897,617	7,665,104
Total assets	23,093,118	22,031,041

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,838,269	4,348,456
Electronically recorded obligations - operating	1,248,076	1,318,521
Short-term borrowings	300,522	310,522
Current portion of long-term borrowings	1,270,408	1,361,241
Current portion of bonds payable	177,000	177,000
Income taxes payable	158,694	273,292
Provision for bonuses	115,677	132,434
Other	1,211,300	1,060,255
Total current liabilities	9,319,948	8,981,722
Non-current liabilities		
Bonds payable	365,000	188,000
Long-term borrowings	3,356,175	3,082,157
Provision for retirement benefits for directors (and other officers)	613,210	528,420
Retirement benefit liability	416,950	417,788
Asset retirement obligations	153,616	146,621
Lease obligations	147,081	351,437
Other	8,500	8,500
Total non-current liabilities	5,060,533	4,722,923
Total liabilities	14,380,481	13,704,646
Net assets		
Shareholders' equity		
Share capital	1,228,057	1,228,057
Capital surplus	991,898	991,898
Retained earnings	6,633,655	6,100,785
Treasury shares	(247,777)	(247,777)
Total shareholders' equity	8,605,833	8,072,963
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,610	184,574
Foreign currency translation adjustment	(3,303)	–
Remeasurements of defined benefit plans	40,510	31,307
Total accumulated other comprehensive income	66,817	215,882
Non-controlling interests	39,985	37,548
Total net assets	8,712,636	8,326,395
Total liabilities and net assets	23,093,118	22,031,041

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

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	22,412,725	22,839,221
Cost of sales	16,772,981	17,001,302
Gross profit	5,639,743	5,837,918
Selling, general and administrative expenses	4,519,503	4,773,128
Operating profit	1,120,240	1,064,790
Non-operating income		
Interest income	246	164
Dividend income	5,216	5,617
Commission income	10,775	10,466
Rental income from buildings	9,096	8,905
Foreign exchange gains	2,946	–
Reversal of allowance for doubtful accounts	2,305	187
Insurance claim income	–	34,089
Other	48,218	43,722
Total non-operating income	78,805	103,152
Non-operating expenses		
Interest expenses	41,377	34,692
Sales discounts	18,127	19,128
Foreign exchange losses	–	3,434
Donations	5,277	3,745
Share of loss of entities accounted for using equity method	51,144	37,279
Other	4,098	6,384
Total non-operating expenses	120,025	104,665
Ordinary profit	1,079,020	1,063,277
Extraordinary income		
Gain on sales of non-current assets	2,908	2,299
Gain on sales of investment securities	4,413	–
Total extraordinary income	7,321	2,299
Extraordinary losses		
Loss on sales of non-current assets	124	4,041
Loss on retirement of non-current assets	579	603
Loss on sales of investment securities	–	18,735
Loss on valuation of investment securities	3,050	419,115
Retirement benefits for directors (and other officers)	3,000	47,700
Loss on sales of golf club memberships	130	–
Loss on disaster	–	3,269
Total extraordinary losses	6,883	493,464
Profit before income taxes	1,079,459	572,113
Income taxes - current	346,906	449,311
Income taxes - deferred	10,872	(145,078)
Total income taxes	357,779	304,232
Profit	721,679	267,880
Profit (loss) attributable to non-controlling interests	21,895	(2,436)
Profit attributable to owners of parent	699,783	270,317

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	721,679	267,880
Other comprehensive income		
Valuation difference on available-for-sale securities	(29,335)	154,964
Remeasurements of defined benefit plans, net of tax	14,698	(9,202)
Share of other comprehensive income of entities accounted for using equity method	(58,695)	3,303
Total other comprehensive income	(73,331)	149,065
Comprehensive income	648,347	416,946
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	626,452	419,382
Comprehensive income attributable to non-controlling interests	21,895	(2,436)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,228,057	1,003,898	6,203,044	(247,777)	8,187,222
Changes during period					
Dividends of surplus			(269,172)		(269,172)
Profit attributable to owners of parent			699,783		699,783
Change in ownership interest of parent due to transactions with non-controlling interests		(12,000)			(12,000)
Net changes in items other than shareholders' equity					
Total changes during period	–	(12,000)	430,611	–	418,611
Balance at end of period	1,228,057	991,898	6,633,655	(247,777)	8,605,833

	Accumulated other comprehensive income				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	58,518	55,819	25,811	140,149	18,089	8,345,461
Changes during period						
Dividends of surplus						(269,172)
Profit attributable to owners of parent						699,783
Change in ownership interest of parent due to transactions with non-controlling interests						(12,000)
Net changes in items other than shareholders' equity	(28,907)	(59,122)	14,698	(73,331)	21,895	(51,436)
Total changes during period	(28,907)	(59,122)	14,698	(73,331)	21,895	367,175
Balance at end of period	29,610	(3,303)	40,510	66,817	39,985	8,712,636

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,228,057	991,898	6,633,655	(247,777)	8,605,833
Changes during period					
Dividends of surplus			(299,080)		(299,080)
Profit attributable to owners of parent			270,317		270,317
Change in scope of equity method			(504,106)		(504,106)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(532,870)	-	(532,870)
Balance at end of period	1,228,057	991,898	6,100,785	(247,777)	8,072,963

	Accumulated other comprehensive income				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	29,610	(3,303)	40,510	66,817	39,985	8,712,636
Changes during period						
Dividends of surplus						(299,080)
Profit attributable to owners of parent						270,317
Change in scope of equity method						(504,106)
Net changes in items other than shareholders' equity	154,964	3,303	(9,202)	149,065	(2,436)	146,629
Total changes during period	154,964	3,303	(9,202)	149,065	(2,436)	(386,240)
Balance at end of period	184,574	-	31,307	215,882	37,548	8,326,395

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,079,459	572,113
Depreciation	339,413	438,445
Amortization of goodwill	80,908	56,083
Loss on retirement of non-current assets	579	603
Loss (gain) on valuation of investment securities	3,050	419,115
Share of loss (profit) of entities accounted for using equity method	51,144	37,279
Increase (decrease) in allowance for doubtful accounts	(31,934)	(1,147)
Increase (decrease) in provision for bonuses	5,639	16,757
Increase (decrease) in retirement benefit liability	(12,782)	(12,726)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(17,830)	(84,790)
Increase (decrease) in provision for loss on construction contracts	(4,700)	–
Interest and dividend income	(5,463)	(5,782)
Interest expenses	41,377	34,692
Decrease (increase) in trade receivables	(487,162)	(713,705)
Decrease (increase) in inventories	(424,468)	(181,309)
Increase (decrease) in trade payables	862,798	(285,482)
Increase (decrease) in advances received	(145,785)	(22,729)
Other, net	(178,502)	(36,125)
Subtotal	1,155,740	231,291
Interest and dividends received	9,778	5,525
Interest paid	(42,469)	(36,132)
Income taxes paid	(388,683)	(356,015)
Extra retirement payments	–	(47,700)
Other, net	39,794	67,924
Net cash provided by (used in) operating activities	774,159	(135,106)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	89,562	–
Payments into time deposits	(12,154)	(13,004)
Purchase of property, plant and equipment	(256,159)	(1,033,328)
Purchase of intangible assets	(37,398)	(21,779)
Proceeds from sales of property, plant and equipment	6,513	3,242
Purchase of investment securities	(9,911)	(4,309)
Proceeds from sales of investment securities	41,664	1,954
Proceeds from sales of shares of subsidiaries and associates	–	206,228
Decrease (increase) in other investments	(4,988)	(3,514)
Loan advances	(4,000)	(1,081)
Collection of loans receivable	2,056	2,597
Proceeds from cancellation of insurance funds	26,477	–
Payments for asset retirement obligations	–	(11,810)
Net cash provided by (used in) investing activities	(158,339)	(874,803)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	–	10,000
Proceeds from long-term borrowings	1,020,000	1,090,000
Repayments of long-term borrowings	(1,354,104)	(1,273,185)
Redemption of bonds	(257,000)	(177,000)
Repayments of finance lease obligations	(27,623)	(50,251)
Dividends paid	(269,472)	(299,055)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(12,000)	–
Net cash provided by (used in) financing activities	(900,200)	(699,491)
Effect of exchange rate change on cash and cash equivalents	1,373	(2,497)
Net increase (decrease) in cash and cash equivalents	(283,006)	(1,711,899)
Cash and cash equivalents at beginning of period	5,100,033	4,817,026
Cash and cash equivalents at end of period	4,817,026	3,105,126