

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 6, 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: November 12, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(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	%
Six months ended September 30, 2020	10,149	(6.0)	359	(5.5)	369	0.3	95	(33.7)
Six months ended September 30, 2019	10,798	9.5	379	58.4	367	61.0	143	45.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	3.18		–	
Six months ended September 30, 2019	4.81		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	21,325	8,230	38.5	273.65
As of March 31, 2020	22,031	8,326	37.6	277.14

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, 2020	–	0.00	–	10.00	10.00
Year ending March 31, 2021	–	0.00			
Year ending March 31, 2021 (Forecast)			–	10.00	10.00

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	22,021	(3.6)	690	(35.2)	689	(35.2)	228	(15.4)	7.63

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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 September 30, 2020	31,256,600 shares	As of March 31, 2020	31,256,600 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	1,248,528 shares	As of March 31, 2020	1,348,528 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	29,958,072 shares	Six months ended September 30, 2019	29,908,072 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	3,433,500	3,911,359
Notes and accounts receivable - trade	6,665,643	5,612,377
Electronically recorded monetary claims - operating	1,600,698	1,115,992
Merchandise and finished goods	554,175	602,717
Work in process	668,710	818,516
Raw materials and supplies	1,293,291	1,318,083
Other	178,691	197,408
Allowance for doubtful accounts	(28,773)	(27,448)
Total current assets	14,365,936	13,549,006
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,973,725	1,954,230
Machinery, equipment and vehicles, net	768,758	748,363
Tools, furniture and fixtures, net	72,506	94,750
Land	2,788,898	2,788,898
Leased assets, net	323,318	379,223
Construction in progress	8,415	42,980
Total property, plant and equipment	5,935,623	6,008,446
Intangible assets		
Goodwill	217,999	189,957
Other	73,991	71,463
Total intangible assets	291,991	261,421
Investments and other assets		
Investment securities	644,310	649,971
Other	816,727	880,166
Allowance for doubtful accounts	(23,547)	(23,588)
Total investments and other assets	1,437,490	1,506,548
Total non-current assets	7,665,104	7,776,416
Total assets	22,031,041	21,325,423

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,348,456	3,836,388
Electronically recorded obligations - operating	1,318,521	1,310,701
Short-term borrowings	310,522	420,522
Current portion of long-term borrowings	1,361,241	1,177,438
Current portion of bonds payable	177,000	177,000
Income taxes payable	273,292	157,750
Provision for bonuses	132,434	161,030
Other	1,060,255	1,274,693
Total current liabilities	8,981,722	8,515,525
Non-current liabilities		
Bonds payable	188,000	99,500
Long-term borrowings	3,082,157	2,957,673
Provision for retirement benefits for directors (and other officers)	528,420	547,250
Retirement benefit liability	417,788	406,210
Asset retirement obligations	146,621	148,854
Other	359,937	420,159
Total non-current liabilities	4,722,923	4,579,646
Total liabilities	13,704,646	13,095,171
Net assets		
Shareholders' equity		
Share capital	1,228,057	1,228,057
Capital surplus	991,898	1,000,924
Retained earnings	6,100,785	5,897,098
Treasury shares	(247,777)	(229,403)
Total shareholders' equity	8,072,963	7,896,676
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	184,574	286,069
Deferred gains or losses on hedges	–	(25)
Remeasurements of defined benefit plans	31,307	28,926
Total accumulated other comprehensive income	215,882	314,970
Non-controlling interests	37,548	18,604
Total net assets	8,326,395	8,230,251
Total liabilities and net assets	22,031,041	21,325,423

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	10,798,125	10,149,954
Cost of sales	8,115,034	7,535,267
Gross profit	2,683,091	2,614,687
Selling, general and administrative expenses	2,303,116	2,255,580
Operating profit	379,974	359,106
Non-operating income		
Interest income	84	77
Dividend income	4,101	5,666
Commission income	6,472	3,462
Rental income from buildings	4,582	4,248
Reversal of allowance for doubtful accounts	374	1,284
Subsidy income	–	10,963
Other	15,835	12,101
Total non-operating income	31,451	37,804
Non-operating expenses		
Interest expenses	17,535	15,535
Sales discounts	9,774	9,246
Foreign exchange losses	2,720	408
Donations	1,601	1,045
Share of loss of entities accounted for using equity method	10,668	–
Other	1,316	1,640
Total non-operating expenses	43,616	27,876
Ordinary profit	367,809	369,033
Extraordinary income		
Gain on sales of non-current assets	1,299	918
Gain on sales of investment securities	–	27
Total extraordinary income	1,299	945
Extraordinary losses		
Loss on sales of non-current assets	3,502	41
Loss on retirement of non-current assets	370	3,733
Loss on valuation of investment securities	–	140,884
Retirement benefits for directors (and other officers)	47,700	–
Loss on disaster	2,412	–
Total extraordinary losses	53,985	144,659
Profit before income taxes	315,123	225,319
Income taxes	170,232	148,870
Profit	144,890	76,449
Profit (loss) attributable to non-controlling interests	928	(18,944)
Profit attributable to owners of parent	143,961	95,393

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	144,890	76,449
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,081)	101,494
Deferred gains or losses on hedges	–	(25)
Remeasurements of defined benefit plans, net of tax	(3,819)	(2,381)
Share of other comprehensive income of entities accounted for using equity method	(49,415)	–
Total other comprehensive income	(61,316)	99,087
Comprehensive income	83,574	175,536
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	82,645	194,481
Comprehensive income attributable to non-controlling interests	928	(18,944)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	315,123	225,319
Depreciation	200,674	230,531
Amortization of goodwill	28,041	28,041
Loss on retirement of non-current assets	370	3,733
Loss (gain) on valuation of investment securities	–	140,884
Share of loss (profit) of entities accounted for using equity method	10,668	–
Increase (decrease) in allowance for doubtful accounts	11,641	(1,284)
Increase (decrease) in provision for bonuses	30,844	28,596
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(105,400)	18,830
Increase (decrease) in retirement benefit liability	(7,049)	(15,009)
Increase (decrease) in provision for loss on construction contracts	441	–
Interest and dividend income	(4,185)	(5,744)
Interest expenses	17,535	15,535
Decrease (increase) in trade receivables	891,504	1,537,971
Decrease (increase) in inventories	(314,954)	(223,139)
Increase (decrease) in trade payables	(510,164)	(546,038)
Increase (decrease) in advances received	10,435	192,061
Other, net	(162,010)	(10,855)
Subtotal	413,516	1,619,434
Interest and dividends received	4,185	5,741
Interest paid	(18,590)	(15,978)
Income taxes paid	(178,017)	(268,977)
Extra retirement payments	(47,700)	–
Other, net	14,198	18,842
Net cash provided by (used in) operating activities	187,592	1,359,063
Cash flows from investing activities		
Payments into time deposits	(7,001)	(6,002)
Purchase of property, plant and equipment	(481,821)	(170,013)
Proceeds from sales of property, plant and equipment	2,015	1,018
Purchase of intangible assets	(8,330)	(3,982)
Payments of guarantee deposits	(1,233)	(97,829)
Proceeds from refund of guarantee deposits	1,474	7,539
Purchase of investment securities	(2,336)	(8,484)
Proceeds from sales of investment securities	–	6,076
Decrease (increase) in other investments	(1,215)	5,567
Loan advances	(81)	–
Collection of loans receivable	1,202	1,141
Payments for asset retirement obligations	–	(604)
Net cash provided by (used in) investing activities	(497,327)	(265,573)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	120,000	110,000
Proceeds from long-term borrowings	200,000	400,000
Repayments of long-term borrowings	(637,552)	(708,287)
Redemption of bonds	(88,500)	(88,500)
Dividends paid	(298,906)	(298,976)
Repayments of finance lease obligations	(22,087)	(35,500)
Net cash provided by (used in) financing activities	(727,045)	(621,263)
Effect of exchange rate change on cash and cash equivalents	(1,999)	(369)
Net increase (decrease) in cash and cash equivalents	(1,038,779)	471,856
Cash and cash equivalents at beginning of period	4,817,026	3,105,126
Cash and cash equivalents at end of period	3,778,246	3,576,983