

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 4, 2022

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 to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	11,417	(0.3)	475	(56.4)	481	(56.5)	265	(62.1)
Six months ended September 30, 2021	11,453	12.8	1,089	203.4	1,107	200.2	699	633.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	8.79		–	
Six months ended September 30, 2021	23.28		–	

(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, 2022	23,437	9,818	41.7	323.68
As of March 31, 2022	23,665	9,953	41.9	329.31

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, 2022	–	0.00	–	14.00	14.00
Year ending March 31, 2023	–	0.00			
Year ending March 31, 2023 (Forecast)			–	13.00	13.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	24,300	0.6	1,451	(26.8)	1,460	(26.7)	924	(42.7)	30.70

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: Yes
- 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, 2022	31,256,600 shares	As of March 31, 2022	31,256,600 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2022	1,048,528 shares	As of March 31, 2022	1,148,528 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	30,158,072 shares	Six months ended September 30, 2021	30,058,072 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	5,172,731	4,136,241
Notes and accounts receivable - trade, and contract assets	5,605,590	5,872,781
Electronically recorded monetary claims - operating	1,836,476	1,417,260
Merchandise and finished goods	690,744	897,201
Work in process	601,230	716,719
Raw materials and supplies	1,351,872	1,885,172
Other	563,705	380,582
Allowance for doubtful accounts	(28,895)	(26,582)
Total current assets	15,793,456	15,279,375
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,187,902	2,436,989
Machinery, equipment and vehicles, net	706,275	748,752
Tools, furniture and fixtures, net	74,544	103,811
Land	2,968,586	3,054,542
Leased assets, net	397,995	363,814
Construction in progress	101,245	50,951
Total property, plant and equipment	6,436,550	6,758,863
Intangible assets		
Goodwill	118,693	95,796
Other	95,288	86,141
Total intangible assets	213,982	181,937
Investments and other assets		
Investment securities	217,520	203,703
Other	1,027,250	1,036,735
Allowance for doubtful accounts	(23,480)	(23,478)
Total investments and other assets	1,221,290	1,216,960
Total non-current assets	7,871,822	8,157,761
Total assets	23,665,278	23,437,137

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,618,344	3,844,807
Electronically recorded obligations - operating	2,214,437	2,231,361
Short-term borrowings	300,522	800,522
Current portion of long-term borrowings	1,343,351	1,220,346
Income taxes payable	573,514	213,467
Provision for bonuses	171,879	198,264
Provision for loss on construction contracts	–	1,235
Other	1,288,544	1,181,554
Total current liabilities	9,510,593	9,691,559
Non-current liabilities		
Long-term borrowings	2,634,544	2,379,749
Provision for retirement benefits for directors (and other officers)	548,590	551,130
Retirement benefit liability	421,199	425,603
Asset retirement obligations	156,193	167,483
Other	440,460	403,455
Total non-current liabilities	4,200,987	3,927,421
Total liabilities	13,711,580	13,618,981
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	7,653,757
Treasury shares	(211,030)	(192,656)
Total shareholders' equity	9,839,585	9,715,835
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64,796	55,043
Deferred gains or losses on hedges	611	–
Remeasurements of defined benefit plans	9,882	6,937
Total accumulated other comprehensive income	75,290	61,981
Non-controlling interests	38,822	40,338
Total net assets	9,953,698	9,818,155
Total liabilities and net assets	23,665,278	23,437,137

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, 2021	Six months ended September 30, 2022
Net sales	11,453,607	11,417,729
Cost of sales	7,950,247	8,355,659
Gross profit	3,503,359	3,062,069
Selling, general and administrative expenses	2,413,978	2,586,739
Operating profit	1,089,381	475,329
Non-operating income		
Interest income	44	100
Dividend income	6,135	6,107
Commission income	1,994	1,831
Rental income from buildings	4,248	4,248
Reversal of allowance for doubtful accounts	1,214	2,315
Gain on sale of scraps	21,155	24,735
Other	14,517	13,355
Total non-operating income	49,309	52,693
Non-operating expenses		
Interest expenses	14,526	12,879
Sales discounts	8,200	10,587
Foreign exchange losses	5,548	20,718
Donations	1,161	1,257
Other	1,266	707
Total non-operating expenses	30,704	46,151
Ordinary profit	1,107,987	481,871
Extraordinary income		
Gain on sale of non-current assets	27	8,611
Total extraordinary income	27	8,611
Extraordinary losses		
Loss on sale of non-current assets	40	–
Loss on retirement of non-current assets	402	2,390
Retirement benefits for directors (and other officers)	4,420	1,500
Total extraordinary losses	4,862	3,890
Profit before income taxes	1,103,151	486,593
Income taxes	400,247	220,013
Profit	702,903	266,579
Profit attributable to non-controlling interests	3,023	1,516
Profit attributable to owners of parent	699,880	265,063

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	702,903	266,579
Other comprehensive income		
Valuation difference on available-for-sale securities	95,577	(9,752)
Deferred gains or losses on hedges	–	(611)
Remeasurements of defined benefit plans, net of tax	(4,769)	(2,944)
Total other comprehensive income	90,807	(13,309)
Comprehensive income	793,711	253,270
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	790,687	251,754
Comprehensive income attributable to non-controlling interests	3,023	1,516

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,103,151	486,593
Depreciation	232,377	255,492
Amortization of goodwill	22,897	22,897
Loss on retirement of non-current assets	402	2,390
Increase (decrease) in allowance for doubtful accounts	(900)	(2,315)
Increase (decrease) in provision for bonuses	21,642	26,385
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(36,020)	2,540
Increase (decrease) in retirement benefit liability	(4,110)	161
Increase (decrease) in provision for loss on construction contracts	1,766	1,235
Interest and dividend income	(6,179)	(6,207)
Interest expenses	14,526	12,879
Decrease (increase) in trade receivables	1,020,582	152,025
Decrease (increase) in inventories	(270,742)	(855,244)
Increase (decrease) in trade payables	(413,035)	189,455
Increase (decrease) in accounts payable - other	(79,567)	(74,522)
Increase (decrease) in advances received	(176,039)	88,732
Other, net	(313,125)	(300,621)
Subtotal	1,117,626	1,875
Interest and dividends received	6,179	6,207
Proceeds from insurance income	3,000	–
Interest paid	(14,651)	(13,276)
Income taxes paid	(287,756)	(574,114)
Extra retirement payments	(4,420)	(1,500)
Other, net	26,495	30,422
Net cash provided by (used in) operating activities	846,473	(550,384)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	77,379	–
Payments into time deposits	(4,003)	–
Purchase of property, plant and equipment	(322,258)	(461,190)
Proceeds from sale of property, plant and equipment	27	24,405
Purchase of intangible assets	(10,854)	(4,611)
Payments of guarantee deposits	(4,383)	(2,454)
Proceeds from refund of guarantee deposits	23,939	848
Proceeds from sale of investment securities	–	279,575
Decrease (increase) in investments and other assets	(341)	(247)
Proceeds from collection of loans receivable	180	160
Proceeds from cancellation of insurance funds	14,448	4,446
Net cash provided by (used in) investing activities	(225,865)	(159,066)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,000)	500,000
Proceeds from long-term borrowings	200,000	300,000
Repayments of long-term borrowings	(639,538)	(677,800)
Redemption of bonds	(88,500)	–
Dividends paid	(299,444)	(409,516)
Repayments of finance lease liabilities	(42,205)	(48,720)
Net cash provided by (used in) financing activities	(879,687)	(336,037)
Effect of exchange rate change on cash and cash equivalents	1,555	8,998
Net increase (decrease) in cash and cash equivalents	(257,524)	(1,036,489)
Cash and cash equivalents at beginning of period	4,239,579	4,935,728
Cash and cash equivalents at end of period	3,982,054	3,899,238