

Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



November 7, 2022

Company name: SEIKITOKYU KOGYO CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1898

URL: <https://www.seikitokyu.co.jp>

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Scheduled date of filing quarterly securities report: November 8, 2022

Scheduled date of commencing dividend payments: –

Availability of supplementary briefing materials on quarterly financial results: Unavailable

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (Cumulative) (% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	41,892	8.4	246	(86.0)	246	(85.8)	90	(92.4)
September 30, 2021	38,663	10.6	1,753	(21.6)	1,737	(22.1)	1,191	(40.6)

(Note) Comprehensive income: Six months ended September 30, 2022: ¥157 million [(87.6)%]

Six months ended September 30, 2021: ¥1,272 million [(37.6)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	2.47		–	
September 30, 2021	30.01		–	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of September 30, 2022	75,289		38,768		51.5		1,063.66	
As of March 31, 2022	78,295		40,497		51.7		1,082.33	

(Reference) Equity: As of September 30, 2022: ¥38,768 million

As of March 31, 2022: ¥40,497 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen –	Yen 0.00	Yen –	Yen 30.00	Yen 30.00
Fiscal year ending March 31, 2023	–	0.00			
Fiscal year ending March 31, 2023 (Forecast)			–	30.00	30.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	92,600	8.8	4,700	6.4	4,700	7.8	3,300	(0.1)	90.54

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the period under review

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Number of shares issued (common shares)

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

September 30, 2022: 38,414,407 shares

March 31, 2022: 40,414,407 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 1,966,343 shares

March 31, 2022: 2,996,909 shares

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

Six months ended September 30, 2022: 36,885,280 shares

Six months ended September 30, 2021: 39,716,615 shares

* These consolidated financial results are outside the scope of quarterly review by certified public accountants or audit corporations.

* Explanation of the proper use of financial results forecasts and other notes

1. Financial results forecasts are based on information available and certain assumptions deemed reasonable by the Company at the time of preparation of this document, which may contain various uncertain factors. Thus, actual results and outcomes may differ from these forecasts.
2. The Company is planning to hold a briefing session for institutional investors and analysts on Wednesday, November 30, 2022. The briefing materials to be distributed at the session are scheduled to be promptly posted on the Company's website after the session is held.

(Reference) Non-Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates year-on-year changes)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	88,000	8.4	4,400	9.3	3,100	0.6	85.05

(Note) Revision to the financial results forecast announced most recently: Yes

*** Explanation of the proper use of financial results forecast and other notes**

Financial results forecasts are based on information available and certain assumptions deemed reasonable by the Company at the time of preparation of this document, which may contain various uncertain factors. Thus, actual results and outcomes may differ from these forecasts.

Quarterly Consolidated Financial Statements and Primary Notes
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	12,814	13,562
Notes receivable, accounts receivable from completed construction contracts and other	34,942	31,118
Costs on construction contracts in progress	459	172
Raw materials and supplies	401	405
Other	2,871	1,648
Allowance for doubtful accounts	-	(5)
Total current assets	51,489	46,901
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,824	11,589
Machinery, vehicles, tools, furniture and fixtures	21,511	22,011
Land	14,217	14,697
Construction in progress	763	269
Accumulated depreciation	(21,464)	(22,153)
Total property, plant and equipment	24,852	26,414
Intangible assets	250	241
Investments and other assets		
Other	1,703	1,731
Total investments and other assets	1,703	1,731
Total non-current assets	26,806	28,387
Total assets	78,295	75,289

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	20,722	20,730
Short-term borrowings	107	203
Income taxes payable	494	153
Advances received on construction contracts in progress	1,921	1,963
Provision for warranties for completed construction	32	37
Provision for loss on construction contracts	5	37
Provision for bonuses	1,861	1,677
Other	4,163	3,503
Total current liabilities	29,307	28,305
Non-current liabilities		
Long-term borrowings	6,900	6,850
Retirement benefit liability	1,505	1,283
Other	84	81
Total non-current liabilities	8,490	8,214
Total liabilities	37,797	36,520
Net assets		
Shareholders' equity		
Share capital	2,000	2,000
Capital surplus	521	500
Retained earnings	40,248	37,588
Treasury shares	(2,502)	(1,618)
Total shareholders' equity	40,266	38,470
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22	16
Foreign currency translation adjustment	4	29
Remeasurements of defined benefit plans	203	251
Total accumulated other comprehensive income	231	297
Total net assets	40,497	38,768
Total liabilities and net assets	78,295	75,289

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	38,663	41,892
Cost of sales	34,125	38,559
Gross profit	4,538	3,332
Selling, general and administrative expenses	2,784	3,086
Operating profit	1,753	246
Non-operating income		
Dividend income	2	2
Rental income	9	10
Foreign exchange gains	3	46
Miscellaneous income	17	12
Total non-operating income	31	71
Non-operating expenses		
Interest expenses	18	27
Guarantee commission	16	13
Commission for purchase of treasury shares	3	22
Miscellaneous expenses	9	6
Total non-operating expenses	47	71
Ordinary profit	1,737	246
Extraordinary income		
Gain on sale of non-current assets	13	2
Reversal of provision for retirement benefits	0	-
Total extraordinary income	14	2
Extraordinary losses		
Loss on sale of non-current assets	0	11
Loss on retirement of non-current assets	6	9
Expenses on dismantlement of non-current assets	30	-
Loss on sale of shares of subsidiaries and associates	4	-
Total extraordinary losses	41	20
Profit before income taxes	1,710	228
Income taxes	518	137
Profit	1,191	90
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,191	90

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	1,191	90
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	(6)
Foreign currency translation adjustment	2	25
Remeasurements of defined benefit plans, net of tax	80	47
Total other comprehensive income	81	66
Comprehensive income	1,272	157
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,272	157
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,710	228
Depreciation	955	999
Increase (decrease) in allowance for doubtful accounts	12	5
Increase (decrease) in provision for bonuses	(144)	(184)
Increase (decrease) in retirement benefit liability	(202)	(221)
Interest and dividend income	(2)	(2)
Interest expenses	18	27
Loss (gain) on sale of property, plant and equipment	(13)	8
Loss on retirement of property, plant and equipment	6	9
Expenses on dismantlement of non-current assets	30	-
Decrease (increase) in trade receivables	10,368	3,824
Decrease (increase) in costs on construction contracts in progress	(104)	286
Increase (decrease) in trade payables	(3,797)	8
Increase (decrease) in advances received on construction contracts in progress	585	42
Decrease (increase) in deposits paid	(1,255)	(10)
Other, net	(372)	937
Subtotal	7,794	5,959
Interest and dividends received	2	2
Interest paid	(15)	(27)
Income taxes paid	(936)	(459)
Net cash provided by (used in) operating activities	6,844	5,475
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,799)	(2,902)
Proceeds from sale of property, plant and equipment	14	63
Dismantling of property, plant and equipment	(185)	-
Proceeds from sale of shares of subsidiaries and associates resulting in change in scope of consolidation	8	-
Other, net	(31)	(71)
Net cash provided by (used in) investing activities	(1,993)	(2,909)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	96	95
Repayments of long-term borrowings	-	(50)
Purchase of treasury shares	(1,248)	(799)
Dividends paid	(1,730)	(1,120)
Net cash provided by (used in) financing activities	(2,882)	(1,874)
Effect of exchange rate change on cash and cash equivalents	3	57
Net increase (decrease) in cash and cash equivalents	1,972	748
Cash and cash equivalents at beginning of period	14,035	12,814
Cash and cash equivalents at end of period	16,007	13,562

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

The Company retired 2,000,000 shares of its treasury shares on June 30, 2022, based on the resolution at the Board of Directors meeting held on April 27, 2022. As a result, in the six months ended September 30, 2022, capital surplus decreased by ¥21 million, retained earnings decreased by ¥1,627 million, and treasury shares decreased by ¥1,648 million.

(Additional information)

(Accounting estimates as to the impact of COVID-19)

There are no significant changes in the assumptions including those about the future impact and period of convergence of the COVID-19 pandemic stated in “(Additional information)” in the Annual Securities Report (*Yukashoken Houkokusho*) for the fiscal year ended March 31, 2022.