



## Summary of Financial Statements for the Second Quarter of the Fiscal Year 2022 [Japan GAAP]

November 12, 2021  
Listed market: JASDAQ

Listed company name SEIKOH GIKEN Co., Ltd.  
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Due date of quarterly financial statements submission November 12, 2021  
Date of dividend payment -

(All amounts rounded down to the nearest million yen)

### 1. Consolidated business results for the second quarter of fiscal 2022 (April 1, 2021 to September 30, 2021)

#### (1) Consolidated business performance (accumulated total) (Percentage figures show the changes from the previous Second quarter.)

	Net sales		Operating income		Ordinary income		Net income for the period attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2021	7,600	—	645	—	661	—	427	—
Six months ended September 30, 2020	6,499	(18.1)	416	(55.8)	498	(46.6)	271	(56.5)

	Net profit per share		Fully diluted net profit per share	
	Yen		Yen	
Six months ended September 30, 2021	46.82		46.75	
Six months ended September 30, 2020	29.72		29.69	

(Note) Because the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022, the figures for the second quarter of the fiscal year ending March 31, 2022 are after the application of this accounting standard, etc., and the rate of change from the same quarter of the previous year is not stated.

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Six months ended September 30, 2021	29,439	24,562	83.2	2,683.91
Fiscal year ended March 31, 2021	28,966	24,213	83.3	2,645.78

(Reference) Shareholders' equity Six months ended September 30, 2021 24,485 million yen Fiscal year ended March 31, 2021 24,137 million yen

(Note) Because the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022, the figures for the second quarter of the fiscal year ending March 31, 2022 are after the application of this accounting standard, etc.

### 2. Dividend status

	Dividend per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the year	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	0.00	—	40.00	40.00
Fiscal year ending March 31, 2022	—	0.00	—	40.00	40.00
Fiscal year ending March 31, 2022 (Forecast)	—	—	—	40.00	40.00

Note: Revision to the forecast for the dividend during the current first quarter: None

### 3. Forecast of consolidated business performance for the year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentage figures for "Full year" show the changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income for the period attributable to shareholders of the parent company		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	16,890	—	1,550	—	1,640	—	1,100	—	120.61

Note: Revision to the forecast for the figures of consolidated business performance during the current first quarter: None

(Note 2) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022. The consolidated financial forecast above is the amount after the application of the said accounting standard, etc., and the rate of change from the same quarter of the previous year is not stated.

## 1. Qualitative information on quarterly financial results

### (1) Business results information

The global economy generally showed signs of recovery during the period under review. In the US, although the number of people newly infected with COVID-19 showed signs of growing again, corporate production and consumer spending remained steady. In Europe, vaccinations proceeded smoothly, and the economies of various countries continued their steady recovery. In China, the economic growth rate slowed down slightly due to government measures to curb investment, shortages of materials for semiconductors and other products, and the impact of power supply restrictions since the summer. In Japan, corporate production and exports have been improving against a backdrop of a recovery in overseas economies. Since September, the fifth wave of COVID-19 has begun to subside, and the service industry is expected to recover going forward.

In the information and telecommunications-related markets and electronics related-markets relevant to the Group, the development of base stations and optical communication infrastructure continued toward the full-fledged diffusion period of 5G. In the automotive-related market, the procurement of parts from Southeast Asia, where COVID-19 is spreading, was delayed, forcing automobile manufacturers to reduce production. In this environment, the Group continued to work on promoting measures under its 6-year medium-term management plan "Master Plan 2016" initiated in fiscal year 2016, calling for "Strengthening the earning power of existing businesses," "Optimizing the business portfolio," and "Reinforcing the management base." As to strengthening the earning power of existing businesses, at the Precision Machinery Business (with main products in molded products, molds, and precision metal processed parts) and at the Optical Products Business (with main products in optical communications components, related equipment, lenses, optical transmission equipment, and optical electric field sensors), efforts focused at both segments on reinforcing sales capabilities and price competitive strength as well as promoting the development of new products and technologies. In order to optimize the business portfolio, we have worked to develop new customers to evolve our precision resin molded products and lenses, which are positioned as growth potential business, into growth driver businesses. Regarding reinforcing the management base, at Head Office we promoted overtime reduction through dynamic work style reforms to generate higher profits in fewer time units, and in this way strove to establish robust organizational structures, and we also worked to strengthen cooperation among Group companies by actively using the web conference system.

In parallel with these measures, during the period under review, all Group bases established protective measures against COVID-19 such as continued restrictions on business trips, curbs on incoming visitor traffic, promotion of private car commuting and staggered work, two lunch periods to avoid overcrowding in the cafeteria, checking temperature at work, mandatory wearing of masks, and thorough hand washing.

As a result of these measures, net sales for the period under review posted 7,600,536 thousand yen. In terms of earnings, operating income was 645,042 thousand yen, ordinary income was 661,515 thousand yen, and net income attributable to shareholders of the parent company was 427,147 thousand yen.

Because the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022, a comparison with the same quarter of the previous year has not been made. However, a simple comparison of the actual results for the second quarter of the current fiscal year with those of the same quarter of the previous year shows that net sales increased by 1,100,577 thousand yen (+16.9% compared with the year-earlier period). In terms of earnings, sales and earnings increased compared with the year-earlier period, when they were affected by COVID-19, with operating income increasing by 228,092 thousand yen (54.7%), ordinary income increasing by 162,639 thousand yen (32.6%), and net income attributable to shareholders of the parent company increasing by 156,103 thousand yen (57.6%).

Business results by segment developed as follows.

#### (i) Precision Machinery Business

During the period under review, the procurement of parts from Southeast Asia, where COVID-19 is spreading, was delayed, causing automobile manufacturers to temporarily suspend operations at their plants. However, global demand for automobiles is increasing as the economies of various countries are recovering, and net sales of automotive insert molding products increased from the same quarter of the previous year. On the

other hand, net sales of metal pressed molded products used in smartphones and other products declined due to a drop in smartphone consumption in countries including India where the spread of COVID-19 has been pronounced, as well as production cutbacks caused by shortages in the supply of semiconductors. As a result, the Precision Machinery Business posted net sales of 4,084,826 thousand yen and operating income of 185,368 thousand yen during the period under review.

A simple comparison of the actual results for the second quarter of the current fiscal year with those of the same quarter of the previous year, when the "Accounting Standard for Revenue Recognition" was not applied, shows that net sales increased by 308,878 thousand yen (up 8.2% compared with the year-earlier period). Operating income decreased by 57,647 thousand yen (down 23.7% compared with the year-earlier period) due to a decrease in sales of lucrative metal pressed molded products.

#### (ii) Optical Products Business

In preparation for the full-fledged commercialization of 5G and in line with the digitalization triggered by the spread of COVID-19, countries around the world are reinforcing their optical communications infrastructure. New construction of data centers for storing large amounts of digital data has also been on an upward trend as the economies of various countries have recovered, although the supply of servers has stagnated in some areas due to the shortage of semiconductors. Against this backdrop, net sales of optical communication components increased during the period under review. Demand also increased for machinery and equipment including optical connector polishing machines and inspection equipment for optical connector end faces, which are indispensable for manufacturing optical communication components, and net sales of machinery and equipment also increased.

As a result, the Optical Products Business posted net sales of 3,515,709 thousand yen and operating income of 459,674 thousand yen during the period under review.

A simple comparison of the actual results for the second quarter of the current fiscal year with those of the same quarter of the previous year, when the "Accounting Standard for Revenue Recognition" was not applied, shows that net sales increased by 791,699 thousand yen (up 29.1% compared with the year-earlier period) and operating income increased by 285,739 thousand yen (up 164.3% compared with the year-earlier period).

#### (2) Financial status information

Consolidated assets at the end of the period under review totaled 29,439,726 thousand yen, reflecting an increase of 473,588 thousand yen compared with the end of the previous fiscal year. Current assets marked 20,010,614 thousand yen, an increase of 984,208 thousand yen compared with the end of the previous fiscal year. This was mainly due to an increase in notes and accounts receivable - trade and work in process. Non-current assets decreased 510,619 thousand yen compared with the end of the previous fiscal year to 9,429,112 thousand yen. This was mainly due to the application of the "Accounting Standard for Revenue Recognition" from the first quarter of the fiscal year ending March 31, 2022, and the progress in depreciation of buildings, machinery and equipment, goodwill, etc.

Consolidated liabilities at the end of the period under review totaled 4,877,559 thousand yen, reflecting an increase of 124,812 thousand yen compared with the end of the previous fiscal year. This was mainly due to an increase in liabilities related to customer-supplied materials.

Consolidated net assets at the end of the period under review totaled 24,562,167 thousand yen, reflecting an increase of 348,775 thousand yen compared with the end of the previous fiscal year. This was mainly due to an increase in foreign currency translation adjustments.

#### (3) Consolidated results projections and other forward-looking information

There is no change to the consolidated business results projections for the fiscal year ending March 2022 announced in the summary of financial statements dated May 14, 2021 because progress is mostly going according to plans.

## 2. Consolidated Quarterly Financial Statements

## (1) Consolidated quarterly balance sheets

(Unit: Thousands of yen)

	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2021)	At the end of the current Second quarter (As of September 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	12,256,376	12,361,786
Notes and accounts receivable-trade	3,820,846	4,384,708
Merchandise and finished goods	732,157	679,023
Work in process	617,725	1,028,361
Raw materials and supplies	884,015	1,155,210
Income taxes receivable	82,179	62,024
Other	634,461	341,007
Allowance for doubtful accounts	(1,355)	(1,510)
<b>Total current assets</b>	<b>19,026,406</b>	<b>20,010,614</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,763,302	6,854,029
Accumulated depreciation	(4,365,095)	(4,491,702)
Buildings and structures, net	2,398,207	2,362,326
Machinery, equipment and vehicles	7,032,783	7,046,942
Accumulated depreciation	(4,994,197)	(5,164,982)
Machinery, equipment and vehicles, net	2,038,585	1,881,960
Land	2,335,796	2,335,796
Construction in progress	379,682	335,040
Other	6,277,842	3,708,305
Accumulated depreciation	(5,534,778)	(3,064,577)
Other, net	743,063	643,727
<b>Total property, plant and equipment</b>	<b>7,895,334</b>	<b>7,558,851</b>
Intangible assets		
Goodwill	764,626	618,307
Customer related assets	145,662	112,048
Other	61,035	58,356
<b>Total intangible assets</b>	<b>971,323</b>	<b>788,711</b>
Investments and other assets		
Investment securities	69,543	71,552
Real estate for investment, net	852,747	852,496
Other	150,782	157,500
<b>Total investments and other assets</b>	<b>1,073,073</b>	<b>1,081,549</b>
<b>Total noncurrent assets</b>	<b>9,939,731</b>	<b>9,429,112</b>
<b>Total assets</b>	<b>28,966,138</b>	<b>29,439,726</b>

(Unit: Thousands of yen)

	Summary of consolidated balance sheet at the end of the previous year (As of March 31, 2021)	At the end of the current Second quarter (As of September 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,834,628	1,727,773
Income taxes payable	224,241	195,710
Reserve for bonuses	112,241	111,243
Other	1,204,716	1,443,952
Total current liabilities	3,375,826	3,478,679
Noncurrent liabilities		
Retirement benefit liabilities	958,428	976,261
Provision for stock awards for corporate officers	85,054	119,565
Long-term accounts payable-other	144,870	144,870
Long-term lease deposited	19,037	19,037
Deferred tax liability	27,911	9,400
Other	141,618	129,744
Total noncurrent liabilities	1,376,919	1,398,879
Total liabilities	4,752,746	4,877,559
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,791,682	6,791,682
Capital surplus	10,624,196	10,624,196
Retained earnings	7,124,121	7,138,786
Treasury stock	(555,460)	(555,460)
Total Shareholders' equity	23,984,540	23,999,205
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,340	15,095
Foreign currency translation adjustment	193,521	520,999
Cumulative adjustment of retirement benefits	(55,411)	(49,464)
Total accumulated other comprehensive income	153,450	486,630
Subscription rights to shares	56,468	56,236
Equity of non-controlling shareholders	18,932	20,095
Total net assets	24,213,391	24,562,167
Total liabilities and net assets	28,966,138	29,439,726

(2) Consolidated Quarterly Income Statement  
(Second Quarter Consolidated Reporting Period)

(Unit: Thousands of yen)

	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Sales amount	6,499,958	7,600,536
Cost of sales	4,490,160	5,187,502
Gross profit	2,009,798	2,413,034
Selling, general and administrative expenses	1,592,847	1,767,991
Operating income	416,950	645,042
Non-operating income		
Interest income	9,989	8,769
Dividends income	488	591
Income from subsidiaries	17,647	2,975
Subsidy income	23,723	-
Rent of real estate for investment	26,738	26,540
Equity in earnings of affiliates	398	1,082
Gains on foreign exchange	11,998	-
Other	8,294	7,384
Total non-operating income	99,277	47,343
Non-operating expenses		
Cost of real estate rent	6,277	6,003
Foreign exchange losses	-	23,258
Loss on retirement of non-current assets	9,928	-
Other	1,147	1,609
Total non-operating expenses	17,352	30,871
Ordinary income	498,875	661,515
Extraordinary income		
Gain on sales of noncurrent assets	2,182	5,525
Total extraordinary income	2,182	5,525
Extraordinary loss		
Loss on disposition of non-current assets	158	31
Total extraordinary losses	158	31
Net income for the period before income taxes	500,903	667,009
Income taxes-current	218,570	241,808
Income taxes-deferred	10,438	(5,188)
Total income taxes	229,008	236,620
Net income	271,895	430,388
Net income for the quarter attributable to non-controlling shareholders	850	3,241
Net income for the period attributable to shareholders of the parent company	271,044	427,147

(Quarterly Statement of Consolidated Comprehensive Income)  
(Consolidated Cumulative Second Quarter)

(Unit: Thousands of yen)

	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Net income for the quarter	271,895	430,388
Other comprehensive income		
Net unrealized holding gains on securities	4,354	(245)
Foreign currency translation adjustments	(120,532)	327,478
Cumulative adjustment of retirement benefits	11,577	5,947
Total other comprehensive income	(104,600)	333,179
Comprehensive income	167,295	763,568
(Items)		
Comprehensive income attributable to owners of the parent	166,684	759,692
Comprehensive income for the quarter attributable to non-controlling shareholders	610	3,876