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Consolidated Financial Results for the Year Ended December 31, 2022 [Japanese GAAP]

February 01, 2023

Company name: SEIKO ELECTRIC CO., LTD.

Stock exchange listing: Tokyo, Fukuoka

Code number: 6653

URL: <https://www.seiko-denki.co.jp/>

Representative: Hidetoshi Soeda

President and Representative Director

Contact: Tsutomu Tanaka

Managing Director, General Manager of Corporate Planning and
Development Division

Phone: 092-473-8831

Scheduled date of Annual General Meeting of Shareholders: March 29, 2023

Scheduled date of commencing dividend payments: March 14, 2023

Scheduled date of filing annual securities report: March 29, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 01, 2022 to December 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2022	25,007	1.7	1,440	2.5	1,612	4.7	1,082	2.5
December 31, 2021	24,596	5.2	1,406	6.1	1,540	14.3	1,056	1.6

(Note) Comprehensive income: Fiscal year ended December 31, 2022: ¥ 1,023 million [(4.8) %]
Fiscal year ended December 31, 2021: ¥ 1,075 million [(7.5) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2022	89.25	-	9.6	6.0	5.8
December 31, 2021	87.17	-	10.0	6.2	5.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2022: ¥ - million
Fiscal year ended December 31, 2021: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	28,055	11,565	41.2	952.59
December 31, 2021	25,793	10,940	42.4	902.69

(Reference) Equity: As of December 31, 2022: ¥ 11,565 million
As of December 31, 2021: ¥ 10,940 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2022	(79)	(498)	1,040	2,319
December 31, 2021	1,638	(1,785)	154	1,845

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2021	-	10.00	-	20.00	30.00	363	34.4	3.4
December 31, 2022	-	15.00	-	15.00	30.00	364	33.6	3.2
Fiscal year ending December 31, 2023 (Forecast)	-	17.50	-	17.50	35.00		31.0	

(Note) Breakdown of the year-end dividend for the fiscal year ended December 31, 2022 :

Commemorative dividend	5.00 yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 01, 2023 to December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended June 30, 2023	13,300	3.7	800	14.1	820	0.2	525	0.0	43.24
Full year	30,000	20.0	2,000	38.8	2,050	27.2	1,370	26.5	112.84

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

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

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

December 31, 2022:	12,603,595 shares
December 31, 2021:	12,603,595 shares

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

December 31, 2022:	462,384 shares
December 31, 2021:	483,903 shares

3) Average number of shares during the period:

Fiscal Year ended December 31, 2022:	12,132,934 shares
Fiscal Year ended December 31, 2021:	12,115,451 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 01, 2022 to December 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2022	18,141	(5.5)	1,174	2.2	1,415	0.2	990	(4.1)
December 31, 2021	19,189	6.7	1,149	19.3	1,412	21.3	1,032	9.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	81.66	-
December 31, 2021	85.23	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2022	25,325	10,828	42.8	891.88
December 31, 2021	23,691	10,283	43.4	848.53

(Reference) Equity: As of December 31, 2022: ¥ 10,828 million
As of December 31, 2021: ¥ 10,283 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of December 31,2021	As of December 31,2022
Assets		
Current assets		
Cash and deposits	1,853	2,327
Notes and accounts receivable - trade	12,155	-
Notes and accounts receivable - trade, and contract assets	-	13,965
Merchandise and finished goods	753	535
Work in process	1,621	1,727
Raw materials	320	403
Other	252	423
Allowance for doubtful accounts	(13)	(16)
Total current assets	16,945	19,365
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,669	8,772
Accumulated depreciation	(4,630)	(4,843)
Buildings and structures, net	4,038	3,928
Machinery, equipment and vehicles	1,552	1,585
Accumulated depreciation	(1,422)	(1,452)
Machinery, equipment and vehicles, net	130	132
Tools, furniture and fixtures	1,394	1,415
Accumulated depreciation	(1,258)	(1,318)
Tools, furniture and fixtures, net	135	96
Land	827	827
Leased assets	476	516
Accumulated depreciation	(227)	(275)
Leased assets, net	249	241
Construction in progress	18	48
Total property, plant and equipment	5,399	5,276
Intangible assets	174	232
Investments and other assets		
Investment securities	3,142	3,047
Other	140	142
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	3,274	3,181
Total non-current assets	8,848	8,689
Total assets	25,793	28,055

(Million yen)

	As of December 31,2021	As of December 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,459	4,484
Electronically recorded obligations - operating	1,243	1,322
Short-term borrowings	2,475	4,253
Income taxes payable	321	404
Contract liabilities	-	683
Advances received	431	-
Provision for loss on construction contracts	34	1
Other	2,286	2,016
Total current liabilities	11,252	13,167
Non-current liabilities		
Long-term borrowings	1,237	1,009
Deferred tax liabilities	119	118
Retirement benefit liability	1,961	1,935
Other	281	259
Total non-current liabilities	3,600	3,322
Total liabilities	14,853	16,490
Net assets		
Shareholders' equity		
Share capital	2,607	2,607
Capital surplus	1,958	1,974
Retained earnings	5,570	6,229
Treasury shares	(225)	(215)
Total shareholders' equity	9,910	10,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,204	1,107
Foreign currency translation adjustment	(87)	(78)
Remeasurements of defined benefit plans	(86)	(58)
Total accumulated other comprehensive income	1,029	970
Total net assets	10,940	11,565
Total liabilities and net assets	25,793	28,055

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Net sales	24,596	25,007
Cost of sales	20,181	20,536
Gross profit	4,415	4,470
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	253	262
Salaries and allowances	1,026	1,045
Bonuses	356	361
Retirement benefit expenses	66	72
Other	1,306	1,287
Total selling, general and administrative expenses	3,008	3,030
Operating profit	1,406	1,440
Non-operating income		
Interest income	0	0
Dividend income	82	84
Foreign exchange gains	-	10
Rental income	15	14
Subsidy income	45	44
Gain on sale of investment securities	-	64
Other	39	15
Total non-operating income	183	234
Non-operating expenses		
Interest expenses	26	33
Loss on abandonment of non-current assets	6	0
Guarantee commission	9	10
Other	7	17
Total non-operating expenses	49	63
Ordinary profit	1,540	1,612
Profit before income taxes	1,540	1,612
Income taxes - current	521	524
Income taxes - deferred	(37)	4
Total income taxes	484	529
Profit	1,056	1,082
Profit attributable to owners of parent	1,056	1,082

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Profit	1,056	1,082
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(96)
Foreign currency translation adjustment	15	9
Remeasurements of defined benefit plans, net of tax	12	27
Total other comprehensive income	19	(59)
Comprehensive income	1,075	1,023
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,075	1,023

Consolidated Statements of Changes in Net Assets

For the fiscal year ended December 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,607	1,942	4,817	(229)	9,136
Changes during period					
Dividends of surplus			(302)		(302)
Profit attributable to owners of parent			1,056		1,056
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		15		5	21
Net changes in items other than shareholders' equity					
Total changes during period	-	15	753	4	773
Balance at end of period	2,607	1,958	5,570	(225)	9,910

	Accumulated other comprehensive income				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	1,211	(103)	(98)	1,010	10,147
Changes during period					
Dividends of surplus					(302)
Profit attributable to owners of parent					1,056
Purchase of treasury shares					(0)
Disposal of treasury shares					21
Net changes in items other than shareholders' equity	(7)	15	12	19	19
Total changes during period	(7)	15	12	19	793
Balance at end of period	1,204	(87)	(86)	1,029	10,940

For the fiscal year ended December 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,607	1,958	5,570	(225)	9,910
Changes during period					
Dividends of surplus			(424)		(424)
Profit attributable to owners of parent			1,082		1,082
Purchase of treasury shares					-
Disposal of treasury shares		15		10	25
Net changes in items other than shareholders' equity					
Total changes during period	-	15	658	10	684
Balance at end of period	2,607	1,974	6,229	(215)	10,594

	Accumulated other comprehensive income				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	1,204	(87)	(86)	1,029	10,940
Changes during period					
Dividends of surplus					(424)
Profit attributable to owners of parent					1,082
Purchase of treasury shares					-
Disposal of treasury shares					25
Net changes in items other than shareholders' equity	(96)	9	27	(59)	(59)
Total changes during period	(96)	9	27	(59)	625
Balance at end of period	1,107	(78)	(58)	970	11,565

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Cash flows from operating activities		
Profit before income taxes	1,540	1,612
Depreciation	319	387
Amortization of goodwill	23	5
Increase (decrease) in retirement benefit liability	69	(6)
Increase (decrease) in allowance for doubtful accounts	(1)	2
Interest and dividend income	(82)	(84)
Interest expenses	26	33
Decrease (increase) in trade receivables	(1,219)	(1,788)
Decrease (increase) in inventories	650	45
Increase (decrease) in trade payables	652	93
Loss (gain) on sale of investment securities	-	(64)
Loss (gain) on valuation of investment securities	0	-
Increase (decrease) in advances received	(20)	-
Increase (decrease) in contract liabilities	-	252
Other, net	234	(179)
Subtotal	2,191	310
Interest and dividends received	82	84
Interest paid	(23)	(32)
Income taxes paid	(612)	(441)
Net cash provided by (used in) operating activities	1,638	(79)
Cash flows from investing activities		
Payments into time deposits	(65)	(3)
Proceeds from withdrawal of time deposits	131	3
Purchase of property, plant and equipment	(1,672)	(476)
Purchase of intangible assets	(78)	(71)
Purchase of investment securities	(113)	(34)
Proceeds from sale of investment securities	-	70
Other, net	14	12
Net cash provided by (used in) investing activities	(1,785)	(498)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(974)	1,754
Proceeds from long-term borrowings	1,600	-
Repayments of long-term borrowings	(133)	(228)
Purchase of treasury shares	(0)	-
Dividends paid	(302)	(424)
Repayments of lease liabilities	(33)	(60)
Net cash provided by (used in) financing activities	154	1,040
Effect of exchange rate change on cash and cash equivalents	17	10
Net increase (decrease) in cash and cash equivalents	25	473
Cash and cash equivalents at beginning of period	1,820	1,845
Cash and cash equivalents at end of period	1,845	2,319