

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2020 (Based on Japanese GAAP)

May 14, 2020

Company name: SEIKO PMC CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4963 URL <https://www.seikopmc.co.jp/>
 Representative: Representative Director Satoshi Takizawa
 and President
 Managing Director, Head of Administration Hideki Inouchi TEL 03-6202-7331
 Inquiries: Division
 Scheduled date to file Quarterly Securities Report: May 15, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2020 (from January 1, 2020 to March 31, 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	%
Three months ended March 31, 2020	6,613	(1.6)	593	(4.8)	593	(10.6)	390	(21.9)
Three months ended March 31, 2019	6,722	9.0	622	7.1	664	12.7	500	7.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2020	12.89		–	
Three months ended March 31, 2019	16.50		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2020	35,760	27,118	72.0
As of December 31, 2019	36,225	27,136	71.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2019	–	8.00	–	8.00	16.00
Year ending December 31, 2020	–	–	–	–	–
Year ending December 31, 2020 (Forecast)	–	8.00	–	8.00	16.00

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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	28,650	2.4	2,700	(3.2)	2,760	(2.8)	1,860	(5.2)	61.34

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 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: No
- (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 March 31, 2020	30,743,604 shares	As of December 31, 2019	30,743,604 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	422,255 shares	As of December 31, 2019	422,243 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2020	30,321,350 shares	Three months ended March 31, 2019	30,321,361 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	1,663,648	3,245,450
Notes and accounts receivable - trade	10,916,857	9,100,190
Electronically recorded monetary claims - operating	1,409,707	1,088,715
Merchandise and finished goods	2,437,503	2,493,504
Work in process	356,563	427,784
Raw materials and supplies	1,077,577	1,102,498
Short-term loans receivable	3,697,933	3,449,624
Other	289,859	308,194
Allowance for doubtful accounts	(11,680)	(18,068)
Total current assets	21,837,972	21,197,893
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,726,712	2,699,934
Machinery, equipment and vehicles, net	2,441,244	2,426,021
Land	6,660,889	6,636,780
Other, net	980,307	1,222,190
Total property, plant and equipment	12,809,154	12,984,926
Intangible assets	72,090	66,597
Investments and other assets		
Investment securities	964,335	800,492
Other	592,908	761,740
Allowance for doubtful accounts	(51,002)	(51,000)
Total investments and other assets	1,506,241	1,511,232
Total non-current assets	14,387,486	14,562,756
Total assets	36,225,458	35,760,649

(Thousands of yen)

	As of December 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,179,503	3,729,200
Short-term borrowings	730,000	730,000
Current portion of long-term borrowings	74,498	73,680
Income taxes payable	388,018	317,266
Provision for bonuses	665,564	449,941
Other provisions	–	19,700
Other	2,133,106	2,528,953
Total current liabilities	8,170,691	7,848,742
Non-current liabilities		
Long-term borrowings	689,375	663,379
Provision for retirement benefits for directors (and other officers)	7,800	7,800
Retirement benefit liability	118,894	20,831
Asset retirement obligations	88,940	89,063
Other	13,358	12,100
Total non-current liabilities	918,368	793,175
Total liabilities	9,089,060	8,641,917
Net assets		
Shareholders' equity		
Share capital	2,000,000	2,000,000
Capital surplus	1,576,265	1,576,265
Retained earnings	22,476,443	22,624,719
Treasury shares	(105,272)	(105,284)
Total shareholders' equity	25,947,436	26,095,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	325,609	209,546
Deferred gains or losses on hedges	51	425
Foreign currency translation adjustment	68,640	(26,150)
Remeasurements of defined benefit plans	(565,255)	(540,912)
Total accumulated other comprehensive income	(170,953)	(357,091)
Non-controlling interests	1,359,916	1,380,123
Total net assets	27,136,398	27,118,732
Total liabilities and net assets	36,225,458	35,760,649

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Net sales	6,722,246	6,613,501
Cost of sales	4,901,342	4,755,786
Gross profit	1,820,904	1,857,715
Selling, general and administrative expenses	1,198,121	1,264,595
Operating profit	622,782	593,119
Non-operating income		
Interest income	2,116	4,739
Dividend income	3,423	3,423
Purchase discounts	3,365	4,240
Foreign exchange gains	15,371	–
Subsidy income	16,298	–
Other	6,900	11,172
Total non-operating income	47,476	23,577
Non-operating expenses		
Interest expenses	3,046	2,871
Sales discounts	1,323	1,287
Foreign exchange losses	–	17,727
Other	1,695	1,303
Total non-operating expenses	6,065	23,190
Ordinary profit	664,193	593,506
Extraordinary income		
Gain on bargain purchase	85,367	–
Total extraordinary income	85,367	–
Extraordinary losses		
Loss on sales of non-current assets	–	381
Loss on retirement of non-current assets	12,229	1,560
Loss on valuation of investment securities	–	7,866
Provision of allowance for doubtful accounts	4,000	–
Loss on step acquisitions	59,043	–
Total extraordinary losses	75,272	9,808
Profit before income taxes	674,287	583,698
Income taxes - current	210,218	195,788
Income taxes - deferred	(60,424)	(38,283)
Total income taxes	149,794	157,504
Profit	524,493	426,193
Profit attributable to non-controlling interests	24,216	35,346
Profit attributable to owners of parent	500,276	390,846

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit	524,493	426,193
Other comprehensive income		
Valuation difference on available-for-sale securities	43,033	(116,063)
Deferred gains or losses on hedges	696	374
Foreign currency translation adjustment	13,749	(109,931)
Remeasurements of defined benefit plans, net of tax	19,895	24,343
Share of other comprehensive income of entities accounted for using equity method	2,458	–
Total other comprehensive income	79,832	(201,277)
Comprehensive income	604,326	224,916
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	583,661	204,709
Comprehensive income attributable to non-controlling interests	20,664	20,207