

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 June 30, 2021 (Based on Japanese GAAP)

August 10, 2021

Company name: SEIKO PMC CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4963 URL <https://www.seikopmc.co.jp/>
 Representative: Representative Director and President Satoshi Takizawa
 Managing Director, Head of Administration
 Inquiries: Division Hideki Inouchi TEL 03-6202-7331
 Scheduled date to file Quarterly Securities Report: August 13, 2021
 Scheduled date to commence dividend payments: September 7, 2021
 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 June 30, 2021 (from January 1, 2021 to June 30, 2021)

(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 June 30, 2021	14,984	19.5	1,503	54.9	1,632	66.0	1,063	71.6
Six months ended June 30, 2020	12,544	(7.3)	970	(21.0)	983	(22.2)	619	(31.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2021	35.09		-	
Six months ended June 30, 2020	20.45		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	38,969	30,010	72.3
As of December 31, 2020	37,069	28,451	72.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2020	-	8.00	-	8.00	16.00
Year ending December 31, 2021	-	8.00	-	-	-
Year ending December 31, 2021 (Forecast)	-	-	-	8.00	16.00

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	31,020	19.1	2,940	12.5	3,100	16.2	1,950	15.7	64.31

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2021
 (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 June 30, 2021	30,743,604 shares	As of December 31, 2020	30,743,604 shares
---------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2021	422,275 shares	As of December 31, 2020	422,275 shares
---------------------	----------------	-------------------------	----------------

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

Six months ended June 30, 2021	30,321,329 shares	Six months ended June 30, 2020	30,321,350 shares
--------------------------------	-------------------	--------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	2,985,835	3,721,753
Notes and accounts receivable - trade	9,597,896	9,176,872
Electronically recorded monetary claims - operating	1,303,198	1,208,211
Merchandise and finished goods	2,343,287	2,377,356
Work in process	353,204	404,079
Raw materials and supplies	1,160,984	1,373,716
Short-term loans receivable	3,089,018	2,685,884
Other	364,167	440,302
Allowance for doubtful accounts	(15,345)	(17,917)
Total current assets	21,182,247	21,370,258
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,315,702	3,364,539
Machinery, equipment and vehicles, net	2,498,998	3,311,692
Land	6,684,998	6,853,759
Other, net	1,817,169	2,279,592
Total property, plant and equipment	14,316,869	15,809,584
Intangible assets	60,212	52,638
Investments and other assets		
Investment securities	887,552	924,999
Retirement benefit asset	13,326	173,817
Other	640,403	669,395
Allowance for doubtful accounts	(30,977)	(31,236)
Total investments and other assets	1,510,304	1,736,975
Total non-current assets	15,887,386	17,599,198
Total assets	37,069,633	38,969,457

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,965,748	3,989,306
Short-term borrowings	730,000	730,000
Current portion of long-term borrowings	73,238	78,810
Income taxes payable	347,299	450,816
Provision for bonuses	655,247	752,949
Other provisions	–	34,700
Other	2,060,131	2,049,573
Total current liabilities	7,831,664	8,086,157
Non-current liabilities		
Long-term borrowings	623,885	631,949
Provision for retirement benefits for directors (and other officers)	7,800	7,800
Asset retirement obligations	86,708	86,962
Other	67,727	145,833
Total non-current liabilities	786,121	872,545
Total liabilities	8,617,785	8,958,702
Net assets		
Shareholders' equity		
Share capital	2,000,000	2,000,000
Capital surplus	1,576,265	1,576,265
Retained earnings	23,676,819	24,498,234
Treasury shares	(105,298)	(105,298)
Total shareholders' equity	27,147,786	27,969,201
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	261,345	293,909
Deferred gains or losses on hedges	(178)	1,574
Foreign currency translation adjustment	50,305	439,728
Remeasurements of defined benefit plans	(619,036)	(542,847)
Total accumulated other comprehensive income	(307,565)	192,365
Non-controlling interests	1,611,626	1,849,187
Total net assets	28,451,848	30,010,754
Total liabilities and net assets	37,069,633	38,969,457

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	12,544,171	14,984,743
Cost of sales	9,144,165	10,680,406
Gross profit	3,400,005	4,304,336
Selling, general and administrative expenses	2,429,235	2,801,057
Operating profit	970,769	1,503,279
Non-operating income		
Interest income	15,687	8,671
Dividend income	12,092	12,436
Purchase discounts	7,354	6,472
Subsidy income	–	24,312
Foreign exchange gains	–	58,002
Other	34,205	27,477
Total non-operating income	69,339	137,372
Non-operating expenses		
Interest expenses	5,737	4,501
Sales discounts	2,538	2,258
Foreign exchange losses	41,211	–
Other	7,274	1,442
Total non-operating expenses	56,761	8,201
Ordinary profit	983,348	1,632,449
Extraordinary income		
Gain on sales of non-current assets	–	2,734
Total extraordinary income	–	2,734
Extraordinary losses		
Loss on sales of non-current assets	380	–
Loss on retirement of non-current assets	5,634	6,289
Loss on valuation of investment securities	7,866	–
Impairment loss	10,326	–
Total extraordinary losses	24,208	6,289
Profit before income taxes	959,140	1,628,895
Income taxes - current	214,311	430,803
Income taxes - deferred	46,864	22,651
Total income taxes	261,175	453,455
Profit	697,964	1,175,439
Profit attributable to non-controlling interests	78,029	111,453
Profit attributable to owners of parent	619,934	1,063,985

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	697,964	1,175,439
Other comprehensive income		
Valuation difference on available-for-sale securities	(95,464)	32,564
Deferred gains or losses on hedges	101	1,753
Foreign currency translation adjustment	(61,224)	515,530
Remeasurements of defined benefit plans, net of tax	48,686	76,189
Total other comprehensive income	(107,901)	626,037
Comprehensive income	590,062	1,801,477
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	503,643	1,563,916
Comprehensive income attributable to non-controlling interests	86,419	237,560

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	959,140	1,628,895
Depreciation	558,622	582,647
Impairment loss	10,326	–
Loss (gain) on valuation of investment securities	7,866	–
Increase (decrease) in allowance for doubtful accounts	2,687	1,899
Increase (decrease) in retirement benefit liability	(104,687)	–
Decrease (increase) in retirement benefit asset	–	(50,708)
Increase (decrease) in provision for bonuses	26,335	83,919
Increase (decrease) in other provisions	39,400	34,700
Increase (decrease) in accounts payable-directors' bonuses	(61,900)	(78,800)
Interest and dividend income	(27,779)	(21,108)
Interest expenses	5,737	4,501
Foreign exchange losses (gains)	32,750	(84,032)
Loss (gain) on sales of non-current assets	380	(2,734)
Loss on retirement of non-current assets	5,634	6,289
Decrease (increase) in trade receivables	3,099,970	644,961
Decrease (increase) in inventories	(89,201)	(252,290)
Increase (decrease) in trade payables	(977,345)	(36,140)
Decrease (increase) in accounts receivable - other	(4,837)	25,562
Other, net	(454,818)	(199,290)
Subtotal	3,028,282	2,288,272
Interest and dividends received	27,169	21,353
Interest paid	(5,763)	(4,541)
Income taxes paid	(307,406)	(339,218)
Net cash provided by (used in) operating activities	2,742,281	1,965,865
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,067,900)	(1,529,945)
Proceeds from sales of property, plant and equipment	343	6,108
Purchase of investment securities	(3,069)	(3,222)
Purchase of intangible assets	(12,094)	(1,040)
Payments into time deposits	(187,487)	–
Proceeds from withdrawal of time deposits	191,859	–
Proceeds from sales of membership	5,064	–
Net decrease (increase) in short-term loans receivable	257,896	403,133
Other, net	(15,403)	(4,683)
Net cash provided by (used in) investing activities	(830,791)	(1,129,648)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from financing activities		
Repayments of long-term borrowings	(36,942)	(38,211)
Dividends paid	(242,139)	(242,579)
Other, net	(3,070)	(2,881)
Net cash provided by (used in) financing activities	(282,151)	(283,672)
Effect of exchange rate change on cash and cash equivalents	(58,032)	183,372
Net increase (decrease) in cash and cash equivalents	1,571,305	735,917
Cash and cash equivalents at beginning of period	1,663,648	2,985,835
Cash and cash equivalents at end of period	3,234,953	3,721,753