

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2021 (Based on Japanese GAAP)

February 14, 2022

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  
 Inquiries: Managing Director, Head of Administration Hideki Inouchi TEL 03-6202-7331  
 Division  
 Scheduled date of ordinary general meeting of shareholders: March 25, 2022  
 Scheduled date to file Securities Report: March 28, 2022  
 Scheduled date to commence dividend payments: March 28, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

#### (1) Consolidated operating results

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	%
Year ended December 31, 2021	31,032	19.1	2,867	9.8	3,139	17.7	2,082	23.6
Year ended December 31, 2020	26,046	(6.9)	2,612	(6.4)	2,667	(6.1)	1,685	(14.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2021	68.69	–	7.4	8.0	9.2
Year ended December 31, 2020	55.59	–	6.4	7.3	10.0

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	41,882	31,593	70.9	979.59
As of December 31, 2020	37,069	28,451	72.4	885.19

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2021	1,620	(1,442)	(694)	2,762
Year ended December 31, 2020	4,020	(2,110)	(580)	2,985

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2020	–	8.00	–	8.00	16.00	485	28.8	1.8
Year ended December 31, 2021	–	8.00	–	8.00	16.00	485	23.3	1.7
Year ending December 31, 2022 (Forecast)	–	8.00	–	8.00	16.00		33.0	

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	33,460	7.8	2,040	(28.9)	2,160	(31.2)	1,470	(29.4)	48.48

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2021

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

(2) 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

(3) Number of issued shares (common shares)

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

As of December 31, 2021	30,321,283 shares	As of December 31, 2020	30,743,604 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	– shares	As of December 31, 2020	422,275 shares
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Average number of shares during the period

Year ended December 31, 2021	30,321,308 shares	Year ended December 31, 2020	30,321,342 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	2,985,835	2,762,928
Notes and accounts receivable - trade	9,597,896	11,387,861
Electronically recorded monetary claims - operating	1,303,198	1,600,325
Merchandise and finished goods	2,343,287	2,726,936
Work in process	353,204	397,925
Raw materials and supplies	1,160,984	1,683,310
Short-term loans receivable	3,089,018	1,677,980
Other	364,167	591,892
Allowance for doubtful accounts	(15,345)	(13,891)
Total current assets	21,182,247	22,815,269
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,886,397	12,275,068
Accumulated depreciation	(8,570,694)	(8,832,995)
Buildings and structures, net	3,315,702	3,442,073
Machinery, equipment and vehicles	21,774,151	23,493,526
Accumulated depreciation	(19,275,153)	(20,197,724)
Machinery, equipment and vehicles, net	2,498,998	3,295,801
Land	6,684,998	6,980,330
Construction in progress	1,547,412	2,625,612
Other	2,399,501	2,428,754
Accumulated depreciation	(2,129,744)	(2,193,585)
Other, net	269,757	235,169
Total property, plant and equipment	14,316,869	16,578,987
Intangible assets	60,212	45,495
Investments and other assets		
Investment securities	887,552	937,314
Retirement benefit asset	13,326	863,104
Deferred tax assets	89,141	98,382
Other	551,262	573,286
Allowance for doubtful accounts	(30,977)	(29,404)
Total investments and other assets	1,510,304	2,442,683
Total non-current assets	15,887,386	19,067,166
<b>Total assets</b>	<b>37,069,633</b>	<b>41,882,436</b>

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,965,748	5,057,706
Short-term borrowings	730,000	730,000
Current portion of long-term borrowings	73,238	82,990
Income taxes payable	347,299	545,813
Accounts payable-directors' bonuses	78,800	69,400
Provision for bonuses	655,247	669,165
Other	1,981,331	2,031,896
<b>Total current liabilities</b>	<b>7,831,664</b>	<b>9,186,972</b>
<b>Non-current liabilities</b>		
Long-term borrowings	623,885	623,967
Provision for retirement benefits for directors (and other officers)	7,800	7,800
Asset retirement obligations	86,708	87,216
Deferred tax liabilities	53,990	350,797
Other	13,736	32,249
<b>Total non-current liabilities</b>	<b>786,121</b>	<b>1,102,030</b>
<b>Total liabilities</b>	<b>8,617,785</b>	<b>10,289,003</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,000,000	2,000,000
Capital surplus	1,576,265	1,470,923
Retained earnings	23,676,819	25,274,370
Treasury shares	(105,298)	–
<b>Total shareholders' equity</b>	<b>27,147,786</b>	<b>28,745,294</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	261,345	299,489
Deferred gains or losses on hedges	(178)	1,199
Foreign currency translation adjustment	50,305	759,049
Remeasurements of defined benefit plans	(619,036)	(102,609)
<b>Total accumulated other comprehensive income</b>	<b>(307,565)</b>	<b>957,128</b>
<b>Non-controlling interests</b>	<b>1,611,626</b>	<b>1,891,009</b>
<b>Total net assets</b>	<b>28,451,848</b>	<b>31,593,432</b>
<b>Total liabilities and net assets</b>	<b>37,069,633</b>	<b>41,882,436</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	26,046,096	31,032,944
Cost of sales	18,540,121	22,533,815
Gross profit	7,505,974	8,499,129
Selling, general and administrative expenses	4,893,522	5,631,792
Operating profit	2,612,452	2,867,336
Non-operating income		
Interest income	28,541	14,798
Dividend income	24,036	24,697
Purchase discounts	11,579	11,666
Foreign exchange gains	–	154,013
Other	69,708	85,415
Total non-operating income	133,865	290,593
Non-operating expenses		
Interest expenses	12,230	10,151
Sales discounts	4,642	4,388
Foreign exchange losses	50,747	–
Other	11,009	3,408
Total non-operating expenses	78,630	17,949
Ordinary profit	2,667,686	3,139,980
Extraordinary income		
Gain on sale of non-current assets	–	3,005
Gain on sale of investment securities	–	15,718
Total extraordinary income	–	18,723
Extraordinary losses		
Loss on sale of non-current assets	382	–
Loss on retirement of non-current assets	17,257	21,244
Impairment losses	10,326	–
Loss on valuation of investment securities	7,866	–
Total extraordinary losses	35,832	21,244
Profit before income taxes	2,631,854	3,137,459
Income taxes - current	599,190	817,142
Income taxes - deferred	98,060	50,409
Total income taxes	697,250	867,551
Profit	1,934,603	2,269,907
Profit attributable to non-controlling interests	249,086	187,214
Profit attributable to owners of parent	1,685,517	2,082,692

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	1,934,603	2,269,907
Other comprehensive income		
Valuation difference on available-for-sale securities	(64,264)	38,144
Deferred gains or losses on hedges	(229)	1,378
Foreign currency translation adjustment	(209)	927,099
Remeasurements of defined benefit plans, net of tax	(53,781)	516,427
Total other comprehensive income	(118,484)	1,483,049
Comprehensive income	1,816,118	3,752,957
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,548,906	3,347,386
Comprehensive income attributable to non-controlling interests	267,212	405,570

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,000,000	1,576,265	22,476,443	(105,272)	25,947,436
Changes during period					
Dividends of surplus			(485,141)		(485,141)
Profit attributable to owners of parent			1,685,517		1,685,517
Purchase of treasury shares				(25)	(25)
Net changes in items other than shareholders' equity					
Total changes during period			1,200,375	(25)	1,200,350
Balance at end of period	2,000,000	1,576,265	23,676,819	(105,298)	27,147,786

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	325,609	51	68,640	(565,255)	(170,953)	1,359,916	27,136,398
Changes during period							
Dividends of surplus						(15,502)	(500,643)
Profit attributable to owners of parent							1,685,517
Purchase of treasury shares							(25)
Net changes in items other than shareholders' equity	(64,264)	(229)	(18,335)	(53,781)	(136,611)	267,212	130,601
Total changes during period	(64,264)	(229)	(18,335)	(53,781)	(136,611)	251,710	1,315,449
Balance at end of period	261,345	(178)	50,305	(619,036)	(307,565)	1,611,626	28,451,848

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,000,000	1,576,265	23,676,819	(105,298)	27,147,786
Changes during period					
Dividends of surplus			(485,141)		(485,141)
Profit attributable to owners of parent			2,082,692		2,082,692
Purchase of treasury shares				(43)	(43)
Cancellation of treasury shares		(105,341)		105,341	-
Net changes in items other than shareholders' equity					
Total changes during period		(105,341)	1,597,551	105,298	1,597,508
Balance at end of period	2,000,000	1,470,923	25,274,370	-	28,745,294

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	261,345	(178)	50,305	(619,036)	(307,565)	1,611,626	28,451,848
Changes during period							
Dividends of surplus						(126,188)	(611,329)
Profit attributable to owners of parent							2,082,692
Purchase of treasury shares							(43)
Cancellation of treasury shares							-
Net changes in items other than shareholders' equity	38,144	1,378	708,744	516,427	1,264,693	405,570	1,670,264
Total changes during period	38,144	1,378	708,744	516,427	1,264,693	279,382	3,141,584
Balance at end of period	299,489	1,199	759,049	(102,609)	957,128	1,891,009	31,593,432

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,631,854	3,137,459
Depreciation	1,188,443	1,292,678
Increase (decrease) in allowance for doubtful accounts	3,574	(4,403)
Increase (decrease) in retirement benefit liability	(209,715)	(105,645)
Increase (decrease) in provision for bonuses	(12,161)	(5,544)
Increase (decrease) in accounts payable-directors' bonuses	16,900	(9,400)
Interest and dividend income	(52,577)	(39,496)
Interest expenses	12,230	10,151
Foreign exchange losses (gains)	24,296	(216,585)
Loss (gain) on sale of non-current assets	382	(3,005)
Loss on retirement of non-current assets	17,257	21,244
Impairment losses	10,326	–
Loss (gain) on sale of investment securities	–	(15,718)
Loss (gain) on valuation of investment securities	7,866	–
Decrease (increase) in trade receivables	1,442,602	(1,834,175)
Decrease (increase) in inventories	21,257	(872,528)
Decrease (increase) in accounts receivable - other	(38,304)	18,968
Increase (decrease) in trade payables	(223,537)	1,002,458
Other, net	(261,315)	(148,877)
Subtotal	4,579,379	2,227,580
Interest and dividends received	52,210	39,863
Interest paid	(12,216)	(10,043)
Income taxes paid	(598,708)	(636,690)
Net cash provided by (used in) operating activities	4,020,665	1,620,709
Cash flows from investing activities		
Purchase of investment securities	(6,182)	(6,496)
Proceeds from sale of investment securities	–	20,140
Purchase of property, plant and equipment	(2,683,135)	(2,864,675)
Proceeds from sale of property, plant and equipment	345	6,384
Purchase of intangible assets	(14,365)	(2,656)
Payments into time deposits	(257,507)	–
Proceeds from withdrawal of time deposits	259,311	–
Proceeds from sale of membership	6,064	2,402
Net decrease (increase) in short-term loans receivable	608,915	1,411,037
Payments of guarantee deposits	(1,413)	(3,347)
Other, net	(22,662)	(5,488)
Net cash provided by (used in) investing activities	(2,110,630)	(1,442,699)

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from financing activities		
Repayments of long-term borrowings	(74,123)	(78,213)
Dividends paid	(500,723)	(611,359)
Purchase of treasury shares	(25)	(43)
Other, net	(5,821)	(4,934)
Net cash provided by (used in) financing activities	(580,693)	(694,550)
Effect of exchange rate change on cash and cash equivalents	(7,155)	293,633
Net increase (decrease) in cash and cash equivalents	1,322,186	(222,906)
Cash and cash equivalents at beginning of period	1,663,648	2,985,835
Cash and cash equivalents at end of period	2,985,835	2,762,928