

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

August 9, 2022

Company name: SEIKO PMC CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4963 URL <https://www.seikopmc.co.jp/>
 Representative: Representative Director, President and CEO Seido Kan
 Executive Officer, Head of Administration
 Inquiries: Division Hiroharu Kawano TEL 03-6202-7331
 Scheduled date to file Quarterly Securities Report: August 10, 2022
 Scheduled date to commence dividend payments: September 6, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

(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, 2022	15,938	6.4	1,120	(25.5)	1,745	6.9	1,306	22.7
Six months ended June 30, 2021	14,984	19.5	1,503	54.9	1,632	66.0	1,063	71.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2022	43.07		-	
Six months ended June 30, 2021	35.09		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	44,422	31,610	70.4
As of December 31, 2021	41,882	31,593	70.9

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, 2021	-	8.00	-	8.00	16.00
Year ending December 31, 2022	-	8.00	-	-	-
Year ending December 31, 2022 (Forecast)	-	-	-	8.00	16.00

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	32,840	5.8	2,040	(28.9)	2,690	(14.3)	1,970	(5.4)	64.97

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2022
 (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
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| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| 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, 2022	30,321,283 shares	As of December 31, 2021	30,321,283 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	104 shares	As of December 31, 2021	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2022	30,321,197 shares	Six months ended June 30, 2021	30,321,329 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	2,762,928	3,752,445
Notes and accounts receivable - trade	11,387,861	10,800,291
Electronically recorded monetary claims - operating	1,600,325	1,381,797
Merchandise and finished goods	2,726,936	2,738,737
Work in process	397,925	440,792
Raw materials and supplies	1,683,310	1,853,602
Short-term loans receivable	1,677,980	1,304,444
Other	591,892	753,421
Allowance for doubtful accounts	(13,891)	(8,186)
Total current assets	22,815,269	23,017,345
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,442,073	3,418,146
Machinery, equipment and vehicles, net	3,295,801	3,157,219
Land	6,980,330	7,239,499
Construction in progress	2,625,612	4,684,839
Other, net	235,169	229,868
Total property, plant and equipment	16,578,987	18,729,574
Intangible assets	45,495	52,594
Investments and other assets		
Investment securities	937,314	856,555
Retirement benefit asset	863,104	1,049,749
Other	671,668	747,017
Allowance for doubtful accounts	(29,404)	(30,000)
Total investments and other assets	2,442,683	2,623,322
Total non-current assets	19,067,166	21,405,491
Total assets	41,882,436	44,422,836

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,057,706	4,942,917
Short-term borrowings	730,000	3,328,212
Current portion of long-term borrowings	82,990	91,547
Income taxes payable	545,813	355,805
Provision for bonuses	669,165	690,131
Other provisions	–	13,800
Other	2,101,296	2,223,218
Total current liabilities	9,186,972	11,645,634
Non-current liabilities		
Long-term borrowings	623,967	642,535
Provision for retirement benefits for directors (and other officers)	7,800	7,800
Asset retirement obligations	87,216	87,473
Other	383,046	428,651
Total non-current liabilities	1,102,030	1,166,460
Total liabilities	10,289,003	12,812,094
Net assets		
Shareholders' equity		
Share capital	2,000,000	2,000,000
Capital surplus	1,576,265	1,149,697
Retained earnings	25,169,029	26,232,490
Treasury shares	–	(69)
Total shareholders' equity	28,745,294	29,382,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	299,489	238,758
Deferred gains or losses on hedges	1,199	8,295
Foreign currency translation adjustment	759,049	1,722,333
Remeasurements of defined benefit plans	(102,609)	(81,923)
Total accumulated other comprehensive income	957,128	1,887,463
Non-controlling interests	1,891,009	341,160
Total net assets	31,593,432	31,610,742
Total liabilities and net assets	41,882,436	44,422,836

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, 2021	Six months ended June 30, 2022
Net sales	14,984,743	15,938,576
Cost of sales	10,680,406	11,990,948
Gross profit	4,304,336	3,947,628
Selling, general and administrative expenses	2,801,057	2,827,265
Operating profit	1,503,279	1,120,362
Non-operating income		
Interest income	8,671	2,704
Dividend income	12,436	14,772
Purchase discounts	6,472	7,573
Subsidy income	24,312	75,757
Foreign exchange gains	58,002	490,676
Other	27,477	42,468
Total non-operating income	137,372	633,953
Non-operating expenses		
Interest expenses	4,501	6,843
Sales discounts	2,258	–
Other	1,442	2,315
Total non-operating expenses	8,201	9,159
Ordinary profit	1,632,449	1,745,156
Extraordinary income		
Subsidy income	–	18,650
Gain on sale of non-current assets	2,734	41
Total extraordinary income	2,734	18,691
Extraordinary losses		
Loss on retirement of non-current assets	6,289	264
Loss on tax purpose reduction entry of non-current assets	–	18,650
Total extraordinary losses	6,289	18,914
Profit before income taxes	1,628,895	1,744,934
Income taxes - current	430,803	382,386
Income taxes - deferred	22,651	50,171
Total income taxes	453,455	432,558
Profit	1,175,439	1,312,376
Profit attributable to non-controlling interests	111,453	6,344
Profit attributable to owners of parent	1,063,985	1,306,031

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	1,175,439	1,312,376
Other comprehensive income		
Valuation difference on available-for-sale securities	32,564	(60,730)
Deferred gains or losses on hedges	1,753	7,095
Foreign currency translation adjustment	515,530	996,452
Remeasurements of defined benefit plans, net of tax	76,189	20,685
Total other comprehensive income	626,037	963,503
Comprehensive income	1,801,477	2,275,879
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,563,916	2,236,366
Comprehensive income attributable to non-controlling interests	237,560	39,513

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,628,895	1,744,934
Depreciation	582,647	635,191
Subsidy income	–	(94,407)
Increase (decrease) in allowance for doubtful accounts	1,899	(5,819)
Decrease (increase) in retirement benefit asset	(50,708)	(156,838)
Increase (decrease) in provision for bonuses	83,919	17,801
Increase (decrease) in other provisions	34,700	13,800
Interest and dividend income	(21,108)	(17,476)
Interest expenses	4,501	6,843
Foreign exchange losses (gains)	(84,032)	(469,252)
Loss (gain) on sale of non-current assets	(2,734)	(41)
Loss on retirement of non-current assets	6,289	264
Decrease (increase) in trade receivables	644,961	1,057,762
Decrease (increase) in inventories	(252,290)	(137,489)
Increase (decrease) in trade payables	(36,140)	(197,572)
Decrease (increase) in accounts receivable - other	25,562	(38,461)
Increase (decrease) in accounts payable - other	(6,927)	(121,557)
Other, net	(271,162)	(431,709)
Subtotal	2,288,272	1,805,970
Interest and dividends received	21,353	17,476
Interest paid	(4,541)	(6,843)
Income taxes paid	(339,218)	(572,773)
Subsidies received	–	105,642
Net cash provided by (used in) operating activities	1,965,865	1,349,472
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,529,945)	(1,807,168)
Proceeds from sale of property, plant and equipment	6,108	114
Purchase of investment securities	(3,222)	(3,321)
Purchase of intangible assets	(1,040)	(14,456)
Net decrease (increase) in short-term loans receivable	403,133	373,536
Other, net	(4,683)	(17,265)
Net cash provided by (used in) investing activities	(1,129,648)	(1,468,561)
Cash flows from financing activities		
Repayments of long-term borrowings	(38,211)	(42,689)
Net increase (decrease) in short-term borrowings	(2,881)	2,598,212
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(1,999,463)
Dividends paid	(242,579)	(243,163)
Dividends paid to non-controlling interests	–	(16,467)
Other, net	–	(1,574)
Net cash provided by (used in) financing activities	(283,672)	294,855
Effect of exchange rate change on cash and cash equivalents	183,372	813,749
Net increase (decrease) in cash and cash equivalents	735,917	989,516
Cash and cash equivalents at beginning of period	2,985,835	2,762,928
Cash and cash equivalents at end of period	3,721,753	3,752,445