

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2022 (Based on Japanese GAAP)

February 13, 2023

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: Hiroharu Kawano TEL 03-6202-7331
 Division
 Scheduled date of ordinary general meeting of shareholders: March 28, 2023
 Scheduled date to file Securities Report: March 29, 2023
 Scheduled date to commence dividend payments: March 29, 2023
 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, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	32,418	4.5	1,884	(34.3)	2,394	(23.7)	1,647	(20.9)
Year ended December 31, 2021	31,032	19.1	2,867	9.8	3,139	17.7	2,082	23.6

	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, 2022	54.33	–	5.4	5.4	5.8
Year ended December 31, 2021	68.69	–	7.4	8.0	9.2

(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, 2022	46,557	31,108	66.1	1,015.10
As of December 31, 2021	41,882	31,593	70.9	979.59

(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, 2022	873	(2,763)	2,249	3,476
Year ended December 31, 2021	1,620	(1,442)	(694)	2,762

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, 2021	–	8.00	–	8.00	16.00	485	23.3	1.7
Year ended December 31, 2022	–	8.00	–	8.00	16.00	485	29.5	1.6
Year ending December 31, 2023 (Forecast)	–	8.00	–	8.00	16.00		31.3	

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

	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	35,280	8.8	2,010	6.7	2,160	(9.8)	1,550	(5.9)	51.12

Percentages indicate year-on-year changes

4. Notes

- (1) Changes in significant subsidiaries during the year ended December 31, 2022
(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: Yes
- 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, 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 December 31, 2022	192 shares	As of December 31, 2021	– shares
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Average number of shares during the period

Year ended December 31, 2022	30,321,148 shares	Year ended December 31, 2021	30,321,308 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	2,762,928	3,827,471
Notes and accounts receivable - trade	11,387,861	11,855,653
Electronically recorded monetary claims - operating	1,600,325	2,000,835
Merchandise and finished goods	2,726,936	3,283,138
Work in process	397,925	506,939
Raw materials and supplies	1,683,310	2,146,933
Short-term loans receivable	1,677,980	995,979
Other	591,892	835,559
Allowance for doubtful accounts	(13,891)	(7,829)
Total current assets	22,815,269	25,444,680
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,275,068	14,316,405
Accumulated depreciation	(8,832,995)	(9,169,459)
Buildings and structures, net	3,442,073	5,146,945
Machinery, equipment and vehicles	23,493,526	25,741,084
Accumulated depreciation	(20,197,724)	(21,022,055)
Machinery, equipment and vehicles, net	3,295,801	4,719,028
Land	6,980,330	7,070,738
Construction in progress	2,625,612	1,075,448
Other	2,428,754	2,451,810
Accumulated depreciation	(2,193,585)	(2,235,026)
Other, net	235,169	216,784
Total property, plant and equipment	16,578,987	18,228,945
Intangible assets	45,495	50,500
Investments and other assets		
Investment securities	937,314	929,539
Retirement benefit asset	863,104	1,134,220
Deferred tax assets	98,382	99,466
Other	573,286	700,703
Allowance for doubtful accounts	(29,404)	(30,193)
Total investments and other assets	2,442,683	2,833,737
Total non-current assets	19,067,166	21,113,182
Total assets	41,882,436	46,557,863

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,057,706	5,875,497
Short-term borrowings	730,000	5,572,068
Current portion of long-term borrowings	82,990	85,975
Income taxes payable	545,813	229,325
Accounts payable-directors' bonuses	69,400	27,600
Provision for bonuses	669,165	587,366
Other	2,031,896	1,968,538
Total current liabilities	9,186,972	14,346,372
Non-current liabilities		
Long-term borrowings	623,967	560,436
Provision for retirement benefits for directors (and other officers)	7,800	7,800
Asset retirement obligations	87,216	87,730
Deferred tax liabilities	350,797	410,805
Other	32,249	35,764
Total non-current liabilities	1,102,030	1,102,537
Total liabilities	10,289,003	15,448,909
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	26,331,123
Treasury shares	–	(115)
Total shareholders' equity	28,745,294	29,480,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	299,489	285,464
Deferred gains or losses on hedges	1,199	(6,506)
Foreign currency translation adjustment	759,049	1,169,530
Remeasurements of defined benefit plans	(102,609)	(150,226)
Total accumulated other comprehensive income	957,128	1,298,262
Non-controlling interests	1,891,009	329,985
Total net assets	31,593,432	31,108,954
Total liabilities and net assets	41,882,436	46,557,863

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

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	31,032,944	32,418,829
Cost of sales	22,533,815	24,818,410
Gross profit	8,499,129	7,600,419
Selling, general and administrative expenses	5,631,792	5,716,149
Operating profit	2,867,336	1,884,270
Non-operating income		
Interest income	14,798	16,090
Dividend income	24,697	28,291
Purchase discounts	11,666	15,507
Subsidy income	–	83,227
Foreign exchange gains	154,013	312,693
Other	85,415	79,598
Total non-operating income	290,593	535,410
Non-operating expenses		
Interest expenses	10,151	18,898
Sales discounts	4,388	–
Other	3,408	6,114
Total non-operating expenses	17,949	25,013
Ordinary profit	3,139,980	2,394,667
Extraordinary income		
Subsidy income	–	104,149
Gain on sale of non-current assets	3,005	41
Gain on sale of investment securities	15,718	–
Total extraordinary income	18,723	104,191
Extraordinary losses		
Loss on sale of non-current assets	–	1,001
Loss on retirement of non-current assets	21,244	53,459
Loss on tax purpose reduction entry of non-current assets	–	104,149
Total extraordinary losses	21,244	158,610
Profit before income taxes	3,137,459	2,340,248
Income taxes - current	817,142	593,055
Income taxes - deferred	50,409	83,644
Total income taxes	867,551	676,699
Profit	2,269,907	1,663,548
Profit attributable to non-controlling interests	187,214	16,314
Profit attributable to owners of parent	2,082,692	1,647,234

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	2,269,907	1,663,548
Other comprehensive income		
Valuation difference on available-for-sale securities	38,144	(14,024)
Deferred gains or losses on hedges	1,378	(7,706)
Foreign currency translation adjustment	927,099	422,506
Remeasurements of defined benefit plans, net of tax	516,427	(47,617)
Total other comprehensive income	1,483,049	353,158
Comprehensive income	3,752,957	2,016,707
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,347,386	1,988,368
Comprehensive income attributable to non-controlling interests	405,570	28,339

Consolidated statements of changes in equity

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
Cumulative effects of changes in accounting policies					–
Restated balance	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	–	–	1,492,209	105,298	1,597,508
Balance at end of period	2,000,000	1,576,265	25,169,029	–	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
Cumulative effects of changes in accounting policies							–
Restated balance	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

Fiscal year ended December 31, 2022

(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	25,169,029	–	28,745,294
Cumulative effects of changes in accounting policies					–
Restated balance	2,000,000	1,576,265	25,169,029	–	28,745,294
Changes during period					
Dividends of surplus			(485,139)		(485,139)
Profit attributable to owners of parent			1,647,234		1,647,234
Purchase of treasury shares				(115)	(115)
Change in ownership interest of parent due to transactions with non-controlling interests		(426,567)			(426,567)
Net changes in items other than shareholders' equity					
Total changes during period		(426,567)	1,162,094	(115)	735,411
Balance at end of period	2,000,000	1,149,697	26,331,123	(115)	29,480,706

	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	299,489	1,199	759,049	(102,609)	957,128	1,891,009	31,593,432
Cumulative effects of changes in accounting policies							–
Restated balance	299,489	1,199	759,049	(102,609)	957,128	1,891,009	31,593,432
Changes during period							
Dividends of surplus						(16,467)	(501,606)
Profit attributable to owners of parent							1,647,234
Purchase of treasury shares							(115)
Change in ownership interest of parent due to transactions with non-controlling interests							(426,567)
Net changes in items other than shareholders' equity	(14,024)	(7,706)	410,481	(47,617)	341,133	(1,544,556)	(1,203,422)
Total changes during period	(14,024)	(7,706)	410,481	(47,617)	341,133	(1,561,023)	(484,477)
Balance at end of period	285,464	(6,506)	1,169,530	(150,226)	1,298,262	329,985	31,108,954

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,137,459	2,340,248
Depreciation	1,292,678	1,434,290
Subsidy income	–	(187,377)
Increase (decrease) in allowance for doubtful accounts	(4,403)	(5,890)
Increase (decrease) in retirement benefit liability	(105,645)	(339,728)
Increase (decrease) in provision for bonuses	(5,544)	(89,220)
Increase (decrease) in accounts payable-directors' bonuses	(9,400)	(41,800)
Interest and dividend income	(39,496)	(44,382)
Interest expenses	10,151	18,898
Foreign exchange losses (gains)	(216,585)	(280,389)
Loss (gain) on sale of non-current assets	(3,005)	959
Loss on retirement of non-current assets	21,244	53,459
Loss on tax purpose reduction entry of non-current assets	–	104,149
Loss (gain) on sale of investment securities	(15,718)	–
Decrease (increase) in trade receivables	(1,834,175)	(753,651)
Decrease (increase) in inventories	(872,528)	(1,103,829)
Decrease (increase) in accounts receivable - other	18,968	(129,400)
Increase (decrease) in trade payables	1,002,458	784,893
Other, net	(148,877)	(203,114)
Subtotal	2,227,580	1,558,114
Interest and dividends received	39,863	41,288
Interest paid	(10,043)	(18,575)
Income taxes paid	(636,690)	(895,586)
Subsidies received	–	188,642
Net cash provided by (used in) operating activities	1,620,709	873,883
Cash flows from investing activities		
Payments into time deposits	–	(350,560)
Purchase of investment securities	(6,496)	(7,379)
Proceeds from sale of investment securities	20,140	–
Purchase of property, plant and equipment	(2,864,675)	(3,002,096)
Proceeds from sale of property, plant and equipment	6,384	1,291
Purchase of intangible assets	(2,656)	(19,448)
Proceeds from sale of membership	2,402	180
Net decrease (increase) in short-term loans receivable	1,411,037	682,000
Payments of guarantee deposits	(3,347)	(4,819)
Other, net	(5,488)	(62,556)
Net cash provided by (used in) investing activities	(1,442,699)	(2,763,387)

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	4,842,068
Repayments of long-term borrowings	(78,213)	(87,766)
Dividends paid	(485,171)	(485,679)
Dividends paid to non-controlling interests	(126,188)	(16,467)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(1,999,463)
Purchase of treasury shares	(43)	(115)
Other, net	(4,934)	(2,691)
Net cash provided by (used in) financing activities	(694,550)	2,249,885
Effect of exchange rate change on cash and cash equivalents	293,633	353,600
Net increase (decrease) in cash and cash equivalents	(222,906)	713,982
Cash and cash equivalents at beginning of period	2,985,835	2,762,928
Cash and cash equivalents at end of period	2,762,928	3,476,911