

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 8, 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: Division Hiroharu Kawano TEL 03-6202-7331
 Scheduled date to file Quarterly Securities Report: August 10, 2023
 Scheduled date to commence dividend payments: September 5, 2023
 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, 2023 (from January 1, 2023 to June 30, 2023)

(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, 2023	15,328	(3.8)	724	(35.3)	1,219	(30.1)	941	(27.9)
Six months ended June 30, 2022	15,938	6.4	1,120	(25.5)	1,745	6.9	1,306	22.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	31.06		-	
Six months ended June 30, 2022	43.07		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	45,754	32,467	70.2
As of December 31, 2022	46,557	31,108	66.1

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, 2022	-	8.00	-	8.00	16.00
Year ending December 31, 2023	-	8.00	-	-	-
Year ending December 31, 2023 (Forecast)	-	-	-	8.00	16.00

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

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

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2023
 (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, 2023	30,321,283 shares	As of December 31, 2022	30,321,283 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	192 shares	As of December 31, 2022	192 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, 2023	30,321,091 shares	Six months ended June 30, 2022	30,321,197 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	3,827,471	4,150,632
Notes and accounts receivable - trade	11,855,653	10,031,101
Electronically recorded monetary claims - operating	2,000,835	1,616,102
Merchandise and finished goods	3,283,138	3,416,359
Work in process	506,939	540,392
Raw materials and supplies	2,146,933	1,958,374
Short-term loans receivable	995,979	963,277
Other	835,559	875,732
Allowance for doubtful accounts	(7,829)	(7,409)
Total current assets	25,444,680	23,544,564
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,146,945	5,380,351
Machinery, equipment and vehicles, net	4,719,028	4,655,042
Land	7,070,738	7,275,662
Construction in progress	1,075,448	1,560,514
Other, net	216,784	239,685
Total property, plant and equipment	18,228,945	19,111,256
Intangible assets	50,500	62,722
Investments and other assets		
Investment securities	929,539	1,050,560
Retirement benefit asset	1,134,220	1,227,802
Other	800,170	787,146
Allowance for doubtful accounts	(30,193)	(30,028)
Total investments and other assets	2,833,737	3,035,480
Total non-current assets	21,113,182	22,209,459
Total assets	46,557,863	45,754,023

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,875,497	4,374,600
Short-term borrowings	5,572,068	4,766,179
Current portion of long-term borrowings	85,975	92,742
Income taxes payable	229,325	246,549
Provision for bonuses	587,366	582,814
Other provisions	–	14,700
Other	1,996,138	2,089,397
Total current liabilities	14,346,372	12,166,983
Non-current liabilities		
Long-term borrowings	560,436	578,173
Provision for retirement benefits for directors (and other officers)	7,800	–
Asset retirement obligations	87,730	87,990
Other	446,570	453,445
Total non-current liabilities	1,102,537	1,119,609
Total liabilities	15,448,909	13,286,593
Net assets		
Shareholders' equity		
Share capital	2,000,000	2,000,000
Capital surplus	1,149,697	1,149,697
Retained earnings	26,331,123	27,030,309
Treasury shares	(115)	(115)
Total shareholders' equity	29,480,706	30,179,892
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	285,464	374,558
Deferred gains or losses on hedges	(6,506)	1,131
Foreign currency translation adjustment	1,169,530	1,759,390
Remeasurements of defined benefit plans	(150,226)	(202,434)
Total accumulated other comprehensive income	1,298,262	1,932,646
Non-controlling interests	329,985	354,892
Total net assets	31,108,954	32,467,430
Total liabilities and net assets	46,557,863	45,754,023

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, 2022	Six months ended June 30, 2023
Net sales	15,938,576	15,328,882
Cost of sales	11,990,948	11,815,260
Gross profit	3,947,628	3,513,622
Selling, general and administrative expenses	2,827,265	2,789,296
Operating profit	1,120,362	724,326
Non-operating income		
Interest income	2,704	35,349
Dividend income	14,772	12,156
Purchase discounts	7,573	6,570
Subsidy income	75,757	39,342
Foreign exchange gains	490,676	359,156
Other	42,468	56,447
Total non-operating income	633,953	509,024
Non-operating expenses		
Interest expenses	6,843	12,124
Other	2,315	1,752
Total non-operating expenses	9,159	13,876
Ordinary profit	1,745,156	1,219,474
Extraordinary income		
Subsidy income	18,650	44,048
Gain on sale of non-current assets	41	1,132
Total extraordinary income	18,691	45,180
Extraordinary losses		
Loss on sale of non-current assets	–	282
Loss on retirement of non-current assets	264	582
Loss on tax purpose reduction entry of non-current assets	18,650	44,048
Total extraordinary losses	18,914	44,913
Profit before income taxes	1,744,934	1,219,741
Income taxes - current	382,386	220,822
Income taxes - deferred	50,171	57,774
Total income taxes	432,558	278,597
Profit	1,312,376	941,143
Profit (loss) attributable to non-controlling interests	6,344	(610)
Profit attributable to owners of parent	1,306,031	941,754

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	1,312,376	941,143
Other comprehensive income		
Valuation difference on available-for-sale securities	(60,730)	89,093
Deferred gains or losses on hedges	7,095	7,638
Foreign currency translation adjustment	996,452	615,450
Remeasurements of defined benefit plans, net of tax	20,685	(52,208)
Total other comprehensive income	963,503	659,973
Comprehensive income	2,275,879	1,601,117
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,236,366	1,576,138
Comprehensive income attributable to non-controlling interests	39,513	24,978

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,744,934	1,219,741
Depreciation	635,191	778,732
Amortization of goodwill	–	6,876
Subsidy income	(94,407)	(83,391)
Increase (decrease) in allowance for doubtful accounts	(5,819)	(843)
Decrease (increase) in retirement benefit asset	(156,838)	(168,810)
Increase (decrease) in provision for bonuses	17,801	(9,028)
Increase (decrease) in other provisions	13,800	6,900
Interest and dividend income	(17,476)	(47,506)
Interest expenses	6,843	12,124
Foreign exchange losses (gains)	(469,252)	(344,109)
Loss (gain) on sale of non-current assets	(41)	(850)
Loss on retirement of non-current assets	264	582
Decrease (increase) in trade receivables	1,057,762	2,327,473
Decrease (increase) in inventories	(137,489)	92,251
Increase (decrease) in trade payables	(197,572)	(1,535,066)
Decrease (increase) in accounts receivable - other	(38,461)	(11,146)
Increase (decrease) in accounts payable - other	(121,557)	(117,005)
Other, net	(431,709)	(386,414)
Subtotal	1,805,970	1,740,511
Interest and dividends received	17,476	47,764
Interest paid	(6,843)	(12,601)
Income taxes paid	(572,773)	(203,521)
Subsidies received	105,642	81,856
Net cash provided by (used in) operating activities	1,349,472	1,654,007
Cash flows from investing activities		
Payments into time deposits	–	(702,052)
Proceeds from withdrawal of time deposits	–	363,080
Purchase of property, plant and equipment	(1,807,168)	(814,818)
Proceeds from sale of property, plant and equipment	114	5,101
Purchase of investment securities	(3,321)	(3,563)
Purchase of intangible assets	(14,456)	(17,557)
Net decrease (increase) in short-term loans receivable	373,536	32,702
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(20,530)
Other, net	(17,265)	(2,943)
Net cash provided by (used in) investing activities	(1,468,561)	(1,160,580)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,598,212	(805,889)
Repayments of long-term borrowings	(42,689)	(43,982)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,999,463)	–
Dividends paid	(243,163)	(242,601)
Dividends paid to non-controlling interests	(16,467)	(7,772)
Other, net	(1,574)	(1,278)
Net cash provided by (used in) financing activities	294,855	(1,101,524)
Effect of exchange rate change on cash and cash equivalents	813,749	553,785
Net increase (decrease) in cash and cash equivalents	989,516	(54,312)
Cash and cash equivalents at beginning of period	2,762,928	3,476,911
Cash and cash equivalents at end of period	3,752,445	3,422,598