

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, 2020
(Based on Japanese GAAP)**

August 7, 2020

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
 Managing Director, Head of Administration Hideki Inouchi TEL 03-6202-7331
 Inquiries: Division
 Scheduled date to file Quarterly Securities Report: August 14, 2020
 Scheduled date to commence dividend payments: September 8, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

(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, 2020	12,544	(7.3)	970	(21.0)	983	(22.2)	619	(31.2)
Six months ended June 30, 2019	13,532	7.7	1,228	28.9	1,264	25.4	900	16.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2020	20.45		-	
Six months ended June 30, 2019	29.70		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	34,891	27,468	74.6
As of December 31, 2019	36,225	27,136	71.2

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, 2019	-	8.00	-	8.00	16.00
Year ending December 31, 2020	-	8.00	-	-	-
Year ending December 31, 2020 (Forecast)	-	-	-	8.00	16.00

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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	25,010	(10.6)	1,820	(34.8)	1,850	(34.9)	1,180	(39.8)	38.92

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2020
 (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, 2020	30,743,604 shares	As of December 31, 2019	30,743,604 shares
---------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2020	422,255 shares	As of December 31, 2019	422,243 shares
---------------------	----------------	-------------------------	----------------

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

Six months ended June 30, 2020	30,321,350 shares	Six months ended June 30, 2019	30,321,361 shares
--------------------------------	-------------------	--------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	1,663,648	3,234,953
Notes and accounts receivable - trade	10,916,857	8,069,449
Electronically recorded monetary claims - operating	1,409,707	1,114,916
Merchandise and finished goods	2,437,503	2,338,306
Work in process	356,563	445,174
Raw materials and supplies	1,077,577	1,173,839
Short-term loans receivable	3,697,933	3,440,037
Other	289,859	301,351
Allowance for doubtful accounts	(11,680)	(14,221)
Total current assets	21,837,972	20,103,808
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,726,712	2,692,645
Machinery, equipment and vehicles, net	2,441,244	2,424,262
Land	6,660,889	6,672,943
Other, net	980,307	1,394,379
Total property, plant and equipment	12,809,154	13,184,230
Intangible assets	72,090	70,631
Investments and other assets		
Investment securities	964,335	835,028
Retirement benefit asset	–	55,946
Other	592,908	672,246
Allowance for doubtful accounts	(51,002)	(30,871)
Total investments and other assets	1,506,241	1,532,349
Total non-current assets	14,387,486	14,787,211
Total assets	36,225,458	34,891,019

(Thousands of yen)

	As of December 31, 2019	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,179,503	3,195,744
Short-term borrowings	730,000	730,000
Current portion of long-term borrowings	74,498	74,908
Income taxes payable	388,018	257,561
Provision for bonuses	665,564	692,279
Other provisions	–	39,400
Other	2,133,106	1,626,629
Total current liabilities	8,170,691	6,616,523
Non-current liabilities		
Long-term borrowings	689,375	655,708
Provision for retirement benefits for directors (and other officers)	7,800	7,800
Retirement benefit liability	118,894	–
Asset retirement obligations	88,940	89,234
Other	13,358	53,375
Total non-current liabilities	918,368	806,119
Total liabilities	9,089,060	7,422,643
Net assets		
Shareholders' equity		
Share capital	2,000,000	2,000,000
Capital surplus	1,576,265	1,576,265
Retained earnings	22,476,443	22,853,807
Treasury shares	(105,272)	(105,284)
Total shareholders' equity	25,947,436	26,324,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	325,609	230,144
Deferred gains or losses on hedges	51	152
Foreign currency translation adjustment	68,640	(973)
Remeasurements of defined benefit plans	(565,255)	(516,569)
Total accumulated other comprehensive income	(170,953)	(287,245)
Non-controlling interests	1,359,916	1,430,833
Total net assets	27,136,398	27,468,376
Total liabilities and net assets	36,225,458	34,891,019

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, 2019	Six months ended June 30, 2020
Net sales	13,532,282	12,544,171
Cost of sales	9,889,178	9,144,165
Gross profit	3,643,103	3,400,005
Selling, general and administrative expenses	2,414,770	2,429,235
Operating profit	1,228,333	970,769
Non-operating income		
Interest income	6,946	15,687
Dividend income	11,215	12,092
Purchase discounts	6,716	7,354
Subsidy income	20,198	–
Other	32,170	34,205
Total non-operating income	77,247	69,339
Non-operating expenses		
Interest expenses	6,513	5,737
Sales discounts	2,448	2,538
Foreign exchange losses	28,578	41,211
Other	3,337	7,274
Total non-operating expenses	40,877	56,761
Ordinary profit	1,264,703	983,348
Extraordinary income		
Gain on sales of non-current assets	5	–
Gain on bargain purchase	85,367	–
Total extraordinary income	85,373	–
Extraordinary losses		
Loss on sales of non-current assets	–	380
Loss on retirement of non-current assets	14,491	5,634
Loss on valuation of investment securities	–	7,866
Impairment loss	–	10,326
Provision of allowance for doubtful accounts	4,000	–
Loss on step acquisitions	59,043	–
Total extraordinary losses	77,534	24,208
Profit before income taxes	1,272,542	959,140
Income taxes - current	270,132	214,311
Income taxes - deferred	37,512	46,864
Total income taxes	307,644	261,175
Profit	964,898	697,964
Profit attributable to non-controlling interests	64,271	78,029
Profit attributable to owners of parent	900,626	619,934

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Profit	964,898	697,964
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,410)	(95,464)
Deferred gains or losses on hedges	330	101
Foreign currency translation adjustment	(132,485)	(61,224)
Remeasurements of defined benefit plans, net of tax	39,790	48,686
Total other comprehensive income	(108,774)	(107,901)
Comprehensive income	856,123	590,062
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	840,749	503,643
Comprehensive income attributable to non-controlling interests	15,374	86,419

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from operating activities		
Profit before income taxes	1,272,542	959,140
Depreciation	501,395	558,622
Gain on bargain purchase	(85,367)	–
Impairment loss	–	10,326
Loss (gain) on valuation of investment securities	–	7,866
Loss (gain) on step acquisitions	59,043	–
Increase (decrease) in allowance for doubtful accounts	6,309	2,687
Increase (decrease) in retirement benefit liability	(84,209)	(104,687)
Increase (decrease) in provision for bonuses	12,133	26,335
Increase (decrease) in other provisions	22,825	39,400
Increase (decrease) in accounts payable-directors' bonuses	(70,300)	(61,900)
Interest and dividend income	(18,162)	(27,779)
Interest expenses	6,513	5,737
Foreign exchange losses (gains)	24,791	32,750
Loss (gain) on sales of non-current assets	(5)	380
Loss on retirement of non-current assets	14,491	5,634
Decrease (increase) in trade receivables	712,717	3,099,970
Decrease (increase) in inventories	182,705	(89,201)
Increase (decrease) in trade payables	(321,239)	(977,345)
Decrease (increase) in accounts receivable - other	(4,514)	(4,837)
Other, net	(16,168)	(454,818)
Subtotal	2,215,499	3,028,282
Interest and dividends received	18,162	27,169
Interest paid	(6,519)	(5,763)
Income taxes paid	(267,323)	(307,406)
Net cash provided by (used in) operating activities	1,959,819	2,742,281
Cash flows from investing activities		
Purchase of property, plant and equipment	(901,670)	(1,067,900)
Proceeds from sales of property, plant and equipment	213	343
Purchase of investment securities	(2,999)	(3,069)
Purchase of intangible assets	(11,103)	(12,094)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	248,698	–
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	399,175	257,896
Other, net	(26,019)	(15,403)
Net cash provided by (used in) investing activities	(293,705)	(830,791)

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from financing activities		
Repayments of long-term borrowings	(36,328)	(36,942)
Dividends paid	(257,698)	(242,139)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(130,713)	–
Other, net	(4,842)	(3,070)
Net cash provided by (used in) financing activities	(429,583)	(282,151)
Effect of exchange rate change on cash and cash equivalents	(46,195)	(58,032)
Net increase (decrease) in cash and cash equivalents	1,190,334	1,571,305
Cash and cash equivalents at beginning of period	1,421,385	1,663,648
Cash and cash equivalents at end of period	2,611,719	3,234,953