

Summary of Consolidated Financial Results
for the Year Ended March 31, 2019(Unaudited)

May 14, 2019

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

Company name: Nihon Seiko Co., Ltd.
 URL: <http://www.nihonseiko.co.jp>
 Listed stock exchange: The second section of Tokyo Stock Exchange
 Securities Code: 5729
 Company Representative: Michifumi Watanabe, President & CEO
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1.Consolidated Financial Results for the Years Ended March 31,2019 and 2018

(1) Operating Results

(Rounded down to millions of Japanese Yen)

(%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the years ended								
March 31,2019	14,083	(3.1)	1,252	(11.9)	1,222	(10.9)	829	(12.8)
March 31,2018	14,528	26.2	1,420	47.0	1,372	43.6	951	47.5

Note: Comprehensive income:

Fiscal year ended March 31, 2019: 808 million yen (17.7%)

Fiscal year ended March 31, 2018: 982 million yen 48.0%

	EPS	Return on equity	Recurring profit to total assets ratio	Operating income to net sales ratio
	Yen	%	%	%
For the years ended				
March 31,2019	339.93	12.0	10.4	8.9
March 31,2018	389.55	15.4	12.2	9.8

Note: Equity in earnings of unconsolidated subsidiaries and affiliate during the period:

Fiscal year ended March 31, 2019: – million yen

Fiscal year ended March 31, 2018: – million yen

※The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2018. Earnings per share(EPS) has been calculated assuming the reverse stock split was conducted at the start of the previous fiscal year.

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of Yen	Millions of Yen	%	Yen
As of				
March 31,2019	11,746	7,206	61.3	2,952.22
March 31,2018	11,781	6,581	55.9	2,696.03

Note: Shareholders' equity As of March 31, 2019: 7,206 million yen

As of March 31, 2018: 6,581 million yen

※The company applies ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting" from FY2018. This accounting standard is retroactively applied to the amount of the financial position as of March 31, 2018.

(3) Statements of Cash Flows

	Operating activities	Investing activities	Financing activities	Cash & cash equivalents at the end of the period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
For the years ended				
March 31,2019	1,113	(567)	(404)	2,733
March 31,2018	773	(202)	(366)	2,597

2. Cash dividends

	Cash dividends per share					Total amount of cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends to net assets ratio (consolidated)
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual			
For the years ended	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
March 31,2018	—	7.50	—	37.50	—	183	19.3	3.0
March 31,2019	—	37.50	—	37.50	75.00	183	22.1	2.8
March 31,2020 (expected)	—	37.50	—	37.50	75.00		29.1	

※The Company conducted a 1-for-5 reverse stock split of common shares with an effective date of October 1, 2017. The dividend at the end of the second quarter of the period ending March 2018 considering this reverse stock split was ¥37.50 per share and the total amount of dividends for the period ending March 2018 was ¥75.00 per share.

3. Consolidated Earnings Forecast for the Year Ending March 2019(April 1,2019 ~ March 31, 2020):

(%: Change from the previous fiscal half year for First half 2019)

(%: Change from the previous fiscal year for Year ending March 31,2019)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First half 2019	5,800	(21.8)	390	(45.9)	350	(50.9)	240	(51.1)	98.32
Year ending March 31,2020	12,000	(14.8)	1,000	(20.2)	920	(24.7)	630	(24.1)	258.09

4. Others

(1) Changes in major subsidiaries during the fiscal year ended March 31,2019 : No

(2) Changes in accounting policies, accounting estimates and retrospective restatements in the consolidated financial statements

1. Changes due to amendment of accounting standards : No

2. Changes due to other reasons : No

3. Changes in accounting estimates : No

4. Retrospective restatements : No

(3) Number of outstanding shares at the end of the period

1. Number of outstanding shares at the end of the period:

As of March 31, 2019: 2,605,900 As of March 31, 2018: 2,605,900

2. Number of treasury shares at the end of the period:

As of March 31, 2019: 164,892 As of March 31, 2018: 164,820

3. Average number of outstanding shares during period:

As of March 31, 2019: 2,441,023 As of March 31, 2018: 2,441,522

Note concerning the Appropriate Use of Forecast

The aforementioned forecasts are based on certain assumptions that Company has deemed relevant and appropriate as of the date of publication.

Actual results may differ materially from the forecast due to many factors.

Consolidated balance sheets

(Thousands of Japanese yen)

	March 31,2018	March 31,2019
Assets		
Current assets		
Cash and deposits	2,597,981	2,733,777
Notes and accounts receivable – trade	2,353,533	2,068,435
Merchandise and finished goods	1,319,246	1,417,086
Work in process	246,288	282,138
Raw materials and supplies	873,465	870,124
Other	70,748	50,399
Allowance for doubtful accounts	(7,296)	(6,721)
Total current assets	7,453,967	7,415,241
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,781,606	3,876,422
Accumulated depreciation	(2,391,493)	(2,481,813)
Buildings and structures, net	1,390,113	1,394,609
Machinery, equipment and vehicles	5,841,702	6,166,705
Accumulated depreciation	(5,082,247)	(5,379,397)
Machinery, equipment and vehicles, net	759,455	787,308
Tools, furniture and fixtures	556,528	583,470
Accumulated depreciation	(455,283)	(497,527)
Tools, furniture and fixtures, net	101,244	85,942
Land	1,474,166	1,474,191
Construction in progress	165,477	152,610
Total property, plant and equipment	3,890,457	3,894,662
Intangible assets		
Other	42,242	46,238
Total intangible assets	42,242	46,238
Investments and other assets		
Investment securities	165,943	141,985
Deferred tax assets	78,528	78,812
Retirement benefit asset	30,086	34,153
Other	120,118	135,415
Total investments and other assets	394,676	390,366
Total non-current assets	4,327,376	4,331,266
Total assets	11,781,344	11,746,508

Consolidated balance sheets

(Thousands of Japanese yen)

	March 31,2018	March 31,2019
Liabilities		
Current liabilities		
Notes and accounts payable – trade	973,951	803,284
Electronically recorded obligations – operating	374,496	301,443
Short-term loans payable	1,640,500	1,657,500
Accounts payable – other	174,269	323,956
Income taxes payable	309,077	162,346
Provision for bonuses	161,450	155,433
Provision for bonuses for directors (and other officers)	31,300	28,800
Other	420,764	200,960
Total current liabilities	4,085,809	3,633,724
Non-current liabilities		
Long-term loans payable	707,500	470,000
Deferred tax liabilities	1,915	3,048
Retirement benefit liability	335,717	361,319
Asset retirement obligations	35,907	36,389
Other	33,264	35,630
Total non-current liabilities	1,114,304	906,388
Total liabilities	5,200,114	4,540,112
Net assets		
Shareholders' equity		
Capital stock	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	5,094,036	5,740,730
Treasury shares	(152,376)	(152,619)
Total shareholders' equity	6,524,511	7,170,963
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49,678	32,957
Foreign currency translation adjustment	7,040	2,474
Total accumulated other comprehensive income	56,718	35,431
Total net assets	6,581,230	7,206,395
Total liabilities and net assets	11,781,344	11,746,508

Consolidated statements of income

(Thousands of Japanese yen)

	FY2018	FY2019
Net sales	14,528,716	14,083,702
Cost of sales	12,099,612	11,781,542
Gross profit	2,429,104	2,302,159
Selling, general and administrative expenses		
Freight-out and storage expense	188,632	181,570
Salaries and allowances	366,117	363,969
Provision for bonuses	32,536	29,537
Provision for bonuses for directors (and other officers)	31,300	28,800
Retirement benefit expenses	8,975	10,848
Welfare expenses	59,677	67,803
Depreciation	7,332	8,095
Traveling and communication expenses	39,349	41,176
Rent expenses	22,667	25,312
Other	251,615	292,532
Total selling, general and administrative expenses	1,008,203	1,049,648
Operating profit	1,420,901	1,252,511
Non-operating income		
Interest income	982	1,142
Dividend income	2,937	3,435
Subsidy income	4,913	8,260
Insurance premiums refunded cancellation	1,541	3,593
Other	10,064	7,632
Total non - operating income	20,438	24,063
Non-operating expenses		
Interest expenses	21,596	17,947
Care and maintenance costs of suspended mine	11,878	29,317
Other	35,719	6,902
Total non - operating expenses	69,193	54,167
Ordinary profit	1,372,146	1,222,407
Extraordinary income		
Gain on sales of non-current assets	43	—
Gain on sales of investment securities	29,100	—
Total extraordinary income	29,143	—
Extraordinary losses		
Loss on sales of non-current assets	4,936	—
Loss on retirement of non-current assets	6,116	6,930
Total extraordinary losses	11,052	6,930
Profit before income taxes	1,390,236	1,215,477
Income taxes - current	458,473	377,618
Income taxes - deferred	(19,327)	8,085
Total income taxes	439,145	385,704
Profit	951,091	829,773
Profit attributable to owners of parent	951,091	829,773

Consolidated statements of comprehensive income

(Thousands of Japanese yen)

	FY2018	FY2019
Profit	951,091	829,773
Other comprehensive income		
Valuation difference on available-for-sale securities	29,460	(16,721)
Foreign currency translation adjustment	2,001	(4,565)
Total Other comprehensive income	31,462	(21,287)
Comprehensive income	982,553	808,486
Comprehensive income attributable to owners of parent	982,553	808,486

Consolidated statements of changes in net assets

FY2018

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,018,126	564,725	4,295,556	(149,135)	5,729,272	20,217	5,038	25,256	5,754,529
Changes of items during period									
Dividends of surplus			(152,611)		(152,611)				(152,611)
Profit attributable to owners of parent			951,091		951,091				951,091
Purchase of treasury shares				(3,241)	(3,241)				(3,241)
Net changes of items other than shareholders' equity						29,460	2,001	31,462	31,462
Total changes of items during period	—	—	798,479	(3,241)	795,238	29,460	2,001	31,462	826,700
Balance at end of current period	1,018,126	564,725	5,094,036	(152,376)	6,524,511	49,678	7,040	56,718	6,581,230

FY2019

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,018,126	564,725	5,094,036	(152,376)	6,524,511	49,678	7,040	56,718	6,581,230
Changes of items during period									
Dividends of surplus			(183,078)		(183,078)				(183,078)
Profit attributable to owners of parent			829,773		829,773				829,773
Purchase of treasury shares				(242)	(242)				(242)
Net changes of items other than shareholders' equity						(16,721)	(4,565)	(21,287)	(21,287)
Total changes of items during period	—	—	646,694	(242)	646,452	(16,721)	(4,565)	(21,287)	625,165
Balance at end of current period	1,018,126	564,725	5,740,730	(152,619)	7,170,963	32,957	2,474	35,431	7,206,395

Consolidated statements of cash flows

(Thousands of Japanese yen)

	FY2018	FY2019
Cash flows from operating activities		
Profit before income taxes	1,390,236	1,215,477
Depreciation	420,231	471,585
Increase (decrease) in provision for bonuses	27,309	(6,017)
Increase (decrease) in provision for bonuses for directors (and other officers)	12,640	(2,500)
Increase (decrease) in allowance for doubtful accounts	1,650	(575)
Increase (decrease) in retirement benefit liability	6,786	25,601
Decrease (increase) in retirement benefit asset	(2,281)	(4,066)
Interest and dividend income	(3,953)	(4,568)
Interest expenses	21,596	17,947
Foreign exchange losses (gains)	3,802	619
Loss (gain) on sales of investment securities	(29,100)	–
Loss (gain) on sales of property, plant and equipment	4,892	–
Loss on retirement of property, plant and equipment	6,116	6,930
Decrease (increase) in notes and accounts receivable – trade	(514,277)	281,632
Decrease (increase) in inventories	(402,348)	(131,165)
Increase (decrease) in notes and accounts payable – trade	85,133	(238,579)
Other, net	130,060	12,361
Subtotal	1,158,496	1,644,684
Interest and dividend income received	3,952	4,568
Interest expenses paid	(21,610)	(18,415)
Income taxes paid	(367,024)	(517,224)
Net cash provided by (used in) operating activities	773,814	1,113,613
Cash flows from investing activities		
Proceeds from sales of investment securities	135,700	–
Purchase of property, plant and equipment	(339,862)	(553,379)
Proceeds from sales of property, plant and equipment	4,000	43
Payments for retirement of property, plant and equipment	(3,719)	(3,028)
Purchase of intangible assets	(2,128)	(10,825)
Proceeds from sales of golf club memberships	3,800	–
Other, net	(10)	(42)
Net cash provided by (used in) investing activities	(202,221)	(567,232)
Cash flows from financing activities		
Proceeds from long – term loans payable	100,000	100,000
Repayments of long – term loans payable	(322,000)	(320,500)
Purchase of treasury shares	(3,241)	(242)
Cash dividends paid	(141,056)	(183,078)
Other, net	(540)	(540)
Net cash provided by (used in) financing activities	(366,838)	(404,360)
Effect of exchange rate change on cash and cash equivalents	(387)	(6,223)
Net increase (decrease) in cash and cash equivalents	204,367	135,796
Cash and cash equivalents at beginning of period	2,393,613	2,597,981
Cash and cash equivalents at end of period	2,597,981	2,733,777

Segment Information

(1) For the Year ended March 31, 2018

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	7,780,564	6,725,028	14,505,593	23,123	14,528,716	-	14,528,716
Inter-segment	-	52,890	52,890	-	52,890	(52,890)	-
Total	7,780,564	6,777,918	14,558,483	23,123	14,581,607	(52,890)	14,528,716
Segment income	485,085	908,388	1,393,473	22,695	1,416,169	4,731	1,420,901
Segment assets	5,169,713	6,568,876	11,738,590	42,753	11,781,344	-	11,781,344
Other							
Depreciation and amortization	80,940	337,604	418,545	1,686	420,231	-	420,231
Property, plant and equipment and Intangible assets increase	91,932	391,886	483,819	-	483,819	-	483,819

※ The above-mentioned "Others" category is a real estate lease business not included in the reportable segments.

(2) For the Year ended March 31, 2019

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	7,553,117	6,528,100	14,061,218	22,483	14,083,702	-	14,083,702
Inter-segment	-	45,165	45,165	-	45,165	(45,165)	-
Total	7,553,117	6,573,266	14,106,384	22,483	14,128,868	(45,165)	14,083,702
Segment income	335,768	867,695	1,203,463	22,104	1,225,568	26,942	1,252,511
Segment assets	5,169,620	6,535,839	11,705,460	41,047	11,746,508	-	11,746,508
Other							
Depreciation and amortization	106,439	363,440	469,879	1,705	471,585	-	471,585
Property, plant and equipment and Intangible assets increase	225,282	267,970	493,253	-	493,253	-	493,253

※ The above-mentioned "Others" category is a real estate lease business not included in the reportable segments.