

Summary of Consolidated Financial Results
for the Second Quarter Ended September 30, 2019(Unaudited)

November 1, 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: <https://www.nihonseiko.co.jp>
 Listed stock exchange: The second section of Tokyo Stock Exchange
 Securities Code: 5729
 Company Representative: Michifumi Watanabe, President & CEO
 Contact Information: Takenori Wakabayashi, Managing Director, General Manager, Corporate Planning
 & Administration Dept Tel +81-3-3235-0021

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2019 and 2018

(1) Operating Results (Rounded down to millions of Japanese Yen)

	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 Second quarter ended								
September 30, 2019	5,537	(25.3)	123	(82.9)	102	(85.6)	59	(87.9)
September 30, 2018	7,417	1.0	721	(12.9)	712	(12.9)	490	(16.2)

Note: Comprehensive income:

As of September 30, 2019: 49 million yen (89.9)% As of September 30, 2018: 487 million yen (22.6)%

	EPS
For the Second quarter ended	Yen
September 30, 2019	24.42
September 30, 2018	201.13

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
As of	Millions of Yen	Millions of Yen	%
September 30, 2019	10,910	7,163	65.7
March 31, 2019	11,746	7,206	61.3

Note: Shareholders' equity As of September 30, 2019: 7,163 million yen As of March 31, 2019: 7,206 million yen

2. Cash Dividends

	Cash Dividends per Share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
For the year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2019	-	37.50	-	37.50	75.00
March 31, 2020	-	37.50	-	-	-
March 31, 2020(expected)	-	-	-	37.50	75.00

Note: Revision of outlook for dividends in the Second quarter : No

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

(%: 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
For the year ending March 31, 2020	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Full year	10,300 (26.9)	390 (68.9)	360 (70.5)	240 (71.1)	98.33

Note: Revision of outlook for fiscal 2019 consolidated earnings results in the Second quarter : Yes

4. Others

- (1) Changes in major subsidiaries during the fiscal year (changes in specified subsidiaries accompanying changes in scope of consolidation) : No
- (2) Application of special accounting for preparing quarterly consolidated financial statements : No
- (3) 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
- (4) Number of outstanding shares at the end of the period:
 - 1. Number of outstanding shares at the end of the period:

As of September 30, 2019: 2,605,900	As of March 31, 2019: 2,605,900
-------------------------------------	---------------------------------
 - 2. Number of treasury shares at the end of the period:

As of September 30, 2019: 165,171	As of March 31, 2019: 164,892
-----------------------------------	-------------------------------
 - 3. Average number of outstanding shares during period:

For the 2nd Quarter ending March 31, 2020: 2,440,875	For the 2nd Quarter ended March 31, 2019: 2,441,031
--	---

Explanation on appropriate use of business forecasts, and other special notes

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 quarterly balance sheets

(Thousands of Japanese yen)

	March 31,2019	September 30,2019
Assets		
Current assets		
Cash and deposits	2,733,777	2,807,726
Notes and accounts receivable – trade	2,068,435	1,627,322
Merchandise and finished goods	1,417,086	1,149,028
Work in process	282,138	230,783
Raw materials and supplies	870,124	603,903
Other	50,399	56,619
Allowance for doubtful accounts	(6,721)	(5,160)
Total current assets	7,415,241	6,470,223
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,394,609	1,539,029
Machinery, equipment and vehicles, net	787,308	812,468
Land	1,474,191	1,474,191
Other, net	238,553	185,287
Total property, plant and equipment	3,894,662	4,010,977
Intangible assets	46,238	46,715
Investments and other assets	390,366	382,128
Total non-current assets	4,331,266	4,439,821
Total assets	11,746,508	10,910,045
Liabilities		
Current liabilities		
Notes and accounts payable – trade	803,284	393,704
Electronically recorded obligations – operating	301,443	244,046
Short-term borrowings	1,657,500	1,645,000
Income taxes payable	162,346	25,134
Provision for bonuses	155,433	154,641
Other	553,717	496,512
Total current liabilities	3,633,724	2,959,038
Non-current liabilities		
Long-term borrowings	470,000	357,500
Retirement benefit liability	361,319	347,946
Asset retirement obligations	36,389	36,636
Other	38,679	45,350
Total non-current liabilities	906,388	787,432
Total liabilities	4,540,112	3,746,471
Net assets		
Shareholders' equity		
Share capital	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	5,740,730	5,708,795
Treasury shares	(152,619)	(153,220)
Total shareholders' equity	7,170,963	7,138,427
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,957	24,410
Foreign currency translation adjustment	2,474	736
Total accumulated other comprehensive income	35,431	25,146
Total net assets	7,206,395	7,163,573
Total liabilities and net assets	11,746,508	10,910,045

Consolidated quarterly statements of income

(Thousands of Japanese yen)

	2nd Quarter ended September 30,2018	2nd Quarter ended September 30,2019
Net sales	7,417,797	5,537,987
Cost of sales	6,200,340	4,928,434
Gross profit	1,217,457	609,552
Selling, general and administrative expenses	496,153	486,135
Operating profit	721,304	123,416
Non-operating income		
Dividend income	2,577	2,639
Foreign exchange gains	14,391	—
Surrender value of insurance policies	3,593	4,142
Other	8,272	6,977
Total non-operating income	28,834	13,758
Non-operating expenses		
Interest expenses	9,713	7,137
Foreign exchange losses	—	11,519
Care and maintenance costs of suspended mine	24,938	14,909
Other	2,714	1,223
Total non-operating expenses	37,366	34,789
Ordinary profit	712,772	102,385
Extraordinary losses		
Loss on retirement of non-current assets	2,169	728
Total extraordinary losses	2,169	728
Profit before income taxes	710,602	101,656
Income taxes – current	215,337	32,225
Income taxes – deferred	4,301	9,829
Total income taxes	219,638	42,054
Profit	490,964	59,602
Profit attributable to owners of parent	490,964	59,602

Consolidated quarterly statements of comprehensive income

(Thousands of Japanese yen)

	2nd Quarter ended September 30,2018	2nd Quarter ended September 30,2019
Profit	490,964	59,602
Other comprehensive income		
Valuation difference on available-for-sale securities	(606)	(8,547)
Foreign currency translation adjustment	(2,620)	(1,738)
Total other comprehensive income	(3,227)	(10,285)
Comprehensive income	487,736	49,317
Comprehensive income attributable to owners of parent	487,736	49,317

Segment Information

(1) For the six months ended September 30, 2018

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	3,937,945	3,468,513	7,406,459	11,338	7,417,797	–	7,417,797
Inter-segment	–	24,468	24,468	–	24,468	(24,468)	–
Total	3,937,945	3,492,982	7,430,927	11,338	7,442,266	(24,468)	7,417,797
Operating income	220,577	478,295	698,873	11,108	709,981	11,322	721,304

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

(2) For the six months ended September 30, 2019

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	3,036,108	2,490,478	5,526,586	11,400	5,537,987	–	5,537,987
Inter-segment	–	14,739	14,739	–	14,739	(14,739)	–
Total	3,036,108	2,505,217	5,541,326	11,400	5,552,727	(14,739)	5,537,987
Operating income	99,863	(3,897)	95,966	11,199	107,166	16,250	123,416

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