

Summary of Consolidated Financial Results
for the Year Ended March 31, 2020(Unaudited)

May 15, 2020

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
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1.Consolidated Financial Results for the Years Ended March 31,2020 and 2019

(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 31,2020	10,913	(22.5)	448	(64.2)	433	(64.5)	286	(65.5)
March 31,2019	14,083	(3.1)	1,252	(11.9)	1,222	(10.9)	829	(12.8)

Note: Comprehensive income:

Fiscal year ended March 31, 2020: 263 million yen (67.4%)

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

	EPS	Return on equity	Recurring profit to total assets ratio	Operating income to net sales ratio
	Yen	%	%	%
For the years ended				
March 31,2020	117.25	3.9	3.8	4.1
March 31,2019	339.93	12.0	10.4	8.9

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

Fiscal year ended March 31, 2020: - million yen

Fiscal year ended March 31, 2019 - million yen

(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 31,2020	10,784	7,286	67.6	2,985.41
March 31,2019	11,746	7,206	61.3	2,952.22

Note: Shareholders' equity As of March 31, 2020: 7,286 million yen

As of March 31, 2019: 7,206 million yen

(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 31,2020	1,452	(657)	(621)	2,905
March 31,2019	1,113	(567)	(404)	2,733

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 31,2019	—	37.50	—	37.50	75.00	183	22.1	2.7
March 31,2020	—	37.50	—	37.50	75.00	183	64.0	2.5
March 31,2021 (expected)	—	25.00	—	25.00	50.00		27.7	

3. Consolidated Earnings Forecast for the Year Ending March 2021(April 1, 2020 ~ March 31, 2021):

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

(%: Change from the previous fiscal year for Year ending March 31,2020)

	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 2020	4,400	(20.5)	260	110.7	270	163.7	180	202.0	73.75
Year ending March 31,2021	9,300	(14.8)	640	42.7	650	49.9	440	53.8	180.29

4. Others

(1) Changes in major subsidiaries during the fiscal year ended March 31,2020 : 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, 2020: 2,605,900

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

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

As of March 31, 2020: 165,331

As of March 31, 2019: 164,892

3. Average number of outstanding shares during period:

As of March 31, 2020: 2,440,765

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

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 31,2019	March 31,2020
Assets		
Current assets		
Cash and deposits	2,733,777	2,905,207
Notes and accounts receivable – trade	2,068,435	1,602,997
Merchandise and finished goods	1,417,086	1,061,471
Work in process	282,138	234,670
Raw materials and supplies	870,124	566,576
Other	50,399	131,545
Allowance for doubtful accounts	(6,721)	(4,793)
Total current assets	7,415,241	6,497,675
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,876,422	4,097,588
Accumulated depreciation	(2,481,813)	(2,572,665)
Buildings and structures, net	1,394,609	1,524,923
Machinery, equipment and vehicles	6,166,705	6,361,304
Accumulated depreciation	(5,379,397)	(5,666,205)
Machinery, equipment and vehicles, net	787,308	695,098
Tools, furniture and fixtures	583,470	609,098
Accumulated depreciation	(497,527)	(519,180)
Tools, furniture and fixtures, net	85,942	89,917
Land	1,474,191	1,474,191
Construction in progress	152,610	108,587
Total property, plant and equipment	3,894,662	3,892,719
Intangible assets		
Other	46,238	46,520
Total intangible assets	46,238	46,520
Investments and other assets		
Investment securities	141,985	112,613
Deferred tax assets	78,812	78,860
Retirement benefit asset	34,153	12,195
Other	135,415	144,333
Total investments and other assets	390,366	348,003
Total non-current assets	4,331,266	4,287,243
Total assets	11,746,508	10,784,918

Consolidated balance sheets

(Thousands of Japanese yen)

	March 31,2019	March 31,2020
Liabilities		
Current liabilities		
Notes and accounts payable – trade	803,284	627,157
Electronically recorded obligations – operating	301,443	241,512
Short-term borrowings	1,657,500	1,450,000
Accounts payable – other	323,956	119,946
Income taxes payable	162,346	11,161
Provision for bonuses	155,433	110,627
Provision for bonuses for directors (and other officers)	28,800	—
Other	200,960	257,482
Total current liabilities	3,633,724	2,817,888
Non-current liabilities		
Long-term borrowings	470,000	240,000
Deferred tax liabilities	3,048	21,095
Retirement benefit liability	361,319	347,423
Asset retirement obligations	36,389	36,792
Other	35,630	35,630
Total non-current liabilities	906,388	680,942
Total liabilities	4,540,112	3,498,831
Net assets		
Shareholders' equity		
Share capital	1,018,126	1,018,126
Capital surplus	564,725	564,725
Retained earnings	5,740,730	5,843,835
Treasury shares	(152,619)	(153,575)
Total shareholders' equity	7,170,963	7,273,112
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,957	12,382
Foreign currency translation adjustment	2,474	592
Total accumulated other comprehensive income	35,431	12,975
Total net assets	7,206,395	7,286,087
Total liabilities and net assets	11,746,508	10,784,918

Consolidated statements of income

(Thousands of Japanese yen)

	FY2019	FY2020
Net sales	14,083,702	10,913,552
Cost of sales	11,781,542	9,528,838
Gross profit	2,302,159	1,384,714
Selling, general and administrative expenses		
Freight-out and storage expense	181,570	156,053
Salaries and allowances	363,969	352,253
Provision for bonuses	29,537	20,208
Provision for bonuses for directors (and other officers)	28,800	—
Retirement benefit expenses	10,848	13,402
Welfare expenses	67,803	61,006
Depreciation	8,095	8,649
Travel and communication expenses	41,176	34,410
Rent expenses	25,312	26,472
Other	292,532	263,808
Total selling, general and administrative expenses	1,049,648	936,265
Operating profit	1,252,511	448,449
Non-operating income		
Interest income	1,142	978
Dividend income	3,435	3,559
Insurance claim income	1,298	11,780
Subsidy income	8,260	5,760
Surrender value of insurance policies	3,593	4,142
Other	6,334	7,347
Total non-operating income	24,063	33,568
Non-operating expenses		
Interest expenses	17,947	13,846
Foreign exchange losses	2,197	9,078
Care and maintenance costs of suspended mine	29,317	22,554
Other	4,705	2,857
Total non-operating expenses	54,167	48,336
Ordinary profit	1,222,407	433,681
Extraordinary income		
Gain on sales of non-current assets	—	5
Total extraordinary income	—	5
Extraordinary losses		
Loss on retirement of non-current assets	6,930	1,653
Total extraordinary losses	6,930	1,653
Profit before income taxes	1,215,477	432,033
Income taxes – current	377,618	119,066
Income taxes – deferred	8,085	26,795
Total income taxes	385,704	145,862
Profit	829,773	286,170
Profit attributable to owners of parent	829,773	286,170

Consolidated statements of comprehensive income

(Thousands of Japanese yen)

	FY2019	FY2020
Profit	829,773	286,170
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,721)	(20,574)
Foreign currency translation adjustment	(4,565)	(1,881)
Total Other comprehensive income	(21,287)	(22,456)
Comprehensive income	808,486	263,714
Comprehensive income attributable to owners of parent	808,486	263,714

Consolidated statements of changes in net assets

FY2019

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	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 period	1,018,126	564,725	5,094,036	(152,376)	6,524,511	49,678	7,040	56,718	6,581,230
Changes 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 in items other than shareholders' equity						(16,721)	(4,565)	(21,287)	(21,287)
Total changes during period	—	—	646,694	(242)	646,452	(16,721)	(4,565)	(21,287)	625,165
Balance at end of period	1,018,126	564,725	5,740,730	(152,619)	7,170,963	32,957	2,474	35,431	7,206,395

FY2020

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	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 period	1,018,126	564,725	5,740,730	(152,619)	7,170,963	32,957	2,474	35,431	7,206,395
Changes during period									
Dividends of surplus			(183,065)		(183,065)				(183,065)
Profit attributable to owners of parent			286,170		286,170				286,170
Purchase of treasury shares				(956)	(956)				(956)
Net changes in items other than shareholders' equity						(20,574)	(1,881)	(22,456)	(22,456)
Total changes during period	—	—	103,105	(956)	102,148	(20,574)	(1,881)	(22,456)	79,692
Balance at end of period	1,018,126	564,725	5,843,835	(153,575)	7,273,112	12,382	592	12,975	7,286,087

Consolidated statements of cash flows

(Thousands of Japanese yen)

	FY2019	FY2020
Cash flows from operating activities		
Profit before income taxes	1,215,477	432,033
Depreciation	471,585	456,459
Increase (decrease) in provision for bonuses	(6,017)	(44,805)
Increase (decrease) in provision for bonuses for directors (and other officers)	(2,500)	(28,800)
Increase (decrease) in allowance for doubtful accounts	(575)	(1,927)
Increase (decrease) in retirement benefit liability	25,601	(13,895)
Decrease (increase) in retirement benefit asset	(4,066)	21,957
Interest and dividend income	(4,568)	(4,538)
Interest expenses	17,947	13,846
Foreign exchange losses (gains)	619	181
Loss (gain) on sales of property, plant and equipment	-	(5)
Loss on retirement of property, plant and equipment	6,930	1,653
Decrease (increase) in trade receivables	281,632	464,467
Decrease (increase) in inventories	(131,165)	706,122
Increase (decrease) in trade payables	(238,579)	(234,640)
Other, net	12,361	56,572
Subtotal	1,644,684	1,824,681
Interest and dividends received	4,568	4,519
Interest paid	(18,415)	(14,323)
Income taxes paid	(517,224)	(362,567)
Net cash provided by (used in) operating activities	1,113,613	1,452,310
Cash flows from investing activities		
Purchase of property, plant and equipment	(553,379)	(651,448)
Proceeds from sales of property, plant and equipment	43	6
Payments for retirement of property, plant and equipment	(3,028)	(2,138)
Purchase of intangible assets	(10,825)	(3,676)
Other, net	(42)	(14)
Net cash provided by (used in) investing activities	(567,232)	(657,271)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(200,000)
Proceeds from long-term borrowings	100,000	100,000
Repayments of long-term borrowings	(320,500)	(337,500)
Purchase of treasury shares	(242)	(956)
Dividends paid	(183,078)	(183,065)
Other, net	(540)	-
Net cash provided by (used in) financing activities	(404,360)	(621,521)
Effect of exchange rate change on cash and cash equivalents	(6,223)	(2,087)
Net increase (decrease) in cash and cash equivalents	135,796	171,429
Cash and cash equivalents at beginning of period	2,597,981	2,733,777
Cash and cash equivalents at end of period	2,733,777	2,905,207

Segment Information

(1) 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	7,533,117	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	7,533,117	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	221,465	267,970	489,436	-	489,436	-	489,436

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

(2) For the Year ended March 31, 2020

(Thousands of Japanese yen)

	Reportable Segments			Others	Total	Elimination & corporate	Consolidated
	Antimony products	Atomized metal powders	Total				
Net sales							
Outside customers	5,620,081	5,271,153	10,891,234	22,318	10,913,552	-	10,913,552
Inter-segment	-	29,039	29,039	-	29,039	(29,039)	-
Total	5,620,081	5,300,192	10,920,273	22,318	10,942,592	(29,039)	10,913,552
Segment income	100,917	302,636	403,553	21,909	425,462	22,986	448,449
Segment assets	4,703,291	6,042,173	10,745,464	39,453	10,784,918	-	10,784,918
Other							
Depreciation and amortization	120,504	334,360	454,865	1,594	456,459	-	456,459
Property, plant and equipment and Intangible assets increase	212,659	246,953	459,612	-	459,612	-	459,612

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