

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 5, 2021

Company name: PRESS KOGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7246 URL: <https://www.presskogyo.co.jp>
 Representative: President & CEO Tetsushi Mino
 Inquiries: General Manager, General Affairs Dept. Takanori Sasaoka TEL 044-276-3901
 Scheduled date to file Quarterly Securities Report: November 5, 2021
 Scheduled date to commence dividend payments: December 2, 2021
 Preparation of supplementary material on quarterly financial results: No
 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 September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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 September 30, 2021	75,521	–	5,471	–	5,415	–	3,306	–
Six months ended September 30, 2020	67,194	(36.1)	(1,281)	–	(1,220)	–	(2,585)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	30.50		–	
Six months ended September 30, 2020	(23.85)		–	

Note: From the beginning of the 1st quarter of the current fiscal year ending March 31, 2022, the Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). The figures for the 1st quarter of the current fiscal year above include the effects of the said standards. Accordingly, percentages of changes from the same period of the previous fiscal year are not indicated.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	158,337	100,104	58.6	855.77
As of March 31, 2021	152,609	95,604	58.3	820.51

Note: From the beginning of the 1st quarter of the current fiscal year ending March 31, 2022, the Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). The figures for the 1st quarter of the current fiscal year above include the effects of the said standards.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	0.00	–	7.50	7.50
Year ending March 31, 2022	–	9.50	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	9.50	19.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	157,400	–	12,000	–	11,700	–	6,600	–	61.41

Note: From the beginning of the year ending March 31, 2022, the Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). Forecast of consolidated financial results above include the effects of the said standards. Accordingly, percentages of changes from the same period of the previous fiscal year are not indicated.

The Company resolved acquisition and cancellation of treasury stock at the Board of Directors held on November 5, 2021 as described below. In the “Earnings per share” of the forecast, the impact of the acquisition of treasury stock is taken into account.

(1)Details of acquisition

- Type of stock to be acquired: Common Stock
- Total number of shares to be acquired: Up to 3 million shares
- Total acquisition amount: Up to 1.2 billion yen
- Acquisition period: From November 8, 2021 to March 15, 2022
- Acquisition method: Market transactions on the Tokyo Stock Exchange
 - Off-Auction Own Share Purchase Trading System (ToSTNeT-3)
 - Open Market Acquisition based on discretionary dealing agreement.

(2)Details of cancellation

- Type of stock to be cancelled: Common Stock
- Total number of shares to be cancelled: All the shares of common stock to be acquired in accordance with above (1)
- Scheduled date of cancellation: March 31, 2022

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(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: Yes
 - 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 September 30, 2021	114,009,770 shares	As of March 31, 2021	114,009,770 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	5,610,314 shares	As of March 31, 2021	5,609,495 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	108,399,888 shares	Six months ended September 30, 2020	108,400,976 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	17,151	20,186
Notes and accounts receivable - trade	34,360	31,511
Merchandise and finished goods	1,381	1,331
Work in process	12,644	13,232
Raw materials and supplies	1,748	1,733
Income taxes receivable	10	5
Other	1,653	4,149
Allowance for doubtful accounts	—	(3)
Total current assets	68,950	72,147
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,499	12,059
Machinery, equipment and vehicles, net	17,127	17,551
Land	32,223	32,252
Other, net	10,949	11,381
Total property, plant and equipment	71,800	73,245
Intangible assets		
Other	637	631
Total intangible assets	637	631
Investments and other assets		
Deferred tax assets	636	791
Retirement benefit asset	3,571	3,653
Investment and other assets	7,089	7,943
Allowance for doubtful accounts	(76)	(76)
Total investments and other assets	11,221	12,312
Total non-current assets	83,658	86,190
Total assets	152,609	158,337
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,176	23,932
Short-term borrowings	7,213	7,306
Income taxes payable	366	970
Provision for bonuses	2,637	2,264
Provisions	77	46
Other	7,238	8,557
Total current liabilities	41,709	43,078
Non-current liabilities		
Long-term borrowings	2,571	2,233
Deferred tax liabilities	1,870	1,993
Deferred tax liabilities for land revaluation	7,601	7,601
Provisions	205	188
Retirement benefit liability	2,115	2,198
Asset retirement obligations	404	405
Other	526	533
Total non-current liabilities	15,295	15,154
Total liabilities	57,005	58,232

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	8,070	8,070
Capital surplus	2,074	2,074
Retained earnings	59,941	62,434
Treasury shares	(1,619)	(1,619)
Total shareholders' equity	68,466	70,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,561	2,118
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	629	1,393
Remeasurements of defined benefit plans	1,031	1,037
Total accumulated other comprehensive income	20,477	21,806
Non-controlling interests	6,660	7,339
Total net assets	95,604	100,104
Total liabilities and net assets	152,609	158,337

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	67,194	75,521
Cost of sales	62,112	63,497
Gross profit	5,081	12,023
Selling, general and administrative expenses	6,363	6,552
Operating profit (loss)	(1,281)	5,471
Non-operating income		
Interest income	16	11
Dividend income	90	88
Rental income from non-current assets	36	33
Other	108	28
Total non-operating income	252	162
Non-operating expenses		
Interest expenses	112	72
Foreign exchange losses	57	125
Other	19	19
Total non-operating expenses	190	217
Ordinary profit (loss)	(1,220)	5,415
Extraordinary income		
Gain on sale of non-current assets	1	13
Gain on insurance claims	1	–
Total extraordinary income	3	13
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	37	39
Impairment losses	73	–
Provision for environmental measures	179	–
Loss on COVID19	1,673	–
Total extraordinary losses	1,964	39
Profit (loss) before income taxes	(3,180)	5,390
Income taxes - current	463	1,178
Income taxes - deferred	(626)	(288)
Total income taxes	(162)	890
Profit (loss)	(3,018)	4,499
Profit (loss) attributable to non-controlling interests	(432)	1,193
Profit (loss) attributable to owners of parent	(2,585)	3,306

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	(3,018)	4,499
Other comprehensive income		
Valuation difference on available-for-sale securities	457	557
Foreign currency translation adjustment	(947)	811
Remeasurements of defined benefit plans, net of tax	38	6
Total other comprehensive income	(451)	1,375
Comprehensive income	(3,469)	5,875
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,680)	4,634
Comprehensive income attributable to non-controlling interests	(788)	1,240

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(3,180)	5,390
Depreciation	4,032	4,836
Impairment losses	73	–
Increase (decrease) in provision for bonuses	(1,024)	(374)
Increase (decrease) in retirement benefit liability	75	77
Decrease (increase) in retirement benefit asset	21	(72)
Interest and dividend income	(107)	(100)
Interest expenses	112	72
Loss on COVID19	1,673	–
Loss (gain) on sale of property, plant and equipment	(1)	(13)
Loss on retirement of property, plant and equipment	37	39
Decrease (increase) in trade receivables	13,645	3,047
Decrease (increase) in inventories	(2,307)	(320)
Increase (decrease) in trade payables	(10,041)	(364)
Other, net	(36)	(1,928)
Subtotal	2,970	10,288
Interest and dividends received	105	100
Interest paid	(110)	(74)
Income taxes refund	449	5
Income taxes paid	(446)	(652)
Payments for loss on COVID19	(517)	–
Proceeds from insurance income	1	–
Net cash provided by (used in) operating activities	2,451	9,667
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,378)	(4,463)
Proceeds from sale of property, plant and equipment	2	13
Purchase of investment securities	(18)	(18)
Other, net	(173)	(76)
Net cash provided by (used in) investing activities	(5,569)	(4,544)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,460	(253)
Proceeds from long-term borrowings	941	10
Repayments of long-term borrowings	(420)	(529)
Purchase of treasury shares	(0)	(0)
Dividends paid to non-controlling interests	(1,018)	(561)
Dividends paid	(704)	(813)
Other, net	(12)	(7)
Net cash provided by (used in) financing activities	1,246	(2,155)
Effect of exchange rate change on cash and cash equivalents	(357)	71
Net increase (decrease) in cash and cash equivalents	(2,228)	3,039
Cash and cash equivalents at beginning of period	22,273	17,132
Cash and cash equivalents at end of period	20,045	20,171