

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

August 4, 2022

Company name: PRESS KOGYO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 7246 URL <https://www.presskogyo.co.jp>
 Representative: President & CEO Tetsushi Mino
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 Scheduled date to file Quarterly Securities Report: August 4, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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	%
Three months ended June 30, 2022	42,287	4.3	2,448	(34.1)	2,935	(22.1)	1,628	(31.9)
Three months ended June 30, 2021	40,537	–	3,718	–	3,769	–	2,391	–

Note: Comprehensive income For the three months ended June 30, 2022 ¥3,975 million [(18.6)%]
 For the three months ended June 30, 2021 ¥4,886 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	15.53	–
Three months ended June 30, 2021	22.06	–

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the previous fiscal year, each figure for the three months ended June 30, 2021, is the figure after applying the accounting standard, etc., and the percentage of year-on-year change is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	169,588	104,169	56.4	922.44
As of March 31, 2022	172,617	103,219	54.9	899.34

Reference: Equity
 As of June 30, 2022: ¥95,683 million
 As of March 31, 2022: ¥94,794 million

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, 2022	–	9.50	–	10.50	20.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	10.50	–	10.50	21.00

Note: Revisions to the forecast of cash dividends most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

	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
Six months ending September 30, 2022	83,900	11.1	4,600	(15.9)	4,800	(11.4)	4,100	24.0	39.55
Full year	172,100	7.5	10,800	(13.1)	11,100	(12.4)	7,500	5.5	72.34

Note: Revisions to the forecast of financial results most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2022
(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, 2022	111,015,070 shares	As of March 31, 2022	111,015,070 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	7,286,776 shares	As of March 31, 2022	5,610,620 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	104,816,833 shares	Three months ended June 30, 2021	108,400,066 shares
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* Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms

* Explanation regarding appropriate use of business forecasts and other special instructions

The projections contained in this document are based on information currently available to the Company and certain assumptions that are deemed to be reasonable, and the Company does not intend to guarantee their achievement. Actual results may differ significantly as a consequence of various factors. Please refer to "1. Qualitative information on financial results for the three months ended June 30, 2022, (1) Explanation of operating results" on page 2 of the attached materials for the conditions that form the assumptions for the business forecasts.

Attached Material

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1. Qualitative information on financial results for the three months ended June 30, 2022

(1) Explanation of operating results

In the three months ended June 30, 2022, the outlook for the truck and construction machinery business environment in Japan and overseas was uncertain as a result of the ongoing shortage of semiconductors, as well as factors such as lockdowns in China and soaring resource prices due to the situation in Europe.

Although the Group promoted structural changes and rationalization activities amid drastically dwindling manufacturing activities, primarily at bases in Japan, it was significantly affected by the increased burden of fixed costs and soaring energy costs.

As a result of the above, in the three months ended June 30, 2022, the Company recorded net sales of 42,287 million yen (up 4.3% year on year) due to the impact of exchange differences and rising raw material prices because of the weakening yen, operating profit of 2,448 million yen (down 34.1% year on year), ordinary profit of 2,935 million yen (down 22.1% year on year) and profit attributable to owners of parent of 1,628 million yen (down 31.9% year on year).

Business performance by segment is as follows.

(Automotive-Related Business)

The business environment and business performance in Japan and overseas in this segment was as follows.

[Japan]

Domestic demand for heavy- and medium-duty trucks decreased by 6,700 vehicles year on year, to 11,900 vehicles, and domestic demand for light-duty trucks decreased by 4,800 vehicles year on year, to 14,400 vehicles. Domestic production decreased year on year due to shortages in semiconductors and other factors although combined exports of heavy- and medium-duty trucks and light-duty trucks increased year on year.

[Thailand]

Due to increased domestic demand and exports of 1-ton pick-up trucks, production increased year on year at the TSPK-Group.

[U.S.A.]

Production at PK U.S.A. INC. increased year on year due to new start-ups and so forth, despite a decrease in domestic demand.

[Indonesia]

Owing to increased domestic demand and exports of commercial vehicles, production increased significantly year on year at PT. PK Manufacturing Indonesia.

[Sweden]

Production increased year on year at PRESS KOGYO SWEDEN AB.

As a result of the above, net sales in this segment amounted to 34,388 million yen (up 8.6% year on year) and segment profit amounted to 3,128 million yen (down 17.0% year on year).

(Construction Machinery-Related Business)

The business environment and business performance in Japan and overseas in this segment was as follows.

[Japan]

Production at KYOWA MFG. CO. LTD. increased year on year with strong performance in mining machinery but fell at the Company's Onomichi Plant due to the impact of capacity utilization adjustments at customers' operations in response to component supply constraints.

[China]

Production at PRESS KOGYO MINI CABIN (SUZHOU) CO., LTD. decreased year on year due to sluggish domestic demand.

PM CABIN MANUFACTURING CO., LTD. was dissolved on September 28, 2021, and is currently in liquidation.

As a result of the above, net sales in this segment amounted to 7,865 million yen (down 11.5% year on year) and segment profit amounted to 142 million yen (down 80.4% year on year).

(2) Explanation of financial position

Total assets at the end of the first three months ended June 30, 2022 were 169,588 million yen, a decrease of 3,028 million yen from the end of the previous fiscal year. The main factor was a decrease in accounts receivable - trade.

Total liabilities were 65,419 million yen, a decrease of 3,978 million yen from the end of the previous fiscal year. The main factor was a decrease in short-term borrowings.

Net assets were 104,169 million yen, an increase of 949 million yen from the end of the previous fiscal year. The main factor was an increase in foreign currency translation adjustment.

As a result, the equity ratio was 56.4%.

(3) Explanation of consolidated financial results forecast and other forward-looking statements

Consolidated forecasts for the fiscal year ending March 31, 2023 are unchanged from the forecast announced on May 13, 2022.

2. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	21,569	17,931
Notes and accounts receivable - trade	44,252	40,193
Merchandise and finished goods	1,384	1,469
Work in process	11,228	12,812
Raw materials and supplies	1,664	1,768
Income taxes refund receivable	31	33
Other	4,240	5,337
Allowance for doubtful accounts	(12)	(12)
Total current assets	84,359	79,533
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,011	12,506
Machinery, equipment and vehicles, net	15,815	17,489
Land	32,263	32,372
Other, net	14,269	13,945
Total property, plant and equipment	74,359	76,313
Intangible assets		
Other	588	602
Total intangible assets	588	602
Investments and other assets		
Deferred tax assets	1,294	1,387
Retirement benefit asset	3,745	3,777
Investments and other assets	8,350	8,051
Allowance for doubtful accounts	(79)	(76)
Total investments and other assets	13,311	13,139
Total non-current assets	88,258	90,055
Total assets	172,617	169,588
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,959	30,425
Short-term borrowings	11,865	6,484
Income taxes payable	2,184	1,187
Provision for bonuses	3,285	1,409
Provisions	163	34
Other	8,277	11,294
Total current liabilities	54,736	50,834
Non-current liabilities		
Long-term borrowings	1,804	1,888
Deferred tax liabilities	2,075	1,641
Deferred tax liabilities for land revaluation	7,601	7,601
Provisions	171	169
Retirement benefit liability	2,147	2,291
Asset retirement obligations	405	405
Other	455	587
Total non-current liabilities	14,661	14,585
Total liabilities	69,398	65,419

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	8,070	8,070
Capital surplus	2,074	2,074
Retained earnings	64,224	64,745
Treasury shares	(1,838)	(2,539)
Total shareholders' equity	72,530	72,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,192	1,959
Revaluation reserve for land	17,255	17,255
Foreign currency translation adjustment	1,760	3,095
Remeasurements of defined benefit plans	1,055	1,021
Total accumulated other comprehensive income	22,263	23,331
Non-controlling interests	8,425	8,486
Total net assets	103,219	104,169
Total liabilities and net assets	172,617	169,588

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	40,537	42,287
Cost of sales	33,401	36,233
Gross profit	7,136	6,053
Selling, general and administrative expenses	3,417	3,605
Operating profit	3,718	2,448
Non-operating income		
Interest income	3	4
Dividend income	69	125
Foreign exchange gains	–	389
Other	34	21
Total non-operating income	107	540
Non-operating expenses		
Interest expenses	36	45
Foreign exchange losses	9	–
Other	9	9
Total non-operating expenses	56	54
Ordinary profit	3,769	2,935
Extraordinary income		
Gain on sale of non-current assets	0	3
Total extraordinary income	0	3
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	4	0
Total extraordinary losses	4	0
Profit before income taxes	3,764	2,938
Income taxes - current	1,103	1,014
Income taxes - deferred	(544)	(376)
Total income taxes	558	637
Profit	3,206	2,300
Profit attributable to non-controlling interests	815	672
Profit attributable to owners of parent	2,391	1,628

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	3,206	2,300
Other comprehensive income		
Valuation difference on available-for-sale securities	620	(233)
Foreign currency translation adjustment	1,047	1,942
Remeasurements of defined benefit plans, net of tax	12	(33)
Total other comprehensive income	1,679	1,675
Comprehensive income	4,886	3,975
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,855	2,695
Comprehensive income attributable to non-controlling interests	1,030	1,279

3. Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

The Company acquired 1,676,100 treasury shares in accordance with a resolution at the Board of Directors meeting held on May 13, 2022. As a result, treasury shares increased by 700 million yen in the three months ended June 30, 2022, including acquisitions by purchase of shares less than one unit, to 2,539 million yen as of June 30, 2022.

(Segment information)

[Segment information]

I Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

1. Information on the amounts of net sales, and profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the quarterly consolidated statements of income (Note 3)
	Automotive- Related Business	Construc- tion Machinery- Related Business	Total				
Net sales							
Sales to external customers	31,381	8,426	39,808	728	40,537	—	40,537
Intersegment sales or transfers	269	464	734	—	734	(734)	—
Total	31,651	8,891	40,543	728	41,271	(734)	40,537
Segment profit	3,770	724	4,495	57	4,552	(833)	3,718

Notes: 1. "Other" segment is a business segment that is not included in the reportable segments and includes the automated parking system business, etc.

2. Adjustments to segment profit of (833) million yen include inter-segment transaction eliminations of (2) million yen and corporate expenses not allocated to each reportable segment of (831) million yen. Corporate expenses mainly consist of general and administrative expenses of holding companies not attributable to the reportable segments.

3. Segment profit is adjusted to the operating profit recorded on the quarterly consolidated statements of income.

II Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

1. Information on the amounts of net sales, and profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded on the quarterly consolidated statements of income (Note 3)
	Automotive- Related Business	Construc- tion Machinery- Related Business	Total				
Net sales							
Sales to external customers	34,249	7,381	41,630	656	42,287	—	42,287
Intersegment sales or transfers	139	484	623	—	623	(623)	—
Total	34,388	7,865	42,254	656	42,911	(623)	42,287
Segment profit	3,128	142	3,270	40	3,311	(862)	2,448

Notes: 1. "Other" segment is a business segment that is not included in the reportable segments and includes the automated parking system business, etc.

2. Adjustments to segment profit of (862) million yen include inter-segment transaction eliminations of (0) million yen and corporate expenses not allocated to each reportable segment of (862) million yen. Corporate expenses mainly consist of general and administrative expenses of holding companies not attributable to the reportable segments.

3. Segment profit is adjusted to the operating profit recorded on the quarterly consolidated statements of income.