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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

October 31, 2022

Company name: PROTO CORPORATION

Stock exchange listing: Tokyo, Nagoya

Code number: 4298

URL: <https://www.proto-g.co.jp/>

Representative: Kenji Kamiya

President

Contact: Takehito Suzuki

Executive officer

Phone: +81-52-934-2000

Scheduled date of filing quarterly securities report: November 14, 2022

Scheduled date of commencing dividend payments: November 21, 2022

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 01, 2022 to September 30, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	49,811	89.3	3,607	17.0	3,668	13.6	2,401	(33.7)
September 30, 2021	26,308	1.8	3,084	8.6	3,230	14.2	3,623	102.2

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 2,192 million [(43.2)%]
Six months ended September 30, 2021: ¥ 3,862 million [45.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	59.74	-
September 30, 2021	90.20	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2022	60,830	42,124	68.8
March 31, 2022	54,525	40,397	74.0

(Reference) Equity: As of September 30, 2022: ¥ 41,879 million
As of March 31, 2022: ¥ 40,361 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	17.50	-	17.50	35.00
Fiscal year ending March 31, 2023	-	17.50			
Fiscal year ending March 31, 2023 (Forecast)			-	17.50	35.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	95,000	65.4	7,200	12.1	7,350	11.0	4,900	(16.7)	121.87

(Note) Revision to the financial results forecast announced most recently: Yes

Please refer to the "Notice of Regarding Difference between Consolidated Earnings Forecast and Actual Results for the Second Quarter (Cumulative) and Revision of Consolidated Earnings Forecast for the Full Year" released today (October 31, 2022) for the revision of the consolidated business results forecast.

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2022: 41,925,300 shares

March 31, 2022: 41,925,300 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 1,729,997 shares

March 31, 2022: 1,729,997 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 40,195,303 shares

Six months ended September 30, 2021: 40,169,409 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of September 30,2022
Assets		
Current assets		
Cash and deposits	26,159	23,528
Notes and accounts receivable - trade	5,612	5,016
Inventories	4,208	8,559
Other	1,662	3,191
Allowance for doubtful accounts	(7)	(6)
Total current assets	37,635	40,290
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,433	5,824
Land	4,588	4,721
Other, net	723	728
Total property, plant and equipment	10,744	11,274
Intangible assets		
Goodwill	547	2,632
Other	1,403	1,582
Total intangible assets	1,950	4,214
Investments and other assets		
Investment securities	2,343	2,596
Other	1,910	2,509
Allowance for doubtful accounts	(58)	(56)
Total investments and other assets	4,195	5,049
Total non-current assets	16,890	20,539
Total assets	54,525	60,830

(Million yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,666	3,140
Short-term borrowings	2,550	5,350
Current portion of long-term borrowings	224	196
Accrued expenses	2,387	2,533
Income taxes payable	1,594	1,549
Contract liabilities	33	36
Provision for bonuses	165	303
Provision for merchandise warranties	18	17
Provision for loss on disaster	41	-
Other	3,353	4,079
Total current liabilities	13,035	17,206
Non-current liabilities		
Long-term borrowings	230	568
Provision for retirement benefits for directors (and other officers)	238	247
Retirement benefit liability	91	122
Asset retirement obligations	281	337
Other	251	224
Total non-current liabilities	1,093	1,499
Total liabilities	14,128	18,705
Net assets		
Shareholders' equity		
Share capital	1,849	1,849
Capital surplus	2,058	2,058
Retained earnings	37,121	38,831
Treasury shares	(1,279)	(1,279)
Total shareholders' equity	39,750	41,459
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	610	431
Foreign currency translation adjustment	0	(12)
Total accumulated other comprehensive income	611	419
Non-controlling interests	35	245
Total net assets	40,397	42,124
Total liabilities and net assets	54,525	60,830

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	26,308	49,811
Cost of sales	14,322	36,547
Gross profit	11,986	13,263
Selling, general and administrative expenses	8,901	9,655
Operating profit	3,084	3,607
Non-operating income		
Interest and dividend income	3	4
Share of profit of entities accounted for using equity method	-	1
Foreign exchange gains	181	74
Other	24	28
Total non-operating income	209	108
Non-operating expenses		
Interest expenses	5	8
Loss on investments in investment partnerships	17	22
Loss on valuation of derivatives	24	8
Other	17	7
Total non-operating expenses	63	47
Ordinary profit	3,230	3,668
Extraordinary income		
Gain on sale of non-current assets	9	0
Gain on sale of shares of subsidiaries and associates	2,146	-
Gain on bargain purchase	-	11
Other	478	-
Total extraordinary income	2,633	12
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	7
Total extraordinary losses	1	7
Profit before income taxes	5,863	3,673
Income taxes - current	1,565	1,494
Income taxes - deferred	673	(204)
Total income taxes	2,238	1,289
Profit	3,624	2,383
Profit (loss) attributable to non-controlling interests	1	(17)
Profit attributable to owners of parent	3,623	2,401

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	3,624	2,383
Other comprehensive income		
Valuation difference on available-for-sale securities	568	(179)
Foreign currency translation adjustment	(330)	(12)
Total other comprehensive income	237	(191)
Comprehensive income	3,862	2,192
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,860	2,209
Comprehensive income attributable to non-controlling interests	1	(17)

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	5,863	3,673
Depreciation	434	470
Amortization of goodwill	183	244
Gain on bargain purchase	-	(11)
Increase (decrease) in contract liabilities	(1)	2
Increase (decrease) in allowance for doubtful accounts	5	(3)
Increase (decrease) in provision for bonuses	122	116
Increase (decrease) in provision for merchandise warranties	(4)	(0)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	9
Increase (decrease) in retirement benefit liability	11	11
Increase (decrease) in provision for loss on disaster	-	(41)
Interest and dividend income	(3)	(4)
Interest expenses	5	8
Foreign exchange losses (gains)	(3)	(6)
Share of loss (profit) of entities accounted for using equity method	-	(1)
Loss (gain) on investments in investment partnerships	17	22
Loss (gain) on valuation of derivatives	24	8
Loss (gain) on sale and retirement of non-current assets	(8)	7
Loss (gain) on sale of shares of subsidiaries and associates	(2,146)	-
Decrease (increase) in trade receivables	(340)	(222)
Decrease (increase) in inventories	(1,539)	(3,062)
Increase (decrease) in trade payables	149	291
Increase (decrease) in accrued expenses	134	64
Other, net	(953)	181
Subtotal	1,953	1,758
Interest and dividends received	2	4
Interest paid	(5)	(8)
Income taxes refund (paid)	(1,090)	(1,693)
Net cash provided by (used in) operating activities	860	61

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(274)	(728)
Proceeds from sale of property, plant and equipment	11	0
Purchase of intangible assets	(361)	(454)
Purchase of long-term prepaid expenses	(14)	(8)
Purchase of investment securities	(99)	(500)
Payments for investments in capital	(249)	(161)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,262)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	2,854	-
Other, net	40	(58)
Net cash provided by (used in) investing activities	1,907	(3,173)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	200	1,300
Repayments of long-term borrowings	(167)	(122)
Dividends paid	(501)	(703)
Repayments of lease liabilities	(44)	(41)
Other, net	0	11
Net cash provided by (used in) financing activities	(513)	444
Effect of exchange rate change on cash and cash equivalents	4	12
Net increase (decrease) in cash and cash equivalents	2,258	(2,655)
Cash and cash equivalents at beginning of period	21,485	25,939
Cash and cash equivalents at end of period	23,743	23,283